

High-value transactions gain momentum

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **16,833**

UNITS DELIVERED (YTD) **13,558**

MARKET FUNDAMENTALS



VACANCY RATE **5.7%**

YEAR-OVER-YEAR CHANGE **-200bps**

ASKING RENTS **\$1,642**

YEAR-OVER-YEAR CHANGE **+2.4%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$189,500**

HIGHLIGHTS

- Renter demand roughly matched new deliveries in Atlanta during the third quarter, keeping vacancy stable. Over the past year, net absorption exceeded new supply by about 10,000 units. Currently, units under construction account for 2.8% of the market's total inventory.
- Vacancy fell in the first half of the year following pressure from elevated supply in 2023 and 2024. The rate held steady at 5.7% during the third quarter, down 200 basis points year over year.
- Asking rents rose 0.4% in the third quarter to \$1,642 per month, reflecting an acceleration in growth. Over the past year, rents are up 2.4%.
- Year-to-date sales velocity is roughly 8% higher compared with the same period in 2024. Through the third quarter, the median sale price reached \$189,500 per unit, a 4% year-over-year increase.

ATLANTA MULTIFAMILY MARKET OVERVIEW

Property fundamentals in the Atlanta multifamily market ended the third quarter on solid footing, with accelerating rent growth and stable vacancy. Deliveries remain elevated but have fallen nearly 45% from the quarterly peak set in the third quarter of 2024 and have declined in every quarter since. The construction pipeline contracted about 8% from the previous quarter, with approximately 16,800 units underway, as development activity returns closer to historical norms. Permitting activity has also declined, and year-to-date unit starts are down roughly 20% compared with the same period in 2024. Following a sharp improvement in vacancy during the first half, the rate held steady in the third quarter, with supply and demand near equilibrium. Still, vacancy is down 200 basis points year-over-year and remains near pre-construction surge levels, while rent growth continues to reflect strengthening market conditions.

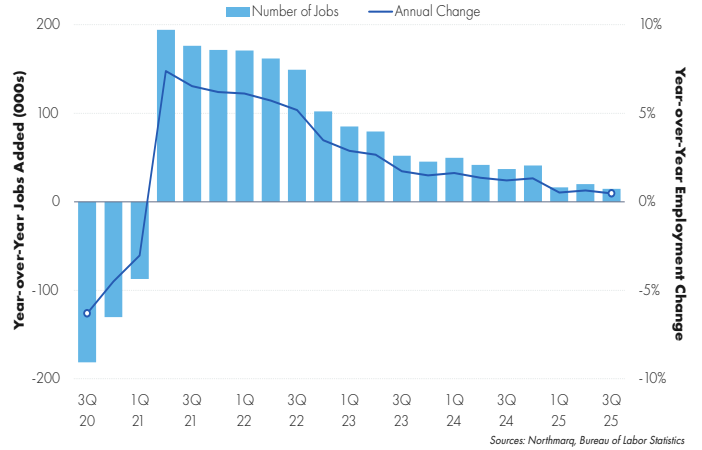
Recent sales activity in the Atlanta multifamily investment market closely mirrored the prior quarter. The year-to-date median sale price increased 4% from 2024 to \$189,500 per unit. Transactions of \$75 million or higher increased in frequency during the second and third quarters, with roughly 60% occurring in suburban markets such as Dunwoody, Alpharetta, and Cumming, and 40% in urban Atlanta. Approximately two-thirds of these deals involved properties built since 2006, highlighting a demand shift toward newer assets. In 2025, in-place cap rates for quality assets with large discounts to replacement cost and value-add or operational upside have generally been sub-5%. High-quality, stabilized assets with less perceived upside have been trading in the mid-5% range. While early-year transactions were concentrated in older suburban properties, recent activity shows an increase in 2020s-built assets, particularly in northern suburbs like Alpharetta, Buford, and Lilburn, as well as in the urban core of Atlanta.

EMPLOYMENT

- As of the third quarter, employment growth in Atlanta remained relatively flat overall. Area employers added 14,600 jobs year over year, an annual increase of 0.5%.
- The healthcare and social assistance sector has expanded by more than 4% in the past year, adding more than 15,000 jobs. Gains in this sector have outpaced total employment growth across all industries over the past year.
- In July 2025, Shriners Children’s finalized a 159,000-square-foot lease at Science Square Labs in West Midtown, marking the largest office lease in metro Atlanta this year. The new pediatric medical research facility will create nearly 500 jobs in fields such as cell and gene therapy, robotics, AI, and medical devices.
- **FORECAST:** Hiring is expected to moderate in the final months of 2025. Employment in Atlanta is projected to increase by 6,000 workers this year, representing a 0.2% annual increase.

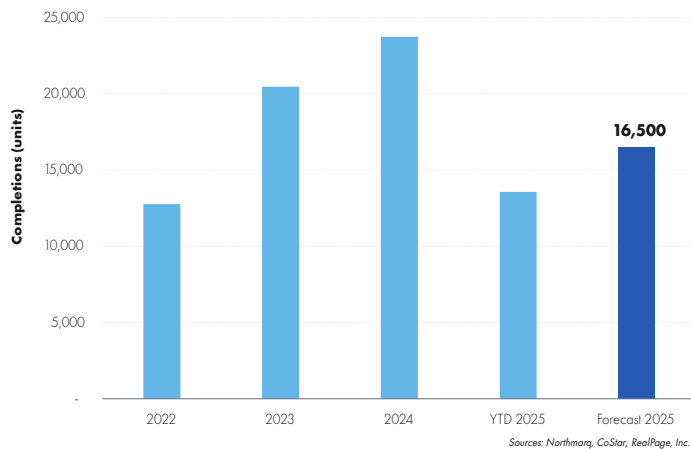
Area employers added 14,600 jobs year over year.

EMPLOYMENT OVERVIEW



Construction has slowed for 10 consecutive quarters.

DEVELOPMENT TRENDS

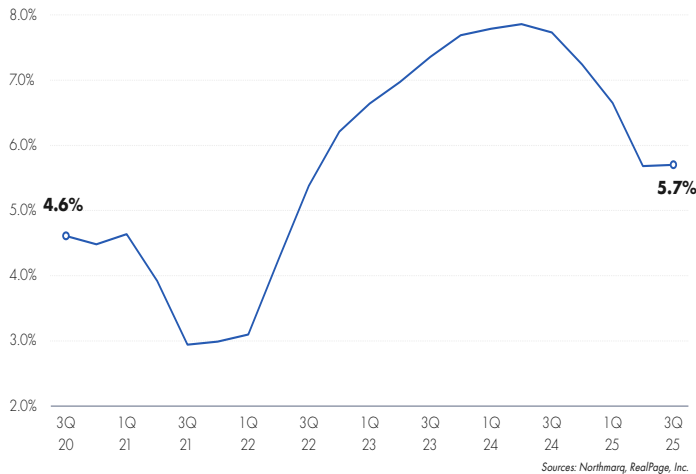


DEVELOPMENT & PERMITTING

- Multifamily deliveries in Atlanta peaked in 2024, but the pace of new completions has since begun to slow. More than 23,700 units came online in 2024, up from 20,500 in 2023. So far this year, fewer than 13,600 units have come online. Annual completions averaged roughly 8,700 units between 2017 and 2021.
- The construction pipeline has slowed for 10 consecutive quarters. Fewer than 17,000 units are now under construction, marking the lowest total recorded since the first quarter of 2015 and a 40% decline from one year ago. While development is dispersed throughout the Atlanta area, there is a concentration of projects under construction in the Far North Atlanta Suburbs and the Johns Creek/Suwanee/Buford area.
- Multifamily permitting peaked in 2022 and slowed modestly in subsequent years. Through the first three quarters of 2025, permits for roughly 6,700 units have been issued, nearly 40% fewer than during the same period last year.
- **FORECAST:** Following two years of heightened delivery volumes, multifamily completions are projected to pull back in 2025. Roughly 16,500 units are expected to be delivered for the full year.

Occupancy for all asset classes has improved.

VACANCY TRENDS



VACANCY

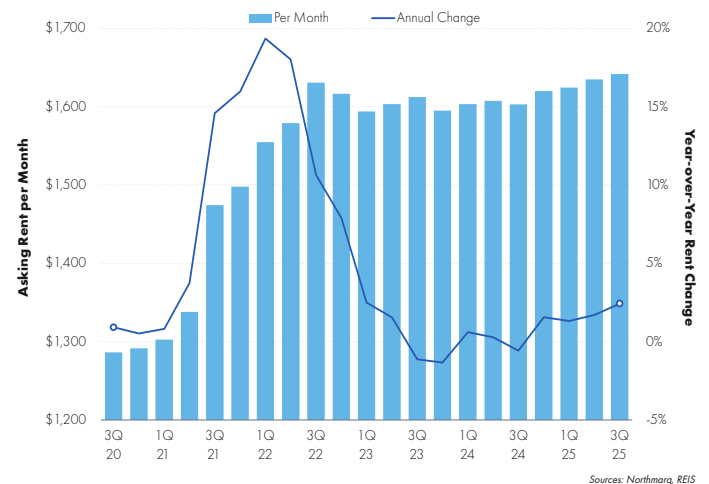
- Following four quarters of declines, Atlanta’s vacancy remained flat in the third quarter at 5.7%; the rate is down 200 basis points year over year. While deliveries slowed, absorption also eased, keeping the rate steady.
- Among submarkets with at least 15,000 units, South Fulton County posted the largest vacancy improvement during the past year, with demand eclipsing new supply by nearly 60%. This is notable, as nearly 7% of the inventory was added during the same period. Vacancy dropped 440 basis points year-over-year to 6.4%.
- Vacancy improvements have been recorded across all classes during the past 12 months. In the Class A segment, the rate has fallen by 160 basis points, while Class B and Class C vacancies have retreated by 190 basis points and 270 basis points, respectively.
- **FORECAST:** The vacancy rate is expected to soften slightly in the final quarter of 2025 due to additional supply, but year-over-year it is projected to improve. Area vacancy is expected to end the year at 5.9%, down 130 basis points from 2024.

RENTS

- Rent growth continues to improve in 2025 as new deliveries taper. Asking rents rose 0.4% during the third quarter to \$1,642 per month. Rents increased by 2.4% year-over-year.
- Rent trends in Atlanta began to stabilize in late 2024 after recording rapid gains in 2021 and 2022, which were followed by a downturn in 2023. Rent gains were modest in 2024, rising 1.6% for the full year.
- Class A asking rents outperformed the broader market, rising 0.6% quarter-over-quarter and 2.4% year-over-year to \$1,872 per month. In contrast, Class B/C rents dipped 0.2% during the third quarter but remained 1.5% higher than a year ago, at \$1,270 per month.
- **FORECAST:** The annual pace of rent growth this year is expected to finish slightly ahead of 2024 levels. Apartment rents are expected to rise 1.5% in 2025, reaching \$1,645 per month. Historically, rents have increased at a faster pace; rent growth averaged nearly 5% per year since 2011.

Rents increased by 2.4% year-over-year.

RENTS TRENDS

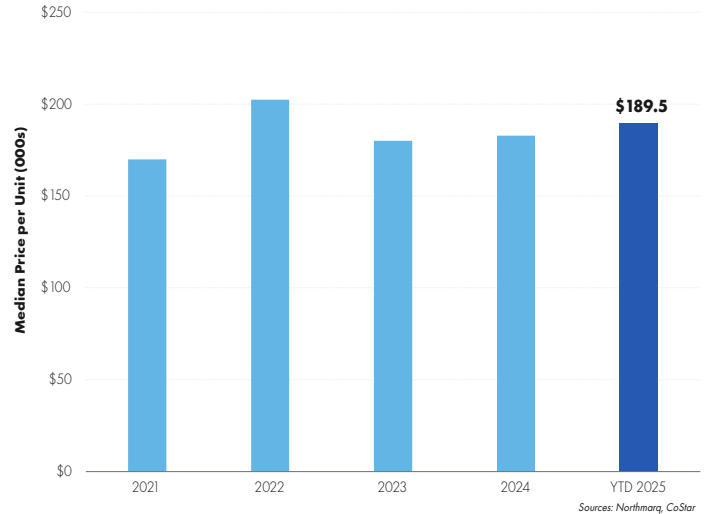


MULTIFAMILY SALES

- Year-to-date transaction activity is largely in line with 2024. While overall transaction volume has decreased by approximately 7%, the number of properties traded has increased by around 8%.
- In 2025, the median sale price is \$189,500 per unit, up 4% from 2024. The average vintage of properties that have traded this year is 2002, about four years newer than the 2024 average.
- Properties built since 2020 represented roughly 14% of deals year-to-date, down from nearly 19% in 2024. The average year built has trended toward newer assets as 2025 has progressed, indicating growing demand for newer construction.
- Transactions greater than \$75 million have become more frequent in the second and third quarters, concentrated in the northern suburbs and Atlanta’s urban core, with a mix of newer suburban and urban properties.
- Cap rates for quality assets with large discounts to replacement cost and value-add or operational upside have generally been sub-5%. High-quality, stabilized assets with no material upside have been trading in the mid-5% range.

The median sale price is \$189,500 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

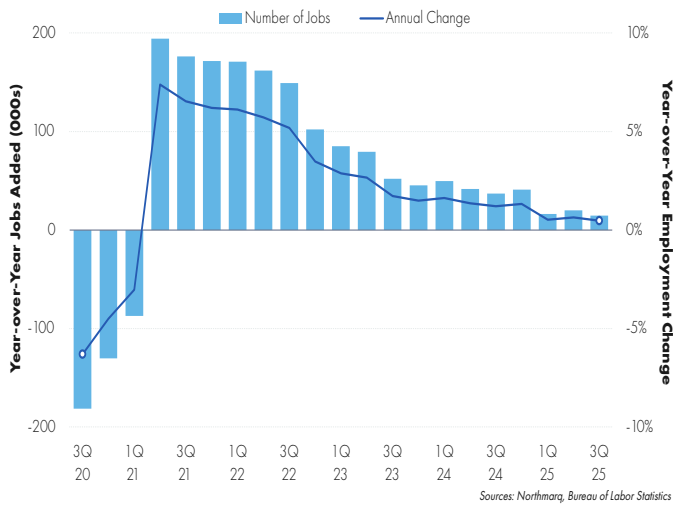
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Eden at Lakeview	4115 Lake St., Alpharetta	2023	255	\$112,291,000	\$440,357
Town Laurel Crossing	1520 Lauren Crossing Pkwy. N.E., Buford	2023	360	\$110,000,000	\$305,556
Trace Midtown	782 Peachtree St. N.E., Atlanta	2016	290	\$94,300,000	\$325,172
The Vivian	1246 Allene Ave. S.W., Atlanta	2023	325	\$81,250,000	\$250,000
Millworks Apartments	1888 Emery St. N.W., Atlanta	2017	345	\$78,000,000	\$226,087
The Quinn at Perimeter	8 Perimeter Center E., Dunwoody	2009	312	\$77,000,000	\$246,795
Gables Midtown	1925 Monroe Drive N.E., Atlanta	2009	345	\$76,000,000	\$220,290

LOOKING AHEAD

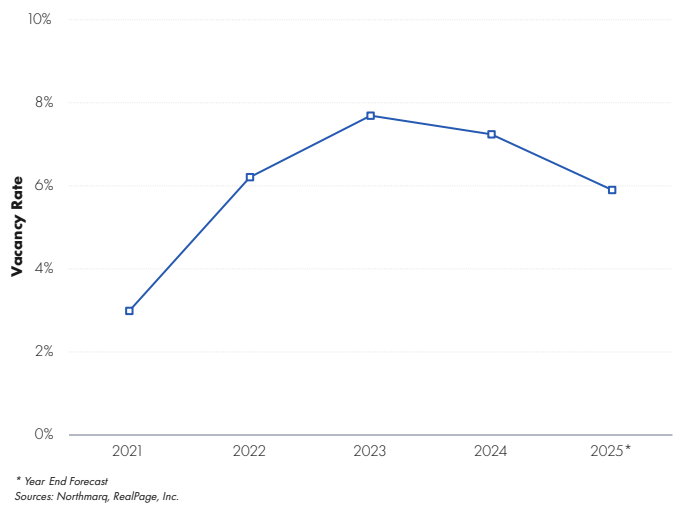
Operating conditions are expected to continue stabilizing in the near term as the pace of supply growth moderates following peak completions in 2023 and 2024. Projects totaling approximately 16,500 units are forecast to come online in 2025, below the levels recorded in the previous two years but still well above the 2017 to 2022 annual average. While vacancy may soften somewhat in the coming months, elevated absorption is expected to keep pace with inventory growth in the medium term. Vacancy is forecast to end 2025 at 5.9%, down 130 basis points year over year and close to the five-year average of 5.7%. Rent growth is expected to continue through the remainder of this year and into 2026 as the market absorbs new inventory.

Sales activity in the Atlanta multifamily market is expected to follow the trend set in the first nine months of 2025. Properties built in the 2000s continue to represent the largest share of transactions, highlighting investor interest in assets that are often positioned for value-add strategies or repositioning. While 2020s-built properties represented a smaller share of trades at the beginning of the year, they accounted for a meaningful portion of sales during both the second and third quarters. Newer assets are expected to continue to transact in the final months of 2025. Cap rates may compress slightly, though most deals continue to settle in the low-to-mid-5% range, a level likely to hold in the near term. Overall, sales activity is projected to remain similar in the coming months, but a full return to historical transaction levels may not occur until mid- to late-2026.

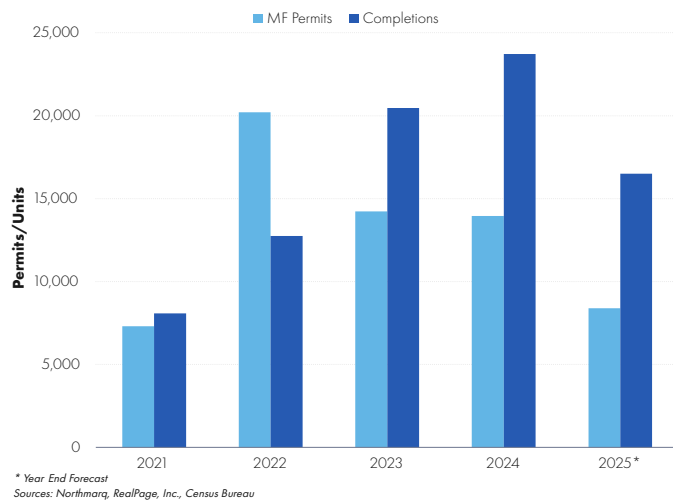
EMPLOYMENT FORECAST



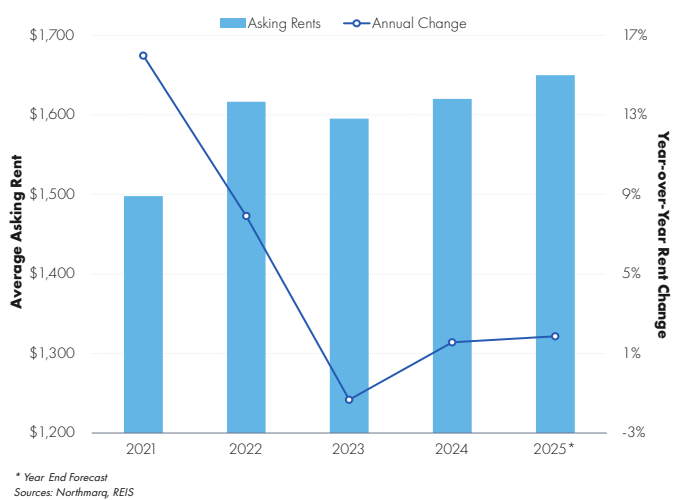
VACANCY FORECAST



CONSTRUCTION & PERMITTING FORECAST



RENTS FORECAST





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