

Construction pipeline falls to decade low

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **16,764**

UNITS DELIVERED (YTD) **16,643**

MARKET FUNDAMENTALS



VACANCY RATE **6.3%**

YEAR-OVER-YEAR CHANGE **-90bps**

ASKING RENTS **\$1,646**

YEAR-OVER-YEAR CHANGE **+1.6%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$191,200**

HIGHLIGHTS

- Over the past year, net absorption exceeded 20,000 units, outpacing deliveries, which totaled just under 16,700 units. As of year-end, units under construction represent 2.8% of the market's total inventory.
- Vacancy fell in the first half of the year after elevated supply in 2023 and 2024, but eased during the fourth quarter. The rate edged up 60 basis points in the final three months of the year to 6.3%, remaining 90 basis points below year-ago levels.
- Asking rents rose 0.2% in the fourth quarter to \$1,646 per month, reflecting continued moderate growth. On an annual basis, rents increased 1.6%.
- Full-year transaction volume rose 26% from 2024, marking the highest level since 2022. Through the fourth quarter, the median sale price reached \$191,200 per unit, up 5% year over year.

ATLANTA MULTIFAMILY MARKET OVERVIEW

Atlanta's multifamily market ended 2025 on solid footing, with rents continuing to rise despite a seasonal increase in vacancy. Deliveries have eased considerably, falling more than 50% from the peak in the third quarter of 2024, while construction pipeline contracted nearly 10% from the previous quarter, leaving roughly 16,800 units underway. Permitting activity has also declined by an estimated 28% from 2024, signaling a slowdown in new starts and a more measured pace of future development. After a sharp improvement in vacancy earlier in the year, the rate ticked up in the fourth quarter as projects were delivered, yet it remains 90 basis points below last year and near pre-construction surge levels. Overall, market fundamentals point to steady rent growth and a balanced supply-demand environment as the market enters 2026.

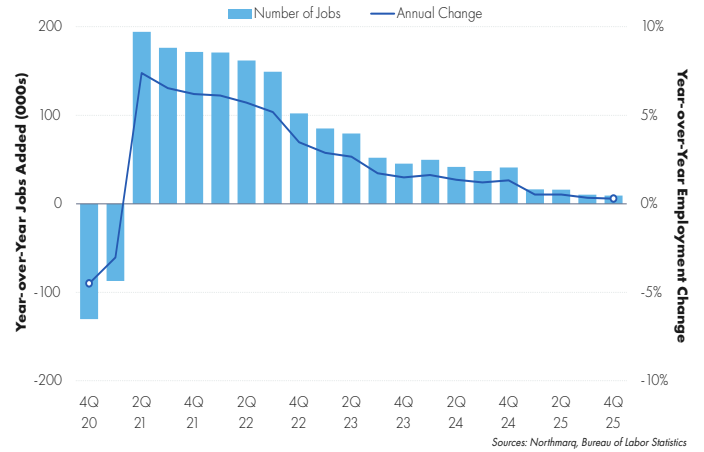
Market activity in 2025 accelerated steadily, driven by higher-value sales and growing investor interest in suburban areas outside Atlanta. Demand was strong for newer, high-end properties in Alpharetta and Dunwoody, while older assets in Atlanta proper and inner-ring suburbs such as Decatur or College Park continued to attract investors seeking value-add opportunities. Annual transaction volume rose 26%, with fourth-quarter activity up nearly 75% year-over-year. Each quarter recorded growth in both deal count and sale volume, and the median sale price increased 4.6% to \$191,200 per unit from 2024. About 29% of transactions occurred in Atlanta proper, 38% in northern and central suburbs, and the remaining 33% across other metro submarkets. Cap rates vary by product, ranging from as low as 4.25% to 4.75% in cases of quality assets selling at discounts to replacement cost or value-add opportunities. Quality stabilized assets have been trading in the high-4% to low-5% range.

EMPLOYMENT

- As of the fourth quarter, employment growth in Atlanta remained relatively flat overall. Area employers added 9,100 jobs year over year, an annual increase of 0.3%.
- The healthcare and social assistance sector has expanded by more than 5% in the past year, adding more than 19,000 jobs. Gains in this sector have outpaced total employment growth across all industries during the past year.
- In November 2025, Zoetis announced a \$600 million investment in a new 640,000-square-foot advanced biologics manufacturing facility in Douglasville, creating 250 jobs. The site, expected to be fully operational by 2029, will produce monoclonal antibodies and vaccines for veterinary medicine and serve as a tech and digital innovation hub.
- **FORECAST:** Hiring is expected to strengthen in 2026, though growth will remain moderate. Employment in Atlanta is projected to increase by 22,000 workers, representing a 0.7% annual increase.

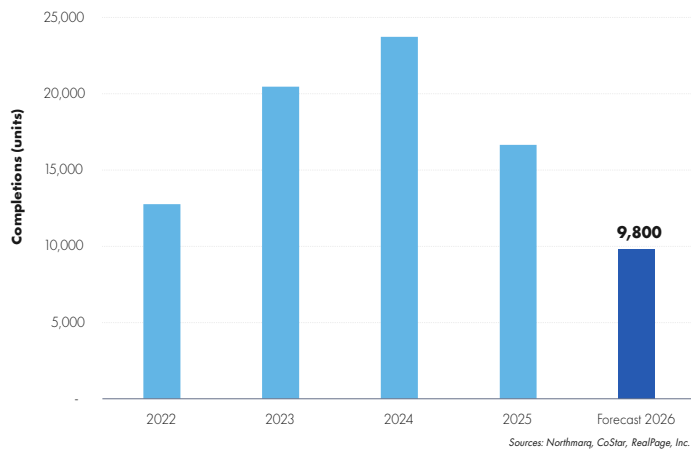
Area employers added 9,100 jobs year over year.

EMPLOYMENT OVERVIEW



Delivery volume in 2025 slowed by 30% year over year.

DEVELOPMENT TRENDS

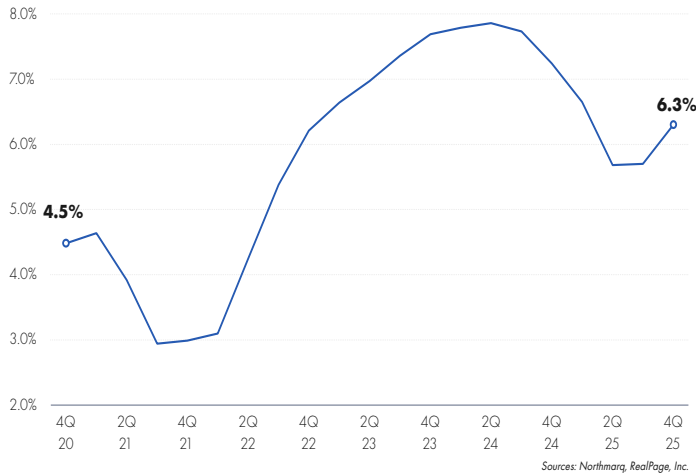


DEVELOPMENT & PERMITTING

- Multifamily deliveries in Atlanta peaked in 2024, with more than 23,700 units completed. Delivery volume slowed in 2025 to fewer than 16,700 units, a 30% decline year over year, though still well above the 2017-2021 annual average of roughly 8,700 units.
- Since peaking in the first quarter of 2023, the construction pipeline has thinned by more than 60%. Fewer than 16,800 units are under construction, the lowest level since 2015 and down 36% from a year ago. Development is dispersed throughout the Atlanta area, with the Far North Atlanta suburbs, the Johns Creek/Suwanee/Buford area, and Northeast Gwinnett County comprising more than 30% of the active pipeline.
- Multifamily permitting peaked in 2022 and has slowed since. Permits for an estimated 10,000 units were issued in 2025, nearly 30% fewer than the previous year.
- **FORECAST:** Following three consecutive years of heightened delivery activity, multifamily completions are expected to decline significantly in 2026. Total deliveries for the year are estimated at approximately 9,800 units.

Vacancy is 90 basis points below year-ago levels.

VACANCY TRENDS



VACANCY

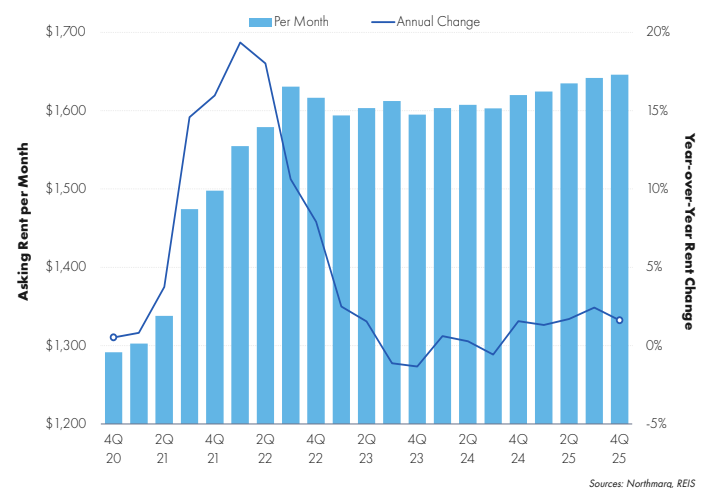
- Atlanta’s vacancy rose 60 basis points during the fourth quarter to 6.3% but remained 90 basis points below the same period last year. Although deliveries continued to decelerate, lower absorption contributed to the quarter-over-quarter increase.
- Among submarkets with at least 15,000 units, South Fulton County posted the largest vacancy improvement during the past year, with demand eclipsing new supply by over 50%. This is notable, as nearly 6% of the inventory was added during the same period. Vacancy dropped 320 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 30 basis points, while Class B and Class C vacancies have retreated by 30 basis points and 190 basis points, respectively.
- FORECAST:** Vacancy softened as expected in the final quarter of 2025 as new supply outpaced demand. By the end of 2026, area vacancy is projected to improve to 6.1%, down 20 basis points.

RENTS

- Rent growth continued to improve during the final months of the year. Asking rents rose 0.2% during the fourth quarter to \$1,646 per month. Rents increased 1.6% year over year, matching the growth recorded in 2024.
- Performance varied across submarkets during 2025. Midtown posted the strongest gains, with asking rents rising 3.4% annually to \$2,306 per month, while South Fulton recorded more modest growth of 1.2%, reaching \$1,413 per month.
- Class A asking rents led the market, rising 0.6% quarter over quarter and 2.4% year over year to \$1,872 per month. Meanwhile, Class B and Class C rents edged down 0.2% during the quarter but remained up 1.5% annually to \$1,270 per month.
- FORECAST:** Annual rent growth in 2026 is expected to outpace 2025 levels. Apartment rents are projected to rise 2.4% during the year, reaching \$1,686 per month.

Rents increased 1.6% year over year.

RENTS TRENDS

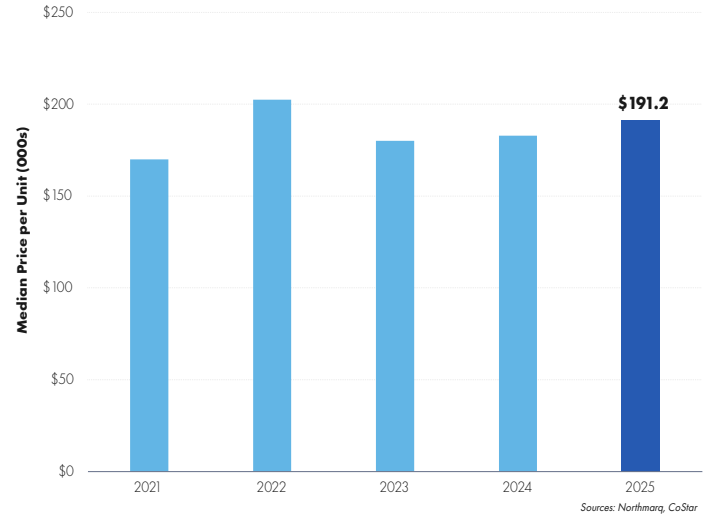


MULTIFAMILY SALES

- Transaction activity in the fourth quarter helped push 2025 sales to the highest level in three years. Overall transaction volume for the year rose 26% from 2024, with the fourth quarter up nearly 75% compared with the same period last year.
- In 2025, the median sale price reached \$191,200 per unit, marking a 5% increase from 2024. The most commonly traded assets were built before the 1970s, while sales of properties from the 1970s through the 2000s were fairly evenly distributed across each decade.
- Properties built between 2010 and 2023 made up about 20% of 2025 sales, while post-2020 properties accounted for 12%, down from about 19% in 2024. The average vintage trended toward newer properties from the first to the second half of the year.
- In-place cap rates for quality assets with discounts to replacement cost or value-add opportunities were generally in the 4.25% to 4.75% range, while high-quality, stabilized assets traded in the high-4% to low-5% range. Commodity product in high-supply pockets are difficult to trade, but buyers are generally looking for mid-5% caps in that space.

The median sale price in 2025 was \$191,200 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

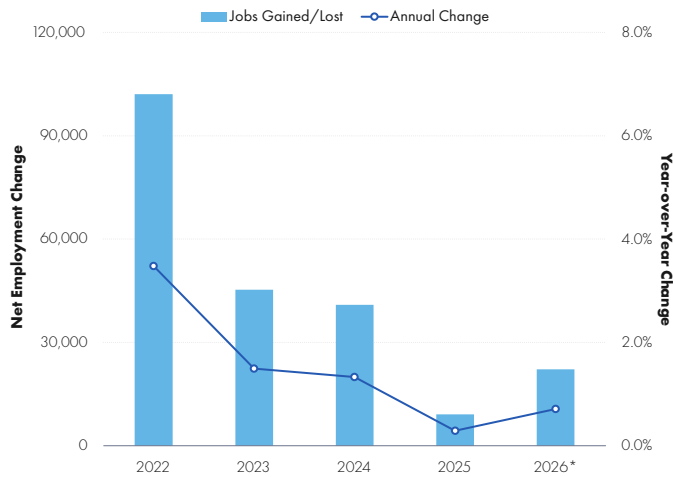
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Magnolia at Milton	13125 Morris Road, Milton	2001	636	\$179,700,000	\$282,547
Rock Springs Village II & III	1419 E. Rock Springs Road N.E., Atlanta	1945	448	\$129,650,000	\$289,397
Gables Midtown	1925 Monroe Drive N.E., Atlanta	2009	345	\$76,000,000	\$220,290
Series at Riverview Landing	6025 Riverview Road S.E., Mableton	2023	270	\$70,000,000	\$259,259
Crestmark Apartment Homes	945 Crestmark Blvd., Douglasville	1992	334	\$60,000,000	\$179,641
Perimeter Gardens at Georgetown	100 Azalea Garden Drive, Dunwoody	2006	245	\$53,500,000	\$218,367

LOOKING AHEAD

Operating conditions are expected to further stabilize in 2026 as supply growth moderates following peak completions during the last three years. Projects totaling approximately 9,800 units are forecast to come online next year, well below the levels recorded in the prior two years and close to the annual average from 2017 to 2021. Vacancy may ease in the next two quarters, but is expected to fall by year-end 2026, with annual absorption remaining elevated. By the close of 2026, vacancy is projected at 6.1%, down 20 basis points year over year and in line with the five-year average. Rent growth is expected to accelerate as the market continues to benefit from a shrinking pipeline of new inventory.

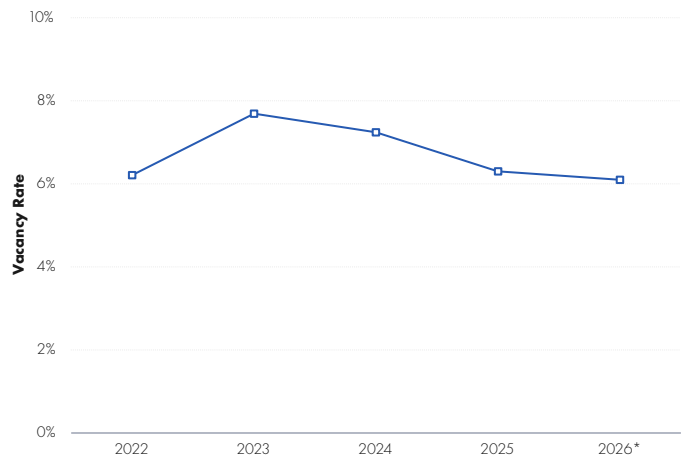
The Atlanta multifamily investment market is projected to maintain momentum into 2026, building on trends observed throughout 2025. Investor interest remains strong for newer, high-end properties, while older assets continue to attract buyers focused on value-add or repositioning opportunities. Overall market sale volume is expected to continue growing across both urban and suburban submarkets, with higher-value deals increasing in frequency. Cap rates are expected to remain largely stable or compress with potential interest rate cuts later in the year, with most deals settling in the low-4% to-mid-5% range. Activity is likely to remain steady in the near term, though a full return to historical transaction levels may not occur until the second half of 2026.

EMPLOYMENT FORECAST



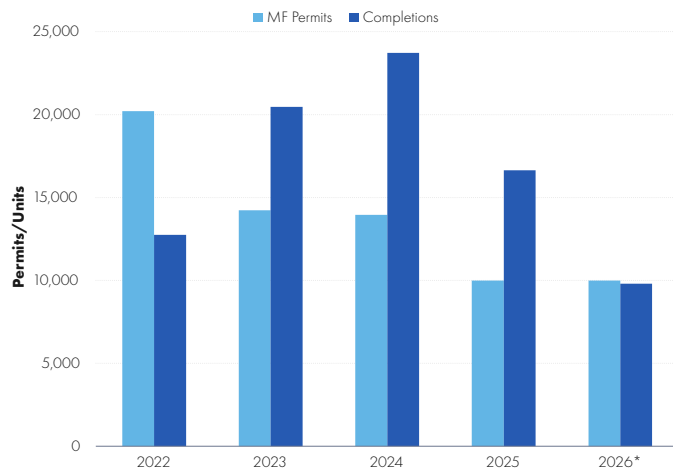
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



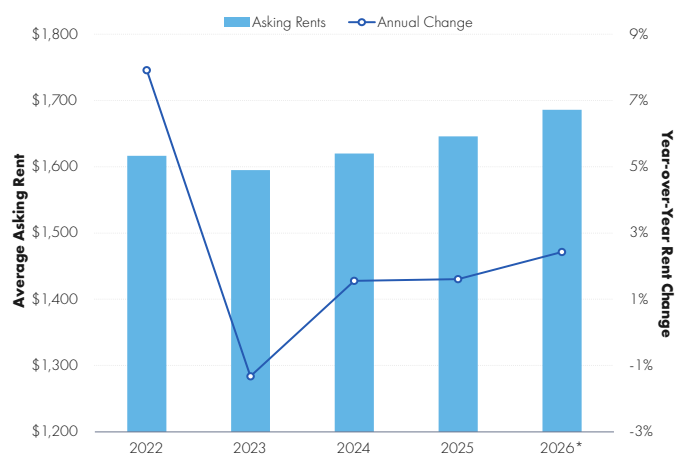
* Year End Forecast
Sources: Northmarq, RealPage, Inc.

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, RealPage, Inc., Census Bureau

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, REIS



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