



NEWMARK

Market Overview
Atlanta Office

1Q26



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Market Observations



Economy

- The market's unemployment rate stood at 3.6% at the end of December 2025, remaining 81 basis points below the national average of 4.4%. Compared to the four other largest U.S. markets by population, the average unemployment rate was 5.0%, ranging from 4.0% in Dallas to 5.6% in Los Angeles.
- Job growth was essentially flat year over year, following several years of expansion and reflecting a period of normalization in hiring activity.
- Four out of 10 sectors reported employment growth, including the office-using business and professional sector, which grew by 1.3%. The education and health sector continued to lead job gains at 4.3% over the past 12 months.
- Office-using jobs declined marginally by 0.1% year over year to 888,830 employees.



Leasing Market Fundamentals

- In the first quarter of 2026, full-service asking rates increased by 0.9% quarter over quarter and 4.2% year over year to a new all-time high of \$33.58/SF.
- There were no deliveries in the first quarter of 2026. On the demand side move-ins exceeded move-outs, producing 327,529 SF of net absorption and pushing vacancy down 30 basis points quarter over quarter to 26.2%, though still near recent cycle highs.
- The under-construction pipeline remained unchanged at 272,000 SF, near all-time lows. The historically low pipeline will improve the supply-demand imbalance.
- Leasing activity for the quarter was 2.3 MSF, remaining below historical averages, though an increase in deal count reflects continued demand for smaller, more efficient space.



Major Transactions

- Inspire Brands executed the largest deal of the quarter, renewing its 352,994-SF lease at Three Glenlake in the Central Perimeter submarket.
- Three of the top five transactions were renewals, reflecting a continued emphasis on tenant retention versus expansion in the market.
- The top five deals were spread across several submarkets—Central Perimeter, Midtown, and North Fulton—highlighting sustained demand for well-located Class A properties.
- Select relocations into higher-quality assets, including KPMG's move to Midtown, underscore an ongoing preference for modern, amenity-rich office environments.



Outlook

- With only two projects currently under construction, the development pipeline is expected to empty in early 2026, affording existing office buildings more time to absorb vacant space rather than compete with a wave of newer, higher-end deliveries.
- Class A properties featuring spec suites are expected to continue demanding the majority of small to mid-size deals in the market, while amenity-poor and older vintage properties will continue to struggle.
- Asking rents can still be expected to increase, albeit at a more modest pace while concessions will remain elevated.
- Atlanta remains at the forefront of the office-to-alternative-use conversion trend, with numerous projects in Buckhead, Central Perimeter, Downtown, North Fulton, and along the I-85 corridor slated for near-term repurposing. As more municipalities embrace adaptive reuse, the pipeline of conversions that reduce underperforming office inventory is likely to grow.

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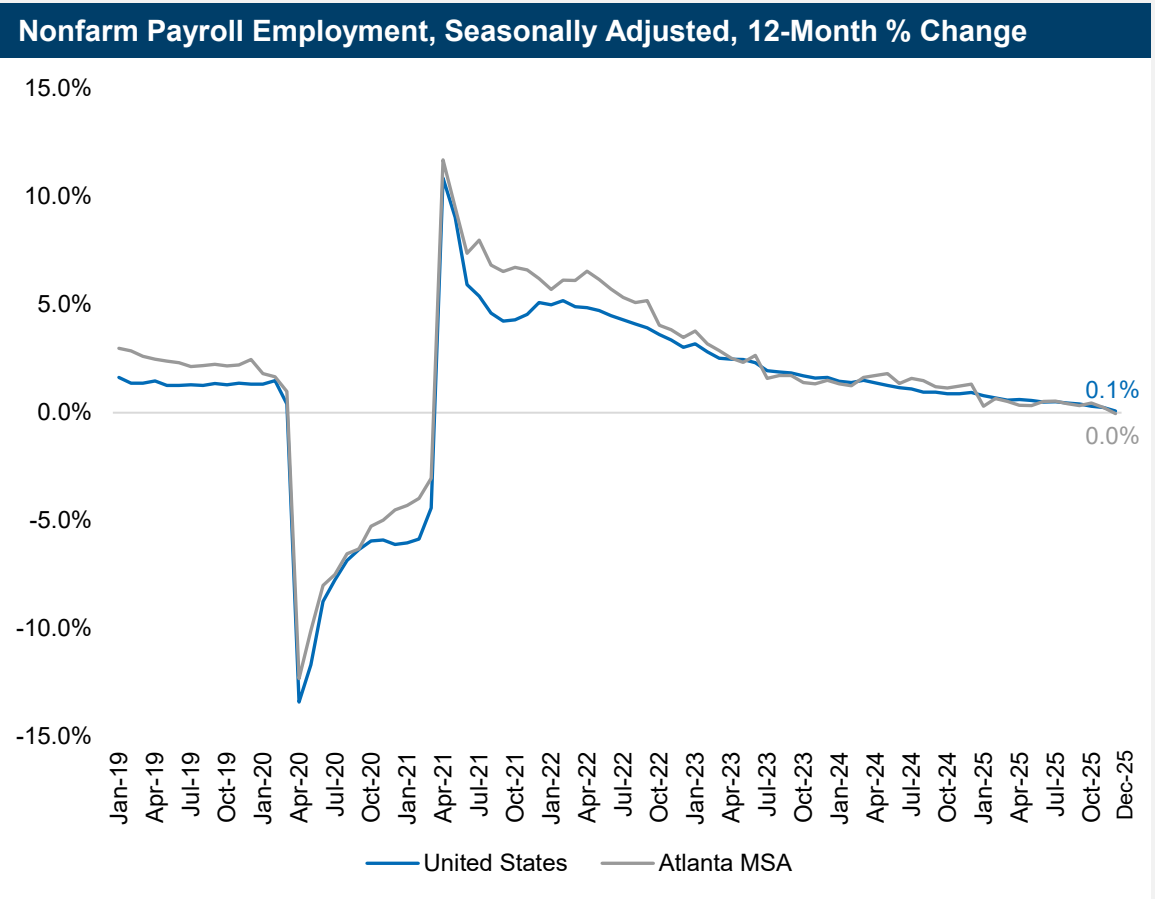
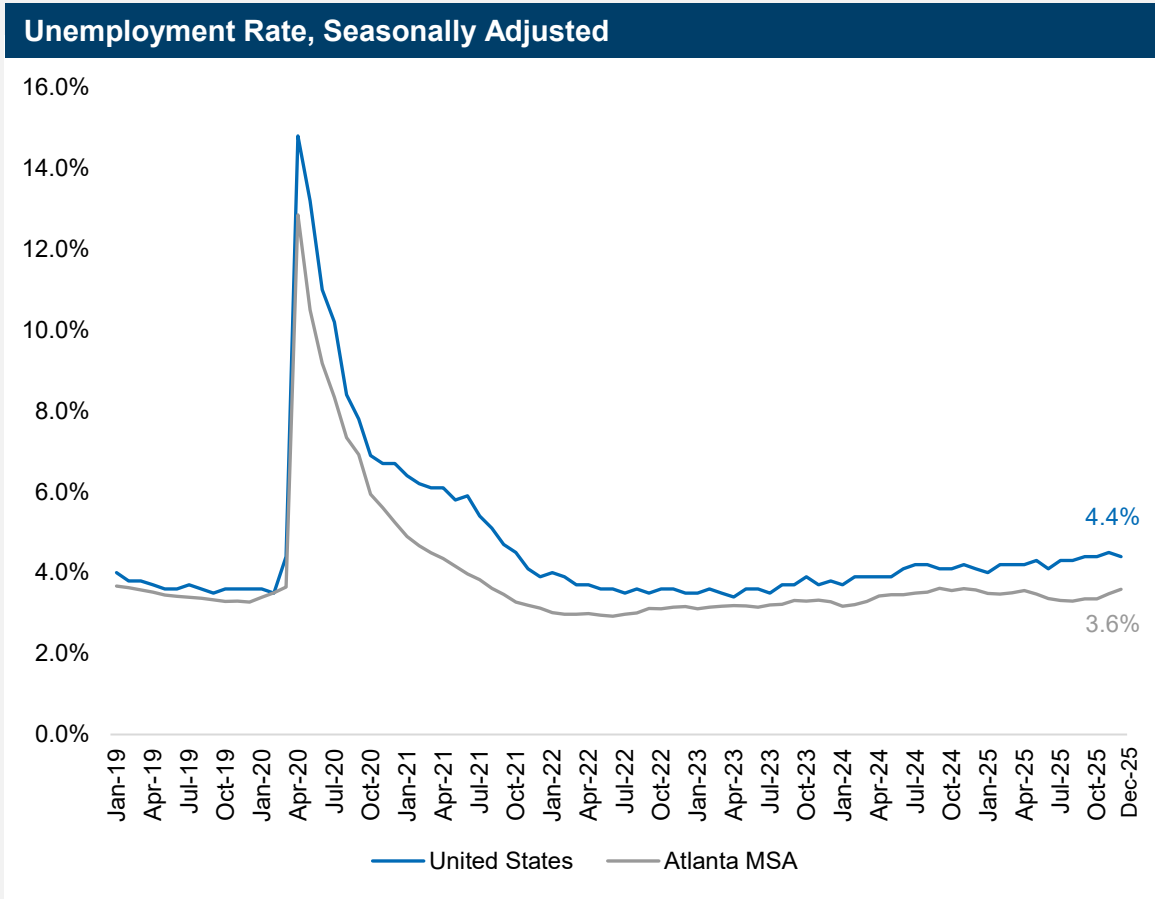
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Economy



Unemployment Inches Up While Employment Growth Levels Off

The Atlanta market has generally reported lower unemployment rates compared with the national average. At the end of December 2025, metro unemployment was 3.6%, remaining 81 basis points below the national rate and up slightly by two basis points year over year, reflecting modest softening in labor market conditions. Total employment was essentially flat year over year, following several years of expansion.

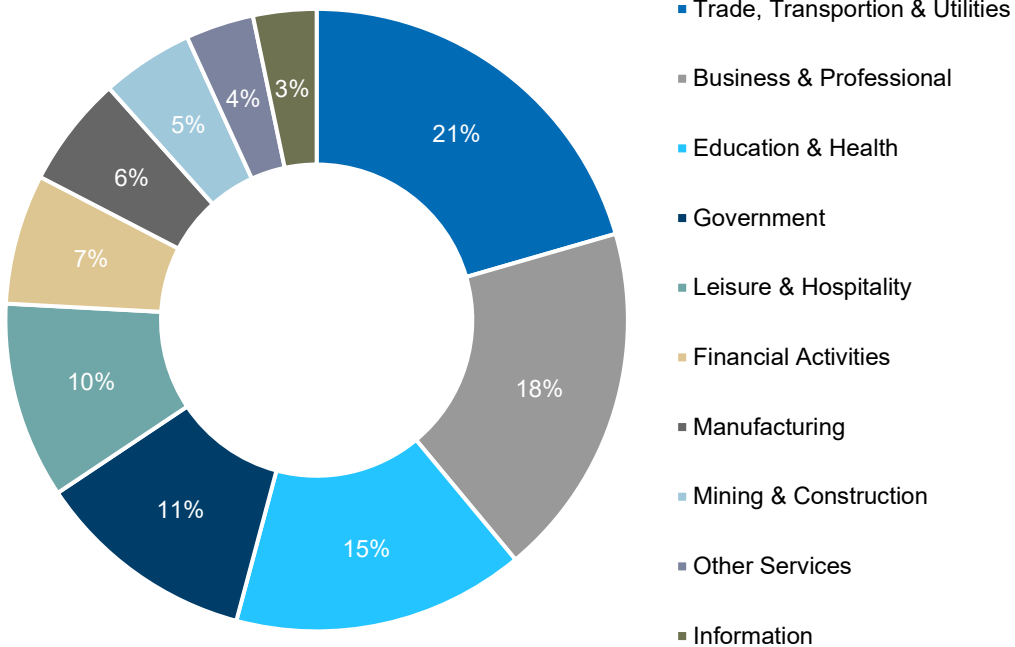


Source: U.S. Bureau of Labor Statistics, Atlanta MSA

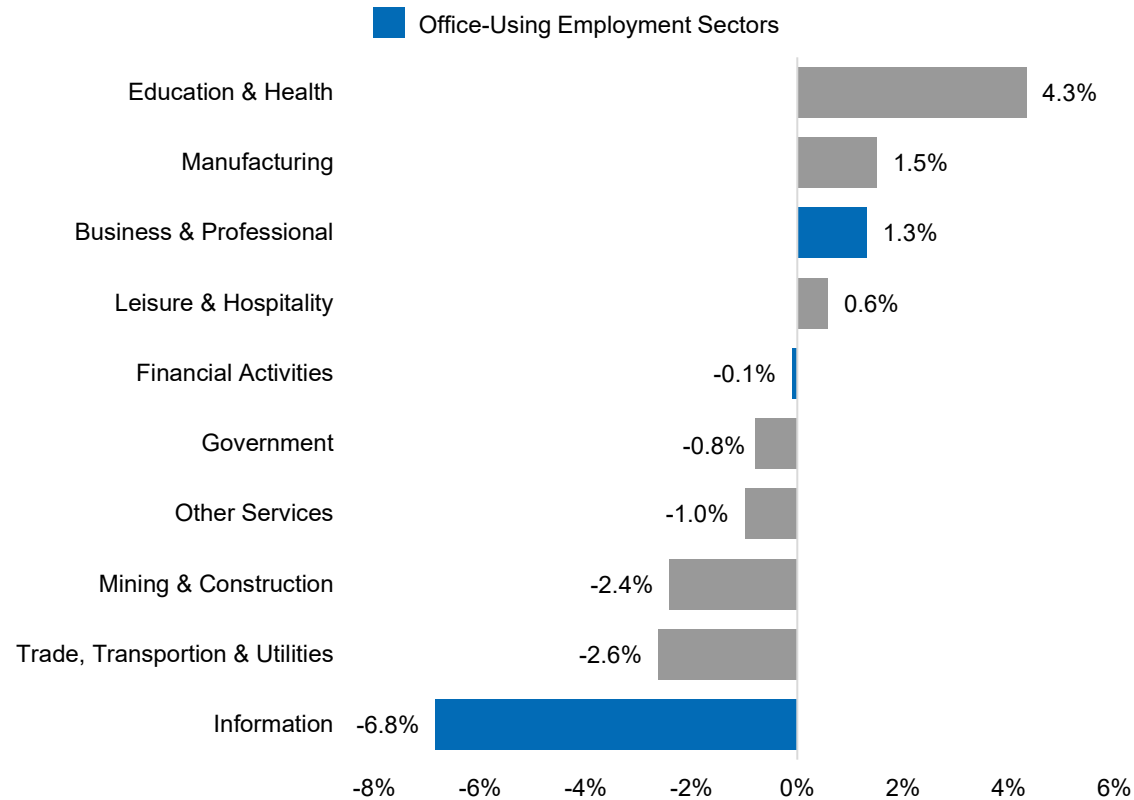
Job Growth Flattens as More Sectors Contract

The Atlanta market is highly diversified, with the top two industries accounting for only 39.3% of the market’s industry employment share. The office-using employment’s business and professional sector is the second-largest industry sector in the metro at 18.4%. Overall employment was essentially flat year over year, though six of ten sectors contracted. Within office-using industries, financial activities declined slightly by 0.1% while professional and business services rose by 1.3%. Meanwhile, information declined by 6.8%.

Employment by Industry, December 2025



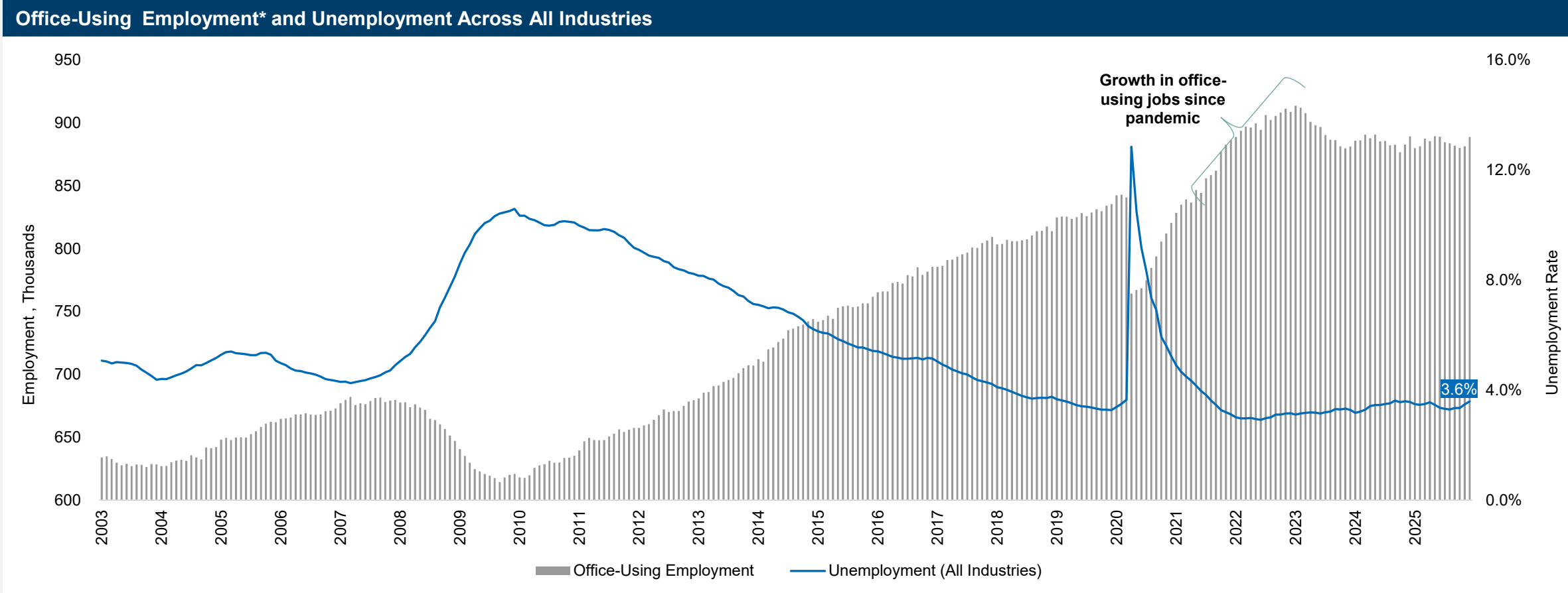
Employment Growth by Industry, 12-Month % Change, December 2025



Source: U.S. Bureau of Labor Statistics, Atlanta MSA

Office-Using Employment Remains Relatively Flat

In the first quarter of 2026, office-using employment in Atlanta was essentially flat year over year at 888,830 employees, but remains just 2.7% below the January 2023 peak, underscoring a continued period of stabilization rather than broad-based contraction. The relatively stable office-using employment level reflects gains in business and professional services, which were offset by continued softness in the information sector and slight declines in financial activities. Employment losses within information-related industries are consistent with a broader technology-sector transition, as firms reassess staffing needs amid increased automation and artificial intelligence adoption, in the wake of above-trend hiring during the 2020 to 2021 period. The seasonally adjusted unemployment rate is at 3.6%, well below the average unemployment rate of 5.6% recorded from 2001 through 2024.



Source: U.S. Bureau of Labor Statistics, Atlanta MSA
 *Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

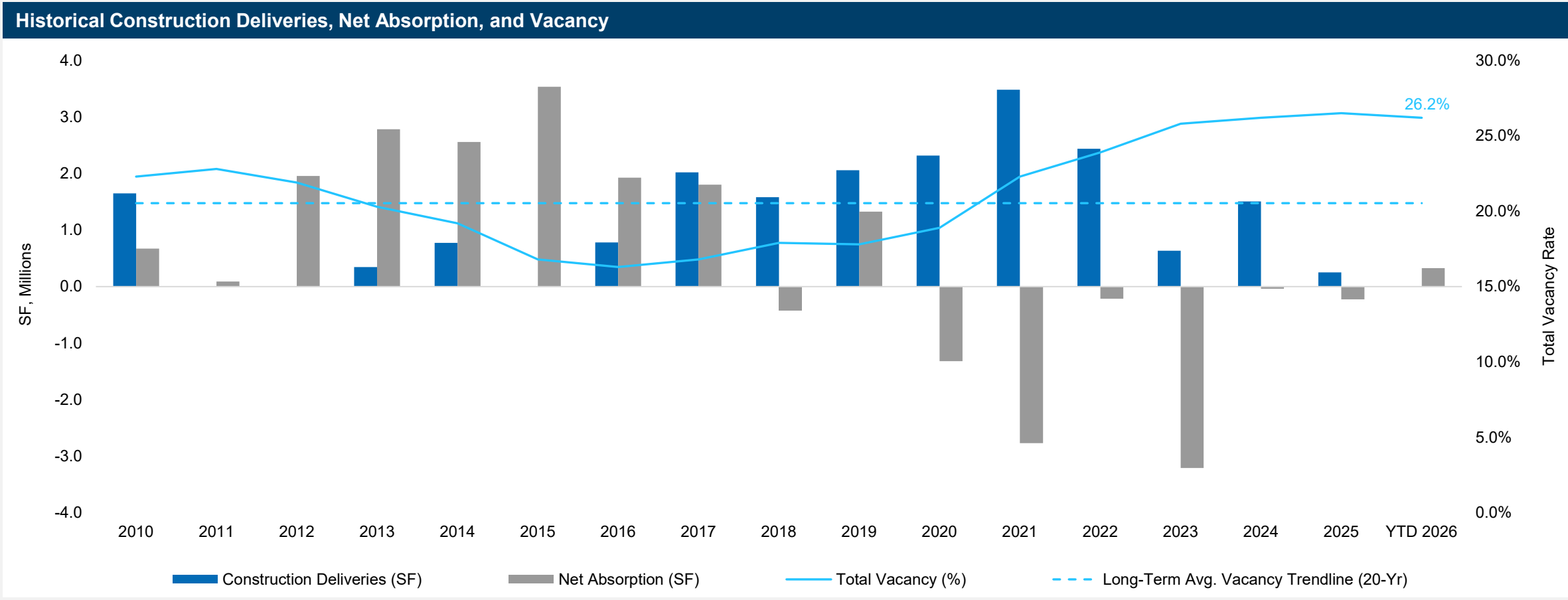
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Leasing Market Fundamentals



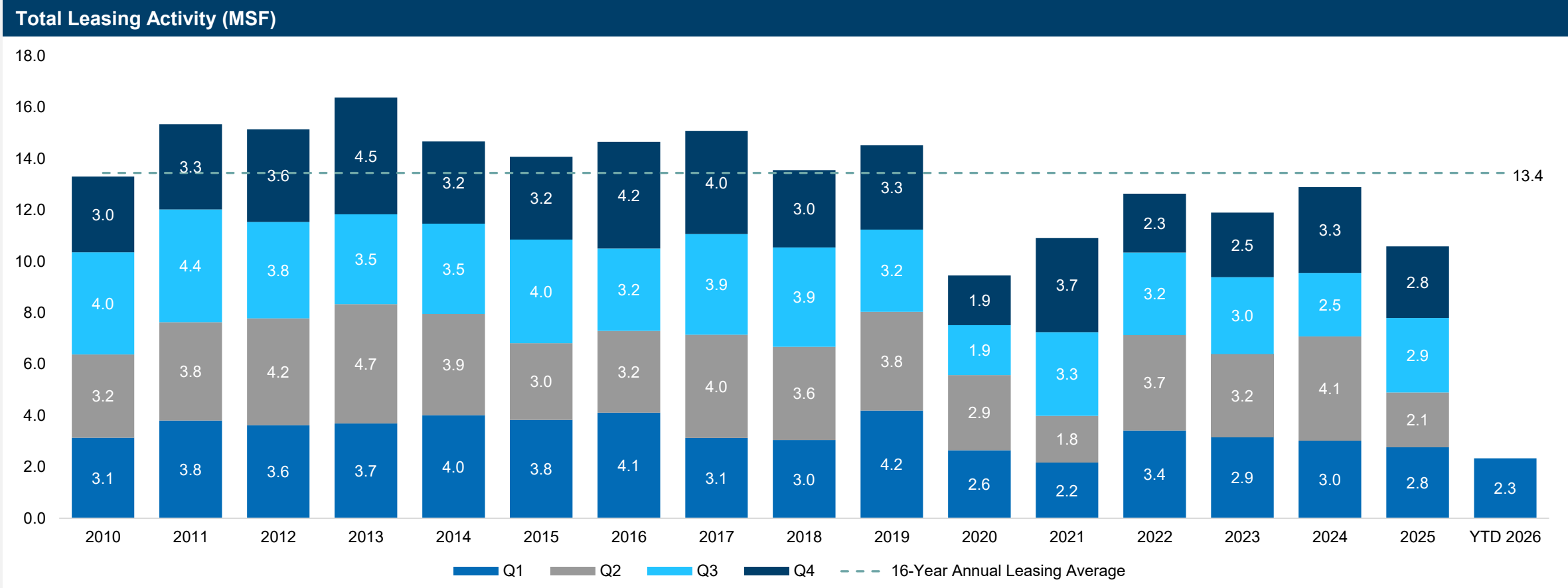
Demand Outpaces Supply, Driving Vacancy Lower

There were no office deliveries during the first quarter of 2026, following a lack of new supply in the previous quarter. Net absorption was positive for the quarter at 327,529 SF, led by the Northwest and Central Perimeter submarkets, with demand supported by notable move-ins, including AIG’s 50,666-SF occupancy at Summit Two and AnSCO & Associates’ 44,886-SF move-in at Encore Commons. Consequently, the overall vacancy rate declined by 30 basis points quarter over quarter to 26.2%, returning to levels last seen at the end of 2024, though still near recent cycle highs. With only two projects totaling 272,000 SF currently under construction, the near-term pipeline is expected to clear in early 2026, allowing existing inventory additional time to absorb vacancy without competing against a new wave of deliveries.



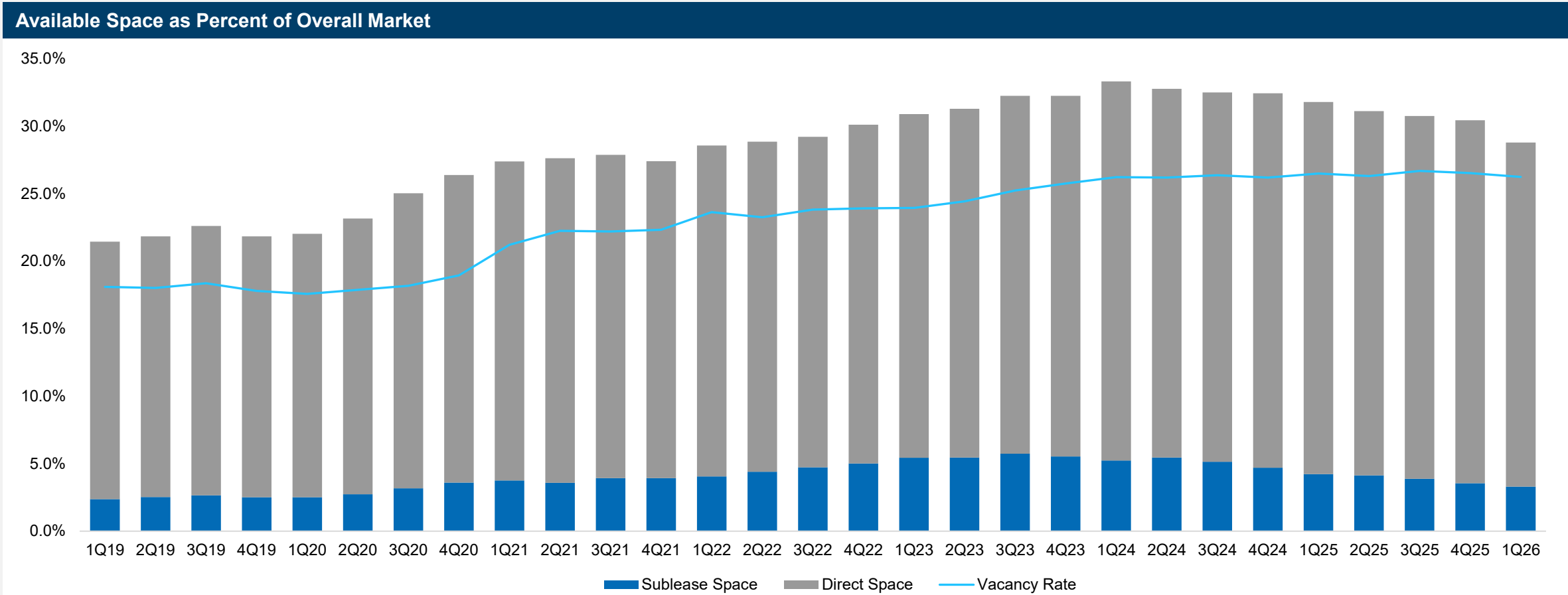
Leasing Activity Shifts Toward More Efficient Deal Structures

Leasing activity declined 16.4% quarter over quarter to 2.3 MSF in the first quarter of 2026. Average deal size also moderated, decreasing by 2,233 SF quarter over quarter to 5,415 SF, reflecting a continued shift toward more efficient space utilization alongside a more measured approach from tenants with larger requirements. While leasing volume remained below the 16-year, first-quarter average of 3.4 MSF reported between 2010 and 2025, activity was supported by an increase in overall deal count, rising to 431 transactions, indicating continued engagement across a broad base of tenants. The prevalence of smaller transactions highlights ongoing optimization trends, while larger requirements remain in the market but continue to progress more deliberately. As a result, leasing activity appears stable, though volume is likely to remain below historical norms in the near term.



Availability Declines Sharply, Driving Overall Improvement

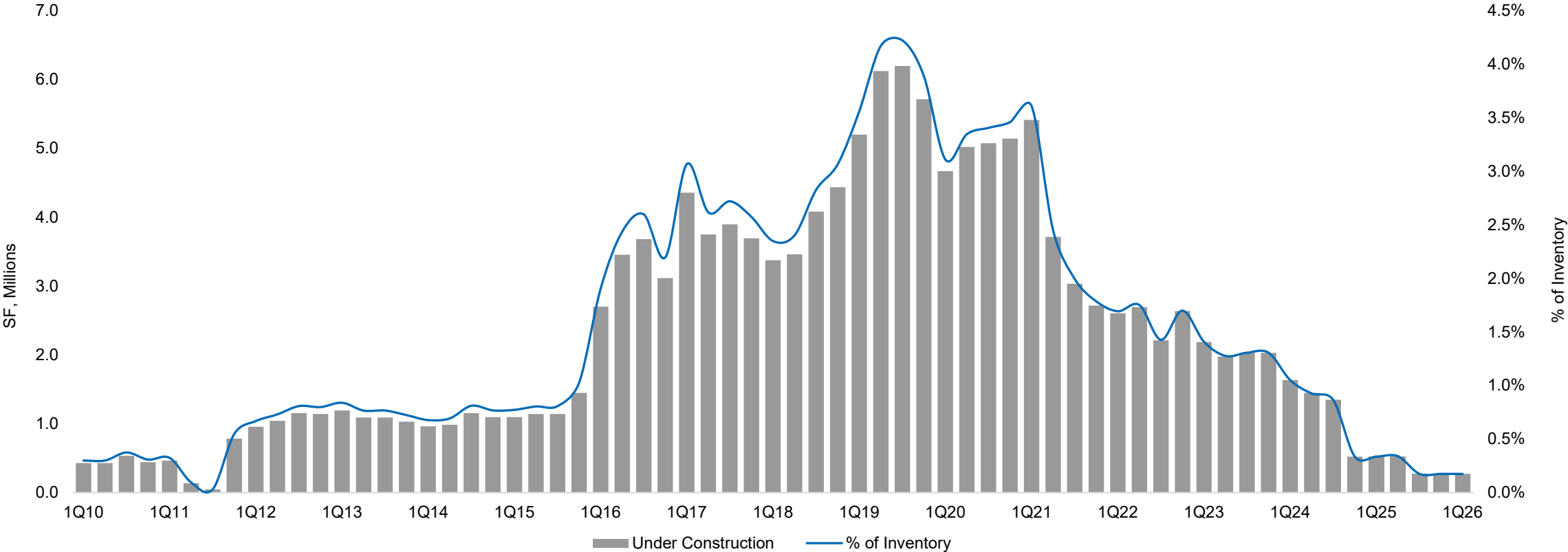
Direct availability declined sharply, decreasing 140 basis points quarter over quarter to 25.5% in the first quarter of 2026. Sublease availability also declined by 25 basis points quarter over quarter to 3.3%, marking the seventh consecutive quarterly reduction and extending the gradual correction from a peak of 5.7% in the third quarter of 2023. As a result, total availability declined by 160 basis points quarter over quarter to 28.8%. Reflecting continued improvement in availability metrics, the overall vacancy rate also declined, falling 30 basis points quarter over quarter to 26.2%.



Construction Activity Remains Near Historic Lows, Constraining Supply

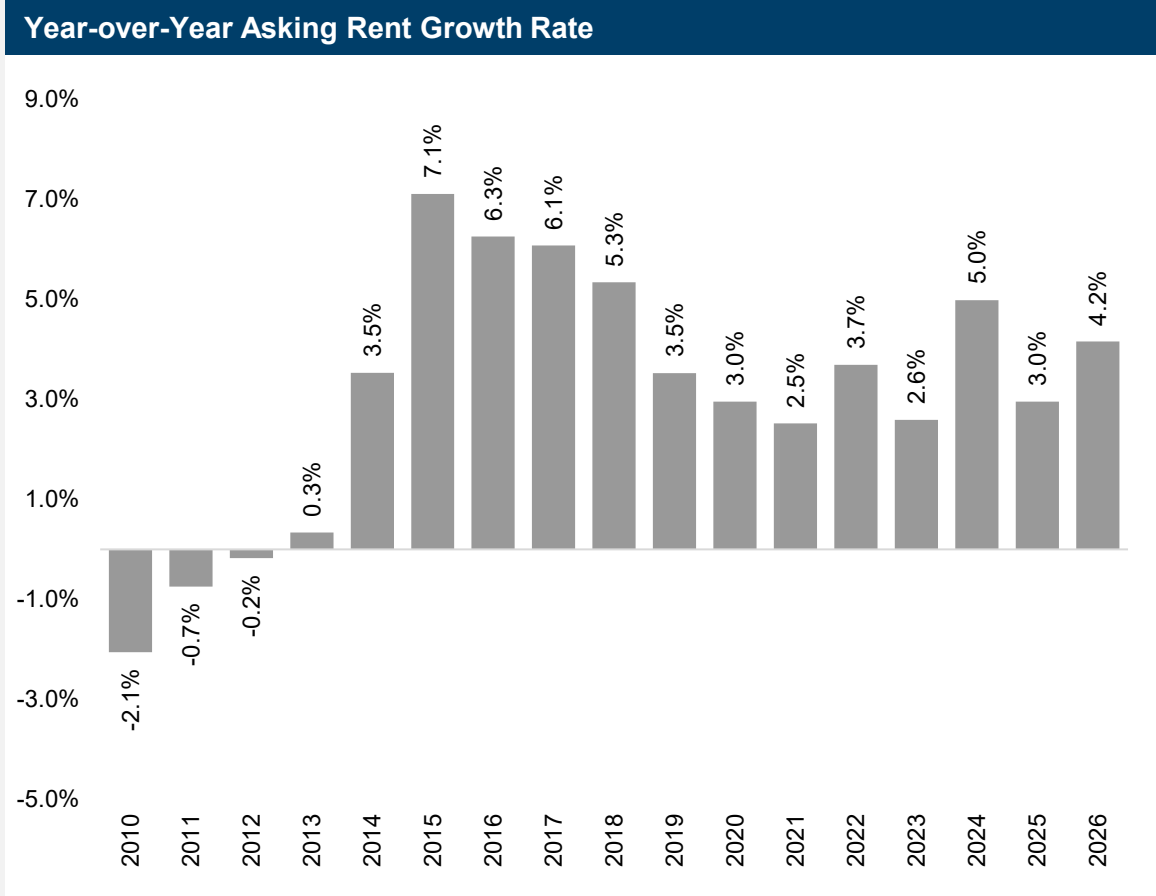
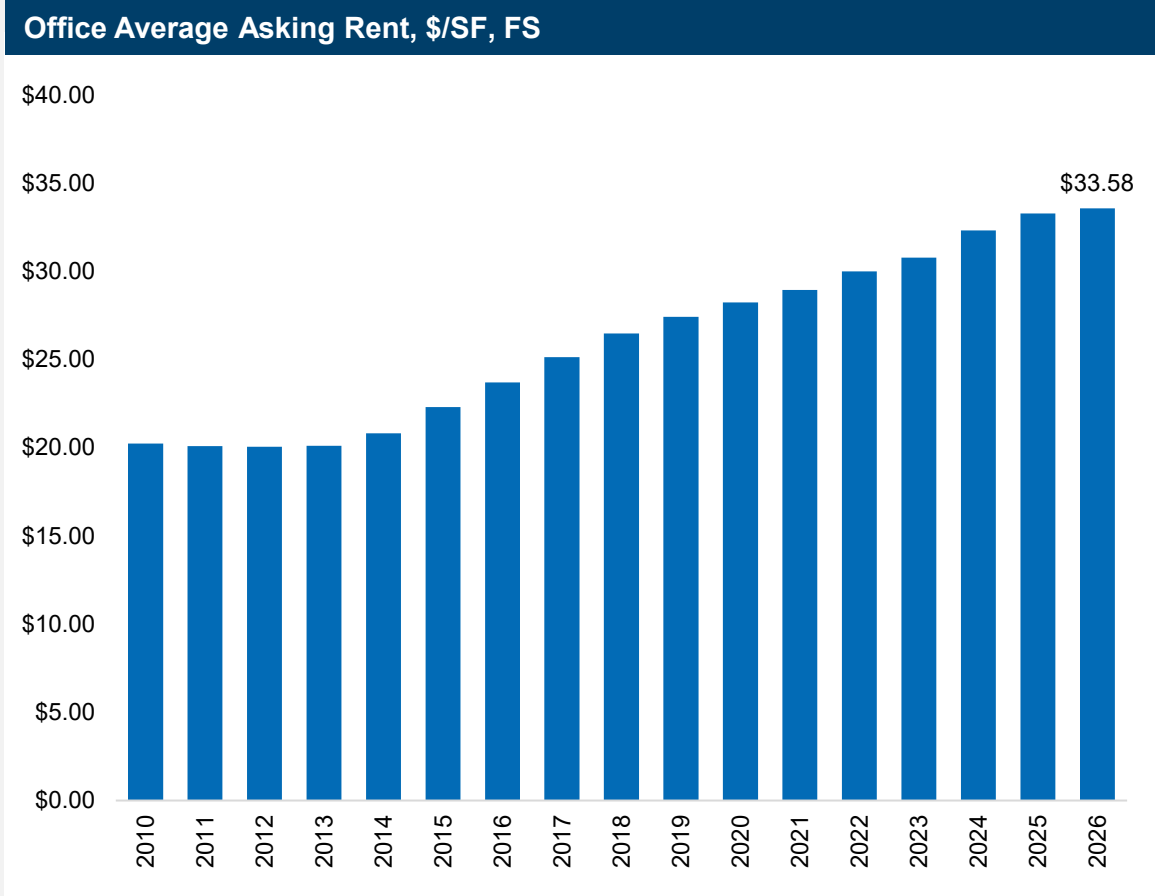
Atlanta’s office pipeline has remained unchanged for several consecutive quarters at approximately 272,000 SF under construction across two projects, representing just 0.2% of total inventory. The pipeline is limited to the fully preleased 48,000-SF North Main in Alpharetta and the 224,000-SF 1072 West Peachtree in Midtown, which is expected to deliver imminently. North Main should contribute positively to absorption at the margin, while 1072 West Peachtree, which remains unleased, may temporarily increase vacancy, though Midtown has few available options for requirements of this size. The absence of new groundbreakings continues to reinforce an exceptionally constrained supply environment that favors gradual absorption of existing vacancy.

Office Under Construction and % of Inventory



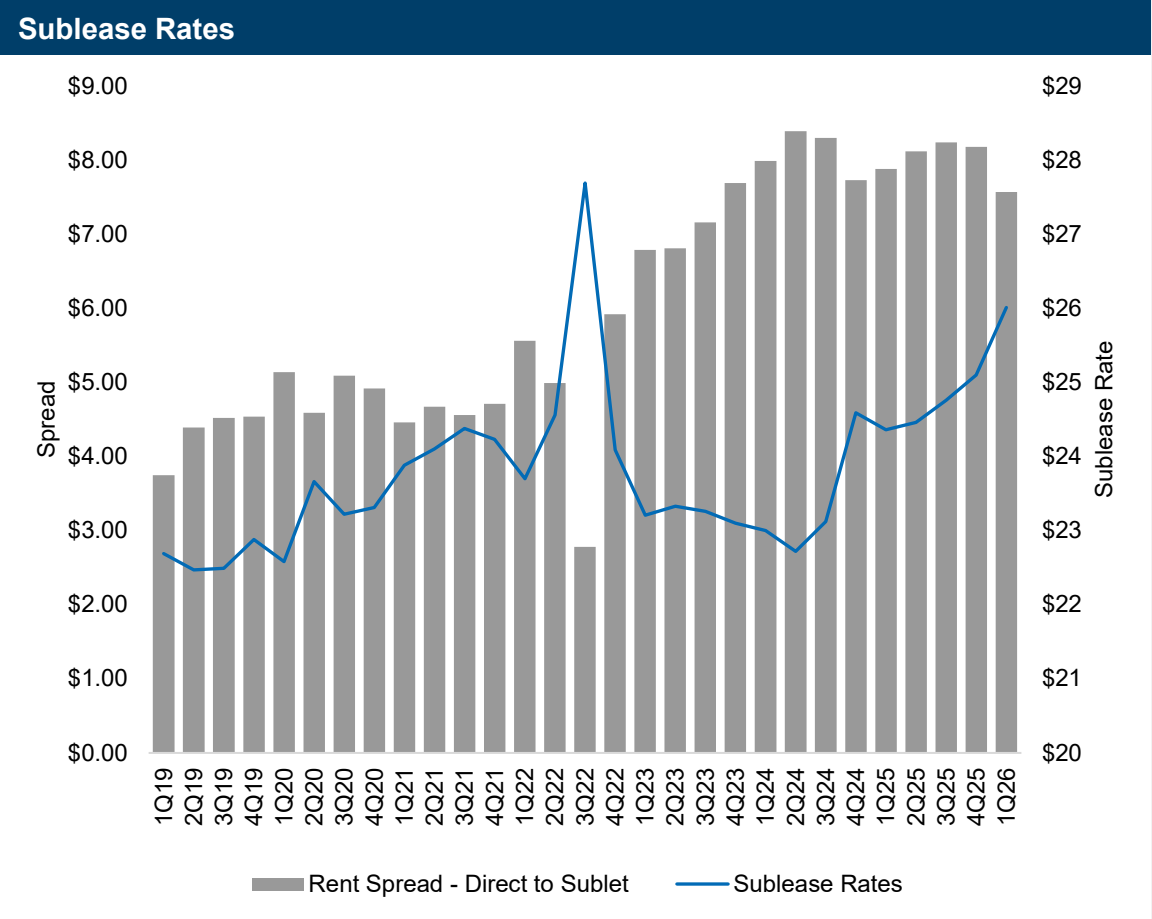
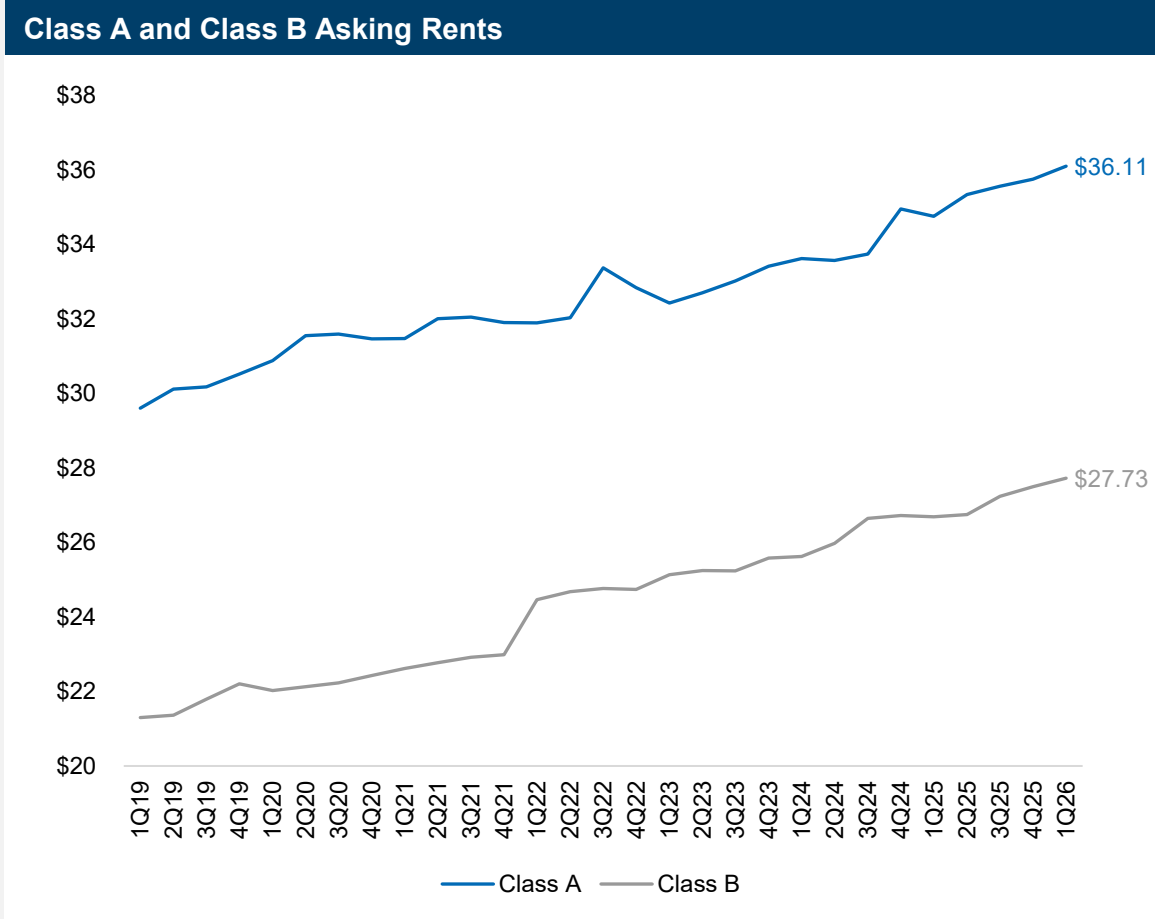
Rents Reach New Highs as Growth Remains Steady

Rents in the first quarter of 2026 increased by 0.9% quarter over quarter and 4.2% year over year to close at \$33.58/SF, marking a new all-time high. Asking rents have continued to trend upward, reflecting sustained pricing resilience despite elevated vacancy levels and ongoing concession packages market-wide. With only 272,000 SF currently under construction, the limited pipeline is expected to provide underlying support for rent levels, even as elevated availability continues to influence leasing dynamics. As a result, rent growth is likely to remain steady, even if the pace does not accelerate in the near term.



Class A Premium Holds as Rent Growth Remains Broad-Based

Class A asking rents rose to \$36.11/SF in the first quarter of 2026, compared to \$27.73/SF for Class B, though both increased by 3.9% year over year. The \$8.38/SF premium reinforces the ongoing flight to quality, reflecting sustained demand for higher-quality assets. Meanwhile, sublease rents averaged \$26.01/SF, increasing by 3.6% quarter over quarter and 6.8% year over year. Consequently, the direct and sublease rent spread narrowed to \$7.57/SF, perhaps indicative that tenants are no longer able to find the steep discounts previously seen in sublet space.



Renewals Dominated Top Deals

Tenant renewals continued to account for most of the quarter’s largest transactions, reflecting a market focused on retention over expansion. The top deals were concentrated across Midtown, Central Perimeter, and North Fulton, highlighting sustained demand for well-located Class A properties. Select relocations into higher-quality space further underscore tenants’ continued preference for modern, amenity-rich office environments.

Notable 1Q26 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Inspire Brands	Three Glenlake	Central Perimeter	Renewal	352,994
<i>Inspire Brands is a multi-brand restaurant platform, whose portfolio includes concepts such as Arby’s, Buffalo Wild Wings and Dunkin’ executed the quarter’s biggest office deal, that included a slight downsizing. Glenlake has served as Inspire Brands’ global corporate headquarters since 2018.</i>				
KPMG	The Proscenium	Midtown	Direct New	105,000
<i>The global accounting and professional services firm executed one of the quarter’s largest new leases, relocating from its longtime office at Truist Plaza in Downtown to Proscenium in Midtown. The move reflects a broader shift among professional services firms toward newer, amenity-rich office environments.</i>				
MarketSource	Royal Centre Four - Royal 400	North Fulton	Renewal	75,034
<i>MarketSource renewed its long-standing presence at Royal Centre Four. The company provides sales outsourcing and customer-experience solutions.</i>				
Hisense USA	5995 Windward	North Fulton	Direct New	55,177
<i>Hisense USA is relocating its U.S. headquarters to 5995 Windward Pky from 7310 McGinnis Ferry Rd within the same submarket.</i>				
Waystar	715 Peachtree	Midtown	Renewal/Expansion	44,799
<i>The healthcare payments and revenue cycle management technology firm renewed and expanded its lease at 715 Peachtree, where it has maintained an Atlanta presence for several years.</i>				

Atlanta Office Submarket Map



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Atlanta Office Submarket Overview

Submarket Statistics – All Classes

	2019 Occupied Area (sq. ft.)	2019 Vacant Area (sq. ft.)	2019 Occupied %	2019 Vacant %	2019 Occupied Area (sq. ft.)	2019 Vacant Area (sq. ft.)	2019 Occupied %	2019 Vacant %
Office	1,000,000	-	100%	0%	1,000,000	0	100%	0%
Other	2,000,000	500,000	80%	20%	2,000,000	500,000	80%	20%

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Office	1,000,000	-	100%	100%	1,000,000	0	100%	0%
Office	2,000,000	-	100%	100%	2,000,000	0	100%	0%
Industrial Total	10,000,000	500,000	95%	5%	10,000,000	500,000	95%	5%
Market	13,000,000	500,000	96%	4%	13,000,000	500,000	96%	4%

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