

2Q25

Atlanta Office Market Overview



Market Observations

Economy

- The market's unemployment rate remained unchanged year over year at 3.5% at the end of May 2025, which is 73 basis points lower than the national average of 4.2%.
- Job growth closed at 0.4% year over year, reflecting the second slowest yearly growth pace since early 2021.
- Only three out of 10 sectors reported employment growth, including the office-using financial activities sector. Meanwhile, the education and health sector led job gains at 4.9% over the past 12 months.
- Office-using jobs remained relatively unchanged year over year at 890,400 employees.

Major Transactions

- Human resource and payroll software company Trinet inked the largest deal of the quarter, signing 145,186 SF at High Street in the Central Perimeter submarket. The California-based company is new to the market.
- The two largest deals were new leases. The remaining three of the top five deals were renewals, one of which included an expansion. All five of the quarter's largest leases were signed in Class A buildings, reinforcing ongoing preference for high-quality space.
- The top five deals were spread across four different submarkets – Central Perimeter, North Fulton/Forsyth, Buckhead and Midtown – reflecting demand for space in several submarkets.
- During 2024, Atlanta experienced 33 office trades greater than \$10 million, representing over \$1 billion in aggregate volume and an average deal size just over \$30 million. While this activity is significantly below historical norms, it did represent a year-over-year increase of 330% in deal count and 285% in aggregate volume.

Leasing Market Fundamentals

- In the second quarter of 2025, annual full-service asking rates increased by 1.0% to an all-time high of \$32.62/SF. On a year-over-year basis, asking rates increased by 4.5%. Still, the pace of rent growth has generally been moderating and is expected to remain below the pre-pandemic average annual growth levels of 6.3%.
- Although there were no new deliveries at the end of the second quarter of 2025, move-outs slightly outpaced move-ins, resulting in negative net absorption of 94,401 SF. Despite this, the vacancy rate held steady quarter over quarter at the all-time high of 26.5%.
- The under-construction pipeline has remained unchanged over the past three quarters at 522,000 SF across four projects, reflecting the lowest level in recent years. The historically low pipeline will improve the supply-demand imbalance.
- The total number of active tenants seeking space in the market rose significantly this quarter, with Newmark tracking the highest number of 25,000-SF and larger requirements in over three years.

Outlook

- The under-construction pipeline will empty out in early 2026, which will allow existing office buildings more time to absorb vacant space, rather than competing with 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 be expected to increase, albeit at a more modest pace while concessions will remain elevated.
- Atlanta remains at the forefront of the national office-to-alternative-use conversion trend, with numerous office projects in Buckhead, Central Perimeter, Downtown, North Fulton and along the I-85 corridor slated for near-term repurposing. The list of projects reducing office supply is expected to grow as more municipalities embrace adaptive reuse to address underperforming inventory.

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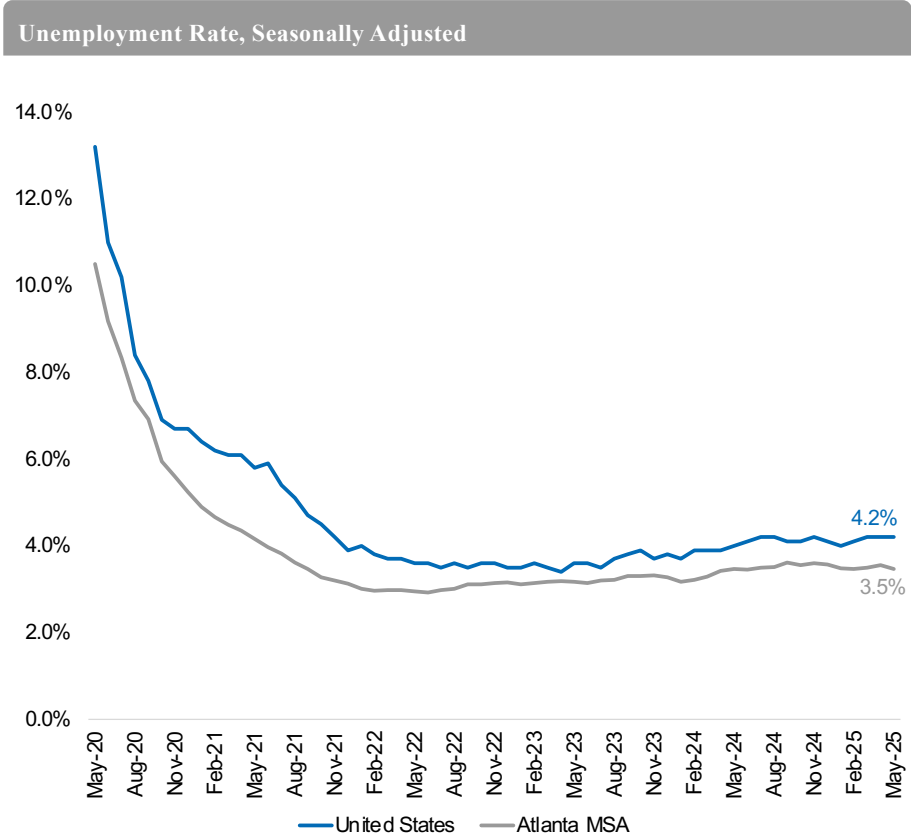
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Economy

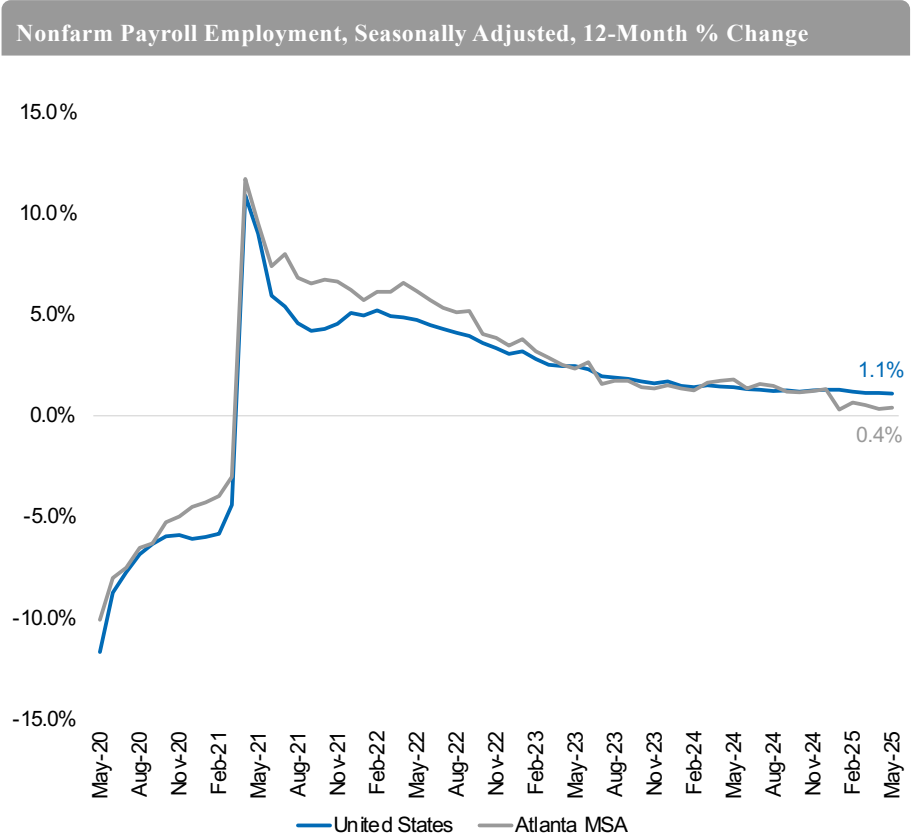


Metro Employment Trends

The Atlanta market has generally reported lower unemployment rates compared with the national average. Despite a slower national economy, the metro's unemployment rate closed the second quarter of 2025 at 3.5%, remaining 73 basis points below the national rate. The current unemployment rate remained relatively unchanged on both a quarter over quarter and a year over year basis. The market's year-over-year employment growth rate slowed by 141 basis points to 0.4% in May 2025, continuing to report year-over-year growth below 1.0% since the beginning of the year, a pattern last observed in March 2021 when yearly growth was negative.



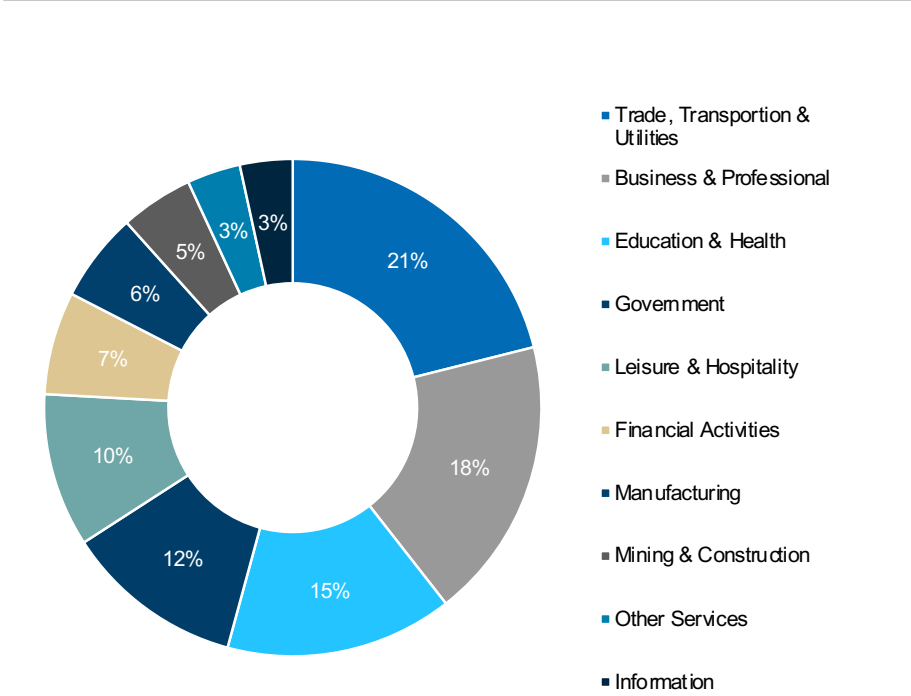
Source: U.S. Bureau of Labor Statistics, Atlanta MSA



Majority of Employment Industries Report Annual Declines

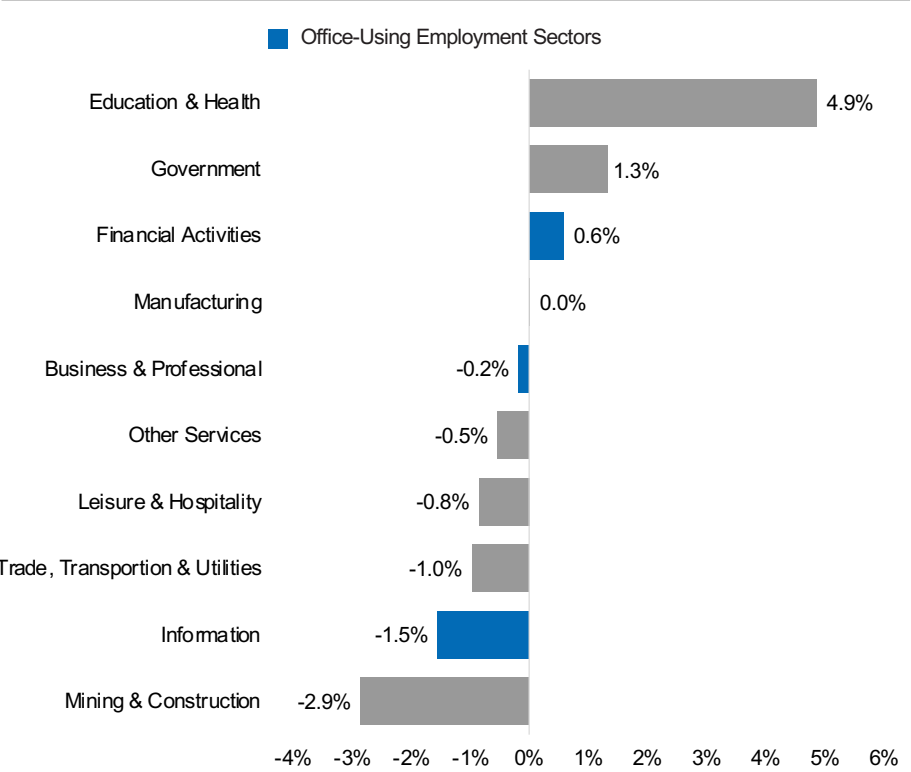
The Atlanta market has a high industry diversity with the top two industries accounting for only 39.4% of the market's industry employment share. The office-using employment's business and professional sector is the second-largest industry sector in the metro at 18.4%. While overall employment expanded marginally by 0.4%, six of the 10 sectors reported year-over-year contractions. Financial activities grew by 0.6% year over year, the only office-using sector to do so. Meanwhile, the business and professional sector and information sector declined by 0.2% and 1.5% year over year, respectively, reporting the smallest declines over the last six quarters.

Employment by Industry, May 2025



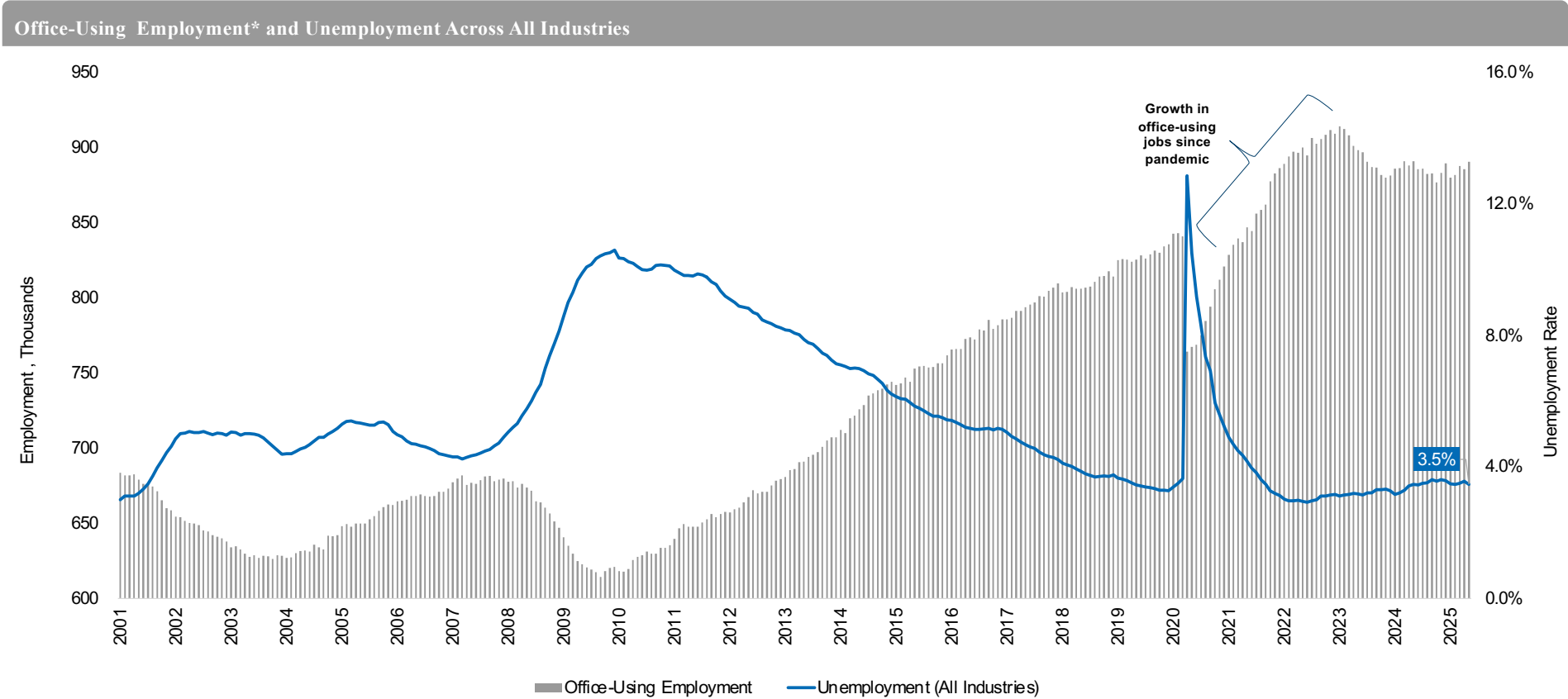
Source: U.S. Bureau of Labor Statistics, Atlanta MSA

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



Overall Office-Using Employment Remains Flat

Office-using employment in the Atlanta Metro remained materially unchanged year over year at 890,400 employees and reflects just a 2.6% decline from the January 2023 peak. While there were declines in the information sector and modest declines in the business and professional sector, these were offset by gains in the financial activities sector. Currently, the seasonally adjusted unemployment rate is at 3.5%, 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.

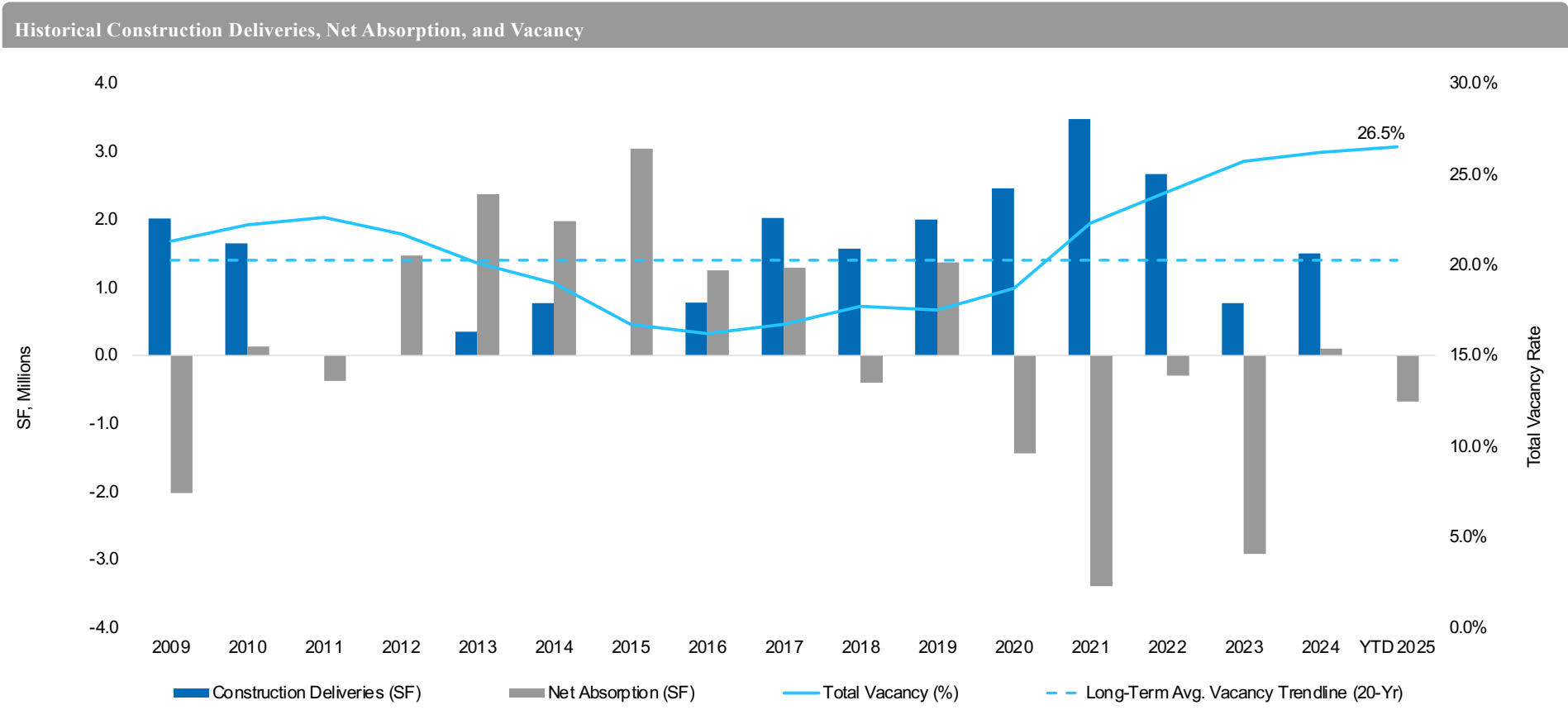
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Leasing Market Fundamentals



Move-Outs Slightly Outpaced Move-Ins Keeping Vacancy Elevated at Historic High

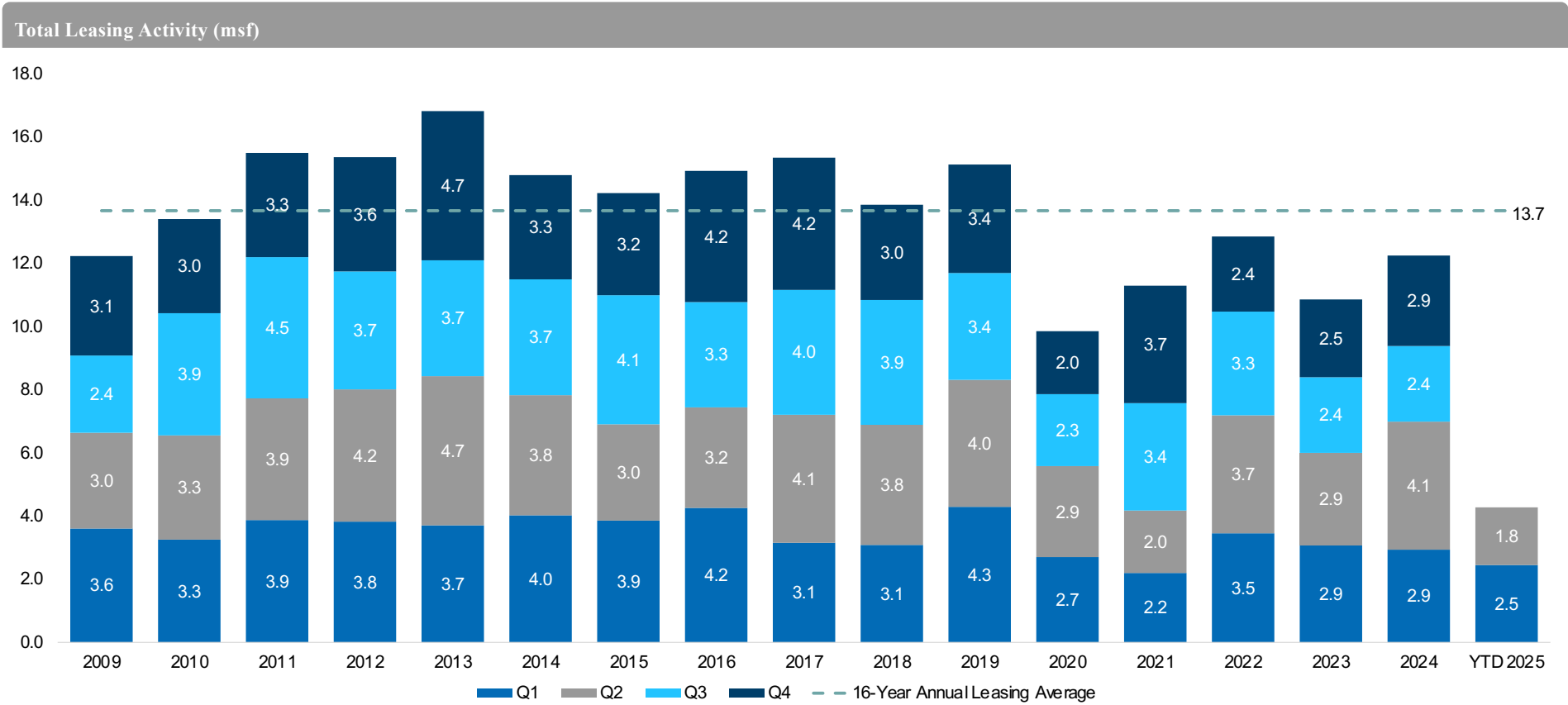
In the first half of 2025, there were no new deliveries, marking the second consecutive quarter without new supply. Move-outs slightly outpaced move-ins, resulting in 94,401 SF of negative net absorption in the second quarter of 2025. Notable departures included Aon, MarketSource and Zelis, as well as a 44,535 SF footprint reduction by OneTrust following its relocation into higher-quality space in Old Fourth Ward. Despite this, the overall vacancy rate remained unchanged at the all-time high of 26.5%, likely buoyed by user-driven deals such as Kennesaw State University's acquisition of 500 Chastain Center, removing space from the market's vacant inventory.



Source: Newmark Research, CoStar

Leasing Activity Decreases Quarter Over Quarter

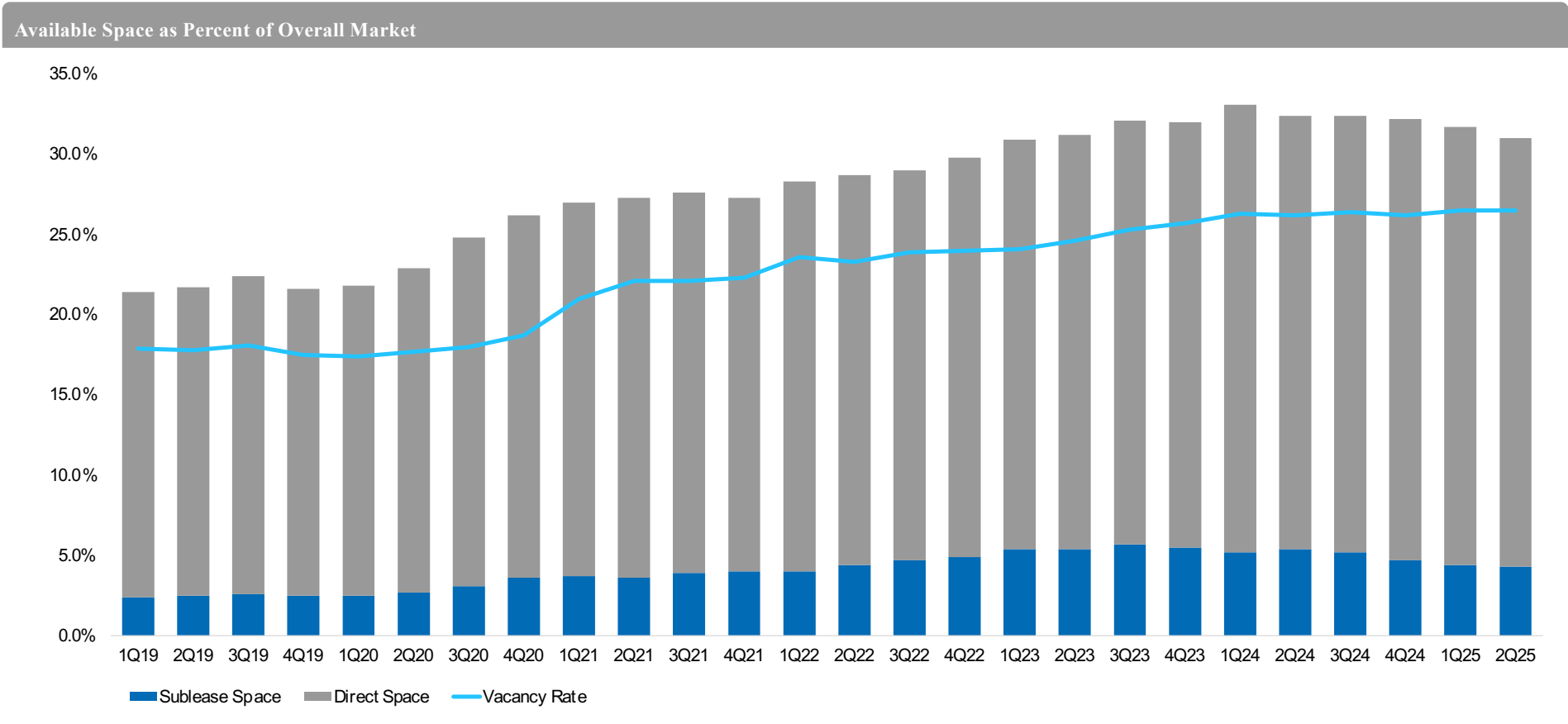
Leasing activity declined sharply by 25.9% quarter over quarter to 1.8 MSF in the second quarter of 2025, reporting the lowest quarterly volume in recent years. The average deal size was also lower, with sizes decreasing by 1,216 SF quarter over quarter on average to 5,504 SF. While leasing activity slowed this quarter, there are signs the market may have reached its bottom. Still, recovery is unlikely to follow a straight, upward trajectory, and leasing volumes may fluctuate in the quarters ahead.



Source: Newmark Research, CoStar

Overall Availability Decreases for Fifth Consecutive Quarter

In the second quarter of 2025, sublease availability decreased by 10 basis points quarter over quarter to 4.3%. The decline represents the fourth consecutive quarterly decrease, reversing a prior trend of post-pandemic increases that peaked at 5.7% in the third quarter of 2023. Direct availabilities also decreased by 60 basis points quarter over quarter to 26.7%. Despite total availability declining by 70 basis points quarter over quarter to 31.0%, the vacancy rate remained unchanged quarter over quarter at the all-time high of 26.5%.

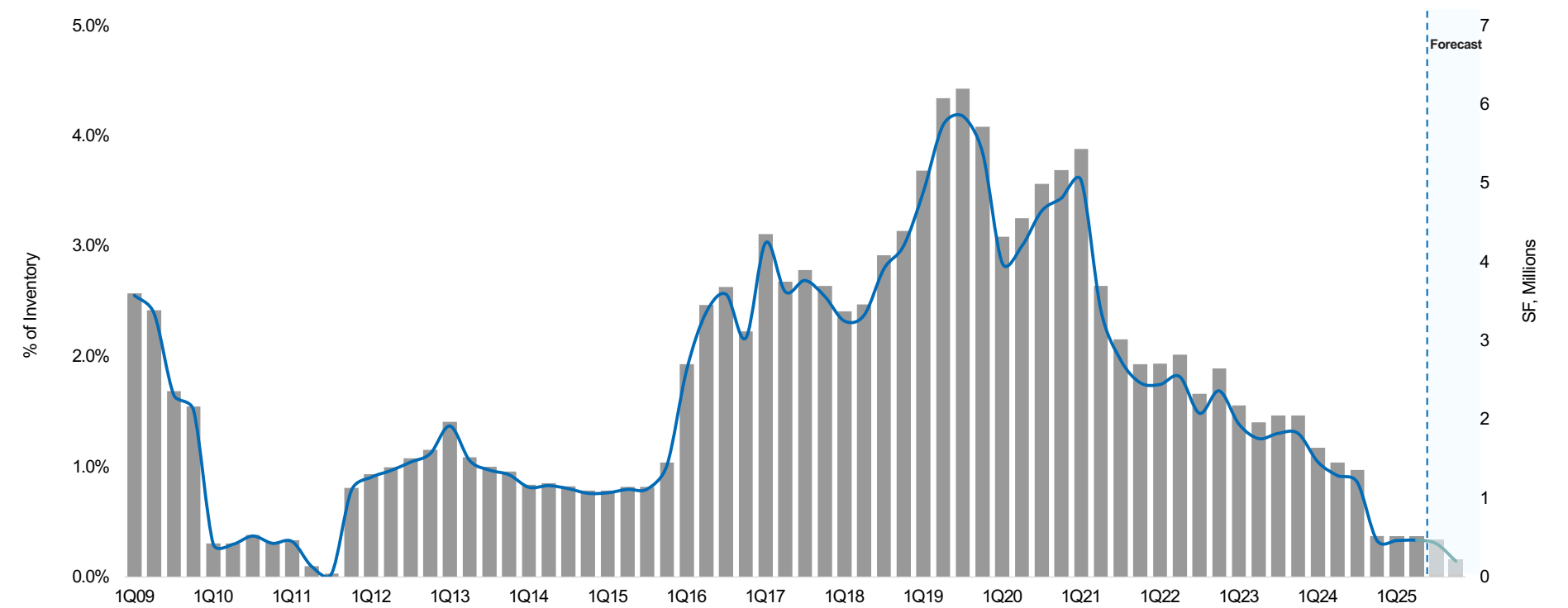


Source: Newmark Research, CoStar

Construction Activity Remains Unchanged For the Third Consecutive Quarter

At the end of the second quarter of 2025, the market had the same 522,000 SF under construction between four projects as the fourth quarter of 2024. With no new construction starts since the third quarter of 2023, the decrease in construction activity continues the declining trend that followed peak activity levels reached from 2019 through early 2021. The slowdown will help limit additional inventory entering a market already facing historically high vacancy rates and slow absorption, giving existing office space more time to absorb vacancies and potentially stabilizing market conditions over the coming quarters.

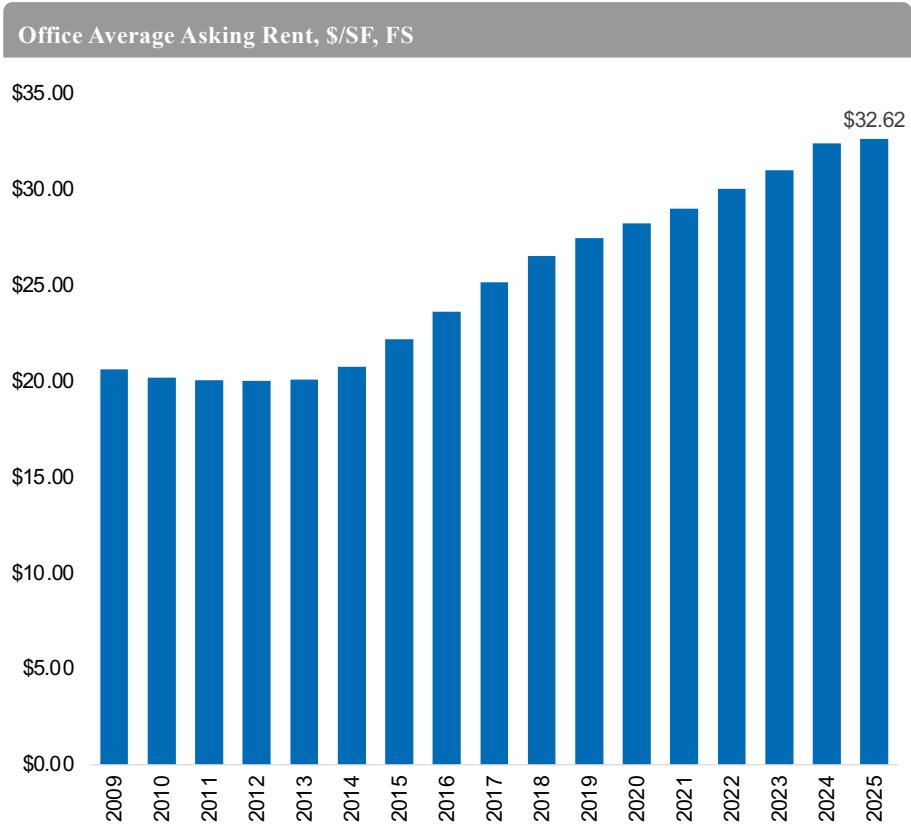
Office Under Construction and % of Inventory



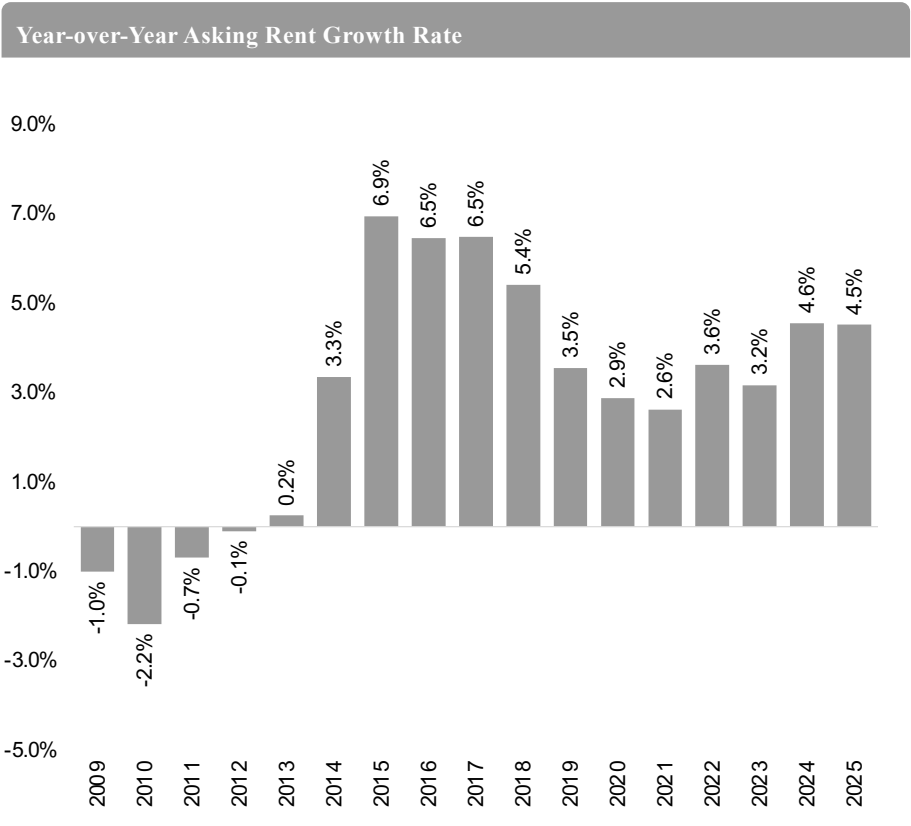
Source: Newmark Research, CoStar

Average Asking Rents Reach New All-Time High

Rents in the second quarter of 2025 increased by 1.0% quarter over quarter and 4.5% year over year to close at \$32.62/SF, a new historical high. Asking rents are likely to remain elevated, coinciding with continued aggressive concession packages market-wide. Still, the pace of rent growth has generally been moderating and is expected to remain below the pre-pandemic average annual growth of 6.3% reported between 2015 to 2018.

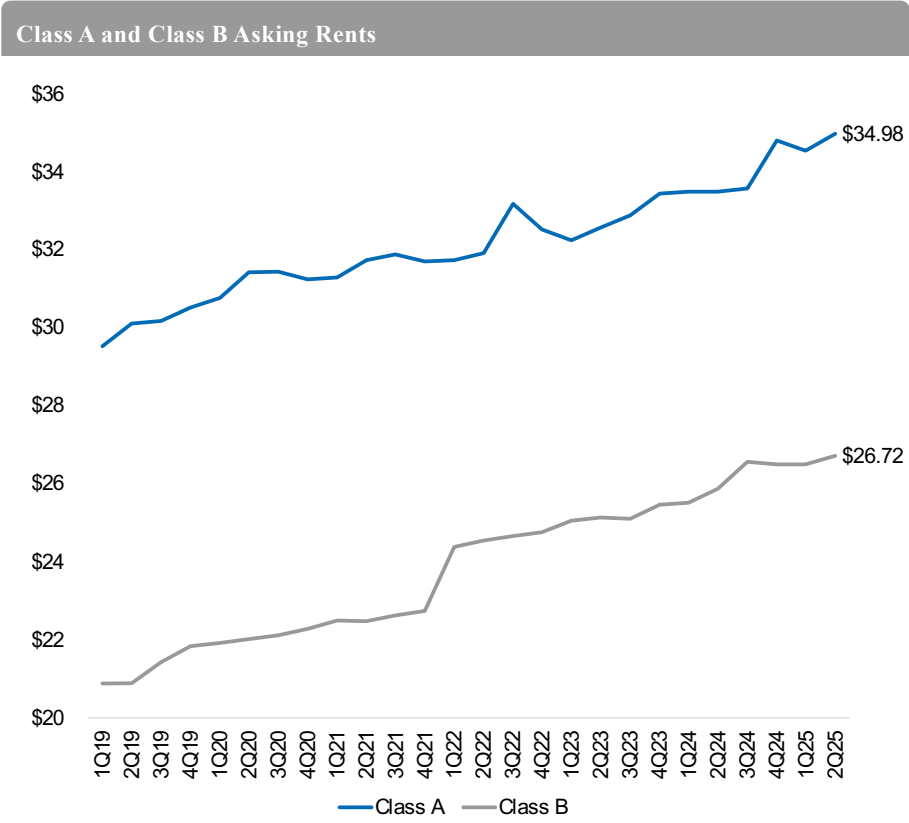


Source: Newmark Research, CoStar

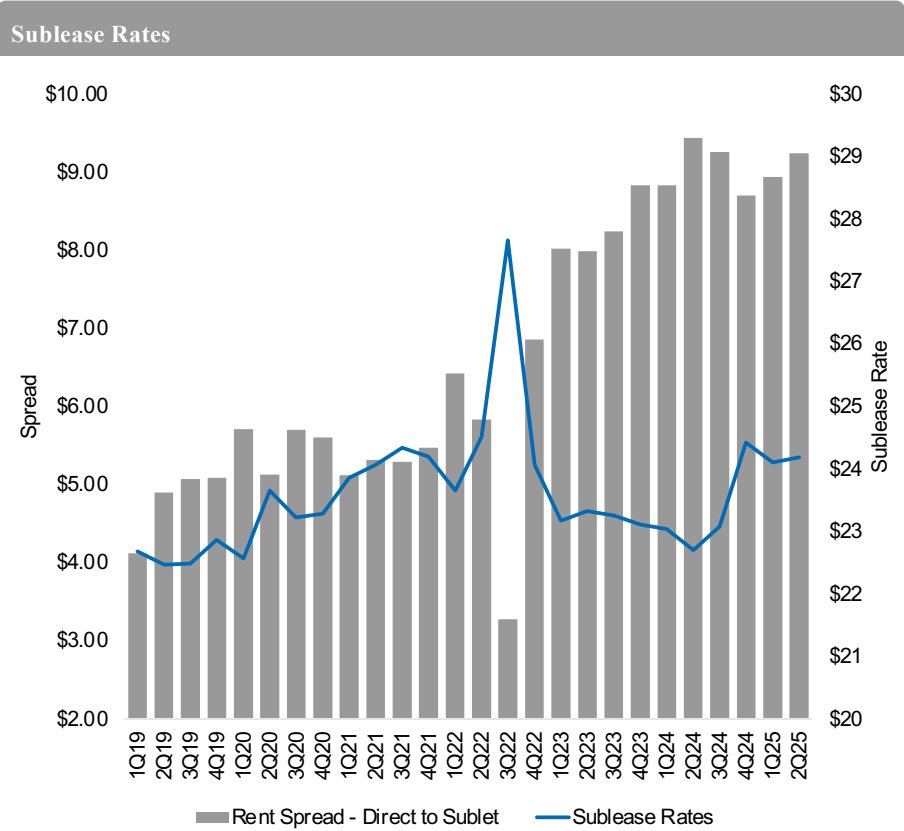


Spread Between Class A and Class B Expands

As of the end of the second quarter of 2025, Class A asking rents ended at \$34.98/SF, reflecting a 1.2% quarter-over-quarter increase. Meanwhile, Class B reported \$26.72/SF in asking rents over the same period, reflecting a 0.8% quarter-over-quarter uptick. The \$8.26/SF spread between the two classes remains significant, demonstrating the preference for higher-quality space. Sublease rates saw a modest 0.3% uptick quarter over quarter to \$24.19/SF at the end of the second quarter of 2025 but is 12.5% lower than the all-time high reported in the third quarter of 2022.



Source: Newmark Research, CoStar



Leasing Continues to be Concentrated in Class A Assets

Flight to quality continues to remain a trend in the Atlanta office market. As of the end of the second quarter of 2025, Class A space accounted for 62.1% of the market's leasing activity by SF, but only 51.8% of the market's deal volume. Average leases signed in Class A space were 6,595 SF and continue to remain larger than the average market deal size at 5,504 SF.

Notable 2Q25 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
TriNet Group Inc.	Lofts at High Street 1 B & 1 A & 211 Perimeter	Central Perimeter	Direct New	145,186
<i>Human resource and payroll software provider TriNet signed the quarter's largest deal, leasing space across three buildings that comprise High Street, owned by GID Investment Advisors. The California-based company is new to the market.</i>				
Boehringer Ingelheim	11650 Johns Creek Pky – The Medley	North Fulton/Forsyth	Direct New	73,900
<i>The global pharmaceutical company signed up for around 61% of The Medley's office portion. The new space will serve as the company's new U.S. Animal Health headquarters. The Medley is a mixed-use project currently under redevelopment.</i>				
AT&T	1277 Lenox Park Blvd – Links Ridge I	Buckhead	Renewal	72,909
<i>AT&T renewed a 72,909 SF portion of space it occupies at Lenox Park, a five-building campus the telecoms company had at one point owned. Their return to Lenox Park started with a 129,655 SF lease signed in the third quarter of 2023, followed by the company leasing additional space within the campus since then.</i>				
Quikrete	5 Concourse Pky NE – Queen	Central Perimeter	Renewal/Expansion	69,084
<i>The company, a manufacturer of packaged concrete and cementitious products, not only renewed the space they have occupied since at least 2017 but also expanded their footprint with this deal.</i>				
Holland & Knight	1180 W Peachtree ST NW – Regions Plaza	Midtown	Renewal	59,556
<i>Holland & Knight Food renewed their lease at Regions Plaza. The law firm has been in the space since 2015.</i>				

Source: Newmark Research, CoStar

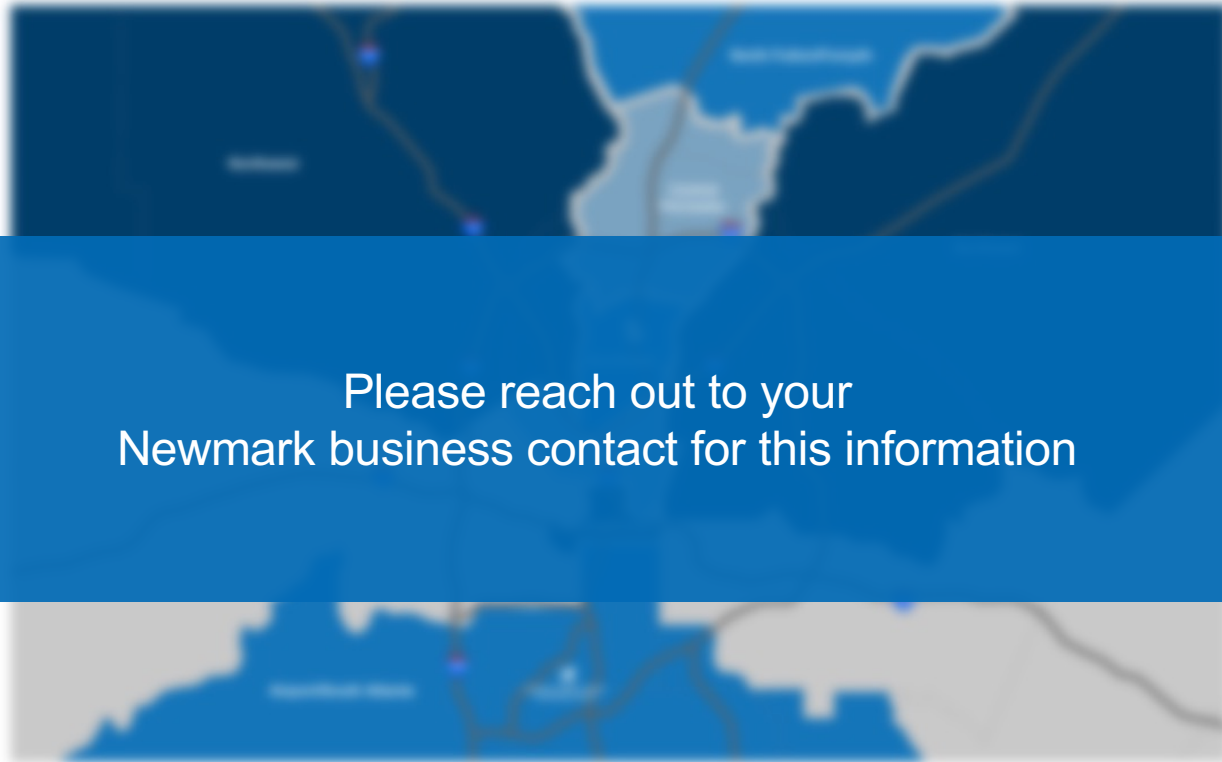
Atlanta Office Submarket Overview

Submarket Statistics - All Offices								
	Total Inventory (SQ FT)	Total Occupied (SQ FT)	Total Occupancy Rate	Net Absorption (SQ FT)	Gross Absorption (SQ FT)	Class B Selling Price (\$/SQ FT)	Class B Leasing Rate (\$/SQ FT)	Average Selling Price (\$/SQ FT)
Downtown	14,000,000	-	20.0%	100,000	100,000	\$21.00	\$20.00	\$20.00
Midtown	20,000,000	100,000	20.0%	10,000	10,000	\$20.00	\$20.00	\$20.00
East Atlanta	10,000,000	100,000	20.0%	10,000	10,000	\$21.00	\$20.00	\$20.00
West Atlanta	10,000,000	100,000	20.0%	10,000	10,000	\$21.00	\$20.00	\$20.00
South Atlanta	10,000,000	100,000	20.0%	10,000	10,000	\$21.00	\$20.00	\$20.00
North Atlanta	10,000,000	100,000	20.0%	10,000	10,000	\$21.00	\$20.00	\$20.00
Suburban Total	60,000,000	300,000	20.0%	300,000	300,000	\$20.00	\$20.00	\$20.00
Market	100,000,000	500,000	20.0%	500,000	500,000	\$20.00	\$20.00	\$20.00

Please reach out to your
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Source: Newmark Research

Atlanta Office Submarket Map



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