

NEWMARK

# *Market Overview* Atlanta Office

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4Q25



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# Market Observations



## Economy

- The market's unemployment rate increased by 23 basis points year over year to 3.4% at the end of September 2025, although it is 104 basis points lower than the national average of 4.4%. Among the four other largest U.S. markets by population, the average unemployment rate was 4.6%, ranging from 3.8% in Dallas to 5.4% in Los Angeles.
- Job growth grew at 0.3% year over year, below the national average and reflecting some of the slowest annual growth paces since early 2021, in part reflecting Atlanta's near full-employment conditions.
- Six out of 10 sectors reported employment growth, including the office-using financial activities and business and professional sectors. The education and health sector continued to lead job gains at 4.1% over the past 12 months.
- Office-using jobs declined marginally by 0.1% year over year to 881,960 employees.



## Leasing Market Fundamentals

- In the fourth quarter of 2025, annual full-service asking rates increased by 0.8% quarter over quarter and 2.8% year over year to an all-time high of \$33.30/SF.
- There were no deliveries in the fourth quarter of 2025. On the demand side, move-ins exceeded move-outs, producing positive 283,105 SF of net absorption and pushing vacancy down by 21 basis points quarter over quarter to 26.3%, though still near all-time 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 1.9 MSF, a 33.5% increase to the previous quarter. Total leasing for 2025 was 9.4 MSF, reflecting a 26.5% decline over 2024.



## Major Transactions

- Banking giant Bank of America executed the largest deal of the quarter, renewing its 230,241 SF, full-building lease in the Airport/South Atlanta submarket.
- Three of the largest transactions were renewals, reflecting a moment of tenant retention – versus expansion – in the market.
- The top five deals were spread across four different submarkets – Central Perimeter, Midtown, Northeast and Airport/South Atlanta – reflecting the overall appeal of several Atlanta submarkets.
- The share of Class A leasing for the fourth quarter of 2025 was 73.2%, making clear where leasing is concentrated, despite representing only 55.6% of the quarter's deal count.
- Steady transaction activity throughout 2025 generated nearly \$1.2 billion in office sales volume. This was spread across 32 transactions covering nearly 10.4 MSF. All metrics represent a marked improvement over 2024 activity highlighting the gradual increase in liquidity.



## 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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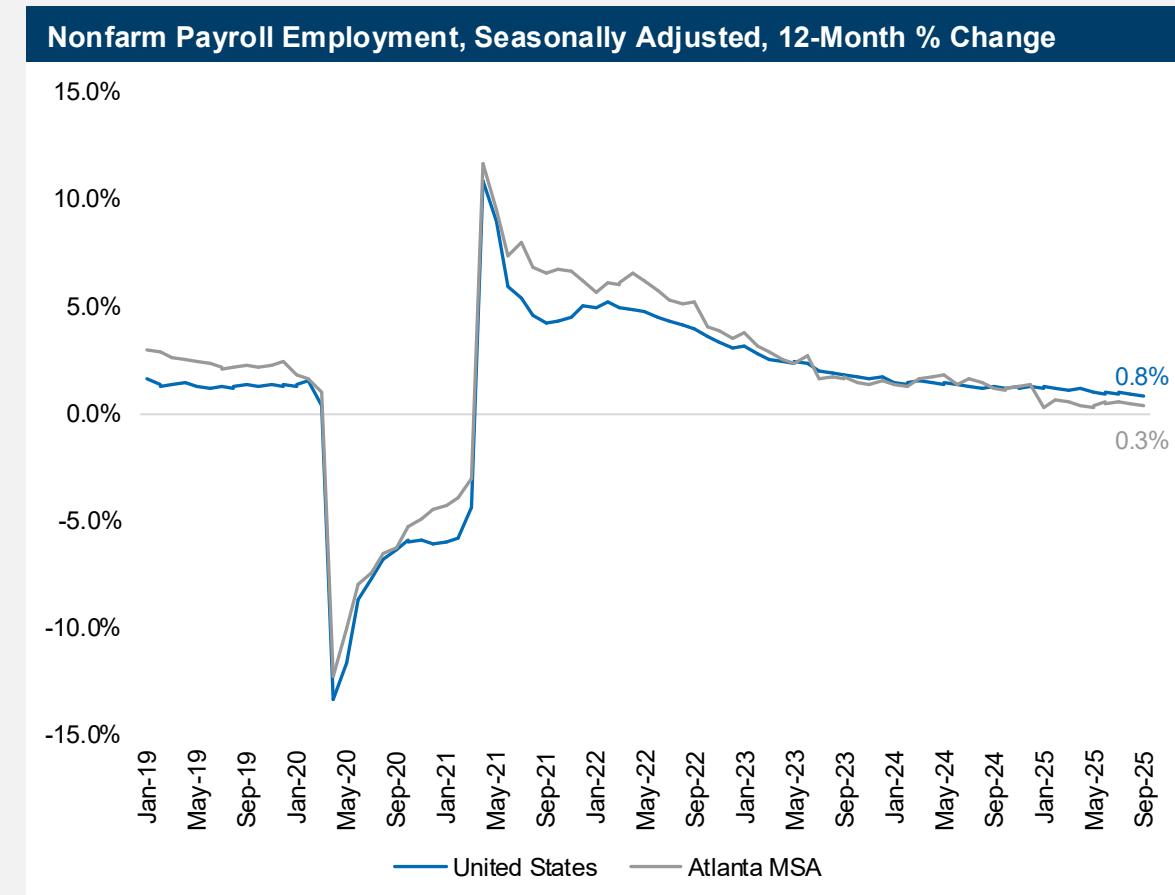
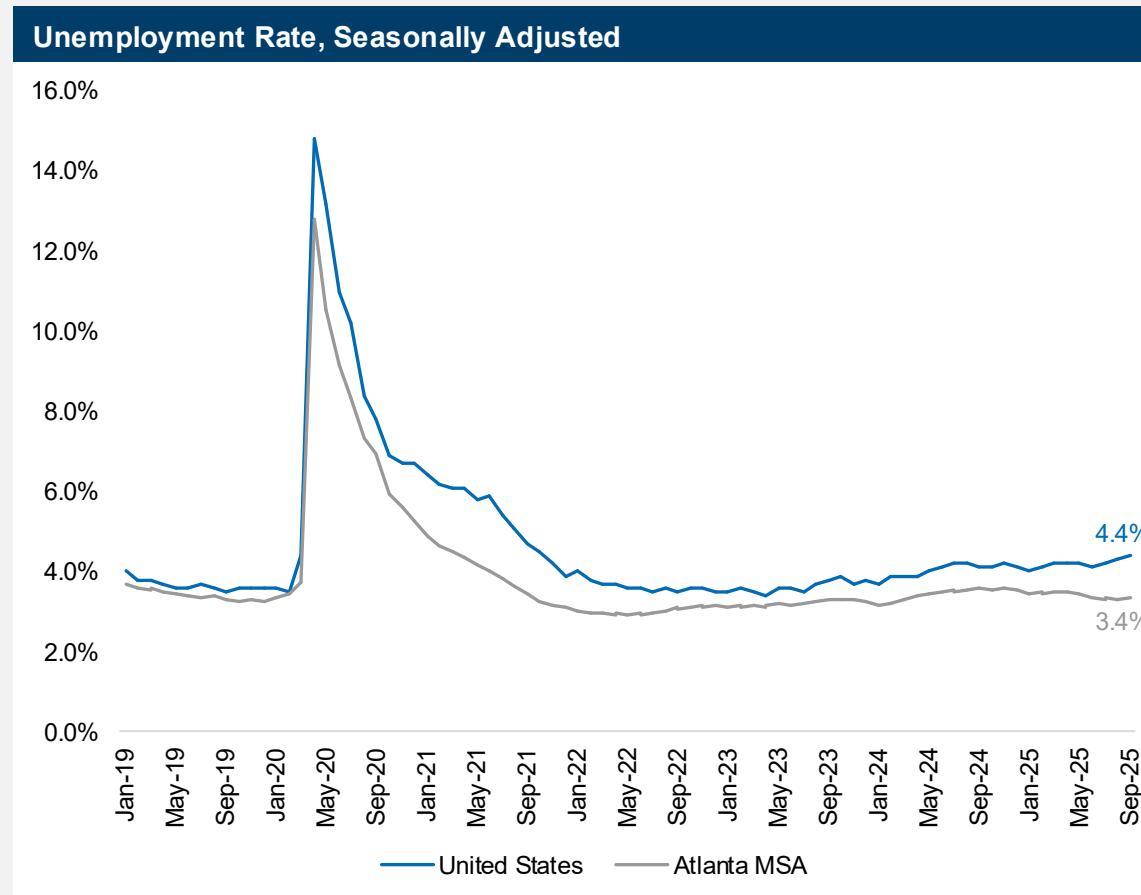
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## Economy



# Unemployment Inches Up While Employment Growth Remains Relatively Slow

The Atlanta market has generally reported lower unemployment rates compared with the national average. At the end of September 2025, metro unemployment was 3.4%, remaining 104 basis points below the national rate but 23 basis points higher year over year, reflecting a slower national economy. Total employment grew only 0.3% year over year, slowing by 87 basis points and has remained below 1.0% through 2025, a pattern last seen in March 2021 when annual job growth was negative.



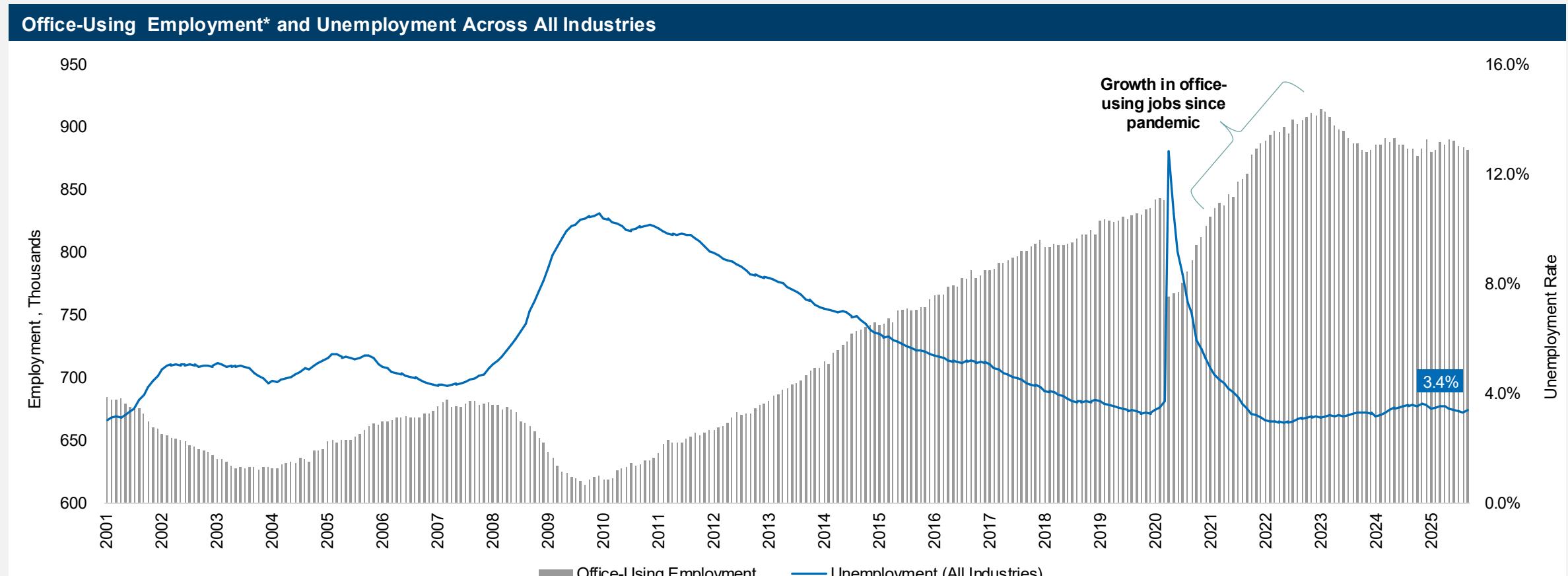
# Yearly Job Growth Shows Mixed Results

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 grew 0.3% year over year, though four of ten sectors contracted. Within office-using industries, financial activities and professional and business services rose by 0.2% and 0.7%, respectively. Meanwhile, information declined by 4.0%.



# Overall Office-Using Employment Remains Relatively Flat

Office-using employment in Atlanta ticked down slightly by 0.1% year over year to 881,960 employees, but remains just 3.5% below the January 2023 peak, underscoring a period of stabilization rather than broad-based contraction. The relatively flat office-using employment level reflects modest gains in financial activities and business and professional services, which were offset by continued softness in the information sector. 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 3.4%, well below the average unemployment rate of 5.6% recorded from 2001 through 2024.



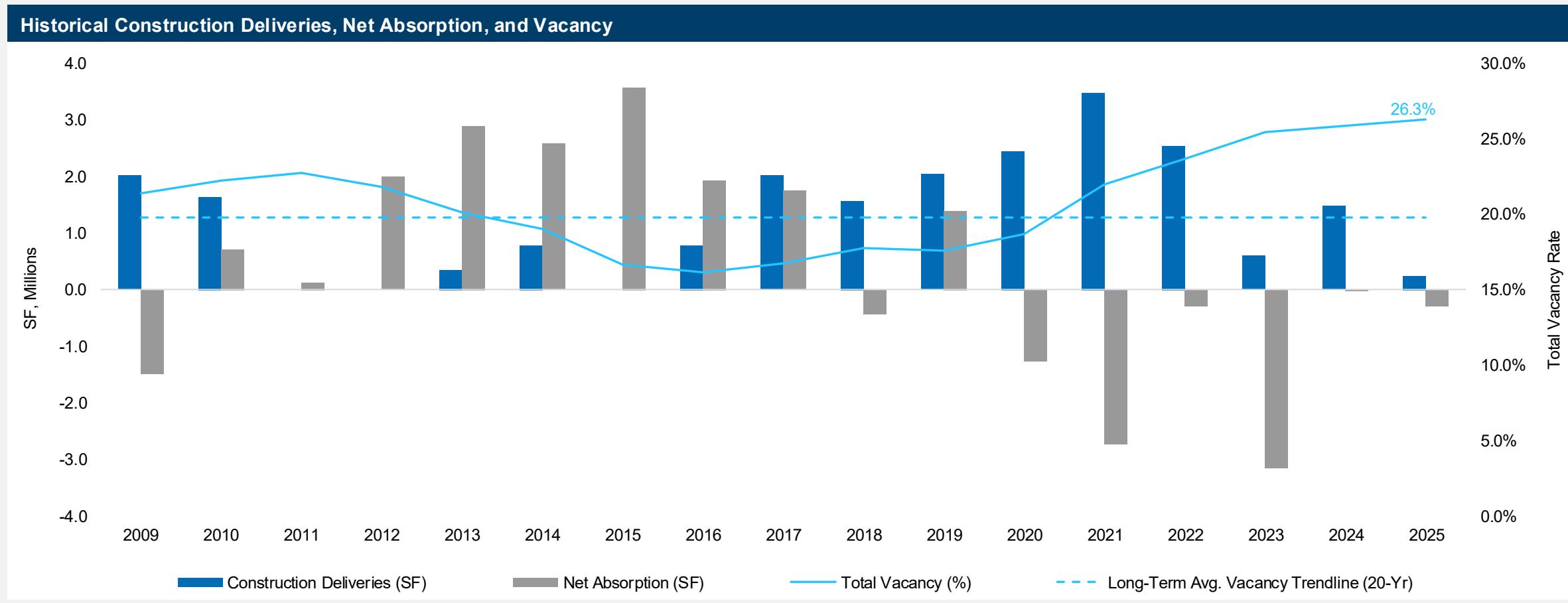
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## Leasing Market Fundamentals



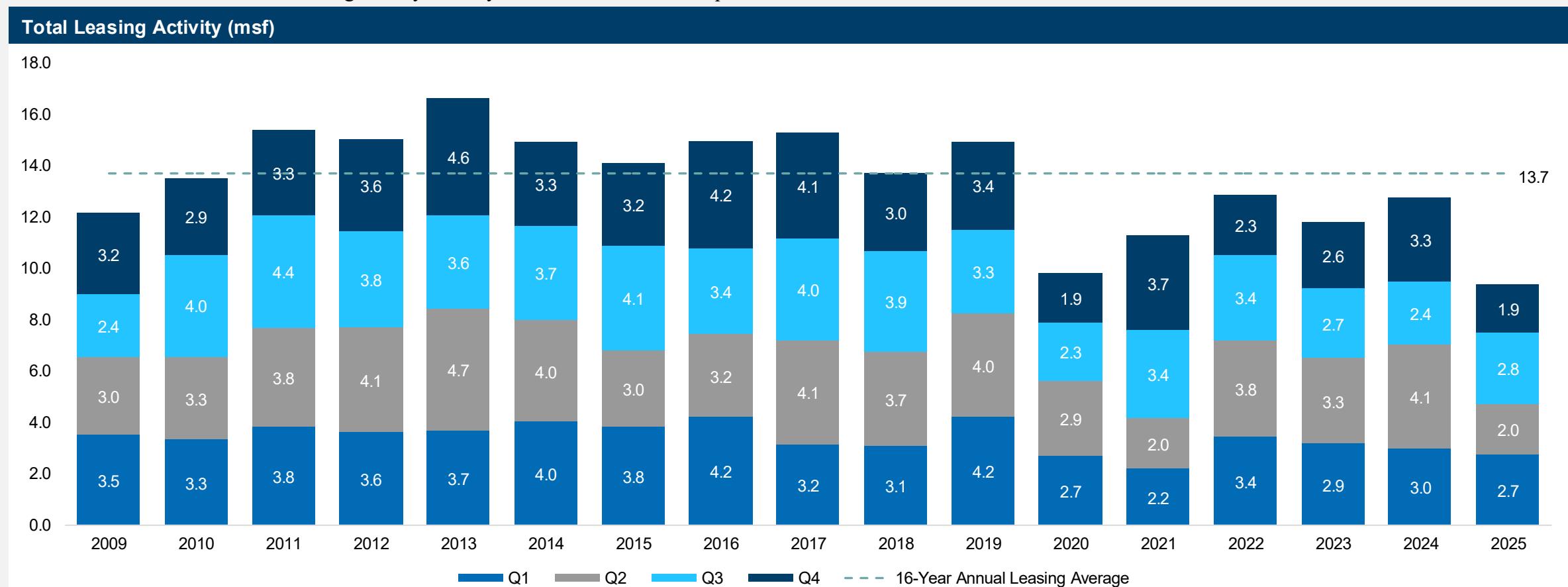
# Quarterly Move-Ins Outpaced Move-Outs, Resulting in Lower Vacancy

There were no office deliveries during the fourth quarter of 2025, following the 250,000-SF built-to-suit delivery for Truist Bank in the Northwest's Cumberland/Galleria submarket during the third quarter. Net absorption was positive for the quarter at 283,105 SF, as strong demand in the Midtown, Northwest, and North Fulton/Forsyth submarkets offset IBM's 235,385 SF move-out in the Central Perimeter submarket. Consequently, the overall vacancy rate declined by 21 basis points quarter over quarter to 26.3%, 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.



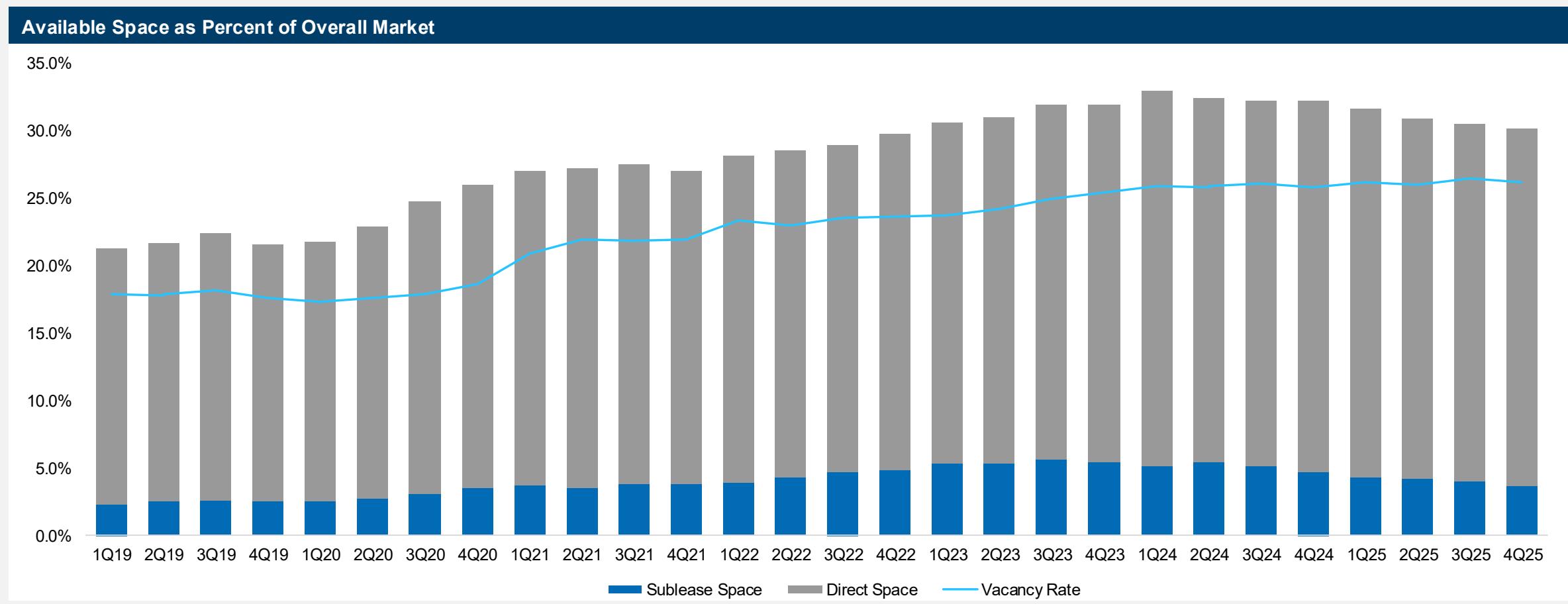
# Leasing Activity Down Quarter Over Quarter

Leasing activity declined 33.5% quarter over quarter to 1.9 MSF in the fourth quarter of 2025. Average deal size also moderated, decreasing by 694 SF quarter over quarter to 5,760 SF, reflecting a pullback in larger tenant requirements. While leasing volume remained well below the fourth quarter average of 3.3 MSF reported between 2008 and 2024, activity was supported by a concentration of renewal transactions, including Bank of America's 230,241-SF renewal in the Airport/South Atlanta submarket and Kilpatrick Townsend's renewal at Eleven Hundred in Midtown. The prominence of renewals underscores a market characterized more by tenant retention than expansion, and while conditions appear to have stabilized relative to recent lows, leasing activity is likely to remain uneven in the quarters ahead.



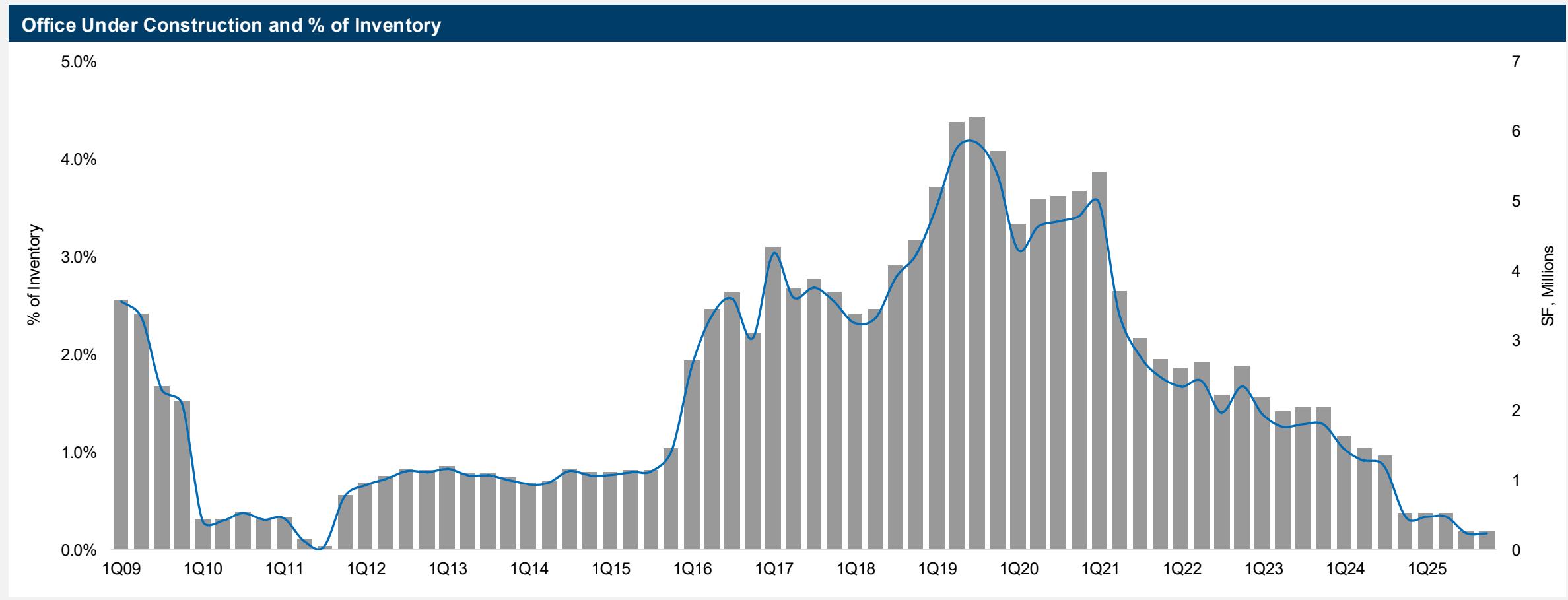
# Overall Availability Decreases for Seventh Consecutive Quarter

In the fourth quarter of 2025, sublease availability declined by 34 basis points quarter over quarter to 3.7%, marking the ninth consecutive quarterly reduction and extending the gradual correction from a peak of 5.7% in the third quarter of 2023. Direct availability also edged lower, decreasing four basis points quarter over quarter to 26.5%. As a result, total availability declined by 37 basis points quarter over quarter to 30.2%. Matching continued improvement in availability metrics, the overall vacancy rate also declined, falling 21 basis points quarter over quarter to 26.3%.



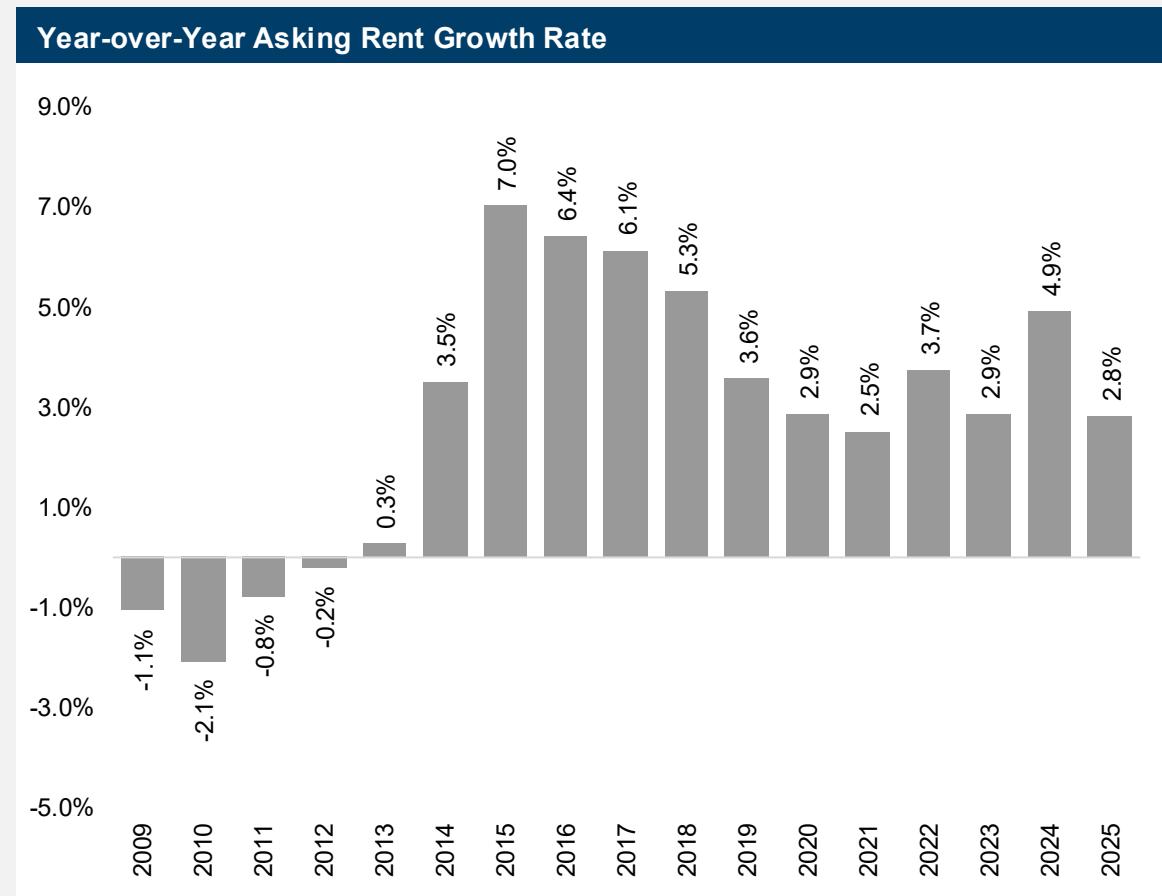
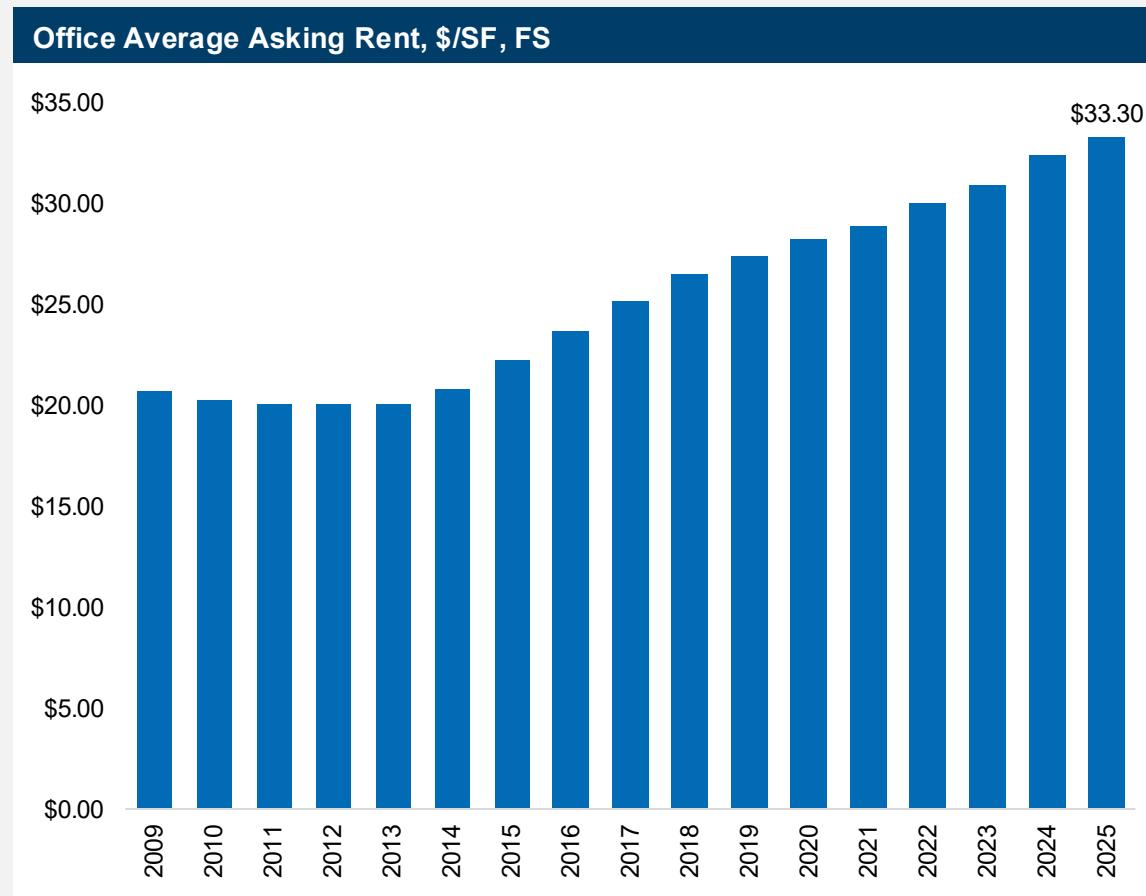
# Construction Activity Remains Near Historic Lows

At the end of the fourth quarter of 2025, approximately 272,000 SF was under construction across two projects, unchanged from the prior quarter. 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, both expected to deliver in the first half of 2026. 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 reinforces a supply environment that favors gradual absorption of existing vacancy.



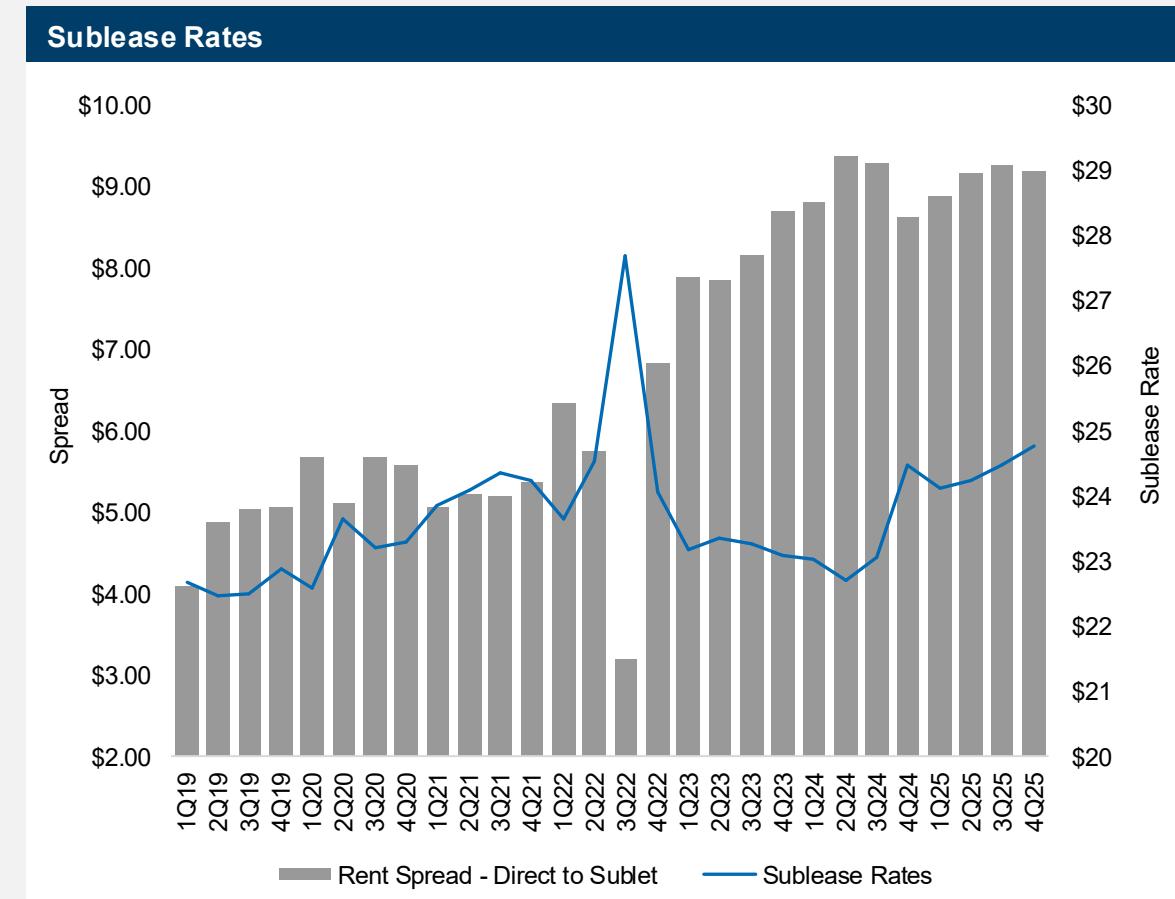
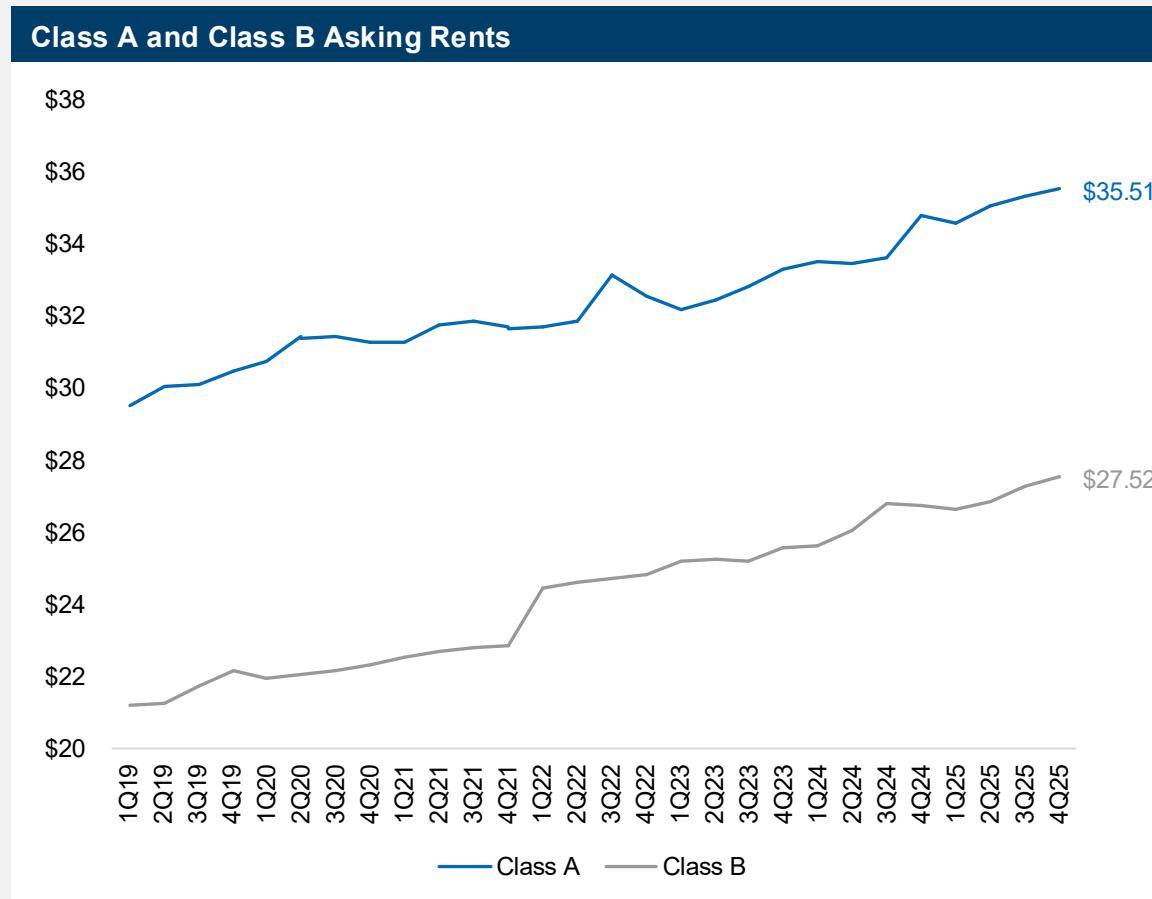
# Average Asking Rents Reach New All-Time High

Rents in the fourth quarter of 2025 increased by 0.8% quarter over quarter and 2.8% year over year to close at \$33.30/SF, marking a new all-time high. Asking rents are likely to remain elevated, coinciding with continued aggressive concession packages market-wide. While rent growth has persisted following recent moderation, elevated vacancy levels are expected to temper the pace of further gains, limiting near-term upside despite record headline rates.



# Spread Between Class A and Class B Continues to Remain Significant

At the end of the fourth quarter of 2025, Class A asking rents averaged an all-time high of \$35.51/SF, increasing 0.5% quarter over quarter and 2.0% year over year. Meanwhile, Class B asking rents also reached a historical high at \$27.52/SF, reflecting increases of 0.8% quarter over quarter and 2.9% year over year. The resulting \$7.99/SF spread between Class A and Class B remains significant, underscoring continued tenant preference for higher-quality space despite elevated vacancy levels. Sublease asking rents increased 1.2% quarter over quarter to \$24.78/SF, but remain 10.5% below the all-time high recorded in the third quarter of 2022, highlighting ongoing pricing discounts in secondary space.



# Renewals Dominated Top Deals

Tenant renewals accounted for three of the top five deals in the fourth quarter of 2025. The top deals took place across four different submarkets, reflecting widespread demand. Beyond the top five deals, Class A space accounted for 73.2% of the market's leasing activity by square feet but only 55.6% of deal count, reflecting the higher average deal size for Class A space of 7,581 SF compared to the market's overall deal size of 5,760 SF.

Notable 4Q25 Lease Transactions					
Tenant	Building(s)	Submarket	Type	Square Feet	
Bank of America	Southside Center 6000 Feldwood Rd	Airport/South Atlanta	Renewal	230,241	
<i>Banking giant, Bank of America, renewed its full-building lease, signing the largest deal of the fourth quarter of 2025. The facility serves as BoA's operations center.</i>					
AT&T	Northpark	Central Perimeter	Direct New	166,000	
<i>AT&amp;T signed its third major office lease in Atlanta since 2023, including a 205,761-SF lease at 1055–1057 Lenox Park in the second quarter of 2024 and a 129,655-SF lease at 1277 Lenox Park in the third quarter of 2023.</i>					
Kilpatrick Townsend	Eleven Hundred Peachtree 1100 Peachtree St	Midtown	Renewal	148,112	
<i>Kilpatrick Townsend, an international law firm, renewed its 148,112-SF lease at Eleven Hundred Peachtree. The location spans across a quarter of the building and serves as the firm's headquarters, where it has been an anchor tenant for nearly 25 years.</i>					
AGCO	4205 River Green Pky	Northeast - I-85 Outside I-285/Gwinnett	Renewal	125,800	
<i>AGCO designs, manufactures and distributes agricultural solutions. The full-building lease continues its presence in a building that has served as the company's corporate headquarters since 2003.</i>					
Infor	Campus 244 244 Perimeter Center Pky NE	Central Perimeter	Sublease	88,000	
<i>Infor subleased 82,000 SF, representing approximately 21% of the recently renovated Campus 244. The global enterprise software company relocated its corporate headquarters to New York in 2012 but has maintained a longstanding operational presence in Atlanta.</i>					

## Atlanta Office Submarket Map



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# Atlanta Office Submarket Overview

Submarket	2017 Vacant	2018 Vacant	2019 Vacant	2020 Vacant	2021 Vacant	2022 Vacant	2023 Vacant	2024 Vacant
Midtown	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Uptown	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

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Midtown	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Uptown	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Other	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

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