

CBRE

Intelligent Investment

2026 U.S. Real Estate Market Outlook

REPORT

ATLANTA

CBRE RESEARCH
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Office Market Outlook

01

LEASING LEVELS CONTINUE IMPROVING, SURPASSING PRE-COVID AVERAGES

Atlanta office leasing has shown steady improvement over the past 2 years, maintaining annual levels above pre-Covid averages. New leases and expansions have consistently accounted for 2/3 of overall totals. This momentum will continue in 2026. The market appears to be slowly moving away from contractionary thinking toward tenants maintaining their current space and, in some cases, expanding. Larger leases of a full-floor or more are expected to pick up in the year with finance and legal firms driving demand; however, new-to-market tenant deals are still not where they were historically for Atlanta.

02

STRONG DEMAND AND REDUCED SUPPLY WILL DRIVE VACANCY DECLINES

Over 3-million sq. ft. of Atlanta office has been removed from competitive inventory over the last two years via conversion, demolition, or owner-user purchase, helping to produce a 120 basis-point decline in the market's availability rate. Another 3-million sq. ft. reduction is anticipated in 2026 and this, combined with strong demand and a relative dearth of new spec construction, will result in a more pronounced drop in the market's availability and vacancy rates by the third quarter of 2026.

03

PRIME AND PERFORMING ASSETS REMAIN MOST DESIRABLE

Similar to national trends, demand for Atlanta's prime and performing assets, or those with financially stable owners, continues to be strong. Alternatively, occupiers are avoiding assets where landlords are struggling to stay afloat, which will result in increasing vacancy in these office buildings. Availability in both prime and performing assets will continue shrinking next year as demand persists, which will leave prospects in the market for this space with fewer options. The availability rate of Atlanta's prime set has dropped from 18.8% at the end of 2024 to 15.9% at the end of 2025.

04

UPWARD RENT PRESSURE IN QUALITY ASSETS

Average rents in prime assets are up 8%-10% year-over-year in 2025, driving much of the rental rate growth in Atlanta. With space in these properties most in demand, rental rates will continue increasing. Additionally, the submarkets where most of these properties are located - Buckhead and Midtown - will see the highest overall rent growth in the Atlanta market as a whole. Prime asset rents are forecast to increase another 8%-10% in 2026.

Key Takeaways

FOR OWNERS

- Atlanta shows signs consistent with national trends of office market recovery. Prime assets are the biggest beneficiary of resurgent demand, while occupiers will steer clear of non-performing assets.
- Prime assets in the Buckhead and Midtown submarkets, where there is dwindling number of large-block availabilities, will see conditions becoming more landlord-favorable with improved occupancy and potential opportunity for rent growth and/or reduced concessions.
- Non-performing, Class A assets will continue to struggle, attracting tenant interest.

FOR TENANTS

- With a 25% Class A vacancy rate, the Atlanta office market is still tenant-favorable. However, with increasing demand momentum, steady conversion activity and a lack of new supply, office vacancy and availability will show a more pronounced decline in 2026 which will begin to shift momentum back in favor of landlords.
- Large tenants will be challenged to find top-quality space, specifically in Buckhead and Midtown, and will be pushed to either renew, expand the scope of their search or consider creative alternatives like bifurcation.
- Tenants seeking standard, Class A space will need to remain vigilant of distress in the market.

Industrial Market Outlook

01

STRONG LEASING AND MORE RENEWALS IN 2026

In 2026, Atlanta will see over 25 million sq. ft. of leases expire, including 10 million signed in the Covid-era (2020-2021). This demand, combined with organic growth, is expected to push leasing volumes over 2025 levels to approach record highs. Much of the activity will be renewals, with some including a modest reduction in current footprints. New activity will be driven by 3PLs and e-commerce distributors.

02

SPEC DEVELOPMENT TO REMAIN MINIMAL

Atlanta's construction pipeline finished 2025 at its lowest level in more than a decade. The pullback reflects a strategic shift by developers towards smaller footprints and build-to-suit projects. Similar to the national outlook for speculative construction, Atlanta's spec activity will remain minimal in 2026, down roughly 40-50% from 2024. Though oversupply risks have eased, the smaller pipeline could leave the market deficient in desired options if demand continues to pick up, especially as flight-to-quality remains strong.

03

VACANCY DECLINE AIDED BY MULTIPLE FACTORS

Atlanta's industrial vacancy will begin to decline over the next year thanks to a combination of diminishing speculative construction, stronger leasing, and owner-user sales. With only a handful of large buildings still under construction, oversupply risk has eased significantly. Additionally, an uptick in large owner-user sales at the end of 2025 has removed larger space availabilities which have generated limited leasing activity over the past couple of years. The abundance of first-generation space delivered over the past two years, totaling 22.5 million sq. ft., will provide ample options for tenant prospects in the market. Vacancy is anticipated to decline below 8% by the end of 2026.

04

RENTAL RATE VOLATILITY TO CONTINUE

Similar to the national trend, rental rate volatility is anticipated for Atlanta industrial during 2026. While the market average fluctuated in 2025, future rental rate growth will be dependent on declining vacancy, and will vary by location, size, and age of the building. Heading into the new year, owners are prioritizing occupancy levels over rent increases. Be that as it may, the second half of 2026 should see more consistent growth in rents overall, increasing by 0.5-1.5% annually.

Key Takeaways

FOR OWNERS

- Atlanta industrial is poised for another solid year of activity in 2026 as total leasing is expected to approach record levels. Demand will continue to be driven by flight-to-quality. Due to owner-user sales, and a diminishing speculative pipeline, overall vacancy in the market is expected to see a more noticeable decline in the next year.
- As the market works to absorb the abundance of existing first-generation availability, developers will take a cautious approach to breaking ground on new speculative projects in 2026. Owners will continue to focus on increasing occupancy levels in their portfolios. They may see limited opportunity for rent growth late in 2026, driven by tightening availability of modern, high-clear facilities in select markets.
- Redevelopment opportunities and infill sites will be increasingly targeted by local developers as tenant preference for modern, well-located facilities drives decision-making. Build-to-suits will also be the preferred method of construction.

FOR TENANTS

- Occupiers should look to execute transactions in the first half of 2026 while conditions remain tenant favorable given the abundance of existing first-generation availability. However, tenants may find conditions tightening in the later half of the year, as strong demand and a lack of new supply will reduce options in the market, potentially leading to higher asking rents.

Multi-Family Market Outlook

01

SOFT DEMAND AND ROBUST SUPPLY INFLUENCING OCCUPANCY RATES

Like much of the Sun Belt markets, Atlanta is dealing with ongoing oversupply of multifamily, and with 28,000 units in the pipeline through 2027, conditions will remain challenging for owners and investors in 2026. Along with this, softer demand due to economic factors and reduced domestic migration to Atlanta will impact short-term occupancy rates. On the bright side, 2025 saw a significant decline in new starts compared to previous years and past deliveries are beginning to lease up. This suggests the market is heading in the right direction. Absorption is catching up, albeit unevenly because of the prolonged oversupply in the market. Atlanta is forecast to see occupancy rates begin to stabilize by the beginning of 2027.

02

OPERATORS PRIORITIZING OCCUPANCY OVER PRICING

Along the same national trends, Atlanta apartment operators are prioritizing occupancy rates over rental rate growth, as witnessed by strong renewal rates that are expected to continue through 2026. Because of this, projected rental rate growth will be modest, averaging 0.4%-0.8% across submarkets. Concessions in certain submarkets like Midtown will be elevated due to an abundance of new supply.

Key Takeaways

- The delivery wave of the past couple of years, in conjunction with the number of units anticipated through 2027, will make occupancy and rental rate growth challenging for Atlanta's multifamily market in 2026. A sharp decline in new starts will help the market achieve occupancy stability at the beginning of 2027.
- Though elevated supply and muted rent growth will define near-term performance, Atlanta's long-term outlook remains positive as pipeline deliveries begin to slow and demand drivers such as net population and job growth strengthen.

Retail Market Outlook

01

SUPPLY SCARCITY WILL CONTINUE WHILE RETAIL DEMAND NORMALIZES

In 2026, limited new retail construction is expected in Atlanta – similar to the national trend - though a few new grocery-anchored centers and smaller outlot developments are in the pipeline. Gains in availability will result from national chains closing stores, which will put big-box opportunities back into the market. Retail demand will remain strong and be more consistent in 2026, resulting in tighter market conditions.

02

RENT GROWTH CONTINUES IN WELL-LOCATED PROPERTIES AND IN SPECIFIC RETAIL FORMATS

Grocery-anchored centers in Atlanta will continue to push rental rate growth, which is forecast to increase 2% in 2026. On the whole, they are well-leased and have some of the lowest vacancy rates in the market. Landlords of these centers will leave little room for tenants to negotiate. Atlanta's well-located retail centers in affluent and developing communities will maintain solid rent growth. Larger power centers are seeing lower demand for inline space but interest remains higher for anchor space and outlots. Older retail formats in the metro will struggle to generate rent increases as demand for these spaces remains weak.

Key Takeaways

- Retail demand in Atlanta remains strong and is expected to stay high into next year, especially for big-box and grocery-anchored retail. Although availability increased in 2025 due to closures earlier in the year, it is expected to continue stabilizing going forward. New development will be limited across the metro which will help fill existing vacancies and maintain rental rate growth.
- There is a balanced optimism in Atlanta. While 2025 saw significant space added via bankruptcies and retail closures, space is expected to be absorbed. A short-term softness is expected, but conditions should improve by late 2026. Compared to national trends, activity in Atlanta is tracking similarly as it is still a tight market overall.

Capital Markets Outlook

01

IMPROVING FUNDAMENTALS BOOST ATLANTA INDUSTRIAL AND RETAIL INVESTMENT

Transaction volumes for industrial properties increased modestly in 2025 and should expect to log continued recovery in 2026. Though overall activity remains below peak levels, larger-scale deals and select portfolio sales are re-emerging and expected to increase. Investors are focused on income stability. Atlanta retail investment will continue to see above average performance in 2026 as well, based on the trajectory of the metro itself and because of limited retail construction.

02

ATLANTA OFFICE AND MULTI-FAMILY TO WORK THROUGH LINGERING CHALLENGES

Atlanta's office market remains in a prolonged correction phase, with investment significantly below historical norms. Transactional volume is down 70% from pre-Covid levels. This downturn closely mirrors the Global Financial Crisis trajectory, suggesting a full recovery by 2027 if current trends persist. Stabilized office is pricing between 6.5%-9% cap rates depending on location, while value-add properties are a little higher at 7%-10%. A unique blend of oversupply, soft rent growth and financing challenges are prompting cautious investment strategies in Atlanta's multifamily market. Investment will continue to reflect a clear flight-to-quality trend as newer assets trade well, but older product faces pricing challenges.

Key Takeaways

- Pricing corrections and fundamentals are bottoming out in most sectors, but the pace of recovery varies in Atlanta.
- A focus on high-quality product, income-producing assets and strong fundamentals will make Atlanta's industrial and retail markets a target-rich environment for capital in 2026.
- While challenges to investment remain for Atlanta's office and multifamily sectors. However, the long-term outlook is promising. In spite of short-term softness, investment activity surrounding these asset types is trending in the right direction. Market fundamentals are improving which suggests a full recovery by 2027.

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