Atlanta Retail Q1 2026

QUARTERLY MARKET REPORT

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Executive Summary

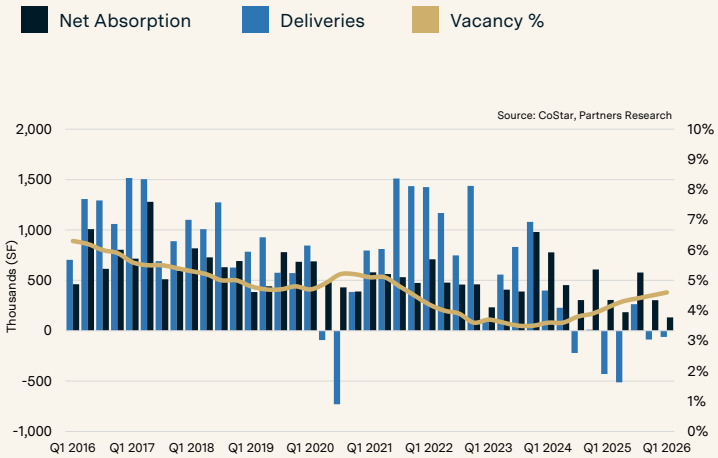
Occupier Demand Impacted by Ongoing Supply Constraints

The Atlanta retail market remained inventory-constrained as the overall vacancy rate totaled 4.6% in Q1 2026, up a slight 10 basis points (bps) quarter-over-quarter (QOQ). Despite a lack of available space, only 131,595 sq. ft. of new product delivered for the quarter, well below the five-year average (2021-2025) of 488,602 sq. ft. The development pipeline remained historically thin as 1,163,343 sq. ft. of product was under construction at quarter's end, below the 1.5 million-sq.-ft. total from one year prior.

Negative net absorption continued for the fifth consecutive quarter, though losses narrowed considerably to -61,963 sq. ft., a marked improvement from -88,013 sq. ft. in Q4 2025 and -429,899 sq. ft. in Q1 2025. The Northeast submarket recorded occupancy losses totaling 128,219 sq. ft., driven by move-outs in legacy retail product. Conversely, Airport/South Atlanta led the region in net absorption at 200,672 sq. ft., while Downtown/ Midtown posted 115,166 sq. ft. on the strength of South Downtown demand.

Leasing activity declined by 18.6% from the preceding quarter to 1.3 million sq. ft. as the available pool of quality retail space remained deeply constrained. In this environment, landlords retained meaningful pricing leverage — particularly in demographically advantaged submarkets such as Central Perimeter, North Fulton, and Midtown/ Downtown. Average triple-net asking rents in metro Atlanta climbed to a record $20.27-per-sq.-ft. in Q1 2026, representing a 1.7% gain QOQ and a 4.4% increase year-over-year (YOY). Looking ahead, Atlanta's favorable demographic profile—anchored by sustained in-migration and household income growth—positions the market for a gradual leasing demand recovery during the latter half of 2026.

SUPPLY & DEMAND



KEY MARKET INDICATORS

	CURRENT Q1 2026	PRIOR QUARTER Q4 2025		PRIOR YEAR Q1 2025	
Vacancy (%)	4.6%	4.5%	↑	4.1%	↑
Net Absorption (SF)	-61,963	-88,013	↑	-429,899	↑
Leasing Activity (SF)	1,256,706	1,543,497	↓	1,741,772	↓
Deliveries (SF)	131,595	303,393	↓	305,234	↓
Construction (SF)	1,163,343	1,119,716	↑	1,506,873	↓
Inventory (SF)	342,808,654	342,677,059	↑	341,612,933	↑
Avg Asking NNN Rent ($)	$20.27	$19.94	↑	$19.42	↑

MARKET OVERVIEW

Atlanta Economic Update

Hiring activity remained muted across Atlanta as total non-farm employment increased just 0.1% over the twelve-month period ending in January. Job losses in the information (-4.1%) and government (-1.9%) sectors tempered overall growth, pointing to a more uneven employment landscape. However, consumer-facing industries continued to provide a measure of stability. Education and health services expanded by 3.3%, while leisure and hospitality employment increased by 2.1%, reflecting healthy demand across service-oriented sectors. Financial activities posted payroll growth of 0.7%, signaling continued resilience in higher-income employment segments. Looking ahead, the upcoming 2026 FIFA World Cup will provide a tailwind for Atlanta's retail economy, driving increased foot traffic from international and domestic visitors. While overall hiring is expected to remain subdued in the coming months, healthy population and household wage growth will provide a stable foundation for retail demand across Atlanta this year.

Leasing Activity Moderated

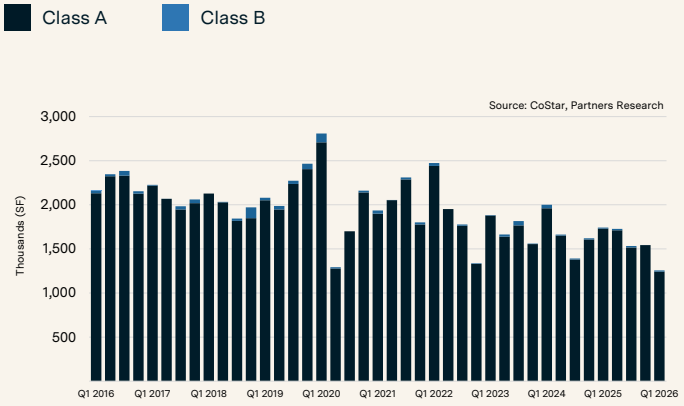
Leasing activity declined by 18.6% QOQ to 1.3 million sq. ft. with significant declines documented in the North Fulton (-37.8%), Northeast (-35.6%), and DeKalb (-52.2%) submarkets. Bucking the broader deceleration trend, Peachtree Corners leasing accelerated 154.4% QOQ to 109,977 sq. ft. The uptick occurred even as the submarket continued to record occupancy loss, a dynamic that points to ongoing backfill activity following prior-year vacates. Airport/South Atlanta led all submarkets with 354,417 sq. ft. of transactions, up 3.0% compared to the prior quarter, as retailers chase population growth and expanding trade areas in Newnan, Fayetteville, and McDonough.

Occupier demand was most pronounced in neighborhood centers with 306,694 sq. ft. of leasing, though that represented a 13.8% drop compared to the previous quarter. It marked the third consecutive quarterly decline in leasing for the product type since peaking at 560,680 sq. ft. in Q2 2025. Community center demand has trended in the opposite direction as transactions increased by 3.1% QOQ to 277,658 sq. ft. Leasing remained strong in community centers anchored by grocery and essential retail, supported by high-frequency consumer visits, resilient tenant demand, and limited new supply. Fitness operators have also become a major source of leasing for community centers, enhancing their appeal to landlords seeking to absorb second-generation spaces.

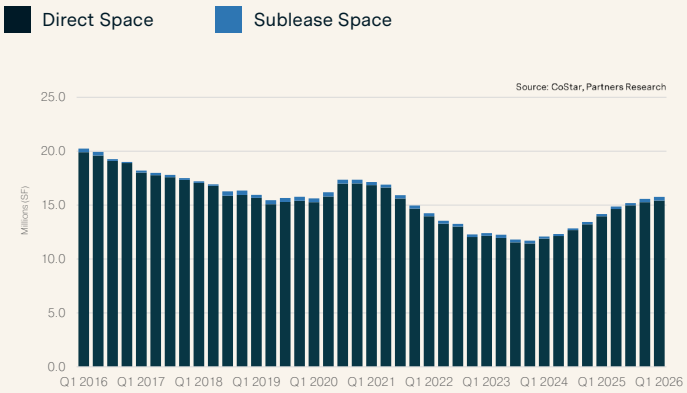
Vacancy Inched Higher as Occupancy Loss Persisted

The overall vacancy rate in metro Atlanta remained historically tight at 4.6% despite increasing by 10 bps from the prior quarter and 50 bps from the preceding year. The uptick was driven by the continued consolidation and closure of national chains, which contributed to 61,963 sq. ft. of occupancy loss in Q1 2026. The decline continued Atlanta's nascent streak of absorption loss, which has totaled a cumulative 829,306 sq. ft. over the past five quarters (Q1 2025–Q1 2026). The recent declines, however, are a departure from Atlanta's strong post-pandemic performance, during which the market averaged nearly 3.1 million sq. ft. of absorption each year from 2021 through 2024. Net

LEASING ACTIVITY



VACANCIES



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absorption loss in the first quarter was concentrated in the Northeast and Peachtree Corners submarkets, where occupancy declined by 128,219 sq. ft. and 79,871 sq. ft., respectively. They were among 10 submarkets that recorded occupancy loss for the quarter.

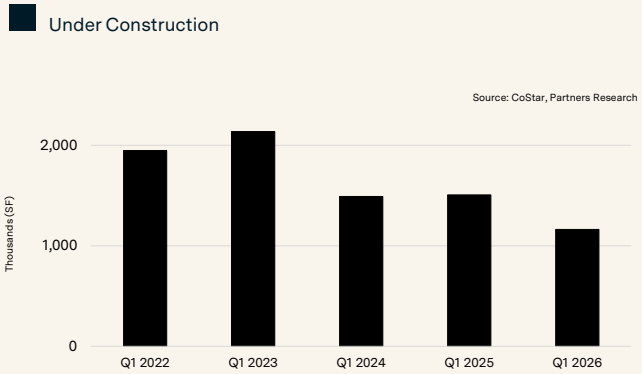
Development Slowed as Select Pockets of Growth Persisted

Metro Atlanta documented a sharp pullback in development activity as deliveries totaled just 131,595 sq. ft. Economic uncertainty, coupled with elevated construction and capital costs, has hindered the pace of retail construction. The Central Business District has recorded no new retail deliveries for three consecutive quarters, a trend mirrored across Central Perimeter and Cumberland/Galleria. The construction pipeline also remained historically thin as under 1.2 million sq. ft. of product was taking shape in Q1. Development was pronounced in the Northeast submarket, where 17 retail buildings totaling 256,759 sq. ft. are going vertical. In North Fulton, 193,800 sq. ft. is under construction, highlighted by Atlantic Residential's Hillrose Market — a six-building, 75,000-sq.-ft. retail village that will anchor a new mixed-use neighborhood in downtown Roswell. Further north in Forsyth County, The Crossing at Coal Mountain continued to take shape with its phase-one retail plaza slated to deliver 47,000 sq. ft. this year. In Johns Creek, Toro Development Company's Medley project is more than 75.0% leased — with tenants including Trader Joe's, Shake Shack, and Kontour Medical Spa. The project is expected to bring 164,000 sq. ft. of retail space to the growing northern suburb.

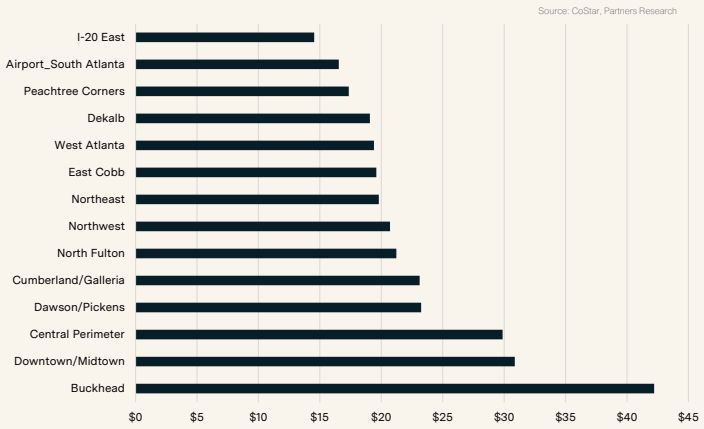
Investment Sales Trends

Retail assets continued to attract investor interest amid limited new construction, though investment sales volume moderated to $308.1 million in Q1 2026—less than half the prior quarter's total. Despite lower transaction volume, the average price per sq. ft. increased slightly from $192.94-per-sq.-ft. in Q4 2025 to $206.82-per-sq.-ft. in Q1 2026, while the average cap rate compressed 50 bps QOQ to 6.8%. Activity was concentrated in Lawrenceville, Newnan, and Dacula, highlighted by the sale of River Exchange Shopping Center, a 273,023-sq.-ft. Lawrenceville community center purchased by Aggarwal Real Estate for $23.4 million. The project was 90.0% leased at the time of sale.

UNDER CONSTRUCTION



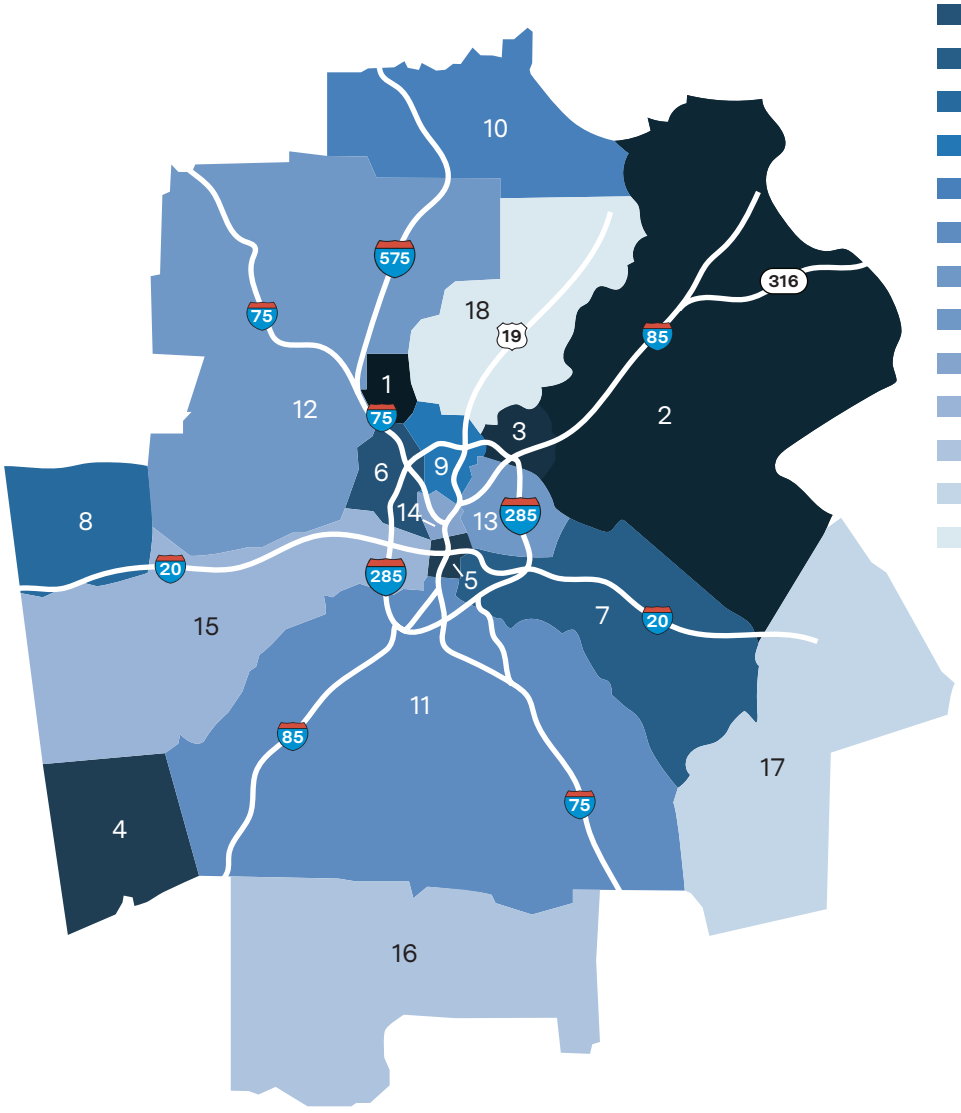
OVERALL GROSS ASKING RENT ($/PSF)



Market Overview

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Q1 2026 Net Absorption (SF)	2026 YTD Net Absorption (SF)	Q1 2026 Leasing Activity	Q1 2026 Deliveries (SF)	Under Construction (SF)	Total Avg Asking Rent NNN ($/PSF)
Airport_South Atlanta	70,980,833	4.6%	200,672	200,672	354,417	28,172	175,586	$16.54
Buckhead	11,764,469	3.1%	50,533	50,533	7,007	-	-	$42.21
Central Perimeter	9,801,433	5.8%	(26,366)	(26,366)	34,565	-	110,000	$29.87
Cumberland/Galleria	9,019,146	2.1%	(28,300)	(28,300)	15,220	-	17,000	$23.12
Dawson/Pickens	4,554,199	1.9%	(2,257)	(2,257)	5,900	-	10,100	$23.24
Dekalb	25,969,906	6.1%	(43,988)	(43,988)	37,728	40,000	10,080	$19.07
Downtown/Midtown	10,206,706	6.2%	115,166	115,166	38,472	-	143,073	$30.87
East Cobb	34,479,086	4.9%	(27,920)	(27,920)	137,871	8,725	95,156	$19.60
I-20 East	13,010,818	6.0%	(50,565)	(50,565)	48,049	-	34,845	$14.54
North Fulton	33,648,805	3.6%	30,349	30,349	130,654	8,000	193,800	$21.23
Northeast	70,894,985	5.2%	(128,219)	(128,219)	237,034	12,698	256,759	$19.80
Northwest	23,756,230	2.0%	(15,528)	(15,528)	82,032	34,000	97,944	$20.71
Peachtree Corners	9,672,880	5.0%	(79,871)	(79,871)	109,977	-	-	$17.35
West Atlanta	15,049,158	4.9%	(55,669)	(55,669)	17,780	-	19,000	$19.40
Atlanta Total	342,808,654	4.6%	-61,963	-61,963	1,256,706	131,595	1,163,343	$20.27

Atlanta Retail Submarkets



01. East Cobb / Johnson Ferry
02. Northeast
03. Peachtree Corners
04. Heard County
05. Downtown / Midtown
06. Cumberland / Galleria
07. East Atlanta
08. Haralson County
09. Central Perimeter
10. Dawson / Pickens Counties
11. Airport South Atlanta
12. Northwest
13. Northlake
14. Buckhead
15. West Atlanta
16. Meriwether / Pike / Lamar Counties
17. Morgan / Jasper Counties
18. North Fulton

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