



ATLANTA *MEDICAL OFFICE* MARKET REPORT

Demand Surges Amid Tight Supply and
Decade-Low Vacancy



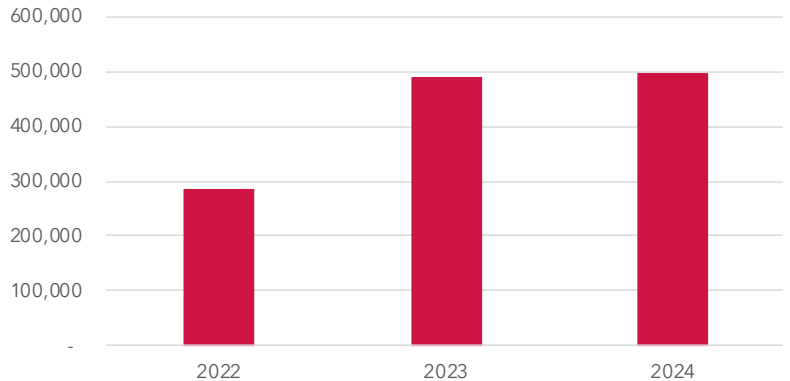
WHAT'S HAPPENING

Atlanta’s medical office building (MOB) market demonstrated remarkable resilience and growth throughout 2024. The specialty-use MOB sector, encompassing 871 multi and single-tenant buildings totaling approximately 29.8 million square feet, continues to meet the unique patient care needs on and off hospital

campuses. In the metro Atlanta market, Lee Research tracks specialty-built medical office buildings, 9,000 square feet and larger. Non-primary-use medical office buildings, including traditional office buildings, business parks, and the growing retail sector, are not included in our analysis.

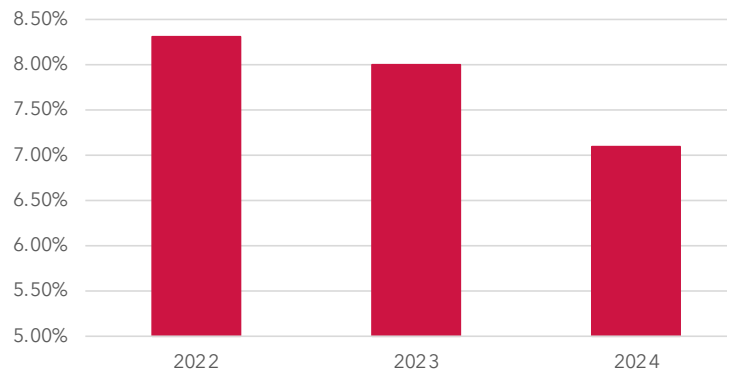
NET ABSORPTION (MSF)

Post pandemic years between 2021 and present, absorption remained positive, with a total of 461,910 square feet absorbed in 2024, outpacing the 206,034 square feet of new deliveries across seven buildings. This continued the strong momentum from 2023, which saw 490,090 square feet absorbed against 571,270 square feet of new space.



YEAR-OVER-YEAR | Q4 VACANCY RATE

Vacancy rates have steadily declined since the pandemic, falling from nearly 10% in 2020 to 7.1% today. This trend is expected to persist, with some submarkets, such as Northwest Atlanta, seeing vacancies as low as 3.8%. The medical office market has been particularly favorable for landlords, as growing demand from healthcare providers continues to drive occupancy in this specialized asset class.



BY SUBMARKET | BREAKDOWN

METRO SUBMARKETS	NUMBER OF BUILDINGS	RBA (SF)	DIRECT VACANT (SF)	VACANCY RATE	OCCUPANCY RATE	YE NET ABSORP. (SF)	AVG. ASKING RENT / YEAR (PSF)
Buckhead	18	1,303,216	161,162	12.4%	87.6%	(7,970)	\$33.65
Central Perimeter	54	4,127,773	381,412	9.2%	90.8%	14,973	\$33.82
Downtown Atlanta	5	246,413	-	0.0%	100.0%	-	\$27.64
Gainesville	39	1,170,418	54,724	4.7%	95.3%	23,965	\$33.81
Midtown Atlanta	4	511,570	2,026	0.4%	99.6%	425	\$43.11
North Fulton	124	4,188,560	515,549	12.3%	87.7%	86,121	\$29.13
Northeast Atlanta	120	3,350,423	218,128	6.5%	93.5%	144,658	\$27.03
Northlake	122	4,190,881	176,084	4.2%	95.8%	45,582	\$24.24
Northwest Atlanta	177	5,281,600	201,433	3.8%	96.2%	82,638	\$29.74
South Atlanta	170	4,252,684	352,434	8.3%	91.7%	72,833	\$25.03
West Atlanta	38	1,150,646	44,472	3.9%	96.1%	(1,315)	\$23.98
TOTAL/AVG	871	29,774,184	2,107,424	7.1%	92.9%	461,910	\$29.50

MARKET ACTIVITY





LIMITED NEW SUPPLY | TOP CONSTRUCTION

The pipeline for 2025 appears constrained, with only five properties totaling 102,000 square feet projected for delivery. Of these, two are fully committed, one will be half owner-occupied, and two are speculative developments. All expected to be fully leased when completed.

New projects are expected to start in 2025; however, with an 18-month concept-to-delivery timeline, an even further reduction in quality alternatives is anticipated into 2026.

SUBMARKET	LOCATION	BUILDING SIZE (SF)	% RELEASED
Northwest Atlanta	7335 Main Street, Woodstock, GA 30188	37,132 SF	33%
South Atlanta	1336 Highway 54, Fayetteville, GA 30214	20,000 SF	50%
Northwest Atlanta	121 Vann NE, Marietta, GA 30060	14,000 SF	50%

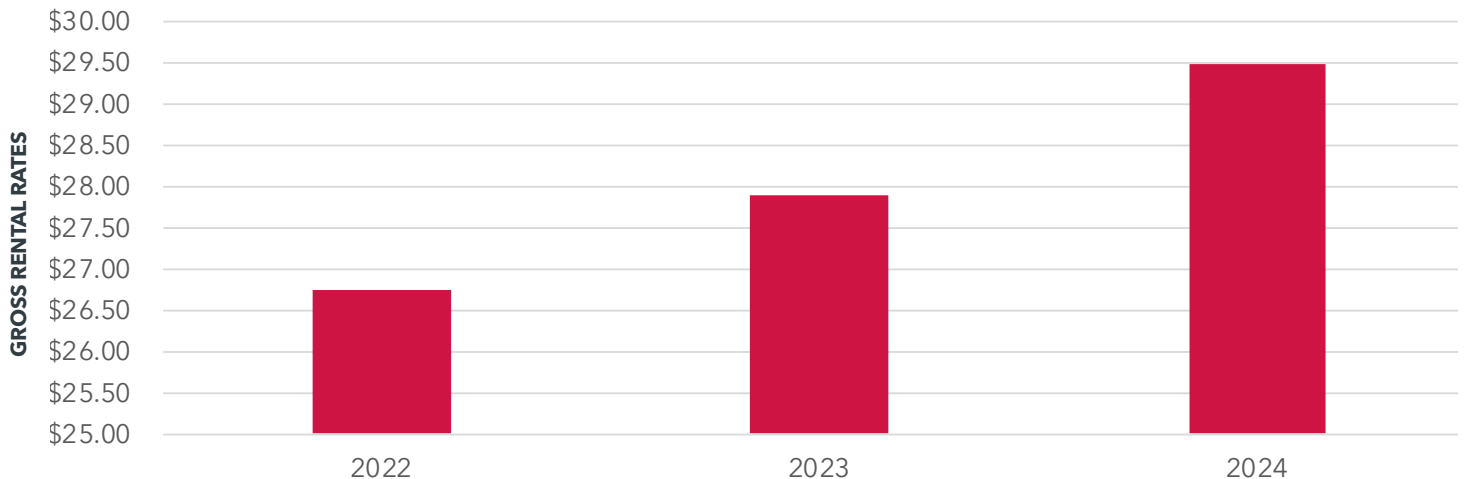
ANNUAL | DELIVERIES IN 2024

			
2800 BUFORD DRIVE LAWRENCEVILLE, GA 30043	602 LOVEJOY LANE WOODSTOCK, GA 30189	1223 FRIENDSHIP ROAD BRASELTON, GA 30517	1465 SATELITE BOULEVARD SUWANEE, GA 30024
TENANT: Northside Hospital & Multi-Modalities	TENANT: Lovejoy Imaging Center	TENANT: Georgia Urology	TENANT: Thomas Eye Group
SIZE: 100,000 SF	SIZE: 25,534 SF	SIZE: 24,000 SF	SIZE: 17,500 SF

YEAR-OVER-YEAR | Q4 GROSS RENTAL RATES

Rental rates continue their upward trajectory, increasing by approximately 3.3% annually. The average market rate reached \$29.50 per square foot in Q4 2024, up from \$26.82 in 2022, with projections indicating rates will surpass \$30.00 per square foot by mid-2025. Well-located, newer submarkets command a premium, while older, less competitive areas see lower averages.

Rental structures vary, with both full-service and modified gross rates in play. Full-service rates include base rent and operating expenses, while modified gross rates may require tenants to cover additional costs such as utilities, janitorial, taxes, and common area maintenance (TI-CAM), potentially adding \$8.00 to \$12.00 per square foot. Understanding these distinctions is crucial for accurate comparisons and negotiations.



MARKET ACTIVITY

2024 | TOP NOTABLE LEASES



1800 HOWELL MILL ROAD
ATLANTA, GA 30318

TENANT Internal Medicine Specialiaist of Atlanta
SIZE 27,270 SF



5670 PEACHTREE DUNWOODY ROAD
ATLANTA, GA 30342

TENANT Northside Heart
SIZE 22,354 SF



4025 JOHNS CREEK PARKWAY
SUWANEE, GA 30024

TENANT Marietta Eye Clinic
SIZE 14,564 SF



3525 BUSBEE PARKWAY
KENNESAW, GA 30144

TENANT Chasstain Medical Center
SIZE 14,073 SF



1357 HEMBREE ROAD
ROSWELL, GA 30076

TENANT Georgia Urology
SIZE 10,990 SF



755 MOUNT VERNON HWY
ATLANTA, GA 30328

TENANT Cardiology of Atlanta
SIZE 10,000 SF

LOOKING AHEAD

As the Metro Atlanta MOB market continues to tighten, healthcare professionals and investors should anticipate increased competition for quality space. The limited new supply projected for 2025 suggests that this trend will likely persist, potentially leading to further rent increases and even lower vacancies. In the near term, alternative non-primary-use office buildings may be the best option for medical tenants.

Early planning and expert guidance will be crucial for those considering entering or expanding in this market. Lee & Associates offers comprehensive market research studies, including available spaces, lease rates, operating expenses, comparable sales data, demographics, and tenant rosters for medical office buildings across the Southeast Region.

"Whether you're looking to buy, build, or lease, now is the time to evaluate your medical real estate options in this dynamic and fluid market." - David Howard, CEO & President of Lee & Associates - Atlanta



RICHARD SMITH JR., CCIM
Director
404.442.2833
richard.smith@lee-associates.com



MATT ORVILLE
Principal
404.442.2814
morville@lee-associates.com

The information and details contained herein have been obtained from third-party sources believed to be reliable; however, Lee & Associates Atlanta has not independently verified its accuracy. Lee & Associates Atlanta makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to the implied warranty of suitability and fitness for a particular purpose.

Interested parties should perform their own due diligence regarding the accuracy of the information. The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., Real Capital Analytics, and Georgia State Economic Forecasting Center. The Lee & Associates Atlanta Industrial Market Report compiles market data by using a third-party database for the proprietary analysis of building sizes of 15,000 SF and larger in the Atlanta Metropolitan Area. © Copyright 2025 Lee & Associates Atlanta. All rights reserved.

Report analysis by: Daniel Wagner, Chief Data Officer | Kate Hunt, Senior Research Analyst | Lucas Carvalho, Research Analyst
Report created by: Julia Whitlark, Marketing Director | Grace Gregorie, Marketing Specialist



LEE & ASSOCIATES - ATLANTA

3500 Lenox Road, Suite 1600 | Atlanta, GA 30326
404.442.2810 | lee-associates.com/atlanta