



Atlanta

MARKET INSIGHT REPORT



FALL

2023

Employment / Unemployment

Atlanta-Sandy Springs-Roswell, GA is one of the nation's 12 largest metropolitan statistical areas. The metro's population increased by over 775,000 residents between 2011 and 2021, leading to high demand for housing, infrastructure, and new businesses.

Atlanta has long served as a regional and national distribution hub, benefiting from its proximity to the Port of Savannah.

The industrial sector is emerging as a top industry for

GREAA

fostering new job growth, particularly for the region's sizeable blue-collar workforce pool. Atlanta is progressing into a major electric vehicle manufacturing hub for the state and has the potential to serve as a global leader in electric vehicle battery manufacturing. Georgia has welcomed over 30 electric mobility projects since 2020 that total over \$13 billion in corporate investments and support a minimum of 23,000 jobs.

Atlanta has welcomed large corporations that have added thousands of lucrative positions. Fortune 500 companies such as Honeywell and BlackRock

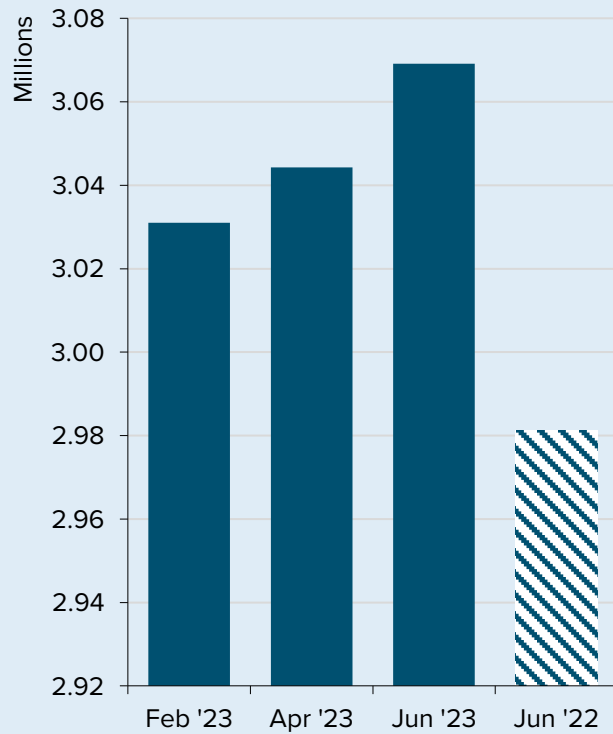
have established tech-related facilities in the area. Some companies that have recently opened offices or have relocations in the works include Microsoft, Google, Cisco, and Invesco.



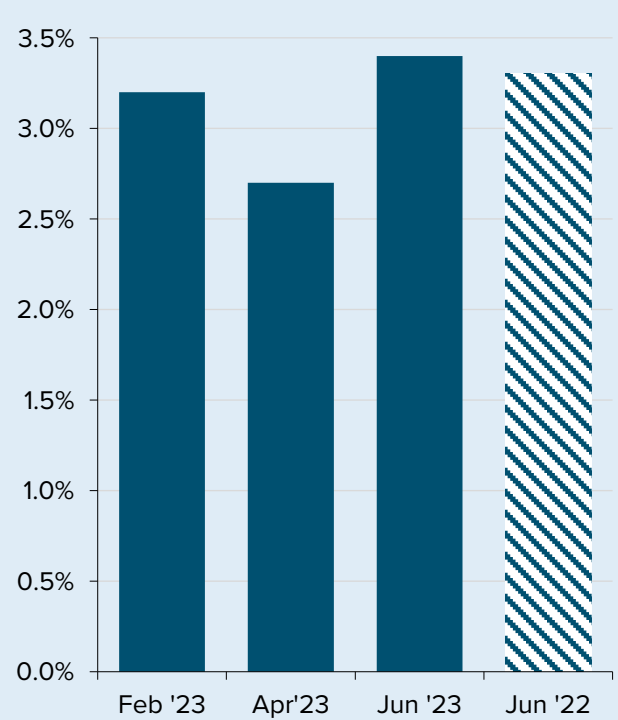
Atlanta is poised to serve as a leading global hub of electric vehicle (EV) battery manufacturing. SK Innovation, the parent company of SK Battery America (SKBA) has invested \$2.6 billion since 2019 in its two manufacturing facilities in Jackson County. Mass production commenced last year to supply the Ford F-150 Lightning and the Volkswagen ID.4. The company exceeded its initial goal of creating 2,600 new jobs and is expanding its workforce to over 3,000 to meet the growing demand.

Also, the production of Rivian Automotive's new crossover model, the R2 is expected to launch in 2026 after completion of its planned \$5B assembly plant located east of Atlanta. Rivian CEO R.J. Scaringe has said the Georgia factory is vital to the company's future. The facility will support at least 7,500 new jobs at full capacity.

Total Employment



Unemployment



Metro Area Employment (Thousands)	June 2023	Atlanta	National
Total Non-farm	3069.1	2.9%	2.4%
Mining, Logging, and Construction	146.3	4.6%	5.5%*
Manufacturing	176.8	0.2%	1.2%
Trade, Transportation, and Utilities	653.8	0.4%	0.7%
Information	119.2	6.4%	0.1%
Financial Activities	206.8	4.5%	1.1%
Professional and Business Services	582	-0.8%	2.1%
Education and Health Services	412.4	7.5%	4.2%
Leisure and Hospitality	320.2	7.2%	4.7%
Other Services	109.8	6.7%	3.2%
Government	341.8	2.9%	2.8%

Source: U.S. BLS, Current Employment Statistics

Atlanta Rental Market

- The end of 2022 brought positive year-over-year rent growth for greater Atlanta compared to the metro's 10-year historical average. Even with the economic challenges and competition in new supply entering the market, 12-month rent growth as of March 2023 remained positive at 1.1%. Leasing activity and absorption gained momentum in the second quarter, yet the effects of persistent macroeconomic conditions have resulted in a softening rental market.
- Rents have declined -2.1% across greater Atlanta, and rent declines in the West Midtown submarket were closer to -4.0%.
- 1- and 2-star properties continue to have an increase in rent growth, up 2.6% over the past 12 months. Investors will continue to gain pricing leverage in this asset class (despite negative absorption trends) due to the lack of existing supply and meager, if any, planned development in this property category.
- The metro area's substantial and growing industrial sector has kept demand for workforce housing / renters-by-necessity assets stable, particularly in the submarkets situated south of Atlanta like Henry and Southeast DeKalb Counties.



- 2.49%

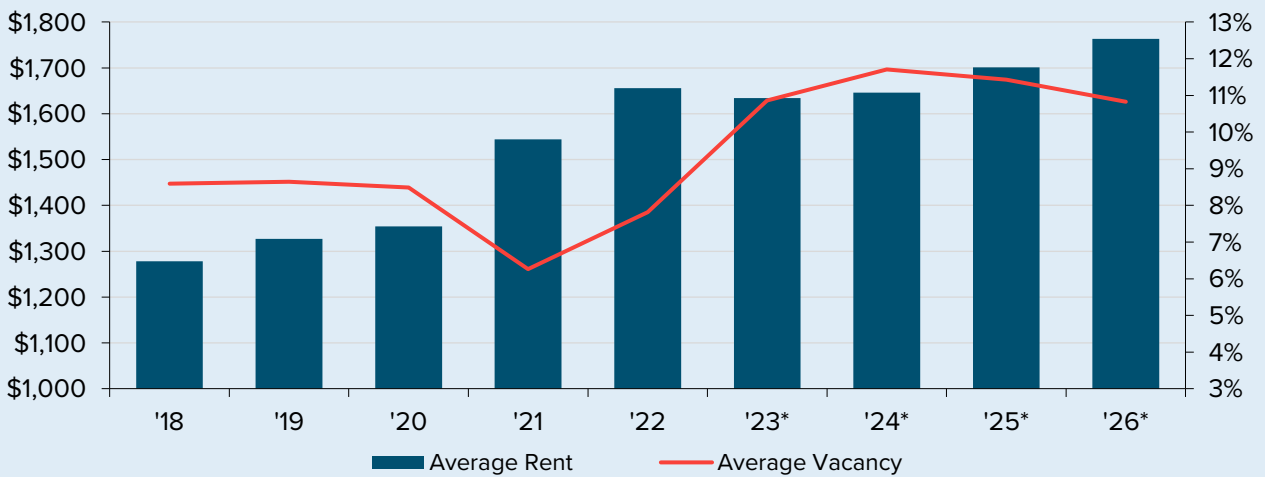
Average Rent Decrease From \$1,663 to \$1,622

YoY

Source: CoStar

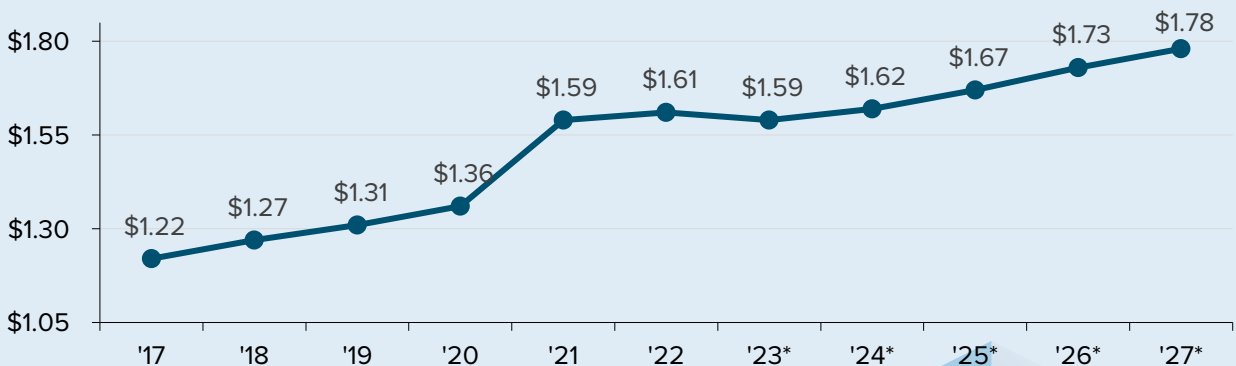
- Rent gains correspond with slower net absorption and rising vacancies, and a heavy construction pipeline will result in modest to flat rent gains for the remainder of the year. 4- and 5-star property rents are declining the fastest, and the mid-tier / 3-star properties have also reported declining rents.
- CoStar reported that the resumption of student loan repayment commencing in Q4 2023 could contribute to the lack of demand in the newest, trendiest submarkets where young professionals are concentrated.
- Atlanta has an overall strong job market and a diversified demographic which will be key components in weathering the compression of rent growth in the long term.

Average Rent / Vacancy



Source: CoStar | *Projected

Asking Rent / SF



Source: CoStar | *Projected

Multifamily Construction

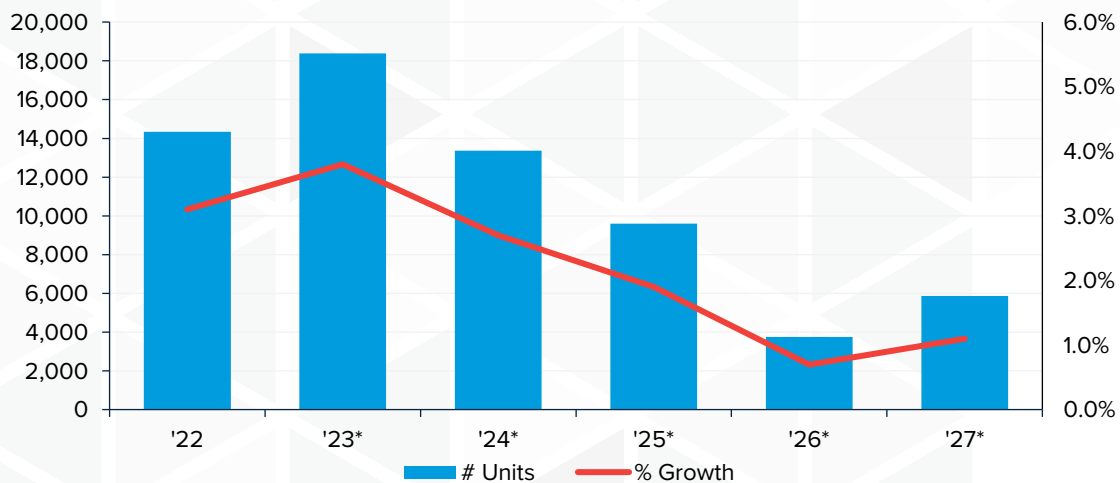
- Atlanta’s surging population and economic growth have triggered a flurry of construction, the largest multifamily construction number in the region’s history. An average of 13,000 units have been delivered annually since 2019, and while the number of construction starts has slowed over the past several quarters, greater Atlanta’s construction pipeline stands at near-record levels.
- There are close to 140 properties with a total of 34,000 units that are currently under construction which will increase the region’s market-rate existing inventory by 6.8%.
- Demand has remained positive over the past 12 months with 2,763 net units, or 0.6% of inventory absorbed.
- Over 4,000 units are expected to be absorbed by the end of the year, with an absorption rate of 0.8%
- Outlying Gwinnett County has approximately 3,000 units currently under construction, representing an 8.0% expansion of existing inventory.



19,950 New Units

Past 12 Months as of June 2023

Completions / Net Absorption

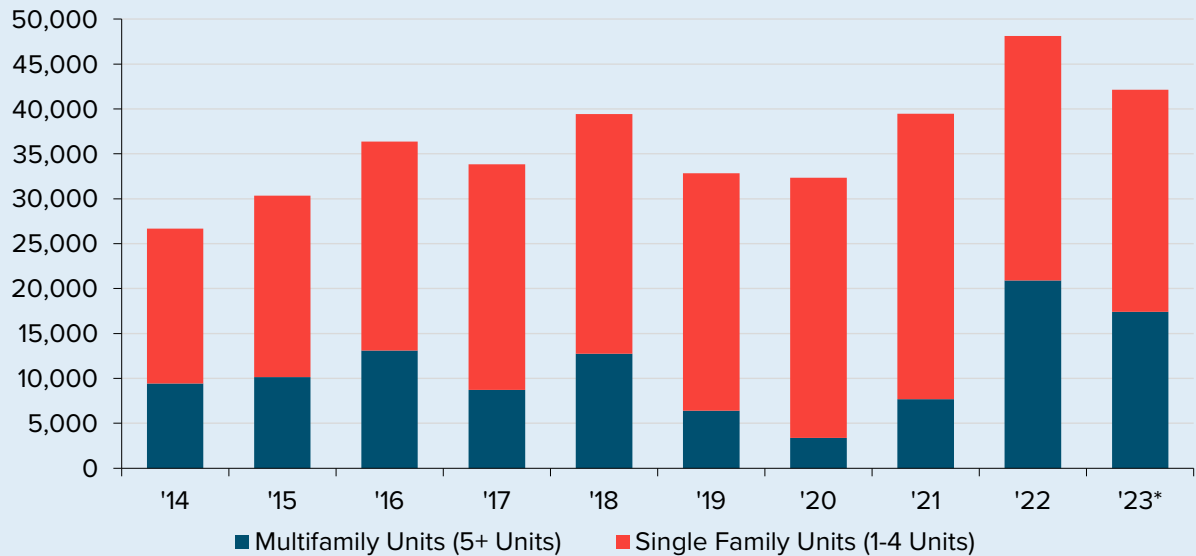


Source: CoStar | *Projected

Permits

- The median sale price for single family homes in the Atlanta metro was \$420,000 in May 2023.
- The total number of active single family for-sale listings was 9,195
- The total number of units sold was 5,486

Total Residential Building Permits



Sources: U.S. Census, Atlanta REALTORS, GREA Research, Multifamily Includes Condos | *Projected



9,921

Single Family Permits

7,700

Multifamily Permits (5+ Units)



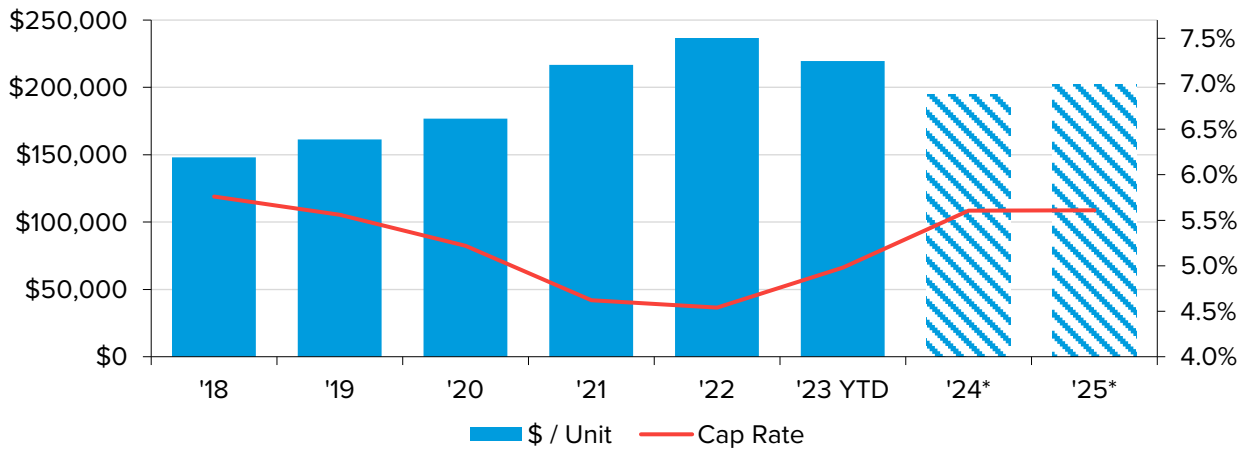
\$428K

Median Single Family Price

Multifamily Sales

- Atlanta multifamily market fundamentals for investors have not been deterred significantly during the economic downturn due to Atlanta's stable and diversified economy and long-term price appreciation trends.

Average Sales PPU / Cap Rate



Source: CoStar | YTD as Reported by CoStar | *Projected



\$178,493

Avg. Sold Price / Unit YTD



5.0%

Avg. Cap Rate



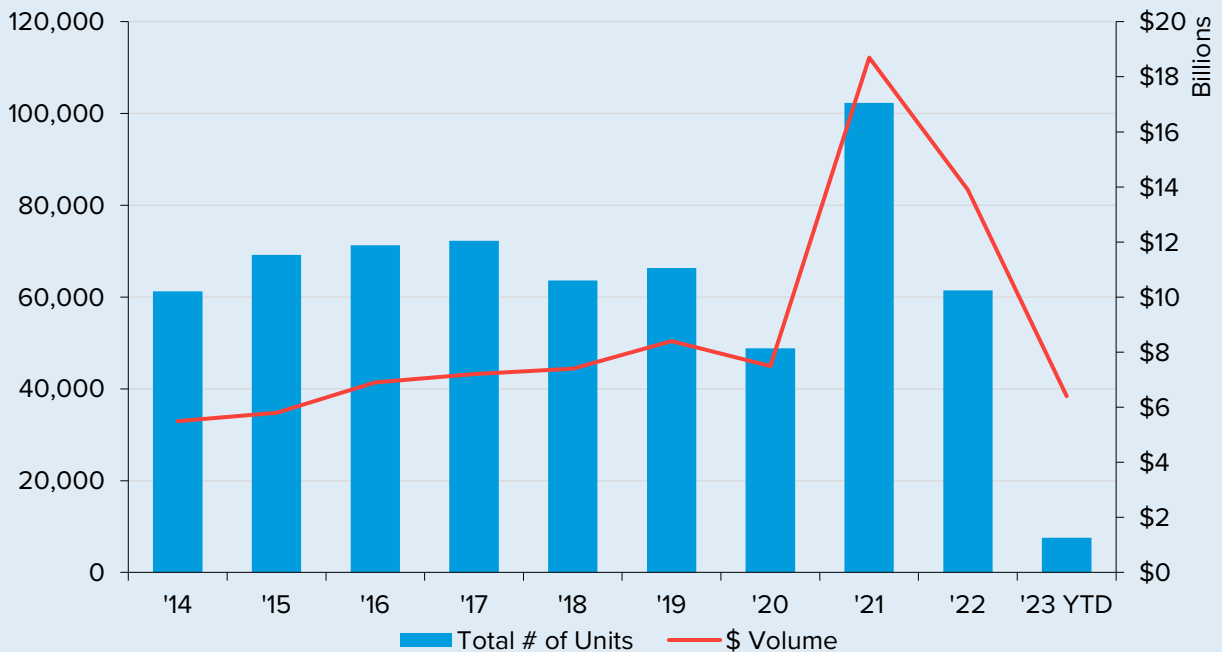
- Market prices per unit have increased by over 70% over the past five years from roughly \$150,000 per unit to over \$200,000 per unit.
- National firms have accounted for approximately 85% of buyer volume in Atlanta over the past two years.
- Capitalization rates for sales transactions climbed to 5.6% in the second quarter of 2023 from 4.1% during the same period in 2022.



\$6.4B

12 Mo. Sales Volume

Apartment Sales Transactions



Source: CoStar

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Sources: GREA Research; RealPage; National Multifamily Housing Council; Federal Reserve Bank of St. Louis; Moody's; CoStar; Atlanta Board of REALTORS

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