



MARKET INSIGHT REPORT

ATLANTA
WINTER 2024



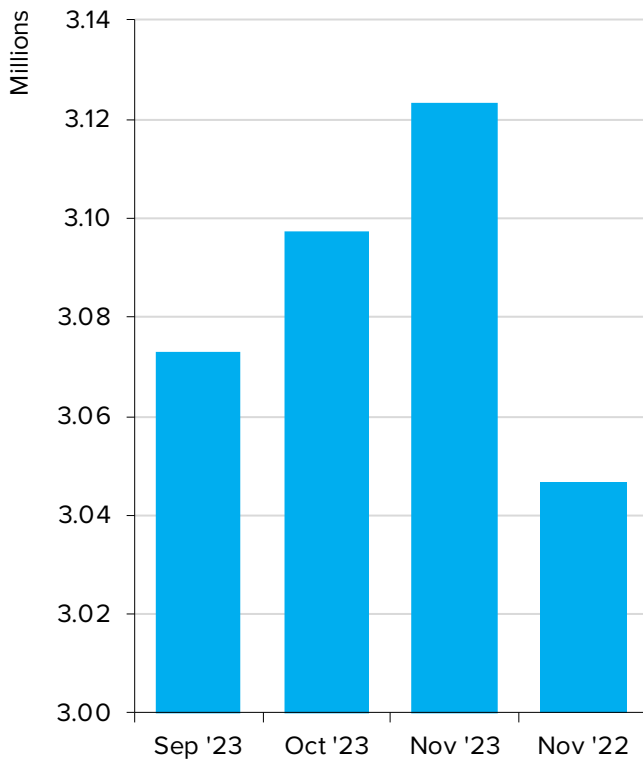
Employment / Unemployment

Atlanta-Sandy Springs-Roswell, GA is one of the nation's 12 largest metro areas with a population of over 6.3 million residents. Atlanta's population increased by over 775,000 residents between 2011 and 2021, leading to high demand for housing, infrastructure, and new businesses. Metro Atlanta is an economic powerhouse for the state and is renowned for its business-friendly environment which has attracted a substantial influx of corporate expansions and relocations, especially in recent years. Its economy is diverse and dynamic with leading industry sectors in professional and business services, retail trade, finance, insurance health care, and hospitality. Atlanta houses 15 Fortune 500 and 26 Fortune 1000 companies and has welcomed large corporations that have added thousands of lucrative positions such as Honeywell, BlackRock, Microsoft, Google, Cisco, and Invesco. 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 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 fostering new job growth, particularly for the region's sizeable blue-collar workforce pool.

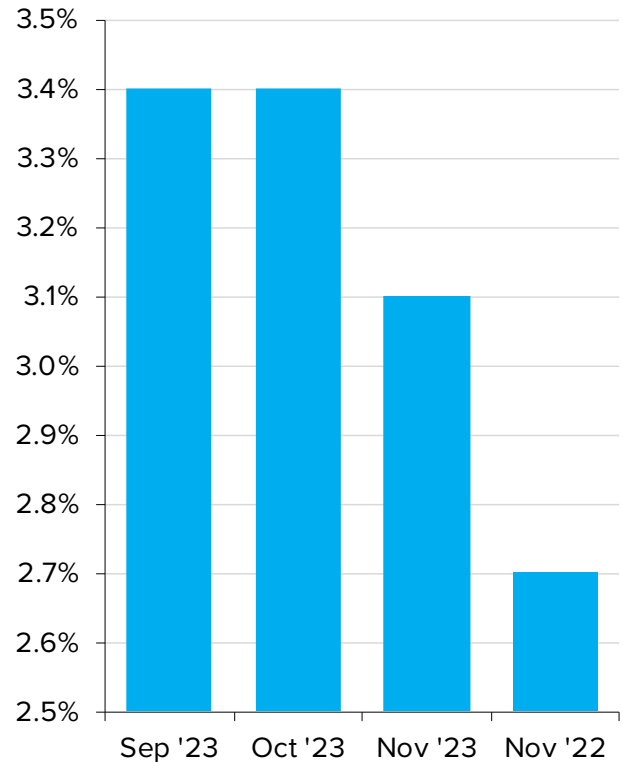
Atlanta ranks among the top 15 metropolitan economies in the nation with a gross domestic product (GDP) of \$385 billion and an annual GDP growth rate of 3.5% in 2019. Atlanta also placed in the top 50 Global Cities Index by ATKearney in 2020.



Total Employment



Unemployment



Metro Area Employment (Thousands)	Nov 2023	% Δ from Nov 2022	
		ATL	National
Total Non-farm	3123.2	2.5%	1.8%
Mining and Logging	1.9	0.0%	2.6%
Construction	145.5	3.3%	2.7%
Manufacturing	176.3	0.0%	0.1%
Trade, Transportation, and Utilities	663.5	-0.5%	0.4%
Information	113.4	-3.6%	-2.9%
Financial Activities	212	5.3%	0.5%
Professional and Business Services	599.6	0.9%	0.7%
Private Education and Health Services	426.6	7.1%	4.2%
Leisure and Hospitality	320.4	6.7%	3.0%
Other Services	109.4	3.1%	1.9%
Government	354.6	3.5%	2.7%

Sources: U.S. BLS, Current Employment Statistics, GREA Research

*Construction is separated in BLS employment supersector, but not unemployment

Rental Market

The Atlanta metro was a top performer in apartment demand in 2023. Atlanta was one of only a handful of the 150 largest apartment markets to record annual demand of over 8,000 units. Absorption increased in the second and third quarters of 2023 after being negative in 2022 but decreased in the fourth quarter. Atlanta ended the year with 9,668 units absorbed, according to RealPage Analytics.

- 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.
- Rent gains correspond with slower net absorption and decreasing occupancies, and a heavy construction pipeline will result in declining rent gains into the first half of 2024. Rents in the 4- and 5-star asset classes are declining the fastest, down -3.9% year-over-year. The influx of new deliveries, particularly of 4- and 5-star properties, will cause an increase in concessions and a decline in occupancy rates into the new year.
- The resumption of student loan repayment in Q4 2023 could contribute to a lack of demand in the newest, trendiest submarkets where young professionals are concentrated.
- Rents in 3-Star properties are down -2.3% year-over-year. Posted rents in the metro's 1- and 2-Star properties remain positive, up 1.2% over the past year.
- Atlanta has an overall strong job market and a diversified demographic which are key components in weathering the compression of rent growth in the long term.



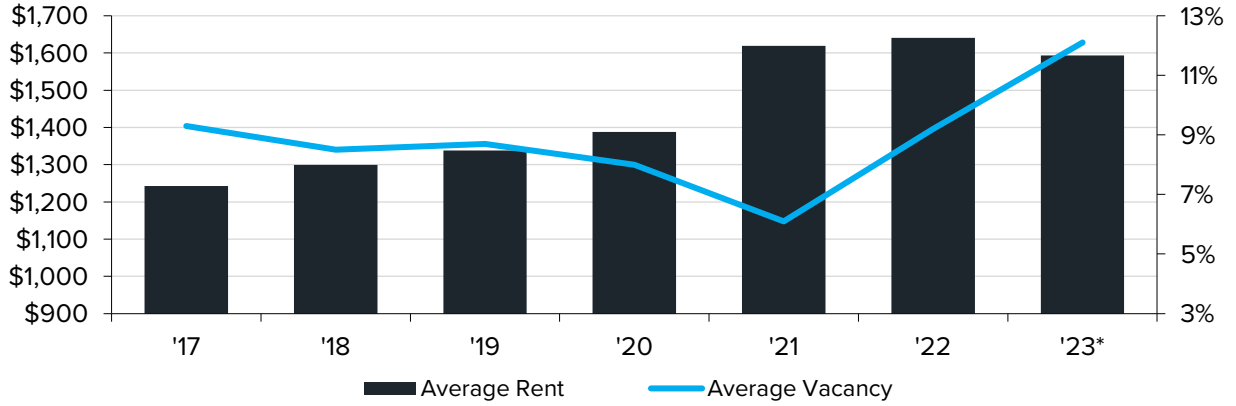
- 2.8%

Average Rent Decrease From \$1,644 to \$1,598

YoY

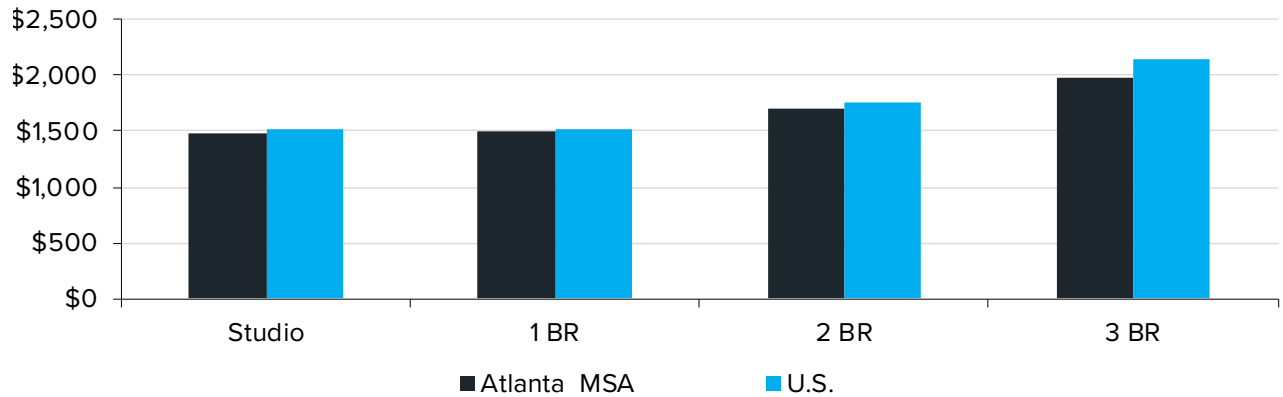
Source: CoStar

Average Rent / Occupancy



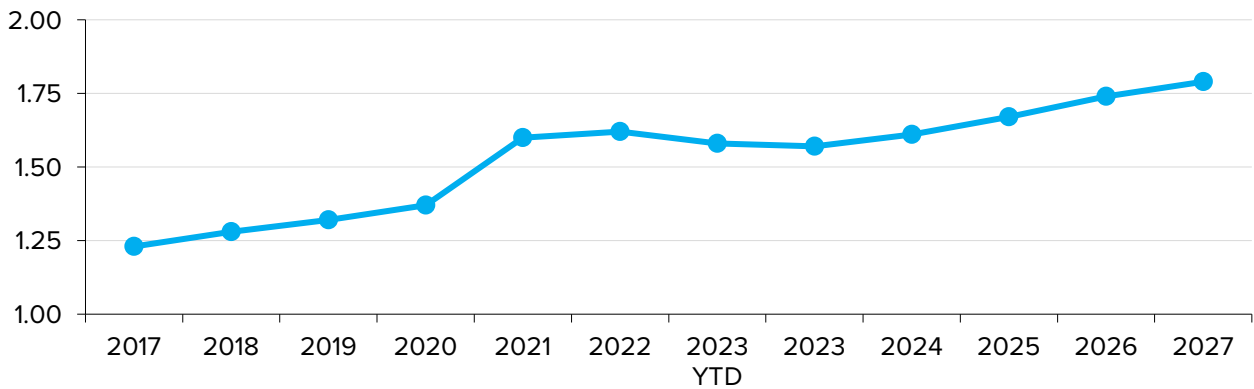
Source: CoStar; GREA Research | *Projected

Asking Rent Comparison



Source: CoStar; GREA Research

Asking Rent / SF



Source: CoStar; GREA Research

Multifamily Construction

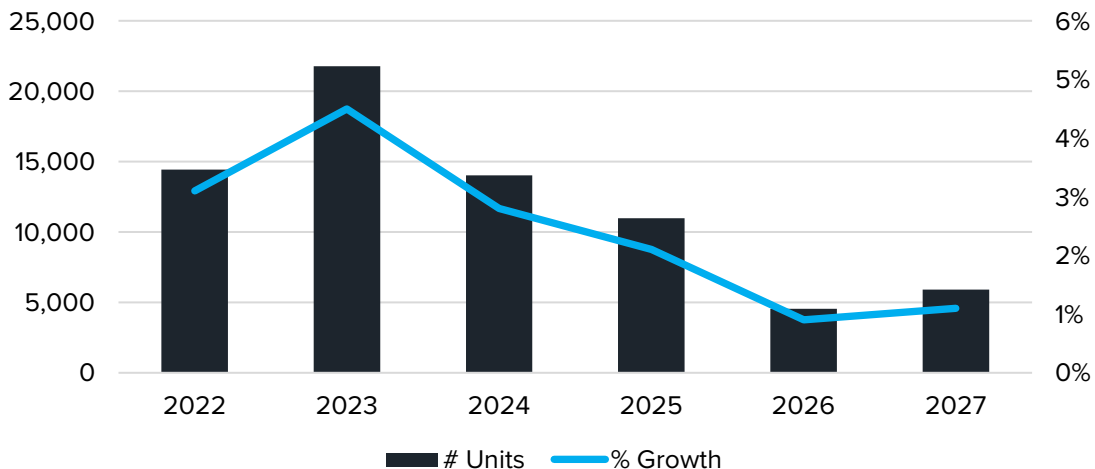
- Atlanta’s surging population and economic growth have triggered a flurry of construction, the largest multifamily construction number in the region’s history. There are 30,857 units under construction, and over 75% of the units are in the 4- and 5-Star segment. Still, greater Atlanta had three quarters of positive absorption in 2023, and an average of 14,000 units have been delivered annually since 2020.
- Demand has remained positive over the past 12 months with 4,833 net units absorbed.
- Over 5,000 units are expected to be absorbed by the end of the year, with an absorption rate of 1.0%.
- Outlying Gwinnett County continued its solid rent growth trend in the second half of 2023, and about 2,500 units were delivered.
- New construction starts have significantly slowed over the past few quarters, falling by nearly 50% from 2022 to 2023. The deceleration of new construction starts will aid in easing supply pipeline pressures once the current wave of new construction is delivered.



14,800 New Units

Expected Completions for 2024

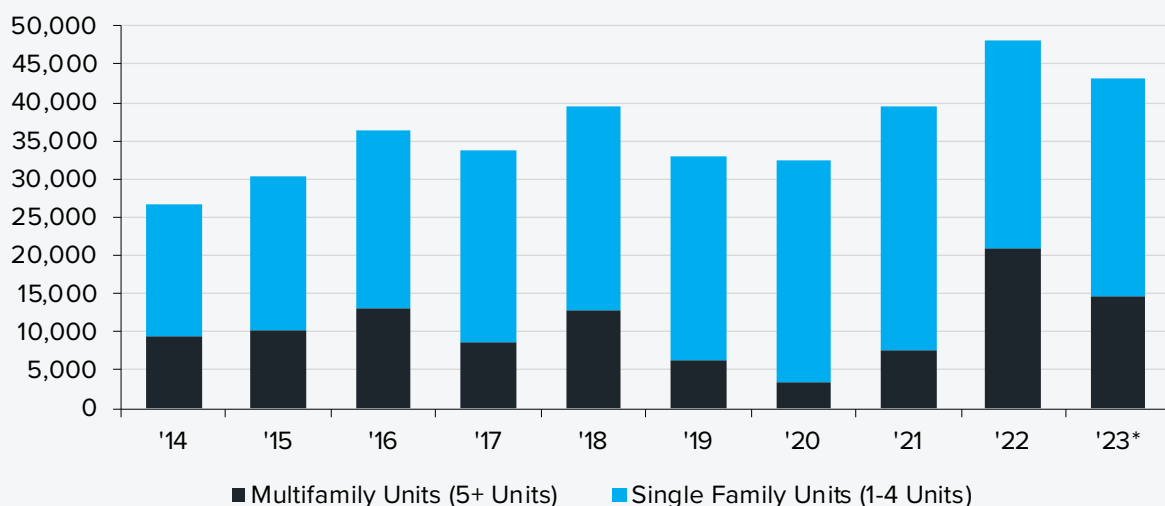
Supply / Demand Forecast



Sources: CoStar; Freddie Mac; GREA Research | *Projected

- The median sale price for single family homes in the Atlanta metro was \$370,000, an 2.81% increase YoY.
- As of December 2023, there were 14,561 active residential listings.

Total Residential Building Permits



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



22,449
Single Family
Permits

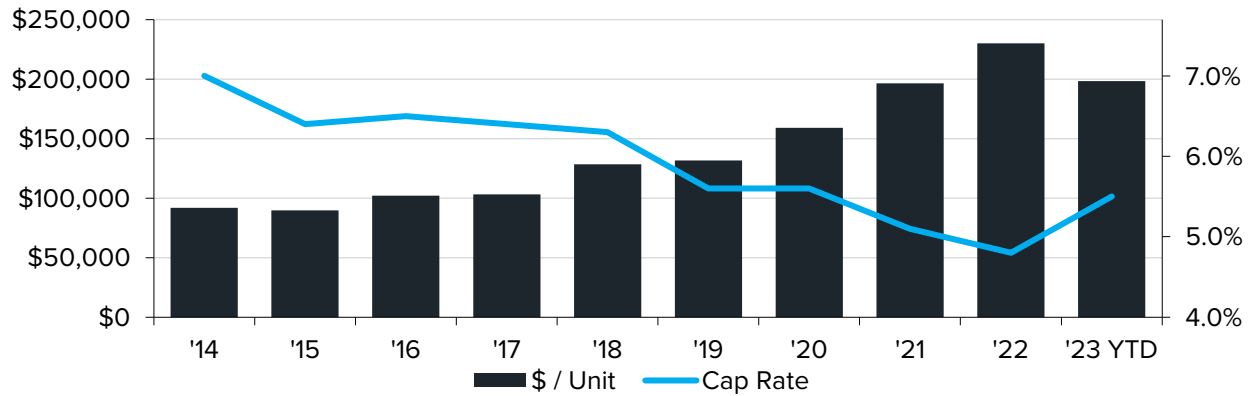
14,698
Multifamily Permits
(5+ Units)



\$370K
Median Sale Price for
Single Family Home
(+2.8% YoY)

Multifamily Sales

Average Sales PPU / Cap Rate



Source: CoStar; GREA Research | YTD as Reported by CoStar



\$198,223

Avg. Sold Price / Unit



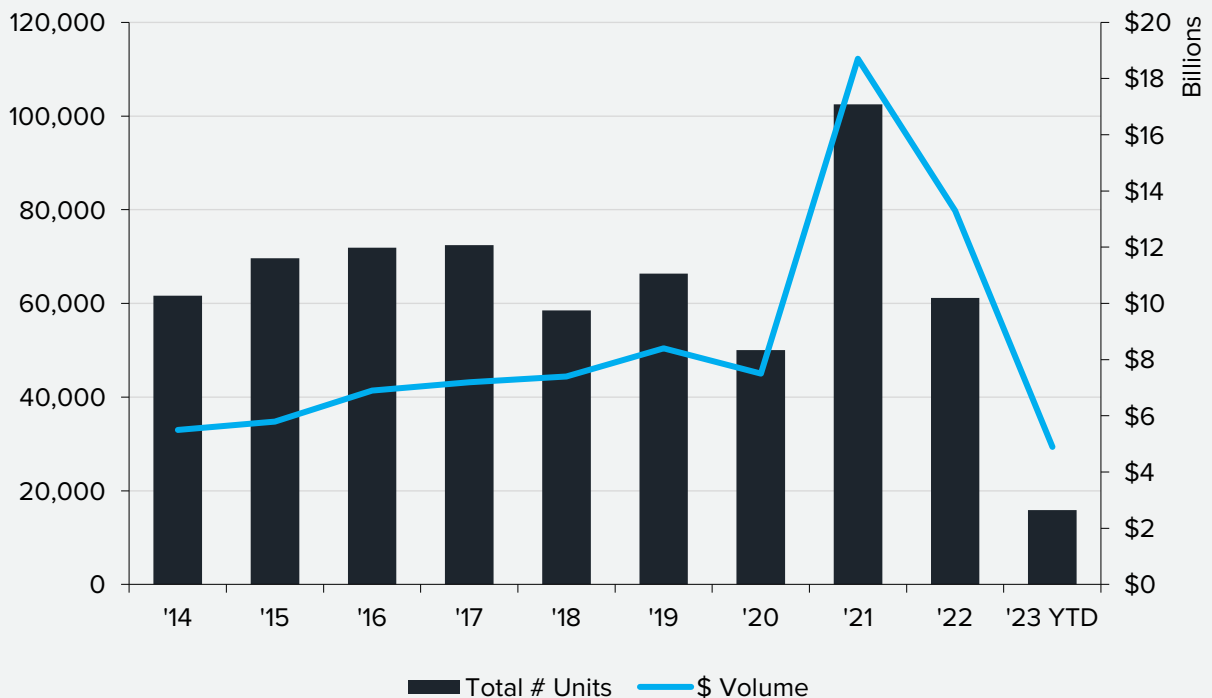
5.5%

Avg. Cap Rate



- Atlanta placed #3 in the United States for total multifamily sales volume for 2023. Atlanta Metro's strong and diversified economy continues to attract out-of-state investors, and National firms have accounted for approximately 85% of buyer volume over the past two years. Transaction activity was robust in the fast-growing county of Gwinnett.
- Market prices per unit have increased by about 30% over the past five years from \$150,000 per unit to over \$200,000 per unit.
- As interest rates and the cost of debt continued to rise in 2023, asset values softened and capitalization rates increased.
- Capitalization rates for sales transactions climbed to the low 5% range during the fourth quarter of 2023 from the mid-4% range in the second quarter of 2022.
- About \$4 billion in multifamily transactions closed over the past year, a 70% decrease from 2022 and \$15 billion less than the volume peak of 2021.
- Even though investment activity was curtailed in 2023, sustained demand is expected to spark transaction volume in 2024. Some capital-ready investors have been waiting on the sidelines for inflationary effects to stabilize. However, investment volume will be considerably lower than at the 2021 peak.

Apartment Sales Transactions



Source: CoStar; GREA Research *through Nov 2023



TO LEARN MORE ABOUT GREA AND OUR CAPABILITIES
PLEASE VISIT WWW.GREA.COM

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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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