

MARKET INSIGHTS | SUMMER 2024 | ATLANTA

Summer 2024



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A record surge in population growth in the Atlanta region has made it the 6th largest metro in the country with a 2023 estimated population of over 6,307,000 residents. The Atlanta-Sandy Springs, Alpharetta Metropolitan Statistical Area (MSA) had the third-most overall population growth with 68,585 added residents from July 2022 to July 2023, and the MSA also recorded a gain of over 775,000 people between 2011 and 2021. Greater Atlanta now stands ahead of Washington D.C. and Philadelphia in terms of population, and demand for housing, infrastructure, and new businesses remains high.

Of the 30,000 units under construction, over 75% are in the upper-tier asset class. Therefore, lease-up competition and renter concessions have intensified. Still, Atlanta's population and job growth have sustained demand for multifamily housing. Demand is nearly on par with new supply entering the market. Overall, investors have confidence that Atlanta's steady population and job growth will aid in bolstering transaction activity. Positive year-over-year rent growth is expected towards the end of 2024 and into the first half of 2025.

Source: GREAA Research, CoStar

Employment

Metro Atlanta is an economic powerhouse for Georgia and is renowned for its business-friendly environment which has attracted a substantial influx of corporate expansions and relocations, especially in recent years. In 2022, greater Atlanta produced \$525,888,412 in current-dollar total Gross Domestic Product (GDP), ranking it 9th among MSAs and accounting for 2.3% of the nation's metropolitan portion total. Greater Atlanta's estimated real GDP growth in the third quarter of 2024 is 2.8%. Atlanta has a diverse and dynamic economy with leading industry sectors in professional and business services, retail trade, finance, insurance health care, and hospitality. There are 16 Fortune 500 and 33 Fortune 1000 companies with an established presence in the metro area, and the Atlanta region has welcomed large corporations that have added thousands of lucrative positions such as Coca-Cola, Honeywell, BlackRock, Microsoft, Google, Cisco, and Invesco.

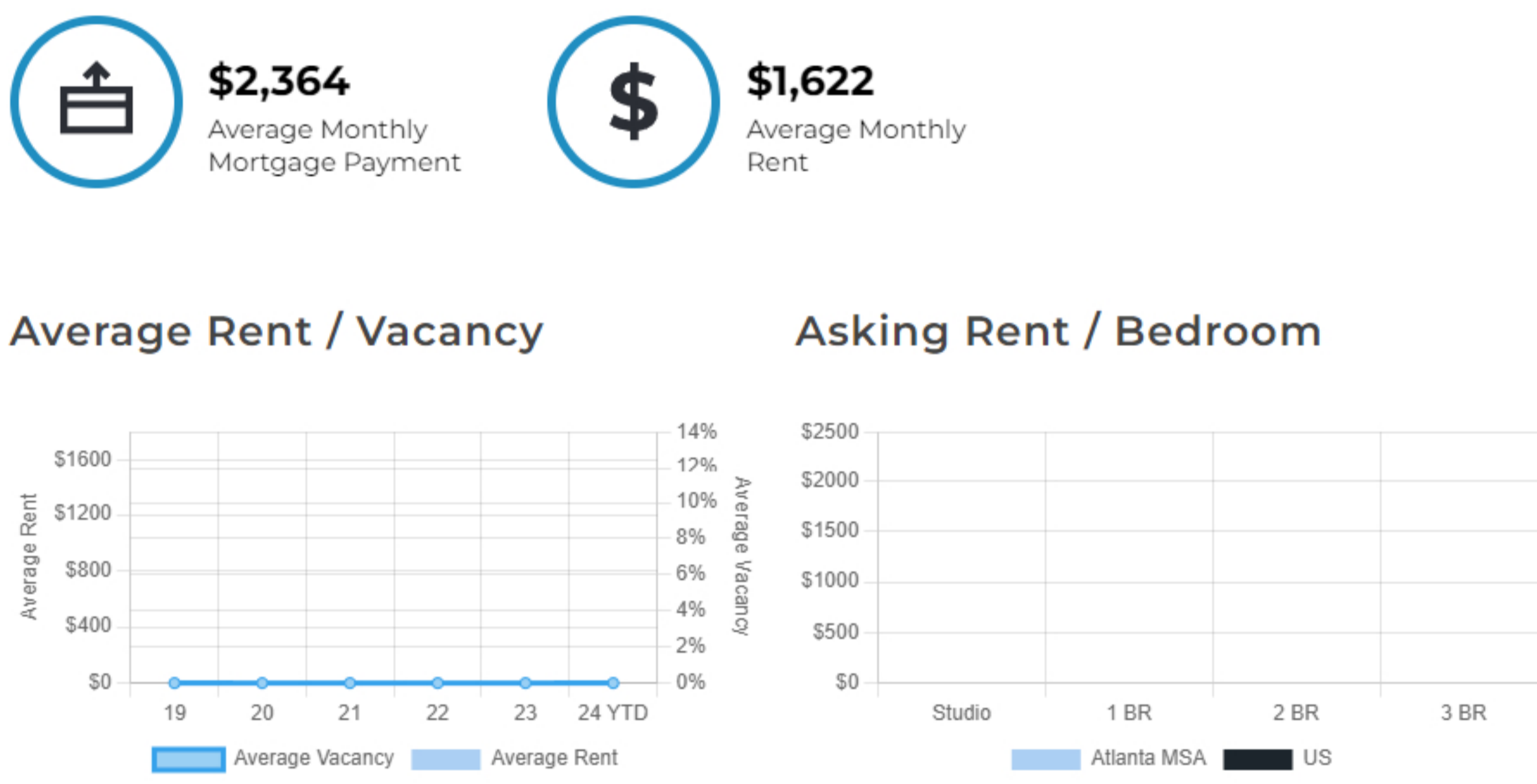
Atlanta has long served as a regional and national distribution hub, benefiting from its proximity to the Port of Savannah. The industrial sector is emerging as a top industry for fostering new job growth, particularly for the region's sizeable blue-collar workforce pool. Also, Atlanta is progressing 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 35 electric mobility-related projects since 2018 that total over \$23 billion in corporate investments and support a minimum of 28,000 jobs.

Metro Area Employment (Thousands)	% Δ from June 2023		
	June 2024	Atlanta	National
Total Non-farm	3,097.5	1.2%	1.5%
Mining and Logging	149.1	1.7%	-1.4%
Construction	147.0	1.7%	2.8%
Manufacturing	183.5	0.5%	0.0%
Trade, Transportation, and Utilities	659.7	-0.8%	0.7%
Information	96.9	-8.5%	-1.0%
Financial Activities	209.5	2.4%	0.3%
Professional and Business Services	583.5	-0.7%	0.3%
Private Education and Health Services	420.7	3.7%	4.2%
Leisure and Hospitality	331.8	5.0%	1.7%
Other Services	107.1	2.0%	1.6%
Government	355.7	4.1%	2.6%

Source: Bureau of Economic Analysis, Electric Mobility and Innovation Alliance, U.S. Census Bureau

Rental Market

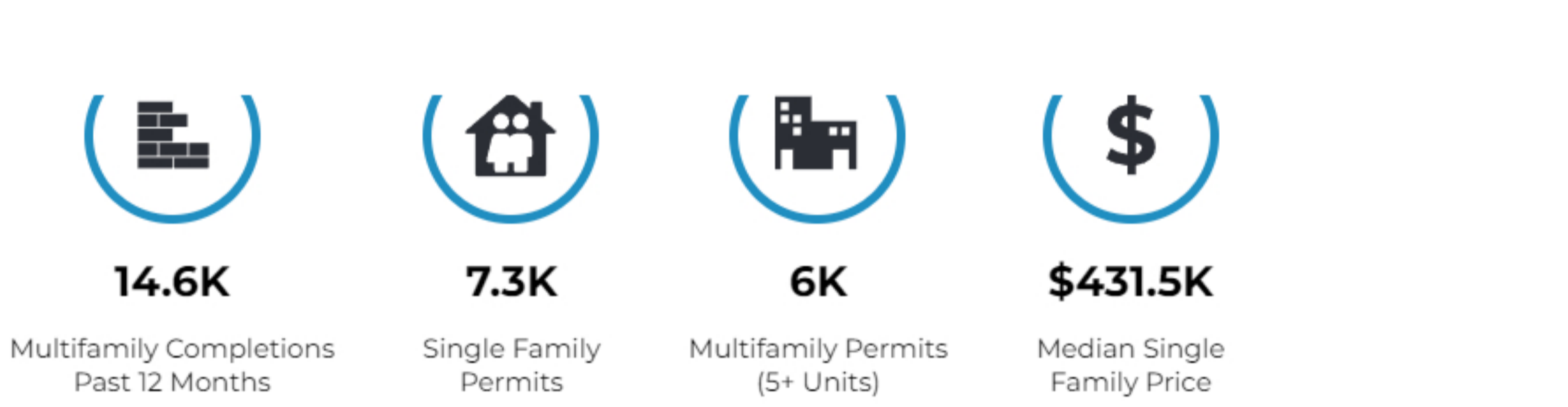
Atlanta was one of only a handful of the 150 largest apartment markets to record annual demand of over 8,000 units in 2023. By the end of the year, 9,668 units were absorbed, according to RealPage Analytics. While renter demand held steady in the first half of 2024, the record number of new deliveries, especially within desirable urban submarkets, has resulted in lower occupancy levels and negative year-over-year rent growth. Despite increased demand, new supply has continued to outpace move-ins which should lead to more negative rent change over the next couple of quarters, with modest gains in the forecast by the end of 2024, according to CoStar. In the first half of 2024, the heavy construction pipeline resulted in slower net absorption, decreasing occupancies, and declining rent gains. Atlanta multifamily asking rents are down by -2.3% year over year. Greater Atlanta counties with limited supply that are situated outside of the urban core are still experiencing positive year-over-year rent growth. All Atlanta submarkets with 12,000 or more units had declining rents year-over-year. The submarkets that experienced record-breaking surges in population growth over the past several years were affected the most, including West Midtown (-6%), Buckhead (-4%), and Midtown (-4%). Class A properties have had the sharpest declines due to the influx of new supply, causing competitive renter concessions. 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.



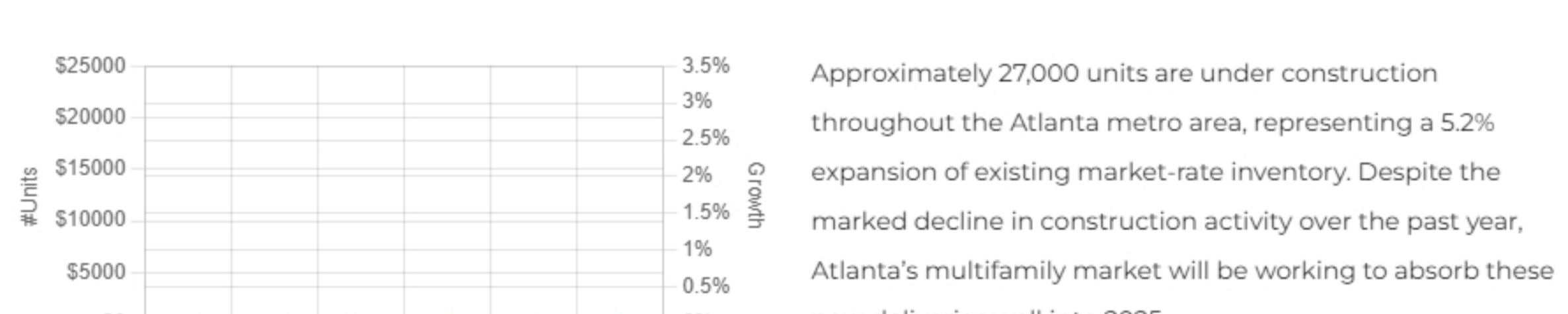
Multifamily Construction

Even with the largest multifamily construction number in the region's history, the Atlanta metro had three quarters of positive absorption in 2023. An average of 16,000 units have been delivered annually since 2020. However, over the past year, new construction in the Atlanta metro has decreased by approximately 45% from its peak in the fourth quarter of 2022. Notably, Class A properties account for at least 80% of this new construction.

Atlanta remains on the forefront as one of the most desirable places to live and work in the Sunbelt region, and solid in-migration trends, along with a strong economy and steady job growth, will sustain strong multifamily fundamentals in the long term.



Completions / Net Absorption



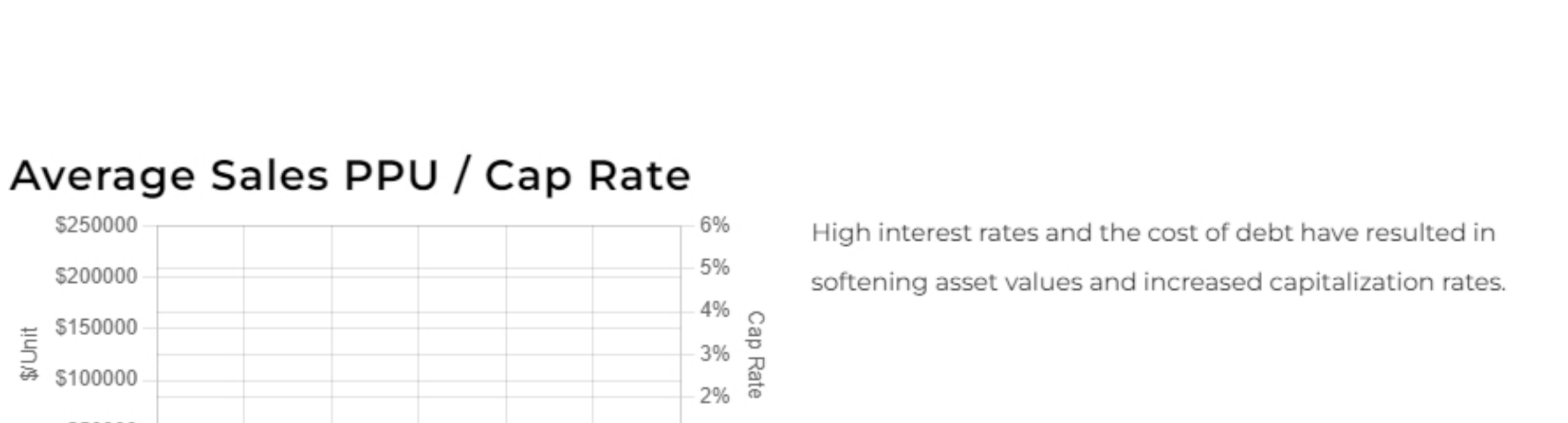
Units by Submarket Delivering in 2024

Submarket	Units Under Construction	% of Total UC	Units UC Delivering in Next 4 Quarters
Downtown Atlanta	1,575	26.4%	388
Walton County	282	22.9%	0
Barrow County	272	21.7%	453
Newton County	595	16.8%	568
West Midtown Atlanta	2,212	14.5%	707
Bartow County	662	12.7%	1,395
Cherokee County	1,342	11.4%	747
South Fulton	1,179	11.1%	1,586
Midtown Atlanta	2,414	11.0%	1,727
North Fulton	1,979	9.1%	392
North Atlanta	1,937	8.3%	712
Carroll County	280	8.1%	302
North Gwinnett	2,374	7.3%	1,872
Kennesaw	834	5.6%	1,686
Rockdale County	250	5.4%	762

Multifamily Sales

Atlanta placed #2 in the U.S. for total multifamily sales volume over the past 12 months, trailing only New York. Market prices per unit have increased by about 25% over the past five years, from \$165,000 to \$205,000 per unit. Greater Atlanta ranks #9 in the nation for asset value and #2 for 12-month sales volume, with \$4.7 billion in multifamily transactions closed over the past year. Elevated interest rates and the high cost of debt have muted transaction volume, leading to a decline in price growth as new deliveries continue to outpace absorption levels.

Despite these challenges, Atlanta remains a top market on the long for multifamily transactions. Out-of-state investors, with a confident and favorable outlook on nation-term fundamentals, continue to spark transaction volume. National firms have accounted for 85% of buyer volume over the past 12 months, according to CoStar.



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