

# Multifamily Metro Outlook

## Atlanta - Fall 2019

### Overview:

- The Atlanta job market continues to be one of the top performers in the nation. As of Q2 2019, the local job market expanded by +2.0 percent, compared to 1.5 percent nationally. Furthermore, Atlanta’s overall job market has added over 54,000 jobs year over year as of June 2019.
- The apartment market in Atlanta is continuing its graceful recovery, with apartment fundamentals remaining steady. Vacancy rates continue to move in the right direction at 6.0 percent, while rent growth remained positive at +1.5 percent. Positive job growth, strong levels of in-migration, and a healthy population of young adults still continue to drive the demand for the rental market.

### Market strengths:

- The high-tech industry is beginning to emerge within the Atlanta metro. According to CoStar, there has been much collaboration between the state of Georgia, private businesses, and the metro’s academic communities. Coda, one of the bigger projects, will deliver in 2019. Stretching approximately 750,000 square feet, Coda will house offices, research labs, data centers, and computing areas.
- The construction sector has been one of the prime beneficiaries of the increased activity in the multifamily and office sectors. During Q2 2019, the sector expanded by +5.1 percent, compared to 2.9 percent nationally.
- Due to the low costs of doing business in Atlanta, the metro is a favored location for corporate expansions. According to Moody’s Analytics, tech heavyweights such as Facebook and Apple are all considering the Atlanta area for relocation as they look to take advantage of the wealth of potentially skilled workers from Georgia Tech, Emory, and Georgia State.
- Atlanta has a favorable demographic profile, which will support healthy rental demand for the long-term. Over the next five years, the prime renter cohort, ages 20 – 34, is expected to average +2.1 percent annual growth — more than 10 times the national rate.

### Market weaknesses:

- There is potential concern for oversupply, especially within the Buckhead, Central I-75 West, North Gwinnet, and Midtown submarkets. Combined, these submarkets have approximately 8,200 units underway, with expected delivery through 2020. The high amounts of supply being delivered may impact the metro’s net absorption levels; the strong population growth trends in the metro, however, should allow demand to stay on track with incoming supply.
- According to Moody’s Analytics, the local Atlanta job market has had some difficulty filling more skilled vacancies, as there is a shortage of intellectual capital. There has been a tightening of H-1B and 4H visas, which has resulted in increased difficulty in filling positions for skilled workers with experience.

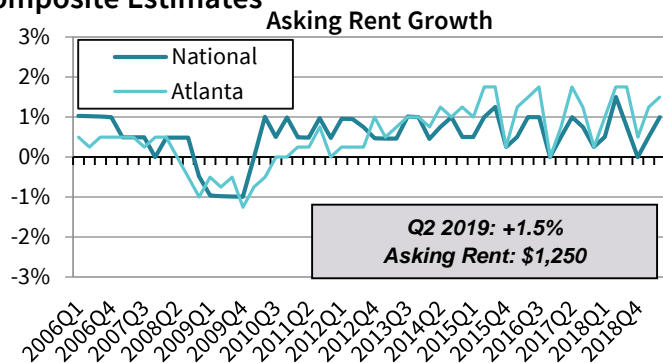
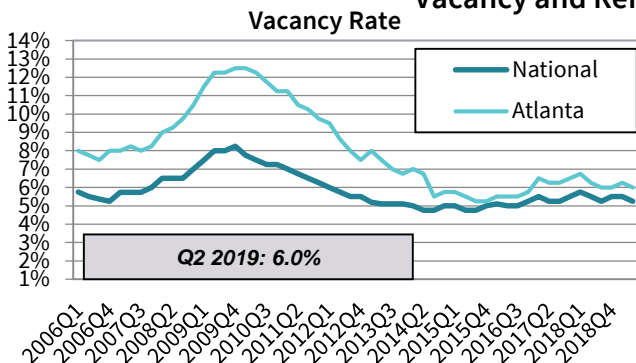
### Development:

- Since 2014, approximately 56,000 apartments have come online. The apartment market has been active in recent quarters, as about 50,000 units are in the planning stages. An estimated 15,000 more units are underway through 2020.
- Condo development was fast and furious during the housing boom. Nearly 40,000 units have come online since 2006, creating a shadow supply. Fortunately development has slowed, as less than 3,000 units are underway.

### Outlook:

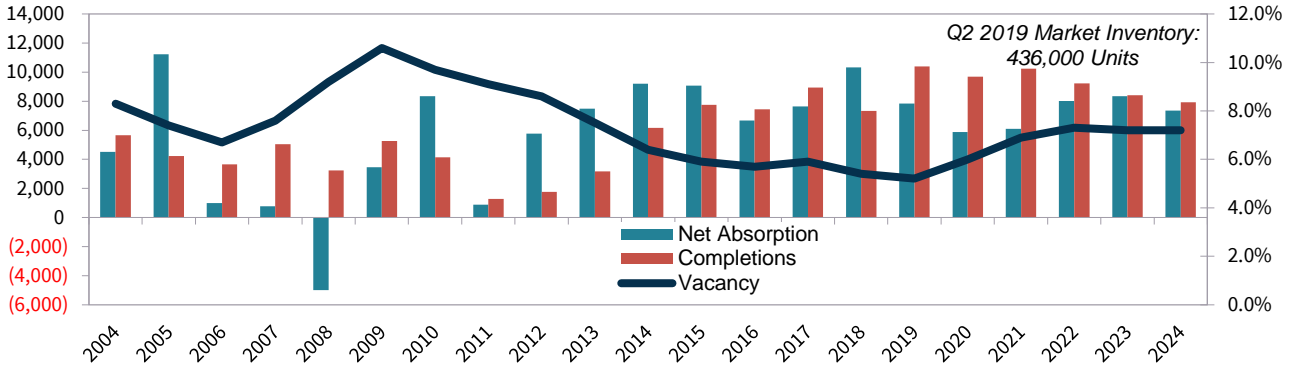
- **Multifamily outlook:** Improving. Overall apartment market fundamentals are continuing to improve. Even though supply is beginning to heat up, long-term absorption should not be affected — mostly due to Atlanta’s diverse economic base, educated work force, and relatively low costs.
- **Economic outlook:** Stable. The local job market continues to add jobs at an above-average pace, as migrants move to the metro for its thriving fundamentals, cheaper costs of living, and high supply of jobs. Net absorption will benefit from both job market diversity and strong job growth numbers. The local demographics will continue to thrive due to the presence of the prime rental cohort and the lure of industrial diversity. The supply underway in certain submarkets, coupled with the dearth of experienced skilled workers, prevent the metro from receiving a higher rating.

## Vacancy and Rent Composite Estimates

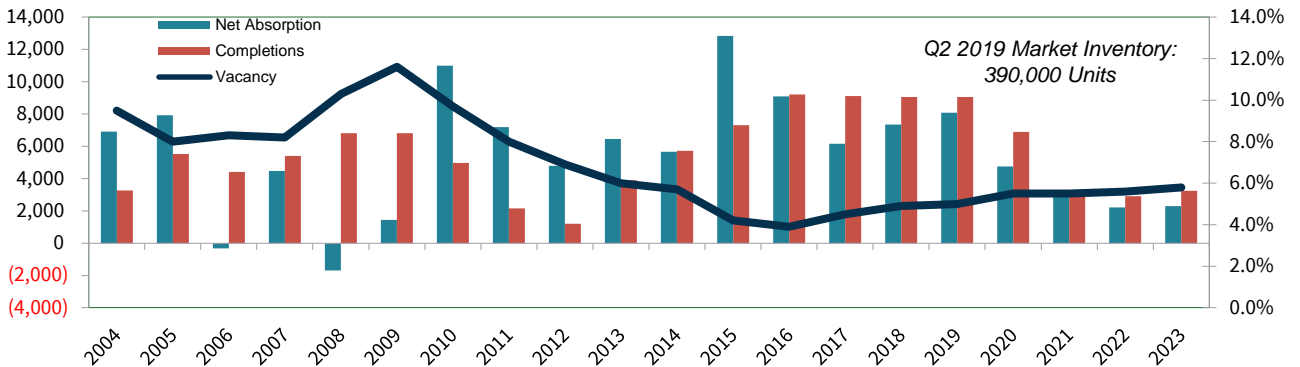


Source: Fannie Mae Multifamily and Economics Research

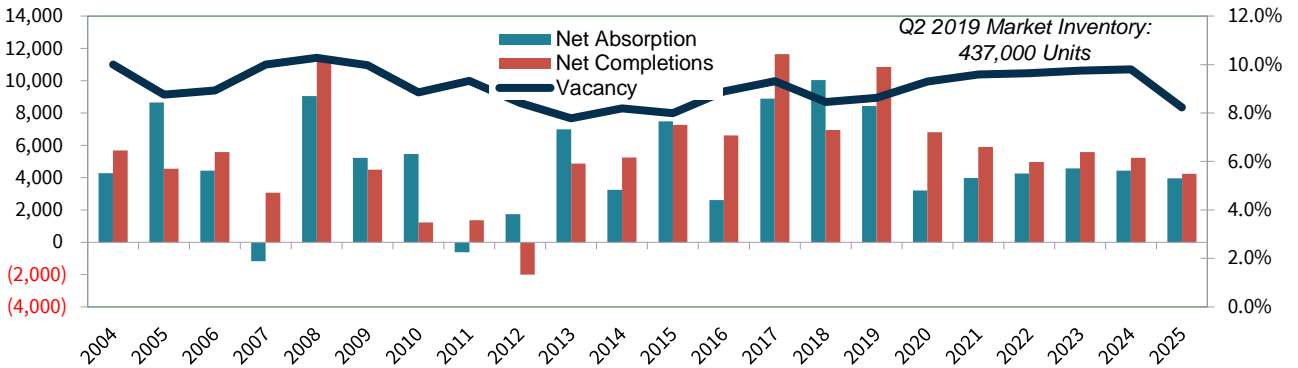
CBRE-EA



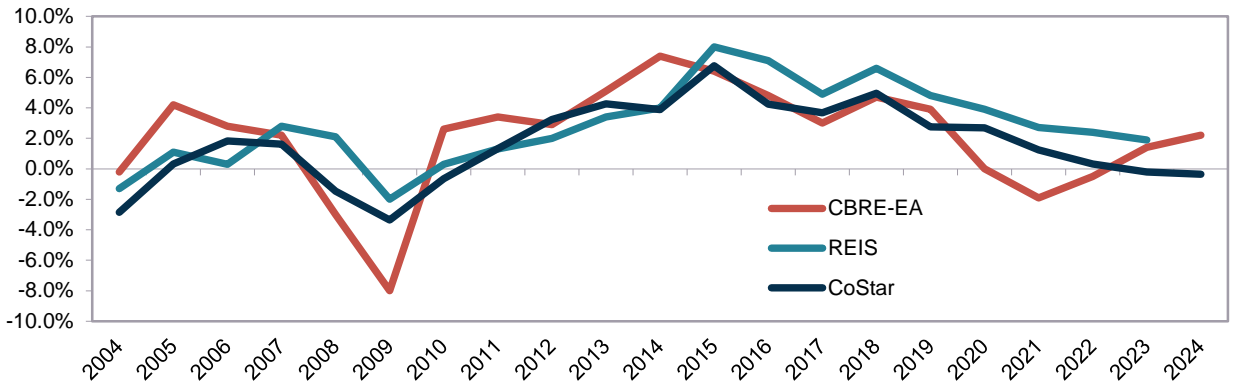
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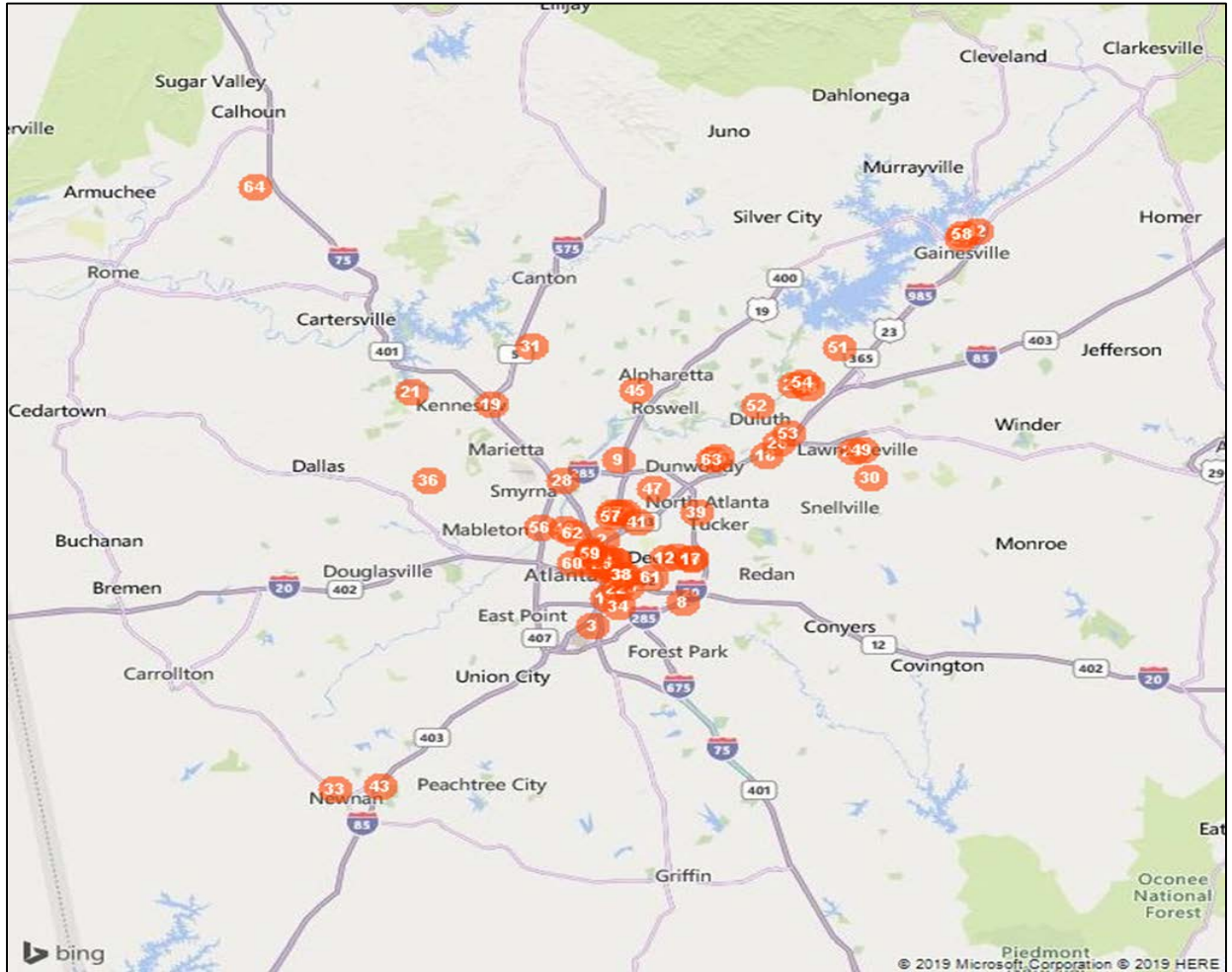
CoStar



Annual Rent Growth



### Construction Bidding/Underway (64 projects/15,600 Units/18.1 M Sq. Feet)



CBRE-EA Submarket	Number of Projects	Total Sq Ft (000's)	Total Units
Bartow County	1	81	80
Buckhead	5	1957	1628
Central I-75 West	7	1974	1787
Cherokee County Other	1	300	282
Coweta County	2	499	458
Decatur/Avondale	5	1625	1052
Gainesville, GA	3	549	466
Marietta	4	1009	938
Midtown/Five Points	10	2725	2426
North DeKalb	3	788	796
North Gwinnett	9	2677	2420
Roswell/Alpharetta	1	300	276
Sandy Springs/Dunwoody	1	525	357
Smyrna	1	325	310
South DeKalb	1	244	238
South Fulton	6	1341	1109
South Gwinnett	4	1132	1014

Source: Dodge Data & Analytics SupplyTrack

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**Fannie Mae Multifamily Economics and Research**  
Francisco Nicco-Annan, Economist

## Sources Used

- AxioMetrics
- CBRE-Econometric Advisors
- Bureau of Labor Statistics
- Census Bureau
- CoStar
- Dodge Data & Analytics SupplyTrack
- Moody's Analytics
- Real Capital Analytics
- Reis, Inc.

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