

Multifamily Metro Outlook:

Atlanta - Q1 2022

Overview:

- As a result of Atlanta's diversified metro, the recovery from COVID-19 appears to have eclipsed pre-pandemic employment levels. According to CoStar, the metro's local job market expanded by approximately 5.1% above the national rate of 4.5% during the quarter ending Q1 2022. Furthermore, due to all the jobs being recaptured that were initially lost in early 2020, the Atlanta metro's total employment is now approximately 3% higher than pre-pandemic peak employment numbers.
- The apartment market in Atlanta has been minimally impacted by COVID-19 since its onset. Construction was considered essential in the state of Georgia and as of Q1 2022 there are 104 projects and nearly 29,000 units in the pipeline. Furthermore, apartment fundamentals have continued to trend positively as vacancies are hovering around 4.75% and rent growth remains elevated at 2.75% for the quarter ending Q1 2022.

Market Strengths:

- As a result of Atlanta's diverse economy, many employment sectors were able to mitigate the impact of COVID-19 by pivoting to remote working. More than a quarter of Atlanta's labor force is comprised of jobs in the Financial, Information and Professional Business Services sectors.
- Atlanta has a strong demographic profile that aided in the rather quick recovery from the worst of COVID-19. Over the next five years, Moody's Analytics is reporting that the Atlanta population will grow more than twice as fast as the country (1% vs. 0.5%). Furthermore, the prime renting cohort composed of residents in the age group for 20-34 will grow at a similar rate at 0.8% vs. -0.3% nationally through 2026.
- The Atlanta metro is poised to further strengthen its burgeoning Tech/information employment sector. According to Moody's Analytics, white collar firms are attracted to the deep and diverse talent pool and low costs of doing business in the region. Furthermore, due to Atlanta's location and the presence of supply-chain innovation and technology, the local tech scene is poised to emerge as strong economic pillar within the metro.

Market Weaknesses:

- Although not an issue exclusive to the Atlanta metro, there are some concerns about the infrastructure in the metro area and how it could hamper the metro area's growth prospects. According to CoStar, the MARTA rail system needs expansion and upgrades and until those occur, the growth prospects of the metro could be limited due to an aging highway and commuter rail infrastructure.
- There is potential concern of oversupply especially within the Buckhead Far East Atlanta, Johns Creek, Midtown, South Cobb, Southeast and West Atlanta submarkets. Combined these submarkets have approximately 17,000 units underway with expected delivery through 2024. The high amounts of supply being delivered may impact the metro's net absorption levels, however the strong population growth trends in the metro should allow demand to stay on track with incoming supply.
- Even though recovery in the Leisure/Hospitality sector in the Atlanta metro has rebounded tremendously, there is still a cloud of concern looming over the metro. According to Moody's Analytics, the Atlanta metro is more dependent on international travel than other major metro areas, and since travel has not rebounded as quickly as hoped, the local recovery is still hindered.

Development:

- Since 2017 approximately 48,000 apartments have come online. The apartment market has been active in recent quarters as approximately 53,000 units are in the planning stages. Approximately 29,000 more units are underway through 2024.
- 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 2,000 units are underway.

Outlook:

- Overall apartment fundamentals continue to be minimally impacted by the virus. Despite the onset of COVID-19 and the ongoing uptick in construction, supply should be able to be absorbed by the metro's strong demographic profile.
- Prior to the arrival of COVID-19, Atlanta was one of the best performing metros in the country. Recovery in the metro has been aided by a diverse economy and the presence of many large corporations who continue to relocate to the area to take advantage of cheap business costs. Furthermore, Atlanta's growth prospects continue to be brighter than the rest of the country as they are expected to be able to fall back on the diversity of the local economy and the presence of a talented pool of young workers.

Five Year Metro Area Growth Forecast

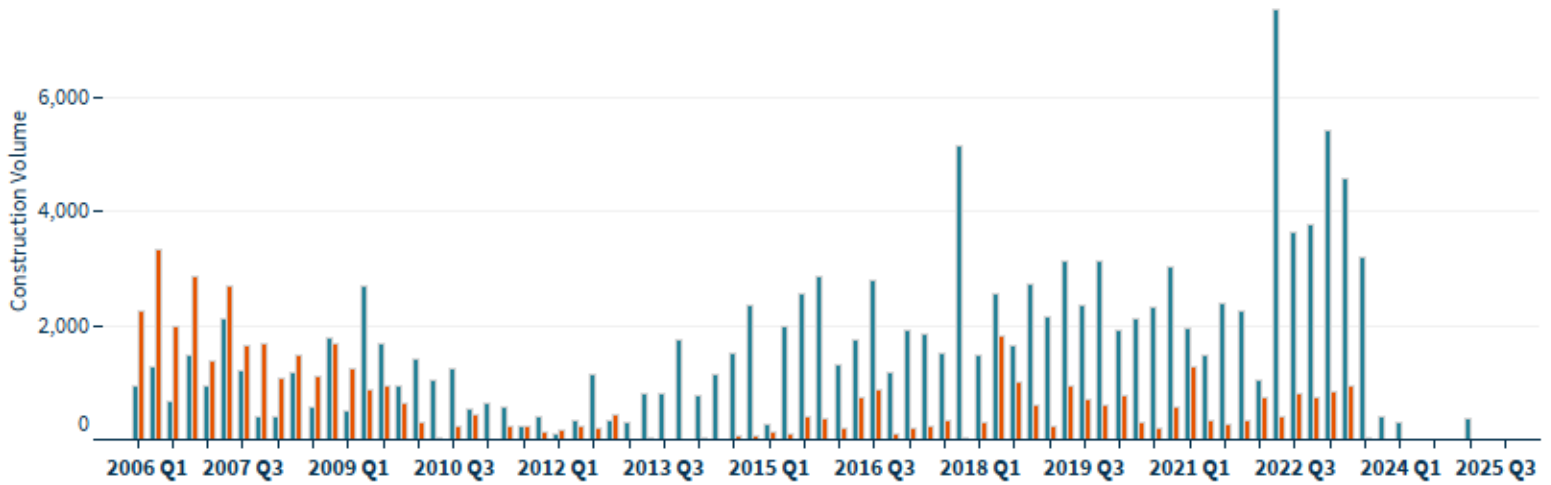
	Q4 2021	Q4 2026	Atlanta (5-Year Annual Average Change)	National (5-Year Annual Average Change)
Population (000s)	6,190	6,515	1.03%	0.47%
Households (000s)	2,278	2,462	1.56%	0.90%
Renting Cohort (Ages 20-34) (000s)	1,298	1,352	0.81%	-0.30%
Total Employment (000s)	2,825	3,043	1.50%	1.08%
Median Household Income	\$76,676	\$89,935	3.24%	3.30%
Median SF Home Price	\$324,193	\$334,878	0.65%	1.93%
Net Migration	43,431	32,757		

Source: Moody's

SupplyTrack Pipeline

Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



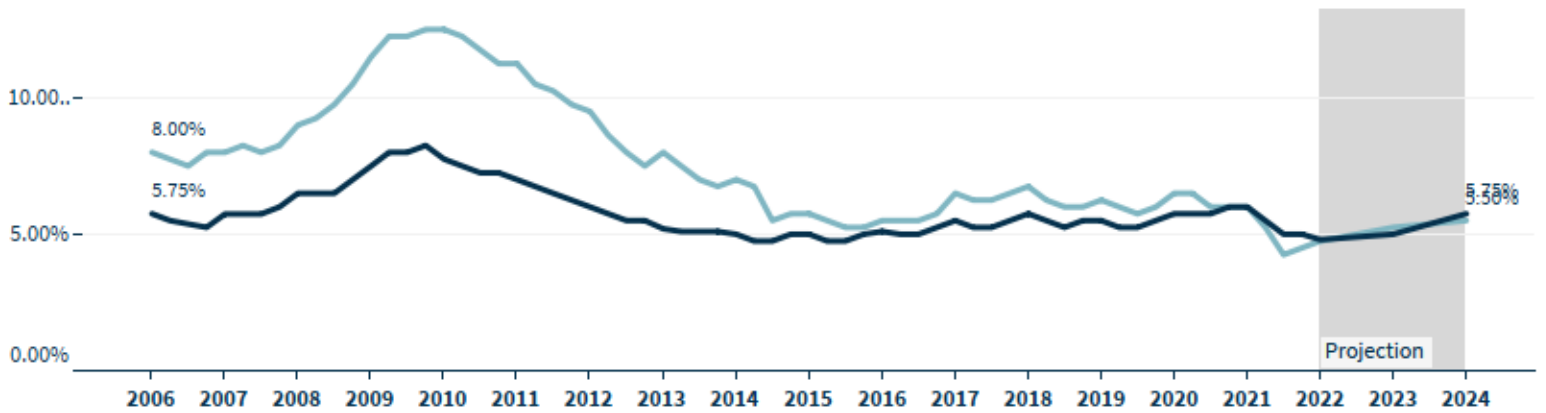
Vacancy & Rent Composite Estimates

Vacancy Rates

Atlanta | National

Q1 2022 Vacancy Rate:

4.75%

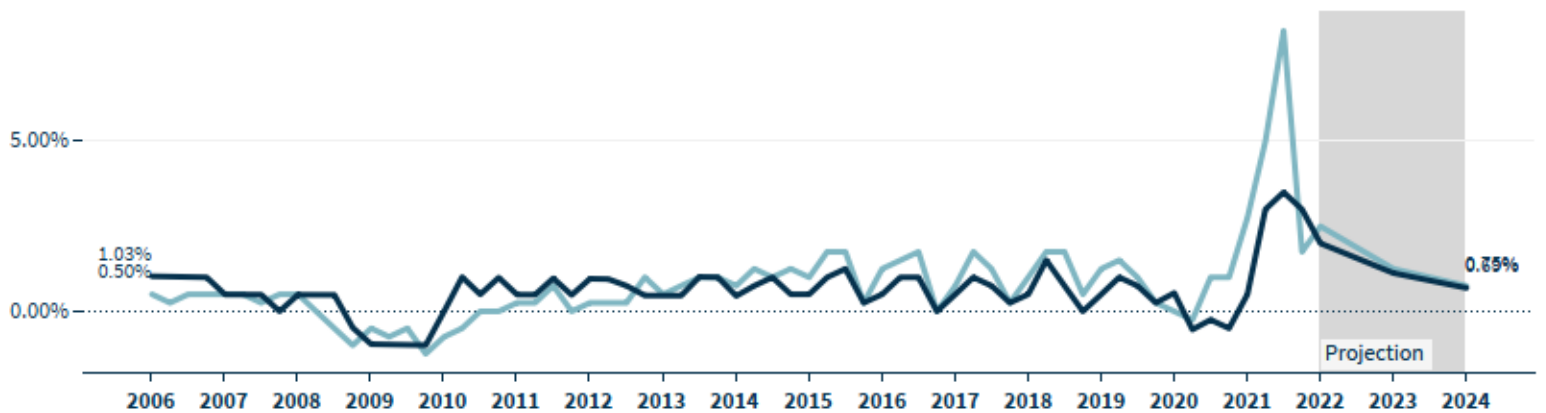


Asking Rent Growth

Atlanta | National

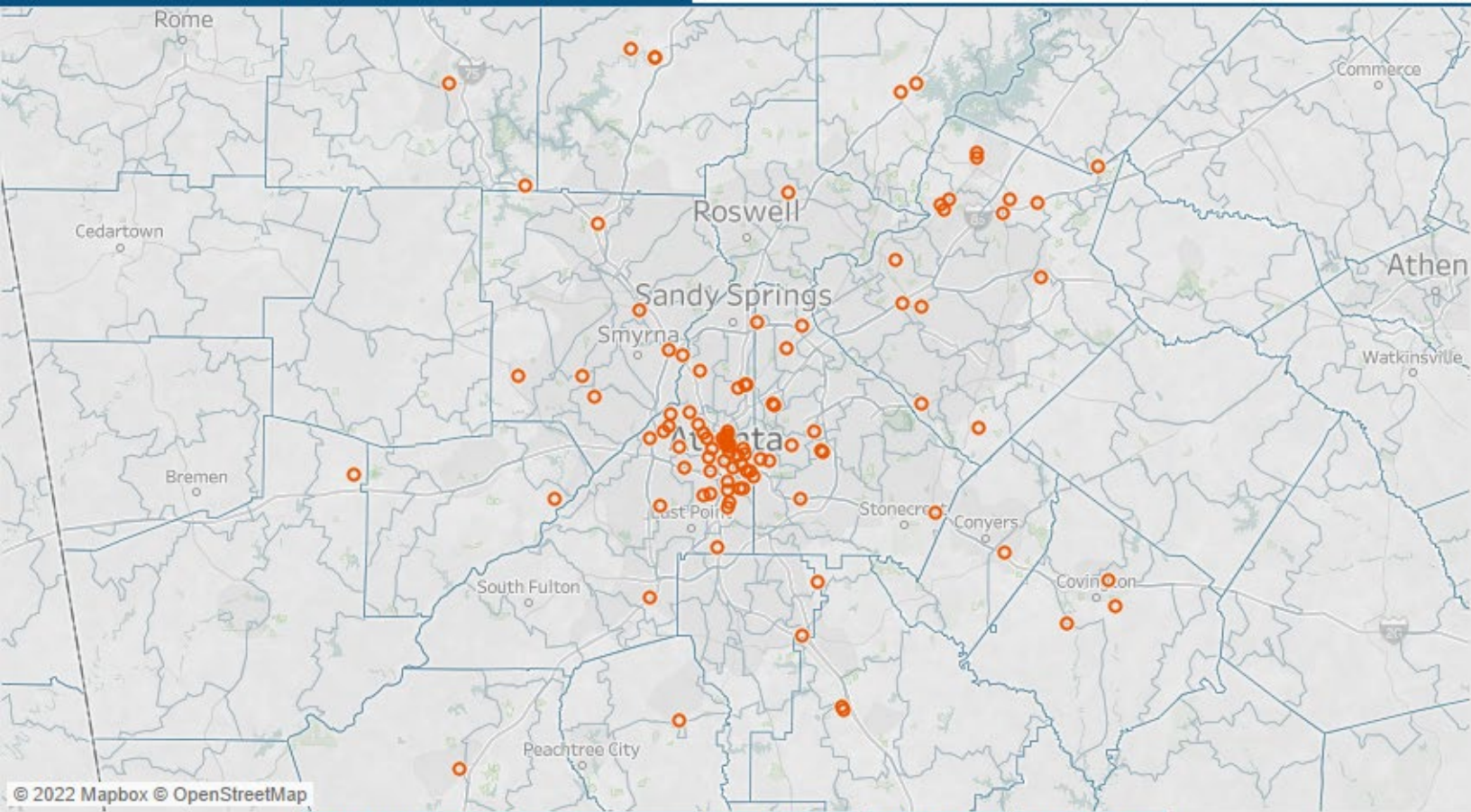
Q1 2022 Asking Rent:

\$1,590



Source: Multifamily Economics and Research

Construction: Bidding & Underway



TWR Submarket Name	Apartments	Building U..	Building Ar..
Alpharetta/Cumming	3	992	1.04M
Briarcliff	2	537	0.60M
Buckhead	4	1,019	0.95M
Chamblee/Brookhaven	1	320	0.40M
Clayton County	2	460	0.45M
Decatur	3	838	1.06M
Doraville	1	320	0.40M
Downtown Atlanta	4	758	0.87M
Duluth	2	486	0.53M
Dunwoody	1	598	0.85M
Far East Atlanta Suburbs	5	1,380	1.41M
Far North Atlanta Suburbs	4	257	0.21M
Far South Atlanta Suburbs	2	693	0.51M
Far West Atlanta Suburbs	1	90	0.21M
Henry County	2	480	0.62M
Johns Creek/Suwanee/Buford	5	4,714	0.73M
Kennesaw/Acworth	2	323	0.27M
Midtown Atlanta	13	4,111	4.89M
n/a	1	350	0.34M
Northeast Atlanta	1	208	0.21M
Northeast Gwinnett County	4	849	0.96M
South Atlanta	4	641	0.69M
South Cobb County/Douglasville	4	1,239	1.46M
South DeKalb County	3	880	1.04M
South Fulton County	1	156	0.16M
Southeast Atlanta	9	1,906	2.02M
Southeast DeKalb County	1	122	0.15M
Southeast Gwinnett County	2	267	0.31M
Southwest Atlanta	1	209	0.22M
Stone Mountain	1	264	0.26M
Vinings	2	665	0.75M
West Atlanta	12	3,006	3.23M
West Marietta	1	74	0.05M
Grand Total	104	29,212	27.85M

Multifamily: ESR Team

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Multifamily Economics and Market Research Team

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Sources Used

- Moody's Economy.com
- REIS
- CoStar
- Real Capital Analytics
- RealPage
- Dodge Data and Analytics SupplyTrack Pipeline
- Axiometrics
- CBRE-Econometric Advisors
- Yardi

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