

Metro Housing Outlook:

Atlanta - Q2 2024

Overview:

- Since February 2020, job growth in the Atlanta metro has been robust and expanded at a rate faster than the national rate. Since that time, there are now 6% more jobs in the metro than there were in February 2020, which is more than double the national rate. However, as of Q2 2024, job growth in the metro has slowed, expanding by 1.3% compared to 1.7% nationally during this period.
- Due to the large levels of supply delivered to the metro over the last few quarters, apartment fundamentals are continuing to soften. For the period ending Q2 2024, vacancies further softened to 9%, up 25 basis points from the previous quarter, and rent growth remained flat for the second consecutive quarter.

Market Strengths:

- The Atlanta metro area has a pro-business climate, as its cost of business are 7% below the national average. According to CoStar, the metro remains a very attractive area for many high-profile relocations such as Microsoft, Google, Cisco, and Micron. Furthermore, the metro's pro-business environment coupled with the significant presence of its airport, Hartsfield-Jackson, has been a boon for the local logistics industry and the emerging film and entertainment industry.
- While the local manufacturing sector has been expanding at a slower pace that is level with the national rate (0.4%), the emerging electric vehicle (EV) sector of manufacturing has been a boon for the state and the metro. According to Moody's Analytics, even though major EV assembly plants are being established elsewhere in the state, Bartow County has achieved notable success with the addition of a battery manufacturing facility. Hyundai and SK On will invest \$5 billion in this plant, which is projected to employ several thousand workers when it becomes operational in the second half of 2025.

Market Weaknesses:

- The job market in Atlanta will struggle to gain momentum without a recovery in the tech and logistics employment sectors. Over the past year, Atlanta's crucial logistics industry has faced significant setbacks. Following a pandemic-driven e-commerce boom that led to overexpansion, logistics firms have now begun modest downsizing efforts. Consequently, the metro has experienced logistics industry employment losses that are more than three times the national average. Amazon, in particular, has epitomized these cost-cutting measures, reversing its aggressive logistics expansion by closing some distribution centers and leasing others.
- According to CoStar, the Atlanta metro has a lower concentration of education and health services jobs than other major metros and the national average. For the period ending Q2 2024, the sector expanded by 2.4% compared to 3.5% nationally. However, significant investment on the horizon will help boost employment within this sector, as Children's Healthcare of Atlanta, Piedmont Atlanta Hospital, and Emory University Hospital are all planning major expansions and renovations within the next year.

Outlook:

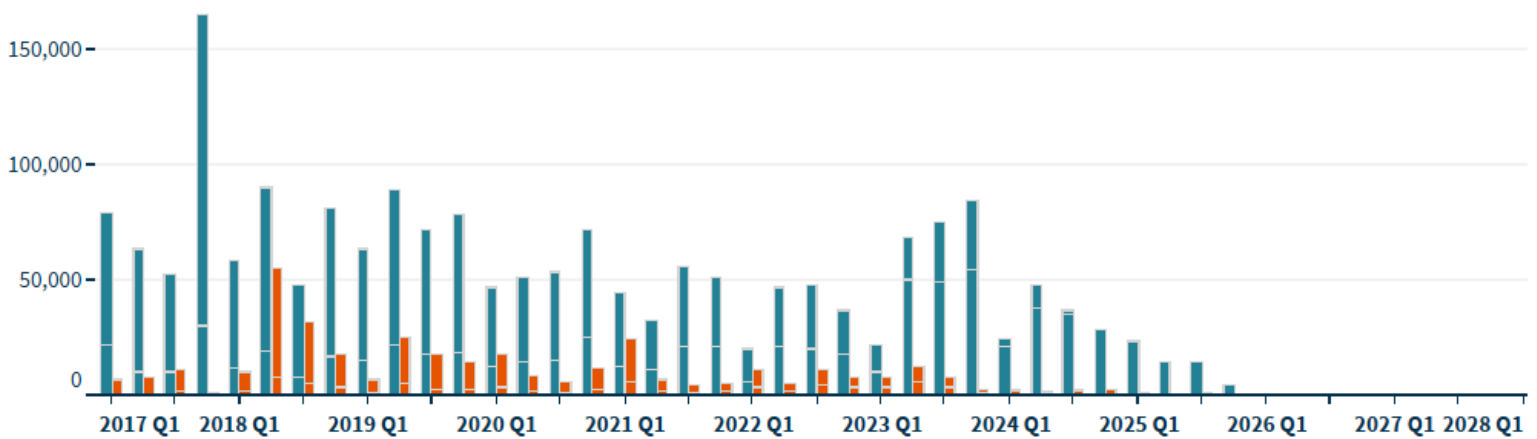
- Apartment fundamentals continue to ease in the metro as demand is softening and supply is increasing. Although the Atlanta apartment market will continue to benefit from its relative affordability, highly educated workforce, expansion of employers, favorable demographics, and net positive migration trends, these market positives combined may not be enough to counter the significant supply coming online.
- Atlanta's economy should continue to make steady gains in the foreseeable future. The presence of many large corporations that continue to relocate to the area to take advantage of lower business costs has aided the economy. Although a "market correction" in the logistics and trade industry may present a short-term blip, Atlanta's growth prospects continue to be brighter than the rest of the country as the metro is expected to be able to fall back on the diversity of its local economy and its talented pool of young workers.



Multifamily Apartment Pipeline

Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



Source: Dodge Data & Analytics SupplyTrack Pipeline

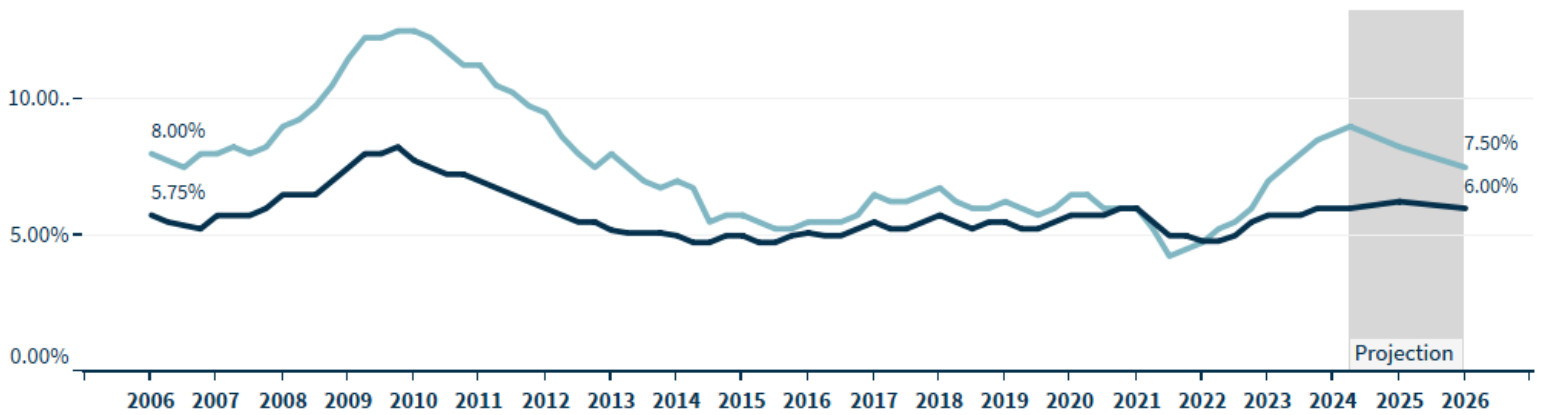
Multifamily Vacancy & Rent Estimates

Vacancy Rates

Atlanta | National

Q2 2024 Vacancy Rate:

9.00%

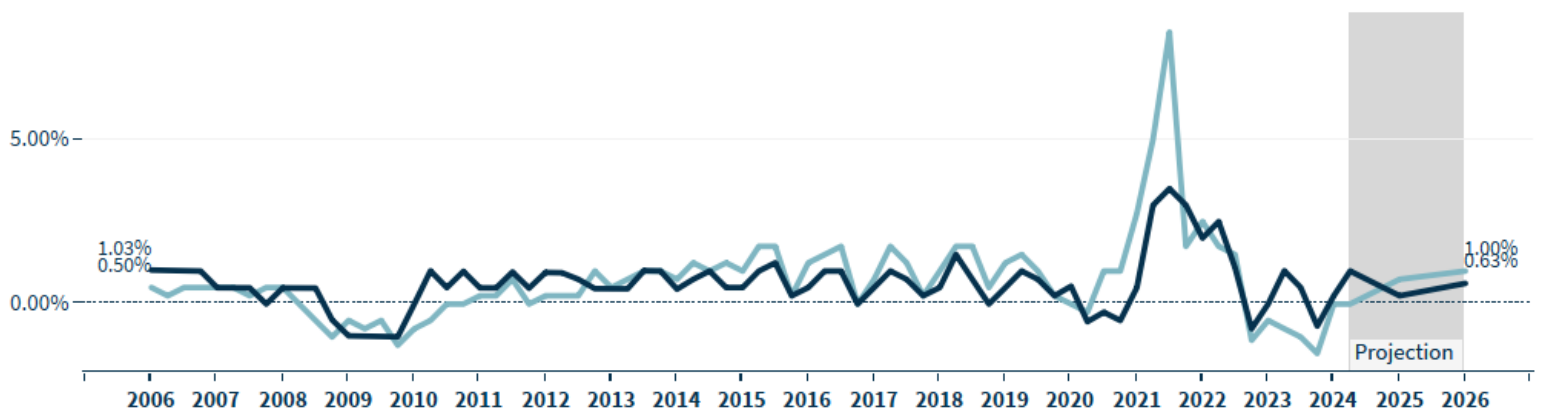


Asking Rent Growth

Atlanta | National

Q2 2024 Asking Rent:

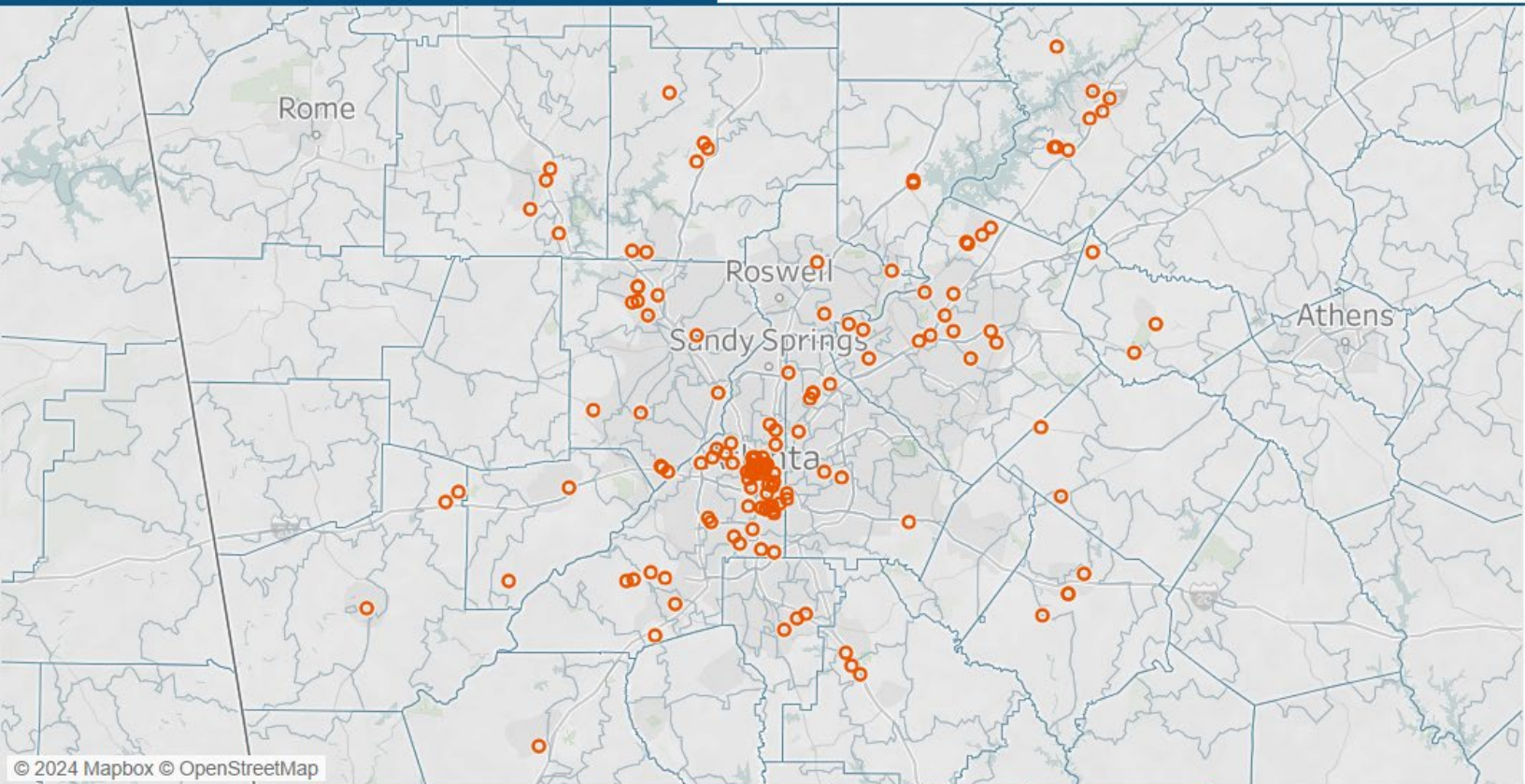
\$1,600



Source: Fannie Mae Multifamily Economics and Research



Multifamily Construction: Bidding & Underway



MultiHousingSubmarketName	Apartments	Units
Alpharetta/Cumming	4	517
Briarcliff	1	200
Buckhead	2	495
Chamblee/Brookhaven	4	1,070
Clayton County	3	332
Decatur	1	370
Doraville	1	304
Downtown Atlanta	5	431
Duluth	2	998
Far East Atlanta Suburbs	8	1,541
Far North Atlanta Suburbs	8	1,364
Far South Atlanta Suburbs	1	40
Far West Atlanta Suburbs	3	390
Gainesville, GA	8	1,467
Henry County	3	869
Johns Creek/Suwanee/Buford	8	1,929
Kennesaw/Acworth	8	2,451
Midtown Atlanta	10	3,313
NA	1	72
Norcross	3	274
Northeast Atlanta	1	392
Northeast Cobb/Woodstock	1	10
Northeast Gwinnett County	5	993
South Atlanta	5	341
South Cobb County/Douglasville	7	1,015
South DeKalb County	1	48
South Fulton County	6	1,424
Southeast Atlanta	12	1,556
Southeast DeKalb County	1	120
Southwest Atlanta	1	7
Vinings	1	502
West Atlanta	15	2,698
Grand Total	140	27,533

Source: Dodge Data & Analytics SupplyTrack Pipeline



Multifamily: ESR Team

Multifamily Metro Outlook: Atlanta Q2 2024

Multifamily Economics and Market Research Team

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Sources Used

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

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