

Multifamily Metro Outlook:

Atlanta - Q3 2024

Overview:

- Since February 2020, job growth in the Atlanta metro has been robust and expanded faster than the national rate. Since that time, there are now 6% more jobs in the metro than in February 2020, which is more than double the national rate. However, as of Q3 2024, job growth in the metro has slowed, expanding by 1.4%, which is on par with the national rate.
- 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 Q3 2024, vacancies improved to 8.75%, down 25 basis points from the previous quarter. However, rent growth contracted 1% during the same period.

Market Strengths:

- The Atlanta metro has a pro-business climate, as its cost of business are 8% below the national average. According to CoStar, the metro is an attractive area for many high-profile relocations such as Microsoft, Google, Cisco, and Micron.
- According to CoStar, the Atlanta metro boasts a very strong demographic profile, as the general population has grown by nearly 1.3% year-over-year, which is more than double the national rate of 0.6%. Since 2022, the population gains in the metro have been the third-highest in the nation (surpassing both Philadelphia and Washington, D.C. in total population) as people relocate to the metro for its diverse job prospects and lower costs of living.
- The emerging electric vehicle (EV) sector of manufacturing has been a boon for the state and metro. According to Moody's Analytics, even though major EV assembly plants are being established elsewhere in the state, Bartow County has had 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 thousands 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 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 Q3 2024, the sector expanded by 2.2%, compared to 3.1% 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 in the next year.

New Development:

- Construction in the multifamily market has been robust, as nearly 95,000 units have been completed since 2017 and an additional 25,000 are underway. However, a large portion of the supply underway is concentrated in a handful of submarkets.

Outlook:

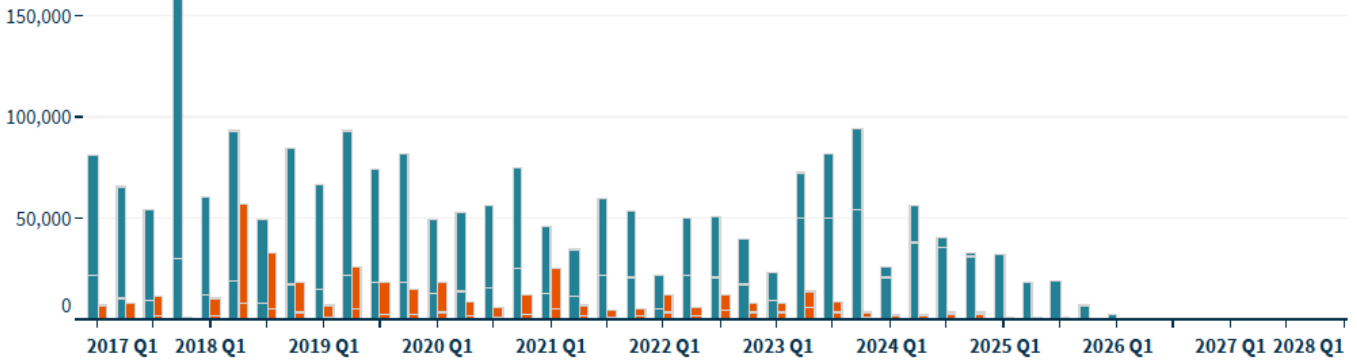
- Apartment fundamentals continue to ease in the metro as demand is softening and supply is increasing. Although the Atlanta apartment market will continue to benefit from its relative affordability, highly educated workforce, expansion of employers, favorable demographics, and net positive migration 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, its above-average demographic profile, 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

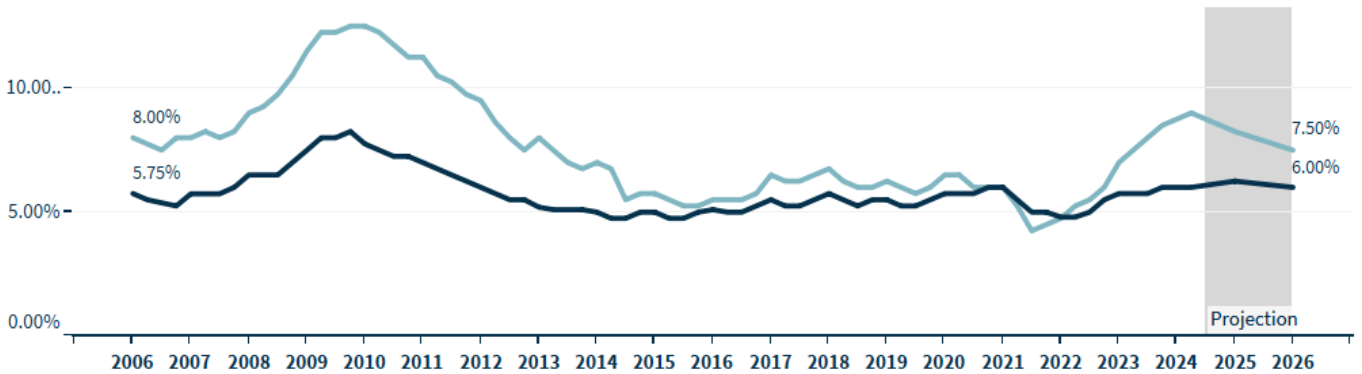
Multifamily Vacancy & Rent Estimates

Vacancy Rates

Atlanta | National

Q3 2024 Vacancy Rate:

8.75%

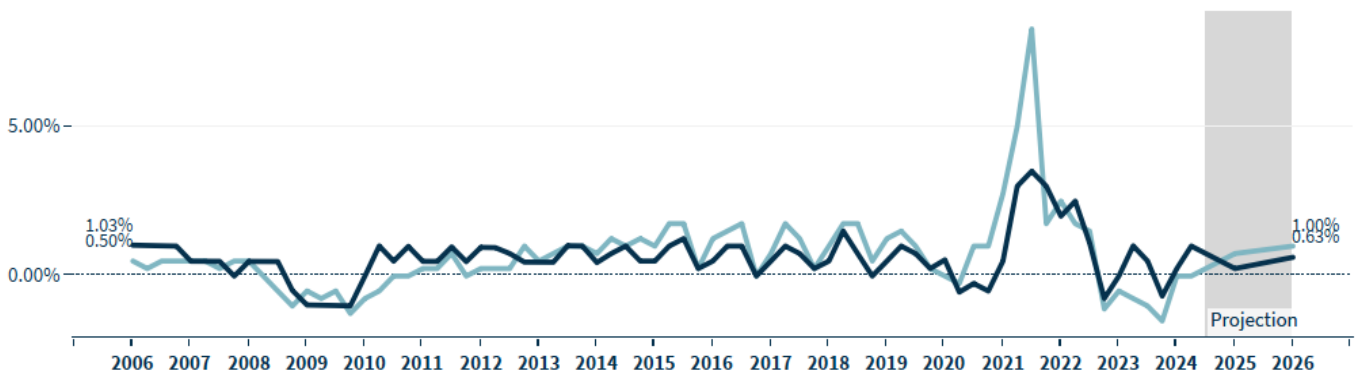


Asking Rent Growth

Atlanta | National

Q3 2024 Asking Rent:

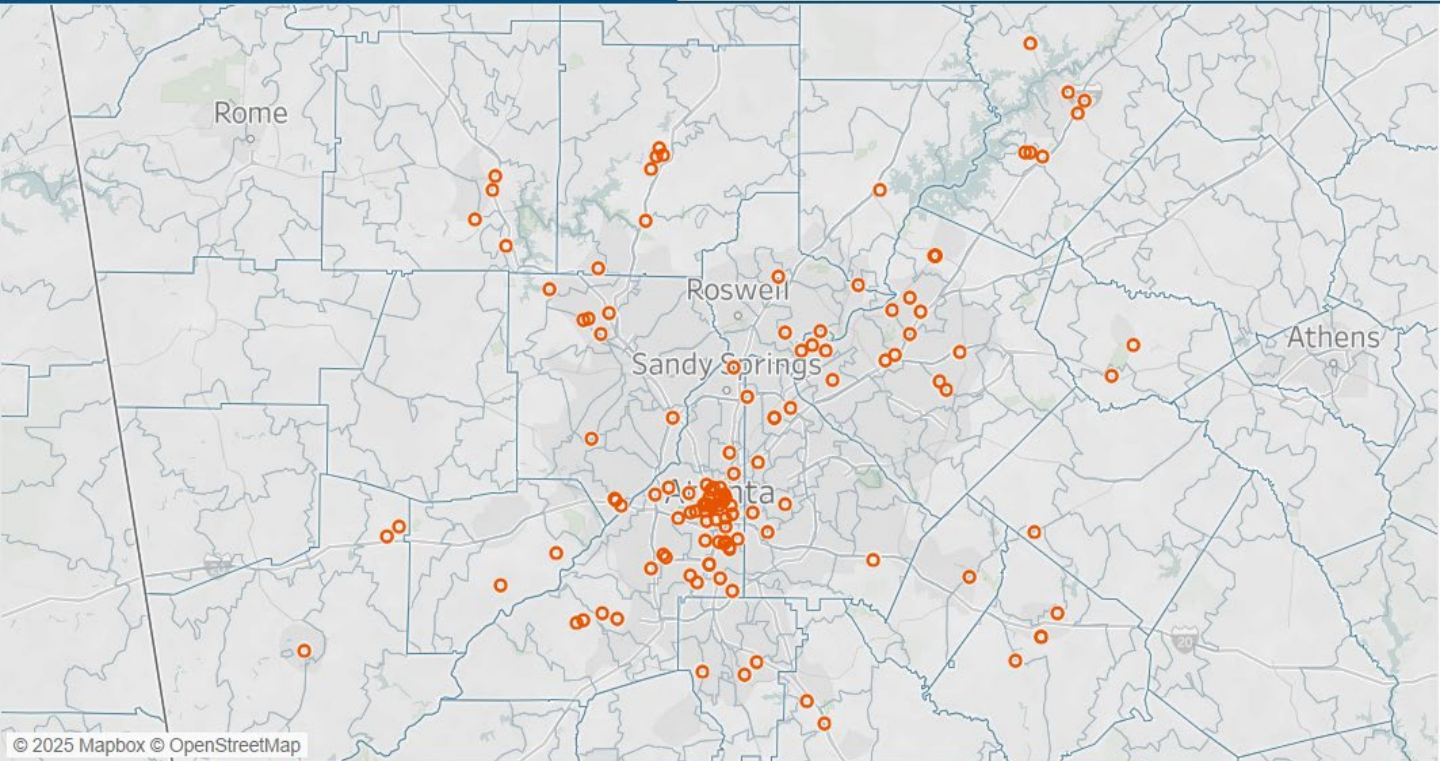
\$1,610



Source: Fannie Mae Multifamily Economics and Research



Multifamily Construction: Bidding & Underway



MultiHousingSubmarketName	Apartments	Units
Alpharetta/Cumming	3	517
Briarcliff	1	200
Buckhead	1	483
Chamblee/Brookhaven	3	1,003
Clayton County	3	122
Decatur	1	370
Doraville	1	304
Downtown Atlanta	5	493
Duluth	2	998
Far East Atlanta Suburbs	8	1,712
Far North Atlanta Suburbs	9	1,889
Far West Atlanta Suburbs	3	390
Gainesville, GA	7	1,449
Henry County	2	560
Johns Creek/Suwanee/Buford	7	1,878
Kennesaw/Acworth	6	1,704
Midtown Atlanta	8	2,699
Norcross	5	304
Northeast Atlanta	2	399
Northeast Gwinnett County	3	758
Sandy Springs	1	286
South Atlanta	5	354
South Cobb County/Douglasville	6	970
South DeKalb County	1	230
South Fulton County	4	896
Southeast Atlanta	10	1,431
Southeast DeKalb County	1	100
Southeast Gwinnett County	1	
Southwest Atlanta	2	18
Vinings	1	502
West Atlanta	17	2,174
Grand Total	129	25,193

Source: Dodge Data & Analytics SupplyTrack Pipeline



Multifamily: ESR Team

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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 Real Estate Analyzer
- CBRE-Econometric Advisors
- Yardi

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