

Multifamily Metro Outlook:

Atlanta - Q4 2023

Overview:

- Atlanta's job market has been an above-average performer since the recovery began in late 2020. According to CoStar, as of December 2023, the number of jobs in the metro are now 5% higher than they were in February 2020. However, even with the elevated levels of job creation, the job market has stagnated in recent quarters and for the period ending Q4 2023 job growth was slightly below the national average, 1.4% vs 1.5%, respectively.
- As a result of the glut of supply that has both been delivered to the metro in recent years, and is currently underway, apartment fundamentals are still easing compared to the levels of 2021. As of Q4 2023, vacancies continued to soften and are now 8.5% whereas rent growth has also continued its tailspin as it contracted to -1.5% during the same period.

Market Strengths:

- Atlanta has a strong demographic profile that will partially soften the blow of excess supply. Over the next five years, the population is expected to grow more than twice as fast as the country (1% vs. 0.4%). Furthermore, the prime renting cohort composed of residents in the age group for 20-34 will grow at a similar rate at 0.7% vs. -0.4% nationally through 2027.
- Although not a manufacturing hub, Atlanta and the greater metro area have laid the foundation to become an electrical vehicle (EV) manufacturing hub, backed by state and federal funding. Electric vehicle company Rivian has announced its plans to construct a \$5 billion manufacturing plant with an anticipated completion date in 2026 which will hire more than 7,500 employees. Furthermore, Hyundai and SK On are investing billions into the area as they look to construct EV batteries.

Market Weaknesses:

- After a boom period as a result in the dramatic shift of consumer behavior in 2020 and 2021, the Logistics sector is now in a period of slowdown. According to Moody's Analytics, many logistics companies within the metro are now downsizing as consumer behavior has shifted again due to recent economic uncertainty. Furthermore, Amazon which was poised for major expansion within the metro, has now pivoted and is cutting both jobs and getting rid of space as they are closing distribution centers.

Development:

- Construction in the multifamily market has been robust as nearly 80,000 units have been completed since 2017 and an additional 33,000 are underway. Although a good portion of the supply underway is concentrated in a handful of submarkets.

Outlook:

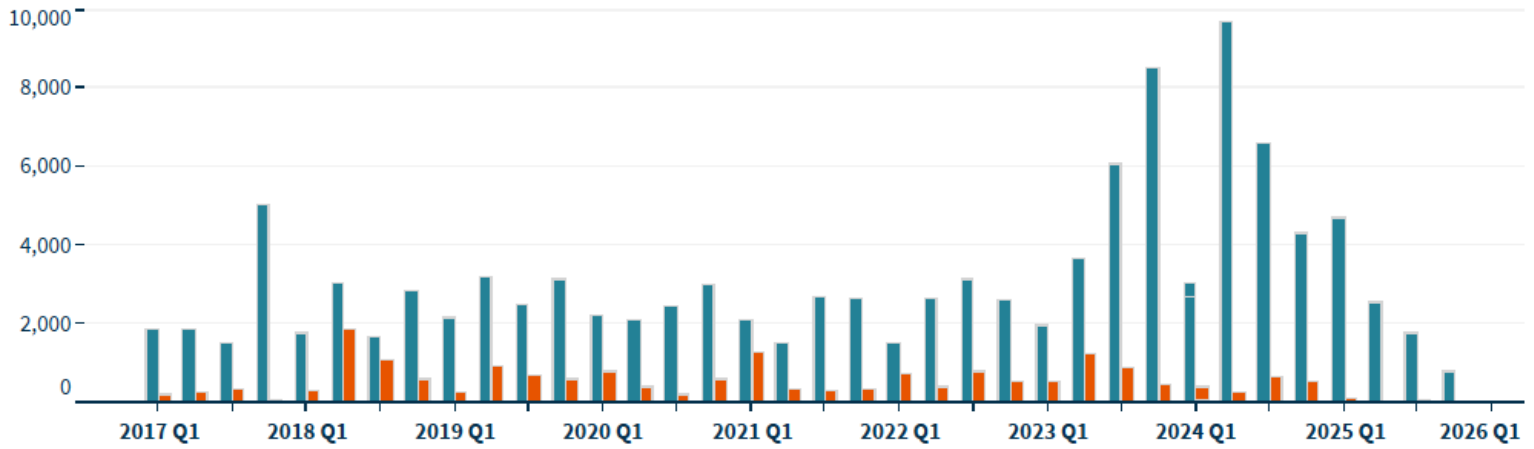
- Apartment fundamentals continue to ease in the metro as demand is softening and supply is increasing. Although the Atlanta apartment market will continue to benefit from its relative affordability, highly educated workforce, expansion of employers, favorable demographics, and net positive migration 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 economy has been aided by diversity and the presence of many large corporations who continue to relocate to the area to take advantage of cheap business costs. 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 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.



Multifamily Apartment Pipeline

Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



Source: Dodge Data & Analytics SupplyTrack Pipeline

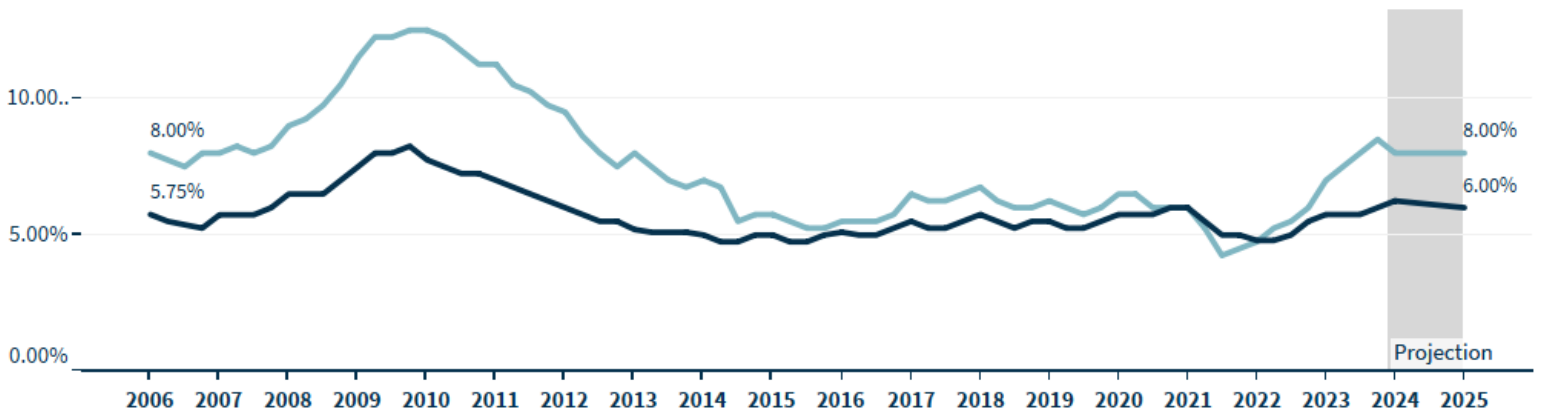
Multifamily Vacancy & Rent Estimates

Vacancy Rates

Atlanta | National

Q4 2023 Vacancy Rate:

8.50%



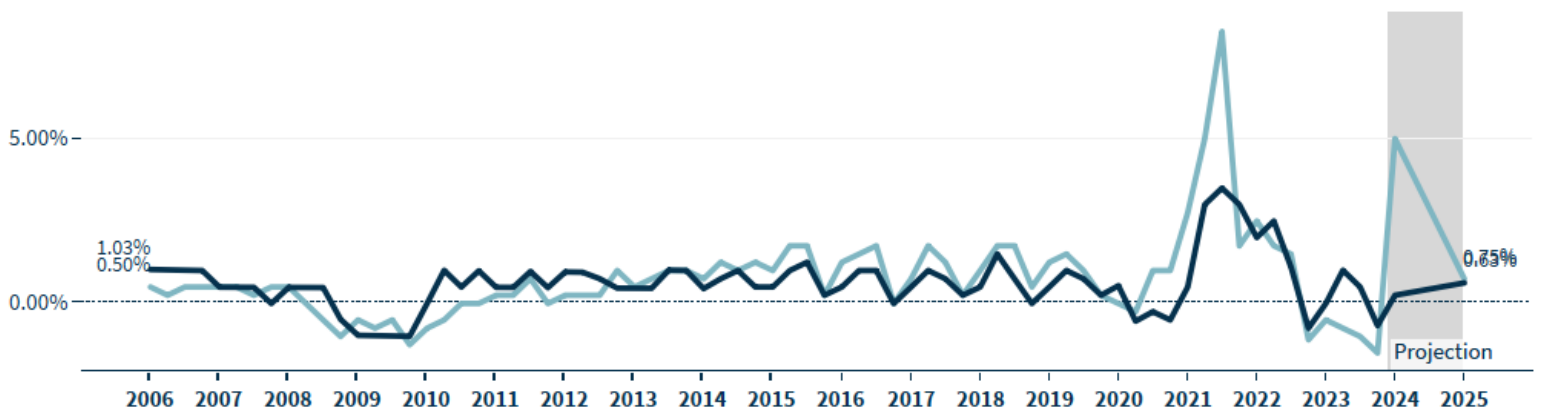
Projection

Asking Rent Growth

Atlanta | National

Q4 2023 Asking Rent:

\$1,600

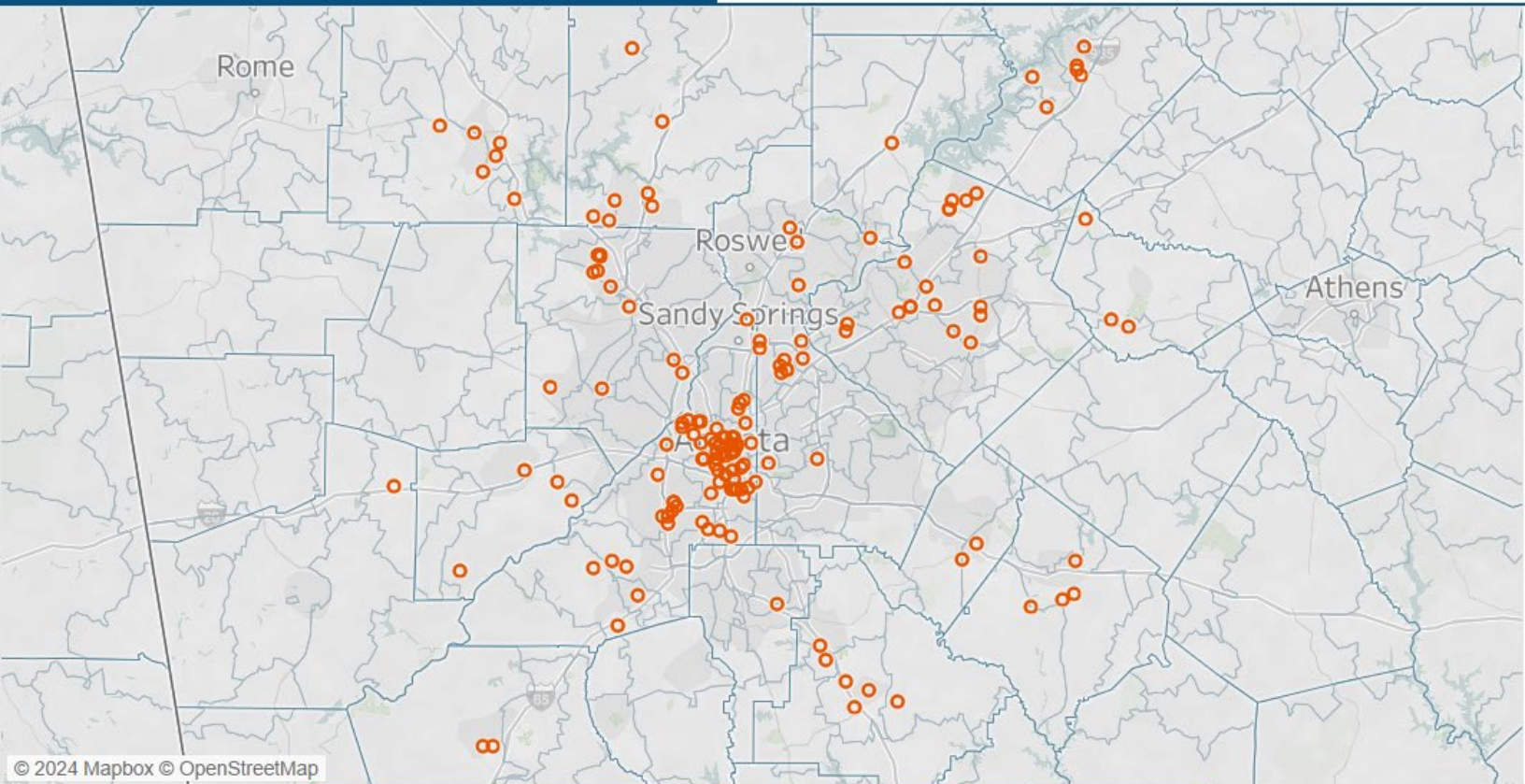


Projection

Source: Fannie Mae Multifamily Economics and Research



Multifamily Construction: Bidding & Underway



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MultiHousingSubmarketName	Apartments	Units
Alpharetta/Cumming	4	528
Buckhead	3	795
Chamblee/Brookhaven	6	1,693
Clayton County	1	300
Doraville	2	404
Downtown Atlanta	6	672
Duluth	3	1,062
Dunwoody	1	598
Far East Atlanta Suburbs	8	2,277
Far North Atlanta Suburbs	8	1,328
Far South Atlanta Suburbs	2	49
Far West Atlanta Suburbs	1	305
Gainesville, GA	6	960
Henry County	6	1,567
Johns Creek/Suwanee/Buford	7	1,895
Kennesaw/Acworth	8	2,427
Midtown Atlanta	11	3,907
NA	1	72
Norcross	2	370
Northeast Atlanta	3	436
Northeast Cobb/Woodstock	3	324
Northeast Gwinnett County	7	1,589
Sandy Springs	1	286
Smyrna	1	277
South Atlanta	8	609
South Cobb County/Douglasville	6	1,382
South DeKalb County	1	48
South Fulton County	5	1,399
Southeast Atlanta	10	1,467
Southwest Atlanta	5	547
Vinings	1	315
West Atlanta	20	3,138
West Marietta	1	76
Grand Total	158	33,102

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 SupplyTrack Pipeline
- CBRE-Econometric Advisors
- Yardi

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