



Atlanta 3Q23 Multifamily Market Report



\$1,671
AVERAGE RENT



92.6%
AVERAGE OCCUPANCY RATE



\$1.8B
YTD SALES VOLUME



-3.6%
YOY RENT CHANGE



-2.0 POINTS
YOY OCCUPANCY CHANGE



51
YTD INDIVIDUAL TRANSACTIONS

Supply & Demand

3Q23

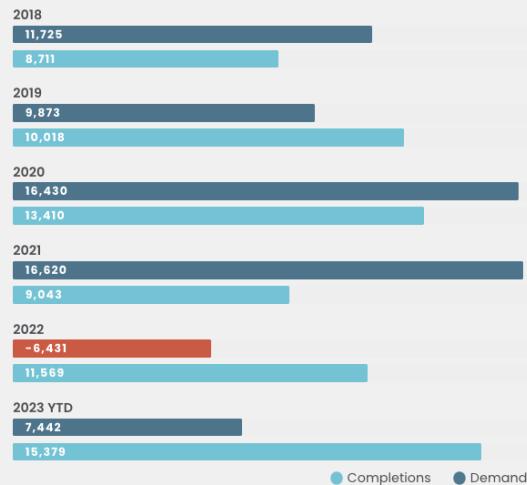


2,881 Units
QUARTERLY DEMAND
YTD: 7,442



5,529 Units
QUARTERLY COMPLETIONS
YTD: 15,379

Annual Demand Vs Completions



Demand Trends

- After two years of fluctuating demand characterized by peaks and valleys, the Atlanta multifamily market has seen a steady reversion to the mean in recent quarters. Prospective renters occupied a net of **2,881 units**, aligning closely with the traditionally robust third-quarter average of approximately **3,200 units** observed over the previous two decades.
- 22 out of Atlanta's 39 submarkets exhibited positive net absorption in the third quarter. The Midtown submarket spearheaded this absorption trend, with a total of **466 units** being occupied, a figure nearly mirroring the **479 units** introduced during the same period.



Completion Trends

- Atlanta is home to one of the most substantial pipelines of under-construction apartment units in the U.S. In the third quarter of 2023 alone, **5,529 units** were brought to the market, propelling year-to-date deliveries to an unprecedented high of **15,379 units**.
- Throughout the year, the majority of Atlanta's 39 submarkets have witnessed at least some influx of new supply. The densest concentration of freshly completed units can be found in Midtown Atlanta and the Far North Atlanta Suburbs.



Demand Outlook

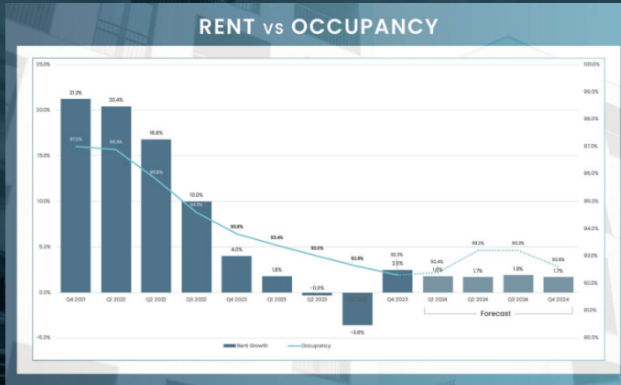
- The potential for **renter demand** to synchronize with the uptick in new deliveries is notably viable in a major metro like Atlanta, characterized by strong in-migration, household formation, and economic growth.
- However, it's anticipated that **rent change and occupancy** in Atlanta will maintain a subdued yet improved trajectory, likely aligning more closely with national norms in 2025, once operators work through filling the elevated supply in 2024.



New Supply Outlook

- Supply in Atlanta has not only hit record levels over the past four quarters but is also forecasted to escalate in the coming four quarters, with a projected delivery of **22,733 units**.
- Notably, seven Atlanta submarkets are poised to receive over **1,000 new units** next year, with the Midtown Atlanta submarket set to welcome a substantial total of 2,400 units.

Occupancy & Rent Trends



RENT VS OWN MONTHLY PAYMENT



\$2,851

Average Monthly Mortgage Payment



\$1,671

Average Monthly Rent

* The Average mortgage payment is based off a median home sales price of \$376,500 as reported by the Atlanta Association of Realtors as of August 2023.

OCCUPANCY TRENDS

In Q3 2023, the interplay of supply and demand continued to cast a shadow on occupancy levels in Atlanta. Specifically, a dip of 0.4 percentage points from the preceding quarter and 2.0 percentage points year-over-year was observed, anchoring the occupancy rate at 92.6%. This figure trails the five-year average rate of 94.5% by 2.4 percentage points, highlighting a deviation from the historical occupancy trends.

Dissecting the performance across different product categories, Class A units showcased a relatively better occupancy standing at 93.4%, followed closely by Class B units at 92.8%. On the flip side, Class C units bore the brunt of the declining occupancy trend, plunging by a substantial 3.9 percentage points to 91.7% annually. The occupancy narrative further unfolds with varied performance across Atlanta's submarkets. Southeast DeKalb County bore the lowest occupancy rate at 88.8%, while Kennesaw/Acworth emerged at the helm with an occupancy rate of 94.5%.

RENTAL TRENDS

Despite robust demand witnessed in the third quarter of 2023, Atlanta experienced a 3.6% year-over-year dip in annual rents. This was further accompanied by a slight quarterly decrease of 0.4%, a scenario primarily driven by the pace of unit completions nearly doubling the rate at which new leases were signed. This influx of supply momentarily outstripped demand, creating a softening in rental prices.

Upon delving into the performance across different product classes, it was evident that Class A units navigated through this scenario with a relatively lesser impact, recording an annual rent growth decline of 2.4%. In contrast, Classes B and C faced sharper annual reductions of 3.9% and 4.4%, respectively, indicating a more pronounced sensitivity to the supply-demand dynamics. Across Atlanta's 39 submarkets, Doraville maintained its top position for rent growth for the second straight quarter, charting a notable 5.6% uptick. Remarkably, Doraville, along with South Atlanta, stood as the sole submarkets to register positive trajectories in rent growth during this period, although South Atlanta marked a marginal increase of 0.2%.

Submarket Rent & Occupancy

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Submarket	Average Occupancy	Annual Occupancy Change	Average Monthly Rent	Annual Rent Change
Downtown Atlanta	92.9%	-1.1%	\$1,952	-2.6%
Midtown Atlanta	93.2%	-1.6%	\$2,132	-3.7%
Northeast Atlanta	91.4%	-2.4%	\$1,825	-4.1%
Southeast Atlanta	92.5%	-2.3%	\$1,686	-4.3%
South Atlanta	91.5%	-4.0%	\$1,253	0.2%
West Atlanta	92.0%	-2.0%	\$1,858	-3.6%
Buckhead	93.1%	-1.3%	\$2,063	-3.7%
Sandy Springs	92.1%	-2.4%	\$1,709	-4.5%
Dunwoody	93.7%	-0.4%	\$1,801	-3.8%
Chamblee/Brookhaven	94.3%	-1.1%	\$1,774	-2.7%
Doraville	93.7%	-0.7%	\$1,531	5.6%
Briarcliff	93.4%	-2.0%	\$1,678	-3.5%
Decatur	93.2%	-1.1%	\$1,835	-4.0%
Clarkston/Tucker	93.7%	-3.2%	\$1,465	-0.1%
Stone Mountain	91.5%	-2.6%	\$1,303	-5.4%
South DeKalb County	90.4%	-3.8%	\$1,296	-1.6%
Southeast DeKalb County	88.8%	-5.2%	\$1,434	-3.1%

Henry County	90.3%	-3.4%	\$1,573	-7.1%
Clayton County	90.5%	-3.2%	\$1,288	-3.8%
South Fulton County	91.2%	-3.5%	\$1,302	-5.1%
Southwest Atlanta	91.7%	-2.3%	\$1,430	-3.9%
South Cobb County/Douglasville	92.3%	-2.2%	\$1,452	-4.5%
Smyrna	92.7%	-1.9%	\$1,636	-5.2%
Vinings	92.8%	-1.8%	\$1,822	-3.9%
Southeast Marietta	92.4%	-1.9%	\$1,531	-4.0%
West Marietta	91.9%	-3.4%	\$1,410	-6.4%
Kennesaw/Acworth	94.5%	-0.8%	\$1,671	-6.9%
Northeast Cobb/Woodstock	92.6%	-2.2%	\$1,701	-4.8%
Roswell	91.7%	-2.2%	\$1,716	-3.6%
Alpharetta/Cumming	93.5%	-1.6%	\$1,963	-2.9%
Norcross	93.7%	-1.5%	\$1,482	-1.1%
Duluth	93.5%	-0.8%	\$1,635	-3.9%
Johns Creek/Suwanee/Buford	93.5%	-1.9%	\$1,810	-2.5%
Northeast Gwinnett County	92.7%	-2.1%	\$1,674	-4.6%
Southeast Gwinnett County	94.3%	-1.2%	\$1,597	-1.9%
Far East Atlanta Suburbs	93.1%	-1.1%	\$1,500	-2.7%
Far South Atlanta Suburbs	92.9%	-2.1%	\$1,615	-1.7%
Far West Atlanta Suburbs	91.9%	-3.8%	\$1,502	-4.2%
Far North Atlanta Suburbs	93.7%	-1.5%	\$1,625	-2.9%

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Units by Submarket Delivering in 2023



34,446

Units Under Construction



22,733

Units UC Delivering In the Next 4 Quarters

Number of Units Under Construction

Downtown Atlanta - 1,011
Midtown Atlanta - 3,971
Northeast Atlanta - 956
Southeast Atlanta - 1,363
South Atlanta - 109
West Atlanta - 3,215

Number of Units Delivering Next 4Q

Downtown Atlanta - 542
Midtown Atlanta - 2,400
Northeast Atlanta - 564
Southeast Atlanta - 538
South Atlanta - 109
West Atlanta - 1,524

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Search:

Submarket	Units Under Construction	% of Total UC	Units UC Delivering In the Next 4 Quarters
Downtown Atlanta	1,011	3%	542
Midtown Atlanta	3,971	12%	2,400
Northeast Atlanta	956	3%	564
Southeast Atlanta	1,363	4%	538
South Atlanta	109	0%	109
West Atlanta	3,215	9%	1,524
Buckhead	470	1%	470
Sandy Springs	286	1%	163
Dunwoody	598	2%	598
Chamblee/Brookhaven	1,938	6%	1,216
Doraville	350	1%	174
Briarcliff	601	2%	548
Decatur	0	0%	0

South DeKalb County	560	2%	560
Southeast DeKalb County	260	1%	57
Henry County	1,871	5%	1,496
Clayton County	300	1%	42
South Fulton County	847	2%	390
Southwest Atlanta	150	0%	150
South Cobb County/Douglasville	1,530	4%	1,277
Smyrna	277	1%	230
Vinings	1,452	4%	950
Southeast Marietta	0	0%	0
West Marietta	0	0%	0
Kennesaw/Acworth	1,354	4%	686
Northeast Cobb/Woodstock	313	1%	133
Roswell	128	0%	128
Alpharetta/Cumming	994	3%	870
Norcross	603	2%	369
Duluth	144	0%	144
Johns Creek/Suwanee/Buford	1,019	3%	673
Northeast Gwinnett County	2,282	7%	1,600
Southeast Gwinnett County	210	1%	210
Far East Atlanta Suburbs	1,401	4%	1,315
Far South Atlanta Suburbs	324	1%	324
Far West Atlanta Suburbs	185	1%	185
Far North Atlanta Suburbs	2,872	8%	1,596
Atlanta	34,446	100%	22,733

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Sales Activity

In the third quarter, the Atlanta market experienced a significant year-over-year reduction in the transactional dollar volume for individual conventional multifamily properties, plummeting by about 70% to a total of approximately \$1.7 billion. Concurrently, the count of single multifamily property transactions saw a stark decline of an estimated 68.9%, with a total of 51 properties changing hands. During this period, the average price per unit settled at around \$219,500, marking a 2.2% annual decrement. While this pricing outpaced the average within the South region, it closely mirrored the national pricing benchmark, which was pegged at \$219,700.

* Most Active Buyers and Sellers are based on the sale volume of apartment units.

▲ Most Active Buyers (Previous 24 Months)

1. 601W Companies
2. Northland Investment Corp
3. Weinstein Properties
4. Stockbridge
5. Birge & Held

▲ Most Active Sellers (Previous 24 Months)

1. RangeWater RE
2. LaSalle
3. FPA Multifamily
4. Hudson Cap Props
5. ECI Group

TRANSACTION VOLUME

\$1.7B

YTD Transaction Volume

-68.9%

Y-O-Y Change

51

Individual Transaction Count

\$219.5K*

Price Per Unit

-2.2%

Annual Price Change

* Trailing 4Q average PPU

* Preliminary Data from RCA – Individual conventional MF transaction \$25M +

Economy

In July 2023, the Atlanta area exhibited robust job growth, introducing 52,300 new positions, as per the Bureau of Labor Statistics (BLS). The region encountered an overall growth rate of 1.7%, reflecting the consistent expansion witnessed within the locale. Noteworthy employment gains were observed across diverse sectors, with education and health services, along with leisure and hospitality, emerging as the predominant contributors, adding 20,900 and 20,300 jobs, respectively. These sectors expanded at rates of 5.4% and 6.7%, respectively. The financial activities sector also experienced a significant boost, incorporating 8,600 jobs and growing at a rate of 4.3%. During July, the unemployment rate in Atlanta settled at 3.2%, marginally beneath the national average of 3.4%. Persistently, the region validates its potent economic performance, evidenced by multisectoral job growth and an unemployment rate that favorably contends with the national mean.



52.3k

JULY ANNUAL JOBS CREATED



1.7%

JULY 23 EMPLOYMENT GROWTH



3.2%

JULY 23 UNEMPLOYMENT RATE
3.8% US JULY RATE

Top 5 Employment Sector Annual Change



EDUCATION & HEALTH SERVICES



LEISURE & HOSPITALITY



GOVERNMENT



FINANCIAL ACTIVITIES



CONSTRUCTION

Hover over icons to view data

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Sector	Change from May 2022 to May 2023	Percent Change
Education and health services	20,900	5.4%
Leisure and hospitality	20,300	6.7%
Government	12100	3.7%
Financial activities	8,600	4.3%
Construction	6,600	4.8%
Other services	6,200	6.0%
Information	4,000	3.6%
Mining and logging	100	6.6%
Manufacturing	(2,200)	-1.2%
Trade, transportation, and utilities	(3,500)	-0.5%
Professional and business services	(20,800)	-3.5%

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Cost of Living Comparison

Atlanta, GA, presents an appealing cost-of-living index of 97.3, indicating a level of affordability when juxtaposed against the national average. The housing market further echoes this budget-friendly narrative with a housing index of 96.0 and a median home sales price of \$376,500. A comparative lens with Miami, FL, underscores Atlanta's economic allure; it unveils a significant 32.7% reduction in housing costs and a 20.1% decrease in utility expenses. Additionally, Atlanta residents enjoy a 12.5% savings on groceries and a 4.6% reduction in transportation costs. However, it's worth noting a 15.5% escalation in healthcare costs when compared to Miami. Despite this, the economic advantages across multiple essential living categories reinforce Atlanta's position as an attractive domicile choice for northeast transplants.

Miami, FL vs. Atlanta, GA Cost of Living Comparison
Groceries: 12.5% Less
Housing: 32.7% Less
Utilities: 20.1% Less
Transportation: 4.6% Less
Health: 15.5% Less

97.3

Cost of Living Index

\$2,851

Average Mortgage
(vs Average Rent: \$1,671)

96.0

Housing Index Score

81.2

Utilities Index Score

99.3

Gas Index Score

\$376,500

Median Home Sale Price
(YoY Change: -0.8%)

The "Cost of Living" index score provides a comparative assessment of the relative expense involved in maintaining a standard of living in a specific area, benchmarked against a national index score of 100.

Source: COLI; BIS; Consumer Price Index for All Urban Consumers (CPI-U); Selected areas, all items index, July 2023

Market Outlook

Despite the noticeable slowdown, Atlanta continues to display economic resilience, supported by a solid job market and steady economic progress. As the third quarter of 2023 wraps up, over 22,730 apartment units are slated for delivery in the following four quarters, with a significant addition of 2,400 units anticipated in the urban core. Although this increased supply may present short-term challenges, despite the demand rebound observed throughout 2023, the ability of apartment absorption to match the notable supply influx remains to be seen. Looking ahead, a subdued, yet improved stance is expected for rent alterations and occupancy rates in Atlanta, with a likely realignment towards national averages by 2025, once the current supply wave moderates. Backed by a stable economy, active household formation, and continued in-migration, Atlanta's economy is projected to maintain its steady performance, even in the face of an anticipated supply surge.

Sources: RealPage; BLS; MSCI; The Council for Community And Economic Research (C2ER)

TO GAIN FURTHER INSIGHTS INTO THE ATLANTA MARKET PLEASE REACH OUT TO OUR LOCAL TEAM



David Huey

Senior Director

david.huey@mmgrea.com



Kendall Adams

Senior Advisor

kendall.adams@mmgrea.com



Wills Wiedeman

Associate

wills.wiedeman@mmgrea.com

