

Atlanta 2024 Market Forecast

MARKET SNAPSHOT



AVERAGE RENT
\$1,577 4Q 2023
\$1,603 4Q 2024



2024 RENT CHANGE
1.6%



OCCUPANCY RATE
90.5% 4Q 2023
90.2% 4Q 2024



2024 OCCUPANCY CHANGE
-30 BASIS POINTS



EMPLOYMENT*
1.30M 2023
1.31M 2024



UNEMPLOYMENT RATE**
3.4% 2023
4.0% 2024

* Please note that these employment figures have been adjusted for seasonal variations and are based on Moody's Analytics forecast as of January 1, 2024.

** Please note that these unemployment rates are estimates that have not been adjusted for seasonal variations, and they are derived from Moody's Analytics forecast as of January 1, 2024.

KEY TAKEAWAYS

- 2024 is poised to be a year of transition for Atlanta's rental market, gradually progressing from the slow pace of 2023 to a more balanced and stable market by 2025.
- While a rebound in net absorption is expected in 2024, it's likely to fall short of compensating for the 14,800 new units entering the market, leading to a projected deficit of about 1,000 units.
- Midtown Atlanta stands out with the largest share of apartment construction, contributing 20% or nearly 6,000 units to the total.
- Look for healthcare employment to outperform as multiple systems are constructing new facilities to cater to the metro's expanding population.

Supply & Demand

2024 FULL YEAR FORECAST

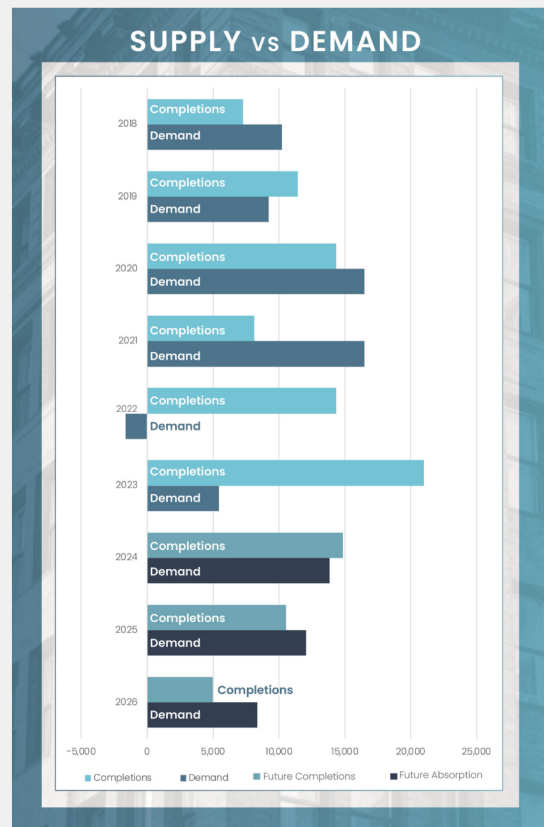


13,847 Units
 FORECASTED ABSORPTION



14,863 Units
 FORECASTED NEW SUPPLY

Annual Demand Vs Completions



Demand / Occupancy Outlook

After a period of negative absorption in 2022, the Atlanta multifamily market began its recovery in spring 2023, a trend that persisted through the end of the year. This resurgence in demand, however, has been tempered by a substantial influx of new supply, leading to a continued increase in vacancies.

The long-term prospects for Atlanta's multifamily market are still bright. Atlanta is widely recognized as one of the leading U.S. markets for net domestic migration and population growth, both key drivers of apartment demand. The region has seen significant population growth, adding over 900,000 residents since 2010. This demographic shift, coupled with ongoing household growth and net migration, is expected to bolster the demand for multifamily housing in Atlanta, contributing to a recovering market in 2024.

With about 13,800 units projected to be absorbed this year, demand is set to more than double the 2023 total of 5,600 units and surpass any annual total recorded between 2014 and 2019. Although net absorption is forecasted to rebound, it may not fully offset the 14,800 units expected to come online, with the anticipated shortfall being around 1,000 units. Consequently, the average occupancy across the Atlanta market is predicted to decline slightly by 30 basis points, settling at around 90.2% by the end of the year.

New Supply Outlook

Atlanta, recognized for its significant apartment construction activity in recent years, is now seeing a stabilization of its market fundamentals. As of Q4 2023, the metro area had over 30,000 units under construction. This development is well-balanced between urban and suburban areas, with projects ongoing in 27 of the 34 submarkets. Midtown Atlanta, in particular, stands out with the largest share of construction, contributing 20% or nearly 6,000 units to the total. The boom in this area is fueled by a mix of employment opportunities and diverse cultural amenities, making it an increasingly popular choice for residents.

Despite facing challenges like stringent underwriting standards, rising costs of capital, and increased construction expenses, which have led to project delays, there's still room for optimism in the Atlanta market. New construction starts have diminished over the past few quarters, falling by nearly 50% from 2022 to 2023. So, developers who start projects now are poised to capitalize on new opportunities looking out to 2026. This period is anticipated to align with an economic upturn and a reduction in the pace of new unit deliveries, providing a strategic market advantage. Atlanta is expected to sustain its status as one of the fastest-growing metropolitan areas, and investors and developers who navigate the short-term challenges will find themselves well-positioned for future growth and success.

Occupancy & Rent Trends

RENT VS OWN MONTHLY PAYMENT



\$2,765

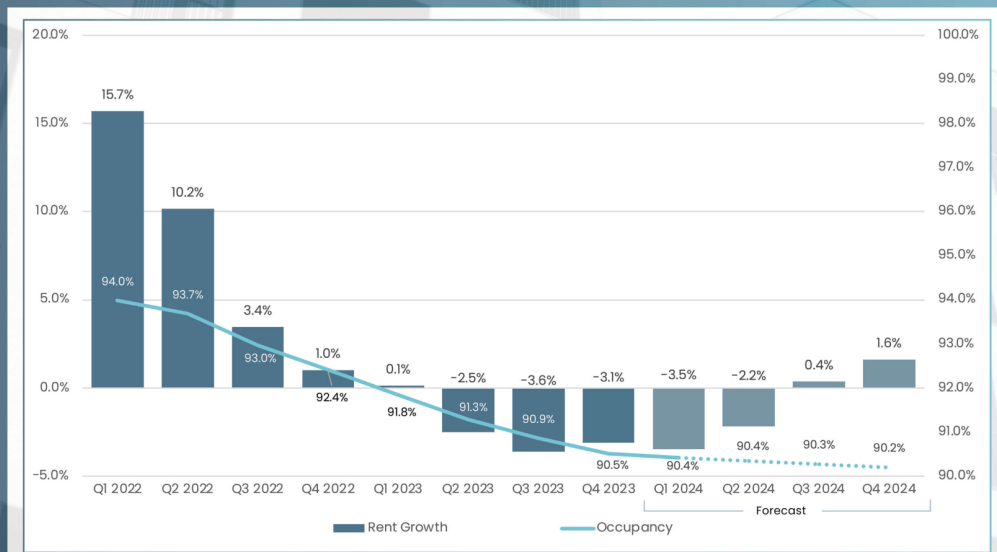
Average Monthly Mortgage Payment



\$1,577

Average Monthly Rent

RENT vs OCCUPANCY



2024 RENT TRENDS OUTLOOK

The anticipated arrival of 14,800 new units in Atlanta in 2024 is expected to continue moderating average rents across the market, marking the second consecutive year of such a trend. Rents are projected to undergo negative growth in the first half of the year. However, if absorption aligns with the 2024 forecast, operators might witness a shift towards positive rent growth by midyear, albeit at a modest rate of 1.6% by the end of 2024.

In the Atlanta market, the return of rent growth is not a matter of if, but when. Current indicators suggest that the spring leasing season of 2025 will herald the resurgence of rent growth, returning to the typical range of high 3.0% to low 4.0%. Despite the overall trend, certain submarkets in 2024 are expected to outperform others. Buckhead, one of Atlanta's most upscale submarkets, is projected to see a 2.5% rent increase by year's end. Similarly, peripheral submarkets on the outskirts of the metro, which are less affected by supply growth, are likely to experience steady rent appreciation.

Overall, 2024 is shaping up to be a transitional year for Atlanta's rental market, moving from the sluggishness of 2023 towards a more normalized and stable market in 2025.

Submarket Rent & Occupancy

Submarket	Q4 2023 Stabilized Occupancy	Q4 2024 Stabilized Occupancy (f)	Annual Occupancy Change (2024/2023)	Q4 2023 Average Monthly Rent	Q4 2024 Average Monthly Rent (f)	Annual Rent Change (2024/2023)
Paulding County	91.8%	91.6%	-0.2%	\$1,705	\$1,806	6.0%
Newton County	90.3%	89.9%	-0.4%	\$1,414	\$1,468	3.8%
Fayette County	93.0%	92.8%	-0.2%	\$1,701	\$1,757	3.3%
Kennesaw	92.5%	92.3%	-0.2%	\$1,566	\$1,616	3.2%
Buckhead	90.5%	90.3%	-0.2%	\$1,936	\$1,984	2.5%
North Atlanta	93.9%	93.8%	-0.2%	\$1,644	\$1,682	2.3%
Westside Atlanta	85.5%	85.0%	-0.4%	\$1,246	\$1,271	2.1%
Henry County	90.1%	89.7%	-0.3%	\$1,560	\$1,592	2.0%
Cherokee County	94.1%	93.9%	-0.2%	\$1,652	\$1,684	2.0%
Northlake	92.0%	91.8%	-0.3%	\$1,453	\$1,481	1.9%
Decatur/North Druid Hills	87.4%	87.0%	-0.4%	\$1,609	\$1,640	1.9%
Cumberland/Galleria	91.3%	91.0%	-0.3%	\$1,538	\$1,567	1.9%
Sandy Springs/Dunwoody	91.0%	90.7%	-0.3%	\$1,627	\$1,656	1.8%
North Gwinnett	92.5%	92.2%	-0.2%	\$1,596	\$1,624	1.7%
South Atlanta	87.0%	86.5%	-0.4%	\$1,273	\$1,294	1.7%
Eastside Atlanta	92.2%	91.9%	-0.2%	\$1,879	\$1,909	1.6%
Coweta County	92.8%	92.6%	-0.2%	\$1,569	\$1,593	1.5%
Downtown Atlanta	91.3%	91.1%	-0.2%	\$1,676	\$1,701	1.5%
Clayton County	87.4%	86.8%	-0.5%	\$1,229	\$1,247	1.5%
Barrow County	95.8%	95.6%	-0.1%	\$1,573	\$1,596	1.5%
Spalding County	91.0%	90.7%	-0.4%	\$1,120	\$1,136	1.5%
Forsyth County	92.9%	92.7%	-0.2%	\$1,800	\$1,827	1.5%
Rockdale County	89.8%	89.5%	-0.3%	\$1,443	\$1,463	1.4%
Bartow County	93.6%	93.4%	-0.2%	\$1,482	\$1,499	1.2%
Dawson County	83.1%	82.6%	-0.5%	\$1,669	\$1,688	1.1%
Southeast DeKalb	86.6%	86.1%	-0.5%	\$1,253	\$1,266	1.0%
Carroll County	92.8%	92.4%	-0.4%	\$1,160	\$1,171	1.0%
North Fulton	91.7%	91.5%	-0.3%	\$1,781	\$1,798	1.0%
Outlying Gwinnett County	92.8%	92.5%	-0.2%	\$1,590	\$1,602	0.8%
Douglas County	93.0%	92.9%	-0.2%	\$1,483	\$1,494	0.8%
Midtown Atlanta	90.8%	90.5%	-0.3%	\$2,072	\$2,087	0.7%
South Fulton	83.8%	83.3%	-0.5%	\$1,374	\$1,382	0.6%
West Midtown Atlanta	90.6%	90.3%	-0.3%	\$1,717	\$1,723	0.4%
Walton County	93.9%	93.7%	-0.2%	\$1,513	\$1,508	-0.3%
Market	90.5%	90.2%	-0.3%	\$1,577	\$1,603	1.6%

Submarket Construction Pipeline



503,244

4Q 2023 Unit Inventory



30,550

Number of Units Under Construction



14,863

Number of Units UC Delivering
In the Next 4 Quarters

Submarket	Unit Inventory: 4Q 2023	Units Under Construction	% of Existing Inventory UC	% of Total UC	Units UC Delivering in the Next 4 Quarters
Barrow County	948	256	27.0%	0.8%	254
Bartow County	4,718	560	11.9%	1.8%	342
Buckhead	26,855	501	1.9%	1.6%	467
Carroll County	3,353	110	3.3%	0.4%	104
Cherokee County	11,451	1,498	13.1%	4.9%	556
Clayton County	25,565	560	2.2%	1.8%	514
Coweta County	5,522	199	3.6%	0.7%	192
Cumberland/Galleria	54,174	1,448	2.7%	4.7%	885
Dawson County	1,527	0	0.0%	0.0%	0
Decatur/North Druid Hills	21,680	843	3.9%	2.8%	448
Douglas County	8,187	0	0.0%	0.0%	0
Downtown Atlanta	5,688	1,358	23.9%	4.4%	495
Eastside Atlanta	19,123	602	3.1%	2.0%	444
Fayette County	3,164	0	0.0%	0.0%	0
Forsyth County	6,502	0	0.0%	0.0%	0
Henry County	10,352	1,163	11.2%	3.8%	741
Kennesaw	14,067	1,520	10.8%	5.0%	702
Midtown Atlanta	20,737	3,145	15.2%	10.3%	1,164
Newton County	3,293	388	11.8%	1.3%	0
North Atlanta	22,896	2,470	10.8%	8.1%	950
North Fulton	21,469	787	3.7%	2.6%	563
North Gwinnett	31,417	1,899	6.0%	6.2%	896
Northlake	17,340	0	0.0%	0.0%	0
Outlying Gwinnett County	30,916	2,559	8.3%	8.4%	908
Paulding County	2,358	96	4.1%	0.3%	93
Rockdale County	4,151	343	8.3%	1.1%	337
Sandy Springs/Dunwoody	33,568	1,134	3.4%	3.7%	492
South Atlanta	18,022	1,054	5.8%	3.5%	928
South Fulton	9,457	1,510	16.0%	4.9%	555
Southeast DeKalb	30,157	1,016	3.4%	3.3%	539
Spalding County	1,645	0	0.0%	0.0%	0
Walton County	1,224	0	0.0%	0.0%	0
West Midtown Atlanta	14,699	2,768	18.8%	9.1%	962
Westside Atlanta	17,019	763	4.5%	2.5%	332
Market	503,244	30,550	6.1%	100.0%	14,863

Sales Activity

The latest data from MSCI reveals that the sales volume for conventional multifamily assets in Atlanta ended 2023 on a muted note. While it's typical for sales to be finalized in the last days of the year and for data consolidation to take several weeks, a significant change in the overall trend from an expected uptick in volume seems unlikely. The fourth quarter of 2023 experienced a decline in sales volume to \$820.5 million, the lowest for a fourth quarter in over a decade. The year's total transaction volume stood at \$3.6 billion, encompassing 84 individual asset sales, which marks a 47% decrease in dollar volume compared to the previous year. Investment in Atlanta continues to be dominated by out-of-state investors, with national firms contributing approximately 80% of the buyer volume in the past year.

Looking towards 2024, if interest rates stabilize or decrease, Atlanta's enduring appeal as a leading multifamily investment market could offer valuable opportunities for astute investors. This scenario, coupled with the potential for more attractively priced deals, suggests promising long-term investment prospects in the Atlanta market.

▲ Most Active Buyers (Previous 24 Months)

1. Weinstein Properties
2. Northland Investment Corp
3. Radco Co
4. Equity Residential
5. 60IW Companies

▲ Most Active Sellers (Previous 24 Months)

1. TPA Group
2. RangeWater RE
3. Alliance Residential
4. Magnolia Capital
5. ECI Group

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

TRANSACTION VOLUME

\$3.6B (p)

2023 Transaction Volume

-47%

Y-O-Y Change

84 YTD

Individual Transaction Count

\$216.9k*

Price Per Unit

-9.0%

Annual PPU Price Change

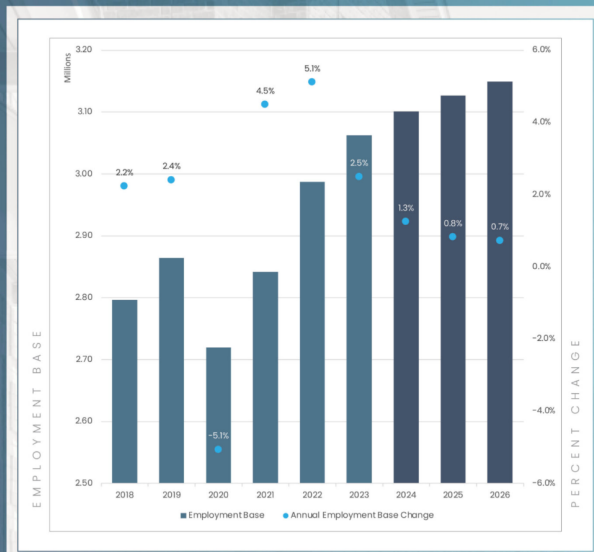
* Trailing 4Q average PPU

* Preliminary Data from RCA - Individual transaction \$2.5M +

P=Preliminary

Employment Forecast

EMPLOYMENT SECTOR FORECAST



Forecasted 2024 Employment Sector Growth

Sector	Employment Change 2023 to 2024	Percent Change
Overall Employment	38,600	1.3%
Manufacturing	700	0.4%
Construction	1,200	0.8%
Trade, Transport, & Utilities	5,900	0.9%
Information	(3,000)	-2.6%
Financial Activities	3,000	1.4%
Professional & Business Services	3,500	0.6%
Education & Health Services	11,600	2.8%
Government	5,900	1.7%
Leisure & Hospitality	9,100	2.9%
Other Services	700	0.7%

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Economic Outlook

Facing challenges like higher interest rates, lingering inflation, and declining commercial real estate values, the metro Atlanta economy is expected to experience some slowdown in 2024, but not to the extent of the national economy. Atlanta remains a highly attractive destination for corporate relocations. Notable developments on this front include both Airbnb and Nike establishing East Coast hubs in West Midtown, following the trend of several Fortune 500 companies, such as BlackRock, Meta, and Honeywell, setting up technology-related operations in the area. The healthcare sector in Atlanta is also poised for significant growth, with multiple systems constructing new facilities to cater to the metro's expanding population. Emory University Hospital Midtown is progressing on its \$500 million Winship Cancer Institute tower, and Children's Healthcare of Atlanta is developing a \$1.5 billion hospital and campus expansion in Brookhaven, set to open in 2025. These expansions and investments will bolster hiring in 2024, helping Atlanta outpace the wider nation when it comes to job growth.

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



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