

MARKETBEAT ATLANTA

Multifamily Q4 2022



CUSHMAN &
WAKEFIELD

YoY
Chg

12-Mo.
Forecast

92.7%
Stabilized Occupancy Rate



34,623
Units Under Construction



\$1,615
Effective Rent, Per Unit



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2022

YoY
Chg

12-Mo.
Forecast

3.0M
Atlanta
Employment



2.7%
Atlanta
Unemployment Rate



10%
U.S. Household
Growth Rate



Source: BLS, Census Bureau

Source: CoStar, Real Capital Analytics

ECONOMY: Employment Growth Fuels Rating as “Best Place to Live” in U.S.

Atlanta was rated Money Magazine’s #1 Best Place to Live in 2022, and its comparatively low cost of living, diversity of residents and industries, and strong in-migration drove sustained housing demand. Amidst national economic headwinds, metro employment grew by 4.8% year-over-year (YOY), an increase of 138,200 jobs. Atlanta’s growing concentration of startups, innovators, and academic research drove a 12.2% increase in information employment despite tech layoff announcements elsewhere in the country.

SUPPLY AND DEMAND: Occupancy Stable Amid Massive Supply Infusion

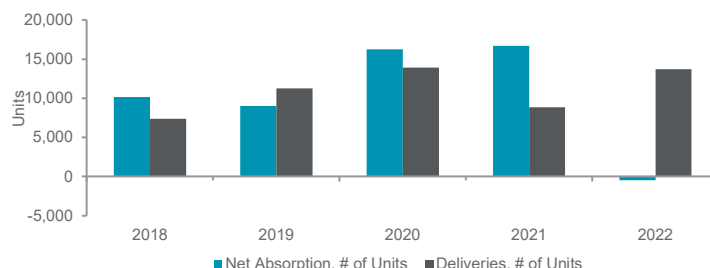
Development activity among multifamily buildings with 50 units or more remained robust in Metro Atlanta despite increasing construction and borrowing costs. Annual apartment deliveries totaled 13,723 units in 2022, up 55.2% from the number of completions the previous year. An additional 34,623 apartment units were under construction at the end of the fourth quarter, the highest volume of new multifamily development in Atlanta’s history. An abundance of rental units are going vertical in the shadow of Midtown’s ever-expanding tech innovation district, while suburban markets such as I-75 South, I-75 North, I-85 North/Gwinnett, and Cumberland/Galleria are seeing increased development. I-85 North/Gwinnett led the metro with 7,192 units under construction in Q4. Amid the backdrop of a robust construction pipeline, Atlanta’s stabilized occupancy rate—which excludes properties still in their initial lease-up period—finished the year at 92.7%, on-par with the average of the five-year period prior to the onset of the pandemic. Of the metro’s 20 submarkets, 10 maintained stabilized occupancy rates of 93.0% or higher. While the next wave of deliveries will likely impact occupancy in 2023 amid economic uncertainty, multifamily demand in Atlanta is expected to remain among the highest in the nation as healthy market fundamentals persist.

PRICING: Effective Rents Trend Upward

Torrid rental rate growth has fueled investor confidence in the Atlanta market as effective rents have increased 35.4% over the past five years. This figure increased a modest 0.5% YOY in Q4 to \$1,615 per unit, marking the first year since 2010 in which rents rose less than 1.0%. This stabilization of rent growth was anticipated following the explosive 19.4% YOY increase recorded in 2021. The apartment market has benefited from rising mortgage rates, which have kept many would-be homebuyers in rental apartments. Midtown and Buckhead remained the priciest submarkets in Metro Atlanta with effective rents above \$2,000 per unit. However, rent in both areas declined moderately in 2022 after nearly a decade of persistent escalations. Some of the more affordable submarkets registered robust effective rent growth for the year, including Westside (+4.7%), I-20 East (+4.6%), and I-75 South (+3.6%).

Nearly \$13.3 billion in multifamily investment sales were recorded throughout 2022, down from 2021 but well above the historical average. That put Atlanta among the top five markets in the nation for sales volume, an impressive performance given the constrained capital markets landscape. Though rate volatility and market uncertainty will affect all asset types, the ongoing housing shortage will continue to fuel rents in 2023 as investors can be expected to retreat to the multifamily market.

SPACE DEMAND / DELIVERIES



STABILIZED OCCUPANCY & EFFECTIVE RENT



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MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD% INVENTORY GROWTH	YTD DELIVERIES (UNITS)	YTD NET ABSORPTION (UNITS)	STABILIZED OCCUPANCY RATE	UNDER CONSTR (UNITS)	AVG EFFECTIVE RENT/UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
I-75 North	27,161	1.5%	806	-306	93.6%	2,977	\$1,593	\$1.49	0.1%
I-20 West	9,344	3.1%	288	51	93.9%	595	\$1,399	\$1.37	0.3%
I-85 South	16,666	2.6%	519	-117	90.1%	595	\$1,479	\$1.41	1.1%
I-75 South	34,479	0.7%	822	-189	92.0%	1,959	\$1,364	\$1.31	3.2%
I-20 East	36,455	0.5%	788	-764	90.9%	1,653	\$1,306	\$1.23	4.6%
South Atlanta/Airport	15,118	0.6%	1,273	586	91.1%	610	\$1,284	\$1.34	1.7%
Westside Atlanta	14,248	0.0%	0	-250	89.4%	272	\$1,272	\$1.33	4.7%
Downtown Atlanta	5,347	0.0%	0	231	94.8%	1,000	\$1,814	\$1.89	2.6%
Eastside Atlanta	14,796	8.8%	1,308	796	93.8%	2,459	\$1,941	\$2.15	1.9%
West Midtown	14,248	0.0%	0	-252	92.6%	272	\$1,270	\$1.32	4.5%
Midtown Atlanta	16,925	1.7%	1,457	75	93.1%	3,550	\$2,155	\$2.38	-2.9%
Decatur/North Druid Hills	20,163	1.2%	820	21	91.6%	1,271	\$1,663	\$1.77	-0.1%
Northlake	17,121	0.0%	0	-373	94.1%	80	\$1,466	\$1.46	2.1%
Buckhead	25,754	1.2%	706	-62	92.6%	980	\$2,044	\$2.07	-1.1%
Brookhaven/North Atlanta	22,119	0.0%	611	-74	94.6%	2,780	\$1,648	\$1.64	-0.3%
Cumberland/Galleria	52,019	0.5%	270	-506	92.5%	1,802	\$1,593	\$1.57	0.4%
I-85 North/Gwinnett County	58,889	1.7%	2,541	851	94.2%	7,192	\$1,601	\$1.54	0.3%
Sandy Springs/Dunwoody	33,375	0.0%	0	-731	92.3%	600	\$1,703	\$1.63	-1.0%
North Fulton	21,104	0.0%	0	-271	93.9%	1,303	\$1,826	\$1.69	-0.8%
Forsyth County	5,910	6.1%	1,018	319	93.8%	310	\$1,897	\$1.77	0.2%
Metro Atlanta Total	460,185	0.9%	13,723	-486	92.7%	34,623	\$1,615	\$1.60	0.6%

REPRESENTATIVE 2022 SALE TRANSACTIONS

PROPERTY	SUBMARKET	SELLER BUYER	UNITS	PRICE \$ UNIT	YEAR BUILT
Elan Powers Ferry, Atlanta	Cumberland/Galleria	Greystar & Carlyle Weinstein Properties	276	\$127.5 M \$461,957	2022
Mandalay Villas, McDonough	I-75 South	NorthRock Companies The Laramar Group	300	\$81.5 M \$271,000	2008
The Clarion, Decatur	Decatur/North Druid Hills	Gamma Real Estate Birge & Held Asset Mgmt.	217	\$59.0 M \$271,900	1990

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	UNITS	DELIVERY	DEVELOPER OWNER
Science Square	Downtown Atlanta	280	Q3 2024	High Street Trammell Crow
The Hadley	Midtown Atlanta	300	Q2 2023	StreetLights Residential
760 Ralph McGill	Eastside Atlanta	359	Q2 2023	New City Properties

Source: CoStar, Real Capital Analytics

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