



SPRING 2020  
**MARKET INSIGHT  
REPORT**

ATLANTA  
GEORGIA, USA

GREYSTONE

# EMPLOYMENT / UNEMPLOYMENT

The Atlanta metro area had one of the best showings of any U.S. metro economy in 2019, adding 66,700 jobs YoY in December 2019, for a growth rate of 2.4%. This was an acceleration from job growth of 1.9% the year prior. The metro’s unemployment rate fell to one of its lowest on record, down to 2.7% in December from 3.5% and placed Atlanta at #15 of 51 large U.S. metros for lowest unemployment.

Atlanta was also a leader in office leasing in 2019, placing #6 of all major markets for net space leased, ahead of San Jose, San Francisco, and Boston, among others. The region accounted for 2.82 million square feet of net absorption in 2019, with Midtown comprising 435,000 square feet of that total. North Fulton-Forsyth and the Chamblee-Doraville-North Druid Hills area also were active, with Jackson Healthcare in North Fulton and Serta Simmons in Doraville

occupying build-to-suit space. Emory Healthcare leased 224,000 square feet at Northlake Mall. The healthcare provider plans to centralize more than 1,600 employees there. In February 2020, Macy’s announced closure of its office at Folsom Street in San Francisco that houses 850 employees. Macy’s will consolidate those operations at facilities in New York City and Atlanta. The retail giant plans to open a new technology hub at T3 West Midtown, a new seven-story office building. Macy’s move follows other Bay Area companies such as Pandora, which relocated jobs to Atlanta in an effort to save millions of dollars annually with Atlanta’s cheaper labor costs and lower cost of living. In addition, Amazon announced plans to move forward on “Project Rocket” in Stone Mountain (Gwinnett County). The project entails a 700,000-square foot fulfillment center that will employ 1,000 workers.

**ATLANTA MSA  
EMPLOYMENT / UNEMPLOYMENT**



Source: Bureau of Labor. All annual figures through December.

**6,179,660** EST.  
+1.5% ANNUAL GROWTH

ATLANTA MSA  
2020 POPULATION

**\$71,025** EST.

ATLANTA MSA  
MEDIAN HOUSEHOLD INCOME

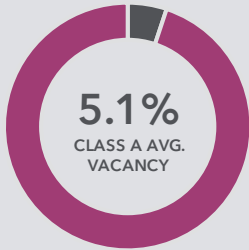
**98.7**

ATLANTA MSA  
COST OF LIVING INDEX

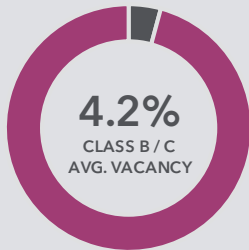
U.S. Avg. = 100.0

# RENTAL MARKET

 **\$1,464**  
CLASS A AVG. RENT



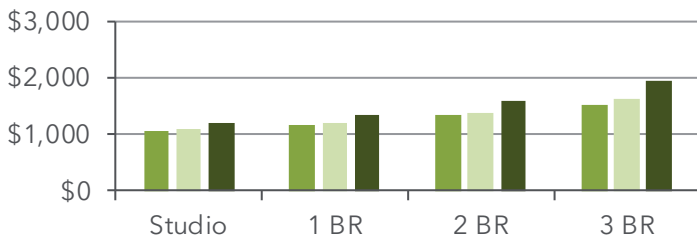
 **\$1,006**  
CLASS B / C AVG. RENT



Asking rent advanced by 4.5% on average in the Atlanta metro area in 2019, to \$1,276. The fourth quarter witnessed a small gain of just 0.6%, slowing the annual gain to its smallest growth rate since 2014. The 4.5% increase, however, was above the South Atlantic annual average gain of 3.9% and above the U.S. average of 3.7%. Atlanta apartment properties, in general, operate slightly below South Atlantic averages for rent, and both the South Atlantic and Atlanta find their average rent from 12% to 25% below the U.S. price per square foot average, depending on studio, one-, two-, or three-bedroom floorplans. Mean unit prices in the metro were as follows at year-end: studios \$1,040, one bedrooms \$1,155, two bedrooms \$1,322, and three bedrooms \$1,506. Product built after 2009 commanded a monthly average rent of \$1,958.

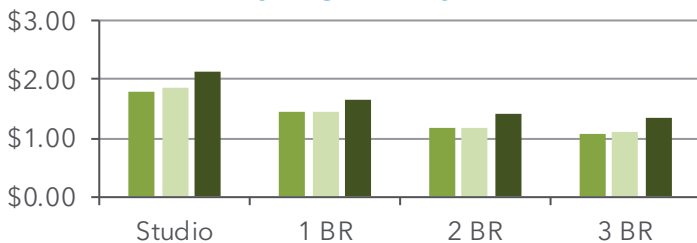
Apartment demand slightly outpaced new supply in 2019, pushing the average vacancy rate down YoY to 4.7% from 4.9%. Atlanta is expected to have a strong 2020 for new product, with 11,415 units scheduled for completion, while demand, though strong, will not entirely counter that impact. Consequently, the market's average vacancy rate is expected to climb to 5.1% and may continue its ascent to 5.8% by 2023. Most of the impact will be felt in Midtown, which accounts for nearly 20% of all planned and proposed apartment development and was operating with a vacancy rate of 8.5% at year-end 2019.

**ASKING RENT COMPARISON**



Source: Reis, 4Q 2019

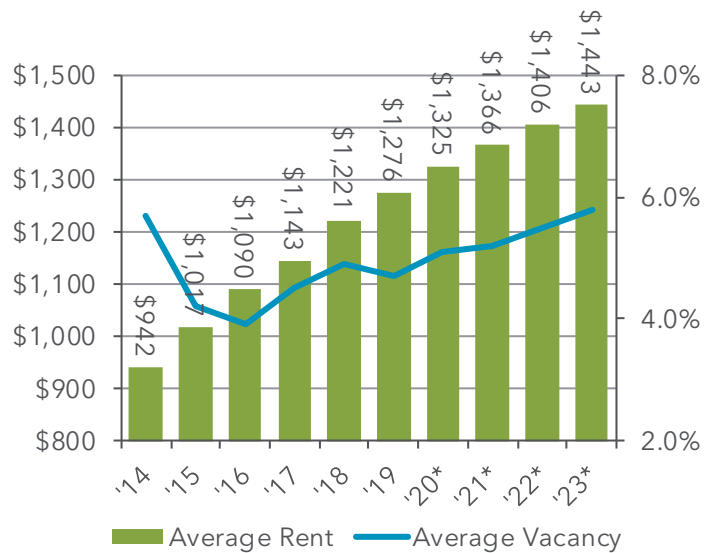
**ASKING RENT PSF**



Source: Reis, 4Q 2019

■ Atlanta    ■ South Atlantic    ■ U.S.

**ATLANTA MSA APARTMENT MARKET AVERAGE RENT / VACANCY**



Source: Reis, All annual figures year end, \*Projected

# SUBMARKET CONSTRUCTION



## MODERA REYNOLDSTOWN

Mill Creek Residential's newest development will complete in 3Q 2020. The 320-unit luxury community is located within the rapidly expanding and pedestrian-friendly Atlanta Beltline. Community amenities include a rooftop deck featuring a resort-style pool, sky lounge, grill nook, fitness and yoga studio, clubroom, art wall, plush courtyard, and dog park.

Completion timeline delays curtailed the volume of new apartment deliveries for 2019, with 6,372 units reported as finalized. This was one of the lower counts of the past few years. Projects that are being carried over into 2020 will push completions to 11,415 for the year, a gain of 2.8% to inventory, and surpassing the recent high of 2.3% inventory growth in 2017.

Apartment construction otherwise is expected to slow annually to less than half of 2020's volume through each of the next few years. Development is also becoming more suburban, with even small towns, such as Doraville (North DeKalb), welcoming the growing renter demographic. The city approved a new mixed-use complex in which developers would demolish about 70% of the strip mall at The Village at Tilly Mill Crossing, located off Peachtree Industrial Boulevard. They hope to re-invigorate the area with new retail and more than 300 apartments. Doraville is just 20 minutes from downtown Atlanta.

SUBMARKET	COMPLETED	UNDER CONSTRUCTION	PLANNED / PROPOSED
Roswell / Alpharetta	0	300	2,939
Sandy Springs / Dunwoody	0	646	2,070
North Gwinnett	533	1,070	1,694
South Gwinnett	0	1,135	3,425
Decatur / Avondale	866	590	1,523
North DeKalb	0	1,410	2,008
Clayton / Henry	0	0	3,686
South Fulton	0	918	2,949
Marietta	200	493	916
Smyrna	579	275	2,484
I-20 West	0	0	303
I-20 East	0	0	357
South DeKalb	0	0	0
Buckhead	1,477	2,268	2,178
Midtown	2,815	1,147	8,097
Central I-75 West	251	1,608	4,125
Cherokee County	0	0	1,247
Non-Submarket Areas	0	298	2,381

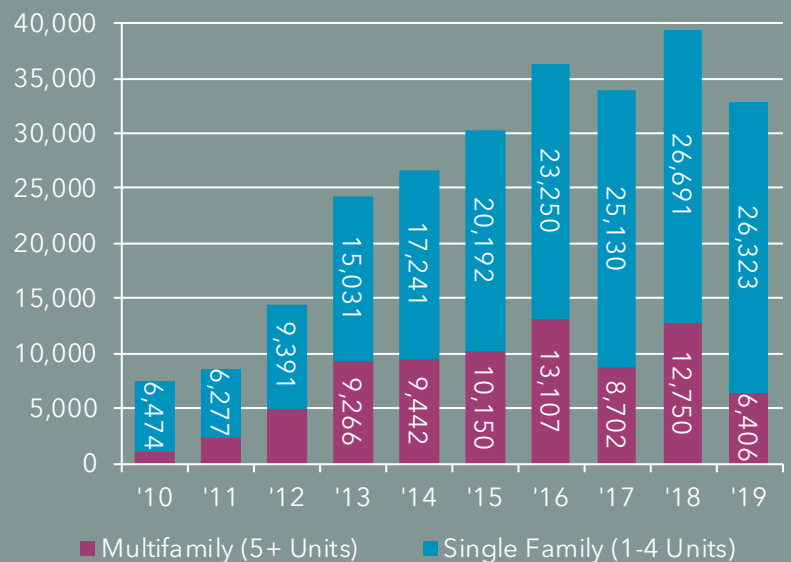
Source: Reis, 4Q 2019, \*Completed Construction 3Q 2018-4Q 2019.

# PERMITS

Multifamily permitting was nearly halved in 2019 from the year prior, dropping to just 6,406 units, and marking the lowest count since 2012. Apartment development could intensify in the years ahead, but will likely flow to newer areas ripening for development. One such area is south of downtown Atlanta, particularly at the AeroATL, formally known as Aerotropolis Atlanta Alliance. The goal is to transform the eclectic mix of warehouses, restaurants, and hotels for airport workers and travelers to something much more cohesive, where patrons of Hartsfield-Jackson International Airport and locals would want to live, work, and play. As of early 2020, airport officials are seeking developers and investors for development of 200+/- acres of airport property, which could include retail, housing, and office space. Next door to the airport, developer Majestic Realty is developing a 541 room Hilton Hotel complex expected to house 50,000-square feet of meeting space, a 1,150-space parking deck, and more. Meanwhile, the city of College Park has presented plans for the potential redevelopment of more than 400 acres of municipal land just west of the airport. The proposed mixed-use development, dubbed "Airport City," envisions large-scale office space, restaurants and retail, hotel rooms, and possibly apartments.

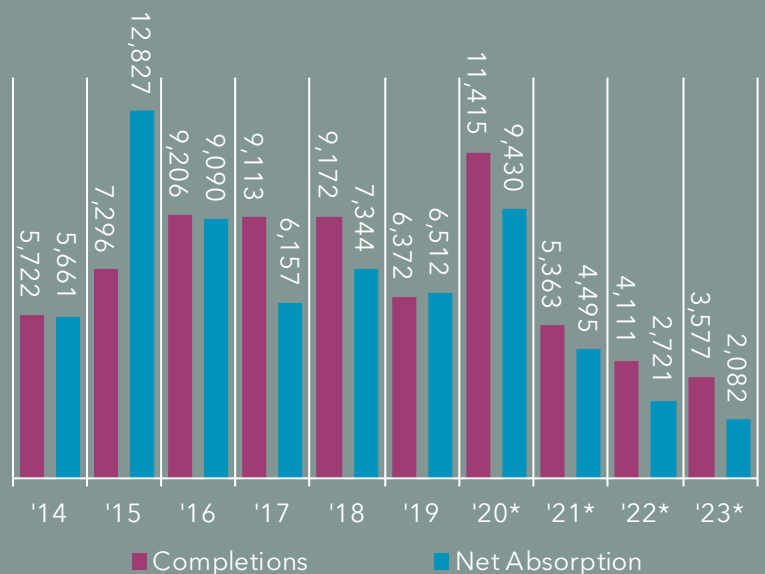
Meanwhile, the single-family sector is also thriving. The 2019 permit total was strong, at 26,323 and nearly mirroring 2018's record volume. December residential sales were up 13.8% from the previous year, at 4,643 sales. For-sale supply was down, falling by 8.0% YoY. The median sales price in December was \$255,000, an increase of 7.5% from last December.

**TOTAL RESIDENTIAL BUILDING PERMITS  
ATLANTA METRO AREA**



Source: U.S. Census, Multifamily Includes Condos

**ATLANTA MSA APARTMENT MARKET  
COMPLETIONS / NET ABSORPTION**



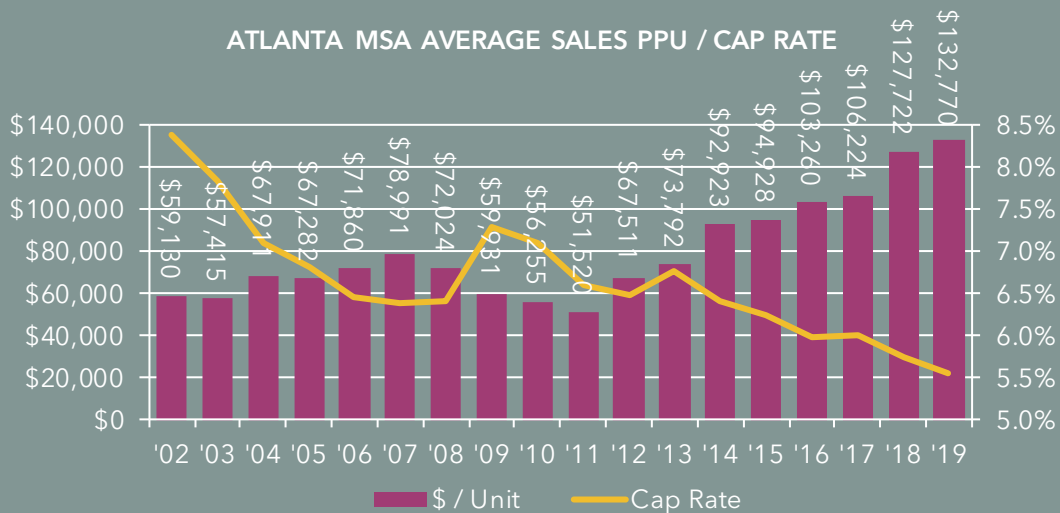
Source: Reis. All figures are annual totals. \*Projected

# AVERAGE SALES

The 2019 average sales price per unit for the Atlanta metro apartment market climbed to \$132,770 in 2019, setting another record-high for the metro area. Transaction volume soared, also setting a record, at \$9.24 billion and up 19.9% YoY.

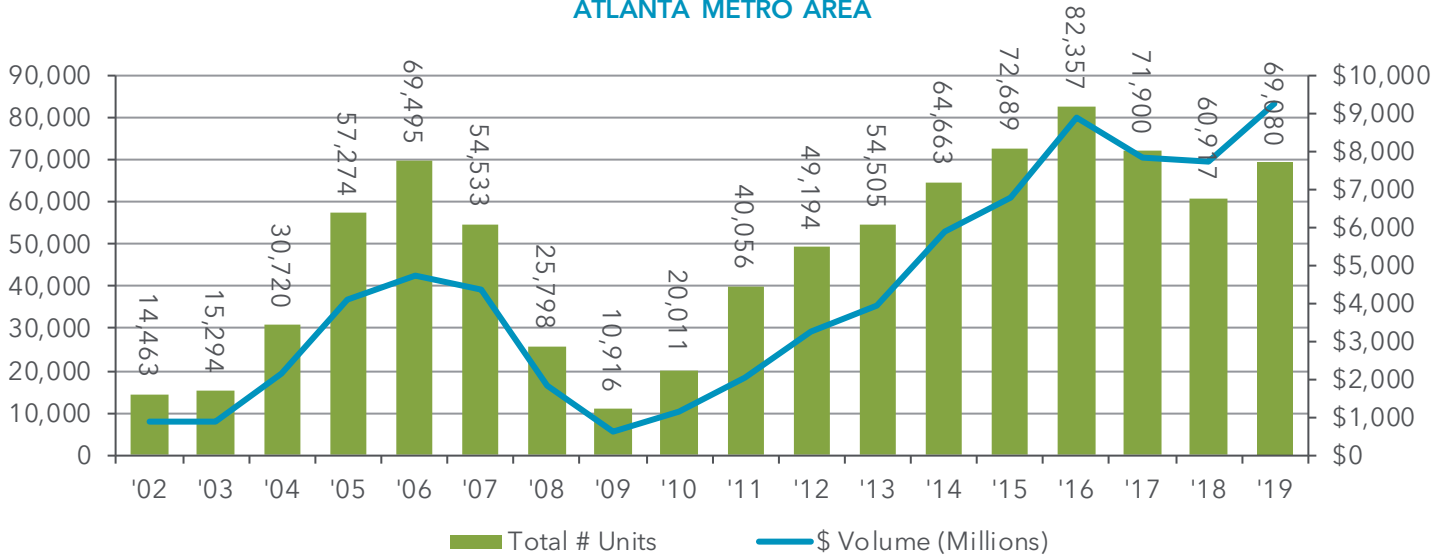
Sentiment remains very positive on both the buy and sale side. Interest rates are well below 4%, population growth is strong, job growth is strong, and wage growth is taking shape. Though the market's average cap rate compressed slightly - as reported by RCA, dropping 30 basis points year-over-year to 5.5%, multifamily specialists at Greystone Brown assert that underwriting of cap rates have dropped closer to the 4.75-5% range.

Sold in November 2019 for \$36,500,000, or \$74,490 per unit, was a portfolio of three apartment communities in Austell, GA. The portfolio was comprised of the 144-unit Parkview apartments, the 200-unit Hunters Grove apartments, and the 146-unit Kingsley Village apartments. Full renovations will be completed by the new owner. Interest has peaked in the area as Stitch Fix announced in July 2019 that it will open a new distribution center in unincorporated Lithia Springs (outside Austell), creating more than 900 new jobs in the next few years, according to the Douglas County Board of Commissioners.



Source: Real Capital Analytics. Based on sales of \$2.5 million and greater.

**APARTMENT SALES TRANSACTIONS  
ATLANTA METRO AREA**



Source: Real Capital Analytics. Based on sales of \$2.5 million and greater.

# GREYSTONE TRANSACTION ACTIVITY



**SOUTH COBB PORTFOLIO**

Austell, GA 30168

Number of Units:	490
Sale Price:	\$36,500,000
Price per Unit:	\$74,490
Sale Date:	November, 2019



**INDEPENDENCE PLACE**

Hinesville, GA 30311

Number of Units:	264
Sale Price:	\$25,975,000
Price per Unit:	\$98,390
Sale Date:	September, 2019



**SHAMROCK GARDENS**

Atlanta, GA 30311

Number of Units:	343
Sale Price:	\$23,700,000
Price per Unit:	\$69,096
Sale Date:	August, 2019

To learn more about Greystone Real Estate Advisors and our capabilities please visit [www.greycoadvisors.com](http://www.greycoadvisors.com)

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Sources: Greystone; Reis; RealCapitalAnalytics; CoStar; U.S. Census; Bureau of Labor; Sperling's; Censusreporter.org; Curbed Atlanta; Atlanta REALTORS Association; Invest Atlanta

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