

GREYSTONE



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# ATLANTA

GEORGIA, MSA

MARKET INSIGHT REPORT

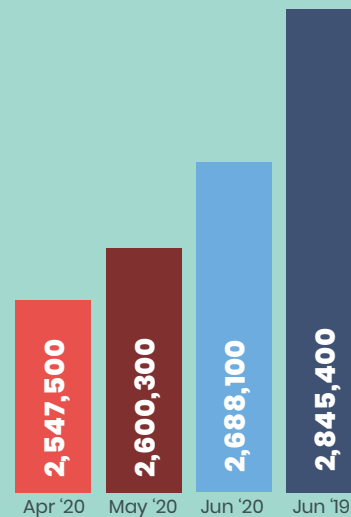
FALL **2020**

Total nonfarm employment for the Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area stood at 2,688,100 in June 2020, down 157,300 over the year, the U.S. Bureau of Labor Statistics has reported. Atlanta's 5.5% rate of job loss was less than the national decline of 8.7% and was third-best of the 12-largest U.S. metro areas, with only Phoenix and Dallas performing better. Atlanta's unemployment rate of 8.6% in June was also below the U.S. unemployment rate of 11.1%.

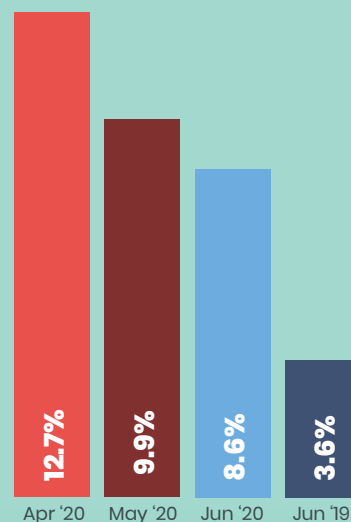
Employment in Atlanta's leisure and hospitality super-sector fell sharply (-60,700) for the 12 months ending in June, the largest loss of jobs among local major industry sectors. Local employment losses were primarily in the food services and drinking places subsector (-38,500). Atlanta's over-the-year rate of job loss for the leisure and hospitality industry (-19.4%) was smaller than the national rate (-27.1%).

For the office sector, a limited supply pipeline and steady demand have ensured a healthy market and one of its best in decades (vacancy 12.1%, 2Q 2020), even in the specter of the coronavirus pandemic. Prominent office leases were recently signed by Microsoft, Lease Plan USA, and the Emory School of Nursing. Atlanta has also recently benefited from significant growth in education and health services employment, which is holding up well during the pandemic. New healthcare facilities are under construction to meet the metro's surging population and include Emory University Hospital Midtown's \$500 million Winship Cancer Institute tower. Piedmont Hospital recently opened early its phase one of the \$450 million Piedmont Heart Institute tower in Buckhead to treat coronavirus patients.

### Total Employment



### Unemployment



Metro Area Employment (Thousands)	June 2020	Change from June 2019	
		Number	Percent
Total Nonfarm	2,688.1	-157.3	-5.5
Mining and Logging	1.5	-0.1	-6.3
Construction	128.2	-3.2	-2.4
Manufacturing	159.9	-11.9	-6.9
Trade, Transportation, and Utilities	587.3	-12.9	-2.1
Information	91.2	-10.3	-10.1
Financial Activities	173.4	-3.9	-2.2
Professional and Business Services	518.1	-31.3	-5.7
Education and Health Services	361.7	-3	-0.8
Leisure and Hospitality	251.5	-60.7	-19.4
Other Services	94.4	-10.4	-9.9
Government	320.9	-9.6	-2.9

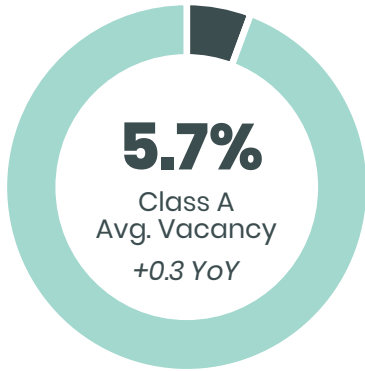
Source: U.S. BLS, Current Employment Statistics

# RENTAL MARKET



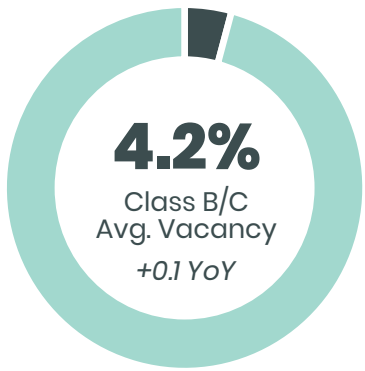
**\$1,464**

Class A Avg. Rent  
+1.7% YoY



**\$1,016**

Class B/C Avg. Rent  
+2.5% YoY



Mean Unit Prices 2Q 2020

**\$1,045**

Studios

**\$1,161**

One Bedrooms

**\$1,324**

Two Bedrooms

**\$1,524**

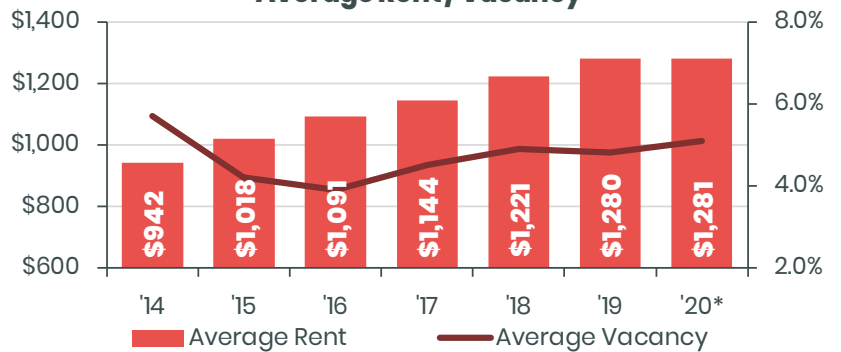
Three Bedrooms

**+2.2% YoY 2Q**

Average Rent Increase  
From \$1,254 to \$1,281

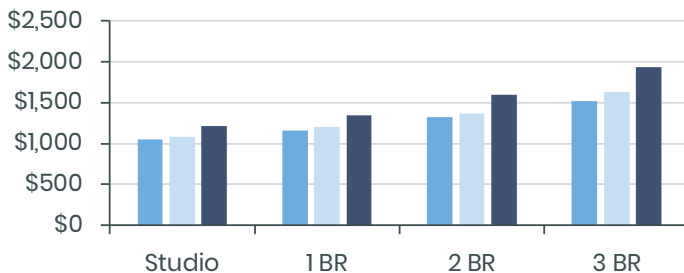
- The second quarter brought a 0.4% decrease in rent from first quarter
- Annual rent loss is expected to magnify slightly, down by 1.1% for the year, but down just by 0.1% in 2021
- Vacancy rate of 5.1% in 2Q expected to rise to 6.3% by year end and to 6.6% in 2021

Average Rent / Vacancy



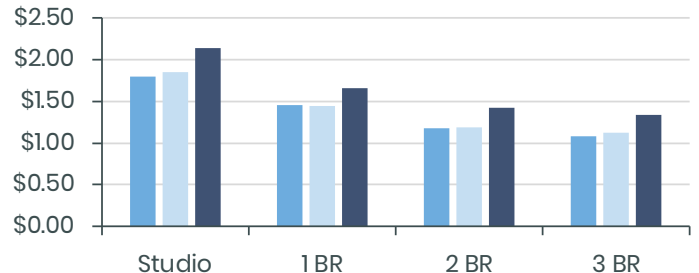
Source: Reis, \*2Q 2020

Asking Rent Comparison



Source: Reis, 2Q 2020

Asking Rent PSF



Source: Reis, 2Q 2020

Atlanta MSA    South Atlantic    U.S.

# MULTIFAMILY CONSTRUCTION

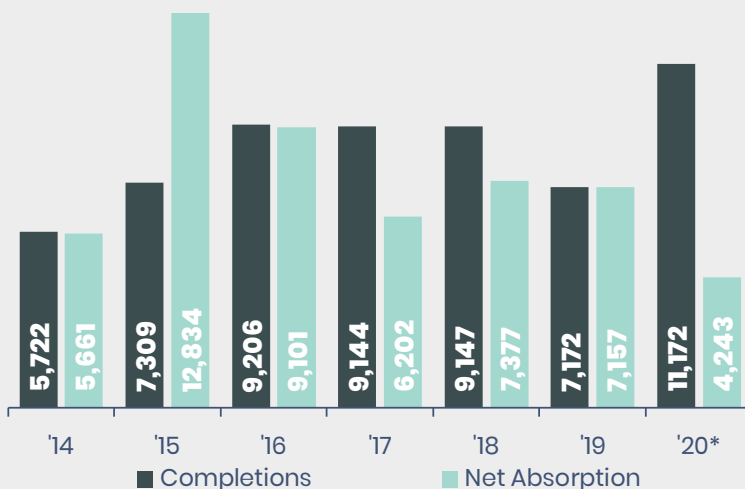
**2020: Expected completions of 11,172 new units**

**3,209 new units will follow in 2021**

The Buckhead submarket (9.1%) and Midtown submarket (8.5%) had the highest vacancy rates of any metro Atlanta submarket as of 2Q 2020. Both are the recipients of between 2,700-2,900 new units over the past 12 months to their inventories, now about 30,000 units apiece.

Though the lowest total of new deliveries in more than a decade is set for 2021, at 3,209 units, demand will be lower still, at 1,627 units absorbed. Not until 2022 will absorption surpass the annual completion total (5,784 vs. 4,199).

**Completions / Net Absorption**



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

# PERMITS



**11,920**

Single Family Permits  
-12.3% YoY



**1,952**

Multifamily Permits (5+ Units)  
-44.7% YoY

YTD Through 2Q 2020

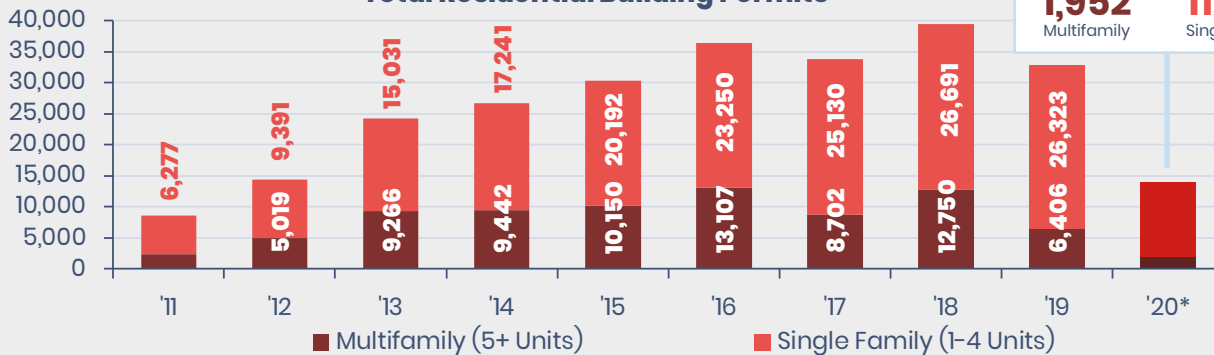
**\$265,000**

Median Single Family Price  
+5.7% YoY

June 2020

- Active for-sale inventory was down 24% in June as compared to one year prior to a low 2.3 months supply.
- Total residential units sold soared 28% from May to June, from 6,659 units sold to 9,293 units sold, as interest rates fell to their lowest levels in history.

**Total Residential Building Permits**



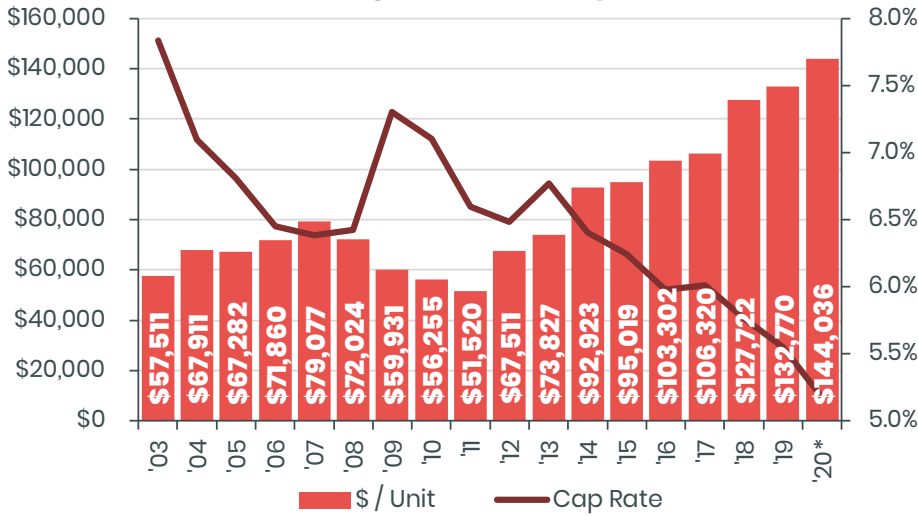
Source: U.S. Census, \*Through June, Multifamily Includes Condos

**Mid-Year Permit Volume**

**1,952** Multifamily  
**11,920** Single Family

# MULTIFAMILY SALES

### Average Sales PPU / Cap Rate



Source: Real Capital Analytics, Based on sales of \$2.5 million and greater, \*YTD through June 30



**\$2.3B**

Sales Volume YTD  
-42.5% YoY



**\$144,036**

Avg. Sold Price / Unit YTD  
+17.6% YoY

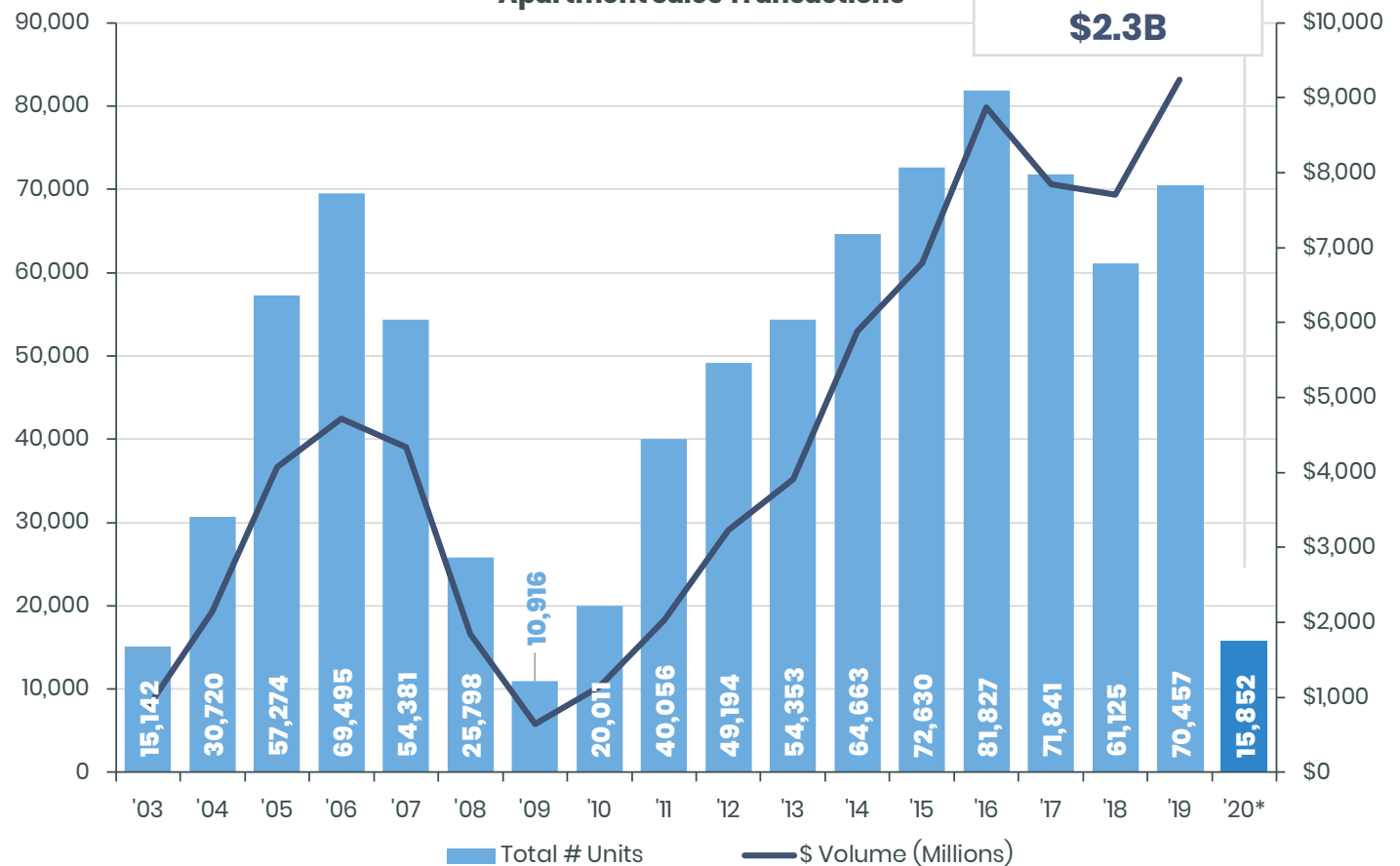


**5.2%**

Avg. Cap Rate YTD  
-40 bps YoY

### Apartment Sales Transactions

Mid-Year Sales Volume



Source: Real Capital Analytics, Based on sales of \$2.5 million and greater, \*YTD through June 30

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**Bo Brown**

President  
678.894.2216  
[bo@brownra.com](mailto:bo@brownra.com)

**Jim Jarrell**

Senior Managing Director  
678.894.2216  
[jim@brownra.com](mailto:jim@brownra.com)

**Walter Miller**

Senior Managing Director  
678.894.2218  
[walter@brownra.com](mailto:walter@brownra.com)

**Barden Brown**

Managing Director  
678.894.2221  
[barden@brownra.com](mailto:barden@brownra.com)

**Cory Caroline Sams**

Senior Director  
678.894.2220  
[cory@brownra.com](mailto:cory@brownra.com)

**Chandler Brown**

Director  
678.894.2225  
[chandler@brownra.com](mailto:chandler@brownra.com)

**Taylor Brown**

Director  
678.894.2219  
[taylor@brownra.com](mailto:taylor@brownra.com)

**Greystone Brown Real Estate Advisors**

1303 Hightower Trail, Suite 205  
Atlanta, GA 30350  
[www.brownra.com](http://www.brownra.com)

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Sources: Greystone; Reis; RealCapitalAnalytics; CoStar; U.S. Census; Bureau of Labor; Georgia MLS

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