

# GREYSTONE

SPRING ISSUE

2021

## MARKET INSIGHT REPORT

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Atlanta

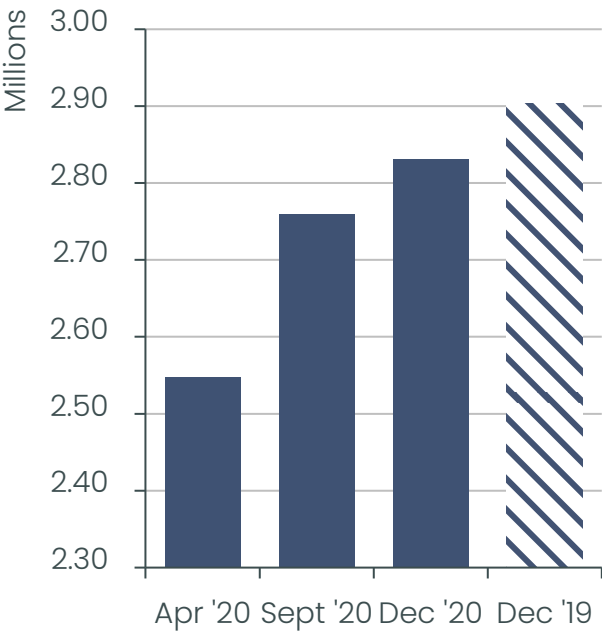
Georgia MSA

# Employment / Unemployment

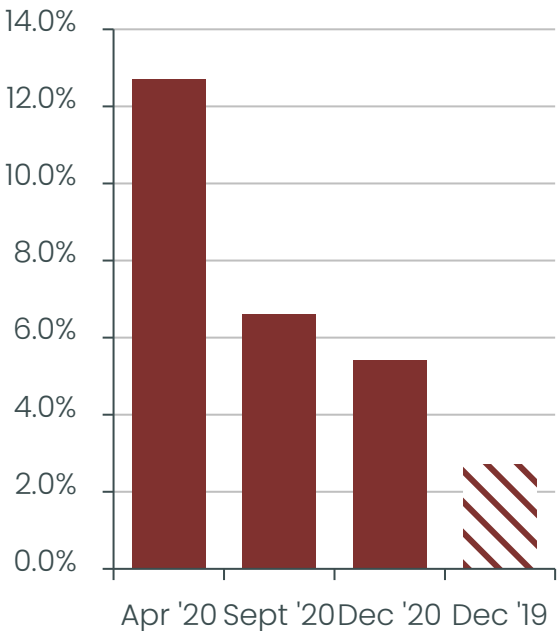
The Atlanta metro economy continued to rebound through the year amidst challenges brought about by the pandemic. Atlanta employment fell by about 320,000 jobs from February to April 2020, causing the unemployment rate to rise to a modern-day record of nearly 13%. Having gained back nearly 285,000 jobs from May through December, Atlanta metro unemployment fell to 5.4% in December, ranking 170 of 389 U.S. metros and below the national rate of 6.5% for the same period. With the leisure and hospitality sector and professional and business services being especially hard-hit with job losses, Atlanta is positioned to regain tens of thousands of additional jobs in a short period as the COVID-19 vaccine becomes widely available by the middle of the year and business restrictions ease.

UGA’s Terry College of Business declared in late 2020 that Georgia is on track for an economic growth rate of 4.0% in 2021, outperforming a national growth forecast of 3.5%. Indeed, large corporations are relocating to and expanding within the Atlanta metro area, set to add thousands of jobs over the next few years. These firms include Microsoft (+1,500 jobs), Google, and Norfolk Southern opening major offices in Midtown, Thyssenkrupp moving its North American headquarters to The Battery, and Deluxe Corporation adding 700 new jobs at an innovation center in Central Perimeter. Norfolk Southern will complete a move to Midtown and add roughly 850 new jobs when its build-to-suit corporate headquarters finalizes in 2021. Additionally, several Fortune 500 firms are investing in technology-related operations locally, including BlackRock, Facebook, Anthem, and Honeywell. In total, thirty companies headquartered in metro Atlanta are among the 2020 Fortune 1000, of which 16 companies ranked in the Fortune 500.

TOTAL EMPLOYMENT



UNEMPLOYMENT



METRO AREA EMPLOYMENT (THOUSANDS)	DECEMBER 2020	PERCENT CHANGE FROM DECEMBER 2019
Total Nonfarm	2,831.50	-2.5%
Mining and Logging	1.6	6.7%
Construction	132.1	1.1%
Manufacturing	163.4	-5.1%
Trade, Transportation, and Utilities	640.8	2.8%
Information	96.1	-5.8%
Financial Activities	177.5	-0.9%
Professional and Business Services	537.8	-4.4%
Education and Health Services	377.1	-1.8%
Leisure and Hospitality	278.5	-8.2%
Other Services	96.2	-8.9%
Government	330.4	-2.6%

Sources: U.S. BLS, Current Employment Statistics



# Rental Market

- First annual decline in rental rates since 2009
- Annual rent decrease expected to magnify slightly in 2021, down by 0.8%, before appreciation returns in 2022
- Vacancy rate of 5.5% in 2020 will rise to 6.4% in 2021 amidst a heightened pipeline of completions
- Improvement will come in 2022 with economic growth and a much smaller pipeline of new apartment deliveries



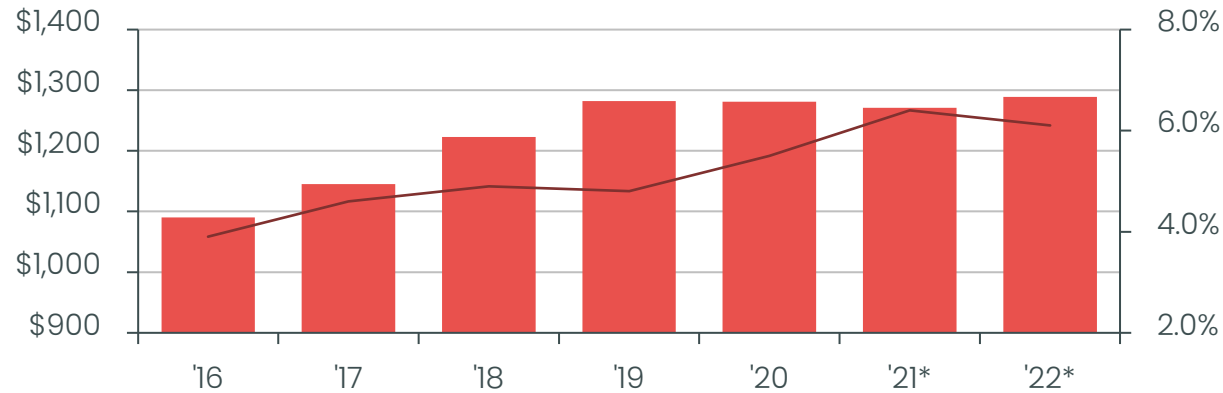
 -0.1%

Average Rent Decrease  
From \$1,282 to \$1,281  
YoY

YEAR BUILT	ASKING RENT	VACANCY RATE
Before 1970	\$1,075	3.2%
1970-1979	\$1,066	4.5%
1980-1989	\$1,161	4.1%
1990-1999	\$1,374	4.3%
2000-2009	\$1,415	4.1%
2010-2019	\$1,883	9.3%
After 2019*	\$2,143	36.4%

\*Includes Properties in Lease-Up

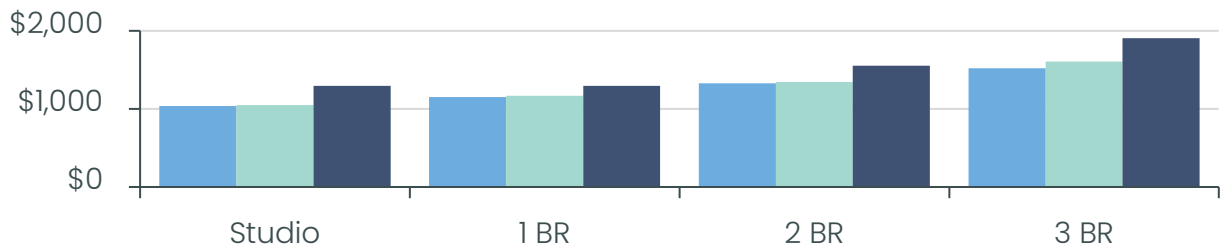
## AVERAGE RENT / VACANCY



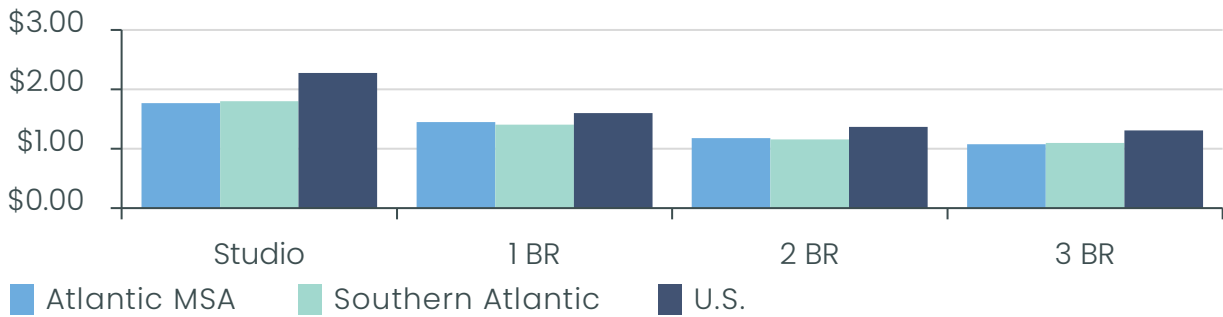
■ Average Rent ■ Average Vacancy

Source: Reis, \*Projected

## ASKING RENT COMPARISON



## ASKING RENT PSF



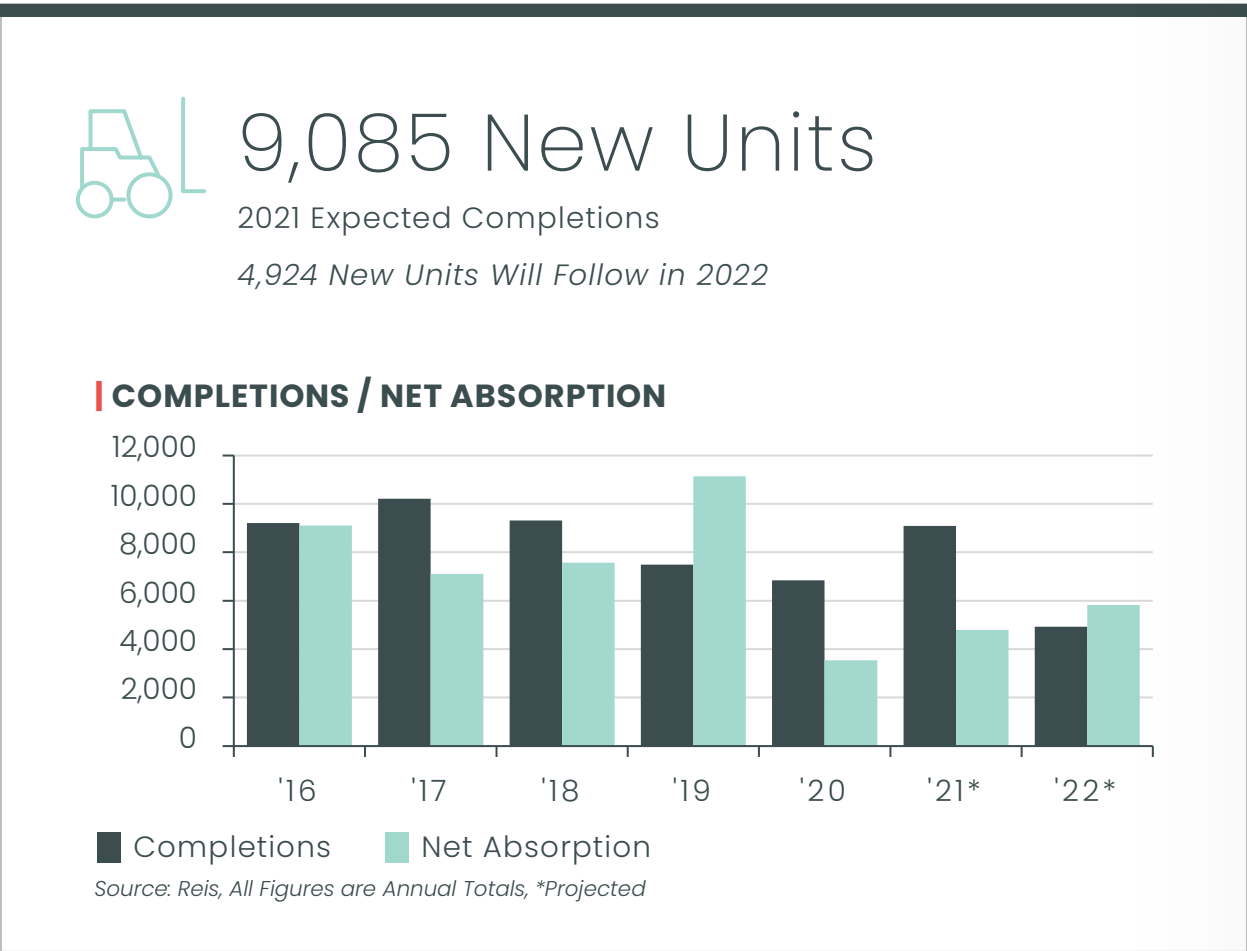
Source: Reis, 4Q 2020



# Multifamily Construction

The Atlanta market has a cumulative inventory growth forecast of 2.1% for 2021, below that of annual averages ranging from 2.2%-2.8% from 2016-2019 and below that of the U.S. average of 2.4% for 2021.

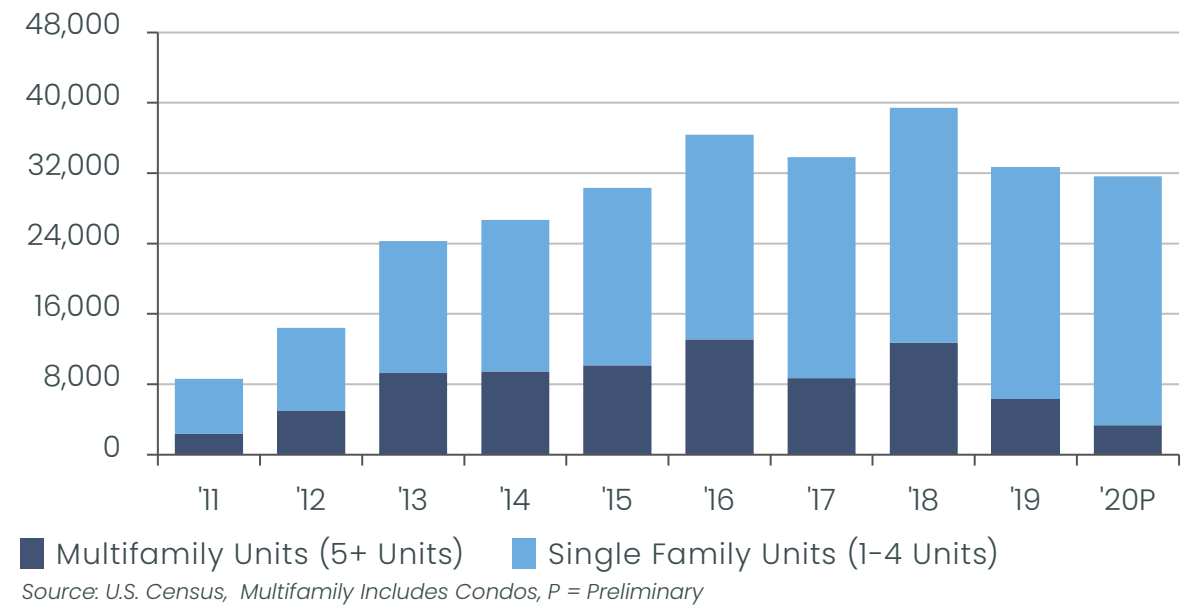
Overall, Midtown with 1,928 market rate units under construction, Central 1-75 West with 1,014 market rate units under construction, and South Gwinnett with 920 units under construction represent 73% of all active Atlanta metro market rate apartment development as of February 2021.



# Permits

- Single family sold volume jumped by 14.3% YoY in 2020, while a mere 1.3 months of inventory was available for sale as active listings plunged to 10,457 in December 2020 from 20,693 the year prior.
- Though single family permits were up 7.5% in 2020 YoY, the expected increase in completions should do little to alleviate demand.

## TOTAL RESIDENTIAL BUILDING PERMITS





## 28,295

Single Family Permits

+7.5% YoY



## 3,332

Multifamily Permits (5+ Units)

-48.0% YoY



## \$279K

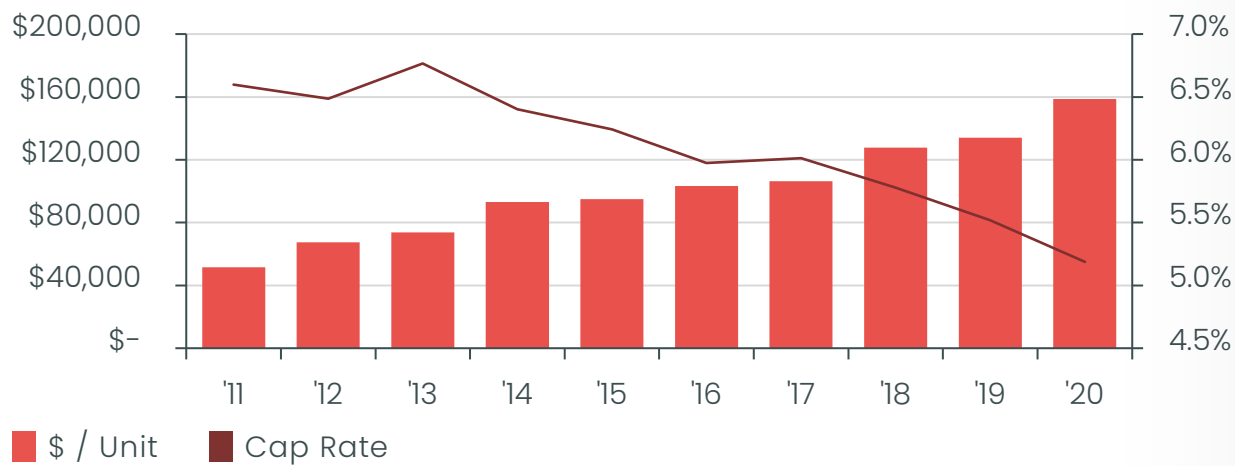
Median Single Family Price

+11.7% YoY



# Multifamily Sales

## AVERAGE SALES PPU / CAP RATE



Source: Real Capital Analytics, Based on Sales of \$2.5 Million and Greater



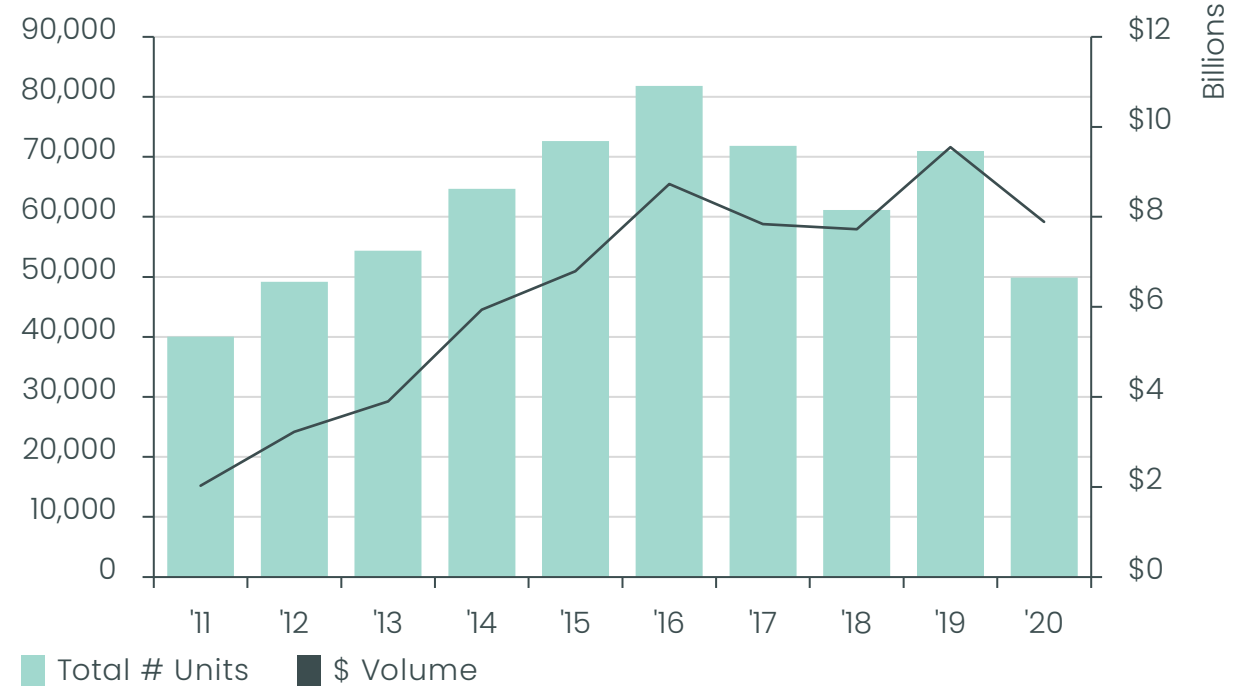
**\$158,748**  
Avg. Sold Price / Unit  
+18.4% YoY



**5.2%**  
Avg. Cap Rate  
-30 bps YoY



## APARTMENT SALES TRANSACTIONS



Source: Real Capital Analytics, Based on Sales of \$2.5 Million and Greater

Sources: Greystone; Reis; RealCapitalAnalytics; CoStar; U.S. Census; Bureau of Labor; Sperling's; Censusreporter.org; Georgia MLS; The Augusta Chronicle; AJC

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