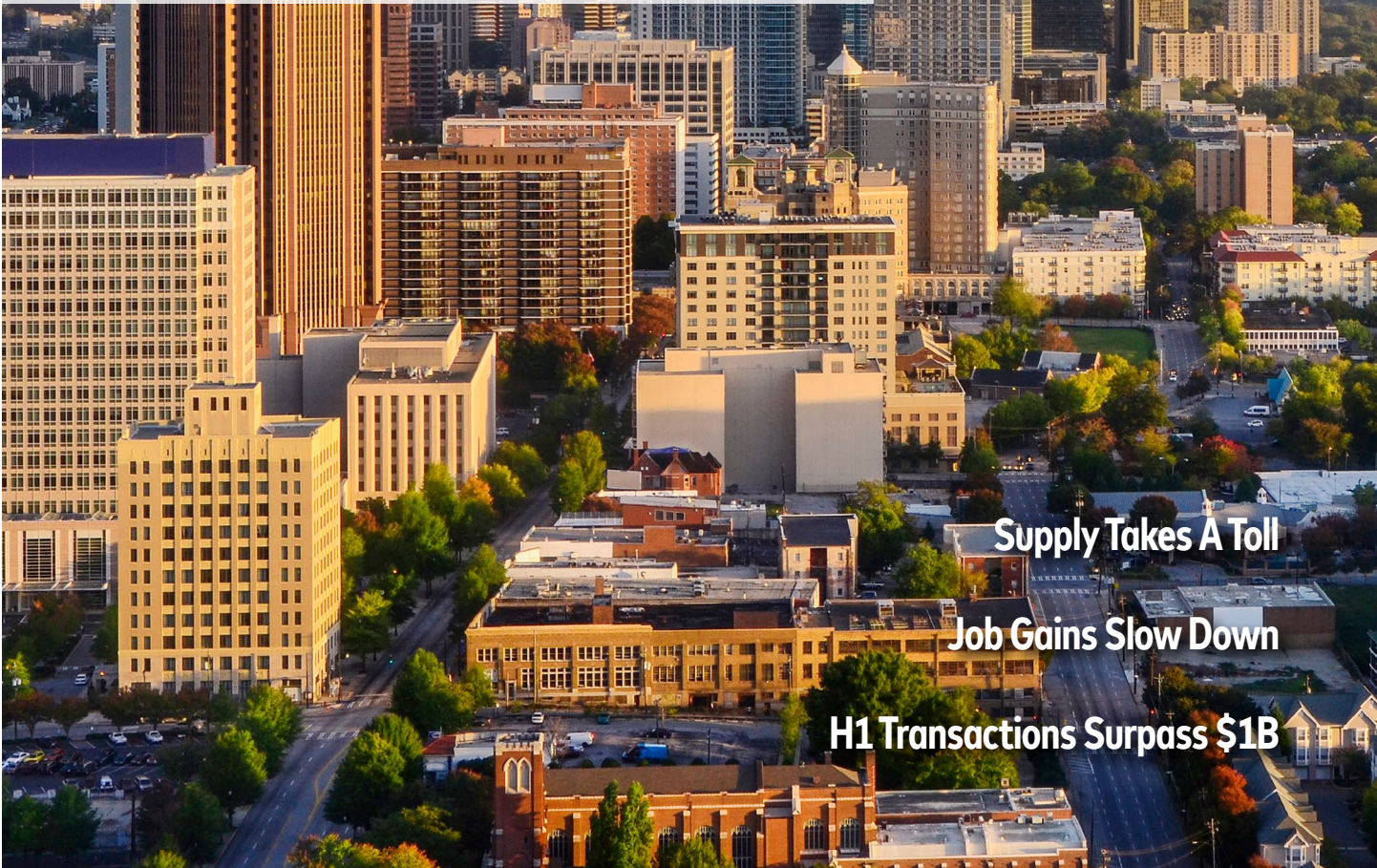


Atlanta Slows Again

August 2024



Supply Takes A Toll

Job Gains Slow Down

H1 Transactions Surpass \$1B

ATLANTA MULTIFAMILY



Slowdown Persists Across Fundamentals

Halfway through the year, an overall softening continued across multifamily fundamentals in Atlanta. Rent movement remained negative, with the average advertised asking rent down 0.1% on a trailing three-month basis through June, to \$1,638. Year-over-year, Atlanta posted the second-largest decline among major U.S. markets, with the average down 3.6%. Meanwhile, the national rate increased 0.6%, to \$1,739, over 12 months. Atlanta occupancy also slid, down 80 basis points year-over-year, to 92.4%, in May.

In the 12 months ending in April, Atlanta employment expanded 1.1%, adding 38,800 net jobs and trailing the 1.4% U.S. rate. Unemployment stood at 3.4% as of May, according to data from the Bureau of Labor Statistics, below the national average (4.0%) but lagging the state (3.2%). Two sectors lost 23,800 jobs combined over 12 months—trade, transportation and utilities and information. Meanwhile, job gains were highest in education and health services (17,500 jobs) and government (16,100 jobs). Meanwhile, work continues on several billion-dollar projects, but Rivian Automotive paused the construction of its \$5 billion truck factory.

Developers delivered 5,649 units in 2024 through June and had another 36,575 apartments under construction, most of which were in the upscale segment. Meanwhile, transaction activity remained slow, totaling \$1.2 billion during the first half of the year, for a price per unit that declined roughly 10%, to \$167,424.

Market Analysis | August 2024

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Recent Atlanta Transactions

The Kinsley at Perimeter Center



City: Atlanta
Buyer: Pacific Urban Investors
Purchase Price: \$102 MM
Price per Unit: \$248,015

Aspire Lenox Park



City: Atlanta
Buyer: RPM
Purchase Price: \$85 MM
Price per Unit: \$208,845

1086 on Montreal



City: Clarkston, Ga.
Buyer: Housing Authority of DeKalb County
Purchase Price: \$32 MM
Price per Unit: \$188,936

LaVista Crossing

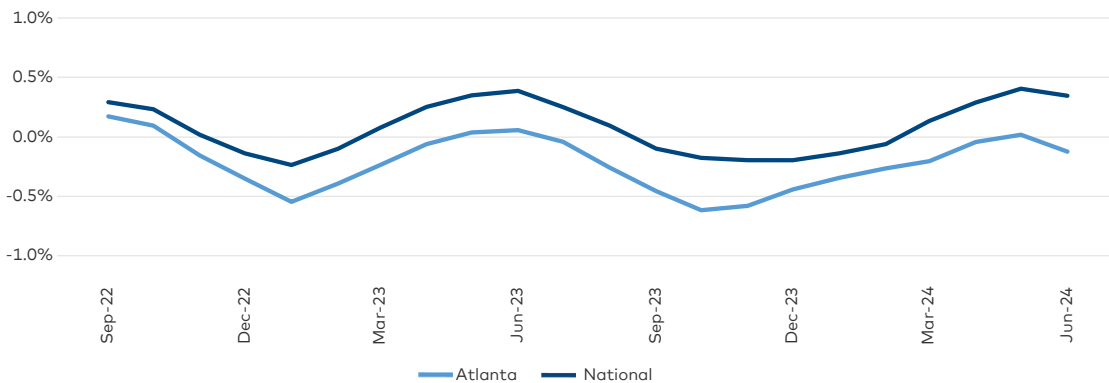


City: Tucker, Ga.
Buyer: The Geneva Group
Purchase Price: \$32 MM
Price per Unit: \$132,292

RENT TRENDS

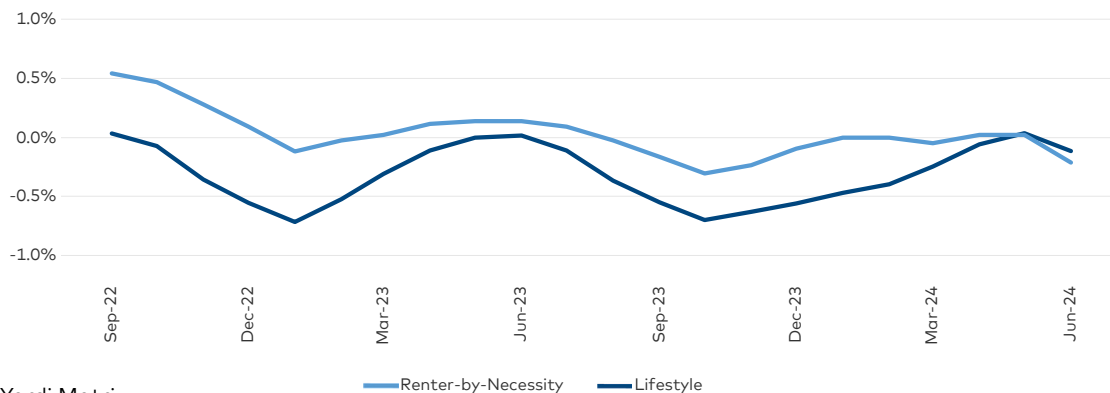
- ▶ The average advertised asking rent in Atlanta remained on a downward trend, down 0.1% on a trailing three-month (T3) basis through June, to \$1,638. Meanwhile, the national rate rose 0.3%, to \$1,739. Year-over-year, Atlanta posted the second-largest drop among Yardi Matrix's top 30 metros, down 3.6%. Only Austin (-6.5%) recorded a steeper rent slide, while the U.S. average was up 0.6%.
- ▶ Rent movement was negative across property segments. Rates for units in the working-class Renter-by-Necessity segment were down 0.2%, on a T3 basis through June, to \$1,411. The Lifestyle average advertised asking rent slid 0.1%, to \$1,754. Meanwhile, the occupancy rate in stabilized properties decreased 80 basis points year-over-year as of May, to 92.4%. Similar to rent performance, the decline was higher in the RBN segment, down 1.2%, to 92.1%, compared to Lifestyle figures (-0.7% to 92.6%).
- ▶ Year-over-year through June, only 18 of the 82 submarkets tracked by Yardi Matrix recorded rent gains. Six submarkets had average advertised asking rents above the \$2,000 mark, down from nine a year ago, and all posted rent declines. This included Midtown South (-6.0% to \$2,167), Buckhead Village (-6.8% to \$2,138) and Haynes Manor/Peachtree Hills (-7.0% to \$2,114).
- ▶ Atlanta single-family rentals mirrored multifamily. Year-over-year, the average advertised asking rent declined 3.1% in June, to \$2,322, and occupancy decreased 2.5% as of May, to 93.1%.

Atlanta vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Atlanta Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ Atlanta's unemployment rate reflects a relatively tight labor market, even after a 60-basis-point increase to 3.4% in May, according to data from the Bureau of Labor Statistics. The metro's jobless rate outperformed the nation (4.0%) and just slightly trailed Georgia (3.2%).
- ▶ Employment expansion remained unchanged for the third consecutive month in Atlanta, at 1.1% in the 12 months ending in April, with 38,800 net jobs added. Meanwhile, national employment was up 1.4%. This was the same figure recorded in the previous two months.
- ▶ Two sectors lost jobs—trade, transportation and utilities (-9,800 positions) and information (-14,000). Meanwhile, growth was led by education and health services (17,500 jobs) and government (16,100 jobs).
- ▶ Work continues on several high-profile projects, including the 22-mile transit loop Atlanta Belt-Line; CIM Group's \$5 billion Centennial Yards, with one-third of the entire development projected to be open by 2026; and Andersen Corp.'s \$420 million, 638,000-square-foot manufacturing facility in Locust Grove, expected to begin operations in 2025. Meanwhile, development of the \$5 billion Rivian Automotive manufacturing factory has paused, and the company has yet to announce a timetable for resuming work.

Atlanta Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	420.5	13.7%
90	Government	359.1	11.7%
70	Leisure and Hospitality	316.6	10.3%
55	Financial Activities	208.1	6.8%
15	Mining, Logging and Construction	150	4.9%
60	Professional and Business Services	588.2	19.1%
30	Manufacturing	182.9	5.9%
80	Other Services	103.6	3.4%
40	Trade, Transportation and Utilities	651.3	21.2%
50	Information	95.4	3.1%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Metro Atlanta's population rose 1.1%, or 68,018 people, in 2022, well ahead of the 0.4% U.S. expansion rate. Compared to 2021, growth slowed by 20 basis points in the metro.
- ▶ Between 2019 and 2022, metro Atlanta's population rose by 4.0%, double the national rate.

Atlanta vs. National Population

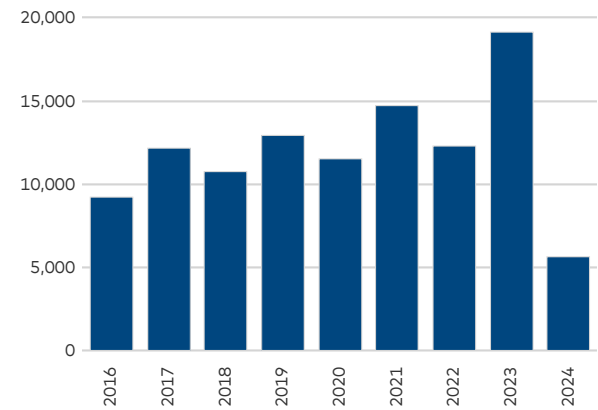
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Atlanta	5,862,424	5,947,008	6,026,734	6,094,752

Source: U.S. Census

SUPPLY

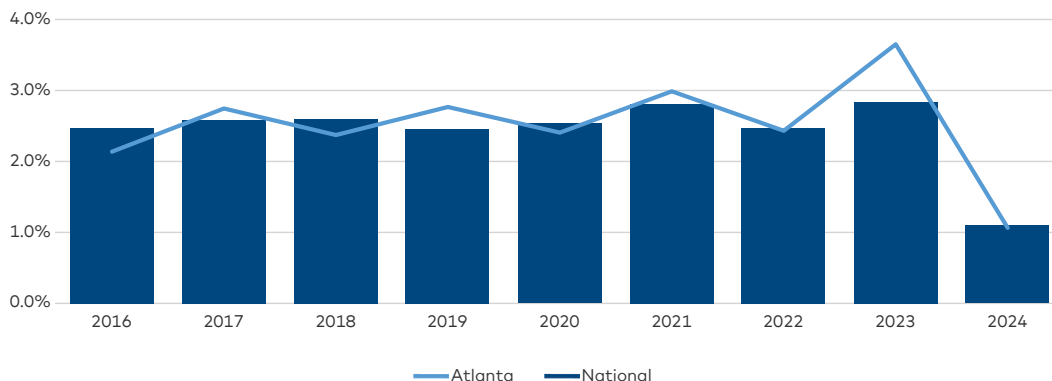
- ▶ A total of 5,649 units came online in Atlanta in 2024 through June, representing 1.1% of total stock and matching the national rate. Slightly more units came online across suburban submarkets (3,615 units). By asset class, 88% of the new stock comprised Lifestyle units.
- ▶ The construction pipeline encompassed 36,575 units underway as of June, and another 125,000 units in the planning and permitting phases. Of the projects under construction, 18,622 units were in the urban part of the metro, nearly on par with the 18,263 units underway in the suburbs. By property segment, Lifestyle assets remained the focus for developers, accounting for almost 90% of the pipeline, with slivers of RBN (2%) and fully affordable communities (10%) also underway. Completions should reach 17,446 units for the year, according to the latest Yardi Matrix forecast, which would mark the second-busiest year of the past decade.
- ▶ Development is slowing down in metro Atlanta too, with low volumes of new construction across the metro. Developers broke ground on 3,103 units in 2024 through June, with the majority in suburban submarkets (2,509 units). This is a fraction of the 13,473 units that started construction during the same time frame last year.
- ▶ As of June, two submarkets had more than 2,000 units underway—Lawrenceville (2,249 units) and Buford (2,144 units)—and another 12 had at least 1,000 units under construction each.
- ▶ The largest project delivered so far in 2024 was Emblem Riverside in Lithia Springs. Quatterra Multifamily's 425-unit Lifestyle property was built with aid from a \$37.2 million construction loan originated by Associated Bank.

Atlanta Completions (as of June 2024)



Source: Yardi Matrix

Atlanta vs. National Completions as a Percentage of Total Stock (as of June 2024)

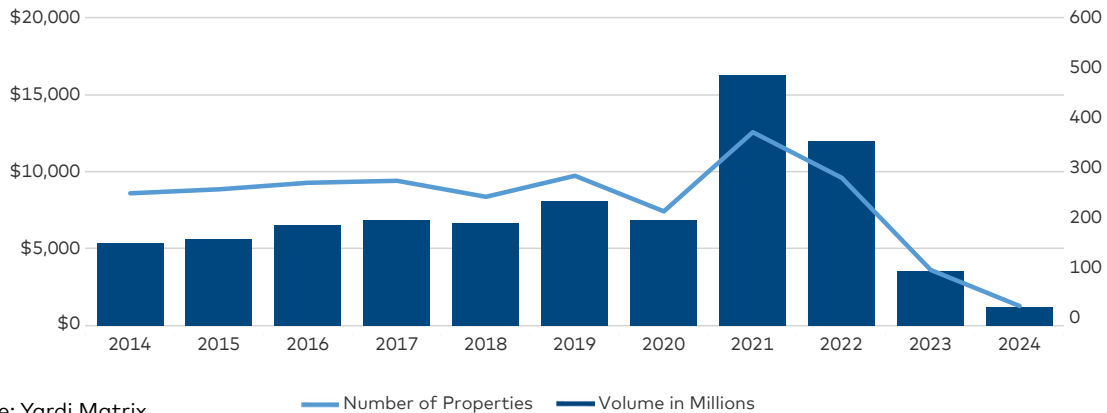


Source: Yardi Matrix

TRANSACTIONS

- ▶ During the first half of 2024, \$1.2 billion in multifamily assets traded in Atlanta. The figure represented just one-third of last year's total, which was the lowest of the past decade. Sales volume in suburban Atlanta was slightly higher than in urban submarkets, at \$660 million.
- ▶ The sales composition was fairly even across asset classes, with 13 of the 25 deals recorded in 2024 through June involving Renter-by-Necessity properties. The average price per unit declined 10.9% year-to-date to \$167,424, again registering below the U.S. figure, at \$180,183 in June.
- ▶ Recent notable sales in Atlanta include The Kinley at Perimeter Center in the Sandy Springs/Dunwoody submarket. Pacific Urban Investors acquired the 412-unit Lifestyle asset from New York Life Insurance Co. for \$102.2 million, or \$248,015 per unit. The deal closed with help from a \$51.3 million loan originated by Lincoln Financial Group.

Atlanta Sales Volume and Number of Properties Sold (as of June 2024)



Source: Yardi Matrix

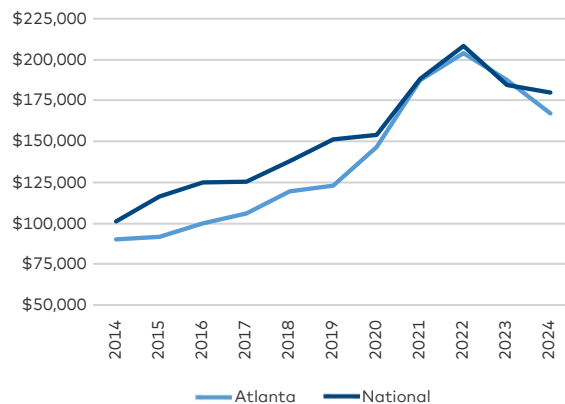
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Duluth	454
Sandy Springs/Dunwoody	334
Canton-Woodstock	187
Cumming	180
Midtown West/Centennial Place	151
Grant Park/East Atlanta/Panthersville	133
Lithia Springs	120

Source: Yardi Matrix

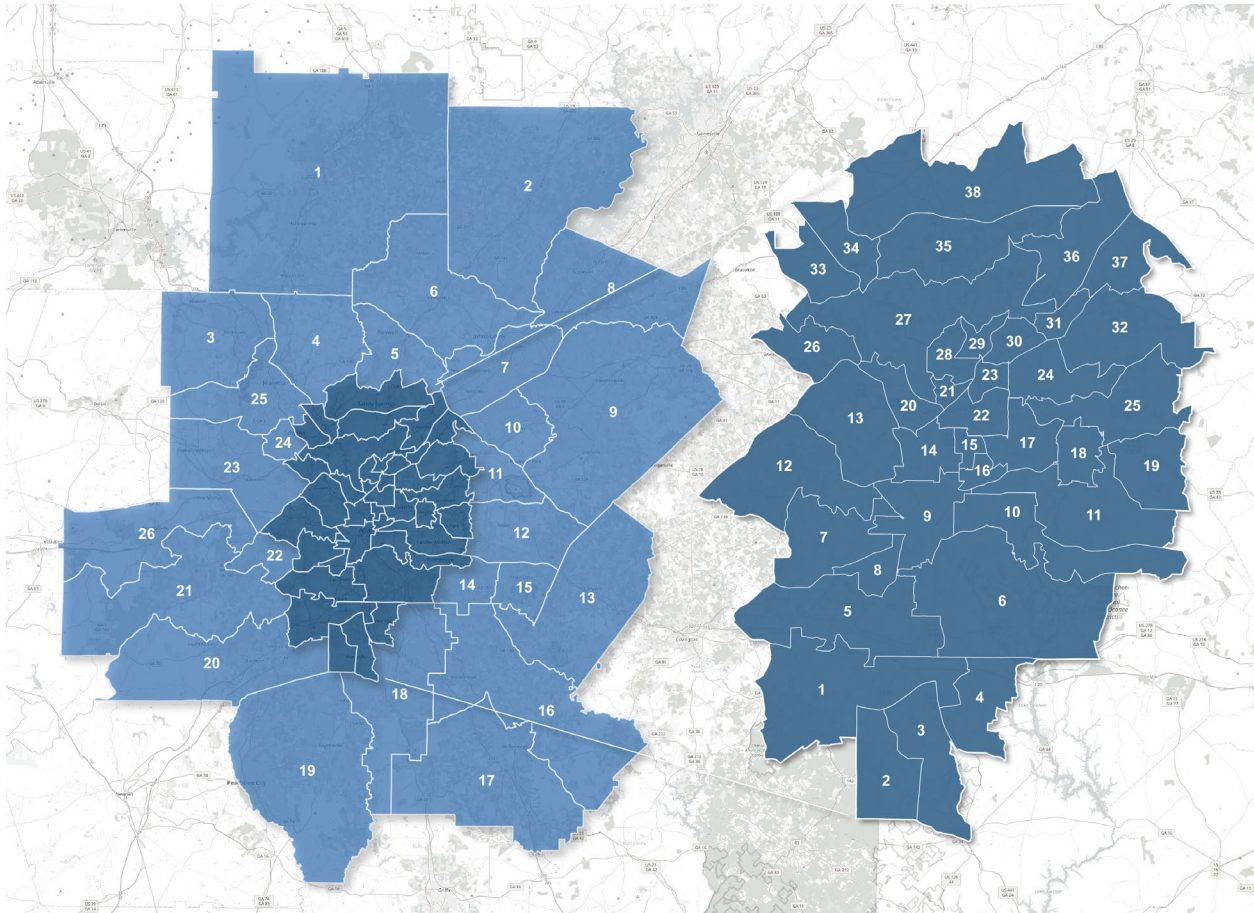
¹ From July 2023 to June 2024

Atlanta vs. National Sales Price per Unit



Source: Yardi Matrix

ATLANTA SUBMARKETS



Area No.	Submarket
1	Canton/Woodstock
2	Cumming
3	Acworth/Kennesaw
4	Marietta Northeast
5	Sandy Springs North
6	Roswell/Alpharetta
7	Duluth/Norcross
8	Suwanee/Buford
9	Lawrenceville
10	Lilburn
11	Tucker/Stone Mountain
12	Redan
13	Conyers/North Rockdale/ South Rockdale
14	Chapel Hill
15	Lithonia
16	Stockbridge
17	McDonough
18	Jonesboro/Bonanza
19	Peachtree/Fayetteville
20	Union City/Fairburn
21	Cliftondale
22	Sandtown
23	Mableton/Austell
24	Smyrna/Fair Oaks
25	Marietta Southwest
26	Douglasville

Area No.	Submarket
1	College Park/Hartsfield-Jackson International
2	West Riverdale
3	East Riverdale
4	Forest Park
5	East Point/Hapeville
6	Lakewood
7	Cascade Springs
8	Oakland
9	West End/Fairlie Poplar/Underground
10	Grant Park/East Atlanta/Panthersville
11	Chandler-McAfee/West Belvedere Park
12	Harwell Heights
13	Bankhead
14	Midtown West/Centennial Place
15	Midtown South
16	Martin Luther King Historic District
17	Inman Park/Virginia Highlands
18	Decatur
19	Avondale Estates/East Belvedere Park

Area No.	Submarket
20	Atlantic Station
21	South Buckhead
22	Midtown
23	Lindbergh
24	North Druid Hills
25	North Decatur/Clarkston/Scottdale
26	Rhyne
27	Buckhead
28	Haynes Manor/Peachtree Hills
29	Buckhead Village
30	Lenox
31	Brookhaven
32	Northlake
33	North Vinings
34	Marietta Southeast
35	North Buckhead
36	West Chamblee
37	East Chamblee
38	Sandy Springs/Dunwoody

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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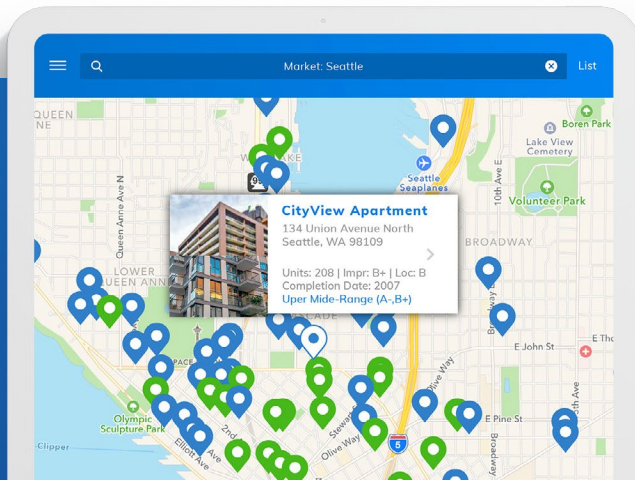
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