CBRE

# Atlanta multifamily demand improves to end the year amidst record deliveries

▼ **92.3%**
Occupancy Rate

▲ **9,668**
YTD Net Absorption (Units)

▼ **$1,628**
Average Rental Rate (Units)

▼ **3.8%**
Rent Growth YoY

▼ **34,250**
Under Construction (Units)

▲ **20,001**
YTD Deliveries (Units)

Note: Arrows indicate change from previous quarter.

## Key Takeaways

— Following 2022's negative absorption, the Atlanta multifamily market witnessed four consecutive quarters of positive demand in 2023 resulting in almost 9,700 units absorbed.

— Annual deliveries in the market were above 20,000 units for the first time ever in Atlanta's history.

— Given the oversupply of multifamily product added this year, the overall occupancy rate, as well as the average rent per unit dropped in Atlanta in 2023.

The Atlanta Multifamily market is in a unique historical position. Low capital cost, surging rental demand, and a business-friendly environment created a surge in growth during and following the pandemic. Accordingly, developers flocked to Atlanta eager to capitalize on the cataclysmic growth.

As a result, the current rental landscape has softened thanks to a surge in new units under construction (overall market rent growth dropped by 3.8% in 2023). While the market will be "oversupplied" in the near term, long-term market sentiment remains robust. Atlanta is poised to continue to be a powerhouse market throughout this cycle and beyond.

FIGURE 1: Historical Deliveries and Rent Growth
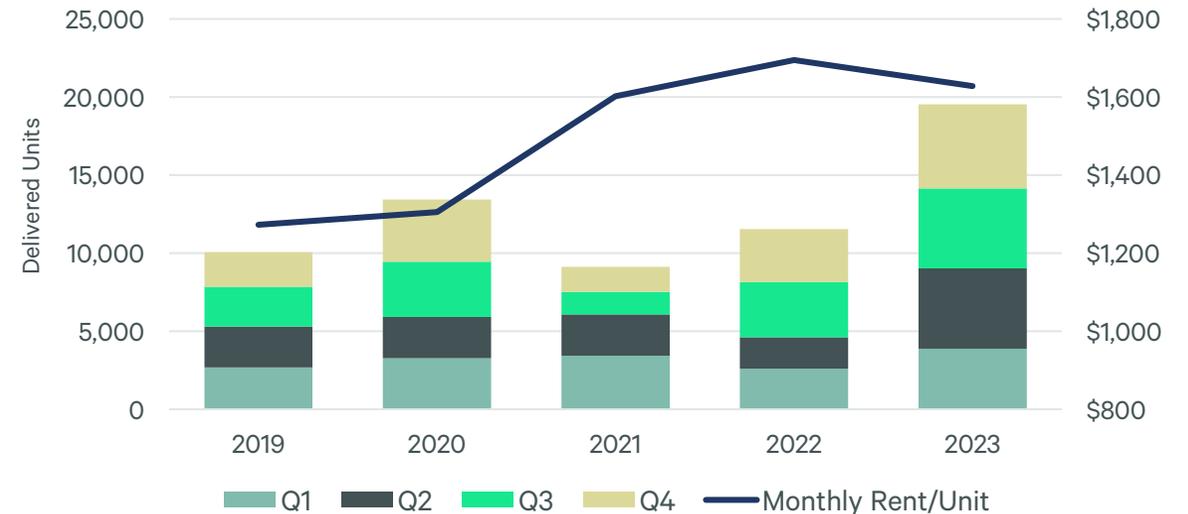


Source: CBRE Research, Real Page Inc., Q4 2023

FIGURE 2: Market Statistics by Submarket

| SUBMARKET | Inventory (Units) | Occupancy (%) | Net Absorption (Units) | YTD Net Absorption (Units) | Avg. Rent ($/Unit) | Avg. Rent ($/SF) | Under Construction (Units) | YTD Deliveries (Units) |
|---|---|---|---|---|---|---|---|---|
| **Total: Atlanta** | **385,306** | **92.3** | **2,939** | **9,668** | **1,628** | **1.60** | **34,250** | **20,001** |
| Alpharetta/Cumming | 16,886 | 93.5 | 55 | 235 | 1,894 | 1.76 | 956 | 510 |
| Briarcliff | 13,720 | 92.7 | 47 | -102 | 1,632 | 1.63 | 433 | 168 |
| Buckhead | 19,455 | 92.6 | -39 | 412 | 2,000 | 1.98 | 1803 | 643 |
| Chamblee/Brookhaven | 13,311 | 93.6 | 12 | 43 | 1,744 | 1.74 | 699 | 234 |
| Clarkston/Tucker | 6,511 | 93.8 | 12 | -133 | 1,464 | 1.36 | 0 | 0 |
| Clayton County | 12,796 | 90.5 | -7 | -363 | 1,240 | 1.22 | 350 | 78 |
| Decatur | 8,961 | 92.7 | -63 | 80 | 1,770 | 1.83 | 103 | 278 |
| Doraville | 6,379 | 92.9 | 59 | 58 | 1,520 | 1.53 | 654 | 128 |
| Downtown Atlanta | 7,319 | 91.2 | 46 | 525 | 1,875 | 2.05 | 659 | 906 |
| Duluth | 13,120 | 93.6 | 146 | 434 | 1,612 | 1.54 | 840 | 450 |
| Dunwoody | 7,595 | 92.9 | -73 | -99 | 1,729 | 1.63 | 598 | 0 |
| Far East Suburbs | 6,786 | 93.1 | 331 | 911 | 1,522 | 1.41 | 1959 | 1,116 |
| Far North Suburbs | 6,032 | 94.2 | 458 | 1,707 | 1,604 | 1.48 | 2,782 | 1,827 |
| Far South Suburbs | 7,909 | 92.5 | -58 | 275 | 1,568 | 1.38 | 103 | 458 |
| Far West Suburbs | 2,697 | 92.2 | 25 | 83 | 1,526 | 1.38 | 185 | 231 |
| Henry County | 12,091 | 89.5 | 125 | 785 | 1,543 | 1.38 | 1,835 | 1,338 |
| Johns Creek/Suwanee/Buford | 9,197 | 93.1 | 47 | 760 | 1,746 | 1.67 | 960 | 981 |
| Kennesaw/Acworth | 9,654 | 94.3 | 343 | 1,002 | 1,638 | 1.54 | 1,522 | 1,103 |
| Midtown Atlanta | 15,781 | 92.6 | 137 | 1,288 | 2,055 | 2.27 | 3,647 | 1,673 |

Source: CBRE Research, Real Page Inc., Q4 2023.

FIGURE 2 (cont.): Market Statistics by Submarket

| SUBMARKET | Inventory (Units) | Occupancy (%) | Net Absorption (Units) | YTD Net Absorption (Units) | Avg. Rent ($/Unit) | Avg. Rent ($/SF) | Under Construction (Units) | YTD Deliveries (Units) |
|---|---|---|---|---|---|---|---|---|
| Norcross | 17,282 | 93.1 | 198 | 423 | 1,451 | 1.49 | 280 | 737 |
| Northeast Atlanta | 12,387 | 91.2 | 17 | -285 | 1,777 | 1.90 | 1,042 | 50 |
| NE Cobb/Woodstock | 8,754 | 93.1 | 53 | -35 | 1,644 | 1.59 | 553 | 38 |
| NE Gwinnett County | 9,480 | 92.4 | 260 | 791 | 1,540 | 1.58 | 2,055 | 1,447 |
| Roswell | 6,587 | 91.8 | 3 | -107 | 1,698 | 1.56 | 128 | 0 |
| Sandy Springs | 16,341 | 92 | -20 | -355 | 1,691 | 1.61 | 286 | 0 |
| Smyrna | 11,979 | 92.3 | -83 | 5 | 1,600 | 1.56 | 277 | 303 |
| South Atlanta | 7,129 | 90.7 | -8 | -277 | 1,248 | 1.27 | 316 | 444 |
| South Cobb/Douglasville | 10,822 | 92.5 | 529 | 1,301 | 1,441 | 1.42 | 944 | 1,598 |
| South Dekalb County | 6,772 | 89.2 | -96 | -571 | 1,253 | 1.23 | 476 | 112 |
| South Fulton County | 9,638 | 91 | -4 | -277 | 1,271 | 1.29 | 1,086 | 178 |
| SE Atlanta | 6,466 | 91.5 | 122 | 401 | 1,626 | 1.79 | 1,287 | 597 |
| SE Dekalb | 5,209 | 89 | 14 | -215 | 1,364 | 1.25 | 260 | 0 |
| SE Gwinnett County | 8,365 | 93.7 | 49 | 541 | 1,583 | 1.5 | 353 | 705 |
| SE Marietta | 11,290 | 92.2 | -28 | -287 | 1,504 | 1.42 | 0 | 0 |
| SW Atlanta | 5,780 | 90.7 | 12 | -12 | 1,360 | 1.32 | 76 | 224 |
| Stone Mountain | 6,715 | 90.2 | -29 | -272 | 1,253 | 1.23 | 506 | 128 |
| Vinings | 13,397 | 92.9 | 5 | 181 | 1,748 | 1.77 | 1,452 | 287 |
| West Atlanta | 10,696 | 92 | 283 | 792 | 1,774 | 1.95 | 2,835 | 1,031 |
| West Marietta | 4,017 | 91.4 | -35 | -491 | 1,361 | 1.36 | 0 | 0 |

Source: CBRE Research, Real Page Inc., Q4 2023.

# Rental Rate Growth

Throughout 2023, Atlanta experienced a softening of the rental market due in part to elevated absorption rates born from lower cost of capital at the time of construction starts (late 2021 and early 2022). However, Atlanta is poised to successfully absorb these units over time, and long-term fundamentals are still robust within Atlanta and the Sunbelt at large.

Despite short term headwinds, select submarkets are poised for explosive growth in the next five years. Nine Atlanta submarkets are projected to experience 20% rent growth in the next half decade- further emphasizing the "flight to quality" demonstrated by renters in Sunbelt markets.

Atlanta's effective rent is projected to grow by 13% in the next five years and will experience more measured and consistent rent growth than other markets who have significant units under construction (see below).

FIGURE 3: Projected Rental Rate/Unit Growth by Market
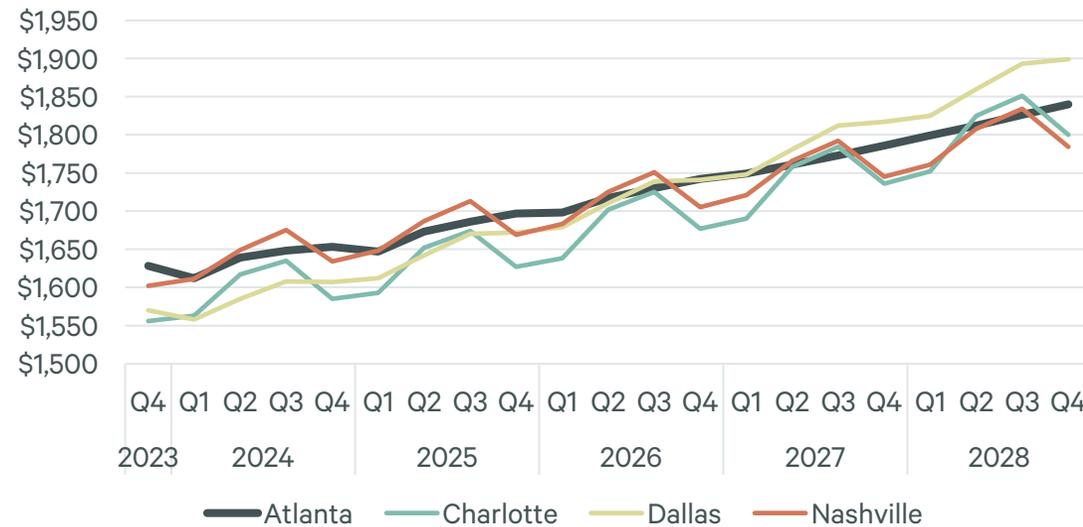


Source: CBRE Research, Real Page Inc., Q4 2023.

FIGURE 4: Market Rent Change by Submarket with 5-yr Projection

| SUBMARKET | Percentage Rent Change Y-O-Y (Q4 2023) | 5-yr Projected Percentage Rent Change |
|---|---|---|
| Alpharetta/Cumming | -3.9 | 7.1 |
| Briarcliff | -3.2 | 9.8 |
| Buckhead | -4.9 | 3.9 |
| Chamblee/Brookhaven | -2.9 | 8.3 |
| Clarkston/Tucker | -0.3 | 22.2 |
| Clayton County | -4.2 | 12.9 |
| Decatur | -4.5 | 12.9 |
| Doraville | 2.9 | 22.0 |
| Downtown Atlanta | -5.2 | 10.2 |
| Duluth | -4.2 | 5.4 |
| Dunwoody | -3.9 | 1.9 |
| Far East Suburbs | 4.7 | 17.1 |
| Far North Suburbs | -1.1 | 12.7 |
| Far South Suburbs | -2.9 | 11.2 |
| Far West Suburbs | -0.7 | 20.5 |
| Henry County | -5.9 | 2.0 |
| Johns Creek/Suwanee/Buford | -4.0 | 5.7 |
| Kennesaw/Acworth | -3.7 | 0.1 |
| Midtown Atlanta | -5.7 | 2.2 |
| Norcross | -2.6 | 24.1 |
| Northeast Atlanta | -5.8 | 5.1 |
| NE Cobb/Woodstock | -5.4 | 9.5 |
| NE Gwinnett County | -4.1 | 3.8 |
| Roswell | -1.7 | 15.8 |
| Sandy Springs | -4.5 | 5.1 |
| Smyrna | -5.2 | 12.7 |
| South Atlanta | -1.9 | 21.6 |
| South Cobb/Douglasville | -4.1 | 15.5 |
| South Dekalb County | -3.9 | 21.5 |
| South Fulton County | -5.6 | 41.2 |
| SE Atlanta | -1.1 | -2.0 |
| SE Dekalb | -7.3 | 40.8 |
| SE Gwinnett County | -2.2 | 6.0 |
| SE Marietta | -3.3 | -3.2 |
| SW Atlanta | -5.1 | 18.1 |
| Stone Mountain | -8.2 | 20.0 |
| Vinings | -5.7 | 6.5 |
| West Atlanta | -4.7 | 4.9 |
| West Marietta | -5.2 | 18.2 |
| **Total: Atlanta** | **-3.8** | **13.0%** |

FIGURE 5: Metro Comparison

| Metropolitan Area | 2023 Under Construction | 2023 Net Absorption (Units) | 2024 Projected Net Absorption (Units) | 2023 Units Delivered | 2024 Projected Units Delivered |
|---|---|---|---|---|---|
| **Atlanta** | **34,250** | **9,668** | **21,905** | **19,534** | **23,095** |
| Charlotte | 21,134 | 10,317 | 22,407 | 13,880 | 21,134 |
| Dallas | 55,212 | 10,181 | 38,593 | 19,782 | 38,365 |
| Nashville | 23,364 | 9,444 | 13,504 | 12,134 | 13,549 |

## Metro Competition

What ostensibly seems like a high number of units under construction (34k units in 2023) is tempered when viewed as a percentage of total inventory and relative to other market in the sunbelt. As a result, and as indicated on the previous page's rent growth chart, Atlanta is projected to have more predictable/consistent rent growth following the delivery of units currently under construction.

Moreover, from both a population and economic standpoint Atlanta is poised to be able to successfully absorb the current stock of inventory under construction in a relatively short time period because the amount under construction as a percent of inventory is diminutive compared to other Sunbelt markets.

FIGURE 6: Percent of Inventory Under Construction by Metro – 2023
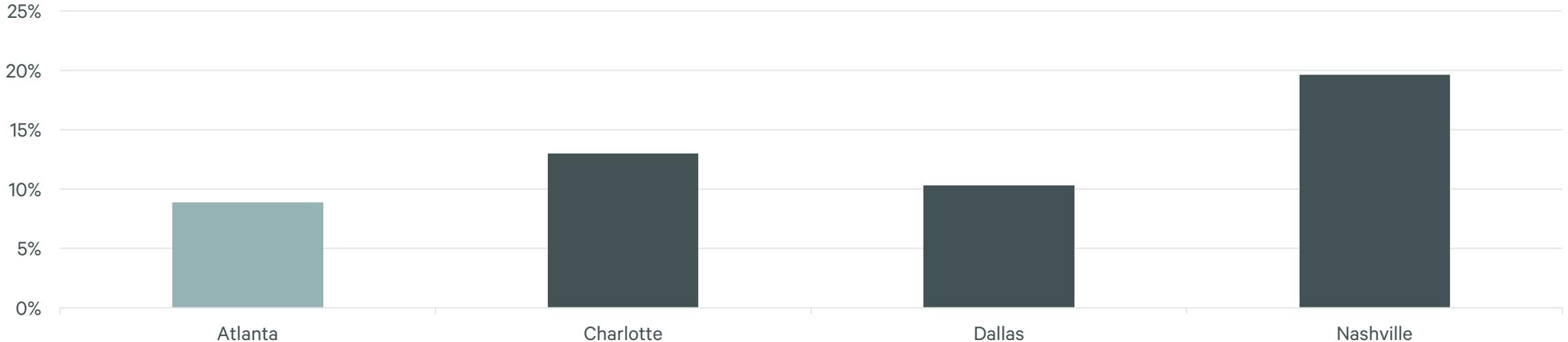


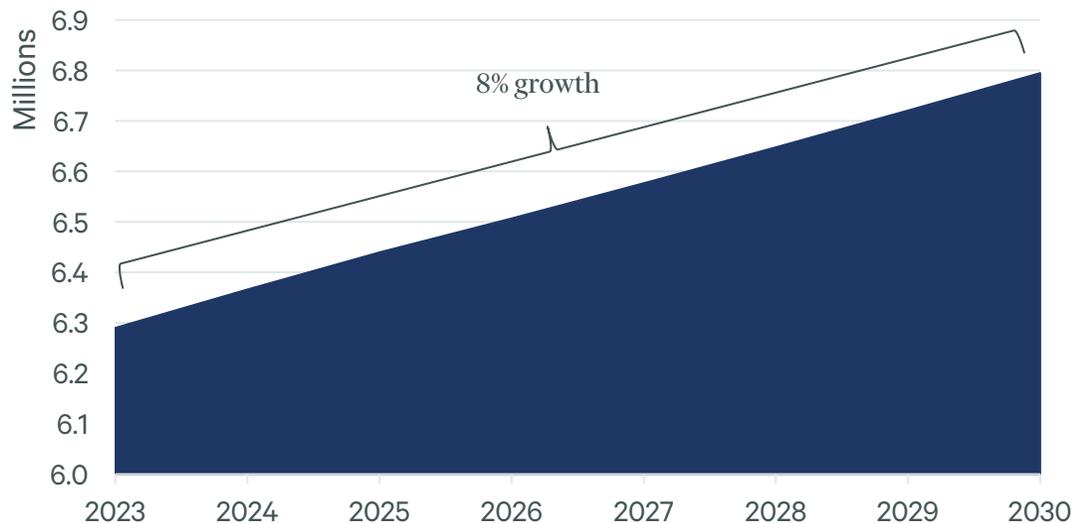Source: CBRE Research, Real Page Inc., Q4 2023.

FIGURE 7: Metro Atlanta Population & Job Growth Projection

|  | 2010 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|
| Metro Atlanta Population | 5,300,040 | **6,289,950** | 6,366,290 | 6,439,860 | 6,507,370 | 6,576,810 | 6,648,160 | 6,721,030 | 6,795,110 |
| Metro Atlanta Job Growth (total emp) | 2,274,860 | **3,060,120** | 3,097,070 | 3,124,480 | 3,144,150 | 3,159,090 | 3,174,600 | 3,191,400 | 3,211,230 |

## Atlanta Population Growth

Between 2010 and 2023, Atlanta experienced transformative 19% population growth that reshaped the Metro Area. While the projected growth is tempered relative to that expansion, the 500k+ residents that will be added before 2030 in still a significant figure. Therefore, the rental market should remain healthy for the foreseeable future.

## Atlanta Job Growth

Atlanta will add 151k jobs by 2030, further bolstering its position as an employment leader within the Sunbelt. Expansion in the Southeast is constant and ubiquitous, including but not limited to the dynamic new development surrounding Port of Savannah which will solidify Atlanta as an inland nexus for commerce, business, and recreation for the foreseeable future.

FIGURE 8: Metro Atlanta Population Projection



8% growth

Source: Oxford Economics.

FIGURE 9: Metro Atlanta Total Employment Projection



+151K jobs projected
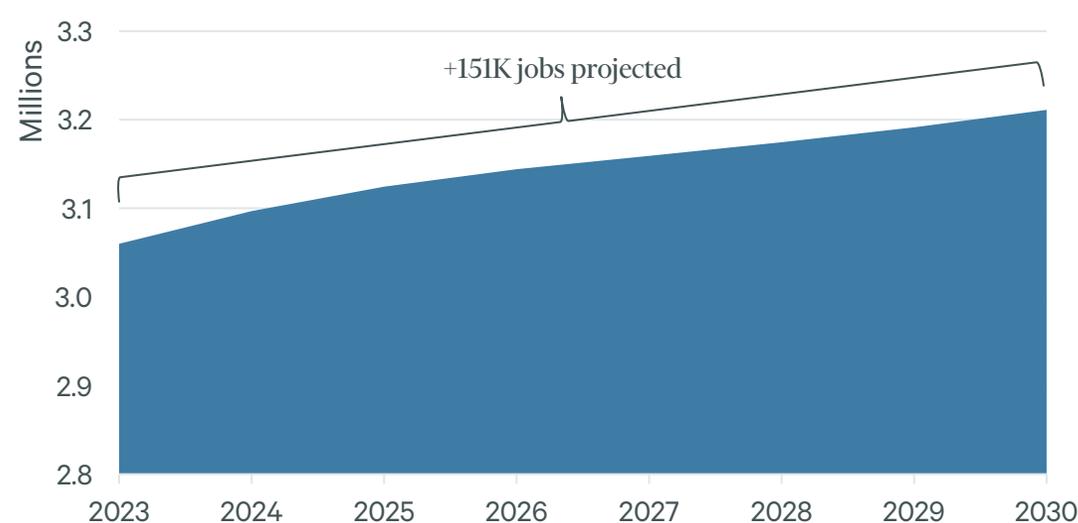
Source: Oxford Economics.

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