



ATLANTA

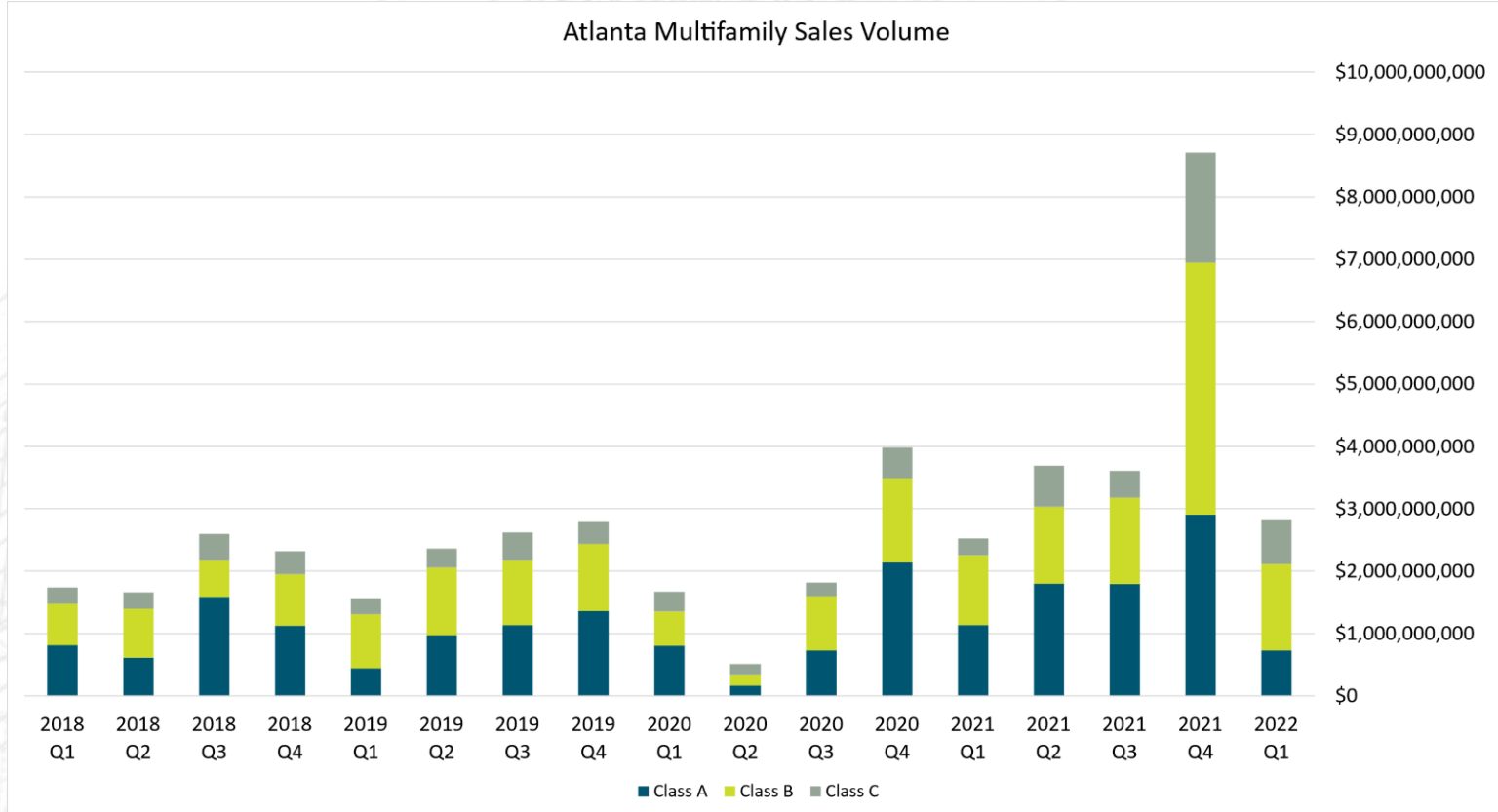
Q1-22 Mutlifamily Report

 FranklinStreet



Atlanta

MSA Sales Volume

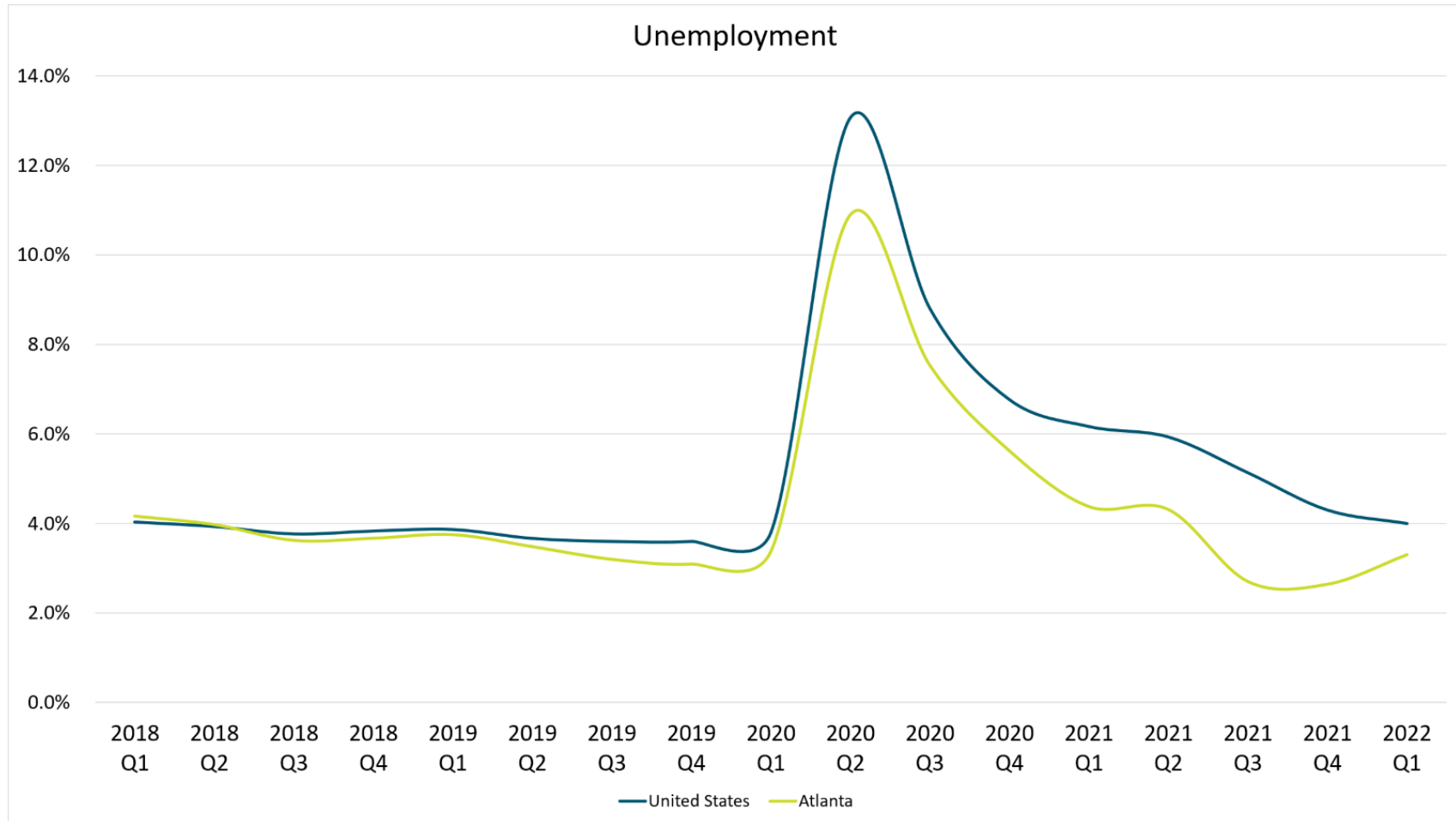


Although Atlanta’s multifamily investment sales market hit a pandemic-driven low in Q2-20, it quickly recovered in 2021, achieving a record annual sales volume totaling over \$18 billion. The market maintained momentum in Q1-22, starting the year with \$2.82 billion in sales. Class B properties accounted for a majority of the total sales volume at over \$1.3 billion, signifying investor interest in value-add assets. Class A properties accounted for a quarter of this sales volume at \$728 million, while Class C properties followed at \$715 million.

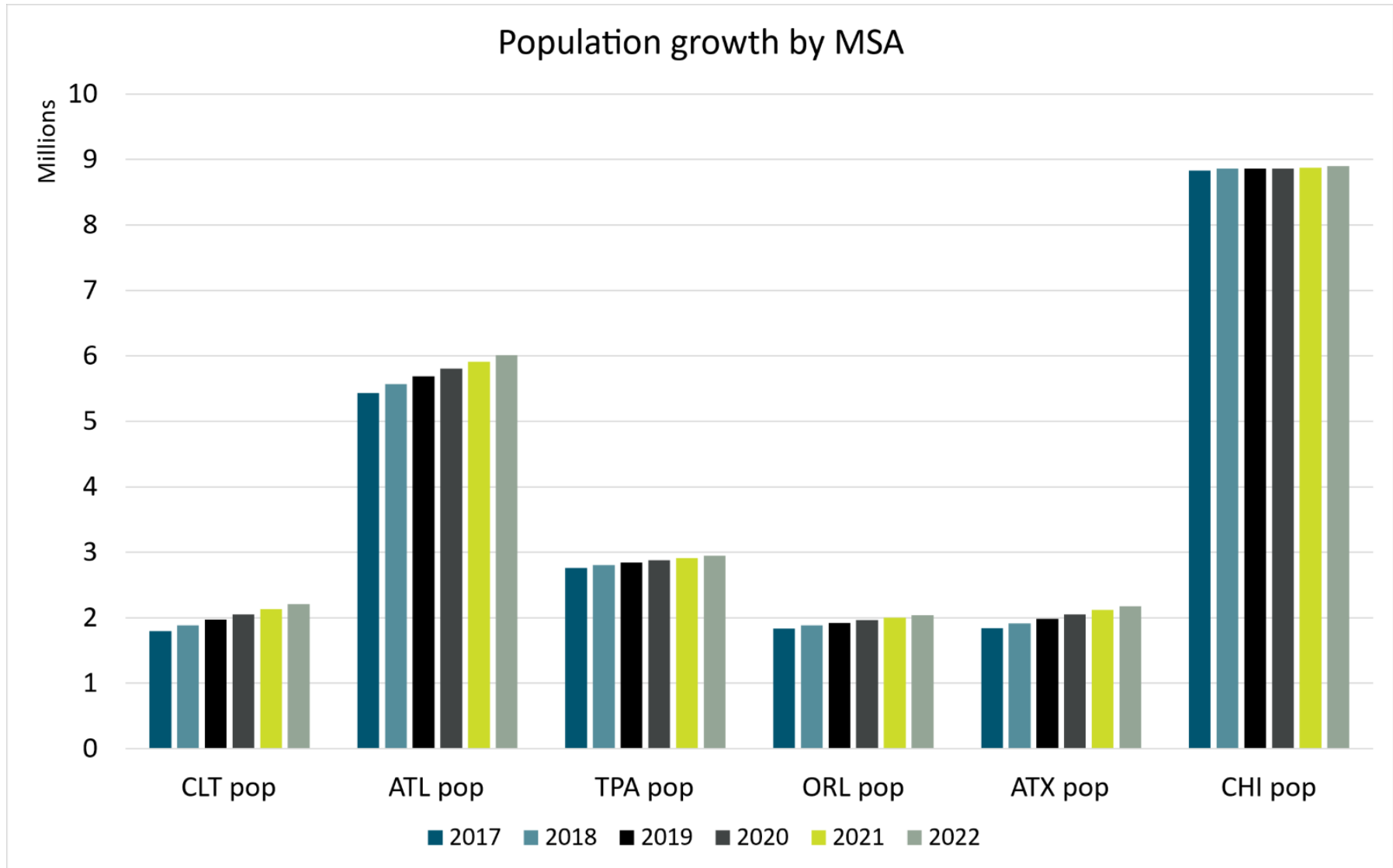
Overall, the market’s performance over the past year is a great indication that investor confidence has returned to the Atlanta multifamily in bold fashion.

Debt origination in the Atlanta multifamily market seems to have moderated. For the first quarter of 2022, there have only been 19 loans, originated worth roughly \$310 million (TERPP). This is particularly low compared to years prior. So as far as new projects go, the pace is relatively low. The pace of debt origination was high until 2019, then plateaued. Fannie Mae and Freddie Mac loans have been popular for multifamily investors on a national scale, Atlanta included. Now, they have fallen out of favor due to higher interest rates and a backdrop of a more unpredictable market. Although debt trends have lost their steam entering 2022, population growth in the area remains strong. Our brokers in the area tell us, “Every day we see more and more NY, NJ, CA tags on cars”. A strong indication that the metro is growing. If these migration patterns persist, we anticipate debt issuance to return to pre-pandemic levels. For 2022, we expect multifamily investments to continue to outperform other asset classes despite headwinds from a turbulent market and a full round of rate hikes down the road.

MSA Unemployment



Atlanta's employment figures also took a hit throughout the pandemic but have since recovered to record low unemployment. With the national unemployment average sitting at roughly 4.0%, the Atlanta area is flexing a very impressive 3.3%. This is in part thanks to major tech firms like Microsoft, Google, Visa, and others returning to the area to bring employment back to its pre-pandemic trajectory..

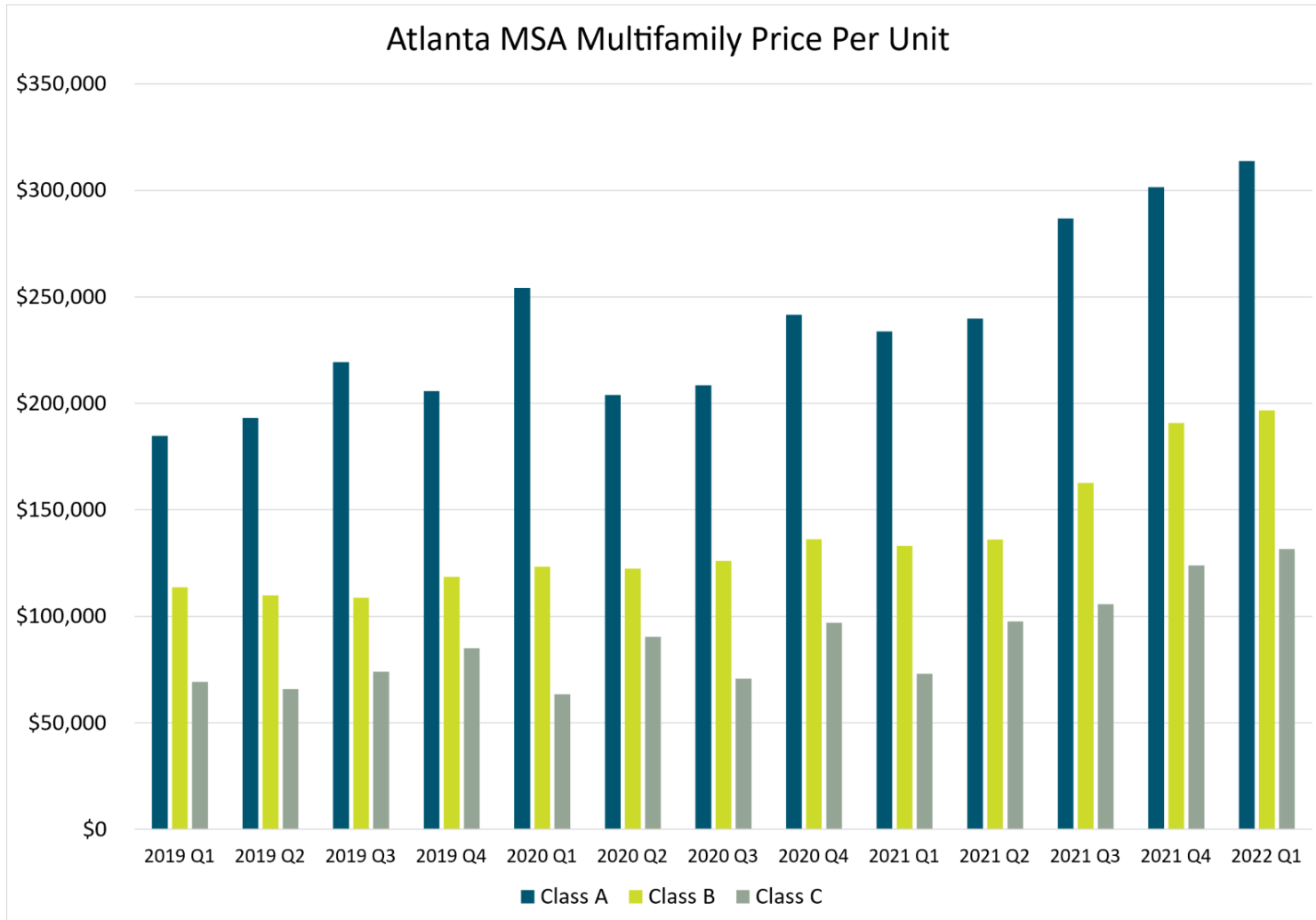


MSA Population Growth

The Atlanta metro has grown rapidly over the past five years. This growth is particularly noticeable when weighted against comparable metro areas. Since 2017, the Atlanta market has added 581,000 residents to the area. With all this population growth comes economic growth and leads us to believe that the area will be an area multifamily investment will gravitate to.

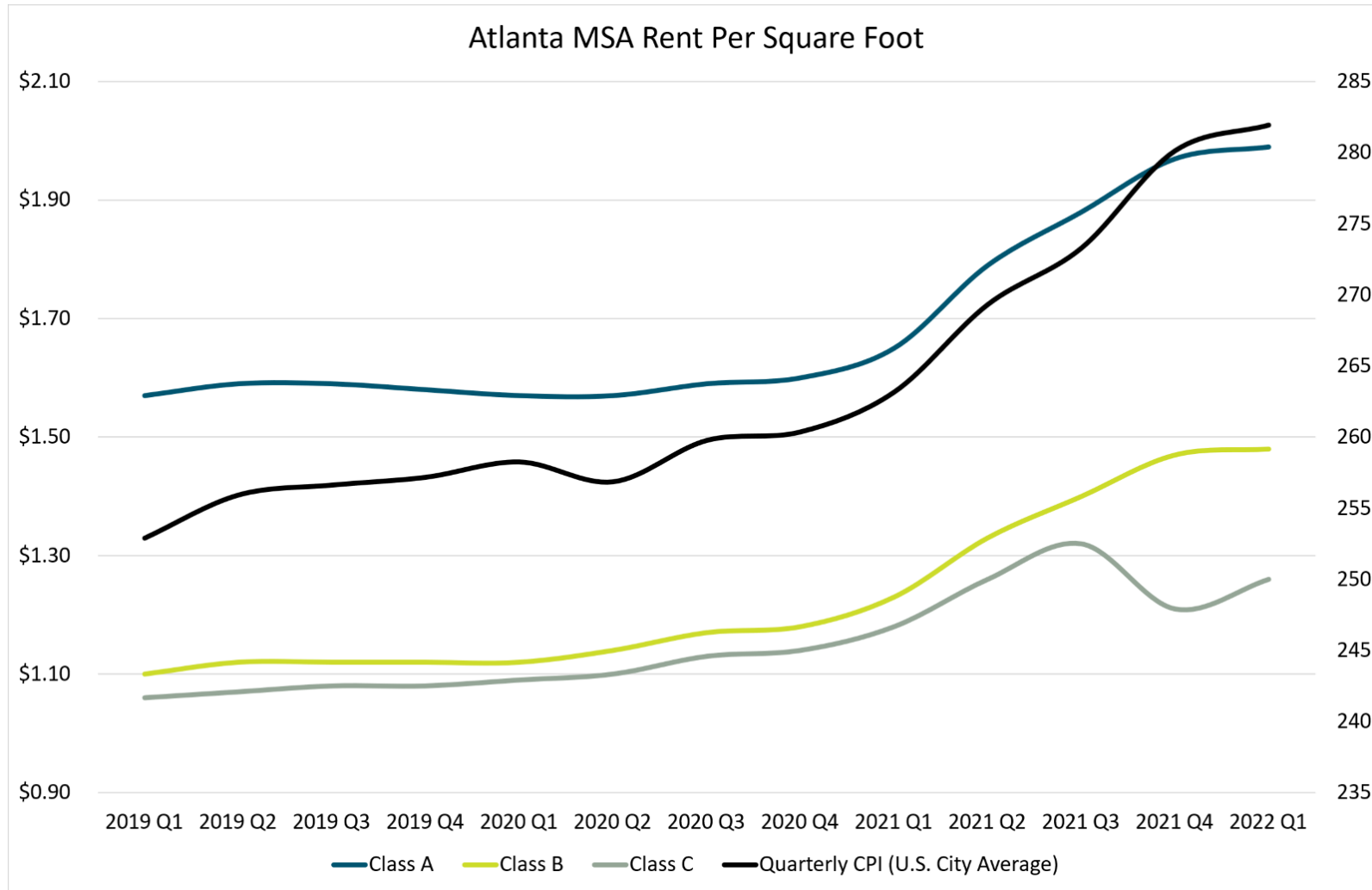
Multifamily Price Per Unit

Many major metros across the country have seen significant increases in pricing for multifamily properties, and Atlanta is no exception. The price per unit for Class A properties averaged \$313,768 in Q1-22, while Class B and C units averaged \$196,743 and \$131,633 respectively. While we are not expecting a reversal in per unit pricing any time soon, it is unclear how long this rate of growth will continue in the current environment of rising interest rates and inflation.



Atlanta-Sandy Springs-Roswell, GA	Last Quarter Origination		Current Balance		TTM WA Spread to TSY		Debt Service coverage ratio	
MSA	Fannie Mae	Freddie Mac	Fannie Mae	Freddie Mac	Fannie Mae	Freddie Mac	Fannie Mae	Freddie Mac
Atlanta-Sandy Springs-Roswell, GA	\$616,010,595	\$194,122,000	\$615,957,685	\$194,087,712	163	143	1.83	

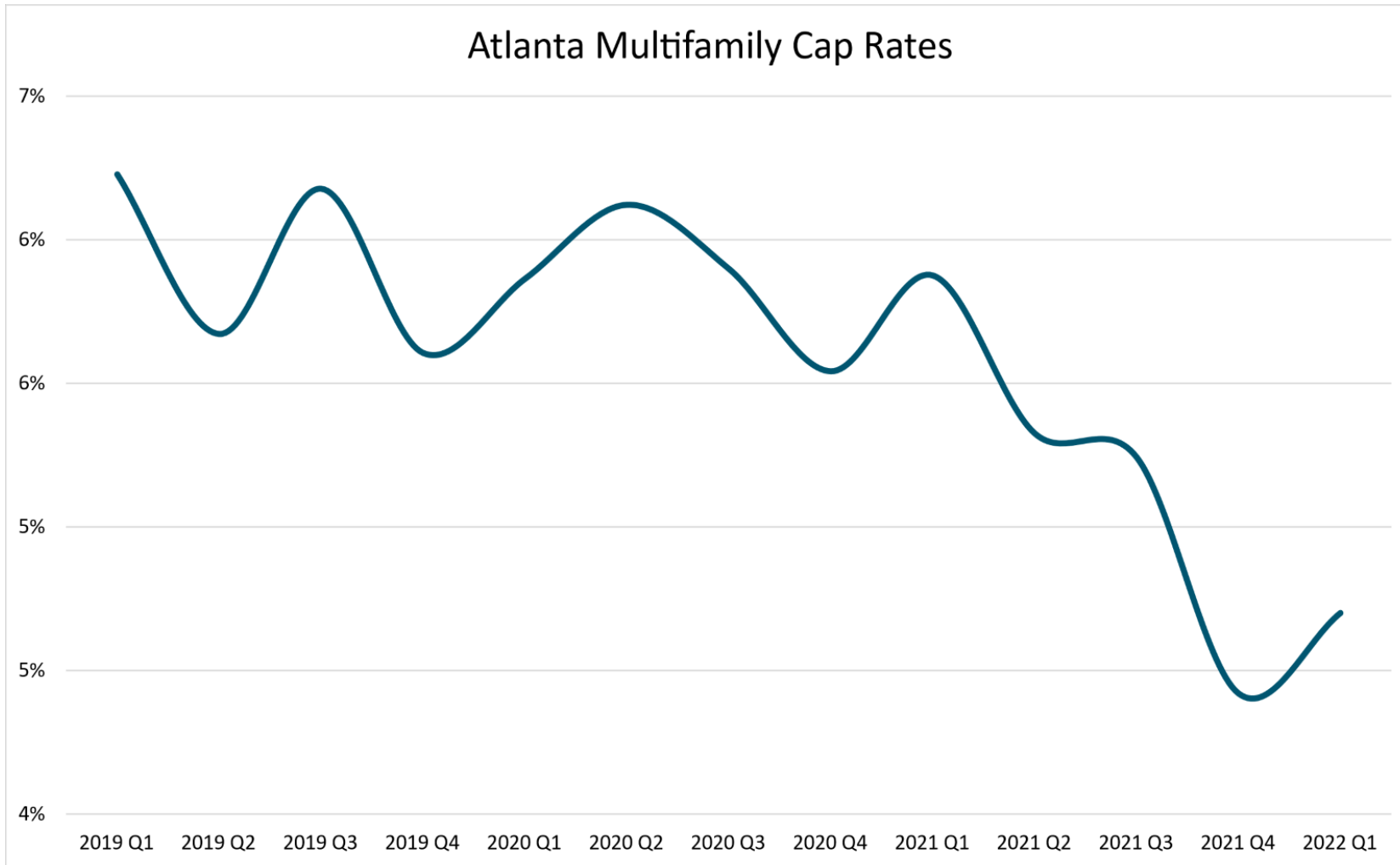
MSA Rent Growth



Rental prices have increased following the pursuit of price trends. The market reflects minimal affordability with Class A at \$1.99, Class B at \$1.48 and Class C at \$1.26. Also, much like prices, the growth trends are moving fast and maintaining speed as we enter 2022.

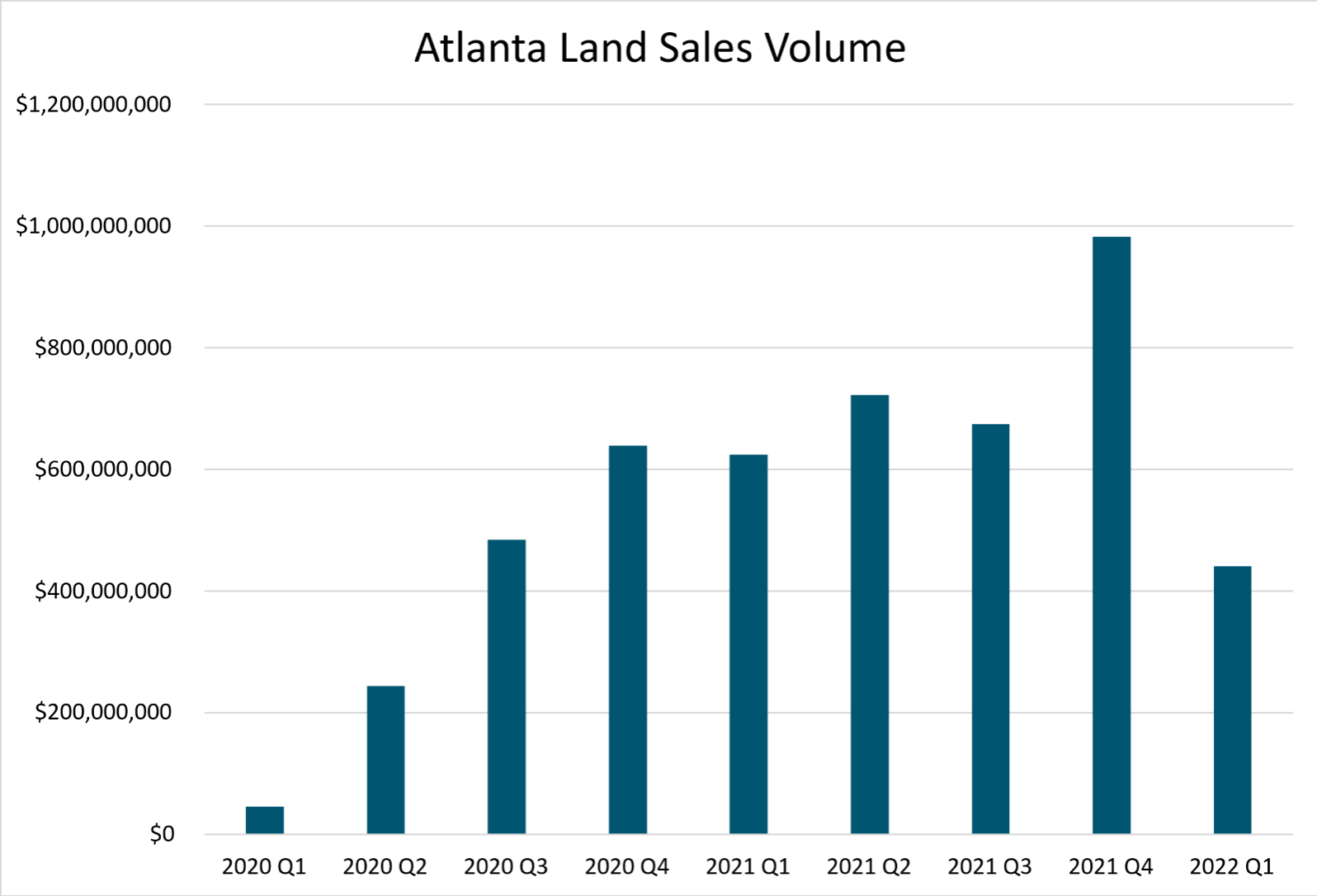
Multifamily rental rates are also rising in Atlanta. 2021 saw steep increases, especially among luxury apartments, and current growth trends are expected to continue. In Q1-22, the price per square foot averaged \$1.99 Class A, \$1.48 for Class B and \$1.26 for Class C. All three property class rent rates saw an average 1.69% rate increase from the prior quarter.

MSA Cap Rate



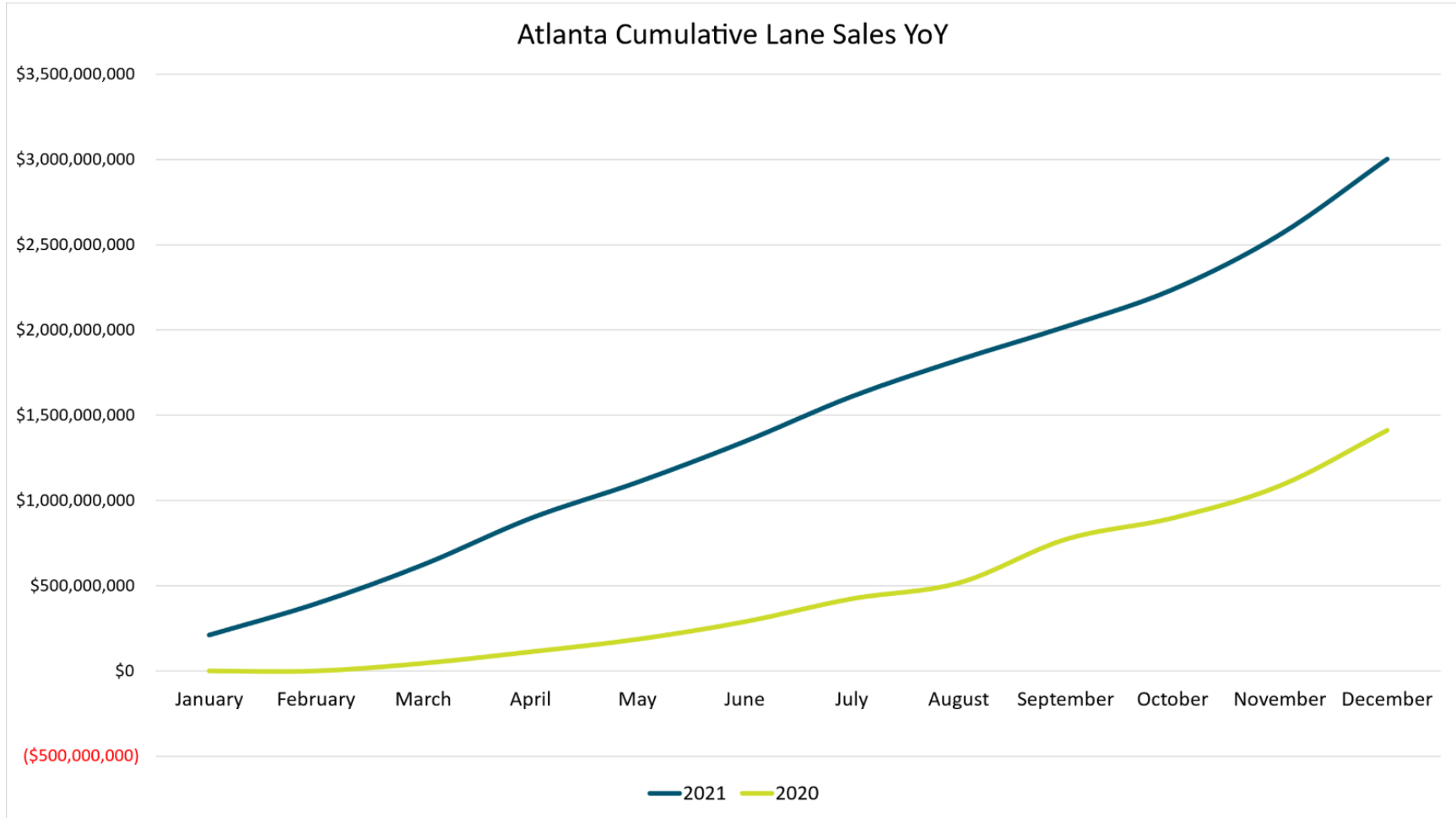
Cap rates for Atlanta multifamily properties began tightening before the pandemic, but experienced even more drastic compression in the last year. Cap rates average 4.7% in the first quarter of the year.

MSA Land Sales Volume



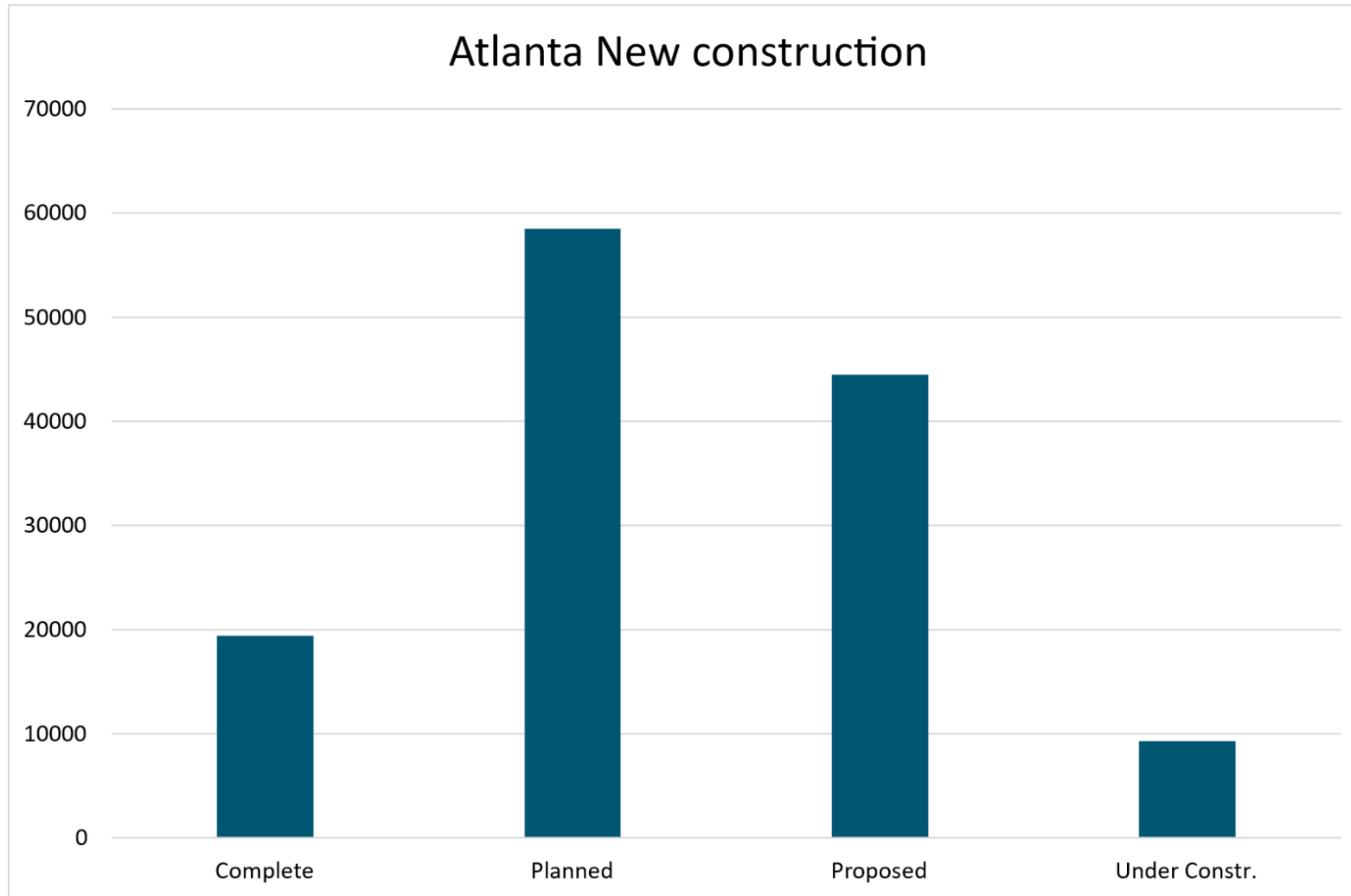
Land pricing and sales activity is a strong indication of where investment is flowing. In Atlanta, land sales have been strong, totaling nearly \$1 billion in Q4-21 alone. Although Q1 of 2022 did not start off strong, this is typical of investors as they recalibrate their strategies in the beginning of the year.

MSA Supply & Demand



Cumulative land sales for Q1-22 have not been published, but we expect the year to follow similar patterns to 2021.

MSA New Construction



Between January 2020 and March 2022, the Atlanta market completed construction of 19,408 units, with 44,488 proposed, 58,478 units planned and 9,277 under construction.

Atlanta Multifamily Market Outlook

Atlanta has always been a go-to location for investors looking to enter the multifamily property market. With over six million residents, there's no shortage of demand for apartments. As the market continues to recover from pandemic-related challenges, we expect Atlanta to see a large influx of multifamily investment. Workforce housing has been especially popular among investors due to the organic rent growth and value add potential. However, as pricing for value-add properties continues to rise, we are beginning to see demand increase for core assets as well.

Overall, we believe the Atlanta multifamily market will continue to see strong transactional volume over the short-term; however, we might see an adjustment as interest rates continue to rise, offsetting yields.

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