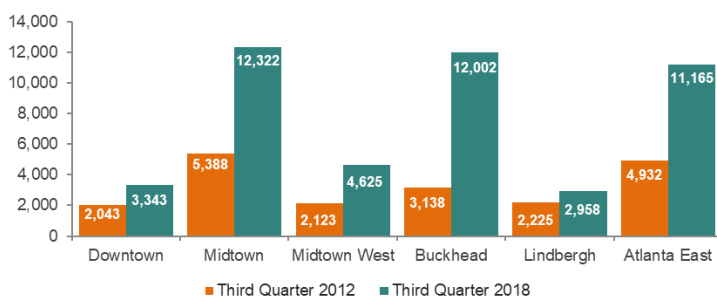


Apartment Resiliency

The intown Atlanta apartment market has remained resilient despite a tremendous surge in supply. When our firm started tracking the intown apartment market on a regular basis in 2012, the inventory of Class A units built since 2000 was 19,129 units, or an average of 1,739 units per year. Since 2012, there have been 27,286 units added to the urban core, or 3,898 units per year. The market has absorbed the supply increase surprisingly well, although same-store rent growth has been relatively flat the last few years. Below are five reasons absorption has been so steady throughout this apartment development cycle:

- Exceptional job growth.** From 2000 to 2011, the Atlanta MSA added an average of 6,100 jobs per year. From 2012 to 2017, the metro area added 68,700 jobs per year.
- Slowdown in condominium development.** There were 26,243 condominiums delivered from 2000 to 2011, compared to 3,088 units delivered since 2012.
- New emerging neighborhoods.** Development is no longer solely concentrated in Midtown and Buckhead. Areas such as the Old Fourth Ward, West Midtown, and Memorial Drive corridor are now front and center in the minds of potential renters when looking for a place to live.
- A booming technology sector.** Atlanta has emerged as a leader in many tech-related sectors, and Technology Square in Midtown is now ground zero for where employers want to locate. These growing companies pay healthy salaries that help support the lofty rents needed to support high-rise construction.
- People flocking to the urban core.** Metro Atlanta's suburban sprawl has abated and now the push is to move into the city. House prices, particularly in intown neighborhoods, have restricted the ability for many people to own. Additionally, more people are becoming renters by choice. Initially perceived as a fad by some, this trend is now evident from Millennials to empty nesters.

Inventory Analysis - 2012 vs. 2018



By the Numbers - Intown Atlanta Apartment Market

- \$1.94** Average Rent Per Square Foot
- 6.0%** Average Annual Rent Growth (2012 - 2018)
- 97.4%** Occupancy Rate - Stabilized Projects
- 10,798** Units Under Construction
- 7,759** Units Proposed

Note: The information above reflects information from our Third Quarter 2018 Intown Atlanta Apartment Report. Only Class A projects built since 2003 were surveyed. The Inventory Analysis chart includes units built since 2000.

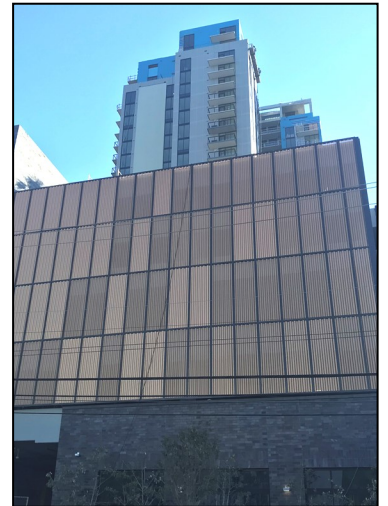
MARTA's Big Plans

MARTA's Board of Directors recently approved a \$2.7 billion plan to fund transit improvements over the next 40 years. These projects, which will be funded by a half-penny sales tax, include:

- ◆ More than \$600 million for high-capacity transit projects in southwest and southeast Atlanta, including accelerating light rail investment on Campbellton Road and bus rapid transit linking Summerhill to downtown.
- ◆ \$570 million for the Atlanta BeltLine corridor that will include 15 miles of light rail lines.
- ◆ \$553 million to build a light rail line that will connect Atlanta University Center with downtown and the BeltLine.
- ◆ \$350 million for the Clifton Corridor light rail line project. This project will require additional private and federal funding to move forward.
- ◆ \$238 million for improvements to the existing bus system and \$200 million to improve existing rail stations.

Hidden Decks

An inherent challenge of urban development is how to integrate parking in a way that complements rather than detracts from the primary structure. Atlanta parking decks were once a source of visual blight. Now, they are being enlivened with exterior architectural cladding and ground-floor retail. Some examples of this trend in Midtown are highlighted below.



To monitor key economic and housing indicators, please visit our website. As always, your thoughts and feedback are encouraged.

www.haddowandcompany.com



If you have questions or would like more information, please contact us.

Phone - (404) 577-7222

Email - Lhaddow@haddowandcompany.com