

Housing Market Profile



Southeast/Caribbean • HUD Region IV

Atlanta-Sandy Springs-Marietta, Georgia

With an estimated population of 5.46 million as of October 1 2012, the 28-county Atlanta-Sandy Springs-Marietta metropolitan area is the second most populous metropolitan area in the Southeast/Caribbean Region after the Miami-Fort Lauderdale-Pompano Beach, FL metropolitan area. Centrally located in the region, the Atlanta-Sandy Springs-Marietta metropolitan area is a transportation hub that has attracted many corporate offices. Headquartered in the city of Atlanta, Delta Air Lines Inc., The Home Depot, Inc., and United Parcel Service (UPS), Inc., are among the largest employers in the metropolitan area, with approximately 27,000, 9,000, and 6,300 employees, respectively. According to the Metro Atlanta Chamber, the metropolitan area also has 57 colleges and universities, with a total enrollment of more than 250,000 students. Because of improved economic conditions and increased student enrollment during the past 2 years, population growth averaged approximately 73,000 people, or 1.4 percent, a year since 2010, up from an average of 67,000 people, or 1.3 percent, a year in 2008 and 2009.

The employment turnaround in the metropolitan area has lagged behind that of other metropolitan areas in the region, which generally began to recover during the first quarter of 2011. The metropolitan area lost an average of 60,500 jobs, or 2.5 percent, annually from 2008 through 2010 before rebounding with a gain of 28,900 jobs, or 1.3 percent, in 2011. During the 12 months ending August 2012, nonfarm payrolls averaged 2.33 million jobs, an increase of 32,700 jobs, or 1.4 percent, from the previous 12-month period. Although improving, nonfarm payrolls remain 130,000 jobs, or 5 percent, below the 2007 peak. The unemployment rate for the metropolitan area decreased from 9.9 percent during the 12 months ending August 2011 to 9.0 percent during the 12 months ending August 2012 compared with the rates of 9.2 and 8.4 percent for the state and nation, respectively.

During the 12 months ending August 2012, approximately one-half of the gain in nonfarm payrolls in the metropolitan area occurred in the professional and business services sector, which increased by 18,300 jobs, or 4.6 percent. Approximately 60 percent of the gain in the sector was in the professional, scientific, and technical services industries that provide support for new and expanding

businesses, including accounting, legal, and payroll services. By contrast to dramatic declines during the past decade, employment in the manufacturing sector increased by 3,300 jobs, or 2.3 percent, during the past 12 months. Manufacturers of advanced products, such as pharmaceuticals, have become a focus of local recruitment efforts. In 2012, Baxter International Inc. announced plans for more than \$1 billion in capital investments during the next 5 years in Covington, a suburb of Atlanta, and the creation of more than 1,500 full-time jobs in Georgia. The company expects construction to begin in 2012 on a facility that will include a testing lab and operations that support plasma processing. As a result of continuing weak housing markets, the construction subsector declined by 2,400 jobs, or 2.6 percent, during the 12 months ending August 2012 compared with the average of 15,700 jobs, or 11.3 percent, lost annually in the sector from 2008 through 2010.

The sales housing market in the Atlanta-Sandy Springs-Marietta metropolitan area is soft but improving. According to LPS Applied Analytics, in August 2012, 8.4 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 9.1 percent in August 2011. According to CoreLogic, Inc., during the 12 months ending July 2012 (the latest data available), total home sales in the metropolitan area increased 17 percent, to approximately 65,400 homes sold, and the average sales price decreased 5 percent, to \$175,400. The increase in home sales during the past 12 months is a significant improvement from the average decline of 28,800 homes sold, or 16 percent, a year from 2007 through 2010. During the past 12 months, new home sales increased by 620, or 11 percent, to 6,300 homes sold, and the average new home sales price was virtually unchanged from the previous 12 months at \$251,900. Sales of existing homes increased 18 percent, to 58,700 homes sold, during the 12 months ending July 2012. The many distressed sales continue to exert downward pressure on existing home prices, which decreased 6 percent to average \$168,300. During the past 12 months, 40 percent of all existing home sales were REO or short sales compared with the 43 percent share recorded during the previous 12-month period and the 14 percent share in 2008. According to data from Hanley Wood, LLC, during the 12 months ending August 2012, sales of new and existing condominium units in the metropolitan area increased 11 percent from the previous 12 months, to 5,200 units, compared with the 4,950 units sold annually from 2008 through 2010. During the 12 months



ending August 2012, the average sales price of a condominium unit increased 2 percent from the previous 12-month period, to \$172,900, compared with an average of \$180,300 from 2008 through 2010.

In response to increased home sales during the past year, builders increased housing production, as measured by the number of single-family homes permitted. Preliminary figures indicate that, during the 12 months ending August 2012, the number of single-family homes permitted increased by approximately 2,000, or 34 percent, to 8,050 homes, the most permitted since 2008. From 2009 through 2011, an average of 6,000 homes was permitted. Multifamily unit permitting nearly doubled, from approximately 2,100 units during the 12-month period ending August 2011 to 4,100 units during the 12 months ending August 2012. As a result of soft sales and rental markets, the number of multifamily units permitted averaged approximately 1,600 from 2008 through 2011. Nearly all the units permitted in recent years have been for apartments.

After more than 4 years of soft market conditions, the apartment market in the Atlanta-Sandy Springs-Marietta metropolitan area is currently balanced. As a result of limited apartment construction during the past 2 years and an improving economy, the overall apartment market has mostly recovered from the overbuilding during the late 2000s. According to MPF Research, the apartment vacancy rate was 7.8 percent in the third quarter of 2012,

down from 9.9 percent in third quarter of 2011. Although the overall market has improved significantly, vacancy rates in submarkets of the metropolitan area vary because of large geographic and economic differences among submarkets. During the third quarter of 2012, the vacancy rates ranged from 3.9 percent in the Buckhead submarket to 23.3 percent in the Southwest DeKalb County submarket, where the many units built before 1980 have kept the vacancy rate in the submarket at an average of approximately 20 percent during the past 5 years. Vacancy rates were above 10 percent in 8 of the 35 reported submarkets. During the third quarter of 2012, rents averaged \$830 for the metropolitan area, a 2-percent increase from the third quarter of 2011. Rents declined in 9 of the 35 reported submarkets. The share of apartments in the metropolitan area offering concessions declined to approximately 20 percent, from 49 and 60 percent in the third quarters of 2011 and 2010, respectively. By submarket, the percentages range from 4 percent of units in the Northeast Atlanta submarket to 50 percent of units in the Southwest DeKalb County submarket. Current construction is concentrated in the Downtown/Midtown and Buckhead submarkets, where more than 600 units each are under construction, including the 320-unit SkyHouse™ Midtown, the 330-unit 77 12th in Midtown, and the 370-unit Elle of Buckhead, each expected to be complete in 2013.