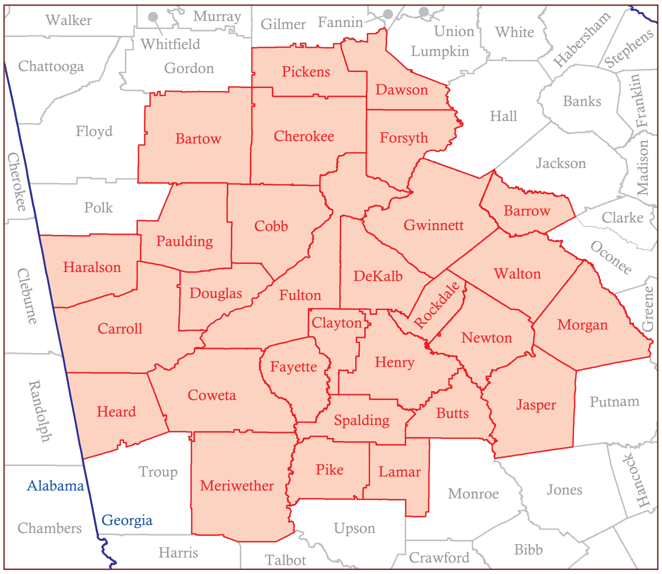
COMPREHENSIVE HOUSING MARKET ANALYSIS

Atlanta-Sandy Springs-Roswell, Georgia

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of May 1, 2016



Housing Market Area

The Atlanta-Sandy Springs-Roswell Housing Market Area (hereafter, the Atlanta HMA) is coterminous with the Atlanta-Sandy Springs-Roswell, GA Metropolitan Statistical Area in northwest Georgia. For purposes of this report, the 29-county HMA is divided into three submarkets: (1) the Central submarket comprises Cobb, DeKalb, Fayette, Fulton, and Gwinnett Counties; (2) the Southern Suburbs submarket comprises Barrow, Butts, Carroll, Clayton, Coweta, Douglas, Haralson, Heard, Henry, Jasper, Lamar, Meriwether, Morgan, Newton, Pike, Rockdale, Spalding, and Walton Counties; and (3) the Northern Suburbs submarket comprises Bartow, Cherokee, Dawson, Forsyth, Paulding, and Pickens Counties.

Summary

Economy

Economic conditions in the Atlanta HMA have strengthened significantly after 3 years of jobs losses during the late 2000s. During the 12 months ending April 2016, nonfarm payrolls averaged 2.61 million jobs, an increase of 79,100 jobs, or 3.1 percent, after an increase of 94,600 jobs, or 3.9 percent, during the previous 12-month period. The unemployment rate declined to 5.3 percent during the 12 months ending April 2016, down from 6.4 percent during the previous 12 months. Nonfarm payrolls are expected to increase by an average of 76,600 jobs, or 2.9 percent, a year during the next 3 years.

Sales Market

Sales housing market conditions in the HMA range from slightly soft to balanced. The overall sales vacancy rate is estimated at 1.8 percent, down from 3.8 percent in 2010. During the 3-year forecast period, demand is expected for 84,850 new homes (Table 1). The 9,725 homes currently under construction and a portion of the estimated 69,050 other vacant units in the HMA that may reenter the sales market will satisfy some of the forecast demand.

Rental Market

Rental housing market conditions in the HMA also currently range from slightly soft to balanced, with increased rental household growth contributing to the absorption of excess units since the late 2000s. The overall rental vacancy rate is estimated at 6.2 percent, down from 12.7 percent in April 2010. The apartment vacancy rate was 6.0

Market Details

percent during the first quarter of 2016, down from 6.6 percent a year earlier (MPF Research). During the forecast period, demand is expected for 39,950 new rental units (Table 1). The 13,340 units currently under construction will satisfy some of the forecast demand.

Table 1. Housing Demand in the Atlanta HMA* During the Forecast Period

	Atlanta HMA*		Central Submarket		Southern Suburbs Submarket		Northern Suburbs Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	84,850	39,950	42,000	30,700	22,350	5,500	20,500	3,750
Under construction	9,725	13,340	4,675	11,850	1,775	500	3,275	990

** Atlanta-Sandy Springs-Roswell HMA.*

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of May 1, 2016. A portion of the estimated 69,050 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is May 1, 2016, to May 1, 2019.

Source: Estimates by analysts

Economic Conditions

The Atlanta HMA was hit relatively hard by the economic downturn in the late 2000s but experienced a strong recovery that began in 2011. The HMA lost an average of 61,400 jobs, or 2.6 percent of total nonfarm payrolls, each year from 2008 through 2010, more than the national rate of 1.9 percent during the period. From 2011 through 2015, however, the HMA added an average of 61,900 jobs, an increase of 2.6 percent, each year, well above the national rate of 1.7 percent. During the 12 months ending April 2016, nonfarm payrolls averaged 2.61 million jobs, an increase of 79,100 jobs, or 3.1 percent, from the previous 12 months (Table 2), after an increase of 94,600 jobs, or 3.9 percent, during the 12 months ending April 2015. The current number of jobs is 6.2 percent greater than the prerecession high of 2.46 million in 2007.

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Atlanta HMA,* by Sector

	12 Months Ending		Absolute Change	Percent Change
	April 2015	April 2016		
Total nonfarm payroll jobs	2,532,400	2,611,500	79,100	3.1
Goods-producing sectors	259,600	271,400	11,800	4.5
Mining, logging, & construction	105,300	112,000	6,700	6.4
Manufacturing	154,300	159,500	5,200	3.4
Service-providing sectors	2,272,900	2,340,100	67,200	3.0
Wholesale & retail trade	430,400	446,200	15,800	3.7
Transportation & utilities	136,500	140,000	3,500	2.6
Information	87,200	88,700	1,500	1.7
Financial activities	159,700	162,800	3,100	1.9
Professional & business services	468,200	484,300	16,100	3.4
Education & health services	311,000	321,200	10,200	3.3
Leisure & hospitality	263,200	275,600	12,400	4.7
Other services	94,900	97,400	2,500	2.6
Government	321,700	323,800	2,100	0.7

** Atlanta-Sandy Springs-Roswell HMA.*

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through April 2015 and April 2016.

Source: U.S. Bureau of Labor Statistics

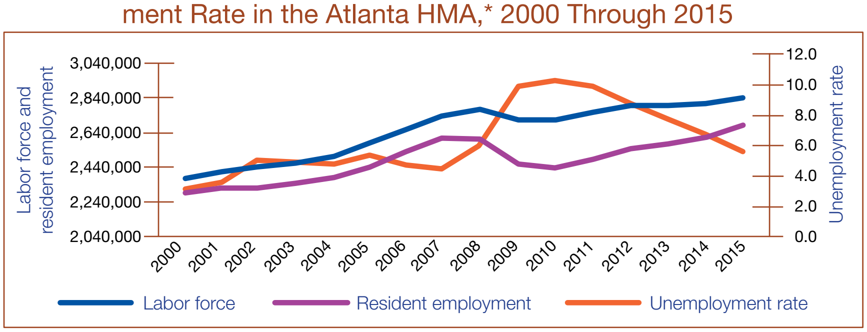
The professional and business services sector added the most jobs during the 12 months ending April 2016, increasing by 16,100 jobs, or 3.4 percent. Partly because of a 23-percent increase in residential (single-family plus multifamily) construction in the HMA, the mining, logging, and construction sector was the fastest-growing sector (in percentage terms) in the HMA during the 12 months ending April

2016. Nonfarm payrolls in the sector averaged 112,000 jobs during the period, an increase of 6,700 jobs, or 6.4 percent, from the previous 12-month period. The sector expanded by an average of 6,900 jobs, or 7.2 percent, a year from 2013 through 2015 but remains below the prerecession high of 141,400 jobs in 2007. From 2008 through 2012, the sector lost an average of 10,500 jobs, or 8.9 percent, a year.

The unemployment rate in the HMA declined to 5.3 percent during the 12 months ending April 2016, down from 6.4 percent during the 12 months ending April 2015 and well below the peak of 10.3 percent in 2010 (Table DP-1 at the end of this report). By comparison, the national unemployment rate was 5.1 percent during the 12 months ending April 2016, down from both the 5.8-percent rate during the previous 12 months and the peak 9.6-percent rate in 2010. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate from 2000 through 2015.

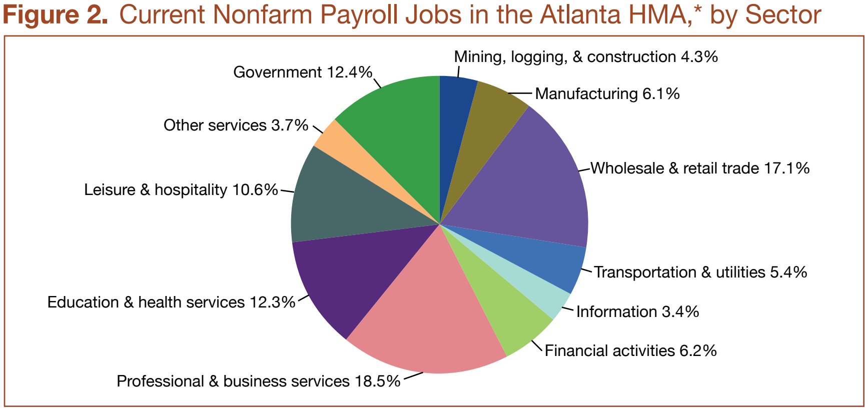
The HMA is an international hub for logistics, education, health care, and trade. The presence of Hartsfield-Jackson International Airport, which has been the busiest airport in the world for 18 consecutive years (Airports Council International), and the educated workforce supplied by colleges such as Emory University, Georgia Institute of Technology (Georgia Tech), and Georgia State University make the HMA an attractive location for corporations. The headquarters of 25 Fortune 1,000 companies—including Delta Air Lines, Inc.; The Home Depot, Inc.; and The Coca-Cola Company—are in the HMA (Metro Atlanta Chamber of Commerce). As a result, the professional and business services sector—which includes the management of companies and enterprises and the administrative, support, and waste management industries—is currently the largest sector in the HMA. During the 12 months ending April 2016, the sector accounted for 484,300 jobs, or 18.5 percent of total nonfarm payrolls in the HMA (Figure 2). The sector recorded only 2 years of job losses during the economic downturn and began adding jobs a year sooner than did most sectors in the HMA. After declining by an average of 17,300 jobs, or 4.3 percent, from 2008 through 2009, the sector added 8,900 jobs, an increase of 2.4 percent, in 2010. The sector surpassed the wholesale and retail trade sector in size in 2011 and, from 2011 through 2015, expanded by an average of 18,700 jobs, or 4.4 percent, a year, both the largest and

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Atlanta HMA,* 2000 Through 2015



** Atlanta-Sandy Springs-Roswell HMA.*
Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Atlanta HMA,* by Sector



** Atlanta-Sandy Springs-Roswell HMA.*
Note: Based on 12-month averages through April 2016.
Source: U.S. Bureau of Labor Statistics

the fastest job growth in the HMA. Notable expansions during the period took place in 2013 at AirWatch, a mobile technology and security provider that added 1,000 jobs as part of an expansion of its headquarters in the city of Sandy Springs, and General Motors Corporation, which also created 1,000 jobs when it opened an information technology (IT) innovation center in the city of Roswell.

Spending generated by jobs in the professional and business services sector contributes significantly to the wholesale and retail trade sector, which was the largest sector in the Atlanta HMA from 2000 to 2011 (the analysis in this report considers economic activity only since 2000). During the 12 months ending April 2016, nonfarm payrolls in the sector averaged 446,200 jobs, an increase of 15,800 jobs, or 3.7 percent, from the previous 12-month period. The sector increased by an average of 9,000 jobs, or 2.2 percent, a year from 2011 through 2015 after declining by an average of 15,200 jobs, or 3.6 percent, a year from 2008 through 2010. The retail trade subsector accounted for 71 percent of the job growth in the sector from 2011 through 2015 after accounting for 65 percent of the jobs lost during the decline. Of the 10 largest employers in the HMA, 5 are in the retail trade subsector, including Wal-Mart Stores, Inc., The Kroger Co., and Publix Super Markets, Inc., with employment of 20,550, 14,750, and 9,500, respectively (Table 3).

Table 3. Major Employers in the Atlanta HMA*

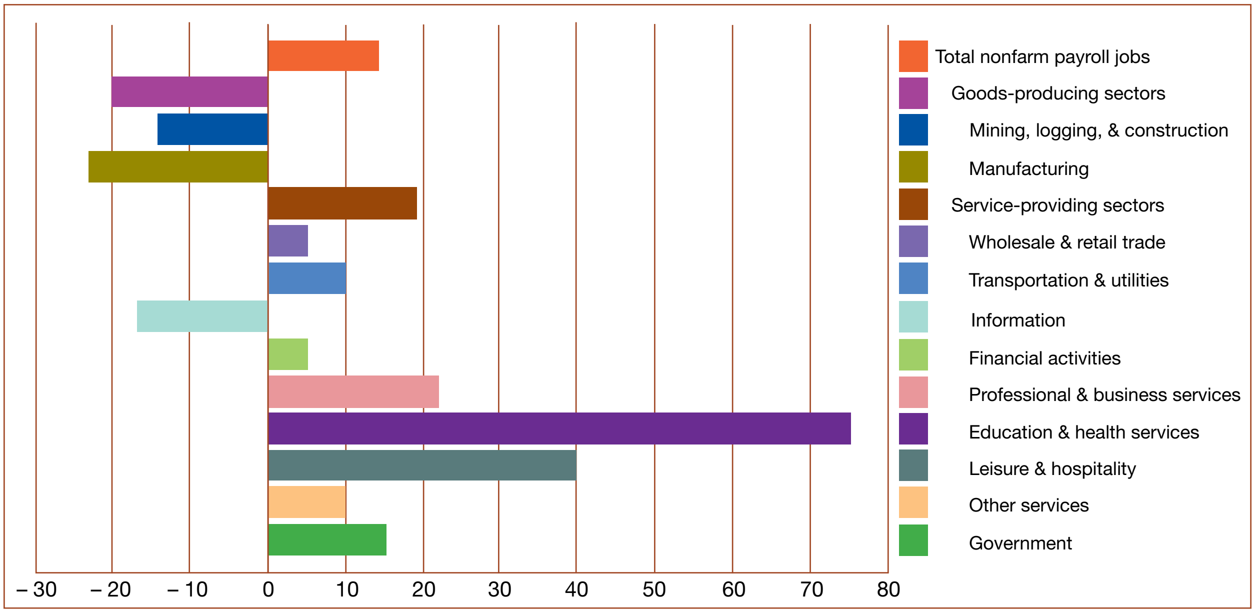
Name of Employer	Nonfarm Payroll Sector	Number of Employees
Delta Air Lines, Inc.	Transportation & utilities	31,250
Emory University/Emory Healthcare	Education & health services	29,950
Wal-Mart Stores, Inc.	Wholesale & retail trade	20,550
The Home Depot, Inc.	Wholesale & retail trade	20,000
AT&T, Inc.	Transportation & utilities	17,900
The Kroger Co.	Wholesale & retail trade	14,750
WellStar Health System	Education & health services	13,500
Publix Super Markets, Inc.	Wholesale & retail trade	9,500
Northside Hospital	Education & health services	9,025
The Coca-Cola Company	Wholesale & retail trade	8,750

** Atlanta-Sandy Springs-Roswell HMA.*
Note: Excludes local school districts.
Source: Metro Atlanta Chamber of Commerce

The education and health services sector has been the fastest-growing sector in the HMA since 2000 and is the only sector to have added jobs each year during the period (Figure 3). Anchored by Emory University and Emory Healthcare, which is the second largest employer in the HMA, with 29,950 employees, the sector accounted for 321,200 jobs during the 12 months ending April 2016, an increase of 10,200 jobs, or 3.3 percent, from the 12 months ending April 2015. From the end of 2000 through 2015, the sector expanded by an average of 9,000 jobs, or 3.8 percent, annually, when population growth generated increased demand for health care. The healthcare and social assistance industry has accounted for more than 85 percent of the job growth in the sector since 2000, partly because of several notable hospital openings and expansions during the period. Emory University Healthcare completed a $270 million redevelopment of Crawford Long Hospital (now Emory University Hospital Midtown) in 2002, and Children's Healthcare of Atlanta completed a $344 million project that expanded its Egleston and Scottish Rite facilities in 2007. WellStar Health System more recently created 500 new jobs when Paulding Hospital opened in the city of Hiram in 2014.

During the 3-year forecast period, nonfarm payroll growth is expected to remain strong at an average of 76,600 jobs, or 2.9 percent, annually. Job gains will likely occur in most sectors,

Figure 3. Sector Growth in the Atlanta HMA,* Percentage Change, 2000 to Current



** Atlanta-Sandy Springs-Roswell HMA.*
Note: Current is based on 12-month averages through April 2016.
Source: U.S. Bureau of Labor Statistics

with growth in the professional and business services and the education and health services sectors expected to support gains in the wholesale and retail trade, the mining, logging, and construction, and the leisure and hospitality sectors. Mercedes-Benz USA, which created 300 jobs when it relocated its headquarters to a temporary site in the city of Dunwoody in 2015, is expected to generate as many as 700 additional permanent jobs by early 2018, when a facility currently under construction is complete in Sandy Springs. Georgia-Pacific LLC, a pulp and paper manufacturer, recently announced an expansion of its headquarters in the city of Atlanta that will create as many as 600 new permanent jobs. Emory University is expected to open a new 210-bed medical tower at its Clifton Campus by early 2017, and Northside Hospital is spending approximately $250 million on a new medical campus in Cherokee County that is double the size of its existing facility and is expected to create 300 jobs when complete by mid-2017.

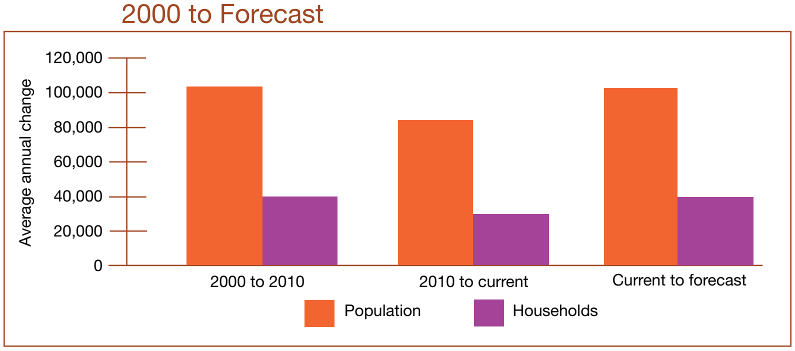
Population and Households

The Atlanta HMA encompasses 56 percent of the population of Georgia. As of May 1, 2016, the estimated population of the HMA is 5.79 million, reflecting an average annual increase of 83,050, or 1.5 percent, since April 2010 (Figure 4). Compared with the 2007-to-2010 period, net natural change (resident births minus resident deaths) has decreased since 2010, offsetting increased net in-migration, and population growth has declined slightly from the rate during the late 2000s. Net in-migration has averaged 44,200 people a year and accounted for 53 percent of total population growth since 2010 (Figure 5). Weak economic conditions limited net in-migration to an average of only 30,100, or 38 percent of total population growth, from 2007 to 2010 (Census Bureau population estimates as of July 1; decennial census counts). Net natural change, however, has averaged only 38,850 people a year since 2010 compared with the average of 50,050 a year from 2007 to 2010. Before the economic downturn, the population of the HMA increased by an average of 123,500, or 2.6 percent, annually from 2003 to 2007, when net in-migration averaged 72,300 people annually and accounted for 59 percent of total population growth (Census Bureau population estimates as of July 1).

The current population of the Central submarket, which includes the city of Atlanta, is estimated at 3.54 million. Population growth in the submarket has averaged 53,500 people, or 1.6 percent, a year since April 2010, up from an average of 44,600 people, or 1.4 percent, a year from 2007 to 2010, when the HMA lost jobs. Population growth averaged 53,350 people, or 1.8 percent, a year from 2003 to 2007, when the HMA added jobs. Net in-migration averaged 12,250 people a year from 2007 to 2010 and has increased to an average of 26,950 people a year since 2010, when job growth contributed to in-migration and when low housing costs, associated with the housing crisis, and increased demand for urban living limited out-migration to the suburban submarkets. By comparison, net in-migration averaged 20,150 people a year from 2003 to 2007.

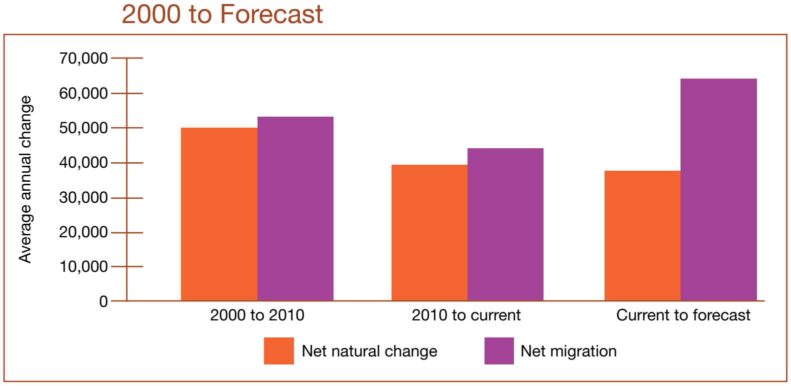
The current population of the Southern Suburbs submarket is estimated at 1.48 million, an average increase of 14,750, or 1.0 percent, a year since April 2010. Population growth averaged 40,550 people, or 3.3 percent, a year from 2003 to 2007 but declined to 18,500 people, or 1.4 percent, a year from 2007 to 2010. Despite improving economic conditions throughout the HMA, net in-migration to the submarket has remained stable since 2010, and decreased net natural change has resulted in slower overall population growth. Since 2010, net in-migration has averaged 6,850 people a year, down slightly from an average of 6,900 people a year from 2007 to 2010. Net natural change has averaged only 7,900 people a year since 2010, however,

Figure 4. Population and Household Growth in the Atlanta HMA,* 2000 to Forecast



** Atlanta-Sandy Springs-Roswell HMA.*
Notes: The current date is May 1, 2016. The forecast date is May 1, 2019.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analysts

Figure 5. Components of Population Change in the Atlanta HMA,* 2000 to Forecast



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Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analysts

well below the average of 11,600 people a year from 2007 to 2010. By comparison, net in-migration and net natural change averaged 28,900 and 11,650 people a year, respectively, from 2003 to 2007.

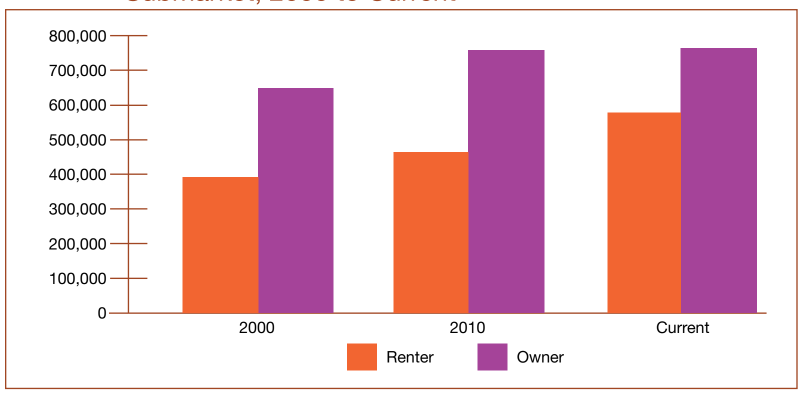
The Northern Suburbs submarket has been the fastest-growing submarket, in percentage terms, since April 2000, because, during much of the period, residents of the Central submarket—particularly the northern parts of Cobb, Fulton, and Gwinnett Counties—have relocated in search of more affordable housing. The current population of the submarket is estimated at 774,000, reflecting an average annual increase of 14,800, or 2.1 percent, since April 2010. Population growth averaged 17,050 people, or 2.6 percent, a year from 2007 to 2010 and 29,550 people, or 5.3 percent, a year from 2003 to 2007. Net in-migration has slowed since the recession because of relatively affordable housing in the Central submarket. Net in-migration has averaged 10,450 people a year and accounted for 71 percent of total population growth in the submarket since 2010. By comparison, net in-migration averaged 10,950 people a year, or 64 percent of population growth, from 2007 to 2010 and 23,200 people a year, or 79 percent of total population growth, from 2003 to 2007.

During the next 3 years, population growth in the Atlanta HMA is expected to increase to an average of 101,300 people, or 1.7 percent, each year as economic conditions remain strong. The population of the Central submarket is expected to expand by an average of 53,000, or 1.5 percent, a year. More significant increases in population growth are expected in the suburban submarkets as housing costs continue to increase in the urban core of the HMA. The populations of the Southern Suburbs and Northern Suburbs submarkets are expected to increase by averages of 25,650 and 22,600, or 1.7 and 2.8 percent, respectively, a year.

Household growth in the HMA remains below the average growth rate that occurred from 2000 to 2010 but has increased since the late 2000s. As of May 1, 2016, the number of households in the HMA is estimated at 2.12 million, reflecting average annual growth of 28,850, or 1.4 percent, since 2010 compared with average growth of 38,400, or 2.2 percent, a year from 2000 to 2010. The Central submarket has added an average of 18,850 households, an increase of 1.5 percent, annually since 2010. During the same time period, the number of households has increased in the Southern Suburbs submarket at an average annual rate of 1.0 percent, or 5,050, and in the Northern Suburbs submarket at an average annual rate of 2.0 percent, or 5,000. By comparison, from 2000 to 2010, the Central submarket increased by an average of 18,300 households, or 1.6 percent, annually; the Southern Suburbs submarket added an average of 11,650 households, an increase of 2.8 percent, annually; and the Northern Suburbs submarket increased by an average of 8,475 households, or 4.5 percent, annually. Foreclosure rates decreased substantially but were above the average for the nation in most parts of the HMA during the early 2010s, resulting in decreased homeownership in all three submarkets. Current homeownership rates in the Central, Southern Suburbs, and Northern Suburbs submarkets are estimated at 56.9, 63.6, and 75.9 percent, down from 61.9, 69.8, and 80.0 percent, respectively, in 2010.

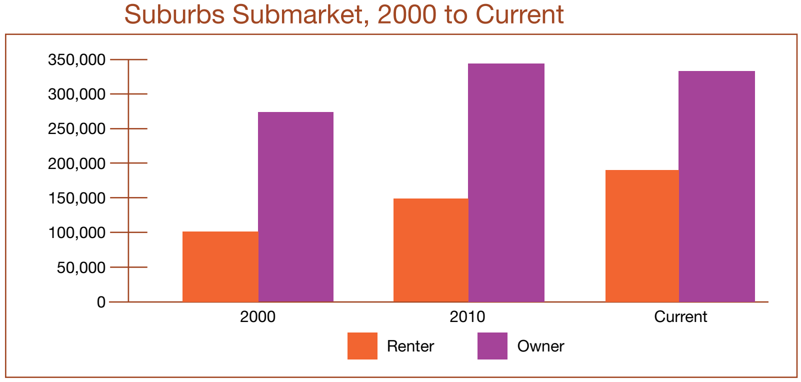
During the next 3 years, household growth in the HMA is expected to average 38,900 households, or 1.8 percent, annually. The Northern Suburbs submarket is expected to increase by an average of 7,675 households, or 2.8 percent, annually, the highest rate of growth in the HMA. Household growth in the Central submarket is expected to increase at an average annual rate of 1.6 percent, or 22,150 households, whereas the number of households in the Southern Suburbs submarket is expected to increase at an average annual rate of 1.7 percent, or by 8,825 households. Figures 6, 7, and 8 show the number of households by tenure in each submarket from 2000 to the current date.

Figure 6. Number of Households by Tenure in the Central Submarket, 2000 to Current



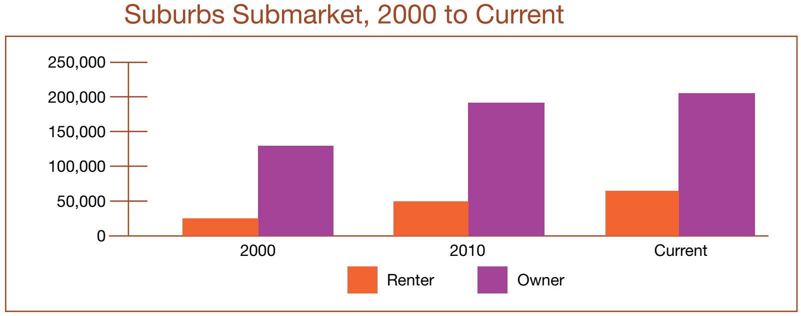
Note: The current date is May 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

Figure 7. Number of Households by Tenure in the Southern Suburbs Submarket, 2000 to Current



Note: The current date is May 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

Figure 8. Number of Households by Tenure in the Northern Suburbs Submarket, 2000 to Current



Note: The current date is May 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

Housing Market Trends

Sales Market—Central Submarket

The sales housing market in the Central submarket is currently balanced, with low levels of home construction and increased net in-migration contributing to absorption of inventory since 2010. As of May 1, 2016, the overall sales vacancy rate was estimated at 1.7 percent, down from 3.9 percent in April 2010 (Table DP-2 at the end of this report). The inventory of available homes in the submarket in April 2016 was an estimated 3.6-month supply, down from a 4.3-month supply during April 2015 and significantly less than the 10.7-month supply during April 2010 (Redfin). The level of available supply is relatively even across the submarket, with a high of 4.0 months in Fulton County and a low of 3.2 months in Cobb County.

Since 2012, demand for homes has increased faster than the available supply, lowering the sales vacancy rate and putting upward pressure on home prices. Existing home sales peaked in 2005 and 2006, averaging 82,800 homes sold annually, but declined to an average of 37,500 homes sold from 2008 through 2011 because of widespread job losses and tightened lending standards (CoreLogic, Inc., with adjustments by the analysts). As existing home sales declined, the volume of real estate owned (REO) sales increased; during 2005 and 2006, REO sales accounted for only 5 percent of existing home sales, a figure that increased to 33 percent from 2008 through 2011. Poor economic conditions and increased REO sales caused existing home prices to decrease an average of 13 percent during 2008 and 2009, from an average of $241,700 from 2005 through 2007 to $199,000 from 2009 through 2011.

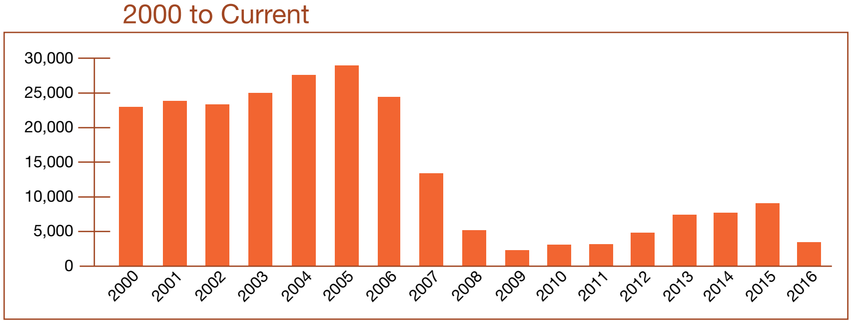
Following the return of job growth in 2011, the number of existing homes sold increased at an average annual rate of 10 percent from 2012 through 2015, whereas REO sales decreased at an average annual rate of 27 percent. The sharp decline in generally lower-priced REO sales contributed to increasing existing home sales prices, which rose by an average annual $22,850, or 11 percent, during the period. During the 12 months ending April 2016, approximately 61,500 existing homes were sold, an increase of 6 percent from the preceding 12-month period. The average sales price of existing homes increased to $277,000 during the 12 months ending April 2016, up 13 percent from the 12 months ending April 2015 and higher than the prerecession peak of $244,100 during the 12 months ending April 2007.

As of April 2016, 2.5 percent of home loans in the submarket were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status, down from 3.2 percent in April 2015 and below the national rate of 2.9 percent. The current percentage of seriously delinquent loans and REO properties represents a significant improvement from a high of 10.4 percent in February 2010, when the national rate was 8.6 percent.

New home sales in the submarket have stabilized and begun to recover since the national recession but remain well below the peak levels of the mid-2000s. The average sales price of a new home has increased each year since 2011 and surpassed the prerecession high in 2013. The number of new homes sold averaged 28,700 during 2005 and

2006 but declined to a low of 3,900 in 2011 because of poor economic conditions, decreased access to credit, and increasing inventories of lower-priced existing homes. From 2012 through 2015, new home sales increased at an average annual rate of 19 percent as excess inventory was absorbed and prices for existing homes rose. New home prices averaged $306,900 during 2007 and 2008 but declined an average of 5 percent during 2009 and 2010 to an average sales price of $271,800 during 2010 and 2011, as home builders reduced prices in response to falling demand. From 2012 through 2015, new home prices increased by an average of $21,100, or 7 percent, annually, and, in 2013, surpassed the prerecession high of $309,600, which occurred in 2007. New homes, on average, have increased in size, accounting for some of the increase in price. The average size of new homes sold in 2015 was 2,950 square feet, 11 percent larger than the average of 2,600 square feet in 2011 (Metrostudy, A Hanley Wood Company). During the 12 months ending April 2016, the number of new homes sold in the submarket increased to 8,075, up 17 percent from the previous 12 months, whereas the average sales price of a new home increased 6 percent, to $362,100 (CoreLogic, Inc.).

Figure 9. Single-Family Homes Permitted in the Central Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through April 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Condominium construction in the submarket declined significantly in the late 2000s and remains subdued. In 2005 and 2006, before the housing crisis, an average of 3,150 new condominium units sold annually, accounting for 11 percent of all new home sales (Metrostudy, a Hanley Wood Company). New condominium sales decreased during 8 of the next 9 years, however, with an average of only 170 new condominiums sold each year in 2014 and 2015, representing 2 percent of all new homes sold during the period.

Single-family home construction, as measured by the number of homes permitted, has generally trended upward in the submarket since the end of 2011 but remains below the historically high levels reached during the housing boom in the mid-2000s. Single-family homebuilding peaked from 2003 through 2006, at an average of 26,350 homes permitted annually, then declined by an average of 7,350 homes, or 55 percent, annually from 2007 through 2009 as demand for new homes fell (Figure 9). Single-family home construction was consistently low from 2009 through 2011, averaging only 2,750 homes annually, but increased by an average of 1,475 homes, or 31 percent, annually from 2012 through 2015 because of strengthening economic conditions, increased population growth, and increasing prices for existing homes.

During the 12 months ending April 2016, 9,650 single-family homes were permitted, an 18-percent increase from 8,150 homes during the previous 12 months (preliminary data). Most new home construction is occurring in northern Fulton County and Gwinnett County. The first phase of Avalon, an 86-acre mixed-use development in the city of Alpharetta, includes 101 single-family homes with prices starting in the mid-$600,000s, 250 apartment units, 500,000 square feet of retail space, and 105,000 square feet of office space. The second phase, which will include an additional 550,000 square feet of office space, 90,000 square feet of retail space, and a 325-room hotel, is scheduled to be complete in the fall of 2016. The Arbors at Avington Glen, which encompasses 155 home sites in the city of Lawrenceville, is one of the most active subdivisions in Gwinnett County. New four-bedroom, two-bathroom homes currently are available, with prices starting in the high $100,000s. Also in Gwinnett County, construction recently began on Independence, a 430-acre mixed-use development near the cities of Grayson and Loganville. The development will eventually include more than 590,000 square feet of retail and office space and a combined 760 single-family homes and townhomes. The first of the homes is expected be offered for sale in 2017, with prices ranging from the mid-$200,000s to $500,000.

During the 3-year forecast period, demand is expected for an estimated 42,000 new homes in the submarket, with increasing demand during the second and third years of the forecast period (Table 1). The 4,675 homes currently under construction and a portion of the 37,000 other vacant units that may reenter the sales market will satisfy some of the demand. Demand is expected to be greatest in the $250,000-to-$349,999 price range. Table 4 shows the estimated demand for new market-rate sales housing by price range.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Central Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	199,999	6,300	15.0
200,000	249,999	6,300	15.0
250,000	299,999	8,400	20.0
300,000	349,999	8,400	20.0
350,000	399,999	6,300	15.0
400,000	and higher	6,300	15.0

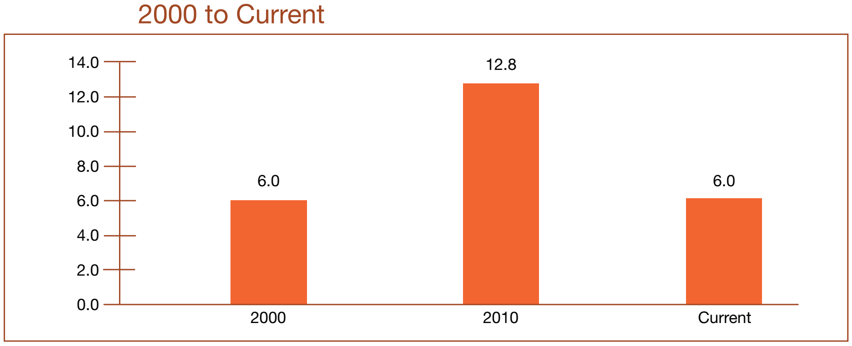
Notes: The 4,675 homes currently under construction and a portion of the estimated 37,000 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is May 1, 2016, to May 1, 2019.

Source: Estimates by analysts

Rental Market—Central Submarket

Rental housing market conditions in the Central submarket are currently balanced, with strong rental household growth having contributed to absorption of vacant inventory since 2010. Vacancy rates have continued to decline and rents have continued to rise despite increased levels of apartment construction since 2013. The overall rental vacancy rate is estimated at 6.1 percent, down from 12.8 percent in 2010 (Figure 10). The apartment market, which makes up approximately two-thirds of renter-occupied units in the submarket, is also balanced, with an average vacancy rate of 6.0 percent during the first quarter of 2016, down from 6.5 percent a year earlier and down from

Figure 10. Rental Vacancy Rates in the Central Submarket, 2000 to Current



Note: The current date is May 1, 2016.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

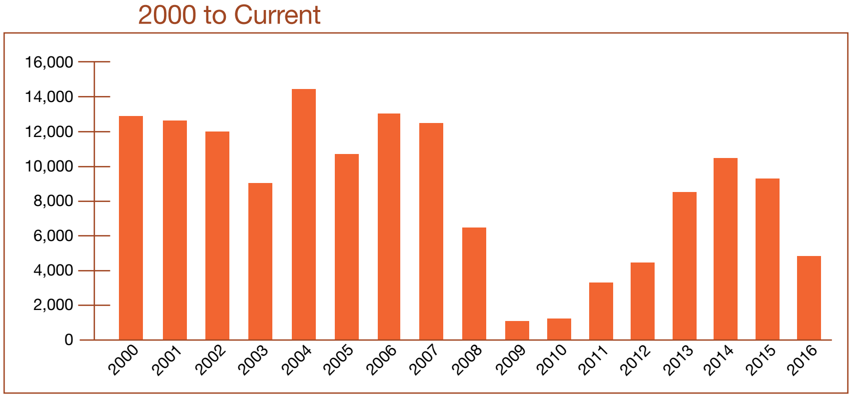
10.0 percent during the first quarter of 2011 (MPF Research). During the first quarter of 2016, the average rent in the submarket increased 8 percent from the first quarter of 2015, to $1,052, with average rents of $945, $1,088, and $1,263 for one-, two-, and three-bedroom apartments, respectively. Rent growth has been steady since 2011 but increased significantly during the past 2 years, averaging 8 percent during 2014 and 2015 for both recently completed and existing complexes. By comparison, both the nation and the MPF Research-defined Southern Region averaged annual rent increases of 5 percent during the same time period. Rents at recently completed apartment complexes and existing units have contributed equally to recent rent growth.

A significant divergence exists between the northern and southern regions of the submarket, with Cobb and Gwinnett Counties in addition to the northern parts of Fulton and DeKalb Counties tending to have higher rents and lower vacancy rates than the southern parts of Fulton and DeKalb Counties. Rents in the submarket are highest in the MPF-defined Midtown and Buckhead market areas in north Atlanta, averaging $1,517 and $1,460, respectively, during the first quarter of 2016, whereas the market areas of South DeKalb County, South Fulton County, and Stone Mountain have the lowest average rents, at $674, $725, and $717, respectively. Along with the lowest average rent, the South DeKalb market area had the second highest vacancy rate during the first quarter of 2016, at 9.5 percent, while the Southeast DeKalb market area had the highest vacancy rate, at 9.6 percent. By comparison, the lowest vacancy rates were in the Downtown Atlanta and Kennesaw/Acworth market areas, with vacancy rates of 3.1 and 3.9 percent, respectively.

Builders have responded to decreasing vacancies and strong rent growth with the highest levels of multifamily construction since 2007. During the 12 months ending April 2016, 11,550 multifamily units were permitted, up 45 percent from 7,950 units during the 12 months ending April 2015 (preliminary data). An average of 9,375 units were permitted annually from 2013 through 2015, up from an average of only 3,225 units from 2008 through 2012 (Figure 11). By comparison, an average of 12,050 multifamily units were permitted from 2000 through 2007. Nearly all the units permitted since 2008 have been apartments compared with 2000 through 2007, when approximately 45 percent of the multifamily units permitted were condominiums.

Recent apartment construction has been focused in the northern part of the submarket, including the Midtown and Buckhead market areas and the suburban cities of Alpharetta, Sandy Springs, and Vinings. Construction of The Monroe Atlanta, a 217-unit development in the Buckhead market area, was complete in February 2016.

Figure 11. Multifamily Units Permitted in the Central Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through April 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Rents range from $1,275 to $2,105 for one-bedroom units, from $1,810 to $2,295 for two-bedroom units, and from $2,690 to $2,710 for three-bedroom units. Construction of the 232-unit Alexan Vinings was complete in March 2016, with rents ranging from $1,365 to $1,740 for one-bedroom units and from $1,880 to $2,640 for two-bedroom units. In addition to midrise and garden-style apartments, 11 highrise apartment buildings are currently under construction, all but two of which are in the Midtown market area. The tallest of those projects is the 32-story Atlantic House, which will offer 407 studio, one-bedroom, and two-bedroom apartments when it opens in late summer 2016. Although market-rate units constitute the overwhelming majority of apartment construction, some affordable and income-restricted housing is being built. Trinity Walk in the city of Decatur in DeKalb County is a redevelopment of the Gateway Manor Section 8 apartment complex. When complete, Trinity Walk will include 121 subsidized apartments, a net addition of 33 apartments compared with Gateway Manor's 88 units.

During the 3-year forecast period, demand is expected for 30,700 new rental units in the submarket (Table 1). Demand is expected to remain relatively constant during the period and to be strongest for one-bedroom units with monthly rents ranging from $1,100 to $1,499 and two-bedroom units with rents ranging from $1,550 to $1,749 (Table 5). The 11,850 new rental units under construction and an estimated 4,875 additional units currently in the pipeline will likely satisfy much of the demand during the next 2 years.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Central Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
950 to 1,149	2,000	1,100 to 1,299	3,225	1,350 to 1,549	2,450	1,600 to 1,799	460
1,150 to 1,349	610	1,300 to 1,499	3,225	1,550 to 1,749	4,300	1,800 to 1,999	920
1,350 or more	460	1,500 to 1,699	2,150	1,750 to 1,949	2,450	2,000 to 2,199	1,375
		1,700 to 1,899	1,600	1,950 to 2,149	1,850	2,200 to 2,399	1,150
		1,900 or more	540	2,150 or more	1,225	2,400 to 2,599	460
						2,600 or more	230
Total	3,075	Total	10,750	Total	12,250	Total	4,600

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 11,850 units currently under construction will likely satisfy some of the estimated demand. The forecast period is May 1, 2016, to May 1, 2019.

Source: Estimates by analysts

Sales Market—Southern Suburbs Submarket

The sales housing market in the Southern Suburbs submarket has improved significantly since 2010 but remains slightly soft, with a current vacancy rate estimated at 1.9 percent, down from 3.7 percent in April 2010 (Table DP-3 at the end of this report). The inventory of available homes during April 2016 was a 4.5-month supply, more than in the other two submarkets, but the inventory was down from a 5.5-month supply during April 2015 (Redfin). By comparison, 7.3 months of inventory were available during April 2010. The submarket has the counties with the least and most available inventory in the HMA: Barrow County, with 2.9 months, and Lamar County, with 8.4 months. The submarket, which has a per capita income that is 25 percent lower than the Central submarket and 22 percent lower than the Northern Suburbs submarket, was the most severely affected of the three by the foreclosure crisis (2014 American Community Survey [ACS] 5-year data).

Both the number of existing homes sold and the average price of existing home sales have increased each year since 2013. REO sales continue to make up a relatively large percentage of existing home sales, limiting average sales prices to well below prerecession levels. Existing home sales peaked at an average of 32,400 homes sold during 2005 and 2006 before declining to a low of 17,200 homes during 2011. REO sales made up 48 percent of all existing home sales from 2008 through 2011, the highest percentage in the HMA during the period and well above the 7 percent in 2005 and 2006. Increased competition from REO sales, significantly decreased in-migration, and poor economic conditions caused the average sales price of existing homes to fall from $172,900 during 2005 to an average of $92,200 during 2011 and 2012, a decline of 47 percent, larger than the peak-to-trough declines in the Central and Northern Suburbs submarkets.

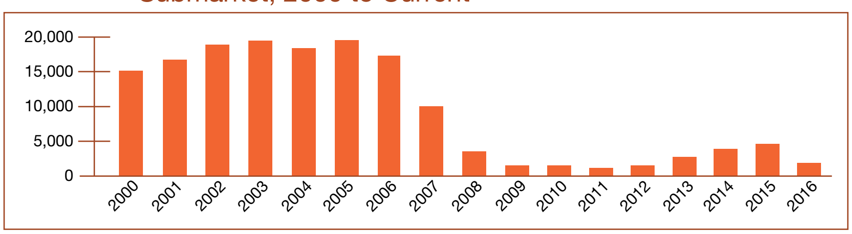
The number of existing homes sold increased an average of 7 percent a year from 2013 through 2015 despite the average annual 21-percent decline of REO sales. The decline in REO sales contributed to an average annual increase of $13,600, or 14 percent, in the average sales price of existing homes during the period. During the 12 months ending April 2016, approximately 23,500 existing homes were sold, an increase of 6 percent from the preceding 12-month period, and the average sales price of existing homes increased 8 percent, to $135,700. REO sales declined 19 percent but still accounted for 20 percent of all existing homes sold, the highest percentage in the HMA. The average existing home sales price in the submarket remains the lowest in the HMA, approximately 51 and 41 percent lower than in the Central and Northern Suburbs submarkets, respectively.

During April 2016, 4.1 percent of all loans in the submarket were seriously delinquent or had transitioned into REO status, down from 5.0 percent in April 2015, and well below the high of 13.2 percent in January 2010; however, the rate in the submarket remains higher than the rate for the nation and both of the other submarkets in the HMA.

Declining levels of excess inventory have contributed to increases in both the number of new homes sold and the average sales price of new homes since 2012. Much of the new construction has been limited to the more affluent parts of the submarket, and, although current new home prices exceed the prerecession high, the number of new homes sold remains well below the levels of the mid-2000s. New home sales averaged 14,800 homes sold during 2005 and 2006 before declining an average of 39 percent annually during the next 5 years to a low of 1,075 in 2011. After peaking at an average sales price of $220,100 during 2007 and 2008, average new home prices declined each subsequent year before reaching a low of $186,600 during 2011. The fall in new home prices occurred despite an increase in the average size of new homes, which rose by approximately 430 square feet, or 17 percent, from 2007 to 2011 (Metrostudy, A Hanley Wood Company).

Absorption of excess inventory, which began in 2012, resulted in increased levels of new home sales and rising new home prices. From 2012 through 2015, the number of new homes sold increased at an average annual rate of 36 percent and the average new home sales price increased an average of 5 percent a year. During the 12 months ending April 2016, the number of new homes sold increased to 3,825, up 30 percent from the previous 12 months but still 74 percent below the prerecession high. The average sales price of a new home surpassed the prerecession peak, however, increasing 4 percent, to $228,200. It is important to note that the average size of a new home has not changed significantly since 2011.

Figure 12. Single-Family Homes Permitted in the Southern Suburbs Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through April 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Southern Suburbs Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
120,000	149,999	3,350	15.0
150,000	179,999	5,600	25.0
180,000	209,999	5,600	25.0
210,000	239,999	4,475	20.0
240,000	269,999	2,225	10.0
270,000	and higher	1,125	5.0

Notes: The 1,775 homes currently under construction and a portion of the estimated 22,150 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is May 1, 2016, to May 1, 2019.

Source: Estimates by analysts

Single-family homebuilding in the submarket has increased since 2012 but remains very low relative to the peak levels of the mid-2000s. Single-family permitting averaged 19,000 homes permitted a year from 2002 through 2005 but declined in each subsequent year to a low of 1,200 homes in 2011 (Figure 12). Builders responded to improving housing and labor market conditions by increasing single-family home construction each year from 2012 through 2015. In 2015, 4,525 single-family homes were permitted , an average annual increase of 39 percent from 2011. During the 12 months ending April 2016, 4,750 single-family homes were permitted, a 14-percent increase from the previous 12 months. Much of the recent construction occurred in Henry, Coweta, and Clayton Counties, which, during the 12 months ending April 2016, accounted for 28, 16, and 11 percent, respectively, of all homes permitted in the submarket. Wildwood at Avalon, in the city of McDonough in Henry County, is a partially complete, 228-unit subdivision. Four-, five-, and six-bedroom homes start at $185,000, $298,000, and $243,000, respectively.

During the 3-year forecast period, demand is expected for 22,350 new homes in the submarket (Table 1). The 1,775 homes currently under construction will meet part of the demand. Demand is estimated to increase each year during the forecast period and to be greatest for single-family homes priced from $150,000 to $209,999 (Table 6). An estimated 22,150 other vacant units are currently in the inventory, a portion of which may reenter the sales market and satisfy some of the forecast demand.

Rental Market—Southern Suburbs Submarket

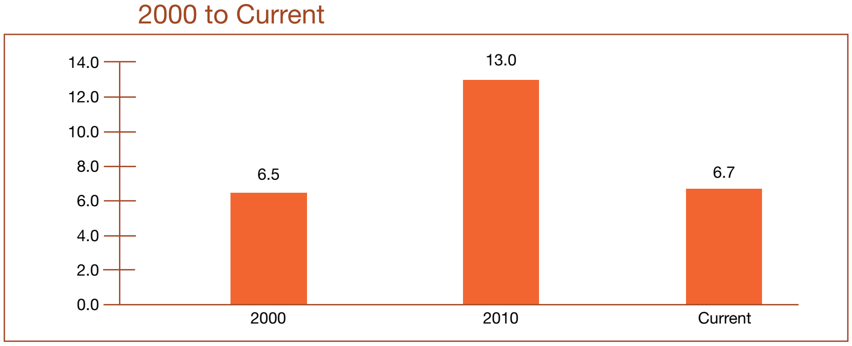
The rental housing market in the Southern Suburbs submarket is currently slightly soft, with an estimated overall rental vacancy rate of 6.7 percent, down from 13.0 percent in April 2010 (Figure 13). The vacancy rate for apartments has also declined significantly as absorption, particularly associated with increased rental household formation, has outpaced new apartment construction. The apartment market remains slightly soft because conversions of single-family homes to rental units, which increased from 42 percent of all rental households in the submarket in 2010 to 48 percent in 2014, continue to absorb some of the rental household growth (2014 ACS 5-year data). During the first quarter of 2016, the apartment vacancy rate in the submarket was 6.5 percent, down from 8.2 percent during the first quarter of 2015 and well below the 11.4-percent rate during the first quarter of 2011 (MPF Research).

The average rent in the submarket during the first quarter of 2016 was $841, an 8-percent increase from $777 during the first quarter of 2015. Average rents for one-, two-, and three-bedroom units are $735, $832, and $1,042, respectively. Rent growth was slow from 2011 through 2014, averaging 2 percent annually, but has averaged 6 percent annually since 2015, partly because of low levels of multifamily permitting since the late 2000s. Apartment vacancy rates during the first quarter of 2016 are relatively consistent across the submarket, ranging from a low of 4.1 percent in the MPF-defined Far East Atlanta Suburbs market area to a penultimate high of 6.5 percent in Henry County and a high of 9.0 percent in the Clayton County market area . The Clayton County market area also had the lowest average rent in the submarket, at $697, whereas the highest average rent was in the Far West Atlanta Suburbs market area—which includes most of Carroll, Haralson, and Heard Counties—at $1,094.

Multifamily home construction, as measured by the number of multifamily units permitted, increased during the past 24 months. Conversions of single-family homes continue to absorb some of the rental household growth, and multifamily permitting remains relatively low despite improving rental market conditions. An average of 3,150 multifamily units were permitted each year from 2000 through 2002 (Figure 14). Multifamily home permitting declined to an average of 970 units each year from 2003 through 2008 and again to an average of only 230 units each year from 2009 through 2015. During the 12 months ending April 2016, approximately 320 units were permitted, up from 80 units during the preceding 12-month period.

The 252-unit second phase of the Trees of Newnan development in Coweta County accounts for more than one-half of the units currently under construction in the submarket. When complete, the development will offer

Figure 13. Rental Vacancy Rates in the Southern Suburbs Submarket, 2000 to Current

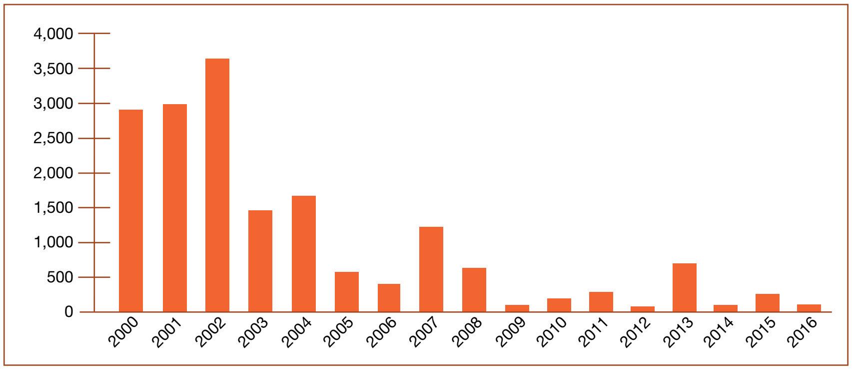


Note: The current date is May 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

one-, two- and three-bedroom units at rents starting at $900, $1,150, and $1,420, respectively. Much of the remaining multifamily construction consists of affordable-housing units. Autry Pines, a 64-unit apartment complex in the city of Auburn in Barrow County, opened in late 2015. The project offers one- and two-bedroom units at rents of $360 and $380, respectively, to seniors who have incomes at or below 60 percent of the Area Median Income (AMI).

During the 3-year forecast period, demand is expected for 5,500 new rental units in the submarket (Table 1). Demand is expected to be strongest for one-bedroom units with monthly rents ranging from $850 to $1,049 and two-bedroom units with rents ranging from $1,200 to $1,399 (Table 7). The 500 new rental units under construction will likely satisfy some of the demand.

Figure 14. Multifamily Units Permitted in the Southern Suburbs Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through April 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Southern Suburbs Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
750 to 949	230	850 to 1,049	1,250	1,000 to 1,199	670	1,300 to 1,499	550
950 to 1,149	25	1,050 to 1,249	380	1,200 to 1,399	960	1,500 to 1,699	550
1,150 or more	15	1,250 to 1,449	190	1,400 to 1,599	190	1,700 to 1,899	140
		1,450 or more	95	1,600 or more	95	1,900 to 2,099	70
						2,100 or more	70
Total	270	Total	1,925	Total	1,925	Total	1,375

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 500 units currently under construction will likely satisfy some of the estimated demand. The forecast period is May 1, 2016, to May 1, 2019.
Source: Estimates by analysts

Sales Market—Northern Suburbs Submarket

The sales housing market in the Northern Suburbs submarket is currently balanced, with average prices for new and existing homes exceeding prerecession highs. The number of new and existing home sales in the submarket has increased at a faster rate than that of the Central and Southern Suburbs submarkets since 2012 but remains below the levels of the mid-2000s. As of May 1, 2016, the sales housing market vacancy rate is estimated at 1.7 percent, down from 3.4 percent in April 2010 (Table DP-4 at the end of this report). During April 2016, the inventory of available homes was a 4.1-month supply, down from a 4.7-month supply in April 2015 and a 13.1-month supply in April 2010 (Redfin). Only a 3.6-month supply of inventory is available in Cherokee County, whereas an 8.2-month supply is available in Pickens County, which is more than 3 percentage points more than in any other county in the submarket.

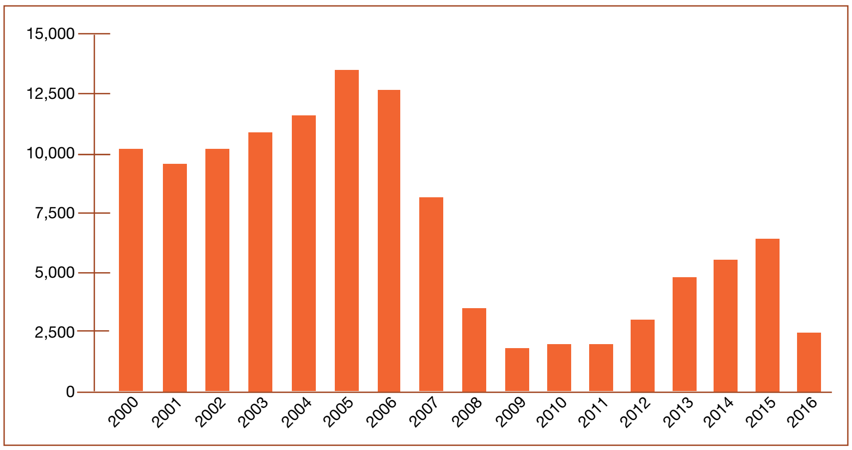
Relatively fast population growth and strong economic conditions in the submarket have resulted in significant increases in existing home sales since 2012. Existing home sales averaged 19,100 homes sold during 2005 and 2006 before declining an average of 19 percent annually during the next 4 years, to a low of 8,050 homes in 2010. The number of existing homes sold expanded at an average annual rate of 16 percent from 2011 through 2015. After declining each year from 2007 through 2012, the average sales price of existing homes has increased each year since 2013 as the percentage of REO sales has declined. The average sales price of an existing home in the submarket peaked at $219,700 during 2006 but declined at an average annual rate of 4 percent, to a low of $169,600, in 2012. An increased number of lower-priced REO sales, which accounted for 25 percent of existing home sales in 2012 compared with 3 percent of existing home sales in 2005, contributed significantly to the decline in prices. The average sales price for existing homes increased an average of 9 percent annually during the next 3 years, with REO sales declining to only 8 percent of existing home sales in 2015. During the 12 months ending April 2016, the number of existing homes sold increased by 1,450 homes, or 9 percent, to 17,200 homes. The current level of existing home sales is only 10 percent lower than it was at the prerecession peak, whereas the levels of existing home sales in the Central and Southern Suburbs submarkets are 26 and 32 percent lower, respectively. The average price of existing homes increased $17,600, or 8 percent, to $229,300 during the 12 months ending April 2016, and REO sales declined to only 7 percent of existing home sales.

The submarket has the lowest rate of seriously delinquent loans and REO properties in the HMA. As of April 2016, 2.0 percent of home loans in the submarket were seriously delinquent or had transitioned into REO status, down from 2.4 percent in April 2015 (CoreLogic, Inc.). By comparison, the rate peaked at 8.3 percent in February 2010, approximately 2 and 5 percentage points lower than rates for the Central and Southern Suburbs submarkets, respectively.

The market for new homes has also recovered to a greater extent in the Northern Suburbs than in the other submarkets. New home sales peaked at an average of 10,200 homes sold in 2005 and 2006 then declined an average of 30 percent annually to a low of 1,500 homes sold in 2011. The number of new homes sold increased an average of 26 percent each year from 2012 through 2015 as the excess inventory of existing homes was absorbed, increasing demand for new construction. New home prices peaked later and declined less severely than did the number of new homes sold as development became increasingly limited to higher-end projects in the late 2000s. After peaking at $286,000 in 2007, the average sales price of a new home in the submarket declined at an average annual rate of 3 percent, to a low of $257,800, in 2011. From 2012 to 2015, new home prices increased at an average annual rate of 5 percent, surpassing the prerecession high in 2014. During the 12 months ending April 2016, the number of new homes sold increased 23 percent, to 4,950 homes, and the average new home sales price increased 3 percent, to $323,200. The number of new homes sold is now 49 percent of the prerecession peak compared with 28 and 26 percent in the Central and Southern Suburbs submarkets, respectively.

Since 2012, increased demand for new homes has resulted in rising levels of single-family home construction, as measured by the number of single-family homes permitted. Single-family home construction remains below the levels of the mid-2000s, however. After averaging 12,600 homes permitted a year from 2004 through 2006, single-family home permitting declined in 4 of the 5 subsequent years and averaged only 1,900 homes permitted a year from 2009 through 2011 (Figure 15). Permitting increased an average of 39 percent a year from 2012 through 2015. During the 12 months ending April 2016, 6,725 single-family homes were permitted, up 14 percent from 5,900 homes during the 12 months ending April 2015 (preliminary data).

Figure 15. Single-Family Homes Permitted in the Northern Suburbs Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through April 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Recent new home development generally has been focused in the southern part of the submarket, particularly in Cherokee and Forsyth Counties, which are directly adjacent to the Central submarket. That area accounted for approximately 84 percent of all single-family homes permitted during the 12 months ending April 2016. Lennar Homes began construction in late 2015 at Bethelwood Lakes, an 83-home development near the city of Cumming in south Forsyth County. Prices currently start in the low $400,000s for single-family homes ranging in size from 3,100 to 4,200 square feet. Construction is also under way at Edgewater, a new 243-home development near the city of Canton in Cherokee County. The development is expected to be built in three phases, with prices ranging from the mid-$300,000s to the $500,000s.

Table 8. Estimated Demand for New Market-Rate Sales Housing in the Northern Suburbs Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
140,000	189,999	3,075	15.0
190,000	239,999	3,075	15.0
240,000	289,999	4,100	20.0
290,000	339,999	4,100	20.0
340,000	389,999	3,075	15.0
390,000	and higher	3,075	15.0

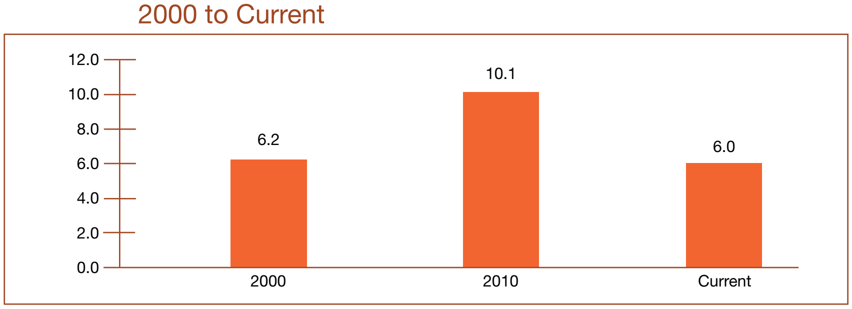
Notes: The 3,275 homes currently under construction and a portion of the estimated 9,900 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is May 1, 2016, to May 1, 2019.
Source: Estimates by analysts

During the 3-year forecast period, demand is expected for 20,500 new homes (Table 1) in the submarket. The 3,275 homes currently under construction will meet part of the demand. Demand is estimated to increase each year during the forecast period and to be greatest for single-family homes priced from $240,000 to $339,999 (Table 8). A portion of the estimated 9,900 other vacant units currently in the inventory may reenter the sales market and satisfy some of the forecast demand.

Rental Market—Northern Suburbs Submarket

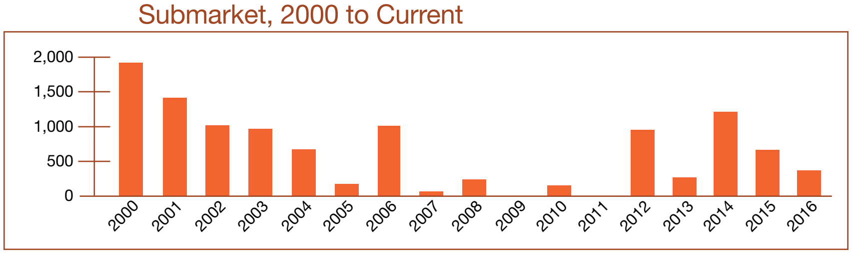
Rental housing market conditions in the Northern Suburbs submarket are currently balanced, with strong rental household growth and relatively low levels of multifamily construction in the late 2000s resulting in absorption of existing rental inventory in the early 2010s. Increased levels of multifamily home construction have begun to put upward pressure on vacancy rates and slow rent growth, however. The current overall rental vacancy rate is estimated at 6.1 percent, down from 10.1 percent in 2010 (Figure 16). Conversions of single-family homes to rental units, which increased from 46 percent of all rental households in 2010 to 52 percent in 2014, make up a significant part of the rental market (2014 ACS 5-year Data). The vacancy rate for apartment units is notably lower than the overall rate, however. Like the overall rental market, the apartment market is balanced.

Figure 16. Rental Vacancy Rates in the Northern Suburbs Submarket, 2000 to Current



Note: The current date is May 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

Figure 17. Multifamily Units Permitted in the Northern Suburbs Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through April 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

The apartment vacancy rate was 4.9 percent during the first quarter of 2016, up from 3.9 percent during the first quarter of 2015 but well below the 6.3-percent rate during the first quarter of 2011 (MPF Research). During the first quarter of 2016, the average monthly rent in the submarket increased 6 percent to $1,121, indicating a slower growth rate than in the other two submarkets. One-, two-, and three-bedroom apartments in the submarket rent for an average of $1,000, $1,163, and $1,292, respectively. As with home prices, rents, in general, are highest in Forsyth and Cherokee Counties, particularly in areas with convenient access to the urban core of the HMA.

Builders have responded to declining vacancy rates and rising rents with increased multifamily home construction since 2012. From 2012 through 2015, an average of 780 multifamily units were permitted annually, up from an average of only 95 units annually from 2007 through 2011 (Figure 17). By comparison, an average of 1,025 multifamily units were permitted annually from 2000 through 2006. During the 12 months ending April 2016, 960 multifamily units were permitted, which is less than the 1,325 units permitted during the preceding 12-month period but more than the totals for 10 of the 15 calendar years since 2000 (preliminary data).

The submarket's rental stock is relatively new, with approximately 48 percent of the apartments having been constructed after 2000 compared with 42 and 31 percent in the Southern Suburbs and Central submarkets, respectively (MPF Research). Recent apartment construction consists primarily of midrise or garden-style properties near the Highway 400 and Interstate 575 corridors, which run through Forsyth and Cherokee Counties. Construction of The Crest at Laurelwood, a 272-unit apartment complex in the city of Woodstock in Cherokee County, was complete in mid-2015. Current rents start at $1,050 for one-bedroom units, $1,250 for two-bedroom units, and $1,500 for three-bedroom units. In Forsyth County, Halcyon, a mixed-use development in the city of Cumming, broke ground in February 2016. The project, which is expected to be complete by the fall of 2017, will include 448 luxury apartments, 87 single-family homes, 155 townhomes, and more than 360,000 combined square feet of office and retail space.

During the next 3 years, demand is expected for 3,750 new market-rate rental units in the submarket (Table 1). Demand is expected to be consistent across all 3 years of the forecast period and to be strongest for one-bedroom apartments with rents ranging from $1,050 to $1,249 and for two-bedroom units with rents ranging from $1,400 to $1,599. The 990 units currently under construction will meet a portion of that demand. Table 9 shows the forecast demand for new market-rate rental housing in the submarket by rent level and number of bedrooms.

Table 9. Estimated Demand for New Market-Rate Rental Housing in the Northern Suburbs Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
750 to 949	130	850 to 1,049	330	1,000 to 1,199	130	1,300 to 1,499	95
950 to 1,149	40	1,050 to 1,249	590	1,200 to 1,399	260	1,500 to 1,699	380
1,150 or more	10	1,250 to 1,449	260	1,400 to 1,599	460	1,700 to 1,899	280
		1,450 to 1,649	65	1,600 to 1,799	260	1,900 to 2,099	95
		1,650 or more	65	1,800 to 1,999	130	2,100 to 2,299	45
				2,000 or more	65	2,300 or more	45
Total	180	Total	1,325	Total	1,325	Total	940

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 990 units currently under construction will likely satisfy some of the estimated demand. The forecast period is May 1, 2016, to May 1, 2019.
Source: Estimates by analysts

Data Profiles

Table DP-1. Atlanta HMA* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	2010 to Current
Total resident employment	2,298,989	2,440,037	2,699,000	0.6	1.9
Unemployment rate	3.1%	10.3%	5.3%		
Nonfarm payroll jobs	2,299,600	2,275,600	2,612,000	– 0.1	2.6
Total population	4,263,438	5,286,728	5,792,000	2.2	1.5
Total households	1,559,712	1,943,885	2,119,300	2.2	1.4
Owner households	1,041,714	1,285,066	1,292,000	2.1	0.1
Percent owner	66.8%	66.1%	61.0%		
Renter households	517,998	658,819	827,300	2.4	3.8
Percent renter	33.2%	33.9%	39.0%		
Total housing units	1,650,700	2,172,967	2,267,000	2.8	0.7
Owner vacancy rate	1.7%	3.8%	1.8%		
Rental vacancy rate	6.1%	12.7%	6.2%		
Median Family Income	NA	NA	$64,400	NA	NA

** Atlanta-Sandy Springs-Roswell HMA.*

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through April 2016. Median Family Incomes are for 1999, 2009, and 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Table DP-2. Central Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	2010 to Current
Total population	2,769,333	3,212,440	3,538,000	1.5	1.6
Total households	1,031,909	1,214,928	1,329,600	1.6	1.5
Owner households	641,794	751,667	756,800	1.6	0.1
Percent owner	62.2%	61.9%	56.9%		
Rental households	390,115	463,261	572,800	1.7	3.6
Percent renter	37.8%	38.1%	43.1%		
Total housing units	1,089,793	1,360,903	1,417,000	2.2	0.7
Owner vacancy rate	1.8%	3.9%	1.7%		
Rental vacancy rate	6.0%	12.8%	6.1%		

Notes: Numbers may not add to totals because of rounding. The current date is May 1, 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Table DP-3. Southern Suburbs Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	2010 to Current
Total population	1,057,116	1,390,189	1,480,000	2.8	1.0
Total households	373,449	489,977	520,700	2.8	1.0
Owner households	270,867	342,192	331,000	2.4	– 0.5
Percent owner	72.5%	69.8%	63.6%		
Rental households	102,582	147,785	189,700	3.7	4.2
Percent renter	27.5%	30.2%	36.4%		
Total housing units	396,590	549,582	562,900	3.3	0.4
Owner vacancy rate	1.7%	3.7%	1.9%		
Rental vacancy rate	6.5%	13.0%	6.7%		

Notes: Numbers may not add to totals because of rounding. The current date is May 1, 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Table DP-4. Northern Suburbs Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	436,989	684,099	774,000	4.6	2.1
Total households	154,354	238,980	269,450	4.5	2.0
Owner households	129,053	191,207	204,600	4.0	1.1
Percent owner	83.6%	80.0%	75.9%		
Rental households	25,301	47,773	64,850	6.6	5.2
Percent renter	16.4%	20.0%	24.1%		
Total housing units	164,317	262,482	287,000	4.8	1.5
Owner vacancy rate	1.7%	3.4%	1.7%		
Rental vacancy rate	6.2%	10.1%	6.0%		

Notes: Numbers may not add to totals because of rounding. The current date is May 1, 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 5/1/2016—Analysts' estimates
Forecast period: 5/1/2016–5/1/2019—Analysts' estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analysts, through diligent fieldwork, make an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_Atlanta_SandySprings_RoswellGA_16.pdf.

Contact Information

Adam Tubridy, Economist
Seattle HUD Regional Office
206–220–5339
adam.b.tubridy@hud.gov

Casey Blount, Economist
Los Angeles HUD Regional Office
213–534–2622
casey.m.blount@hud.gov

This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.