

COMPREHENSIVE HOUSING MARKET ANALYSIS

Atlanta Metropolitan Area Series Focus On:

Northern Atlanta Suburbs

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of March 1, 2019



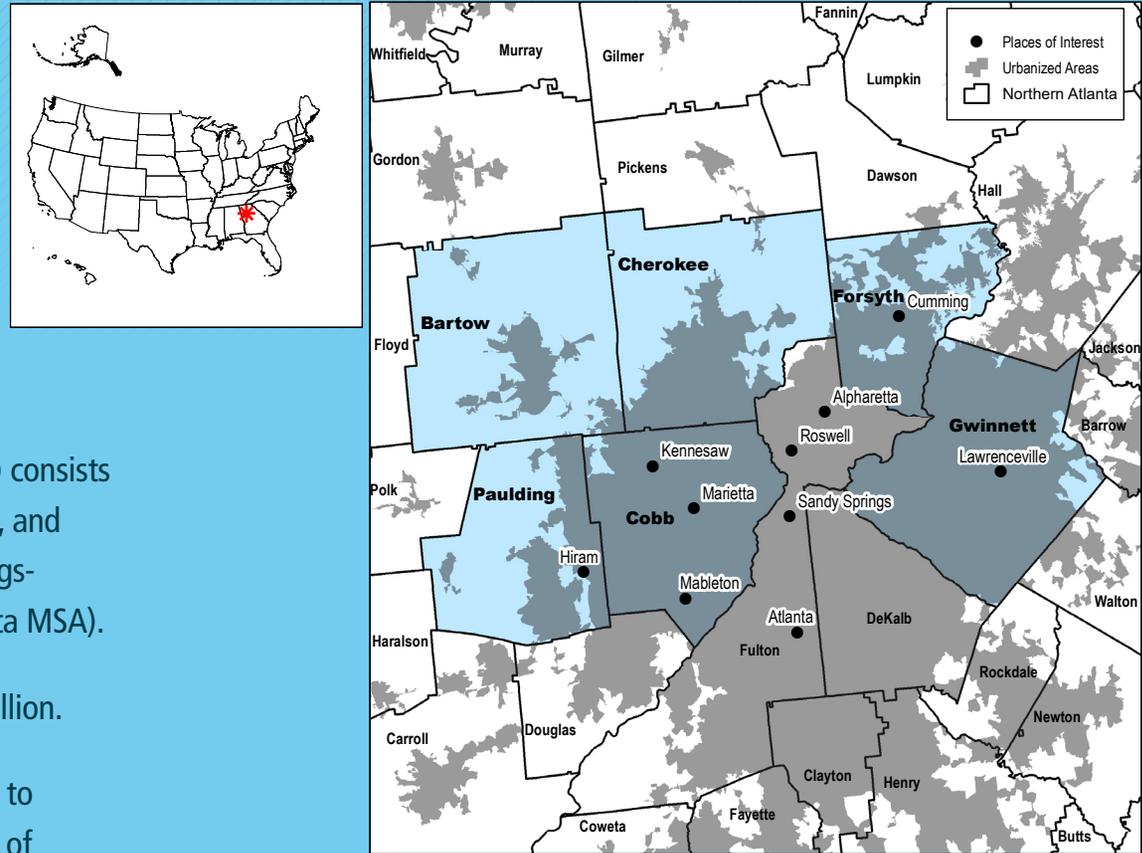
Executive Summary

Housing Market Area Description

The Northern Atlanta Suburbs Housing Market Area (HMA) consists of six counties (Bartow, Cherokee, Cobb, Forsyth, Gwinnett, and Paulding) and is part of the 29-county Atlanta-Sandy Springs-Roswell, GA Metropolitan Statistical Area (hereafter, Atlanta MSA).

The current population of the HMA is estimated at 2.48 million.

The HMA is a popular location for residents who commute to jobs in the economic core of the MSA; it includes the cities of Marietta, Smyrna, Peachtree Corners, and Lawrenceville, which are concentrated along the Interstate 75 and Interstate 85 corridors northwest and northeast of the city of Atlanta, respectively.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#). Additional data for the HMA can be found in this report's [supplemental tables](#). For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



Market Qualifiers

Economy



Stable: with **59,300 jobs added** in the MSA during the 12 months ending February 2019.

Economic conditions in the MSA are strong. During the 12 months ending February 2019, nonfarm payrolls in the MSA increased by 59,300 jobs, or 2.2 percent, down slightly from 2.3-percent growth during the previous 12 months. By comparison, nonfarm payrolls in the nation increased 1.7 percent during the most recent 12 months and 1.5 percent during the 12-month period ending February 2018. During the 3-year forecast period, nonfarm payroll growth in the MSA is expected to average 1.8 percent, annually, with the HMA benefitting significantly from that growth.

Sales Market



Balanced: with **new and existing home sales in the HMA increasing 1 percent** and **the average home sales price increasing 6 percent** during the 12 months ending February 2019.

The sales market in the HMA is currently balanced with reduced levels of home construction and increased net in-migration contributing to the absorption of excess inventory since the early 2010s. As of March 1, 2019, the overall sales vacancy rate was estimated at 1.3 percent, down from 3.4 percent in April 2010. During the 3-year forecast period, demand is estimated for 34,350 new homes, accounting for 47 percent of total demand in the Atlanta MSA. Demand is expected to be relatively stable in the HMA during the period. The 5,100 homes currently under construction will satisfy some of the forecast demand.

Rental Market



Balanced: with the **average apartment vacancy rate in the HMA decreasing 1.8 percentage points** and the **average apartment rent increasing 7 percent** during the past year.

The rental housing market in the HMA is currently balanced with an estimated vacancy rate of 6.0 percent, down from 11.4 percent in April 2010. Strong growth in renter households has generally outpaced construction of rental units and the conversion of sales units to rental use since 2010. During the next 3 years, demand in the HMA is expected for 7,525 new market-rate rental units, representing 25 percent of demand in the Atlanta MSA. The 6,325 rental units currently under construction in the HMA, and the 1,000 additional units expected to be completed will satisfy most of the demand during the next 3 years.

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	3-Year Housing Demand Forecast			
	Sales Units		Rental Units	
	MSA*	Northern Atlanta Suburbs HMA	MSA*	Northern Atlanta Suburbs HMA
Total Demand	73,850	34,350	30,300	7,525
Under Construction	12,300	5,100	19,300	6,325

*Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of March 1, 2019. The forecast period is March 1, 2019, to March 1, 2022.

Source: Estimates by the analyst



Economic Conditions

Largest sector: Professional and Business Services

Economic conditions in the MSA are currently strong, with job growth exceeding the national rate every year since 2011.

Primary Local Economic Factors

The MSA is an international hub for logistics, education, health care, and trade. The presence of Hartsfield-Jackson Atlanta International Airport, the busiest airport in the world since 2000 (Airports Council International); and the educated workforce, including graduates from Emory University, Georgia Institute of Technology, and Georgia State University, make the MSA an attractive location for corporations. The headquarters of 28 Fortune 1,000 companies are in the Atlanta MSA including Delta Air Lines, Inc., The Home Depot, Inc., AT&T, Inc., United Parcel Service (UPS), and The Coca-Cola Company. The HMA has become an increasingly significant part of the economy of the MSA during the past two decades and currently accounts for approximately 35 percent of covered employment in the MSA, up from 32 percent in 2000 (Quarterly Census of Employment and Wages [QCEW]).

Current Conditions—Nonfarm Payrolls

Job growth slowed slightly in the MSA during the past year but continued to exceed the rate for the nation. During the 12 months ending February 2019, nonfarm payrolls in the MSA averaged 2.80 million jobs, an increase of 59,300 jobs, or 2.2 percent, from the previous 12 months (Table 1). That rate of job growth was down from an increase of 2.3 percent during the 12 months ending February 2018 but was higher than the 1.7-percent rate for the nation. The professional and business services sector accounted for 19 percent of the nonfarm payrolls in the MSA during the 12 months ending February 2019 and

Table 1. 12-Month Average Nonfarm Payroll Jobs in the Atlanta MSA*, by Sector

	12 Months Ending February 2018	12 Months Ending February 2019	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	2,737.2	2,796.5	59.3	2.2
Goods-Producing Sectors	291.9	301.0	9.2	3.1
Mining, Logging, & Construction	122.2	128.8	6.7	5.5
Manufacturing	169.7	172.2	2.5	1.5
Service-Providing Sectors	2,445.4	2,495.5	50.1	2.1
Wholesale & Retail Trade	440.8	445.5	4.7	1.1
Transportation & Utilities	152.7	159.5	6.9	4.5
Information	101.4	97.6	-3.8	-3.7
Financial Activities	171.7	174.5	2.8	1.6
Professional & Business Services	512.3	526.3	14.0	2.7
Education & Health Services	343.2	356.1	12.9	3.8
Leisure & Hospitality	292.4	300.9	8.5	2.9
Other Services	99.2	99.4	0.2	0.2
Government	331.8	335.8	4.0	1.2

*Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.

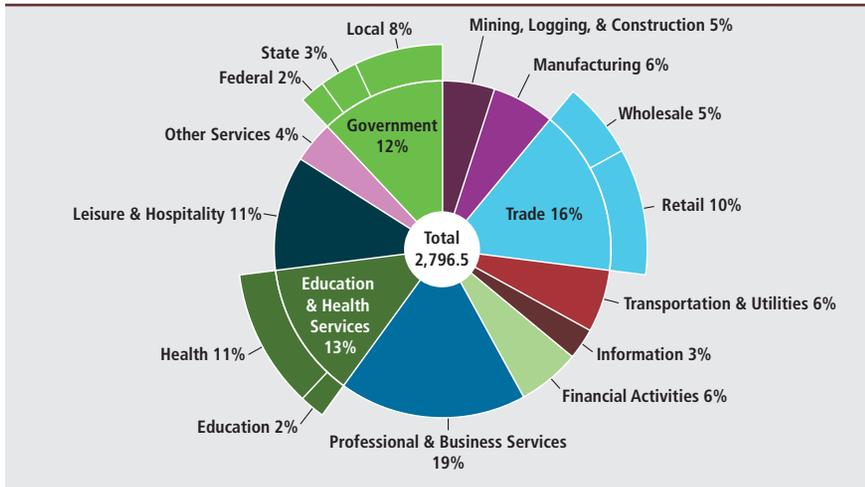
Notes: Based on 12-month averages through February 2018 and February 2019. Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics

added the most jobs, 14,000, an increase of 2.7 percent (Figure 1). The fastest job growth was in the mining, logging, and construction sector, which expanded by 6,700 jobs, or 5.5 percent, due in part to a 15-percent increase in residential construction. The information sector, which declined by 3,800 jobs, or 3.7 percent, was the only sector in the MSA to lose jobs during the most recent 12 months. AT&T, Inc., which has relocated several hundred jobs from the MSA to other locations within the nation since mid-2018, contributed significantly to the job losses in the sector.



Figure 1. Current Nonfarm Payroll Jobs in the Atlanta MSA*, by Sector

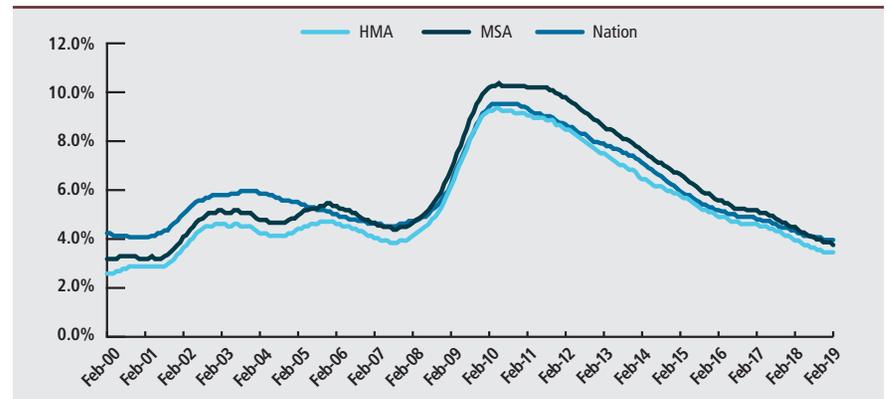


*Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.
 Notes: Average data for the 12 months ending February 2019. Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding.
 Source: U.S. Bureau of Labor Statistics

Current Conditions—Unemployment

The unemployment rate in the MSA was 3.7 percent during the 12 months ending February 2019, down from 4.4 percent during the 12 months ending February 2018, and down significantly compared with the 10.3-percent peak unemployment rate during 2010. In the HMA, the unemployment rate has been lower than that of the MSA throughout the past two decades (Figure 2). During the 12 months ending February 2019, the 3.4-percent rate in the HMA was down from the 3.9-percent rate during the 12 months ending February 2018 and less than one-half the peak level of 9.3-percent in 2010. By comparison, the unemployment rate of the nation was 3.9 percent during the 12 months ending February 2019, down from 4.3 percent during the previous 12 months.

Figure 2. 12-Month Average Unemployment Rate in the HMA*, the MSA, and the Nation**



*Northern Atlanta Suburbs Housing Market Area.
 **Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.
 Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2004 through 2007

After declining an average of 1.4 percent a year from 2002 through 2003, nonfarm payrolls in the MSA increased by an average of 53,800 jobs, or 2.3 percent, annually from 2004 through 2007, which was notably higher than the 1.4-percent average rate for the nation. The professional and business sector added the most jobs during the period, expanding by an average 12,100 jobs, or 3.2 percent, annually. The fastest job growth was in the education and health services sector, which added an average of 9,300 jobs, or 4.2 percent, annually; that was due in part to several large-scale medical developments, including Children’s Healthcare of Atlanta, which completed expansions at its Egleston and Scottish Rite facilities for a combined \$344 million in 2007.

The HMA accounted for approximately 48 percent of covered employment growth in the MSA from 2004 through 2007, adding an average of 22,700 jobs, or 3.0 percent, annually (QCEW). Industry growth in the HMA generally mirrored that of the MSA, with the largest gains in the professional and business services sector and the education and health services sector. Within the HMA, these two sectors expanded by averages of 4,875 and 3,550 jobs, or 3.8 and 6.0 percent, a year, respectively.

2008 through 2010

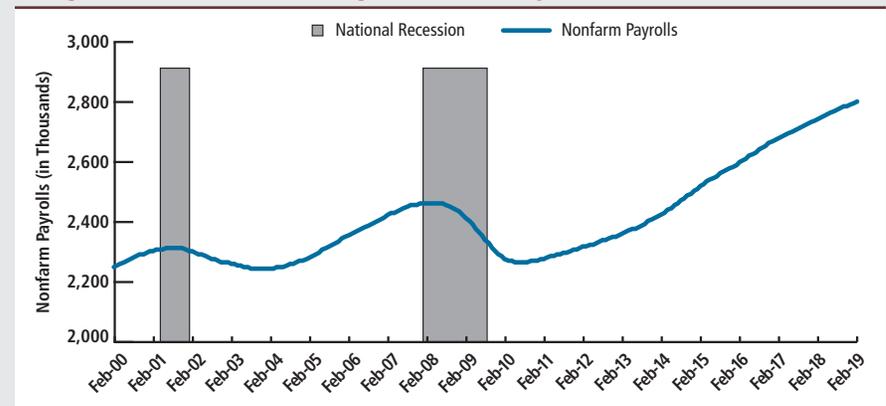
The MSA was impacted relatively severely by the economic downturn in the late 2000s, with nonfarm payrolls declining by an average of 61,400 jobs, or 2.6 percent, a year from 2008 through 2010, when nonfarm payrolls in the nation declined by an average of only 1.9 percent, annually. Both the largest and fastest job losses in the MSA were in the mining, logging, and construction sector. This sector accounted for more than one-fourth of all jobs lost in the MSA during the period and contracted by an average of 16,000 jobs, or 12.9 percent, annually, as residential permitting declined an average of 44 percent, annually. Jobs losses were also particularly significant in the wholesale and retail trade sector, which decreased by an average of 15,300 jobs, or 3.7 percent, a year. The retail trade subsector declined by an average of 9,900 jobs, or 3.7 percent, annually during the period, accounting for just under two-thirds of the jobs lost in the sector.

Covered employment in the HMA declined by an average of 25,800, or 3.3 percent, annually, during the period, a faster rate than the MSA. The construction and retail trade subsectors, which declined by annual averages of 8,450 and 4,350 jobs, or 14.3 and 4.1 percent, respectively, combined to account for one-half of the jobs lost in the HMA.

2011 through 2017

The MSA recovered quickly from the economic downturn and has continuously added jobs at a rapid rate since the early 2010s (Figure 3). From 2011 through

Figure 3. 12-Month Average Nonfarm Payrolls in the Atlanta MSA*



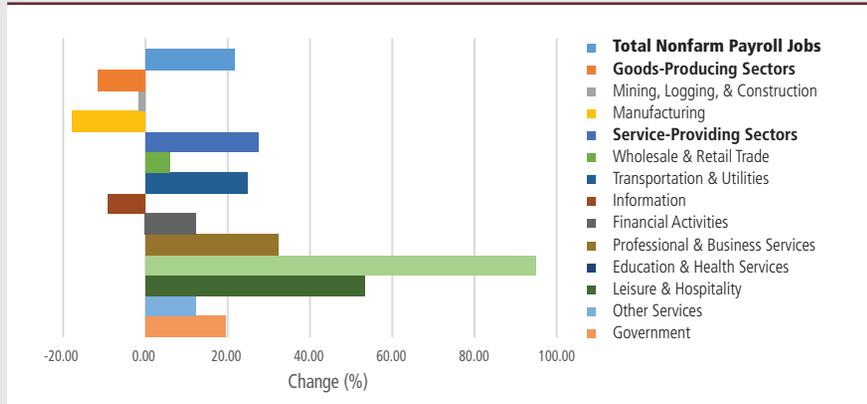
*Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.

Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

2017, the MSA added an average of 64,500 jobs, or 2.6 percent, annually, surpassing the pre-recessionary high in 2014. The rate of job growth in the MSA was well above the rate for the nation, which averaged 1.7 percent, annually. With the exception of the government sector, which declined slightly, every sector in the MSA added jobs during the period. As with the period of economic expansion in the mid-2000s, the professional and business services sector, which expanded by an average of 17,300 jobs, or 3.9 percent, a year, led job growth. In 2013, AirWatch, a mobile technology and security provider, added 1,000 jobs as part of an expansion of its headquarters in the city of Sandy Springs. General Motors Company also created 1,000 jobs when it opened an information technology (IT) innovation center in the city of Roswell. More recently, Mercedes-Benz USA created 700 jobs when it relocated its headquarters to the HMA in 2015. Significant job growth also occurred from 2011 through 2017 in the education and health services sector, which is also the only sector in the MSA to have added jobs each year since 2000 and has led all other sectors in growth since 2000 (Figure 4). From 2011 through 2017, the education and health services sector added an average of 11,200 jobs, or 3.8 percent, due in part to the completion of several large medical

Figure 4. Sector Growth in the Atlanta MSA*, 2001 to Current



*Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.

Note: Current is based on 12-month averages through February 2019.

Source: U.S. Bureau of Labor Statistics

facilities, including the 210-bed medical tower at the Emory University’s Clifton Campus, which opened in early 2017, and Paulding Hospital, which created 500 new jobs when it opened in the city of Hiram in 2014.

From 2011 through 2017, covered employment in the HMA increased an average of 3.1 percent, annually. During this period, the HMA accounted for 40 percent of all covered employment growth in the MSA. Consistent with the MSA as a whole, the professional and business services sector added the most jobs in the HMA, increasing by an average of 5,300 jobs a year, although jobs in the leisure and hospitality sector and the retail trade subsector increased at notably faster rates than the MSA. The number of leisure and hospitality jobs in the HMA expanded by an average of 3,975, or 4.8 percent, annually, and the number of jobs in the retail trade subsector expanded by an average of 3,050, or 2.9 percent, annually. The average annual rates for the MSA were 4.0 and 2.1 percent, respectively.

Commuting Patterns

The HMA currently accounts for a notably higher share of the resident employment in the MSA, 42 percent, than of the covered employment, 35 percent. (Table 2). Nearly one-third of the employed residents of the HMA commute to primary jobs located elsewhere in the MSA, and an additional 4 percent commute to primary jobs located outside of the MSA. Commutation from the HMA is particularly significant to DeKalb and Fulton Counties, which encompass the city of Atlanta and a large part of the economic core of the MSA. Approximately 28 percent of the employed residents in the HMA commute to primary jobs located in DeKalb or Fulton Counties (Table 3).

Table 2. Estimated HMA* Share of MSA Totals**

	2000 (%)	2010 (%)	Current (%)
Resident Employment	39	42	42
Nonfarm Payrolls	32	34	35

*Northern Atlanta Suburbs Housing Market Area.

**Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.

Note: The current date is March 1, 2019.

Sources: U.S. Bureau of Labor Statistics; estimates by the analyst

Table 3. Percentage of Employed HMA* Residents by Location of Primary Job

Northern Atlanta Suburbs HMA*	65
DeKalb and Fulton Counties	28
Remainder of Atlanta MSA**	3
Outside of Atlanta MSA**	4

*Northern Atlanta Suburbs Housing Market Area.

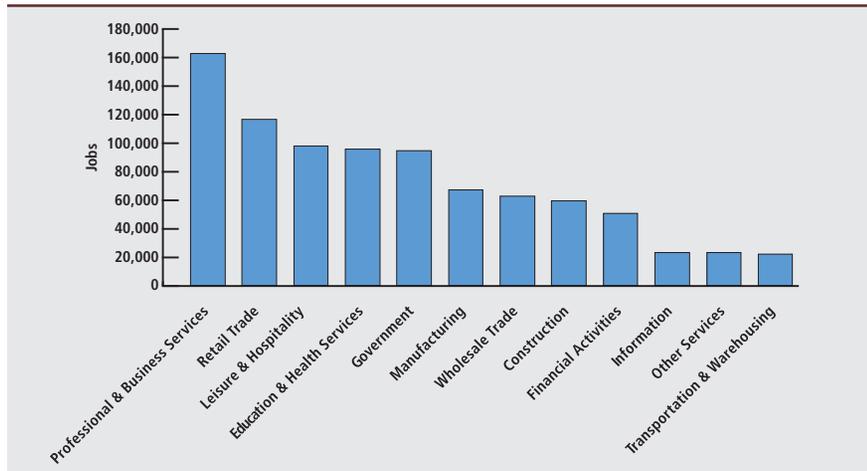
**Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.

Source: U.S. Census Journey to Work, 2015

Major Industries in the HMA

Like the MSA, the professional and business services sector is the largest in the HMA, accounting for an estimated 18 percent of all jobs, although the retail trade and the construction subsectors comprise notably greater portions of the economy of the HMA than the MSA as whole (Figure 5). Due in part to strong job growth since 2011, the two subsectors account for an estimated 13 and 7 percent of all jobs, respectively, in the HMA, as compared to 10 and 4 percent, respectively, in the MSA. Major employers in the HMA include WellStar Health Systems, Lockheed Martin Aeronautics, and The Home Depot, Inc., with 9,900, 7,800, and 6,675 employees, respectively (Table 4).

Figure 5. Total Jobs in Selected Sectors and Industries in the Northern Atlanta Suburbs HMA



Note: Annual average data for 2017, the most recent complete year available.
Source: U.S. Bureau of Labor Statistics

Table 4. Major Employers in the Northern Atlanta Suburbs HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
WellStar Health Systems	Education & Health Services	9,900
Lockheed Martin Aeronautics	Manufacturing	7,800
The Home Depot, Inc.	Wholesale & Retail Trade	6,675
Gwinnett Medical Center	Education & Health Services	5,300
Northside Hospital	Education & Health Services	5,250
Gwinnett County	Government	5,125
Cobb County	Government	5,000
Publix Super Markets, Inc.	Wholesale & Retail Trade	3,775
Kennesaw State University	Government	3,100
Six Flags Over Georgia	Leisure & Hospitality	2,775

Note: Excludes local school districts.

Sources: Partnership Gwinnett; Cumming-Forsyth County Chamber of Commerce; Cherokee County Office of Economic Development; City of Marietta; City of Smyrna; Kennesaw State University

Employment Forecast

During the 3-year forecast period, nonfarm payroll growth is expected to slow in the MSA but continue at an average of 1.8 percent annually. Job gains are expected in most sectors, with growth in the professional and business services sector and the education and health services sector expected to indirectly support gains in the wholesale and retail trade; the mining, logging, and construction; and the leisure and hospitality sectors. Inspire Brands, the parent company of Arby's, Buffalo Wild Wings, and Rusty Taco, is expected to begin an expansion of its headquarters in the city of Sandy Springs, which is expected to create approximately 1,100 jobs in mid-2019. By 2020, healthcare insurer Anthem, Inc. is expected to create 3,000 permanent jobs, including 1,800 jobs in IT, at the Anthem Technology Tower, a \$150-million, 21-story skyscraper currently under construction in the city of Atlanta.

Population and Households

Current Population—MSA: 6.03 million
 Current Population—HMA: 2.48 million

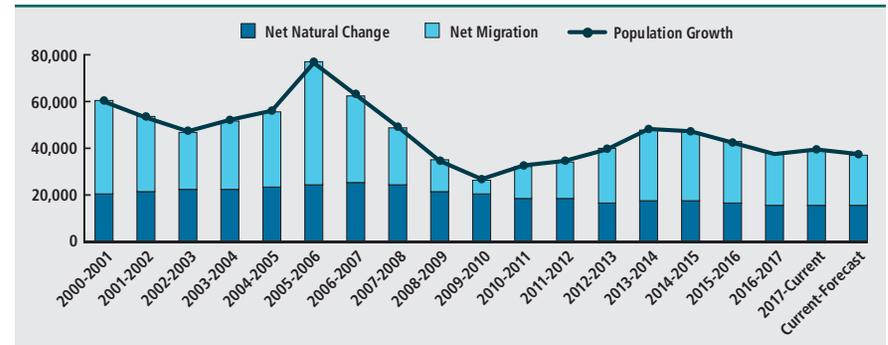
After averaging only 15,100 a year from 2007 to 2010, net in-migration to the HMA has averaged 22,550 a year since 2010, accounting for 57 percent of total population growth.

Population Trends

Population growth in the HMA has exceeded the rate for the MSA since 2000, with job growth contributing to high levels of net in-migration during much of the period. The HMA currently accounts for approximately 41 percent of the total population of the MSA, up from 37 percent in 2000 and 40 percent in 2010. Strong job growth in the MSA contributed to the average annual population growth of 65,450, or 3.5 percent, in the HMA from 2004 to 2007 (U.S. Census Bureau population estimates as of July 1). By comparison, population growth in the MSA averaged 2.8 percent a year during the period. Net in-migration to the HMA averaged 40,650 a year from 2004 to 2007 and accounted for 62 percent of total population growth. Job losses in the MSA contributed to net in-migration slowing significantly in the late 2000s. Population growth averaged 38,050, or 1.9 percent, annually in the HMA from 2007 to 2010, as compared to average growth of 1.5 percent a year for the MSA. Net in-migration to the HMA averaged only 15,100 annually and accounted for 40 percent of total population growth during the period.

Following the economic downturn of the late 2000s, population growth in the HMA accelerated each year from 2010 to 2014 as the MSA added jobs. Net in-migration rose during the period but remained well below the levels of the mid-2000s (Figure 6). Population growth averaged 38,100, or 1.7 percent, annually in the HMA from 2010 to 2014, as compared to an average rate of 1.4 percent annually in the MSA. During the period, net in-migration to the HMA averaged

Figure 6. Components of Population Change in the Northern Atlanta Suburbs HMA, 2000 Through the Forecast



Notes: Net natural change and net migration totals are average annual totals over the time period. The current date is March 1, 2019. The forecast date is March 1, 2022.
 Sources: U.S. Census Bureau; Bureau of Labor Statistics; current to forecast—estimates by the analyst

20,200 a year. Since 2014, population growth in the HMA has averaged an estimated 41,050, or 1.7 percent, annually, while net in-migration has averaged 24,700 annually. By comparison, the population of the MSA has grown an average of an estimated 1.6 percent annually since 2014.

Migration Trends

Strong job growth in the MSA has resulted in significant net in-migration from outside the state of Georgia to the HMA during much of the past two decades. Residents who relocated from outside of the state accounted for more than one-half of the domestic in-migration to the HMA from 2012 to 2016, whereas those leaving the state accounted for only 44 percent of the domestic out-migration, resulting in a net in-flow of residents (Table 5). Net in-migration from DeKalb and Fulton Counties, where housing costs are generally higher than the HMA, also contributed to recent population growth. The counties accounted for a combined 26 percent of the domestic in-migration to the HMA from 2012 to 2016 but only 23 percent of the domestic out-migration from the HMA during the same period. Conversely, the remaining counties within Georgia, where housing costs are notably lower than in the HMA, accounted for 25 percent of all domestic



Table 5. Migration Flows in the Northern Atlanta Suburbs HMA, 2012–2016

	Into the HMA	Out of the HMA	Net Change
DeKalb and Fulton Counties	33,525	26,789	6,736
Remainder of Atlanta MSA*	14,454	16,609	-2,155
Remainder of Georgia	17,602	22,200	-4,598
Remainder of U.S.	64,954	50,964	13,990
Outside of U.S.	13,004	NA	NA

*Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.
NA = data not available.

Sources: U.S. Census, County-to-County Migration Flows; 2012–2016 American Community Survey, 5-year data

in-migration but 33 percent of all domestic out-migration, resulting in a net out-flow of residents. People relocating from outside the United States accounted for approximately 9 percent of all in-migration to the HMA from 2012 to 2016. Data regarding out-migration from the HMA to areas outside the United States are not available.

Population by Geography

The HMA encompasses 4 of the 10 most populous counties in the state of Georgia including Gwinnett and Cobb Counties, which were ranked second and third in population, with 927,781 and 756,865, respectively, as of 2018. Since 2010, population growth has averaged an estimated 1.7 and 1.2 percent each year in the two counties respectively. Recent population growth in the HMA has been fastest in Forsyth and Cherokee Counties, which are directly north of Fulton County. The population of Forsyth County grew by an average annual rate of 3.7 percent from 176,750 in 2010, to 236,612 in 2018, representing the fastest growth rate in the state. The population of Cherokee County increased by an average of 2.1 percent a year from 215,191 in 2010, to 254,149 in 2018, the seventh fastest rate in the state. The populations of Paulding and Bartow Counties, which are west of Cobb County, increased at average annual rates of 1.7 and 0.8 percent from 2010 to 2018, to 164,044 and 106,408, respectively.

Household Growth Trends

Consistent with population growth trends, the rate of household growth has been faster in the HMA than in the MSA during the past two decades. From 2000 to 2010, the number of households in the HMA expanded from 569,129 to 747,831, an average annual increase of 2.8 percent, as compared to the 2.2-percent growth rate for the MSA. As of March 1, 2019, the number of households in the HMA is estimated at 859,800, an average annual increase of 1.6 percent since 2010 (Table 6). The number of households in the MSA is estimated at 2.20 million as of March 1, 2019, an average increase of 1.4 percent annually since 2010.

Table 6. MSA* and Northern Atlanta Suburbs HMA Quick Facts

	Population Quick Facts					
	MSA*			Northern Atlanta Suburbs HMA		
	2010	Current	Forecast	2010	Current	Forecast
Population	5,286,728	6,033,000	6,296,000	2,125,737	2,479,000	2,592,000
Average Annual Change	102,300	83,650	87,700	53,150	39,650	37,650
Percentage Change	2.2	1.5	1.4	2.9	1.7	1.5

	Household Quick Facts					
	MSA*			Northern Atlanta Suburbs HMA		
	2010	Current	Forecast	2010	Current	Forecast
Households	1,943,885	2,205,000	2,300,000	747,831	859,800	898,800
Average Annual Change	38,400	29,250	31,950	17,850	12,550	13,000
Percentage Change	2.2	1.4	1.4	2.8	1.6	1.5

*Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The current date is March 1, 2019. The forecast date is March 1, 2022.

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



The HMA has a notably higher average household size than that of the MSA as a whole. The average household size in the HMA is currently estimated at 2.86, up from 2.82 in 2010. By comparison, the average household size in the MSA was 2.68 in 2010 and is currently estimated at 2.70. The difference in average household size is due in large part to a relatively high concentration of families in the HMA. As of 2017, 47.6 percent of households in the HMA included three or more people as compared with only 42.4 percent for the MSA (Table 7).

Table 7. Selected Population and Household Demographics in the HMA*, MSA, and Nation**

	HMA*	MSA**	Nation
	(%)	(%)	(%)
Population Age 19 and Under	28.4	27.4	25.3
Population Age 65 and Over	12.5	11.9	15.6
White	62.1	53.6	72.3
Black	22.0	34.1	12.7
Asian	7.5	5.8	5.6
Other Race	8.4	6.5	9.4
Hispanic	14.9	10.8	18.1
Non-Hispanic	85.1	89.2	81.9
Households with 1-2 People	17.3	20.6	22.9
Households with 3+ People	15.8	15.2	14.0

*Northern Atlanta Suburbs Housing Market Area.

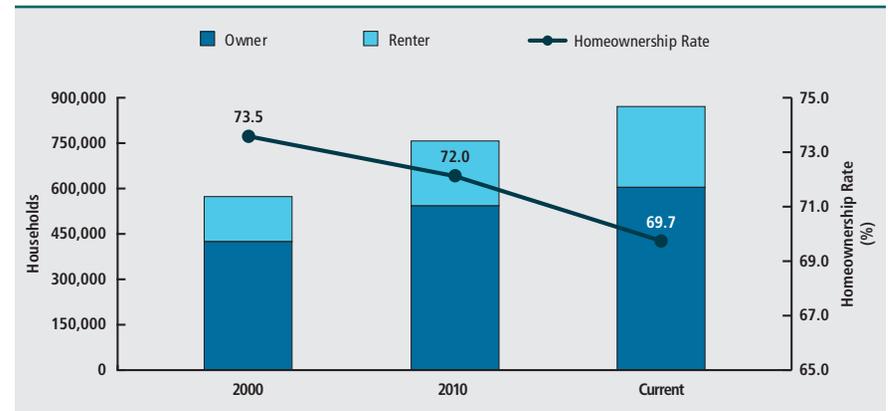
** Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.

Source: American Community Survey 2017, 1-year data

Households by Tenure

The homeownership rate in the HMA is higher than the MSA due in part to a difference in household income. The average household income in the HMA was \$95,600 in 2017, 5 percent higher than the average of \$90,900 in the MSA (American Community Survey [ACS] 1-year data). Homeownership has declined in both the HMA and the MSA since 2010, although the decline has been less pronounced in the HMA due to the relatively mild impact of the housing crisis. As of March 1, 2019, the homeownership rate in the HMA is estimated at 69.7 percent, down from 72.0 percent in 2010 and 73.5 percent in 2000 (Figure 7). The homeownership rate in the MSA is currently estimated at 62.8 percent, down from both 66.1 percent in 2010 and 66.8 percent in 2000. By comparison, the homeownership rate for the nation was 64.8 percent as of the fourth quarter of 2018, down from 66.5 percent during the second quarter of 2010 and 67.5 percent during the second quarter of 2000.

Figure 7. Households by Tenure and Homeownership Rate in the Northern Atlanta Suburbs HMA



Note: The current date is March 1, 2019.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst



Forecast

During the forecast period, the rate of population growth in the HMA is expected to decline slightly but continue at a rate faster than the MSA. Job growth in the MSA is expected to attract net in-migration to the HMA, particularly from areas outside of Georgia. The population of the HMA is expected to increase an average of 1.5 percent annually, during the next 3 years as compared with average annual growth of 1.4 percent for the MSA. The number of households in the HMA is also expected to increase by an average of 1.5 percent annually, slightly higher than the 1.4-percent rate for the MSA. The homeownership rate in the HMA is expected to remain stable during the forecast period as economic conditions continue to strengthen.



Home Sales Market Conditions

Market Conditions: Balanced

For-sale inventory increased in the HMA during the past year but demand for homes has generally increased faster than supply since the early 2010s, contributing to the absorption of inventory, declining sales vacancy rates, and rising home prices.

Current Conditions

The sales housing market in the Northern Atlanta Suburbs HMA is currently balanced. As of March 1, 2019, the overall sales vacancy rate was estimated at 1.3 percent, down from 3.4 percent in April 2010, and slightly below the 1.4-percent rate in April 2000 (Table 8). The inventory of available homes in the HMA in February 2019 was an estimated 3.7-month supply, up from a 2.7-month

Table 8. Home Sales Quick Facts in the HMA*, MSA, and Nation**

	HMA*	MSA**	Nation
Vacancy Rate	1.3%	1.6%	NA
Months of Inventory	3.7%	2.9	3.0
Total Home Sales	61,500	144,800	5,382,000
1-Year Change	1.0%	0.6%	-1.2%
New Home Sales Price	\$358,100	\$340,300	\$422,800
1-Year Change	6.0%	3.9%	2.5%
Existing Home Sales Price	\$265,600	\$253,200	\$315,000
1-Year Change	6.0%	5.7%	3.4%
Mortgage Delinquency Rate	1.2%	1.6%	1.6%

NA = data not available.

*Northern Atlanta Suburbs Housing Market Area.

**Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.

Notes: Vacancy rate is as of the current date, March 1, 2019. Home sales and prices are for the 12 months ending February 2019. Months of inventory and mortgage delinquency data are as of February 2019.

Sources: Vacancy rates—estimates by the analyst; sales prices: MSA and HMA—CoreLogic, Inc.; nation—Metrostudy, A Hanley Wood Company; inventory and delinquency rates—CoreLogic, Inc., with adjustments by the analyst

supply during February 2018 but significantly less than the 9.2-month supply during April 2010 (CoreLogic, Inc., with adjustments by the analyst).

Home Sales

New and existing home sales in the HMA have increased each year since 2011 as economic conditions have strengthened. After peaking at 78,650 in 2005, the number of homes sold in the HMA declined by an average of 21 percent annually during the next 5 years to only 24,500 in 2010. The number of home sales subsequently increased at an average annual rate of 14 percent during the next 7 years to 60,400 in 2017. The home sales growth continued but slowed during the most recent 12 months. The number of new and existing homes sold in the HMA rose 1 percent to 61,500 during the 12 months ending February 2019, after an increase of 3 percent during the 12 months ending February 2018.

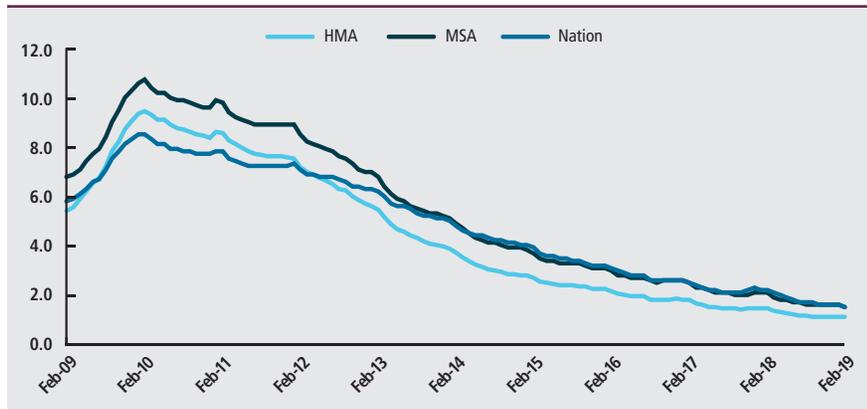
Real Estate Owned Sales and Delinquent Mortgages

The impact of the foreclosure crisis was significant in the HMA, although less severe than the MSA as a whole, and the foreclosure crisis in the HMA was relatively short compared with the nation. The rate of seriously delinquent mortgages peaked in the HMA, the MSA, and the nation in February 2010. In the HMA, the rate of seriously delinquent mortgages peaked at 9.6 percent, higher than the peak for the nation which was at 8.6 percent, but lower than the 10.8-percent peak in the MSA. The rate of seriously delinquent mortgages declined rapidly in the HMA and has been below the rate for the nation since April 2012 (Figure 8). As of February 2019, the rate of seriously delinquent mortgages was 1.2 percent, down from 1.6 percent during February 2018. By comparison, the rates for the MSA and the nation were both 1.6 percent during February 2019, down from 2.2 percent and 2.3 percent, respectively, a year ago.

Prior to the housing crisis, the number of real estate owned (REO) sales in the HMA totaled 1,725 in 2005 and accounted for only 3 percent of existing home

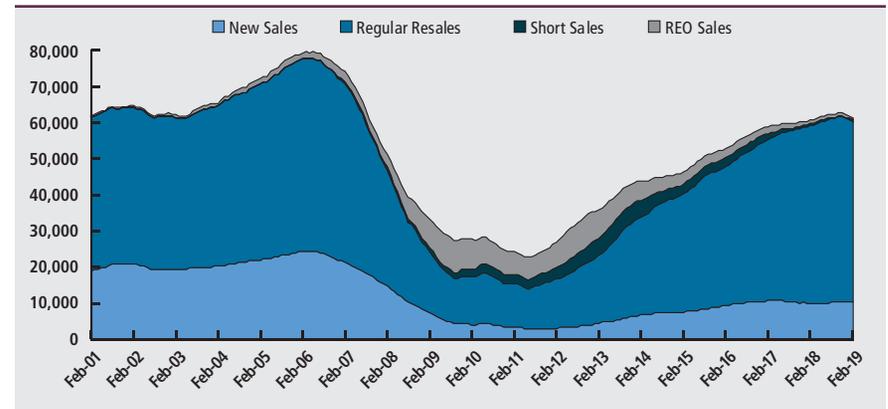


Figure 8. Percentage of Loans 90 or More Days Delinquent, in Foreclosure, or Transitioned to REO in the HMA*, MSA, and Nation**



REO = real estate owned.
 *Northern Atlanta Suburbs Housing Market Area.
 **Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.
 Source: CoreLogic, Inc.

Figure 9. 12-Month Sales Totals by Type in the Northern Atlanta Suburbs HMA



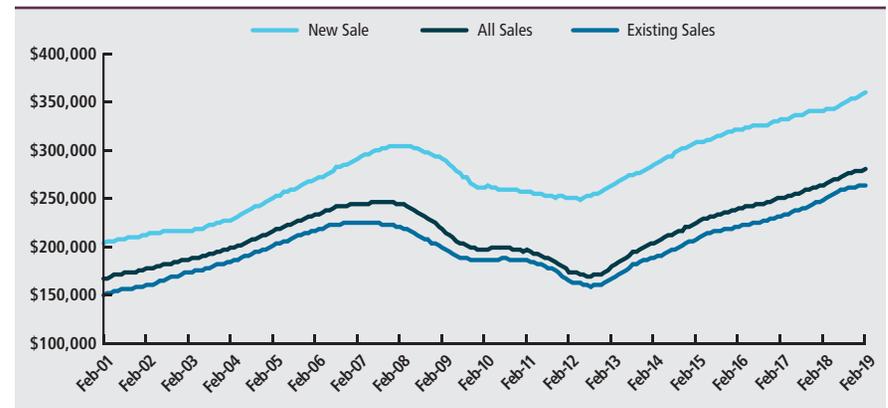
Source: CoreLogic, Inc., with adjustments by the analyst

sales in the HMA. Those figures peaked at 8,675 homes and 37 percent of all existing home sales in 2009 but declined during 7 of the next 8 years to only 1,275, while REO sales comprised only 3 percent of all existing home sales during 2017 (Figure 9). The number of REO sales declined to 720 during the 12 months ending February 2019, which accounted for only 1 percent of all existing home sales, down from 1,175 homes, and 2 percent of all existing home sales during the previous 12 months.

Sale Prices

The average homes sales price in the HMA has increased each year since 2013 and currently exceeds the pre-recessionary high by 14 percent. The average home price in the HMA reached a high of \$247,800 in 2007 but declined an average of 6 percent annually during the next 5 years to a low of \$178,200 in 2012. During the subsequent 6 years, the average home price increased an average of 8 percent annually surpassing the pre-recessionary high in 2016 and reaching \$279,900 in 2018. The average sales price in the HMA increased to \$281,500

Figure 10. 12-Month Average Sales Prices in the Northern Atlanta Suburbs HMA



Source: CoreLogic, Inc., with adjustments by the analyst

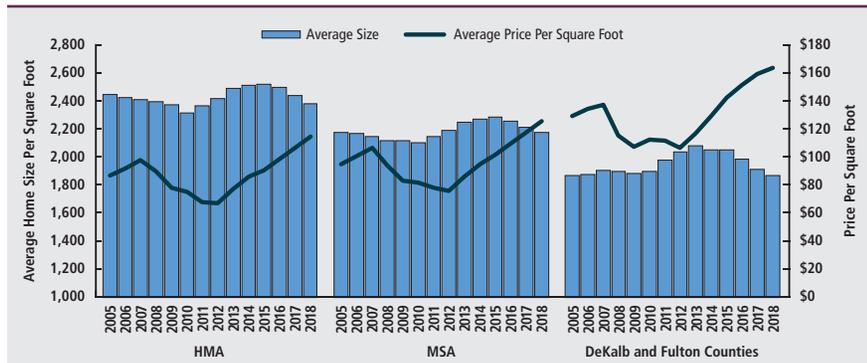


during the 12 months ending February 2019, up 6 percent from the previous 12 months (Figure 10).

Home Price by Size

Home prices have generally been higher in the HMA than the MSA since the mid-2000s, although the average home size is relatively large in the HMA; the HMA has been notably less expensive on a per-square-foot basis than the MSA as a whole, particularly when compared with DeKalb and Fulton Counties. During 2018, the average price per square foot in the HMA was \$116, 9 percent below the average of \$127 for the MSA and 30 percent below the average of \$166 in DeKalb and Fulton Counties (Figure 11).

Figure 11. Average Home Size and Per Square Foot Prices in the HMA*, MSA, and DeKalb and Fulton Counties**



*Northern Atlanta Suburbs Housing Market Area.

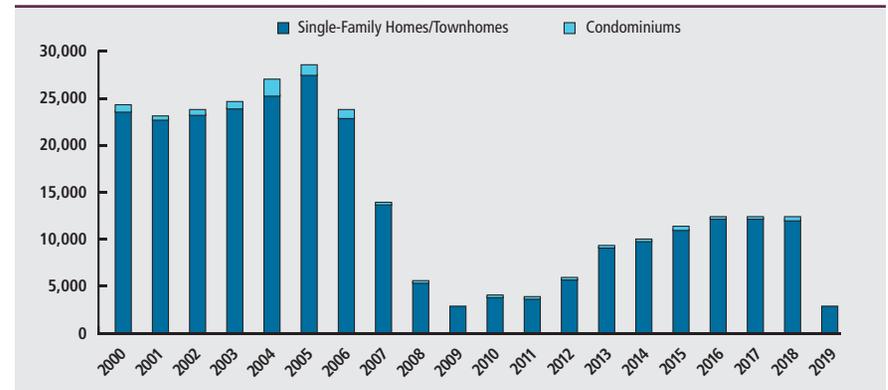
**Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.

Source: Metrostudy, A Hanley Wood Company

Sales Construction Activity

Sales construction activity in the HMA, as measured by the number of homes permitted, has generally trended upwards since 2013 but declined during the most recent 12 months and is well below the historically high levels of the

Figure 12. Sales Permitting Activity in the Northern Atlanta Suburbs HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2019 are through February 2019.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017—final data and estimates by the analyst; 2018–2019—preliminary data and estimates by the analyst

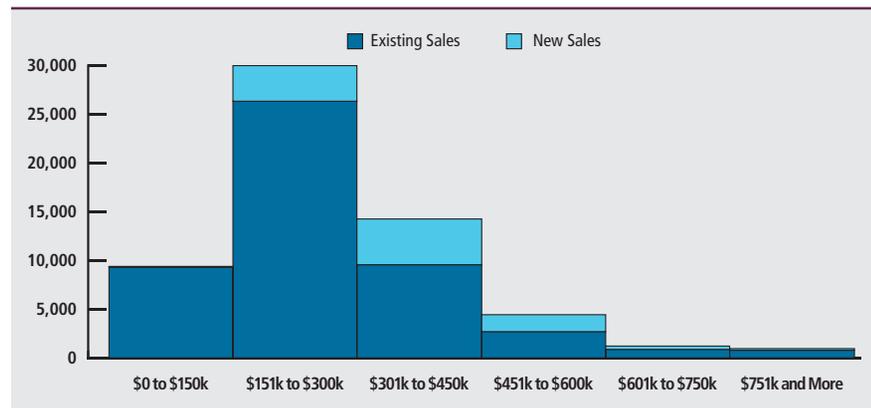
early 2000s (Figure 12). An average of 25,450 homes was permitted annually from 2000 through 2005, a figure which fell significantly during each of the next 4 years to a low of 2,700 homes in 2009. Rapid absorption of available existing inventory has subsequently contributed to higher levels of new home construction since the early 2010s. For-sale home permitting increased each year from 2012 through 2016 and averaged 12,050 homes a year from 2015 through 2017, more than triple the average of 3,875 from 2008 through 2011. During the 12 months ending February 2019, 11,600 homes were permitted in the HMA, a 7-percent decline from the 12,450 homes permitted during the previous 12 months (preliminary data).

Development activity has been notably more prevalent in the central part of the HMA, particularly along the Interstate 575 and Highway 19 corridors, since the housing crisis of 2009. Cherokee and Forsyth Counties have accounted for approximately 39 percent of all new homes permitted in the HMA since 2015, up

from 26 percent from 2000 through 2005. By comparison, Cobb and Gwinnett Counties accounted for 59 percent of all homes permitted from 2000 through 2005, a figure which has declined to 41 percent since 2015.

Recent new home sales in the HMA have been concentrated in the \$151,000- to-\$450,000 price range (Figure 13). Notable new for-sale developments include Evelyn Farms, which consists of 139 single-family home sites in the city of Woodstock, in Cherokee County. Construction at the development began in 2018, with approximately 10 homes sold to date and prices currently starting in the high \$200,000s for three-bedroom homes and the low \$300,000s for four-bedroom homes.

Figure 13. Sales by Price Range During the 12 Months Ending February 2019 in the Northern Atlanta Suburbs HMA



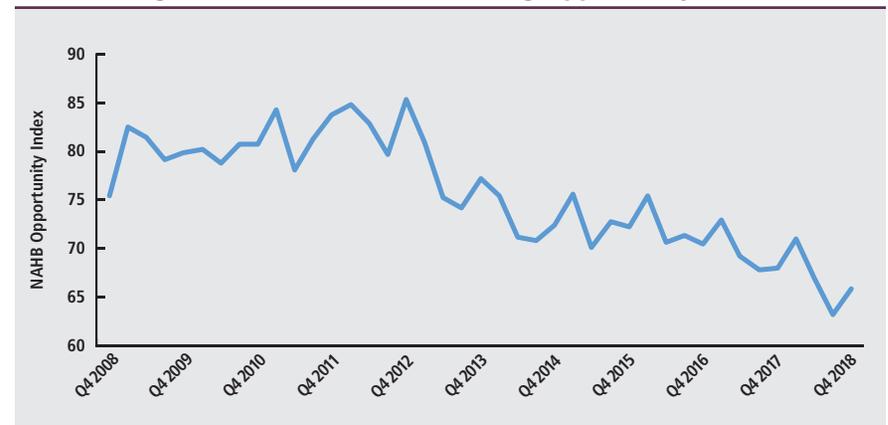
Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

Housing Affordability—Sales

The affordability of homes in the Atlanta MSA has declined since the early 2010s as home price increases have exceeded income growth; however, the MSA is

currently only slightly unaffordable when compared with other metropolitan areas in the country. The National Association of Home Builders’ (NAHB) Housing Opportunity Index (HOI) for the MSA, which represents the share of homes sold that would have been affordable to a family earning the local median income, was 64.9 during the fourth quarter of 2018, down from 67.3 during the fourth quarter of 2017 (Figure 14). The HOI peaked at 85.9 during the fourth quarter of 2012, when a significant inventory of distressed homes suppressed home prices but has since declined each year as existing inventory has been absorbed. The median home price in the MSA has increased 78 percent since the fourth quarter of 2012, while the median income has increased only 18 percent (NAHB). According to the HOI, the MSA was more affordable than 109, or 46 percent, of the 237 ranked metropolitan areas in the nation during the fourth quarter of 2018 as compared with 145, or 64 percent, of the 226 ranked metropolitan areas during the fourth quarter of 2012.

Figure 14. Atlanta MSA* Housing Opportunity Index



*Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.
NAHB = National Association of Home Builders.
Q4 = fourth quarter.
Source: NAHB/Wells Fargo

Forecast

During the 3-year forecast period, demand is expected for an estimated 34,350 new sales units in the HMA, which accounts for 47 percent of the estimated demand for 73,850 new homes in the MSA (Table 9). The 5,100 new homes currently under construction in the HMA, which represent 41 percent of the 12,300 new homes currently under construction in the MSA, will meet some of that demand. Demand for new homes is expected to be relatively stable in the HMA during the forecast period, with household growth expected to decline slightly but the homeownership rate expected to stop decreasing.

Table 9. Demand for New Sales Units During the Forecast Period

	MSA **	HMA *
Demand	73,850 Units	34,350 Units
Under Construction	12,300 Units	5,100 Units

*Northern Atlanta Suburbs Housing Market Area.

**Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.

Note: The forecast period is March 1, 2019, to March 1, 2022.

Source: Estimates by the analyst



Rental Market Conditions

Market Conditions: Balanced

Despite rising levels of rental permitting as well as a significant number of single-family homes being converted to rental units, strong renter household growth has contributed to declining vacancy rates and rent growth in the HMA since the early 2010s.

Rental Market Conditions and Recent Trends

The overall rental market in the Northern Atlanta Suburbs HMA is currently balanced. As of March 1, 2019, the overall rental vacancy rate is estimated at 6.0 percent, down from 11.4 percent in April 2010 (Table 10). Single-family homes, which accounted for only 35 percent of the rental market in the HMA in 2010, are currently estimated to account for approximately 45 percent of all rental units.

Apartment Market Conditions

The apartment market in the HMA is also balanced. During February 2019, the apartment vacancy rate was 5.2 percent, down from 7.0 percent a year ago and well below the 10.1-percent rate during February 2010 (RealPage, Inc., with adjustments by the analyst). Apartment vacancy rates declined in four of the six counties in the HMA during the past year, with the largest decline of 7.1 percentage points in Forsyth County, where many new apartment units that entered the market in 2017 have since been absorbed. Paulding and Bartow Counties, where apartment development activity has been relatively scarce since the late 2000s, had the lowest vacancy rates in the HMA during February 2019, at 2.5 and 4.4 percent, respectively, whereas the highest rate, 5.7 percent, was in Cobb County.

Table 10. Rental and Apartment Market Quick Facts in the Northern Atlanta Suburbs HMA

	2010 (%)	Current (%)
Rental Vacancy Rate	11.4	6.0
Occupied Rental Units by Structure		
Single-Family, Attached & Detached	35	45
Multifamily (2-4 Units)	9	7
Multifamily (5+ Units)	52	44
Other (Including Mobile Homes)	4	4
	Current	YoY Change
Apartment Vacancy Rate	5.2%	-1.8
Bartow County	4.4%	1.8
Cherokee County	5.0%	0.0
Cobb County	5.7%	-2.3
Forsyth County	5.2%	-7.1
Gwinnett County	4.8%	-1.5
Paulding County	2.5%	-2.0
Average Rent	\$1,180	6.8
Bartow County	\$920	1.8
Cherokee County	\$1,204	8.3
Cobb County	\$1,203	6.5
Forsyth County	\$1,302	10.3
Gwinnett County	\$1,152	6.9
Paulding County	\$1,049	7.2

YoY = year-over-year.

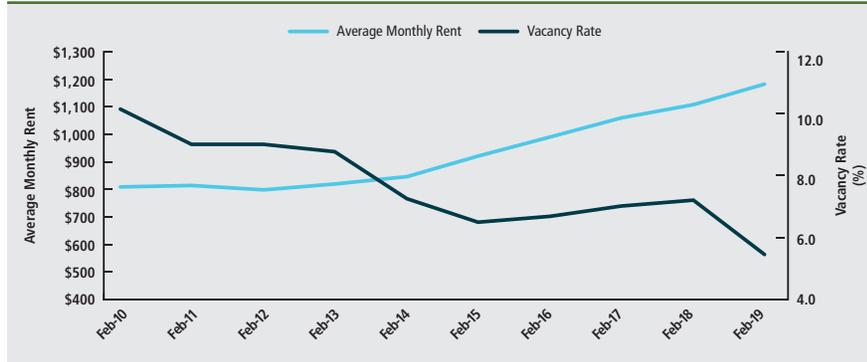
Notes: The current date is March 1, 2019.

Sources: Rental vacancy rates—2010 Census and estimates by the analyst; current data for occupied units by structure—American Community Survey, 2017 1-year data; 2010 units by structure—American Community Survey, 2010 1-year data; apartment vacancy rates and average rents—February 2019, Real Page, Inc., with adjustments by the analyst



Consistent with declining apartment vacancy rates, rent growth in the HMA has been strong since the early 2010s. The average apartment rent in the HMA was \$1,180 during February 2019, up 7 percent from a year ago, and 49 percent higher than the average rent during February 2010 (Figure 15). By comparison, the average rent for the nation was \$1,359 during the fourth quarter of 2018, up 5 percent from a year ago, and 37 percent higher than the national average apartment rent during the first quarter of 2010. Average rents increased throughout the HMA during the past year, with rent growth exceeding the national rate in five of six counties. Rents in the HMA are generally correlated with ease of access to the economic core of the HMA. During February 2019, both the highest rent, \$1,302, and the fastest rent growth, 10 percent, were in Forsyth County, whereas the lowest average rent, \$920, and the lowest rate of rent growth, 2 percent, were in Bartow County.

Figure 15. Apartment Rents and Vacancy Rates in the Northern Atlanta Suburbs HMA



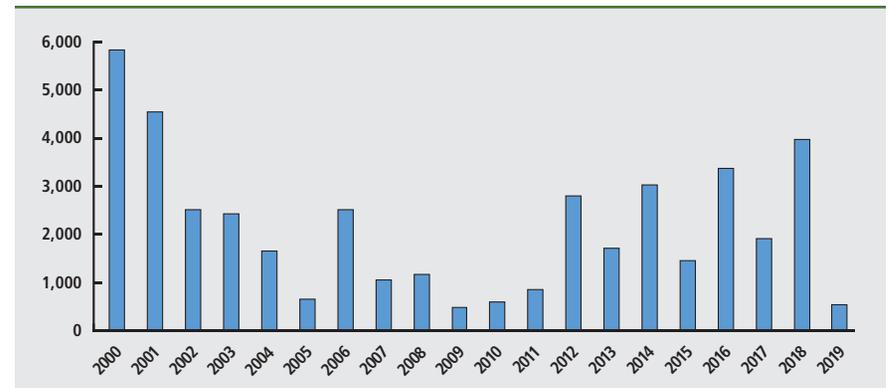
Source: RealPage, Inc.

Rental Construction Activity

After an average of only 660 units was permitted each year from 2009 through 2011, the number of rental units permitted in the HMA has increased to relatively

high levels compared with the previous decade (Figure 16). An average of 2,425 for-rent units was permitted annually from 2012 to 2017, which is below the average of 5,250 units a year in 2000 and 2001, but higher than the average of 1,975 units annually from 2002 through 2006. Developers responded to sharply declining apartment vacancy rates with a significant increase in apartment construction during the most recent 12 months. Based on preliminary data, 3,800 rental units were permitted in the HMA during the 12 months ending February 2019, up from 2,575 units during the previous 12 months, and that was the highest figure for a 12-month period ending with February since 2001.

Figure 16. Rental Permitting Activity in the Northern Atlanta Suburbs HMA

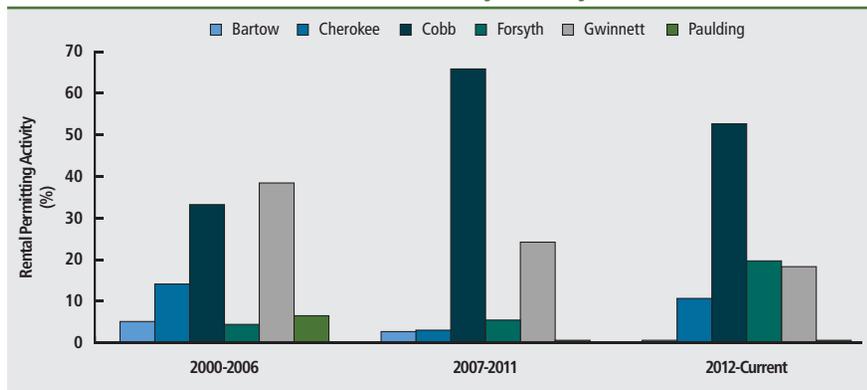


Notes: Includes apartments and units designed for rental occupancy. Data for 2019 are through February 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017—final data and estimates by the analyst; 2018–2019—preliminary data and estimates by the analyst

As with new home construction, recent apartment development has become increasingly concentrated in the areas directly north of Fulton County. Forsyth County has accounted for approximately 19 percent of the rental units permitted in the HMA since 2012, up from 4 percent from 2000 through 2006 and 5

percent from 2007 through 2011 (Figure 17). Apartment construction in Forsyth County has been particularly prevalent in the unincorporated areas surrounding the cities of Alpharetta and Cumming, which are located along Highway 19 about 30 miles north of Atlanta. The Falls at Forsyth, a 356-unit development located just north of Cumming, was completed in early 2019. Rents at the complex currently range from \$1,175 to \$1,425 for one-bedroom units, and from \$1,375 to \$1,750 for two-bedroom units. Significant apartment development has continued in Cobb County, which has accounted for 52 percent of the rental units permitted in the HMA since 2012, as compared with 33 percent from 2000 through 2006 and 65 percent from 2007 through 2011. In the city of Marietta, The Barrett, a 200-unit apartment community, recently began lease-up. The development includes one-, two-, and three-bedroom units with rents currently ranging from \$1,175 to \$1,675, from \$1,375 to \$1,800, and from \$1,775 to \$2,125, respectively.

Figure 17. Share of Rental Permitting Activity in the Northern Atlanta Suburbs HMA by County

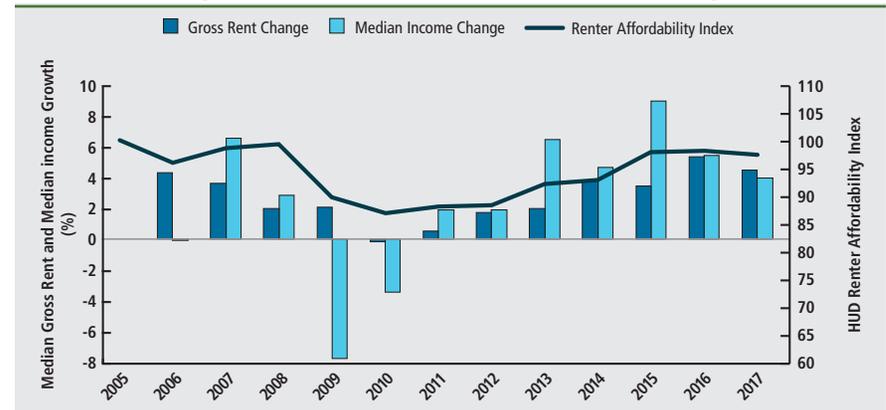


Notes: Includes apartments and units designed for rental occupancy. Current data are through February 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017—final data and estimates by the analyst; 2018–2019—preliminary data and estimates by the analyst

Housing Affordability: Rental

Despite rising rents, rental affordability in the Atlanta MSA has trended upwards since 2011 due to strong income growth among renter households. After declining in 2010, the median gross monthly rent in the MSA increased an average of 2.9 percent, annually, during the next 7 years, to \$1,115 in 2017 (ACS 1-year data). During the same period, the median income for renter households in the HMA rose an average of 4.6 percent a year to \$43,347. As a result, the HUD Rental Affordability Index, a measure of median renter household income relative to qualifying income for a median-priced rental unit, was 97.2 during 2017 (the latest data available), down slightly from 97.7 in 2016, but well above a low of 86.7 in 2010 (Figure 18).

Figure 18. Atlanta MSA* Rental Affordability



*Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.
Note: Data for 2005–2012 do not include Morgan County.
Source: American Community Survey, 1-year data



Forecast

During the 3-year forecast period, demand is expected for an estimated 7,525 market-rate rental units in the HMA, which accounts for 25 percent of the estimated demand for 30,300 new rental units in the MSA (Table 11). Demand for new rental units is expected to be relatively stable in the HMA during the forecast period. The 6,325 units currently under construction, which represent 33 percent of the 19,300 units currently under construction in the MSA, and the 1,000 additional units expected to be completed will satisfy most of the rental demand in the HMA during the next 3 years.

Table 11. Demand for New Rental Units in the HMA* and MSA During the Forecast Period**

	MSA**	HMA*
Demand	30,300 Units	7,525 Units
Under Construction	19,300 Units	6,325 Units

*Northern Atlanta Suburbs Housing Market Area.

**Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area.

Note: The forecast period is March 1, 2019, to March 1, 2022.

Source: Estimates by the analyst



Terminology Definitions and Notes

A. Terminology Definitions

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 this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), 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 analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Distressed Sales	Short sales and real estate owned (REO) sales.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.



Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units, such as single-family homes, multifamily homes, and mobile homes.
Forecast Period	3/1/2019 to 3/1/2022—Estimates by the analyst
Cost Burdened	Spending more than 30 percent of household income on housing costs.

B. Notes on Geography

1.	The (metropolitan statistical area) definition noted in this report is based upon the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.
2.	Urbanized areas are defined using the U.S. Census Bureau’s 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The Census Tracts referenced in this report are from the 2010 Census.



C. Additional Notes

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	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.
3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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.

D. Photo Credit

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