

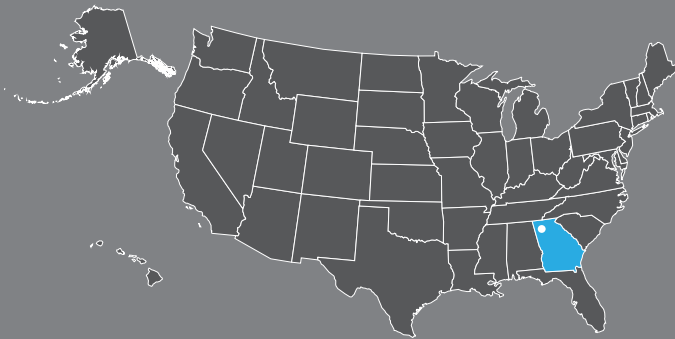
HUD PD&R Housing Market Profiles

Atlanta-Sandy Springs-Roswell, Georgia



Quick Facts About Atlanta-Sandy Springs-Roswell

- Current sales market conditions: balanced
- Current rental market conditions: balanced
- Hartsfield-Jackson Atlanta International Airport (hereafter, Hartsfield-Jackson), which is partially in the city of College Park, has been the busiest airport in the world since 1998 (Airports Council International). During 2019, approximately 110.5 million passengers traveled through the airport, which contributes an estimated \$65 billion annually—including 63,000 jobs—to the economy of the metropolitan area (City of Atlanta Economic Impact Study, 2013).



By Casey M. Blount | As of March 1, 2020

Overview

The Atlanta-Sandy Springs-Roswell (hereafter, Atlanta) metropolitan area consists of 29 counties in northwest Georgia. The headquarters of 26 Fortune 1000 companies are located in the metropolitan area, including The Coca-Cola Company; Delta Air Lines, Inc.; United Parcel Service, Inc. (UPS); and The Home Depot, Inc. (Metro Atlanta Chamber of Commerce). The metropolitan area is also home to several notable colleges, including Emory University, Georgia Institute of Technology, and Georgia State University.

- As of March 1, 2020, the estimated population of the Atlanta metropolitan area is 6.07 million. Strong economic conditions have contributed to average net in-migration of 49,600 people annually since 2014. Lower-than-usual net natural change (resident births minus resident deaths), which has averaged only 34,600 people a year, has limited population growth to an average of 84,200 people, or 1.5 percent, annually during the period.
- From 2007 to 2014, weak economic conditions contributed to slowed net in-migration, which averaged only 30,600 people a year. Population growth averaged 75,250 people, or 1.4 percent, a year during the period, as net natural change averaged 44,650 people a year.

continued on page 2



continued from page 1

- Population growth averaged 123,500 people, or 2.6 percent, a year from 2003 to 2007, as strong job growth resulted in

average net in-migration of 72,250 people a year. Net natural change averaged 51,250 people a year during the period.

Economy

Economic conditions in the Atlanta metropolitan area have been strong since 2014, when nonfarm payrolls surpassed the prerecession high. Job growth in the metropolitan area slowed during the past year but remained faster than the respective rates for both the Southeast/Caribbean region and the nation— a trend that began in 2011. During the 3 months ending February 2020, nonfarm payrolls in the metropolitan area averaged 2.88 million, an increase of 58,100 jobs, or 2.1 percent, from a year ago, when the number of jobs increased 2.5 percent. By comparison, nonfarm payrolls for the Southeast/Caribbean region and the nation increased 1.4 and 1.5 percent, respectively, during the 3 months ending February 2020.

During the 3 months ending February 2020—

- The education and health services sector added the most jobs, expanding by 18,000 jobs, or 4.9 percent. Gains in the sector were partially due to several medical facilities opening in mid-2019, including a new 125,000-square-foot Northside Hospital medical office building in the city of Canton and a new urgent care clinic for Wellstar Health in the city of Holly Springs.

- The professional and business services sector, which has added more jobs than any other sector since the end of 2010, expanded by 8,500 jobs, or 1.6 percent, in the past year.
- The unemployment rate averaged 3.1 percent, down from 3.8 percent a year ago and below the 3.5 percent rate for the Southeast/Caribbean region and the 3.7 percent rate for the nation.

The metropolitan area has become an increasingly important international transportation and distribution hub during the past two decades, particularly since the mid-2010s. From 2014 through 2019, the transportation and utilities sector added an average of 5,000 jobs, or 3.6 percent, annually, with several new distribution centers contributing significantly to job growth. Notably, UPS created 3,000 jobs when its new southeast regional super hub, which processes approximately 100,000 parcels an hour, opened in 2018. During the 3 months ending February 2020, the 160,300 jobs in the transportation and utilities sector represented an increase of 4,300 jobs, or 2.8 percent, from the 3 months ending February 2019. The sector accounted for 6 percent of total

continued on page 3

All nonfarm payroll sectors in the Atlanta metropolitan area added jobs during the past year.

	3 Months Ending		Year-Over-Year Change	
	February 2019 (Thousands)	February 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	2,819.5	2,877.6	58.1	2.1
Goods-Producing Sectors	299.5	303.0	3.5	1.2
Mining, Logging, & Construction	129.0	130.9	1.9	1.5
Manufacturing	170.5	172.1	1.6	0.9
Service-Providing Sectors	2,520.0	2,574.6	54.6	2.2
Wholesale & Retail Trade	447.3	452.7	5.4	1.2
Transportation & Utilities	156.0	160.3	4.3	2.8
Information	99.8	101.2	1.4	1.4
Financial Activities	174.6	178.5	3.9	2.2
Professional & Business Services	544.2	552.7	8.5	1.6
Education & Health Services	366.0	384.0	18.0	4.9
Leisure & Hospitality	295.2	302.0	6.8	2.3
Other Services	101.7	104.9	3.2	3.1
Government	335.3	338.3	3.0	0.9
	(Percent)	(Percent)		
Unemployment Rate	3.8	3.1		

Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics



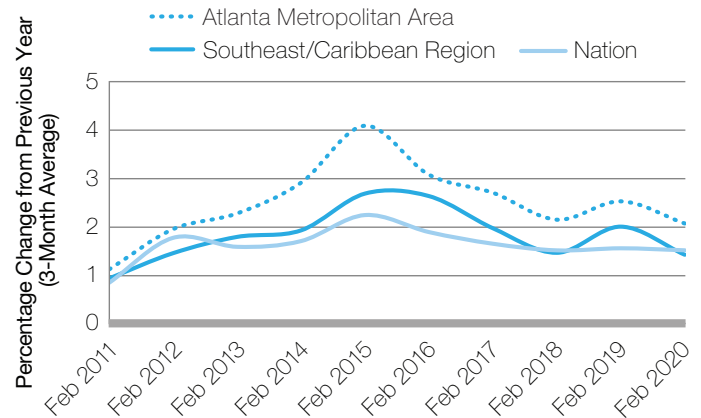
continued from page 2

nonfarm payrolls during the 3 months ending February 2020, up from 5 percent during the 3 months ending February 2014. Strong job growth in the sector is likely to continue, with Amazon.com, Inc. nearing completion of two new distribution centers in Gwinnett and Coweta Counties, which will create 1,000 and 500 new jobs, respectively. The ongoing \$6 billion expansion of Hartsfield-Jackson is also expected to contribute to future gains in the sector. The project began in 2016 and includes the addition of 15 new gates, which are expected to be completed by 2023, at an estimated cost of \$1.3 billion.

Post-Analysis Update

COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020; although the as-of date of this report is March 1, 2020, the effects of COVID-19 continue to negatively affect the Atlanta metropolitan area. Although cumulative estimates of the economic impact are currently limited, available information suggests a significant decline in economic activity. Approximately 201,400 people in the metropolitan area filed claims for unemployment insurance benefits during March 2020, up from only 11,500 claims during March 2019 (Georgia Department of Labor). Data for April 2020 have yet to be released, although the number of claims is likely to have increased significantly due to a statewide shelter-in-place order that was issued on April 1. Among other restrictions, the order resulted in the closure of all schools, restaurant dining rooms, barber shops, bars, and gyms in the state and required that all “nonessential” businesses limit their activity to “minimum basic operations.” The order was relaxed in late April, although many businesses have chosen to remain shuttered. The economic impact of the pandemic is also evident in a significant decline in both domestic and international travel to the metropolitan area. The average number of daily flights into and out of Hartsfield-Jackson was estimated at only 1,100 since

The rate of job growth in the Atlanta metropolitan area has exceeded the respective rates for the Southeast/Caribbean region and the nation since 2011.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Atlanta Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Delta Airlines, Inc.	Transportation & Utilities	34,500
Emory University/ Emory Healthcare	Education & Health Services	32,100
The Home Depot, Inc.	Wholesale & Retail Trade	16,500

Note: Excludes local school districts.

Source: Metro Atlanta Chamber of Commerce

early April, down by more than 50 percent from a pre-pandemic average of approximately 2,700 a day (Hartsfield-Jackson). The average number of daily passengers is estimated to have declined even more dramatically—by 85 percent.

Sales Market Conditions

The sales housing market in the Atlanta metropolitan area is balanced, with an estimated sales vacancy rate of 2.1 percent as of March 1, 2020—down from 3.8 percent during April 2010. Strengthening economic conditions and relatively low levels of single-family home construction have contributed to a significant decline in available for-sale inventory since the early 2010s. As of February 2020, 3.1 months of available inventory were for sale in the metropolitan area, down from 3.4 months a year ago and well below the high of 11.6 months during February 2011 (CoreLogic, Inc.). The decline in available inventory is highly linked

to a significant decrease in the number of distressed properties (real estate owned [REO] and short sales) on the market. The percentage of home loans in the Atlanta metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status was 1.4 percent as of February 2020—down from 1.7 percent a year ago and a fraction of the high of 10.8 percent in February 2010 (CoreLogic, Inc.). The current rate for the metropolitan area is slightly higher than the 1.3-percent rate for the nation but below the rate for Georgia, which is 1.5 percent.

continued on page 4



continued from page 3

During the 12 months ending February 2020—

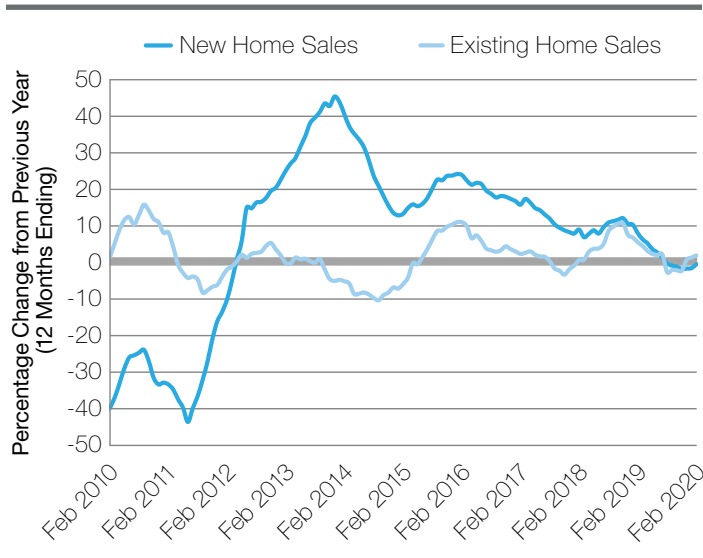
- Approximately 21,550 new homes were sold—down 1 percent from the previous 12 months, whereas the average sales price for a new home increased 5 percent to \$364,600 (Metrostudy, A Hanley Wood Company).
- Existing home sales totaled 132,200, a 2-percent increase from the previous 12 months. The average sales price for existing homes increased 7 percent to \$269,700.
- A significant decline in REO sales, which fell 11 percent from the previous 12 months to 7,475, contributed to the increased sales price for existing homes. REO sales accounted for 5 percent of all existing home sales during the most recent 12 months—down from 6 percent during the previous 12-month period and a fraction of the 38-percent high during 2009.
- Although condominium construction has generally been subdued since the late 2000s, some new developments have recently been completed in the city of Atlanta. Sales at Seven88 West Midtown—a 22-story building with 279 units in the Midtown market area—began in October 2019. Prices at the development currently start in the high \$300,000s for 699-square-foot units and range as high as \$1.75 million for 2,800-square-foot penthouse units. Also in the Midtown market area, J5—a 150-unit, mid-rise condominium

development—was completed in early 2020, with prices currently ranging from the mid-\$500,000s for one-bedroom units to a high of \$900,000 for two-bedroom units.

Single-family homebuilding, as measured by the number of homes permitted, increased each year from 2013 through 2018 but has since moderated and remains at relatively low levels when compared with historical averages. Recent new home construction has been notably concentrated in the northern parts of the metropolitan area, particularly areas near significant job centers.

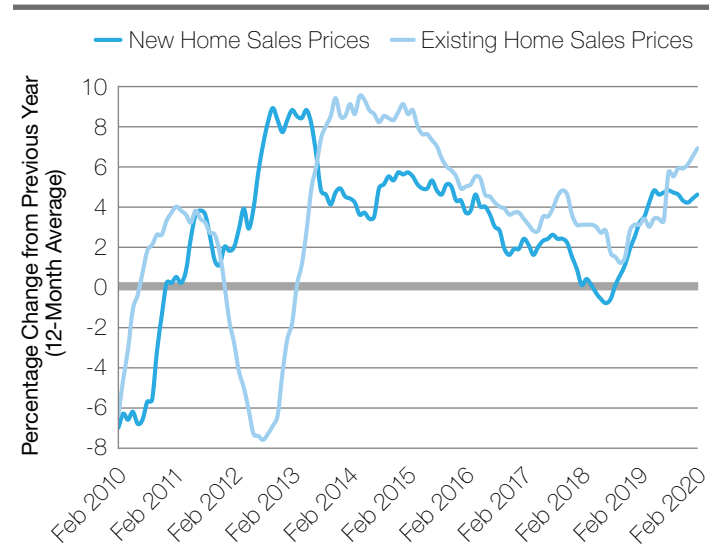
- A total of 26,000 single-family homes were permitted during the 12 months ending February 2020—down slightly from 26,100 homes during the 12 months ending February 2019.
- An average of 21,400 homes were permitted each year from 2013 through 2018, up from an average of only 7,950 homes permitted each year from 2008 through 2012. By comparison, an average of 54,000 homes were permitted each year from 2000 through 2007, and an average of 35,600 homes were permitted each year from 1990 through 1999.
- Cobb and Gwinnett Counties, which are north of the city of Atlanta along the Interstate 75 and Interstate 85 corridors, respectively, have accounted for a combined 42 percent of all single-family homes permitted in the metropolitan area since the start of 2019.

Existing home sales in the Atlanta metropolitan area increased modestly during the past year, and new home sales declined.



Note: Includes single-family homes, townhomes, and condominium units. Source: Metrostudy, A Hanley Wood Company

Sales price growth for both new and existing homes in the Atlanta metropolitan area accelerated during the past year.



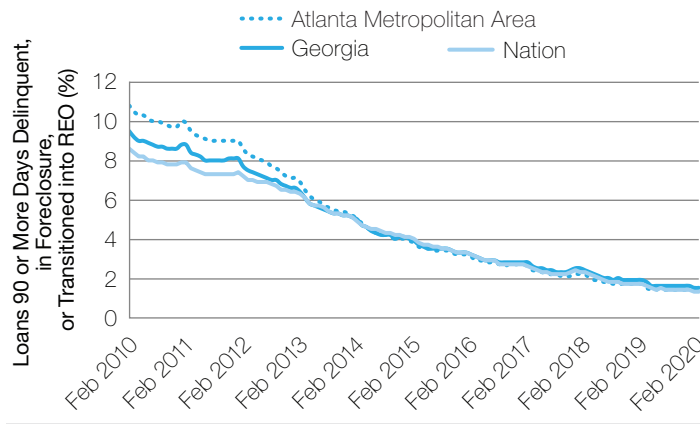
Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

continued on page 5



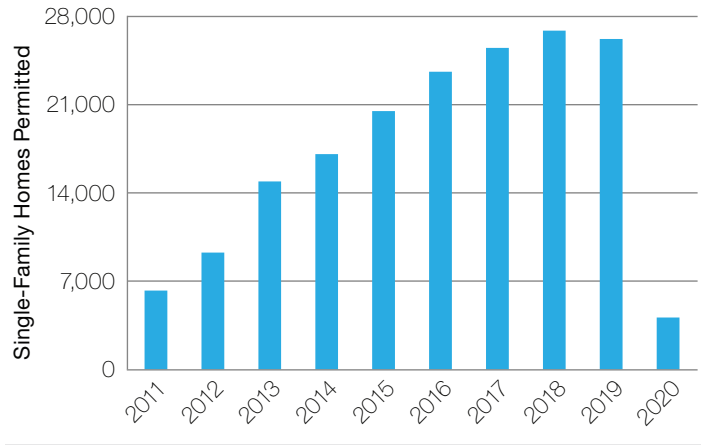
continued from page 4

The rate of seriously delinquent mortgages and REO properties has declined significantly in the Atlanta metropolitan area since the early 2010s and is currently only slightly above the rate for the nation.



REO = real estate owned.
Source: CoreLogic, Inc., with adjustments by the analyst

Single-family home permitting in the Atlanta metropolitan area increased each year from 2012 through 2018.



Note: Includes preliminary data from January 2019 through February 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

Rental Market Conditions

Rental housing market conditions in the Atlanta metropolitan area are currently balanced, with strong renter household growth contributing to declining vacancy rates and rent growth since the early 2010s. The overall rental vacancy rate is estimated at 5.5 percent as of March 1, 2020—less than one-half the 12.7-percent rate in April 2010. Rental household growth in the metropolitan area has averaged 2.1 percent a year since April 2010—significantly higher than the overall rate of household growth, which has averaged 1.4 percent a year.

During the fourth quarter of 2019—

- The apartment market in the metropolitan area was also balanced, with a vacancy rate of 5.1 percent—down from 5.3 percent a year ago and less than one-half of the 10.7-percent rate during the first quarter of 2010 (RealPage, Inc.).
- The average rent in the metropolitan area increased to \$1,278—a 6-percent increase from a year ago. By comparison, the average rent for the nation increased 5 percent to \$1,419.
- Vacancy rates were generally highest in and around the city of Atlanta, where large numbers of new units are being absorbed; vacancy rates were lower in outlying areas, where development has been relatively sparse. The highest vacancy rate—6.6 percent—was in the RealPage, Inc.-defined Midtown Atlanta market area, and the lowest rate—3.9 percent—was in the far north Atlanta suburbs market area.
- Significant new apartment construction has also contributed to relatively high rents in and around downtown Atlanta. Average rents in the metropolitan area ranged from \$885

in the South DeKalb County market area to \$1,856 in the Midtown Atlanta market area.

Multifamily construction in the metropolitan area, as measured by the number of units permitted, has slowed from a recent peak of 13,800 units in 2018 but remains at notably higher levels than during the late 2000s and early 2010s.

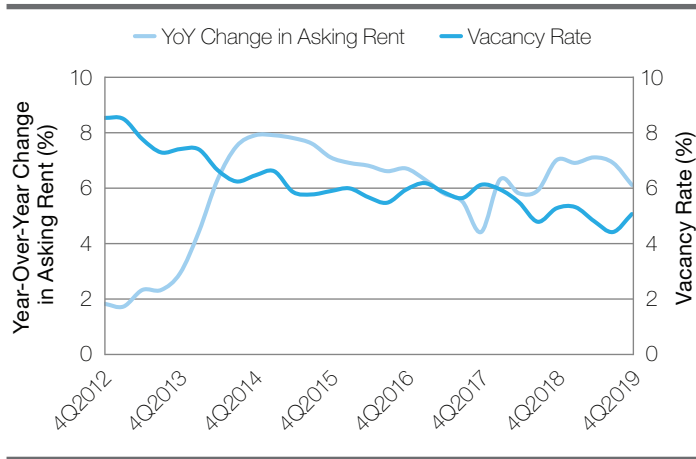
- During the 12 months ending February 2020, multifamily permitting fell to 6,875 units, down 44 percent from 12,400 units during the previous 12 months.
- After averaging only 3,450 units a year from 2008 through 2012, multifamily permitting increased to an average of 10,850 units a year from 2013 through 2018. By comparison, an average of 12,700 units were permitted each year from 2000 through 2007.
- Recent apartment construction has been concentrated in and around the economic core of the metropolitan area. DeKalb and Fulton Counties, which encompass the city of Atlanta, have accounted for a combined 54 percent of all multifamily units permitted since 2018. Development has been particularly prevalent in the Midtown Atlanta and Buckhead market areas, which are north of downtown Atlanta. New projects in the city include the 291-unit Gentry, a 20-story apartment building that began lease up in the Buckhead market area in early 2020. Rents at the project currently start at \$1,600, \$1,750, \$2,825, and \$5,175, respectively, for studio, one-bedroom, two-bedroom, and three-bedroom units. Novel Midtown, which will include 339 apartment units in a 14-story tower, is currently under construction. Completion is anticipated by fall 2021; initial rents have yet to be released.

continued on page 6



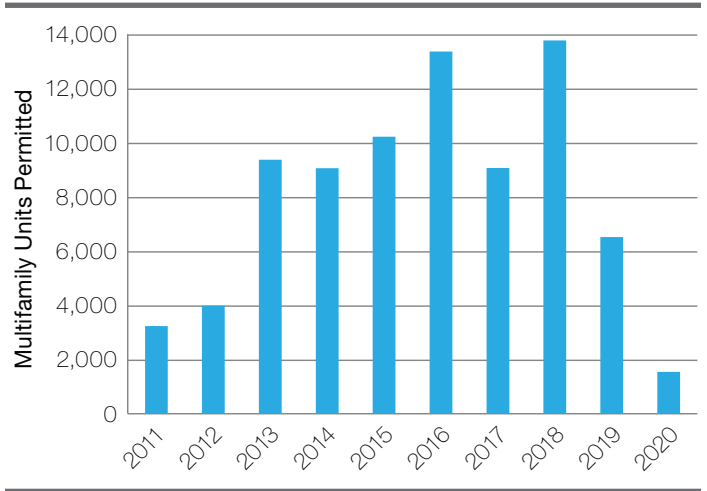
continued from page 5

Apartment vacancy rates in the Atlanta metropolitan area have generally declined since the early 2010s, which has contributed to strong rent growth since 2014.



4Q = fourth quarter. YoY = year-over-year.
Source: RealPage, Inc.

Multifamily permitting in the Atlanta metropolitan area reached high levels in 2016 and 2018 but has since declined.



Note: Includes preliminary data from January 2019 through February 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst