

# 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.**
- **More than 101 million passengers traveled through Hartsfield–Jackson Atlanta International Airport in 2015, making it the busiest airport in the world for the 18th consecutive year (Airports Council International). The airport, which is in the city of College Park, contributed an estimated \$65 billion, including 63,000 jobs, to the economy of the metropolitan area in 2013 (City of Atlanta Economic Impact Study).**



By Casey M. Blount | As of May 1, 2016

### Overview

The Atlanta-Sandy Springs-Roswell (hereafter, Atlanta) metropolitan area consists of 29 counties in northwest Georgia. In addition to being an important international transportation hub, the metropolitan area is home to the headquarters of corporations such as The Coca-Cola Company, Delta Air Lines, Inc., The Home Depot, and UPS (United Parcel Service, Inc.) and several notable colleges, including Emory University, the Georgia Institute of Technology, and Georgia State University.

- As of May 1, 2016, the estimated population of the Atlanta metropolitan area is 5.79 million. Improving economic conditions have contributed to average net in-migration of 44,250 people annually since 2010. Lower-than-usual net natural change (resident births minus resident deaths), which has averaged only 38,850 people a year, has limited population growth to an average of 83,050 people, or 1.5 percent, annually during the period, however.
- From 2007 to 2010, job losses contributed to slowed net in-migration, which averaged only 30,050 people a year. Population growth averaged 80,150 people, or 1.5 percent, a year during the period, as net natural change averaged 50,050 people a year.
- 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 51,200 people a year during the period.



In the Atlanta area, 10 of 11 sectors added jobs year over year, with 6 sectors expanding by more than 2.5 percent.

	3 Months Ending		Year-Over-Year Change	
	April 2015 (thousands)	April 2016 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	2,547.6	2,627.7	80.1	3.1
Goods-producing sectors	262.4	275.5	13.1	5.0
Mining, logging, and construction	106.6	114.4	7.8	7.3
Manufacturing	155.8	161.1	5.3	3.4
Service-providing sectors	2,285.3	2,352.2	66.9	2.9
Wholesale and retail trade	432.1	450.1	18.0	4.2
Transportation and utilities	137.2	139.1	1.9	1.4
Information	87.4	86.8	-0.6	-0.7
Financial activities	160.7	162.1	1.4	0.9
Professional and business services	469.7	486.9	17.2	3.7
Education and health services	315.6	324.8	9.2	2.9
Leisure and hospitality	262.5	276.5	14.0	5.3
Other services	95.2	96.8	1.6	1.7
Government	325.0	329.1	4.1	1.3
	(percent)	(percent)		
Unemployment rate	5.7	5.1		

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

## Economic Conditions

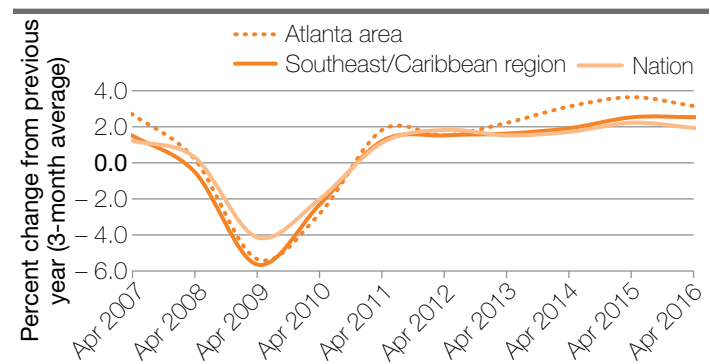
Economic conditions in the Atlanta metropolitan area have improved significantly after 3 years of job losses during the late 2000s. From the end of 2010 through 2015, the metropolitan area added an average annual 61,850 jobs, or 2.6 percent, and by the end of 2014 total nonfarm payrolls surpassed the prerecession high of 2.46 million jobs in 2007.

During the 3 months ending April 2016—

- Nonfarm payrolls averaged 2.63 million jobs, an increase of 80,100 jobs, or 3.1 percent, compared with the number of jobs during the same 3-month period in 2015, resulting from growth in 10 of 11 sectors. That rate of job growth in the metropolitan area was much greater than the rate of 1.9 percent for the nation.
- The wholesale and retail trade and the professional and business services sectors added the most jobs, 18,000 and 17,200, increases of 4.2 and 3.7 percent, respectively.
- The fastest job growth (in percentage terms) occurred in the mining, logging, and construction sector, which added 7,800 jobs, or 7.3 percent, in part because of a significant increase in residential (single-family plus multifamily) permitting activity, which rose 33 percent from the 3 months ending April 2015.
- The unemployment rate declined to 5.1 percent, down from 5.7 percent during the same period in 2015 and far less than the average of 8.8 percent from 2008 through 2010.

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Job growth in the Atlanta area has exceeded the national rate since mid-2013.



Note: Nonfarm payroll jobs.  
Source: U.S. Bureau of Labor Statistics

## Largest employers in the Atlanta area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Delta Air Lines, Inc.	Transportation and utilities	31,250
Emory University and Emory Healthcare	Education and health services	29,950
Wal-Mart Stores, Inc.	Wholesale and retail trade	20,550

Note: Excludes local school districts.  
Source: Metro Atlanta Chamber of Commerce

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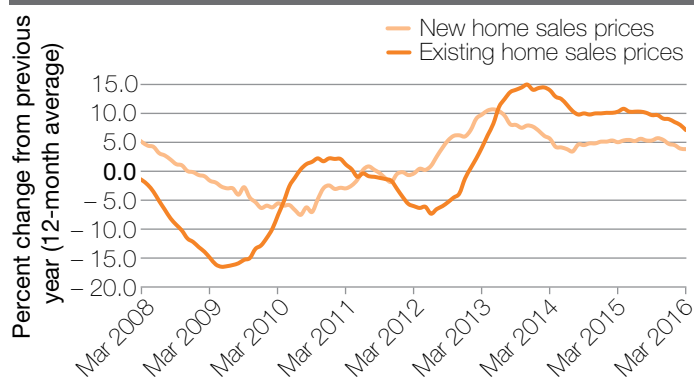
Partly because of the presence of Hartsfield–Jackson Airport and a readily available supply of educated labor, Atlanta is an attractive location for corporate headquarters and, increasingly, information technology and customer service centers. The Atlanta metropolitan area is home to the headquarters of 16 Fortune 500 companies and 25 Fortune 1000 companies (Metro Atlanta Chamber of Commerce). The professional and business services sector, which includes both the management of companies and enterprises and the technical services industries, has been the largest sector in the metropolitan area since 2011 and has contributed significantly to recent economic growth. The sector added more jobs than any other sector from the end of 2010 through 2015, expanding by an average annual 18,700

jobs, or 4.4 percent. Since the start of 2015, the sector has benefited from several relocations and expansions, including at VXI Global Solutions, which created 570 jobs at a new call center in College Park; Hexaware Technologies, Limited, which created 300 jobs at a new software development and information technology operations center in Fulton County; and Sage Group, which added 400 jobs at its North American headquarters in the city of Atlanta. The arrival of Mercedes-Benz, which relocated its headquarters to a temporary site in the city of Dunwoody in 2015, created approximately 300 jobs. As many as 700 additional permanent jobs are expected to be created by early 2018, when the company moves into its new permanent headquarters in Sandy Springs, which currently is under construction.

## Sales Market Conditions

The sales housing market in the Atlanta metropolitan area currently is balanced, with an estimated sales vacancy rate of 1.8 percent, down from 3.8 percent in 2010. During the 12 months ending March 2016, new home sales increased 20 percent, continuing a trend that began in mid-2012. The number of existing homes sold has increased each year since 2012 despite a rapid decline in real estate owned (REO) sales, which has contributed to increasing existing home sales prices. 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 declined from 3.6 percent in March 2015 to 2.9 percent in March 2016 (CoreLogic, Inc., with adjustments by the analyst). The current rate is slightly below the 3.0-percent rate for both Georgia and the nation.

**Improving economic conditions and a declining number of REO properties have contributed to increased home prices in the Atlanta area since 2013.**



REO = real estate owned.

Note: Includes single-family homes, townhomes, and condominiums.

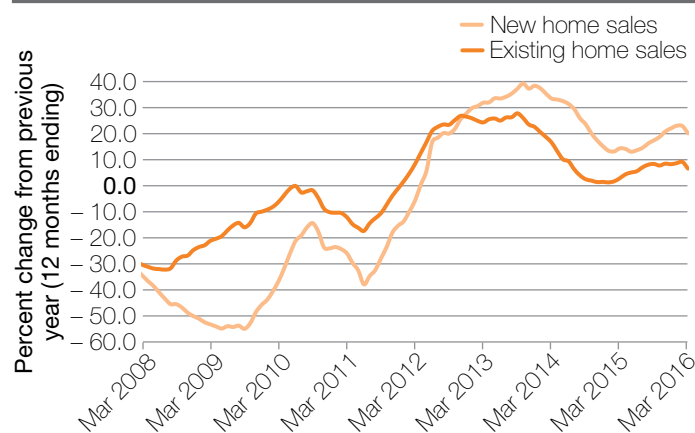
Source: CoreLogic, Inc., with adjustments by the analyst

During the 12 months ending March 2016—

- The number of new homes sold totaled 16,400, up from 13,650 during the 12 months ending March 2015 and more than double the average of 7,450 a year from 2010 through 2012, but much less than the average of 51,750 a year from 2004 through 2006 (CoreLogic, Inc., with adjustments by the analyst).
- Existing home sales totaled 101,000, up 7 percent from the 94,650 homes sold during the 12-month period ending March 2015 and up 63 percent from the average of 62,150 a year from 2009 through 2011. The increase in existing home sales occurred despite a decline in REO sales, which decreased 22 percent to 8,250. Regular resales are more than double the average of 33,300 annually from 2009 through 2011, whereas REO sales are down 65 percent from the average of 23,550 a year during the same period.

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**Total home sales in the Atlanta area have increased consistently since bottoming out in 2011.**



Note: Includes single-family homes, townhomes, and condominiums.

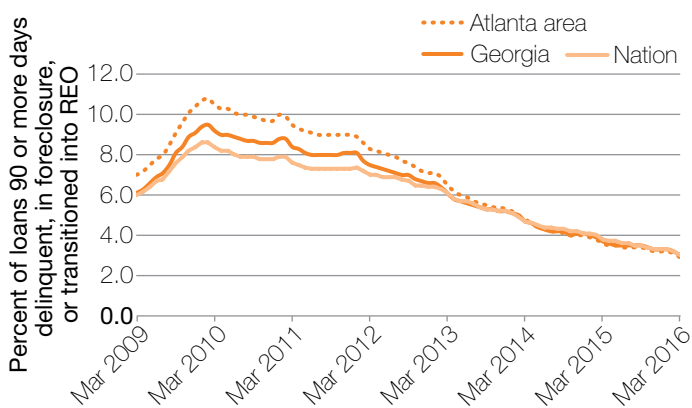
Source: CoreLogic, Inc., with adjustments by the analyst

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- The average sales price for new homes was \$318,500, a 4-percent increase from the average price during the previous 12 months and up 13 percent from the previous peak of \$281,200 during the 12 months ending March 2008.
- The average sales price for existing homes was \$225,000, an increase of 7 percent compared with the average price during the 12 months ending March 2015. The average price for existing homes increased an average of 11 percent a year from the end of 2012 through 2015 and currently exceeds the previous high of \$219,400—which occurred during the 12 months ending March 2007—by 3 percent.

Single-family home construction activity, as measured by the number of single-family homes permitted, has increased each year since the end of 2012 but remains well below prerecessionary levels.

The rate of seriously delinquent mortgages and REO properties in the Atlanta area currently is near the rate for the nation after being notably higher during the early 2010s.

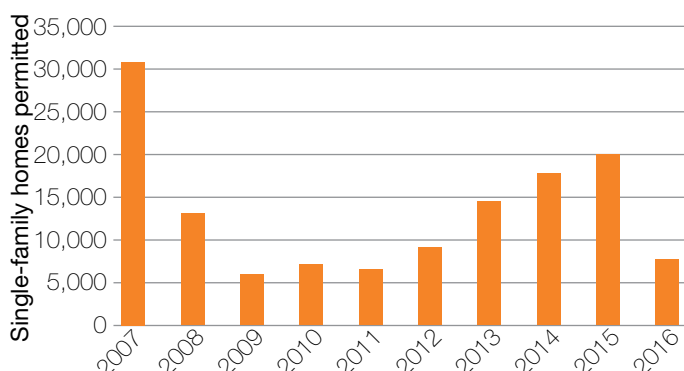


REO = real estate owned.

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

- The number of single-family homes permitted increased to 21,150 during the 12 months ending April 2016, up 16 percent from 18,200 homes permitted during the previous 12 months (preliminary data).
- Single-family construction activity averaged 17,300 homes permitted annually from 2013 through 2015, up from an average of 7,875 homes a year from 2008 through 2012 but far less than the average of 56,150 each year from 2002 through 2006.
- Single-family home construction has been focused in the northern part of the metropolitan area, with Cherokee, Cobb, Forsyth, and Gwinnett Counties combining to account for more than one-half of all single-family homes permitted since 2013. Most of that development has been infill at existing properties. 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.

Single-family home permitting in the Atlanta area has increased each year since 2012 but remained well below prerecessionary levels.



Note: Includes preliminary data from January 2016 through April 2016.

Source: U.S. Census Bureau, Building Permits Survey

## Rental Market Conditions

Rental housing market conditions in the Atlanta metropolitan area currently are balanced, with relatively slow multifamily construction allowing for significant absorption of excess units in the early 2010s. Despite increased levels of multifamily permitting, vacancy rates have continued to decline as the proportion of renter households, which currently is estimated at 39.0 percent, up from 33.9 percent in April 2010, continues to rise.

- The estimated vacancy rate for all rental units (including renter-occupied single-family homes, manufactured homes, and apartment units) is 6.2 percent as of May 1, 2016, down from 12.7 percent in 2010.

- The apartment market, which represents approximately 56 percent of all rental units in the metropolitan area, had a vacancy rate of 6.0 percent in the first quarter of 2016, down from 6.7 percent a year earlier and much less than the 11.3-percent rate in the first quarter of 2010 (MPF Research). Increased net immigration and declining homeownership have contributed significantly to rental absorption, as vacancy rates have continued to decline despite 7,250 new apartment units entering the market since the first quarter of 2015, the highest annual total since 2010.

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- The average monthly apartment asking rent was \$1,018 in the first quarter of 2016, an 8.1-percent increase from the first quarter of 2015 and a 32.0-percent increase from the first quarter of 2010.

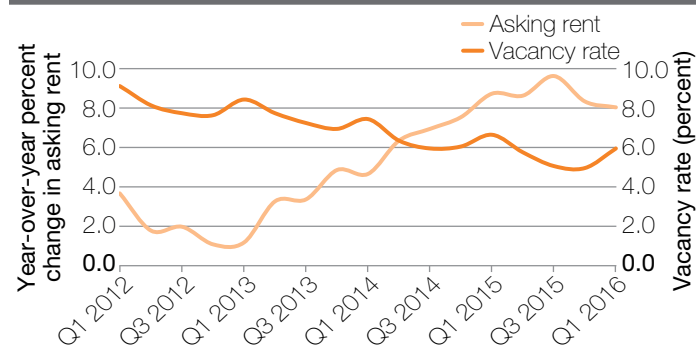
Builders responded to declining vacancy rates with significantly increased levels of multifamily construction beginning in 2012.

- During the 12 months ending April 2016 multifamily construction, as measured by the number of units permitted, totaled 12,800 units compared with the 9,375 units permitted during the previous 12-month period (preliminary data).
- Multifamily permitting averaged 8,675 units a year from 2012 through 2015.
- From 2004 through 2007, multifamily permitting averaged 14,000 units annually before declining to an average of only 3,000 units each year from 2008 through 2011. The drop in

number of units permitted occurred in response to an inventory surplus caused by slowed net in-migration and a significant number of single-family homes entering the rental market in the late 2000s.

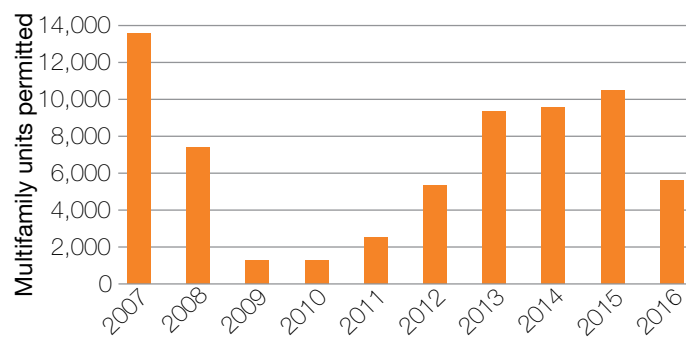
- Approximately 85 percent of the apartment units completed in the metropolitan area during the past year are located north of Interstate 20, with most of those units in the area spanning from Interstate 75 to Interstate 85. The 232-unit Alexan Vinings was completed in March 2016, with rents ranging from \$1,365 to \$1,740 for one-bedroom units and from \$1,880 to \$2,640 for two-bedroom units. The Monroe, a 217-unit development in the Buckhead neighborhood of the city of Atlanta, was completed in February 2016. Rents for one-bedroom units range from \$1,275 to \$2,105, rents for two-bedroom units range from \$1,810 to \$2,295, and rents for three-bedroom units range from \$2,690 to \$2,710.

Despite increased levels of multifamily permitting since 2012, vacancy rates in the Atlanta area have generally declined and rents have continued to rise.



Source: MPF Research

Developers have responded to strong rent growth with significantly increased levels of multifamily permitting in the Atlanta area since 2012.



Note: Includes preliminary data from January 2016 through April 2016.

Source: U.S. Census Bureau, Building Permits Survey