

# HUD PD&R Housing Market Profiles

## Atlanta-Sandy Springs-Marietta, Georgia



### Quick Facts About Atlanta-Sandy Springs-Marietta

- **Current sales market conditions: balanced.**
- **Current apartment market conditions: balanced.**
- **The metropolitan area is home to 16 Fortune 500 companies with combined annual revenues of \$329 billion (Metro Atlanta Chamber).**

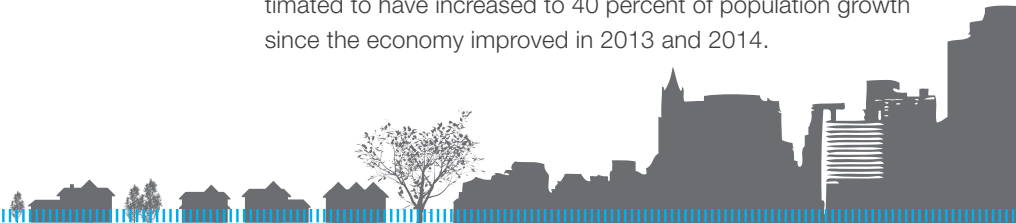


By Tammy Fayed | As of October 1, 2014

### Overview

The Atlanta-Sandy Springs-Marietta (hereafter, Atlanta) metropolitan area, which comprises 28 counties in northwest Georgia, is the second largest metropolitan area in the Southeast, after Miami. The metropolitan area is a business and transportation hub for the region because of its central location and readily available transportation options, including three major interstate highways and Hartsfield-Jackson Atlanta International Airport, the busiest passenger airport in the world, which is estimated to have a \$32.5 billion direct annual economic impact on the metropolitan area (City of Atlanta).

- As of October 1, 2014, the population of the Atlanta metropolitan area was estimated at 5.51 million.
- Population growth has been slow since 2010 because of the weak economy, averaging 53,800 people, or 1.0 percent, annually.
- From 2010 to 2012, only 20 percent of population growth was estimated to be a result of net in-migration, which is estimated to have increased to 40 percent of population growth since the economy improved in 2013 and 2014.



Nonfarm payrolls in the Atlanta area have regained nearly all the jobs lost from late 2007 through 2010.

	3 Months Ending		Year-Over-Year Change	
	September 2013 (thousands)	September 2014 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	2,411.1	2,468.6	57.5	2.4
Goods-producing sectors	244.7	253.3	8.6	3.5
Mining, logging, and construction	95.3	99.3	4.0	4.2
Manufacturing	149.4	154.1	4.7	3.1
Service-providing sectors	2,166.3	2,215.3	49.0	2.3
Wholesale and retail trade	408.4	418.1	9.7	2.4
Transportation and utilities	128.5	132.5	4.0	3.1
Information	85.0	86.8	1.8	2.1
Financial activities	157.4	161.3	3.9	2.5
Professional and business services	438.5	456.2	17.7	4.0
Education and health services	293.0	295.3	2.3	0.8
Leisure and hospitality	251.0	260.6	9.6	3.8
Other services	94.1	92.2	-1.9	-2.0
Government	310.5	312.2	1.7	0.5
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	7.9	7.7		

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

## Economic Conditions

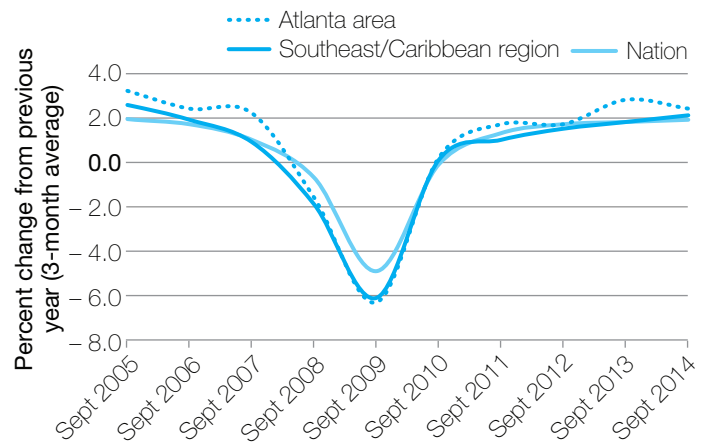
In the past 3 years, the Atlanta metropolitan area economy regained nearly all 183,500 jobs lost during 3 years of nonfarm payroll declines from the end of 2007 through 2010.

During the third quarter of 2014—

- Nonfarm payrolls increased by 57,500 jobs, or 2.4 percent, to 2.47 million jobs, less than the increase of 64,700 jobs, or 2.8 percent, during the third quarter of 2013.
- The construction subsector gained 4,100 jobs, or 4.4 percent, partially because of increased residential construction in response to tightening sales and rental housing markets. Despite strong gains in the past 18 months, construction subsector payrolls remain approximately 30 percent below their peak in late 2006.
- The information sector increased by 1,800 jobs, or 2.1 percent, from the same quarter a year ago as a result of several business relocations and expansions in the past year that are expected to continue to boost employment in the sector during 2015. In 2013, General Motors Company (GM) opened an Information Technology Innovation Center in Roswell, a northern suburb of the city of Atlanta. GM continues to hire employees for the center, which is expected to increase employment to 1,000 people during the next 2 to 4 years.

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After losing jobs at a faster pace than the nation during the late 2000s, the Atlanta area gained jobs at a faster pace than the nation during the third quarter of 2014.



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	27,000
Emory University and Emory Healthcare	Education and health services	23,900
AT&T Inc.	Information	18,000

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

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- The unemployment rate averaged 7.7 percent, down from 7.9 percent a year earlier because employment growth exceeded labor force growth.

During the third quarter of 2014, professional and business services sector growth accounted for 30 percent of nonfarm payroll growth, or 17,700 jobs, including positions at VETCONNEX, LLC, a company specializing in postdeployment veteran employment.

The company's Gwinnett County facility, north of the city of Atlanta, is expected to employ 300 agents when fully operational. In 2014, Chime Solutions Inc., an outsourcing firm that specializes in call center staffing and services, began hiring 1,200 employees at a new call center in Morrow, south of the city of Atlanta. The new jobs are also expected to contribute to professional and business services sector growth during 2015.

## Sales Market Conditions

As a result of the improving economy and increasing consumer confidence, the sales housing market in the Atlanta metropolitan area is balanced, distressed loans are in decline, and many households have regained equity lost during the housing crisis. In September 2014, 4.4 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, a significant improvement from the peak rate of 11.6 percent in January and February 2010 (Black Knight Financial Services, Inc.). In February 2010, the rate of distressed loans and REO properties exceeded the national rate by 2.4 percentage points, but, during the third quarter of 2014, the rate in the metropolitan area was below the national rate of 4.7 percent.

During the 12 months ending July 2014 (the most recent complete data available)—

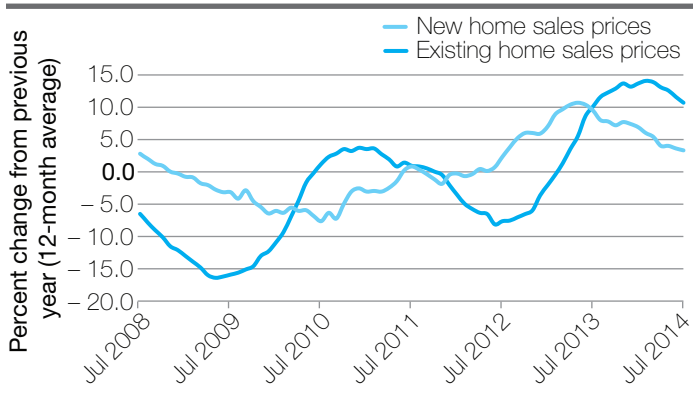
- Sales of existing homes increased 4 percent, to approximately 88,650 homes (CoreLogic, Inc., and adjustments by the analyst). The recent number of home sales is the most recorded since early 2008.

- The average sales price of an existing home increased 11 percent, to \$200,900. Home prices rose more rapidly in the past 2 years than during the previous 2 years because the number of distressed home sales (REO and short sales), which have a lower average price, continued to decline.
- Approximately 23 percent of existing home sales were distressed home sales compared with 44 percent of existing home sales during the 12 months ending July 2010, which encompassed the peak months of the sales housing crisis.
- New home sales increased 29 percent, to approximately 12,600 homes, and the average price of a new home increased 3 percent, to \$295,700. Because new home sales do not include distressed homes and are often custom homes built for specific buyers, prices for new homes in the metropolitan area did not fall as significantly during the housing crisis as prices for existing homes.

Greater demand for new sales housing at higher prices in the Atlanta metropolitan area increased homebuilding, as measured by the number of single-family homes permitted.

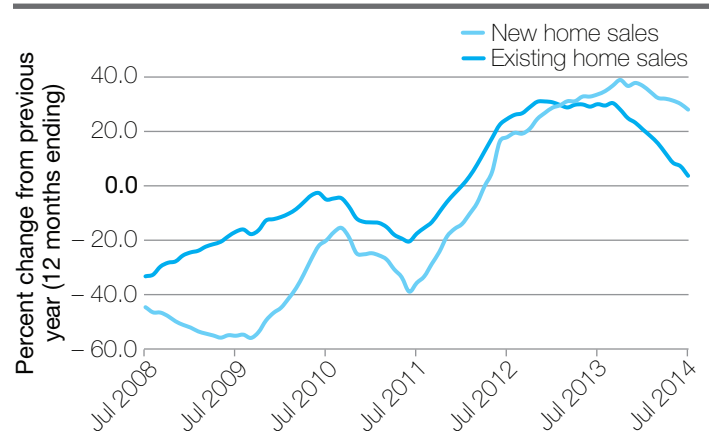
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**Existing home prices in the Atlanta area increased in part because the percentage of lower priced distressed sales declined.**



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

**New home sales in the Atlanta area increased as the economy improved and consumer confidence increased.**



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst



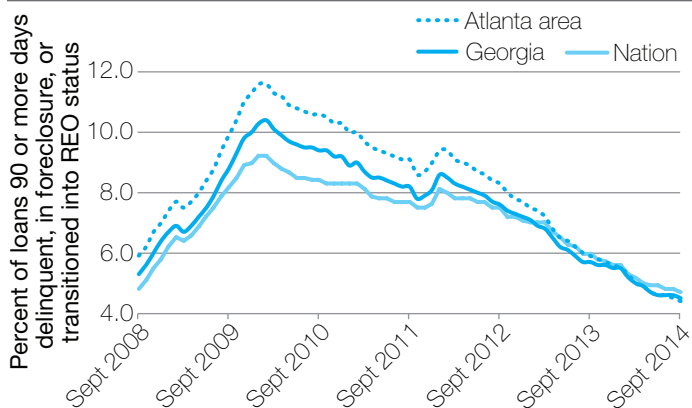
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- During the third quarter of 2014, nearly 4,500 single-family homes were permitted in the metropolitan area, a 17-percent increase from the third quarter of 2013 (preliminary data).
- During the 12 months ending September 2014, approximately 16,200 homes were permitted, more than during any 12-month period since 2007.
- During the 12 months ending September 2014, single-family home production was concentrated in the unincorporated areas

of suburban Gwinnett County north of the city of Atlanta, where approximately 10 percent of all building activity in the metropolitan area occurred.

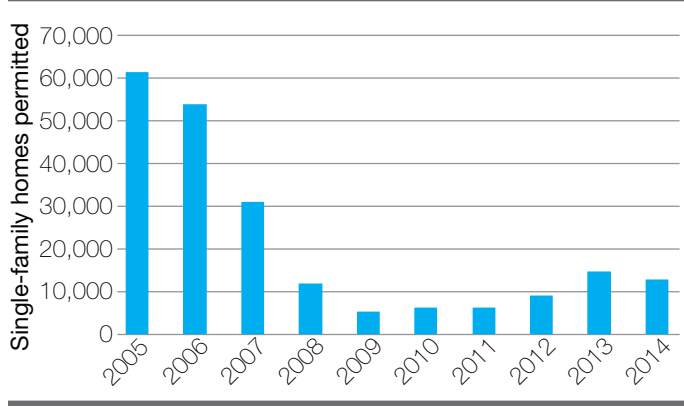
- Subdivisions under construction in the metropolitan area include the Waterbrooke community in Alpharetta, where three- and four-bedroom homes are available for prices ranging from \$200,000 to \$300,000.

**During the past 12 months, the percentage of distressed loans and REO properties in the Atlanta area remained below the national rate.**



REO = Real Estate Owned.  
Source: Black Knight Financial Services, Inc.

**Single-family home permitting increased as a result of the improving economy and tightening sales market in the Atlanta area.**



Note: Includes preliminary data from January 2014 through September 2014.  
Source: U.S. Census Bureau, Building Permits Survey

## Apartment Market Conditions

The apartment market in the Atlanta metropolitan area was balanced in the third quarter of 2014, but conditions in the smaller MPF Research-defined market areas (below the metropolitan level) were mixed, ranging from tight to soft, depending on the age of the housing stock, access to transportation, and other local characteristics.

During the third quarter of 2014—

- The overall vacancy rate for the metropolitan area declined to 6.0 percent from 7.3 percent a year earlier (MPF Research).
- The Alpharetta/Cumming and Buckhead market areas, where the vacancy rates declined to 2.7 and 3.0 percent, respectively (MPF Research), were the tightest market areas because of strong employment and population growth.
- In the Southwest DeKalb market area, where 65 percent of apartments were built before 1980, the vacancy rate was 13.2 percent, the highest rate in the metropolitan area (MPF Research).

- The average market rent in the metropolitan area increased 7 percent, to \$915. Rents for one-, two-, and three-bedroom units averaged approximately \$820, \$940, and \$1,090, respectively.

After the end of the recession and subsequent sales housing market crisis in the late 2000s, demand for apartments began to increase in the metropolitan area. Because of soft apartment market conditions and lending restrictions, multifamily construction, as measured by the number of multifamily units permitted, did not begin to increase significantly until 2012—by which time the apartment market had become balanced—leading to further increases in apartment production in 2013 and 2014.

- During the 12 months ending September 2014, multifamily permitting increased 4 percent, to approximately 8,775 units, after increasing 86 percent during the previous 12 months (preliminary data). By comparison, an average of 1,575 multifamily units were permitted from 2009 through 2011.

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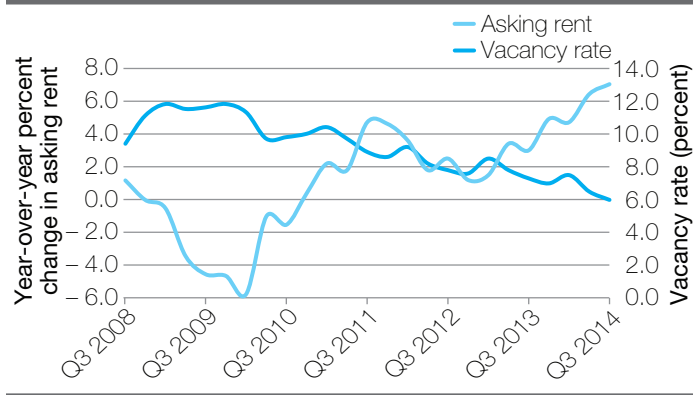
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- Although permitting increased during the past 12 months, the pace of development appears to be slowing as the pipeline increases. During the third quarter of 2014, the number of multifamily units permitted decreased 19 percent from the same quarter in 2013, to 1,600 units.
- Construction in the Buckhead market area in the city of Atlanta, with 2,800 units under way, exceeds construction in other market areas (MPF Research).

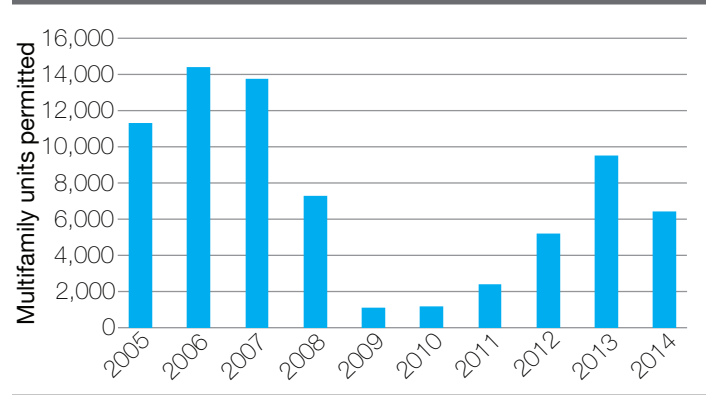
- Larger properties currently under construction include the 376-unit The Residence Buckhead Atlanta in Buckhead and the 390-unit Highlands at Sugarloaf in Duluth in suburban Gwinnett County that are expected to be complete in late 2014 and late 2015, respectively. Rents start at \$1,575 for a studio unit at The Residence Buckhead Atlanta and \$955 for a one-bedroom unit at Highlands at Sugarloaf.

Although more than 5,000 apartments were completed in the Atlanta area in the past 12 months, demand was sufficient for the vacancy rate to continue declining.

Multifamily unit permitting increased in the past 3 years as a result of strong demand for apartments in the Atlanta area.



Source: MPF Research



Note: Includes preliminary data from January 2014 through September 2014.  
Source: U.S. Census Bureau, Building Permits Survey

