

# HUD PD&R Housing Market Profiles

## Atlanta-Sandy Springs-Marietta, Georgia



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

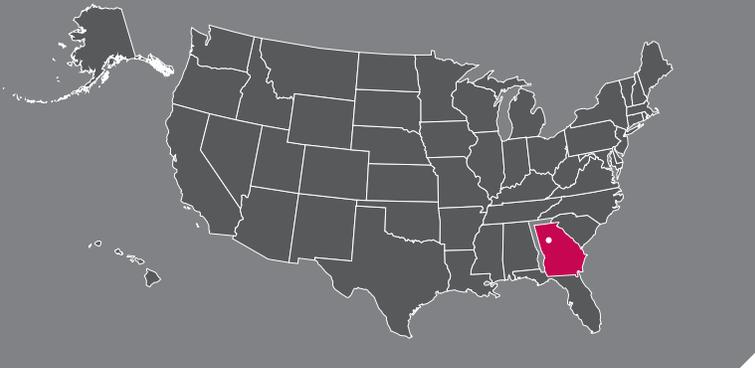
- **Current sales market conditions: soft.**
- **Current apartment market conditions: slightly soft.**
- **The metropolitan area, a transportation hub for the Southeast, is the headquarters location for Delta Air Lines, Inc., the largest employer in the metropolitan area, with 27,000 employees.**

By Tammy Fayed | As of September 1, 2013

## Overview

The Atlanta-Sandy Springs-Marietta (hereafter, Atlanta) metropolitan area, which comprises 28 counties in northwest Georgia, is the largest metropolitan area in the Southeast after Miami. The metropolitan area is home to 13 Fortune 500 companies, including The Coca-Cola Company; The Home Depot, Inc.; United Parcel Service, Inc., or UPS; and Delta Air Lines, Inc. The metropolitan area also contains 57 colleges and universities that enroll more than 250,000 students combined (Metro Atlanta Chamber).

- As of September 1, 2013, the estimated population in the metropolitan area was 5.44 million, an average increase of 48,650, or 0.9 percent, annually since 2010.
- Population growth averaged 110,000 people annually from 2000 through 2007, but, as a result of job losses and declining in-migration, population growth slowed to average 65,000 people a year in 2008 and 2009.
- Net in-migration has accounted for an estimated 14 percent of population growth since 2010, down from 55 percent during the peak years of 2000 through 2007 and from 28 percent in 2008 and 2009.



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The unemployment rate in the Atlanta area has declined to its lowest level since 2008.

	3 Months Ending		Year-Over-Year Change	
	August 2012 (thousands)	August 2013 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	2,352.0	2,414.4	62.4	2.7
Goods-producing sectors	237.4	242.1	4.7	2.0
Mining, logging, and construction	88.9	95.5	6.6	7.4
Manufacturing	148.5	146.7	-1.8	-1.2
Service-providing sectors	2,114.6	2,172.3	57.7	2.7
Wholesale and retail trade	401.1	408.8	7.7	1.9
Transportation and utilities	127.7	132.7	5.0	3.9
Information	81.9	86.4	4.5	5.5
Financial activities	154.1	156.8	2.7	1.8
Professional and business services	420.1	439.3	19.2	4.6
Education and health services	282.1	294.1	12.0	4.3
Leisure and hospitality	240.5	250.3	9.8	4.1
Other services	93.7	93.8	0.1	0.1
Government	313.3	310.1	-3.2	-1.0
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	9.2	8.5		

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

## Economic Conditions

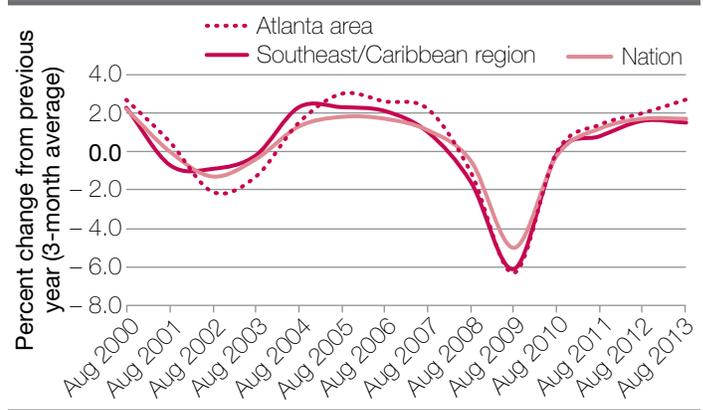
The downturn in the housing market and subsequent loss of approximately 52,000 construction subsector jobs from 2008 through 2012 severely affected the economy of the Atlanta metropolitan area. As a result, its economic recovery trailed other metropolitan areas of the country, but job growth improved in the past year.

During the 3 months ending August 2013—

- Nonfarm payrolls increased by 62,400 jobs, or 2.7 percent, to an average of 2.41 million jobs, but payrolls remain approximately 2 percent less than the 2007 peak of 2.46 million jobs.
- The professional and business services and the education and health services sectors led job growth, increasing by 19,200 and 12,000 jobs, or 4.6 and 4.3 percent, respectively; the same two sectors have been the fastest growing sectors in the metropolitan area since 2010.
- The unemployment rate in the metropolitan area averaged 8.5 percent, down from 9.2 percent during the same 3-month period a year ago and from an average of 9.9 percent from 2009 through 2011.

Baxter International Inc. is currently constructing a \$1 billion testing lab and plasma-processing facility in Covington, which plans to begin production in 2018. The facility is expected to create more than 1,500 full-time jobs in Georgia.

Nonfarm payrolls in the Atlanta area increased more rapidly in 2013 than in any corresponding period since 2005.



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
Wal-Mart Stores, Inc.	Wholesale and retail trade	26,000
Emory University and Emory Healthcare	Education and health services	23,900

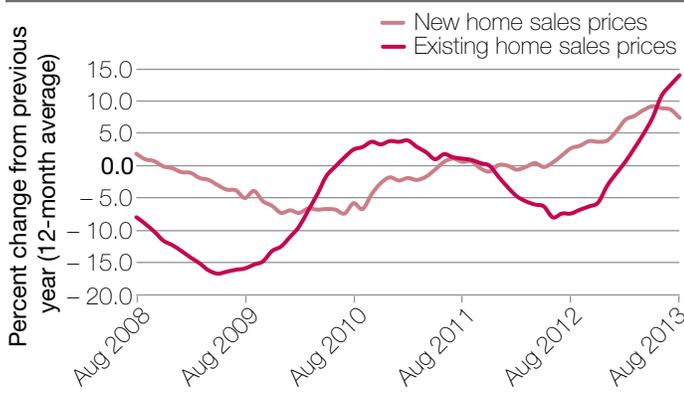
Note: Excludes local school districts.  
Source: Metro Atlanta Chamber

## Sales Market Conditions

The overall sales housing market in the Atlanta metropolitan area is soft but improving, although some submarkets are tight. The percentage of mortgage loans in the metropolitan area that were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) decreased from 8.4 percent in August 2012 to 6.0 percent in August 2013, the same percentage as for the nation and only slightly more than the 5.7 percent for Georgia (LPS Applied Analytics).

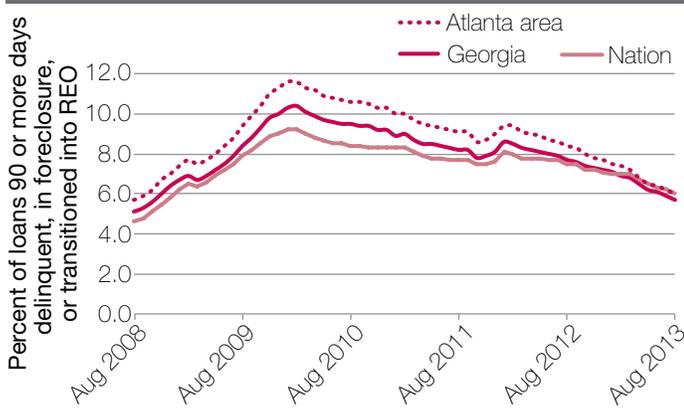
- During the worst of the housing crisis in 2009 and 2010, approximately 45 percent of existing home sales in the metropolitan area were REO or short sales, but distressed sales fell to 31 percent of existing home sales during the 12 months ending August 2013 (CoreLogic, Inc.).

### A declining inventory of homes for sale and an improving economy led to recovering home sales prices in the Atlanta area.



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

### Home sales prices began to recover as the percentage of distressed loans and REO properties in the Atlanta area continued to fall.



REO = Real Estate Owned. Source: LPS Applied Analytics

- During the 12 months ending August 2013, existing home sales increased 22.2 percent, to 78,950 homes sold, and existing home prices increased 14.0 percent, to \$186,700.
- New home sales increased 25.9 percent, to 8,550 homes sold, and new home prices averaged \$278,200, an increase of 7.4 percent.
- The inventories of existing and new homes for sale are down to 4.0- and 2.4-month supplies, respectively, the smallest available inventory in more than a decade. In some submarkets, including some northern suburbs, speculative homes under construction are often under contract before the home is complete (Metrostudy, A Hanley Wood Company), illustrating the tight market.

Improving sales market conditions in the Atlanta metropolitan area led to an increase in single-family homebuilding, as measured by the number of homes permitted.

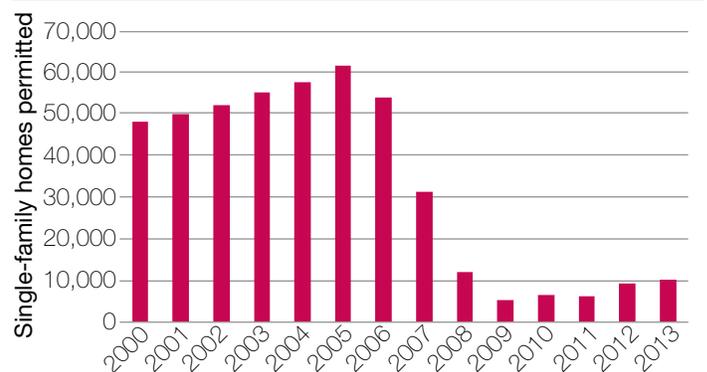
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### Increased home sales resulted in a shortage of inventory in some Atlanta area submarkets.



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

### As the sales market has been improving in the Atlanta area, single-family permitting has increased to satisfy demand for new homes.



Note: Includes preliminary data from January 2013 through August 2013. Source: U.S. Census Bureau, Building Permits Survey



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- During the 3 months ending August 2013, approximately 4,025 homes were permitted, a 63-percent increase from the same period a year earlier (preliminary data).
- By comparison, an average of 1,650 homes were permitted during the corresponding 3-month periods in 2010 and 2011.

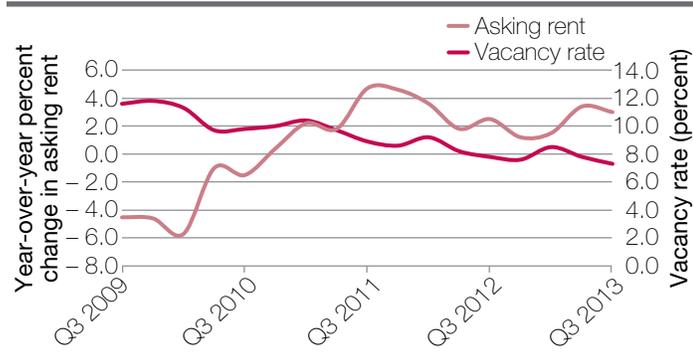
## Apartment Market Conditions

The apartment market in the Atlanta metropolitan area is slightly soft but continuing to tighten, although conditions vary significantly among submarkets. A cutback in apartment construction since 2008 and increased demand for apartments because of the weak sales housing market have led to decreasing vacancies and increasing rents since 2010.

During the third quarter of 2013—

- The apartment vacancy rate for the metropolitan area decreased to 7.3 percent from 7.8 percent in the third quarter of 2012 and from a peak of 11.8 percent in 2009 (MPF Research).
- Apartment vacancy rates ranged from 3.1 percent in the Alpharetta/Cumming submarket to 21.9 percent in the Southwest DeKalb County submarket, where 65 percent of the apartments were built before 1980.
- Asking rents for apartments in the metropolitan area averaged \$855, a 3.0-percent increase from the third quarter of 2012.
- The average rent in the Roswell submarket increased 7.7 percent from a year ago, to approximately \$880, the greatest percentage increase of any submarket in the metropolitan area.

**Rents increased and the vacancy rate decreased for the Atlanta area, but conditions varied significantly among submarkets.**



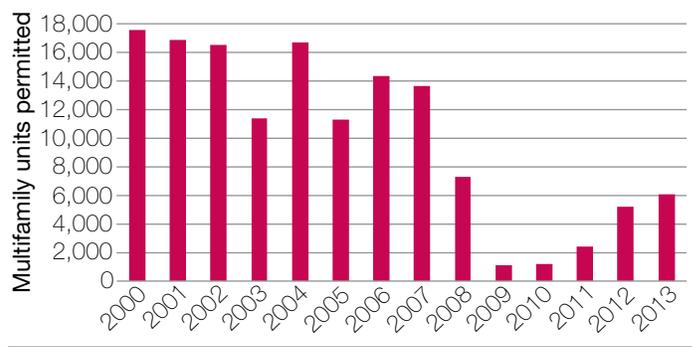
Source: MPF Research

- One of the most active cities for new home sales in the metropolitan area is Cumming, where a new phase of Saddlebrook is currently under construction, with home prices in the \$250,000-to-\$300,000 range.

As a result of strong demand for apartments and the increasing availability of financing for multifamily development, the number of multifamily units permitted in the Atlanta metropolitan area increased in the past 3 years.

- During the 3 months ending August 2013, 2,400 multifamily units were permitted, a 68-percent increase from the same 3-month period a year earlier (preliminary data).
- More than 95 percent of the multifamily units permitted were for apartments.
- Multifamily construction increased substantially from 2009 and 2010, when an average low of 1,150 units were permitted for the entire year.
- Approximately one-half of the multifamily units under construction in the metropolitan area are in the Midtown and Buckhead submarkets in the city of Atlanta, where access to employment and transportation is greatest.
- Properties currently under construction include the 305-unit AMLI Ponce Park Apartments in Midtown and the 376-unit Buckhead Apartment Tower in Buckhead, which are expected to be complete in 2014. Proposed asking rents for the properties have not yet been announced.

**The increase in multifamily permitting since 2010 has concentrated in the Midtown and Buckhead submarkets in the city of Atlanta.**



Note: Includes preliminary data from January 2013 through August 2013. Source: U.S. Census Bureau, Building Permits Survey

