

HUD PD&R Housing Market Profiles

Atlanta-Sandy Springs-Roswell, Georgia

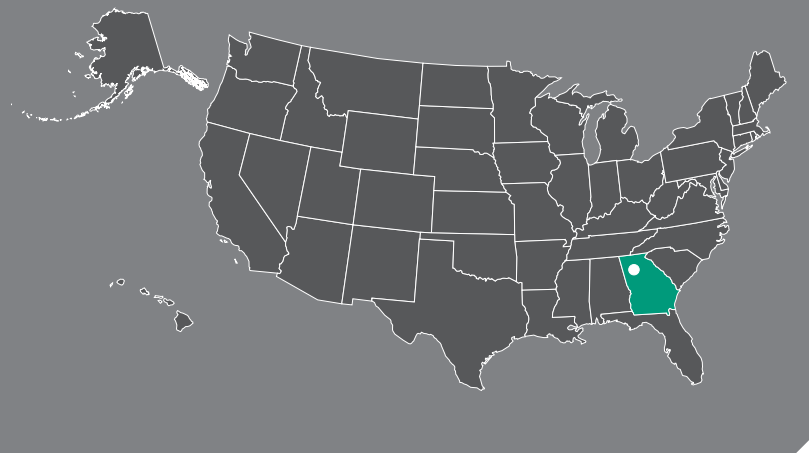


Quick Facts About Atlanta

Atlanta, Georgia

By Casey M. Blount | As of April 1, 2022

- Current sales market conditions: balanced but tightening
- Current rental market conditions: balanced
- Hartsfield-Jackson Atlanta International Airport (hereafter Hartsfield-Jackson) is partially in the city of College Park and was the busiest airport in the world in terms of passenger traffic from 1998 through 2019 (Airports Council International).



Overview

The Atlanta-Sandy Springs-Roswell (hereafter, Atlanta) metropolitan area consists of 29 counties in northwest Georgia. The headquarters of 29 Fortune 1000 companies are 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, the Georgia Institute of Technology, and Georgia State University.

- As of April 1, 2022, the estimated population of the Atlanta metropolitan area is 6.19 million, reflecting an average annual increase of 78,450 people, or 1.4 percent, since 2013. Strong economic conditions during much of the period contributed to the average net in-migration of 44,850 people annually, but population growth was limited by declining net natural change, averaging 33,600 people a year.
- Population growth averaged 73,100 people, or 1.4 percent, annually from 2007 to 2013 (Census Bureau population estimates as of July 1). Weak economic conditions contributed to relatively slow net in-migration, which

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averaged only 27,450 people a year during the period, whereas net natural change averaged 45,650 people a year.

- From April 2010 to April 2020, population growth in 20 of the 29 counties in the metropolitan area averaged more than 0.8 percent annually. The average growth rate of

3.7 percent a year in Forsyth County, located approximately 40 miles northeast of the city of Atlanta, was the fastest in the metropolitan area and the twelfth-fastest of any county in the nation during the period (Decennial Census Estimates).

Economic Conditions

Job growth was notably strong in the Atlanta metropolitan area during the past year, and a relatively rapid economic recovery from the COVID-19 pandemic appears to be complete. During the first quarter of 2022, nonfarm payrolls in the metropolitan area averaged 2.92 million, an increase of 170,000 jobs, or 6.2 percent, from a year ago, 1.9 percent higher than the previous high for the first quarter, 2.86 million, which occurred in 2020. By comparison, nonfarm payrolls for the Southeast/Caribbean region and the nation increased 4.5 and 4.7 percent, respectively, during the first quarter of 2022. The average of 30.00 million jobs for the region during the first quarter of 2022 exceeded the previous first quarter high of 29.66 million jobs during 2020 by 1.2 percent, whereas the average of 148.86 million jobs for the nation remained 1.0 percent below the previous first quarter high, 150.33 million jobs, during 2020.

During the first quarter of 2022—

- All eleven nonfarm payroll sectors added jobs in the Atlanta metropolitan area, with the fastest job growth in the leisure and hospitality sector, which expanded by 28,700 jobs, or 11.7 percent. The gains in the sector were partly due to a

significant increase in activity at Hartsfield-Jackson, which accommodated approximately 20.12 million passengers during the first quarter of 2022, below the prepandemic high of 25.32 million during the first quarter of 2019, but up 79 percent from only 11.22 million a year ago (City of Atlanta).

- The largest gains were in the professional and business services sector, expanding by 41,500 jobs, or 7.7 percent, and benefitting significantly from the resumption of in-office work by many firms, with gains of 17,700 and 13,750 jobs, or 7.8 and 11.7 percent, in the administrative and waste remediation services and the employment services industries, respectively.
- The unemployment rate averaged 3.2 percent in the metropolitan area, down from 4.7 percent a year ago and below the respective rates for the Southeast/Caribbean region, 3.5 percent, and the nation, 4.1 percent.

The metropolitan area has become an increasingly important international transportation and distribution hub during the past two decades, particularly since the mid-2010s, partly due to the

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

	3 Months Ending		Year-Over-Year Change	
	March 2021 (Thousands)	March 2022 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	2,745.8	2,915.8	170.0	6.2
Goods-Producing Sectors	294.1	306.7	12.6	4.3
Mining, Logging, & Construction	129.6	133.3	3.7	2.9
Manufacturing	164.5	173.4	8.9	5.4
Service-Providing Sectors	2,451.7	2,609.1	157.4	6.4
Wholesale & Retail Trade	429.4	452.2	22.8	5.3
Transportation & Utilities	164.2	178.5	14.3	8.7
Information	105.7	115.6	9.9	9.4
Financial Activities	180.8	191.2	10.4	5.8
Professional & Business Services	538.1	579.6	41.5	7.7
Education & Health Services	362.2	384.4	22.2	6.1
Leisure & Hospitality	246.0	274.7	28.7	11.7
Other Services	95.5	100.8	5.3	5.5
Government	329.8	332.2	2.4	0.7
Unemployment Rate	4.7%	3.2%		

Note: Numbers may not add to totals due to rounding.

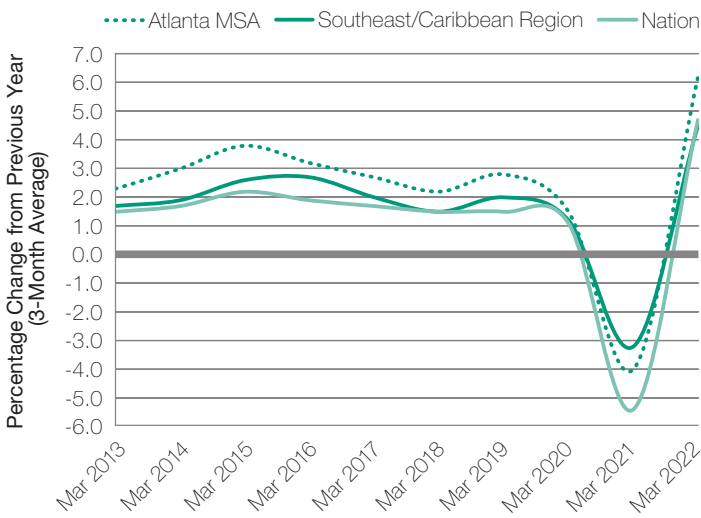
Source: U.S. Bureau of Labor Statistics



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presence of Hartsfield-Jackson. From 2014 through 2019, the transportation and utilities sector added an average of 8,525 jobs, or 6.4 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. Payrolls in the sector declined by 700 jobs,

The Atlanta metropolitan area lost jobs at a faster rate than the Southeast/Caribbean region during the early stages of the COVID-19 pandemic but recovered faster than the region and the nation.



MSA = metropolitan statistical area.
Source: U.S. Bureau of Labor Statistics

or 0.4 percent, during 2020; travel was severely limited during the height of the COVID-19 pandemic, although the losses were quickly recovered when five new Amazon.com, Inc. distribution centers opened throughout the metropolitan area in mid-2021 creating 1,000 jobs. The sector subsequently benefited from the 3,000 jobs that Norfolk Southern Corporation relocated from Virginia to its new headquarters in the city of Atlanta, which opened later in the year. Due in part to those gains, payrolls in the sector averaged 178,500 jobs during the first quarter of 2022, an increase of 14,300 jobs, or 8.7 percent, from a year ago and 15.1 percent higher than the prepandemic high for a first quarter, 155,000 jobs, during 2019. Job growth is expected to remain strong in the sector in the near future, partly due to the ongoing \$6 billion Hartsfield-Jackson expansion project that began in 2016 and includes the addition of 15 new gates, which are expected to be complete by 2023, at an estimated cost of \$1.3 billion.

Largest Employers in the Atlanta Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Delta Air Lines, 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

Sales Market Conditions

The sales housing market in the Atlanta metropolitan area is balanced but tightening, with an estimated sales vacancy rate of 1.4 percent as of April 1, 2022, down from 3.8 percent during April 2010. Strong economic conditions and relatively moderate levels of single-family home construction contributed to reduced levels of for-sale inventory during much of the 2010s. The inventory of homes for sale has further declined since the start of the COVID-19 pandemic as construction costs have risen. As of March 2022, 1.1 months of available inventory were for sale in the metropolitan area, down from 1.2 months a year ago and the lowest figure for the month of March since at least 2008 (CoreLogic, Inc.). The decline in available inventory is partially due to low levels of seriously delinquent loans and real estate owned (REO) properties on the market. The percentage of home loans in the Atlanta metropolitan area that were seriously delinquent—90 or more days delinquent, in foreclosure, or had transitioned into REO

status—was 1.9 percent as of February 2022, down from 5.2 percent a year ago, a fraction of the February high of 10.8 percent in 2010 (CoreLogic, Inc.). The decreased rate during the past year was largely due to a sharp decline in the number of home loans 90 or more days delinquent, which more than tripled from 10,950 in February 2020 to 41,300 in February 2021 but has since fallen 65 percent to 14,300. By comparison, the number of foreclosures and the REO properties in the metropolitan area fell by 42 and 77 percent, respectively, from February 2020 to February 2022. The current rate of seriously delinquent loans and REO properties in the metropolitan area is slightly higher than the 1.7-percent rate for the nation but equal to the statewide rate for Georgia.

During the 12 months ending February 2022—

- 23,650 new homes were sold in the Atlanta metropolitan area, down 6 percent from the previous 12 months, whereas

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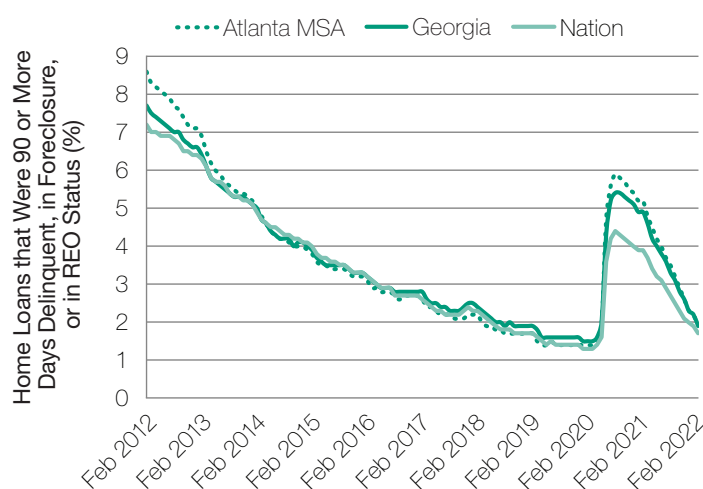
the average sales price for a new home increased 11 percent to \$401,600 (CoreLogic, Inc., with adjustments by the analyst).

- Existing home sales totaled 154,900, a 17-percent increase from the previous 12 months, and the average sales price for existing homes rose 18 percent to \$356,300.
- A significant decline in distressed sales, which fell 23 percent from the previous 12 months to only 1,400, contributed to the increased sales price for existing homes. The average

sales price for distressed sales was \$249,700 during the most recent 12 months, 30 percent below the average of \$357,200 for resales.

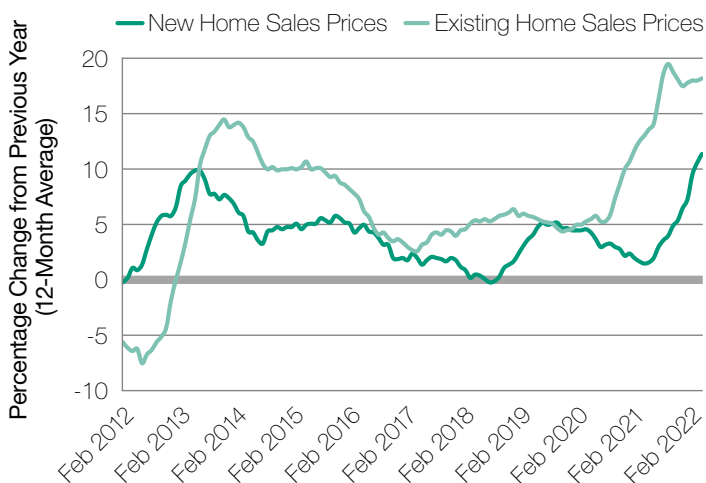
- Home prices in the metropolitan areas are generally correlated with proximity to the economic core, with several of the most expensive areas concentrated to the north of the city of Atlanta. During March 2022, median sales prices in the metropolitan area ranged from a low of \$250,000 in Meriwether County, which is approximately 60 miles southwest of Atlanta, to a high of \$560,000 in Forsyth County (Georgia Multiple Listing Service).

The rate of seriously delinquent loans and REO properties declined significantly in the Atlanta metropolitan area from a year ago but remained higher than the rate for the nation.



MSA = metropolitan statistical area. REO = real estate owned.
Source: CoreLogic, Inc.

Low levels of for-sale inventory resulted in rising home prices in the Atlanta metropolitan area during the 12 months ending February 2022.



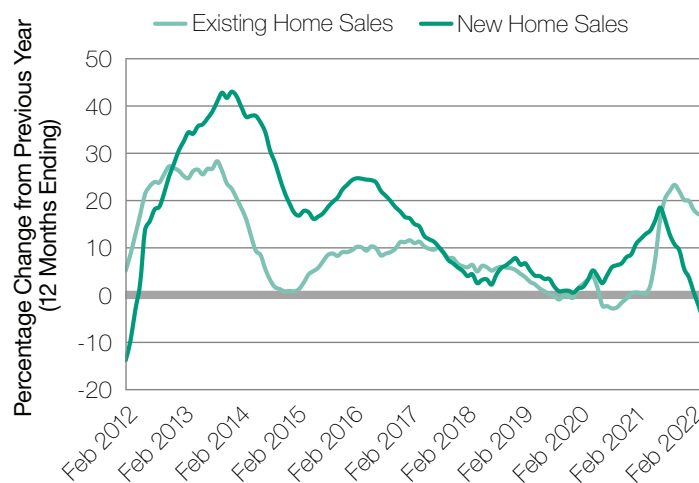
Note: Data include new and existing single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

Single-family homebuilding, as measured by the number of homes permitted, has generally trended upwards in the Atlanta metropolitan area since the mid-2010s, but it has declined during the most recent 12 months due largely to rising construction costs. Nationally, the price of construction materials increased more than 18 percent from January 2021 to January 2022 (Associated General Contractors of America).

- A total of 27,400 single-family homes were permitted in the metropolitan area during the 12 months ending March 2022, down 5 percent from 28,950 homes during the 12 months ending March 2021.
- An average of 24,900 homes were permitted each year from 2015 through 2020, up from an average of only 10,150 homes permitted each year from 2008 through 2014. By comparison, an average of 51,300 homes were permitted each year from 2000 through 2007.

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Existing home sales increased in the Atlanta metropolitan area during the past year, but elevated construction costs contributed to a decline in the number of home sales.

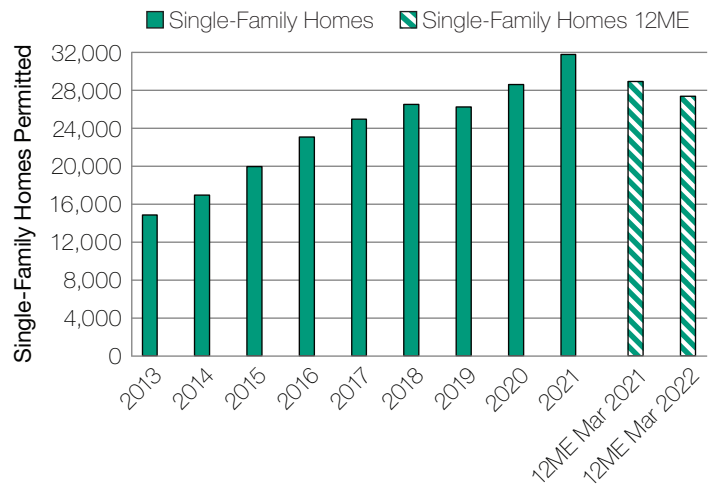


Note: Data include new and existing single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

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- Recent new home construction has been notably concentrated in the northern part of the metropolitan area, particularly in areas near significant commuting arteries. Cobb and Gwinnett Counties, located north of the city of Atlanta along the Interstate 75 and Interstate 85 corridors, respectively, accounted for a combined 20 percent of all single-family homes permitted during the most recent 12 months.

The number of single-family homes permitted in the Atlanta metropolitan area declined during the most recent 12 months.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–20—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

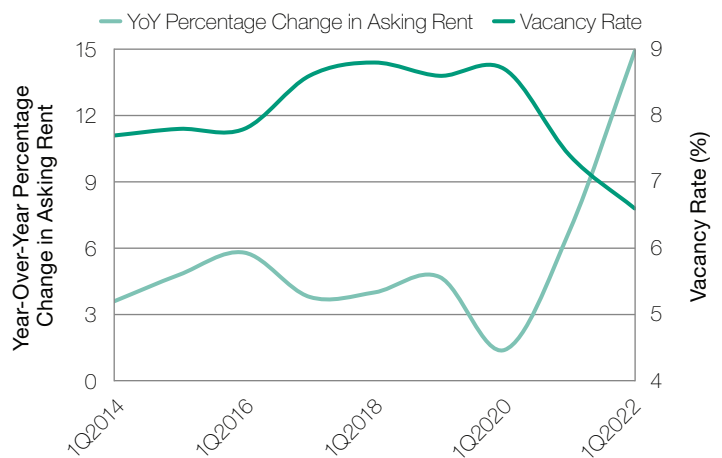
Rental Market Conditions

Rental housing market conditions in the Atlanta metropolitan area are balanced, with relatively low levels of multifamily construction contributing to declining vacancy rates and accelerating rent growth during the past 2 years. The overall rental vacancy rate is estimated at 6.9 percent as of April 1, 2022, well below the 12.7-percent rate in April 2010. Strong renter household growth in the metropolitan area contributed to the decline in the vacancy rate since 2010. The number of renter households is estimated to have increased an average of 1.9 percent a year since April 2010, significantly higher than the overall rate of household growth, 1.4 percent a year.

During the first quarter of 2022—

- The apartment market in the metropolitan area was balanced, with a vacancy rate of 6.6 percent, down from 7.4 percent a year ago, well below the first quarter high of 10.7 percent during 2009 (CoStar Group).
- The average rent in the metropolitan area rose to \$1,570, a 15-percent increase from a year ago. By comparison, the average rent for the nation increased 11 percent to \$1,588.
- Vacancy rates were generally highest in and around the city of Atlanta, where recent apartment construction has been concentrated, with lower rates in outlying areas where development has been relatively sparse. The apartment vacancy rate was 10.5 percent in the CoStar Group-defined

Reduced levels of multifamily construction during the peak of the COVID-19 pandemic contributed to decreased vacancy rates and accelerated rent growth in the Atlanta metropolitan area during the first quarter of 2022.



1Q = first quarter. YoY = year-over-year.

Source: CoStar Group

Downtown Atlanta market area during the first quarter of 2022, but it was below 2.0 percent in Bartow County, Lamar County, and Pickens County, which are located approximately 50 miles northwest, 60 miles south, and 60 miles north of the city of Atlanta, respectively.

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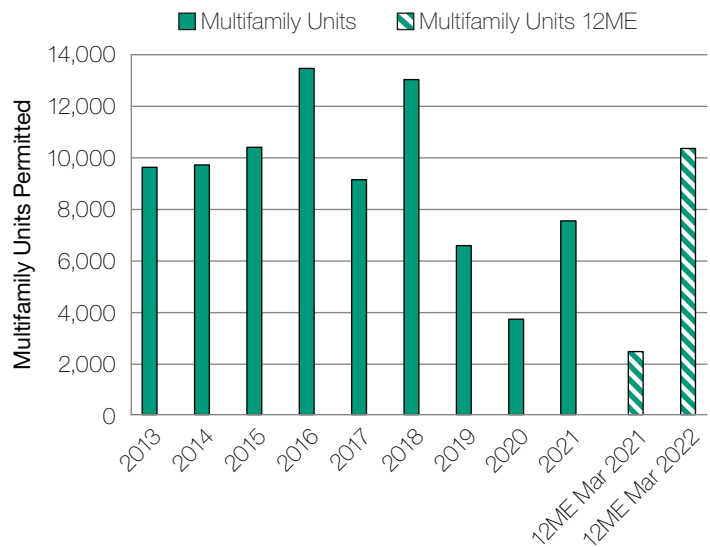
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- Significant new apartment construction contributed to relatively high rents in and around the city of Atlanta. Average rents in the metropolitan area ranged from \$688 in Butts County, approximately 50 miles southeast of the city, to \$2,132 in the Midtown Atlanta market area, which is directly north of downtown.

Due partly to the impact of the rising construction costs and uncertainty associated with the pandemic, multifamily construction in the metropolitan area, as measured by the number of units permitted, was at relatively low levels during 2020 and 2021. The number of multifamily units permitted rose sharply during the most recent 12 months, however, as developers responded to declining apartment vacancy rates and strong rent growth.

- During the 12 months ending March 2022, multifamily permitting rose to 10,350 units, up from only 2,450 units during the previous 12 months.
- After averaging 10,250 units a year from 2013 through 2019, multifamily permitting fell to only 3,725 units during 2020. By comparison, an average of 3,575 units were permitted each year from 2008 through 2012, down from an average of 15,550 units 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, accounted for a combined 44 percent of all multifamily units permitted during the most recent 12 months.
- Development has been particularly prevalent in the Eastside Atlanta and Midtown market areas, accounting for about one quarter of all rental units under construction in the metropolitan area (CoStar Group, with adjustments by the analyst).

Developers in the Atlanta metropolitan area responded to strong rent growth and declining vacancy rates with a sharp increase in multifamily permitting during the past year.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–20—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

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.
Existing Home Sales	Include resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Include single-family, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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