The Atlanta-Sandy Springs-Marietta metropolitan area encompasses 28 counties in northwest Georgia. As of March 1, 2009, the population of the metropolitan area is estimated at approximately 5.42 million, which represents an increase of 44,200, or 0.8 percent, from the July 1, 2008, Census Bureau population estimate. Between the 12-month periods ending July 2007 and July 2008, the area added approximately 115,000 residents compared with increases of 147,400 and 168,200 residents, respectively, during the 12-month periods ending July 2006 and July 2005. Population growth continued to slow during the past 7 months as declining employment opportunities discouraged new residents from moving to the metropolitan area. The five core counties that include and surround the city of Atlanta—Clayton, Cobb, DeKalb, Fulton, and Gwinnett—include approximately 3.55 million residents.

The economic expansion that began in the metropolitan area in 2004 ended during mid-2008. During the 12 months ending March 2009, nonfarm employment averaged 2.4 million jobs, a decrease of 55,800, or 2.3 percent, compared with the number of nonfarm jobs recorded during the 12-month period ending March 2008. In comparison, employment increased by an annual average of 58,100 jobs during the 12-month periods ending March 2005, 2006, and 2007. Only two major employment sectors recorded gains during the past 12 months. Employment in the government sector increased by 6,400 jobs, or 1.9 percent, to 337,700, due primarily to hiring at the state and local levels, and in the education and health services sector increased by 6,200 jobs, or 2.4 percent. Continued steep cuts in residential construction throughout the metropolitan area led to a decrease of 15,300 jobs in the construction sector, a decline of 11 percent, and contributed to job losses in sectors that support the local housing market. During the 12 months ending March 2009, employment in the professional and business services sector declined by 12,400 jobs, or 3 percent, and in the financial activities sector decreased by 7,900 jobs, or 4.9 percent. Employment in the trade sector decreased by 13,900 jobs, or 3.2 percent, surpassing the 13,400 job losses recorded in the sector during the recession year of 2002. During the 12 months ending February 2009, the average unemployment rate in the metropolitan area was 6.6 percent, an increase from the 4.4-percent rate recorded during the same period a year ago. The three leading employers in the metropolitan area—Delta Air Lines, Inc., Wal-Mart Stores, Inc., and AT&T—each employ more than 20,000 people.

Single-family homebuilding activity, as measured by the number of building permits issued, has slowed significantly in the metropolitan area during the past 2 years. During the 12 months ending February 2009, permits were issued for 10,100 single-family homes, a decrease of 64 percent from the number issued during the same period last year. The significant reduction in single-family activity during 2009 followed a 45-percent decrease in activity during the 12-month period ending February 2008. During the 12 months ending March 2009, in the five core counties, approximately 4,575 homes were permitted, a 64-percent decline when compared with the 12,750 homes permitted in those counties during the 12 months ending March 2008.

Despite the slowdown in homebuilding, the Atlanta metropolitan area home sales market remains soft. Decreased home sales due to both the declining economy and tighter lending standards have produced a surplus of unsold units and continue to put downward pressure on sales prices. According to data from the Georgia Multiple Listing Service, during the 12 months ending March 2009, new and existing single-family home sales in the metropolitan area totaled approximately 48,700 units, 14 percent below the 56,700 homes sold during the previous 12-month period and down 35 percent compared with the number sold during the previous 12 months ending March 2008. The median sales price declined 18 percent to $142,000 compared with $172,900 during the 12-month period ending March 2008.

Rising inventories of unsold condominium units and vacant apartment units led to a sharp decline in multifamily construction activity in the metropolitan area, as measured by the number of units permitted, during the past year. The number of units
permitted decreased from 12,700 units during the 12 months ending February 2008 to 5,225 units during the 12 months ending February 2009, a decline of almost 60 percent. This decline in activity followed a more modest decrease of 1,550 units, or 11 percent, during the 12 months ending February 2008. Almost 90 percent of the multifamily units permitted in the metropolitan area during the past 12 months were in the five core counties. Fulton County, which includes the city of Atlanta, accounted for 1,775 of the units, a 77-percent decrease from the 7,650 units permitted in the county during the preceding 12-month period.

According to Haddow & Company, a local real estate consulting firm, the unsold condominium inventory in Intown Atlanta, defined as the downtown area extending out to Buckhead and east to Decatur, included 6,025 units at the end of 2008, below the 7,250 unsold units at the end of 2007 but well above the average annual 3,825 units recorded for the 2000-through-2006 period. In contrast, only 645 condominium units were sold during 2008, down from 1,700 units sold during 2007 and well below the average annual level of almost 2,700 units sold between 2000 and 2007. During the past year, in response to declining sales and rising inventories of unsold units, condominium developers significantly cut back on new projects. Approximately 1,400 units were under construction at the end of 2008, down from 4,500 units under construction at the end of 2007.

As of the end of the first quarter of 2009, the apartment market in the Atlanta metropolitan area was soft, a result of declining demand from a weakened local economy and significant competition from condominium and single-family homes made available for rent. According to M/PF YieldStar, the Atlanta apartment market vacancy rate increased from 8.1 percent in the first quarter of 2008 to 11.8 percent in the first quarter of 2009. Vacancy rates in the area’s 14 submarkets ranged from a low of 9.7 percent in East Gwinnett County to a high of 14.7 percent in South Atlanta/South Fulton County. Overall occupancy in area apartment properties declined by approximately 8,100 units during the past year while the inventory increased by about 7,500 units. Almost all new apartment units added to the inventory are located in submarkets within the Interstate-285 perimeter that circles Atlanta. The Intown/Midtown submarket recorded the largest increase in supply, with approximately 2,300 new units, and was one of only two submarkets that posted positive net absorption during the past year. In response to rising apartment vacancies, effective rents decreased by almost 3 percent to an average of $818 a month during the first quarter of 2009 compared with rents recorded during the first quarter of 2008.