

COMPREHENSIVE HOUSING MARKET ANALYSIS

Atlanta Metropolitan Area Series Focus On: Fulton and DeKalb Counties, Georgia

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of May 1, 2023



PD&R

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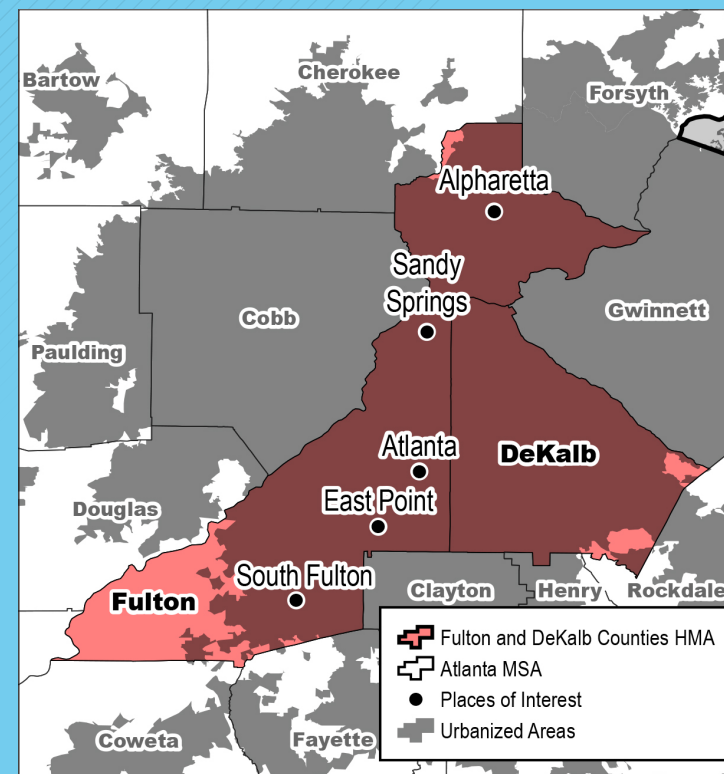
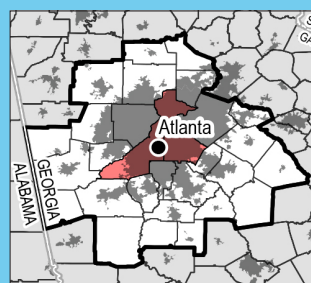
Executive Summary

Housing Market Area Description

The Fulton and DeKalb Counties Housing Market Area (HMA) is part of the 29-county Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area (hereafter, Atlanta MSA).

The current population of the HMA is estimated at 1.85 million.

The HMA is centrally located within the Atlanta MSA, includes the city of Atlanta, and is home to the headquarters of several major corporations, including Delta Air Lines, Inc., United Parcel Service, Inc. (UPS), and The Coca-Cola Company.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



Market Qualifiers

Economy



Strong: Annual average nonfarm payrolls in the Atlanta MSA during the 12 months ending April 2023 are 5.4 percent greater than the prepandemic high during 2019, more than double the 2.1-percent figure for the nation.

During the 12 months ending April 2023, nonfarm payrolls in the MSA rose 4.2 percent, or by 121,700 jobs, to 3.02 million. Each of the 11 sectors added jobs during the most recent 12 months, with the largest and fastest gains in the leisure and hospitality sector, which expanded by 24,900 jobs, or 9.1 percent. The unemployment rate in the MSA was 3.0 percent during the 12 months ending April 2023, down from 3.3 percent a year ago and less than the 3.6-percent rate for the nation. During the next 3 years, job growth in the MSA is expected to moderate but remain strong at an average rate of 2.6 percent annually.

Sales Market



Slightly Tight but Easing: The 1.9-month supply of homes for sale in the Fulton and DeKalb Counties HMA in April 2023 was up from 1.2 months in April 2022 but was the third lowest figure on record for a month of April.

The sales vacancy rate in the HMA is estimated at 1.6 percent as of May 1, 2023, down from 2.1 percent in April 2020 and less than one-half of the 4.6-percent rate in April 2010 when sales market conditions were soft. Rising mortgage interest rates contributed to a significant decline in sales activity during the past year, and home sales price growth slowed notably. During the 12 months ending April 2023, home sales totaled only 34,800, down 34 percent from a year ago (CoreLogic, Inc., with adjustments by the analyst). The average home sales price rose 7 percent to \$474,700 during the 12 months ending April 2023, following a 15-percent increase during the 12 months ending April 2022. During the 3-year forecast period, demand is estimated for 13,650 new homes in the HMA, accounting for 19 percent of total sales demand in the MSA. The 2,000 homes currently under construction in the HMA will satisfy some of the sales demand during the next year.

Rental Market



Slightly Soft: Low levels of rental unit construction contributed to declining vacancy rates during the early stages of the pandemic. However, a large wave of new apartment development resulted in a sharp vacancy rate increase during the past year.

The overall rental vacancy rate in the HMA is currently estimated at 9.8 percent, down from 13.4 percent in April 2010 but up from the 9.0-percent rate in April 2020. The apartment market is also slightly soft, with a vacancy rate of 9.6 percent as of the first quarter of 2023, up from 7.0 percent a year ago (CoStar Group). Apartment rent growth moderated significantly during the past year when vacancy rates rose. The average rent in the HMA increased only 1 percent to \$1,698 as of the first quarter of 2023, following a 14-percent increase a year ago. During the next 3 years, demand is expected for 22,800 new rental units, representing 54 percent of the total rental demand in the MSA. The 16,850 rental units currently under construction in the HMA and an additional 5,275 units in planning will satisfy most of the rental demand during the forecast period.

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3-Year Housing Demand Forecast

	Sales Units		Rental Units	
	MSA* Total	Fulton and DeKalb Counties HMA	MSA* Total	Fulton and DeKalb Counties HMA
Total Demand	72,200	13,650	41,950	22,800
Under Construction	11,000	2,000	26,200	16,850

*Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area.

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of May 1, 2023. The forecast period is May 1, 2023, to May 1, 2026.

Source: Estimates by the analyst



Economic Conditions

Largest Sector: Professional and Business Services

Job totals currently exceed prepandemic highs in 10 of 11 nonfarm payroll sectors in the Atlanta MSA.

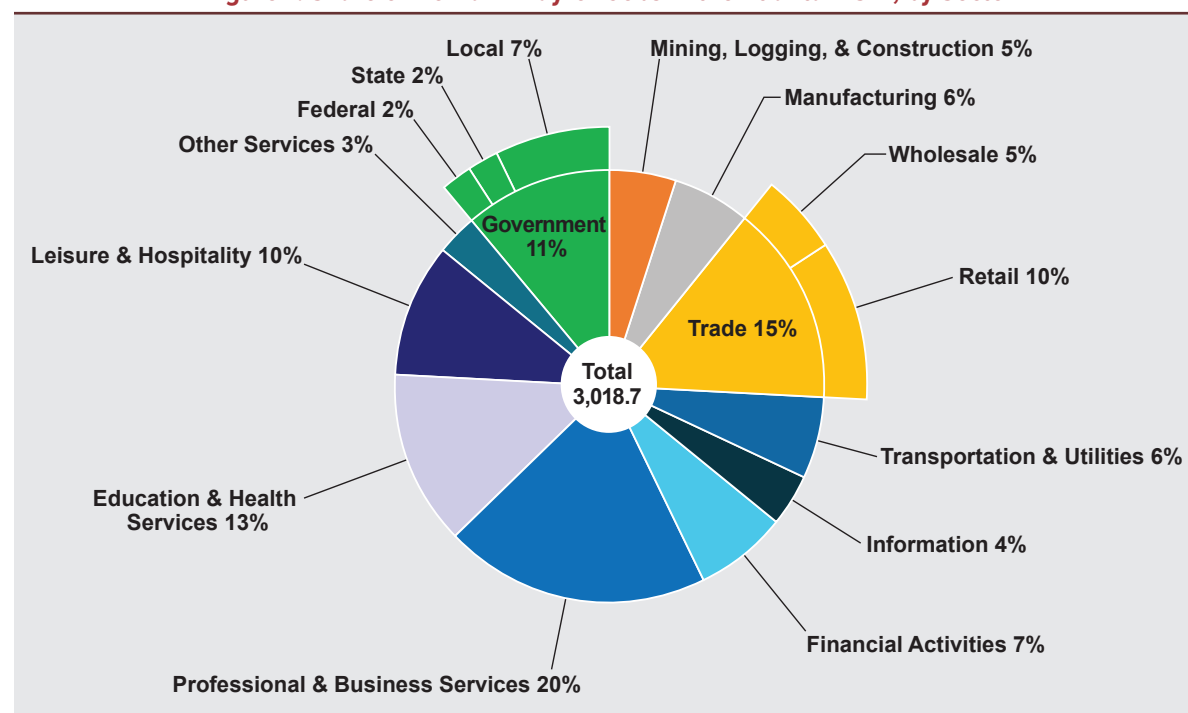
Primary Local Economic Factors

The MSA is an international hub for logistics, education, healthcare, and trade. The MSA benefits significantly from the presence of Hartsfield-Jackson Atlanta International Airport (Hartsfield-Jackson), the busiest airport in the world during all but 1 year since 2000 (Airports Council International). Before the pandemic, Hartsfield-Jackson contributed approximately \$34.8 billion to the MSA economy each year (Hartsfield-Jackson). The MSA is also an attractive location for corporations, partly due to a highly educated workforce, including graduates from the Georgia Institute of Technology, Emory University, and Georgia State University. As of 2021, approximately 39 percent of all MSA residents aged 18 and older had at least a bachelor's degree, notably higher than the 32-percent share for the nation (2021 American Community Survey [ACS] 1-year data). The headquarters of 31 Fortune 1,000 companies are in the MSA, which contributes to a relatively high concentration of jobs in the professional and business services sector. The sector includes the

temporary help services, technical services, administrative support, and waste management industries and is the largest in the MSA, accounting for 20 percent of total nonfarm payrolls during the past 12 months (Figure 1).

Many of the largest companies in the MSA are in the Fulton and DeKalb Counties HMA, which encompasses multiple major business districts in and around the city of Atlanta and several suburbs, including Sandy Springs and Alpharetta. Rising business costs, particularly associated with real estate, have resulted in some employers relocating to outlying counties during the past 2 decades. However, the HMA remains the primary economic center of the MSA. The HMA accounted for an estimated 45 percent of covered employment in the MSA during 2022, down from 46 percent in 2010 and 49 percent in 2001 (U.S. Bureau of Labor Statistics).

Figure 1. Share of Nonfarm Payroll Jobs in the Atlanta MSA*, by Sector



*Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area.

Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through April 2023.

Source: U.S. Bureau of Labor Statistics

Current Conditions—Nonfarm Payrolls

Economic conditions in the MSA are currently strong following a robust recovery from the COVID-19 pandemic. Job gains slowed during the past 12 months, but the rate of job growth remained well above the rate for the nation. Nonfarm payrolls rose by 121,700 jobs, or 4.2 percent, during the 12 months ending April 2023, down from a gain of 180,500 jobs, or 6.6 percent, during the 12 months ending April 2022 but faster than the 3.6-percent job growth nationally. The average of 3.02 million jobs in the MSA during the past 12 months is 5.4 percent greater than the prepandemic high of 2.86 million during 2019. By comparison, nationally, nonfarm payrolls are currently 2.1 percent greater than the prepandemic high.

Each of the 11 nonfarm payroll sectors in the MSA added jobs during the 12 months ending April 2023, with both the largest and fastest gains in the leisure and hospitality sector (Table 1). The number of jobs in the sector rose by 24,900,

**Table 1. 12-Month Average Nonfarm Payroll Jobs (1,000s)
in the Atlanta MSA*, by Sector**

	12 Months Ending April 2022	12 Months Ending April 2023	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	2,897.0	3,018.7	121.7	4.2
Goods-Producing Sectors	306.3	318.5	12.2	4.0
Mining, Logging, & Construction	135.0	141.4	6.4	4.7
Manufacturing	171.3	177.2	5.9	3.4
Service-Providing Sectors	2,590.6	2,700.1	109.5	4.2
Wholesale & Retail Trade	448.8	462.1	13.3	3.0
Transportation & Utilities	188.7	193.6	4.9	2.6
Information	112.8	114.6	1.8	1.6
Financial Activities	189.4	201.1	11.7	6.2
Professional & Business Services	571.2	589.7	18.5	3.2
Education & Health Services	374.5	396.1	21.6	5.8
Leisure & Hospitality	274.7	299.6	24.9	9.1
Other Services	99.9	104.9	5.0	5.0
Government	330.7	338.5	7.8	2.4

*Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area.

Notes: Based on 12-month averages through April 2022 and April 2023. Numbers may not add to totals due to rounding. Data are in thousands.

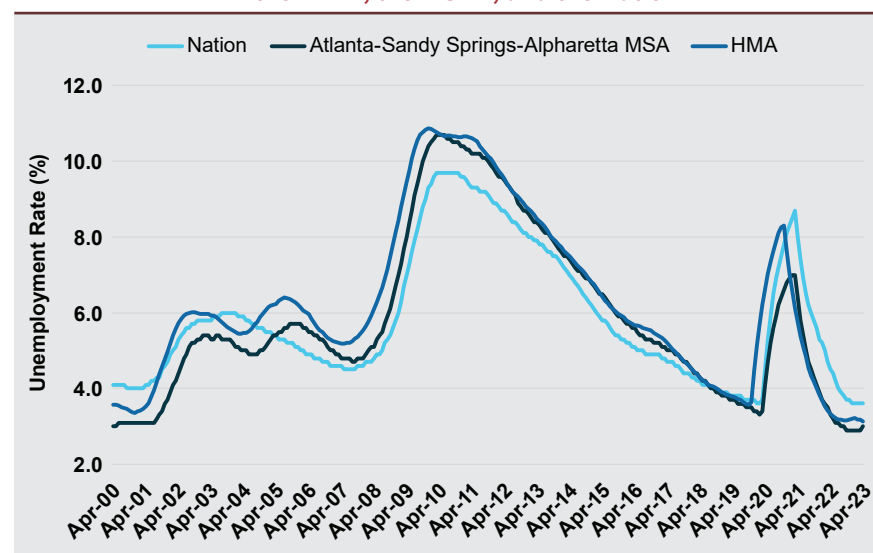
Source: U.S. Bureau of Labor Statistics

or 9.1 percent, during the past 12 months, following a gain of 36,300 jobs, or 15.2 percent, during the 12 months ending April 2022. The sector has benefited significantly from recent increases in passenger volume at Hartsfield-Jackson, which rose 11 percent to 97.35 million during the 12 months ending April 2023 after more than doubling to 87.49 million during the previous 12-month period (Hartsfield-Jackson). The leisure and hospitality sector is the only sector in the MSA that remains below the prepandemic high, although a full recovery appears imminent. The average of 299,600 jobs in the sector during the past 12 months was only 1.7 percent below the average of 304,700 jobs during 2019.

Current Conditions—Unemployment Rate

Following sharp increases during the early stages of the pandemic, the unemployment rates for both the MSA and the HMA declined significantly during the past 2 years and are currently below the rate for the nation (Figure 2).

**Figure 2. 12-Month Average Unemployment Rates
in the HMA*, the MSA**, and the Nation**



*Fulton and DeKalb Counties Housing Market Area. **Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area. Note: Based on the 12-month moving average.

Source: U.S. Bureau of Labor Statistics

During the 12 months ending April 2023, the respective unemployment rates for the MSA and the HMA were 3.0 and 3.1 percent, both down from 3.3 percent during the 12 months ending April 2022. By comparison, the

unemployment rate for the nation was 3.6 percent during the current 12 months, down from 4.5 percent a year ago.

Economic Periods of Significance

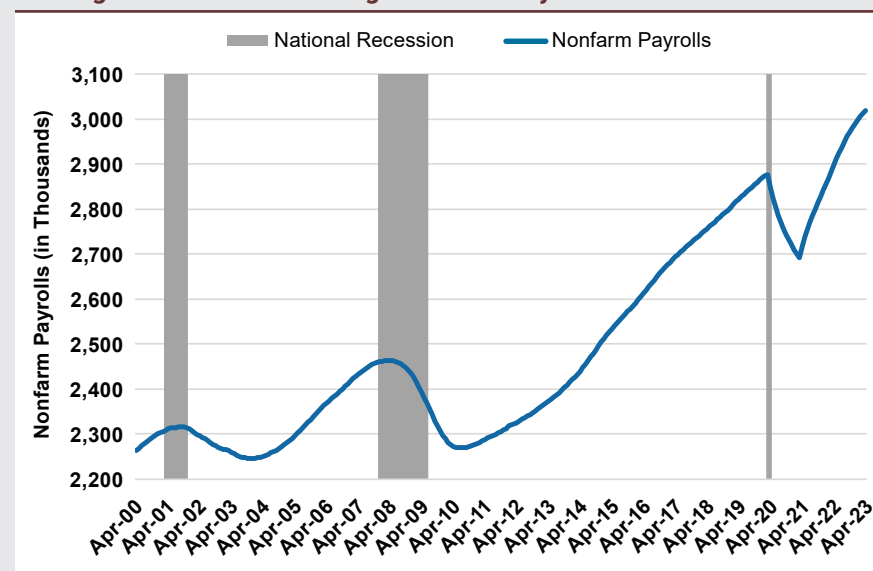
2008 Through 2010: Impact of the Great Recession

Following a period of strong job growth in the mid-2000s, the nationwide economic downturn in the late 2000s—with nonfarm payrolls declining by an average of 61,200 jobs, or 2.6 percent, a year from 2008 through 2010—severely affected the MSA compared to the nation where nonfarm payrolls declined an average of only 1.9 percent a year during the period. Both the largest and fastest job losses in the MSA were in the mining, logging, and construction sector, which contracted by an average of 16,000 jobs, or 12.9 percent, annually. The sector accounted for more than one-fourth of all jobs lost in the MSA during the period, partly because residential construction declined significantly, with permitting falling an average of 42 percent annually. Jobs losses were also significant in the wholesale and retail trade sector, which decreased by an average of 15,300 jobs, or 3.6 percent, a year. The retail trade subsector declined by an average of 9,900 jobs, or 3.7 percent, annually during the period, accounting for nearly two-thirds of the jobs lost in the sector. The HMA accounted for 39 percent of the total covered employment decrease in the MSA from 2008 through 2010. Covered employment in the HMA declined by an average of 26,450 jobs, or 2.6 percent, annually during the period, equal to the rate for the MSA as a whole. The fastest job losses in the HMA during the period occurred in the construction subsector, which fell by an average of 3,725 jobs, or 11.9 percent, a year.

2011 Through 2019: Recovery and Expansion

The MSA recovered quickly from the economic downturn and added jobs at a rapid rate for the remainder of the 2010s (Figure 3). From 2011 through 2019, the MSA added an average of 65,300 jobs, or 2.6 percent, annually,

Figure 3. 12-Month Average Nonfarm Payrolls in the Atlanta MSA*



*Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area.

Note: 12-month moving average.

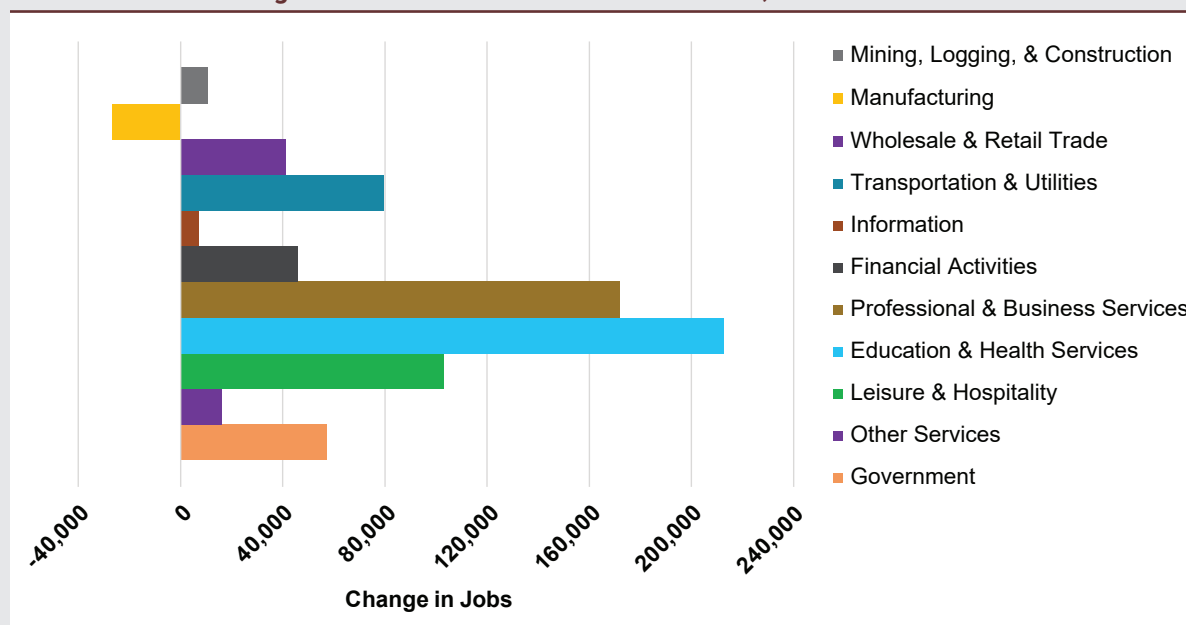
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

surpassing the prerecessionary high in 2014. The rate of job growth in the MSA was well above the rate for the nation, which averaged 1.6 percent annually during the period. Every sector in the MSA added jobs during the period, led by the professional and business services sector, which expanded by an average of 16,300 jobs, or 3.5 percent, a year. Gains in the sector were partly due to several corporate relocations and expansions, including 1,000 jobs added by AirWatch, a mobile technology and security provider that expanded its headquarters in the city of Sandy Springs in 2013, and 1,000

jobs by the General Motors information technology innovation center, which opened in the city of Alpharetta in 2014. Significant job growth also occurred from 2011 through 2019 in the education and health services sector, which has added more jobs than any other sector in the MSA since 2001 (Figure 4). From 2011 through 2019, the education and health services sector expanded by an average of 11,700 jobs, or 3.8 percent, partly due to the completion of several large medical facilities, including Wellstar Paulding Hospital that opened in 2014 and a 210-bed medical tower at Emory University's Clifton Campus that opened in early 2017.

From 2011 through 2019, covered employment in the HMA increased an average of 2.4 percent annually, accounting for 41 percent of all covered employment growth in the MSA. Consistent with the MSA as a whole, the professional and business services sector added the most jobs in the HMA, increasing by an average of 9,425 jobs a year. However, the average rate of growth in the sector, 4.2 percent a year, was higher than for the MSA. Due in part to the relocation of several financial firms, including Cadence Bank in 2018 and Ameris Bank in 2019, the HMA also added jobs in the financial services sector at a relatively fast rate during the 2010s. The sector rose by an average of 2,650 jobs, or 3.0 percent, annually in the HMA from 2011 through 2019 compared with an average annual growth of only 2.5 percent a year for the MSA.

Figure 4. Sector Growth in the Atlanta MSA*, 2001 to Current



*Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area.

Note: The current date is May 1, 2023.

Source: U.S. Bureau of Labor Statistics

2020 Through 2022: COVID-19 and Recovery

Nonfarm payrolls fell in the MSA during the early stages of the COVID-19 pandemic, although the decline was at a lower rate than for the nation, and the subsequent recovery was notably strong. Nonfarm payrolls in the MSA decreased by 144,800 jobs, or 5.1 percent, during 2020 compared with a 5.8-percent decline nationally. Measures implemented to limit the effect of the pandemic contributed to job losses in 9 of 11 nonfarm payroll sectors in the MSA, with the largest and fastest decline in the leisure and hospitality sector, which fell by 61,000 jobs, or 20.0 percent. Job losses in the sector were largely due to significant limitations on travel and in-person contact during the year, which resulted in a 61-percent decline in passenger volume at Hartsfield-Jackson.

The subsequent easing of restrictions on travel and in-person contact contributed to strong job growth in the MSA during 2021 and 2022. Nonfarm payrolls in the MSA rose by an average of 134,000 jobs, or

4.8 percent, a year during the period, with the average of 2.99 million jobs during 2022 representing a 4.3-percent increase from the prepandemic high of 2.86 million during 2019. By comparison, nationally, the number of jobs rose by an average of 3.6 percent a year during 2021 and 2022, and the average of 152.58 million jobs during 2022 was only 1.1 percent greater than the prepandemic peak of 150.90 million during 2019. The fastest gains in the MSA during 2021 and 2022 were in the leisure and hospitality sector, which added an average of 23,400 jobs, or 9.2 percent, a year. Large numbers of restaurants and bars reopened during the period, and an average annual increase of 48 percent in passenger volume at Hartsfield-Jackson also contributed to gains in the sector. All but three sectors in the MSA exceeded prepandemic highs during 2022, with the largest gain in the professional and business services sector. The number of jobs in the sector averaged 589,100 during 2022, an increase of 40,900 jobs from the previous peak of 548,200 during 2019. The resumption of in-person work contributed to significant gains in the sector during 2021 and 2022. The sector also benefited from

several corporate relocations into the MSA, including Norfolk Southern Corporation, which created 3,000 jobs when it opened a new headquarters in the city of Atlanta in late 2021.

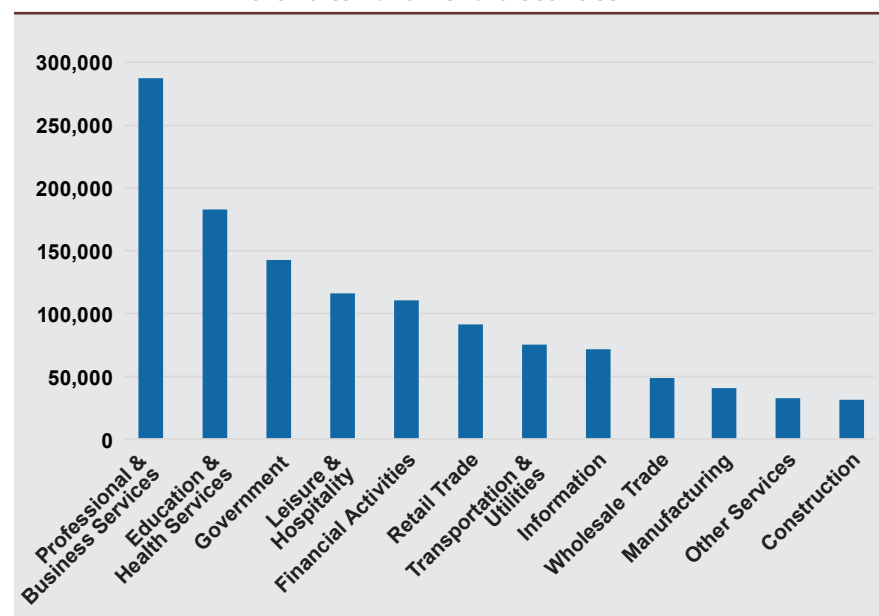
During the early stages of the pandemic, a relatively high concentration of office space, restaurants, and bars resulted in notably sharp job losses in the HMA. Covered employment in the HMA fell 6.2 percent during 2020 compared with a 5.3-percent decline for the MSA. However, when COVID-related restrictions were eased during 2021 and 2022, covered employment rose an average of 4.5 percent a year in the HMA, faster than the 4.3-percent average for the MSA. The HMA had largely recovered from the pandemic by the end of 2022, although factors such as remote work, online shopping, and food delivery, which became more prevalent during the pandemic, limited the subsequent economic expansion relative to the rest of the MSA. During 2022, covered employment in the HMA was only 2.4 percent greater than the prepandemic high compared with a 3.0-percent increase for the MSA as a whole.



Major Industries and Employers in the HMA

Of the 31 Fortune 1,000 companies headquartered in the MSA, 26 are in the HMA—including Delta Air Lines, UPS, and The Coca-Cola Company—which contribute to a relatively high concentration of jobs in the professional and business services sector (Figure 5). The sector accounted for an estimated 23 percent of all jobs in the HMA during 2022 compared with the 19-percent share for the MSA. The education and health services sector accounted for 15 percent of all jobs in the HMA, more than the 13-percent share for the MSA, partly due to the presence of several large medical employers, including Emory University & Healthcare, Northside Hospital, and Piedmont Healthcare (Table 2).

Figure 5. Total Jobs in Selected Sectors and Industries in the Fulton and DeKalb Counties HMA



Note: Annual average data for 2022.

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Table 2. Major Employers in the Fulton and DeKalb Counties HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Delta Air Lines, Inc.	Transportation & Utilities	34,500
Emory University & Healthcare	Education & Health Services	32,100
Northside Hospital	Education & Health Services	16,000
Piedmont Healthcare	Education & Health Services	15,900
United Parcel Service, Inc.	Transportation & Utilities	14,500
Children's Healthcare of Atlanta	Education & Health Services	9,000
Cox Enterprises	Information	8,900
Centers for Disease Control and Prevention (CDC)	Government	8,400
The Coca-Cola Company	Manufacturing	8,000
Grady Health System	Education & Health Services	7,600

Note: Excludes local school districts.

Source: Metro Atlanta Chamber of Commerce, with estimates by the analyst

Commuting Patterns

Due in part to the presence of several major employers, the HMA accounts for a notably larger share of the total jobs in the MSA, 45 percent, than of employed residents, 31 percent (Table 3). The HMA receives significant net in-flows of commutation from elsewhere in the MSA. Approximately 25 percent of the employed residents of the remaining 27 counties within the MSA commute to primary jobs within the HMA, and only 12 percent of the employed residents of the HMA commute to primary jobs elsewhere in the

Table 3. HMA* Share of MSA Totals for Employed Residents and Jobs**

	2001 (%)	2010 (%)	2022 (%)
Employed Residents	34	31	31
Jobs	49	46	45

*Fulton and DeKalb Counties Housing Market Area.

**Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area.

Note: Data are annual averages.

Source: U.S. Bureau of Labor Statistics, with estimates by the analyst

MSA (Table 4). The HMA also receives in-flows of commuters from elsewhere in Georgia and the nation. People who commute from outside of the MSA hold approximately 1 percent of all jobs in the HMA.

Forecast

During the 3-year forecast period, nonfarm payroll growth in the MSA is expected to moderate but remain relatively strong at an average of 2.6 percent annually. Corporate expansions and relocations are expected to contribute to notable growth in the professional and business services sector during the forecast period, including by Transportation Insight, a transportation logistics company that plans to relocate approximately 1,200 jobs from North Carolina to a new headquarters in the MSA by the end of 2023. Strong growth is likely to

Table 4. Jobs by Place of Worker Residence in the Atlanta MSA*

Worker Residence (%)	Location of Primary Job			
		Fulton and DeKalb Counties HMA	Remainder of MSA*	Remainder of Georgia
				Remainder of Nation
	Fulton and DeKalb Counties HMA	82	12	5
	Remainder of MSA*	25	54	20
Remainder of Georgia		1	3	91
Remainder of Nation		<1	<1	<1
				99

*Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area.
Note: Rows may not add to 100 percent due to rounding.
Source: 2016 U.S. Census Journey to Work

continue in the education and health services sector, partly due to approximately 1,000 new jobs associated with Children’s Healthcare of Atlanta’s new \$1.5 billion Brookhaven facility that is expected to be complete in late 2024. Several ongoing construction projects will also benefit the MSA economy throughout the forecast period. A \$1.4 billion expansion of Hartsfield-Jackson’s Concourse D, which began in early 2023, is expected to be complete in 2029. Likewise, the \$5.0 billion Centennial Yards mixed-use development, which broke ground in late 2022, is expected to add a combined 8.0 million square feet of residential and commercial space across 50 acres in downtown Atlanta during the next decade.



Population and Households

Current Population—Atlanta MSA: 6.29 Million

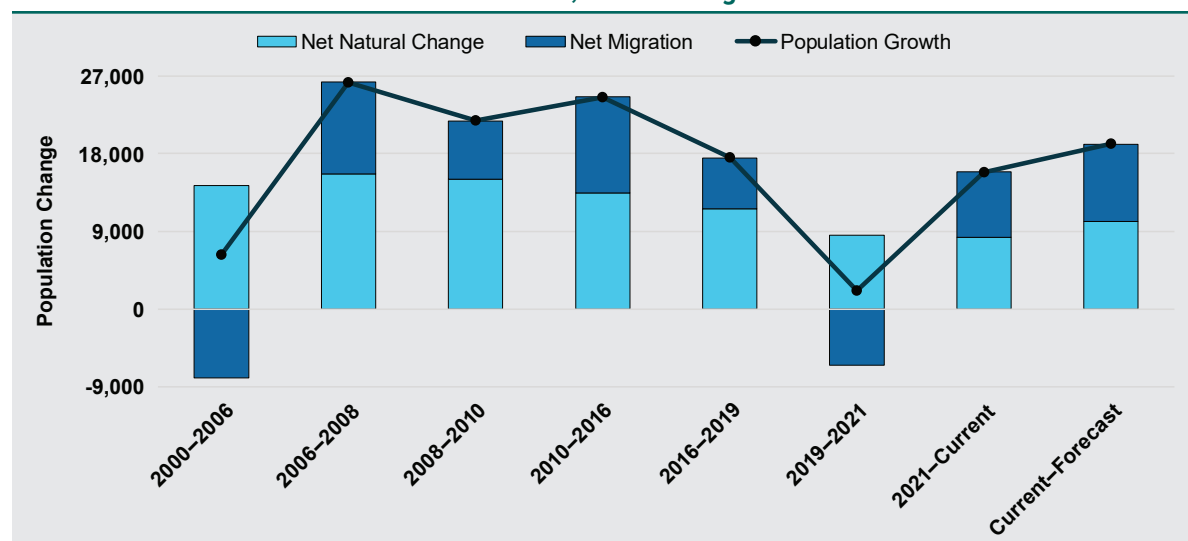
Current Population—Fulton and DeKalb Counties HMA: 1.85 Million

The HMA currently accounts for approximately 29 percent of the total population of the MSA, down from 31 percent in 2010.

Population Trends

Population growth in the HMA generally mirrored the rate for the MSA during recovery from the Great Recession. However, rising housing costs contributed to slowed net in-migration from 2016 to 2019. Population growth subsequently all but halted in the HMA during the early stages of the pandemic but has since accelerated. The HMA population rose by an average of 24,550, or 1.5 percent, from 2010 to 2016, equal to the percentage growth rate for the MSA (U.S. Census Bureau population estimates as of July 1), and net in-migration averaged 11,150 people a year, accounting for 45 percent of total population growth (Figure 6). Net natural increase averaged 13,400 annually during the period. Despite strong economic conditions, population growth decelerated to an average of 17,500 people a year, or 1.0 percent, from 2016 to 2019, when net in-migration slowed to an average of 5,850 a year, or 33 percent of total population growth. Domestic out-migration, particularly associated

Figure 6. Components of Population Change in the Fulton and DeKalb Counties HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (May 1, 2023) to May 1, 2026.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

with families who relocated to other counties within Georgia, accounted for much of the decline in net in-migration during the period. Net natural increase averaged 11,650 a year from 2016 to 2019.

Population growth declined further in the HMA during the early stages of the pandemic because the trend of out-migration to outlying counties accelerated significantly. From 2019 to 2021, population growth averaged only 2,075 people, or 0.1 percent, a year, and net out-migration averaged 6,450 people a year, with large numbers of residents choosing to relocate to less densely populated areas elsewhere in the MSA. Net natural increase accounted for all of the population growth in the HMA from 2019 to 2021 but averaged only 8,525 people a year, largely due to deaths associated with COVID-19. By comparison, population growth in the MSA averaged 55,000 people, or 0.9 percent, a year from 2019 to 2021, including average net in-migration of 31,850 people and average net natural increase of 23,150 people annually.

Subsequent easing of COVID-19-related restrictions and strengthening economic conditions have resulted in accelerating population growth in the HMA since 2021. The population has risen by an average of 15,850, or 0.9 percent, a year since 2021, including average net in-migration of 7,600 people and an average net natural increase of 8,250 people annually. However, population growth remained faster for the MSA as a whole. The population of the MSA has grown by an average of 78,900, or 1.3 percent, annually since 2021,

with net in-migration and net natural increase averaging 20,400 and 58,500 people a year, respectively.

Migration Trends

Relatively high housing prices have contributed to significant net out-flows from the HMA to other areas within Georgia during much of the period since the mid-2010s. Residents who relocated from the HMA to other areas within the state (including elsewhere in the MSA) accounted for approximately 56 percent of the domestic out-migration from 2016 to 2020, whereas those moving from elsewhere within the state to the HMA accounted for only 49 percent of the domestic in-migration, resulting in a net out-flow of residents to areas in Georgia outside the HMA (Table 5). Conversely, net in-flows of residents came from many areas outside Georgia, including the Los Angeles and New York metropolitan areas, where home prices are currently 121 and 49 percent higher than in the HMA, respectively. In total, people relocating to the HMA from outside Georgia but within the United States accounted for approximately 51 percent of all domestic in-migration from 2016 to 2020 but only 44 percent of all domestic out-migration. Data regarding out-migration from the HMA to areas outside the United States are not available. However, international in-migration, particularly from Asia, Africa, and Europe, appears to have contributed significantly to population growth in the HMA before the pandemic. People relocating from outside the United States accounted for approximately 12 percent of all in-migration to the HMA from 2016 to 2020.

Population by Geography

The HMA encompasses two of the five most populous counties in the state of Georgia. As of 2022, Fulton and DeKalb Counties were ranked first and fourth, with populations of 1.07 million and 762,820, respectively (Census Bureau population estimates as of July 1). The average annual population growth rates for Fulton and DeKalb Counties, 1.3 and 0.8 percent, respectively, were relatively modest from 2010 to 2022. However, the two counties added approximately 149,000 and 70,300 residents, respectively, during the period, the second and fifth highest totals in the state. Within the HMA, recent population growth has generally been fastest near significant commuting arteries, including Interstates 20, 75, and 85 (Map 1). Population growth has

Table 5. Migration Flows in the Fulton and DeKalb Counties HMA: 2016–20

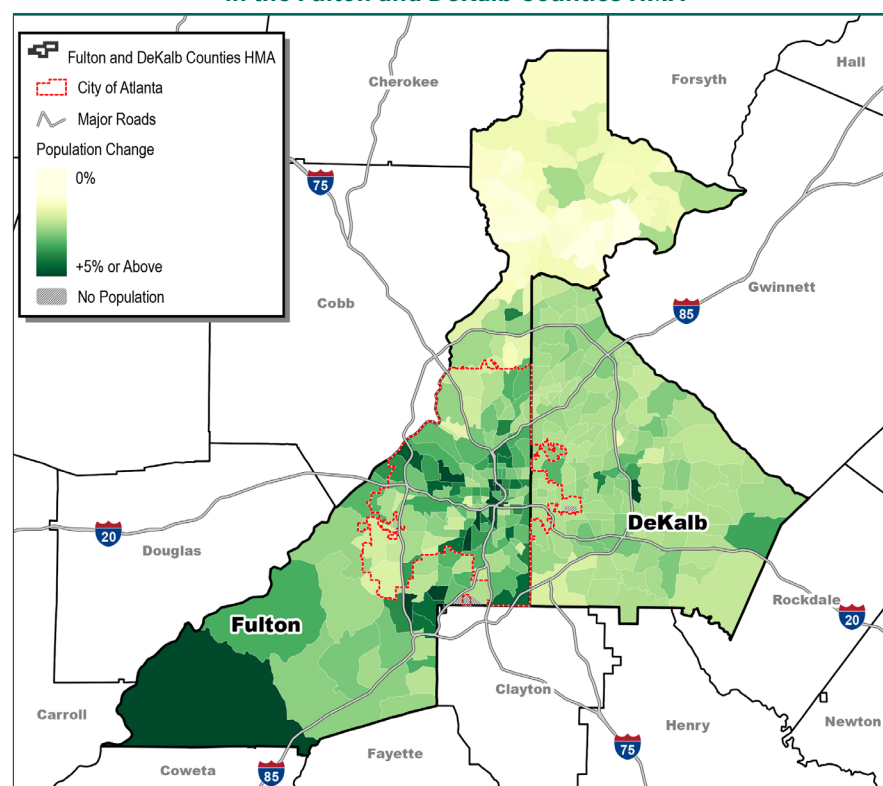
Into the HMA	
Remainder of Atlanta MSA*	45,157
Remainder of Georgia	13,044
Remainder of U.S.	60,783
Outside U.S.	16,489
Out of the HMA	
Remainder of Atlanta MSA*	57,668
Remainder of Georgia	14,960
Remainder of U.S.	57,595
Outside U.S.	NA

*Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area.

NA = data not available.

Source: U.S. Census Bureau Migration Flows, 2016–2020 American Community Survey 5-year data

Map 1. Average Annual Population Change by Census Tract in the Fulton and DeKalb Counties HMA



Source: Atlanta Regional Commission, 2015–2020

been particularly strong in areas south and west of downtown Atlanta, where housing costs are relatively affordable.

Household Growth Trends

Consistent with population growth trends, the rate of household growth has been slower in the HMA than in the MSA since 2000. From 2000 to 2010, the number of households in the HMA expanded from 570,581 to 648,186, an average annual increase of 1.3 percent compared with the 2.2-percent growth rate for the MSA. As of May 1, 2023, the number of households in the HMA is estimated at 760,000, an average annual increase of 1.2 percent since 2010 (Table 6). The number of households in the MSA is estimated at 2.33 million as of May 1, 2023, an average increase of 1.4 percent a year since 2010.

Household Size Trends

The average household size in the HMA is currently estimated at 2.38, largely unchanged since 2020 but down from 2.42 in 2010. The current figure for the HMA is well below the average household size for the MSA as a whole, which is currently estimated at 2.66, unchanged since 2020 but down from 2.68 in 2010. The smaller average household size in the HMA is largely due to a high concentration of one- and two-person households, particularly associated with young professionals. As of 2021, 69 percent of households in the HMA included two or fewer people compared with only 59 percent for the MSA (2021 ACS 1-year data; Table 7). Residents

Table 6. Population and Household Quick Facts

Population Quick Facts	MSA*			Fulton and DeKalb Counties HMA		
	2010	Current	Forecast	2010	Current	Forecast
Population	5,286,728	6,287,817	6,529,917	1,612,474	1,851,000	1,908,000
Average Annual Change	102,329	76,516	80,700	13,050	18,200	19,100
Percentage Change	2.2	1.3	1.3	0.8	1.1	1.0

Household Quick Facts	MSA*			Fulton and DeKalb Counties HMA		
	2010	Current	Forecast	2010	Current	Forecast
Households	1,943,885	2,333,600	2,428,000	648,186	760,000	786,400
Average Annual Change	38,417	29,787	31,571	7,750	8,550	8,800
Percentage Change	2.2	1.4	1.3	1.3	1.2	1.1

*Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area.

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is the current date (May 1, 2023) to May 1, 2026.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Table 7. Selected Population and Household Demographics

	HMA*	MSA**	Nation
Population Aged 19 and Older	24%	26%	19%
Population Aged 20 to 34	24%	21%	20%
Population Aged 35 to 44	14%	14%	13%
Population Aged 45 and Older	38%	39%	48%
Population With At Least a Bachelor's Degree (18+)	50%	39%	32%
Households With 2 or Fewer People	69%	59%	63%
Households With 3 or More People	31%	41%	37%
Average Household Income	\$117,049	\$106,101	\$97,962

*Fulton and DeKalb Counties Housing Market Area. **Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area.

Source: 2021 American Community Survey 1-year data

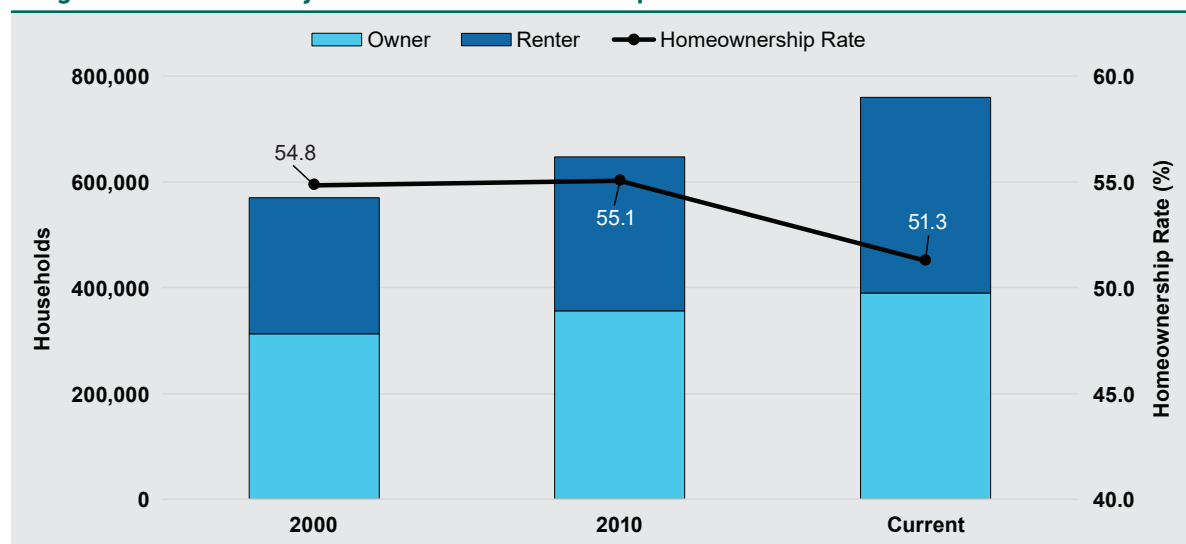
aged 20 to 34, including most recent college graduates and early-career professionals, accounted for 24 percent of the population of the HMA in 2021 (2021 ACS 1-year data). By comparison, the age cohort accounted for 21 percent of the total population of the MSA.

Households by Tenure

Despite relatively high household incomes, the homeownership rate in the HMA is notably lower than the MSA as a whole, largely due to significantly higher home prices. The average household income in the

HMA was \$117,049 in 2021, 10 percent higher than the average of \$106,101 in the MSA (2021 ACS 1-year data). By comparison, the average home sales price of \$421,700 in the HMA during 2021 was 19 percent higher than the average of \$354,400 for the MSA (CoreLogic, Inc., with adjustments by the analyst). Weak economic conditions contributed to a sharp decline in homeownership in both the HMA and MSA during the early and mid-2010s. Homeownership subsequently trended upward beginning in the latter part of the decade, however, partly due to low mortgage interest rates. As of May 1, 2023, the homeownership rate in the HMA is estimated at 51.3 percent, down from 55.1 percent in April 2010 but up slightly from 51.1 percent in April 2020 (Census Bureau decennial census counts; Figure 7). The homeownership rate in the MSA is currently estimated at 63.3 percent, down from 66.1 percent in April 2010 but up from 62.8 percent in April 2020. The homeownership rate for the nation was 66.0 percent as of the first quarter of 2023, up from 65.3 percent during the first quarter of 2020 but still below 67.1 percent during the first quarter of 2010 (Census Bureau Current Population Survey).

Figure 7. Households by Tenure and Homeownership Rate in the Fulton and DeKalb Counties HMA



Note: The current date is May 1, 2023.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Forecast

During the 3-year forecast period, the rate of population growth in the HMA is expected to accelerate slightly compared with recent years but remain below the rate for the MSA. Job growth in the MSA is expected to attract net in-migration to the HMA, particularly from areas outside Georgia. The population of the HMA is expected to increase an average of 1.0 percent annually during the next 3 years compared with average annual growth of 1.3 percent for the MSA. The number of households in the HMA is expected to increase an average of 1.1 percent annually, less than the 1.3-percent rate for the MSA. The homeownership rate in the HMA is expected to remain relatively stable during the forecast period, as economic conditions continue to strengthen but mortgage interest rates trend upward.

Home Sales Market

Market Conditions: Slightly Tight but Easing

The inventory of homes for sale in the Fulton and DeKalb Counties HMA rose during the past year but remains notably low relative to historical levels.

Current Conditions

After tightening significantly during the early stages of the pandemic, sales market conditions in the HMA eased during the past year when rising mortgage interest rates put downward pressure on sales demand, and for-sale inventory increased. During April 2023, 1.9 months of for-sale inventory were available in the HMA, up from 1.2 months a year ago and slightly higher than the 1.7-month supply for the Atlanta MSA (CoreLogic, Inc.). However, the current level of supply in the HMA is the third lowest figure for an April on record. The sales vacancy rate in the HMA is currently estimated at 1.6 percent (Table 8), down from 2.1 percent in April 2020 and less than one-half the 4.6-percent rate in April 2010.

Table 8. Home Sales Quick Facts in the HMA*, MSA, and the Nation**

	HMA*	MSA**	Nation
Vacancy Rate	1.6%	1.5%	NA
Months of Inventory	1.9	1.7	2.4
Total Home Sales	34,800	128,900	5,761,000
1-Year Change	-34%	-31%	-26%
New Home Sales Price	\$554,900	\$498,900	\$505,400
1-Year Change	17%	19%	11%
Existing Home Sales Price	\$465,700	\$388,600	\$424,600
1-Year Change	6%	6%	4%
Mortgage Delinquency Rate	1.2%	1.1%	1.1%

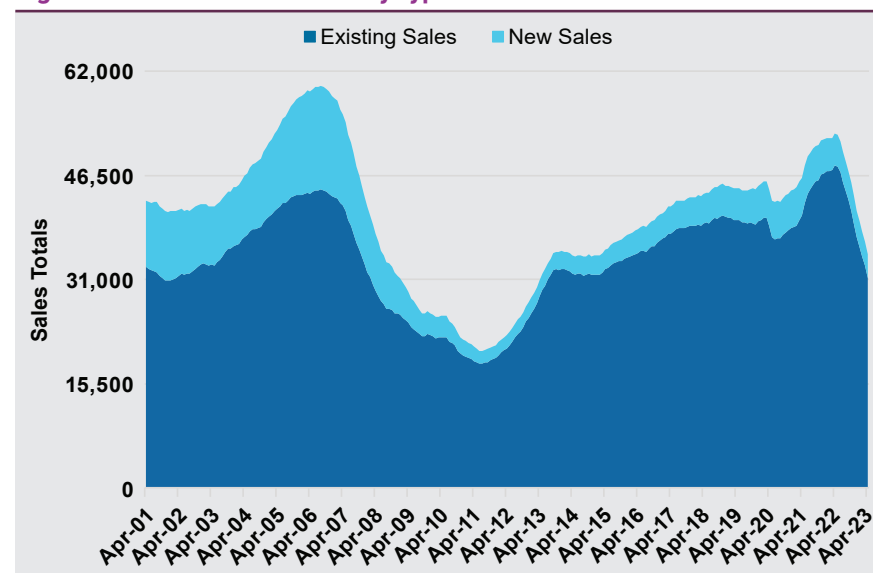
NA = data not available.

*Fulton and DeKalb Counties Housing Market Area. **Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area. Notes: The vacancy rate is as of the current date, home sales and prices are for the 12 months ending April 2023, and months of inventory and mortgage delinquency data are as of April 2023. The current date is May 1, 2023. Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices for HMA and MSA—CoreLogic, Inc., with adjustments by the analyst; national home sales and prices—Zonda

Home Sales Trends

The number of homes sold in the HMA fell significantly during the housing crisis in the late 2000s before trending upward during much of the mid- and late 2010s when economic conditions improved then strengthened. An average of 25,250 homes were sold annually in the HMA from 2008 through 2011, a figure that subsequently rose during 7 of the next 8 years to 44,950 during 2019 (CoreLogic, Inc., with adjustments by the analyst). The number of home sales declined modestly to 44,300 during 2020 when mortgage interest rates fell to historical lows, but economic conditions weakened (Figure 8). The number of home sales rose 17 percent to 51,950 during 2021 when interest rates remained low, economic conditions improved, and many COVID-19-related constraints on for-sale inventory—including supply chain issues and in-person contact restrictions—began to abate. Home sales activity continued to increase into early 2022. However, rising interest rates contributed to a sharp decline during the past 12 months. A total 34,800 homes sold in the HMA during the 12 months ending April 2023, down 34 percent from 52,800 during the previous 12 months.

Figure 8. 12-Month Sales Totals by Type in the Fulton and DeKalb Counties HMA



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



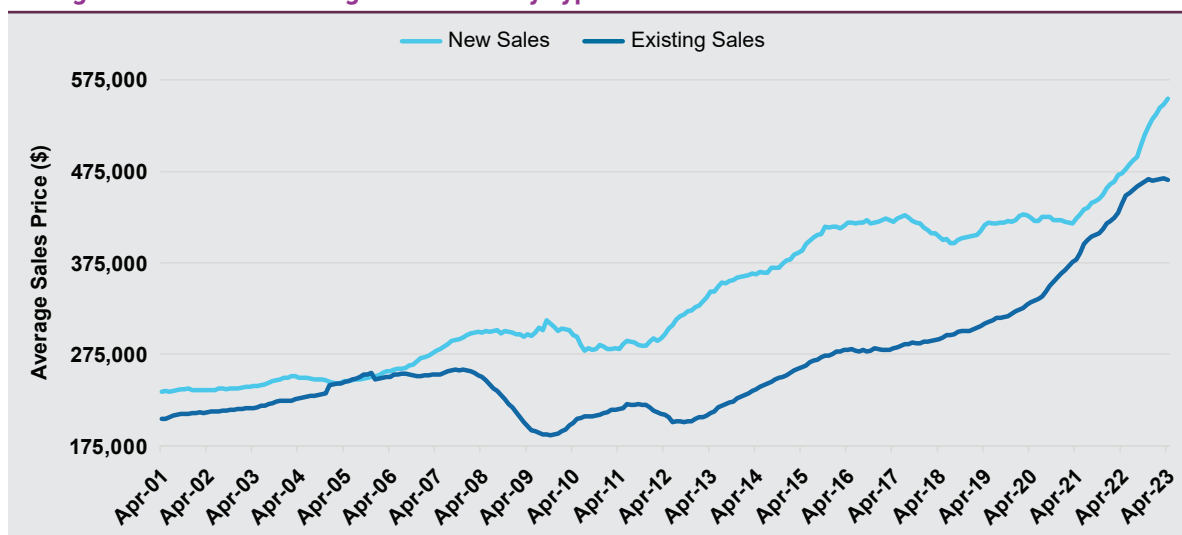
Home Sales Price Trends

Rapidly falling numbers of distressed sales resulted in rising home sales prices in the HMA in the early and mid-2010s, and strong economic conditions contributed to continued home sales price gains in the late 2010s (Figure 9). Home sales price growth accelerated during the early stages of the pandemic when for-sale inventory levels fell significantly. The average home sales price in the HMA reached a low of \$202,600 during 2009 but subsequently increased during 9 of the next 10 years to \$334,300 during 2019. From 2009 to 2019, year-over-year home sales price growth rates ranged from 2 percent in both 2016 and 2017 to 11 percent in 2013. The lone decline of 4 percent occurred during 2012. Following the onset of the pandemic, the average home sales price in the HMA increased an average of 12 percent annually from 2020 through 2022, largely due to historically low levels of for-sale inventory. Home sales price growth continued but moderated during the past year, reflecting easing sales market conditions. The average home sales price in the HMA rose 7 percent to \$474,700 during the 12 months ending April 2023, following a 15-percent increase during the 12 months ending April 2022.

Sales Prices by Price Range and Geography

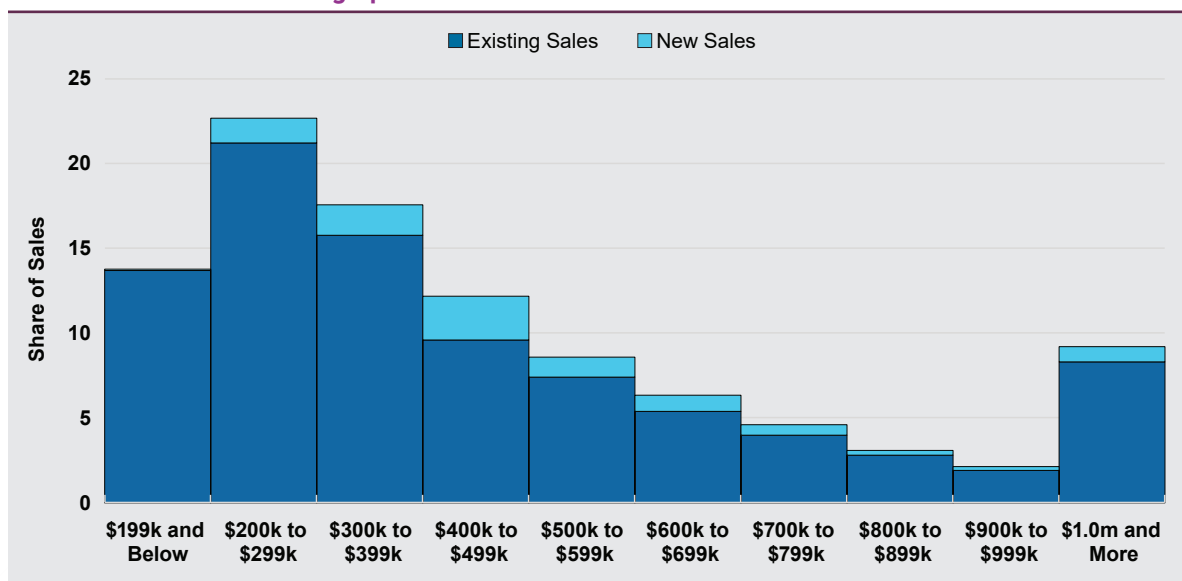
Approximately 23 percent of all homes sold in the HMA during the 12 months ending April 2023 were priced from \$200,000 to \$299,999, and an additional 18 percent were priced from \$300,000 to \$399,999 (Zonda; Figure 10). Home sales priced

Figure 9. 12-Month Average Sales Price by Type of Sale in the Fulton and DeKalb Counties HMA



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

Figure 10. Share of Overall Sales by Price Range During the 12 Months Ending April 2023 in the Fulton and DeKalb Counties HMA



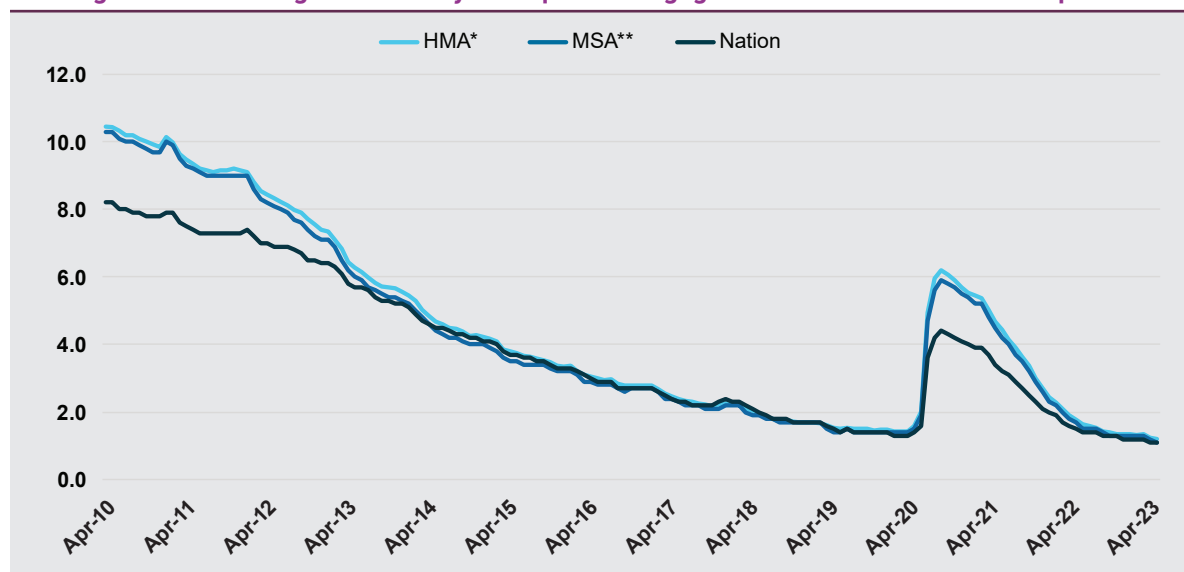
Source: Zonda

at \$1 million and above accounted for 9 percent, a notable share, of total home sales. Home sales for the MSA were generally more concentrated in lower price ranges, with less significant activity at higher price points. A combined 45 percent of all homes sold in the MSA during the past 12 months were priced from \$200,000 to \$399,999, with only 4 percent priced at or above \$1 million. In the HMA, home sales prices are generally highest in the northern suburbs, including the cities of Alpharetta and Sandy Springs, where median home sales prices were \$725,000 and \$650,000, respectively, during April 2023 (Redfin, a national real estate brokerage). Much of the southern part of the HMA is significantly more affordable, including median home prices of \$320,000 and \$300,000 in the cities of South Fulton and East Point, respectively, south of downtown Atlanta.

Seriously Delinquent Mortgages and Distressed Sales

Following significant declines during the early and mid-2010s, the rate of seriously delinquent mortgages and real estate owned (REO) properties has generally been low in the HMA since the late 2010s (Figure 11). After reaching an April high of 10.4 percent during 2010, the rate declined during each of the next 9 years to 1.5 percent in April 2019 (CoreLogic, Inc.). The rate spiked during the pandemic to 4.7 percent in April 2021 but has since declined sharply to 1.2 percent in April 2023 because economic conditions have improved. By

Figure 11. Percentage of Seriously Delinquent Mortgages and Real Estate Owned Properties



*Fulton and DeKalb Counties Housing Market Area. **Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area.
Source: CoreLogic, Inc.

comparison, rates of seriously delinquent mortgages and REO properties for the MSA and nation reached respective April highs of 10.3 and 8.2 percent in 2010 before declining to 1.4 and 1.5 percent in April 2019. The rates for the MSA and the nation were both 1.1 percent in April 2023, down from 4.5 and 3.4 percent, respectively, in April 2021. Distressed sales were a significant factor in the HMA in the late 2000s and early 2010s but have had little effect on the sales market since the late 2010s. As a share of all existing home sales in the HMA, distressed sales peaked at 41 percent during 2009. However, that figure subsequently declined during each of the next 13 years and has been at or below 2 percent since 2018.

Sales Construction Trends

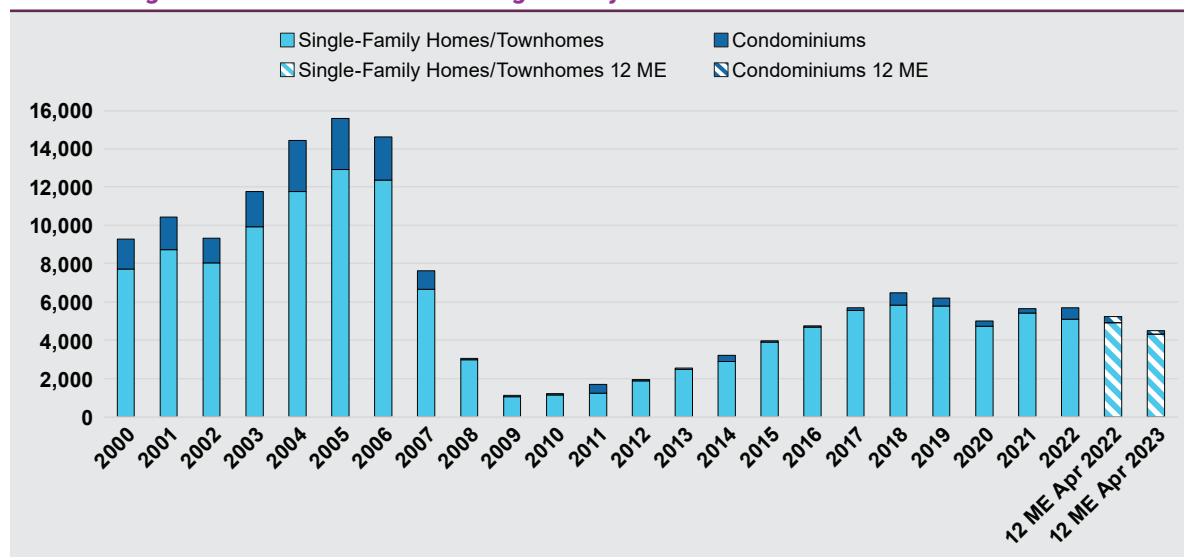
After declining precipitously during the housing crisis in the late 2000s, sales construction activity in the HMA, as measured by the number of single-family homes, townhomes, and condominiums permitted, rose throughout much of the 2010s (Figure 12). The number of homes permitted increased each year from 1,075 during 2009 to 6,475 during 2018 before moderating to 6,175 during 2019. Despite tightening sales market conditions, material shortages and restrictions on in-person work limited the number of homes

permitted in the HMA to only 5,025 during 2020. However, for-sale construction rebounded quickly to an average of 5,675 homes permitted annually during 2021 and 2022 when pandemic-related issues moderated. Builders have since responded to easing sales market conditions by notably reducing new home development. A total 4,525 homes were permitted during the 12 months ending April 2023, down 14 percent from the previous 12 months (preliminary data).

Sales Construction Trends by Geography and Type

Recent new home construction in the HMA has generally mirrored population growth trends, including significant activity south of downtown Atlanta. More than one-half of all new homes currently for sale in the HMA are south of Interstate 20, an area that includes the cities of South Fulton and East Point (Redfin, a national real estate brokerage). New home construction in the area includes Dillon Park, a 66-home subdivision approximately 15 miles southwest of downtown Atlanta. Construction at the development began in 2022, with prices currently starting in the low \$300,000s for three- and four-bedroom homes that range in size from 1,450 to 2,050 square feet. Notable new home construction is also ongoing in the relatively expensive northern suburbs of the HMA. The city of Alpharetta, which is 25 miles north of downtown Atlanta along Highway 400, accounts

Figure 12. Annual Sales Permitting Activity in the Fulton and DeKalb Counties HMA



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

for approximately 13 percent of all new homes currently for sale in the HMA. Development in the city includes Ecco Park, a subdivision that will eventually consist of 99 two- and three-bedroom townhomes. Approximately 30 homes have been sold in the development since construction began in 2022, with prices currently starting in the mid-\$500,000s.

Condominium construction accounted for only 5 percent of all new home construction in the HMA from 2014 through 2020, although some notable, primarily high-end, developments are currently under way (Zonda). Construction at The Dillon, which will consist of 144 units in a 33-story tower in the Buckhead market area, began in late 2022 and is expected to be complete by late 2024. Initial sales recently began, with prices for one-, two-, and three-bedroom units currently starting in the \$700,000s and prices for penthouse units starting at \$2.0 million.

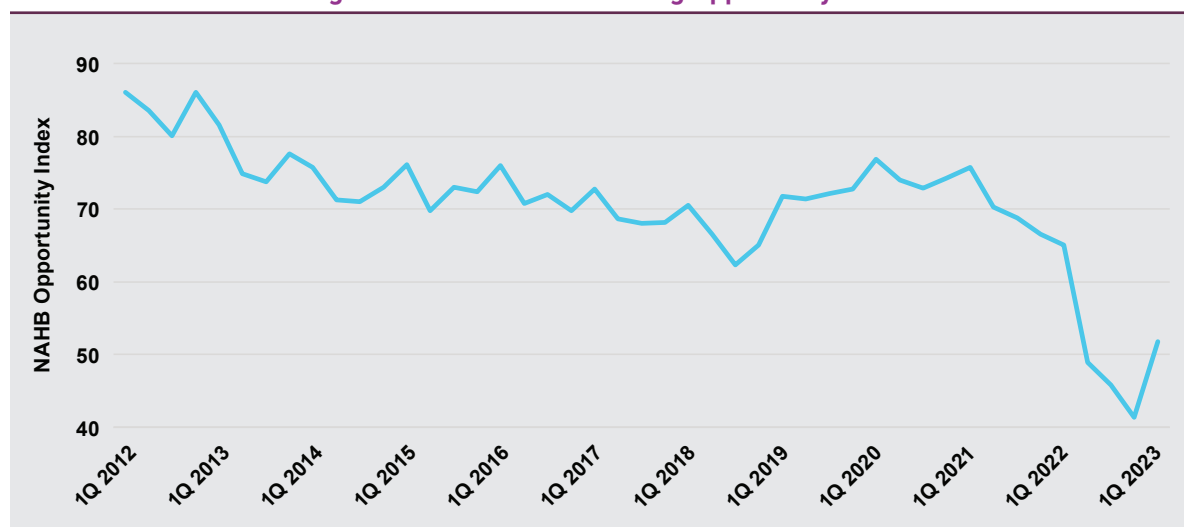
Housing Affordability: Sales

Homeownership has become notably less affordable in the MSA, which includes the HMA, since the early 2010s, with home sale prices generally increasing faster than incomes. The National Association of Home

Builders/Wells Fargo Housing Opportunity Index (HOI) for the MSA, which represents the share of homes sold that would have been affordable to a family earning the median income, was 51.8 during the first quarter of 2023, down from 65.0 during the first quarter of 2022 and well below the first quarter high of 86.1 in 2012 (Figure 13). Approximately one-half of the 236 ranked metropolitan areas were more affordable than the MSA during the first quarter of 2023. However, the HOI for the MSA remained higher than several comparable metropolitan areas in the South, including Orlando, Houston, and Charlotte, with HOIs of 28.6, 46.4, and 47.4, respectively. The MSA is also significantly more affordable than many of the highest profile metropolitan areas in the nation, including Los Angeles (4.1), Miami (16.8), and New York (18.3).

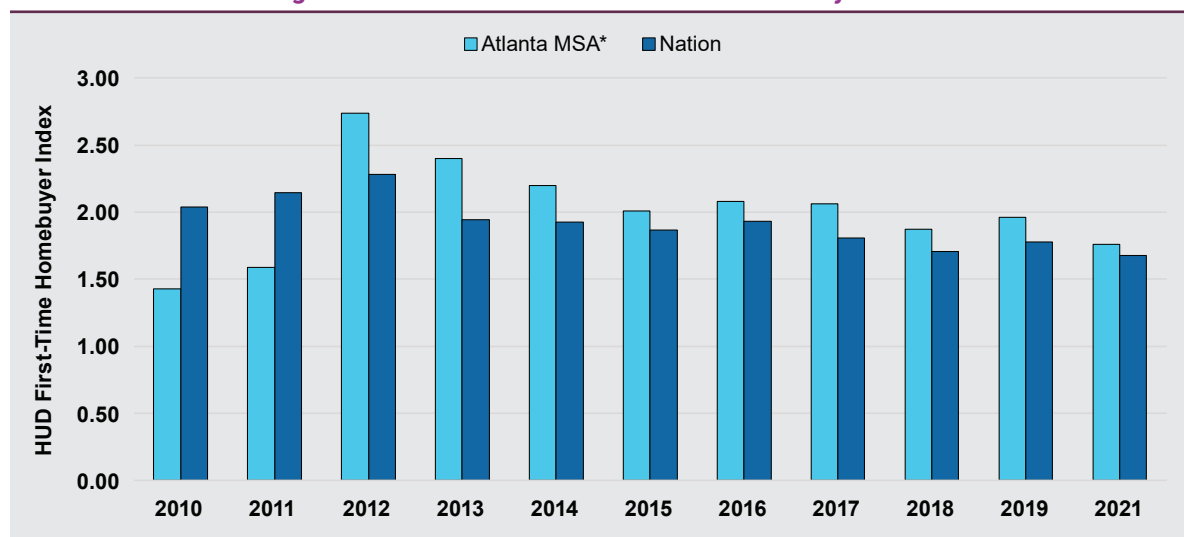
The HUD First-Time Homebuyer Affordability Index measures the median household income for householders aged 25 to 44 years old relative to the income needed to purchase the 25th percentile-priced home. The index for the MSA has generally been higher than the national level since the early 2010s but has trended downward during much of the period. From a low of only 1.43 in 2010, the index for the MSA rose to a high of 2.74 in 2012 before declining during 5 of the next 7 years to 1.96 in 2019 (Figure 14). By comparison, nationally, the index increased from 2.04 in 2010 to 2.28 during 2012 and was 1.78 in 2019. Sharp home price growth resulted in further declines in the First-Time Homebuyer

Figure 13. Atlanta MSA* Housing Opportunity Index



*Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area.
1Q = first quarter. NAHB = National Association of Home Builders.
Source: NAHB/Wells Fargo

Figure 14. Atlanta MSA* HUD First-Time Homebuyer Index



*Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area.
Note: Data for 2020 are not available.
Sources: American Community Survey 1-year data; Freddie Mac; Zonda

Affordability Index for both the MSA and the nation during the early stages of the pandemic. The respective figures for the MSA and the nation were 1.76 and 1.68 in 2021. Although easing sales market conditions contributed to slowed home sales price growth in the MSA during the past 12 months, affordability is not likely to have increased substantively since 2021.

Homeownership in Fulton and DeKalb Counties is generally less affordable than both the nation and the MSA as a whole, particularly for households in the 25- to 44-year age cohort, the prime group of first-time homebuyers. In 2020, the respective homeownership rates for the 25- to 34- and 35- to 44-year age cohorts were 26.4 and 48.0 percent in the HMA (Table 9). By comparison, the respective homeownership rates for the 25- to 34-year age cohort were 38.3 and 36.6 percent for the nation and the MSA, with shares of 57.3 and 57.4 percent, respectively, for the 35- to 44-year age cohort.

Table 9. Homeownership Rates by Age of Householder

	HMA*			MSA**			Nation		
	2000	2010	2020	2000	2010	2020	2000	2010	2020
Householder Aged 25 to 34 Years	47.6	43.8	26.4	47.6	43.8	36.6	45.4	42.0	38.3
Householder Aged 35 to 44 Years	69.6	65.7	48.0	69.6	65.7	57.4	66.3	62.3	57.3
Total Households	66.4	66.1	51.1	66.4	66.1	62.8	66.2	65.1	63.1

*Fulton and DeKalb Counties Housing Market Area. **Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area.
Source: 2000, 2010, and 2020 Decennial Census

Forecast

During the 3-year forecast period, demand is expected for an estimated 13,650 new sales units in the HMA, accounting for 19 percent of the estimated demand for new homes in the MSA (Table 10). Relatively stable demand for new homes is expected in the HMA during the forecast period as population growth accelerates, but mortgage interest rates remain higher than during much of the period since 2010. The 2,000 new homes under construction in the HMA, which represent 18 percent of the homes currently under construction in the MSA, will meet some of the forecast sales demand during the first year.

Table 10. Demand for New Sales Units in the Fulton and DeKalb Counties HMA During the Forecast Period

Sales Units	
Demand	13,650 Units
Under Construction	2,000 Units

Note: The forecast period is May 1, 2023, to May 1, 2026.
Source: Estimates by the analyst

Rental Market

Market Conditions: Slightly Soft

Approximately 8,000 new apartment units are estimated to have been completed in the Fulton and DeKalb Counties HMA since the start of 2022 (CoStar Group, with adjustments by the analyst).

Current Conditions and Recent Trends

Relatively low levels of rental construction contributed to declining vacancy rates in the HMA from 2019 through 2021. However, significant numbers of new apartment completions have since contributed to slightly soft rental market conditions. As of May 1, 2023, the overall rental vacancy rate in the HMA is estimated at 9.8 percent, down from 13.4 percent in April 2010 when market conditions were soft but up from the 9.0-percent rate in April 2020. Due in part to the generally high population density of the HMA, single-family homes have historically represented a relatively modest portion of the overall rental market. That share has declined since 2010, with the recent trend of strong sales price growth significantly reducing the incentive for conversion to rental units. As of 2021, only 23 percent of all occupied rental units in the HMA were in single-family structures (attached and detached), down from 25 percent in 2010 (ACS 1-year data; Table 11). By comparison, single-family homes accounted for 35 percent of all occupied rental units in the Atlanta MSA in 2021, up slightly from 34 percent in 2010.

Apartment Trends: Vacancy Rates

The apartment market, which accounts for more than three-fourths of all rental units in the HMA, is also slightly soft. Following an 11.1-percent peak in the first quarter of 2009, the apartment vacancy rate in the HMA declined during each of the next 5 years to a low of 8.4 percent in the first quarter of 2014, with relatively strong population growth and very low levels of rental construction contributing to significant absorption of existing inventory (CoStar Group). The apartment vacancy rate rose each year from 2015 through 2018, peaking at 10.8 percent partly due to increasing levels of apartment construction before declining from 2019 through early 2022 (Figure 15). However, the dramatic rise

Table 11. Rental and Apartment Market Quick Facts in the Fulton and DeKalb Counties HMA

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	13.4	9.8
		2010 (%)	2021 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	25	23
	Multifamily (2–4 Units)	10	8
	Multifamily (5+ Units)	64	68
	Other (Including Mobile Homes)	1	1

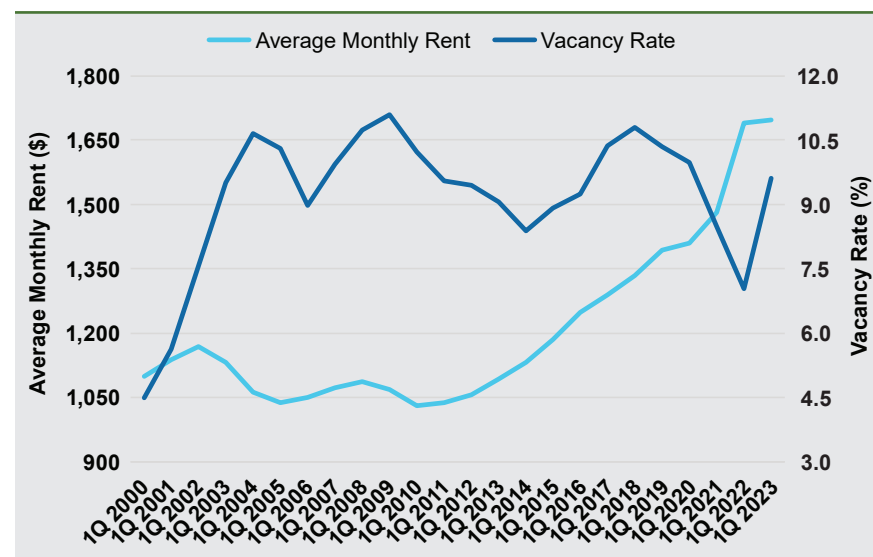
Apartment Market Quick Facts		1Q 2023	YoY Change
	Apartment Vacancy Rate	9.6	2.6
	Average Rent	\$1,698	1%
	Average Rent Per Square Foot	\$1.73	0%

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

Notes: The current date is May 1, 2023. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2021 American Community Survey 1-year data; apartment data—CoStar Group

Figure 15. Apartment Rents and Vacancy Rates in the Fulton and DeKalb Counties HMA



1Q = first quarter.

Source: CoStar Group

in apartment construction contributed to a sharp increase in the apartment vacancy rate during the past year. The apartment vacancy rate in the HMA was 9.6 percent as of the first quarter of 2023, up from 7.0 percent as of the first quarter of 2022.

Apartment Trends: Rents

The average apartment rent in the HMA decreased modestly when the rental market softened in the late 2000s but has subsequently increased each year since 2010. Declining vacancy rates contributed to average rent growth of 2 percent each year from the first quarter of 2010 to the first quarter of 2014 (CoStar Group). The rate of rent growth subsequently doubled in the HMA during the remainder of the decade when increasing numbers of new, largely high-end, apartment units entered the market. From the first quarter of 2014 to the first quarter of 2019, the average apartment rent in the HMA rose an average of 4 percent annually to \$1,394. Rent growth slowed during the early stages of the pandemic but accelerated sharply during 2021 and 2022, largely due to relatively low apartment vacancy rates. After increasing only 1 percent annually as of the first quarter of 2020, the average rent in the HMA rose 5 percent as of the first quarter of 2021 and 14 percent as of the first quarter of 2022. However, the average apartment rent in the HMA rose only 1 percent as of the first quarter of 2023, with downward pressure from a 2.6-percentage-point increase in the vacancy rate mostly offsetting rent gains due to the large influx of new, mainly high-end units.

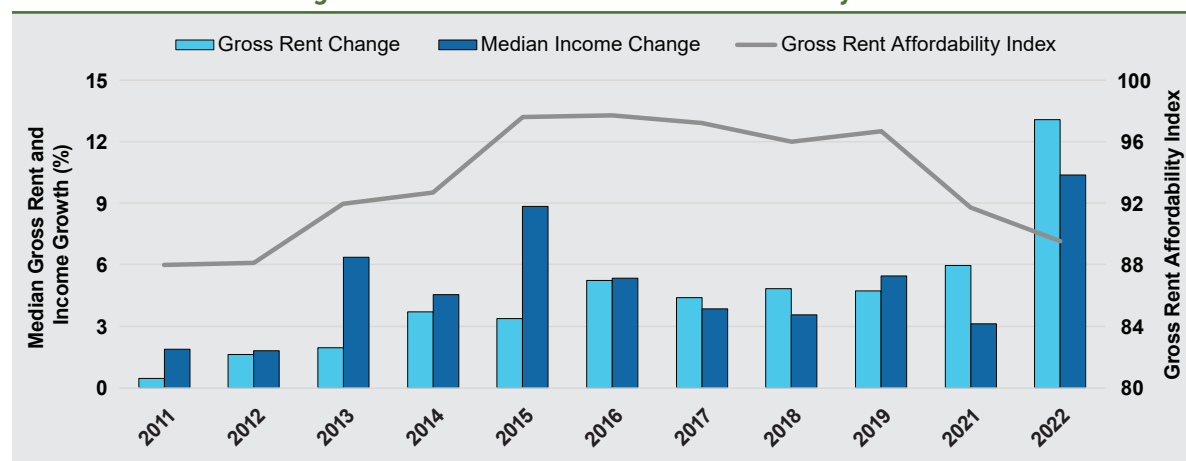
Apartment Rent Trends by Geography

Despite slowed rent growth during the past year, the average apartment rent in the HMA remains higher than for the MSA as a whole. The average rent in the HMA was \$1,698 as of the first quarter of 2023, 4 percent higher than the average of \$1,639 for the MSA (CoStar Group). However, rents vary significantly within the HMA, including some of the highest and lowest rents in the MSA. The highest rents in the HMA are generally north and east of downtown Atlanta, with lower rents concentrated to the south and west. As of the first quarter of 2023, the highest rents in the HMA and the MSA as a whole were the respective averages of \$2,148 and \$2,073 in the CoStar Group-defined Midtown and Buckhead market areas, which encompass much of the area directly north of downtown Atlanta. Conversely, the lowest rents in the HMA of \$1,269 and \$1,288 in the Westside Atlanta and South Atlanta market areas, respectively, were generally consistent with some of the relatively affordable outlying counties in the MSA.

Housing Affordability: Rental

Rental affordability trended consistently upward in the MSA throughout the early and mid-2010s, with the median income for renter households increasing at a faster rate than the median gross rent each year from 2011 to 2016. The HUD Gross Rent Affordability Index, a measure of median renter household income relative to qualifying income for the median-priced rental unit, was 97.7 in 2016, up from 88.0 in 2011 (Figure 16).

Figure 16. Atlanta MSA* Gross Rent Affordability Index



*Atlanta-Sandy Springs-Alpharetta Metropolitan Statistical Area.

Notes: The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure. Data for 2020 are not available.

Source: American Community Survey 1-year data

However, rent growth contributed to a general trend of decline in affordability during the late 2010s. That trend accelerated during the early stages of the pandemic, and the index fell to 91.7 in 2021, and again to 89.5 in 2022. By comparison, the Gross Rent Affordability Index for the nation was 94.6 in 2022, up from 88.8 in 2011 but below a recent high of 96.8 during 2019.

Rent Cost Burdens

Despite a broad increase in rental affordability for the MSA as a whole, a relatively large percentage of all renter households in Fulton and DeKalb Counties were cost burdened during the 2016–20 period (Table 12). An estimated 23.0 percent of all renter households in the HMA had moderate to high-cost burdens, spending between 31 and 50 percent of their income on rent, and an additional 23.0 percent of renter households were severely cost burdened, spending 51 percent or more of income toward rent. By comparison, those figures were 21.6 and 22.0 percent, respectively, for the nation. A significantly larger share of lower-income renter households in the HMA—those with incomes less than 50 percent of the Area Median Family Income (AMFI)—had severe cost burdens compared with the nation. Approximately 54.1 percent of renter households in the HMA with incomes less than 50 percent of the AMFI were paying 51 percent or more of their incomes towards rent compared with 47.9 percent for the nation.

Table 12. Percentage of Cost Burdened Renter Households by Income, 2016–20

	Moderate to High Cost Burden: 31–50 Percent of Income Toward Housing Costs		Severe Cost Burden: 51 Percent or More of Income Toward Housing Costs	
	HMA*	Nation	HMA*	Nation
Renter Households With Income <50% HAMFI	24.2	27.1	54.1	47.9
Total Renter Households	23.0	21.6	23.0	22.0

*Fulton and DeKalb Counties Housing Market Area.

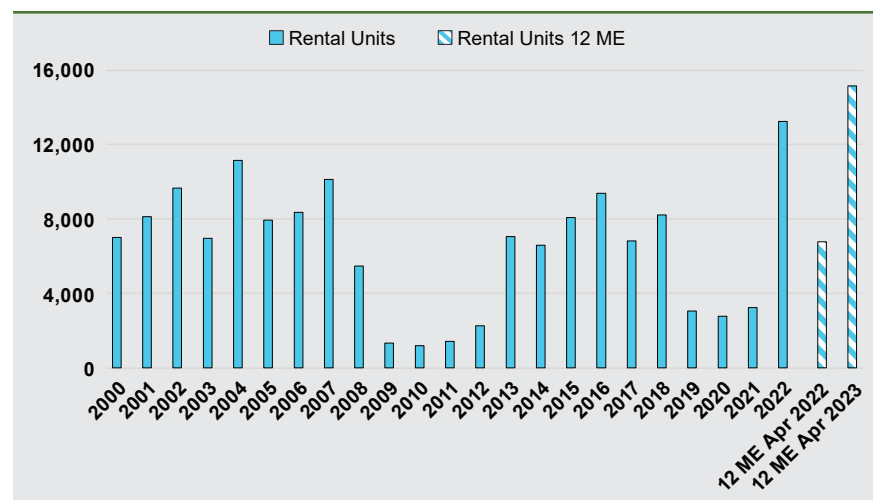
CHAS = Comprehensive Housing Affordability Strategy. HAMFI = HUD Area Median Family Income.

Sources: Consolidated Planning/CHAS Data; 2016–2020 American Community Survey 5-year estimates

Rental Construction Trends

Rental permitting activity in the HMA declined to very low levels during the late 2000s and early 2010s when market conditions softened. However, the number of units permitted rose sharply during the mid-2010s because builders responded to declining vacancy rates. An average of 7,700 rental units were permitted each year from 2013 through 2018, up from an average of only 1,550 units a year from 2009 through 2012. Following 4 consecutive years of apartment vacancy rate increases from 2015 to 2018, the number of rental units permitted declined sharply to 3,025 units during 2019. Rental permitting remained at an average of 3,025 units in the HMA during 2020 and 2021, partly due to pandemic-related construction issues, including supply chain problems and labor shortages. However, the accelerating rent growth and declining vacancy rates that began in 2021 contributed to a massive wave of new apartment development starting in 2022. Based on preliminary data, 15,150 rental units were permitted during the 12 months ending April 2023, up from 6,800 units during the 12 months ending April 2022 (Figure 17).

Figure 17. Annual Rental Permitting Activity in the Fulton and DeKalb Counties HMA



12 ME = 12 months ending.

Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

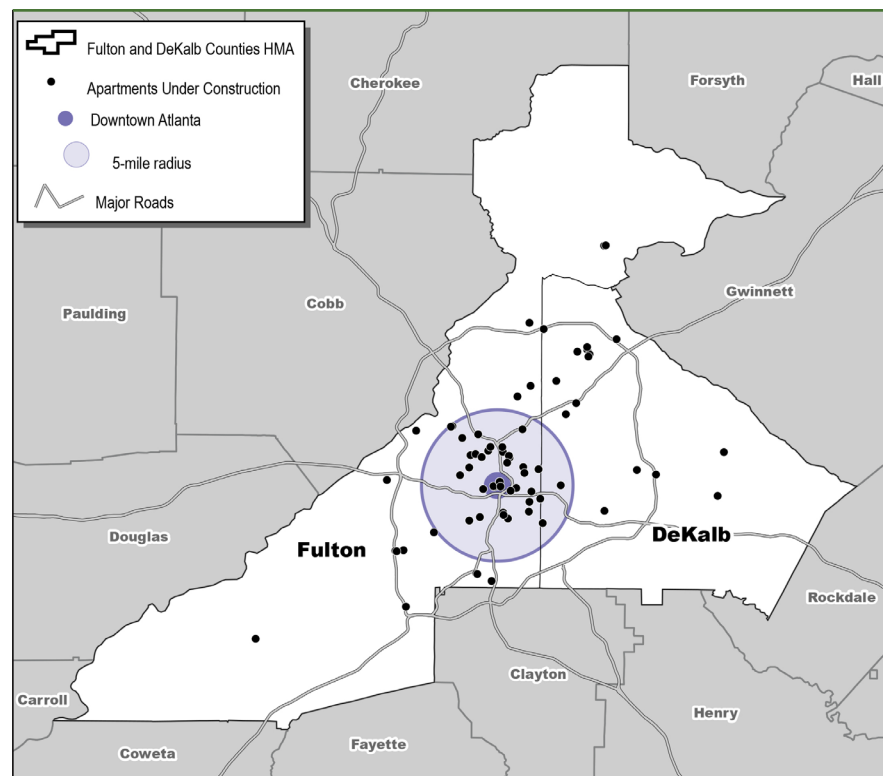
Rental Construction by Geography

Nearly one-half of the almost 17,000 new apartment units that have been completed in the MSA since the start of 2022 are within the HMA, including high concentrations of development in the most densely populated parts of the city of Atlanta. The Midtown, Buckhead, and East Atlanta market areas, which encompass much of the area directly north and east of downtown Atlanta, have accounted for a combined 45 percent of the 7,850 apartment units completed in the HMA since the start of 2022, including several large developments that are currently in lease up. 903 Peachtree, a 33-story highrise building with 427 apartment units, is in the Midtown market area approximately 2 miles north of downtown Atlanta. The property entered lease up in mid-2022, with rents currently starting at \$1,825 for studio units, \$2,025 for one-bedroom units, \$2,625 for two-bedroom units, and \$4,450 for three-bedroom units. In the Buckhead market area, the 394-unit Modera Old Ivy was completed in July 2022, with rents currently ranging from \$2,150 for one-bedroom units to \$5,150 for three-bedroom units. Current apartment construction in the HMA is also notably concentrated in and near downtown Atlanta (Map 2). In the Bankhead market area approximately 5 miles northwest of downtown Atlanta, 1080 DLH is one of the largest apartment developments under way in the HMA. Construction at the property, which will eventually consist of a combined 700 studio and one-, two-, and three-bedroom units, began in early 2023, with completion expected by mid-2024. In addition, an 18-story residential tower within the Centennial Yards development broke ground in late 2022. The as-yet-unnamed property will include 304 apartment units and is expected to be complete by 2025.

Forecast

During the 3-year forecast period, demand is expected for an estimated 22,800 rental units in the HMA (Table 13), which accounts for 54 percent of the estimated demand for new rental units in the MSA. Demand for new rental units is expected to remain relatively consistent in the HMA during the next 3 years. However, the 16,850 units under construction, which represent 64 percent of the units under construction in the MSA, and an additional 5,275 units currently in final planning are expected to absorb nearly all of the rental demand in the

Map 2. Apartment Developments Currently Under Construction in the Fulton and DeKalb Counties HMA



Source: Estimates by the analyst

Table 13. Demand for New Rental Units in the Fulton and DeKalb Counties HMA During the Forecast Period

Rental Units	
Demand	22,800 Units
Under Construction	16,850 Units

Note: The forecast period is May 1, 2023, to May 1, 2026.

Source: Estimates by the analyst

HMA during the forecast period. To prevent the market from softening further, developers should target new units not already under construction or in final planning to enter the market after the third year of the forecast period.

Terminology Definitions and Notes

A. Definitions

Apartment Vacancy Rate/Average Rent	Apartment vacancy rates and average rents are for market-rate and mixed market-rate/affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease-up.
Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in a housing market area (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.
Cost Burdened	Spending more than 30 percent of household income on housing costs. Moderate to high-cost burden refers to households spending 31 to 50 percent of income on housing costs. Severe cost burden refers to households spending 51 percent or more of income on housing costs.
Covered Employment	A count of employment reported by employers and published as part of the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resale sales, short sales, and REO sales.

Forecast Period	May 1, 2023–May 1, 2026—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Increase	Resident births minus resident deaths.
Other Vacant Units	In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term, therefore, includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the U.S. Census Bureau.
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 or more 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.
2.	Urbanized areas are defined using the U.S. Census Bureau’s 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.



C. Additional Notes

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

D. Photo/Map Credits

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