

continued from page 1

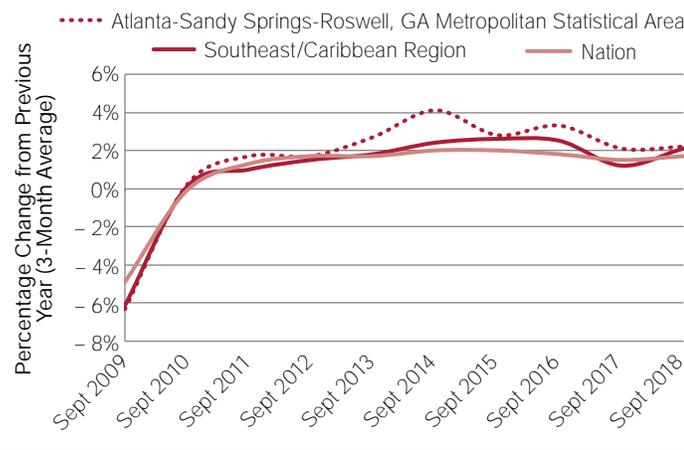
Population growth averaged 115,400 people, or 2.4 percent, a year from 2003 to 2007, as strong job growth resulted in

average net in-migration of 65,100 people a year. Net natural change averaged 50,300 people a year during the period.

Economic Conditions

Economic conditions in the Atlanta metropolitan area have strengthened since 2014, when nonfarm payrolls surpassed the prerecession high. Job growth in the metropolitan area has been faster than the rate for the nation since 2010, a trend that

Job growth in the Atlanta area has exceeded the rate for the nation during nearly all of the period since 2010.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

continued during the past year. During the 3 months ending September 2018, nonfarm payrolls in the metropolitan area averaged 2.79 million, an increase of 59,700 jobs, or 2.2 percent, from a year ago when the number of jobs had increased 2.1 percent. By comparison, nonfarm payrolls for the nation increased 1.7 percent during the 3 months ending September 2018, and 1.5 percent during the 3 months ending September 2017.

During the 3 months ending September 2018—

The education and health services sector added the most jobs, expanding by 13,400 jobs, or 3.9 percent. A new 84-bed patient tower at Northside Hospital Atlanta, which opened in early 2018, contributed to gains in the sector

continued on page 3

Largest Employers in the Atlanta Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Delta Airlines, Inc.	Transportation & Utilities	31,700
Emory University/Emory Healthcare	Education & Health Services	26,050
The Home Depot, Inc.	Wholesale & Retail Trade	25,000

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

Most sectors in the Atlanta area added jobs during the past year.

	3 Months Ending		Year-Over-Year Change	
	September 2017 (Thousands)	September 2018 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	2,727.8	2,787.5	59.7	2.2%
Goods-Producing Sectors	290.2	302.9	12.7	4.4%
Mining, Logging, & Construction	122.9	133.5	10.6	8.6%
Manufacturing	167.3	169.4	2.1	1.3%
Service-Providing Sectors	2,437.6	2,484.6	47.0	1.9%
Wholesale & Retail Trade	449.2	457.5	8.3	1.8%
Transportation & Utilities	153.5	161.6	8.1	5.3%
Information	98.8	96.5	- 2.3	- 2.3%
Financial Activities	171.4	169.6	- 1.8	-1.1%
Professional & Business Services	501.6	507.6	6.0	1.2%
Education & Health Services	340.6	354.0	13.4	3.9%
Leisure & Hospitality	295.5	306.8	11.3	3.8%
Other Services	100.1	99.4	- 0.7	- 0.7%
Government	326.8	331.7	4.9	1.5%
	(Percent)	(Percent)		
Unemployment Rate	4.6%	3.5%		

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



continued from page 2

- y The fastest job growth was in the mining, logging, and construction sector, which added 10,600 jobs, or 8.6 percent, due in part to increased single-family home construction.
- y Job growth was limited by declines in three sectors. The largest decrease was in the information sector, which lost 2,300 jobs, or 2.3 percent, as AT&T, Inc. moved several hundred jobs from Atlanta to other locations within the nation in early 2018.
- y The unemployment rate averaged 3.5 percent, down from 4.6 percent a year ago and below the rates for Georgia, 3.7 percent, and the nation, 4.1 percent.

Partly because of the presence of Hartsfield–Jackson Airport and a readily available supply of educated labor, Atlanta is an attractive location for corporate headquarters and, increasingly, information technology and customer service centers. The Atlanta metropolitan area is home to the headquarters of 28 Fortune 1000 companies (Metro Atlanta Chamber of Commerce). The professional and

business services sector, which includes both the management of companies and enterprises and the technical services industries, has been the largest sector in the metropolitan area since 2011 and has contributed significantly to recent economic growth. The sector has added more jobs than any other sector since the end of 2010, expanding by an average annual 16,200, or 3.8 percent, from 2011 through 2017. During the 3 months ending September 2018, payrolls in the sector averaged 507,600 jobs, an increase of 6,000 jobs, or 1.2 percent, from a year ago. The sector has benefited from several relocations and expansions since the early 2010s. In 2015 alone, VXI Global Solutions, LLC created 570 jobs at a new call center in College Park; Hexaware Technologies, Limited created 300 jobs at a new software development and information technology operations center in Fulton County; and The Sage Group, LLC added 400 jobs at its North American headquarters in the city of Atlanta. The arrival of Mercedes-Benz USA, LLC, which relocated its headquarters to the city of Sandy Springs in 2018, created approximately 700 jobs.

Sales Market Conditions

The sales housing market in the Atlanta metropolitan area is balanced with an estimated sales vacancy rate of 1.5 percent as of October 1, 2018, down from 3.8 percent during April 2010. Strengthening economic conditions and relatively low levels of single-family home construction have contributed to a significant decline in available inventory since the early 2010s. As of September 2018, 2.9 months of available inventory were for sale in the metropolitan area, down from 3.5 months a year ago, and below the high of 13.1 months during September 2010 (Redfin). The decline in available inventory is highly linked to a significant decrease in the number of distressed properties (real estate owned [REO] and short sales) on the market. The percentage of home

loans in the Atlanta metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status was 1.7 percent as of August 2018, down from 2.2 percent a year ago and below the August high of 10.0 percent in 2010 (CoreLogic, Inc., with adjustments by the analyst). The current rate for the metropolitan area is slightly below the rates for Georgia and the nation, 1.9 and 1.8 percent, respectively.

During the 12 months ending August 2018—

- y A total of 20,400 new homes were sold, up 4 percent from the previous 12 months (CoreLogic, Inc., with adjustments by

continued on page 4

Rapidly declining numbers of distressed homes have resulted in rising home prices in the Atlanta area since the early 2010s.

Strengthening economic conditions have contributed to increased home sales activity in the Atlanta area since 2012.



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

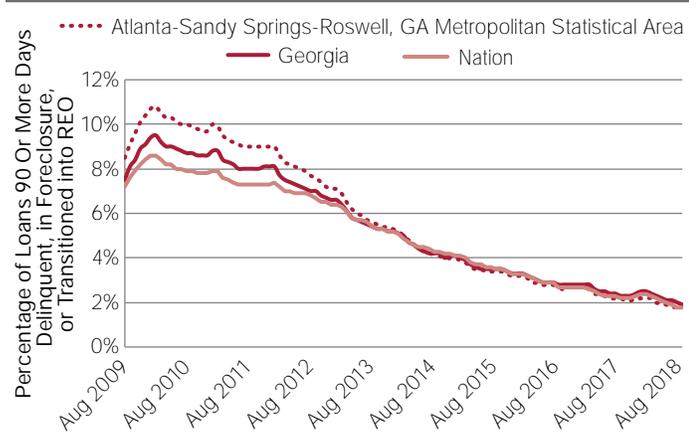


Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst.



continued from page 3

The rate of seriously delinquent mortgages and REO properties has declined significantly in the Atlanta area since the early 2010s and is currently below the rate for the nation.



REO = real estate owned.

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

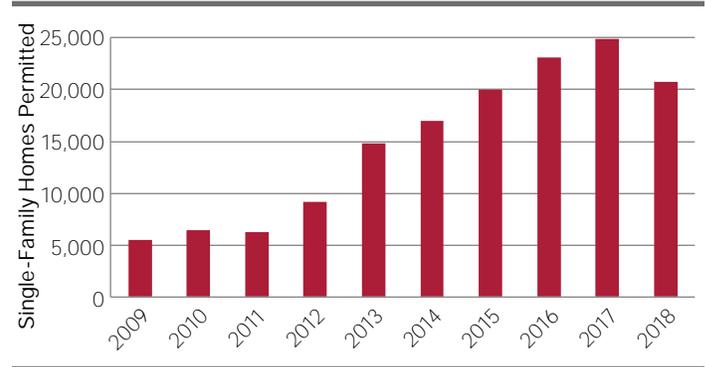
the analyst). The average sales price for a new home declined slightly to \$330,400, as development activity, which was heavily concentrated in relatively expensive parts of the metropolitan area for much of the decade, increased in lower cost areas.

- y Existing home sales totaled 123,800, a 3-percent increase from the previous 12 months, whereas the average sales price for existing homes increased 6 percent to \$250,000.
- y A significant decline in REO sales, which fell 44 percent from the previous 12 months to 2,975, contributed to the increased sales price for existing homes. REO sales accounted for only 2 percent of all existing home sales during the most recent 12 months, down from 4 percent during the previous 12-month period and below a high of 43 percent during 2009.
- y Although condominium construction has been subdued since the late 2000s, some notable new developments are under way in the city of Atlanta. Sales recently began at The Sutton Buckhead, a 21-story building with 151 units in the Buckhead market area, which was initially planned as an apartment building. When complete in mid-2019, the development will consist of one-, two-, and three-bedroom units with prices ranging from \$500,000 to \$1.4 million. Construction is also ongoing at the 150-unit Juniper and 5th in the Midtown market area, which is expected to open in late 2019, with prices ranging from the high \$500,000s to the high \$600,000s.

Rental Market Conditions

Rental housing market conditions in the Atlanta metropolitan area are currently balanced with strong renter household growth contributing to declining vacancy rates and consequent rent growth since the early 2010s. The overall rental vacancy rate is estimated

Single-family home permitting in the Atlanta area has increased each year since 2012.



Note: Includes preliminary data from January 2018 through September 2018.

Source: U.S. Census Bureau, Building Permits Survey

Single-family homebuilding, as measured by the number of homes permitted, has increased each year since 2012 but remains at relatively low levels when compared with historical averages. New home construction has generally been concentrated in relatively expensive parts of the metropolitan area since the early 2010s, particularly to the north of Atlanta; however, notable development activity has recently begun in areas where prices are lower, such as to the southwest of the city.

- y A total of 26,100 single-family homes were permitted during the 12 months ending September 2018, a 7-percent increase from 24,250 homes during the 12 months ending September 2017.
- y An average of 20,000 homes were permitted each year from 2013 through 2017, up from an average of only 7,875 homes permitted each year from 2008 through 2012. By comparison, an average of 51,300 homes were permitted each year from 2000 through 2007 and an average of 35,600 homes were permitted each year from 1990 through 1999.
- y New developments to the north of Atlanta include Manning on the Square, which will eventually consist of 58 single-family homes set on 11 acres in the city of Alpharetta. Sales are expected to begin in early 2019, although prices have yet to be announced. Elsewhere, construction is currently underway at Cedar Grove Village, which is approximately 20 miles southwest of Atlanta in the city of Fairburn. The development consists of a combined 970 single-family homes and townhomes, of which 690 have been sold. Prices start in the low \$200,000s for the remaining homes.

at 6.2 percent as of October 1, 2018, down from 12.7 percent in April 2010. Rental household growth in the metropolitan area has averaged 3.4 percent a year since April 2010, more than double the overall rate of household growth of 1.5 percent.

continued on page 5



continued from page 4

During the third quarter of 2018—

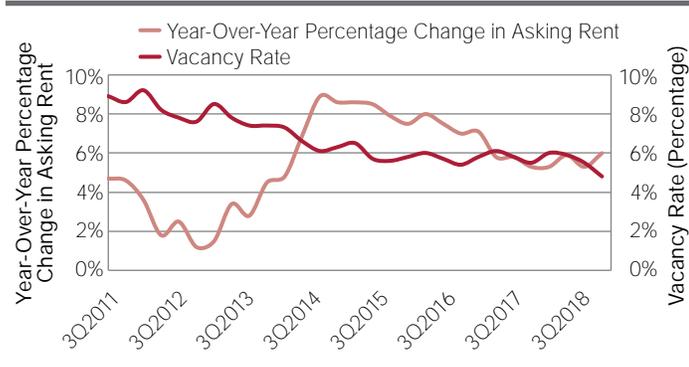
- y The apartment market in the metropolitan area was also balanced, with a vacancy rate of 4.8 percent, down from 5.5 percent a year ago and less than one-half of the 9.8-percent rate during the first quarter of 2010 (RealPage, Inc.).
- y The average rent in the metropolitan area increased to \$1,197, a 6-percent increase from a year ago. By comparison, the average rent for the nation increased 4 percent to \$1,352.
- y Vacancy rates were generally higher in areas where large numbers of new units are being absorbed, particularly to the north of downtown Atlanta, with lower rates in outlying areas, where development has been relatively sparse. The lowest vacancy rate, 3.0 percent, was in the RealPage, Inc.-defined Far West Atlanta Suburbs market area and the highest rate, 6.2 percent, was in the Dunwoody market area.
- y Significant new apartment construction also contributed to relatively high rents in and around downtown Atlanta. Average rents in the metropolitan area ranged from \$834 in the South DeKalb County market area to \$1,779 in the Midtown market area.

Multifamily construction in the metropolitan area, as measured by the number of units permitted, has slowed from a recent peak of

13,250 units in 2016, but remains at notably higher levels than it was during the late 2000s and early 2010s.

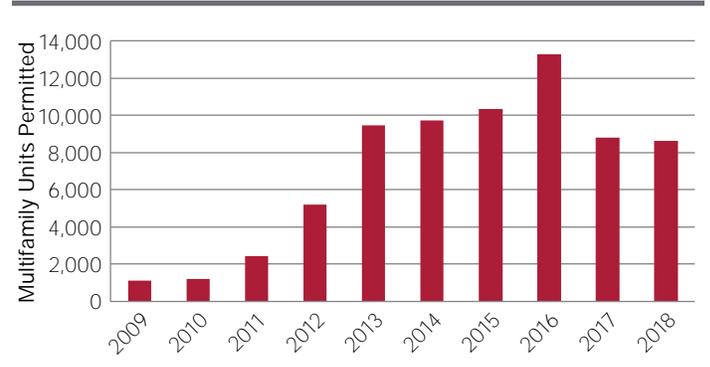
- y During the 12 months ending September 2018, multifamily permitting declined to 9,850 units, down 2 percent from 10,000 units during the previous 12 months.
- y After averaging only 3,450 units a year from 2008 through 2012, multifamily permitting increased to an average of 10,300 units a year from 2013 through 2017. By comparison, an average of 14,950 units were permitted each year from 2000 through 2006.
- y Recent apartment construction has been concentrated in and around the economic core of the metropolitan area. The city of Atlanta has accounted for approximately 49 percent of all units completed since 2013 with development particularly prevalent in the Midtown and Buckhead market areas, which are north of downtown Atlanta. New projects in the city include the 390-unit Icon Midtown, a 39-story apartment building that opened in March 2018. Rents at the project for studio, one-bedroom, two-bedroom, and three-bedroom units currently start at \$1,925, \$2,325, \$2,750, and \$4,075, respectively. The 249-unit Alexan Buckhead Village also began leasing in early 2018, with rents currently ranging from \$1,600 to \$1,850 for one-bedroom units and from \$2,325 to \$3,050 for two-bedroom units.

Strong rental household growth has contributed to declining vacancy rates and increasing rents in the Atlanta area since the early 2010s.



Source: RealPage, Inc.

Multifamily permitting in the Atlanta area has decreased since 2016 but is at much higher levels than in the late 2000s.



Note: Includes preliminary data from January 2018 through September 2018. Source: U.S. Census Bureau, Building Permits Survey

