

Housing Market Profile

Southeast/Caribbean • HUD Region IV



Atlanta-Sandy Springs-Marietta, Georgia

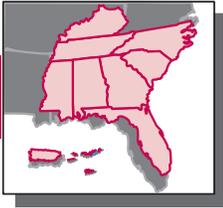
The Atlanta-Sandy Springs-Marietta metropolitan area, which encompasses 28 counties in north-west Georgia, is a major transportation, trade, and cultural hub in the Southeast. The leading private sector employers, each with more than 21,000 workers, include Delta Airlines, Inc., Wal-Mart Stores, Inc., and Emory University. As of September 1, 2010, the population of the metropolitan area was estimated at approximately 5.52 million, an increase of 40,000, or at an annualized rate of 0.6 percent since the July 1, 2009 census estimate. Between the 12-month periods ending July 2008 and July 2009, the population of the metropolitan area increased by 118,100, or 2.2 percent, and 89,600, or 1.7 percent, respectively. The five core counties of the metropolitan area—Clayton, Cobb, DeKalb, Fulton, and Gwinnett—account for approximately 65 percent of the total population. Population growth has continued to slow throughout the metropolitan area, because declining employment opportunities have discouraged new residents from moving to the area.

The economic expansion that began in the metropolitan area in 2004 ended during mid-2008. During the 12 months ending September 2010, nonfarm payrolls averaged 2.26 million, a decrease of 64,300 jobs, or 2.8 percent, compared with the 12-month period ending September 2009. The decline in the number of nonfarm jobs for the 12 months ending September 2010 is an improvement from the 121,100-job decline, or 5-percent loss, recorded during the 12 months ending September 2009. Continued steep cuts in residential homebuilding throughout the metropolitan area during the 12 months ending September 2010 led to a decrease of 14,800 jobs, or 14 percent, in the construction sector and contributed to job losses in sectors that support the local housing market. Professional and business services sector payrolls declined by 10,500 jobs, or 2.8 percent, and the financial activities sector decreased by 11,000 jobs, or 7.4 percent. During the 12 months ending September 2010, trade payrolls decreased by 11,500 jobs, or 2.9 percent, representing a slowdown in job losses for this sector, which lost 28,300 jobs, or 6.6 percent, during the previous 12 months. Manufacturing payrolls continued to decline, with a loss of 12,700 jobs, or 8.4 percent, during the 12 months ending September 2010. The metropolitan area has lost 37,400 manufacturing jobs since the 12-month period

ending September 2007. Partly offsetting the job losses, education and health services sector payrolls increased by 5,200 jobs, or 1.9 percent, to 273,600, and other services sector payrolls increased by 2,300, or 2.3 percent, to 101,400 for the period. During the 12 months ending August 2010, the average unemployment rate in the metropolitan area was 10.2 percent, an increase from the 8.5-percent rate recorded a year earlier.

The Atlanta metropolitan area home sales market remains soft. Increased foreclosures and decreased sales due to the declining economy and tighter lending standards have produced a surplus of unsold units. According to data from the Georgia Multiple Listing Service, during the 12 months ending September 2010, the number of existing single-family homes sold in the metropolitan area was approximately 48,000 homes and was more than 2 percent below the 49,200 homes sold during the previous 12-month period. The median sales price of a single-family home declined more than 2 percent to \$119,000 during the 12 months ending September 2010 compared with \$121,900 during the previous 12-month period. The number of condominiums and townhomes sold during the 12 months ending September 2010 increased by 12 percent to 7,100 homes sold compared with the number sold a year earlier, and the median home sales price declined by 8 percent to \$94,000. The 52,150 single-family homes and 7,750 condominiums and townhomes listed for sale as of September 30, 2010, represent approximately a 13-month supply, each based on the number of sales recorded during the same period. According to Lender Processing Services Mortgage Performance Data, 10.6 percent of total loans in the metropolitan area were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) in August 2010, up from 9.4 percent in August 2009.

Single-family homebuilding activity, as measured by the number of building permits issued, remains well below the 2004-to-2007 peak period when an average of 51,000 homes were permitted annually. According to preliminary data, building permits were issued for 6,500 new single-family homes during the 12 months ending September 2010. Although the current volume of homebuilding activity is relatively low, the number of homes permitted during the past 12 months represents an increase of 19 percent from the number of homes permitted in the preceding 12 months ending September 2009, suggesting an end to the 5-year decline. In the five core counties, approximately 2,925 homes were permitted during the past 12 months compared with the 2,225 homes permitted in those counties during the previous 12 months, which is a 31-percent increase.



As of the third quarter of 2010, the apartment market in the Atlanta metropolitan area remained soft but improved during the 12 months ending September 2010. According to M/PF Research, the Atlanta apartment market vacancy rate decreased from 11.6 percent in the third quarter of 2009 to 9.9 percent in the third quarter of 2010. Vacancy rates in the 14 submarkets ranged from a low of 5.7 percent in the Roswell-Alpharetta area to a high of 15.8 percent in South Atlanta-South Fulton County. During the 12 months ending September 2010, approximately 2,250 units were added in the South Atlanta-South Fulton area, exceeding the 1,650 units that were absorbed. In the metropolitan area overall, approximately 12,900 apartment units were absorbed, while the inventory increased by about 6,825 units. In contrast, negative annual absorption of an average of 3,300 units was recorded between the third quarter of 2006 and the third quarter of 2009, while the apartment inventory increased by an average of 7,900 units a year. Effective rents decreased by nearly 2 percent to an average of \$779 a month compared with rents recorded during the third quarter of 2009. Average rents by number of bedrooms during the third quarter of 2010 were \$641 for an effi-

ciency, \$685 for a one-bedroom unit, \$805 for a two-bedroom unit, and \$953 for a three-bedroom unit.

The soft home sales and rental markets in the metropolitan area have led to a sharp decline in multifamily construction activity, as measured by the number of units permitted, during the past 3 years, when an average of 3,600 multifamily units were permitted a year. According to preliminary data, approximately 1,300 multifamily units were permitted during the 12 months ending September 2010, a decline of 18 percent compared with the number of units permitted during the preceding 12 months. In comparison, approximately 14,000 multifamily units were permitted annually from 2004 through 2007. The largest apartment property completed during the past year was the 592-unit Alexan 360, located in the South Atlanta-South Fulton County submarket, adjacent to downtown Atlanta. Three mixed-income properties currently under construction in the same submarket and scheduled for completion during 2011 include the first and second phases of Ashley Auburn Pointe, east of downtown, with a total of 304 units, and the 177-unit Ashley CollegeTown V near Morehouse College, Spelman College, and Clark Atlanta University.