

# Housing Market Profile

Southeast/Caribbean • HUD Region IV



## Atlanta-Sandy Springs-Marietta, Georgia

Located in northwest Georgia, the 28-county Atlanta-Sandy Springs-Marietta metropolitan area accounts for 55 percent of the population of Georgia and is the second largest metropolitan area in the Southeast/Caribbean Region after the Miami metropolitan area. Due to strong employment growth from 2005 through 2008, the Atlanta-Sandy Springs-Marietta metropolitan area recorded rapid in-migration averaging approximately 145,000 people, or 1.6 percent, a year; however, the metropolitan area lost a significant number of jobs during the most recent recession, resulting in slower population growth. As of October 1, 2011, the population in the metropolitan area reached an estimated 5.3 million, an average increase of approximately 55,600 people, or 1.1 percent, a year since 2009.

From 2008 through 2010, nonfarm payrolls in the Atlanta-Sandy Springs-Marietta metropolitan area declined by 194,000 jobs, or 8 percent, from the 2007 peak of 2.45 million. The area continues to lose jobs. During the 12-month period ending August 2011, nonfarm payrolls decreased by 12,700 jobs, or 0.6 percent, to an average of 2.25 million. The pace of losses has slowed from the previous 12 months when 76,500 jobs were lost, a decline of 3.3 percent. During the 12 months ending August 2011, the unemployment rate for the metropolitan area decreased slightly to 10.1 percent from 10.3 percent during the previous 12-month period due to a decrease in the number of people who have continued to search for work after becoming unemployed. The number of people in the labor force has declined by more than 1 percent each year during the past 2 years.

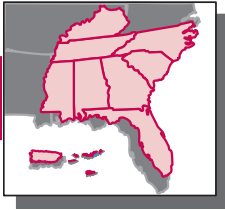
Hindered by a soft sales housing market during the 12 months ending August 2011, nonfarm payrolls in the construction subsector and financial activities sector decreased by 7,100 and 6,900 jobs, or nearly 7 and 5 percent, respectively, and, together, accounted for the largest private-sector employment declines in the metropolitan area. In addition to reporting private-sector declines, the metropolitan area recorded a loss of 12,600 jobs in the government sector, reflecting a 3.8-percent decline, primarily from budget-related local government job cuts. Job gains were led by the professional and business services and the education and health services sectors, which increased by 5,600 and 3,300 jobs, or 1.5 and 1.2 percent,

respectively. The largest employers in the metropolitan area include Delta Air Lines, Inc., and AT&T Inc., with approximately 22,000 employees each, followed by Emory University and Cox Enterprises, Inc., with 21,000 and 13,500 employees, respectively.

The sales housing market in the Atlanta-Sandy Springs-Marietta metropolitan area is currently soft. According to data from Hanley Wood, LLC, REO (Real Estate Owned) sales made up 40 percent of all existing home sales in the metropolitan area during the 12 months ending August 2011, down from 47 percent in the previous 12 months. According to LPS Applied Analytics, 9.1 percent of all mortgage loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO in August 2011 compared with 8.2 percent for the state of Georgia but down from 10.6 percent for the metropolitan area in August 2010. Of the 39,400 existing homes sold during the past 12 months, 23,600 homes were non-REO sales, an 8-percent decline from the number of non-REO homes sold during the previous 12 months. Non-REO home sales prices averaged \$256,300, an increase of approximately 1 percent from the same period a year earlier. During the 12 months ending August 2011, the number of new home sales was down by 68 percent to 1,900 homes. The slow pace of new home sales and substantial builder incentives led to a 2-percent decline in the average sales price of new homes to \$243,800.

Single-family home production reflects the soft sales housing market conditions and the number of distressed properties available for sale in the metropolitan area. Continuing a 3-year trend of near record low single-family construction in the Atlanta-Sandy Springs-Marietta metropolitan area, preliminary data indicate permits for single-family homes decreased by 500 homes, or 8 percent, during the 12 months ending August 2011 to approximately 6,000 homes. From 2008 through 2010, an average of 7,900 homes were permitted, down from an average of 51,800 homes permitted from 2003 through 2007.

As a result of soft sales and rental housing market conditions during the past 3 years, multifamily housing production has been limited. Although multifamily permit activity remained near record low levels during the 12 months ending August 2011, preliminary data indicate permits increased by 63 percent to approximately 2,000 units from 1,250 units permitted during the previous 12 months and compared with an average of 14,800 units a year from 2000 through 2007. Approximately 75 percent of multifamily permit activity during the past 12 months occurred in the centrally located Cobb and Fulton Counties.



More than 95 percent of those units were apartments. Condominium construction has virtually ceased after gradually declining from a high of more than 6,000 units in 2007. According to Hanley Wood, LLC, during the 12 months ending August 2011, the number of existing condominium sales, not including REO sales, decreased by 19 percent to approximately 1,550 units and the average sales price declined by 5 percent to \$180,100. Sales of new condominium units decreased by 55 percent to 460 units, but the average sales price of a new condominium unit increased by 2 percent to \$261,800.

The rental housing market in the Atlanta-Sandy Springs-Marietta metropolitan area remains soft. According to

Reis, Inc., the apartment vacancy rate for the metropolitan area was 8.4 percent during the third quarter of 2011, down from 10.6 percent during the third quarter of 2010, as a result of moderate absorption and limited completions. The average rent increased less than 2 percent to approximately \$860. During the past 2 years, rental concessions have been widespread throughout the market and rent increases have been limited. A few in-town neighborhoods, such as Buckhead and the GA-400 transportation corridor in Fulton County, have recorded significant vacancy declines and rent increases; however, only a few sub-markets in the metropolitan area have become balanced.