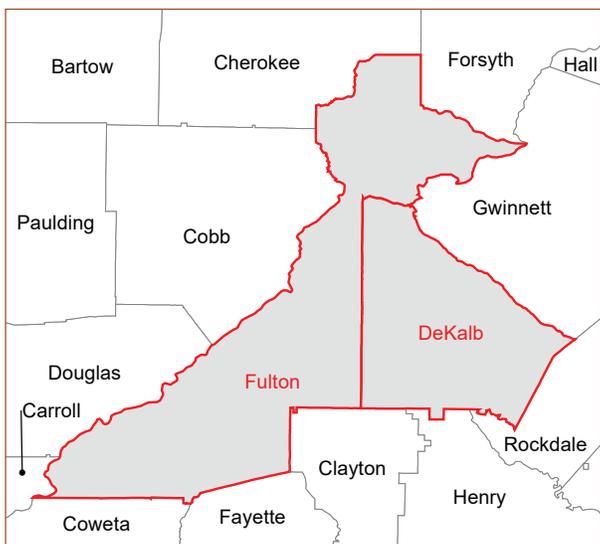




Atlanta Metropolitan Area Series

Focus On: Fulton and DeKalb Counties, Georgia

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of August 1, 2018



Housing Market Area

The Fulton and DeKalb Counties Housing Market Area (HMA) is part of the 29-county Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area (hereafter, Atlanta MSA). The HMA, which includes the city of Atlanta, is centrally located within the MSA and is an international hub for logistics, education, health care, and trade.

Summary

Economy

Economic conditions in the Fulton and DeKalb Counties HMA are currently strong. Job growth slowed during the most recent 12 months but has exceeded the national rate since 2011. During the 12 months ending July 2018, nonfarm payrolls in the MSA increased by 51,200 jobs, or 1.9

percent. By comparison, nonfarm payrolls in the nation expanded by 1.6 percent during the 12 months ending July 2018. During the 3-year forecast period, nonfarm payrolls in the MSA are expected to increase an average of 1.8 percent a year, partly supported by economic expansions in the HMA.

Sales Market

The sales market in the HMA is currently balanced with reduced levels of home construction and increased net in-migration contributing to the absorption of excess inventory since the early 2010s. As of August 1, 2018, the overall sales vacancy rate was estimated at 2.1 percent, down

from 4.6 percent in April 2010. During the 3-year forecast period, demand is estimated for 14,100 new homes, accounting for 19 percent of total demand in the Atlanta MSA (Table 1). Demand is expected to be relatively stable in the HMA during the period. The 3,475 homes currently under construction will satisfy some of the forecast demand.

Rental Market

The rental housing market in the HMA is currently balanced with an estimated vacancy rate of 6.0 percent, down from 13.4 percent in April 2010. Strong growth in renter households has generally outpaced construction of rental units and the

Market Details

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conversion of sales units to rental use since 2010. During the next 3 years, demand in the HMA is expected for 19,450 new market-rate rental units, representing 64 percent of demand in the Atlanta

MSA (Table 1). The 13,150 rental units currently under construction and the 4,025 additional units expected to be completed during the next 2 years will satisfy most of the demand.

Table 1. Housing Demand in the Atlanta MSA* and Fulton and DeKalb Counties HMA During the Forecast Period

| | Atlanta MSA* | | Fulton and DeKalb Counties HMA | |
|--------------------|--------------|--------------|--------------------------------|--------------|
| | Sales Units | Rental Units | Sales Units | Rental Units |
| Total demand | 74,150 | 30,350 | 14,100 | 19,450 |
| Under construction | 14,175 | 15,950 | 3,475 | 13,150 |

*Atlanta-Sandy Springs-Roswell 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 August 1, 2018. The forecast period is August 1, 2018, to August 1, 2021.

Source: Estimates by analyst

Economic Conditions

The Fulton and DeKalb Counties HMA is the primary economic core of the Atlanta MSA. The HMA currently accounts for approximately 46 percent of all jobs in the MSA, a figure which has generally trended upwards during the current

period of economic expansion after averaging 43 percent in 2009. Job growth in the MSA slowed during the most recent 12 months, but economic conditions remain strong with the rate of growth exceeding the national rate since 2011. During the 12 months ending July 2018, nonfarm payrolls in the MSA averaged 2.75 million jobs, an increase of 51,200 jobs, or 1.9 percent, from the previous 12 months (Table 2). That rate of job growth was down from an increase of 71,900 jobs, or 2.7 percent, during the 12 months ending July 2017, but was higher than the 1.6-percent rate for the nation. AT&T, Inc., which moved several hundred jobs from Atlanta to other locations within the nation in early 2018, contributed to the slowed rate of growth during the most recent 12 months, as the information sector declined by 2,300 jobs, or 2.4 percent. The education and health services sector added the most jobs, expanding by 10,500 jobs, or 3.1 percent, due in part

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Atlanta MSA*, by Sector

| | 12 Months Ending | | Absolute Change | Percent Change |
|------------------------------------|------------------|-----------|-----------------|----------------|
| | July 2017 | July 2018 | | |
| Total nonfarm payroll jobs | 2,701,700 | 2,752,900 | 51,200 | 1.9 |
| Goods-producing sectors | 286,600 | 295,400 | 8,800 | 3.1 |
| Mining, logging, and construction | 120,800 | 126,900 | 6,100 | 5.0 |
| Manufacturing | 165,800 | 168,500 | 2,700 | 1.6 |
| Service-providing sectors | 2,415,100 | 2,457,500 | 42,400 | 1.8 |
| Wholesale and retail trade | 449,400 | 454,900 | 5,500 | 1.2 |
| Transportation and utilities | 149,300 | 158,400 | 9,100 | 6.1 |
| Information | 97,800 | 95,500 | -2,300 | -2.4 |
| Financial activities | 169,000 | 170,100 | 1,100 | 0.7 |
| Professional and business services | 496,600 | 500,200 | 3,600 | 0.7 |
| Education and health services | 337,600 | 348,100 | 10,500 | 3.1 |
| Leisure and hospitality | 287,200 | 296,300 | 9,100 | 3.2 |
| Other services | 98,700 | 99,800 | 1,100 | 1.1 |
| Government | 329,500 | 334,300 | 4,800 | 1.5 |

*Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area

Notes: Based on 12-month averages through July 2017 and July 2018. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

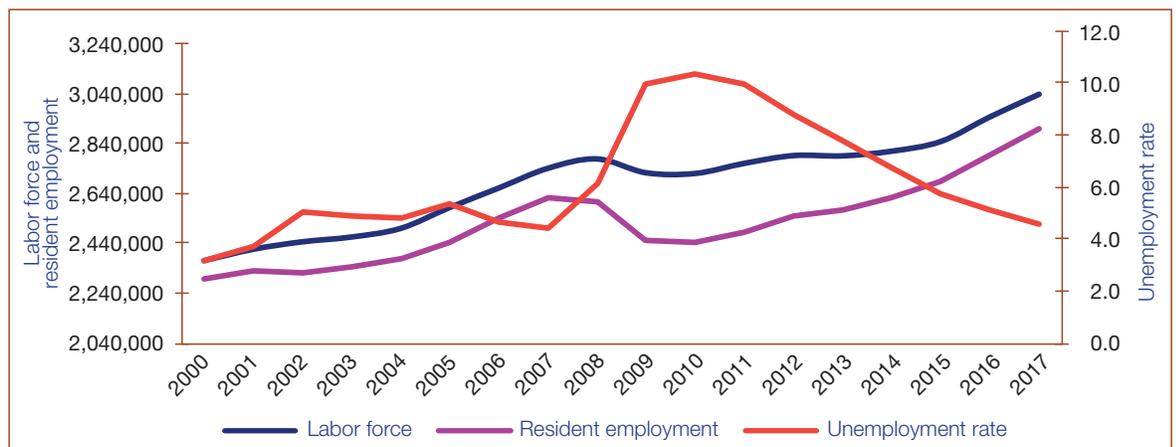
to the completion of a new 84-bed patient tower at Northside Hospital Atlanta, which opened in early 2018.

The economic downturn in the late 2000s affected the HMA relatively severely, with nonfarm payrolls in the MSA declining by an average of 61,300 jobs, or 2.6 percent, a year from 2008 through 2010, when nonfarm payrolls in the nation declined by an average of only 1.9 percent, annually. From 2011 through 2016, the MSA added an average of 64,700 jobs, or 2.7 percent, a year, as compared with average growth of only 1.7 percent a year for the nation. Due to the strong job growth that began in 2011, the number of nonfarm payrolls in the MSA is currently 11.8 percent greater than the prerecession high of 2.46 million in 2007. The HMA has accounted for approximately 51 percent of the jobs added in the MSA since 2011. The unemployment rates for both the MSA and the HMA have declined significantly since the early 2010s, and are generally comparable to the rate for Georgia, but remain slightly higher than the rate for the nation. During the 12 months ending July 2018, the unemployment rate in the MSA

was 4.1 percent, down from 4.9 percent during the previous 12 months and less than one-half of the recent high: 10.3 percent in 2010. The unemployment rate in the HMA, 4.3 percent, was slightly higher than that of the MSA during the 12 months ending July 2018 but was down from both the 5.1-percent rate during the 12 months ending July 2017 and the 10.6-percent rate during 2010. By comparison, the unemployment rates for Georgia and the nation were 4.2 and 3.9 percent, respectively, during the 12 months ending July 2018, down from 5.1 and 4.4 percent, respectively, during the previous 12 months. During 2010, the unemployment rates for Georgia and the nation were 10.5 and 10.4 percent, respectively. Figure 1 shows trends in the labor force, resident employment, and the average unemployment rate in the MSA from 2000 through 2017.

The Atlanta MSA is an international hub for logistics, education, health care, and trade. The presence of Hartsfield-Jackson Atlanta International Airport, the busiest airport in the world since 2000 (Airports Council International), and the educated MSA workforce,

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Atlanta MSA*, 2000 Through 2017



*Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area
Source: U.S. Bureau of Labor Statistics

including graduates from Emory University, Georgia Institute of Technology, (Georgia Tech) and Georgia State University, make the MSA an attractive location for corporations. The headquarters of 28 Fortune 1,000 companies are located in the MSA, including Delta Air Lines, Inc., The Home Depot, Inc., AT&T, Inc., United Parcel Service (UPS), and The Coca-Cola Company, which are in the HMA (Table 3). As a result, the professional and business services sector—which includes the management of companies and enterprises and the administrative, support, and waste management

industries—is currently the largest sector in the MSA. During the 12 months ending July 2018, the sector accounted for 500,200 jobs, or 18 percent of total nonfarm payrolls in the MSA (Figure 2), with approximately 53 percent of the jobs in the sector in the HMA. Job growth in the sector slowed from 12,900 jobs, or 2.7 percent, during the 12 months ending July 2017, to only 3,500 jobs, or 0.7 percent, during the most recent 12 months, but has accounted for approximately 24 percent of all jobs added in the MSA since 2011—more than any other sector. The sector recorded only 2 years of job losses during the economic downturn and began adding jobs a year sooner than most sectors in the HMA. After declining by an average of 17,300 jobs, or 4.3 percent, from 2008 through 2009, the sector added 8,900 jobs, an increase of 2.4 percent, in 2010. The sector surpassed the wholesale and retail trade sector in size the following year and, from 2011 through 2016, expanded by an average of 17,600 jobs, or 4.1 percent, a year. Notable expansions during the period include several within the HMA. In 2013, AirWatch, a mobile technology and security provider, added 1,000 jobs as part of an expansion of its headquarters in the city of Sandy Springs; General Motors Company, also created 1,000 jobs when it opened an information technology (IT) innovation center in the city of Roswell. More recently, Mercedes-Benz USA, created 700 jobs when it relocated its headquarters to the HMA, a process which began in 2015 and was completed in early 2018.

The education and health services sector has been the fastest growing sector in the MSA since 2000 (Figure 3) and is the only sector to have added jobs each year during

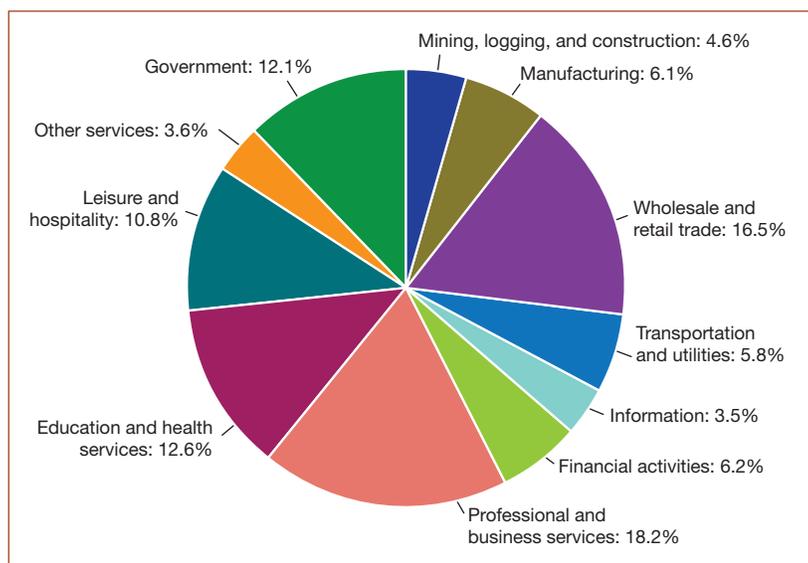
Table 3. Major Employers in the Fulton and DeKalb Counties HMA

| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|---|-----------------------------|---------------------|
| Delta Air Lines, Inc. | Transportation & utilities | 31,700 |
| Emory University/Emory Healthcare | Education & health services | 26,050 |
| The Home Depot, Inc. | Wholesale & retail trade | 25,000 |
| WellStar Health System | Education & health services | 20,000 |
| AT&T, Inc. | Information | 17,000 |
| United Parcel Service (UPS) | Transportation & utilities | 16,250 |
| Piedmont Healthcare | Education & health services | 12,900 |
| Georgia State University | Government | 9,425 |
| Center for Disease Control and Prevention (CDC) | Government | 9,150 |
| Cox Enterprises | Information | 8,275 |

Note: Excludes local school districts.

Source: Metro Atlanta Chamber of Commerce

Figure 2. Current Nonfarm Payroll Jobs in the Atlanta MSA*, by Sector

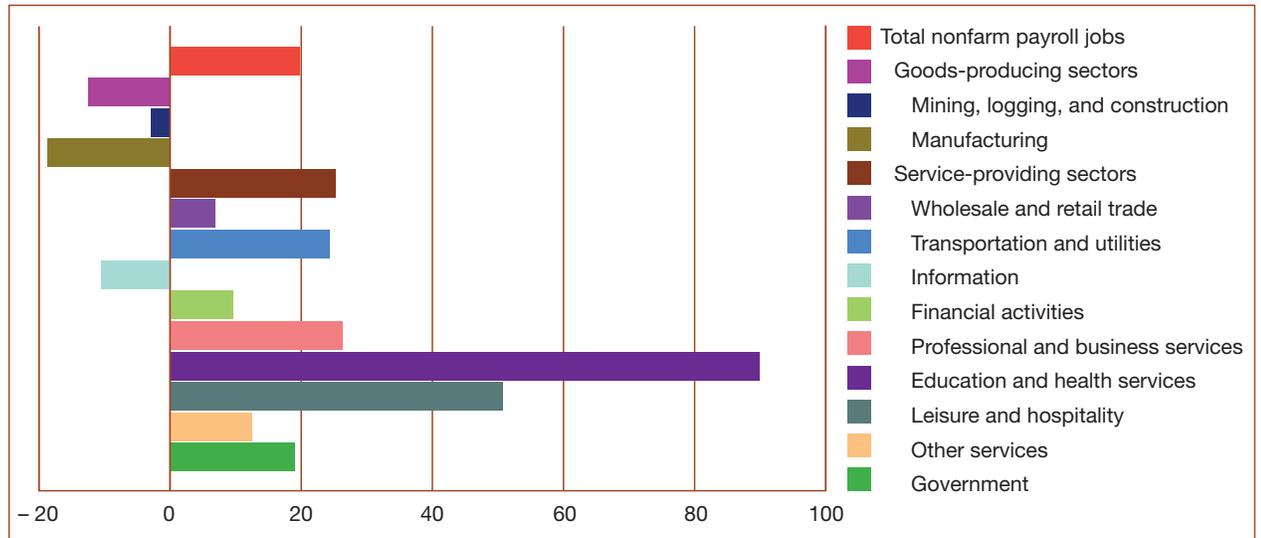


*Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area

Note: Based on 12-month averages through July 2018.

Source: U.S. Bureau of Labor Statistics

Figure 3. Sector Growth in the Atlanta MSA*, Percentage Change, 2000 to Current



*Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area

Note: Current is based on 12-month averages through July 2018.

Source: U.S. Bureau of Labor Statistics

the period. Anchored by Emory University/Emory Healthcare, which is the second largest employer in both the MSA and the HMA, with 26,050 employees, the sector added more jobs than any other sector during the most recent 24 months. During the 12 months ending July 2018, the number of jobs in the sector averaged 348,100 jobs, an increase of 10,500 jobs, or 3.1 percent, following an increase of 9,800 jobs, or 3.0 percent, during the 12 months ending July 2017. From the end of 2000 through 2016, the sector expanded by an average of 9,400 jobs, or 3.8 percent, annually, due in part to increased demand for health care caused by population growth. The healthcare and social assistance industry has accounted for more than 60 percent of the job growth in the sector since 2000, partly because of several notable hospital openings and expansions within the HMA. Emory University Healthcare completed a \$270 million redevelopment of Emory Crawford Long Hospital (now Emory University Hospital Midtown) in 2002, and Children’s Healthcare of Atlanta completed a

\$344 million project that expanded the Egleston and Scottish Rite facilities in 2007. More recently, Emory University opened a new 210-bed medical tower at the Clifton Campus in early 2017.

Spending generated by jobs in the HMA, particularly in the professional and business services and the education and health services sectors, contributes significantly to the wholesale and retail trade sector, the largest sector in the MSA from 2000 to 2011. During the 12 months ending July 2018, nonfarm payrolls in the sector averaged 454,900 jobs, an increase of 5,500 jobs, or 1.2 percent, from the previous 12-month period. The sector increased by an average of 8,400 jobs, or 2.0 percent, a year from 2011 through 2016 after declining by an average of 15,200 jobs, or 3.6 percent, a year from 2008 through 2010. The retail trade subsector accounted for 73 percent of the job growth in the sector from 2011 through 2016 after accounting for 65 percent of the jobs lost during the decline. The HMA represents only 35 percent

of all wholesale and retail trade jobs in the MSA, with many large retail centers in suburban counties outside the HMA.

During the 3-year forecast period, nonfarm payroll growth is expected to remain strong at an average of 76,600 jobs, or 2.9 percent, annually. Job gains are expected in most sectors, with growth in the professional and business services and the education and health services sectors expected to indirectly support gains in the wholesale and retail trade, the mining, logging, and construction, and the leisure

and hospitality sectors. Inspire Brands, the parent company of Arby's, Buffalo Wild Wings, and Rusty Taco, recently announced an expansion of its headquarters in the HMA city of Sandy Springs, which will create as many as 1,100 jobs beginning in 2019. Healthcare insurer Anthem, Inc. recently broke ground on the Anthem Technology Tower, a \$150-million, 21-story skyscraper in the Midtown neighborhood in the city of Atlanta, which will eventually house as many as 3,000 employees, including 1,800 IT workers, when it is completed in 2020.

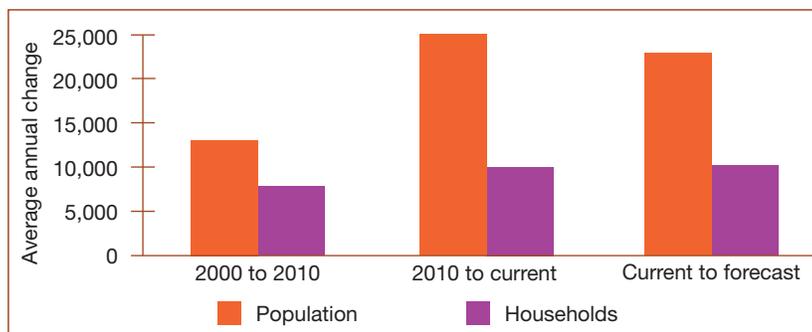
Population and Households

As of August 1, 2018, the population of the Fulton and DeKalb Counties HMA is estimated at 1.82 million, or approximately 30 percent of the total population of the Atlanta MSA, which is currently estimated at 5.98 million. Population growth in the HMA has accelerated since 2010 with strong job growth contributing to net in-migration, particularly to the highly urbanized areas within Interstate 285, which encircles the economic core of the MSA. The population

of the HMA has increased by an average of 24,900, or 1.5 percent, annually, since 2010, nearly double the average growth rate of 0.8 percent, annually, from 2000 to 2010 (Figure 4). By comparison, the population of the MSA has expanded an average of 1.5 percent a year since 2010, after increasing an average of 2.2 percent, a year from 2000 to 2010. Net in-migration to the HMA has averaged 11,800 people a year and accounted for 48 percent of total population growth since 2010 after net out-migration from the HMA averaged 1,600 people a year from 2000 to 2010 (Figure 5). Weak economic conditions limited net in-migration in both the early and late 2000s. In addition, during the economic expansion in the middle of the decade, a surge in new housing developments in areas outside the HMA, particularly of larger homes, attracted HMA homebuyers to those less densely populated parts of the MSA.

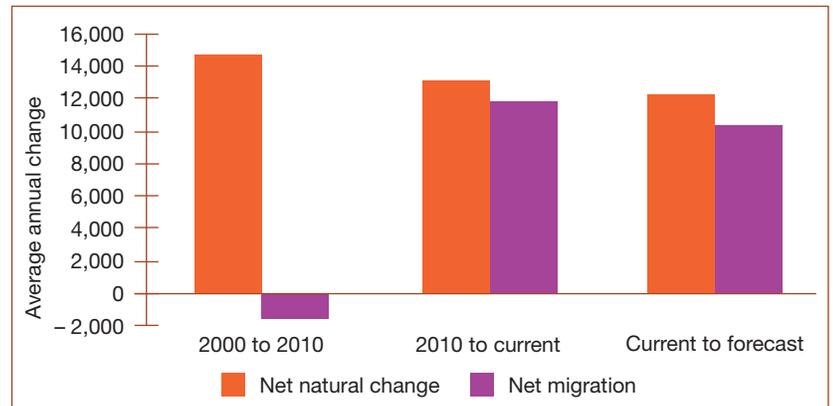
The city of Atlanta, which is on the border between Fulton

Figure 4. Population and Household Growth in the Fulton and DeKalb Counties HMA, 2000 to Forecast



Notes: The current date is August 1, 2018. The forecast date is August 1, 2021.

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

Figure 5. Components of Population Change in the Fulton and DeKalb Counties HMA, 2000 to Forecast

Note: The current date is August 1, 2018. The forecast date is August 1, 2021.

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

and DeKalb Counties, is the economic center of the HMA and currently encompasses about 27 percent of the HMA population. The city has accounted for approximately 35 percent of population growth in the HMA since 2010, however, because tighter lending requirements have limited homeownership since the late 2000s, decreasing the incentive for many residents to commute from outlying parts of the HMA. Significant redevelopment efforts such as the Atlanta Beltline, which received an \$18 million federal grant in 2013, have also made the city a more attractive location for residents. As of 2016, the population of the city was 472,506, representing an average annual increase of 1.9 percent, from 2010 (American Community Survey 1-year data). By comparison, from 2000 to 2010, population growth was much faster in the suburban parts of the HMA, particularly along the Georgia State Route 400 corridor to the north of Interstate 285. The cities of Sandy Springs, Roswell, Johns Creek, and Alpharetta combined to account for 43 percent of total population growth in the HMA during the period whereas the city of Atlanta accounted for only 3 percent.

Household growth in the HMA has accelerated since 2010, but less dramatically than population growth because a relatively high proportion of the recent net immigration consisted of families. The number of households in the HMA is estimated at 731,100 as of August 1, 2018, an average annual increase of 9,950, or 1.5 percent, since 2010. By comparison, from 2000 to 2010, the number of households in the HMA increased by an average of 7,750, or 1.3 percent, annually. The average household size in the HMA was 2.41 in 2010, down from 2.52 in 2000. That figure is estimated to have increased to 2.42 as of August 1, 2018. The HMA is highly urbanized and was affected by the housing market downturn in the late 2000s, with very high foreclosure rates continuing into the early 2010s. As a result, the homeownership rate has declined since 2010 and remains well below the respective rates for both the MSA and the nation. As of August 1, 2018, the homeownership rate in the HMA is estimated at 50.4 percent, down from 55.1 percent in April 2010. The homeownership rate for the MSA is currently estimated at 60.1 percent, down from 66.1 percent in April 2010 (Table DP-1 at the end

Population and Households *Continued*

of this report). By comparison, the rate for the nation was 64.3 percent as of the second quarter of 2018, down from 66.9 percent during the second quarter of 2010.

During the forecast period, population growth in the HMA is expected to moderate as economic conditions continue to strengthen because higher housing costs in the HMA are expected to increase the incentive for jobholders, particularly those with families, to commute from less expensive parts

of the MSA. Household growth is also expected to slow, but less dramatically than population growth with the average household size expected to trend downwards. The population of the HMA is expected to increase an average of 1.2 percent, annually, during the next 3 years, whereas the number of households is expected to increase 1.4 percent, annually. Population and household growth in the MSA are expected to increase averages of 1.4 and 1.5 percent, a year, respectively, during the period. Despite drastically reduced foreclosure rates from the 2010 to current period, the homeownership rate in the HMA is expected to continue to decline during the next 3 years as home prices continue to rise and prospective homebuyers target less expensive parts of the MSA. The rate of decline is expected to be much slower than that since 2010, however, with homeownership declining only 1.0 percentage point by the end of the forecast period. Figure 6 shows the number of households by tenure from 2000 through the current period.

Figure 6: Number of Households by Tenure in the Fulton and DeKalb Counties HMA, 2000 to Current



Note: The current date is August 1, 2018.

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

Housing Market Trends

Sales Market

The sales housing market in the Fulton and DeKalb Counties HMA is currently balanced. Demand for homes has generally increased faster than the available supply since the early 2010s, contributing to absorption of inventory, declining sales vacancy rates, and rising home prices. As of August 1, 2018, the overall sales vacancy rate was estimated at 2.1 percent, down from 4.6 percent in April 2010 (Table DP-2 at the end of this report). The inventory of available homes in the HMA

in June 2018 was an estimated 2.9-month supply, down from a 3.1-month supply during June 2017 and significantly less than the 9.5-month supply during April 2010 (CoreLogic, Inc.).

Existing home sales in the HMA peaked at 43,500 homes sold in 2005 but declined during each of the next 6 years to a low of only 19,050 in 2011 because of weakening economic conditions and tightened lending standards (CoreLogic, Inc., with adjustments

Housing Market Trends

Sales Market *Continued*

by the analyst). As existing home sales declined, the volume of real estate owned (REO) sales increased significantly. During 2005, REO sales accounted for only 5 percent of existing home sales, a figure that subsequently peaked at 40 percent in 2009. The dramatic increase in REO sales caused existing home prices to decrease an average of 15 percent, annually, from a high of \$256,800 in 2007 to a low of \$187,000 in 2009. Despite significant declines in the number of REO sales, the number of existing homes sold has trended upwards since the early 2010s, coinciding with the current period of economic growth. An average of 29,500 existing homes sold each year from 2012 through 2014, a figure which rose to an average of 36,250 each year from 2015 through 2017 whereas the number of REO sales declined an average of 25 percent each year from 2013 through 2017. The sharp decline in generally lower priced REO sales contributed to increasing existing home sales prices, which rose by an average annual \$17,350, or 7 percent, from 2013 through 2017. During the 12 months ending June 2018, approximately 38,050 existing homes sold, an increase of 5 percent from the preceding 12-month period. The average sales price of existing homes increased to \$300,300 during the 12 months ending June 2018, up 4 percent from the 12 months ending June 2017 and 17 percent higher than the prerecession peak.

As of June 2018, 1.9 percent of home loans in the HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status, down from 2.9 percent in June 2017 and equal to the national rate of 1.9 percent. The current percentage of seriously delinquent loans and REO

properties in the HMA represents a significant improvement from a high of 11.0 percent in February 2010, when the national rate was 8.6 percent.

New home sales in the HMA have increased each year since 2011 but remain well below the levels of the mid-2000s housing boom. The number of new homes sold averaged 14,750 during 2005 and 2006 but declined during each of the next 5 years to a low of 2,150 in 2011 due in part to the increasing inventory of lower priced existing homes in the HMA. From 2012 through 2017, however, the number of new home sales increased at an average annual rate of 12 percent as excess inventory was absorbed and prices for existing homes rose. New home prices in the HMA peaked in 2009, relatively late compared with other areas in the nation, at \$299,800 as new home construction became increasingly limited to high-end developments after the housing bubble burst. Home builders briefly reduced prices in response to falling demand in 2010 but strengthening economic conditions and the continued limitation of development to expensive parts of the HMA contributed to sharp increases in new home sales prices from 2011 through 2016. After decreasing 6 percent to \$283,100 in 2010, the average price of a new home increased an average of 7 percent, annually, to \$418,400 in 2016. Average sales prices for new homes remain near all-time highs, but have moderated during the most recent 24 months, with development restarting in some of the more affordable parts of the HMA, particularly the southwestern part of Fulton County. During the 12 months ending June 2018, the number of new homes sold in the HMA increased 6 percent to 4,325,

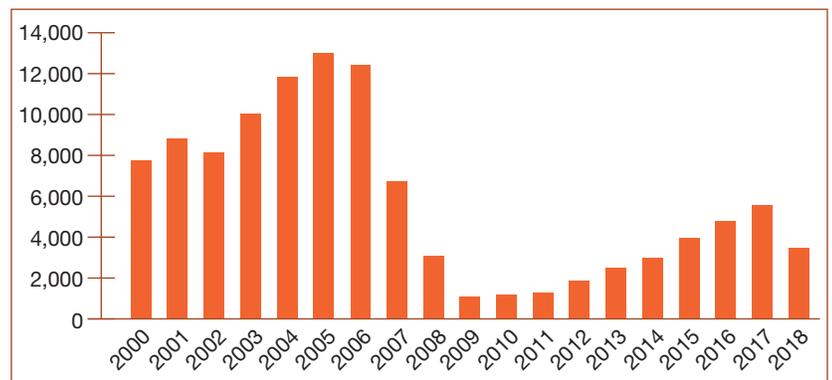
whereas the average sales price of a new home decreased 5 percent, to \$403,500.

Condominium construction in the HMA declined significantly in the late 2000s and remains subdued although sharply rising home prices have recently increased demand for smaller homes, and some notable new developments are underway in the city of Atlanta. From 2005 through 2007, before the housing crisis, an average of 1,600 new condominium units sold annually in the HMA, accounting for 12 percent of all new home sales (Metrostudy, A Hanley Wood Company). New condominium sales decreased during 9 of the next 10 years and an average of only 120 new condominiums sold each year from 2014 through 2017, representing only 4 percent of all new homes sold during the period. Development of several new, mostly high-end condominium projects is currently underway, however. Sales recently began at The Sutton, a 21-story building with 151 units in the Buckhead neighborhood of the city of Atlanta, which was initially planned as apartments. When complete in mid-2019, the development will consist of one-, two-, and three-bedroom units

with prices ranging from \$500,000 up to \$1.4 million. Construction is also ongoing at the 150-unit Juniper and 5th in the Midtown neighborhood of the city of Atlanta, which is expected to open in late 2019, with prices ranging from the high \$500,000s to the high \$600,000s.

Single-family home construction in the HMA, as measured by the number of homes permitted, has increased each year since 2010, but remains below the historically high levels reached during the mid-2000s. Single-family homebuilding peaked from 2004 through 2006, at an average of 12,350 homes permitted annually, then declined by an average of 3,750 homes, or 56 percent, annually during the next 3 years to a low of 1,075 homes in 2009 (Figure 7). The significant inventory of lower-priced existing homes limited demand and reduced new construction during the period. Single-family home construction increased in both 2010 and 2011, but remained at very low levels, averaging only 1,200 homes a year during the period. Rapid absorption of available existing inventory contributed to more significant increases beginning in 2012, however. From 2012 through 2016, the number of single-family

Figure 7. Single-Family Homes Permitted in the Fulton and DeKalb Counties HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through July 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2016 final data and analyst estimates; 2017 preliminary data and analyst estimates

homes permitted in the HMA increased an average of 30 percent, annually, to 4,700. During the 12 months ending July 2018, 5,650 single-family homes were permitted in the HMA, a slight decrease from the 5,675 homes permitted during the previous 12 months (preliminary data).

A significant portion of the recent new home construction has occurred in the northern part of the HMA, although notable development has also occurred in communities to the southwest of Atlanta. Approximately one-third of all single-family permitting in the HMA since 2013 has occurred in a region roughly bounded by the city of Milton to the north, Interstate 285 to the south, the city of Roswell to the west, and the city of Johns Creek to the east. New developments in progress in the area include Manning on The Square, which will be set on 11 acres in downtown Alpharetta. The community will consist of 58 single-family homes with sales beginning in early 2019, although prices have yet to be announced. The region of the HMA to the southwest of Atlanta, which includes unincorporated parts of Fulton County as well as the cities of College Park, East Point, Fairburn, and Union City, has accounted for approximately 21 percent of single-family permitting activity since 2013.

This includes The Village at Cedar Grove, which is in the city of Fairburn, approximately 20 miles southwest of the city of Atlanta. The development consists of a combined 970 single-family homes and townhomes, of which 690 have been sold. Prices currently start in the low \$200,000s for the remaining homes.

During the 3-year forecast period, demand is expected for an estimated 14,100 new homes in the HMA, which accounts for 19 percent of the estimated demand for 74,150 new homes in the MSA (Table 1). The 3,475 new homes currently under construction in the HMA, which represent 25 percent of the 14,175 new homes currently under construction in the MSA, will meet some of that demand. Demand for new homes will be relatively stable in the HMA during the forecast period with household growth expected to moderate slightly. Demand is expected to be greatest in the \$280,000-to-\$479,999 price range. Notable demand is also expected in the \$180,000-to-\$279,999 price range, particularly for smaller homes and townhomes in the southern part of the HMA, and for homes with prices more than \$579,999, particularly larger single-family homes in the northern part of the HMA. Table 4 shows the estimated demand for new market-rate sales housing by price range.

Table 4: Estimated Demand for New Market-Rate Sales Housing in the Fulton and DeKalb Counties HMA During the Forecast Period

| Price Range (\$) | | Units of Demand | Percent of Total |
|------------------|------------|-----------------|------------------|
| From | To | | |
| 180,000 | 279,999 | 2,825 | 20.0 |
| 280,000 | 379,999 | 4,225 | 30.0 |
| 380,000 | 479,999 | 3,525 | 25.0 |
| 480,000 | 579,999 | 1,400 | 10.0 |
| 580,000 | 679,999 | 1,400 | 10.0 |
| 680,000 | and higher | 710 | 5.0 |

Notes: Numbers may not add to totals because of rounding. The 3,475 homes currently under construction in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Rental Market

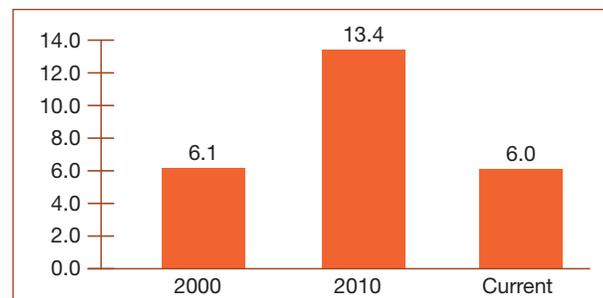
The overall rental market in the Fulton and DeKalb Counties HMA is currently balanced with strong rental household growth and relatively low levels of multifamily construction contributing to declining vacancy rates and strong rent growth since the early 2010s. As of August 1, 2018, the overall rental vacancy rate is estimated at 6.0 percent, down from 13.4 percent in April 2010 (Figure 8).

The apartment market in the HMA, which includes about 53 percent of all apartment units in the MSA, is also balanced with a vacancy rate of 5.9 percent during the second quarter of 2018, down slightly from 6.0 percent a year ago and well below the recent second quarter high of 11.8 percent during 2009 (Real Page, Inc., with adjustments by the analyst). Vacancy rates declined in 13 of the 21 Real Page-defined market areas in the HMA during second quarter of 2018 but increased in some market areas within the city of Atlanta due to significant numbers of new apartment completions. The lowest vacancy rate in the HMA was in the Doraville market area, where the vacancy rate declined to 4.3 percent, down from 5.0 percent a year ago. The highest rates, 7.7 and 7.5 percent, were in

the Northeast Atlanta and West Atlanta market areas, respectively, where the vacancy rates were 6.2 and 6.0 percent, respectively, a year ago. During the past year, 530 apartment units were completed in the Northeast Atlanta market area, and 900 new units were completed in the West Atlanta market area. Those figures represent 3- and 5-percent increases of the respective apartment inventories.

Consistent with declining vacancy rates, rent growth in the HMA has been strong since the early 2010s. The average rent in the HMA was \$1,229 during the second quarter of 2018, up 4 percent from a year ago, and 39 percent higher than the average of \$883 during the second quarter of 2013. By comparison, the average rent for the nation was \$1,329 during the second quarter of 2018, up 3 percent from a year ago, and 20 percent higher than \$1,105 during the second quarter of 2013. The city of Atlanta, where approximately 44 percent of apartments in the HMA are, encompasses the three most expensive market areas. The Midtown Atlanta, Buckhead, and Northeast Atlanta market areas had average rents of \$1,734, \$1,617, and \$1,532, respectively, during the second quarter of 2018, increases of 6, 1, and 2 percent, respectively, from the second quarter of 2017. Rent growth was fastest in the Decatur market area, however, where the average rent was \$1,318 during the second quarter of 2018, a 9-percent increase from a year ago. Rents are generally more affordable in the southern part of the HMA with the lowest average rents during the second quarter of 2018, \$819 and \$822, in the South Atlanta and South DeKalb County market areas, respectively.

Figure 8. Rental Vacancy Rates in the Fulton and DeKalb Counties HMA, 2000 to Current



Note: The current date is August 1, 2018.

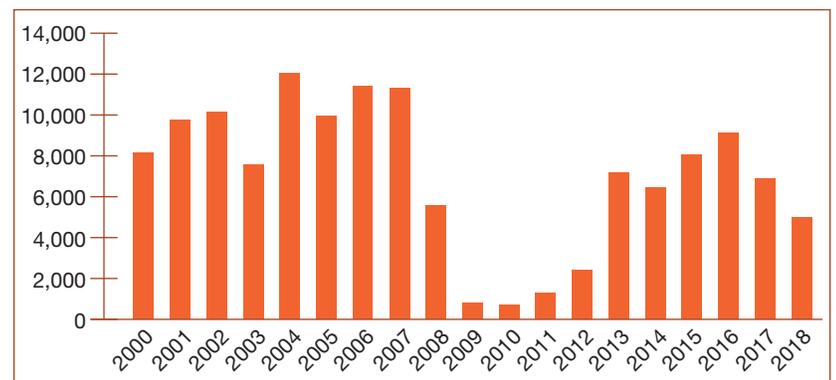
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Builders have responded to the general trend of decreasing vacancy rates and strong rent growth in the HMA with rising levels of multifamily construction since the early 2010s (Figure 9). The HMA has accounted for more than 70 percent of the multifamily units permitted in the MSA since 2013 although the increased vacancy rates in some parts of the city of Atlanta resulted in a reduction in apartment development activity during the most recent 24 months. During the 12 months ending July 2018, 6,300 multifamily units were permitted, down from 6,950 units during the 12 months ending July 2017 (preliminary data). An average of 7,660 units was permitted annually from 2013 through 2016, up from an average of only 2,100 units a year from 2008 through 2012. By comparison, an average of 9,975 multifamily units was permitted, annually from 2000 through 2007. Approximately 98 percent of all multifamily units permitted in the HMA since 2008 have been apartments, compared with 2000 through 2007, when approximately 20 percent of the multifamily units permitted were condominiums.

Recent apartment construction has generally been concentrated

in the city of Atlanta, which has accounted for approximately 64 percent of all apartments completed in the HMA during the past 3 years. Significant apartment development has also occurred in the northern part of the HMA, including the cities of Alpharetta and Sandy Springs. During the past 3 years, nearly 15,400 new apartment units have been completed in the city of Atlanta, with a combined 11,200 of those units located in the Midtown, Buckhead, and Northeast Atlanta market areas, which are to the north of downtown, and an additional 2,350 in the West Atlanta market area. Notable recent projects in the city of Atlanta include the 390-unit Icon Midtown, a 39-story apartment building in the Midtown market area that opened in March 2018. Rents at the project for studio, one-, two-, 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. During the past 3 years, 4,475 units have been completed in the cities of Alpharetta and Sandy

Figure 9. Multifamily Units Permitted in the Fulton and DeKalb Counties HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through July 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2016 final data and analyst estimates; 2017 preliminary data and analyst estimates

Housing Market Trends

Rental Market *Continued*

Springs, with several other projects currently under construction. The 562-unit Juncture opened in the city of Alpharetta in February 2018. Rents at the project range from \$1,150 to \$1,800 for one-bedroom units and from \$1,375 to \$2,150 for two-bedroom units. Hanover Perimeter, a 384-unit development in the city of Sandy Springs, began leasing in early 2018 and is expected to be complete by the end of 2018, with rents starting at \$1,425 for studio units and \$1,500 for one-bedroom units.

During the 3-year forecast period, demand is expected for 19,450

new rental units in the HMA, which represents 64 percent of the forecast rental demand for the MSA (Table 1). Demand is expected to moderate slightly during the period as rental household growth slows. Demand will be strongest for two-bedroom units with monthly rents ranging from \$1,400 to \$1,599, but also will be notable for one-bedroom units with rents ranging from \$950 to \$1,349 (Table 5). The 13,150 new rental units under construction and an estimated 4,025 additional units currently in the pipeline will likely satisfy much of the demand during the next 2 years.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Fulton and DeKalb Counties HMA During the Forecast Period

| Zero Bedrooms | | One Bedroom | | Two Bedrooms | | Three or More Bedrooms | |
|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|------------------------|-----------------|
| Monthly Rent (\$) | Units of Demand | Monthly Rent (\$) | Units of Demand | Monthly Rent (\$) | Units of Demand | Monthly Rent (\$) | Units of Demand |
| 700 to 899 | 630 | 950 to 1,149 | 2,050 | 1,200 to 1,399 | 1,350 | 1,450 to 1,649 | 490 |
| 900 to 1,099 | 190 | 1,150 to 1,349 | 2,050 | 1,400 to 1,599 | 2,375 | 1,650 to 1,849 | 970 |
| 1,100 or more | 150 | 1,350 to 1,549 | 1,350 | 1,600 to 1,799 | 1,350 | 1,850 to 2,049 | 1,450 |
| | | 1,550 to 1,749 | 1,025 | 1,800 to 1,999 | 1,025 | 2,050 to 2,249 | 1,225 |
| | | 1,750 or more | 340 | 2,000 or more | 680 | 2,250 to 2,449 | 490 |
| | | | | | | 2,450 or more | 240 |
| Total | 970 | Total | 6,800 | Total | 6,800 | Total | 4,850 |

Notes: Monthly rent does not include utilities or concessions. Numbers may not add to totals because of rounding. The 13,150 units currently under construction will likely satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profiles

Table DP-1. Atlanta MSA*, Data Profile, 2000 to Current

| | 2000 | 2010 | Current | Average Annual Change (%) | |
|----------------------------|-----------|-----------|-----------|---------------------------|-----------------|
| | | | | 2000 to 2010 | 2010 to Current |
| Total resident employment | 2,298,989 | 2,440,037 | 2,955,000 | 0.6 | 2.6 |
| Unemployment rate | 3.1% | 10.3% | 4.1% | | |
| Total nonfarm payroll jobs | 2,299,400 | 2,276,000 | 2,753,000 | - 0.1 | 2.5 |
| Total population | 4,263,438 | 5,286,728 | 5,981,000 | 2.2 | 1.5 |
| Total households | 1,559,712 | 1,943,885 | 2,193,200 | 2.2 | 1.5 |
| Owner households | 1,041,714 | 1,285,066 | 1,319,000 | 2.1 | 0.3 |
| Percent owner | 66.8% | 66.1% | 60.1% | | |
| Renter households | 517,998 | 658,819 | 874,200 | 2.4 | 3.5 |
| Percent renter | 33.2% | 33.9% | 39.9% | | |
| Total housing units | 1,650,700 | 2,172,967 | 2,340,000 | 2.8 | 0.9 |
| Sales vacancy rate | 1.7% | 3.8% | 1.6% | | |
| Rental vacancy rate | 6.1% | 12.7% | 6.2% | | |
| Median Family Income | NA | NA | \$67,500 | NA | NA |

*Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area

Notes: Median Family Incomes are for 1999, 2009, and 2016. Employment data represent annual averages for 2000, 2010, and the 12 months through July 2018.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Fulton and DeKalb Counties HMA Data Profile, 2000 to Current

| | 2000 | 2010 | Current | Average Annual Change (%) | |
|---------------------|-----------|-----------|-----------|---------------------------|-----------------|
| | | | | 2000 to 2010 | 2010 to Current |
| Total population | 1,481,871 | 1,612,474 | 1,820,000 | 0.8 | 1.5 |
| Total households | 570,581 | 648,186 | 731,100 | 1.3 | 1.5 |
| Owner households | 312,944 | 356,909 | 368,600 | 1.3 | 0.4 |
| Percent owner | 54.8% | 55.1% | 50.4% | | |
| Renter households | 257,637 | 291,277 | 362,500 | 1.2 | 2.7 |
| Percent renter | 45.2% | 44.9% | 49.6% | | |
| Total housing units | 609,863 | 742,073 | 795,700 | 2.0 | 0.8 |
| Sales vacancy rate | 2.2% | 4.6% | 2.1% | | |
| Rental vacancy rate | 6.1% | 13.4% | 6.0% | | |

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 8/1/2018—Estimates by the analyst

Forecast period: 8/1/2018–8/1/2021—Estimates by the analyst

The metropolitan statistical area definition noted in this report is based upon the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

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.

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 Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an 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.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_DeKalbAndFultonCountiesGA_18.pdf.

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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.

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.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.