State of Atlanta’s Housing Market

GSU Economic Forecasting Center Conference
February 24th, 2016
John Hunt – Smart Real Estate Data/ViaSearch

Is This Our “New Normal”? 
US Car Sales Are Back To Normal!
US Stock Market is Way Beyond Normal!
What About Housing?

New and Existing Home Sales
- Existing Home Sales (left axis)
- New Home Sales (right axis)

Home Buyer Tax Credits
The "Distressing" Gap

“Old Normal”
“New Normal”

http://www.calculatedriskblog.com/
Not Your “Typical” Recession!

Not Your “Typical” Recovery!

LOTS of Misinformation Out There!!

Who Can You Trust??

---

**NAHB Track Record**

*World Property Journal, January 21, 2015*

From the IBS: “Single-family production is expected to rise 26 percent in 2015 to 804,000 units.”

“The housing recovery will see single-family starts climb from 49 percent of normal all the way up to 90 percent of normal by the end of 2016.”
Actual 2014       670,000  
Actual 2015       722,000  
NAHB Projecting 977,000 for 2016.....  
NAHB Projecting 840,000 for 2016.....  
We are Projecting 780,000 for 2016.....  

Source: U.S. Census Bureau  

Annual Single Family Permits 2014  
Houston       38,250       -32%  
Dallas-Ft. Worth       22,216       -55%  
Atlanta       16,935       -72%  
Washington, DC       12,476       -51%  
Phoenix       11,692       -79%  
Austin       11,601       -35%  
New York       11,292       -66%  
Charlotte       11,156       -43%  
Orlando       9,936       -63%  
Nashville       9,038       -38%  
Top 10 Avg -53%
Annual Single Family Permits 2015

<table>
<thead>
<tr>
<th>City</th>
<th>YTY % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Houston</td>
<td>-4%</td>
</tr>
<tr>
<td>Dallas-Ft. Worth</td>
<td>26%</td>
</tr>
<tr>
<td>Atlanta</td>
<td>16%</td>
</tr>
<tr>
<td>Phoenix</td>
<td>46%↑</td>
</tr>
<tr>
<td>New York</td>
<td>-8%↑</td>
</tr>
<tr>
<td>Washington, DC</td>
<td>0%↓</td>
</tr>
<tr>
<td>Orlando</td>
<td>26%↑</td>
</tr>
<tr>
<td>Austin</td>
<td>1%↓</td>
</tr>
<tr>
<td>Charlotte</td>
<td>4%↓</td>
</tr>
<tr>
<td>Nashville</td>
<td>19%↓</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau

Atlanta Total Closings With Job Change

Copyright © 1998 - 2016 Smart Real Estate Data LLC
New Home Sales by Generation Yearly

- Millennials
- Gen X
- Boomers
- Greatest Gen

"New Normal"

Buyer Type Yearly

- FIRST TIME
- FIRST MOVE UP
- SECOND MOVE UP
- THIRD OR HIGHER

$217,000
$210,000
$200,000
$190,000
$180,000
$170,000
$160,000
$150,000
$140,000

$140,000
$165,000
$190,000
$217,000

Atlanta

“Old Normal”

“New Normal”
Where are the First Time Buyers?
Bloomberg Business November 5th 2015

Share of First Time Buyers Falls Again in the US, now at a 28 Year Low.

Home prices are rising much faster than incomes. The national median home price was up 6.1% from a year earlier. Incomes, by contrast, have been growing at roughly 2%.

United Bank of Scotland
Newsletter 2014 -

“Re-Emergence of Entry Level Demand Will Drive Recovery”

In our opinion, we're transitioning to the next stage of the recovery. This period will be typified by accelerated volume growth and limited home price appreciation, as the entry-level (First Time/Millennial) buyers emerge, and builders move further to the periphery (Ring of Death).
Paulding Buyer Types

- First Time Buyer: 33%
- First Move Up
- Second Move Up
- Third Or Higher

Henry Buyer Types

- First Time Buyer: 26%
- First Move Up
- Second Move Up
- Third Or Higher
#1 SFD 2015!!
Mundy Mill Hall County $186,187

Hall Buyer Types

- First Time Buyer: 12%
- First Move Up
- Second Move Up
- Third Or Higher
#1 SFD 2015!!
Mundy Mill Hall County $186,187

Empty Nester!!

Where are the First Time Buyers?
We Can’t Give Them What They Want, Where They Want It, At a Price They Can Afford!
But for a While We Actually Did!
But Not On Purpose!!
Not Every Millennial Rented Over the Last Few Years!
Where are the First Time Buyers?

2009

<table>
<thead>
<tr>
<th>RANK</th>
<th>SUBDIVISION</th>
<th>UNITS</th>
<th>PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SUN CITY PEACHTREE SS</td>
<td>130</td>
<td>$205,789</td>
</tr>
<tr>
<td>2</td>
<td>HORIZON</td>
<td>110</td>
<td>$176,394</td>
</tr>
<tr>
<td>3</td>
<td>COSMOPOLITAN</td>
<td>110</td>
<td>$170,419</td>
</tr>
<tr>
<td>4</td>
<td>MILLPOINT</td>
<td>103</td>
<td>$261,612</td>
</tr>
<tr>
<td>5</td>
<td>ELEMENT ENDO</td>
<td>75</td>
<td>$187,680</td>
</tr>
<tr>
<td>6</td>
<td>TWELVE CENTENNIAL PARK</td>
<td>75</td>
<td>$185,557</td>
</tr>
<tr>
<td>7</td>
<td>HARMONY ON THE LAKES</td>
<td>75</td>
<td>$235,066</td>
</tr>
<tr>
<td>8</td>
<td>FIELDSTONE</td>
<td>64</td>
<td>$258,320</td>
</tr>
<tr>
<td>9</td>
<td>CONCORD FARMS</td>
<td>63</td>
<td>$218,976</td>
</tr>
<tr>
<td>10</td>
<td>PRINCETON CROSSING</td>
<td>57</td>
<td>$267,744</td>
</tr>
</tbody>
</table>

2010

<table>
<thead>
<tr>
<th>RANK</th>
<th>SUBDIVISION</th>
<th>UNITS</th>
<th>PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SUN CITY PEACHTREE SS</td>
<td>117</td>
<td>$220,704</td>
</tr>
<tr>
<td>2</td>
<td>VILLAGE AT DEATON 55</td>
<td>82</td>
<td>$299,133</td>
</tr>
<tr>
<td>3</td>
<td>TERMINUS PLACE</td>
<td>76</td>
<td>$460,585</td>
</tr>
<tr>
<td>4</td>
<td>VILLAGE AT DEATON 55</td>
<td>76</td>
<td>$252,800</td>
</tr>
<tr>
<td>5</td>
<td>1010 MIDTOWN</td>
<td>63</td>
<td>$309,380</td>
</tr>
<tr>
<td>6</td>
<td>PINNINGS MAIN</td>
<td>50</td>
<td>$190,515</td>
</tr>
<tr>
<td>7</td>
<td>PARAMOUNT AT BUCKHEAD</td>
<td>50</td>
<td>$212,286</td>
</tr>
<tr>
<td>8</td>
<td>CROWN MANSION</td>
<td>49</td>
<td>$207,591</td>
</tr>
<tr>
<td>9</td>
<td>HARMONY ON THE LAKES</td>
<td>48</td>
<td>$295,857</td>
</tr>
<tr>
<td>10</td>
<td>JAMES CREEK</td>
<td>47</td>
<td>$165,384</td>
</tr>
</tbody>
</table>

2011

<table>
<thead>
<tr>
<th>RANK</th>
<th>SUBDIVISION</th>
<th>UNITS</th>
<th>PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SERRANO</td>
<td>109</td>
<td>$145,170</td>
</tr>
<tr>
<td>2</td>
<td>1010 MIDTOWN</td>
<td>90</td>
<td>$324,577</td>
</tr>
<tr>
<td>3</td>
<td>SUN CITY PEACHTREE SS</td>
<td>79</td>
<td>$255,469</td>
</tr>
<tr>
<td>4</td>
<td>BROOKWOOD</td>
<td>75</td>
<td>$204,611</td>
</tr>
<tr>
<td>5</td>
<td>VILLAGE AT DEATON 55</td>
<td>74</td>
<td>$287,257</td>
</tr>
<tr>
<td>6</td>
<td>LAKES AT CEDAR RIDGE</td>
<td>62</td>
<td>$195,960</td>
</tr>
<tr>
<td>7</td>
<td>THE ATLANTIC</td>
<td>54</td>
<td>$313,643</td>
</tr>
<tr>
<td>8</td>
<td>JAMES CREEK</td>
<td>54</td>
<td>$257,430</td>
</tr>
<tr>
<td>9</td>
<td>RIVER HOUSE</td>
<td>53</td>
<td>$165,384</td>
</tr>
<tr>
<td>10</td>
<td>CHAMPIONS RUN</td>
<td>53</td>
<td>$291,823</td>
</tr>
</tbody>
</table>

2012

<table>
<thead>
<tr>
<th>RANK</th>
<th>SUBDIVISION</th>
<th>UNITS</th>
<th>PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SILVER HOUSE</td>
<td>100</td>
<td>$173,518</td>
</tr>
<tr>
<td>2</td>
<td>BROOKWOOD</td>
<td>97</td>
<td>$424,308</td>
</tr>
<tr>
<td>3</td>
<td>1010 MIDTOWN</td>
<td>90</td>
<td>$327,458</td>
</tr>
<tr>
<td>4</td>
<td>COVE AT 5300</td>
<td>91</td>
<td>$111,411</td>
</tr>
<tr>
<td>5</td>
<td>JAMES CREEK</td>
<td>81</td>
<td>$280,688</td>
</tr>
<tr>
<td>6</td>
<td>SUN CITY PEACHTREE SS</td>
<td>74</td>
<td>$227,892</td>
</tr>
<tr>
<td>7</td>
<td>VILLAGE AT DEATON 55</td>
<td>71</td>
<td>$301,986</td>
</tr>
<tr>
<td>8</td>
<td>BRIDGECREST</td>
<td>63</td>
<td>$158,323</td>
</tr>
<tr>
<td>9</td>
<td>LAKES AT CEDAR GROVE</td>
<td>63</td>
<td>$217,523</td>
</tr>
<tr>
<td>10</td>
<td>PEACHTREE CORNERS</td>
<td>63</td>
<td>$41,533</td>
</tr>
</tbody>
</table>
### Where are the First Time Buyers?

<table>
<thead>
<tr>
<th>2013</th>
<th></th>
<th>2014</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RANK</strong></td>
<td><strong>SUBDIVISION</strong></td>
<td><strong>UNITS</strong></td>
<td><strong>PRICE</strong></td>
</tr>
<tr>
<td>1</td>
<td>1010 MIDTOWN</td>
<td>111</td>
<td>$420,199</td>
</tr>
<tr>
<td>2</td>
<td>CRESSWIND SS</td>
<td>101</td>
<td>$335,132</td>
</tr>
<tr>
<td>3</td>
<td>RIVER HOUSE</td>
<td>100</td>
<td>$177,289</td>
</tr>
<tr>
<td>4</td>
<td>VILLAGE AT DEATON SS</td>
<td>100</td>
<td>$294,170</td>
</tr>
<tr>
<td>5</td>
<td>SUN CITY PEACHTREE SS</td>
<td>96</td>
<td>$237,158</td>
</tr>
<tr>
<td>6</td>
<td>JAMES CREEK</td>
<td>80</td>
<td>$311,224</td>
</tr>
<tr>
<td>7</td>
<td>SADDLEBROOK</td>
<td>80</td>
<td>$236,096</td>
</tr>
<tr>
<td>8</td>
<td>OAKLEY TOWNSHIP</td>
<td>76</td>
<td>$152,001</td>
</tr>
<tr>
<td>9</td>
<td>MADISON PARK</td>
<td>74</td>
<td>$181,275</td>
</tr>
<tr>
<td>10</td>
<td>ALCOVY FALLS</td>
<td>73</td>
<td>$134,929</td>
</tr>
</tbody>
</table>

© 2016 Smart Numbers

---

### Think Outside The Box!!

Village at Belmont
From the $200’s
Think Outside The Box!!

From the $300’s

White Oak at East Lake
From The $240’s

Welcome to
White Oak at East Lake
Squared Development is honored to present this.

From the ’549’s
NOW SELING!!

- 3,000 sq ft homes
- 4 bedrooms, 3.5 baths
- Added family room
- Two car garage
- Optional basements
- Private community

White Oak at East Lake
Squared Development

404.366.3973

www.squaredhomes.com
Price Elasticity

Price elasticity of demand is a measure used to show the responsiveness, or elasticity, of the quantity demanded to a change in price.

Demand is elastic when changes in price have a relatively large effect on the quantity.

Demand is inelastic when changes in price have a relatively small effect on the quantity.
Buyer Type Yearly

- **FIRST TIME**
- **FIRST MOVE UP**
- **SECOND MOVE UP**
- **THIRD OR HIGHER**

“Normal” Atlanta

Price Point Trending – Harrison HS Cobb

- 2013: 93 Closings at $378,000
- 2014: 70 Closings at $431,000

Demand Is Elastic

© 2015 Smart Numbers
Price Point Trending – Lambert HS Forsyth

2013 253 Closings at $348,000  
2014 283 Closings at $443,000

Demand Is Inelastic
Cherokee, Cobb, Forsyth, Gwinnett, & N Fulton Counties
New Construction Sales Price to SAT Score
2014 – 2015

Average Sales Price
Thousands

SAT Score

Resale to New - Closings Trend
1998-2015

National versus Atlanta
New and Existing Home Sales

- Existing Home Sales (left axis)
- New Home Sales (right axis)

Closings (000’s)

Home Buyer Tax Credits

The "Distressing" Gap

"New Normal"

Resale to New Closings Trend 1998-2015

- New
- Resale

Closings (000’s)

"New Normal"

© 2016 Smart Numbers
Resale Price Trend 1999-2015

Resale Avg Price 3% Annual rate Year-to-Year Change

© 2016 Smart Numbers

Resale Price Trend 1999-2015

Resale Avg Price Year-to-Year Change

© 2016 Smart Numbers
October NEW closings were the highest since July 2008, but we still have a way to go!

. . . . 1,625 versus July 2006’s 5,556, but way up over the January 2011 recession 2011 low of 413
Cherokee, Cobb, Forsyth, N Fulton, & Gwinnett & DeKalb
Closings versus the Next 6, Next 6, and Bottom 7

© 2016 Smart Numbers
#1 SFD 2015!!
Mundy Mill $186,187

Price Point Trending - New Construction SFD
# Price Point Trending - New Construction SFD

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>0%</td>
<td>3%</td>
<td>5%</td>
<td>8%</td>
<td>10%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>100</td>
<td>0%</td>
<td>3%</td>
<td>5%</td>
<td>8%</td>
<td>10%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>150</td>
<td>0%</td>
<td>3%</td>
<td>5%</td>
<td>8%</td>
<td>10%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>200</td>
<td>0%</td>
<td>3%</td>
<td>5%</td>
<td>8%</td>
<td>10%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>250</td>
<td>0%</td>
<td>3%</td>
<td>5%</td>
<td>8%</td>
<td>10%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>300</td>
<td>0%</td>
<td>3%</td>
<td>5%</td>
<td>8%</td>
<td>10%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>350</td>
<td>0%</td>
<td>3%</td>
<td>5%</td>
<td>8%</td>
<td>10%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>400</td>
<td>0%</td>
<td>3%</td>
<td>5%</td>
<td>8%</td>
<td>10%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>450</td>
<td>0%</td>
<td>3%</td>
<td>5%</td>
<td>8%</td>
<td>10%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>500</td>
<td>0%</td>
<td>3%</td>
<td>5%</td>
<td>8%</td>
<td>10%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>550</td>
<td>0%</td>
<td>3%</td>
<td>5%</td>
<td>8%</td>
<td>10%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>600</td>
<td>13%</td>
<td>15%</td>
<td>18%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>650</td>
<td>13%</td>
<td>15%</td>
<td>18%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>700</td>
<td>13%</td>
<td>15%</td>
<td>18%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

# #1 2015 White Oak Preserve
Average Price - $237,777

Rocklyn Homes
#1 2014 & 2015 – The Atlantic
Average Price - $399,205 -2014
$460,217 - 2015

Price Point Trending - New Construction CD

© 2016 Smart Numbers
Radical Change in Price Results in Radical Change in Demand

“New Normal”

Lot Price Increase vs. Home Price Increase

Median Lot & Home Price

© 2016 Smart Numbers
SmartNumbers’ Atlanta Forecast

New Construction All 1998-2017

© 2016 SmartNumbers
Interest Rate Trending

36 Year Downward Spiral of Doom??

“New Normal”?????
200 Year Reversion To The Mean??
New, New Normal??