State of the Housing Market
Atlanta and Southeast

GSU Economic Forecasting Center Conference
February 28th, 2018
John Hunt – ViaSearch/MarketNsight

Our Current Markets

Alabama
- Birmingham
- Huntsville

Georgia
- Atlanta
- Augusta
- Brunswick/Golden Isles
- Savannah

North Carolina
- Charlotte
- Raleigh

South Carolina
- Columbia
- Greenville
- Charleston
- Myrtle Beach

Tennessee
- Chattanooga
- Nashville
# MarketWatch Atlanta

## Time For a Cool Change?

With Dr. Rajeev Dhawan of the Georgia State Economic Forecasting Center
John Hunt of ViaSearch and MarketNsight

---

## Retail alert: 63 Sears and Kmart stores are closing in January 2018

**Mike Timmermann | November 3, 2017 8:00 am**

<table>
<thead>
<tr>
<th>Which Retailers Are Closing Stores in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>From American Apparel to Macy’s, retailers of all stripes have been suffering lately and closing stores.</td>
</tr>
</tbody>
</table>

### GameStop to close 150 stores

*Updated Oct 23, Published Oct 23*

### Macaroni Grill files for bankruptcy:

*Updated Oct 23, Published Oct 23*

### Toys R Us store closings expected after the holiday season

### Aerosoles, the Latest Retail Apocalypse Casualty

*Updated Oct 23, Published Oct 23*

---

© 2018 MarketNsight
State of the Housing Market

Welcome to Our “New Normal!”

Welcome to “Moderation!”

© 2018 MarketNsight
Robert Dietz – NAHB Chief Economist

August 2016

Median lot values have gone up, he said, and costs in general are rising, in part because of regulatory burdens in the form of environmental, labor and zoning rules.

“Those costs have increased almost 30 percent in the last five years,” Dietz said.

The result is a disconnect between the prices of existing homes and new homes, he said.
Entry-level buyers are driving much of the activity. Sales of homes in the $200,000 to $300,000 range increased more than 35% in October from a year earlier. Demand for starter homes is expected to fuel continued sales growth if builders can ramp up construction quickly enough. Builders face a number of challenges, such as high land costs, labor shortages and rising material prices.

"The markets that are going to grow are ones where builders can add that entry level product."
New Home Moderation!!
Atlanta Back to Number 3!!
Top 10 Cities 12 Month Moving Avg 2006 - 10/2017

Why the Moderation?

Why the New Normal?
The World Doesn’t Work Like It Used To!!

What Happened To The Employment To Permit Ratio?
• What Demographic Group Accounted for 60% Of All New Home Sales The “Old Normal” (Pre 2003)?

Go Place Your Vote Now At MarketNsight.com/poll

<table>
<thead>
<tr>
<th>Demographic Age Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 to 34</td>
<td>52%</td>
</tr>
<tr>
<td>35 to 44</td>
<td>24%</td>
</tr>
<tr>
<td>45 to 64</td>
<td>24%</td>
</tr>
<tr>
<td>65 Plus</td>
<td>0%</td>
</tr>
</tbody>
</table>
The World Doesn’t Work Like it Used to!

- What Demographic Group Accounts for the Majority of New Home Sales Today?

Go Place Your Vote Now At MarketNsight.com/poll

What Single Demographic Age Group accounts for the highest percentage of New Home Buyers in Today's "New Normal:"? (45%)

- 18 to 34 (Millennials) 15%
- 35 to 44 (Gen X) 30%
- 45 to 64 (Boomers) 44%
- 65 Plus (Greatest Gen) 11%
“The challenge is really adding inventory at the entry-level space,” said Robert Dietz, chief economist of the National Association of Home Builders. “Can builders do that at a cost that meets buyers’ expectations, given rising land development costs, rising wages and rising land costs?”


© 2018 MarketHeight
Two Options:

Option 1 - Drive ‘til You Qualify.....
Class Participation!!

Will 2018 FINALLY be the Year of the First Time Buyer?

☐ Yes
☐ No

Vote

Go Place Your Vote Now At MarketNsight.com/poll

© 2018 MarketNsight

2015: Year of the First-Time Home Buyer

First-time home buyers are expected to re-emerge in the new year after mostly staying out of the market in the aftermath of the housing crisis. That's one of realtor.com's five top housing predictions for 2015.

© 2018 MarketNsight

Housing 2015: The return of first-time home buyers

by Lee Christe @CNNMoney

December 23, 2014. 2018 POST
First-home buyers are back in the market.

Government policies have contributed to the increase in the involvement of first-time buyers in the market, says Tim HIA.

First-Time Millennial Buyers Poised to Revolutionize the Real Estate Market in 2017

So far it has seemed as though the American Dream of owning a house may not be the American dream of the next generation, aka, Millennials. However, that may be about to change in 2017.

According to Realtor.com, next year more than 50 percent of homebuyers in 2017 will be first-time buyers and of those buyers, 41 percent will be under 35, the generation typically referred to as Millennials.
Many industry experts anticipate the number of first-time homebuyers will outpace the overall housing market in 2018, according to a new survey from Genworth Financial.

"...First-time home buyers still face many headwinds. While some of these...are environment-driven, others can be addressed via improved awareness on the various low-down-payment solutions available in today’s market," said Rohit Gupta, president and CEO of Genworth Mortgage Insurance, in a press release. National Mortgage News reports that almost half of mortgage executives anticipate upward growth in the housing market for 2018, in part due to strong lender inclination toward non-qualified mortgage loan originations.

Industry professionals were reportedly divided on their expectations for the most likely source for credit expansion next year. Among the most cited sources were LTV loans above 80 percent and 700 FICO scores below 700. Some respondents also claimed debt-to-income ratios above 41 percent will most likely be utilized for credit expansion in 2017.
Where are the First Time Buyers?

We Can’t Give Them What They Want, Where They Want It, At a Price They Can Afford!
And They Will Not Move To The Ring Of Death

Option 2 – Build Smaller

Robert Dietz – NAHB Chief Economist
2017 Realtors Conference & Expo in Chicago

“There’s also been the start of a shift to building smaller homes and townhomes. I’m bullish on townhouses over the next few years. They are the perfect bridge from renting to homeownership for first-time buyers.”
Atl New Townhome Sales 2011-2017

Time To Think Outside The Box
Time To Innovate
Ponce City Rental Rates

<table>
<thead>
<tr>
<th>Plans</th>
<th>Sq Ft</th>
<th>Start Rental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>560</td>
<td>$1,594</td>
</tr>
<tr>
<td>Studio</td>
<td>630</td>
<td>$1,632</td>
</tr>
<tr>
<td>1 Bed</td>
<td>875</td>
<td>$2,144</td>
</tr>
<tr>
<td>1 Bed</td>
<td>1230</td>
<td>$2,535</td>
</tr>
<tr>
<td>2 Bed</td>
<td>1215</td>
<td>$2,510</td>
</tr>
<tr>
<td>2 Bed</td>
<td>1460</td>
<td>$2,982</td>
</tr>
<tr>
<td>3 Bed</td>
<td>1570</td>
<td>$3,496</td>
</tr>
<tr>
<td>3 Bed</td>
<td>1790</td>
<td>$3,716</td>
</tr>
</tbody>
</table>

567 Ponce
Urban Eco Group
Heirloom Design Build

Ponce Prices:
- 400 sf $180K
- 864 sf $337K
- 1200 sf $422K
- 1600 sf $592K

$750 mortgage
$1405 mortgage
$1760 mortgage
$2467 mortgage

$450 PPSF!!!
Moderns at Sugar Creek

The metamorphosis of Memorial Drive continues to march eastward, as evidenced by a modern-style, 62-unit townhouse venture that’s under construction near Drew Charter School. Prices will start in the mid-$400,000 range — while 16 units will be reserved as “workforce housing” with entry points in the mid-$200,000s.

“Work Force” Units Start in the Mid $200’s

© 2018 Marketbsight

$166 PPSF!!!
Moderns Regression

From Regression Study to Realization

Moderns at Sugar Creek

© 2018 MarketBlitz
From the High $100's

$380 PPSF

PLANNED EAST POINT TINY HOUSE VILLAGE GETS BIG REZONING WIN, IS MOVING FORWARD

Eco Cottages at East Point is reworking its site plan to meet the city’s conditions of approval. East Point City Council on Monday, November 26 approved rezoning for the Eco Cottages at East Point project.

Pricing for the tiny homes—which range in size from 300 square feet (1 or 2 bedroom/2 baths) to 600 square feet (2 or 3 bedroom/2.5 baths)—will be available in 2018.

Home-builder Jim Chapman Jr. is behind the transformation of the 7.6 acre parcel in Historic Downtown East Point into a 45-house community.

650 on the Wait List!!

PLANNED EAST POINT TINY HOUSE VILLAGE GETS BIG REZONING WIN, IS MOVING FORWARD

Eco Cottages at East Point is reworking its site plan to meet the city’s conditions of approval. East Point City Council on Monday, November 26 approved rezoning for the Eco Cottages at East Point project.

Pricing for the tiny homes—which range in size from 300 square feet (1 or 2 bedroom/2 baths) to 600 square feet (2 or 3 bedroom/2.5 baths)—will be available in 2018.

Home-builder Jim Chapman Jr. is behind the transformation of the 7.6 acre parcel in Historic Downtown East Point into a 45-house community.

Allyson Britt says:
August 12, 2016 at 6:21 am
I am VERY interested in this development. As a tiny house enthusiast, I’ve begun the downsizing process & look forward to a tiny house (no garage) being my next step. SUPER excited! ☺️

Skood Campbell says:
August 12, 2016 at 9:42 pm
Very, very excited about this community! My retirement home!!!

Beth Tannell says:
August 21, 2016 at 9:05 am
We are very interested!! Time to downsize and this is a perfect solution for us. I am especially interested in community garden and would love to help in its organization. Can’t wait for more info!

Kelsy Hargis says:
August 14, 2016 at 9:32 pm
I grew up in East Point. Id move back in a heartbeat! Is this idea comes to fruition. Interested in the 600-700 sq ft sized homes. Keep us updated!
Really Really Outside The Box!!

If Fact……It Is A Box!!

Prime real estate: Amazon now delivers tiny houses

Got a pesky, post-college millennial living at home who just won’t let you be an empty nester? Or what about a parent who doesn’t want to live with you, but can’t live alone?

A 320-square-foot shipping container home you can order right from Amazon’s website. For $36,000 plus $4,500 for freight shipping, you can kick your relatives to the curb and give them a home to live in.

Reminiscent of the Sears Catalogue homes of the early 20th century — except tiny — Amazon will ship this tiny home, complete with appliances, bath fixtures and plumbing, water and electric hookups — all you have to do is add it to your cart.

A Down Payment With a Catch: You Must Be an Airbnb Host

Loftium, a service in Seattle, will provide prospective home buyers with up to $50,000 for a down payment, as long as they are willing to continuously list an extra bedroom on Airbnb for one to three years and share most of the income with Loftium over that time.

Loftium expects to appeal to young workers and families who are looking to buy their first home for roughly $600,000 or less. The program is being introduced on a small scale in Seattle, but Loftium said it believed there were about 40 other cities where it could give prospective buyers the boost they needed. It hopes to branch out to four more cities — perhaps Chicago, Denver or Raleigh, N.C. — within a year.

Generally speaking, the homeowners pay back Loftium through a revenue-sharing agreement — it is not structured as a traditional loan — in which the company collects roughly two-thirds of the monthly income. If the room isn't booked nearly enough to generate the expected income, that's Loftium's problem, not the homeowner's.

Fannie considered creative ways to make it easier for aspiring homeowners to buy when burdened by student debt. This year, for example, it said it would look more forgivingly on prospective home buyers whose employers or parents were helping pay down their student loans.
Forecast

MarketNsight’s Report Card!!

Atlanta Annual Permits 2004-2017

Forecast +9%
Permit Trend 1/2004-10/2017 Atlanta

Atlanta Permits were up 15% in 2016 (We projected 15% in February 2016). Atlanta permits are currently running 8% over last year (We projected 9% in February 2017).

What is YOUR 2018 forecast for Atlanta Permits?

- Another 8% increase
- 0% to 5% increase - Continued Moderation
- Negative Growth
- 10% to 15% increase - A Rebound
- Other

Go Place Your Vote Now At MarketNsight.com/poll
Atlanta Permits were up 15% in 2016 (We projected 15% in February 2016). Atlanta permits are currently running 8% over last year (We projected 9% in February 2017).

What is YOUR 2018 forecast for Atlanta Permits?

- Another 8% increase: 32%
- 0% to 5% increase - Continued Moderation: 55%
- Negative Growth: 0%
- 10% to 15% increase - A Rebound: 11%
- Other: 3%

Forecast +3%
What type of growth are you projecting for your Business in 2018?

- Flat Year Over Year
- Up, but less than 10%
- Up more than 10%
- Down, but less than -10%
- Down more than -10%

Go Place Your Vote Now At MarketNsight.com/poll

What type of growth are you projecting for your Business in 2018?

- Flat Year Over Year: 10%
- Up, but less than 10%: 39%
- Up more than 10%: 48%
- Down, but less than -10%: 3%
- Down more than -10%: 0%

© 2018 MarketNsight