



State of the Housing Market

Atlanta and Southeast

GSU Economic Forecasting Center Conference

February 28th, 2018

John Hunt – ViaSearch/MarketNaight

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VIASEARCH



Our Current Markets

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Huntsville

Georgia

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Augusta
Brunswick/Golden Isles
Savannah

North Carolina

Charlotte
Raleigh

South Carolina

Columbia
Greenville
Charleston
Myrtle Beach

Tennessee

Chattanooga
Nashville

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MarketWatch Atlanta

Time For a Cool Change?

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



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

 Mike Timmermann | November 3, 2017 8:00 am

BUSINESS / FINANCIAL

Which Retailers Are Closing Stores in 2017

From American Apparel to Macy's, retailers of all stripes have been suffering lately and closing stores.

By **Esan Clark** on July 5, 2017



CNN Money U.S.

Business Markets Tech Media Personal Finance Small Biz Luxury

Starbucks to close down all Teavana locations, impacting 3,300 jobs

by Jackie Wattles @jackiewattles

July 28, 2017 10:45 AM ET



CLEANPINS

All 240 Family Christian Stores Are Closing

More than 3,000 employees in 36 states will be laid off in the liquidation of one of the world's largest Christian retailers.

SARAH EDKHOFF ZYLSTRA | FEBRUARY 23, 2017 2:18 PM

The list: Gymboree names 350 closing stores

Paul Gores, Milwaukee Journal Sentinel

Published 4:13 a.m. ET July 12, 2017 | Updated 9:18 a.m. ET July 12, 2017

GameStop to close 150 stores

Brett Molina, USA TODAY | Published 10:06 a.m. ET March 24, 2017 | Updated 8:21 a.m. ET March 30, 2017

Toys R Us store closings expected after the holiday season

USA TODAY NETWORK | Joan Verdon, The (Bergen County, N.J.) Record

Published 9:33 a.m. ET Sept. 19, 2017 | Updated 9:08 a.m. ET Sept. 20, 2017

Macaroni Grill files for bankruptcy; Ruby Tuesday chain sold for \$146 million

Updated Oct 23; Posted Oct 23

Payless closed 900 stores – and now it's trying to make a comeback

Hayley Peterson | Aug. 10, 2017, 11:53 AM | 2,508

Aerosoles, the Latest Retail Apocalypse Casualty

The frumpy-cute shoe company just declared bankruptcy.

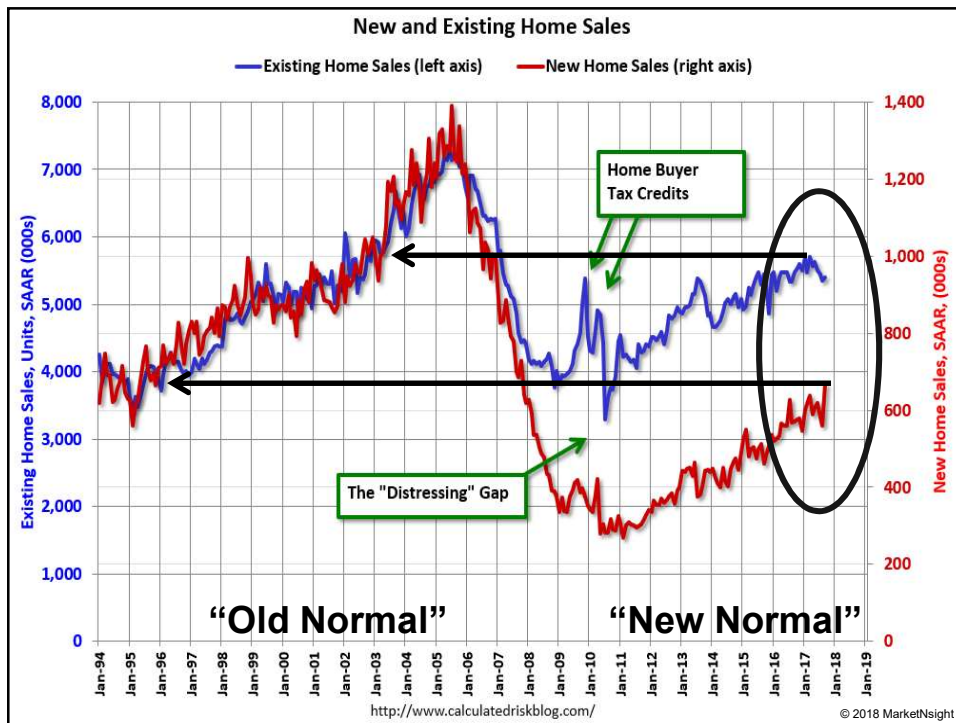
BY CHARVIE LIEBER | SEP 18, 2017, 11:09P EDT

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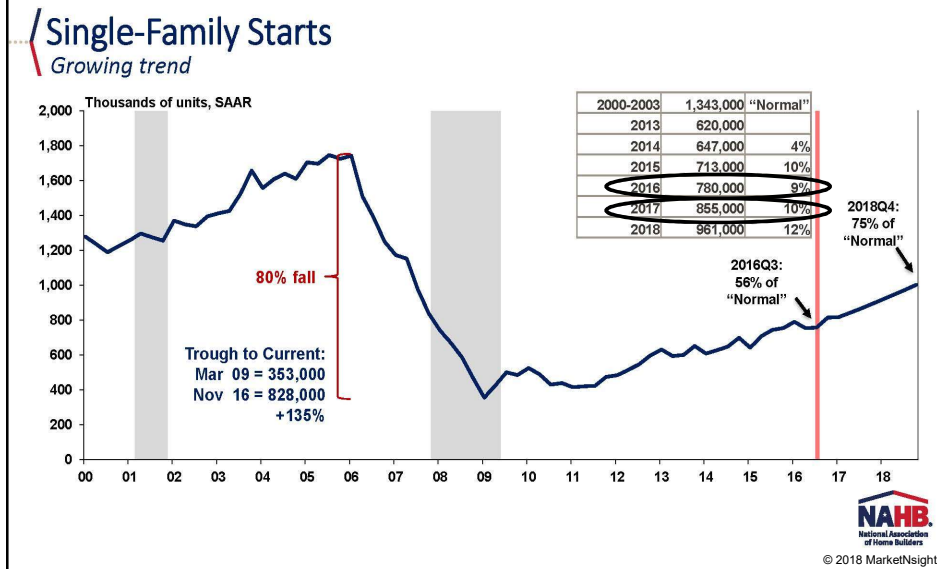
State of the Housing Market

Welcome to Our “New Normal!”

Welcome to “Moderation!”



**Robert Dietz NAHB Chief Economist
January 11, 2017 IBS**



**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.

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Robert Dietz – NAHB Chief Economist
November 2017

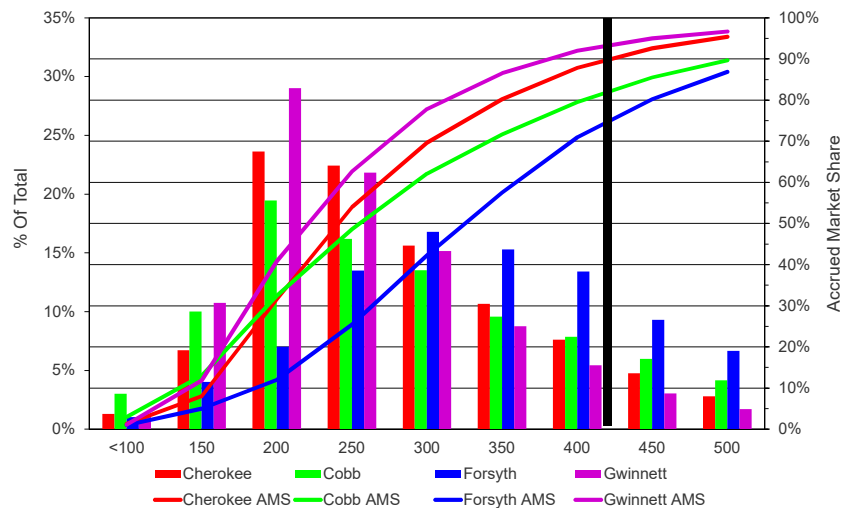
Entry-level buyers are driving much of the activity. Sales of homes in the \$200,000 to \$300,000 range increased more than 35% in October from a year earlier. Demand for starter homes is expected to fuel continued sales growth if builders can ramp up construction quickly enough. Builders face a number 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."

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Atlanta Cherokee Cobb Forsyth Gwinnett

Price Point Trending



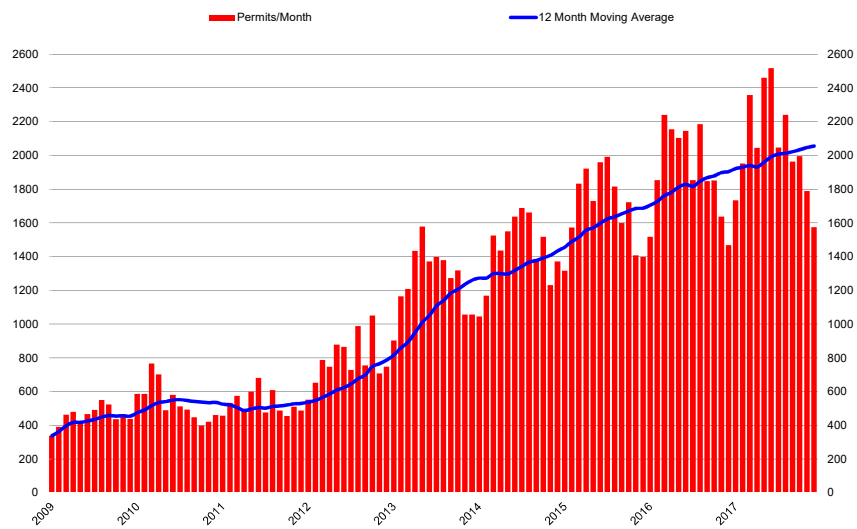
Retail Lot = \$100k

Home Price = \$400k

New Home Moderation!! Atlanta Back to Number 3!!

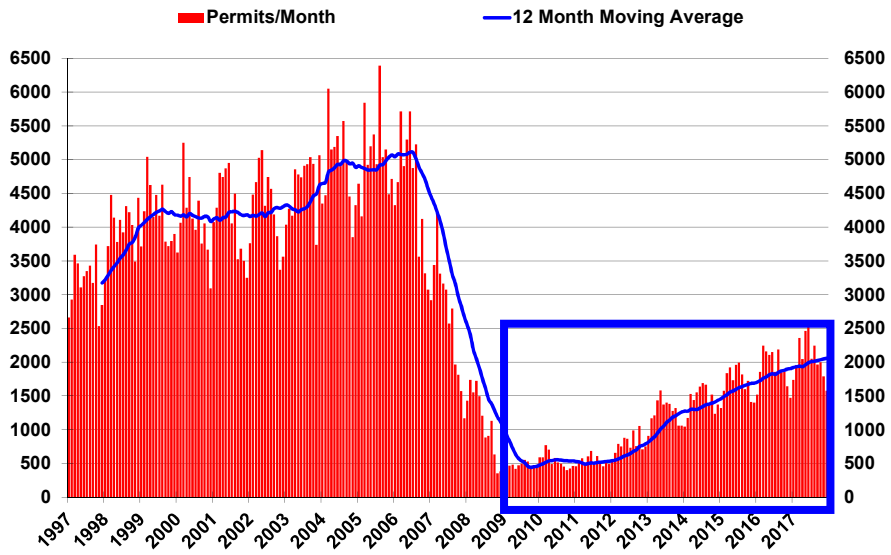
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Permit Trend 1/2009- 12/2017 Atlanta



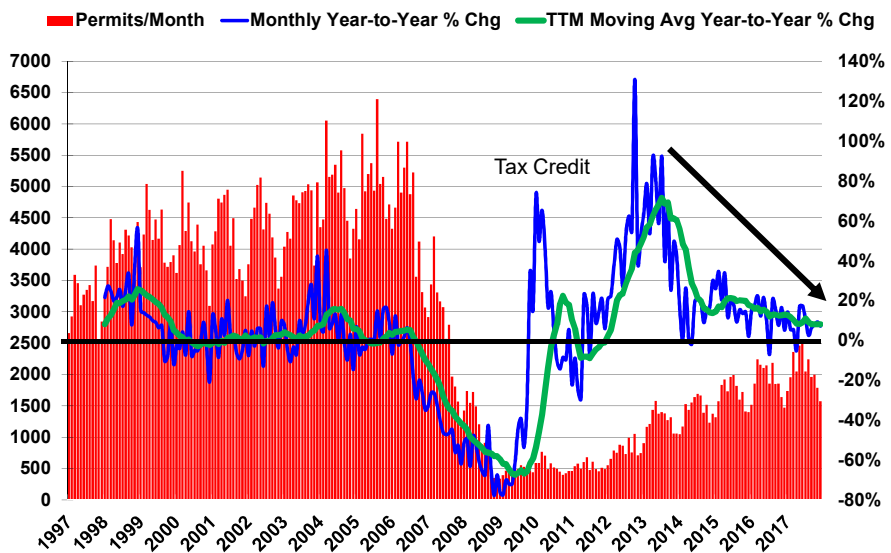
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Permit Trend 1/1997- 12/2017 Atlanta

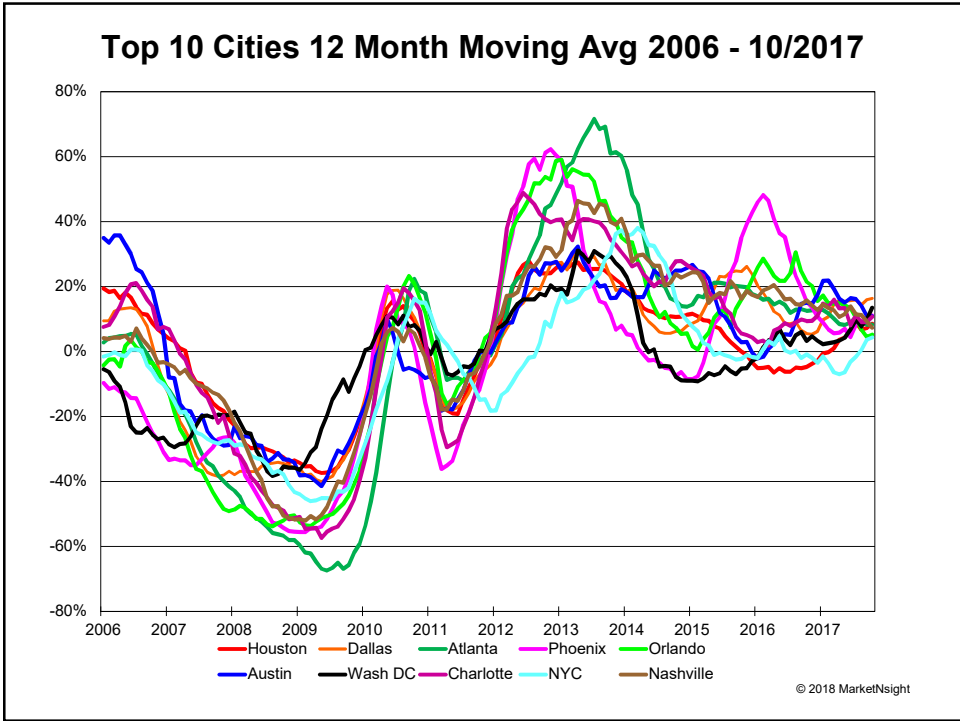


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Permit Trend 1/1997- 12/2017 Atlanta



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Why the Moderation?

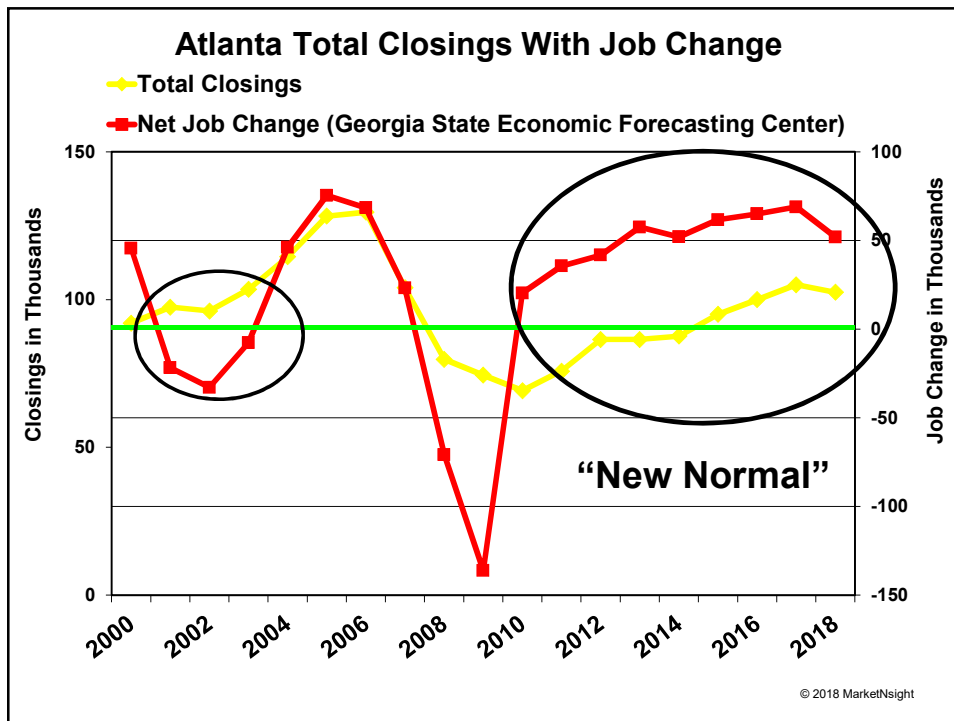
Why the New Normal?

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The World Doesn't Work Like It Used To!!

What Happened To The Employment To Permit Ratio?

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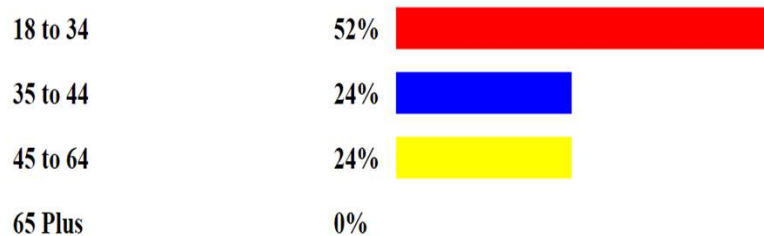
The World Doesn't Work Like it Used to!

- What Demographic Group Accounted for 60% Of All New Home Sales The "Old Normal" (Pre 2003)?

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**What Single Demographic Age Group accounted for 60%
of all New Home Sales in the "Old Normal"? (Pre 2003)**



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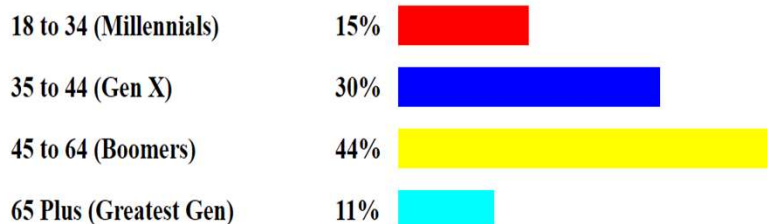
The World Doesn't Work Like it Used to!

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

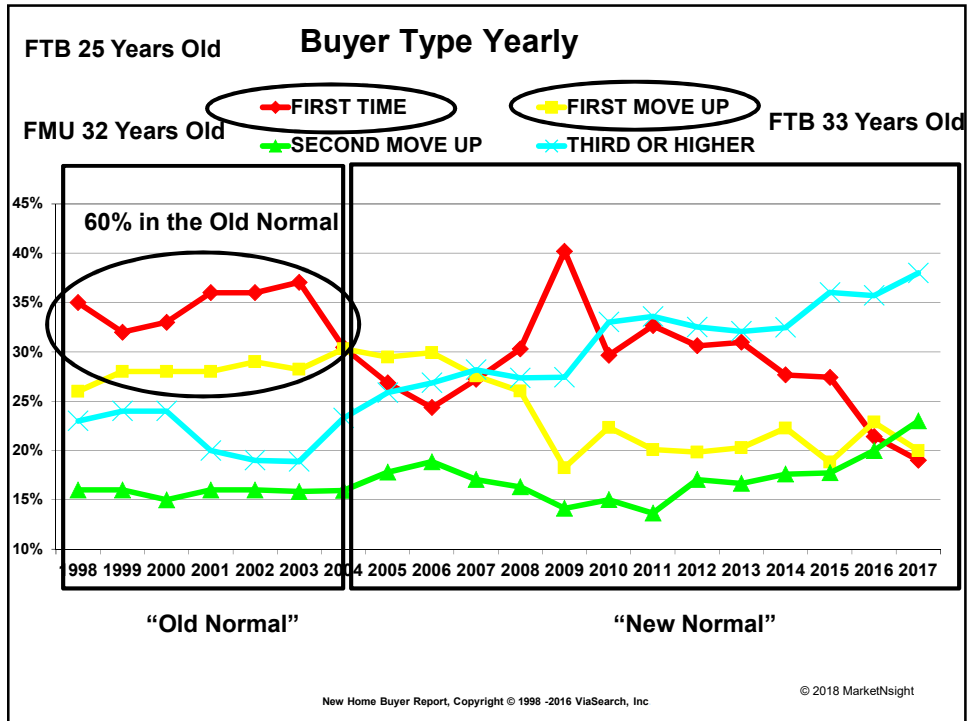
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What Single Demographic Age Group accounts for the highest percentage of New Home Buyers in Today's "New Normal:"? (45%)



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Robert Dietz – NAHB Chief Economist
February 2017

“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?”

Orton, Kathy. “For millennials ready to buy a home, the pickings are slim.” *The Washington Post*, February 23, 2017.

https://www.washingtonpost.com/realestate/for-millennials-ready-to-buy-a-home-the-pickings-are-slim/2017/02/23/29a2259c-e3e2-11e6-a453-19ec4b3d09ba_story.html?utm_term=.f5d11fb0fc9

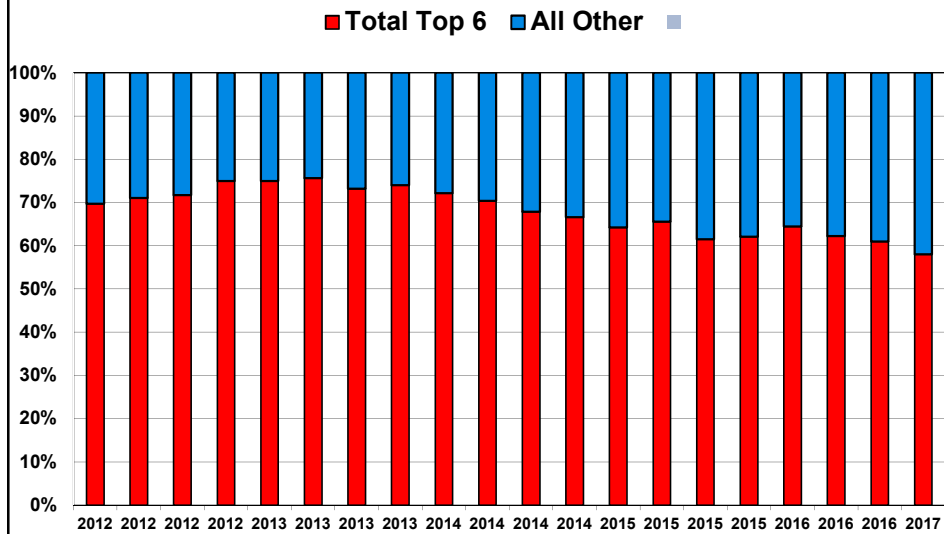
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Two Options:

Option 1 - Drive 'til You Qualify.....

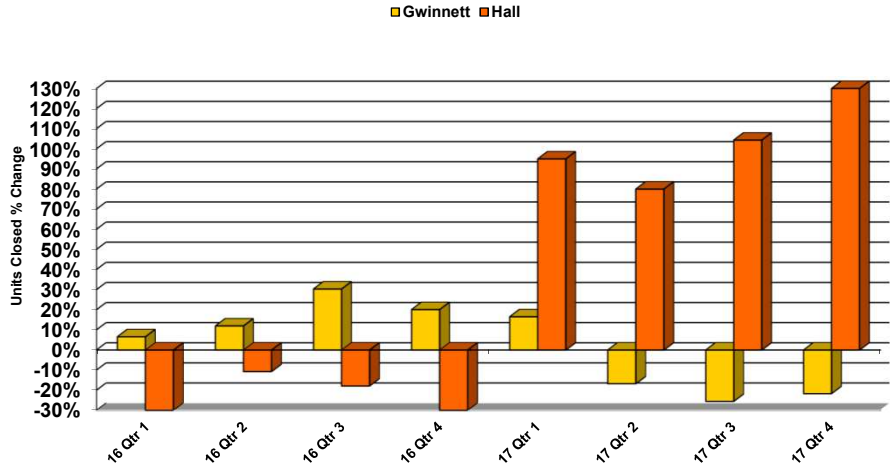
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Top 6 Counties VS All Others 2011-2017



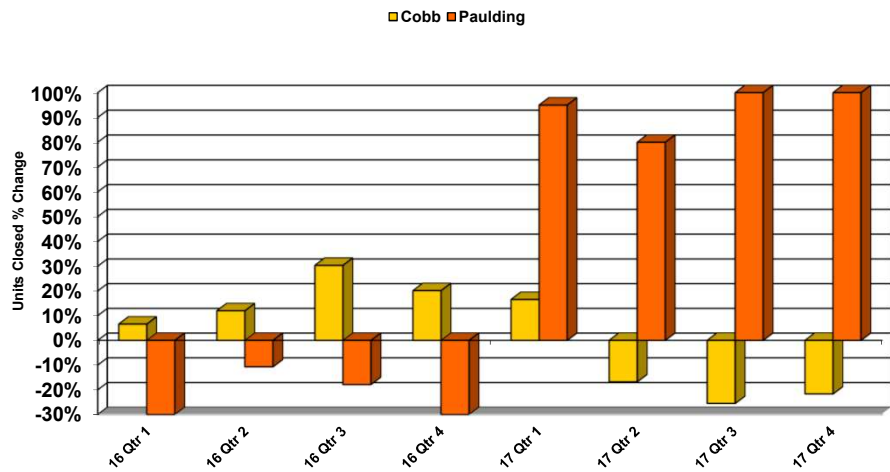
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Total Units Closed Year to Year % Change Gwinnett versus Barrow



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Total Units Closed Year to Year % Change Cobb versus Paulding



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Class Participation!!

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

Yes

No

[Vote](#)

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The screenshot shows a news article titled "2015: Year of the First-Time Home Buyer" from RealtorMag. The article is dated Friday, December 05, 2014. The text states: "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](#)." Below the article is a CNN Money banner with the headline "Housing 2015: The return of first-time home buyers" by Les Christie. The banner also includes a "restock" advertisement for household essentials. The page footer contains the copyright notice "© 2018 MarketNsight" and the date "December 28, 2014: 4:06 PM ET".

Home » Genworth: The rise of the first-time homebuyer

LENDING REAL ESTATE

Genworth: The rise of the first-time homebuyer

From the eyes of the industry

June 21, 2016 Brena Swanson 0 Comments

KEYWORDS ENTRY-LEVEL BUYERS FIRST-TIME HOMEBUYER GENWORTH GENWORTH FINANCIAL



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Will 2016 Be the Year of the First-Time Homebuyer?

February 29, 2016 | By D. E. Rosen

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A LIFESTYLE MOVEMENT 

■ THE ECONOMY SEP 11, 2017

First-home buyers are back in the market

Government policies have caused an "increase" in the involvement of first-time homebuyers in the market, says Tina HIA.



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

by MDPropertyTitleEscrow | Nov 28, 2016 | Blog |

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, 61 percent will be under 35, the generation typically referred to as Millennials.

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2018: the Year of the First-Time Homebuyer

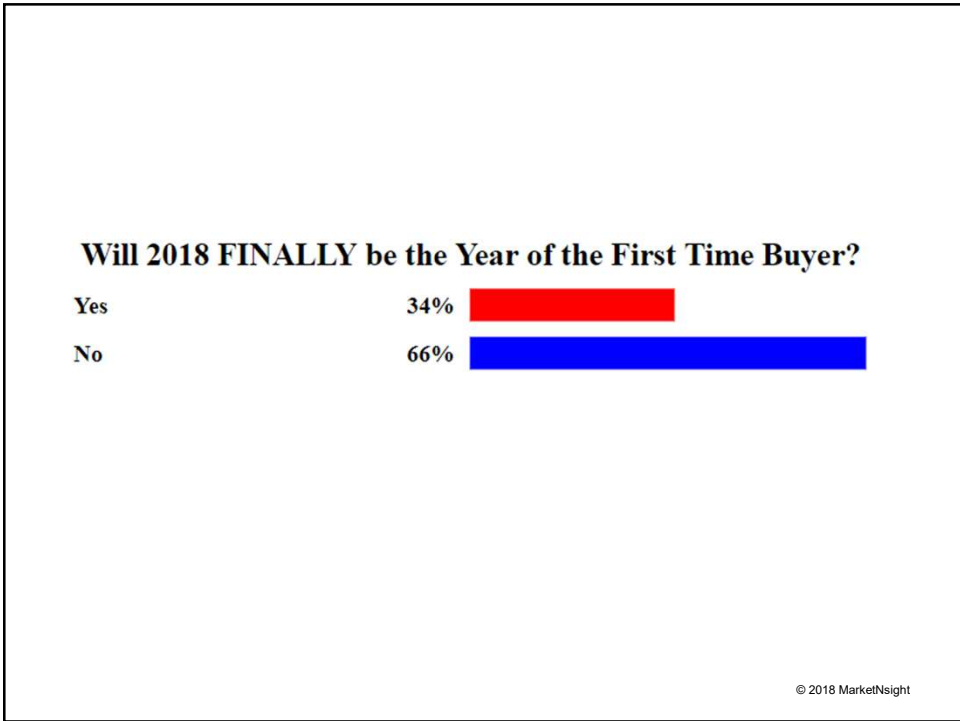
November 20, 2017

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.

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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

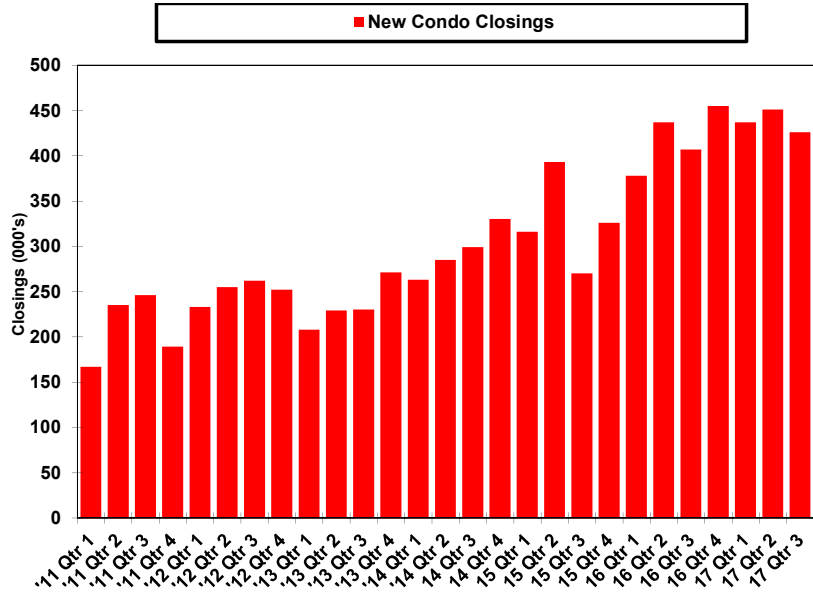
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Robert Dietz – NAHB Chief Economist
2017 Realtors Conference & Expo in Chicago

“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.”

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Atl New Townhome Sales 2011-2017

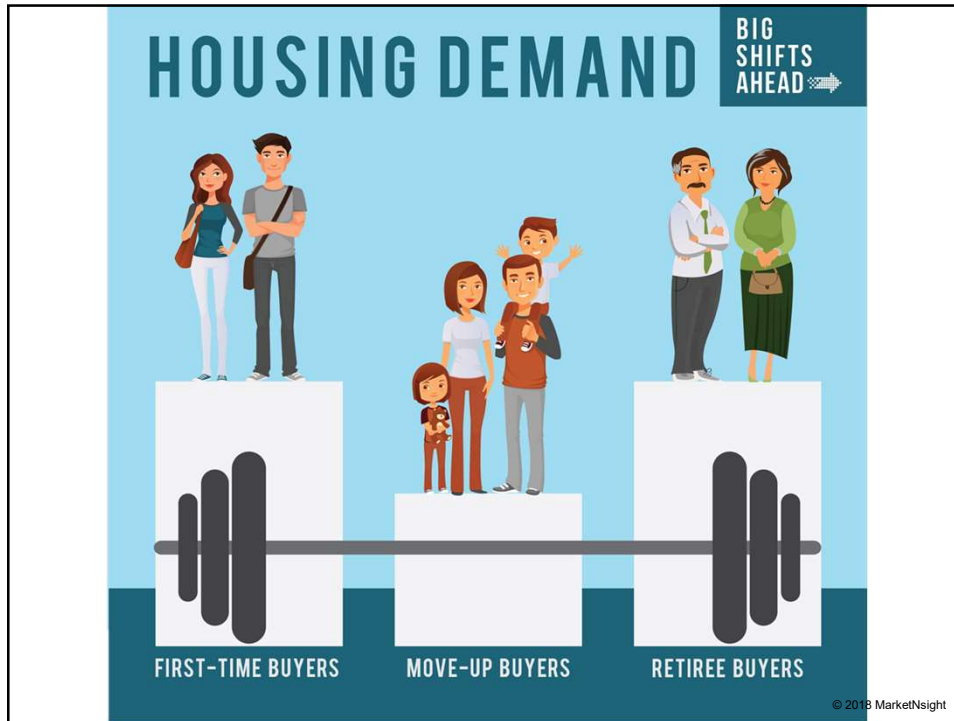


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Time To Think Outside The Box


Time To Innovate

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Ponce City Rental Rates

Plans	Sq.Ft	Start Rental
Studio	560	\$1,594 ←
Studio	630	\$1,632 ←
1 Bed	875	\$2,144 ←
1 Bed	1230	\$2,535 ←
2 Bed	1215	\$2,510 ←
2 Bed	1460	\$2,982 ←
3 Bed	1570	\$3,496 ←
3 Bed	1790	\$3,716 ←



567 Ponce

Urban Eco Group
Heirloom Design Build

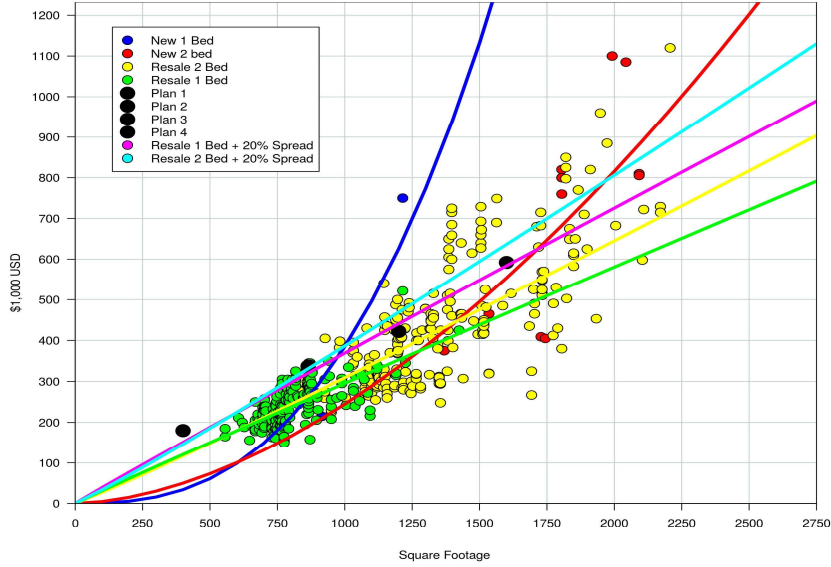
Ponce Prices: **\$450 PPSF!!!**

400 sf	\$180K	\$750 mortgage
864 sf	\$337K	\$1405
1200 sf	\$422K	\$1760
1600 sf	\$592K	\$2467

© 2018 MarketN Sight

567 Ponce

Regression Chart



© 2018 MarketNsght

Moderns at Sugar Creek

Memorial Drive townhouse venture boasts modern styling, affordability

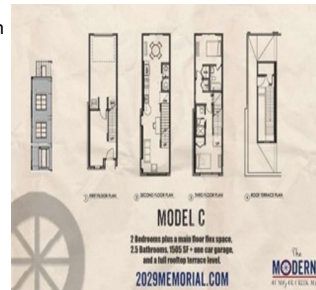
Introducing "The Moderns at Sugar Creek Mill"
#2029MEMORIAL | 2029MEMORIAL.COM | 404.911.1111



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.

"Work Force" Units Start in the Mid \$200's

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.

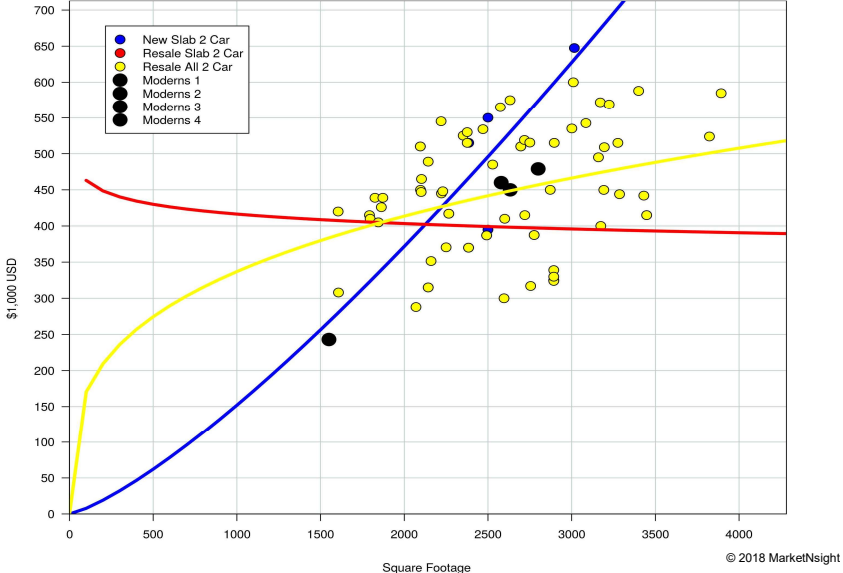


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\$166 PPSF!!!

Moderns Regression

Regression Chart



Moderns at Sugar Creek



From Regression Study to Realization



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From the High \$100's \$380 PPSF

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

© Nov 21, 2017 9:44 am

Eco Cottages at East Point is reworking its site plan to meet the city's conditions of approvals.

East Point City Council on **Monday, November 20** approved rezoning for the **Eco Cottages at East Point** project.

Pricing for the tiny homes—which range in size from **500 square feet** (1 or 2 bedroom/2 baths) to **1000 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 7.69-acre parcel in Historic Downtown East Point into a 40-house community.



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650 on the Wait List!!

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

© Nov 21, 2017 9:44 am

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Home-builder **Jim Chapman Jr.** is behind the transformation of the 7.69-acre parcel in Historic Downtown East Point into a 40-house community.

Alyson Britt says:

August 12, 2016 at 9:31 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 (eco cottage) being my next step. SUPER excited !!! U

Skoob Campbell says:

August 12, 2016 at 9:42 pm

Very, very excited about this community!! My retirement home!!!

Beth Tunnell says:

August 21, 2016 at 5:05 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. Cant wait for more info!

Kelley Hargis says:

August 14, 2016 at 9:29 pm

I grew up in East Point. I'd move back in a heartbeat is this idea comes to fruition. Interested in the 600-700 sq ft sized homes. Keep us updated!

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Really Really Outside The Box!!

If Fact.....It Is A Box!!

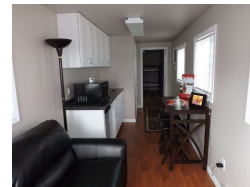
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Prime real estate: Amazon now delivers tiny houses

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.



https://www.inman.com/2017/10/11/prime-real-estate-amazon-now-delivers-tiny-houses/?utm_source=inbrief&utm_medium=email&utm_campaign=inbrief&utm_content=20171011%2B%2Btextlink%2B3

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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.

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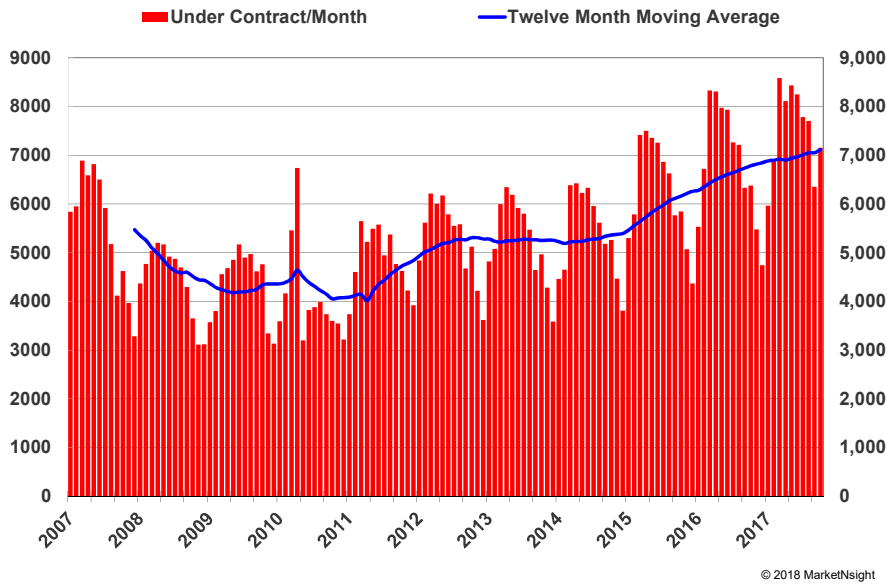
Give Us The Good News!

Resale Closings at All Time High

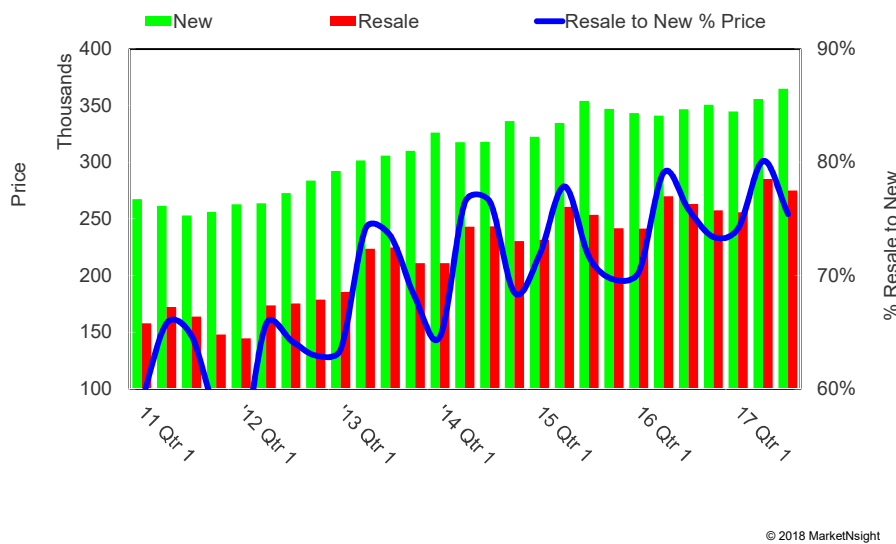
New and Resale Average Prices are at All Time Highs

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Under Contract Trend 1/2007- 10/2017 Atlanta



Average Price - Atlanta

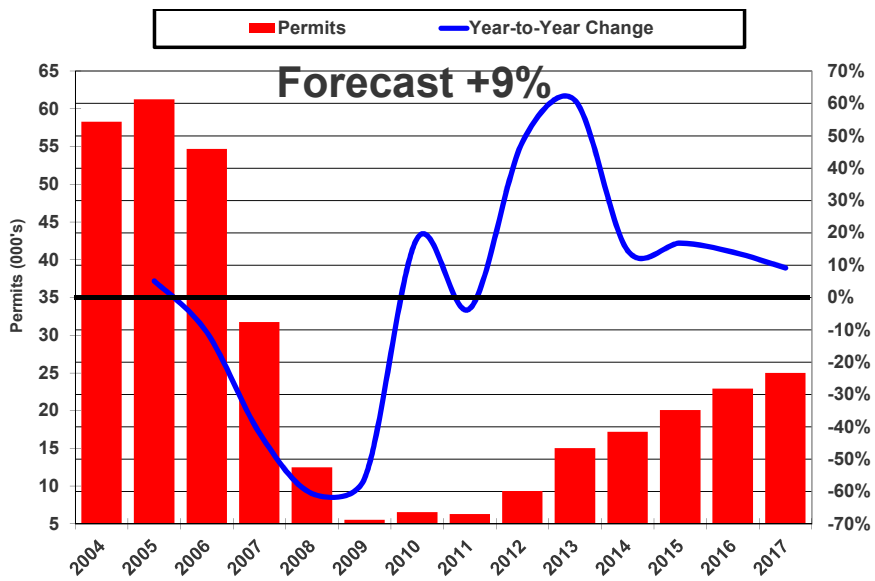


Forecast

MarketNsight's Report Card!!

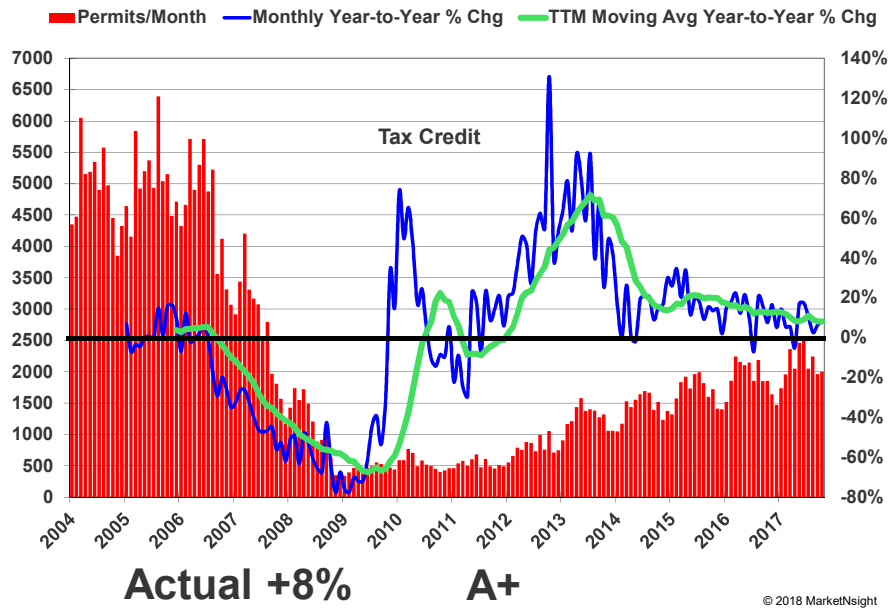
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Atlanta Annual Permits 2004-2017



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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

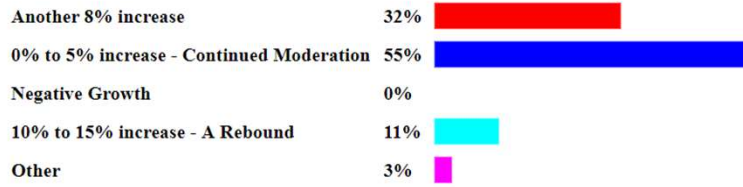
Vote

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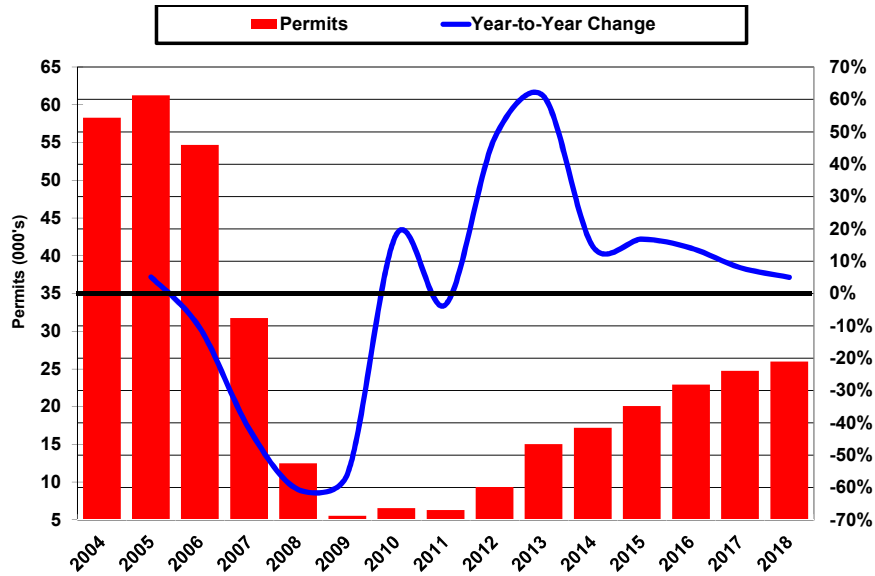
Atlanta Permits were up 15% in 2016 (We projected 15% in February 2016). Atlanta permits are currently running 8% over last year (We projected 9% in February 2017).

What is YOUR 2018 forecast for Atlanta Permits?



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Atlanta Annual Permits 2004-2018



Forecast +3%

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

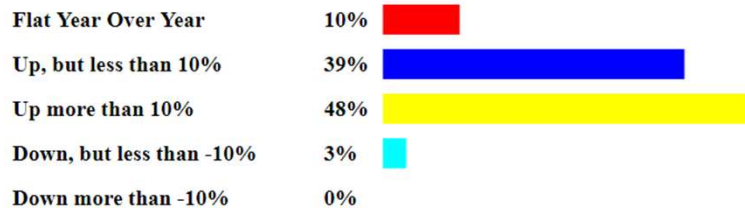
- Flat Year Over Year
- Up, but less than 10%
- Up more than 10%
- Down, but less than -10%
- Down more than -10%

Vote

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



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