

HADDOW'S REAL NEWS

QUARTERLY MARKET INSIGHTS

SECOND QUARTER 2021

MIXED SIGNALS

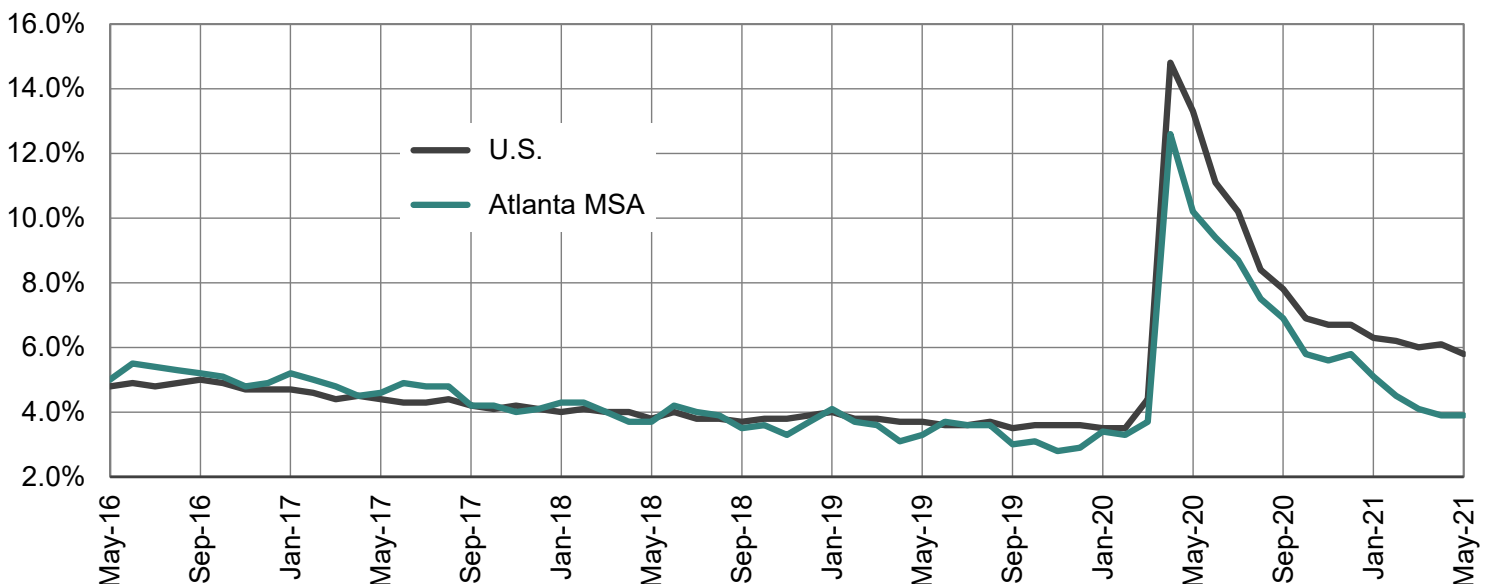
Consider just three key measures of the U.S. economy: 1) Gross Domestic Product (GDP) grew 6.4% in First Quarter 2021; 2) 7.9 million jobs have been added in the last 12 months; and 3) the Dow Jones Industrial Average has risen almost 90% since its trough in 2020. These numbers suggest an economic boom.

Metro Atlanta has added jobs at an even faster rate, and its unemployment rate (3.9% as of May 2021) is well below the national average. House prices and apartment rents are soaring, development activity is robust, and major tech companies are greatly expanding their local presence. A burgeoning movie industry, growing healthcare sector, and increased in-migration are driving Atlanta's economy.

All of this bodes well for the real estate industry, although some concerns persist. The pandemic has not fully subsided, and Georgia ranks near the bottom (45th) in terms of vaccination rates. The federal government's massive fiscal and monetary stimulus has largely run its course. Supply chain interruptions exist across many industries. Inflation has surged in recent months, and income inequality has been further exacerbated. Metro Atlanta had 139,100 fewer jobs in May 2021 than before the pandemic's outset. Office sublease space has grown exponentially, in part due to shifting workplace practices. A caustic and divisive political climate prevails. And perhaps most disturbing is the sharp rise in random acts of gun violence.

The uncertainty that gripped us a year ago has mostly dissipated. Our economy is cranking, but still making up lost ground. The hospitality industry suffered the worst blow, so its recovery will be gradual. The industrial sector is red hot, while the office market faces new challenges. Housing activity is strong, but the retail sector is in flux. Mixed signals abound.

UNEMPLOYMENT RATE



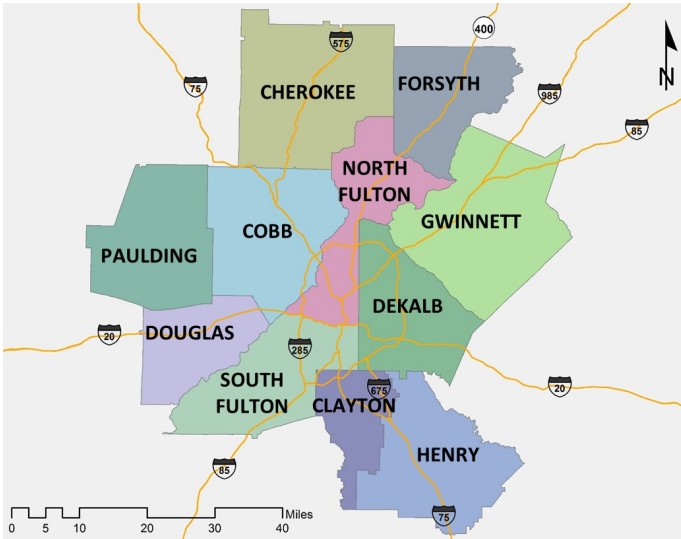
Source: U.S. Bureau of Labor Statistics

HADDOW'S REAL NEWS

CONTINUED

SECOND QUARTER 2021

SINGLE-FAMILY HOUSING BOOM



County	2019	2020	2021	% Change ('20-'21)
	Average Sale Price	Average Sale Price	Average Sale Price	
Cherokee	\$319,791	\$350,899	\$417,346	18.9%
Clayton	\$150,030	\$167,195	\$193,960	16.0%
Cobb	\$337,401	\$367,230	\$430,449	17.2%
DeKalb	\$335,187	\$374,500	\$435,397	16.3%
Douglas	\$213,625	\$234,751	\$289,945	23.5%
Forsyth	\$394,761	\$423,694	\$499,460	17.9%
North Fulton	\$620,158	\$664,154	\$787,193	18.5%
South Fulton	\$218,502	\$251,055	\$293,261	16.8%
Gwinnett	\$286,101	\$315,173	\$380,798	20.8%
Henry	\$221,270	\$243,446	\$287,022	17.9%
Paulding	\$223,811	\$250,783	\$294,167	17.3%
Weighted Averages	\$335,614	\$369,196	\$444,103	20.3%

Note: Data for 2021 are as of June 30th. All other data are as of year-end. Data only include resales.

Source: FMLS

HADDOW'S CONDOMINIUM REPORT

Intown Atlanta's condominium and townhome market is showing signs of positive momentum. Sales over the last six months are higher than any six-month period since 2007.

[Click here](#) for more information.

APARTMENT DEVELOPMENT COSTS

Component	Development Cost Per Rentable Sq. Ft.		Percent Change
	2012	2021	
Land	\$27	\$31	14.8%
Hard Costs	\$115	\$207	80.0%
Soft Costs	\$29	\$54	86.2%
Total	\$171	\$292	70.8%

Construction costs are soaring, largely due to a spike in the price of materials. According to the U.S. Bureau of Labor Statistics, the cost of lumber increased 29% from March 2020 to March 2021, while the cost of steel increased 40% over the same period. Prices for all materials rose significantly in April and May of this year, but costs have subsided dramatically in recent weeks.

A rise in construction costs typically impacts the consumer in the form of higher home prices or increased rents. The chart on the left shows that the cost to develop a mid-rise, wood-frame apartment community with structured parking has increased 70.8% since 2012. Rents have also risen significantly over this time period.

Note: This chart compares a representative sample of apartment development budgets gathered in 2012 and 2021 for projects in metro Atlanta. These mid-rise developments utilize wood-frame construction and structured parking.

To monitor key economic and housing indicators, please visit our website. As always, your thoughts and feedback are encouraged.

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