

## WHAT WE KNOW

In a time of great uncertainty a few things are still known about the future. As a diversion from the discomfoting news of the day, here are some random thoughts on the shape of things to come:

- Teleworking will gain increased traction.
- The co-work business model will be severely tested.
- Online grocery shopping is here to stay.
- Telehealth will become a legitimate alternative to routine doctor's visits.
- The economic shock will reverberate across all real estate sectors.
- Businesses will tighten their belts, slowing capital investment and expansion.
- A knockout blow has been dealt to many shopping malls.
- Teleconferencing will become far more prevalent.
- Opportunities to acquire troubled real estate will grow.
- Cities and areas dependent on tourism will feel the greatest impact.
- Interpersonal business encounters will diminish even more.
- The industrial market is best insulated but not immune.
- Investment capital will flow into tangible assets such as real estate.
- Bipartisan cooperation is needed now more than ever.

Introspection, gratitude, and adjusted priorities accompany today's reduced pace. More clarity will come with time. Meanwhile, be safe and stay well.

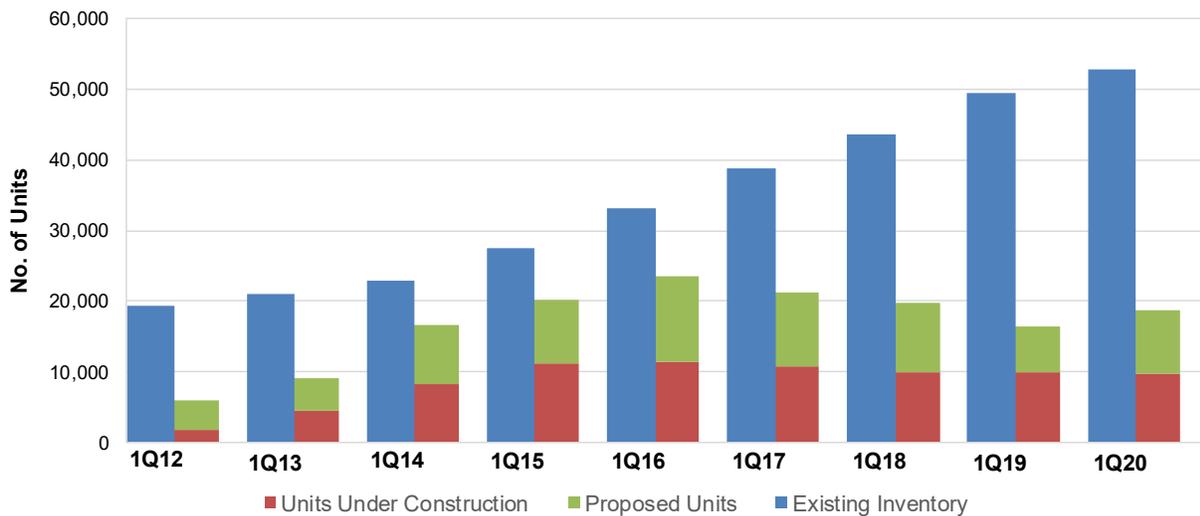
### INTOWN ATLANTA APARTMENT MARKET

Heading into the coronavirus pandemic, Atlanta's intown apartment market was healthy, but some worrisome signs had emerged. The occupancy rate was a robust 95.5% in First Quarter 2020. However, same-store rents had flattened over the past 12 months, and leasing velocity has slowed at new projects. These trends are troubling since over 9,600 units were under construction during the first quarter, and a significant pullback in demand is likely as the economy enters a recession.

#### MARKET SNAPSHOT

<b>Class A Units</b>	45,338
<b>Avg. Unit Size (Sq. Ft.)</b>	920
<b>Avg. Rent Per Sq. Ft.</b>	\$2.01
<b>Occupancy Rate</b>	95.5%

Class A: Apartments built in the last 15 years (since 2005).



Note: The existing inventory (blue bar in the graph above) represents the number of units built in intown Atlanta since 2000.

### CLIENT'S CORNER

Our firm was hired by a family to formulate a disposition strategy for its property near Piedmont Park. The 1.7-acre site is improved with an old industrial building (40,000 square feet) and is leased primarily to one tenant. Initially, we thought the property should be marketed for multifamily redevelopment due to its proximity to the BeltLine and Piedmont Park. Numerous interviews with investors and developers, however, revealed the property's appeal from an adaptive reuse standpoint. In addition, multifamily rezoning would be very difficult to obtain. The in-place rents were well below current market rates, and investors were clamoring for income-producing assets of this nature.

We presented our recommended disposition strategy to the family and were subsequently hired to implement it. Ten months later, the property sold for a price that exceeded expectations. Mimms Enterprises, the new owner, plans to hold the property as a long-term investment.

#### HADDOW'S APARTMENT REPORT

**Haddow's Apartment Report** is an in-depth analysis of the intown Atlanta apartment market. The First Quarter 2020 edition is now available. [Click here](#) for more information.

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

[www.haddowandcompany.com](http://www.haddowandcompany.com)



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