

# HADDOW'S REAL NEWS

## QUARTERLY MARKET INSIGHTS

SECOND QUARTER 2010

### OH ATLANTA

The rock band *Little Feat* had it right in the 1970s when they sang Atlanta's praises. Recent economic times, however, belie the upbeat tempo of the song's refrain, which begins with Oh Atlanta, Oh Atlanta! A very difficult economy has wreaked havoc on the real estate sector, and it is up to the economy to drive the market's recovery. While no one anticipates an instant rebound, there are plenty of reasons for optimism in a place like Atlanta.

#### 10 REASONS FOR OPTIMISM ABOUT ATLANTA'S ECONOMIC FUTURE

- 1. Strong Population Growth:** The Atlanta MSA added 1,227,232 residents from 2000 to 2009, a staggering figure. The average annual growth rate since 1960 is 2.8 percent, compared to 1.1 percent for the U.S. Even during 2009, when the Atlanta MSA lost three times more jobs than any year in its history, the population recorded an increase of 89,627.
- 2. Employment/Population Ratio:** Job growth has been static since the late 1990s, other than a modest spurt from 2003 to 2007. Thus, the ratio of employment to population dropped from 53.9 percent in 2000 to 41.8 percent in 2009. Atlanta is due for a surge in employment, if only because its mounting population demands services and fosters increased economic activity.
- 3. Corporate Relocations and Expansions:** Atlanta's stellar record for attracting corporate relocations and expansions had begun to fade, but recent moves by NCR, First Data, Novelis, and Newell Rubbermaid have restored positive momentum. Major distribution facilities are under way for General Mills and Kraft, and GE Energy continues to expand its Atlanta presence.
- 4. Intrinsic Advantages:** A strategic location, temperate climate, good quality of life, modest cost of living, pro business climate, diverse economy, and the world's busiest airport are inherent strengths that position Atlanta favorably.
- 5. Job Growth Capacity:** An abundant supply of vacant office, industrial, and retail space at attractive rental rates is a lure to new businesses. Atlanta's high unemployment rate (9.9 percent as of May, 2010) and well educated work force further enhance the city's capacity to accommodate job growth.
- 6. Economic Shocks Absorbed:** The collapse of Atlanta's housing industry still reverberates, but the worst is over. Closing of the two auto plants after 60 years of operation is another major blow that has been absorbed. Downsizing at major companies such as Coca-Cola, Delta, and AT&T (formerly BellSouth) has also run its course.
- 7. Emerging Industries:** Atlanta's economic diversity continues to broaden due to emerging industries such as film production, digital imaging, biomedical, renewable energy, and interactive media.
- 8. Vital Distribution Center:** Atlanta has long been a dominant distribution center due to its location and transportation infrastructure. Significant growth in imports at the Port of Savannah, coupled with continued consolidation of distribution activity and improved building technology, have further solidified this core industry.
- 9. Major Research Universities:** Emory University, Georgia Tech, and Georgia State University had a combined enrollment of 39,569 in 2000. That figure stood at 63,652 in 2009, an exceptional 5.4 percent annual increase. Much of the growth is occurring in graduate programs, and research grants are also on the rise. The Savannah College of Art and Design (SCAD), which recently opened an Atlanta campus, adds another important dimension due to its unique strengths.
- 10. Improving National Economy:** The U.S. economy has recorded three consecutive quarters of positive GDP growth, and will likely experience another gain in the quarter just ended. Unfortunately, job growth has not rebounded, but an upward trend is clearly evident in corporate profits and other indicators.

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## CONTINUED

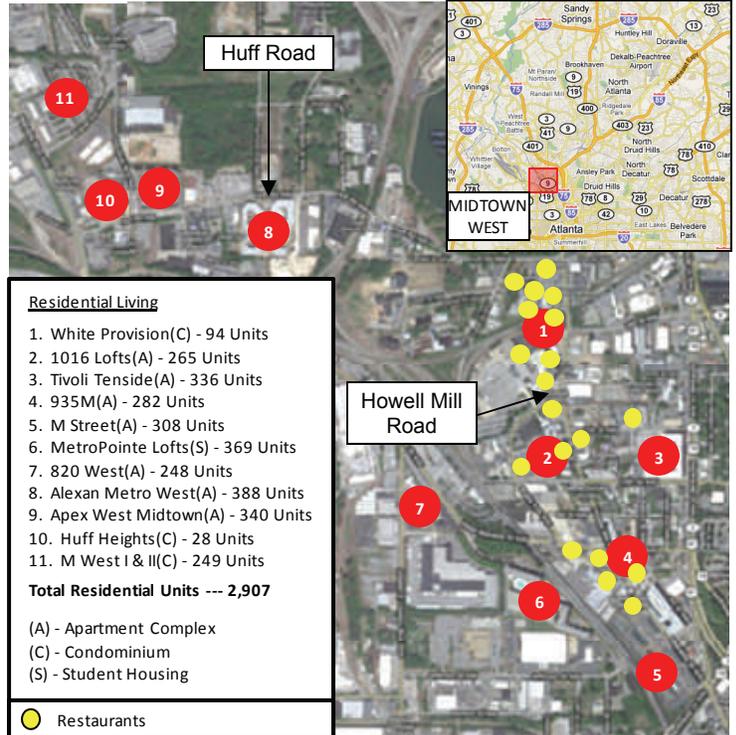
SECOND QUARTER 2010

### THE OTHER MIDTOWN

Midtown West, once known for abundant industrial buildings and visual blight, has become one of Atlanta's most vibrant neighborhoods. Approximately 3,000 housing units have been developed there since 2003. This diverse mix of residential product has attracted an eclectic population and established a strong foundation for the neighborhood moving forward. At least 20 restaurants have opened in Midtown West, ranging from the upscale (Bacchanalia) to the sublime (YEAH! Burger). The diverse array of restaurant offerings has created a superb dining destination for the young and old. Art galleries and trendy furniture stores add to the mix.



Pedestrian Bridge Over Railroad Leading to White Provision



### RENEWABLE ENERGY SPURS GROWTH

A bright spot in Georgia's gloomy employment picture is the state's recent success attracting companies involved in renewable energy production. The accompanying table highlights five recent announcements by companies expected to create over 900 jobs. A particular strength is Georgia's abundance of renewable natural resources, ranking third in the nation for potential biomass energy, according to Forbes Magazine. Georgia's pro-business climate, strength in academic research and development, and transportation infrastructure, particularly the Port of Savannah, are attractive to companies considering the state. According to the Georgia Department of Economic Development, 12 biomass-to-electricity projects have been announced in Georgia, potentially resulting in \$1.8 billion in new investment, 579 direct jobs, and 1,700 indirect jobs. Georgia is well positioned to capitalize on the growing trend toward renewable energy production, which will help spur the state's economic recovery.

RECENT ANNOUNCEMENTS OF NEW BUSINESSES INVOLVED IN RENEWABLE ENERGY PRODUCTION				
STATE OF GEORGIA				
Company	Nature of Operation	Location	Year Announced	Projected Jobs
ZF Windpower, LLC	Manufacture gearboxes for wind turbine energy production	Gainesville	2010	215
RWE Innogy (German) & BMC of Sweden	Wood pellet production plant	Waycross	2010	75
Mitsubishi	Production of advanced steam and gas turbines	Pooler	2009	500
Rollcast Energy, Inc.	Biomass plant that will burn wood to produce electricity	LaGrange	2009	25
Suniva	Manufacture solar cells used for clean solar power generation	Norcross	2008	100
Source: Georgia Department of Economic Development			<b>Total</b>	<b>915</b>

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To monitor changes in key monthly economic and housing indicators, please visit [www.haddowandcompany.com](http://www.haddowandcompany.com). As always, your thoughts and feedback are encouraged.



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