

The Sultan of Sprawl?

Paul Krugman recently wrote an editorial in *The New York Times* that declared Atlanta the “Sultan of Sprawl.” He cited a recent study by the Equality of Opportunity Project which “suggests that the city may just be too spread out, so that job opportunities are literally out of reach for poor people stranded in the wrong neighborhoods.”

Rather than debate the issue of equal opportunity and the role geography plays, we prefer to point out a subtle truth overlooked in this sweeping editorial: Atlanta’s recent development trends indicate a growing tendency toward urbanization and increased density rather than outward sprawl. And this is a good thing.

In 1970, the City of Atlanta had a population of 495,039, which comprised 26.9 percent of the metro area. By 2010, the city’s population was 420,003, accounting for only 8.0 percent of the Atlanta MSA. These numbers provide stark support of Krugman’s thesis. Starting about 15 years ago, however, the urban core began to attract renewed interest, as evidenced below.

Intown Office Surge – Office development has been mostly concentrated in Midtown and Buckhead since the mid-2000s. Downtown’s landmark 191 Peachtree Tower, once almost empty, is now virtually full.

Atlantic Station – Atlantic Station replaced a former steel mill with 1.39 million square feet of office space, over one million square feet of retail space, and 2,647 residential units, all since 2003.

The BeltLine – The Atlanta BeltLine, once a planner’s pipe dream, has come to fruition and has already enhanced connectivity, greenspace, pedestrian mobility, and nearby development.

Condo Fever – Condominium development flourished from 1997 to 2008, with approximately 17,000 units delivered in intown Atlanta (not counting conversions). The unsold inventory is now negligible.

Neighborhood Transformations – Neighborhoods like Midtown West and Old Fourth Ward were reborn, including the dramatic transformation of the old Sears building (Ponce City Market) now under way.

Apartment Boom – New apartment deliveries in intown Atlanta have totaled 21,530 units since 2000, and the current occupancy rate is a robust 97.1 percent. Another 6,479 apartment units are currently under construction, with 6,984 units proposed. And these figures only include Class A market-rate apartments.

Removing Blight – The wholesale redevelopment of Atlanta’s public housing with mixed-income communities, which began just prior to the 1996 Olympics, removed blight and increased population density.

Tourist Attractions – Major national attractions have been added around Centennial Olympic Park, and a new domed stadium is planned that might otherwise have gone to the suburbs.

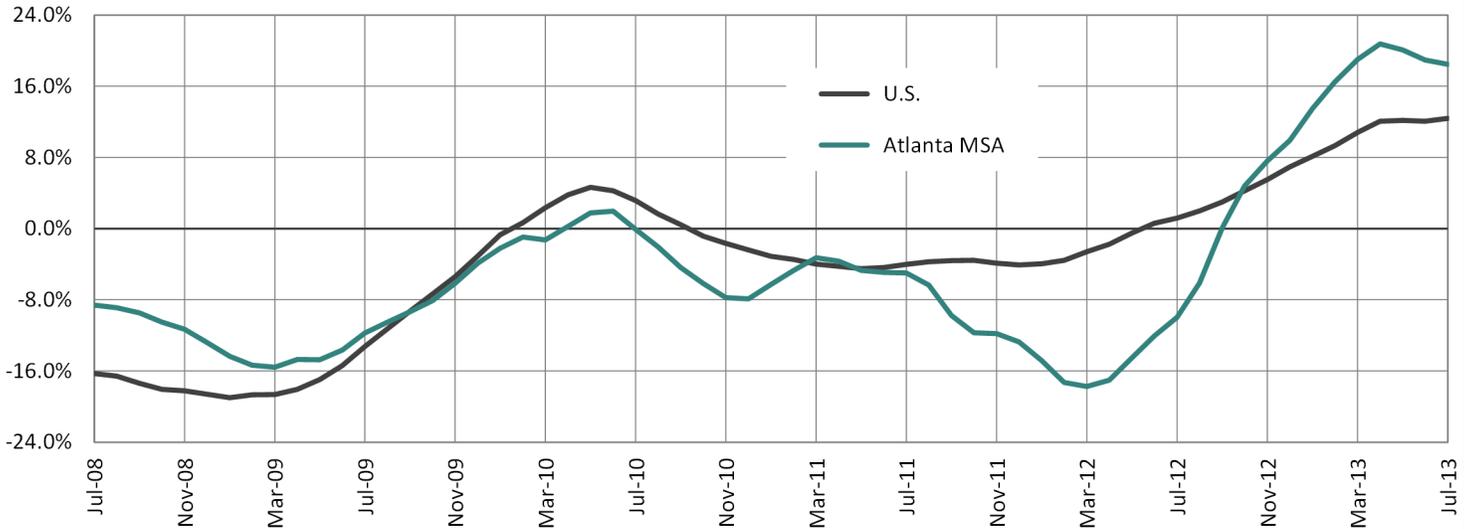
University Influence – Georgia Tech and Georgia State University have shed their academic cocoons and are now woven into the urban fabric, with a combined enrollment in excess of 50,000 students. Student housing development, both private and university-sponsored, has been dramatic.

Suburban In-migration – The City of Atlanta’s annual population growth in absolute terms has almost quadrupled since 2010, while the 10-county area tracked by the Atlanta Regional Commission has grown at less than half the pace of the previous decade(per ARC estimates).

Does this sound like a community only growing in the suburbs? Metro Atlanta is a favorite poster child for sprawl, and this distinction was well earned, but the urban core has seized the momentum, restoring much-needed balance to our region’s development. A fundamental demographic shift among the young and highly educated in favor of city living is a key driver, and this trend is likely to continue. Sprawl has not gone away, but it is no longer the city’s trademark.

Atlanta House Price Rebound Now Outpacing the United States

S&P/CASE-SHILLER HOME PRICE INDEX (YEAR-OVER-YEAR % CHANGE)



After seriously lagging the U.S. in house price recovery during the second half of 2011 and much of 2012, metro Atlanta has recently jumped ahead. The year-over-year gain in house prices was 18.5% in July 2013, according to the S&P/Case-Shiller Home Price Index.

Intown Apartment Boom

Haddow's Apartment Report: Intown Atlanta was just released. One of its findings is obvious to anyone who drives around the city. An apartment development boom is in full swing. Fortunately, the backdrop is high occupancy and an expanding economy. How fast and how many of the next wave of proposed developments gets under way will ultimately determine whether the market gets overbuilt.

Third Quarter 2013 highlights for Class A intown apartments built since 2000 are:

- The average rent per square foot (\$1.47) is up 7.3 percent from one year ago.
- The average occupancy rate is 97.1 percent, compared to 94.7 percent in First Quarter 2013.

- Twenty-four projects, containing a total of 6,479 units, are currently under construction in intown Atlanta. Projects located in the Buckhead/Brookhaven submarket account for 3,150 of the units.
- There are 25 proposed projects (6,984 units) in the development pipeline.
- The four newest projects delivered to the market have experienced exceptional lease-up velocity, ranging from 33.7 to 60.5 units leased per month.

If you are interested in learning more about this report, please click on the link below:

[Haddow's Apartment Report](#)

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