

WHAT WE HAVE LEARNED

Haddow's Real News featured a story entitled "[What We Know](#)" in its First Quarter 2020 edition. Written at the onset of the coronavirus pandemic, the article shared "random thoughts on the shape of things to come." With the benefit of hindsight, we can reflect on what has been learned in the past nine months.

Much of what happened was predictable, but there have been a few surprises. While we anticipated that "the economic shock will reverberate across all real estate sectors," the surge in for-sale housing and industrial activity was unexpected. Record low interest rates, pent-up demand, and demographic changes help explain the sharp uptick in house sales, prices, and starts. Economic uncertainty did not stymie this groundswell. The industrial market has reaped enormous benefit from the quantum leap in e-commerce triggered by the pandemic.

The charade of WeWork has now been fully revealed, but office demand in general is under pressure given the heightened experience with remote working. The decision by Pinterest not to anchor a new office tower in San Francisco, and instead pay \$89.5 million to terminate its lease, was stunning. Many companies, particularly in the tech sector, are rethinking their future office requirements.

Surprisingly, tax collections for the State of Georgia are up \$722.5 million for the fiscal year started July 1, compared to the previous fiscal year. An unexpected rise in retail sales, largely related to food, alcohol, and tobacco, has more than offset declines in hotel and rental car collections. Media and other spending related to the Senate runoff elections did not hurt.

The stock market has been incredibly resilient. After the Dow Jones Industrial Average topped 29,000 for the first time in January, the index plummeted to 18,592 on March 23, 2020, a 36% decline. The Dow closed at 30,606 at year-end.

Real estate capital has not evaporated. Large-scale developments have secured financing, even in the wake of the pandemic. Intown living has lost some luster due to restrictions on dining out and nightlife, as well as rising crime, street racing, and unruly public demonstrations. Another factor is the cost premium relative to the suburbs in a time of financial stress.

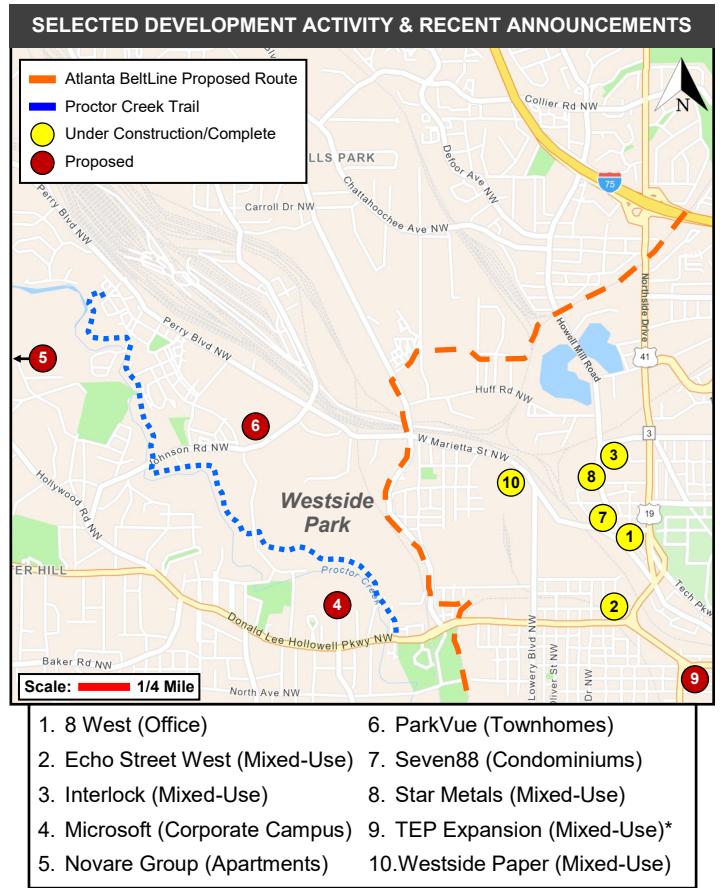
The economic fallout of the pandemic is quite pronounced. According to a recent article in The Atlanta Journal-Constitution, the State of Georgia has recorded 4.2 million initial jobless claim filings since March 21, 2020. While Atlanta has enjoyed major corporate commitments in recent months, the metro economy still lost 96,200 jobs between February and November of 2020.

Our previous commentary on the pandemic's impact concluded that "bipartisan cooperation is needed now more than ever." This clearly did not happen. Perhaps the recent elections, which shed a bright light on Georgia, will help foster a renewed understanding of our shared fate.

WESTWARD PUSH

A dense concentration of retail and residential uses exists along the Howell Mill Road corridor, south of Huff Road, and developers are adding office buildings and hotels to the mix. As this area matures, growth is pushing further west, fueled by major public investments, land availability, and proximity to job centers. The 280-acre Westside Park is set to open soon, and the future extension of the BeltLine's Westside Trail will be a significant enhancement. The Proctor Creek Greenway, which is already open, provides for additional connectivity to Westside Park and the BeltLine.

Microsoft has assembled approximately 90 acres near Westside Park for a potential corporate campus, which will be a game changer for the neighborhood and city. Third & Urban is repurposing warehouse buildings on the former Westrock site for office and retail space that will be called Westside Paper. Residential development is ramping up as well. Ashton Woods is preparing to start construction on 293 townhomes near Westside Park called ParkVue, and Novare Group is planning 300 apartments off James Jackson Parkway. Lincoln Property Company is developing Echo Street West, a \$227 million mixed-use project on 19 acres. The first phase will feature 50,000 square feet of retail, 3.4 acres of outdoor space, and 300 apartments. Several other developments are in the planning stages that will reshape this part of the city in the years to come.



CLIENT'S CORNER

In December 2019, a family client in Columbus hired our firm to provide objective advice on real estate that was jointly owned by multiple branches of the family. We worked with the older generation of the family on some of their surrounding property holdings 24 years prior to the recent engagement. We were asked to perform a highest and best use study of a 62-acre development tract, and to evaluate the sale potential of a Class A apartment complex the family owned adjacent to this undeveloped land. Working in concert with a land planner, we studied the market and prepared potential development plans for the land, as well as recommendations on its potential value and likely buyers. Additionally, we evaluated the financial condition of the apartment community and gathered

broker opinions of value (BOV) from leading multifamily brokers, in the event the family decided to sell the apartments. The family ultimately retained one of the brokerage firms, which sold the apartments in December 2020. The apartments sold for 20% more than what the BOVs indicated. Our client now intends to move forward with marketing the development tract for sale in the coming year.

HADDOW'S CONDOMINIUM REPORT

Haddow's Condominium Report is an in-depth analysis of the intown Atlanta condominium and townhome market. The Year-End 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.

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