

### A KILLING PLACE

July was a bad month for our city. Following the mass murder in Buckhead, a newspaper article recapped the 24 deaths that occurred between July 8 and July 29, quoting a visitor who said, "Atlanta is a killing place. It's a shame." Perhaps this is an unfair moniker, but recent events are reason to pause for reflection.

Atlanta's image has already been tarnished by endless stories about smog, sprawl, sewer problems, and traffic snarls. The invective rhetoric surrounding the city's affirmative action program has exposed the tenuous underside of race relations. Tensions seem high, and the oppressive heat wave is only partly responsible.

Why discuss these things in a real estate newsletter? Well, the ultimate goal of successful property development is community building. Current evidence suggests that our community is breaking down in some important areas, ranging from basic infrastructure to air quality to personal safety. The real estate industry has contributed to these problems and must become part of the solution.

#### ATLANTA REAL ESTATE INDICATORS 1993 - 1998

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
<b>Housing Permits</b>						
Single-Family:	32,542	32,453	34,241	37,143	37,357	43,600
Condominium/Townhouse:	244	518	484	556	938	1,327
Apartments:	3,210	7,825	10,106	7,304	11,233	11,570
<b>Apartment Occupancy Rate:</b>	94.0%	96.0%	96.0%	94.0%	94.2%	95.4%
<b>Office Occupancy Rate:</b>	83.2%	87.0%	90.0%	90.7%	89.5%	88.8%
<b>Office Absorption (Sq.Ft.):</b>	3,071,683	2,954,464	2,786,609	2,053,465	3,843,989	5,638,585
<b>Distribution/Warehouse</b>						
Occupancy Rate:	86.5%	88.2%	87.7%	86.8%	86.1%	84.8%
Absorption (Sq.Ft.):	8,881,329	12,672,197	12,794,667	13,165,528	10,383,046	11,485,571
<b>Service Center</b>						
Occupancy Rate:	82.7%	87.4%	90.7%	89.9%	91.3%	88.0%
Absorption (Sq.Ft.):	360,424	595,999	635,186	284,879	546,121	(74,577)
<b>Hotel Occupancy Rate:</b>	67.8%	70.7%	71.2%	67.5%	64.7%	65.7%
<b>Hotel Average Daily Room Rate:</b>	\$63.64	\$68.14	\$74.33	\$86.32	\$78.93	\$81.19
<b>Retail Occupancy Rate:</b>	89.3%	90.9%	91.9%	92.4%	92.3%	92.2%
<b>Retail Absorption (Sq.Ft.):</b>	4,574,595	3,267,416	6,959,898	4,767,090	2,419,249	1,646,963

**Note:** Office and retail absorption are defined as the net change in occupied space. Industrial absorption is defined by King as "the net effect of activity, corrects for lateral movement, renewals, and change in space size." Occupancy figures are for year-end, except the hotel occupancy rate (annual average).

Sources: **Housing Permits:** Greater Atlanta Home Builders Association  
**Apartment Occupancy Rate:** Dale Henson Associates  
**Office Data:** Jamison Research

**Industrial Data:** King Industrial Realty  
**Hotel Data:** PKF Consulting  
**Retail Data:** Jamison Research

## DOWNTOWN CONDOS

Haddow & Company recently completed an analysis of the condominium market in downtown Atlanta for Central Atlanta Progress and COPA, Inc. Key supply and demand facts are summarized below:

### Supply

- Since 1992, approximately 617 condominium units have been built or converted in Downtown Atlanta. Of this total, 87.8 percent were sold or under contract as of June, 1999.
- Six projects totaling 493 units are currently proposed, consisting of three new developments and three conversions.

### Demand

- Our survey of 45 condominium households revealed the following interesting facts:
  - ◆ 75.6 percent of households contain only one person.
  - ◆ The dominant buyer group (61 percent) is young singles and couples aged 25 to 35.
  - ◆ Married couples comprise only 22.2 percent of households, and no children were in permanent residence.
  - ◆ Almost 30 percent of households have income over \$100,000.
  - ◆ 66.7 percent of residents relocated from inside Interstate 285, but 22.2 percent came from outside of Atlanta.

## RECENT ENGAGEMENTS

*Realty Development Corporation* retained our firm to examine the marketability of a proposed apartment development near downtown Atlanta. Several factors are creating a dynamic intown apartment market, including a recent wave of condominium conversions, the delivery of several new apartment projects, and a burgeoning demand for close-in living.

*Franklin Property Company* asked us to assist in rethinking the master plan for Circle 75 office park. This property has 152 undeveloped acres and enjoys an outstanding location at the junction of Interstates 285 and 75. Our role was to compile pertinent market data on various property types and to participate in the planning process.

*McRae & Stolz* is planning to develop some condominiums in Midtown. We were asked to evaluate competitive market conditions, factors shaping the Midtown area, and the site's relative merits. Midtown is enjoying another renaissance that will gain further momentum in the coming years.

*United General Industries* wanted to explore the feasibility of developing office condominiums in the Suwanee area of Gwinnett County. Given the paucity of office condominium development in the 1990s, this study required substantial consumer research. Telephone surveys were conducted of current office condominium owners as well as prospective buyer groups.

*Haddow & Company is a real estate consulting firm that serves the various needs of developers, investors, corporations, lending institutions, and others. The company's services include market and feasibility studies, investment analysis, development planning, disposition counseling, highest and best use studies, marketing strategies, and loan workouts.*



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