

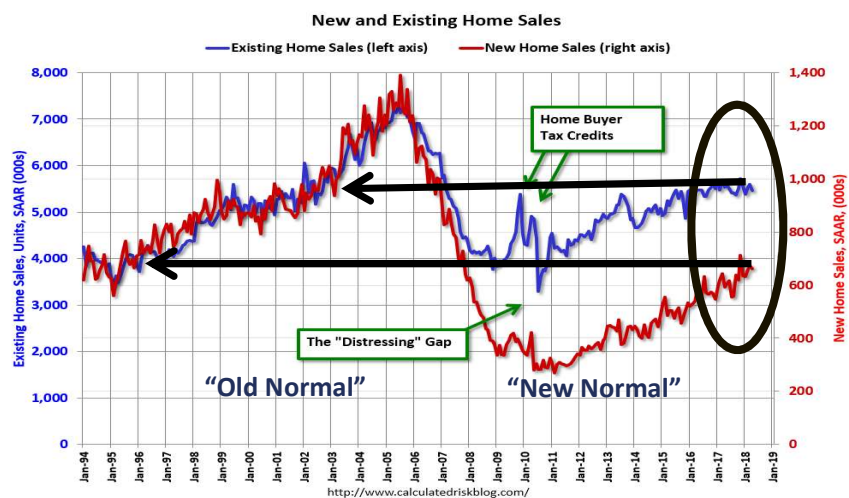


# State of the Housing Market

## Everything Old is New Again!!

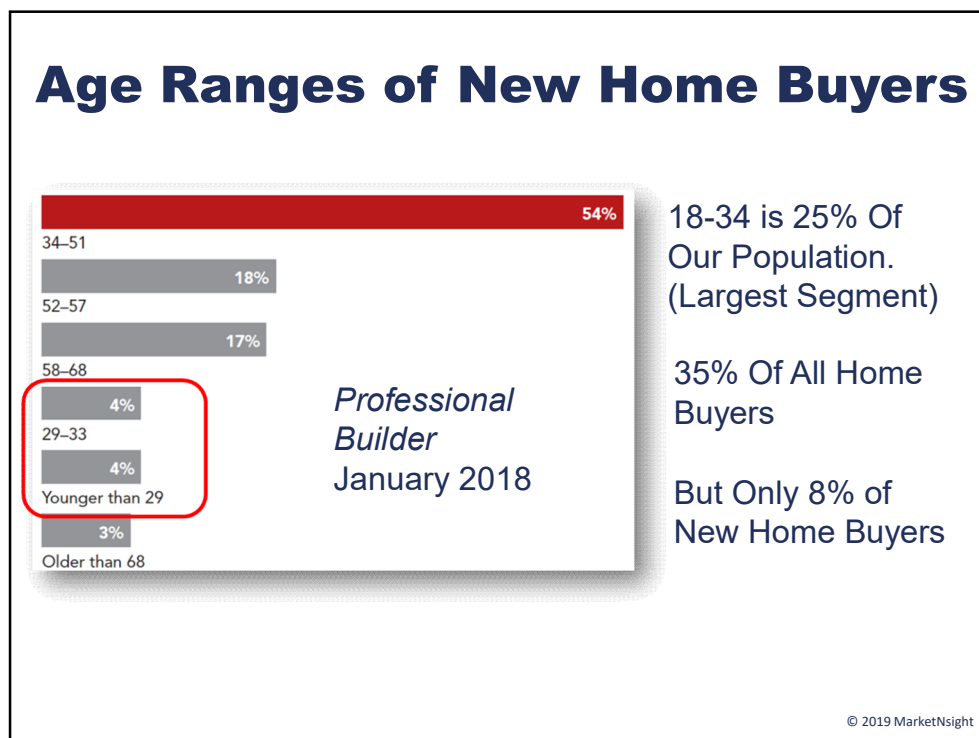
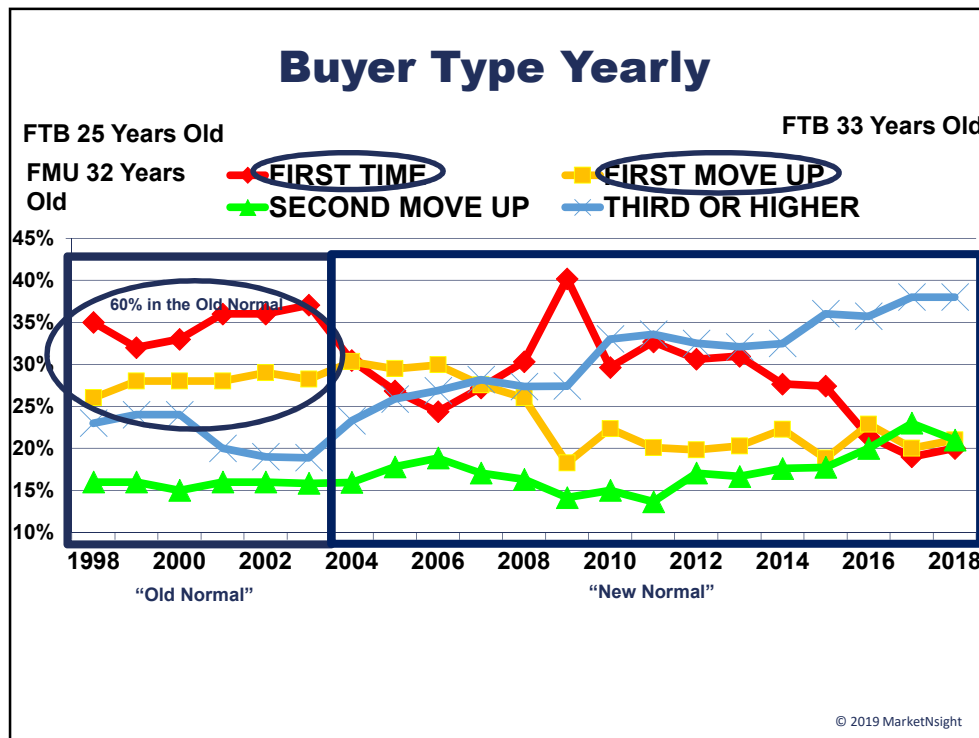
GSU Economic Forecasting Center Conference  
February 27th, 2019  
John Hunt – ViaSearch/MarketNsght

© 2019 MarketNsght



67% of “Old  
Normal”

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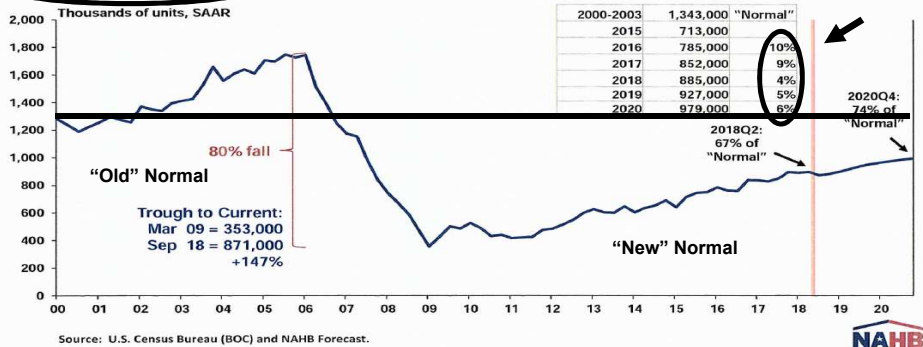


**Robert Dietz NAHB Chief Economist**

**November 7th, 2018 NAHB Executive Board**

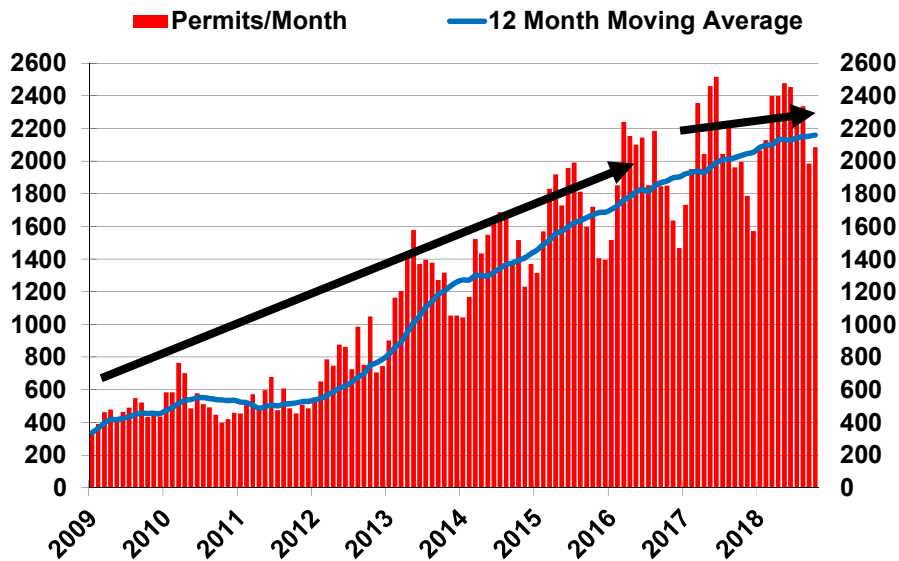
### Single-Family Starts

*Slowing growth ahead*



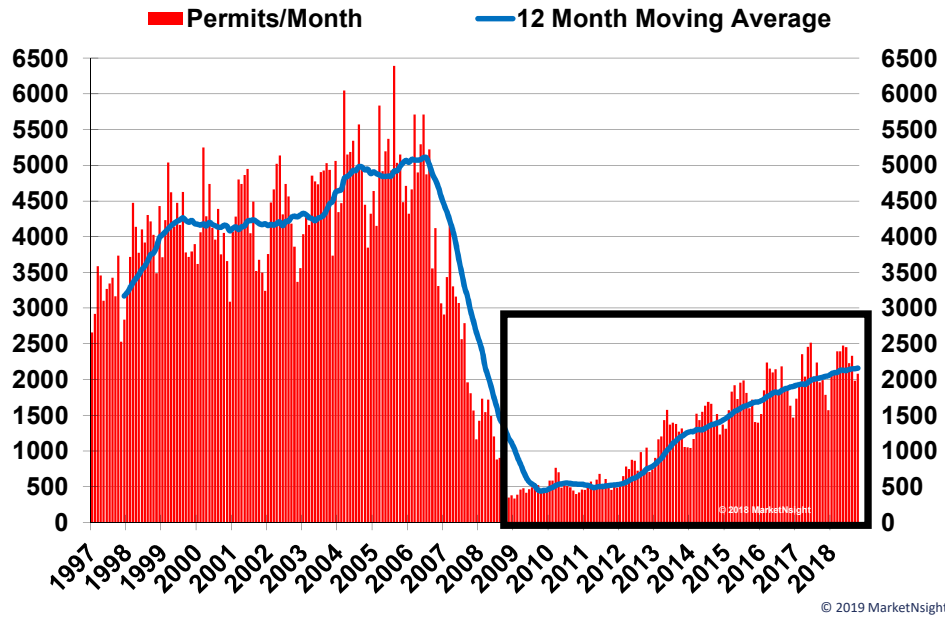
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### Permit Trend 1/2009- 10/2018 Atlanta

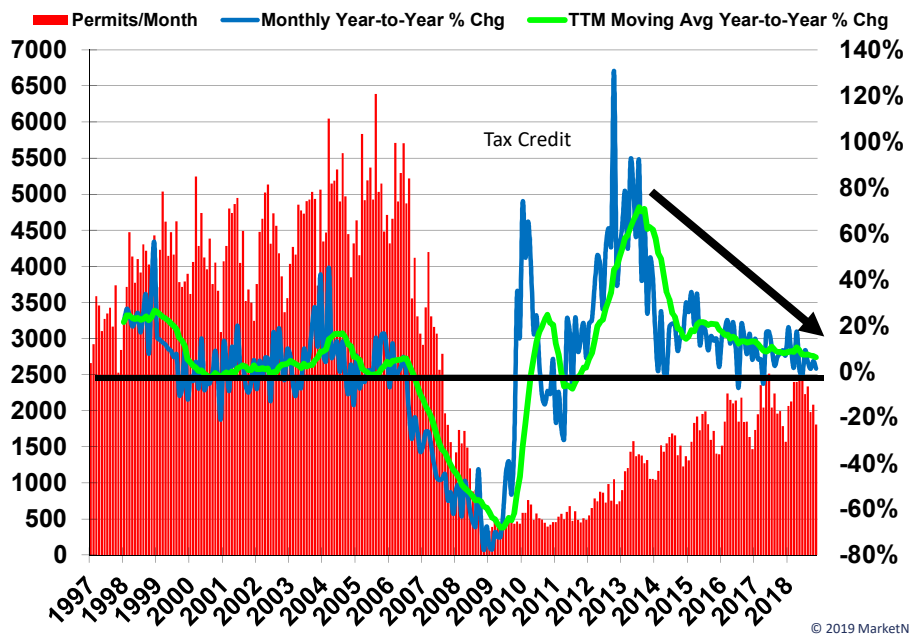


© 2019 MarketN Sight

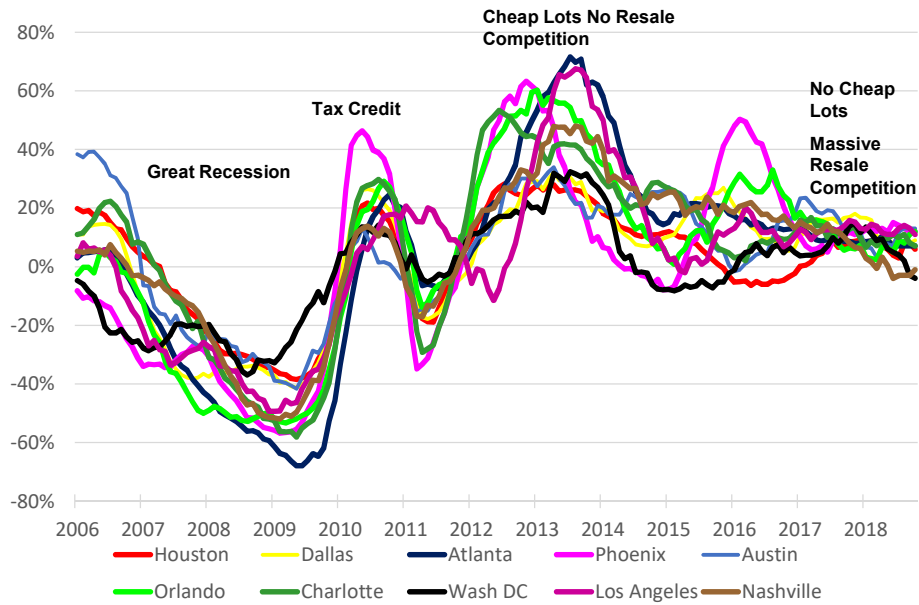
## Permit Trend 1/1997- 10/2018 Atlanta



## Permit Trend 1/1997- 11/2018 Atlanta



## Top 10 Cities 12 Month Moving Avg 2006 - 10/2018



© 2019 MarketNsiight

## Lot Price Lot Ratio

| County   | Last MW Average Lot Price | Trailing 6 Average Lot Price | Percent Change |
|----------|---------------------------|------------------------------|----------------|
| Forsyth  | \$91,458                  | \$111,079                    | 21.5%          |
| Cherokee | \$66,248                  | \$95,364                     | 44.0%          |
| Cobb     | \$92,307                  | \$91,522                     | -.09%          |
| Gwinnett | \$85,122                  | \$88,797                     | 4.3%           |
| Fulton   | \$84,538                  | \$80,403                     | -4.9%          |
| Paulding | \$29,822                  | \$34,633                     | 16.1%          |
| Clayton  | \$31,627                  | \$35,386                     | 11.9%          |
| Henry    | \$31,418                  | \$35,627                     | 13.4%          |
| Jackson  | \$32,249                  | \$38,866                     | 20.5%          |
| Hall     | \$44,839                  | \$39,432                     | -12.1%         |
| DeKalb   | \$48,596                  | \$57,192                     | 17.7%          |
| Coweta   | \$54,631                  | \$63,236                     | 15.8%          |

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## **Robert Dietz – NAHB Chief Economist**

February 2017

“The challenge is really adding inventory at the entry-level space,” said Robert Dietz, chief economist of the National Association of Home Builders. “Can builders do that at a cost that meets buyers’ expectations, given rising land development costs, rising wages and rising land costs?”

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**The same thing is going on in every city.**

**We've run out of cheap Lots. The cost to develop has exploded faster than people's incomes.**

**So what do we do?**

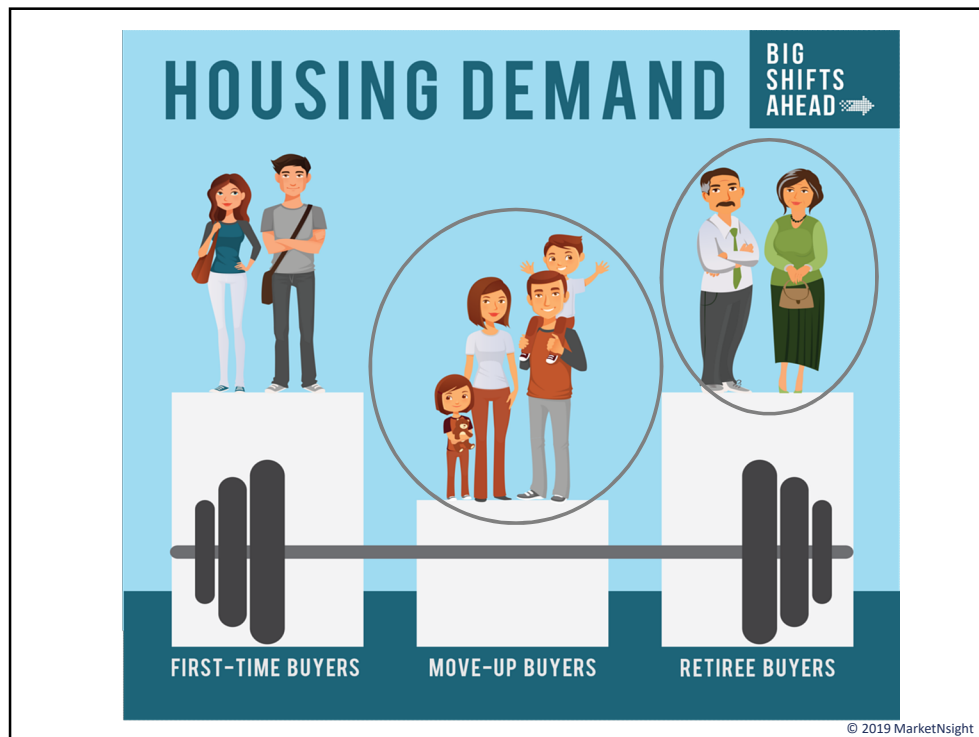
**Luckily demographics are playing in our favor!**

© 2019 MarketNsght

## Two Options:

### Option 1 - Drive 'til You Qualify.....

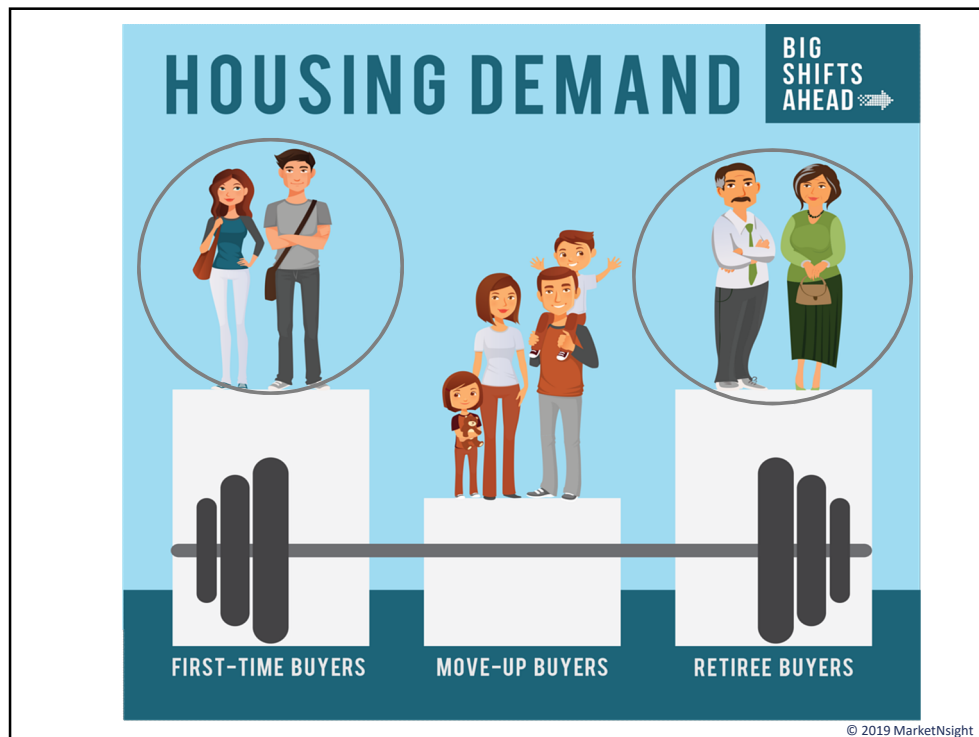
© 2019 MarketNsght



## Two Options:

### Option 2 – Build Smaller Closer In.....

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- Disposable Income
- No Kids!!!
- Entertainment Oriented

The Location is  
the Amenity!!



© 2019 MarketNsght

## Age 55 Isn't What It Used to Be

2018



Tom Cruise in MI: Fallout  
Age 55

1985



Wilford Brimley in Cocoon  
Age 50

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## Robert Dietz – NAHB Chief Economist

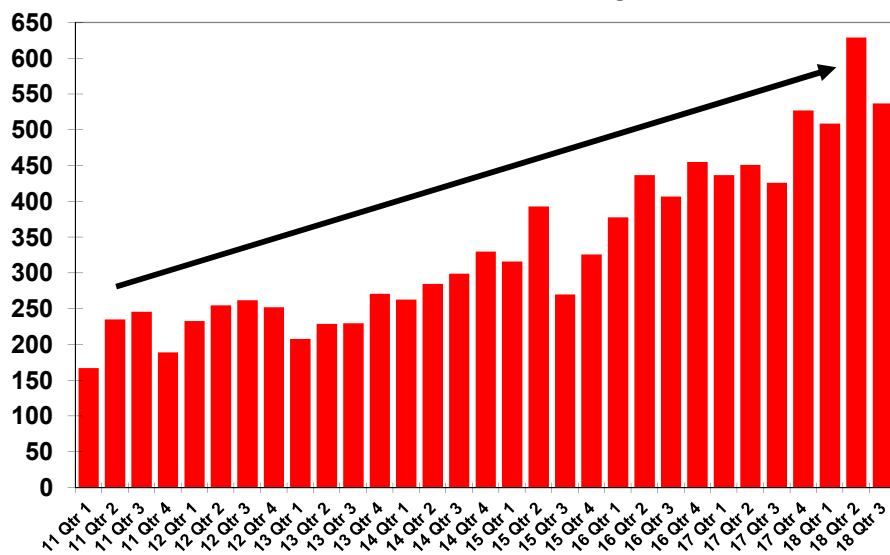
“There’s been a shift to building smaller homes and townhomes. I’m bullish on townhouses over the next few years. They are the perfect bridge from renting to homeownership for first-time buyers.”

2017 Realtors Conference & Expo in Chicago

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## New Townhome Sales 2011-2018

■ New Townhome Closings



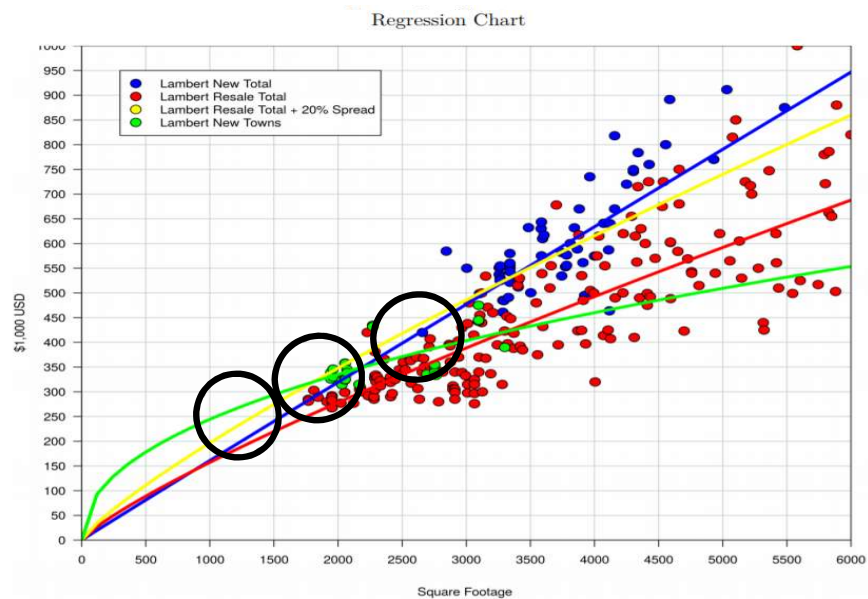
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**Please Forget The Old Axiom  
that Towns Should be 15% to  
20% Below Detached.....**

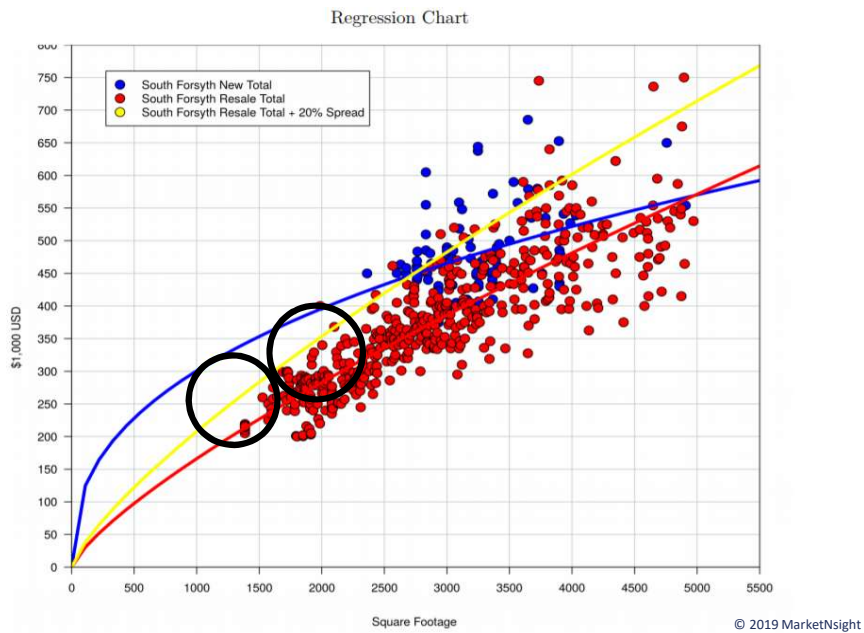
**This is the 21<sup>st</sup> Century, and  
We Have Regression!!**

© 2019 MarketNsght

## **This Market Has Towns!!**



## This Market Needs Towns!!



**Time to Think Outside the Box**

**Time to Innovate**

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## The Apartment Industry Has Shown Us The Way

If We Are Paying Attention!!

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### Can Rental Rates Go Any Higher?

#### Houston

|                           |           |                  |
|---------------------------|-----------|------------------|
| • The Residences at Kirby | 990 sq ft | \$2,980- \$3,340 |
| • Market Square Tower     | 814 sq ft | \$2,342- \$2,632 |
| • Marq 31                 | 569 sq ft | \$1,428          |

#### Dallas

|                       |           |                   |
|-----------------------|-----------|-------------------|
| • SkyHouse Dallas     | 620 sq ft | \$1,370 - \$2,110 |
| • Ascent Victory Park | 648 sq ft | \$1,924 - \$2,024 |
| • M-Line Tower        | 561 sq ft | \$1,605           |

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## Can Rental Rates Go Any Higher?

### Atlanta

|                           |           |                   |
|---------------------------|-----------|-------------------|
| • Reserve at the Ballpark | 620 sq ft | \$1,305           |
| • Skyhouse Buckhead       | 585 sq ft | \$1,265 - \$1,730 |
| • 464 Bishop              | 598 sq ft | \$1,485           |

### Phoenix

|                        |           |                   |
|------------------------|-----------|-------------------|
| • Camden North End     | 587 sq ft | \$1,349 - \$1,419 |
| • CityScape Residences | 764 sq ft | \$2,000 - \$4,766 |
| • Alta Central         | 691 sq ft | \$1,221 - \$1,464 |

© 2019 MarketNsght

## Can Rental Rates Go Any Higher?

### Greenville, SC

|                            |           |         |
|----------------------------|-----------|---------|
| • Trailside at Reedy Point | 571 sq ft | \$1,300 |
| • Ellison on Broad         | 592 sq ft | \$1,300 |
| • District West            | 490 sq ft | \$1,500 |

### Savannah, GA

|                 |           |         |
|-----------------|-----------|---------|
| • Drayton Tower | 406 sq ft | \$1,650 |
| • The Bowery    | 637 sq ft | \$1,628 |
| • Mariner Grove | 676 sq ft | \$1,372 |

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**The average millennial will spend over \$200,000 on rent before buying a house — but Gen Z will spend even more**



**Amount Spent on Rent Before Owning:**

**Baby Boomers - \$148,900**

**Millennials - \$202,000**

**Gen Z- \$226,000**

**Median Monthly Rent for Gen Z:**  
**\$1,710** month for 11 years

**That's the equivalent of a 30 year mortgage payment with 10% down, for a \$320,000 House.....or Townhome.....or Condo....or Tiny Home!!**

© 2019 MarketNsght

**We Have to Rethink our 40 Year  
Old Ideas About New  
Construction**

**Time To Innovate**

**How Are We Doing??**

**I'd Give Us a C-**

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## Audience Poll Question

Parking is a hot button for every new home development, especially inside the perimeter. With the rise of Uber and Bird, do you believe there could be demand for new construction with only a driveway or no parking as an option?

- ☐ Yes
- ☐ No

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## December Event - Result

Parking is a hot button for every new home development, especially inside the perimeter. With the rise of Uber and Bird, do you believe there could be demand for new construction with only a driveway or no parking as an option?

Yes

50%



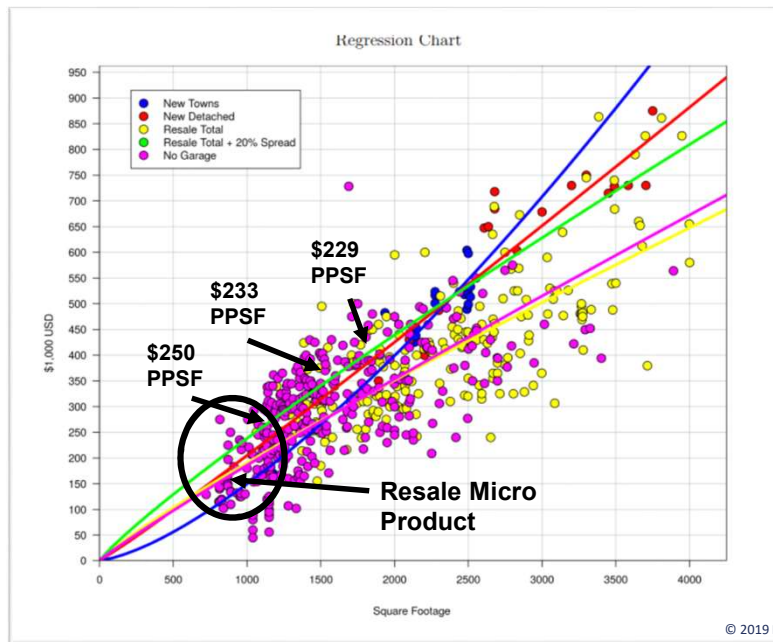
No

50%



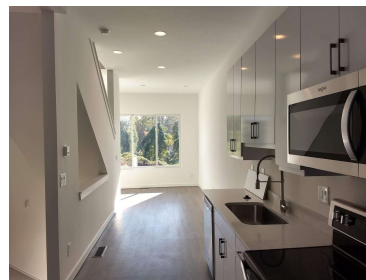
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## Can We Build What They Want, Where They Want It?

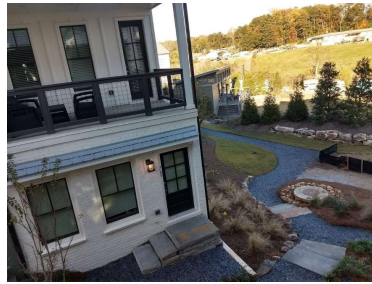


## 11-Foot Wide Townhomes

1500 SF - \$250k



© 2019 MarketNsght



**16 Ft Wide  
Townhomes  
1700 SF in  
the \$400's**



© 2019 MarketNsght



## **Courtyard Homes**

**240' x 150' Lot!**

**1750 SF  
Starting at \$419k**

**4 Homes Have  
No Garage**



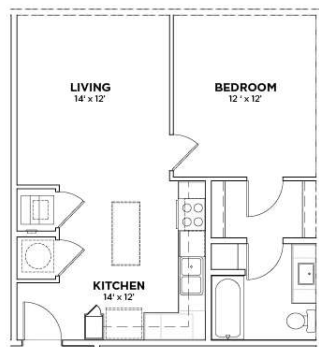
© 2019 MarketNsght

## 961 SF Mansion Apartments In the Mid \$300's

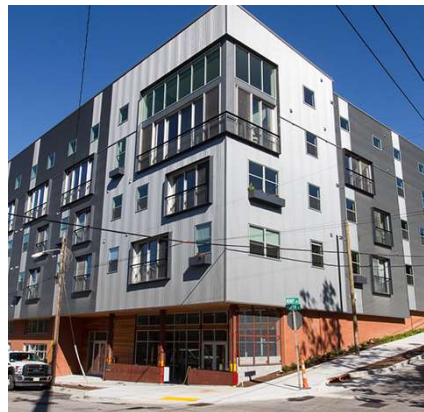


© 2019 MarketNsignal

## Stacked Flats



Ellis - 650 sq ft  
Under \$200K  
Presold starting 2015



**SOLD  
OUT**

© 2019 MarketNsignal

# Accessory Dwelling Unit Zoning



Classified / Real Estate

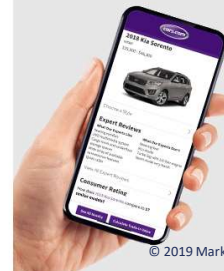
The U.S. has an affordable housing shortage. Could 'granny flats' be the answer?



The space between the main house and the accessory dwelling unit features a fire pit and separate seating spaces. (Beth Nakamura / For The Washington Post)

By **Haisten Willis**  
Special to The Washington Post

Get all the  
expert info  
you need  
to find your next car.



© 2019 MarketN8ight



## ADU Rendering



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## Audience Poll Question

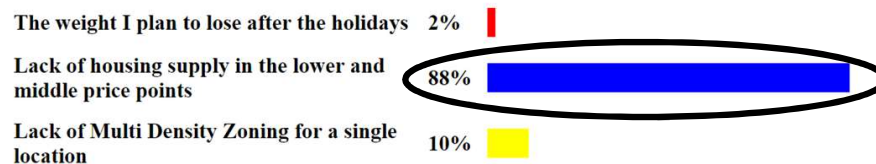
The term "Missing Middle" refers to:

- ☐ The weight I plan to lose after the holidays
- ☐ Lack of housing supply in the lower and middle price points
- ☐ Lack of Multi Density Zoning for a single location

© 2019 MarketNsght

## December Event - Result

The term "Missing Middle" refers to:



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# The Missing Middle

Multi-unit housing types such as duplexes, fourplexes, bungalow courts, and mansion apartments that are not bigger than a large house, that are integrated throughout most walkable pre-1940s neighborhoods, often integrated into blocks with primarily single-family homes, and that provide diverse housing choices and generate enough density to support transit and locally-serving commercial amenities.

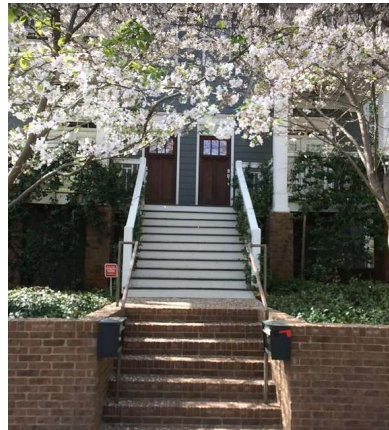


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## Missing Middle is.....



A Single Family Home



With a Duplex Next Door

**Illegal In Most Cities Today!!!**

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## Why Don't We Zone This Way Anymore??

In the 1920s, the White House convened a task force to push cities to adopt zoning codes. Official documents did not mention race, but the members of the task force were outspoken segregationists, and zoning was seen as a method to keep certain neighborhoods white by keeping the price of homes high.

<https://www.jdsupra.com/legalnews/how-the-missing-middle-may-help-create-89060/>

## Government Sanctioned Socioeconomic Bigotry!!!!

© 2019 MarketNsight

## Missing Middle – West Coast - Oregon

“Oregon is in the midst of a housing crisis. The state Legislature is considering a bill that would remove the ban on duplexes, triplexes and quadplexes that many cities and counties banned decades ago.”



<https://katu.com/news/local/oregon-looks-at-missing-middle-to-fix-housing-crisis>

© 2019 MarketNsight

## Missing Middle – Heartland - Nebraska

\$100 million Papillion housing project will feel like a ‘stately’ old neighborhood, developer says

Papillion Times, Jan 8, 2018

Plans call for more than 500 units, which will be small and large duplexes, three-plexes, four-plexes, six-plexes, apartments, townhouses and retail space. Public streets and open spaces — including a swimming pool, greenhouse and community garden plots — will be linked by trails and shaded sidewalks. The whole site neighbors Prairie Queen Recreation Area.

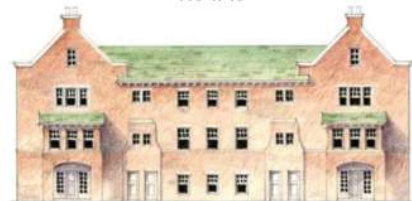
Fourplex

4 units  
64' x 48'



Forecourt Apartment

8 units  
108' x 48'



© 2019 MarketNsght

## Missing Middle – Deep South – South Carolina

Affordable housing incentives, possibilities for ‘missing-middle housing’ part of proposal for Unity Park area.

Greenville Journal, Jan 16, 2019



© 2019 MarketNsght

Real Estate

## Downsizing the American Dream: The new trend toward ‘missing middle housing’

Traffic and commuting

## Cities turn to ‘missing middle’ housing to keep older millennials from leaving



Community and Economic Development in North Carolina and Beyond

The Missing Middle: An Affordable Housing Solution?

## Will U.S. Cities Design Their Way Out of the Affordable Housing Crisis?

“Missing middle” architecture could ease rents – and allow more Americans to build real estate wealth.

© 2019 MarketNsght

# The Missing Middle Is the Perfect Bridge To The Missing Millennial



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## Atlanta Annual Permits 2004-2019

