
ATLANTA REGION HOUSING DEMAND FORECAST MODELING

*Presentation to ARC's
Land Use Coordinating Committee (LUCC)*

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August 27, 2020

*Prepared by Bleakly Advisory Group
for the Atlanta Regional Commission*

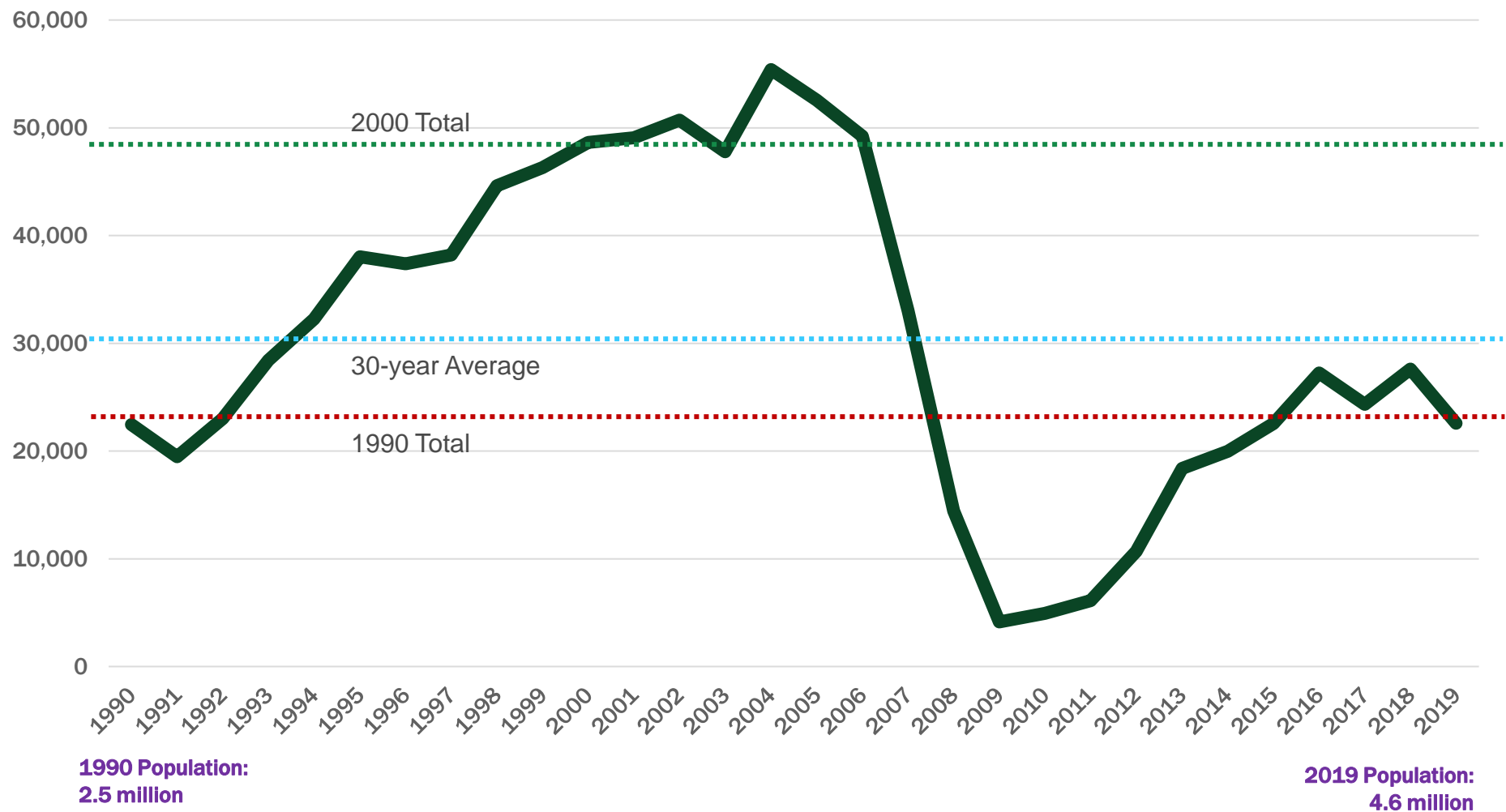


BLEAKLY ADVISORY GROUP HOUSING STUDIES FOR PUBLIC SECTOR



HOUSING PERMITS 1990-2020

ATLANTA 10-COUNTY REGION



Well then . . .

How much housing *do*
we need?



Atlanta Regional Commission

REQUEST FOR PROPOSALS HOUSING DEMAND FORECAST

The Atlanta Regional Commission (ARC) is seeking proposals for consultants experienced in housing data analysis to develop a methodology to **forecast housing demand** for the Atlanta Region, Counties and Cities. ARC acknowledges the need to take caution in this process because the defined methodology of the forecast is critical to the overall validity and reliability of the housing demand numbers. In addition, making **long-term projections** requires overcoming specific data challenges, making estimations and assumptions that are based on a qualitative assessment. ARC seeks to engage a consultant develop a **reliable methodology** to forecast housing demand.

The housing demand forecast is **intended to further understand housing needs** to accommodate our region's current and future residents and further coordinate transportation funding with land use needs. An analysis of this type **can serve as a basis for the development of robust housing vision and development of strategies at the various municipal levels.**

HOUSING DEMAND MODELING INTRODUCTION

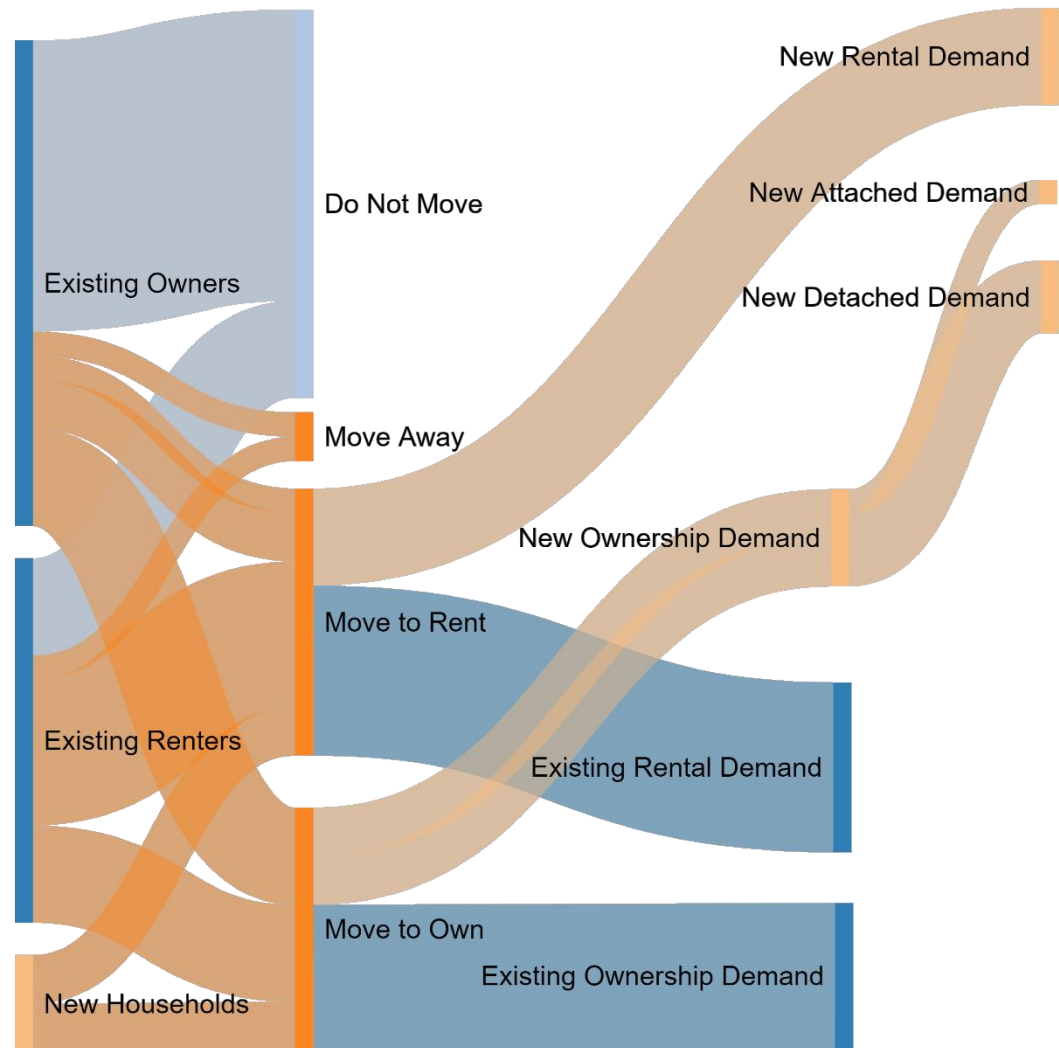
The diagram at right illustrates the analysis process undertaken in the housing demand modeling exercise for each county in the 10-county Atlanta region, as well as for the city of Atlanta.

For each county and the city, Bleakly created an analytical model with data inputs evaluating the potential housing outcomes of three household groups that drive housing demand:

- Owner households in turnover
- Renter households in turnover
- New households to the county.

For each demand pool, data from numerous sources was used to forecast outcomes that, taken as whole, determine the level of demand potential for new housing of various types at various price points.

The results provide county-level forecasts of achievable annual new-home production of for-rent and for-sale housing.



Sankey Data Visualization

DATA SOURCES

- ARC Series 16 Household Projections
- Subscription-based demographic data from Claritas
- U.S. Census Bureau Public Use Microdata Sample (PUMS)
 - turnover and tenure rates across age and income strata for each county
- American Housing Survey Regional Housing Migration Data
 - housing tenure shifts based on local age and income strata
- Supply-side data from CoStar and Smart RE Data



AVERAGE ANNUAL RESIDENTIAL DEMAND - OWN
DEKALB COUNTY, GEORGIA
2020-2025

		Ownership Demand from Existing Households												Ownership Demand from New Households			Total Owner Demand Pool	
Age and Income Segment		Home Price Range ¹	Midpoint Price	Households ²	%	% Renters ³	% of Renters in Turnover ⁴	% of Renters becoming Owners ^{4,9}	Demand from Existing Renters	% Owners ³	% of Owners in Turnover ⁶	% of Owners Remain Owners ⁸	Demand from Existing Owners	Total Demand from Existing Households	Annual Net New Household ⁵	% Owners ⁶	Annual Demand from New Households	Owner Demand from New and Existing Households
Under 25				11,497	100%	89%	28%	23%		11%	15%	53%				11%		
Up to \$34,999		Up to \$110,000	\$55,000	6,040	53%	96%	22%	15%	188	4%	15%	33%	13	201	57	4%	2	204
\$35,000 - \$49,999		\$110,000 - \$150,000	\$130,000	2,391	21%	86%	34%	23%	159	14%	15%	42%	21	180	60	14%	8	189
\$50,000 - \$74,999		\$150,000 - \$230,000	\$190,000	1,593	14%	94%	41%	33%	197	6%	15%	56%	8	206	56	6%	4	209
\$75,000 - \$99,999		\$230,000 - \$310,000	\$270,000	926	8%	61%	26%	42%	60	39%	15%	62%	34	94	54	39%	21	115
\$100,000 - \$149,999		\$310,000 - \$460,000	\$385,000	485	4%	61%	31%	53%	48	39%	15%	76%	22	70	42	39%	17	86
\$150,000 And Up		\$460,000 And Up	>\$385000	62	1%	61%	33%	57%	7	39%	15%	78%	3	10	12	39%	5	15
Total				11,497		10,221	2,826	659	659	1,276	191	101	101	761	281	57	57	817
25-34				54,308	100%	73%	22%	29%		27%	18%	66%				27%		
Up to \$34,999		Up to \$110,000	\$55,000	12,902	24%	91%	24%	15%	408	9%	18%	33%	71	479	-663	9%	0	479
\$35,000 - \$49,999		\$110,000 - \$150,000	\$130,000	8,256	15%	89%	30%	23%	504	11%	18%	42%	68	573	-387	11%	0	573
\$50,000 - \$74,999		\$150,000 - \$230,000	\$190,000	11,270	21%	80%	15%	33%	436	20%	18%	56%	223	659	-423	20%	0	659
\$75,000 - \$99,999		\$230,000 - \$310,000	\$270,000	6,906	13%	70%	16%	42%	315	30%	18%	62%	233	548	-147	30%	0	548
\$100,000 - \$149,999		\$310,000 - \$460,000	\$385,000	8,071	15%	55%	27%	53%	636	45%	18%	76%	97	1,133	-31	45%	0	1,133
\$150,000 And Up		\$460,000 And Up	>\$385000	6,903	13%	28%	21%	57%	241	72%	18%	78%	696	937	214	72%	153	1,090
Total				54,308		39,429	8,699	2,540	2,540	14,879	2,696	1,388	1,788	4,328	-1437	-89	153	4,481
35-44				63,074	100%	54%	15%	32%		46%	7%	67%				46%		
Up to \$34,999		Up to \$110,000	\$55,000	11,950	19%	80%	11%	15%	160	20%	7%	33%	55	214	-333	20%	0	214
\$35,000 - \$49,999		\$110,000 - \$150,000	\$130,000	7,862	12%	81%	22%	23%	313	19%	7%	42%	43	356	-180	19%	0	356
\$50,000 - \$74,999		\$150,000 - \$230,000	\$190,000	10,351	16%	57%	13%	33%	244	43%	7%	56%	169	414	-107	43%	0	414
\$75,000 - \$99,999		\$230,000 - \$310,000	\$270,000	7,818	12%	51%	15%	42%	249	49%	7%	62%	162	411	63	49%	31	442
\$100,000 - \$149,999		\$310,000 - \$460,000	\$385,000	11,728	19%	41%	14%	53%	349	59%	7%	76%	362	711	342	59%	202	914
\$150,000 And Up		\$460,000 And Up	>\$385000	13,365	21%	24%	17%	57%	313	78%	7%	78%	542	855	956	76%	725	1,580
Total				63,074		33,915	5,014	1,629	1,629	9,159	2,003	1,333	1,333	2,962	741	812	958	3,920
45-54				59,713	100%	33%	22%	26%		67%	3%	65%				67%		
Up to \$34,999		Up to \$110,000	\$55,000	9,983	17%	62%	32%	15%	92	38%	3%	33%	42	333	-321	38%	0	333
\$35,000 - \$49,999		\$110,000 - \$150,000	\$130,000	5,738	10%	60%	25%	23%	194	40%	3%	42%	32	226	-141	40%	0	226
\$50,000 - \$74,999		\$150,000 - \$230,000	\$190,000	10,900	18%	33%	20%	33%	234	67%	3%	56%	134	368	-170	67%	0	368
\$75,000 - \$99,999		\$230,000 - \$310,000	\$270,000	7,817	13%	37%	15%	4%	181	63%	3%	62%	101	282	19	63%	12	294
\$100,000 - \$149,999		\$310,000 - \$460,000	\$385,000	10,687	18%	11%	11%	53%	68	89%	3%	76%	238	306	245	89%	218	524
\$150,000 And Up		\$460,000 And Up	>\$385000	14,588	24%	18%	10%	57%	148	82%	3%	78%	306	454	927	82%	762	1,217
Total				59,713		19,853	4,365	1,117	1,117	39,860	1,308	852	852	1,969	559	700	993	2,962
55-64				55,354	100%	28%	9%	27%		72%	3%	63%				72%		
Up to \$34,999		Up to \$110,000	\$55,000	12,282	22%	62%	9%	15%	104	38%	3%	33%	52	156	-336	38%	0	156
\$35,000 - \$49,999		\$110,000 - \$150,000	\$130,000	5,969	11%	32%	7%	23%	31	68%	3%	42%	57	87	-118	68%	0	87
\$50,000 - \$74,999		\$150,000 - \$230,000	\$190,000	10,039	18%	29%	8%	33%	76	71%	3%	56%	132	208	-96	71%	0	208
\$75,000 - \$99,999		\$230,000 - \$310,000	\$270,000	6,948	13%	21%	9%	42%	57	79%	3%	62%	113	170	61	79%	48	218
\$100,000 - \$149,999		\$310,000 - \$460,000	\$385,000	8,517	15%	8%	10%	53%	37	92%	3%	76%	198	235	257	92%	237	472
\$150,000 And Up		\$460,000 And Up	>\$385000	11,599	21%	7%	19%	57%	87	93%	3%	78%	280	367	839	93%	783	1,149
Total				55,354		15,357	1,429	392	392	39,997	1,330	832	832	1,224	607	791	1,067	2,291
65+				64,605	100%	21%	11%	19%		79%	4%	56%				79%		
Up to \$34,999		Up to \$110,000	\$55,000	21,560	33%	41%	14%	15%	180	59%	4%	33%	149	329	200	59%	117	446
\$35,000 - \$49,999		\$110,000 - \$150,000	\$130,000	8,045	12%	21%	8%	23%	32	79%	4%	42%	94	125	135	79%	106	232
\$50,000 - \$74,999		\$150,000 - \$230,000	\$190,000	10,109	16%	12%	6%	33%	23	88%	4%	56%	175	198	307	88%	270	468
\$75,000 - \$99,999		\$230,000 - \$310,000	\$270,000	8,616	13%	12%	6%	42%	26	88%	4%	62%	166	192	433	88%	381	573
\$100,000 - \$149,999		\$310,000 - \$460,000	\$385,000	8,859	14%	2%	7%	53%	6	98%	4%	76%	232	238	694	98%	681	919
\$150,000 And Up		\$460,000 And Up	>\$385000	7,416	11%	11%	6%	57%	30	89%	4%	78%	180	209	918	89%	815	1,025
Total				64,605		13,859	1,555	297	297	50,746	1,782	995	995	1,291	2687	2,372	2,372	3,663

ATLANTA REGION NEW ANNUAL HOUSING DEMAND

Annual regional housing production goal:

- Rental: 18,000 units
- Single-family Owner: 12,500 units
- Attached Owner: 4,500 units

TOTAL: 35,000*

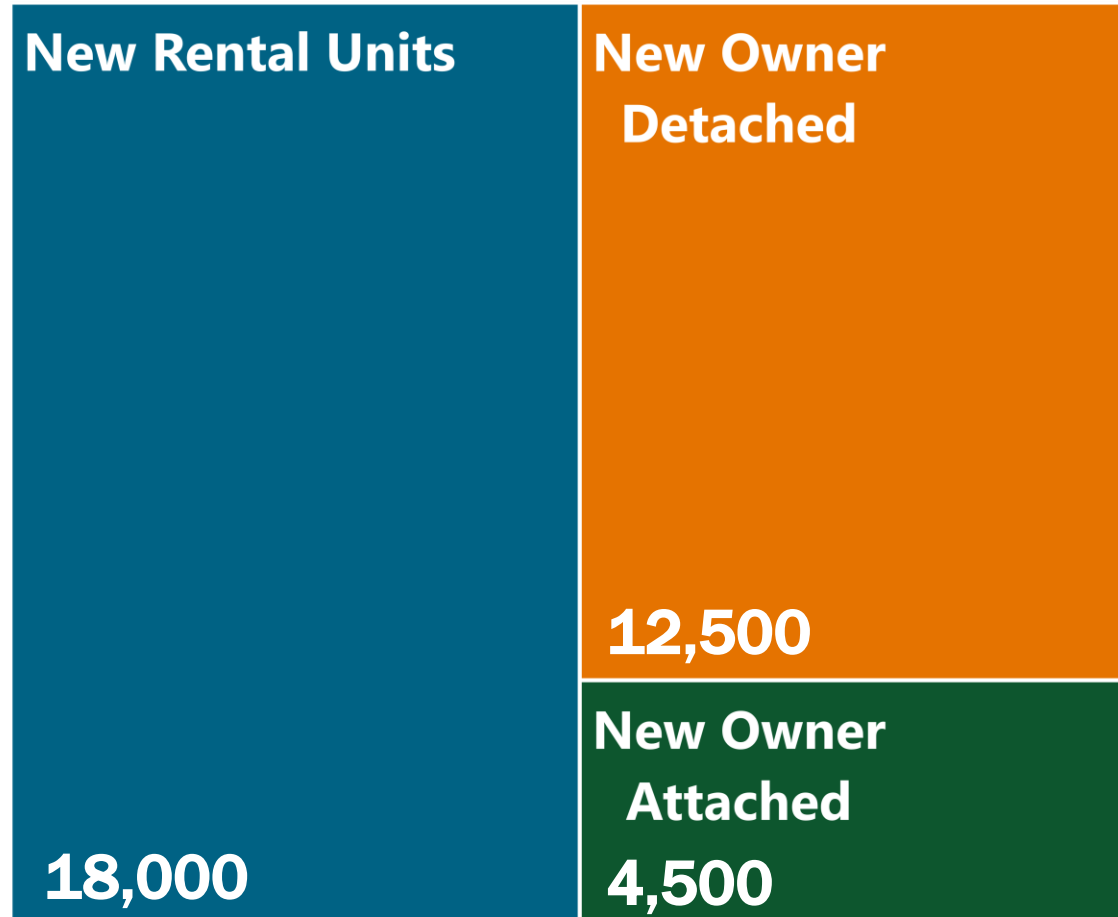
*represents achievable potential number of new homes to be absorbed into the 10-county housing market annually through 2025.

These forecast demand potential conclusions shown here and elsewhere herein are **indicative, rather than predictive**. That is, the modelling results are based on assumptions derived from analyzing the demographic and housing trends in each county.

The results of the modelling provide **reasonable quantitative production goals for an average year over the next five years**. Different outcomes may occur.

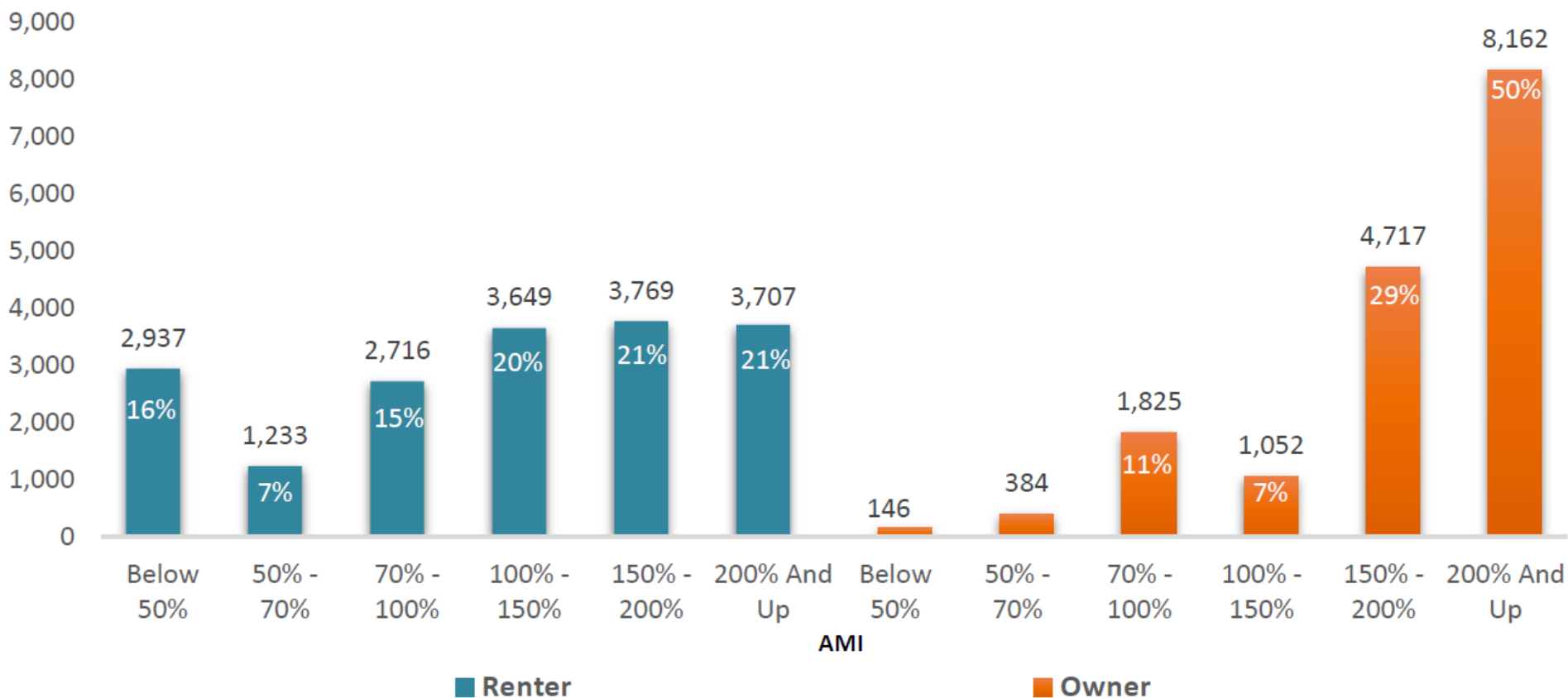
New Demand by Tenure

■ New Owner Attached ■ New Owner Detached ■ New Rental Units



Source: Bleakly Advisory Group

REGIONAL DEMAND BY TENURE AND INCOME



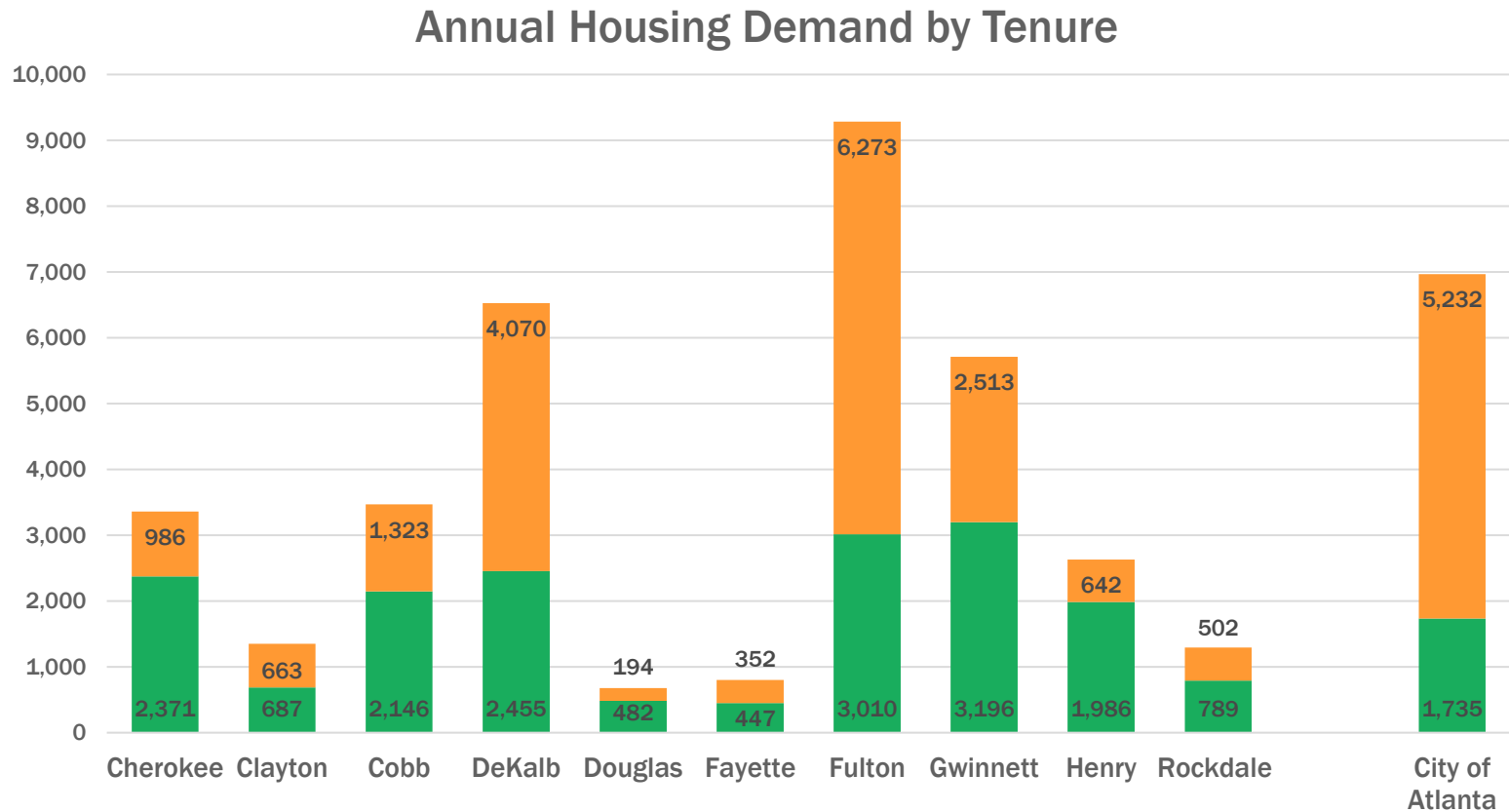
Just over 60% of renter demand for new units comes from households over 100% AMI, which equates to approximately \$75,000.

Households with this level of income and above can afford to rent a home at approximately \$1,875/month and above.

Nearly 90% of owner demand for new units comes from households over 100% AMI, which equates to approximately \$75,000.

Households with this level of income and above can afford to buy a home at approximately \$225,000 and above.

ANNUAL NEW DEMAND BREAKDOWN BY MARKET



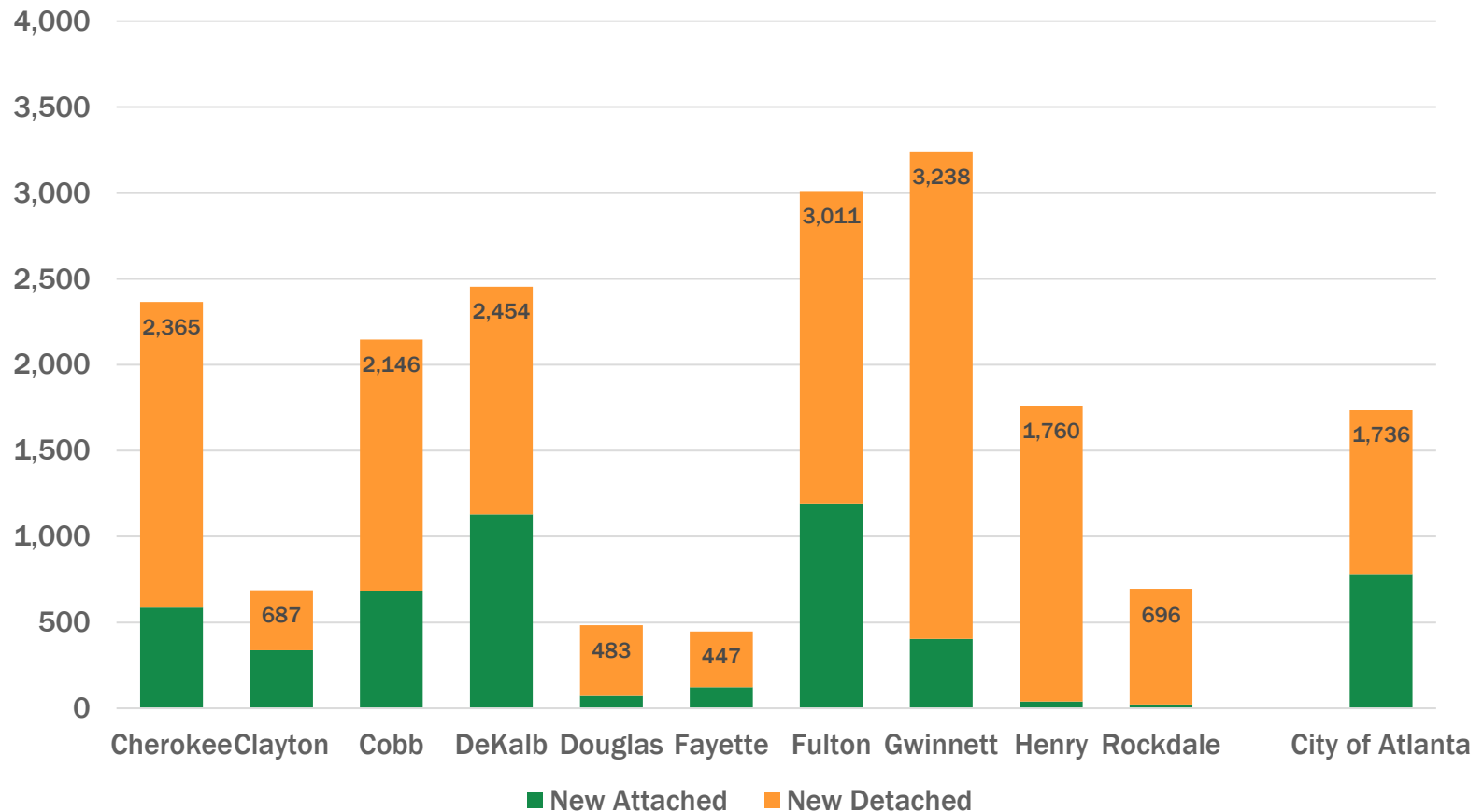
Source: Bleakly Advisory Group

■ Owner ■ Renter

Both Fulton and DeKalb Counties include portions of City of Atlanta

NEW OWNER DEMAND BREAKDOWN BY MARKET

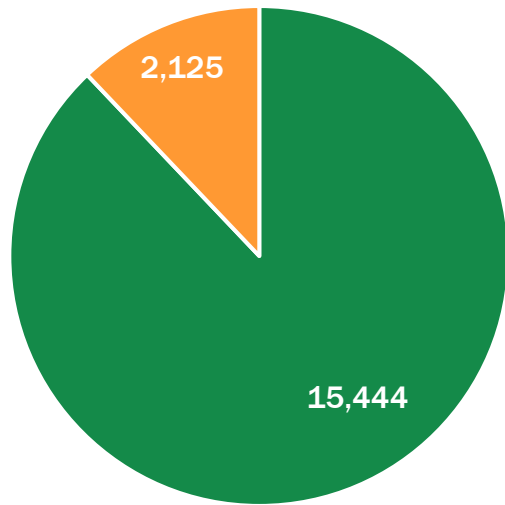
Annual Owner Demand by Housing Type



Source: Bleakly Advisory Group
Both Fulton and DeKalb Counties include portions of City of Atlanta

HOUSING PRODUCTION AND DEMAND

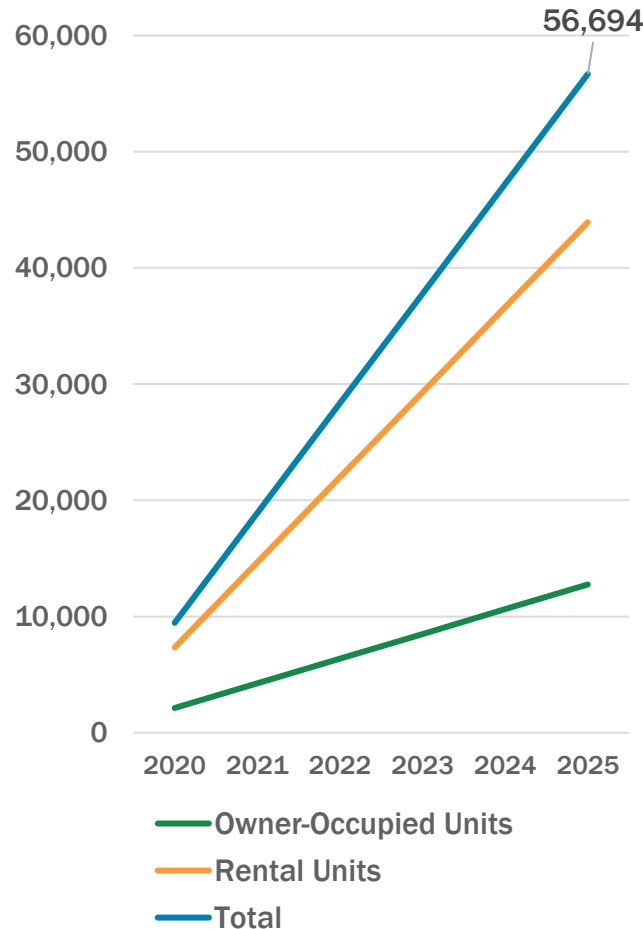
Single-family Demand vs. 2019 Permits



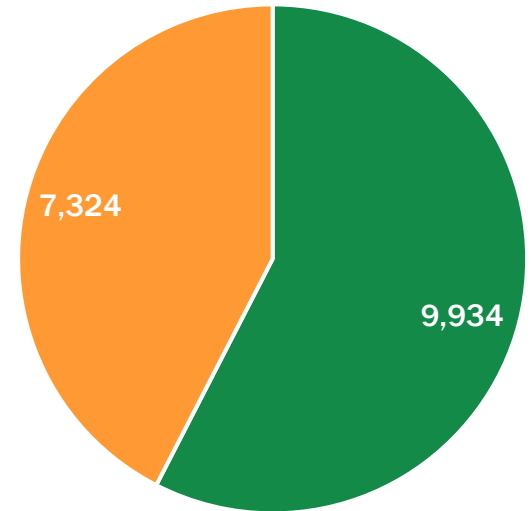
■ Current Production* ■ Unmet Demand

The 10-county region will need to increase new annual single-family home absorption by 2,125 units per year to meet demand.

Cumulative "Under-Production" at 2019 Permit Level



Rental Demand vs. 2019 Multifamily Permits



■ Current Production* ■ Unmet Demand

The 10-county region will need to increase production of multifamily units by 80% to meet demand.

Source: Bleakly Advisory Group, HUDUser
* Based on 2019 permits

DEKALB COUNTY NEW ANNUAL HOUSING DEMAND BREAKDOWN

DeKalb County Annual New Demand by Tenure and Type

■ New Owner Attached ■ New Owner Detached ■ New Rental Units

Annual DeKalb County housing production goal:

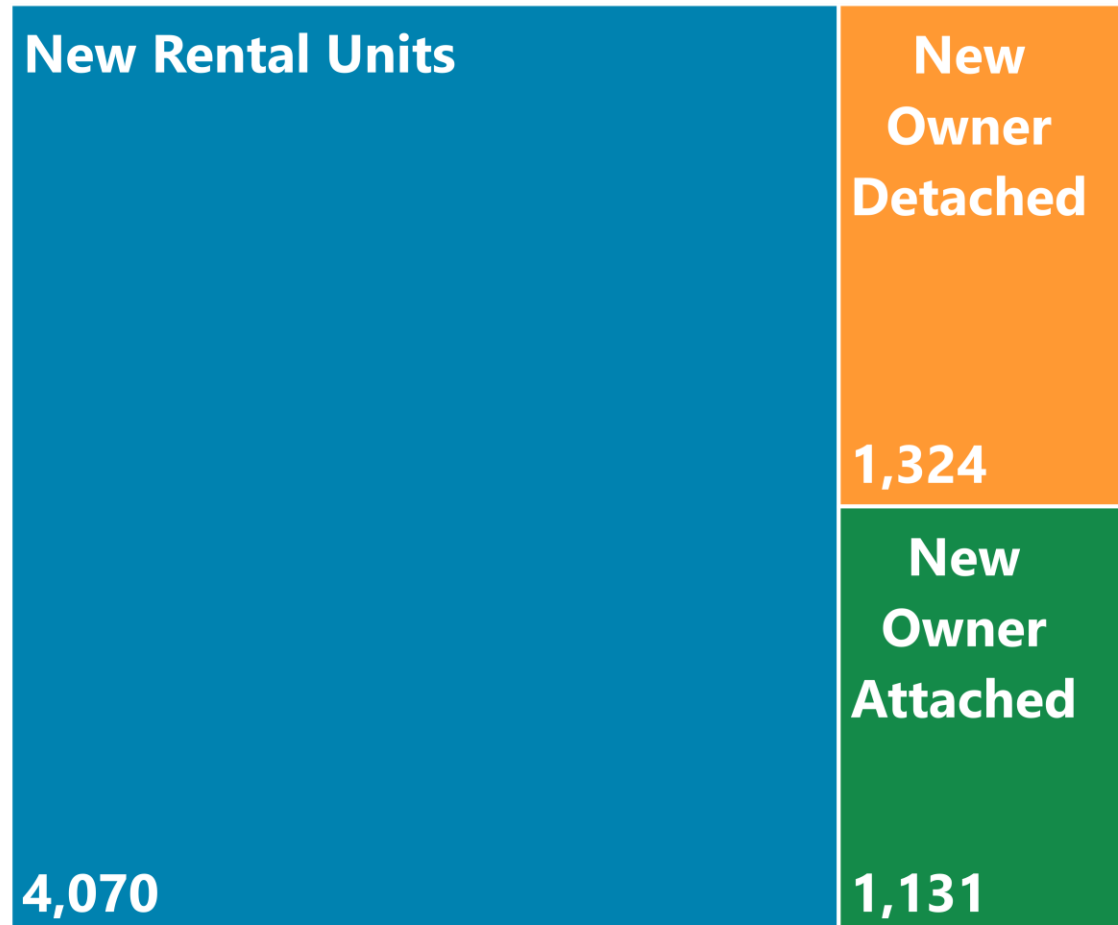
- Rental: 4,000 units
- Single-family Owner: 1,300 units
- Attached Owner: 1,100 units

TOTAL: 6,400*

*represents achievable potential number of new homes to be absorbed into the county housing market annually through 2025.

Source: Bleakly Advisory Group

Includes a portion of the City of Atlanta.



DEMAND BREAKDOWN: DEKALB BY AGE & INCOME

- The deepest demographic pockets of rental demand in DeKalb are households age 25-44.

Households of this age across the income spectrum are driving demand, with particular depth in higher-income households.

- While higher-income households of all ages are driving for-sale demand in DeKalb, significant demand exists from households in the typical first-time home buyer age and income ranges (younger/mid-income). These first-time home buyer households have similar characteristics as those with the greater renter demand pockets.

Renter: Demand Distribution by Age & Income

Income	Rent Range	Midpoint	Under 25	25-34	35-44	45-54	55-64	65+	Total
Up to \$35K	Up to \$875		2%	5%	2%	3%	1%	3%	17%
\$35K-\$50K	\$875 - \$1,250	\$1,050	1%	4%	2%	1%	0%	1%	9%
\$50K-\$75K	\$1,250 - \$1,875	\$1,550	3%	4%	2%	1%	1%	0%	12%
\$75K-\$100K	\$1,875 - \$2,500	\$2,175	2%	6%	4%	2%	1%	1%	15%
\$100K-\$150K	\$2,500 - \$3,750	\$3,125	1%	10%	7%	1%	1%	1%	21%
\$150K+	\$3,750 And Up		0%	8%	11%	3%	3%	2%	26%
Total			10%	36%	28%	11%	7%	8%	100%

Owner: Demand Distribution by Age & Income

Income	Price Range	Midpoint	Under 25	25-34	35-44	45-54	55-64	65+	Total
Up to \$35K	Up to \$110,000		1%	3%	1%	2%	1%	2%	10%
\$35K-\$50K	\$110,000- \$150,000	\$130,000	1%	3%	2%	1%	0%	1%	9%
\$50K-\$75K	\$150,000- \$230,000	\$190,000	1%	4%	3%	2%	2%	3%	15%
\$75K-\$100K	\$230,000- \$310,000	\$270,000	1%	3%	2%	1%	1%	3%	11%
\$100K-\$150K	\$310,000- \$460,000	\$385,000	0%	6%	5%	3%	3%	5%	22%
\$150K+	\$460,000- And Up		0%	6%	9%	7%	6%	6%	33%
Total			4%	25%	22%	16%	13%	20%	100%

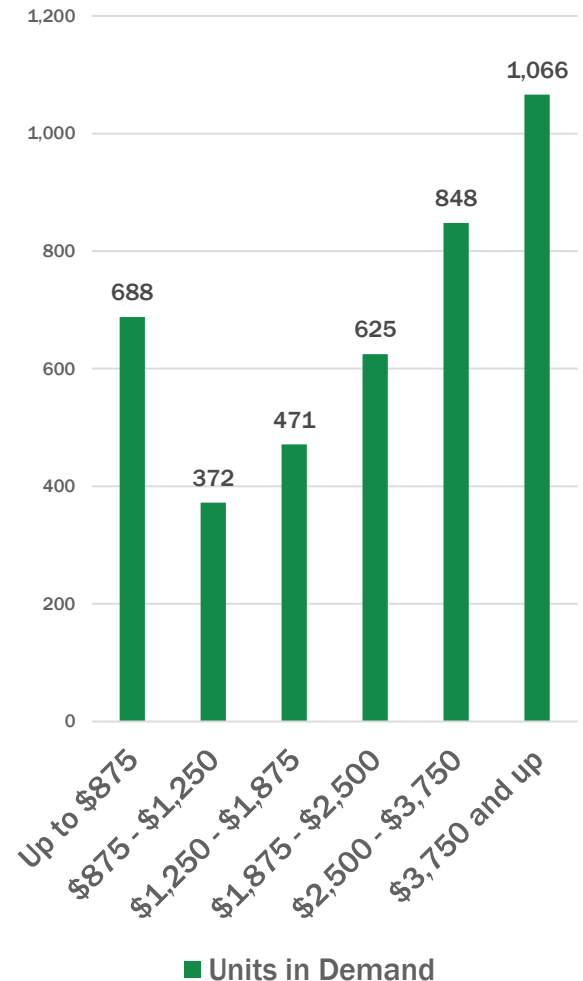
Includes a portion of the City of Atlanta.

Source: Bleakly Advisory Group

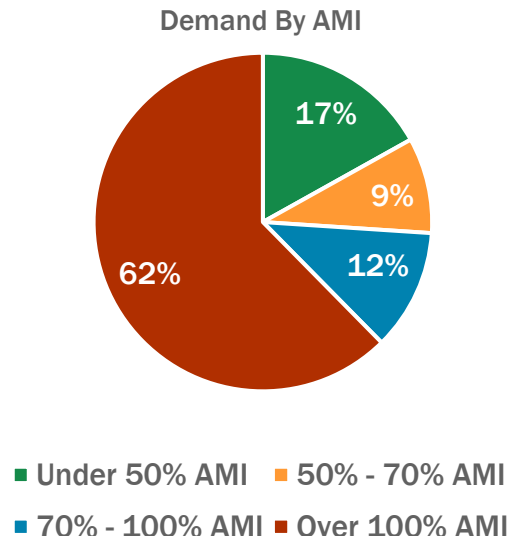
COUNTY BREAKDOWN: DEKALB RENTER

Annual New Rental Demand			
Income	% AMI	Rental Price Ranges	New Rental Demand
Up to \$34,999	Up to 50%	Up to \$875	688
\$35,000 - \$49,999	50% - 70%	\$875 - \$1,250	372
\$50,000 - \$74,999	70% - 100%	\$1,250 - \$1,875	471
\$75,000 - \$99,999	100% - 150%	\$1,875 - \$2,500	625
\$100,000 - \$149,999	150% - 200%	\$2,500 - \$3,750	848
\$150,000 and up	200% and up	\$3,750 and up	1,066
Total:			4,070

New Annual Rental Demand by Rent Price



40% of new rental demand comes from families seeking affordable options.



EXAMPLES OF OUTCOMES: BLEAKLY ADVISORY GROUP HOUSING DEMAND STUDIES FOR PUBLIC SECTOR

■ Carrollton & Milledgeville

- Assess opportunities to normalize housing market in light of university student demand

■ Whitfield Co. & Troup Co.

- Identify opportunities in order to entice private sector housing development into a lagging market with job growth

■ Hamilton Co., TN

- Quantify future expected growth to align fine-grained zoning/policy decisions

■ ULI Atlanta

- “Level-set” affordable housing discussion with data and needs assessment

■ Forsyth Co.

- Help determine fiscal policy decisions

■ Newnan, GA

- Inform/update public and public officials understanding of housing needs in a fast-growing market



- ▶ Bleakly Advisory Group, Inc. is an Atlanta-based real estate and economic development consulting firm
 - ▶ Founded in 2001
 - ▶ Nine-member professional team
- ▶ Our practice covers public, private, and non-profit sectors:
 - ▶ Real Estate Market Analysis
 - ▶ Real Estate Economics
 - ▶ Development Consulting
 - ▶ Financial Analysis
 - ▶ Incentives & Public Finance
 - ▶ Housing Analysis



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