



# ALN's Apartment Monthly News

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## THE ATLANTA APARTMENT MARKETS

by guest contributor Dale Henson

### The Rise of the Urbans

The definition of an “urban” (not a mid/high-rise) depends on the zoning requirements of the jurisdictions. In Atlanta an urban is generally 4-6 residential levels (the maximum for stick-built), structured parking, interior hallways (conditioned or not), elevator service, significantly expanded services/amenities, with densities from 40 units to over 100 units/acre.

Inspired by the cost of land and zoning restrictions, during the past decade the urban format has become de rigueur across most urban centers across the country. Due to the much higher rents required in these properties, for market analytical purposes it is very important to report measures of performance in these properties separately from the traditional garden apartments. These urbans now constitute 13% of the total class A units in the 11-county Atlanta region.

During the past decade 94 urban properties with 27,686 units have been constructed in six of the 22 defined apartment submarkets in the Atlanta region. Performance in these urban submarkets are reported separately from the garden apartments in the semiannual Atlanta Apartment Market Tracker and Pipeline reports issued over the past 13 years by Dale Henson Associates of Atlanta.

### The Struggle for Balance

As in most major US urban environments the Atlanta apartment market was, to put it mildly, not prepared for December 2007. At that time there were 2,200 new never-occupied units in the region, 52% of which were urban units. As of June 2010 there are 3,800 new never-occupied units, 68% of which are urban units. Thus, the market is deeper in the new product occupancy hole now than when the meltdown began.

There were just too many in the “can’t be stopped” apartments in the pipeline when the recession began. During 4Q2007-4Q2008, the first year of the meltdown, 5,625 units in 18 urban properties began construction. In addition, 3,417 garden units in nine garden submarkets started construction during this period.

Compounded by the unemployment rate of 10.3% in the Atlanta region, with the national economy still wobbling, the heavy discounted rents, particularly in the urban properties, must continue in the Atlanta market for some time.

The Mid-2010 Atlanta Apartment Market Tracker Report is now available, and can be ordered on the DHA web site: Dalehenson.com. Ph 404-352-4547

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*Since 1970, Dale Henson and Associates, Inc has provided market-based, non-contingent analytical services exclusively to the multifamily industry -- developers, lenders, syndications, pension funds and public and private sector institutions.*

ALN METRO SUMMARY	OVERALL MARKET							SAME STORE						
	OCCUPANCY		CHANGE		EFFECTIVE RENT			OCCUPANCY		CHANGE		EFFECTIVE RENT		
	Jul-09	Jul-10	bps	%	Jul-09	Jul-10	%CHG	Jul-09	Jul-10	bps	%	Jul-09	Jul-10	%CHG
Austin	87.5%	90.9%	334	3.8%	\$813	\$811	-0.3%	90.2%	92.1%	183	2.0%	\$795	\$801	0.9%
Dallas	87.6%	89.6%	199	2.3%	\$771	\$762	-1.2%	89.6%	90.3%	65	0.7%	\$755	\$752	-0.3%
Fort Worth	86.9%	88.9%	202	2.3%	\$675	\$668	-1.0%	87.9%	89.3%	134	1.5%	\$665	\$662	-0.5%
Houston	86.5%	86.4%	-14	-0.2%	\$753	\$749	-0.4%	87.7%	87.0%	-67	-0.8%	\$735	\$733	-0.2%
San Antonio	87.2%	90.1%	281	3.2%	\$691	\$702	1.5%	88.9%	90.5%	165	1.9%	\$678	\$696	2.6%
Lubbock	88.3%	91.1%	277	3.1%	\$610	\$613	0.4%	90.0%	91.1%	104	1.2%	\$592	\$613	3.5%
Amarillo	88.4%	91.0%	259	2.9%	\$589	\$592	0.5%	88.5%	91.0%	250	2.8%	\$584	\$592	1.3%
Abilene	92.6%	92.2%	-39	-0.4%	\$586	\$584	-0.3%	92.6%	92.2%	-39	-0.4%	\$586	\$584	-0.3%
Corpus Christi	89.1%	91.8%	278	3.1%	\$693	\$689	-0.5%	90.3%	92.0%	168	1.9%	\$689	\$683	-0.8%
<b>TEXAS AVERAGE</b>	<b>87.2%</b>	<b>88.6%</b>	<b>150</b>	<b>1.7%</b>	<b>\$745</b>	<b>\$741</b>	<b>-0.5%</b>	<b>88.8%</b>	<b>89.3%</b>	<b>54</b>	<b>0.6%</b>	<b>\$729</b>	<b>\$730</b>	<b>0.2%</b>
Tampa St. Petersburg	88.7%	90.6%	195	2.2%	\$773	\$773	0.0%	89.0%	90.7%	172	1.9%	\$766	\$769	0.4%
Orlando/Daytona Beach	87.5%	90.0%	251	2.9%	\$812	\$787	-3.1%	88.6%	90.7%	212	2.4%	\$802	\$783	-2.3%
Jacksonville	85.2%	86.7%	155	1.8%	\$737	\$729	-1.1%	85.4%	86.7%	127	1.5%	\$728	\$726	-0.3%
Gainesville**	86.4%	87.6%	122	1.4%	\$884	\$846	-4.3%	87.7%	87.6%	-7	-0.1%	\$842	\$846	0.5%
Ft. Myers/Naples	85.1%	87.6%	254	3.0%	\$765	\$774	1.2%	85.1%	87.6%	254	3.0%	\$765	\$774	1.2%
West Palm Beach	89.9%	91.9%	202	2.2%	\$1,019	\$1,044	2.4%	90.1%	92.8%	263	2.9%	\$1,022	\$1,039	1.6%
Tallahassee	85.4%	87.9%	247	2.9%	\$814	\$816	0.2%	85.4%	87.9%	247	2.9%	\$811	\$816	0.6%
Pensacola	86.8%	91.1%	430	5.0%	\$720	\$722	0.4%	88.3%	91.4%	311	3.5%	\$716	\$720	0.7%
Melbourne	86.3%	90.1%	378	4.4%	\$662	\$660	-0.3%	86.3%	90.1%	378	4.4%	\$662	\$660	-0.3%
<b>FLORIDA AVERAGE</b>	<b>87.6%</b>	<b>89.7%</b>	<b>216</b>	<b>2.5%</b>	<b>\$796</b>	<b>\$789</b>	<b>-0.9%</b>	<b>88.2%</b>	<b>90.1%</b>	<b>187</b>	<b>2.1%</b>	<b>\$788</b>	<b>\$786</b>	<b>-0.3%</b>
Phoenix	85.8%	88.5%	268	3.1%	\$696	\$671	-3.6%	86.2%	88.5%	227	2.6%	\$689	\$669	-2.8%
Tucson	86.8%	88.1%	135	1.6%	\$581	\$579	-0.3%	86.8%	88.1%	135	1.6%	\$581	\$579	-0.3%
<b>ARIZONA AVERAGE</b>	<b>86.0%</b>	<b>88.4%</b>	<b>244</b>	<b>2.8%</b>	<b>\$675</b>	<b>\$654</b>	<b>-3.1%</b>	<b>86.3%</b>	<b>88.4%</b>	<b>210</b>	<b>2.4%</b>	<b>\$668</b>	<b>\$652</b>	<b>-2.4%</b>
Atlanta	86.7%	88.9%	217	2.5%	\$786	\$747	-4.9%	88.0%	89.5%	148	1.7%	\$773	\$738	-4.6%
Las Vegas	89.0%	90.3%	129	1.4%	\$789	\$722	-8.5%	89.0%	90.3%	129	1.4%	\$789	\$722	-8.5%
Little Rock	92.4%	93.9%	145	1.6%	\$637	\$641	0.6%	92.6%	93.9%	122	1.3%	\$631	\$641	1.6%

\*\* Includes Student Properties

*On a monthly basis, ALN surveys all apartment communities in each of the 23 markets that we cover and an average of 92% of these surveys are successfully completed. The above statistics reflect only Conventional, Midrise, and High-Rise apartment communities. In addition, unless otherwise noted, these statistics do not include Income Restricted, Student Housing, or Senior Independent Housing.*

*In-depth, property level research and data is available for all property types (including Senior and Income Restricted) through ALN OnLine, which includes Market and Effective Rents, Occupancy, Floor Plan & Unit Mix information, Market & Submarket statistics, Market Surveys, Historical Trends & Customizable Reports. By using ALN OnLine, you are able to see monthly fluctuations in any submarket you need which will greatly enhance your ability to respond to changes quickly and efficiently.*

### Why does ALN Update Monthly?

Most data providers update their data quarterly. For some, that is often enough. However, this industry moves way too quickly and many opportunities are missed when waiting on slow reacting data providers to catch up with your market. Only ALN can provide you with monthly updated data on 23 markets throughout the southern U.S

**ATLANTA GARDEN AND URBAN APARTMENTS BY CLASS - CHANGE MID 2009 to MID 2010**

	METRO GARDENS				Class A				Class B			
	Mid 09	Mid 10		Change	Mid 09	Mid 10		Change	Mid 09	Mid 10		Change
Effective Rent	\$757	\$721	↓	-4.8%	\$904	\$879	↓	-2.8%	\$775	\$748	↓	-3.5%
Effective Rent/SF	\$0.73	\$0.69	↓	-5.2%	\$0.81	\$0.79	↓	-2.5%	\$0.74	\$0.71	↓	-4.8%
Occupancy	88.0%	88.7%	↑	+70bp	90.70%	92.90%	↑	+220bp	89.70%	90.30%	↑	+60bp
Concessions	\$59	\$33	↓	-44.8%	\$84	\$35	↓	-58.3%	\$62	\$28	↓	-55.5%

	Class C				Class D			
	Mid 09	Mid 10		Change	Mid 09	Mid 10		Change
Effective Rent	\$693	\$633	↓	-8.70%	\$603	\$572	↓	-5.1%
Effective Rent/SF	\$0.69	\$0.63	↓	-8.50%	\$0.63	\$0.60	↓	-5.4%
Occupancy	86.1%	86.7%	↑	+60bp	84.4%	83.3%	↓	-110bp
Concessions	\$41	\$39	↓	-5.60%	\$43	\$27	↓	-38.2%

	METRO URBANS				Class A				Class B			
	Mid 09	Mid 10		Change	Mid 09	Mid 10		Change	Mid 09	Mid 10		Change
Effective Rent	\$1,110	\$1,067	↓	-3.8%	\$1,233	\$1,196	↓	-3.0%	\$996	\$941	↓	-5.6%
Effective Rent/SF	\$1.12	\$1.09	↓	-2.8%	\$1.22	\$1.18	↓	-3.2%	\$1.02	\$0.99	↓	-3.0%
Occupancy	91.8%	93.6%	↑	+180bp	91.9%	93.9%	↑	+200bp	91.7%	93.3%	↑	+160bp
Concessions	\$75	\$81	↑	7.6%	\$122	\$112	↓	-8.2%	\$35	\$48	↑	35.7%

**GARDENS:** sample 246,000 units in stabilized properties.

**URBANS:** total 21,000 units in stabilized properties.

All data for properties with 50 or more units only



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