

St. Bourke Reports: Atlanta's Housing Market Shows Resilience Amidst Challenging Environment

ATLANTA, GEORGIA, UNITED STATES, May 30, 2023 /EINPresswire.com/ -- St. Bourke, a leading real estate development firm, provides an in-depth analysis of Atlanta's housing market for the first quarter of the year. Despite various challenges, the data reveals a remarkably resilient and robust market, with many key metrics performing above pre-pandemic levels. This is a testament to the enduring demand for housing in the Atlanta area.



St. Bourke's Director of Research & Communications Katie Fidler, states, "We are encouraged by the sustained activity and growth in lot development and the success of builders catering to Millennials with affordable price points. As the market evolves, we remain optimistic about the future and its opportunities."

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Overall Market Performance: Available Atlanta homes contracted to a historically low level of 1.8 months, the lowest since June 2022. Although the inventory of new and existing homes improved annually from the record lows of 2022, with increases of 51.6% and 78.3%, respectively, it remains significantly below pre-pandemic levels. Of note, single-family detached (SFD) and SFA starts are still below pre-pandemic levels quarterly, with declines of 23.8% and 4.7%, respectively, despite a flattening trend in starts after three consecutive quarters of decline. While annualized

total and SFD starts remain significantly below pre-pandemic levels (-19.8 and -26.7%, respectively), SFA starts ended Q1 +8.6% above pre-pandemic levels.

Builders and Buyer Demand: Most builders reported a decrease in home starts and sales compared to the previous quarter. However, a few large builders have made strategic bets on a market rebound and significantly increased Q1 production. These builders are taking a long-term view of buyer demand and are positioning themselves for future growth.

Catering to Millennials: Builders and communities catering to Millennials, particularly those offering homes priced below \$450,000, have experienced the most success in the market. The affordability factor makes these developments highly attractive to first-time homebuyers and those looking to upgrade their homes. This demographic segment represents a significant portion of the buyer pool in Atlanta.

"In Q1, we witnessed a startling shift in Metro Atlanta's housing market, with the \$400,000-\$499,000 price range emerging as the dominant price point, representing over 30% of all new home closings," commented Katie Fidler, St. Bourke's Director of Research & Communications. "Over the past year, we've observed a significant decline of 34% in the share of new homes sold below \$400,000, while the share of homes sold above this price point has experienced a remarkable increase of 58.6%."

Shifting Community Development Trends: While the pandemic prompted a surge in demand for homes in exurban areas, the market is now gradually returning to the urban core. This movement is attributed to several factors, including the diminishing work-from-home trend, making location a more critical factor for buyers. Home builders are increasingly emphasizing proximity to amenities, services and employment to help capture the demand that remains in the market. Essentially builders are back to taking factors like school district, walkability, access to amenities, etc., into account because buyers are more discerning.

Home Starts Leaders: Gwinnett County maintains its position as the new home starts leader in metro Atlanta, with nearly 600 new home starts in Q1 and approximately 2,800 over the past 12 months. South Fulton and Jackson counties moved into the top 10, and Bartow and Walton counties broke into the top 10 for the first time in history. While Gwinnett, Cobb, and Dekalb remain attractive submarkets for new home construction, it's worth highlighting that 7 out of the 10 counties on the list are considered secondary or tertiary submarkets. This emphasizes the influence of land availability and pricing on new home construction.

Lot Delivery Leaders: Gwinnett County, known for its leadership in lot deliveries, experienced a surprising -74% decline in Q1 (from 4Q22 to 1Q23), nearly dropping out of the top 5. In contrast, Rockdale County, which had previously struggled with utility capacity and other municipal issues, saw a remarkable +444% increase in lot deliveries, delivering 724 lots in Q4. Other notable increases included Hall (+388%) and North Fulton (+106%) counties. Overall, 30% of Metro Atlanta's counties delivered more lots in Q1 compared to Q4, and 48% delivered more lots than their pre-pandemic levels. Notable leaders in lot deliveries included Clayton (+6100%), Rockdale (+3922%), Henry (+583%), Paulding (+400%), and North Fulton (+249%) counties.

Lot Delivery: Over the past year, annual SFD lot deliveries have declined slightly by -1.4%. However, this decrease has been largely counterbalanced by a substantial annual increase (+13.3%) in SFA deliveries. As a result, there has been net positive movement in total lot deliveries, with a modest increase of +2.6% over the last 12 months.

“We expect to see the results of the pullback in lot development, due largely to high development costs and waning homebuyer demand, starting in late 2023 – 2024, which is especially troublesome considering this time period is when mortgage rates will truly begin to moderate and decline, prompting homebuyer demand to return in earnest. It sets the Atlanta market up for continued issues with low lot supply, which will impact the availability and therefore price of new housing,” St. Bourke’s Director of Research & Communications Katie Fidler said.

Popularity of Townhome Product: High demand for townhomes continues due to cost efficiencies for builders and buyers. An attractive alternative to traditional single-family homes, townhomes are affordable without compromising quality or lifestyle features.

Leading Home Builders: D.R. Horton remains the top builder in Metro Atlanta, closing 499 homes in Q1, which is +42% more than the next builder on the list. However, this represents a 37% decline versus its Q4 closings. Several other builders experienced slowdowns in Q1, with 7 out of the top 10 builders closing fewer homes than in Q4. Economic instability, recession concerns and volatile mortgage rates are contributing factors.

Several builders are optimistic about pent-up demand and a housing market turnaround. McKinley Homes increased its Q1 closings by +113%, climbing in the rankings from 13 to 4! Meritage Homes experienced a notable jump in Q1 closings (+37% compared to Q4) and rose to 2 from 12. Starlight Homes / Ashton Woods and Rockhaven Homes also closed more homes in Q1 compared to Q4, although they narrowly missed the top 10 list.

More than half of the top 10 builders closed more homes in 1Q23 than in the pre-pandemic period of 1Q19. Meritage, McKinley Homes, and Smith Douglas Homes stand out as leaders in the pre-pandemic comparison, with increases of +164%, +46%, and +16%, respectively. Meritage and McKinley Homes focus on attached and small-home (cottage) products, while Smith Douglas caters to entry-level buyers in exurban markets.

St. Bourke's Q1 unique market analysis covers key aspects of Atlanta's housing market, including mortgage rates, active listings and supply, housing starts, new home closings, lot deliveries, and the performance of top builders and communities. It offers stakeholders a comprehensive understanding of the market dynamics, trends, and opportunities prevailing in the industry from the perspective of active land development and new home construction rather than a generic view from a macroeconomic standpoint.

St. Bourke is an asset management and property development company primarily focused on

residential communities and commercial assets. St. Bourke creates thriving communities and drives significant value for its clients, partners, and community stakeholders by offering a full suite of placemaking services ranging from acquisition through detailed design and development to ongoing management. With over 90 active projects across 20 U.S. markets, the St. Bourke portfolio comprises over 12,000 acres of land and 25,000 residential lots. Since its inception in 2015, St. Bourke has helped various private and institutional clients achieve their project goals. For more information on how to work with St. Bourke from the ground up, call 678-853-2530 or visit www.StBourke.com.

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