

Alpharetta South Main LCI Housing and Market Analysis Baseline Findings

Prepared for: City of Alpharetta, Georgia

Under the Leadership of:



Prepared by: KB Advisory Group



KB | ADVISORY GROUP

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Demographic Assessment

In comparison to the City of Alpharetta, the Study Area trends slightly older with a proportionally lower share of family households. Millennials and Seniors (65+) distinguish the area generationally with fewer children, young adults, and Boomers than the city overall. Residents are healthy earners, but trail behind Alpharetta and North

Fulton in terms of highly affluent households (those earning \$100k+). Residents within the Study Area are well educated with over 83% having an associates degree or higher. The racial composition of the area largely mirrors that of the city and county but has a slightly higher percent of mixed-race individuals.

Key Takeaways

Population and Households

- In the past two decades, the population growth rate in the Study Area has outpaced that of Alpharetta given newer residential product.
- This growth is expected to continue, though tempering slightly, for an average annual growth rate of 1.6%.

Household Income

- The median household income with the Study Area is \$94,457, 29% lower than the city of Alpharetta as a whole.
- Households within the Study Area making between \$50,000 to \$100,000 comprise over 35% of all households, well above the city's share.

Age and Generations

- Millennials, likely moving to the area more recently, and Seniors, likely aging in place, comprise a larger share of households compared to Alpharetta.

Household Characteristics and Tenure

- Over 60% of residents are renters, and median home values are 31% lower than the city overall.
- With more recent residential product deliveries, the Study Area's housing stock trends newer.

Race and Ethnicity

- The area is majority white with a slightly larger share of mixed-race residents than the City and North Fulton.

Educational Attainment

- Study Area residents are well educated but represent a smaller share of high educational attainment (Advanced degrees) compared to the surrounding areas.

Employment & Workforce

The majority of those living within the study area commute to nearby job cores in Alpharetta and Roswell as well as regional job centers closer to Atlanta's urban core. As of 2019, there were no residents working and living within the study area. While the local workforce is generally employed in Professional Services, Information, and Health

Care industries, the Study Area employment opportunities are mismatched. Additionally, job growth within the area has been on the decline following a growth spike from 2012 to 2014. Lack of appealing office space has likely contributed to this trend.

Key Takeaways

Workforce Composition

- The Study Area comprises a very small share of Alpharetta jobs.
- Educational Services, Health, Care, and Accommodations and Food Services represent the largest industries within the Study Area.
- Employment comparisons would suggest those currently living in the area are employed in industries which are not locating within the South Main corridor.

Job Locations

- There are 700 jobs within the Study Area largely anchored by F&B/retail within the corridor, medical offices, the Amana Academy.

Commuting Patterns

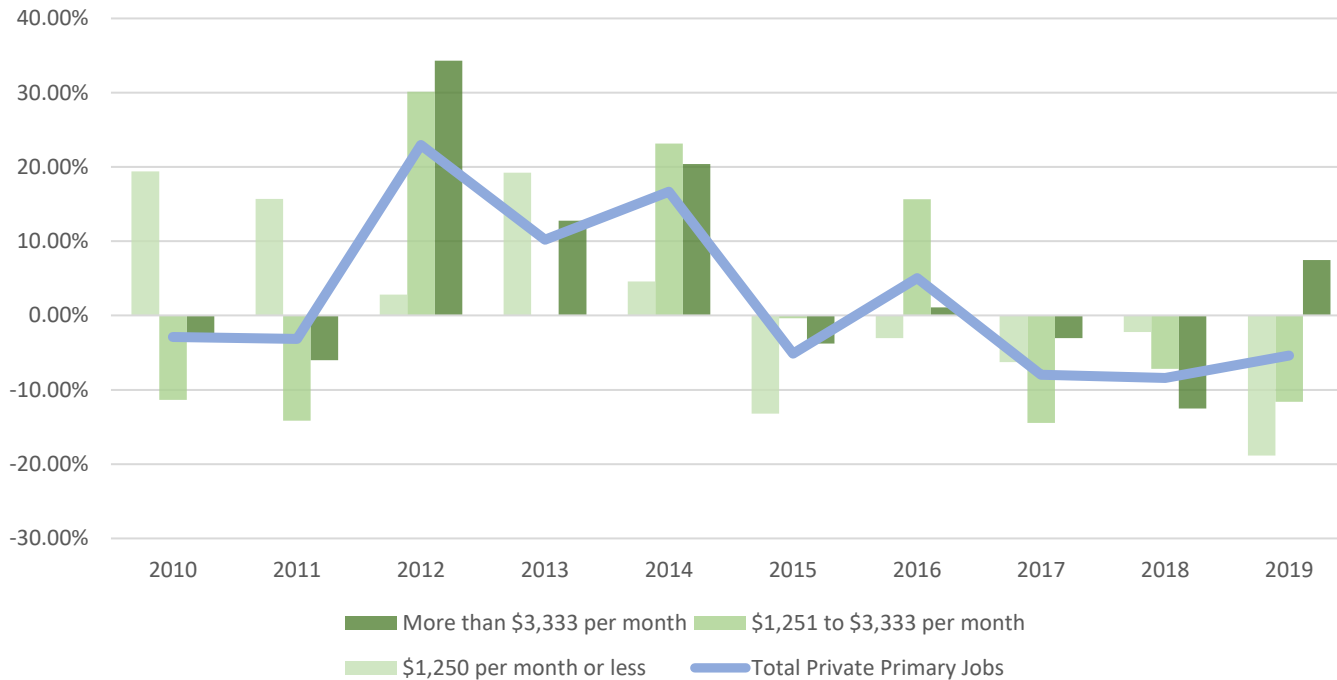
- Over a third of residents commute nearby to Alpharetta and Roswell.
- Perimeter Center, Buckhead, and Midtown represent work destinations for just over 18% of residents.
- The remaining residents commute across the northern metro area with very few commute south of I-20.

Employment & Workforce

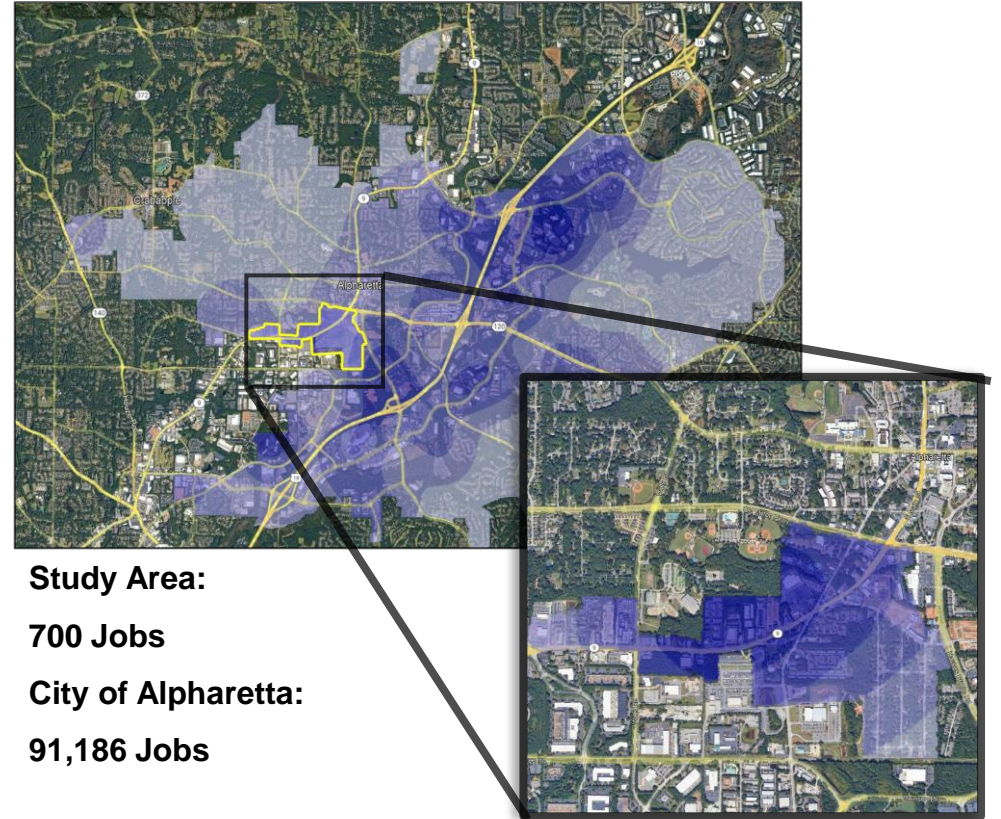
Employment Estimate by Income

- Employment within the Study Area has seen a recent decline across all earning cohorts and currently represents less than 1% of Alpharetta employment.

Year over Year Employment Growth by Earnings



Employment Density, 2019



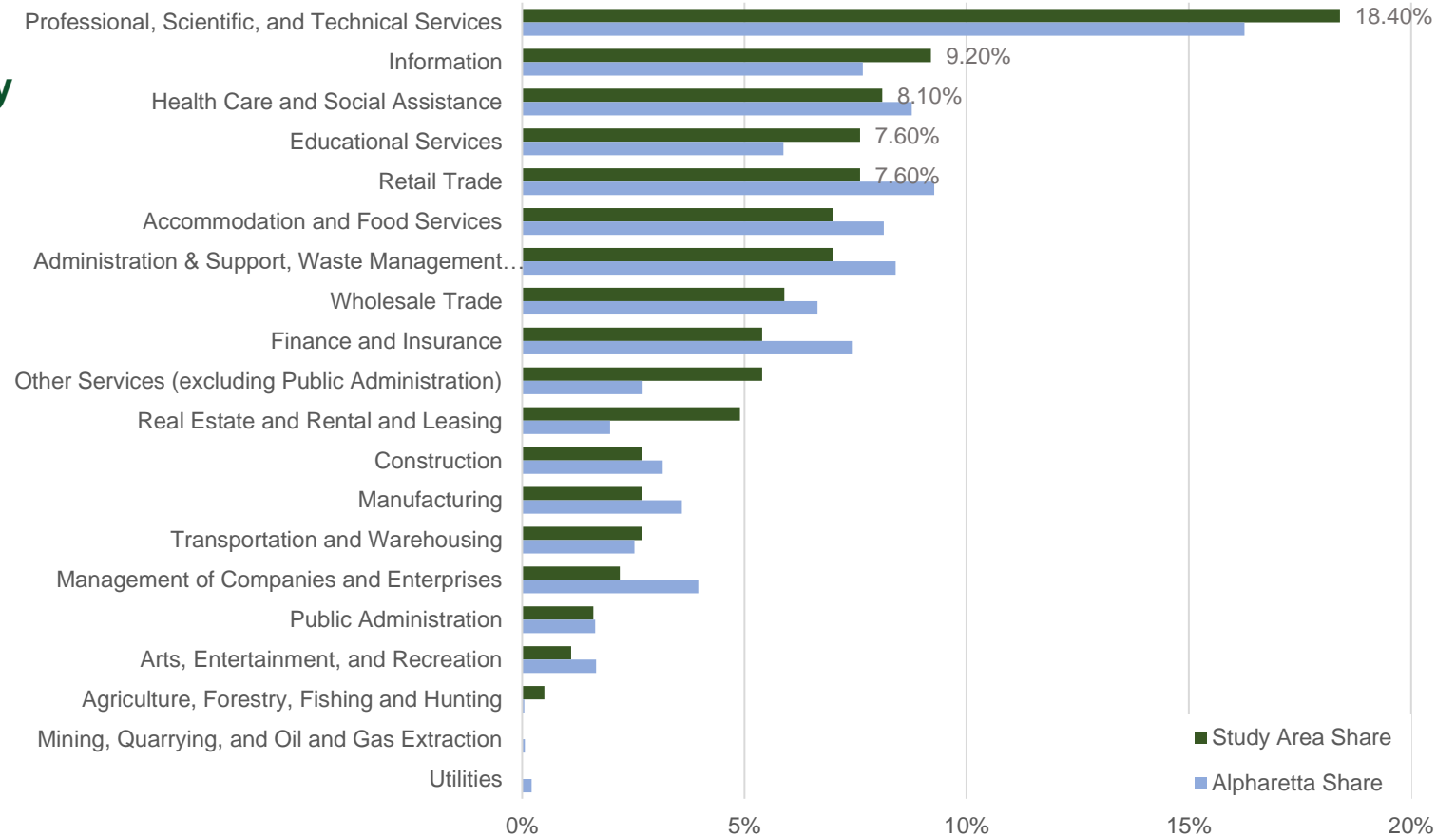
Source: KB Advisory, based on data from BLS

Employment & Workforce

Employment Estimate by Sector

- The employment sectors of current residents within the Study Area closely aligns with the occupations of Alpharetta residents city-wide.

Employment Share by Sector of those Living in the Study Area & Alpharetta

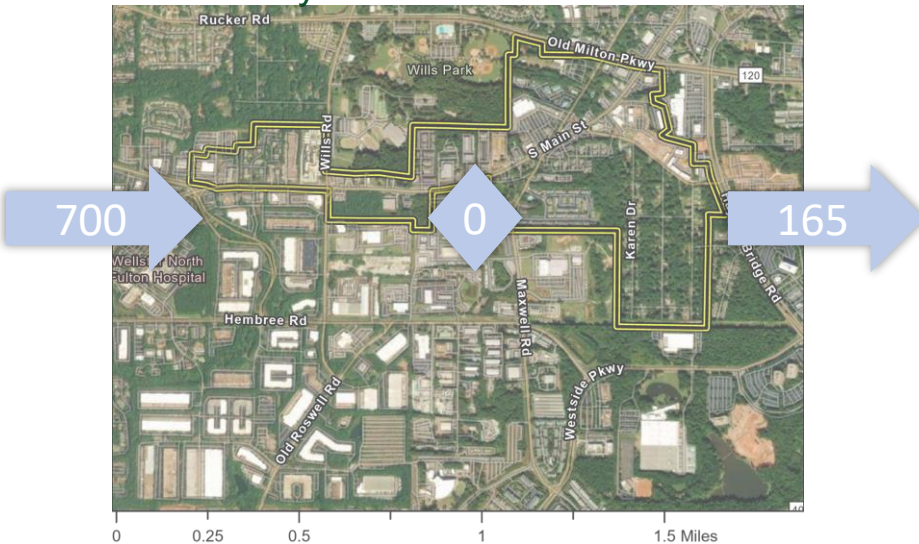


Source: KB Advisory, based on data from BLS

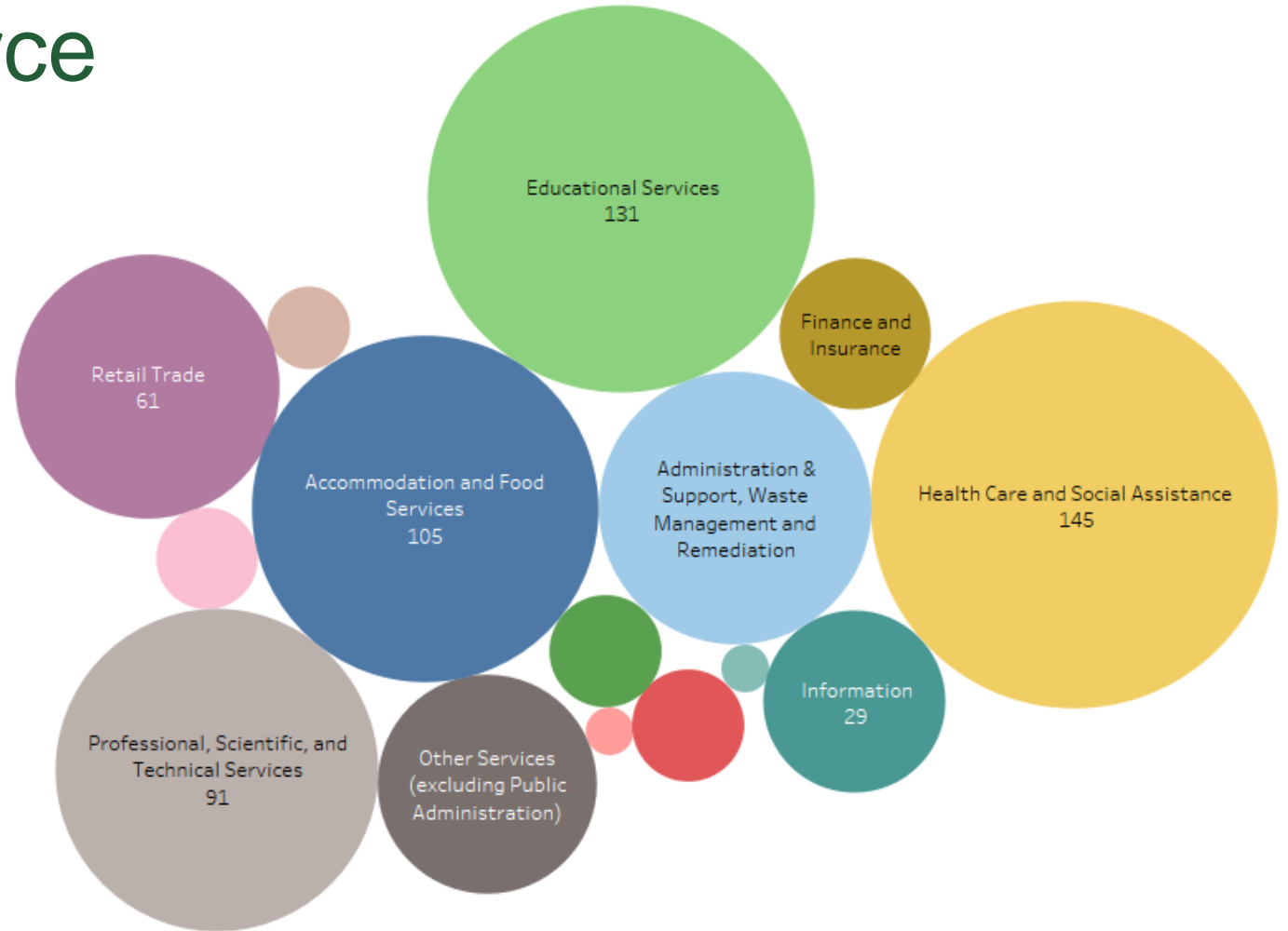
Employment & Workforce

Employment Estimate by Sector

- Health Care, Educational Service, and Accommodations and Food Services jobs are currently the dominant industries within the Study Area.
- No residents currently live and work in the Study Area.



Inflow/Outflow



Employment Share by Sector of Current Jobs in the Study Area, 2019

Source: KB Advisory, based on data from BLS

Real Estate Assessment: Residential

Housing within the South Main corridor tends to be smaller and priced at a discount to more residentially desirable areas of Alpharetta. A lack of new construction homes contributes to lower homes value than surrounding areas. Smaller single-family detached and attached product has recently disrupted the

residential offering within the Study Area. This new product is competitive with the city's market average. Rental product, however, lags behind the city with no new market rate deliveries in decades.

Key Takeaways

Housing Composition

- The Study Area has a diverse mix of older single-family houses, new modern builds, and luxury homes in proximity to each other.
- Only 25% of the housing is single-family detached compared to the city at 75% and North Fulton at 65%.
- Approximately 35% of housing in the Study Area is townhomes, which is a high mix of 1 Unit Attached housing for the region.

Multifamily Trends

- With the exception of the Village Park assisted living residences, the area has not had new, rental multifamily product in decades.
- Of the 246 multifamily rental units along the corridor, 130 units are in assisted-living housing (Village Park), and 100 units are in affordable senior housing (Dogwood). The remaining 16 MF units are garden apartments that were built over 50 years ago.

New Construction

- New townhomes and condos within the Study Area support the market potential for new construction housing.
- Smaller product sizes provide moderately attainable ownership options ranging from the mid \$300s to \$800k.

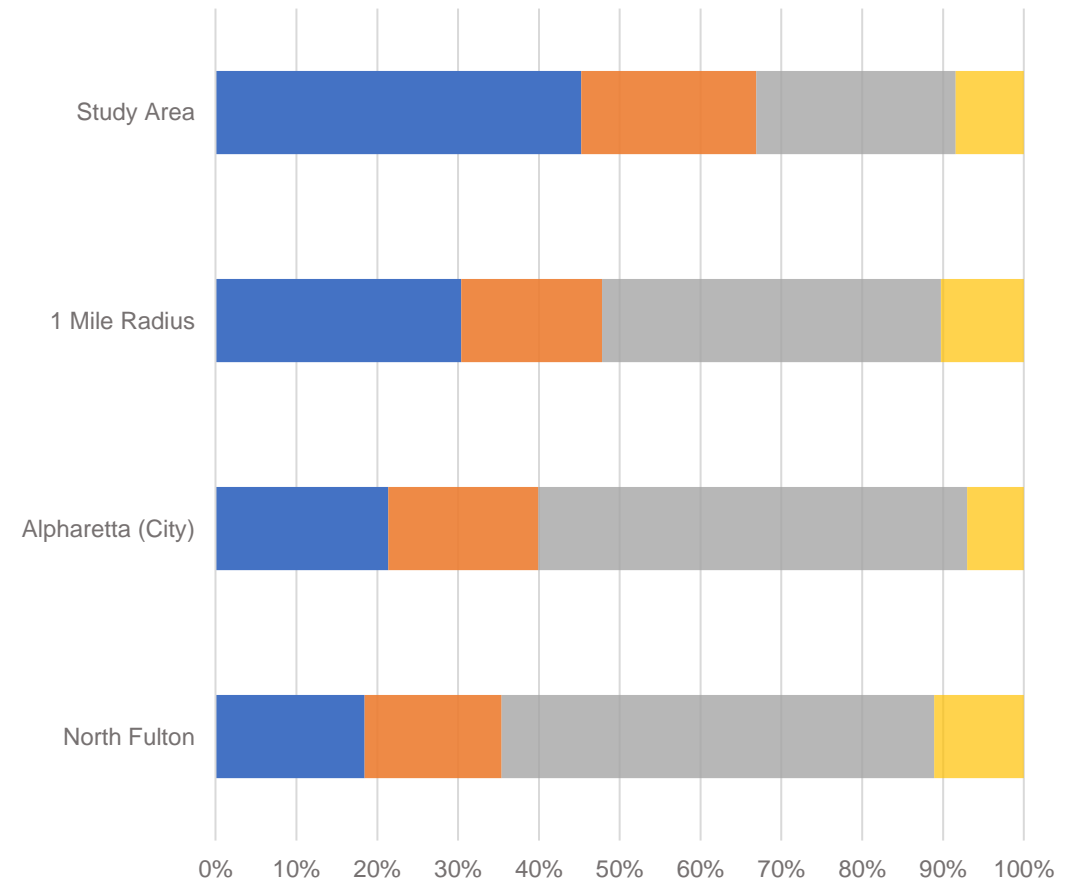
Real Estate Assessment: Residential

Age

- **Over 40% of homes have been built since 2010.**
 - Residential growth within the South Main corridor was in line with the surrounding area until 2010.
 - Given the relatively residential deliveries in the area historically, the emergence of new product after 2010 does not necessarily indicate volume. Rather, this area was a less appealing location during the area's housing boom from the 1980s to early 2000s.

Unit Age

■ Units Built since 2010 ■ Units Built 2000-2009 ■ Units Built 1980-1999 ■ Units built pre-1980



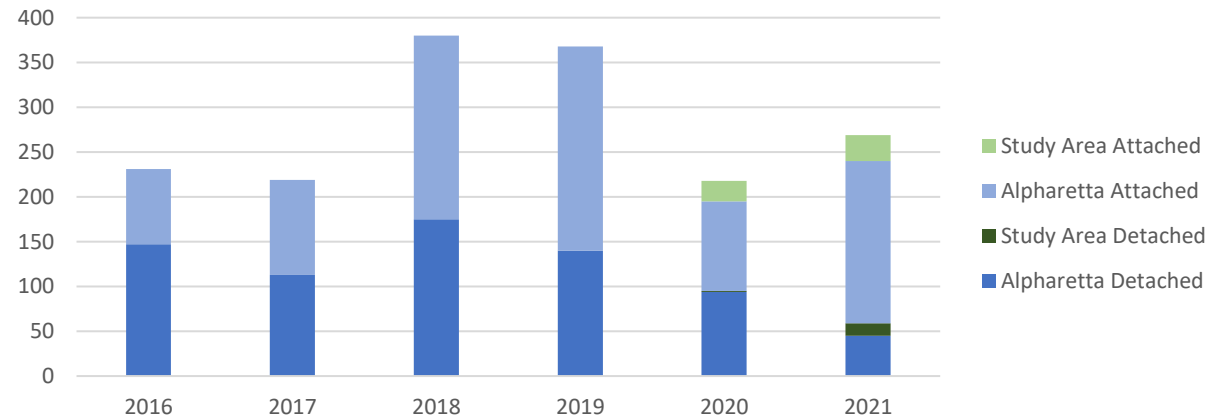
Source: KB Advisory, based on data from Claritas

Real Estate Assessment: Residential

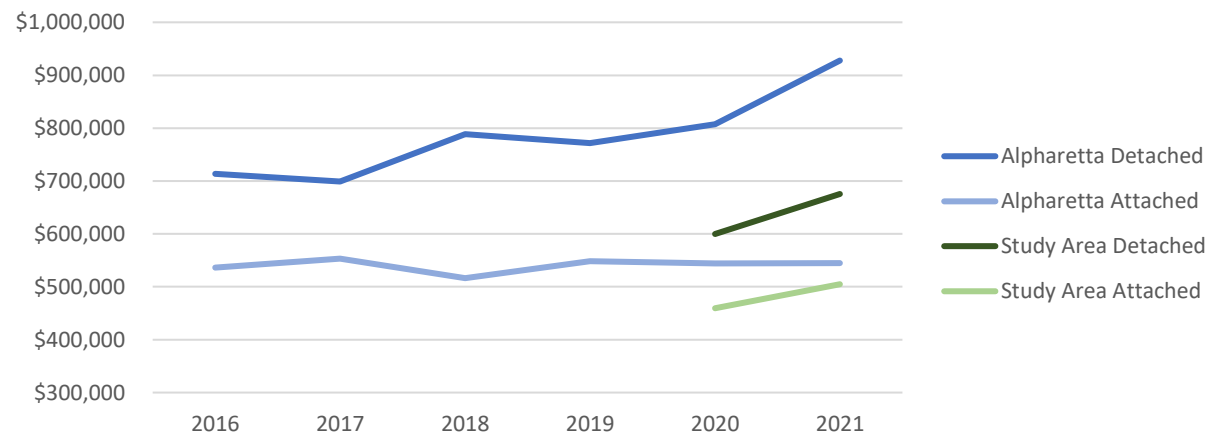
Study Area & Alpharetta New Home Sales

- Since 2016, the City of Alpharetta has seen an increase in new construction detached home sales.**
 - The Study Area has delivered 19% and 14% of the city's new construction attached product in 2020 and 2021, respectively.
 - While single-family detached sales have dropped, the Study Area accounted for 24% of sales in 2021.
 - Average sales prices within the Study Area trail Alpharetta slightly and can mostly be attributed to smaller unit size and a slightly less appealing residential location.

Alpharetta New Home Sales by Type



Alpharetta Sales Price by Type



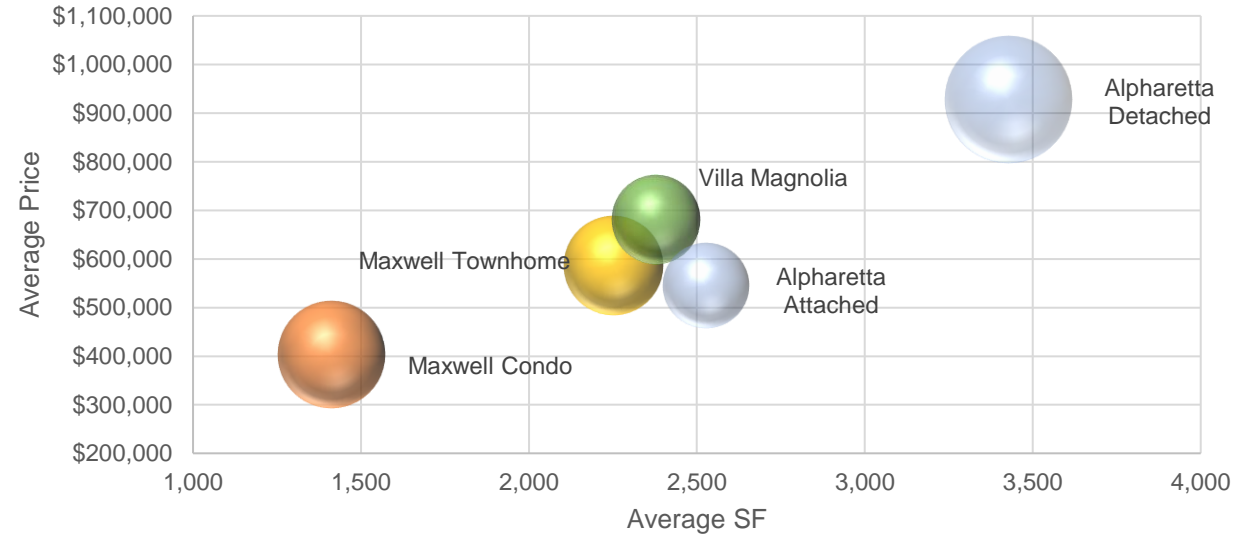
Source: KB Advisory, based on data from smartRE data

Real Estate Assessment: Residential

Study Area New Home Sales

- **Newer product within the Study Area offers smaller units at a discount to Alpharetta’s higher priced product.**
 - Smaller format homes, particularly condos, provide new construction homes within the City of Alpharetta at more attainable prices.

Avg. Sales Price & Size of New Construction Homes, 2022



Subdivision	Type	Closings	Price			Avg. SF
			Min	Max	Avg.	
The Maxwell Condos	Attached	28	\$362,900	\$456,737	\$403,701	1,412
The Maxwell Townhomes	Attached	24	\$370,900	\$730,594	\$586,418	2,252
Villa Magnolia	Detached	19	\$599,605	\$800,000	\$681,081	2,380

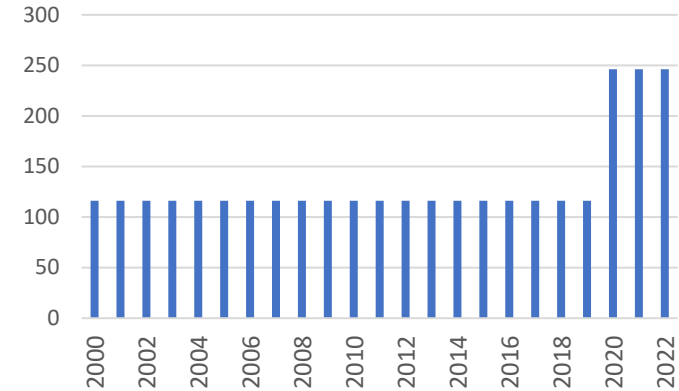
Source: KB Advisory, based on data from smartRE data

Real Estate Assessment: Residential

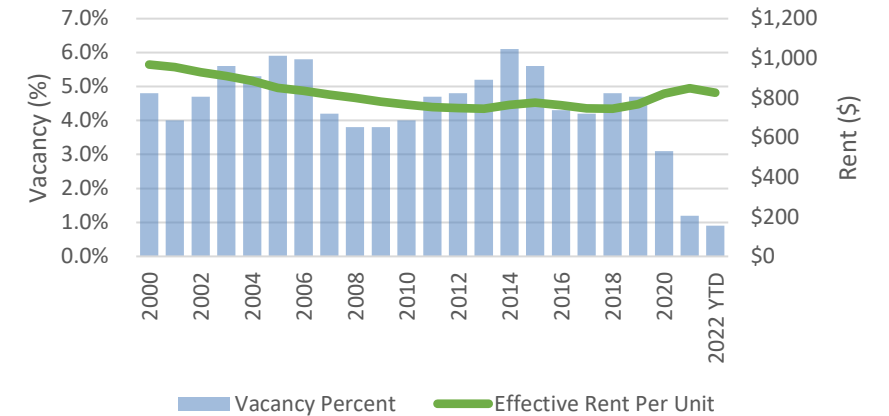
Study Area Apartment Inventory Overview

- **The Study Area has captured 0% of the Alpharetta multifamily market since 2000.**
 - Unlike the City of Alpharetta, dated multifamily product within the Study Area has not shared in positive rent growth.
 - Of the 246 multifamily units in the Study Area, 130 of these are in Village Park at Will, an assisted-living development built in 2020.
 - 100 of the MF units are in Dogwood Square, an affordable senior housing development built in the 1970s.
 - The remaining 16 MF units are in small Class C apartments built in 1968 (Magnolia Place).
- Apt. vacancy averaged around 5% over the past two decades.

Study Area Total Apartment Inventory



Study Area Total Apartment Inventory



Source: KB Advisory, based on data from CoStar



Real Estate Assessment: Commercial

The Study Area is largely dominated by retail and office space. Much of the inventory is dated, but performs well due to its good visibility along a high-trafficked corridor and geographically convenient location. The most notable commercial property was

delivered in 2020. The Maxwell has been able to attract engaging retail tenants at rates competitive with newer retail in Downtown Alpharetta. The multifamily and industrial markets are severely limited within the corridor today.

Key Takeaways

Multifamily Residential

- Very limited market with no new deliveries in 5 decades.

Retail

- The character of existing retail is a mix of free-standing retail abutting the corridor and large strip centers generally achieving rents in the mid \$20s.
- New retail offering within The Maxwell has performed well and demonstrated rents more competitive with surrounding local and regional retail destinations (DT Alpharetta, Avalon). The retail component anchors a residential development.
- While this is a promising sign, the ability of additional new retail in the area able to justify new construction is not yet proven.

Office

- The office market within the Study Area comprises a significant portion of existing commercial space.
- Vacancy steadily dropped over the last decade with rents more recently seeing growth (2017+).
- The office submarket is steady, but not overly competitive with nearby office cores. Much of the inventory is used as medical office.

Industrial

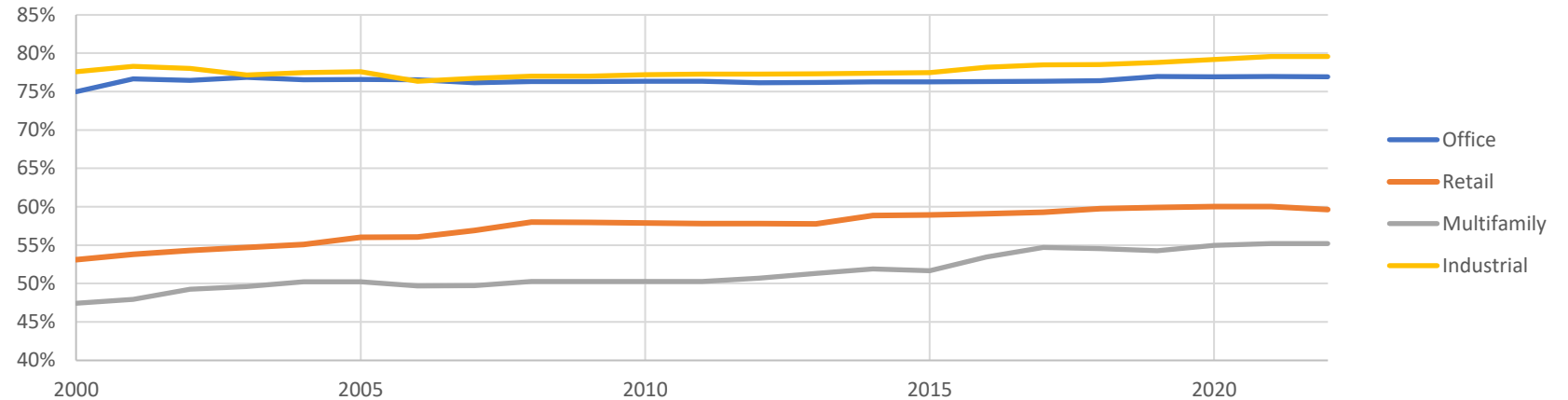
- Much of the area's industrial stays leased at stable rents, but this segment is not a large contributing factor within the commercial market overall.

Real Estate Assessment: Commercial

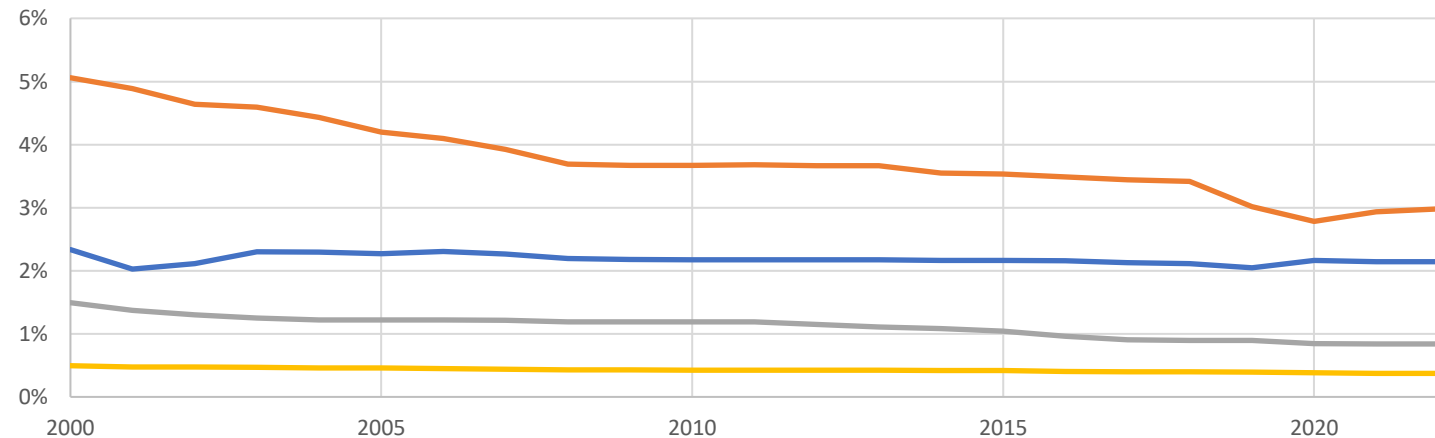
Key Findings

- **The Study Area has consistently lost its share of Alpharetta's commercial market.**
 - While Alpharetta has consistently gained a greater share of the North Fulton Commercial market, the Study area has not mirrored this increase.
 - The Study Area makes up a fairly small portion of Alpharetta's commercial space.
 - Most dramatically, the Study Area's lost 2.1% of its share of Alpharetta's retail market since 2000, only recently seeing an increase with the delivery of The Maxwell retail.

City of Alpharetta Share of North Fulton Real Estate by Sector



Study Area Share of Alpharetta Real Estate by Sector



Source: KB Advisory, based on data from CoStar

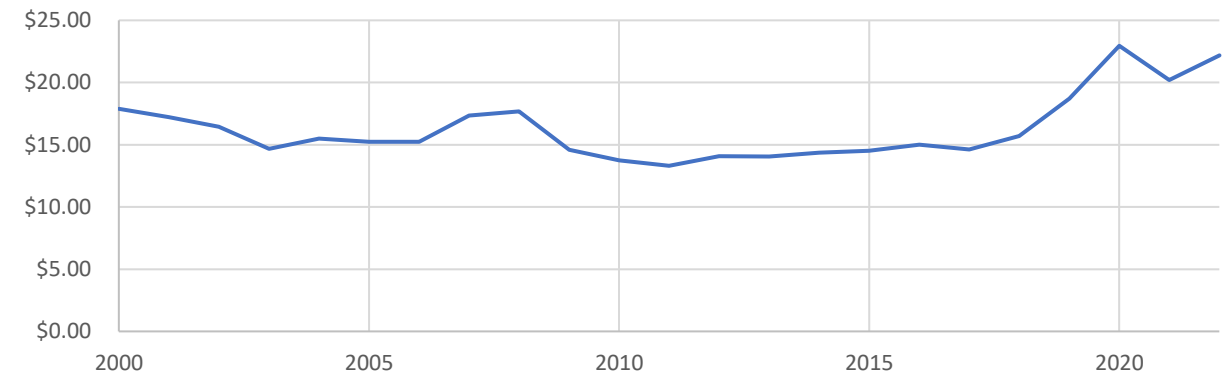
Real Estate Assessment: Commercial

Office Performance

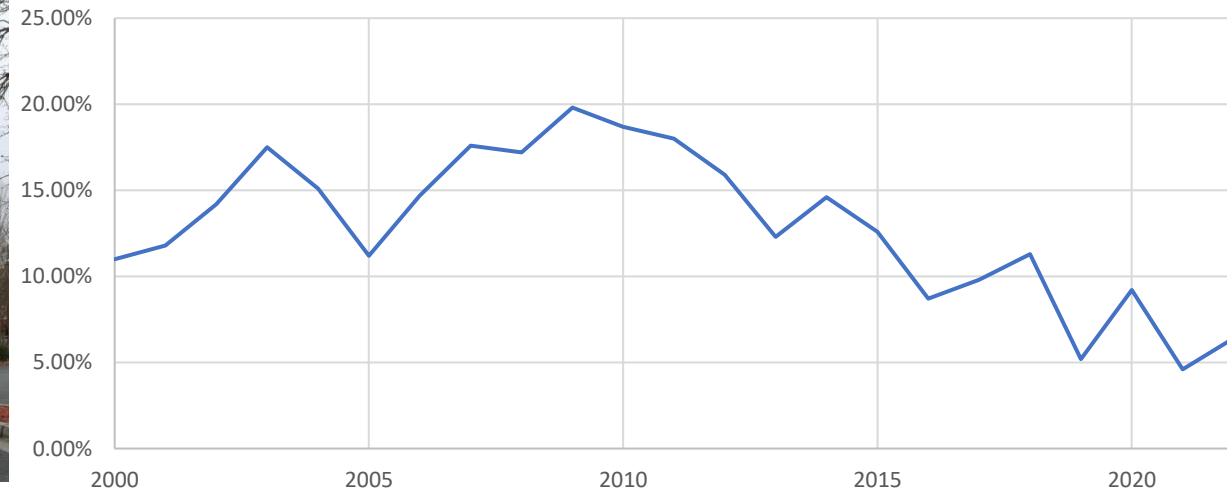
- Office product average rents have remained flat until recently. Steadily declining vacancy has resulted in a modest increase in rental rates.
 - 23,000 SF of office space has been delivered over the past two decades, representing 4% of the overall office inventory within the Study Area.
 - Much of the existing product is dated, suburban medical office space.



Study Area Average Office Rent per SF



Study Area Retail Vacancy Rate

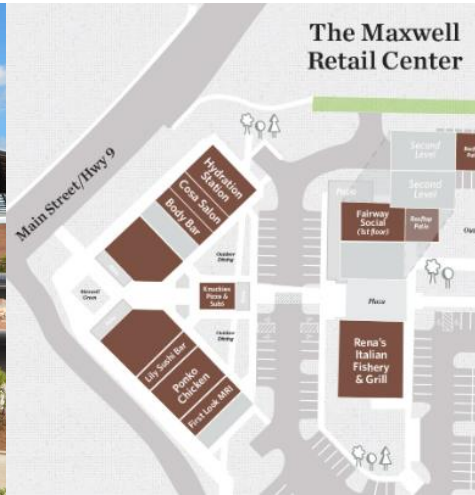


Source: KB Advisory, based on data from CoStar

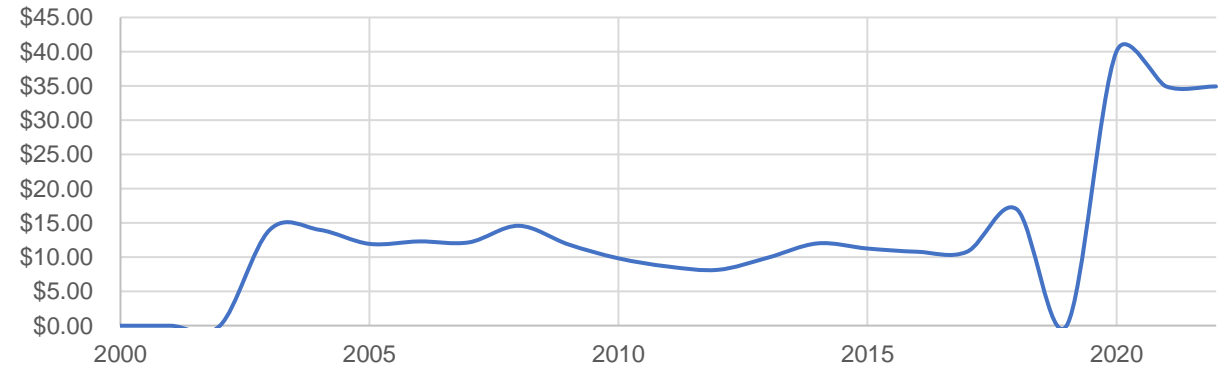
Real Estate Assessment: Commercial

Retail Performance

- Retail average rents were largely stagnant prior to the delivery of The Maxwell.
 - New, modern format retail offering within the South Main corridor provided a significant boost in demonstrated retail rents.
 - Aside from higher vacancy during the Great Recession, the retail market maintains relatively low vacancy.



Study Area Average Retail Rent per SF



Study Area Retail Vacancy Rate

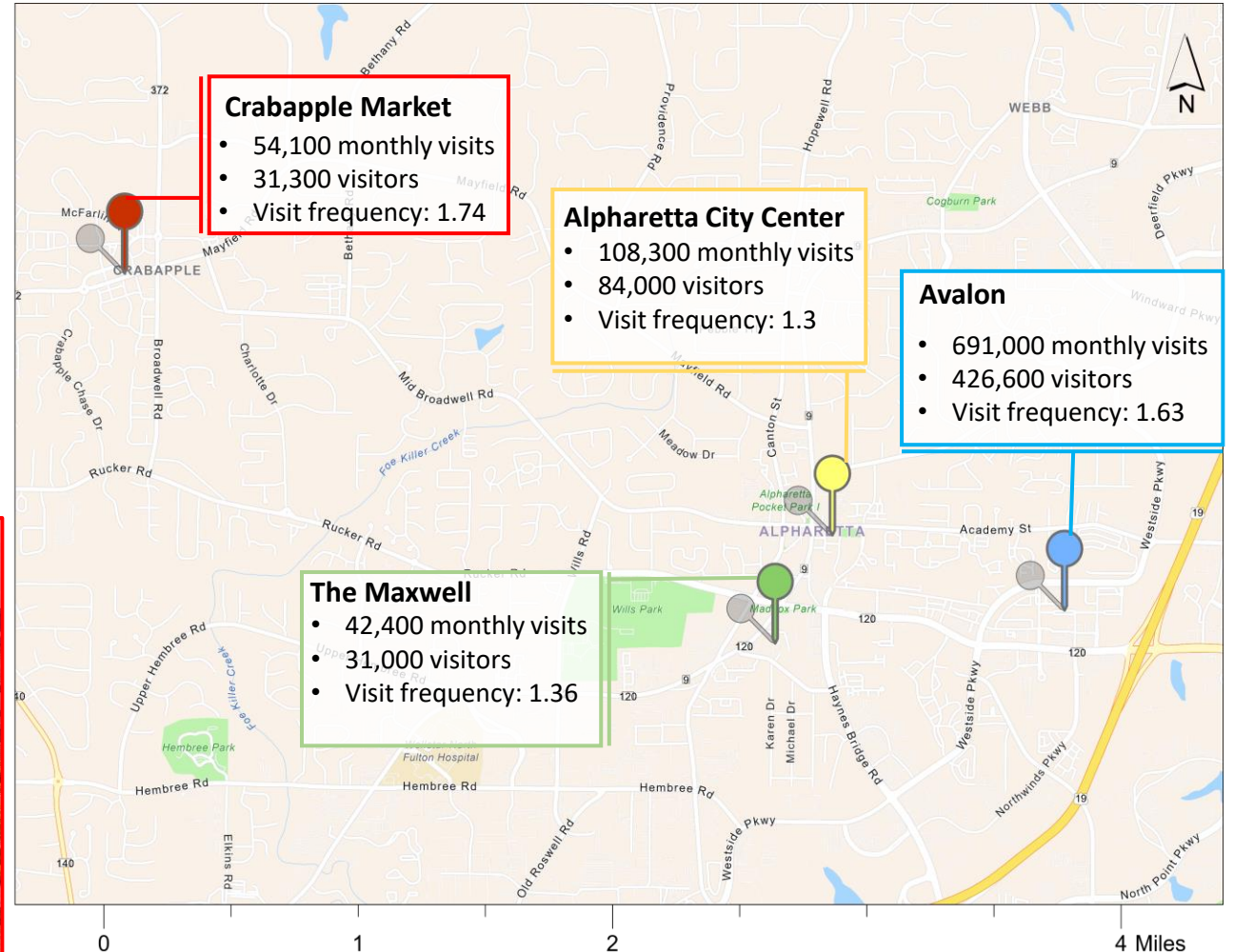


Source: KB Advisory, based on data from CoStar

Real Estate Assessment: Commercial

Comparative Retail Centers

- **The Maxwell – 9,531 SF Retail**
 - Avg Length of Stay-101 min
- **Crabapple – 132K SF Retail, 124K SF Office**
 - Avg Length of Stay-83 min
- **Alpharetta City Center – 74K SF Retail, 36K SF Office**
 - Avg Length of Stay-97 min
- **Avalon – 570K+ SF Retail, 750K+ SF Office**
 - Avg Length of Stay-135 min

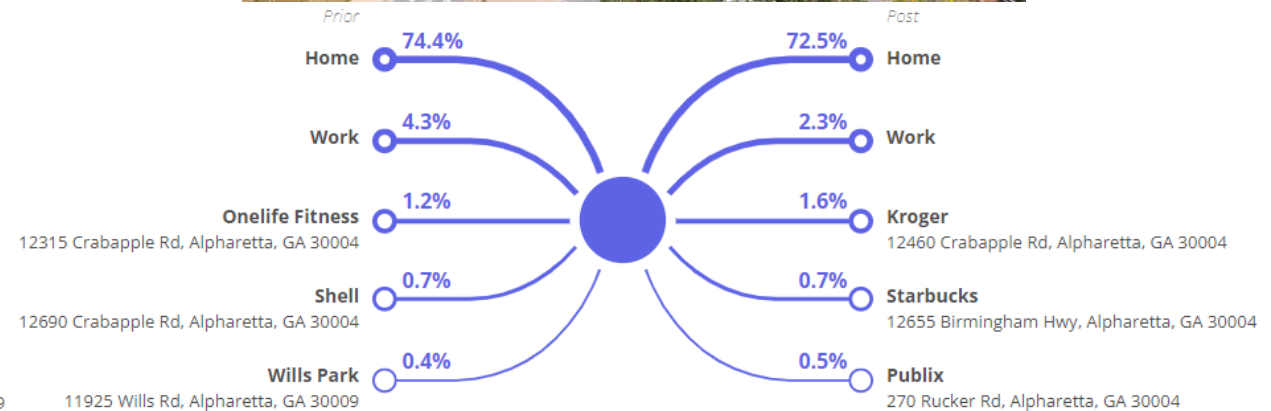
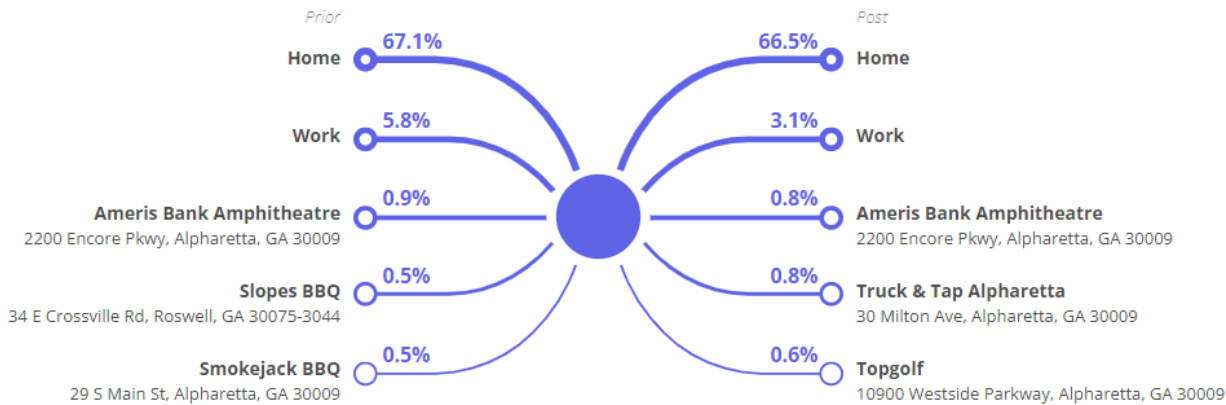


Source: KB Advisory, based on data from Placer.ai



Real Estate Assessment: Commercial

Comparative Retail Journey

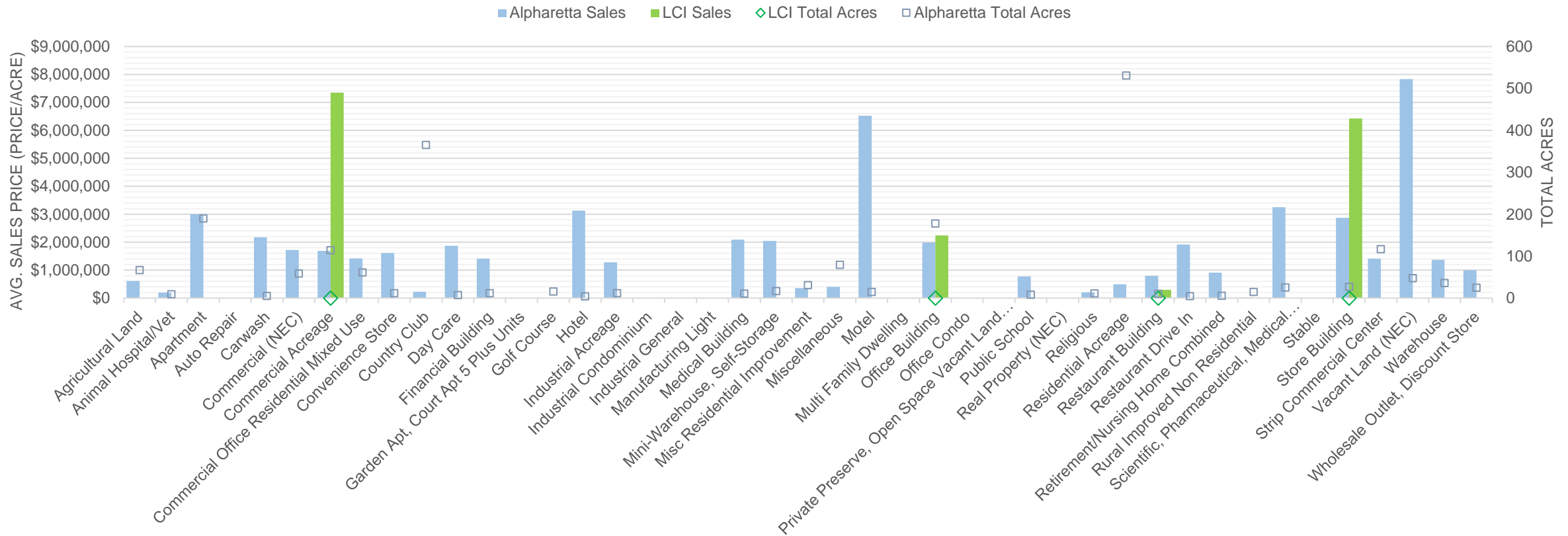


Source: KB Advisory, based on data from Placer.ai

Real Estate Assessment: Commercial

Value/Acre

Commercial Land Sales over 1 Acre within the Past Year



Source: KB Advisory, based on data from Costar