



Atlanta condo market poised for great rise

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The Atlanta condominium market has suffered from the same ills that have plagued the other real estate markets: the lackluster economy, tightened lending guidelines and buyer paralysis with the pending elections. In addition to these woes condominiums carry the added burden of a glut of inventory from the delivery of mega projects several years ago at the exact same time, and fears of developer solvency that have plummeted projects into foreclosure. All are daunting obstacles that have kept condominium values depressed and buyer perceptions low as to whether condominiums are a good investment these days.

Yet despite these odds, condominium sales for 2011 continue to show positive growth. Total sales in the metro area for 2011 are up. As of November, there have been 832 sold units, up from 652 at this point last year. Average sales prices have dropped slightly from \$238,811 to \$233,125.

Even though perception may still be negative on condominiums, the condominium market is poised for a great rise again thanks to the halt of all new developments and aggressive pricing.

The gap between supply and demand continues to tighten especially in the price points \$300,000 and under. Each of the Atlanta submarkets, Buckhead, Midtown and Downtown have over 50 percent of their existing inventory sold. The number of unsold units in active condominium projects is at the lowest levels since 2003.

As developers battle over the scarcity of buyers in the market, pricing remains aggressively low. Pricing at current projects has been reduced across the board by 20 percent to 50 percent off original list prices. This has rolled sales prices back to 2004 price levels.

Based on these strong factors of shrinking supply and aggressive historic low pricing, we believe the condominium market is poised for a rocket blast for 2012, or to coin a favorite Atlanta phrase, "the Phoenix rising from the ashes."

Now, if we could just find a way to remove fear from the buying process.

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