

CHATTAHOOCHEE RIVER DISTRICT PUBLIC INFORMATION/ OPEN HOUSE

REAL ESTATE SUPPLY & DEMAND MARKET UPDATE



Sugar Hill

July 14, 2020



Bleakly Advisory Group



Atlanta-based real estate and economic development consulting firm

- ▶ Founded in 2001
- ▶ Eight-member professional team



Ken Bleakly, Founder

Geoff Koski, President

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INTRODUCTION

Background

Bleakly Advisory Group updated market data provided in:
Sugar Hill's 2017 Highway 20 Market Corridor Study,
which Bleakly also conducted.

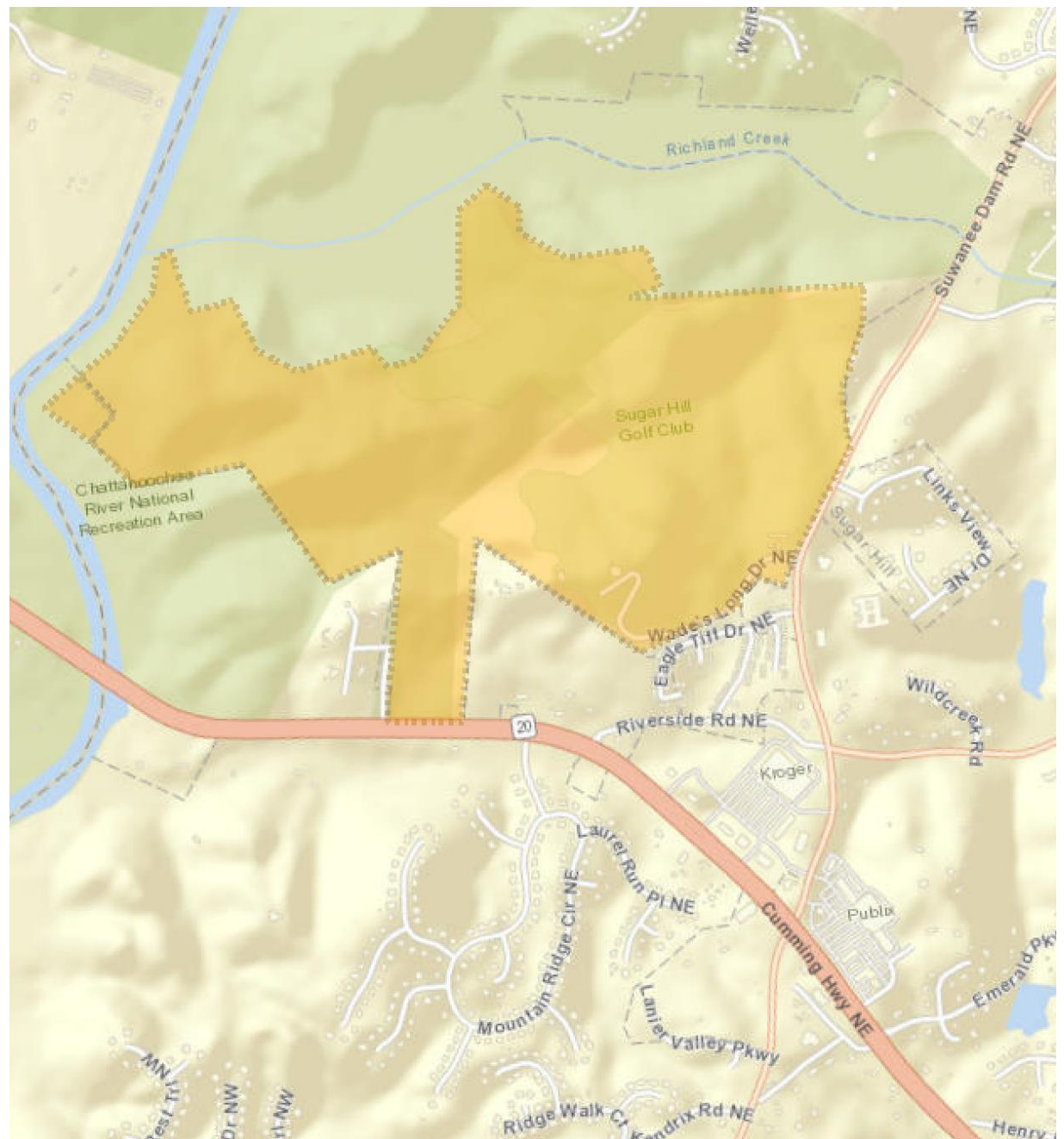
This market assessment focuses on:

- **Demographic,**
- **Economic,** and
- **Residential** market shifts since 2017 to help understand the current real estate dynamics in the area.

CONTEXT

The district includes:

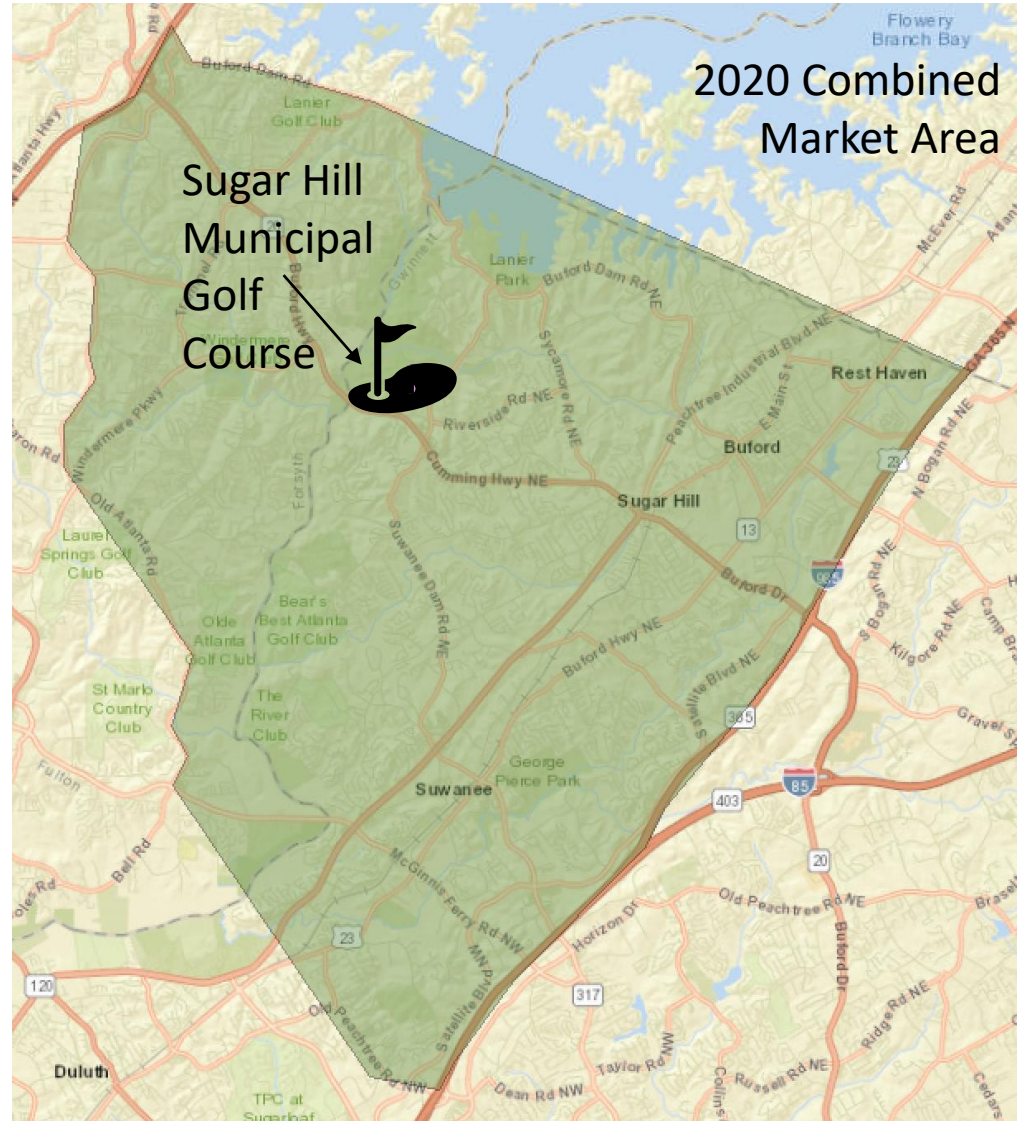
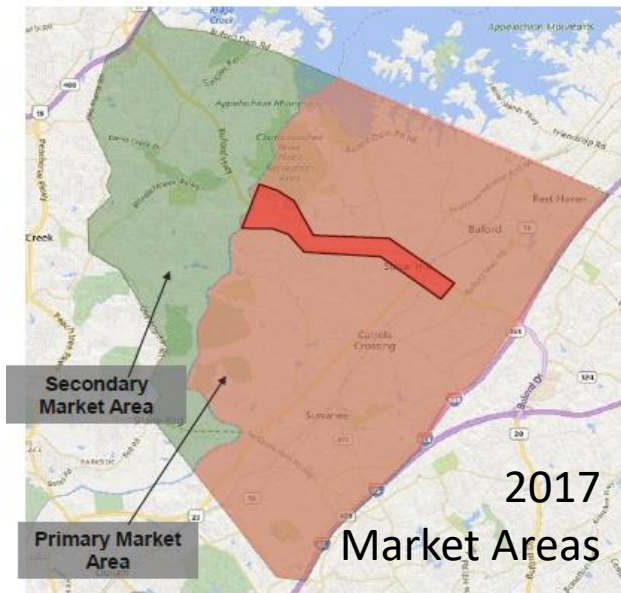
- approximately 155+/- acres of City-owned land (highlighted at right),
- other public lands,
- privately-owned land in and near the Highway 20 corridor to the Chattahoochee River.



PROJECT CONTEXT

Market Area

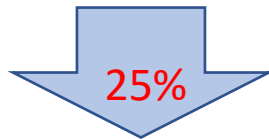
Six miles from I-85, the subject area allows regional access to jobs and retail while still being a part of the unique and charming community that is Sugar Hill.



CONTEXT: GOLF TRENDS

Number of golfers who play on courses:

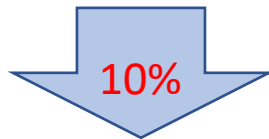
30 million in 2003



24 million in 2019, a decrease of 25%.

Number of golf courses:

16,000 golf courses in 2006



14,500 golf courses in 2019 (200 closed in 2017)

Participation at driving ranges and Topgolf:

5 million in 2014



9 million in 2019

National Examples of Golf Course Conversion



San Diego's Riverwalk Golf Club, proposed to turn into a mix-use development



Annexed by Blandford Nature Center, the former Highlands Golf Course in western Michigan is now home to prairie plots and looping trails instead of fairways and greens. Map data: Google

A defunct golf course can devalue nearby home prices by up to 50%

EXECUTIVE SUMMARY

Demographic Assessment

- **Population growth** expected to continue
- Age **55+ fastest growing** demand segment
- Sugar Hill **median household income** has **rapidly grown** from \$80k/year in 2016 to \$96k/year in 2020
- Sugar Hill residents **working from home** increased since 2017.

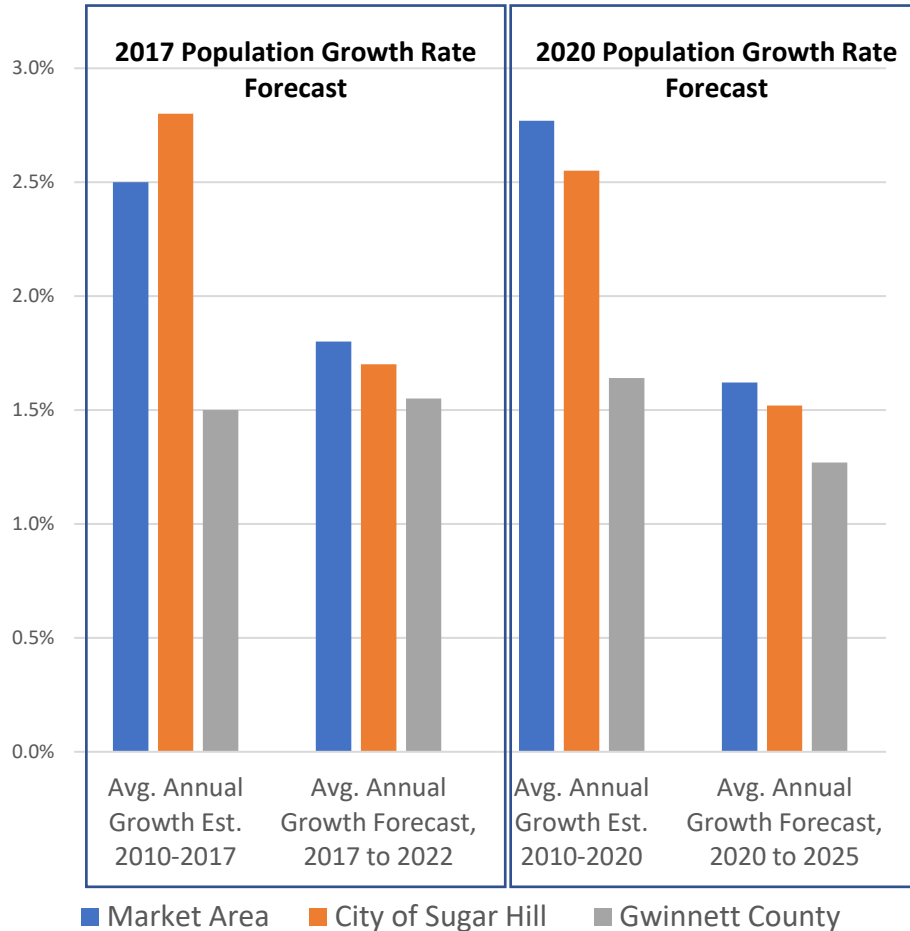
Real Estate Assessment

- Over half of Sugar Hill's homes have been built since 2000
- Sugar Hill permitted more than 350 housing units per year at the building peak in 2017, a number which dropped to 150 units in 2019.
- New homes in the Lanier High District:
 - average detached prices \$375,000
 - attached homes \$270,000,
 - substantially lower than the larger local market area (\$520,000 detached and \$370,000 attached)
- Resale market fulfills critical market needs for home sales between \$150,000 and \$350,000
- New apartment communities being built in downtown Sugar Hill area largely meeting rental market needs.

Sugar Hill has limited undeveloped land suitable for new housing units, posing significant constraint on new housing stock at a time when demand across the market area is growing.

DEMOGRAPHIC ASSESSMENT

Population and Households



Population & Household Growth, 2000-2020

	Market Area	City of Sugar Hill	Gwinnett County
Population			
2010 Census	108,237	18,522	805,321
2017 Estimate	131,531	22,894	905,164
2020 Estimate	142,266	23,816	947,754
2025 Forecast	154,089	25,683	1,009,701
Avg. Annual Growth 2010-2020	2.77%	2.55%	1.64%
New Population 2010-2020	33,953	5,294	142,433

Sugar Hill Population Share of Gwinnett County:

- **2010: 2.3%**
- **2020: 2.5%**

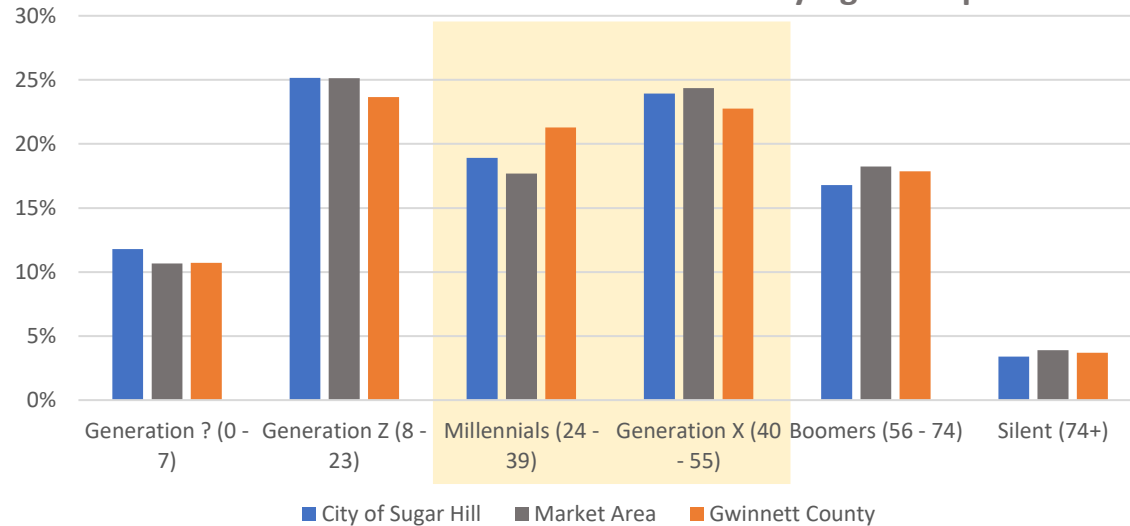
Source: Environics Analytics, Claritas, LLC 2020, Bleakly

DEMOGRAPHIC ASSESSMENT

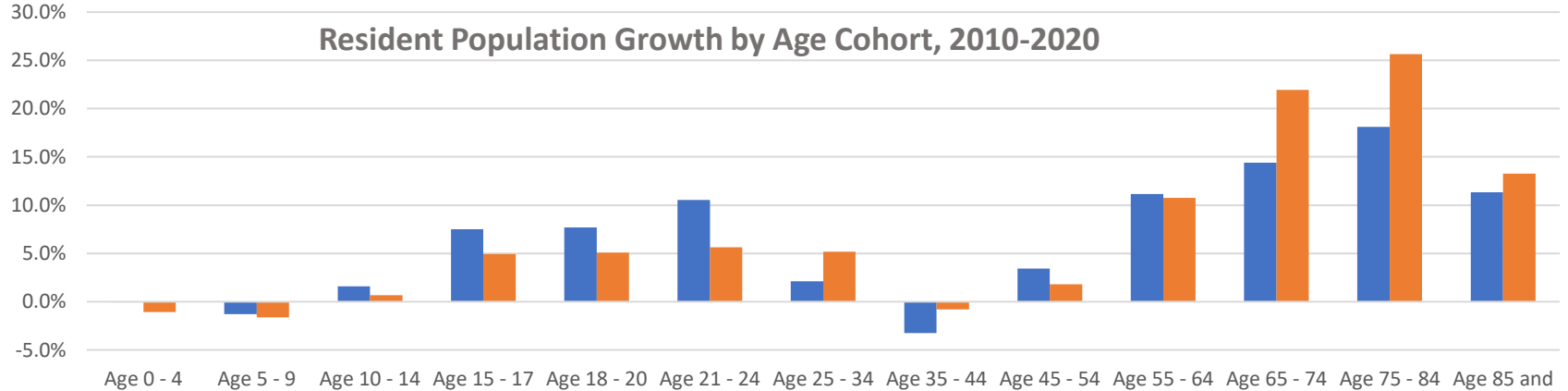
Sugar Hill's rapidly growing older population signals a need for diverse housing types

Younger families will continue choosing Sugar Hill

Residents by Age Group



Resident Population Growth by Age Cohort, 2010-2020



Sugar Hill Residents	1,662	1,915	2,033	1,190	1,038	1,289	2,412	3,535	3,657	2,758	1,517	633	177
Absolute Change	-1	-25	+32	+83	+74	+123	+50	-118	+121	+277	+191	+97	+18

■ Sugar Hill ■ Gwinnett County

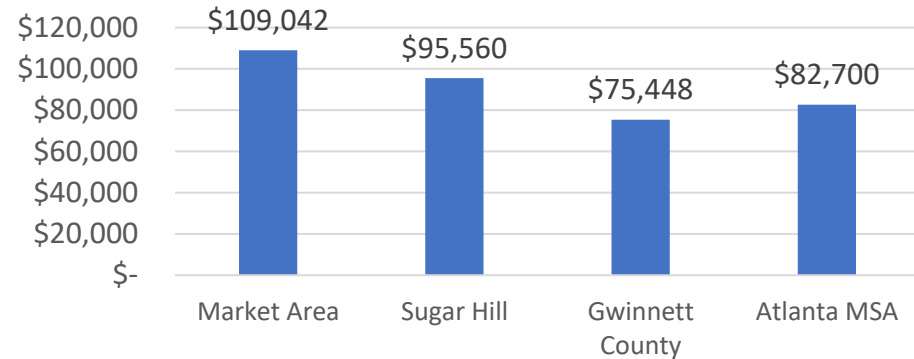
Source: Envirionics Analytics 2020, Bleakly. Generations based on Pew Research Center Standards

DEMOGRAPHIC ASSESSMENT

Household Income

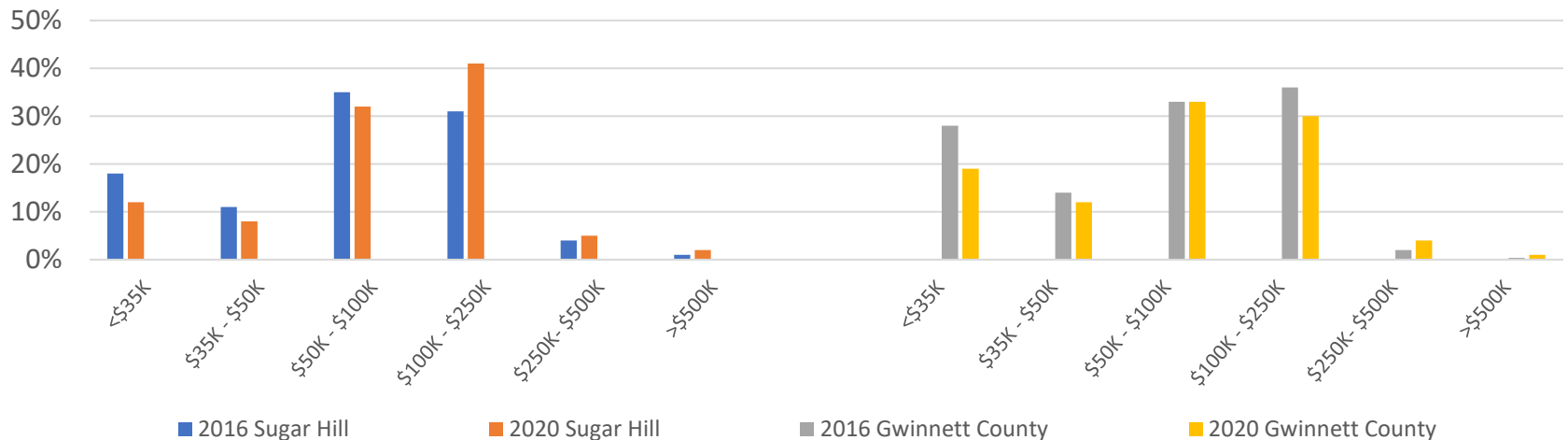
- 47% of Sugar Hill households have incomes of \$100,000 or more compared to 36% in 2016—reflecting both new families with higher incomes and increased wages.
 - 41% of all families earn between \$100,000 and \$250,000.

2020 Est. Median Household Income



% AMI	Market Area	Sugar Hill	Gwinnett County	Atlanta MSA
	132%	116%	91%	100%

Change in Income Cohorts, 2016 to 2020



Source: Environics Analytics, Claritas, LLC 2020, Bleakly

CONSUMER DEMAND

Retail Demand Patterns: Pre-Covid

	Sugar Hill 2016	Sugar Hill 2020	Annual Growth Rate	5 Year Growth
Overall Demand	\$465,071,222	\$470,729,306	0.2%	1.2%
Cars & Parts	\$93,923,052	\$118,385,473	5.2%	26.0%
Furniture & Home Furnishing	\$9,740,845	\$8,237,193	-3.1%	-15.4%
Electronics & Appliances	\$9,007,607	\$7,172,708	-4.1%	-20.4%
Building Materials & Garden	\$52,393,936	\$30,329,596	-8.4%	-42.1%
Food & Beverage Stores	\$62,693,807	\$55,794,856	-2.2%	-11.0%
Restaurant & Bar	\$56,204,775	\$59,242,246	1.1%	5.4%
Gas Station	\$35,599,004	\$39,270,748	2.1%	10.3%
Glothing	\$23,458,204	\$22,427,354	-0.9%	-4.4%
Hobby & Sports	\$9,248,134	\$5,807,564	-7.4%	-37.2%
General Merchandise	\$56,794,733	\$54,846,616	-0.7%	-3.4%
Misc. Store Retail	\$13,220,125	\$9,677,124	-5.4%	-26.8%
Non-Store (Online) Retail	\$42,786,999	\$59,537,828	7.8%	39.1%

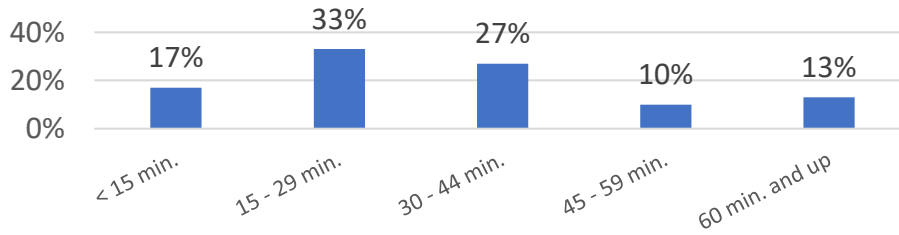
Source: Environics Analytics, Claritas, Bleakly

EMPLOYMENT AND WORKFORCE

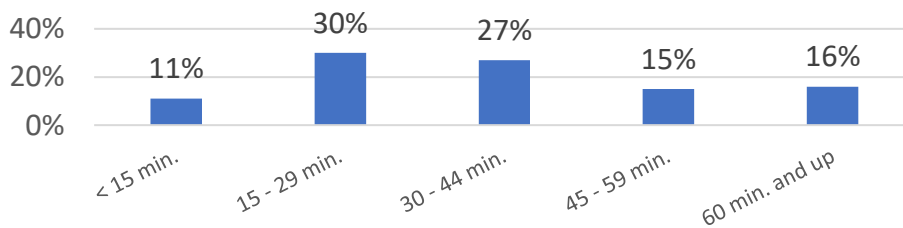
Sugar Hill Commuters

Sugar Hill residents are **driving shorter distances to work on average but spend more time in their car** due to traffic.

Sugar Hill Residents Length of Commute (2017)

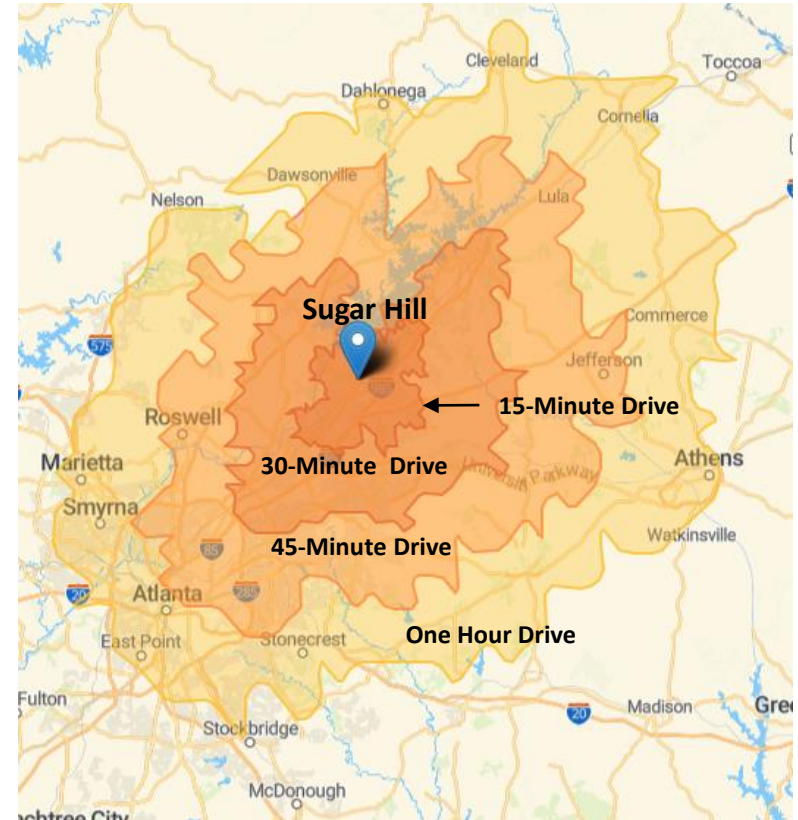


Sugar Hill Residents Length of Commute (2020)



Sugar Hill residents working from home from **7%** in 2016 to **11%** in 2020 (pre-Covid)

2020 Average Drive Time from the Center of Sugar Hill

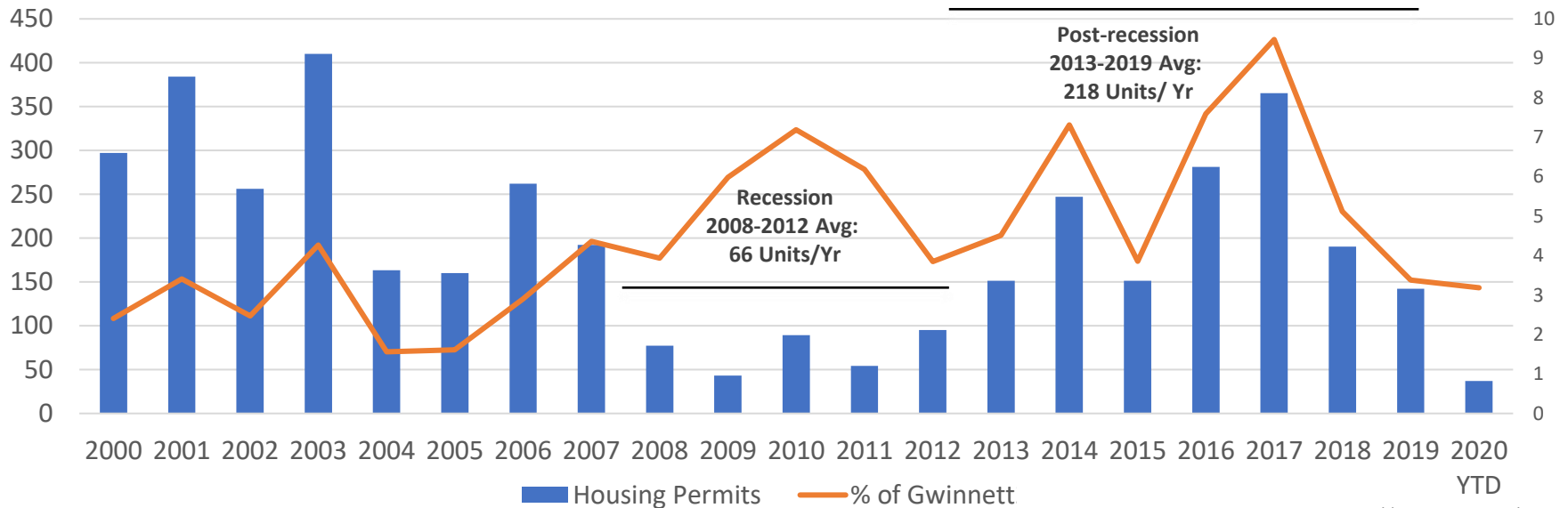


REAL ESTATE ASSESSMENT: RESIDENTIAL

Building Permits

- Of Sugar Hill's 7,589 existing housing units:
 - Half have been built since the year 2000
 - 18% have been built in the last nine years, with 800 new permits since 2017
 - 89% are detached, single family homes

Residential Building Permits by Permit Type, 2001 to 2020 (Q1)



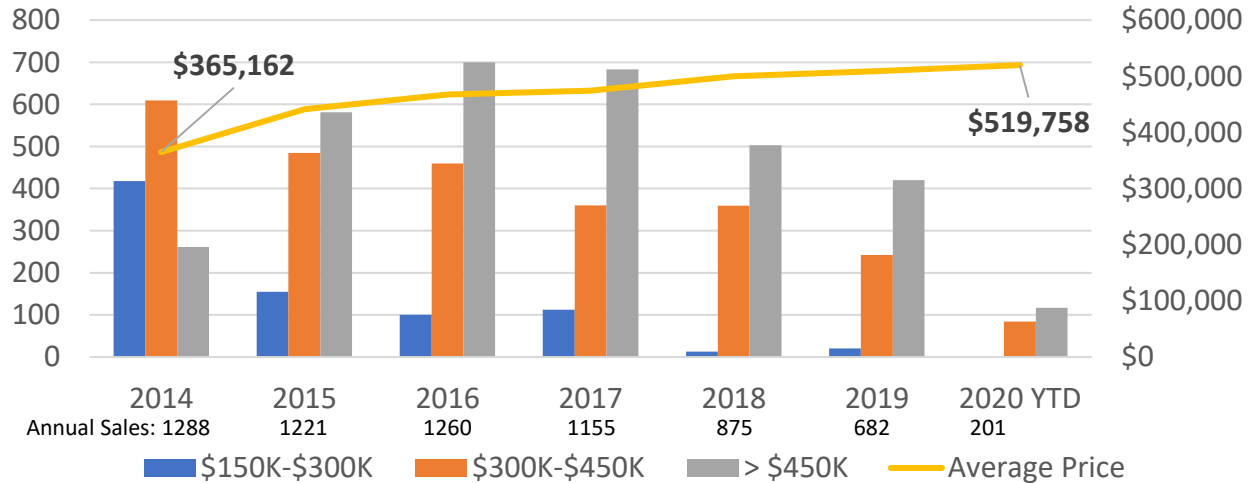
Source: U.S. Census, SOCDS Building Permit Database

REAL ESTATE ASSESSMENT: RESIDENTIAL

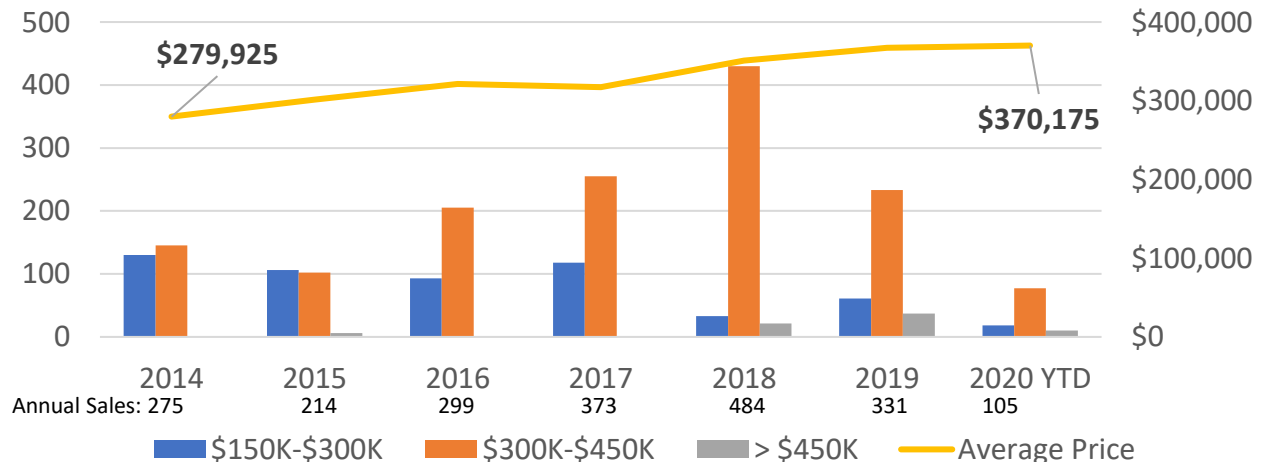
New Home Sales: Market Area

- As new construction home prices have consistently risen for both single-family and townhomes in the market area, sales volumes have slowed.
- The new home market, particularly in Sugar Hill, is transitioning from a lower-price entry-level market to more of a move-up market.
- **As new buyers appear in the market, this is likely an opportune time to introduce new product types such as small-lot single family homes located within an easy walk of amenities and commercial offerings.**

New Detached Construction Home Sales by Price and Product, 2014 to 2019



New Attached Construction Home Sales by Price and Product, 2014 to 2019

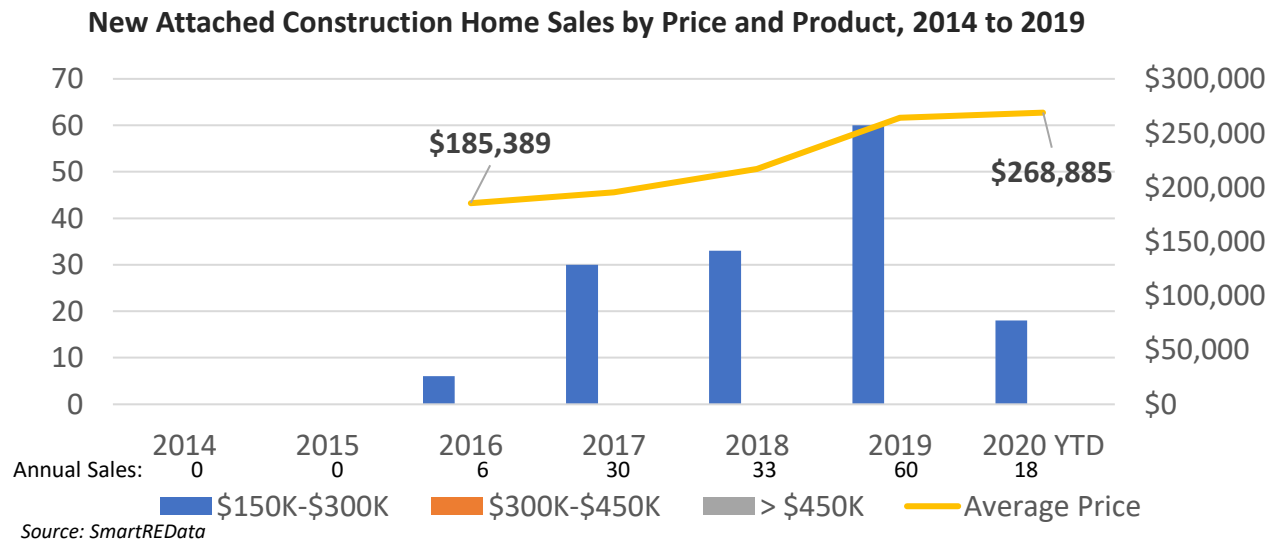
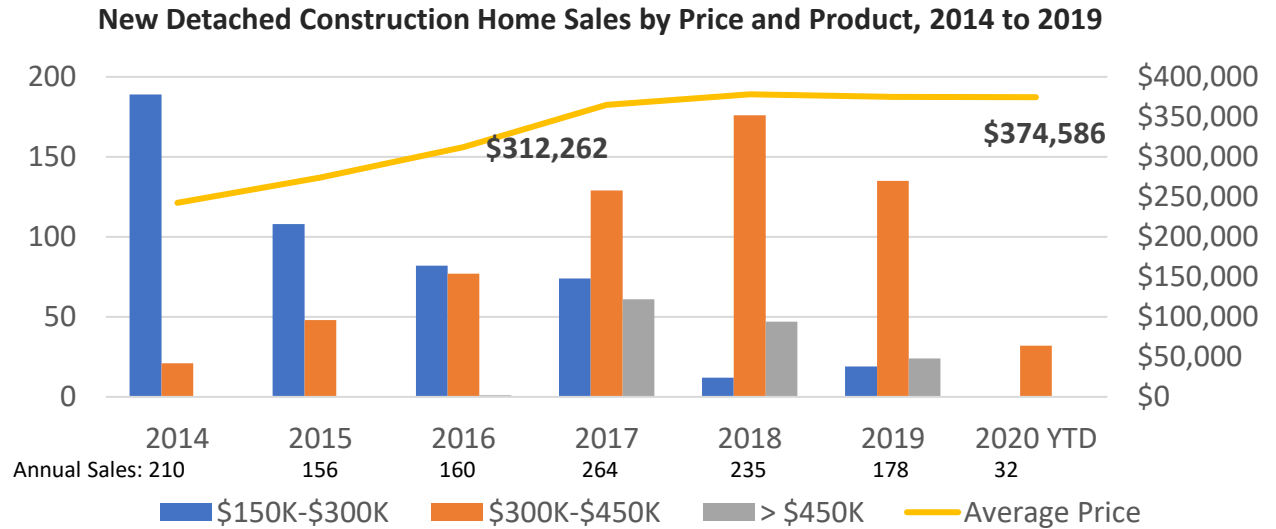


Source: SmartREData

REAL ESTATE ASSESSMENT: RESIDENTIAL

New Home Sales: Lanier High Zone

- Lanier District attracts new home buyers at lower price points than the Market Area, which also includes Buford High and North Gwinnett High, and Forsyth Schools.



Source: SmartREData

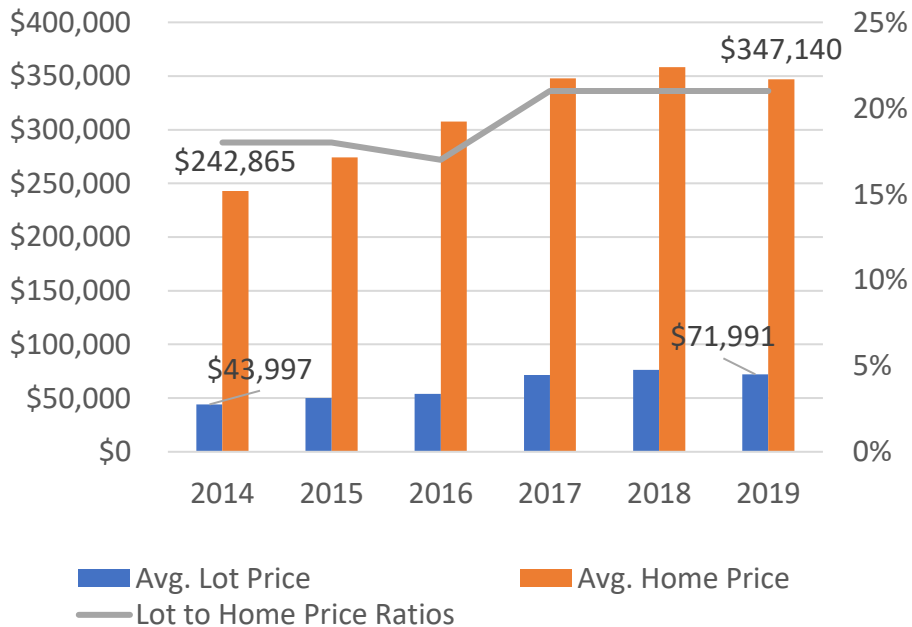
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New Home Sales: Lanier High Zone

The average cost of a new lot has significantly increased—even while average lot size is shrinking.

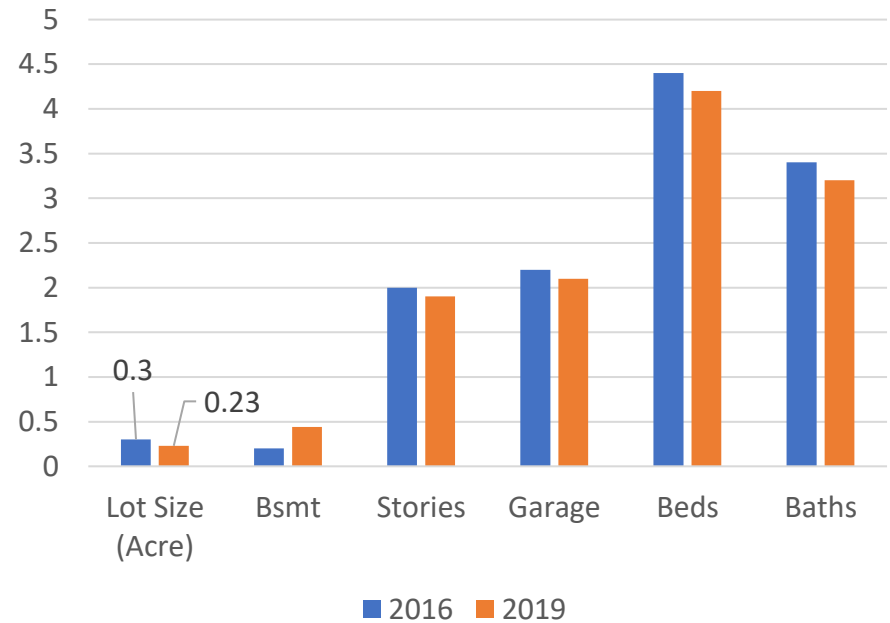
- Between 2016 and 2019 the average cost of a newly constructed home in the Lanier High zone increased by over \$63,000, an increase of 20%, while the average lot price nearly doubled from \$44,000 to \$72,000.
- The average new construction house has shrunk from 3,014 SF in 2016 to 2,882 SF in 2019.

New Home Characteristics: 2016 vs. 2019



Source: Environics Analytics 2020

New Home Characteristics: 2016 vs. 2019



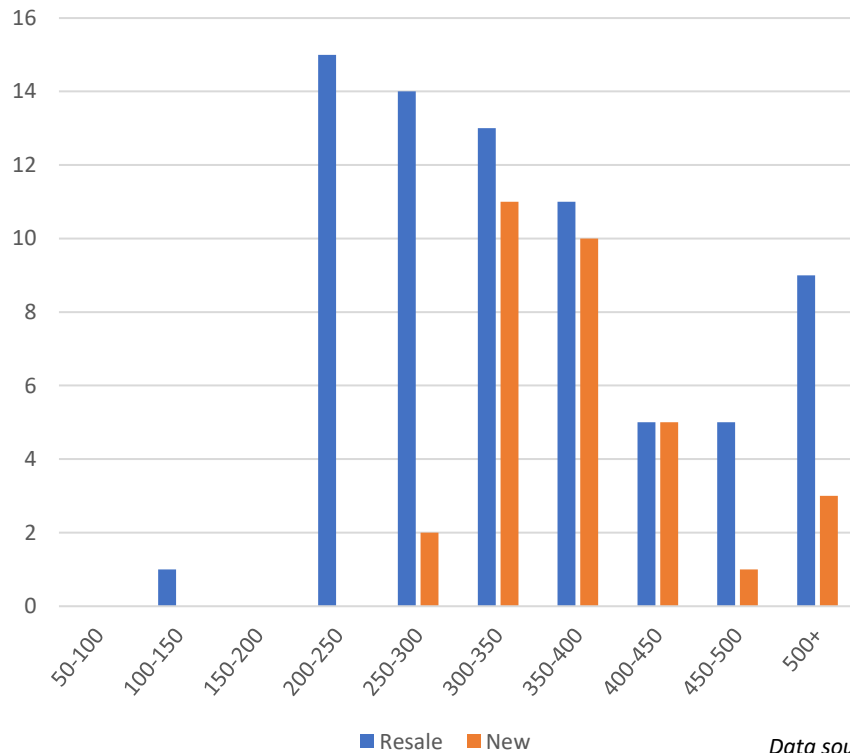
Source: SmartRE

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New vs. Resale Home Sales: Lanier High Zone

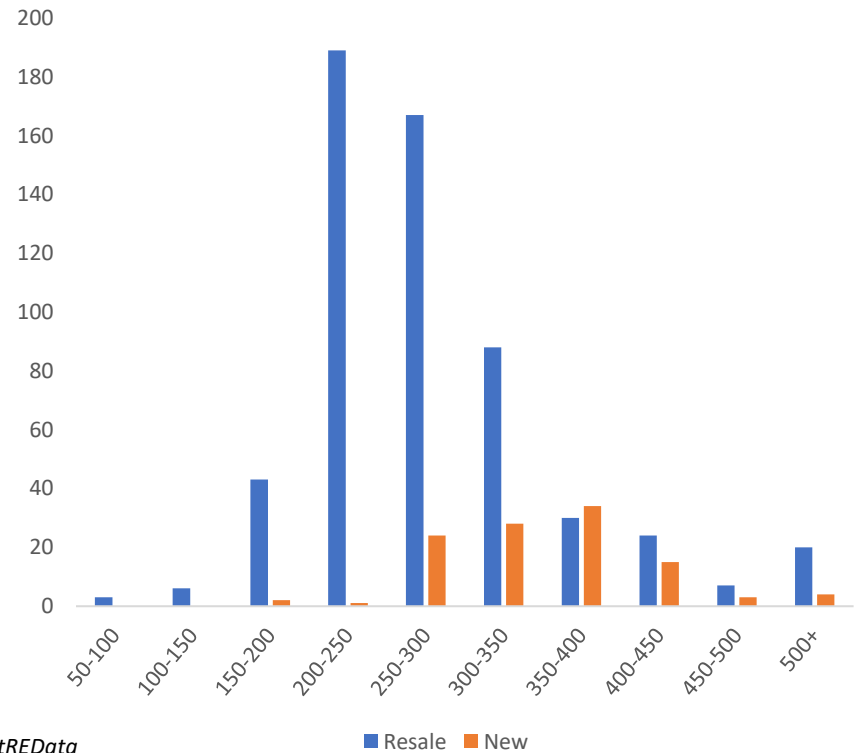
- The charts below compare the resale and new housing markets over recent 12 months (May 2019 – April 2020).
- The resale market has been responsible for the majority of the Lanier High Zone’s home closings in the recent 12 months.

New Inventory vs. Retail Inventory (2020) - Lanier High Zone



Data source: SmartREData

New Closings v. Resale Closings (2019) - Lanier High Zone



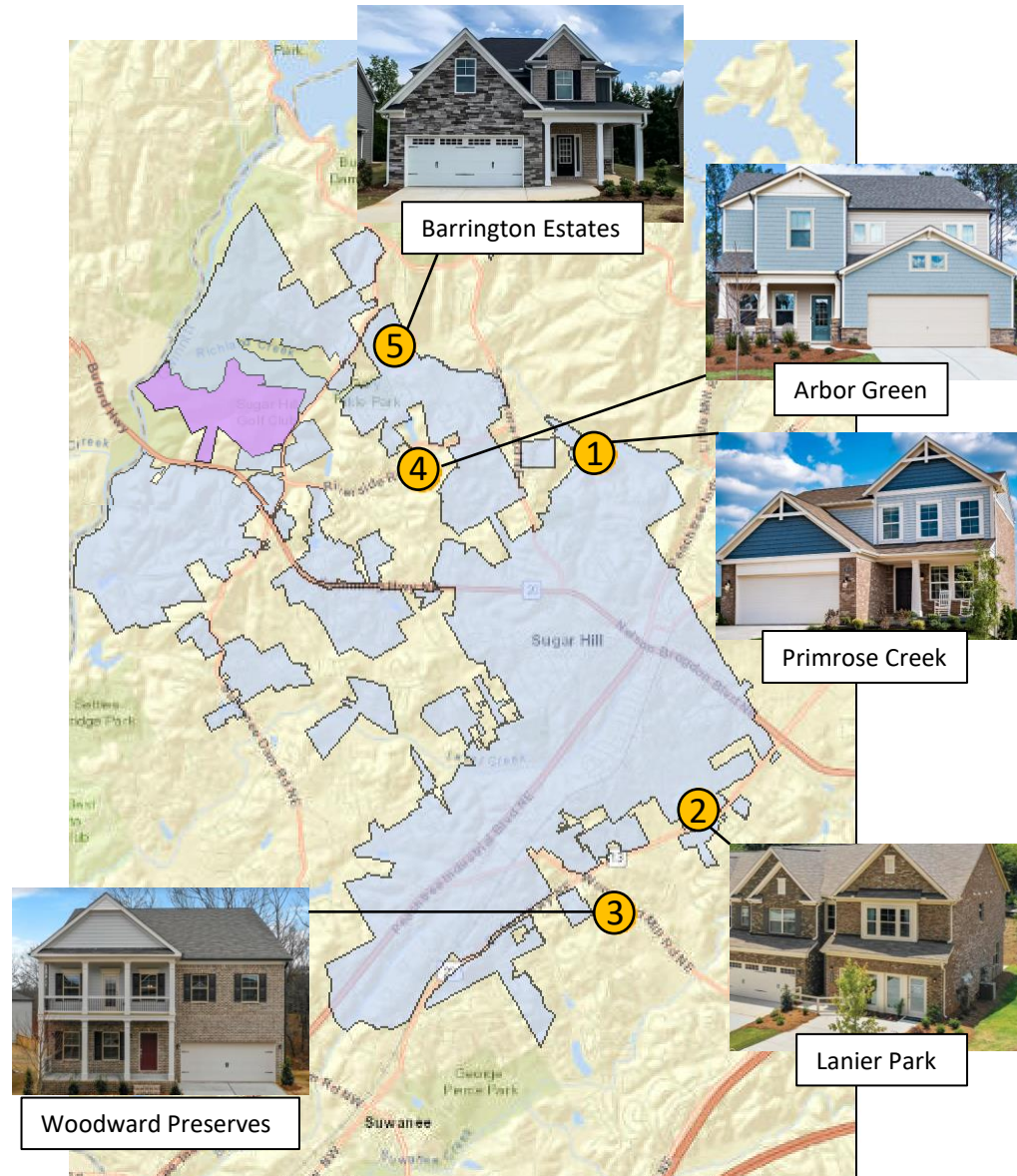
■ Resale ■ New

REAL ESTATE ASSESSMENT: RESIDENTIAL

Lanier High New Communities

- Price per square foot is up from an average of \$123/SF in 2017 to \$134/SF in communities zoned for Lanier High School.
- Lanier Park, which sold the greatest number of units of any community zoned for Lanier in 2019, sells approximately 1,800SF townhomes at lower prices than other Lanier High communities, yet reaps one of the highest values per square foot.
- Woodward Preserves, also zoned for Lanier High, sells homes at the highest average price—pushing nearly \$400,000 for homes which average 3,800SF.

Community	2019 Sales	Avg. \$	Avg \$/SF
1 Lanier Park	55	\$273,044	\$149
2 Primrose Creek	47	\$343,712	\$153
3 Woodward Preserves	26	\$397,407	\$127
4 Arbor Green	17	\$346,995	\$131
5 Barrington Estates	12	\$321,132	\$140



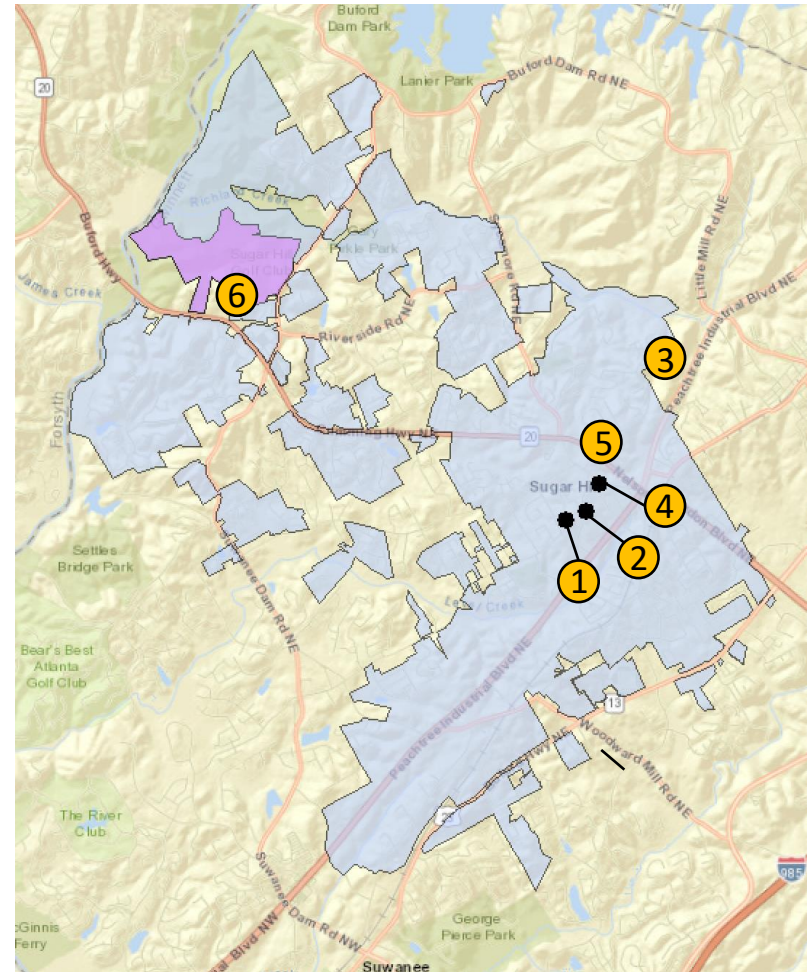
REAL ESTATE ASSESSMENT: RESIDENTIAL

Sugar Hill Apartments

- Sugar Hill currently has more than 600 apartment units under construction, including the soon to be completed Broadstone Sugar Hill, and the mixed-use development The Bower, scheduled to be completed in 2021.
- Sugar Hill's rental market has grown from having 236 for-rent units in 2014 to an expected 1,050 units with the completion of The Bower in 2021.
- With the completion of Magnolia Senior Living in 2019, Sugar Hill gained its first senior living center.

Apartment Complex	Year Built	Units	Asking Average Rent	Avg Rent \$/SF
1 Plantation Ridge Apartments	1999	218	\$1,112	\$0.99
2 Castlegate Townhomes	1977	18	\$985	\$0.93
3 Sugar Hill Overlook	2015	131	\$1,590	\$1.11
4 Broadstone Sugar Hill	2020	316	\$1,645	\$1.63
5 The Bower	2021	293	-	-
Apartments Average	2014	195	\$1,447	\$1.25

Senior Living Centers	Year Built	Units	Asking Average Rent	Avg Rent \$/SF
6 Magnolia Senior Living	2019	74	\$3,280	\$8.28

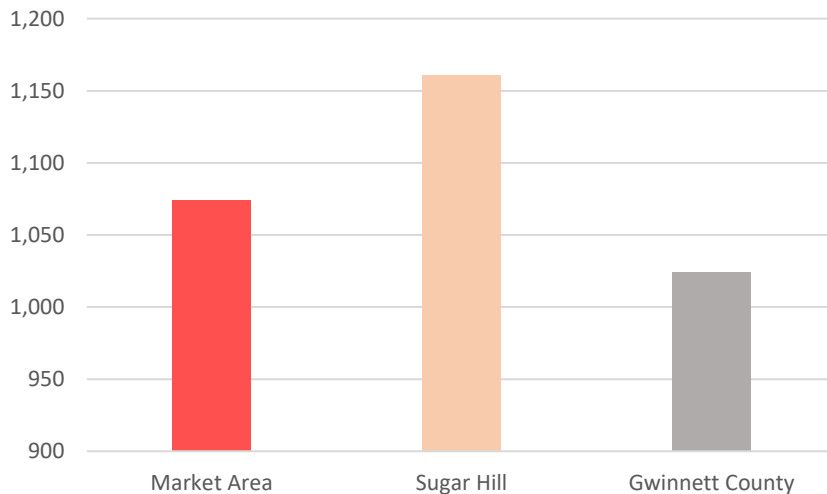


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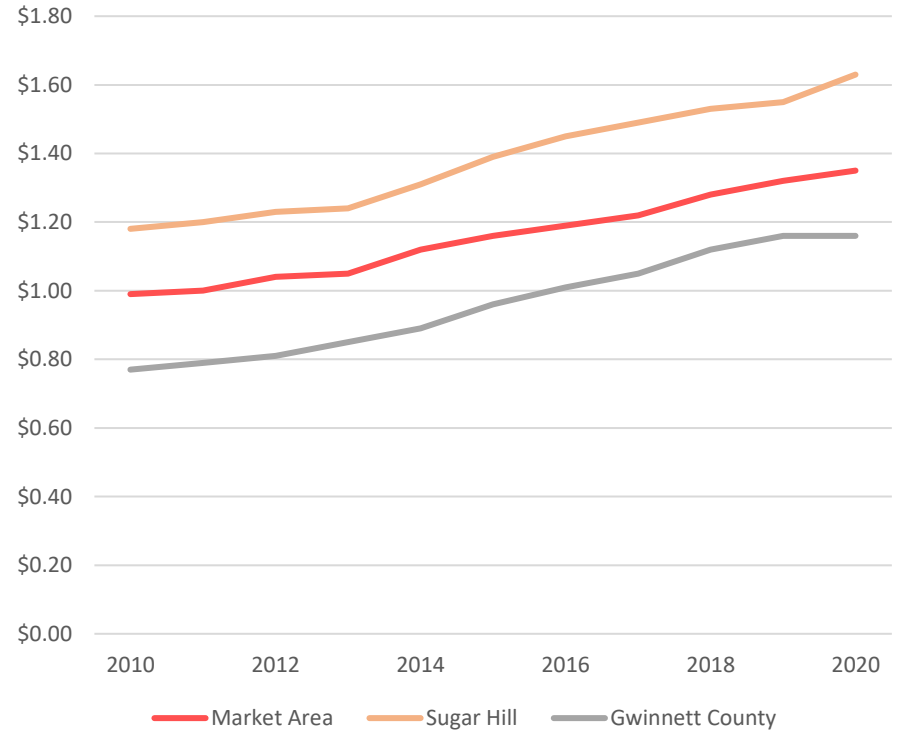
Sugar Hill Apartments

- Apartment rents in Sugar Hill are higher and have increased faster on a per square foot basis, compared to Gwinnett County overall.
- While the 2018 vacancy rate for Sugar Hill was 3.8%, much lower than the market area and Gwinnett County, new completions in 2019 drove the vacancy rates.

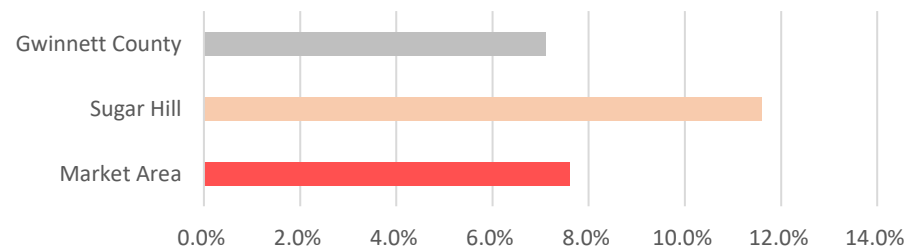
Average SF per Unit



Average Rent per SF History



2019 Vacancy Rates





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