



## *The Growth of Atlanta's Luxury Market*

The last three quarters have shown some pretty negative fluctuations in Atlanta's housing market. Although concerns are mild in comparison to other major US markets, the steep decline in first quarter sales volume is the most dramatic since 1994. In contrast, Atlanta's average sales price for all single family houses in May was \$264,487; an all time high.

There are more houses, condos and townhouses over one million dollars being listed and sold than ever before. The tail is not wagging the dog. The bottom of the market is a lag, but the top is performing well despite inventory levels. The table to the right indicates the facts.

May	2005	2006	2007
<b>Closings over \$1 mil.</b>	50	95	97
<b>% of all Closings</b>	0.69%	1.14%	1.63%
<b>Volume over \$1 mil.</b>	77,008,469	150,045,490	143,621,385
<b>% of Total Volume</b>	4.63%	7.02%	9.12%
<b>Source: SmartNumbers, Ending May 2007, Published June 2007</b>			

The market share of the \$1 million+ market has doubled from 2005 to 2007. Are the rich getting richer? Are some folks getting overleveraged? What is the impact of increasing interest rates? The Heery Brothers are not sure, but we are fairly confident that a one million dollar new house in Buckhead is going up faster in value than a \$400,000 twenty year old house in the suburbs. Did we think this would happen? Umm, well ... yes. Core markets lead and good product in the right location sells best.

### *Atlanta is increasing in density, like it or not*

We are stunned that some folks don't get it – Atlanta has to dramatically increase its density. We are the least dense major metropolitan city in the United States.

Density is good, but bad development is still bad. London has incredible densities along side lovely green spaces and a resulting wonderful quality of life. Real estate values are through the roof too. Atlanta needs to learn from hundreds of years of high quality planning and bring our city into the modern period. Recent restrictions on scale and density miss the point because they reflect the last fifty to sixty years of fairly bad planning. Atlanta is not London, but Charleston, New Orleans, Savannah and many other fine American cities were planned and built with great historic cities such as London as an inspiration. These Southern cities are smaller, but show us how urban nodes thrive through integrating density and green space into the public's vernacular.

Embracing density, increasing public involvement in the development process and insisting on quality will give Atlanta lasting value and appeal. Legislating scale is a losing proposal. It is not the building code that is broken. It is the process of permitting and zoning. Legislating scale that crimps current property rights will ultimately decrease property values and school quality. It will also be a massive disincentive for contextual properties and economic development.

How do you sensibly redevelop real estate when there is a higher and better use? We encourage many developers to build smaller houses at infill locations. The market often prefers charm and high quality design at the expense of scale. City leaders can emerge with higher quality decisions by avoiding NIMBYism (Not in My Back Yard) fanatics. The City's own consultant, Bain & Company, has said the following, "Anecdotes indicate that the City of Atlanta's building permitting process has had a negative impact on development." Let's start there.

## FOR SALE



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## Undersupplied Segments in the Buckhead Market

In our cover article on the front page, the Growth of Atlanta's luxury market is discussed despite a precipitous dip in the market's overall performance. There is nothing like scarcity to create upward pricing pressure. This is exactly what is happening in Buckhead.

The adjacent table shows several market segments that just a couple years ago were staples of the Buckhead market. While it is not surprising prices have increased, we think the attached list of scarce market segments might come as a surprise to many Buckhead market observers.

Undersupplied Segments in the Buckhead Market	
Under \$550,000 in Garden Hills (10 active listings, 106 sales over the last 3 years)	New Construction in Chastain Park Under \$1,400,000 (3 active listings of houses built 2000+, 13 sales over the last 3 years)
Resale of houses of historic context and charming character in zip 30327 under \$1 million (This is subjective, but just ask some of our buyers)	Townhouses near Buckhead village under \$750,000 (OK, this is self serving with new townhouse projects to be rolled out shortly by the Heery Brothers.)
New Construction under \$850,000 in zip 30305 (5 active listings of houses built 2000+, 46 sales over the last 3 years)	Lots for new houses anywhere in Buckhead (You want to sell, we want to buy)

## How's Business

- 2007 year to date volume and revenue exceeds the same period from 2006 by over 18%.
- Total sales volume approaching \$25 million.
- 23 closings averaging over \$1 million per property.
- 10 pending deals.
- About 60 listings including 29 at Country Hill Estates.
- About to launch Townhouse deal on Peachtree Avenue.

Select Listings—For More Information, visit [www.HeeryBrothers.com](http://www.HeeryBrothers.com)



1530 Windsor Parkway, Atlanta, GA  
\$1,395,000 - Priced for immediate sale

## THE HEERY BROTHERS

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Starting at \$1.9 million - Great planning