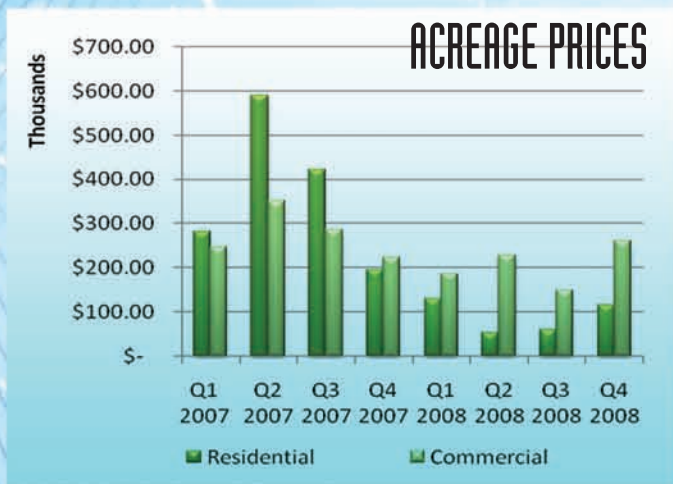




*“...look for an increase in vacant land sales beginning at the end of the 3rd quarter and running through the end of the year.”*



# 2009 Metro Atlanta Land Report



After a steep drop during the first half of 2007, the number of land transactions has remained fairly steady for the last six quarters. However, the price per acre for residential land continued to decline through the end of 2008 while commercial acreage prices reached steady levels in 2008. A review of the list of transactions shows a larger number of banks taking title to land in each succeeding quarter. The land bottom will not be reached until the banks unload their inventory or demand returns for new construction.

Expect to see a slight uptick in land sales in the second and third quarters of 2009 as small pockets of demand develop for new construction. Also look for an increase in vacant land sales beginning at the end of the third quarter and continuing through the end of the year as land held as loan collateral enters the markets through FDIC sales or banks re-pricing their REO land for immediate sale.

# 2009 Metro Atlanta Land Report

By Mike Fitzgerald (Mike@FitzgeraldLand.com ) and Nicholas Pourhassan (Nick@FitzgeraldLand.com)

*DISCLAIMER: This report was compiled from public and private sources and includes an analysis of two similar metro counties: Cobb and Gwinnett. These results may or may not be indicative of the land market in your locale. Please consult a licensed appraiser and/or a real estate broker when determining an asking price for your land. Contact Fitzgerald Realty for a Broker's Price Opinion on your land that provides specific comparable sales and listings for the land market surrounding your property.*

The Metro Atlanta land market saw precipitous declines in transaction volume as well as per acre price over the last year and a half. Land transaction volume has fallen to almost nothing for largely two reasons. Owners that are not selling because of financial necessity are not willing to discount their property enough to attract serious interest, while owners that absolutely must sell are unable to discount their properties sufficiently because of limitations imposed by their lender or the effect a low sale would have on the value of their remaining inventory.

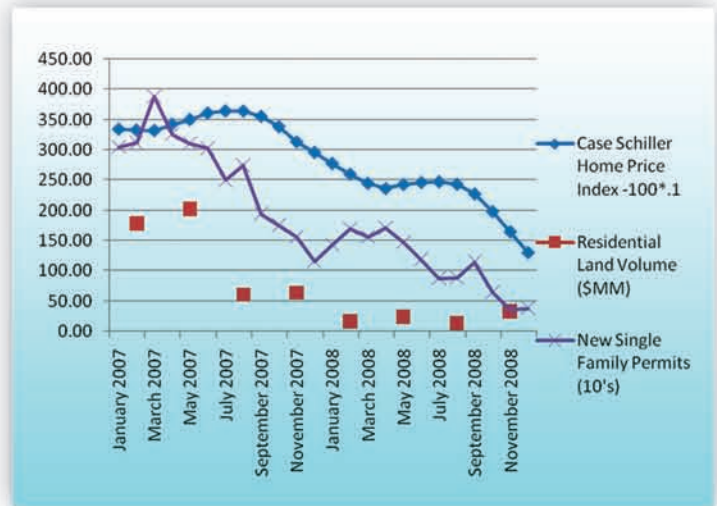
On the buying side, the conventional wisdom is that we are currently in a buyer's market yet many land buyers are looking to set a record low price on every deal they look at. This gap between buyers' expectations for deals in this down market and owners' unwillingness or inability to discount their land creates an environment where transaction volumes are at unsustainably low levels.

We are advising our clients who must sell in this environment to work with their lenders early on to try to get their land to market at the best price to attract attention. For those owners who can offer terms, we suggest owner financing with 20% down and 20-30 year amortization with a 35 month balloon to avoid intangibles tax. By doing this, the owner may still book the sale at a respectable price and start receiving some cash flow on the property. The window for owner financing will remain open until lenders begin offering loans on vacant land again with reasonable down payment and amortization requirements.

# Residential Land

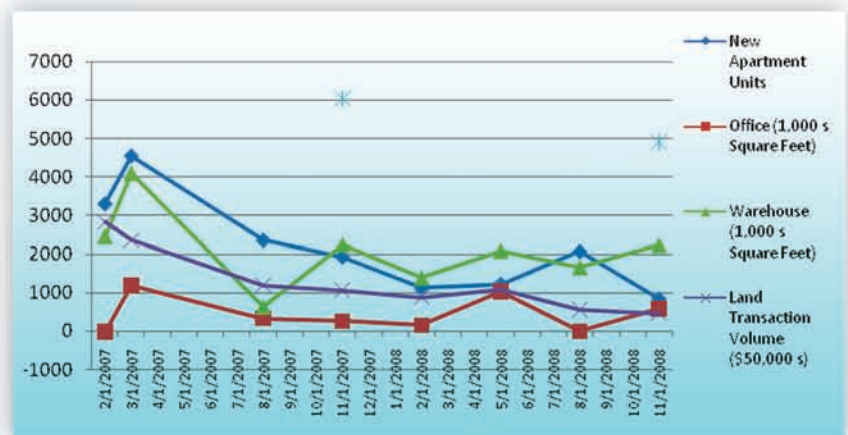
Residential Land in this report includes land usually zoned residential or agricultural that is used for low to medium density residential single family construction. While a portion of the sales include large tract speculation, the majority of residential land sales in the metro Atlanta counties in the past two years were either for the immediate development of residential subdivisions or the sale of completely developed subdivisions to builders.

Our data shows that the bottom fell out of the residential land market in the third quarter of 2007. The Case-Shiller Home Price index indicates that Atlanta's average home price reached its record high in August of 2007 at exactly the same time vacant residential land sales dried up. New Single Family Permits also saw a large decline in the second half of 2007. Residential land sales are a leading indicator of housing starts and home prices and when the vacant residential land market starts to rebound, an increase in housing starts and home prices should follow shortly thereafter. Our residential land volume tracking is a full quarter ahead of other key residential indicators.



# Commercial Land

Commercial vacant land sales also provided an early indication for the downturn in the commercial real estate markets a full quarter before office, warehouse, and multifamily new deliveries began their decline. Commercial land transaction volume leveled off between the second half of 2007 and the first half of 2008 before declining again even further in the last half of 2008. During this same time the deliveries of office, industrial, and multi-family all made attempts at rallies before moving even lower at the end of 2008.



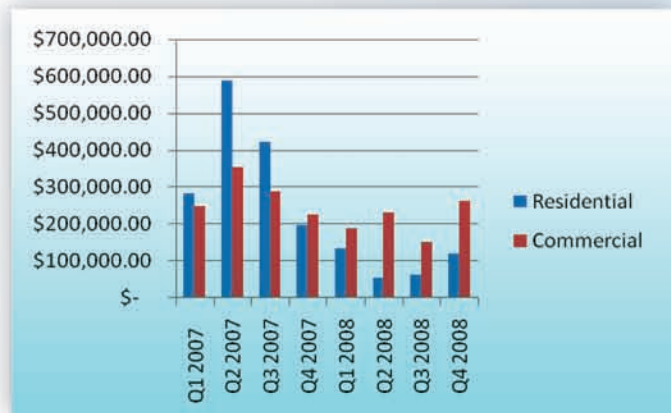
Both the residential and commercial vacant land volume numbers were leading indicators of the decline in new construction. Vacant land sales should also provide early information about when new construction will pick up. The vacant land sales continued their decline through the end of last year and anecdotal evidence from the 1st quarter of 2009 seems to indicate a continuation of this trend downward. We should not expect to see an increase in new construction in either residential or commercial categories for at least the first half of 2009 and the monthly year over year construction numbers should be negative for the remainder of 2009.



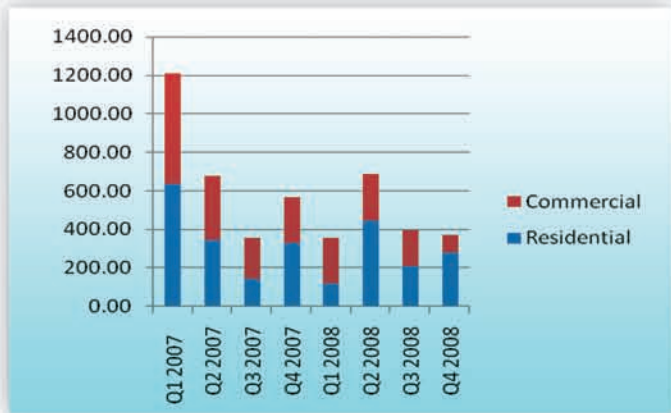
# Appendix: Charts of Land Sales in Cobb and Gwinnett Counties



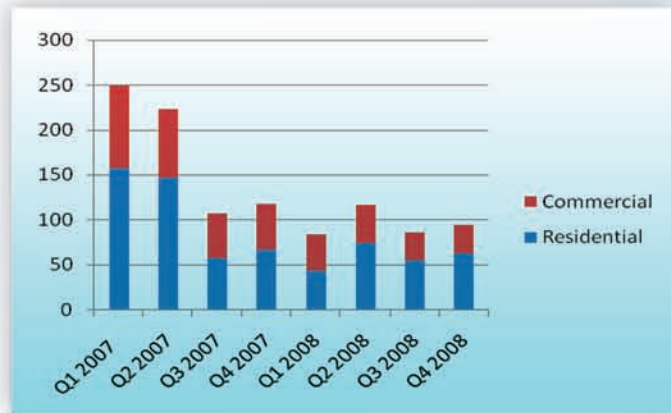
Cobb/Gwinnett Total Land Volume



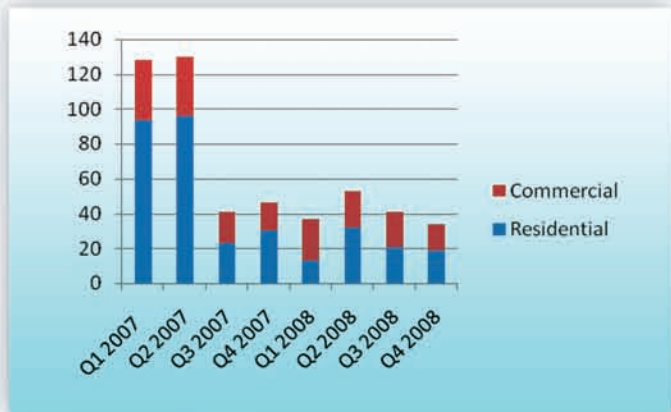
Cobb/Gwinnett Price Per Acre



Cobb/Gwinnett Acres Sold



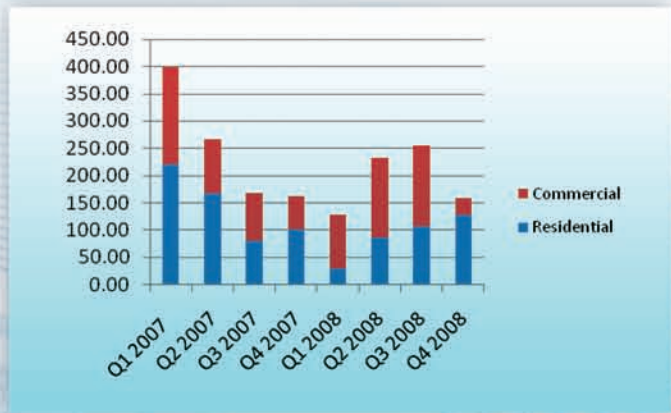
Cobb/Gwinnett Total Transactions



Cobb County Number of Closed Transactions



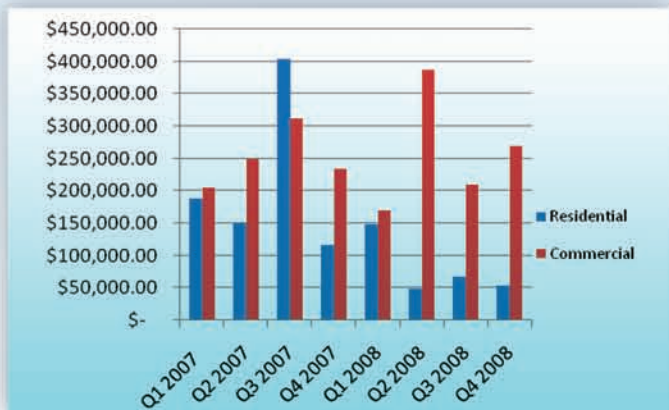
Cobb County Price Per Acre



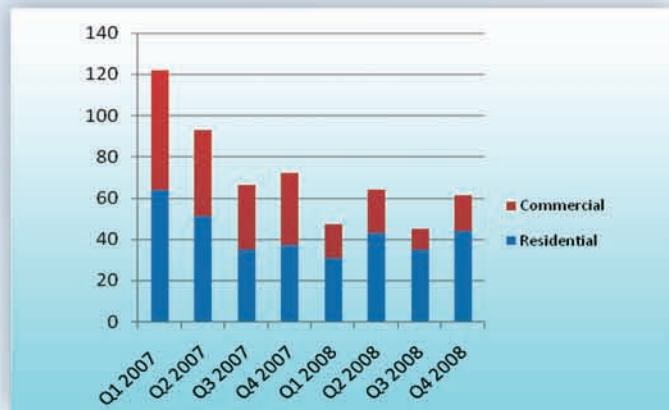
Cobb County Acres Sold



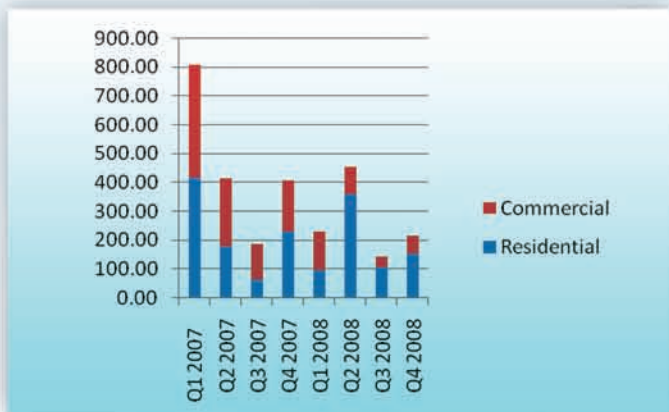
Cobb County Total Volume of Land Sales



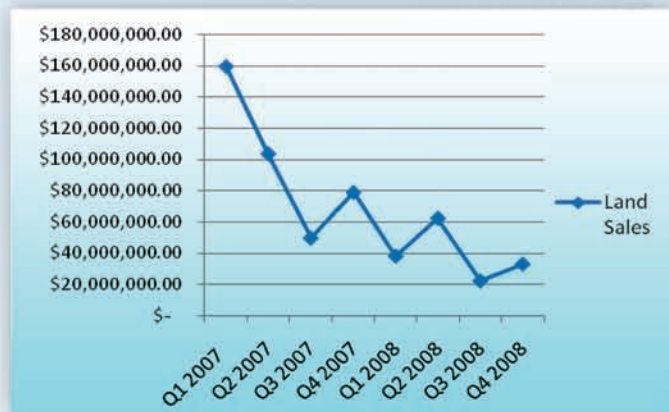
Gwinnett County Number of Closed Transactions



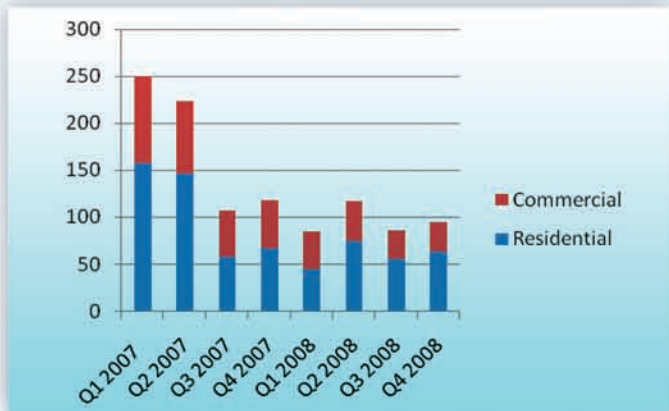
Gwinnett County Price Per Acre



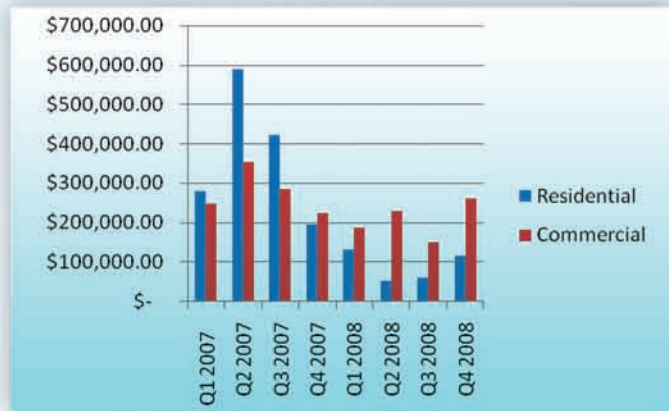
Gwinnett County Acres Sold



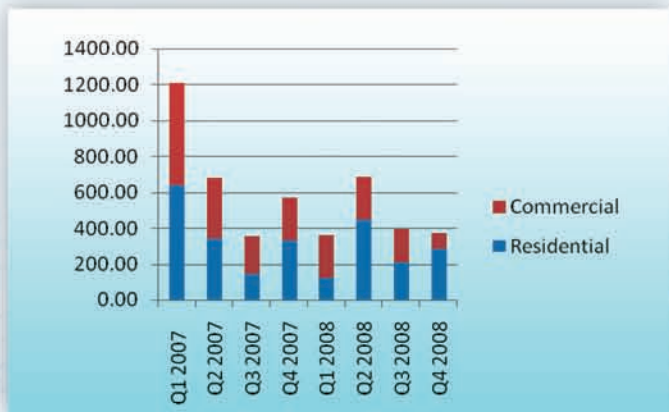
Gwinnett County Total Volume of Land Sales



Total Cobb and Gwinnett Closed Transactions



Cobb and Gwinnett Price Per Acre



Cobb and Gwinnett Total Acres Sold



Cobb and Gwinnett Total Volume of Land Sales

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Return Service Requested



*“Expect to see a slight uptick  
in land sales”*