

# What's the future of Atlanta real estate for 2022?

by Atlanta Agent December 06, 2021



Trying to predict what will happen in the residential real estate market in 2022 is a bit like trying to forecast the weather months in advance, but while the future of home sales and development has become increasingly unforeseeable, real estate professionals continue the work of advocating for their clients.

We spoke with Atlanta real estate leaders to learn what they see coming down the road for the industry. While buyer preferences for more space — both inside and outside the home — remain and supply chain issues continue to stifle home construction efforts, other factors, such as the potential increase in interest rates, are expected to change the game in 2022. Check out our Q&A with some of Atlanta's top players to learn more about what they're planning for over the next 12 months.

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## Will residential real estate have a good 2022? Why?

**Jones:** Yes, the market will remain strong. Demand is still high and supply low, with no end in sight.

**Wilmot:** YES! Inventory continues to be at historically low levels, and builders are still not building enough homes to keep up with the demand. The low interest rates are only adding fuel to this fire. 2022 is looking to be a great year in real estate.

**Huffstickler:** We anticipate a slightly more balanced market but with high demand continuing. With mortgage rates remaining low, the return to the office underway and prospective homebuyers expanding their nest eggs to secure the right home for themselves and their families in the new year, demand will likely see another spike as we enter 2022. Inventory levels are still significantly tighter than we've seen in recent history, and we don't foresee that changing until supply shoots up with new construction homes. In Atlanta, our population has grown over 75% in the last 15 years and the city gets bigger with each passing day, so the supply and demand issue will be even more prominent here than nationally.

**Emerson:** All current signs point to 2022 being another good year for real estate in Atlanta. Factors contributing to this are the continued imbalance of supply and demand. Inventory remains historically low and buyer demand fueled by things like low interest rates, Atlanta being the No. 7 metro in the U.S. for net migration, the pace of growth for Atlanta is currently third in the country, good employment opportunities

and continued strong interest in home ownership will support a strong housing market in 2022.

**Golden:** Absolutely. All key metrics we've been tracking point to a very strong 2022 residential real estate market. Prices appreciated 14.8% last year and show no sign of a significant slow-down as inventory remains low and buyer demand stays extremely high.

It's worth noting that inventory is the one wild card for 2022; the overall outlook for the near-term future of the residential real estate market hinges on the question of whether available inventory will be able to support increasing demand. We're starting to see inventory levels rise, which is a positive indicator for our 2022 outlook.

Average and median sales prices continue to outpace 2020 figures with positive, and in many cases, double-digit gains. It's certainly good news for sellers who want to maximize the value of their properties in the coming year.

Looking ahead, several factors will contribute to what I'd characterize as a "good" 2022: Though interest rates are inching up, they remain at historic lows; price appreciation is expected, as I mentioned, through 2022, and the National Association of REALTORS® predicts a 15% price appreciation rate next year. Buyers who enter the market early in 2022 will see a tangible return on their investment and sellers who put their homes on the market will cash in on these record-setting price gains.

As the single-family home market thrives, expect to see the second-home market flourish as well. Vacation and second second home purchase growth will continue at heightened levels through 2022. We'll see more buyers seeking respite in mountain and lake properties, especially with the growing emphasis on flexible, remote work, which is increasing the demand for second homes. Beyond being an extraordinary investment and wealth-builder, homeownership offers intangible benefits like happiness, contentment and the confidence of knowing you've achieved the American dream!

What changes have you made to the way you do business since the onset of the pandemic, and what changes do you anticipate making in the coming year?

**Wilmot:** We made several changes to adapt to the pandemic. Many of our agents now use virtual selling tools and tours to get new buyers. We had to review every contract as the pandemic shut the country down as many people were losing their jobs and having hours cut. Our preferred lenders along with our team worked hand in hand to ensure that we were always looking out for all the parties involved.

Some of our sellers adjusted the way they do business by adding escalation clauses and selectively releasing when homes would be available to purchase. Of course, safety was a concern not just for our real estate team but for the public in general. We implemented safety protocols and armed our team with as much information as possible to make those customers who still want to visit our model homes safe as well. We plan to continue to use our virtual selling skills and safety protocols through 2022, and I don't foresee any big changes in 2022. The one change I do see to 2022 is builders getting more confident to start selling more homes now that price increases for construction supplies have become steadier. Supply chain and labor shortages may continue to be a problem in 2022.

**Golden:** The Georgia Association of REALTORS® was instrumental in ensuring REALTORS® were deemed “essential business providers,” which allowed real estate professionals to continue serving consumers throughout the pandemic. Our sales associates socially distanced themselves in safe environments or utilized technology that enabled virtual showings and digital open houses, collaborative video conferences, electronic document transactions, as well as drive-thru closings. It was “the right choice” because it prevented a complete market shutdown and brought extremely practical innovation to our industry. Despite intense challenges, we were able to persevere, and as we move forward, many of the digital systems we enacted will remain to provide even greater efficiency for buyers in the process of the home

search, selection, evaluation, negotiation and ultimately, their next move. For sellers, we now have more streamlined, digital ways of marketing homes and closing a transaction that provide incredible value to every party involved. Moving forward, we're focused on coupling high-tech with high-touch relational service and expert market knowledge, to create the most seamless and rewarding real estate experience possible for buyers and sellers.

**Atallah:** In response to the challenges that the real estate industry faced in 2020, Coldwell Banker Realty in Atlanta implemented the shift to virtual learning, marketing and conducting business utilizing technology to show homes, work with clients, secure listings and manage transactions. Agents were equipped with the skills and resources to organically generate listing leads to manage their business and generate consistent income despite the pandemic and its inherent challenges. In response to the need for inventory, Coldwell Banker Realty will continue to focus on the needs of sellers.

**Huffstickler:** Our team is making it a point to prepare our buyers for the current market and the future market because the residential real estate landscape is ever-evolving. We've always been quick to adapt to market changes, and the pandemic showed us how valuable that approach is in this climate.

**Jones:** At the brokerage level, we were already set up to support agents and their clients virtually. Some agents were already using our tools like online earnest money deposits, but the pandemic increased adoption. In the coming year, we will get back to more in person meetings/events and less Zoom.

**Emerson:** Over the last two years we have made a number of changes across our business that will continue after the pandemic. We rolled out advances in technology that have streamlined our services for both agents and clients, while maintaining our luxury service at the core of all we do. Market insights and analysis have always been important, and with the changing dynamics in market we increased our focus on this so that our agents are consistently the advanced source of knowledge and intel for all things real estate.

What can agents do to succeed in 2022?

**Huffstickler:** Don't let your finger off the pulse. Buyers are looking for our expertise to navigate the changing tides of this market, so we need to be well aware of what's happening in each of the neighborhoods and districts we operate, such as how outside factors like commercial development are affecting the local market or how homes should be priced in order to command the most interest and the best deal.

**Golden:** As always, place the best interest of their clients above everything else. This commitment is unwavering and grounded in our Code of Ethics as REALTORS®. At Berkshire Hathaway HomeServices Georgia Properties, our President/CEO Dan Forsman has instilled a foundational vision for our firm, "The Right Choice." This is central to our decision-making, the service we extended to our clients and the culture we've created among our 1,500-plus sales professionals and teams, brokers, staff and support team. With the mindset of making the right choices, we as real estate professionals will always succeed.

Also, "The Right Choice" is about not only our determination to put clients first but also our philosophy of focusing on the relational over the transactional. Real estate is a people business, and our clients are the heart and soul of everything we do. When they succeed, we succeed; it's a simple equation. This entails cultivating a relationship before, during and most importantly, after a transaction, as well as throughout all the future moves and home services needs of every client. Listening carefully and developing a full understanding of our clients' real estate goals and homeownership dreams deepens the connection and allows us to guide them with empathy, intention and care. Real estate relationships don't end when the deal is signed; real estate relationships last forever.

**Emerson:** The ability for agents to stay connected to their sphere/contacts is always of utmost importance in the midst of any current market dynamic. The various advancements in technology have obviously assisted agents with the ability to do this more quickly and efficiently through AI, automation tools, social media, etc. However, if you peeled back the layers and took a deep look into what the most

successful agents do these days, there is still a huge element of human connection and face-to-face interaction that continues to drive their business and ultimate success.

**Atallah:** Coldwell Banker agents have been guiding sellers through the process since 1906 and are equipped with local expertise, exclusive tools (such as RealVitalize and RealSure) and state-of-the-art marketing materials to get their client's home sold for the highest return on investment while easing the stress of the home selling process. Coldwell Banker Realty agents regularly study the real estate market as it changes and they continue to be the ultimate resource for consumers, which helps them be successful.

**Jones:** Agents need to hone their skills, be laser-focused on the client experience and diligent in keeping in touch with their sphere of influence.

“The Right Choice” ideology just makes sense. When you choose a trusted advisor for your finances, for your health or for your accounting, you don't choose them for one instance and move on. You choose these professionals because you want an enduring relationship with them; the same applies to real estate. As REALTORS®, we must foster the same trusted advisor role. At Berkshire Hathaway HomeServices, our goal is to be your Forever Agent™. We provide comprehensive services for all aspects of real estate — brokerage, mortgage, title, insurance, home warranty, property management, relocation, new homes and commercial services — from a globally respected name trusted by clients around the world. It's why we're the Forever Agents and The Right Choice for every client we serve.

**Wilmot:** We saw a huge rush to buy new homes in 2021 which made sales easier for new construction agents. In 2022, agents need to focus in on the basics to succeed. Several of these basics include knowing your buyer profile, knowing your community as well as competitors and most importantly, follow up. Nurturing and following up with the leads you have is key to real estate both in new construction and resale real estate. You never know when that lead may decide that now is the time to buy or sell a home, if you're following up with them, chances are you will be the first person they call when they are ready. Social media has become a huge sales platform for real estate, and I would recommend that anyone that wants to grow their business in 2022

needs to have a strong online presence. While this can be intimidating for some, there are so many resources to help you learn and grow so that in the end, they can accomplish this task.

**Where will the hottest communities and neighborhoods be next year?**

**Atallah:** Anything around the beltway in Atlanta has been on the uptick recently and will continue to be developed with new construction and redevelopment. Additionally, we have been seeing the return of the international buyer, which could have an impact on Atlanta as it has in the past, potentially in the luxury market.

**Wilmot:** The hottest communities will be in the outlying metro Atlanta areas. Area's south of the city like McDonough and as far south as Macon are seeing a huge increase in building. As home prices continue to rise, the new homebuyers are looking further out for affordability. With many people working from home now, they have a choice of where they can live, they don't need to fight the traffic every day and they can afford the luxury of moving a little further out.

**Huffstickler:** West Midtown has been hot for the better half of the last five years, and we'll continue to see buyers flock to this area for access to top entertainment and F&B options. There's been a substantial rise in attached home development in that area. This is perfect for the growing segment of millennials who are looking for a neighborly feel as they start their families but also want to be close to the action. Corporate investment is another huge factor here, with Microsoft's Westside development and other major companies moving to the district to take advantage of the immense opportunity to create one-of-a-kind environments for their employees.

**Jones:** Anywhere listings are available.

**Golden:** Real estate is and always will be about location, location, location. Now more than ever, home is that safe solace where we live, work, play and enjoy life. The ability to grow wealth through your real estate investments is really "hot" right now! Finding the neighborhood that fits your desire for community, the home that is the right size for your growing family or the ideal location with the amenities and features



you want is exactly why a REALTOR® is the ideal professional to help you achieve the lifestyle of your dreams.

## How will tech ramp up in 2022?

**Golden:** Technology has empowered real estate professionals to evolve from the gatekeeper of property information to the trusted guide who can strategically help consumers make the right choice when it comes to buying, selling, investing, renting or any other real estate service a client may need. Technology has created a more informed consumer, but it has also created a more empowered REALTOR® with marketing, financial, relational capabilities unlike anything our industry has seen before. In 2022, I predict we'll see technology further advancing the way we market homes, connect with consumers, leverage the power of data to predict trends and create greater efficiencies in the transaction. Like I said, real estate is a people business, so we won't ever see technology replacing the empathetic REALTOR® who is helping a client sell a childhood home or the savvy real estate negotiator who can sift through multiple offers and find the best one for their seller, but it will add a new layer of competency to our skills and practices.

**Jones:** AI and predictive analytics, data is king.

**Emerson:** Consumer needs and desires will ultimately continue to drive changes in technology. Our focus remains on service, so we will continue to ramp up technology that enables our agents and staff to deliver first-class service every time.

**Wilmot:** I think we will see tech ramp up from a building perspective; builders are including more technology built into the homes to make things easier with buyers. Smart homes are great selling points!

**Atallah:** Technology has helped Coldwell Banker Realty agents efficiently conduct business at the height of the real estate market and especially while many agents were working in remote settings. Tech will continue to play an important role especially with the use of programs like Exclusive Look, which helps our network of agents to better communicate buyer / seller needs and wants.

**Huffstickler:** Tech will without a doubt be a contributing market factor in 2022. Since the pandemic, we have strengthened our virtual connectivity strategies to meet

our clients wherever they are. While in-person interactions still hold the most value, tech is proving to be a great strategic tool for our properties.

**What growth do you expect for your company next year? Do you expect your business to thrive, decline or remain stable? Why?**

**Emerson:** Our agents are currently 18% ahead in unit growth on a year-over-year basis, when the rest of the market is only 2-3% ahead, and we expect similar results in 2022. We consistently make huge investments in training, marketing and technology all focused on supporting our agents which in turn benefits the clients and customers we serve when assisting them with their real estate needs.

**Huffstickler:** We've grown every year on record since our start in 2017, so we expect no different in the coming year. We're armed with top agent talent, an expanding client roster and heightened market demand that all but guarantees a strong trajectory over the next few months.

**Jones:** I expect our brokerage to thrive. Our agents are the most productive in the industry, and other agents are attracted to that success and culture.

**Golden:** We have seen another year of tremendous growth at Berkshire Hathaway HomeServices Georgia Properties. Proudly serving more than 12,000 clients and customers, we continue to see more consumers asking for a fully integrated home shopping or selling experience. Our trusted family of service partners provide the full array of home services needed to complete a transaction from mortgage, title, home warranty and insurance to other services essential to buying, selling, investing and moving.

**Wilmot:** Our growth is tied to the number of new homes we can sell. From what we are hearing our builders are saying that they have several communities coming on in 2022, so we do expect to see some growth but being that 2021 was such a big year overall I expect it to remain stable from 2021 numbers.

**Atallah:** In 2021, Coldwell Banker Realty in Atlanta has increased agent count by approximately 15%. We expect this trend to continue with the strategic addition of some of Atlanta's premier agents.

Are you seeing continued migration to the suburbs, or is that beginning to reverse? What does it mean for sales?

**Atallah:** There is an influx of out-of-town newcomers from both coasts. Atlanta has been recognized as a fast-growing city. Some people are choosing to move to the suburbs since they don't need to be near their company's offices and are looking for more outdoor space and others are choosing to be in the city for walkability and proximity to sports and entertainment options. It appears these moves are neutralizing the migration to any one direction.

**Jones:** Yes, with many companies still allowing work from home options, people still find it feasible to live in the suburbs.

**Wilmot:** We are seeing a migration to the suburbs and beyond! As I noted above many of the outlying metro Atlanta counties are seeing a large increase in building. This means for sales that we have increased opportunities; our market just gets larger as builders move further out. While people will still be buying the metro areas, the areas that are upcoming are additional markets that we can now grow into.

**Huffstickler:** We're seeing waning demand for homes in the far suburbs and exurbs and increasing demand for in-town inventory as people go back to the office and want to be close to work. The caveat here is that while people want to be in urban districts, they're still looking for outdoor space, flexible living areas that accommodate work-from-home days and design details that foster a cozier environment. Much of this in Atlanta can really only be found in new construction development from builders who have watched this shift in real-time, so sales in this product category will see a boost.

**Emerson:** There was a point in time early during the pandemic where we statistically notice some "flight" from the urban core. However, that trend appears to have been short-lived as the Urban/Intown market as rebounded in both the single-family detached and condo/townhome market. We expect sales in all areas of metro Atlanta to trend positively in 2022.

**Golden:** We continue to see healthy movement in all markets throughout our 25 offices in Georgia. Our statewide reach is a competitive advantage and asset to the

clients we serve; our sales associates can properly assist or refer anyone moving in Georgia or out of state. And because of the international reach of our Berkshire Hathaway HomeServices brand, we can also help clients globally. The newer trend in terms of home migration is a keen interest in second homes located in Georgia's mountain and lake regions, and we expect to see that trend continue throughout 2022 with strong vacation home and second-home property sales. For those interested in a second home, visit this link to search through our Berkshire Hathaway HomeServices Georgia Luxury Fall Collective of mountain and lake properties.

## What will be the biggest challenges and opportunities for agents, lenders and brokers in 2022?

**Huffstickler:** This is two sides of a coin. On one side, there is a new influx of millennial buyers who are eager for homeownership at the low rates, but on the other, the industry will need to shift our idea of what these buyers are seeking and be ready to educate them on what's actually possible.

**Wilmot:** The biggest challenges for agents will be finding something close to where they live to sell, as many builders are moving further out. This can also be viewed as an opportunity for those agents that are willing to drive and take on these new upcoming areas. As inflation grows, I think that lenders will have a more difficult time getting buyers qualified.

**Emerson:** As the quote goes, "the only constant in life is change." It could be through new business models entering the market, new technologies, economic factors or a myriad of other possibilities that are beyond our control. The agents/companies that remain flexible, adaptable and nimble and maintain a positive attitude will be the ones to thrive regardless of whatever the challenges "du jour" might be.

**Jones:** The uncertainty in the market and economy considering things like supply chain and workforce issues, critically low housing inventory, post-pandemic PTSD, inflation and potentially rising interest rates.

**Atallah:** The hot 2021 housing market has resulted in more demand than available supply, resulting in a lack of inventory in many U.S. regions, including Atlanta. A

continued inventory shortage will have an impact on home prices increasing. The inventory shortage will continue to be one of the biggest challenges that the real estate market will be facing. Brokerages need to offer home buyers and sellers real solutions to help ease concerns with the buying and selling process. For example, the RealSure program provides homeowners with the certainty that their home will sell, the opportunity to sell it for the best price, and features to help ensure the purchase of their next home. This program allows Coldwell Banker clients to have the security of a guaranteed offer while presenting a strong offer for their next home purchase with no participation fees.

**Is the work-from-home trend changing the way people are shopping for homes? How are buyer preferences changing beyond wanting more space for a home office?**

**Jones:** It is not enough to have a space to work, but clients are considering how that space functions in relation to the other activities that go on in a home. Also, spaces like home gyms and multiple recreation/media spaces are more desirable.

**Kirchoff:** The average consumer who has been given the opportunity to work from home has embraced the ability to find their dream home in the area of their choosing. The buyer can finally focus on the needs and desires of their everyday life versus their everyday commute. I have personally found that buyers are excited about finding what they truly desire in a home versus convenience.

**Huffstickler:** Since buyers will be spending more time at home, they want to be close to the same retail, dining and entertainment destinations that are near their offices in central commercial districts. Walkability is key here, so developers are being intentional about locating communities near exciting downtowns or within mixed-use environments that offer these things. They're also wanting a stronger indoor-outdoor connection, so patios, terraces and access to trail networks are getting higher up the wish list.

**Emerson:** We are definitely seeing certain trends emerge regarding what buyers are looking for in homes these days. They're not only looking for home office space, but

oftentimes space for two home offices since there are often times more than one person working from home. Home theaters are becoming increasingly popular again, especially in the upper end along with a variety of different outdoor living spaces whether it be in pools, garden/patio areas or elaborate deck spaces. Buyers are certainly changing the way they shop, even in the luxury market. At a recent luxury conference it was shared that in 2022 it is expected that one in ten affluent consumers will be open to buying a home without seeing it in person.

**Golden:** During the height of the pandemic, maintaining effective communication and sustaining relationships was essential for bridging the geographic distance we had to overcome while we were socially distanced.

Today, we prefer in-person meetings, with socially safe guidelines in place, or phone calls whenever possible versus emails and text messages. Zoom meetings or FaceTime conferences can work but interacting outside of the screen and in the real world brings a the human element to communication that is critical for relationship building. While modern technology is wonderful, it is still not the same as connecting in person.

As for challenges: This business is not for “hobbyists.” The industry and the confidence of consumers is challenged by those who approach this licensed business as such. Our actions are regulated by laws, and we have a duty to protect others’ best interests along with their significant financial investments. For many people, buying a home is the largest investment they’ll make, and a “hobby” real estate professional won’t take the gravitas of this experience into consideration. They also don’t have the depth of experience or skill to successfully guide a client through what can often be a very complicated transaction. As jobs were in flux during the pandemic, we saw an outpouring of new “hobbyist” agents, especially as the market turned uncharacteristically hot. Some of those sales professionals quickly realized the complexity of this business and put in the necessary time and work to reach the level of professionalism required by this job. Those are the agents who can help us overcome the challenges that “hobbyist” agents present.

On the flip side, opportunities are bountiful for local, dedicated experts who find reward in helping guide people to their new home. Real estate is a human contact and connection industry for dedicated, skilled individuals with a passion for helping others start new chapters of their lives.

We are often serving people during times of intense life change, whether positive or stressful. We consider it a privilege to serve these clients with dependability, knowledge, professionalism, communication and the negotiating skills they deserve.

**Atallah:** People are looking for a move-in ready homes and with low inventory, they are willing to pay extra to get something that they don't need to update. Coldwell Banker's use of the RealVitalize program allows our agents to offer access to having those upgrades made in advance of listing the home, at no upfront cost to the sellers. This allows the sellers to enter the market at a competitive level. Earlier this year, "The Report" released by Coldwell Banker in February noted that specific trends would have staying power in the next five years, including the desire for a home office (28%), demand for a second home (23%) and the desire for single-detached homes (23%).

On a luxury level, Atlanta, which is favored for its diverse, vibrant and eclectic city atmosphere, has been named one of the top markets for "golden millennials" in the October 2021 "Real Estate's New Power Players" report released by Coldwell Banker Global Luxury. This group, aged 35-40, represents 60% of all millennial-owned luxury properties and they have shown a greater propensity for secondary cities and suburban locations that can offer them enough space for work, school and access to amenities.

**Golden:** Yes, we continue to see requests for "Zoom rooms" or space for two in-home offices, as well as additional workspaces for others who might be living in the home. Exercise rooms and outdoor living spaces, fire pits, swimming pools and outdoor kitchens are popular features with our buyers in this new world where work-from-home scenarios are becoming the norm.

Do you think the number of new people getting real estate licenses will grow in 2022?

**Jones:** Yes, we have seen an increase in new agents inquiries in the last year with people who lost jobs during the pandemic or just used that down time to finally chase their dream of being in the industry.

**Wilmot:** I can only speak for myself here but if I heard the real estate market was this busy, I know that I would want to get my license. It does take a special person with lots of drive to succeed in this business so those current licensed agents that focus on basics and have a strong online presence will not be affected by any new licensees.

**Huffstickler:** Real estate offers exactly what so many people are looking for in a job: flexibility, constant evolution, and opportunities for growth, so I think it's safe to say there will be a significant increase in real estate licenses issued in 2022. As more people seek out new career paths, the industry is gaining the next generation of real estate titans.

**Emerson:** As long as the real estate market continues to be strong, we will continue to see more and more people pursue a real estate license.

**Atallah:** In an up-market, licensees grow, but this is also challenging because they don't have access to immediate success. It's certainly a good opportunity for them to get the education and be mentored by a seasoned agent because a lot is happening, and they can take advantage of learning a lot.

**Golden:** We anticipate a leveling back to a more realistic equilibrium. Many who entertained a career in real estate during the pandemic or while laid off are now re-evaluating their future. Growing a sustainable, successful real estate business isn't easy, and the "hobbyists" are retreating or else stepping up to develop the skills and expertise this career necessitates.

What do you see happening with home prices in 2022?

**Jones:** They will continue to increase, but it is unlikely that it will be at the double-digit rates we have seen over the past year.



**Wilmot:** We saw a little flattening of prices in August and September but then in October we saw prices go back up again. I think that pricing will continue to rise in 2022 if inventory and interest rates remain low. I don't think they will rise at the pace of 2021.

**Huffstickler:** Home prices will likely level off until a spring surge, with price growth really concentrated in the new construction home market. Supply will still be an issue, however, so slight price increases will still be evident in the resale market as demand heightens.

**Emerson:** While I don't think Atlanta will see the same year over year gains of 18-20% that we've experienced in 2021, as long as the supply/demand imbalance continues in 2022, which we don't anticipate, it's virtually impossible for us to not continue seeing price appreciation. As far as predictions go, I've seen national forecasts anywhere from 3% to 10%, and would expect Atlanta to be at the top of those predictions due to favorable market conditions.

**Golden:** Referenced above- in first questions (NAR expects a 15% appreciation rate in 2022). I can elaborate if needed.

**What impact will environmental concerns have on the Atlanta real estate market in 2022?**

**Wilmot:** Our builders are faced with these challenges with building codes changing all the time due to environmental concerns. These building codes normally also mean an increase cost to building so I would expect pricing to continue to increase as these codes make it more difficult to build homes at a decent pace.

**Golden:** The strain on supply chain providers of key essential housing components, from appliances to paper, construction materials and workers, could negatively impact the outcome of the 2022 market.

**Huffstickler:** Home builders are already taking an improved approach to incorporating more sustainable features into their developments, from sourcing energy efficient appliances to reducing construction waste. Buyers are looking for these elements too, so developers are definitely on their toes.

**Atallah:** The city of Atlanta has been growing and with that growth comes environment concerns such as air pollution, and high energy and water use. Being able to connect the city with different means of transportation is a good solution for helping with air quality and expansion. It was recently announced that the MARTA transit service and Georgia Tech are working to improve connectivity issues with an on-demand solution. These types of solutions can create more neighborhoods to be accessible housing options for city residents.

**Emerson:** More and more emphasis continues to be placed on the overall “environmentally consciousness” of us as a society in general. I think we will continue to see more attention turned to “Green Building” not only in the materials used, but how those materials are produced, delivered and installed. As we continue gravitating towards the “environmentally conscious” trend it will impact what future homes and construction will look like. For example, many major automobile dealers have started coming out saying they have plans to convert their entire fleet of automobiles to be fully electric. When that day comes, having the ability to charge those cars won’t be an “optional” add-on/upgrade, it will become the norm.

**Will the Atlanta metro area continue to be a hotbed of activity for new construction in 2022? Why or why not?**

**Jones:** To the degree that builders can procure materials and find skilled labor, yes. But the cost to acquire land, develop it and build on it was already high in the metro area before we started dealing with these supply chain and labor issues. Affordable housing is difficult to find and even more difficult to build.

**Wilmot:** Yes, Atlanta will continue to be a hotbed of activity in 2022. We are still under built overall; we have more buyers than sellers. The rental market is great in Atlanta. Many of those renters will eventually want to purchase homes and right now we don’t have the inventory to serve these future buyers. We need to continue to build!

**Huffstickler:** Atlanta has an incredibly favorable business environment that allows compelling projects to get off the ground faster than in other growing cities. This

allows the city to take advantage of new development and stir up demand from not only locals, but those looking to relocate to the metro Atlanta area in the near future.

**Emerson:** Atlanta's population is expected to increase by 2.4 million people in the next 30 years. There's not enough supply right now in both the resale and New homes markets to satisfy current Buyer demand. The only way we can hope to keep up with the future demand that will be created by those 2.4 million people calling Atlanta home over the next 30 years is to build more homes. For that reason, I think Atlanta will continue to be a hotbed for New construction activity for many years to come.

**Golden:** "2022 should be another great year for new home construction," said Senior Vice President and Managing Broker of Berkshire Hathaway HomeServices Georgia Properties New Homes Division Lori Lane. "Interest rates remain low and construction delays should lessen as the supply chain returns to normal. Low inventory is to be expected while builders continue to catch up with the pent-up demand for new homes."

## What do you expect to see in the mortgage lending industry in 2022?

**Allison:** It is expected that in 2022 we will see a slowdown in refinance activity. We expect to see about a 50% to 60% drop in total refinance volume industry wide. With record levels of equity in people's homes we are expecting, however, to see an increase in demand for cash out refinance transactions to fund home-improvement projects, consolidate debt, or create additional liquidity for households.

We will see a continued increase in purchase volume throughout 2022; with a strong demand from first time homebuyers in the market. The advantage that we here at New American Funding have is that we are a direct seller/servicer for Fannie Mae and Freddie Mac. This allows us to service all of our loans and benefits our customers as we do not have any investor overlays or additional requirements beyond what Fannie and Freddie stipulate is needed. This allows us to qualify more buyers in our markets and puts a larger number of customers on the trajectory to homeownership. Our focus

has always been, and will continue to be, centered around purchase and partnering with our realtors and builders in each of our local markets.

**Berman:** I think we will see several tech companies try and enter the mortgage market; however, I think several of them will have problems. Fundamentally, people want a simple mortgage process that utilizes technology; however, they also want to be able to pick up the phone, text or email a real person, who knows them and their scenario, to ask questions. The tech lenders really struggle with that and when there is a problem that arises in the process the tech lenders AI responses or “call center” loan officers don’t have the skills to navigate those issues. But we will see a number of local and regional mortgage companies implement more technology into their process to keep up with the Tech lenders. We will also see a big rise in automation, like computer driven appraisals and computer driven approvals as Fannie and Freddie implement more technology into the approval process. We are going to see a number of new programs come out in 2022 that are going to make it easier and more affordable for first time buyers to purchase.

**Collett:** In 2022, we’ll see a continued focus by the industry on growing purchase market share. I expect interest rates to rise, which means refinance activity will fall. We’ll also see lender profit margins get squeezed, which could result in an uptick in consolidation within the industry. I expect the Government Sponsored Enterprises (GSEs including Fannie and Freddie) to focus heavily on affordable housing. In addition, we’ll likely see a slew of new products and energy poured into expanding home ownership opportunities to communities traditionally underserved by the market.

**Do you anticipate that your production will go up or down?**

**Berman:** I think refi production is going to be down 50% in 2022 with rates going up; however, borrowers are still going to find huge savings in utilizing their equity in debt consolidation refis. Borrowers can save hundreds and sometimes thousands of dollars every month with debt consolidation refis. I think the purchase business stays steady in 2022 and may even go up if we can get more sellers to enter the market.

There is still plenty of demand for housing, with rates being low, incomes up, 2022 is going to still be a strong year for home sales.

**Allison:** Overall production for the mortgage industry, as a whole, will most certainly decrease. At New American Funding we are rapidly growing our salesforce and continuing to add unique products to better serve our clients. We believe that through both strategic growth and the addition of new product offerings we will be able to maintain or grow our current retail production.

**Will interest rates remain low next year, and what should homebuyers be watching for regarding mortgages?**

**Collett:** While interest rates may move slightly higher, I do believe they will remain at historically low levels, maintaining an advantageous environment for homebuyers. Professionally, I've been through about 6-8 rising rates cycles and they always fall short of expectations; I simply don't think the markets can function on significantly higher rates.

**Allison:** We believe that interest rates will remain low for the foreseeable future. However, we do expect to see gradual increases over time with the federal reserve slowing their purchases of both mortgage-backed securities as well as US treasuries. Inflation pressures will also continue to be a factor. Homebuyers should be watching the news for signs of continued inflation as that will mean the Federal Reserve will have to take more aggressive action by potentially increasing interest rates sooner. The expectation is to see rates around 4% by the end of 2022.

**Berman:** I think rates are going to go up at a very small pace in 2022. We are going to see some increases, but I think rates will remain in the 3s for most of the year.

**What will be the most popular loan types?**

**Berman:** With my company conventional, Jumbo and VA loans are our most popular loans. We specialize in working with home buyers and creating a really smooth process and those loan types are what we are seeing the most of right now. Fannie and Freddie are going to expand their product offerings and guidelines in 2022 to help buyers with affordability. Jumbo lenders are going to be competing more and more

and we will see more lenders enter this area as Covid starts to clear up. And my favorite loan time VA is going to remain steady for 2022.

**Collett:** I think conforming and jumbo 30-year fixed-rate mortgages are here to stay. With a couple of rate hikes expected by the Federal Reserve in 2022, we will likely get a flatter yield curve, which doesn't bode well for adjustable-rate mortgage products. With tighter profit margins, lower origination volumes and the sharp focus on affordability by the GSEs, we'll likely see credit widen a bit.

**Allison:** With so many homeowners having increased equity in their homes, we will certainly see them using a variety of our renovation products. Given the volume of first-time homebuyers in our market I believe that our down payment assistance and low down payment conventional loan options will be heavily utilized. Here in the Southeast we have a large Latino community and I foresee that our ITIN loan, which does not require a social security number, will continue to be one of our more popular products. We have seen an increased number of our self-employed customers utilizing our in-house Bank Statement program and our one-year tax return program. Lastly, with sales prices continuing to move upward I foresee that 2022 and 2023 will show an uptick in clients proceeding with Jumbo financing as well.

## How will tech change for loans in 2022?

**Allison:** We will continue to see the advancements of streamline and digital mortgage application processes. We can also expect to see advancements in electronic signatures for closing disclosures and many lenders adopting remote online notarization for final closing documents. This will allow for borrowers to have a completely remote lending experience. Other advancements in technology will help to streamline the collection of data, use technology to calculate income and read important documents like tax returns with the overall goal of lowering the cost to originate home loans. These advancements in technology will both speed up the process and drive down the costs for homeowners.

**Berman:** I think I touched on this above a bit, but we are going to see more technology enter the market in 2022 but we are still going to see buyers shop online but buy locally.... Buyers want a person they can talk to, ask questions to and get a

real response. Real estate agents don't like working with the big box or tech lenders because they don't provide the high level of communication that the local lenders do. The tech lenders did great in the refi boom, but I think with refis slowing they are going to struggle on the purchase side.

**Collett:** With lower volumes, we'll probably see additional resources poured into mortgage technology, which we are certainly doing at Guaranteed Rate. Lower profit margins means lenders will have to continue figuring out how reduce the cost to originate a loan. We should see the GSEs focus more heavily on mortgage tech as well; some of those initiatives lost focus under the previous administration, whose goal was to de-risk the agencies and move them out of conservatorship.

**What impact will environmental concerns have on the Atlanta real estate market in 2022?**

**Allison:** Currently the Atlanta market is experiencing much more demand than there is supply. We foresee that will be a trend that continues into 2022. It is going to take some time for supply to catch up to the large demand that current residence, and the large influx of new residents relocating here, have put on the market. This is where we will see new construction picking up some of the need. The cost of living, in comparison to most of the country, is low and we will continue to see an influx of folks relocating here as we have over the last 24 months. With that said, demand will likely increase even more in the coming year, and we will continue to be busy with the inventory that we have. We are looking forward to the growth and to serving more customers and getting families into their homes.

**Will the Atlanta metro area continue to be a hotbed of activity for new construction in 2022? Why or why not?**

**Berman:** I think the Metro Atlanta market will continue to see new construction activity in 2022. With the population growth, higher incomes, and more first time buyers the new construction industry is going to be strong in the Atlanta area. The biggest hurdle they will have to overcome is supply chain issues and borrowers'

expectations. If they can overcome that I think 2022 will be one of the strongest on record for new construction.

**Allison:** Atlanta will absolutely still be the hot market for new construction! Metro Atlanta has always been a great place for builders and we do not foresee that changing in 2022. Many of our builders have projects that are ready to come out of the ground. The need for housing, and the want for newly built homes, here in metro Atlanta is high. New American Funding, and all of our builder partners, are looking forward to putting a lot of families into new homes and bettering our communities through homeownership!

**How will you add inventory in 2022?**

**Loudermilk:** In recent years, we have reduced the number of spec homes we build in favor of primarily custom homes because families and high net worth individuals want their dream home to be exactly the way they want it, with features like home movie theaters or double home offices that support their unique lifestyle and needs. That said, we do usually start a few spec homes each year and they often convert to custom after they come out of the ground. It's important to have some availability for executives or families that are relocating and need a house quickly.

I'm confident that 2022 will be even busier for us than 2021, and this has been the busiest year in our company's history.

**How is your company responding to low inventory?**

**Loudermilk:** Low inventory is an issue, and it makes the available homes that we do have even more attractive and hard to come by. We've been selling homes faster, and demand is so strong that we've had to do a short-term moratorium on new home contracts to give our team a chance to catch up.

**How will you deal with supply chain issues next year? Will this continue to be an issue for builders?**



**Loudermilk:** Supply chain issues continue to be one of our largest challenges. Certain items like stoves, refrigerators and exterior paint are simply not available sometimes. We've had to drive from Atlanta to Alabama for paint, and we've switched brands just because another product was available. We've bought temporary stoves, refrigerators and faucets so the buyers can take occupancy and move in, and then we'll come back in a few months and swap out the items that had been on backorder.

Our rigorous pre-construction process includes making all selections before we break ground, so we can usually order materials, cabinets, light fixtures, tile and flooring well ahead of time. We also bought a couple of 35-foot metal shipping containers for extra temporary storage so we can pre-order more materials.

## How important will agents be to your business in 2022?

**Loudermilk:** Realtors are incredibly important and valuable business partners for Loudermilk Homes, and they play a major role in our success. The Realtors we work with help communicate our commitment to quality and our 9-Step "Process to Perfection" that makes it easy and fun to work with us. Agents can also be proactive and enhance our transparency with buyers when there are unexpected issues, like supply chain hiccups that cause schedule delays or rising prices for things like lumber or cabinets.

## What impact will environmental concerns have on the Atlanta real estate market in 2022?

**Loudermilk:** Homebuyers care deeply about the environmental impact of construction, from the materials and energy used to build their home and the energy efficiency of major systems. We apply the concepts of progressive value engineering to every home we build because it reduces costs and optimizes the use of materials. For example, we stack walls to optimize lumber and engineered beams, and we shorten HVAC runs so the furnace and air conditioning are efficient. We also situate the house on the lot and place windows and doors in a way that takes advantage of the

natural sun patterns and shade. We also insist on keeping a clean job site because it minimizes waste and can save thousands of dollars on each project.

**Will the Atlanta metro area continue to be a hotbed of activity for new construction in 2022? Why or why not?**

**Loudermilk:** Absolutely — metro Atlanta is one of the most attractive places in the country to raise families, advance your career, and have a great quality of life. It's still much more affordable than other cities on the East Coast or West Coast, and there are many major Fortune 2000 employers, an active startup and entrepreneurial ecosystem, terrific schools, excellent restaurants and retail, mild weather, and countless outdoor activities and recreational things to do. We think 2022 is going to be a new record year for Loudermilk Homes!

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