



INTOWN Living GETS A Lift

The demand for homes built and renovated inside Atlanta's well-established neighborhoods has reached new heights in recent years.

Sitting in rush-hour traffic is no one's idea of fun. But for some intown Atlanta homebuilders, choked freeways mean business.

Spurred by frustrated commuters and a desire for an urbane lifestyle, the demand for homes in established inside-the-Perimeter neighborhoods is surging. That is fueling a booming business in "infill" development – building houses on the few remaining vacant intown lots, razing older homes to construct new ones in their place and renovating existing houses.

Dennis McConnell, who's built intown Atlanta homes since the late 1960s, says intown residential demand has traditionally depended on people wanting to live among a diverse population, near top-notch restaurants and entertainment, cultural and sports venues.

"But in the last three or four years, it's driven by sheer traffic count," says McConnell, president of McConnell Homes.

As an example, McConnell cited a customer who recently was promoted to a senior partner position at a real estate firm based downtown. With the promotion, he needed a larger house for fancier entertaining. The client initially scouted for homes in Ansley Park and Buckhead before sticker shock sent him shopping above the Chattahoochee River.

However, after factoring in the additional commute time, the real estate executive found that living closer in would save sufficient time to

justify buying a pricier home, McConnell says. “That just did a tremendous amount for his productivity.”

That newly minted senior partner is hardly alone in choosing to build in the city recently. According to the Atlanta Regional Commission, the city of Atlanta in the first three years of the new millennium added more net new housing units than it did during the entire decade of the 1990s. From 2000 through 2002, the city itself got 11,308 new housing units, two and a half times as many as during the 1990s, the ARC, an area planning agency, reported.

Much of that increase is in the form of infill building. Despite the recent sluggish economy, demand remains strong, homebuilders say. In some gentrifying neighborhoods, in fact, it’s a self-perpetuating phenomenon. Paul Weathersby, president of Weathersby Construction Co., noted that in the areas in which he builds homes – including Grant Park, Cabbagetown, Reynoldstown and Ormewood Park – new residents ultimately attract more residents.

“The more people move in, the more amenities are built – restaurants and shops and such – which just brings more people in,” Weathersby says.

Even in well-established intown neighborhoods like Virginia Highlands, demand is still robust, according to builders. Butch Holland, owner of Oak Street Development Co., builds mostly cluster homes in the area. Over the years, he has built in Cobb, unincorporated Fulton County and Decatur. In the past few years, though, he’s concentrated on Virginia Highlands, where he grew up and lives, because demand has been nearly unquenchable.

“We don’t have anything that sits. It’s gone and probably carries a \$20 premium per square foot over something in, say, East Cobb,” Holland says. “I won’t take a job further away than I can walk my dog. I’m happy to stay in my small town of Virginia Highlands and do my job.”

While they don’t foresee the popularity of intown living waning, builders say that rising property values are changing the dynamics. Skyrocketing value of raw land – excluding a house sitting on it – is making renovations less economically attractive and even making it more difficult to profitably build new houses, says

Curtis Peart, CEO of Capstone Partners, which builds homes in Grant Park, East Atlanta and Inman Park among other intown neighborhoods.

Specifically in Virginia Highlands and neighboring Morningside, prices of the highest-end homes have soared 50% in the past three to four years, McConnell says. He bought a house there for \$19,000 33 years ago. Today, he’s building \$1.2 million homes in the same areas.

Continually rising land prices eventually tilt the economics in favor of razing old houses to make way for ultra expensive new houses or attached housing. Pay enough for a piece of land, and you can’t make money by building a single-family home, Weathersby says. When prices rise high enough, “it’s how many units you can put on the acre,” Weathersby adds.

Whether they are single-family homes, town homes or condominiums, much of the new intown housing shares one commonality: natural gas. Builders say they simply find that their customers demand it.

Weathersby, who builds about 10 houses a year, said virtually all his homebuyers want gas logs in their fire places. And he installs gas ranges in every home. In addition, getting gas service hooked up is “very much a hassle-free process,” he adds.

Like Weathersby, McConnell says that his customers simply want gas. For cooking, it offers more precise heat control, and homebuyers want it in their fireplaces, too he says.

Gas availability can even make or break a deal. “You can actually lose a sale if you don’t have gas cooking,” Holland comments. ♠



Dennis McConnell, president of McConnell Homes, has been building intown Atlanta homes, like those pictured here (and the opposite page) since the 1960s.