

FOR HOMES, ONLY WAY IS UP BUILDERS TURN TO CONDOS AS LAND VANISHES; HIGHER APPRAISALS OUT

Corey Dade - Staff

As vacant land disappears in DeKalb County and brings an end to suburban build-out, home builders are beginning to build up.

Townhouses and condominiums are expected to account for 57 percent of all homes constructed this year, according to DeKalb County appraisers. For single-family homes, the scarcity of land is projected to reduce production by 10 percent.

The annual property appraisals present a snapshot of housing trends and communities in DeKalb.

The appraisals for 2004 are being mailed to more than 128,000 homeowners.

The real estate picture from last year shows that the shortage of available land is squeezing home construction. Builders completed 3,735 homes last year, compared with the 5,000 homes built each year in the booming late 1990s.

By the end of this year, housing construction isn't expected to exceed 3,000.

The volume of sales continued to drop last year, as well. Compared with about 15,000 transactions in 2002 and roughly 13,800 sales in 2003, appraisers say that slightly more than 12,000 homes changed owners last year.

The emergence of taller, higher-density projects marks another landmark in DeKalb's transformation from bedroom community to urban municipality. While townhomes and condos made up only 31 percent of all housing stock last year, appraisers call them "the new hot thing" because they consume less land than detached homes and are a key piece in the county's "smart growth" plan, modeled on downtown Decatur.

A variety of zoning changes, pedestrian-oriented ordinances and tax incentives are designed to encourage projects that combine medium- and high-rise residential developments with street-level retail within walking distance of restaurants and public transit.

"We are running out of land. People may be surprised to hear that it's happening so quickly," said DeKalb's chief appraiser, Eugene James.

11% MEDIAN INCREASE

Appraisals are among the most sensitive functions of county government, because rising home values drive property taxes higher. County appraisers said they generally expect challenges from about 3 percent of homeowners each year.

Georgia requires property to be appraised at 90 percent or more of market value. DeKalb properties are appraised at about 95 percent of market value. Taxes are assessed at 40 percent of a home's value.

The 2004 appraisals show that while the volume of sales and the rate of construction slid, home values continued to climb. The overall median sales price increased by 11 percent, to \$198,000 from \$176,220 in 2003. By comparison, the increase from 2002 to 2003 was 7 percent.

"That's what was surprising to us more than anything," James said.

The median is taken from the midpoint of the highest and lowest sales prices, and is considered a more accurate representation of the home sales market than the average price.

For \$198,000, the median house size available was a 1,754-square-foot abode with three bedrooms and 2.25 bathrooms.

From neighborhood to neighborhood, the values ranged widely. But sales prices rose in virtually every community.

Households inside the Perimeter continue to be a "hot ticket," said Doug Kirkpatrick, who supervises residential evaluations for the appraiser's office. Infill projects --- bulldozing smaller homes and replacing them with larger ones --- are erasing the stock of 1950s ranch-style homes.

In Atlanta, or what real estate agents call intown, infill homes in Kirkwood, Edgewood, East Lake and East Atlanta are selling in the \$280,000s and higher.

"A lot of it is the proximity to downtown Atlanta," said Commissioner Larry Johnson, whose district includes several Atlanta communities and southwest DeKalb. "I've got a lot of areas going through gentrification."

From Dunwoody to Brookhaven to Emory, communities with some of the most expensive homes, the median sales price rose to \$291,700 from \$270,800. In many cases, infill homes are selling for \$700,000 to \$800,000.

"The new trend is going to be more and more tear down," James said. "They want location. At the upper end, homeowners are buying up a couple or three lots at a time to build one house."

From Doraville and Chamblee to Tucker, Stone Mountain and Pine Lake, the median sales price increased to \$232,800 from \$215,000.

LITHONIA BOOMS

In Decatur, long the symbol of neighborhood revitalization, the median sales price has risen to \$270,000, a 6 percent increase. Appraisers said the city's real estate is so sought after that homes needing major renovation sell for more than \$200,000.

In the southwest, the price in communities bordering Wesley Chapel Road and Flat Shoals Parkway increased to \$161,700 from \$151,500.

The highest rate of increase occurred in the southeast, where Lithonia and surrounding communities offer the remaining vacant land in DeKalb. Here the median sales price increased 10 percent to \$141,400 from \$128,700.

"The southwest and the southeast are probably going to be our hottest areas," Kirkpatrick said. "In some ways, they already are. The most growth, the most development, the most appreciation."