



**NATIVE
INTELLIGENCE
2023**





BUILDING COMMUNITY



Cover photo – Jaemor Farms

CHANGE

The ability **TO CHANGE**, to adapt to circumstances, climate, economic conditions, political, social, or human is uniquely vested internally to Mankind. God's other creatures can and do change, but Humankind can make radical changes in an INSTANT. Yet countless times we know that it takes great character to embrace CHANGE as a mindset.

We, in Northeast Georgia, do just that.

The reality is that we are all interconnected. For the newcomers arriving 10 minutes ago and the 7th generation North Georgians, LIFE in our region is interconnected; ever-changing but interconnected. All living things depend on their environment to supply them with what they need including food, water, and shelter. An environment consists of physical factors such as soil, air, temperature – and of other organisms. An organism is an individual living thing...we are individuals, yet nature makes us co-dependent – to drive our individual success.

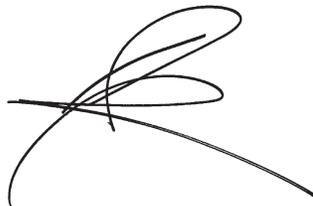
So it is with our own firm. We are interconnected in the economic, social, and human kindness fabric of our region like Grandmother Eliza's patchwork quilt stitched together to produce security and warmth. We stretch our intelligence and intellectual capital across the state and now across the southeast as we LEAD our industries of Insurance, Real Estate, and now pioneering Innovative Housing Communities. We power solutions as we adapt our firm and our industries to the ever-cascading waves of CHANGE.

Regardless of National economic climate or political party, we endeavor to serve steadfastly our clients, our community, and our God. You can count on us.

THE POWER TO PERFORM.



Robert V. Norton
Executive Chairman
Legacy Risk Solutions, LLC



Frank K. Norton, Jr.
Executive Chairman
Chief Investment Strategist
Norton Legacy, Inc.



Thomas A. Howard
Executive Chairman
President/CEO
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“God Bless America, the land of the free, home of the brave and the witness of human opportunity.”



BUILDING COMMUNITY

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The views expressed herein reflect our views of North Georgia, our views of our future and our views on the opportunities and obstacles in front of us. **We own it**...the Data, the Interpretations and the Human Spirit that drives us forward.

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All data and research have been drawn from sources Norton deems reliable.

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Norton’s Annual Forecast features our interpretations, thoughts and commentary on North Georgia’s market conditions. Dovetailed with this effort, Norton has built a vault of back-up Regional Community data. Accessible to the public, Norton friends and especially our clients. The portal is:

www.nortonintelligence.com

Norton Native Intelligence™ staff has spent thousands of hours building and maintaining a robust platform of historical and current community data at your fingertips in order to educate and power our clients forward through the storm of economic business and regional change. We invite you to explore further.

EDITOR'S NOTES

2023

For 36 years or so I have locked myself away and, for the most part, solely written each year's forecast. To take some of the burden away, six years ago we introduced the concept of "First Person Snapshots" where Key Sales Associates and Partners write their current market observations on a preassigned topic.

Norton's Forecast has grown and taken on a life of its own. Our sales force and clients rely on our historical statistics, identifiable trends, and insightful commentary. Our sales staff doesn't want us to ever give it up as they leverage the information to forge business and long-term personal relations...new and old.

It's now time to step up the transition...

Standing in the wings for years now has been my business partner, my Kindred Spirit, my right hand, my friend and a dedicated community leader Tommy Howard, President/CEO of Norton Brokerage Services. Over the years he has been an integral sounding board for our ideas and cautionary hand guiding our commentary focusing on **Rational, Relevance, and Opportunity**. This year he has written two of the Forecast's trends and going forward he will take a broader Forecast role to co-present the Top 10 Game Changers in our Annual Forecast event. He is a capable Forecast Captain as we transition Norton Native Intelligence™ in the years ahead.

I am not going away, I plan to remain an active part of the analysis, writing, and presenting. We realized that the sustainability of our product (Norton Native Intelligence™ Forecast) is vital to our firm. Both Tommy and I will continue to be available to speak on real estate trends and real estate community issues across the state- we simply wanted to share the direction and thoughts behind the scenes. Norton Native Intelligence™ Forecasts have helped Governments and Private Businesses with decisions pointing out for decades, what we have called the GOOD, the BAD and the OPPORTUNITIES in between.

EXPECT THE SAME FOR GENERATIONS TO COME.



Frank K. Norton, Jr



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CONNECTION

In the 2022 Forecast, we used the powerful metaphor of the American Buffalo – Bison to represent the strength and importance of Facing a Storm rather than running away from the Storm of Life. In fact, Norton has now adopted the Buffalo as our spirit animal.

No one could project the velocity of home prices and the surge in rental rates from January to June 2022; then the rapid rise of 30-year interest rates, January 2022 (3.25%) to December 2022 (6.5%) and now the current federal prime rate. The knee jerk reaction to these rate changes is the veracious number of contract withdrawals by National and Regional builders of land transactions under option thrusting the dire supply of new homes for 2023, 2024 and now 2025 to historical low levels. The housing industry has hit the PAUSE button.

Astute investors and businesses have always known that everyone is connected. Botanists tell us that our forests and ecological raw forests are interconnected. Entire sub-forest ecocultures are interconnected and benefit the jungle's floor, the drifts of tundra and the row upon row of orchard vineyards or groves.

We chose a Peach Orchard for this year's cover. The interconnected grove of fruit producers depends upon the nutrients of the soil and shielding each other with their canopy and their root system. Nothing is more reflective of North Georgia's agri-business than a blazing flowering Peach Orchard from Jaemor Farms. As a part-time peach farmer (600 trees plus) I've learned the importance of soils, microclimate, elevation, and the importance of weekly care of these living organisms. Beneath the soil, root growth becomes interwoven sometimes working in concert to choke out weeds, manage pests, shielding winds and storms. They share their interconnected strength.

Last year, we challenged our readers to become Buffalos in the face of storms and we reiterate that challenge in these times as we also recognize that the earth, winds, rain, and storms are interconnected. The interest rates and the national media driven pursuit of "impending doom" of a recession has driven production, tempered construction starts, impacted pricing, and led some to drop land purchase contracts. The rise of lumber prices interconnects below the surface with the increased labor cost and cannibalization of skilled labor, assuming labor is even available. As lumber prices fell in the second half of 2022, it became inversely related to the rapid rise of cement and concrete pricing.

Crazy times! Our Partner, Matt McCord described it best,

"It's like ground hog day in the insane asylum."

GOOD TIMBER

The tree that never had to fight
For sun and sky and air and light,
But stood out in the open plain
And always got its share of rain,
Never became a forest king
But lived and died a scrubby thing.

The man who never had to toil
To gain and farm his patch of soil,
Who never had to win his share
Of sun and sky and light and air,
Never became a manly man
But lived and died as he began.

Good timber does not grow with ease:
The stronger wind, the stronger trees;
The further sky, the greater length;
The more the storm, the more the
strength.
By sun and cold, by rain and snow,
In trees and men good timbers grow.

Where thickest lies the forest growth,
We find the patriarchs of both.
And they hold counsel with the stars
Whose broken branches show the scars
Of many winds and much of strife.
This is the common law of life.

Douglas Malloch

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OPPORTUNITY
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NORTON SPELLS OPPORTUNITY

North Georgia is an Opportunity Community open to fresh ideas, open arms to newcomers who are settling in our hills and valleys; and those who are open to the trial, error, failure, and success of a myriad of businesses and governmental ideas. In 1928, the official founding of our firm, our North Georgia region had a population of 218,000:

County	1928 Population	2022 Population	% Change
Banks	10,125	17,878	77%
Barrow	12,558	86,978	593%
Dawson	3,642	28,205	674%
Fannin	12,795	25,682	101%
Habersham	12,344	46,571	277%
Hall	29,614	208,743	605%
Gwinnett	28,347	990,563	3394%
Jackson	22,218	80,493	262%
Lumpkin	4,989	33,754	577%
Madison	15,697	30,620	95%
Pickens	9,394	34,065	263%
Rabun	6,214	16,920	172%
Stephens	11,635	26,707	130%
Towns	4,264	12,882	202%
Union	6,363	25,274	297%
Walton	21,737	99,738	359%
White	6,065	28,004	362%
Total	218,001	1,793,077	723%

This growth reflects the opportunity and openness of the fertile ground of our region. The openness to outsiders: their thoughts, their energy, and their resources. Opportunities are in everything we wish to accomplish, at every

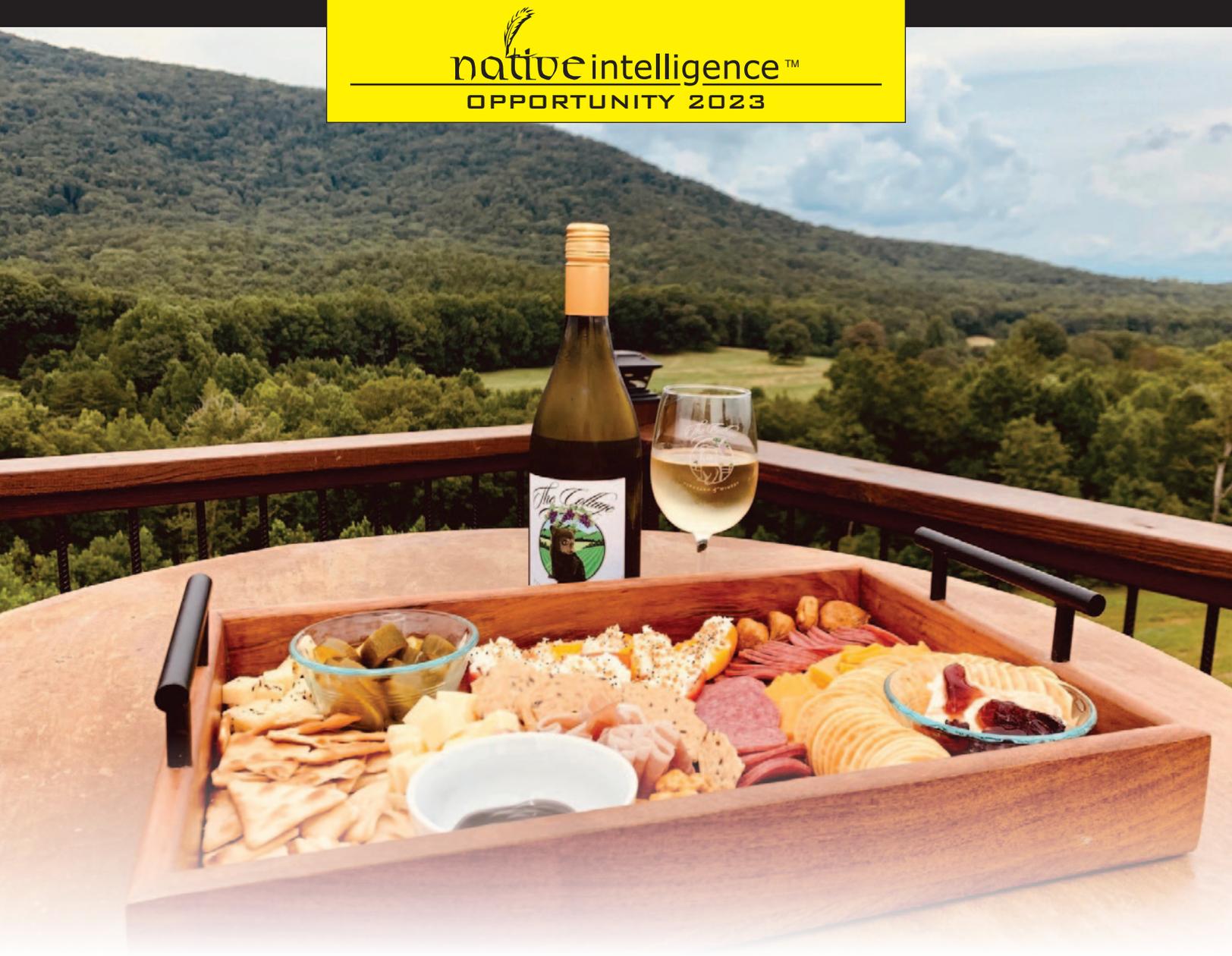
turn. Yet as humans, we must have the foresight to recognize them and put in play business, civic, or individual actions to best capitalize on them.

One recent example is Norton’s own multi-faceted business plan to capitalize on the single-family rental market. For better part of 8 decades, our family has bought, sold, built, renovated, and managed free standing rental homes... only now are they cool, if not HOT. Even Wall Street investment minds have begun to recognize the importance of this asset class.

In the mid to late 2000’s, Norton was managing over 300 Single Family Rentals (SFR), and remains the portfolio management leader from North Georgia in that sector.

Eight years ago, Norton Insurance launched Real Protect (Realprotect.com) to insure investor-owned single-family rentals across the country putting our talent and real estate insurance experts to work for investors, large and small. Today, that division is our fastest growing component with 30% annualized growth and 33 employees. More importantly we now insure over 55,000 investor rental homes across 48 states.

Norton’s latest Single Family Rental (SFR) initiative has been a carefully paced, ground up development product. The firm is developing small cluster neighborhoods or compounds of 4 to 38 family homes. We call these “Liberty Villages” reflecting their 21st Century Farmhouse design with red, white, or blue stars, and red mailboxes. They are designed to put affordability back into quality homes, targeting what’s called the “missing middle” of the home rental market: young professionals on the way up, older adults downsizing and young families just getting a start. These 1, 2, and 3-bedroom properties have been leasing as fast as we can circumvent supply chain shortages. Becoming the Pied Piper of attainably housing, we continuously share our plans, our concepts, and our research to others in hope of *copycats* because we can’t solve the rental opportunity by ourselves.



Opportunity Thinking is a mindset, a brain rewiring, exercising deep thinking in between the lines. Norton's sales staff continuously stretch their minds to do just that. Some of the current opportunities for 2023, 2024, 2025 and beyond include:

SHORT TERM OPPORTUNITIES

The Norton Agency annually lists its “Best Bets,” opportunities which we see across the broad North Georgia marketplace. While there is “no such thing as a sure thing,” we believe the following fill specific market gaps and might provide the astute investor with better than average returns.

LAND BANKING – Purchasing raw land for sheer speculation regardless of the country under \$6,000 per acre...the buyer should purchase with **all cash** and prepare to hold for at least seven years to maximize their return.

INVESTMENTS – Provided they are purchased right and have consistent cash flow.

SMALL BAY INDUSTRIAL – MULTI-TENANT FLEX SPACE – With front loading drive-in docks in 1200 to 1500 square foot bays and larger metal warehouse units.

QUALITY SUBDIVISIONS in Banks, Franklin, Habersham, and Lumpkin Counties.

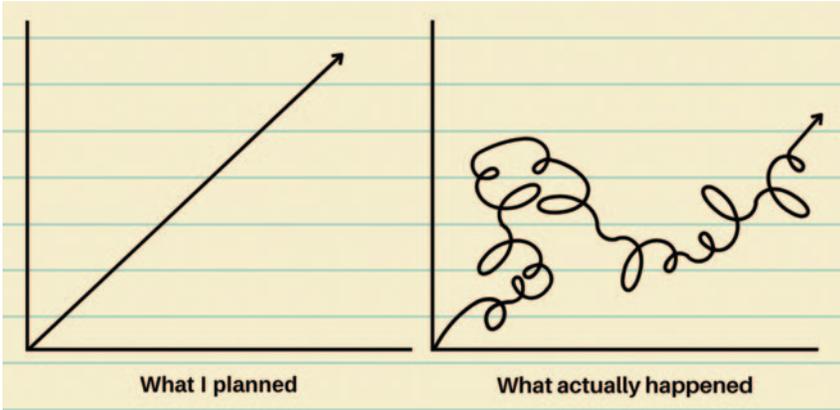
MOBILE HOME NEIGHBORHOODS – Quality master planned, fee simple, mobile home residential developments with tight architectural, site plan controls and high standards and in any county of our region.

GAME CHANGERS



GAME CHANGERS - 2022

It has been one HELL of an interesting year. 2022 is behind us, the pricing and demand volatility in both the commercial and residential market, the sudden reversal of low interest rates, unprecedented soaring inflation, supply chain instability, bitter mid-year political turmoil, conversely balanced with strong post pandemic consumer spending have enveloped our daily lives.



Our 2022 Game Changers are (in no particular order):

1. Hiding from Reality
2. The Battery Belt
3. Rising Taxes, Rising Costs/Rising Home Prices, Rising Interest Rates
4. The Impact of the Inland Port
5. Sewer is Golden
6. How Much is too Much?
7. Emergence of New Age Employment Cities
8. A Moratorium by Default
9. A Crack in the American Dream
10. Density

What’s a research force like Norton Commercial and Acreage Group and Norton Native Intelligence™ to do? What do the tea leaves say? Is the crystal ball clearing or under prolonged clouds of fog?

We strongly believe that no matter how 2023 unfolds, identifying the significant market trends of the past year can best point to directions of growth and opportunities ahead for the next generation. Woven together, these Ten Game Changers reflect North Georgia’s Market Pulse. It’s important to note that it’s North Georgia we are focused on...not Atlanta, the Southeast nor the Nation. We are generationally **local**; work **local**, hire **local**, support **local**, contribute time and to local charitable endeavors, and invest in what Capital we accumulate... RIGHT HERE.

All year long, our sales force gets together to talk about the ever-changing dynamics of both the Commercial/Acreage and the Residential business segments. This has always allowed us to pivot quickly with the twists and turns of our industry.

Market Trends awareness is part of Norton’s DNA, a successful ingredient to our 95-year history. While we watch emerging trends, other linger. At the end of each year, our group gathers to discuss these shifts and filters through the past 12 months to distill our list for our Top 10 most significant Game Changers for the year: economic, demographic, development, or political.

Many could debate the individual merits of our selection and we always welcome that debate: these Game Changers are to be thought provoking, invite discussion, challenge, and stimulate opportunities. Norton’s Top Ten are money markets, money savers, or money warnings if you dig deep enough.

1. HIDING FROM REALITY

Over the last 36 months, we have noticed large and small communities playing chipmunk. Chipmunking is skirting around with bounds of energy and then escaping into the closest hole where the chipmunk goes into hiding. Occasionally they poke their heads out, look about, sometimes continuing their skirting only to disappear once again. Communities faced with tough decisions on growth, planning, and potential apartment projects are playing **Chipmunk**...hiding under the nearest rock.

CHIPMUNK GAME PLANS:

■ Imposing massive impact fees to dissuade new construction and new development. This only drives up home prices and hurts not only new residents but existing as well.

■ Moratoriums – short- or long-term moratoriums sometimes placed at the drop of a hat to stop permitting, change or tighten ordinance wording or simply “BECAUSE.” Communities with some form of moratorium as of this writing is December 2022 include

- | | |
|---------|---------|
| Oakwood | Forsyth |
| Jasper | Dawson |

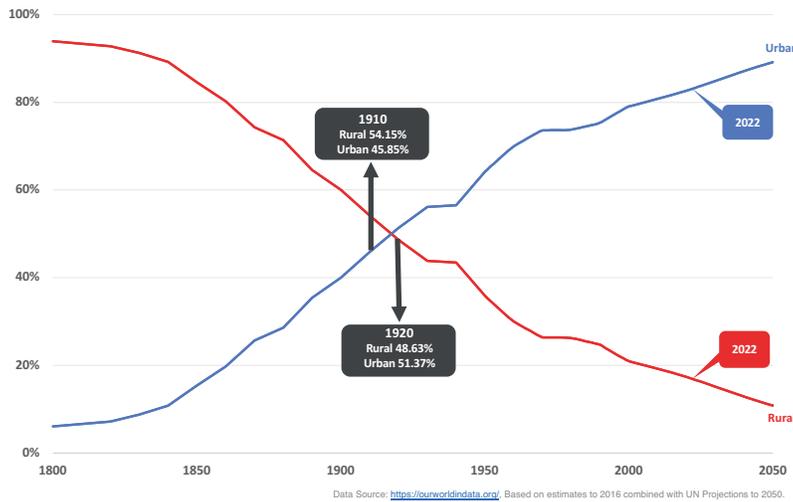
■ **Sewer** – we know “sewer is gold.” See the *sewer commentary* in this issue but we see communities increase sewer tap-on fees to unrealistic levels or other communities with tremendous sewer capacity just shut down sewer hook ups to stop all residential growth. “What are they saving them for... The Easter Bunny?”

■ **Overburdensome Ordinances** related to growth are passed to create layers upon layers of bureaucracy, paperwork, committee reviews, soil and erosion construction practices and redundancy of paperwork, which stretches timetables and drives up cost.

■ **Eliminating Slab Construction** – this practice is used extensively to shave construction costs for entry level house buyers but outlawing them adds \$25 – \$45,000 to a normal size home and in some minds “eliminates the riff-raff of First-Time Homeowners.”

- **S.K.** – a battery manufacturer Jackson
- **Indigo Energy** – EV charging station provider Hall
- **Rivian** – Automotive and Truck Manufacturing Madison
- **IMS Gear** – Produces steering, seating, and lift motors Hall
- **ALBA Form** – Produces seating harnesses for Tesla Hall
- **SKF** – Produces ball bearings Hall
- **Energy Assurance** – UL certified battery testing Hall
- **EnChem** – Battery fluid Jackson
- **Duck Yang** – Battery Modules Jackson
- **SKT** – Metal castings for batteries Jackson
- **SUNGEEL** Stephens

 **THE RURAL TO URBAN MIGRATION**
United States, 1800-2050

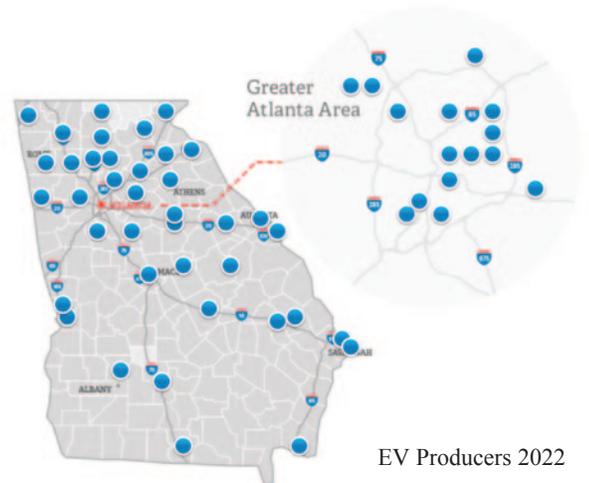


The reality is that communities must grow to **thrive**; an ever-changing flow of fresh citizens, industries, retail, or population is a strong long-term business strategy and expands community engagement. **You can't hide forever, sometimes you must crawl out of the hole, face the sunlight, and face reality.**

2. THE BATTERY BELT

Less than 10 years ago the phrase E.V. wasn't even in our vocabulary. Now in 2023, it is synonymous with automotive and electronic innovation and has become increasingly intertwined with North Georgia's economic vitality.

At Norton Commercial and Acreage Group, our focus merits a real estate perspective and a deep dive into opportunities in this emerging technology. Numerous businesses with E.V. intentions are being planted in Northeast Georgia as we write. Today that list includes:



While there isn't a real National E.V. mandate, 17 states have declared that they will NOT sell any new gas-powered vehicles by 2035. Those states include: New York, Massachusetts, Vermont, Maine, Pennsylvania, Connecticut, Rhode Island, Washington, Oregon, New Jersey, Maryland, Delaware, Colorado, Minnesota, Nevada, Virginia, Florida, and New Mexico.

The United States E.V. industry is gaining strength. As of 2020, there were more than 1.8 million electric vehicles registered in the country from fewer than 300,000 in 2016. More than 18 million E.V.s are forecasted to be on the road during the next decade.

E.V. REAL ESTATE OPPORTUNITIES

E.V. CHARGING STATIONS

With the projected amount of E.V. cars on the roads by 2030 or 2035 (BTW that's 7 to 12 years away), where is the infrastructure to charge these cars every 200 to 300 miles or at least weekly? Charging takes time, 6 – 12 hours to charge a Tesla on a Level 2, 240-volt home charger but faster on the elusive commercial charger (15 to 20 minutes) depending on the type of vehicles. Faster charging means more available power. Norton Portfolio Management contracted with EV provider **Indigo Energy** to provide initial power stations at its managed Hunt Tower and Medical Arts Gainesville assets. These are simple ground lease locations with upkeep and revenue driven back to *Indigo*. Our view is that they provide our tenant population tremendous value and a service. Not surprisingly, we read that charging infrastructure investments should top 13 billion between now and 2028.

GAS STATIONS

The gas station landscape will be deeply upended over the coming year narrowing back to 68,500 units by 2050, 43% of today's gas stations will disappear by 2050. Those that survive will have to add E.V. stations alongside gas and diesel pumps. Charging stations thus bring customers back to their retail locations. One important aspect is the charging time: gas fill-ups take a couple of minutes, but E.V. charging takes around 15 to 20 minutes leaving plenty of shopping time, think convenience stores evolving to smart community markets like Buc-ee's Markets, creating a new blueprint for the 21st Century fill up locations.

E.V. MANUFACTURING

We will see continued expansion of E.V. manufacturing such as SK, Rivian, and Tesla. I-85 is already known as "The Battery Belt" and there will be more workforce cloning and cannibalization of the emerging but trained E.V. work force from newcomers entering the same markets. You may even see E.V. manufacturing expansion by our existing industries such as Kubota, Fox, and Caterpillar plants as they add E.V. product lines.

EV GARAGE RETRO FIT

According to *Forbes* magazine, about 80% of vehicle charging takes place at home so having access to a 240-volt outlet in the garage (which is considered Level 2 charging) is important for new builds, apartments, and resales. Homeowners can take advantage of off-peak pricing to save more –

overnight. This will force installation for all new construction, single family, rental, and retrofit... in some cases entire electrical panels will have to be upgraded. This could be a whole new electrical sub-specialty.

EV BATTERY EXCHANGES/RECYCLING

While E.V. Batteries are predicated to last 5 to 12 years, there will be a growing need for replacement. First by the vehicle manufacturer, then a new breed of generic E.V. providers like today's oil lube or tire replacement. A new form of free-standing retail will emerge. E.V. Battery Disposals are spawning recyclers and disposal companies and perhaps even E.V. landfills.

Be prepared.... The Boy Scout Motto

3

RISING

Rising taxes, Rising interest rates, Rising rental rates, Rising home prices, coming to a Neighborhood near you....

Rising Taxes: Expect rising taxes as government has ridden the wave of post covid consumer expenditures and ignored national spending, SPLOST/LOST coffers are overflowing especially in Georgia where internet sales tax revenue began collections in July 2021. Tax assessors are also diligently reassessing large swaths of the North Georgia region's due to the recent run up in home sales price:

2020 + 11.9%
 2021 + 19.5%
 2022 + 15%

In Tax Assessors' terms, they must create "conformity" between a recent home sale next to homes not changing hands in the last twenty years. Norton Native Intelligence™ expects the hardest property tax hit areas to be: Lake Lanier waterfront properties, mountain second homes, and homes valued under \$350,000. The last category getting a double whammy with both rising sale prices and the surge in home construction price and replacement value.

Rising Interest Rates: From our best industry sources, we are expecting long term interest rates to hover between 4.9% to 6.9% for the foreseeable future. Long gone are the 2.3% rates. However,



2001 VS 2021 COUNTY MILLAGE RATES

COUNTY	2001 RATE	2021 RATE	% CHANGE
Banks	19.34	22.34	16%
Barrow	28.11	29.77	6%
Cherokee	27.85	27.14	-3%
Dawson	19.31	22.63	17%
Fannin	19.22	14.02	-27%
Forsyth	21.54	24.27	13%
Franklin	26.58	27.51	4%
Gilmer	18.56	19.85	7%
Habersham	21.43	26.63	24%
Hall	24.51	25.71	5%
Hart	20.81	18.55	-11%
Jackson	24.22	27.28	13%
Lumpkin	28.75	25.60	-11%
Madison	28.61	30.53	7%
Pickens	21.30	21.79	2%
Rabun	15.96	18.75	17%
Stephens	24.90	31.27	26%
Towns	11.00	12.06	10%
Union	13.60	15.76	16%
Walton	28.03	32.58	16%
White	21.78	26.81	23%

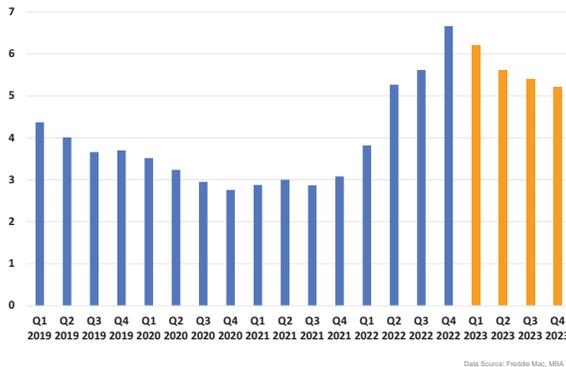
*Data is for unincorporated only

Data Source: Georgia Department of Revenue

compared to historic rates, a 4.8% to 5% rate is right in long term mortgage history's sweet spot. We do not expect the re-fi wave to reoccur for perhaps as long as a generation. National sources indicated that 13% of mortgage holders have interest rates below 3%, another 40% have rates in the 3 - 4%, Norton Native Intelligence™ expect moderate 5% +/- rates are here to stay for a while.



MORTGAGE RATE FORECAST



Home Prices Increase: Lumber up 100% at it's peak, labor up 10.9%, concrete products up 24.8% since 2020 and while commodities will fluctuate, home prices are expected to retreat only 4 to 5% over the next 18 months. **Demand is too great**; labor is still in short supply; development cost is soaring, and land prices are escalating. Moratoriums on rezonings are affecting shortages, and the expensive pain of new government regulations is ever marching forward.

NOT KEEPING UP WITH INFLATION

Apartment SFR: Expect apartment and single-family rentals in our unique area to continue to rise 8% and 10% respectively for the next 3 years as options will be limited for relocation/occupancy and new product pricing begins to exceed \$2,000 per month for a 2 bedroom, 1 bath apartment.

Everything is Rising in a neighborhood near you!

TIME TO APPEAL?

Evaluating Your Assessment

The vast majority of taxing jurisdictions throughout Georgia assess residential property based on the market value: the amount a willing buyer would pay a willing seller at arm's length without duress. However, assessments are generally not reviewed on an annual basis, so a property's assessment will never be 100 percent of market value. To compensate, taxing bodies apply an equalization ratio, which is designed to ensure that assessments are relatively equal among different taxing districts to all assessed values. For example, a property worth \$100,000 with an equalization ratio of 50% would be assessed at \$50,000.

Homeowners can obtain their equalization ratio from local taxing authorities. If, after a review with a residential broker or appraiser, a home's assessed value seems out of line with current market values, the homeowner should undertake an investigation to determine what might have caused the incorrect valuation. Here are some steps for you to follow:

- 1. Arrange a visit with the local tax assessor and request a complete copy of the home's tax records.** Property record cards are public records and are universally available.
- 2. Pay particular attention to the market comparables listed on the property record card.** These recently sold homes are the basis for the assessor's valuation of your client's home. Visit those houses or view them online and compare them to your house.
- 3. Take the appropriate equalization ratio and multiply the market value you believe appropriate for the home by that rate.** If the number is lower than the current assessment, you could file a tax appeal.

4. THE IMPACT OF THE INLAND PORT

Looming on the horizon is the impending construction of Georgia's Third Inland Port developed on the strategic Norfolk Southern Rail Line that bisects Hall County and North Georgia.

Over the last three years, Norton Native Intelligence™ has asked numerous government and economic sources for copies of any regional Economic Impact Studies for this Inland Port but to no avail. We know they exist. Norfolk Southern undoubtedly has several but none for public consumption (NNI is nosey). Never has our region had such a significant growth catalyst without some sort of economic and demographic guidebook to explore. Mindful, we are 100 – 150% supportive on this effort but it is difficult to advise our clients on the catalytic opportunities on such a nebulous impactful development... it's like boxing ghosts.

What we do know from the economic development history of other National Inland Port operations is that this port will be impactful in 4 areas of community enterprise.

- **Transportation** will increase through added container traffic and logistic support facilities, igniting maintenance and repair, offsite container storage and fuel providers.
- Industrial **expansion** and rail efficiencies will allow existing industries to shift and reduce transportation efforts then diverting attention toward increased product production and raw material procurement.
- Industrial **relocation** of new industries who will be attracted to the region because of the modernization of transportation, ease of exports, and raw material and component procurement.
- Industrial **Support Housing**: While the direct employment of the port will be minimal, the impact is on the growth of the entire industrial sector; labor, education, housing, retail, and service sectors will all be on the accelerator.



JOB / HOUSING IMBALANCE

Year	Single Family	Multi Family	Total	New Jobs	Jobs per New Dwelling
2011	447,311	157,299	604,610	2,074,000	3.43
2012	418,498	205,563	624,061	2,176,000	3.49
2013	518,695	310,963	829,658	2,301,000	2.77
2014	620,802	370,020	990,822	3,004,000	3.03
2015	640,318	411,806	1,052,124	2,720,000	2.59
2016	695,998	486,584	1,182,582	2,318,000	1.96
2017	750,796	455,846	1,206,642	2,114,000	1.75
2018	819,976	462,001	1,281,977	2,292,000	1.79
2019	855,332	473,495	1,328,827	1,968,000	1.48
2020	862,084	523,964	1,386,048	-9,292,000	-6.70
2021	979,360	491,781	1,471,141	6,743,000	4.58
2022	1,115,360	621,622	1,736,982	4,503,000	2.59
Total	8,724,530	4,970,944	13,695,474	22,986,000	1.67

Normal would be 1.25 to 1.50 Net New Jobs per Dwelling Unit

¹In Thousands

Data Source: US Census Bureau, US Bureau of Labor Statistics

After Norton Native Intelligence's™ investigation we believe that when the port is opened, it will surpass 450 containers per day: a magnet for an industrial distribution reaching 50 to 75 miles in radius. It will soon be the most active of all of Georgia's Inland Ports and once in operation, we project major industrial encampments in its wake of influence while industrial land speculation, rezoning, and positioning accelerates.

5. SEWER IS GOLDEN

In past Forecasts we have talked about the value of water and the value of water treatment, both to the economic value of Lake Lanier but also to the potential for economic development in the entire North Georgia Region.

Norton Native Intelligence™ has espoused sewer service over septic tank usage especially as it applies to our own Lake Lanier. Thankfully, our industrial recruitment leadership is sensitive to that water resource and has pushed industrial users with potential wastewater issues to other counties rather than ours (we applaud them).

With the recent surge in regional housing proposals and the unprecedented meteoric rise in industrial manufacturing and distribution development along I-85 and I-985, Norton Native Intelligence™ undertook what we think is the first comprehensive look at regional sewer service, sewer use, and sewer capacity (or the lack there of). As a real estate organization with a long-term perspective (reminder we are 94 years old), we are astonished at the hard data results of that analysis.

Collectively, North Georgia has 63.1 million gallons per day of total sewer capacity, 42.76 millions currently in use across 37 municipalities and counties. On the surface that seems quite a lot of capacity, for at least a generation, but drilling down deep in the data presents a different picture.

Left unchecked, Norton Native Intelligence™ believes we could see a sewer shortage for those communities with powerful economic expansion plans:

- Dawson
- Habersham
- Forsyth
- Jackson
- Hall

It seems North Georgia has sewer capacity... just perhaps not where it is needed most. Expanding sewer capacity is expensive not to mention years of regulatory hoop-de-hoops. It is easier to climb Mount Everest blindfolded with your hands tied behind your back rather than get a new wastewater plant permitted by EPA.

Municipality	Permitted	Usage	Remaining Today	Percentage of Capacity left
Banks County	1.5 MGD (2024)		0	0%
Dawsonville/Dawson	.4 MGD	.25 MGD	.15 MGD	37.50%
Blue Ridge /Fannin	1.0 MGD	.035 MGD	.65 MGD	94%
Cumming/Forsyth County	11.4 MGD	9.5 MGD	1.9 MGD	16.67%
Ellijay/Gilmer	4.0 MGD	2.0 MGD	2.0 MGD	50%
Dahlonega/Lumpkin	1.44 MGD	.65 MGD	.79 MGD	54.86%
Rabun County	2.0 MGD	.2 MGD	1.8 MGD	90%
Toccoa/Stephens*	2.0 MGD	1.0 MGD	1.0 MGD	50%
Cleveland/White	.75 MGD	.375 MGD	.375 MGD	50%
Lula/Hall*	.375 MGD	.11 MGD	.275 MGD	71.40%
Clarksville/Habersham	.75 MGD	.3 MGD	.45 MGD	0%
Flowery Branch/Hall*	.9 MGD	.75 MGD	.15 MGD	16.67%
Barrow County	3.0 MGD	1.5	1.5 MGD	50%
Hall County**	1.75MGD	1.37	0.433	24.00%
Blairsville	1.0 MGD	0.5	0.5	50.00%
Hiwassee/Towns	.5 MGD	0.25	0.25	50%
Jasper	.78 MGD	0.78	0.78	0
Cornelia/Habersham	4 MGD	2.006 MGD	1.994 MGD	49.85%
Demorest	.8 MD	0.7	0.1	13%
Buford	2.25 MGD	1.45	0.8	35%
Gainesville**	17 MGD	9 MGD	3 MGD	17.00%
Cumming	INC Forsyth	NA	NA	NA
Lavonia	.75 MGD	.56 MGD	.19 MGD	75%
Braselton**	1MGD	.5 MGD	.5 MGD	50%
Hartwell	1.75 MGD	1.0 MGD	.75 MGD	25%
Oakwood*	.50 MGD	0.5	0	0
Commerce	1.5MGD	unk	0	0
TOTAL	63.1MGD	42.76MGD	20.337MGD	33.20%

SOURCES WE DEEM RELIABLE AFTER COMMITMENTS TO OTHERS
 * BUYER OF CAPACITY
 ** SELLER OF CAPACITY

Flowery Branch just found out the financial reality when their plans to expand their plant of 400,000 gallons per day to 2.2 million gallons hit a huge financial hurdle. The project was originally calculated to cost \$23 million but once bids were opened it could cost \$52 to \$75 million, more than double what was previously budgeted. They are scratching their heads and going back to the drawing board.

S _ _ _ IS EXPENSIVE!

Those that do have excess sewer capacity look to be “super charged” for the next economic uptick: Like Gold in a Kings Treasury. Those with short supply will find themselves scrambling.

In past Norton Forecasts, we have commended Dawson and Banks counties among others, who took sales tax and SPLOST endeavors and invested in vast community infrastructure (mostly unseen, underground) **before** the growth explosion - not during nor playing catch up.

We note some North Georgia communities are sitting on their relatively vast

sewer resources but have imposed de facto moratoriums for any sewer connection to stymie growth. Mountain ranges are major stumbling blocks for intergovernmental sewer service sharing. Other communities, like Gainesville and Braselton, have a history of inter-government agreements, sharing services thus creating a revenue and a capital replenishing stream. We see this practice dissipating because those same communities are starting to realize this new wave of development is impacting their remaining liquid assets. They are stalling future sewer sharing commitments to support their own economic vitality.

Many communities will be faced with hard realities of sewer capacity allocation. **Do we approve this 300-unit apartment project with a tax value of \$50 million, or a one million square foot of industrial distribution with a tax revenue of \$150 million (tax revenue and jobs created)?** *Sewer capacity is precious and case by case sewer use should be carefully analyzed.*

Other communities have over promised sewer capacity as part of zoning and economic recruitment, handing out sewer commitment letters like candy corn. Here we tell of one community who has promised 275% of current sewer capacity. Other communities are pulling sewer commitment letters or placing sunset provisions on sewer commitments, post approval. Those actions could land communities in legal hot water or in HOT sewage if not correctly documented.

Norton Native Intelligence™ challenges every community in our region to carefully examine existing resources and begin earnest expansion of sewer resources...before the valve is shut off and it is too late.

6. HOW MUCH IS TOO MUCH?

The U.S. is of one the largest consumers of goods and services in the World. Our daily lives are a constant spend. Whether it is gas in the car, a drive-thru meal, or ordering your wants and needs on Amazon. We have so many ways to spend money without realizing it is usually in excess.

However, as we hear the constant noise of recession, falling stock prices, and falling home

prices, it gives us pause and time to evaluate our true needs. And on the contrary; food, goods, and services are doubling in price.

I am a commuter. I drive a minimum of 100 miles a day to get to and from work. As I drive, I monitor the ever-changing gas prices. So, I asked myself at what point do I make a change in my behavior or how I operate in my daily life to save money or technically not spend as much. Do I work from home a couple of days a week? Do I consolidate my errands to only have to leave the house one time? So, I applied this same thought process to the housing market. When do home prices and construction prices get so far out of reach that we just stop buying? Instead of an investment or piggy bank the house becomes completely utilitarian. Homeowners could decide to live in houses longer to take full advantage of their investment.

- The average duration of homeownership is 16 years.
- Among homeowners who sold their homes in the second financial quarter of 2022, the average tenure was 5.87 years or 5 years, 10 months, and 13 days.
- 21.9% of homeowners moved into their homes within the last 3 years.
- 81% of them live in detached, single-family homes.
- 8.6% of homeowners have lived in their homes for 40 years or more.
- 89.1% of them live in single-family homes.
- The most popular year of construction among homeowners is from 1970 to 1979.
- Regardless of tenure, 14.1% of homeowners live in homes built in the 1970s.
- 12.5% of homeowners who moved in within the last 3 years own homes built in the 1970s.
- Among all homeowners who moved in within the last 3 years, 31.6% live in single-story homes.
- 40.0% of homeowners who have lived in their homes for 40 years or more live in single-story homes.
- 37.1% of homeowners who moved in the last 3 years lived in two-story homes.
- 33.8% of homeowners who have lived in their homes for 40 years or more live in two-story structures.
- 0.6% of homeowners who have lived in their homes for 40 years or longer live in multi-story structures with at least 50 units.

Source: U.S. Census Bureau, American Housing Survey

And on Mortgages

- 40% of Homeowners have no mortgage at all
- 13% of Homeowners with a mortgage have an interest rate of 3% or lower
- 40% of Homeowners have an interest rate between 3%-4%
- 47% of Homeowners are above 4%

Source: Real Trends

Conclusion: The current economic climate has changed so quickly the American consumer remembers what the house down the street was worth 24 months ago and what the interest rate was 6 months ago. There is a threshold for what American Homeowners are willing to spend as it relates to their current memory. However, as we get use to the new normal and understand these increases are here to stay the consumer will adjust their spending habits accordingly.

7 EMERGENCE OF NEW AGE EMPLOYMENT CITIES.

Some 22 years ago, Norton Native Intelligence™ introduced the demographic directions of growth concept we refer to it as Catalytic Centers of Growth. The emergence of a significant attraction or relocation of some major use that stimulates growth factors... rippling like pebbles into a pond radiating outward.

In previous Forecasts, we used this illustration to discuss the rippling effects of the Mall of Georgia, Chateau Elan or North Georgia Premium Outlets. Each one of these catalysts became the epicenter of emerging population centers which we went onto discuss in Norton’s Next Generation Cities commentary.

The most recent example (circa 2004) was Northeast Georgia Medical Center’s new Braselton Hospital combined with Chateau Elan becoming a Phenom, a city which in 2004 we predicted would encompass a community of 65,000 people in 30 years. In 2022, that population radius is now 65,438 and it is on its way to be 105,000 people by 2040. The largest, densest population center along I-85, North of Atlanta.

NEW GENERATION CITIES, CIRCA 2004

Hamilton Mill	Gwinnett
Mill Creek	Gwinnett
Chateau Elan	Barrow/Hall
Dawson Forest	Dawson
Aschasta/GA 400	Lumpkin
Johns Creek	Fulton
Sugar Loaf	Gwinnett

Fast forward to 2022, the pattern is repeating itself, only this time the catalysts are major employers such as Kubota, Rivian and SK. These companies have kick started three unique Live, Work, Play Communities with the emphasis ON WORK. Each have massive employment targets demanding thousands on new homes, with all the accompanying retail and community services.

	5 Mile Population	Projected* 5 Mile Population
	2022	2040
Kubota	41,023	110,000
Rivian	13,005	45,000
SK	15,378	55,000

This creates opportunities of unprecedented proportions for these existing communities.

*Estimate Norton Native Intelligence™

8. A MORATORIUM BY DEFAULT

As the media and economists continue to speak of a potential recession; investors, developers, and home buyers are proceeding with caution as they make decisions on their next investment, development, or home purchase. Mostly a pause to see what happens next. But this pause is essentially creating a stall in the market or moratorium of new construction as each wait to see who will blink first.

Home Buyers

As of November 2022, closed home sales in North Georgia have decreased by 38.6% (Source: FMLS). With interest rates continuing to rise, home buyers are waiting to see if they will come down. Also, those who made home purchases or refinanced in the last 24 months have claimed 30-year fix mortgages as low as 2.5%. This leaves very little motivation to sell your home and accept a new rate of 6% or 7%. Unless they must move, it will bring pause to their home buying decision. And those looking at new construction are monitoring the availability of materials (Supply Chains) and the increasing cost on construction and land. However, prices are continuing to remain high as well as demand for housing.

Investors

The investor arena is still very crowded. Savvy investors are trying to anticipate the next downturn to take advantage of depressed prices. But for now, prices are still effectively higher than pre-covid. American savings is at an all-time high. Post 2008 recession, Americans have been more diligent in managing their savings. In 2008 there was an estimated \$4 trillion in American Savings accounts and ballooning to over \$10.91 trillion in late April of 2020 (source: Federal Reserve Bank of St. Louis). This increase in savings has given investors the ability to have a wait and see attitude towards their next investment and take advantage of an anticipated drop in home prices. However, we are predicting only a 5%-8% drop in home prices in 2023, which will slightly move the needle for investors.

Developers/Builders

Many major builders have paused or even terminated their purchase of developable land tracts as the cost of building and land prices have dramatically increased in the last 24 months. Housing starts in Metro Atlanta are down 25% YOY and down 15% from the previous quarter (Source: Metrostudy). Builders are also concerned with the over-all demand for housing, but according to the National Association of Realtors there is an “underbuilding gap” of as many as 7 million units. With builders pausing new projects and even terminating these contracts, this will further put a strain on the increased demand for housing.

The overall conclusion is that there will be a temporary pause in the market as consumers and investors get their bearings on where the economy is headed. This will increase demand as inventory and supply get further behind. The demand will also help keep home prices relatively secure. The Southeast and Georgia will continue to maintain a strong real estate market as the rest of the country should see moderate declines.

9. DENSITY

Density is the one key to unlock homeownership and could be immediate. It's simple math: take the average acre sold in Forsyth for residential purpose in 2022 (\$105,000), add required street buffer and amenities (\$18,900 or 28%), and add horizontal development costs permitting one to produce a lot in Forsyth (\$95,000), which brings us to \$218,900 an acre.

1 Acre lot size	\$218,900 each**
If ½ acre lot size	\$109,450 each**
If ¼ acre lot size	\$54,725 each**
If 1/6 acre lot size	\$36,483 each**
If 1/8 acre lot size	\$27,362 each**

*Source: Norton Native Intelligence™ Engineering, Permitting, Hydrology, Grading, Paving, Utilities

**Without profit, without amenity expenses

DENSITY MATTERS

If density matters, why the uproar among homeowners and government leaders when small lots/impact homes, multi-family or other density related products are introduced?

IT'S FEAR...

Mostly the fear of the unknown: fear of impact on school systems, fear of taxing community services, fear of crime, fear of deteriorating property conditions or fear of “those people.” The vast majority (90 – 95%) of new projects proposed throughout our region showed some interpretation of density; many employed huge swaths of green belt/water shed protection and clustering homes on smaller lots. Note the 21st century buyer wants a yard but smaller spaces for daily upkeep.

Norton Native Intelligence™ is convinced the density push will continue unabated if not accelerate through the next two decades. It is the best weapon in the arsenal to blast through the Local and National Affordable Housing crisis.

10.

A CRACK IN THE AMERICAN DREAM

Since the founding of our nation, home and property ownership has been fundamental to the right of American citizenship.

“The American Dream”

However, with soaring construction costs, interest rates hovering in the sixes and stagnant wage growth, the American Dream has become battered and bruised. New construction home prices paint the dark picture.

NEW HOME AVERAGE BY COUNTY

Banks	326,319
Barrow	420,246
Cherokee	552,569
Dawson	468,282
Fannin	890,653
Forsyth	637,684
Franklin	299,522
Gilmer	534,223
Gwinnett	537,761
Habersham	356,028
Hall	513,405
Hart	343,792
Jackson	455,202
Lumpkin	358,769
Madison	339,320
Pickens	352,101
Rabun	826,920
Stephens	353,930
Union	592,583
White	366,520
Walton	458,439

Source: FMLS/MLS

Affordable Housing Ecosystem



AVERAGE NEW HOME PRICES – DECEMBER 2022

The North Georgia average is \$490,865 or with a 20% down payment that's \$98,173, and coupled with 6.5% 30-year mortgage, the monthly payment is \$2,482. Unfortunately, a diminishing percentage of our population cannot save enough for a down payment much less afford the monthly 6.5% mortgage. It is not just a localized issue, affordability, and the reach for the golden ring of home ownership is slipping further and further from the average American's grasp.

On a positive note, we see signs of marketplace adaptation as potential new homeowners, facing the inability to purchase, move directly out of their 2-bedroom apartment into a single-family free-standing "rental" home. Typically, they only cost 10-15% more per month. Single-Family rental (SFR) has one differing factor from a garden style apartment community... "A Yard."

On another positive note, regardless of the micro-market, we expect an explosion of Single-Family Rentals (SFR). Norton Native Intelligence™ believes we are at the infancy of a new institutionalized asset class. The 2021 census tells us that America has over 45 million rental homes (circa 2020) with only 3% of those held by institutions but reading zoning notices and talking to our own clients, SFR is along with industrial real estate the current hottest product.

Has the American Dream of ownership defaulted simply from home purchase to having a yard for the kids to play, raise a dog, provide outdoor space for family grilling, or just added privacy? Societally yes...and no. The National Association of Realtors (NAR) reported in 2022 that 81% of home renting families still aspire to homeownership.

American's dream of homeownership seems to have just been postponed for now. With home ownership nationally standing at 65% from its high of 69% (2006) this postponement could transition into the inevitable long term rental occupancy if not permanent. The rising new construction costs, inability to save for a down payment, and conversely stagnant wage growth is pointing to a precipitous path for Americans and a rental nation.

The Next American Dream – A Yard!

2022-2023 INFORMATION SOURCES

- Norton Native Intelligence™
- US Census
- First MLS
- GA MLS
- Metrostudy
- Georgia State University Economics Forecasting Center
- Realty Trac
- National Association of Realtors (NAR)
- The Beasley Report
- John Burns Consulting

**YOU MARRY A HOUSE,
YOU DATE AN INTEREST RATE**

SFR ASSET IS A CLASS IN ITS INFANCY

Ground Hog Day in the insane asylum

CLIMATE REFUGEES

We are not going to say a recession is not happening, it's just going to be different

People want to be Alone, together, at Starbucks

*Politics – keeping the devil
you know*

Intellectually curious

Who bends first, breaks first

*If we did not have Covid, would we still
be in an economic boom?*

SAVAGELY UNHEALTHY

I dream with my eyes wide open!

A THOUSAND BENEFITS FOR EVERY ONE CHALLENGE

**A TOWN SO SMALL IT
DOESN'T HAVE AN
ATM**

Shadow capitalism – Cash

**EMPLOYMENT
CANNIBALISM**

**WELL MANAGED FAILURE IS THE
LEADING CAUSE OF SUCCESS**

*Freedom of Speech is great until you say
something they don't like*

DIXIE METAL IS A GUN STATION

**So poor can't afford piss out of a
BOOT**

Storm warnings, headwinds of uncertainty

**NO GROWTH, POLITICAL MANEUVERS ARE AFFECTING GOVERNMENT AND
SLOWING GOVERNMENT ACTION. TIME TO SMOKE OUT THE WEASELS.**

*Your only dead 'til
you are alive again*

**Climate cults
(definition)**
While the housing market is
stuck, the homeowners balance
sheet has never looked better

Freedom Seeds are Bullets

LAWYER SIGN – “JUST BECAUSE YOU DID IT, DOESN'T MEAN YOU ARE GUILTY”

Housing is a NATURAL RESOURCE

**“THE ULTIMATE OF SHOW
NOT TELL”**

**Only one generation from
walking behind a cow**

Ability to have predictability

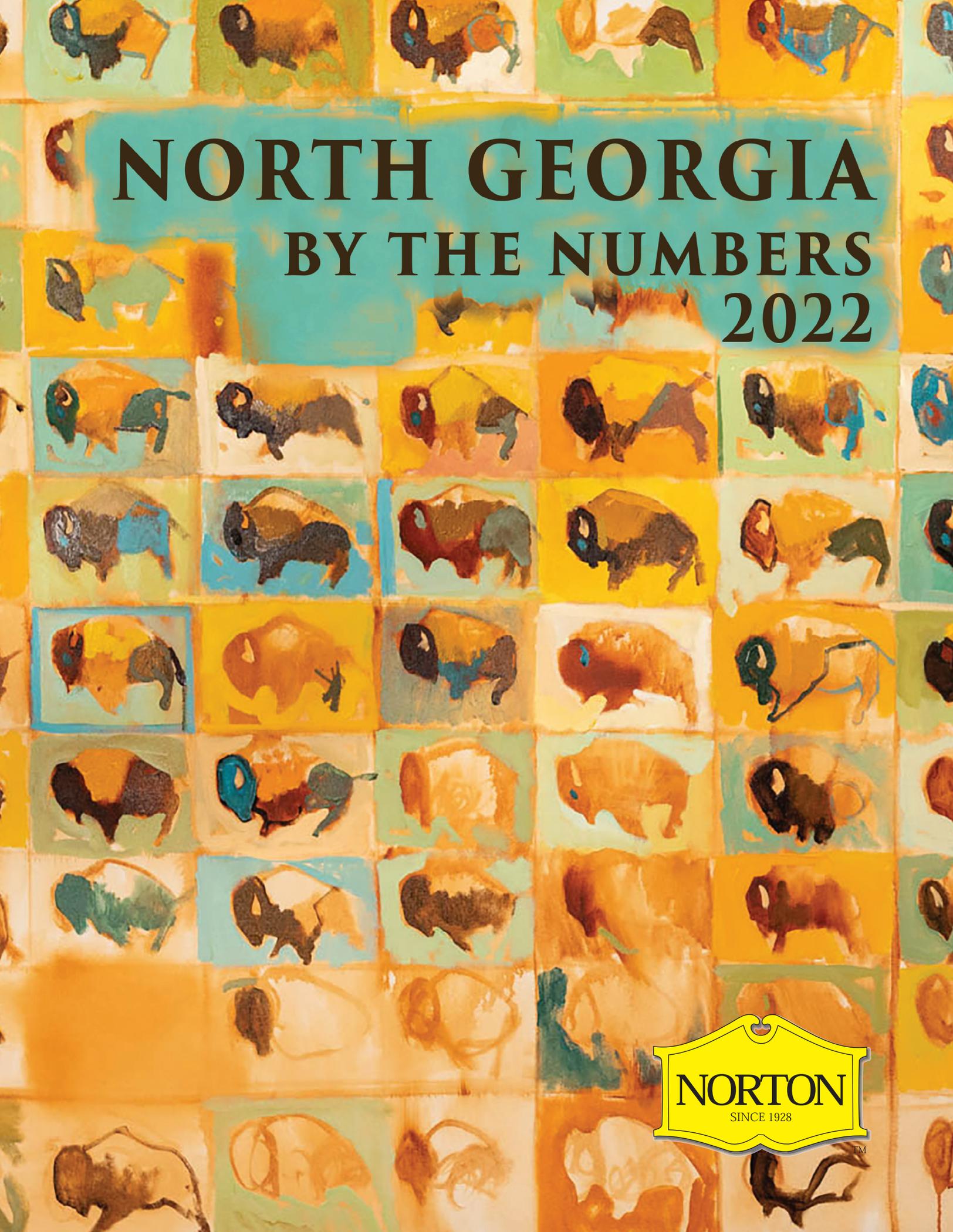
The new
home
footprint is
called “Tall
and Skinny”

Cold calling a Dead Dog

Getting homeschooled by the locals

The best way to protect you from a
next-door zoning is to own next door

CONSUMER REBELLION



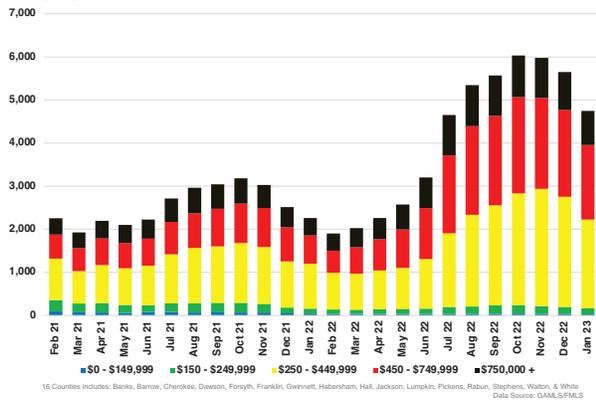
NORTH GEORGIA BY THE NUMBERS 2022



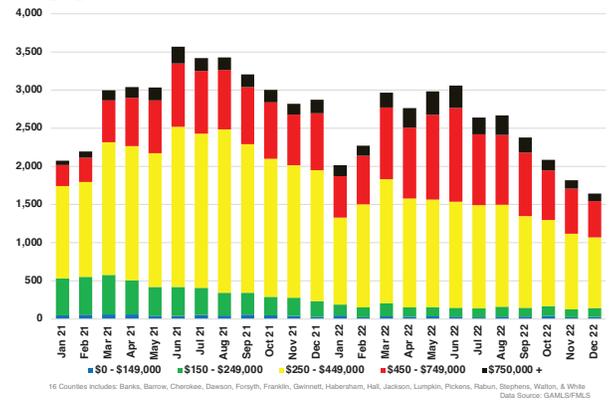
2022 MARKET DYNAMICS CHARTS FOR NORTH GEORGIA



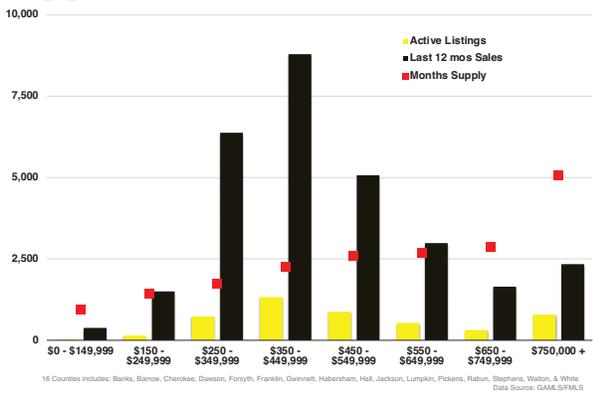
NORTH GEORGIA SINGLE FAMILY HOME INVENTORY



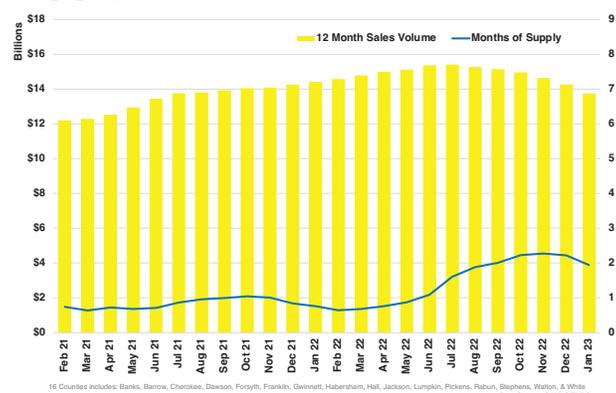
NORTH GEORGIA SINGLE FAMILY HOME SALES



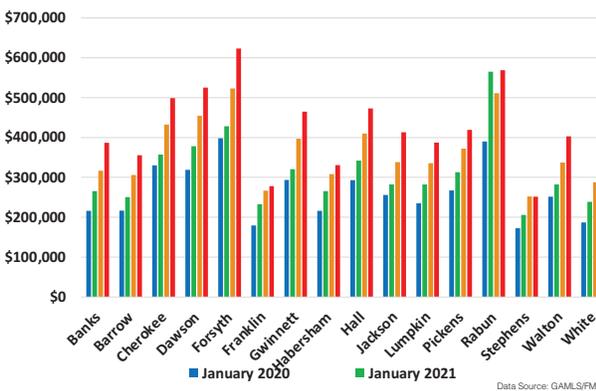
NORTH GEORGIA QUICK N'DICATORS JANUARY 2023



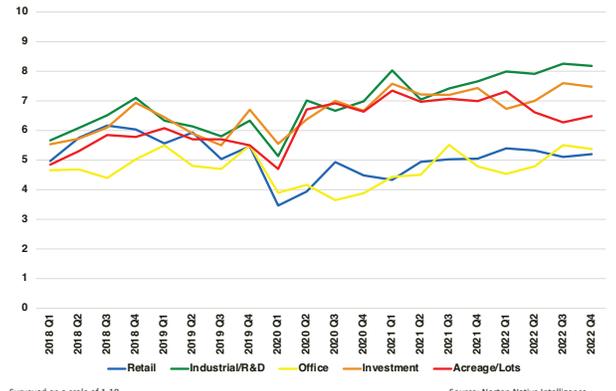
NORTH GEORGIA SALES VOLUME VS SUPPLY



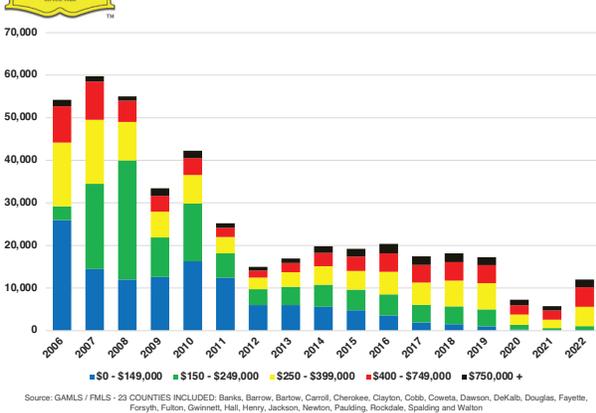
AVERAGE SALES PRICE BY COUNTY



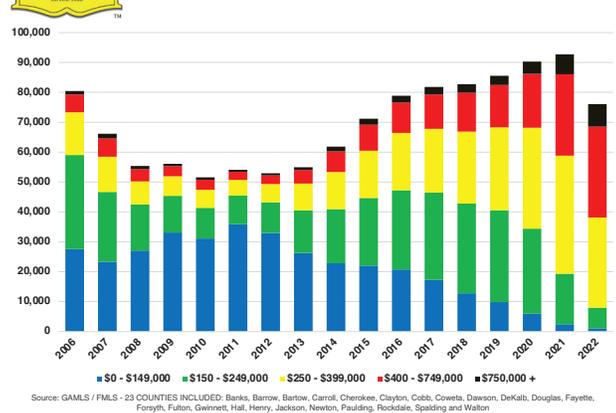
MARKET TEMPERATURE TRENDS



METRO ATLANTA SF HOME INVENTORY PRICE POINT BREAKDOWN

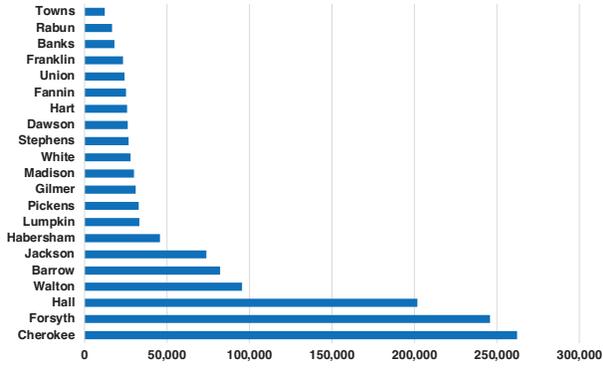


METRO ATLANTA SF HOME SALES PRICE POINT BREAKDOWN





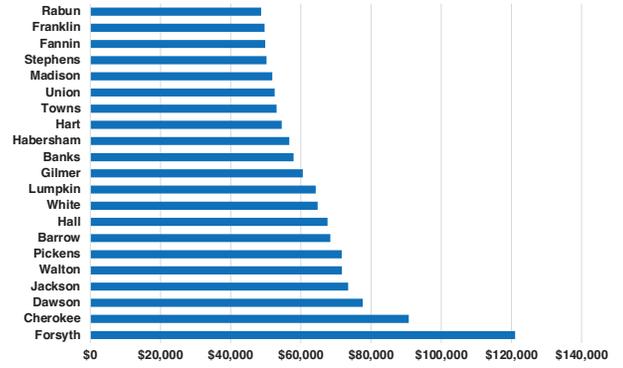
POPULATION BY COUNTY
2021



Data Source: US Census



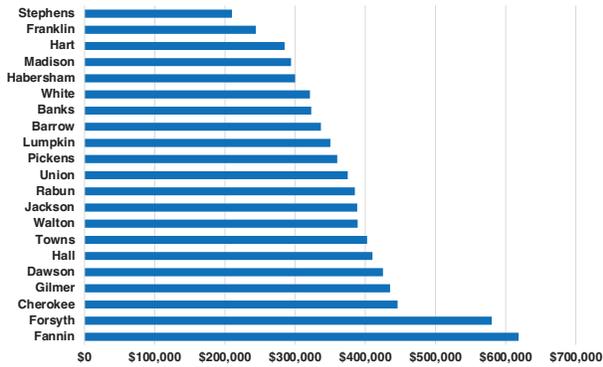
HOUSEHOLD INCOME
2021



Data Source: US Census



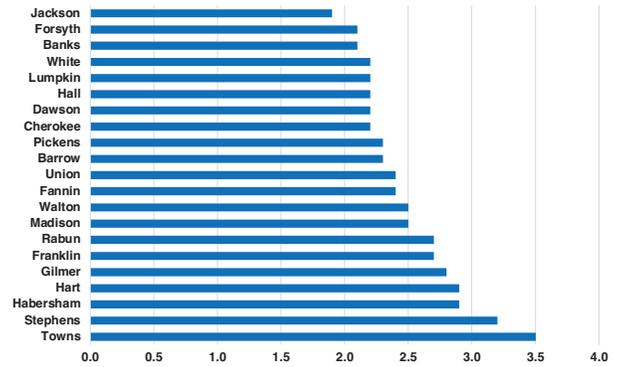
MEDIAN HOME PRICE
2022



Data Source: GAMLSPMLS



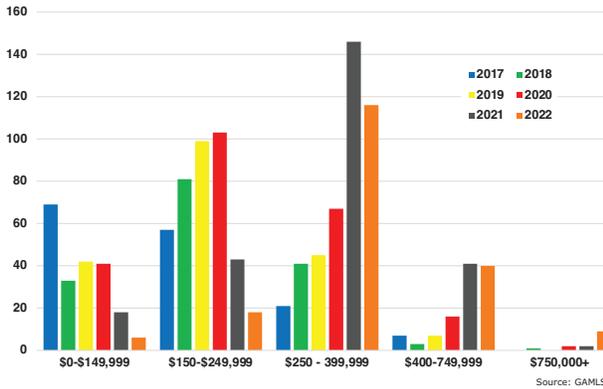
UNEMPLOYMENT BY COUNTY
NOVEMBER 2022



Data Source: Georgia Department of Labor, Preliminary Data



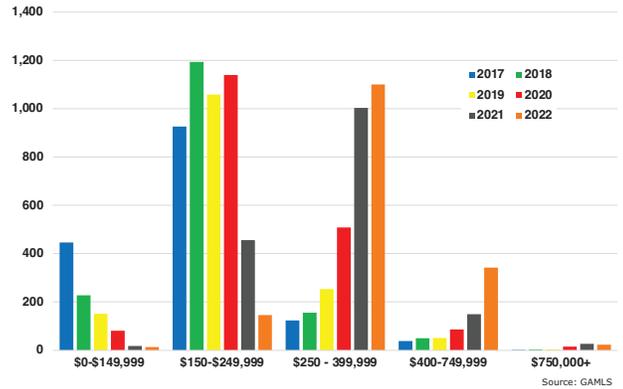
BANKS COUNTY
SINGLE FAMILY HOME SALES



Source: GAML



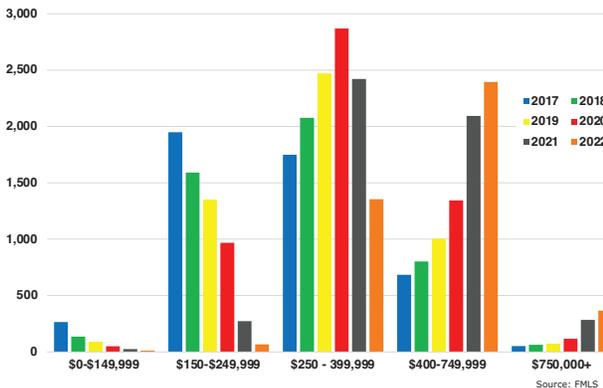
BARROW COUNTY
SINGLE FAMILY HOME SALES



Source: GAML



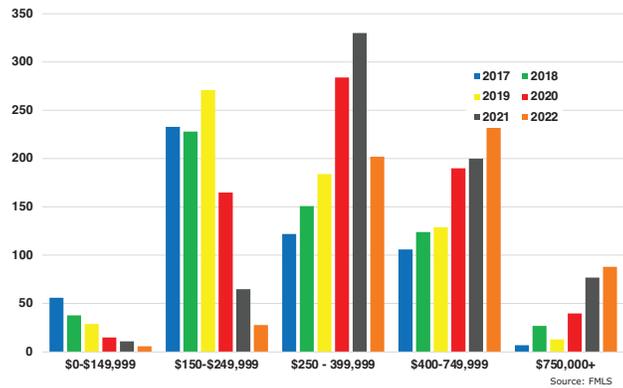
CHEROKEE COUNTY
SINGLE FAMILY HOME SALES



Source: FMLS



DAWSON COUNTY
SINGLE FAMILY HOME SALES

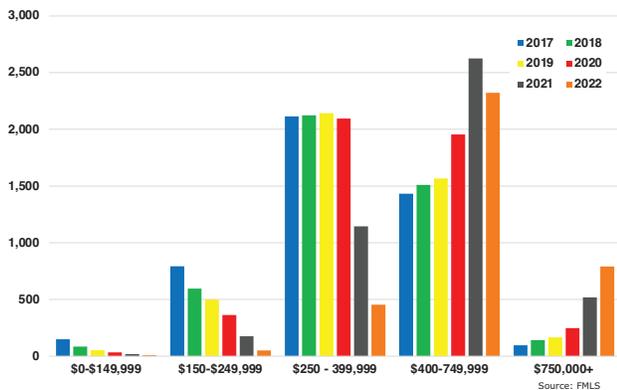


Source: FMLS

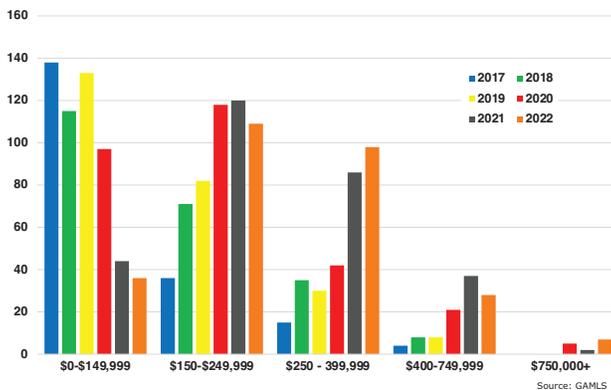
2022 MARKET DYNAMICS CHARTS FOR NORTH GEORGIA



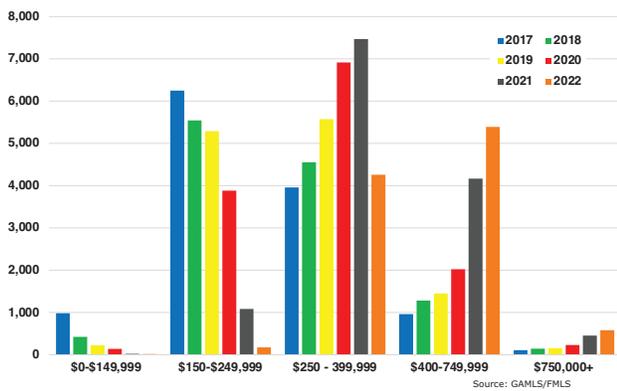
FORSYTH COUNTY SINGLE FAMILY HOME SALES



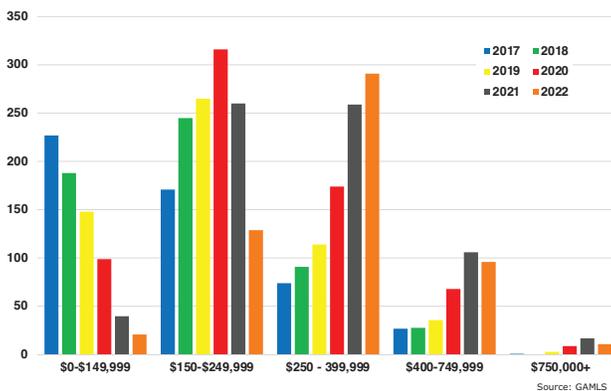
FRANKLIN COUNTY SINGLE FAMILY HOME SALES



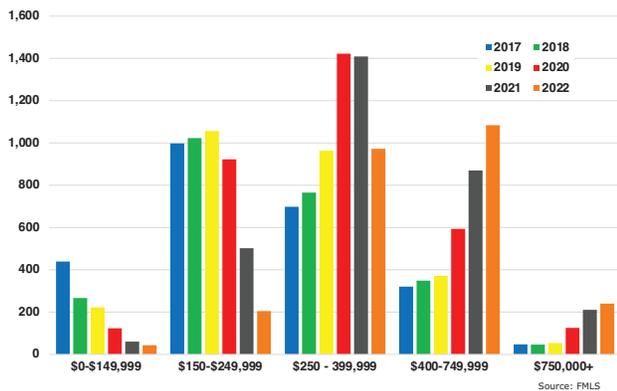
GWINNETT COUNTY SINGLE FAMILY HOME SALES



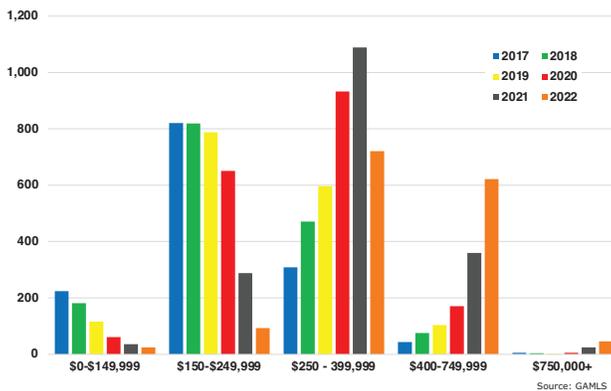
HABERSHAM COUNTY SINGLE FAMILY HOME SALES



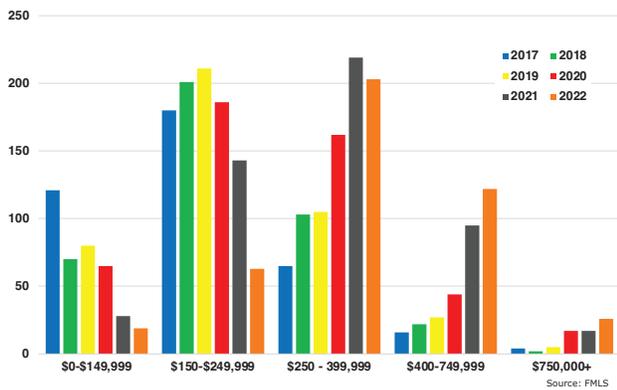
HALL COUNTY SINGLE FAMILY HOME SALES



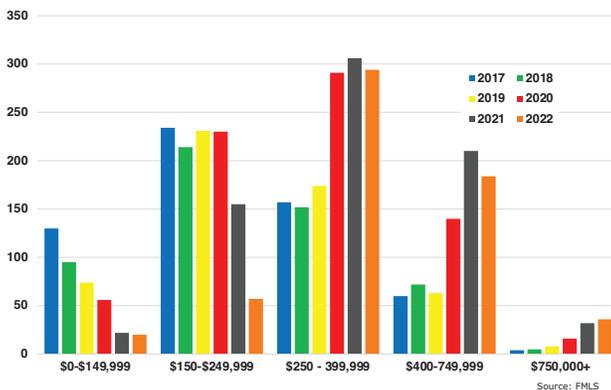
JACKSON COUNTY HOME SALES



LUMPKIN COUNTY SINGLE FAMILY HOME SALES



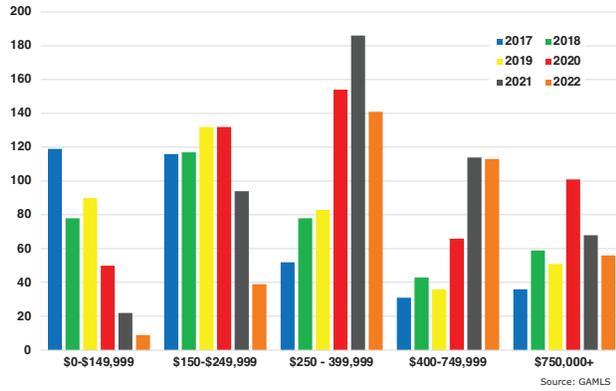
PICKENS COUNTY SINGLE FAMILY HOME SALES



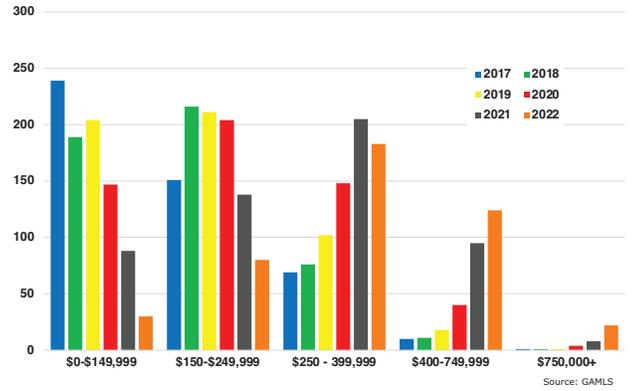
2022 MARKET DYNAMICS CHARTS FOR NORTH GEORGIA



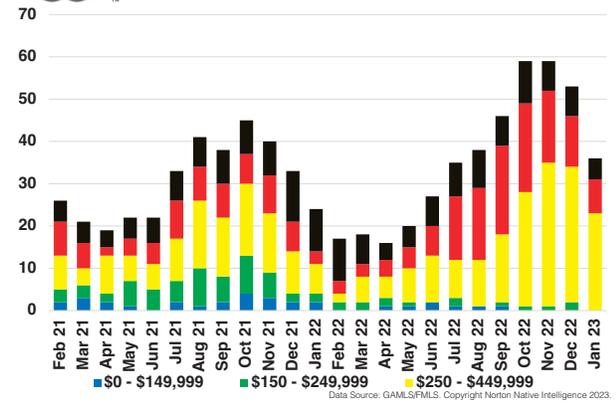
RABUN COUNTY SINGLE FAMILY HOME SALES



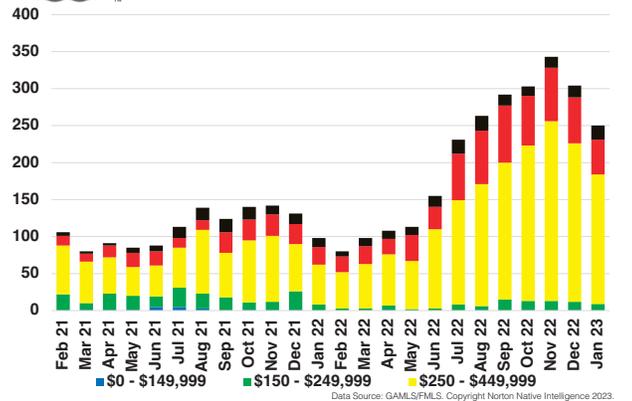
WHITE COUNTY SINGLE FAMILY HOME SALES



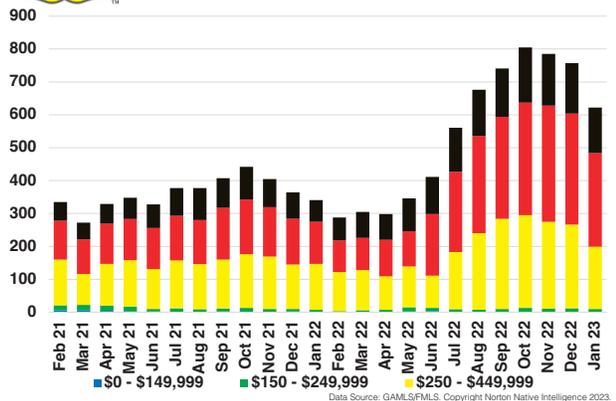
BANKS COUNTY SINGLE FAMILY HOME INVENTORY



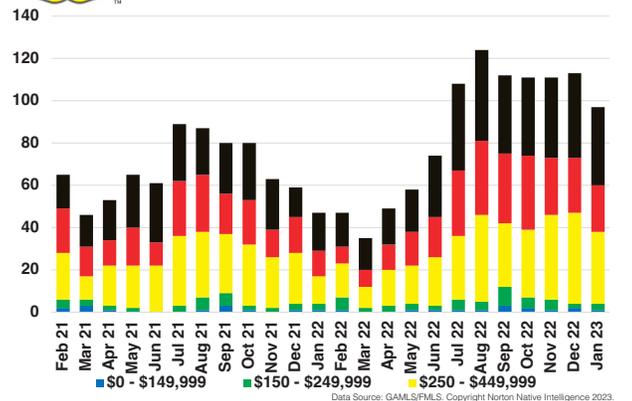
BARROW COUNTY SINGLE FAMILY HOME INVENTORY



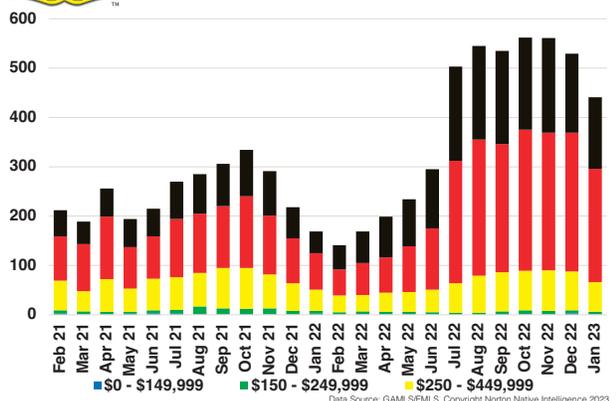
CHEROKEE COUNTY SINGLE FAMILY HOME INVENTORY



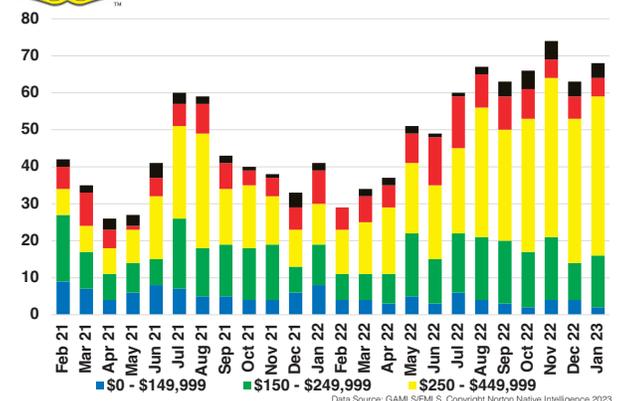
DAWSON COUNTY SINGLE FAMILY HOME INVENTORY



FORSYTH COUNTY SINGLE FAMILY HOME INVENTORY



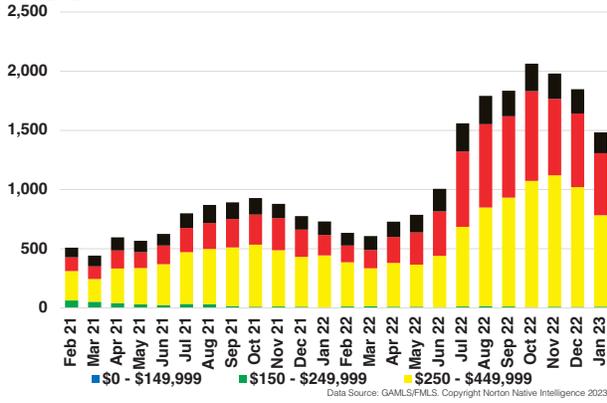
FRANKLIN COUNTY SINGLE FAMILY HOME INVENTORY



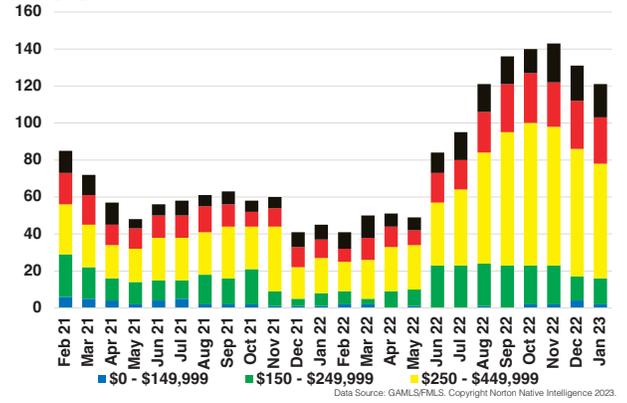
2022 MARKET DYNAMICS CHARTS FOR NORTH GEORGIA



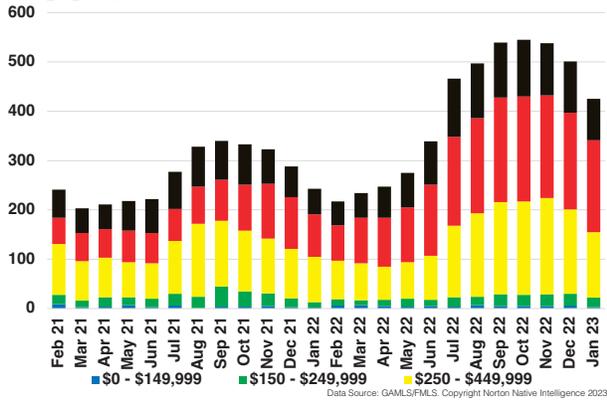
GWINNETT COUNTY SINGLE FAMILY HOME INVENTORY



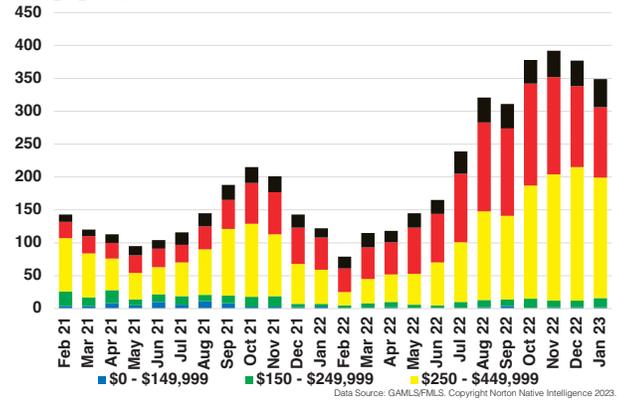
HABERSHAM COUNTY SINGLE FAMILY HOME INVENTORY



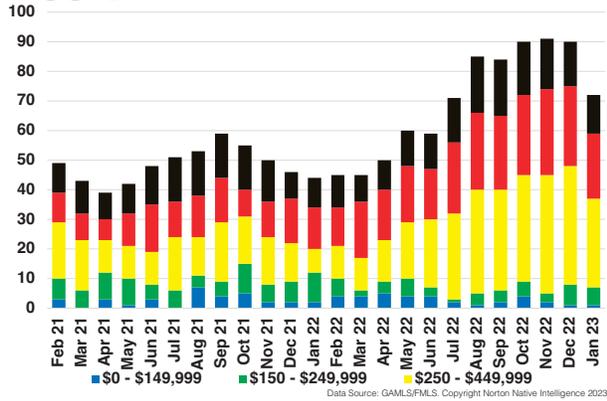
HALL COUNTY SINGLE FAMILY HOME INVENTORY



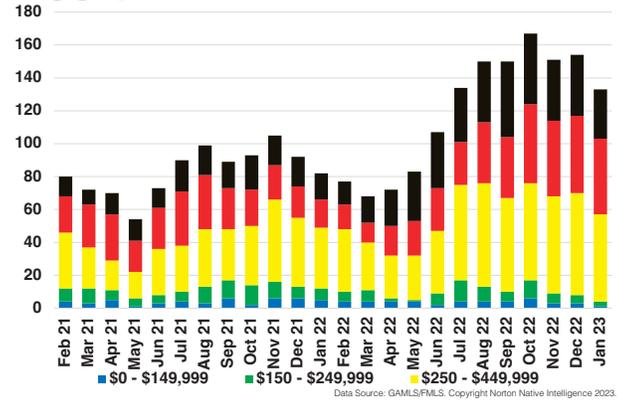
JACKSON COUNTY SINGLE FAMILY HOME INVENTORY



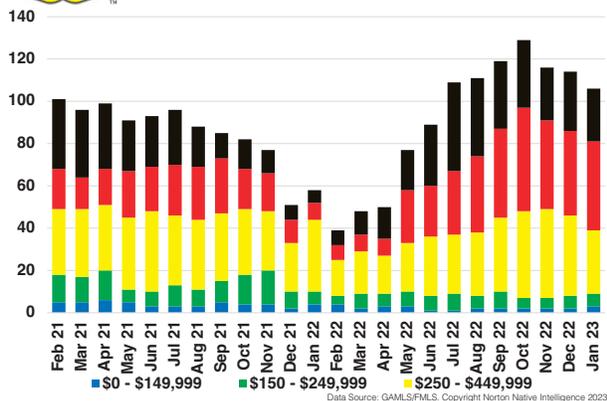
LUMPKIN COUNTY SINGLE FAMILY HOME INVENTORY



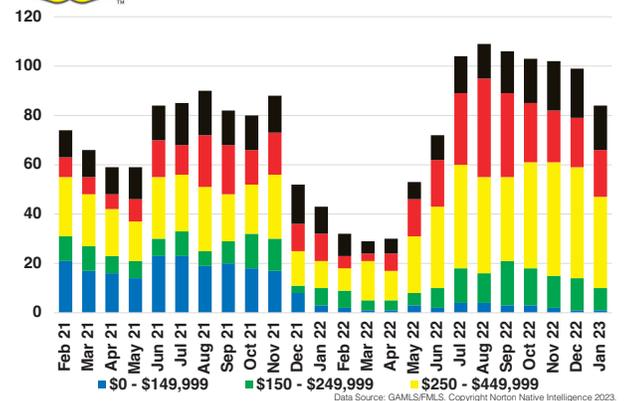
PICKENS COUNTY SINGLE FAMILY HOME INVENTORY



RABUN COUNTY SINGLE FAMILY HOME INVENTORY



WHITE COUNTY SINGLE FAMILY HOME INVENTORY



NORTON LEGACY

Norton Legacy is the parent company of a diversified array of financial and security products and was founded over 94 years ago by a banker named W. L. Norton. His roots ran deep in the North Georgia mountains, and he worked through the hard scrabble Appalachian depression and World War years to lay the foundation for his son and daughter-in-law, Frank and Betty Norton, to blueprint the regional firm that today is recognized as NORTON.

W. L. once told his grandsons, “See that trailer over there” as we rode with him through the valleys of White County, “it’s more than a roof keeping someone’s head dry, it’s a family’s Home, whether they rent or they own, it’s their family’s most valuable possession.”

Rich, Poor, Black, White, or Latino, a home builds FAMILY. It instills family values, community of support, legacy, heritage, and family connectivity. It’s caring, loving and gracious.

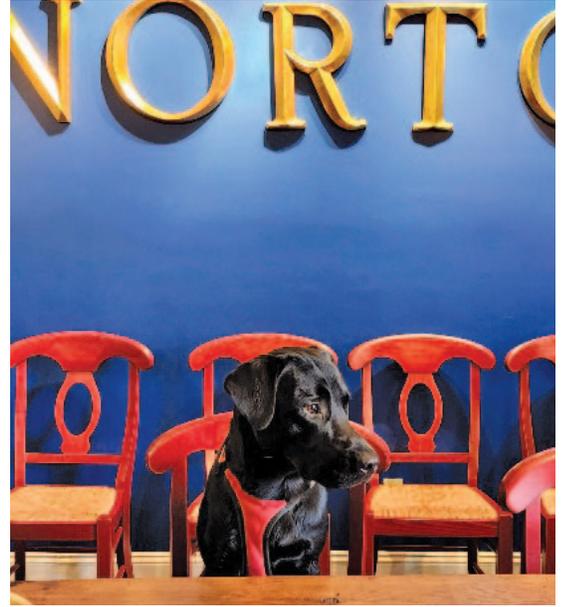
Everyone deserves a HOME, clean, neat, dry, and quality...no matter what the size, the place, no matter the circumstances.

Norton has been preaching AFFORDABILITY for over 38 years in our annual reports, and our civic and government presentations. We’ve been anticipating this affordable day of reckoning, this convergence of family wages, demographics, home cost, land entitlement, zoning discrimination, density disparity for the last 20 years.

North Georgia can make a difference by busting through certain government regulations, density discrimination, fears of shoddy quality, concerns of increased crime and potential crowding of schools. This will take hard work through decisions, capital, stimulation (public and private) and education. To be successful, a community must have all tiers of housing:

- Government subsidized
- Privately owned
- Modular
- Duplex
- Apartment
- Junior Executive
- Workforce
- Executive
- Entry Level
- Retirement
- Multi-generational
- And products in between

For years, we have been a voice for affordable housing. In 2018, we decided to do something about it and do good with our LEGACY employing the power of our investments. Ncredible Properties was born. We pivoted and are building prototype examples that are focused on Affordable products and products for rent to the average North Georgian.



We believe in private capital investments, shunning cumbersome federal government programs, and focusing our efforts on affordable and quality rental homes outside of the government subsidy spectrum.

We lead, we share plans and construction practices, and we innovate, pushing local governments to “deep think” affordability within their codes and ordinances. Mostly successful, today we have \$40 million in projects complete, under construction or in the advanced planning stages and we have more ideas incubating in our product kitchen...and above all...

WE PARTNER.

We are always looking for partners with property (public or private), capital, ideas and energy and welcome those collaborations. We recognize that as a society, if we don’t do something different with housing, we won’t see and feel a different outcome.





**FIRST
PERSON
SNAPSHOTS**
COMMERCIAL & ACREAGE

I-985/SR 365 COMMERCIAL “YELLOW BRICK RD”

The Commercial Market along I-985/SR365 has been considered a corridor with steady growth over the years. Of recent, we have experienced an increase of that growth and I anticipate this trend continues in the foreseeable future as companies continue to relocate and expand within this market of North Georgia (Gainesville/Hall County), which has been announced as “the top job producing metropolitan area in the State/Southeast US and #8 in the Nation”, per the 2022 Milken Institute Report. There are many factors which have contributed to continuous growth and stability within this corridor, which has quickly become the *Yellow Brick Road* for Northeast Georgia. A few of these factors include access and resources to extended education and training opportunities, Healthcare, strong existing industry, State and local government relations, and overall proximity.

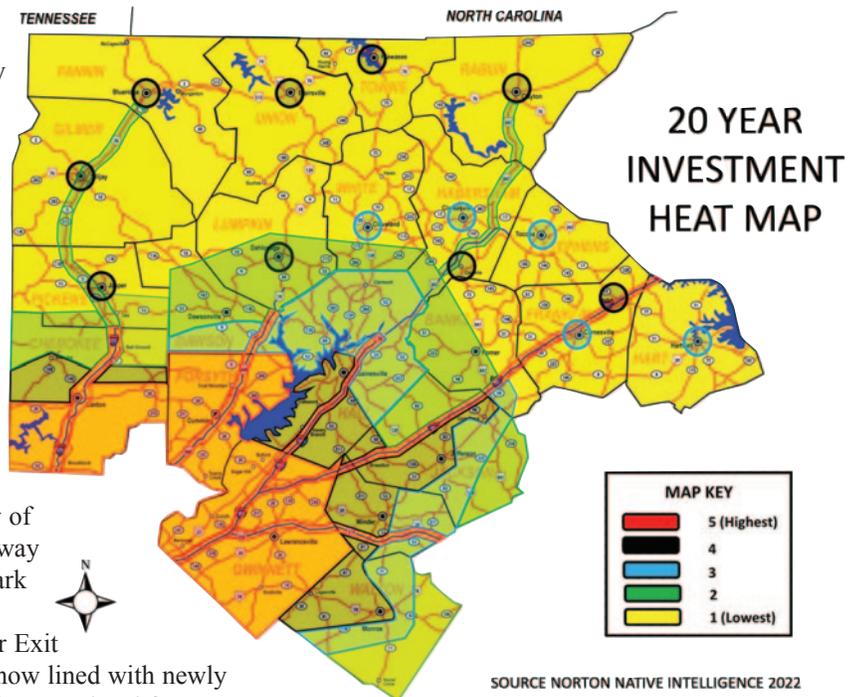
The corridor is characterized as holding nearly \$2 billion of **new** capital investments from existing and expanding industry of all types, in addition to proximity to major cities within the Southeast, and the Savannah Port, which all seemingly contributed to the announcement of the Inland Port being placed along the I-985/SR365 corridor. This development has already exceeded the first projected buildout phase and is now expected to begin their buildout at full capacity on its 104 acre site. The inland port is anticipated to be completed by the end of 2024 and sits between Gainesville and Lula, two cities which are fed by this corridor now flooded with growth potential and needs. Within the existing capital investments is Kubota’s expanded 280-acre site which will house their new Research and Development Center for all of North American. Additionally, the City of Gainesville has begun a 1,300-acre site currently underway which is to serve as the new Gainesville 85 Business Park as an effort to provide further support for active and projected business growth within this region. The newer Exit 14 on I-985 between Flowery Branch and Oakwood is now lined with newly developed industrial and commercial developments with more slated for commercial opportunity.

As referenced in the Greater Hall Chamber Economic Development Council ACCOLADES, *Site Selection* magazine named Georgia the “#1 State in the Nation for Business” and named Gainesville-Hall County one of the “Top Performing Small Metro Areas in Georgia.” Simply put, the stability and growth of existing and new industry within this corridor brings more job needs, which in return, will further induce more residential needs which will then, again, encourage more commercial and service needs. These are just a few factors and examples as to why the commercial outlook along I-985/SR 365 remain opportunistic within the foreseeable future.

Charlie Hawkins
SVP/Partner
Commercial & Acreage Group

ACREAGE & DEVELOPMENT

2022 was a tale of two halves when it comes to the market activity in Acreage and Development. In late 2021 and the first half of 2022, our market saw a flurry of activity in residential development. Generationally family-owned tracts in populated areas of our region were entitled in the first half of the year, sold and now are under development. These astute landowners, working with their trusted Norton land brokers of course, had been planning for the right time to sell “daddy’s farm” for years and early 2022 proved to be a tremendous opportunity for those families.



Two of the largest communities ever developed in Hall County have seen their last phases developed and are approaching buildout. Started in 2004, Sterling on the Lake, the master planned community on Spout Springs Road is approaching 2,000 homes built and by summer or fall 2023 will sell its last new home. Mundy Mill, the vast mixed-use community in south Gainesville, has seen its last residential phase developed and will also complete its new home construction in 2023. Out with the (not so) old and in with the new. Emerging out of recent zonings are new communities such as Reveille (Braselton), Riverbrook (North Hall), Clark

Farms (Flowery Branch) and others. These developments are seeing grading and infrastructure installed as we speak to deliver new home inventory in 2023.

The market was also busy with movement in the first half for recreational tracts and large acreage purchased for long-term investment. In a time of historically low interest rates and unprecedented expansion of the money supply, many people looked for places to “park” cash. Land that offered some recreational value in the short term and potential value appreciation in the long term was a hot commodity.

The second half the year, four consecutive 75 basis point interest rate bumps began to cool the activity on land transactions. Multi-family developers and commercial developers projecting sales of projects at historically low Cap rates began to see eroding returns. Residential home builders started to see mortgage rates increase payments leading to pricing a large segment of homebuyers out of the market and sales begin to slow. All of this led to a mild slowdown on land activity, however, activity is still well above pre-pandemic levels.

Moving forward, we are bullish that the retail, industrial expansion, and business service sectors will continue to need new locations to service the rapid population growth of our region. We have seen these uses follow the rooftop growth historically and that will be no change. We expect to see well located residential developments continue to flourish when they can hit the right price point and stay affordable.

As a result of homeowners being priced out of the new home market, due to interest rates and rising development costs, we do think the “build-for-rent” or “BFR” model that is new to our region will see tremendous expansion in 2023 and 2024. People still need a place to live, and a large majority would prefer a rental single family maintenance free home with a back yard over a traditional apartment. We are seeing these rental communities rent for a premium over an apartment and deliver a quality of life that the market has wanted, but never seen on this scale. While the cheap money fueled frenzy may have slowed, the growth of in migration to our region, job creation and new household formation creates a recipe for continued interest and activity for land throughout our region.

Stephen Lovett
SVP/Partner
Commercial & Acreage Group

INDUSTRIAL PROPERTIES

QUESTION:

What effects, have the following items, had, or will have in 2023 on the industrial market in North Georgia?

- The continued higher cost of construction materials.
- An unpredictable supply chain, in terms of delivery schedules and costs.
- Increasingly higher land development and infrastructure costs.
- Successive interest rate increases.

ANSWER:

Well, it depends. But by and large, the above noted items have had very little

negative impact (either collectively or individually) on the North Georgia Region. Our area continues to thrive and should continue to do so for the foreseeable future. The same holds true for the Atlanta Metro area and the State of Georgia.

The Now

Granted, some projects have been affected by higher material costs. But this has been a part of planning, design, and construction for over two years now. There has been a downward trend in the costs of different types of materials, and developers, architects and contractors have learned to adapt because various categories are fluctuating at different times. For Example:¹

Q4 of 2021 it was primarily higher lumber prices. These have since declined and somewhat stabilized.

Q1 of 2022 it was primarily higher steel prices. This affected everything from structural, roofing bar joist, wall stubs and even piping for sewer lines.

Q2 of 2022 it was primarily higher fuel prices. The affected everything from operating heavy construction machinery for site development, but also asphalt paving – whether for industrial uses but also public road projects. Not to be forgotten is the everyday worker, just commuting to work, which sometimes has a more profound effect on the construction worker, as the construction projects are always in different locations and hardly ever close to home.

Q3 of 2022 it was primarily higher ready-mix concrete prices. This affected tilt-up wall construction (of which most industrial buildings now constructed), building footings and slabs, truck courts, bridges, curb and gutters and culvert piping.

Q4 of 2022 it was primarily the cost of money, which of course affects all the above. One could look at the items above and see it as a negative. But it shows all the positives for the future of industrial construction sector and for our region. The resilience and innovative ideas of developers, designers, government officials and contractors, working together, has helped to

¹ Carroll Daniel Construction / Gainesville, GA

overcome obstacles that for all practical purposes are out their control. Consequently, little of the tremendous success and growth of the manufacturing and warehousing sectors, in this region, could have occurred without the NEED for it to happen. Georgia’s long history of a state with vision and its pro-business climate is magnified by the leaders (both private and public) and the local level. The attraction of new industry into a community, which ultimately become existing industry, perpetuates into the attraction of new companies that are suppliers to the existing industry. Large manufacturers, because of the materials supply fiasco originating in China, are now requesting (some might say demanding) that their integral suppliers locate facilities within pre-determined distances or drive times from them.

GA-400 MARKET

The GA-400 commercial market will look to continue its impressive run of growth and development in 2023. While macroeconomic factors are resulting in a dampened investment outlook, our local economy and labor market remains strong. The large number of affluent residents in our corridor continue to make it an attractive market for commercial investment.

NORTH GEORGIA MAJOR EMPLOYERS

	CURRENT EMPLOYMENT	TARGETED EMPLOYMENT
	MARCH 2022	2023 – 2027
Fieldale Farms	2,370	3,000
Pilgrims Pride	1,760	2,000
NEGA Medical Center	9,239	15,000
Hall County School System	3,400	3,700
ZF Transmissions	1,200	1,500
Kings Hawaiian	800	1,000
Gold Creek Foods	3,035	4,000
SK Battery	1,700	7,000
Amazon (North GA Only)	2,400	3,000
Kubota	3,535	4,500
Cottrell	1,100	1,500
TD Automotive	800	900
Fox Factory	1,300	1,500

The Future

Regarding the part of the Answer “Well, it depends”: With the cost of money (in most cases) now higher than most Investors preferred cap rates, the Developer (Seller) is being squeezed to such an extent that, at least for the immediate future (possibly through Q1 of 2023) they are hitting the Pause button. I foresee most these Speculative/Investment Developers, that rely on debt, sitting on the sideline, during this time. Although I do believe that they’ll continue to search for properties that can tied down or purchased until the timing is right for them.

However, the untapped market for Purchaser/Occupants of industrial buildings and the Speculative/Investment Developers that are flush with cash or equity, will continue to be strong. It will be strong because for all practical purposes, the inventory of new of relatively new manufacturing facilities is non-existent. There will be a need for greenfield building sites, with access to major highways and infrastructure.

The Opportunity

Not all manufacturing companies need a 500,000 SF + building. There is a dire need of industrial buildings in the 25,000, 50,000, 100,000 SF range, with modern ceiling height requirements. Naturally, the efficiencies of construction aren’t as great when compared to constructing larger buildings, but neither is the risk and exposure. The need is certainly there.

Chris Braswell,
SVP/Partner
Industrial Properties
Commercial & Acreage Group

At the north end of the corridor in Lumpkin County, the agritourism industry is attracting thousands of visitors to the North Georgia mountains. The future hospital campus of NGMC Lumpkin has broken ground, and there are reports of a grocery-anchored shopping center coming to the intersection of Hwy 60 and GA-400. Continued commercial growth will be dependent on much needed road and infrastructure improvements, however funding for these projects do not appear likely anytime soon. In Dawson County, rapid population growth is resulting in a development boom along GA-400. Several multifamily projects are currently being constructed, including the Peaks of Dawsonville (an 80-unit apartment complex) and Pointe Grande Dawsonville (a 300-unit mixed-use development). Several new retail establishments have arrived including Wild Wing Café, The Human Bean, Bamboo Car Wash, Discount Tire, Taco Mac, and many more. Office and industrial space are still needed, as the county will look to continue to grow its tax base.

In Forsyth County, several large mixed-use developments and transportation projects are in the works. In Cumming, Coal Mountain Town Center, Sawnee Village, Creekside Preserve, and the Cumming City Center are all moving forward. The new interchange at Hwy 369, the full diamond interchange at McGinnis Ferry Road & GA-400, and the widening of Post Road will hopefully result in alleviated commuter traffic. A large investment in sewer and water infrastructure has resulted in several commercial developments coming to the county, especially in North Forsyth. The Alta North mixed-use project is on track to be completed by the end of 2023, and several large warehouse buildings are coming to the intersection of GA-400 and Settingdown Road.

In North Fulton, the I-285/GA-400 interchange project has been moving along slowly but surely. The GA-400 express lane expansion and MARTA

Bus Rapid Transit (BRT) projects are still in the planning stages and are set to be underway in the coming years. Continuum in Alpharetta was recently approved to bring more than one million square feet of commercial space to Windward Parkway and the City of Alpharetta. The future of North Point Mall remains to be determined after a recent rezoning attempt was denied in November 2022.

In all, the GA-400 corridor will live up to its coined name of the “Golden Corridor” in 2023. It is an ideal place to live and work, and it will continue to attract new residents and business.

Chase Unger, CCIM
GA 400
Commercial & Acreage Group

NORTHEAST GEORGIA MULTIFAMILY MARKET REPORT

The story for the multifamily/apartments sector in Northeast Georgia remains the same this year: availability of these rental units is scarce; demand for rental properties remains high and rental rates continue to go up. The ability to find an apartment or townhome to rent is flat out difficult. Rental communities have waiting lists and, according to Norton Native Intelligence research, the 2022 average apartment vacancy rate is 3.6% for Hall County. We do not see this vacancy rate going any higher in 2023 as the demand for renting is greater than the supply of rental units in the market and, increased mortgage rates could make vacancy rates even tighter in 2023.



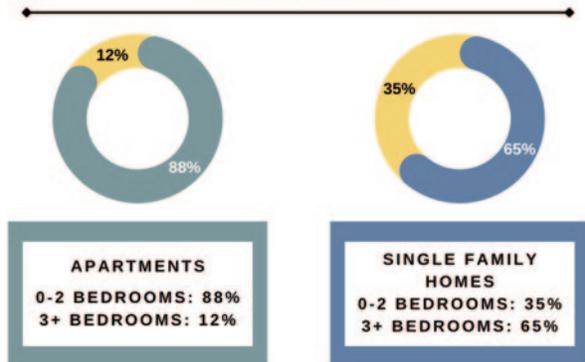
The very high demand for rental communities in Northeast Georgia can be seen in the continued growth and development of new apartment communities in the market. We expect the number of new apartment communities to even accelerate in 2023. Norton Native Intelligence can project this increased growth from tracking zoning decisions and city and county commission votes regarding what multifamily communities have been approved in 2022 that will become reality in 2023 and beyond.

Norton researched 5 counties in Northeast Georgia (Dawson, Habersham, Hall, Lumpkin, and Rabun) in the fall of 2022 to find out how many new multifamily developments have been approved for construction or were already under construction. This research found that there were presently 40 new apartment/townhome communities either approved or under construction totaling approximately 6800 new rental units in these 5 counties in Northeast Georgia. New rental communities are popping up all over our area.

There is a final important point to remember about this expanding multifamily sector in Northeast Georgia. It is happening out of necessity, prosperity, and choice. The necessity is that there is a significant under supply of affordable homes to purchase that makes renting the best financial option. The prosperity is the strength and growth of Northeast Georgia’s economy that is attracting new jobs and employers and their employees need a place to live. Choice is that more people are also choosing to live in high quality rental communities that offer a simpler life, nice amenities, and a warm community environment.

Stephen Reynolds
Investments
Commercial & Acreage Group

BEDROOM COUNT IN RENTALS



Source: JCHS tabulations of US Census

OFFICE

Just three years removed from the beginning of the pandemic, the office market still finds itself in a state of flux.

When the pandemic first hit, companies, both large and small, found themselves pleading with landlords for rent concessions and abatements, opportunities to downsize their leased space footprints, and asking for early terminations of their lease agreement, as all of their employees were quickly faced with a “new normal” – working from home.

Well, three years later, the work-from-home model still exists, albeit not to the extent that we saw back then. Employers have been forced with making the difficult decisions of what their “normal” looks like. Some have continued to promote the work-from-home model, while others have moved to more of a hybrid format of working. But, the most successful businesses that I have encountered during these times are those who have fully embraced and required their employees to return to the office.

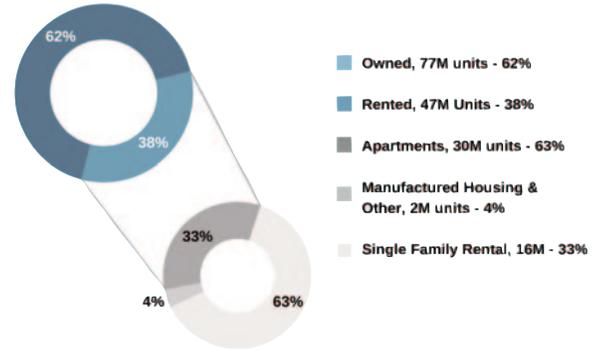
The workplace is the heartbeat of any business and its culture. It’s where productivity, accountability, idea generation, team-building, and training are at their finest. Executives rely on those face-to-face communications with the teams in order to gain a better sense for what’s really going on throughout the organization. And, while Zoom and other remote channels of communication do still have a place in the business world, being present on a daily basis has proven to be the best way to effectively grow.

But, that is not the end of the story. 2022 brought a significant number of other challenges for the business world and office market, alike. Rising interest rates, geopolitical tensions and uncertainties, a US stock market that lost close to 20% of its value, and a large number of corporate layoffs, hiring freezes, and regional office closures. All of this contributed to what we’re seeing in our North Georgia’s office market today.

While rent abatements and lease cancellations are no longer commonplace in the market, many office users are finding themselves faced with other predicaments. Whether it’s too much unused leased space or a lease term that seemingly feels like it will never end, companies are actively seeking help by any means possible. Office subleases have increased in popularity, as have tenants choosing to downsize at renewal.

A relatively new product type has also taken flight – small, “executive offices”. These are typically single offices where the user is either a sole proprietor of his/her business, an independent sales rep, or someone who works remotely and

US OVERALL HOUSING & RENTAL INVENTORY



Source: JCHS tabulations of US Census

simply needs to get out of their home office to help increase their overall output.

All that said, the good news here is that our region is one of vast growth and outside interest. Gainesville/Hall County continues to steadily grow at 2% annually, whether that’s from residents fleeing the challenges presented to them in Atlanta and other major markets across the country, we are consistently finding ourselves atop lists of “best place to work and live”. And, because of that, and especially when we see through the current recession in the next year or two, our local office market will only continue to strengthen and grow in number.

Patrick Cisco,
SVP/Partner
GA 400 Office
Commercial & Acreage Group



THE NORTH GEORGIA VIABILITY INDEX

We are fascinated with indicators showing the dynamics and sometimes the volatility of the market. As students of Real Estate Trends, we find it imperative to understand historical trends, comparisons, and waypoints to help predict directions of growth, leading indicators and the opportunities surfacing between the data.

For the FIRST time Norton Native Intelligence™ has created a North Georgia Viability Index to reflect the current market conditions. Norton Native Intelligence™ has taken leading data matrix for the National Regional and Local Economy, given weighted averages to some, and compared current points to that same data in 2012 and to a second data point we deem “equilibrium” or “normal.”

LEAD INDICATORS NORTH GEORGIA

COMPONENT	DECEMBER 2022	DECEMBER 2012	NORMAL
Single Family Resale	1.9 Mo	8.3 Mo	6 Mo
Single Family – New	1.0 Mo	5.2 Mo	6 Mo
Single Family – Rental	1.5% Vac	8% Vac	1%Vac
Multi-Family	2.1% Vac	15% Vac	5% Vac
Retail	3.5% Vac	5.2% Vac	4% Vac
Industrial	2.5% Vac	6.2% Vac	5.5% Vac
Office	5% Vac	6.7% Vac	4%Vac
Medical	1% Vac	3.5% Vac	4% Vac
Interest Rate 30 Yr Mo	6.5%	3.35%	5.0%
Interest Rate Prime Rate	7%	3.25%	5.5%
CPI 12 Month Average	7.7%	2.4%	3.5%
Unemployment	2.9%	9.2%	6%
INDICATOR TOTAL	42	62.8	55.5



FIRST PERSON SNAPSHOTS

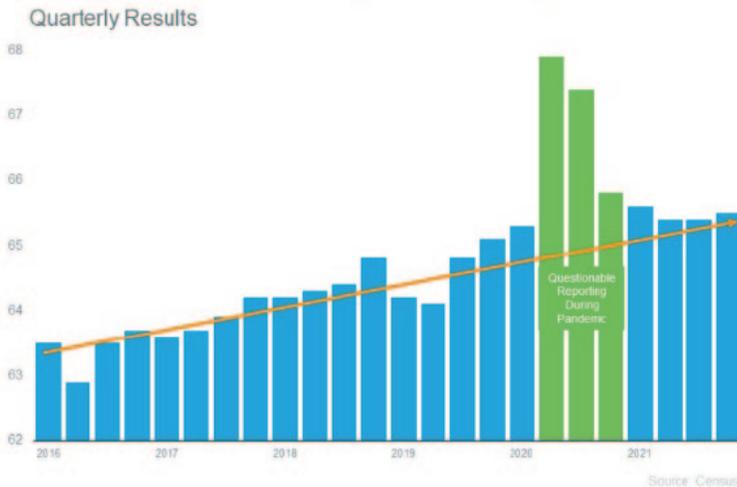
RESIDENTIAL

RESIDENTIAL OVERVIEW

A Return to Normal

Prior to midyear of 2022, we experienced an unprecedented surge in the real estate market across all markets, price points, and products. The velocity of sales and property values reached historical highs. However, as the market steadies, words like recession and depression are broadcasted by the national media. But is this what is really happening? No, it is not. The numbers tell a different story. Commercial agent Zach Tibbs described our current market as “being on the Autobahn and now we are on a regular highway”. To put it simply, we are returning to a more normal housing market and still well ahead of where we started.

U.S. Homeownership Percentage Rates



Average Price point

In February of 2019, the average price for the FMLS market was \$288,520. As of June 2022, we reached a peak average home price of \$484,439. And today, a price point of \$443,711. So, let's break this down. That is an increase from February 2022 to June 2022 of 40% and an increase of 35% to December 2022. So, the decrease from June to December is 8.5%. In less than 36 months our average price point has increased by 35%. I don't know of another investment with those kinds of returns.

RESIDENTIAL NATIONAL MARKET

YEAR	UNIT SALES	HOME PRICE	DOLLAR VOLUME
2019	0.0%	+4.9%	+5%
2020	+5.6%	+9.1%	+15%
2021	+8.5%	+16.9%	+25%
2022	-16.2%	+9.6%	-6%
2023 forecast	-7%	+0%	-7%
2024 forecast	+10%	+5%	+15%

Interest Rates

During the last 2 years, we have experienced historically low interest rates; as low as 2.5% for a 30-year fixed mortgage. As of December 2022, we have 30-year rates between 6.5%-7%. At first blush this will give sticker shock to the consumer. The perspective is that a 6% interest rate is more in line with a normal market. The good news is many homeowners took advantage of the low interest rates. Currently 53% of homeowners have an interest rate below 4%. We predict interest rates will remain in the 6%-7% range for 2023.

Inventory

The number of homes sold throughout 2023 will continue to decrease as inventories remain low. However, the activity for buyers will remain high as the North Georgia Market is flooded with population growth. New job creation and industry expansion will continue and increase the demand for houses. Employers are facing a tough challenge in finding sufficient housing for their workers. Rental Homes and apartments will continue to be a huge driver to provide work force housing. However, the cost to rent is still outpacing the cost of an average 30-year mortgage on a \$350,000 home.

Conclusion

The overall market will have decreased homes sales but prices remaining steady. Some areas and products could see a slight uptick in pricing. Buying or selling a home will return to a more normal market. Times frames such as days on market, inspection periods, and finance contingencies will all return to normal pacing versus the frenzy of the last 24 months. The biggest challenge remaining will continue to be inventory and demand for housing.

Tommy Howard
President/CEO/Partner
Norton Brokerage Services



I-85/316 RESIDENTIAL MARKET

I am often asked how the rise in interest rates and inflation numbers affect our market. The main point I stress, is that real estate is local...despite a slight decline in numbers in the 3rd quarter this year, the average price point along the I-85 corridor for Gwinnett, Barrow, and Jackson's year to year period comparison continues to reflect an increase in average sales prices from 2021 to 2022 based on our GAMLIS data.

Barrow County, which even with the 3rd quarter decline, recorded a 4th quarter average sales price above 1st quarter numbers with an overall yearly average increase of 16.6% from \$299,831 to \$349,537 with 1655 properties sold.

Gwinnett, with the largest number of homes listed and sold of the three counties (3289 as of this writing) had a yearly average increase from of 17.7% from \$379,598 to \$446,830.

Jackson County, with over 1400 properties sold, boasts the highest increase of 21.8% from \$334,185 to \$406,906.

Kami Crawford
Vice President/Partner
Residential
Braselton



2021 U.S. HOUSING PROFILE

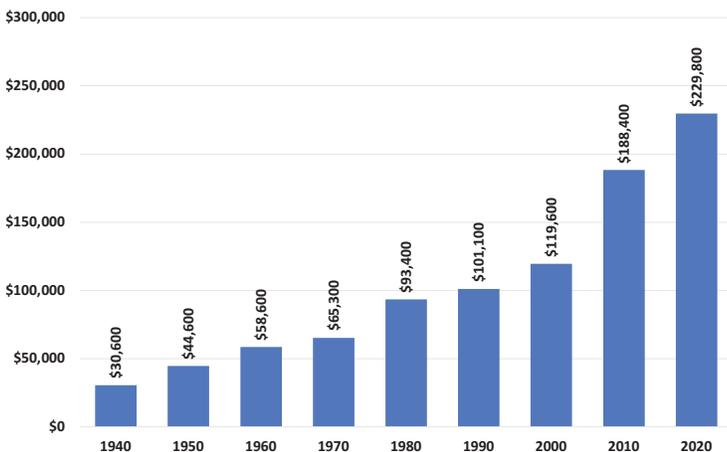
Housing	Units	Percent
Total Housing Units	142,148,050	100%
1 Unit, detached	87,804,068	61.8%
1 Unit, attached	8,823,839	6.2%
2 Units	4,698,934	3.3%
3 or 4 Units	6,069,239	4.3%
5 to 9 Units	6,379,448	4.5%
10 to 19 Units	5,996,065	4.2%
20 + Units	14,201,780	10.0%
Mobile home	8,008,783	5.6%
Boat, RV, van, etc.	165,894	0.1%

Single Family = 68%

Data Source: US Census Bureau, American Community Survey



US MEDIAN HOME VALUES



Data Source: US Census, American Community Survey



GA 400 RESIDENTIAL MARKET

The GA 400 Corridor continues to attract many people looking to move north out of the bustle of Atlanta. With new exits along GA 400 in south and north Forsyth, the widening of Hwy 20 & Hwy 369 as well the new hospital being built at the end of 400 in Lumpkin County, GROWTH continues to be the major theme. The trend toward smaller, local live work community centers continues with the opening of the new Cumming City Center. Similar venues are planned for other areas of Forsyth and Dawson.

National builders continue their expansion into north Forsyth and Dawson County with new construction homes targeting many first-time and move-up buyers. Given that mortgage rates more than doubled this year, pushing past 7%, the highest in 20 years; builders, lenders and sellers alike are having to create ways to attract buyers with mortgage assistance. At the end of 2022, home prices were normalizing and even coming down slightly, especially homes that have been on the market for many days. Inventory of existing homes is on average 30-40% higher than a year ago in some area, allowing buyers more time to shop for a home.

Next year will be another interesting year as inflation and mortgage rates rise. Homes in forbearance will help add to inventory levels. Homeowners that took advantage of low refinance rates may not want to sell given higher rates provide them less buying power. For Buyers ready to make the move, NGA continues to offer many great options.

Lori Martin
Vice President
Residential
GA 400

	Average 2022 Price Point*	% Increase Last 24 Mo's*	Inventory Change Last 24 Mo's*
Banks	\$386,717	45.5%	27.1%
Barrow	\$355,829	42.0%	158.7%
Cherokee	\$499,038	39.8%	115.3%
Dawson	\$525,083	38.7%	65.1%
Forsyth	\$623,077	45.5%	101.5%
Gwinnett	\$464,951	45.1%	178.3%
Habersham	\$331,037	24.5%	75.3%
Hall	\$472,968	38.2%	60.0%
Jackson	\$413,263	46.3%	136.0%
Lumpkin	\$387,309	37.2%	45.0%
Pickens	\$418,983	33.7%	86.0%
Rabun	\$568,708	0.6%	23.1%
Stephens	\$251,596	22.2%	0.8%
Walton	\$403,206	42.8%	180.1%
White	\$368,735	54.5%	31.5%



NORTH GEORGIA MOUNTAIN RESIDENTIAL MARKET

As the country goes, so goes the mountain single family real estate market. I know what you are thinking with this opening statement. Why? What happened? The mountain region has chugged along, and the market was not comparable to the remainder of the state much less the nation. My grandfather told me many years ago that Northeast Georgia is the "fruit basket" of the state; he said most folks don't have a notion about this because they are too busy looking south to peanuts, cotton and soybeans, but the time is coming when the mountains would become the golden egg. Make no mistake, he was right.

Covid 19 reared its ugly head in March of 2020; thus, began the migration of families from the city to rural mountainous Georgia. What a spectacular ride it has been, but you likely have heard a screeching of the tires in 2022.

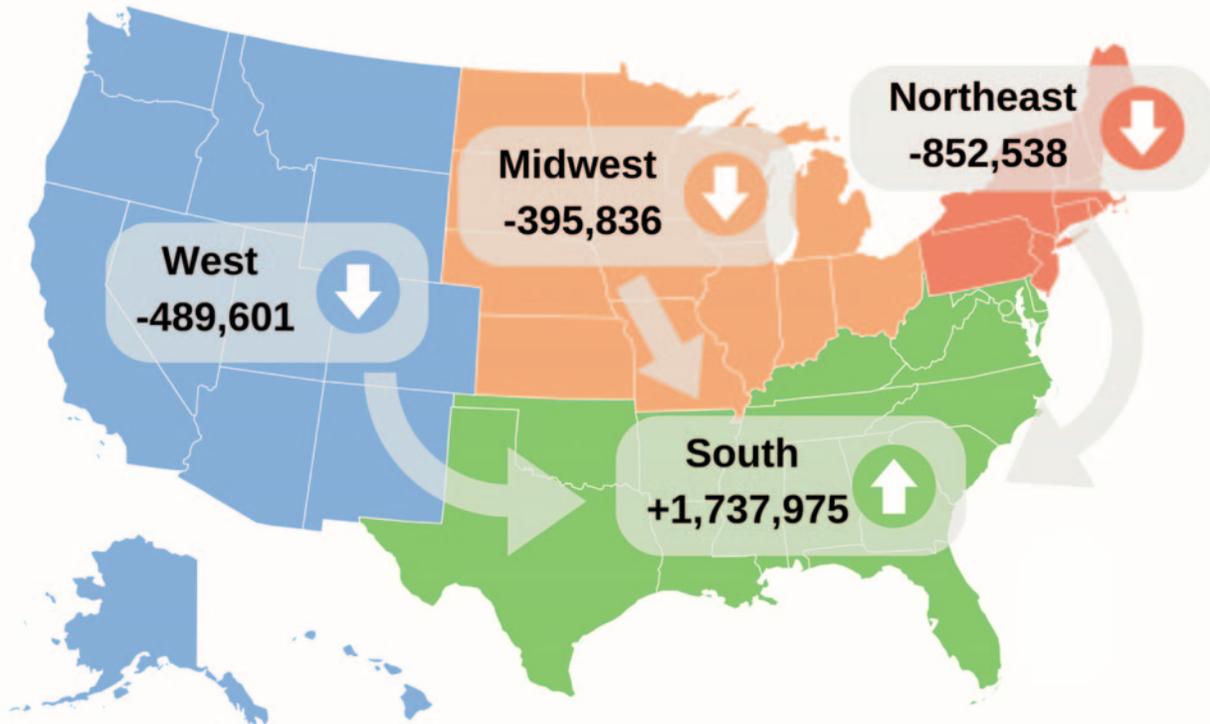
Beginning in January of 2022* it became obvious that the market was slowing. When the Feds began hiking rates, the number of buyers dwindled. There has been an uptick in active inventory combined with longer days on the market and sellers are now far less likely to enjoy bidding wars for their homes.

What does all this mean? I don't know other than being very certain that our precious mountains will forever be a haven for us who are blessed to live here and those looking to leave the madness of whatever else maybe going on in the world.

Always remember that today is the best day to purchase real estate!

Diane Brown
SVP/Partner
Residential
Mountain Region

U.S. NET DOMESTIC MIGRATION DURING COVID JULY 2020 TO JULY 2022



Data Source: US Census



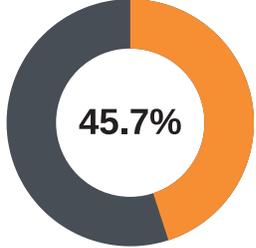
THE CURRENT STATE OF HOME AFFORDABILITY

\$30,600
Median Home Price 1940

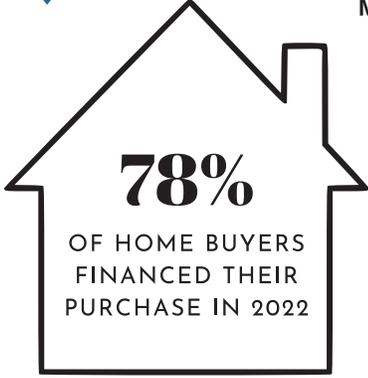
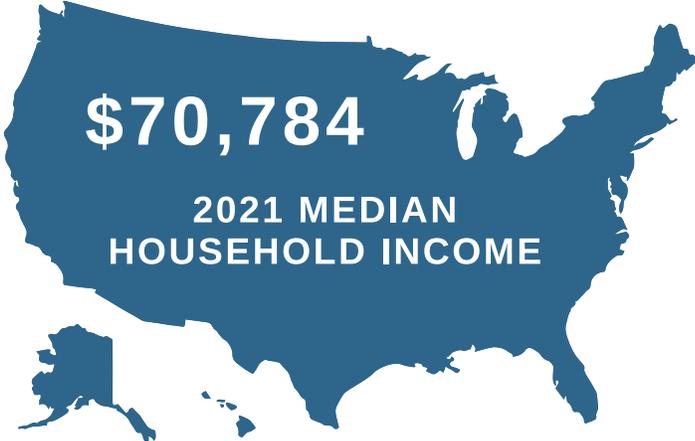
\$244,900
Median Home Price 2021



8x increase
since first
census in
1940

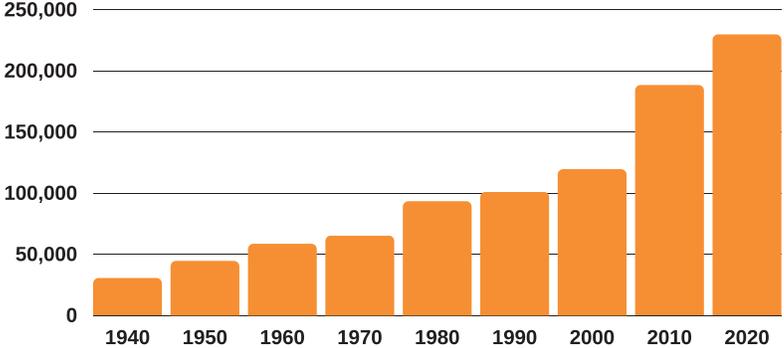


PLAN TO PURCHASE WITHIN THE NEXT 6 MONTHS



1,677,105,000
NEW BUILDING PERMITS ISSUED IN THE U.S. IN THE LAST 12 MONTHS

US. Census Median Home Value

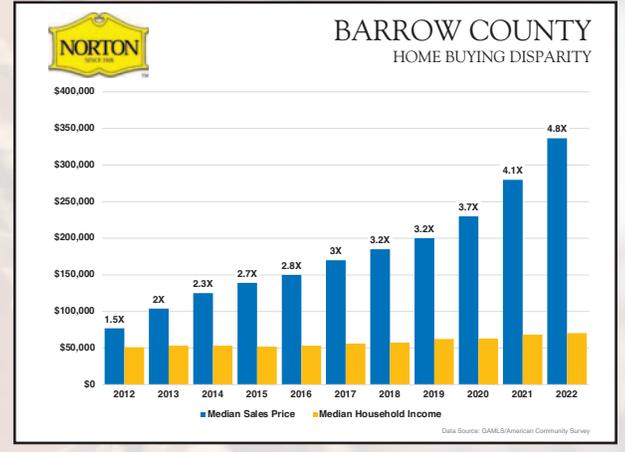
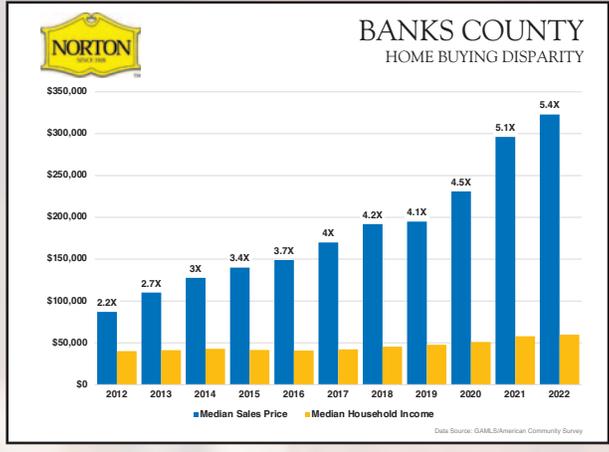
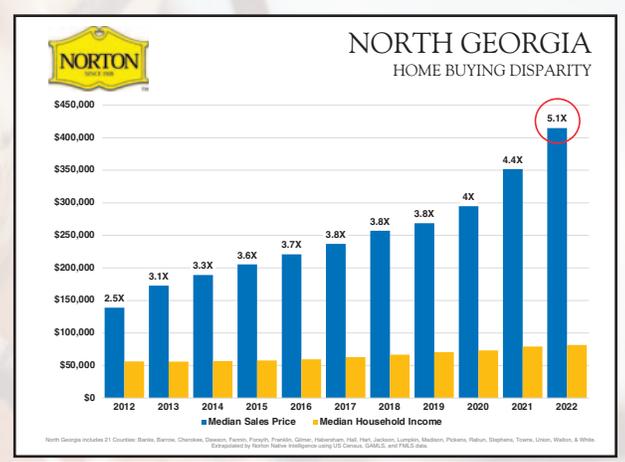
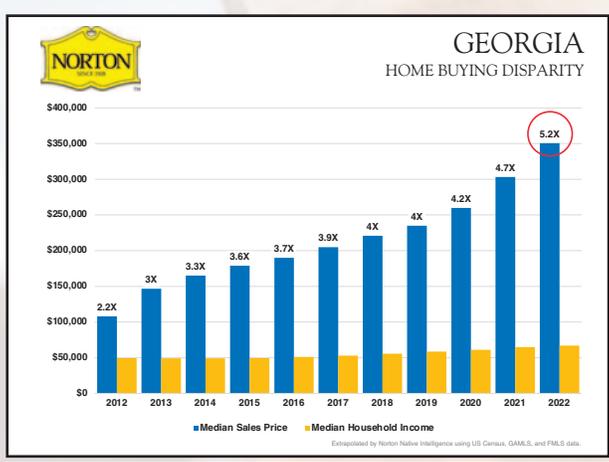


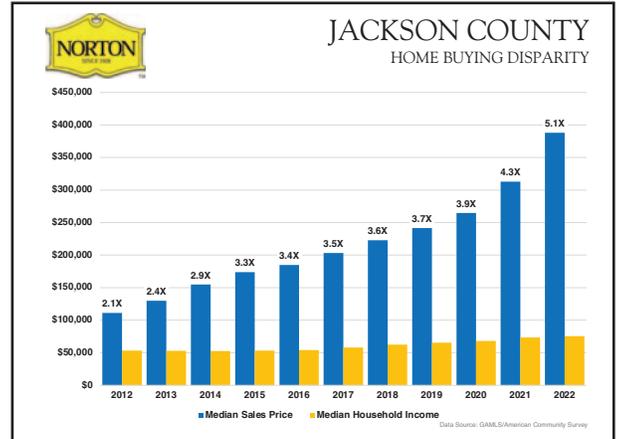
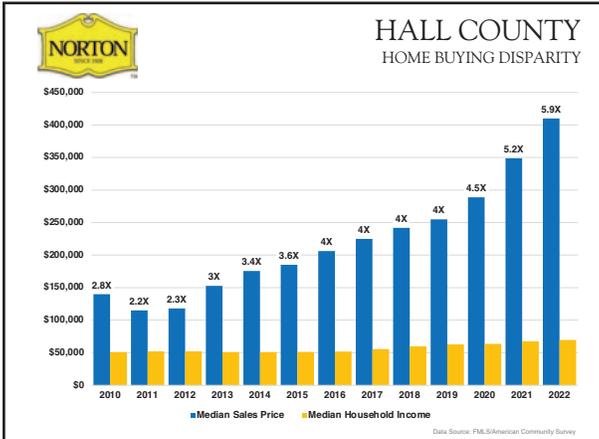
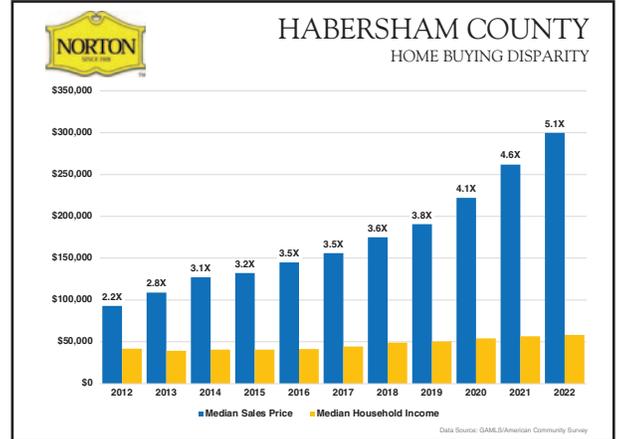
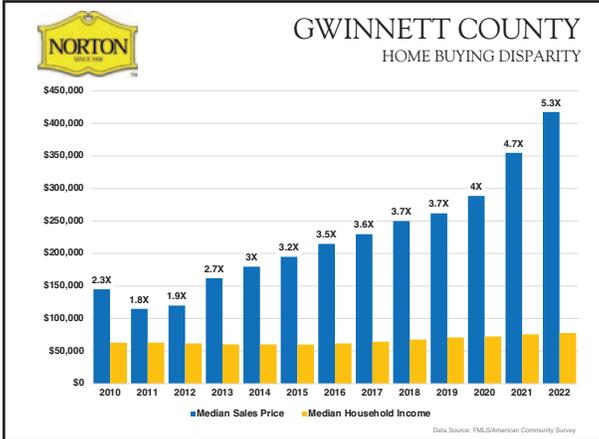
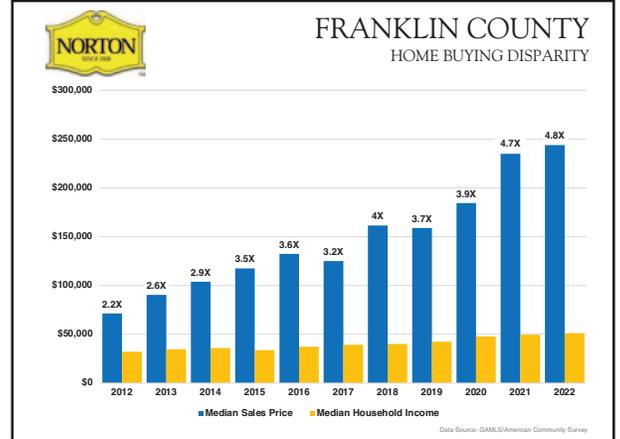
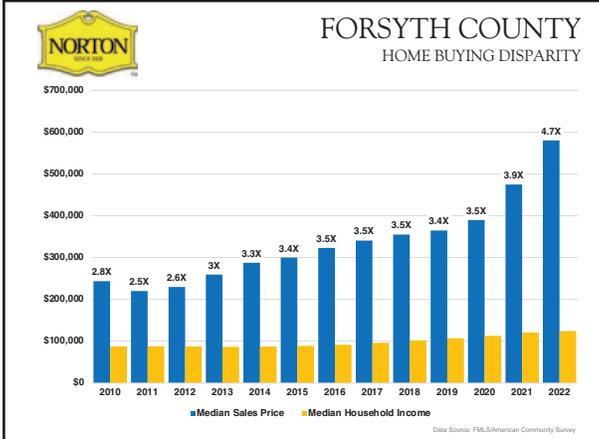
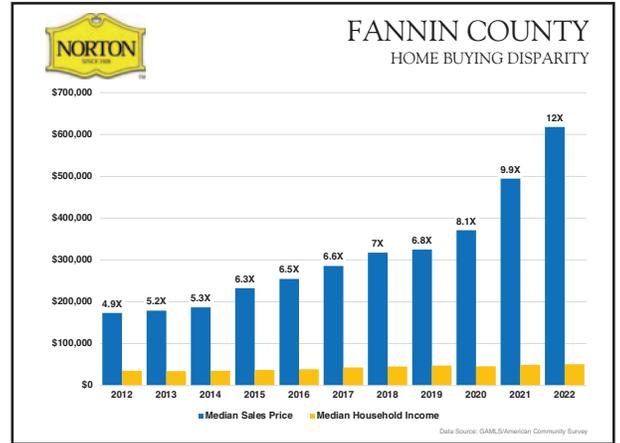
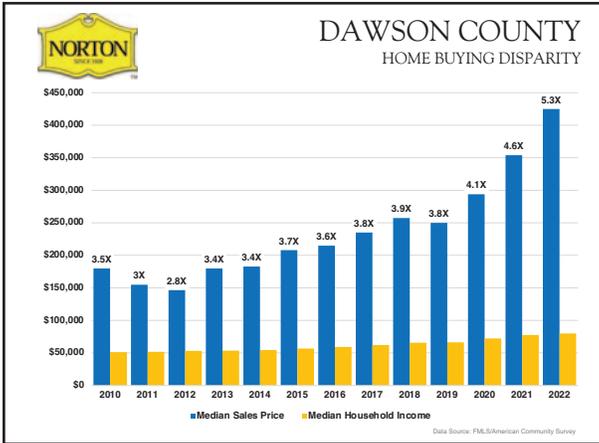
DISPARITY

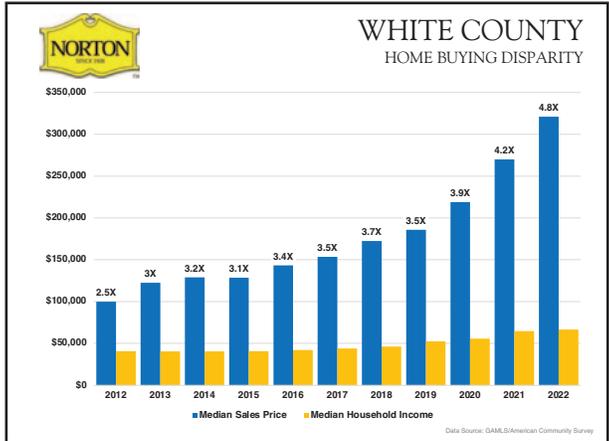
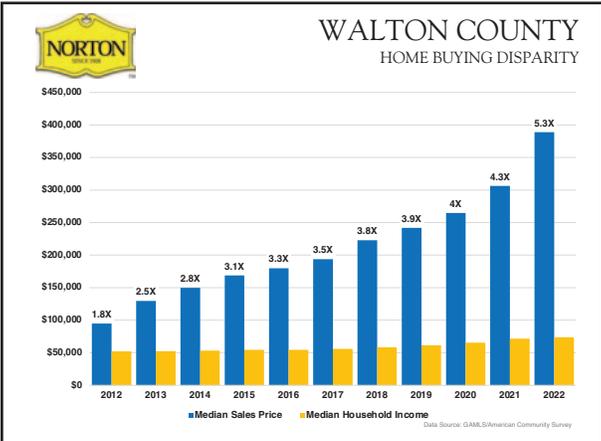
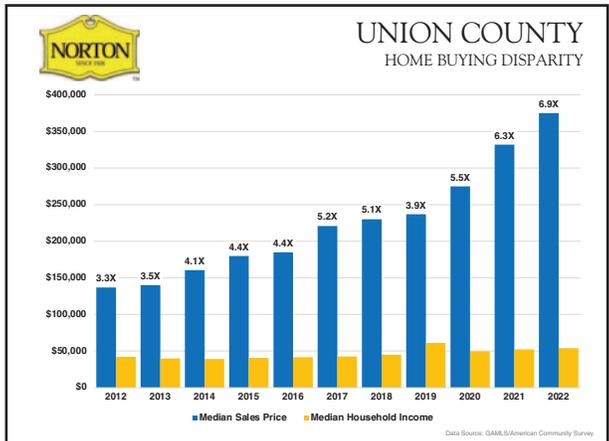
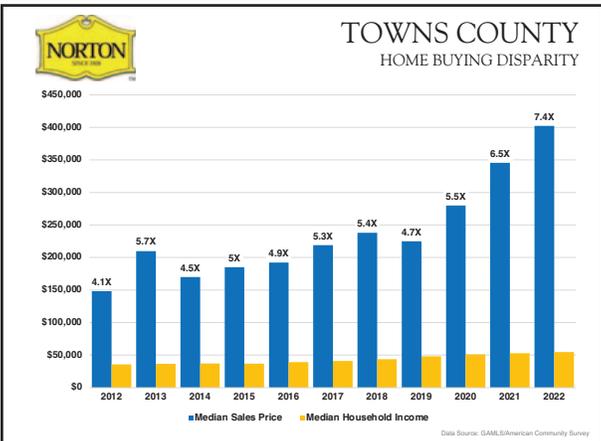
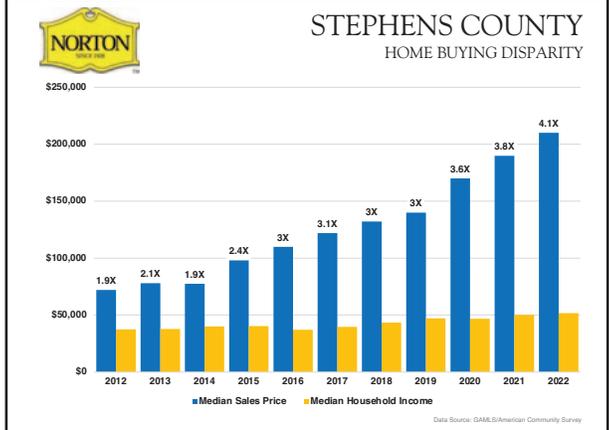
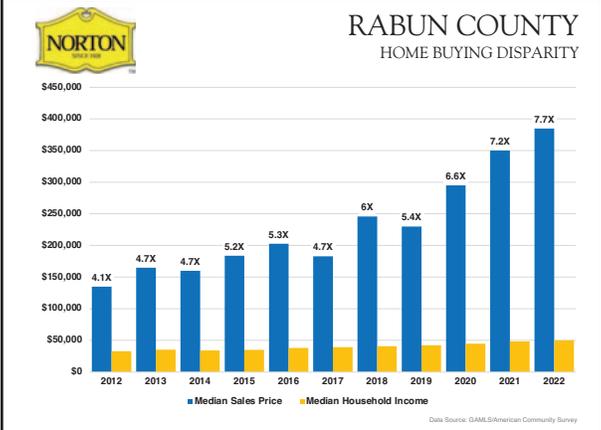
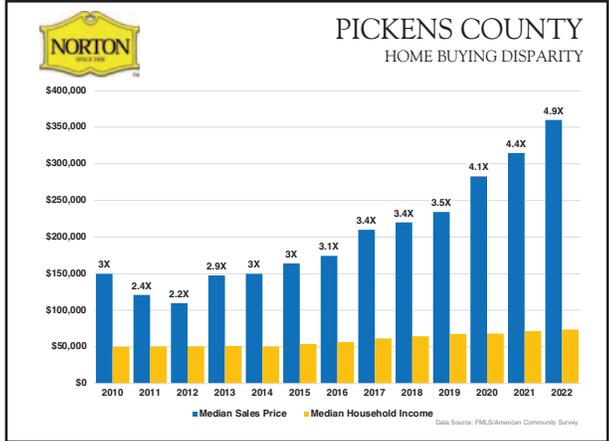
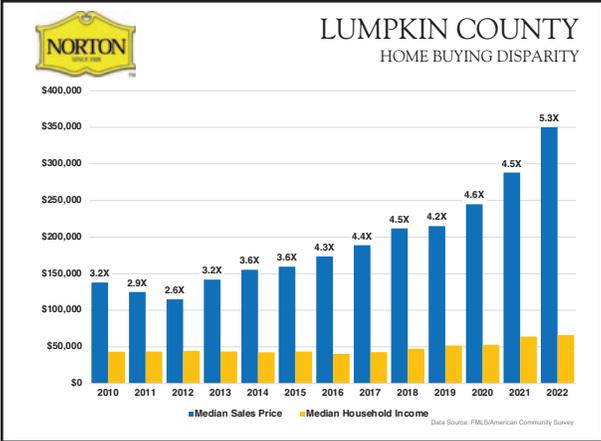
In our research journey, we are continuously looking for various methods to better understand our local market dynamics, comparative analysis, and predictors for North Georgia inherent in that data. This Spring we had long discussions with one National housing expert who challenged us to look at Affordability using market-by-market Income Disparity. Simply put, take the median home price over time vs the median family income (over time) of a potential demographic segment.

The following charts do just that: by the state of Georgia, by the North Georgia region and then by individual counties within our market reach. We thank *Jessica Knight*, head of our research team, for her tireless hours to create these new market indicators.

The data **POPS**. It is clear that there is an ever-widening gap between Median Household Income (MHI) and the rapid escalation in Home Prices. For example, in Dawson in 2010 homes sold 3.5 times MHI vs 2022 selling 5.3 times. No wonder homes are becoming increasingly out of reach of the average American. Norton's own Ncredible Properties "ground zero" goal is to produce rental homes that target 2.5 - 3.5 times the median household income. Almost an impossibility in today's volatile construction market.







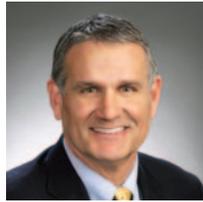
NORTON'S 94 YEAR RECIPE

1. The Strength of our brand is the FAMILY, its name, its reputation, and its principles which transcend both genetics and generations.
2. We are in the Shelter and Security business fulfilling the most basic human wants and needs.
3. Our complex diversity is our true sustainability during market corrections.
4. Satisfied customers are the blood that courses through our veins, charging and re-charging our energy...driving us higher, further, longer, and faster.
5. We are creative problem solvers taking time to understand a situation and thoughtfully work through cost effective solutions.
6. We believe in hard work and through that hard work we can out maneuver, outthink, and outperform others in our industries.
7. We are capitalists taking strategic advantage of opportunities and then deploying resources wisely.
8. We are frugal thrifty holders of capital – financial and human- thus ready to deploy and ready to utilize.
9. It is our people, their character, energy, and agility that separates us our competition.
10. We have fun in what we do. It's important to laugh together, never take ourselves too seriously and enjoy life as it is dealt to us.
11. From our YELLOW SIGNS to our PEOPLE'S involvement in the communities we serve, we BELIEVE in being VISIBLE.
12. Our passion for growth is contagious. Our goal is to turn ideas into reality. Nothing is too big, too complicated, or out of reach when we work together to find a solution.
13. We believe in TOMORROW! We work hard for today, but we look to the horizon for opportunities that will create more business in the future.
14. We are fully engaged in what we do. Our passion for success is a by-product of our optimism and positive innovative outlook.
15. We believe in God as a higher power whose strength, grace, and wisdom guides all actions.

NORTON COMMERCIAL & ACREAGE GROUP



Frank K. Norton Jr.
Executive Chairman
Norton Legacy



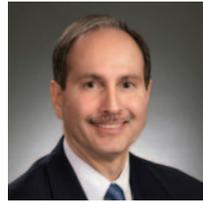
Bob Norton
Executive Chairman
Legacy Risk Solutions, Inc



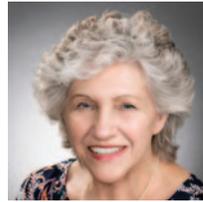
Tommy Howard
President / CEO
Norton Brokerage Services



Michael Westbrook
CFO
Norton Legacy



Chris Braswell
SVP, Partner Gainesville
Commercial & Acreage Group



Glenda Caldwell
Commercial & Acreage Group
Lumpkin



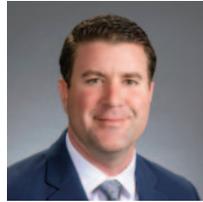
Patrick Cisco
SVP, Partner, GA 400
Commercial & Acreage Group



Scott Clayton
VP, Habersham
Commercial & Acreage Group



Will Cobb
SVP, Partner, Gainesville
Commercial & Acreage Group



Kraig Crawford
Commercial & Acreage Group
Braselton



John Drew
SVP, Partner, GA 400
Commercial & Acreage Group



Mike Felton
Commercial & Acreage Group
Gainesville



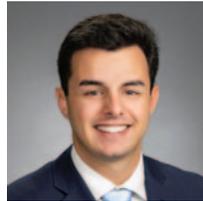
Jean Ferris
SVP, Partner, Gainesville
Commercial & Acreage Group



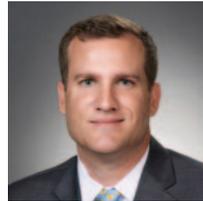
Craig Floyd
Commercial & Acreage Group
GA 400



Randy Gordy
Commercial & Acreage Group
GA 400



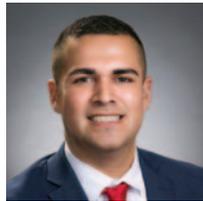
CJ Harman
Commercial & Acreage Group
GA 400



Charlie Hawkins
SVP, Partner, Gainesville
Commercial & Acreage Group



Gina Johnson
SVP, Partner, GA 400
Commercial & Acreage Group



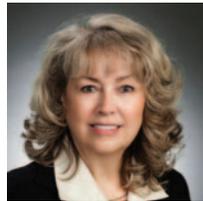
David Lopez
Commercial & Acreage Group
Habersham



Stephen Lovett
SVP, Partner, Gainesville
Commercial & Acreage Group



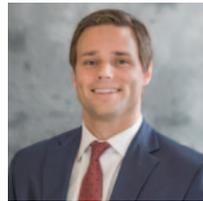
Matt McCord
SVP, Partner, Gainesville
Commercial & Acreage Group



Sheri Millwood
Commercial & Acreage Group
Gainesville



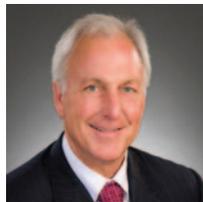
Kelly Moore
Commercial & Acreage Group
Gainesville



Logan Moye
Commercial & Acreage Group
GA 400



Tanya Mulka
Commercial & Acreage Group
Gainesville



Dudley Owens
Commercial & Acreage Group
GA 400



Wayne Parker
Commercial & Acreage Group
Winder/Braselton



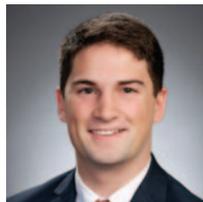
Stephen Reynolds
Commercial & Acreage Group
Gainesville



Wade Rhodes
VP, Partner, Habersham
Commercial & Acreage Group



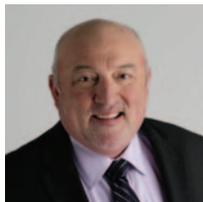
David Stovall
SVP, Partner, Gainesville
Commercial & Acreage Group



Zach Tibbs
Commercial & Acreage Group
Gainesville



Chase Unger, CCIM
Commercial & Acreage Group
GA 400



David Williamson
Commercial & Acreage Group
Gainesville





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