

**NATIVE
INTELLIGENCE
2022**





TM



BUILDING COMMUNITY



Frank K. Norton, Jr. & Robert V. Norton

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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.

Color photos by Norton Staff and Associates

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

CHANGE

W We change and change and then we change again.

Life presents North Georgia challenges - moment after moment, year after year - and yet we rise up and face them head on, face forward into whatever **storm** comes our way.

The pandemic is wave after wave of fear and uncertainty poised to undo us, however, it has strengthened our resolve as a community as we pivot and roll up our sleeves and plow ahead. Our private and civic leadership has led our region to unprecedented new levels: industrial construction is at peak production, unemployment enviably low, months of home supply and rental vacancy is at historic lows and tax revenues are soaring upward.

We are blessed and we must remember to bless others.

Affordability gaps, increased wage disparity, a growing rental impaired segment, and new community zoning oppositions are advancing across our region. The pandemic seems to have jump started a new North Georgia economic era and Norton is pleased to be an active part of that movement.

Our 350 plus extended business family is always standing ready to face CHANGE, interpret CHANGE, marshal the forces of CHANGE, and FACE the next storm... whatever that may be.



Robert V. Norton
President
The Norton Agency



Frank K. Norton, Jr.
CEO
The Norton Agency



BUILDING COMMUNITY

INTO THE STORM

There's a story we've been told about the American Buffalo that we thought provided great symbolism for today's pandemic infused economy, symbolism for our own firm and for communities facing adversity.

There are a few images that represent America and the entrepreneurial spirit of American West quite like the American Bison, better known as the Buffalo. The "Official Mammal" of the United States is often used throughout North America in seals, flags, and logos. In the Native American community, the Bison is revered, especially among the Plains Indians who consider it a sacred animal and a religious Icon.

It is estimated that 50 million bison roamed the Great Plains five hundred years ago. The Bison number around 500,000 today after being hunted to less than 325 by 1884. It remains the only wild animal originally found on this continent that is kept only in captivity or in a National Park. In other words, you won't find bison anywhere just roaming around freely.

Storms. We all face them sometimes. The hardest ones are the kind that come out of nowhere with dark heavy clouds that threaten our very existence. In the animal kingdom, no one is exempt from them ...but there is one animal who has it all figured out.

The Native Americans referred to the Bison as "faces the storm", and for good reason.

When storms come, what cows (and other roaming animals) do is only natural. Cows sense the storm coming and immediately start to run in the opposite direction. The only problem is they aren't very fast, so the storm catches up with them quickly. Without knowing any better the cows continue to try to outrun the storm, but instead of outrunning the storm they run right along with it. Thus, their frantic running – away from the storm – maximize the amount of pain and time and frustration they experience in that storm. A struggle that could have ended more quickly, seems to carry on for a very long time, leaving the animal exhausted, defeated, and even permanently injured.

Buffalo however take a different approach to storms. Buffalo wait and watch as a storm approaches. They remain relatively calm and keep their eye on the raging clouds. When the weather is close, the Buffalo turn toward – and charge directly head on – **into the storm.**

Instead of running away from the storm they run directly at the storm – straight through it – thus minimizing the amount of pain, time, and frustration they experience from it.

As human beings we often don't do that. We tend to procrastinate, and the fear of the big upcoming task gets bigger and more daunting in our heads. To use an old idiom that's been around since millions of Bison were roaming the Great Plains, we like to "make mountains out of molehills." We essentially procrastinate our challenge into something much bigger than it needs to be.

The hard stuff in life either breaks us and wears us out...or gives us a strength we didn't know we were capable of. The pain we carry, either works to hold us back or gives us a reason to keep pushing through.

We can learn a lot from the BUFFALO. Even in the times we can't see the storm coming, we can still decide – in a moment – if we lean into the coming storm or if we spend the rest of our lives trying to run from it. Either way there will be moments we will have to face it...either head on, or by it knocking us over from behind.

We experienced one of those perfect storms in 2020 and extending into 2021. Beginning with a pandemic that caught the world by surprise, to the toxic political environment, followed by a controversial election, and then mix in a clash of culture and civil unrest. 2021 was a year that most of us

can't wait to slam the door on. As for COVID-19, it's raging again and will likely occupy a bigger portion of the next 8 – 12 months, more than we want to admit. The third wave has hit with Governor's advisories and mandates including government restrictions on public and private behavior, as well as reduced capacity in restaurants and gyms. All backed by the fear promoters in main-stream and social media. The dumpster fire of 2021 has been wreaking havoc on us individually, spiritually, mentally,

*The Devil whispered in my ear,
"you're not strong enough to
withstand the storm."*

*I whispered in the Devil's ear,
"I love your eggs."*

emotionally, and financially. I keep hearing folks use words like “fatigue,” “over it,” and “worn out,” but it’s not done yet and neither are we. Turn back around... **into the storm.**

That is us to a “T”: facing obstacles, leading the charge into the storm not away from the storm. In the dark days of 2008, Norton captured the phrase, “*Invest in America*” (even printing bumper stickers) to reinvest in this strong country and investing in North Georgia despite the approaching recession, depression that was looming ahead. Only America...we believed we could help America and we did.

Don't Run

Don't Avoid It

Don't Hope it Goes Away

Take it head on

So, the pandemic waves of infection are both behind us and before us. We are a resilient lot. Humans adapt and our own firm adapts to thrive...not just survive, facing the storm whatever that might be. We believe in positivity, in temporary pain for a longer-term prosperity. Our dad, Frank Norton, Sr., and the builder of our business told us this many times.

“Our firm has been through 13 downturns followed by 13 upturns and the struggle is how to be successful in both.”

Whether you believe the “pandemic era” is over or not, having the attitude of facing the storm, running to and through the storm is worthy of your own brainstorm. We were born with a creative brain, a strength of endurance and a call for perseverance. So, whatever your storm may be...

FACE THE STORM.



REAL ESTATE A NATIONAL VIEWPOINT 2022

The U.S. economic recovery is unlike any in recent history, powered by consumers with trillions in extra savings, businesses eager to hire, and enormous policy support. Businesses and workers are poised to emerge from the downturn with far less permanent damage than occurred after recent recessions. New businesses are popping up at the fastest pace on record. The rate at which workers quit their jobs – a proxy for confidence in the labor market – matches the highest going back at least to 2000. American household debt-service burdens, as the share of after-tax income is near the lowest levels since 1980, when records began. The Dow Jones Industrial Average is up near 27 from its pre-pandemic peak in December 2021. Home prices nationwide are nearly 21 higher since that time.

The speed of the rebound is also triggering turmoil. The shortages of goods, raw materials and labor that typically emerge toward the end of an expansion are cropping up much sooner. Many economists, along with the Federal Reserve, expect the jump in inflation to be temporary, but others worry it could persist even once reopening is complete. **We've never had anything like it – a collapse and then a boom-like pickup. It is without historical parallel.**

When Covid-19 pandemic restrictions sent the U.S. economy into free fall in the Spring of 2020, economists and policy makers worried it would take years for workers and businesses to heal. They now expect the economy's size to surpass pre-pandemic levels by yearend 2021.


The recoveries from the 1990-1991, 2001, and 2007-2009 recessions were "jobless": weak demand reduced employers' need for labor, keeping unemployment stubbornly high for years. This time, however, the labor market appears increasingly tight. The unemployment rate, at 4.2%, is only slightly higher than before the pandemic. The turn in fortunes has been head-spinning for a lot of businesses.

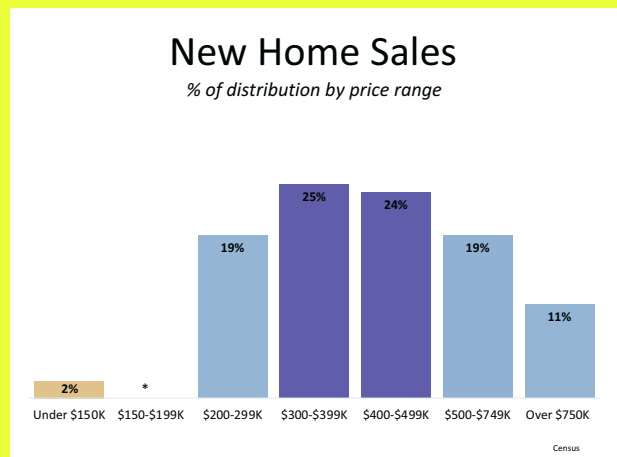
This is a national disaster, not a financial one. Our past recessions typically resulted from a rise in interest rates or a decline in asset values that hurt output, income, and employment, sometimes for more than a year. The damage to household finances and financial institutions after the 2007 housing crash led to lost demand that weighed on the economy for years. The Covid-19 recession, by comparison, didn't result from financial factors but from a disruption akin to a natural disaster. The pandemic created a shock that overwhelms the very concept of an economic cycle.

Natural disasters temporarily interrupts economic activity while leaving intact the underlying demand and supply of goods and services.

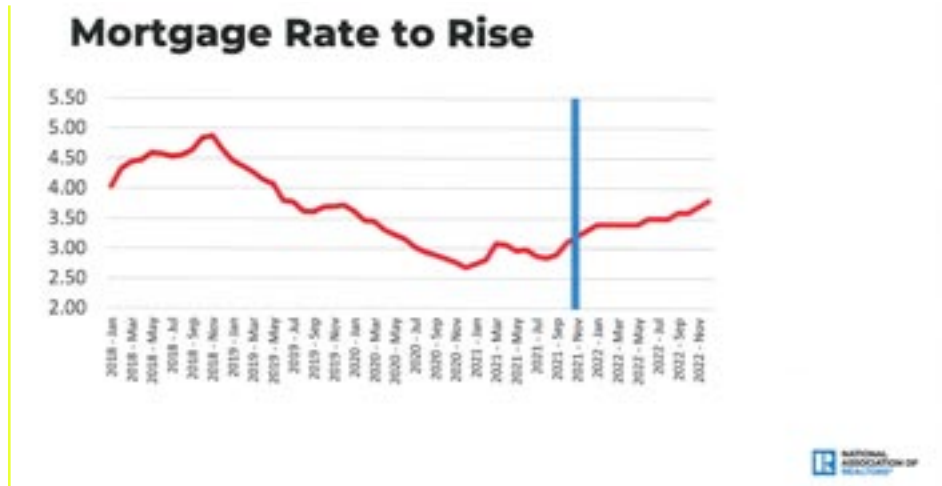
HOUSING ISN'T LIKE OTHER GOODS

For a start, housing is a very basic necessity. Demand for shelter doesn't go away – it just moves around. In other words, if the price of airfares skyrockets 7%, as it did over the past year, families could decide against going on that summer getaway. That choice isn't so simple when it comes to housing. As the cost of shelter increases it can have a cascading effect on extremely low-income renters. Some 9.2 million 'extremely low-income' renters are spending more than a third of their income on shelter-related expenses.

 Mortgage Rate Projection					
Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2021 4Q	3.4	2.9	3.1	3.3	3.18%
2022 1Q	3.5	3.0	3.4	3.4	3.33%
2022 2Q	3.6	3.1	3.6	3.5	3.45%
2022 3Q	3.7	3.1	3.8	3.6	3.55%



Research from the *National Low-Income Coalition* has shown that more than 9.2 million “extremely low-income” renters are cost burdened by their housing, meaning they spent more than a third of their income on shelter-related expenses. Many of these households spend upwards of 50% on housing, leaving little money for other purchases. The alternative for these households would be losing the roof over their heads. In recent years, that has become the reality for many Americans. A 2019 study released by the Trump administration estimated that more than 500,000 people sleep outdoors each night across the country, while many more couch surf or utilize shelters for unhoused people.



Meanwhile, for people who own their homes, buying a property isn't the same as buying, say, a banana. Owning that banana won't benefit you financially in the long run, whereas with a house you can expect to see its value increase and to profit off that.

Home prices can rise both because the actual structure itself may be worth more – thanks to the rising cost of labor and lumber – but also because people see value in it as a capital investment. As a result, there can be a mismatch in the way economists or government statisticians view rising home prices, and what that means to a consumer.

In a market environment where prices are rising so quickly, to buy a home the economist would say that's the increase in the price of the capital good. But to the buyer, it represents a higher cost of living.

WHY HOUSING INFLATION IS DIFFERENT

People experience housing inflation differently to most other products, and that makes it a challenge to measure. For the typical homeowners, their housing costs likely haven't changed too much over the past year. If you have a fixed rate mortgage, own your home, year over year, how much does your cost of living in that home change? Not very much. The only things that change year over year are your escrows for taxes and insurance.

For renters and buyers, you encounter the changing cost when something about your living arrangement changed: when you move to a new home, sign a new lease, or refinance your mortgage. But Americans do need to know how much housing costs are rising or falling – not the least of which because residential real-estate makes up such a huge portion of the nation's economy.

The shifts in housing preferences and needs caused by the Covid-19 pandemic has also complicated our ability to gauge the effect of inflation in the housing market. Wealthier Americans, many of whom suddenly found themselves able to work remotely, chose to move away from major cities into larger and cheaper homes in the suburbs, often saving money in the process. As a result, rental rates declined in pricier neighborhoods.

But in more affordable areas, rents increased. Americans who lost their jobs because of the pandemic rushed to find cheaper housing, pushing rents higher for the least expensive apartments and homes in the suburbs.

The reason home prices are rising so fast is simple. After the Great Recession, home building activity all but drew to a standstill as the construction industry worked to recover. As a result, the construction of new homes did not keep pace with population growth and the formation of new households. That left the housing market with serious shortage of homes, just as millennials have begun getting married and having kids – traditional hallmarks of home-buying interest. With the pandemic, the shift to remote working and low interest rates has only exacerbated things.

Those challengers run the gamut from the high cost of lumber to the lack of skilled workers to complete construction projects. Another factor: zoning regulations across the country prevent the construction of more dense housing in many cities, effectively driving up home prices and rents in the process.

Finally, new home construction alone won't make matters easier for all Americans. Because the high costs, it's easier for builders to construct more expensive homes, even though the demand and competition is strongest for entry-level properties.

Over time, that increased concentration in the bottom-tier of the housing market is driving up prices for those who can least afford it. There's

this argument that if you just build more supply to meet the demand, it will eventually help extremely low and very low-income renters. But the market is not going to adequately serve mostly extremely low-income renters.

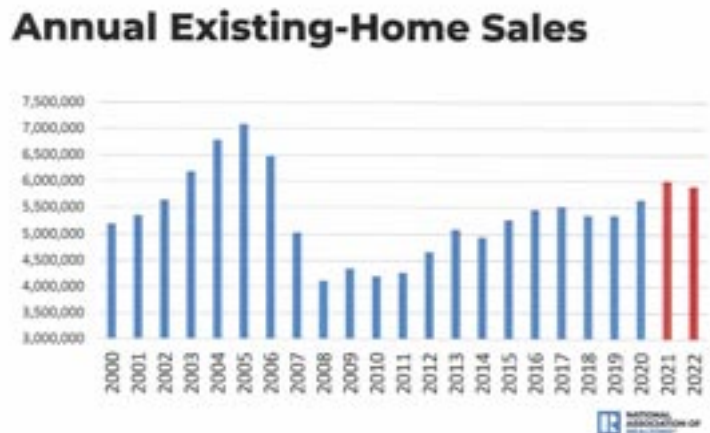
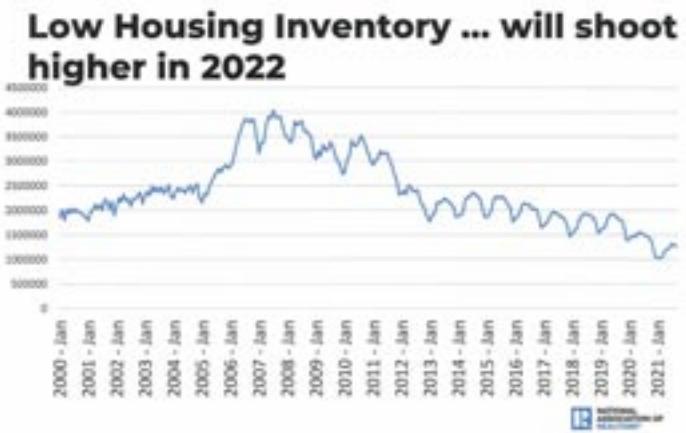
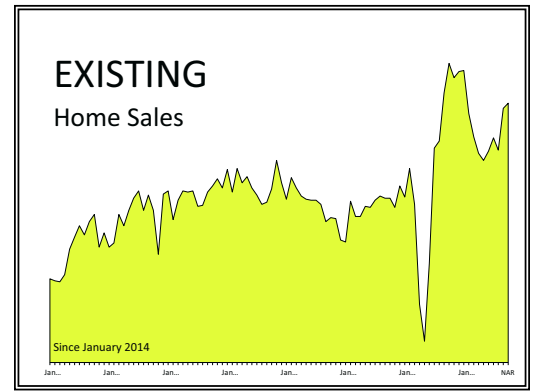
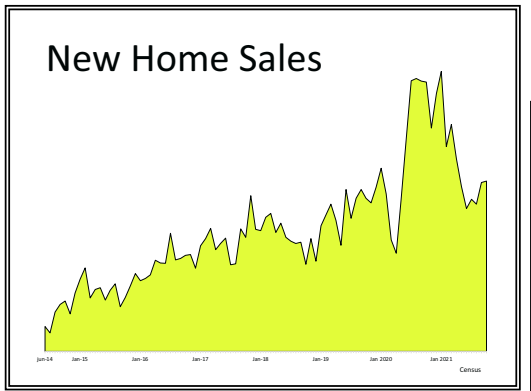
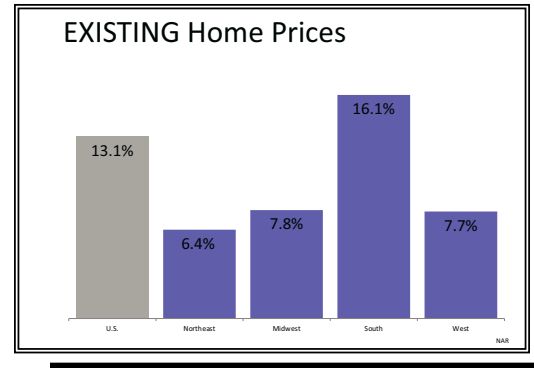
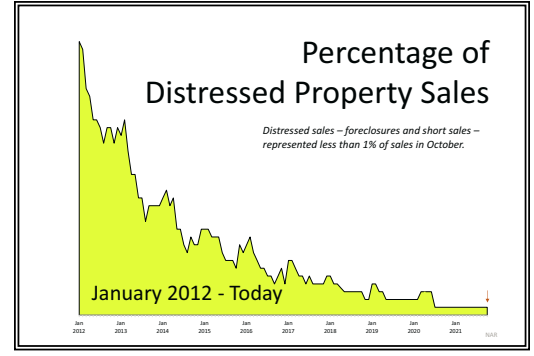
Finally, the net worth of US households rose to a record \$141.7 trillion in the second quarter, up 19.6% from a year ago, the Fed reported in September.

Net worth = your assets (savings, stock holdings, real estate) – your liabilities (loans, credit card debt).

The unprecedented rise in net worth reflects two defining trends of the US economy in 2021: a surging stock market and a white-hot housing market. Of the \$5.85 trillion increase in net worth, stocks accounted for \$3.5 trillion, and real estate appreciation was responsible for \$1.2 trillion and Americans are back holding their money with an estimated \$4 trillion sitting on the sidelines waiting on the next “what if.”

Home equity percentage, or the portion of your home that is yours as you pay off a mortgage, rose to 67.7% in April, the highest level since the 2008 financial crisis.

We had a lot of help along the way. The government’s stimulus measures to counter the Covid-induced recession, such as enhanced unemployment benefits, and fortified personal balance sheets.





N ⊕ R T ⊕ N L E G A C Y

Norton Legacy Inc. 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 in 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 10 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 for a community most 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 investment. **Ncredible Properties** was born. We pivoted and are building prototype examples that are focused on affordable products and products for rent.

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, construction practices, and we innovate, pushing local governments to “deep think” affordability within their codes and ordinances. Today we have \$30 million in projects recently completed, 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.**

2021 GAME CHANGERS



2021 GAME CHANGERS

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 to the twists and turns of our industry.

Market Trends awareness is part of Norton's DNA, a successful ingredient to our 94-year history. While we watch emerging trends, others linger. At the end of each year our group gathers together to discuss these shifts and filters through the past 12 months to distill our list for our Top 10 most significant trends for the year, 2021, economic, demographic, development, or political.

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

Kenny Rogers in the "Gambler" said it best:

"You've got to know when to hold them, know when to fold them, know when to walk away and know when to run. You never count your money when you're sitting at the table, there'll be time for countin, when the dealin's done."

1. "UNCERTAINTY - CERTAINTY"
 We are not paralyzed...life is going to go on despite endless pelting of the National Media bobble heads but there is an air of uncertainty and unsettling treading of water without sight of a firm shoreline. The fear of inflation, the uncertainty of congressional income tax changes, the potential upheaval in 1031 Exchanges and self-directed IRAs regulation are creating apprehension and paralysis in some sectors of the real estate market.

Is it the right time to sell? Is it the right time to buy?

Our brokers are asked these questions every day and the answer is **yes**. We are the calm in the storm of rolling virus variations, the push and pull of congressional proposals balanced by the local good news of commercial and residential construction announcements, record low unemployment numbers (sub 3%) and strong local government growth and infrastructure initiatives, both personal and investment.

A recent article in *The Wall Street Journal* applauded investors who had Real Estate as part of their well-performing investment portfolios. Ken H. Johnson, PhD real estate economist at Florida Atlanta University is quoted saying, "You get a better risk/return profile from owning real estate. The optimum mix in a portfolio is 50% real estate, 30% stocks and 20% bonds. This formula would be considered sufficiently diversified to provide stability in retirement. The real estate component can include your personal dwelling, investment property, or a mix of both."

Recently my son was looking for a new home and found a fixer upper in the most perfect location for their family. While it needed a ton of work and love, the location was the main factor, he said, "you can't fix location...you can fix everything else, but you can't fix location." It's just a matter of money. He is right and it applies to Northeast Georgia. Our location has an "IT FACTOR." The same rules apply pre-pandemic, mid-pandemic and post pandemic.

- 1 Cautious optimism should always prevail.
- 2 The numbers for real estate investment should work for your individual circumstances.
- 3 A house is bought for LIFE...for a HOME, not used as an ATM machine.
- 4 A Real Estate Investment is a marathon, not a sprint...real estate is the Long Game.

2. THE "M" WORD
 As students of market dynamics, we are fascinated with unintended reactions/actions caused by certain political actions. So, it is with Moratoriums, so much so, we have coined a phrase:

"Moratoriums are the next-door neighboring counties "BEST FRIEND."

The dreaded "M" word has risen its ugly head once again in North Georgia. With Jackson County enacting a 12-month moratorium on all new residential, giving a shell shock blow to the most successful long-term industrial recruitment effort ever in Georgia. They recruited businesses with 7500 employees over the last 24 months. As one long-term Jackson business owner told us:

"Lord please forgive them for they know not what they do."

You would think county leaders would learn from other regional efforts that backfired in the Yin and Yang of the pro-growth - anti-growth world. In the

90's, Forsyth County enacted a sewer and water moratorium to temper growth.

So, what really happened? During the lull of Forsyth's residential development and construction, the Forsyth and North Atlanta housing industry discovered the welcoming arms of the adjacent county, **Dawson**, which suddenly came on everyone's progressive radar and exploded. Overnight, Dawson was forever transformed into a middle-class business community, propelling them forward in services, economy, and education.

So back to Jackson's moratorium. Norton Native Intelligence™ forecasts the unintended consequence will be the discovery of Franklin County's positive growth climate and Banks County as the "land of development opportunity." In moratoriums there are winners and there are losers.

Norton Native Intelligence™ believes there are many other ways to temper housing frenzy beyond a moratorium. A moratorium signals that a community is ill prepared to control their own destiny, impotent in Leadership planning and critical decision thinking. A moratorium to business and industry signals that jobs, economy, economic prosperity are not welcome so the welcome mats shift to those better prepared, to those who know what they want to be when they grow up.

3. AVERAGE EVAPORATES

We are not sure who qualifies as "AVERAGE" nowadays but what we do know is that the AVERAGE house is history as is the AVERAGE house price.

Norton Native Intelligence™ in past writings described the **average** home buyer who buys an **average** home as a schoolteacher married to a schoolteacher or a public service worker (fire, police, healthcare). Until 2021, most North Georgia's home buyers were **average** folks with **average** credit, with **average** down payments, and average jobs buying average homes... **NO MORE**

2021 saw the inventory for average homes evaporate, saw builders pushing for greater profit margins flee from previous bread and butter construction and governments impose material, density and square footage requirements all but forcing entry level starter homes or first-time buyer products to EXTINCTION.

Where are they going to live?

AVERAGE HOME PRICE	
1900	\$5,000
1930	\$6,000
1950	\$8,000
1970	\$24,000
1990	\$98,000
2000	\$138,000
2010	\$183,000
2020	\$285,000

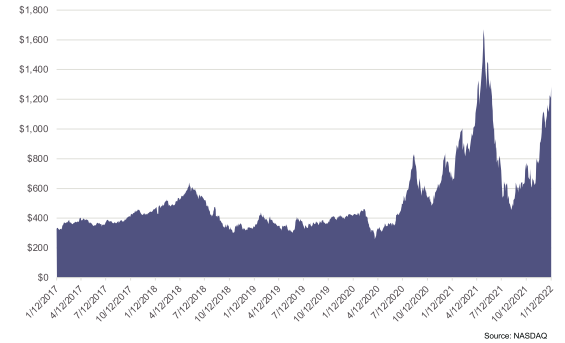
Source US Census/NNI

It is a sad state of affairs throughout the country that we, as a developed society, have priced home affordability out of reach of the average American. No one...

no one... looks at the unintended consequences of government actions on the delivery of quality roof tops.



US LUMBER FUTURES
PRICE PER THOUSAND BOARD FEET

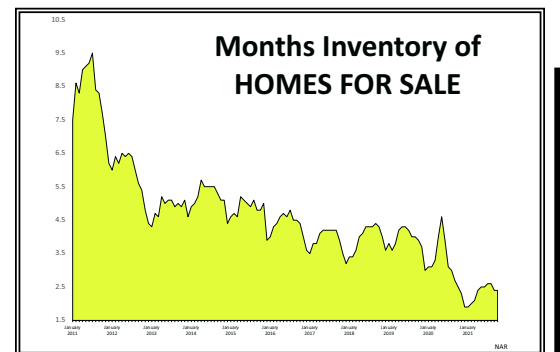


2021 saw huge run ups in lumber futures midyear. Lowering or shelving many construction efforts and then just as they retreated, the Biden administration extended the tariffs on Canadian lumber. For years now Democrats nor Republicans have advanced any housing cost reforms effectively.

The Three Stooges could run America's Federal Housing and Urban Development department better. With no solution in sight, Norton Native Intelligence™ predicts more and less:

- Less Inventory**
- More Cost**
- Less New Home Construction**
- More Government interference**

It's no longer a *Wall Street* or *Washington* problem. It has trickled down to Main Street North Georgia and the disparity between the "haves and the have nots" has widened to the "haves and the never going to get"...sad, just sad.



4. CAPTURING BIG GORILLAS

Rivian...it came out of nowhere, in fact, it wasn't on our original Top 10 list created in early fall of 2021. In a surprise announcement on December 20, 2021, Governor Brian Kemp told the world of Rivian's commitment to Georgia, in our estimate, **"The State of Georgia had just captured the largest Industrial Gorilla ever to find its way to our state."**

Rivian, the Wall Street well-funded electric truck, SUV, and van manufacturer will construct a \$5 billion manufacturing plant in Walton County (well in Norton's coverage area) on 2,000 acres, some 20 million square feet along I-20 between Social Circle and Rutledge. Norton Native Intelligence™ had chronicled the emerging of Billion Dollar Industrial Babies in its 2019 Forecast and noted more were on the way. The bigger will get Bigger then become Giant.

In the *Atlanta Journal Constitution's* article on the relocation, it notes that electric vehicles (EV's) make up just 2% of U. S. auto sales and that with Tesla, General Motors and Ford paving the innovation wave, that number will grow exponentially through 2030. **Rivian is expected to be a top three player.**

Rivian plans to start construction immediately with vehicle production anticipated in 2024 and has the capacity to produce 400,000 vehicles a year with employment up to 7,500 jobs. In the *Atlanta Journal Constitution's* article, it is noted that the campus may hold several parts manufacturers rather than the typical multiplier of spin off parts suppliers settling in surround counties. Too early to tell and too early to forecast if it will use or have effect on EV battery supplier SK Battery in Commerce (another billion-dollar baby, in fact \$2.5 billion).

The effect is **profound** on North Georgia, our rolling developable land, the proximity to strong labor pools (Atlanta, Gwinnett) and the relatively low cost of doing business, Norton Native Intelligence™ points to continuing migration and future billion-dollar baby announcements.

5. HYS·TE·RI·A

Webster defines Hysteria as exaggerated or uncontrollable emotions or excitement especially along a group of people because of fear, anger...aka frenzy and wildness.

First that's not Norton Native Intelligence™ description rather it has been used countless time by public and private citizens when describing the current influx of apartment, townhome, rental cottages, retirement villages, tiny homes, built-to-rent neighborhoods, or other similar products. This multi-family hysteria is from:

- BUYERS** - trying to land that perfect site
- SELLERS** – trying to squeeze the most money out of the buyer
- DEVELOPERS** – working in a frenzy before resale cap rates edge up or the sale flip market dry's up
- NEIGHBORS** – concerned with density, traffic, high crime, increased taxes, and service burdens

SCHOOL SYSTEMS – struggling with inadequate funding, mechanisms to keep up with school expansion and limits on portable classroom usage as school's population surges

GOVERNMENTS – overloaded with zoning applications, building permits, water, and sewer meter shortages or at capacity and balancing the needs of voters and tax bases

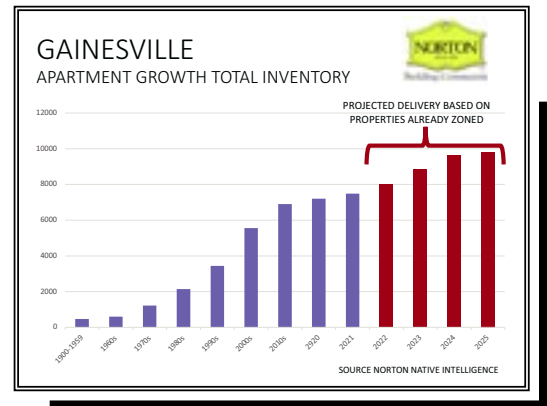
ECONOMIC DEVELOPMENT – working feverously to create good to great jobs for the local citizen's expanded tax base all in the midst of an epic 250-year housing shortage

Norton Native Intelligence™ reality is that:

- **There is no place to live in North Georgia...**all of North Georgia and with the delivery of Solis Phase I 223 units, Hall County vacancy will only BLIP up .5%.
- Highly touted projects Solis II, Midland, White Sulfur Williams Brothers haven't started yet and logistically could not deliver until either 2023, 2024 or 2025.
- Gainesville Planning tracks 15 other zoned parcels across their jurisdiction in addition to the above for a proposed 2,000 units, again no timetable certain.

MULTI-FAMILY VACANCY

	2000	JANUARY 1, 2022
Barrow	5.5	.42%
Dawson	N/A	.41%
Forsyth	N/A	3.6%
Habersham	4.0	10%
Hall	11	2.3%
Jackson	4	4.45%
Lumpkin	3.2	.59%
Pickens	N/A	1%
Rabun	3.5	0%
White	5.2	.5%



- The job market rolls on. The University of North Georgia continues to have record unemployment and Brenau is expanding graduate degrees in Health Services, Psychology, Physical Therapy, Nursing, and their new Physician’s Assistant Program.
- Hall County rentals are surging 8 to 20% depending on location, unit size, and age. Norton Native Intelligence™ expects rates to continue an upward trajectory for the foreseeable future, 7 to 10% per annum and construction costs, land demand, zoning inabilities, density, and regional demand point to this as a price push given.

6. MIGRATION

The great pandemic migration is underway. The virus upended work, life, and purpose of happiness in social patterns. It created political divisions between the Democratic and Republican lockdown mandates, school lockdowns, and quarantine rules. American started to move while the 2020 census (April 2020) saw shifts in population over the decade. Since that time, migration between certain regions of the country have accelerated. What a difference 15 months made.

According to a report in the December 28, 2021, *Wall Street Journal* reporting from the Census Bureau’s state population and domestic migration estimates July 1, 2020 to July 1, 2021.

Illinois’s population declined by another 141,039 between Spring 2020 and this past summer. 151,512 left for other states. California lost 300,387 and a net migration of 429,383. The biggest loser was New York whose population shrunk 365,336 due to an outflow of 406,257 residents.

The winners so far are Southern low tax, low cost of housing markets, and relaxed pandemic regulatory environments. Another COVID tracking study *NATIONAL GROUND*, showed states with the most “in person” learning during the 2020-2021 school year gained 822,064 people.

Norton Native Intelligence™ felt that seismic shift in our region as well. Brad Abernathy with The Abernathy Cochran Group under Norton’s Residential Group has tracked inward migration to North Georgia for the last 4 years. Their data shows Norton only residential sales to families migrating to North Georgia came from 38 states in 2021. That number was only 24 in 2018.

The **NORTON** Agency is both **LOCAL** and **GLOBAL**



Realtors at **NORTON** have been involved recently in transactions relocating people to our area from **38** different states and **11** different countries on **6** different continents.
[Countries: Israel, Ireland, England, Germany, Hungary, Poland, Japan, Brazil, Canada, South Africa, New Zealand]

Norton Native Intelligence™ in previous reports has voiced growing concern over newcomers flexing their civil voice and shifting historic economic growth initiatives, anti-zoning efforts and exerting their own agendas, upending legacy civic directions.

First, let’s be clear, we are not being hypocritical. Norton and its firm welcomes Newcomers with open arms, that’s our Number One job...finding homes (rent or purchase) for newcomers. But it is also our job as Realtors...and many have lost sight of this...to help these newcomers acclimate to their new community. Lay the ground for their permanent citizenship, help them find new doctors, hairdressers, where to shop, where to find parks, churches and drugstores **Making them feel like they belong**. Our job is also to orient them in history, legacy, customs, and traditions. We are not going to change their political views but it is our responsibility to make them feel welcome and to give them a better understanding of the circumstances surrounding their new home.

In our polling for Norton’s Game Changing Trends for 2021, we heard the voices of those concerned that Georgia was losing its southernness, its hospitality, we heard those concerned with short- and long-term political shifts.

The reality is that our community is changing and has been changing ever since the first settlers explored the mountains of North Georgia. The push and pulls of growth, no growth is all part of the cycle of a community’s expansion. We are reminded of Ronald Reagan’s quote, “are you better off today than yesterday?” After 35 years of deep reporting on this region, we can say “yes.” A resound “yes,” we are thriving economically, we have population diversity, we are much more environmental and clean water concerned, we see major improvements in education and higher education offerings, and we have great job opportunities to keep our kids employed and close to home.

We must always be mindful of what “brought us to the table,” the history, the struggle, the Southern Hospitality. Giving people a hand up, not a handout. North Georgia is unique in its character, but we are not alone. We can’t put up gates and let people come in by guest passes so we are going to grow and show a welcoming hand giving gracious hospitality and making them feel like they belong...HOME.

7. SPEED

The pandemic puts in focus many economic and successful needs...those beyond just wants. First among them may be, in times of personal isolation, the need for electronic connection and thus the need for speed.

Industry minds use to run off a short priority list of utilities: water, sewer, electric, gas, and phone. But the internet has become a significant NEED in addition to water and electricity.

We are told of the *Rule of Three*.

A person is in severe shape after

3 minutes **without air**,

3 days **without water**,

30 days **without food**,

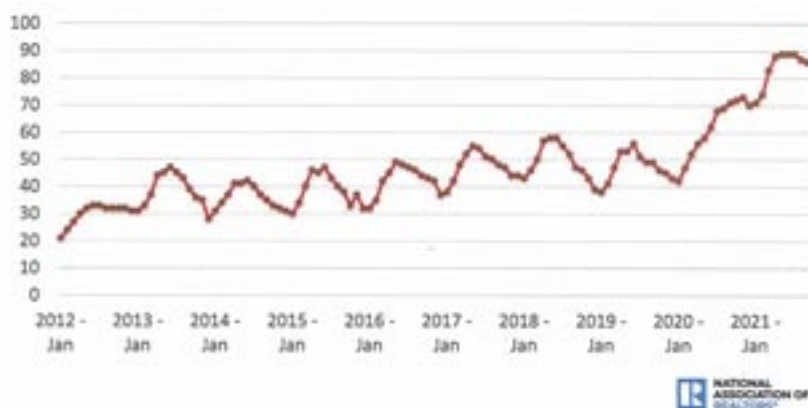
And to that, add 30 minutes **without cell service**.

Time after time, during the last 18 months, we have buyers walk through the door of a house for sale, pull out their cell phone and check the signal in the house before they venture 3 feet further. If the signal is low, many just turn around and leave not even considering that particular house. The need for speed is compounded by a multi-generational household with both spouses working remotely at home and 2.5 children in their study carrels, taking online instructions because of a Covid flare up in their classroom.

Elected leaders need a wake-up call. Temper the building of government parks, roads, and sewer until you get the fiber pipes in the ground and accessible to 95% of your county or municipal population.

Communities with high speed are rock stars with industry, business, and educators, while 21st communities with low speed, spotty internet services are **dead on arrival**.

Fast Contracts ... % of homes with less than 30 Days on Market



8. THE FLUX OF THE NATIONALS

It has been slowly building throughout our region since 2008, has accelerated since 2020: The National and Regional Builder Developers now dominate North Georgia's growth over the once "LOCAL" organizations. North Georgia was built on the bootstraps of local developers with local capital building local communities and local commercial development.

NAMES IN NORTH GEORGIA'S HISTORY

Wallis	Adams	Dean
Dunlap	Norton	Bagwell
Mathis	Knickerbocker	Walters
Carter	Roper	Wilheit
Presley	Clark	Otter
Green	Wilkins	Abernathy

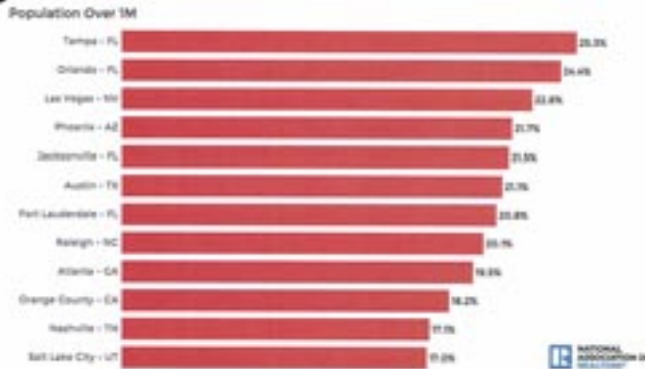
As the scale of development increased, the flush of capital demands intensified and our proximity to Atlanta quickened the outsider's arrival to North Georgia. New industrial encamping across I-85, HWY 316 and GA 400 is dominated by a "Who's Who" of industrial Big Box track development organizations carrying from one location to another: Amazon, Walmart, Home Goods, and other big box tenants. It's mostly always going to be National...the big box users are comfortable with dealing with only a hand full of known developers rather than working with *Billy Bob Smith from Tallahatchie*.

There are still some local developers making strong marks across North Georgia: **Capstone, Presco Properties, Norton Ncredible Properties and Odum Construction** with a handful of others but those are now the minority. North Georgia's largest and most visible projects are created and controlled by regional and national powerhouses: Pattillo Construction, Trammell Crow, Terwilliger Pappas, McNeal Development, Mesa Development, Hendon Properties, Newland Communities, Pulte, DR Horton and a host of others.

The Nationals are also shaking up the land acquisition zoning and development model, changing criteria on land purchases, shortening, tightening, or eliminating due diligence, putting up hard dollars and writing faster contracts. Their risk increases but they are positioning their aggressiveness to win out over the other competing National offers in the current mix.

MONEY! Wall Street, Sovereign Wealth, and "fund" money is funding these production houses.

Strong apartment rent growth among Large markets



DR Horton can completely build a new home neighborhood and sell the houses one by one to individual families for \$250,000 each... or build same house, same construction products, same logistics and sell the neighborhood in BULK to a National Fund for \$350,000 each house at an additional \$100,000 per house profit. National Industrial and Apartment Companies are selling and, in some cases, preselling their guaranteed leased product at record low cap rates (SUB 5).

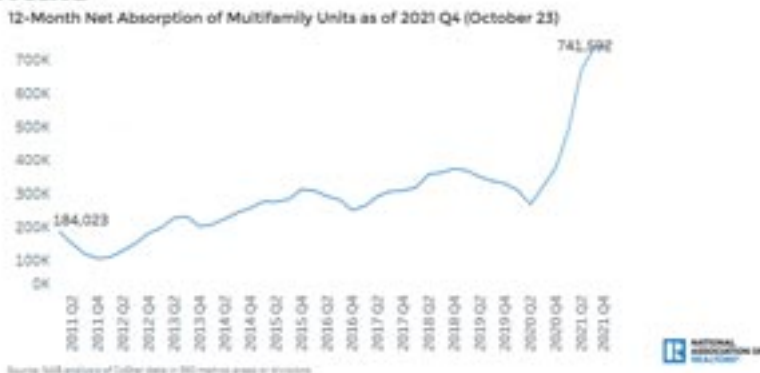
It is hard for locals to compete.

One cautionary word from Norton Native Intelligence™. Every county and city council and their respective planning and permitting agencies need to fully document promised provisions made during any rezoning and construction development. Understand that the National's Front Man making those promises will soon be long gone from North Georgia retreating with their pockets full of money as soon as they sell.

9. TOURISM LIGITIMIZED

Tourism has become the King of North Georgia Industries. Once relegated to roadside motels, trout pond fishing, and fall harvest festivals, tourism has grown legs and is picking up a steady trot across the hills and valleys of our region. Sitting on top of 6.7 million potential day and weekend tourists, (Metro Atlanta) can't hurt for the pandemic and staycationers, there's nothing more socially distant than a hike up

Decade-high demand for multifamily rentals



Yonah Mountain, floating down the Chestatee or renting one of the vacation rentals by owner currently posted on the VRBO website posted in the North Georgia region.

For years tourism has been a soft, quiet industry employing thousands during many weekends and holidays. Now with flexible work weeks, that has expanded. Escapism is alive and well with powerful mountain internet and cell coverage.

Perhaps North Georgia Tourism is coming late to the party. Tourism is the world's **Number One** industry. Millions of workers are employed across the globe in tourism related industries. Some 20% of the world works in some form of the tourism industry. In some developing nations it, alongside agriculture, is their **only** industry supporting fragile national economic models.

Yet in North Georgia, tourism works alongside healthcare, agribusiness, general business, and transportation logistics weaving together economic diversity. The pandemic brought focus to the importance of OUTSIDE, the importance of close to home travel, and the rebirth of work and play balance which has surged the tourism industry nationwide.

Norton Native Intelligence™ projects this to become a **generational movement** with expanded agribusiness and tourism offerings bursting forth across all our region. So much so that we have created a micro commercial specialty, Norton Commercial Tourism Brokerage, as our newest product line.

Tourism is not without its scrapes and bumps. The most notable is some localized pushback against vacation rentals by owner and isolating overcrowded, noise, and party violators occurring in once quiet residential enclaves. Guests leave valuable consumer dollars in restaurants, shops, and entertainment, buying countless cases of wine from North Georgia vineyards or baskets of peaches from Jaemor Farms and they return time after time as frequent and occasional residents. (The investor owner of a VRBO continues to push up demand, increasing the county tax base.)

On the flipside, they never borrowed a library book and have no impact on our school systems, and they rarely use North Georgia's Healthcare system. It's the best kind of tax revenue left behind to support the 365-day population. But VRBO's do need legislative oversight and collection of Hotel Tax Revenue.

North Georgia communities must balance the

interests of local business, local voters, and the wider county taxpayer base with the VRBO owner. Norton Native Intelligence™ projects minor struggles over the next 36 months with such legislation then clear sailing as the tourism industry surges.

10.

PANDEMIC HANGOVER

We are rising each morning, radio blaring, sun filters through the shades, another day, another pandemic Greek lettered strain...

Α Β Γ Δ Ε Ζ
 Η Θ Ι Κ Λ Μ
 Ν Ξ Ο Π Ρ Σ
 Τ Υ Φ Χ Ψ Ω

Will it ever end? The throbbing headache, heartache of this never-ending groundhog movie called, “The Pandemic.” **WE ARE OVER IT...SO OVER IT!** But we are faced with “on and off” again testing, repeat vaccinations, mask or not to mask? The world is **pandemic hungover** as is North Georgia. Not immune from the far reaches of our mountains to the cluster towns and cities, we are all caught up in the ebb and flow of this virus tide.

After reading countless articles, we stumbled upon one written by McKinsey, the global consulting firm, who talked frankly about the end of the pandemic. Their perspective was that a civilized society will live with the virus and its continuous mutations for the rest of our lives. **“Spoiler Alert: There will always be a new variant!”** Until like smallpox where 100% of 100% of the world is inoculated, we will continue to live amongst pandemic carriers, pandemic sick and pandemic affected.

It’s incumbent upon us to **protect** where possible but continue to **project** our business and lives forward. Learn to co-exist with Covid, drop pass and pivot around the waves of infection.

So “suck it up, take two aspirins and call your broker in the morning.” Pandemic headache’s best cure is a strong dose of business productivity, shaken not stirred, with a dash of optimism.



FATE WHISPERS TO THE WARRIOR,
"YOU CANNOT WITHSTAND THE STORM."
THE WARRIOR WHISPERS BACK,
"I AM THE STORM."

*The cheapest home you
will ever build is the one
you just finished.*

**If we don't do something different, we
won't see a different outcome.**

**MAKING YOUR HOME
YOUR VACATION.**

A Chicken house is ok, we just don't want another subdivision.

He's all hat, no cattle.

**"Just in time" has become
"just run out."**

*You can't fix stupid; they haven't
made a vaccine for that.*

It's going to get hard...fast!

I'M FROM ATLANTA AND I'M HERE TO HELP.

NUTTIER THAN SQUIRREL POOP!

Gentle density.

A TIME WHEN A DIME WAS SILVER.

*Locals think there is disease in
DENSITY.*

Crazy as a run over dog.

Social media has weaponized STUPIDITY.

**When that guy dies, they will screw
him in the ground.**

**LIFE IS SHORT BUT REAL ESTATE IS LONG.
LOOK...SOMETHING SHINY...WHAT SQUIRREL...
WHERE?**

*We see our region being taken over by Dollar
General voters not Walmart voters because
Walmart is too expensive.*

Don't take
yourself too
seriously
because no one
else does.

**YOU'RE EITHER BORN AN
OAK OR BORN A WILLOW,
THAT'S ALL THERE IS TO IT.**

***Everything...it seems is on a
slow boat from China.***

Love the smell of burning fireworks on a summer evening...it smells like freedom.

Prideful about being crumy.

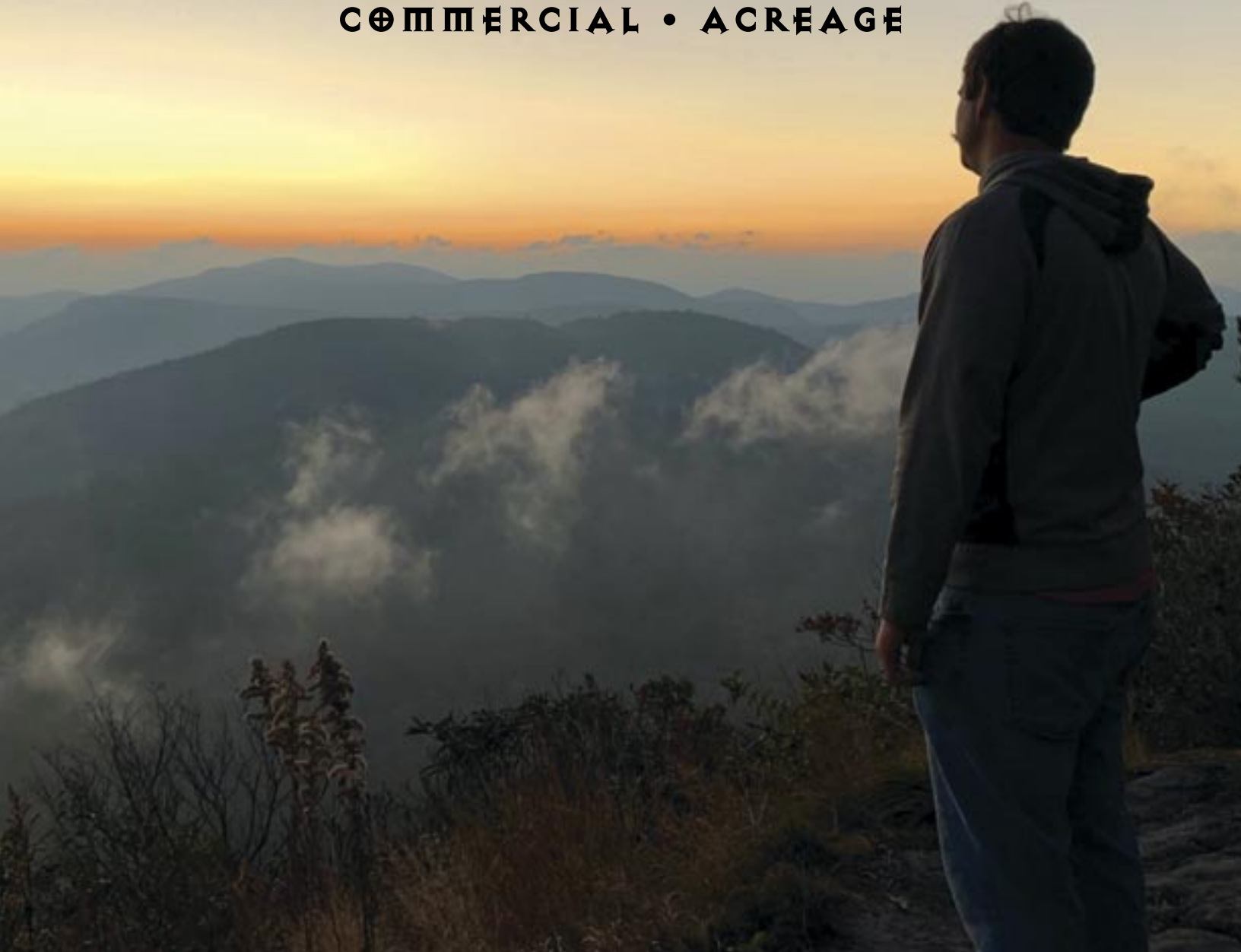
The only interest that matters is self-interest.

People are looking for an urban lifestyle but not necessarily
an urban location.

COMMON PROSPERITY.

FIRST PERSON SNAPSHOTS

COMMERCIAL • ACREAGE



ACREAGE & DEVELOPMENT MARKET

With uncertainty in many of today’s investment instruments: stock market, the US Dollar, Cryptos, NFTs, etc., land is increasingly seen as a safe place to park money for investors. That holds especially true for the immediate North Georgia Market as international, national and regional developers continue to flock to our backyard to get a piece of this Georgia Peach Pie.

Acreage

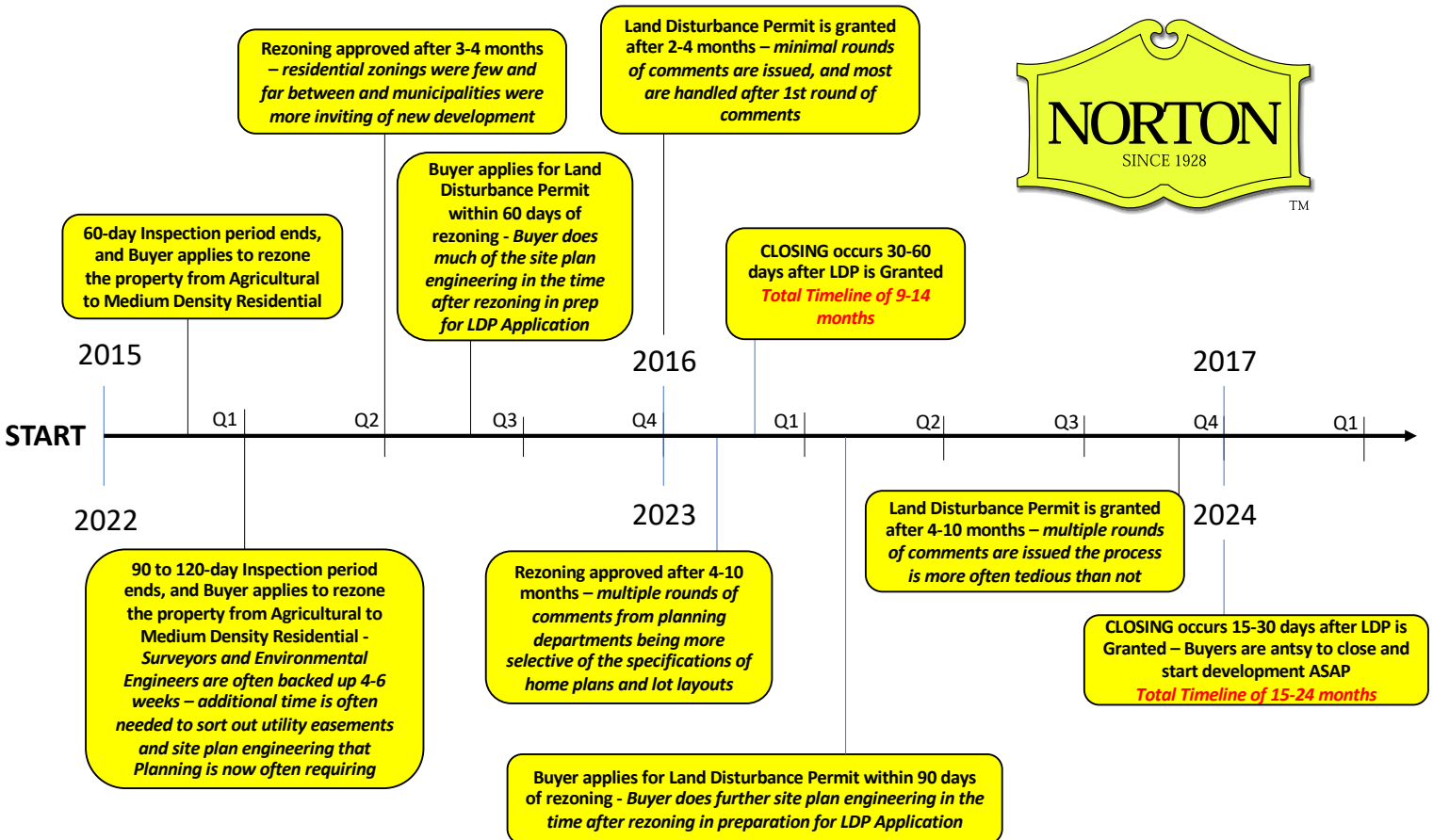
When most people look at a 50-acre parcel of land, they don’t look at it the same way someone who is actively in the business does. The questions that any savvy land investor may ask are: “What is the topography like?”, “How close is Sewer?”, “Are there any creeks on the site?” and most importantly “What is it Zoned?” The answer to that last question can be the difference in an investor purchasing the property in 60 days or well over a year. An increasingly important question has been asked of late, “CAN it be zoned? Is the local government and immediate community business friendly?” Many municipalities are “tightening the reins” when it comes to what should be allowed to be constructed. Some municipalities simply cannot (or choose not to) keep up with demand due to lack of utility capacity or even understaffing in today’s (hopefully) post-Covid world.

The graphic below illustrates the timeline forecasted for projects beginning in 2022 vs. 2015. This is an example of a situation where a seller of 50 acres contracts with a buyer wanting to rezone the property for a medium density residential use. The graphic shows what that difference may look like from the time the property goes under contract to the time the property is closed.

While the market is booming, there are new and unique challenges that developers are facing, and time is a developer’s number 1 enemy. Timelines are pushing back sometimes an entire year and with fluctuations of raw material and labor costs in this unstable socioeconomic climate, the life of a real estate developer can be daunting at times.

Residential

The 2008 housing crisis left us with a gross oversupply of Vacant Developed Lots in the 22 county Metro Atlanta Market totaling more than 150,000 “VDLs”. Fast forward 14 years and we have a real shortage of lots that will only last about



18 months with the current pace of home sales. The example timeline shown above taking up to 24 months doesn't even include the 8-12 months it takes for the physical development to be completed. We are running behind.

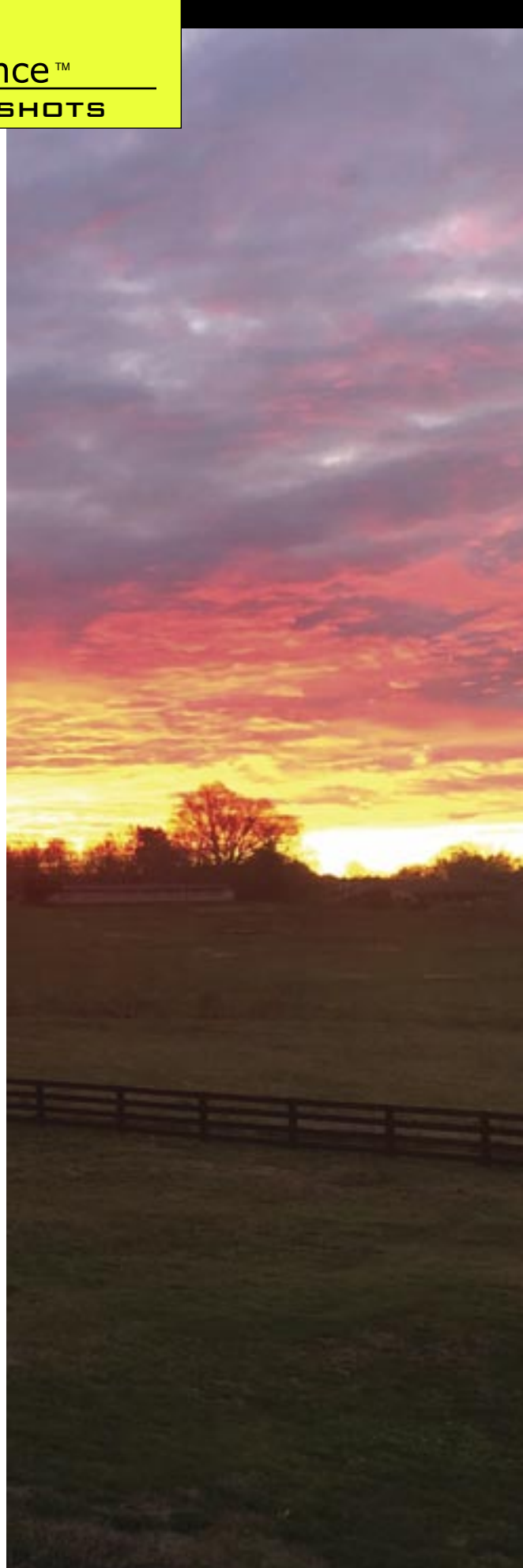
VDL Supply by County						
County	2020 VDL's	2021 VDL's	% Decrease	2020 VDL Supply (Mn.)	2021 VDL Supply (Mn.)	% Decrease
Hall	244	245	22.2%	21.2	19.2	29.8%
Bartow	140	134	24.9%	24.5	14.5	42.4%
Cherokee	1490	2807	17.2%	21.9	13.8	36.5%
Dawson	40	40	17.9%	38.1	27.7	27.8%
Forsyth	3677	2150	40.4%	24.0	20.7	13.4%
Gwinnett	5141	4417	14.4%	39.1	11.8	32.7%
Jackson	2700	2289	23.0%	36.9	19.8	46.9%
Greater Atlanta (12 County Region)	40879	41040	21.7%	29.0	18.8	35.4%

We believe the timeline above illustrates what North Georgia Municipalities are doing to ensure something like 2008 does not happen again. In 2022, developers and municipalities will butt heads worse than 2021 and I don't see that slowing down any time soon. In September 2021, Jackson County placed a yearlong moratorium on all residential rezoning applications making it virtually impossible for adequate housing to be supplied for Jackson County's thousands of new jobs that have been announced over the last 24 months. The surrounding counties will be forced to house that new workforce. Unfortunately, we believe we will continue to see similar decisions from local municipalities as demand for North Georgia and job growth continues.

The #1 selling community in the History of Georgia is located in Jackson County within the City of Hoschton. Twin Lakes, a 2,600-home planned residential community, saw a staggering 329 New Home Closings from 1/1/2021 to 11/30/2021. Twin Lakes' incredible amenity offerings, excellent accessibility major job suppliers along with exterior municipal factors are all leading home buyers to this community and we do not expect this to change in 2022.

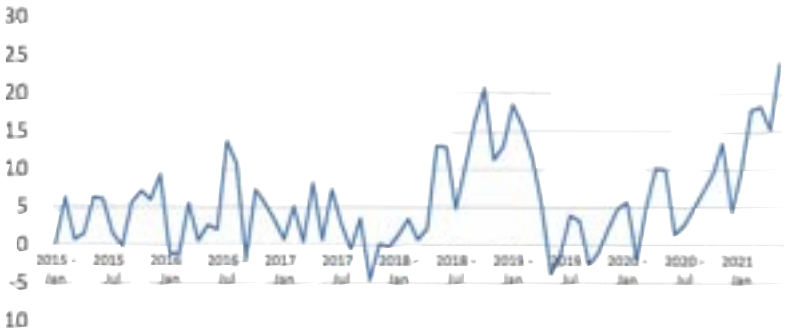
Average Home Sale Price				
County	New Home Price 2020	New Home Price 2021	% Increase (YoY)	Projected 2025 New Home Price
Hall	\$234,349.00	\$279,339.00	19.2%	\$431,000.00
Bartow	\$277,454.00	\$319,091.00	15.0%	\$371,000.00
Cherokee	\$385,286.00	\$431,800.00	12.0%	\$500,000.00
Dawson	\$298,687.00	\$338,514.00	20.0%	\$400,000.00
Forsyth	\$452,296.00	\$534,577.00	18.2%	\$600,000.00
Gwinnett	\$381,578.00	\$400,835.00	5.0%	\$495,000.00
Jackson	\$301,817.00	\$329,031.00	9.0%	\$390,000.00

The top trend in residential development for 2021 was the rise of single family detached "For-Rent" communities. Large capital funds from around the country are pouring money into North Georgia for the development and construction of single-family home communities that are entirely for-rent product. There is a consumer shift in some certain demographics from home ownership to a preference of renting with less responsibility/upkeep and wanting the freedom that renting offers versus the commitment of homeownership. These Build For Rent communities include amenities, yard maintenance as well as exterior and interior maintenance. These communities command higher rent than Class A apartments as the tenant desires the lifestyle of having their own space, a yard for their dog and no parking deck. These communities are owned by institutional investors and hedge funds who have professional management companies keeping these assets in an attractive condition. These subdivisions often look even better than their fee-simple ownership counterparts. The investment firm treats maintenance as a required item built into their proforma, whereas a typical homeowner may have lost



their job or had income setbacks so they put off things like exterior painting, landscaping and other routine maintenance that can create an eyesore in a typical owner-occupied subdivision. Municipalities are beginning to impose rental restrictions at zoning which we expect to see pushback on legally in 2022. As “For Rent Communities” are a new concept in our region, many folks have a hard time accepting something new as a reasonable solution to the housing shortage we are facing. In 2022, I believe we will see these communities act as a less compact alternative to apartments living which may be better suited for the North Georgia Region.

Mobile Home Getting Expensive Inflation of 24% ... \$106,000

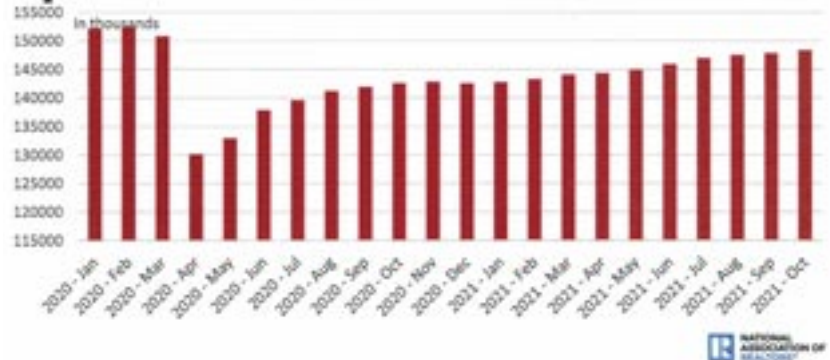


 NATIONAL ASSOCIATION OF REALTORS®



In 2021, the strongest performing sector in North Georgia real estate development was Big Box Industrial. The ripple effects of COVID-19 on the retail landscape have bolstered industrial land to new heights. The shift from big box retailers to E-commerce took a firm grip on the market in 2020 and continued into 2021. The meteoric rise of E-commerce has today's industrial development market as hot as it has ever been, and we do not expect that to change in the near-term. Anything with reasonable access to an interstate or major highway with proximity to a strong population base is being looked at very differently even in very rural areas as autonomous vehicles are inching ever closer.

Total Jobs ... 4 million short of pre-pandemic



This example of how much price appreciation is happening in today's industrial land market is really the only way to show what we are dealing with. In 3Q2020, an Industrially Zoned +/- 70-acre site just off I-85 sold to an end user for \$128,000 per acre. At the time, we believed this to be 10-20% above market value and the seller was truly thrilled with the sale. Fast forward just 16 months and that same tract of land has sold for over \$205,000 per acre. No changes were made to the site; time simply passed. While not all sites have appreciated this dramatically, industrially zoned properties within close proximity of the interstate are in the highest demand of any other product on the market. We expect this industrial land grab to continue creeping up the major distribution corridors all the way to Charlotte, Nashville or any other destination easily accessed by interstate.

Zach Tibbs
Commercial Sales
Norton Commercial & Acreage Group

NORTHEAST GEORGIA INDUSTRIAL MARKET

The industrial building market in Northeast Georgia has been growing rapidly over the last couple of years. Today, this industrial market is officially booming. According to regional experts and market factors, this industrial building market will continue to boom for at least the next several years.

Do not just take my word for it. Let your eyes and the numbers show you this boom firsthand.

Drive down either Interstate 85 or Interstate 985 in Northeast Georgia and you will see the new 100,000+ sq. ft. industrial buildings dotting the roadside. The numbers from 2021 really tell the story. Please see information below on new industrial and warehouse buildings finished or started in Hall and Jackson Counties in 2021:

Hall County has added 18 new industrial buildings totaling approximately 3.7 million sq. ft. of new industrial space to the market.

The two largest industrial projects in Hall County have been the 4 new buildings at Buford Commerce Park totaling 1,089,000 sq. ft. and the two new buildings at Falcon Parkway Logistics Center next to I-985 exit 16 totaling 649,256 sq. ft.*
Jackson County has 7 major industrial parks publicly announced at some stage of development totally 7.04 million sq. ft. 5 of these industrial projects underway have over 1 million sq. ft. planned. The largest industrial development under way is Bana 85 Commerce Center with 1.5 million sq. ft. with the potential to develop up to 6 million sq. ft.**

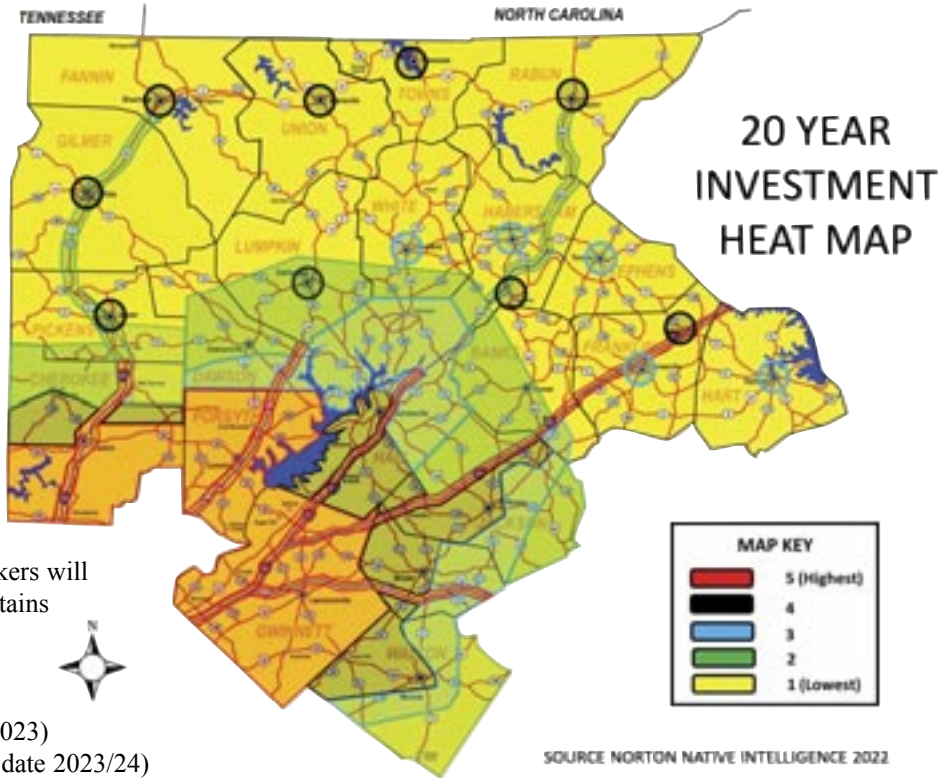
This dynamic growth in the industrial and warehouse building segment in Northeast Georgia is due primarily to the acceleration of the e-commerce economy and need for companies to create regional distribution networks to deliver these goods and products to consumers. It also helps that Metro Atlanta is basically the hub of the Southeastern US distribution network. The other factor driving this growth is the need for the re-balancing of our country's supply chain system that showed its fragility during COVID. The US has become too dependent on China and Asia for its raw materials and supplies. Corporate America is in the process of diversifying their supply chain and having more of its necessary materials and parts on hand in the US. This means more warehouse and storage is needed.

*-Courtesy Hall County Chamber of Commerce
**-Courtesy Jackson County Chamber of Commerce

Stephen Reynolds
Commercial & Industrial Sales
Norton Commercial & Acreage Group

GA 400 COMMERCIAL MARKET

The GA 400 market is as strong as we have ever seen. From I-285 to and thru Lumpkin County, there is much new construction and business, both wholesale and retail. We think the market will continue to grow as more rooftops continue to be developed in all counties along GA 400. Forsyth County continues to be on top of the school list for the best schools in Georgia. The Outlet Mall has major plans for renovations to keep up with all the new strip centers being developed around the Outlet Mall. As distribution continues to grow in Forsyth, the workers will surely keep pressing northward to enjoy the mountains and to get away from the big city.



SIGNIFICANT EVENTS ALONG GA 400

- GA 400/285 Interchange (Scheduled to finish 2023)
- McGinnis Ferry Interchange has begun (Finish date 2023/24)
- New Halcyon continues to open new venues with theatre & hotel now open
- New McDonald development residential/industrial being developed just south of exit 13/off Hwy 9
- New multi-family development just south of Forsyth hospital on Ronald Reagan Dr.
- Whole Foods/Amazon distribution center of 500,000 sq ft off exit 12 Forsyth Quarry being touted as new 500 acre residential/mixed use development
- New exit 18 diamond interchange at Hwy 369 to be complete in 2023
- New retail/mixed use development (sold by John Drew/Norton) at Forsyth/Dawson County line on 400



Dawson County

Already Open:

- Miller's Ale House
- Manor Lake
- Jewelry by Selin

Coming but not open:

- | | | | |
|----------------|------------------------|---------------|---------------------|
| One Life | Crumbl Cookie | Discount Tire | Chicken Salad Chick |
| Wild Wing Cafe | KFC | Taco Mac | Tripp & Company |
| Expansion | Magnolia Senior Living | | |

The North Georgia Premium Outlets have opened several new stores this year as well!

- | | | | | | |
|-------|------------|-------------|-------|---------------|-------------------------------------|
| Prada | Jimmy Choo | Marc Jacobs | Orvis | Select Shades | Polo Ralph Lauren (fully remodeled) |
|-------|------------|-------------|-------|---------------|-------------------------------------|

Randy Gordy
 Commercial & Acreage Sales
 Norton Commercial & Acreage Group

NORTON



COMMERCIAL MARKET TEMPERATURE

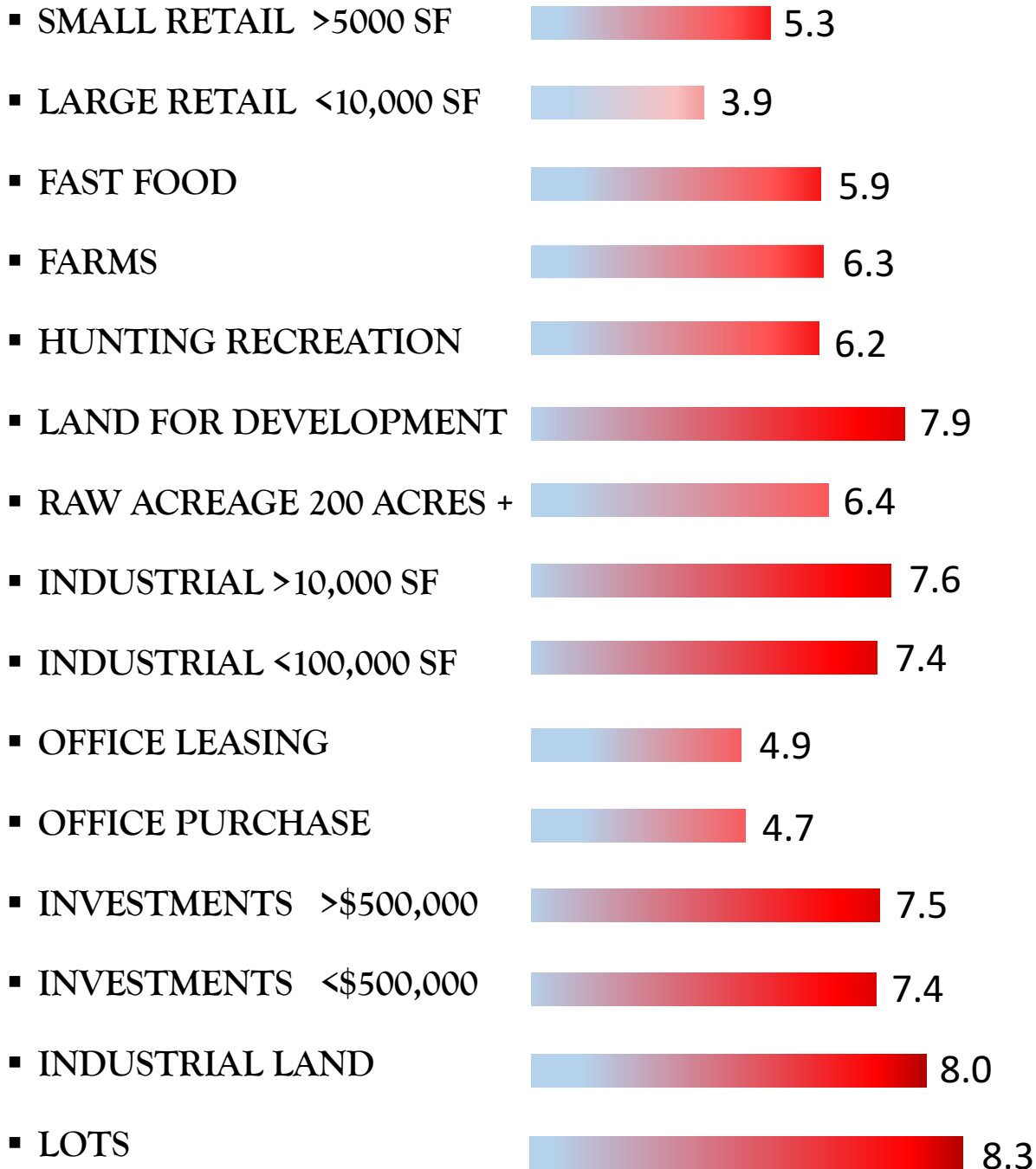
Q4 2021

COLD

HOT

1

10



MOUNTAIN COMMERCIAL MARKET

Metro Atlanta, Florida, New York, California are all noticing the Northeast Georgia Mountains by escaping Covid, social unrest, and crowded cities. These groups are looking for acreage to spread out and farms to raise animals and crops. These people, mostly very affluent, bring cultural changes and buying habits that are changing the dynamics of our community. Retail stores such as specialty boutiques, coffees houses and high-end houses are popping up in Cornelia, Clarkesville, Cleveland, and Clayton. Notice all four cities start with the letter C. Is this coincidental or does it stand for CASH that is pouring into these towns?

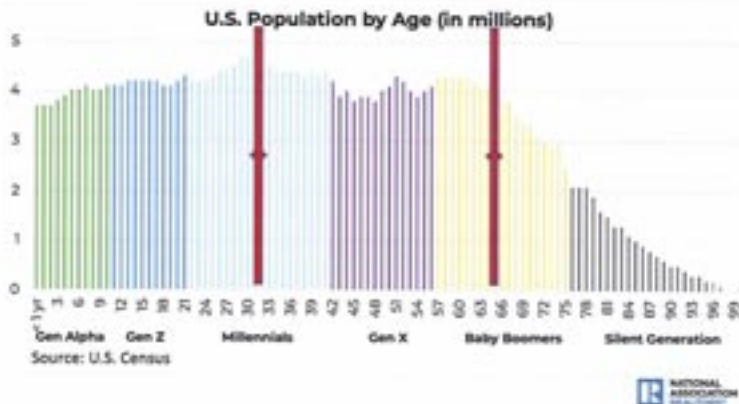
Most of these establishments would not have lasted 5 years ago but now the shift in population is creating a demand and lifestyle brought about with this new influx of affluent residence.

The question from locals. How long can this last? The interesting perspective is that the transplants don't see our prices as high. Relative to where they moved from, the North Georgia mountains are still affordable. One-to-two-million-dollar price points are not out of reach.

The famous North Georgia Power lakes that used to be seasonal are now full-time residences and they bring the lifestyle they are used to and are demanding the same services and conveniences that they enjoyed in the city. Who would have thought that Pickle Ball would be the fastest growing recreation in the region?

This changing environment also brings entrepreneurs that are either bringing their business with them or starting new ones. Vineyards, wedding venues, and Air B&Bs are covering the mountain sides with downtown areas seeing old buildings transformed into new life. Cornelia has experienced massive changes from investment in an old bank building (Community Brew & Tap)

Key Age ... First-time Buyers and Retirees



and new ordinances that allow outdoor entertainment and alcohol. Clarkesville and Clayton are also seeing old buildings transformed with a new purpose.

This new population demands medical, dentist, Urgent Care Units and Medical Specialists. There are new offices under construction and old ones under renovation.

The grass roots existing Industry and Business are noticing the Quality of Life and employee pool as well. The I-85 corridor is strong from Commerce to the Georgia line. SK Battery is up and running with 2,200 possible jobs, over 500 acres at Martin Bridge and I-85 zoned Industrial and Hwy 17 and I-85 in Lavonia is spreading with hotels, restaurants, and industry in the Tri-County Industrial Park.

Hwy 365/441 north of Gainesville is growing toward Habersham with the Kubota expansion and Inland Port breaking ground soon. One hundred and thirty-five acres at Alto/Mud Creek and 365 is being annexed and rezoned Industrial. Five new buildings are proposed in the Habersham Airport Business Park ranging from 6,000 to 40,000 square feet. These projects will happen if the City of Council of Baldwin will drop their overpowering new building codes and understand what "Business Friendly" really means.

Clayton is booming with high-end restaurants, gift stores, furniture, and service industries. Gone are the days of Rabun being just a seasonal community.

White County is experiencing a flood in the town of Helen with new hotels and food establishments with record numbers of visitors. Long range vacations changed, and people are doing day trips and weekend stays in this German Village.

All in all, Northeast Georgia is on the move. Many locals are struggling with the cultural change and growth but there is no stopping the traffic along our major corridors of I-85, I-985 and 365.

Wade Rhodes
 Vice President/Partner
 Norton Commercial & Acreage Group

TOURISM IN NORTH GEORGIA

As we look back on the last 18+ months, I am sure we can all agree that the moment we felt the most happiness and relief was when we could get out and just simply do something. Some of you probably experienced this feeling of happiness as you stepped out into the North Georgia area to visit a tourist destination in the past year. What you might not realize is while you were driving to the hiking trail, winery, brewery, orchard, or even farm to pick produce, is that you were following the “little green signs” leading you to your destination. What many of us may not know is behind these signs, there is a robust operation run by the State of Georgia. This initiative has seen exponential growth over the past few years, and many of us may have not even noticed it. The booming industry behind the curtain is known as Agri-tourism, and to North Georgians this is one of the most important opportunities of economic growth.

It is no secret that the State of Georgia’s largest industry is traditionally always going to be agriculture related. With the growth of Atlanta north, North Georgians have seen and will continue to see more and more tourists. Many of these people are flooding to destinations like Kaya Vineyard and Winery, Jaemor Farms, Oktoberfest in Helen, Gold Rush in Dahlonega, and breweries such as NoFo and Tantrum. On top of that, more and more couples, from throughout Georgia’s surrounding states, are now choosing to have their wedding ceremonies in the North Georgia mountains due to the beauty and hospitality that they receive. With weddings still playing catch up from COVID-19 restrictions, many North Georgia venues are fully booked on every desirable weekday possible for a traditional wedding ceremony. All these destination’s fall under Georgia agritourism and have not skipped a beat over the past year, and we project that growth to continue exponentially.

Organizations and initiatives such as Georgia Grown, Georgia Wine Producers, Georgia Department of Agriculture, and parts of the University of Georgia’s agriculture department have studied just how important agritourism is to the state’s economy. Georgia Wine Producers reports that the wine industry in Georgia boasts \$4.1 billion in total economic impact, and \$536 million in total taxes for the state. Along with that they reported that wine related destinations welcomed more than 214,000 tourist visits! John Salazar with the University of Georgia’s Agriculture department reports that of the \$13 billion that agriculture contributed the state economy in 2020, agritourism alone contributes just shy of \$1 billion in farm gate value.

Now, what will 2022 and beyond look like for Georgia tourism collectively? As Salazar phrases it, “tourism consumption is directly linked to consumer confidence.” People are going to continue to seek out the opportunities to step away from the stress that everyday life gives us and explore the beauty of the area we call home. While the tourism industry nationally is not projected to recoup until 2023-24, Georgia’s tourism industry is expected to continue to recover strong and forecasts traveler expenditures to be between \$27-30 Billion in 2022. We believe North Georgia’s tourism boom has created incredible economic opportunity and we will see this continue for the foreseeable future.

CJ Harman
Commercial & Acreage Sales
Norton Commercial & Acreage Group



FARMS, LAND, AND RECREATION

Out of the hills of Habersham, down through the valleys of Hall... But in the past couple of years, it seems that the Chattahoochee, Chestatee, Amicalola, Soquee, Chattooga, Tallulah and other rivers of the region are ‘running north’ with a flood of new investors, seeking their ‘room to play’, room to stretch’, and transformation of century old farms into family compounds.

Over the past two years, the marketplace for acreage and farms has been extremely active, with people moving to the area, or at least buying for their ‘getaway compound.’ There has been so much activity in acreage, farms, and mountain parcels, in fact, that this segment of the listing marketplace has become as slim as the residential offerings in North Georgia.

Every expectation is that this trend will continue for some time, as more and more “investor” buyers are entering the marketplace, just looking for acreage and larger parcels of land to park funds and wait patiently on the appreciation that should be expected in an area of the state/country that is becoming more and more attractive as the Atlanta suburbs continue to expand northward.

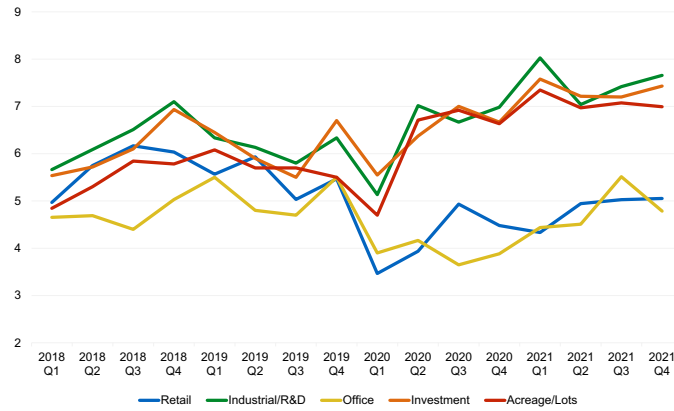
As an old adage states “Land Is King”, and in Northeast Georgia, that fact has never been truer than now.

David Stovall
Vice President/Partner
Norton Commercial
& Acreage Group





MARKET TEMPERATURE
TRENDS



Surveyed on a scale of 1-10 Source: Norton Native Intelligence

I-985 CORRIDOR

Interstate 985/Hwy 365 is the trunk of the tree with branches covering many areas of Northeast Georgia and northward beyond the State’s boundary.

This commuter freeway joins the metropolitan Atlanta area with Lake Lanier/Hall County and is part of a direct route to the northeast Georgia Mountains and into the Carolinas and Tennessee.

The I-985/Hwy 365 Corridor is exploding with growth from its beginning point in Gwinnett County northward to the proposed Inland Port. Turning lanes, striping, signage, fly over bridges and realignments are in the corridor’s future as DGOT prepares the way for the ever-increasing traffic.

According to the GA Ports Authority, “The planned 104-acre Northeast Georgia Inland Port will provide a direct link to the Port of Savannah via Norfolk Southern. The rail terminal will open with 9,000 feet of working track, expanding to 18,000 feet at full build-out. With a top capacity of 150,000 container lifts per year, the facility will offset 600 roundtrip highway miles for every container moved by rail.”

This direct ease of access to the Port of Savannah for the Northeast Georgia Inland Port is a main reason existing local companies such as ZF and Kubota expanded in the Greater Hall County community instead of looking for new locations elsewhere. This access also helps provide a favorable business climate for local companies like Auto Metal Direct, Fox Factory, Tatsumi Intermodal USA and others.

And let us not forget the 1 million sq. ft. Amazon Delivery Station just off I-985 in Buford which opened in the summer of 2021, the new Makita 600,000 sq. ft. facility on 80 acres in Flowery Branch which broke ground in April 2021 – and strong rumors of a new facility for something big and Brown coming soon!

In the past five years the cumulative investment in industrial growth has topped 1.4 billion dollars and has yielded over 5200 new jobs.

So, what is the attraction? Sewer, water, available land, and an available labor force

THE OFFICE MARKET

The Office Market has been tested, of recent, but in many markets, like Gainesville, the Office Industry has remained steady, overall. The pandemic has had the biggest impact within the larger office settings, much of which would be found in larger cities. Expect those larger office settings to continue adapting overtime.

First generational “Office for Lease” and/or “Office for Sale” has the highest demand with the lowest demand for second generational “Office for Lease”. I see this remaining to be the case through 2022. As growth continues in Metro Atlanta so does the “Office for Lease” standards for overall quality and proximity to main business districts and downtown sectors. Many of our second generational office spaces remain overlooked although, admittedly, its counterpart has a fair reduction of supply remaining. The remaining rise of renovation and building costs coupled with the market rental rates will continue to be the challenge for the desired retrofitting of many second generational office products when considering the current demands. Expect corporate style office users continuing to seek first generational office space while other office users pursue purchase options.

Overall inventory for Offices available for purchase remain low. Expect this segment of the office industry to remain stable and strong considering the low interest rates and the high costs for building new product, which we expect to remain through 2022.

Business practices have become more common for companies to work further from the “mothership” and closer to home, or in home for that matter, and within outside communities with lower overhead, thus the commonality of satellite offices. As forecasted in 2021, Expect the office market with walkability and first generational office space to remain most desirable as growth continues to expand throughout Metro Atlanta.

Charlie Hawkins
 VP/Partner
 Norton Commercial & Acreage Group

needed for industrial growth. Many employers look to Lanier Tech to provide workforce development. Lanier Tech offers many programs to strengthen the skills of those already employed as well as educating those seeking employment.

Industrial growth follows infrastructure.

Hall County currently has over 2 million sq. ft. of industrial space under development, which has been consistent over the past three years.

But industry is not the only thing on the horizon for the I-985/Hwy 365 corridor. Hall County’s Commissioners recently approved a 300-unit multifamily development for workforce housing development on 33.9+/- acres on White Sulphur Road near Lanier Tech.

Additionally, the City of Oakwood approved approximately 40,000 square feet of retail space which is proposed to include a bank, medical offices, a car wash, and a Wendy’s restaurant off the new Exit 14.

So, what does this tell us? Simply that the I-985/ Hwy 365 corridor is the next “BIG THING”.

Sheri Clark Millwood
 Commercial & Acreage Sales
 Norton Commercial & Acreage Group

- Renovation of Tanners Bridge Wastewater Facility completed in 2021 providing sewer capacity to Highway 316 new developments.
- West Winder Bypass opened in 2021 connecting I-85 at Hwy 211 to 316 corridor.
- Roundabout installed on Hwy 211 to improve transportation from Chateau Elan I-85 Exit to the West Winder Bypass.
- Schutz Container completed a \$30M expansion that saw an additional blow mold line constructed at the Carl Manufacturing Facility.
- New Publix is under construction in Winder at intersection of Hwy 53 and State route 11.
- Roundabout traffic improvement at Hwy 53 and State Route 11 planned for 2022.
- Fort Yargo, Georgia’s seventh most-visited state park, offers hiking, biking, fishing, lake swimming, camping, cabin rental, disc golf, and numerous other outdoor activities creates a \$41 million economic impact for the community and along with Chateau Elan Winery and Resort attract large numbers of tourists to Barrow County.
- Interest has been expressed from multiple major recreational developments project considering Barrow County.
- Stepan opened the Agricultural Innovation Center, a greenhouse for live plant testing and research.

316 BARROW COMMERCIAL

The Barrow County Hwy 316 Industrial/Retail Corridor growth has not slowed down during Covid-19. With a county population of 85,588 (2020), growth continues with demand higher than supply. Along with roof tops comes retail, commercial and industrial growth from Gwinnett County to Athens.

“Barrow is experiencing a tremendous amount of interest and activity from both domestic and FDI companies in the areas of hi-tech/advanced manufacturing, life sciences, and green manufacturing” reports Lisa Maloof, Barrow County Economic Development Director.

Highlights of 316 Barrow Commercial:

- Spring Mountain Center announced in January 2021 that they will invest \$45M and create 205 new jobs in Park 53 South (Intersection of 316 and 53); the company manufactures home and lifestyle products with global distribution.
- Access road extended and 20-acre parcel graded in Park 53 South.
- New Diamond interchange to be completed in 2022 at the intersection of Highways 316 & 53. Several national developers have plans to build eight or more speculative buildings in 2022. Euphoric and Braselton Crossroad on Highway 124 are now active in the Barrow market.
- Dining options at the Gateway on Barrow 316 continue to expand.
- RaceTrac under construction and will open in 2022.



IT'S A SELLERS' MARKET

IN NORTH GEORGIA

	2020	2021
Houses are selling in half the time	47 Days on Market	21 Days on Market
Homes are getting more offers, creating more bidding wars	3.8 Offers	3.3 Offers
The median sales price is up 20%	\$294k	\$354k

Source: NAR, KCM

Barrow **B.O.L.D** — Building Our Learning Differently, is the theme that guides the Barrow County School System. BCSS opened the doors to the Barrow Arts & Sciences Academy (BASA) this past fall and welcomed 650+ students. The \$18.8 million facility includes a student center, which houses the media center, cafeteria, and learning spaces, and the academic building for classrooms and lab spaces. In total, the school is over 114,000 square feet. Students who are highly motivated in specific areas may choose to enroll in our Visual Art and Design, Performing Arts, Life and Health Science, or STEM magnet academies. These specialized programs will empower students to take a deep dive in their academy’s theme in both their academic and elective courses.

The Barrow County School System posted a 91% graduation rate and in 2019 received the University of Georgia Director’s Cup Award.

The Barrow County School System recently received an outstanding COGNIA Accreditation review, scoring 349 out of 400.

The Barrow Campus of Lanier Technical College has the third largest enrollment for the college. The Barrow Campus, designed specifically to attract high-tech/advanced manufacturing companies, has a robust enrollment in programs that support advanced manufacturing, such as mechatronics, welding and automotive.

Doug Garrison
Commercial & Acreage Sales
Norton Commercial & Acreage Group

RETAIL SECTOR

The retail sector continued to be clouded by uncertainty in 2021. That level of uncertainty, however, differed from the previous year when retailers and consumers, alike, were suddenly caught off guard by the pandemic, its new sets of regulations, guidelines, and the intermittent economic shutdowns. In fact, 2020 turned out to be a “banner year” for store closures with almost 11,000 stores going dark during the year. Well, that ship was righted in 2021 as we saw the total number of store openings eclipse the number of store closures. This is a positive sign as we continue to tread towards the uncertain future of this once giant real estate product.

Now, e-commerce is certainly not a new phenomenon or discovery in our culture. Americans have become accustomed to buying certain products online for the better part of the past two decades. However, the last two years have been starkly different with the way in which consumers shop. Annual e-commerce sales have increased over 50% in comparison to 2019 and preceding years. This consumer behavior is here to stay, but what does that mean for traditional brick-and-mortar?

Local retailers need to get back to the basics – providing excellent service, selection, convenience, and a little bit of fun for their customers! I start with service because that is what consumers seem to remember the most (and/or read in online reviews). With the pressing labor shortages of 2021, consumers have experienced some of the worst “service” in memory. No longer is it the

norm to be greeted at the door by a smiling face and offered assistance, however, it will be those retailers who can keep these practices as part of their DNA that will be remembered and frequented by their loyal customers.

Moving on to the real estate, let’s begin with grocery-anchored shopping centers. These retail centers have been the crown jewel of the retail sector over the past two years. Grocery stores, considered ‘essential’, were never closed due to the pandemic and thus their shadow tenants (and landlords) have reaped the benefits of consistent foot traffic. But, what about our neighborhood shopping malls and their foot traffic?

I think we can all agree by now that traditional, enclosed shopping malls are yesterday’s news. Often positioned in city’s most strategically convenient locations, malls have mostly become mini ghost towns. Their massive parking lots and multi-story big box department stores are empty, with little to no signs of awakening. Many owners of these assets are stuck under water by the burden of large financial loans on their rapidly depreciating assets, however, there just may be light at the end of this tunnel. Many of these enclosed malls are undergoing conversions and retrofits to become showrooms for online retailers, mixed-use developments, community green spaces, entertainment/event destinations, and, most controversially, retail fulfillment centers. Innovation and relevancy have quickly become the biggest signs of hope for these once thriving centers, along with the rest of the retail space.

People are simply shopping differently now. They want an experience that is clean, safe, and appealing to the senses. Too easily can we all just open our phones and buy something that we want or need online. But, if you offer a place that is unique and inviting, people will come. With consumer retail spending up over 25% annually, we know that money is being spent. But, it begs the questions, are these people spending it at your store or property? If not, ask yourself why, and act quickly!

Patrick Cisco
AVP/Manager
GA 400 Office
Norton Commercial & Acreage Group

THE UPSTATE REPORT I-85 CORRIDOR SOUTH CAROLINA

The “Upstate” is generally defined as a ten-county region along the I-85 corridor in the northwest corner of South Carolina. Historically the Upstate was considered a secondary, or even a tertiary, market to the larger metropolitan areas surrounding it; being located nearly equidistant from Atlanta, Charlotte, and Columbia. There was a period following the textile-boom during WWII that Greenville was nothing but an afterthought by anyone outside the region. However, over the last decade, the Upstate has catapulted to the top of many lists as one of the most desirable markets for commercial, industrial, and residential growth. While there are many contributing factors one could easily correlate to the success of the region, it is hard to do without highlighting the most obvious catalyst, the BMW Manufacturing Plant; considered by many as the genesis of the Upstate’s renaissance. Since 1992, BMW Manufacturing has invested more than \$11.4 billion in its Upstate facility and just announced a \$550 million project in September 2021, taking their employee count to over 13,000. This transformative commitment to the area has been labeled the *BMW-Effect*. Following BMW’s lead, more than 150 German-based employers now call the Upstate home alongside hundreds of domestic suppliers. Additionally, Michelin, headquartered in Greenville, employs nearly 10,000 and over the last year, has announced another \$250million in Upstate projects.

While politically unpopular at the time, the tax-incentives afforded to these major international employers has proven to be a fortuitous field-of-dreams. Build it (industrial), and the residential and commercial real estate explosion will come, and it has with a vengeance. The incumbent developers have by now, generally sold what land-positions they had held since 2008 and are competing with an insurgency of out-of-town developers who have recently identified the Upstate as an obvious play. Certain sub-markets (within the Upstate) were built-out during the first and second wave of growth and remaining options are few, prices are high, and capacity within existing infrastructure is tight. This shift has forced these new-comers and the incumbents alike to decide on either paying top dollar for smaller, more restrictive infill parcels or look outside of the Greenville – Spartanburg metro areas.

To build on the latter option, there is an undefined idiom commonly used to describe tracts located in these emerging markets, as being in the “*Path of Progress*”. While Webster doesn’t provide a definition of this so-called *Path*, its generally accepted as a broker’s assertion of an area’s potential based on multiple factors.

I receive calls on a weekly basis from both investors and developers, requesting my opinion on the route of this proverbial *path*. To provide the most thoughtful, accurate, and honest reply, I collect information on their desired interest; given the *Path of Progress* for each sector of development inevitably varies.

Furthermore, this *Path*, will vary even within specific sectors. Take residential development for example, the *path* for those pursuing *build-to-sell*

may be very different from a developer desiring a location to construct a *build-to-rent* product. The advice we provide is tailored for their intended use and incorporates our knowledge of the local market. For those desiring build-to-sell residential, I would *currently* recommend focusing on the southside of Anderson (city), southern Pickens (county), Town of Central, Seneca, Fountain Inn, Gray Court, Pelzer, Woodruff, Gaffney, Landrum, and Reidville... and orient the build-to-rent groups towards: Clemson, Powdersville, Inman, Piedmont, Mauldin, Lyman, Duncan, Wellford, Greer, Boiling Springs, and Converse Heights. I am intentionally emphasizing the word “*currently*” above because market conditions change rapidly.

If industrial is desired, your real estate advisor should understand the route-variations of the *path* within the industrial sector and guide your journey accordingly. To do so properly, discovery inquiries by the Broker would be required to provide the best advice. We would typically ask the client to clarify: *what is desired use of this industrial project? What are the infrastructure requirements? How many new jobs will be created? Are tax-incentives necessary to underwrite the project?* If there is a group looking for an excellent existing workforce for manufacturing, while proximity to the interstate is a lower priority, I would suggest sub-markets such as: Liberty, Donaldson, Coker, Moore, Easley, Clemson, & Chesnee; however, if distribution is required, I’d suggest areas like: Oconee (county), Anderson (county), Piedmont, Moore, Startex, Duncan, Greer, Inman, Cowpens, Gaffney, & Blacksburg.

As you can see, there is no-shortage of nuance associated with site selection in the Upstate. To gain a timely understanding of such nuance, it is vital to hire a local real estate professional to assist. Hiring a Norton Commercial Acreage Broker to represent your interests will provide unparalleled, timely, thoughtful guidance; founded in exhaustive local knowledge and continuous research. If you are interested in learning more about *path of progress* opportunities across the Upstate, please feel free to give me a call.

Wake Fickey
Commercial & Acreage Group
Norton Commercial & Acreage Sales
South Carolina



FIRST PERSON SNAPSHOTS

RESIDENTIAL

RESIDENTIAL OUTLOOK 2022

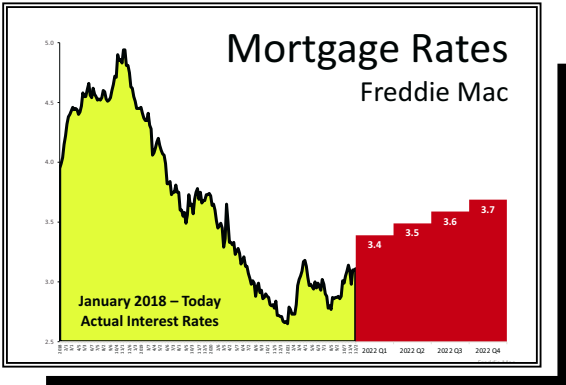
“If you Build it, he will come!” *Field of Dreams 1989*. However, in the case of Northeast Georgia, it is “they are here, and we need to build it!”

North Georgia is a wonderful place to live and the secret it is out. According to the 2020 census, Georgia had the 12th largest growth of population by percentage at 10.3% from 2010-2020. The Peach State’s population grew by 1 million people in 10 years. So, what brings people to Georgia? In September of 2020 Georgia was named the #1 state to do business for the 7th consecutive time. Tax incentives, relative low cost of living, and all-around quality of life have been very attractive for businesses looking to relocate or expand. Georgia has also become very attractive for retirees with our moderate climate and access to great health care.

With the population and job growth there becomes a demand for housing. The housing market continues huge economic gains and inventory continues to be a major challenge. The average home price in North Georgia grew by double digits in most markets, while inventories declined by approximately an average of 50% in most markets since January of 2020. According to First Multiple Listing Service (FMLS) the Average home price increased by 14.9% across all markets and price points. The Average price January of 2021 was \$356,100 and rose to \$410,745 by November of 2021. The property price increase is due to several factors.

A large amount of cash buyers who do not need appraisals to purchase homes and are making offers well above asking prices to compete with the multiple offer market. And this phenomenon is across all price points. For a customer relocating from other major markets around the U.S. our pricing is considered a great value. The biggest factor is simple supply and demand. With multiple offers and short-listing windows, consumers are making aggressive offers with little contingencies and properties are moving quickly.

2022 will still be a very strong market. Home prices will continue to increase, however at a more reasonable pace. We may see prices increase 5%-7% depending on price point and market. Inventories will remain low.



As of November 2021, FMLS showed a 1.3-month supply of homes across all price pints and markets. 2022 should show a slight uptick in supply, but still a sellers’ market. New construction will continue to be a growing segment of the market, but home builders cannot keep up with pace of demand and affordability. Supply chains and labor shortages have slowed the process as well as builders taking a conservative approach to investing in the market. Developers are also gravitating away from the urban centers looking for more affordable land to meet the demands of the lower price points.

Will 2022 still be a good time sell or buy a home? The answer is yes. Home prices are starting to plateau and returning to a more seasonal/moderate market. Low interest rates will still drive buyers to the market. Interest rates should slightly move up during 2022 but should remain substantially low around 4%. Inventory will still be a challenge which will continue to drive demand.

Tommy Howard
President/Partner
Norton Brokerage Services

COUNTY	AVERAGE PRICE POINT*	% INCREASE LAST 24 MO’S*	INVENTORY DECREASE LAST 24 MO’S*
Banks	\$321,562	16.8%	NA
Barrow	\$301,564	22.0%	38.7%
Cherokee	\$421,123	19.1%	46.3%
Dawson	\$442,454	20.6%	46.2%
Forsyth	\$499,677	21.1%	56.7%
Gwinnett	\$372,390	21.1%	45.0%
Habersham	\$355,238	22.9%	45.5%
Hall	\$392,742	19.9%	54.0%
Jackson	\$339,746	18.8%	45.8%
Lumpkin	\$332,156	20.1%	46.9%
Pickens	\$359,561	18.4%	44.7%
Rabun	\$719,529	42.2%	55.6%
Walton	\$331,903	18.4%	37.7%
White	\$294,491	9.1%	26.1%

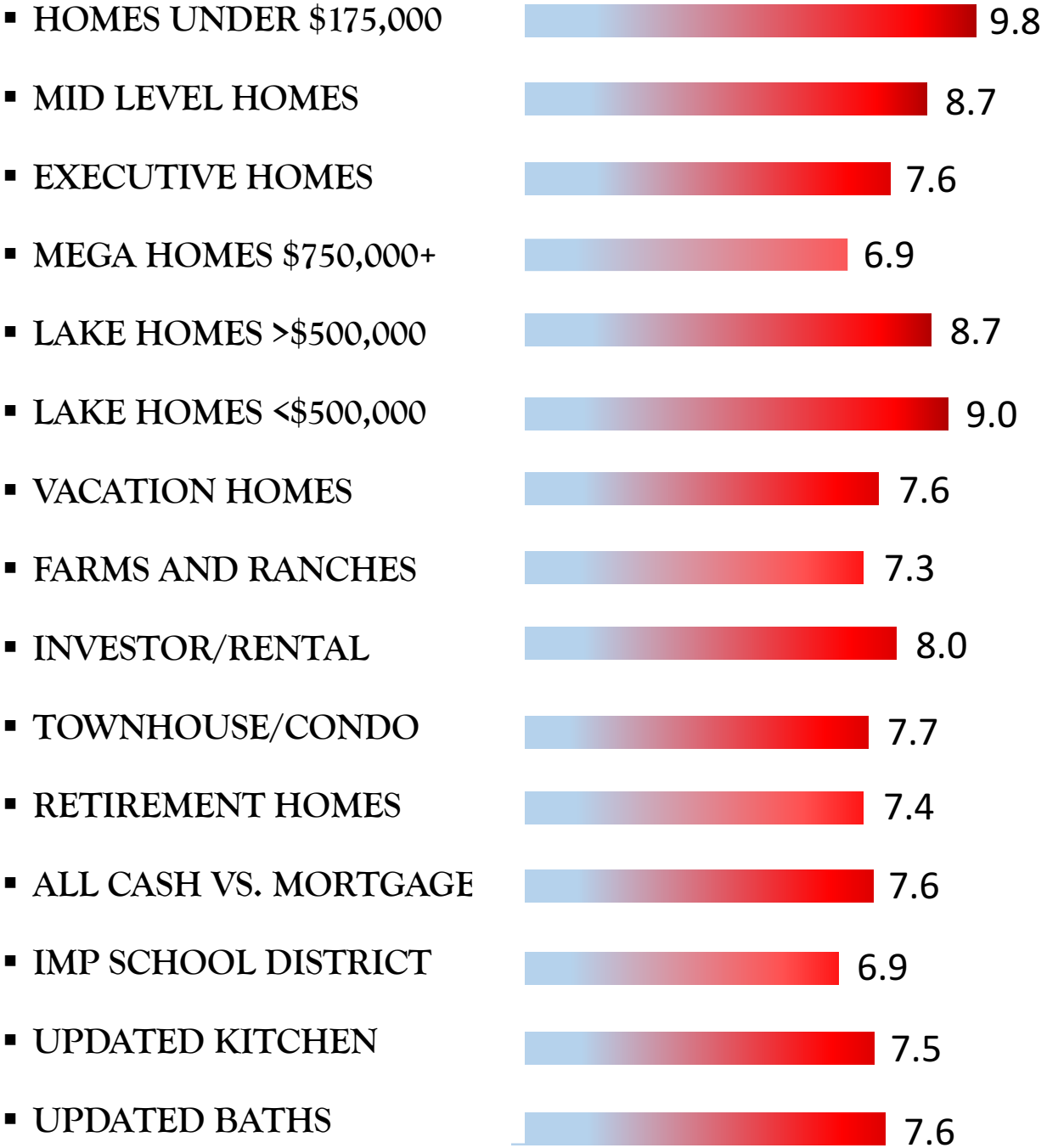
*As of December 1, 2021. Numbers Provided by FMLS

NORTON

RESIDENTIAL MARKET TEMPERATURE

Q4 2021

COLD HOT
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I-85 RESIDENTIAL

As development and construction costs continue to rise, developers and builders are looking for new and innovative ways to provide affordable housing in Gwinnett, Jackson, and Barrow counties.

According to data from the MLS, New Construction sales represented 251 of the homes sold in Jackson County and were all noted to be traditional, single-family homes. To keep pricing at an affordable price point, some builders seem to be going with a smaller product. Homes in the Commerce area recorded sales in early 2021 at \$211,000 for a 1400 square foot new home.

Barrow County's new construction represented 144 of their homes sold and included a mixture of both traditional single-family homes as well as town homes. Townhomes reported in Winder in the Cannon Trace development, offered home buyers approximately 1700 sf with an average sales price of around \$275,000 and had a recorded thirty-four sales for the year, more than 23% of the new homes sold for Barrow.

Gwinnett County also has a mixture of both traditional single-family and town homes sales in their new construction numbers. 764 new construction homes sold with 371 or 49% of those being townhomes. With a higher population and a lower amount of land available for development, one innovative developer is working on something different. A new urbanism "Traditional Neighborhood" development, Homestead at Hog Mountain in Dacula, is offering mixed-use options for buyers that will include high density Cottage homes, large lot Estate Homes, Commercial and Civic buildings, as well as rental options in the communities' townhomes and in individually owned ADU's.

We are excited to see what 2022 brings as we continue to move forward.

Kami Crawford
 Vice President/Partner
 Norton Residential Group

HALL COUNTY RESIDENTIAL

Hall County Georgia can easily be defined as one of the best places in the world to call home, to work, and to live life. People love this community for hundreds of reasons, the most common is that people love the people here. Many of us who already have roots here know this is true or perhaps we take it for granted. We are no longer the only ones that have this information. 2021 is the year that our community grew larger. Our real estate market no longer relies on neighbors and friends moving from one side of town to another. People are moving to our town for the first time from all parts of our state and the rest of the country. They want what we have and that will not stop.

The number of home sales in Hall County has grown every year since 2011. The record number of home sales ever in Hall County occurred in 2020 and despite inventory issues we are within 2.5% of that same number in 2021.

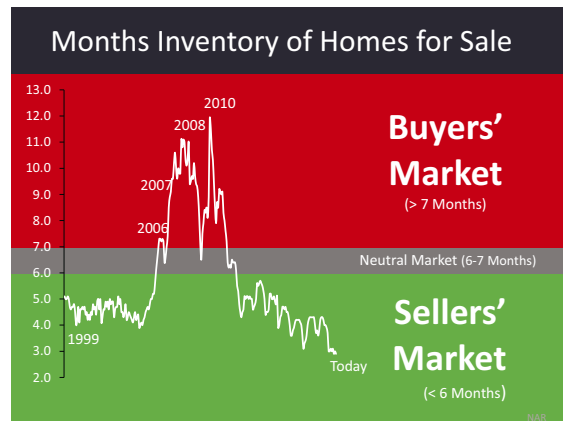


The Cost of Waiting



The highest average and median home sales price ever in this county happened in 2020. In 2021, however, the average sales price for a home is 21.6% higher and the median sales price is 19.8% higher than in 2020. Breaking down our sales by area of the County we see the average sales price in the city of Gainesville jumped 31.9% in 2021, in Clermont/Lula (our Northern end) it jumped 26.9% in 2021, and in Flowery Branch/Buford/Braselton (our Southern end) it jumped 21.7% in 2021.

This is how our Hall County market breaks down in price: \$0 to \$250,000: 486 sales (21% of the market); \$250,001 to \$500,000: 1,387 sales (60% of the market); \$500,001 to \$750,000: 277 sales (12% of the market); \$750,001 and above: 151 sales (6% of the market). The majority of home sales over \$750,000 are on Lake Lanier. Lake Lanier home sales are up 12% over the previous year. The average sales price for a home with a dock on the lake was \$904,443, up 35% from 2020. The median sales price was \$775,000, up 27% from 2020. Sales of lake homes with a dock averaged \$233/SF in 2021.



81% of the Hall County home market in 2021 is under \$500,000 and 94% of the market is under \$750,000. The highest growth in average sales price by area is the city limits of Gainesville. There are a lot of factors driving the Gainesville market and they are all centered with our growing downtown. Home sales and values within walking distance to downtown Gainesville are soaring.

In the 5-year span from 2014 to 2019, the average sales price for a home in Hall County increased by an average of 6% per year, which is excellent. Since then, we saw a jump in 2020 by 16% and, to date, in 2021 the jump is another 21%. What happened? I have been a full time Realtor for 27 years in this county. I am seeing things that I have never seen before. There is a major shift occurring. The pandemic made people work from home. A part home, part office work environment is a new normal for many fields allowing people to move further away from the office. The pandemic, social unrest, and political uneasiness made people look to living further away from crowded urban centers. Some people made the decision that further away from town was not the answer they sought so they moved to a completely different area or state. People want more space, bigger lots, and more privacy. They want to live further away from work or to be able to work remotely. They want a place that has a community feel. They want to park the car and get outside. Hall County is the answer to all these new desires that began in 2020 and continued into 2021.

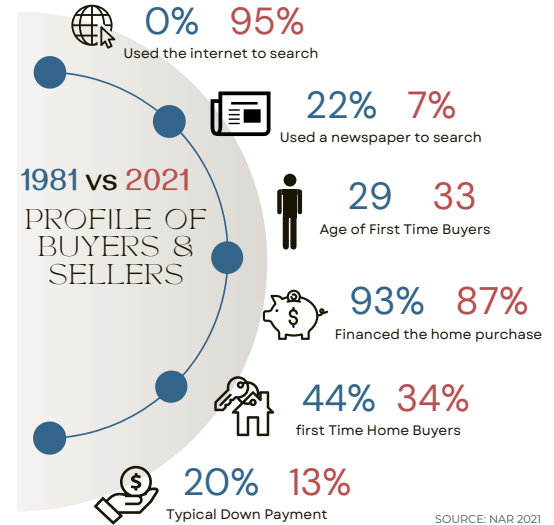
In the year 2022, Hall County will experience more of the same. Average sale prices for homes here will increase by double digits again for the third year in a row. People will relocate here from out of our county and from out of state. In recent years the agents at The Norton Agency have helped buyers relocate here from 38 different states and 11 different countries.

Brad Abernathy
 Vice President/Partner
 Norton Residential Group

GA 400 RESIDENTIAL

2021 has been like a wild roller coaster ride. Slow and steady climbing up then fast full-on ups and downs until jerking to an almost stop. January started the head long rush into bidding wars with buyers willing to waive home inspections and appraisals. Sellers were willing to be homeless to profit from the huge equity they had gained. For example, Forsyth's median home price in January was \$387,955, increasing by 25% to \$487,000 in June. Dawson County median sales price went from \$268,000 to \$326,000 during this same period. Buyers were making offers on multiple homes at the same time just in the hopes of getting an accepted offer. Investors and Buyers trying to gain as many available properties as possible especially under \$350,000 were fueling the surge in prices. At one point, inventory in Forsyth was as low as 2 weeks and in Dawson a month's supply. Days on market for a home listed has increased slightly from June to December by 1 day in Forsyth and 6 days in Dawson. Builders can't keep up with demand either.

New subdivisions are popping up everywhere. However, as buyers became fatigued from repeated rejection, many decided to stay where they were.



And as school started back with a spike in Covid cases, the market seemed to slow. September brought the first sustained decline in sales volume which could be mostly due to a lack of inventory. Zillow stopped their iBuyer program after reports they had overpaid for many properties in their portfolio. Other investors continue grabbing homes in an effort to build a large portfolio of rental homes. Days on market for a home listed has increased slightly from June to December by 1 day in Forsyth and 6 days in Dawson. Prices continue to increase but without the huge percentage gains seen earlier. And by the looks of it, we're heading back to our normal seasonal selling schedule if the last quarter is an indicator.

Next year, as interest rates start to rise, along with homes in forbearance or foreclosure adding to inventory levels, buyers will jump back in for another ride and hopefully this one might be more pleasurable...Step right up and get your seat!

Lori Martin
 Vice President/Partner
 Norton Residential Group

LAKE LANIER

The first year of the pandemic in 2020 proved to be a record-breaking year for lakefront homes, especially higher end homes, with more million dollars plus homes sold in a year than ever before on Lake Lanier. The year 2021 has seen the average lake home price soar to \$920,000. According to FirstMLS, 82 lakefront homes with

docks sold in 2020 at a sales price of over \$1 million. Lake Lanier had 79 homes sell over \$1 million in 2020, with 2 homes selling over \$2 million and one home selling over \$3 million. The numbers in 2021 are even more noteworthy, with six homes closed at over \$3 million, 10 sold between \$2-3 million and 109 homes sold at and above \$1 million.

Where are these buyers coming from? Many who commuted into an office are still working remotely two years into the pandemic. Changing lifestyles based on changing work environments meant workers can work from wherever there's good internet. Most of Lake Lanier's shoreline has at least reliable internet, and we have seen many buyers relocate from more expensive areas such as Washington state, California, New York, and Florida, taking advantage of increased buying power compared to the area from which they are moving.

What makes for a million-dollar property on Lake Lanier? The factors that weigh most in desirability of Lake Lanier property are:

Internet Access - High Speed internet is as important a factor as any other now; internet capacity and service varies from location to location around the lake.

Location/Neighborhood - Easy access with paved road convenient to GA 400 or 985/I-85 and no eyesores (such as dilapidated/run down trailers - yes, that still exists on and near the lake).

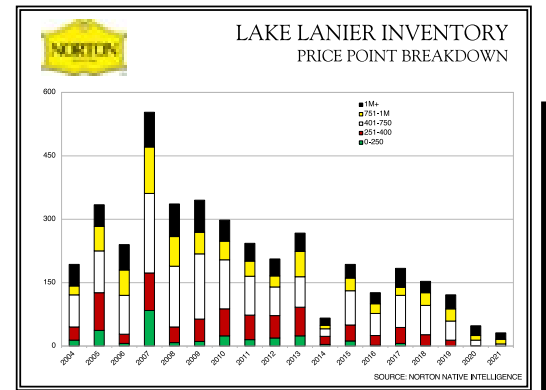
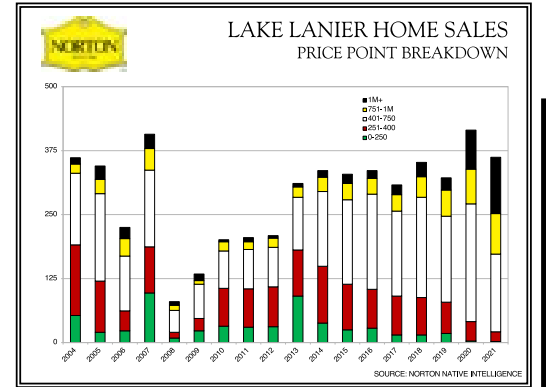
US Corp of Engineers line placement relative to home - A Corp line close to the water is more desirable as that allows for improvements such as building a pool and/or landscaping close to water. Many of Lake Lanier's homes have no summer lake view as the trees' foliage blocks the lake view. Since the US Corp doesn't allow for climbing or taking down trees to open a view, having a Corp line close to the water or a 'mowing permit' allows one to have an open, year-round view. Since the Corp no longer issues the mowing permit, having a grandfathered permit is considering a rarity and is of value.

Deep water - A study of water levels, available at the US Corp of Engineers website, shows that the lake has rarely been down substantially for a long period of time. A dock in 15-20 feet of water, at full pool, is generally considered a deep-water dock.

Views - Many buyers specifically desire only a sunrise or a sunset view over the water and a year-round water view is a must for some buyers.

Topography - Many lakefront lots on Lanier have steep driveways or steep walks to the water. The rare and most desirable lots are those with a somewhat level driveway and/or grass/gentle topography to the water.

Our lakefront housing supply remains at or below one to months in all price



points, with homes below the \$1 million mark typically selling within days on the market, often with multiple offers. Average list to sales price ratio, according to FirstMLS was 97% in 2021 with a maximum selling price of 128% over list price in one multiple offer scenario. In some scenarios, buyers offer more than list price, even with no other offers on the table. With no foreseeable increase in supply and continued increased demand from buyers moving to the area, prices are expected to continue to rise faster on waterfront property than any other segment of the market.

Kim Waters
 Vice President/Partner
 Norton Residential Group



MOUNTAIN REGION RESIDENTIAL REAL ESTATE

The mountain region is singing the same old song and 4th verse – Lack of Inventory!

Prospective buyer's 50%+ are seeking income producing single family, manufactured homes and RVs with tiny homes fast approaching. What was once unthinkable as investment, i.e. manufactured homes has upped the ante with sale prices exceeding \$200,000. Prior to Covid, this would have been a delusional consideration. Thus, lack of inventory is making for strange bed fellows.

Metro buyers looking for gentleman farms are plentiful, but their price point of \$300,000 is no longer feasible due to supply and demand. Buyers focus on turning into family compound or work from home until retirement.

New construction is the savior but takes a savvy builder to work against increasing materials cost.

Previous square footage cost was \$100; now \$180 up to \$230 dependent, of course, whether custom features or not. Expected square footage cost of income producing properties can be up to \$300.

Inflation will continue to nip at our heels with expected rate increases by the Feds first quarter of 2022.

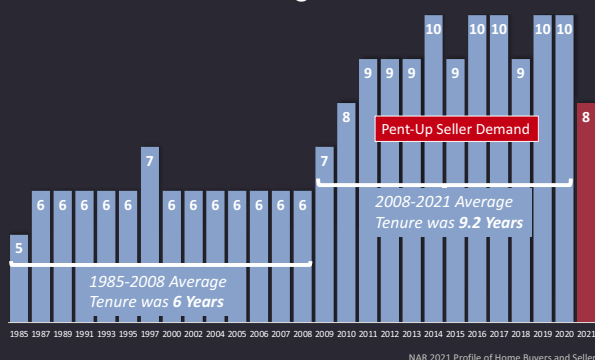
Diane Brown
 Sr. Vice President/Partner
 Norton Residential Group
 Norton Mountain

TOP 25 FASTEST GROWING GEORGIA COUNTIES

COUNTY	GROWTH RATE	POPULATION
Forsyth	92.38%	189,314
Paulding	78.22%	145,565
Henry	75.19%	209,069
Newton	63.71%	101,503
Cherokee	56.41%	221,951
Long	54.96%	15,967
Barrow	53.59%	70,873
Columbia	48.24%	132,362
Coweta	47.31%	131,419
Douglas	46.50%	135,037
Jackson	46.50%	60,928
Lumpkin	30,719	46.17%
Gwinnett	842,091	43.10%
Lanier	10,356	43.02%
Effingham	53,673	42.99%
Walton	85,378	40.69%
Dawson	22,500	40.63%
Telfair	16,493	39.84%
White	27,594	38.36%
Bryan	32,185	37.44%
Harris	32,539	37.32%
Spalding	5,054	34.20%
Hall	185,318	33.06%
Bartow	100,771	32.56%
Houston	145,622	31.47%

Source: US Census Bureau

Today's Homeowners Are Staying in Their Houses for an Average of 8 Years



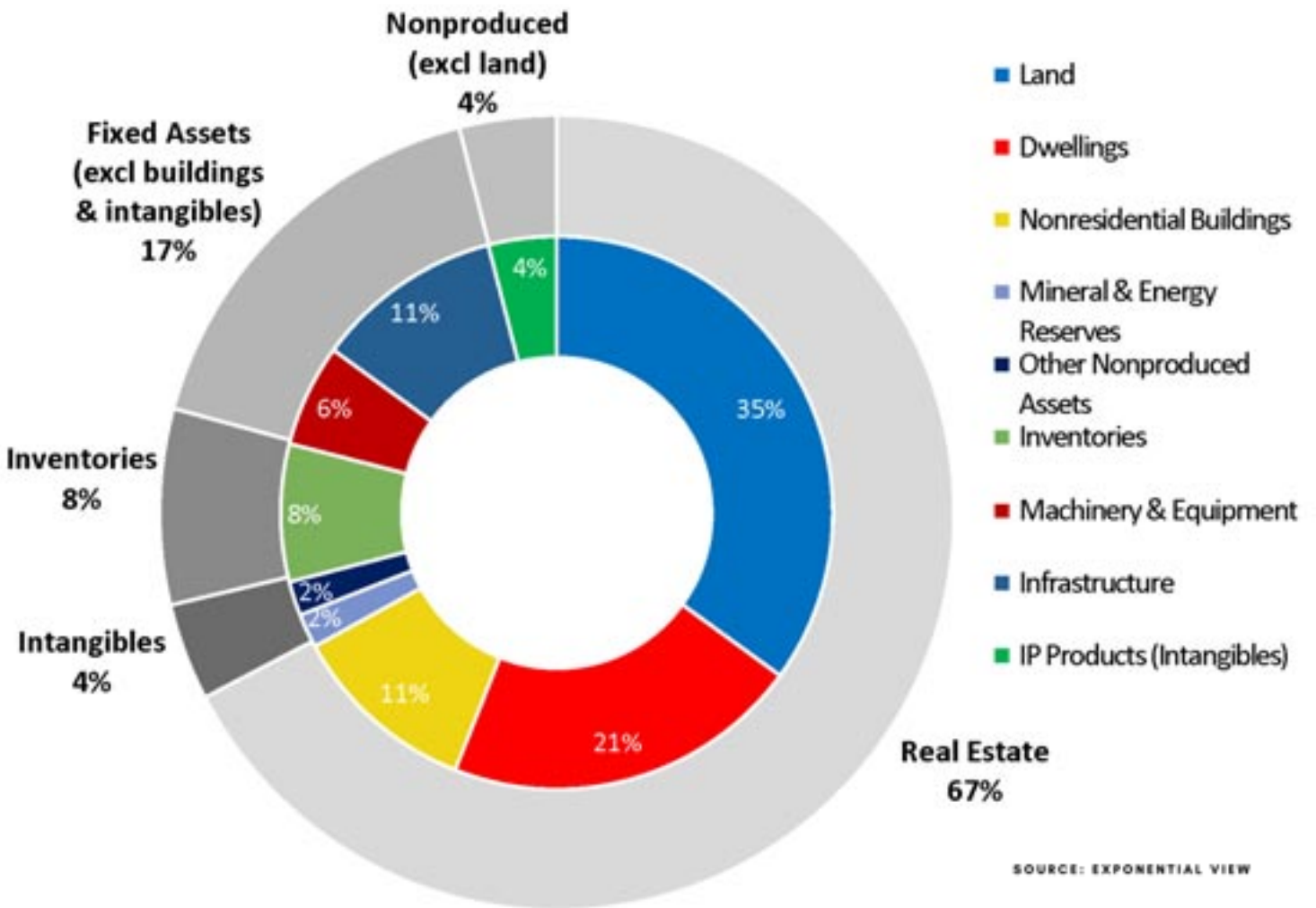
\$111,285

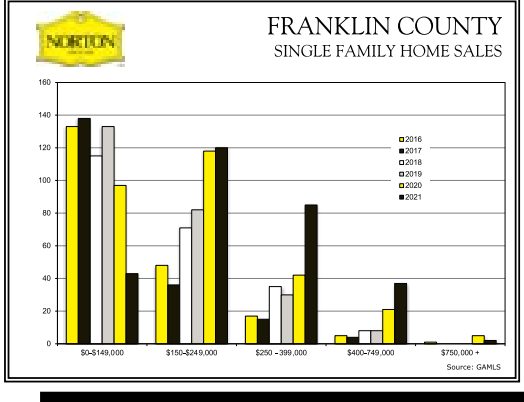
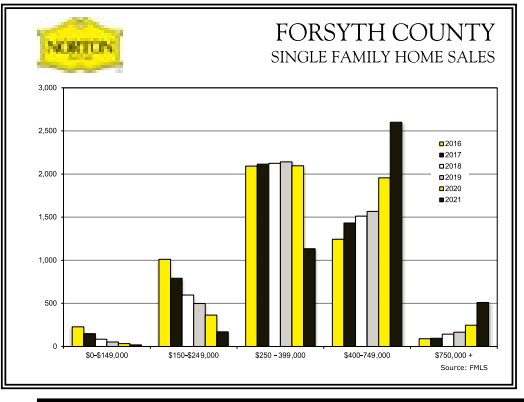
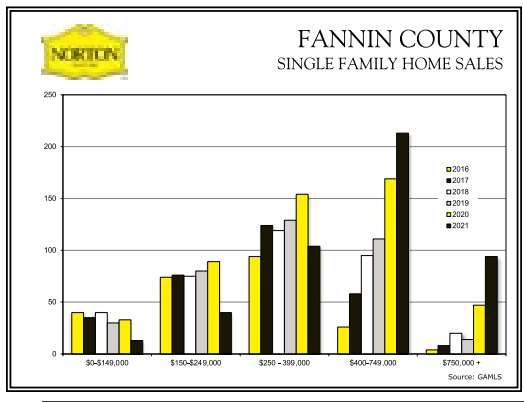
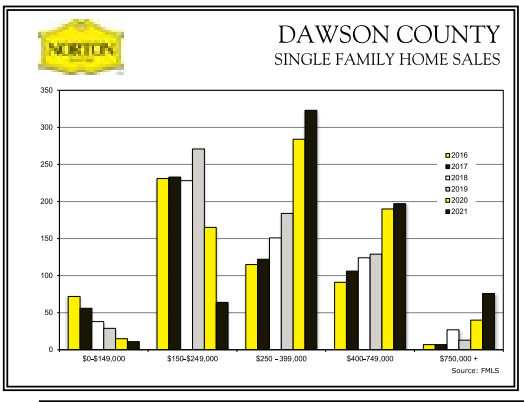
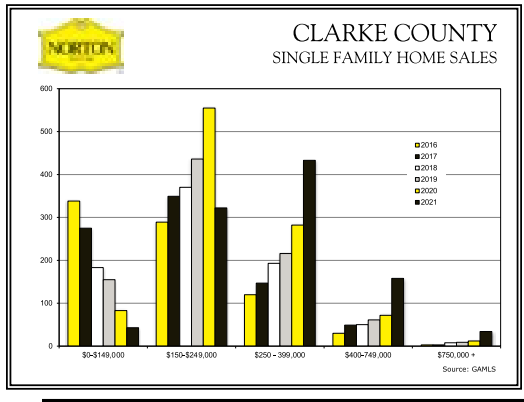
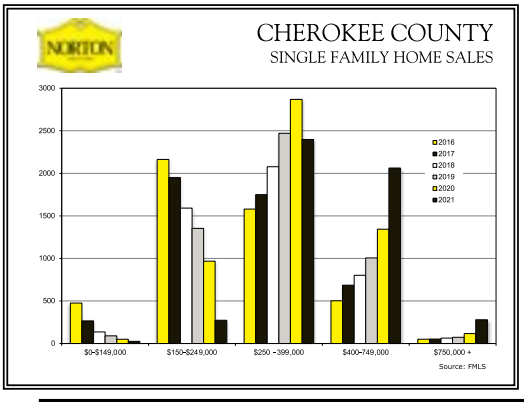
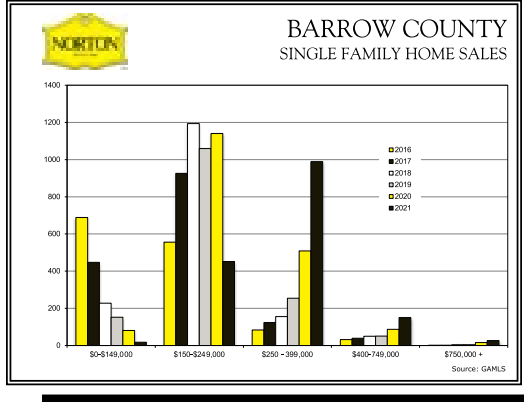
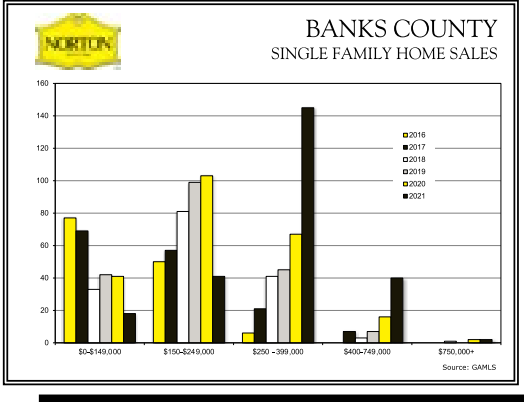
potential growth in household wealth over the next five years based solely on increased home equity if you purchase a \$350K home in January 2021

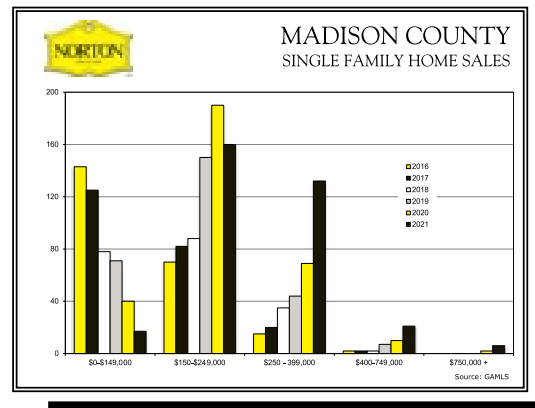
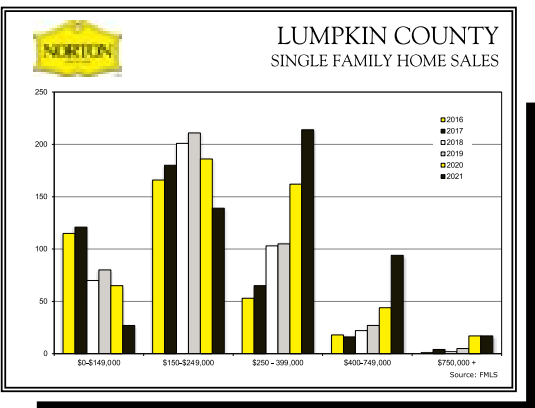
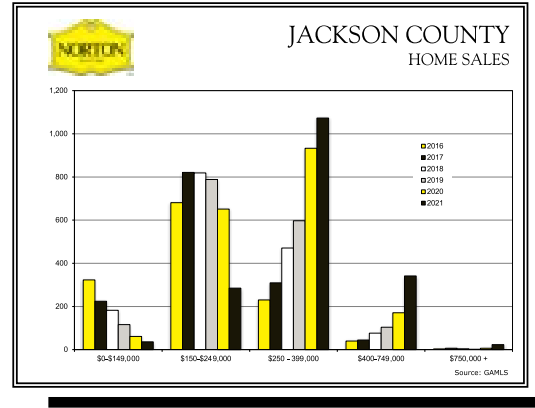
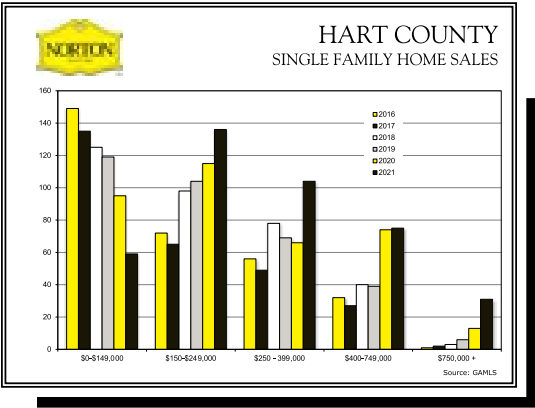
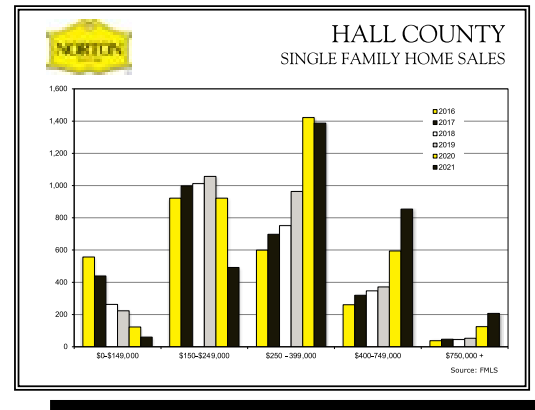
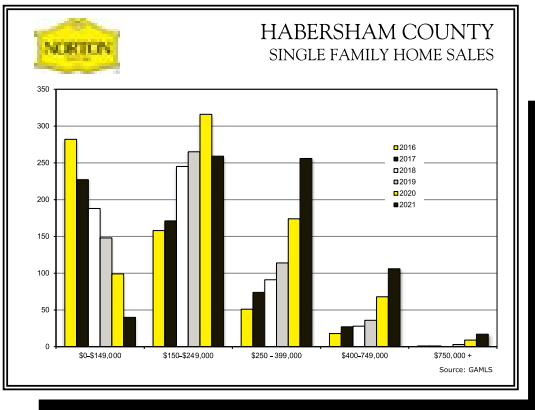
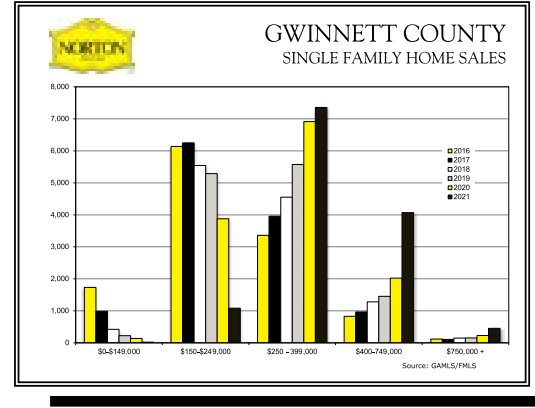
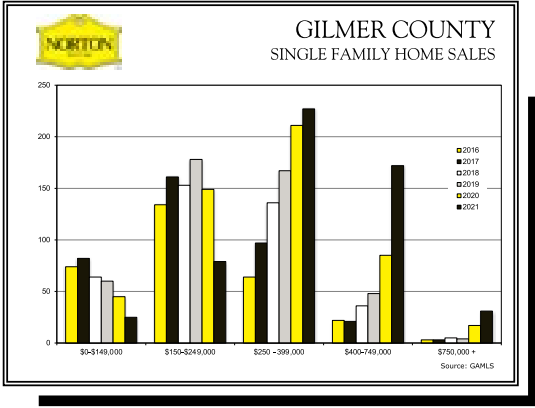


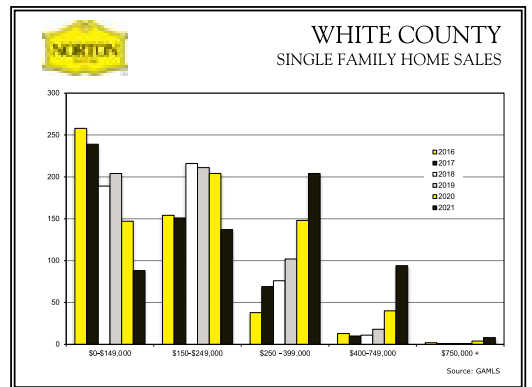
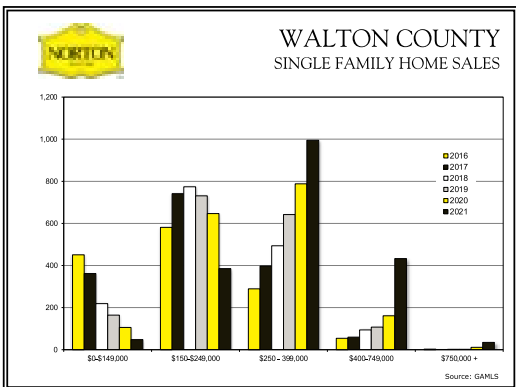
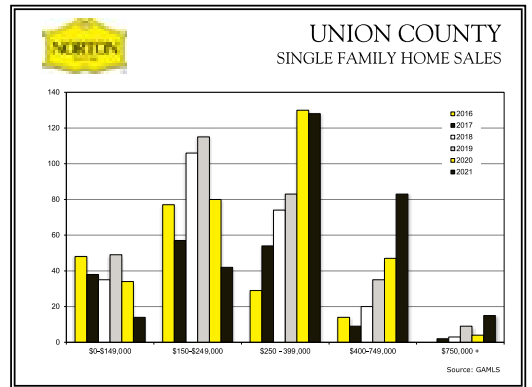
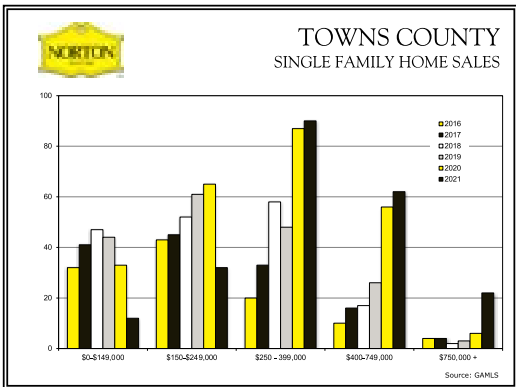
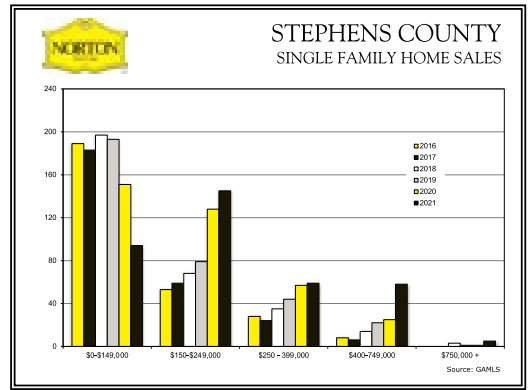
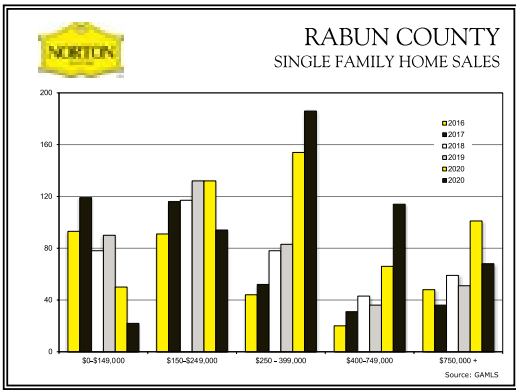
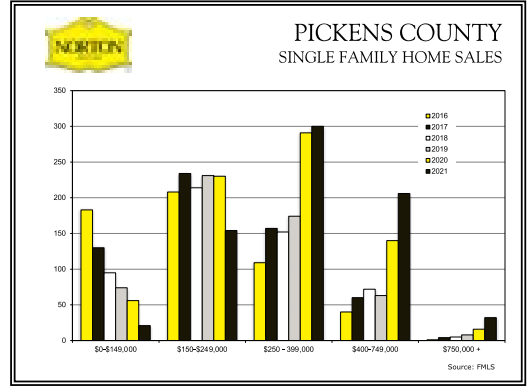
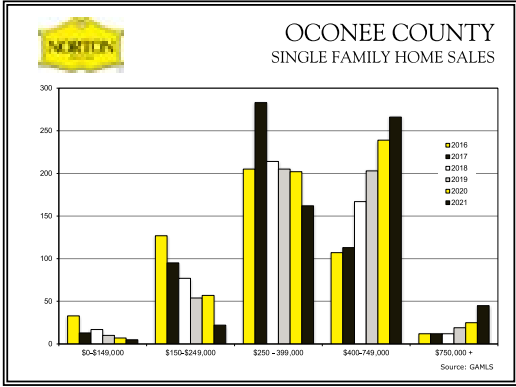
DEEP DATA

DISTRIBUTION OF REAL ASSETS, GLOBAL AVERAGE 2020









Executive Bookmark Reading List 2021-2022

The editors of Norton Native Intelligence™ are consummate readers in their quest for life-long learning. While the internet has expanded our reach for market intelligence, we still read 12 local and regional newspapers weekly and a massive download of E-News. We believe in “Deep Think,” new ideas, concepts, trendlines and that is what set Norton apart from its competitors and gets our brain juices pumping. Some of the books on our current reading list that have influenced our commentary, conversations and data set include:

<i>Didn't See It Coming</i>	Carey Nieunhof
<i>American Buffalo in Search of Lost Icon</i>	Steven Rinella
<i>Mine: How the Hidden Rules of Ownership Controls Our Lives</i>	Michael Heller James Salzman
<i>Land: How the Hunger for Ownership Shaped The Modern World</i>	Simon Winchester
<i>Stuff: Compulsive Hoarding and The Meaning of Things</i>	Gail Steketee



2021-2022 INFORMATION SOURCES

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

www.nortonintelligence.com

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.



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