

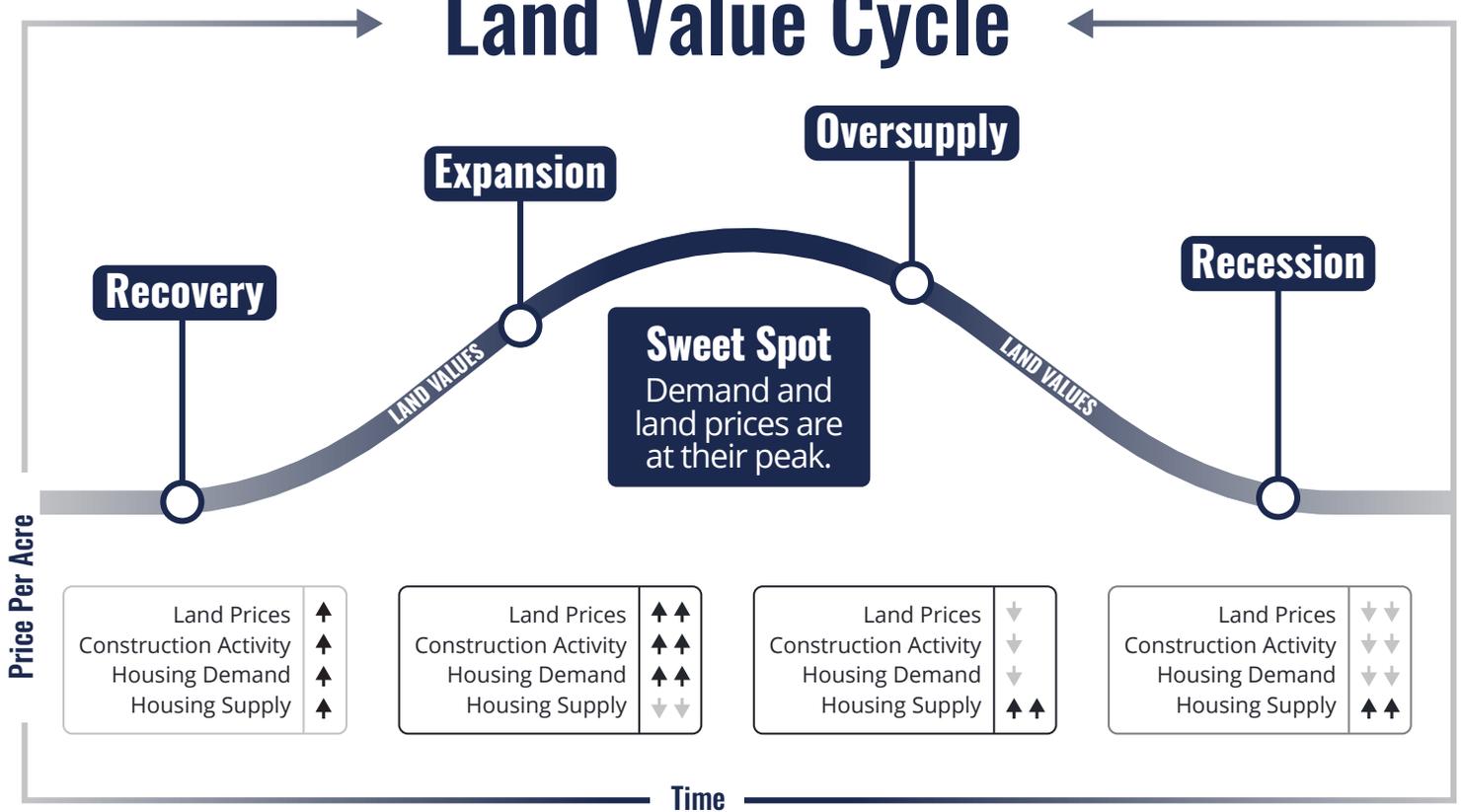


## NORTH GEORGIA LAND

**Our team at North Georgia Land, guides landowners through the process of assessing the market and managing their undeveloped land. We seek to empower property owners so they can make wise decisions for their family and their specific situation.**

**With more than 38 years of experience in the industry, we developed our proprietary Land Value Cycle. We know that to make wise decisions landowners need to know the markers and trends that signal potential shifts in land values.**

# Land Value Cycle



Historically, this entire cycle lasts an average of 18 years and then the cycle repeats. Unusual events can disrupt the historical flow of the cycle.



**Like the stock market, no one can predict precisely where we are in the real estate cycle at a specific point in time. It is only in looking back that we can determine the exact peaks and valleys. That is why we must look at trends and current market conditions to make our best assessment at any moment in time.**

## The Recovery Phase

In the Recovery Phase of the cycle, demand for land and housing is just starting to increase. Land prices are stable but are beginning to rise. Early in the phase is a good time for buyers to acquire property, but it's not the best time for landowners to sell. As demand increases, capital becomes more available. Construction begins to escalate as well. New subdivisions are starting to be developed, and builders are optimistic that demand will continue.

## The Expansion Phase

In the Expansion Phase, more developers and builders enter the market as capital is more readily available and confidence in the market grows. Land prices continue to rise, and the number of home buyers entering the market increases as well. As demand for housing exceeds the available supply, housing inventory attempts to meet the growing demand.

## **SWEET SPOT!**

At the peak of the cycle, land, lot, and home prices surge as a wave of builders, developers, homebuyers, and additional capital flood the market. Often characterized as a seller's market, this is the best time to sell and the most expensive time to buy.

## **The Oversupply Phase**

In the Oversupply Phase, demand for new housing weakens, and the monthly supply of housing inventory available for sale begins to increase. This increase in available inventory lessens the demand and begins to lower the price for land.

## **The Recession Phase**

In the Recession Phase, land prices decrease as builders and developers become more hesitant to take on new projects. Fewer home buyers enter the market and those that do enter the market demand more value for their dollar. The monthly supply of housing inventory continues to rise, forcing builders to slow their construction activity and potentially lower home prices. This is the best time to buy and the worst time to sell.

The Recession Phase may or may not correlate with an economic recession, and vice versa. As we saw during the COVID-19 pandemic—no doubt a black swan event—while there was a technical economic recession in 2020, demand for housing and land skyrocketed. The increase in demand created a shortage of available housing inventory and pushed prices up.

While the housing market and land values are deeply correlated, there are additional factors that influence both. These include items such as interest rate increases, variations in tax laws, local zoning changes, and national and international conflicts.

Take the time to study the market. Track the properties in your submarket to monitor rezonings and comparable sales. What are builders doing and why? What is the current housing supply in your submarket? How are all of these factors affecting land values? And most importantly, what is the wisest decision you can make given the market's current conditions and your family's unique situation?

**To understand the answers to these questions or to discuss where we are in the Land Value Cycle, feel free to call our team at 678-787-0273. We'd be happy to provide a free consultation and assessment of your property to help you make the best possible decisions for your property and your family.**