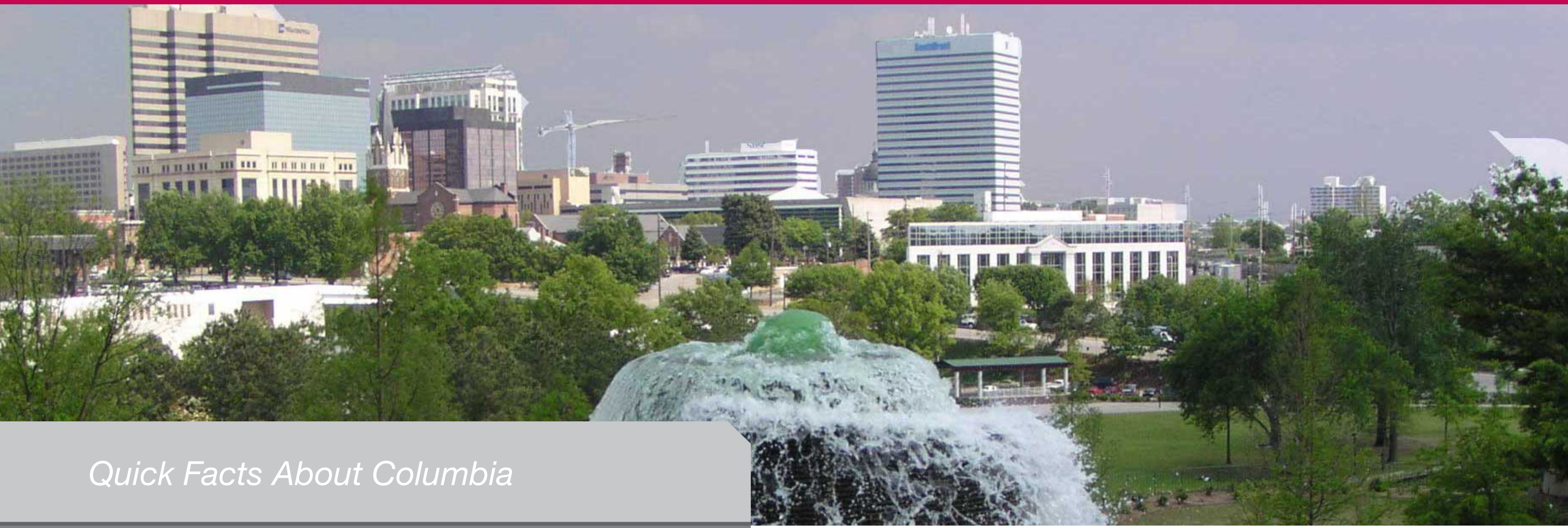
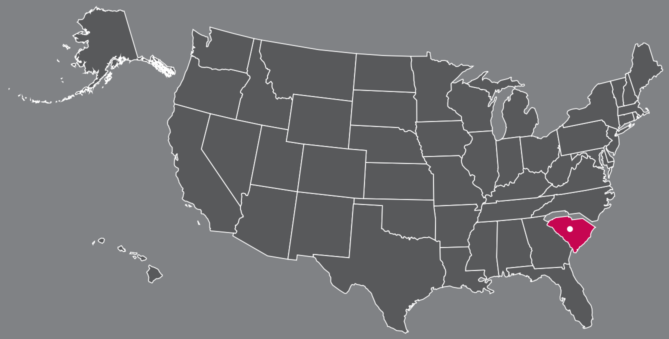
HUD PD&R Housing Market Profiles

Columbia, South Carolina



Quick Facts About Columbia

- **Current sales market conditions: balanced.**
- **Current apartment market conditions: balanced.**
- **The metropolitan area is home to the main campus of the University of South Carolina (USC), which has a local economic impact of $3.4 billion annually (USC data).**



By Robyn E. Bowen | As of October 1, 2017

Overview

The Columbia metropolitan area comprises Calhoun, Fairfield, Kershaw, Lexington, Richland, and Saluda Counties in central South Carolina. The city of Columbia, the state capital, is in both Lexington and Richland Counties. The government sector, the largest employment sector in the metropolitan area, includes Fort Jackson, the largest Initial Entry Training center for the U.S. Army and the largest employer in the metropolitan area, with 9,200 civilian employees and military personnel. Fort Jackson has an annual economic impact of approximately $2.2 billion in South Carolina (USC).

- As of October 1, 2017, the population of the metropolitan area was estimated at 826,900, an average increase of 7,900, or 1.0 percent, annually, since April 2010.
- The population grew by an average of 12,900, or 1.9 percent, annually, from July 2002 to July 2007, when economic conditions were strongest. From July 2007 to July 2010, the economy was weak, and the population growth rate slowed slightly to 1.8 percent while the population grew at an average 13,050 people annually.
- As a result of improved economic conditions, net in-migration has accounted for 63 percent of population growth since 2010 compared with 51 percent of the growth from July 2007 to July 2010, a period of job losses.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PD&R

The professional and business services sector led job growth in the Columbia area during the 3 months ending September 2017.

	3 Months Ending		Year-Over-Year Change	
	September 2016 (thousands)	September 2017 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	393.7	396.2	2.5	0.6
Goods-producing sectors	48.1	46.5	– 1.6	– 3.3
Mining, logging, and construction	16.7	14.3	– 2.4	– 14.4
Manufacturing	31.5	32.2	0.7	2.2
Service-providing sectors	345.5	349.7	4.2	1.2
Wholesale and retail trade	57.9	58.8	0.9	1.6
Transportation and utilities	16.2	16.2	0.0	0.0
Information	5.6	5.6	0.0	0.0
Financial activities	30.4	30.6	0.2	0.7
Professional and business services	47.4	50.2	2.8	5.9
Education and health services	48.8	48.1	– 0.7	– 1.4
Leisure and hospitality	38.3	37.4	– 0.9	– 2.3
Other services	16.1	16.3	0.2	1.2
Government	84.9	86.5	1.6	1.9
	(percent)	(percent)		
Unemployment rate	4.7	4.1		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

Nonfarm payrolls in the Columbia metropolitan area have increased each year since 2011, reversing a trend of job losses during the previous 3 years. However, the rate of growth slowed during the past year as sector declines occured in the local economy.

During the third quarter of 2017—

- Nonfarm payrolls increased by 2,500 jobs, or 0.6 percent, from the third quarter of 2016 to an average of 396,200 jobs, significantly lower than the increase of 11,600 jobs, or 3.1 percent, from the third quarter of 2014 to the third quarter of 2015 and an increase of 9,000 jobs, or 2.3 percent, in the third quarter of 2016.
- The professional and business services, the government, and the wholesale and retail trade sectors led job growth, increasing by 2,800, 1,600, and 900 jobs, or 5.9, 1.9, and 1.6 percent, respectively. Job losses occurred in the mining, logging, and construction, the leisure and hospitality, and the education and health services sectors, which declined by 2,400, 900, and 700 jobs, or 14.4, 2.3, and 1.4 percent, respectively.
- Trane, a heating and air-conditioning manufacturer, announced it is expanding its Richland County facility, which will include a $96 million investment and an additional 700 jobs during the next 3 years.

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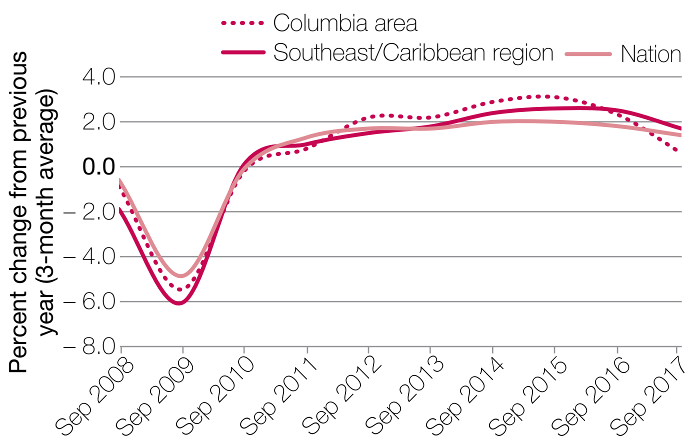
The rate of nonfarm payroll growth in the Columbia area began declining in 2016 and fell below the rates for the region and the nation.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Columbia area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Fort Jackson	Government	9,200
Palmetto Health	Education & health services	9,000
BlueCross BlueShield of South Carolina	Financial activities	6,775

Notes: Excludes local school districts. Data include military personnel, who generally are not included in nonfarm payroll survey data.
Source: Economy.com

continued from page 2

- The average unemployment rate declined to 4.1 percent from 4.7 percent during the third quarter of 2016, because employment growth outpaced growth in the labor force. The current rate is significantly lower than the recent third quarter peak of 9.6 percent in 2010.

USC has a major effect on the economy of the metropolitan area. At its eight campuses throughout the state, USC enrolls approximately 34,000 students, of which 32,000 attend the main campus in the city of Columbia. USC is the fourth largest employer in the metropolitan area, with nearly 6,725 employees, and has a statewide economic impact of $5.5 billion annually (USC data).

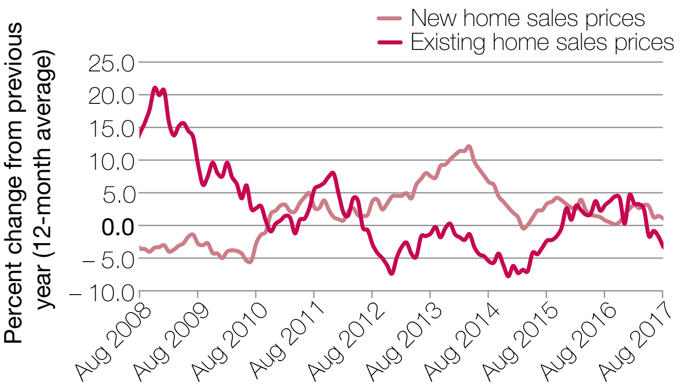
Sales Market Conditions

The sales housing market in the Columbia metropolitan area is balanced, with a vacancy rate of 2.0 percent compared with the rate of 2.7 percent in April 2010. During the 12 months ending August 2017, existing home sales (including single-family homes, townhomes, and condominiums) totaled nearly 13,900, an increase of 1,250 homes, or 10 percent, from the same 12-month period a year earlier (CoreLogic, Inc., with adjustments by the analyst). The average sales price of an existing home decreased 3 percent to $135,000 from the 12 months ending August 2016, as economic growth slowed. The average sales price of a real estate owned (REO) home in the metropolitan area was $99,250 during the 12 months ending August 2017, a 14-percent increase from the previous 12 months, compared with $157,700 for a regular resale, a less than 1-percent increase from a year ago. New home sales totaled 2,500 during the 12 months ending August 2017, down by 200 homes, or 8 percent, from the previous 12-month period. The average new home sales price was $230,200 during the 12 months ending August 2017, up 1 percent from the previous 12 months.

- Existing home sales peaked in 2006, when 16,800 homes sold, and declined each subsequent year through the economic recession to a low of 7,800 in 2011. Sales began to increase again in 2012 and averaged 11,400 homes annually from 2012 through 2016.
- New home sales reached an annual high of approximately 5,375 homes in 2006, then declined annually as economic conditions weakened to a low of only 1,925 homes in 2011. From 2012 through 2016, new sales averaged 2,375 homes annually, as nonfarm payroll growth improved.
- As of August 2017, 3.3 percent of home loans in the Columbia metropolitan area were 90 or more days delinquent, were in foreclosure, or had transitioned into REO status, down from 3.8 percent in August 2016 (CoreLogic, Inc.). The most recent percentage is higher than the 2.4 percent rate for South Carolina and the 2.2 percent rate for the nation.
- REO sales totaled nearly 1,325 homes during the 12 months ending August 2017, down 3 percent from the previous 12-month period and down nearly 71 percent from the 2,100 sold during the peak in the 12 months ending September 2013, as economic conditions improved.

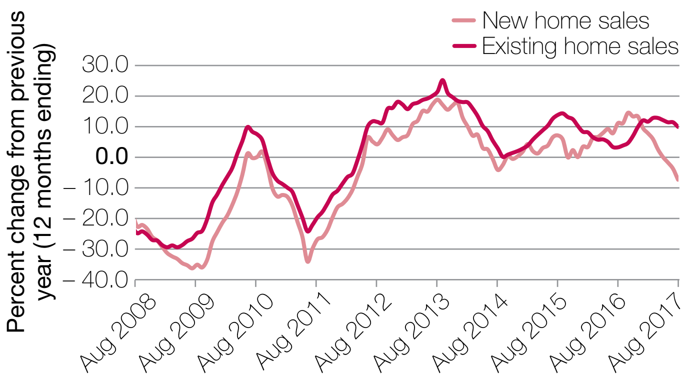
continued on page 4

New home sales prices increased in the Columbia area during the past year, and existing home sales prices decreased as REO sales rose.



Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

Existing home sales increased and new home sales declined in the Columbia area, as economic growth slowed.



Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

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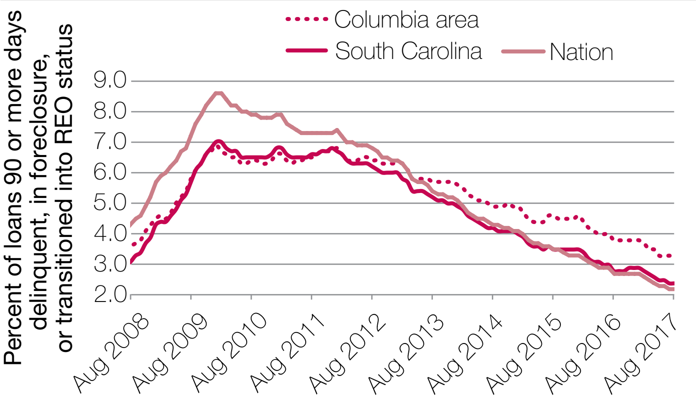
Balanced sales market conditions in the Columbia metropolitan area, resulted in increased single-family homebuilding activity, as measured by the number of homes permitted, during the past year as nonfarm payroll growth remained positive.

- Approximately 3,775 single-family homes were permitted during the 12 months ending September 2017, an increase of 370 homes, or 10 percent, from the 12 months ending September 2016 (preliminary data).
- Single-family homebuilding peaked from 2003 through 2007, averaging approximately 6,050 homes annually before declining to an average of 2,750 homes permitted annually from 2008 through 2011 during a time of weak economic conditions. Permitting increased to an average of 3,375 homes annually from 2012 through 2016, as economic conditions improved.
- Burnside Farms is currently under construction in the city of Columbia, consisting of 36 single-family homes ranging from 1,380 to 2,200 square feet. Home prices start at $134,900. A completion date for the subdivision has not been announced.

The percentage of seriously delinquent home loans and REO properties in the Columbia area decreased during the past year, although remaining above the state and national averages.



REO = real estate owned.
Source: CoreLogic, Inc.

Single-family building activity in the Columbia area has increased slowly during the past 5 years as economic conditions strengthened.

Note: Includes preliminary data from January 2017 through September 2017.
Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Apartment market conditions in the Columbia metropolitan area are currently balanced.

During the third quarter of 2017—

- The apartment vacancy rate was 6.2 percent, up from 5.3 percent during the third quarter of 2016, as supply exceeded demand (MPF Research).
- The average asking rent was $918, up 3 percent from the average asking rent during the third quarter of 2016.
- Conditions in the MPF Research-defined Central Columbia/University market area, which consistently has the lowest vacancy rate in the metropolitan area because of the presence of USC, were balanced with an apartment vacancy rate of 5.8 percent compared with 5.0 percent during the third quarter of the previous year.
- The average asking rent in the Central Columbia/University market area increased nearly 4 percent from the third quarter of 2016 to $1,321, the highest average rent in the metropolitan area.

Multifamily construction activity in the Columbia metropolitan area, as measured by the number of units permitted, increased during the past year as a result of softening apartment market conditions.

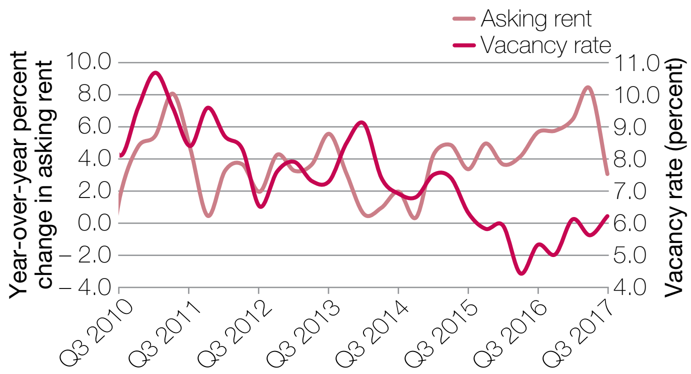
- Approximately 650 multifamily units were permitted during the 12 months ending September 2017, a decrease of 75 units, or 10 percent, from the 12 months ending September 2016 (preliminary data).
- Improving economic conditions increased multifamily permitting to an average of approximately 770 units annually from 2012 through 2016, up from an average of 670 units annually from 2008 through 2011.
- As of the third quarter of 2017, approximately 870 apartment units were under construction (MPF Research).

continued on page 5

continued from page 4

- Approximately 560 apartment units were under construction in the Central Columbia/University market area during the third quarter of 2017, the greatest number of units of any market area in the metropolitan area.
- Sola Station is a 339-unit apartment property currently under construction in the city of Columbia, with completion expected in May 2018. Asking rents have not yet been announced.

During the past year, vacancy rates and rents increased in the Columbia area, although at a slower rate from the previous year.



Q3 = third quarter.
Source: MPF Research

In 2016, after 3 years of growth, multifamily permitting in the Columbia area began to decline as supply outpaced demand.

Note: Includes preliminary data from January 2017 through September 2017.
Source: U.S. Census Bureau, Building Permits Survey