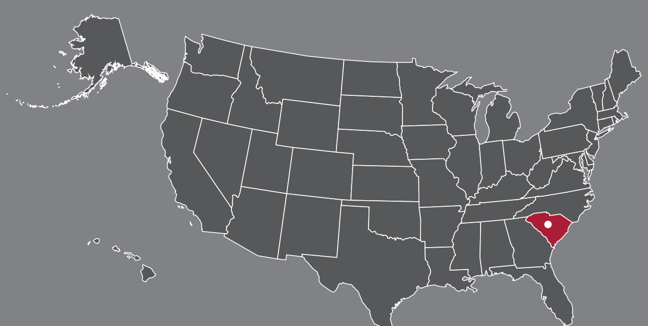
HUD PD&R Housing Market Profiles

Columbia, South Carolina

Quick Facts About Columbia

- **Current sales market conditions: balanced**
- **Current rental market conditions: balanced**
- **The Columbia metropolitan area is home to the Riverbanks Zoo and Garden, a 170-acre zoo, aquarium, and botanical garden located along the Saluda River in the city of Columbia. The Riverbanks Zoo and Garden is South Carolina's largest gated attraction, has more than 2,000 animals, and features natural habitat exhibits, views of the river and valley, and historic landmarks.**



By Steve Walker | As of November 1, 2019

Overview

Located in central South Carolina, the Columbia, SC Metropolitan Statistical Area (hereafter, the Columbia metropolitan area) consists of Calhoun, Fairfield, Kershaw, Lexington, Richland, and Saluda Counties. The city of Columbia, which is part of Richland County, is the state capital as well as the economic center and most populous city in the metropolitan area. The metropolitan area is home to the University of South Carolina (USC) as well as Fort Jackson Army base—the largest and most active entry training center in the U.S. Army with 5,000 civilian employees and 3,200 military personnel.

- As of November 1, 2019, the population of the Columbia metropolitan area is estimated at 844,000.
- Population growth averaged 8,525 people, or 1.1 percent, annually from 2012 to 2016. Since 2016, however, population growth is estimated to have slowed to an average of 8,000 people, or 1.0 percent, annually. This is partially due to a slowing of nonfarm payroll growth.
- Richland County has an estimated 418,500 people, making up approximately 50 percent of the population in the metropolitan area. The county has grown by 3,550 people, or 0.9 percent, annually and has accounted for 38 percent of the population growth in the metropolitan area since 2010.

Economic Conditions

Economic conditions in the Columbia metropolitan area are strong. Nonfarm payrolls have increased each year since 2011 and have exceeded the prerecession high since 2014. Following the local economic downturn from 2007 through 2010, nonfarm payroll growth averaged 6,875 jobs, or 1.9 percent, annually from 2011 through 2018.

During the 3 months ending October 2019—

- Nonfarm payrolls rose to 403,900, an increase of 1,500 jobs, or 0.4 percent from a year ago, following a gain of 7,900 jobs, or 2.0 percent, during the 3 months ending October 2018.
- Seven payroll sectors, including both goods-producing sectors and five of the nine service-producing sectors, added jobs. The most significant gains were in the wholesale and retail trade, manufacturing, and government sectors, which increased by 1,600, 1,100, and 700 jobs, or 2.8, 3.7, and 0.8 percent, respectively.
- Job losses occurred in four payroll sectors, all of which are service-producing sectors. The professional and business services sector had the largest decrease, a decline of 2,000 jobs, or 3.8 percent. A layoff of approximately 240 workers at Reliable Management Solutions, LLC—a provider of customized logistics solutions—contributed to the loss.
- The unemployment rate declined to 2.2 percent, down from 3.3 percent during the same period a year ago. This is the lowest unemployment rate for the metropolitan area during a 3-month period ending in October since 2000.

Strong job growth is expected to continue in the wholesale and retail trade and manufacturing sectors. In 2019, Garden State Lumber, a distributor of mouldings, trim boards, and architectural accents, announced they would be building a new $10 million

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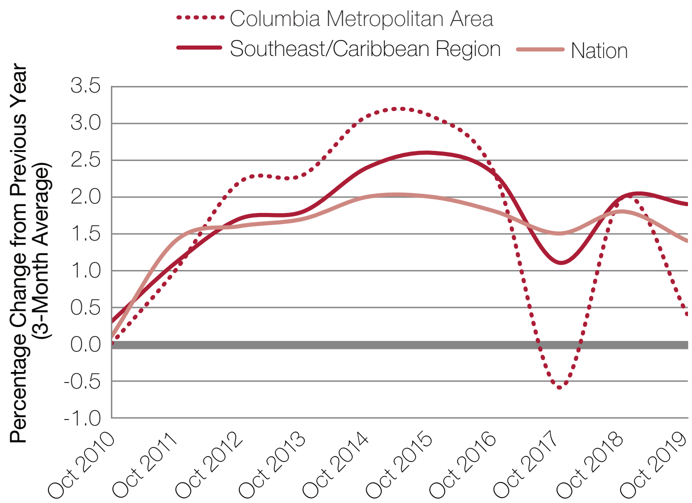
During the 3 months ending October 2019, job growth in the Columbia metropolitan area lagged the rate of growth in the region and the nation.



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

Seven sectors in the Columbia metropolitan area added jobs during the 3 months ending October 2019.

	3 Months Ending		Year-Over-Year Change	
	October 2018 (Thousands)	October 2019 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	402.4	403.9	1.5	0.4
Goods-Producing Sectors	47.8	49.3	1.5	3.1
Mining, Logging, & Construction	17.6	18.0	0.4	2.3
Manufacturing	30.1	31.2	1.1	3.7
Service-Providing Sectors	354.7	354.7	0.0	0.0
Wholesale & Retail Trade	56.9	58.5	1.6	2.8
Transportation & Utilities	17.3	17.7	0.4	2.3
Information	5.4	5.3	-0.1	-1.9
Financial Activities	31.3	31.2	-0.1	-0.3
Professional & Business Services	52.6	50.6	-2.0	-3.8
Education & Health Services	49.1	48.2	-0.9	-1.8
Leisure & Hospitality	40.2	40.4	0.2	0.5
Other Services	16.4	16.7	0.3	1.8
Government	85.4	86.1	0.7	0.8
	(Percent)	(Percent)		
Unemployment Rate	3.3	2.2		

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

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distribution facility that will create approximately 60 new jobs. Miwon Specialty Chemical Co. Ltd., a chemical manufacturer of raw materials, recently announced plans to invest $19.5 million in a new production operation facility in the Columbia metropolitan area that will create 25 new permanent jobs. Also, in 2019, Juul Labs, Inc., a manufacturer of e-cigarettes, announced a $125 million investment in a new assembly facility that is expected to add 500 jobs in Lexington County.

Largest Employers in the Columbia Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of South Carolina	Government	25,570
Prisma Health	Education & Health Services	15,000
Fort Jackson	Government	8,200

Notes: Excludes local school districts. Data for Jackson include 3,200 uniformed military personnel, which are not included in nonfarm payrolls, and 5,000 civilian employees.
Sources: Richland County Economic Development Corporation; Lexington County Economic Development Corporation

Sales Market Conditions

The sales housing market in the Columbia metropolitan area is currently balanced, with an estimated 1.9-percent sales vacancy rate, down from 2.7 percent in 2010. During the 12 months ending September 2019, new and existing home sales (including single-family homes, townhomes, and condominiums) totaled 19,000, up 1 percent from the 18,800 homes sold during the previous 12-month period and 90 percent above a recent low of 9,975 homes sold in 2011. The increase in home sales during the past year occurred despite significant declines in both real estate owned (REO) sales and short sales during the past year, which declined by 26 and 21 percent, respectively. During the 12 months ending September 2019, the average sales price for new and existing homes rose 6 percent to $183,500 after a 5-percent increase during the previous 12-month period (CoreLogic, Inc., with adjustments by the analyst).

During the 12 months ending September 2019—

- New home sales totaled 2,800, up 1 percent from 2,775 sales a year ago. The average sales price for a new home was $247,900, an increase of 3 percent from a year earlier.
- Existing home sales totaled 16,200, up 1 percent from 16,050 homes sold during the previous 12-month period.
- The average sales price for existing homes was $172,400, an increase of 6 percent from $162,500 a year earlier and 39 percent higher than the recent low of $124,500 in 2012.
- REO sales accounted for 5 percent of existing home sales, down from 6 percent a year earlier and well below the peak of 21 percent in 2012.

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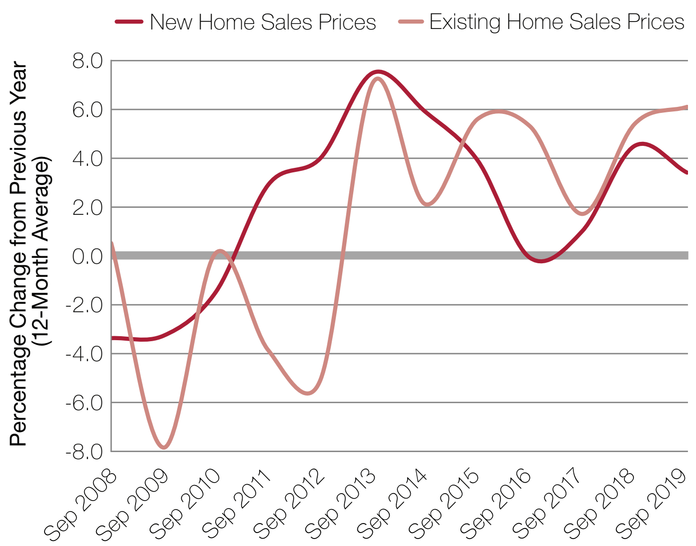
The average existing home sales price in the Columbia metropolitan area has grown at a faster rate than new home sales prices during the past year.



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

In the Columbia metropolitan area, sales of existing homes decreased slightly in 2017 and 2018 before increasing again in 2019.

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

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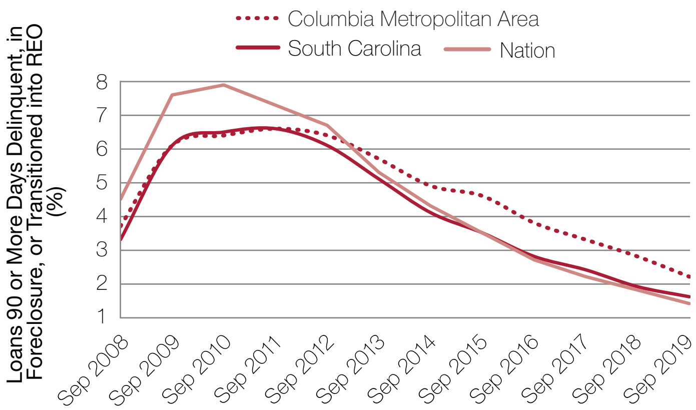
The percentage of home loans 90+ days delinquent, in foreclosure, or recently transitioned to REO status in the Columbia metropolitan area has been consistently above that of the United States and South Carolina since 2012.

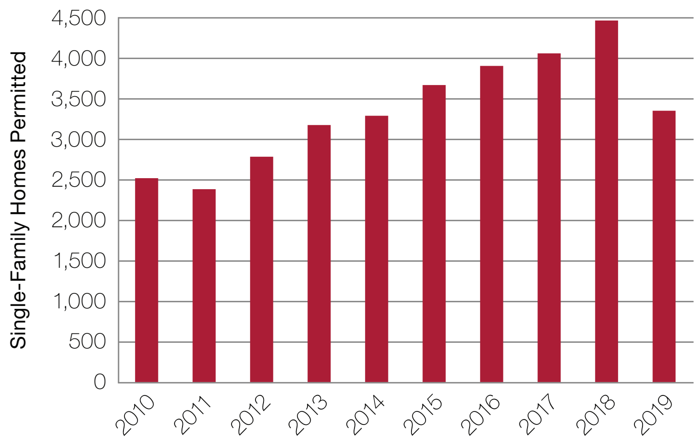


REO = real estate owned.
Source: CoreLogic, Inc., with adjustments by the analyst

Single-family homebuilding, as measured by the number of single-family homes permitted, has generally trended upwards in the Columbia metropolitan area since the mid-2010s. From 2016 through 2018, an average of 4,150 single-family homes were permitted annually, compared with an average of only 3,250 homes annually from 2012 through 2015.

- During the 12 months ending October 2019, permits were issued for 3,650 single-family homes, down 18 percent from 4,450 homes permitted during the 12 months ending October 2018.
- Of the single-family homes permitted in the metropolitan area in the past 12 months, 47 percent, or 1,715, were in Lexington County; 43 percent, or 1,570 homes, were in Richland County; and 10 percent, or 365 homes, were in the four remaining counties.
- Edgewood is a single-family development in the city of Lexington in Lexington County. The first phase of development is expected to include 28 of 59 homes planned, with homes from 2,300 to 3,500 square feet, and prices from $230,000 to $395,000.

The number of single-family homes permitted in the Columbia metropolitan area has generally risen each year since 2011.



Note: Includes preliminary data from January 2019 through October 2019.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

Rental Market Conditions

As of November 1, 2019, overall rental housing market conditions are currently balanced in the Columbia metropolitan area, with an estimated 8.0-percent vacancy rate for all rental units (including single-family homes, townhomes, mobile homes, and apartments); this is down from an 11.8-percent vacancy rate in 2010 when market conditions were soft. Higher levels of household growth and relatively low levels of rental permitting in the early 2010s have contributed to declining vacancy rates and rising rents for much of the decade.

During the third quarter of 2019—

- The apartment market in the Columbia metropolitan area was balanced, with a vacancy rate of 4.8 percent, down from 5.3 percent a year earlier, and well below the 7.6-percent rate during the third quarter of 2014 (RealPage, Inc.).
- The average rent for apartments in the Columbia metropolitan area was $945, an increase of 4 percent from $908 during the third quarter of 2018. This is comparable to the percentage increase in the average asking rent for the nation, which increased 4 percent from $1,511 during the third quarter of 2018 to $1,577 during the third quarter of 2019.
- The RealPage, Inc.-defined Lexington market area, which includes much of Lexington County, had the lowest vacancy rate in the metropolitan area at 2.6 percent, down from 4.5 percent a year ago. The highest vacancy rate, 5.5 percent, was in the Dutch Fork market area, which is northeast of downtown Columbia along Interstate 26.
- The Central Columbia/University market area, which includes USC, had the highest percentage increase in average asking rent at 8 percent, bringing rent to $1,181. Approximately 34,500 students are enrolled at the Columbia campus, of which approximately 6,200 are housed in on-campus dormitories and university-affiliated apartments.

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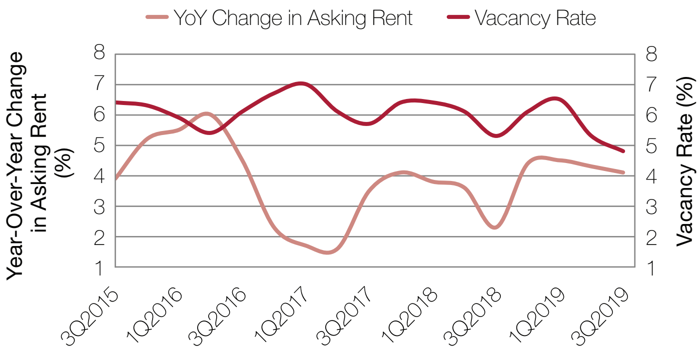
The apartment vacancy rate in the Columbia metropolitan area has been relatively stable since the mid-2010s, whereas the average asking rent has consistently increased.

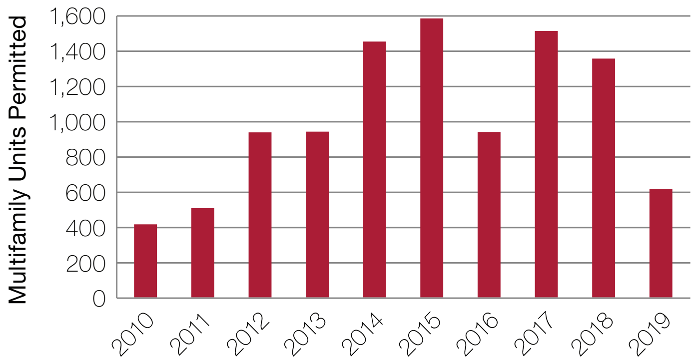


1Q = first quarter. 3Q = third quarter. YoY = year-over-year.
Source: RealPage, Inc.

Multifamily construction activity, as measured by the number of units permitted, has been above 900 units permitted each year since 2012, after an average of only 460 units were permitted annually from 2010 through 2011.

- During the 12 months ending October 2019, 840 multifamily units were permitted in the Columbia metropolitan area, down from 1,375 units permitted during the 12 months ending October 2018 (preliminary data).
- An average of 1,225 units were permitted each year from 2012 through 2015. After a 23-percent decline to approximately 940 units permitted in 2016, an average of 1,425 units were permitted annually from 2017 through 2018.
- Indigo at Brickworks is a 256-unit property under construction in the Cayce area; the property is expected to be complete in the first quarter of 2020, with one-bedroom rents ranging from $1,075 to $1,345 and two-bedroom units rents ranging from $1,435 to $2,055.
- The Cardinal at Cardinal Crossing is a 256-unit complex that is currently under construction northeast of downtown Columbia; it is expected to open in early 2020. The complex will offer one-bedroom units for an average of $1,215, two-bedroom-units for $2,265, and three-bedroom units for $3,800.

Multifamily permitting in the Columbia metropolitan area peaked in 2015 but moderated in 2019.



Note: Includes preliminary data from January 2019 through October 2019.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst