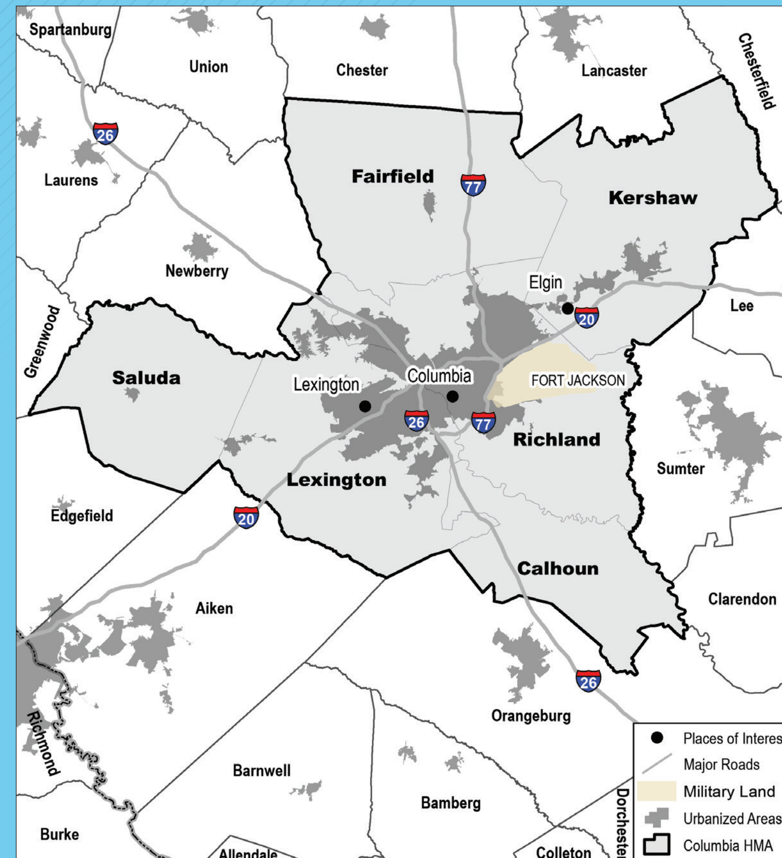
The analysis presented in this report was completed prior to the COVID-19 outbreak in the United States and therefore the forecast estimates do not take into account the economic and housing market impacts of the actions taken to limit contagion of the virus. At this time, the duration and depth of the economic disruption are unclear, as are the extent and effectiveness of government policies to counteract the disruption. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.

COMPREHENSIVE HOUSING MARKET ANALYSIS

Columbia, South Carolina

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of September 1, 2019



Executive Summary

Housing Market Area Description

The Columbia Housing Market Area (HMA), which consists of Calhoun, Fairfield, Kershaw, Lexington, Richland, and Saluda Counties, is in central South Carolina and is coterminous with the Columbia, SC Metropolitan Statistical Area (MSA). The HMA is home to the University of South Carolina (USC) and the Fort Jackson Army Base. The city of Columbia, which is the state capital of South Carolina, is located in both Richland and Lexington Counties.

The current population is estimated at 842,500.

Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Stable: Total nonfarm payrolls increased 0.8 percent during the 12 months ending August 2019.

The Columbia HMA has added jobs each year since 2011, although the rate of job growth has moderated since 2016. During the 12 months ending August 2019, total nonfarm payrolls in the HMA increased by 3,100 jobs, or 0.8 percent, to 402,700 jobs, following an increase of 0.3 percent, or 1,200 jobs, during the previous 12 months. By comparison, total nonfarm payrolls increased an average of 2.2 percent annually from 2011 through 2016. During the 3-year forecast period, total nonfarm payroll growth is expected to average a modest 0.2 percent annually.

Sales Market

Balanced: Existing home sales increased 1 percent during the 12 months ending August 2019.

The sales housing market is balanced, with a 1.9-percent vacancy rate, down from 2.7 percent in 2010. During the 12 months ending August 2019, the average existing home sales price increased 7 percent to $172,900, and the average new home sales price increased 5 percent to $248,500 (CoreLogic, Inc., with adjustments by the analyst). During the next 3 years, demand is expected for 10,450 new sales units; the 1,675 homes currently under construction will meet part of the demand.

Rental Market

Balanced: The average market-rate apartment rent during the second quarter of 2019 was $902, up 2 percent from a year earlier.

The rental housing market in the Columbia HMA is currently balanced, with an overall estimated vacancy rate of 8.0 percent, down from 11.8 percent in April 2010. The apartment market is also balanced, with a vacancy rate of 5.4 percent during the second quarter of 2019, down slightly from 5.6 percent during the second quarter of 2018 (Reis, Inc.). During the forecast period, demand is expected for 2,200 rental units. The approximately 560 units currently under construction will satisfy a portion of the demand.

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3-Year Housing Demand Forecast

		Sales Units	Rental Units
Columbia HMA	Total Demand	10,450	2,200
	Under Construction	1,675	560

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of September 1, 2019. The forecast period is September 1, 2019, to September 1, 2022.
Source: Estimates by the analyst

Economic Conditions

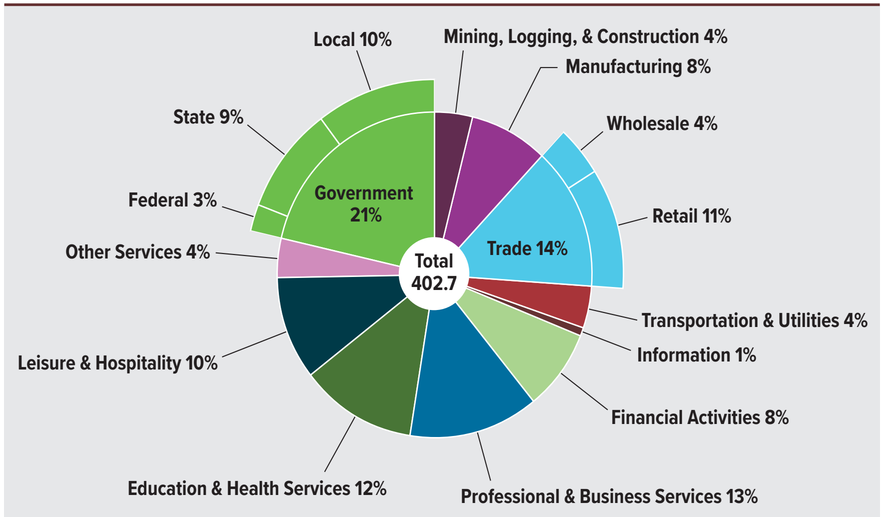
Largest sector: Government

The state government subsector, which includes a significant number of employees associated with both the state capital and USC, accounts for approximately 9 percent of all jobs in the HMA.

Primary Local Economic Factors

The government sector, anchored by the presence of the state capital, USC, and Fort Jackson, is the largest nonfarm sector in the Columbia HMA and accounted for 21 percent of total nonfarm payrolls during the most recent 12 months (Figure 1). Founded in 1801, USC enrolled nearly 35,400 students during the fall of 2019 term and has an annual state economic impact of $4.2 billion (USC Institutional Research, Assessment, and Analytics). The international business degree program at the university is ranked first in the nation by *U.S. News and World Report*. Named after the seventh U.S. president, Andrew Jackson, the Fort Jackson Army Base is home to the largest and most active Initial Entry Training Center in the U.S. Army, training 50 percent of the Army's Basic Combat Training load (U.S. Army). Fort Jackson has an annual economic impact of approximately $2.0 billion on the HMA (South Carolina Military Base Task Force). The education and health services sector, the fourth largest sector, accounts for 12 percent of all jobs in the HMA, and includes two of the largest employers in the HMA (Table 1). In 2017, Palmetto Health and Greenville Health System merged to form Prisma Health, the second largest employer in the HMA. Lexington Medical Center, the fifth largest employer in the HMA, is also in the education and health services sector.

Figure 1. Share of Nonfarm Payroll Jobs in the Columbia HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding.
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Columbia HMA

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 Army Base	Government	8,200
BlueCross BlueShield of South Carolina	Financial Activities	6,585
Lexington Medical Center	Education & Health Services	6,450
University of South Carolina	Government	5,678
Amazon.com, Inc.	Transportation & Utilities	2,825
Michelin Tire	Manufacturing	2,425
Richland County	Government	2,393
City of Columbia	Government	2,300

Notes: Excludes local school districts. Data for Fort 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

Current Conditions—Nonfarm Payrolls

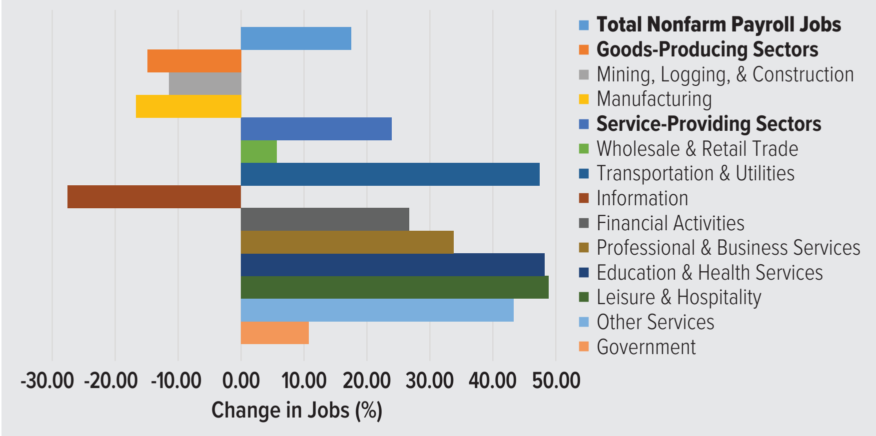
Economic conditions in the Columbia HMA are currently stable, with job growth having slowed since 2016. During the 12 months ending August 2019, nonfarm payrolls increased by 3,100 jobs, or 0.8 percent, up from an increase of 1,200 jobs, or 0.3 percent, during the previous year (Table 2). Job additions were largest in the manufacturing sector, which increased by 1,200 jobs, or 4.1 percent. Mars Petcare US, Inc., a manufacturer of pet food and animal care services, invested more than $14 million to expand its current facility in early 2019, adding 22 new jobs. Significant job growth also occurred in the leisure and hospitality sector, which has been the fastest growing sector in the HMA since 2000 (Figure 2). Gains in the sector included new restaurants such as Halls Chophouse, which opened a new location in downtown Columbia. During the past 12 months, 3 of 11 sectors in the HMA lost jobs. Most of the jobs lost were in the professional and business services and the educational and health services sectors, which lost 800 and 600 jobs, or 1.5 and 1.3 percent, respectively. In the first quarter of 2019, Prisma Health announced the elimination of 140 positions in Richland County to improve operational efficiencies.

Table 2. Nonfarm Payroll Jobs (1,000s) in the Columbia HMA, by Sector

	12 Months Ending August 2018	12 Months Ending August 2019	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	399.6	402.7	3.1	0.8
Goods-Producing Sectors	47.2	48.8	1.6	3.5
Mining, Logging, & Construction	17.5	18.0	0.4	2.5
Manufacturing	29.6	30.8	1.2	4.1
Service-Providing Sectors	352.4	353.9	1.5	0.4
Wholesale & Retail Trade	57.3	58.0	0.7	1.3
Transportation & Utilities	16.6	17.6	1.0	6.0
Information	5.4	5.4	0.0	0.3
Financial Activities	31.1	30.8	-0.4	-1.1
Professional & Business Services	51.8	51.0	-0.8	-1.5
Education & Health Services	48.5	47.9	-0.6	-1.3
Leisure & Hospitality	39.8	40.6	0.8	2.1
Other Services	16.3	16.5	0.2	1.3
Government	85.7	86.2	0.4	0.5

Notes: Based on 12-month averages through August 2018 and August 2019. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Columbia HMA, 2001 to Current

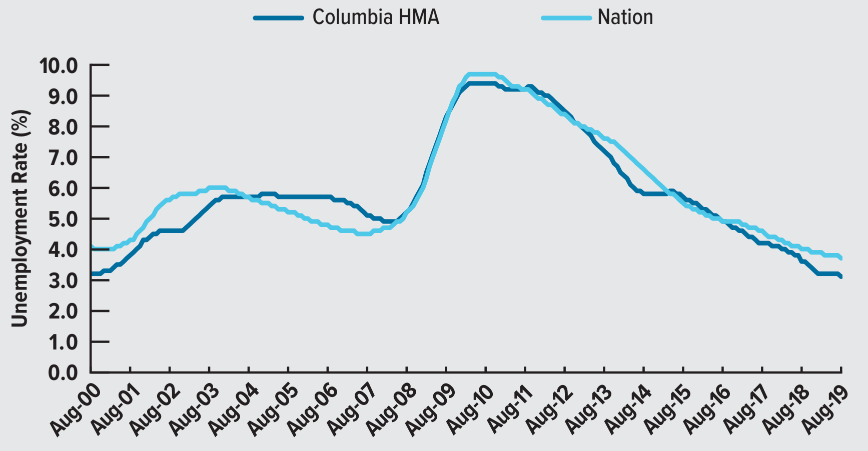


Notes: Military personnel are not reported in nonfarm payrolls. The current date is September 1, 2019.
Source: U.S. Bureau of Labor Statistics

Current Conditions—Unemployment

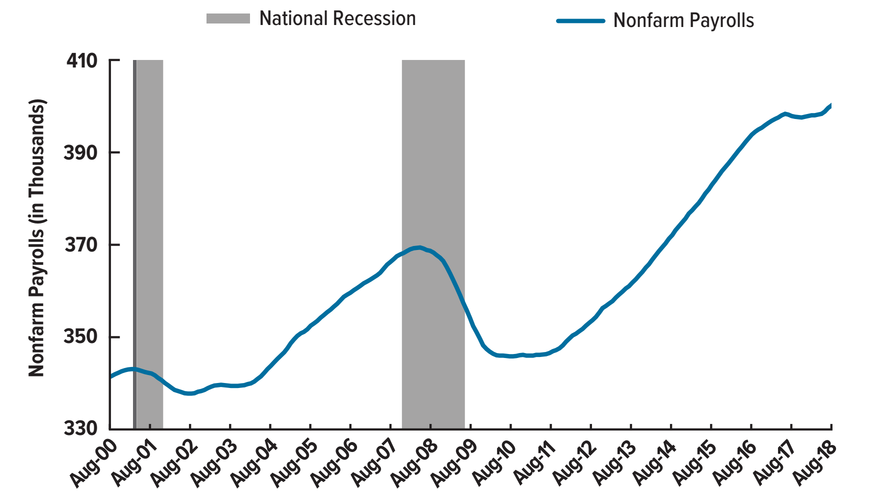
Employment growth in the HMA has far outpaced labor force growth since the early 2010s, which has resulted in a declining unemployment rate. The unemployment rate in the HMA, which peaked at 9.3 percent during 2010, averaged 3.1 percent during the 12 months ending August 2019, down from 3.6 percent a year earlier. By comparison, the national unemployment rate peaked at 9.7 percent during early 2010. The national rate then declined from an average of 4.0 percent during the 12 months ending August 2018 to 3.7 percent during the most recent 12 months. Figure 3 shows trends in the unemployment rate from 2000 to the current date for the HMA and the nation.

Figure 3. 12-Month Average Unemployment Rate in the Columbia HMA and the Nation



Source: U.S. Bureau of Labor Statistics

Figure 4. 12-Month Average Nonfarm Payrolls in the Columbia HMA



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

Economic Periods of Significance

2003 through 2007

Following the local economic downturn caused by the dot-com recession in 2001 and 2002, the HMA added jobs at a relatively rapid rate in the mid-2000s (Figure 4). From 2003 through 2007, total nonfarm payrolls increased by an average of 5,900 jobs, or 1.7 percent, annually, reaching a peak of 368,300. By comparison, the average rate of job growth was only 1.1 percent for the nation during the period. The professional and business services sector, which added an average of 1,500 jobs, or 3.9 percent, annually from 2003 through 2007, had the largest and fastest gains of any sector in the HMA. Economic expansion during the period was also a result of significant growth in the education and health services and the financial activities sectors, which added respective averages of 1,100 and 1,000 jobs, or 2.9 and 3.5 percent, annually. Gains in the education and health services sector included multiple new medical facilities including the 124-bed, 200,000-square-foot Palmetto Health Heart Hospital, a state-of-the-art cardiac care facility, which opened in Richland County in 2006.

2008 through 2010

The HMA lost jobs at a rate generally in line with the nation during the late 2000s. From 2008 through 2010, total nonfarm payrolls in the HMA decreased by an average of 7,400 jobs, or 2.0 percent, annually compared with the average annual loss of 1.9 percent in the nation. Jobs in 7 of 11 payroll sectors in the HMA declined during the period. The mining, logging, and construction sector lost the most jobs, declining by an average of 2,100 jobs, or 10.8 percent, annually, due in large part to the effects of the housing crisis on building activity. During the period, sales and rental permitting in the HMA averaged 2,875 and 900 units, respectively, each year. This is compared with respective amounts of 6,375 and 1,825 units annually from 2004 through 2007—representing respective declines of 55 and 51 percent. The wholesale and retail trade and the manufacturing sectors decreased by averages of 1,900 and 1,600 jobs, or 3.3 and 5.3 percent, a year from 2008 through 2010, respectively. Among the reductions was FN Manufacturing, a precision manufacturer that specializes in the production of small firearms, which cut 120 manufacturing jobs in 2010. As the Great Recession contributed to the contraction of financial institutions in the HMA, the financial activities sector decreased by an average of 1,200 jobs, or 4.0 percent, annually. InStil Health Insurance Company eliminated 210 jobs in 2009, which contributed to losses in the sector.

2011 through 2015

Economic conditions in the HMA improved rapidly from 2011 through 2015, with total nonfarm payrolls exceeding the pre-recessionary peak in 2014. From 2011 through 2015, total nonfarm payrolls rose by an average of 8,000 jobs, or 2.2 percent, annually in the HMA, as compared with average growth of 1.9 percent annually for the nation. The professional and business services sector led job gains in the HMA when it added an average of 1,800 jobs, or 4.0 percent, annually. General Information Services, Inc., which provides employment background screening services for technology companies, invested $2.7 million in a new facility and added 90 jobs in 2015. The leisure and hospitality and transportation and utilities sectors both added an average of 1,000 jobs, or 3 percent and 8 percent, annually, respectively. In 2011, Amazon.com, Inc. opened a $100 million distribution center in Lexington County which added 1,250 full-time positions.

2016 through 2017

Job growth in the HMA moderated to an average of 1.5 percent a year from 2016 through 2017, which was the same rate of growth for the nation. Although job growth slowed in the HMA, several notable expansions occurred during the period. The leisure and hospitality sector added an average of 1,200 jobs, or 3.2 percent, a year, due in part to the 2016 completion of the five-story, 108-room Aloft Columbia Downtown hotel in downtown Columbia. The mining, logging, and construction and the education and health services sectors expanded by 1,100 and 900 jobs, or 5.8 and 1.8 percent, respectively, during the period. Nephron Pharmaceuticals Corporation, a pharmaceutical company, spent $12.5 million to expand its existing facility by 36,000 square feet in 2017 and created approximately 125 jobs.

Employment Forecast

During the 3-year forecast period, job growth is expected to continue, but moderate slightly from the current rate of growth to an average of 0.2 percent a year. Strong job growth in the manufacturing sector is expected to continue during the forecast period. In 2019, JUUL Labs, Inc., a manufacturer of e-cigarettes, announced it was investing $125 million for a new assembly facility that is expected to add 500 jobs in Lexington County. Miwon Specialty Chemical Co. Ltd., a specialty chemical manufacturer of raw materials, recently announced plans to invest $19.5 million in a new production operation facility in Richland County, which will support 25 permanent jobs. The transportation and utilities and the leisure and hospitality sectors are also expected to contribute to job growth during the forecast period. Eastover Solar, a wholly owned subsidiary of Community Energy, Inc., is investing $80 million in a solar farm that is expected to be complete by the first quarter of 2021, although the number of jobs expected to be created is currently unavailable. Savage Craft Ale Works is expected to add 20 jobs when its new brewery and restaurant opens in May 2020.

Population and Households

Current population: 842,500

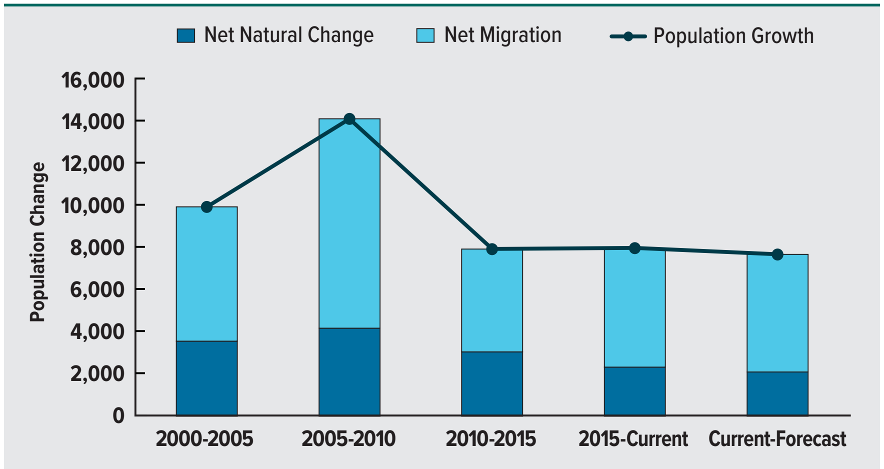
> Despite a modest decline in net natural change, the rate of population growth in the Columbia HMA has held steady since 2015 because of increased net in-migration.

Population Trends

Population growth in the Columbia HMA is mainly driven by migration patterns, which historically followed economic trends until the Great Recession, when in-migration increased despite job losses. This net in-migration can be partially attributed to the increasing popularity of the HMA as a retirement destination.

From 2000 to 2005, the population of the Columbia HMA increased by an average of 9,900 people, or 1.5 percent, annually (Figure 5). Net in-migration averaged 6,375 people a year, or 64 percent of the increase during the period, and net natural change accounted for the remaining annual increase of 3,525 people. From 2005 through 2010, the population of the HMA increased by an average of 14,100 people, or 1.9 percent, annually, despite significant job losses during much of the period. Net in-migration averaged 9,925 people a year during the period, and net natural change increased to 4,175 people. From 2010 to 2015, population growth averaged 7,925 people, or 1.0 percent, annually, when net in-migration averaged 4,850 people a year and net natural change averaged 3,075. Net in-migration to the HMA has averaged 5,675 people annually since 2015, and population growth has averaged 8,000 people a year, or 1.0 percent, annually. The rising share of older residents migrating into the HMA is responsible for slowing net natural change, which averaged 3,850 people a year from 2000 through 2010 and 2,725 people a year since 2010.

Figure 5. Components of Population Change in the Columbia HMA, 2000 Through the Forecast

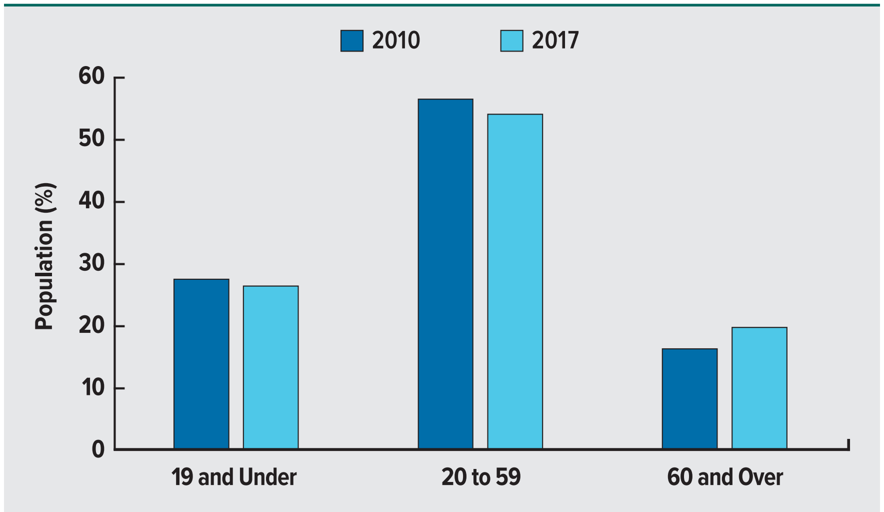


Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (September 1, 2019), to September 1, 2022.
Sources: U.S. Census Bureau; U.S. Bureau of Labor Statistics; current to forecast—estimate by the analyst

Age Cohort Trends

Overall population growth from 2011 to 2017 was mostly the result of an increase in the retirement-age portion of the population, generally defined as residents aged 60 and older (Figure 6). This age cohort increased by an average of 5,940

Figure 6. Population by Age Range in the Columbia HMA



Source: 2010 and 2017 American Community Survey, 1-year data people, or 4.0 percent, annually from 2011 to 2017 (American Community Survey [ACS] 1-year estimates). The warm southern climate and relatively affordable housing in the HMA have attracted many retirees, particularly retired military personnel who benefit from services provided at Fort Jackson. Approximately 15,000 military retirees reside in the Columbia HMA (The University of South Carolina, 2017 Economic Impact of South Carolina's Military Community). From 2011 through 2017, the working-age population in the HMA, those aged 20 to 59 years, increased by an average of 2,340 people, or 0.5 percent, a year, while the portion of the population aged 19 years and younger decreased by an average of 1,225 people, or 0.6 percent, a year. The rising share of residents age 60 and older increased from 16 to 20 percent of the total population from 2011 to 2017, compared with the nation which increased from 18 to 21 percent during the same period.

Household Trends

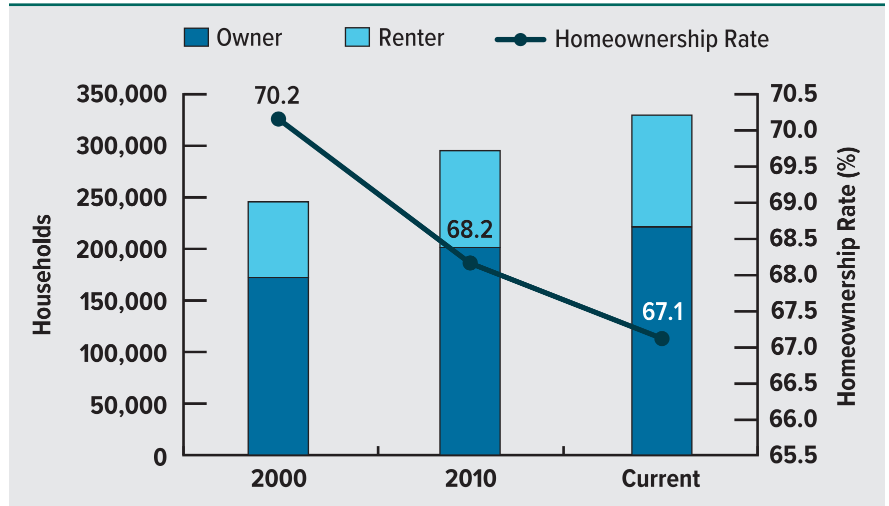
As of September 1, 2019, the number of households in the HMA is estimated at 329,300 (Table 3). Since 2010, the number of households has increased by an average of 3,650, or 1.2 percent, a year, or slightly higher than the 1.0-percent population growth. By comparison, from 2000 to 2010, the number increased by approximately 4,950 households, or 1.9 percent, a year, slightly higher than the 1.7-percent population growth rate. Due in part to the prolonged effects of the Great Recession, which resulted in stricter lending practices and a shift in household preferences toward renting, the homeownership rate in the HMA has declined since 2000 and is currently estimated at 67.1 percent of all households, down from 68.2 percent in 2010 (Figure 7). Currently, an estimated 221,000 owner households and 108,300 renter households are in the HMA.

Table 3. Columbia HMA Population and Household Quick Facts

		2010	Current	Forecast
Population Quick Facts	**Population**	767,598	842,500	865,600
	Average Annual Change	12,050	7,950	7,675
	Percentage Change	1.7%	1.0%	0.9%
		2010	**Current**	**Forecast**
Household Quick Facts	**Households**	294,881	329,300	338,800
	Average Annual Change	4,950	3,650	3,150
	Percentage Change	1.9%	1.2%	0.9%

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast is from the current date (September 1, 2019), to September 1, 2022.
Source: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 7. Households by Tenure and Homeownership Rate in the Columbia HMA



Note: The current date is September 1, 2019.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Forecast

During the 3-year forecast period, slowing economic growth is expected to contribute to slightly slower population growth in the HMA, which is estimated to average 7,675 people, or 0.9 percent, annually. The population is expected to reach 865,600 by September 1, 2022. Households are expected to increase by an average of 3,150, or 1.0 percent, annually, reaching 338,800 households during the forecast period.

Home Sales Market Conditions

Market Conditions: Balanced

Existing home sales prices increased 7 percent during the 12 months ending August 2019, up from 5 percent in the previous 12-month period.

Current Conditions

The sales market in the Columbia HMA is currently balanced, with an estimated sales vacancy rate of 1.9 percent (Table 4), down from 2.7 percent in 2010 when the market was soft. Sales housing market conditions in the Columbia HMA have been improving since 2012. Since the end of the economic downturn in the HMA during 2010, stronger economic conditions, and increased net in-migration have helped to significantly reduce the excess inventory of homes for sale brought on by the Great Recession, contributing to the sales housing market recovery. The for-sale inventory of new and existing single-family homes in the HMA decreased from a 3.4-month supply in August 2018 to a 2.9-month supply in August 2019 (CoreLogic, Inc., with adjustments by analyst). Despite a decline in real estate owned (REO) and short sales during the past year, an increase in regular resales led to an increase in total home sales in the HMA, to 19,000 homes sold during the 12 months ending August 2019. That total, which is a less than 1-percent increase from the previous 12 months, is 94 percent above the recent low of 9,800 homes sold during the 12 months ending July 2011. The average total home sales price during the 12 months ending August 2019 was $184,000, up nearly 7 percent from $172,800 a year earlier and approximately 14 percent above the previous peak of $161,000 in May 2008.

Table 4. Home Sales Quick Facts in the Columbia HMA and the Nation

		Columbia HMA	Nation
Home Sales Quick Facts	Vacancy Rate	1.9%	NA
	Months of Inventory	2.9	3.4
	Total Home Sales	19,000	6,030,000
	1-Year Change	0.0%	-6.2%
	New Home Sales Price	$248,500	$383,200
	1-Year Change	5%	1%
	Existing Home Sales Price	$172,900	$293,100
	1-Year Change	7%	4%
	Mortgage Delinquency Rate	2.2%	1.4%

NA = data not available.
Notes: The vacancy rate is as of the current date (September 1, 2019). Home sales and prices are for the 12 months ending August 2019. Months of inventory and mortgage delinquency data are as of August 2019.
Source: CoreLogic, Inc., with adjustments by the analyst

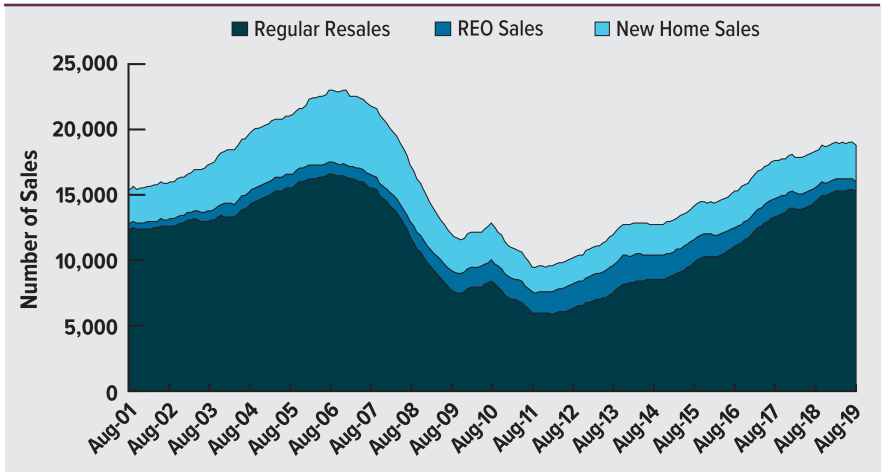
New Home Sales

Approximately 2,775 new homes sold in the HMA during the 12 months ending August 2019, the same number sold during the previous 12 months (CoreLogic, Inc., with adjustments by the analyst). Currently, the number of new home sales is 49 percent below the pre-recession high of 5,425 homes sold during 2006. New home sales increased by an average of 15 percent, or 550 homes, annually from 2002 through 2006, a period of strong economic growth. New home sales declined at an average annual rate of 19 percent beginning in 2007 to a low of 1,925 in 2011 in part, due to the Great Recession and housing market collapse. As economic conditions improved and excess existing inventory was absorbed, new home sales rebounded, increasing at an average annual rate of 5 percent from 2012 through 2018.

Existing Home Sales

During the 12 months ending August 2019, existing home sales (including regular resale and REO home sales) totaled 16,200, an increase of approximately 60 homes or less than 1 percent from the previous 12 months. REO sales accounted for approximately 5 percent of existing sales during this period (CoreLogic, Inc., with adjustments by the analyst). Recently, existing home sales have been increasing in the HMA but have not reached the 2006 peak of 17,300. From 2002 through 2006, during the housing boom when economic conditions were stronger and lending standards were more lenient, existing home sales averaged 15,700 a year. From 2007 through 2011, as economic conditions weakened, existing home sales averaged only 10,650 annually, with a low of 8,050 homes during 2011 (Figure 8). REO home sales increased an average of 13 percent annually and peaked at 21 percent of existing home sales in 2011. In response to improving economic conditions and increased net in-migration, the market for existing homes improved. From 2012 through 2018, existing home sales increased and averaged 13,050 each year, while REO sales declined at an average annual rate of 8 percent.

Figure 8. 12-Month Sales Totals by Type in the Columbia HMA



REO = real estate owned.
Note: New and existing home sales include single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

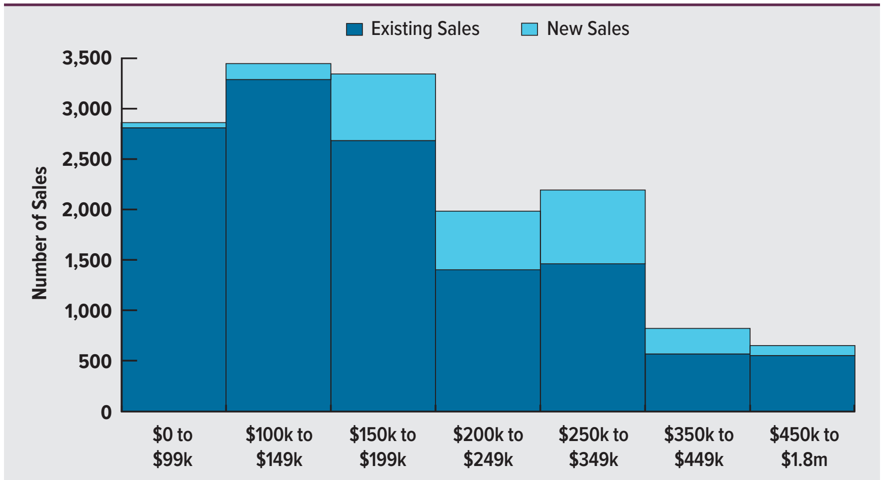
REO Sales and Delinquent Mortgages

The rate of seriously delinquent home loans and REO properties in the HMA peaked in January 2010 at 6.9 percent, compared with a 7.0-percent statewide rate and an 8.6-percent nationwide rate (CoreLogic, Inc.). The delinquency rate was 2.2 percent in August 2019, compared with 1.6 percent statewide and 1.4 percent nationwide. REO sales averaged 1,775 homes a year from 2009 through 2015, hitting a high point in 2013 of 2,075 homes, when they made up 20 percent of all existing home sales in the HMA.

New Home Sales Prices

The average sales price for a new home during the 12 months ending August 2019 was $248,500, an increase of 5 percent, compared with the 4-percent increase during the previous 12 months. From 2002 through 2006 when the HMA added jobs, new home prices increased at an average annual rate of 6 percent, to $185,100. By contrast, lower demand for homes because of weaker economic conditions caused new home prices to decrease at an average annual rate of 2 percent a year from 2008 through 2010, reaching a low of $176,600 in July 2010. The subsequent economic recovery and expansion, along with accelerating population growth, led to increasing demand for new homes, and annual price growth averaged 4 percent from 2011 through 2018. During the past 12 months, new home sales were greatest among homes priced from $250,000 to $349,999 (Figure 9).

Figure 9. Share of Sales by Price Range During the 12 Months Ending August 2019 in the Columbia HMA



Note: New and existing home sales include single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

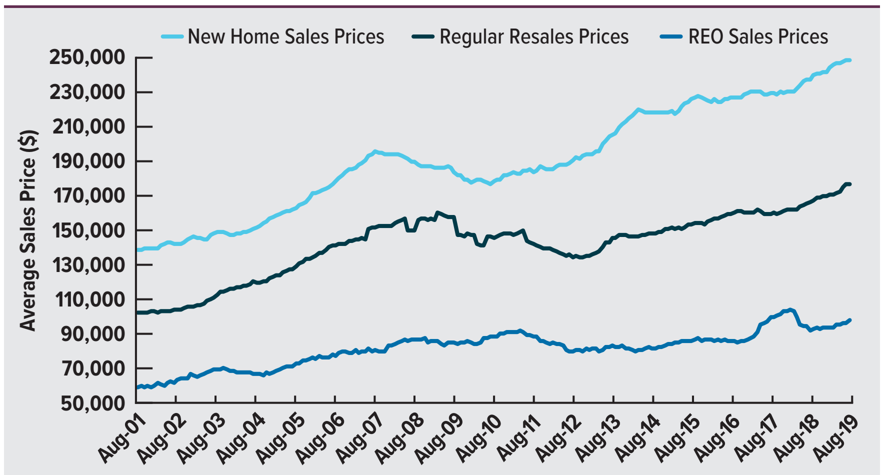
Existing Home Sales Prices

During the 12 months ending August 2019, the average sales price of an existing home was $172,900, up 7 percent from the previous 12 months compared with 5-percent growth a year earlier. From 2002 through 2007, prices for existing homes increased at an annual rate of 7 percent during a time when the economy was expanding. As the recession started, the prices for existing homes declined. From 2008 through 2012, existing home prices declined an average of 3 percent annually to a low of $124,500 in 2012. An increase in REO property sales during this period, which sold at a discount compared with regular resale homes, contributed to the declining average sales price for existing homes. The average sales price of an REO property was $85,800 during the period, compared with $148,800 for a regular resale home (Figure 10). Prices for existing homes increased an average of 5 percent annually from 2013 through 2018, as economic conditions improved and the inventory of REO properties was absorbed. The largest concentration of existing home sales during the past 12 months was for homes priced from $100,000 to $149,999, which accounted for 26 percent of sales.

Sales Construction Activity

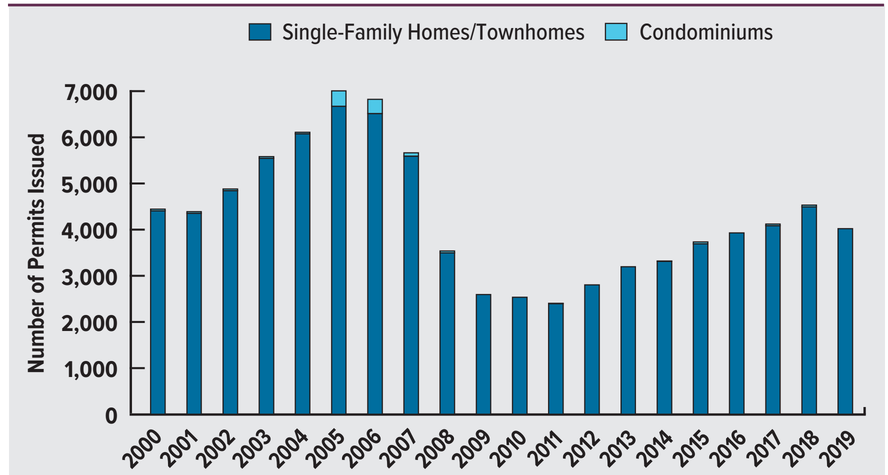
Sales construction activity, as measured by the number of single-family homes, townhomes, and condominiums permitted, has trended upward in the HMA since 2012 but is below the historically high levels reached during the housing boom of the mid-2000s (Figure 11). Homebuilding peaked from 2002 through 2006 at an average of 6,050 homes permitted annually, then declined to an average of 4,575 homes from 2007 through 2008, as demand for new homes began to slow. From 2009 through 2011, during the peak of the foreclosure crisis, the number of homes permitted averaged only 2,500 homes annually. Homebuilders have since responded with increased levels of sales construction as population growth has accelerated and improving economic conditions have resulted in absorption of existing inventory. From 2012 through 2017, permitting

Figure 10. 12-Month Average Sales Price by Type of Sale in the Columbia HMA



REO = real estate owned.
Note: New and existing home sales include single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

Figure 11. Average Annual Sales Permitting Activity in the Columbia HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2019 are through August 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018 and 2019—preliminary data and estimates by the analyst

of homes increased by an average of 280 homes, or 9 percent, annually. During the 12 months ending August 2019, 3,950 homes were permitted, a 2-percent decrease from the 4,450 homes permitted during the previous 12 months (preliminary data, with adjustments by the analyst).

New Construction Properties

New home construction is under way throughout much of the HMA although new subdivisions are mostly concentrated to the northwest of the city of Columbia between Interstates 77 and 20 in Richland and Kershaw Counties, and north of Interstate 20 in Lexington County. In the county and city of Lexington, D. R. Horton, Inc. has completed 28 homes in the Edgewood subdivision. Once completed in 2020, the subdivision is expected to have approximately 59 homes. Homes in the development range from 2,300 to 3,500 square feet, and list prices range from $230,000 to $395,000. In Kershaw County, homebuilding in the city of Elgin is beginning to increase; Mungo Homes is currently developing the 112-lot Park at Liberty Ridge subdivision. Approximately 60 lots have been developed to date, with homes ranging from 1,300 to 1,950 square feet and prices ranging from $150,000 to $210,000.

Forecast

Based on current and anticipated economic and population growth in the Columbia HMA, demand is estimated for 10,450 new homes during the next 3 years, with demand evenly distributed each year of the forecast (Table 5). The 1,675 homes currently under construction are expected to meet a portion of the demand during the first year of the forecast.

Table 5. Demand for New Sales Units in the Columbia HMA During the Forecast Period

	Sales Units
Demand	10,450 Units
Under Construction	1,675 Units

Note: The forecast period is from the current date (September 1, 2019), to September 1, 2022.
Source: Estimates by the analyst

Rental Market Conditions

Market Conditions: Balanced

The apartment vacancy rate decreased in the past year to 5.4 percent, and the average monthly rent increased 2 percent to $902.

Current Conditions and Recent Trends

Rental market conditions in the Columbia HMA have transitioned from soft in 2010 to currently balanced. Higher levels of household growth and a decrease of rental permitting in the early 2010s have both contributed to declining vacancy rates and rising rents. The rental vacancy rate was 11.8 percent in 2010 and has fallen to an estimated 8.0 percent currently (Table 6). Renter households in the HMA have increased an average of 1.5 percent annually since 2010, faster than the overall household growth, and have contributed to the decline in the vacancy rate. Multifamily buildings with five or more units, typically apartments, accounted for 36 percent of all occupied rental units in the HMA in 2017, down from 40 percent in 2010 (2010 and 2017 ACS 1-year estimates). During the same period, single-family homes have become more popular with renters and increased from 33 percent of occupied rental units in 2010, to 37 percent of occupied rental units in 2017.

Table 6. Rental and Apartment Market Quick Facts in the Columbia HMA

		2010 (%)	Current (%)
Rental Market Quick Facts	**Rental Vacancy Rate**	11.8	8.0
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	33	37
	Multifamily (2–4 Units)	12	13
	Multifamily (5+ Units)	40	36
	Other (Including Mobile Homes)	15	14
		Current	**YoY Change**
Apartment Market Quick Facts	**Apartment Vacancy Rate**	5.4%	-0.2
	Average Rent	$902	2%
	Studio	$726	2%
	One-Bedroom	$807	1%
	Two-Bedroom	$919	1%
	Three-Bedroom	$1,078	1%

YoY = year over year.
Note: The current date is September 1, 2019.
Sources: Current data for "occupied rental units by structure"—2017 American Community Survey, 1-year data; apartment data—Reis, Inc.

Apartment Market Conditions

Apartment market conditions are also currently balanced. The apartment vacancy rate during the second quarter of 2019 was estimated at 5.4 percent, down from 5.6 percent during the second quarter of 2018 (Reis, Inc.). Since 2010, the apartment vacancy rate has fluctuated between 9.5 and 5.4 percent, which is considered indicative of soft to balanced conditions in this HMA. From 2000 through 2010, the vacancy rate for the HMA averaged 9.8 percent. Rental permitting peaked during this period and reached a high of 2,900 units in 2006. The average market-rate apartment rent during the second quarter of 2019 was $902, up 2 percent from a year earlier and up approximately 20 percent from the second quarter of 2010. In the four Reis, Inc.-defined market areas in the HMA, the South market area, in southern Richland County, had the highest vacancy rate at 10.7 percent and the highest average asking rent, $1,098, during the second quarter of 2019. New apartment development has been particularly prevalent in the market area since 2015, which has contributed to higher vacancy rates. The Dutch Fork market area, which is northwest of downtown Columbia along the Interstate 26 corridor, had the lowest vacancy rate in the HMA during the second quarter of 2019 and the lowest average rent at $767. Recent apartment development has been very limited in the Dutch Fork market area with no units completed since 2017 and no units currently under construction or planned.

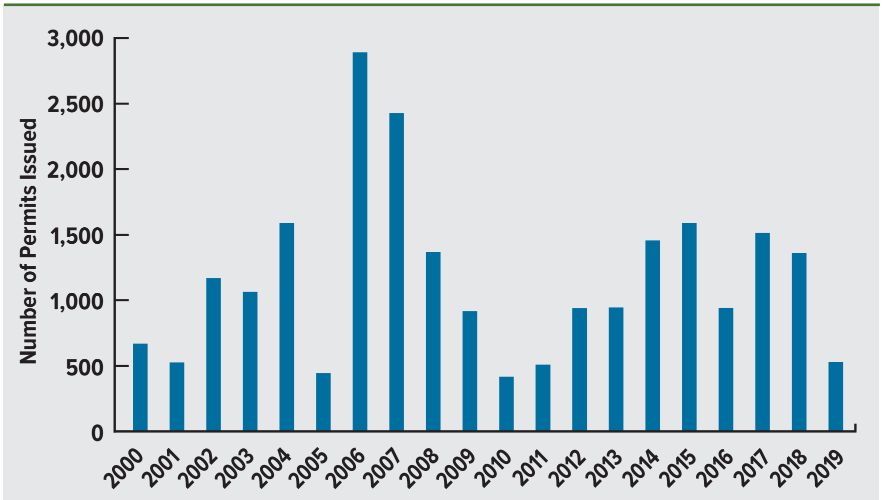
Student Housing

USC has an impact on the rental market in the HMA and the area surrounding the campus in downtown Columbia. From fall of 2010 to fall of 2019, enrollment rose by an average of 550 students, or 1.7 percent, a year. Of the 34,500 students enrolled at the Columbia campus, approximately 6,200 are housed in on-campus dormitories and university-affiliated apartments. The remaining 28,300 students who live off campus account for approximately 6 percent of renter households in the HMA. Two popular student developments that were recently completed are the 218-unit Station at Five Points and the 258-unit Hub on Campus Columbia. Monthly rents at the two developments are by the bed and range from $1,145 to $1,329 for one-bedroom units, $745 to $889 for two-bedroom units, $790 to $845 for three-bedroom units, and $720 to $729 for four-bedroom units.

Rental Permit Activity

Permitting of rental units has increased since the recovery from the Great Recession but is below the high levels of the residential construction boom during the mid-2000s (Figure 12). From 2002 through 2004, an average of 1,275 rental units were permitted annually in the Columbia HMA. In 2005, rental permits dropped 72 percent because property tax laws were changed to lower homeowner taxes, which brought about uncertainty in the market and contributed to builder caution in the HMA. From 2006 through 2008, however, at the height of the rental building boom in the HMA, rental permits increased to an average of 2,225 units annually. Rental permitting fell to an average of only 610 units annually from 2009 through 2011 but has subsequently generally trended upwards. An average of 1,225 units were permitted each year from 2012 through 2015, and an average of 1,275 units were permitted annually from 2016 through 2018. During the 12 months ending August 2019, 490 rental units were permitted, compared with the 1,350 units permitted during the previous 12-month period (preliminary data and adjustments by the analyst).

Figure 12. Average Annual Rental Permitting Activity in the Columbia HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2019 are through August 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018 and 2019—preliminary data and estimates by the analyst

Recently Completed Rental Properties

Recent construction activity includes the 244-unit York Woods at Lake Murray, which was completed during the first quarter of 2018. The community is located between Interstates 26 and 20 in the northwest portion of the city of Columbia and has units ranging in size from 725 to 1,405 square feet. Rents for one-, two-, and three-bedroom units start at $1,020, $1,130, and $1,390, respectively. The Cardinal at Cardinal Crossing is a 256-unit complex that is currently under construction northeast of downtown Columbia. The complex will rent one-, two-, and three-bedroom units for an average of $1,215, $2,265, and $3,800, respectively. The Crossings at Columbia is an assisted-living community located in northeast Richland County between Interstates 77 and 20 that opened in 2018. Rents for studio, semi-private, one-bedroom, and two-bedroom units at this community start at $2,400, $1,600, $2,695, and $3,900, respectively.

Forecast

During the 3-year forecast period, demand is estimated for an additional 2,200 rental units (Table 7). Demand is expected to be evenly distributed among all years of the forecast period. The 560 units currently under construction are expected to meet some of the demand during the first year of the forecast period.

Table 7. Demand for New Rental Units in the Columbia HMA During the Forecast Period

	Rental Units
Demand	2,200 Units
Under Construction	560 Units

Note: The forecast period is from the current date (September 1, 2019), to September 1, 2022.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Other Vacant Units	In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.
Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Distressed Sales	Short sales and real estate owned (REO) sales.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.

Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Forecast Period	9/1/2019–9/1/2022—Estimates by the analyst
Net Natural Change	Resident births minus resident deaths.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2019.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria.

C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

Cover Photo	iStock

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