

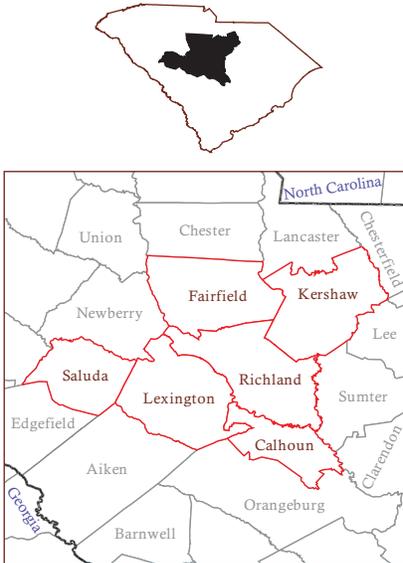


# Columbia, South Carolina

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of November 1, 2011



## Housing Market Area



Located in the central portion of the state, the Columbia Housing Market Area (HMA) comprises Calhoun, Fairfield, Kershaw, Lexington, Richland, and Saluda Counties. The city of Columbia, the state capital, is located in both Richland and Lexington Counties. The HMA is home to the University of South Carolina (USC) and Fort Jackson, which have annual economic impacts of \$1.4 and \$2.6 billion, respectively.

## Market Details

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## Summary

### Economy

Economic conditions have stabilized in the Columbia HMA during the past year. During the 12 months ending October 2011, nonfarm payrolls increased by 600 jobs, or 0.2 percent, to 343,800 jobs compared with a decrease of 5,800 jobs, or 1.7 percent, during the 12 months ending October 2010. During the next 3 years, nonfarm payrolls are expected to increase by an average of 1,225 jobs, or 0.4 percent, annually. Table DP-1 at the end of this report provides employment data for the HMA.

### Sales Market

The sales housing market in the HMA is slightly soft, with an estimated vacancy rate of 2.5 percent, down from the 2.7-percent rate recorded in 2010. During the 12 months ending October 2011, an estimated 6,325 existing single-family homes sold compared with 7,000 homes sold during the previous 12-month period, a decline of 30 percent, according to Hanley Wood, LLC. Demand is expected for 8,850 new homes during the next 3 years (see Table 1). The 1,325 homes currently under construction will satisfy a portion of that demand. In addition, a portion of the 19,500 other vacant

units in the HMA may come back on the market and satisfy some of the demand.

### Rental Market

Rental housing market conditions in the HMA are currently soft, with an estimated overall rental vacancy rate of 10 percent, down from 11.8 percent in 2010. Despite weak rental housing market conditions, the construction of multifamily units has increased and average rents have gone up by 3 percent during the same period. During the next 3 years, demand is expected for 940 new rental units. Approximately 430 apartments are currently under construction and will satisfy a portion of the forecast demand. (See Table 1.)

**Table 1. Housing Demand in the Columbia HMA, 3-Year Forecast, November 1, 2011 to November 1, 2014**

	Columbia HMA	
	Sales Units	Rental Units
Total Demand	8,850	940
Under Construction	1,325	430

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of November 1, 2011. A portion of the estimated 19,500 other vacant units in the HMA will likely satisfy some of the forecast demand.*

*Source: Estimates by analyst*

# Economic Conditions

Economic conditions in the Columbia HMA began to weaken in June 2008 following a downturn in the national economy. From 2008 through 2010, nonfarm

payrolls declined by 23,400 jobs, averaging a loss of 7,800 jobs, or 2.2 percent, annually. Job losses were highest in 2009 when nonfarm payrolls declined by 18,200 jobs, or 5 percent. In comparison, nonfarm payrolls grew annually by 7,000 jobs, or 2.1 percent, from 2004 through 2007. Nonfarm payrolls in the HMA remain 22,500 jobs below the peak of 366,300 jobs recorded in 2007.

The decline of nonfarm payrolls reversed during the past year, a sign of economic recovery in the HMA. Nonfarm payrolls in the HMA gained 600 jobs during the 12 months ending October 2011, an increase of 0.2 percent from the previous 12-month period (see Table 2). During the 3 months ending October 2011, nonfarm payrolls increased 4,200 jobs, an increase of 1.2 percent compared with the number of jobs during the same period a year ago, further indicating a recovery is well under way. Nonfarm payroll growth that occurred during the past 12 months contributed to a small decrease in the unemployment rate. The unemployment rate is currently 9.0 percent, down from the 9.3-percent rate of the previous 12 months. Figure 1 shows trends in labor force, resident employment, and the unemployment rate from 2000 to 2010.

The government sector is the largest sector in the HMA and includes Fort Jackson, the largest Initial Entry Training Center in the U.S. Army with 9,200 military and civilian workers, and the University of South Carolina (USC) with 4,750 faculty and staff (see Table 3). During the 12 months ending October 2011, the government sector declined by 2,800 jobs, or 3.5 percent, compared with the number of jobs during the previous 12-month period. The decline was primarily in the state government subsector,

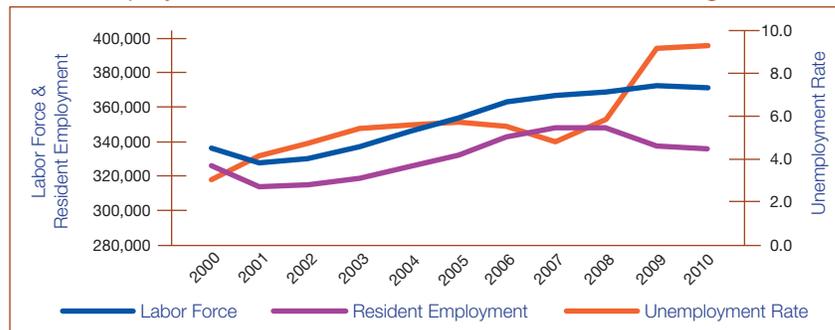
**Table 2. 12-Month Average Nonfarm Payroll Jobs in the Columbia HMA, by Sector**

	12 Months Ending October 2010	12 Months Ending October 2011	Percent Change
Total Nonfarm Payroll Jobs	343,200	343,800	0.2
Goods Producing	41,950	42,650	1.6
Mining, Logging, & Construction	15,200	14,750	-2.7
Manufacturing	26,800	27,900	4.1
Service Providing	301,200	301,200	0.0
Wholesale & Retail Trade	51,850	50,950	-1.7
Transportation & Utilities	10,450	10,200	-2.5
Information	5,550	5,600	0.8
Financial Activities	27,100	27,200	0.4
Professional & Business Services	39,100	40,900	4.6
Education & Health Services	42,600	43,100	1.1
Leisure & Hospitality	31,100	32,350	4.1
Other Services	13,700	13,900	1.2
Government	79,700	76,900	-3.5

Notes: Based on 12-month averages through October 2010 and October 2011. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

**Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Columbia HMA, 2000 Through 2010**



Source: U.S. Bureau of Labor Statistics

**Table 3. Major Employers in the Columbia HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Palmetto Health	Education & Health Services	9,300
Fort Jackson	Government	9,200
BlueCross BlueShield of South Carolina	Financial Activities	6,900
University of South Carolina	Government	4,750
Wal-Mart Stores, Inc.	Wholesale & Retail Trade	4,500
Lexington Medical Center	Education & Health Services	4,000
United Parcel Service of America, Inc.	Transportation & Utilities	3,775
AT&T	Professional & Business Services	2,850
Husqvarna AB	Wholesale & Retail Trade	2,300
SCANA Corporation	Transportation & Utilities	2,200

Notes: As of July 2011. Excludes local school districts.

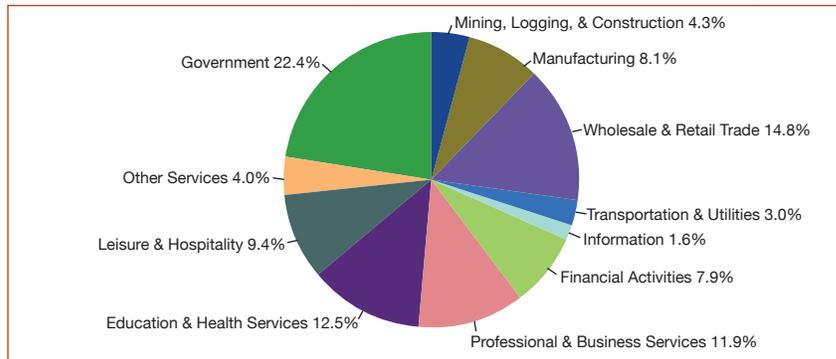
Source: Economy.com

which lost 1,600 jobs, or 4.9 percent, because of budget shortfalls. Figure 2 shows current nonfarm payroll jobs by sector. Job loss in the wholesale and retail trade sector was significant as well. The wholesale and retail trade sector declined by 900 jobs, or 1.7 percent, during the 12 months ending October 2011, with nearly 90 percent of the loss occurring in the retail trade subsector. The professional and business services and the leisure and hospitality sectors offset a portion of the job losses by adding 1,800 and 1,275 jobs, respectively, during the

past 12 months, an increase of 4.6 and 4.1 percent from the previous 12-month period. Verizon Communications Inc., a provider of voice, data, and video products, hired approximately 360 employees at its call center in Elgin during the past 12 months. Verizon expects to hire an additional 140 people by the end of the year. Figure 3 shows the percent change in sector growth from 2000 to the current date.

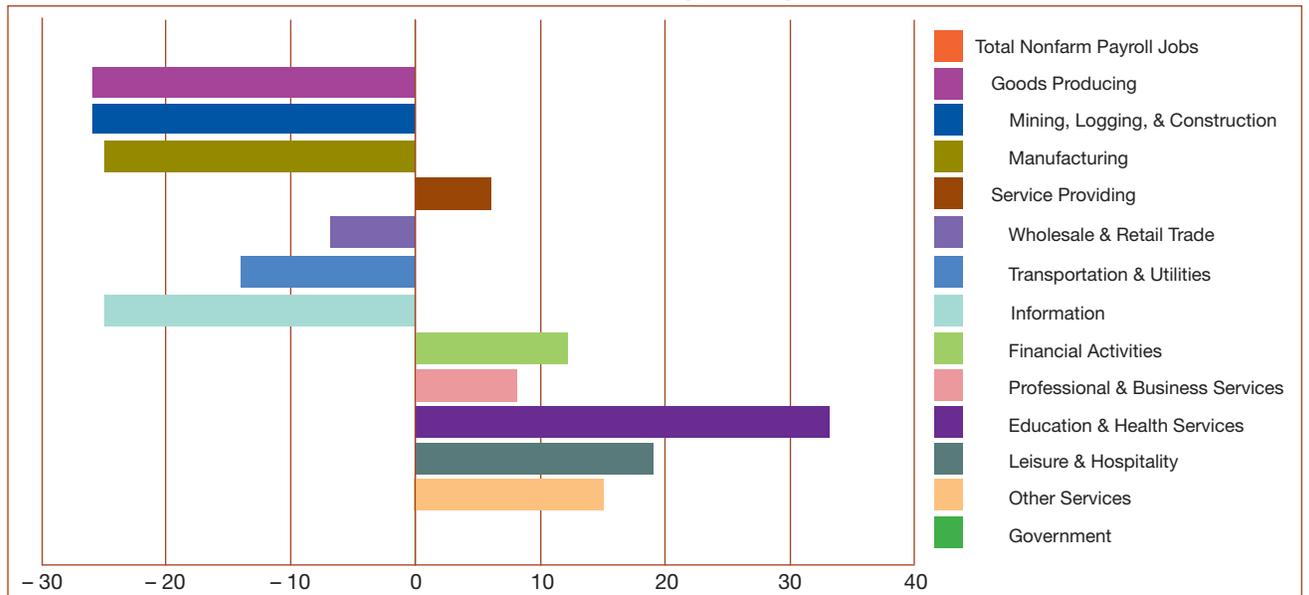
During the next 3 years, nonfarm payrolls are expected to increase by an average of 1,225 jobs, or 0.4 percent, annually. Job growth is expected to be strong in the retail trade subsector as Amazon.com, an online retailer of goods, is opening a \$100 million distribution center in Lexington County, which will add 1,250 full-time jobs in the next year. In addition, job growth in the manufacturing sector is expected to increase as Nephron Pharmaceuticals Corporation, a manufacturer of respiratory medications, announced plans to build a \$313 million plant, which will add approximately 710 jobs during the next 2 years.

**Figure 2. Current Nonfarm Payroll Jobs in the Columbia HMA, by Sector**



Note: Based on 12-month averages through October 2011.  
Source: U.S. Bureau of Labor Statistics

**Figure 3. Sector Growth in the Columbia HMA, Percentage Change, 2000 to Current**



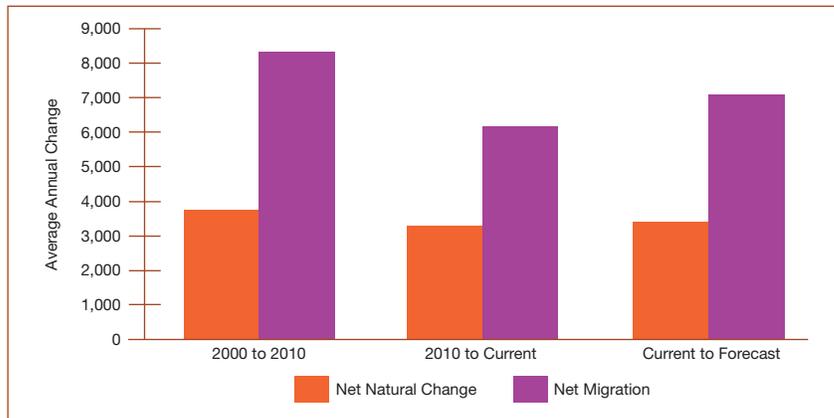
Note: Current is based on 12-month averages through October 2011.  
Source: U.S. Bureau of Labor Statistics

# Population and Households

As of November 1, 2011, the population of the Columbia HMA is estimated to be 782,500, an increase of 1.2 percent compared with the population in April 2010. Approximately 84 percent of the total

population of the HMA resides in Lexington and Richland Counties. From 2000 to 2008, the population increased by an average of 12,000 people, or 1.7 percent, annually with peak growth of 2.3 percent occurring in 2005. Since 2008, the population has increased by an average annual rate of 1.6 percent due to decreased in-migration, a result of the weakened economy. Approximately 65 percent of the population growth from 2010 to the current date was from net in-migration. During the next 3 years, as more jobs are added to the HMA, the population is expected to increase by an average of 10,450, or 1.3 percent, annually, with net in-migration contributing nearly 70 percent of the total population growth. Figure 4 shows components of population change from 2000 to the forecast date.

**Figure 4. Components of Population Change in the Columbia HMA, 2000 to Forecast**



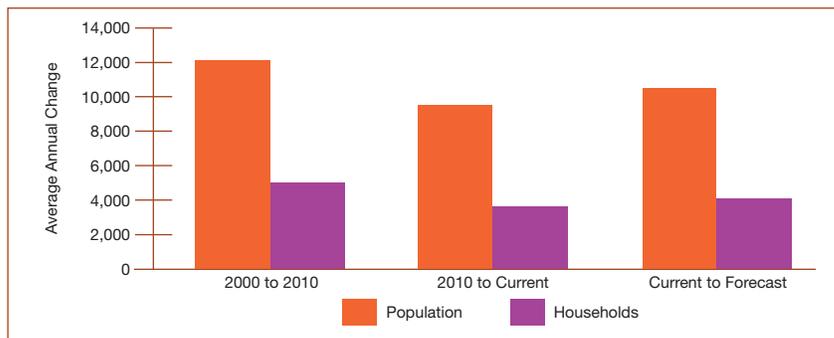
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

**Figure 5. Number of Households by Tenure in the Columbia HMA, 2000 to Current**



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

**Figure 6. Population and Household Growth in the Columbia HMA, 2000 to Forecast**



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

From 2000 to 2010, the number of households grew by an average of 4,950, or 1.9 percent, a year. Because of slower population growth, household growth has declined to an average of 3,475, or 1.2 percent, a year since 2010 to a current estimate of 300,400 households. Figure 5 illustrates the number of households by tenure in the HMA for 2000, 2010, and the current date.

During the 3-year forecast period, the number of households is expected to increase by 4,025, or 1.3 percent, annually and total approximately 312,500 households by November 1, 2014. Figure 6 shows population and household growth in the HMA from 2000 to the forecast date.

# Housing Market Trends

## Sales Market

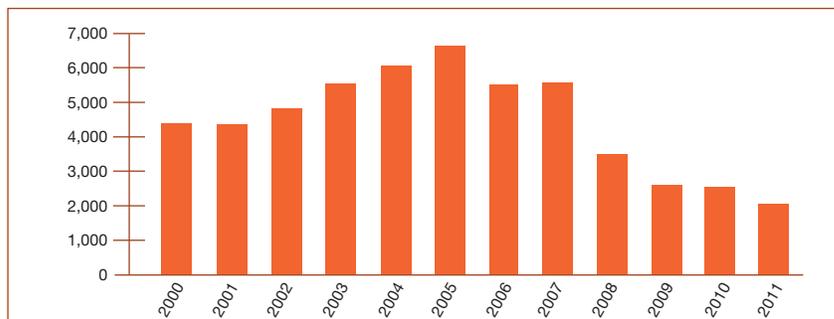
Sales housing market conditions in the Columbia HMA are improving but remain slightly soft. The sales housing vacancy rate is currently estimated at 2.5 percent, down from 2.7 percent in 2010. Improvement in the sales housing market has been slow due to a continuation of weak home sales during the past year. According to South Carolina REALTORS®, during the 12 months ending October 2011, the number of sales of existing single-family homes, condos, and villas in the HMA totaled 6,325 units, a decrease of 16 percent compared with the 7,550 units sold during the previous 12-month period. The pace of home sales has declined gradually since 2006, when annual volume peaked at 10,900 homes sold. Home sales declined from 2007 through 2010 by an average of 1,150 homes, or 11 percent, annually, alongside job losses that began in 2008. The year-to-date median sales price of an existing home, condo, and villa through October 2011 increased slightly to \$142,000 from \$141,400 during the same period in 2010. According to LPS Applied Analytics, the number of loans 90 or more days delinquent, in foreclosure, or in Real Estate Owned (REO) increased to

6.9 percent of total loans in October 2011, from 6.7 percent in October 2010.

New home sales also declined during the past year. Approximately 1,600 new single-family homes sold during the 12 months ending October 2011, down by 33 percent from the 12 months ending October 2010, when 2,375 new homes sold, according to Hanley Wood, LLC. Since 2005, the earliest data available, new home sales averaged 4,025 homes sold annually, peaking in 2006, when 5,125 new homes were sold. During the past 12 months, the average sales price of a new home was \$191,100, an 8-percent increase from the average new home sales price of \$176,200 recorded during the previous 12 months, due to an increase in the number of higher priced homes.

As a result of the decline in home sales, construction of new single-family homes, as measured by the number of permits issued, has also slowed. According to preliminary data, 2,350 homes were permitted during the 12 months ending October 2011 compared with 2,650 homes permitted during the previous 12 months, a decline of 11 percent. Single-family homebuilding peaked in 2005, when 6,650 homes were permitted (see Figure 7), and has declined gradually from 2006 through 2010, by an average 820 homes, or 12 percent, annually. Currently, an estimated 1,325 single-family homes are under construction. Brookland Mills, a development in West Columbia, is currently under construction, with plans to complete 70 to 90 new homes. Sales prices for the 1,400-to-2,000-square-foot homes will start in the mid \$100,000s.

**Figure 7.** Single-Family Building Permits Issued in the Columbia HMA, 2000 to 2011



Notes: Includes townhomes. Includes data through October 2011.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

During the 3-year forecast period, demand is expected for an estimated 8,850 new homes, with approximately 82 percent of this demand in Lexington and Richland Counties. The 1,325 homes currently under construction will satisfy a portion of that demand. In addition, a portion of the 19,500

other vacant units in the HMA may come back on the market and satisfy some of the demand. (See Table 1.) Demand is expected to be highest in the \$100,000-to-\$149,999 price range. Table 4 shows the estimated demand for market-rate sales housing by price range.

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Columbia HMA, November 1, 2011 to November 1, 2014

Price Range (\$)		Units of Demand	Percent of Total
From	To		
85,000	99,999	2,225	25.0
100,000	149,999	2,650	30.0
150,000	199,999	2,225	25.0
200,000	299,999	890	10.0
300,000	399,999	440	5.0
400,000	499,999	270	3.0
500,000	and higher	180	2.0

*Notes: Numbers may not add to totals because of rounding. The 1,325 homes currently under construction will satisfy some of the estimated demand. In addition, a portion of the estimated 19,500 other vacant units in the submarket will likely satisfy some of the forecast demand.*

*Source: Estimates by analyst*

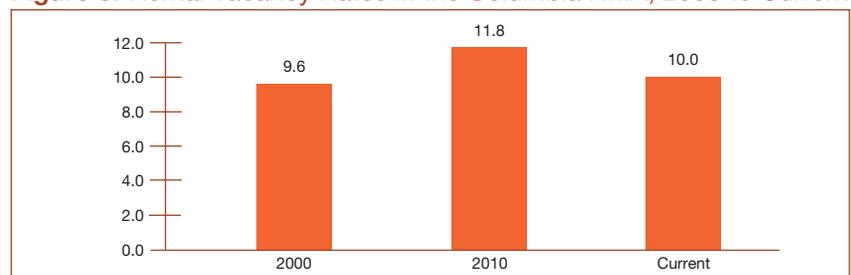
## Rental Market

The rental housing market in the Columbia HMA is currently soft, in part, because of overbuilding that occurred in 2006 and 2007. Rental housing market conditions are improving, however, as continued lending restrictions in the sales market and declining income due to the weak economy have resulted in an increase in the number of households choosing to rent. The rental vacancy rate is currently estimated at 10.0 percent, down from 11.8 percent in 2010 (see Figure 8). The apartment market appears to

be outperforming the overall rental housing market, with a vacancy rate of 9.5 percent in October 2011, virtually unchanged during the past year, according to Real Data. As of October 2011, the average monthly rent was \$628 for a one-bedroom unit, \$748 for a two-bedroom unit, and \$960 for a three-bedroom unit.

During the past year, the central Columbia area, which includes USC, had the lowest apartment vacancy rate in the HMA, at 2.5 percent as

**Figure 8.** Rental Vacancy Rates in the Columbia HMA, 2000 to Current



*Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst*

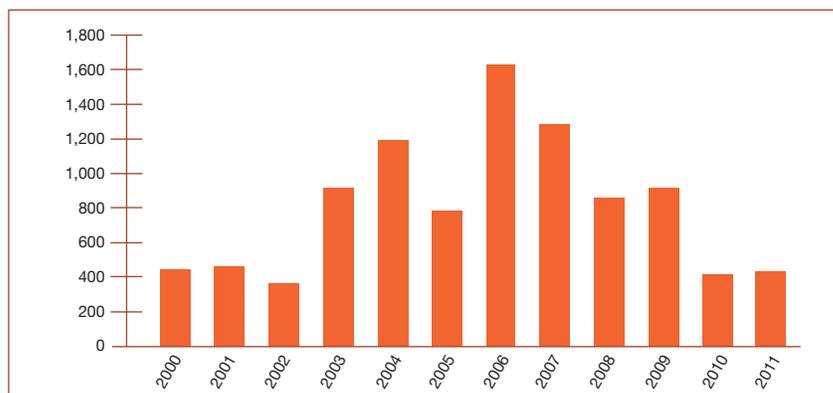
of October 2011, down from the 4.4-percent rate recorded during the previous year, according to Real Data. Student housing accounts for approximately 26 percent of the rental housing market in the central Columbia area, which has a vacancy rate of only 1.4 percent, down from 3.7 percent a year ago. Students also reside in the West Columbia/Cayce and South Columbia areas. The West Columbia/Cayce area had a vacancy rate of 12.7 percent in October 2011, up from 11.4 percent during the previous year. Student rental units, however, which make up 29 percent of the market, had a vacancy rate of 0.6 percent in October 2011, down significantly from 13.7 percent in October 2010. Student rental units make up 27 percent of the market in the South Columbia area, where the vacancy rate decreased from 9.0 to 8.7 percent from October 2010 to October 2011. The student rental housing vacancy rate was 1.9 percent in October 2011, up from the 0.8-percent rate recorded in October 2010.

Multifamily home construction, as measured by the number of multifamily

units permitted, slowed during the past 2 years, also contributing to the decline in the rental vacancy rate. Based on preliminary data, during the 12 months ending October 2011, approximately 490 permits were issued for multifamily units, an increase of 29 percent, from the 380 units permitted during the previous 12-month period. From 2000 through 2005, the number of multifamily units permitted averaged 690 annually. Multifamily construction peaked in 2006, with 1,625 units permitted, but declined from 2007 to 2010, by an average of 870 units permitted annually. Figure 9 shows the number of multifamily building permits issued from 2000 to the current date. Currently, an estimated 430 multifamily units are under construction in the HMA. Marina Bay Apartments, a \$35 million, 216-unit development, is currently under construction in Irmo. This complex, which will include 6,400 square feet of commercial space, will have one-, two-, and three-bedroom units ranging from \$900 to \$1,400 per month. Completion of the development is expected in the summer of 2012.

During the next 3 years, demand is expected for an estimated 940 new rental units (see Table 1), with approximately 90 percent of this demand being in Lexington and Richland Counties. Because of the number of excess vacancies and the 430 multifamily units currently under construction, the remaining demand for multifamily units should be timed to enter the market during the third year of the forecast period. Table 5 shows demand by number of bedrooms and rent level.

**Figure 9.** Multifamily Building Permits Issued in the Columbia HMA, 2000 to 2011



Notes: Excludes townhomes. Includes data through October 2011.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

## Housing Market Trends

### Rental Market *Continued*

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the Columbia HMA, November 1, 2011 to November 1, 2014

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
750 to 949	170	850 to 1,049	210	1,000 to 1,199	60
950 to 1,149	130	1,050 to 1,249	120	1,200 to 1,399	35
1,150 or more	30	1,250 to 1,449	95	1,400 to 1,599	30
		1,450 or more	50	1,600 or more	10
<b>Total</b>	<b>330</b>	<b>Total</b>	<b>480</b>	<b>Total</b>	<b>140</b>

*Notes: Numbers may not add to totals because of rounding. The 430 units currently under construction will satisfy some of the estimated demand.*

*Source: Estimates by analyst*

## Data Profile

**Table DP-1.** Columbia HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	326,966	336,584	336,700	0.3	0.0
Unemployment Rate	3.1%	9.3%	9.0%		
Nonfarm Payroll Jobs	342,300	342,900	343,800	0.0	0.3
Total Population	647,158	767,598	782,500	1.7	1.2
Total Households	245,347	294,881	300,400	1.9	1.2
Owner Households	172,111	200,980	201,700	1.6	0.2
Percent Owner	70.2%	68.2%	67.1%		
Renter Households	73,236	93,901	98,700	2.5	3.2
Percent Renter	29.8%	31.8%	32.9%		
Total Housing Units	269,244	331,470	336,100	2.1	0.9
Owner Vacancy Rate	1.8%	2.7%	2.5%		
Rental Vacancy Rate	9.6%	11.8%	10.0%		
Median Family Income	\$49,400	\$62,100	\$62,400	2.3	0.5

*Notes: Employment data represent annual averages for 2000, 2010, and the 12 months through October 2011. Median family incomes are for 1999, 2009, and 2010.*

*Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst*

## Data Definitions and Sources

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2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 11/1/2011—Analyst's estimates

Forecast period: 11/1/2011–11/1/2014—  
Analyst's estimates

**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 HUD's analysis, 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.

For additional data pertaining to the housing market for this HMA, go to [www.huduser.org/publications/pdf/CMARtables\\_ColumbiaSC\\_12.pdf](http://www.huduser.org/publications/pdf/CMARtables_ColumbiaSC_12.pdf).

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (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.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. 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.

For additional reports on other market areas, please go to  
[www.huduser.org/publications/econdev/mkt\\_analysis.html](http://www.huduser.org/publications/econdev/mkt_analysis.html).