



COMPREHENSIVE HOUSING MARKET ANALYSIS

Savannah, Georgia

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

As of June 1, 2019



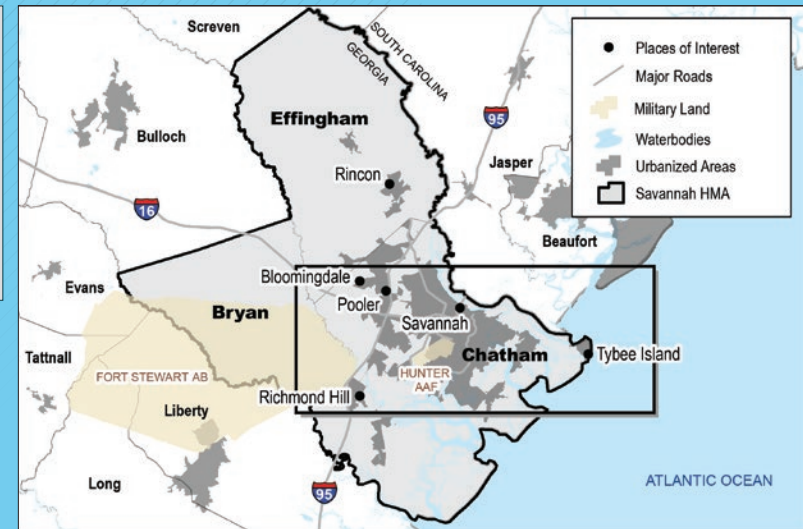
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Executive Summary

Housing Market Area Description

The Savannah Housing Market Area (HMA) is coterminous with the Savannah, GA Metropolitan Statistical Area, defined as Bryan, Chatham, and Effingham Counties. Located along the Savannah River near the Atlantic coastline, the HMA is home to the largest Historic Landmark District in the nation and the fourth busiest port in the United States.

The current population is estimated at 392,900.



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: Nonfarm payrolls increased 1.7 percent during the 12 months ending May 2019.

The economy has been growing since 2010, although payroll growth has slowed during the 12 months ending May 2019, rising by 3,100 jobs, or 1.7 percent, to 184,600 jobs compared with 4,300 jobs, or 2.4 percent, during the previous 12-month period. Recent job gains have been concentrated in the goods-producing sectors and in the transportation and utilities sector due to expansions at the port, which have drawn manufacturing, distribution, and fulfillment centers to the HMA. During the next 3 years, nonfarm payrolls are expected to increase an average of 1.5 percent annually.

Sales Market



Balanced: The average sales price of a home increased 6 percent during the 12 months ending May 2019.

The sales housing market in the HMA is currently balanced, with an estimated vacancy rate of 2.0 percent, down from 3.7 percent in April 2010. New and existing home sales in the HMA totaled 9,825 during the 12 months ending May 2019, up by 360, or 4 percent, from 2018 (CoreLogic, Inc., with adjustments by the analyst). During the forecast period, demand is estimated for 3,875 new homes. The 950 homes currently under construction in the HMA will satisfy some of the demand.

Rental Market



Balanced: During May 2019, the average asking rent increased 3 percent.

The rental housing market in the HMA is currently balanced. The overall rental vacancy rate is estimated at 7.6 percent, down from 13.3 percent in 2010. During May 2019, the average apartment asking rent increased 3 percent, to \$968, compared with May 2018 (Reis, Inc.). During the forecast period, demand is estimated for 2,125 new rental units. The 1,750 units under construction will satisfy a portion of this demand.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
Savannah HMA		
<u>Total Demand</u>	3,875	2,125
<u>Under Construction</u>	950	1,750

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



Economic Conditions

Largest sector: Wholesale and Retail Trade

Nonfarm payroll growth in the HMA averaged 1.7 percent in the past 12 months.

Primary Local Economic Factors

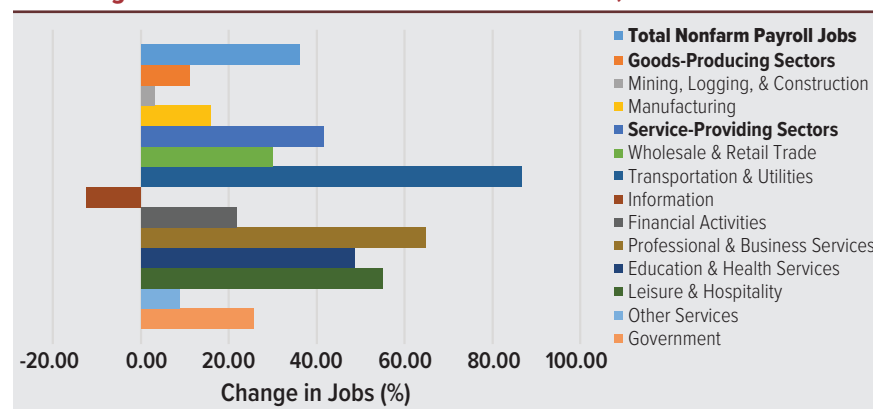
The Savannah HMA economy is supported by a busy urban center that includes a growing port, popular historic sites, and a large military presence. The volume of cargo passing through the Port of Savannah has grown 4.5 percent annually from 2008 through 2018, faster than any other port in the United States in the past 10 years. It is currently undergoing an expansion that is expected to be complete in 2020, which will deepen the Savannah River to 47 feet at mean low water—the average depth at the lowest tide. This expansion has contributed to growth in the mining, logging, and construction sector, which increased by 700 jobs, or 8.9 percent, during the 12 months ending May 2019 (Table 1). The transportation and utilities sector is the fastest growing sector in the HMA, making up 8 percent of all jobs, compared with 6 percent of all jobs in the HMA in 2001. Figure 1 shows sector growth for all sectors in the HMA, 2001 to the current date. The largest employment sector in the HMA is the wholesale and retail trade sector making up 16 percent of all jobs (Figure 2). One-fourth of these jobs are in the wholesale trade subsector, augmented by the fulfillment and distribution centers near the port. The Savannah Downtown Historic District is a popular tourist attraction, and in 2018, Savannah hosted 14.5 million visitors (visitsavannah.com). The leisure and hospitality sector is the second largest sector in the HMA and makes up 15 percent of all jobs. The aerospace product and parts manufacturing industry impacts the HMA economy significantly, with more than 30 aerospace-related companies, including the largest employer in the HMA, Gulfstream Aerospace Corporation (Table 2). Hunter Army Airfield (AAF), located in Chatham County, and nearby Fort Stewart Army Base (AB), part of which is outside the HMA and part of which is in Bryan County, account for a combined nearly 16,000 military personnel and 4,000 civilian employees and contractors (military personnel are not reported in nonfarm payrolls).

Table 1. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Savannah HMA, by Sector

	12 Months Ending May 2018	12 Months Ending May 2019	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	181.4	184.6	3.1	1.7
Goods-Producing Sectors	25.6	27.4	1.8	7.1
Mining, Logging, & Construction	7.9	8.7	0.7	8.9
Manufacturing	17.7	18.8	1.1	6.2
Service-Providing Sectors	155.8	157.1	1.3	0.9
Wholesale & Retail Trade	28.3	28.9	0.6	2.0
Transportation & Utilities	13.3	14.0	0.8	5.7
Information	2.3	1.8	-0.6	-24.2
Financial Activities	6.3	6.5	0.1	2.1
Professional & Business Services	21.4	20.8	-0.7	-3.1
Education & Health Services	26.2	26.5	0.2	0.9
Leisure & Hospitality	26.2	26.8	0.6	2.4
Other Services	7.3	7.3	0.0	-0.1
Government	24.5	24.7	0.3	1.1

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

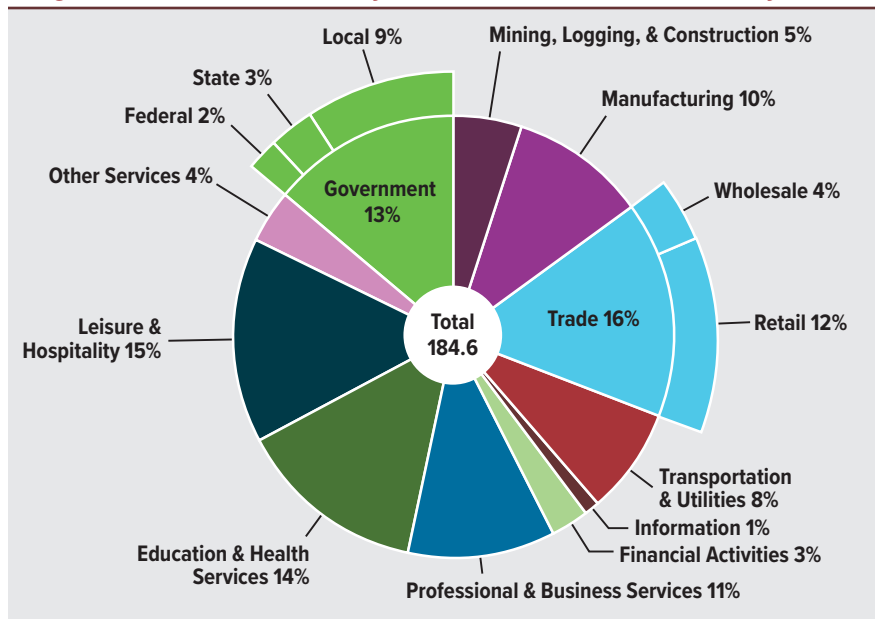
Figure 1. Sector Growth in the Savannah HMA, 2001 to Current



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



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



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

Table 2. Major Employers in the Savannah HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Gulfstream Aerospace Corporation	Manufacturing	12,000
Memorial Health University Medical Center	Education & Health Services	4,775
St. Joseph's/Candler Health System	Education & Health Services	3,400
Savannah College of Art and Design	Education & Health Services	1,886
Georgia Ports Authority	Government	1,080
Georgia Southern University	Government	886
Parker's Corporation	Wholesale & Retail Trade	870
Savannah State University	Education & Health Services	729
United States Army Corps of Engineers	Government	680
Hunter Army Airfield	Government	671

Notes: Excludes local school districts. Includes civilian employees only.
Source: Savannah Economic Development Authority

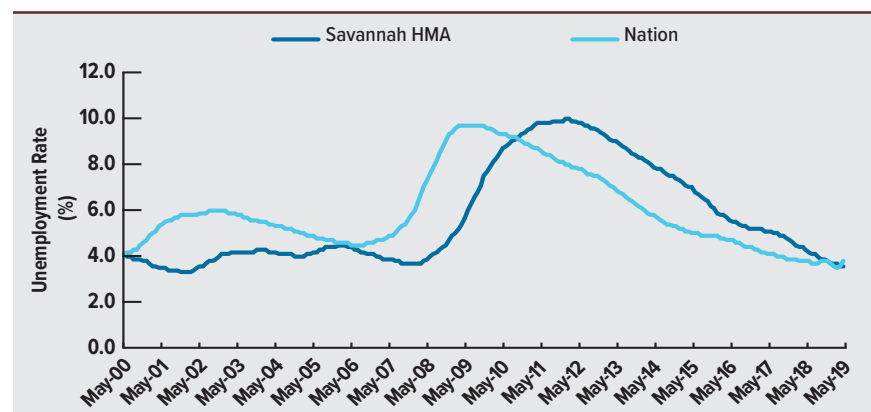
Current Conditions—Nonfarm Payrolls

Nonfarm payrolls have continued to grow during the past year; however, payroll growth has moderated, partly due to a shortage of workers. Since May 2014, employment has grown at more than triple the rate of labor force growth in the HMA. During the 12 months ending May 2019, nonfarm payrolls increased by 3,100 jobs, or 1.7 percent, down from 4,300 jobs, or 2.4 percent, during the previous 12-month period. Job additions were largest in the manufacturing and the transportation and utilities sectors, which increased by 1,100 and 800 jobs, or 6.2 and 5.7 percent, respectively. In the transportation and utilities sector, 30 new jobs were added at Floor and Decor, Inc. warehouse center in the city of Bloomingdale, while Perdue Foods opened a new distribution center in the city of Rincon, which added approximately 150 new jobs in 2018.

Current Conditions—Unemployment

The unemployment rate decreased from 4.0 percent during the 12 months ending May 2018 to 3.6 percent during the 12 months ending May 2019, compared with a decline from 4.1 to 3.8 percent for the nation (Figure 3). The unemployment rate decreased because employment grew by 900, or 0.4 percent, which outpaced labor force growth of 200, or 0.1 percent. The unemployment rate peaked at 10.0 percent in February 2012, compared with a peak of 9.7 percent in November of 2009 for the nation.

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



Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2001 through 2007

The economy expanded and nonfarm payrolls in the Savannah HMA increased at an average annual rate of 2.5 percent, or by 3,700 jobs a year from 2001 through 2007. The professional and business services sector added the most jobs, an average of 1,100 jobs, or 7.0 percent, annually. The education and health services sector added an average of 600 jobs, or 3.1 percent, annually. The Savannah College of Art and Design Museum of Art opened in 2002, and the college launched a global e-learning program in 2003, which contributed to growth in the sector. During this period, Memorial Health University Medical Center completed a \$9 million heart and vascular unit and St Joseph's/Candler hospital added a community health center, adding 100 new jobs. The leisure and hospitality sector added an average of 500 jobs, or 2.7 percent. Although average annual payroll growth was strong during this period, the manufacturing sector lost 200 jobs, or 1.4 percent, annually. Two rounds of layoffs at Gulfstream Aerospace, totaling 700 jobs, and layoffs at the International Paper Company and Georgia-Pacific LLC, 140 and 190 workers, respectively, contributed to losses in the manufacturing sector during this period.

2008 through 2009

Payrolls in the HMA declined by 5,300 jobs, or 3.3 percent, from 2008 through 2009. Losses in the HMA were largest in the professional and business services sector, which declined by an average of 1,800 jobs, or 9.3 percent, annually. Sitel Group and Convergys Corporation, both call centers, eliminated 120 jobs in 2008 and 60 jobs in 2009, respectively, contributing to losses in the sector. The mining, logging, and construction sector lost 1,300 jobs, or 14.1 percent, annually, partially because of the effects of the housing crisis on building activity. The wholesale and retail trade and transportation and utilities sectors lost averages of 1,200 and 400 jobs, or 4.7 and 4.0 percent, annually, respectively. Among the reductions, Rogers-Premier Enterprises, LLC cut 100 warehousing jobs in 2009. The leisure and hospitality sector decreased by 500 jobs, or 2.2 percent, annually

as tourism began to decline due to the recession. In the manufacturing sector, nonfarm payrolls decreased by an average of 400 jobs, or 2.4 percent, annually, including approximately 250 jobs lost from reductions in Tronox titanium products manufacturing facilities in 2008 and 2009 and 300 jobs lost from layoffs at Gulfstream Aerospace Corporation in 2009.

2010 through 2013

Improving economic conditions resulted in an average increase of 2,400 jobs, or 1.8 percent, annually in the service-providing sectors from 2010 through 2013, compared with a slight loss of 100 jobs, or 0.6 percent, in the goods-producing sectors. The retail trade subsector and leisure and hospitality sector added 500 and 700 jobs, or 2.5 and 3.1 percent, a year, respectively, and nonfarm payrolls increased by an average of 2,300 jobs, or 1.5 percent, during this period.

2014 through 2015

Nearly all payroll sectors added jobs at an accelerated pace during the economic expansion from 2014 through 2015. Total nonfarm payrolls increased by an average of 5,800 jobs, or 3.6 percent, each year. The largest job gains occurred in the leisure and hospitality sector, which added an average of 1,400 jobs, or 6.0 percent, annually due to increased tourism from the improved national economy. Tourist dollars also contributed to gains in the retail trade subsector, which added an average of 900 jobs, or 4.7 percent, a year from 2014 through 2015. The transportation and utilities sector added an average of 1,100 jobs, or 11.0 percent, annually. Supported by increasing commercial and civic developments, nonfarm payroll jobs in the mining, logging, and construction sector increased by an average of 400 jobs, or 6.9 percent, annually. River Street East, the \$150 million commercial development which includes hotels, retail space, and riverfront dining, was added in 2015. Growth was very strong in the manufacturing sector from 2014 through 2015, which averaged 1,200 jobs, or 7.3 percent, annually. Gulfstream Aerospace Corporation opened a paint facility that created 100 new jobs in 2015.



2016 through 2018

Growth remained strong but moderated slightly in the HMA from 2016 through 2018 and nonfarm payrolls increased by an average of 4,000 jobs, annually or 2.3 percent. The professional and business services sector had the largest gains—increasing an average of 800 jobs, or 4.0 percent, a year. Convergys Corporation opened a new customer care center, creating 450 jobs during this period. The mining, logging, and construction sector had the second largest gains—increasing by an average of 700 jobs, or 10.4 percent, a year. The construction of the \$270 million Riverside Plant District and the 173-room Alida Hotel, both added an undetermined number of jobs in this sector. In 2018, Georgia Ports Authority handled 4.2 million TEU (or twenty-foot equivalent unit) containers, an 8-percent increase from 2017 (Georgia Ports Authority). Partly a result of the increased container traffic and the expansions at the port, the transportation and utilities sector added an average of 600 jobs, or 4.4 percent, annually. In addition, Dorel Home furnishings added 100 jobs at its distribution center in August 2016. Strengthened by increased capacity at the port, the manufacturing sector added an average of 300 jobs, or 1.5 percent, annually. Edwards Interior Aerospace increased its workforce by more than one-half, to 340 employees, between 2017 and 2018.

Employment Forecast

Nonfarm payrolls are expected to increase by an average of 1.5 percent a year during the next 3 years. This is a slightly slower pace than recent payroll growth, because the current labor shortage is expected to continue into the forecast period. Continued improvements at the port are expected to contribute to job growth in the transportation and utilities sector. The Mason Mega Rail, which is anticipated to be complete in 2020, will double the rail capacity at the Port of Savannah to 1 million container lifts a year. It is anticipated that this higher

capacity will encourage the establishment of warehouses and manufacturing facilities in proximity to the port and rail system for ease of product distribution. International home furnishings manufacturer, Safavieh LLC, is expected to create a total of 200 jobs by 2020 at their newly completed 1.1 million-square-foot distribution facility. Wayfair Inc., an online furniture retailer, announced plans to construct a \$45 million warehouse facility that is expected to create more than 1,000 jobs in the next 5 years. During the forecast period, another potential source of job growth in the transportation and utilities sector is an expected increase of warehouses and distribution centers in Chatham County because of the recently passed Freeport Tax exemption which exempts raw materials, goods in process, and goods destined for out-of-state shipment from local taxes. The manufacturing sector is expected to benefit from an increase in production at many of the aerospace manufacturers in the HMA as a result of the federal government changing the tax deductibility of corporate jets. Gulfstream Aerospace Corporation is planning to open a new \$55 million, 202,000-square-foot maintenance, repair, and overhaul center, creating 200 jobs during the late summer of 2019. Also in the manufacturing sector, AGCO Corporation invested \$8 million in a new Massey Ferguson Limited tractor assembly site in Bryan County in 2018, which is expected to add more than 30 jobs by 2021. Jobs will be added to the education and health services sector as two new facilities staff up: Memorial Health opened a refurbished 26-bed adult in-patient Behavioral Health Services Center, and St. Joseph's/Candler Health System opened the first phase of a \$62 million campus in Pooler, Georgia earlier this year. The Plant-Riverside District mixed-use development, which includes a \$14 million streetscape and River Street investment by the city of Savannah and a 419-room JW Marriott Hotel, is currently under way to provide lodging and entertainment in late 2019, adding an undetermined number of jobs to the leisure and hospitality sector.



Population and Households

Current population: 392,900

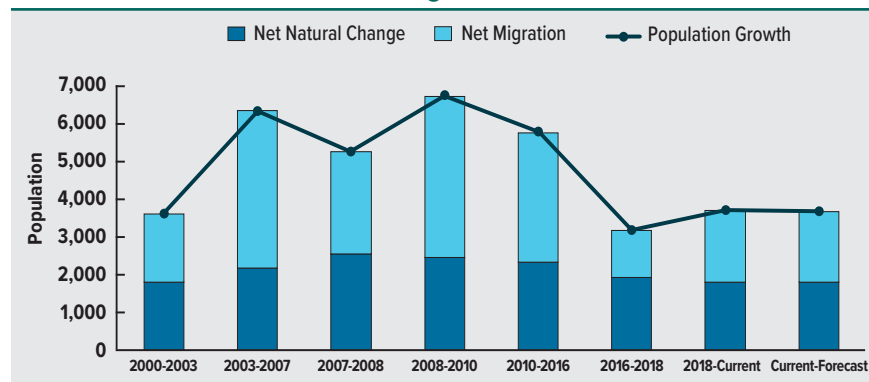
The population has increased 1.3 percent annually since 2010 in the Savannah HMA.

Population Trends

Population growth in the HMA has been mainly driven by migration patterns, which have historically followed economic trends until the Great Recession when net in-migration increased despite job losses. The lower rate of job losses in the Savannah HMA compared with the state of Georgia, due to the large military presence and the student presence at the Savannah College of Art and Design, contributed to this trend. Net natural change (resident births minus resident deaths) has been relatively stable, averaging 2,175 people annually since 2000, accounting for 42 percent of population growth in the HMA. Active duty military personnel and retirees from Fort Stewart AB and Hunter AAF make up approximately 3 percent of the population in the HMA.

Population growth averaged 3,575 people, or 1.2 percent, a year from 2000 to 2003, with net in-migration accounting for 1,750 people, or 49 percent of the annual increase. Net in-migration increased from 2003 to 2007 in response to stronger economic growth, averaging 4,175 people annually, while population grew at an average annual rate of 6,350 people, or 2.0 percent. From 2007 to 2008, net in-migration declined to an average of 2,700 people a year as the economy began to slow from the Great Recession, and average annual population growth slowed to 5,250 people, or 1.6 percent. From 2008 to 2010, a period that included the largest decline in nonfarm payrolls in the HMA, net in-migration increased to 4,275 people a year, and population growth increased to 6,725 people, or 2.0 percent, a year. The average unemployment rate in the Savannah HMA was 8.3 percent during this period, compared with 9.4 percent statewide, which contributed to migration into the HMA. From 2010 to 2016, population growth averaged 5,750 people, or 1.6 percent, annually, with net in-migration accounting for 60 percent of the increase, compared with the period from 2016 to 2018 when population growth averaged 3,175 people, or 0.8 percent, annually, with net in-migration contributing 40 percent of the increase as payroll growth began to slow. Figure 4 shows components of population growth from 2000 through the forecast period.

Figure 4. Components of Population Change in the Savannah HMA, 2000 Through the Forecast

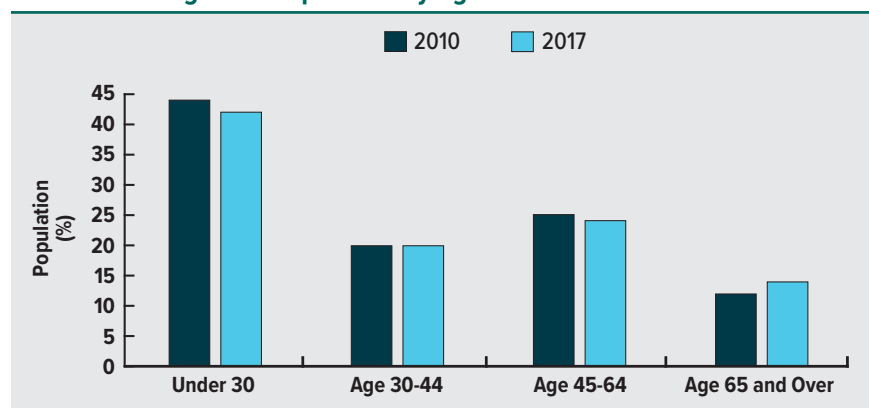


Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (June 1, 2019), to June 1, 2022.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Age Cohort Trends

The share of seniors (age 65 and older) living in the HMA increased from 2010 to 2017, whereas the share of all other age cohorts declined or remained steady (Figure 5). The fastest growing cohort was residents ages 65 and older, rising from 12 percent of the

Figure 5. Population by Age in the Savannah HMA



Source: 2010 and 2017 American Community Survey, 1-year data



population in 2010 to 14 percent in 2017. This can be attributed to migration of retirees into the HMA, which has also contributed to a lower average household size. Nearly 3,500 Army retirees from Fort Stewart AB and Hunter AAF live in the HMA, comprising 1 percent of the population. The share of residents ages 30 to 44 remained steady, whereas the share of residents ages 45 to 64 and those under age 30 have declined. Students at Savannah College of Art and Design make up approximately 11 percent of the cohort of residents under age 30.

Household Trends

As of June 1, 2019, the number of households is estimated at 150,900 (Table 3), including approximately 91,150 owner and 59,800 renter households. The homeownership rate in the HMA has been declining since 2000 and is currently estimated at 60.4 percent of all households (Figure 6). From 2000 to 2010, households increased by approximately 2,075, or 1.7 percent, a year, at the same pace as population growth. Since 2010, households continued to increase by 2,075, or 1.5 percent, a year or slightly higher than the 1.3-percent population growth. The growth in the number of households since 2010 remained unchanged, despite slower population growth because the average household size declined due to the increasing number of retirees.

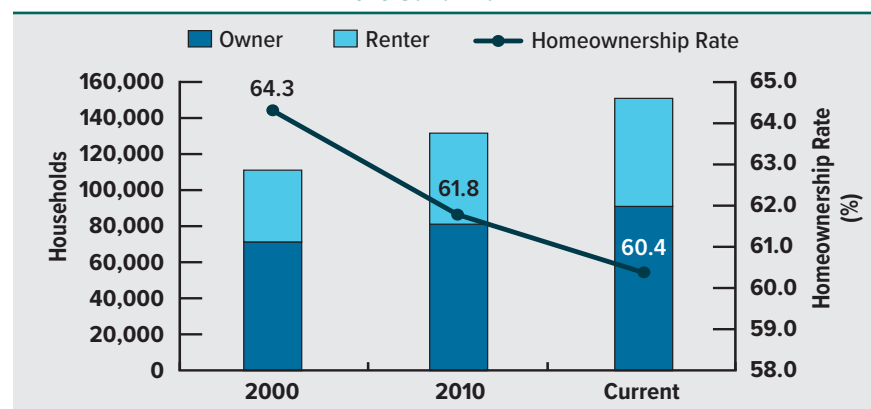
Table 3. Savannah HMA Population and Household Quick Facts

Population Quick Facts		2010	Current	Forecast
	Population	347,611	392,900	403,900
	Average Annual Change	5,450	4,950	3,675
	Percentage Change	1.7	1.3	0.9

Household Quick Facts		2010	Current	Forecast
	Households	131,868	150,900	155,500
	Average Annual Change	2,075	2,075	1,525
	Percentage Change	1.7	1.5	1.0

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 (June 1, 2019), to June 1, 2022.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 6. Households by Tenure and Homeownership Rate in the Savannah HMA



Note: The current date is June 1, 2019.

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

Military Households

Currently, an estimated 6 percent of the total households in the HMA are Fort Stewart AB and Hunter AAF military households. Hunter AAF, which is within the HMA, houses more than 1,200 military personnel and 1,600 dependents on-base; the remaining 2,500 military personnel and 6,000 dependents live off-base. In addition, Fort Stewart AB, part of which is outside the HMA, houses nearly 4,000 military personnel and 7,800 dependents on-base; the remaining 8,000 military personnel assigned to Fort Stewart AB and their 21,000 dependents live off-base. Chatham County, with more than 7,600 military households, has the largest number of military households of the three counties in the HMA.

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 3,675 people, or 0.9 percent, annually. The population is expected to reach approximately 403,900 by June 1, 2022. Households are estimated to increase during the forecast period by an average of 1,525, or 1.0 percent, annually, reaching 155,500 households.

Home Sales Market Conditions

Market Conditions: Balanced

Home sales prices continued to increase and REO (real estate owned) sales continued to decline during the 12 months ending May 2019.

Current Conditions

The sales housing market in the Savannah HMA is currently balanced, as job growth, net in-migration, and low levels of new homebuilding have contributed to the absorption of the excess inventory created during the housing market boom and subsequent decline. As of June 1, 2019, the sales vacancy rate is estimated at 2.0 percent (Table 4), down from 3.7 percent in 2010. Existing home sales prices increased during the 12 months ending May 2019, continuing a trend that began in 2014, and new home sales prices have begun to increase after several months of decline during 2017 and 2018. During the 12 months ending May 2019, there was a 3.4-month supply of available homes, down from a 3.6-month supply during the 12 months ending May 2018 (CoreLogic, Inc.).

Table 4. Home Sales Quick Facts in the Savannah HMA

Home Sales Quick Facts	Savannah HMA		Nation
	Vacancy Rate	2.0%	NA
	Months of Inventory	3.4	3.0
	Total Home Sales	9,825	6,034,000
	1-Year Change	4%	-5%
	Average New Home Sales Price	\$260,300	\$381,400
	1-Year Change	7%	1%
	Average Existing Home Sales Price	\$220,500	\$290,700
	1-Year Change	6%	3%
	Mortgage Delinquency Rate	1.8%	1.4%

NA = data not available.

Notes: Vacancy rate is as of the current date; home sales and prices are for the 12 months ending May 2019; and months of inventory and mortgage delinquency data are as of May 2019. The current date is June 1, 2019. Source: CoreLogic, Inc. with adjustments by the analyst

New Home Sales and Prices

During the 12 months ending May 2019, 1,525 new homes sold compared with the 1,425 sold during the previous year. From 2008 through 2012, new home sales slowed to an average of 1,150 new homes sold annually, compared with an average of 2,000 a year from 2005 through 2008 when economic conditions were stronger. New home sales slowly recovered from 2013 through 2016 as the economy strengthened, with an average of 1,250 new homes sold annually. After the recovery expanded and new homes were offered at lower prices, new sales averaged 1,500 annually from 2017 through 2018.

The average sales price of new homes sold during the 12 months ending May 2019 was \$260,300, an increase of 7 percent, compared with the 3-percent decline during the previous year. The average new home sales price increased by an average \$9,700, or 4 percent, annually from 2012 through 2016, to \$246,500 when economic conditions improved in the HMA. From 2016 through 2018, however, new home sales prices increased by an average of \$2,975, or 1 percent, annually. The lower price growth during this period is due to homebuilders offering additional lower priced options in the HMA.

Existing Home Sales and Prices

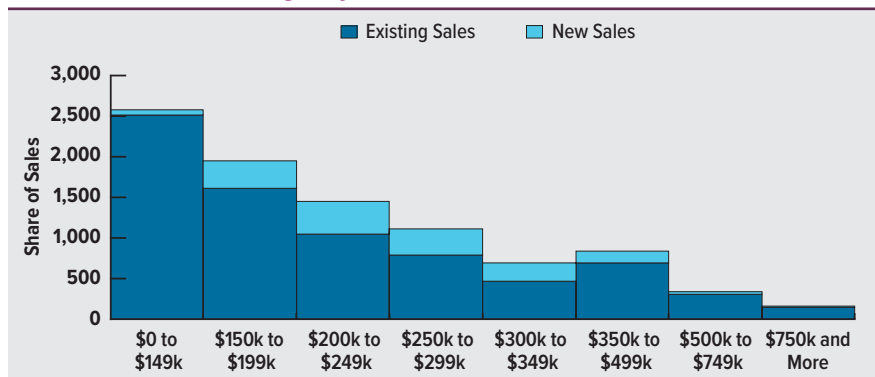
Existing home sales (including regular resale and REO home sales) totaled 8,300 in the HMA during the 12 months ending May 2019, up 3 percent from the previous 12-month period, and REO properties accounted for less than 4 percent of the total (CoreLogic, Inc., with adjustments by the analyst). From 2006 through 2010, the number of existing home sales declined at an average annual rate of 15 percent to a low of 3,650 home sales. As the economy began to recover from 2011 through 2012, home sales averaged 4,175 a year, followed by an increase to an average of 6,450 existing homes sold each year from 2013 through 2016. From 2017 through 2018, existing home sales continued to increase and averaged 8,150 each year.

The average sales price of an existing home was \$220,500 during the past 12 months, up 6 percent from the 12 months ending May 2018. Homes priced from



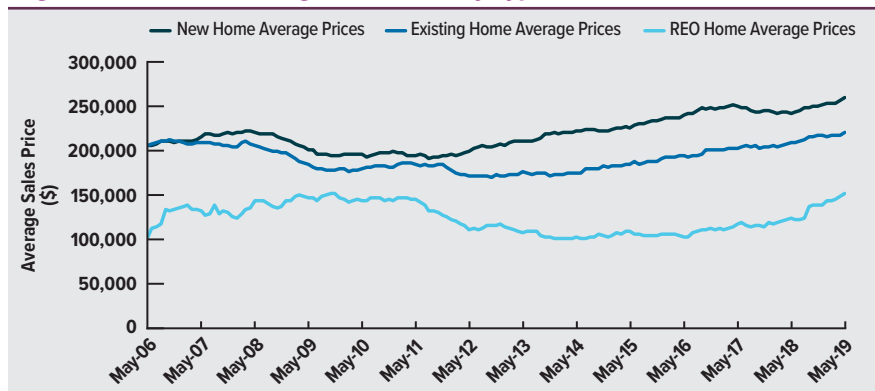
\$0 through \$149,999 comprised 33 percent of all existing homes sold (Figure 7). Existing home sales prices decreased at an average annual rate of 2 percent from 2006 through 2012, as the housing crisis unfolded and REO sales brought prices down. Existing home sales prices increased by an average of \$7,550, or 4 percent, from 2013 through 2018 as the economic recovery continued. Figure 8 shows the average sales price by type of sale in the HMA since 2006.

Figure 7. Share of Sales by Price Range During the 12 Months Ending May 2019 in the Savannah HMA



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

Figure 8. 12-Month Average Sales Price by Type of Sale in the Savannah HMA

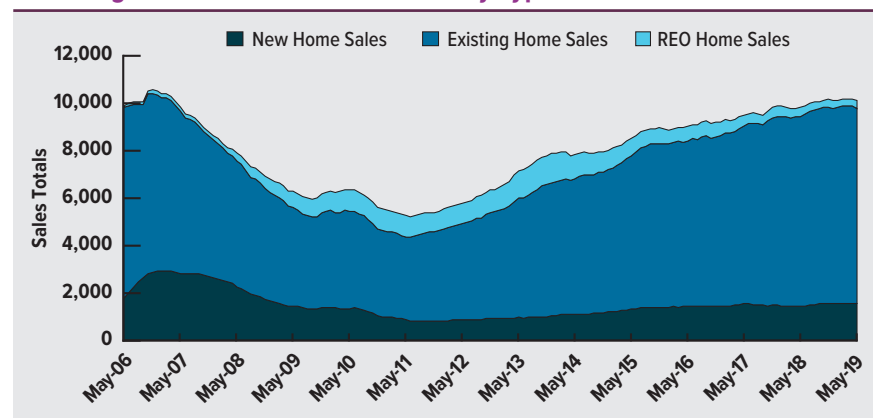


REO = real estate owned.
Note: New and existing home sales include single-family homes, townhomes, and condominium units.
Source: CoreLogic, Inc., with adjustments by the analyst

Delinquent Mortgages and REO Sales

The rate of seriously delinquent home loans and REO properties in the HMA peaked in February 2010 at 6.8 percent, compared with a 9.5-percent statewide rate and a 7.9-percent rate nationwide (CoreLogic, Inc.). The delinquency rate was 1.8 percent in May 2019, compared with 1.6 percent statewide and 1.4 percent nationwide. REO sales averaged 820 homes a year from 2008 through 2016, hitting a high point in 2013 of 1,250 homes, when they comprised 22 percent of all existing home sales in the HMA (Figure 9).

Figure 9. 12-Month Sales Totals by Type in the Savannah HMA



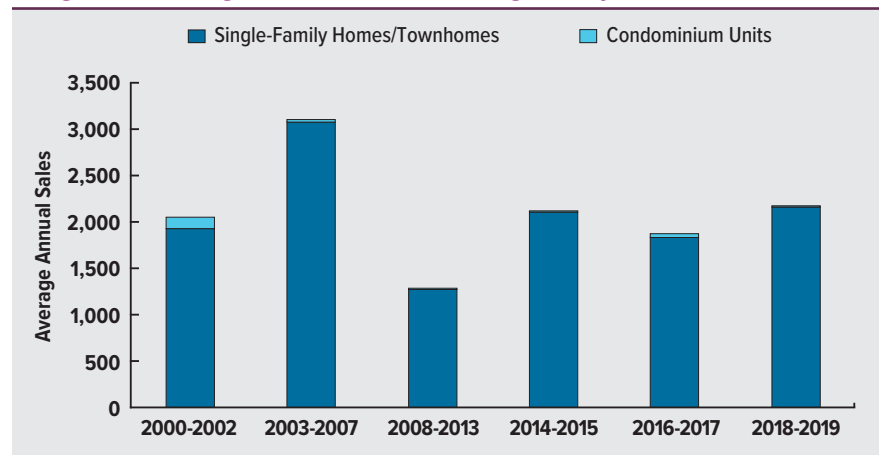
REO = real estate owned.
Note: New and existing home sales include single-family homes, townhomes, and condominium units.
Source: CoreLogic, Inc., with adjustments by the analyst

Sales Construction Activity

Sales construction activity, as measured by the number of single-family homes, townhomes, and condominium units permitted, remains below the level from 2003 through 2007, when home sales activity was at its highest level (Figure 10). From 2000 through 2002, an average of 2,050 sales units were permitted annually. In response to increased home sales activity leading up to the housing boom, homebuilding increased to an average of 3,100 sales units permitted from 2003 through 2007. As the housing crisis unfolded from 2008 through 2013, the number of homes permitted declined to 1,275 annually. Sales permitting activity increased to an

average of 2,100 sales units, up 27 percent, annually from 2014 through 2015 as the economy strengthened. From 2016 through 2017, approximately 1,875 homes were permitted, down 11 percent compared with the previous period. During the 12 months ending May 2019, 2,100 homes were permitted, compared with 1,900 the previous year (preliminary data, with adjustments by the analyst).

Figure 10. Average Annual Sales Permitting Activity in the Savannah HMA



Notes: Includes single-family homes, townhomes, and condominium units. 2019 includes data through May 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

Recent homebuilding activity includes Buckhead East, a single-family home community that is currently under construction, with 405 homes planned at buildout in the city of Richmond Hill, approximately 20 miles southwest of downtown Savannah in Bryan County. Approximately one-third of the 205 homes planned in the second phase have been completed or are under construction, and the remaining homes are expected to be completed during the next 2 years. Home sizes range from 1,675 to 4,238 square feet and have three to six bedrooms and two to four bathrooms, with prices ranging from the low \$200,000s to the high \$300,000s. More than one-third of the single-family homes added in Bryan County since 2014 have been built in the city of Richmond Hill. Approximately 1,925 of the 2,050 military households in Bryan County live

in the city of Richmond Hill. Military personnel often retire near bases because of access to many amenities, such as the commissary and healthcare facilities. Nearly 3,500 Army retirees reside in the HMA. Coffee Pointe is a retirement community that began construction in 2017. Construction is under way for 21 of the 45 total homes anticipated at buildout. The homes range in size from 1,588 to 2,371 square feet and are priced from the high \$200,000s to \$400,000s. Building activity has been strong in the city of Pooler, located in the northwest portion of the HMA, encompassing the intersections of Interstate (I-)95 with Route 80 and I-16. This area allows easy access to the city of Savannah and areas north and south along I-95. The single-family home community, Savannah Highlands at Ballasalla Loop, in the city of Pooler, has completed approximately 75 of the 400 planned single-family homes, 15 miles northwest of downtown Savannah. Homes range in size from 1,340 to 4,000 square-feet with prices that range from \$160,000 to \$280,000.

Housing Affordability: Homeownership

Similar to the nation, homeownership in the Savannah HMA declined from 2010 to 2017. Despite a 2.0-percentage-point decline in homeownership for all households in the HMA during this period, the homeownership rate for head of households age 25 to 44 years, a prime age cohort for first-time homebuyers, increased. The homeownership rate from 2010 to 2017 for head of households age 25 to 34 years increased 6.7 percentage points and for head of households age 35 to 44 years increased 2.0 percentage points (Table 5). The respective rates for the

Table 5. Homeownership Rates by Age of Householder

	Savannah HMA			Nation		
	2000 (%)	2010 (%)	2017 (%)	2000 (%)	2010 (%)	2017 (%)
Householder Age 25 to 34 Years	36.4	40.1	46.8	45.6	42.0	38.2
Householder Age 35 to 44 Years	55.8	60.4	62.4	66.2	62.3	57.5
Total Households	64.3	61.8	59.8	66.2	65.1	63.9

Sources: 2000 and 2010 decennial census; 2017 American Community Survey 1-year estimates

nation declined by 3.8 and 4.8 percentage points, indicating that entry into homeownership for these age cohorts has become easier in the Savannah HMA compared with the nation.

Forecast

During the next 3 years, demand is expected for 3,875 new sales units in the Savannah HMA (Table 6). The 950 homes currently under construction will meet a portion of the demand. The sales demand is expected to remain stable during the 3-year period due to expected stable household growth.

Table 6. Demand for New Sales Units in the Savannah HMA During the Forecast Period

Sales Units	
Demand	3,875 Units
Under Construction	950 Units

Note: The forecast period is June 1, 2019, to June 1, 2022.
Source: Estimates by the analyst



Rental Market Conditions

Market Conditions: Balanced

One-fourth of recent rental construction has been concentrated in the northwest portion of the HMA, near the city of Pooler, Georgia.

Current Conditions and Recent Trends

Rental market conditions in the Savannah HMA have transitioned from soft in 2010, to currently balanced. The rental vacancy rate in 2010 was 13.3 percent and has fallen to an estimated 7.6 percent currently (Table 7). Since 2010, renter households have increased an average of 2 percent annually, faster than overall household growth and have contributed to the decline in the vacancy rate. Multifamily buildings with five or more units, typically apartments, accounted for 31 percent of all occupied rental units in the HMA in 2017, down from 36 percent in 2010 (2010 and 2017 American Community Survey [ACS] 1-year estimates). Single-family homes are also popular with renters in the HMA, representing 42 percent of occupied rental units in 2017.

Table 7. Rental Market Quick Facts in the Savannah HMA

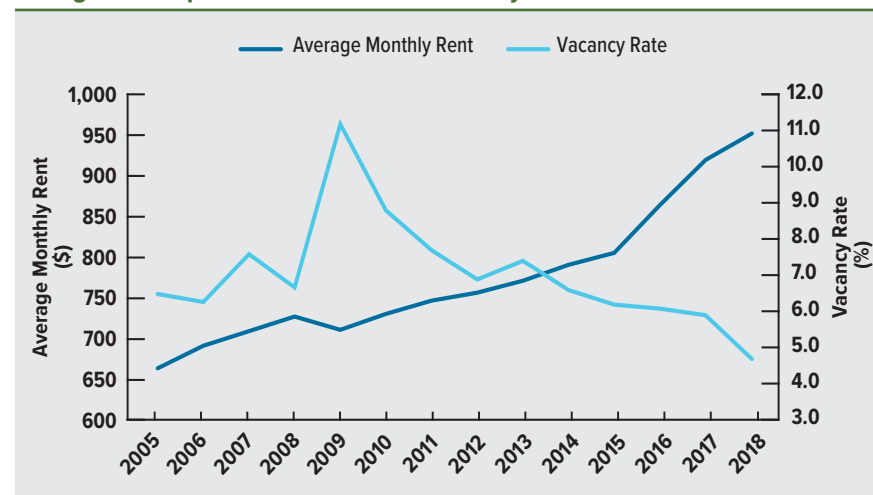
	2010 (%)	Current (%)
Rental Vacancy Rate	13.3	7.6
Occupied Rental Units by Structure		
Single-Family Attached & Detached	41	42
Multifamily (2–4 Units)	17	19
Multifamily (5+ Units)	36	31
Other (Including Mobile Homes)	7	7

Notes: The current date is June 1, 2019. Current data for “occupied rental units by structure” are 2017 American Community Survey, 1-year data.
 Source: American Community Survey, 1-year data

Apartment Market Conditions and Recent Trends

The apartment market has also transitioned from soft conditions in 2009 to currently balanced conditions. The apartment vacancy rate declined from 11.2 percent in 2009 during the Great Recession, to 6.2 percent in 2015 after the economy recovered. During this period, the average apartment rent increased 2 percent each year from \$711 in 2009 to \$806 in 2015 (Reis, Inc.). As economic growth continued, the apartment vacancy rate declined from 6.1 percent in 2016 to 4.7 percent in 2018. The decreasing apartment vacancy rate put upward pressure on rents with the average rent increasing 6 percent from \$865 in 2016 to \$920 in 2017. The apartment vacancy rate during May 2019 was 5.7 percent, compared with 5.1 percent a year earlier because several new apartment communities are in lease-up. The average apartment rent was \$968, up 3 percent from a year earlier. Figure 11 shows vacancy rates and average monthly apartment rents from 2005 through 2018.

Figure 11. Apartment Rents and Vacancy Rates in the Savannah HMA



Source: Reis, Inc.

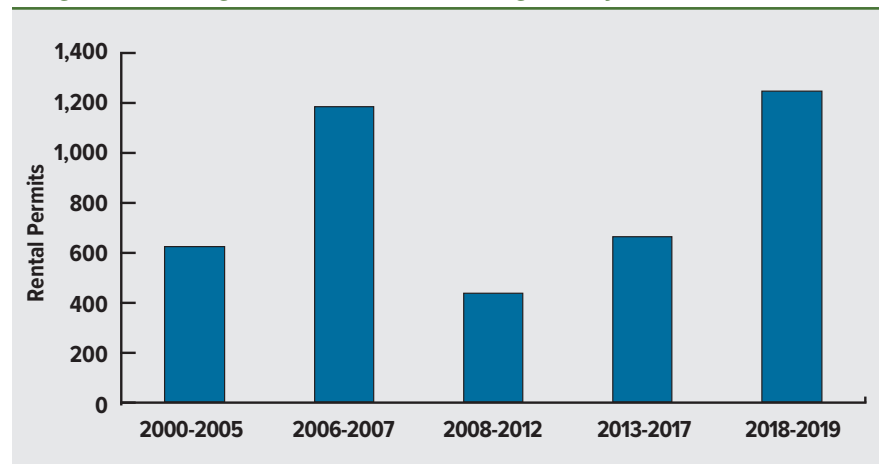


Rental Construction Activity

Rental construction activity, as measured by the number of rental units permitted, has increased since 2013 and is currently at pre-recession levels. An average of 1,200 rental units was permitted annually from 2006 through 2007, but construction activity declined to an average of 440 units permitted annually from 2008 through 2012 during the Great Recession and beginning of the economic recovery (Figure 12). From 2013 through 2017, however, rental building activity increased to an average of 660 units as economic conditions in the HMA strengthened. During the 12 months ending May 2019, approximately 1,200 rental units were permitted, compared with 800 units the previous 12-month period (preliminary data, with adjustments by the analyst).

Nearly 23 percent of all rental units that began construction since 2018 have been senior housing. The Crossings at Savannah is a 190-unit apartment community located in Chatham County that will include independent, assisted-

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



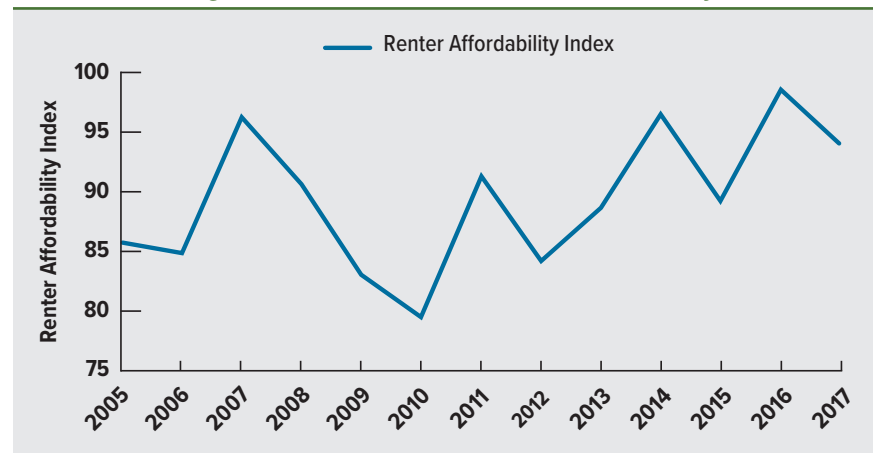
Note: Includes apartments and units intended for rental occupancy. 2019 includes data through May 2019. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018 and 2019—preliminary data and estimates by the analyst

living, and memory care units, allowing residents to age in place. Rents have not yet been released for this community, which is expected to open in early September 2019. One-fourth of new multifamily units built or under construction since 2018 have been in the city of Pooler. The Station at Savannah Quarters, a 244-unit apartment community off Pooler Parkway, west of Interstate 95, is currently in lease-up. One-, two-, and three-bedroom units range from approximately 700 to 1,350 square feet and have rents ranging from \$995 to \$1,634.

Housing Affordability: Rental

Rental affordability in the Savannah HMA is relatively low but has improved since 2010 due to slow to moderate rent growth. The HUD Rental Affordability Index, a measure of median renter household income relative to qualifying income for the median-priced rental unit, has trended upwards. The index was 94 during 2017 (latest data available), up from 88.7 in 2013, and 79.5 in 2010 (Figure 13).

Figure 13. Savannah HMA Rental Affordability



Source: American Community Survey, 1-year data



Forecast

During the 3-year forecast period, demand for 2,125 new rental units is anticipated. The 1,750 units currently under construction will meet a portion of the demand (Table 8). The rental demand is expected to be evenly distributed throughout the 3-year period due to expected stable household growth.

Table 8. Demand for New Rental Units in the Savannah HMA During the Forecast Period

Rental Units	
Demand	2,125 Units
Under Construction	1,750 Units

Note: The forecast period is June 1, 2019, to June 1, 2022.
 Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

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.
Cost Burdened	Spending more than 30 percent of household income on housing costs.
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.
Distressed Sales	Short sales and real estate owned (REO) sales.
Forecast Period	6/1/2019–6/1/2022—Estimates by the analyst
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.



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.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family homes, multifamily homes, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

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 February 28, 2013.
2.	Urbanized areas are defined using the U.S. Census Bureau’s 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.



C. Additional Notes

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	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.
3.	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.
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