

The analysis presented in this report includes data from the early stages of the COVID-19 outbreak in the United States. The unprecedentedly large and rapid changes in many data series, and the similarly unprecedentedly large policy responses, make analysis of, and longer run predictions for, the economy and housing markets exceptionally difficult and uncertain. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.

COMPREHENSIVE HOUSING MARKET ANALYSIS

Savannah, Georgia

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

As of October 1, 2020



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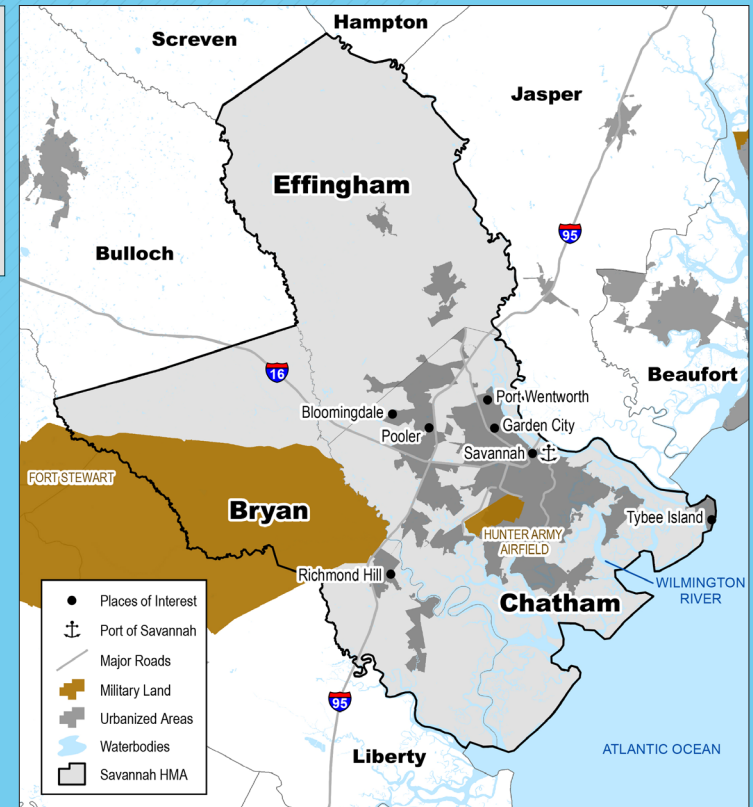


Executive Summary

Housing Market Area Description

The Savannah Housing Market Area (hereafter, Savannah HMA) is coterminous with the metropolitan statistical area (MSA) of the same name and includes Bryan, Chatham, and Effingham Counties in eastern Georgia. The HMA is located south of the Savannah River, along the Atlantic coast. Home to the Port of Savannah and the largest historic district in the nation, the Savannah HMA is an important shipping hub and a popular tourist and retirement destination.

The current HMA population is estimated at 398,100.



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



Weak: During the 12 months ending September 2020, nonfarm payrolls decreased 3.8 percent, following more than 9 years of job gains.

Nonfarm payrolls increased by an average of 3,600 jobs, or 2.1 percent, a year from 2010 through 2019, before declining sharply during the second quarter of 2020 as a result of actions taken to slow the spread of COVID-19. During the 12 months ending September 2020, nonfarm payrolls in the HMA decreased by 7,100 jobs, or 3.8 percent, to 179,300 jobs, compared with a gain of 1.5 percent, or 2,800 jobs, during the previous 12 months. Job losses were greatest in the leisure and hospitality sector, which declined by 3,600 jobs, or 13.4 percent. During the 3-year forecast period, nonfarm payroll growth is expected to average 0.7 percent annually, as most of the jobs lost during the pandemic are regained.

Sales Market



Balanced, but Tightening: New and existing home sales increased 8 percent during the 12 months ending September 2020.

The sales housing market is balanced, but tightening, with an estimated 2.0-percent vacancy rate, down from a 3.7-percent rate in 2010. During the 12 months ending September 2020, existing home sales increased 8 percent, whereas the average existing home sales price was up 11 percent from a year earlier, to \$246,800 (Zonda). New home sales accounted for nearly 15 percent of total sales, unchanged from a year ago. During the next 3 years, demand is expected for 5,075 new sales units; the 1,125 homes currently under construction are expected to meet part of the demand during the first year.

Rental Market



Balanced: During the third quarter of 2020, the average apartment rent remained virtually unchanged from a year earlier, at \$982 a month.

The rental housing market in the HMA is balanced, with an overall estimated vacancy rate of 9.5 percent, down from 13.3 percent in April 2010. Apartment market conditions are also balanced, with a 6.3-percent vacancy rate during the third quarter of 2020, compared with a 5.7-percent rate a year earlier (Reis, Inc.). During the forecast period, demand is expected for 1,925 new rental units. The 760 units that are currently under construction are expected to satisfy a portion of the demand during the first and second years.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
Savannah HMA	Total Demand	5,075
	Under Construction	1,125

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2020. The forecast period is October 1, 2020, to October 1, 2023.
Source: Estimates by the analyst



Economic Conditions

Largest Sector: Wholesale and Retail Trade

The transportation and utilities sector has been the fastest growing sector since 2001.

Primary Local Economic Factors

The Savannah HMA is home to the fourth largest port in the United States. Approximately 9.3 percent of the containerized cargo volume in the nation went through the HMA from July 2018 to June 2019 (Georgia Ports Authority). The port is currently undergoing an expansion that will deepen the Savannah River and allow larger container vessels to enter with fewer weight and tidal restrictions. This expansion is expected to be completed in late 2021. Both the Savannah Downtown Historic District and nearby Tybee Island are popular tourist attractions, and in 2019, the Savannah HMA hosted 14.8 million visitors (visitsavannah.com). Visitors to Savannah spend more than \$2.8 billion annually (Savannah Tourism Management Plan 2018). 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 18,000 military personnel and 6,000 civilian employees and contractors (military personnel are not reported in nonfarm payrolls). The military presence bolsters the manufacturing sector, with more than 30 aerospace product and parts manufacturing companies in the HMA. One of those companies is the Gulfstream Aerospace Corporation, which is the largest employer in the HMA (Table 1).

Table 1. Major Employers in the Savannah HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Gulfstream Aerospace Corporation	Manufacturing	8,000
Memorial Health University Medical Center	Education & Health Services	4,775
St. Joseph's/Candler Health System, Inc.	Education & Health Services	3,400
Savannah College of Art and Design	Education & Health Services	1,900
Georgia Ports Authority	Government	1,100
Georgia Southern University	Government	890
Parker's Corporation	Wholesale & Retail Trade	870
Savannah State University	Government	730
United States Army Corps of Engineers	Government	680
Hunter Army Airfield	Government	670

Notes: Excludes local school districts. Includes civilian employees only.

Source: Savannah Economic Development Authority

Current Conditions—The Effects of the Pandemic on Nonfarm Payrolls

COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020, and the state of Georgia issued a shelter-in-place order beginning on April 3, 2020. Among other restrictions, the order resulted in the closure of all schools, restaurant dining rooms, barbershops and salons, bars, and gyms in the state and required that all businesses deemed “nonessential” limit their activity to “minimum basic operations.” Although the order was relaxed in late April, many businesses declined as commerce slowed due to the unwillingness of consumers to return to pre-pandemic behaviors. Nearly 14 percent of all nonfarm payrolls in the HMA were lost during the initial shelter-in-place period. During the 12 months ending September 2020, nonfarm payrolls in the Savannah HMA decreased by 7,100 jobs, or 3.8 percent, to 179,300 jobs, following growth of 2,800 jobs, or 1.5 percent, during the previous 12 months (Table 2). By comparison, during the 12 months ending September 2020, nonfarm payrolls in the state and the nation decreased 2.4 and 3.9 percent, respectively. Most nonfarm payroll sectors in the Savannah HMA lost jobs during the 12 months ending September 2020. One exception was the education and health services sector, which increased by 500 jobs, or



1.9 percent. Some of these gains can be attributed to the second phase of the St Joseph’s/Candler Health System, Inc. 10-year, \$62 million expansion of the Pooler campus. The largest decline was in the leisure and hospitality sector, which lost 3,600 jobs, or 13.4 percent. These losses are a result of the decline in travel and tourism amid efforts to minimize the spread of COVID-19.

Current Conditions—Unemployment

The unemployment rate in the HMA was elevated in recent months due to measures used to slow the spread of COVID-19 and averaged 6.2 percent during the 12 months ending September 2020, up from 3.4 percent a year earlier. By comparison, the state and national unemployment rates increased from 3.6 to 5.8 percent and from 3.7 to 7.2 percent, respectively, during the 12 months ending September 2020 (Figure 1).

Historical Nonfarm Payroll Trends

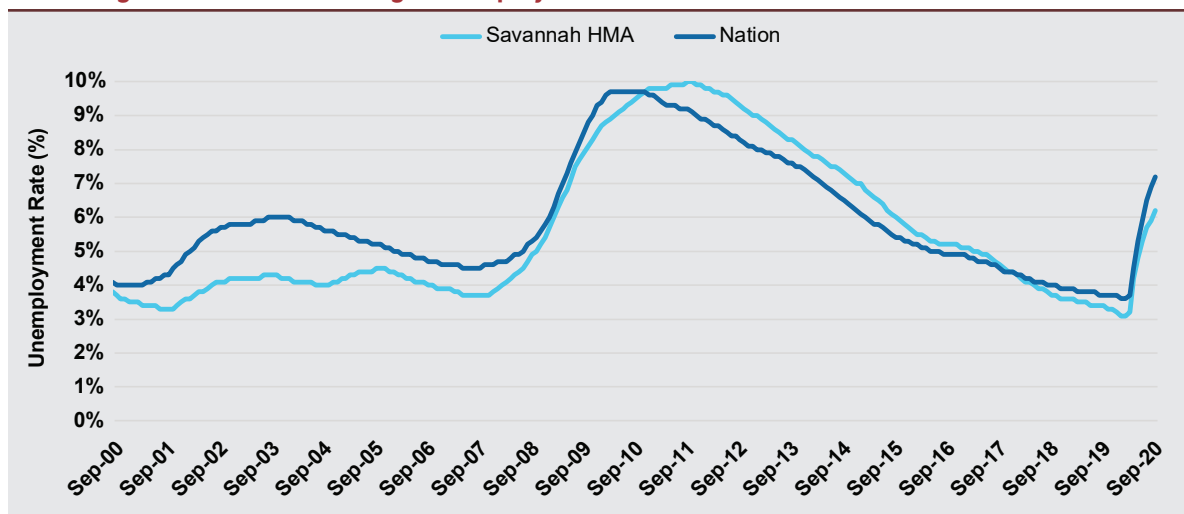
Nonfarm payrolls in the Savannah HMA increased every year from 2010 through 2019 until weakening significantly with the implementation of countermeasures to slow the spread of COVID-19 (Figure 2). From 2003 through 2007, nonfarm payrolls increased by an average of 4,900 jobs, or 3.3 percent, a year. The greatest increase occurred in the professional and business services sector, which increased by an

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Savannah HMA, by Sector

	12 Months Ending September 2019	12 Months Ending September 2020	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	186.4	179.3	-7.1	-3.8
Goods-Producing Sectors	26.9	26.8	-0.1	-0.4
Mining, Logging, & Construction	8.2	8.3	0.1	1.2
Manufacturing	18.8	18.5	-0.3	-1.6
Service-Providing Sectors	159.5	152.5	-7.0	-4.4
Wholesale & Retail Trade	28.6	27.4	-1.2	-4.2
Transportation & Utilities	14.7	14.8	0.1	0.7
Information	2.6	2.5	-0.1	-3.8
Financial Activities	6.4	6.2	-0.2	-3.1
Professional & Business Services	22.0	20.7	-1.3	-5.9
Education & Health Services	26.3	26.8	0.5	1.9
Leisure & Hospitality	26.9	23.3	-3.6	-13.4
Other Services	7.5	7.3	-0.2	-2.7
Government	24.5	23.5	-1.0	-4.1

Notes: Based on 12-month averages through September 2019 and September 2020. Numbers may not add to totals due to rounding. Data are in thousands. Source: U.S. Bureau of Labor Statistics

Figure 1. 12-Month Average Unemployment Rate in the Savannah HMA and the Nation

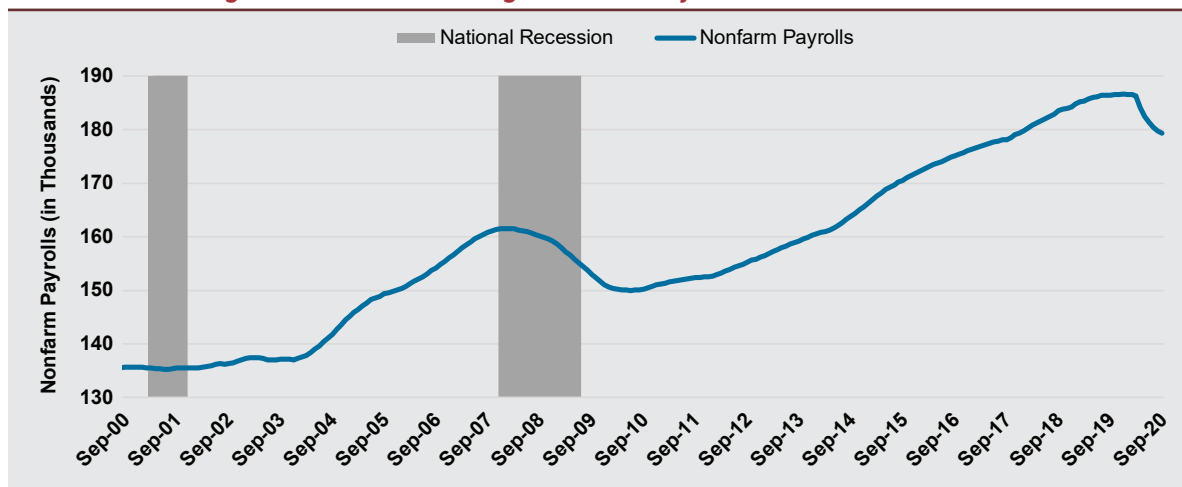


Note: Based on the 12-month moving average. Source: U.S. Bureau of Labor Statistics



average of 1,100 jobs, or 6.7 percent, annually. During 2008 and 2009, as job losses mounted during the Great Recession, nonfarm payrolls decreased by an average of 5,200 jobs, or 3.3 percent, a year. The greatest declines were in the professional and business services; the mining, logging, and construction; and the wholesale and retail trade sectors, with average annual losses of 1,800, 1,300, and 1,200 jobs, or 9.3, 14.1, and 4.7 percent, respectively. Some of the job losses in the mining, logging, and construction sector were the result of a decline in home construction as the housing boom slowed and the economy in the HMA began to contract. The economy began to rebound in 2010 and 2011, although growth was slow, averaging 800 jobs, or 0.5 percent, annually. The education and health services sector, which added an average of 600 jobs, or 2.8 percent, annually, led job gains. A period of robust growth ensued from 2012 through 2019, and payrolls increased an average of 2.5 percent, or by

Figure 2. 12-Month Average Nonfarm Payrolls in the Savannah HMA



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

4,300 jobs, annually. During this period, job gains were greatest in the leisure and hospitality sector, which increased by 800 jobs, or 3.5 percent annually, as tourists enjoyed attractions within the HMA during the longest economic expansion in U.S. history. The transportation and utilities sector, which gained 700 jobs, or 5.8 percent, was augmented by added warehouses and fulfillment centers as expansions at the port progressed. Average annual job growth was stronger in the HMA than in the state and the nation from 2012 through 2019, with respective average annual growth rates of 2.2 and 2.4 percent.

Economic Sectors of Significance

Education and Health Services

The education and health services sector is the second largest sector in the Savannah HMA and currently accounts for 26,800 jobs, or 15 percent of total nonfarm payrolls (Figure 3). During the

12 months ending September 2020, payrolls in the sector increased by 500 jobs, or 1.9 percent, compared with a loss of 300 jobs, or 1.0 percent, during the 12 months ending September 2019. The education and health services sector has added jobs nearly every year since 2000, increasing by an average of 500 jobs, or 2.2 percent, annually from 2001 through 2018. Some of the job gains in the sector resulted from increased demand for health services from the aging population; from 2010 to 2019, the population of residents ages 65 and older was the fastest growing cohort in the HMA. In addition, St. Joseph’s/Candler Health System, Inc. opened the first of three phases of a \$62 million campus in Pooler, Georgia, adding 100 workers, in the spring of 2019.



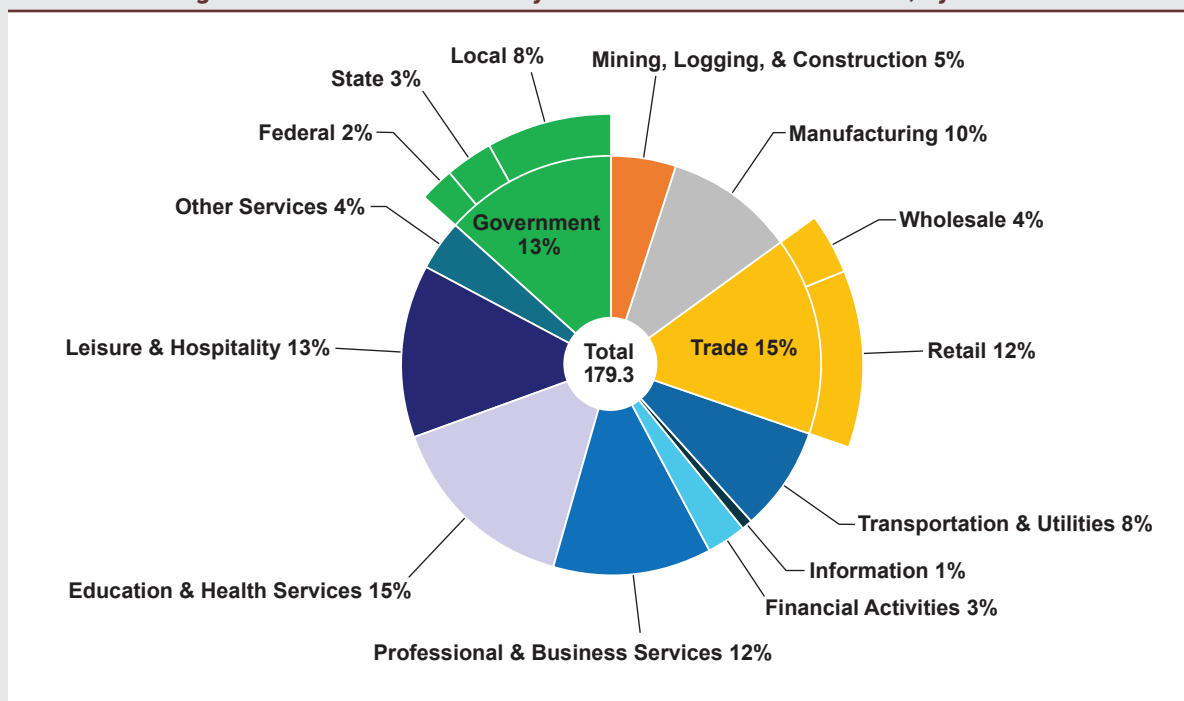
Leisure and Hospitality

During the 12 months ending September 2020, the leisure and hospitality sector payrolls decreased by 3,600 jobs, or 13.4 percent, compared with a gain of 400 jobs, or 1.6 percent, during the previous 12 months. This decline can be attributed to the COVID-19 health crisis, and most of these jobs are expected to be regained when vaccines are developed and distributed to the general population and tourists feel safe enough to travel. Tourists are attracted to the museums, monuments, and restored 18th-century homes in the Historic Landmark District; the beaches of Tybee Island; and the restaurants and hotels along the Savannah River; tourism spending contributes to payrolls in the leisure and hospitality sector. As the fourth largest sector in the HMA, the leisure and hospitality sector accounts for 23,300 jobs, or 13 percent of total nonfarm payrolls, and has been the fourth fastest growing payroll sector since 2001. The sector added an average of 500 jobs, or 2.4 percent, annually from 2001 through 2019. Four new hotels opened in 2019, which have added more than 700 new rooms, including the JW Marriott Savannah Plant Riverside District hotel and The Drayton Hotel.

Transportation and Utilities

The long economic expansion before the pandemic and the ongoing enlargement of the Port of Savannah

Figure 3. Share of Nonfarm Payroll Jobs in the Savannah HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through September 2020.
Source: U.S. Bureau of Labor Statistics

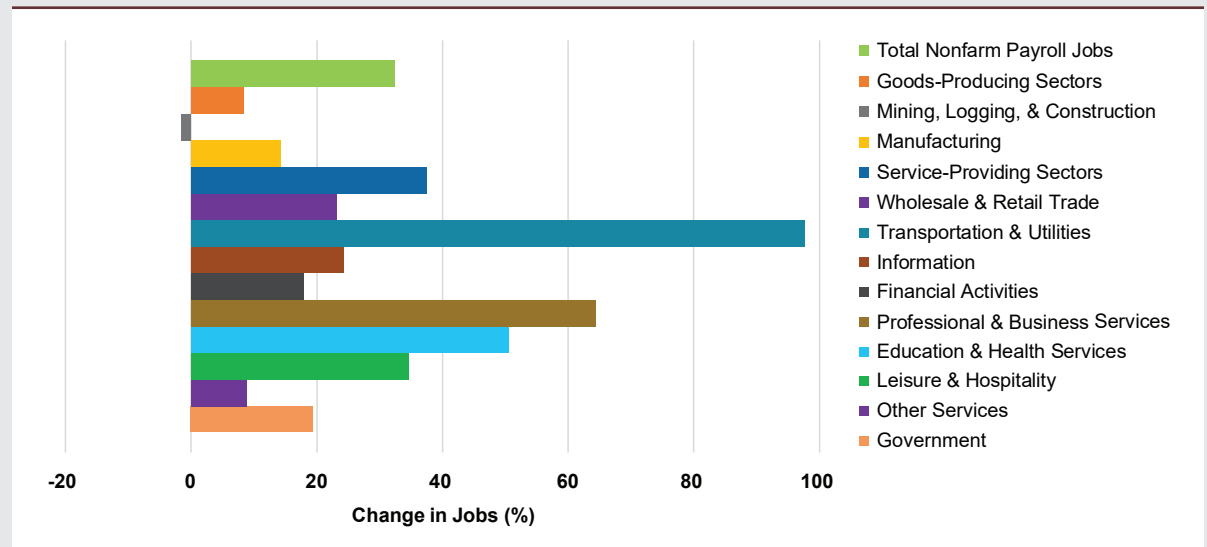
have given rise to growth in the transportation and utilities sector. This sector has been the fastest growing sector since 2001, nearly doubling in size (Figure 4). During the 12 months ending September 2020, transportation and utilities sector payrolls increased by 100 jobs, or 0.7 percent, compared with a gain of 1,000 jobs, or 7.5 percent, during the previous 12 months. From 2011 through 2019, payrolls in the transportation and utilities sector increased an average of 5.7 percent, or by 600 jobs, annually. Some of those gains can be attributed to Wayfair Inc. opening a new warehouse in the area in the spring of 2019, which added 1,000 new jobs. This facility is part of a group of distribution centers and warehouses located

along the rail lines and interstates near the port. The \$127 million Mason Mega Rail project began in the spring of 2018 and will double the rail capacity at the Port of Savannah. This project is halfway completed, with 9 of 18 new tracks online. The deepening port and greater rail capacity are expected to continue to boost job growth in the transportation and utilities sector during the forecast period.

Manufacturing

The manufacturing sector currently accounts for 18,500 jobs, or 10 percent of total nonfarm payrolls in the HMA. During the 12 months ending September 2020, manufacturing sector payrolls decreased by 300 jobs, or 1.6 percent, which followed a gain of 800 jobs, or 4.2 percent, during the 12 months ending September 2019. The HMA is an important hub for aerospace and aviation manufacturing and is home to more than 30 aerospace companies. New manufacturers continue to join this cluster, including Preci-Dip SA, which announced the creation of 100 new

Figure 4. Sector Growth in the Savannah HMA, 2001 to Current



Note: The current date is October 1, 2020.
Source: U.S. Bureau of Labor Statistics

jobs by the end of 2021 at a new \$13.6 million aerospace electronics manufacturing facility in Bryan County. From 2011 through 2019, the manufacturing sector gained an average of 600 jobs, or 3.7 percent, annually. During this period, manufacturing sector job growth was stronger in the HMA than in the state and the nation, with respective average annual growth rates of 1.8 and 1.2 percent.

Employment Forecast

During the forecast period, nonfarm payrolls are expected to increase at an average rate of 0.7 percent annually; job growth is expected to be stronger in the first year of the forecast and occur in most sectors of the economy. As of October 1, 2020, the HMA has regained 75 percent of the jobs lost during the

April 2020 shelter-in-place period. Nearly all the payrolls are expected to be regained by the end of the forecast period. Despite the ongoing pandemic, the Port of Savannah announced year-over-year growth of 1.6 percent from July through September 2020, compared with the same period the previous



year. The transportation and utilities sector is expected to continue to grow as more distribution facilities are added. Port City Logistics, Inc., announced the construction of an \$80 million headquarters and warehousing facility near the city of Port Wentworth, which is expected to create 200 jobs by the end

of 2021. Medline Industries, Inc. has broken ground on a manufacturing and distribution center in the city of Richmond Hill that is expected to be completed in 2021; the construction of the center will add 150 jobs and 1 million square feet of warehouse space, some of which FedEx Corporation has already leased.



Population and Households

Current Population: 398,100

Population growth has slowed since 2015 because net in-migration has moderated.

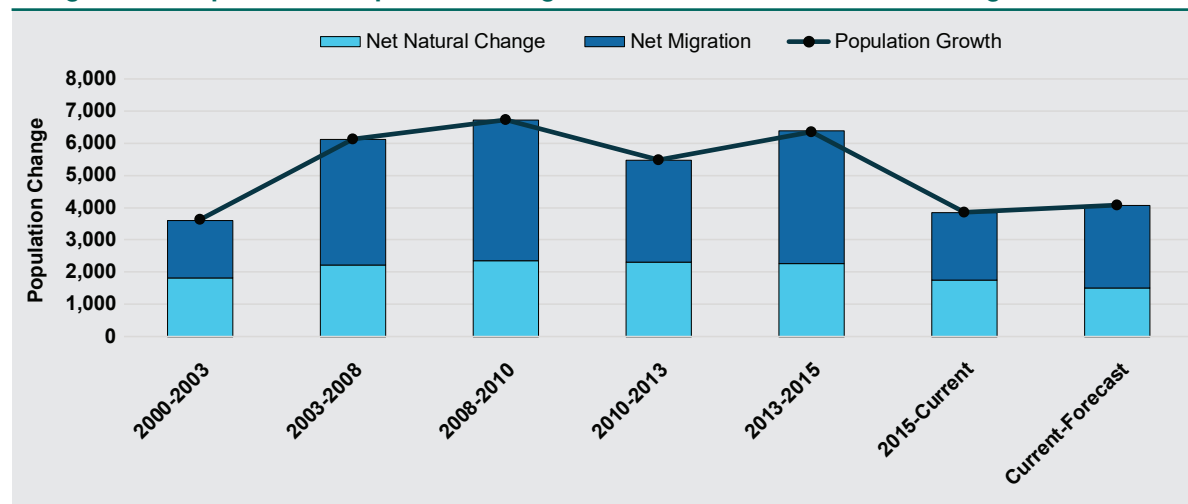
Population Trends

Population growth is largely dependent on migration patterns, which sometimes move in opposition to payroll trends in the HMA. This pattern occurs because opportunities are greater in the HMA than in other parts of the state during economic downturns. The large military presence in the Savannah HMA has a stabilizing effect on migration patterns because the military bases set priorities independent of local economic trends and have maintained stable personnel numbers. Net natural change (resident births minus resident deaths) has recently declined after having been stable for the previous decade, partly because of the increasing age of the population (Figure 5).

From 2003 to 2008, when economic conditions were strong, the population increased by an average of 6,125, or 1.9 percent, a year (U.S. Census Bureau decennial counts and population estimates as of

July 1). Net in-migration averaged 3,900 people annually, and net natural change averaged 2,225 people a year. From 2008 to 2010, despite a contraction in the economy of the Savannah HMA, population growth was higher, increasing by an average of 6,725, or 2.0 percent, a year. Net natural change averaged 2,350 annually and net in-migration averaged 4,375 annually because of a comparatively larger decline in payrolls in the state of Georgia that caused people to move into the HMA in search of job opportunities. From 2010 to 2013, however, population growth slowed, increasing by an average of 5,500, or 1.5 percent, a year. Net in-migration, averaging 3,200 people a year, was lower, and net natural change slowed slightly, averaging 2,300 a year. The decrease in net in-migration occurred because job gains in other parts of the nation lowered the incentive to move into the HMA. From 2013 to 2015, the population increased by an average of 6,350, or 1.7 percent, a year because net in-migration increased to an average of 4,075 people a year in response to a relatively larger economic expansion in the HMA compared with that of the state and the nation, and was accompanied by average net natural change of 2,275. Since 2015, population growth in the HMA has slowed to 3,875, or 1.0 percent, because job growth has been strong throughout the nation, and net in-migration has moderated to 2,125 people annually. Those trends have been accompanied by slower net natural change, which averaged 1,750 annually.

Figure 5. 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 (October 1, 2020) to October 1, 2023.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst



Since 2010, population growth has occurred mainly around highways leading to employment centers, including Fort Stewart AB, which gets more than 36 percent of its civilian workforce from the HMA. Population growth in Bryan County averaged 2.9 percent a year from 2010 to 2019, making it the fastest growing county in the HMA. Fort Stewart AB extends from outside the HMA across Bryan County, effectively cutting the county in two. The city of Richmond Hill is near the southeast corner of Fort Stewart AB, which is east of Interstate 95 and southwest of the city of Savannah. Growth in Richmond Hill has accounted for almost one-half of the population growth in the county since 2010. Richmond Hill is home to 16 percent of the total assigned soldiers living off base and more than 90 percent of the civilian employees of Fort Stewart AB in Bryan County. The proximity to Fort Stewart AB and easy access to the city of Savannah via Interstate 95 have contributed to growth there. Bryan County is also home to more than 10 percent of the military retirees in a 50-mile radius of the base.

Chatham County is the sixth most populous county in Georgia, with 289,430 people as of 2019. Although home to the city of Savannah, Chatham County had the slowest rate of population growth among the three counties in the HMA, increasing by an average of 0.9 percent annually from 2010 to 2019. By comparison, growth in the HMA averaged 1.3 percent annually

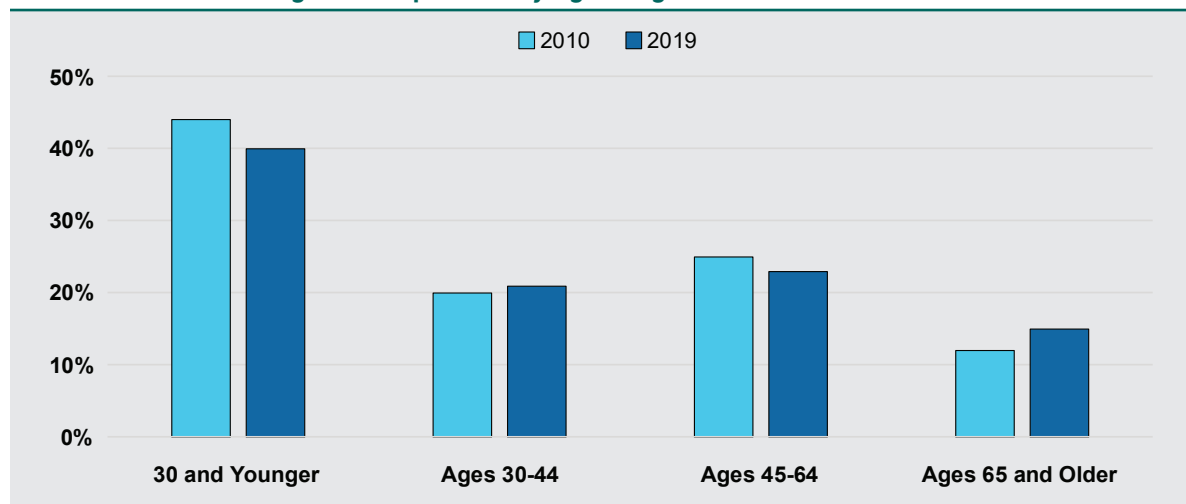
during the same period. Chatham County is home to more than 22 percent of the total military retirees in a 50-mile radius of Fort Stewart AB. The population of Pooler, in the northwestern end of the county near the border of Effingham County, has increased 37 percent since 2010 because of the proximity of the city to Interstates 95 and 16 and the port terminals.

Effingham County had a population of 64,296 in 2019; the population has increased at an average annual rate of 2.2 percent since 2010, with population scattered throughout this mostly rural county. Effingham County is home to slightly more than 5 percent of the military retirees in a 50-mile radius of the base.

Age Cohort Trends

The share of seniors (ages 65 and older) and those ages 30 to 44 living in the HMA increased, whereas the share of all other age cohorts declined from 2010 to 2019 (Figure 6). Seniors grew from 12 percent of the population in 2010 to 15 percent in 2019 (2010 and 2019 American Community Survey [ACS] 1-year estimates). The share of the population ages 30 to 44 in the HMA increased only slightly, from 20 percent of the population in 2010 to 21 percent in 2019. Some of the increase in the number of older residents can be attributed to military retirees, who tend to cluster around bases to access healthcare and commissary benefits. The rising share of seniors has contributed to the decline in net natural increase in recent years.

Figure 6. Population by Age Range in the Savannah HMA



Source: U.S. Census Bureau



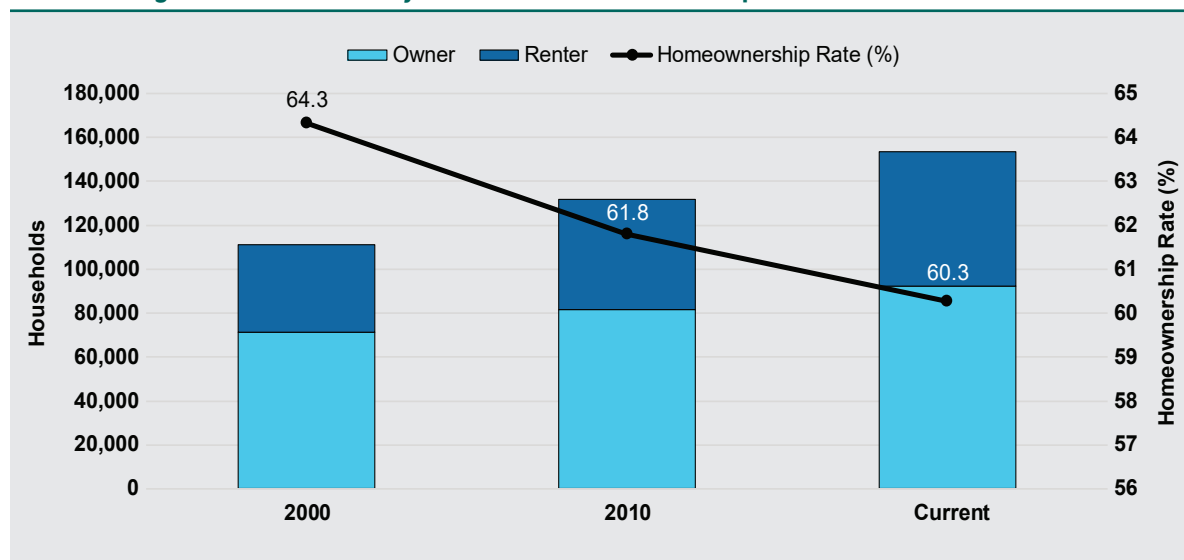
Household Trends

From 2000 to 2010, households increased by approximately 2,075, or 1.7 percent, a year, the same rate as that of population growth. By comparison, from 2010 to the current date, households increased by an average of 2,050, or 1.4 percent, and the population increased an average of 4,800, or 1.3 percent, a year. As of October 1, 2020, the number of households in the HMA is estimated at 153,300, including approximately 92,400 owner and 60,900 renter households (Figure 7). The homeownership rate in the HMA has been declining since 2000. Renter household growth in the metropolitan area has averaged 1.8 percent a year since April 2010—significantly higher than owner household growth rate of 1.2 percent a year, which has contributed to a decline in the current homeownership rate to 60.3 percent from 61.8 percent in 2010. Of all households in the HMA, an estimated 6 percent are military households from Hunter AAF and Fort Stewart AB, and 2 percent are military retirees.

Forecast

During the forecast period, the population is predicted to increase by an average of 1.0 percent, or 4,075, annually (Table 3). Households are expected to grow at a slightly higher average of 1.2 percent, or 1,850 a year. Growth is expected to continue in the areas along the main travel arteries, including Pooler in Chatham County and Richmond Hill in Bryan County.

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



Note: The current date is October 1, 2020.

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

Table 3. Savannah HMA Population and Household Quick Facts

	2010	Current	Forecast
Population Quick Facts	Population	347,611	398,100
	Average Annual Change	5,450	4,800
	Percentage Change	1.7	1.3
Household Quick Facts	Households	131,868	153,300
	Average Annual Change	2,075	2,050
	Percentage Change	1.7	1.4

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (October 1, 2020) to October 1, 2023.

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



Home Sales Market

Market Conditions: Balanced, but Tightening

New and existing home sales prices rose 10 percent during the 12 months ending September 2020—the strongest annual rate of price growth since 2006.

Current Conditions

The sales housing market in the Savannah HMA is currently balanced, but tightening, with an estimated sales vacancy rate of 2.0 percent (Table 4), down from 3.7 percent in 2010. Strengthening economic conditions and relatively low levels of single-family home construction have contributed to a significant decline in available for-sale inventory since the early 2010s. The for-sale inventory of single-family homes, townhomes, and condominiums in the HMA declined from a 3.8-month supply in September 2019 to a 2.1-month supply in September 2020 (CoreLogic, Inc.). New and existing home sales increased 8 percent during the 12 months ending September 2020, to 10,700 homes sold—despite the pandemic-related economic decline—and the average sales price increased 10 percent, to \$251,300, compared with a 4-percent decline during the 12 months ending September 2019 (Zonda). Existing home sales accounted

for more than 85 percent of total sales, unchanged from a year ago, and the average existing home sales price increased 11 percent, to \$246,800, compared with a 6-percent decline a year ago. The rate of seriously delinquent mortgages and real estate owned (REO) properties increased in the HMA from a year ago because efforts to prevent the spread of COVID-19 resulted in job losses.

New and Existing Home Sales

After peaking at 9,950 homes in 2005, existing home sales (which include regular resales and REO sales) in the HMA decreased during the period surrounding the Great Recession from 2007 through 2010 by an average of 770 homes, or 14 percent, annually, to a low of 3,700 in 2010 (Figure 8). Recently, existing home sales have increased in the HMA to just below the level of the mid-2000s. Home sales increased by an average of 580, or 12 percent, annually from 2011 through 2015, to a high of 6,725, reflecting more prosperous economic conditions following the Great Recession. Although economic growth moderated and population growth slowed from 2016 through 2018, existing home sales increased by 550 homes, or 8 percent, annually, to 8,350 homes in 2018. During the 12 months ending September 2020, 9,100 existing homes were sold, up 8 percent from the 8,425 homes sold during the previous 12-month period but nearly reaching the high of 9,950 homes sold in 2005.

Table 4. Home Sales Quick Facts in the Savannah HMA

	Savannah HMA	Nation
Vacancy Rate	2.0%	NA
Months of Inventory	2.1	2.3
Total Home Sales	10,700	6,076,000
1-Year Change	8%	-5%
New Sales Price	\$273,700	\$386,800
1-Year Change	2%	1%
Existing Sales Price	\$246,800	\$311,600
1-Year Change	11%	8%
Mortgage Delinquency Rate	5.3%	4.3%

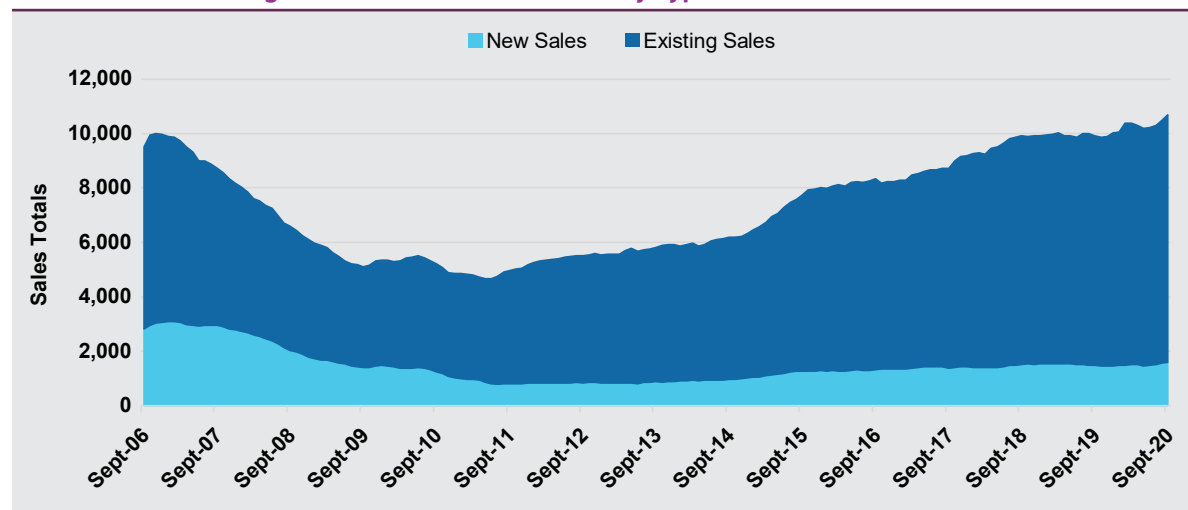
NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending September 2020; and months of inventory and mortgage delinquency data are as of September 2020. The current date is October 1, 2020.

Sources: CoreLogic, Inc.; Zonda



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



REO = real estate owned.
Source: Zonda

During the 12 months ending September 2020, REO sales accounted for 7 percent of existing home sales in the HMA, compared with 8 percent during the previous 12 months. For context, REO sales accounted for 1 percent of existing home sales in 2005 before rising to 47 percent in 2011 during the aftermath of the housing crisis and declined each year through 2019.

New home sales have followed economic trends in the HMA. Following the peak of 3,100 home sales in 2007, the number of new home sales declined to a low of 800 homes in 2011, an average decline of 490 homes, or 26 percent, annually. New homes sales have increased in the HMA since 2011 but are below the high levels of the mid-2000s. The demand for new homes accelerated with the improving economy, and new home sales increased by an average of 120 homes, or 12 percent, a year from 2012 through 2015. From 2016 through 2019, new home sales increased by 45 homes, or 3 percent, a year because population growth slowed in response to moderating economic growth. The 1,600 new homes sold during the 12 months ending September 2020 was an increase of 8 percent from the 1,500 homes sold a year earlier, but, unlike the trend for existing homes, that number was only slightly more than one-half of the 3,100 homes sold at the high point in 2007.

New and Existing Home Sales Prices

After the boom leading up to the Great Recession, the average existing home sales price decreased 3 percent annually, an average decline of \$5,875, from 2007 through 2010 and hit a low of \$192,800 in 2010. Some of this decline can be attributed to the large portion of low-priced REO properties sold during this period. In 2010, REO sales represented 43 percent of all existing home sales, with an average price of \$155,400, approximately 29 percent less than the average sales price of a regular resale home sale. By comparison, REO sales represented 4 percent of all existing home sales in 2006 and sold at a discount of 40 percent compared with regular resale home sales. From 2011 through 2015, the economy in the HMA expanded, and the average sales price of an existing home increased an average of 2 percent, or by \$3,525, annually, to \$218,200 in 2015. As the economic expansion moderated in the HMA, price growth also slowed; from 2016 through 2019, the average sales price of an existing home increased an average of 1 percent, or by \$1,800, annually. Price growth began to accelerate in recent months as the inventory of homes for sale declined. During the 12 months ending September 2020, the average sales price for an existing home was \$246,800, an increase of 11 percent from \$221,600 a year

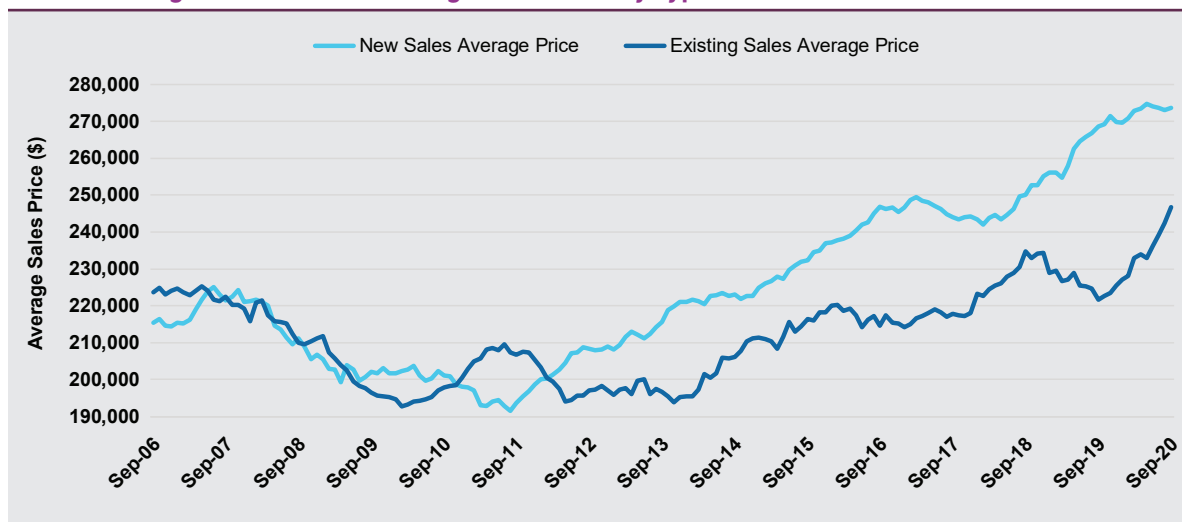
earlier. Figure 9 shows the average home sales prices by type of home sale since 2006.

New home sales prices have increased in the HMA since 2011, during the economic expansion that followed the Great Recession. From 2007 through 2010, the average new home sales price decreased an average of 2 percent, or by \$4,075, annually, to \$198,700. By contrast, average new home sales prices increased 4 percent, or by \$7,775, annually, when the economy improved from 2011 through 2015; the prices reached \$237,100 by the end of 2015. Price growth slowed slightly from 2016 through 2018 as economic and population growth slowed, with new home prices increasing by \$6,050, or 2 percent, a year. The average sales price of a new home rose 2 percent, to \$273,700, during the 12 months ending September 2020, down from the 7-percent increase during the previous 12-month period. During the 12 months ending September 2020, more than 50 percent of new homes sold in the \$200,000-to-\$299,999 sales price range (Figure 10).

Delinquent Mortgages

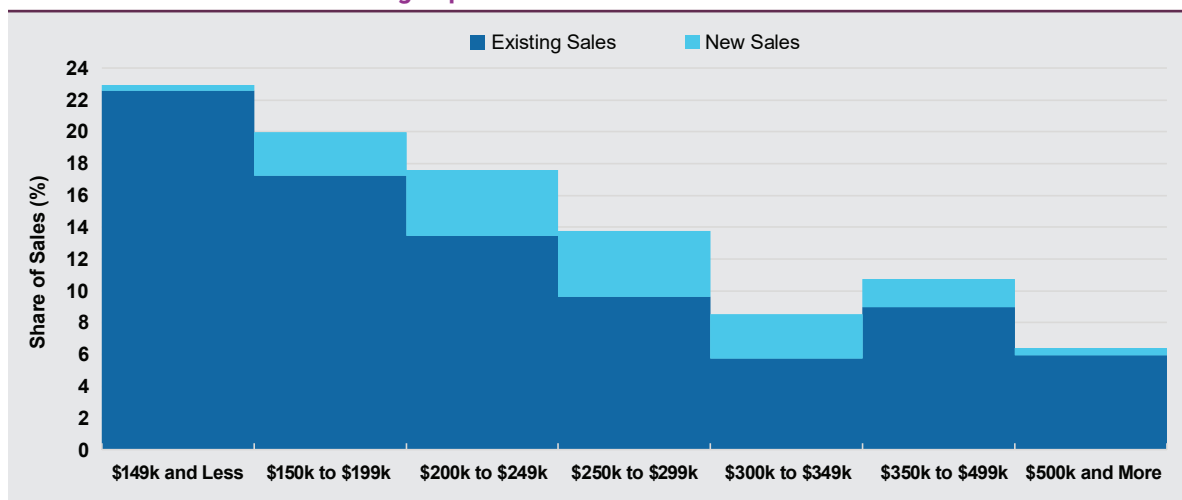
In September 2020, the percentage of home loans in the metropolitan area that were seriously delinquent or had transitioned into REO status rose to 5.3 percent—higher than the 1.9 percent a year earlier but below the peak of 6.5 percent in 2011 following the Great Recession (CoreLogic, Inc.). This sharp increase is a result of weak

Figure 9. 12-Month Average Sales Price by Type of Sale in the Savannah HMA



Source: Zonda

Figure 10. Share of Overall Sales by Price Range During the 12 Months Ending September 2020 in the Savannah HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda



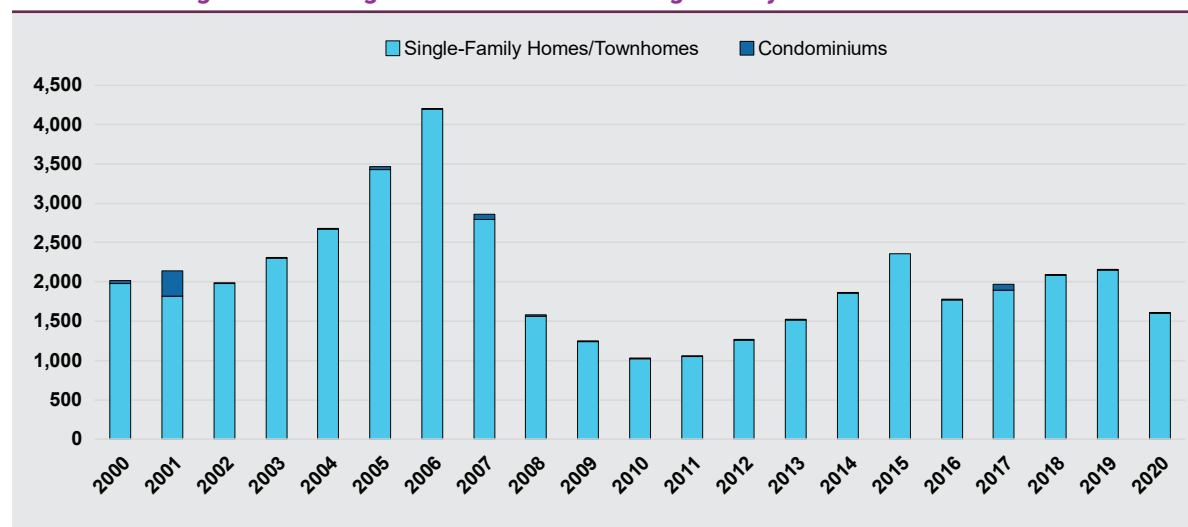
economic conditions and elevated unemployment attributed to the countermeasures to slow the spread of COVID-19. This rate was lower than the Georgia state rate of 5.5 percent but higher than the national rate of 4.4 percent. The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided a 6-month mortgage forbearance for homeowners with mortgages that are government sponsored or federally backed or funded.

Sales Construction Activity

New home construction (including single-family homes, townhomes, and condominiums), as measured by the number of sales units permitted, has been slower since 2011 compared with the previous decade; almost all new home construction has been for single-family homes during the past decade (Figure 11). New home construction was strong from 2000 through 2006, when an average of 2,675 homes were permitted annually. The housing crisis began to unfold, however, and building permits declined to an average of 1,675 homes annually from 2007 through 2010. New home construction increased at an average annual rate of 18 percent a year from 2011 through 2015, to 2,350 homes permitted, before

falling 25 percent in 2016, in response to slower nonfarm payroll growth. From 2017 through 2019, the number of homes permitted trended upward, increasing by an average of 7 percent annually. During the 12 months ending September 2020, 2,200 sales units were permitted in the HMA (preliminary data), compared with the 2,100 sales units permitted a year ago. After a peak of 27 percent in 2005, the portion of condominium sales remained below 10 percent of all sales from 2008 through 2019. New condominiums represented 35 percent of all new home sales in the 12 months ending September 2020. This increase is sharp, compared with a 5-percent share during the previous year; that increase is attributed to the popularity of condominiums with seniors and millennial first-time homebuyers, who are both part of the age cohorts that are growing in the HMA.

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



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2020 are through September 2020. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

New Construction

Recent new home construction has been active along Interstate 95 in the cities of Richmond Hill, in Bryan County, and Pooler, near the intersection of Interstates 16 and 95 in Chatham County. Three homes remain available for purchase of the 250 homes at Harmony, a community near Interstate 16 in the city of Pooler. These three-to five-bedroom, 1,449- to 3,359-square-foot homes start at \$221,000. More than one-half of the 87 townhomes planned at The Commons



at Richmond Hill have presold. These three-bedroom, two-bathroom homes range from 1,640 to 1,725 square feet, with prices starting at \$174,900. Slightly more than 10 percent of the homes built in Chatham County in the past 5 years have been in the Garden City-Port Wentworth area because of the proximity to both the employment centers around the port and Interstate 95 leading to southeastern areas of the HMA. On completion of the 33 homes currently under construction in the third phase at Rice Creek in Port Wentworth, 207 homes will have been completed. These three- to four-bedroom homes range from 1,450 to 2,100 square feet, with prices starting at \$187,900.

Forecast

During the next 3 years, demand is expected for 5,075 new sales units in the Savannah HMA (Table 5). The 1,125 homes currently under construction are expected to meet most of the demand in the first year. The sales demand is expected to remain stable during each year of the period. Home sales are expected to continue to grow in the Richmond Hill area as military personnel and retirees continue to move to the HMA to enjoy easy access to Fort Stewart AB. Strong demand is expected in northern Chatham County in the areas surrounding the port and in the Pooler-Bloomingdale area due to the proximity of Interstates 16 and 95.

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

Sales Units	
Demand	5,075 Units
Under Construction	1,125 Units

Note: The forecast period is from October 1, 2020, to October 1, 2023.
Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

The apartment vacancy rate was 6.3 percent during the third quarter of 2020.

Current Conditions and Recent Trends

In the Savannah HMA, the rental housing market—including apartment units, mobile homes, and single-family homes for rent—is currently balanced. The overall rental vacancy rate is estimated at 9.5 percent, down from 13.3 percent in 2010, when the rental market was soft (Table 6.) This figure includes some short-term and vacation rentals that are not available for year-round occupancy. The portion of renter households residing in single-family homes has fallen from 40.5 percent in 2010 to 37.9 percent in 2019 (2010 and 2019 ACS 1-year estimates). Some of this change can be attributed to fewer distressed sales in the HMA, as owner households absorbed more single-family homes and investors (who typically make homes available for rent) absorbed fewer homes. About 36 percent of all renter households in the HMA reside in buildings with five or more units, typically apartments, which is virtually unchanged from 2010. High vacancy rates led to slower multifamily construction activity in the late 2000s and early 2010s. After vacancy rates declined sharply from a recent third-quarter high of 10.1 percent during 2010 to 6.6 percent during the third quarter of 2013, multifamily construction began to trend upward. After hitting a low of 4.6 percent in the first quarter of 2019, vacancy rates have started to rise following an acceleration in multifamily construction during the past 5 years.

Apartment market conditions in the Savannah HMA are currently balanced. Strong renter household growth contributed to declining vacancy rates and rent growth during the early 2010s. Because of recent elevated levels of multifamily construction, however, vacancy rates have increased. From 2015 to 2019, average rent growth accelerated as many new units with relatively higher rents became available. The average rent stabilized during the third quarter of 2020, at \$982, relatively unchanged from the third quarter of 2019 (Reis, Inc.). The apartment vacancy rate was 6.3 percent during the third quarter of 2020. During the third quarters of 2019 and 2018, the vacancy rates were 5.7 and 4.7 percent, respectively (Figure 12).

After the expiration of the federal eviction moratorium on July 24, 2020, the Centers for Disease Control and Prevention placed a temporary halt on residential evictions to prevent the further spread of COVID-19. This order is in effect from September 4, 2020, to December 31, 2020. The effect of the expiration of this order on the apartment vacancy rate after the end of 2020 is uncertain.

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

	2010 (%)	Current (%)
Rental Vacancy Rate	13.3	9.5
Occupied Rental Units by Structure		
Single-Family Attached & Detached	40.5	37.9
Multifamily (2–4 Units)	16.7	20.1
Multifamily (5+ Units)	35.8	35.7
Other (Including Mobile Homes)	6.9	6.3

Notes: The current date is October 1, 2020. Percentages may not add to 100 due to rounding.
Sources: 2010 and 2019 American Community Survey, 1-year data; Reis, Inc.

Rental Construction Activity

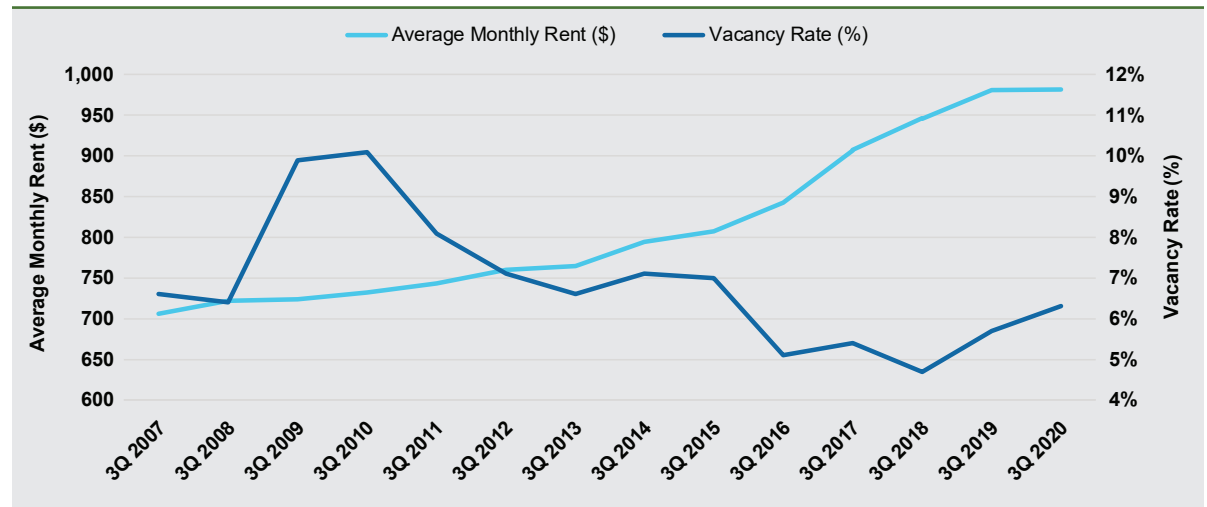
Rental unit construction, as measured by the number of rental units permitted, has been elevated during the past 5 years after several years of limited building activity following the

Great Recession. A decline in apartment vacancy rates caused developers to increase apartment construction after economic activity in the Savannah HMA increased. As a result, an average of 1,050 rental units were permitted annually from 2015 through 2019, peaking at 1,425 rental units permitted in 2016, the highest annual figure since 2007. The average from 2015 through 2019 reflects the increase in renter households and was higher than the average of 730 units annually from 2000 through 2007, when less stringent lending standards made homeownership an option for many renters. By comparison, an average of 430 rental units were permitted each year from 2008 through 2014 because building slowed in the years surrounding the Great Recession (Figure 13). Based on preliminary data, 430 rental units were permitted in the Savannah HMA during the 12 months ending September 2020, down from 860 units permitted during the previous 12-month period.

New Construction

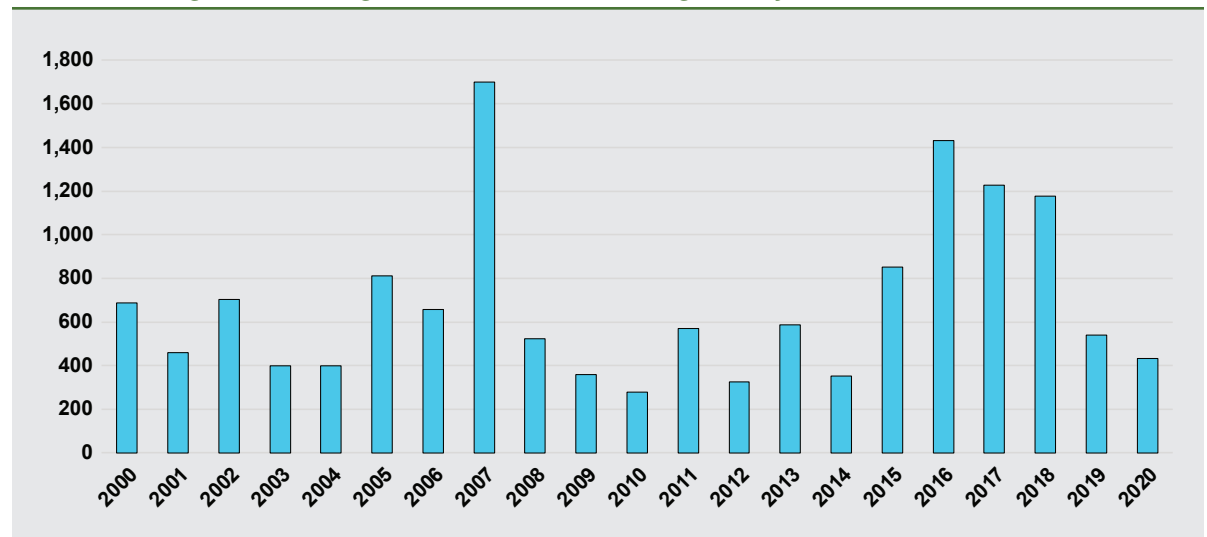
More than one-half of all rental units added in the past 5 years in Chatham County have been in the Pooler-Bloomington area west of Interstate 95. The Meadows Apartments, a 325-unit apartment community completed in June 2020, offers two-bedroom units ranging from \$1,123 to \$1,195. Development has been active in the area east of downtown Savannah, bordering the Wilmington River, accounting for more than one-fourth of

Figure 12. Apartment Rents and Vacancy Rates in the Savannah HMA



Q3 = third quarter.
Source: Reis, Inc.

Figure 13. Average Annual Rental Permitting Activity in the Savannah HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2020 are through September 2020.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst



the rental units added since 2018. The Baxley, which was completed in March 2020, is a 275-unit community that has studio, one-bedroom, and two-bedroom apartments with rents ranging from \$1,724 to \$3,085. Apartments intended for residents ages 55 and older represent one-fifth of the rental units constructed in the HMA in the past 3 years. The Crossings at Savannah is a 189-unit community of independent-living, assisted-living, and memory-care units that was completed in the fall of 2019. Rents depend on the level of services included and average \$2,598 a month.

Forecast

During the forecast period, demand is estimated for 1,925 new rental units in the HMA (Table 7). The 760 units under construction are expected to satisfy a portion of the demand. Demand is expected to be higher toward the second half of the forecast period because uncertainty surrounding the efforts to contain the pandemic is expected to limit demand for the first year or more. Rental demand is expected to be strong in the areas near the port and along the travel arteries of Interstates 16 and 95.

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

Rental Units	
Demand	1,925 Units
Under Construction	760 Units

Note: The forecast period is October 1, 2020, to October 1, 2023.

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.
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	10/1/2020–10/1/2023—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, multifamily, 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 April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau 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.
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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.

D. Photo/Map Credits

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