

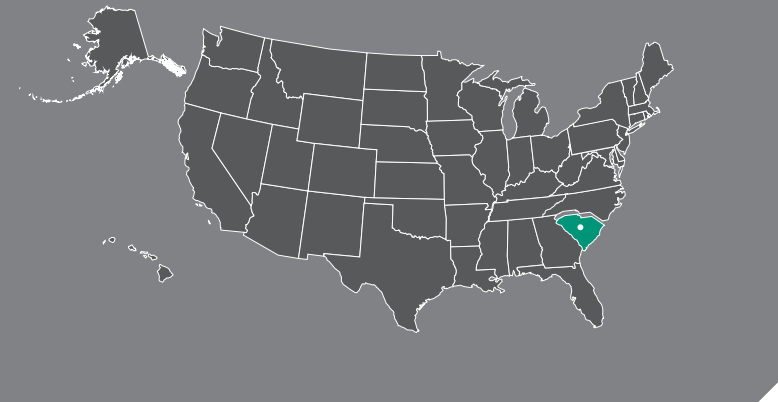
# HUD PD&R Housing Market Profiles

## Columbia, South Carolina



### Quick Facts About Columbia

- **Current sales market conditions: slightly soft.**
- **Current apartment market conditions: soft, but improving.**
- **The metropolitan area is home to the main campus of the University of South Carolina (USC), which has a local economic impact of \$3.4 billion annually (USC data).**



By Robyn E. Bowen | As of January 1, 2015

## Overview

The Columbia metropolitan area comprises Calhoun, Fairfield, Kershaw, Lexington, Richland, and Saluda Counties in central South Carolina. The city of Columbia, the state capital, is in both Lexington and Richland Counties. The government sector, the largest employment sector in the metropolitan area, includes Fort Jackson, the largest Initial Entry Training Center for the U.S. Army and the largest employer in the metropolitan area, with 9,200 civilian employees and military personnel. Fort Jackson has an annual economic impact of approximately \$1.7 billion on the metropolitan area (Fort Jackson data).

- As of January 1, 2015, the population of the metropolitan area was estimated at 807,900, an average increase of 8,475, or 1.1 percent, annually since April 2010.
- The population grew by an average of 12,900, or 1.9 percent, annually from July 2002 to July 2007, when economic conditions were strongest. From July 2007 to July 2010, the economy was weak and the population growth rate slowed slightly to 1.8 percent while the population grew at an average 13,050 people annually.
- Because the economy has improved, net in-migration has accounted for 61 percent of population growth since 2010 compared with 51 percent of the growth from July 2007 to July 2010, when job losses peaked.



**PD&R**



The unemployment rate in the Columbia area declined to its lowest level since 2007.

	3 Months Ending		Year-Over-Year Change	
	December 2013 (thousands)	December 2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	366.4	369.4	3.0	0.8
Goods-producing sectors	43.4	44.3	0.9	2.1
Mining, logging, and construction	15.1	15.0	-0.1	-0.7
Manufacturing	28.4	29.3	0.9	3.2
Service-providing sectors	323.0	325.1	2.1	0.7
Wholesale and retail trade	53.7	53.6	-0.1	-0.2
Transportation and utilities	13.1	13.1	0.0	0.0
Information	5.4	5.3	-0.1	-1.9
Financial activities	30.0	30.0	0.0	0.0
Professional and business services	45.3	46.1	0.8	1.8
Education and health services	44.5	44.7	0.2	0.4
Leisure and hospitality	34.7	35.4	0.7	2.0
Other services	14.9	15.1	0.2	1.3
Government	81.4	81.7	0.3	0.4
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	5.9	5.8		

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

## Economic Conditions

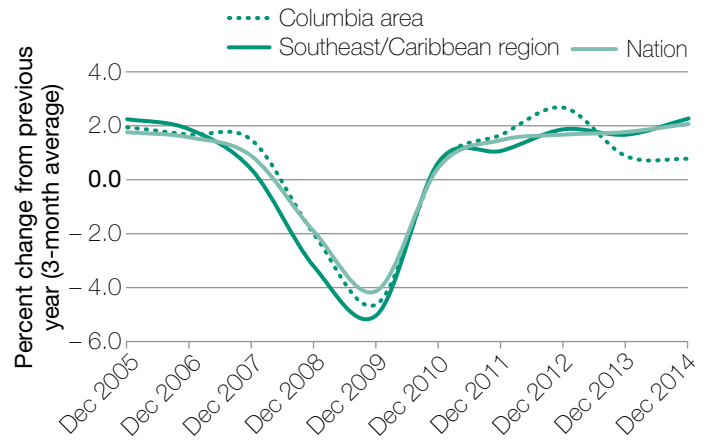
Nonfarm payrolls in the Columbia metropolitan area have increased since 2010, reversing annual job losses during the previous 3 years; however, the rate of growth slowed during the past 2 years.

During the fourth quarter of 2014—

- Nonfarm payrolls increased by 3,000 jobs, or 0.8 percent, from the fourth quarter of 2013 to an average of 369,400 jobs, slightly lower than the increase of 3,200 jobs, or 0.9 percent, from the fourth quarter of 2012 to the fourth quarter of 2013.
- The manufacturing, professional and business services, and leisure and hospitality sectors accounted for 80 percent of the growth, increasing by 900, 800, and 700 jobs, or 3.2, 1.8, and 2.0 percent, respectively.
- Construction began on the new \$5.8 million Aircraft Rescue and Firefighting facility at the Columbia Metropolitan Airport, which is expected to be complete in September 2015 and add nearly 350 new construction jobs.
- The average unemployment rate declined to 5.8 percent from 5.9 percent during the fourth quarter of 2013, because employment growth slightly outpaced growth in the labor force. The current rate is significantly lower than the recent peak of 9.3 percent in 2010.

continued on page 3

The slowdown in growth in the service-providing sectors since 2013 has led the Columbia area to lag both the region and nation in nonfarm payroll growth.



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

### Largest employers in the Columbia area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Fort Jackson	Government	9,200
Palmetto Health	Education and health services	9,000
BlueCross BlueShield of South Carolina	Financial activities	6,459

Note: Excludes local school districts.  
Source: Moody's economy.com



continued from page 2

The University of South Carolina has a major effect on the metropolitan area economy. At campuses throughout the state, USC enrolls nearly 33,000 students, of which 31,000 attend the main

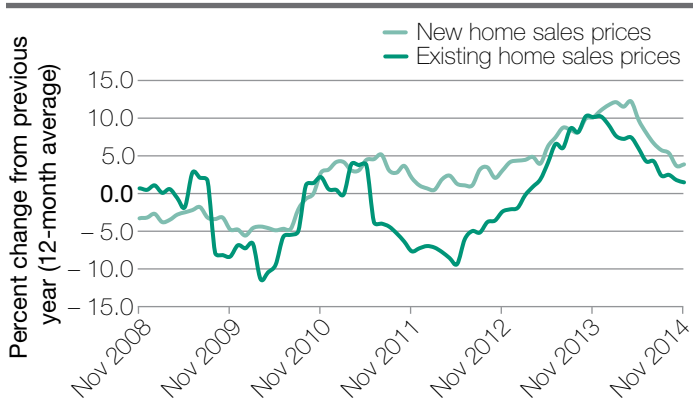
campus in the city of Columbia. USC is the fourth largest employer in the metropolitan area, with nearly 6,000 employees, and has a statewide economic impact of \$4.1 billion annually (USC data).

## Sales Market Conditions

The sales housing market in the Columbia metropolitan area is slightly soft, with a vacancy rate of 2.0 percent compared with the rate of 2.7 percent in April 2010. Lower employment growth during the past 2 years contributed to a decline in home sales during the past year. During the 12 months ending November 2014 (the most recent data available), existing home sales (including single-family homes, townhomes, and condominiums) totaled nearly 10,000, a decrease of 230 homes, or 2 percent, from the same 12-month period a year earlier (CoreLogic, Inc., with adjustments by the analyst). The average sales price of an existing home increased 1 percent, to \$173,100, from the 12 months ending November 2013 because sales of real estate owned (REO) properties declined. New home sales totaled 2,375 during the 12 months ending November 2014, down by 30 homes, or 1 percent, from the same 12-month period a year ago. The average new home sales price was \$219,000, up 4 percent from the previous 12 months.

- Despite the recent decline in home sales, new and existing home sales are up 6 and 15 percent, respectively, from the 2009-through-2012 period, when conditions were softer.
- The number of REO homes sold declined to 1,775 during the 12 months ending November 2014, down 13 percent from 2,025 homes during the previous 12-month period.

Although home sales prices increased in the Columbia area during the past year, soft sales market conditions slowed the growth rate for both new and existing homes.



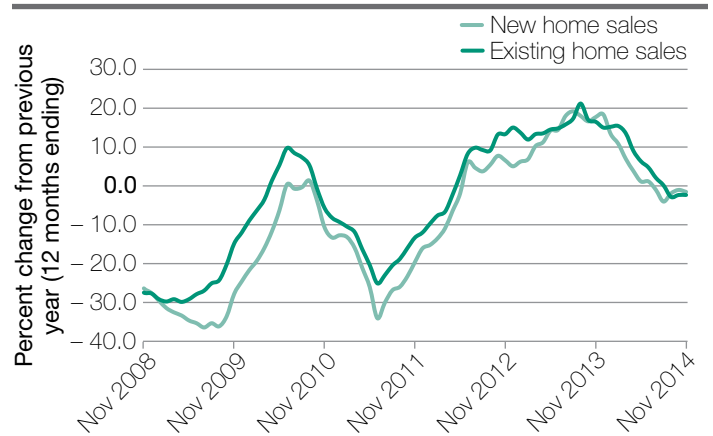
Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

- During the 12 months ending November 2014, the average sales price of an REO property was \$82,950, down nearly 1 percent from the average sales price during the same 12-month period a year earlier.
- As of December 2014, 5.7 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 6.4 percent in December 2013 (Black Knight Financial Services, Inc.).

Despite slightly soft sales market conditions in the Columbia metropolitan area, single-family homebuilding activity, as measured by the number of homes permitted, increased slightly during the fourth quarter of 2014 as nonfarm payroll growth remained positive.

- During the fourth quarter of 2014, permits were issued for approximately 750 single-family homes, an increase of 45 homes, or 7 percent, from the fourth quarter of 2013 (preliminary data).
- An average of 560 homes were permitted during the fourth quarters from 2009 through 2012.
- Dove Chase is a subdivision under construction in the city of Lexington consisting of 99 single-family homes with prices starting from the low \$210,000s.

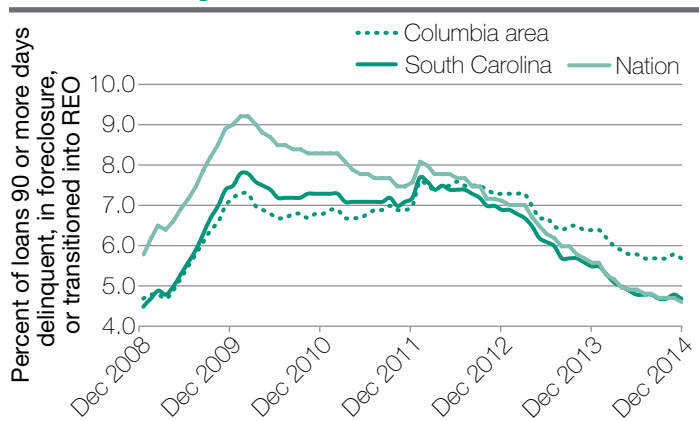
New and existing home sales in the Columbia area declined during the past year as economic growth slowed.



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

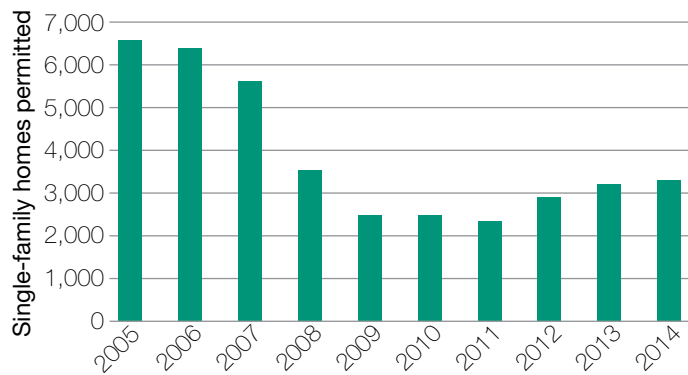


The percent of seriously delinquent loans and REO properties in the Columbia area decreased during the past year but remained above the state and national averages.



REO = real estate owned.  
Source: Black Knight Financial Services, Inc.

Single-family building activity continued to increase gradually in the Columbia area, although homebuilding remained significantly below peak levels.



Note: Includes preliminary data from January 2014 through December 2014.  
Source: U.S. Census Bureau, Building Permits Survey

## Apartment Market Conditions

Apartment market conditions in the Columbia metropolitan area are currently soft but improving because the demand for apartments exceeded new supply during the past year.

During the fourth quarter of 2014—

- The apartment vacancy rate was 6.8 percent, down from 8.6 percent during the fourth quarter of 2013 (MPF Research).
- The average asking rent was \$805, up less than 1 percent from the average asking rent during the fourth quarter of 2013.
- Conditions in the MPF Research-defined Central Columbia/University market area, which consistently has the lowest vacancy

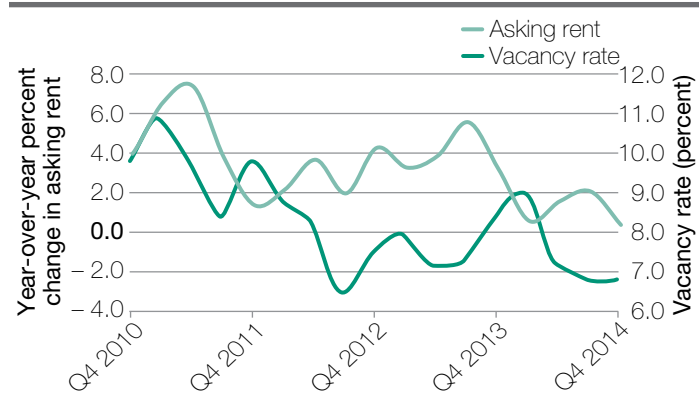
rate in the metropolitan area because of the presence of USC, were balanced at an apartment vacancy rate of 5.0 percent compared with 3.9 percent during the fourth quarter of the previous year.

- The average asking rent in the Central Columbia/University area decreased nearly 4 percent from the fourth quarter of 2013, to \$1,131, the highest average rent in the metropolitan area.

Multifamily construction activity in the Columbia metropolitan area, as measured by the number of units permitted, increased during 2014 as a result of improved apartment market conditions.

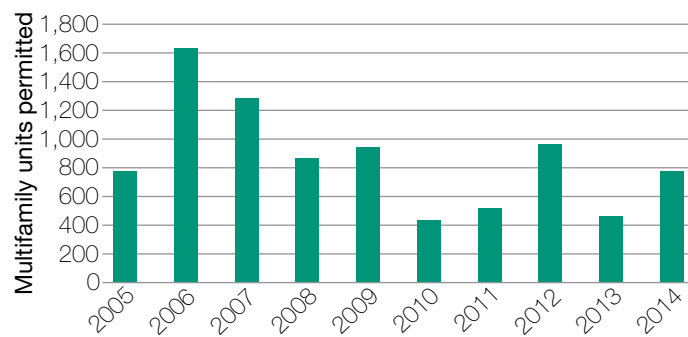
continued on page 5

Apartment market conditions in the Columbia area were soft but improving.



Source: MPF Research

Increased demand for rental units in the Columbia area during the past year led to a spike in multifamily permitting in 2014, although permitting remained well below the 2006 peak.



Note: Includes preliminary data from January 2014 through December 2014.  
Source: U.S. Census Bureau, Building Permits Survey



continued from page 4

- During 2014, approximately 770 units were permitted, an increase of 310 units, or 66 percent, from 2013 (preliminary data).
- By comparison, an average of 620 units were permitted annually from 2010 through 2012.
- Virtually all the new multifamily construction during the fourth quarter of 2014 was for apartment units, up from an average of 85 percent of new multifamily construction during the peak years from 2006 through 2009.
- The Atlantic at Parkridge is a 298-unit apartment complex under construction in the town of Irmo scheduled to be complete during the third quarter of 2016. Proposed asking rents have not yet been released.
- Approximately 340 apartment units are under construction in the Columbia metropolitan area (McGraw-Hill Construction Pipeline database).

