

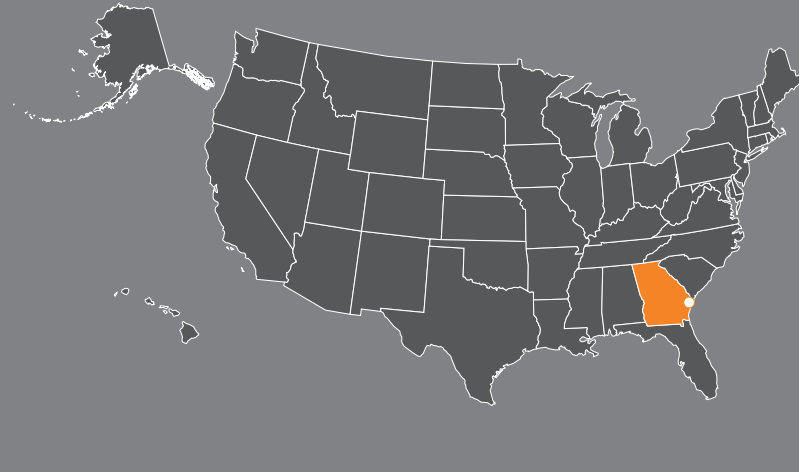
HUD PD&R Housing Market Profiles

Savannah, Georgia



Quick Facts About Savannah

- Current sales market conditions: balanced
- Current apartment market conditions: balanced
- In 2019, the Savannah metropolitan area hosted 14.8 million visitors, with the Savannah Downtown Historic District and nearby Tybee Island serving as popular tourist attractions (Savannah Area Chamber).



By Karen M. Ostrye | As of June 1, 2022

Overview

The Savannah, GA Metropolitan Statistical Area (hereafter, the Savannah metropolitan area) includes Bryan, Chatham, and Effingham Counties in eastern Georgia. The metropolitan area is 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 metropolitan area is an important shipping hub and a popular tourist destination. Hunter Army Airfield (AAF) and Fort Stewart Army Base (AB) account for 21,200 military personnel and 4,300 civilian employees and contractors. More than 30 aerospace manufacturing companies, including Gulfstream Aerospace Corporation, the largest nonmilitary employer in the metropolitan area, are strengthened by the military presence in the metropolitan area.

- As of June 1, 2022, the population of the Savannah metropolitan area is estimated at nearly 414,900, reflecting an average annual increase of 5,525, or 1.5 percent, since 2010. By comparison, from 2000 to 2010, population growth averaged 5,450 people, or 1.7 percent, a year.
- Population growth has slowed since 2016 to an average of 4,325 people, or 1.1 percent, annually, compared with the

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2010-to-2016 period, when growth averaged 6,675 people, or 1.8 percent, annually (U.S. Census Bureau decennial census counts and population estimates as of July 1).

- Despite mostly strong job growth in the metropolitan area, both in-migration and net natural increase have slowed since 2016. Net in-migration averaged 2,925 people annually, accompanied by net natural increase of 1,400 people annually since 2016. From 2010 to 2016, net in-migration averaged 4,400 people annually, and net natural increase averaged 2,275 people annually.

- In 2019, approximately 15 percent of all residents in the metropolitan area were aged 65 or older, up from 12 percent in 2010 (American Community Survey 1-year estimates). The Savannah metropolitan area is popular with military retirees, who tend to settle around bases to access healthcare and commissary benefits. Nearly 3,500 Army retirees from Fort Stewart AB and Hunter AAF live in the metropolitan area, accounting for an estimated 4 percent of those 65 years or older in the metropolitan area (Fort Stewart/Hunter AAF 2018 Data Command Summary).

Economic Conditions

Economic conditions in the Savannah metropolitan area have strengthened in the wake of the downturn resulting from the COVID-19 pandemic. Nonfarm payrolls increased by 11,400 jobs, or 6.1 percent, year-over-year to an average of 199,100 jobs during the 3 months ending May 2022. The unemployment rate declined to 2.7 percent during the 3 months ending May 2022 from 4.2 percent during the same period a year earlier. In the metropolitan area, 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. The significance of tourism in the metropolitan area contributed to severe job losses during the early stages of the COVID-19 pandemic. Payrolls in the metropolitan area declined by 31,300 jobs, or 16 percent, during April 2020 and, as of May 2022, are

4 percent above the level in March 2020, before pandemic impacts (monthly data; not seasonally adjusted).

During the 3 months ending May 2022 —

- The leisure and hospitality sector added 2,800 jobs, or 11.5 percent, from the same period a year earlier. In May 2022, the sector was approximately 3 percent above the level of payrolls during March 2020, before the pandemic impacts (monthly data; not seasonally adjusted). The leisure and hospitality sector accounts for 14 percent of total nonfarm payrolls in the metropolitan area compared with 10 percent of total nonfarm payrolls nationally.
- The professional and business services sector added 3,100 jobs, or 11.8 percent, the most of any sector. Continued expansion of this sector is anticipated with the opening of

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All but two nonfarm payroll sectors added jobs in the Savannah metropolitan area during the past year.

	3 Months Ending		Year-Over-Year Change	
	May 2021 (Thousands)	May 2022 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	187.7	199.1	11.4	6.1
Goods-Producing Sectors	25.8	27.1	1.3	5.0
Mining, Logging, & Construction	8.0	8.6	0.6	7.5
Manufacturing	17.8	18.5	0.7	3.9
Service-Providing Sectors	161.9	172.1	10.2	6.3
Wholesale & Retail Trade	28.5	30.1	1.6	5.6
Transportation & Utilities	17.7	17.4	-0.3	-1.7
Information	2.5	3.8	1.3	52.0
Financial Activities	6.3	6.7	0.4	6.3
Professional & Business Services	26.2	29.3	3.1	11.8
Education & Health Services	25.3	26.6	1.3	5.1
Leisure & Hospitality	24.3	27.1	2.8	11.5
Other Services	7.2	7.6	0.4	5.6
Government	23.7	23.5	-0.2	-0.8
Unemployment Rate	4.2%	2.7%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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the Igneo recycling facility near the port, which is expected to create 150 new jobs by the end of this year.

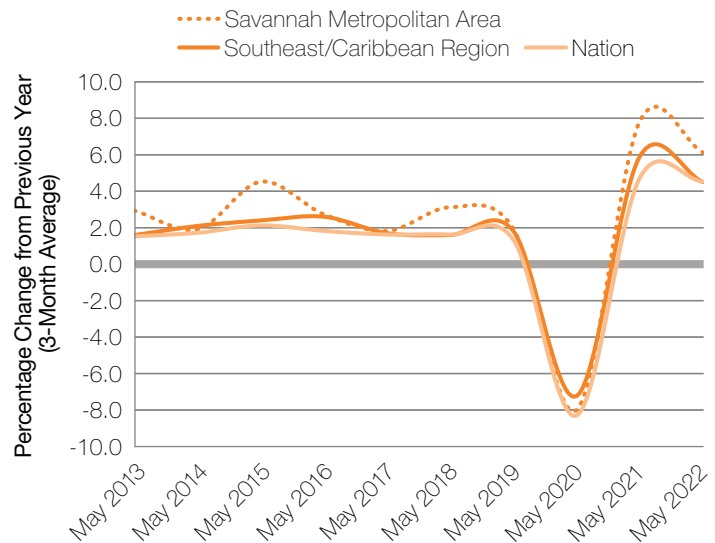
- The wholesale and retail trade sector added 1,600 jobs, or 5.6 percent. About 65 percent of those gains were in retail trade, some of which can be attributed to the return of tourists to retailers in the area, and 35 percent of the gains were due to increased wholesale trade activity, partly related to the expansion of the port.
- The mining, logging, and construction sector added 600 jobs, or 7.5 percent, compared with a year earlier. Some of this growth is due to the construction of the AC Hotel by Marriott in the waterfront district, which broke ground in April 2022.
- The manufacturing sector, which represents 9 percent of all nonfarm payrolls, increased by 700 jobs, or 3.9 percent. The \$5.54 billion Hyundai Motor Group electric vehicle and battery manufacturing facility, which will begin construction in January of 2023, is expected to create 8,100 manufacturing jobs by 2025.

During the 3 months ending May 2022, transportation and utilities sector payrolls decreased by 300 jobs, or 1.7 percent, compared with a gain of 3,300 jobs, or 23.1 percent, during the previous year, when distribution centers and warehouses expanded operations and many people bought more goods and fewer services while staying home to avoid COVID-19. This sector has been the fastest growing in the metropolitan area since 2001, more than doubling in size. The \$127 million Mason Mega Rail project completed 18 tracks in November 2021 and doubled the rail capacity at the Port of Savannah. The greater rail capacity and the deepening of the port, completed in March 2022, are expected to continue to boost job growth in the transportation and utilities sector. Lineage Logistics Holdings, LLC, a temperature-controlled logistics solutions provider, announced the addition of a \$62 million temperature-controlled storage facility near the Port of Savannah in Chatham County

Sales Market Conditions

The sales housing market in the Savannah metropolitan area is balanced, with an estimated sales vacancy rate of 1.5 percent as of June 1, 2022—down from 3.9 percent during April 2010 when the market was soft. As of May 2022, 4.3 months of available inventory were for sale in the metropolitan area, up from 2.1 months a year ago (Savannah Area REALTORS®). After strong demand for new homes led to robust growth in home sales from mid-2018 through 2019, new home sales growth has moderated since 2020, partly because building material supply chain issues have slowed the supply of finished

Nonfarm payroll growth in the Savannah metropolitan area has exceeded the growth of the Southeast/Caribbean Region and the nation since mid-2021.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Savannah Metropolitan Area

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

Notes: Excludes local school districts; excludes military.

Source: Savannah Economic Development Authority

that is expected to add 65 jobs by the end of the year. This facility will be part of a group of distribution centers, storage facilities, and warehouses along the rail lines and interstates near the port.

new homes. By comparison, in mid-2021, existing home sales had exhibited the strongest growth since 2012 because of the combination of historically low-interest rates and increased telework flexibilities due to COVID-19. Since early 2022, rising mortgage rates have increased the cost of borrowing, which is starting to limit sales demand. The average 30-year fixed rate mortgage was 2.96 percent in May 2021, but it climbed to 5.23 percent by May 2022 (Freddie Mac).

- New home sales totaled 1,725 during the 12 months ending May 2022, down 3 percent from 1,775 sales a year ago.

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The average sales price for a new home was \$319,800 during the 12 months ending May 2022, representing an increase of 12 percent from a year earlier (CoreLogic, Inc., with adjustments by the analyst). Some of the price increase can be attributed to higher construction costs and lingering supply chain disruptions resulting from COVID-19.

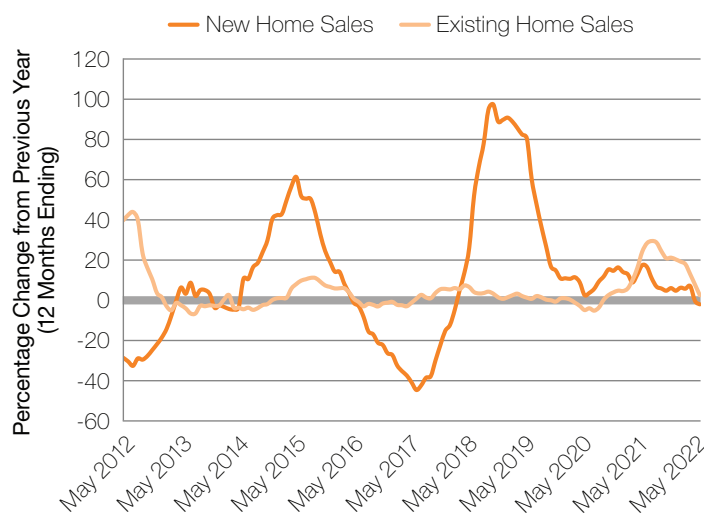
- Existing home sales totaled 11,500 during the 12 months ending May 2022, up 2 percent from 11,250 homes sold during the previous 12-month period. The average sales price for an existing home was \$332,500, reflecting an increase of 15 percent from \$288,900 a year earlier compared with a 19-percent increase during the previous year. Price growth has slowed since July 2021 because rising interest rates have increased the cost of a mortgage and reduced the tendency of buyers to bid above the asking price for a home.
- The percentage of mortgages that were seriously delinquent or in real estate owned (REO) status fell to 1.8 percent in May 2022 from 3.9 percent in May 2021. The economic contraction at the onset of the COVID-19 pandemic led to a temporary rise in the delinquency rate, which reached a high of 5.3 percent during August 2020, lower than the high of 5.4 percent for Georgia but higher than the national rate of 4.4 percent during the same month.
- REO sales accounted for less than 1 percent of existing home sales during the 12 months ending May 2022, down from 2 percent a year earlier. Use of forbearance

programs coupled with a strong economic recovery reduced foreclosures during the past year.

Single-family homebuilding, as measured by the number of homes permitted, increased each year from 2011 through 2015 before falling in 2016. Since 2017, the number of homes permitted has mostly trended upward and remains at relatively high levels when compared with the number permitted earlier

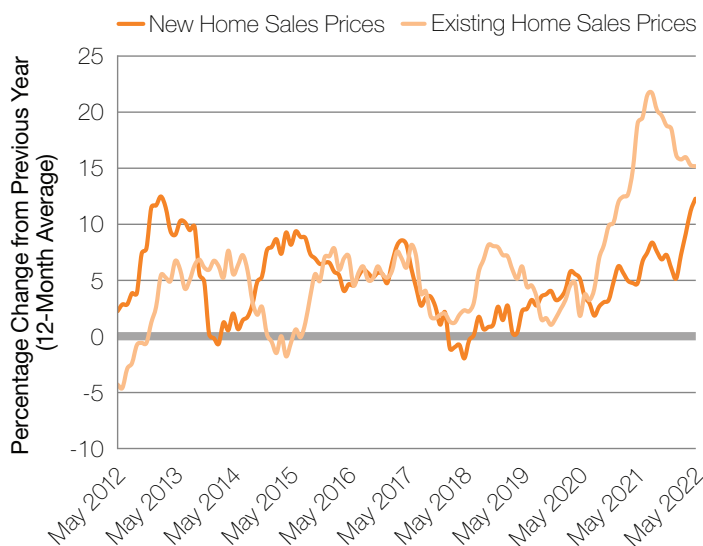
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New and existing home sales growth slowed in the Savannah metropolitan area during the past year.



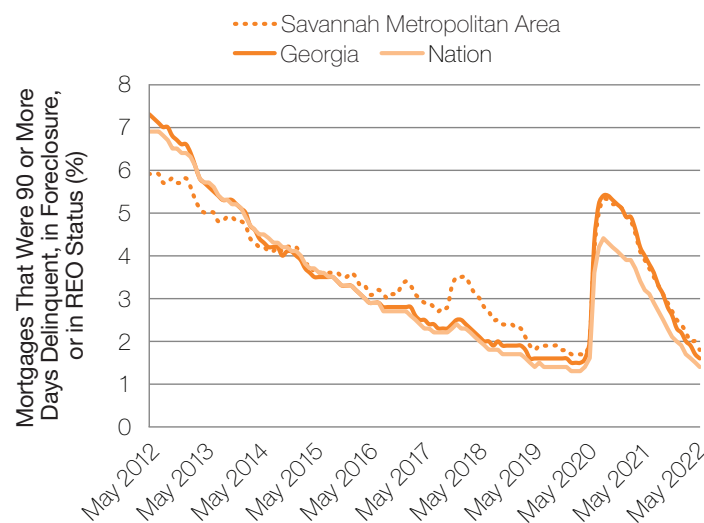
Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

Elevated construction costs contributed to strong new home sales price growth in the Savannah metropolitan area during the past 2 years.



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

The rate of seriously delinquent mortgages and REO properties in the Savannah metropolitan area has been higher than the rates for the state and the nation since late 2021.



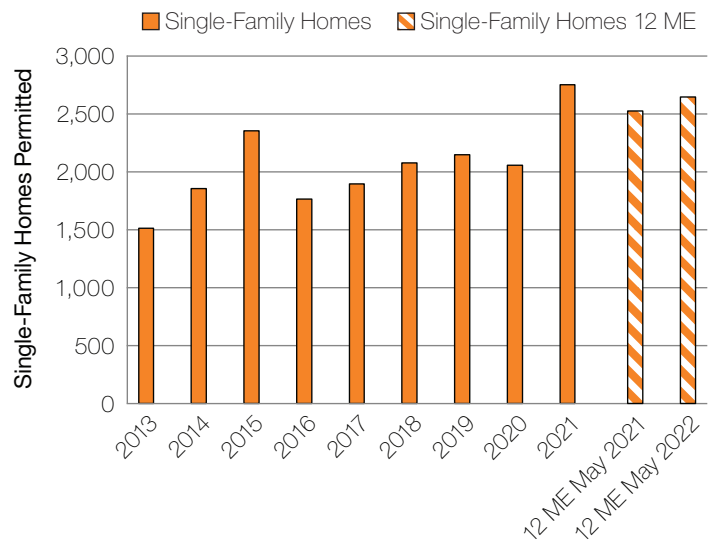
REO = real estate owned.
Source: CoreLogic, Inc.

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in the 2010s. Recent new home construction has been active along Interstate 95 near the Interstate 16 interchange and in the city of Richmond Hill in Bryan County.

- During the 12 months ending May 2022, 2,650 single-family homes were permitted, up from 2,525 homes during the 12 months ending May 2021.
- An average of 2,250 homes were permitted each year from 2018 through 2021—higher than the average of 1,875 homes permitted each year from 2013 through 2017 when developers were cautious after the housing crisis.
- Approximately 46 percent of all single-family homes permitted in the metropolitan area since the start of 2017 have been in Chatham County. Brookhaven, a community in the city of Savannah with 62 single-family homes planned, 40 of which are complete, is currently under construction. This community has three- to five-bedroom homes with prices starting at \$369,000.
- Since 2014, homebuilding has been notable in the city of Richmond Hill in Bryan County, with easy access to Fort Stewart AB. Approximately 40 of the 60 homes planned at buildout have been completed in Wexford, a community near State Route 144 south of the city of Richmond Hill. Prices for the three- to five-bedroom, 1,800- to 4,200-square-foot homes start at \$406,000.

The number of single-family homes permitted in the Savannah metropolitan area has been trending upward since 2017.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Apartment Market Conditions

Apartment market conditions in the Savannah metropolitan area are currently balanced. Strong renter household growth has contributed to declining vacancy rates and rent growth since the early 2010s. Vacancy rates are currently at the lowest level since 2007, following a spike in vacancy rates in 2020 when the COVID-19-related economic contraction led many renters to search for more affordable housing. Following modest increases during the previous decade, the average rent in the metropolitan area rose sharply during the past year, more than tripling any rent growth recorded in the past decade. During the first quarter of 2022, the average rent in the Savannah metropolitan area was \$1,445, up 21 percent from a year ago, whereas the average rent for the nation increased approximately 11 percent to \$1,594 (CoStar Group). Some of the increase in the metropolitan area can be attributed to many newer, higher priced units that entered the market during the past year, in which average rents were about 19 percent higher than newer units completed during the previous year. By comparison, the average rent in the metropolitan area rose an average of 3 percent annually from the first quarter of 2014 to the first quarter of 2021, the same rate as the average rent in the nation.

During the first quarter of 2022—

- The apartment vacancy rate in the metropolitan area was 6.4 percent, down from 10.2 percent during the first quarter of 2021 and below the recent high of 11.1 percent in the first quarter of 2020, when many new units had been added.
- Chatham County had the highest percentage increase in average asking rent in the Savannah metropolitan area, rising 22 percent to \$1,447 because of the proximity to the employment centers. The vacancy rate in Chatham County was 6.1 percent in the first quarter of 2022, down from 9.9 percent the previous year.
- Effingham County had the highest vacancy rate in the metropolitan area at 14.4 percent, down from 21.5 percent during the first quarter of 2021 and less than one-half the recent high of 31.2 percent during the second quarter of 2020, when the COVID downturn led to higher vacancy rates across the metropolitan area. This outlying county is farthest from the economic core and has had virtually no units added since 2013.

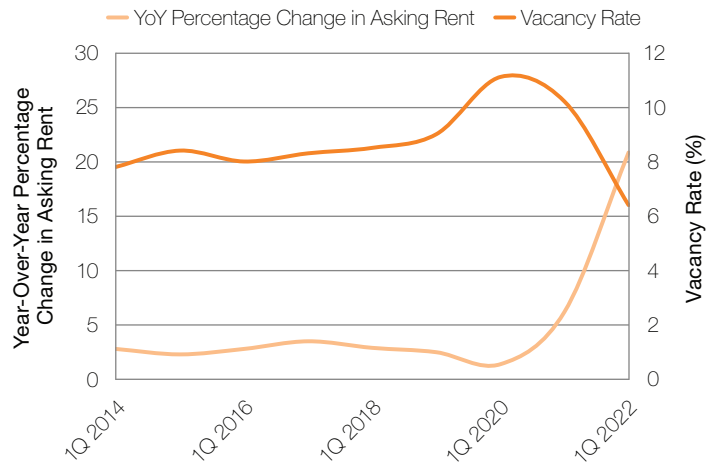
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Multifamily construction activity, as measured by the number of units permitted, has been slower since 2019 after several years of trending upward. During the 12 months ending May 2022, 830 multifamily units were permitted in the Savannah metropolitan area compared with 720 units permitted during the previous year (preliminary data). As of June 1, 2022, an estimated 880 multifamily units were under construction in the metropolitan area, all which are intended for renter occupancy.

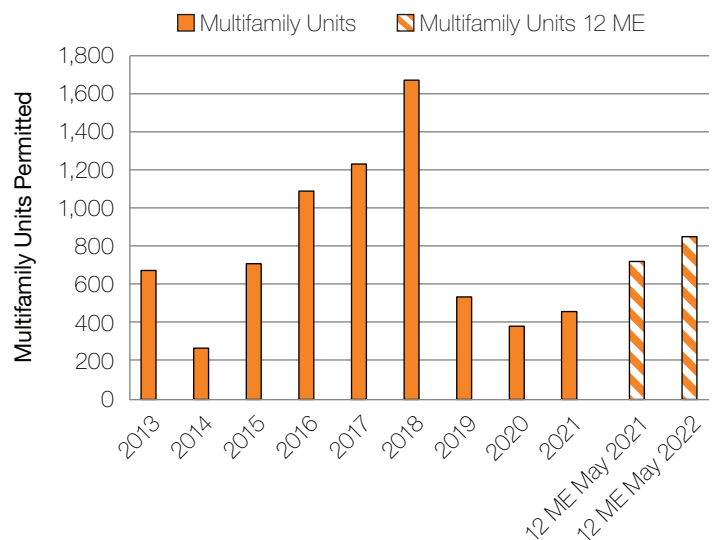
- From 2016 through 2018, multifamily permitting averaged 1,325 units annually compared with an average of 550 units annually from 2013 through 2015.
- More than 90 percent of all multifamily units added since 2017 have been in Chatham County. The cities of Port Wentworth and Garden City, near the port headquarters, accounted for 44 percent of all apartments built in the metropolitan area during the past 2 years. One of the newer properties in the city of Port Wentworth, Pointe Grand Savannah, completed in 2021, has 288 units, with rents ranging from \$1,499 to \$2,659.
- Notable new apartment construction is also occurring near downtown Savannah. The Lowe, a 135-unit property in the downtown area that began lease-up in early 2022, offers studio, one-bedroom, and two-bedroom units with rents starting at \$1,275, \$1,750, and \$2,125, respectively.
- Approximately 6 percent of the apartment units built in the metropolitan area during the past 2 years were for residents ages 55 and older. The 55-unit Live Oak Landing is a 55-and-older community that is currently leasing in downtown Savannah and is designated for those with incomes at or below 60 percent of median income.

Rent growth has accelerated, and the vacancy rate has trended downward in the Savannah metropolitan area since 2020.



1Q = first quarter. YoY = year-over-year.
Source: CoStar Group

Multifamily construction in the Savannah metropolitan area was trending upward during the mid-2010s, but it has been slower since 2019.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. 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.
Existing Home Sales	Includes resales and REO sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Increase	Resident births are greater than resident deaths.
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.