

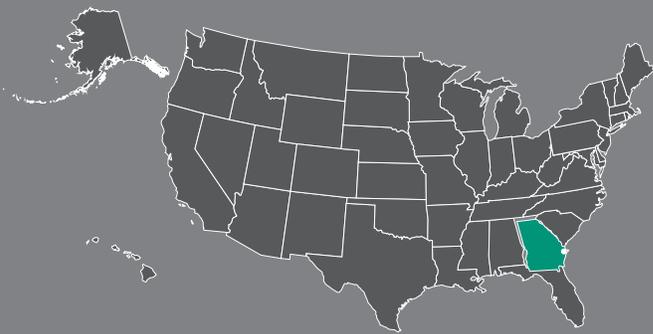
HUD PD&R Housing Market Profiles

Savannah, Georgia



Quick Facts About Savannah

- **Current sales market conditions: soft but improving.**
- **Current apartment market conditions: slightly tight.**
- **The city of Savannah, known for its historical district and beautiful architecture, attracts nearly 12 million visitors each year. The Port of Savannah is the fourth largest seaport in the nation by container volume.**



By Yvonne R. McNeil | As of January 1, 2015

Overview

The Savannah metropolitan area, which consists of Bryan, Chatham, and Effingham Counties in southeastern Georgia, is home to the city of Savannah, the oldest city in Georgia. Gulfstream Aerospace Corporation, Memorial Health University Medical Center, and St. Joseph's/Candler Health System are the largest employers with 8,400, 4,650, and 3,300 employees, respectively, and contribute to the economic stability and growth of the metropolitan area. During 2011, Georgia ranked fifth in the country in aerospace employment and, in 2013, Gulfstream was the fourth largest aerospace employer in the state (Georgia Department of Economic Development; most recent data available).

- As of January 1, 2015, the population of the metropolitan area was estimated at 374,000.
- Since April 2010, population growth has averaged 5,025 people, or 1.4 percent, a year, down from an average of 8,825 people, or 2.0 percent, a year from 2008 to 2009, when population growth peaked.
- Despite continued strong economic conditions since 2010, net in-migration has accounted for only 52 percent of population growth since 2010 compared with nearly 70 percent of growth from 2005 to 2009.



PD&R



Nonfarm payroll jobs increased or remained stable in all but two sectors in the Savannah area.

	3 Months Ending		Year-Over-Year Change	
	December 2013 (thousands)	December 2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	162.8	166.7	3.9	2.4
Goods-producing sectors	20.5	20.7	0.2	1.0
Mining, logging, and construction	5.3	5.6	0.3	5.7
Manufacturing	15.2	15.2	0.0	0.0
Service-providing sectors	142.3	146.0	3.7	2.6
Wholesale and retail trade	25.6	25.0	-0.6	-2.3
Transportation and utilities	10.6	12.1	1.5	14.2
Information	1.3	1.3	0.0	0.0
Financial activities	6.6	6.6	0.0	0.0
Professional and business services	20.8	22.0	1.2	5.8
Education and health services	24.1	24.4	0.3	1.2
Leisure and hospitality	22.9	24.1	1.2	5.2
Other services	7.2	7.1	-0.1	-1.4
Government	23.3	23.3	0.0	0.0
	(percent)	(percent)		
Unemployment rate	6.8	6.3		

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

Economic Conditions

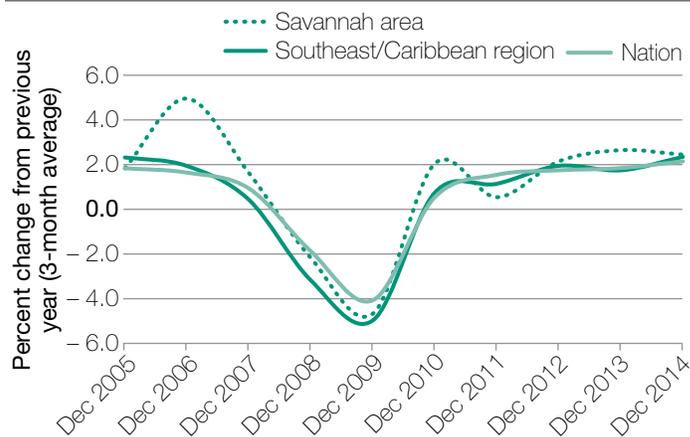
Economic conditions in the Savannah metropolitan area strengthened during the past 4 years after a decline during 2009, 1 of only 2 years since 2000 when job losses occurred.

During the fourth quarter of 2014—

- Nonfarm payrolls averaged 166,700 jobs, reflecting an increase of 3,900 jobs, or 2.4 percent, from the same quarter a year earlier.
- The transportation and utilities sector led growth with an increase of 1,500 jobs, or 14.2 percent, and is expected to continue growing because of a large expansion project at the Port of Savannah, the second busiest container exporter of U.S. goods among ports in the nation. The Port of Savannah had an estimated impact of \$66.9 billion on Georgia's total state sales in 2013 (Georgia Ports Authority; most recent data available).
- After recording quarter-over-quarter increases in jobs for the past 3 years, the wholesale and retail trade sector led job losses, decreasing by 600 jobs, or 2.3 percent, from the fourth quarter of 2013.
- The average unemployment rate decreased to 6.3 percent from 6.8 percent during the same quarter a year ago because employment growth outpaced labor force growth.

continued on page 3

Nonfarm payrolls in the Savannah area have increased since 2010, and growth remained strong during the past year.



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

Largest employers in the Savannah area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Gulfstream Aerospace Corporation	Manufacturing	8,400
Memorial Health University Medical Center	Education and health services	4,650
St. Joseph's/Candler Health System	Education and health services	3,300

Note: Excludes local school districts.
Source: Moody's Analytics



continued from page 2

Strong economic conditions in the metropolitan area encouraged several expansions, which are currently under way. In early 2010, Gulfstream announced plans for a \$500 million plant expansion, which was expected to add approximately 1,000 jobs to the metropolitan area by 2017. By late 2013, however, the company reported that it had created 2,200 new jobs. In early 2014, Gulfstream announced plans to build a new 400,000-square-foot product support distribution

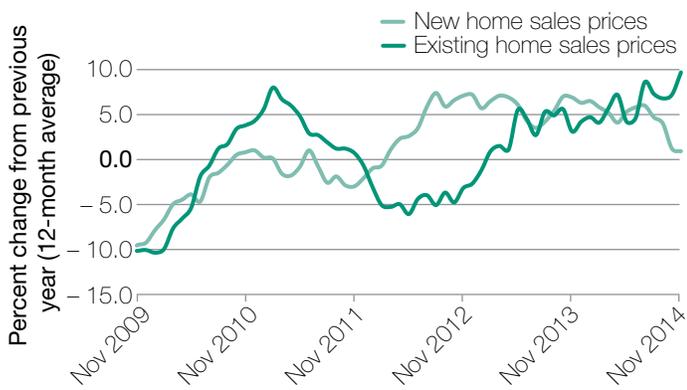
center and add a further 300 employees by the time the facility is complete, which is expected in 2015. The Savannah Harbor Expansion Project, a \$706 million project to deepen the harbor at the Port of Savannah to accommodate larger ships, began construction in late 2014 and is expected to take 5 years to complete. This expansion is estimated to have an economic impact of \$174 million in the United States and increase cargo containers per transit by 78 percent.

Sales Market Conditions

The sales housing market in the Savannah metropolitan area is currently soft but improving as a result of recent employment growth. During the 12 months ending November 2014, approximately 5,025 existing single-family homes, townhomes, and condominiums (hereafter, existing homes) sold, an increase of 275 homes, or 5 percent, from the 12 months ending November 2013. The average existing home sales price increased approximately 10 percent, to \$201,700 (CoreLogic, Inc., with adjustments by the analyst).

- From 2009 through 2011, an average of 3,625 existing homes sold annually. By comparison, from 2006 through the end of 2008, an average of 5,650 existing homes sold annually in the metropolitan area.
- The number of real estate owned (REO) sales declined to 17 percent of existing homes sold during the 12 months ending November 2014, down from 31 percent of sales during the previous 12 months. By comparison, from 2009 through 2011, REO sales accounted for 30 percent of existing homes sold.

Existing home sales prices in the Savannah area have continued to increase since the beginning of 2013.



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

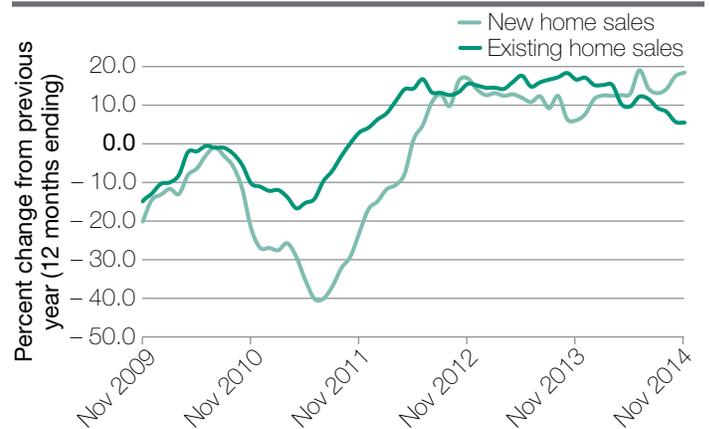
- During the 12 months ending November 2014, approximately 1,150 new homes sold, an increase of 175 homes, or 18 percent, from a year earlier.
- As of December 2014, 4.5 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down slightly from 4.9 percent a year earlier (Black Knight Financial Services, Inc.). By comparison, 4.6 percent of homes loans in the nation were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 5.6 percent a year earlier.

Homebuilding, as measured by the number of single-family homes permitted, increased during the fourth quarter of 2014 compared with the number of homes permitted a year earlier in response to an improving economy.

- Approximately 370 single-family homes were permitted during the fourth quarter of 2014, a 19-percent increase from the 310 homes permitted during the same quarter a year ago (preliminary data).

continued on page 4

Improving economic conditions in the Savannah area have led to an increase in existing home sales since the end of 2011.



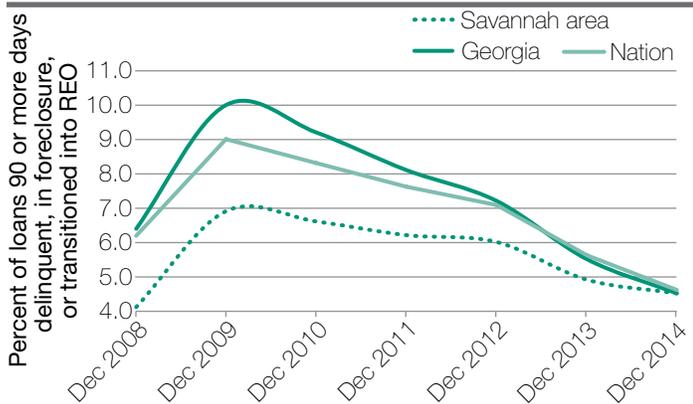
Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst



continued from page 3

- An average of 3,475 homes were permitted annually from 2005 through 2007, when economic conditions were strong. Then, as economic conditions declined, average annual permitting decreased to 1,275 homes from the end of 2007 through 2010.

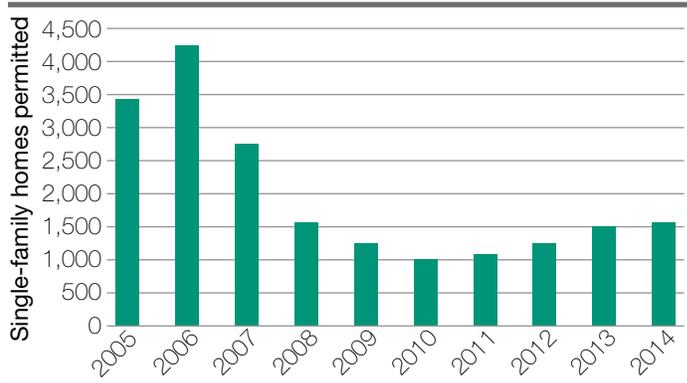
The percentage of seriously delinquent loans and REO properties in the Savannah area reached its lowest point since 2009.



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

- Subdivisions under construction in the metropolitan area include the Mosswood at Berwick community in Richmond Hill, where three-, four-, and five-bedroom homes are available for prices ranging from approximately \$180,000 to \$234,000.

Single-family permitting activity in the Savannah area in 2014 was approximately one-half of the annual average from 2005 through 2007.



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 Savannah metropolitan area are currently slightly tight. The overall apartment market improved during the past 4 years because of increased demand for rental units and minimal multifamily construction activity from 2009 through 2012.

During the fourth quarter of 2014—

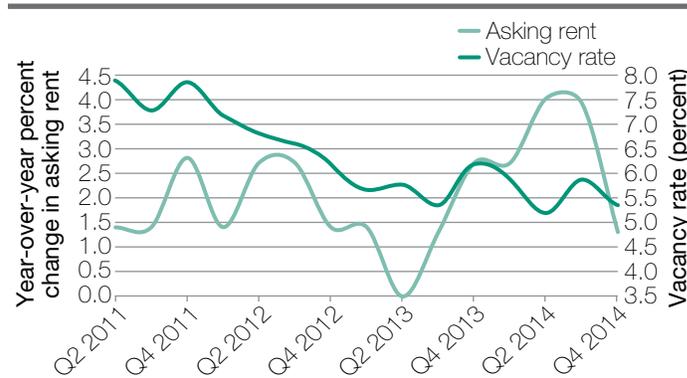
- The apartment vacancy rate decreased in the Savannah metropolitan area to 5.4 percent from 6.2 percent a year earlier. By comparison, the apartment vacancy rate was 11.1 percent in 2009, the highest rate recorded since 2005 (Reis, Inc.).
- The average asking rent increased approximately 1 percent from the same quarter a year earlier, to \$780. By comparison, year-over-year average rents increased at least 2.7 percent each quarter from the third quarter of 2013 through the third quarter of 2014.
- The average rents were \$575, \$700, \$800, and \$1,000 for studio, one-bedroom, two-bedroom, and three-bedroom apartments, respectively.

Apartment construction is concentrated in the western portion of the metropolitan area, including the city of Pooler.

- During the fourth quarter of 2014, virtually no units were permitted compared with 115 units permitted during the same quarter a year earlier (preliminary data).

continued on page 5

Rent growth in the Savannah area slowed during the past year despite increasing demand for rental units.



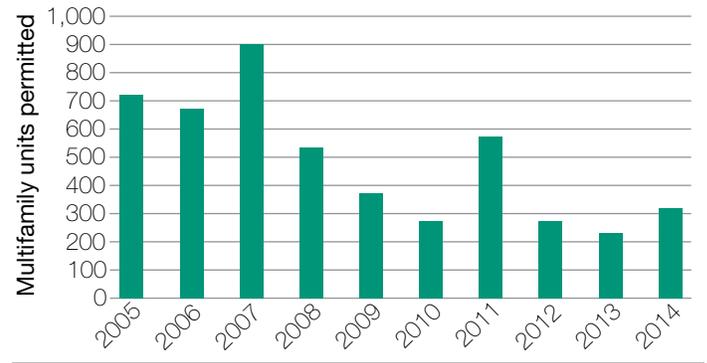
Source: Reis, Inc.



continued from page 4

- An average of 710 units were permitted annually from 2005 through 2008, a period of economic growth and strong rental demand. Multifamily building activity declined to an average of 325 units permitted annually from the end of 2008 through 2010.
- Approximately 800 apartments are currently under construction, a relatively large construction pipeline for the metropolitan area. As these units enter the market during the next 12 months, they are expected to put upward pressure on the apartment vacancy rate.
- One of the larger properties under construction in the metropolitan area is the 317-unit Parkside at the Highlands apartments in Pooler. Approximately 100 units have completed construction and are available to lease. Rents for studio, one-bedroom, two-bedroom, and three-bedroom units start at \$700, \$770, \$1,225, and \$1,300, respectively.

Multifamily construction in the Savannah area remained relatively minimal during the past year despite record-low apartment vacancy rates.



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

