

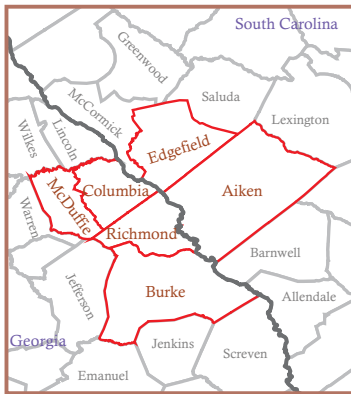
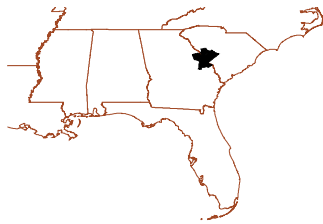


Augusta, Georgia-South Carolina

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of January 1, 2008



Housing Market Area



The Augusta, Georgia-South Carolina Housing Market Area (HMA) is located 145 miles east of Atlanta. It comprises Burke, Columbia, McDuffie, and Richmond Counties in Georgia and Aiken and Edgefield Counties in South Carolina. Augusta is home to the U.S. Army Signal Center and Fort Gordon and is known for hosting the annual Masters Golf Tournament at the Augusta National Golf Club during April.

Market Details

- Economic Conditions2
- Population and Households4
- Housing Market Trends5
- Data Profile8

Summary

Economy

The government and health services industries in the Augusta HMA provide economic stability for the local economy. Leading employers include Fort Gordon, with more than 19,800 military and civilian workers; the Washington Savannah River Company, which operates the Savannah River Site for the U.S. Department of Energy (DOE), employing approximately 10,700 people; and the Medical College of Georgia (MCG), with approximately 4,650 employees. During 2007, nonfarm employment increased by an average of 2,500 jobs, or 1.2 percent. The professional and business services and leisure and hospitality sectors had the most job growth. During the next 3 years, nonfarm employment is expected to increase by an average of 1.0 percent annually.

Sales Market

The sales housing market has remained balanced in the HMA amid decreasing home sales due to a cutback in home production. During 2007, existing home sales decreased by 12 percent from 2006. Despite decreased sales, the average sales price increased by nearly 4 percent to \$170,100. Demand

for new homes is expected to total 6,975 units during the 3-year forecast period (see Table 1).

Rental Market

The rental housing market in the HMA is currently soft, with a rental vacancy rate of 9 percent. The apartment market is currently balanced; it has tightened from soft conditions in recent years as a result of a slowdown in apartment construction. Average rents in 2007 have increased by more than 4 percent from the previous year. Due to the large number of rental units currently on the market, no demand for new rental units is anticipated during the 3-year forecast period (see Table 1).

Table 1. Housing Demand in the Augusta HMA, 3-Year Forecast, January 1, 2008 to January 1, 2011

	Augusta HMA	
	Sales Units	Rental Units
Total Demand	6,975	0
Under Construction	950	338

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2008.

Source: Estimates by analyst

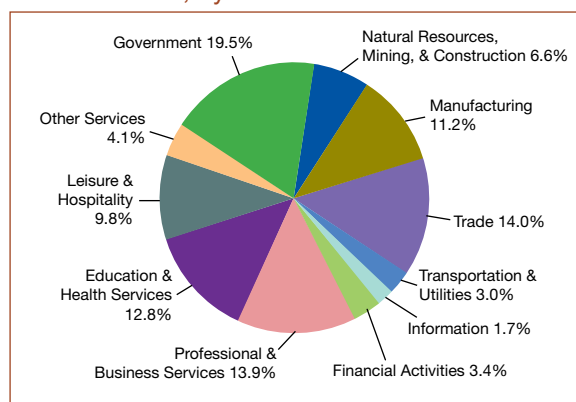
Economic Conditions

Fort Gordon is the primary foundation of the Augusta HMA economy. According to the Plans, Analysis, and Integration Office at Fort Gordon, the garrison had an estimated economic impact of \$1.3 billion on the metropolitan area in 2007. The total daily on-post population is approximately 24,250, which includes military personnel, civilians, and on-post family members. The garrison is expected to grow by an estimated 1,700 soldiers during the next 4 to 5 years. A \$340 million, 525,000-square-foot National Security Agency/Central Security Service facility currently under construction,

is expected to add approximately 4,000 additional military and civilian jobs by its completion in 2012.

Leading employers in the HMA are predominately in the government and the education and health services sectors. Figure 1 shows the percentage of nonfarm employment in each sector for the current 12 months. The DOE-owned Savannah River Site, a nuclear materials processing center, is operated by Washington Savannah River Company, which is the second leading employer in the HMA, with approximately 10,700 employees. The company is expected to add approximately 800 jobs by 2016 with the completion of the \$4.8 billion Mixed Oxide Fuel Fabrication Facility, a nuclear weapons material disposal facility. The large healthcare industry, which employs more than 25,000 people, is led by MCG. As the third leading employer in the HMA, MCG employs more than 4,650 people. According to the Selig Center for Economic Growth at The University of Georgia, the college had an \$899 million economic impact in 2006. MCG Health, a non-profit organization composed of hospitals and clinics, had an \$835 million economic impact in 2005. Table 2 shows the top 10 employers in the HMA.

Figure 1. Current Employment in the Augusta HMA, by Sector



Note: Based on 12-month averages through December 2007.

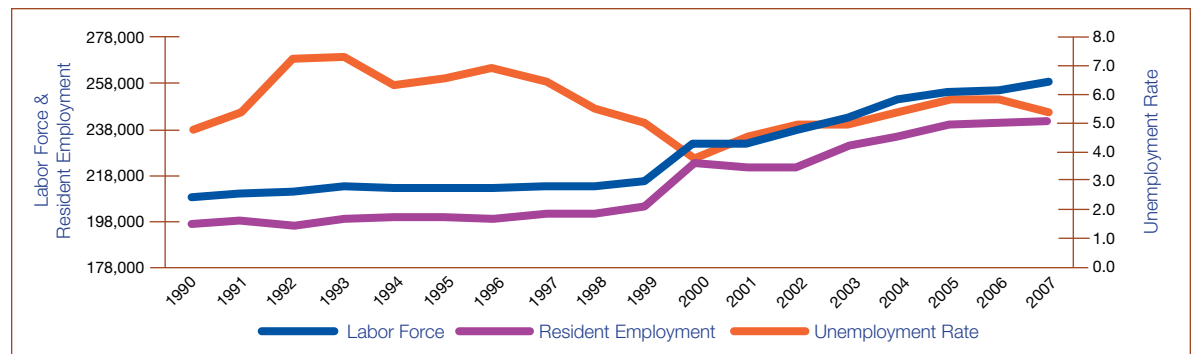
Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Augusta HMA

Name of Employer	Employment Sector	Number of Employees
U.S. Army Signal Center and Fort Gordon	Government	19,800
Washington Savannah River Company	Government	10,700
Medical College of Georgia University Hospital	Government	4,650
Medical College of Georgia Hospitals	Education & Health Services	3,200
Augusta-Richmond County	Education & Health Services	3,050
VA Medical Centers	Government	2,600
East Central Regional Hospital	Education & Health Services	2,100
Sitel	Government	1,500
E-Z-GO Textron	Education & Health Services	1,300
	Manufacturing	1,275

Source: Moody's Economy.com

Since 2000, nonfarm employment has increased by an average of 0.6 percent annually (see Table DP-1). Growth peaked in 2004 when employment increased by 4,800 jobs, or 2.3 percent, as a result of gains in the education and health services, professional and business services, and trade sectors. Job growth declined considerably in 2005 to 0.5 percent, leading to an increase in the unemployment rate from 5.3 to 5.9 percent (see Figure 2).

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Augusta HMA, 1990 to 2007

Source: U.S. Bureau of Labor Statistics

Total nonfarm employment declined in 2006 due to the laying off of nearly 2,000 workers at the Savannah River Site.

After a slowdown during the past 2 years, the economy of the HMA has been growing. During 2007, nonfarm employment increased by 2,500 jobs, or 1.2 percent, from the number of jobs recorded during 2006. Table 3 shows 12-month average employment by sector. The professional and business services sector had the

greatest gain, increasing by 1,100 jobs, or 3.8 percent. Renewed economic growth in this sector came from T-Mobile USA, Inc., which, in 2007, built a call center that employs 750 people and Automatic Data Processing, Inc., which, in early 2007, opened a business solutions center that is expected to employ 1,000 people at full capacity. The leisure and hospitality sector had the second largest gain, increasing by 800 jobs, or 3.9 percent. The largest decline was in the manufacturing sector, which decreased by 600 jobs, or 2.4 percent, from 2006. The financial services sector declined by 200 jobs, or 2.6 percent, mostly due to layoffs in the mortgage industry. Figure 3 shows employment growth by sector from 1990 to the current date.

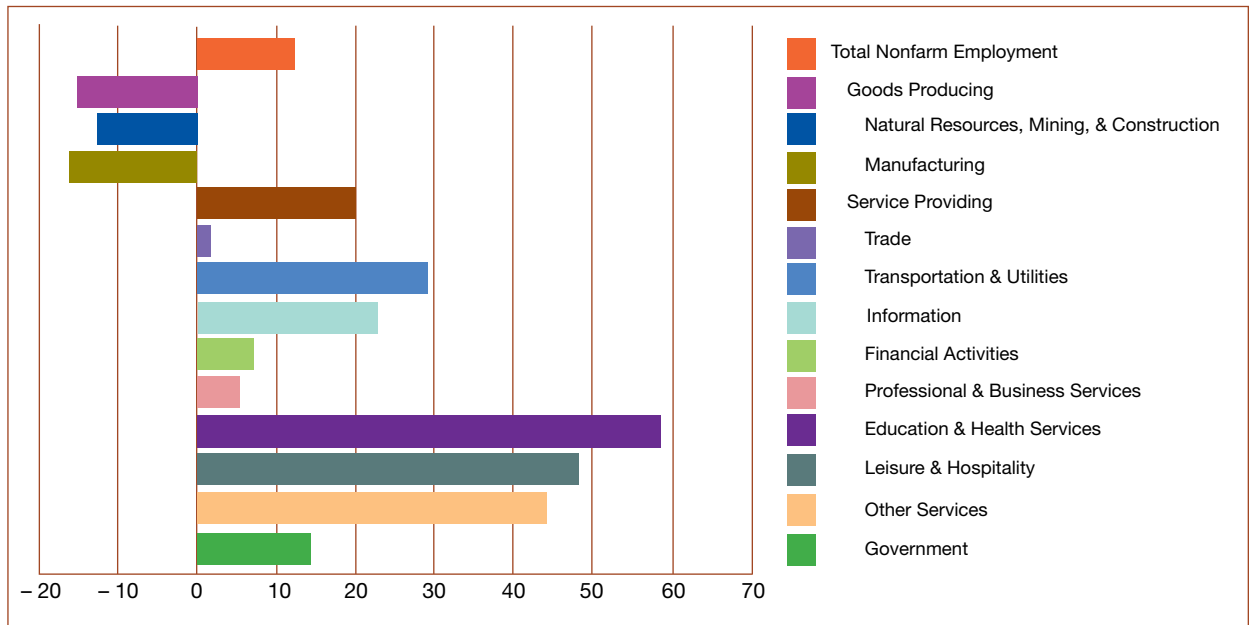
Economic growth is expected to remain stable yet slow slightly relative to 2007. The government sector and education and health services sector are projected to show significant growth during the next 3 years. Nonfarm employment is expected to increase by an average of 1.0 percent, or 2,275 jobs, annually during the 3-year forecast period.

Table 3. 12-Month Average Employment in the Augusta HMA, by Sector

	12 Months Ending December 2006	12 Months Ending December 2007	Percent Change
Total Nonfarm Employment	214,200	216,700	1.2
Goods Producing	38,900	38,400	- 1.3
Natural Resources, Mining, & Construction	14,200	14,200	0.0
Manufacturing	24,800	24,200	- 2.4
Service Providing	175,300	178,300	1.7
Trade	30,300	30,400	0.3
Transportation & Utilities	6,300	6,600	4.8
Information	3,500	3,700	5.7
Financial Activities	7,600	7,400	- 2.6
Professional & Business Services	29,000	30,100	3.8
Education & Health Services	27,400	27,800	1.5
Leisure & Hospitality	20,400	21,200	3.9
Other Services	8,800	8,800	0.0
Government	42,000	42,200	0.5

Notes: Based on 12-month averages through December 2006 and December 2007. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 3. Sector Growth in the Augusta HMA, Percentage Change, 1990 to Current

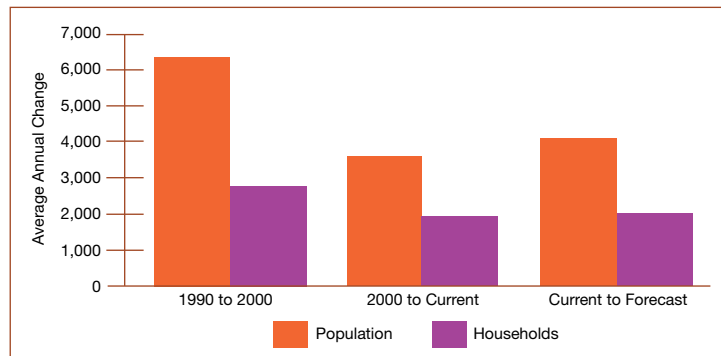
Note: Current is based on 12-month averages through December 2007.

Source: U.S. Bureau of Labor Statistics

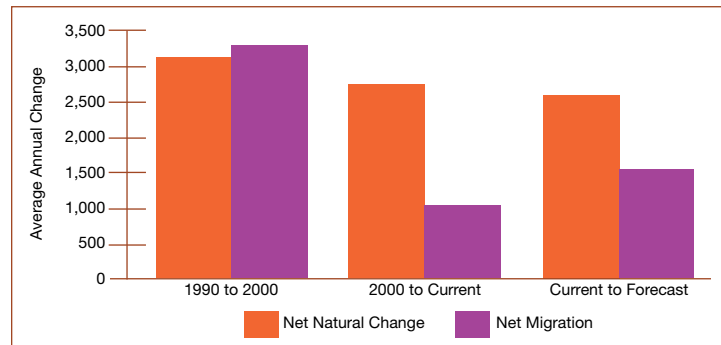
Population and Households

As of January 1, 2008, the population of the Augusta HMA is estimated to be 528,600. During the 1990s, the population increased by an average of 6,400, or 1.4 percent, annually. Since 2000, the population growth rate has decreased by one-half, increasing by an average of 3,725, or

0.7 percent, annually. Net in-migration averaged 1,025 annually and accounted for 27 percent of growth. Nearly all the population growth recorded since 2000 has occurred in Aiken County, South Carolina, and Columbia County, Georgia. During the forecast period, economic expansion is expected to cause a slight increase in population growth to 0.8 percent, or 4,050, annually. Figure 4 shows the population and household growth from 1990 to the forecast date. Net in-migration is expected to account for 37 percent of the population growth during the forecast period. Retirees are likely to continue to be attracted to the low cost of living, numerous golf courses, and state-of-the-art healthcare facilities in the area. Figure 5 shows components of population change from 1990 to the forecast date.

Figure 4. Population and Household Growth in the Augusta HMA, 1990 to Forecast

Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Augusta HMA, 1990 to Forecast

Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

Household growth has also declined significantly compared with the 1990s. An estimated 200,100 households currently reside in the HMA, representing an average annual increase of 1,975, or 1.0 percent, since 2000. This estimate is down from an average annual increase of 2,850 households, or 1.7 percent, during the 1990s. During the 3-year forecast period, household growth is expected to be relatively unchanged from the current growth rate, increasing by 2,000 annually to 206,100.

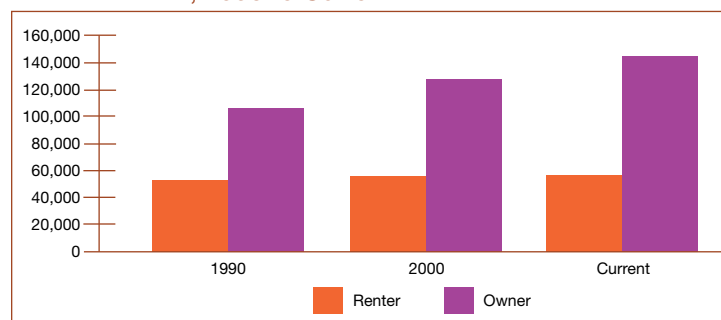
Housing Market Trends

Sales Market

The home sales market in the Augusta HMA is balanced because both housing sales and the construction of single-family homes have declined in the past year. Despite the increasing homeownership trend since 2000 (see Figure 6), recent underwriting restrictions in the mortgage industry have contributed to the slowdown in new and existing home sales during the past 12 months. This decline is the first in the past 5 years. According to the Greater Augusta Association of REALTORS®, an estimated 5,625

existing homes were sold during 2007, compared with 6,375 sold during 2006, a decline of 12 percent. Despite decreased sales, the average sales price increased by nearly 4 percent to \$170,100, compared with \$163,900 during 2006.

Builders reduced the level of home construction, as measured by the number of single-family building permits issued, in response to the decline in sales of new and existing homes. During 2007, the number of single-family building permits issued declined by almost 9 percent to 2,725, compared with approximately 3,000 during 2006. Single-family permits have averaged about 2,800 annually since 2000. The number of homes permitted reached a peak in 2004, when 3,300 homes were permitted, and has declined every year since. Figure 7 shows the number of single-family building permits issued from 1990 to the current date.

Figure 6. Number of Households by Tenure in the Augusta HMA, 1990 to Current

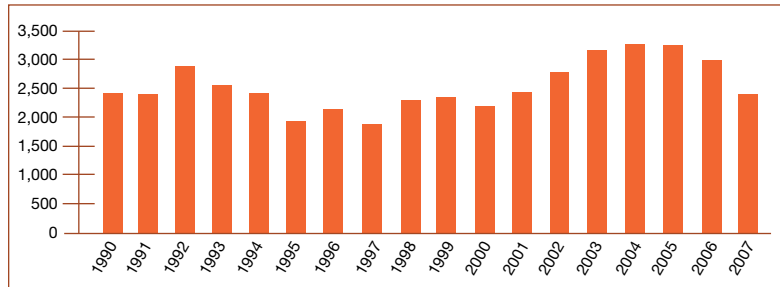
Sources: 1990 and 2000–1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

Sales Market *Continued*

After a slowdown in the condominium market during the past few years, downtown Augusta has recently had an increase in condominium development. The J.B. White department store is currently being renovated to

Figure 7. Single-Family Building Permits Issued in the Augusta HMA, 1990 to 2007



Notes: Includes only single-family units. Includes data through December 2007.

Source: U.S. Census Bureau, Building Permits Survey

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Augusta HMA, January 1, 2008 to January 1, 2011

Price Range (\$)		Units of Demand	Percent of Total
From	To		
90,000	99,999	700	10.0
100,000	119,999	1,600	22.9
120,000	159,999	2,025	29.0
160,000	199,999	1,110	15.9
200,000	249,999	630	9.0
250,000	299,999	420	6.0
300,000	399,999	140	2.0
400,000	499,999	280	4.0
500,000	and higher	70	1.0

Source: Estimates by analyst

Rental Market

The rental housing market in the Augusta HMA is currently soft as a result of an increasing demand for homeownership in recent years and an excess supply of apartments. The current rental vacancy rate is 9.0 percent, compared with 5.5 percent in 2000 (see Figure 8). Despite the soft overall rental market, conditions in the apartment market have improved in recent years. According to Reis, Inc., which surveyed Aiken County in South Carolina and Columbia,

include 80 condominiums with prices ranging from \$99,000 to \$220,000. The project will include more than 40,000 square feet of retail and office space and is scheduled to be completed in 2009. A \$100 million condominium project on the Savannah River, the Watermark on Riverwalk Augusta, is also in the pipeline and is expected to have 120 to 150 condominiums with prices averaging \$400,000. According to the Downtown Development Authority of Augusta, the new development will include retail shops in a renovated train depot, 60,000 square feet of office space, and a 150-room hotel. Construction is expected to begin in the second half of 2008 and take 2 years to complete.

During the 3-year forecast period, demand for new homes is estimated at 6,975 units. Demand is expected to be strongest for homes in the \$120,000-to-\$159,999 price range. Table 4 shows the estimated demand for new market-rate sales housing by price range.

McDuffie, and Richmond Counties in Georgia, the year-end apartment vacancy rate for 2007 was 7.4 percent. This rate is a decline from the 2005 year-end vacancy rate of 8.5 percent, although it is up slightly from the 2006 year-end vacancy rate of 7.0 percent. A decline in apartment construction since 2004 and an increasing number of people choosing to rent rather than purchase a home since underwriting standards have tightened have led to the vacancy rate decline. Average

rents increased by approximately 4 percent in 2007 from the previous year. Average rents are \$505 for a one-bedroom unit, \$600 for a two-bedroom unit, and \$772 for a three-bedroom unit.

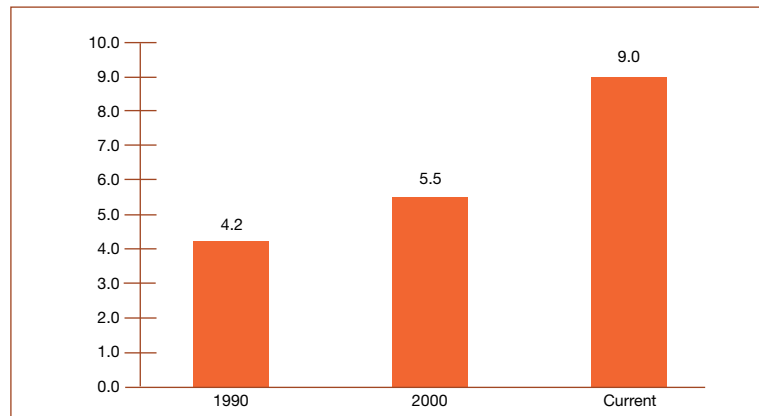
Military renter households account for approximately 11 percent of all renter households in the HMA. Because most families of military personnel remain in the area during military deployments, conditions in the rental housing market have not had any major fluctuations during times of deployment. In the past year, however, the expansion of military housing at Fort Gordon has enabled

more military personnel to move from off-base rental units into on-base family housing, which is one of the primary reasons for the increased rental vacancy rate from 2006 to 2007. A \$110 million housing construction and renovation project, which began in May 2006, brought the current total of on-base military housing units to approximately 1,180, up from 880 units in 2006.

Construction of multifamily housing units, as measured by the number of units permitted, has slowed during the past 7 years. Since 2000, the average declined to approximately 200 units annually compared with 250 units annually during the 1990s. Because multifamily construction activity remained high from 2001 to 2003, when annual building permits averaged 450 units, an excess supply of apartments led to significant cutbacks in multifamily construction in 2004. Multifamily building activity picked up in 2007 after essentially no multifamily units were constructed in 2006. Figure 9 shows the number of multifamily units permitted in the HMA from 1990 to the current date. According to the permitting offices in most of the counties in the HMA, condominiums are permitted as single-family units. Nearly all of the multifamily permits are for apartments.

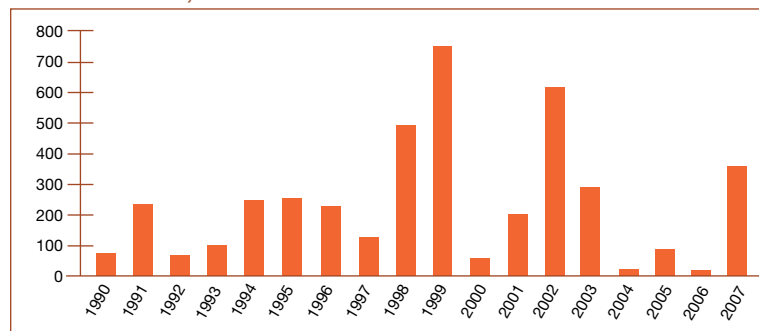
A large surplus of rental units is currently in the market. To achieve balanced market conditions in the HMA by the end of the 3-year forecast period, approximately 1,000 vacant units in the inventory will need to be absorbed. No additional rental units will need to be constructed during the forecast period.

Figure 8. Rental Vacancy Rates in the Augusta HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Figure 9. Multifamily Building Permits Issued in the Augusta HMA, 1990 to 2007



Notes: Includes all multifamily units in structures with two or more units. Includes data through December 2007.

Source: U.S. Census Bureau, Building Permits Survey

Data Profile

Table DP-1. Augusta HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	198,004	224,757	244,700	1.3	1.2
Unemployment Rate (%)	4.9	3.9	5.4		
Nonfarm Employment	193,700	208,000	216,700	0.7	0.6
Total Population	435,799	499,684	528,600	1.4	0.7
Total Households	156,130	184,801	200,100	1.7	1.0
Owner Households	104,450	128,807	143,800	2.1	1.4
Percent Owner (%)	66.9	69.7	71.9		
Renter Households	51,680	55,994	56,300	0.8	0.1
Percent Renter (%)	33.1	30.3	28.1		
Total Housing Units	173,961	204,601	226,550	1.6	1.3
Owner Vacancy Rate (%)	5.1	5.0	2.5		
Rental Vacancy Rate (%)	4.2	5.5	9.0		
Median Family Income	\$33,323	\$45,079	\$54,300	3.1	2.1

Notes: Median family incomes are for 1989, 1999, and 2008. Employment data represent annual averages for 1990, 2000, and the 12 months through December 2007.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 1/1/2008—Analyst's estimates

Forecast period: 1/1/2008–1/1/2011—Analyst's estimates

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.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_AugustaGA-SC.pdf.

Contact Information

Robyn E. Bowen, Economist
Atlanta HUD Regional Office
404-331-6623, ext. 2233
robyn.e.bowen@hud.gov

This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (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.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. 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 wishes to express its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to
www.huduser.org/publications/econdev/mkt_analysis.html.