

COMPREHENSIVE HOUSING MARKET ANALYSIS

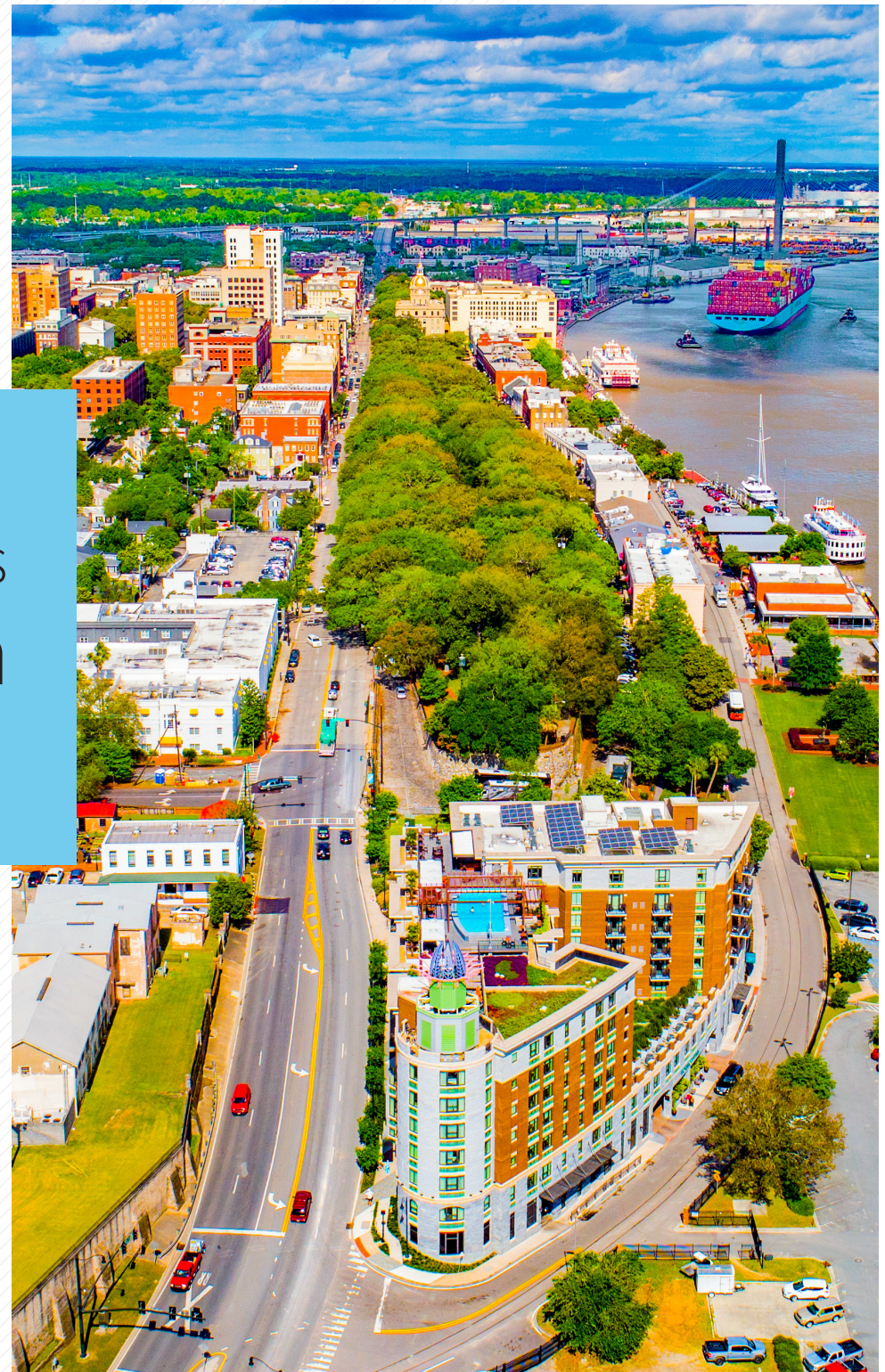
Savannah, Georgia

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

As of September 1, 2023



Share on: [f](#) [in](#) [X](#)



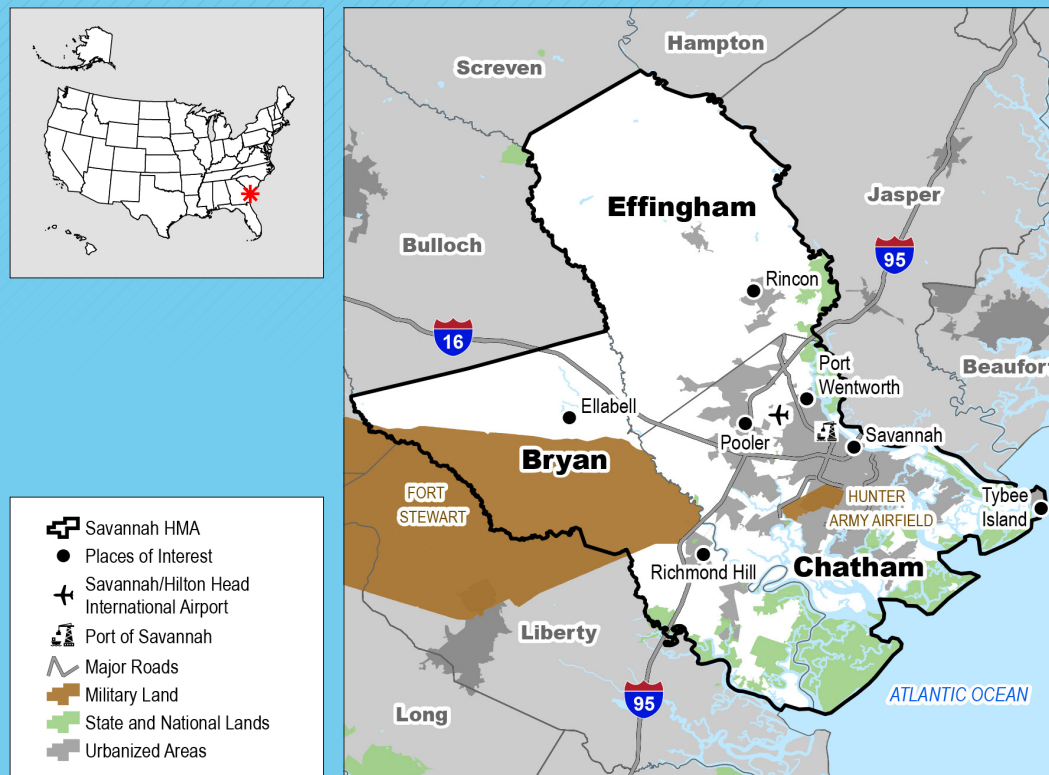
Executive Summary

Housing Market Area Description

The Savannah Housing Market Area (hereafter, Savannah HMA) includes the economic and population center, Chatham County, and the relatively rural Bryan and Effingham Counties. The HMA is coterminous with the Savannah Metropolitan Statistical Area (MSA) south of the Savannah River, along the southeast coast of Georgia. The city of Savannah, founded in 1733, was the first planned municipality in the nation, and the remaining 22 of 24 original squares neighboring the riverfront are tourist destinations and part of the largest National Historic Landmark District in the United States.

The current population of the HMA is estimated at 427,700.

The Hunter Army Airfield is in Chatham County, and a significant portion of Fort Stewart, the largest military installation east of the Mississippi River, is in Bryan County. The military had an annual \$5 billion impact on the Savannah-Hinesville-Statesboro, GA Combined Statistical Area (hereafter, Savannah region) and employed 22,550 military personnel and 6,650 civilians in 2021 (Savannah Area Chamber of Commerce).



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



Strong: During the 12 months ending August 2023, nonfarm payrolls in the HMA were 7.1 percent above the level of payrolls during the 12 months ending August 2019—the most recent corresponding period before the COVID-19 pandemic—compared with 3.3 percent nationally.

Nonfarm payrolls increased by 4,000 jobs, or 2.0 percent, during the past 12 months, following a gain of 11,000 jobs, or 5.9 percent, during the 12 months ending August 2022. All but three nonfarm payroll sectors added jobs during the most recent period. The most significant gains were in the leisure and hospitality sector, which added 2,400 jobs, or 9.1 percent. The unemployment rate averaged 2.9 percent during the past 12 months compared with 3.0 percent a year ago. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 6,000 jobs, or 2.9 percent, annually, with significant growth forecast for the manufacturing sector.

Sales Market



Tight but Easing: Home sales price growth slowed to 11 percent during the 12 months ending August 2023 compared with a 15-percent increase a year earlier (CoreLogic, Inc., with adjustments by the analyst).

The sales vacancy rate in the HMA is estimated at 1.9 percent as of September 1, 2023, down from 2.2 percent in April 2020 and considerably lower than 3.7 percent in 2010. Home sales in the HMA declined 23 percent during the past 12 months compared with a 7-percent reduction a year before. The for-sale housing inventory fell to 1.7 months of supply as of August 2023, down from 1.9 months a year earlier and less than 4.5 months of supply as of August 2019 (Redfin, a national real estate brokerage). During the forecast period, demand is anticipated for 7,525 new homes in the Savannah HMA, and the 910 homes under construction are expected to meet a portion of the demand in the first year.

Rental Market



Balanced: The rental vacancy rate is estimated at 8.9 percent, down from 9.1 percent in April 2020 and 13.3 percent in April 2010, when conditions were softer.

Apartment market conditions in the HMA are slightly soft, with a 9.7-percent vacancy rate as of the third quarter of 2023, compared with 6.6 percent a year ago (CoStar Group). The increased vacancy rate is partly due to new units entering the market after record levels of rental housing construction activity in 2022. The average rent for apartments increased 3 percent during the past year to \$1,610 and was up an average of 10 percent annually from \$1,226 as of the third quarter of 2020. Demand is estimated for 4,750 rental units during the forecast period; the 2,900 units under construction are expected to satisfy a portion of expected demand for the first 2 years.

TABLE OF CONTENTS

Economic Conditions 4

Population and Households 9

Home Sales Market 13

Rental Market 17

Terminology Definitions and Notes 21

3-Year Housing Demand Forecast			
Savannah HMA		Sales Units	Rental Units
	Total Demand	7,525	4,750
	Under Construction	910	2,900

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of September 1, 2023. The forecast period is September 1, 2023, to September 1, 2026.
Source: Estimates by the analyst



Economic Conditions

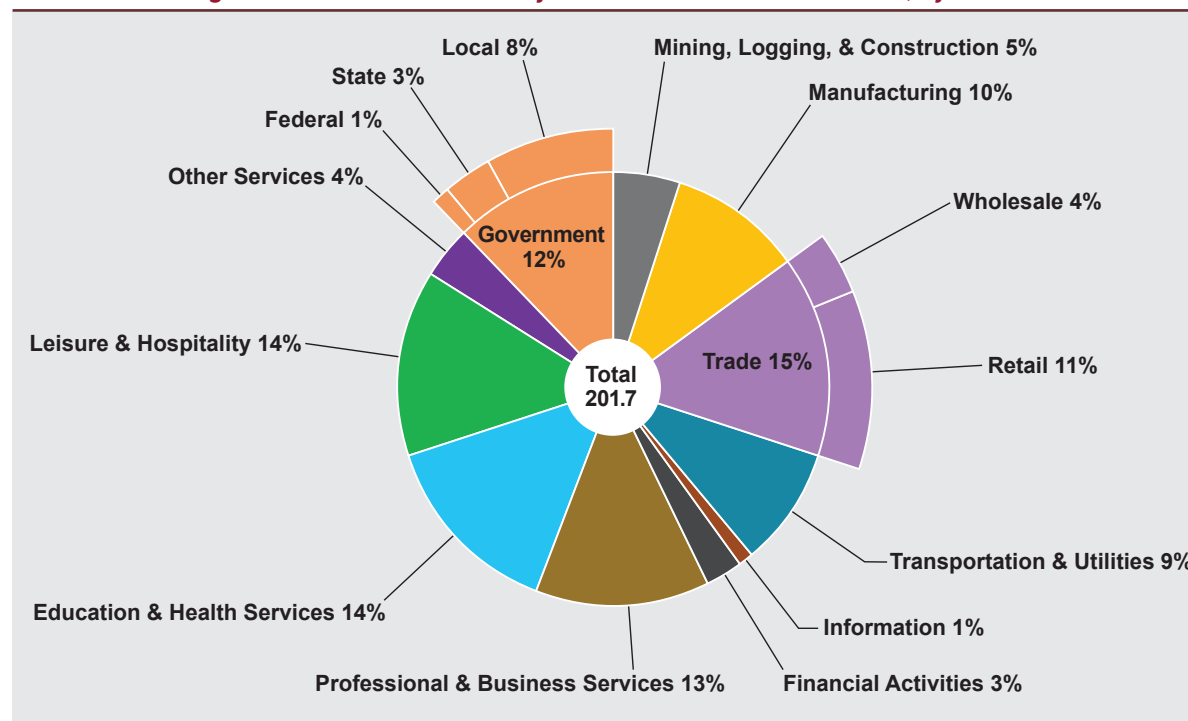
Largest Sector: Wholesale and Retail Trade

The local economy is relatively diversified; the seven largest nonfarm payroll sectors each account for at least 9 percent of total jobs in the HMA.

Primary Local Economic Factors

The wholesale and retail trade sector has the largest share, 15 percent (Figure 1), of total jobs, due in part to the large number of visitors and the Savannah HMA functioning as an economic hub for the larger Savannah region. The education and health services and the leisure and hospitality sectors are the second and third largest nonfarm payroll sectors in the HMA, respectively, each accounting for 14 percent of the payroll jobs during the 12 months ending August 2023. The HMA is also a regional education and health services hub. Two of the top five largest employers in the HMA are in the healthcare industry. Memorial Health University Medical Center (MHUMC) serves as the Savannah campus of the Mercer University School of Medicine. MHUMC is the only designated level 1 trauma center and Comprehensive Stroke Center in southeast Georgia, important for the increasing retiree population. The largest university in the HMA by enrollment is the Savannah College of Art and Design (SCAD). The campus includes 67 buildings, including museums and galleries,

Figure 1. Share of Nonfarm Payroll Jobs in the Savannah HMA, by Sector



Notes: Military jobs are not included in these data. Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through August 2023. Source: U.S. Bureau of Labor Statistics

many of which are in the historic district. The city of Savannah is recognized as an international tourism destination and was featured in the 2022 “Top 5 Cities to Visit in the U.S.” by *Travel + Leisure*. The National Historic Landmark District, bustling riverfront and parks, and the nearby beachfront destination of Tybee Island make for a robust leisure and hospitality sector in the HMA.

Since 2011, the transportation and utilities, the manufacturing, and the mining, logging, and construction sectors have been the fastest growing in the HMA (Figure 2). The transportation and utilities sector is anchored by the Port of Savannah, the fourth busiest container port in the nation, moving 5.8 million TEUs (twenty-foot equivalent units) in 2022, up 8 percent from 2021 (Georgia Ports Authority). Unlike the larger Port of New York and New Jersey or the ports of Los Angeles and Long Beach, the Port of Savannah is not in

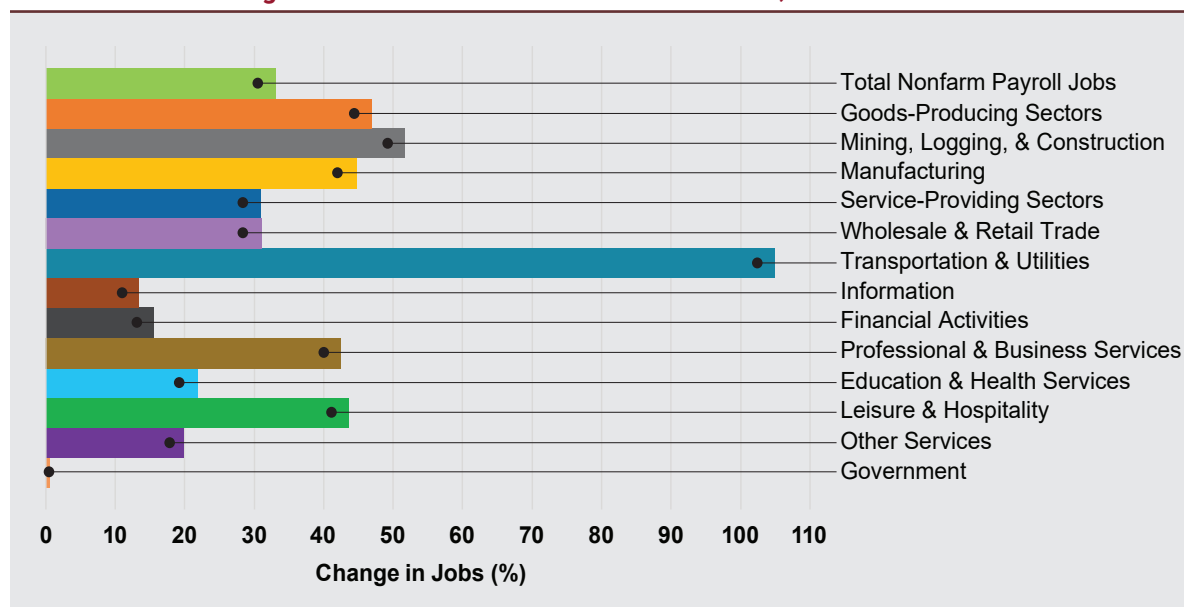
a heavily urbanized part of the HMA, allowing for possible expansion. Infrastructure improvements at the Port of Savannah costing \$1.17 billion are underway to increase capacity from 6.0 million TEUs in 2020 to 9.5 million by 2026. The significant intermodal infrastructure, including rail lines combined with Interstates 16 and 95, makes the HMA desirable for distribution and warehousing, benefiting the transportation and utilities sector.

Manufacturing has an outsized impact on the local economy. The Gulfstream Aerospace Corporation is headquartered in Savannah and is the largest employer in the HMA. The company has historically been the principal manufacturer in the HMA (Table 1). Although primarily known for manufacturing private business jets, the company benefits from military contracts through the nearby Fort Stewart-Hunter Army Airfield. Manufacturing in the HMA is diverse and includes the SNF Holding Company, Georgia-Pacific Corporation, and J C Bamford Excavators Ltd (JCB), which produce chemicals, paper products, and construction equipment, respectively. Construction activity has increased, largely because of growth in manufacturing and residential development, supporting growth in the mining, logging, and construction sector.

Current Conditions— Nonfarm Payrolls

Nonfarm job growth remains strong but has slowed since July 2021, when the economy in

Figure 2. Sector Growth in the Savannah HMA, 2011 to Current



Notes: Military jobs are not included in these data. The current date is September 1, 2023.
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Savannah HMA

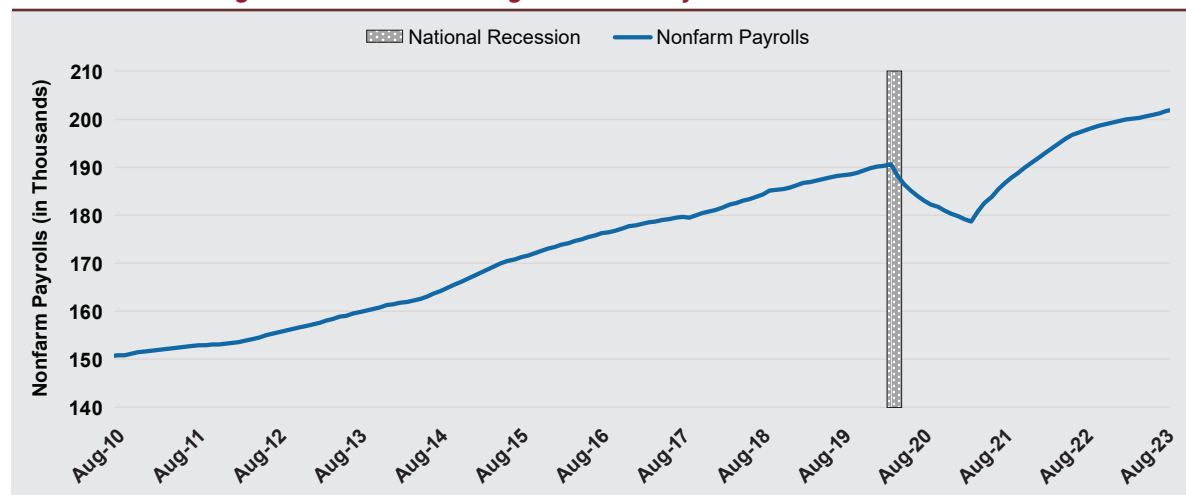
Name of Employer	Nonfarm Payroll Sector	Number of Employees
Gulfstream Aerospace Corporation	Manufacturing	11,300
St. Joseph's/Candler Health System, Inc.	Education & Health Services	4,650
Fort Stewart-Hunter Army Airfield	Government	4,300
Walmart Inc.	Wholesale & Retail Trade	4,200
Memorial Health University Medical Center	Education & Health Services	3,875
Georgia Southern University	Government	2,875
Colonial Group, Inc.	Transportation & Utilities	2,250
City of Savannah	Government	2,150
Chatham County	Government	1,800
Savannah College of Art and Design, Inc.	Education & Health Services	1,775

Notes: Excludes local school districts. Includes civilian employees only. Fort Stewart-Hunter Army Airfield figures include Liberty County.
Source: Savannah Area Chamber of Commerce

the Savannah HMA recovered the 31,300 jobs lost at the beginning of the COVID-19 pandemic (monthly data, not seasonally adjusted). During the 12 months ending August 2023, nonfarm payrolls in the Savannah HMA totaled 201,700 (Figure 3), reflecting an increase of 4,000 jobs, or 2.0 percent, from the previous 12-month period due to gains in 8 of 11 nonfarm payroll sectors (Table 2). This growth rate is less than the national rate of 2.9 percent during the same period and a slowdown from the 5.9-percent rate in the HMA during the previous 12 months. Growth moderated because of losses in the professional and business services, the transportation and utilities, and the information sectors, which declined by 1,900, 500, and 100 jobs, or 6.8, 2.6, and 5.6 percent, respectively. OA Logistics Services, Inc., which provided inventory management and supply chain assistance, closed two warehouses in the HMA in March 2023, laying off 345 employees. Cargo volume at the Port of Savannah decreased 28 percent since it peaked in August 2022, partly because construction activity at the port temporarily reduced capacity.

Other sectors continue to grow at a robust pace. During the 12 months ending August 2023, the leisure and hospitality and the education and health services sectors added 2,400 and 1,900 jobs, or 9.1 and 7.1 percent, respectively. Relative affordability for visitors, easy access to the HMA by car, and continuing investments to improve the riverfront of the city of Savannah bolstered tourism. In 2022, overnight trips reached a record

Figure 3. 12-Month Average Nonfarm Payrolls in the Savannah HMA



Notes: Military jobs are not included in these data. 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

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

	12 Months Ending August 2022	12 Months Ending August 2023	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	197.7	201.7	4.0	2.0
Goods-Producing Sectors	27.7	29.1	1.4	5.1
Mining, Logging, & Construction	8.8	9.4	0.6	6.8
Manufacturing	18.9	19.7	0.8	4.2
Service-Providing Sectors	170.0	172.6	2.6	1.5
Wholesale & Retail Trade	30.1	30.2	0.1	0.3
Transportation & Utilities	18.9	18.4	-0.5	-2.6
Information	1.8	1.7	-0.1	-5.6
Financial Activities	6.7	6.9	0.2	3.0
Professional & Business Services	27.8	25.9	-1.9	-6.8
Education & Health Services	26.9	28.8	1.9	7.1
Leisure & Hospitality	26.3	28.7	2.4	9.1
Other Services	7.8	8.2	0.4	5.1
Government	23.7	23.8	0.1	0.4

Notes: Military jobs are not included in these data. Based on 12-month averages through August 2022 and August 2023. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

of approximately 9.7 million, with visitor spending in the HMA increasing to \$4.4 billion that year, up from \$3.3 billion the year before and \$3.1 billion during 2019, before the pandemic (Longwoods International). Demand for healthcare services for the growing and aging population of the HMA and the Savannah region continues to increase. In 2022, MHUMC received the first level 1 Emergency Cardiac Care Center designation in Southeast Georgia.

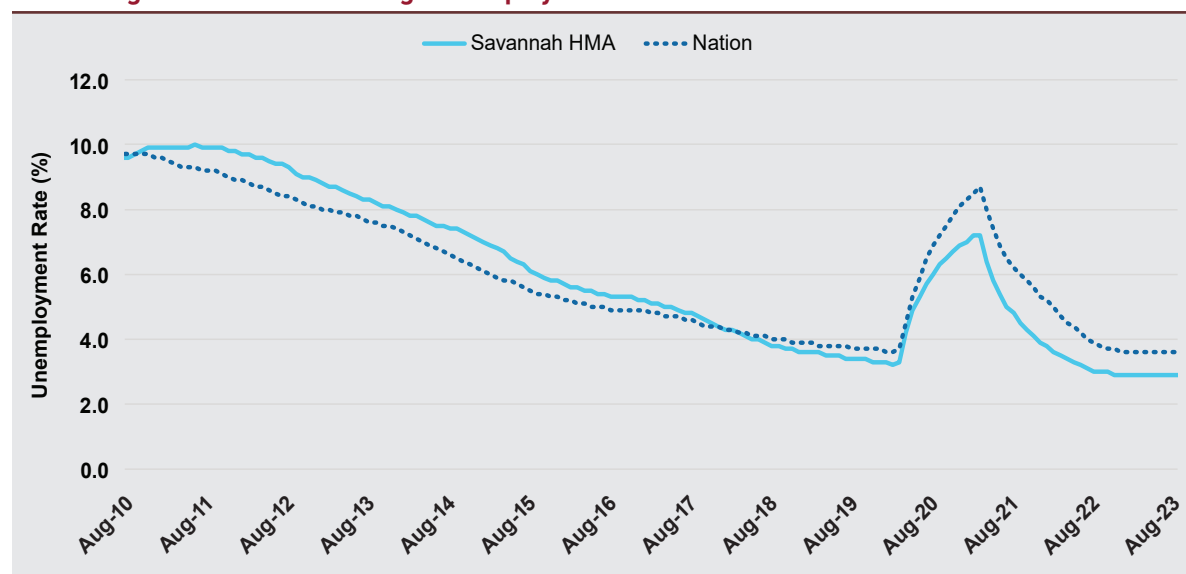
During the past 12 months, job growth in the goods-producing sectors has been strong. The mining, logging, and construction and the manufacturing sectors added 600 and 800 jobs, respectively, or 6.8 and 4.2 percent, compared with 3.5 and 2.3 percent for the nation. In October 2022, Hyundai Motor Group Metaplant America (HMGMA) began construction on a \$6.9 billion electric vehicle assembly and battery plant near the unincorporated community of Ellabell in Bryan County, which is expected to open in January 2025. Other investments in anticipation of the plant opening include an additional \$2 billion from parts manufacturers, \$650 million for local infrastructure, and \$63 million for a quick-start training facility. Construction is underway in the county to meet the residential and commercial needs of the expected 13,000 employees. Manufacturing has also expanded in other industries. JCB is halfway through a

\$269 million 8-year defense contract to provide the military with high-speed excavators. AGCO Corporation opened a tractor assembly facility, and NantBioPlastics AL, LLC opened a bioplastics manufacturing plant in late 2022, creating a combined 175 jobs.

Current Conditions—Unemployment

During the 12 months ending August 2023, the unemployment rate was 2.9 percent, down slightly from 3.0 percent the previous year and the lowest since at least 2010 (Figure 4). By comparison, the unemployment rate for the nation during the past 12 months was 3.6 percent, down from 3.9 percent during the previous 12 months. In general, the unemployment rate in the HMA had fallen steadily during the 10 years preceding the previous low of 3.2 percent during the 12 months ending February 2020. The unemployment rate increased to 7.2 percent in the 12 months ending March 2021, the highest rate since 2013. The Savannah HMA has had a lower unemployment rate than the nation since 2018.

Figure 4. 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

Economic Periods of Significance

2011 Through 2016

Following the Great Recession, nonfarm payrolls in the Savannah HMA increased at a greater rate every year from 2011 through 2015 before moderating slightly in 2016. From 2011 through 2016, nonfarm payrolls increased by an average of 4,300 jobs, or 2.7 percent, annually, surpassing prerecession levels in 2014. Every sector added jobs during the period. The transportation and utilities, the leisure and hospitality, and the manufacturing sectors grew the fastest, increasing at average rates of 5.3, 4.5, and 3.9 percent a year, respectively, or by 600, 1,000, and 600 jobs. In 2015, a 162-room Homewood Suites hotel opened in the River Street East mixed-use development in the city of Savannah, creating 250 jobs.

2017 Through 2019

Nonfarm payrolls in the HMA continued to grow from 2017 through 2019 at a slightly slower average pace of 4,100 jobs, or 2.2 percent, yearly. Although no sector had job losses, jobs in the leisure and hospitality sector increased by less than one-half the rate of the previous period, increasing by an average of 400 jobs, or 1.4 percent, a year. The information and the transportation

and utilities sectors were the fastest growing sectors, increasing by annual averages of 300 and 800 jobs, or 15.9 and 6.4 percent, respectively.

2020 and 2021

Job losses due to the COVID-19 pandemic in the Savannah HMA were severe in 2020. Overall job levels recovered to prepandemic levels during 2021, but recovery was uneven across sectors. During 2020, nonfarm payrolls decreased by 9,600 jobs, or 5.1 percent, and increased by 10,600 jobs, or 5.9 percent, during 2021. For the nation, the comparable rates were a 5.9-percent loss followed by a 2.8-percent recovery. In the HMA, the greatest loss was in the leisure and hospitality sector, which lost 4,600 jobs, or 17.0 percent, in 2020. The HMA recovered one-half of these jobs in 2021. The Plant Riverside District, a mixed-use conversion of a historic power plant and renovation of a historic hotel in the city of Savannah, opened in the summer of 2020 and expanded with a 500-person capacity music venue in 2021, creating a cumulative 700 jobs. The only sector to gain jobs during both years was the transportation and utilities sector, which increased by 900 and 2,700 jobs, or 6.1 and 17.2 percent, respectively, during 2020 and 2021. The Mason Mega Rail Terminal, the first half of which became operational in 2020, doubled the railway capacity at the Port of Savannah.

Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 2.9 percent annually in the HMA. In addition to HMGMA—the largest economic development project in Georgia history—and considerable ongoing improvements and expansions of the Port of Savannah, the manufacturing and the transportation and utilities sectors are expected to keep diversifying. Charles Komar and Sons, Inc., a global apparel company, is scheduled to begin constructing an \$87 million manufacturing and distribution

center in Bryan County. St. Joseph's/Candler Health System, Inc. plans to build a \$40 million medical facility in Bryan County by 2025 to provide care for the increasing population. Tourism and trade are expected to benefit from the \$210 million expansion of the Savannah Convention Center in 2024. In addition to dining, shopping, and entertainment, the \$350 million second phase of the River Street East development is expected to add a combined 480 hotel rooms through 2026.



Population and Households

Current Population: 427,700

Since 2010, both net natural increase and net in-migration have been positive each year.

Population and Migration Trends

As of September 1, 2023, the population of the Savannah HMA is estimated at 427,700 (Table 3). Since April 2020, population growth has averaged 6,725 people, or 1.6 percent, annually, compared with an average increase of 5,725 people, or 1.5 percent, annually from April 2010 to April 2020. From 2010 to 2020, net natural increase averaged 2,050 people annually, representing 36 percent of population growth, compared with an average annual increase of 880 people, representing 13 percent of population growth, since April 2020 (Figure 5). In 2022, Chatham County contained 72 percent of the population of the HMA, down from 76 percent in 2010 (U.S. Census Bureau decennial census counts and population estimates as of July 1). Bryan County was the fastest growing county, with the population up nearly 50 percent from 2010 to 2022 and increasing from 9 to 12 percent of the population of the HMA (Map 1). By contrast, Effingham County grew from 15 to 16 percent during the same period.

The military has a stabilizing effect on the economy, and the diversity of industries in the

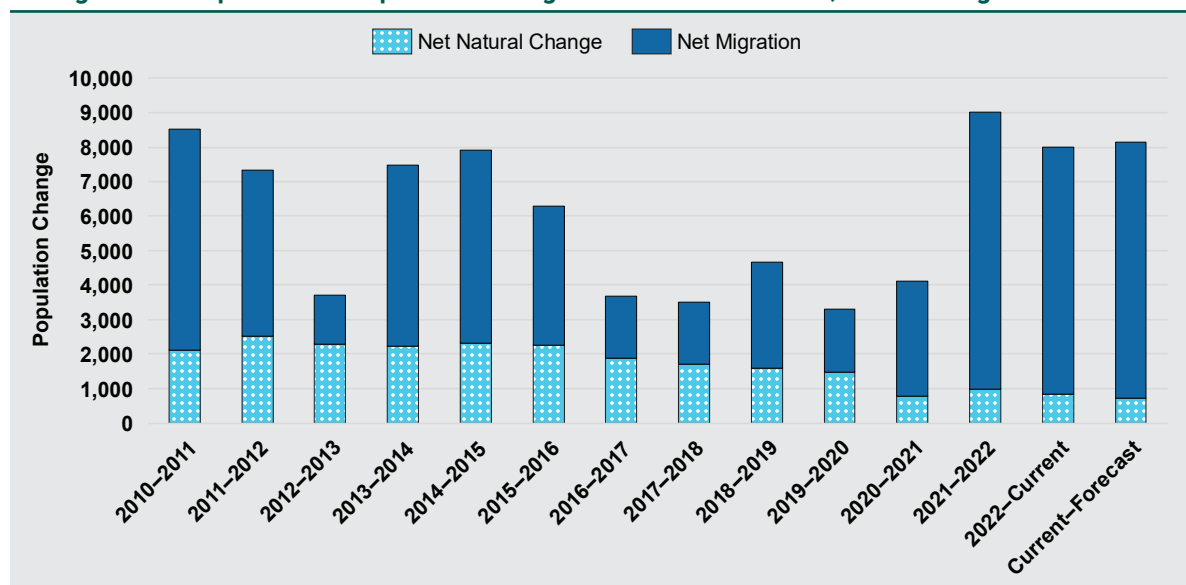
Table 3. Savannah HMA Population and Household Quick Facts

Population Quick Facts	2020	Current	Forecast
	Population	404,798	427,700
	Average Annual Change	5,725	6,725
	Percentage Change	1.5	1.6
Household Quick Facts	2020	Current	Forecast
	Households	156,817	166,950
	Average Annual Change	2,500	2,975
	Percentage Change	1.7	1.8

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is from the current date (September 1, 2023) to September 1, 2026.

Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Savannah HMA, 2010 Through the Forecast



Notes: Data for 2022–Current and Current–Forecast are average annual totals. The forecast period is from the current date (September 1, 2023) to September 1, 2026.

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

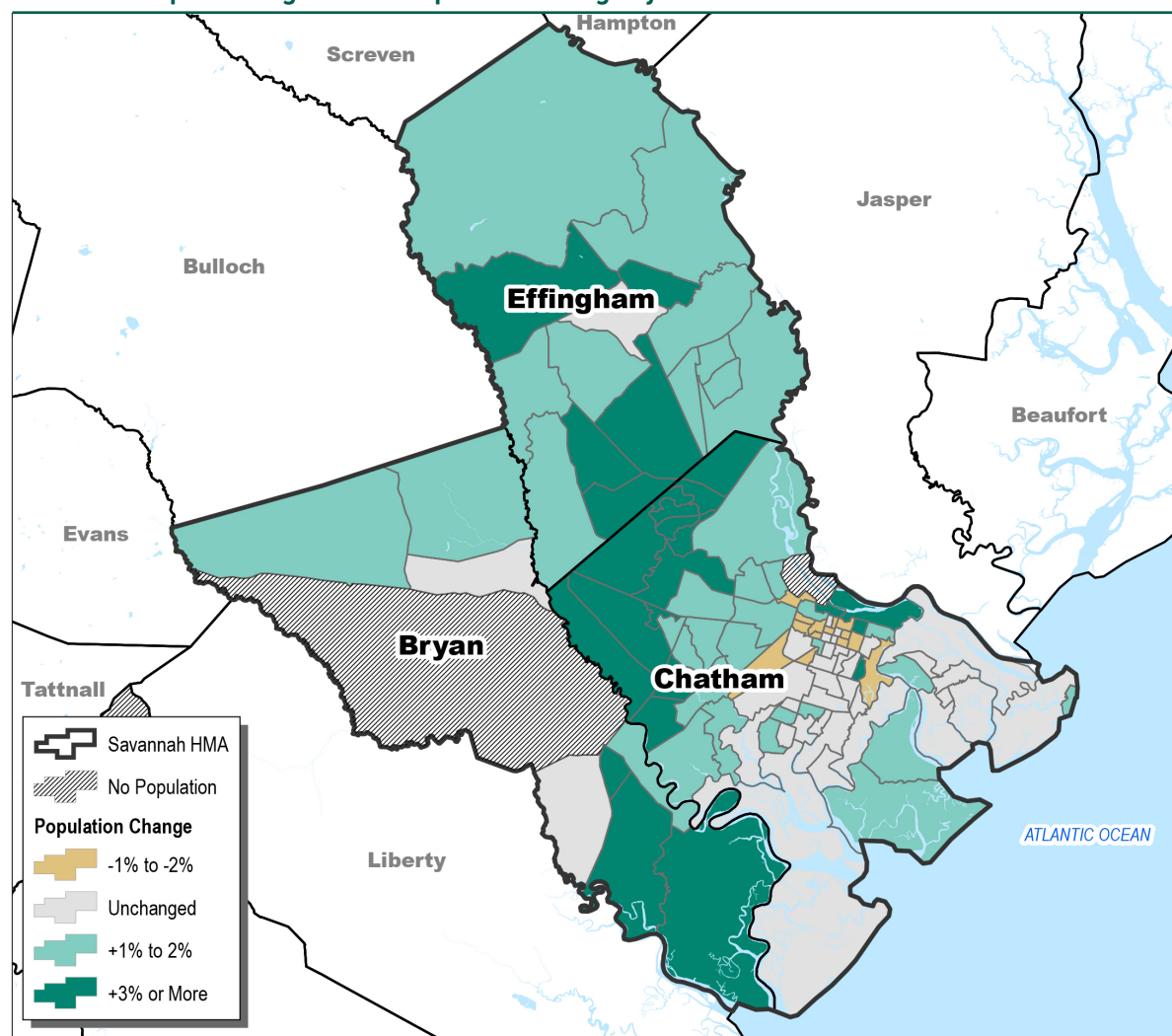
HMA has contributed to net in-migration every year since at least 2010. Population growth was relatively high from 2010 to 2016, adding an average of 6,800 people, or 1.9 percent, annually. During the period, a lull in major announcements of manufacturing jobs and fewer workers in Atlanta commuting from

the Savannah HMA contributed to a decline in domestic net in-migration despite robust economic growth. Population growth slowed to an average increase of 3,850 people, or 1.0 percent, annually from 2016 to 2021. Slower economic growth and changes to federal policies restricting foreign immigration during the late 2010s contributed to a decrease in international net in-migration. The pandemic further diminished the net natural increase, which was already slowing, partly because of an aging population. Since 2021, net in-migration has boosted population growth to an annual average of 8,475 people, or 2.0 percent. The area continues to attract migrants, partly because of relatively affordable housing.

Age Trends

The population totals in all age cohorts have been increasing in the HMA, and the senior population—defined as residents aged 65 and older—and the population aged 25 to 44 years have been increasing as portions of the overall population (Figure 6). The population aged 65 and older was the fastest growing cohort in the HMA from 2010 to 2022 due to the relatively low cost of living and taxes, mild weather, and high quality of health care. From 2010 to 2022, the share of residents in the HMA aged 65 years and older increased from 12 to 16 percent (2010 and 2022 American Community Survey [ACS] 1-year data). Residents aged 25 to 44 increased

Map 1. Average Annual Population Change by Census Tract in the Savannah HMA



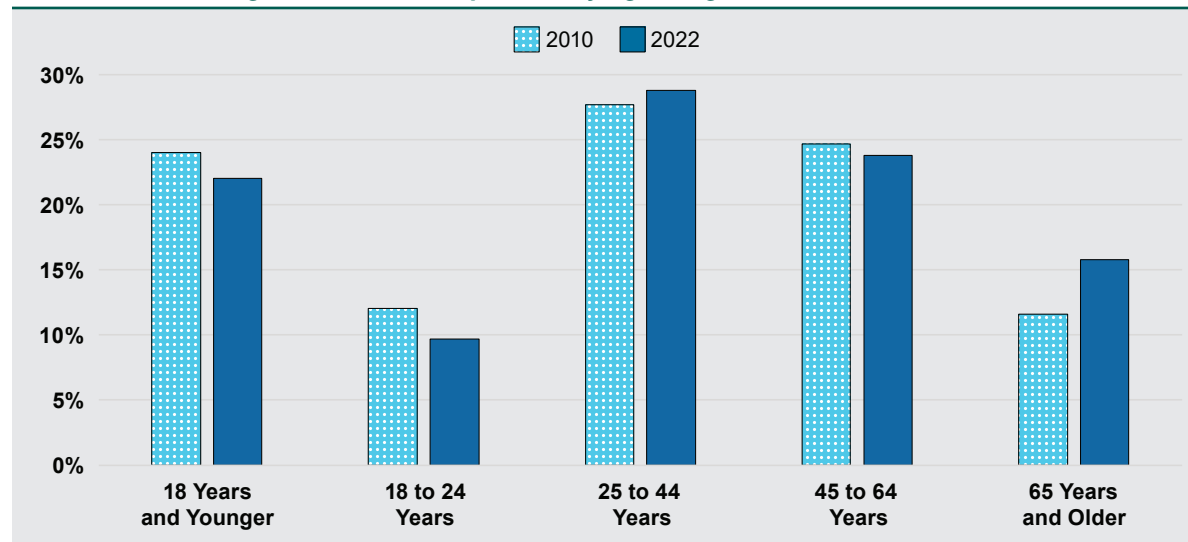
Source: 2015–2019 American Community Survey 5-year data

to 29 percent, up from 28 percent in 2010, partly because of workers moving to the HMA for jobs. The share of the population aged younger than 24 years declined, partly because of the increasing number of retirees in the HMA and falling birth rates among millennials. Overall, these changes were consistent with national trends, although the population of the Savannah HMA is younger than that of the state and the nation. The median age rose from 34.5 years in 2010 to 37.4 years in 2022 in the HMA. For the state of Georgia and the nation, the median ages increased from 35.4 and 37.2 years, respectively, in 2010 to 37.6 and 38.9 years in 2022.

Household Trends

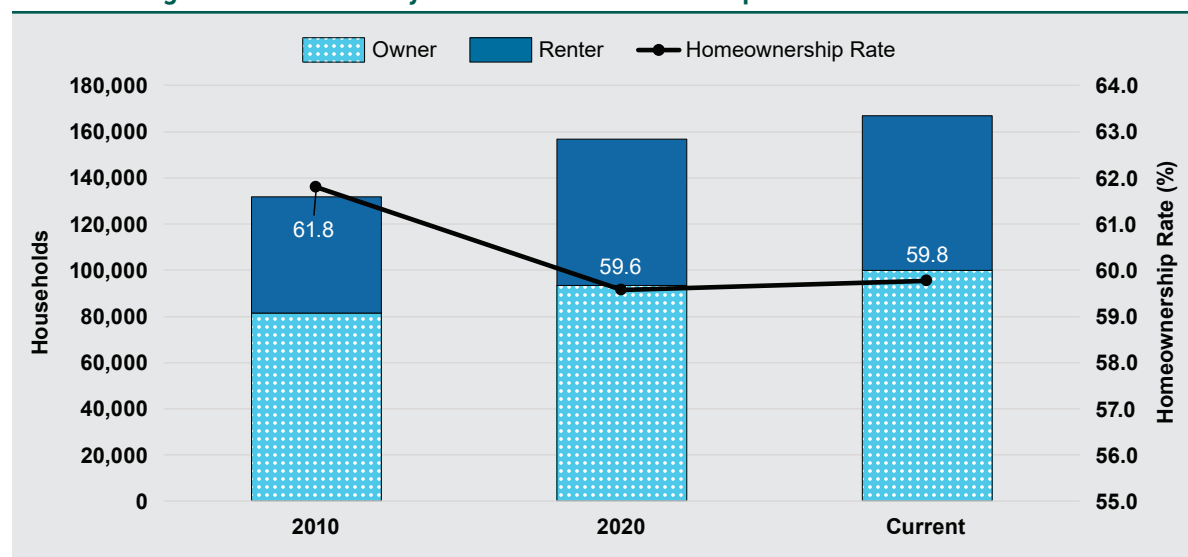
Household growth in the HMA has generally been faster than population growth. As of September 1, 2023, an estimated 167,000 households reside in the HMA, representing an average annual increase of 2,975 households, or 1.8 percent, since 2020. For comparison, from 2010 to 2020, households increased at an average annual rate of 1.7 percent. Nationwide, households rose at an average annual rate of 1.0 percent from 2010 to 2020. An estimated 99,800 households, or 59.8 percent, are currently homeowners in the HMA, compared with a homeownership rate of 59.6 percent in 2020 and 61.8 percent in 2010 (Figure 7). From 2010 to 2020, owner households increased at an average annual rate of 1.4 percent, compared with an average of 2.3 percent annually for renter households. Since 2020, owner household growth has accelerated,

Figure 6. Share of Population by Age Range in the Savannah HMA



Source: American Community Survey 1-year data

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



Note: The current date is September 1, 2023.

Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

averaging 2.0 percent yearly, partly in response to historically low mortgage interest rates until early 2022. Renter household growth slowed to an average of 1.7 percent annually.

Population and Household Forecast

Population growth is expected to strengthen during the 3-year forecast period, reaching a population of 452,200 by September 1, 2026, reflecting an average annual increase of 8,150 people, or 1.9 percent. Approximately

91 percent of the growth is expected from net in-migration, partly because of the significant number of jobs being created in the manufacturing and the transportation and utilities sectors. The remaining change, net natural increase, is anticipated to slow, partly because of the aging population. Based on anticipated population and economic growth, households in the HMA are expected to increase by an average of 3,625, or 2.1 percent, annually during the next 3 years, reaching 177,800 by September 1, 2026.



Home Sales Market

Market Conditions: Tight but Easing

Average home sales prices continued to increase during the past 12 months despite a second year of decreasing home sales (CoreLogic, Inc., with adjustments by the analyst).

Current Conditions

Sales housing market conditions in the Savannah HMA are tight but easing, with an estimated vacancy rate of 1.9 percent (Table 4), down from 2.2 percent in April 2020 and 3.7 percent in April 2010, when conditions were soft. During the 12 months ending August 2023, total home sales fell by nearly 2,775 homes, or 23 percent, to 9,500 homes sold, compared with a 7-percent decrease during the 12 months ending August 2022 (CoreLogic, Inc., with adjustments by the analyst). The average home sales price increased 11 percent to \$361,900, slowing from a 15-percent increase a year earlier. Despite the higher prices, sales housing in the HMA is relatively affordable. During the 12 months ending August 2023, most homes—52 percent—sold for less than \$350,000, compared with 47 percent in the Atlanta-Sandy Springs-Roswell MSA and 36 percent in the Charleston-North Charleston MSA (Zonda; Figure 8).

Market conditions have eased from very tight after interest rates started to rise in January 2022. As of December 30, 2021, the average

Table 4. Home Sales Quick Facts in the Savannah HMA

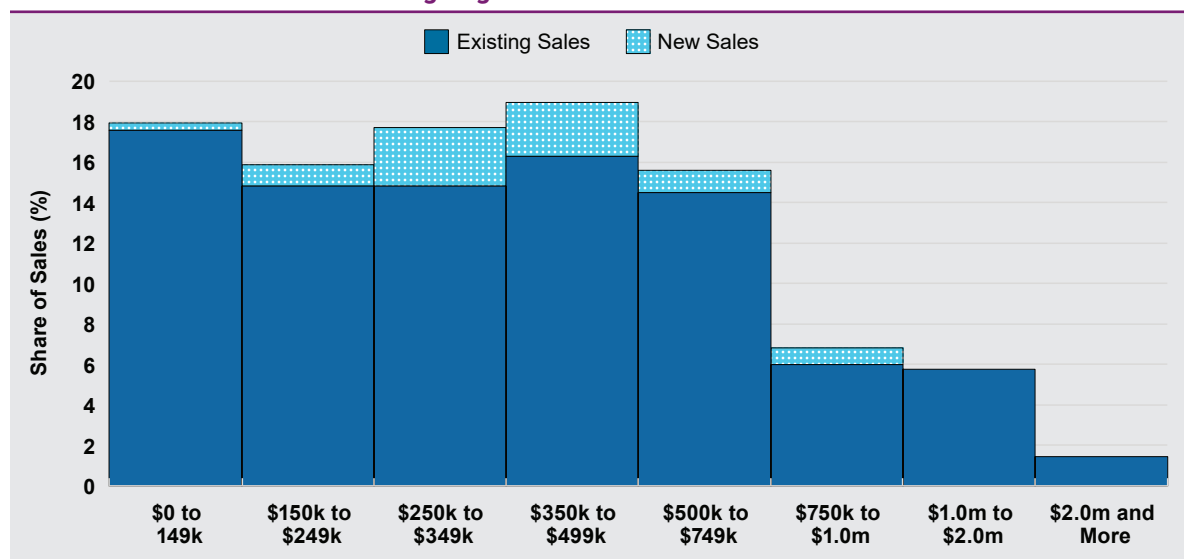
	Savannah HMA	Nation
Vacancy Rate	1.9%	NA
Months of Inventory	1.7	2.1
Total Home Sales	9,500	5,262,000
1-Year Change	-23%	-28%
New Home Sales Price	\$404,100	\$495,900
1-Year Change	15%	5%
Existing Home Sales Price	\$351,900	\$388,200
1-Year Change	9%	-1%
Mortgage Delinquency Rate	1.1%	1.0%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending August 2023; and months of inventory and mortgage delinquency data are as of August 2023. The current date is September 1, 2023.

Sources: Vacancy rate—estimates by the analyst; months of inventory, mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—CoreLogic, Inc., with adjustments by the analyst

Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending August 2023 in the Savannah HMA



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

Source: Zonda

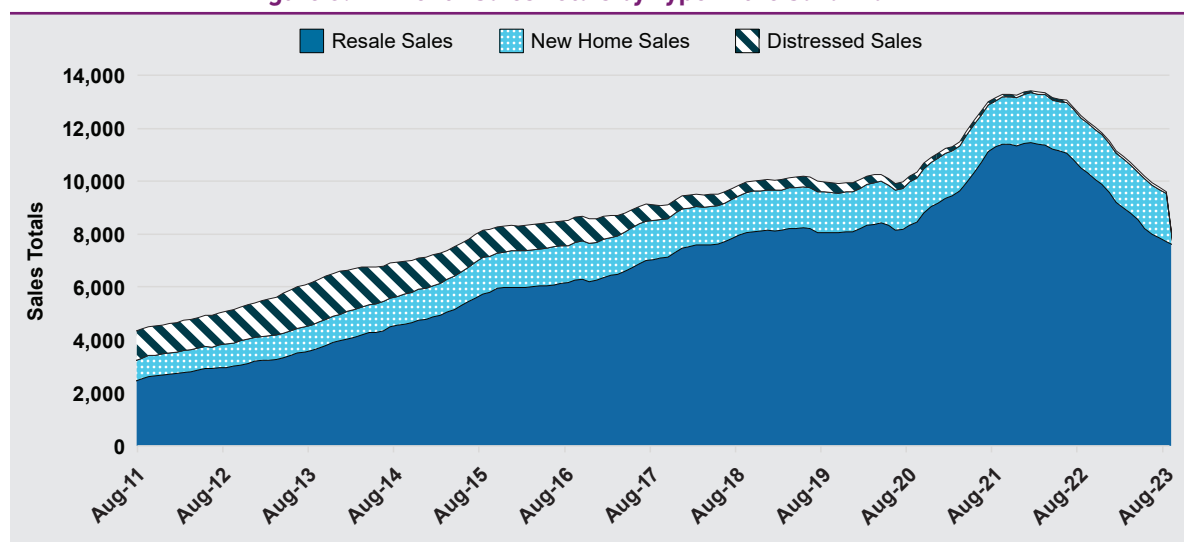
interest rate for a 30-year fixed-rate mortgage was 3.1 percent; by August 24, 2023, the rate was 7.2 percent (Freddie Mac). This increased homeownership cost has slowed sales but has not yet led to a balanced market. The months of supply of for-sale inventory is low in the HMA, mainly because the rise in interest rates has deterred many owners who purchased or refinanced at lower rates from listing their homes. In August 2023, the inventory of homes for sale represented a 1.7-month supply, down from 1.9 months a year earlier and significantly lower than the 5.3-month supply as of August 2019, before the pandemic (Redfin, a national real estate brokerage).

New and Existing Home Sales

Home sales fell considerably from the peak levels before the housing crisis, and by 2010, the HMA had an excess supply to be absorbed during the next decade. During 2010, 4,650 homes were sold, of which 21 percent were new home sales. Distressed home sales accounted for 31 percent of the 3,675 existing home sales. From 2011 through 2015, during a period of strong population growth, new and existing home sales increased at average rates of 7 and 14 percent, respectively, a year. New and existing home sales slowed to average increases of 2 and 5 percent annually from 2016 through 2019, partly due to slower population growth. Of the 10,050 homes sold in 2019, new home sales fell to 15 percent of total homes sold due to existing sales growth

outpacing growth in new sales. Distressed sales fell to 14 and 4 percent of existing home sales in 2015 and 2019, respectively, because foreclosures and REO sales generally decreased (Figure 9). During 2020 and 2021, home sales in the HMA increased an average of 16 percent annually to a high of 13,400 homes. The significant increase was partly due to changing household preferences, such as working from home. Increased purchasing power for home buyers, due to historically low interest rates, also contributed to the increase in home sales. Distressed sales fell to a negligible 1 percent of existing home sales during this period. During the 12 months ending August 2023, new and existing home sales declined 4 and 26 percent, respectively, to 1,825 and 7,675 homes, partly because of rising interest rates. During the previous 12 months, new home sales increased 9 percent, whereas existing home sales declined 10 percent.

Figure 9. 12-Month Sales Totals by Type in the Savannah HMA



Note: New, resale, and distressed sales include single-family homes, townhomes, and condominium units.
Source: CoreLogic, Inc., with adjustments by the analyst

New and Existing Home Sales Prices

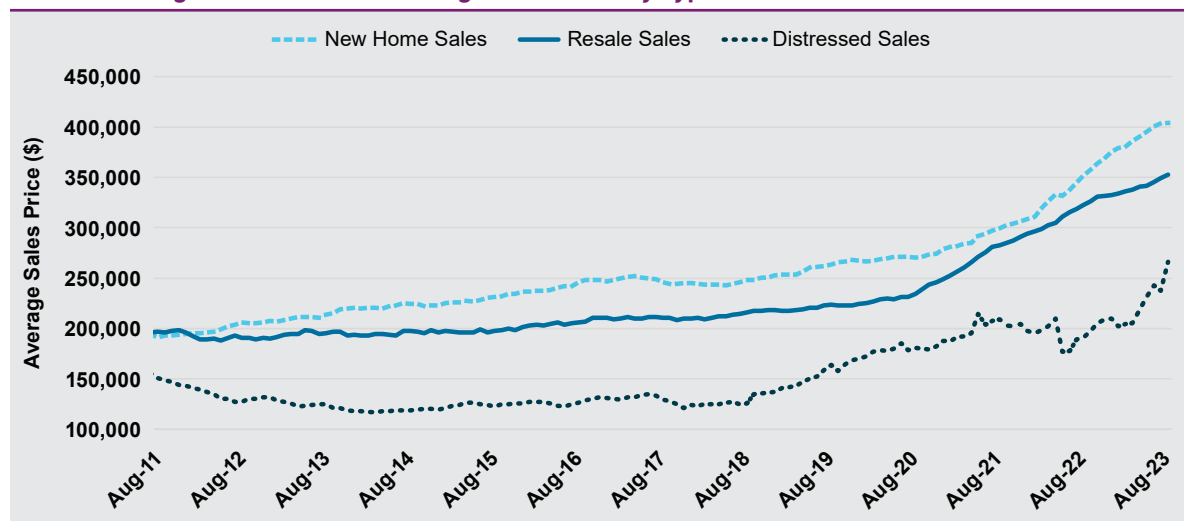
Growth of home sales prices in the HMA was relatively slow until the onset of the pandemic. In 2010, when home prices were below their previous highs before the Great Recession, new, resale, and distressed home prices averaged \$198,900, \$195,200, and \$155,900, respectively. Average prices for those three types of homes increased 3, 2, and 1 percent a year to \$266,900, \$224,100, and \$169,900, respectively, in 2019 (Figure 10). During 2020 and 2021, new and existing home prices rose at average rates of 8 and

15 percent a year, respectively, partly because of significantly increased demand and limited supply. In 2022, new home prices increased 21 percent, partly because of the rising costs of labor and materials, while existing home prices increased 13 percent. During the 12 months ending August 2023, new and existing home prices rose 15 and 9 percent, respectively, to \$404,100 and \$351,900, compared with increases of 17 and 14 percent during the 12 months ending August 2022. New home price increases remained high, partly because of new construction of more luxury homes, with builders targeting buyers who tend to be less price-sensitive and credit-constrained.

Delinquent Mortgages and Real Estate Owned Properties

After the Great Recession, the rate of seriously delinquent mortgages and real estate owned (REO) properties declined in the HMA from a peak of 6.5 percent in February 2011 to a low of 1.7 percent in April 2020. The rate subsequently rose because of the impacts of the COVID-19 pandemic, reaching a recent high of 5.3 percent in September 2020. The shares of seriously delinquent mortgages and REO properties in the Savannah HMA in August 2023 and August 2022 were 1.1 and 1.6 percent, respectively, compared with 1.0 and 1.3 percent for the nation (CoreLogic, Inc.). Since 2020, most of that share in the HMA was due to seriously delinquent mortgages rather than REO properties. Many homeowners

Figure 10. 12-Month Average Sales Price by Type of Sale in the Savannah HMA



Note: New, resale, and distressed sales include single-family homes, townhomes, and condominium units.
Source: CoreLogic, Inc., with adjustments by the analyst

avoided foreclosure following the outbreak of the pandemic, partly because of the forbearance options for federally backed mortgages enacted in the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Sales Construction Activity

Sales construction activity, as measured by building permits issued for single-family homes, townhomes, and condominiums, increased 1 percent during the 12 months ending August 2023 to approximately 2,350 homes permitted (Figure 11). This level of permitting is down 9 percent from the 12 months ending August 2021. Mortgage rates started to rise in 2022, dampening the demand for sales housing. From 2011 through 2015, when the economy recovered and population growth was strong, sales construction activity increased by an average of 270 homes a year, or 18 percent, to 2,350 homes in 2015. Moderating net in-migration contributed to decreased homebuilding activity, which slowed to an average of 2,075 homes annually from 2016 through 2020.

From 2020 through 2022, 48 percent of homebuilding activity occurred in Chatham County, 30 percent in Effingham County, and 22 percent in Bryan County. The cities of Savannah, Pooler, and Port Wentworth in Chatham County accounted for 18, 15, and 7 percent of building activity, respectively. Richmond Hill, by

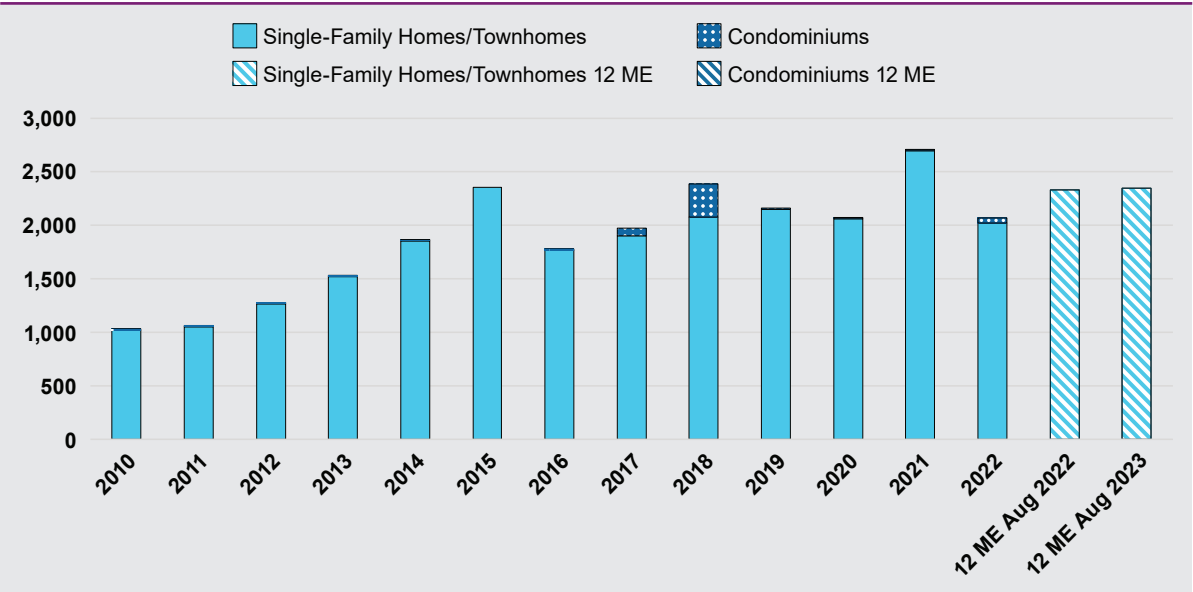
far the largest city in Bryan County, accounted for 8 percent of home construction. Except for Savannah, these cities are located along Interstate 95, with the city of Pooler having the best access to the HMGMA site via Interstate 16.

The largest active master-planned community is the 2,588-acre Savannah Quarters in the city of Pooler in Chatham County. Since 2005, approximately 1,200 of the 6,000 planned lots have been sold. Currently, 243 units are under development or for sale, and 163 units have been sold during the past year, with prices for townhomes and single-family homes ranging from \$305,000 to \$600,000. An example of a luxury home community under construction is the Upper East River condominiums near the historic Savannah riverfront. Of the 153 units in the community, 32 are occupied, and 16 are ready for buyers to move in, with prices ranging from \$980,000 to \$5.24 million.

Forecast

During the next 3 years, demand is estimated for 7,525 new homes (Table 5). The 910 homes under construction are expected to meet a portion of the demand during the first year of the forecast. Demand is expected to be highest in the city of Pooler and other areas in northeast Chatham County, partly because of the proximity and access to HMGMA. New home sales demand is expected to remain steady in the HMA during each year of the forecast period, partly because of job gains and increasing net in-migration.

Figure 11. Annual Sales Permitting Activity in the Savannah HMA



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

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

Sales Units	
Demand	7,525 Units
Under Construction	910 Units

Note: The forecast period is from September 1, 2023, to September 1, 2026.
Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

In 2022, rental permitting was at the highest level since at least 2010.

Current Conditions

The overall rental housing market in the Savannah HMA, including apartments, single-family homes, and other housing units available for rent, is balanced. The rental market in the HMA has an estimated overall vacancy rate of 8.9 percent, down from 9.1 percent in April 2020 and 13.3 percent in April 2010, when the market was soft (Table 6). Conditions have eased from slightly tight during the past year because rental construction, primarily apartments, outpaced absorption. In 2022, 39 percent of renter households lived in multifamily structures with five or more units per building, typically apartments, compared with 36 percent in 2010 (ACS 1-year data).

Single-Family Home Rentals

Single-family homes make up a substantial, although declining, portion of the rental housing market in the HMA. In 2022, approximately 37 percent of renter households in the HMA lived in single-family homes, compared with 41 percent in 2010. The decline occurred partly because of increasing apartment construction and fewer conversions of owner-occupied homes to rentals when the home

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

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	13.3	8.9
		2010 (%)	2022 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	41	37
	Multifamily (2–4 Units)	17	19
	Multifamily (5+ Units)	36	39
	Other (Including Mobile Homes)	7	5
Apartment Market Quick Facts		3Q 2023	YoY Change
	Apartment Vacancy Rate	9.7	3.1
	Average Rent	\$1,610	3%

3Q = third quarter. YoY= year-over-year.

Notes: The current date is September 1, 2023. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2022 American Community Survey 1-year data; apartment data—CoStar Group

sales market tightened overall. The average vacancy rate for professionally managed single-family rental homes in August 2023 was 2.3 percent, unchanged from a year ago and down from 2.9 during August 2019, before the pandemic (CoreLogic, Inc.). The average rent for two-, three-, and four-bedroom single-family homes increased 4, 14, and 7 percent, respectively, during the past year. As of August 2023, average monthly rents for two-, three-, and four-bedroom homes were \$1,667, \$2,056, and \$2,493, respectively.

Apartment Market Conditions

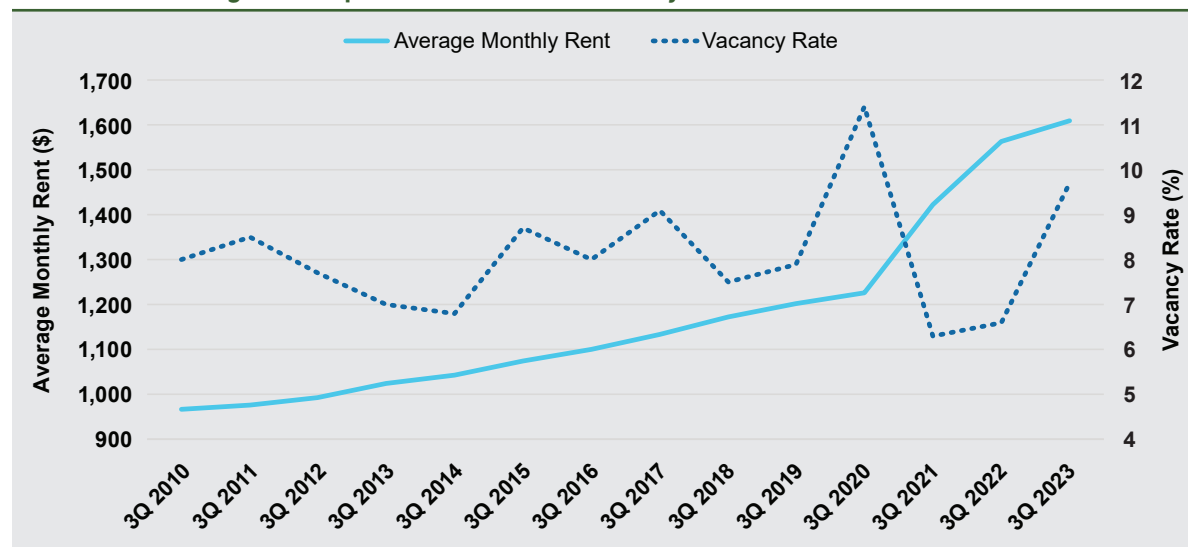
Apartment market conditions in the HMA were slightly soft as of the third quarter of 2023, with a 9.7-percent vacancy rate, up from 6.6 percent as of the third quarter of 2022 and 6.3 percent as of the third quarter of 2021 (Figure 12; CoStar Group). The apartment vacancy rate has increased during the past year, partly because the supply of new units increased faster than they could be absorbed. Rent growth during the past 2 years has slowed. As of the third quarter of 2023, the average monthly apartment rent in the HMA rose 3 percent to \$1,610, compared with a 10-percent increase the previous year and a 16-percent increase as of the third quarter of 2021.

Apartment rents were nowhere near as volatile before the pandemic. The apartment market in the HMA fluctuated between tight and slightly soft conditions from 2010 to 2019, with apartment vacancy rates ranging

from 6.8 percent as of the third quarter of 2014 to a high of 9.1 percent as of the third quarter of 2017. The average rent increased 2 percent annually from 2010 to 2019. The pandemic caused conditions to shift to soft and then to slightly tight because the vacancy rate increased and then declined as of the third quarters of 2020 and 2021, respectively. As of the third quarter of 2020, a 10-percent increase in apartment inventory and a 3-percent decrease in jobs compared with a year earlier contributed to a vacancy rate of 11.4 percent. Inventory growth declined, and the economy expanded during the next year, allowing the market to tighten with a vacancy rate of 6.3 percent as of the third quarter of 2021.

Seven CoStar Group-defined market areas (hereafter, market areas) with the most units in the Savannah HMA are in Chatham County. Of these market areas, East Savannah, between the National Historic Landmark District and Tybee Island, had the lowest vacancy rate at 4.8 percent and the highest annual rent growth at 3 percent as of the third quarter of 2023. Few market-rate units were added during the past year, contributing to higher rent growth and an average rent of \$1,556. The Southside Savannah market area, which contains Hunter Army Airfield and the largest mall in the Savannah HMA, had the lowest rent of \$1,335. The vacancy rate was the second lowest at 5.8 percent, and no units were added in the past year. The highest average rent of \$2,188 was in the Downtown Savannah

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



3Q = third quarter.
Source: CoStar Group

market area, which contains the National Historic Landmark District and River Street. The vacancy rate in the market area was also the highest at 20.4 percent, partly due to a recent addition of 520 units. The Pooler/Bloomingtondale market area in northwest Chatham County, which has the best access to HMGMA, had the greatest increase in inventory during the past year, rising by 710 units and contributing to a vacancy rate of 13.6 percent, up from 6.1 percent a year earlier. Despite the high vacancy rate, the average rent in the Pooler/Bloomingtondale market area, already the second highest in the HMA at \$1,746, grew 2 percent year over year.

Student Housing

The students at three universities make up most of the market for student housing. SCAD enrolls approximately 8,300 full-time undergraduate and 380 graduate students on the Savannah Campus and has a capacity for 2,750 students in their college-owned, -operated, or -affiliated housing. SCAD is generally located in the Downtown Savannah market area. The Armstrong Campus of Georgia Southern University, located in the Southside Savannah market area, enrolls 4,350 full-time undergraduates and 275 graduate students, with a dormitory capacity of 1,300 beds. Savannah State University, among the

historically Black colleges and universities (HBCU), enrolls approximately 2,500 full-time undergraduate and 125 graduate students. Located in the East Savannah area, the university can house approximately 2,200 students. The Mercer University School of Medicine in the East Savannah market area has fewer than 100 students in the Savannah HMA. Most Savannah apartment market areas are accessible through the Chatham Area Transit system, which connects to each campus. In total, these students are estimated to be 4 percent of renter households in the HMA. Off-campus, privately owned apartments targeted to students, usually rented by the bedroom, account for 2,050 units, or 4,400 beds, in the HMA (CoStar Group). With a vacancy rate of 6.7 percent as of the third quarter of 2023, off-campus student apartments accommodate approximately 42 percent of students in the HMA, with an average rent of \$1,108 per bed.

Senior Housing

The Savannah HMA has historically been relatively affordable for seniors renting age-restricted apartments. During the past year, rents at age-restricted apartments increased at a similar rate to the overall market in the HMA. The average rent for age-restricted apartments increased 3 percent as of the third quarter of 2023 compared with a year earlier to \$1,211 (CoStar Group). The market for senior rental housing is tight, with a vacancy rate of 1.3 percent

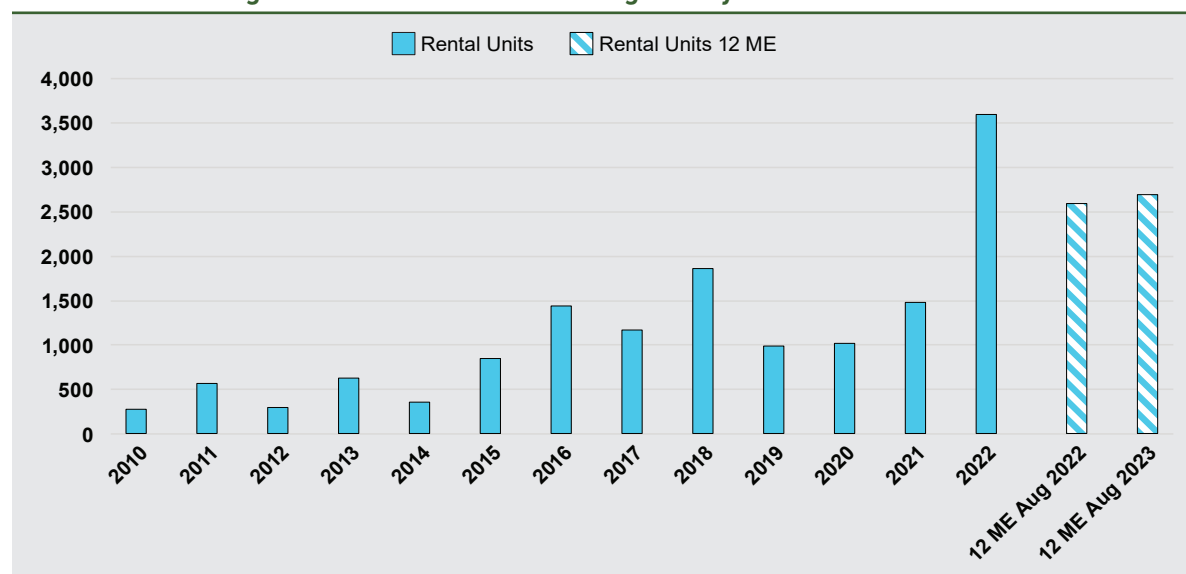
as of the third quarter of 2023, down from 2.3 percent a year earlier. All 70 650-square-foot one-bedroom units in Live Oak Landing II in the East Savannah market area, completed in August 2023, are occupied.

Rental Construction Activity

As measured by the number of rental units permitted, rental construction was limited during the early 2010s, partly due to the conversion of some of the excess supply of for-sale housing to rental units following the housing crisis. From 2010 through 2015, rental building activity averaged 500 units a year. Rental construction increased to an average of 1,325 units a year from 2016 through 2021 as the demand for rental housing increased along with the population.

Rental construction remains strong despite easing apartment market conditions during the past 12 months. During the 12 months ending August 2023, rental permitting increased 4 percent year over year to approximately 2,700 units (preliminary data). Permitting reached unprecedented levels in 2022 at 3,600 units, nearly double the previous record-setting year of 2018 (Figure 13). For context, permitting during

Figure 13. Annual Rental Permitting Activity in the Savannah HMA



12 ME = 12 months ending.

Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

2022 accounted for nearly 25 percent of all rental permitting from 2010 through 2022. Rental building activity was already relatively strong before the official HMGMA announcement in May 2022, which reinvigorated construction despite softening conditions. Since 2020, building activity has been elevated in the Downtown Savannah and Pooler/Bloomingdale market areas. The city of Savannah and the city of Pooler accounted for 67 and 13 percent, respectively, of rental units permitted in the Savannah HMA during this period.

Botanic Luxury Apartments were completed in April 2023 in the Pooler/Bloomingdale market area. Rents at the 391-unit property averaged \$1,784 for one-bedroom units, \$2,135 for two-bedroom units, and \$2,870 for three-bedroom units. An example of a more moderately priced

development is The Spoke Savannah, a 106-unit property in the Southside Savannah market area. Completed in April 2023, one- and two-bedroom apartments are available to rent for \$1,242 and \$1,791, respectively.

Forecast

During the 3-year forecast period, demand is estimated for 4,750 new rental units in the HMA (Table 7). The 2,900 units under construction are expected to satisfy most of the demand during the first and second years of the forecast period. Demand is expected to grow slightly during the second year when production at HMGMA reaches full capacity. Building activity is anticipated to be strong in the Downtown Savannah, East Savannah, and Pooler/Bloomingdale market areas. By the third year of the forecast period, the completion of new infrastructure in northeast Bryan County is anticipated to allow larger rental properties to be built closer to HMGMA.

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

Rental Units	
Demand	4,750 Units
Under Construction	2,900 Units

Note: The forecast period is September 1, 2023, to September 1, 2026.
Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

Apartment Vacancy Rate/ Average Rent	Apartment vacancy rates and average rents are for market-rate and mixed-rate/affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in a housing market area. 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.
Existing Home Sales	Includes resale sales, short sales, and REO sales.
Forecast Period	9/1/2023–9/1/2026—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.

Great Recession	The Great Recession occurred nationally from December 2007 to June 2009.
Millennials	Defined as people born between 1981 and 1996 (Pew Research Center).
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Resales	Home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Seriously Delinquent Mortgages	Mortgages 90 or more 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.
----	---

C. Additional Notes

1.	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.
----	--



2.	<p>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.</p>
----	--

D. Photo/Map Credits

Cover Photo	Adobe Stock
-------------	-------------

Contact Information

Maciej Misztal, Economist
Atlanta HUD Regional Office
678-732-2660
maciej.d.misztal@hud.gov

