

Economic Conditions

By 2014, the economy of the Savannah HMA had recovered all the jobs lost during the housing crisis; however, job growth has not returned to the fast pace seen in the mid-2000s. From 2004 through 2007, the expanding hospitality and healthcare industries spurred the opening of approximately 15 small support companies in the professional and business services sector that led to strong economic growth in the Savannah HMA. During this period, nonfarm payrolls increased by an average of 6,100 jobs, or 4.2 percent, annually. The professional and business services and the leisure and hospitality sectors led growth, increasing annually by 1,700 and 900 jobs, or 10.4 and 5.0 percent, respectively. Combined, the sectors accounted for nearly 43 percent of the total job growth in the HMA during this period. During the 2004-through-2007 period, the education and health services sector, another strong sector in the HMA, added an average of 700 jobs, an increase of 3.5 percent, annually and accounted for 12 percent of nonfarm payroll growth. Memorial Health University Medical Center and St. Joseph's/Candler Hospital System are the third and fourth largest employers in the HMA (Table 2). In 2004, St. Joseph's opened a call center with approximately 150 new

employees. In 2006, St. Mary's Community Center, which offers free healthcare services to uninsured citizens in Chatham County, opened and hired 100 employees. Other large employers in the HMA include Savannah College of Art and Design, a private university with five locations internationally, including the charter location in the HMA. In the fall of 2014, 11,973 students were enrolled, an increase from 11,618 students a year earlier. About 8,200 students matriculate at the HMA location.

After nonfarm payrolls peaked during the decade, at 161,500 jobs in 2007, the number of jobs declined by 5,300 jobs each year, or 3.3 percent, from 2008 through 2009 as a result of the national recession. The largest declines occurred in the professional and business services and the mining, logging, and construction sectors, in which an average of 1,900 and 1,300 jobs, or 9.6 and 14.1 percent, respectively, were lost annually. These losses resulted from the downsizing of small companies across multiple sectors and a decline in homebuilding, which reduced jobs in the construction subsector by more than one-half. During this time, almost 10 companies, including customer service companies and call centers, laid off 500 workers. In 2010, the economy began to stabilize and gained an average of 3,600 jobs, or 2.3 percent, annually from 2011 through 2014. During this period, the leisure and hospitality and the wholesale and retail trade sectors, the largest sectors in the HMA (representing 14.7 and 15.7 percent of nonfarm payrolls, respectively) led growth, increasing annually by 1,000 and 800 jobs, or 4.8 and 3.1 percent, respectively, coinciding with the strengthening of domestic tourism in the HMA. Savannah

Table 2. Major Employers in the Savannah HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Gulfstream Aerospace Corporation	Manufacturing	9,400
Hunter Army Airfield	Government	6,700
Memorial Health University Medical Center	Education & health services	5,000
St. Joseph's/Candler Hospital System	Education & health services	3,304
Wal-Mart Stores, Inc.	Wholesale & retail trade	2,925
Savannah College of Art and Design	Education & health services	1,750
Momentum Resources II, Inc.	Professional & business services	1,700
Georgia-Pacific LLC	Manufacturing	1,200
Fred Meyer, Inc.	Wholesale & retail trade	1,070

Notes: Excludes local school districts. Data include military personnel, who are generally not included in nonfarm payroll survey data.

Source: Moody's Analytics

attracted nearly 14 million visitors in 2014 (most recent data available) and the tourism industry had an economic impact of nearly \$2.5 billion, up slightly from \$2.3 billion in 2013 (Savannah Chamber of Commerce).

After nonfarm payrolls surpassed the 2007 prerecession peak in 2014, economic conditions in the Savannah HMA continued to strengthen. During the 12 months ending September

2015, nonfarm payrolls averaged 169,600 jobs, an increase of 6,100 jobs, or 3.7 percent, from a year earlier (Table 3). During this time, the professional and business services and the leisure and hospitality sectors, the sectors that have had the highest growth since 2000 (Figure 1), led gains, increasing by 2,200 and 1,400 jobs, or 11.4 and 5.9 percent, respectively. As a result of significant job gains, the unemployment rate during the 12 months ending September 2015 averaged 5.9 percent, significantly down from 7.3 percent during the 12 months ending September 2014. By comparison, the unemployment rate peaked in 2010 and 2011 at 9.8 percent (Figure 2).

In the past year, the manufacturing sector, which includes the strengthening aerospace industry, has contributed the third highest number of jobs in the Savannah HMA. During the 12 months ending September 2015, the manufacturing sector expanded by 800 jobs, or 5.1 percent, from a year earlier. Gulfstream Aerospace Corporation, a manufacturer of commercial aircrafts, is the largest employer in the

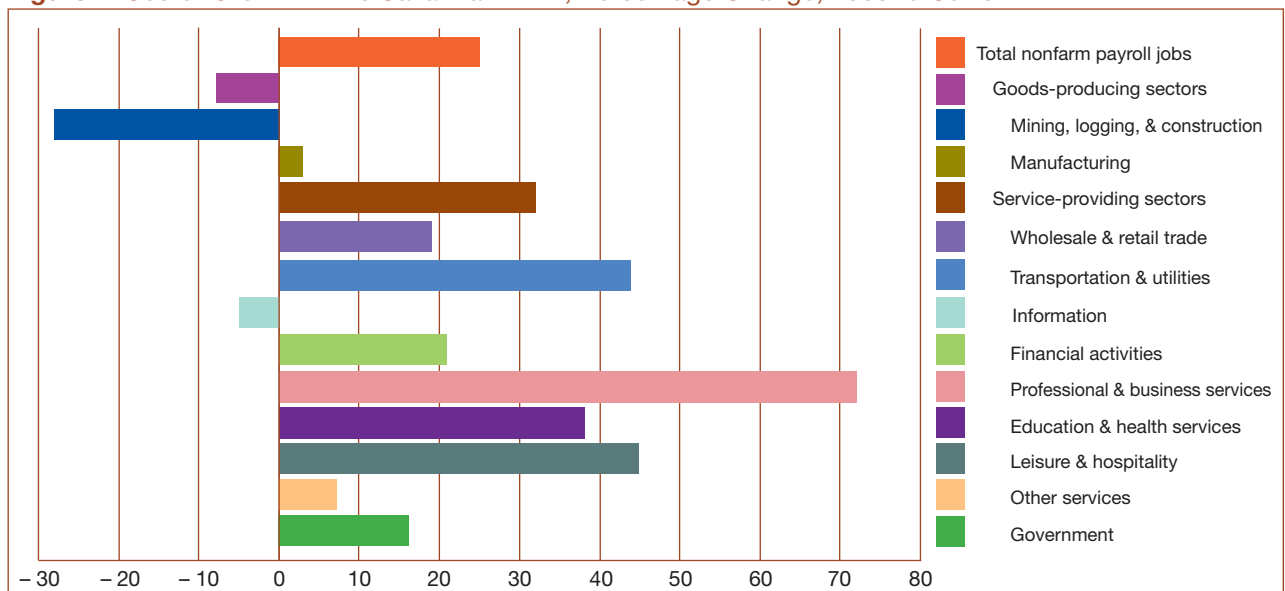
Table 3. 12-Month Average Nonfarm Payroll Jobs in the Savannah HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	September 2014	September 2015		
Total nonfarm payroll jobs	163,500	169,600	6,100	3.7
Goods-producing sectors	21,500	22,700	1,200	5.6
Mining, logging, & construction	5,700	6,100	400	7.0
Manufacturing	15,800	16,600	800	5.1
Service-providing sectors	142,000	146,900	4,900	3.5
Wholesale & retail trade	26,000	26,600	600	2.3
Transportation & utilities	10,200	10,800	600	5.9
Information	1,800	1,900	100	5.6
Financial activities	6,400	6,400	0	0.0
Professional & business services	19,300	21,500	2,200	11.4
Education & health services	24,100	24,500	400	1.7
Leisure & hospitality	23,600	25,000	1,400	5.9
Other services	7,100	7,200	100	1.4
Government	23,400	22,900	-500	-2.1

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through September 2014 and September 2015.

Source: U.S. Bureau of Labor Statistics

Figure 1. Sector Growth in the Savannah HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through September 2015.

Source: U.S. Bureau of Labor Statistics

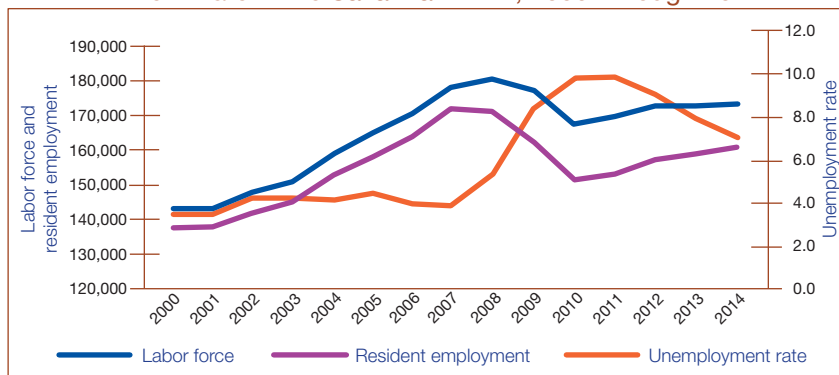
HMA. The company was the fourth largest aerospace employer in Georgia in 2013 and contributed to the state's ranking as one of the top states in the country for the number of aerospace jobs (Georgia Department of Economic Development; most recent data available). Gulfstream is currently increasing its presence in the HMA with two expansion projects. The first is a \$500 million plant expansion, which began in 2010 and will be complete by 2017; by 2013, this expansion had already created 2,200 new jobs. The second is a new 400,000-square-foot product-support distribution center, which will add 300 employees by the time the facility is complete at the end of 2015.

Because the city of Savannah is located on the Savannah River with access to a significant U.S. seaport, transportation plays a large role in the local economy.

The transportation and utilities sector strengthened during the past 12 months in the HMA, increasing by 600 jobs, or 5.9 percent. 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 annually in the United States. The government sector is the fourth largest nonfarm payroll sector in the HMA (Figure 3), with 22,900 jobs, or 14 percent of total nonfarm payrolls in the HMA. Although local and federal government payrolls increased during the 12 months ending September 2015, the government sector combined lost 500 jobs, or 2.1 percent, because of state government layoffs. Hunter AAF, the second largest employer in the HMA, employs 6,700 civilian and military personnel; Hunter AAF and Fort Stewart, an army base in neighboring Hinesville, Georgia, approximately 40 miles outside the HMA, had a combined estimated impact of approximately \$4.9 billion on the region in 2012 (U.S. Department of Defense; most recent data available).

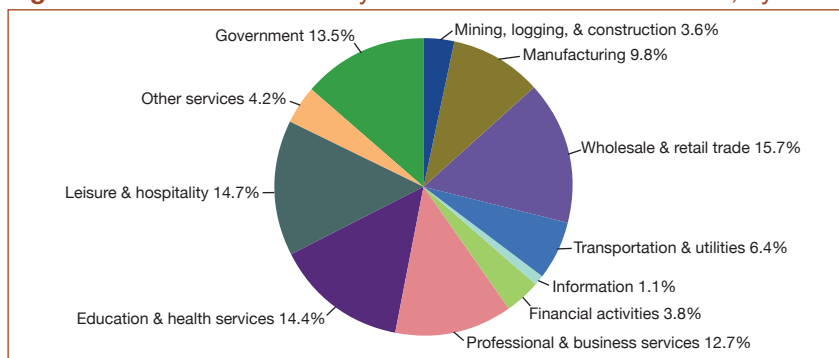
During the next 3 years, nonfarm payroll jobs in the HMA are expected to increase an average of 3.1 percent annually, with steadily increasing payroll growth throughout the 3-year forecast period. The education and health services sector is expected to lead job growth during the forecast period. In early 2014, Memorial Health University Medical Center broke ground on a \$15 million renovation and expansion to the emergency and trauma centers. The expansion is expected to add 140 staff after the construction is complete in 2016.

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Savannah HMA, 2000 Through 2014



Source: U.S. Bureau of Labor Statistics

Figure 3. Current Nonfarm Payroll Jobs in the Savannah HMA, by Sector



Note: Based on 12-month averages through September 2015.

Source: U.S. Bureau of Labor Statistics

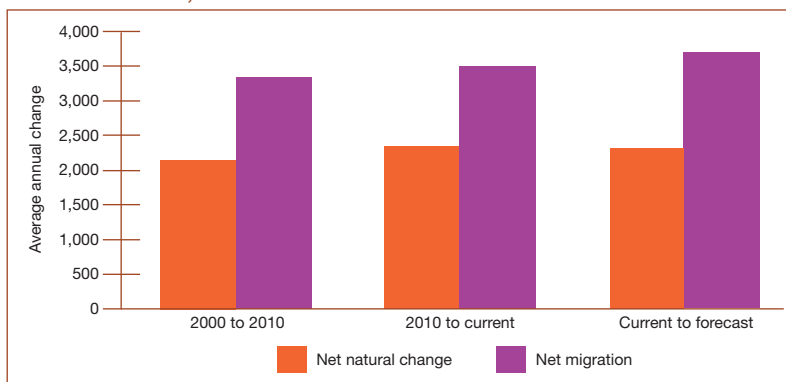
Population and Households

Population growth in the Savannah HMA has been relatively strong since 2005, and net in-migration has accounted for 61 percent of population growth since that time. The population is currently estimated at 379,700, an average increase of 5,825, or 1.6 percent, annually since 2010. Figure 4 shows the components of population change in the HMA from 2000 to the forecast date. During the 2000s, population growth was greatest in the HMA from 2006 to 2009, despite weak economic conditions during most of that period. The population increased by an average of 7,325, or 2.2 percent, annually; net in-migration accounted for nearly 66 percent of growth. Growth during this period was

largely because of the 5,700 military personnel who returned from deployment to the HMA in 2009; population growth peaked in 2009, at 8,825 people. After economic conditions began to stabilize in 2010, population growth slowed to an average of 5,600 people, or 1.5 percent, annually from 2011 to 2014 because of a drawdown in the number of deployed troops. Because employment growth during the forecast period is expected to continue to be strong, annual population growth is expected to increase slightly from the growth during the 2010-to-current period. During the next 3 years, the population is expected to increase by an average of 6,000, or 1.6 percent, annually to 397,700. Population growth is expected to be concentrated in Chatham County, the largest and fastest growing county in the HMA and the location of the city of Savannah. Table DP-1 at the end of this report provides information about population growth in the HMA from 2000 to the current date.

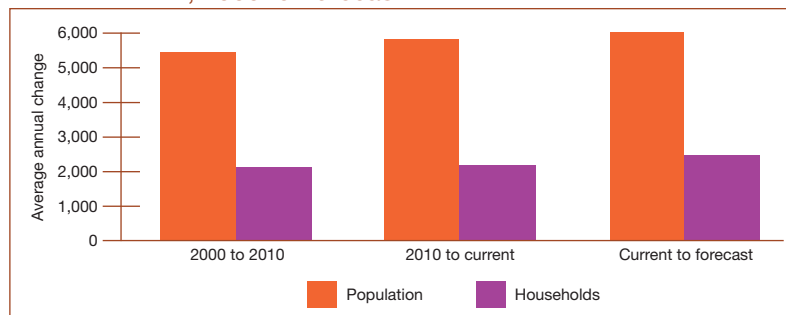
The number of households in the Savannah HMA grew by an average of 2,075, or 1.7 percent, annually from 2000 to 2010 (Figure 5). Since 2010, household growth has remained relatively stable, averaging 2,150 households, or 1.6 percent, a year; approximately 75 percent of growth since 2010 has been from renter household growth. Of the estimated 143,650 households that currently reside in the HMA, 84,500, or 58.8 percent, are owner households (Figure 6). Since 2010, household growth has been concentrated in Chatham County, where most rental housing developments have been located because it is the largest and fastest growing county in the HMA in terms of employment

Figure 4. Components of Population Change in the Savannah HMA, 2000 to Forecast



Notes: The current date is October 1, 2015. The forecast date is October 1, 2018.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Population and Household Growth in the Savannah HMA, 2000 to Forecast



Notes: The current date is October 1, 2015. The forecast date is October 1, 2018.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Population and Households *Continued***Figure 6.** Number of Households by Tenure in the Savannah HMA, 2000 to Current

Note: The current date is October 1, 2015.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

and population growth. During the next 3 years, as economic conditions continue to strengthen, the number of households is expected to increase by 2,425, or 1.7 percent, annually, to 150,900 households.

Housing Market Trends

Sales Market

The sales housing market in the Savannah HMA is slightly soft, but the market has improved since 2011 because of strong job growth. As of October 1, 2015, the sales vacancy rate was estimated at 2.3 percent, down from 3.7 percent as of April 2010, when the economy was weak and the housing market was soft. The strengthening economy and sales market were reflected in fewer home loans that were seriously delinquent (loans 90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status; the percentage of these loans declined from 6.5 percent in April 2010 to 4.0 percent in September 2015. The HMA rate of delinquent loans as of September 2015 is lower than the national rate of 4.2 percent but is slightly higher than the rate of 3.9 percent for Georgia (Black Knight Financial Services, Inc.).

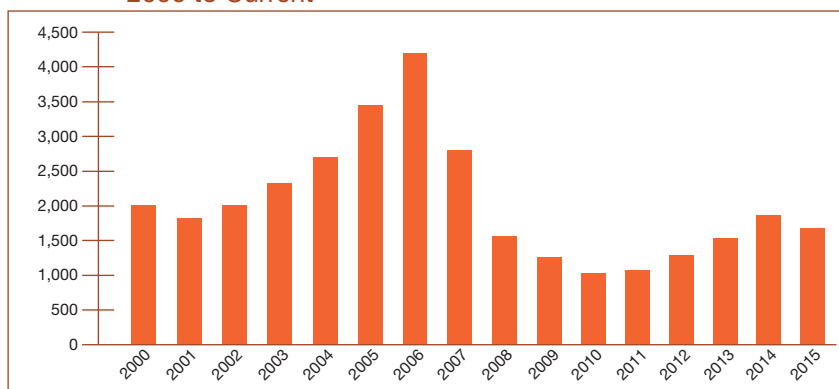
During the mid-2000s, strong economic growth and lenient lending standards led to increased home sales and prices in the Savannah HMA compared with home sales and prices in the earlier part of the decade. From 2004 through 2007, new and existing home sales (including single-family homes, townhomes, and condominiums) averaged 8,425 homes sold annually, and the home sales price averaged \$203,700 (CoreLogic, Inc., with adjustments by the analyst). By comparison, from 2001 through 2003, an average of 5,475 homes sold annually at an average price of \$174,600. As employment fell in 2008 and 2009, home sales declined significantly from the peak in the 2004-through-2007 period to an average of 5,575 homes sold annually, at an average price of \$192,800. During this period of decline, distressed home sales (REO and short sales) averaged 650 homes

sold annually compared with only 100 distressed sales annually during the 2004-through-2007 period. Although the economy began to stabilize in 2010, home sales continued to lag; during 2010 and 2011, new and existing home sales averaged 4,425 homes sold annually, at an average price of \$183,900. As employment continued to strengthen, home sales began to improve. From 2012 through 2013, new and existing home sales averaged 6,650 homes sold annually, and the sales price averaged \$173,200 annually. During the 12 months ending September 2015, employment growth continued to strengthen, and, as a result, new and existing home sales increased to 7,585 homes sold in the HMA compared with 6,650 homes sold a year earlier, and the average price increased to \$198,500 from \$189,500. Although home sales and prices have increased in the past 12 months, home sales remain 840 homes, or 11 percent, below the 2004-through-2007 peak levels. Distressed sales have remained elevated despite an improving economy but have declined recently. During the 12 months ending September 2015, distressed sales averaged 625 homes sold, compared with 870 homes sold a year earlier.

Since 2010, single-family homebuilding activity, as measured by the number of homes permitted, has increased in the Savannah HMA every year, but it remains far below mid-2000s levels (Figure 7). Single-family home construction averaged approximately 3,275 homes permitted annually from 2004 through 2007, when employment growth was strong before declining to an average of 1,225 homes permitted annually from 2008 through 2011. Then, from 2012 through 2014, the average number of homes permitted increased to 1,550 annually. During the 12 months ending September 2015, 1,650 single-family homes were permitted, a 10-percent increase compared with the number permitted a year earlier (preliminary data). Popular areas for new home construction include the cities of Pooler, Richmond Hill, and Rincon. Mosswood at Berwick in Richmond Hill is a gated community with resort-style amenities that began construction in 2013, has completed 200 homes, and has the potential for building approximately 500 new homes during the next 5 years. Three-, four-, and five-bedroom homes are available for prices ranging from approximately \$180,000 to \$234,000. Cumberland Point at The Highlands, located in the city of Pooler, is a master-planned community that began construction in 2014. Of the 100 planned new homes, approximately 10 remain for purchase; three- and four-bedroom homes are available at prices starting in the mid-\$200,000s.

During the 3-year forecast period, demand is expected for 6,225 new homes in the HMA, including 50 mobile homes (Table 1). The estimated 550 homes currently under construction and a portion of the 8,500 other

Figure 7. Single-Family Homes Permitted in the Savannah HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through September 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Sales Market *Continued*

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Savannah HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
180,000	199,999	1,225	20.0
200,000	219,999	1,550	25.0
220,000	239,999	1,550	25.0
240,000	259,999	740	12.0
260,000	299,999	620	10.0
300,000	339,999	310	5.0
340,000	and higher	190	3.0

Notes: The 550 homes currently under construction and a portion of the estimated 8,500 other vacant units in the HMA will likely satisfy some of the forecast demand. Demand for 50 mobile homes during the forecast period is excluded from this table. The forecast period is October 1, 2015, to October 1, 2018.

Source: Estimates by analyst

Rental Market

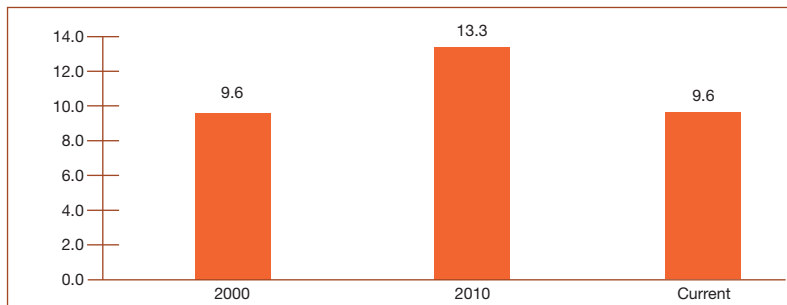
Overall rental housing market conditions in the Savannah HMA are currently soft but have improved in the past 5 years because of increased demand for rental units and lower multifamily construction activity from 2009 through 2014. The current overall rental vacancy rate, including apartments, single-family homes, and other rental units, is estimated at 9.6 percent, down from 13.3 percent in April 2010 (Figure 8). In contrast with the soft conditions in the overall rental market, conditions in the apartment market are currently balanced. The apartment vacancy rate during the third quarter of 2015 was 6.5 percent, slightly up from 6.2 percent a year earlier (Reis, Inc.). The average asking rent for apartments

vacant units in the HMA will satisfy some of the demand. Demand is expected to remain steady during each year of the forecast period. Approximately 50 percent of the demand is expected to be for homes priced between \$200,000 and \$240,000 (Table 4).

was approximately \$800, up 1 percent from a year earlier. The average rents were \$577, \$710, \$818, and \$1,009 for studio, one-bedroom, two-bedroom, and three-bedroom apartments, respectively.

Because of strong demand for rental housing from military personnel stationed at Hunter AAF, the rental market in the area surrounding the base is tighter than in the HMA as a whole. An estimated 9 percent of renter households in the HMA are military households. With only 1,210 on-base beds for unaccompanied military personnel, most military personnel live off base, and an estimated two-thirds of off-base personnel are renters in the Savannah HMA. Communities that are highly populated by military personnel and closer to the base have relatively lower rental vacancy rates than the vacancy rate in the HMA as a whole. The apartment vacancy rate in the central portion of Chatham County, where a high proportion of military personnel reside, is currently estimated at approximately 4.5 percent, less than the overall rate of the HMA (local sources).

Figure 8. Rental Vacancy Rates in the Savannah HMA, 2000 to Current



Note: The current date is October 1, 2015.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Rental Market *Continued*

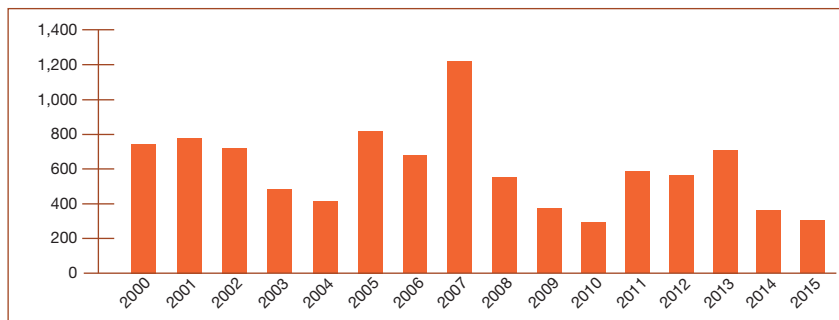
As the economy strengthened in the mid-2000s, multifamily construction activity, as measured by the number of multifamily units permitted, increased to high levels, averaging 740 units permitted between 2005 and 2006. Construction peaked in 2007, when approximately 1,200 units were permitted (Figure 9), coinciding with the second highest rate of job growth during the decade. In 2008, when economic conditions began to decline, multifamily construction fell to an average of 400 units each year from 2008 through 2010. Improving economic conditions, coupled with increased rental demand, led to increased multifamily development beginning in 2011. From 2011 through 2013, an average of 610 multifamily units were permitted annually. During the 12 months ending September 2015, 300 multifamily

units were permitted compared with 430 units permitted a year earlier (preliminary data).

Apartment construction is concentrated in the western portion of the HMA, including the city of Pooler. One of the larger properties under construction is the 317-unit Parkside at the Highlands in Pooler; 242 units have been completed and 75 units are expected to be complete by early 2016. Studio, one-bedroom, two-bedroom, and three-bedroom units have monthly rents that start at \$950, \$1,015, \$1,200, and \$1,300, respectively. Recent construction includes Savannah Gardens Phase IV Apartments, which completed an additional 114 units in September 2015.

During the next 3 years, demand is expected for 1,550 new market-rate rental housing units in the HMA (Table 1). The 400 units currently under construction and the 200 units in the planning phase will meet a portion of this demand. As a result of current rental market conditions, additional units should begin construction during the second year of the 3-year forecast period to allow for excess vacant available units to be absorbed. Table 5 shows forecast demand by the number of bedrooms and rent levels.

Figure 9. Multifamily Units Permitted in the Savannah HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through September 2015.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Savannah HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
950 or more	75	1,015 or more	540	1,200 or more	700	1,300 or more	230
Total	75	Total	540	Total	700	Total	230

Notes: Monthly rent does not include utilities or concessions. The 400 units currently under construction will likely satisfy some of the estimated demand. The forecast period is October 1, 2015, to October 1, 2018.

Source: Estimates by analyst

Data Profile

Table DP-1. Savannah HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	137,154	151,157	163,300	1.0	1.6
Unemployment rate	3.5%	9.8%	5.9%		
Nonfarm payroll jobs	135,700	151,000	169,600	1.1	2.5
Total population	293,000	347,611	379,700	1.7	1.6
Total households	111,105	131,868	143,650	1.7	1.6
Owner households	71,466	81,490	84,500	1.3	0.7
Percent owner	64.3%	61.8%	58.8%		
Renter households	39,639	50,378	59,150	2.4	3.0
Percent renter	35.7%	38.2%	41.2%		
Total housing units	122,527	151,049	160,400	2.1	1.1
Owner vacancy rate	1.8%	3.7%	2.3%		
Rental vacancy rate	9.6%	13.3%	9.6%		
Median Family Income	\$44,200	\$59,000	\$58,500	2.9	- 0.2

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through September 2015. Median Family Incomes are for 1999, 2009, and 2014. The current date is October 1, 2015.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 10/1/2015—Analyst’s estimates
 Forecast period: 10/1/2015–10/1/2018—
 Analyst’s estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

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.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. 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.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_SavannahGA_16.pdf.

Contact Information

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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.

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 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.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.