

Housing Market Profile

Southeast/Caribbean • HUD Region IV



Columbia, South Carolina

The Columbia metropolitan area, which consists of Calhoun, Fairfield, Kershaw, Lexington, Richland, and Saluda Counties, is in central South Carolina. Richland and Lexington Counties, which account for nearly 90 percent of the total population and include the city of Columbia, the state capital, make up the economic core of the metropolitan area. As of July 1, 2012, the population of the metropolitan area was estimated at 784,400, an average increase of approximately 7,475, or 1.0 percent, annually since April 1, 2010, compared with an average annual increase of 13,450, or 1.8 percent, from 2007 to 2010. The population grew by an average of 10,900, or 1.6 percent, annually from 2000 through 2006, peaking in 2006 at 15,950, or 2.3 percent. Population growth has slowed annually since 2007 because of the decreasing net in-migration resulting from the weakened economy.

Economic conditions in the metropolitan area improved during the past 2 years, after 3 years of declining nonfarm payrolls. During the 12 months ending May 2012, nonfarm payrolls increased by 3,800 jobs, or 1.1 percent, from the previous 12 months to an average of 348,500 jobs. Nonfarm payrolls increased by 800 jobs, or 0.2 percent, during the previous 12-month period. Before the recent increase, nonfarm payrolls declined by an average of 7,200 jobs annually from 2008 through 2010, led by job losses in the wholesale and retail trade and the professional and business services sectors. The professional and business services sector had the most job growth during the most recent 12-month period, adding 2,000 jobs, a 4.9-percent increase from the previous 12 months. Verizon Communications Inc., a provider of voice, data, and video products, hired approximately 500 new employees at its Elgin call center in 2011. The manufacturing sector added 1,400 jobs, a 4.9-percent increase from the previous 12-month period. The wholesale and retail trade and the leisure and hospitality sectors both increased by 600 jobs, or 1.2 and 1.9 percent, respectively. Part of this job growth is because Amazon.com Inc., an online retailer, opened a \$100 million distribution center in Cayce last year that is expected to add 2,000 full-time jobs by the end of 2012. The government sector, the largest in the metropolitan area, includes Fort Jackson, the largest Initial Entry Training Center in the U.S. Army and the largest employer in the area, with 9,200 military and civilian workers. The government sector led job losses during the past 12 months, declining by 800 jobs, or 1.0 percent, from the previous 12 months. The education and health services sector—which includes the

second and third largest employers in the metropolitan area, Palmetto Health and BlueCross BlueShield of South Carolina, with 8,400 and 6,800 employees, respectively—also declined, by 600 jobs, or 1.5 percent. The unemployment rate declined from 9.0 percent during the previous 12 months to 8.5 percent during the most recent 12-month period.

Conditions in the Columbia metropolitan area home sales market are currently soft, with an estimated vacancy rate of 2.5 percent. According to CoreLogic®, during the 12 months ending April 2012, existing single-family home sales totaled 4,050 homes, a 22-percent decline from the number sold during the previous 12-month period. The increase in foreclosures and distressed sales in the metropolitan area has led to a decrease in home prices. The median sales price of existing single-family homes in April 2012 was \$126,000, down 4 percent from April 2011. New single-family home sales declined 3 percent during the past 12 months to total 1,275 homes sold, and the median price declined less than 1 percent to \$170,400. Existing home sales peaked in 2005, when nearly 15,000 homes sold, and declined from 2006 through 2011 by an annual average of 2,150 homes, or 14 percent, as job losses increased. According to LPS Applied Analytics, the share of all mortgage loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) increased to 7.5 percent in May 2012 from 6.8 percent in May 2011.

Single-family homebuilding, as measured by the number of building permits issued, increased during the past year despite the continued decline in home sales. According to preliminary data, during the 12 months ending May 2012, 2,375 homes were permitted, an increase of 130 homes, or 6 percent, from the previous 12 months. Single-family homebuilding peaked in 2005, when 6,650 homes were permitted. From 2006 through 2011, permitting declined by an average of 820 homes, or 20 percent, annually.

Rental housing market conditions in the Columbia metropolitan area are soft. The overall rental vacancy rate is currently estimated at 9.2 percent, down from 11.8 percent recorded in April 2010. According to Real Data, as of April 2012, the apartment vacancy rate was 8.9 percent compared with the 11.9-percent rate recorded in April 2011. Vacancy rates declined during the past year as demand for apartment units increased. The market absorbed approximately 1,250 units compared with the 340 units absorbed during the previous year. The average apartment rent increased 1 percent, from \$756 in April 2011 to \$762 in April 2012. The central Columbia submarket, which



includes the city of Columbia, had the lowest vacancy rate of any submarket in the metropolitan area during the past year, 3.6 percent in April 2012, down from 7.2 percent in April 2011. The University of South Carolina contributes to the strength of the rental market in this submarket. Student housing accounts for 26 percent of the apartment market in the area.

Multifamily construction, as measured by the number of units permitted, increased during the past 12 months in response to the tightening rental market. Based on

preliminary data, during the 12 months ending May 2012, the number of units permitted increased 16 percent, or by nearly 80 units, to 560 units. After the peak in multifamily permitting in 2006, when 1,625 permits were issued, permitting declined by an average of 160 units, or 10 percent, annually from 2007 through 2011. One property currently under construction is the 315-unit Ballentine Crossing in Irmo, which will consist of one-, two-, and three-bedroom units with rents ranging from \$700 to \$1,000, with an expected completion in the spring of 2013.