

Housing Market Profile

Southeast/Caribbean • HUD Region IV



Savannah, Georgia

The Savannah metropolitan area, located in southeastern Georgia, consists of Bryan, Chatham, and Effingham Counties. Savannah, the oldest city in Georgia, is a significant U.S. seaport. The Port of Savannah had an estimated impact of \$61.8 billion in statewide sales in 2009, according to the Georgia Ports Authority. As of October 1, 2011, the population of the metropolitan area was estimated at nearly 353,300, an increase of 5,300 people, or 1.6 percent, annually since April 2010 compared with an annual increase of 7,200 people from 2006 through 2009.

After 4 years of declining nonfarm payrolls, economic conditions in the Savannah metropolitan area stabilized during the 12 months ending August 2011. During this period, total nonfarm payrolls were relatively unchanged at 149,500 jobs compared with the number of jobs during the 12 months ending August 2010, when the metropolitan area lost 1,600 jobs, a decline of 1.1 percent. During the 12 months ending August 2011, the largest increase in nonfarm payroll jobs occurred in the professional and business services sector, which added 700 jobs, or 4.3 percent. The mining, logging, and construction sector decreased by 600 jobs, or 9.2 percent, with losses primarily in construction because of decreased homebuilding activity. The largest employers in the area are Hunter Army Airfield and Gulfstream Aerospace Corporation, with 7,050 and 6,000 employees, respectively. Of the Hunter Army Airfield employees, 6,300 are military personnel and 750 are civilian employees. In early 2010, Gulfstream Aerospace Corporation, a manufacturer of jet aircraft and aerospace equipment, announced plans for a \$500 million plant expansion over the next 7 years and added approximately 1,300 jobs in 2011. As part of the project, the Savannah/Hilton Head International Airport will expand beginning in late 2011; this 890-acre project is estimated to create 1,000 jobs. The average unemployment rate for the metropolitan area for the 12 months ending August 2011 was 9 percent, up from 8.8 percent during the previous 12 months.

The sales housing market in the Savannah metropolitan area is soft as a result of the recent economic decline. As of October 2011, the estimated sales vacancy rate was 3.8 percent, up from the 3.6-percent rate recorded in the 2010 Census. According to LPS Applied Analytics, 7.7 percent of all home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in August 2011 compared with 8.4 percent of all home loans in August 2010. According to Hanley Wood, LLC, during the 12 months ending September 2011,

the number of existing single-family homes sold in the area totaled approximately 2,400, a decrease of 14 percent compared with the 2,800 homes sold a year earlier, a result of tighter lending practices. Despite the decrease in sales, the average sales price of existing homes increased by 5 percent, to \$215,000, during the 12 months ending September 2011 compared with prices during the previous 12 months. Sales of new single-family homes totaled 120 for the 12 months ending September 2011, a decrease from the 650 sold during the previous 12 months. The average sales price of new single-family homes during the 12 months ending September 2011 was \$187,600, a decrease of 9 percent from the average price during the previous 12 months.

Homebuilding activity in the area, as measured by the number of building permits issued, declined slightly as developers reduced building in response to decreased demand. Based on preliminary data, during the 12 months ending August 2011, about 880 permits were issued for single-family homes, 4 percent fewer than during the previous 12-month period.

Rental housing market conditions in the metropolitan area are soft but improving as job losses decrease. The current overall rental vacancy rate is estimated at 12 percent, a decrease from the 13.2-percent rate reported in the 2010 Census. According to RealData, Inc., the apartment vacancy rate during July 2011 was 5.9 percent compared with 12 percent during July 2010. The average apartment rent in the area was \$817 in July 2011, up 5 percent from the average in July 2010. Average rents in the area for one-, two-, and three-bedroom apartment units were \$724, \$838, and \$934, respectively.

Based on preliminary data, about 230 multifamily units were permitted during the 12 months ending August 2011 compared with approximately 350 units permitted during the previous year. Based on annual data, multifamily permitting averaged about 520 units from 2007 through 2009. Sustainable Fellwood, a mixed-use and mixed-income development, is composed of 150 rental units which began construction in 2010. The impact of the military on the metropolitan area rental market is largely in south Savannah. Fort Stewart, located in Hinesville, is southwest of the metropolitan area, and, according to RealData, Inc., 53 percent of the apartments in the metropolitan area are located in the south Savannah submarket. According to RealData, Inc., 560 units have been absorbed in the submarket during the past 12 months, more than in any other submarket, decreasing the apartment vacancy rate in the submarket from 13.6 percent in July 2010 to 4.3 percent in July 2011.

