

Economic Conditions

Nonfarm payrolls in the Columbia HMA have increased since the end of 2010 following 3 years of annual job losses. Following trends seen nationally, payrolls declined by an average of 2,200 jobs, or 0.6 percent, annually from 2000 through 2002. The local economy began to recover in 2003, and payrolls in the HMA increased by an average of 5,900 jobs, or 1.7 percent, annually from the end of 2002 through 2007. Job gains during this period were led by the professional and business services and education and health services sectors, which increased by an average of 1,500 and 1,200 jobs, or 3.9 and 3.1 percent, respectively, annually. In 2008, as part of the national recession, another economic downturn began in the HMA and continued through 2010, averaging an annual loss of 7,400 jobs, or 2.0 percent. The wholesale and retail trade sector had the highest decline in payrolls during this period, losing an average of 1,900 jobs, or 3.3 percent, annually. The Bose Corporation, which specializes in audio equipment, laid off nearly 150 workers at its Blythewood

plant in 2009. The economy began to recover by 2011 and added an average of 5,100 jobs in 2011 and 2012, increasing an average of 1.5 percent annually. During this period, the professional and business services, financial activities, and leisure and hospitality sectors led job growth, increasing by 2,300, 800, and 800 jobs, or 5.5, 2.8, and 2.4 percent, respectively. Amazon.com, an online retailer of goods, opened a \$100 million distribution center in Lexington County, having added 1,250 full-time jobs since opening in 2011.

Nonfarm payrolls continued to grow during the past year. During 2014, nonfarm payrolls increased by an average of 8,700 jobs, or 2.4 percent, from the previous year, reaching an all-time high of 372,900 jobs compared with an increase of 7,900 jobs, or 2.2 percent, during 2013 (Table 2). The government, manufacturing, and transportation and utility sectors led growth in 2014, adding 2,200, 1,700, and 1,300 jobs, or 2.7, 6.1, and 10.2 percent, respectively. Signode, a manufacturer and distributor of protective packaging systems, announced in April 2014 plans to locate a new facility in Lexington County that will create 130 new jobs, 63 of which will be added during the first phase of hiring. The information sector was the only sector to lose jobs during the past year, declining by 100 jobs, or 1.8 percent. Figure 1 shows the percent change in sector growth from 2000 to the current date. The unemployment rate declined during the past 4 years and averaged 5.8 percent during 2014, the lowest rate since 5.0 percent in 2007 and down from 6.7 percent during 2013. Figure 2 shows trends in labor force, resident employment, and the unemployment rate from 2000 through 2014.

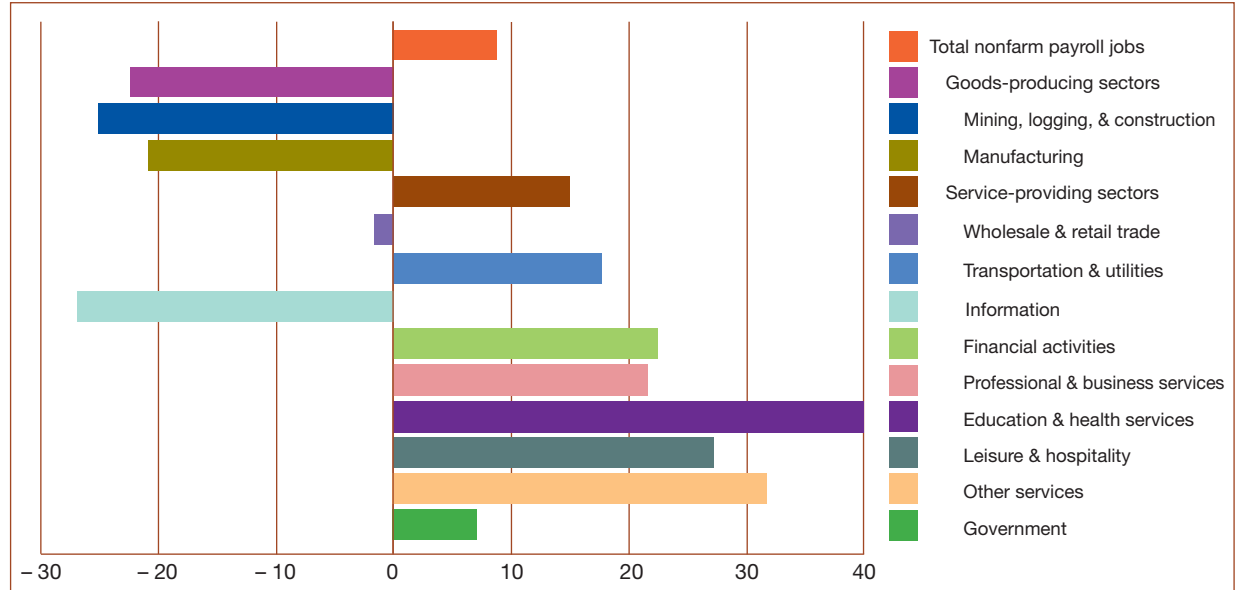
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Columbia HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	December 2013	December 2014		
Total nonfarm payroll jobs	364,200	372,900	8,700	2.4
Goods-producing sectors	42,800	44,600	1,800	4.2
Mining, logging, & construction	14,800	14,900	100	0.7
Manufacturing	28,000	29,700	1,700	6.1
Service-providing sectors	321,400	328,300	6,900	2.1
Wholesale & retail trade	53,000	54,200	1,200	2.3
Transportation & utilities	12,700	14,000	1,300	10.2
Information	5,600	5,500	- 100	- 1.8
Financial activities	29,700	29,800	100	0.3
Professional & business services	45,900	46,400	500	1.1
Education & health services	44,300	45,400	1,100	2.5
Leisure & hospitality	34,200	34,700	500	1.5
Other services	14,900	15,100	200	1.3
Government	81,100	83,300	2,200	2.7

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through December 2013 and December 2014. Military jobs are not included in nonfarm payroll data.

Source: U.S. Bureau of Labor Statistics

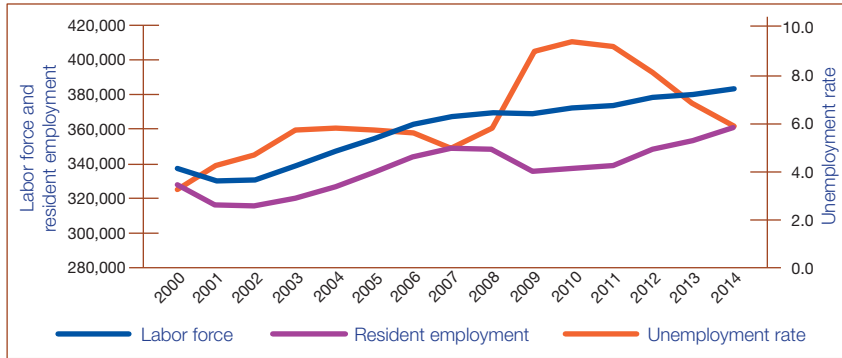
Figure 1. Sector Growth in the Columbia HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through December 2014.
Source: U.S. Bureau of Labor Statistics

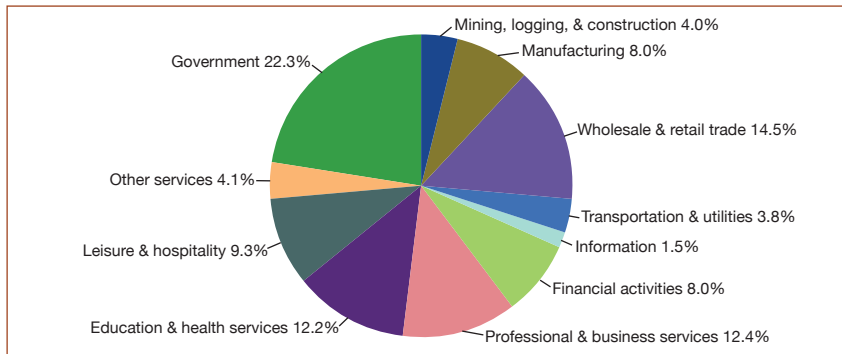
The government sector is the largest sector in the HMA, accounting for 22 percent of total nonfarm payrolls with

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



Source: U.S. Bureau of Labor Statistics

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



Note: Current is based on 12-month averages through December 2014.
Source: U.S. Bureau of Labor Statistics

83,300 jobs (Figure 3). As the state capital, the city of Columbia has a significant impact on the government sector. In addition, the local government is the largest government sub-sector, accounting for nearly 45 percent of government sector jobs. One main stabilizer of the local economy is the USC flagship campus in the city of Columbia, which has an estimated enrollment of 31,000 and employs 6,000 faculty and staff. The eight USC campuses throughout South Carolina have a total annual economic impact of \$4.1 billion on the state (USC data). The Columbia campus accounts for more than 80 percent of the total economic impact. Fort Jackson, the largest Initial Entry Training Center in the U.S. Army, is also a major contributor to the local economy. As the largest employer in the HMA, with 5,200 civilian employees and 4,000 military personnel, Fort Jackson has an annual economic impact of approximately \$1.7 billion on the HMA (Table 3; Fort Jackson data).

Table 3. Major Employers in the Columbia HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Fort Jackson	Government	9,200
Palmetto Health	Education & health services	9,000
Blue Cross & Blue Shield of South Carolina	Financial activities	6,459
University of South Carolina	Government	5,997
Lexington Medical Center	Education & health services	4,736
Wal-Mart Stores, Inc.	Wholesale & retail trade	4,500
United Parcel Service, Inc.	Transportation & utilities	3,788
AT&T	Information	2,400
Gold Kist Inc.	Wholesale & retail trade	2,210
Humana/TriCare	Financial activities	2,100

Notes: Excludes local school districts. Fort Jackson employment includes 4,000 military personnel, which are not included in nonfarm payroll data, and 5,200 civilian employees. Source: *Economy.com*

The education and health services sector has added the most jobs in the HMA since 2000 and had the fourth highest rate of growth during the past year. During 2014, the sector added 1,100 jobs, an increase of 2.5 percent from the previous year, to 45,400 jobs, accounting for 12 percent of total nonfarm payrolls. Palmetto Health, the second largest employer in the HMA, employs 9,000 people. The Ritedose Corporation, a pharmaceutical company, plans a \$110 million expansion to its facility in Richland County that would add 65 jobs during the next 5 years.

During the next 3 years, nonfarm payrolls are expected to increase steadily during each year of the forecast period, averaging 9,200 jobs, or 2.6 percent, annually to 400,500 jobs. The wholesale and retail trade sector is expected to significantly contribute to job growth during this period. Amazon.com, is expected to add 500 jobs at its fulfillment center in Lexington County during the next year. The Fitts Company, Inc., a design company, is opening a new office and manufacturing facility in Calhoun County that is expected to add 105 jobs during the next 5 years.

Population and Households

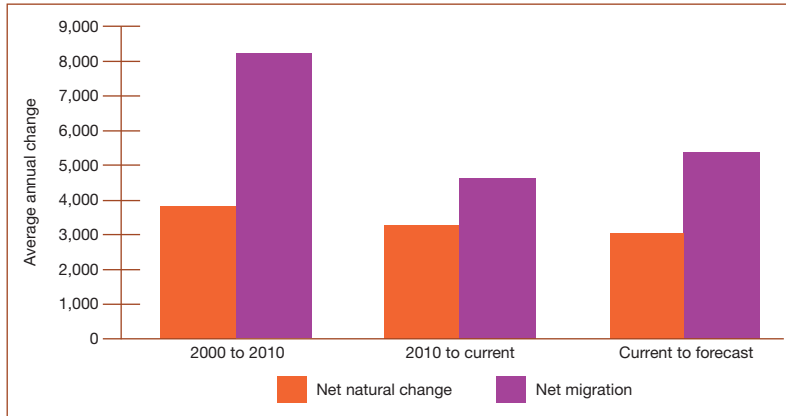
As of January 1, 2015, the estimated population of the Columbia HMA was 804,500, an increase of 7,775, or 1.0 percent, annually since 2010. Approximately 85 percent of the total population of the HMA resides in Lexington and Richland Counties because they are the economic hubs of the HMA. The population increased by an average of 12,000, or 1.7 percent, annually from July 2000 to July 2008 because local

economic conditions strengthened and job growth remained positive during the first half of 2008 (Census Bureau population estimates as of July 1). Net in-migration accounted for nearly 68 percent of population growth during this period, averaging 8,200 people annually. During the economic downturn beginning in 2008, net in-migration slowed significantly, averaging 6,450 people annually from 2008 to 2011. As a result, population

Population and Households *Continued*

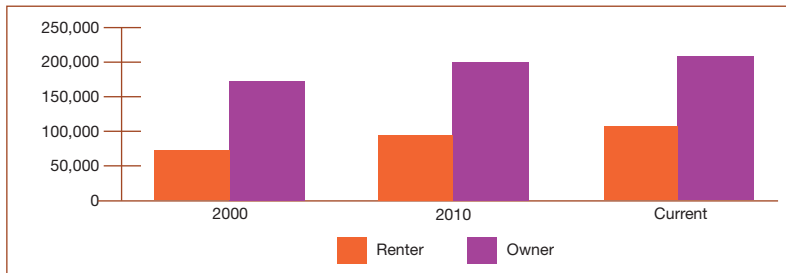
growth declined to an average of 10,300 people, or 1.4 percent, annually from July 2008 to July 2011, reaching

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



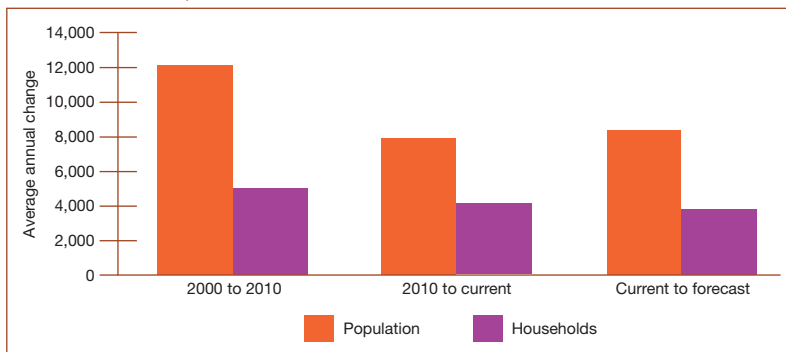
Notes: The current date is January 1, 2015. The forecast date is January 1, 2018.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Number of Households by Tenure in the Columbia HMA, 2000 to Current



Note: The current date is January 1, 2015.
Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Figure 6. Population and Household Growth in the Columbia HMA, 2000 to Forecast



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

an annual low of 0.9 percent in 2011. During the 3 years following 2011, the economy began to recover and the population increased by an average of 7,950, or 1.0 percent, annually from July 2011 to July 2014. Moderate economic expansion is expected to contribute to an increased population growth of 8,375 people, or 1.0 percent, annually during the next 3 years to reach a population of 829,600. Figure 4 shows components of population change from 2000 to the forecast date.

The low rate of population growth since 2010 has slowed the growth of the number of households in the HMA. Since 2010, the number of households has increased by an average annual rate of 3,850, or 1.3 percent, to 312,200 households, down from an average of 4,950, or 1.9 percent, annually from 2000 to 2010. Figure 5 illustrates the number of households by tenure in the HMA for 2000, 2010, and the current date. Since 2010, a shift from ownership to renting has been the result of weak economic conditions. Renter households expanded in the HMA from 93,900 in 2010 to a current estimate of 106,200, a 13-percent increase that accounted for more than 67 percent of household growth during the period (Table DP-1). The homeownership rate declined from 70.2 percent in 2000 to 68.2 percent in 2010 and to 66.1 percent currently. During the next 3 years, the number of households is expected to increase by an average of 3,700, or 1.2 percent, annually, reflecting moderate population and economic growth. Figure 6 shows population and household growth in the HMA from 2000 to the forecast date.

Housing Market Trends

Sales Market

Sales housing market conditions in the Columbia HMA are slightly soft, with an estimated vacancy rate of 2.0 percent, a decline from 2.7 percent in April 2010. A decline in distressed home sales (real estate owned (REO) sales and short sales) during the past year contributed to a decrease in total existing home sales. During 2014, existing home sales (including single-family homes, townhomes, and condominiums) totaled nearly 7,600, a decrease of 75 homes, or 1 percent, from the previous year (CoreLogic, Inc., with adjustments by the analyst). Existing home sales increased nearly 5 percent annually from 2000 through 2006, averaging 14,550 homes sold a year, reaching a peak of 16,850 homes sold in 2006. Home sales declined during the 5 years following 2006, an average of 9 percent annually, reaching a low of 7,725 homes in 2011, because most of the 5-year period was marked by economic instability and strict lending standards. Home sales rebounded in 2012, increasing 15 percent when the economy began to improve in 2011. Despite the recent slowdown in sales, the average sales price of an existing home increased during 2014 as the number of REO sales declined. The average sales price of an existing home increased to \$148,900, up 2 percent from the average sales price in 2013. The average sales price peaked at \$145,800 in 2010 and declined an average of 5 percent annually from 2010 through 2012.

Distressed home sales in the HMA are beginning to slow as economic conditions strengthen. The number of REO homes sold declined to 1,775 homes during 2014, down 13 percent from 2,025 homes during the previous

year (CoreLogic, Inc., with adjustments by the analyst). REO homes accounted for nearly 23 percent of existing homes sold during 2014, down from 26 percent during 2013. REO sales averaged 1,700 annually from 2010 through 2012, accounting for 20 percent of existing home sales compared with an average of 1,150 homes annually from 2005 through 2009, accounting for 8 percent of existing sales. The average REO sales price was \$83,500 in 2014, up 1 percent from the previous year. The average REO sales price declined an average of 5 percent annually from 2010 through 2012. As of December 2014, 5.7 percent of home loans in the Columbia HMA were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 6.4 percent in December 2013 (Black Knight Financial Services, Inc.). This rate is higher than the 4.7-percent state rate and the 4.6-percent national rate. The rate peaked in the HMA in January 2010, when 7.3 percent of all home loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO status.

New home sales in the HMA have followed a similar trend as existing home sales. New home sales (including single-family homes, townhomes, and condominiums) totaled 2,400 during 2014, down by 20 homes, or 1 percent, from 2013. From 2000 through 2006, new home sales increased annually, averaging 3,850 homes sold a year. Sales declined annually from 2007 through 2011, dropping to an average of 3,050 homes annually and reaching a low of 1,950 homes sold in 2011. Significant economic growth in 2012 helped new home sales rebound, increasing 5 percent

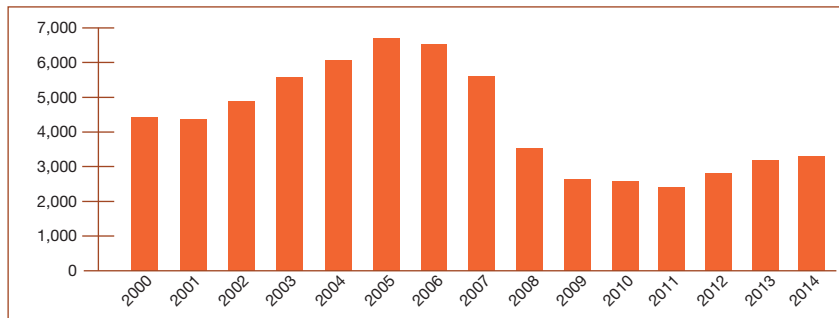
from the previous year to nearly 2,050 homes sold. The average new home sales price was \$218,700 during 2014, up 3 percent from the previous year. The average new home sales price increased nearly 5 percent annually from 2000 through 2007, reaching an average of \$192,700 before declining in 2008 and 2009. New home sales prices began to increase slightly in 2010 and increased an average of 2 percent annually from 2010 through 2012, when payrolls began to increase at the end of 2010.

Despite slightly soft sales market conditions in the Columbia HMA, single-family homebuilding activity,

as measured by the number of single-family homes permitted, increased slightly during the past year. During 2014, permits were issued for approximately 3,250 single-family homes, up 80 homes, or 3 percent, from 2013 (preliminary data). Single-family homebuilding was highest from 2000 through 2007, averaging 5,475 homes annually, reaching its highest point in 2005, when 6,650 homes were permitted (Figure 7). Permitting declined 37 percent in 2008 during a time of economic decline in the HMA and averaged 3,550 homes annually from 2008 through 2011, before increasing 28 percent in 2012 from the previous year as the economy strengthened and home sales increased. In the city of Lexington, the Dove Chase subdivision currently has home lots available consisting of 99 single-family home sites with home prices starting from the low \$210,000s.

During the 3-year forecast period, demand is expected for an estimated 9,850 new homes in the HMA (Table 1). Demand is expected to be greatest in the \$100,000-to-\$149,999 price range. Table 4 shows the estimated demand for market-rate sales housing by price range. The 1,275 homes currently under construction and a portion of the 19,500 other vacant owner units in the HMA that may reenter the market will satisfy some of the demand. Approximately 15 percent of new homes should come on line during the first year of the forecast period and increase during the second year to allow for the absorption of the current vacancies and homes under construction.

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



Notes: Includes townhomes. Current includes data through December 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

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

Price Range (\$)		Units of Demand	Percent of Total
From	To		
85,000	99,999	1,975	20.0
100,000	149,999	2,950	30.0
150,000	199,999	2,475	25.0
200,000	299,999	990	10.0
300,000	399,999	490	5.0
400,000	499,999	490	5.0
500,000	599,999	300	3.0
600,000	and higher	200	2.0

Notes: The 1,275 homes currently under construction and a portion of the estimated 19,500 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is January 1, 2015, to January 1, 2018.

Source: Estimates by analyst

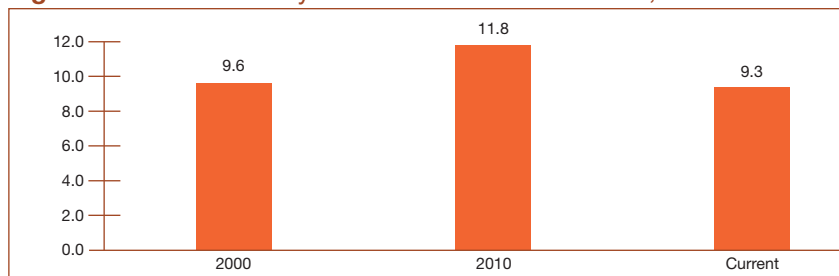
Rental Market

Rental housing market conditions are soft in the Columbia HMA, with an estimated overall rental vacancy rate of 9.3 percent, down from 11.8 percent in April 2010 (Figure 8). Improving economic conditions increased demand for rental units during the past 5 years, decreasing vacancy rates and increasing rents. As of October 2014 (latest data available), apartment market conditions in the HMA were soft but improving, with a vacancy rate of 7.6 percent, down from 8.2 percent during October 2013 (Real Data). The average asking apartment rent increased 2 percent to \$855 from October 2013. The average asking rents for one-, two-, and three-bedroom units were \$695, \$825, and \$1,051, respectively.

USC and Fort Jackson have significant impacts on the local rental market. Approximately 75 percent of 31,000 students and 3,200 active-duty military personnel live off campus and off base, respectively. Conditions in the Central Columbia Real Data-defined market area, which consistently has the highest rents and one of the lowest vacancy rates in the HMA because of the presence of the central business district and USC, were tight as of October 2014, with an apartment vacancy rate of 3.7 percent compared with 9.2 percent during October 2013. The average asking rent in the Central Columbia

area increased nearly 7 percent from October 2013, to \$1,298. Student housing, which accounts for approximately 30 percent of the rental housing market in the Central Columbia area, had a vacancy rate of 4.0 percent, up from 0.2 percent a year ago. The significant increase in vacancy is partially because of 258 new student housing units in lease-up at the Hub at Columbia. Student housing is also significant in the West Columbia/Cayce and South Columbia Real Data-defined market areas. The West Columbia/Cayce area had a vacancy rate of 7.3 percent in October 2014, down from 15.3 percent during the previous year. The average asking rent increased nearly 20 percent from October 2013 to \$1,085 in October 2014, the second highest rent in the HMA as a result of the significant decline in vacancies during the past year. Student rental units, however, which make up 36 percent of the units in this market area, had no vacancies in October 2014, the same as in October 2013. The South Columbia area, where student rental units make up 20 percent of the market, also encompasses the Fort Jackson military base. The vacancy rate in the South Columbia area increased from 5.9 to 7.8 percent from October 2013 to October 2014. Declining demand for older units in properties built more than 30 years ago, which make up nearly 40 percent of the market, is contributing to the increase in vacancy rates in the area. The average asking rent decreased nearly 5 percent from October 2013 to \$1,147 in October 2014. The student rental housing vacancy rate was significantly lower at 1.7 percent in October 2014, but it was up from no vacancies in October 2013.

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



Note: The current date is January 1, 2015.

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

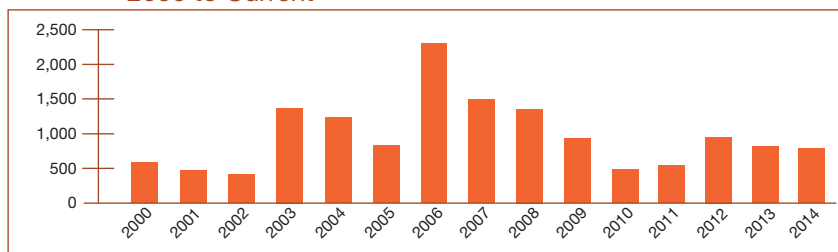
Housing Market Trends

Rental Market *Continued*

Multifamily construction, as measured by the number of multifamily units permitted, slowed during the past 2 years as market conditions remained soft. During 2014, approximately 770 units were permitted, down 55 units, or 7 percent, from 2013 (preliminary data). Nearly 940 units were permitted in 2012, up approximately 81 percent from 2011 as demand for apartment units increased. Virtually all new multifamily construction during the past

6 years was apartment units. Condominiums accounted for approximately 15 percent of multifamily construction from 2005 through 2008 following virtually no new condominium construction during the previous 5 years. Multifamily construction levels fluctuated from 2000 through 2005, averaging 800 units annually before peaking at 2,275 units in 2006. Multifamily construction declined an average of 32 percent annually from 2006 through 2010, during a time of economic decline and declining population growth. Figure 9 shows the number of multifamily units permitted from 2000 to the current date. The Atlantic at Parkridge is under construction in the town of Irmo, with 298 apartment units scheduled to be complete during the third quarter of 2016. Proposed asking rents have not yet been released.

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



Notes: Excludes townhomes. Current includes data through December 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

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

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
800 to 999	270	950 to 1,149	340	1,100 to 1,299	100
1,000 to 1,199	210	1,150 to 1,349	190	1,300 to 1,499	55
1,200 or more	55	1,350 to 1,549	150	1,500 to 1,699	45
	0	1,550 or more	75	1,700 or more	25
Total	530	Total	760	Total	230

Notes: Numbers may not add to totals because of rounding. The 720 units currently under construction will likely satisfy some of the estimated demand. The forecast period is January 1, 2015, to January 1, 2018.

Source: Estimates by analyst

During the next 3 years, demand is expected for 1,525 new market-rate rental units (Table 1). Table 5 shows the estimated demand by rent and number of bedrooms. The 720 units currently under construction will satisfy some of the demand. New units should not come on line until the third year of the 3-year forecast period to allow for the absorption of the current vacancies and units under construction.

Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	327,168	337,602	361,400	0.3	1.7
Unemployment rate	3.3%	9.3%	5.8%		
Nonfarm payroll jobs	342,900	346,200	372,900	0.1	1.9
Total population	647,158	767,598	804,500	1.7	1.0
Total households	245,347	294,881	313,200	1.9	1.3
Owner households	172,111	200,980	207,000	1.6	0.6
Percent owner	70.2%	68.2%	66.1%		
Renter households	73,236	93,901	106,200	2.5	2.6
Percent renter	29.8%	31.8%	33.9%		
Total housing units	269,244	331,470	347,900	2.1	1.0
Owner vacancy rate	1.8%	2.7%	2.0%		
Rental vacancy rate	9.6%	11.8%	9.3%		
Median Family Income	\$49,400	\$62,100	\$60,400	2.3	- 0.7

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through December 2014. Median Family Incomes are for 1999, 2009, and 2013. The current date is January 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: 1/1/2015—Analyst's estimates
Forecast period: 1/1/2015–1/1/2018—Analyst's estimates

The Columbia, SC 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 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 http://www.huduser.gov/publications/pdf/CMARtables_ColumbiaSC_15.pdf.

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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 www.huduser.gov/portal/ushmc/chma_archive.html.