



Charleston-North Charleston-Summerville, South Carolina

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2011

PD&R

Housing Market Area



The Charleston-North Charleston-Summerville Housing Market Area (HMA) consists of Berkeley, Charleston, and Dorchester Counties in South Carolina and is coterminous with the Charleston-North Charleston-Summerville Metropolitan Statistical Area. The central city of Charleston, located on the Atlantic Coast, is a tourist destination and business center for the region.

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Summary

Economy

The Charleston-North Charleston-Summerville HMA economy is recovering, based on the number of job gains in the education and health services, professional and business services, and leisure and hospitality sectors. During the 12 months ending June 2011, nonfarm payrolls averaged 285,400 jobs, up 1.4 percent from the number of jobs recorded during the previous 12 months. Nonfarm payrolls are projected to increase by an average of 1.3 percent annually during the forecast period, to 296,100. Table DP-1 at the end of this report provides employment data for the HMA.

Sales Market

The sales housing market in the HMA is soft, with an estimated vacancy rate of 2.6 percent. During the 3-year forecast period, demand is estimated for 11,050 new homes (see Table 1). A portion of the approximately 19,000 other vacant units may return to the sales market and satisfy some of the demand.

Rental Market

The rental housing market in the HMA is currently soft but has improved in the past year. The overall rental vacancy rate is estimated at 10.7 percent, down from 13.9 percent in 2010. During the forecast period, demand is expected for 2,250 new rental units. The 570 units currently under construction will meet a portion of that demand (see Table 1).

Table 1. Housing Demand in the Charleston-North Charleston-Summerville HMA, 3-Year Forecast, July 1, 2011 to July 1, 2014

	Charleston-North Charleston-Summerville HMA	
	Sales Units	Rental Units
Total Demand	11,050	2,250
Under Construction	1,375	570

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2011. A portion of the estimated 19,000 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

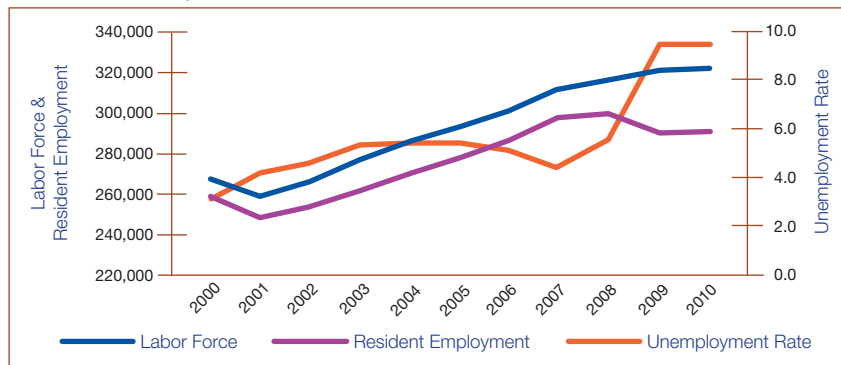
Economic Conditions

Economic conditions in the Charleston-North Charleston-Summerville HMA have improved, with job increases since the second quarter of 2010 reversing a downward trend that began in the second quarter of 2008. From 2001 through 2007, nonfarm payroll job growth was steady and averaged 7,125 jobs, or 2.8 percent, annually. In 2008, growth slowed, the HMA added only 400 jobs, and nonfarm payrolls peaked at 299,000. From the time when job losses began in the second quarter of

2008 to the time when nonfarm payrolls bottomed out in the first quarter of 2010, the HMA lost an average of 14,700 jobs, or 2.8 percent, annually. During the 12 months ending June 2011, nonfarm payrolls increased by 4,000 jobs, or 1.4 percent, to 285,400 jobs when compared with the number of jobs during the previous 12 months. During the 12-month period ending June 2011, the unemployment rate declined from 9.6 to 8.9 percent. See Figure 1 for labor force, resident employment, and unemployment trends in the HMA since 2000.

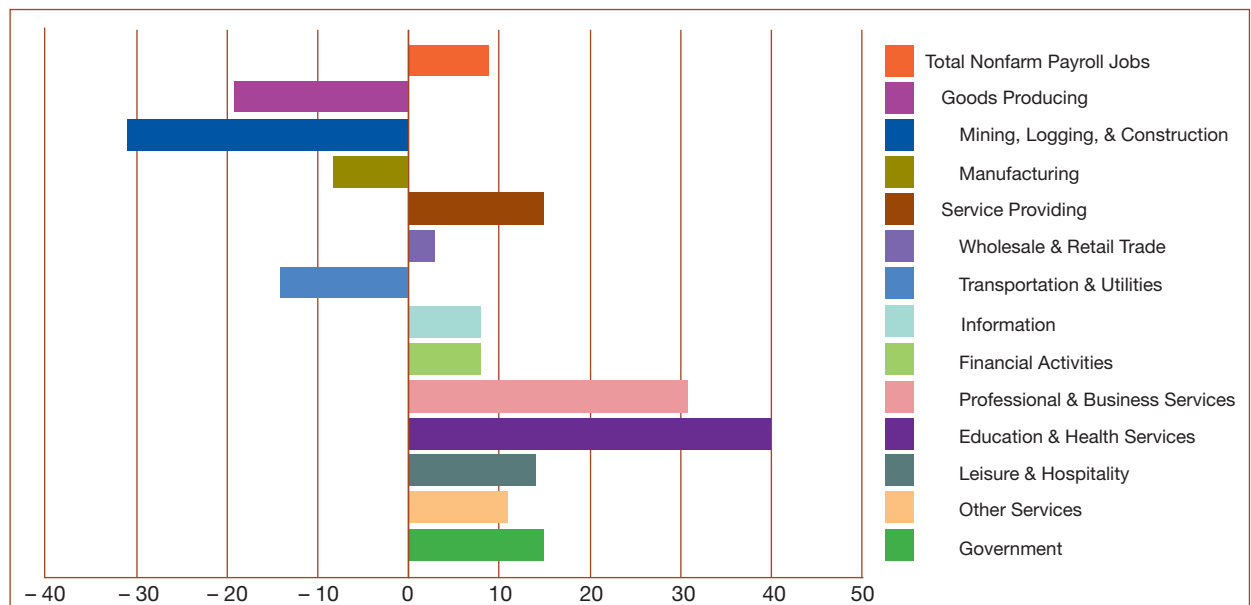
Since 2000, the education and health services and the professional and business services sectors have been the fastest growing sectors, increasing by 40 and 31 percent, respectively (see Figure 2). These sectors accounted for more than one-half of job gains during the 12 months ending June 2011. The professional and business services sector increased by 2,300 jobs, or 5.8 percent, and the education and health services sector increased

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Charleston-North Charleston-Summerville HMA, 2000 to 2010



Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Charleston-North Charleston-Summerville HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through June 2011.

Source: U.S. Bureau of Labor Statistics

by 500 jobs, or 1.4 percent. The largest private-sector employer in the HMA is in the education and health services sector: Roper St. Francis Healthcare, with 4,800 employees (see Table 2). Roper St. Francis Healthcare has secured 23.8 acres of land through the nonprofit Medical Society of South Carolina and plans to open a 10,000-square-foot information technology building for a nerve data center in 2013 that would create 125 jobs in the education and health services sector.

The largest public-sector employer in the HMA is Joint Base Charleston, which employs 79,400 active-duty Air Force, Navy, and Army personnel, Department of Defense civilians, and contractors. The base covers 37

square miles, including 16 miles of shoreline and 38 miles of rail, and has \$12.2 billion in assets, \$4.9 million in local contracts, and an annual economic impact of \$4.64 billion, according to the Charleston Metro Chamber of Commerce.

The tourism industry has a significant influence on the local economy, with the leisure and hospitality sector accounting for approximately 12 percent of all nonfarm payroll jobs in the HMA (see Figure 3). In 2010, the most recent data available, the HMA had 4.2 million visitors, with an estimated economic impact of \$3 billion, which is up from 2009, when an estimated 3.9 million visitors had an economic impact of \$2.8 billion. In the 12 months ending June 2011, the leisure and hospitality sector increased by 300 jobs, or 0.9 percent, compared with the number of jobs during the previous 12 months. The wholesale and retail trade sector also benefited from the growth in tourism, increasing by 1,050 jobs, or 2.5 percent, in the 12 months ending June 2011.

Since 2000, nonfarm payrolls in the mining, logging, and construction and the transportation and utilities sectors have declined by 19 and 14 percent, respectively. The decline in the mining, logging, and construction sector, which has lost 8,100 jobs since 2008, is due to the slowdown in commercial and residential construction. In the 12 months ending June 2011, the mining, logging, and construction sector had the largest number of job losses in the HMA—850 jobs, or 5.8 percent—but the transportation and utilities sector recovered, increasing by 675 jobs, or 6.5 percent (see Table 3). Gains in the transportation and utilities sector are attributable to

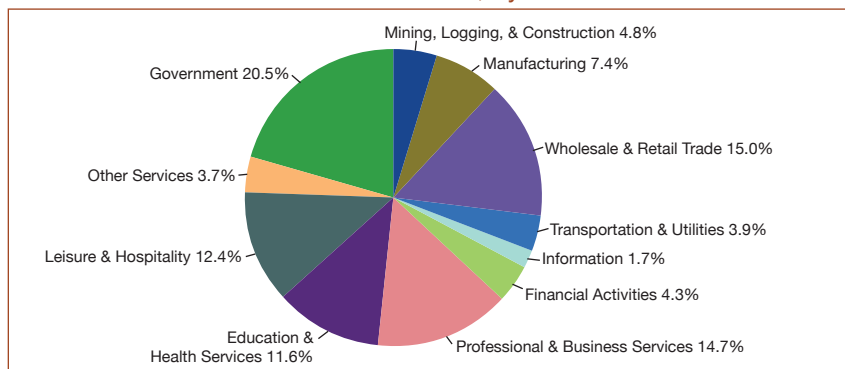
Table 2. Major Employers in the Charleston-North Charleston-Summerville HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Roper St. Francis Healthcare	Education & Health Services	4,800
The Boeing Company	Manufacturing	3,000
J.E.M. Restaurant Group, Inc.	Leisure & Hospitality	3,000
Trident Health System	Education & Health Services	2,500
Wal-Mart Stores, Inc.	Wholesale & Retail Trade	2,300
Piggly Wiggly Carolina Company Inc.	Wholesale & Retail Trade	1,900
SAIC	Professional & Business Services	1,800
Evening Post Publishing Company	Information	1,500
Robert Bosch LLC	Manufacturing	1,475
BI-LO, LLC	Wholesale & Retail Trade	1,350

Notes: As of June 2011. Includes only private-sector employers.

Source: Charleston Regional Development Alliance

Figure 3. Current Nonfarm Payroll Jobs in the Charleston-North Charleston-Summerville HMA, by Sector



Note: Based on 12-month averages through June 2011.

Source: U.S. Bureau of Labor Statistics

the 10-percent increase in container volume at Port of Charleston over the past year.

Several investments in the manufacturing sector are expected to further job growth during the next 3 years. In December 2010, Robert Bosch LLC announced a capital investment of

\$125 million in equipment to manufacture passenger car fuel injectors, which is expected to create 310 jobs in the second half of 2011. IMO USA Corp., a wind turbine manufacturer based in Germany, announced a \$47 million investment to move into an existing facility in Dorchester County, which is expected to create 190 jobs by 2012. In 2009, The Boeing Company invested \$750 million to build a 584,000-square-foot facility to fabricate and manufacture fuselage systems for Boeing's 787 Dreamliner passenger aircraft. The plant will employ 3,800 workers when it achieves full production in late 2011.

During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of approximately 3,575 jobs annually. The rate of job growth is expected to be less than 1 percent through 2011 and to increase at an average annual rate of 1.8 percent in the second and third years of the forecast period.

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

	12 Months Ending June 2010	12 Months Ending June 2011	Percent Change
Total Nonfarm Payroll Jobs	281,400	285,400	1.4
Goods Producing	35,200	34,700	- 1.3
Mining, Logging, & Construction	14,500	13,650	- 5.8
Manufacturing	20,700	21,050	1.8
Service Providing	246,200	250,700	1.8
Wholesale & Retail Trade	41,850	42,900	2.5
Transportation & Utilities	10,550	11,200	6.5
Information	5,200	4,975	- 4.3
Financial Activities	12,350	12,150	- 1.6
Professional & Business Services	39,750	42,050	5.8
Education & Health Services	32,550	33,050	1.4
Leisure & Hospitality	35,100	35,400	0.9
Other Services	10,750	10,600	- 1.5
Government	58,200	58,400	0.3

Notes: Based on 12-month averages through June 2010 and June 2011. Numbers may not add to totals because of rounding.

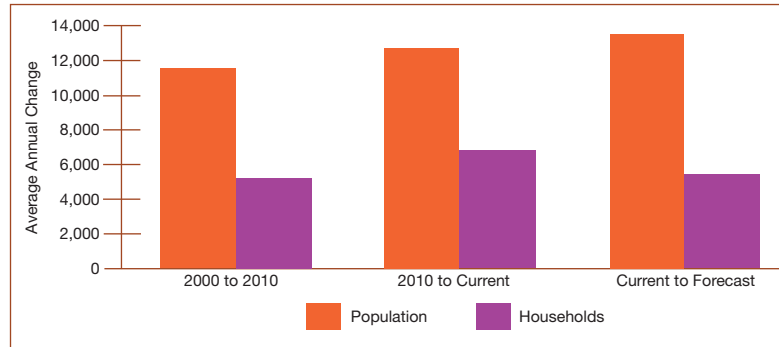
Source: U.S. Bureau of Labor Statistics

Population and Households

Since 2010, the population of the Charleston-North Charleston-Summerville HMA has increased by an average of 12,700 annually, slightly higher than the annual average of 11,550 from 2000 through 2010 (see Figure 4). Net in-migration has accounted for approximately 65 percent of the population increase since 2000, a result of the expanding economy during most of the past decade (see Figure 5). From 2000 through 2003, the HMA population increased by an average of 8,425, or 1.5 percent,

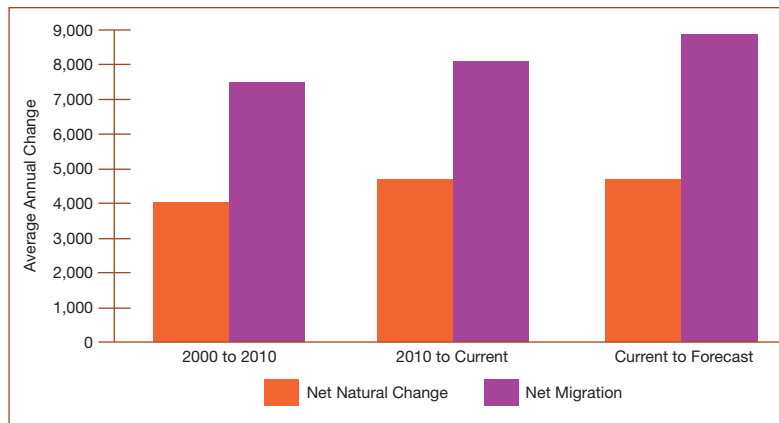
a year. From 2004 through 2009, the population increased by an average of 13,550, or 2.2 percent, due largely to the 2.8-percent annual increase in jobs from 2004 through 2008. Population growth has slowed since 2010 to approximately 1.3 percent annually because of the slow economic recovery. Charleston County is the most populated county in the HMA, accounting for 53 percent of the estimated 680,500 people currently living in the HMA.

Figure 4. Population and Household Growth in the Charleston-North Charleston-Summerville HMA, 2000 to Forecast



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

Figure 5. Components of Population Change in the Charleston-North Charleston-Summerville HMA, 2000 to Forecast



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

Figure 6. Number of Households by Tenure in the Charleston-North Charleston-Summerville HMA, 2000 to Current



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

From 2000 through 2010, the number of households in the HMA increased by an average of 5,200 households, or 2.3 percent, annually, to a total of 259,987 (see Figure 4). Since 2010, the number of households has grown at a slightly faster rate, increasing by an average of 6,800 households, or 2.6 percent, a year to an estimated 268,500 as of the current date. After a wave of foreclosures and market adjustments since 2008, the homeownership rate declined from 66.5 percent in 2000 to a current estimated 65.5 percent. Figure 6 shows the number of households in the HMA by tenure.

As the economy recovers during the 3-year forecast period, the population is expected to increase by 13,500, or 1.9 percent, annually, and the number of households is expected to increase by 5,425, or 2 percent, annually. By the end of the forecast period, the population is expected to reach 721,000 and the number of households is expected to reach 284,800.

Housing Market Trends

Sales Market

As a result of weak economic conditions and overbuilding during the mid-2000s, the sales housing market in the Charleston-North Charleston-Summerville HMA is soft, with a vacancy rate of 2.6 percent. The market has remained soft because the rate of seriously delinquent mortgages and foreclosures increased in the past year. According to LPS Applied Analytics, as of June 2011, approximately 7.5 percent of mortgages in the HMA were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 7.6 percent in June 2010.

According to data from the Charleston Trident Association of REALTORS®, during the 12 months ending June 2011, 7,300 new and existing homes sold, a decrease of 950 homes, or 13 percent, compared with the number sold during the previous 12 months. Home sales declined in all three counties: by 220 homes, or 6 percent, in Charleston County; by 280 homes, or 15 percent, in Berkeley County; and by 450 homes, or 24 percent, in Dorchester County. During the 12 months ending June 2011, in Charleston and Dorchester Counties, the average new and existing home sales price increased to \$360,100 and \$180,400, or by approximately 2 and 1 percent, respectively, compared with prices during the previous 12 months. In Berkeley County, the average sales price declined by 2 percent to \$200,800. During the peak sales period from 2004 through 2006, an average of 11,400 single-family homes sold annually. In 2005, both the number of homes sold and the average sales price peaked, at 12,350 homes and \$302,100, respectively. From 2006 through 2009, single-family

home sales declined by an average of 1,625, or 16 percent, each year.

During the 12 months ending June 2011, condominium sales in the HMA declined by approximately 130 units, or 8 percent, to 1,575 and the average price declined by \$11,500, or 6 percent, to \$196,700. From 2003 through 2007, 4,075 rental units were converted into condominiums. In 2005, the number of condominiums sold peaked at 4,350 units, with an average price of \$227,800. From 2005 through 2009, condominium sales have decreased by an average of 710 units, or 22 percent, a year.

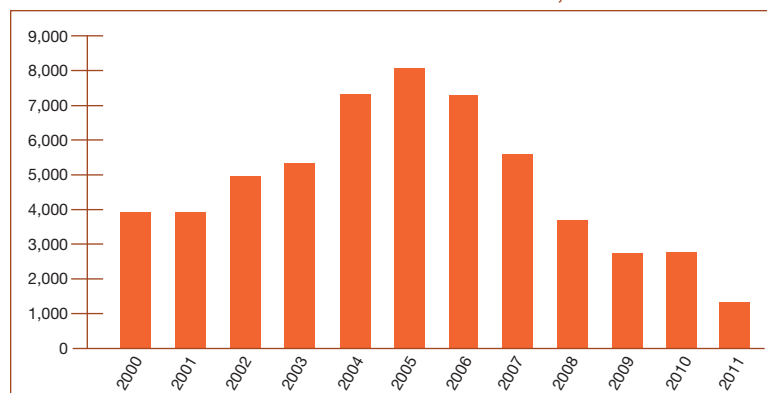
Single-family home construction, as measured by the number of building permits issued, was at a high from 2004 through 2006, when 7,600 homes were permitted annually. From 2007 through 2009, the reduction in demand for new homes resulted in annual declines of 1,500 homes, or 28 percent. Based on preliminary data, during the 12 months ending June 2011, the number of single-family homes permitted declined by 680, or 21 percent, to 2,525 homes compared with the number of homes permitted during the previous 12-month period (see Figure 7). Cane Bay Plantation, a 4,500-acre residential development in Berkeley County, completed more than 850 homes in 2010, with an average sales price of \$209,400.

During the forecast period, household growth is expected to support an estimated demand for 11,050 new sales units. The 1,375 homes currently under construction will meet a portion of this demand (see Table 1). As a result of the current surplus, most new units will not be needed until the second

and third years of the forecast period. Some of the estimated 19,000 other vacant units may become available for sale during the forecast period

and meet another portion of demand. Demand is expected to be strongest in the \$140,000-to-\$199,999 price range (see Table 4).

Figure 7. Single-Family Building Permits Issued in the Charleston-North Charleston-Summerville HMA, 2000 to 2011



Notes: Includes townhomes. Includes data through June 2011.

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

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Charleston-North Charleston-Summerville HMA, July 1, 2011 to July 1, 2014

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	139,999	1,550	14.0
140,000	199,999	3,875	35.0
200,000	249,999	1,650	15.0
250,000	299,999	1,100	10.0
300,000	399,999	1,100	10.0
400,000	699,999	890	8.0
700,000	999,999	660	6.0
1,000,000	and higher	220	2.0

Note: The 1,375 homes currently under construction and a portion of the estimated 19,000 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Rental Market

The rental housing market in the Charleston-North Charleston-Summerville HMA is improving but remains soft, mainly because of the slow economic recovery, slower population growth, and a large inventory of single-family homes and condominiums available for rent. As of July 1, 2011, the overall rental vacancy rate was estimated at 10.7 percent, down from

13.9 percent in 2010 (see Figure 8). According to Reis, Inc., during the second quarter of 2011, the apartment vacancy rate was 6.6 percent, down from 10.6 percent during the second quarter of 2010. During the same period, the average asking rent was \$780, up 2 percent from the average asking rent a year earlier.

Housing Market Trends

Rental Market *Continued*

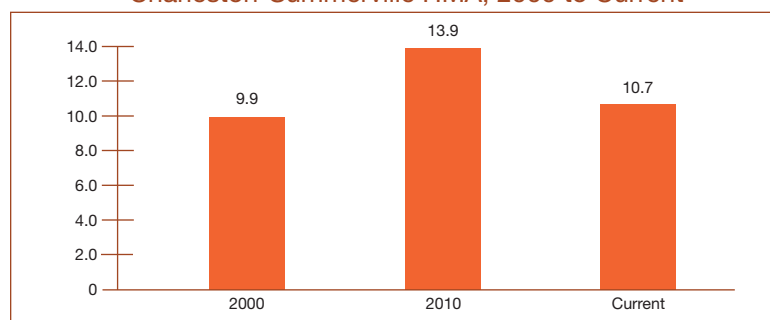
Since 2000, increases in multifamily building permits have followed large increases in population from net in-migration (see Figure 9). A high level of apartment construction took place between 2005 and 2008, with an average of 1,800 units permitted annually. From 2008 to 2009, multifamily permits decreased by 85 percent, to an annual average of 220 units, because of high vacancy rates and slower population growth. Based on preliminary data, during the 12 months ending June 2011, 570 multifamily units were permitted, an increase of 260 units, or 84 percent, compared with the number of units permitted

during the previous 12 months. New developments include Woodfield Long Point, a 258-unit complex that will be located in Mount Pleasant in Charleston County, with rents starting at \$930, \$1,100, and \$1,400 for one-, two-, and three-bedroom units, respectively.

The Hanahan/North Charleston submarket, which includes Joint Base Charleston, two large colleges, and downtown Charleston, has the highest apartment vacancy rate in the HMA, 8.9 percent as of the second quarter of 2011, because of overbuilding. Of the approximately 8,800 active-duty Air Force and Navy personnel living in the HMA, 52 percent, or 4,575 people, reside in off-base housing throughout the HMA. Trident Technical College and the College of Charleston, the largest colleges in Charleston, enroll 15,800 and 11,800 students, respectively, most of whom reside off campus. Whereas Trident Technical College has no on-campus housing, the College of Charleston has 3,300 students residing on campus and the remaining 8,500 students residing off campus.

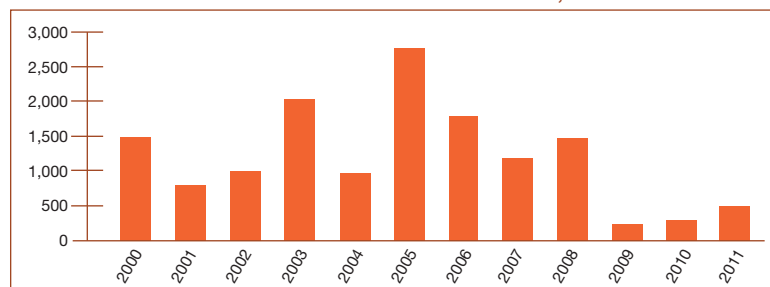
During the 3-year forecast period, demand is estimated for 2,250 new rental units. To allow the market to absorb the current surplus, new rental units will not be needed until the third year of the forecast period. Table 5 shows estimated demand for new market-rate rental housing in the HMA categorized by rent level and number of bedrooms.

Figure 8. Rental Vacancy Rates in the Charleston-North Charleston-Summerville HMA, 2000 to Current



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

Figure 9. Multifamily Building Permits Issued in the Charleston-North Charleston-Summerville HMA, 2000 to 2011



Notes: Excludes townhomes. Includes data through June 2011.

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

Housing Market Trends

Rental Market *Continued*

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Charleston-North Charleston-Summerville HMA, July 1, 2011 to July 1, 2014

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
600 or more	25	735 to 934	680	925 to 1,124	830	1,050 to 1,249	110
		935 or more	230	1,125 or more	280	1,250 or more	110
Total	25	Total	900	Total	1,100	Total	230

Notes: The 570 units currently under construction will satisfy some of the estimated demand. Numbers may not add to totals because of rounding.

Source: Estimates by analyst

Data Profile

Table DP-1. Charleston-North Charleston-Summerville HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	259,792	291,941	293,700	1.2	1.2
Unemployment Rate	3.1%	9.4%	8.9%		
Nonfarm Payroll Jobs	261,800	283,200	285,400	0.8	1.6
Total Population	549,033	664,607	680,500	1.9	1.9
Total Households	207,957	259,987	268,450	2.3	2.6
Owner Households	138,342	170,522	175,800	2.1	2.5
Percent Owner	66.5%	65.6%	65.5%		
Renter Households	69,615	89,465	92,650	2.5	2.8
Percent Renter	33.5%	34.4%	34.5%		
Total Housing Units	232,985	298,542	303,300	2.5	1.3
Owner Vacancy Rate	1.4%	3.0%	2.6%		
Rental Vacancy Rate	9.9%	13.9%	10.7%		
Median Family Income	\$32,500	\$58,846	\$57,963	6.1	- 1.5

Notes: Employment data represent annual averages for 2000, 2010, and the 12 months through June 2011. Median family incomes are for 1999, 2009, and 2010.

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: 7/1/2011—Analyst's estimates

Forecast period: 7/1/2011–7/1/2014—Analyst's estimates

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 HUDs 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 are classified as commercial structures and 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 www.huduser.org/publications/pdf/CMARtables_CharlestonSC_11.pdf.

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (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.org/publications/econdev/mkt_analysis.html.