

2018 HOUSING PROFILE

A Marketplace Snapshot

Presented by  **PROGRESS
LIGHTING™**



HOUSING + REAL ESTATE + HOME BUILDING

for Greenville, Pickens, and Laurens Counties, South Carolina

Produced by:



Upstate Mortgage
Lenders Association
AFFILIATE



WELCOME

Welcome to the Upstate Housing Market Forecast. We are happy to have as our guest speaker, Dr. Joseph Von Nessen, Research Economist at the Darla Moore School of Business at the University of South Carolina. We are excited that this event continues to evolve and very happy to announce the addition of a new partner: The Greater Greenville Chamber of Commerce. Our associations, which also include the Greater Greenville Association of REALTORS®, Mortgage Lenders Association of the Upstate, Sales and Marketing Council of the Upstate, and the Home Builders Association of Greenville have partnered for the fourth year to produce a single annual event to present a forecast of the real estate market for the coming year, with a focus on housing.

The document you are reading is a compilation of important information about the Greater Greenville housing and real estate market. We have added additional information about our market as a result of data made available to us by the Greater Greenville Association of REALTORS®. We are interested in your feedback: what else would you like to read? Let us know by emailing mdey@HBAofGreenville.com.

We hope you find this information helpful. We also would like to thank our presenters, Dr. Von Nessen, John Hunt, Rick Reames, and Barry Leasure for their efforts in making the Upstate Housing Market Forecast a successful event.

James Speer, APB

*President, Home Builders Association of Greenville
Partner, CarsonSpeer Builders*

John Bostic

*President, Upstate Mortgage Lenders Association
Ameris Bank*

Dr. Keith Miller

*Chairman, Greater Greenville Chamber of Commerce
Greenville Technical College*

Lisa DeLuca Alexander, GRI

*President, Greater Greenville Association of REALTORS®
Del-Co Realty Group, Inc.*

Nichole Moore

*Chairman, Sales and Marketing Council of the Upstate
Berkshire Hathaway C. Dan Joyner Company*

ABOUT JOSEPH VON NESSEN, PH.D.

Joseph C. Von Nessen is a research economist in the Division of Research at the Darla Moore School of Business where he specializes in regional economics, regional economic forecasting and housing economics.

Von Nessen engages in industry-level and regional economic forecasting for organizations at the state, national and international level. He has served as lead researcher on projects with clients as diverse as Sonoco, BlueCross BlueShield, Michelin, Boeing and the Savannah River National Lab. He has also been the recipient of many grants from both local and national sources, including the U.S. Department of Energy and the U.S. Department of Defense.

Von Nessen is responsible for the preparation and presentation of the University of South Carolina's annual statewide economic forecast. He serves on the advisory committee of the South Carolina Board of Economic Advisors and is regularly invited to brief the Federal Reserve Bank of Richmond on economic conditions in South Carolina. He frequently appears on programs at national conventions, including the International Builders Show, the 21st Century Building Expo, and the North American Regional Science Council.

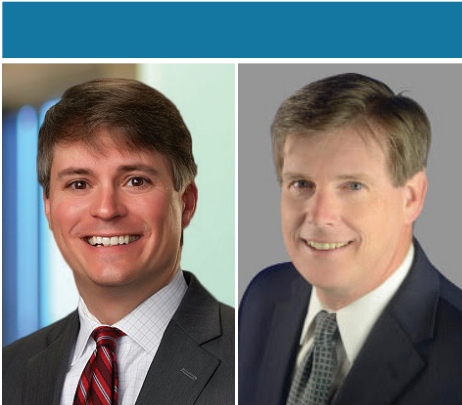
In addition, Von Nessen specializes in housing economics and residential real estate and provides economic and marketing research and consulting services to builders, developers and other businesses in the housing industry. His recent academic research has focused on the application of hedonic house price modeling to the housing industry. He is an active member of the Home Builders Association the Association of REALTORS® throughout South Carolina.



WHAT'S IN YOUR FUTURE?

The Housing Market Forecast is more than a luncheon with an economic forecast by a prominent real estate economist. It features seminars in the morning on important topics that will help you plan your real estate-based business for the year.

This year, the Housing Market Forecast features three break out sessions during the morning of the luncheon:



What Tax Reform Means to You

A session featuring an analysis of the recent Federal Tax Reform Act, and its impact on small businesses.

The program features Rick Reames, of Nexsen Pruet and former Director of the South Carolina Department of Revenue, and Barry Leasure of GreerWalker.

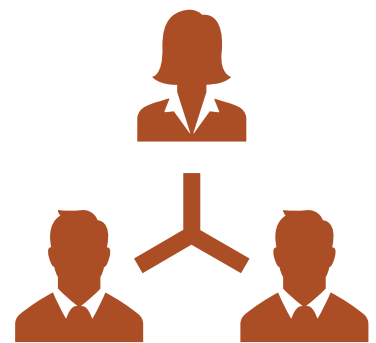
February 8, 2018
9 a.m. until 10 a.m.



Development Trends and Economics: Building for the Generations - Millennials to Boomers

Planning your next development, particularly housing, without understanding your customer, market forces, and your competition is a recipe for losing money. MarketNlight data models help developers and builders understand the local real estate market.

February 8, 2018
10 a.m. until 11 a.m.



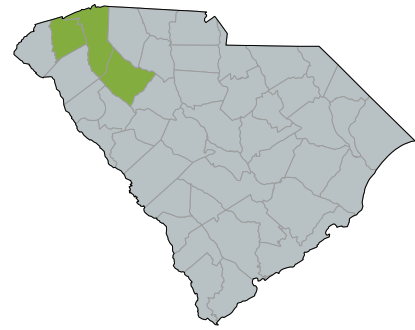
Speed Networks for Sales and Marketing Professionals

Members of the Sales and Marketing Council of the Upstate will have the opportunity to network with the Upstate's top builders. Space is limited and available only to members of the SMC.

February 8, 2018
9:30 a.m. until 11 a.m.

OUR COMMUNITY: GREATER GREENVILLE

Our study area, Greater Greenville, includes Greenville, Pickens, and Laurens counties. We have gathered data, in one place, that is most commonly requested by our members.



Population: 661,416

(2016 - Greenville, Pickens, and Laurens counties)

Real Metro GDP: \$34.3 billion (2015)

Per Capita Income: \$40,246 (2016)



Housing Density

The number of homes per unit of land.



= 500 housing units/sq mile

Greater Greenville

1,026.1



Charleston, SC

188.6



Raleigh, NC

1,232.5



Population Density

The number of people per unit of land.



= 1,000 people/sq mile

Greater Greenville

896.5



Charleston, SC

1,101.9



Raleigh, NC

2,896.3



Cost of Living Index

Measures relative price levels for consumer goods and services.

US = 100

Greater Greenville

90.3

Charleston, SC

98.3

Raleigh, NC

98.2

Average Travel Time To Work



US Average = 25.4 minutes

Greater Greenville = **17.7** minutes

Raleigh, NC = **21.4** minutes

Charleston, SC = **21.0** minutes

Transit Usage and Stops

In the US 69% of residents live near a transit stop, but only 30% of jobs in the country are reachable by transit.

Residents Near Transit

Greater Greenville **28%**

Charleston, SC **61%**

Raleigh, NC **46%**

Jobs Reachable By Transit

Greater Greenville **29%**

Charleston, SC **27%**

Raleigh, NC **30%**

The U.S. Census Bureau provides all Americans with excellent data about our community. In this report we have shown data that provides information about the quality of life in our Greater Greenville community.

HOUSING STARTS HISTORY

Total Housing	2013	2014	2015	2016	2017 (proj.)	2018 (proj.)
Starts (1000's)	3.8	4.2	5.8	5.3	5.8	6.0
Percent Change	21.4%	11.4%	39.9%	-8.3%	9.6%	3.5%
Single Family						
Starts (1000's)	3.2	3.3	3.8	4.4	4.7	4.9
Percent Change	12.4%	2.0%	16.8%	13.4%	8.1%	4.9%
Share	86.8%	79.3%	66.2%	81.8%	80.7%	81.8%
Multi-Family						
Starts (1000's)	0.5	0.9	2.0	1.0	1.1	1.1
Percent Change	224.9%	72.1%	128.2%	-50.8%	16.5%	-2.7%
Share	13.2%	20.7%	33.8%	18.2%	19.3%	18.2%

Housing starts are a key indicator of the economic health of an area.

KEY INSIGHTS



Steady decline is an indication that a community is stagnating.



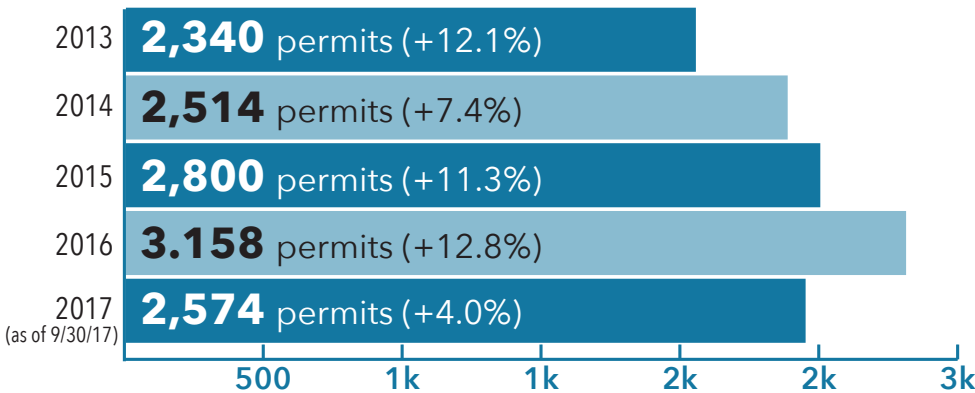
Rapid growth or decline is an indication of other factors like speculation.



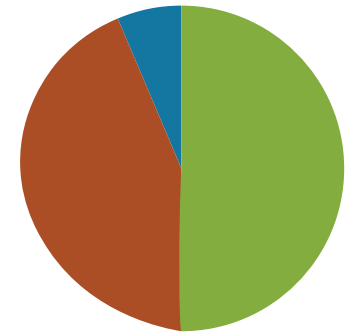
A change in the ratio of single family and multi-family is an indicator of change in demand and potential for speculation.

BUILDING PERMITS (GREATER GREENVILLE)

(Greenville, Laurens, Pickens Counties)



HIGH END HOMES³



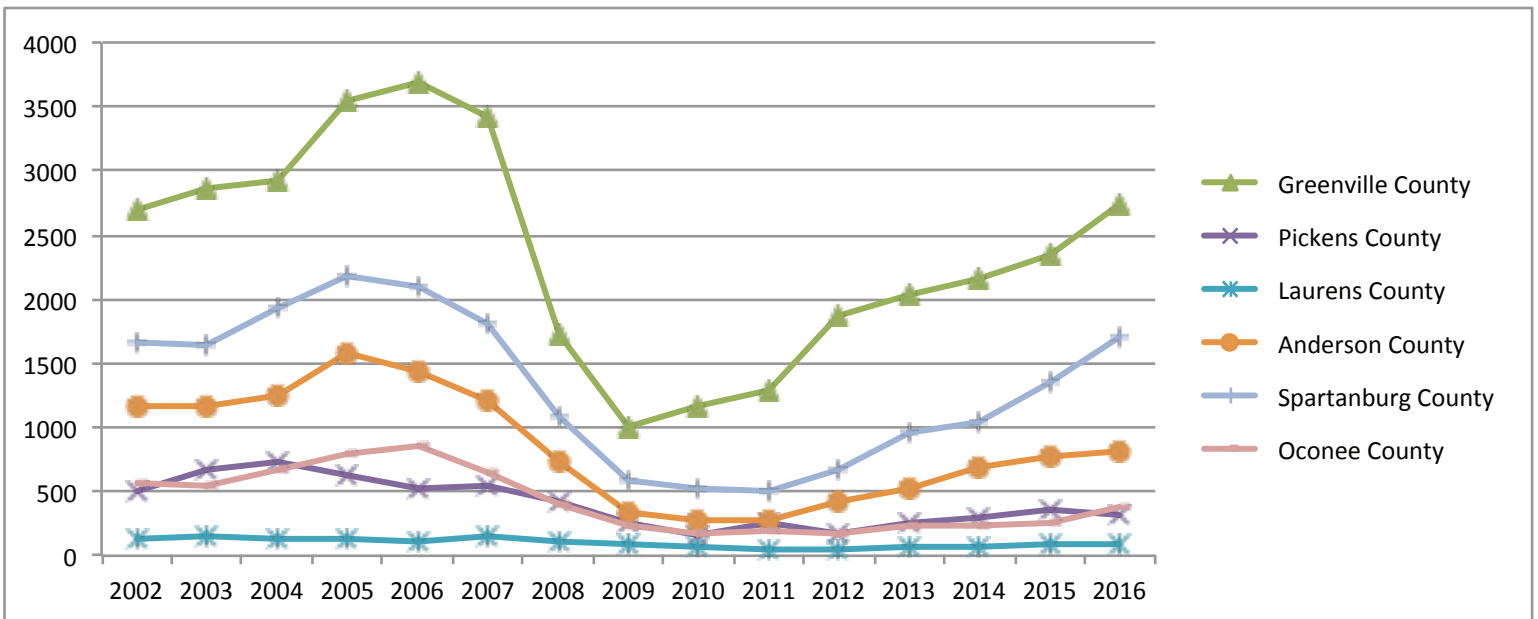
AREA BUILDING PERMITS

	2013		2014		2015		2016		2017 (as of 9/30/17)	
Greenville County	2,025	8.3%	2,152	6.3%	2,355	9.4%	2,748	16.7%	2,030	-5.1%
Laurens County	62	31.9%	62	0.0%	84	34.5%	95	13.1%	97	32.3%
Pickens County	253	47.1%	300	18.6%	361	20.3%	315	-14.6%	420	76.5%
Asheville, NC	803	22.0%	1,940	7.6%	2,079	7.2%	2,326	11.9%	1,984	13.1%
Columbia, SC	3,009	14.7%	3,012	0.17%	3,471	15.2%	3,249	-6.4%	2,901	10.3%
Charlotte, NC	9,869	25.3%	10,048	1.8%	1,701	16.5%	13,331	13.9%	11,480	14.8%
Spartanburg County	966	42%	1,049	9%	1,346	28%	1,713	27.3%	1,639	10.6%

Source: Market Edge.

ANNUAL BUILDING PERMITS

Totals, SF/MF	2003	2006	2009	2012	2015	2016	16 as % of 2003	10-yr avg	'16 as % of 10-yr avg	15-yr avg	'16 as % of 15-yr avg
Greenville County	2866	3698	1006	1869	2355	2748	96%	1977	139%	3550	77%
Pickens County	665	517	251	172	361	315	47%	302	104%	607	52%
Laurens County	151	109	97	47	84	95	63%	81	118%	145	65%
Anderson County	1173	1426	349	414	780	805	69%	605	133%	1264	64%
Spartanburg County	1640	2100	596	680	1346	1713	104%	1027	167%	1978	87%
Oconee County	555	847	227	173	256	372	67%	291	128%	635	59%
TOTAL SF	7050	8697	2526	3355	5182	6048					



GREATER GREENVILLE ASSOCIATION OF REALTORS®:



DEMAND
FOR HOUSING IS
RISING



INVENTORY
IS
FALLING



PRICES
ARE
RISING

GREATER GREENVILLE: WHO ARE WE?

Every community, and our state and country, can be segmented into groups of households with similar characteristics. In the Greater Greenville area, there are five, and we have detailed three here:

1. Southern Satellites
2. Middleburg
3. In Style



SOUTHERN SATELLITES

The most dominate group is Southern Satellites, at **15.1 percent of all households in Greater Greenville**. Only 3.2 percent of households nationally are Southern Satellites.

Southern Satellites are **rural** settlements, typically within metropolitan areas located primarily in the South. This market is generally nondiverse, **slightly older, settled married-couple families, who own their homes**.

Almost two-thirds of the homes are single-family structures; a third are mobile homes. Median household income and home value are below average. Workers are employed in a variety of industries, such as manufacturing, health care, retail trade and construction, with higher proportions in mining and agriculture than the U.S. **Residents enjoy country living, preferring outdoor activities and DIY home projects.**

SOUTHERN SATELLITES: OUR NEIGHBORHOOD

- About 79% of households are owned.
- Married couples with no children are the dominant household type, with a number of multi-generational households.
- Most are single-family homes (65%), with a number of mobile homes.
- Most housing units were built in 1970 or later.
- Most households own 1 or 2 vehicles, but owning 3+ vehicles is common

SOUTHERN SATELLITES: SOCIOECONOMIC TRAITS

- Education: almost 40% have a high school diploma only; 41% have college education.
- Unemployment is slightly higher than the U.S. rate.
- Labor force participation rate is 59.7%, slightly lower than the U.S.
- These consumers are more concerned about cost rather than quality or brand loyalty.
- They tend to be somewhat late in adapting to technology.
- They obtain a disproportionate amount of their information from TV, compared to other media.

SOUTHERN SATELLITES: MARKET PROFILE

- Usually own a truck; likely to service it themselves.
- Frequent the convenience store, usually to fill up a vehicle with gas.
- Typical household has a satellite dish.
- Work on home improvement and remodeling projects.
- Own a pet, commonly a dog.
- Participate in fishing and hunting.
- Prefer to listen to country music and watch Country Music Television (CMT).
- Read fishing/hunting and home service magazines.
- Partial to eating at low-cost family restaurants and drive-ins.
- Use Walmart for all their shopping needs (groceries, clothing, pharmacy, etc.).



Southern Satellites and Middleburgs show a preference for working on home improvement and remodeling projects. However, In Styles, while also wanting to improve their homes, are more likely to hire a contractor.

Market data like this is invaluable to a real estate professional, and readily available to members of the Greater Greenville Association of REALTORS®. For additional data, visit GGAR.com.

MIDDLEBURG

The second most dominant household group in Greater Greenville is Middleburg. At **7.1 percent of households**, it is a far smaller demographic group than Southern Satellite, but still nearly three times the representative size of the U.S., at 2.6 percent.

Middleburg neighborhoods transformed from the easy pace of country living to **semi-rural subdivisions** in the last decade, when the housing boom reached out. Residents are **conservative, family-oriented consumers**. Still more country than rock and roll, they are thrifty but willing to carry some debt and are already investing in their futures. They rely on their smartphones and mobile devices to stay in touch and pride themselves on their expertise. They prefer to buy American and travel in the U.S. **This market is younger, but growing in size and assets.**

MIDDLEBURG: OUR NEIGHBORHOOD

- Semi-rural locales within metropolitan areas.
- Neighborhoods changed rapidly in the previous decade with the addition of new single-family homes.
- Include a number of mobile homes.
- Affordable housing, median value of \$158,000 with a low vacancy rate.
- Young couples, many with children; average household size is 2.73.

MIDDLEBURG: SOCIOECONOMIC TRAITS

- Education: 66% with a high school diploma or some college.
- Like Southern Satellites, unemployment rate is lower for Middleburgs.
- Labor force participation, typical of a younger population, is higher than the national average
- Traditional values are the norm here--faith, country and family.
- Prefer to buy American and for a good price.
- Comfortable with the latest in technology, for convenience (online banking or saving money on landlines) and entertainment.

MIDDLEBURG: MARKET PROFILE

- Residents are partial to trucks, SUVs, and occasionally, convertibles or motorcycles.
- Entertainment is primarily family-oriented, TV and movie rentals or theme parks and family restaurants.
- Spending priorities also focus on family (children's toys and apparel) or home DIY projects.
- Sports include hunting, target shooting, bowling and baseball. TV and magazines provide entertainment and information.
- Media preferences include country and Christian channels.

IN STYLE

The third-largest demographic segment in Greater Greenville is a significant departure from Southern Satellite and Middleburg. In Style are more urban, and represent **4.6 percent of area households**, twice the national average of 2.3 percent.

In Style denizens embrace an **urbane lifestyle** that includes support of the arts, travel and extensive reading. They are connected and make full use of the advantages of mobile devices. **Professional couples or single households without children**, they have the time to focus on their homes and their interests. The population is slightly older and already planning for their retirement.

IN STYLE: OUR NEIGHBORHOOD

- City dwellers of large metropolitan areas.
- Married couples, primarily with no children or single households; average household size at 2.33.
- Home ownership average at 69%; more than half, 51%, mortgaged.
- Primarily single-family homes, in older neighborhoods (built before 1980), with a mix of town homes and smaller (5-19 units) apartment buildings.
- Median home value at \$213,500.
- Vacant housing units at 8.8%.

IN STYLE: SOCIOECONOMIC TRAITS

- College educated: 46% are graduates; 75% with some college education.
- Low unemployment is at 5.6%; higher labor force participation rate is at 68% with proportionately more two-worker households.
- Median household income of \$65,600 reveals an affluent market with income supplemented by investments and a substantial net worth.
- Connected and knowledgeable, they carry smartphones and use many of the features.
- Attentive to price, they use coupons, especially mobile coupons.

IN STYLE: MARKET PROFILE

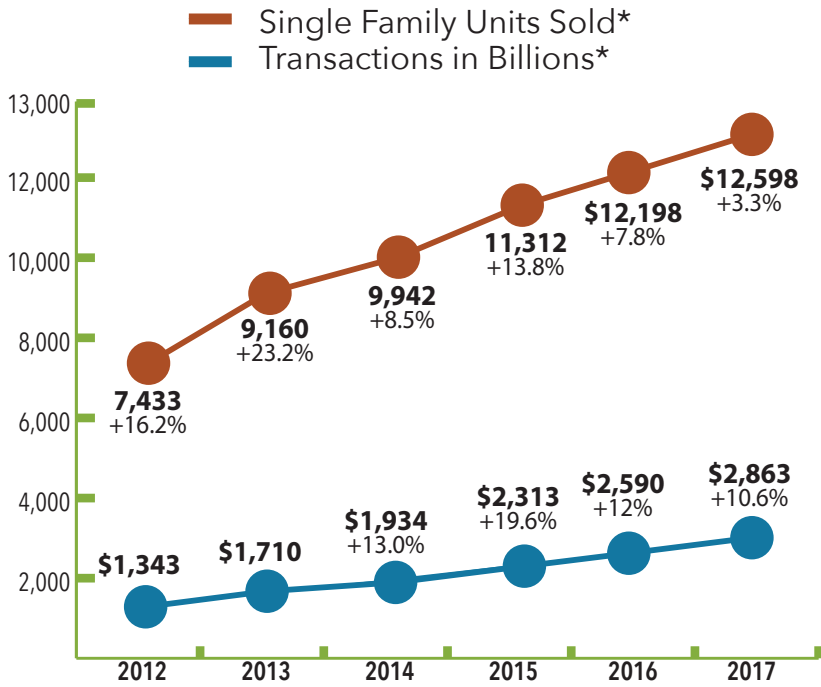
- Partial to late model SUVs or trucks.
- Homes integral part of their style; invest in home remodeling/maintenance, DIY or contractors; housekeeping hired.
- Prefer organic foods, including growing their own vegetables.
- Financially active, from a variety of investments to home equity lines of credit.
- Meticulous planners, both well insured and well invested in retirement savings.
- Generous with support of various charities and causes.
- Actively support the arts, theater, concerts and museums.

SALES

The Greater Greenville Multiple Listing Service is the source for data about sales activity in Greater Greenville.

Recent trends indicate falling inventory and demand outpaces supply both in terms of new listing of existing housing, and construction of new housing. Multi-family housing has been the bright spot in the market, but it appears to have hit its high-water mark, and has fallen back to a lower, but still historically high, level.

As a result, average and median prices of homes listed and sold are at unaffordable high levels.



CURRENT ACTIVITY

(as of 1/10/18)

Units **3,976 (-0.6%)**

Volume (Billions) **\$1.375 (+4.5%)**

Average Price **\$345,852 (+5.2%)**

Median Price **\$260,917 (+4.8%)**

Average DOM **122 (-7.6%)**

*While representative of market activity this report may not include all sales brokered by Member firms and should not be viewed as all inclusive of sales transacted within the market during the time referenced. Source: Greater Greenville Association of REALTORS®.

MARKET DATA

As inventory has fallen, prices have climbed. The median sales price of a home in the MLS is now in excess of \$200,000, and climbing. And the price per square foot, for the first time, exceeds \$100. The solution to these trends is to increase inventory. New construction is a critical component of increasing inventory.

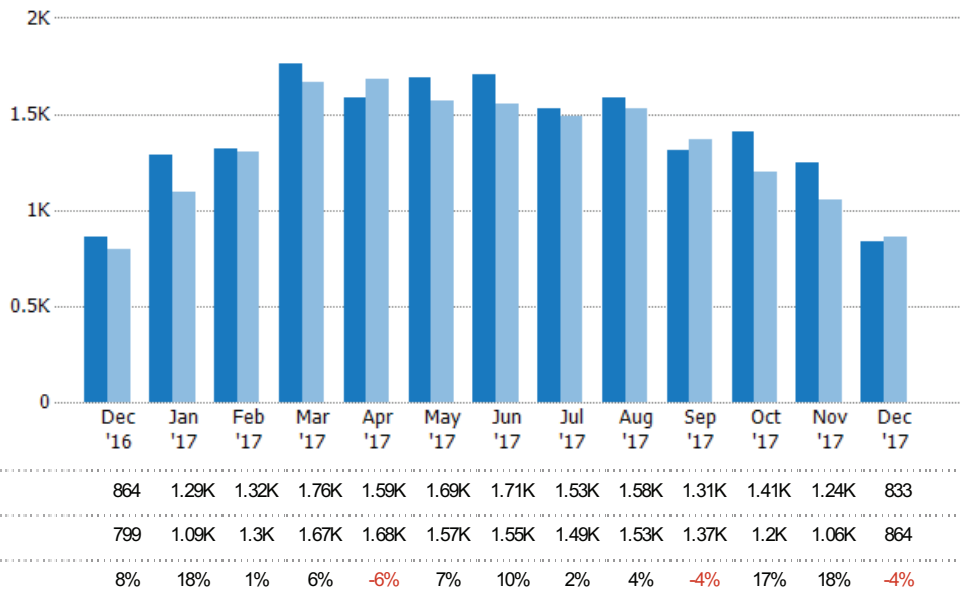
NEW LISTINGS

The number of new single-family, condominium and townhome listings that were added each month.

Filters Used

Property Type:
Condo/Townhouse/Apt, Single Family Residence

Month/Year	Count	% Chg.
Dec '17	833	-3.6%
Dec '16	864	8.1%
Dec '15	799	-3.1%



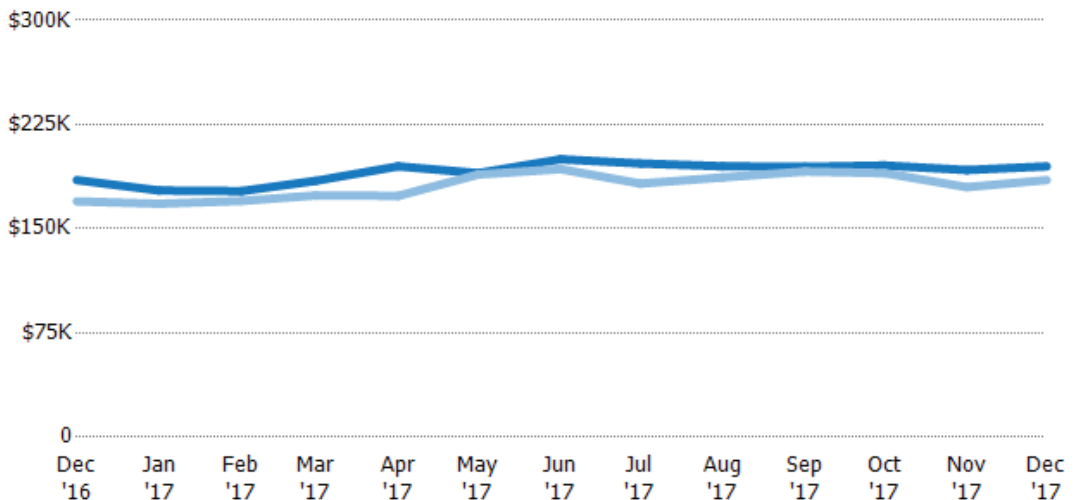
MEDIAN SALES PRICE

The median sales price of the single-family, condominium and townhome properties sold each month.

Filters Used

Property Type:
Condo/Townhouse/Apt, Single
Family Residence

Month/ Year	Price	% Chg.
Dec '17	\$195K	5.4%
Dec '16	\$185K	9%
Dec '15	\$170K	-3.8%



Current Year	\$185K	\$178K	\$177K	\$185K	\$195K	\$190K	\$200K	\$197K	\$195K	\$195K	\$196K	\$192K	\$195K
Prior Year	\$170K	\$168K	\$170K	\$174K	\$174K	\$189K	\$193K	\$183K	\$187K	\$191K	\$190K	\$180K	\$185K
Percent Change from Prior Year	9%	6%	4%	6%	12%	1%	4%	8%	4%	2%	3%	7%	5%

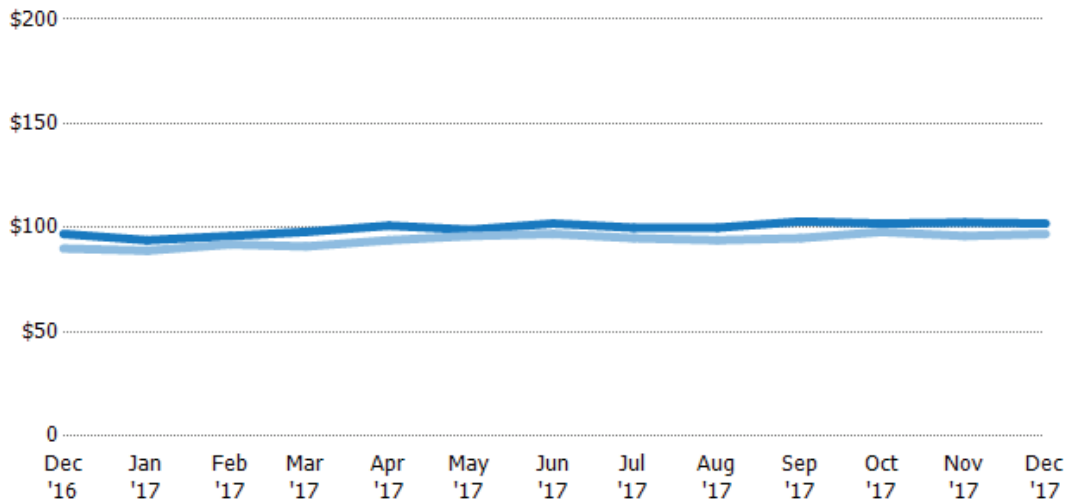
MEDIAN SALES PRICE PER SQUARE FOOT

The median of the sales price divided by the living area of properties sold each month.

Filters Used

Property Type:
Condo/Townhouse/Apt, Single
Family Residence

Month/ Year	Price/sq ft	% Chg.
Dec '17	\$102	5.2%
Dec '16	\$97	7.8%
Dec '15	\$90	-4.4%



Current Year	\$97	\$94	\$96	\$98	\$101	\$99	\$102	\$100	\$100	\$103	\$102	\$103	\$102
Prior Year	\$90	\$89	\$92	\$91	\$94	\$96	\$97	\$95	\$94	\$95	\$98	\$96	\$97
Percent Change from Prior Year	8%	6%	4%	8%	7%	3%	5%	5%	6%	8%	4%	7%	5%



That **median price** of a home sold in Greater Greenville in 2017 was **\$260,917**.
The **average price** was **\$345,852**.

AFFORDABILITY

NAHB Housing Opportunity Index

The Housing Opportunity Index is a measure of housing affordability. Produced by the National Association of Home Builders, the Housing Opportunity Index measures the share of homes sold in a given area that are affordable to a family earning the local median family income, based on standard mortgage underwriting criteria.

Greater Greenville HOI: 74.7
 Median Price: \$195,000
 Median Income: \$62,100
National Rank: 90 (out of 227 MSA's measured)

Therefore, 74.7 percent of the homes sold during the third quarter of 2017 were affordable for a family earning the median income. Greater Greenville is consistently in the top third of the markets measured by the Housing Opportunity Index. However, our region is still at risk in terms of affordability. Since the fourth quarter of 2011 our index has dropped from 84.7 and has been as low as 52.8 (2006).

The Housing Opportunity Index uses two major components: income and housing cost. For income, the index uses the median family income estimate published by the U.S. Department of Housing and Urban Development. The index assumes a family can afford to spend 28 percent of its gross income on housing. For cost, the index uses data collected from CoreLogic. The monthly principal and interest that an owner would pay is based on the assumption of a 30-year fixed-rate mortgage with a 10-percent down payment. The interest rate is the weighted average of fixed and adjustable rates for the quarter as reported by the Federal Housing Finance Agency. The cost also includes estimated property taxes and property insurance for the area based on data gathered from the American Community Survey.

PRICED OUT EFFECT

An often overlooked impact of over-regulation of home building is the affect it has on housing affordability. Every time government issues or changes a regulation that raises construction and development costs, some families are priced out of homeownership. The National Association of Home Builders produces a report of households priced out of homeownership by a \$1,000 increase in the price of a home.

Greater Greenville	
Median New Home Price	\$270,330
Income Needed to Qualify	\$63,213
% of HH That Can Afford	34
Greater Greenville HH Priced Out	521

The priced out methodology is similar to the Housing Opportunity Index and uses the same data. The model simply measures how many households can qualify for a mortgage before and after a \$1,000 increase in the price of a home. This report was updated in 2016.

SUPPLY VS. DEMAND

Leading Markets Index

The National Association of Home Builders measures, on a quarterly basis, the relationship of individual housing markets around the country to a measure of normal. The study uses, as a basis for normal, a prior year that is judged as normal. For most of the country, including Greater Greenville, 2002-2003 is considered to be normal. The study measures three characteristics: Jobs, Building Permits, and Housing Prices. A score is developed with 100 being normal, for each characteristic. The three scores are averaged for a community score.

Third Quarter 2017	Overall	Permits	Prices	Employment
Greater Greenville, SC	1.06	0.78	1.42	0.97
Asheville, NC	1.19	0.88	1.71	0.99
Charlotte, NC	1.04	0.67	1.47	0.97
Columbia, SC	1.02	0.86	1.23	0.96
Spartanburg, SC	1.22	1.46	1.20	1.00
Charleston, SC	1.22	0.92	1.77	0.96

Greater Greenville reached its trough in March 2012 with an index of 0.78. It peaked in November 2006 at 1.11.

With building permits running well and consistently below normal, and housing prices rising to historically high levels, a fair assessment can be made that, like many Southeastern markets, the Greater Greenville area has a supply versus demand imbalance that is contributing to a lack of affordability, a flattening of house price growth, or potentially a drop in housing prices in the future as production reaches normal.

Produced by:



Home Builders Association of Greenville | HBAofGreenville.com



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Greater Greenville Association of REALTORS®
GGAR.com



Upstate Mortgage
Lenders Association
AFFILIATE OF MBAC

Upstate Mortgage Lenders Association
MBAC.org



Sales & Marketing Council of the Upstate
HBAofGreenville.com/SMC



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Greenville Chamber
let's do something that matters today

Greater Greenville Chamber of Commerce
GreenvilleChamber.org



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