

2020 HOUSING PROFILE

A Marketplace Snapshot

Presented by



HOUSING + REAL ESTATE + HOME BUILDING

for Greenville, Pickens, and Laurens Counties, South Carolina

Produced by:



Upstate Mortgage
Lenders Association

AFFILIATE OF MBAC



WELCOME

Welcome to the Upstate Housing Market Forecast. We are happy to have as our keynote speaker, Dr. Matthew K. Martin, Senior Vice President and Charlotte Regional Executive of the Federal Reserve Bank of Richmond. We also are pleased to have join us as a co-presenter John Hunt of MarketnSight. Our associations, which include the Greater Greenville Association of REALTORS®, the Mortgage Lenders Association of the Upstate, and the Home Builders Association of Greenville, have partnered for the fifth 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 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 would like to thank our presenters, Dr. Matthew K. Martin and John Hunt, for their efforts in making the Upstate Housing Market Forecast a successful event.

Bill Kane, APB

*President, Home Builders Association of Greenville
Ryan Homes*

Robby Brady, GRI

*President, Greater Greenville Association of REALTORS®
Allen Tate Company—Greenville*

Phil Long

*President, Upstate Mortgage Lenders Association
AgSouth Mortgages*

Rich Hagins

*Chairman, Greenville Chamber of Commerce
US&S*

ABOUT MATTHEW K. MARTIN, PH.D.

Matt Martin is Senior Vice President and Charlotte Regional Executive of the Federal Reserve Bank of Richmond, one of the 12 regional banks that make up the Central Banking System of the United States. He leads the Fifth District's outreach and community development efforts and is responsible for the Charlotte Board of Directors.

Matt Martin joined the Richmond Fed in 2006 a regional economist based in Charlotte. He was promoted to senior vice president and regional executive in 2009, with responsibility for branch leadership and regional outreach in the Carolinas. He assumed responsibility for outreach for the Fifth District of the Fed in 2010. Prior to joining the Fed, he worked as an economist for Moody's Economy.com and the U.S. Congressional Budget Office.

Martin is a member of the Belk School of Business advisory board at the University of North Carolina-Charlotte, as well as past board chair and current strategic planning committee member of Community Link. He is a native of Lancaster, Pennsylvania, and earned a degree in economics from the U.S. Military Academy and a doctorate in economics from the University of Delaware.



*That **median price** of a home sold in
Greater Greenville in 2019 was **\$219,253**.
The **average price** was **\$255,314**.*

THE DEMOGRAPHICS OF TODAY'S HOME BUYER

The Housing Market Forecast is more than a luncheon with an economic forecast by a prominent economist. It also features a seminar and other briefings to help you plan your business for the year.

Our featured seminar:

Who is buying our houses?

Presented by John Hunt, President of MarketNsight, which specializes in new housing market analytics, will present and explore today's home buyer and their characteristics and preferences.

Did you know?

Many younger buyers, and older buyers, are demanding smaller homes in urban locations that require less maintenance? The seminar is packed with great information about today's home buyer.

About our Speaker: John Hunt is the principal of MarketNsight, which operates in 17 markets in the Southeast, and president of ViaSearch. He has been active in the Home Building industry for 30 years and worked with the team that has been successfully analyzing housing demand, including predicting the downturn as early as September 2005. In 2009, he helped provide the housing data that U.S. Senator Johnny Isakson (GA) used to successfully extend the Home Buyer Tax Credit. He has been on the leading edge of Millennial Home Buying Trends, accurately predicting the dramatic loss of First Time Buyers in 2013 when the inventory of distressed lots was depleted nationally. John recently spoke at the International Builders Show.

**GREATER GREENVILLE
ASSOCIATION OF
REALTORS®:**



**DEMAND
FOR HOUSING IS
RISING**



**INVENTORY
IS
FALLING**



**PRICES
ARE
RISING**

THE ECONOMIC IMPACT OF A TYPICAL HOME SALE

The real estate industry accounted for **\$39,249** million or 17.7% of the gross state product in 2017.

TOTAL ECONOMIC IMPACT *\$64,514*

Income generated from real estate industries

\$17,523
27.2%
of total impact

Expenditures related to home purchase

\$4,142
6.4%
of total impact

Multiplier of housing related expenditures

\$10,399
16.1%
of total impact

New home construction

\$32,450
50.3%
of total impact

Real Estate Industries: We assume that commissions, fees and moving expenses, or income to real estate industries, associated directly with the purchase are about 9% of the median home price.

Expenditures related to home purchase: Furniture and remodeling expenses are about \$4,142 based on the NAHB figure.

http://www.nahbclassic.org/generic.aspx?sectionID=734&genericContentID=257993&channelID=311&_ga=2.174727074.1093549992.1499375907-912917446.1499375907

Multiplier effect: The multiplier effect accounts for the fact that income earned in other sectors of the economy as a result of a home sale is then re-circulated into the economy.

New construction: Additional home sales induce added home production. Typically, one new home is constructed for every eight existing home sales. Thus, for every existing homes sale, 1/8 of a new home's value is added to the economy.

Sources: BEA, U.S. Census, NAHB, Macroeconomic Advisors, NAR

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: 697,161

(2017 - Greenville, Pickens, and Laurens counties)

Real Metro GDP: \$35.1 billion (2015)

Per Capita Income: \$42,132 (2017)



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.

BUILDING PERMITS HISTORY

	2003	2006	2009	2012	2015	2018	2019
Totals, SF/MF							
Greenville County	2866	3698	1006	1869	2355	3231	3714
Pickens County	665	517	251	172	361	562	628
Laurens County	151	109	97	47	84	134	162
Anderson County	1173	1426	349	414	780	1050	
Spartanburg County	1640	2100	596	680	1346	2425	
Oconee County	555	847	227	173	256	410	
TOTAL SF	7050	8697	2526	3355	5182	7812	4504

JOB AND INVESTMENTS IN GREENVILLE COUNTY (ANNOUNCED) 2013-2017

In an economy with 3% unemployment, one new job creates demand for one new house.

YEAR	NEW INVESTMENT	NEW JOBS
2018	\$161.8 Million	1,477
2017	\$336.0 Million	1,789
2016	\$425.9 Million	2,639
2015	\$394.7 Million	2,118
2014	\$451.9 Million	1,310
Five Year Total	\$1.80 Billion	9,340

Source: Greenville Area Development Corporation

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

KEY INSIGHTS



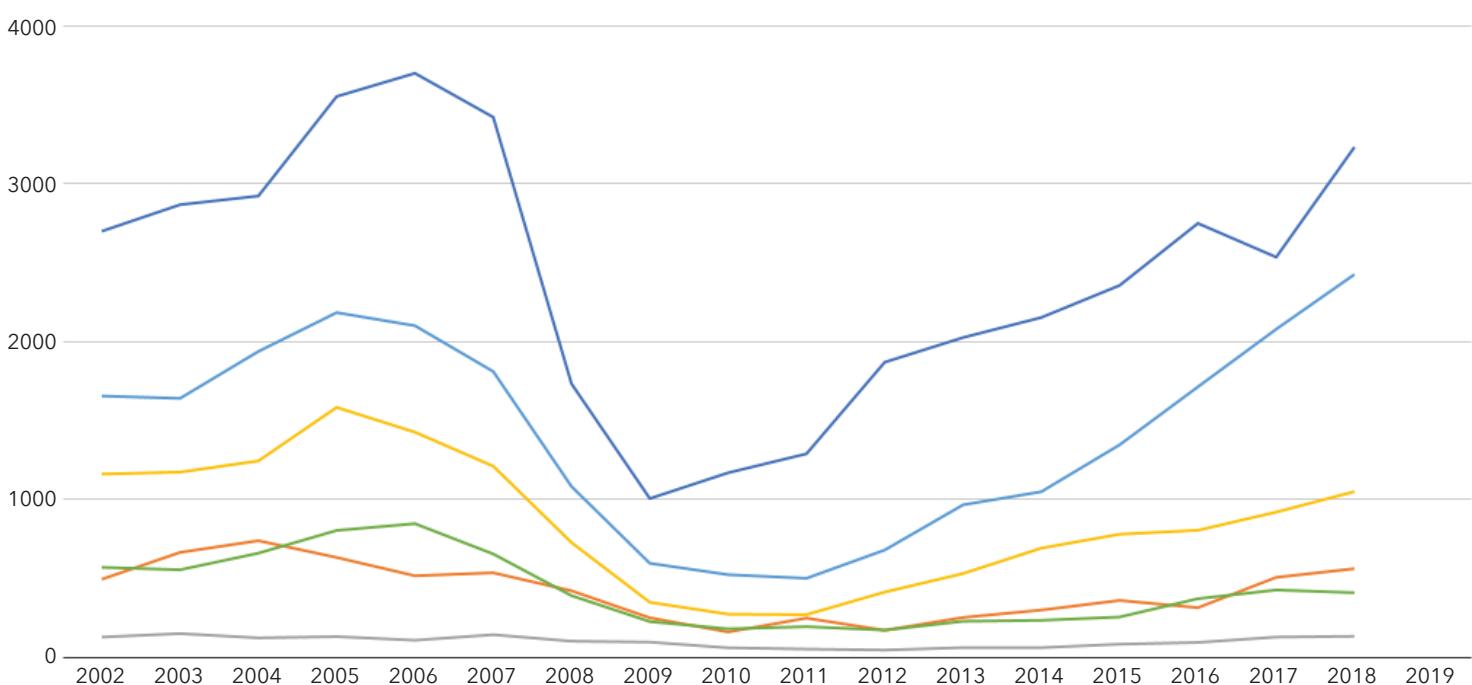
Steady decline is an indication that a community is stagnating.



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

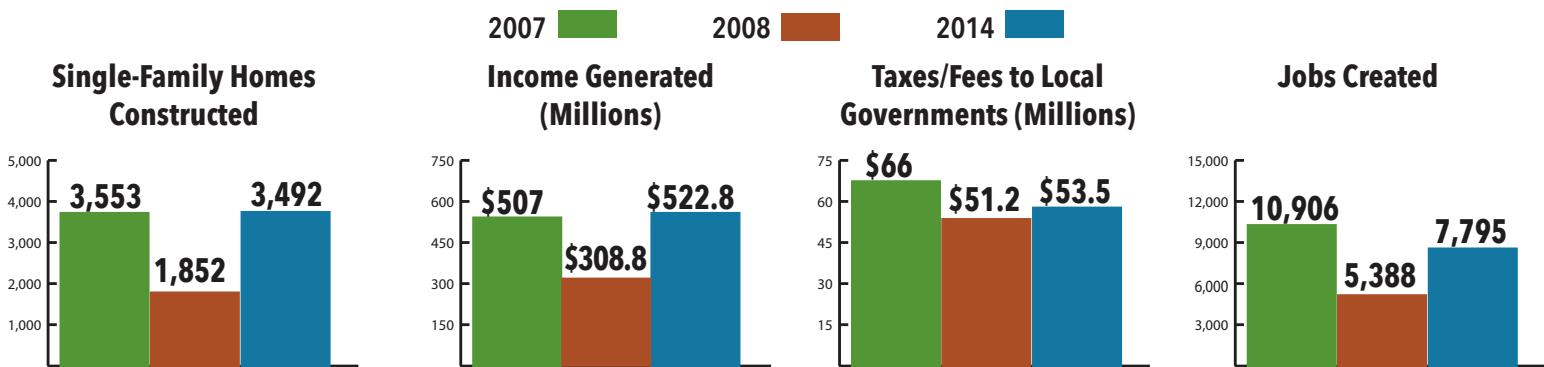


A change in the ratio of single family and multi-family is an indicator of change in demand and potential for speculation.



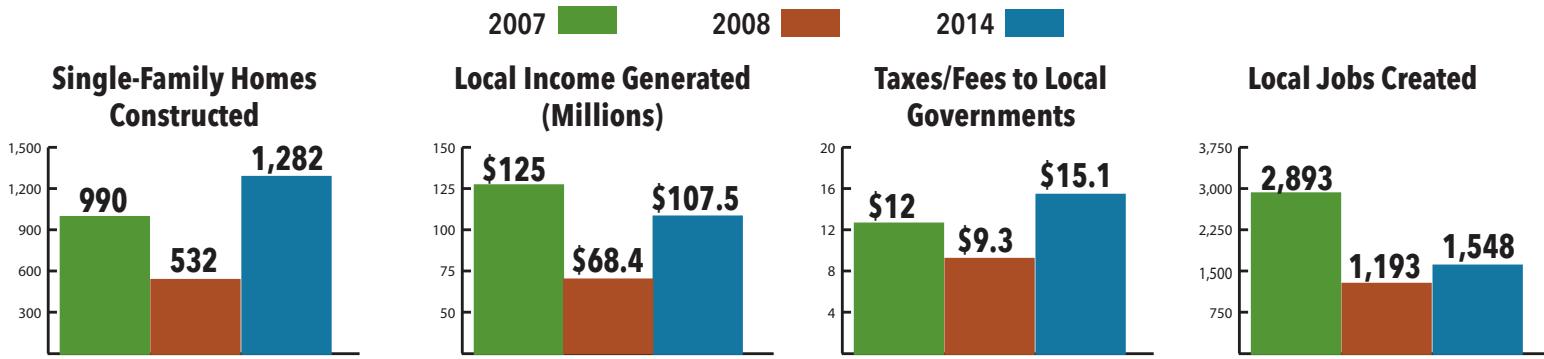
ECONOMIC IMPACT

In 2007, 2008 and 2014 the Home Builders Association of Greenville commissioned the Housing Economics Department of the National Association of Home Builders to conduct an analysis of the economic impact of home building in Greenville County on the Greater Greenville area. The study found a substantial impact and rapid contribution to the demands that the homes added have on the community's governments and infrastructure.



GREENVILLE COUNTY SINGLE FAMILY

The additional, annually recurring impacts of building 3,492 single-family homes in Greater Greenville include:



RECURRING IMPACTS OF NEW HOME CONSTRUCTION

\$111.1 million
in local income

\$28.9 million
in taxes & other revenue
for local governments

2,208
local jobs

GREENVILLE COUNTY MULTI-FAMILY

The additional, annually recurring impacts of building 1,282 multi-family homes in Greater Greenville include: \$28.8 million local income, \$8.8 million in taxes and other revenues to local governments, and 572 local jobs.

GROWTH + NEW CONSTRUCTION PAY FOR ITSELF

For every 1,852 single-family and 532 multi-family homes built:

Economic Impact Offsets Fiscal Costs

Immediately upon occupancy after these new homes are built, economic impacts offset all fiscal costs of serving the new homes, including infrastructure costs.

\$63.8+ Million in Net Income

By the end of the first year, these new homes contribute net income to local governments of more than \$63 million and more than \$10 million annually thereafter.

\$221.5+ Million in Net Income

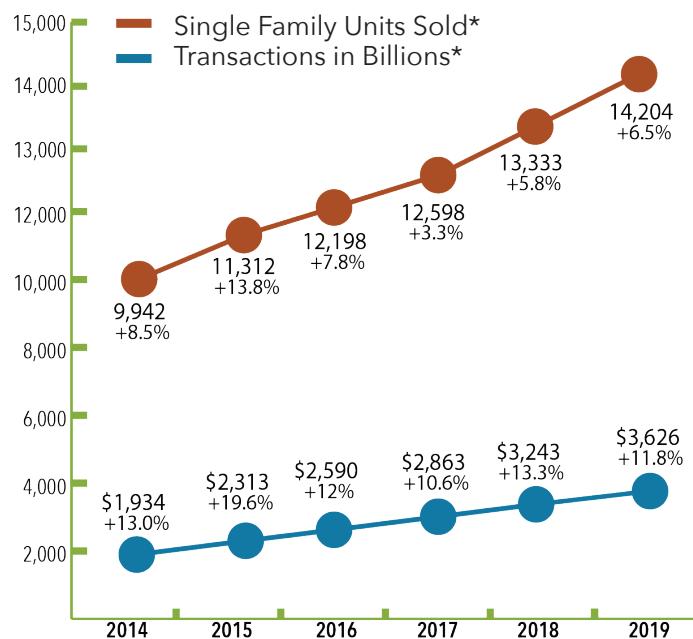
After 15 years, these new homes have contributed net income to local governments of more than \$220 million, which keeps area property taxes low for the rest of us.

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 1/10/2020)

Units	4,329 (+6.7%)
Volume (Billions)	\$1.533 (+9.5%)
Average Price	\$354,204 (+2.6%)
Median Price	\$259,007 (+1.7%)
Average DOM	110 (-2.6%)

*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®.

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: **71.7**

Median Price: **\$206,000**

Median Income: **\$66,500**

National Rank: **96** (out of 227 MSA's measured)

Therefore, 71.7 percent of the homes sold during the third quarter of 2018 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 **\$281,420**

Income Needed to Qualify **\$71,295**

% of HH That Can Afford **34**

Greater Greenville HH Priced Out **486**

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 2019.

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