South Carolina’s Economy in 2019
Where We Are and Where We’re Headed

Joseph Von Nessen, Ph.D.
Research Economist
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Economic Roller Coaster!
U.S. GDP Growth (Annualized)

Source: U.S. Bureau of Economic Analysis
Why is there So Much Uncertainty?

- Tariffs and trade disputes
- Global markets have slowed
- Interest rates in flux
- Economic expansion now the longest on record
The Trump bump of 2018!
Where Are We Headed Next?
The Trade Talks Persist...

- **2018 U.S. tariffs**
  - 10 percent tariffs on $200 billion of Chinese goods implemented

- **2018 China retaliates**
  - Duties on $110 billion of U.S. goods
  - 40 percent tariff on U.S. autos

- **2019 U.S./China Negotiations**
  - Currently ongoing
  - Chinese auto tariffs reduced to 15 percent
  - U.S. tariffs increased from 10 percent to 25 percent in May
  - Additional $325 billion in U.S. tariffs proposed by President Trump – currently postponed
Global Growth Has Slowed
China’s GDP Growth (Annualized)

Source: Wind Economic Database, August 2019
Eurozone GDP Growth (Annualized)

- Q1 2017: 0.7%
- Q2 2017: 0.7%
- Q3 2017: 0.7%
- Q4 2017: 0.7%
- Q1 2018: 0.4%
- Q2 2018: 0.4%
- Q3 2018: 0.2%
- Q4 2018: 0.2%
- Q1 2019: 0.4%
- Q2 2019: 0.2%

Source: Trading Economics, August 2019
Germany’s GDP Growth (Annualized)

Source: Trading Economics, August 2019
Why is the Fed lowering interest rates?
PCE Price Index (Core)


Source: U.S. Bureau of Economic Analysis
U.S. Job Openings Rate vs. Unemployment Rate

U.S. Unemployment Rate: 3.7%
S.C. Unemployment Rate: 3.5%

Source: U.S. Bureau of Labor Statistics, JOLTS SA; CES SA
Average Hourly Earnings of all U.S. Employees

Source: U.S. Bureau of Economic Analysis
U.S. Consumer Sentiment

Source: University of Michigan
What about South Carolina?
South Carolina Employment Growth


+1.5%
S.C. Employment Growth

S.C. Employment Growth

How are auto tariffs affecting manufacturing in South Carolina?

- **Short-run effects: Increased Costs**
- **Long-run effects: Potential Changes in Global Production Strategies**
South Carolina Export Volume (TEUs)

Annual Growth Rate: Rolling 3-month Average

Chinese 40% retaliatory tariffs implemented

Chinese 40% retaliatory tariffs (temporarily?) suspended

Source: South Carolina Ports Authority; July 2019
South Carolina Cargo Volume (TEUs)

Annual Growth Rate: Rolling 3-month Average

Total Cargo Volume
Exports Only

- Source: South Carolina Ports Authority; July 2019
S.C. Advanced Manufacturing Exports

Source: US Census Bureau
Changes in S.C. Manufacturing Trends

Source: U.S. Bureau of Labor Statistics
S.C. Employment Growth

U.S. New SF Housing Starts: 2011-2019 (in thousands)

Source: U.S. Dept. of Commerce
U.S. New SF Housing Starts: 2011-2019 (in thousands)

Source: U.S. Dept. of Commerce
Labor costs

Lumber costs

Interest rates
Labor costs

Lumber costs

Interest rates
Random Lengths Framing Lumber Composite Index

+58%
30-Year Fixed Mortgage Interest Rates

[Graph showing the trend of 30-year fixed mortgage interest rates from 2015-01-15 to 2019-07-15, with rates ranging from 2.0% to 5.5%.]
FHFA House Price Index

Source: Federal Housing Finance Agency

The Bottom Line

A “Decaf” Economy

Higher Uncertainty

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Slower Growth

- Growth > state average
- Growth < state average
- Employment losses

Source: BLS, Local Area Unemployment Statistics, NSA (June)
Thank You!
Resales v/s New Home Sales

TriCounty
- New Homes: 25%
- Resales: 75%

Berkeley
- New Homes: 34%
- Resales: 66%

Charleston
- New Homes: 19%
- Resales: 81%

Dorchester
- New Homes: 25%
- Resales: 75%
New Home Closings by Month/Year

Closings
2015
2016
2017
2018
2019

Jan 354
Feb 325
Mar 351
Apr 364
May 381
Jun 391
Jul
Aug
Sep
Oct
Nov
Dec

Closings
0
50
100
150
200
250
300
350
400
450

NEW HOMES REVIEW
REAL ESTATE INFORMATION SERVICE, INC.
Charleston Area
Top 5 Subdivisions by County & Number of Closings

Berkeley County

- Cane Bay
- Foxbank Pltn
- Nexton
- Moss Grove Pltn
- Huners Bend

Charleston County

- Carolina Park
- Oyster Point
- Carolina Bay
- Oakfield
- Maybank Village

Dorchester County

- Coosaw Preserve
- The Ponds
- Pine Forest Country Club
- Summers Corner
- McKewn

NEW HOMES REVIEW
REAL ESTATE INFORMATION SERVICE, INC.
24 Month New Home Closing Trend
New Home Closings by County

- Berkeley: 41%
- Charleston: 38%
- Dorchester: 21%
24 Month Closings by County

- Berkeley
- Charleston
- Dorchester
24 New Home Month Permit Trend

NEW HOMES REVIEW
REAL ESTATE INFORMATION SERVICE, INC.
Permits and Closings

Prior 12 Months

Permits: 5,098
Closings: 4,333

Current 12 Months

Permits: 5,002
Closings: 4,327
New Home Median & Average Closing Price

- Charleston: Median $387,800, Average $444,459
- Berkeley: Median $299,000, Average $337,741
- Dorchester: Median $297,799, Average $311,503
Average Sales Price

- Berkeley: $338,122
- Charleston: $444,459
- Dorchester: $443,855

Builder Sales vs Resales
Average New Home Closing Price

Jan 14, $274,702
Jan 15, $283,024
Jan 16, $298,070
Jan 17, $308,536
Jan 18, $346,925
Jan 19, $346,345

$0
$50,000
$100,000
$150,000
$200,000
$250,000
$300,000
$350,000
$400,000
$450,000

Average New Home Closing Price

NEW HOMES REVIEW
REAL ESTATE INFORMATION SERVICE, INC.
New Home Closings by County & Price Range

BERKELEY
CHARLESTON
DORCHESTER

(Thousands)
Dorchester County Top 5 Communities

- SUMMERS CORNER
- PINE FOREST COUNTRY CLUB
- MCKEWN
- THE PONDS
- COOSAW PRESERVE

Data periods:
- 7/1/2015 - 6/30/16
- 7/1/16 - 6/30/17
- 7/1/17 - 6/30/18
- 7/1/18 - 6/30/19
- 7/1/15 - 6/30/19
Charleston County Top 5 Communities

- CAROLINA PARK
- OYSTER POINT
- CAROLINA BAY
- OAKFIELD
- MAYBANK VILLAGE

7/1/2015 - 6/30/16
7/1/16 - 6/30-17
7/1/17 - 6/30/18
7/1/18 - 6/30/19
7/1/15 - 6-30-19

NEW HOMES REVIEW
REAL ESTATE INFORMATION SERVICE, INC.
New Home Closing SC Major Markets

Charleston | Myrtle Beach | Columbia | Greenville

Jul'15 - Jun'16 | Jul'16 - Jun'17 | Jul '17 - Jun '18 | Jul '18 - Jun '19