

AUGUST 2021 HOME BUILDERS ECONOMIC UPDATE

With Guest Speakers
Joey Von Nessen & Will Jenkinson

*an update of the economic
impact and forecast for the
home building industry in the
Lowcountry*



Charleston Home Builders Association
General Membership Meeting



 HARVEY &
VALLINI, LLC
ATTORNEYS AND COUNSELORS AT LAW

The 2021 Mid-Year Market Update

South Carolina's Economic and Housing Outlook



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How is South Carolina Doing?



Entering a Post-Stimulus Economy...
...but not a Post-COVID Economy



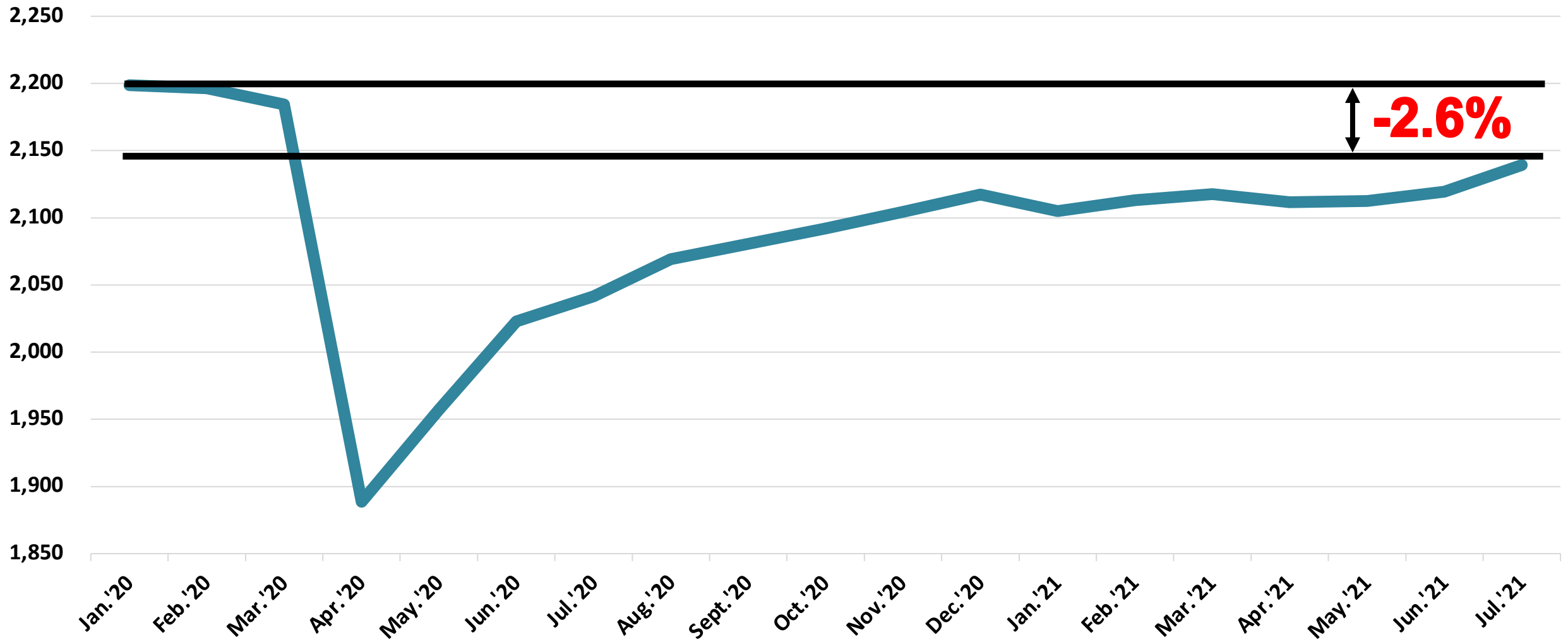


An Economy that Must Increasingly
Stand on its own Feet!



Total South Carolina Employment

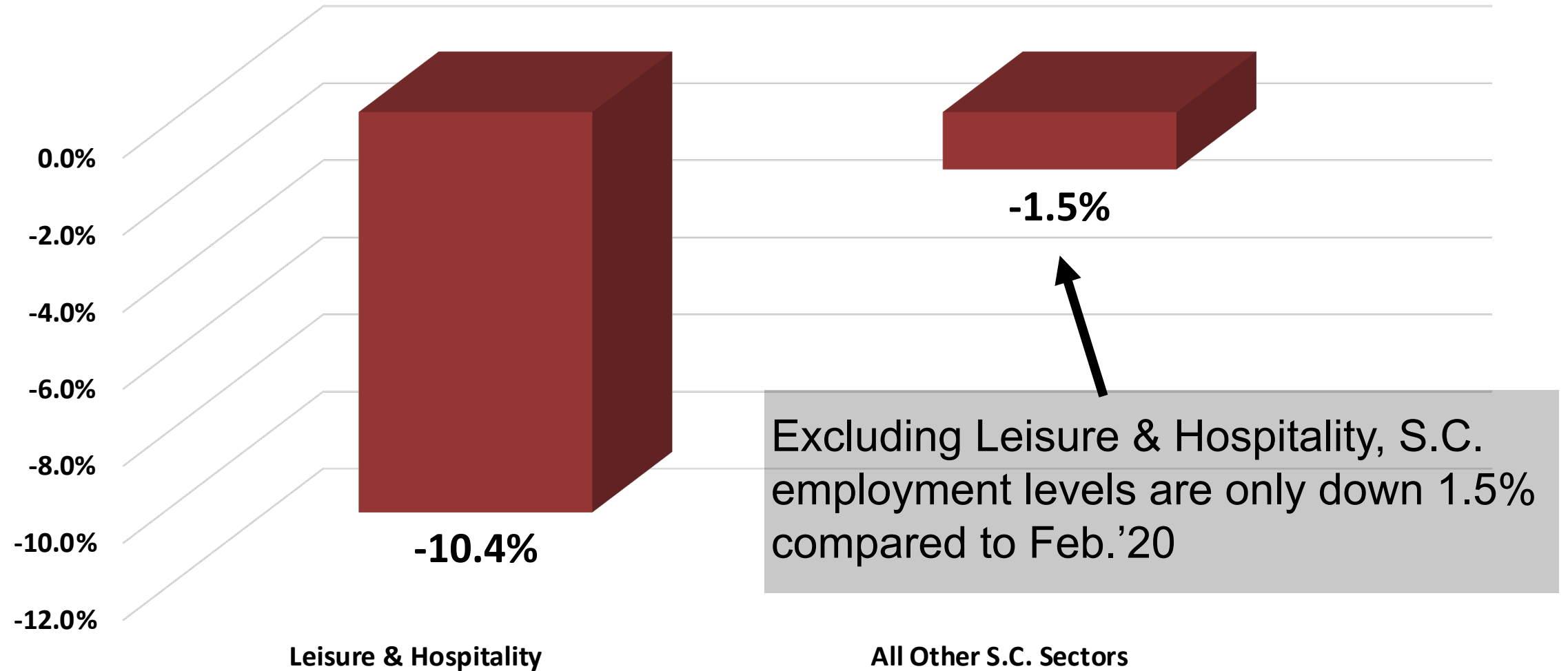
In Thousands



Source: U.S. Bureau of Labor Statistics, CES-SA

South Carolina Employment Recovery

Current Pct. of Pre-Pandemic (Feb.'20) Employment Levels

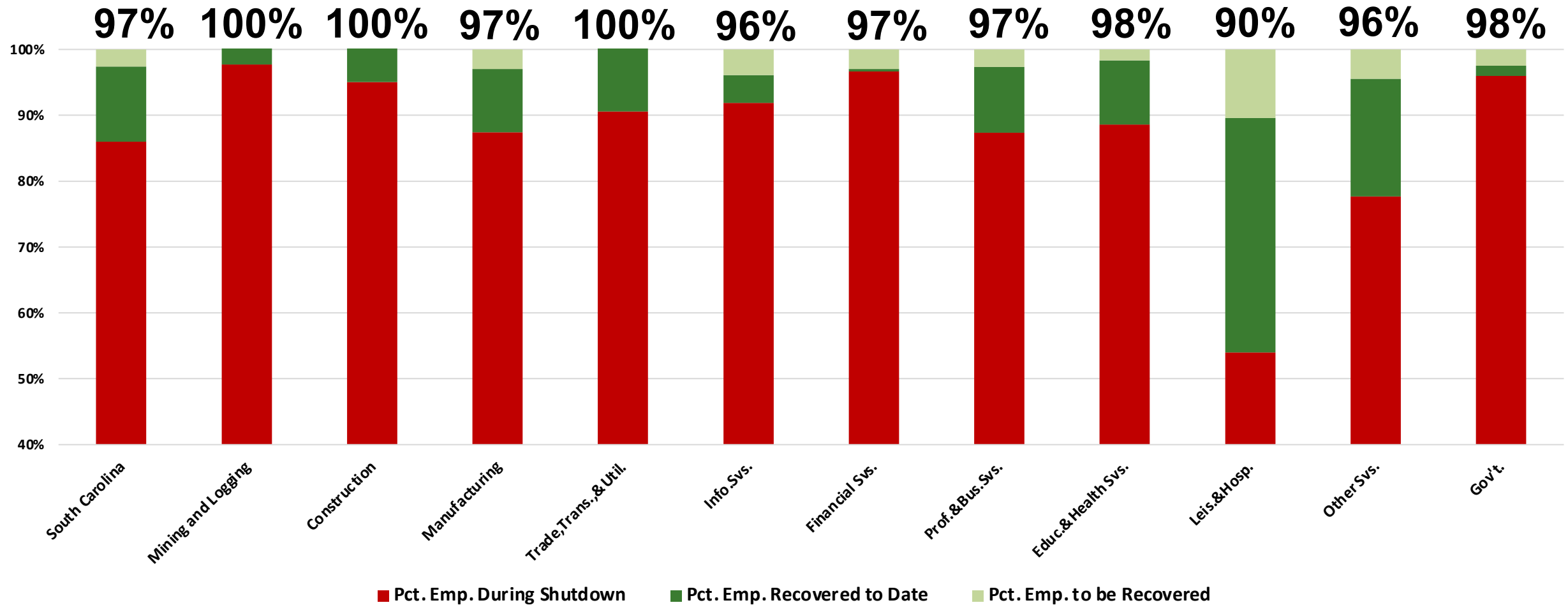


Source: U.S. Bureau of Labor Statistics, CES-SA



South Carolina Employment Recovery

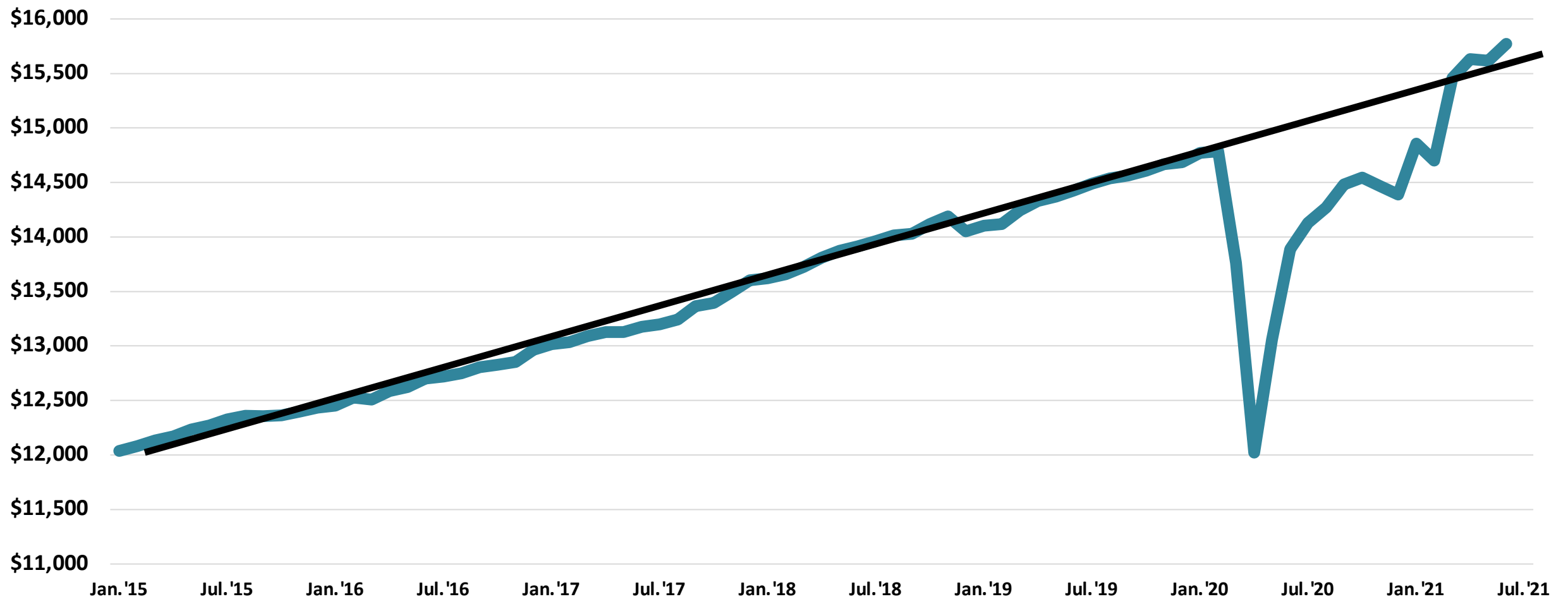
Gains and Losses by Industry Sector



Source: U.S. Bureau of Labor Statistics, CES-SA

Total U.S. Consumer Spending

Note: Values Represent Annualized Totals, in billions



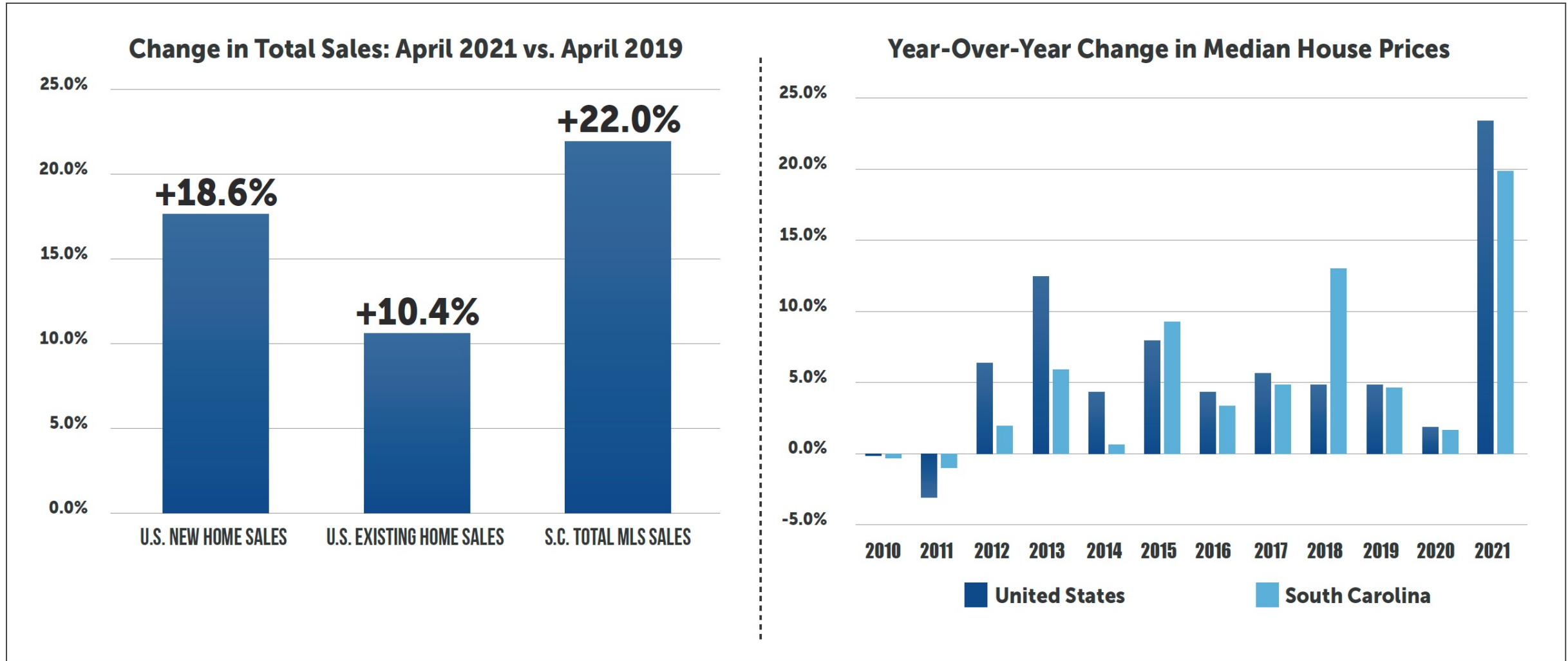
Source: U.S. Bureau of Economic Analysis



How Have Housing Markets Responded?



House Sales and Price Changes Relative to Pre-Pandemic Norms



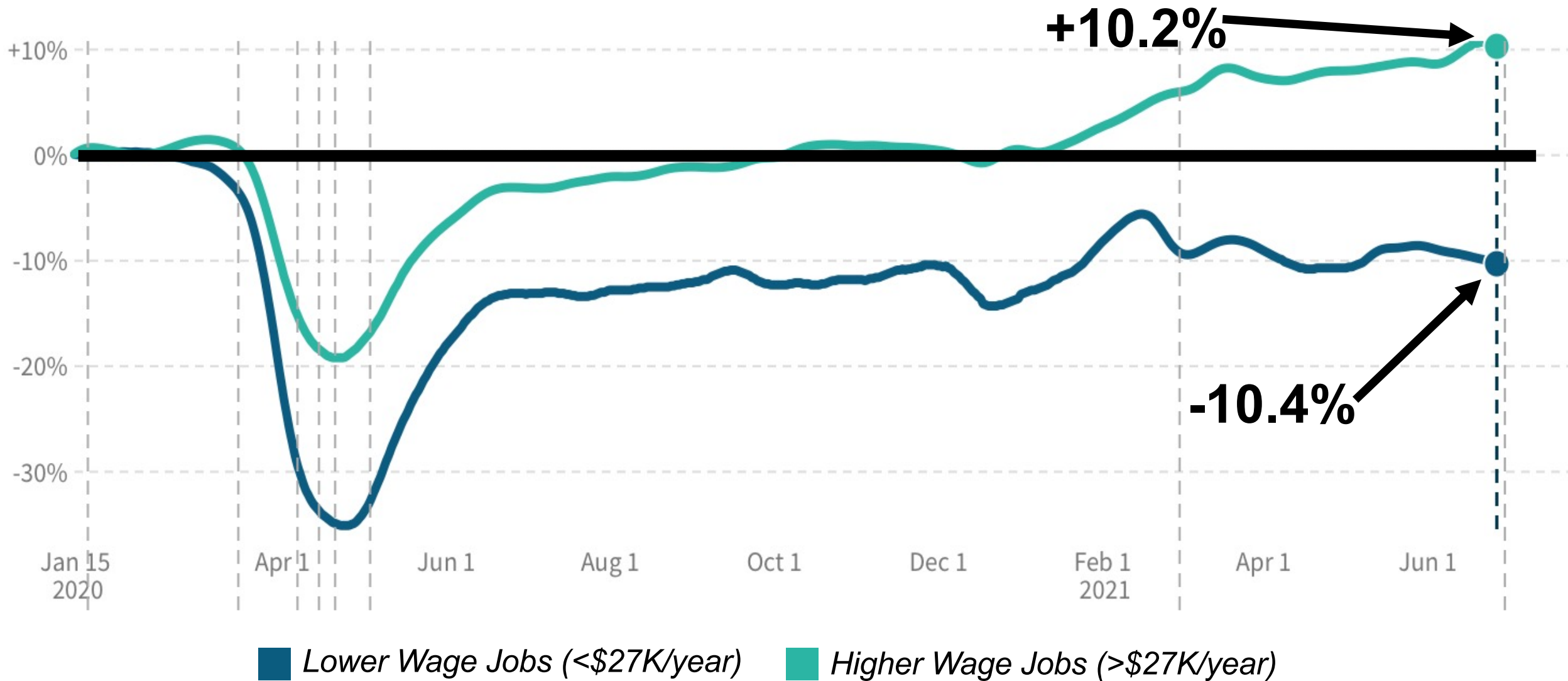
Source: National Association of REALTORS and South Carolina REALTORS



Why?



Current S.C. Emp. Levels Compared to Jan. 2020

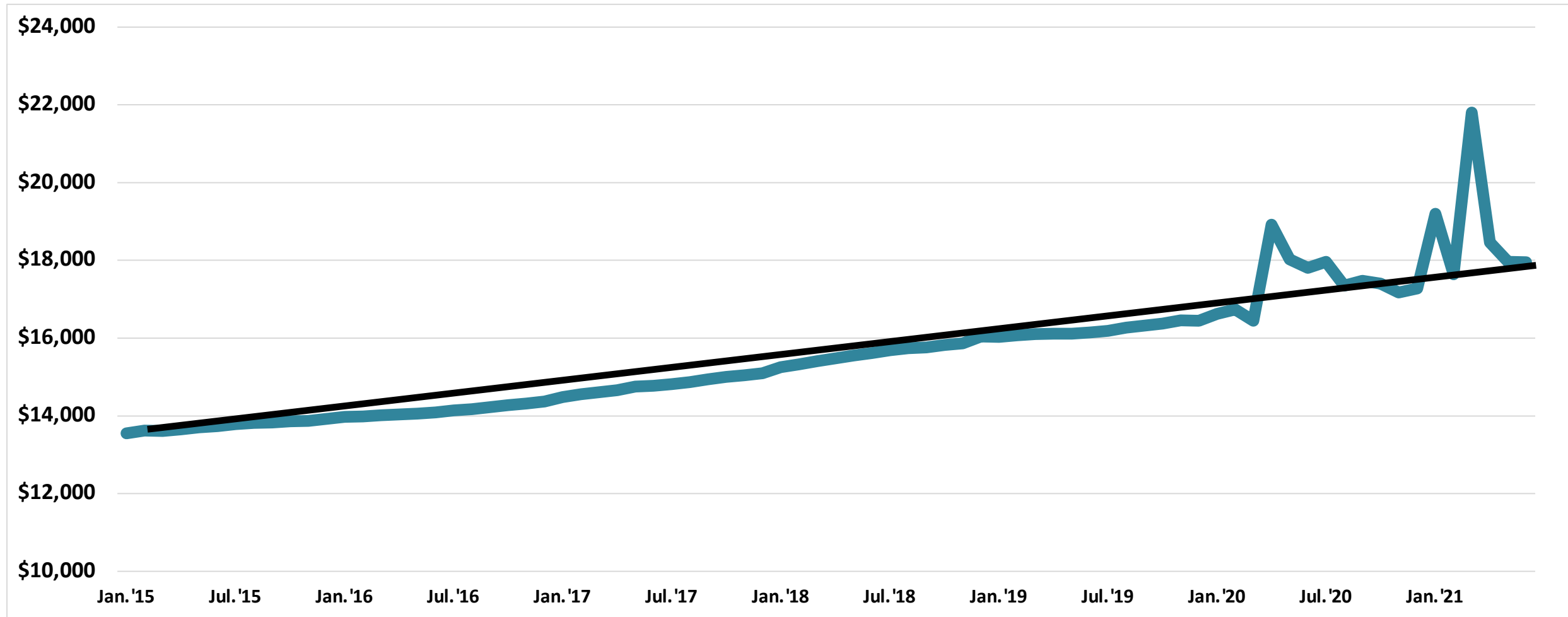


Source: Opportunity Insights Economic Tracker, Harvard Univ., August 2021



U.S. Disposable Personal Income

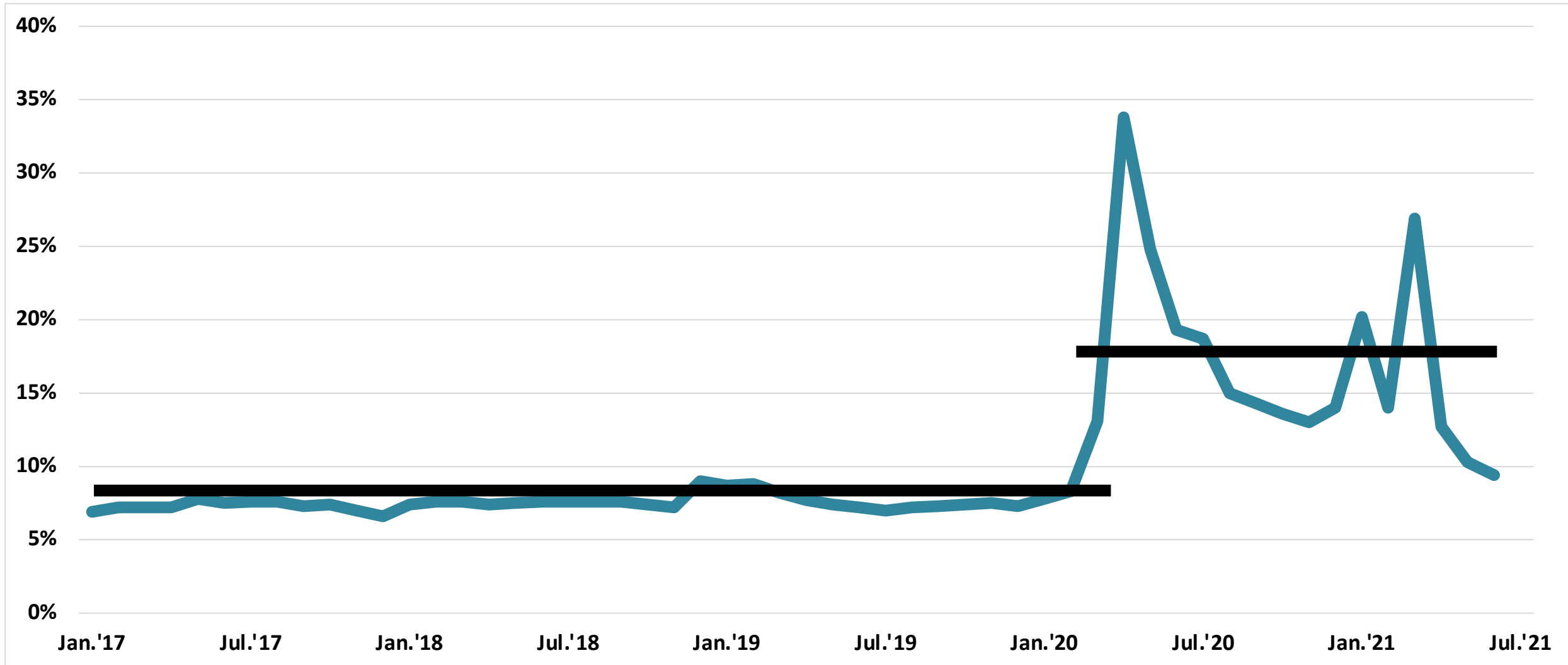
Note: Values Represent Annualized Totals, in billions



Source: U.S. Bureau of Economic Analysis



U.S. Personal Savings Rates



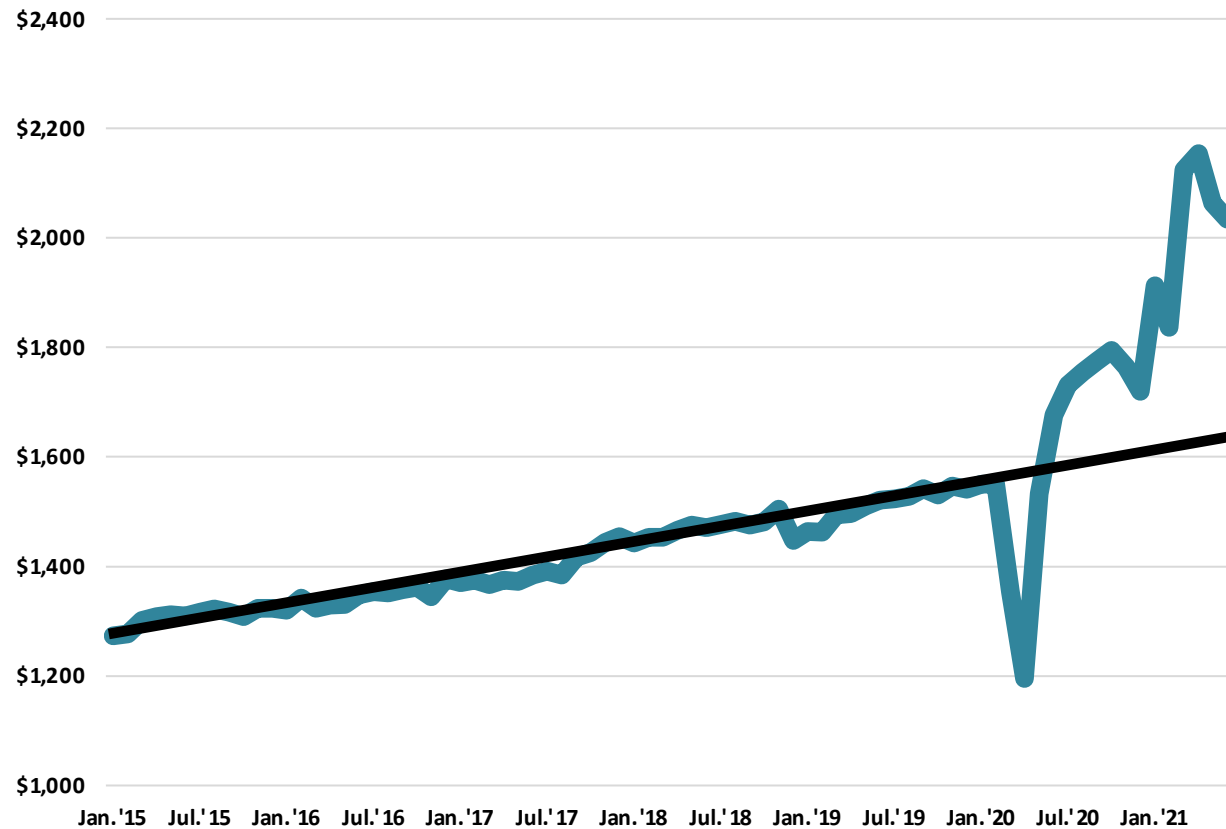
Source: U.S. Bureau of Economic Analysis



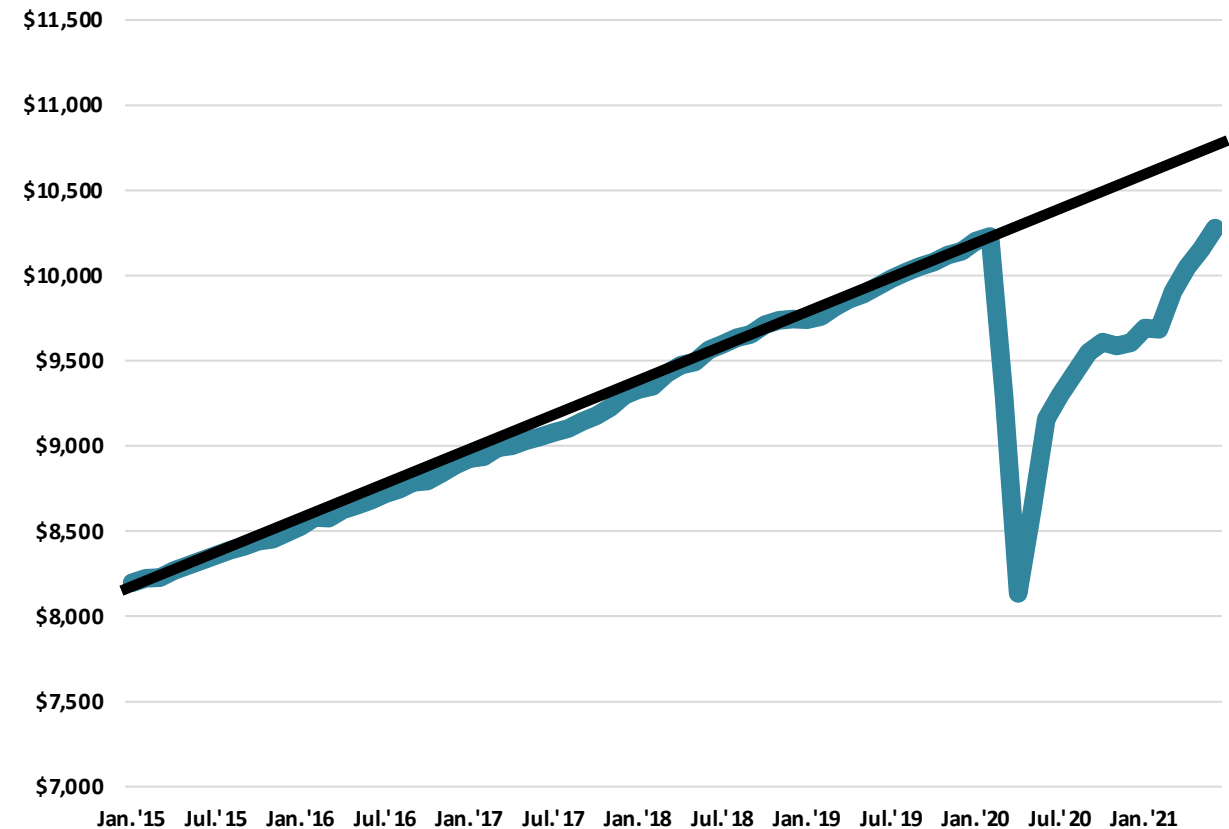
Total U.S. Consumer Spending

Note: Values Represent Annualized Totals, in billions

Durable Goods



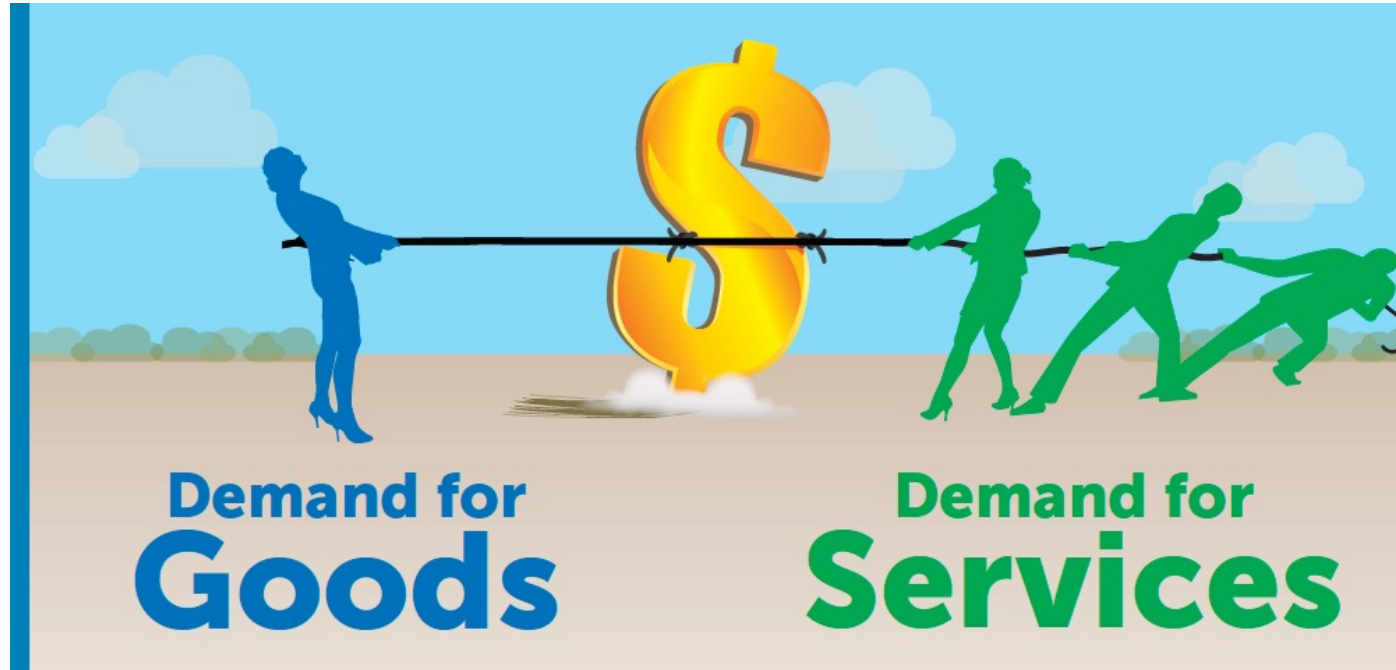
Services



Source: U.S. Bureau of Economic Analysis



An Economic Tug-of-War

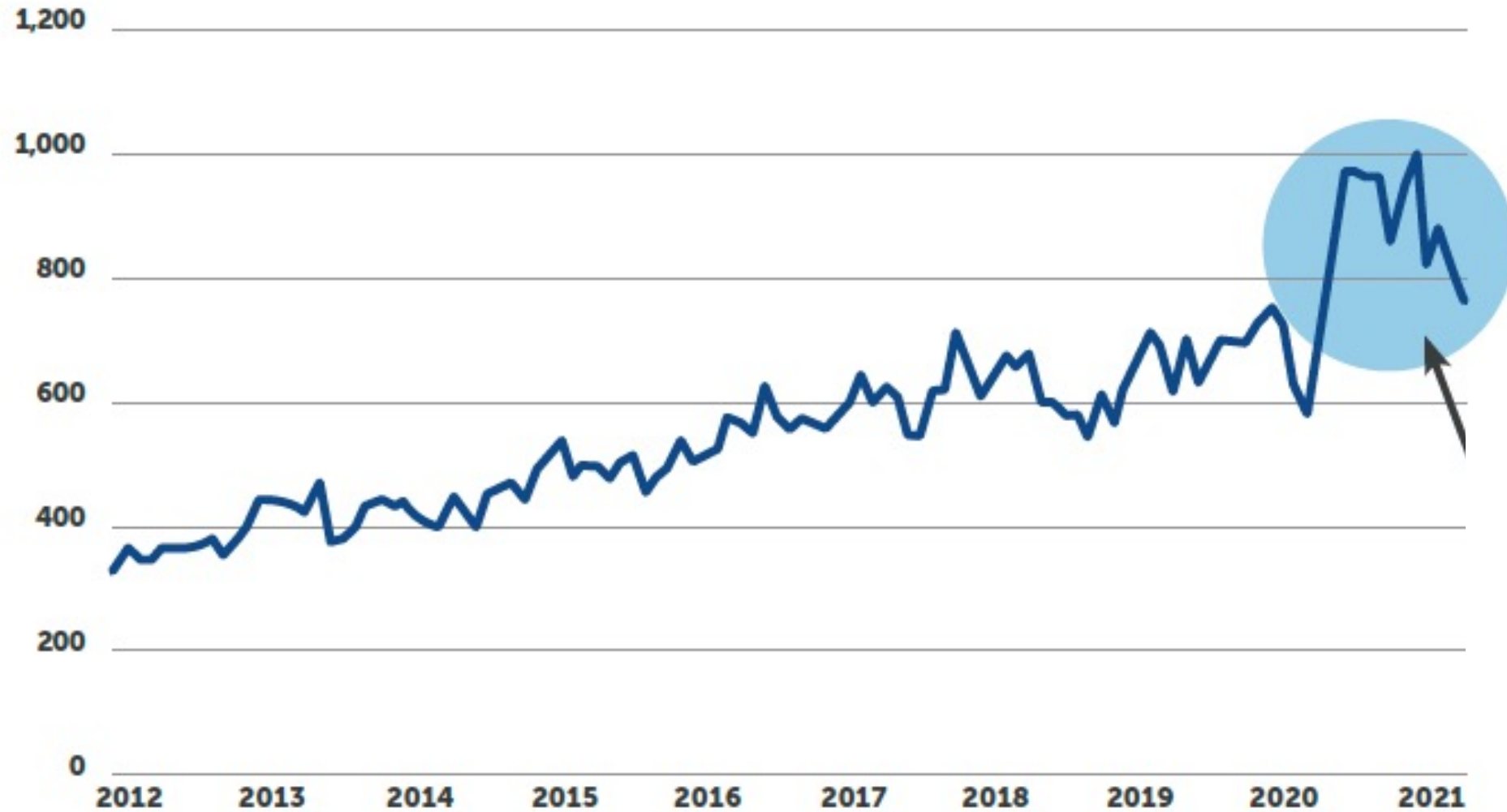


More consumers are now substituting towards spending on consumer services and away from spending on consumer goods, like housing



U.S. New Single-Family Home Sales

Annualized seasonally adjusted values, in thousands



Source: National Association of REALTORS



U.S. Existing Single-Family Home Sales

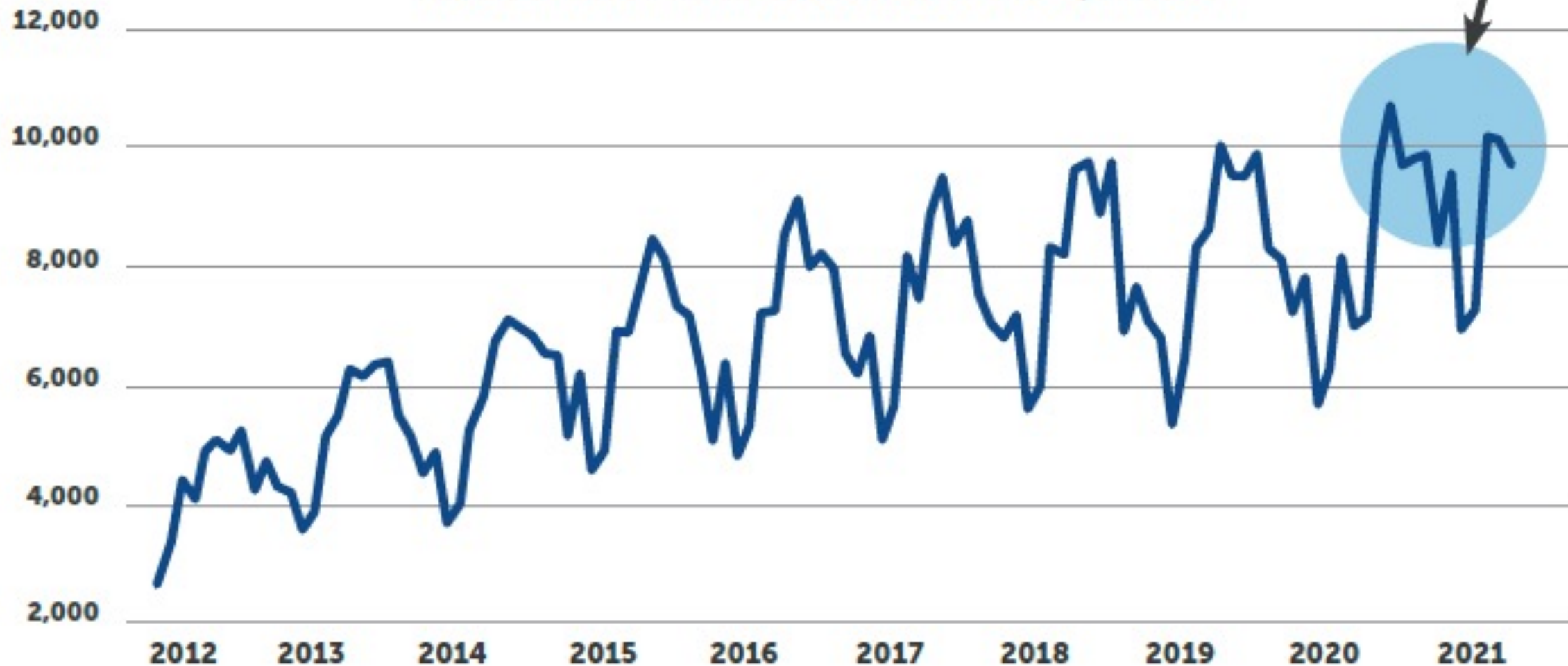
Annualized seasonally adjusted values, in thousands



Source: National Association of REALTORS



Reported Sales from S.C. Multiple Listing Service



Source: National Association of REALTORS



Current Threats to Our Recovery



Persistent High Inflation



A Persistent Labor Shortage

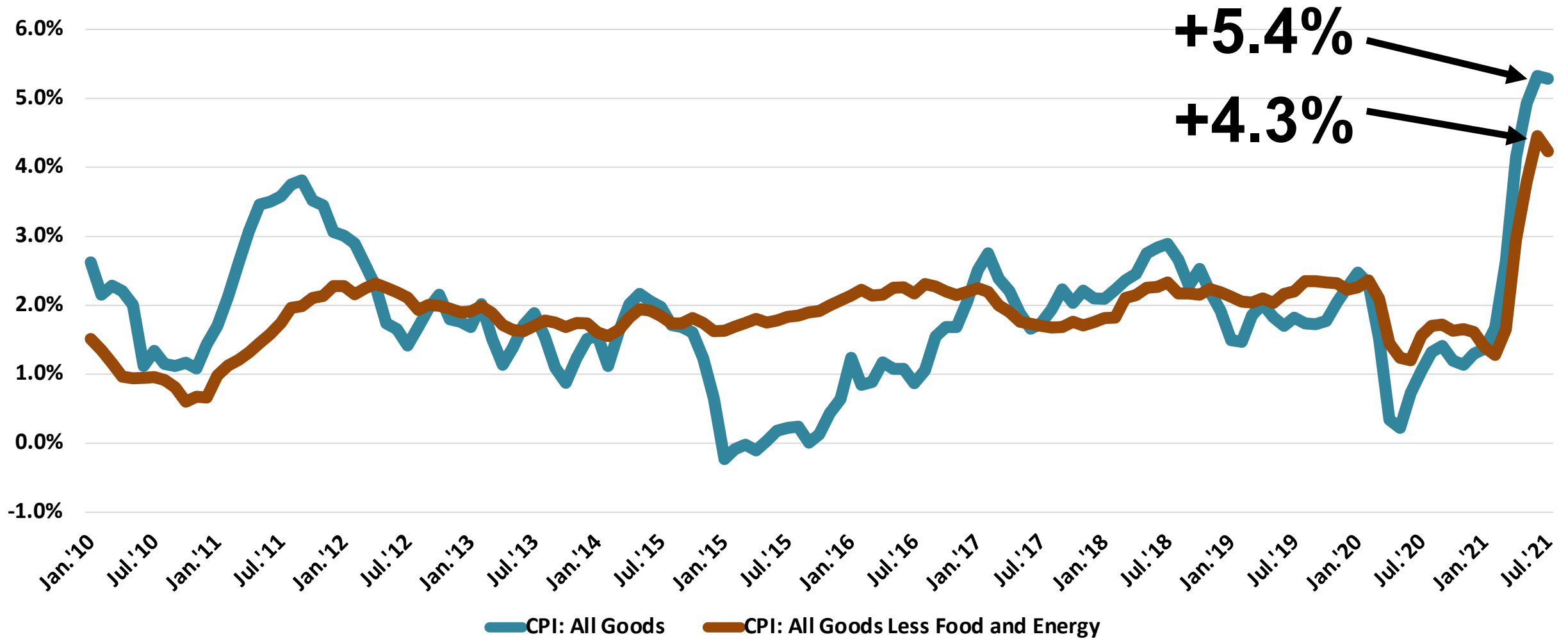


The Delta Variant



U.S. Inflation Measures

Year/Year Pct. Change



+5.4%

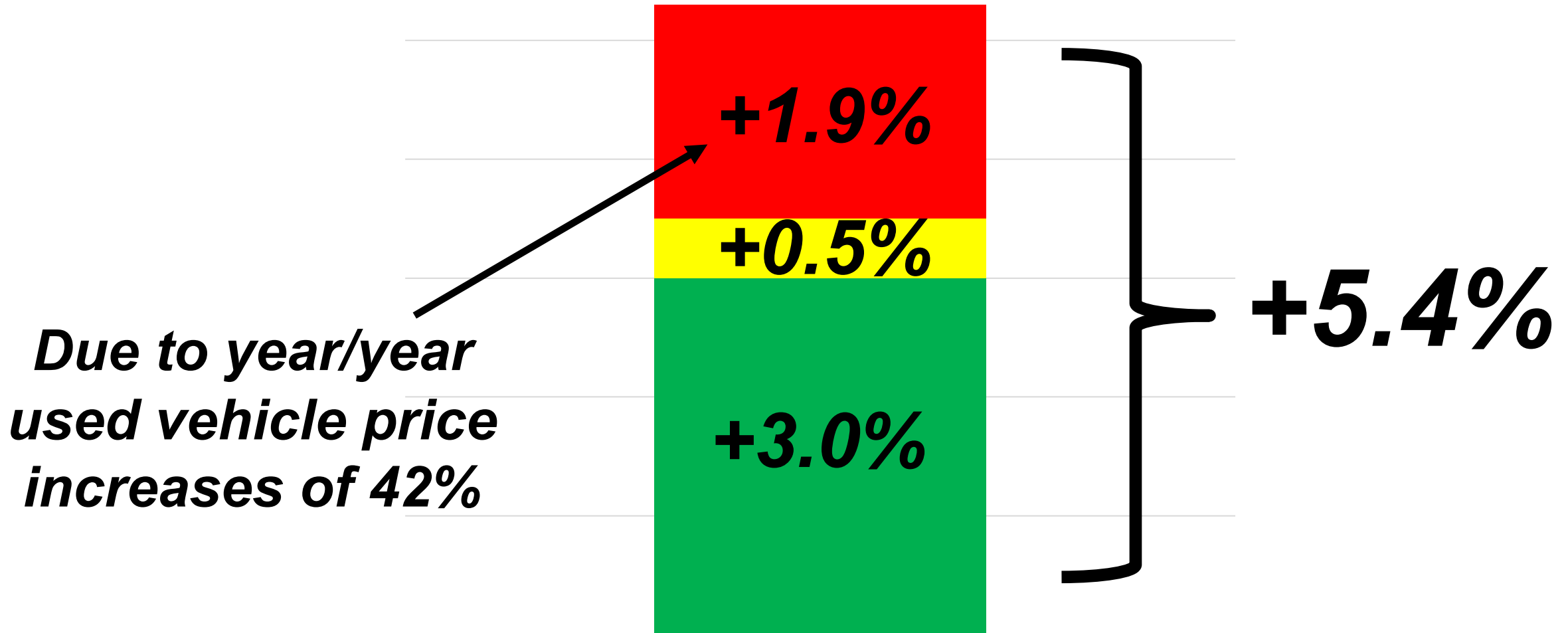
+4.3%



Source: U.S. Bureau of Labor Statistics

U.S. Inflation Rate (CPI - All Goods)

Jul.'21 vs. Jul.'20



Source: U.S. Bureau of Labor Statistics





Wage growth resulting from labor shortages is inflationary



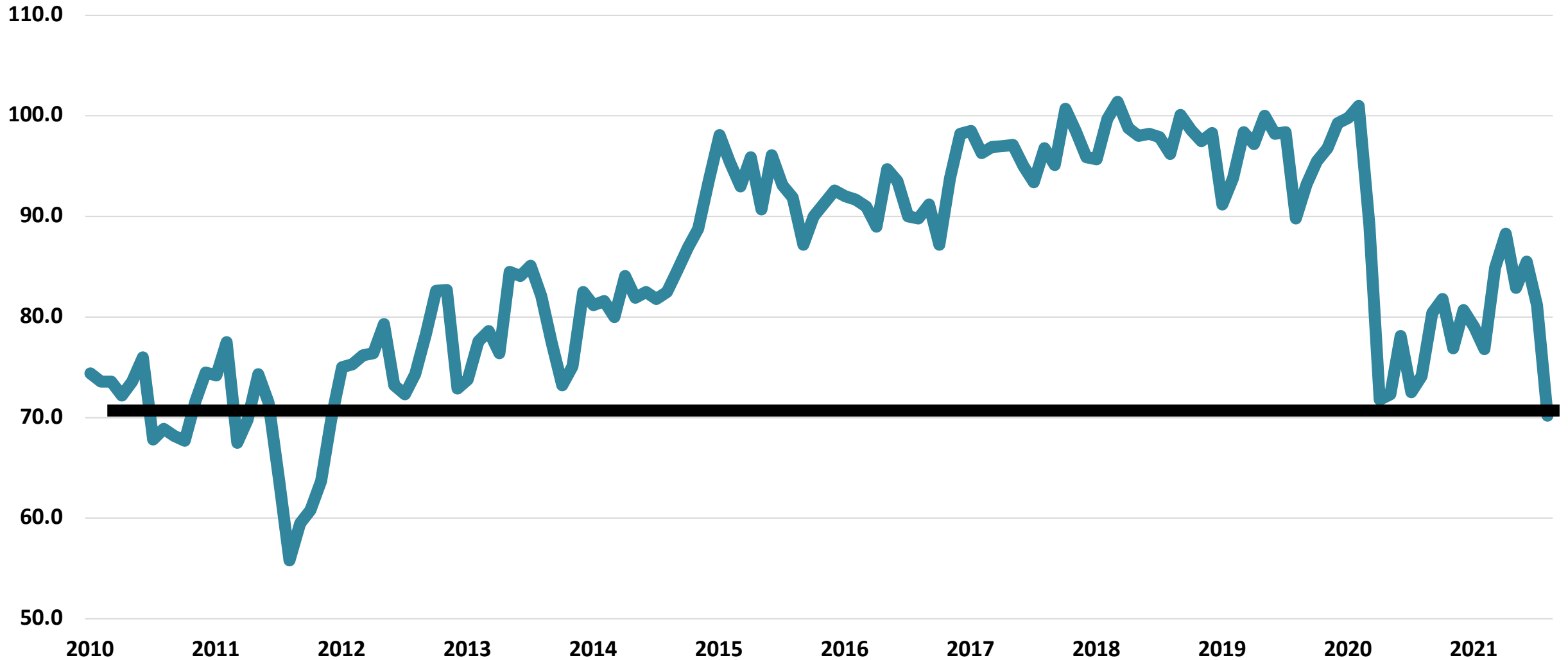
- *Baby boomer retirements & quick stock market recovery*
- *Caring for family members*
- *Higher disposable income and savings rates*



Measuring the Potential Threat of the Delta Variant



U.S. Consumer Confidence Index



Source: University of Michigan, Consumer Sentiment Index, Aug.'21

The Bottom Line

- *South Carolina's economy has experienced a strong rebound, with most major sectors now approaching pre-recession employment levels*
- *The primary exception to this statewide recovery trend has been the Leisure & Hospitality industry, but South Carolina is now seeing significant increased consumer spending in the services sector*
- *The income and substitution effects in consumer spending will drive the shape of the state's recovery throughout the second half of 2021*
- *South Carolina is already experiencing a moderate tapering in housing demand due to changes in consumer spending habits and the substitution effect; however, low inventory levels will likely keep prices relatively high during the 2nd half of the year*
- *Long-run inflation is the biggest potential economic threat to our recovery in 2021; persistent "core inflation" greater than 3.0 percent will likely cause the Federal Reserve to act sooner rather than later with respect to interest rates*



Thank You!





Carolina One

New Homes

CHARLESTON NEW HOMES MARKET UPDATE

Will Jenkinson

August 23, 2021

Overall Charleston Real Estate Market (MLS):

Currently **1963** Active Homes in MLS

1445 Resales & **518** New - **26%** are NEW

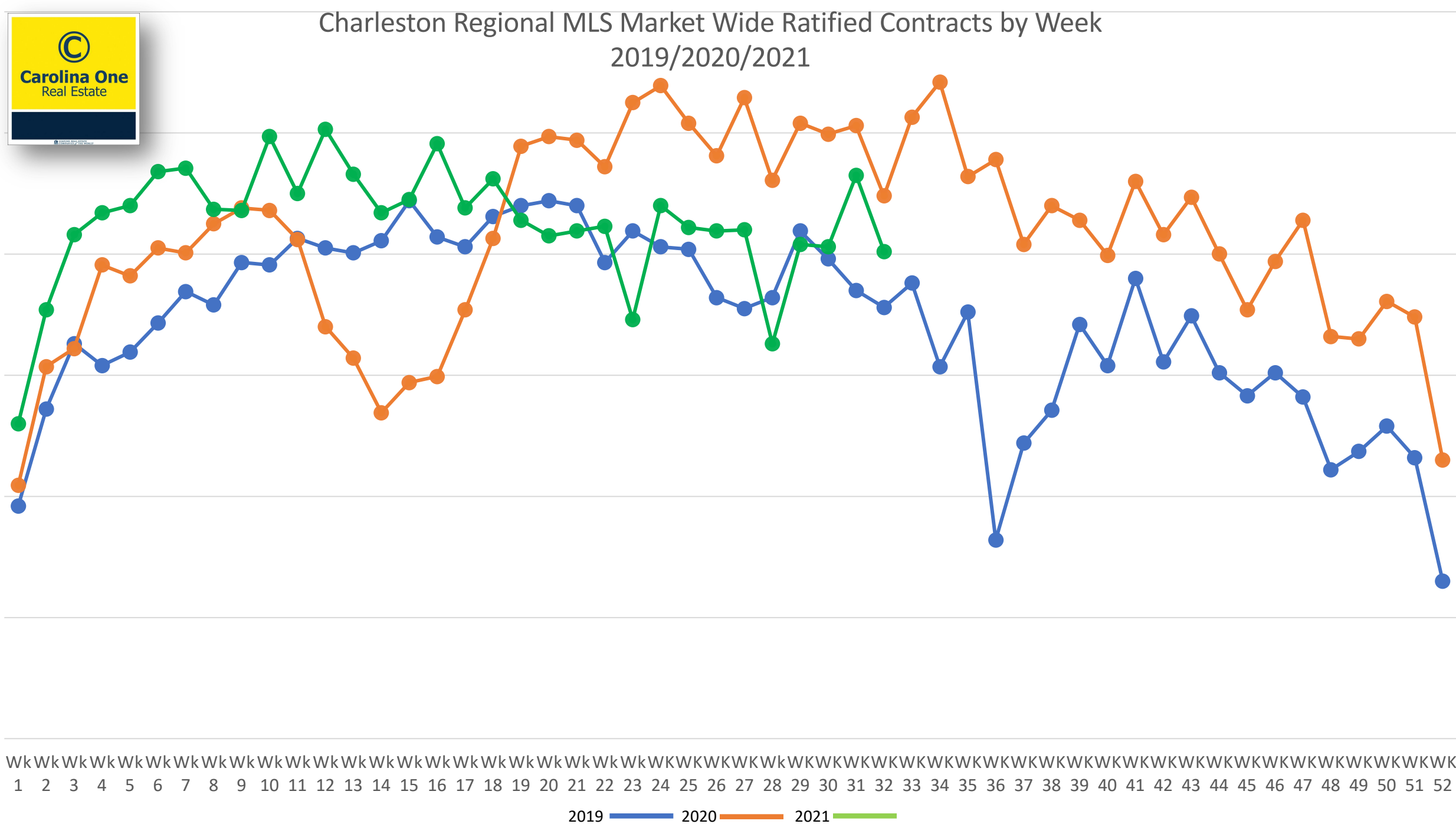
Pending Sales are at **3835** in MLS – **1,872 more pending than active!!**

2373 Resales & **1461** New - **38%** are NEW



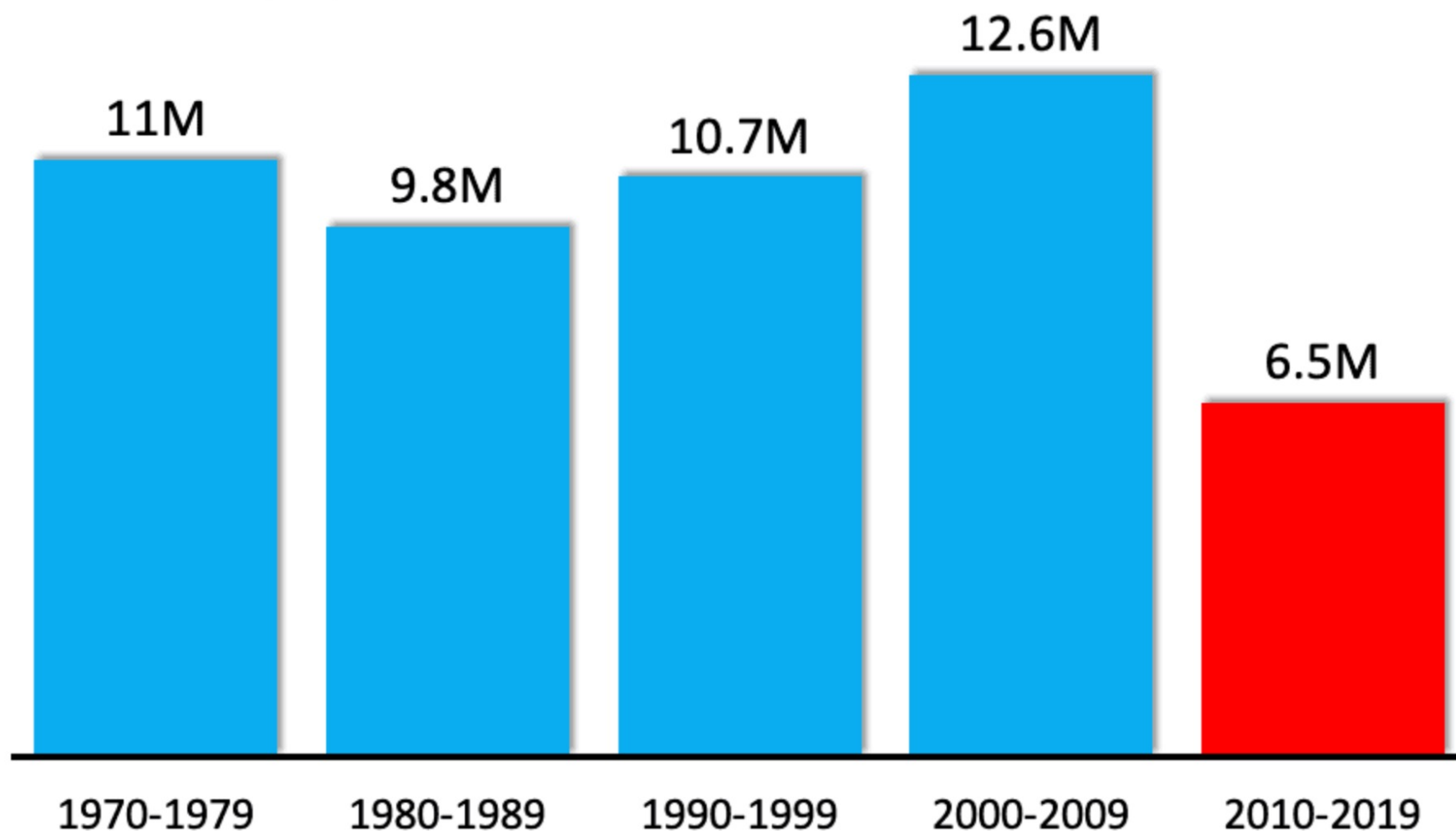
Charleston Regional MLS Market Wide Ratified Contracts by Week

2019/2020/2021



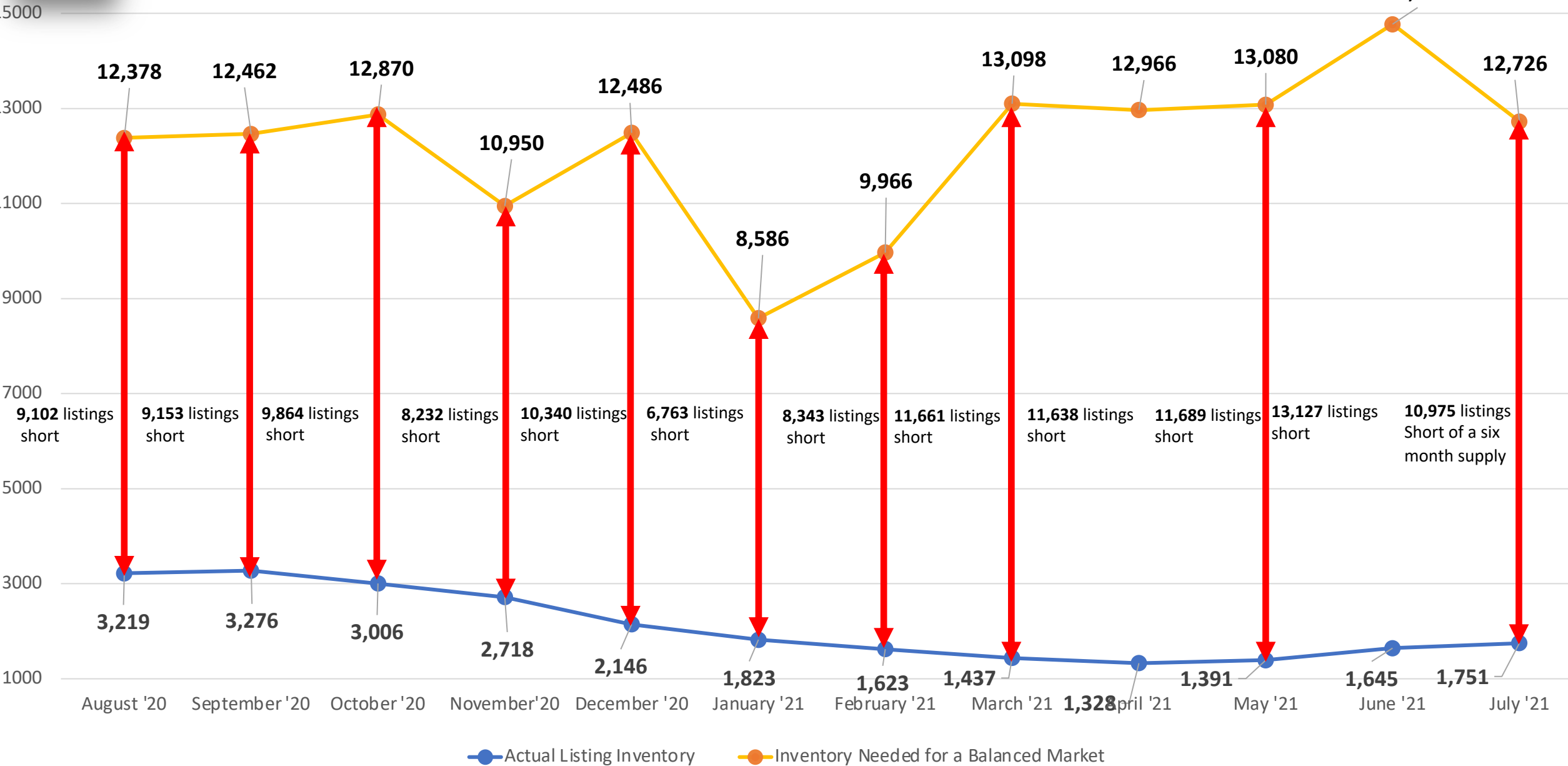
Single Family Housing Units Completed by Decade

not seasonally adjusted



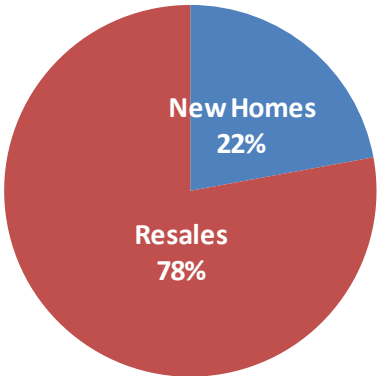


Actual Listing Inventory Versus the Inventory Needed for a Balanced Market (6 Months of Inventory)

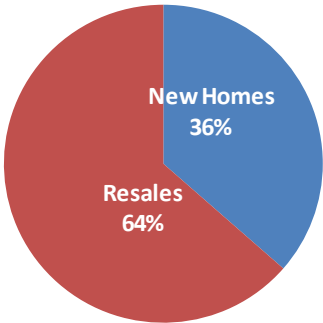


Resales v/s New Home Sales

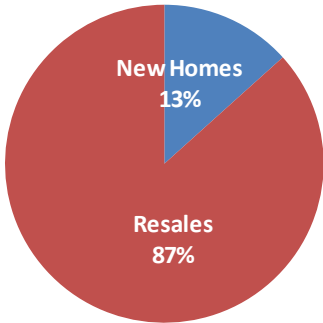
TriCounty



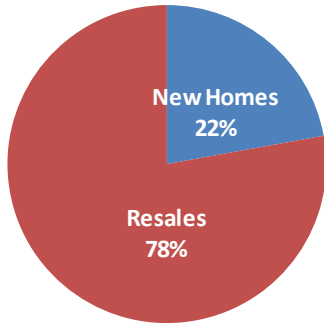
Berkeley



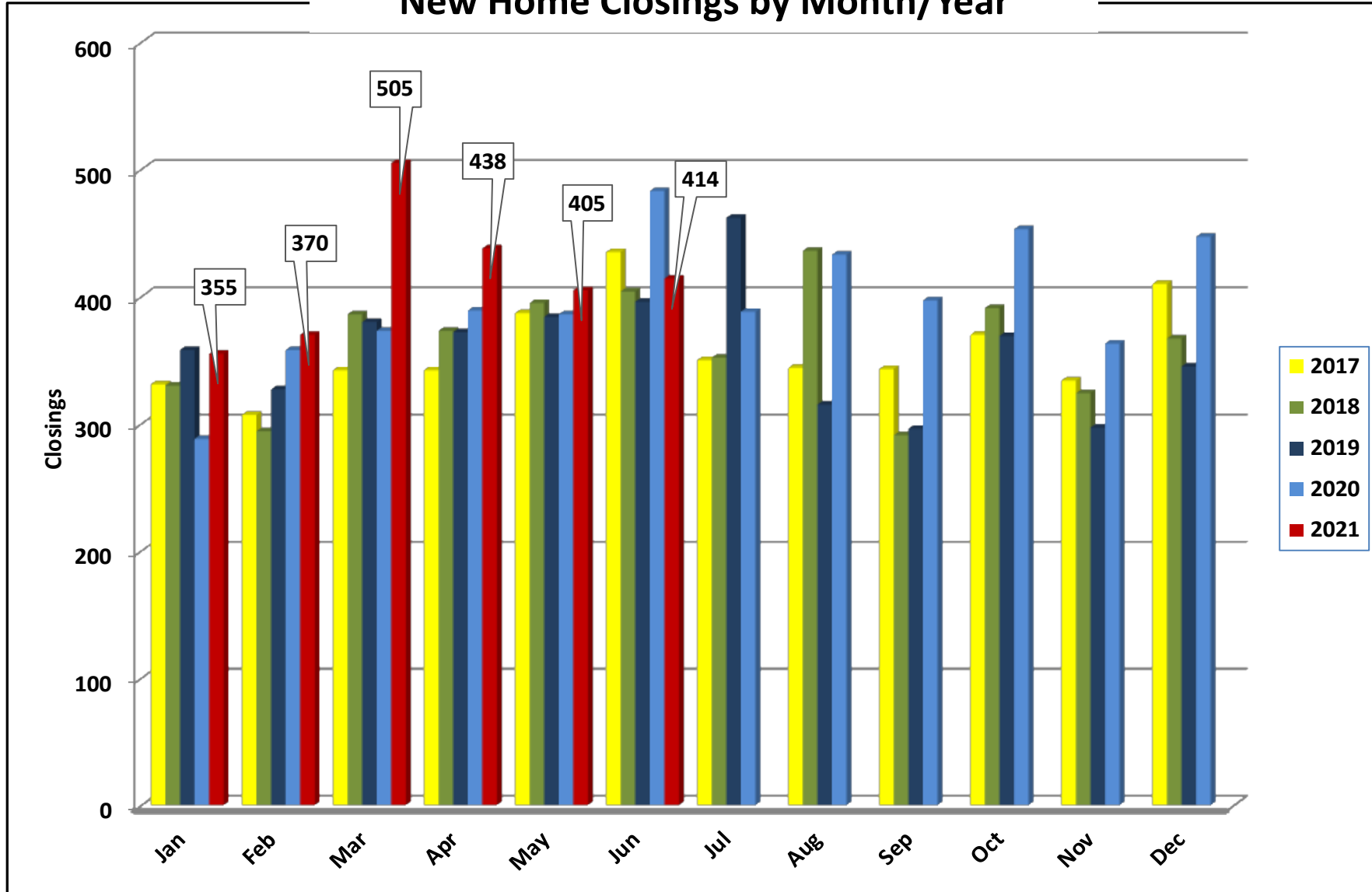
Charleston



Dorchester



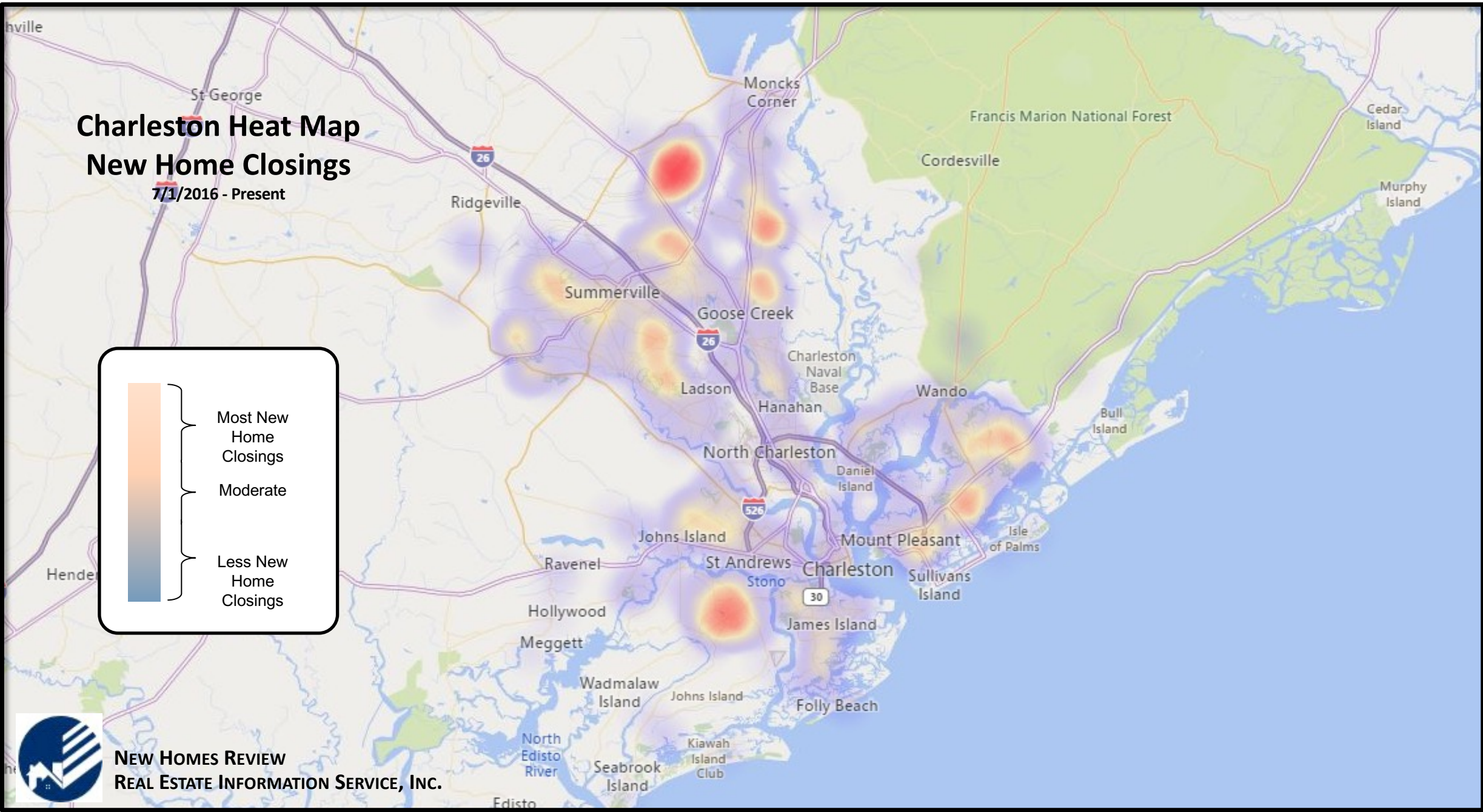
New Home Closings by Month/Year



Charleston Heat Map

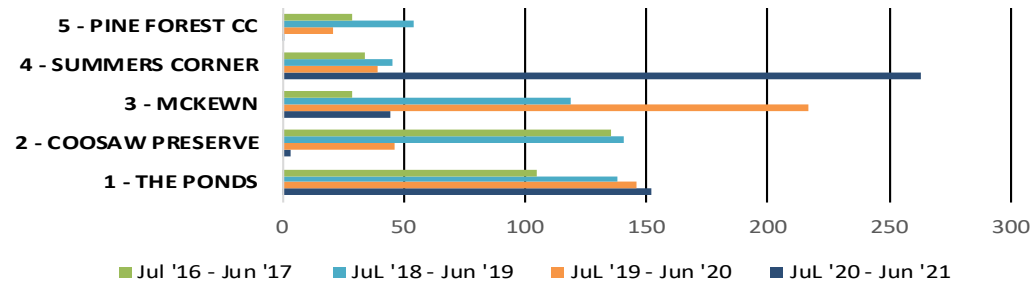
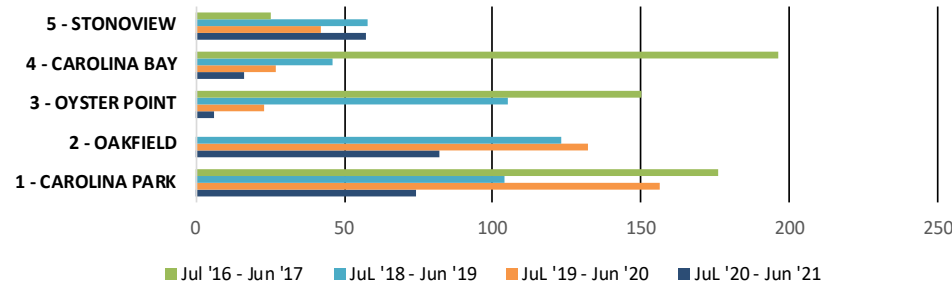
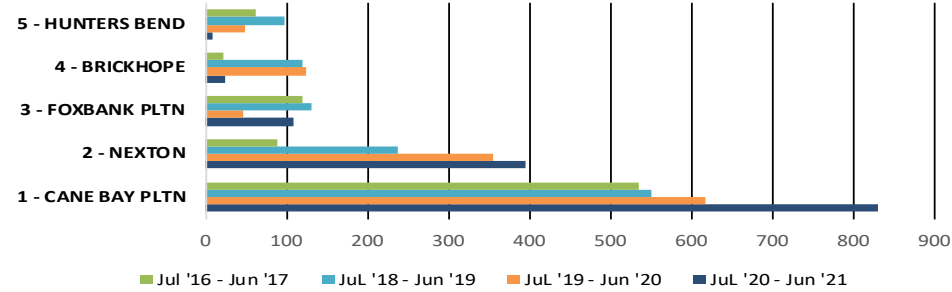
New Home Closings

7/1/2016 - Present

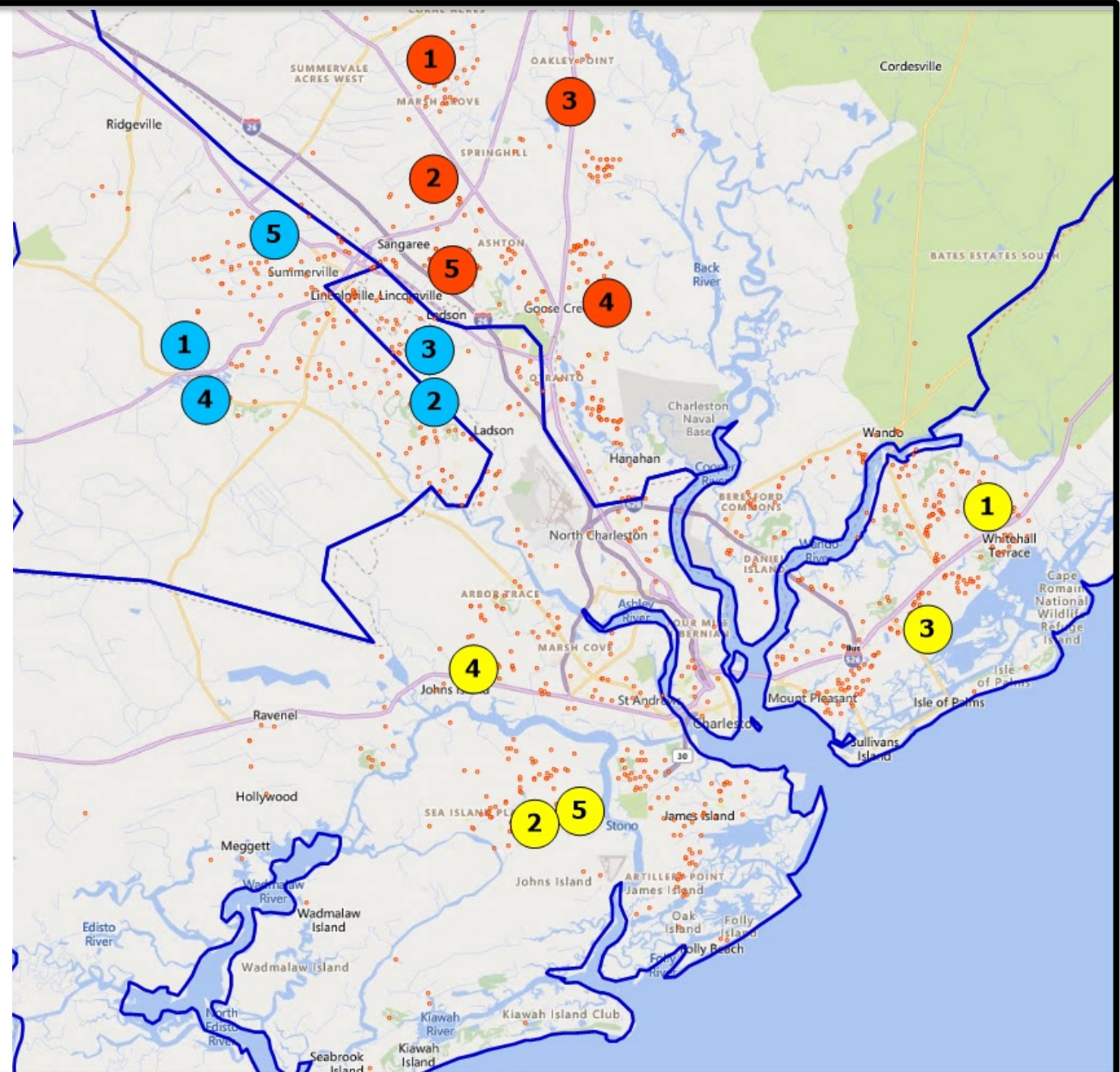


NEW HOMES REVIEW
REAL ESTATE INFORMATION SERVICE, INC.

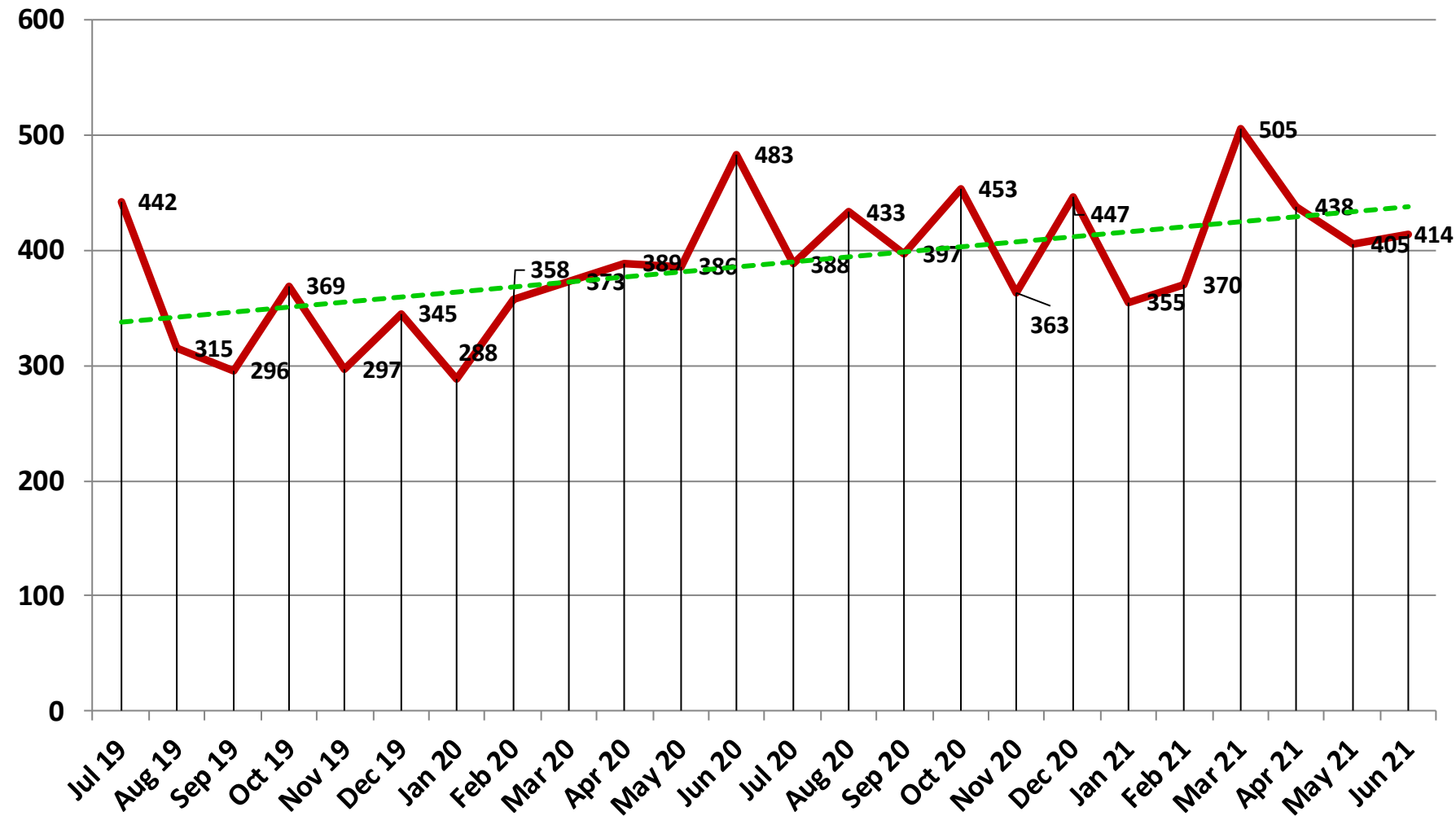
Charleston Area Top 5 Subdivisions by County & Number of Closings



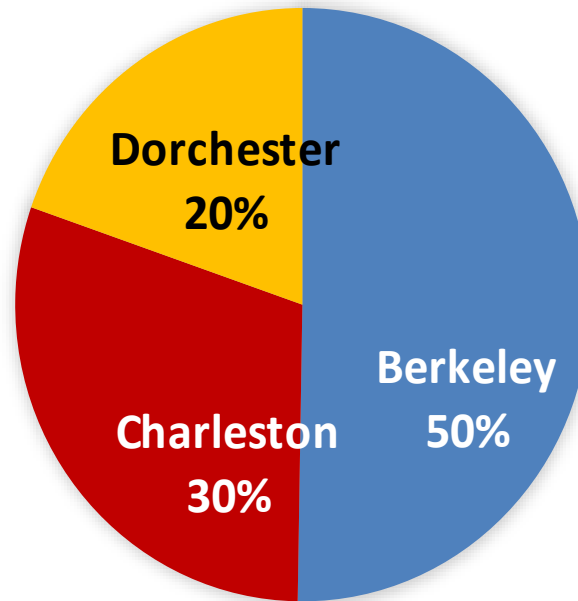
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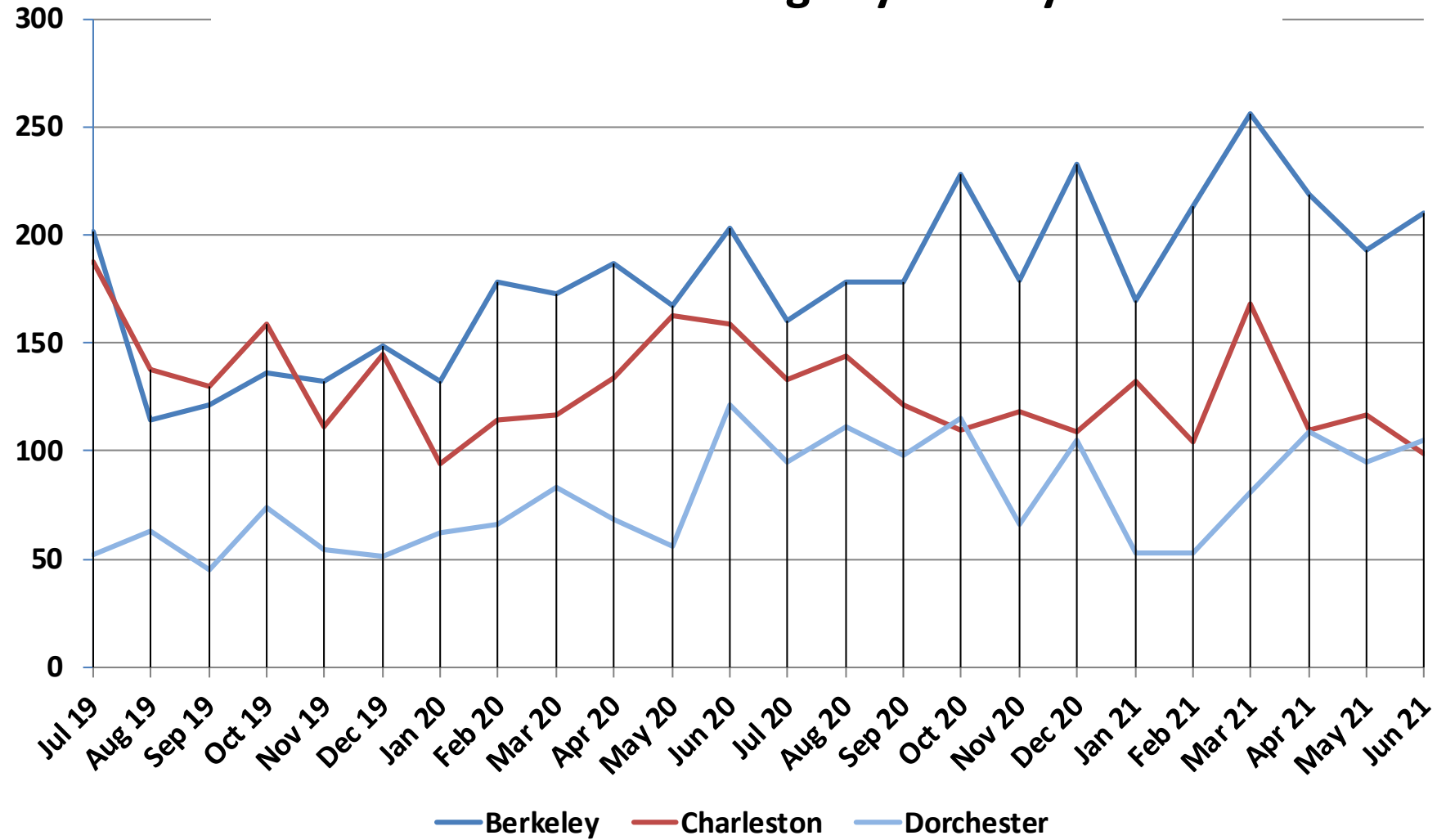
24 Month New Home Closing Trend



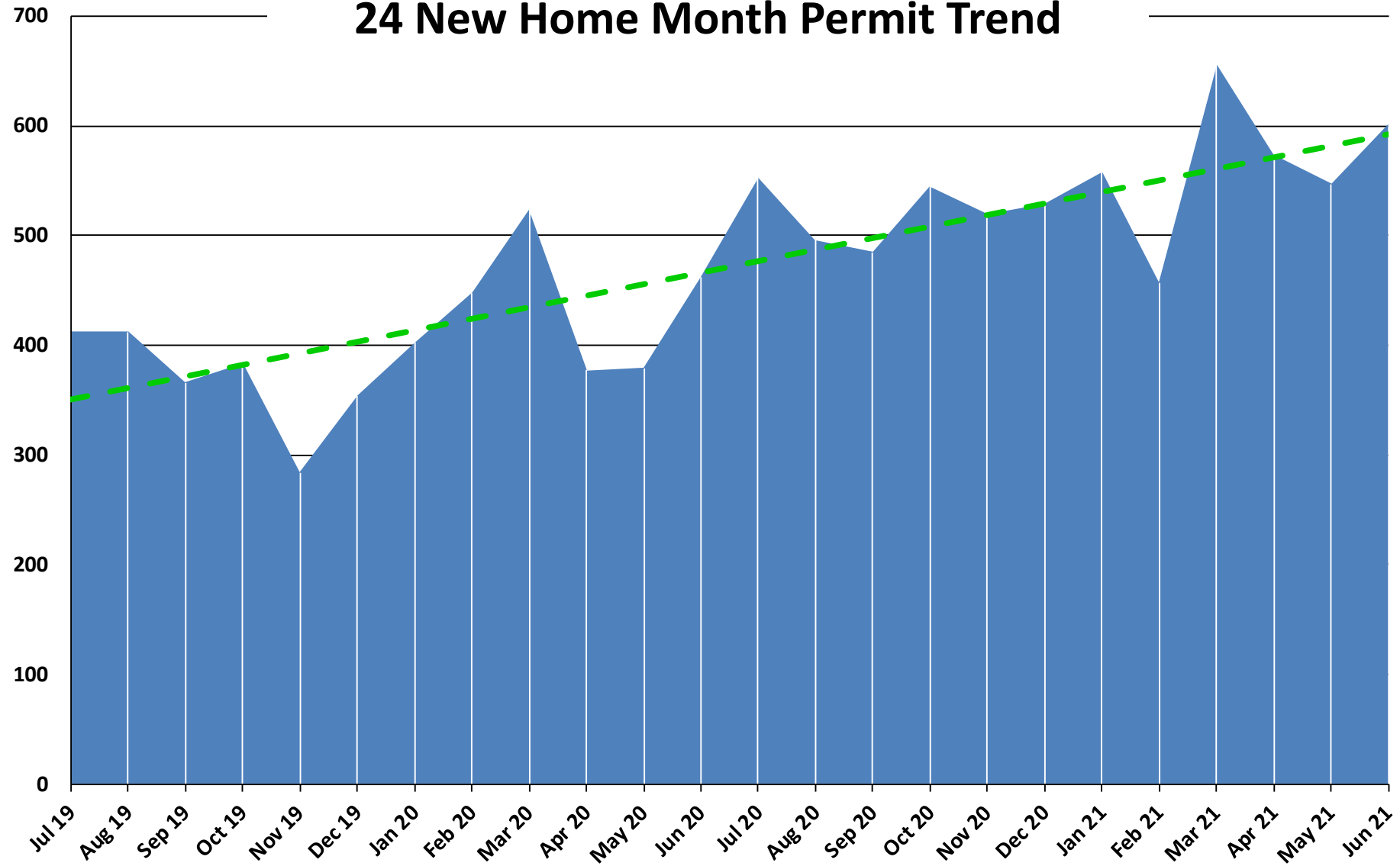
New Home Closings by County



24 Month Closings by County

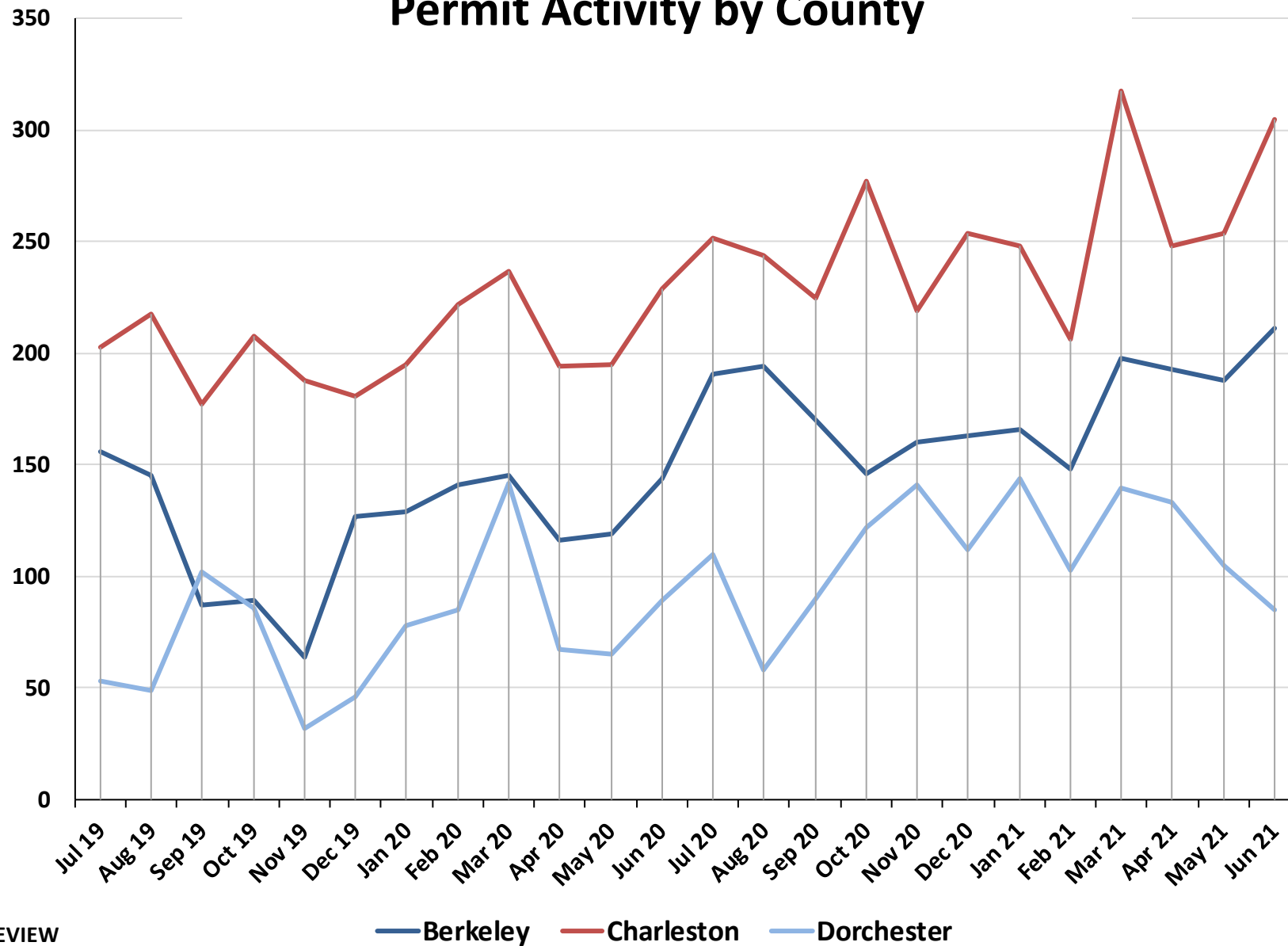


24 New Home Month Permit Trend

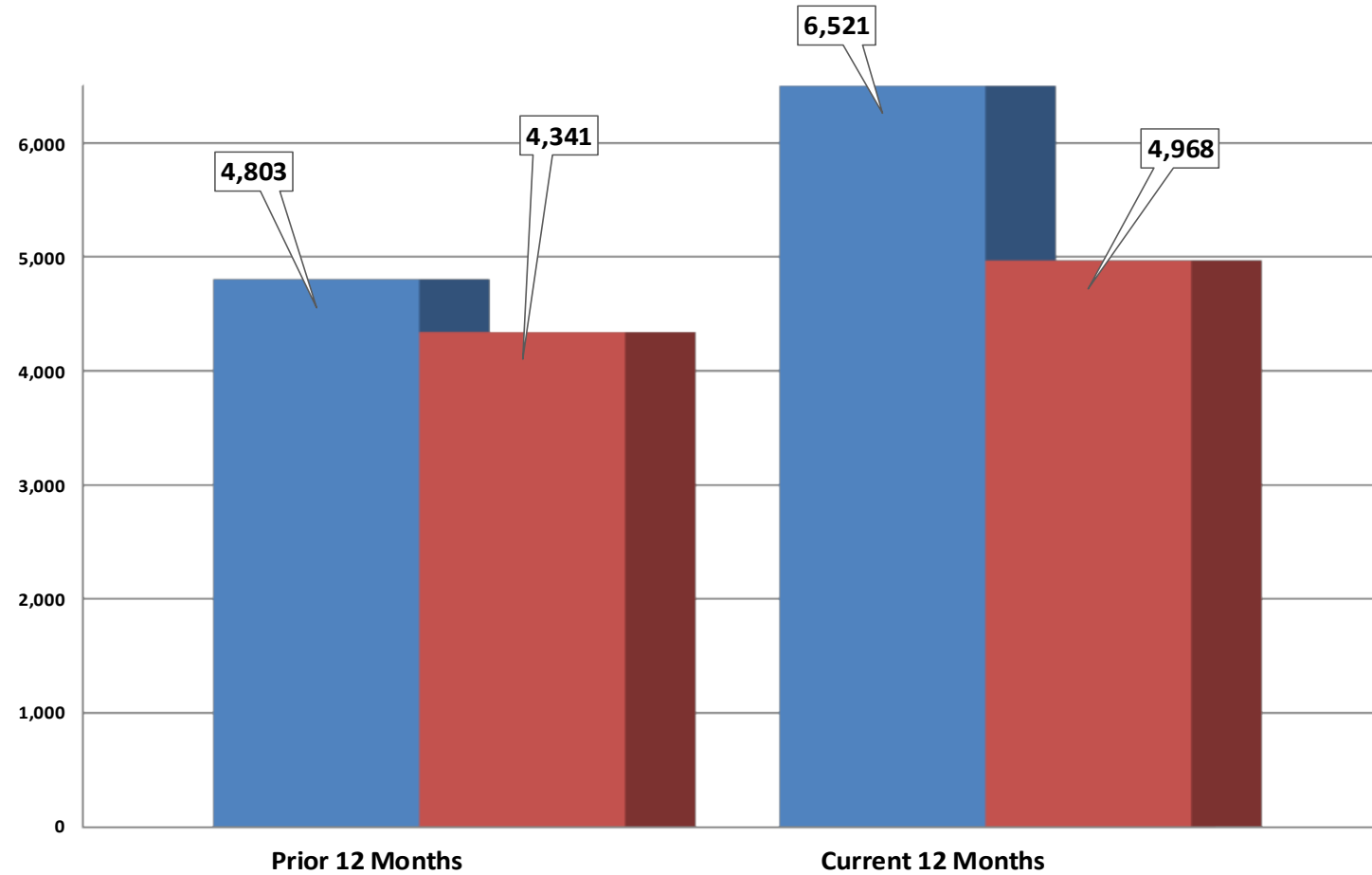


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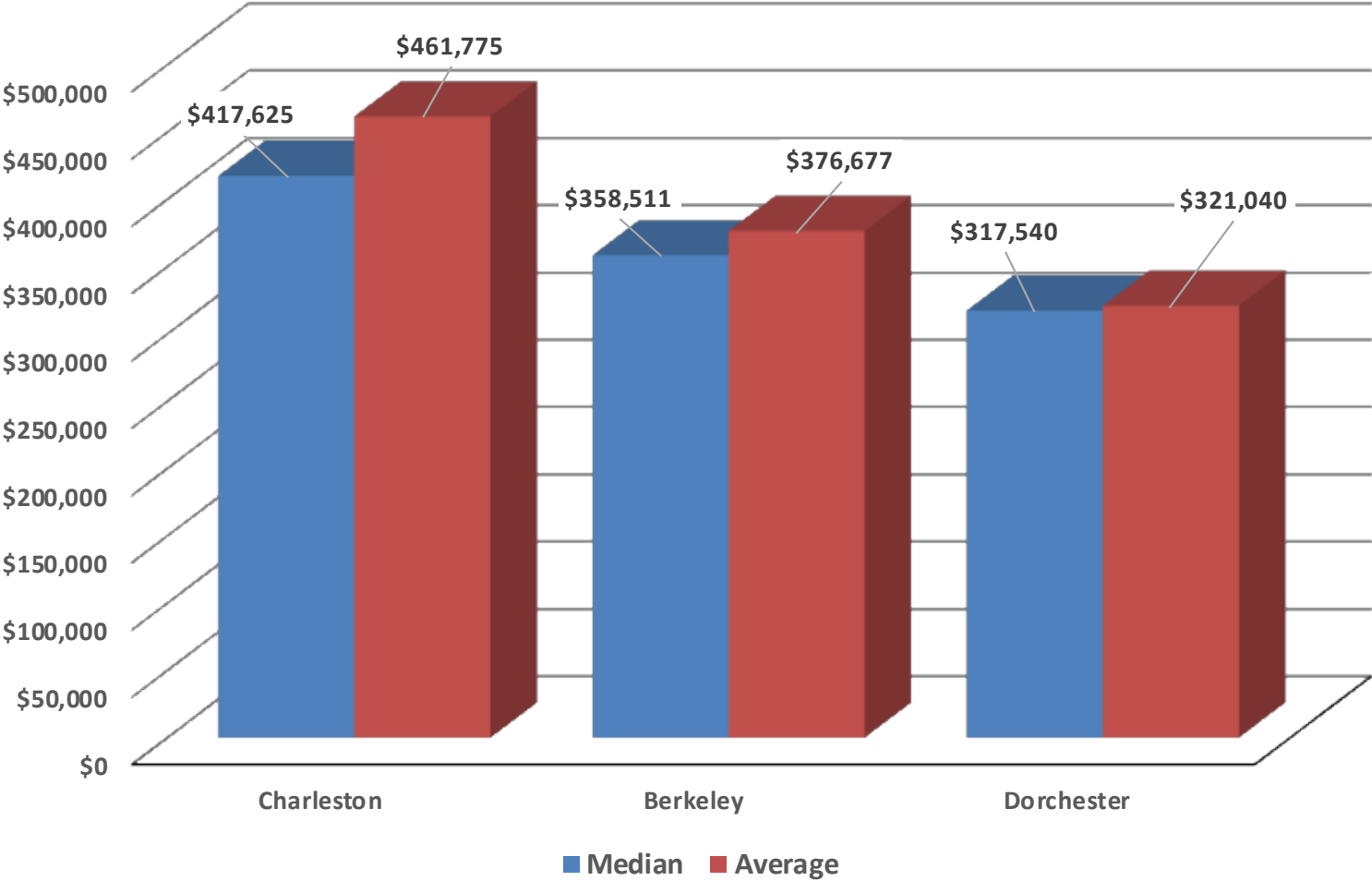
Permit Activity by County



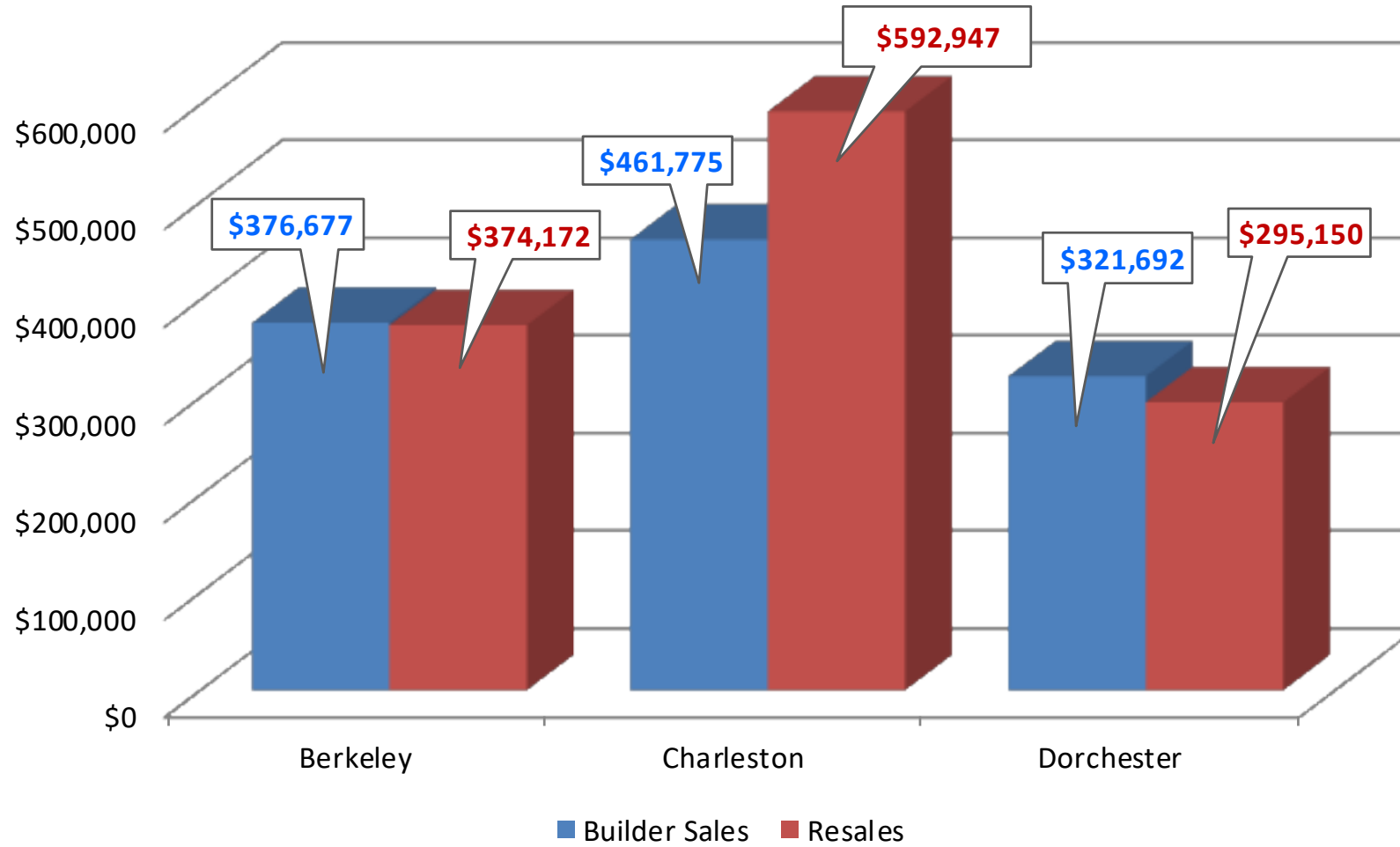
Permits and Closings



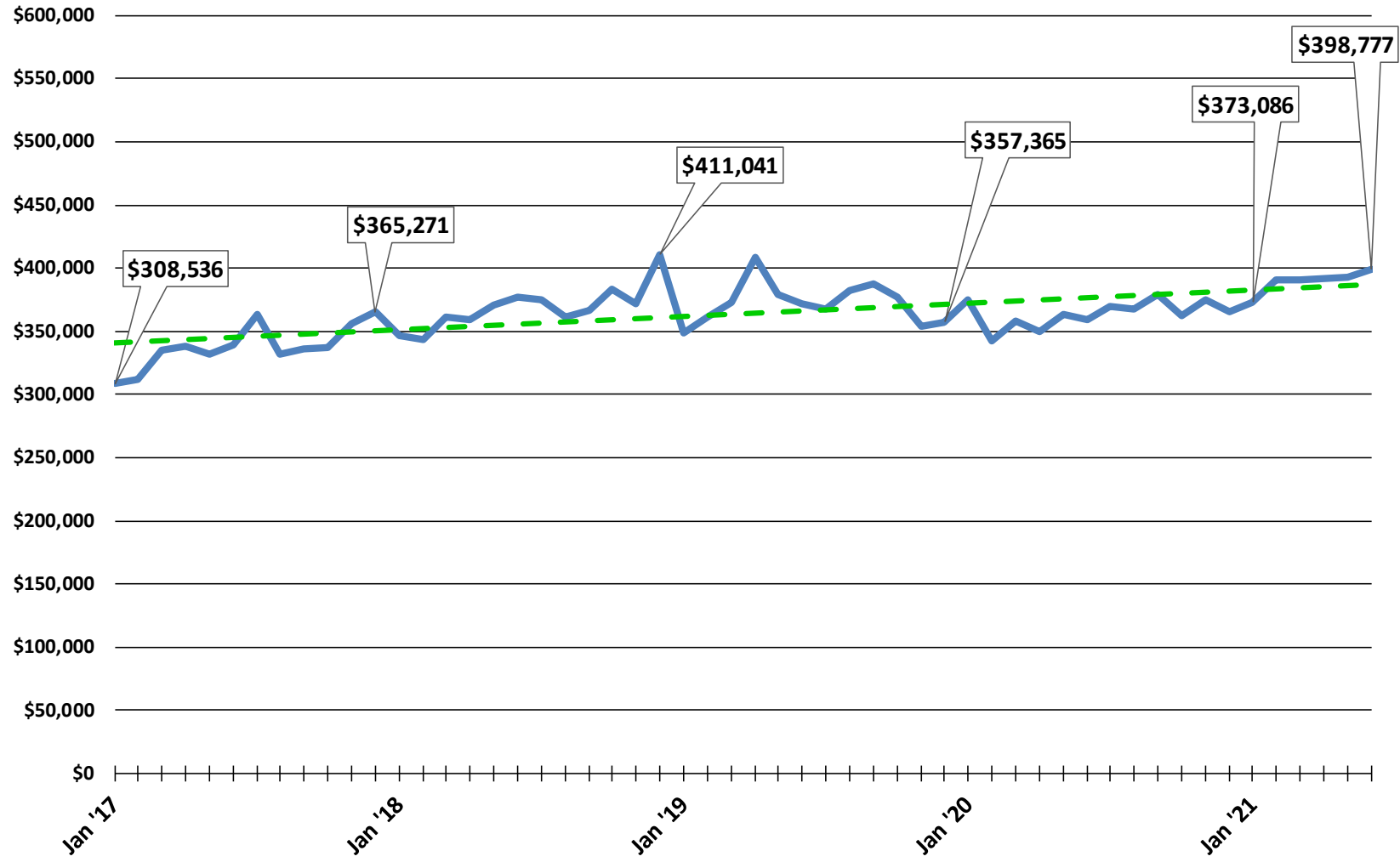
New Home Median & Average Closing Price



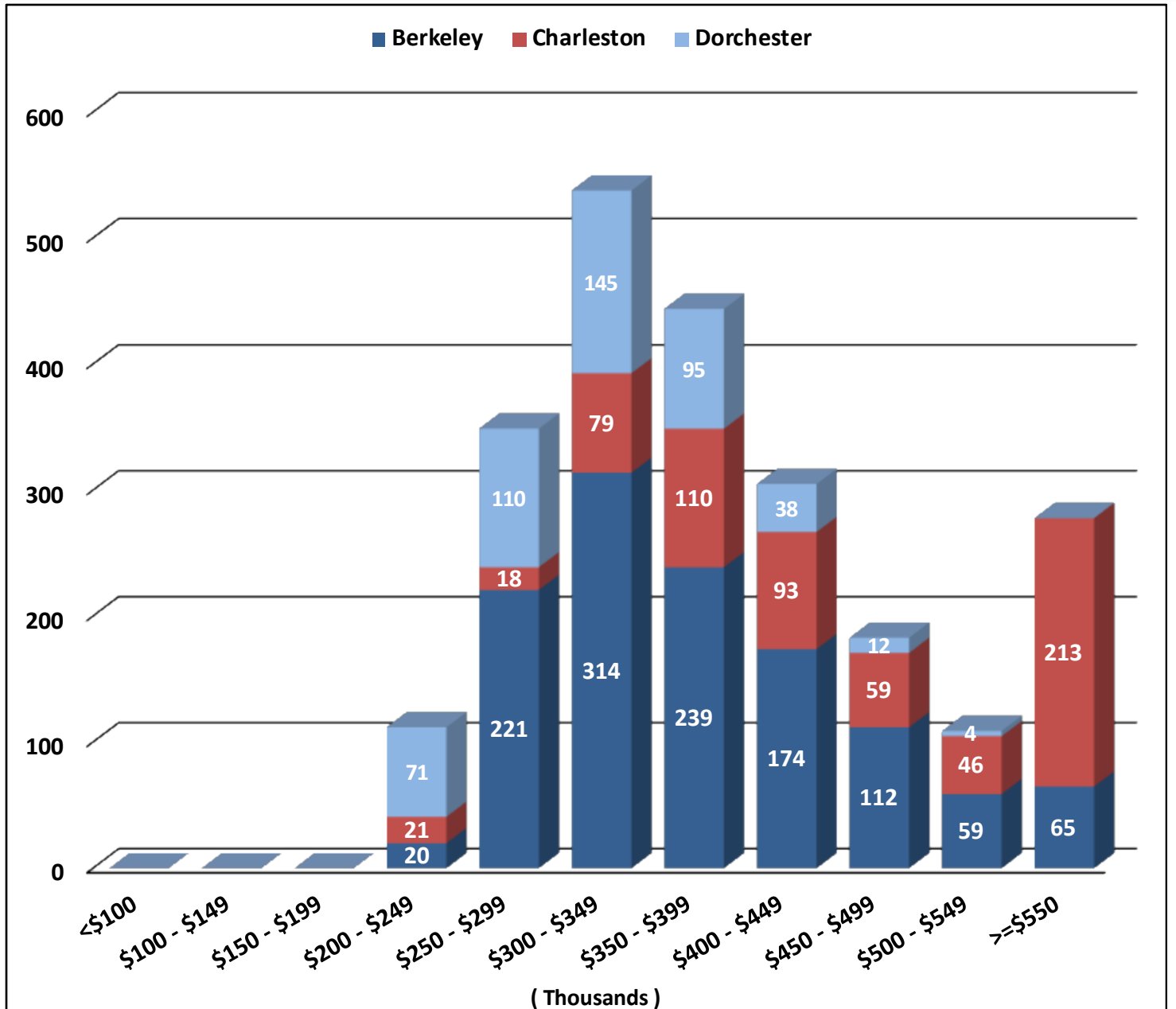
Average Sales Price



Average New Home Closing Price

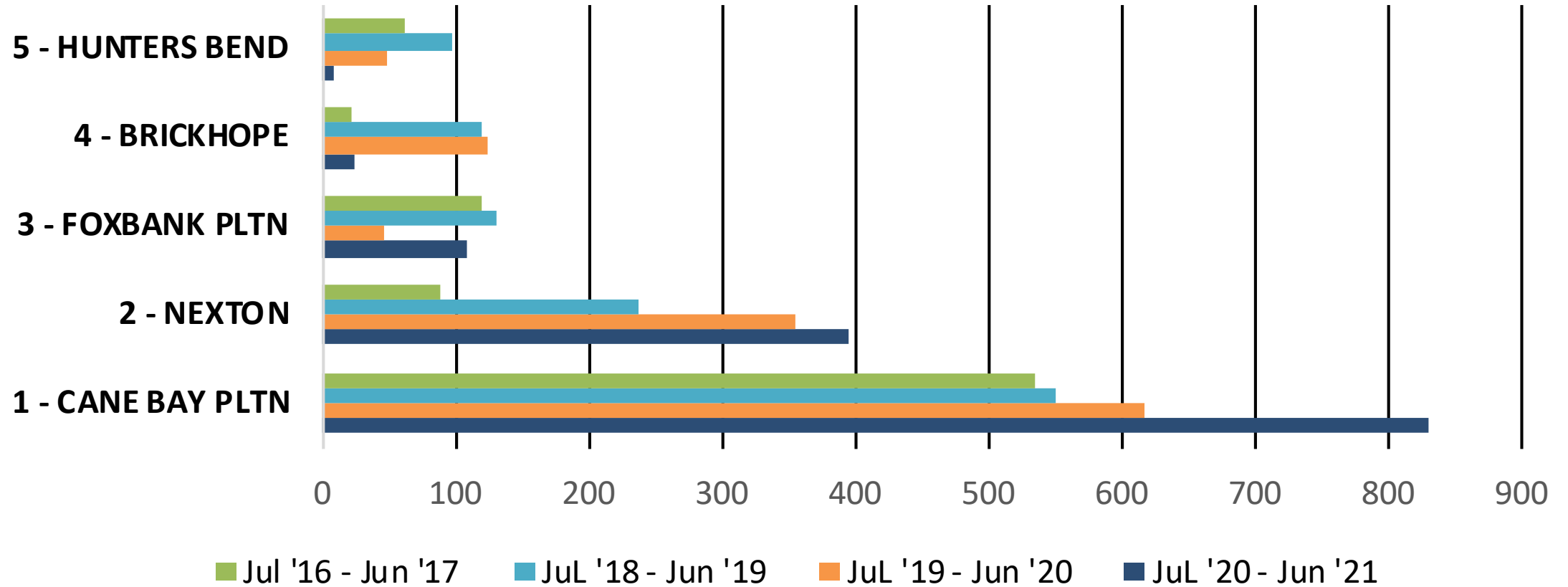


New Home Closings by County & Price Range

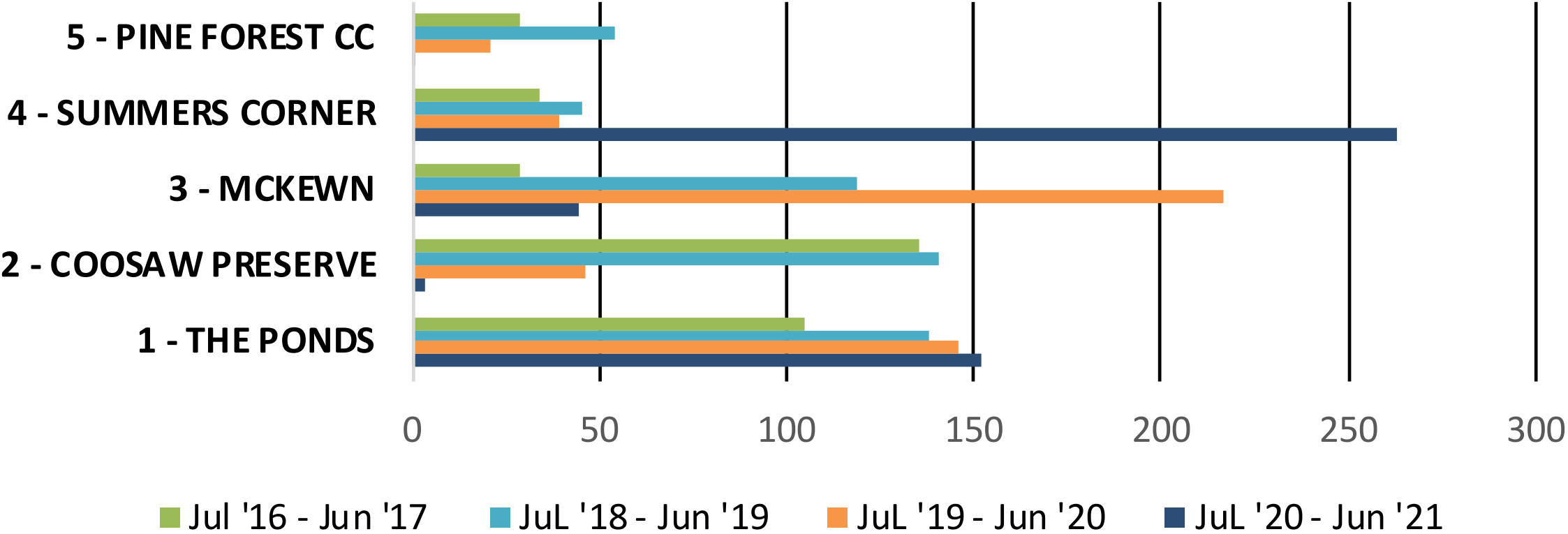


NEW HOMES REVIEW
REAL ESTATE INFORMATION SERVICE, INC.

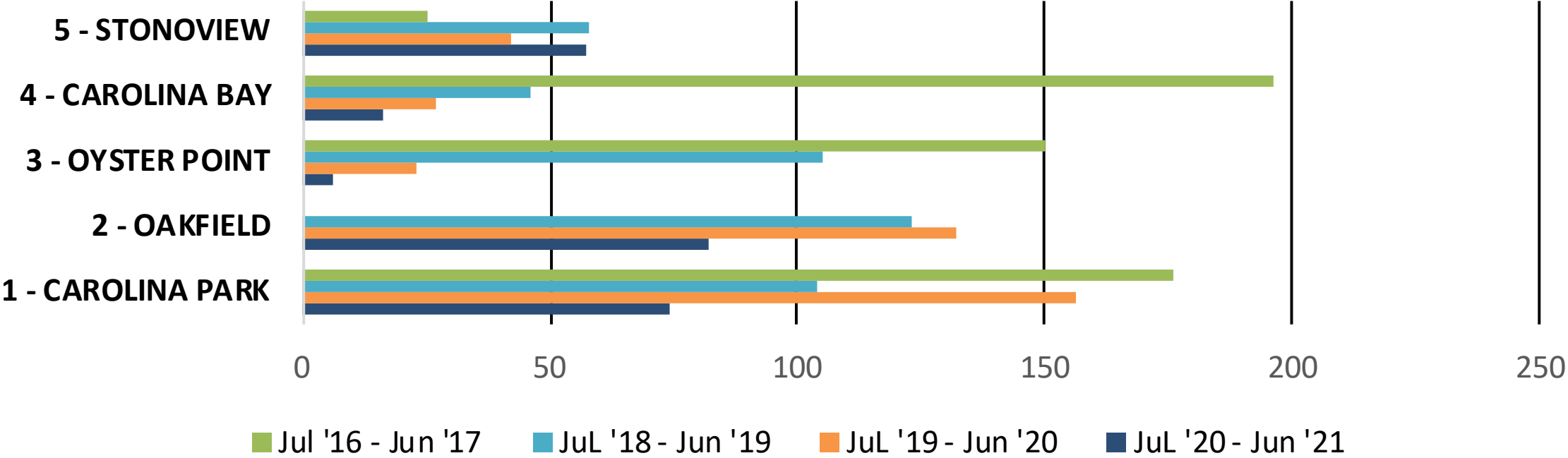
Berkeley County Top 5 Communities



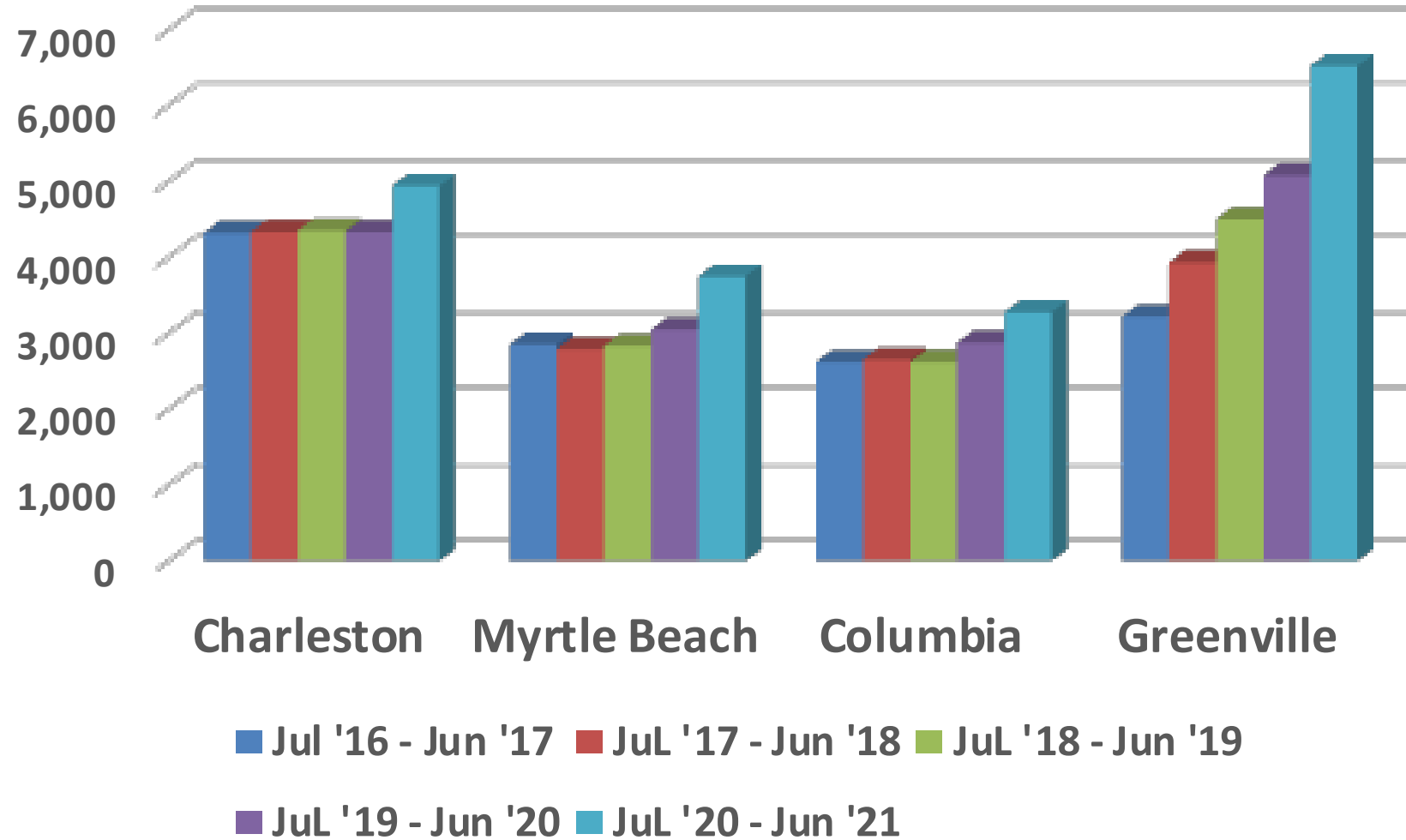
Dorchester County Top 5 Communities



Charleston County Top 5 Communities



New Home Closing SC Major Markets





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