

RECOVERY CONTINUES TO BUILD

A photograph of a construction site, showing a large, open room with concrete walls and floors. In the background, there are wooden framing elements and a person standing near a doorway. The scene is somewhat dimly lit. Overlaid on the bottom half of the image is a detailed architectural blueprint with various lines, dimensions, and text. The text "RECOVERY CONTINUES TO BUILD" is at the top, and "BLUEPRINT FOR GROWTH" is at the bottom.

BLUEPRINT FOR  
GROWTH

# Jobs, construction permits on rise in Upstate

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Michael Dey views the 63 percent year-to-date increase in Greenville County residential building permits as Economics 101 — supply and demand.

"There's an insufficient amount of existing homes on the market to meet current demand so new homes are being put on the market to meet that new demand," said Dey, executive vice president of the Home Builders Association of Greenville. "As demand continues to go up, which we expect it will, the amount of activity will increase as well."

Building permits for the Upstate as a whole rose 23.1 percent from first quarter 2011 to the same period this year, and 26.3 percent from fourth quarter 2011 through the first three months this year, according to a quarterly trend report from Knoxville-based The Market Edge.

Mark Vitner, Wells Fargo chief economist, said increasing building permits reflect general improvements in the Upstate economy, particularly in Greenville, with its "very strong job growth" and "every expectation that's going to continue."

Just Thursday, the Greenville Area Development Corp. announced that a record 3,092 new jobs were created here in 2011. Michelin North America said this month that it will add as many as 500 new manufacturing jobs when it builds a new earthmover tire manufacturing facility in An-

derson County and expand one in Lexington County.

Each of the eight counties that The Market Edge defines as Upstate — Greenville, Anderson, Abbeville, Greenwood, Pickens, Laurens, Spartanburg and Oconee counties — experienced an increase in new home construction in the first quarter.

With 447, Greenville County had the regions highest total of first quarter permits, followed by Spartanburg with 137, the report said.

John Owings, the county's manager of current planning, said the county has not had a new preliminary plat for a new subdivision in over the last 18 months, but some of the developers he has talked with said subdivision lots are being purchased and built on, while others said to meet the demand, someone is going to have to come in with a new subdivision or two.

"We'd love to see that happen," Owings said.

What is happening, though, is a migration of a number of national and regional home builders into the Upstate market such as Legendary Homes, Crown, Ryan, Eastwood, Ryan and Mungo, and "from the indications we've got, there are a lot of lots being bought and houses built on," Owings said.

Tom Dillard, owner of Dillard-Jones Custom Homes, is among the local home builders benefiting from the increasing Greenville County permit totals. His Greer-based company has about

## 10%

Expected rise in new home construction in 2012

## 20-30%

Expected rise in multi-family apartment construction in 2012

## 23.1%

Increase in building permits for the Upstate as a whole from first quarter 2011 to the same period this year

## 3,092

New jobs created in the Upstate in 2011, according to the Greenville Area Development Corporation

## 6,810

Supply of used homes in the Greenville area as of April 10, according to Greater Greenville Multiple Listing Service statistics

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PHOTO BY KEN OSBURN/STAFF

## ECONOMY

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10 new homes in various phases of construction.

"We have, in the last three to four weeks, seen probably more interest in building homes than we have in the past three or four years. There is a remarkable difference in the amount of interest and activity," Dillard said. "Every spring, things tend to pick up a little bit, but this is definitely a different amount of activity than in previous years, even in the spring time."

The region had unusually big years for new construction in 2005-07, with 9,705, 9,467 and 8,023 permits, respectively. Those totals fell to 4,643 in 2008; 2,623 in 2009; and 2,472 in 2010. They began to rise in 2011, when 2,643 permits were issued.

John Beeson, president of Mark III Properties, a real estate development company based in Spartanburg, said his company stopped buying and developing subdivision lots when the economy sunk to its lowest point.

Lately, the company has purchased "quite a few subdivisions" in Greenville County that were "under water or shut down" by the economy. Beeson said his company is going into such developments, improving them, re-permitting them and selling the lots to builders.

Now, he said, most of those subdivisions have been bought by developers or builders and "there's not very many subdivisions sitting idle with no activity," because of improvements in the building industry here.

Vitner of Wells Fargo said the Upstate is more blessed with its economy than the nation as a whole.

Nationwide, building permits in March were at a seasonally adjusted annual rate of 747,000, up 4.5 percent from the revised February rate and up 30.1 per-



Construction workers build a home in Claremont, a subdivision off Roper Mountain Road. KEN OSBURN/STAFF

cent from March 2011.

New home construction is expected to increase about 10 percent this year and multifamily apartment construction will be up 20 to 30 percent, Vitner said. The nation as a whole is seeing limited gains in industrial construction, a little bit of retail and practically no office development, he said.

That's not as true in the Upstate, he said.

Dale Akins, president of The Market Edge, said every market covered in his quarterly report, which includes areas in North Carolina, Tennessee, and Kentucky, experienced an increase in building permits in both year-over-year and quarter-by-quarter comparisons.

Some of those increases, such as those in the Upstate, were substantial, he said, but "I wouldn't call it a surge."

"I think it's just a sign that employment is getting better," he said. "The housing market is completely driven by jobs, so when you look at a macro level change like this across the board, it's finally a positive trend. I mean, you can't go negative forever."

Also, those figures, Akins said, are just for the first quarter with only a 90-day window. If it were a nine-month window, that would equate to a major surge, he said.

"For 90 days we had a decent winter and last year this time was terrible, so it is what it is. The truth will

flesh out by next quarter, of course, but for now the indication is these are some nice numbers," he said.

Those numbers in the Upstate are being driven in part by low interest rates, low construction costs, and consumer confidence, according to Dillard.

"Normally, when the economy does well, interest rates go up and costs go up, so I think people are recognizing that this is probably a good time to get into the market," he said.

Among the challenges still hindering the building industry are foreclosures and access to credit.

Throughout history, existing homes have outsold new homes 4-to-1, Dillard said. Today, it's more like 12-to-1 because the existing homes are typically foreclosures.

The inventory of used homes in the Greenville area dropped 17.6 in the latest report out early this month. As of April 10, the supply in Greenville, Pickens and Laurens counties was at 6,810, according to Greater Greenville Multiple Listing Service statistics.

Builders want to meet the demand for new houses, Dey said, but credit is a limiting factor.

"It's still difficult for home buyers. The demand is there and the desire is there to meet that demand but it's still difficult for home buyers and home builders to get to credit to build a new home," he said.