BUSINESS

Expert: Upstate growth stable

Forecast mostly good for homebuilders

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Economic growth in the Upstate is positive and stable. At the same time, the rate of economic growth has been slowing.

USC research economist Joseph Von Nessen described those as the major takeaways of his Upstate Housing Forecast, delivered Tuesday to the Home Builders Association of Builders.

"We are moving in the right direction," said Nessen, who was the keynote speaker at the association's annual meeting.

The annual forecast hosted by HBA Greenville offers predictions for new home construction and remodeling expenditures locally, regionally and nationally. It also includes economic trends and analysis of the home building industry and consumer preferences, as well as analysis of government policies that affect housing.

Currently, the housing market is "very strong," Nessen said, but slowing employment growth could hamper those gains.

Charleston and Greenville were seeing significant employment growth, above the state average, for quite some time. Now it's tapered off and the growth rate is more in line with the state average as a whole, Nessen said.

"We're back to stable periods in terms of employment growth which is one of the single best indicators we have for overall economic activity," he said.

That decline is due largely to manufacturing. Leisure and hospitality, followed by housing construction, "riding on the tails of high job gains," has replaced manufacturing as the major driver of employment, Nessen said.

"A year ago, there were manufacturing job announcements seemingly everywhere, and nearly every week," he said. Strength in the leisure and hospitality industry indicates consumers are spending money and are either confident in the economy or comfortable with their economic situation.

The Greenville-Spartanburg area is among the regions in the state that have developed a strong manufacturing cluster. "This has been very positive. We've seen high rates of employment growth that go along with that," Nessen said.

Greenville not only has a strong manufacturing cluster in general, it has a strong automotive manufacturing cluster in particular, meaning it has a network of suppliers along with producers.

"The fact that you've established a strong cluster in this region of the state means that your average rate of employment growth is more likely to be sustainable in the long run," Nessen said. "You're not going to see as many fluctuations."

Another positive, he said, is the region is seeing a 33 percent gain in housing starts over a recent period.