

Greenville on road to

Economists saw late-summer slump, but auto sector pulling forward

By Jenny Munro

Staff writer

jmunro@greenvillenews.com

The Greenville metro area was spared some of the worst effects of the recession and was recovering faster than the nation as a whole through the second

quarter of this year.

Columbia and Charleston also are on a faster recovery track than the nation, according to the Brookings Institution's MetroMonitor, which looked at second-quarter data in the 100 largest metro areas in the country.

But economists told GreenvilleOnline.com that some business segments reported softening early in the third quarter.

Bruce Yandle, Clemson University economist, said not a lot of data are available for the third quarter, but "we're still experiencing a sinking spell." He said the July-through-September period could be weaker than the second quarter.

Rick Redden, Wells Fargo's South Carolina president, said his banking company has seen signs of a business recovery, although uncertainty appeared again at the end of the second quarter.

"The first half of the year really built up," he told GreenvilleOnline.com. "And then, right around the

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recovery

State metro areas facing slow economic recovery



Economic performance	Greenville	Charleston	Columbia	U.S.
Change in employment from peak	-7.6%	-4.4%	-6.2%	-4.8%
One-quarter change in employment	-0.2%	0.0%	0.1%	0.3%
Unemployment rate in June	9.7%	9.8%	10.0%	9.3%
Changes in GMP from peak*	1.1%	1.0%	-0.4%	0.4%
Change in housing prices from peak	-13%	-27.5%	-16.2%	-26.7%
One-quarter change in housing prices	-2.5%	-4.3%	-6.1%	-4.1%

*Gross Metropolitan Product

Source: Brookings Institution MetroMonitor

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middle of summer, we started seeing a little bit more slowing down, taking a breath and retrenchment."

Now bankers are seeing "a real division in the economy of some businesses that have been able to weather through this and take advantage of some opportunities and a lot of businesses that are still hunkered down and waiting for a clear sign that the economy is getting its legs back before they invest in that plant and capacity," Redden said.

Brookings MetroMonitor report, put out quarterly by the Washington think tank, looks at economic performance in employment, unemployment, wages, output, home prices and foreclosure.

Greenville's employment fell by 7.6 percent from its peak, considerably more than the 100-metro average of 5.1 percent and the U.S. average of 4.8 percent. While employment is up 1.3 percent from its lowest point, it fell from the first to second quarter of 2011.

However, Greenville area firms are slowly beginning to hire, with the fourth quarter expected to be favorable in terms of creating jobs, according to a new Manpower survey of local hiring managers.

"The auto manufacturing sector is helping us. It is the hot industry and is pulling the economy," Yandle said. "We're holding a pretty attractive hand of cards."

Columbia's employment

dropped 6.2 percent and Charleston's 4.4 percent from peak employment. Columbia employment is up 0.5 percent from its lowest point, while Charleston is up 2.1 percent.

Unemployment in Greenville in June was 9.7 percent, lower than Charleston at 9.8 percent and Columbia at 10 percent. However, Greenville is the only one of the three to have lost jobs from the first to the second quarter of the year.

Still, Greenville's unemployment rate of 9 percent in August was the second lowest in the state, even with Aiken County, lagging only Lexington County.

"The Greenville economy is tracking the national economy when it comes to unemployment," Yandle said. "It's pretty good relative to where we have been." The overall state unemployment rate is nearly 2 points higher than the national average.

Gross metropolitan product in Greenville improved 1.1 percent from its peak and 4.1 percent from its trough. Charleston's GMP improved 1 percent from its peak and 3.9 percent from its lowest point. Columbia's GMP is down 0.4 percent from its peak but up 2.4 percent from the lowest point.

A continued economic rebound is what Wells Fargo is banking on.

"We have big loan-growth goals in retail and in the business and wholesale banking," Redden said. "We've seen an increase from where it was at its low. It's still not anywhere near where it was at its peak."

Greenville fared better than the rest of the state's

major metro areas in housing prices — down 13 percent from peak prices while Columbia's prices fell 16.2 percent and Charleston's 27.5 percent. Prices in the second quarter for these three cities and the 97 other metro areas hit new lows.

Housing prices in Greenville also fell less in the second quarter than prices in Columbia and Charleston. Here, prices fell 2.5 percent quarter to quarter while Columbia's prices dropped 6.1 percent and Charleston's 4.43 percent.

Greenville "sort of has a BMW and Dollar General kind of economy," Yandle said, adding that the area's economy is strongest at the higher and lower ends. The weakest sector of the economy is the middle class, which has caused "a good bit of shuffling down" when it comes to retail purchases.

Those metro areas that are strongest include some who fell the most and are recovering faster, areas with high-tech industry concentrations and others with a natural-resource economy. The weakest include those hit the hardest by the housing implosion, primarily in Florida and California.

Knoxville and Nashville in Tennessee are the cities closest to the Upstate that are in 20 strongest-performing metro areas, according to Brookings. Several Florida cities, including Cape Coral, Lakeland, Miami, Orlando, Palm Bay and Tampa, are among the 20 weakest-performing metro areas.

The report shows the U.S. economic recovery appeared to stall in the second

quarter, with many people feeling they still were in a recession.

Most of the nation's large metropolitan areas continue to recover — slowly — in both employment and output, according to MetroMonitor. Employment recovery is slowing, but output recovery is accelerating.

"Our economy is stuck running in place and running out of breath," said Howard Wial, a Brookings fellow and co-author of the report. "There has been very slow growth in jobs and economy, and house prices and wages are at dramatic lows."