BUSINESS

Housing gradually improving

New state economic report finds construction woes slow recovery

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The state's housing sector is "bruised but not beaten," with many foreclosure problems stemming from high unemployment rather than a sick housing sector, said Bruce Yandle, an economist with Clemson University.

The state is in the middle of the pack, along with North Carolina, Tennessee and Virginia, he said.

South Carolina has faced a spate of foreclosures, he said, caused primarily by people who lost their jobs and can't keep up payments.

But the housing and construction problem is nationwide, Yandle said. And construction has been hit by states' inability to pay for infrastructure as well as the decline in housing starts, he said in his Economic Situation report for September.

"Until construction comes back, we will not have a strong muscular pulsebeat for our economy," he said.

The housing sector is in a "sad case of the slows," he said. "We've got a lot of dead capital. There are a huge amount of assets that are are not deployed in the economy. It is assets sitting on the sideline."

While the sector is gradually improving, "it's not happening fast," he said. Part of the reason is that in most states, a homeowner has a year or more before a foreclosure is final. The owner sits in the house but doesn't make payments and doesn't pay to keep the house in shape.

Foreclosures in the Greenville-Mauldin-Easley area made up 22.38 percent of all residential sales in the region during the second quarter of 2011, up from nearly 16 percent of all sales in the second quarter 2010, according to RealtyTrac.

The quarterly report showed 416 homes owned by a bank or in some stage of foreclosure in the Greenville metro were sold in the year's second quarter. That's an increase of 3.48 percent from the previous quarter and a drop of 4.81 percent in year-over year unit totals.

Construction jobs aren't likely to come back until housing does, he said.

South Carolina counted 300 new construction jobs in July, but the state's construction employment was down 1,400 from July 2010 to July 2011, according to the state Department of Employment and Workforce. Nationwide, construction employment has dropped 2.2 million from its April 2006 peak.

"We have a structural unemployment problem that is linked to the great housing contraction, and only time and slow growth will deal with it," Yandle said.

"The result is seen in a growing number of job openings that are not being filled, even though the count of unemployed stands at a high level."

Yandle said that GDP growth is "getting close to negative territory," but he doesn't anticipate the country will edge into a double-dip recession.