BUSINESS

State economic growth slows

Many sectors remain optimistic

By Roddie Burris
The State

South Carolina's economic growth is steady, but the growth rate has slowed this year, according to Joey Von Nessen, a research economist with the University of South Carolina.

"We're still growing, but growing at a slightly reduced rate compared to 2012 and even 2011," Von Nessen told a sold-out room of business leaders Tuesday at the 2013 Central Carolina Commercial real estate market forecast.

A panel provided industry perspectives on commercial prospects in banking, construction and development, real estate development and property investment.

Banking: Real estate and banking both were "severely hurt" in the Great Recession, said Fred L. Green III, South Carolina Bankers Association president and CEO.

Today, banks are lending most eagerly for owner-occupied real estate, including multifamily dwellings, construction, retail, office and hotels, he said. Loans less attractive to banks include residential acquisition and development, and speculative, raw land purchases.

Green's prediction: With competition and continued confidence in the economy, some banks will "stick their toe in the water and start making loans in residential acquisition and development."

Property investment: The office and retail market has bottomed out in both occupancy and rates and is beginning to rebound, said Mukang Cho, principal and CEO of In-Rel Properties, a privately held real estate investment company.

"We're trending in the right direction. We're certainly optimistic," Cho said.

Real estate development: Lyle Darnall, managing director of Edens, said the company last year opened more retail square footage than any other retail company in the United States.

However, construction costs began rising in 2011 and two years later still are rising, he said. The size of many retail stores also is decreasing, he said.

"Everybody is really trying to figure out how to get more out of less retail square footage," Darnall said.

There is also a trend toward in-town shopping developments, he said.

Construction and development: Cohn Construction Services just celebrated its 20th anniversary in Columbia in construction and development, but has tripled in size the past nine years, said chairman Richard Cohn Sr.

Cohn said the company has grown its revenue to $3.3 million this year versus $1.7 million in 2009.