Upstate economy poised to improve

Region takes lead in state job growth

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Entering the new year, an improving economic outlook has the Upstate poised to lead South Carolina's growth.

"That unemployed person out there should take every opportunity to improve skills to meet the demands of the marketplace, dust off the resume and start prospecting," said Bruce Yandle, dean emeritus of Clemson University's College of Business and Behavioral Science.

Jobs are being created even though the rate isn't fast enough for many.

Hank Hyatt, Greenville Chamber vice president of economic development, agreed that 2012 prospects for economic growth are improving.

"Manufacturing is leading the way," he said. "Folks we deal with are pretty optimistic."

Sujit CanagaRetna, senior analyst with the Council of State Governments, said he expects 2012 to be a year similar to 2011 but with a higher growth rate.

The renewed strength of the auto industry will be a major plus for the Upstate, he said, and suppliers coming into the state, such as tire makers, are a "real positive."

If the Upstate is driving the state economy now, it was in the back of the bus from 2000 until 2008. The coastal region led the state in growth during that time, Yandle said, primarily because the manufacturing sector was slowing. That sector is a major component of the Upstate economic fabric.

"Greenville County paired with Spartanburg represents the main engine pulling the Upstate's economy," he said. "Anderson also is a pretty good engine."

From 2000 to 2008, York County ranked fifth, the in the state in employment growth, the Upstate's highest rank, he said. Greenville, second strongest in the Upstate during that period, ranked 10th statewide.

While well-known companies, including Michelin, General Electric, BMW and Fluor, are helping to lead the region into a brighter 2012, smaller

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entrepreneurial firms are a major factor in the Upstate's potential for growth.

"The business environment is much more vibrant in Greenville" than elsewhere, said Chris Przirembel, Clemson University vice president of research and economic development emeritus.

"This is an entrepreneurial community," said Przirembel, who is leading the NEXT strategic planning operation.

The consensus is that the Upstate and South Carolina as a whole will see a slowly improving economy in 2012. More manufacturing led to more jobs in that sector last year, a trend expected to continue.

However, the state's economic growth tends to be centered around its metro areas, including Greenville, Columbia and Charleston, Yandle said. Some of the growth spills over to neighboring counties. In the Upstate, Pickens County is aided by the presence of Clemson.

Total employment growth — the most important measure of economic progress in South Carolina — is expected to be 2 percent in 2012, up from 1 percent last year, according to projections by Douglas Woodward and Joey Von Nessen, economists with the University of South Carolina's Moore School of Business.

Major gains are expected in manufacturing, specifically durable goods, with business and health services also seeing gains next year, the economists said.

Data suggest the Greenville metro area will add 10,000 new jobs in 2012 but won't achieve 2007 employment levels until 2015, Yandle said.

The Anderson metro area should add 2,000 new jobs and also hit 2007 employment levels in 2015. The Spartanburg area should add 2,500 jobs, but won't recover 2007 employment levels until 2016, he said.

Yandle said he couldn't project job growth for Pickens County because data are available only for metro areas.

Hyatt agreed that jobs are available, but time is needed to recover the jobs lost in the recession and the halting recovery.

"Job growth and economic recovery will attract people back into the work force who left because of a lack of employment opportunities," Von Nessen said. "This will keep the unemployment rate higher than might otherwise be expected."

The new year should bring more jobs and higher pay in the Upstate's higher-growth counties, Yandle said, including Greenville, Anderson, Spartanburg and York.

Laurens County will join Pickens in the moderate growth column, he said.

In 2011, the auto parts supplier ZF announced it was building a transmission plant in Laurens County and over the next few

years would hire 1,200 workers. The plant and the work force totals were expanded before the initial construction was completed.

Cherokee and Oconee will grow more slowly, Yandle said, and Union will continue to lag the rest of the Upstate.

Greenville County, with by far the largest economy in the region, ended 2011 with an unemployment rate of 7.4 percent, second-lowest in the state.

The county experienced employment growth of 0.9 percent through October, according to the Moore School's 2012 outlook.

That growth wasn't as high as the gains in Myrtle Beach, 2.6 percent; Anderson, 2.3 percent; Columbia, 1.6 percent; and Florence, 1.2 percent. Charleston also experienced a 0.9 percent employment gain, while Spartanburg saw employment grow by 0.7 percent. Sumter was positive with a 0.3 percent gain.

Jobs that have been announced this year are beginning to appear, CanagaRetna said, and that will hasten the growth of employment and the drop of the unemployment rate. With many of those jobs in manufacturing, they are likely to pay well.

"There are jobs out there. There is training available. It's just a matter of making connections," Hyatt said.

Ensuring workers have the needed skills is a long-term process, he said. Greenville Works is ramrodding one program working to upgrade skills in the transportation manufacturing sector.

"It starts off slowly and builds over time," he said of the training program, which is beginning its second class early this year.

"The pieces for training have been set," he said. Quick Jobs .... With a Future has provided short-term training for the past decade in various careers. Technical colleges in the Upstate provide potential employees with marketable skills, including associate degrees.

Manufacturing will continue to be an important slice of the Upstate economy, but it can no longer be expected to provide the jobs needed to put everyone to work, economists said. As the sector becomes more productive, it requires fewer people to create a higher level of output.

NEXT, an economic development initiative that supports high-skilled entrepreneurial companies, could help take up some of that slack, Hyatt said. Although Greenville and the Upstate still aren't widely known for knowledge-based entrepreneurial activities, that is changing, he said.

"I think there will be tremendous growth in this arena," he said. "Every day and every week, people are calling about this. We're at the cusp of good things here."

The construction industry continues to struggle although Yandle said he expected an uptick in multi-family housing construction. However, he sees no major improvement in single-family housing next year.

The recovery still is fragile, and the European debt crisis is a headwind that must be watched, CanagaRetna said. South Carolina is more dependent than some states on exporting to Europe and could be affected if the European Union falls into recession.

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