



Spartanburg, South Carolina

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of December 1, 2008



Summary

Housing Market Area



The Spartanburg, South Carolina Housing Market Area (HMA), which consists of Spartanburg County, is located 30 miles east of Greenville. Spartanburg is an important contributor to the South Carolina economy; the area is home to manufacturing plants for BMW Manufacturing Company and Michelin North America, Inc. Recent job expansion in the HMA has resulted in an average population gain of 3,225, or 1.2 percent, annually since 2000. The current population is estimated at 281,700.

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Economy

Economic conditions in the Spartanburg HMA are currently stable. During the 12 months ending September 2008, covered employment increased by 1,900 jobs, or 1.6 percent, to an annual average of 120,300 jobs. Most growth occurred in the trade, transportation, and utilities sector, which added 1,000 jobs, an increase of 4.2 percent. During the 12 months ending November 2008, nonfarm employment, for which more recent data are available, increased by 1,400 jobs, or 1.1 percent, to 126,700 jobs. Nonfarm employment is expected to increase by an average of 0.8 percent annually during the 3-year forecast period.

Sales Market

The sales housing market in the HMA is balanced. During the 12 months ending November 2008, total home sales declined by 20 percent from the number of sales recorded during the previous 12-month period. During the third quarter of 2008, the median home sales price decreased by 4 percent to \$122,000. During the next 3 years, demand is estimated for 4,300 new homes (see Table 1).

Rental Market

The Spartanburg rental housing market is currently soft, with an estimated rental vacancy rate of 12.5 percent. Approximately 980 new apartments have been added to the stock during the past 2 years, causing a softening in the market. During the 12 months ending November 2008, average rents increased by more than 3 percent compared with average rents recorded during the previous 12-month period. During the next 3 years, all the demand, which is estimated at 160 new rental units, will be met by the 280 units currently under construction (see Table 1).

Table 1. Housing Demand in the Spartanburg HMA, 3-Year Forecast, December 1, 2008 to December 1, 2011

	Spartanburg HMA	
	Sales Units	Rental Units
Total Demand	4,300	160
Under Construction	460	280

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of December 1, 2008. Source: Estimates by analyst

Economic Conditions

One of the most important contributors to the Spartanburg HMA economy is the BMW Manufacturing Company, which located its only North American manufacturing plant in Spartanburg County in 1993. Vehicle production has grown from 430 units in 1994 to a current production of 160,000 units in 2008. The company is the second leading employer in the HMA, with approximately 4,425 employees. BMW plans to invest \$750 million to expand the plant, increasing production to 240,000 units and adding 500 new jobs by 2012. This expansion will bring total investment in the plant to \$4.2 billion and make BMW the leading employer in the HMA.

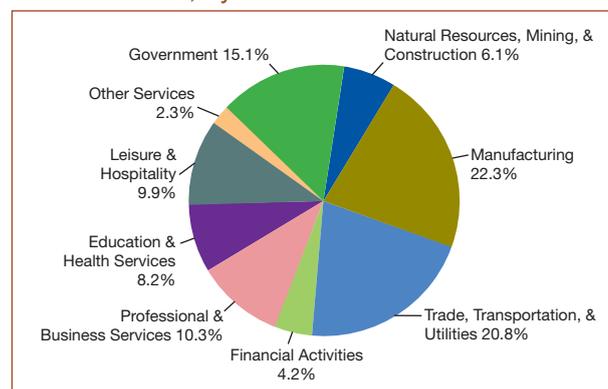
The leading employers in the area are in the manufacturing and the education and health services sectors. The leading employer in the HMA is Spartanburg Regional Medical Center, which employs approximately 4,600 people. Springs Industries, Inc., a home furnishing fabric company, is the third leading employer, employing 1,850 people at its Lyman Complex. Other major companies such as the adidas Group, a sporting goods company, continue to move to the HMA, which is located at the intersection of Interstate-85 (I-85) and I-26. The adidas Group is currently building a \$150 million distribution center that will add approximately 1,200 jobs in the area by the fall of 2009. Table 2 shows major employers in the HMA. Figure 1 shows current employment in the HMA by sector.

Table 2. Major Employers in the Spartanburg HMA

Name of Employer	Employment Sector	Number of Employees
Spartanburg Regional Medical Center	Education & Health Services	4,600
BMW Manufacturing Company	Manufacturing	4,415
Springs Industries, Inc.	Manufacturing	1,850
Sealed Air Corporation	Manufacturing	1,150
Mary Black Health System, LLC	Education & Health Services	1,000
Michelin North America, Inc.	Manufacturing	950
Beverage-Air Corporation	Manufacturing	950
Kohler Co.	Manufacturing	910
Reeves	Manufacturing	670
Tietex International Ltd.	Manufacturing	625

Source: Moody's Economy.com

Figure 1. Current Employment in the Spartanburg HMA, by Sector



Note: Current is based on 12-month averages through September 2008.

Source: U.S. Bureau of Labor Statistics

Covered employment levels have fluctuated in the HMA since 2000. After losing 4,125 jobs between 2000 and 2004, mostly due to layoffs in the textile industry, employment increased by 320 jobs, or 0.3 percent, in 2005, because companies in the leisure and hospitality and the financial activities sectors added jobs. From 2005 to 2007, employment growth increased by an average of 1,925 jobs, or 1.7 percent, annually as significant growth occurred in the trade and construction subsectors and the professional and business services sectors. During the 12 months ending September 2008, covered employment increased by 1,900 jobs, or 1.6 percent, from employment levels during the previous 12-month period to an annual average of 120,300 jobs (see Table 3). More recently, nonfarm employment increased by 1,400 jobs, or 1.1 percent, to 126,700 jobs during the 12 months ending November

2008. During the past 12 months, the unemployment rate increased from 5.9 to 6.8 percent due largely to layoffs in the manufacturing sector. Figure 2 shows trends in the labor force, resident employment, and unemployment rate in the HMA from 1990 to 2007.

Most employment sectors in Spartanburg grew during the past year. During the 12 months ending September 2008, the trade, transportation, and utilities sector posted the largest absolute gain, increasing by 1,000 jobs, or 4.2 percent. The leisure

and hospitality sector increased by 750 jobs, or 6.7 percent. The natural resources, mining, and construction sector added 500 jobs, an increase of 7.3 percent compared with the number of jobs in that sector during the previous 12-month period. During the 12 months ending September 2008, employment in the manufacturing sector decreased by 750 jobs, or 2.7 percent, continuing a decline that began in 2002. Approximately 530 manufacturing jobs were lost in the sector in March 2008 due to the closure of the dessert manufacturing facility of Mrs. Smith's, a division of The Schwan Food Company™. The rate of decline in employment in the manufacturing sector has decreased, however, from the 1.7-percent decline recorded during the 12 months ending September 2007. See Figure 3 for sector growth in the HMA from 1990 to the current date.

During the next 3 years, nonfarm employment is expected to increase by an average of 1,000 jobs, or 0.8 percent, annually to total 129,700 jobs. The BMW Manufacturing Company and Regional Utility Services, Inc., are expected to lead the growth, adding approximately 500 and 200 jobs, respectively, over the next several years.

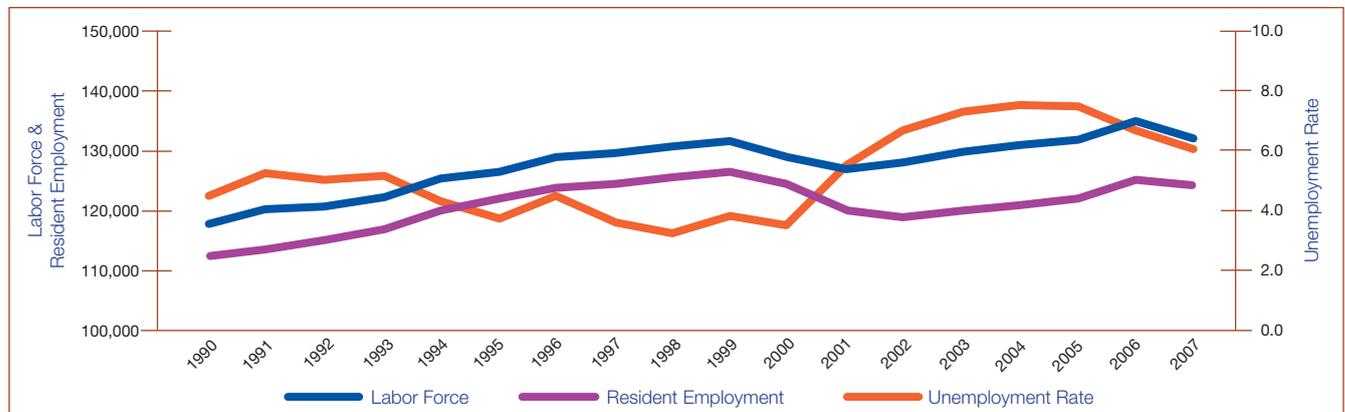
Table 3. 12-Month Average Employment in the Spartanburg HMA, by Sector

	12 Months Ending September 2007	12 Months Ending September 2008	Percent Change
Total Covered Employment	118,400	120,300	1.6
Goods Producing	34,500	34,200	-0.9
Natural Resources, Mining, & Construction	6,850	7,350	7.3
Manufacturing	27,600	26,850	-2.7
Service Providing	65,700	67,850	3.3
Trade, Transportation, & Utilities	24,000	25,000	4.2
Information	950	890	-6.3
Financial Activities	4,750	5,050	6.3
Professional & Business Services	12,900	12,450	-3.5
Education & Health Services	9,650	9,900	2.6
Leisure & Hospitality	11,200	11,950	6.7
Other Services	2,675	2,725	1.9
Government	17,700	18,150	2.5

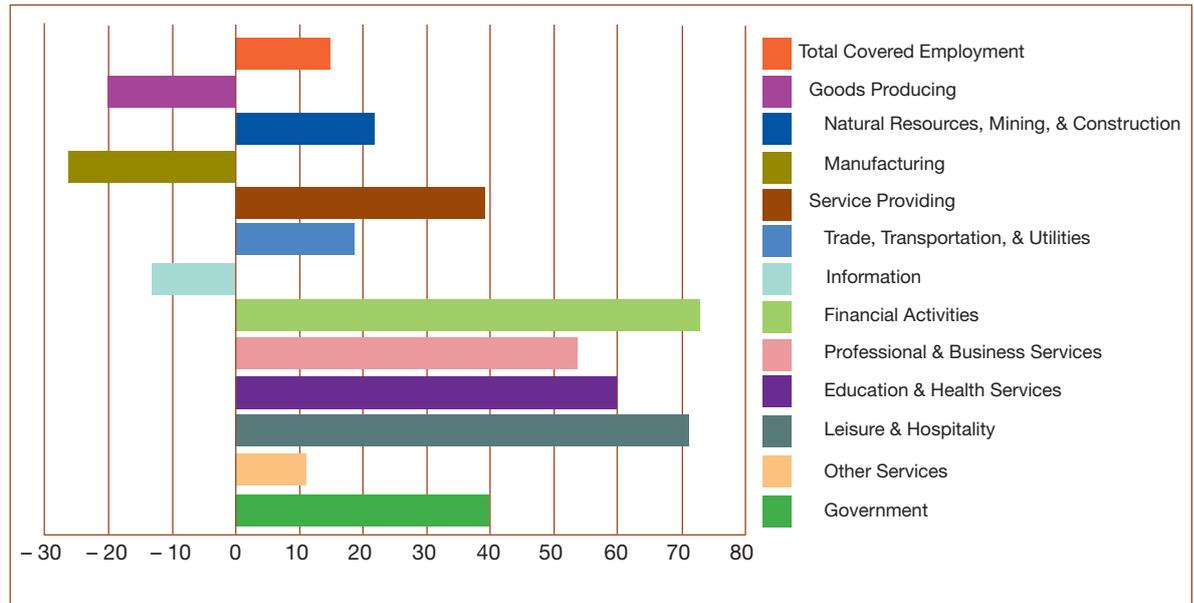
Notes: Based on 12-month averages through September 2007 and September 2008. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Spartanburg HMA, 1990 to 2007



Source: U.S. Bureau of Labor Statistics

Figure 3. Sector Growth in the Spartanburg HMA, Percentage Change, 1990 to Current

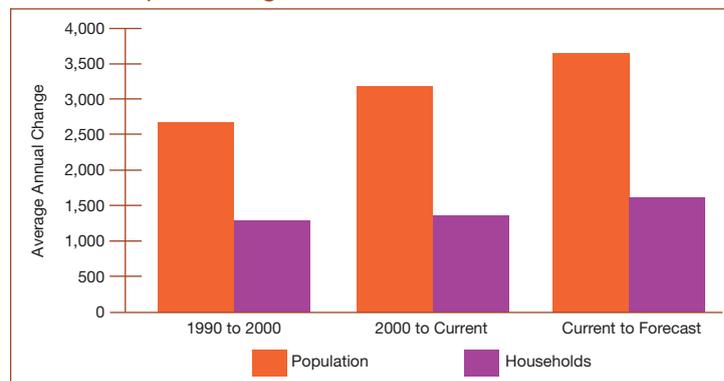
Note: Current is based on 12-month averages through September 2008.

Source: U.S. Bureau of Labor Statistics

Population and Households

The estimated population of the Spartanburg HMA was 281,700 as of December 1, 2008. Since 2000, the population has increased by an average of 3,225, or 1.2 percent, annually. This rate of population growth represents an increase from the

annual gain of 2,700, or 1.1 percent, recorded during the 1990s. Since 2000, net in-migration has accounted for 71 percent of the population gain compared with 64 percent during the 1990s. Since 2005, the population of the HMA has increased by an average of 1.8 percent annually due to increased in-migration, a result of company expansions and businesses moving to the area. During the next 3 years, the population is forecast to increase by 3,675, or 1.3 percent annually. Net in-migration is expected to account for 75 percent of the population growth during the forecast period. Figure 4 shows population and household growth in the HMA from 1990 to the forecast date. Figure 5 shows components of population change in the HMA for the same period.

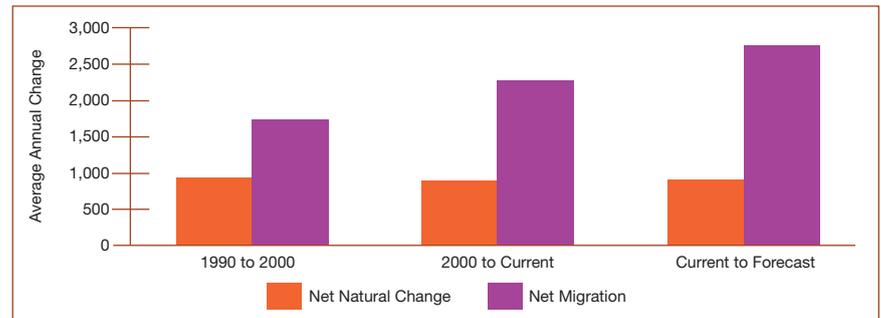
Figure 4. Population and Household Growth in the Spartanburg HMA, 1990 to Forecast

Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

During the 1990s, the number of households grew by 1,325, or 1.5 percent, annually. Since 2000, the number of households has grown by 1,400, or 1.4 percent, a year (see Table DP-1 at the end of this report). Currently, an estimated 109,800 households are in

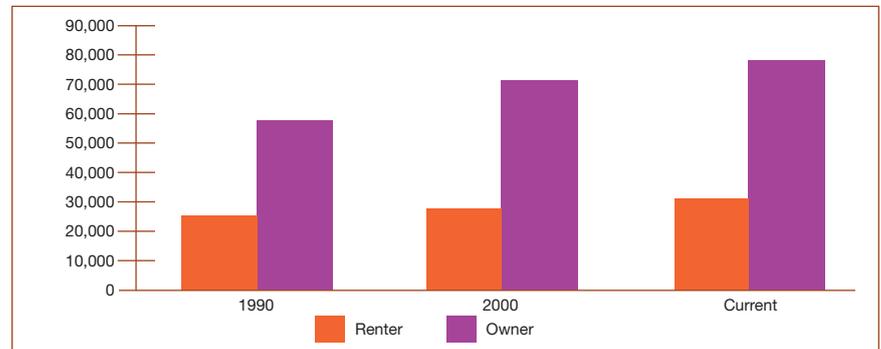
the HMA. Figure 6 shows the number of households by tenure in the HMA from 1990 to the current date. During the 3-year forecast period, the number of households is expected to grow annually by 1,575, or 1.4 percent, to 114,500.

Figure 5. Components of Population Change in the Spartanburg HMA, 1990 to Forecast



Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Spartanburg HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

Sales Market

The Spartanburg HMA sales housing market is currently balanced, although it has recently softened compared with the tight conditions that existed in 2007. Stricter underwriting standards in the mortgage industry have caused a reduction in home sales. According to the South Carolina REALTORS®, home sales

have been declining since 2006, when sales totaled 3,625 homes. During the 12 months ending November 2008, 2,875 existing single-family homes, condominiums, and villas were sold in the HMA, a 20-percent decline compared with the number sold during the previous 12-month period. During the most recent

Housing Market Trends

Sales Market *Continued*

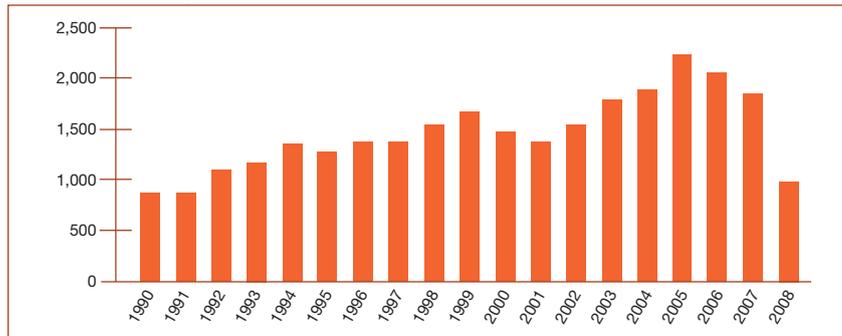
12-month period, the median home sales price was \$124,700, a 1-percent increase compared with \$123,400 recorded during the 12 months ending November 2007. The average number of days a home remained on the market increased from 125 during the 12 months ending November 2007

to 132 during the 12 months ending November 2008.

Area home builders have scaled back construction activity, as measured by the number of single-family building permits issued, in response to increasing numbers of foreclosures and declining home sales. During the 12 months ending November 2008, the number of homes permitted declined by 37 percent to 1,050 homes compared with 1,650 homes during the previous 12-month period. From 2000 to 2005, single-family permits averaged approximately 2,050 annually. Permits peaked at 2,225 in 2005 but have decreased every year since. The number of single-family homes permitted declined by nearly 8 percent in 2006 and by 12 percent in 2007. Figure 7 shows the number of single-family building permits issued in the HMA from 1990 to the current date. New homes typically are priced between \$100,000 and \$130,000.

During the 3-year forecast period, demand is estimated for 4,300 new homes. This demand is expected to be strongest in the \$120,000-to-\$159,999 price range. Table 4 shows the estimated demand for new market-rate homes in the HMA by price range during the forecast period.

Figure 7. Single-Family Building Permits Issued in the Spartanburg HMA, 1990 to 2008



Notes: Includes only single-family units. Includes data through November 2008.

Source: U.S. Census Bureau, Building Permits Survey

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Spartanburg HMA, December 1, 2008 to December 1, 2011

Price Range (\$)		Units of Demand	Percent of Total
From	To		
90,000	99,999	430	10.0
100,000	119,999	990	23.0
120,000	159,999	1,250	29.1
160,000	199,999	690	16.0
200,000	249,999	380	8.8
250,000	299,999	260	6.0
300,000	399,999	80	1.9
400,000	499,999	170	4.0
500,000	and higher	50	1.2

Source: Estimates by analyst

Rental Market

Conditions in the rental housing market in the HMA are currently soft. Increasing apartment construction in 2007 and an increasing number of single-family homes being offered for rent have resulted in a rise in rental vacancies during the 12 months ending November 2008. The current overall rental vacancy rate is 12.5 percent compared with 10.4 percent in 2000 (see Figure 8).

The apartment market tightened from 2000 to 2007; however, it has softened during the past 12-month period. According to RealData, Inc., in May 2000, the apartment vacancy rate was 10.4 percent compared with 6.4 percent in May 2007. The apartment vacancy rate increased from 7.6 percent in November 2007 to 14 percent in November 2008 as a result of a relatively large number

Housing Market Trends

Rental Market *Continued*

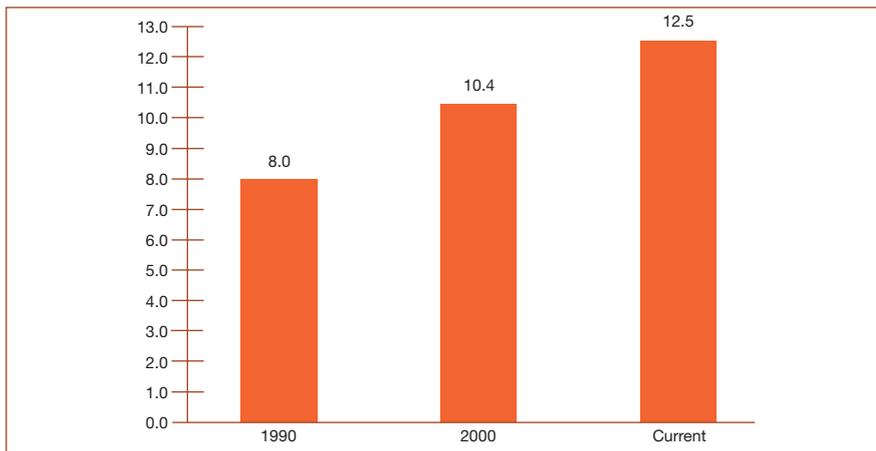
of new units entering the market. The Spartanburg-West submarket had the largest vacancy rate increase, rising from 7 percent as of November 2007 to 16.7 percent as of November 2008, primarily due to 300 new units entering the market in 2007. The vacancy rate in the Spartanburg-East submarket increased from 8.1 to 10.7 percent. The vacancy rate in the Greer submarket, where the BMW plant is located, increased from 7.8 percent in November 2007 to 14.6 percent in November 2008.

Average rents in the Spartanburg HMA are \$563 for a one-bedroom unit, \$636 for a two-bedroom unit, and \$757 for a three-bedroom unit. Reflecting the influx of new units, average rents increased by more than 3 percent during the past 12 months.

Multifamily construction activity, as measured by the number of units permitted, has decreased during the 12 months ending November 2008 compared with activity levels recorded during previous 12-month periods. Between 2000 and 2004, an average of 310 units were permitted annually. After declining significantly in 2005, permitting activity increased during the next 2 years, reaching a peak in 2007, when approximately 720 units were permitted (see Figure 9). During the 12 months ending November 2008, only 63 units were permitted. Currently, 280 apartments are under construction and expected to enter the market in the next year, including the 216-unit Meridian at River Run apartments. The Spartanburg rental housing market is expected to continue to soften as these new units come on line.

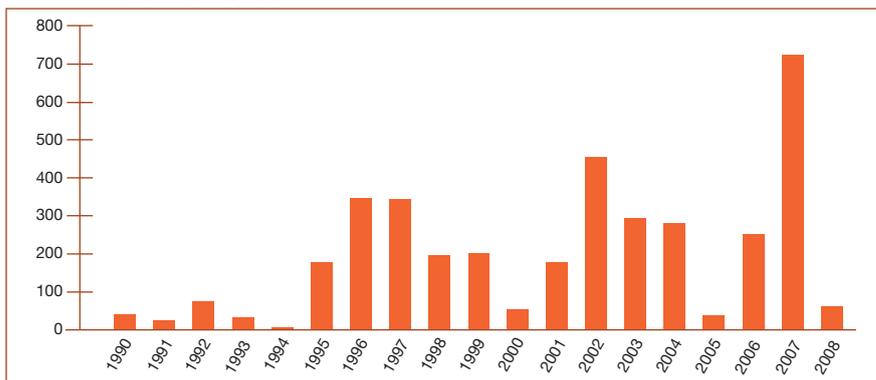
During the 3-year forecast period, demand is estimated for 160 new rental units. Table 5 shows estimated demand for new market-rate rental housing in the HMA by number of bedrooms and rent level during the forecast period. This demand will be met entirely by the units currently under construction and the existing supply of excess vacant rental units. As a result, no additional new rental units will need to be built during the forecast period.

Figure 8. Rental Vacancy Rates in the Spartanburg HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Figure 9. Multifamily Building Permits Issued in the Spartanburg HMA, 1990 to 2008



Notes: Includes all multifamily units in structures with two or more units. Includes data through November 2008.

Source: U.S. Census Bureau, Building Permits Survey

Housing Market Trends

Rental Market *Continued*

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Spartanburg HMA, December 1, 2008 to December 1, 2011

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
560	50	640	75	760	25
610	45	690	65	810	20
660	40	740	60	860	20
710	35	790	50	910	15
760	30	840	45	960	15
810	25	890	40	1,010	10
and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

Data Profile

Table DP-1. Spartanburg HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	113,032	125,219	125,700	1.0	0.0
Unemployment Rate (%)	4.4	3.5	6.8		
Covered Employment	113,500	127,500	126,700	1.2	-0.1
Total Population	226,793	253,791	281,700	1.1	1.2
Total Households	84,503	97,735	109,800	1.5	1.4
Owner Households	58,959	70,354	78,300	1.8	1.2
Percent Owner (%)	69.8	72.0	71.3		
Renter Households	25,544	27,381	31,500	0.7	1.6
Percent Renter (%)	30.2	28.0	28.7		
Total Housing Units	89,927	106,986	125,000	1.8	1.8
Owner Vacancy Rate (%)	1.2	2.3	2.5		
Rental Vacancy Rate (%)	8.0	10.4	12.5		
Median Family Income	\$31,857	\$45,349	\$54,000	3.6	2.0

Notes: Median family income data are for 1989, 1999, and 2008. Employment data represent annual averages for 1990, 2000, and the 12 months through November 2008.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 12/1/2008—Analyst's estimates

Forecast period: 12/1/2008–12/1/2011—
Analyst's estimates

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_SpartanburgSC_09.pdf.

Contact Information

Robyn E. Bowen, Economist
Atlanta HUD Regional Office
404-331-5001, ext. 2233
robyn.e.bowen@hud.gov

This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

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