

Spartanburg, South Carolina

U.S. Department of Housing and Urban Development

Office of Policy Development and Research

As of January 1, 2018

PDR

Housing Market Area



The Spartanburg Housing Market Area (HMA) is coterminous with the Spartanburg, SC Metropolitan Statistical Area (MSA) comprising Spartanburg and Union Counties in Upstate South Carolina. The Upstate region is in the northwest corner of the state, in the foothills of the Blue Ridge Mountains. The Carolina Panthers, a National Football League team, hold their training camp in the HMA. In 2017, the 3-week camp attracted approximately 100,800 visitors and had a \$13.2 million impact on the Spartanburg County economy (2017 Panthers Training Camp Economic Impact Study, Clemson University).

Market Details

Economic Conditions	2
Population and Households	5
Housing Market Trends	7
Data Profile	12

Summary

Economy

The manufacturing sector drives the economy in the Spartanburg HMA, comprising 19.9 percent of nonfarm payrolls. The sector contributed to strong job growth during the past 3 years because of expansions at BMW US Manufacturing Co. and various automobile component suppliers in the HMA. During 2017, nonfarm payrolls in the HMA averaged 150,800 jobs, an increase of 3,800 jobs, or 2.6 percent, from 2016. During the 3-year forecast period, nonfarm payrolls are expected to increase at a slightly slower rate, averaging 3,400 jobs, or 2.3 percent, a year.

Sales Market

Sales housing market conditions in the HMA are balanced, with an estimated 2.0-percent vacancy rate, down from 2.8 percent in 2010. During 2017, 7,025 homes sold, an increase of 2 percent from 2016 (CoreLogic, Inc., with adjustments by the analyst). The average home sales price during 2017 increased 4 percent from 2016 to \$143,300. During the forecast period, demand is expected for 4,125 new homes (Table 1). The 900 homes under construction will satisfy some of this demand.

Rental Market

The overall rental housing market in the HMA is also balanced, with an estimated vacancy rate of 6.2 percent, down from the 12.5-percent rate in 2010, when the market was soft. Apartment market conditions are balanced but softening. The apartment vacancy rate increased to 6.7 percent during the fourth quarter of 2017 from 6.1 percent a year earlier, and rent growth slowed to 2 percent for an average rent of \$822 a month (MPF Research). During the forecast period, demand is expected for 2,200 market-rate rental units (Table 1). The 520 units under construction will meet part of the demand.

Table 1. Housing Demand in theSpartanburg HMA Duringthe Forecast Period

	Spartanburg HMA		
	Sales Rer Units Un		
Total demand	4,125	2,200	
Under construction	900	520	

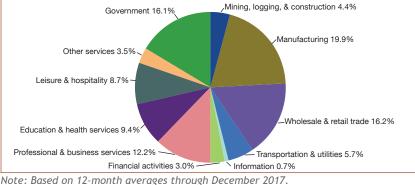
Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2018. Sales demand includes an estimated demand for 400 mobile homes. The forecast period is January 1, 2018, to January 1, 2021.

Source: Estimates by analyst

Economic Conditions

he economy of the Spartanburg HMA historically has depended on manufacturing. However, the manufacturing activity has shifted from the textile to the automobile industry. The manufacturing sector remained the largest payroll sector (Figure 1), but the number of jobs in the sector has decreased more than 25 percent since 2000 and currently comprises approximately 20 percent of nonfarm payrolls. Despite the long-term declining trend, the sector increased following the Great Recession, primarily in automobilerelated manufacturing. Of the 10 largest employers in the HMA, 6 are in the manufacturing sector, including the largest employer, BMW, with about 8,000 employees (Table 2). In 2014, BMW had a direct economic impact of \$12.5 billion on the state

Figure 1. Current Nonfarm Payroll Jobs in the Spartanburg HMA, by Sector



Note: Based on 12-month averages through December 20 Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Spartanburg HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
BMW US Manufacturing Co.	Manufacturing	8,000
Spartanburg Regional Healthcare System	Education & health services	3,444
Greenville Health System	Education & health services	2,010
adidas Group	Wholesale & retail trade	1,800
Miliken & Company	Manufacturing	1,138
Michelin North America, Inc.	Manufacturing	1,100
Sealed Air	Manufacturing	1,100
Fujikura Ltd.	Manufacturing	1,016
Dräxlmaier Group	Manufacturing	1,000
Greenville-Spartanburg International Airport	Transportation & utilities	1,000

Note: Excludes local school districts. Source: Upstate SC Alliance, 2017 of South Carolina, primarily in the Upstate region, including the HMA.

The economy of the HMA contracted twice since 2000. During the 1990s, nonfarm payrolls increased an average of 1.2 percent a year to a peak of 143,000 jobs in 2000. In 2001 and 2002, total nonfarm payrolls decreased by an average of 3,800 jobs annually, or 2.7 percent, to 135,500 jobs. The manufacturing sector led the declines, decreasing by an average of 2,400 jobs, or 6.1 percent, each year. In 2001, Mayfair Mills, Inc. in the community of Arcadia closed two mills, laying off about 215 workers at the Mayfair Mill and 280 workers at the Bailey Mill. From 2003 through 2006, nonfarm payrolls stagnated, averaging 135,400 jobs a year. The manufacturing sector, however, continued to have steep losses, decreasing by an average of 1,500 jobs, or 4.4 percent, each year. Partially offsetting these declines, the transportation and utilities and the professional and business services sectors each added an average of 400 jobs a year, or 6.5 and 2.6 percent, respectively, and the education and health services sector added an average of 300 jobs, or 2.4 percent, annually. BMW, like many manufacturing firms, hires many employees through staffing agencies, so that employment levels can quickly adjust to meet production needs. As a result, some manufacturing workers are categorized under the professional and business services sector, within the employment services industry. A 2011 Brookings Institution paper said-

Both the growth in professional and business services and the decline in manufacturing appear to have reflected manufacturing firms' new staffing practices of heightened firing of full-time employees and greater use of temporary workers as replacements into those vacated core manufacturing slots. Hired via temporary help agencies rather than the manufacturer, these new workers were then classified as temporary service workers rather than manufacturing employees, though they might have been doing identical work (Responding to *Manufacturing Job Loss: What Can Economic Development Policy Do?*, The Brookings Institution, 2011).

In 2006, BMW awarded MAU Workforce Solutions a long-term contract to hire workers.

The HMA had a single year of relatively strong job growth in 2007, increasing approximately 2.0 percent to 138,300 jobs, but the HMA did not recover the number of jobs lost during the previous downturn. From 2008 through 2010, nonfarm payrolls declined again, and the losses were more severe than the previous economic contraction. Total nonfarm payrolls decreased by an average of 4,000 jobs, or 3.0 percent, annually. The

manufacturing and the mining, logging, and construction sectors had the sharpest declines, losing averages of 1,700 and 1,000 jobs, or 6.0 and 12.3 percent, a year respectively. Several manufacturing companies in the HMA that produce automotive parts had layoffs in 2009. The Goodyear Tire & Rubber Company, Röchling Group, and The Timken Company laid off a combined 240 workers. In textile manufacturing, Milliken & Company laid off 250 workers. The professional and business services sector lost an average of 700 jobs each year, including approximately 475 positions at MAU Workforce Solutions in 2009. The only sectors that did not lose jobs during the period were the government and the education and health services sectors; these sectors increased by averages of 400 and 100 jobs respectively, or 1.9 and 0.9 percent, a year. The education and health services sector increased 56 percent since 2000, the fastest in the HMA, as schools and health centers increased to meet the demands of the growing population. Figure 2 shows sector growth in the HMA since 2000.

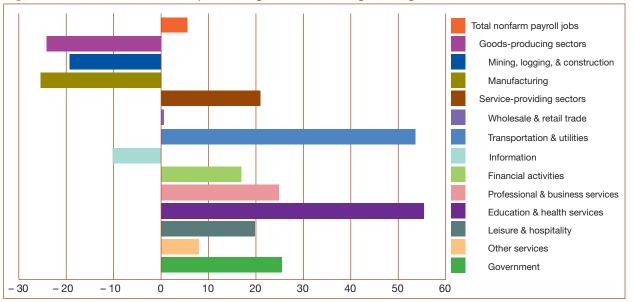


Figure 2. Sector Growth in the Spartanburg HMA, Percentage Change, 2000 to Current

Note: Current is based on 12-month averages through December 2017. Source: U.S. Bureau of Labor Statistics creased by an average of 3,000 jobs, or 2.3 percent, a year from 2011 through 2014 to 138,300 jobs. The wholesale and retail trade, the manufacturing, and the professional and business services sectors led growth, adding averages of 800, 700, and 500 jobs, or 3.4, 2.8, and 3.2 percent, a year respectively. Job growth accelerated to an average of 3.1 percent annually in 2015 and 2016. Nonfarm payrolls did not surpass their previous peak, during 2000, until 2016, when payrolls averaged 147,000 jobs. In 2015 and 2016, the manufacturing and the professional and business services sectors led growth, each adding an average of 900 jobs a year, or 3.0 and 5.7 percent, respectively. BMW added 800 new jobs from 2014 through 2016 during an expansion that will add the BMW X7 sport utility vehicle into production by the end of 2018. The transportation and utilities sector also had robust growth, adding an average of 600 jobs, or 7.4 percent, a year. In 2013, the South Carolina Ports Authority (SCPA) opened an inland port

The economy began to expand again

in 2011, and nonfarm payrolls in-

in the city of Greer to connect manufacturing facilities in the region to the Port of Charleston and to railyards in Charlotte, North Carolina and Atlanta, Georgia. Inland Port Greer employs about 55 people, and SCPA had an estimated economic impact on Upstate South Carolina of \$26.8 billion in 2015 (South Carolina State Ports Authority Economic Impact Study, University of South Carolina, 2015). BMW was the largest automobile exporter in the nation each year from 2014 through 2017. In 2017, BMW exported more than 272,300 vehicles, and nearly 90 percent shipped from the Port of Charleston by way of Inland Port Greer.

During 2017, nonfarm payrolls increased by 3,800 jobs, or 2.6 percent, to 150,800 jobs (Table 3). The professional and business services and the manufacturing sectors led job growth, adding 1,300 and 1,000 jobs respectively, or 7.6 and 3.4 percent. In mid-2017, Magna International Inc. opened a manufacturing plant to supply automobile seats to BMW. The plant will employ 480 workers by 2021. C. H. Mueller, Brose North America, Inc., and International Mold Corporation, all automotive supply manufacturing companies, opened new factories in the HMA during 2017 with 60 employees each. The unemployment rate in the HMA was 4.1 percent in 2017, down from 4.7 percent in 2016. The unemployment rate is nearing the previous low of 3.8 percent in 2000. Figure 3 shows trends in labor force, resident employment, and the unemployment rate in the HMA since 2000.

During the 3-year forecast period, jobs are expected to continue to increase, but growth will slow somewhat from the recent relatively

Table 3. 12-Month Average Nonfarm Payroll Jobs in the SpartanburgHMA, by Sector
12 Months Ending

	12 Month	12 Months Ending		Percent	
	December 2016	December 2017	- Absolute Change	Change	
Total nonfarm payroll jobs	147,000	150,800	3,800	2.6	
Goods-producing sectors	35,800	36,700	900	2.5	
Mining, logging, & construction	6,600	6,700	100	1.5	
Manufacturing	29,100	30,100	1,000	3.4	
Service-providing sectors	111,200	114,100	2,900	2.6	
Wholesale & retail trade	24,600	24,500	- 100	-0.4	
Transportation & utilities	8,300	8,600	300	3.6	
Information	1,000	1,100	100	10.0	
Financial activities	4,600	4,600	0	0.0	
Professional & business services	17,200	18,500	1,300	7.6	
Education & health services	13,800	14,200	400	2.9	
Leisure & hospitality	13,100	13,200	100	0.8	
Other services	5,200	5,300	100	1.9	
Government	23,500	24,200	700	3.0	

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through December 2016 and December 2017. Source: U.S. Bureau of Labor Statistics

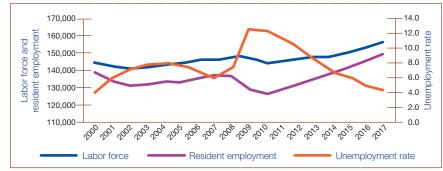


Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Spartanburg HMA, 2000 Through 2017

Source: U.S. Bureau of Labor Statistics

robust pace. Nonfarm payrolls are expected to increase by an average of 3,400 jobs annually, or 2.3 percent. The manufacturing and the professional and business services sector are expected to continue their current trajectories. In June 2017, BMW announced a \$600 million expansion that will add 1,000 jobs through 2021, with most of the workers to be hired through MAU Workforce Solutions beginning in 2018. Local automotive suppliers will also add workers to respond to the increased production at BMW. Gestamp, a metal stamping company that supplies BMW and Volvo Car Corporation in South

Carolina, announced an expansion of an existing factory in Union County, which will add 130 jobs during the second quarter of 2018. The transportation and utilities sector is also expected to support payroll growth. Rudolph Logistics North America, Inc. opened a distribution warehouse focusing on the automotive industry in the fall of 2017 and is in the process of hiring up to 150 workers. Construction is under way on a warehouse and distribution center for automotive tires at Michelin North America, Inc. that will employ 350 workers when complete in 2019.

Population and Households

Population growth in the Spartanburg HMA has increased in the past several years, reflecting accelerated job growth since 2014; however, growth lags the period just prior to the Great Recession. As of January 1, 2018, the population is estimated to be 335,900, an average annual increase of 0.9 percent since 2010. Approximately 92 percent of the HMA population is in Spartanburg County. From 2000 to 2004, during the recession

and the sluggish recovery that followed, the population increased by an average of 1,750 annually, or 0.6 percent (U.S. Census Bureau decennial counts and annual population estimates as of July 1). Approximately 53 percent of population growth was from net in-migration. From 2004 to 2008, net in-migration more than tripled, bolstered by the strong economic growth in 2007. The population in the HMA increased an average of 4,425 annually, or 1.5 percent, which was the strongest period of population growth since before 2000. Net in-migration averaged 3,350 people annually, comprising 76 percent of the population growth during this period. From 2008 to 2010, however, growth slowed. The population increased an average of 2,525, or 0.8 percent, annually, and net in-migration slowed to 1,400 people a year, comprising 55 percent of the population growth. The slowdown in net in-migration was partly because the recession was more severe in the Spartanburg HMA, with payrolls decreasing 3.0 percent annually during that period compared with an average annual decrease of 2.3 percent in the nearby Greenville MSA and 1.9 percent nationally.

Population growth lagged economic growth at the start of the recent recovery but later strengthened. From 2010 to 2014, the population increased by an average of 1,900, or 0.6 percent, annually. Net in-migration slowed to average 1,200 people annually, but its share of population growth increased to 63 percent, because net natural change (resident births minus resident deaths) was also subdued, averaging 700 people annually. Since 2014, population growth has accelerated, reflecting stronger economic conditions. The population increased by an average of 4,150, or 1.3 percent, annually; an average annual share of 3,575, or 86 percent, came from net in-migration.

The metropolitan area contributing the most net in-migration to the Spartanburg HMA during the economic recovery was the adjacent Greenville MSA (U.S. Census Bureau 2011–2015 American Community Survey [ACS] Metro-to-Metro Migration Flows). People from the Greenville MSA are attracted by the more affordable housing costs in the Spartanburg HMA, while either remaining within a commutable distance of jobs in the Greenville MSA or accessing the growing economic opportunities clustered near BMW, including Inland Port Greer and multiple automotive suppliers. The average home price in the Spartanburg HMA was 27 percent lower than the average home price in the Greenville MSA from 2011 through 2015. The city of Spartanburg is approximately 30 miles east of the city of Greenville, and the BMW manufacturing plant is near the midpoint between the two cities in the city of Greer along Interstate 85 in Spartanburg County.

Currently, 131,200 households reside in the Spartanburg HMA, an average annual increase of 1,300, or 1.0 percent, since 2010. From 2000 to 2010, the number of households increased by an average of 1,150 a year, or 1.0 percent (Figure 4). Approximately 66.6 percent of households in the HMA are homeowners, down from 70.0 percent in 2010 and 72.5 percent in 2000. The decline in homeownership is partly

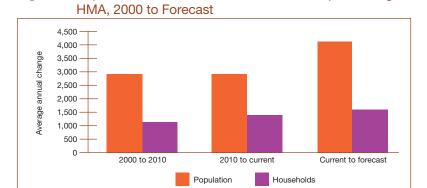
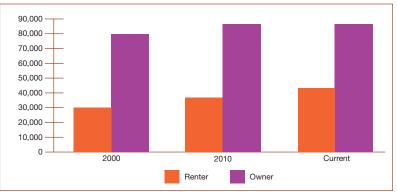


Figure 4. Population and Household Growth in the Spartanburg

Notes: The current date is January 1, 2018. The forecast date is January 1, 2021. Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast estimates by analyst

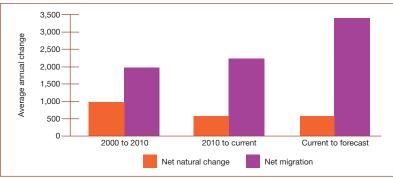
Figure 5. Number of Households by Tenure in the Spartanburg HMA, 2000 to Current



Note: The current date is January 1, 2018.

Sources: 2000 and 2010–2000 Census and 2010 Census; current-estimates by analyst

Figure 6. Components of Population Change in the Spartanburg HMA, 2000 to Forecast



Notes: The current date is January 1, 2018. The forecast date is January 1, 2021. Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast– estimates by analyst because of the housing crisis and elevated foreclosures during the Great Recession, which forced some households to rent again, and partly because of changing preferences toward renting. Figure 5 shows the number of households by tenure in the HMA since 2000.

During the next 3 years, the population and number of households are expected to increase by averages of 4,125 and 1,625, respectively, each year, or 1.2 percent each. Net in-migration will continue to drive population growth, with growth concentrating in the economic corridor along the interstate connecting the cities of Spartanburg and Greenville. Figure 6 shows components of population change in the HMA from 2000 to the forecast date.

Housing Market Trends

Sales Market

The sales housing market in the Spartanburg HMA is currently balanced with a 2.0-percent vacancy rate. By comparison, the vacancy rate was 2.8 percent in 2010 when the market was soft and 2.2 percent in 2000 when the market was previously balanced (Table DP-1 at the end of this report). As of December 2017, a 4.1-month supply of active home listings was available, unchanged from a year earlier (Spartanburg Association of Realtors). Demand is strong for lower-priced homes; however, only 2.4 months of supply exists for homes priced from \$100,000 to \$150,000, similar to the rate in December 2016. Likewise, demand is strong for condominiums, with approximately 2.3 months of supply, down from a 4.3–month supply a year earlier; however, condominium sales comprised fewer than 1 percent of total homes sold in 2016 and 2017.

Existing home sales, including regular resales and real estate owned (REO) sales of single-family homes, townhomes, and condominiums, have increased since 2011 but have not surpassed the 7,175 homes sold in 2006. Existing home sales declined in 2007, despite the strong job and population growth, as foreclosures mounted and access to credit tightened at the start of the housing crisis. From 2007 through 2011, existing home sales decreased by an average of 730 sales, or 13 percent, a year to 3,525 homes sold (CoreLogic, Inc., with adjustments by the analyst). As job and population growth increased and access to credit improved, home sales in the HMA increased again. From 2012 through 2016, home sales increased by an average of 460 homes sold, or nearly 11 percent, a year. During 2017, however, growth in existing home sales slowed, increasing only 3 percent to 5,975 homes sold.

The average price of an existing home was \$103,500 in 2006. The average sales price increased 2 percent in 2007, before decreasing as a result of the foreclosure crisis and economic contraction. From 2008 through 2010, demand for homes decreased during the local economic downturn, and the average price of an existing home decreased nearly 4 percent to a low of \$94,200. Following the housing crisis, the average price did not surpass the 2007 price until 2015. From 2011 through 2016, the existing sale price recovered, increasing an average of 5 percent annually to \$126,000. During 2017, the average existing sale price increased another 5 percent to \$132,600.

A decline in the REO inventory has supported increasing prices among

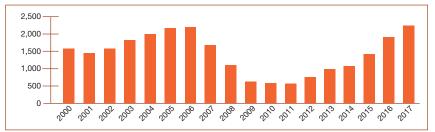
existing homes since 2011, and the average price of an REO home sold increased approximately 3 percent annually. The price of an REO home averaged \$82,350 in 2017. The share of existing home sales that were REO sales peaked at 22 percent in 2010 and gradually decreased to 6 percent during 2017. The share of seriously delinquent mortgages (loans that are 90 or more days delinquent or in foreclosure) and REO properties has also decreased. In December 2017, 2.6 percent of home loans were seriously delinquent or had transitioned into REO status, down from 3.2 percent a year earlier. Mortgages with this status peaked at 7.5 percent in January 2010, below the national peak of 8.6 percent in February 2010, but the current rate in the Spartanburg HMA is slightly higher than the national rate of 2.4 percent.

New homes accounted for nearly 15 percent of all homes sold during 2017, unchanged from the previous 2 years. Approximately 1,050 new homes sold in 2017, similar to the number sold in 2016. New home sales peaked in 2006 with 1,525 homes sold, which was 18 percent of all homes sold. Demand for new homes plummeted as net in-migration slowed during the housing crisis and economic downturn. From 2007 through 2011, new home sales decreased an average of 27 percent annually to 320 homes sold; the share of new homes sold decreased to 8 percent of all homes sold. When the economy began to recover and population growth increased, driven by net in-migration, demand for new homes also increased. From 2012 through 2016, new home sales increased an average of 27 percent annually to 1,050 homes sold.

The average price of a new home increased an average of 6 percent annually in 2007 and 2008, despite declining demand, to an average price of \$186,600. The average price of a new home decreased nearly 6 percent annually in 2009 and 2010, during weak economic conditions, to \$166,500. As the economy recovered, the average price of a new home increased nearly 2 percent a year from 2011 through 2013. Subsequently, sale price growth accelerated, with stronger population growth and economic conditions increasing demand for new homes and putting more pressure on home prices. The price of a new home increased an average of 4 percent annually from 2014 through 2017 to \$204,600.

Single-family homebuilding activity in 2017 returned to the peak levels of the early to mid-2000s, as measured by the number of single-family homes

Figure 7. Single-Family Homes Permitted in the Spartanburg HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through December 2017. Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Spartanburg HMA During the Forecast Period

Price Range (\$)		Units of	Percent		
	From	То	Demand	of Total	
1	100,000	149,999	560	15.0	
1	150,000	199,999	1,300	35.0	
2	200,000	249,999	930	25.0	
2	250,000	299,999	560	15.0	
3	300,000	and higher	370	10.0	

Notes: Numbers may not add to totals because of rounding. The 900 homes currently under construction in the HMA will likely satisfy some of the forecast demand. Demand for 400 mobile homes during the forecast period is excluded from this table. The forecast period is January 1, 2018, to January 1, 2021.

permitted. After 1,575 new homes were permitted in 2000, permitting declined slightly to about 1,450 new homes in 2001 (Figure 7). From 2002 through 2006, homes permitted increased an average of 9 percent annually to 2,200 homes. As demand for sales housing decreased, permitting slowed. From 2007 through 2011, permitting decreased an average of 24 percent annually to 560 homes permitted. As the economy recovered, net in-migration increased, and access to credit improved, demand for new homes returned, permitting for new homes increased 28 percent annually from 2012 through 2016. In 2017, permitting increased 18 percent to nearly 2,275 homes permitted (preliminary data, with adjustments by the analyst). New home construction is primarily near the economic centers of the HMA, around the city of Spartanburg and to the west toward the cities of Duncan and Greer near the BMW factory. In the city of Duncan, construction began on the 154-lot Wilson Farms subdivision in September 2017, with the first homes expected to be available in early 2018. The price for a three-bedroom home with two bathrooms starts at \$193,900.

During the next 3 years, demand is expected for about 4,125 new homes (Table 1). The 900 homes currently under construction will satisfy some of the demand in the first year. Demand will be strongest during the first year of the 3-year forecast period, and then slow somewhat as job growth slows. Approximately onehalf of forecast demand is expected for homes priced under \$200,000, a segment of the sales market in which conditions are more tight than balanced. Table 4 shows estimated forecast demand for new sales housing by price range.

Source: Estimates by analyst

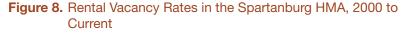
Rental Market

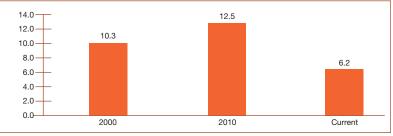
The overall rental housing market in the Spartanburg HMA is balanced, with an estimated vacancy rate of 6.2 percent. The rental market, including single-family homes, condominiums, and mobile homes for rent in addition to apartments, recovered from soft market conditions in 2010, when the vacancy rate was 12.5 percent. Figure 8 shows the rental vacancy rates in the HMA since 2000. Singlefamily homes are the preferred type of rental housing in the HMA. Nearly 44 percent of renter households live in single-family homes, whereas only 14 percent live in multifamily buildings with 10 or more units per building, typically apartments (2016 1-year ACS estimates). The remaining 42 percent of renter households live in mobile homes or multifamily buildings with fewer units, such as duplexes. Nationally, approximately 35 percent of renter households live in single-family homes and 32 percent live in multifamily buildings with 10 or more units.

The apartment market is also balanced but softening. During the fourth quarter of 2017, the apartment vacancy rate was 6.7 percent, up from 6.1 percent a year earlier (MPF Research). The average rent increased 2 percent to \$822. Rent growth slowed from the average annual increase of nearly 6 percent from 2013 through 2016, despite having vacancy rates during that period ranging from 5.4 to 7.2 percent, similar to the rates during the past year. The percentage of apartments offering concessions decreased during the past year from 37 to 32 percent. However, the value of concessions remains low. averaging about 2.5 percent of rent, in part, because some apartments use rent-pricing software that adjusts daily or offer alternative incentives such as reduced application or parking fees. Market conditions in the rest of the rental inventory greatly influence apartment market conditions because renter households in the HMA have so many alternative rental housing options, including single-family homes and mobile homes.

Apartments comprised the majority of multifamily construction since 2000; less than 5 percent of multifamily units permitted were condominiums. The rental market was soft in 2000, and as a result, multifamily permitting was minimal. Despite weak economic conditions, from 2001 through 2003, the number of units permitted increased by an average of 210, or nearly 375 percent, a year to 640 multifamily units permitted. Permitting plummeted in 2004 and averaged 45 units a year from 2004 through 2006, when the economy was sluggish and single-family construction was increasing. Multifamily permitting spiked more than ten fold, averaging 470 units a year from 2007 through 2009 in response to the strong population growth the HMA.

When the HMA was recovering from the local economic downturn and



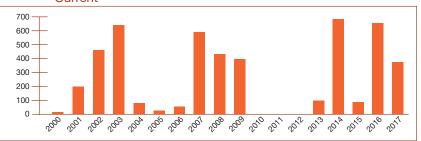


Note: The current date is January 1, 2018.

Sources: 2000 and 2010–2000 Census and 2010 Census; current-estimates by analyst

the rental market was soft from 2010 through 2012, no multifamily units were permitted. As the economy recovered and net in-migration increased, demand for apartments also increased; however, permitting fluctuated considerably, ranging from 80 to 680 units permitted a year from 2013 through 2016. During 2017, 370 units were permitted, down from 650 units a year earlier. Figure 9 shows multifamily units permitted in the HMA since 2000. The 124-unit second phase at The Village at Mills Gap Apartments in





Notes: Excludes townhomes. Current includes data through December 2017. Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst Boiling Springs was completed in the summer of 2017. The one-, two-, and three-bedroom units start at \$800, \$910, and \$1,105, respectively. In September, construction began on the 266-unit The Groves at Berry Creek apartments in the city of Duncan. Construction is expected to last into 2019, and rents are not yet released.

During the next 3 years, demand is expected for 2,200 market-rate rental units (Table 1). The 520 units under construction will satisfy some of the demand in the first 2 years. Most of the demand will be in the first year of the 3-year forecast period. Rental demand will then slow somewhat, reflecting expected trends in population growth. The majority of demand for rental units will be in the city of Spartanburg or its western suburbs, corresponding with the regions of greatest job and population growth. Table 5 shows estimated demand for new market-rate rental housing in the HMA during the forecast period.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Spartanburg HMA During the Forecast Period

1 01000							
Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand
850 or more	110	900 to 1,099	330	1,000 to 1,199	610	1,200 to 1,399	180
		1,100 or more	330	1,200 to 1,399	490	1,400 or more	45
				1,400 or more	120		
Total	110	Total	660	Total	1,225	Total	220

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 520 units currently under construction will likely satisfy some of the estimated demand. The forecast period is January 1, 2018, to January 1, 2021.

Source: Estimates by analyst

Table DP-1. Spartanburg HMA Data Profile, 2000 to Current

				Average Annual Change (%)		
	2000	2010	Current	2000 to 2010	2010 to Current	
Total resident employment	139,847	126,407	150,500	- 1.0	2.5	
Unemployment rate	3.8%	12.3%	4.1%			
Nonfarm payroll jobs	143,000	126,300	150,800	- 1.2	2.6	
Total population	283,672	313,268	335,900	1.0	0.9	
Total households	109,822	121,220	131,200	1.0	1.0	
Owner households	79,606	84,861	87,400	0.6	0.4	
Percent owner	72.5%	70.0%	66.6%			
Renter households	30,216	36,359	43,800	1.9	2.4	
Percent renter	27.5%	30.0%	33.4%			
Total housing units	120,337	136,781	144,900	1.3	0.7	
Owner vacancy rate	2.2%	2.8%	2.0%			
Rental vacancy rate	10.3%	12.5%	6.2%			
Median Family Income	NA	\$55,900	\$52,900	NA	- 0.8	

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through December 2017. Median Family Incomes are for 1999, 2009, and 2016. The current date is January 1, 2018.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census 2010: 4/1/2010—U.S. Decennial Census Current date: 1/1/2018—Estimates by the analyst

Forecast period: 1/1/2018–1/1/2021—Estimates by the analyst

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

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.

Other Vacant Units: In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_SpartanburgSC_18.pdf.

Contact Information

Katharine Jones, Economist Denver HUD Regional Office 303–672–5060 katharine.jones@hud.gov

This analysis has been prepared for the assistance and guidance of 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 the Economic and Market Analysis Division within HUD. 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.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.