



COMPREHENSIVE HOUSING MARKET ANALYSIS

Spartanburg, South Carolina

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of January 1, 2022



PD&R

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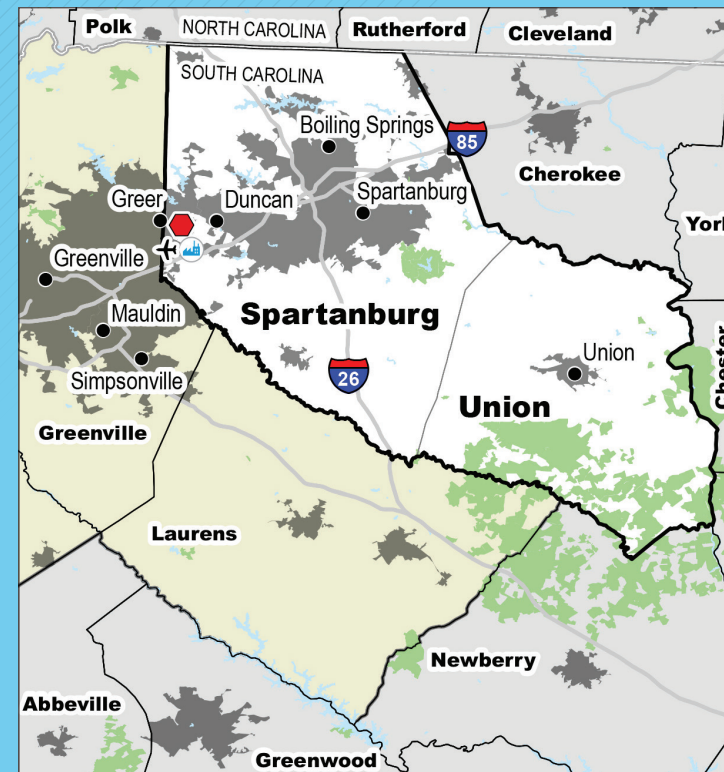
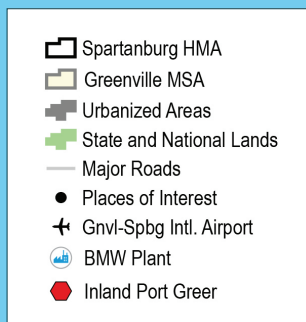
Executive Summary

Housing Market Area Description

The Spartanburg Housing Market Area (HMA) is coterminous with the Spartanburg, SC Metropolitan Statistical Area (MSA), defined as Spartanburg and Union Counties in South Carolina.

The current population of the HMA is estimated at 368,600.

The HMA is a center for automobile production and home to one of the largest BMW Manufacturing Co., LLC (hereafter, BMW) automotive production plants in the U.S., which opened in September 1994. The 7 million square-foot BMW facility employs more than 11,000 workers and makes more than 1,500 vehicles per day. Several large expansions of the BMW plant since 2014 have supported growth in the working-age population and encouraged investments in the HMA.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).
 Additional data for the HMA can be found in this report's [supplemental tables](#).
 For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



Market Qualifiers

Economy



Strengthening: During 2021, nonfarm payrolls increased by 5,400 jobs or 3.4 percent.

Resident employment losses in the HMA during March, April, and May of 2020 were completely recovered by March 2021, but nonfarm payrolls only recently recovered as of December 2021 and are 0.7 percent above the December 2019 level (monthly data, not seasonally adjusted). The transportation and utilities sector had the fastest growth during 2021, increasing by 1,300 jobs, or 11.8 percent. The wholesale and retail trade, the mining, logging, and construction, and the education and health services sectors surpassed their 2019 annual levels. The unemployment rate averaged 4.2 percent during 2021, down from 6.7 percent during 2020. During the forecast period, nonfarm payrolls in the HMA are expected to increase an average of 2.9 percent annually.

Sales Market



Tight: The average home sales price in the HMA increased 24 percent during the past year.

Sales housing market conditions in the Spartanburg HMA are tight, with an estimated vacancy rate of 0.9 percent, down from 2.8 percent in April 2010, when conditions were soft. The inventory of homes for sale was low in the HMA, at 1.4 months in December 2021, down from 2.8 months a year ago (Redfin, a national real estate brokerage). Low interest rates and strong net in-migration pushed prices and sales higher during 2021. Regular resale home sales increased by 840, or 11 percent, to 8,825 during 2021. During the next 3 years, demand is estimated for 9,300 new homes. The 990 homes under construction are expected to meet a portion of the demand during the first year of the forecast.

Rental Market



Balanced: Construction of apartments in the HMA has increased significantly since 2020 to keep pace with household growth.

Overall rental housing market conditions (which includes single-family homes, townhomes, and mobile homes for rent) in the Spartanburg HMA are currently balanced, with an estimated rental vacancy rate of 5.5 percent—down from 12.5 percent in 2010 when the market was soft. The apartment market is currently balanced, with a vacancy rate of 7.6 percent during the fourth quarter of 2021—a decline from 12.9 percent during the same period a year ago (CoStar Group). During 2021, the number of units permitted increased by 300 units, or 20 percent, compared with an increase of 1,000 units permitted during the previous year. During the 3-year forecast period, demand is estimated for 2,625 additional rental units in the HMA. The 2,175 units currently under construction are expected to meet demand during the first 2 years of the forecast.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
Spartanburg HMA	Total Demand	9,300
	Under Construction	990

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Housing under construction is as of January 1, 2022. The forecast period is January 1, 2022, to January 1, 2025.

Source: Estimates by the analyst



Economic Conditions

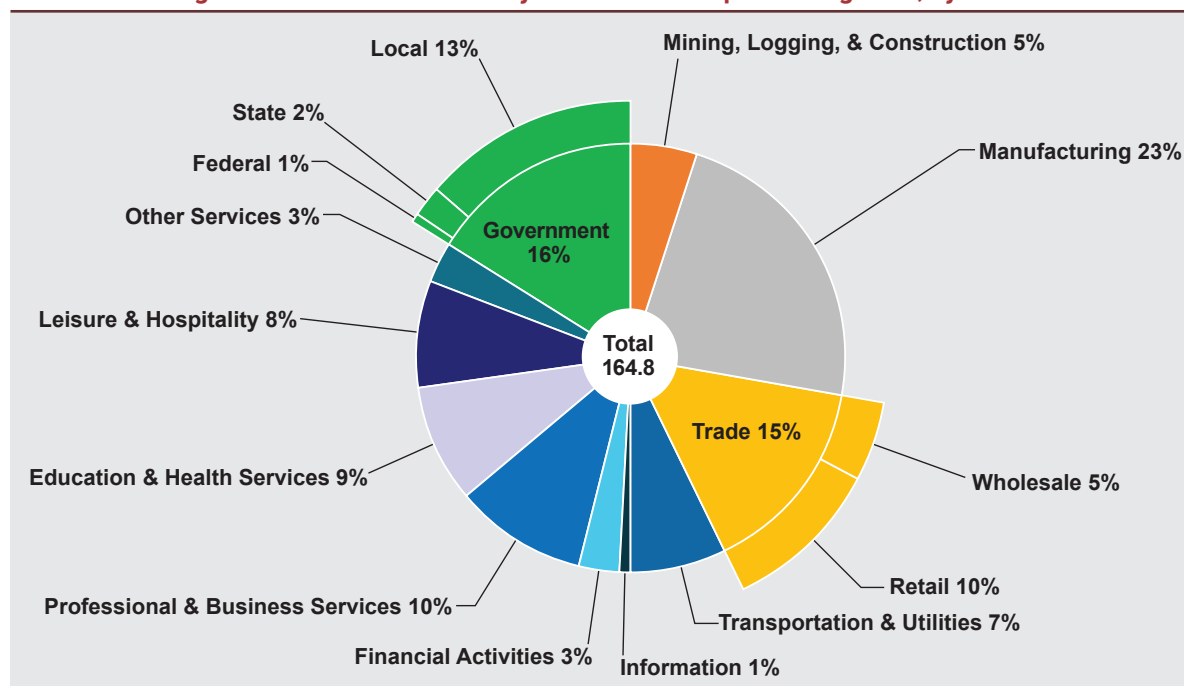
Largest Sector: Manufacturing

The transportation and utilities sector had strong growth during the past year due to increases in e-commerce sales.

Primary Local Economic Factors

The HMA was home to nearly 40 textile mills at the end of the 20th century but began to focus on the automotive industry during the 1970s. The BMW manufacturing plant was completed in 1994, and the company has invested almost \$12 billion in the facility since the plant started construction. With more than 11,000 employees, the BMW plant accounts for 30 percent of the manufacturing sector in the HMA, which in turn accounts for 23 percent of nonfarm payrolls (Figure 1). BMW is the largest employer in the HMA (Table 1). The growth of the BMW plant has also prompted many tier-1 automotive suppliers to move into the HMA and surrounding areas. Many manufacturers and distribution centers take advantage of the domestic and international cargo routes of the Greenville-Spartanburg International Airport (hereafter, GSP) and the International Logistics Park of the GSP with tenants such as FedEx Corporation. GSP had an estimated economic impact of \$650 million across the HMA and the Greenville-Anderson, SC MSA (hereafter, Greenville MSA) in 2018, directly and indirectly supporting 14,800 local jobs. Several companies, such as adidas AG and Amazon.com, Inc., have

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



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through December 2021.

Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Spartanburg HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
BMW Manufacturing Co., LLC	Manufacturing	11,000
Spartanburg Regional Healthcare System	Education & Health Services	9,650
Spartanburg County	Government	1,525
adidas AG	Transportation & Utilities	1,450
DRÄXLMAIER Group	Manufacturing	1,225
Michelin North America, Inc.	Manufacturing	1,150
Benore Logistic Systems, Inc.	Transportation & Utilities	1,100
Compagnie Plastic Omnium SE	Manufacturing	1,100
Milliken & Company	Manufacturing	1,050
Inman Mills	Manufacturing	1,000

Note: Excludes local school districts.

Source: One Spartanburg, Inc.



distribution centers in the HMA, and many logistics companies, like Benore Logistic Systems, Inc., support the manufacturing industry in the HMA. While some suppliers are in the HMA, many set up operations in the adjacent Greenville MSA along the border of Spartanburg County. The BMW plant, GSP, and Inland Port Greer—an inland port that provides sea access by way of rail services to Port Charleston—are all in the HMA but closer to the city of Greenville than to the city of Spartanburg. This leads many workers to live in the HMA where home prices are less expensive and commute to the neighboring MSA for work. Roughly 46 percent and 68 percent of workers living in Spartanburg County and Union County, respectively, work outside of the county in which they reside (Census OnTheMap).

Current Conditions—Nonfarm Payrolls

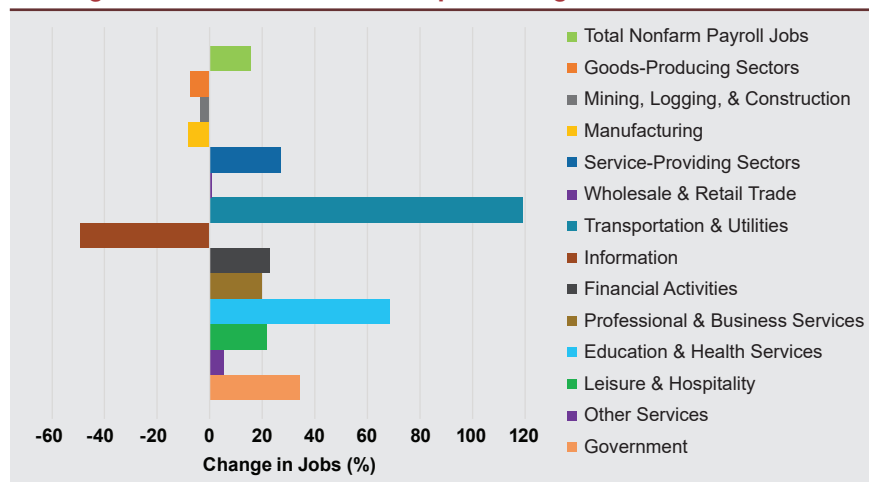
Resident employment in the Spartanburg HMA, which measures the number of employed people by residence, has had a stronger recovery than nonfarm payrolls, which measures the number of jobs by work location because 25 percent of HMA resident workers commute to the Greenville MSA. During 2021, resident employment increased 3.6 percent, compared with a year earlier, and was 1.8 percent higher than during 2019. Average nonfarm payroll jobs in the HMA in 2021 were still 0.4 percent below payrolls during 2019. All but two job sectors increased during 2021 compared with a year earlier (Table 2). Monthly nonfarm payrolls have recently recovered all jobs lost during March and April 2020 because of the COVID-19 pandemic. During 2021, nonfarm payrolls increased by 5,400 jobs, or 3.4 percent, to 164,800 jobs. The transportation and utilities sector had the fastest growth during 2021, increasing by 1,300 jobs, or 11.8 percent, and has increased the most since 2001 (Figure 2). The surge in this sector was likely due to the general warehousing and storage industry, which increased from 150 workers in 2015 to 2,600 workers in 2020 and likely continued in 2021 (U.S. Bureau of Labor Statistics QCEW). From 2015 through 2020, the amount of freight coming through GSP increased an average of 17 percent annually and accelerated to a 48-percent increase during 2021 (Figure 3). From 2015 through 2017, the amount of express freight coming through GSP increased

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Spartanburg HMA, by Sector

	12 Months Ending December 2020	12 Months Ending December 2021	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	159.4	164.8	5.4	3.4
Goods-Producing Sectors	43.5	45.2	1.7	3.9
Mining, Logging, & Construction	7.5	8.0	0.5	6.7
Manufacturing	36.0	37.2	1.2	3.3
Service-Providing Sectors	116.0	119.6	3.6	3.1
Wholesale & Retail Trade	24.0	24.8	0.8	3.3
Transportation & Utilities	11.0	12.3	1.3	11.8
Information	0.6	0.6	0.0	0.0
Financial Activities	4.9	4.8	-0.1	-2.0
Professional & Business Services	17.4	17.3	-0.1	-0.6
Education & Health Services	14.7	15.4	0.7	4.8
Leisure & Hospitality	12.9	13.4	0.5	3.9
Other Services	5.0	5.2	0.2	4.0
Government	25.4	25.9	0.5	2.0

Notes: Based on 12-month averages through December 2020 and December 2021. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Spartanburg HMA, 2001 to Current



Note: The current date is January 1, 2022.
Source: U.S. Bureau of Labor Statistics

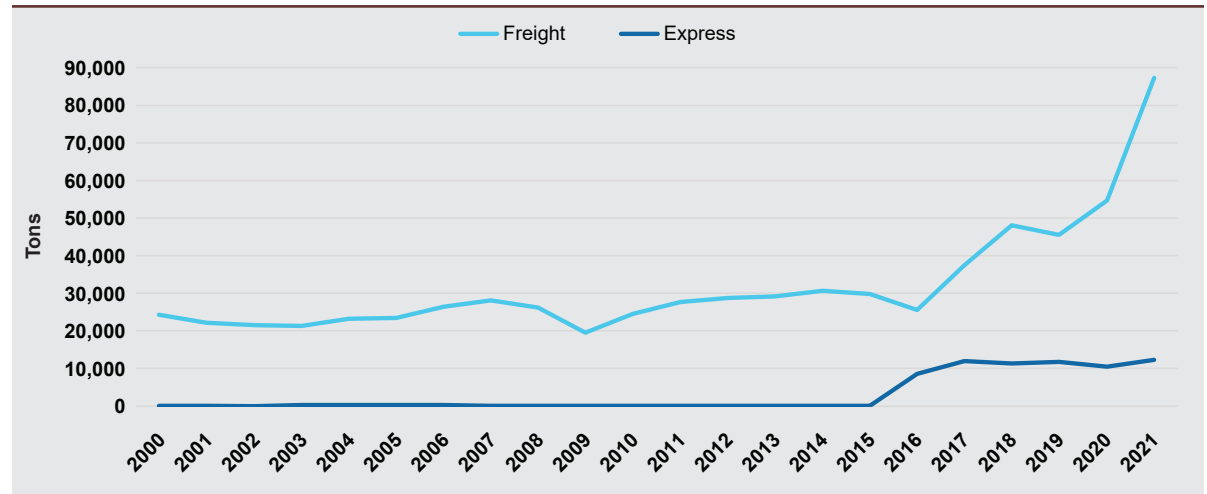


from 20 tons to 11,950 tons. The majority of the freight increase at GSP since 2017 has come from regular freight, which increased by an average of 23 percent annually from 2017 through 2020 and accelerated to a 60 percent increase during 2021. The increasing cost of seaborne freight transportation, due to congestion at ports across the country that began in mid-2020, has caused an increase in demand for airborne freight transportation.

Current Conditions— Unemployment

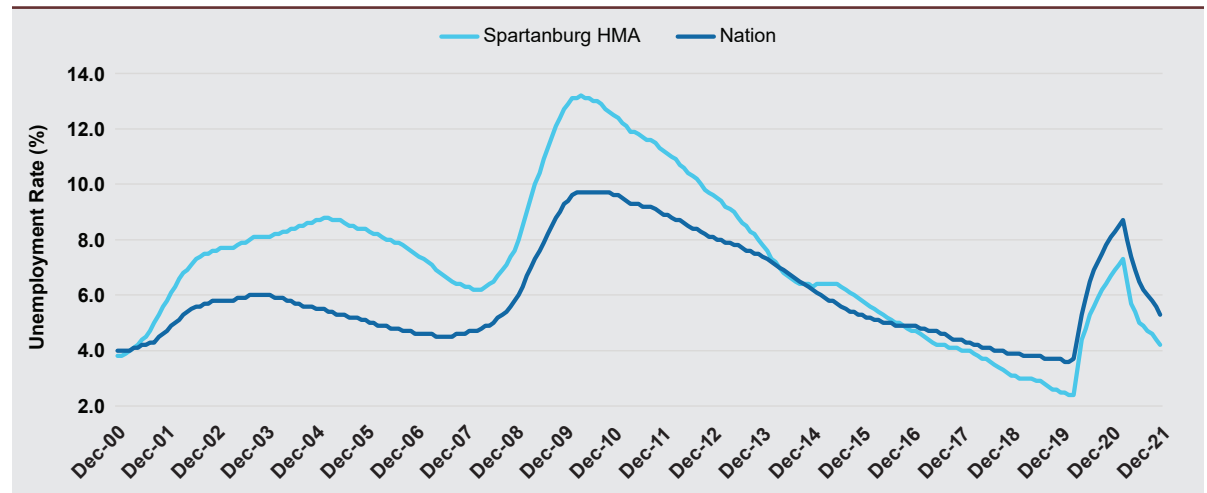
The unemployment rate in the HMA averaged 4.2 percent during 2021, down from 6.7 percent during 2020; the rate for the nation was 5.3 percent (Figure 4). In April 2020, the unemployment rate in the HMA rose to 13.7 percent from 2.9 percent in March 2020 from efforts to limit the spread of COVID-19 (monthly data, not seasonally adjusted). The unemployment rate has declined almost every month since April 2020 due to the easing of restrictions placed on businesses during the COVID-19 pandemic. The unemployment rate for the HMA has generally been lower than the nation since 2016 due to employment growth outpacing labor force growth.

Figure 3. Tons of Freight Through GSP



GSP = Greenville-Spartanburg International Airport.
Source: GSP International Airport

Figure 4. 12-Month Average Unemployment Rate in the Spartanburg HMA and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

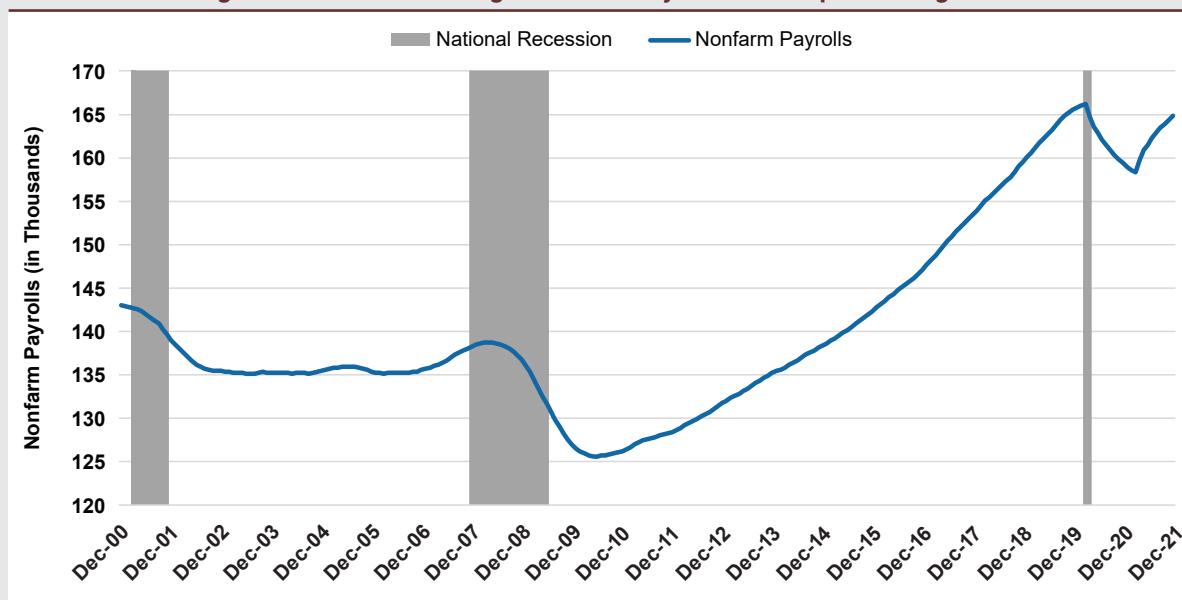


Economic Periods of Significance

2001 Through 2007

From 2001 through 2006, economic conditions were relatively weak, except 2007 was a year of strong growth before the Great Recession. During 2001 and 2002, nonfarm payrolls declined by an average of 3,800 jobs, or 2.7 percent, annually (Figure 5). Manufacturing sector payrolls in the HMA followed the nationwide trend and declined by an average of 2,400 jobs, or 6.1 percent, annually during this period. The manufacturing sector declines, coupled with the national recession that occurred during 2001, contributed to job losses in the wholesale and retail trade sector as residents employed in manufacturing left the HMA to find jobs elsewhere. The wholesale and retail trade sector declined by an average of 1,000 jobs or 4.1 percent. From 2003 through 2006, nonfarm payrolls remained relatively unchanged; declines in manufacturing offset gains in the mining, logging, and construction sector and the service-providing sectors. The manufacturing sector declined by 1,500 jobs, or 4.3 percent, annually, whereas the mining, logging, and construction sector and service-providing sectors increased by 300 and 1,100 jobs, or 3.9 and 1.2 percent, respectively, as population growth began increasing at the end of the period. During 2007, nonfarm payrolls increased by 2,700 jobs, or 2.0 percent, and the service-providing sectors all increased alongside strong population growth.

Figure 5. 12-Month Average Nonfarm Payrolls in the Spartanburg HMA



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

2008 Through 2010

The Great Recession led to nonfarm payrolls in the HMA declining further than during the previous recession and erasing all jobs gained at the end of the previous period. Nonfarm payrolls declined by an average of 4,000 jobs, or 3.0 percent, annually as the decline in manufacturing accelerated. The manufacturing sector had the largest decline during this period, down an average of 1,700 jobs, or 6.0 percent, annually, more than 1,000 of which were temporary workers at the BMW plant in 2008. The mining, logging, and construction sector declined the fastest because home building and other construction in the HMA slowed significantly. Payrolls in the sector declined by an average of 1,000 jobs, or 12.3 percent, annually during the period. The government sector was the only sector to increase each year during this period, by an average of 400 jobs, or 1.9 percent, annually. Despite the recent economic downturn, BMW rehired temporary workers and added 1,000 jobs by the end of 2010 after opening a new plant to produce the BMW X3 Sports Activity Vehicle®. The additional jobs and production led the way for continued recovery in the manufacturing sector during the next period.

2011 Through 2016

Nonfarm payrolls increased by an average of 3,500 jobs, or 2.6 percent, annually, and each sector added jobs. Despite the recent economic downturn, BMW added 100 jobs during early 2011 from their previous expansion in 2010, and manufacturing sector jobs increased for the first time since 2000. The sector also added the most jobs during the period, increasing by an average of 800 jobs, or 2.9 percent, annually. BMW added 1,525 jobs during the period, and many automotive suppliers moved into the HMA or expanded, like Toray Industries, Inc., which added 500 jobs in 2014. People moving to the area for manufacturing jobs contributed to gains in the wholesale and retail trade sector, which rose by an average of 700 jobs, or 2.9 percent. The manufacturing sector hires many temporary workers contracted out through businesses in the professional and business services sector, adding an average of 600 jobs, or 3.9 percent, annually. The temporary help and services subsector increased by an average of 420 jobs, or 13.1 percent, annually. The fastest growing sector during the period was the transportation and utilities sector because many logistics and distribution companies, such as Amazon.com, Inc., which added a total of 500 jobs and FedEx Corporation, which added 240 jobs, moved into or

expanded existing operations in the HMA. The sector increased by an average of 400 jobs, or 5.8 percent, annually.

2017 Through 2019

Nonfarm payroll growth accelerated from 2017 through 2019, increasing by an average of 6,100 jobs, or 4.0 percent, annually, primarily because of expansions in the manufacturing sector, which grew by 2,700 jobs, or 8.4 percent, annually. BMW announced another expansion in 2017, which added 1,000 jobs as it increased the production of their X-series models. Tier-1 suppliers like Dräxlmaier Group also expanded during this period, adding 460 jobs. Growth in the transportation and utilities sector accelerated to an average of 700 jobs, or 8.1 percent, annually during this period. The increase in e-commerce sales meant that GSP had an increasing amount of freight flowing through the HMA, and distribution centers were expanding hiring. At the same time, growing e-commerce sales began to slow the retail trade subsector, which declined by an average of 300 jobs, or 1.6 percent, annually, compared with an average 3.0-percent annual growth during the previous period from 2011 through 2016.

Forecast

During the forecast period, nonfarm payrolls in the HMA are expected to increase an average of 2.9 percent annually. Strong growth is expected to continue in the manufacturing and the transportation and utilities sectors. Investment in the HMA has increased significantly from prior periods. Walmart Inc. announced plans to invest \$450 million in a new, high-tech grocery distribution center, expected to bring 400 new jobs to the HMA

by 2024. Oshkosh Corporation plans to invest \$155 million in a new facility that will build the next generation of mail trucks for the U.S. Postal Service and should create more than 1,000 new jobs by 2023. BMW will also be investing \$300 million in a new logistics center and panel production facility that will likely add more than 200 jobs.



Population and Households

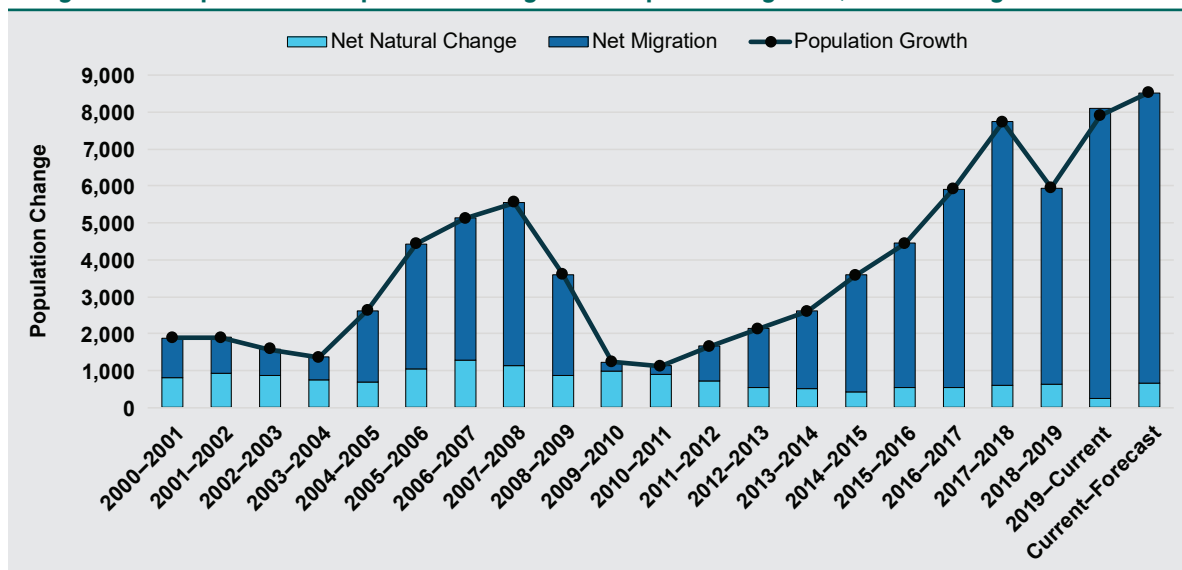
Current Population: 368,600

Population growth in the Spartanburg HMA increased each year from 2010 to 2018 and has grown an average of 2.2 percent since 2019.

Population Trends

The recent rapid population growth since 2017 has been the result of strong economic conditions attracting working-age adults to the HMA. Since 2017, the population of the HMA has increased by an average of 7,425, or 2.1 percent, annually (Figure 6). Approximately 95 percent of population growth since 2017 has been due to net in-migration. Despite the pandemic, continued job growth has made the HMA a desirable location for people age 24 to 64. While population growth was generally high since 2017, growth slowed slightly from 2018 to 2019 because of circumstances in the manufacturing sector in the neighboring Greenville MSA, where many temporary workers were laid off due to the impact of tariffs on manufacturing industries. From 2004 to 2008, economic conditions in the service-providing sectors began to gradually improve until the Great Recession. During this period, population growth averaged 4,425 people, or 1.5 percent, annually, and net in-migration averaged 3,400 people annually. During the period from 2008

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



Notes: Data displayed are average annual totals. The forecast period is from the current date (January 1, 2022) to January 1, 2025. Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

to 2014, the decline of the manufacturing sector meant that people were leaving to find jobs in new industries, resulting in lower net in-migration averaging 1,300 people annually. Population growth slowed to an average increase of 2,050 people, or 0.7 percent, annually. From 2014 to 2017, the economy was still recovering from the impacts of the Great Recession. Population growth increased to an average of 4,650 people, or 1.4 percent, annually. Net in-migration averaged 4,150 people annually.

Net natural change was relatively high during the mid- to late 2000s, averaging 1,150 people annually from 2005 to 2008. As economic conditions worsened and migration slowed, net natural increase in the HMA slowed to 410 people annually from 2014 to 2015. As economic conditions improved and more working-age families began moving into the HMA again, the rate of net natural increase grew to 640 people annually from 2018 to 2019, before the pandemic.

Population by Geography

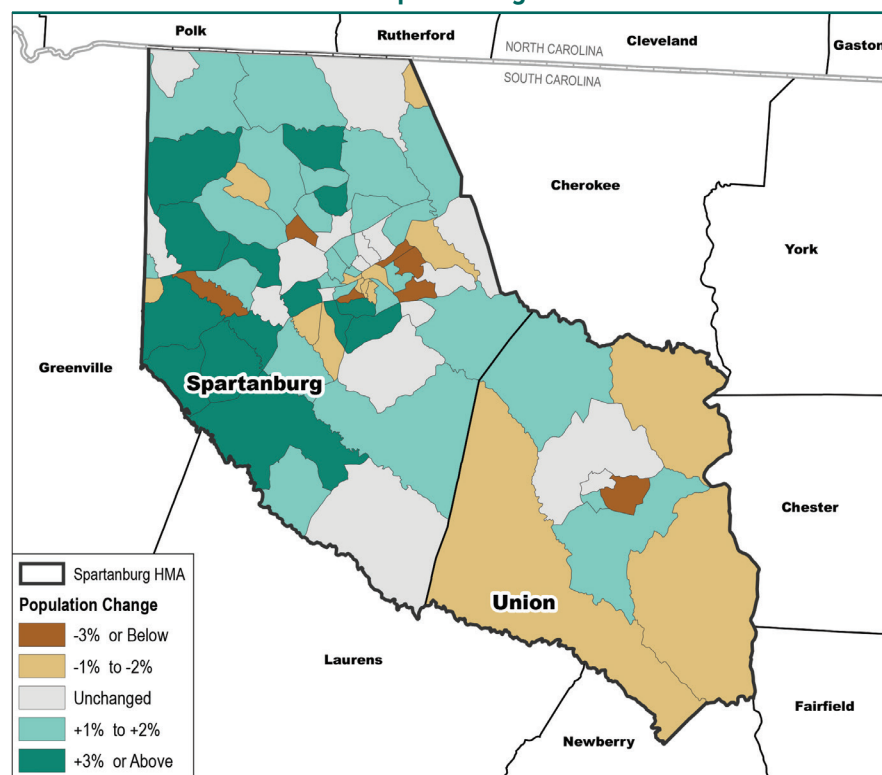
Population growth in the HMA has been strong near areas bordering the Greenville MSA, southwest of the city of Spartanburg, and in the northern region of Spartanburg County (Map 1). Census tracts in the HMA that are



near or bordering the Greenville MSA have had greater than 3-percent population growth due to migration from Greenville County (Table 3). The BMW plant, GSP, and Inland Port Greer are all located in this area. The cities of Greenville, Mauldin, and Simpsonville, where many residents can find employment, are also a short drive away from these areas. Areas near the city of Spartanburg that have grown quickly have had new rental housing construction with access to Interstate-85 that connects to the BMW plant and other employers. Areas near Spartanburg that have had population decline generally have had little or no new housing

construction from 2014 to 2019 (2015–2019 American Community Survey [ACS] 5-year data). Areas in northern Spartanburg County that have had population growth include a mix of retirement-age residents near the lakes and parks; those areas have also grown in the number of transportation and utilities sector workers who live near logistics companies and distribution centers that are concentrated in the areas north of the town of Duncan. This region of Spartanburg County is also mostly made up of owner-occupied housing because rental construction is concentrated near the city of Spartanburg and along I-85. The population in Union County has declined each year since 2010 and only has small pockets of growth outside the city of Union.

Map 1. Average Annual Population Change by Census Tract in the Spartanburg HMA



Source: 2010–2014 and 2015–2019 American Community Survey 5-year data

Table 3. County-to-Metro Migration Flows in the Spartanburg HMA: 2015–2019

Into the HMA	
Greenville County, SC	5,129
Richland County, SC	897
Cherokee County, SC	732
Lancaster County, NC	480
Laurens County, SC	417
Out of the HMA	
Greenville County, SC	3,287
Richland County, SC	1,081
York County, SC	779
Cherokee County, SC	716
Lancaster County, NC	494

Source: U.S. Census Bureau Migration Flows, 2015–2019 American Community Survey 5-year data

Household Trends

Household growth in the Spartanburg HMA followed trends similar to population growth, increasing at a faster pace since 2010 than during the previous decade (Table 4). An estimated 142,600 households reside in the HMA, reflecting an average annual increase of 1,825 households, or 1.4 percent, since 2010, faster than the 1.0-percent growth rate from 2000

to 2010. Household growth has been similar to population growth due to the strong growth in the working-age cohort, which is more likely to have households with children and has caused the average household size to increase slightly since 2010. The homeownership rate in the HMA has increased to a current estimate of 71.0 percent from 70.0 percent in 2010 (Figure 7), due in part to strong demand for sales housing. The homeownership rates for resident workers in the growing manufacturing sector and the transportation subsector during 2019 were 77.3 and 73.2 percent, respectively (IPUMS USA, 2019 ACS 1-year estimates).

Population and Household Forecast

Population growth is expected to remain high throughout the forecast period. Overall, the population is estimated to increase by an average of 8,525, or 2.3 percent, a year. Net in-migration is expected to remain strong as workers are drawn to continued job growth in the HMA. Households are expected to increase by an average of 3,300, or 2.3 percent, annually during the forecast period, continuing the trend of household growth equaling population growth.

Table 4. Spartanburg HMA Population and Household Quick Facts

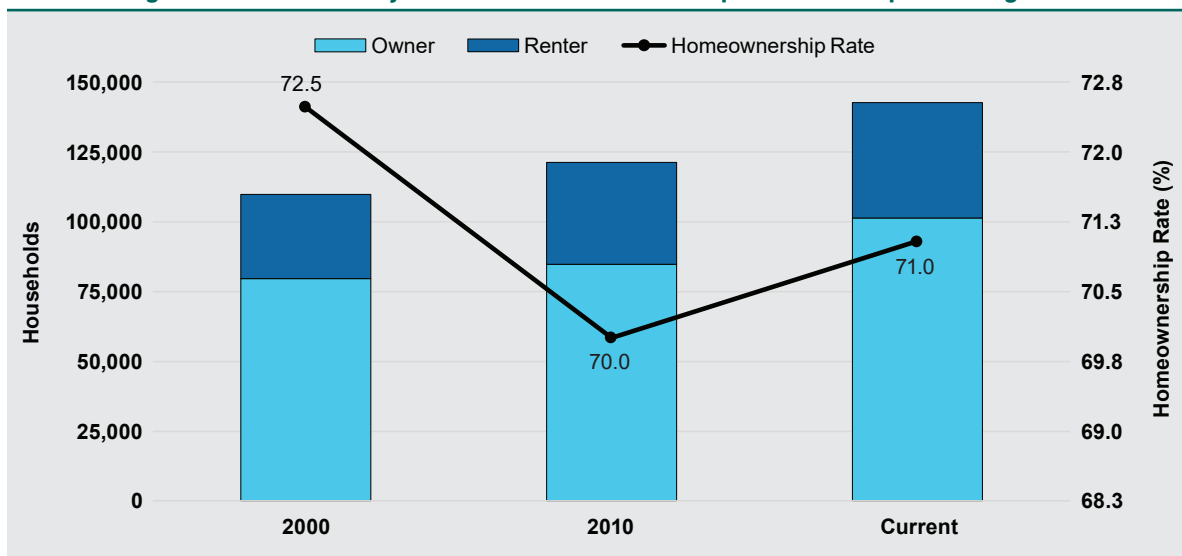
Population Quick Facts	2010	Current	Forecast	
	Population	313,268	368,600	394,200
	Average Annual Change	2,950	4,700	8,525
Percentage Change	1.0	1.4	2.3	

Household Quick Facts	2010	Current	Forecast	
	Households	121,220	142,600	152,500
	Average Annual Change	1,150	1,825	3,300
Percentage Change	1.0	1.4	2.3	

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (January 1, 2022) to January 1, 2025.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 7. Households by Tenure and Homeownership Rate in the Spartanburg HMA



Note: The current date is January 1, 2022.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst



Home Sales Market

Market Conditions: Tight

Strong net in-migration, low interest rates, and a reduced supply of homes for sale have pushed home sales and prices upward.

Current Conditions

Sales housing market conditions in the Spartanburg HMA are tight, with an estimated vacancy rate of 0.9 percent, down from 2.8 percent in April 2010, when conditions were soft (Table 5). The inventory of homes for sale is low in the HMA, at 1.4 months in December 2021, down from 2.8 months a year ago (Redfin, a national real estate brokerage). From 2016 to 2019, the supply of homes for sale fluctuated between 3.9 and 4.1 months, when the market was balanced, after declining every year from a high of 6.2 months in 2012, when market conditions were soft. Strong net in-migration and low interest rates have pressured home prices upward, and construction has lagged behind the increase in demand during the past year.

Home Sales

During 2021, regular resale sales in the HMA increased by 840 homes, or 10 percent, to 8,825 homes (Figure 8). New home sales grew even faster, increasing by 690 homes, or 30 percent, to 2,950 homes. Regular resale home sales declined by an average of 820 homes, or 16 percent,

Table 5. Home Sales Quick Facts in the Spartanburg HMA

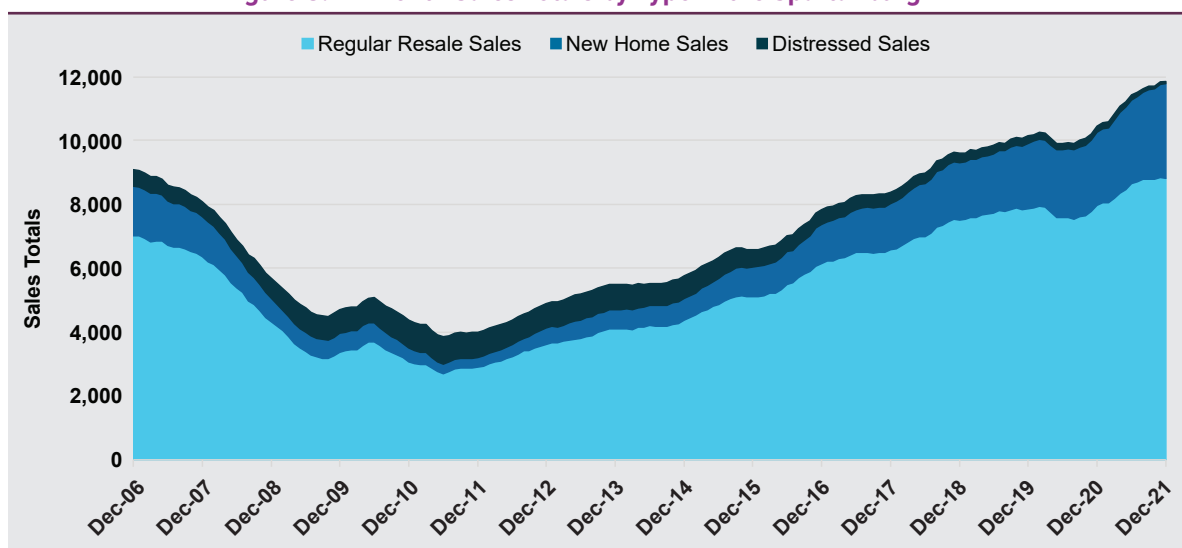
	Spartanburg HMA	Nation
Vacancy Rate	0.9%	NA
Months of Inventory	1.4	2.0
Total Home Sales	11,850	6,891,000
1-Year Change	13%	6%
New Home Sales Price	\$260,200	\$448,400
1-Year Change	14%	16%
Regular Resale Sales Price	\$201,400	\$368,500
1-Year Change	26%	11%
Mortgage Delinquency Rate	2.4%	2.0%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2021; months of inventory and mortgage delinquency data are as of December 2021. The current date is January 1, 2022.

Sources: Vacancy rate—estimates by the analyst; months of inventory—CoreLogic, Inc.; HMA home sales and prices—CoreLogic, Inc.; national home sales and prices—National Association of REALTORS® and Census Bureau/HUD

Figure 8. 12-Month Sales Totals by Type in the Spartanburg HMA



Source: CoreLogic, Inc., with adjustments by the analyst

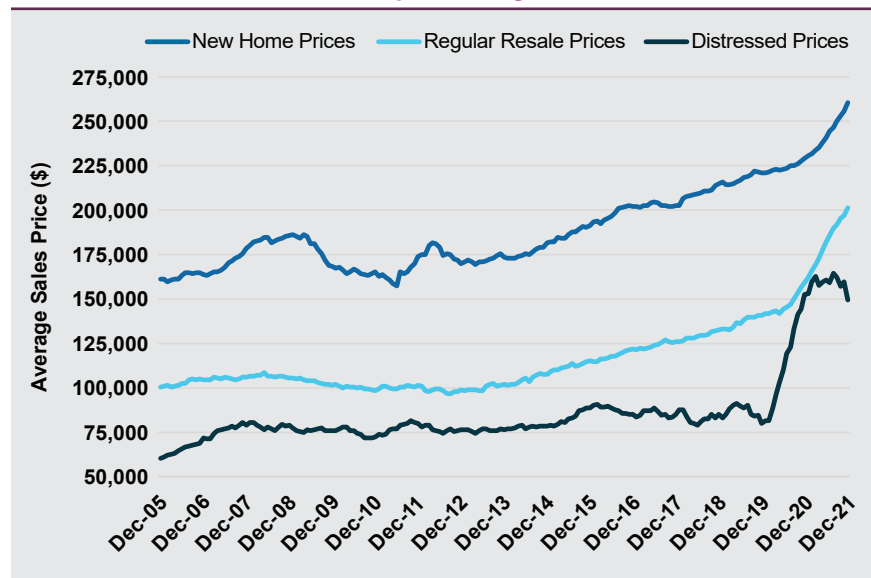


annually from 2007 through 2011, reaching 2,900 homes sold in 2011, partly due to the Great Recession and slowing net in-migration (CoreLogic, Inc.). New home sales declined by an average of 250 homes, or 28 percent, annually to a low of 310 homes in 2011. Distressed home sales increased by 55 homes, or 9 percent, annually to 780 homes during 2011, and the number of lower priced distressed homes for sale increased due to the recession and sales housing crisis. From 2012 through 2019, as economic conditions gradually improved and net in-migration increased, regular resales increased by an average of 620 homes, or 13 percent, annually, to 7,850 in 2019. New home sales increased by an average of 220 homes, or 27 percent, annually to 2,050 homes in 2019. As economic conditions improved, the number of distressed home sales declined by an average of 70 homes, or 14 percent, annually to 250 homes. Distressed sales as a percent of existing sales peaked at 13 percent during 2011 and declined consistently since then to less than 1 percent of existing sales. During 2020, the pandemic briefly slowed home buying in the HMA before increasing by the end of the year as interest rates decreased. Regular resale sales increased by an average of 130 homes or 2 percent. New home sales increased by an average 210 homes, or 10 percent, whereas distressed sales decreased by 30 homes, or 12 percent, during 2020.

Home Sale Prices

Strong net in-migration and a low inventory of homes for sale put upward pressure on home prices during the past year. During 2021, regular resale home prices increased by \$42,050, or 26 percent, to \$201,400 (Figure 9). By comparison, there was a 13-percent increase a year earlier (CoreLogic, Inc.). During 2021, new home sales prices increased by \$31,300, or 14 percent, to \$260,200, compared with a 4-percent increase in 2020. Housing prices in the HMA are significantly lower than in the Greenville MSA and have likely influenced in-migration near the border between Greenville County and Spartanburg County. During 2021, regular resale home prices in the neighboring Greenville MSA were approximately 32 percent higher than in the Spartanburg HMA and increased by 17 percent compared with a year earlier.

Figure 9. 12-Month Average Sales Price by Type of Sale in the Spartanburg HMA



Source: CoreLogic, Inc., with adjustments by the analyst

From 2007 through 2011, slowing net in-migration and weak economic conditions caused regular resale home prices to decline from \$106,300 to \$101,400, or 1 percent annually. New home sales prices increased 1 percent annually to \$174,000 but made up only 13 percent of total sales. Distressed home sales prices increased 2 percent annually from \$79,150 in 2007 to \$80,150 in 2011. From 2012 through 2019, regular resale home prices increased an average of 4 percent annually to \$140,700 because of the growing population and strengthening economic conditions. New home prices increased by an average of 3 percent annually to \$221,200. Distressed home sales prices remained relatively unchanged during the period and averaged \$80,200 during 2019. Net in-migration and strengthening economic conditions during this period caused the soft market to transition to a balanced market by 2016.

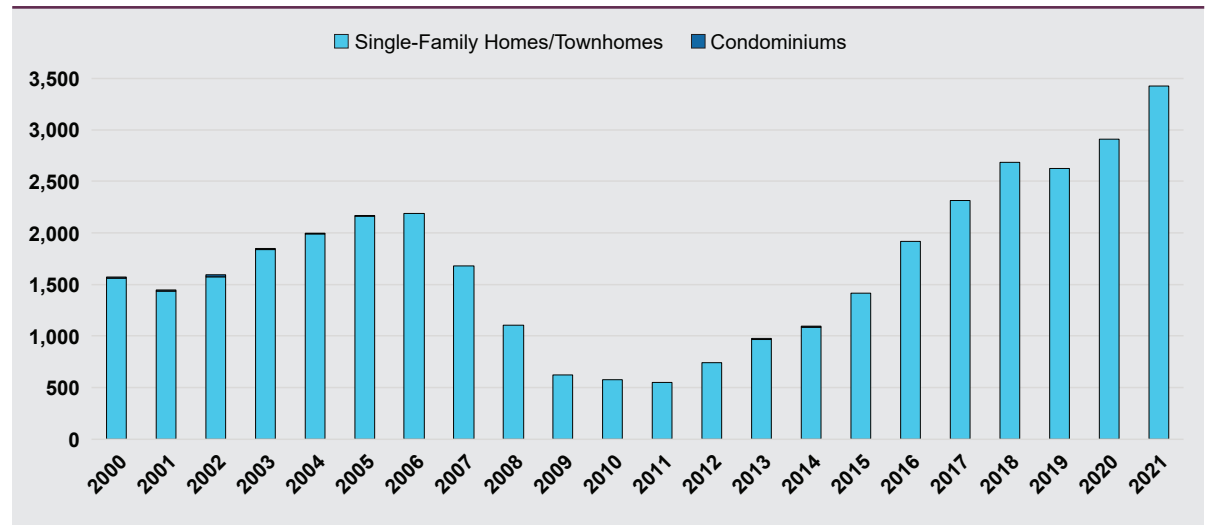
Seriously Delinquent Home Mortgages

The number of seriously delinquent mortgages and real estate owned (REO) properties increased significantly during 2007 due to the Great Recession and significant layoffs in the manufacturing sector. During January 2010, the rate of seriously delinquent mortgages and REO properties peaked at 7.5 percent of all home loans, compared with a 4.2-percent peak from September to December 2020 due to the pandemic (CoreLogic, Inc.). As of December 2021, 2.4 percent of home loans were seriously delinquent or had transitioned into REO status. Since December 2020, the percentage of seriously delinquent mortgages and REO properties has gradually decreased every month.

Sales Construction

Sales construction activity—as measured by the number of single-family homes, townhomes, and condominiums (hereafter, homes) permitted (building permits)—in the Spartanburg HMA has increased nearly every year since 2012 (Figure 10). During 2021, the number of homes permitted increased by 520 homes, or 18 percent, compared with a 280-home, or 11-percent, increase during 2020. Construction levels have continued to grow as the supply of homes for sale has declined significantly since 2019. Increasing construction costs and a shortage of labor have kept supply from keeping up with demand. New

Figure 10. Annual Sales Permitting Activity in the Spartanburg HMA



Sources: U.S. Census Bureau, Building Permits Survey; 2000–20—final data; 2021 data—preliminary data and estimates by the analyst

homes are being constructed between the city of Spartanburg and the border of Greenville County in and around the census tracts in the HMA, with the highest population growth during the 2015-to-2019 period compared with the 2010-to-2014 period. Demand for new homes in the HMA partly comes from the adjacent MSA because housing options are much more expensive in the Greenville MSA. Across the border in Greenville County, the average regular resale home price is 3 percent higher than the average new home price in Spartanburg County. The number of homes built after 2013 is much higher in census tracts near the Greenville County border than in the central and eastern parts of Spartanburg County (2015–2019 ACS 5-year data).

From 2000 through 2006, the number of homes permitted averaged 1,825 homes annually, despite low population growth for most of the period. The Great Recession led to significant construction declines from 2007 through 2011, averaging 910 homes permitted annually. As net in-migration and economic conditions gradually improved, construction activity began to increase. From 2012 through 2019, the number of homes permitted increased by 22 percent annually, to 2,625 homes in 2019.

Current construction includes Tyger Ridge, a 258-townhome development located in the HMA between the city of Spartanburg and Greenville County. The townhomes are priced between \$245,990 and

\$255,990, with an average size of 1,596 square-feet, and approximately 74 percent of the lots have been built out.

Forecast

During the next 3 years, demand is estimated for 9,300 new homes (Table 6). The 990 homes under construction are expected to meet a portion of the demand during the first year of the forecast. Demand is expected to be stable each year of the forecast period.

Table 6. Demand for New Sales Units in the Spartanburg HMA During the Forecast Period

Sales Units	
Demand	9,300 Units
Under Construction	990 Units

Note: The forecast period is from January 1, 2022, to January 1, 2025.
 Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

Demand for apartments has increased since 2019, which has resulted in an increase in apartment construction activity.

Current Conditions and Recent Trends

Overall rental housing market conditions (which include single-family homes, townhomes, and mobile homes for rent) in the Spartanburg HMA are balanced, with an estimated rental vacancy rate of 5.5 percent—down from 12.5 percent in 2010, when the market was soft (Table 7). Multifamily structures with five or more units, typically apartments, made up 22 percent of occupied rental housing in the HMA in 2019—a significant decrease from 29 percent in 2010 (ACS 1-year data). The insufficient apartment construction in the HMA has led to the rental market supply being supplemented by single-family rental homes.

Single-Family Home Rentals

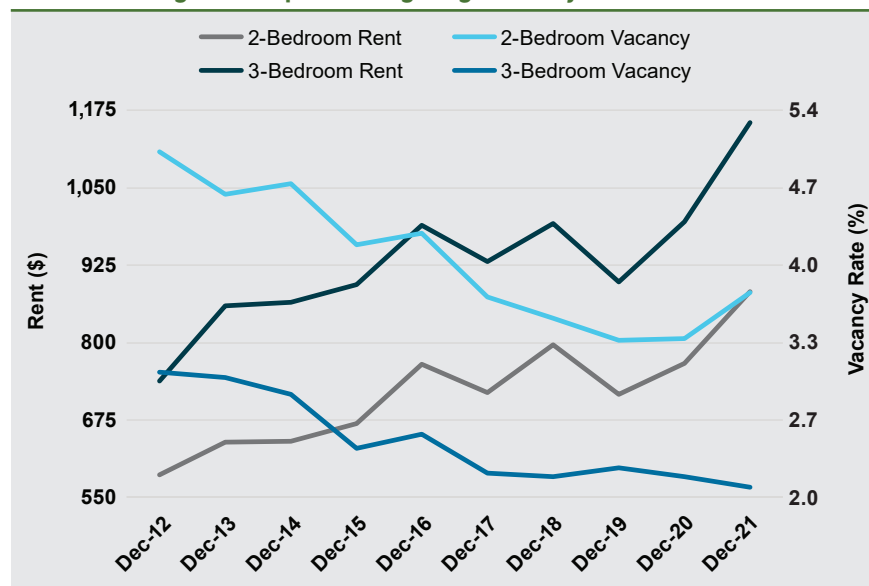
During 2019, approximately 48 percent of renter households in the HMA lived in single-family homes (ACS 1-year data). The rental market for single family homes has been tight since 2017, when the overall average vacancy rate for single-family rentals declined to 2.7 percent from 3.4 percent in 2012. The rate has declined slightly to 2.6 percent as of December 2021 (CoreLogic, Inc.). Of renter households in single-family homes, approximately 85 percent of households are in two-bedroom and three-bedroom homes (IPUMS USA, 2019 ACS 1-year estimates). The proportion of renter households living in two-bedroom homes increased from 29 percent in 2012 to 40 percent in 2019, a section of the rental market in which demand would typically be filled by apartment construction. The vacancy rate for two-bedroom rental homes declined from an average of 5.0 percent in December 2012 to 3.4 percent during December 2019 (CoreLogic, Inc.; Figure 11). During December 2020, a year when apartment construction increased, the vacancy rate remained relatively unchanged from 2019. During 2021, the

Table 7. Rental and Apartment Market Quick Facts in the Spartanburg HMA

Rental Market Quick Facts	2010 (%)	Current (%)	
	Rental Vacancy Rate	12.5	5.5
	2010 (%)	2019 (%)	
Occupied Rental Units by Structure			
Single-Family Attached & Detached	36.1	48.0	
Multifamily (2–4 Units)	15.0	18.4	
Multifamily (5+ Units)	29.1	22.3	
Other (Including Mobile Homes)	19.7	11.3	

Notes: The current date is January 1, 2022. Percentages may not add to 100 due to rounding. Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure for Spartanburg County—2010 and 2019 American Community Survey 1-year data

Figure 11. Spartanburg Single-Family Rental Trends



Source: CoreLogic, Inc.

vacancy rate for two-bedroom single-family homes increased for the first time since 2016 to an average of 3.8 percent. The vacancy rate for three-bedroom single-family homes declined from an average of 3.1 percent in December 2012 to 2.2 percent in December 2018. The vacancy rate rose slightly to an



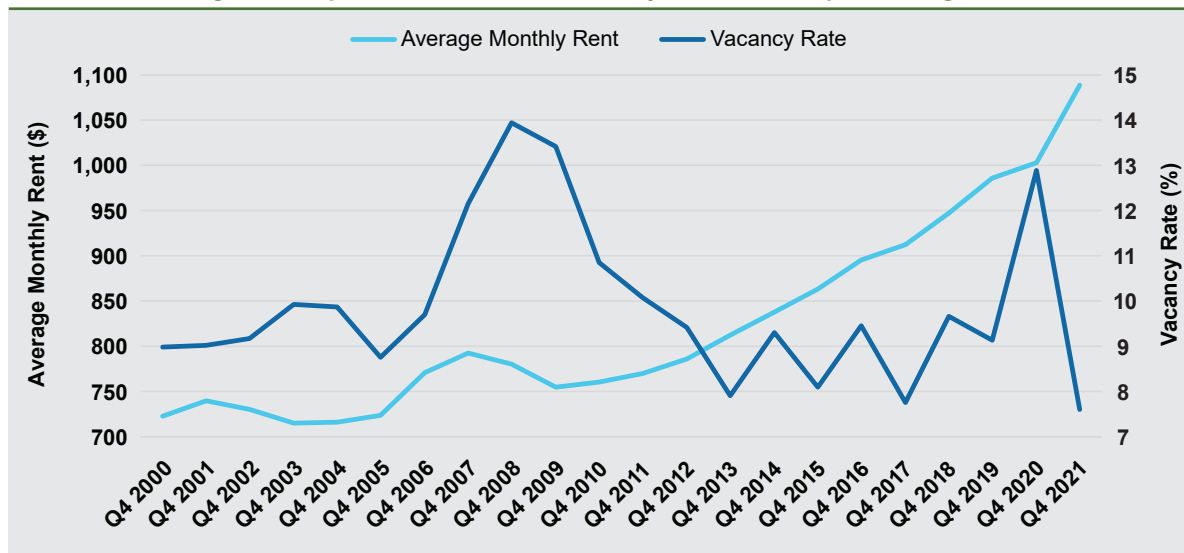
average of 2.3 percent in December 2019, due to slow population growth during the year, before declining again to 2.1 percent by December 2021.

Rent trends have been similar across two-bedroom and three-bedroom homes since 2012; however, three-bedroom home rents have grown slightly faster. From December 2012 to December 2016, the average rents for two-bedroom and three-bedroom homes increased from \$587 to \$765 and from \$738 to \$990, or an average of 7 and 8 percent annually, respectively (CoreLogic, Inc.). Apartment construction increased in 2015, and from December 2016 to December 2020, rents for two- and three-bedroom homes increased to \$767 and \$996, respectively. Rents increased rapidly during 2021 as population growth increased, despite increased single-family and multifamily construction. From December 2020 to December 2021, the average rent for two- and three-bedroom homes increased to an average of \$883 and \$1,115, or 15 and 16 percent, respectively.

Apartment Market Conditions

The apartment market is balanced, with the vacancy rate during the fourth quarter of 2021 averaging 7.6 percent, a decline from 12.9 percent during the same period a year ago (CoStar Group). The apartment vacancy rate in the Spartanburg HMA increased to 13.9 percent in the fourth quarter of 2008 during the Great Recession and declined to 7.9 percent by the fourth quarter of 2013 (Figure 12). The vacancy rate fluctuated

Figure 12. Apartment Rents and Vacancy Rates in the Spartanburg HMA



Q4 = fourth quarter.
Source: CoStar Group

between 7.8 and 9.7 percent from 2014 through 2019 as new construction projects were finished. During 2020, the vacancy rate increased to 12.9 percent due to the COVID-19 pandemic and a brief decline in economic conditions. Construction activity increased during 2021, but the apartment vacancy rate declined further as the cost of homeownership increased, leading to increased rental demand. Apartment rents in the HMA averaged \$1,089 during the fourth quarter of 2021, an increase of 9 percent from the previous year (CoStar Group). Rents have increased steadily since 2009, by an average of \$28, or 3 percent, annually. Rents averaged \$755 in the fourth quarter of 2009 and increased to an average of \$986 during the same period in 2019.

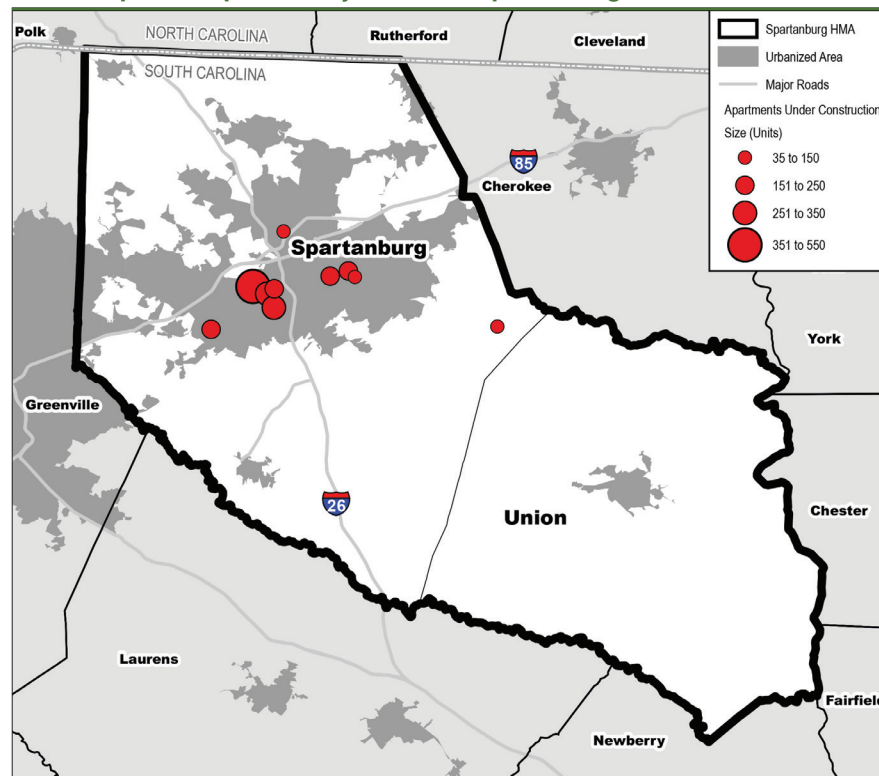
Rental Construction

Rental construction activity in the Spartanburg HMA, as measured by the number of rental units permitted, was relatively low until 2020, as homeownership became increasingly expensive. During 2021, the number of units permitted increased by 300 units, or 20 percent, to 1,825, slowing from the 1,000-unit increase during the previous year. Much of the construction has been concentrated along I-85 and near



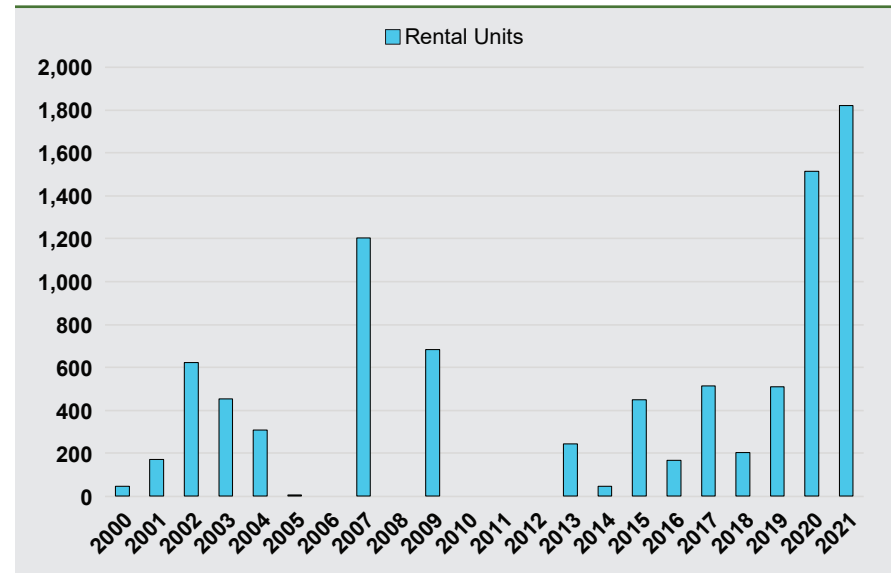
the city of Spartanburg (Map 2). The increase in rental construction activity is a response to increased in-migration and the rising cost of homeownership compared with the previous 2 years. From 2000 through 2006, an average of 230 units were permitted annually due to slow population growth and weak economic conditions (Figure 13). As net in-migration increased and the economy began recovering, construction activity rose to an average of 630 units permitted from 2007 through 2009. Low population growth and weak economic conditions resulting from the Great Recession led to no units being permitted from 2010 through 2012. As net in-migration and jobs began increasing, an average of 310 units were permitted from 2013 through 2019.

Map 2. Completed Projects in the Spartanburg HMA since 2010



Source: Dodge Data & Analytics LLC

Figure 13. Annual Rental Permitting Activity in the Spartanburg HMA



Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–20—final data; 2021 data—preliminary data and estimates by the analyst

Grand Oaks of Spartanburg, just off I-85 west of Spartanburg, is a 690-unit development that is currently underway, with 192 units completed and the second and third phases expected to be complete by the end of the forecast period. The rents for one-, two-, and three-bedroom units are \$1,055, \$1,175, and \$1,285. Apartment sizes will range from 985 square-feet to 1,250 square-feet. Pointe Grand Spartanburg Apartment Homes, located west of Spartanburg off I-26, is a 300-unit development currently under construction and is expected to be complete in early 2022. The units consist solely of two-bedroom units at 1,170 square-feet, with rents starting at \$1,393.

Forecast

During the 3-year forecast period, demand is estimated for 2,625 additional rental units in the HMA (Table 8). The 2,175 units under construction are

expected to meet demand during the first 2 years of the forecast. Demand is expected to be evenly distributed over the forecast period and likely to continue to be focused near the city of Spartanburg and areas west of the city of Spartanburg along Interstate-85.

Table 8. Demand for New Rental Units in the Spartanburg HMA During the Forecast Period

Rental Units	
Demand	2,625 Units
Under Construction	2,175 Units

Note: The forecast period is January 1, 2022, to January 1, 2025.
 Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

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.
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.
Express Freight	Small business or personal items like envelopes are considered overnight express or express letter shipments. These shipments are rarely more than a few kilograms or pounds and almost always travel in the packaging of the carrier. Express shipments almost always travel some distance by air.
Forecast Period	1/1/2022–1/1/2025—Estimates by the analyst.
Home Sales/ Home Sales Prices	Include single-family, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.



Regular Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party. These exclude short and real estate owned sales.
Seriously Delinquent Mortgages	Loans that were 90 or more days delinquent, in foreclosure, or had transitioned into real estate owned (REO) status.
Tier-1 Supplier	Tier 1 suppliers provide independent parts in the automotive sector, such as motors, car seats, brakes, and other parts.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau’s 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.

C. Additional Notes

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	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.



3.	<p>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.</p>
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