

# Regional Profiles



## Economic Profile - South Carolina

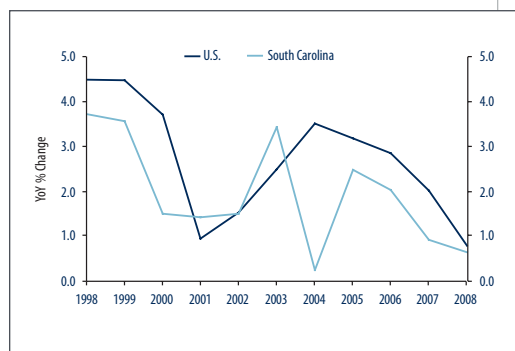
**In 2008, South Carolina's economy continued to grow, albeit at a much slower pace than in years prior. Population growth remained strong, but payroll employment fell for the first time in five years and unemployment rose to record highs. The housing market also weakened as the number of building permits and housing starts plummeted and foreclosures spiked.**

### Economic Contribution

While South Carolina's economy continued to expand in 2008, output growth waned for the third consecutive year, falling to 0.6 percent. Aside from the 0.2 percent growth rate the state posted in 2004, the increase was the lowest South Carolina's economy has experienced since 1991. With a GDP of \$156.4 billion in 2008, South Carolina accounted for 11.3 percent of total output in the Fifth District and 1.1 percent of U.S. GDP over the year.

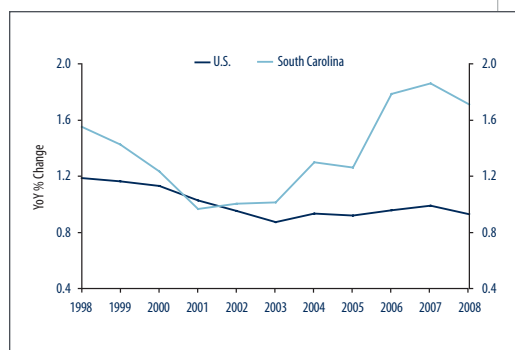
All but one of South Carolina's metro areas posted a positive rise in real GDP in 2006, the most recent year data is available. The Augusta-Richmond County MSA was the only area whose economy contracted over the year, falling 1.3 percent, while the Charlotte and Myrtle Beach MSAs were the state's fastest growers (6.6 percent and 5.0 percent, respectively). Greenville, Columbia, and Charleston remained the largest metro areas with an average real GDP of \$21.9 billion, together accounting for 51.8 percent of the state's output. This was slightly less than the previous year when the three MSAs accounted for 52.3 percent of South Carolina's GDP.

Figure 1: Real GDP



SOURCE: Bureau of Economic Analysis/Haver Analytics

Figure 2: Population



SOURCE: U.S. Census Bureau/Haver Analytics

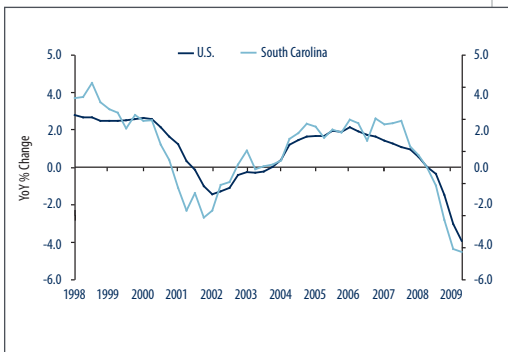
### Population

Since 2001, population growth in South Carolina has risen at a healthy clip. From an average annual rate of 1.0 percent from 2001-2003 to an average annual rate of 1.8 percent from 2006-2008, the rate of population growth has nearly doubled in the past decade, quickly outstripping the national rate of increase. U.S. population growth has remained fairly constant throughout this period at an average annual rate of 0.9 percent.

Consistent with the overall population growth in the state, South Carolina's metro areas all posted positive population gains in 2008. Drilling down, though, only 33 of South Carolina's 46 counties saw their populations increase. York County – part of the Charlotte MSA – displayed the most robust growth (4.3 percent), a full 0.8 percentage point above the county with the next highest growth – Berkeley County (3.5 percent). At the other end of the spectrum, Calhoun and Bamberg counties both had population losses of over 1.0 percent in 2008, falling 1.1 and 1.0 percent, respectively.

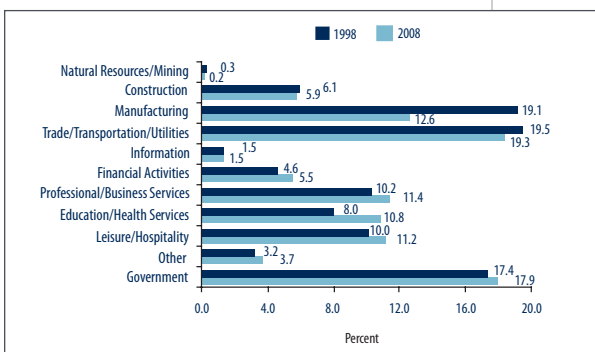
## ECONOMIC PROFILE

**Figure 3: Payroll Employment**



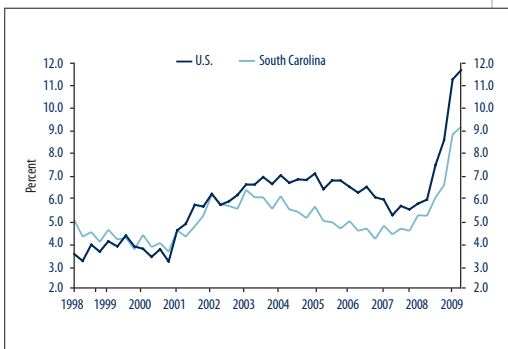
SOURCE: Bureau of Labor Statistics/Haver Analytics

**Figure 4: Employment Share by Industry**



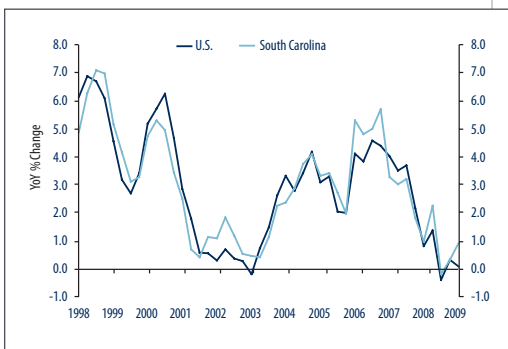
SOURCE: Bureau of Labor Statistics/Haver Analytics

**Figure 5: Unemployment Rate**



SOURCE: Bureau of Labor Statistics/Haver Analytics

**Figure 6: Real Personal Income**



SOURCE: Bureau of Economic Analysis/Haver Analytics

### Labor Market Conditions

After five years of employment growth, total nonfarm payrolls in South Carolina declined 0.9 percent in 2008 compared with an increase of 2.0 percent in 2007. Firms shed 16,700 jobs over the year – the state’s largest annual decline since 2002. The construction and manufacturing industries were hit particularly hard, losing a total of 18,400 jobs. The goods-producing sector continued its decade-long slump as payrolls contracted for the ninth straight year, falling 4.9 percent, the sector’s largest decline since 2002. In contrast, the service-providing sector was able to maintain positive growth for the seventh consecutive year at 0.1 percent on the heels of solid growth in education and health services and the government industries. Together, the industries, added a total of 14,400 jobs compared with 13,400 jobs in 2007. As of June 2009, firms shed an additional 1.1 percent of payrolls since the start of the year.

Payroll growth was varied across South Carolina’s MSAs in 2008; the Spartanburg metro area had the greatest expansion at 1.3 percent (1,600 jobs), while the Sumter MSA saw payrolls contract 5.4 percent (2,100 jobs). The Greenville and Charleston metro areas also experienced growth in 2008, increasing payrolls by 2,800 jobs and 2,300 jobs, respectively, the largest net increases in the state. However, this was still a significant decline from the previous year for both MSAs; Greenville increased its payroll by 8,300 jobs and Charleston by 11,900 jobs in 2007. The Columbia MSA’s payroll on the other hand, remained unchanged in 2008. Through the first six months of 2009, the Columbia MSA shed 4,000 jobs, while both the Greenville and Charleston metro areas continued to expand with increases of 2,800 and 3,900 jobs, respectively. The Spartanburg MSA, however, reversed its gains from 2008 by cutting 2,000 jobs, and the Sumter MSA rebounded slightly with an increase of 300 jobs.

### Household Conditions

In 2008, the unemployment rate in South Carolina rose 1.3 percentage points to 6.9 percent and by June 2009 had reached a historic high of 12.1 percent. Across South Carolina, every metro area posted record high unemployment rates in June 2009, reflective of the labor market troubles plaguing the entire nation. The Charleston (10.2 percent) and Columbia MSAs (10.0 percent) posted the lowest unemployment rates, while the Sumter MSA recorded the highest at 14.3 percent.

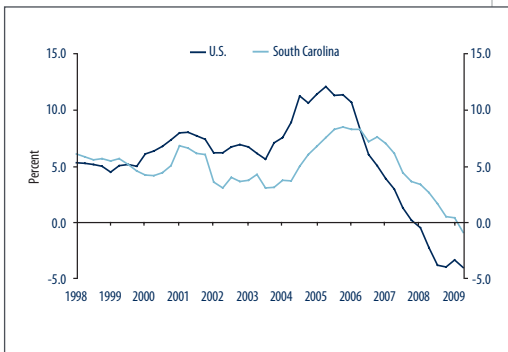
Per capita income growth in South Carolina continued to decelerate in 2008, increasing 2.5 percent compared with 3.5 percent in 2007 and 6.2 percent in 2006. For a second year in a row, the Palmetto state’s rise was below the national rate (2.9 percent). At \$31,884, per capita income was also below the national figure of \$39,751. In 2008, the most recent year metro-level data is available, the Charleston (\$34,936), Columbia (\$34,600) and Greenville (\$33,083) MSAs remained the state’s wealthiest metro areas while the Sumter MSA had the lowest per capita income in the state at \$28,328.

### Real Estate Conditions

Real estate activity in South Carolina softened in 2008 as the national downturn spread to the Palmetto state. In 2008, the number of total new building permits fell an additional 34.0 percent, outstripping the record 22.0 percent decline in

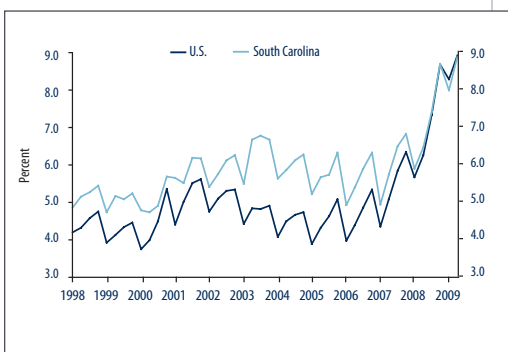
## ECONOMIC PROFILE

**Figure 7: House Price Index**



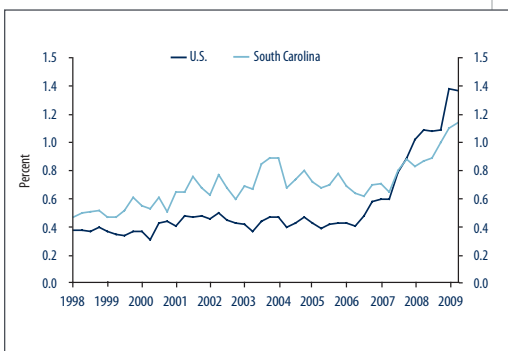
SOURCE: Federal Housing Finance Agency/HAVAR Analytics

**Figure 8: Mortgage Delinquencies**



SOURCE: Mortgage Bankers Association/HAVAR Analytics

**Figure 9: Foreclosures Started**



SOURCE: Mortgage Bankers Association/HAVAR Analytics

2007. Housing starts plummeted 32.9 percent, also eclipsing the previous year's record low. The state's stark pullback of permits and starts were consistent with national trends as U.S. building permits fell 35.5 percent and housing starts fell by 32.9 percent. As of June 2009, permits remained notably below year-ago levels, falling 38.3 percent from the previous June, while housing starts declined 51.8 percent from over the same period.

Existing home sales also continued to fall in 2008. Sales were down 24.1 percent from the previous year to 80,200 homes compared with a 13.7 percent decline nationally. House prices, as measured by the Federal Housing Finance Agency continued to appreciate, rising 2.2 percent – the smallest annual appreciation rate since 1994. Of South Carolina's metro areas, only the Myrtle Beach MSA experienced depreciation in 2008 as house prices fell 3.2 percent. Nationally, house prices were also unable to maintain positive growth and depreciated 2.5 percent – the first annual decline on record. In the first quarter of 2009, year-over-year growth South Carolina home prices edged downward for the ninth consecutive quarter as the index nearly fell to its year-ago mark.

Mortgage delinquency rates also set series records in 2008. South Carolina's rate rose 1.9 percentage points to match the national mark of 8.6 percent – the highest rate in both series' history. By the first quarter of 2009 however, the rate had retreated 0.7 percentage point to 7.9 percent.

Subprime and prime mortgage delinquencies also rose in 2008, climbing 5.2 percentage points to 24.8 percent for subprime mortgages and 1.5 percentage points to 5.6 percent for prime mortgages. Since the series began in 1998, subprime mortgage delinquencies in South Carolina have tracked above the national rate, and 2008 was no exception as the national rate rose only to 23.9 percent. Prime mortgage delinquencies, however, moved closer to the national rate in 2008, matching the U.S. rate. Both delinquency rates pulled back slightly in the first quarter as is typical for the non-seasonally adjusted series.

Also on the rise in 2008 was the foreclosure rate in South Carolina. Over the year, the figure rose 0.6 percentage point to 3.2 percent, a full percentage point below the national rate. Foreclosures on homes with subprime mortgages rose 2.0 percentage points to 12.3 percent, while foreclosures on homes with prime mortgages rose 0.3 percent over the year to 1.5 percent ■

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