

# *Framing the Bigger Picture*

## *How Housing Matters*



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# Outline

- *The current state of the U.S. and S.C. economy*
- *The outlook for our economic recovery*
- *What this implies for housing markets, supply & demand factors, and attainability*



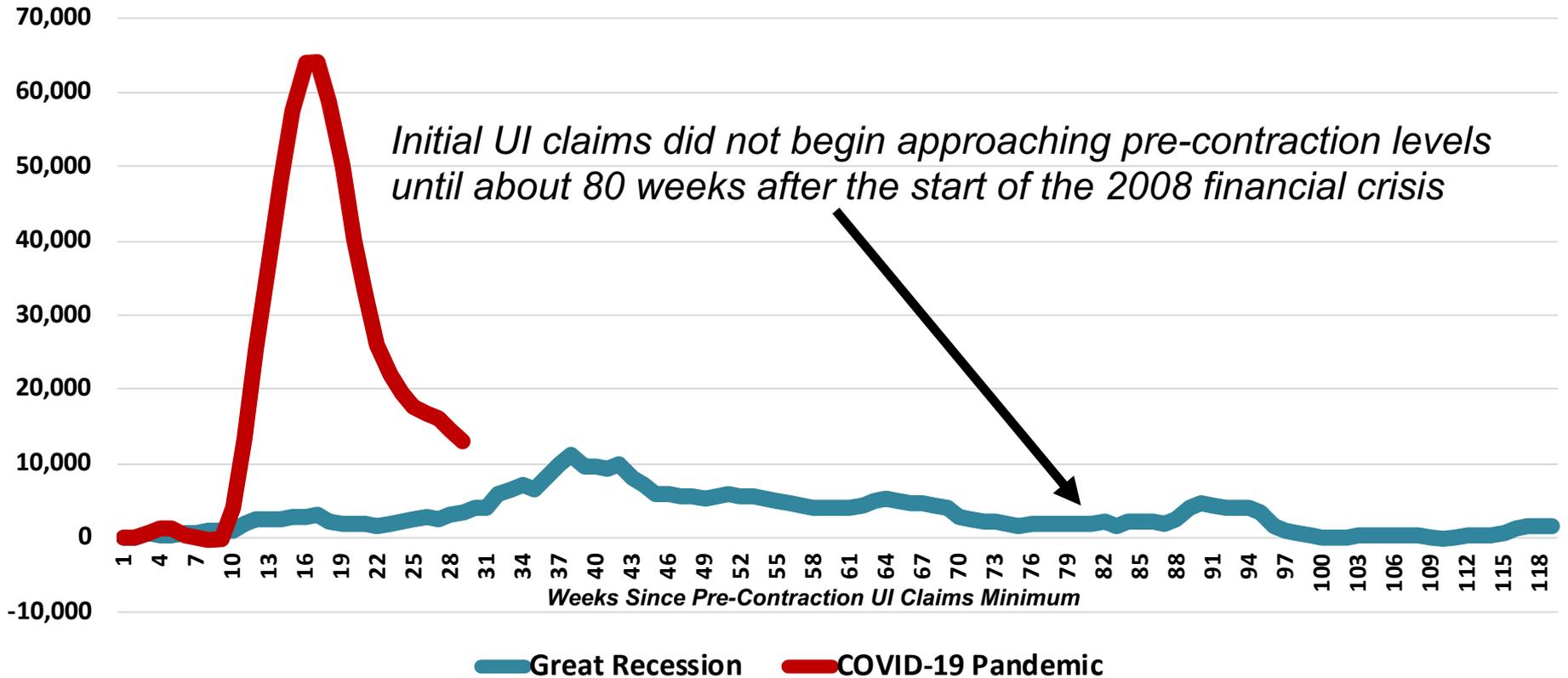
*The Great Recession*

*vs.*

*The Great Shutdown*



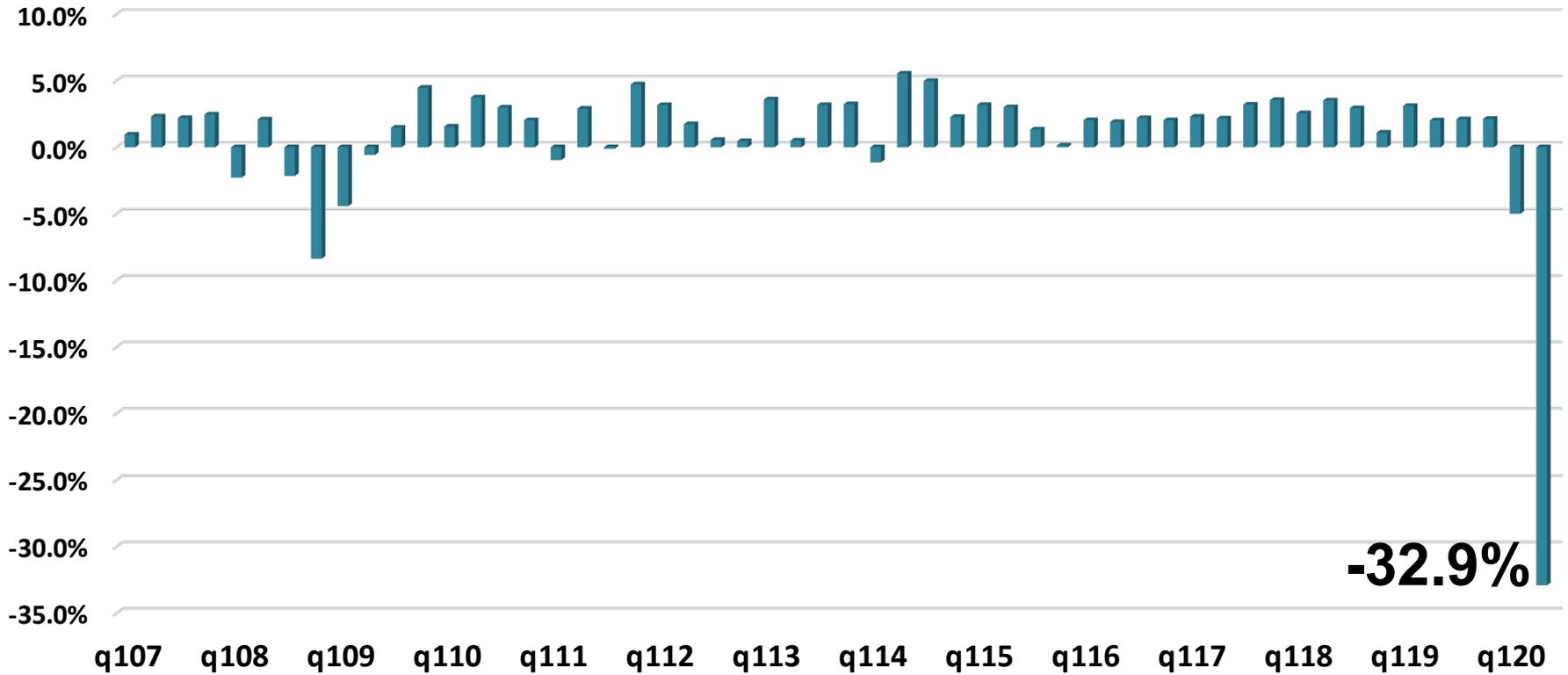
# Excess Weekly Initial UI Claims



Source: U.S. Department of Labor



# U.S. GDP Growth (Annualized)

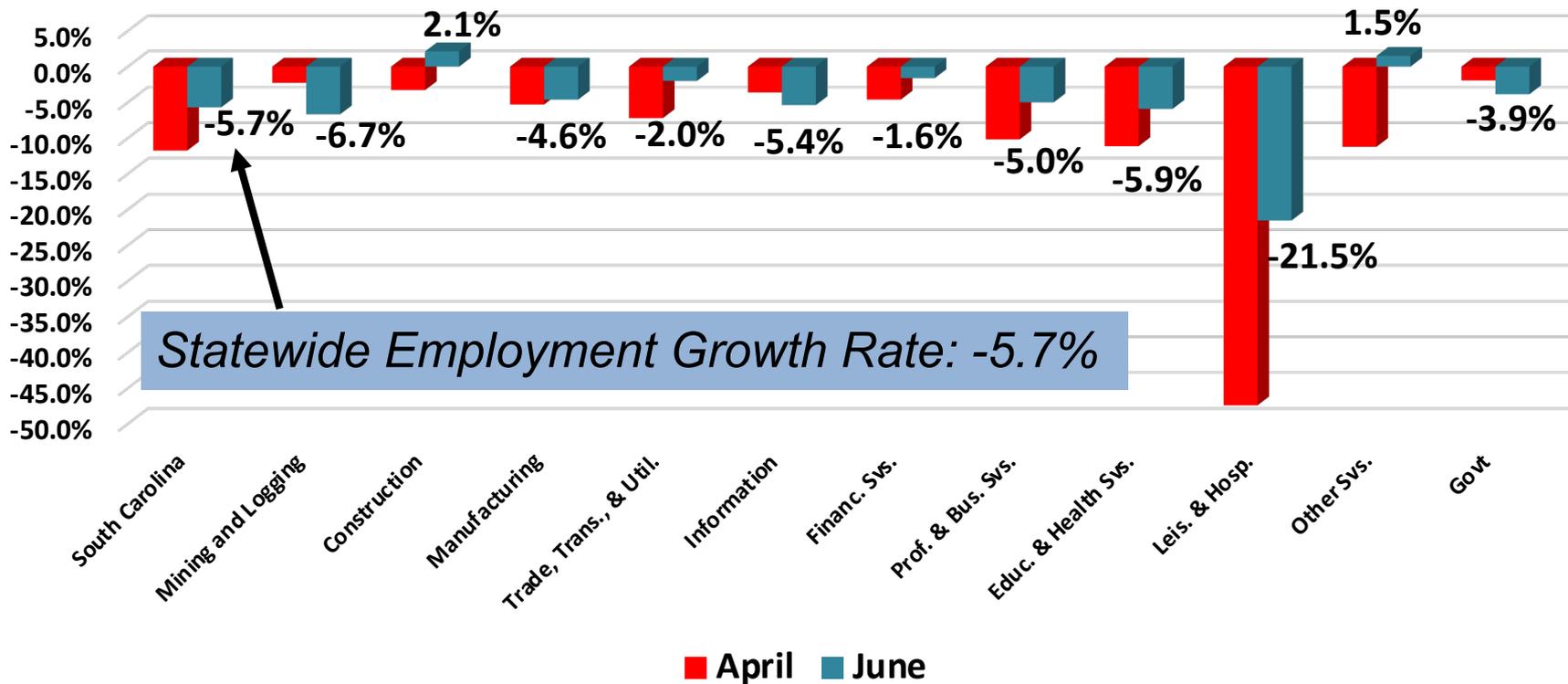


Source: U.S. Bureau of Economic Analysis



# S.C. Employment Growth by Industry

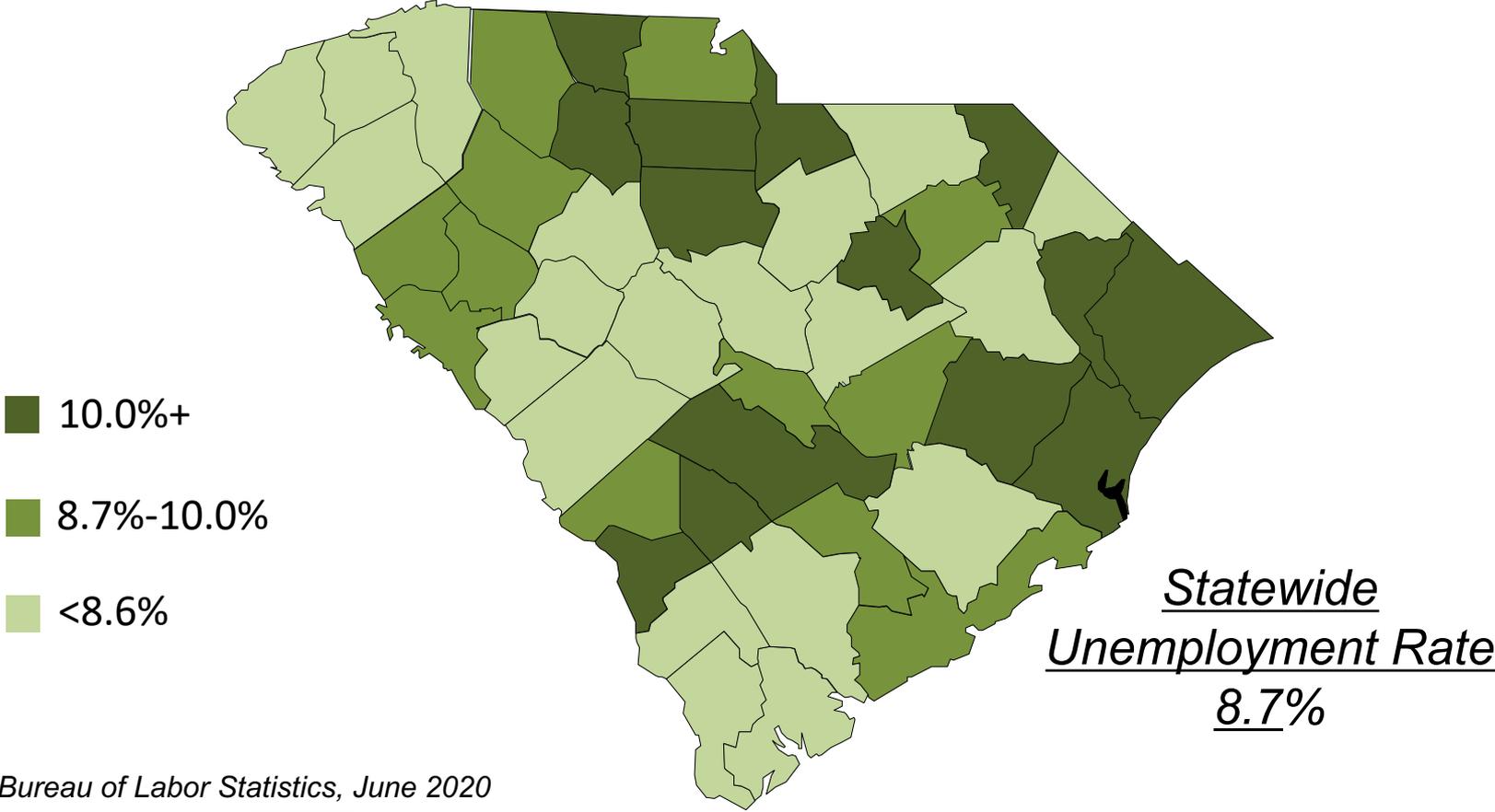
Listed Growth Rates: June 2020 vs. June 2019



Source: U.S. Bureau of Labor Statistics



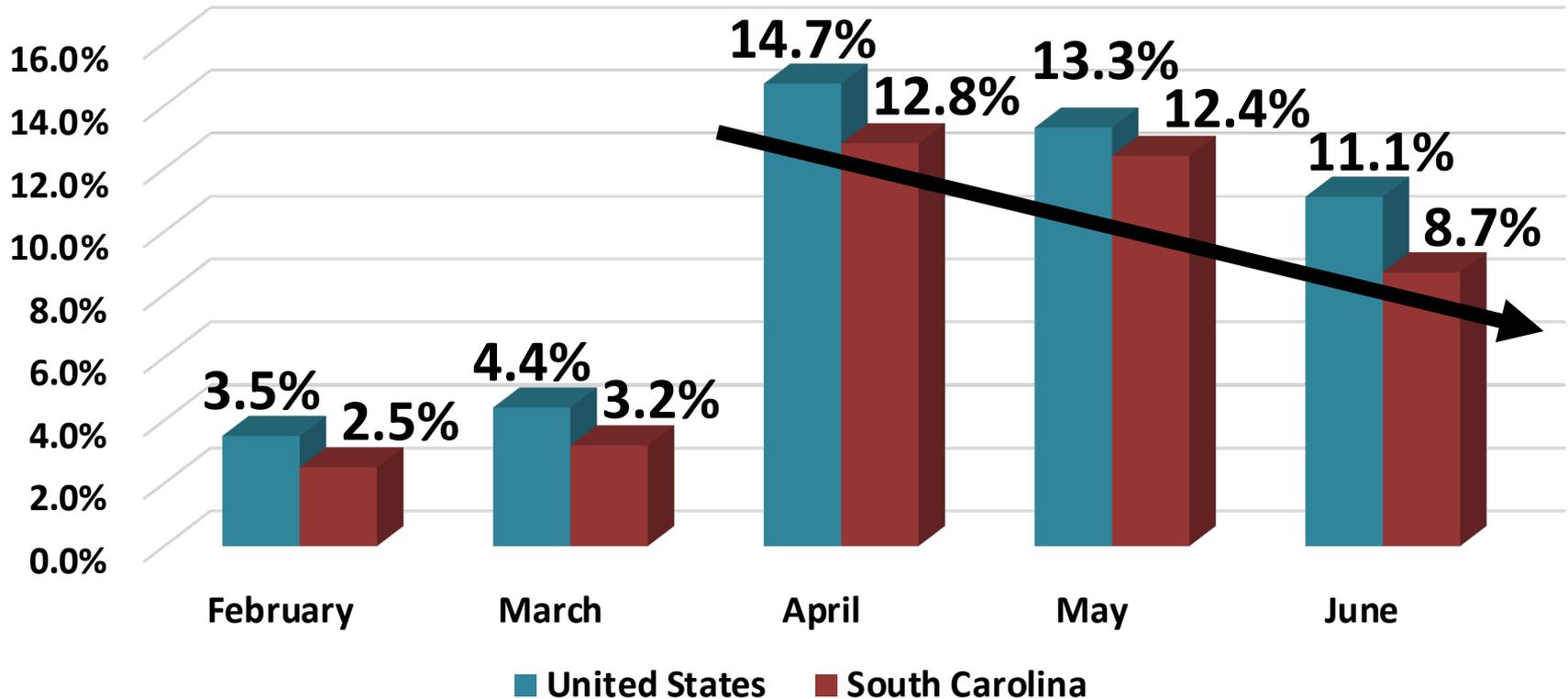
# S.C. Unemployment Rates by County



Source: U.S. Bureau of Labor Statistics, June 2020



# Unemployment Rates: Feb-June 2020



Source: U.S. Bureau of Labor Statistics



# The Biggest Gains...



*Restaurants*



*Dentists*

Source: U.S. Bureau of Labor Statistics



# South Carolina Employment Changes

<b>Time Period</b>	<b>Job Losses/Gains</b>
March 2020 to April 2020	-259,900
April 2020 to June 2020	+147,300
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Pct. of Jobs Recovered	+56.7%



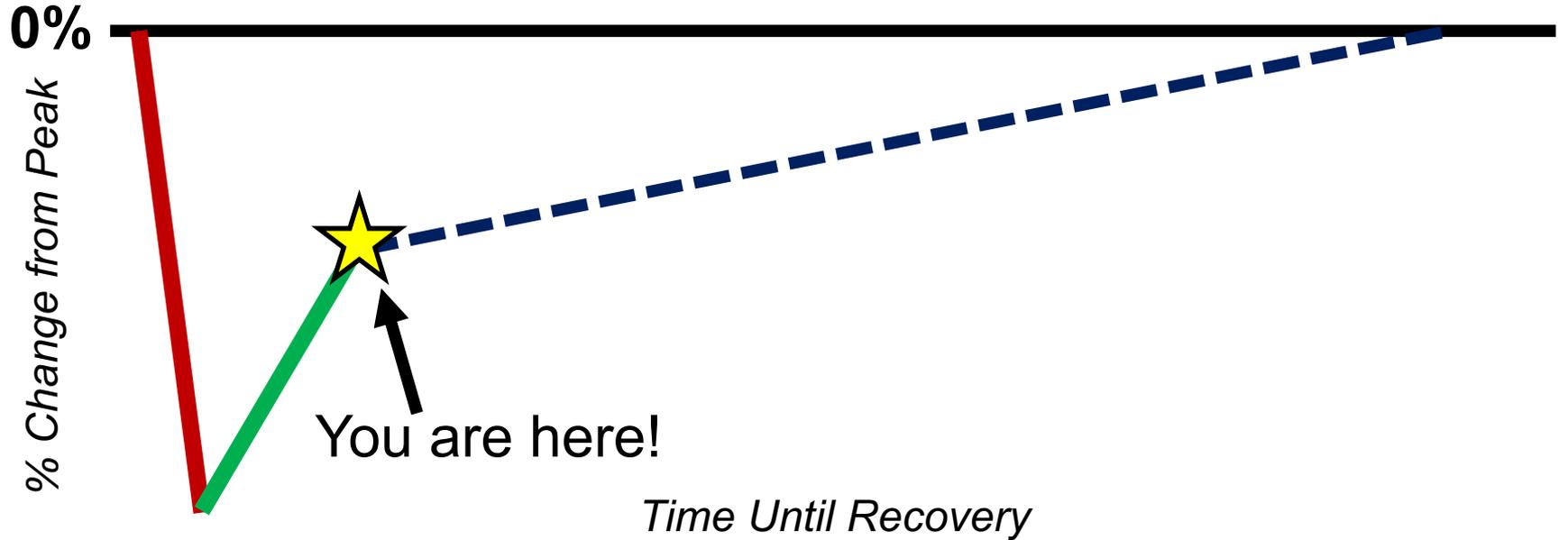
Source: U.S. Bureau of Labor Statistics



# *Looking Ahead*

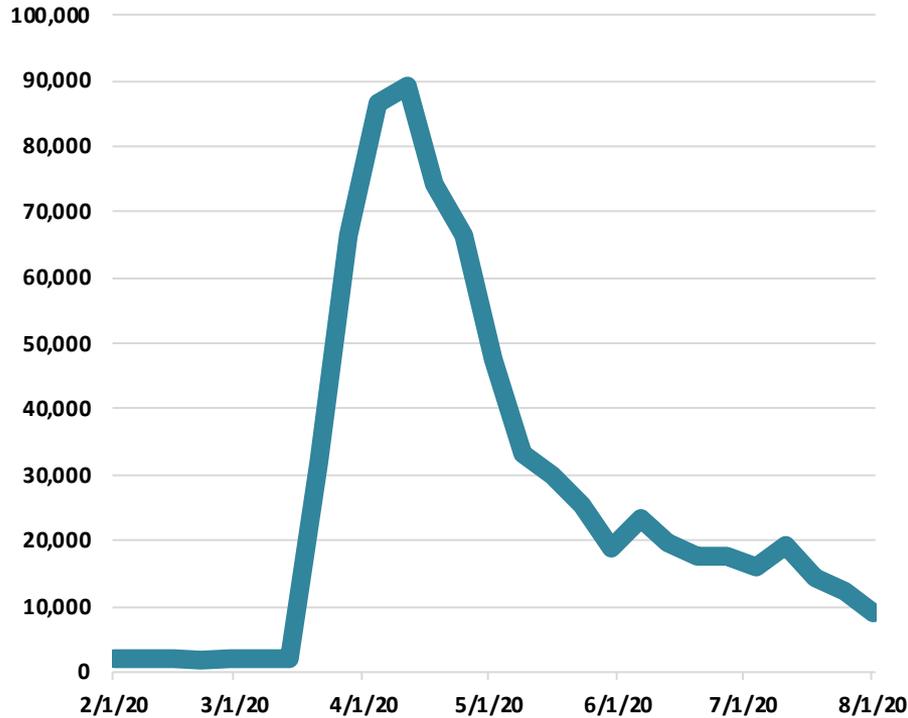


# Pace of Recovery is Slowing...

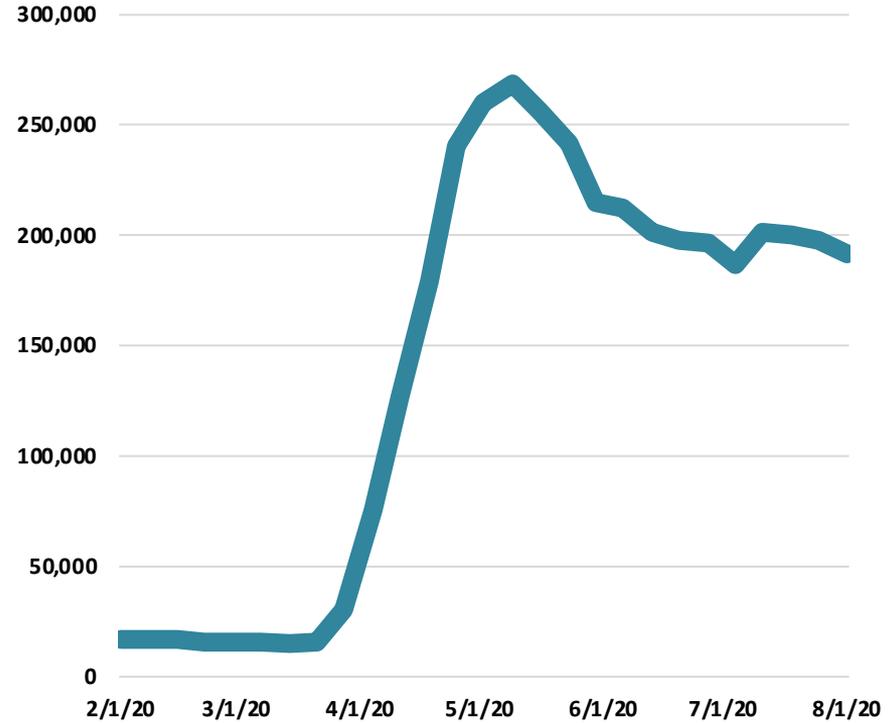


# S.C. Unemployment Insurance Claims

## Initial Claims



## Continued Claims

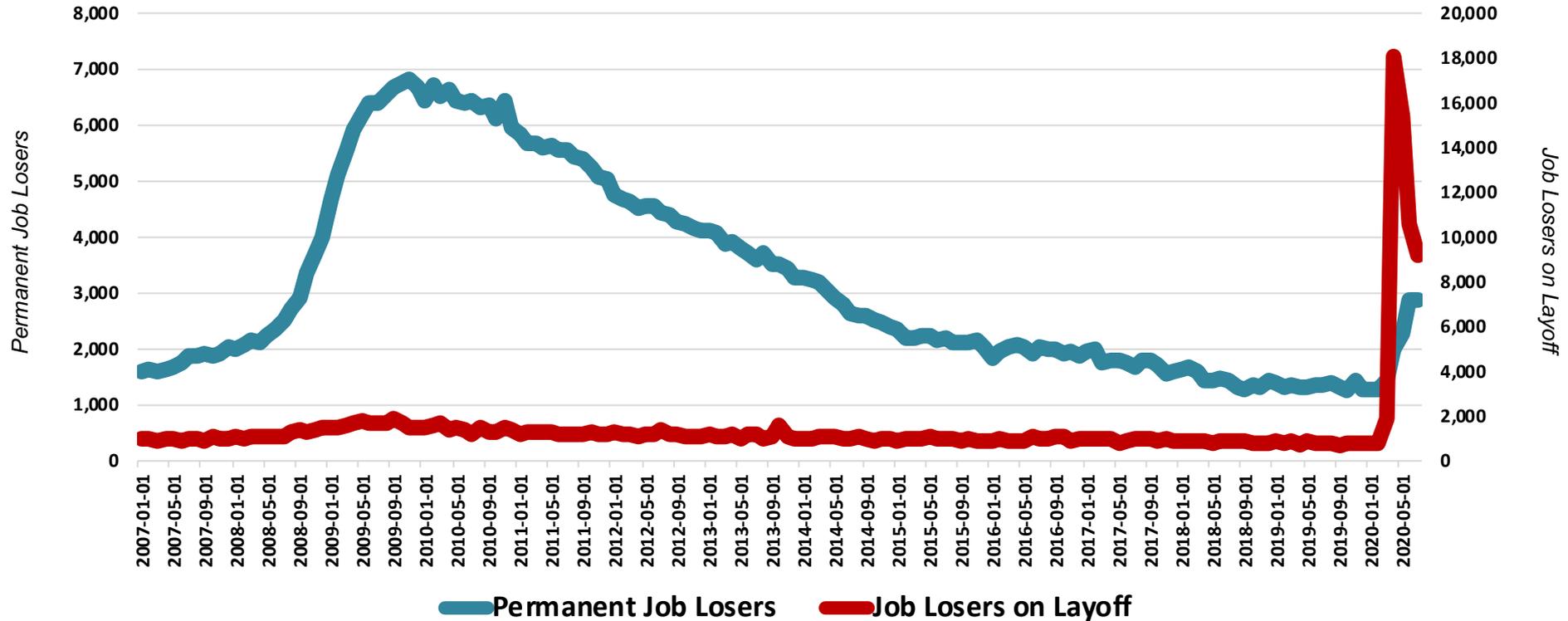


Source: U.S. Department of Labor



# U.S. Unemployment Level: Temporary vs. Permanent

Thousands of Persons



Source: U.S. Bureau of Labor Statistics



# *Why?*

- *A spike in new COVID-19 cases*
- *PPP fund exhaustion*
- *Upper limits on business activity in the short-run*



# *August as a “Month of Reckoning?”*

- (1) Uncertainty surrounding school scheduling*
- (2) Bankruptcy rates affected by PPP fund exhaustion*
- (3) Additional targeted fiscal stimulus from Congress and the White House*



# *What About Housing?*



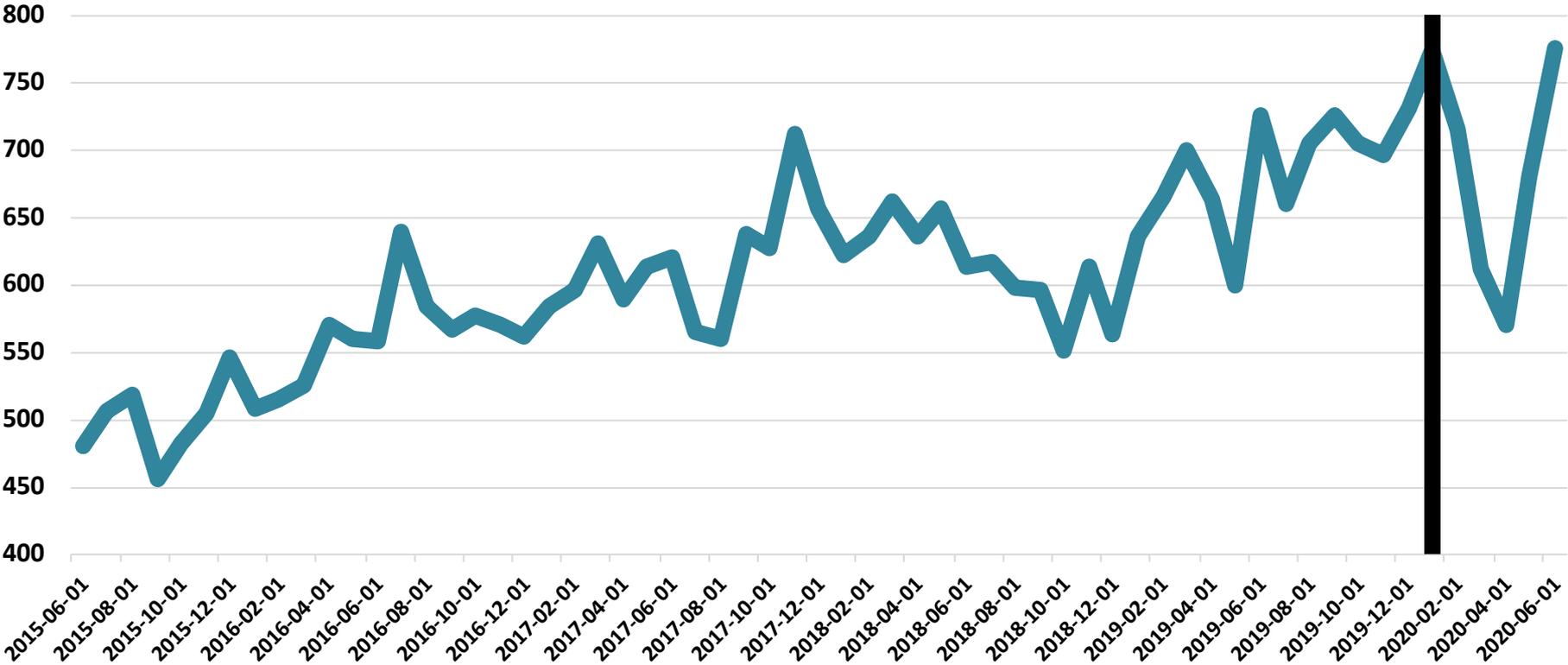
*Supply and Demand*



# *Supply and Demand*



# U.S. New Single Family Housing Sales



Source: National Association of REALTORS

# *A Rebound in Housing?*

- *An employment recovery*
- *Low interest rates*
- *Low inventory levels exacerbated by impact of pandemic*



# S.C. Job Losses and Housing Affordability

Education Level	Reduction in Employment (May'20 vs. May'19)	Median Annual Wage	Estimated Max. House Price
Less than HS Diploma	-29.9%	\$19,339	\$116,000
HS Graduate, No College	-17.2%	\$28,085	\$169,000
Some College or Associate's Degree	-13.8%	\$38,579	\$231,000
Bachelor's Degree and Higher	-1.7%	\$52,699	\$316,000

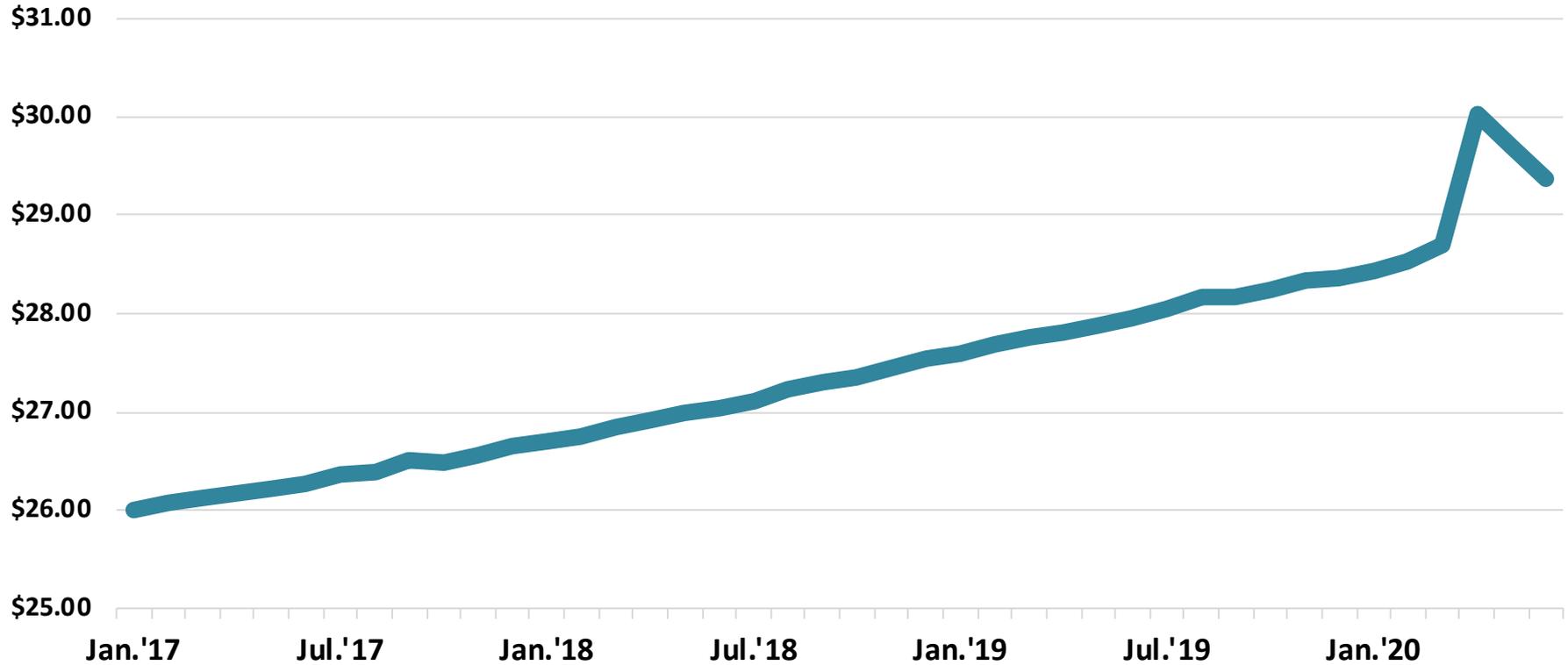
*A majority of job losses have occurred among relatively lower wage jobs...*

Source: U.S. Bureau of Economic Analysis

Note: Maximum house price assumes a dual income household and a mortgage qualification at approximately 3x annual household income



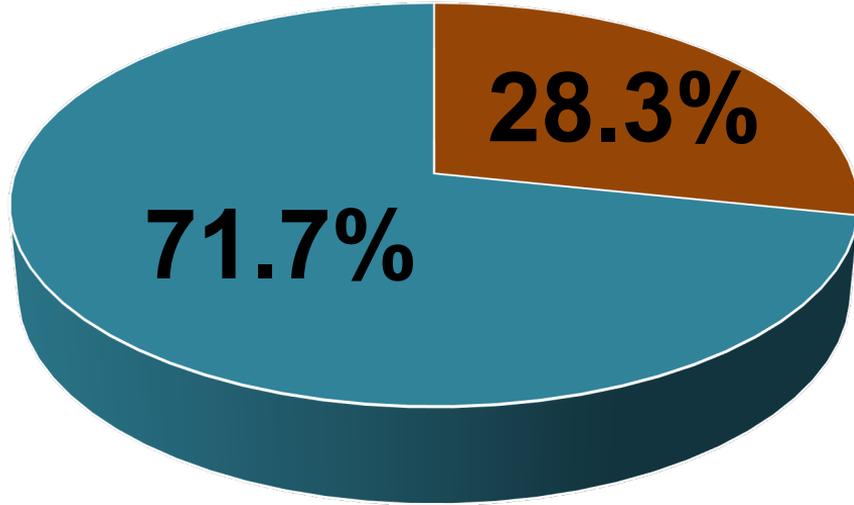
# U.S. Average Hourly Earnings



Source: U.S. Bureau of Labor Statistics



# S.C. Educational Attainment



- % of SC w/ Bachelor's Degree or Higher
- % of SC w/ Less than Bachelor's Degree

Education Level	Estimated Unemployment Rate
Bachelor's Degree or Higher	5.2%
Less than Bachelor's Degree	10.1%

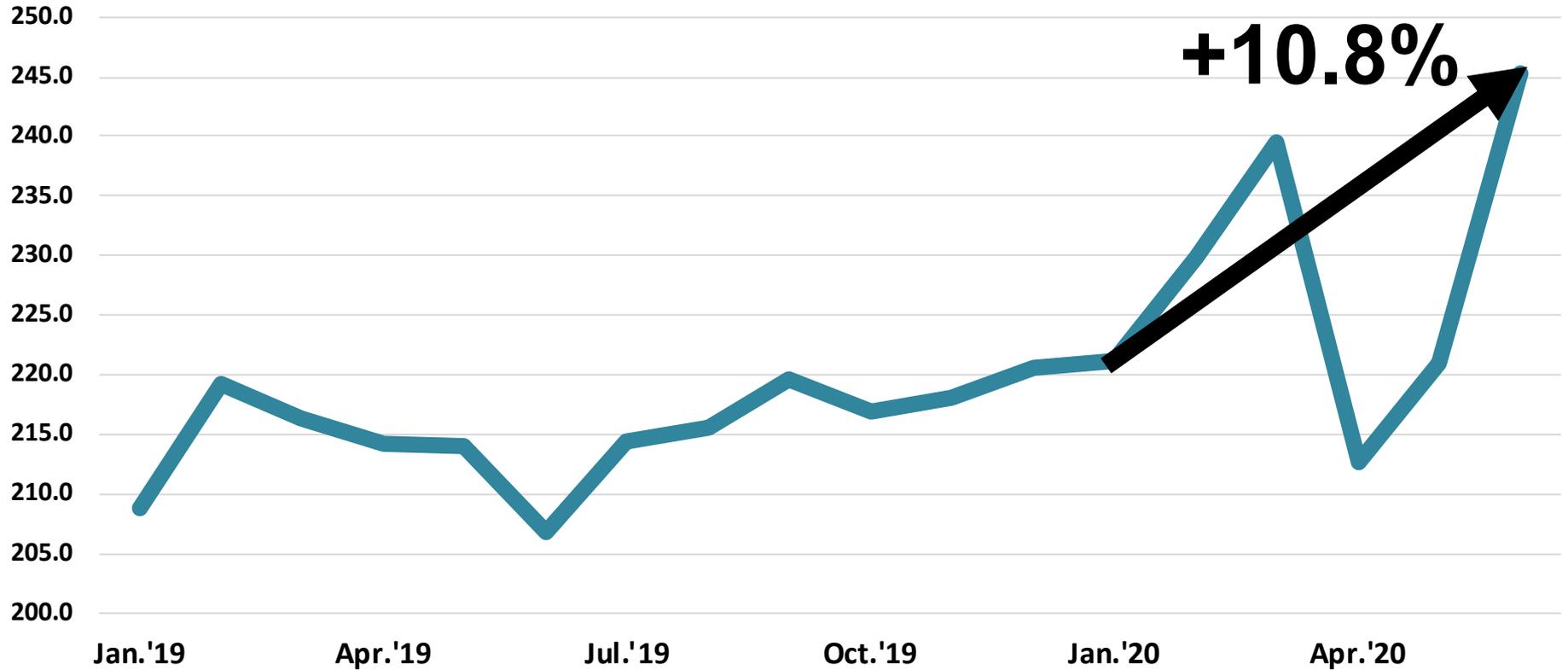
Source: U.S. Bureau of Labor Statistics



# *Supply and Demand*



# U.S. Producer Price Index: Lumber/Wood Products



Source: U.S. Bureau of Labor Statistics



# *Are New Lending Restrictions on the Horizon?*



# The Bottom Line

- *The pace of the economic recovery is slowing and the uncertainty surrounding school openings will likely continue to blunt the momentum of the recovery over the next 4-8 weeks*
- *In the absence of widespread testing or treatment, unemployment is unlikely to return to pre-pandemic levels this year*
- *Housing markets are rebounding, but there are potential supply constraints later this year that may emerge*
- *South Carolina is well-positioned for a “post-pandemic world” and may emerge as a leader for economic growth*



*Thank You!*

