Advertising Supplement to The Post and Courier
SATURDAY, SEPTEMBER 4, 2021

2021 REAL ESTATE

marketcheck

Midyear update

An unprecedented year, a dichotomous recovery and a cautiously optimistic, long term steady state, Page 8

Midyear market update

An unprecedented year, a dichotomous recovery and a cautiously optimistic, long-term steady state

GETTY IMAGES

The Charleston housing market and economic landscape are moving into a new phase of "post-stimulus" recovery, signaling hope on the horizon for the remainder of 2021.

By the numbers

Resales vs new homes sales:
Tri-county: 78 percent resales; 22 percent new home
Berkeley: 64 percent resales; 36 percent new home
Charleston: 87 percent resales; 13 percent new home
Dorchester: 78 percent resales; 22 percent new home

Top subdivisions by county and number of closings — June 2020 to June 2021 (new homes):
Berkeley: Cane Bay, Nexton, Foxbank Plantation, Brickhope, Hunters Bend.
Charleston: Oakfield, Carolina Park, Stonoview, Carolina Bay, Oyster Point
Dorchester: Summers Corner, The Ponds, McKewn, Coosaw Preserve, Pine Forest CC

—Source: New Homes Review/Real Estate Information Service/ Carolina One New Homes

FILE/ BRAD NETTLES/STAFF

Economist Joey Von Nessen of the University of South Carolina presented his market forecast to over 100 industry professionals in North Charleston last week. Many attended virtually via Zoom.

BY BRIGITTE SURETTE

Last week, the annual Charleston Home Builders Association Market Update meeting was held at the Crowne Plaza in North Charleston, and virtually, with over 100 industry professionals in attendance. In its tenth year, speakers **Joey Von Nessen**, a research economist and **Will Jenkinson**, Broker-in-charge of Carolina One New Homes gave an overview of what's happening in a "post-stimulus" economy.

What does the remainder of 2021 look like and into 2022 for the housing market, both nationally and locally? What's going on now, and how have these changes affected South Carolina? How far have we come in terms of economic recovery? What are the challenges ahead for the Lowcountry's current housing inventory and is new construction in our region on the rise?

The market landscape and factors affecting it

"I use the term 'so what' economics often to show the important concept of why economic data is so important," Von Nessen said. "It's how businesses make strategic decisions."

That data is based on different variables within a particular market, each affecting the other. The current market landscape is rapidly changing.

"We've seen a major change in the South Carolina economy and in the global economy that is totally unprecedented," he commented. "In a very real sense, the economy is going to have to stand on its own two feet."

We are entering a period of time Von Nessen refers to as "post-stimulus," meaning that most of what kick-started the economy—government issued stimulus checks for individuals and businesses—are largely coming to an end. Many of the trends that have emerged over the last 18 months—the pattern of the economy and the drivers of it, will change in the second half of 2021.

Von Nessen said, "Thinking about

South Carolina, it's helpful to look back, and what recovery looks like. South Carolina has recovered fairly nicely," referencing the unemployment rate being better than the national average and better than many southeastern states, including bordering states Georgia and North Carolina.

"Overall, if we look at South Carolina, things are pretty strong through the summer and through July, which is where we have our data from," he said. "We have recovered to about 2.6 percent of pre-COVID levels. In other words, there are 2.6 percent less people employed than there were in February 2020 before the pandemic began."

The sector of employment that hasn't recovered as well remains leisure and hospitality (L&H). That chunk of our employment sector is still down 10.4 percent. If one took away that segment, our region's employment levels are only down 1.5 percent compared to February 2020.

"This highlights the dichotomous nature of the recovery that we have seen," Von Nessen said. "We're getting there and many sectors, such as the housing industry and construction, are doing very well."

Von Nessen said that leisure and hospitality realized a surge in July 2021 and it's moving in a very positive direction, but it remains the "most significant sector in terms of the need for recovery."

Overall, South Carolina's employment rates are within 3 percent of where we were in February 2020, pre-pandemic, Von Nessen's data showed.

Full recovery sectors

Housing, construction, and trade and traffic and utilities have all seen a full recovery. During the pandemic, people were buying goods, and the logistics—delivery, warehousing and distribution to get those goods to us fared extraordinarily well.

"Primarily, we have seen more consumer spending and more GDP growth over the last year," said Von Nessen. "If you look at GDP growth trends overall for the U.S., about 70 percent is driven by consumer spending."

Consumer spending tends to grow at a fairly steady rate, and it's a key indicator of how well the economy is chugging along. Since 2015, the data for consumer spending has shown a steady rise, with the major down turn happening in February 2020. It's rising again, recovering to pre-pandemic levels. Great news for the national economy as a whole, and most economists expect the trend to continue throughout 2021 and into 2022, Van Nessen said.

GETTY IMAGES

The Leisure and Hospitality industry hasn't recovered as quickly as other sectors. This sector of the Lowcountry's economy experienced a surge in July and is moving in a positive direction.

Closing facts

New Home median and average closing price – by county:
Charleston: Median: $417,625; average: $461,775
Berkeley: Median: $358,511; average: $376,677
Dorchester: Median: $317,540; average: $321,040

New home closings in major markets of South Carolina — July 2020 to July 2021:
1. Greenville: 6,000 plus
2. Charleston: 4,000 plus
3. Myrtle Beach: 3,000 plus
4. Columbia: 3,000 (approximate)

—Source: New Homes Review/Real Estate Information Service/Carolina One New Homes

The housing market and what's driving it

The housing market has been doing very well, spiking in March 2020. There has been double digit growth in 2021—for both new home and existing home sales. The Lowcountry has realized incredible sales activity and dramatic home value increases.

There are three primary reasons that are driving the surge according to Von Nessen: Employment preservation, income effect and the "substitution effect."

The L&H sector tends to employ workers that are relatively lower-wage workers, relative to the state average, and as a result, these people are more likely to be in the rental market, rather than potential homebuyers, Von Nessen explained.

The best predictor of housing demand is employment growth and "a key metric to keep our eye on." Higher wage earners, for the most part, were able to work virtually during the pandemic shutdowns, unlike those employed in the leisure and hospitality sector. Housing demand rose for that pool of workers who found they could work anywhere.

The income effect is when Americans have more disposable income, they're going to spend more on all goods and services, including housing. Disposable income spending was significantly higher over the past year, well above historic trends. It is just now lining up with what economists typically see. People stayed home and put extra cash into savings during the shutdowns. Instead of taking that family vacation, they saved that money.

In fact, people saved at twice the rate. Typically, people save about 7 percent. During the pandemic, savings soared up to 20 percent on average. As other key metrics are returning to normal prior to the pandemic, so are people's spending habits and their savings.

"More saving, more income and more financial resources leads to more purchases," said Von Nessen. That includes a down payment on a house.

The most important factor going forward is what Von Nessen calls the "substitution effect," the idea that consumers buy two types of products, durable goods and services. Over the last year, there was a big shift from services.

Lumber prices
- Since April 2020, large increases in lumber prices has resulted in the average price of new single-family home to increase by nearly $30,000.
- Prices surged to their highest at 1,670.5 on May 5, 2021.
- On August 2, 2021, lumber prices closed at 635.6.
- On August 30, 2021 lumber prices closed at 533.1.

—Source: NASDAQ

Though the services sector has been opening back up and gaining some traction, it's not there yet.

An "economic tug of war" between the two is happening now, and when economists see more of an equilibrium between the two, a pull-back from durable goods, including housing, will begin to happen.

"This is a pullback, not a contraction," said Von Nessen. "We have come back down to 2019 norms for existing family home sales and we are basically seeing a reversion back to pre-pandemic norms. We are moving into a new phase of this recovery, a more long-term steady state."

Threats to recovery

What can upset the applecart of the steady recovery we're seeing, and in turn the housing market? Persistent high inflation, persistent labor shortage and the Delta variant. Inflation has gone up considerably, at 5.4 percent overall. Core inflation, which is what the Federal Reserve bases its interest rates on, is at 4.3 percent.

"Core inflation is inflation for all goods and services except for food and energy," Von Nessen said. "It's what the Federal Reserve likes to track for inflation over time. The Fed likes core inflation to be around 2 percent and anything significantly above that begins to raise a red flag."

Is inflation long lasting or transitory? Current data suggest that high inflation is based on different factors within the service sectors. Used cars have risen year-over-year 42 percent. Airline tickets, lodging and gasoline have seen a bump up, too. If you took out one of the four—used cars—the inflation rate would be at 3.5. A handful of items could possibly "radically change our inflation," Von Nessen suggested.

Labor shortages lead to wage growth. If businesses are struggling to find workers, wages are raised. "Businesses still have the same level of output, but higher price levels are passed on to the customer," said Von Nessen.

The labor force has changed, too.

Baby boomers retired this past year because they've saved and their retirement and/or stock portfolio allowed them to do so. Many parents have had to stay home with their school-age children. Another group are those workers who have saved a lot during the pandemic. They can be choosy before taking a job.

Finally, the Delta variant. What will this do to the momentum? A large driver of the economy is consumer confidence, and the question is, will that confidence go down and affect the recovery the nation has regained? We have recovered some in recent months, but it's come down a bit because of the Delta variant.

Still, there is hope on the horizon, according to Von Nessen. "I am cautiously optimistic going into the second half of 2021. More businesses and individuals are way more prepared [for any pandemic-related snags including the Delta variant] than they were a year ago."

An exceptional year for the Lowcountry housing market, but low inventory

Jenkinson brought up how much inventory has changed over the last decade—from too much to too little. The latest numbers regarding housing inventory as of August 31, 2021 are 1,969 active homes in the MLS. Twenty-seven percent of that number is new construction homes. Pending sales far exceeds active ones by a whopping 1,798 as of August 31, 2021.

"In my 20 years of when Joey [Von Nessen] and I first began this [general membership meetings] ten years ago, there wasn't great news," Jenkinson recalled. "We had a mountain of inventory and it was rather challenging and daunting. We thought then—how are we ever going to get people to buy homes again?"

Fast forward to 2021 and the opposite is true. It's more about how can we meet the demand? There was a 5 percent jump of new homes showing as active in June of this year. The change is that builders are catching up—some.

"In most of our industry, there was a price escalation early on this year," Jenkinson said. "Builders cut out pre-sales."

Because of that, there are now more new homes within the inventory, that were previously "hidden" in earlier months. "We are kind of returning to a new normal, adjusting back," he said.

And, the numbers for sales are outstanding. "The second half of last year was the best second half ever," said Jenkinson. "2019 was one of the top years for sales activity. In 2021, we are seeing more in line with 2019, but we are still outpacing 2019 now."

Under building, nationwide, has contributed to inventory woes. During the period from 2000 to 2009, 12.6 million homes were built. Between 2010 to 2019, that number dropped to 6.5 million.

"Based on current demand and current supply, we need nearly 11,000 homes injected into the market to make it a balanced one," said Jenkinson. "Year to date in 2021, we were still up over 22 percent in closings as a market. Inventory is down 56 percent over this time last year."

Home sales in large master-planned communities have been way up over the last year, with Berkeley County having the lion's share of that at 50 percent new home closings. Charleston County followed at 30 percent and Dorchester County saw 20 percent. Johns Island and North Mount Pleasant continue to be hotspots among homebuyers. Look for areas such as Ridgeville, Hollywood and Awendaw to satisfy growing demands in the future.

"July was simply a small pullback [for home sales]. We are on a great pace and a good track to have a strong finish in 2021," said Jenkinson.

Dr. **Joey Von Nessen** is a research economist at the Darla School of Business. **Will Jenkinson** is the Broker-in-charge of Carolina One New Homes Division. Reach **Brigitte Surette** at bsurette@postandcourier.com.

NEXTON

Nexton is one of the master planned communities in Berkeley County that has seen a record number of closings. This home is the "Aneto" model by New Leaf Builders.

Housing market indicators

Charleston Metro — 2021: Q2

- **Housing appreciation overall (from a year ago):** 17.9%; Nation: 15.6%
- **Months' supply overall:** 0.7%; Nation: 0.9%
- **New construction share of sales overall:** 20.5%; Nation: 10.1%
- **Average sale price sold using financing:** 437; Nation: 422
- **Charleston metro** house prices since 2012 have increased 93% overall, 105% in the entry level segment, and 80% in the move-up segment.
- **For the nation,** house prices since 2012 have increased 93% overall, 101% in the entry-level segment, and 79% in the move-up segment.
- **Between 2013: Q1 and 2021: Q2**, new construction has added 11.1% to the Charleston metro housing stock. This is higher than the nation, for which the new construction contribution over the same time period was 4.1%.

—Source: AEI Housing Center

Low mortgage rates steady and stable through 2021

BY KIM SHELPMAN

While many factors remain unknown with the economy coming out of the post-pandemic shutdowns, mortgage rates have remained extremely stable. Refinance transactions saw robust activity thru the first four months of the year with rates at historic lows.

As rates moved slightly higher in mid-April with the 10 Year Treasury yield hovering around 1.60, the demand for refinances started to diminish. The purchase market continued to thrive during this timeframe as tight inventory levels persisted.

Shelpman

As news of the Delta variant spread in early July, it cast some doubt on the economic rebound for the second half of the year. With this news, 10 Year Treasury yields began to trend back to the 1.20-1.30 level and rates followed this correction down as well.

Purchase rates for 30-year mortgages have been hovering around the high 2's to low/mid 3's depending on the FICO's, down payment amount and type of occupancy. Refinance rates are just slightly higher than the average 30-year purchase rates.

The Federal Reserve just recently released their forecast on interest rate increases and it appears they are in "no hurry" to make such a move, as the return to a robust economy remains influx.

With so much uncertainty around us, it appears there is one thing we can count on- mortgage rates to remain on course and steady for the remainder of the year.

Kim Shelpman is the branch manager of Carolina One Mortgage. She has more than 35 years of experience in the mortgage and building industry.

Mortgage rates

As of Sept 1, 2021:
Fixed 30-year: 3.081%
Fixed 20-year: 2.743%
Fixed 15-year: 2.320%
ARM 10/1: 2.906%
ARM 5/1: 3.193%
Fixed 30 year, FHA: 3.142%
Fixed 30 year, VA: 2.890%
Fixed 30 year, Jumbo: 3.082%

—Source: Nastaq.com, Data Source: The Ascent's national mortgage interest tracking

Lowcountry market

Poised to be a leading economic generator for the East Coast

BY PATRICK ARNOLD

University of South Carolina's economist Joey Von Nessen and Carolina One New Homes' broker in charge Will Jenkinson laid out a real estate environment equal parts robust and troubled. While demand is likely to remain strong this year and beyond, the ability for all buyers to find a home is quickly dwindling. In a landscape fraught with uncertainty, it is our responsibility to bring practical solutions to the Lowcountry's housing woes.

Von Nessen urges us to look at the next six months as a post-stimulus economy. Ironically, like the vaccines, one-time injections of capital from our government can wear off over time. Only if we exclude the leisure and hospitality sectors of our economy does South Carolina's employment trend resemble life before Covid-19, and consumer spending has recovered. Today, we have more buyers willing to spend on the most expensive purchase of their lifetime – a home. True home sales declined in the summer, but the devil is in the details of why that was.


Arnold

While it only took a few weeks for everyone to get over the toilet paper shortage, our local housing supply never recovered. In fact, it was dangerously under stocked before the pandemic. According to Jenkinson's research, the Charleston metro region was over 9,000 homes short of what was needed to keep up with job growth. Supply and demand are a simple beast: if homes are scarce, they artificially become more valuable. We entered the health crisis with a housing crisis. Making things worse, material shortages elevated home prices quicker than many shoppers could stomach.

This trend is measured by the National Association of Home Builders priced out index. It also explains our home sales decline. According to the NAHB's latest report, a $1,000 increase in the median new home price ($346,7571) would place 153,967 households out of the market. For perspective, the median home price in the Charleston area rose $57,000 this year alone. Simply put, more buyers are on the sidelines and waiting for relief.

In order to make the next generation of homeowners' dream a reality, we need a diverse series of housing options and quick. Planners, policymakers and elected officials can allow a greater range of housing types that discreetly add density to inventory – rather than restricting it. Smaller homes, smaller lots, and accessory dwelling units are all ways of bringing options to the "Missing Middle," what struggling buyers are now being called.

It is not just about the types of housing though; it is also how we build. The expression "time is money" rings too true for builders and buyers alike. It can take years to navigate the government approval process before someone unlocks their home for the first time. By streamlining development approval processes, and in ways that incentivize affordable housing, struggling markets can bring units online faster and cheaper. Several municipalities, including Berkeley County and the City of Charleston, are already in the process of identifying ways to enhance efficiencies.

The Lowcountry is poised to continue as a leading economic generator for the East Coast, and with that will come challenges for our home building market. Doubt may remain about public health and the future of real estate, but solutions to our greatest challenges are easily within reach.

Patrick Arnold is the executive director of the Charleston Home Builders Association.

The housing market today

Complicated, fast-moving and hard to define

BY MICHAEL SCARAFILE

We all know that housing inventory, or the lack of it to be more specific, is a hot topic of conversation, as well as what has been behind the recent escalation in home prices. In fact, as of the writing of this article, there were currently 2,025 active listings for sale in the Charleston Multiple Listing Service ("CMLS"), taking out homes under contract and awaiting closing. That is an increase of nearly 30 percent from the all-time lows we saw this summer.

While market wide inventory has grown, it remains under a one-month supply, well short of a balanced market defined as six months of active inventory. At the current pace of sales, our local market is roughly 8,000 — 10,000 listings short of "balanced." To add some historical perspective, in April of 2009, during the depths of the financial crisis, the Charleston market had 23.2 months' worth of inventory with 16,068 homes on the market for sale.

What happened to the inventory?

The financial crisis which began in 2009 turned into a housing crisis with record levels of inventory, increased foreclosures and declining prices. New construction ground to a halt. In fact, for the ten (10) year period from 2010 – 2020, the number of newly built homes trailed the number of households created in the United States by 5,000,000 units and was only 50 percent of the levels of construction we had seen in each of the past four decades.

While supply has remained tight, demand for homes skyrocketed during the pandemic and mortgage rates, because of the steps taken by the Federal Reserve during the pandemic, reached all-time lows, increasing affordability and further boosting demand.

When will inventory return to historical norms?

Even though there may only be just over 2,000 active properties for sale on the market that does not mean buyers do not have choices, as new listings are coming on the market daily. Remember, the number of active listings is only a snapshot of the market at a single point in time. Active inventory does not reflect the nearly 2,500 listings that came on the market during the past month, giving buyers over 4,500 homes to choose from. Despite what some may think, new listings taken are above normal levels and almost 20 percent higher than the same time in 2019, pre-pandemic.


Scarafile

New Homes builders are building as quickly as they can, but they are limited by both material and labor constraints, the backlog of to-be-built properties already under contract, and waiting buyers. That said, today, New Homes make up 27 percent of our local active inventory available for sale, up from 21 percent just two months ago.

While demand has remained high as people see their homes in a whole new way because of the pandemic, that demand combined with low supply have pushed up prices and decreased affordability. The median sales price for CMLS increased by 22 percent over the past 12 months – from $287,215 to $353,141. In the simplest terms, this means prices have gone up by roughly 1.83 percent per month over the past year, over seven times the historical rate of home price appreciation. While we do not expect home prices to come down, we do not expect homes to continue to appreciate at these unsustainable levels.

Today's market is complicated, fast moving and hard to define without a true and deep understanding of the numbers which often just offer a snapshot of what is going on. Relying on a trusted Realtor during these unprecedented times is the best way to maneuver through it.

Michael Scarafile is the president of Carolina One Real Estate Services. In 2017 he was ranked #144 in Swanepoel Power 200, recognizing the most powerful leaders in residential real estate. In 2019, he was listed as one of the "50 Most Influential People of 2018" by Charleston Business.

A strong economy, job growth and a bright future

BY WILL JENKINSON

Our Charleston New Homes Market thought 2020 presented lots of unique challenges, then 2021 rolled around and threw even more curve balls at us.

As we entered 2021, we experienced all-time record highs in lumber costs followed by major disruptions in the overall supply chain of building products. These two elements caused major shifts in how builders priced, released for sale, and set closing dates for new homes in our region. While these have caused frustrations amongst builders, buyers, and real estate professionals, we have still managed to close a record number of new homes within the last 12 months and the future seems bright for our industry.

Jenkinson

Our regional economy continues to be strong and stable with more job growth on the horizon. We will continue to see more distribution centers like Wal Mart built along the I-26 corridor in the coming years that will continue to push our housing needs out to areas like St George and Holly Hill.

A large number of Baby Boomers are moving to our region, and we are creating more housing opportunities for them with a third Del Webb coming off Clements Ferry Road. Restore at Carolina Park in Mount Pleasant, and Horizons in Summers Corner located in Summerville, are neighborhoods that are in demand for active adults.

One of our greatest needs and the biggest challenge is more attainable housing in the Charleston region. One local builder, Prosperity Builders, is making an impact in this niche with "workforce housing" communities in Mount Pleasant and West Ashley, with a couple of more communities on the drawing board.

While we will still be dealing with inflated construction costs and supply chain delays in the near future, the future of new home communities in our region is bright.

By the numbers

As of 8/31/21:

Overall Charleston Real Estate Market (MLS):

Currently: 1,969 active homes

1,425 resales, 544 new (27% are new)

Pending Sales: 3,755; 1,786 more pending than active

2,339 resales, 1,415 New (38% are new)

New Home Sales accounted for 22% of all Homes Closings: REIS JUNE 21

Charleston: 13%; **Berkeley**: 36%; **Dorchester**: 22% (% of New v/s Resale): REIS NHR JUNE 21

4,968 New Homes closed in Last 12 Months: REIS NHR JUNE 21

Historical High — 7,100 in 2006 and Low — 2.100 in 2009

Average sales price for new jomes: $391,290 (Overall): REIS NHR JUNE 21

Charleston: $461,775; **Berkeley**: $376,677; **Dorchester**: $321,040

Single Family Permits:

6,521 permits were issued in Last 12 Months: REIS NHR JUNE 21

Historical High – 8,084 in 2005 and Low was 2,732 in 2009

Rapid expansion equals a bigger demand for apartments

BY DONNA BOULEWITZ

As the population in Charleston continues its rapid expansion, so does the demand for apartment homes. Approximately 956 new apartment homes are needed each year to keep up with demand. This growth provides myriad opportunities for Charleston-area residents. Apartment construction contributes $520.8 million to the Charleston economy annually and creates approximately 2,000 jobs. Charleston apartments and their residents contribute $5.8 billion to the metro area economy annually (including $657.9 million in taxes), supporting 32.3K jobs.

The Charleston Apartment Association (CCA)

In 2020, while facing the headwinds created by COVID-19, 54 new members representing 5,097 apartment homes joined the CAA, making it a significant year for membership growth. In the first half of 2021, the CCA has surpassed our 2020 new memberships total. In satisfying the increased demand for apartment homes, new communities are continually coming online, and new businesses that support these communities are also opening rapidly. Many of these communities and new supplier partner businesses are joining the CCA every month.

Our diverse membership (of over 458 apartment communities and supplier partner businesses) provides a robust network that allows members to gather new business contacts and learn about the apartment industry and our thriving tri-county area market. Last year, when COVID-19 related restrictions occurred to local businesses, The CAA offered over 20 events and education classes virtually and at no cost to members. Included were several courses providing continuing education credits for various certifications many of our members held. As the economy begins to recover in 2021, we continue to support our members by offering reduced-cost education classes virtually and are looking forward to the remainder of the year, and 2022 as we are just beginning to provide in-person networking events and education opportunities.

Bolewitz

Giving back

The CAA gives back to the community by supporting charities that have a direct impact on our community. Last week, 100 guests at One80 Place enjoyed a full meal donated by the CAA. One80 Place provides nightly shelter and re-housing assistance to move people out of homelessness.

CAA committees offer service and outreach to members and residents, but the Charleston Cares committee is especially worthwhile to note.

Charleston Cares is a way for our association and its members to give back to the community — a thank you gesture to the residents of the greater Charleston area. The 2020-21 charitable focus is the Lowcountry Continuum of Care (LCC).

The LCC is a membership body comprised of community services providers who plan, develop and implement comprehensive and coordinated strategies to address homelessness in Beaufort, Berkeley, Charleston, Colleton, Dorchester, Hampton, and Jasper Counties. The staff of the LCC supports recipients of HUD-funded homelessness services with assistance in a variety of areas.

In 2020 the CAA raised $8,056 for our designated charity, LCC, through our annual golf tournament.

According to the LCC, "In June, we have been able to help three families with housing. Most recently, we connected with a mom living in a tent with her four children and husband. They lost their housing in February and have not had stable housing since. The dad works, but they have been unable to locate housing and save up for a deposit and first month's rent. It hasn't been an easy ride for this mom as she also has a child with needs that require a lot of her attention. We were able to get the family out of the tent and into a safe place while searching for housing. It looks like, as of today, they might have been approved and will be moving into an apartment in the next two weeks. If it weren't for the contribution from the Charleston Apartment Association, we would not have had the flexibility to provide immediate assistance to this family and get them into a safe place. The dad has also taken more hours at work now that he knows his family is safe."

An opportunity for job seekers

The apartment industry is a growing industry that brings an increased need for talented, creative, and passionate individuals to lead and support it. The average apartment community includes 254 units and employs six onsite staff members, including a community manager, assistant manager, leasing consultants, and maintenance professionals. The CAA will host a Career Fair on September 16 at the Crowne Plaza in North Charleston from 4-7 pm. Register at www.charlestonapartmentassociation.com.

Donna Bolewitz is the president of the Charleston Apartment Association. The association is a non-profit organization that supports and serves the multifamily industry.

Advertising Supplement to The Post and Courier

Robust luxury sales and relocations drive demand

BY CHARLES SULLIVAN

It's pretty easy to report the positives lately after reviewing recent market data, especially when tracking one of the most incredible 12-month periods of real estate activity in the history of Charleston, and that's a lot of history. Record pricing, light inventory and continued strong demand bodes well for the coming months.

So where do we go from here? Going into fall 2021, we will have some very strong sales numbers to beat every month when comparing against last fall 2020 and especially spring 2021. Choices were more plentiful in late 2020, giving buyers and sellers alike time to make a choice before purchasing or moving up to a larger home. Since then, not much has come back to replace sold inventory, and construction schedules have doubled. Inventory is increasing slightly just over the last 60 days, so that will certainly help to create transactions, but so is pricing. More inventory is needed.

Relocation has driven the luxury market the most in the last 12 months, with the number of sales in every price category literally doubling or more.


Sullivan

Over the last 12 months running, the number of closed sales jumped—from 677 to 1,240—in the $1 million to $2 million range versus the prior 12 months. The $2 million to $3 million price range was much the same, from 130 to 300 homes closed. In the $3 million to $4 million range, there was an increase from 40 to 112 homes closed.

When you look at the higher end of the luxury market at $4 million plus, the number of closed sales increased from 32 to 71. That's just what is reported through our MLS. A few of the resorts do not feed their data into that number, plus off market sales were frequently happening as well.

Let's think about that for a moment. With over 70 "reported" homes closing above $4 million, a good many over $10 million, combined with around 1,800 recent transactions above $1 million for our metro market, the ripple effect of that will continue throughout our market for many months to come. As new owners either contemplate or start building, adding on, renovating, redecorating, basically spending dollars to make each home their own, the Metro Charleston economy will obviously benefit greatly.

Even if Charleston suddenly stopped being the place everyone wants to come to, the positive economic effect created from the last 12 months of transactions will likely support the local economy for years to come. That's just through closed sales. One must also factor in the tremendous growth in soon to be available rental apartments all over the area — more economic ripples as hundreds of apartments become occupied and furnished. Many of those tenants are waiting for fresh inventory to enable them to become homeowners, too. In the past, we would see that kind of growth in 10 or more years.

How could we not conclude from just the obvious metrics of the recent explosive growth, our metro real estate market has the strength and legs to continue in a positive way for many months, if not years to come? Charleston is a different place from just 18 months ago. Buckle up, it's not over yet.

Charles Sullivan is a founding partner of Carriage Properties, and has lived in Charleston for over 45 years. He is consistently recognized as a multi-million-dollar producer and was recognized by the Wall Street Journal as one of the top 250 luxury agents in the country.

Demand, growth indicate economy will remain strong

BY THOMAS BOULWARE

To date in 2021, the commercial real estate market in Charleston has maintained its velocity while continuing to adapt to the challenges created by the COVID-19 pandemic. The past 12-18 months have presented our economy with varying factors that directly affect how we shop, socialize, work, and even educate the next generation. These facets have touched nearly all sectors of the commercial real estate business. The most notable impact, with the presence of COVID-19, is the option for citizens to become vaccinated.

Housing

The housing sector has seen strong demand across all submarkets — from Charleston's Historic District to nationally-recognized, master planned communities throughout the tri-counties. Several new leading national home builders have added the Charleston metropolitan area to their list of preferred sites to build, and Charleston continues to be a growth market to satisfy Wall Street investors. Affordability, supply chain issues for housing components and delayed deliveries are concerns in the housing industry.

Industrial

The demand for Class A distribution space has exceeded the current supply of available space. The port expansion at The Leatherman Terminal has contributed to this demand and there is currently 5-6 million square feet of distribution product under some form of development. Much of this activity is occurring in the Jedburg, Camp Hall Industrial Park, and Palmetto Commerce Parkway/ Ladson submarkets of our region. Walmart is nearing the completion of their three million square foot East Coast distribution center in Ridgeville. There is strong investor interest in these fully leased Class A industrial sites. These assets are trading at cap rates seen in larger secondary and primary markets, and there is continued strong growth in this market sector. Mercedes Benz and Volvo are enjoying growth in their markets, and Volvo recently announced that they will manufacture their XC90 model SUV at the Camp Hall campus in 2022.


Bouleware

Office

While many smaller businesses have moved back into their spaces and are conducting business as normal, many of the larger corporate groups are working remotely or as a hybrid of both. The way we work in office space going forward has likely changed forever. Many currently occupied offices have implemented safety policies and procedures, such as washing hands upon entering the space, wearing face masks, and social distancing. There are several large office projects under construction on the peninsula, including Morrison Yard and The Morris. Both are seeing significant pre-leasing interest from prospective tenants. These projects have significant outdoor assembly space, a result of COVID's impact on office environments. The complete impacts of COVID on the office market will not be certain for some time.

Retail

The retail sector has rebounded significantly over the past 12 months. Many restaurants, shops and grocery centers are viewing strong demand from consumers. With some restaurants requiring reservations due to limited seating spaces from staffing shortages, operating at full capacity has been a problem. Retailers are observing consumers return to brick-and-mortar locations, substantial online shopping remains. Grocers are experiencing an increase of online shoppers and a normal volume of typical shoppers. The hospitality industry has rebounded significantly, and many of the downtown Charleston hotels are operating at close to full occupancy with daily room rates at or above pre-pandemic rates. Social gatherings have resumed, and airlines are resuming their normal flight schedules, contributing to the rebound.

The fundamentals of our local economy continue to be very strong. My anticipation is that we will see continued growth in all market sectors, as we continue our assent to the population of one million benchmark. As a community, we have adapted to the impacts of COVID on our daily lives and the activities we most enjoy. We must proceed with safe measures, diligence, preparation and respect for others in order to maintain the freedoms in our daily lives. Life should and will continue, and COVID will be here for the foreseeable future. Perseverance, grace and grit will see us through.

Thomas Boulware, broker-in charge at NAI Charleston, began his commercial real estate career over 20 years ago. His expertise covers many aspects of the commercial real estate business including investment sales, land development, and leasing and sales of all market sectors. He is a top producer in the Charleston MSA. In August 2017, Thomas joined Dexter Rumsey, David Ingle and David Grubbs in founding NAI Charleston. He is a member of The Society of Industrial and Office Realtors (SIOR).