

Welcome

to the



2025 CTAR
RESIDENTIAL
MARKET UPDATE



Dr. Joey Von Nessen

Research Economist

University of South Carolina



**Darla Moore
School of Business**

UNIVERSITY OF SOUTH CAROLINA



CTAR RESIDENTIAL MARKET UPDATE

THE 2025 SOUTH CAROLINA ECONOMIC OUTLOOK

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January 15, 2025

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South Carolina

Darla Moore School of Business

3 METHODS OF EVALUATION

- **PERCEPTION**
- **PERFORMANCE**
- **EXPECTATIONS**



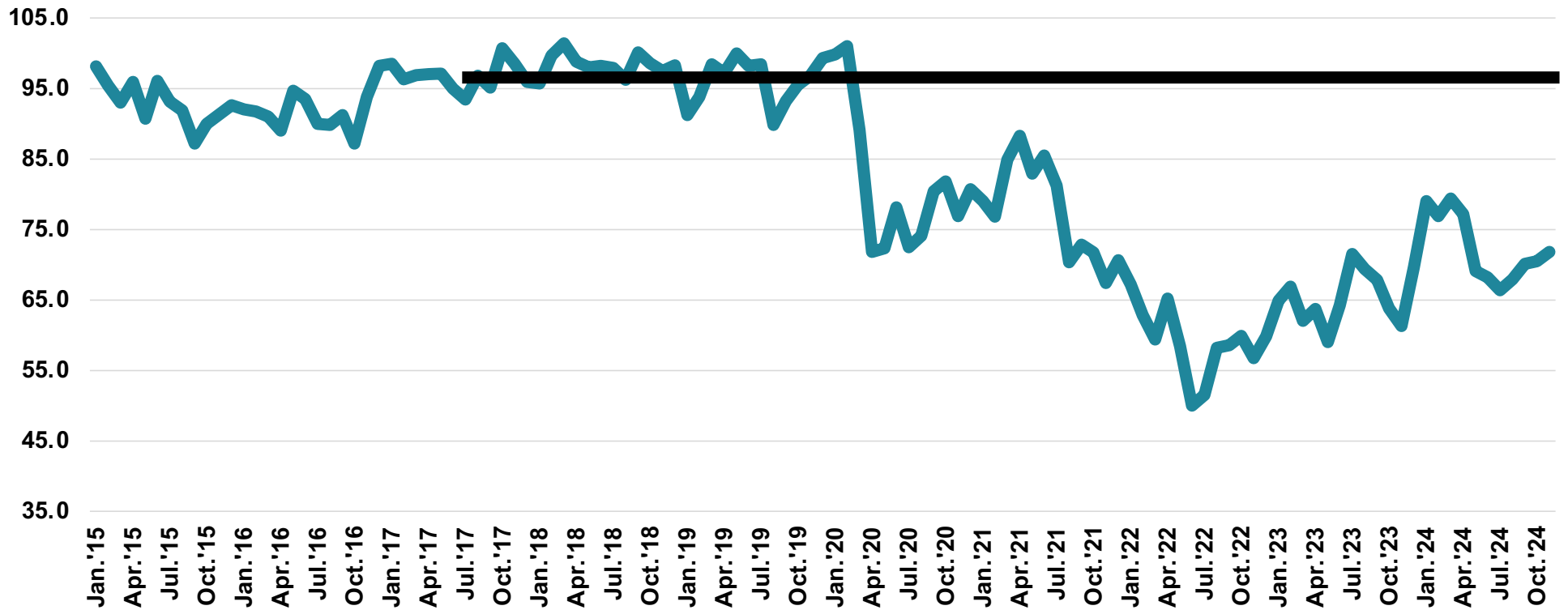
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ECONOMIC PERCEPTION



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U.S. CONSUMER CONFIDENCE INDEX

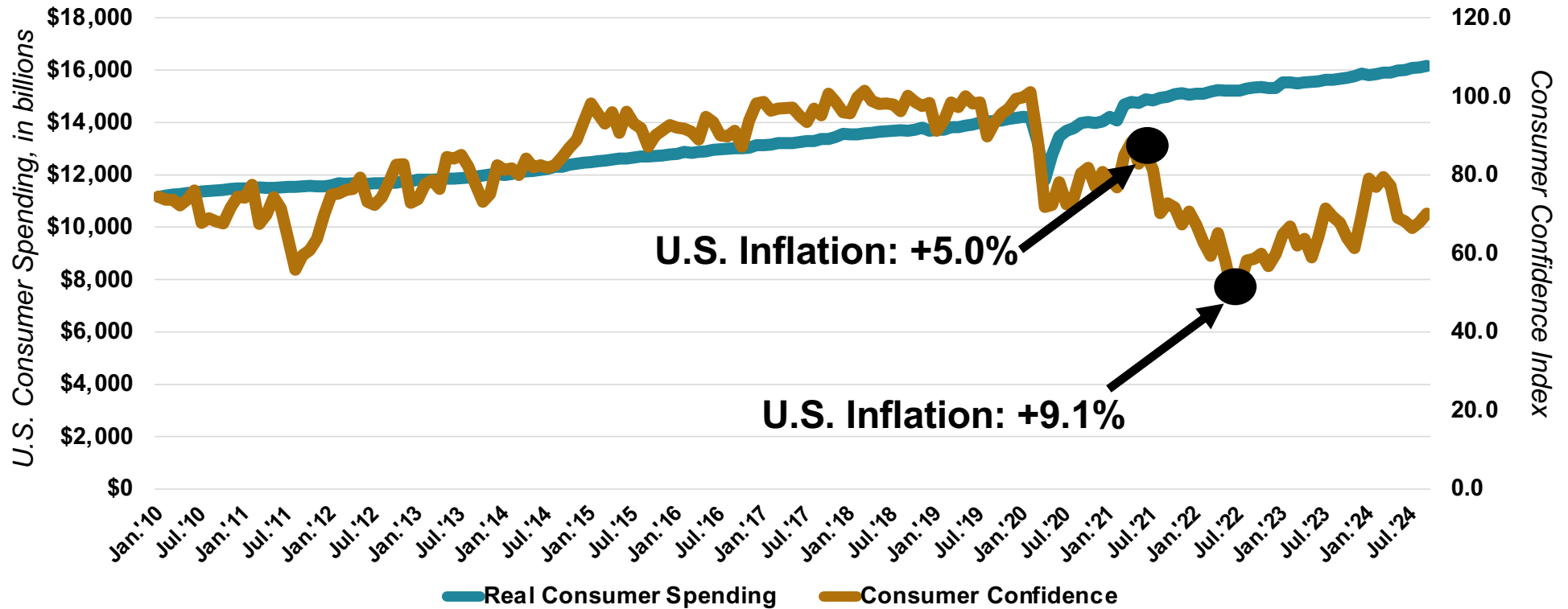


Source: University of Michigan



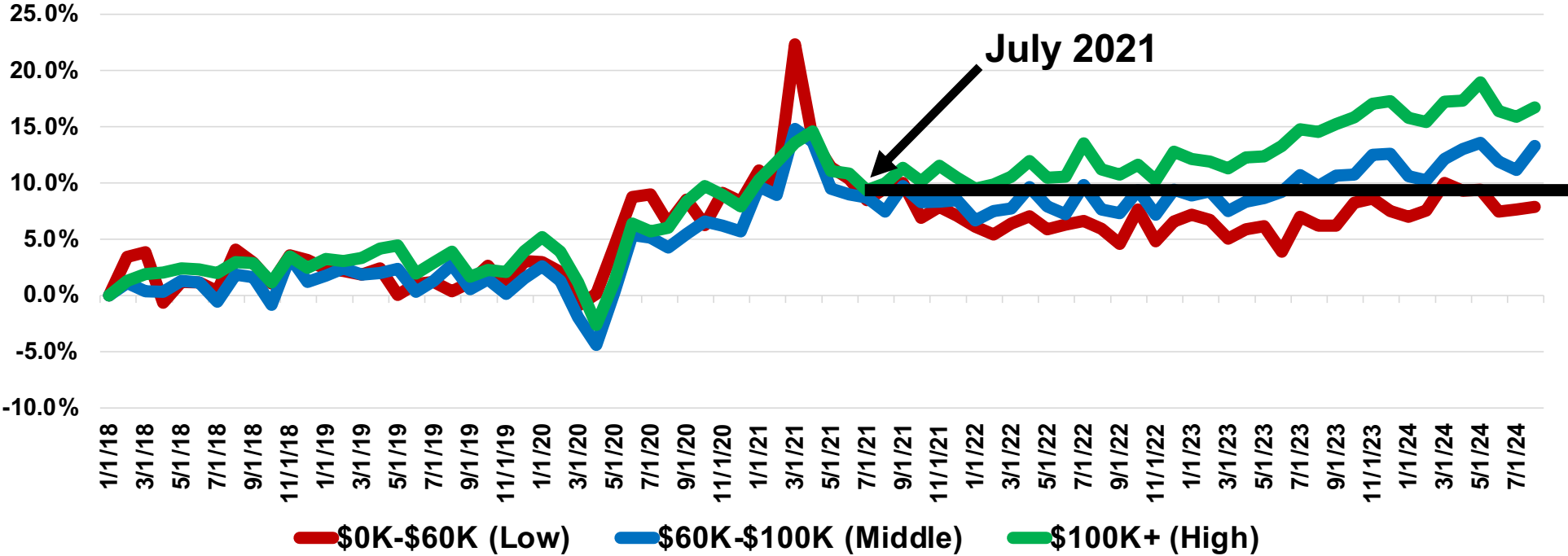
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U.S. CONSUMER SPENDING VS. CONSUMER CONFIDENCE



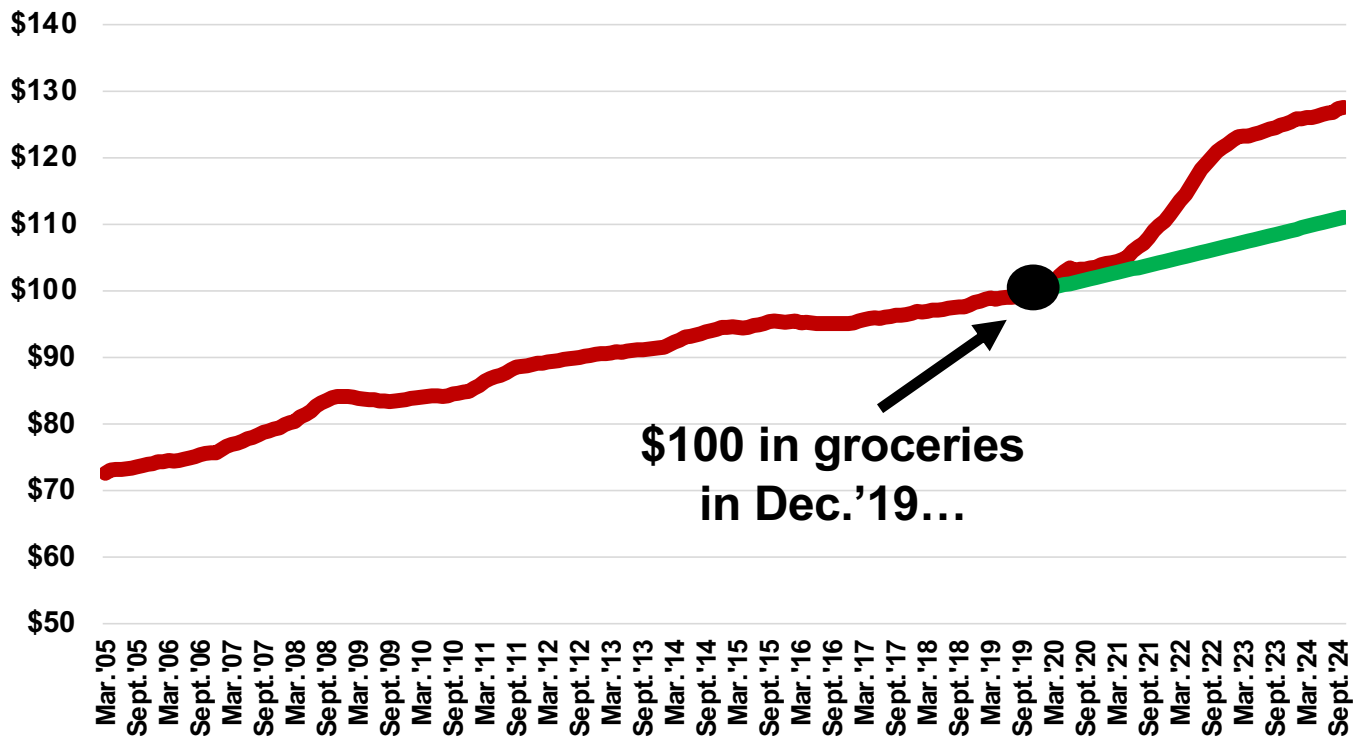
Source: University of Michigan & U.S. Bureau of Economic Analysis

CUMULATIVE GROWTH IN RETAIL SPENDING BY HOUSEHOLD INCOME GROUP



Source: Board of Governors of the Federal Reserve System

U.S. INFLATION: FOOD PRICES



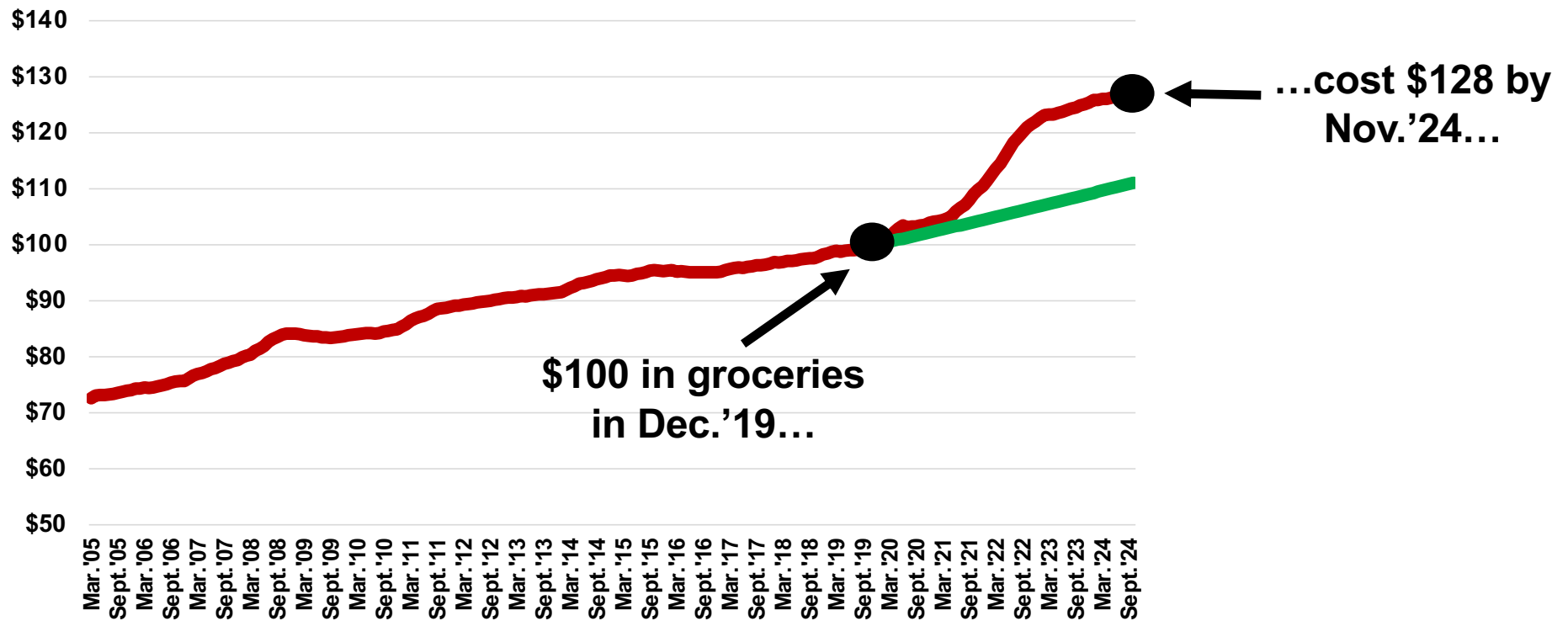
\$100 in groceries
in Dec. '19...

Source: U.S. Bureau of Labor Statistics



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U.S. INFLATION: FOOD PRICES

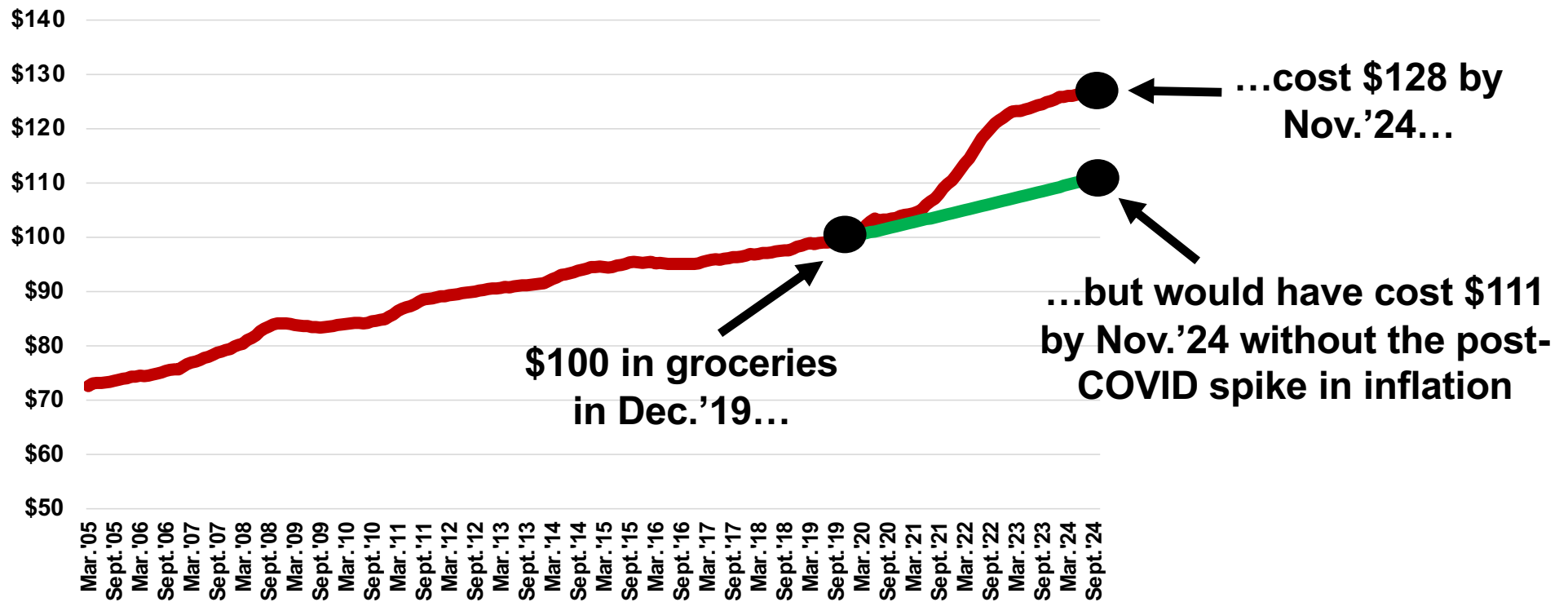


Source: U.S. Bureau of Labor Statistics



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U.S. INFLATION: FOOD PRICES

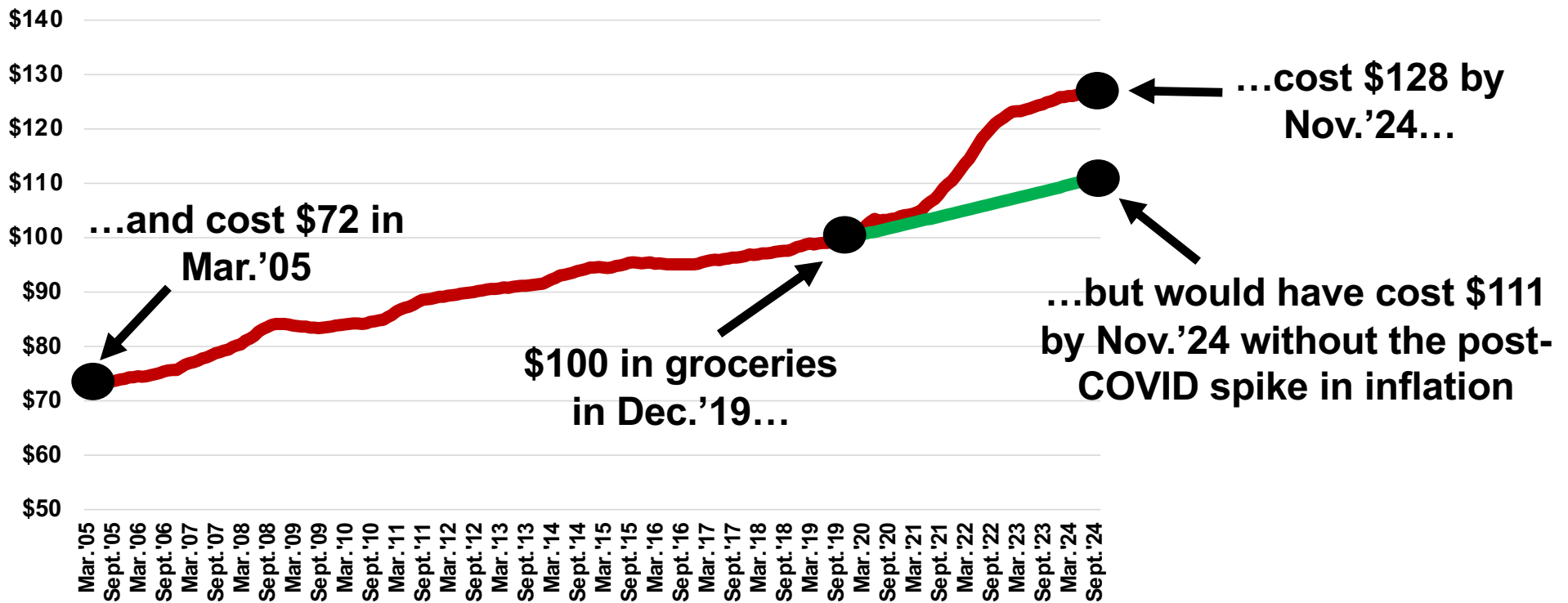


Source: U.S. Bureau of Labor Statistics



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U.S. INFLATION: FOOD PRICES

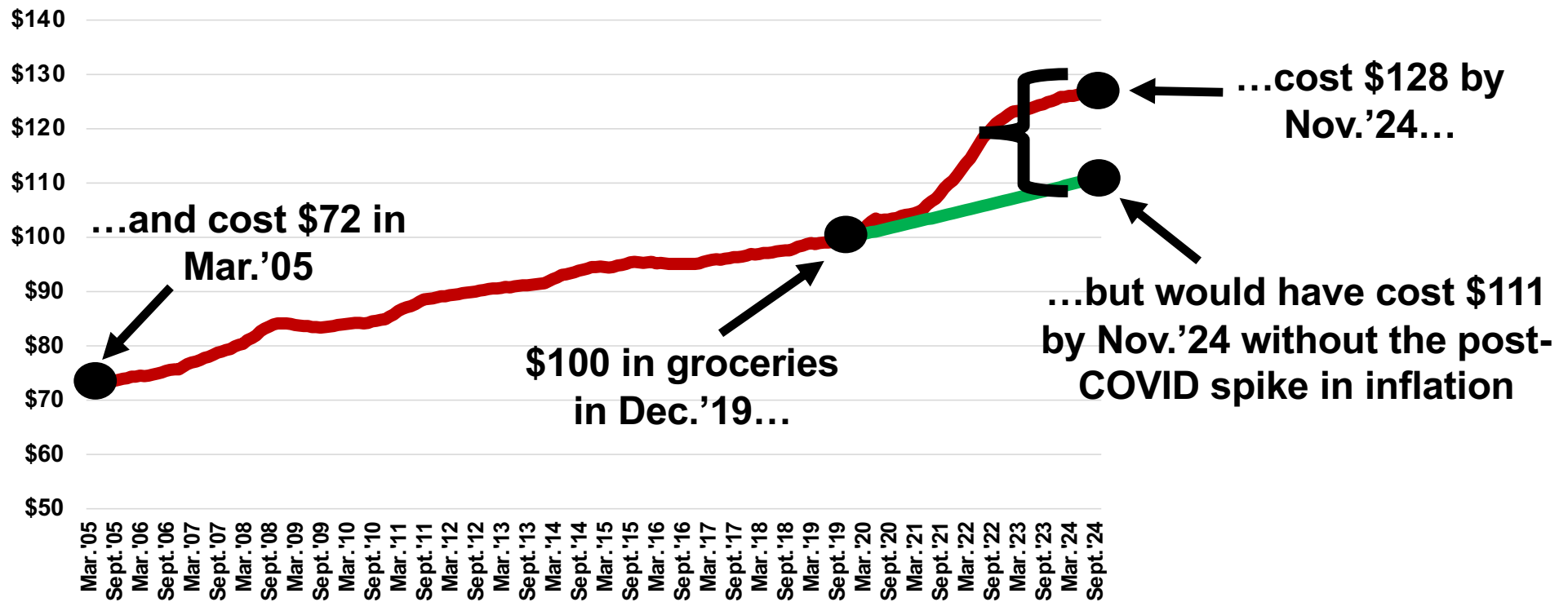


Source: U.S. Bureau of Labor Statistics



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U.S. INFLATION: FOOD PRICES

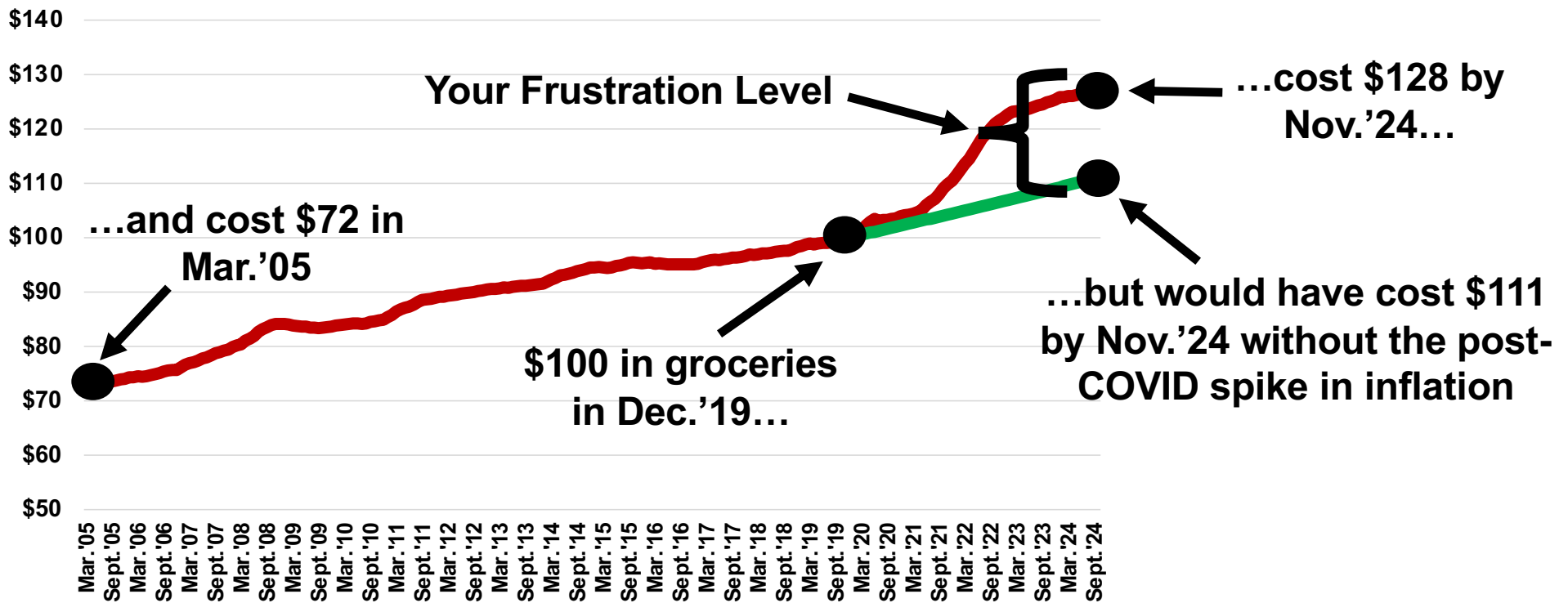


Source: U.S. Bureau of Labor Statistics



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U.S. INFLATION: FOOD PRICES

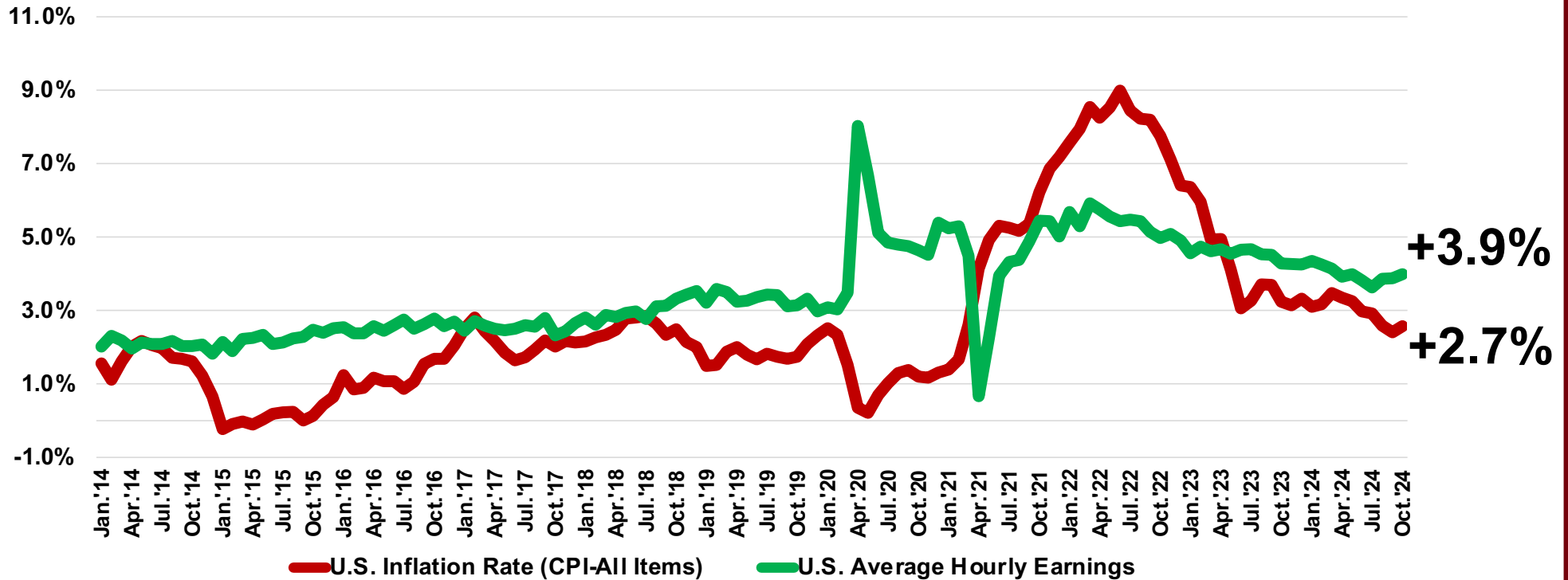


Source: U.S. Bureau of Labor Statistics



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U.S. WAGE GROWTH AND INFLATION RATES



Source: U.S. Bureau of Labor Statistics



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ECONOMIC PERFORMANCE



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GRADING THE ECONOMY



B+

ECONOMIC GROWTH REMAINS STEADY AND UNEMPLOYMENT REMAINS HISTORICALLY LOW...

...BUT CONSUMERS HAVE LOST SIGNIFICANT PURCHASING POWER AND LABOR MARKETS HAVE STARTED TO COOL...



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2025: A NEW ERA

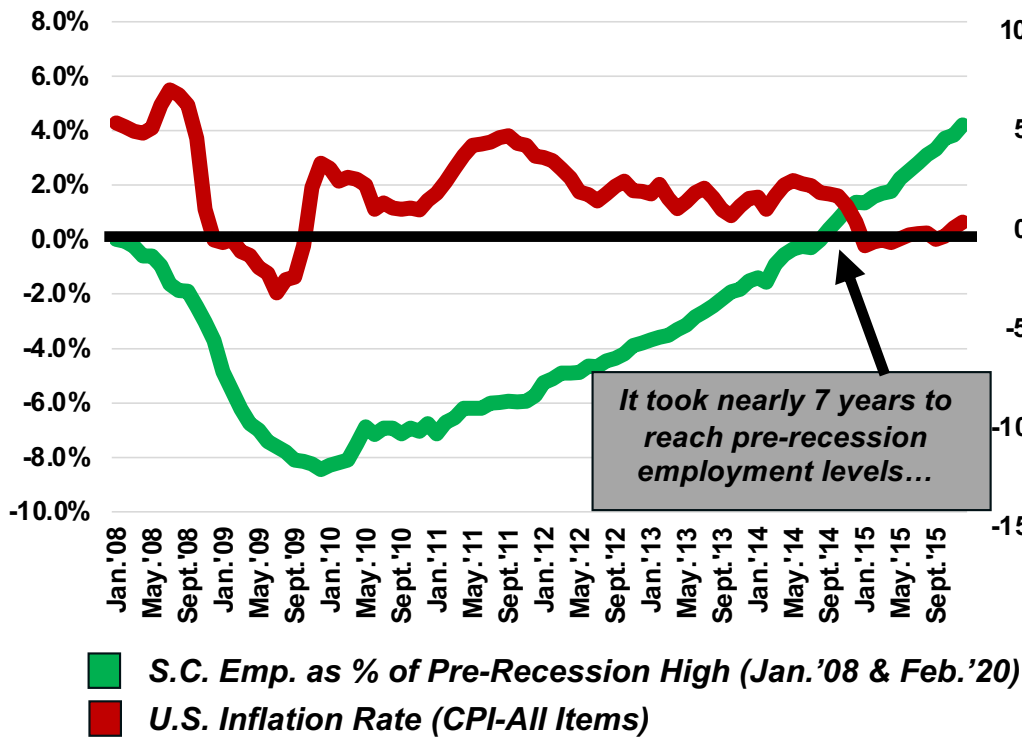
**FINALLY MOVING AWAY FROM THE
PANDEMIC BUBBLE AND TOWARDS
SUSTAINABLE GROWTH RATES**



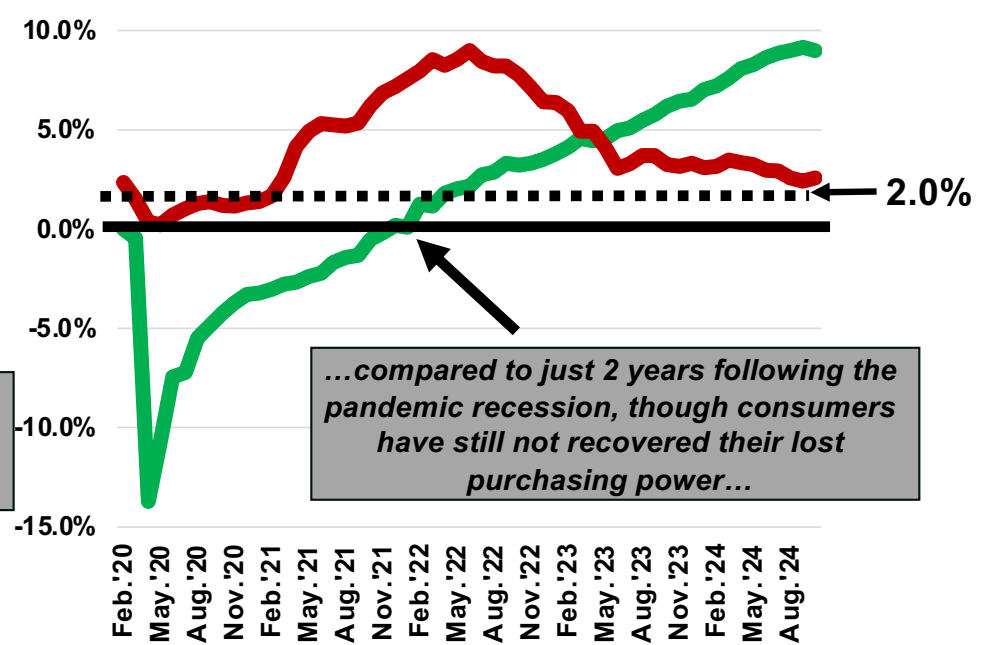
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A TALE OF TWO RECOVERIES...

The Great Recession



The COVID-19 Pandemic



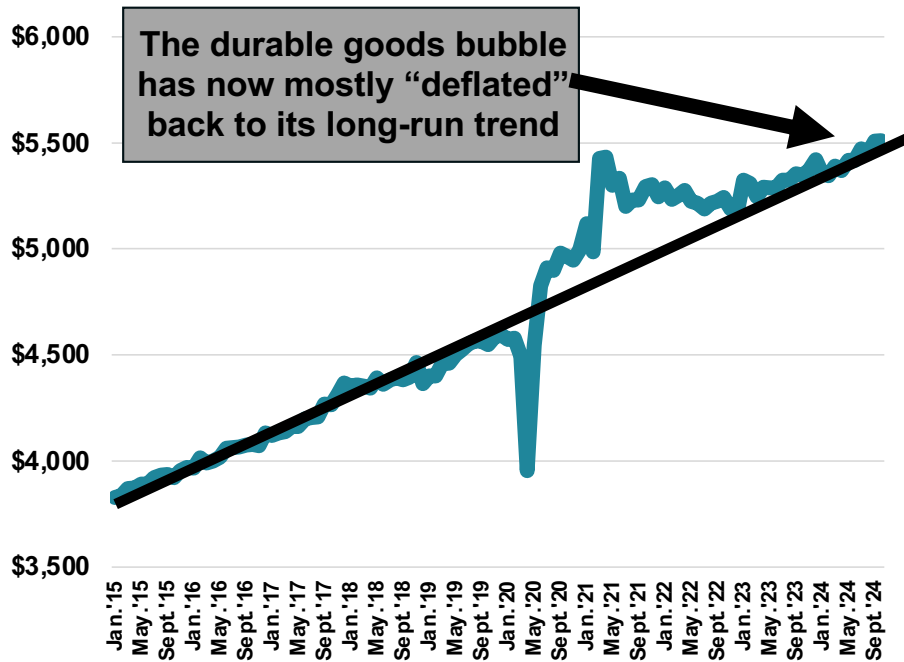
Source: U.S. Bureau of Labor Statistics



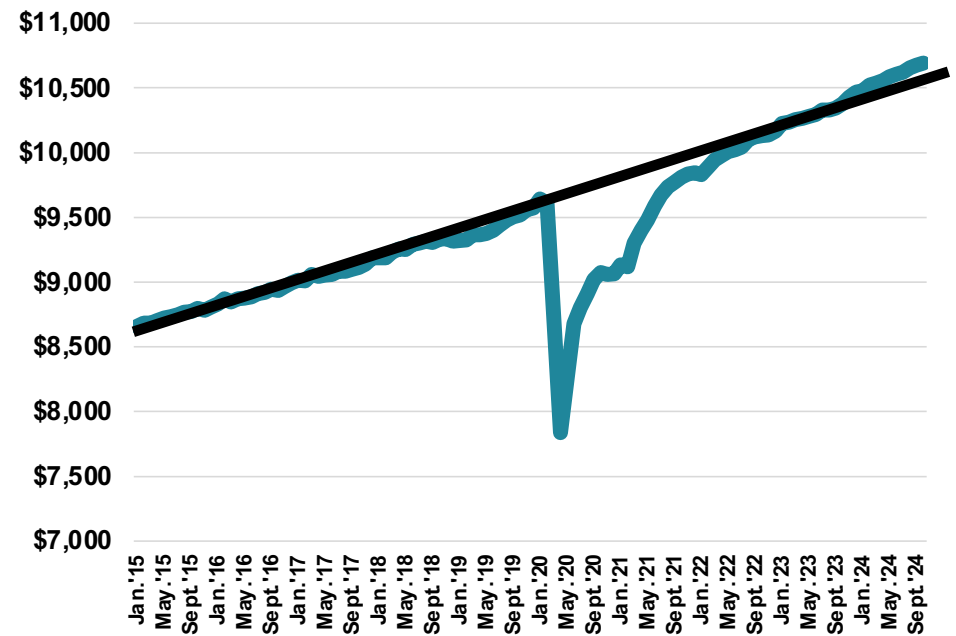
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REAL U.S. CONSUMER SPENDING

Goods



Services



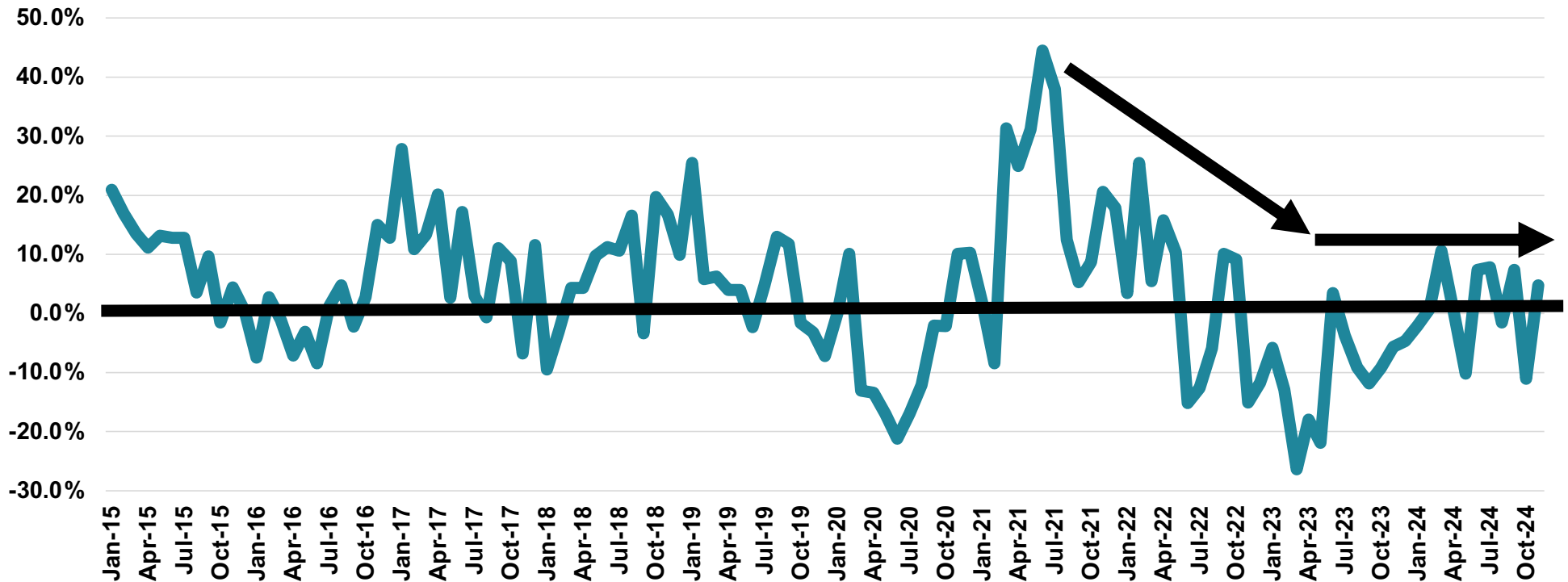
Source: U.S. Bureau of Economic Analysis, in billions



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SC PORTS PIER CONTAINER VOLUME

Annual Growth Rates

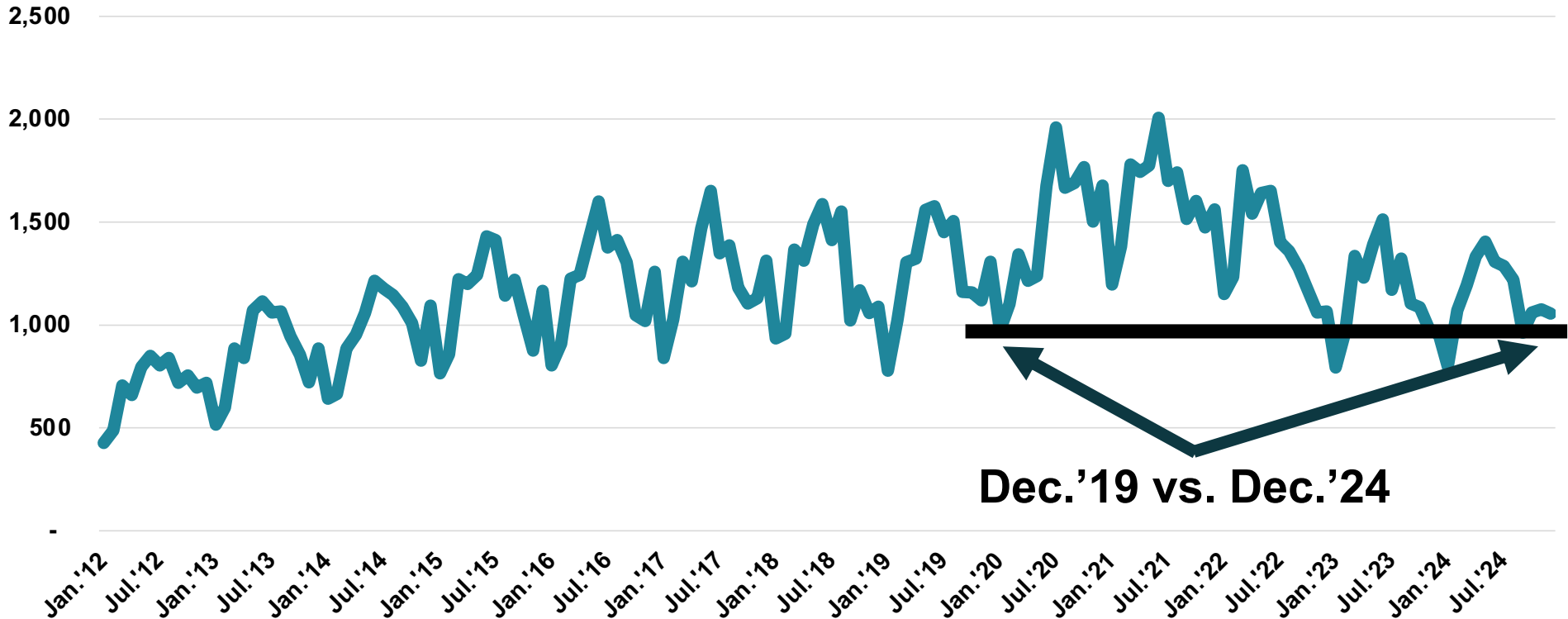


Source: South Carolina Ports Authority



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CHARLESTON HOUSING SALES

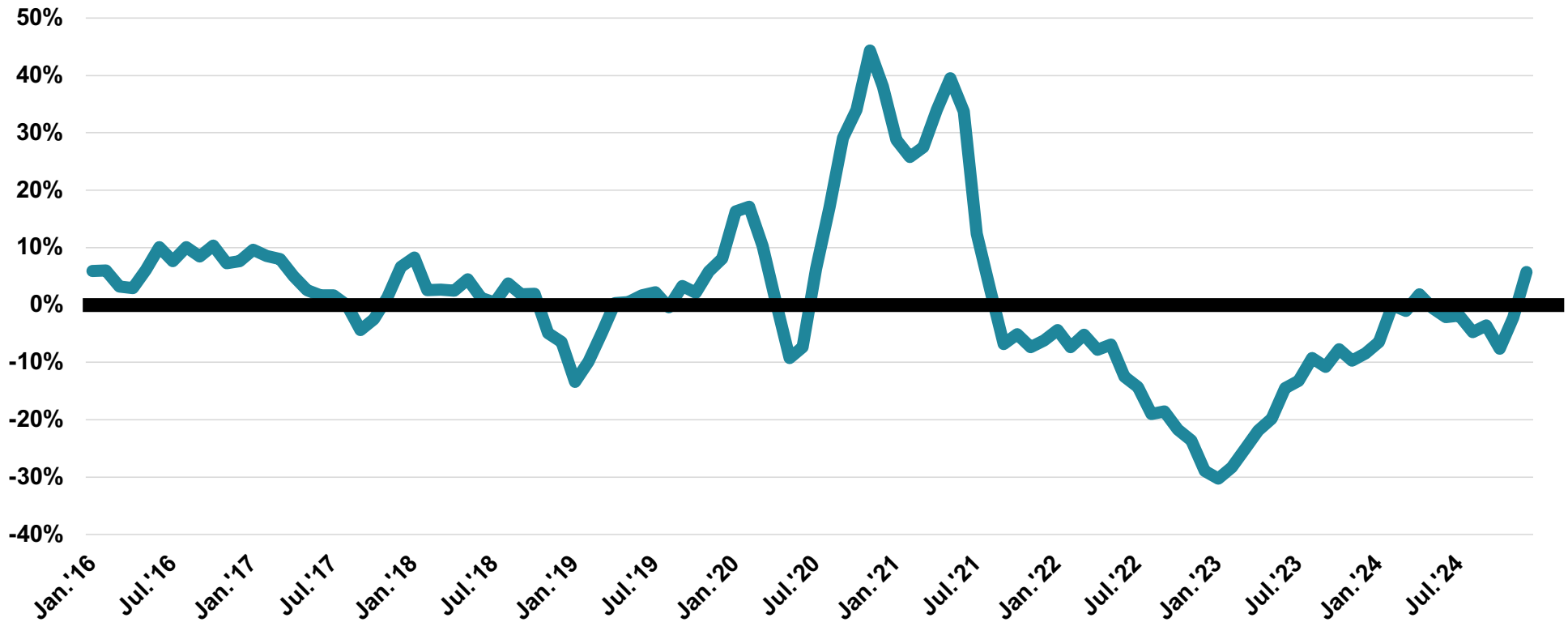


Source: CTAR Multiple Listing Service



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ANNUAL GROWTH IN CHARLESTON HOUSING SALES

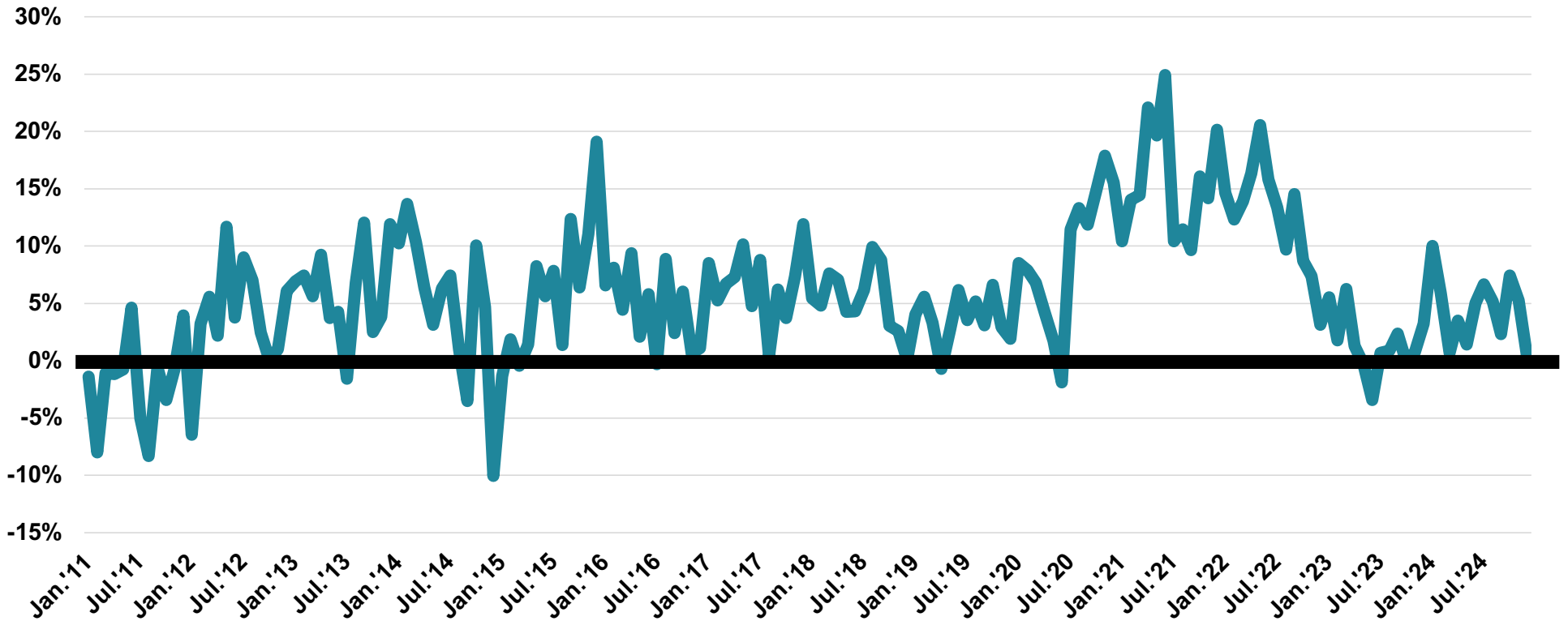


Source: CTAR Multiple Listing Service, rolling 3-month average



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ANNUAL GROWTH IN CHARLESTON MEDIAN SALES PRICE



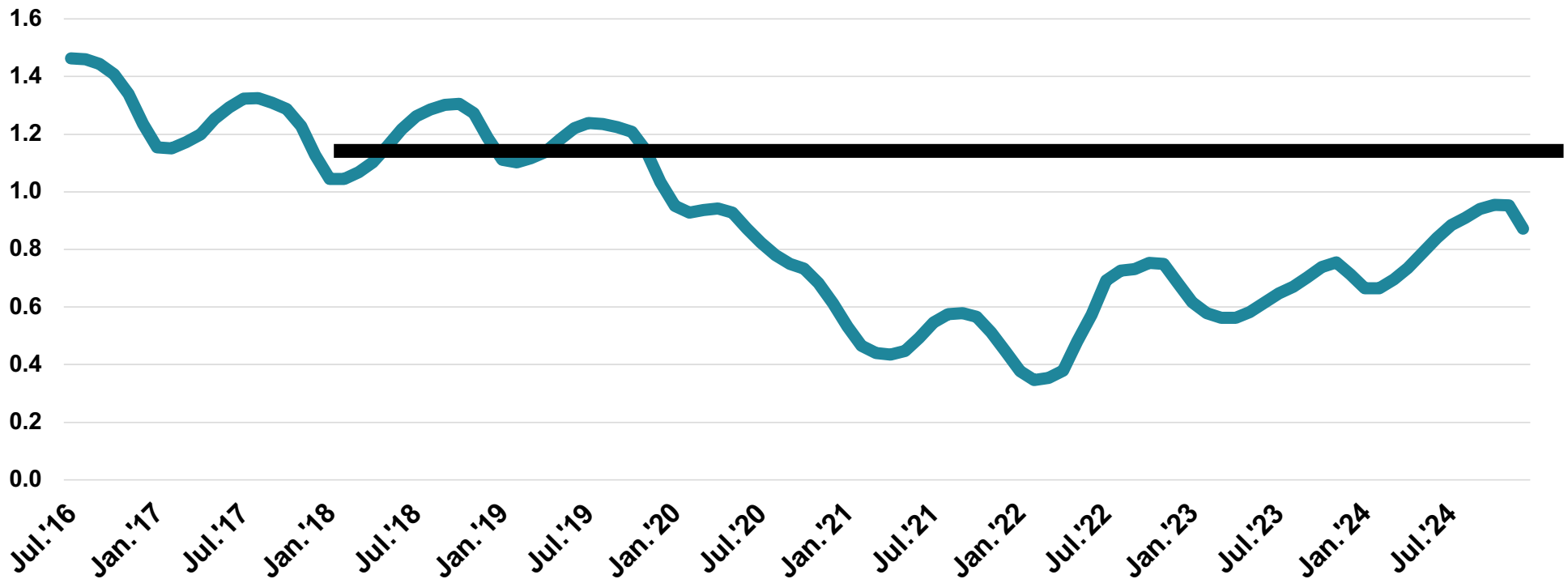
Source: CTAR Multiple Listing Service



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U.S. TOTAL HOUSING INVENTORY: ACTIVE LISTING COUNT

in millions



Source: Realtor.Com



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WHAT ABOUT THE LABOR MARKET?



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UNEMPLOYMENT RATES ARE ON THE RISE

JAN.'24

DEC.'24

S.C.

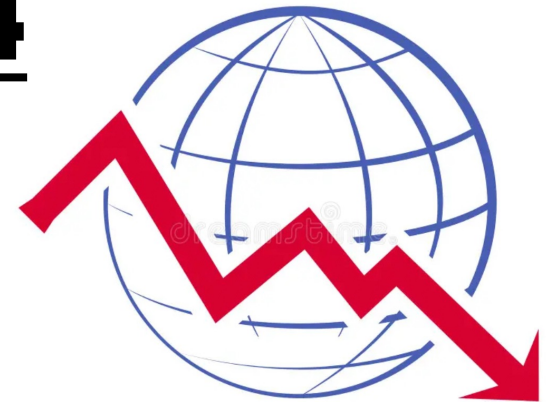
3.0%

4.8%
(NOV.'24)

U.S.

3.7%

4.1%



IS A RECESSION LOOMING?



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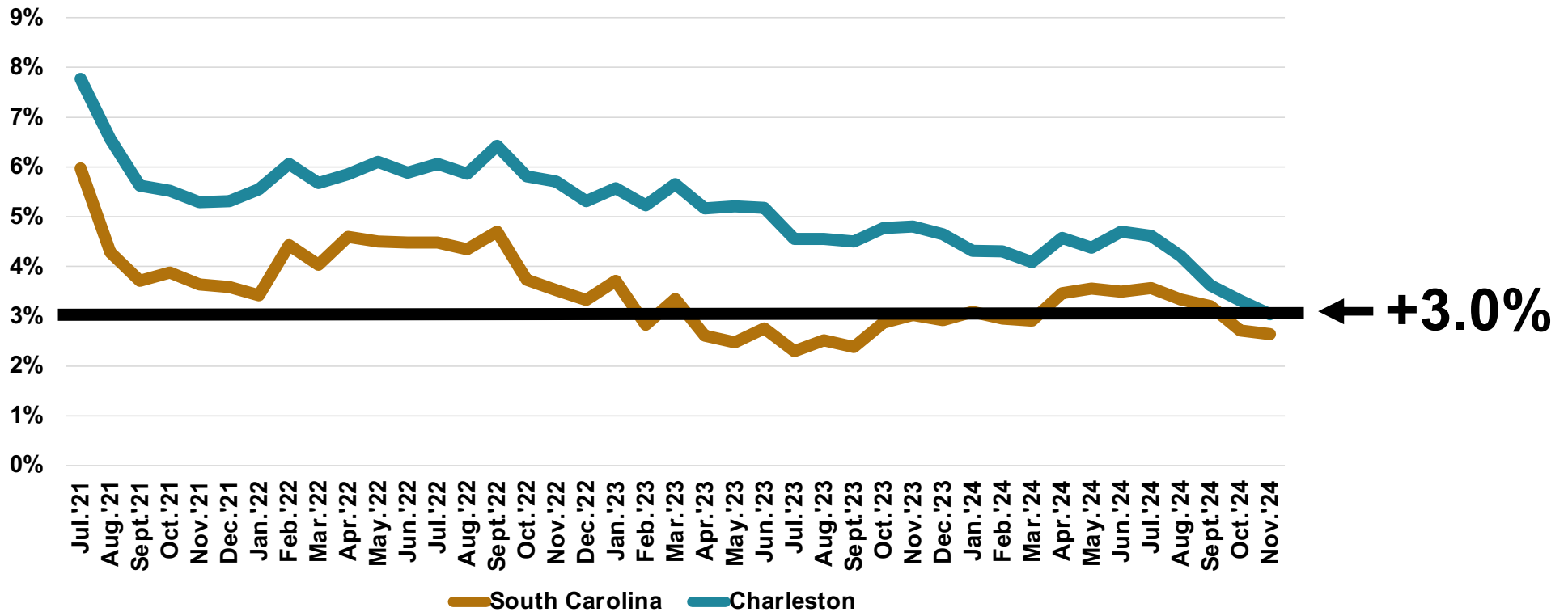
**UNEMPLOYMENT IS RISING DUE TO
SLOWER JOB GROWTH...**

**...NOT DUE TO INCREASED LAYOFF
ACTIVITY**



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TOTAL SOUTH CAROLINA EMPLOYMENT GROWTH

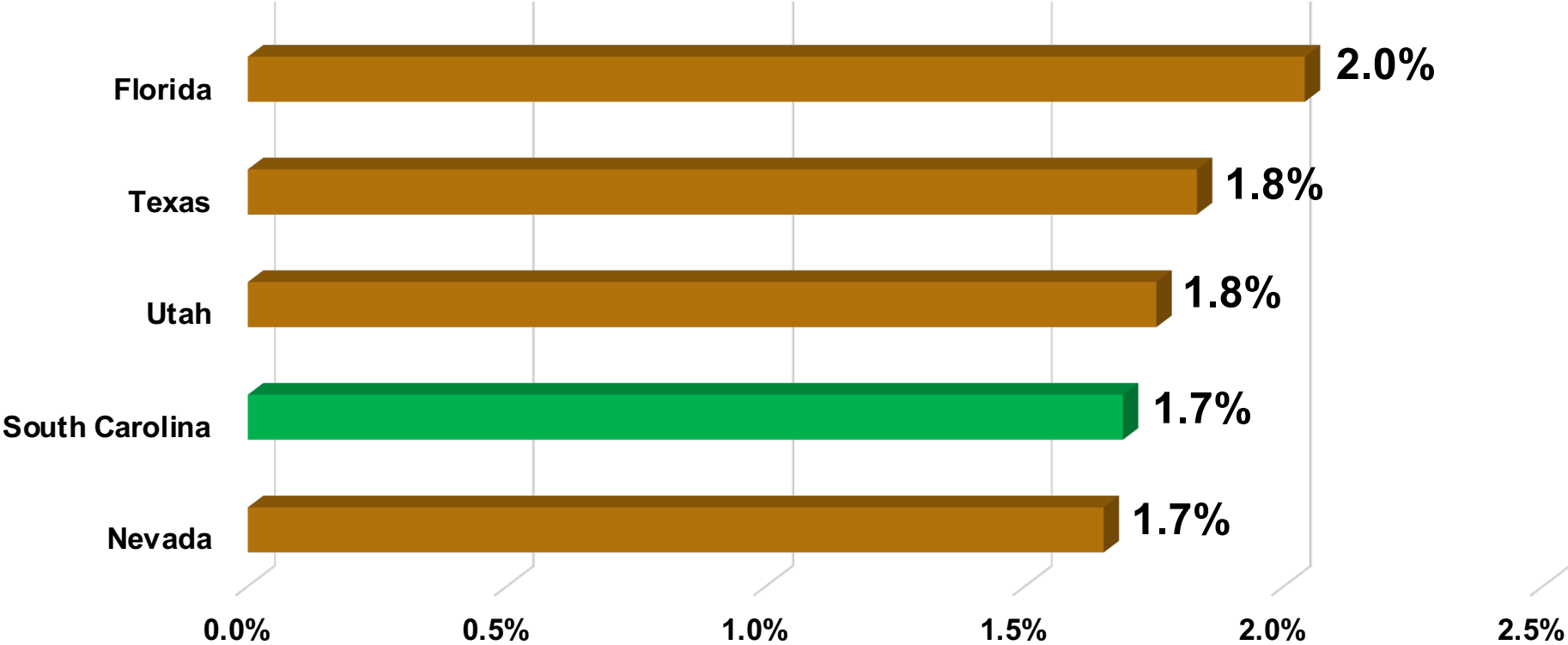


Source: U.S. Bureau of Labor Statistics



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2024 U.S. ANNUAL POPULATION GROWTH RATE: TOP 5 STATES



Source: U.S. Bureau of Labor Statistics

ECONOMIC EXPECTATIONS



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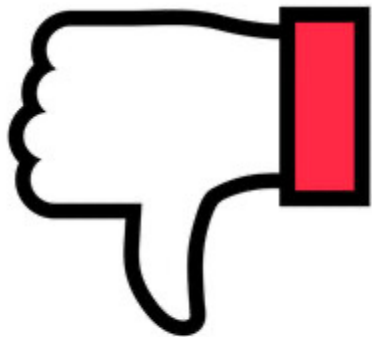
WHAT DOES THIS IMPLY AS WE LOOK AHEAD?



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LOWER RISK FOR RECESSION



**HIGHER RISK FOR INFLATION
REBOUNDED**



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RECESSION CHECKLIST

CONSUMER SPENDING

CONSUMER DEBT

PERSONAL INCOME (LESS TRANSFERS)

**CONSUMER
ACTIVITY**

JOB GROWTH

INDUSTRIAL PRODUCTION

MANUFACTURING & TRADE SALES

**BUSINESS
ACTIVITY**

LOWER INTEREST RATES

A DEFLATED GOODS BUBBLE

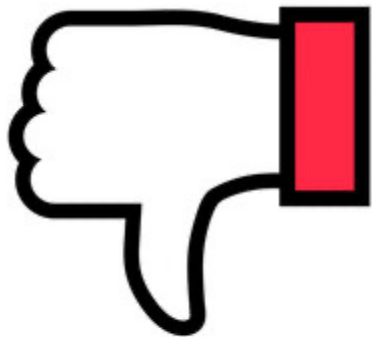
**THE MARKET
ENVIRONMENT**



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LOWER RISK FOR RECESSION

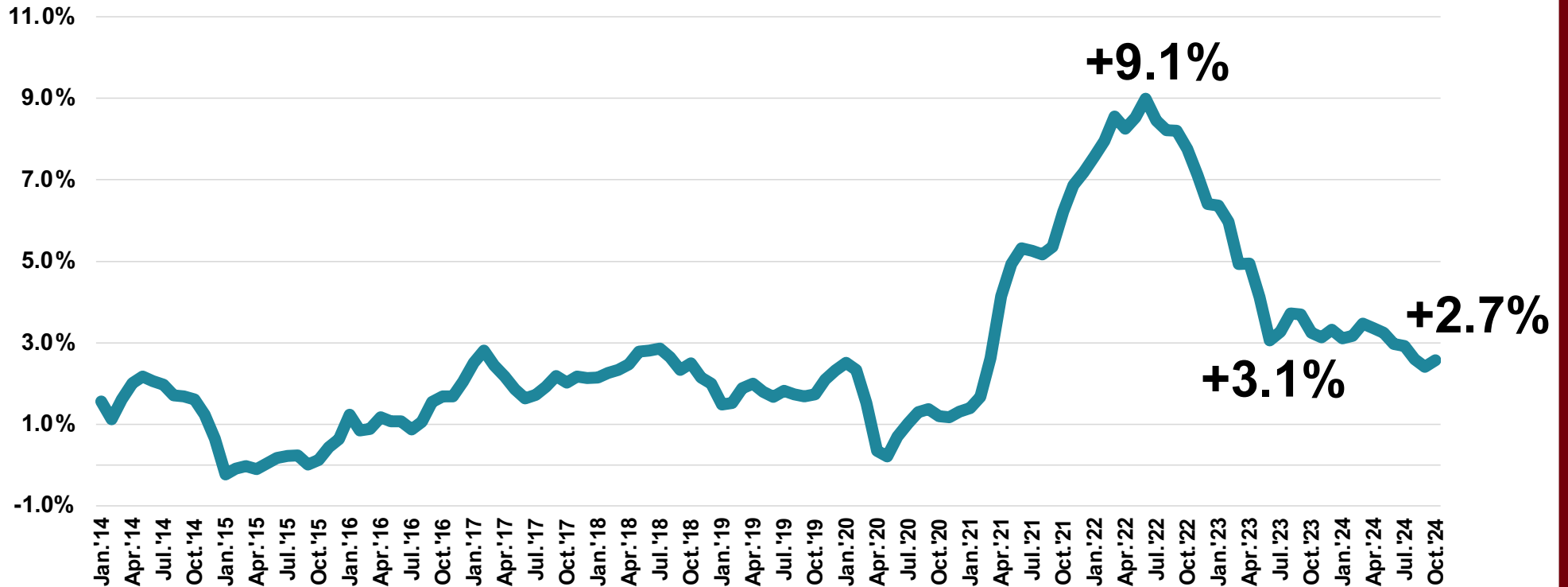


**HIGHER RISK FOR INFLATION
REBOUNDED**



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U.S. INFLATION RATE

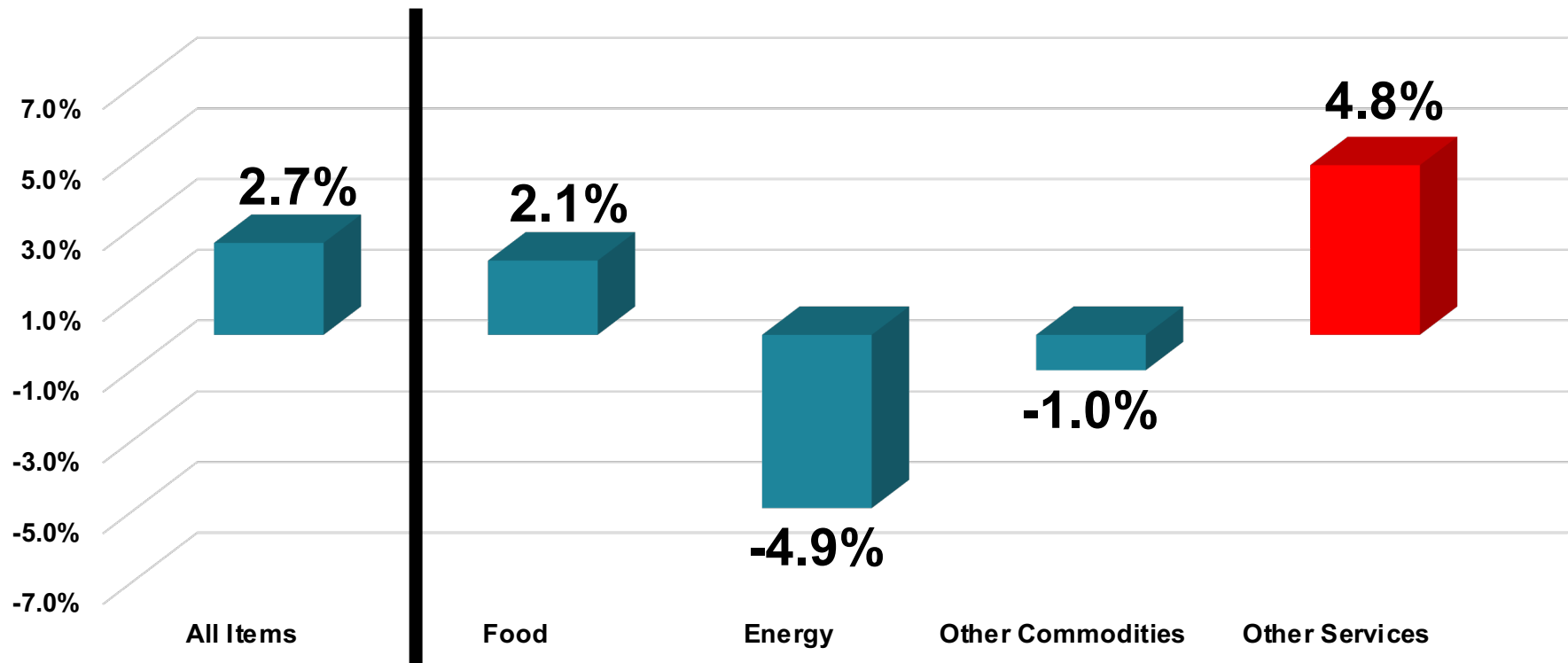


Source: U.S. Bureau of Labor Statistics



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U.S. INFLATION RATE BY CATEGORY

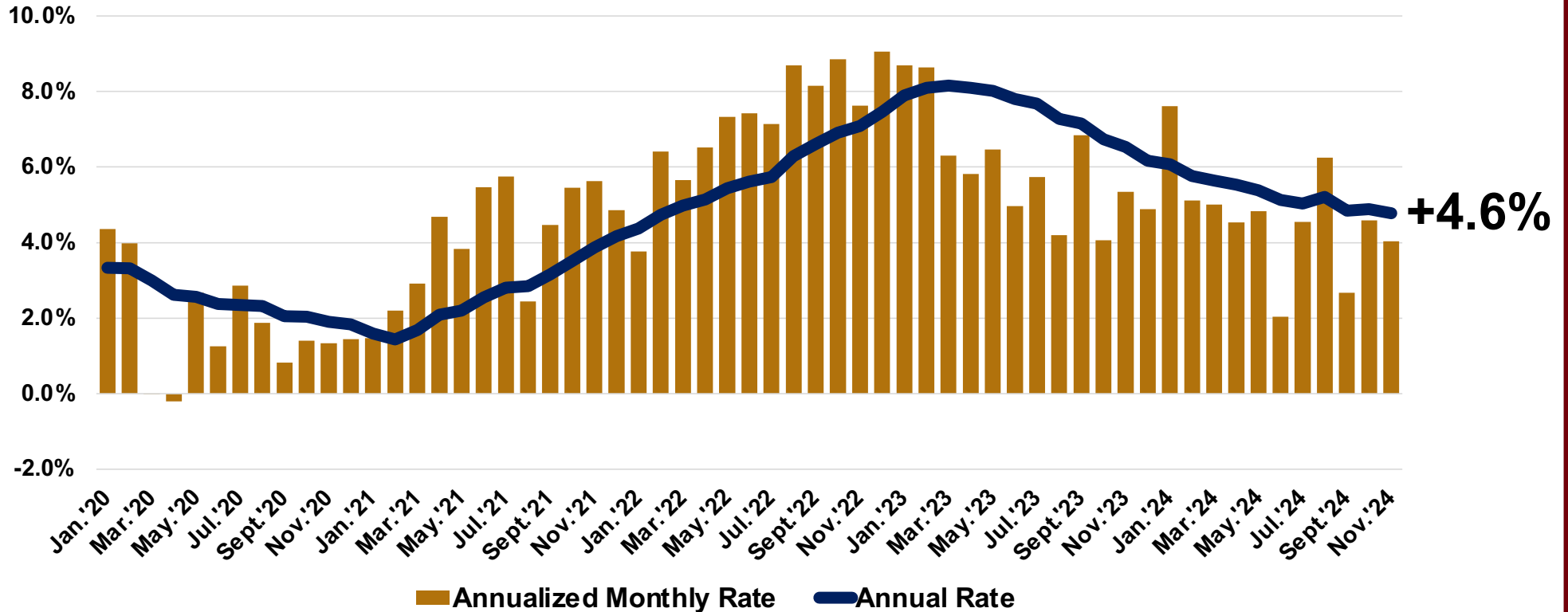


Source: U.S. Bureau of Labor Statistics, Annual Rates



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U.S. INFLATION RATE: SHELTER COSTS



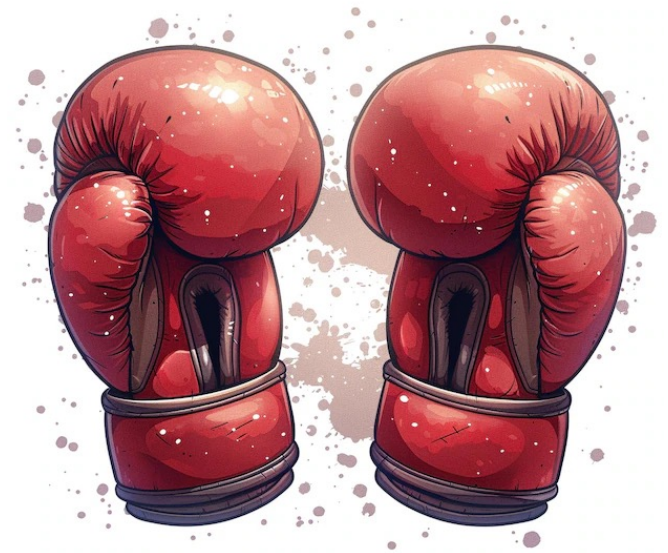
Source: U.S. Bureau of Labor Statistics



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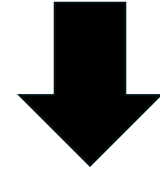
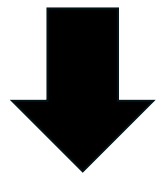
MANY FACTORS ARE FIGHTING THE FED

- Strong Consumer Spending
- Labor Shortage/Strikes
- High Government Spending
- Elevated Shipping Costs
- High Housing Prices
- New Tariffs in 2025?



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WHY IS INFLATION SO IMPORTANT FOR HOUSING MARKETS?

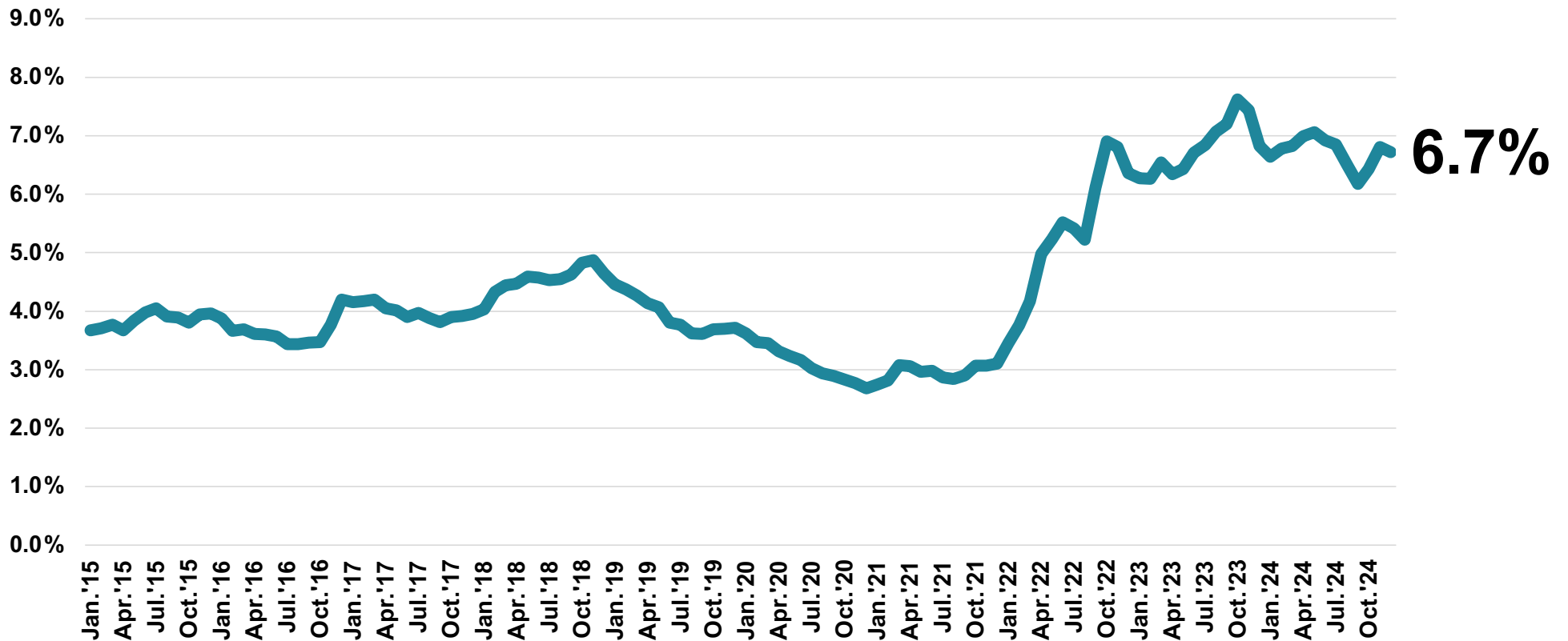


**INFLATION IS A MAJOR DRIVER OF
MORTGAGE INTEREST RATES!**



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U.S. MORTGAGE INTEREST RATES



Source: 30-Year Fixed Rate Monthly Average, Freddie Mac



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THE BOTTOM LINE

- *South Carolina's economy remains strong, having readjusted to more stable growth patterns following the end of the pandemic bubble.*
- *This stability is projected to continue into 2025, driven by steady consumer spending, positive real (inflation-adjusted) wage growth, and a solid labor market.*
- *There is a significant chance (50/50) that inflation may rebound this year, making this the biggest short-run economic threat for 2025.*
- *Housing markets have also stabilized and demand will continue to be fueled by strong employment and population growth.*
- *Yet because mortgage interest rates are unlikely to see any significant decrease in 2025, sales activity will likely be relatively flat or experience small, positive growth.*



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THANK YOU!



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Q & A ? !



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how did you enjoy this event?



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