



# National and Regional Economic Update

Beaufort Chamber  
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**The views and opinions expressed herein are those of the author. They do not represent an official position of the Federal Reserve Bank of Richmond or the Federal Reserve System.**

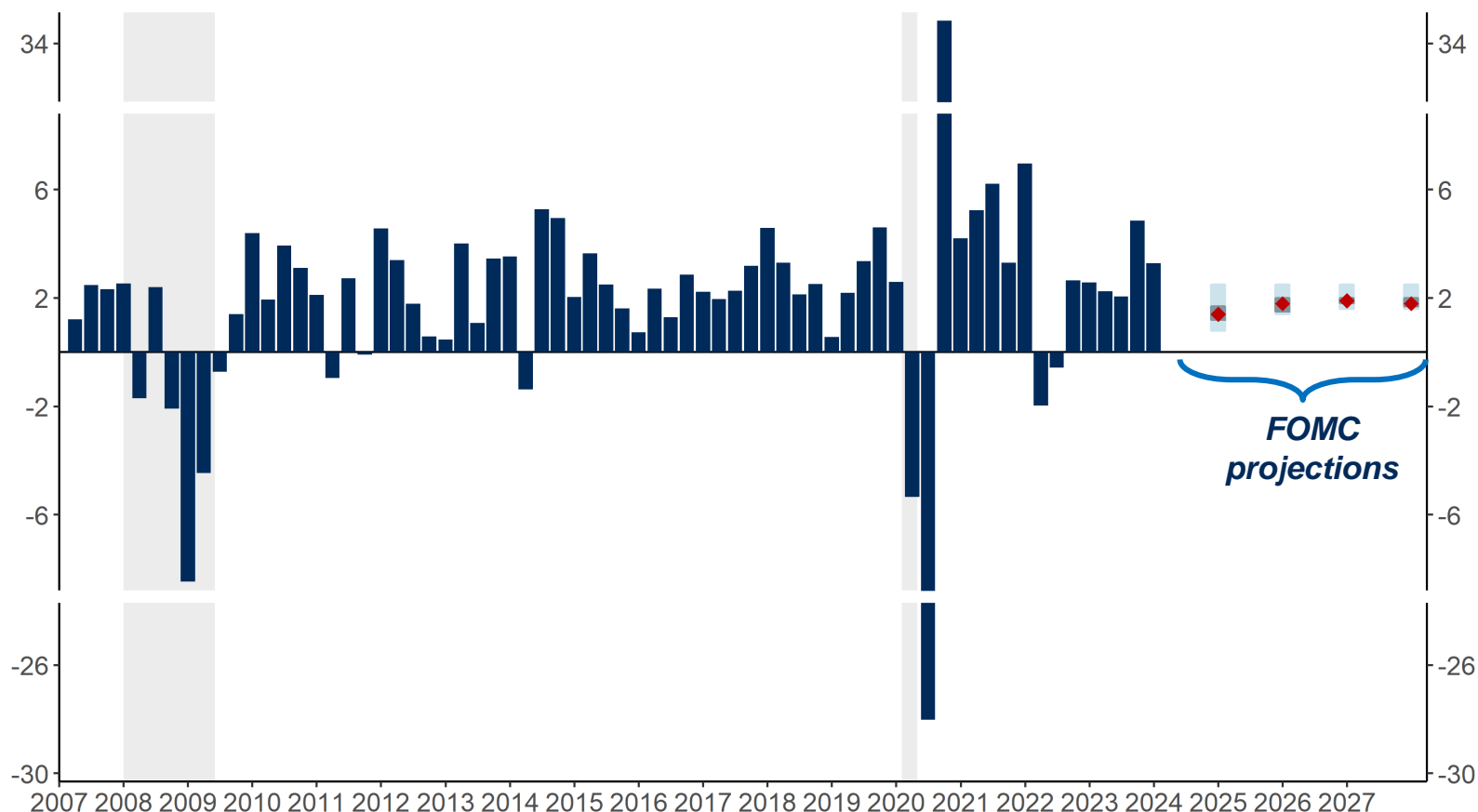
# Where are we now?

- Economic growth in 2023 far exceeded all expectations; growth in 2024 looks promising, but uncertainties exist.
  - Some sectors have seen significant pullback while others continue to see strong demand
- Economic indicators show slowing in some cases but continued growth in others
  - Fears of recession seem to have lessened
  - Consumer spending (even in real terms) has remained robust
  - The pace of job growth has been impressive nationally, but some states are faring better than others
- Some metro areas, including Charleston, Greenville and Myrtle Beach are outperforming larger metros and more rural spaces
  - Much of this is industry and geography based
- Inflation remains above the 2 percent average target
  - Inflation reports are moving in the right direction, especially at the end of 2023
  - The FOMC has been clear that they are committed to reducing inflation to the Fed's stated target
- Housing is a key topic in every market we visit

GDP growth estimate for Q4 2023 came in at 3.3 percent.  
Growth for 2023 as a whole likely exceeded 3.0 percent.

### Real Gross Domestic Product

Percent change from previous quarter at annual rate



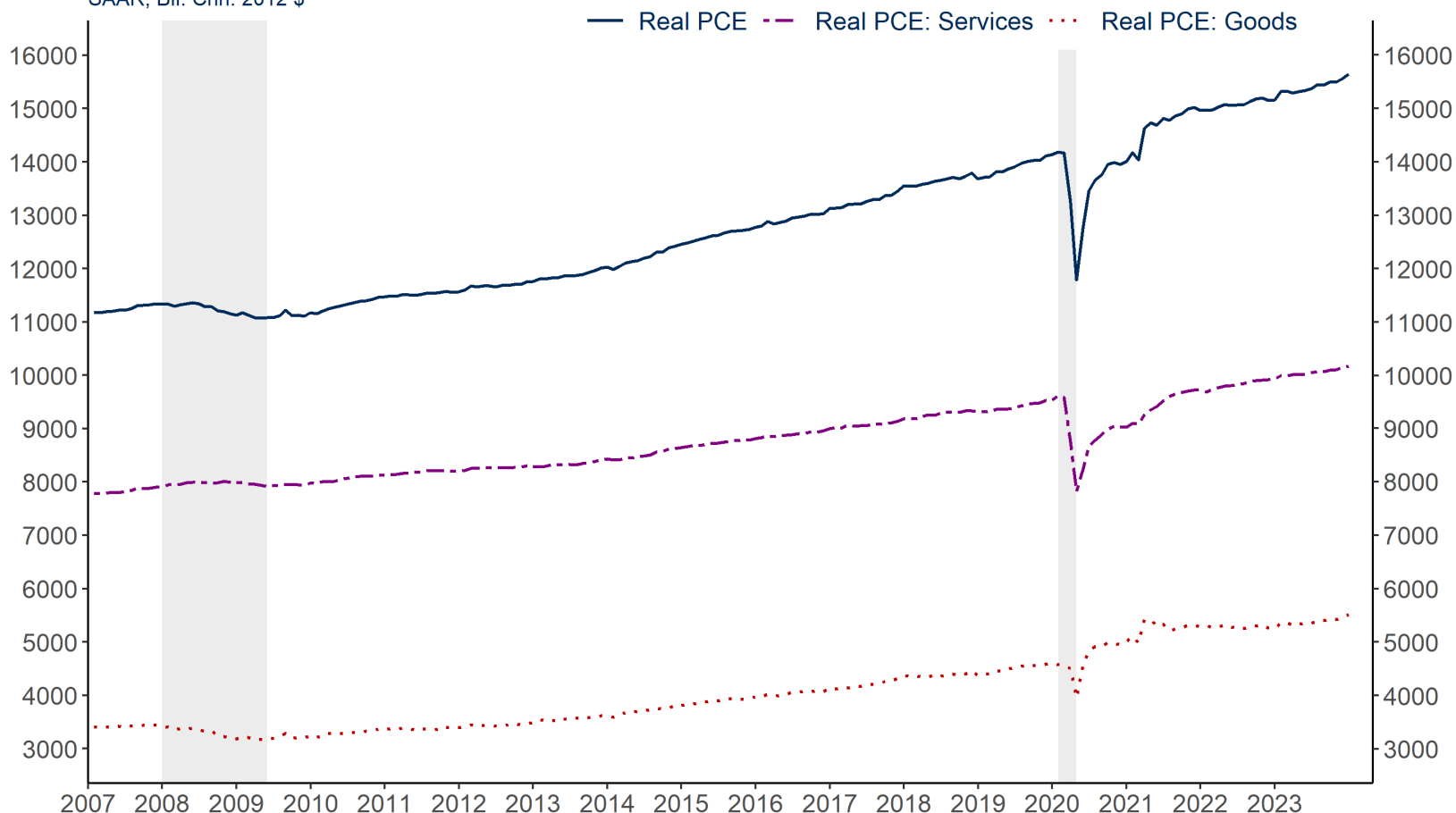
Source: Bureau of Economic Analysis/Haver Analytics, Federal Reserve Board

# Real consumption spending has remained strong, even in the midst of considerable inflation



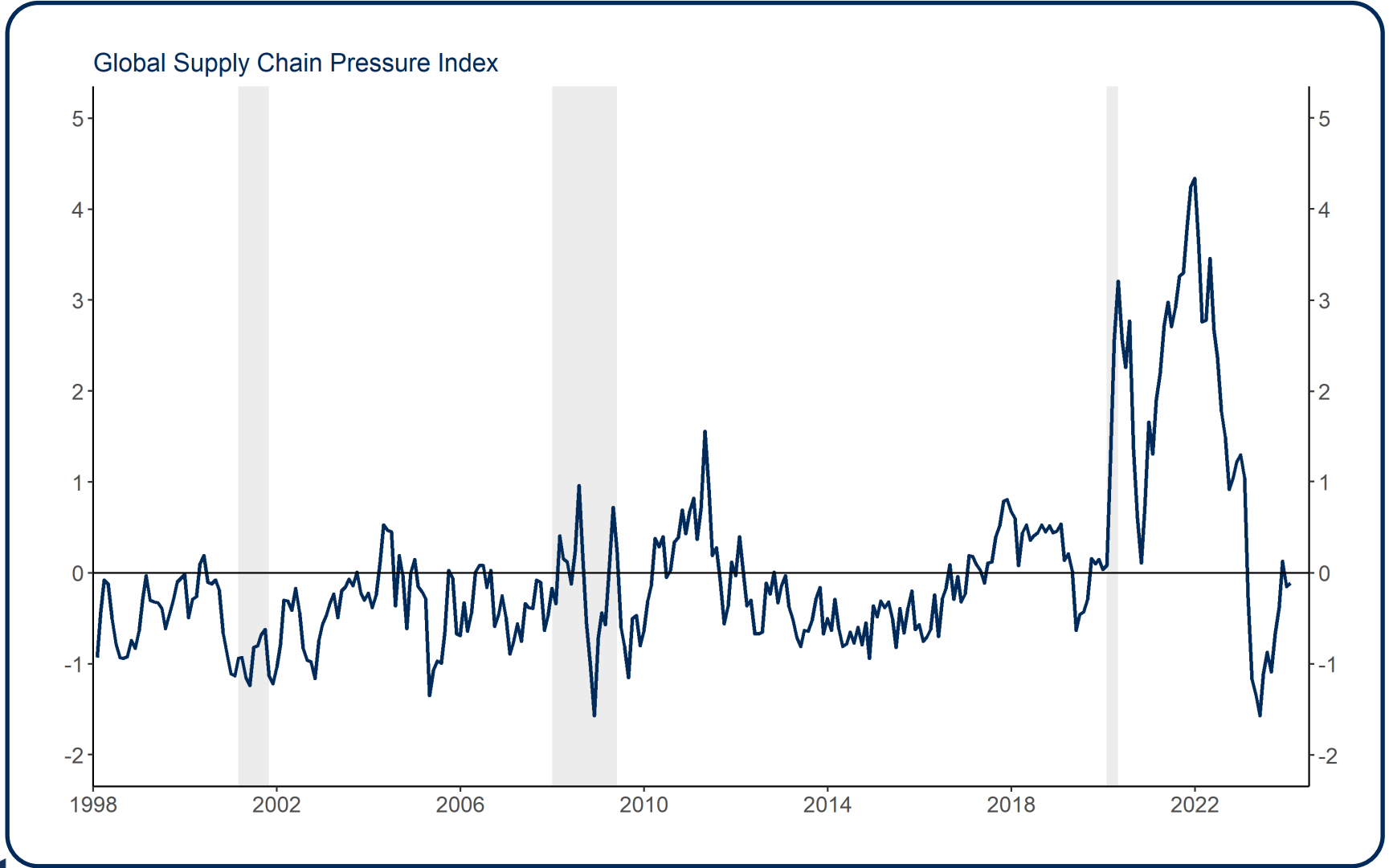
## Real Personal Consumption Expenditures

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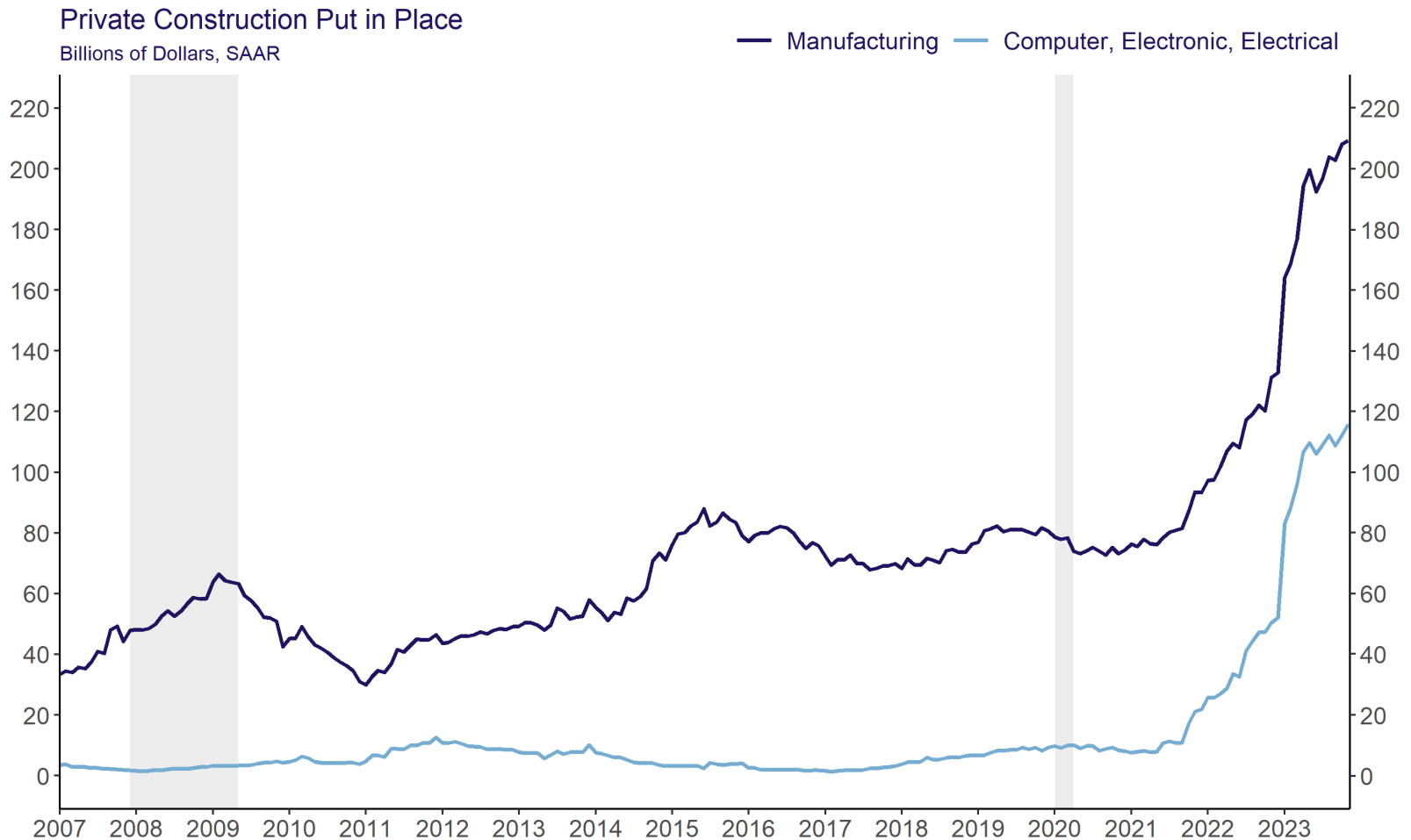
Source: Bureau of Economic Analysis

# Global supply chain issues have calmed back to below pre-COVID levels, but some isolated shortages remain



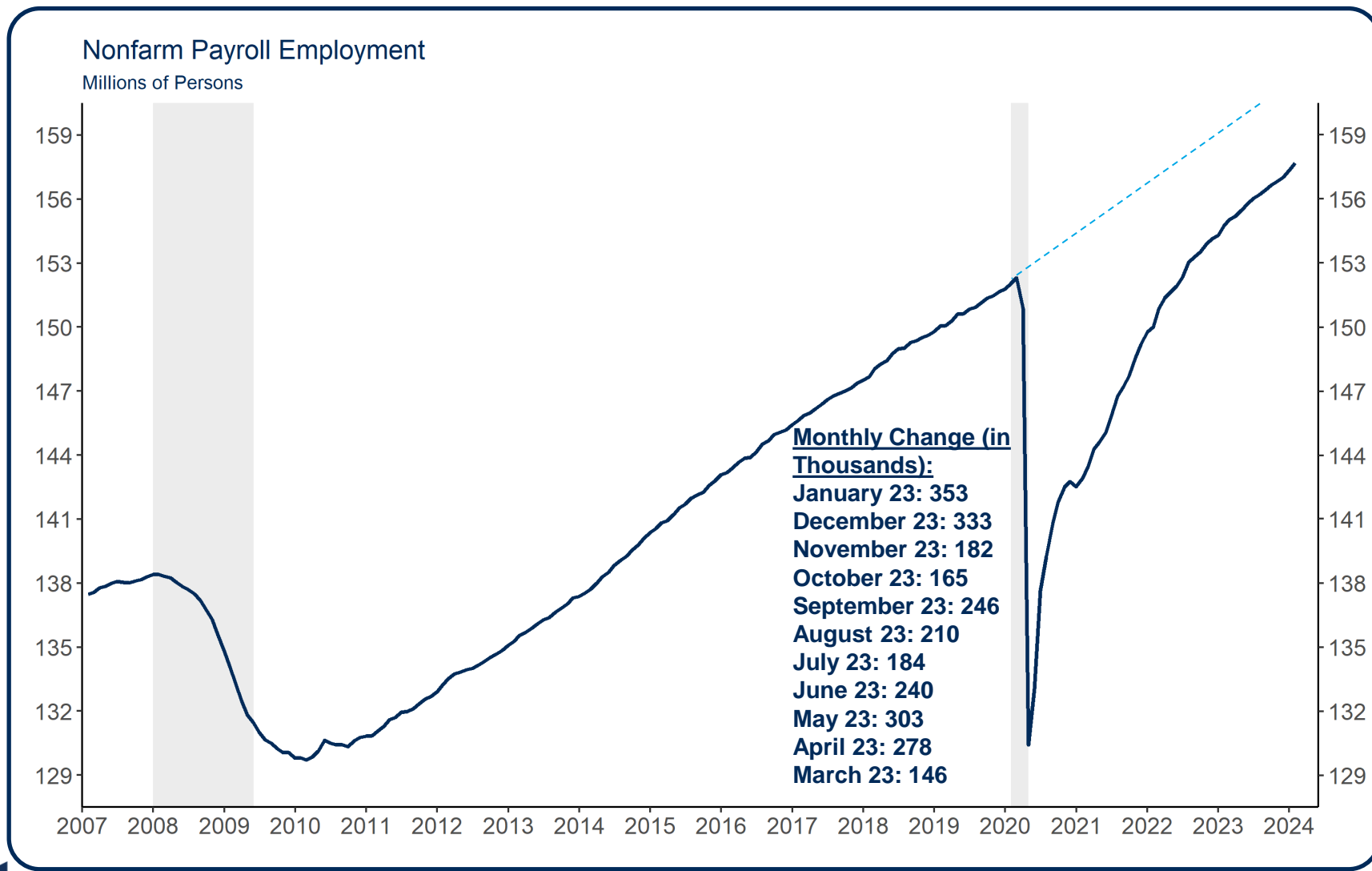
Source: Federal Reserve Bank of New York

# Construction spending in manufacturing has seen sharp increases, driven by emerging industries



Source: Census Bureau/Haver Analytics

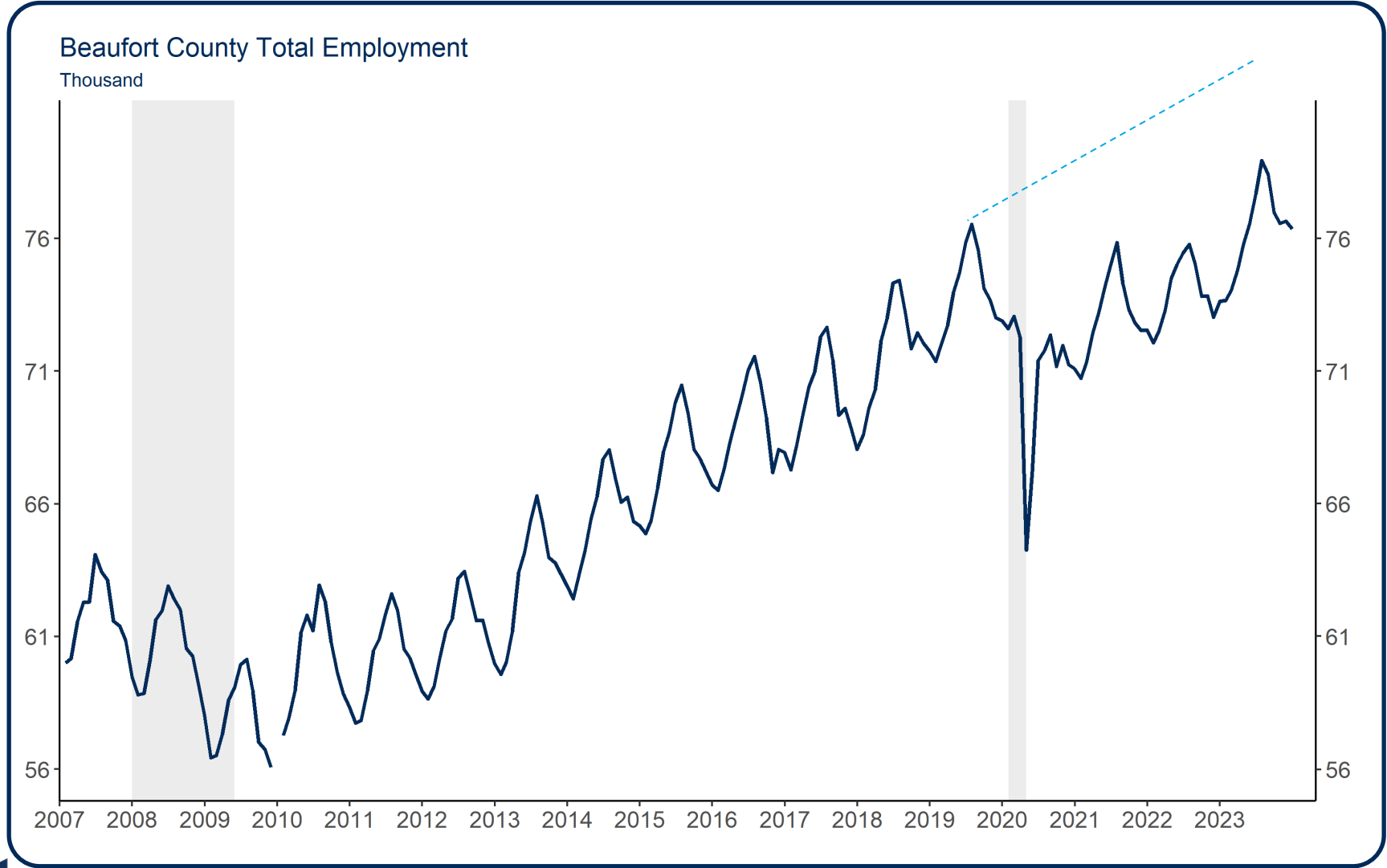
# We are well above pre-COVID levels of employment nationally, but we haven't returned to the pre-COVID trajectory



Source: Bureau of Labor Statistics/Haver Analytics



# Beaufort County employment has recovered, but the path has clearly changed post-COVID.

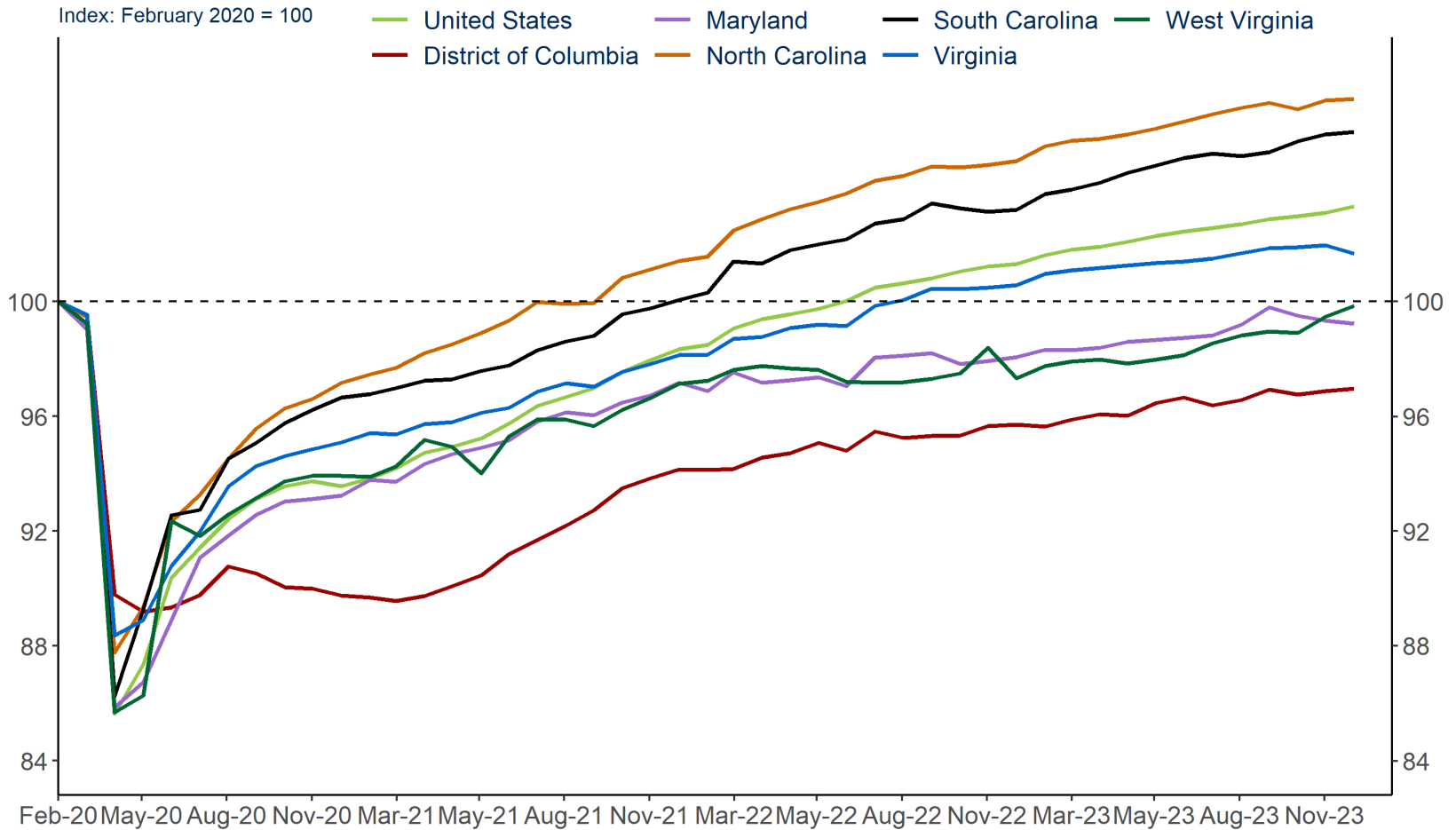


Source: Bureau of Labor Statistics via Haver Analytics

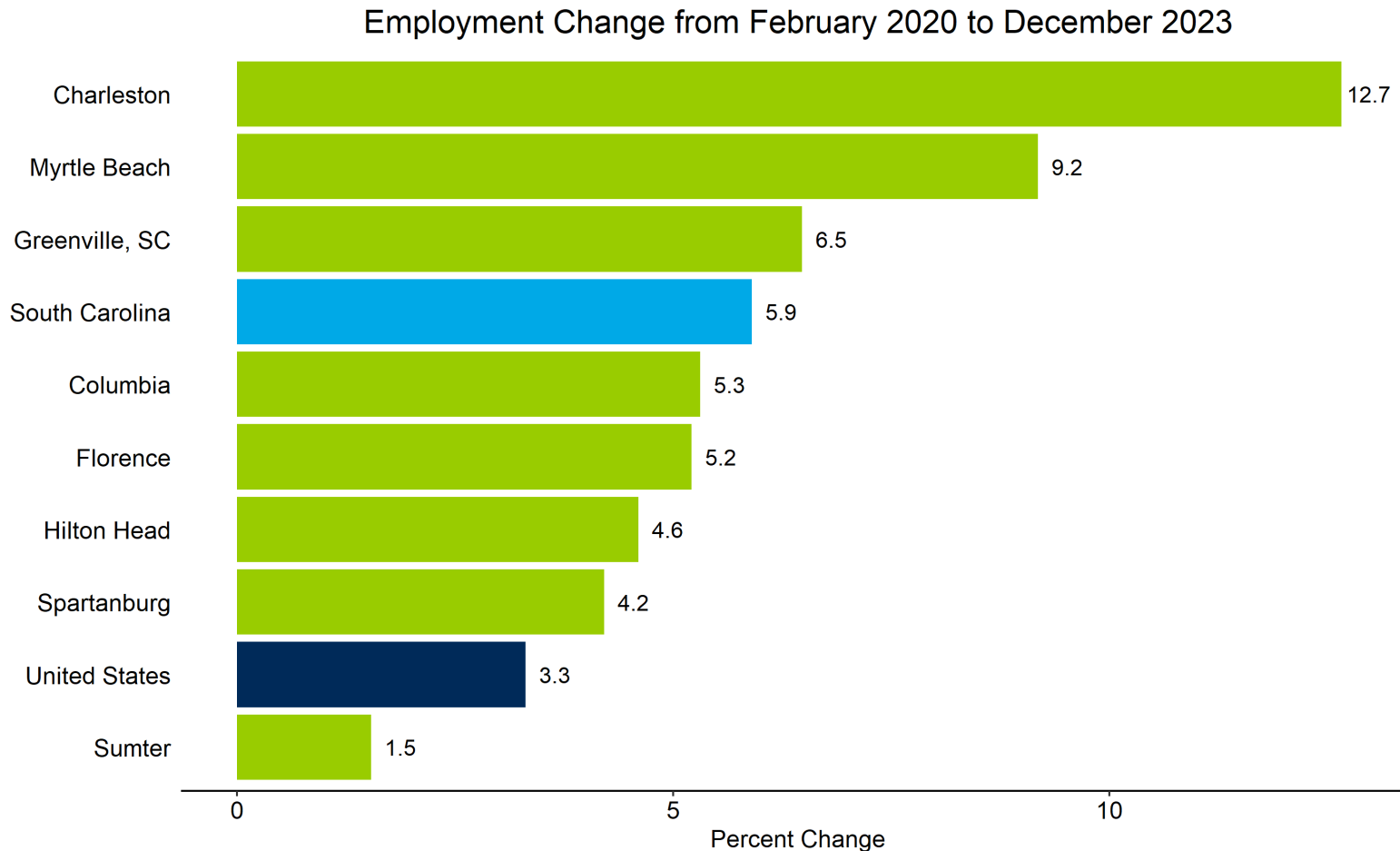
# The Carolinas are clearly leading the employment recovery in the Fifth District

## Total Payroll Employment Index

Index: February 2020 = 100



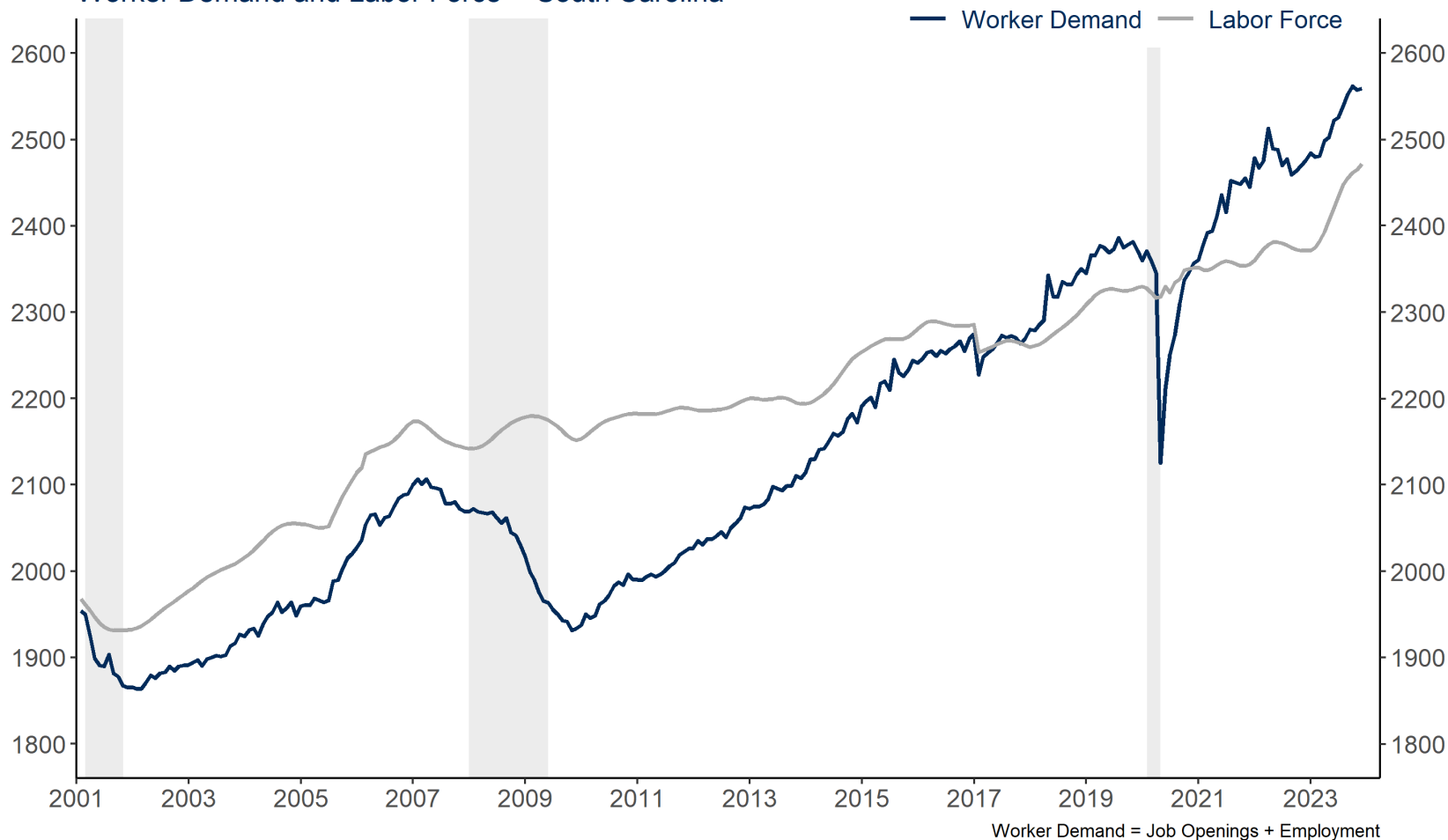
# All SC MSAs have more than recovered from COVID employment losses



Source: Bureau of Labor Statistics/Haver Analytics

# The short story...labor is tight and is likely to get tighter

Worker Demand and Labor Force -- South Carolina

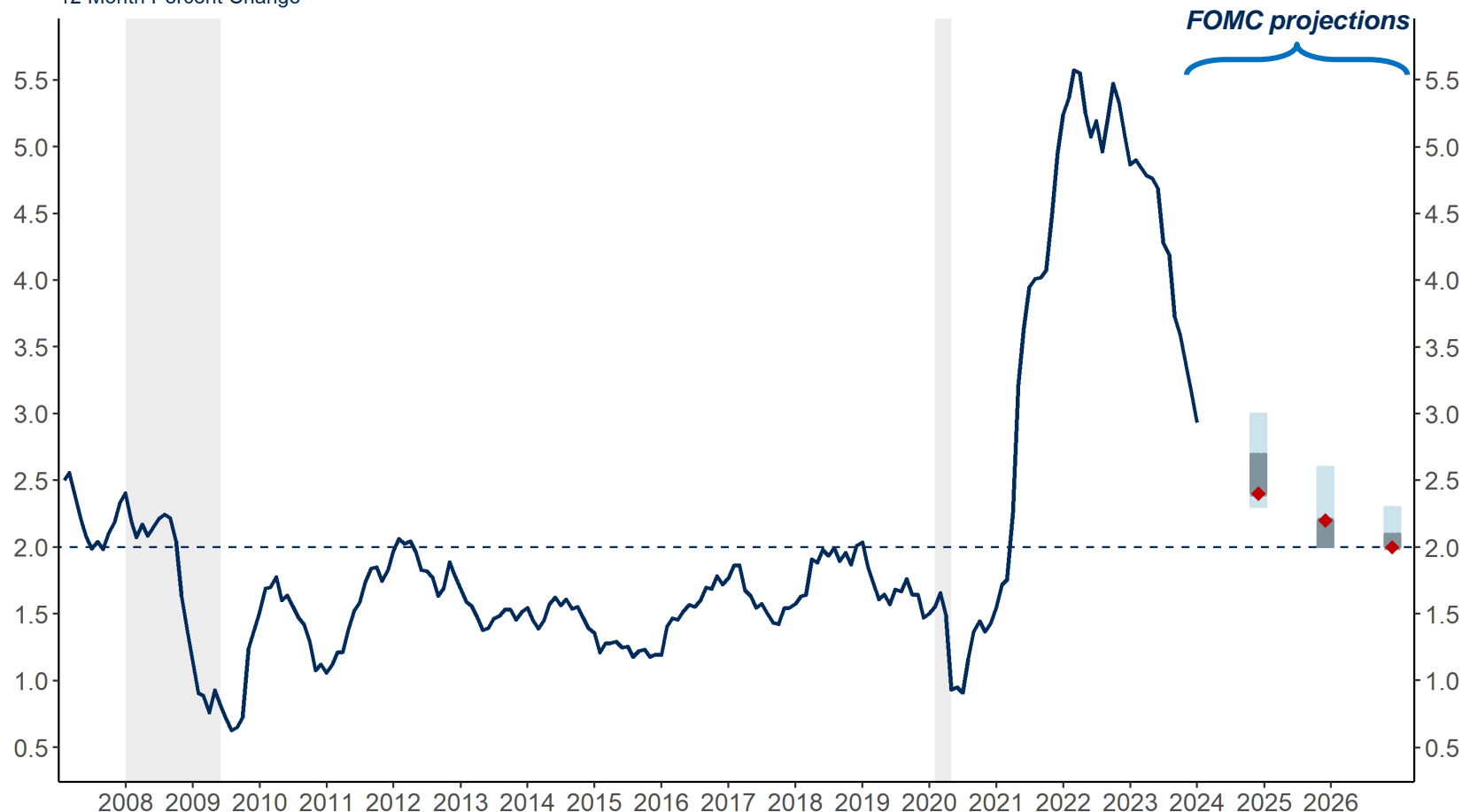


Source: Bureau of Labor Statistics, JOLTS, CES, LAUS / Haver Analytics

Core PCE, the Fed's primary measure of inflation, remains elevated above the 2 percent target, but appears to be normalizing quickly

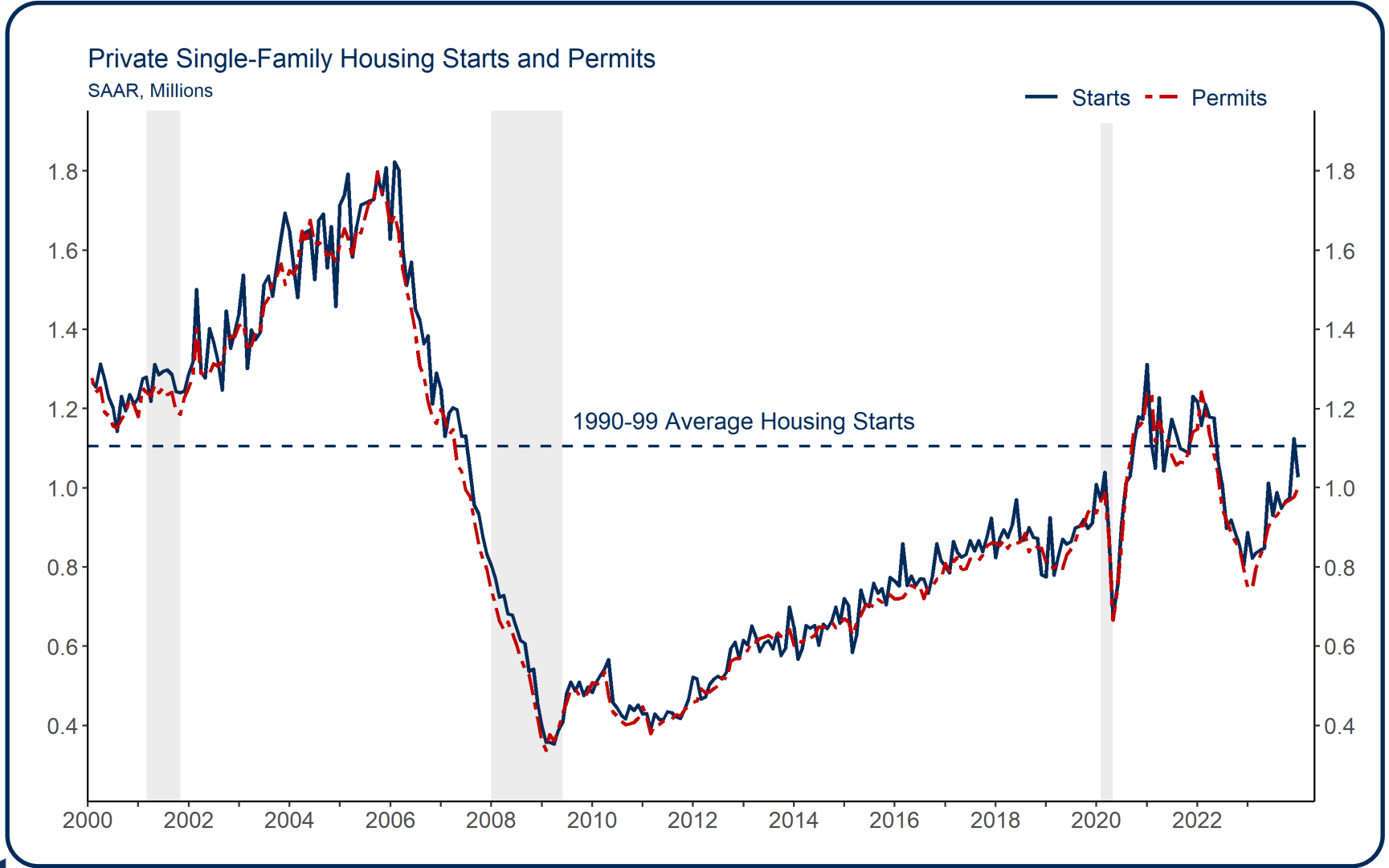
### Core Personal Consumption Expenditures Price Index

12 Month Percent Change



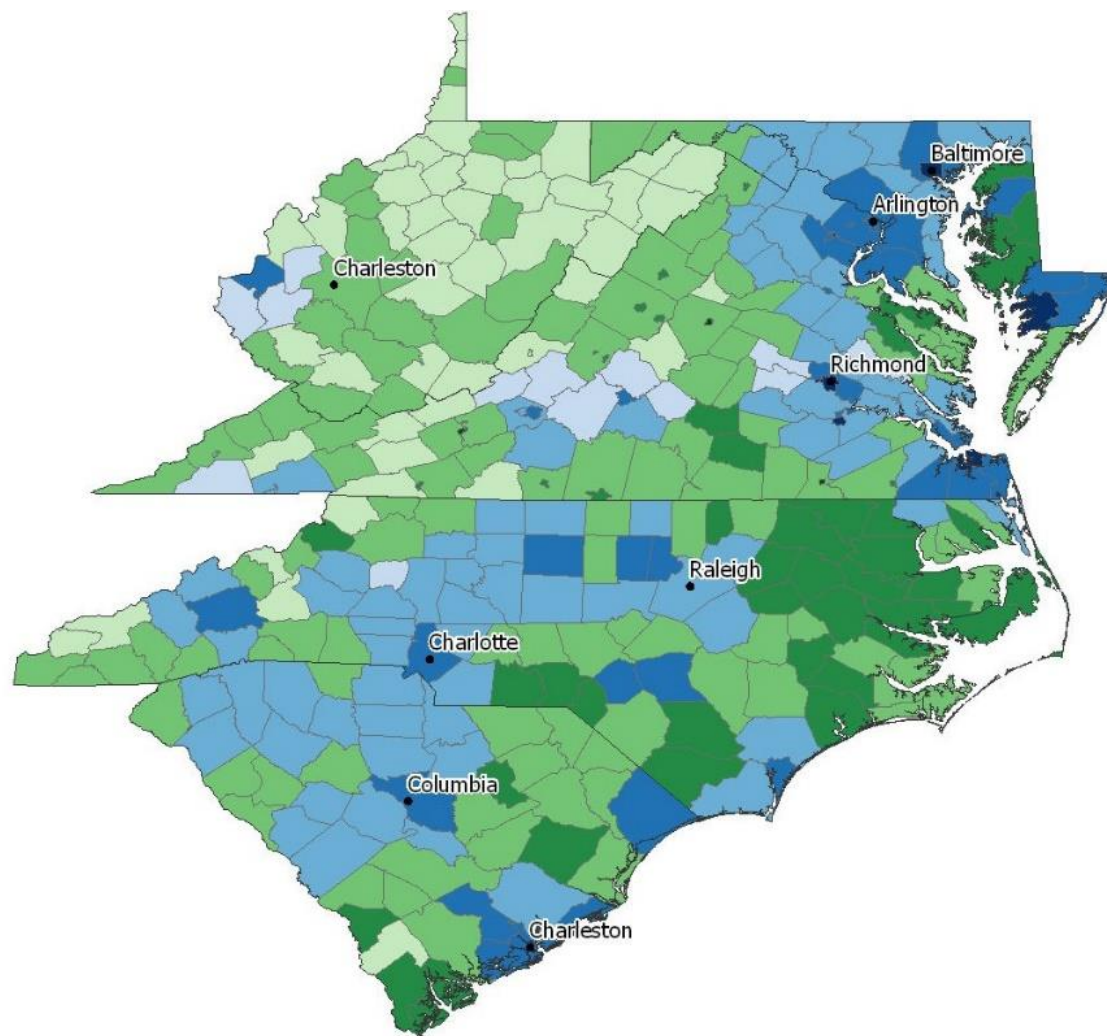
Source: Bureau of Labor Statistics via Haver Analytics

# Housing starts and permits have increased the past few months, but remain down from 2021...



Source: Census Bureau/Haver Analytics

...and there isn't a region we visit that isn't struggling with housing



## Share of housing cost burdened households

### Urban

- Less than 19 percent
- 19 - 28 percent
- 28 - 37 percent
- Greater than 37 percent

### Rural

- Less than 19 percent
- 19 - 28 percent
- 28 - 37 percent
- Greater than 37 percent

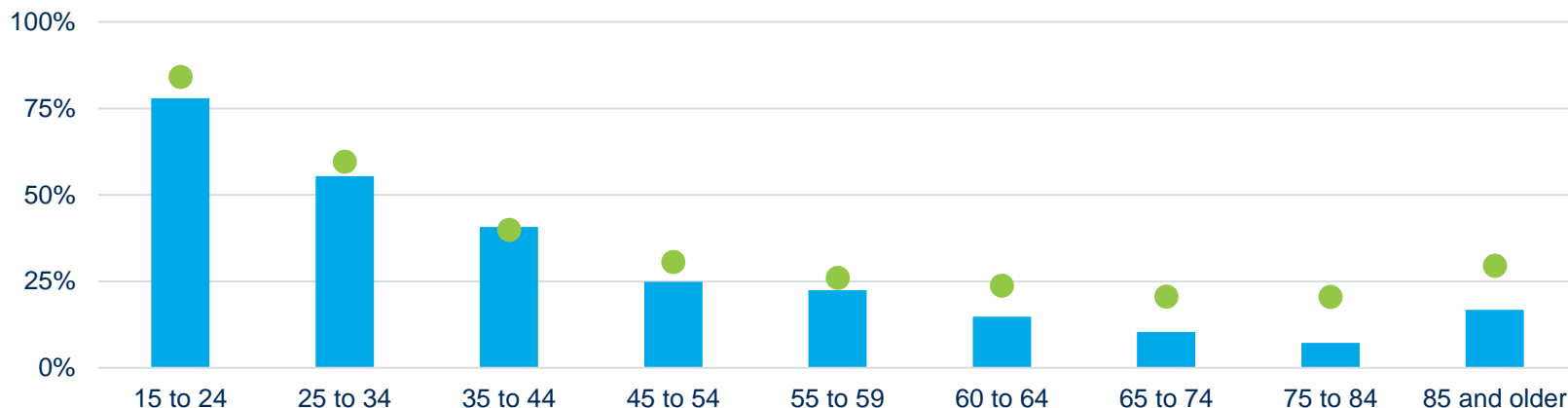
Source: Census Bureau and Department of Agriculture

# Housing: Affordability and Market Trends

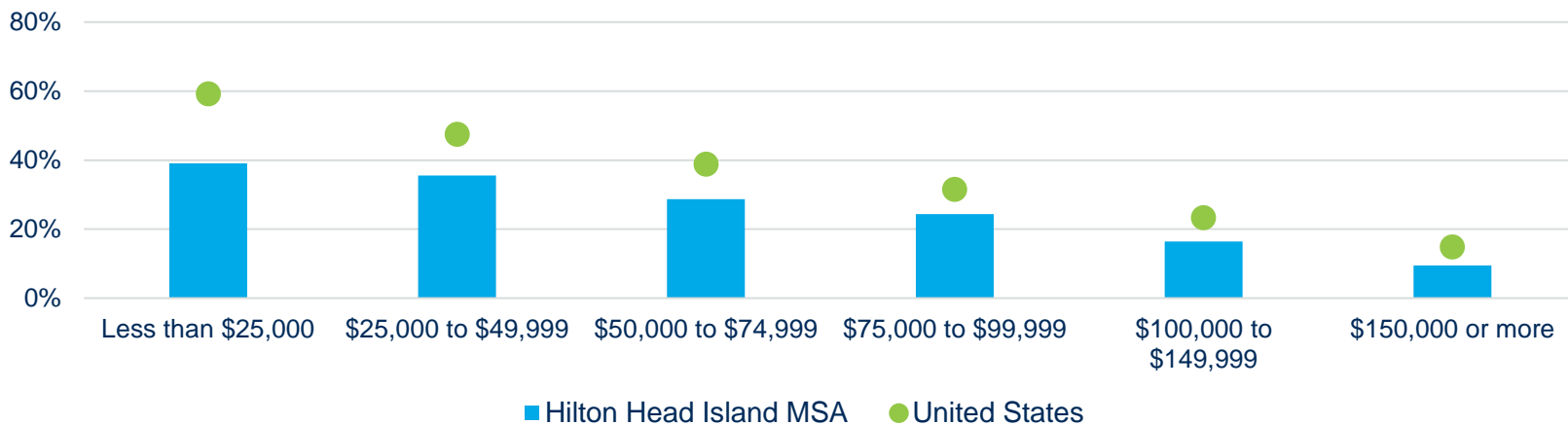


# Younger and lower income households are more likely to rent

## Share of households that rent, by age of householder



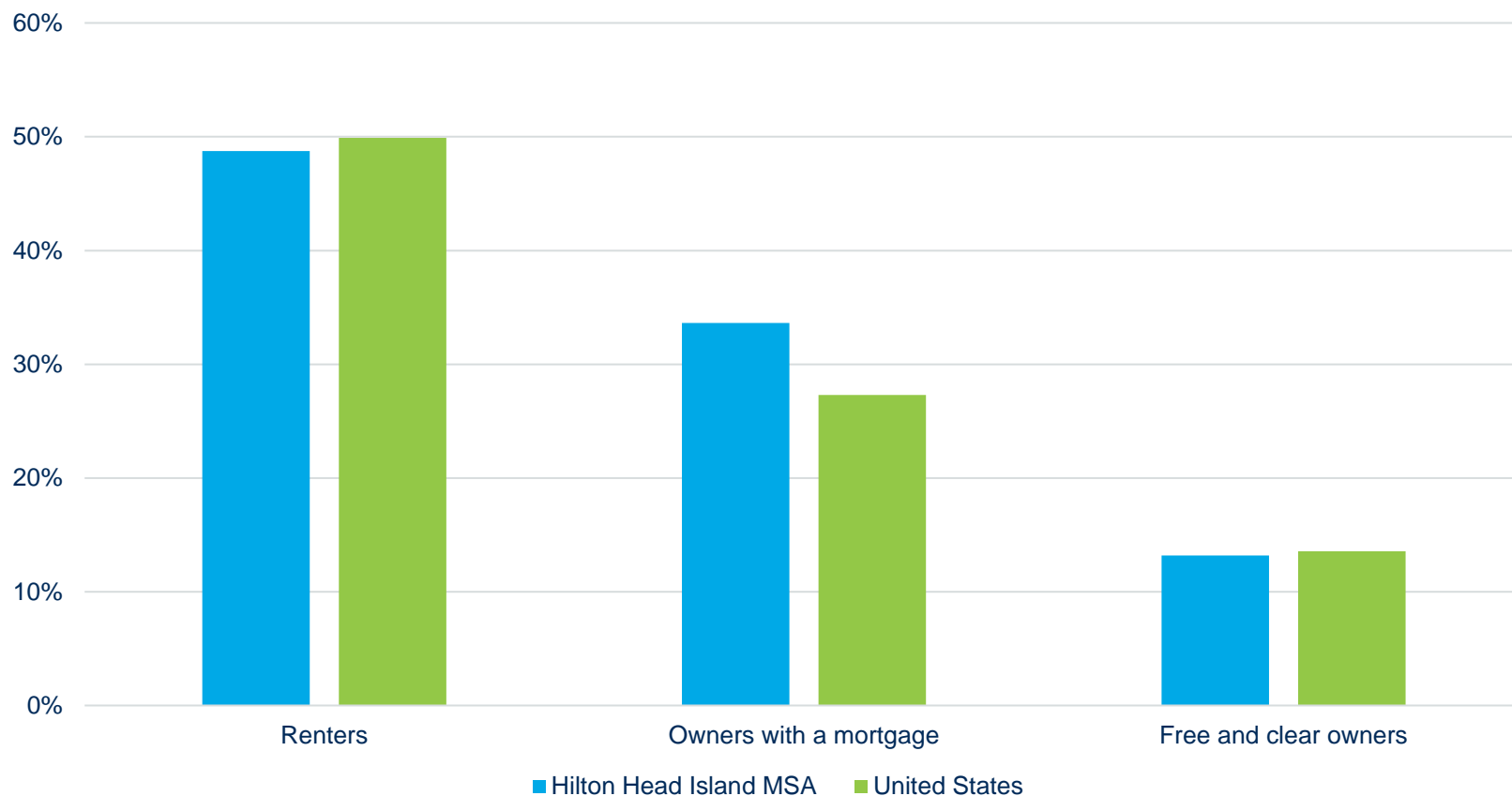
## Share of households that rent, by household income



Source: U.S. Census Bureau, 2018-2022 American Community Survey (ACS) 5-year estimates

# Housing Affordability, by Tenure

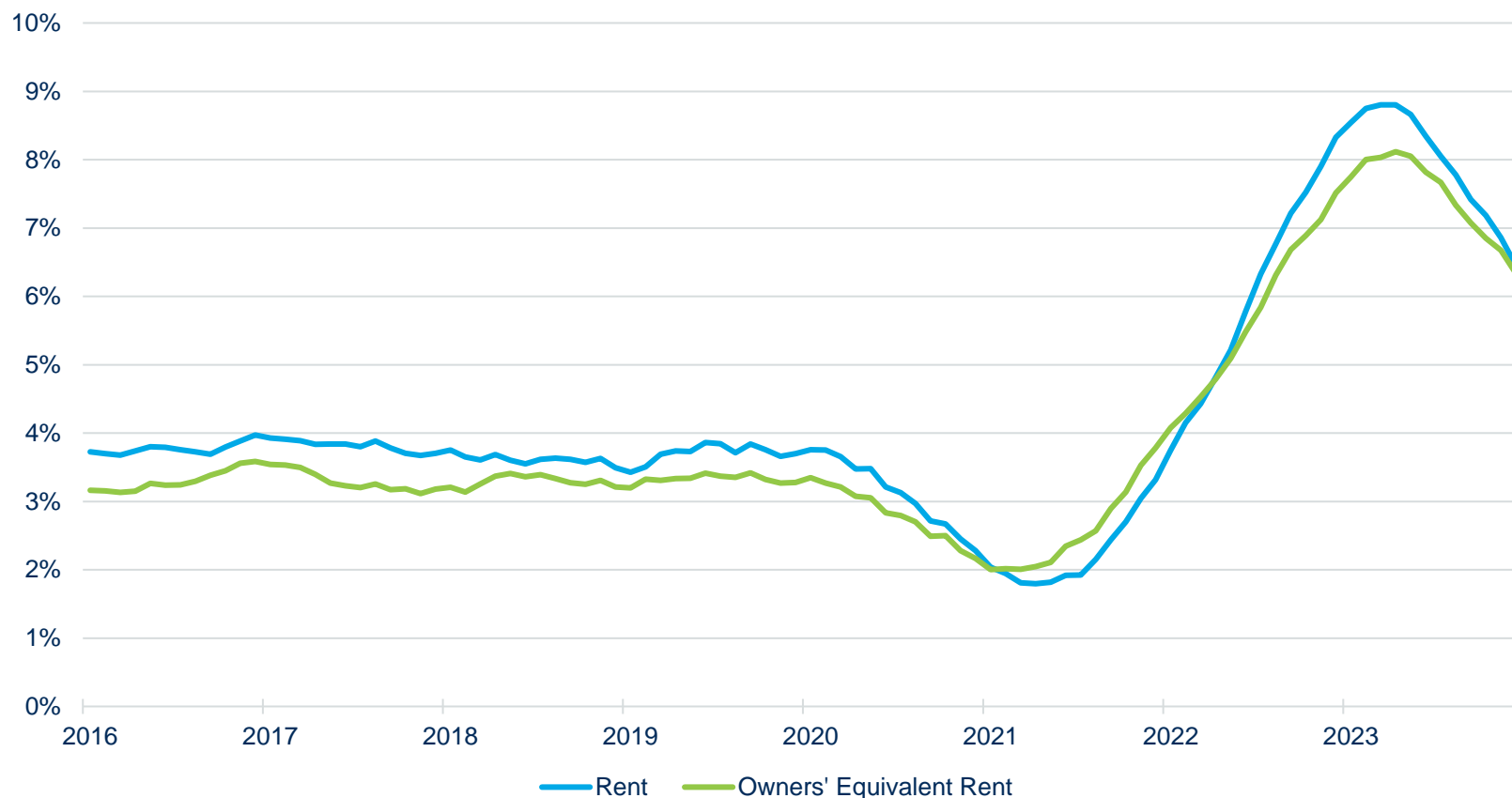
Share of households spending more than 30 percent of household income on housing, by tenure



Source: U.S. Census Bureau, 2018-2022 ACS 5-year estimates

Nationally, the cost of housing rose rapidly in 2022 and early 2023

### Year-Over-Year Change in Consumer Price Index for Rent and Owners' Equivalent Rent

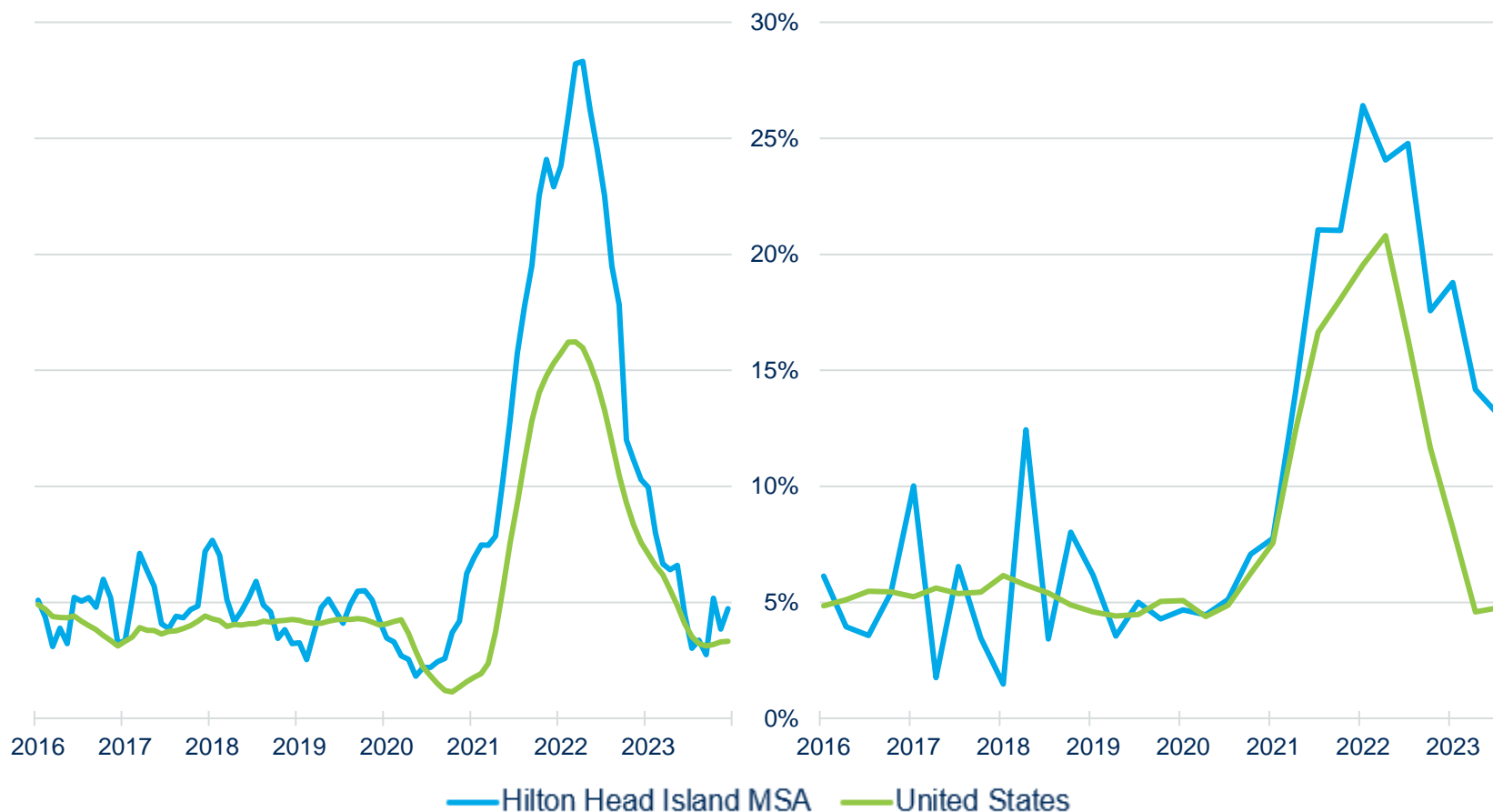


Sources: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (CPI-U): Rent of Primary Residences in U.S. City Average and CPI-U: Owners' Equivalent of Rent of Residences in U.S. City Average and author's calculations

# In the Hilton Head Island MSA, rent and home prices grew even more rapidly

## Year-Over-Year Change in Zillow Observed Rent Index

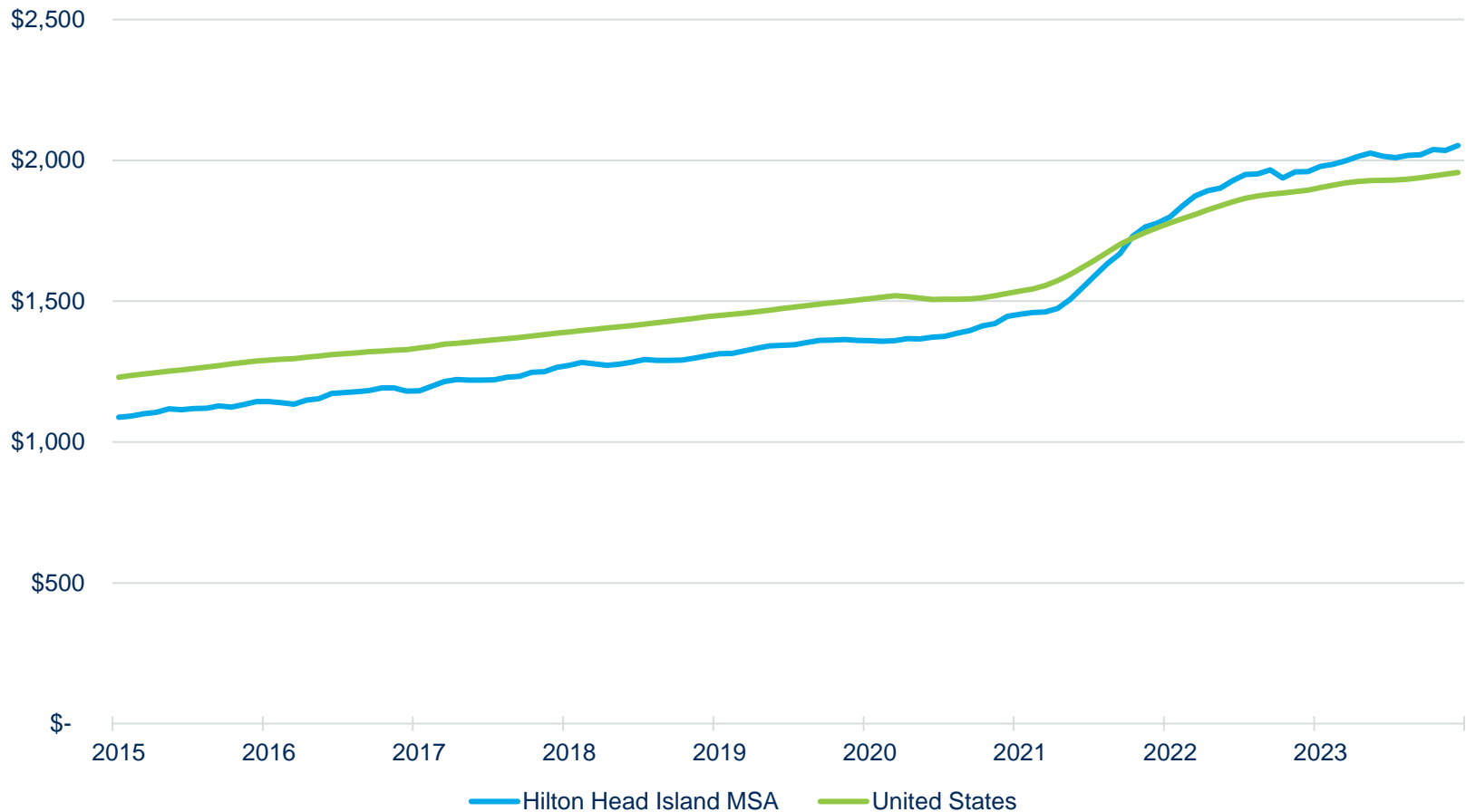
## Year-Over-Year Change in FHFA House Price Index



Sources: U.S. Federal Housing Finance Agency (FHFA), All-Transactions House Price Index for Hilton Head Island-Bluffton MSA and the United States, Zillow Observed Rent Index (ZORI), and author's calculations

# The typical local rent now exceeds national levels

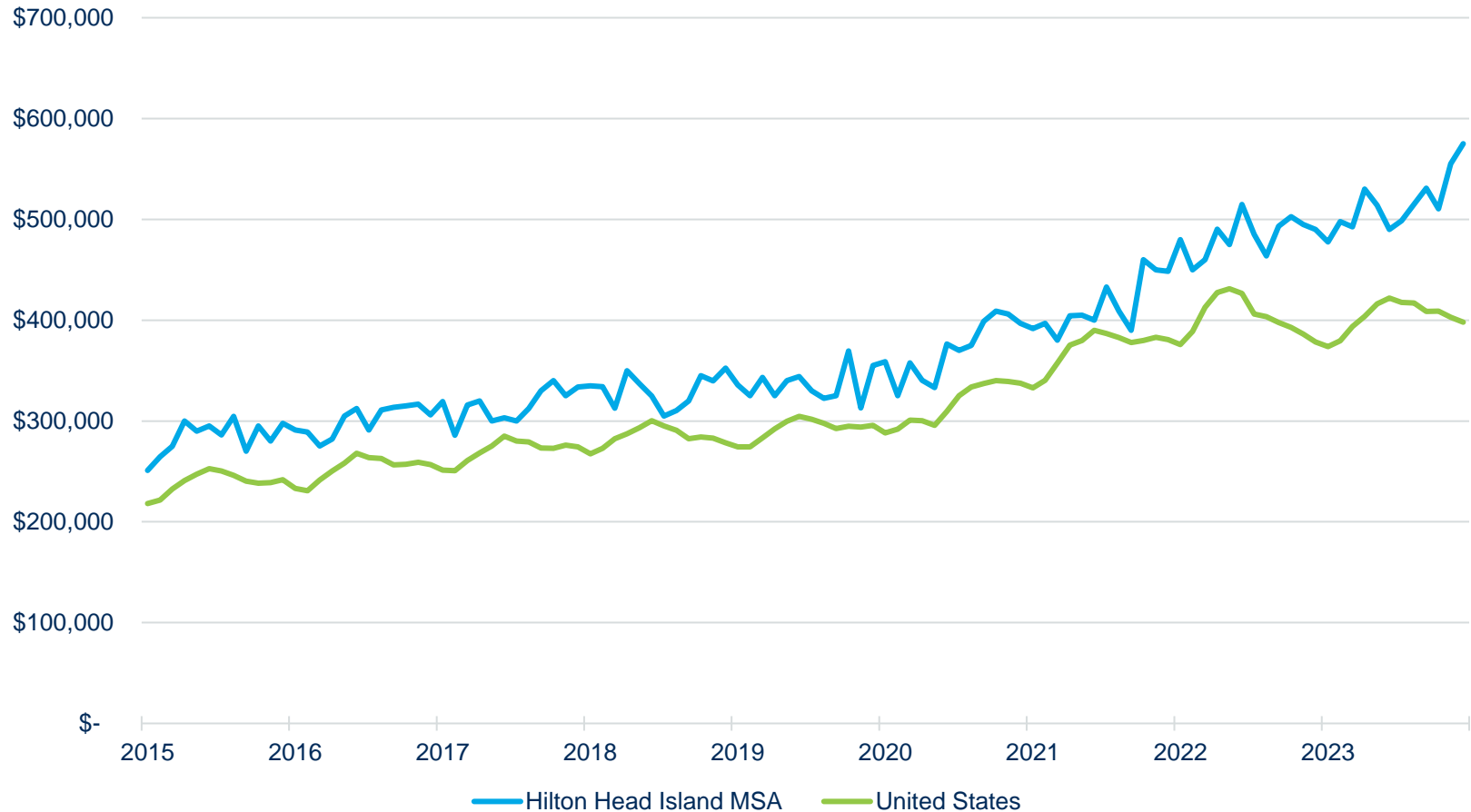
Zillow Observed Rent Index



Source: ZORI

# Single-family home prices remain above national levels

## Median Sale Price for Single Family Homes



Source: Redfin

At the same time, mortgage rates have been climbing

Average 30-Year Fixed Rate Mortgage

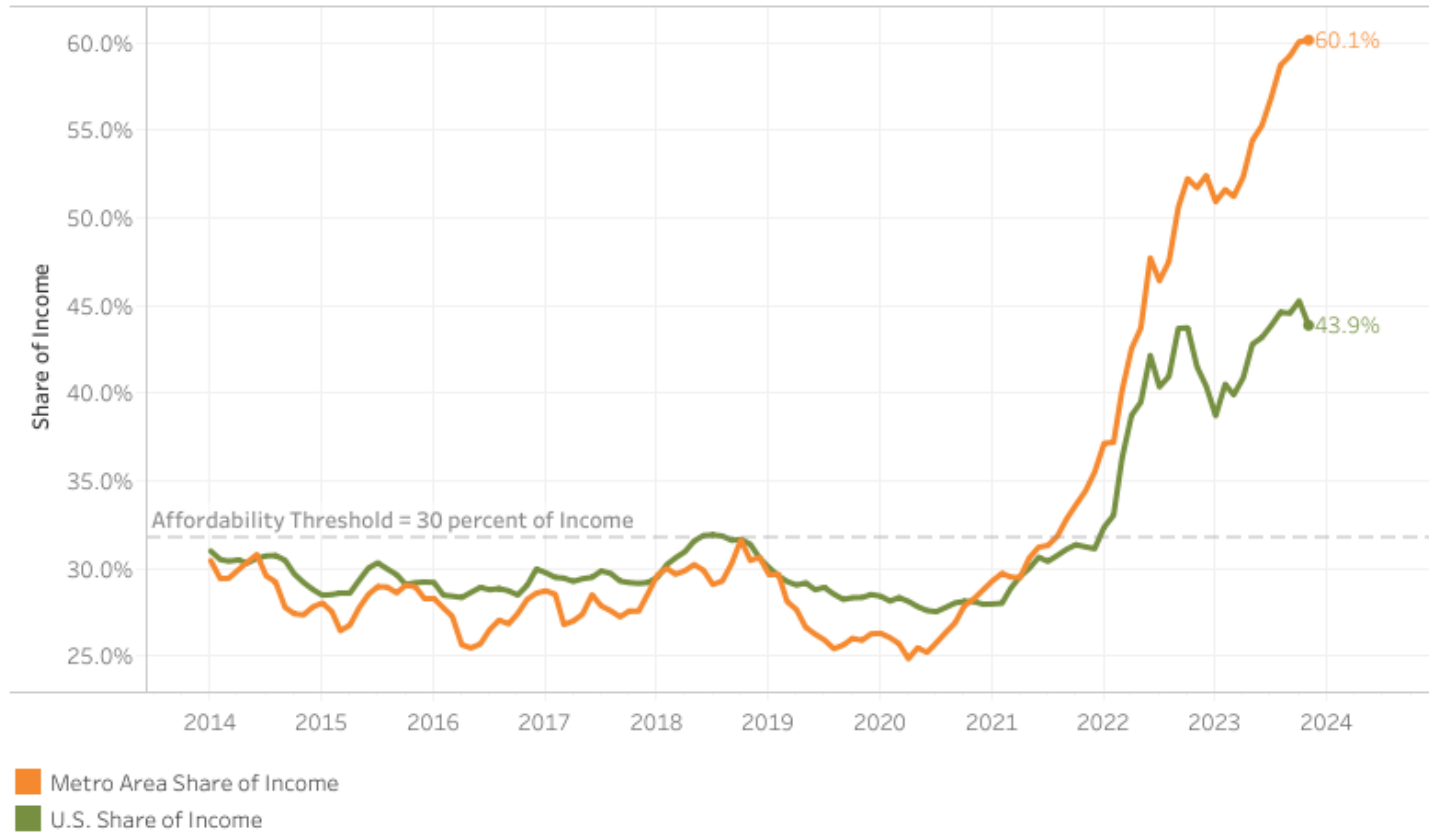


Source: Freddie Mac, 30-Year Fixed Rate Mortgage Average in the United States

# Homeownership is less affordable overall

Updated: 1/18/2024

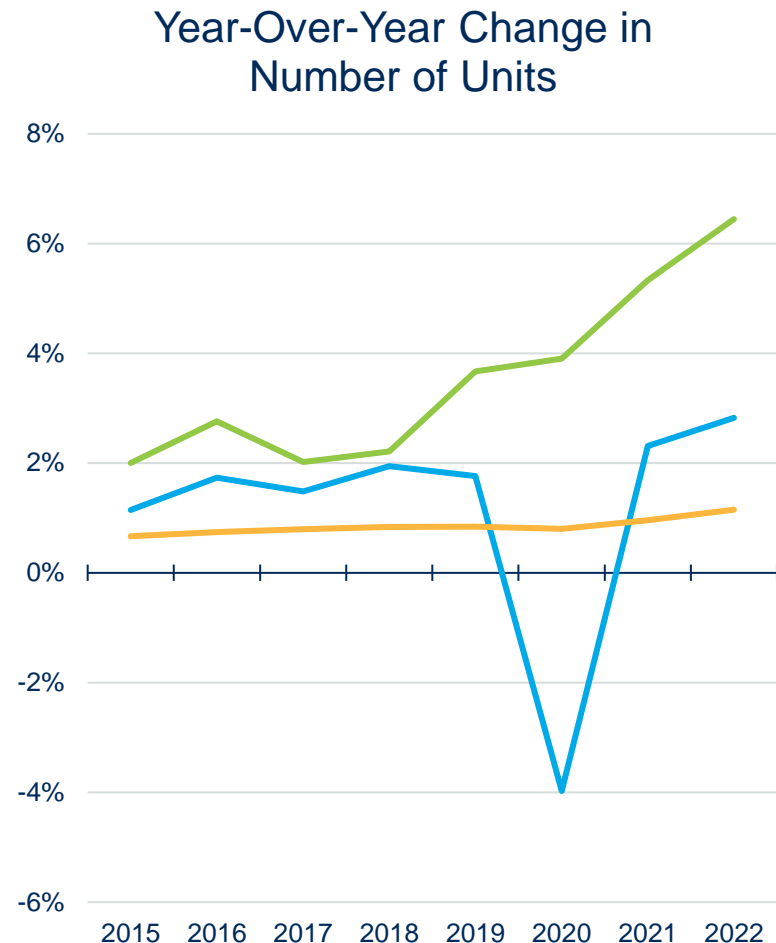
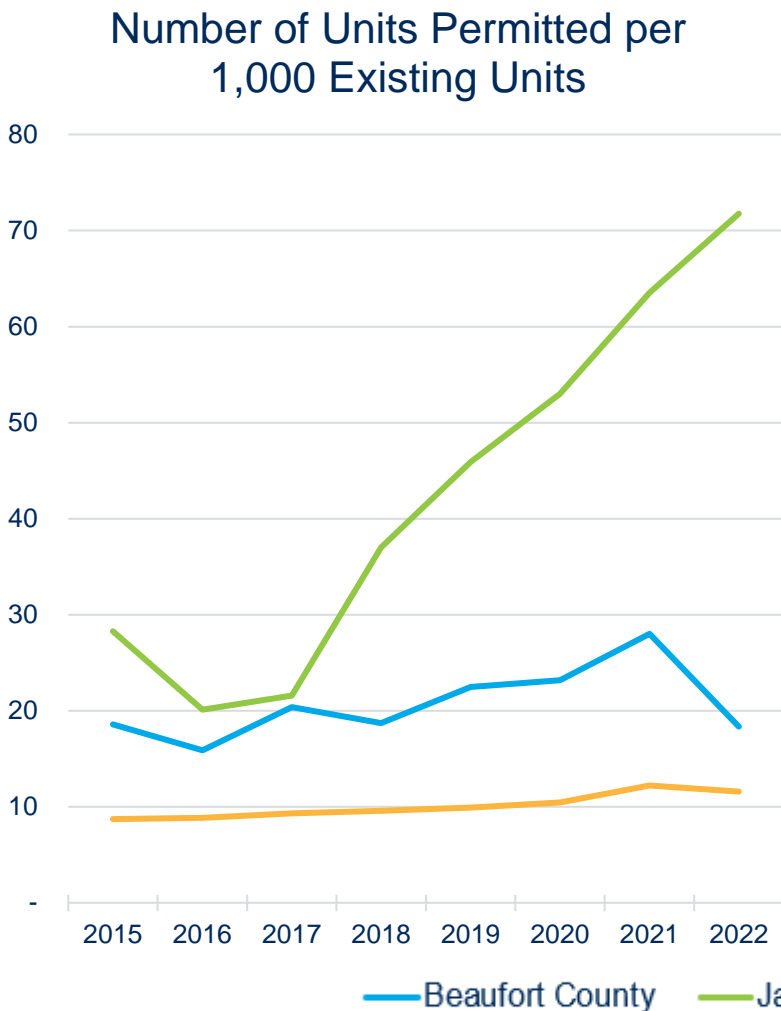
**Nation vs Hilton Head Island-Bluffton-Beaufort, SC**  
**Share of Income Needed to Own the Median Priced Home**  
Federal Reserve Bank of Atlanta Home Ownership Affordability Monitor  
Data through November 2023



Source: Federal Reserve Bank of Atlanta, Home Ownership Affordability Monitor



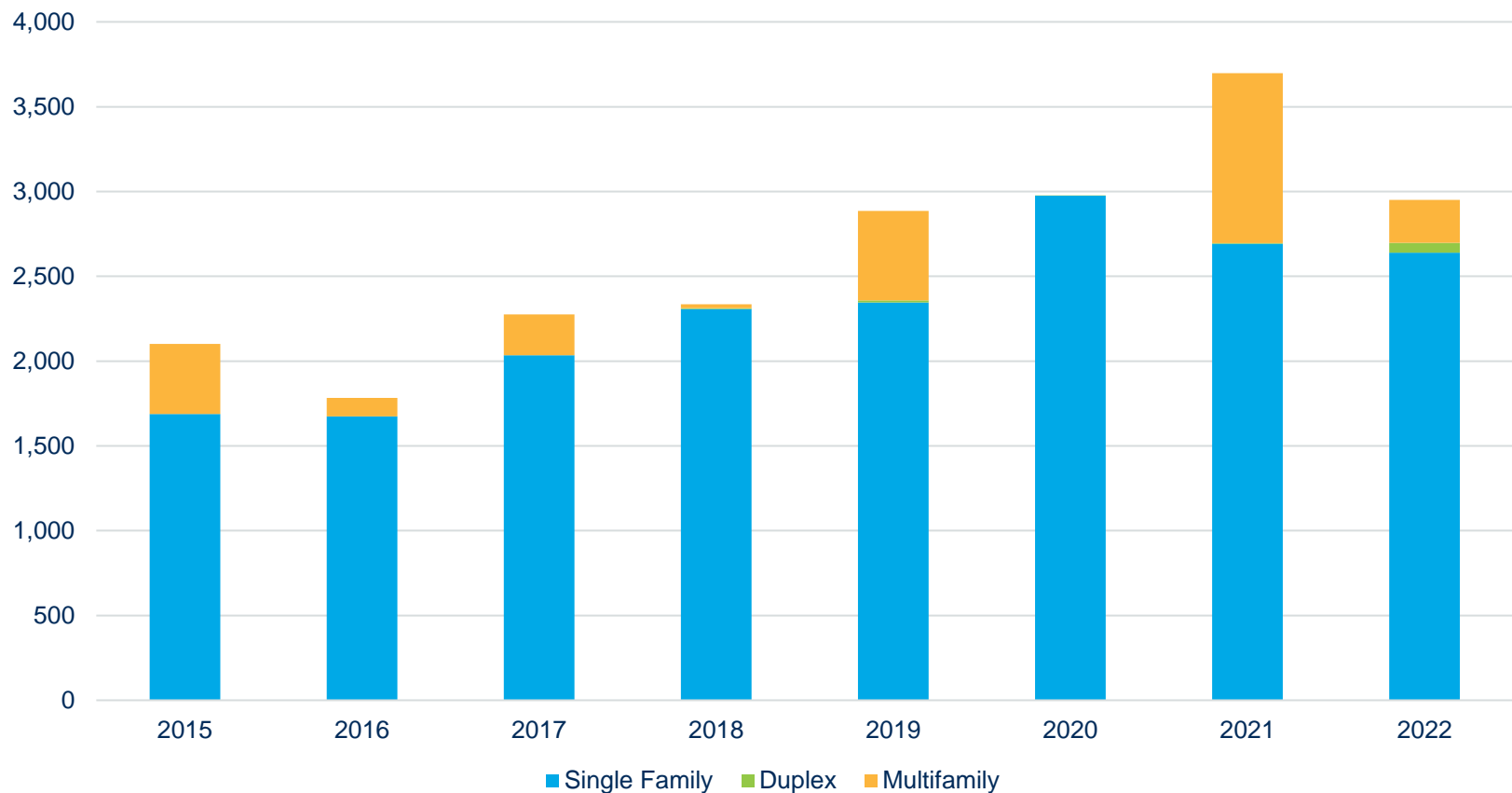
## Permitting and construction rates are generally higher than national rates



Sources: U.S. Census Bureau Residential Building Permits Survey, U.S. Census Bureau Population and Housing Estimates, and author's calculations

# Locally, more units are permitted in single-family structures

Number of permitted units in the Hilton Head Island MSA, by structure type



Sources: U.S. Census Bureau Residential Building Permits Survey and author's calculations

# **We Want To Hear From You!**

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- Receive access to survey results every month
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- Visit: [bit.ly/SurvBizForm](https://bit.ly/SurvBizForm)
- Scan the QR Code with your phone’s camera



*Questions/Comments?*

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