connections
FOR SUSTAINABILITY

APPENDIX A:
MARKET ANALYSIS / ISSUES & OPPORTUNITIES REPORT

CITY OF GREENVILLE
CITY-WIDE HOUSING STRATEGY
August 2012

Prepared by:

Development Concepts, Inc.
Ian Colgan, AICP
Principal
1236 East 16th Street
Indianapolis, IN 46202

Jackson Research & Consulting
Mark Jackson
Principal
1206 Webster Street
New Orleans, LA 70118

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1.0 INTRODUCTION

This *Issues & Opportunities* report summarizes the findings from the first phase of the City-Wide Housing Strategy for the City of Greenville. It includes a summary of market conditions for Greenville and the Upstate region, a discussion of the existing conditions related to housing, and a series of issues and opportunities as observed by the consultant team through research, data collection & analysis, discussions with the Steering Committee and various community stakeholders, and interaction with the community during the initial public meeting for the overall *Connections for Sustainability* project.

2.0 EXECUTIVE SUMMARY

2.1 Summary of Market Study

- As of early 2012, the national / regional housing market appeared to be in an upswing. Trends could characterize the market as entering the "Recovery" stage of the housing cycle;
- Greenville is the central economic, entertainment and social center for the Greenville-Mauldin Metropolitan Statistical Area (and to a large extent the Greenville-Spartanburg-Anderson Combined Statistical Area), but has experienced a very limited share of regional population and housing growth. This is likely due to a combination of limited available areas for easy development, a relatively small share of product preferred by the marketplace, and concentrations of poverty and distressed neighborhoods that are undesirable by large portions of the growth market;
- Between 2000 and 2010, the City of Greenville experienced its first major intercensus growth since 1960;
- Anticipated future demand for housing is very low – 40-70 units annually for the next 5-10 years. This basically represents replacement level demand. If expectations for near-term housing development for Greenville exceeds this amount, then the city will need to "capture" market from outside the community – particularly from areas of Greenville County immediately to the north and south;

A limited share of quality 3 and 4 bedroom homes has put the City of Greenville at a market disadvantage to outlying areas of Greenville County

- The caveat to the growth potential from captured markets is that housing cycles revolve around "normal" levels of demand, which are found in household formation, replacement demand (or removals) and vacancy need. Vacancy need is usually a positive force in housing markets - but not currently. Vacant housing is abundant across Greenville and Greenville County, and this vacancy needs to be absorbed before normal levels of demand are achieved. Overall, the high levels of housing vacancy is likely to hold back market activity - or at least result in high vacancy rates in less preferred locations while new product is absorbed elsewhere;
- Multi-family housing will be a strong market segment for Greenville in the future – as it has been in the past. Focus in the short term will be on rental product, and this is likely to be a strong segment over the next decade. Depending on the ability to successfully deliver product based on various hurdles (financing, land assembly, etc.) this is a key segment where the city can capture a significant portion of demand from suburban areas;
- Despite short-term shifts to rental product due to the difficulties in the for-sale market, the majority (70-

80%) of future demand should be expected to choose for-sale units, by a combination of in-migration and the formation of family households. Based on past trends 5-7% of this could be attached product, though demand (or at least the ability to generate supply through financing) for attached units may not yield this percentage for several years;

- By far, the preferred for-sale product in the Greenville region has been 3 bedroom detached homes, followed by 4 bedroom homes. Greenville has a very small share of this market. Correspondingly, the city also has a high market share of 2 bedroom homes, which are much less desirable for-sale units;
- Preferred market-rate price points of for-sale housing are clustered in the $100,000 - $200,000 range. Not only is this a somewhat difficult price point to deliver new product without cost efficiencies, but it is more difficult to produce new infill housing at this cost – particularly the $100,000 - $150,000 price band;
- Greenville has a wide range of price points for rental and for-sale units, but the only units available to a large percentage of the population (30%+) can be characterized as very low value, low quality housing located in distressed neighborhoods;
- Considerable portions of the city have extremely troublesome property and housing values. These areas include most of the special emphasis neighborhoods, as well as others near the Downtown area.

2.2 Issues / Hurdles

The following list represents key issues and hurdles to implementing a market-based housing strategy in the City of Greenville. It consists of findings from the market study for the City-Wide Housing Strategy, as well as initial SWOT assessments adminstered to the project's Steering Commitee and attendees of the initial public meeting. It is not intended to be inclusive of all possible issues within the community. Full descriptions of each issue can be found on page 38.

Large concentrations of distressed housing limits the growth potential for Greenville and represent less than ideal living conditions for large portions of city residents.

- **The economy and economic recovery** - Uncertainty as to when economic growth will return to normality, replace the numerous jobs lost during the recession, and support sustainable housing growth;
- **Homeownership / for-sale product** - The slow post-recession economic growth and general uncertainty surrounding the economy, begs the question "When will the for-sale housing market - the largest segment of the regional housing market - return to stability and growth?"
- **Housing demand and the ability to capture growth** - Historically low projected demand suggests that there will be limited opportunity to deliver housing at a scale necessary for several development initiatives around the community. The city will need to capture additional demand;
- **Competition for development** - Multiple areas of the community compete for the limited housing growth projected for the city, including the unique circumstances surrounding the Verdae development;

- **High Levels of Vacancy** - Greenville's housing vacancy rate of 13% is high and represents a large inventory of housing that must be absorbed into the market before sustainable development can occur;
- **Distressed neighborhoods** - Large concentrations of distressed neighborhoods and low income households provide a challenge to drawing the market into the city and creating a sustainable housing market;
- **Affordability of quality housing** - Most of the existing market-rate product available to lower income bands is of limited quality or size necessary to support certain types of households;
- **Minority home ownership**- Greenville has a significantly lower percentage of minority households who are homeowners than found in other major South Carolina cities or in comparable metropolitan areas;
- **Supply of market preferred single family units and price points** - Greenville has a low market share of product preferred by consumers of for-sale detached units - namely 3/4 bedrooms;
- **Transportation / mobility** - The lack of good public transit and pedestrian infrastructure was discussed as a hurdle to successful neighborhood development and access to employement;
- **Readily available land / redevelopment** - The city lacks large tracts of development ready land (with the exception of Verdae) to compete with suburban areas. Numerous redevelopment opportunities exist, but the costs associated with infill development tend to drive up housing costs beyond preferred price points;
- **Funding and capacity** - Successful public private partnerships and funding models for affordable housing and infill development are in jeopardy as changes to federal funding sources and local organizations force different strategies;
- **NIMBYism / Neighborhood support for infill development** - The need for redevelopment / infill development has - and likely will - come into conflict with neighborhood groups who are concerned with the impacts of new development, despite sensitivities to context and user groups;
- **Employment and Gentrification** - Greenville's employment base is imbalanced compared to both the state and the nation in terms of professional service jobs (much higher percentage) and goods producting jobs (much lower). This has been good for the local economy, but it threatens to create an imbalance in the types of jobs readily accessible to large portions of Greenville's population.
- **Distressed Neighborhoods / Communiities in the County** - Distressed neighborhoods found within the county threaten the revitalization potential of neighborhoods within the city.

2.3 Opportunities

The following opportunities are meant to describe broad opportunities for housing in Greenville as identified through the market study. They are not meant to indicate opportunities that should or must be followed by the community, nor are they meant to be inclusive of all opportunities available to the city.

- **Economic development / economic recovery** - despite uncertainites in the national economy, Greenville potentially stands in the vanguard of the economic recovery, which could generate faster activity in the housing market and strategies to take advantage of this;
- **Short / long term multi-family development** - multi-family will be a key market segment for the city in the future, especially over the next several years as the for-sale market is stagnant, generating a huge demand for rental product;

- **Ability to establish and expand urban districts** - the short and long term demand for multi-family units can be utilized to create high density nodes throughout the city that support more pedestrian and transit oriented amenities and services;
- **Neighborhood revitalization** - Successful past redevelopment partnerships can be leveraged to focus on continued efforts to revitalize distressed neighborhoods;
- **Verdae / detached housing** - While the Verdae development represents somewhat of a competitor to general housing development within the city, it is also an ideal location within the city to deliver cost-effective detached units that can make the city more competitive with suburban areas.

The current strength of the rental market is a huge short-term opportunity for the city, not only to capture higher than normal amounts of demand, but to utilize multi-family development to help shape and expand urban desitricts that support pedestrian and transit accessibility, as well as retail, services and amenities available outside of Downtown.

3.0 PROFILE OF GREENVILLE, SOUTH CAROLINA

3.1 Greenville in Context

Greenville, South Carolina has the unique position of being the major population, economic and cultural center of an economic region with over 1 million people (Upstate South Carolina) despite having a relatively modest population of 58,000. The 2010 census reported that the Upstate region - comprised of the Anderson, Spartanburg and Greenville-Mauldin MSAs - had over 1.1 million people. Greenville's population consists of only 5.3 percent of this regional total - and only 9.1 percent of its own Metropolitan Statistical Area.

3.2 Housing Profile of Greenville

The 2010 census and results from the 2009 American Community Survey (ACS) report between 29,134 - 29,418 housing units in Greenville, with between 25,418 - 25,599 households living in those units, resulting in a vacancy rate of approximately 13%. This represents an increase in vacancy of about 3% since the 2000 census.

45.4% of occupied housing units are owner occupied (11,614 units), with 54.6% being renter-occupied (13,985 units). This percentage of owner occupied housing is significantly lower than South Carolina (69.3%) and the United States (65.1%).

Apartments buildings and complexes tracked in the rental inventory of the Appalachian Council of Governments accounts for an estimated 68% (9,556 units) of all renter-occupied units, meaning the resulting 32% of rental units are found within smaller scale 1-8 unit structures.

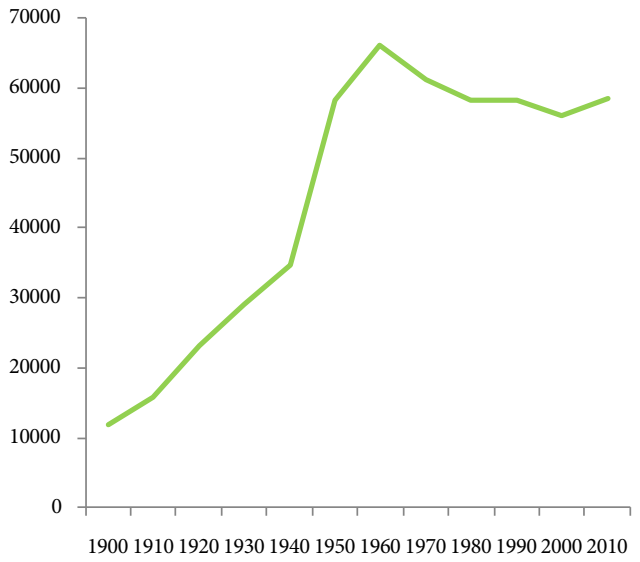
51.8% of housing units in Greenville are single-family detached units, with the remaining units being attached duplexes, small 3-9 unit buildings, larger 10 to 50+ unit buildings, and mobile homes. Again, this stands in contrast to state and national trends, which hover around 61.5 - 62.4% of all housing as detached units.

Exhibit 3.1 *Housing Units by Units in Structure*

	2000	2009
Total	27,367	29,134
1, Detached	53.9%	51.8%
1, Attached	3.8%	4.5%
2	5.7%	4.7%
3 or 4	7.1%	6.9%
5 to 9	10.0%	9.7%
10 to 19	8.1%	11.6%
20+	11.0%	9.5%
Mobile Home	1.5%	1.2%

Source: *2000 Census, 2005-09 ACS*

Exhibit 3.2 *Population growth of Greenville (1900 - 2010)*



Source: *US Census*

Exhibit 3.3 *Comparison of Key Housing Related Demographic Indicators*

	GREENVILLE	SPARTANBURG	ANDERSON	GREENVILLE CCD*
Population				
2000	56,786	40,150	25,335	232,954
2010	58,409	37,013	26,686	263,637
Households				
2000	24,904	16,370	10,571	94,444
2010	25,599	15,184	11,080	105,758
Housing Units				
2000	27,955	18,112	12,013	103,273
2010	29,418	17,516	12,938	117,867
Vacancy				
2000	8%	10%	12%	8%
2010	13%	13%	14%	10%
Renter Occupied Households	48%	44%	43%	39%
Owner Occupied Households	39%	43%	42%	61%
Households with 1 Person	42%	36%	36%	30%
Family Households	50%	59%	58%	64%
Households with Children	25%	31%	30%	32%
Average Household Size	2.08	2.27	2.25	2.41
Median Household Income	$40,402	$36,110	$35,102	$49,790
Median Home Value	$173,200	$109,900	$123,200	$146,100
Average Home Value	$251,407	$164,889	$152,214	$197,887
Affordability Ratio	4.29	3.04	3.51	3.97

** The Greenville CCD stands for "County Census District" and represents a sub-division of Greenville County that includes the city of Greenville and its surrounding areas. For purposes of this study, the CCD represents a geography considered to be the City of Greenville and its immediate environs, or "Greater Greenville".*

Source: *2010 US Census, 2009 American Community Survey, ESRI Business Analyst*

3.3 Growth Patterns

During the past decade, the City of Greenville experienced the first net gain in population of any consequence since 1960. The gain of 2,407 residents halted a decline of over 10,000 residents between the city's population peak of 66,188 in 1960 and its lowest since that level - 56,002 in 2000. That net decline of 10,186 represented a 15 percent decline over the latter half of the 20th century.

4.0 MARKET / ECONOMIC CONDITIONS

4.1 National Housing Market

The 2007-2009 economic recession*, its lingering aftereffects and the role of the housing market have been well publicized over recent years. As this report was written in early 2012, the recovery of the national housing market and long-term impacts of the sharp declines in housing value, huge inventories of foreclosed properties, and trends in new construction are far from being understood. Accordingly, the uncertainty of the post-recession housing market will be a pervasive theme throughout the process of implementing the City-Wide Housing Strategy.

As of early 2012, the national housing market appeared to be in an upswing. Trends could characterize the market as entering Stage VI or the "Recovery" stage of the housing cycle. Over the past 12 years (2000-2012), housing permits peaked in 2005 and bottomed out in 2010. Since then, housing activity has risen and is expected to continue its slow rise this year - though at several points in the past decade growth was seen to "pause" for a year or two before continuing to recover.

The caveat to growth potential is that Housing Cycles revolve around "normal" levels of demand, which are found in household formation, replacement demand (or removals) and vacancy need. Vacancy need is usually a positive force in housing markets - but not now. Vacant housing is abundant across the country, and this vacancy needs to be absorbed before we approach normal levels of demand. Overall, the high levels of housing vacancy is likely to hold back market activity.

Two more areas are worrisome when predicting market recovery. The precise amount of vacancy is unknown due to foreclosures and the inability of the owners of those foreclosed properties to process them onto the marketplace. Recent legislation resulted in the ability for a large amount of foreclosures to be released, but it is estimated that there is still a huge number of properties that have yet to officially hit the market. This "shadow inventory" has the potential to keep housing vacancy high for years to come.

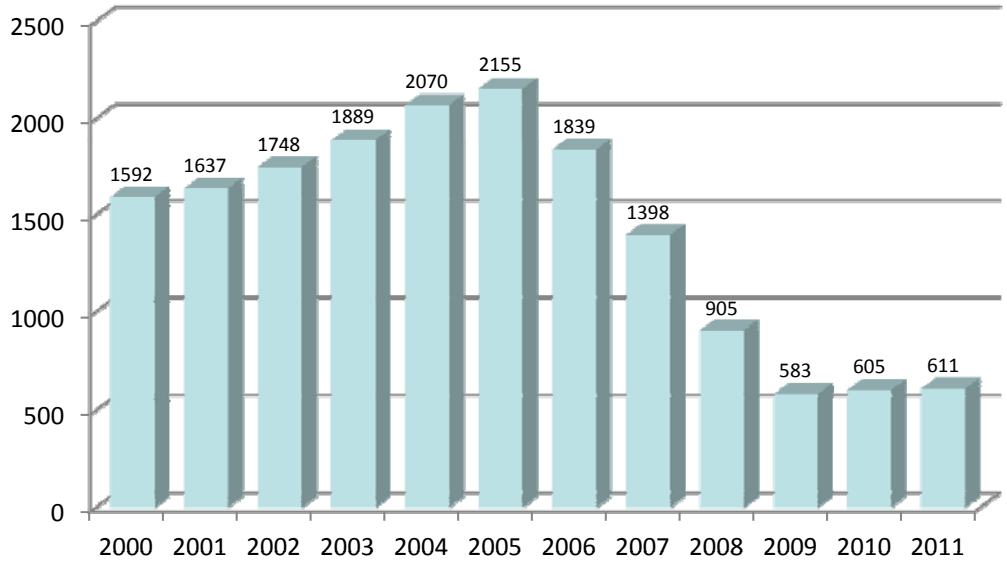
The other area of concern is that there are millions of households who are "under water" in their mortgages. This means that their homes are worth less than their underlying mortgages. Some of these homes will join vacant inventories as they are foreclosed, adding to the competition confronting home builders. Using 2010 data, it is estimated that over 7 million households - or 9% of all households with a mortgage - were underwater equal to 1-25% below home value. Another 4.5 million - 6% of all mortgage holders - had negative equity equal to 25% or more of their home's value.

4.2 Regional Housing Market

Similar to the national housing market, the South Carolina housing market peaked in 2005 and bottomed out in 2010. Permits in the state ranged from 54,000 in 2005 to just over 14,000 in 2010. The state has averaged about

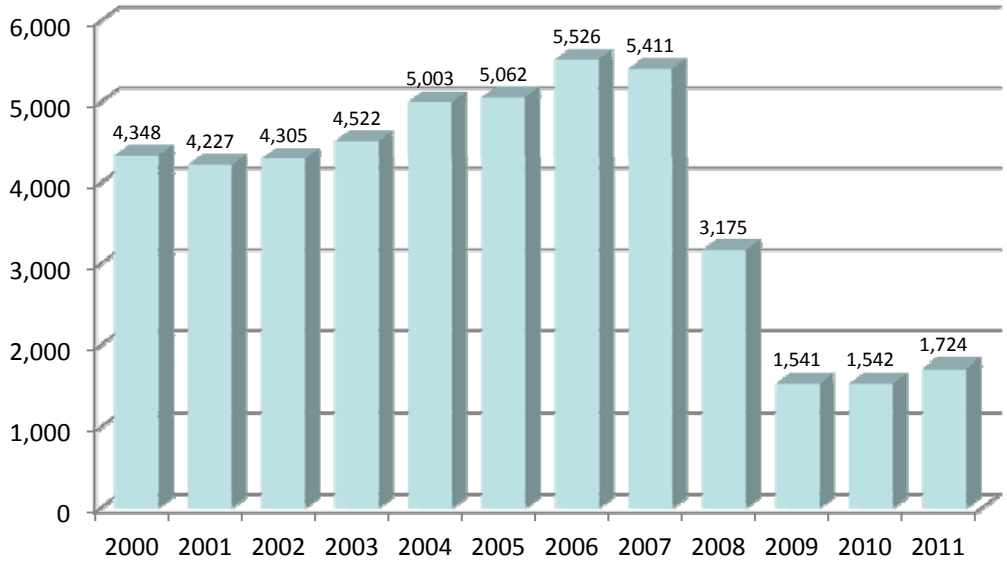
** The National Bureau of Economic Research (NBER) - considered the artiber of the start and end dates of a recession, determined that the official dates of the 2007-2009 recession were December 2007 to June 2009*

Exhibit 4.1 *Units Permitted in the United States*



Source: *US Census, Jackson Research and Consulting*

Exhibit 4.2 *Units Permitted in the Greenville MSA 2000-2011 (000s)*



Source: *US Census, Jackson Research and Consulting*

Exhibit 4.3 *Housing Starts for the City of Greenville 2000-2010*

Year	Single Family		Two Family		Three Family		Five +		Total	
	Buildings	Units	Buildings	Units	Buildings	Units	Buildings	Units	Buildings	Units
2010	94	94	6	12	0	0	0	0	100	106
2009	55	55	9	18	3	11	2	11	69	95
2008	130	130	9	18	5	18	48	384	192	550
2007	234	234	19	38	0	0	13	244	266	516
2006	296	296	5	10	0	0	10	173	311	479
2005	257	257	0	0	0	0	1	15	258	272
2004	288	288	0	0	1	4	1	36	290	328
2003	176	176	27	54	0	0	0	0	203	230
2002	45	45	2	4	7	28	4	36	58	113
2001	71	71	0	0	0	0	1	6	72	77
2000	86	86	2	4	1	3	12	312	101	405

Source: *US Census*

Exhibit 4.4 *Housing Starts for Greenville County 2000-2010*

Year	Single Family		Two Family		Three Family		Five +		Total	
	Buildings	Units	Buildings	Units	Buildings	Units	Buildings	Units	Buildings	Units
2010	1,252	1,252	6	12	0	0	3	40	1,261	1,304
2009	1,088	1,088	12	24	4	15	2	11	1,106	1,138
2008	1,830	1,830	11	22	6	22	64	726	1,911	2,600
2007	3,657	3,657	19	38	7	25	46	945	3,729	4,665
2006	4,307	4,307	5	10	0	0	11	178	4,323	4,495
2005	4,223	4,223	2	4	0	0	5	63	4,230	4,290
2004	3,630	3,630	4	8	3	12	5	120	3,642	3,770
2003	3,491	3,491	30	60	0	0	0	0	3,251	3,551
2002	3,194	3,194	3	6	11	43	8	56	3,216	3,299
2001	3,088	3,088	29	58	1	3	10	110	3,128	3,259
2000	2,822	2,822	18	36	1	3	30	550	2,871	3,411

Source: *US Census*

15,000 permits between 2009 and 2011, less than half of the amount permitted annually during the early 2000s. Overall the state has followed a cyclical trend similar to that of the country, and is tentatively on the path of recovery. According to permit data, gains in 2011 were primarily from multi-family structures.

The Greenville MSA peaked a little later than the U.S. or South Carolina - hitting permit highs of 5,526 and 5,411 in 2006 and 2007. It is interesting to note that while permits rose between 2000 and 2005/06 within the Greenville MSA, they did not rise nearly as quickly as other areas in the state. Between year 2000 and South Carolina's peak year of 2005, permits rose from 32,812 to 54,165 - a rise of 65%. Between 2000 and 2006 - the Greenville MSA's peak year - permits rose from 4,338 to 5,526 - only 27%. The annual permit average from 2009 to 2011 is about 1,600 units. 2011 has shown a climb in permits, but overall the strength and character of the recovery is unclear.

In 2010, 70.8% of all people in the Greenville MSA resided in Greenville County. Between 2006-2011, 81.8% of the units permitted within the MSA were in Greenville County.

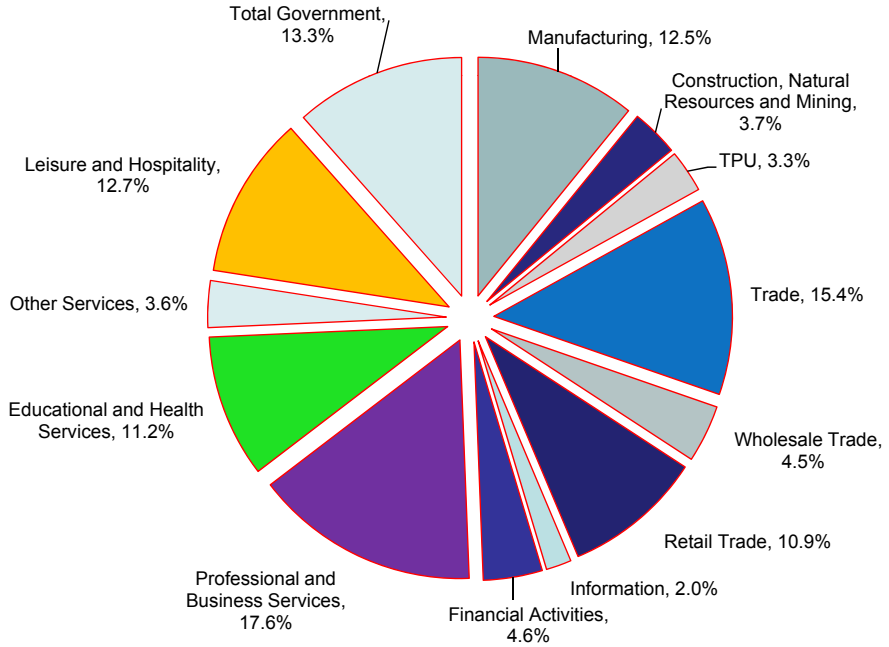
4.3 City Housing Market

The City of Greenville permitted 3,171 housing units between 2000 and 2010. The trajectory of those permits generally followed that of the region, with a peak in 2007-08 and significant decline in 2009-10. Annually, permits in Greenville represented about 9% of all housing permits within Greenville County. However, the city accounted for 45% of all multi-family / attached housing permits within the county, including 43% of all multi-family units in buildings with 5 units or more.

4.4 Economic Climate

The housing market is highly connected to the local economy. Simply put - the more jobs, the more demand for housing. Employment alters the type of housing too, depending on concentrations in particular sectors that

Exhibit 4.5 *Employment by Employment Sector (NAICS) in Greenville County - 2011*



Source: *Bureau of Labor Statistics*

differ in wages and education levels.

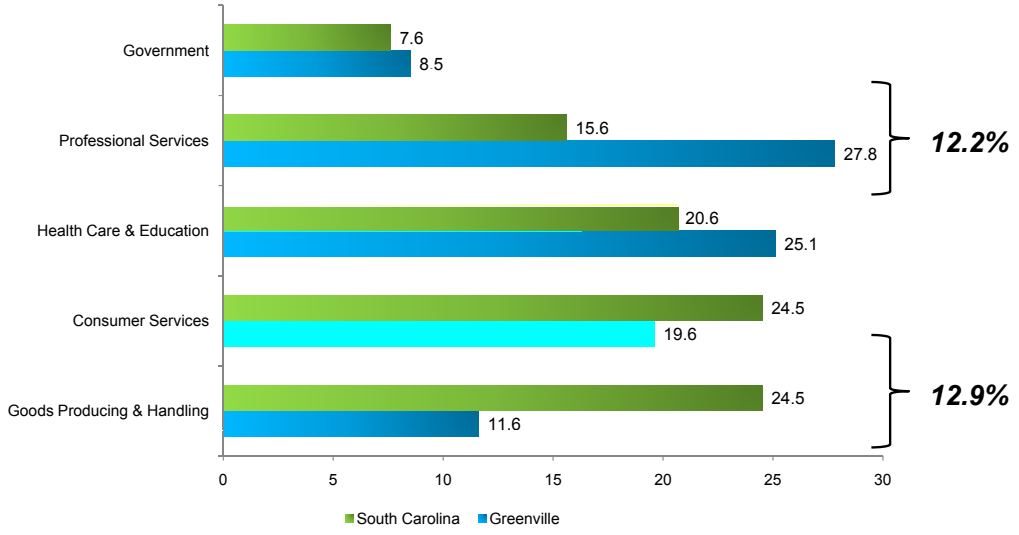
Like virtually all areas of the country, the Greenville MSA lost a considerable amount of jobs during the 2007-09 recession. After steady job gains from 2004 to 2007, the MSA lost over 22,000 jobs between 2008 and 2010. Like the housing market, 2011 numbers show the beginnings of a recovery with 3,125 new jobs. 2012 projections show the potential for more than 5,000 new jobs this year. However, even if these projections prove to be true, gains in the past two years (2011 and 2012) will have accounted for only one-third of the jobs previously lost. If the MSA is able to keep up a pace similar to that which is projected for 2012, it will take three more years before lost employment is recovered. With the economy playing "catch up" it is unclear how strong the housing recovery will be over the next five years.

Professional and Business Services and Health & Education are the only sectors that have grown throughout the downturn, though Trade and Manufacturing has helped fuel recent employment gains. Strong future gains cannot occur without these and other sectors.

Two other positive factors are that unemployment is falling, and the civilian labor force (CLF) is increasing. The CLF represents people re-entering the market and people moving to the area looking for jobs. Both provide a positive foundation for the housing market.

Another positive is that the Greenville MSA is seen as having significant potential for economic development. In addition to the area's successful initiatives to support automotive based innovation and manufacturing, it has been rated as one of the top metro areas for near-term growth. A 2012 survey by Manpower of employer expectations for hiring found growth potential of up to 20% for the MSA - the second highest of all metro areas in the survey, after Lexington, Kentucky.

Exhibit 4.6 *Comparison of Major Employment Sectors between the city of Greenville and the state of South Carolina.*



Source: *ESRI Business Analyst*

** Estimates for city-level employment are not available through the Census or Department of Commerce, but ESRI Business Analyst does provide these statistics via its proprietary economic model. While helpful to illustrate an order of magnitude estimate of where employment is concentrated, this data - as all data - should be taken with a "grain of salt".*

4.5 Make-Up of Local Economy

The make-up of the Greenville MSA economy is fairly typical of a metropolitan region, but this changes when one focuses in more detail on the City of Greenville itself. Exhibit 4.6 shows the percentage of total private jobs forGreenville and South Carolina, clustered into five major groupings of employment sectors: (1) Government; (2) Professional Services, which include business services, finance, information, management, and real estate; (3) Health Care and Education - private employment at hospitals, doctor's offices and schools, not inclusive of public sector employees of public hospitals or universities, who would be grouped under "Government"; (4) Consumer Services - representative of retail, hospitality and dining employment; and (5) Goods Producing and Handling - inclusive of manufacturing, trade and transportation, construction, and many of the jobs considered to be "trades" or "blue collar" employment.

The most important findings of this data is related to the Professional Services and Goods Producing and Handling employment groupings. As illustrated, the percentage of Professional employment in Greenville is significantly higher than that found generally throughout South Carolina. Conversely, the percentage of Goods Producing and Handling employment is significantly lower.

These contrasts potentially have both positive and negative results. For the benefit of Greenville, Professional Services represent more of a growth sector than Goods Producing and Handling, which has seen major declines over the past three decades - primarily due to the decline of manufacturing jobs. The concentration of Professional Services employment therefore puts Greenville is a position at the forefront of the economic recovery.

However, the imbalance between these two employment clusters could have negative consequences for economic development and neighborhood revitalization. Traditionally, Professional Services consists of jobs that require higher levels of education (think accounting, middle managers, business consultants, architects, etc.), while Goods Producing jobs require lower levels of education (construction workers, line workers in an assembly plant, etc.). This, of course, is a generalization because there are a wide range of jobs and pay scales found within these broad employment clusters. With the regional concentrations of Goods Producing jobs found outside of the community, individuals with limited education and training are left - on the local level - with Retail/Hospitality/Service jobs that generally generate limited pay. This has an adverse impact on low income households who require proximity to these types of jobs. Ongoing stratification of local employment between Professional Services and Goods Producing jobs not only has the potential of widening a gap that already exists within Greenville between higher income and lower income households, but threatens to keep unemployment high in neighborhoods with concentrations of low income households - threatening their ability to afford housing, as well as neighborhood revitalization efforts in general.

5.0 HOUSING SUPPLY

5.1 Rental Market

Information provided by the Appalachian Council of Governments indicates that there are an estimated 9,556 multi-family rental units within the City of Greenville, with another 103 units in lease-up phase, 44 under construction, and 56 planned. Exhibits 5.1, 5.2 and 5.3 illustrate various data associated with multi-family units in Greenville. Key Findings are below:

- A majority (55%) of Greenville rental units were built in the 1970s and 1980s;
- Since the 1970s, the number of 1 bedroom units built as a percentage of all units has been on the

Exhibit 5.1 *Characteristics of Multi-Family Rental Units by Size*

	UNITS (% OF TOTAL)	SIZE RANGE	AVG. SF	AVG. RENT	AVG. RENT/SF
Total Built Units	9,556				
1 Bedroom*	4,010 (41%)	500 - 1,036	715	$552	$0.77
2 Bedroom	4,294 (44%)	663 - 2,100	1,035	$596	$0.57
3 Bedrooms	1,288 (13%)	825 - 2,100	1,376	$952	$0.69
4 Bedrooms	19 (2%)	1000 - 1,700	1,300	$729	$0.56

Source: *Appalachian Council of Governments*

Exhibit 5.2 *Characteristics of Multi-Family Rental Units by Decade Built*

	TOTAL	1 BED				2 BED				3+ BED			
	UNITS	UNITS	SIZE	RENT	$/SF	UNITS	SIZE	RENT	$/SF	UNITS	SIZE	RENT	$/SF
1940s	325	253	550	$566	$1.03	53	750	$621	$0.83	17	1,000	$606	$0.67
1950s	298	68		ID**		213		ID**		17		ID**	
1960s	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1970s	2,782	1,251	670	$442	$0.66	1,120	1,058	$529	$0.50	407	1,383	$644	$0.47
1980s	2,501	1,055	720	$571	$0.79	1,062	1,045	$660	$0.63	242	1,353	$742	$0.55
1990s	1,547	683	788	$836	$1.06	652	1,130	$683	$0.60	210	1,403	$986	$0.70
2000s	1,658	581	745	$649	$0.87	838	1,107	$701	$0.63	239	1,333	$882	$0.66
2010s	548	111	809	$667	$0.82	332	1,003	$646	$0.64	149	1,276	$836	$0.66

Source: *Appalachian Council of Governments*

Exhibit 5.3 *Characteristics of Multi-Family Rental by Geography*

	TOTAL	1 BED			2 BED			3+ BED		
	UNITS	UNITS	RENT	$/SF	UNITS	RENT	$/SF	UNITS	RENT	$/SF
City of Greenville	9,556	4,010	$566	$1.03	4,294	$621	$0.83	1,288	$606	$0.67
Greenville Environs	10,008	3,623	$543	$0.78	4,622	$656	$0.70	1,263	$726	$0.61
Downtown Greenville	649	485	$680	$1.17	159	$1,057	$1.12	5	$1,664	$1.05
*** McBee Station	197	63	$905	$1.43	129	$1,407	$1.18	5	$1,664	$1.05

Source: *Appalachian Council of Governments*

* includes efficiencies
** insufficient data (2007)
*** new construction

Exhibit 5.4 *Sales Trends of 2 Bedroom Homes - Greenville County 2002-2011*

Year	City of Greenville			Greenville County (less City of Greenville)		
	#	Size	Price	#	Size	Price
2002	217	1,158	$70,000	95	1,181	$78,000
2003	269	1,120	$67,928	136	1,192	$78,848
2004	326	1,156	$64,000	141	1,185	$75,000
2005	306	1,096	$56,250	145	1,216	$79,000
2006	374	1,135	$65,000	159	1,143	$80,000
2007	408	1,086	$61,000	128	1,164	$76,800
2008	247	1,122	$55,000	105	1,135	$89,221
2009	230	1,128	$69,000	114	1,145	$71,375
2010	231	1,086	$47,650	100	1,164	$75,700
2011	206	1,182	$50,750	92	1,136	$71,000

Source: *Greenville MLS, DCI Analysis*

Exhibit 5.5 *Sales Trends of 3 Bedroom Homes - Greenville County 2002-2011*

Year	City of Greenville			Greenville County (less City of Greenville)		
	#	Size	Price	#	Size	Price
2002	698	1,735	$122,500	1344	1,719	$122,900
2003	1004	1,707	$121,750	1831	1,777	$126,500
2004	1140	1,682	$118,000	1986	1,768	$126,500
2005	1153	1,724	$124,834	2239	1,792	$134,000
2006	1335	1,686	$129,000	2288	1,796	$139,900
2007	1317	1,648	$129,900	2092	1,753	$143,000
2008	993	1,679	$134,900	1602	1,746	$141,000
2009	878	1,645	$124,000	1416	1,730	$135,000
2010	823	1,652	$123,000	1266	1,773	$135,000
2011	842	1,704	$122,000	1289	1,771	$131,000

Source: *Greenville MLS, DCI Analysis*

Exhibit 5.6 *Sales Trends of 4 Bedroom Homes - Greenville County 2002-2011*

Year	City of Greenville			Greenville County (less City of Greenville)		
	#	Size	Price	#	Size	Price
2002	416	2,682	$184,895	670	2,668	$192,250
2003	524	2,629	$182,395	1032	2,656	$194,725
2004	574	2,606	$192,000	1095	2,589	$195,000
2005	563	2,637	$198,840	1469	2,653	$214,050
2006	578	2,605	$206,766	1632	2,662	$218,000
2007	564	2,709	$228,775	1485	2,696	$228,000
2008	492	2,583	$218,500	1236	2,661	$223,825
2009	387	2,517	$189,270	880	2,667	$200,000
2010	352	2,723	$215,700	877	2,692	$209,900
2011	413	2,583	$196,000	960	2,694	$202,250

Source: *Greenville MLS, DCI Analysis*

decline, while the percentage of 2 bedroom units has increased;

- Although there are few differences in market characteristics between multi-family units located within the City of Greenville and those located immediate outside, there are several of note. The City of Greenville has a slightly higher concentration of one bedroom units, and those rent at a much higher rate per square foot than those located outside of Greenville. 2 and 3 Bedroom units also rent at a higher rate per square foot in Greenville, despite higher unit rents;

- Units in Downtown Greenville rent at higher rates per square foot than the rest of the market - at $1.17 / sf for one bedroom units and $1.12 for two bedrooms. New construction (built within the last 10 years) rents at an even higher rate, with $1.43 for one bedroom units and $1.18 for 2 two bedroom units.

5.2 Single Family Sales Market

Data provided by the Greenville Multiple List Serve (MLS) was used to analyze home sales over the past decade (2002 - 2011). 2002 represents the earliest data collected by the MLS. Data provided through the MLS is taken from network realtors who input data in the system. As such, there is always a level of error associated with this data. It should also not be expected to represent every sales transaction within the designated market area, as many private sales or sales of new homes through builder sales centers are not necessarily tracked through MLS data.

KEY FINDINGS - CITY VS. COUNTY

- Greenville averaged 1,800 annual transactions between 2002 and 2011, with a high of 2,397 in 2006 and a low of 1,384 in 2002. 55% of these transactions occurred in 3 Bedroom homes, with another 26% in 4 Bedroom homes.

- 3 Bedroom single family units are king in the greater Greenville region. They represent the majority (52-57%) of all single family home transactions and 51% of all new homes built in the region between 2002 and 2011.

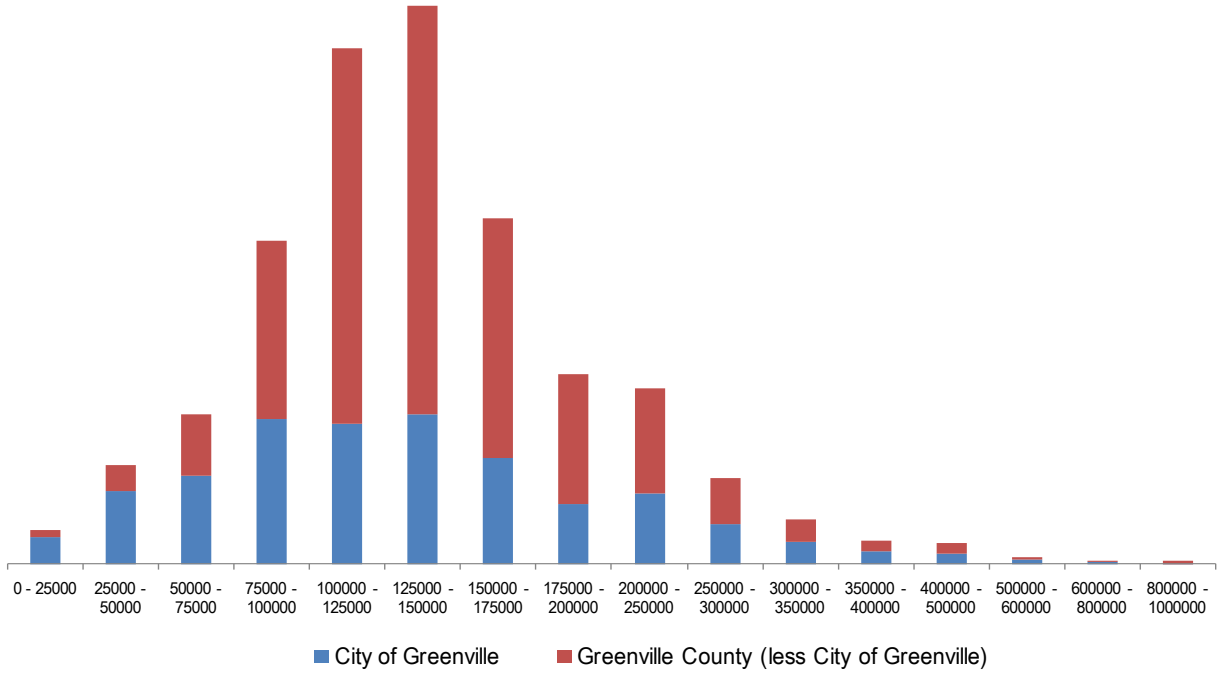
- 4 bedroom homes are the second most popular, representing a third (~32%) of all transactions but 42% of all new homes built in the MLS region (and tracked by the MLS). 38% of the 4 bedroom transactions between '02 and '11 were newly built structures - as opposed to 27% for 3 bedroom homes.

- Of the home sales tracked in the Greenville MLS geography, 52%- 57% were 3 Bedroom homes. The next highest was 4 bedroom homes at ~ 30-33%, followed by 1 and 2 bedroom homes (1 bedroom homes represent a very small percentage of this category) at 7-9% and 5+ Beds at 4-6%.

- Based on home sales, 1 and 2 bedroom homes represent a much larger percentage of housing stock than exists in the rest of the county. The average annual 1/2 bed transactions equaled 15% of Greenville's total transactions, as opposed to only 4% for the rest of the County. Similarly, 4 bedroom units make up significantly more of the housing stock outside of the city - 36% in county areas outside of Greenville and only 26% within the City.

- Home prices are not considerably divergent between the city and the county outside of the city, though prices are slightly higher outside of the city. For example, median sales prices for 3 bedroom homes within the City of Greenville ranged between $118,000 and $135,000, with a range of $122,000 and $143,000 in the county.

Exhibit 5.7 *Sales Trends of 3 Bedroom Homes - Greenville County 2002-2011*



Source: *Greenville MLS, DCI Analysis*

Exhibit 5.8 *Greenville County Home Sales by Percentage and Price Band 2006-2011*

Area	2006	2007	2008	2009	2010	2011
Under $50,000	4.8%	5.6%	6.8%	8.8%	9.7%	9.9%
$50,000 - $99,999	16.2%	15.2%	15.3%	17.3%	17.3%	18.5%
$100,000 - $149,999	29.4%	28.2%	26.0%	30.0%	26.9%	24.9%
$150,000 - $199,999	21.8%	20.9%	21.5%	19.8%	19.1%	18.7%
$200,000 - $249,999	10.2%	11.0%	11.3%	9.5%	9.3%	10.4%
$250,000 - $299,999	6.6%	6.5%	7.0%	4.8%	6.0%	5.9%
$300,000 - $349,999	3.3%	3.5%	3.9%	2.9%	3.8%	3.8%
$350,000 - $399,999	2.4%	2.6%	2.4%	1.9%	2.4%	2.6%
$400,000 - $449,999	1.5%	1.8%	1.6%	1.4%	1.4%	1.8%
$450,000 - $499,999	1.0%	1.3%	1.1%	1.1%	1.2%	1.0%
$500,000 Plus	2.6%	3.6%	3.2%	2.4%	2.9%	2.6%

Source: *Greenville MLS, Jackson Research and Consulting*

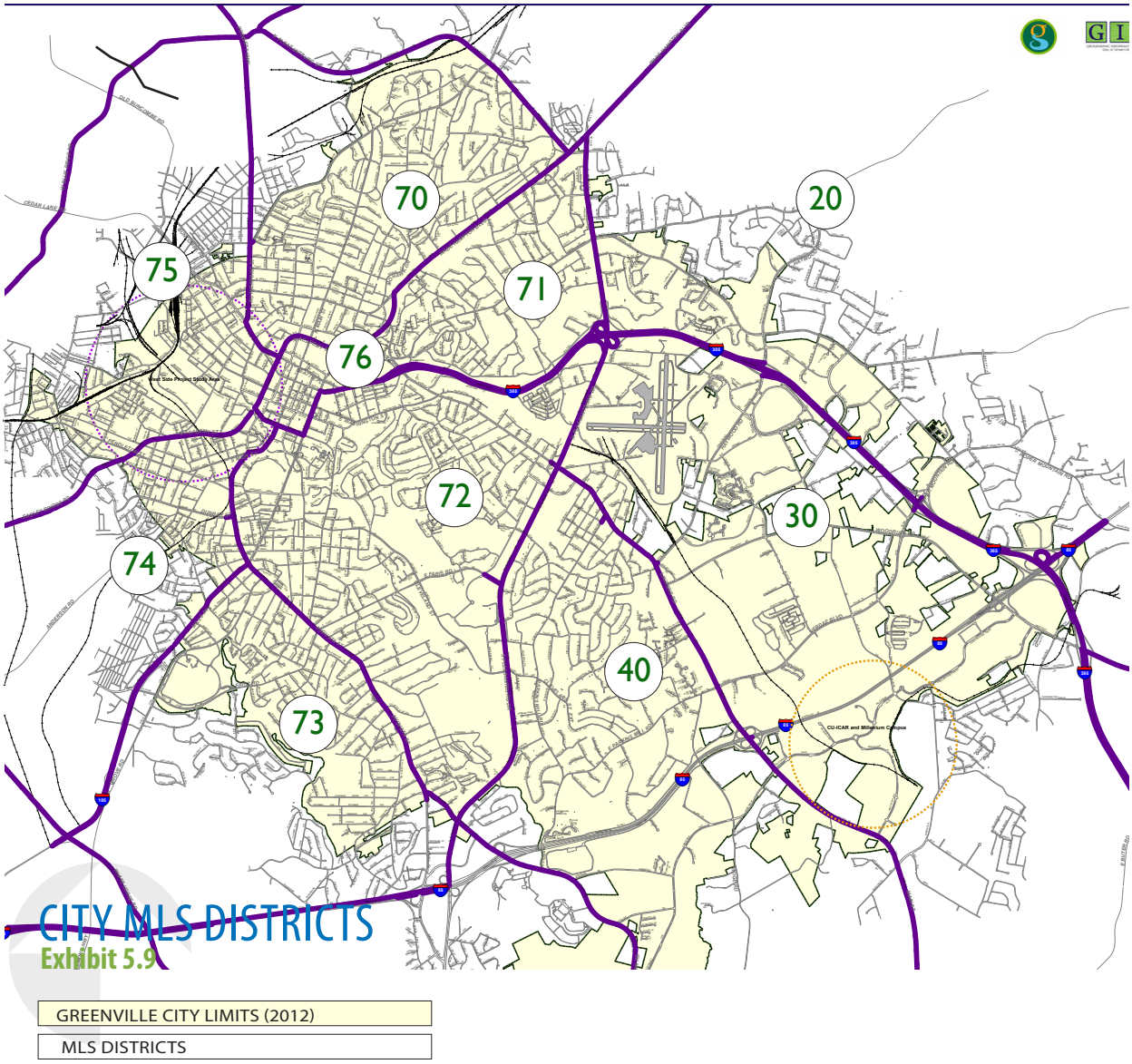


Exhibit 5.10 *Median Sales Price of Homes by Greenville Submarket 2002-2011*

Area	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
70	$132,000	$134,500	$138,500	$155,000	$157,000	$169,900	$205,000	$178,000	$169,900	$181,250
71	$96,750	$85,900	$96,200	$95,450	$115,000	$119,235	$132,000	$118,500	$131,000	$137,450
72	$200,000	$192,000	$215,500	$228,800	$206,250	$174,000	$277,000	$255,500	$267,750	$282,000
73	$113,500	$130,000	$153,000	$170,000	$188,000	$153,700	$196,000	$178,000	$195,000	$212,500
74	$52,350	$55,000	$48,700	$43,250	$46,250	$67,400	$54,550	$51,200	$47,000	$42,500
75	$36,250	$42,250	$35,000	$32,000	$35,000	$42,750	$32,000	$25,000	$19,500	$25,000
76	$105,700	$189,500	$96,250	$167,250	$195,500	$62,500	$70,000	$70,000	$82,000	$52,500
20	$144,000	$134,000	$161,000	$143,500	$159,900	$148,500	$162,500	$151,538	$153,750	$149,950
40	$120,660	$132,218	$136,903	$133,950	$144,630	$145,000	$141,000	$141,000	$138,250	$135,000
30	$132,500	$130,000	$131,000	$143,500	$200,000	$212,148	$212,785	$167,620	$173,000	$181,500

Source: *Greenville MLS, City of Greenville*

Exhibit 5.11 *Sales Characteristics of Homes by Submarket in the City of Greenville*

SUBMARKET 20 - PELHAM RD	1-2 Bed	3 Bed	4 Bed	5+
# of Trans.	26	414	207	29
Avg SF	1,418	1,895	2,648	3,641
Avg Yr Built	1968	1966	1982	1967
Med. Price	$39,748	$139,500	$183,500	$244,900
StdDev	42%	33%	60%	59%

SUBMARKET 70 - NORTH MAIN	1-2 Bed	3 Bed	4 Bed	5+
# of Trans.	293	744	228	53
Avg SF	1,213	1,658	2,558	3,416
Avg Yr Built	1923	1957	1965	1973
Med. Price	$127,000	$152,500	$264,675	$319,000
StdDev	41%	49%	47%	53%

SUBMARKET 71 - GREENLINE-SPARTANBURG	1-2 Bed	3 Bed	4 Bed	5+
# of Trans.	140	248	48	3
Avg SF	1,101	1,484	2,261	2,693
Avg Yr Built	1955	1948	1971	1917
Med. Price	$93,750	$119,950	$638,000	$185,000
StdDev	39%	37%	53%	95%

SUBMARKET 72 - ALTA VISTA - NICHOLTOWN	1-2 Bed	3 Bed	4 Bed	5+
# of Trans.	229	685	274	71
Avg SF	1,185	1,900	2,924	4,411
Avg Yr Built	1952	1922	1967	1970
Med. Price	$115,000	$215,000	$367,500	$638,000
StdDev	73%	66%	62%	53%

SUBMARKET 40 - PARKINS MILL RD	1-2 Bed	3 Bed	4 Bed	5+
# of Trans.	115	700	409	75
Avg SF	1,090	1,660	2,635	4,071
Avg Yr Built	1971	1984	1986	1979
Med. Price	$84,500	$127,700	$174,900	$465,000
StdDev	64%	55%	113%	54%

SUBMARKET 73 - W. PRENTISS / PLEASANT VALLEY	1-2 Bed	3 Bed	4 Bed	5+
# of Trans.	279	580	203	56
Avg SF	1,131	1,680	3,057	4,214
Avg Yr Built	1943	1951	1960	1976
Med. Price	$102,000	$158,250	$364,000	$534,765
StdDev	64%	74%	66%	48%

SUBMARKET 74 - STERLING-WEST END	1-2 Bed	3 Bed	4 Bed	5+
# of Trans.	308	444	68	11
Avg SF	1,062	1,303	1,787	2,367
Avg Yr Built	1935	1949	1965	1951
Med. Price	$32,000	$65,000	$71,000	$82,900
StdDev	87%	59%	77%	103%

SUBMARKET 75 - SOUTHERNSIDE / WEST GREENVILLE	1-2 Bed	3 Bed	4 Bed	5+
# of Trans.	530	485	70	14
Avg SF	1,051	1,328	1,857	2,426
Avg Yr Built	1943	1958	1961	1922
Med. Price	$26,500	$44,662	$38,750	$65,750
StdDev	87%	95%	286%	227%

SUBMARKET 76 - DOWNTOWN	1-2 Bed	3 Bed	4 Bed	5+
# of Trans.	47	99	27	10
Avg SF	1,239	1,605	2,486	3,796
Avg Yr Built	1948	1916	1925	1922
Med. Price	$60,000	$107,500	$192,000	$341,770
StdDev	368%	102%	81%	57%

SUBMARKET 30 - AIRPORT / VERDAE	1-2 Bed	3 Bed	4 Bed	5+
# of Trans.	34	624	375	58
Avg SF	1,094	1,706	2,626	3,066
Avg Yr Built	1959	1985	1996	1998
Med. Price	$80,900	$122,000	$207,000	$235,469
StdDev	35%	42%	42%	40%

Source: *Greenville MLS, DCI Analysis*

- Home sizes are also very similar. The average 3 and 4 bedroom units in Greenville range between 1,600 - 1,750 / 2,500 - 2,700 as compared to 1,700 - 1,800 / 2,550 - 2,700 in the county.

- Home prices for 2 bedroom homes are noticeably lower in the city than in the county. The median sales price for this unit ranges from $47,000 - $70,000 in the city vs. $75,000 - $90,000 in the county.

- The city's inventory of 2 bedroom units indicates a particular housing stock in distress. Of the 2,651 transactions of 2 bedroom homes between 2002 and 2011, 74% were valued below $100,000, and 42% was valued below $50,000. This contrasts with the much more popular 3 bedroom home, of which 35% of all transactions represent values of $100,000 or below, and only 11% represent transactions of $50,000 or below.

- This also contrasts with the rest of the county, which only had 2% of its 3 bedroom units sell for less than $50,000 and only 15% sell for less than $100,000. This despite large pockets of moderate to low valued housing in certain areas - particularly in the western portion of the county.

CONCLUSIONS - CITY VS. COUNTY

Sales data shows some convincing evidence as to why growth in greater Greenville has been focused outside of the community as opposed to within. Essentially it is an issue of supply - as well as supply of properly valued units. Buyers of single family homes over the past 10 years have vastly preferred 3 bedroom units at prices between $100,000 and $200,000, and 4 bedroom units between $150,000 and $250,000. This puts Greenville at a disadvantage because its for-sale housing stock has considerable portions of smaller homes that are less desirable, as well as homes of low and limited value. Exhibit 5.5 illustrates this in the form of 3 bedroom units. The chart shows all 3 bedroom transactions tracked by the MLS between 2002 and 2011, separated into price bands. In Exhibit 5.7, the City of Greenville, represented by blue, has a higher percentage of units sold at prices below $100,000, with the areas outside of the City selling considerably more in the middle tier price bands between $100,000 and $250,000. While the City is not bereft of units that appeal to the marketplace, the supply of those units is limited - especially in comparison to areas outside of the City. Simply put, the market for single family detached homes has more choice for its preferred product outside of the City than within.

KEY FINDINGS - CITY OF GREENVILLE

Multiple List Serve (MLS) data was used to track home sales within the City of Greenville. In addition to city-wide statistics, data by MLS submarket was available to track sales trends within different areas of the city. These submarkets do not necessarily fall within the city limits (see Exhibit 5.9). However, the sales data utilized for this analysis only used properties that were listed as being located within the City of Greenville, as opposed to neighboring communities or unincorporated areas of the County. Taking into account the level of error associated with tracking home sales through the MLS, it is assumed that this data presents a fairly accurate portrait of sales trends within the City of Greenville limits.

- The West end of the City has noticeably lower sales values than the rest of the City - with submarkets 74 and 75 averaging values of $25,000 - $50,000. Area 75, which roughly corresponds with the Southernside and Hampton-Pinckney neighborhoods, represents the lower valued for-sale housing in the city, with sales in the $20,000 - $40,000 range.

- Submarket 72, which includes the Haynie-Sirrine, Alta Vista, Cleveland Forest and Nicholtown neighborhoods, records by far the highest housing value, with median annual sales from $200,000 to $282,000. Submarkets 70 (North Main), 73 (W. Prestiss / Pleasant Valley) and 20 (Pelham Rd) represent the next tier in value, with median home sales ranging from $130,000 to $200,000.

Exhibit 5.12 *Condominium-Townhome Sales Data - City of Greenville 2002-2011*

	1 Bed				2 Bed				3 Bed				4 Bed			
Year	#	Avg SF	Median Price	New	#	Avg SF	Median Price	New	#	Avg SF	Median Price	New	#	Avg SF	Median Price	New
2002	18	849	$54,000	0	92	1,214	$71,950	13	59	1,690	$115,000	19	6	1,735	$134,303	4
2003	16	785	$54,250	0	148	1,239	$86,206	46	127	1,540	$104,193	79	7	2,313	$154,000	1
2004	45	916	$126,000	13	191	1,331	$95,000	75	106	1,605	$124,974	46	4	2,727	$274,450	2
2005	39	847	$151,250	18	183	1,251	$128,000	45	116	1,685	$156,500	25	12	2,532	$345,750	7
2006	61	876	$154,881	22	212	1,250	$116,500	69	129	1,679	$140,000	30	13	2,066	$207,878	8
2007	73	869	$217,221	34	297	1,287	$137,000	112	161	1,680	$154,000	61	16	2,285	$227,714	10
2008	32	838	$78,500	5	160	1,288	$131,000	50	119	1,723	$150,825	39	8	2,071	$141,000	1
2009	25	935	$172,000	3	118	1,225	$110,500	19	100	1,707	$140,200	34	6	2,072	$203,750	1
2010	18	854	$160,000	0	119	1,338	$123,000	12	112	1,685	$136,750	17	1	2,588	$315,000	0
2011	23	872	$133,000	2	110	1,347	$122,915	9	86	1,826	$140,000	18	6	2,029	$221,500	0

Source: *Greenville MLS, DCI Analysis*

Exhibit 5.13 *Condominium-Townhome Sales Data - Greenville County (Less City of Greenville) 2002-2011*

	#	Avg. SF	Median Price	New
1 Bed	313	1,284	$53,325	11
2 Bed	1332	1,294	$98,500	345
3 Bed	1501	1,612	$122,000	352
4 Bed	113	2,311	$116,500	69

Source: *Greenville MLS, DCI Analysis*

Exhibit 5.14 *Condominium-Townhome Sales Data by Greenville Submarket*

Submarket	#	New
20	478	42
40	352	125
70	206	87
71	24	-
72	339	50
73	91	-
74	144	74
75	41	13
76	453	258

Source: *Greenville MLS, DCI Analysis*

- Submarket 73 (W. Prentiss / Pleasant Valley) gained the most value over the past decade as tracked by median annual sales price. The median price for homes in this submarket rose from $113,500 in 2002 to 196,000 in 2008. Home value in the submarket has continued to rise despite the recession, reaching an annual high of $212,500 in 2011.

- Submarkets 70, 71 and 72 saw rises of 30% - 50% in value. Submarkets 74, 75 and 20 saw little to no growth in value - even incurring negative value in some markets.

- Submarkets 20, 40, 70 and 72 hold 72% of all four bedroom units in the City of Greenville. These submarkets make up the entire eastern side of the City. Submarket 40 (Airport - Verdae) represents 27% of the 4 bedroom market by itself.

- Submarkets 70, 72, 73, 74 and 75 hold 83% of the 1 and 2 bedroom housing units, with markets 74 and 75 representing 43% of this market.

CONCLUSIONS - CITY OF GREENVILLE

MLS data delivers quantitative evidence that backs up anecdotal knowledge of the notable split in housing value between the western and eastern sides of Greenville. The neighborhoods to the west of Downtown - which are included as a special focus area of this city-wide strategic plan - consist of housing stock that is valued well below median or average market value throughout the city or region. This is in part due to the preponderance of 1 and 2 bedroom (mostly 2 bedroom) detached homes that, as discussed previously, are not in high demand within the regional marketplace. However, even the 3 bedroom units found within these neighborhoods are valued extremely low, a victim of holistic economic distress that can be encountered in neighborhoods like Southernside and West Greenville.

However, low valued housing is not found only in these particular areas. The standard deviation for home sales within virtually every submarket shows an extremely wide variation in home prices across the board. While West Greenville, Southernside and Downtown see the widest variations - with the majority of homes falling within $5,000 to $200,000, variations as high as 60-70% higher/lower than the median can be found even in higher valued submarkets like 72 (Alta Vista / Nicholtown).

The mixture of home values and prices found in various areas of the City is a positive - an asset used to build a mixed-income urban community. However, the concentrations of extremely low valued housing in certain areas of the community are troublesome. From a supply standpoint, the combination of value (a proxy for quality and overall neighborhood attractiveness) and a lack of preferred product (i.e. 3 and 4 bedroom homes) limits the attractiveness of certain submarkets - particularly to the north and west - to the general market seeking location in or in proximity to the city.

5.2 Condominium / Townhome Market

The construction and sale of condominiums - whether in the form of flats or single family attached townhomes - was extremely popular in most urban areas during the 2000s. Indeed, many multi-family rental opportunities took a backseat to the condominium market, which was fueled in part by the drastic rise in owner-occupied housing through favorable financing.

It was no different in Greenville and Greenville County, where attached condominium products rose significantly as a component of the for-sale housing market.

KEY FINDINGS - CITY OF GREENVILLE

- Attached product represented 13% of all home sales in the City of Greenville in 2002, but by 2007 had grown to 23% of all transactions. This percentage has since dropped back to 15%.
- Of the 2,128 estimated condominium transactions between 2002 and 2011, approximately 650 (30%) were marked as new units or under construction. This indicates that approximately 20-30% of the single family attached market was built during the last decade.
- 2 Bedroom units were the most popular condo unit in Greenville, with 46% of the total market (in terms of transactions). 3 Bedroom units followed, with 32% of the market. In areas of Greenville County outside of the city, this was reversed, where 3 Bedroom units represented 46% of the market, and 2 Bedroom units 35% of the market.
- In the city, 28% of 1 bedroom condo sales were new units. Outside of the city, this percentage drops to 3%. Within the county, 1 bedroom condos represent only 10% of the total market.
- Unlike single family detached product, which on average sells for slightly higher prices outside of Greenville than within, condos in the city are valued much higher than those found outside. This is especially true for 1 bedroom and 4 bedroom units, which sell at much higher prices in Greenville.

Exhibit 6.1 *Three Forecasts: Housing Demand (Low, Middle and High) - Greenville-Mauldin-Easley Metropolitan Statistical Area (MSA) 2012-2016 (annual average)*

Line	Subject	Low	Middle	High
1	Population growth rate	1.33%	1.38%	1.45%
2	Annual Population Growth 2015-2016	7,298	9,187	9,746
3	Annual Household Growth 2015-2016	2,844	3,578	3,795
4	Vacancy Rate, 2016	8.25%	8.25%	8.25%
5	Annual Change in Vacancy 2015-2016	-344	-282	-266
6	Removal Rate	0.20%	0.20%	0.20%
7	Annual Removals	569	575	578
8	Average Total Housing Demand 2015-2016	3,070	3,871	4,107
9	Other Housing Percent	5.00%	5.00%	5.00%
10	Less Other Housing	153	194	202
11	Forecast: Housing Permits	2,916	3,677	3,905
12	Single-Family Percent	92.00%	90.00%	87.50%
13	Average Single-Family Units 2014-2016	2,683	3,310	3,417
14	Multi-Family as a Percent of Total	8.00%	10.00%	12.50%
15	Average Multi-Family Units 2014-2016	233	368	488

Source: *Jackson Research and Consulting*

6.0 HOUSING DEMAND

6.1 Greenville MSA

Last year, there were an estimated 1,724 residential units permitted in the three-county Greenville-Mauldin-Easley MSA. These numbers are preliminary, as final permit numbers were not available at the time of research. This extends a three-year, record low for residential activity within the Greenville MSA. While permit levels between 2009 and 2011 have been only one-third of the activity generated by the market for much of the last ten years, the overall performance of the MSA is not unlike most markets in the U.S. over the past few years.

The Greenville MSA housing market has turned the corner. However, it is unclear how robust the recovery will be. As discussed previously, the "catalyst" necessary for the regional housing market to regain momentum must be economic growth. While the outlook for the MSA is good, it will be 36 months before the local economy has covered lost jobs and unemployment rates fall to pre-recession levels. As a result, the recovery in the Greenville MSA will be modest at best.

The number of units permitted is unlikely to come close to the levels achieved when the housing market was at its peak in 2005-2007.

Exhibit 6.2 *Forecast of Housing Demand - The Greenville-Mauldin-Easley MSA 2000-2011 with Projections to 2014*

YEAR	LOW	MIDDLE	HIGH
2000		4348	
2001		4227	
2002		4305	
2003		4522	
2004		5003	
2005		5062	
2006		5526	
2007		5411	
2008		3175	
2009		1541	
2010		1542	
2011		1724	
2012	1885	2258	2770
2013	2045	2791	3283
2014	2206	3325	3796

Source: *Jackson Research and Consulting*

Three forecasts of demand were developed, ranging from low to middle and high. These forecasts are sensitive to differences in: (1) economic growth; (2) population growth, household gains and average household size; (3) vacancy rates; (4) consumer confidence; (5) pricing stability; and (6) the availability (and terms) of mortgage funds.

Our research forecasts a potential MSA demand of 2,791 units annually between 2012 and 2014. This number does not represent a forecast of the number of units that will be permitted, it represents the number of units that builders can permit based on changes in the factors that govern demand:

- Population and Household Gains - This is the most important source of potential demand. Population is forecast to increase by 1.4% annual in the middle estimate of market potential. That is the average addition of just over 9,000 people each year, or an estimated 3,565 households.
- Replacement Demand - This is the demand to replace units lost from the housing inventory through demolition, code enforcement, natural causes and conversion to commercial use. Each year, roughly 0.2% of the MSA's housing inventory must be replaced, or roughly 563 units.
- Vacancy Demand - The vacancy rate in the market is 9.64%. This is high. As a result, existing vacant housing will absorb potential demand from other sources. This source could absorb close to 1,200 units annually, if vacancy rates fall as they have.

Most of he demand for housing in the Greenville MSA will be for single family homes. Historically, 90% of units permitted have been single-family detached. However, it seems unlikely that single family permits will reach 90% of total demand. There is an ongoing shift in tenure in the market from owners to renters. As for-sale housing has become more difficult to buy and prices remain flat, more and more households have opted for rental housing. As a result, multi-family permits could be much higher than their 10% share of permits in the past.

Although potential demand is available, achieving market potential by MSA builders is unlikely to happen this year (2012). Builders no longer have the lots, land, or financial wherewithal to ramp up activity sharply. As a result, the housing market is expected to recover gradually, especially this year. The demand from population and household gains are not expected to change much from our short term forecast. However, the potential demand for new housing after 2014 could be significantly higher than 2012 - 2014 because new growth will have filled existing vacancy, and by 2015, the availability of vacant stock to satisfy potential demand will be more limited.

Based on our estimates, Between 80% and 85% of potential demand for new housing should be in Greenville County.

Exhibit 6.3 *Forecast of Single Family Permits for Greenville County with Projections to 2014*

YEAR	LOW	MIDDLE	HIGH
2000		2822	
2001		3088	
2002		3194	
2003		3544	
2004		3630	
2005		4223	
2006		4307	
2007		3657	
2008		1830	
2009		1088	
2010		1252	
2011		1342	
2012	1,545	1,706	1,812
2013	1,747	2,175	2,283
2014	1,950	2,644	2,753

Source: *Jackson Research and Consulting*

Exhibit 6.4 *Forecast of Multi-Family Permits for Greenville County with Projections to 2014*

YEAR	LOW	MIDDLE	HIGH
2000		589	
2001		171	
2002		105	
2003		60	
2004		140	
2005		67	
2006		188	
2007		1008	
2008		770	
2009		50	
2010		52	
2011		88	
2012	120	159	286
2013	152	242	484
2014	160	301	664

Source: *Jackson Research and Consulting*

6.2 Greenville County

Since 2000, 80% of the units permitted in the Greenville MSA have been in Greenville County. 15% have been in Pickens County, and 5% in Laurens County. This equates an annual average of 3,105 units in Greenville County, 606 in Pickens and 154 in Laurens

Greenville County has slowly increased its market share of housing - primarily at the expense of Pickens County.

Exhibit 6.5 *Potential Sources of Demand for Housing in Greenville County*

TOPIC	LOW	MIDDLE	HIGH
Household Gains	2,185	2,772	3,161
Replacement Demand	498	500	503
Vacancy Demand	-896	-851	-823
Total	1,786	2,421	2,841
Less Other Housing	-89	-121	-142
Forecast of Housing Permits	1,697	2,300	2,699

Source: *Jackson Research and Consulting*

Time Period	Greenville	Laurens	Pickens
2000-2005 Market Share	78.66%	4.27%	17.07%
2006-2011 Market Share	81.80%	4.21%	13.99%

This increasing market share has been powered partially by multi-family activity. While the overall market share in Greenville County increased by close to 4% (with Pickens County losing 4%), the changes in single family shared were closer to 1%.

It is estimated that Greenville County will continue to dominate demand for housing with the Greenville MSA, and that the bulk of the demand will be for single family detached housing - equating to approximately 85% - 92% of all activity.

6.3 Greenville County Submarkets

As Greenville County is a large geography, it is necessary to estimate demand for specific areas within the county, especially since it is made up of distinctly urban, suburban and rural areas. As such, a series of submarkets were created within Greenville County - as well as parts of Anderson, Pickens and Spartanburg Counties - in order to estimate demand in and surrounding the City of Greenville. These submarkets are illustrated in Exhibit 6.6.

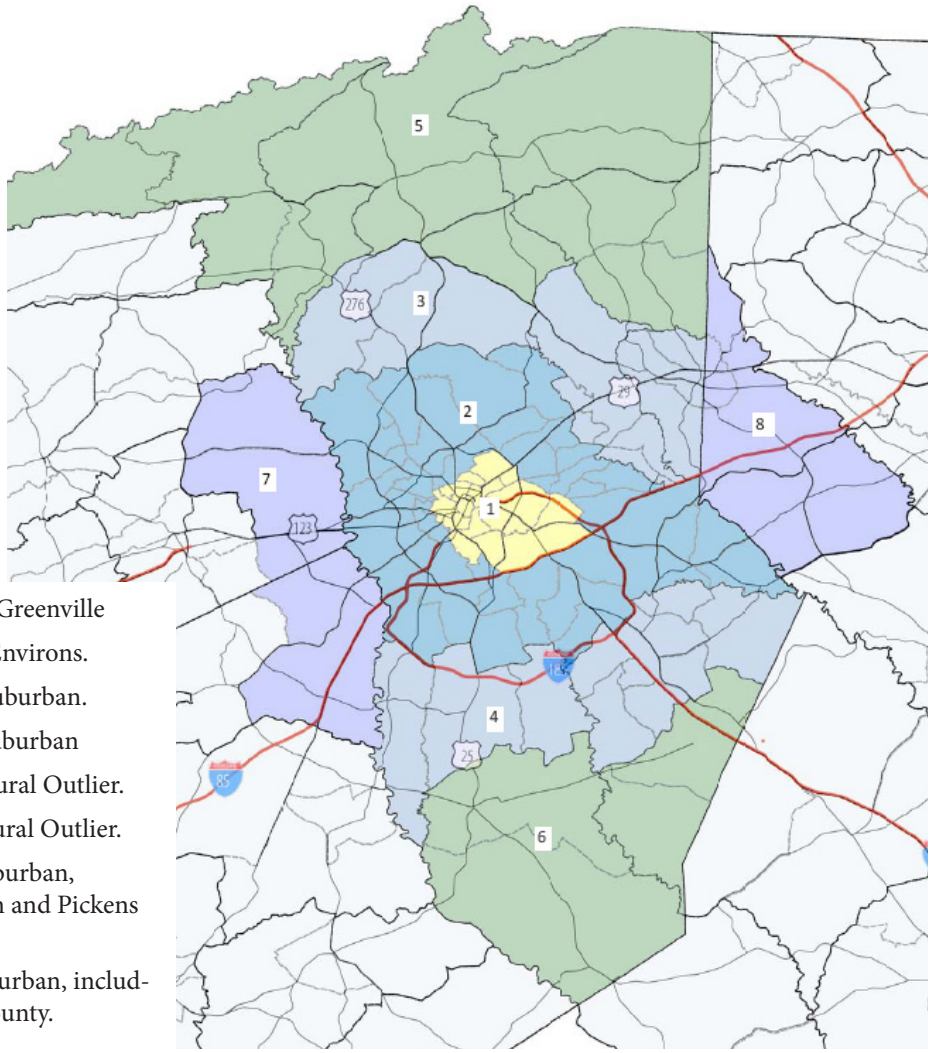
The spirit of the submarkets is to isolate a geography that represents the primary areas where growth is occurring around the City of Greenville, as well as areas that are competing geographies for housing growth.

MARKET FINDINGS

The largest of these areas is Submarket 2 - Greenville Environs. This submarket consists of the census tracts that make up the Greenville CCD - less the City of Greenville. It is basically the towns and unincorporated areas immediately surrounding the city in every direction. This area could also be considered "suburban Greenville", though historic development patterns do not necessarily follow the typical trend of urban vs. suburban growth.

This geography included 83,200 households in 2010 - 47% of all households in Greenville County. However, while it is the largest submarket, it lost market share between 2000 and 2010. The North and South suburban submarkets primarily took advantage of this shift in market share (see Exhibits 6.7 and 6.8).

Exhibit 6.6 *Map of Submarkets within Greater Greenville Market Area*



Submarket 1 – The City of Greenville

Submarket 2 – Greenville Environs.

Submarket 3 – Northern Suburban.

Submarket 4 – Southern Suburban

Submarket 5 – Northern Rural Outlier.

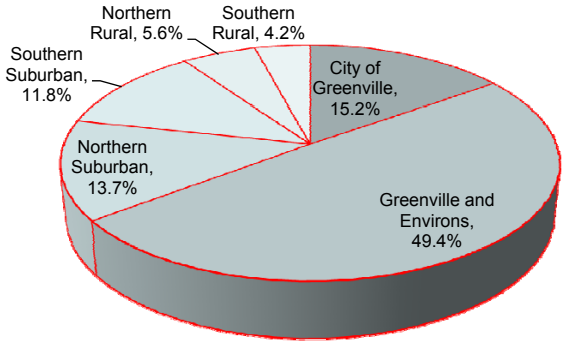
Submarket 6 – Southern Rural Outlier.

Submarket 7 – Western Suburban, including areas in Anderson and Pickens Counties.

Submarket 8 – Eastern Suburban, including areas in Spartanburg County.

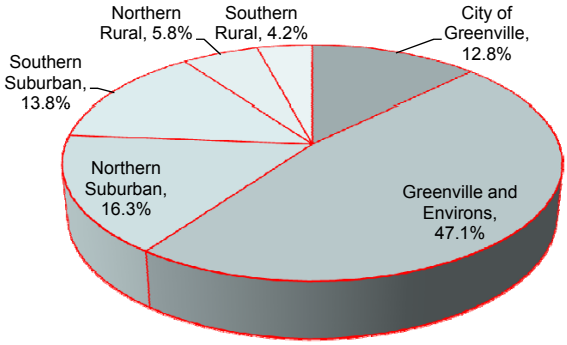
Source: *DCI, Jackson Research and Consulting*

Exhibit 6.7 *Market Share of Households within Greater Greenville Market Area (2000)*



Source: *US Census, Jackson Research and Consulting*

Exhibit 6.8 *Market Share of Households within Greater Greenville Market Area (2010)*



Source: *US Census, Jackson Research and Consulting*

Vacancy rates were up in all Greenville county submarkets. The largest vacancy increase was found in the Northern Rural submarket - the far northern part of Greenville County, but the two most populous submarkets, 1 & 2, experienced the next highest rate of vacancy increase. These submarkets represent the City of Greenville and the communities immediately outside of city limits.

The number of renters in the county has increased in all but one submarket. The City of Greenville experienced the only decline in renters, though this is likely due to some removals within the market.

The Southern suburban market (Mauldin, Simpsonville) had the greatest swing in tenure, with renters increasing by almost 5% since 2000. According to projections, a corresponding swing back to for-sale product is not anticipated.

DEMAND

Demand for new housing was estimated for each submarket. These estimates are found in Exhibit 6.9. These figures represent "Base" Demand - or the number of units that should be permitted, normally. Exhibit 6.9 also shows market potential - the number of permitted units, assuming that new development can take market share from other submarkets.

The largest submarket is #2 - Greenville Environs, which has base demand of 952 annual housing units. This is followed by the Northern Suburban (673 units) and Southern Suburban (537 units) submarkets. Essentially these estimates project that the majority of future housing growth will take place in and around Greenville - but not necessarily within it (at least, without additional "captured" market share). The expected annual growth for the City of Greenville equals only 42 units.

This represents a key finding of this market study. Based on projected demand, the City of Greenville is

Exhibit 6.9 *Estimated Annual Household Demand for Greater Greenville Submarkets*

SUBMARKET	BASE DEMAND	MARKET POTENTIAL		
		2%-5%	**5%-10%**	**10%-15%**
City of Greenville	42	124	223	354
City and Environs	1,001	951	901	851
Northern Suburban	708	694	673	637
Southern Suburban	565	554	537	509
Northern Rural	75	74	71	68
Southern Rural	26	25	25	23
Western Suburban	190	186	181	171
Eastern Suburban	50	49	48	45

Source: *Jackson Research and Consulting*

anticipated to experience very limited demand for housing over the next three years. Even if demand reached pre recession figures, it would only represent 70-100 housing units a year. This is essentially "replacement" level demand that barely covers removals from the marketplace.

If a city-wide development program aims to deliver more housing units than this base level of demand, the ability for the city to capture market share from other submarkets is essential. For instance, if the City were to

capture 2% - 5% of market share, its annual average would rise to an estimated 124 units. If it captured 10%-15% of the market share, this would rise to an estimated 354 units.

DEMAND BY OWNER/RENTER

Based on past consumption of housing - both for-sale and rental - it is expected that at least 70% of the future demand for housing will be in for-sale units - as high as 90%. The short-term swing to rental units in the post-recession period is not expected to last long-term - at least in terms of its domination of current development activity. While the pre-recession run-up of for-sale housing that led to nearly 70% of all units being owner-occupied is not expected to be the norm either, it is difficult to assume a sustained long-term shift to rental product without additional market and economic factors taking place. In short, it should be expected that the development opportunities for rental / multi-family housing be very high in the short-term as it fills an enormous under-supply of product, but larger shifts over a 10-20 year period are unlikely unless other factors unforeseen at the moment come into play.

DEMAND BY PRICE POINT

Exhibit 6.10 estimates housing demand within the Greenville Environs submarket based on the assumption that "normal" demand for housing in the region represents 70-90% of the market. The Greenville Environs submarket was chosen because it represents the best opportunity for the City of Greenville to capture future demand.

As the chart illustrates, demand for homes within the $100,000 - $149,999 and $150,000 - $199,999 price brackets are expected to be the highest - as much as 65% of total demand. This follows both past home sales trends found within the regional market as tracked by the MLS, as well as shifts in the market that have produced larger proportions of cost-conscious buyers.

This means that new housing above the $200,000 level - and especially above the $250,000 level should appeal to a much more limited customer market than the under $200k price point. This is important for several reasons. Construction of homes within the $100,000 - $200,000 price range can be difficult without enormous cost efficiencies in terms of land cost, carrying costs, financing, etc. This is especially true for homes below $150,000. Often the only way to deliver this type of product is through large scale subdivisions - putting the City of Greenville at a distinct disadvantage. Another important component of this analysis is the potential rise in attached product to meet these price points. While supply of attached product like condominiums and townhomes are difficult to finance and build currently, they may represent a growing portion of the regional for-sale market if the consumer continues to be price conscious.

Exhibit 6.10 *Estimated Demand for For-Sale Housing Within Greenville & Environs Submarkets by Price Range*

PRICE RANGE	70% SALES	80% SALES	90% SALES	PERCENT
$100,000 - $149,999	258	295	332	36.9%
$150,000 - $199,999	210	240	270	30.0%
$200,000 - $249,999	95	109	123	13.6%
$250,000 - $299,999	47	54	61	6.7%
$300,000 - $349,999	38	43	48	5.4%
$350,000 - $399,999	20	22	25	2.8%
$400,000 - $449,999	7	7	8	0.9%
$500,000 Plus	16	18	20	2.2%

Source: *Jackson Research and Consulting*

7.0 HOUSING AFFORDABILITY

7.1 Affordability Chart

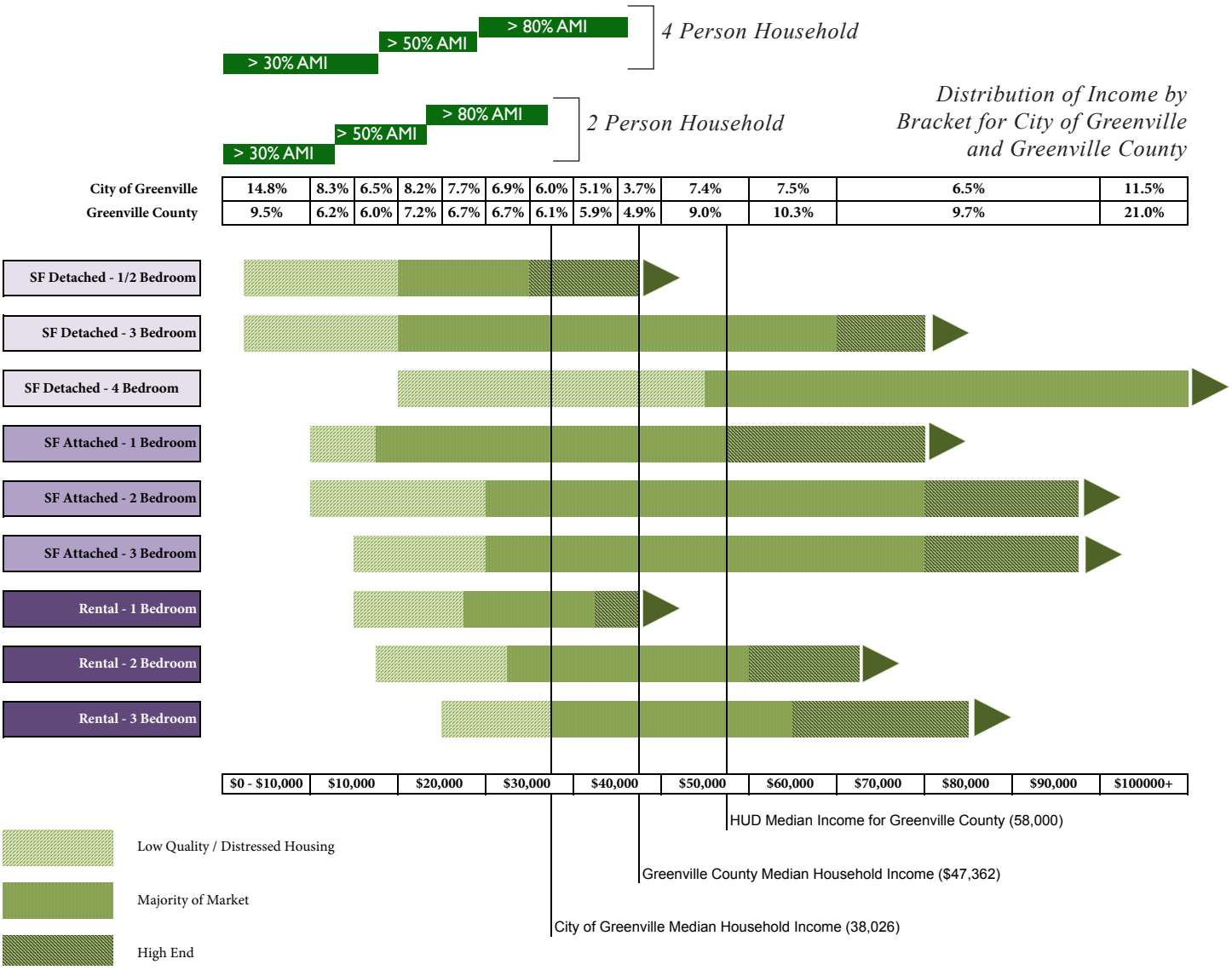
Exhibit 7.1 represents an aggregation of multiple datasets pulled together to illustrate general housing affordability within the City of Greenville. The upper X axis shows the distribution of household incomes for both City of Greenville and Greenville County (example: 6.5% of households in the City of Greenville make between $70,000 and $100,000). The lower X axis shows an income range up to $100,000. The bars represent the range in price point for various types of market rate product found in the City of Greenville (i.e. units that are not assisted in any way). This range is split into three categories: (1) High End - representing the highest quality/cost for each unit type, inclusive of units that may not offer the highest quality but are located in high end locations, such as Downtown Greenville; (2) Majority of Market, which covers the majority of price points for the unit type; and (3) Low Quality / Distressed Housing, representing units that are available in the marketplace but command a lower rent or price due to low quality, age or location.

Two additional income indicators are shown on the chart. The first are the Median Household Incomes for the City of Greenville and Greenville County. A unit located to the left of these lines would be affordable to those with incomes around the area median, while units to the right would be cost prohibitive. The second indicators, in the upper left corner, are ranges for "affordable" income levels as defined by HUD for the Greenville metropolitan area. They include ranges for Extremely Low Income (30% or below of AMI), Very Low Income (50% or below of AMI) and Low Income (80% or below of AMI) for both 2 person and 4 person households.

KEY FINDINGS

- 30% of households located within the City of Greenville make less than $20,000 annually. Greenville County's total percentage is 21.7%.
- Greenville County's median household income is almost $10,000 more than the City of Greenville, giving the average household within the county much more mobility than the average city resident.
- In general, households with incomes of $70,000 - $80,000 can afford a high end unit of any type within the City of Greenville, dependant upon final size, amenities and location.
- In many cases, the lower end of the "Majority of Market" category can be considered lower quality housing, especially as compared to the housing stock of the entire MSA. Households need to afford housing in the center and above of the Majority of Market category to afford a for-sale unit of reasonable quality.
- Households with incomes equal to Greenville's median household income have somewhat limited options in the marketplace. Typical 1 Bedroom Apartments, Condominiums and 2 bedroom homes of reasonable quality and location are affordable, but better quality family based product - 3 bedroom SF homes for example - are much less affordable.
- There are a number of housing options for the lowest end of the income scale, but the units available are almost entirely very low quality units located in distressed neighborhoods. Households in Greenville require at least $45,000 - $55,000 in income to afford a home of reasonable quality.

Exhibit 7.1 *Housing Affordability Chart for the City of Greenville*



Affordability ranges = 20% - 30% of Annual Household Income, assuming that households paying more than 30% of annual income are "cost-burdened".

It should be noted that the affordability calculations of for-sale product includes only a Principal & Interest payment at a rate of 6% and a term of 30 years. It does not include a PITI (Principal, Interest, Taxes, Insurance) payment.

Source: *Greenville MLS, Appalachian Council of Governments, US Department of Housing and Urban Development, ESRI Business Analyst, US Census, DCI Analysis*

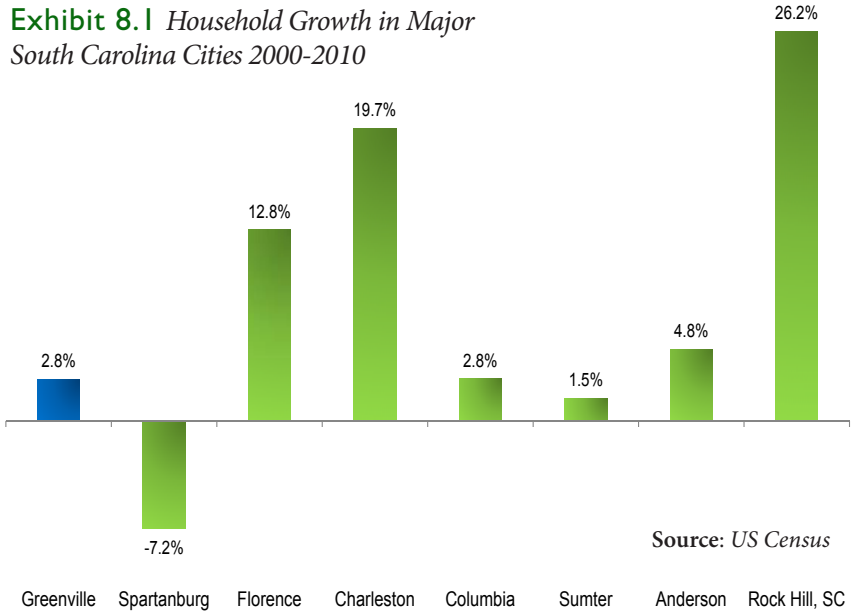
8.0 CITY / METRO COMPARISON ANALYSIS

An important way to understand a community's housing market (or other real estate / economic conditions) is to benchmark the community against others. This report conducted two benchmarking analyses. The first was to compare Greenville to seven other communities in South Carolina, and the other was to compare the City with the primary city of seven other metropolitan areas that demonstrated similar characteristics to the Greenville region.

8.1 South Carolina City Comparison

The South Carolina comparison included the eight largest primary communities in the State - that is a central city within a metropolitan or micropolitan area. This includes Greenville, Spartanburg, Anderson, Florence,

Exhibit 8.1 *Household Growth in Major South Carolina Cities 2000-2010*



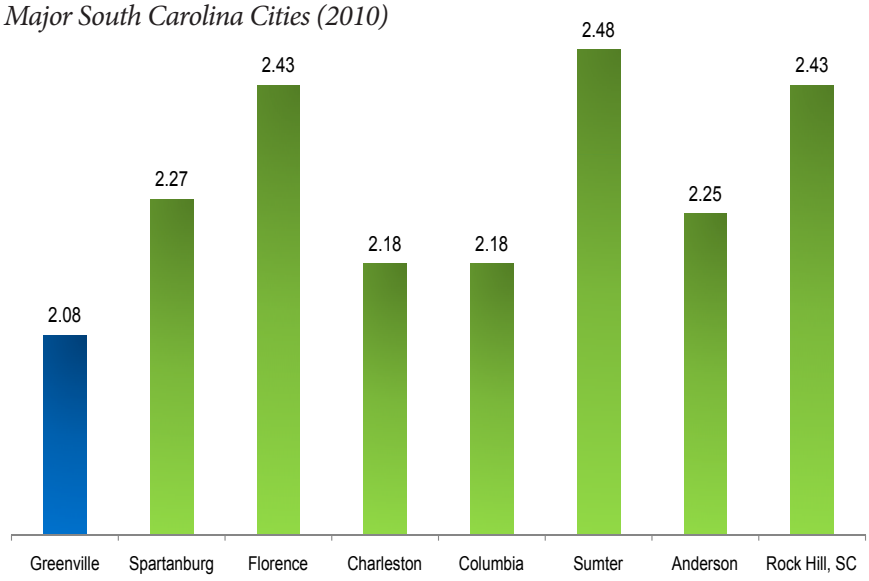
Source: *US Census*

Charleston, Columbia, Sumter and Rock Hill. The State's third and fourth largest cities - North Charleston and Mt Pleasant - were not included because their region's primary city is Charleston. An exception in this analysis was made for Rock Hill because of its fast growth, relative distance from its regional primary city (30 miles to Charlotte compared to North Charleston and Mt Pleasant, which are both adjacent to Charleston) and the fact that its primary city is located in another state.

Graphs illustrating key comparisons between these communities can be found in the appendix. After an assessment of various housing related indicators, there were 5 important findings that are thought to have a significant bearing on the City Housing Strategy:

- Housing Oversupply - a combination of housing construction and relative slow growth has resulted in an oversupply of housing in Greenville. While this is not unique to Greenville, it is worrisome as the City plans on how to capture and focus future growth. Between 2000 and 2010 the vacancy rate within the city rose from 8% to 13%. Based on past annual growth in households, it will take more than 11 years to absorb the additional units built within the City - not including the 8 percent rate of vacant

Exhibit 8.2 *Average Household Size of Major South Carolina Cities (2010)*



Source: *US Census*

units that existed prior to the past decade. Columbia and Sumter also have major oversupply problems, but most communities including Rock Hill and Charleston could be expected to absorb this oversupply within just a few years.

- Average Household Size - With a rate of 2.08, Greenville has an extremely low average household size. Comparison communities range between 2.18 and 2.48. This rate indicates a high number of small households - couples and individuals - within Greenville. When compared to other South Carolina communities, Greenville has the highest level of households with 1 person (42%), the lowest level of family households (50%, tied with Columbia), and the second lowest level of households with children (24.6%, one percentage point higher than Charleston). This, in turn, helps explain why Greenville has the highest percentage of rental occupied units and the lowest percentage of owner occupied units.

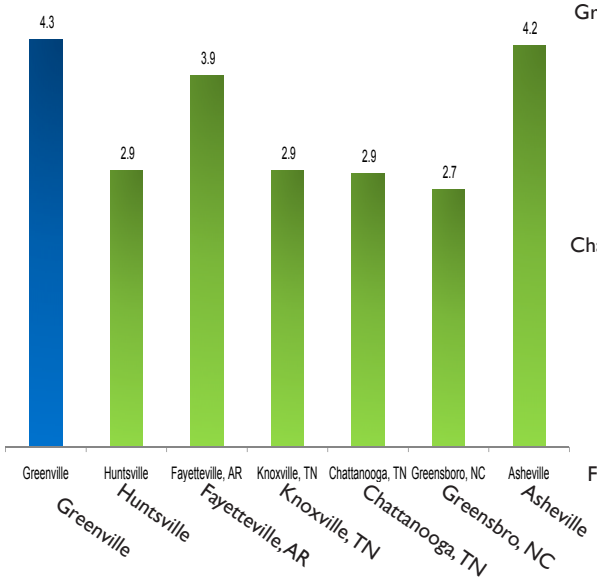
- Housing Affordability - There are several methods to calculate housing affordability, with a deeper analysis included in Section 7.0. A quick method of measuring the affordability of for-sale units is the contrast median household income and median home value. For Greenville, the ratio created by linking these numbers is 4.3, which means that homes are valued 4.3 times higher than median income. Generally a ratio around 3.0 is considered to be an affordable market, and several markets (Spartanburg, Florence, Sumter, Anderson and Rock Hill) fell into this category. Only Charleston had a higher ratio - at 5.4 - making Greenville one of the least urban affordable markets in South Carolina - at least according to this one indicator.

- Minority Household Ownership - Of all the comparison communities in South Carolina, Greenville has one of the lowest percentages of minority (non-white) households - at 33%. This is 10-20% lower then Columbia, Florence, Sumter and Spartanburg and ahead of only Charleston. However, Greenville noticeably trails all communities in the percentage of minorities who own homes - a low 21% compared to Columbia (34%), Charleston (38%) and Rock Hill (42%).

8.2 Metro Area City Comparison

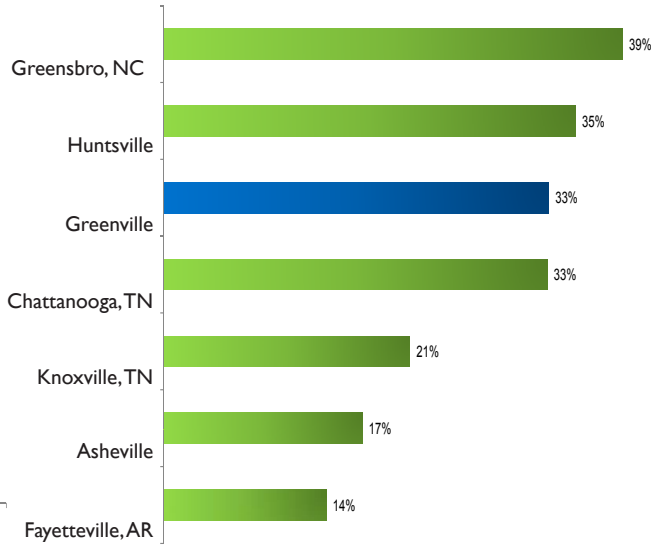
The metropolitan area analysis compared Greenville to Huntsville, Alabama, Fayetteville, Arkansas, Knoxville, Tennessee, Chattanooga, Tennessee, Greensboro, North Carolina and Asheville, North Carolina. These areas were chosen for a number of reasons: geographic proximity to Greenville or a location in the southern region of the country, metro areas of similar population size, and metropolitan regions that have seen recent population and economic growth.

Exhibit 8.3 *Home Ownership Affordability Ratio - Comparison Metro Areas*



Source: *US Census*

Exhibit 8.4 *Percentage of Minority Home Ownership - Comparison Metro Areas*



Source: *US Census*

The Greenville MSA grew by approximately 10% between 2000 and 2010 - a growth rate experienced by several comparable regions, including Knoxville, Chattanooga, Greensboro and Asheville. Of the group, Huntsville and Fayetteville experienced the fastest growth - 22% and 34% respectively. As a whole the growth of the Greenville MSA appears to be inline with other similar sized metropolitan regions in the southeast.

Despite similar growth rates, the general oversupply of housing in the City of Greenville is much higher than other regions Between 2000 and 2010, Greenville added 1,463 housing units, about 5% of the total number of units in 2000. This was considerably lower than other cities in this study, which range between Huntsville, Greensboro and Asheville (13-15%) to Fayetteville (37%). Only Knoxville, at 4%, was similar to Greenville. Yet, the slow growth experienced within the city means that even though the city added a relatively small percentage of new units to the mix, it will take quite some time to fully absorb these units into the market based on past household formation.

Overall, the findings from the South Carolina city comparison hold true in the Metro Area comparison. Greenville has the lowest average household size (Asheville is close - with 2.12) and the highest home ownership affordability ratio (Asheville and Fayetteville are around 4, all others are at or below 3.0). In comparison to the other cities on this list, Greenville has one of the highest percentage of minority households - Huntsville and Greensboro are slightly higher - but again it has the lowest percentage of minority households who own homes. Fayetteville is close with 23%, but all the other communities range between 32% and 45%.

As discussed previously, Greenville is a unique city in that it is a relatively small urban center for a larger region. The population of Greenville represents only 9% of its MSA, while other cities range between 20% and 44%.

9.0 SWOT AND COMMUNITY RATINGS

9.1 SWOT Results

A SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats) for Housing was administered twice to community members - once to this project's Steering Committee, and again in a public meeting with approximately 75 attendees. The results of these analyses are illustrated in Exhibit 9.1.

Approximately 50-60% of responses could be combined into topic "clusters" that had at least 3 common responses. Each category had at least six topic clusters.

Leading the list of Strengths are Proactive Local Government and Community Amenities and Aesthetics. Other clusters discussed commonly reported strengths of the community, including Downtown, historic housing stock, and the school system. Perhaps most interesting is the acknowledgement that City government has and/or could play a role in improving the local housing stock through its proactive focus on the issues.

Three topics dominate Weaknesses - Vacant / Dilapidated Housing, Transportation and Connectivity and a Lack of Affordable Housing.

Exhibit 9.1 *Results of SWOT Assessment - Major Topic Clusters*

STRENGTHS

Topic	# of Responses
Proactive Local Government	7
Community Amenities / Aesthetics	7
Downtown	6
Housing Stock	5
Schools / Education	3
Walkability / Compactness	3
Mixed Income Neighborhoods	3

OPPORTUNITIES

Topic	# of Responses
Sustainability	9
Neighborhood Redevelopment	9
Incentivize Investment	5
Improve Mobility / Transportation	4
Increase Housing Diversity	4
Apply Appropriate Densities	3
Art / Beautification	3
Improve Social Services	3

WEAKNESSES

Topic	# of Responses
Vacant / Dilapidated Housing	9
Transportation / Connectivity	9
Lack of Affordable Housing	7
Variety of Housing Stock	5
Infrastructure	3
Accesss to Food / Retail	3

THREATS

Topic	# of Responses
Traffic / Congestion	5
Non-Urban Development	5
Gentrification	4
Economy / Movement of Jobs	4
Nimbyism	3
Safety	3

Two topics stood out at the top of Opportunities - Sustainability, generally referring to the opportunity to introduce higher levels of environmental and economic sustainability into the housing stock and general development, and Neighborhood Redevelopment.

No topics stood out for Threats. Traffic Congestion - referring to the threat of increased congestion due to new growth and development, and Non-Urban Development - referring to suburban, low density styles of development, were the top two, followed closely by Gentrification, and Jobs.

9.2 Community Ratings

Along with the SWOT analysis, participants in the public meeting were asked to rate certain community features. On a scale of 1 to 5, with 5 being the highest score, participants ranked things like housing quality, job availability, and transportation options.

Ratings for categories related to general quality of life were the highest - including entertainment (4.0), police response (4.0), parkways and bike paths (3.8) and school system (3.7). Ratings of the housing stock clustered in the middle of the scale, while ratings of transportation options and connectivity and job availability consistently ranked in the 2.0 to 3.0 range, indicating weak ratings.

Exhibit 9.2 *Community Ratings (Scale = 1 to 5 with 5 highest rating)*

LIVING

Topic	Rating
Housing Quality	3.4
For Sale Options	3.1
Housing Options	3.0
Rental Options	3.0
Affordability	2.9

QUALITY OF LIFE

Topic	Rating
Entertainment	4.0
Police Response	4.0
Retail Options	3.9
School System	3.7
Job Availability	3.2

GETTING AROUND

Topic	Rating
Parkways & Bike Paths	3.8
Infrastructure	3.3
Pedestrian Connectivity	2.7
Transportation Options	2.4
Public Transportation	2.4

9.3 Community Themes

The results of the SWOT and Community ratings show that residents generally think Greenville has a high quality of life. However, this quality of life is mitigated by vacant and dilapidated housing and the need for neighborhood redevelopment, a lack of affordable housing, job availability and general transportation mobility, from walking to public transportation.

10.0 HOUSING RELATED ISSUES

Based on the previous analysis, the consultant team has developed a series of factors that it considers as major issues or hurdles that need to be addressed relative to a housing strategy for Greenville.

- **The Economy and Potential Economic Recovery** - The economic recovery from the 2007-09 recession has been slow and unpredictable. Despite signs of job growth and activity within the housing market, there is no clear path to growth that will kick-start a consistent development program for housing, and there is very little that local governments like the City of Greenville can do to effect a faster pace.

- **Homeownership** - Homeownership opportunities are one of the largest casualties of the national recession. Now, even with signs of demand rising, there are a number of factors holding back investors, from tight mortgage financing to the inability of households to get out from under negative equity. The extent to which there are short-term opportunities for for-sale product within the city is a major question for this housing strategy.

- **Housing Demand and the Ability to Capture Growth** - While the City of Greenville and its environs are the growth center for Greenville County, the vast majority of new housing has been built outside of the city proper. Between 2000 and 2010, adjusting for the expansion of city boundaries, the City of Greenville added approximately 70 new households annually. This contrasts with 1,131 households within the Greenville CCD, meaning that the areas surrounding the city grew rougly ten times the amount of the city during the past decade. In order to accomplish many of the likely goals and objectives of this City-Wide Housing Strategy, including neighborhood infill development, transit oriented development, and even on-going development in the downtown area, a higher velocity of growth will be necessary. If past growth patterns are generally expected to be similar in the near future, then Greenville must "capture" growth expected to occur outside of its boundaries into the city.

- **Competition for Development** - A unique situation exists in that the largest (and virtually only) open area for development in the City is controlled by Verdae. Verdae controls approximately 1,100 acres and currently plans several thousand units over the next decade. With limited development restrictions placed on the land by the city, Verdae is in many ways an independent area of the community in regards to development. The exception to this is the City is responsible for infrastructure. As such, Verdae and other areas of the city are in essence in competition to capture housing demand.

- **High Levels of Vacancy** - Greenville's housing vacancy rate has risen from 8% to 13% in the past decade - a combination of a large portion of unoccupied, low quality units and the overbuilding of housing relative to demand. The latter was common through the past decade and is in no way unique to Greenville. However, the high vacancy rate does offer a hurdle to future growth because it represents inventory that needs to be absorbed into the market before sustainable growth can occur. This vacancy does not necessarily prevent the introduction of new units, but any vacancy rate above 10% threatens to destabilize areas of the community.

- **Distressed Neighborhoods** - Greenville has a number of intact and functional neighborhoods, but it also has a large number of distressed and blighted neighborhoods or blocks within neighborhoods that require attention on many fronts, from better quality and affordable housing to infrastructure, mobility and vacant land. These issues are common of larger cities, but Greenville is a relatively small city and cannot draw upon sufficient resources to tackle these problems by itself. The issues surrounding these distressed neighborhoods may be some of the most important that face Greenville

in its efforts to serve its citizens.

- **Affordability of Quality Housing** - Greenville has a portion of its housing stock that is affordable to low income households, but this stock is characterized as low value, low quality product located in equally distressed neighborhoods. While a common problem for urban areas, this supply represents a major hindrance both towards the goals of fair, affordable and quality housing for all households, as well as neighborhood revitalization.

- **Minority Home Ownership** - Greenville's rate of minority home ownership as compared to other South Carolina cities and comparable metropolitan areas is worrisome, especially when the city already has a relatively small share of owner-occupied units. Limited opportunities for home ownership can prevent neighborhood stabilization and further divide the income and economic opportunity gap that exists between parts of the community.

- **Supply of Market Preferred Single Family Units** - The regional market for single family product clearly favors 3 and 4 bedroom unit product, and the city of Greenville has a limited market share of these types of units. The lack of supply of this type of home is one of the major reasons why so much growth has occurred outside of the city. Consumers looking for single family detached product are likely to continue to look for 3/4 bed units, and the City must find a way to generate supply of this product if it hopes to capture the family market back into the city.

- **Transportation / Mobility** - Transportation and mobility was one of the most consistent problems identified by residents in the public meeting. Of primary concern was public transportation, but close behind was pedestrian accessibility. Transportation is an important decision factor in determining where one lives, and thus it must be considered both in how one draws the market / growth into Greenville, but also how mobility issues play a role in neighborhood redevelopment.

- **Readily Available Land / Redevelopment** - Apart from the Verdae development, there are very few areas of Greenville that represent open areas for development. Therefore, growth in the form of housing (or for that matter, any development) will have to take place in the form of the redevelopment of previously developed land. While this pattern - often called "infill" development - has the potential to serve many land use and transportation related goals for the city, such as the removal of vacant/blighted property, more compact development, integration of mixed uses like retail and housing, and general walkability, there are many downsides. Redevelopment is typically more costly and can generate conflict within neighborhoods regarding new development - the prototypical "NIMBY" response. In order for Greenville to not only grow but to address various issues discussed previously, it is going to need an improved and efficient path for neighborhood based redevelopment.

- **Funding and Capacity** - The City and its partners have been very successful in creating partnerships for the construction of affordable and mixed income housing that simultaneously serves as neighborhood revitalization initiatives. In addition to a proactive approach by City government, the community has been aided by sophisticated and experienced not for profit development entities like the Housing Trust and Homes for Hope. However, current times very much present a turning point for community development initiatives in Greenville. Key funding sources from HUD like HOME and CDBG has been cut (as it has for communities across the country) and restrictions placed on funding at the State level means that not for profit developers cannot allocate as many resources within the City. This comes at a time when there is still very much a need for partnerships, creative financing and subsidies/incentives to turn around distressed neighborhoods and provide quality affordable housing to families in need.

- **NIMBYism / Neighborhood support for infill development** - The city has very few development ready areas in terms of open, greenfield spaces. The need for the redevelopment of property for the purpose of new construction (infill development) has created some conflict with neighborhoods who are hesitant to welcome new development, much of which has to represent middle to high densities in order to be financially feasible. As Greenville looks more towards how to address various housing related needs within its community, the issue of neighborhood support is likely to be an ongoing one and needs to be addressed if effective infill development is to occur.
- **Employment and Gentrification** - Greenville's employment base is imbalanced compared to both the state and the nation in terms of Professional Service jobs (much higher percentage) and Goods Producing jobs (much lower). This has been good for the local economy, but it threatens to perpetuate an imbalance in the types of jobs readily accessible to large portions of Greenville's population. Much of the growth in employment within Greenville has been "white-collar" jobs available to highly educated professionals, while many of the Goods Producing or "blue-collar" jobs have left. Even new manufacturing opportunities, like the BMW plant, are located outside of the city proper. On the positive side, these employment dynamics are ideal to draw residents/households into the city because of proximity to both employment and amenities. Conversely, these trends could exacerbate the difficulties that lower income households - regionally concentrated in areas of Greenville and adjacent community to the west - to find and access good quality jobs appropriate to educational and skill levels.
- **Distressed Neighborhoods / Communities in the County** - The incorporated communities of Gantt, Judson, Parker, Sans Souci, Welcome, Berea, City View and Dunean - found immediately to the west and south of the City of Greenville, together represent one-fifth of all households with incomes below $30,000 in Greenville County, and 30% of all households when comparing them to the County less the City of Greenville. Together, these communities and the City of Greenville account for 42% of all households with incomes less than $30,000 in Greenville County, and 46% of all households with incomes less than $15,000 annually. This is an enormous concentration of low income households within the county - shared by both the city and outlying communities. Many of these communities are adjacent to some of the city's most troubled neighborhoods, including West Greenville and Southernside, and there are few physical or market barriers between the areas other than political separation. These communities - many of which are legacy "mill villages" exacerbate the difficulties found within the city's own special emphasis neighborhoods. Any strategy for long-term neighborhood revitalization on the western end of Greenville is likely going to have to take into consideration the proximity and future of these mill village communities.

11.0 HOUSING RELATED OPPORTUNITIES

The following is an overview of the consultant team's preliminary opportunities based on results of this market analysis. It is important to note that these are preliminary opportunities to date and do not represent the only opportunities identified for this project.

- **Economic Development** - Despite a significant loss in employment during the recession, the City of Greenville remains one of the economic centers of the Upstate region and therefore is likely to rebound faster than other areas. Furthermore, the outlook for the Greenville MSA is extremely good in terms of both the state and the region. The Greenville-Mauldin-Easly MSA was rated the #2 best city in the country for finding employment in the spring of 2012 by Manpower. This (potential) growth could help the Greenville area climb out of the economic downturn faster and kick-start the housing market.

- **Short-Term Multi-Family**: Greenville should be an excellent market for multi-family rentals over the next 2-4 years. In 2012, the rental market is particularly strong around the country as the for-sale housing market climbs back to sustainability and growth. However, the strength of the rental market is also due to an undersupply of rental units generally built as for sale multi-family units (i.e. condos) became popular in the 1990s and early to mid 2000s. The City of Greenville is particularly well positioned to capture this short-term opportunity as its housing stock and demographics already reflect high demand for multi-family rental product within close proximity to the amenities the city offers. These factors should allow the city to capture higher amounts of housing demand in the near future.

- **Establishing and Expanding Urban Districts:** The strength of the multi-family rental market also provides an opportunity to shape and/or expand urban mixed use districts throughout the city. This product appeals to the younger demographic of residents aged 20-35 who simultaneously are putting off purchasing of a home (or prefer not to) and typically prefer proximity to employment and amenities. Given the high density nature of multi-family rental, strategically locating this product in areas with pre-existing retail and commercial activity – or areas conducive to new business growth – could help shape urban nodes that have the population density to support businesses that serve several neighborhoods. Downtown is obviously one example, but Greenville has at least a half dozen other areas with potential to create a more sustainable development pattern – especially one that supports higher usage of transit.

- **Neighborhood Revitalization**: More of a core "need" as opposed to an opportunity, the high concentrations of poverty and distressed housing stock found throughout the city and within close proximity to the Downtown are worrisome both in terms of long-term economic and social sustainability within the community, as well as the ability to capture higher percentages of regional market-rate demand into the city – especially demand for for-sale product. While the city has been successful in terms of forming public-private partnerships and delivering high quality affordable housing projects, a renewed and more holistic focus may be necessary to generate the market based response required to generate long-term economic and social sustainability in these urban neighborhoods.

- **Verdae / Detached Housing**: Despite the unique situation of having a development zone with fewer development restrictions than other areas of the community, the Verdae development is nevertheless an important opportunity for the city to compete in the regional housing market due to the capacity to offer greenfield sites for product preferred in the marketplace. That being said, the development zone is located in the higher value eastern end of the city and future development poses the risk of not only capturing what limited demand the city can expect, but exacerbate the divide between the western and eastern halves of the city.