



South Carolina

Construction Trends

23YE

Key Takeaways

- 2023 year-end construction starts reflect the impacts of large-scale investment announcements and resulting growth across all sectors statewide.
- South Carolina is poised to leverage a favorable business climate and nationwide stabilization of material costs in 2024-2025.
- Tip: Early collaborative planning among project management, owner, designer and builder results in enhancement of cost control and construction scheduling.

SC construction remains strong despite nationwide market trends

Construction Starts

South Carolina's construction market continued to see growth in five of six sectors throughout the second half of 2023, surpassing 2022 by \$2.36B. This is a 59% increase, continuing an upward trend over the past five years. Manufacturing experienced a dramatic increase at over five times the volume of 2022, doubling recent highs in 2018 and 2021. Warehouse construction bolstered continued growth accounting for 60% of the commercial sector, while multifamily continued a pattern of steady growth since 2019.

Construction Workforce

South Carolina's construction workforce outpaced total construction starts for building and non-building construction for the first time since 2019, reinforcing trends towards labor force availability and cost stabilization. South Carolina's unemployment rate continued to decrease slightly throughout 2023, with a year-end average of 3%, significantly lower than the national average of 3.69%, according to the Bureau of Labor Statistics.

Material Pricing

Material pricing continued stabilizing in the second half of 2023, with an average month-over-month change for tracked materials during the last six months at .29% and .1% for the calendar year of 2023. Diesel fuel remained the most volatile material in 2023 varying over 100% in month-to-month comparisons. Steel products pricing saw an average decrease of almost 6% in the last six months, a factor that could have a favorable impact on construction pricing in 2024.

Construction and Development Lending

According to the FDIC, while lending growth continued through 3rd quarter of 2023, nationwide the pace of the growth slowed as loan volume was reduced quarter over quarter from 4.56% at the end of 2022 to 1.75% by the end of the third quarter 2023. If 4th quarter growth results slowed at a similar pace, the 2023 annual growth in lending will be negligible. The loan delinquency rate began to rise again in 2023 to .49% after a 7-year low of .38% at the end of 2022. Decreasing potential for

returns coupled with increasingly selective lending practices are beginning to negatively impact regional and nationwide construction starts.

South Carolina Key

Construction Starts (\$ in Millions)	23 YE	23 YE vs. 22 YE Change
Commercial	\$2,095.00	(\$115.30)
Multifamily	1,504.90	365.40
Manufacturing	1,298.40	1,049.00
Education	841.30	38.20
Healthcare	489.90	267.00
Government Buildings	266.40	49.30

Source: Bureau of Labor and Statistics, Dodge Data and Analytics
MY - Mid-Year (January through June | YE - Year- End (Jan through December)

Architectural Billings

The AIA architectural billing index continued to decline nationally from 50.5 in June to 45.3 in December, with scores below 50 indicating decreased billing activity. The West region decreased by over ten points since the beginning of the year, while the remaining regions of South, Northeast and Midwest remained relatively stable, fluctuating one to two points each month. Continued short-term growth in South Carolina's construction starts and across the Southeast could bolster decreased billings nationwide although a comprehensive return to growth is not anticipated during 2024.

Market Synopsis	Current 23 YE	Projected 24 MY
Construction Starts	↑	↑
Construction Workforce	↔	↔
Material Pricing	↔	↔
Construction & Development Lending	↓	↓
Architectural Billing	↓	↓

Metropolitan Area Summary

(\$ in Millions)

Charleston Metropolitan Area

Construction Starts	23 YE	23 YE vs. 22 YE Change
Commercial	\$617.80	\$7.40
Multifamily	746.90	314.20
Manufacturing	28.60	(42.00)
Education	123.40	(19.50)
Healthcare	253.60	197.9
Government Buildings	100.90	45.10

The Charleston market experienced growth in four of six sectors during 2023 with an overall increase of \$503.4M compared to 2022. Multifamily and Healthcare accounted for over 91% of the net growth. Healthcare construction starts increased by 356% over 2022 totals from \$55.7M to \$254M. A recent boom in multifamily developments in the northern peninsula area attributed to 74% growth over 2022.

The Charleston-North Charleston construction workforce averaged around 22,500 workers throughout 2023, a 3.5% increase over 2022 compared to a 53% increase in total construction starts.

Columbia Metropolitan Area

Construction Starts	23 YE	23 YE vs. 22 YE Change
Commercial	\$287.00	\$114.90
Multifamily	266.90	100.90
Manufacturing	0.30	(14.00)
Education	187.70	146.10
Healthcare	50.30	29.80
Government Buildings	21.30	13.00

Starts in the Columbia market across selected sectors from 2023 totaled \$813.5M. The multifamily sector continued to see growth over 2022 total, with an increase of 61% over 2022. The education sector saw a significant increase as well with 2023 starts of \$187.7M compared to \$41.6M in 2022. Continued growth in industrial and manufacturing is anticipated to support recent large-scale announcements like Scout Motors and as available land for development becomes scarcer in neighboring markets.

The Columbia construction workforce has sustained roughly 17,000 workers throughout 2023, a small increase of 3% in construction employment compared to 2022.

Greenville Metropolitan Area

Construction Starts	23 YE	23 YE vs. 22 YE Change
Commercial	\$168.40	(\$159.70)
Multifamily	105.70	(22.60)
Manufacturing	2.4	(5.2)
Education	232.20	118.40
Healthcare	37.70	30.50
Government Buildings	58.90	46.40

The Greenville market observed \$605.3M in construction starts across selected sectors during 2023, a \$6.9M increase compared to 2022. In 2023, the education sector grew 104% to \$232.2M over the 2022 total of \$113.8M accounting for 38% of total selected sectors. The commercial and multifamily construction starts are down by \$159.7M and \$22.6M, respectively, compared to 2022. The manufacturing sector saw \$2.4M construction starts in 2023.

The Greenville-Anderson-Mauldin construction workforce averaged 22,200 workers during 2023, a 8.8% increase over 2023.

Spartanburg Metropolitan Area

Construction Starts	23 YE	23 YE vs. 22 YE Change
Commercial	\$243.20	(\$463.40)
Multifamily	27.40	8.90
Manufacturing	769.80	668.80
Education	154.20	33.70
Healthcare	55.00	53.20
Government Buildings	1.40	(14.60)

Selected Spartanburg market sectors experienced \$517.2M and 71% growth in construction starts for 2023 compared to 2022. The commercial market sector decreased \$350.6M in volume, while manufacturing grew by a staggering \$740.5M over 2022 with the announcement of the BMW battery plant.

Spartanburg construction workforce information was not available.

South Carolina Historical Construction Starts (\$ in millions)

	2019	2020	2021	2022	2023 YE
Commercial	\$1,386.00	\$1,158.40	\$1,288.90	\$2,210.30	\$2,095.00
Multifamily	581.20	908.60	980.90	1,139.50	1,504.90
Manufacturing	125.50	154.50	587.20	249.40	1,298.40
Education	646.10	578.10	763.80	803.10	841.30
Healthcare	303.10	176.00	244.80	222.90	489.90
Government Buildings	178.00	108.90	304.00	217.10	266.40
South Carolina Construction Workforce	106,892	103,675	104,267	108,700	110,675

Source: Bureau of Labor and Statistics, Dodge Data and Analytic MY - Mid-Year (January through June | YE - Year- End (Jan through December)

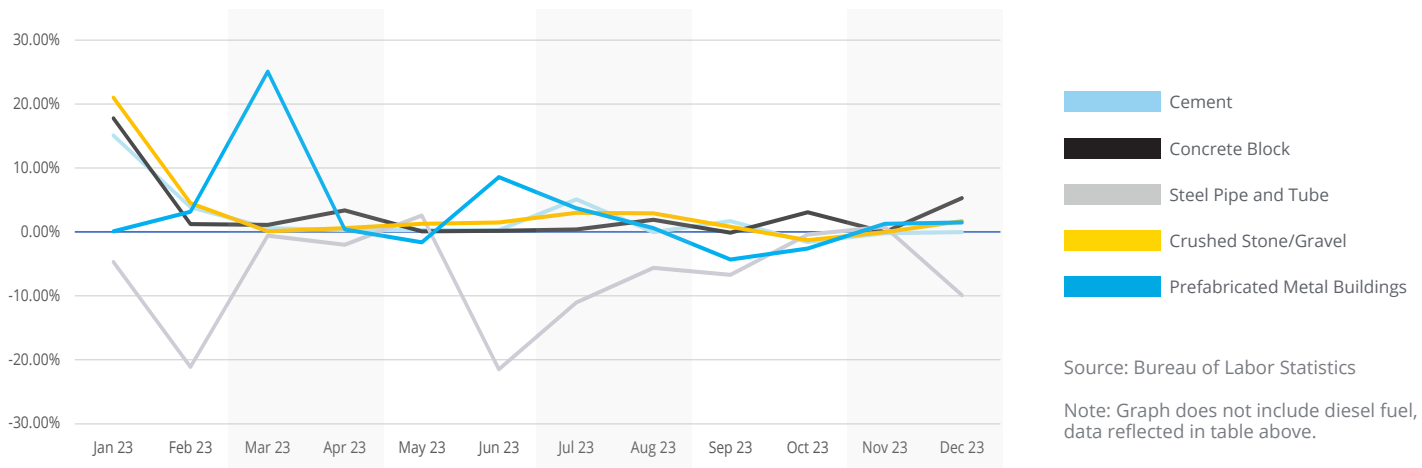
Note: The Bureau of Labor and Statistics combines the categories of mining, logging and construction for metropolitan areas.

National 12 Month Producer Price Index Percentage Change (month over month)

Key Construction Materials	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Avg. Last 12 Months
Diesel Fuel	30.00%	-13.60%	-29.30%	-19.20%	-24.00%	-25.10%	-21.70%	109.50%	20.80%	-38.80%	-14.00%	-53.00%	-6.53%
Asphalt Paving	26.40%	8.80%	-0.40%	-22.40%	-6.00%	-0.80%	-0.10%	3.30%	0.70%	-0.30%	1.30%	-2.60%	0.66%
Asphalt Roofing Material	-10.80%	-0.90%	0.30%	7.60%	1.80%	6.50%	3.90%	-4.00%	2.80%	2.50%	-1.10%	1.10%	0.81%
Cement	15.10%	3.90%	0.60%	0.30%	0.30%	0.30%	5.10%	0.00%	1.70%	-1.60%	-0.20%	0.00%	2.13%
Concrete Block	17.80%	1.20%	1.10%	3.40%	0.10%	0.20%	0.40%	1.90%	-0.10%	3.10%	0.00%	5.30%	2.87%
Reinforced Concrete Pipe	5.10%	9.00%	-12.20%	2.60%	1.40%	6.10%	-3.70%	-6.70%	32.20%	-20.70%	0.30%	0.00%	1.12%
Precast Concrete	5.90%	1.20%	4.50%	0.30%	1.70%	2.60%	0.90%	0.90%	3.10%	-0.50%	0.20%	-0.10%	1.73%
Brick	2.20%	8.20%	1.90%	0.00%	0.40%	0.00%	0.00%	-0.20%	0.00%	0.80%	0.00%	0.00%	1.11%
Glass	-0.90%	6.00%	-0.30%	-0.40%	-1.10%	1.20%	-1.80%	-2.00%	0.90%	0.60%	0.00%	1.40%	0.30%
Plastic Construction Products	-0.90%	-3.90%	0.30%	-0.70%	-2.30%	-3.40%	0.00%	-0.70%	2.80%	-3.70%	0.20%	1.00%	-0.94%
Gypsum Products	-0.20%	4.50%	2.80%	-4.50%	-4.20%	-1.40%	-0.40%	-1.30%	-2.70%	0.90%	0.00%	-1.30%	-0.65%
Insulation Materials	0.80%	1.30%	1.60%	-0.20%	2.50%	-0.80%	0.00%	-1.90%	-0.40%	-0.60%	-0.20%	0.20%	0.19%
Lumber & Plywood	-1.60%	1.80%	-3.00%	-2.30%	0.20%	-2.40%	2.60%	-6.90%	-0.30%	-3.70%	-5.10%	-0.80%	-1.79%
Steel Mill Products	-7.60%	7.20%	2.90%	11.50%	16.90%	-1.90%	-15.00%	-3.20%	-12.20%	-10.30%	-4.70%	10.10%	-0.53%
Crushed Stone/Gravel	21.00%	4.50%	0.10%	0.60%	1.30%	1.50%	3.00%	2.90%	0.80%	-1.30%	0.00%	1.70%	3.01%
Steel Pipe & Tube	-4.70%	-21.10%	-0.60%	-2.00%	2.60%	-21.50%	-11.00%	-5.60%	-6.70%	-0.40%	0.80%	-9.90%	-6.68%
Sheet Metal	-1.90%	-1.90%	0.70%	2.50%	-2.10%	4.70%	-0.80%	1.10%	-1.40%	0.10%	-0.50%	0.70%	0.10%
Structural Steel	2.70%	1.20%	5.40%	0.80%	0.10%	-5.20%	5.30%	-0.80%	-7.70%	6.50%	2.60%	13.50%	2.03%
Prefabricated Metal Buildings	0.10%	3.20%	25.10%	0.40%	-1.60%	8.60%	3.70%	0.60%	-4.30%	-2.60%	1.30%	1.50%	3.00%

Source: Bureau of Labor and Statistics, LCK

National Top 5 Material Price Variations Over the Last 12



This document/email has been prepared by LCK for advertising and general information only. LCK makes no guarantees, representations or warranties of any kind, expressed or implied, regarding the information including, but not limited to, warranties of content, accuracy and reliability. Any interested party should undertake their own inquiries as to the accuracy of the information. LCK excludes unequivocally all inferred or implied terms, conditions and warranties arising out of this document and excludes all liability for loss and damages arising there from. This publication is the copyrighted property LCK and /or its licensor(s). © 2023. All rights reserved. This communication is not intended to cause or induce breach of an existing listing agreement. LCK, LLC

Construction Forecast

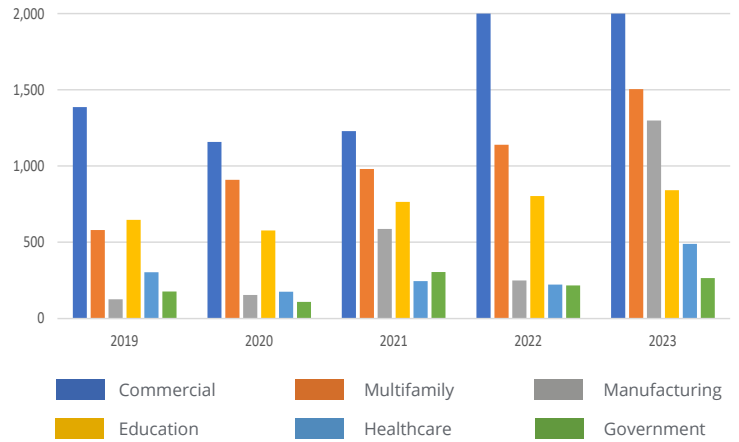
Nationwide, many markets are experiencing the aftereffects of the pandemic development boom and surge in construction projects, coupled with high vacancies and low absorption rates in the real estate supply chain. Rising interest rates and increasingly restrictive lending practices indicate a likely slowdown nationally in 2024 and 2025, especially in speculative development.

In contrast, the South Carolina market remained strong throughout 2023 and is poised to continue leveraging a favorable business climate, large tracts of available land and recent economic development wins to counteract the nationwide return to pre-pandemic norms.

Material and labor cost stabilization and availability are anticipated to continue as a positive trend as development softens; although long lead times for key components, notably electrical gear, still require foresight and advance planning to prevent delays.

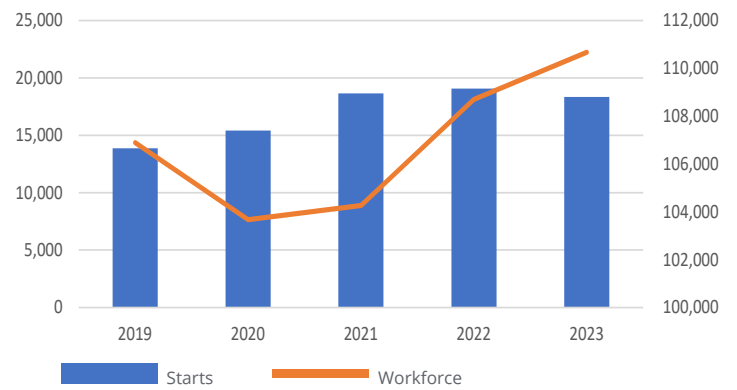
Competition for skilled workers may place additional pressure on the construction market as growth in manufacturing provides alluring opportunities. New strategies to attract, educate and retain the state's workforce will be critical to meeting demands created by business growth.

S.C. Construction Starts by Sector (Millions)



Source: Dodge Data & Analytics

S.C. Construction Starts & Workforce



Source: Dodge Data & Analytics



Who we are and what we do

LCK is an owner's representative offering project management services that help our clients maximize the value of their development or renovation projects while remaining on schedule and within budget.

We are a woman-owned business whose core service is project management for real estate development projects. Whether a renovation or greenfield assignment, we bring the expertise needed to migrate a project from conception, through design and construction, to ribbon cutting. Since 1994, we have played a key role in developing first-class facilities for national corporations as well as non-profits, municipalities, educational, healthcare, religious and real estate investors.

We offer an integrated approach to project management, coordinating among our subject matter experts whose combined efforts maximize the results and value of every project. We call this the LCK Advantage.

Our Advantage

- Leadership by certified professionals guarantees services delivery in accordance with internationally recognized standards
- Experience totaling hundreds of industrial, retail, office, education, municipal/government, healthcare, churches/religion, non-profit and special use projects
- Systematic project management processes
- Reliable cost and schedule control
- Results-oriented risk management and contract administration
- Degreed design and construction professionals with a unique comprehensive real estate perspective including facilities operations
- A flexible team fully capable of adapting its services to a variety of client cultures
- Unlimited South Carolina general contractor's license and construction management license

4

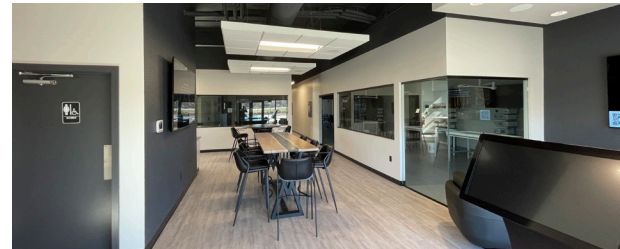
Locations in South Carolina

30

Years of experience

\$800M

Total value of construction projects in progress



Our Services

- Project Management
- Feasibility Analysis
- Property Assessments
- Consulting Services
- Preconstruction Services
- Cost Management
- Inspection Services

Office Locations

- Charleston, SC
- Columbia, SC
- Greenville, SC
- Spartanburg, SC

Contact us



Mickey Layden, PMP, CPM
CEO
+1 803 401 4259
mlayden@lckcs.com



Dale Stigamier, CCIM
President
+1 803 401 4317
dstigamier@lckcs.com