

First District of South Carolina – Impacts of the Credit Crisis

- Construction firm forced to lay off 30% of its workforce because housing developers on the verge of bankruptcy own the builder millions of dollars – these developers cannot access credit to pay the builder. “The credit crisis has had a massive impact on the construction industry here in coastal South Carolina.” Most of these losses have come in the last two weeks. Future funding of both housing projects and public infrastructure projects are in doubt because the developers or municipalities cannot get access to credit funding through banks.
- Large Horry County Manufacturer sees sales drop by 20% due to inability of foreign customers to access credit. “Most of our business is in Asia, and our customers over there cannot get the credit to purchase our product. I have fears about the impact that this credit crunch will have on our company long term.”
- Student loans put at risk: student loan provider has been impacted by credit crunch all year, and it has gotten seriously worse in the last 2 weeks. Many in the industry are two weeks away from running out of money, and the large banks are not in a position to loan student loan providers money like they used to. “This is an unbelievable situation.”
- Grand Strand builder can’t get a line of credit. “I talk with 2-3 people every day, mostly contractors or subcontractors who are turned down by a bank from getting a line of credit. This is really impacting some of the subcontractors whose business means they don’t have a large cash flow or a large reserve. It means they are having problems keeping folks employed.”
- 50% drop in commercial real estate in Charleston. One Realtor has stated that even if the economy turns around in the next six months, it will take him at least two years to recover from the damage already done. The drop in commercial real estate business is a sign that companies aren’t expanding or adding jobs – and in some areas are cutting jobs.
- “Business has come to a complete standstill.” One large Real Estate developer reports that because of the credit markets, his business has come to a complete standstill, forcing them to severely curtail spending and eliminate the salaries of their management staff. This is impacting folks down the line from the builders to the folks who supply the building projects – and this will impact local tax revenues.