Waccamaw Regional Economic Outlook

Spring 2014

May 14, 2014
Rob Salvino
Coastal Carolina University
Executive Summary

The winter quarter (December, January, February) survived snow and ice in January and February with mixed results. Tourism was slower, but airport deplanements were up 1.7 percent, and prices on rooms adjusted downward helping occupancy rates show a 1.5 point gain over the previous winter. Hospitality fee revenue was up 3.4 percent, but revenue from the Admissions Tax was down 10.6 percent. Single family residential construction continued to increase, as permits were up 18.8 percent in the winter quarter. Residential multi-family building permits also continued their increased pace of activity, up considerably over the previous year same quarter. Not only have larger projects been more common in multi-family, but a higher volume of smaller projects is also adding to output in construction. Retail sales were up for the quarter in Horry and Williamsburg Counties but flat in Georgetown County. Employment gains continued in all three counties, while the unemployment rate plunged as many unemployed workers left the labor force as emergency unemployment benefits expired January 1, 2014. Evidence of the impact at the state level can be seen in the March labor situation report, as the labor force shrunk by approximately 24,000 people compared to the same month last year. We expect employment gains year over year to continue in the spring and summer quarters. Building activity should continue its upward trend but at a slower pace of growth due in part to higher long-term interest rates. Current tourism indicators also point to continued growth in the spring and summer quarters.
Helpful Notes and Reminders

• Tourism Quarters: To reflect the importance of the seasons, offset by 1 month so that Q1 (Winter) is December, January, February, Q2 (Spring) is March, April, May, Q3 (Summer) is June, July, August and Q4 (Fall) is September, October, November.

• National data is based on normal calendar year, e.g. GDP 1st quarter is for January, February, March.

• All data reflect the period of business activity, unless otherwise noted.

• Receipts and collections of tax revenue by SC DOR may not coincide with period of business activity, e.g. retail sales business activity shows quarterly spikes; however the actual business activity may not resemble this periodic behavior.

• Reported and estimated changes in rate measures are reported as unit changes rather than percent changes, for example the unemployment rate movement from 6% to 6.5% is shown as a movement of one-half of a point (0.5).

• In November, 2011 SC DOR received a ruling to aggressively pursue taxes on VRBO properties as far back as ten years. The reporting does not adjust for the actual period of business activity and is reflected in the period of collection.
Annualized Real GDP Growth (%)

Source: U.S. Department of Commerce: Bureau of Economic Analysis
## South Carolina Employment (Millions)

![South Carolina Employment Bars](chart.png)

<table>
<thead>
<tr>
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### History

- 2010 Q1: 1.86
- 2010 Q2: 1.90
- 2010 Q3: 1.95
- 2010 Q4: 1.93
- 2011 Q1: 1.91
- 2011 Q2: 1.95
- 2011 Q3: 1.96
- 2011 Q4: 1.95
- 2012 Q1: 1.93
- 2012 Q2: 1.97
- 2012 Q3: 1.98
- 2012 Q4: 1.98
- 2013 Q1: 2.00
- 2013 Q2: 2.00
- 2013 Q3: 1.98
- 2013 Q4: 1.97
- 2014 Q1: 2.01
- 2014 Q2: 2.02
- 2014 Q3: 2.01

### Forecast

- 2010 Q1: 1.75
- 2010 Q2: 1.80
- 2010 Q3: 1.85
- 2010 Q4: 1.90
- 2011 Q1: 1.95
- 2011 Q2: 1.97
- 2011 Q3: 1.98
- 2011 Q4: 2.00
- 2012 Q1: 2.00
- 2012 Q2: 2.02

Source: Bureau of Labor Statistics
MYR Airport Deplanements (Thousands)

Source: Myrtle Beach International Airport
Georgetown Port Tonnage (Thousands)

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Source: Georgetown Port Authority
Hotel-Condotel-Campground Occupancy Rate

Source: Clay Brittain Jr. Center for Resort Tourism
### Hotel-Condotel-Campground Average Daily Rate

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Source: Clay Brittain Jr. Center for Resort Tourism
Horry 1.5% Hospitality Fee Revenue ($Millions)
(County-wide fees on accommodations, prepared foods, beverages, admissions)

Source: Horry County Government
Accommodations Tax Revenue ($Millions)

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Source: SC Department of Revenue
## 5% State Admissions Tax ($ Millions)

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### History

- Q1: $1.1
- Q2: $2.5
- Q3: $4.0
- Q4: $1.8

### Forecast

- Q1: $3.0
- Q2: $4.4
- Q3: $4.4

Source: SC Department of Revenue
Regional Single Family Permits

Source: HUD State of the Cities Data System
Regional Multi-family Permits

Source: HUD State of the Cities Data System
Regional Retail Sales ($ Millions)

Source: SC Department of Revenue
Regional Employment Breakout (Thousands)

Source: Local Area Unemployment Statistics, Bureau of Labor Statistics
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Georgetown Unemployment Rate

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*Forecast*

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Source: Local Area Unemployment Statistics, Bureau of Labor Statistics
Horry Unemployment Rate

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Source: Local Area Unemployment Statistics, Bureau of Labor Statistics
Williamsburg Unemployment Rate

Source: Local Area Unemployment Statistics, Bureau of Labor Statistics
## Regional Economic Outlook Board: Spring 2014

Presented to: The Waccamaw Regional Council of Governments' Regional Economic Outlook Board

Prepared and Presented by Dr. Rob Salvino, Research Economist, Center for Economic and Community Development
E. Craig Wall Sr. College of Business Administration, Coastal Carolina University

### May 2014

<table>
<thead>
<tr>
<th>History</th>
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<td>Previous Quarter</td>
<td>Current Quarter</td>
<td>Next Quarter</td>
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| Airport Deplanements (thousands) | 106.7 | 244.8 | 324.7 | 1.7 | 9.1 | 5.0 |
| Port Tonnage (thousands) | 116.8 | 130.0 | 155.8 | -2.4 | 3.6 | 1.2 |
| Occupancy Rate (Full Week) | 31.4 | 59.6 | 83.6 | 1.5 | 3.6 | 0.3 |
| Average Daily Rate (Full Week) | $52.6 | $97.5 | $151.4 | -0.5 | 0.2 | 4.4 |
| Horry County 1.5% Hosp. Fee Revenue ($millions) | $3.8 | $8.0 | $16.1 | 3.4 | 3.3 | 6.2 |
| Accommodations Tax Revenue ($millions)* | $1.4 | $4.4 | $11.6 | -14.2 | 8.6 | 4.1 |
| Admissions Tax Revenue ($millions) | $1.1 | $3.0 | $4.4 | -10.6 | 2.1 | 0.2 |
| Regional SF Building Permits* | 657 | 820 | 755 | 18.8 | 4.8 | 7.4 |
| Regional MF Building Permits* | 114 | 58 | 60 | 356.0 | -61.8 | 46.4 |

### Retail Sales ($millions)

- Georgetown County: $281.0, $357.1, $416.2, 0.0, 2.1, 1.7
- Horry County: $1,781.6, $2,386.5, $3,216.6, 7.4, 3.1, 6.2
- Williamsburg County: $153.6, $149.7, $163.0, 6.1, 3.1, 8.1

### Employment (thousands)

- Georgetown County: 26,726, 27,582, 28,034, 6.6, 4.6, 1.7
- Horry County: 112,218, 121,803, 129,725, 2.3, 1.8, 1.7
- Williamsburg County: 13,886, 13,960, 13,989, 3.9, 1.3, -1.1

### Unemployment Rate

- Georgetown County: 7.2, 5.8, 5.8, -3.0, -2.5, -2.2
- Horry County: 8.2, 6.4, 5.7, -3.1, -2.0, -2.1
- Williamsburg County: 8.7, 7.4, 8.1, -3.5, -2.9, -2.5

### Notes:
- Spring quarter is March - May, Summer is June - August, Fall is September - November, Winter is December - February. Retail Sales, Accomodations Tax Revenue and Admissions Tax Revenue represent the period of business activity. For example, Accommodations Taxes for Summer represent the business activity incurred during the Summer quarter.
- Percent change from previous year is relative to the same quarter from the previous year. For example, percent change for Summer 2010 is the percent change between Summer 2009 and Summer 2010. Rate given is absolute change for: Occupancy Rate, ADR and Unemployment Rates. For example, the given change for the Occupancy Rate during Summer 2009 is simply the Summer 2010 Occupancy Rate minus the Summer 2009 Occupancy Rate.
- SCDOR received a ruling in November 2011 allowing it to more aggressively pursue tax from VRBO properties. Monthly reporting may include back payments from last 10 years.
- February collections in 2013 for Georgetown County were adjusted to -$278k - negative. *Williamsburg County analysis began August 2013

Regional Economic Outlook: May 2014

Questions may be directed to Dr. Rob Salvino, 843-349-2719, rsalvino@coastal.edu