

Regional Economic Outlook

Fall 2018

November 7, 2018, rev.11-29

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Executive Summary

The Economic Outlook Board of the Waccamaw Council of Governments met on November 7, 2018 to review the latest quarterly economic indicators for the Grand Strand and surrounding region. The aftermath of Hurricane Florence continues to weigh on the economy in the short-run, particularly in the tourism industry. The hurricane made landfall on September 14, 2018 and led to mandatory evacuations of entire counties from the Wilmington metro area north to the Charleston metro area south of the Grand Strand region. Mandatory closures of roads, public facilities, and some evacuations continued through early October in parts of the Grand Strand. It will be at least a couple of quarters before enough data has been made available to attempt to estimate the extent of the storm's economic impact. Next quarter's report will provide a clearer picture of Hurricane Florence's impact on the labor market, tourism industry, and the economy more generally.

The following slides show evidence of the region's economic strength up through the summer quarter. Together, our indicators suggest the economy is at the peak of the business cycle, and long-term interest rates have had a cooling effect on the housing market nationally and regionally.

Highlights from Q3 (Summer: June, July, August) for the largest county, Horry:

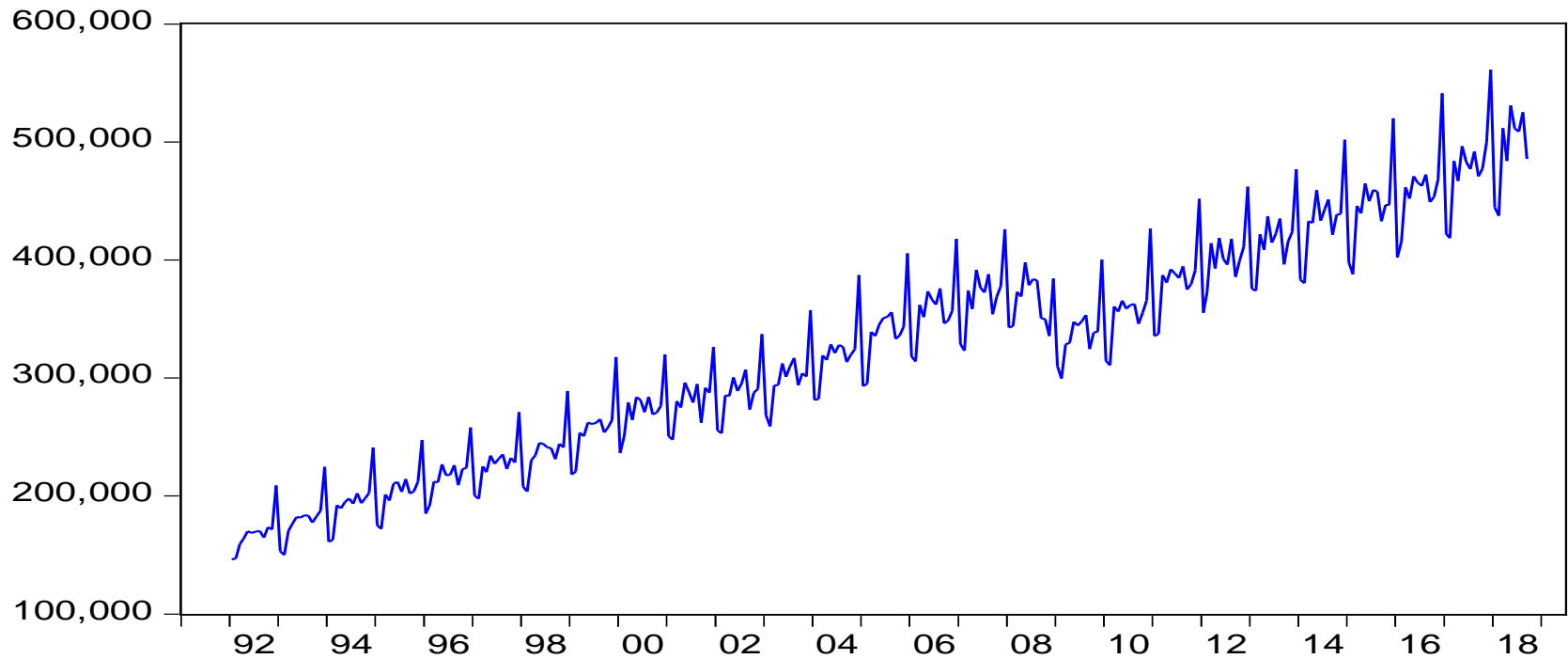
- Unemployment: Down to 3.8%
- Employment: Up to 146,300 jobs
- Hotel-Condotel-Campground Occupancy: Up to 85.2%
- Hospitality Fee (1-1/2% County-wide): Up to \$17.7 Million

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).

U.S. Retail Sales (\$Millions/Month – nominal, unadjusted)

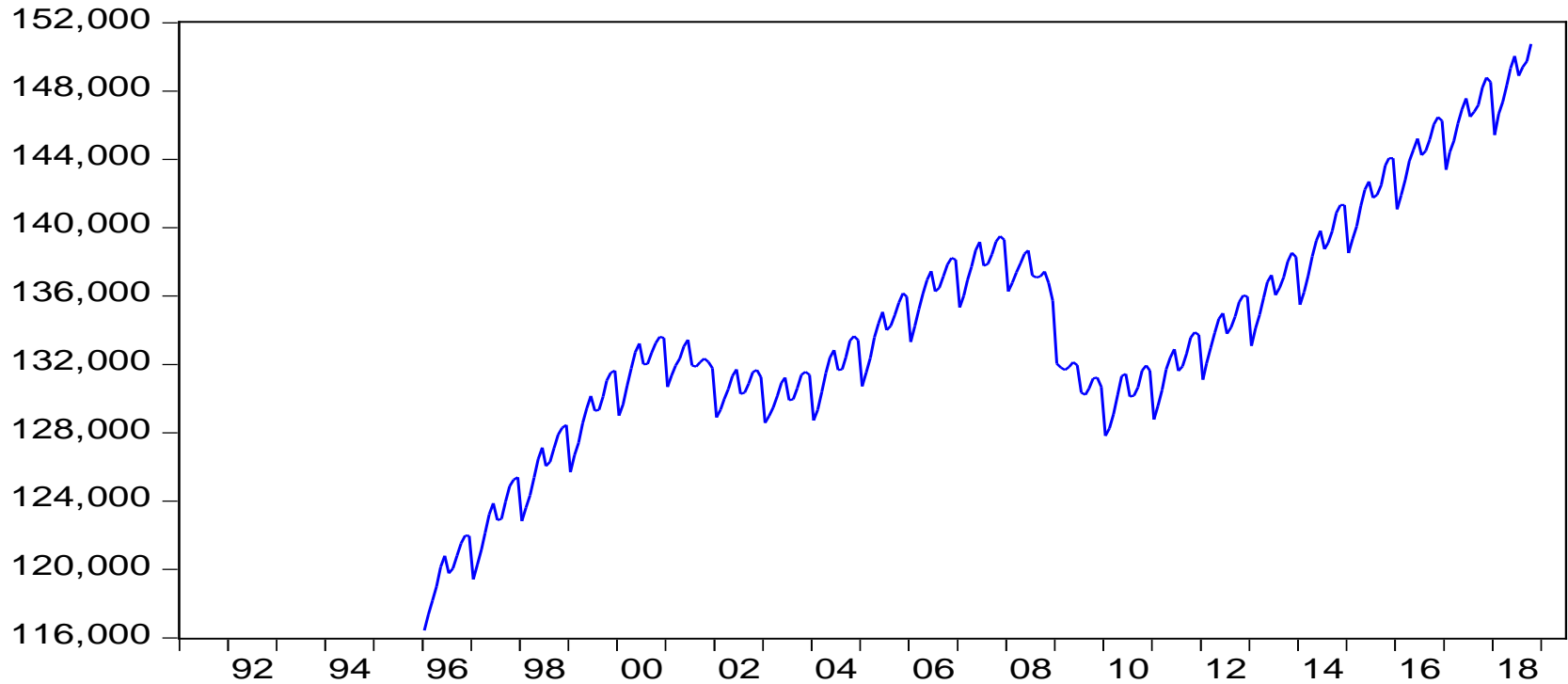
USRETAILSALES



Source: U.S. Department of Commerce

U.S. Private Non-farm Employment (unadjusted)

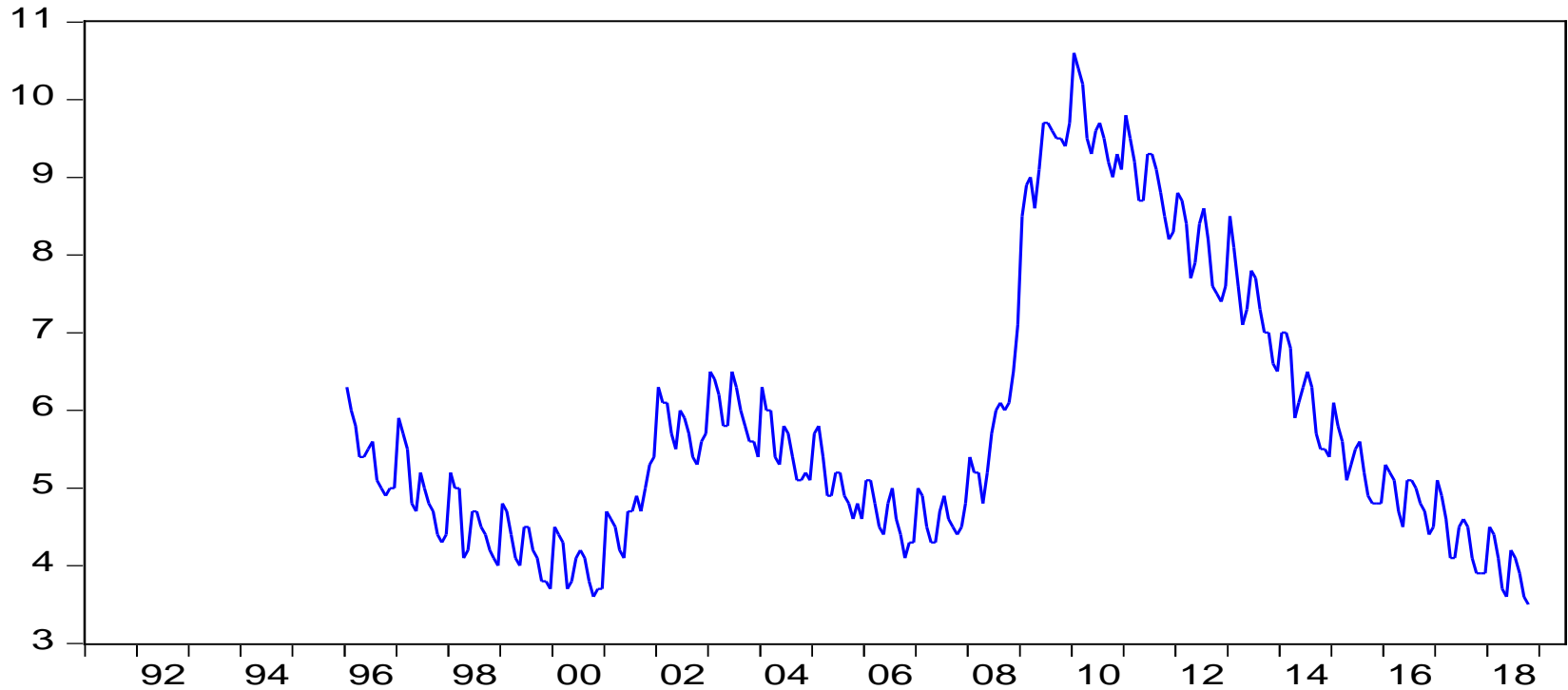
USEMP



Source: Bureau of Labor Statistics

U.S. Unemployment Rate - Private Non-farm (unadjusted)

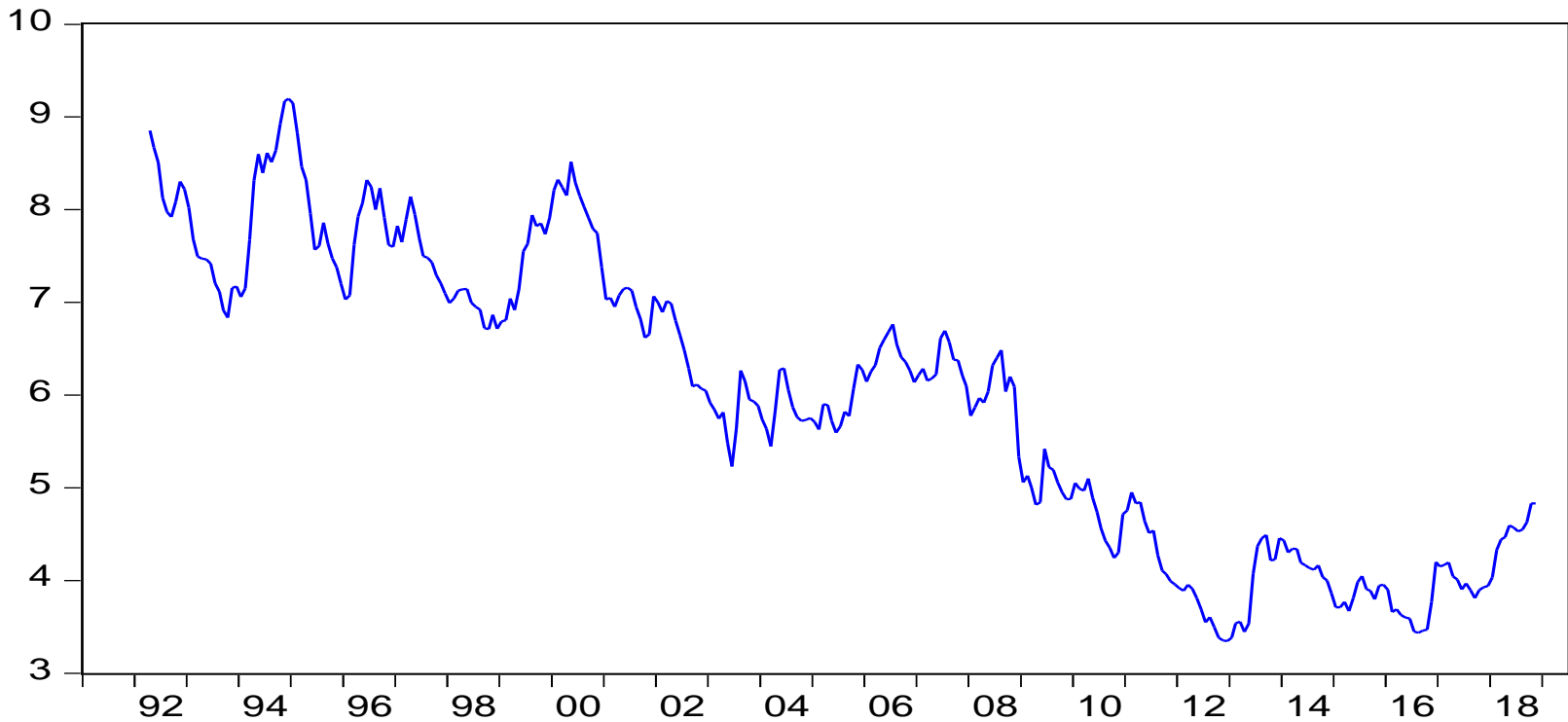
US_URATE



Source: Bureau of Labor Statistics

30-Year Fixed Rate Mortgage

THIRTYFIXED



Source: Freddie Mac

U.S. Existing Home Sales

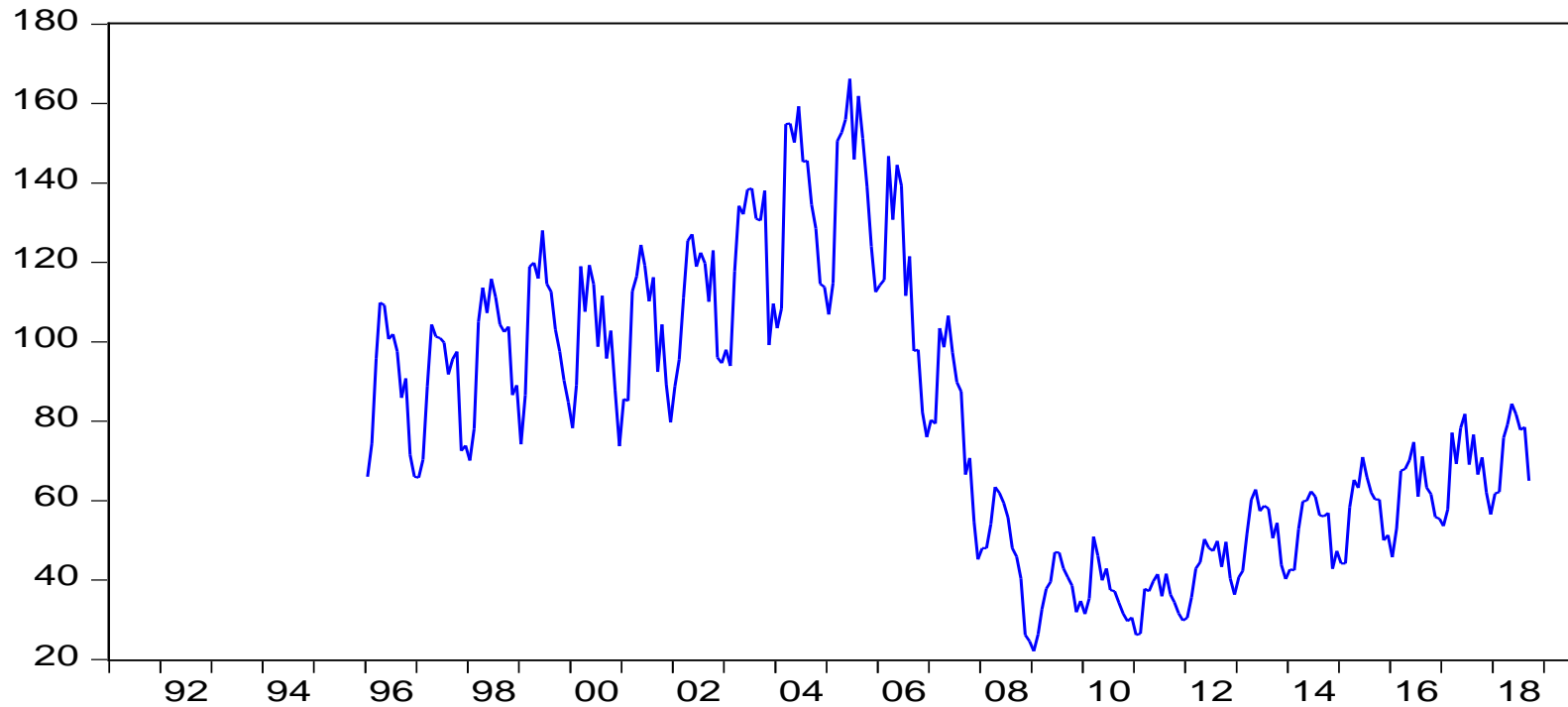


SOURCE: TRADINGECONOMICS.COM | NATIONAL ASSOCIATION OF REALTORS

Source: National Association of Realtors and Trading Economics

US Single Family Building Permits

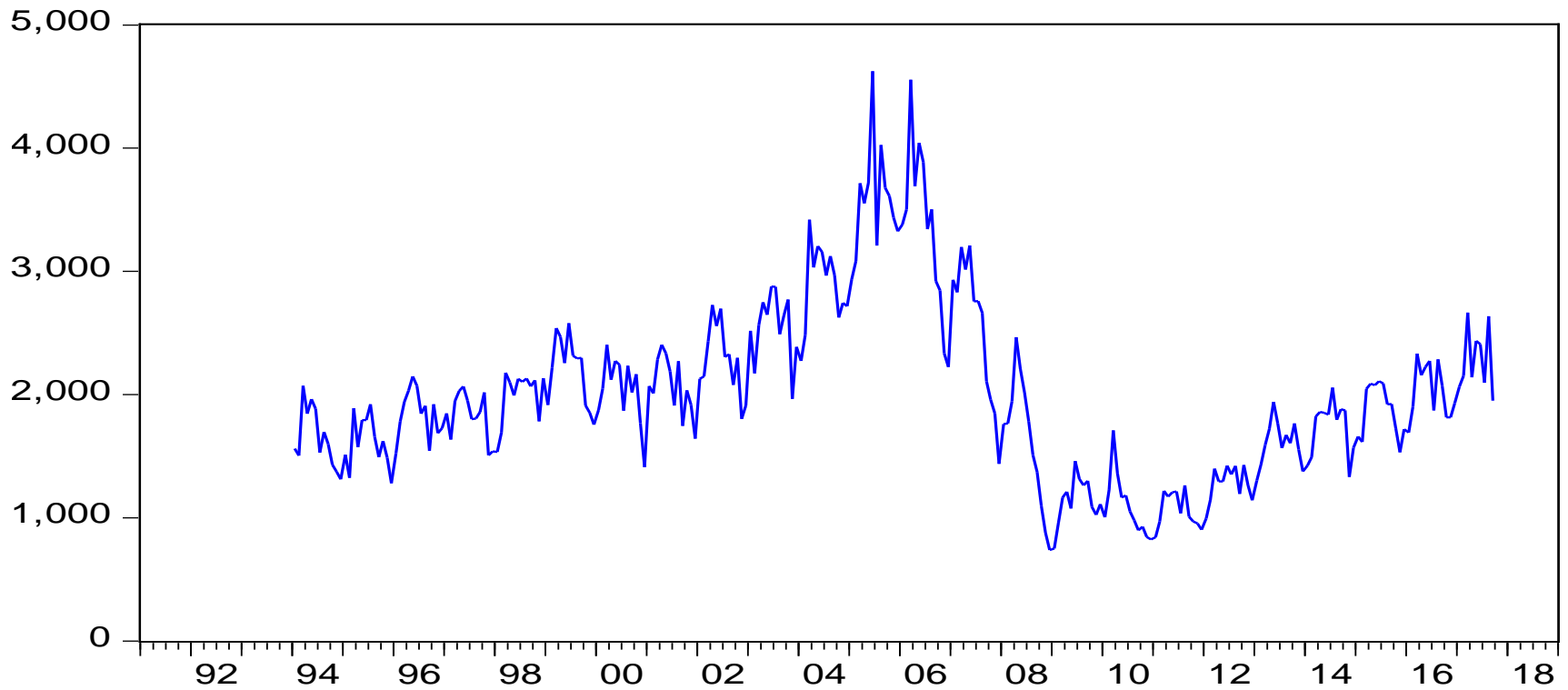
US Single Family Real Private Fixed Investment



Source: HUD State of the Cities Database

SC Single Family Building Permits

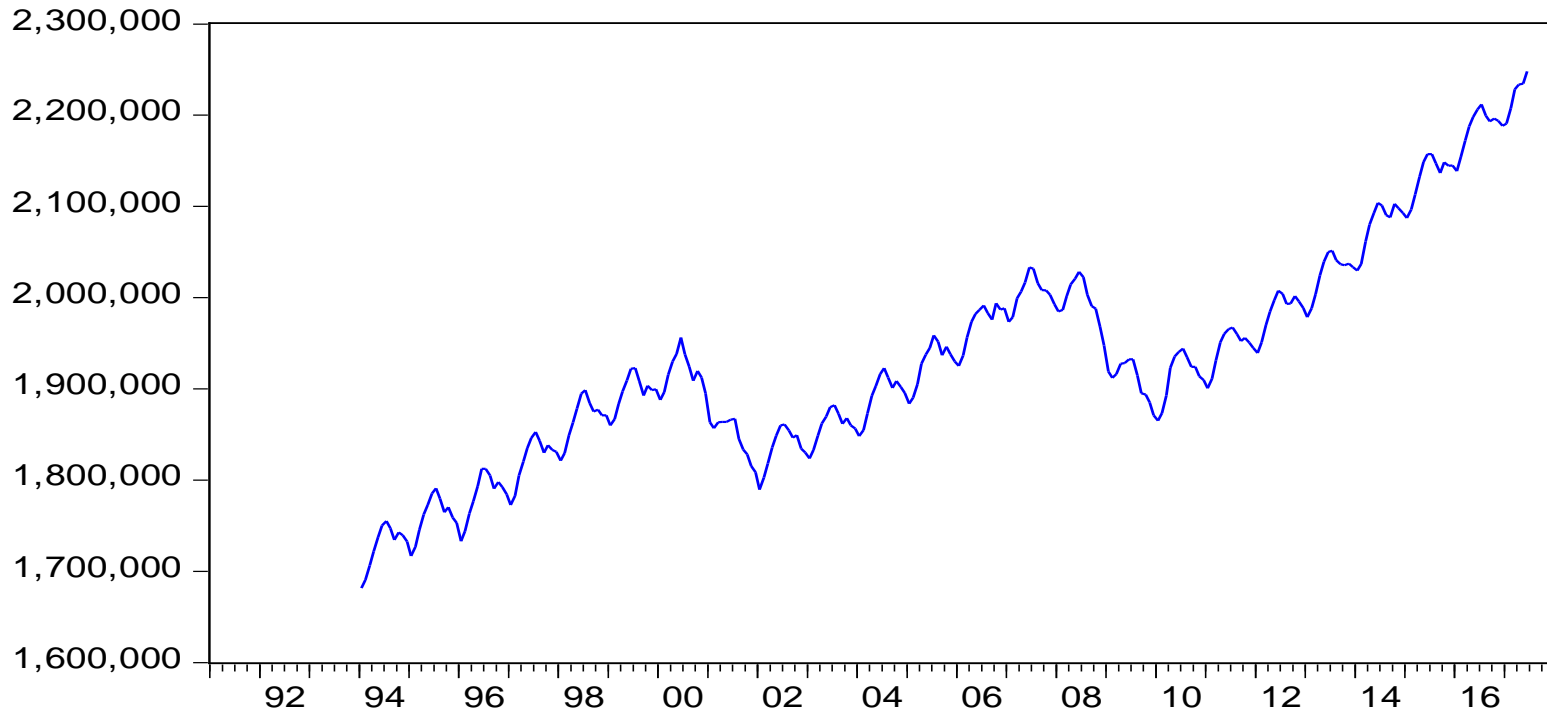
SCSFPERMITS



Source: HUD State of the Cities Database

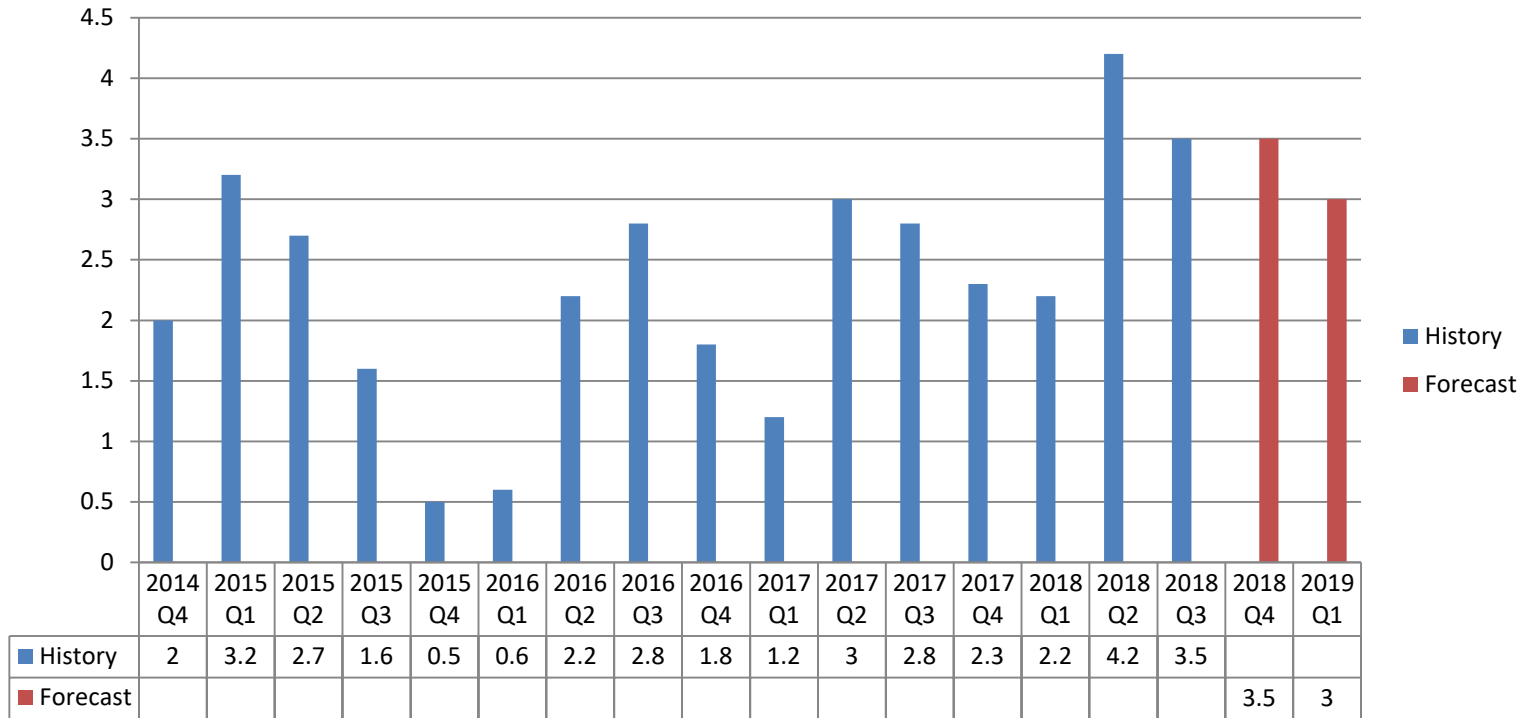
South Carolina Employment (Millions)

SCEMP



Source: Bureau of Labor Statistics

Annualized Real GDP Growth (%)



Source: U.S. Department of Commerce: Bureau of Economic Analysis

NC and SC Growth

- 3 million more people live in NC and SC compared to just 18 years ago
 - 25%+ increase in population.
- Once rural areas are now suburban metro.

Floodplain Developments

- Over 20,000 communities in U.S. are in floodplains (Holway and Burby 1990).

Growing Impact of Major Storms

- Evacuations
- Economic shutdown
- Recovery

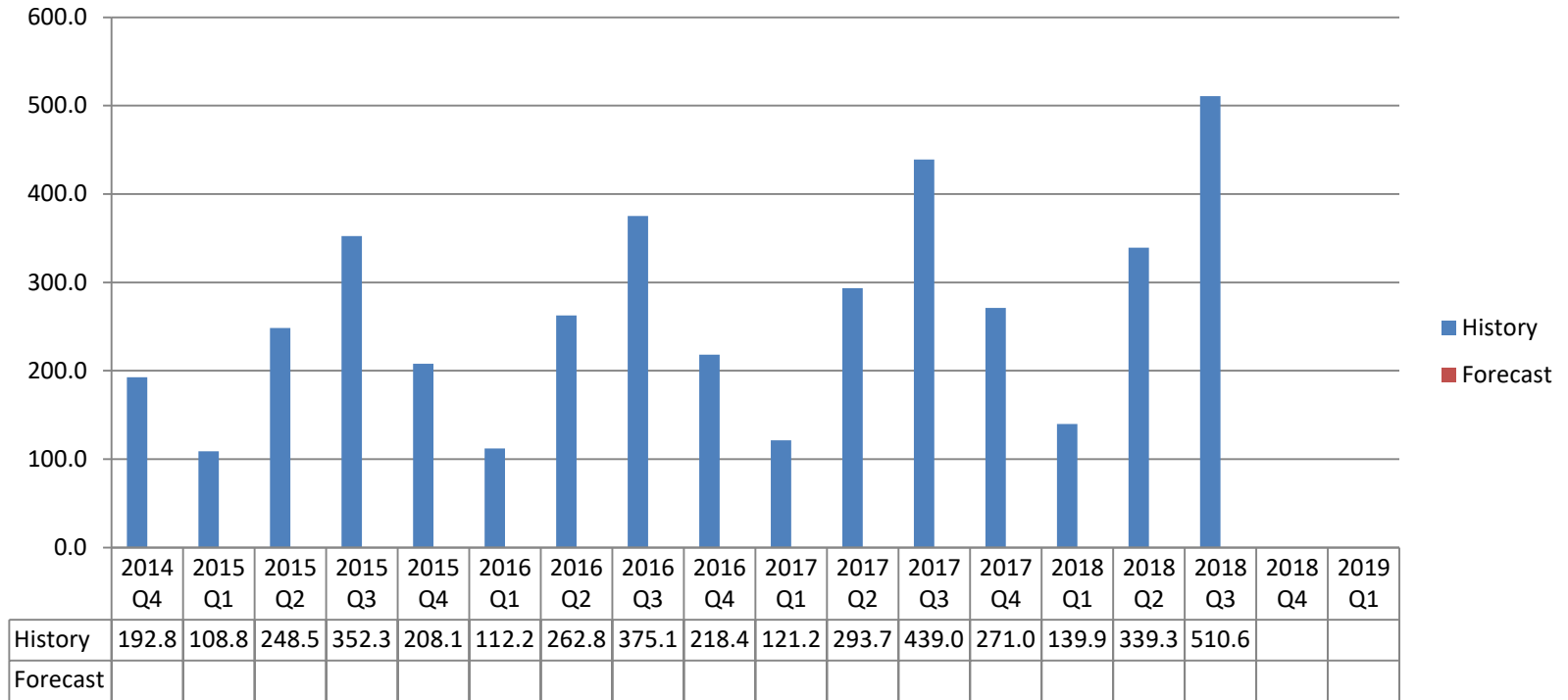
Floodplain Development Dynamics

- Riverine versus Tidal flooding
- Are we aware of the risks?
- Flood zones and real risk
- Flood zones A, X, V:
 - Housing penetration
 - Road miles concentration

Net Capital Deepening

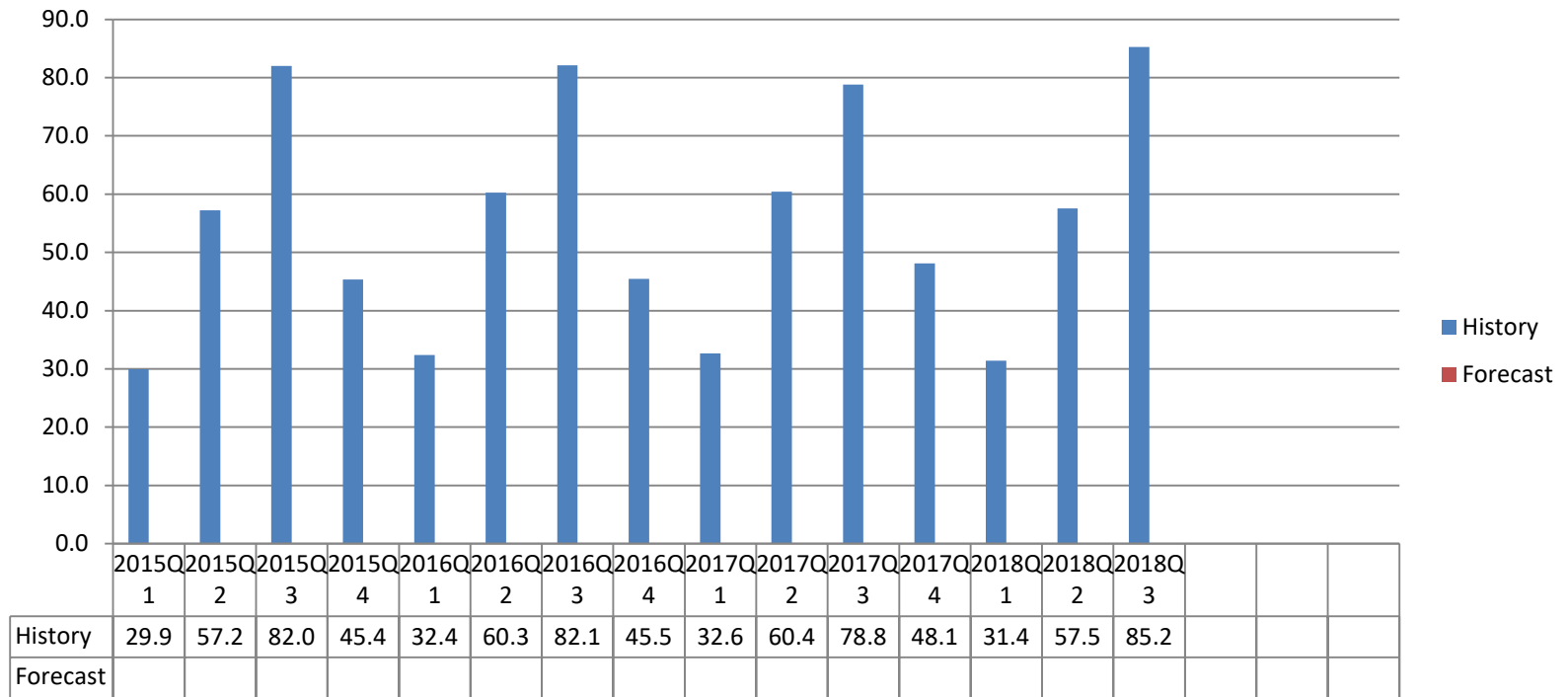
- Local, state, and national economies reluctant to measure net investment
- New roads are politically popular
- Existing roads must improve to incorporate present and future urbanization

MYR Airport Deplanements (Thousands)



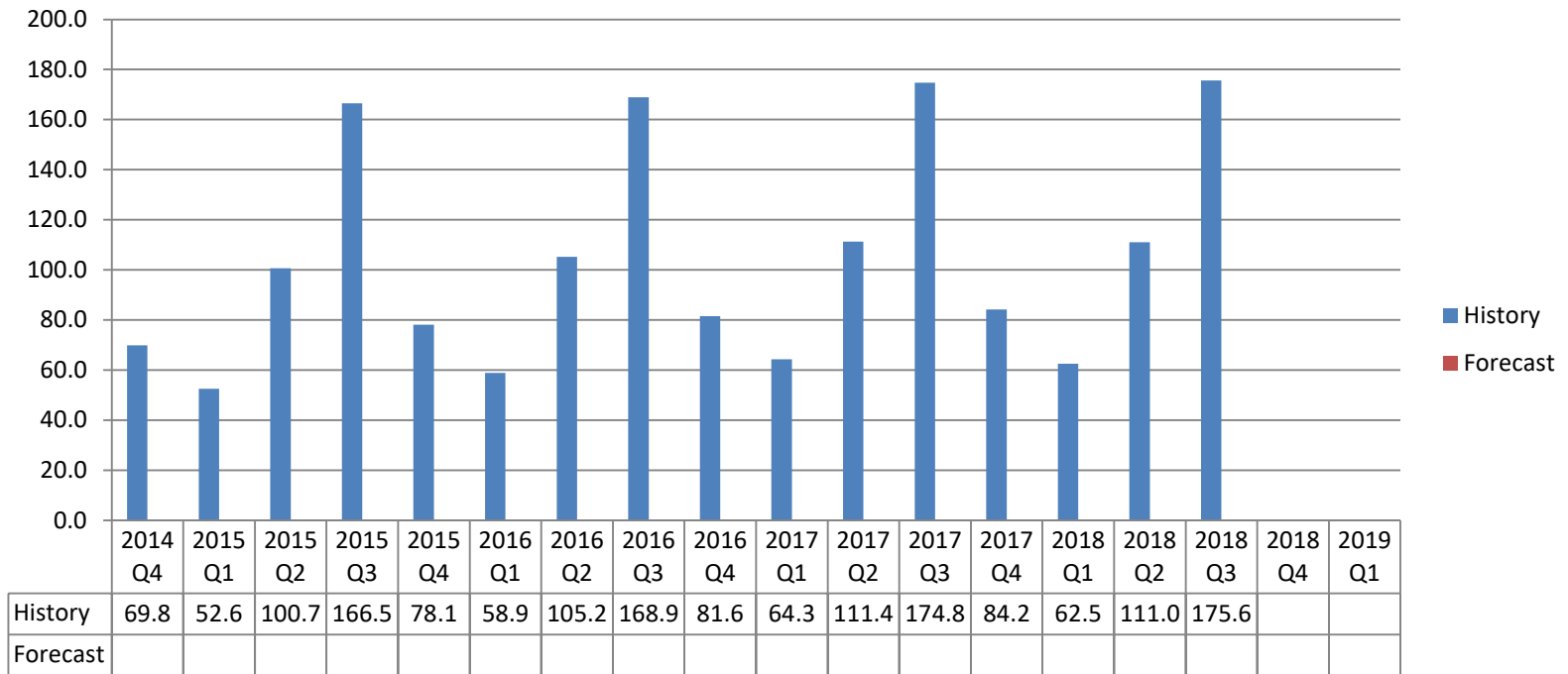
Source: Myrtle Beach International Airport

Hotel-Condotel-Campground Occupancy Rate



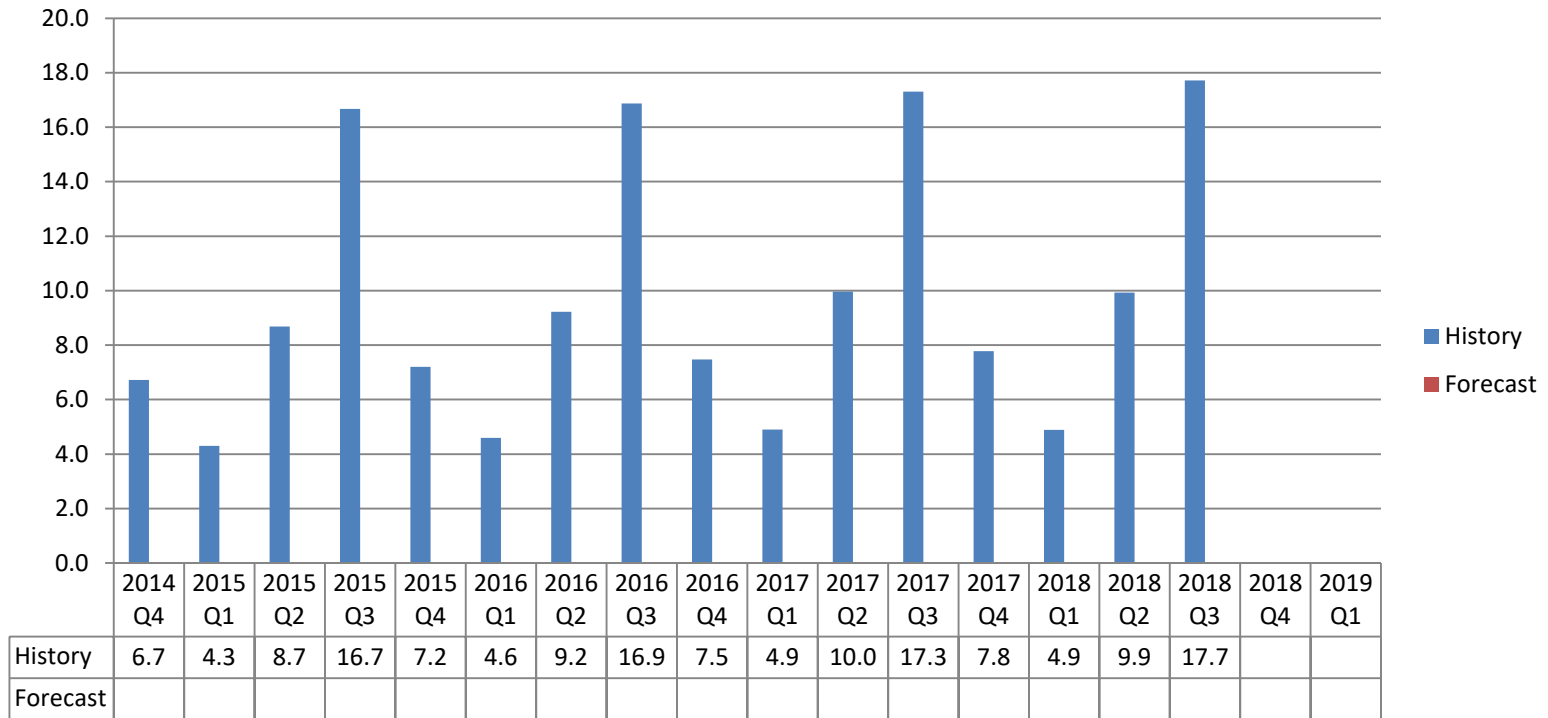
Source: Clay Brittain Jr. Center for Resort Tourism

Hotel-Condotel-Campground Average Daily Rate



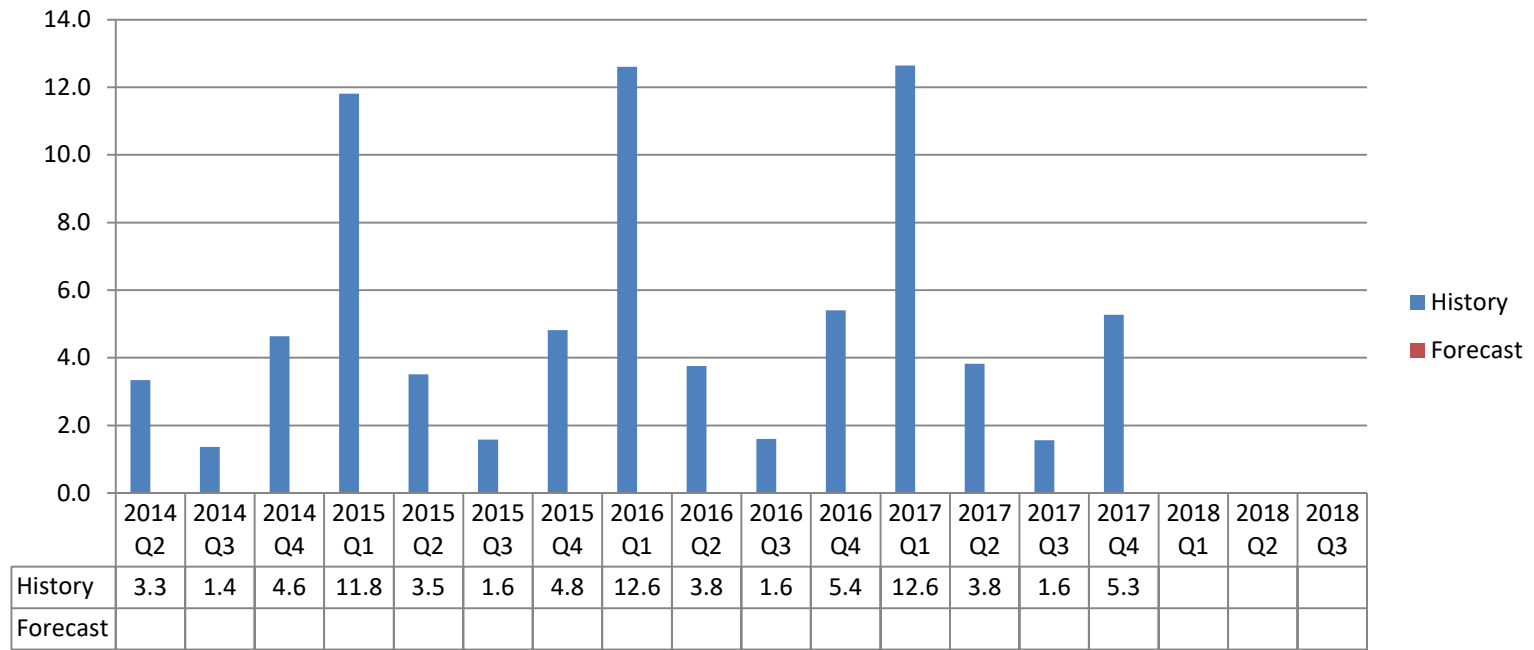
Source: Clay Brittain Jr. Center for Resort Tourism

Horry 1.5% Hospitality Fee Revenue (\$Millions) (County-wide fees on accommodations, prepared foods, beverages, admissions)



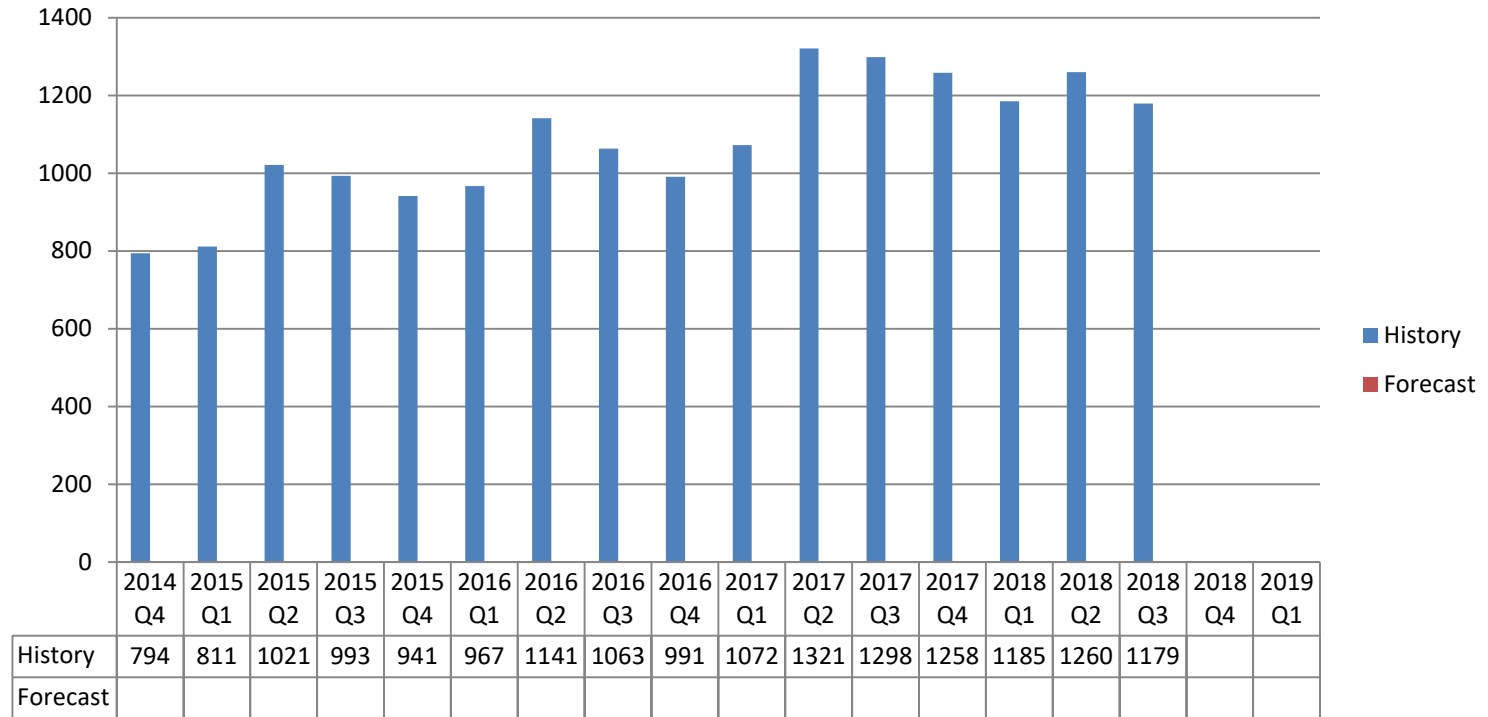
Source: Horry County Government

Accommodations Tax Revenue (\$Millions)



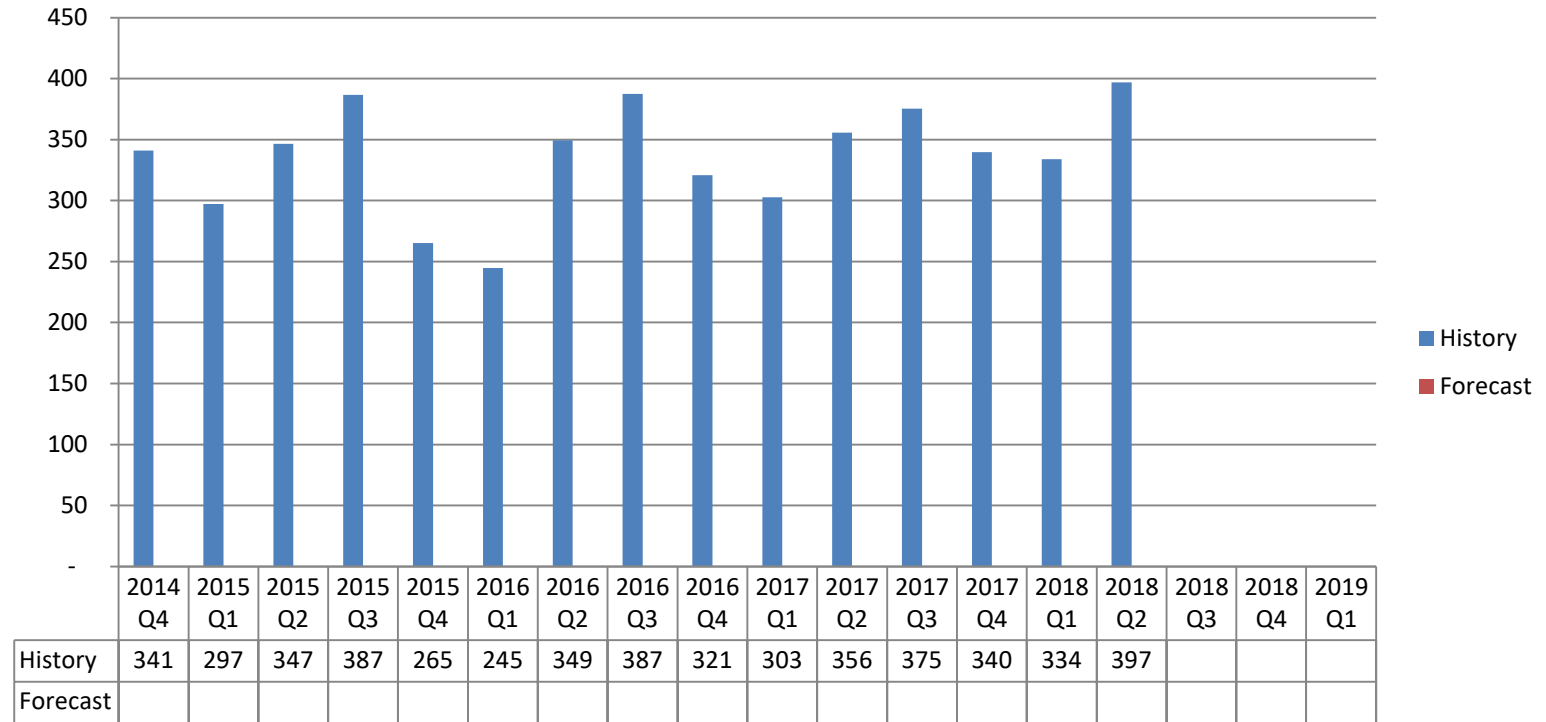
Source: SC Department of Revenue

Regional Single Family Permits



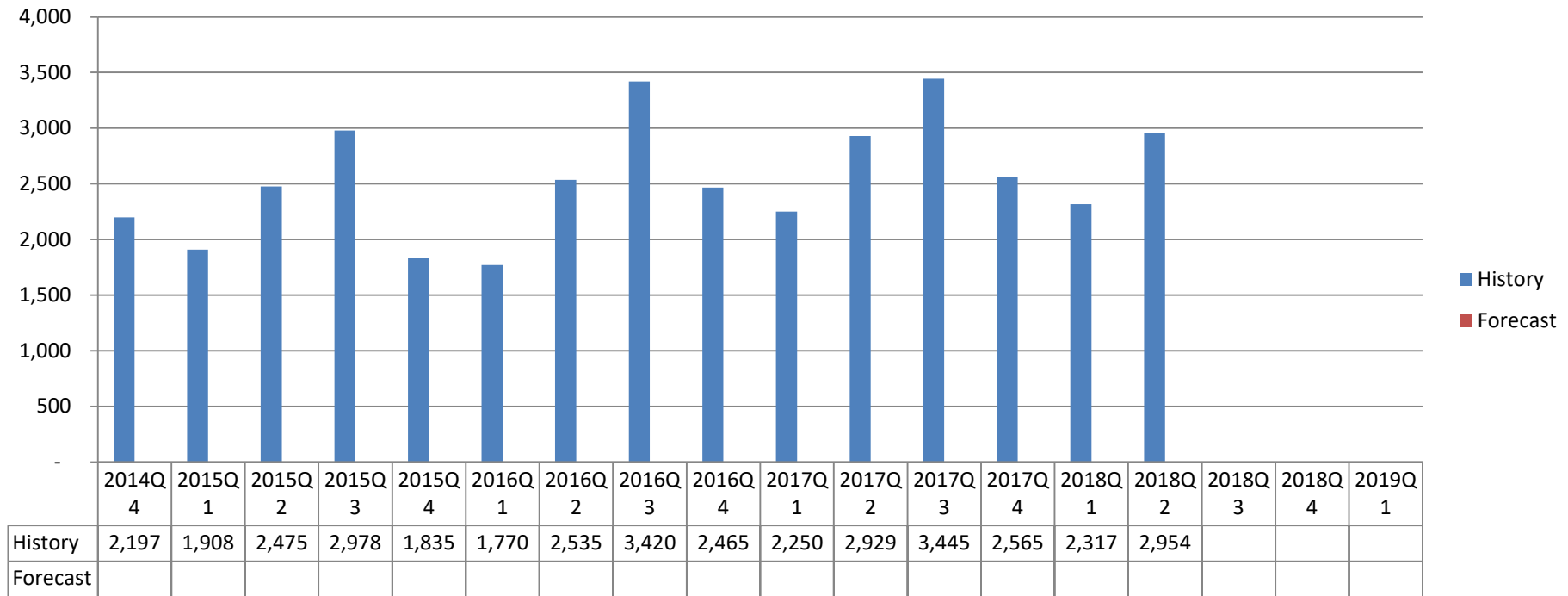
Source: HUD State of the Cities Data System

Georgetown Retail Sales (\$ Millions)



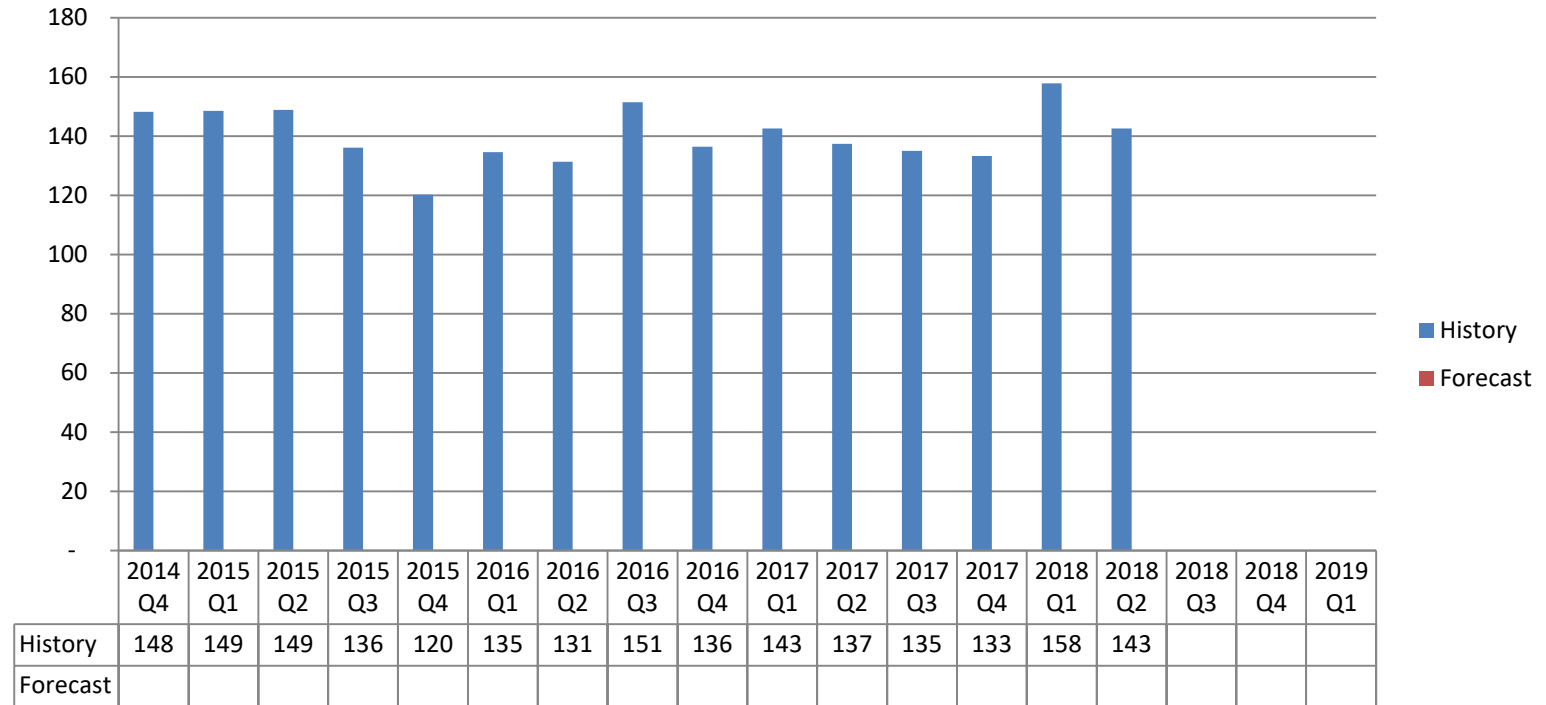
Source: SC Department of Revenue

Horry Retail Sales (\$ Millions)



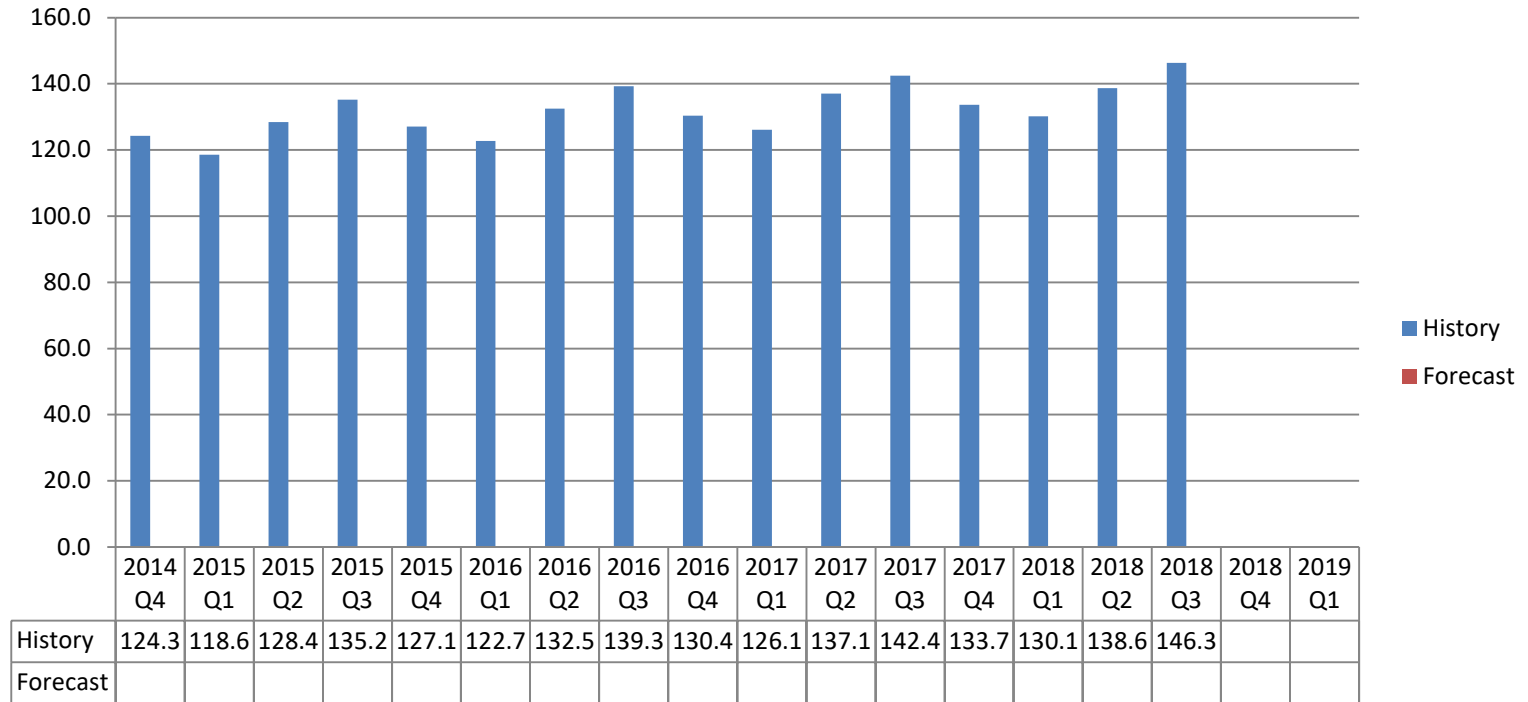
Source: SC Department of Revenue

Williamsburg Retail Sales (\$ Millions)



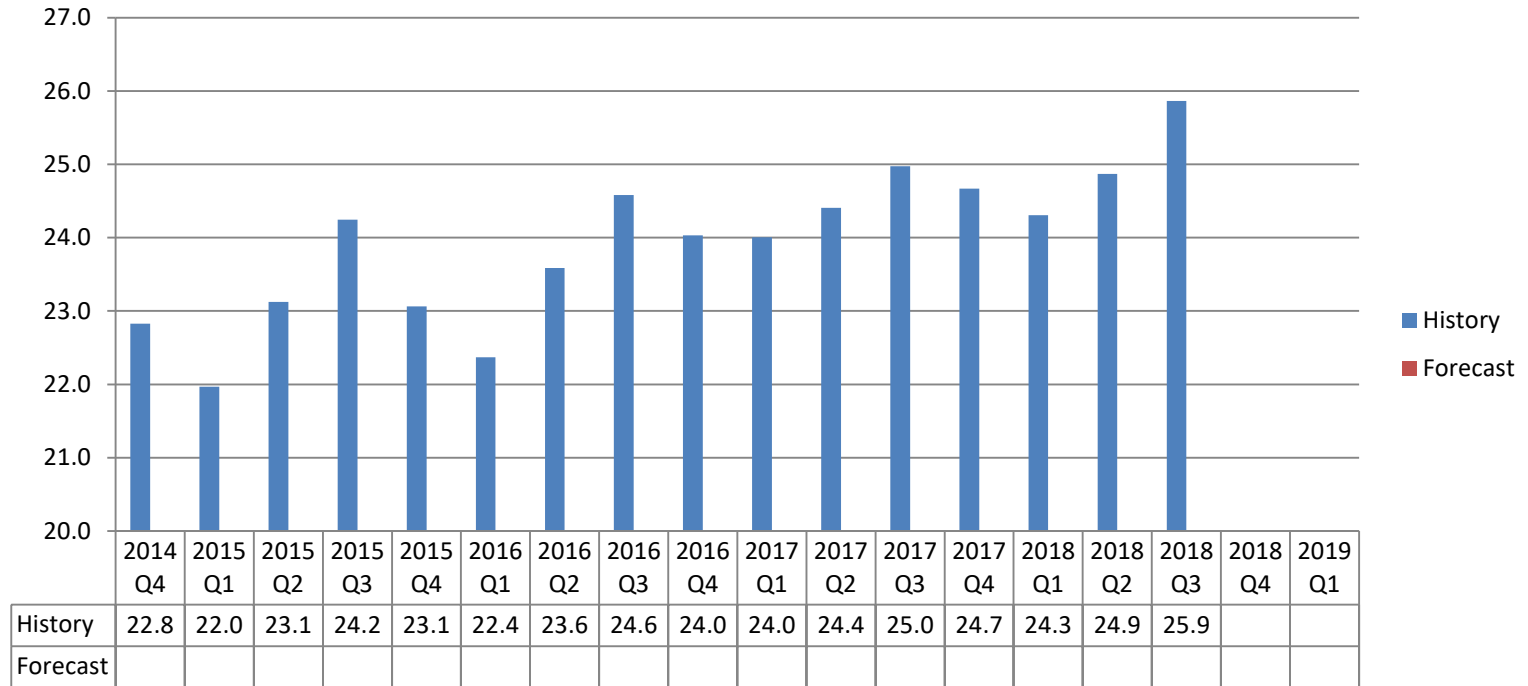
Source: SC Department of Revenue

Horry Employment (Thousands)



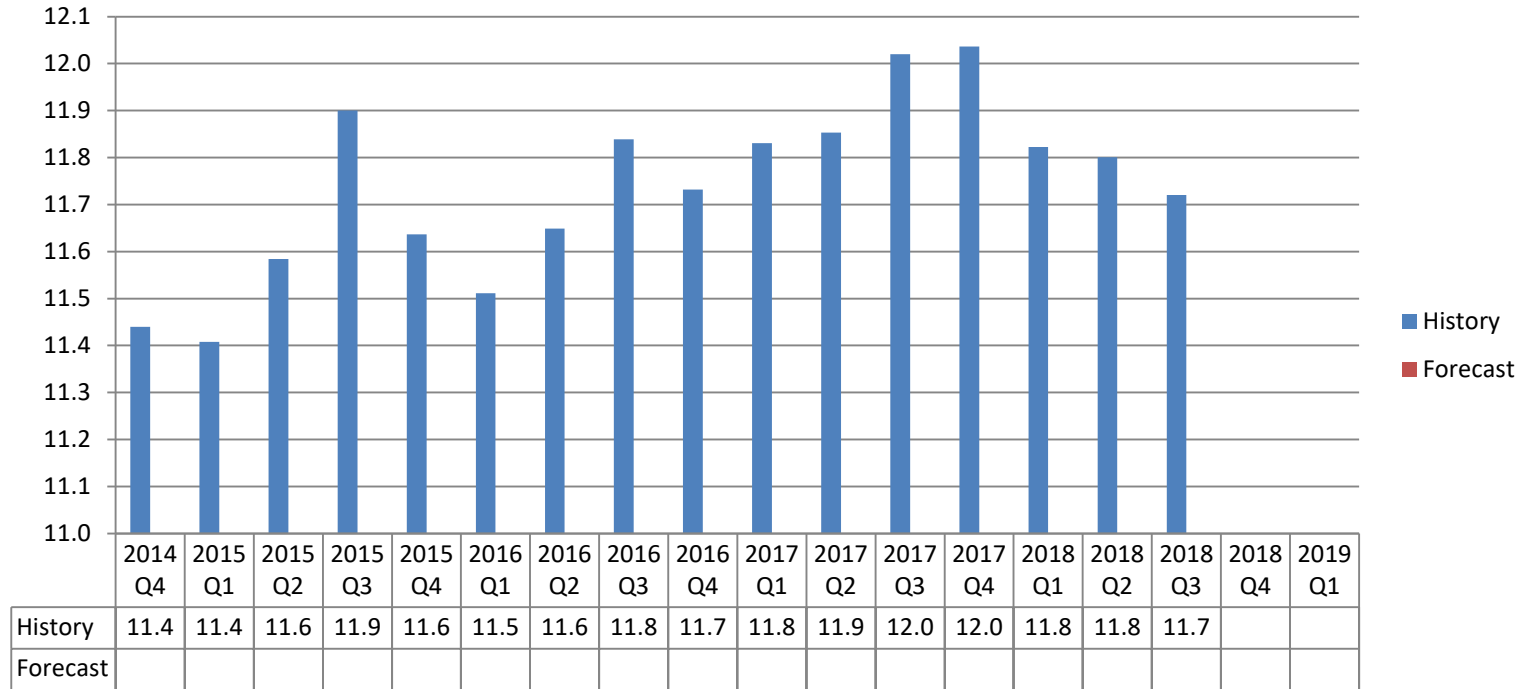
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Georgetown Employment (Thousands)



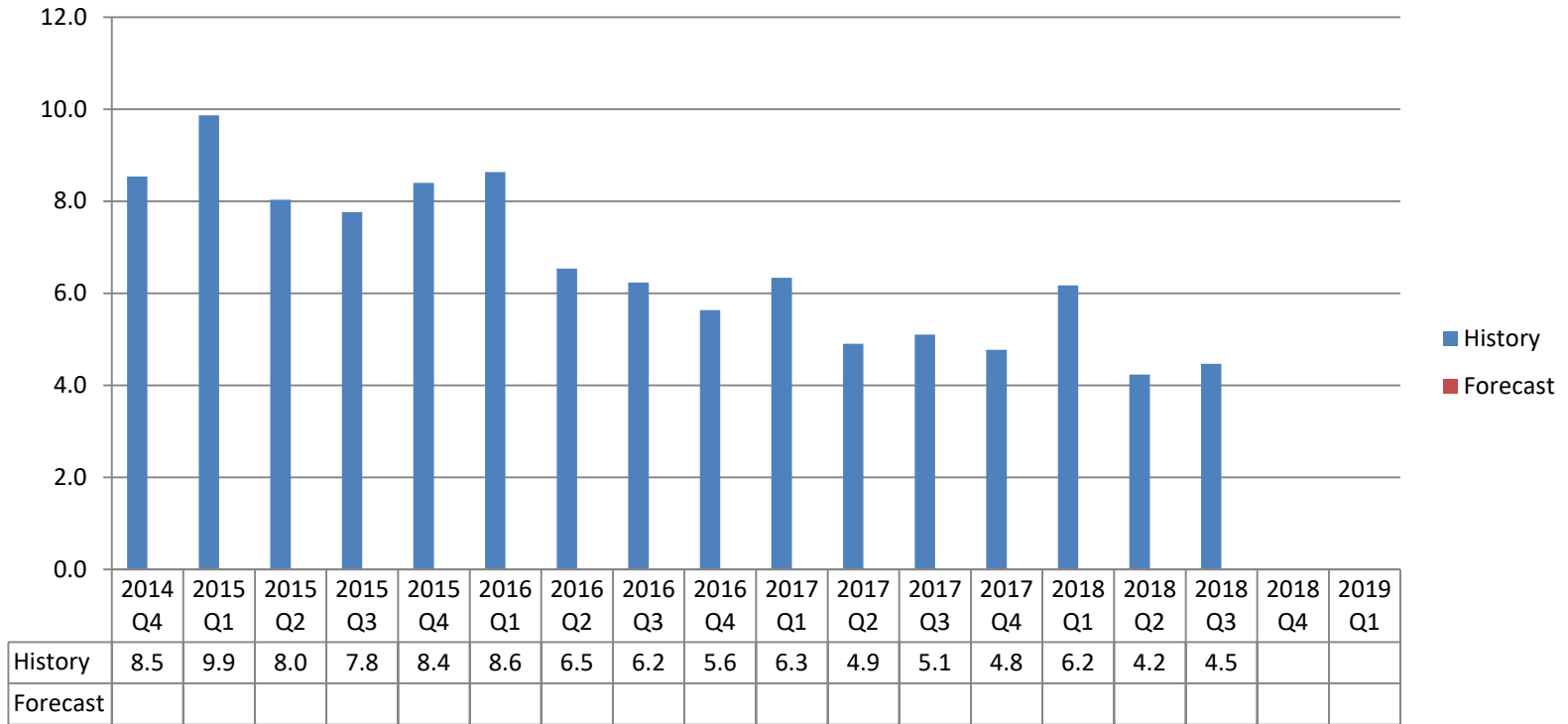
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Williamsburg Employment (Thousands)



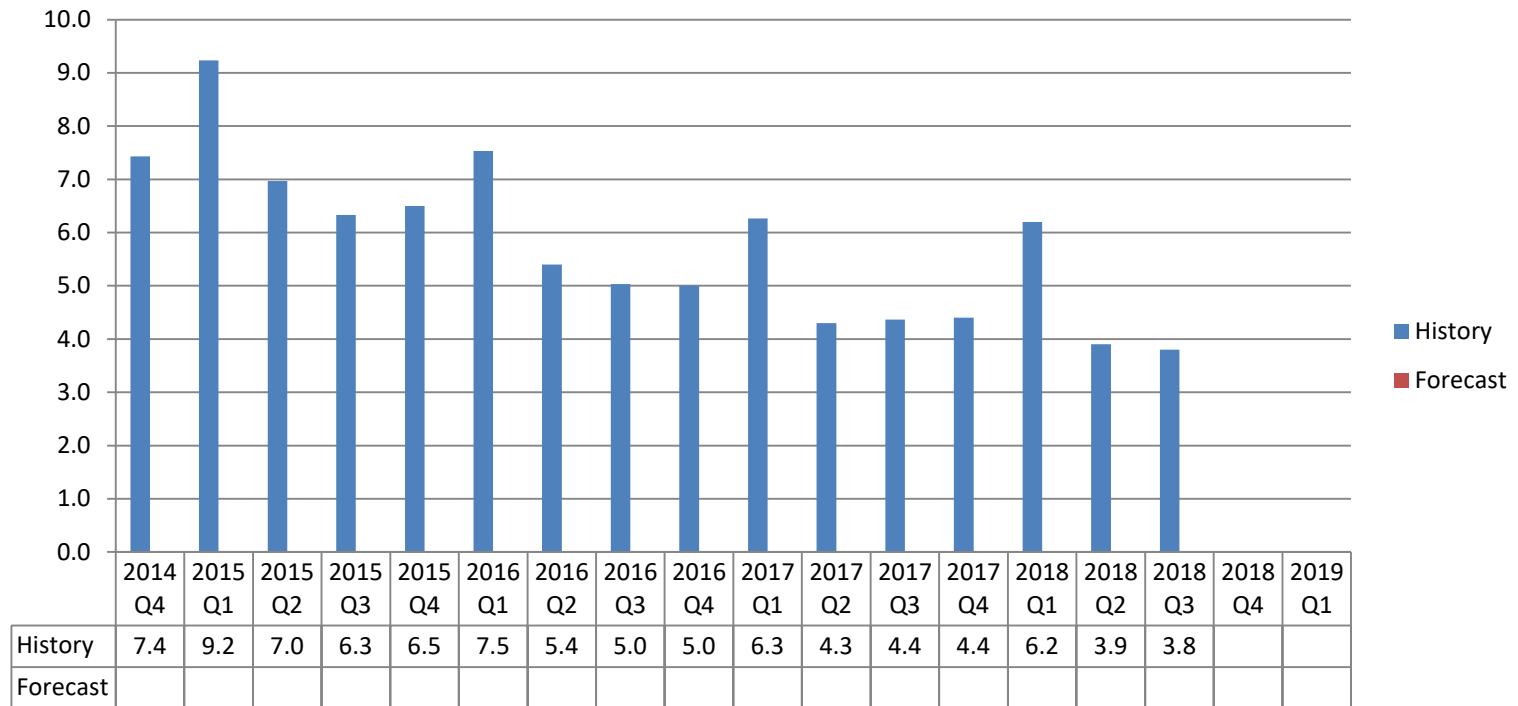
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Georgetown Unemployment Rate



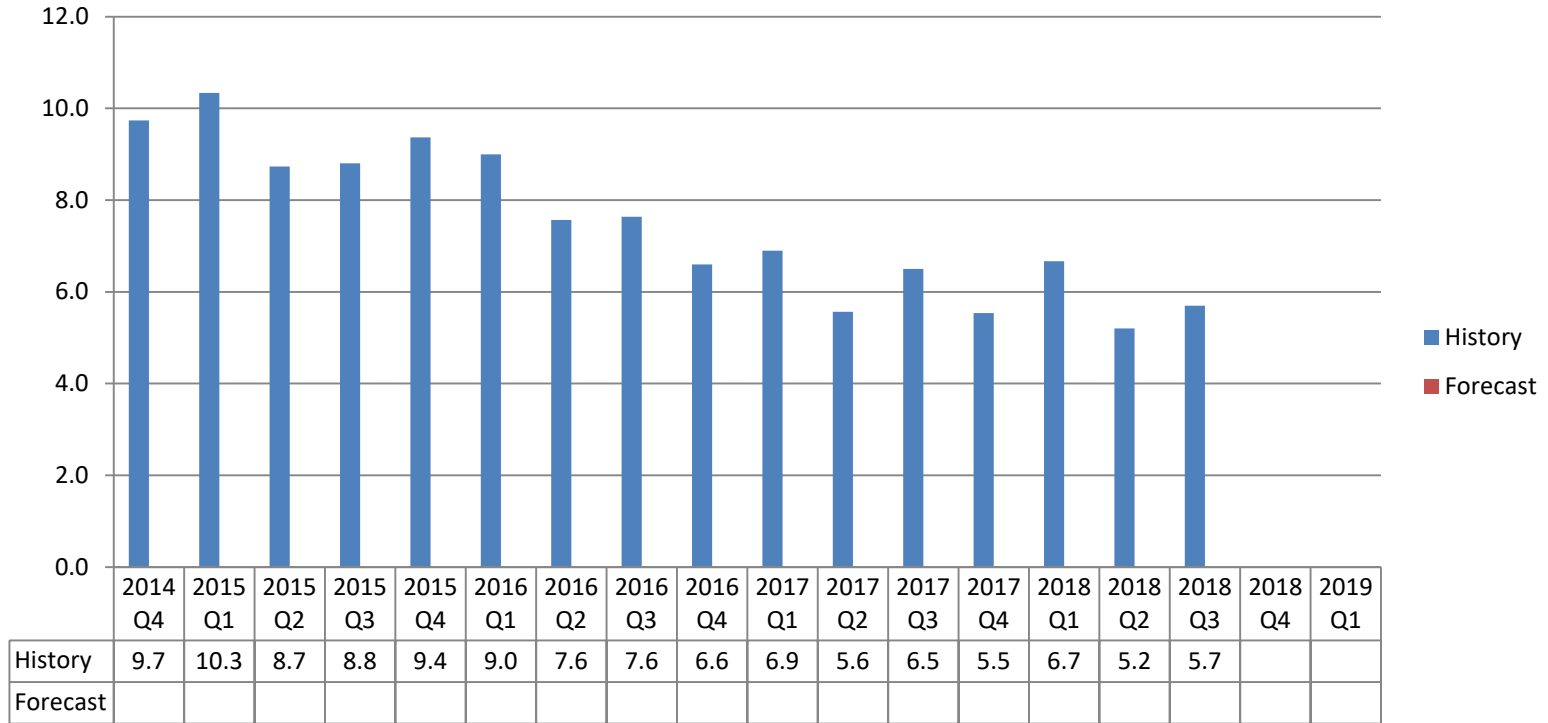
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Horry Unemployment Rate



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Williamsburg Unemployment Rate



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics