Waccamaw Regional Economic Outlook

Fall 2017

November 10, 2017
Robert F. Salvino, Ph.D.
Coastal Carolina University
Executive Summary

The Economic Outlook Board of the Waccamaw Council of Governments met on November 1, 2017. CCU economist, Robert Salvino, Ph.D., delivered the forecasts followed by an informational presentation of the Workforce Innovation and Opportunity Act and its impact and relevance to the Grand Strand region. Ayla Hemeon, Workforce and Development Director and Rusty Gaskins, WIOA Business Service Representative led the discussion.

The Waccamaw Region’s economy, comprised of Horry, Georgetown, and Williamsburg Counties, showed continued growth in the recent quarters, even though September storms and the shooting incident in July had short-term impacts on occupancy across the hotel-condotel-campground sector, affecting the summer quarter performance most noticeably with a 3.5% drop in the summer quarter occupancy rate year-over-year. Other tourism activity measures did not reveal the same level of impact from these isolated events, although the underlying monthly data was negative in July, recovering by August.

Horry County led employment growth in the summer quarter, with a 3.2% increase in year-over-year employment, adding over 3,200 jobs as the unemployment rate in the county dipped to 4.4%. The Myrtle Beach International Airport had another record summer and recently recorded its first-ever year of one million-plus annual passengers. Retail spending continued upward and the holiday season should be strong again. Residential construction continued its pace above the long-term average of construction volume, but prices remain at a sustainable level.

A potential risk factor on the horizon concerns the proposed Senate tax reform and the treatment of residential housing. We continue to monitor policy developments and will discuss potential impacts on the region’s economy.
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)

Source: U.S. Department of Commerce
U.S. Private Non-farm Employment (unadjusted)

Source: Bureau of Labor Statistics
U.S. Unemployment Rate - Private Non-farm (unadjusted)

Source: Bureau of Labor Statistics
SC Single Family Building Permits

Source: HUD State of the Cities Database
South Carolina Employment (Millions)

Source: Bureau of Labor Statistics
# Population and Growth, Select Counties

Population, percent change - April 1, 2010 to July 1, 2016

<table>
<thead>
<tr>
<th></th>
<th>4.7% Increase</th>
<th>to ......</th>
<th>323,127,513</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>4.7% Increase</td>
<td>to ......</td>
<td>323,127,513</td>
</tr>
<tr>
<td>South Carolina</td>
<td>7.1% Increase</td>
<td>4,961,119</td>
<td></td>
</tr>
<tr>
<td>North Carolina</td>
<td>6.4% Increase</td>
<td>10,146,788</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>County</th>
<th>Increase</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horry Co</td>
<td>19.7% Increase</td>
<td>322,342</td>
</tr>
<tr>
<td>Charleston Co</td>
<td>13.2% Increase</td>
<td>396,484</td>
</tr>
<tr>
<td>Greenville Co</td>
<td>10.5% Increase</td>
<td>498,766</td>
</tr>
<tr>
<td>New Hanover Co (NC)</td>
<td>10.3% Increase</td>
<td>223,483</td>
</tr>
<tr>
<td>Richland Co</td>
<td>6.5% Increase</td>
<td>409,549</td>
</tr>
</tbody>
</table>

Source: U.S. Census
### Demographic Indicators

(Last 12 months average)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Value of Own-Occ Housing</td>
<td>$243,200</td>
<td>$159,700</td>
<td>$214,300</td>
<td>$159,600</td>
<td>$68,300</td>
</tr>
<tr>
<td>BA Degree+</td>
<td>40.4%</td>
<td>22.8%</td>
<td>36.9%</td>
<td>25.8%</td>
<td>11.3%</td>
</tr>
<tr>
<td>Persons without health insurance under age 65 (%)</td>
<td>12.6%</td>
<td>17.4%</td>
<td>12.4%</td>
<td>13.8%</td>
<td>12.9%</td>
</tr>
<tr>
<td>With a disability, under age 65 (%)</td>
<td>7.1%</td>
<td>12.0%</td>
<td>8.9%</td>
<td>10.7%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Labor Force Participation (age 16+)</td>
<td>65.1%</td>
<td>59.0%</td>
<td>64.8%</td>
<td>51.40%</td>
<td>48.50%</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>$53,437</td>
<td>$43,299</td>
<td>$50,088</td>
<td>$42,835</td>
<td>$28,297</td>
</tr>
</tbody>
</table>

Source: U.S. Census
Comparing Real Estate Prices

Purchase-Only Mortgage Price Indices
Select MSA Areas

Source: Federal Housing Finance Agency
Employment gains more even

Horry Employment Level by Season

Means by Season
Annualized Real GDP Growth (%) 

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2,08</td>
<td>1,78</td>
<td>2,42</td>
<td>3,15</td>
<td>2,19</td>
<td>1,90</td>
<td>2,47</td>
<td>2,97</td>
<td>1,83</td>
<td>1,77</td>
<td>2,53</td>
<td>3,42</td>
<td>2,46</td>
<td>2,25</td>
<td>2,92</td>
<td>3,47</td>
<td>2,46</td>
<td>2,29</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Year/Quarter</th>
<th>History</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 Q4</td>
<td>22.1</td>
<td></td>
</tr>
<tr>
<td>2014 Q1</td>
<td>21.4</td>
<td></td>
</tr>
<tr>
<td>2014 Q2</td>
<td>22.6</td>
<td></td>
</tr>
<tr>
<td>2014 Q3</td>
<td>23.7</td>
<td></td>
</tr>
<tr>
<td>2014 Q4</td>
<td>22.8</td>
<td></td>
</tr>
<tr>
<td>2015 Q1</td>
<td>22.0</td>
<td></td>
</tr>
<tr>
<td>2015 Q2</td>
<td>23.1</td>
<td></td>
</tr>
<tr>
<td>2015 Q3</td>
<td>24.2</td>
<td></td>
</tr>
<tr>
<td>2015 Q4</td>
<td>23.1</td>
<td></td>
</tr>
<tr>
<td>2016 Q1</td>
<td>22.4</td>
<td></td>
</tr>
<tr>
<td>2016 Q2</td>
<td>23.6</td>
<td></td>
</tr>
<tr>
<td>2016 Q3</td>
<td>24.6</td>
<td></td>
</tr>
<tr>
<td>2016 Q4</td>
<td>24.0</td>
<td></td>
</tr>
<tr>
<td>2017 Q1</td>
<td>24.0</td>
<td></td>
</tr>
<tr>
<td>2017 Q2</td>
<td>24.4</td>
<td></td>
</tr>
<tr>
<td>2017 Q3</td>
<td>24.0</td>
<td></td>
</tr>
<tr>
<td>2017 Q4</td>
<td>25.0</td>
<td></td>
</tr>
<tr>
<td>2018 Q1</td>
<td></td>
<td>24.4</td>
</tr>
<tr>
<td>2018 Q2</td>
<td></td>
<td>24.1</td>
</tr>
</tbody>
</table>

Source: Local Area Unemployment Statistics, Bureau of Labor Statistics
Williamsburg Employment (Thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>11.1</td>
<td>11.1</td>
<td>11.3</td>
<td>11.7</td>
<td>11.4</td>
<td>11.6</td>
<td>11.9</td>
<td>11.6</td>
<td>11.5</td>
<td>11.6</td>
<td>11.8</td>
<td>11.7</td>
<td>11.8</td>
<td>11.9</td>
<td>12.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>11.1</td>
<td>11.1</td>
<td>11.3</td>
<td>11.7</td>
<td>11.4</td>
<td>11.6</td>
<td>11.9</td>
<td>11.6</td>
<td>11.5</td>
<td>11.6</td>
<td>11.8</td>
<td>11.7</td>
<td>11.8</td>
<td>11.9</td>
<td>12.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>11.1</td>
<td>11.1</td>
<td>11.3</td>
<td>11.7</td>
<td>11.4</td>
<td>11.6</td>
<td>11.9</td>
<td>11.6</td>
<td>11.5</td>
<td>11.6</td>
<td>11.8</td>
<td>11.7</td>
<td>11.8</td>
<td>11.9</td>
<td>12.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>11.1</td>
<td>11.1</td>
<td>11.3</td>
<td>11.7</td>
<td>11.4</td>
<td>11.6</td>
<td>11.9</td>
<td>11.6</td>
<td>11.5</td>
<td>11.6</td>
<td>11.8</td>
<td>11.7</td>
<td>11.8</td>
<td>11.9</td>
<td>12.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>11.1</td>
<td>11.1</td>
<td>11.3</td>
<td>11.7</td>
<td>11.4</td>
<td>11.6</td>
<td>11.9</td>
<td>11.6</td>
<td>11.5</td>
<td>11.6</td>
<td>11.8</td>
<td>11.7</td>
<td>11.8</td>
<td>11.9</td>
<td>12.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>11.1</td>
<td>11.1</td>
<td>11.3</td>
<td>11.7</td>
<td>11.4</td>
<td>11.6</td>
<td>11.9</td>
<td>11.6</td>
<td>11.5</td>
<td>11.6</td>
<td>11.8</td>
<td>11.7</td>
<td>11.8</td>
<td>11.9</td>
<td>12.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>9.1</td>
<td>9.5</td>
<td>7.8</td>
<td>8.2</td>
<td>8.5</td>
<td>9.9</td>
<td>8.0</td>
<td>7.8</td>
<td>8.4</td>
<td>8.6</td>
<td>6.5</td>
<td>6.2</td>
<td>5.6</td>
<td>6.3</td>
<td>4.9</td>
<td>5.1</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>9.5</td>
<td>7.8</td>
<td>8.2</td>
<td>9.9</td>
<td>8.0</td>
<td>7.8</td>
<td>8.4</td>
<td>8.6</td>
<td>6.5</td>
<td>6.2</td>
<td>5.6</td>
<td>6.3</td>
<td>4.9</td>
<td>5.1</td>
<td>4.9</td>
<td>5.5</td>
<td></td>
</tr>
</tbody>
</table>

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
### Airport Deplanements (thousands)
- History
  - Previous Quarter: Summer 2017: 439.0
  - Forecast Quarter:
    - Current: Fall 2017: 238.5
    - Next: Winter 2018: 133.2
  - Previous Quarter: Summer 2017: 17.0
  - Forecast Quarter:
    - Current: Fall 2017: 9.2
    - Next: Winter 2018: 9.8

### Occupancy Rate (Full Week)
- History
  - Previous Quarter: Summer 2017: 78.6
  - Forecast Quarter:
    - Current: Fall 2017: 43.9
    - Next: Winter 2018: 33.2
  - Previous Quarter: Summer 2017: -3.5
  - Forecast Quarter:
    - Current: Fall 2017: -1.6
    - Next: Winter 2018: 0.6

### Average Daily Rate (Full Week)
- History
  - Previous Quarter: Summer 2017: 173.7
  - Forecast Quarter:
    - Current: Fall 2017: $85.6
    - Next: Winter 2018: $68.7
  - Previous Quarter: Summer 2017: 4.8
  - Forecast Quarter:
    - Current: Fall 2017: 4.1
    - Next: Winter 2018: 4.3

### Horry County 1.5% Hosp. Fee Revenue ($millions)
- History
  - Previous Quarter: Summer 2017: $17.3
  - Forecast Quarter:
    - Current: $7.7
    - Next: $5.1
  - Previous Quarter: Summer 2017: 2.6
  - Forecast Quarter:
    - Current: 2.8
    - Next: 4.9

### Occupancy Rate (Full Week)
- History
  - Previous Quarter: Summer 2017: $13.0
  - Forecast Quarter:
    - Current: $3.8
    - Next: $1.6
  - Previous Quarter: Summer 2017: 3.1
  - Forecast Quarter:
    - Current: 2.1
    - Next: 4.3

### Admissions Tax Revenue ($millions)
- History
  - Previous Quarter: Summer 2017: No update from SCDOR since April 2016
  - Forecast Quarter:
    - Current: No update from SCDOR since April 2016
    - Next: No update from SCDOR since April 2016

### Regional SF Building Permits
- Analysis Pending Historical Reporting Analysis
- Analysis Pending Historical Reporting Analysis

### Regional MF Building Permits
- Analysis Pending Historical Reporting Analysis
- Analysis Pending Historical Reporting Analysis

### Retail Sales ($millions)
- Georgetown County
  - History: $391.3
  - Forecast Quarter:
    - Current: $316.1
    - Next: $304.4
  - Previous Quarter: $1.0
  - Forecast Quarter:
    - Current: -1.5
    - Next: 0.5
- Horry County
  - History: $3,470.7
  - Forecast Quarter:
    - Current: $2,466.9
    - Next: $2,297.5
  - Previous Quarter: 1.5
  - Forecast Quarter:
    - Current: 0.1
    - Next: 2.1
- Williamsburg County
  - History: $136.6
  - Forecast Quarter:
    - Current: $136.3
    - Next: $144.0
  - Previous Quarter: -9.8
  - Forecast Quarter:
    - Current: -0.1
    - Next: 1.2

### Employment (thousands)
- Georgetown County
  - History: 24,972
  - Forecast Quarter:
    - Current: 24,439
    - Next: 24,131
  - Previous Quarter: 1.6
  - Forecast Quarter:
    - Current: 1.7
    - Next: 0.5
- Horry County
  - History: 142,435
  - Forecast Quarter:
    - Current: 133,398
    - Next: 129,544
  - Previous Quarter: 2.3
  - Forecast Quarter:
    - Current: 2.3
    - Next: 2.7
- Williamsburg County
  - History: 12,020
  - Forecast Quarter:
    - Current: 11,820
    - Next: 11,860
  - Previous Quarter: 1.5
  - Forecast Quarter:
    - Current: 0.8
    - Next: 0.2

### Unemployment Rate
- Georgetown County
  - History: 5.1
  - Forecast Quarter:
    - Current: 4.9
    - Next: 5.5
  - Previous Quarter: -1.1
  - Forecast Quarter:
    - Current: -0.8
    - Next: -0.9
- Horry County
  - History: 4.4
  - Forecast Quarter:
    - Current: 4.5
    - Next: 5.6
  - Previous Quarter: -0.7
  - Forecast Quarter:
    - Current: -0.5
    - Next: -0.7
- Williamsburg County
  - History: 6.5
  - Forecast Quarter:
    - Current: 5.7
    - Next: 6.1
  - Previous Quarter: -1.1
  - Forecast Quarter:
    - Current: -0.9
    - Next: -0.8

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, Accomodations 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 2016 is the percent change between Summer 2016 and Summer 2015. Rate given is absolute change for: Occupancy Rate, ADR and Unemployment Rates. For example, the given change for the Occupancy Rate during Summer 2016 is simply the Summer 2016 Occupancy Rate minus the Summer 2015 Occupancy Rate.