

# Grand Strand Economic Quarterly Report

## Second Quarter - 2012

Welcome to the second issue of the new Grand Strand Economic Quarterly report, a combined effort of SiteTech Systems and the Wall College of Business's Center for Economic and Community Development at Coastal Carolina University. We are pleased to provide the quarterly economic report of the overall economic climate of the Grand Strand economy, specifically Horry and Georgetown Counties.

For the first time since the recession began, the Grand Strand's two major economic sectors have simultaneously produced positive results. Tourism has been recovering since 2010, while real estate and construction are just beginning to show signs of life and attempt a modest recovery. This positive development in real estate and construction is consistent with the overall development in the national housing economy.

Job growth is slowly returning to the Grand Strand. Unemployment continues to decrease from the same period last year. For the quarter, Horry County unemployment rate decreased 150 basis points while Georgetown County decreased 210 basis points.

Real estate continues to improve in the 2<sup>nd</sup> quarter as the number of SFR and condo/townhome sales increase and excess inventory is decreasing. The median sales prices are still lower than last year; however, sales prices will increase as the distressed properties continue to be pushed through the inventory. SFR building permits have increased over 40% from the same period last year as well-located subdivisions continue to attract buyers and builders.

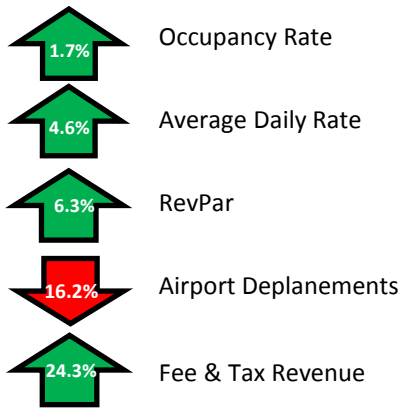
Tourism has also experienced growth compared to the 2<sup>nd</sup> quarter of 2011, seeing improvements in occupancy, ADR and RevPar. Also, tax revenue has increased more than 25% as the area is experiencing more visitors and they are spending more while visiting the Grand Strand.

### Grand Strand Indicators

#### Employment



#### Tourism

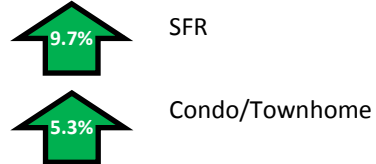


#### Real Estate

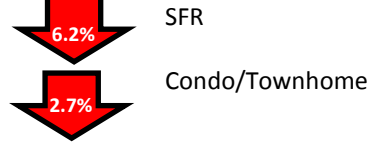
##### Inventory



##### Sales



##### Median Sales Price



##### Building Permits



# Employment

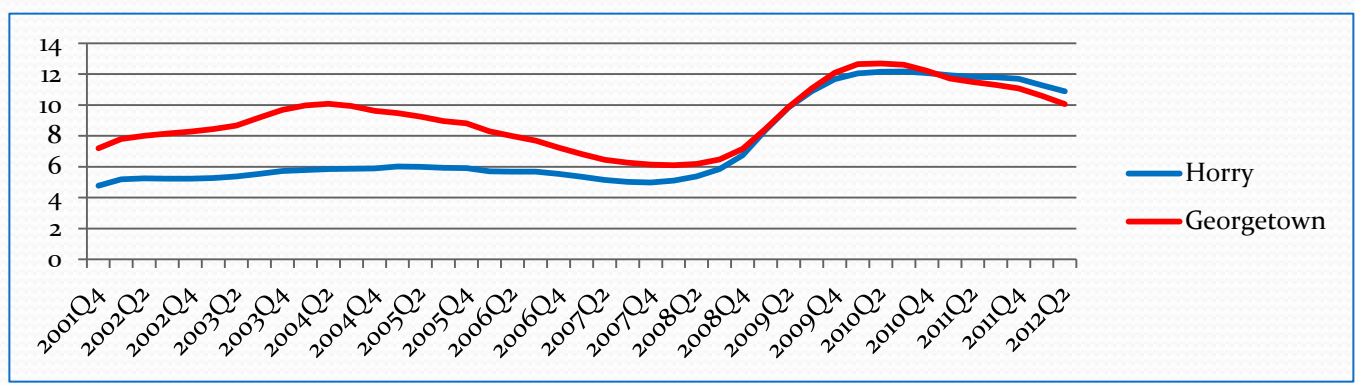
**Horry County**

9.9 % Unemployment

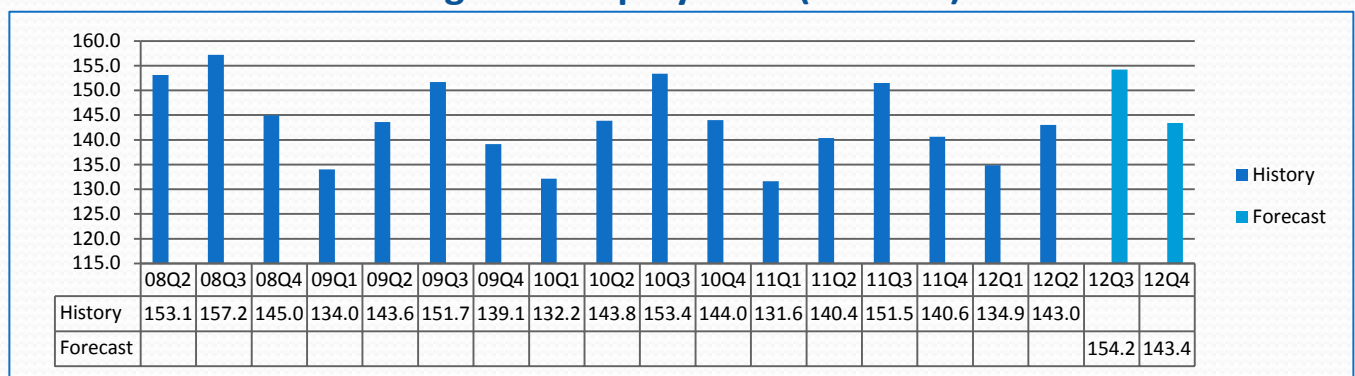
**Georgetown County**

8.7% Unemployment

## Unemployment Rate By County (52-week Moving Average)



## Regional Employment (millions)



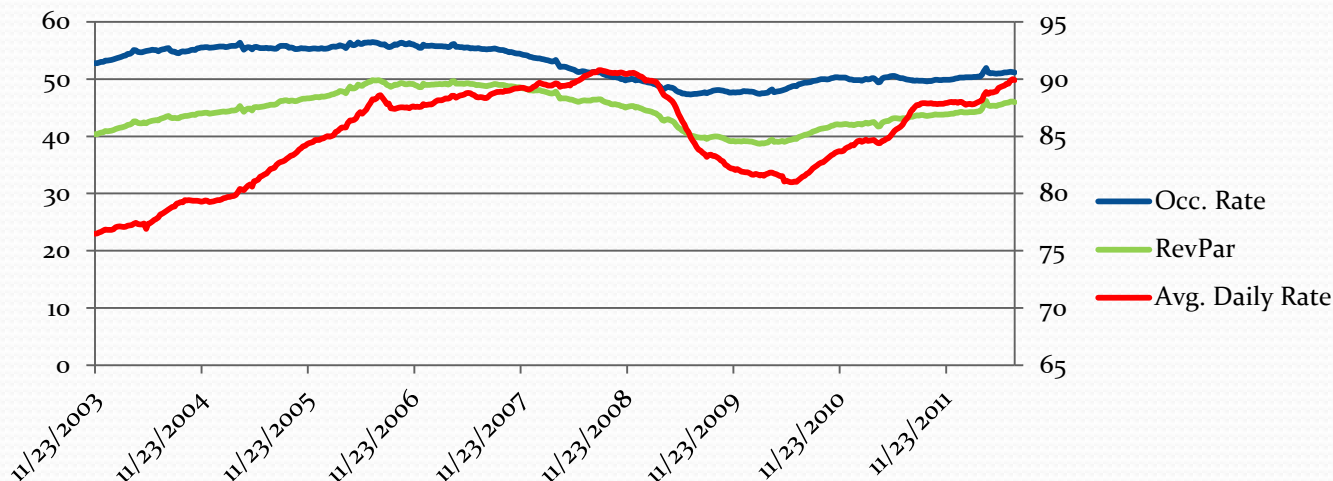
Source: SC Department of Employment & Workforce

Horry county's unemployment rate for the second quarter of 2012 averaged 9.9% and represents a decline of 1.5 points from the rate of 11.4% in the second quarter of last year. The unemployment rate in the second quarter is generally better than the first quarter due to the seasonal nature of tourism activity resulting in the varying demand for labor. The 4-quarter moving average minimizes this variation and provides a clearer picture of the movement of unemployment overall. In the second quarter of 2012, the unemployment rate measured by this moving average stood at 10.9%. The overall unemployment rate is generally declining from its peak in 2010. Following this trend, the unemployment rates for the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2012 should continue to fall compared with the previous year's period rates.

Georgetown County's unemployment rate for the second quarter of 2012 averaged 8.7% and represents a decline of 2.1 points from the rate of 10.8% in the second quarter of last year. The unemployment rate in Georgetown County in the second quarter is generally better than the first quarter due to the seasonal nature of tourism activity, although the variation is not as dramatic as that of Horry County, owing to the heavier manufacturing base as a proportion of the overall economy in the county. The unemployment rate in Georgetown County measured by the 4-quarter moving average stood at 10.1% in the second quarter of 2012. The overall unemployment rate in Georgetown County is also generally declining from its peak in 2010. Following this trend, the unemployment rates for the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2012 should continue to fall compared with the previous year's period rates.

# Tourism

## 52-Week Moving Average of Hotel, Condotel and Campground Rentals



Source: CCU Clay Brittain Jr. Center for Resort Tourism

## ADR

The Average Daily Rate (ADR) for vacation accommodations is a seasonally sensitive measure owing to the fluctuation in tourism activity from summer to winter months. In 2011 the ADR, excluding beach house rentals, averaged a high of \$136.7 in the summer months and a low of \$54.9 in the winter months. For measuring the strength of the economy, a more suitable long-term measure of this activity is the 52-week moving average. 2012's second quarter 52-week moving average of \$88.63 is \$3.88 (4.6%) higher than the second quarter of 2011, \$84.75.

## Occupancy Rate

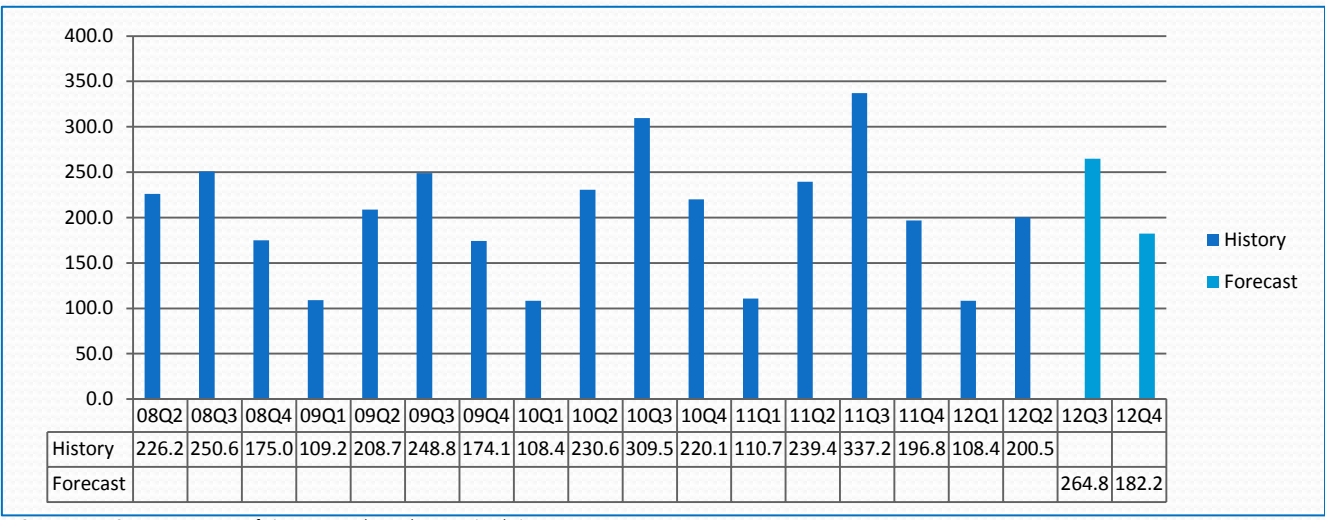
The occupancy rate for vacation accommodations excluding beach house rentals is similarly a seasonally sensitive measure. In 2011 the occupancy rate averaged a high of 77.3% in the summer months and a low of 26.3% in the winter months. The 52-week moving average for the second quarter of 2012 stood at 50.95%, a 1.7% increase from the same quarter of 2011.

## RevPar

The Revenue Per Available Room (RevPar) for vacation accommodations measures the average revenue per room night based on the average occupancy rate and average daily rate. Also a seasonally sensitive measure, RevPar for accommodations, excluding beach house rentals, averaged a high of \$105.7 in the summer months of 2011 and a low of \$14.40 in the winter. The 52-week moving average for the second quarter of 2012 stood at \$45.16, an increase of \$2.69 (6.3%) over the \$42.47 average for the second quarter of 2011.

# MYR Airport

There were 200,500 deplanements at the Myrtle Beach International Airport (MYR) in the 2<sup>nd</sup> quarter of 2012. This is down 38,900 deplanements (16.2%) from the 2<sup>nd</sup> quarter of 2011. In March of 2012 a major Myrtle Beach carrier, Direct Air, filed for bankruptcy and cancelled all flights indefinitely. To compound this challenge, Spirit Airlines moved jets around to accommodate new markets, and Myrtle Beach suffered a reduction in seats as a result. Vision Airlines added non-stop flights between Myrtle Beach and mid-west destinations in Ohio, Kentucky, and Indiana. Fuel costs are also a concern, but the rising prices of the spring have subdued, bringing some relief to air travelers; however, the price of air travel is still higher than in previous years and is beginning to increase on the back of once again rising fuel prices.



Source: Horry County Department of Airports – Myrtle Beach International Airport

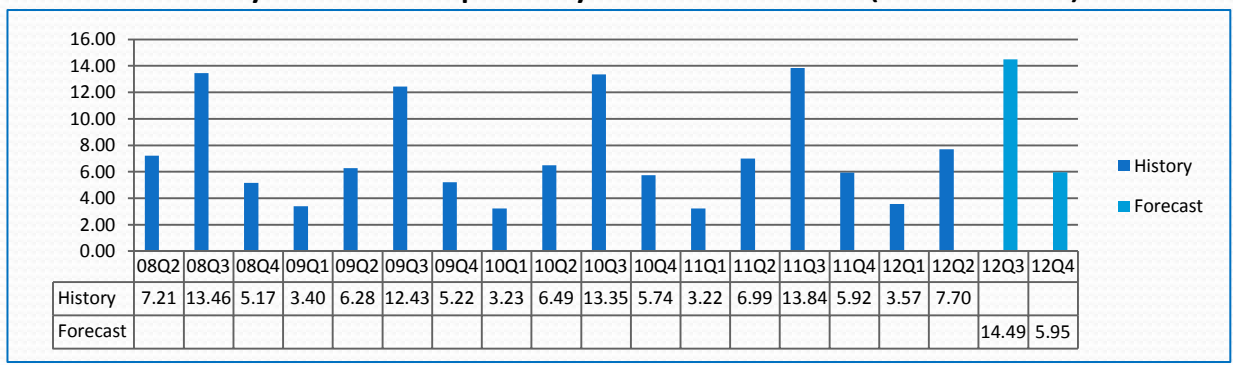
The Myrtle Beach International Airport has begun an expansion which will add an terminal, taking the total number of gates from 7 to 13. The expansion is expected to be complete in early 2013.



# Tourism Tax Revenue

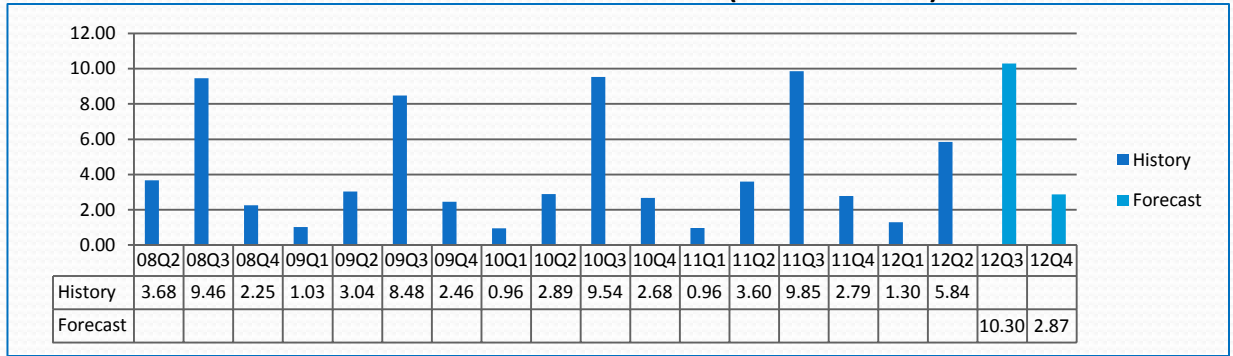
We monitor three separate taxes on tourism activity in the Grand Strand: the Horry County-wide 1.5% hospitality fee, the state accommodations tax assessed in Horry and Georgetown Counties, and the state admissions tax assessed in Horry and Georgetown Counties. Revenue from these three sources totaled \$16.42 million in the 2<sup>nd</sup> quarter of 2012, an increase of \$3.21 million (24.3%) from the 2<sup>nd</sup> quarter of 2011.

## Horry 1.5% Hospitality Fee Revenue (\$ Millions)



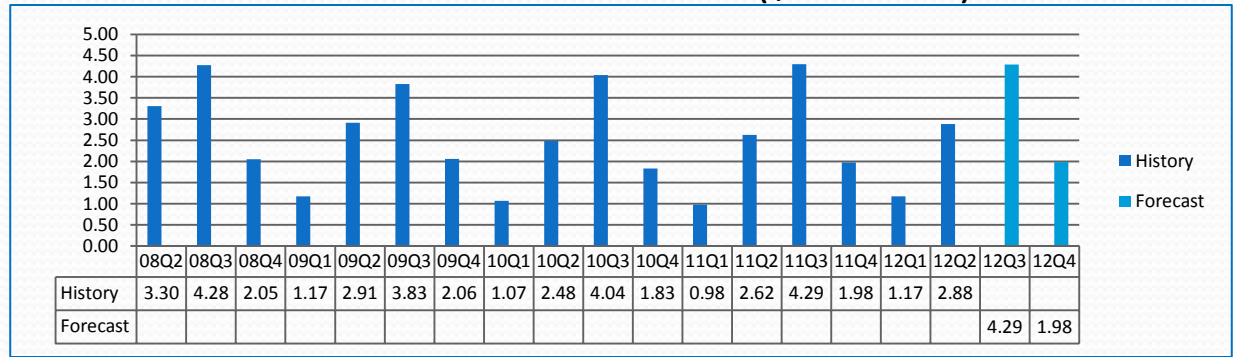
Source: Horry County Government

## Accommodations Tax (\$ Millions)



Source: Horry County Government

## 5% State Admissions Tax (\$ Millions)

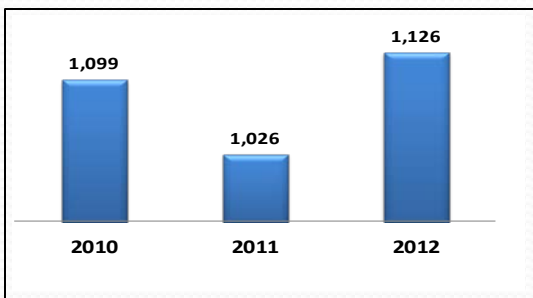


Source: South Carolina Department of Revenue

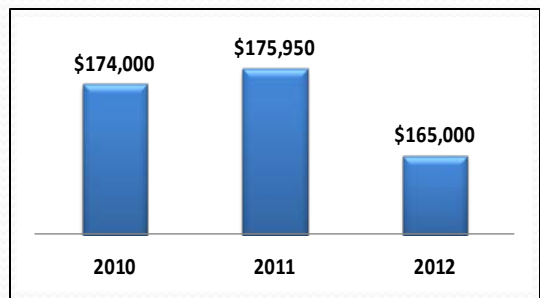
# Real Estate

## SFR Sales Activity

2<sup>nd</sup> Quarter # of Sales

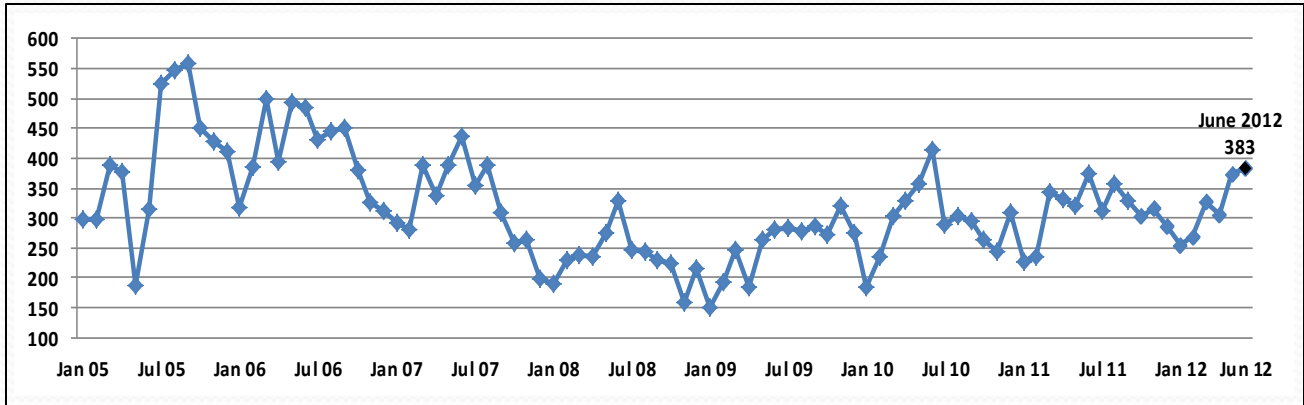


2<sup>nd</sup> Quarter Median Sales Price

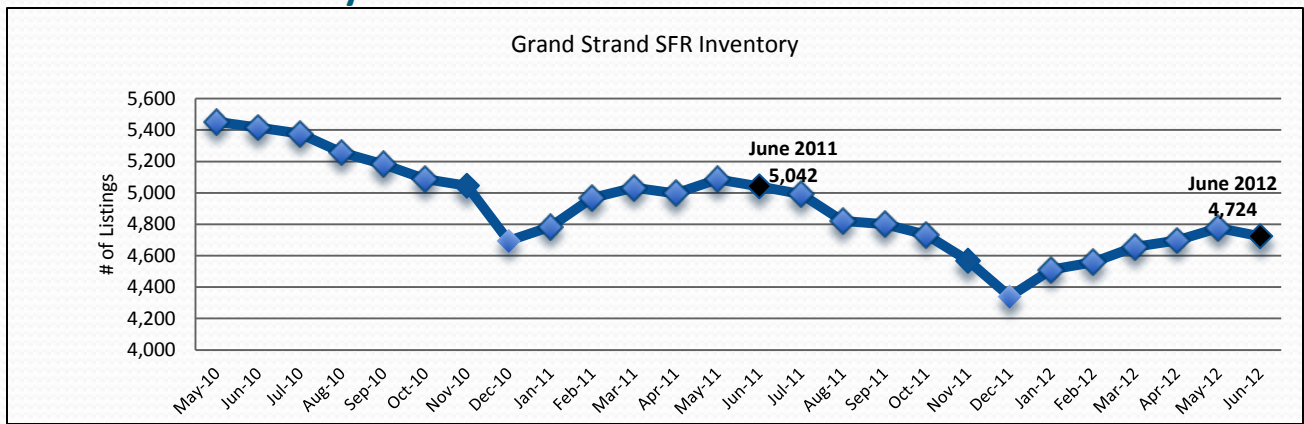


There were 1,126 single family residence sales with a median sales price of \$165,000 in Horry and Georgetown Counties in the 2<sup>nd</sup> quarter of 2012. Sales are up 9.7% while the median sales price is down 6.2% from the same period in 2011. The SFR inventory at the end of the 2<sup>nd</sup> quarter was 4,724 homes, a decrease of 6.3% from the same period in 2011.

### Historical Sales Activity



### Historical Inventory Levels

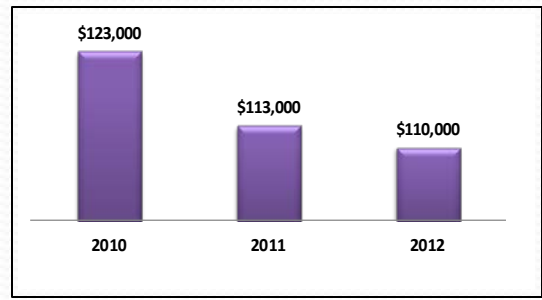


Source: CCAR MLS & SiteTech Systems

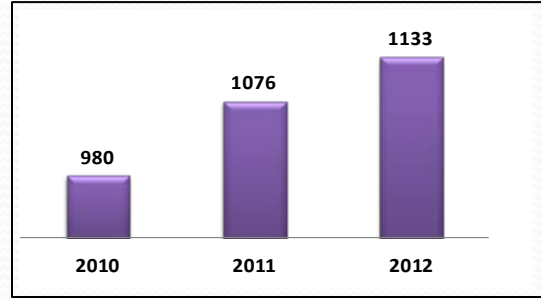
# Real Estate

## Condo/Townhome Sales Activity

2<sup>nd</sup> Quarter Median Sales Price

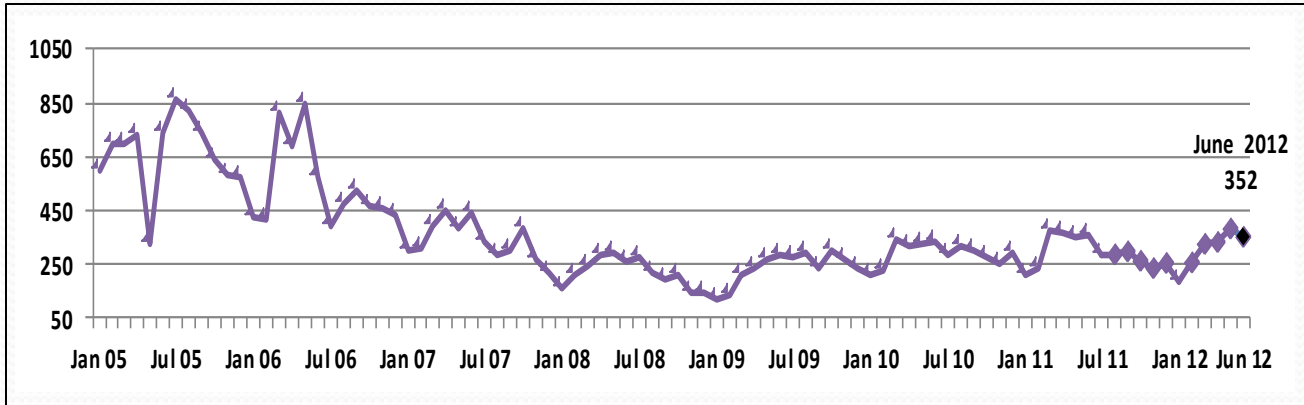


2<sup>nd</sup> Quarter # of Sales

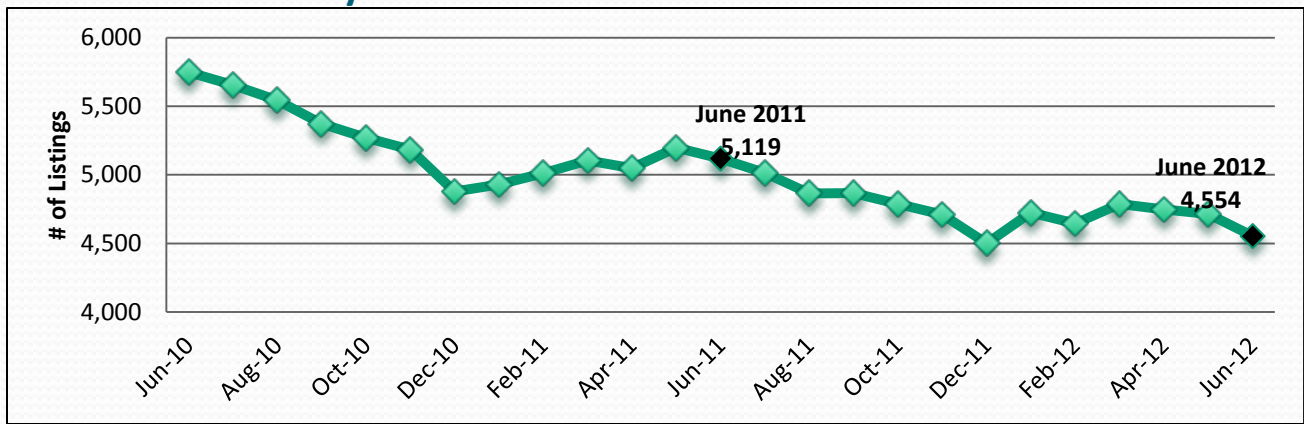


There were 1,133 condo/townhome sales in Horry and Georgetown Counties in the 2<sup>nd</sup> quarter of 2012 with a median sales price of \$110,000. The number of sales is up 5.3% while median sales price is down 2.7% from the same period in 2011. The condo/townhome inventory at the end of the 2<sup>nd</sup> quarter was 4,554 units, a decrease of 11.0% from the same period last year.

### Historical Sales Activity

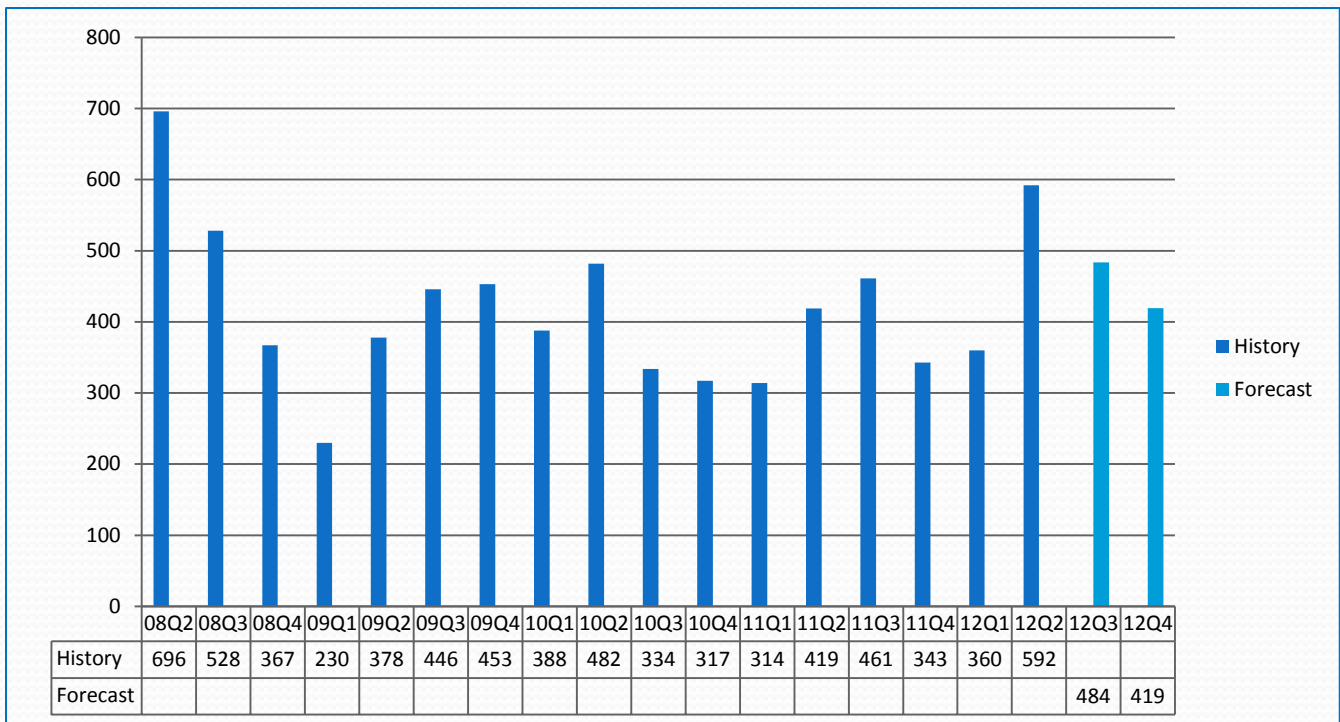


### Historical Inventory Levels



# Real Estate Building Permits

## Single Family



Source: US Census Bureau of Statistics

There were 592 building permits issued in the second quarter of 2012 for single family homes in Horry and Georgetown Counties combined. This is an increase of 41.3% over the 419 permits issued in the 2<sup>nd</sup> quarter of 2011.