

Grand Strand Economic Quarterly Report

First Quarter - 2013

Welcome to the fifth 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.

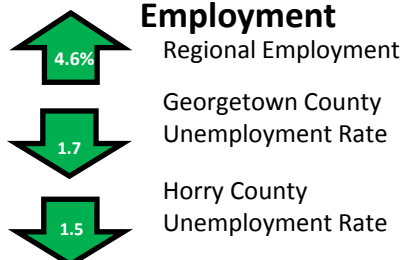
Employment gains in the region have been modest as the unemployment rate continues to fall, resembling the fact that unemployed people are leaving the labor force faster than jobs are being created. Consumer spending has been stable to moderately growing, at a pace in line with inflation.

The unusually cold winter and early Easter had a negative impact on the tourism economy, but the summer quarter should compare favorably with last year, with some growth year-over-year. Opposing forces from a national perspective will play out over the coming year. On one hand, the continued growth in the stock market has positively affected household wealth, particularly for the retiree demographic, which could have positive effects in tourism and housing. On the other hand, fiscal uncertainty associated with the budget debate as well as the expiration of the 2 percentage point reduction in the payroll tax will weigh on investor and consumer confidence throughout the year.

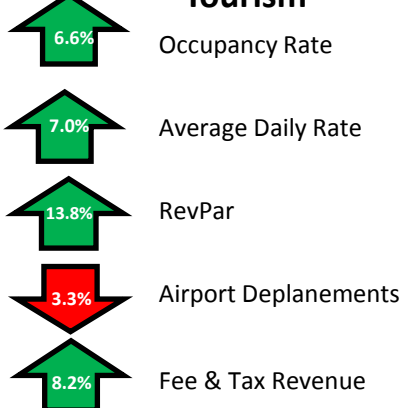
The national housing market recovery has been the big economic news of the last quarter. The S&P/Case-Shiller home price index of the 20 largest metropolitan areas showed over 9 percent year-over-year price appreciation in residential homes. However, percentage change ranged from a high of 23 percent in Phoenix to a low of 1.9 percent in New York City. Locally, permits for new single family homes have surged 52 percent in Horry County, year-over-year, while Georgetown County permits are up 14 percent on much lower volume.

Grand Strand Indicators

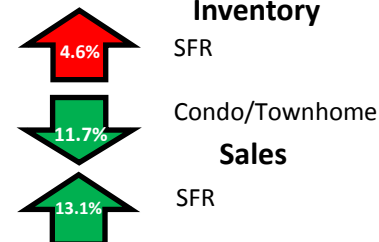
Employment



Tourism



Real Estate Inventory



Sales



Median Sales Price



Building Permits



Employment

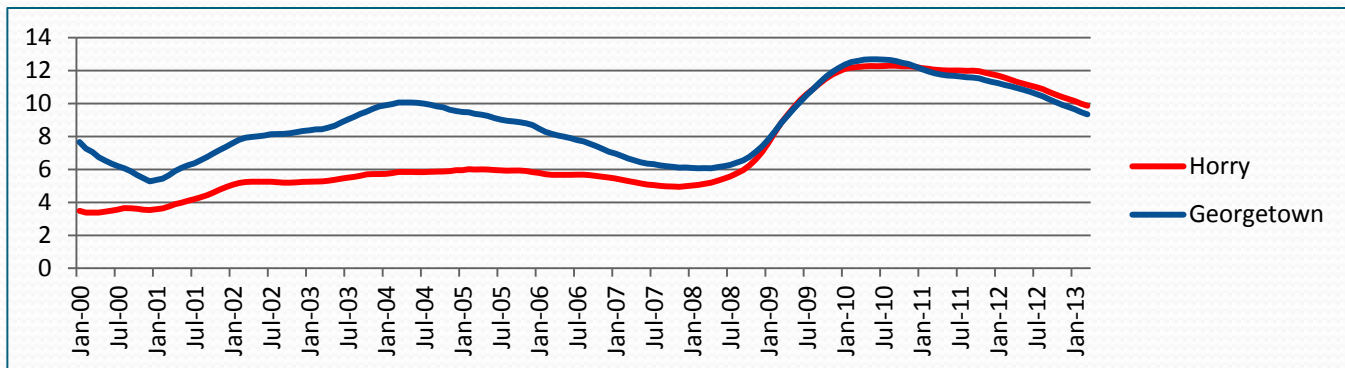
Horry County

9.4% Unemployment

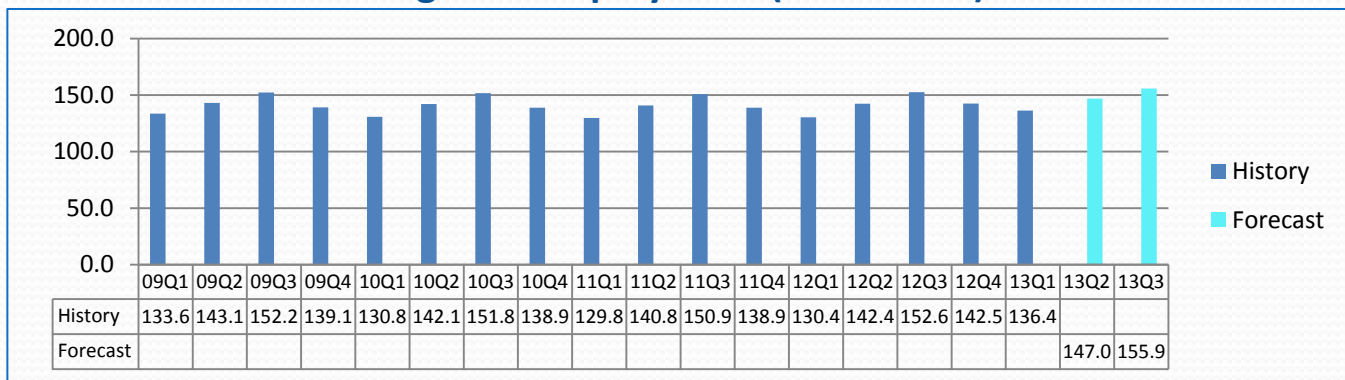
Georgetown County

8.8% Unemployment

Unemployment Rate By County (12-Month Moving Average)



Regional Employment (Thousands)



Source: SC Department of Employment & Workforce

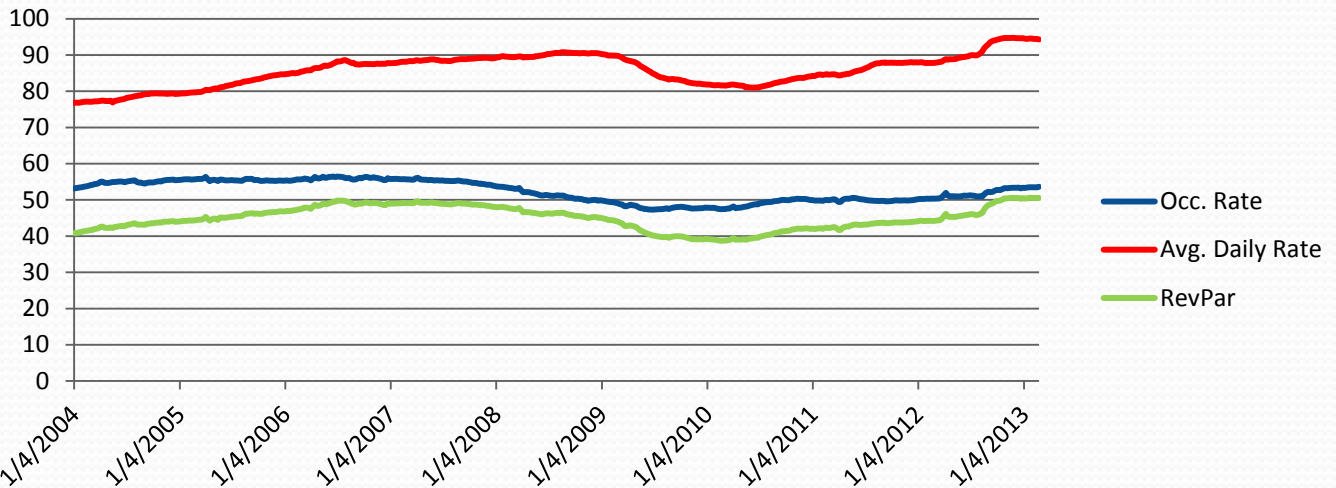
Horry county's unemployment rate was 9.4% in March 2013. This is a year over year decrease of 1.5 points from 10.9% in March 2012. The 12-month moving average minimizes this variation and provides a clearer picture of the movement of unemployment overall. At the end of the first quarter of 2013, the unemployment rate measured by this moving average stood at 9.87%. The overall unemployment rate is generally declining from its peak in 2010.

Georgetown County's unemployment rate was 8.8% in March 2013. This is a decrease of 1.7 points from the rate of 10.5% in March 2012. The unemployment rate in Georgetown County measured by the 12-month moving average stood at 9.3% at the end of the first quarter of 2013. The overall unemployment rate in Georgetown County is also generally declining from its peak in 2010. Georgetown County continues to maintain a lower unemployment rate than Horry County due to its heavy manufacturing base.

Regionally, the first quarter has a higher unemployment rate due to the end of seasonal employment for the winter holidays. The unemployment rate has continued to decline since 2010 in both Horry and Georgetown Counties quarter over quarter as regional employment continues to increase. Regional employment increased to 136,400 workers in the first quarter of 2013. This is an increase of 6,000 employed (4.6%) from the 130,400 workers in the first quarter of 2012.

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. For first quarter of 2013, the ADR, excluding beach house rentals, averaged \$52.20. This is a decrease of \$2.00 (3.7%) from the 1st quarter of 2012 ADR of \$54.20. For measuring the strength of the economy, a more suitable long-term measure of this activity is the 52-week moving average. At the end of the first quarter of 2013, the 52-week moving average for ADR equaled of \$94.03. This is \$6.14 (7.0%) higher than the first quarter of 2012 ADR of \$87.89.

Occupancy Rate

The occupancy rate for vacation accommodations excluding beach house rentals is similarly a seasonally sensitive measure. In the 1st quarter of 2013, the occupancy rate averaged 27.6%. This is a decrease of 0.7 basis points from the occupancy rate of 28.3% in the first quarter of 2012. 2013's first quarter 52-week moving average of 53.6% is 330 basis points (6.6%) higher than the average of 50.3% in the first quarter of 2012.

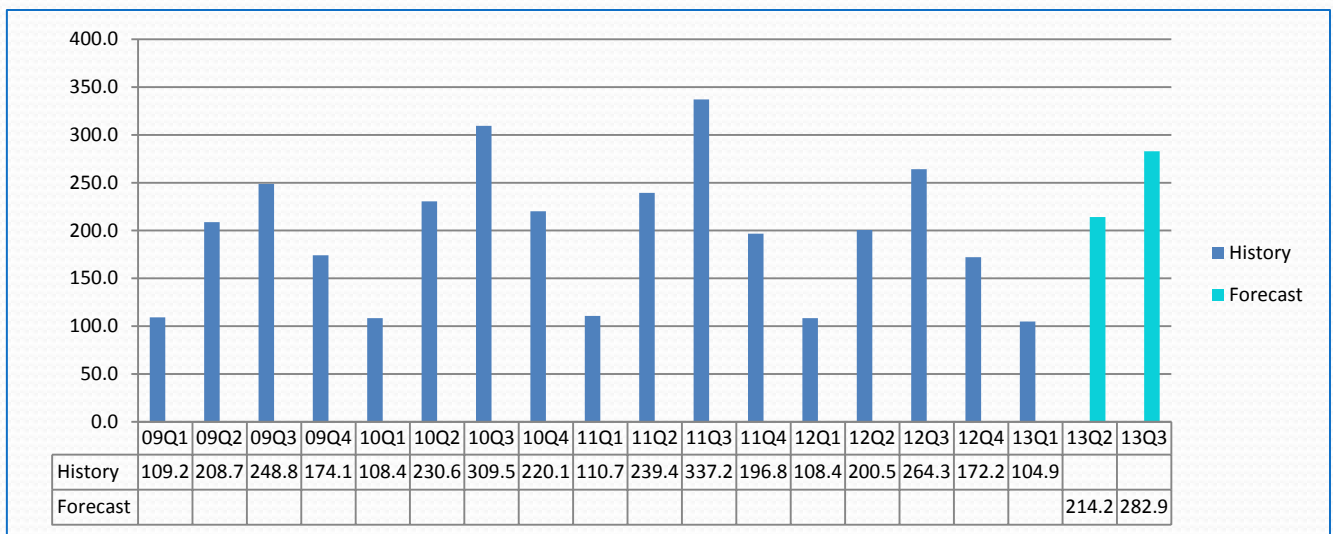
RevPar

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 \$127.60 in the first quarter of 2013. 2013's first quarter 52-week moving average for RevPar stood at \$50.29, an increase of \$6.08 (13.8%) over the \$44.21 average for the first quarter of 2012.

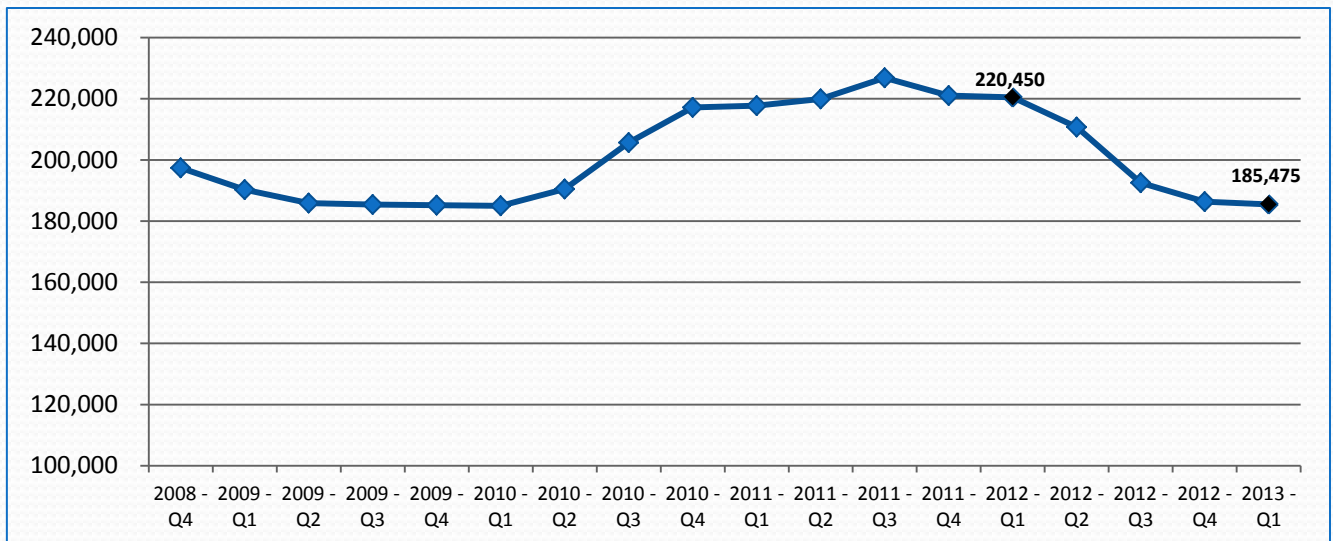
MYR Airport

There were 104,900 deplanements at the Myrtle Beach International Airport (MYR) in the 1st quarter of 2013. This is down 3,500 deplanements (3.3%) from the 1st quarter of 2012. The 4-quarter moving average reduces the variation in number of deplanements as it seasonally-adjusts the data, providing a better depiction of activity at the Myrtle Beach International Airport. The 4-quarter moving average shows an average of 185,475 deplanements at the end of the first quarter of 2013. This is a decrease of 34,975 (15.9%) from the average of 220,450 deplanements at the end of the first quarter of 2012.

MYR Deplanements (Thousands)



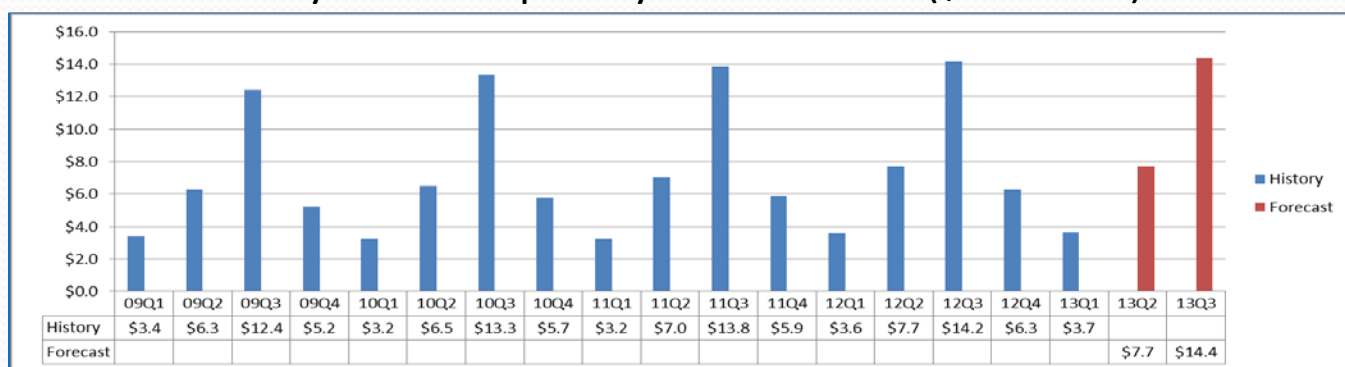
MYR Deplanements (4-Quarter Moving Average)



Tourism Tax Revenue

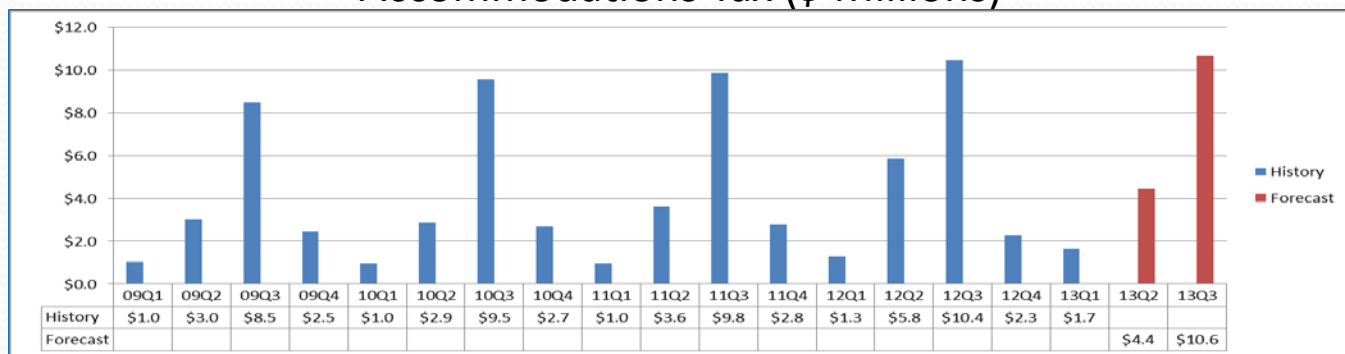
We monitor three separate taxes on tourism activity in the Grand Strand: the Horry County-wide 1.5% hospitality fee, the state accommodations tax assessed in Horry and Georgetown Counties, and the state admissions tax assessed in Horry and Georgetown Counties. Revenue from these three sources totaled \$6.6 million in the 1st quarter of 2013, an increase of \$500,000 (8.2%) from the 1st quarter of 2013.

Horry 1.5% Hospitality Fee Revenue (\$ Millions)



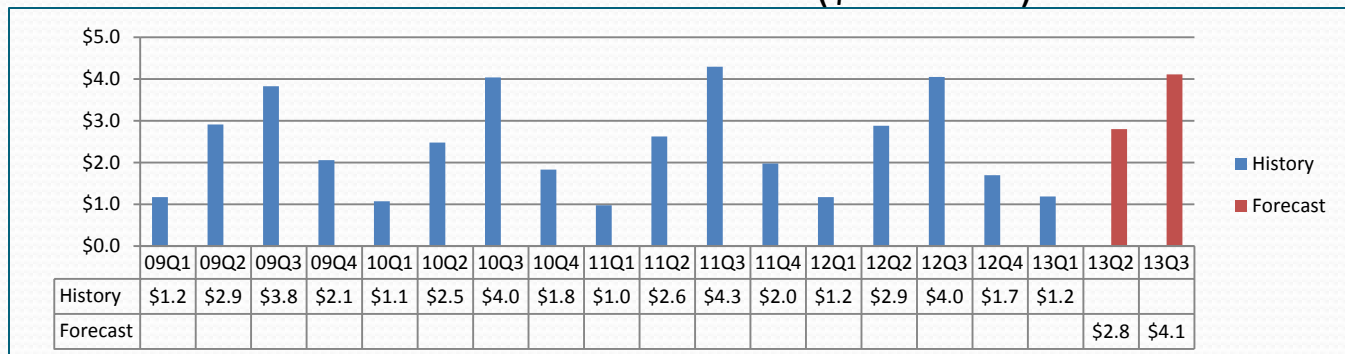
Source: Horry County Government

Accommodations Tax (\$ Millions)



Source: South Carolina Department of Revenue

5% State Admissions Tax (\$ Millions)

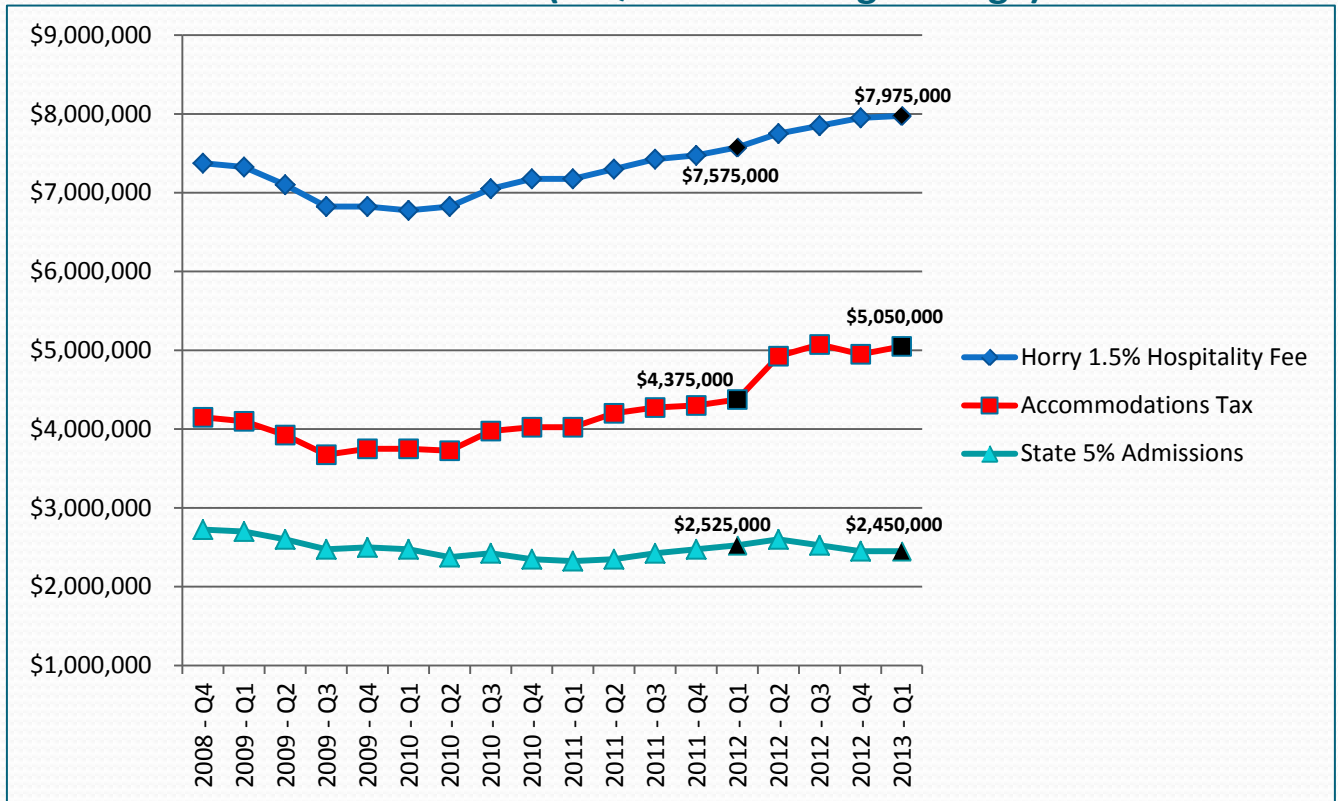


Source: South Carolina Department of Revenue

Tourism Tax Revenue

Below we show the three tourism tax revenue metrics using a 4-quarter moving average that includes the current period in addition to the prior three periods to reduce the seasonality while analyzing the data. The 4-quarter moving average shows tax revenues collected totaling \$15,475,000 at the end of the 1st quarter of 2013. This is an increase of \$1,000,000 (6.9%) from the \$14,475,000 at the end of the 1st quarter of 2013. We note that the SC DOR received a revenue ruling in 2011 enabling them to review back ten years to try to collect unpaid taxes owed on vacation rental by owner properties. These collections are applied in the period of receipt, not period of business.

Tax Revenues (4-Quarter Moving Average)

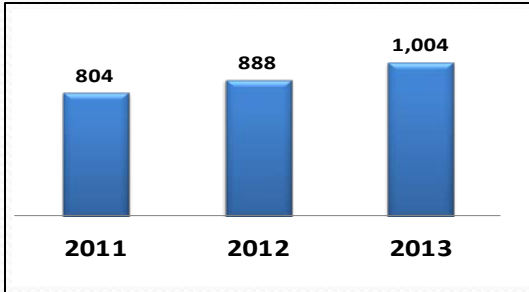


Source: Horry County Government and South Carolina Department of Revenue

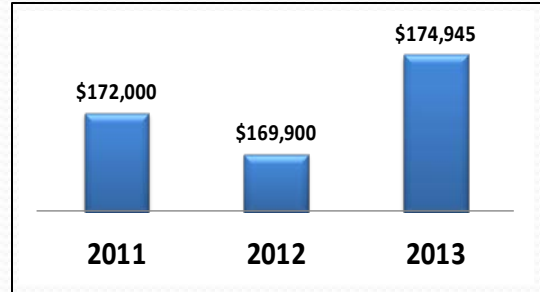
Real Estate

SFR Sales Activity

1st Quarter # of Sales

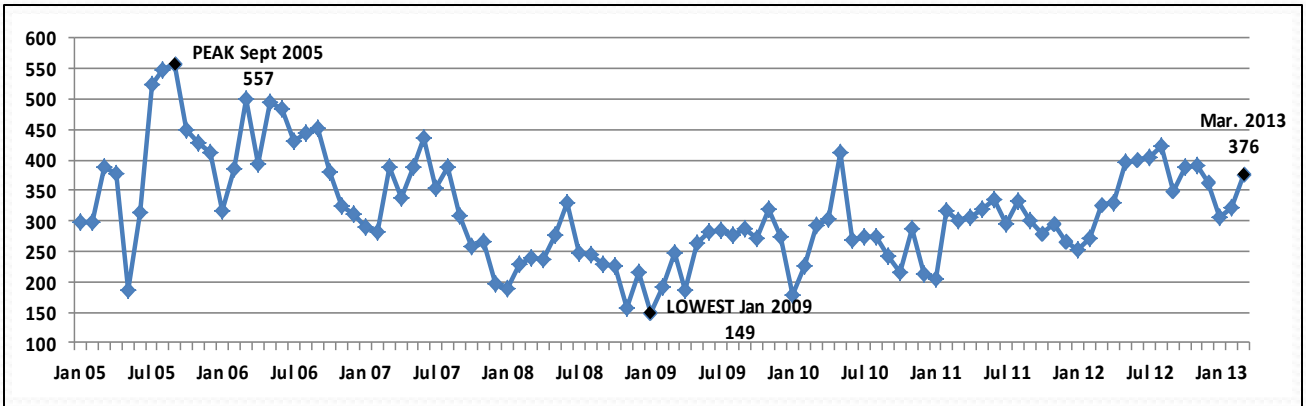


1st Quarter Median Sales Price

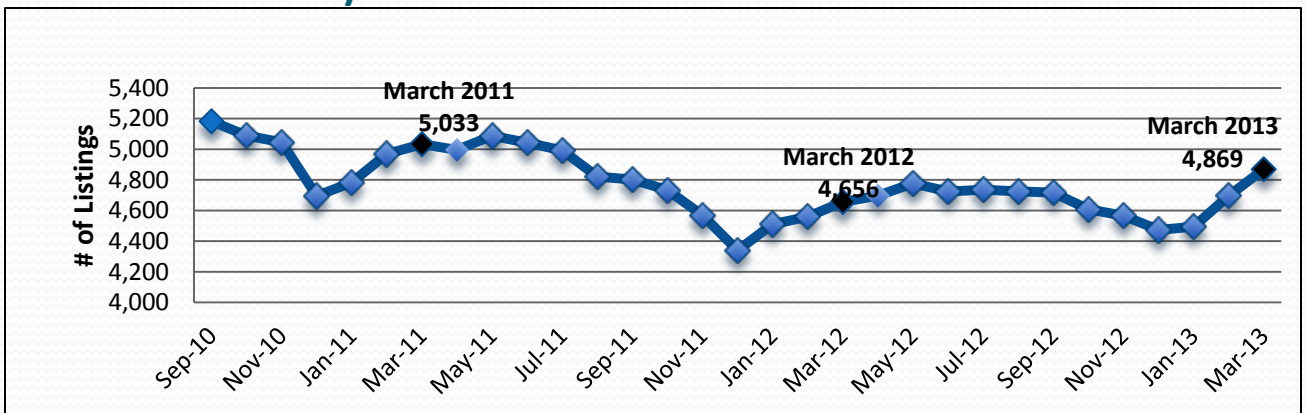


There were 1,004 single family residence sales with a median sales price of \$174,945 in Horry and Georgetown Counties in the 1st quarter of 2013. Sales are up 13.1% while the median sales price is also up \$5,045 (3.0%) from the same period in 2012. The SFR inventory at the end of the 4th quarter was 4,869 homes, an increase of 4.6% from the same period in 2012.

Historical Sales Activity



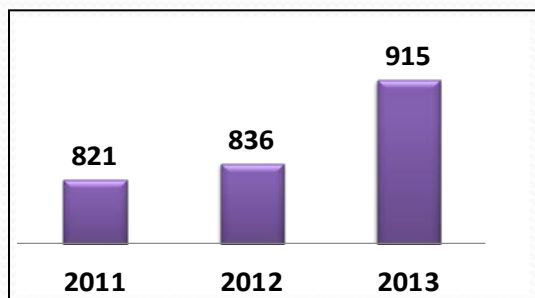
Historical Inventory Levels



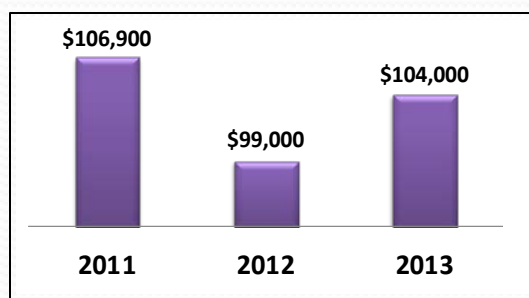
Real Estate

Condo/Townhome Sales Activity

1st Quarter # of Sales

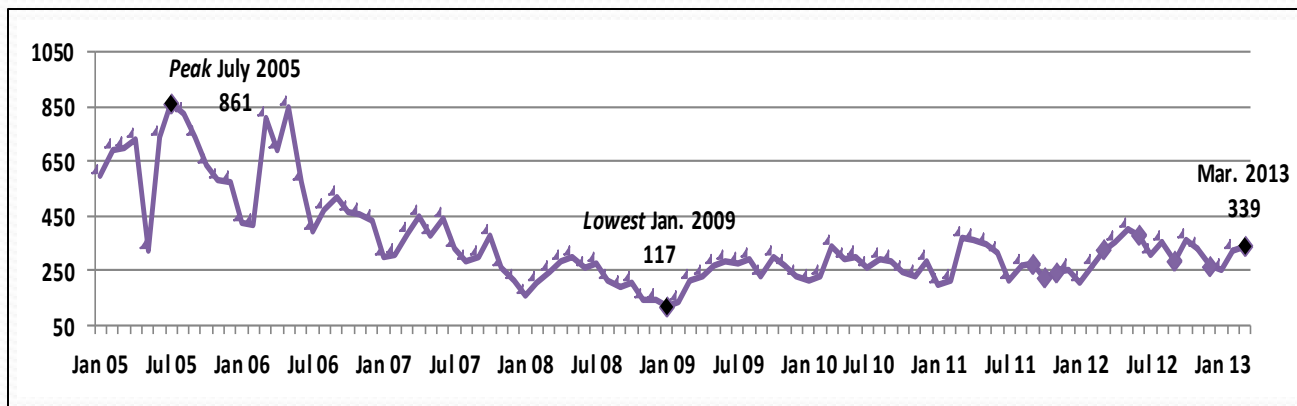


1st Quarter Median Sales Price

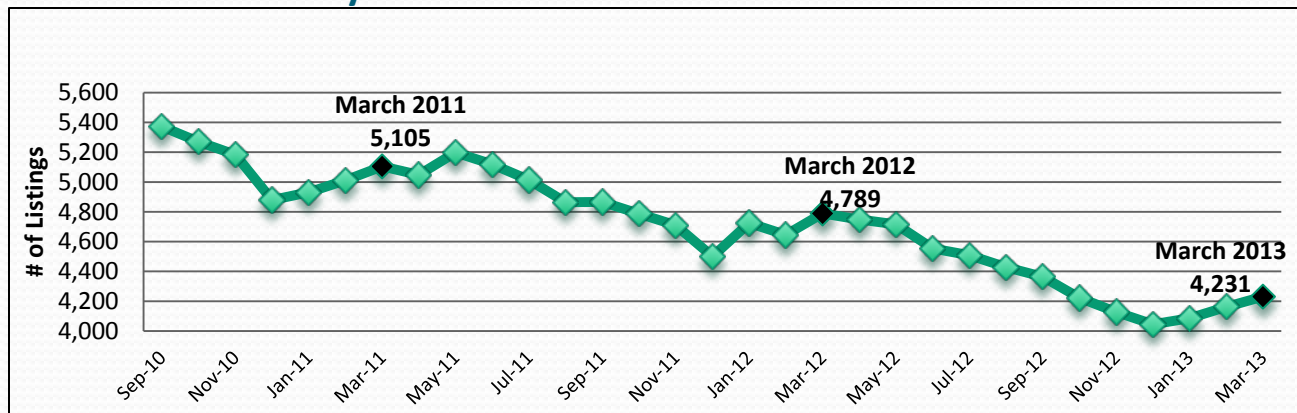


There were 915 condo/townhome sales in Horry and Georgetown Counties in the 1st quarter of 2013 with a median sales price of \$104,000. The number of sales is up 9.4% while median sales price has increased \$5,000 from the same period in 2012. The condo/townhome inventory at the end of the 1st quarter was 4,231 units, a decrease of 558 units (11.7%) from the same period last year.

Historical Sales Activity

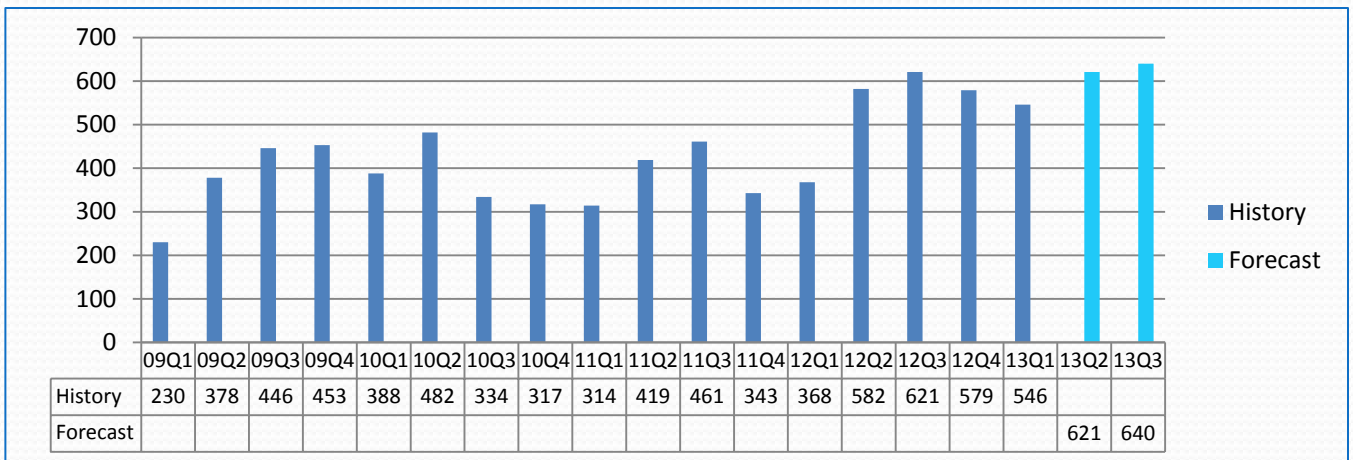
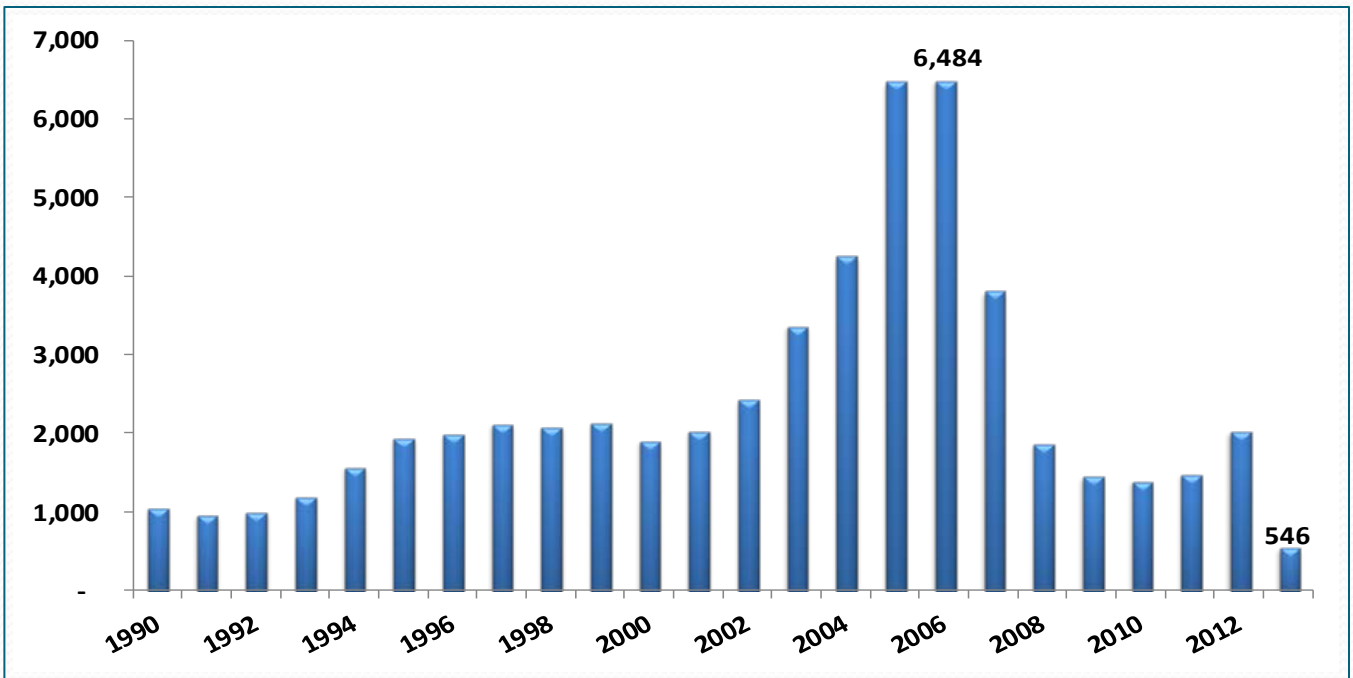


Historical Inventory Levels



Real Estate Building Permits

Single Family



Source: HUD State of the Cities Data System

There were 546 building permits issued in the first quarter of 2013 for single family homes in Horry and Georgetown Counties combined. This is an increase of 48.4% over the 368 permits issued in the 1st quarter of 2012. There were a total of 2,150 permits issued in 2012, an increase of 613 permits (39.88%) over the 1,537 permits issued in 2011 and less than 35% of the 6,484 permits issued at the peak in 2006.