

Grand Strand Economic Quarterly Report

Second Quarter - 2013

Welcome to the sixth 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.

The recent quarter of economic activity on the Grand Strand has seen a continued resurgence in the housing market, both in terms of existing home sales volume and new construction activity.

The tourism industry made it through the extreme wet and cold of winter and spring, and has surged ahead in the first half of the summer quarter of 2013.

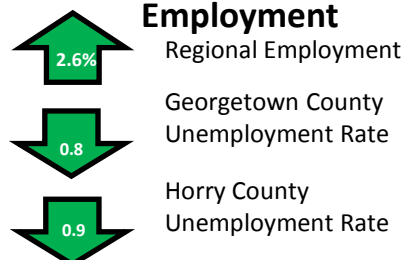
Passenger activity at the Myrtle Beach International Airport has also increased significantly over last year which saw carriers adjusting their fleets at the airport and causing a temporary drop in capacity and activity. Passenger activity this year is up close to 15 percent.

As the region works to extend its tourism season, the recent performance of the spring compared with the summer has shown differences in consumer behavior in the summer as opposed to the other seasons. The "shoulder" seasons cater to a more flexible consumer, making business more vulnerable to weather episodes for example.

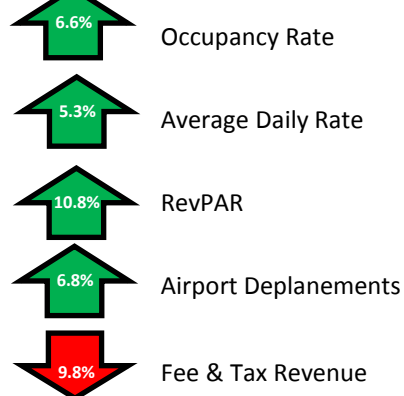
Looking ahead, the housing market should continue to experience gains as prices and interest rates continue to present value in the market and asset appreciation returns. Tourism will likely meet challenges in the fall if the unusually wet weather persists. Overall, the region continues on a path of modest recovery.

Grand Strand Indicators

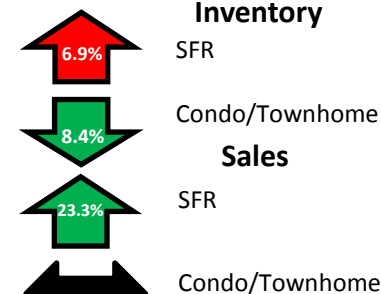
Employment



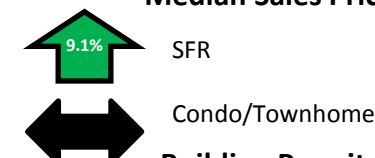
Tourism



Real Estate Inventory



Median Sales Price



Building Permits



Employment

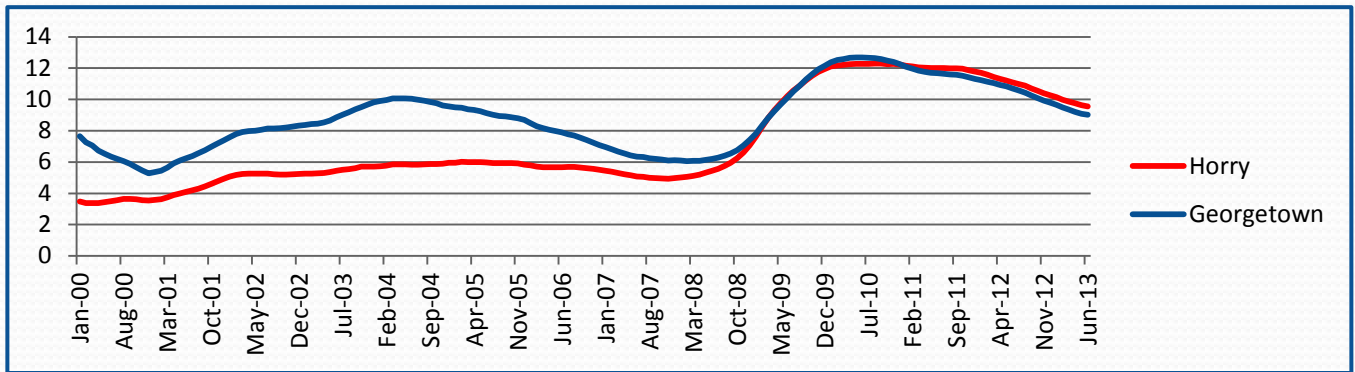
Horry County

8.6% Unemployment

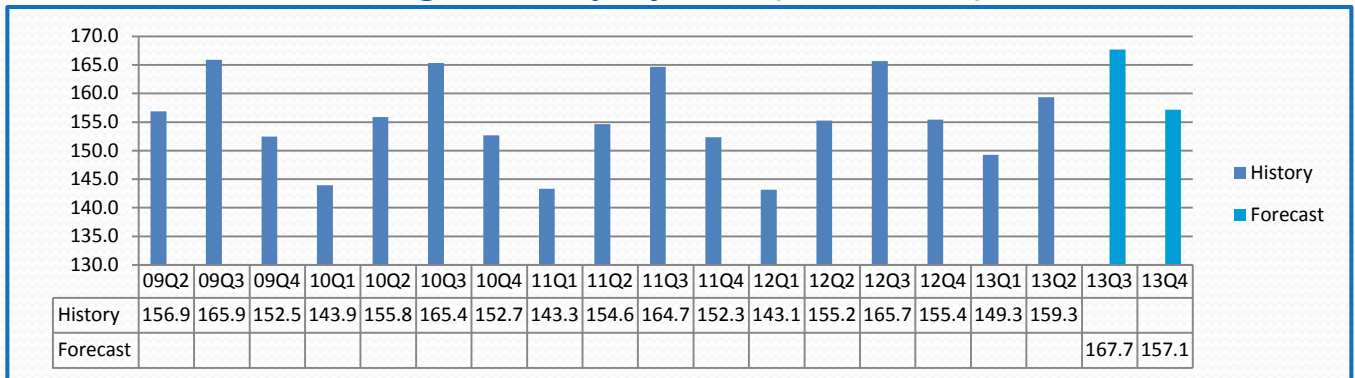
Georgetown County

8.8% Unemployment

Unemployment Rate By County (12-Month Moving Average)



Regional Employment (Thousands)



Source: SC Department of Employment & Workforce

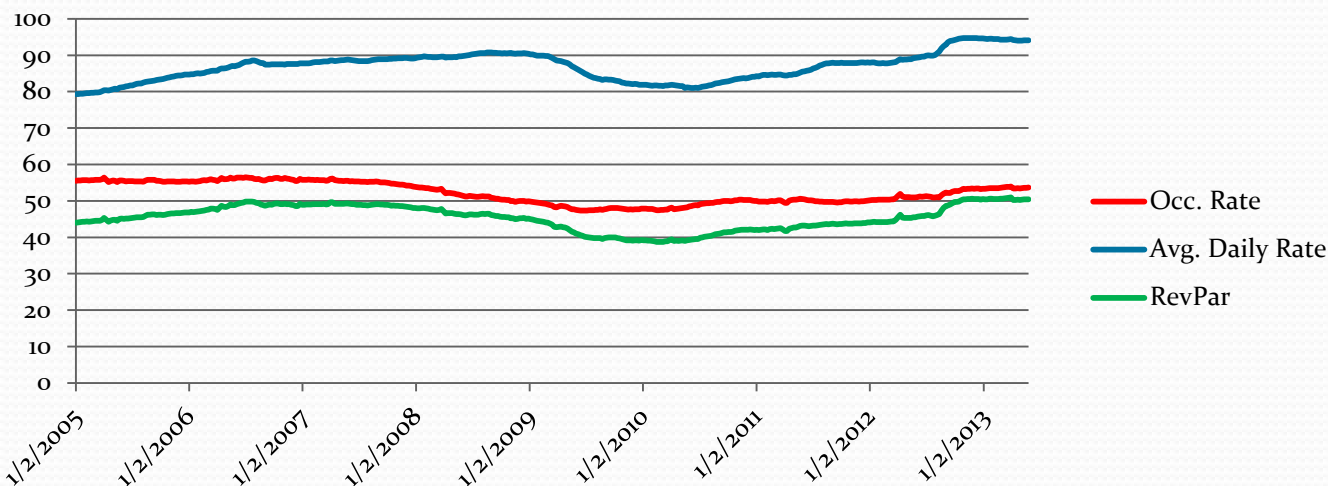
Horry county's unemployment rate was 8.6% in June 2013. This is a year over year decrease of 0.9 points from 9.5% in June 2012. The 12-month moving average minimizes this variation and provides a clearer picture of the movement of unemployment overall. At the end of the second quarter of 2013, the unemployment rate measured by this moving average stood at 9.56%. The overall unemployment rate is generally declining from its peak in 2010.

Georgetown County's unemployment rate was 8.8% in June 2013. This is a decrease of 0.8 points from the rate of 9.6% in June 2012. The unemployment rate in Georgetown County measured by the 12-month moving average stood at 9.03% at the end of the second 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 second quarter has a lower unemployment rate due to the beginning of seasonal employment for the upcoming spring and summer tourist seasons. 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 159,300 workers in the second quarter of 2013. This is an increase of 4,100 employed (2.6%) from the 155,200 workers in the second 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 second quarter of 2013, the ADR, excluding beach house rentals, averaged \$97.30. This is an increase of \$4.00 (4.3%) from the 2nd quarter of 2012 ADR of \$93.30. 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 second quarter of 2013, the 52-week moving average for ADR equaled of \$94.06. This is \$4.77 (5.3%) higher than the second quarter of 2012 ADR of \$89.29.

Occupancy Rate

The occupancy rate for vacation accommodations excluding beach house rentals is similarly a seasonally sensitive measure. In the 2nd quarter of 2013, the occupancy rate averaged 56.1%. This is a decrease of 80 basis points from the occupancy rate of 56.9% in the second quarter of 2012. 2013's second quarter 52-week moving average of 53.6% is 300 basis points (6.6%) higher than the average of 50.9% in the second quarter of 2012.

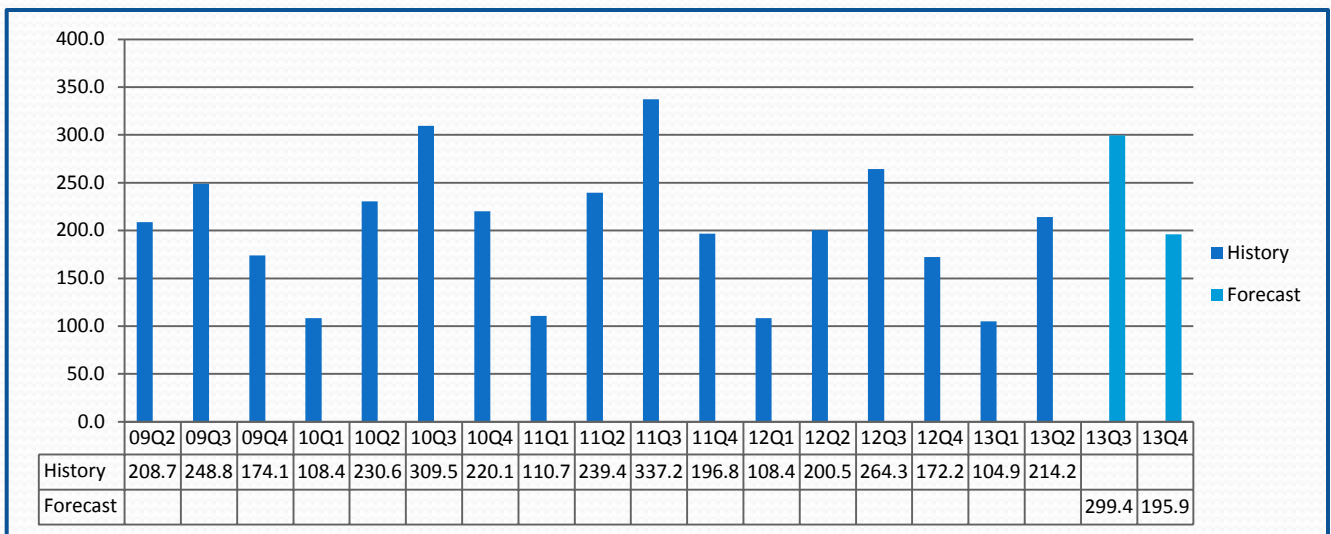
RevPar

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 \$51.53 in the second quarter of 2013. 2013's second quarter 52-week moving average for RevPar stood at \$50.45, an increase of \$4.92 (10.8%) over the \$45.53 average for the second quarter of 2012.

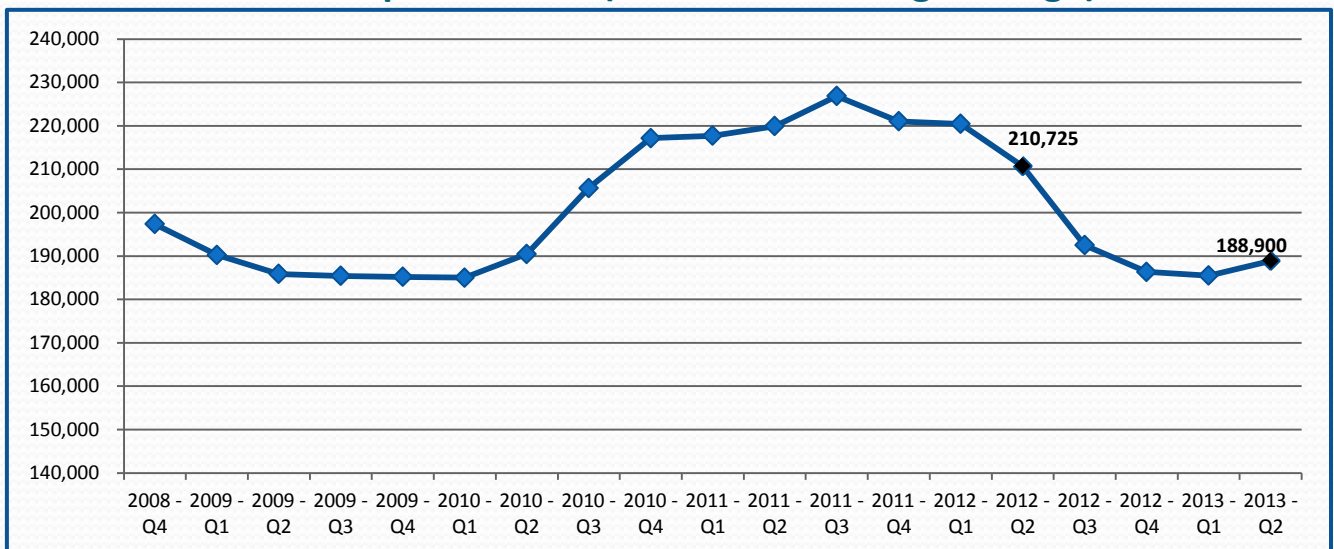
MYR Airport

There were 214,200 deplanements at the Myrtle Beach International Airport (MYR) in the 2nd quarter of 2013. This is up 13,700 deplanements (6.8%) from the 2nd 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 188,900 deplanements at the end of the second quarter of 2013. This is a decrease of 21,825 (10.4%) from the average of 220,450 deplanements at the end of the second quarter of 2012. This is mostly due to the previous quarters seeing lower than usual deplanements.

MYR Deplanements (Thousands)



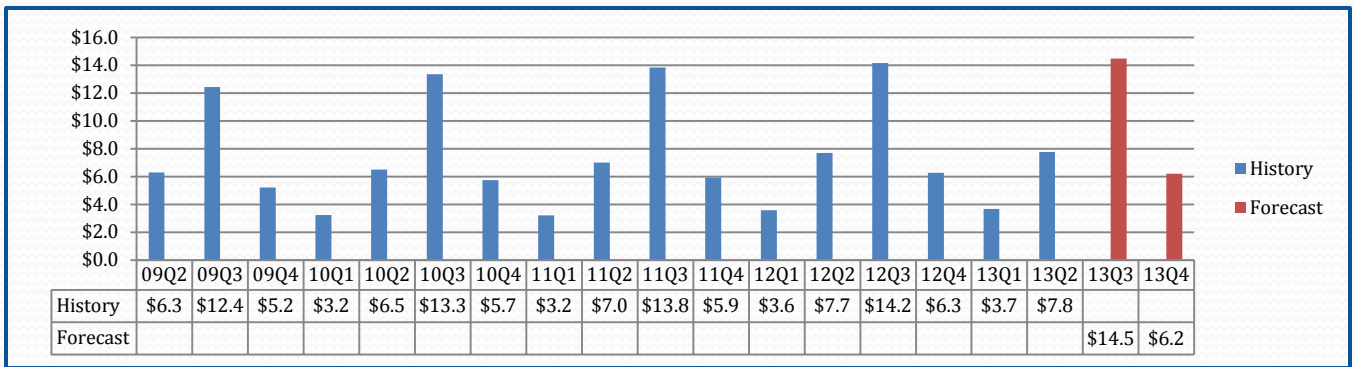
MYR Deplanements (4-Quarter Moving Average)



Tourism Tax Revenue

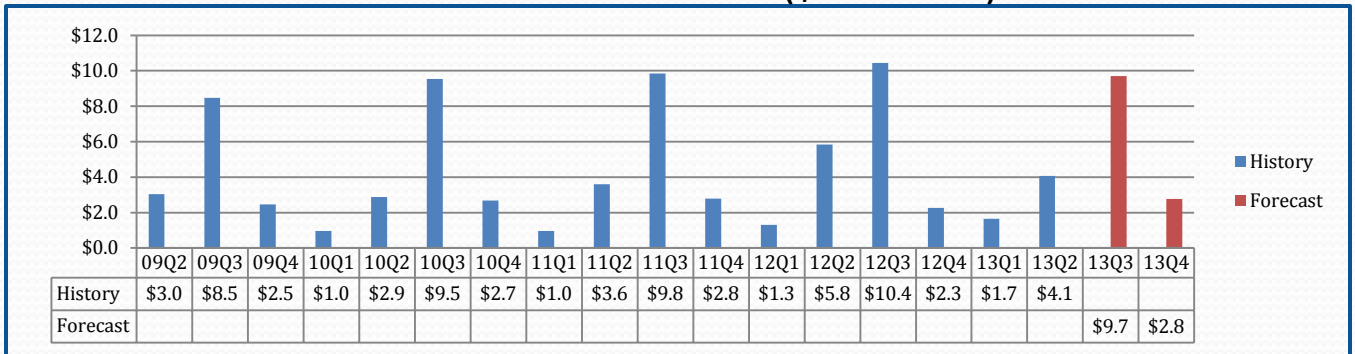
We monitor three separate taxes on tourism activity in the Grand Strand: the Horry County-wide 1.5% hospitality fee, the state accommodations tax assessed in Horry and Georgetown Counties, and the state admissions tax assessed in Horry and Georgetown Counties. Revenue from these three sources totaled \$14.8 million in the 2nd quarter of 2013, a decrease of \$1.6 million (9.8%) from the 2nd quarter of 2013.

Horry 1.5% Hospitality Fee Revenue (\$ Millions)



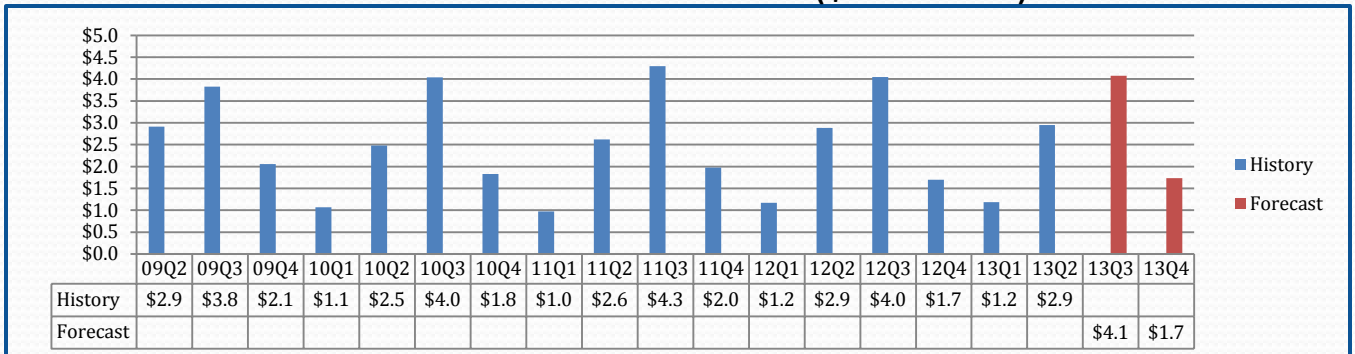
Source: Horry County Government

Accommodations Tax (\$ Millions)



Source: South Carolina Department of Revenue

5% State Admissions Tax (\$ Millions)

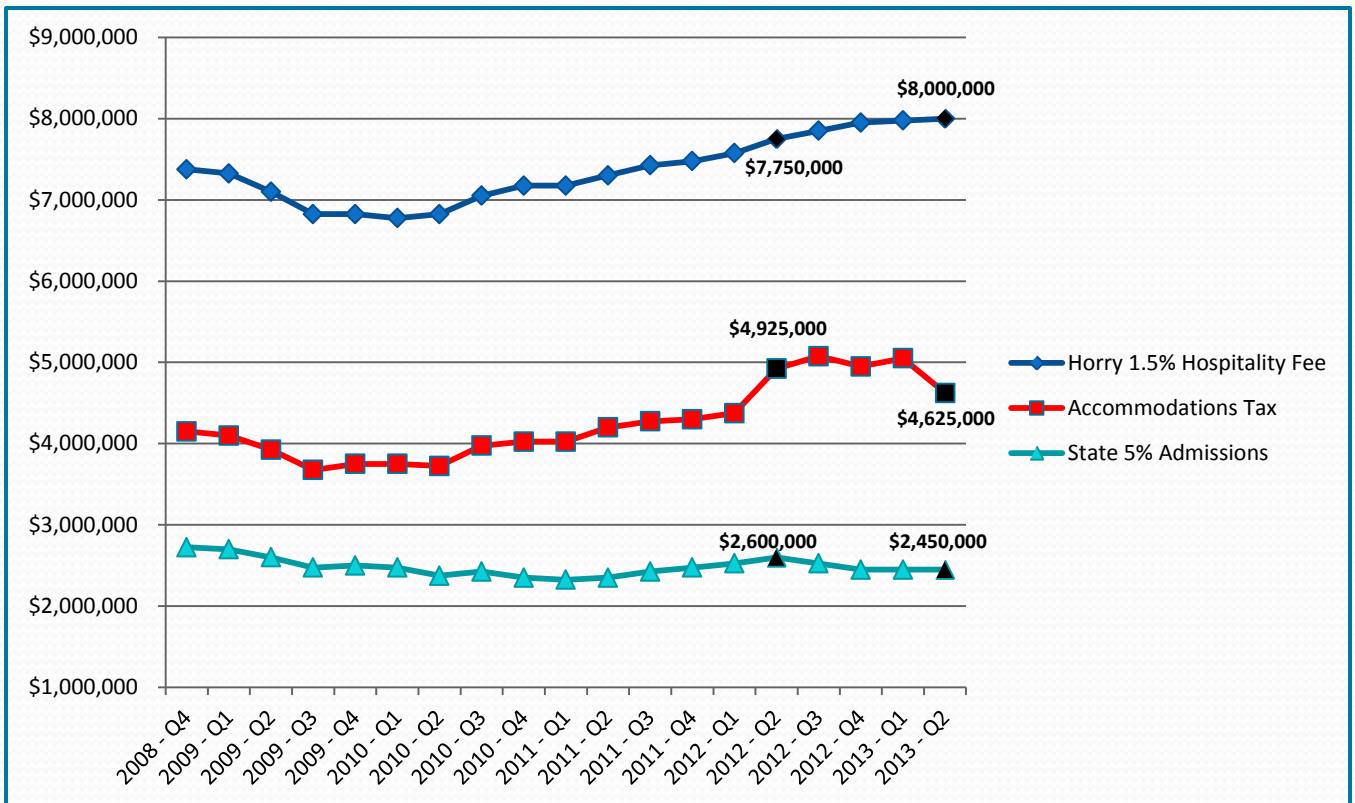


Source: South Carolina Department of Revenue

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 \$15,075,000 at the end of the 2nd quarter of 2013. This is a decrease of \$200,000 (1.3%) from the \$15,275,000 at the end of the 2nd 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)

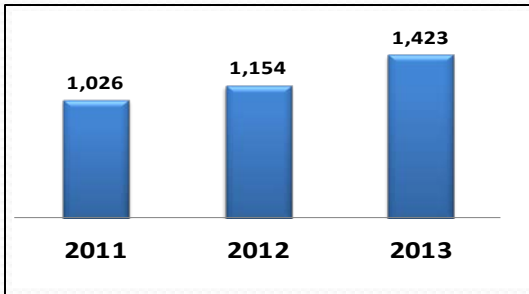


Source: Horry County Government and South Carolina Department of Revenue

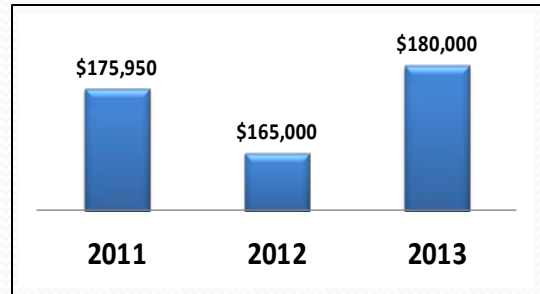
Real Estate

SFR Sales Activity

2nd Quarter # of Sales

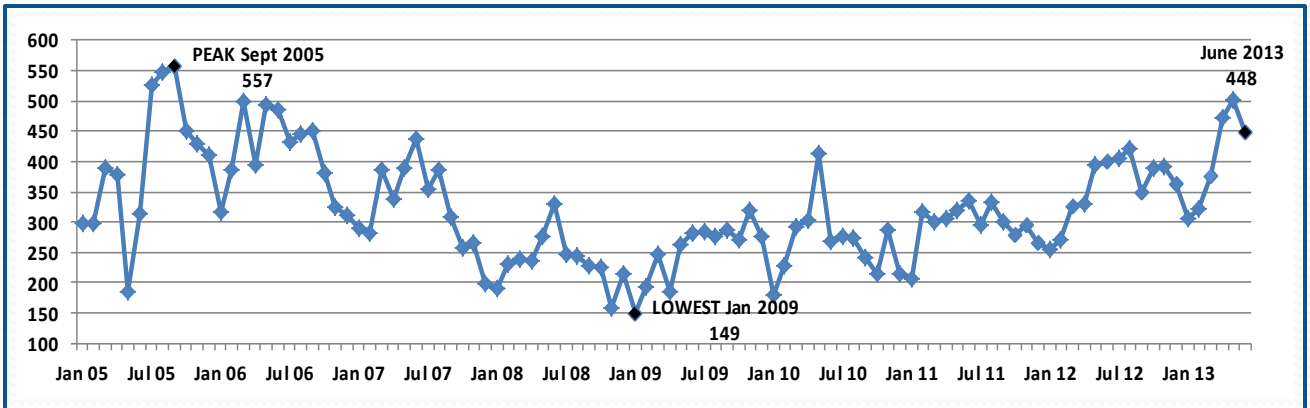


2nd Quarter Median Sales Price

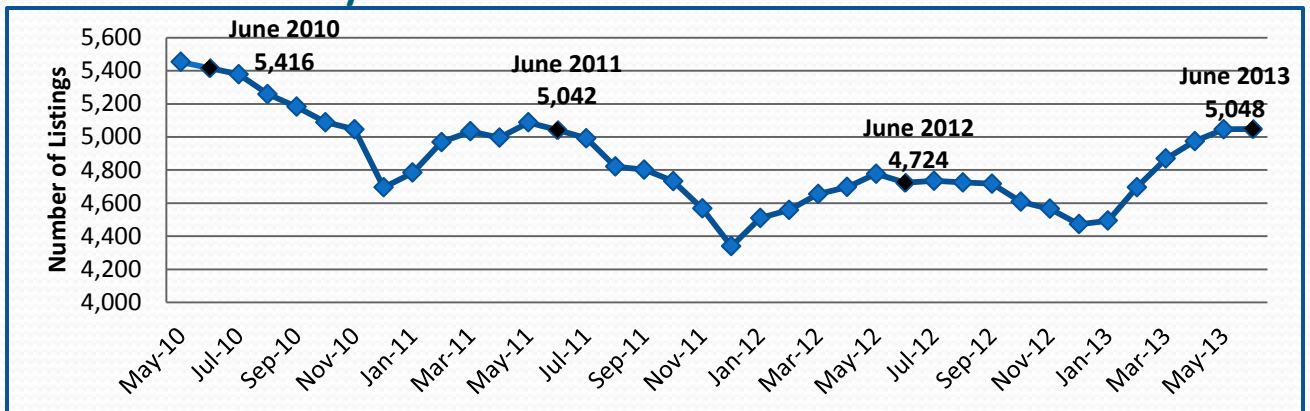


There were 1,423 single family residence sales with a median sales price of \$180,000 in Horry and Georgetown Counties in the 2nd quarter of 2013. Sales are up 23.3% while the median sales price is also up \$15,000 (9.1%) from the same period in 2012. The SFR inventory at the end of the 2nd quarter was 5,048 homes, an increase of 6.9% from the same period in 2012.

Historical Sales Activity



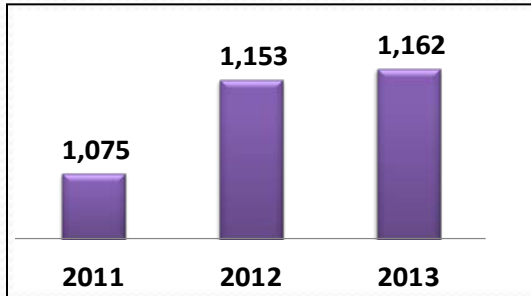
Historical Inventory Levels



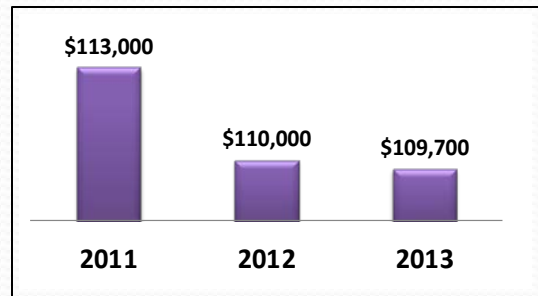
Real Estate

Condo/Townhome Sales Activity

2nd Quarter # of Sales

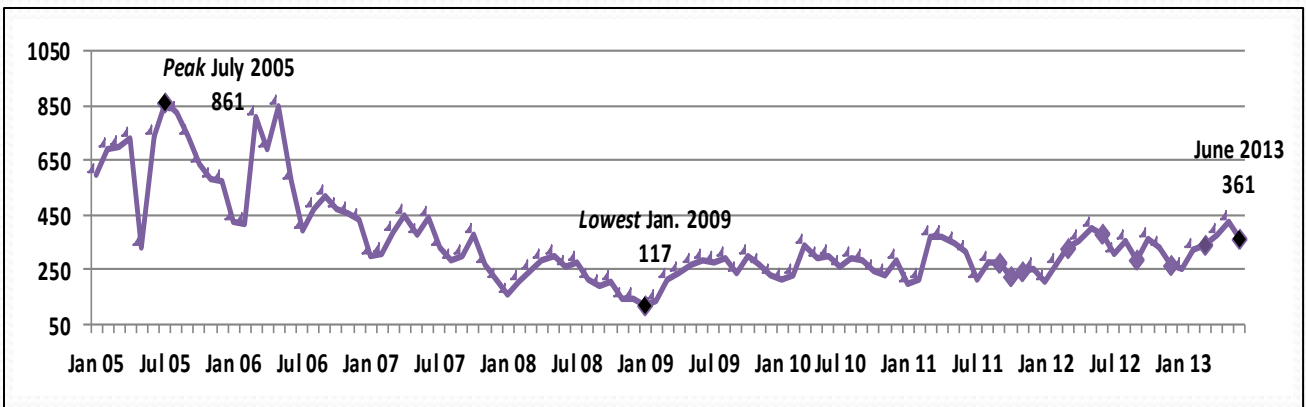


2nd Quarter Median Sales Price

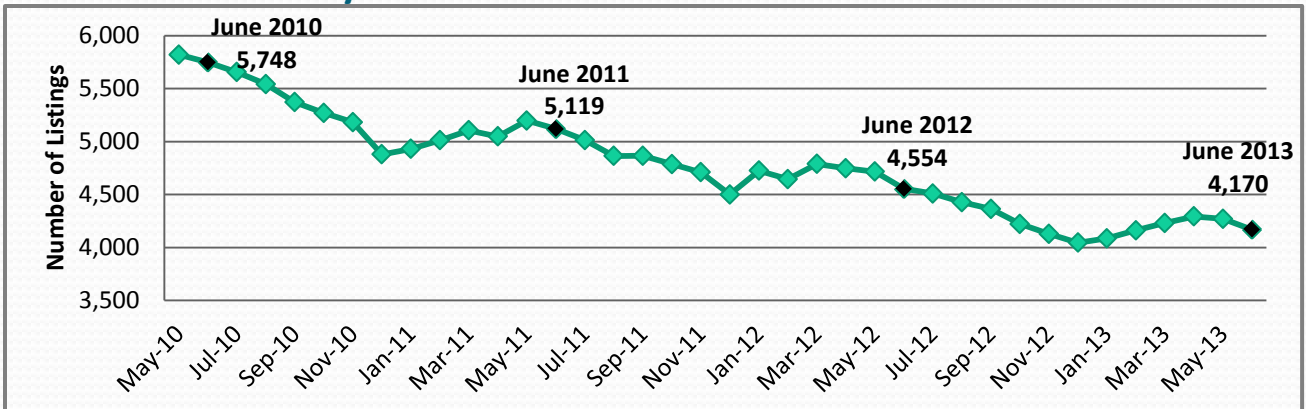


There were 1,162 condo/townhome sales in Horry and Georgetown Counties in the 2nd quarter of 2013 with a median sales price of \$135,661. The change in the number of sales and median sales price in Q2 2013 is relatively flat compared to the number in Q2 2012 with sales increasing by less than 10 units and median sales price decreasing by less than \$500. The condo/townhome inventory at the end of the 2nd quarter was 4,170 units, a decrease of 384 units (8.4%) from the same period last year.

Historical Sales Activity

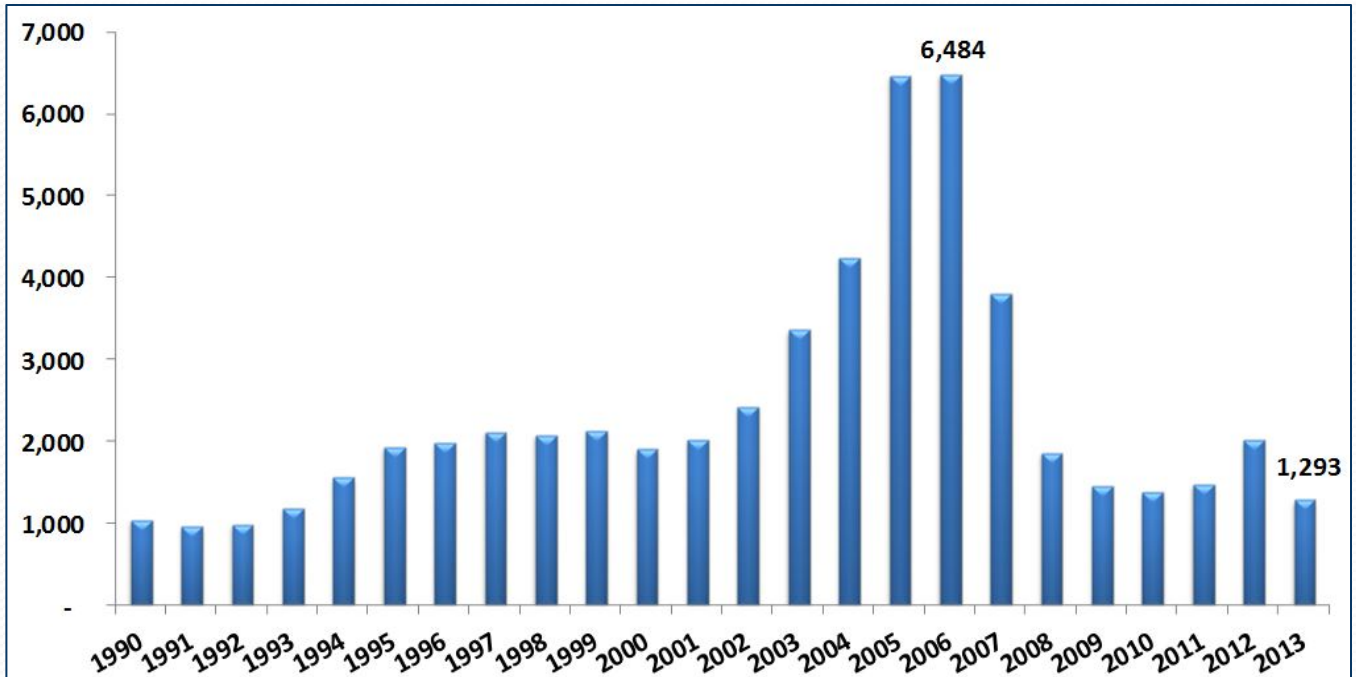


Historical Inventory Levels

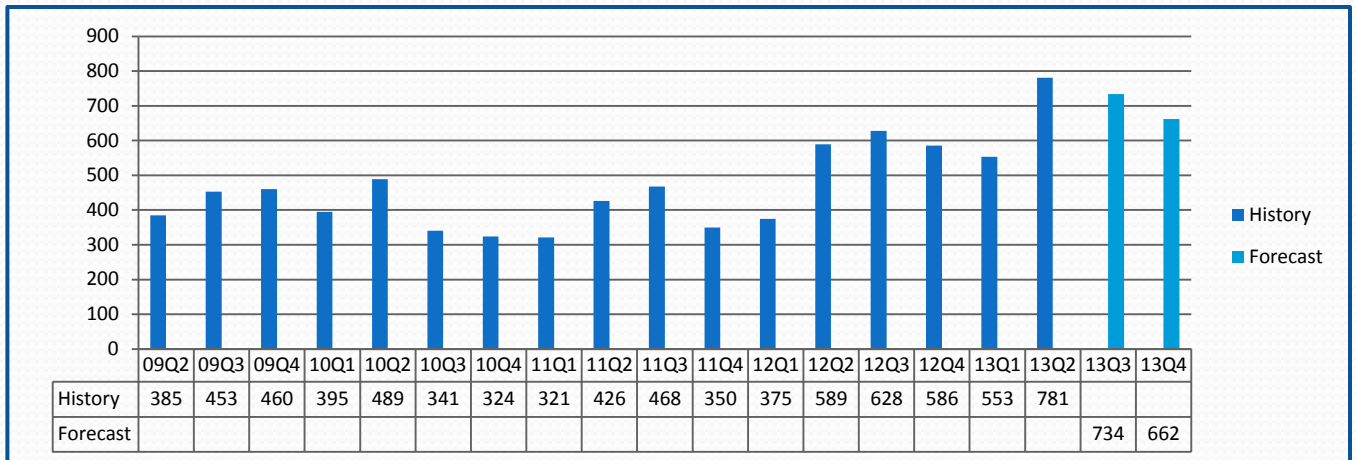


Real Estate Building Permits

Horry County Single Family Buildings Permits



Regional Single Family Buildings Permits



Source: HUD State of the Cities Data System

There were 781 building permits issued in the second quarter of 2013 for single family homes in Horry and Georgetown Counties combined. This is an increase of 32.6% over the 589 permits issued in the 2nd quarter of 2012. In Horry County alone, there have been 1,293 SFR building permits issued through the first half of 2013.