

# Grand Strand Economic Quarterly Report

## Fourth Quarter - 2013

Welcome to the eighth 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.

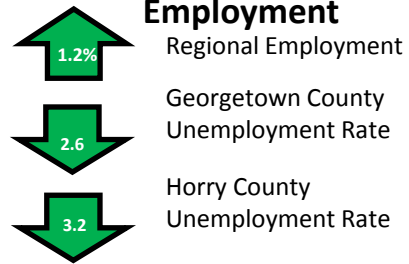
As overall economic conditions have improved along the Grand Strand, the employment figures have also continued to improve. Q4 2013 experienced unemployment rates below 8% in the fourth quarter for the first time since 2007. Additionally, regional employment has continued to rise through 2013.

Tourism has continued to improve through the 4<sup>th</sup> quarter of 2013 as RevPar and deplanements have experienced double digit percentage increases along with all other tourism metrics seeing increases over the 4<sup>th</sup> quarter of 2012. The North Myrtle Beach Park & Sports Complex has been completed and is expecting to bring more events to the area in addition to those already generated by the City of Myrtle Beach athletic facilities and the Myrtle Beach Convention Center.

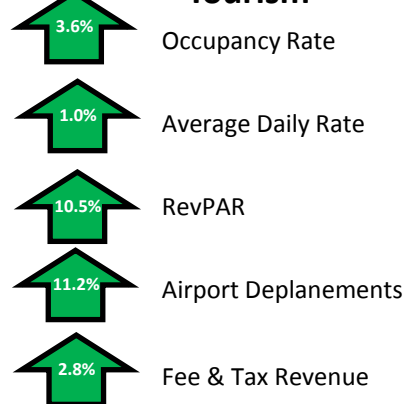
The real estate market surged through the first three quarters of 2013 before leveling in the fourth quarter. In the fourth quarter of 2013, there was a slight increase in SFR inventory while condo/townhome inventory continued to decline. SFR sales are up over 11% year over year from Q3 2013 while median sales price for SFR and condo/townhome properties have also increased. The number of building permits have continued to increase over the past 12 months as the market continues to remain stable.

### Grand Strand Indicators

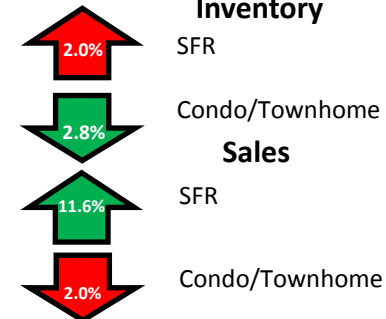
#### Employment



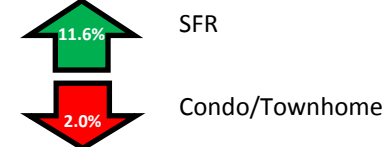
#### Tourism



#### Real Estate Inventory



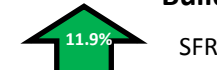
#### Sales



#### Median Sales Price



#### Building Permits



# Employment

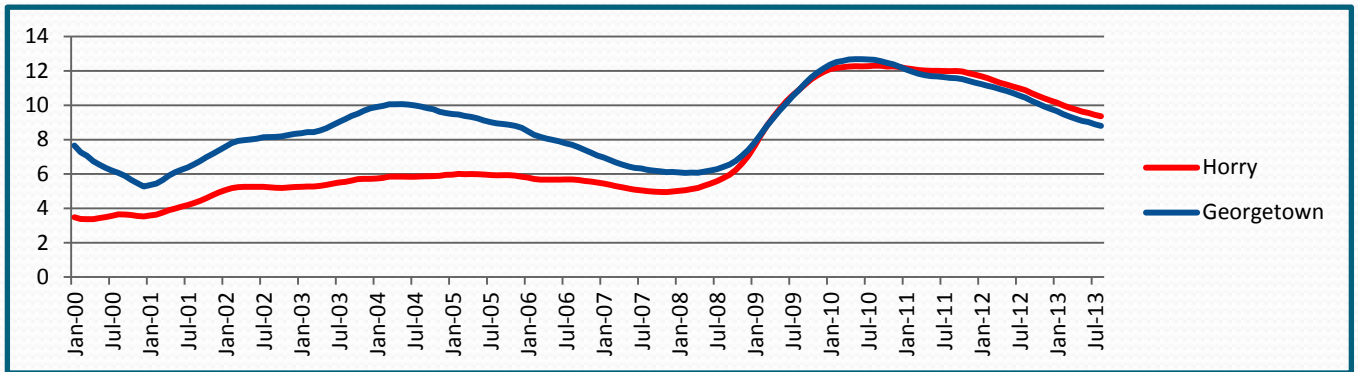
## Horry County

7.8% Unemployment

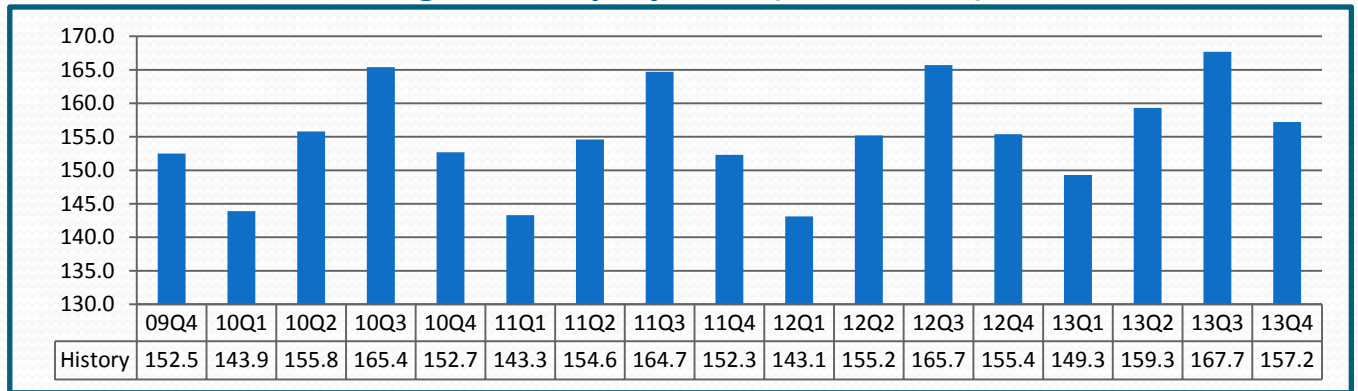
## Georgetown County

7.1% Unemployment

### Unemployment Rate By County (12-Month Moving Average)



### Regional Employment (Thousands)



Source: SC Department of Employment & Workforce

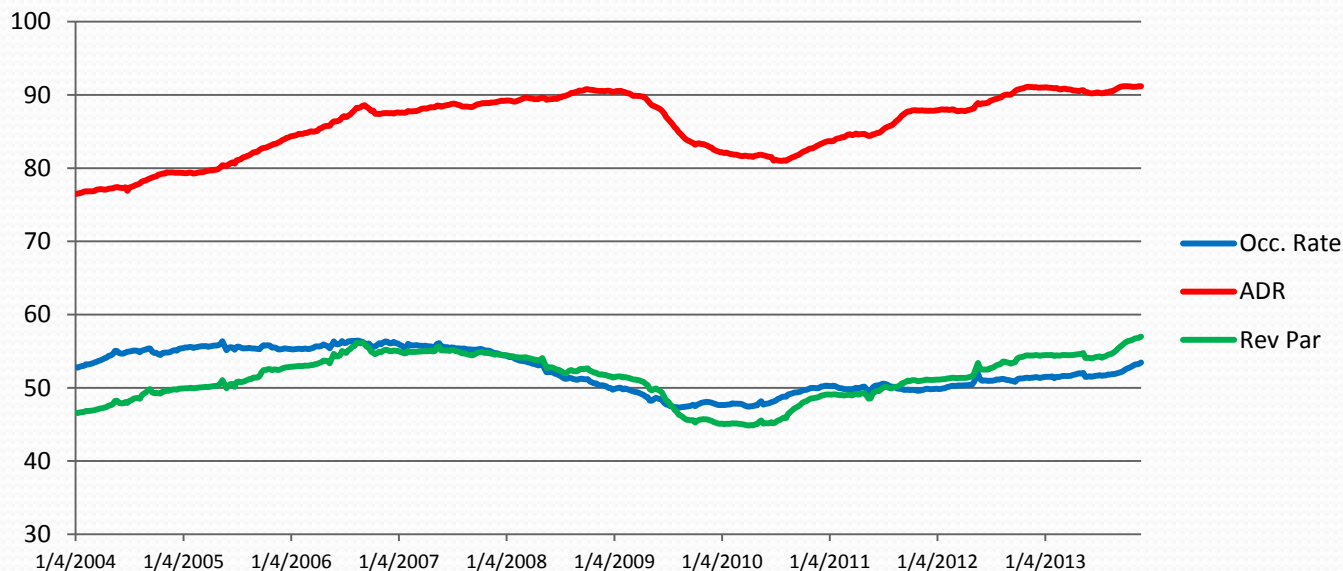
Horry county's unemployment rate was 7.8% in December 2013. This is a year over year decrease of 3.2 points from 11% in August 2012. The 12-month moving average minimizes this variation and provides a clearer picture of the movement of unemployment overall. At the end of the fourth quarter of 2013, the unemployment rate measured by this moving average stood at 8.95%. The overall unemployment rate is generally declining from its peak in 2010.

Georgetown County's unemployment rate was 7.1% in December 2013. This is a decrease of 2.6 points from the rate of 9.7% in December 2012. The unemployment rate in Georgetown County measured by the 12-month moving average stood at 8.46% at the end of the fourth 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 fourth quarter has a lower unemployment rate as Q4 shows an increase in employment during the holiday shopping season. 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 157,200 workers in the fourth quarter of 2013. This is an increase of 1,800 employees(1.2%) from the 155,400 workers in the fourth 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 fourth quarter of 2013, the ADR, excluding beach house rentals, averaged \$71.09. This is a slight increase of \$0.48 (1%) from the 4<sup>th</sup> quarter of 2012 ADR of \$70.61. 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 fourth quarter of 2013, the 52-week moving average for ADR equaled of \$91.20. This is relatively flat compared to the fourth quarter of 2012 ADR of \$91.04.

## Occupancy Rate

The occupancy rate for vacation accommodations excluding beach house rentals is similarly a seasonally sensitive measure. In the 4<sup>th</sup> quarter of 2013, the occupancy rate averaged 49.3%. This is an increase of 170 basis points (3.6%) from the occupancy rate of 47.6% in the fourth quarter of 2012. 2013's fourth quarter 52-week moving average of 53.5% is 210 basis points (4.1%) higher than the average of 51.4% in the fourth quarter of 2012.

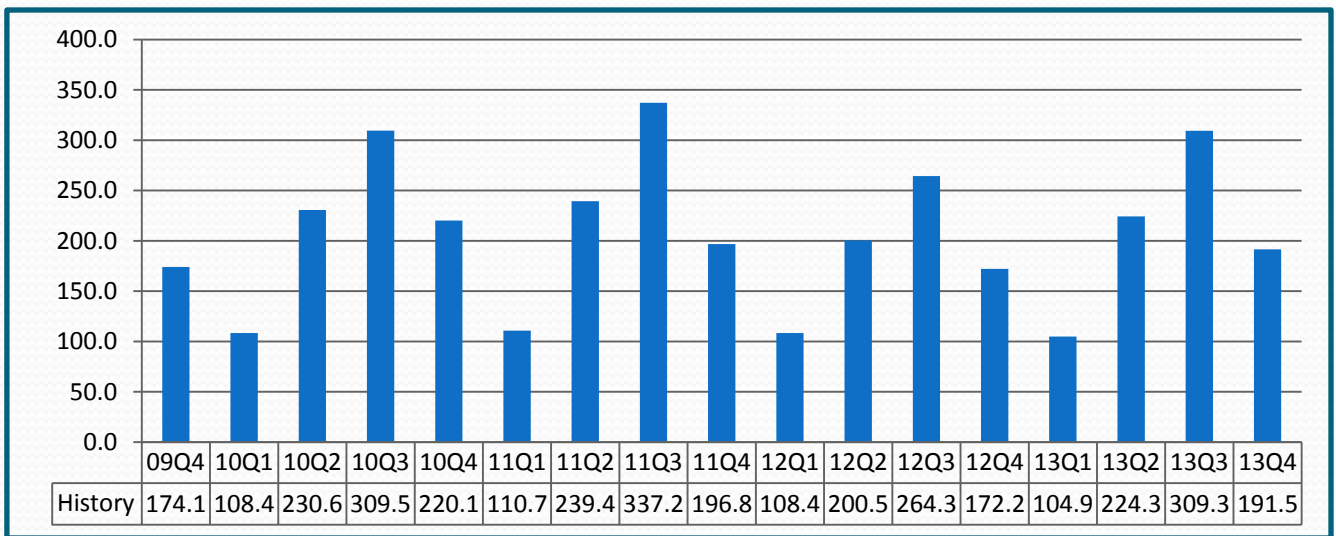
## RevPAR

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 \$36.70 in the fourth quarter of 2013 an increase of \$3.49 (10.5%) from \$33.21 in 2012. 2013's fourth quarter 52-week moving average for RevPAR stood at \$56.99, an increase of \$2.57 (4.7%) over the \$54.42 average for the fourth quarter of 2012.

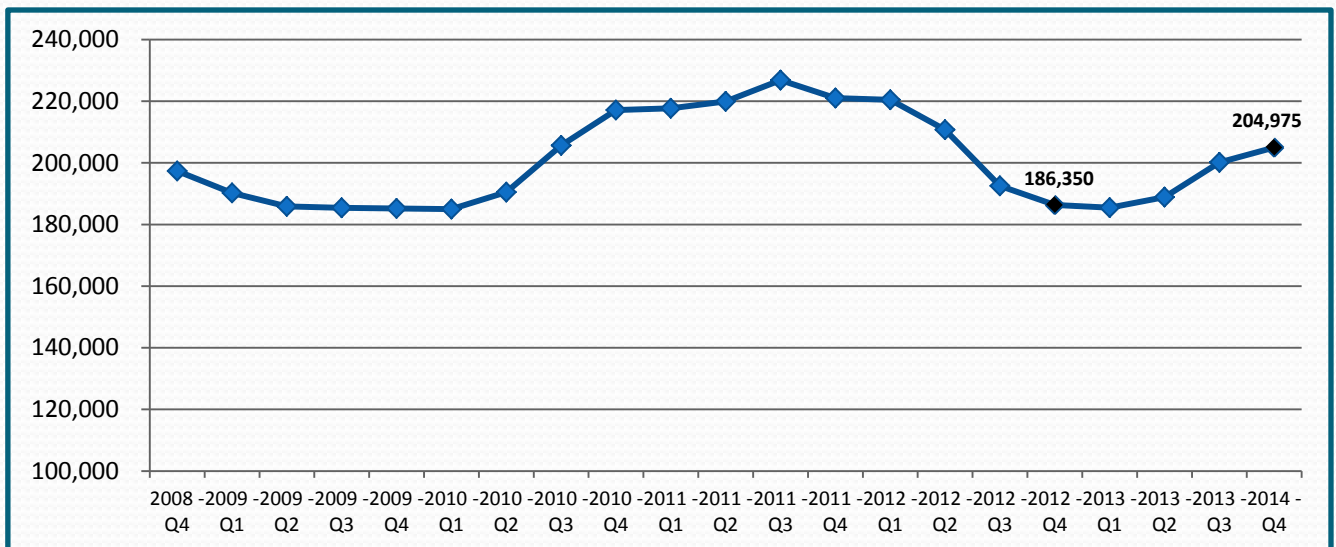
# MYR Airport

There were 191,500 deplanements at the Myrtle Beach International Airport (MYR) in the 4<sup>th</sup> quarter of 2013. This is up 19,300 deplanements (11.2%) from the 4<sup>th</sup> 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 204,975 deplanements at the end of the fourth quarter of 2013. This is an increase of (10%) from the average of 186,350 deplanements at the end of the fourth quarter of 2012. This is mostly due to the addition of new carriers and added flights from existing carriers.

## MYR Deplanements (Thousands)



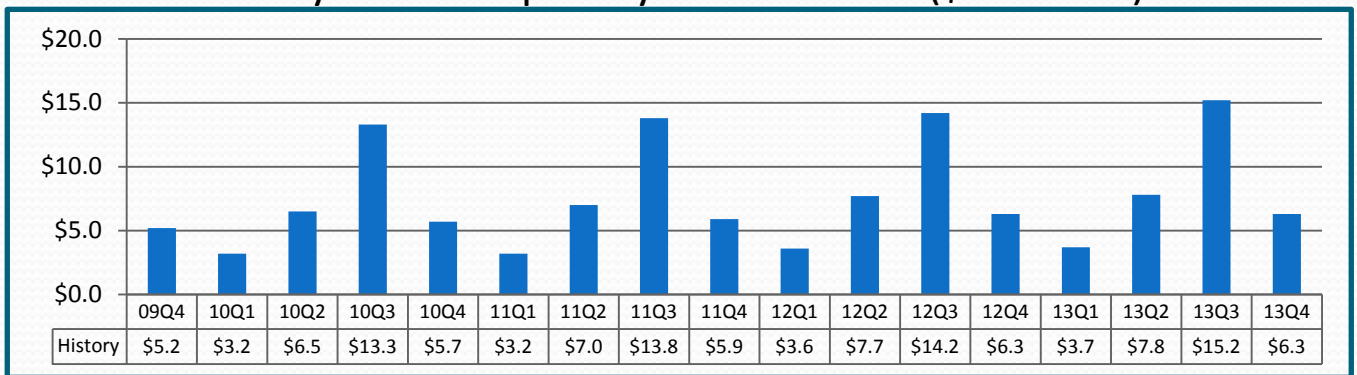
## MYR Deplanements (4-Quarter Moving Average)



# Tourism Tax Revenue

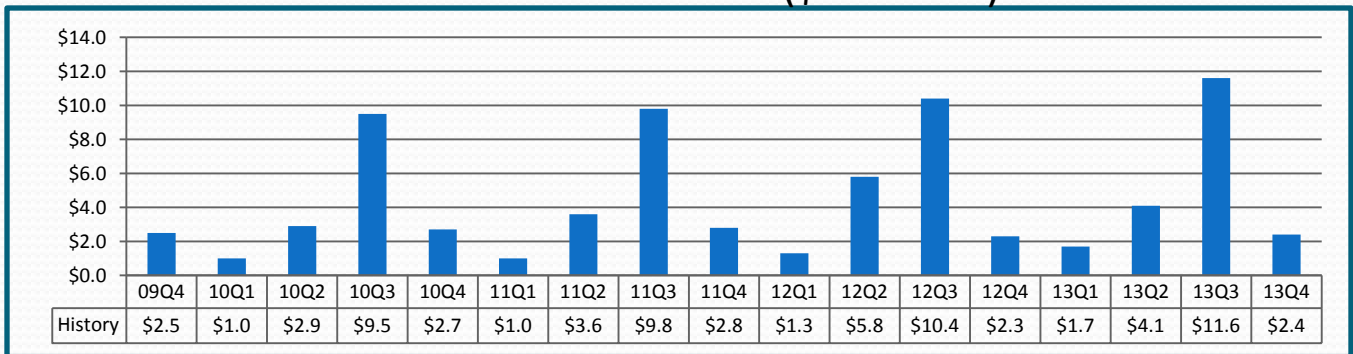
We monitor three separate taxes on tourism activity in the Grand Strand: the Horry County-wide 1.5% hospitality fee, the state accommodations tax assessed in Horry and Georgetown Counties, and the state admissions tax assessed in Horry and Georgetown Counties. Revenue from these three sources totaled \$10.6 million in the 4<sup>th</sup> quarter of 2013, an increase of \$300,000 (2.8%) from 4<sup>th</sup> quarter of 2012.

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



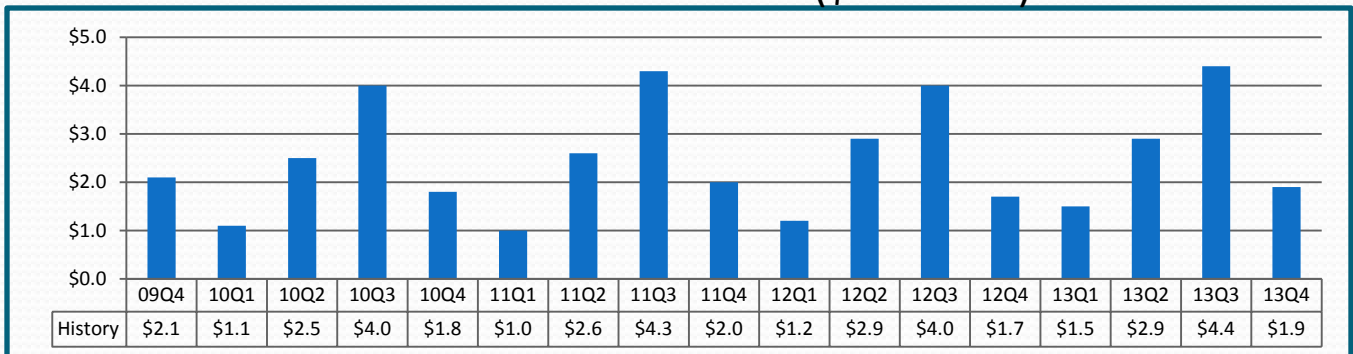
Source: Horry County Government

## Accommodations Tax (\$ Millions)



Source: South Carolina Department of Revenue

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

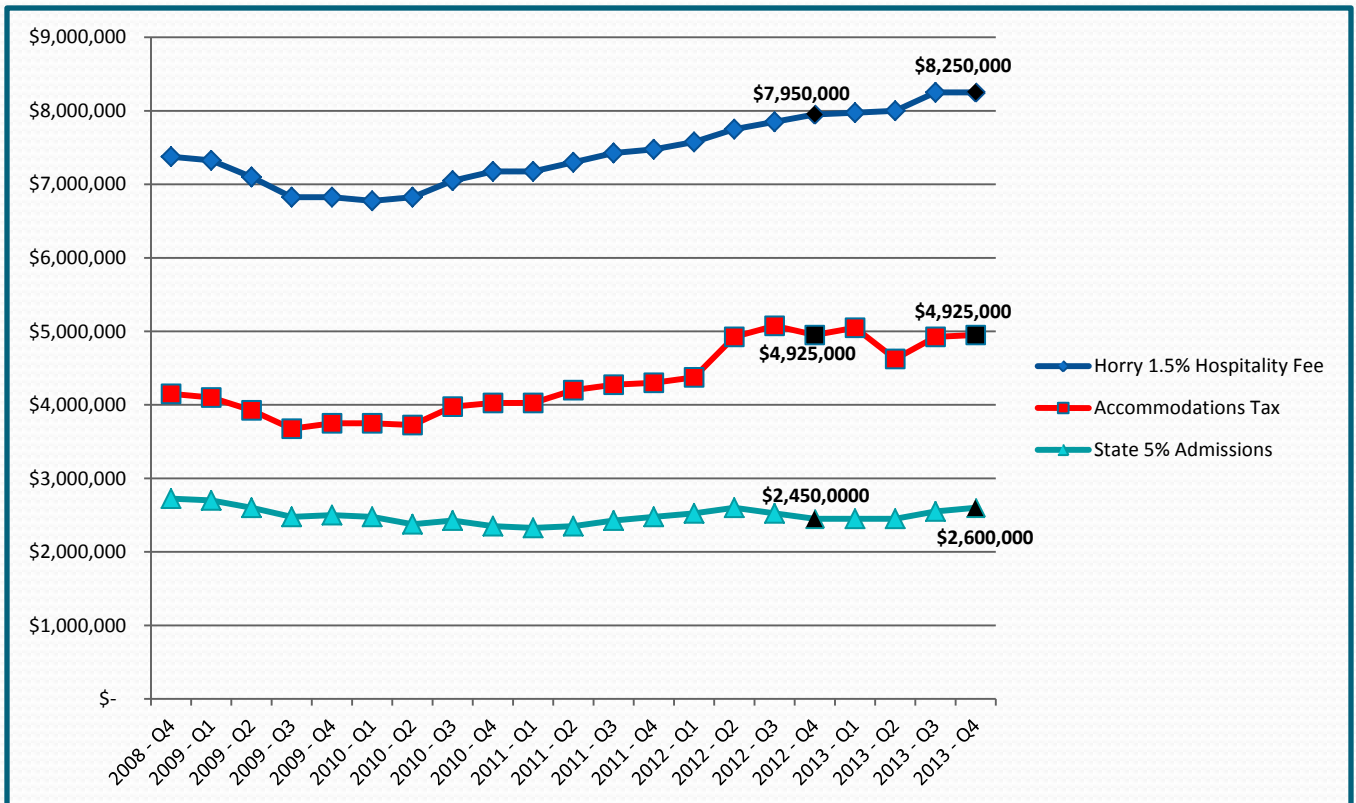


Source: South Carolina Department of Revenue

# 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 \$15,800,000 at the end of the 4<sup>th</sup> quarter of 2013. This is an increase of \$450,000 (2.9%) from the \$15,350,000 at the end of the 4<sup>th</sup> quarter of 2012. 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)



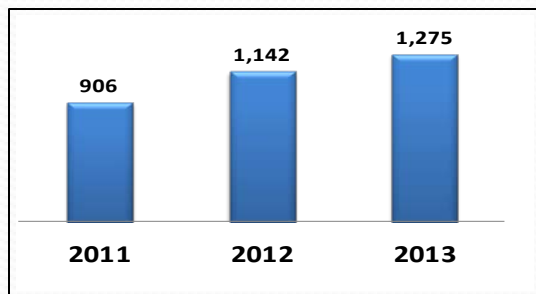
Source: Horry County Government and South Carolina Department of Revenue



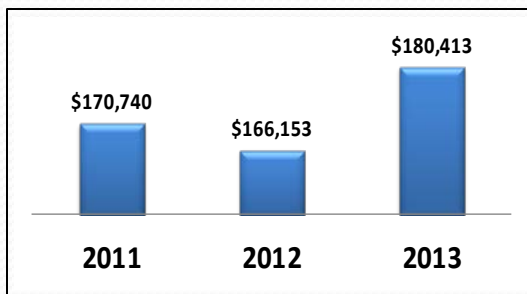
# Real Estate

## SFR Sales Activity

### 4<sup>th</sup> Quarter # of Sales

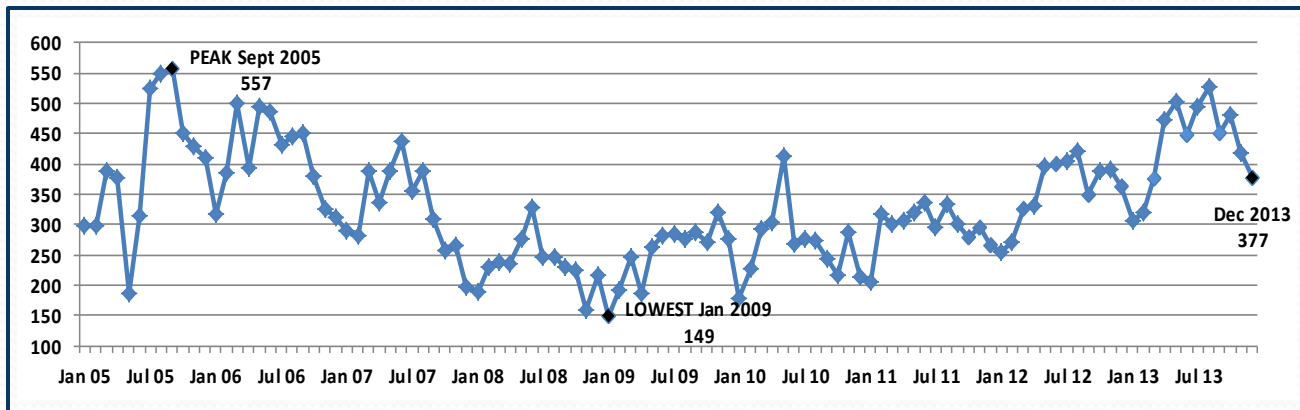


### 4<sup>th</sup> Quarter Median Sales Price

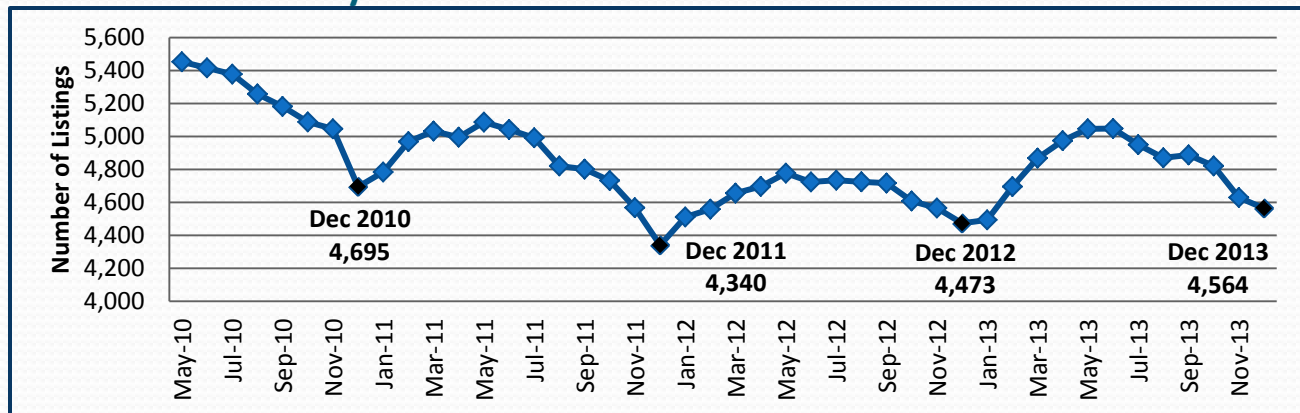


There were 1,275 single family residence sales with a median sales price of \$180,413 in Horry and Georgetown Counties in the 4<sup>th</sup> quarter of 2013. Sales are up 11.6% while the median sales price is also up \$14,260 (8.6%) from the same period in 2012. The SFR inventory at the end of the 4<sup>th</sup> quarter was 4,564 homes, an increase of 2.0% from the same period in 2012.

## Historical Sales Activity



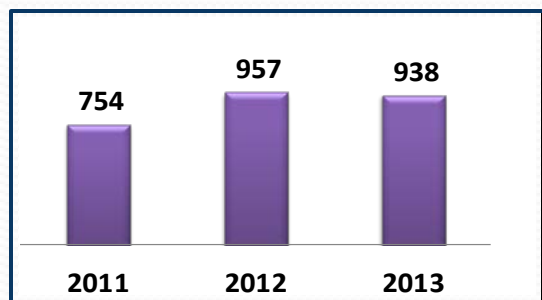
## Historical Inventory Levels



# Real Estate

## Condo/Townhome Sales Activity

4<sup>th</sup> Quarter # of Sales

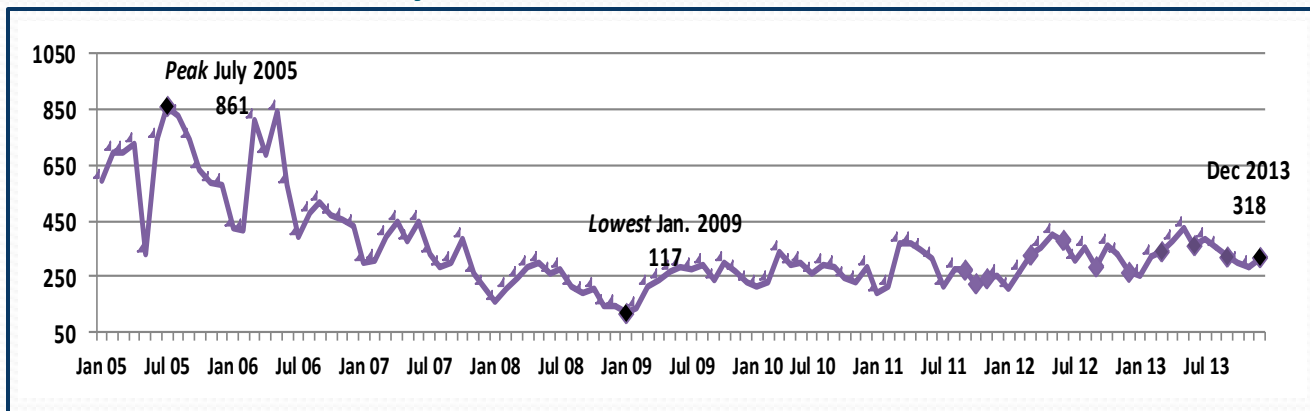


4<sup>th</sup> Quarter Median Sales Price

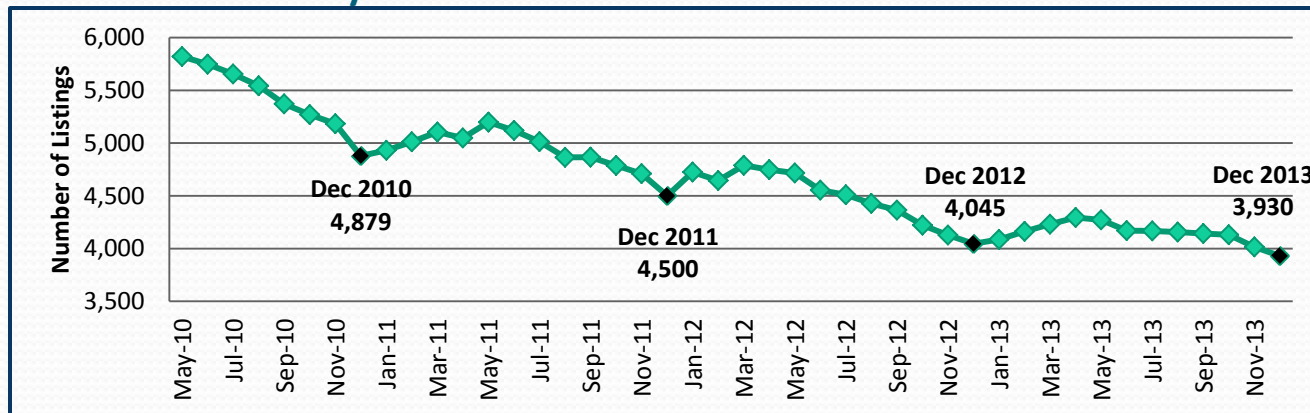


There were 938 condo/townhome sales in Horry and Georgetown Counties in the 4<sup>th</sup> quarter of 2013 with a median sales price of \$110,000. The number of sales is down 2.0% while the median home price has increased \$5,000 (4.8%). The condo/townhome inventory at the end of the 4<sup>th</sup> quarter was 3,930 units, a decrease of 115 units (2.8%) from the same period last year.

## Historical Sales Activity



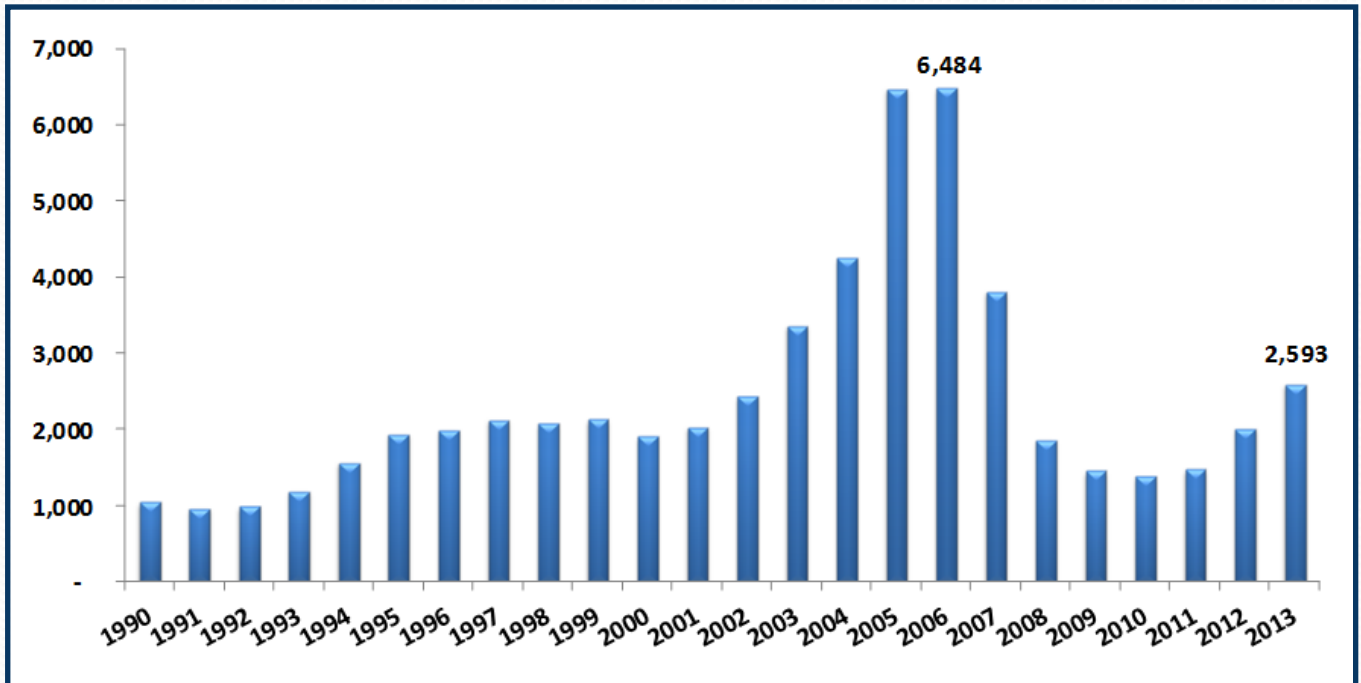
## Historical Inventory Levels



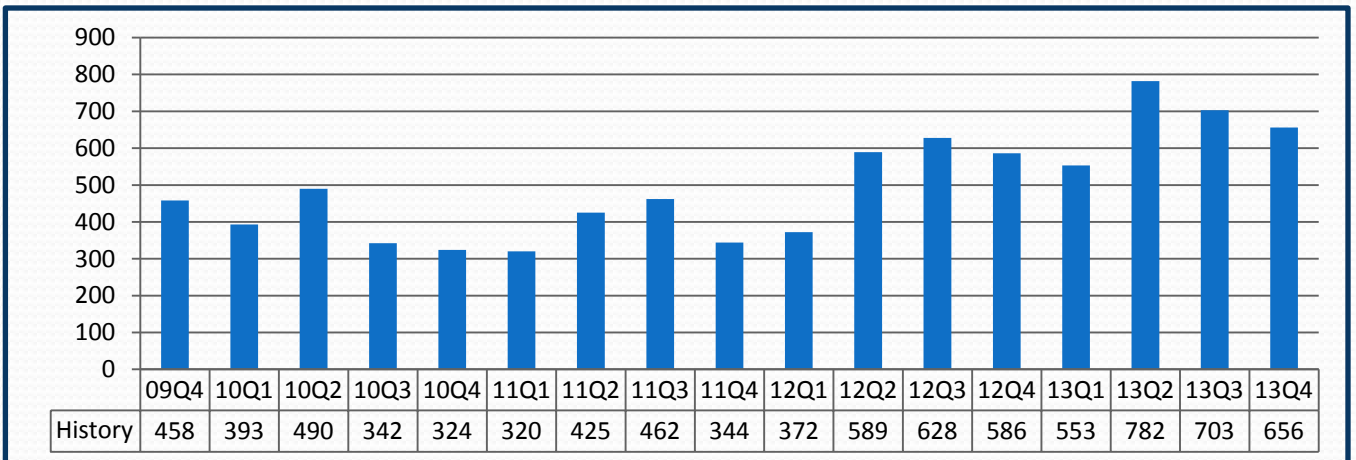


# Real Estate Building Permits

## Horry County Single Family Buildings Permits



## Regional Single Family Buildings Permits



Source: HUD State of the Cities Data System

There were 656 building permits issued in the fourth quarter of 2013 for single family homes in Horry and Georgetown Counties combined. This is an increase of 11.9% over the 586 permits issued in the 4<sup>th</sup> quarter of 2012. In Horry County alone, there were 2,593 SFR building permits issued in 2013 and 222 issued in Georgetown County.