

Regional Economic Outlook

Spring 2018

May 2, 2018
Robert F. Salvino, Ph.D.
Coastal Carolina University

Executive Summary

The Economic Outlook Board of the Waccamaw Council of Governments met on May 2, 2018. CCU economist, Robert Salvino, Ph.D., delivered the forecasts followed by a micro-level business operations presentation from Grand Strand Water and Sewer's Christy Everett, P.E., Chief Operations Officer. Ms. Everett's analysis provided detailed context and scope relating to the Grand Strand's housing economy.

The economic outlook discussion focuses on the Waccamaw Region's economy, comprised of Horry, Georgetown, and Williamsburg Counties, and showed continued growth in the recent quarters, although labor market tightening suggests the business cycle is at a peak. Perhaps more importantly, several large MSAs in the state have recorded declining employment in successive months compared with the previous year same period. This negative trend in the state began in late fall.

The region's economy experienced employment growth in the winter quarter, year-over-year, led by Horry County with a 3.2 percent increase, followed by Georgetown County at 1.2 percent and Williamsburg showing a slight decline of -0.1 percent. Unemployment rates declined just slightly, about -0.2 percent across the three counties, again suggesting a peaking business cycle. Tourism indicators were weak, mostly negative, for the winter quarter, reflecting impacts from an extremely cold winter. Retail sales, however, remained strong. The housing construction sector continued its strong growth, and material and labor pressures are beginning to constrain this growth. The outlook is for moderate to low employment growth in the next two quarters, a rebound in the tourism economy compared with last year, and slower housing construction due to increased price and wage pressures.

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).

State Benchmark Demographics

	South Carolina	North Carolina	Florida	Georgia	United States
Population (Jul 2017)	5,024,369	10,273,419	20,984,400	10,429,379	325,719,178
Percentage Change (2010-2017)	8.6%	7.7%	11.6%	7.6%	5.5%
Persons 65 and over	16.7%	15.5%	19.9%	13.1%	15.2%
Persons under 18	22.1%	22.7%	20.1%	24.4%	22.8%
Population Density (person/sq.mi.)	153.9	196.1	350.6	168.4	

Source: U.S. Census

State Benchmark Income and Metros

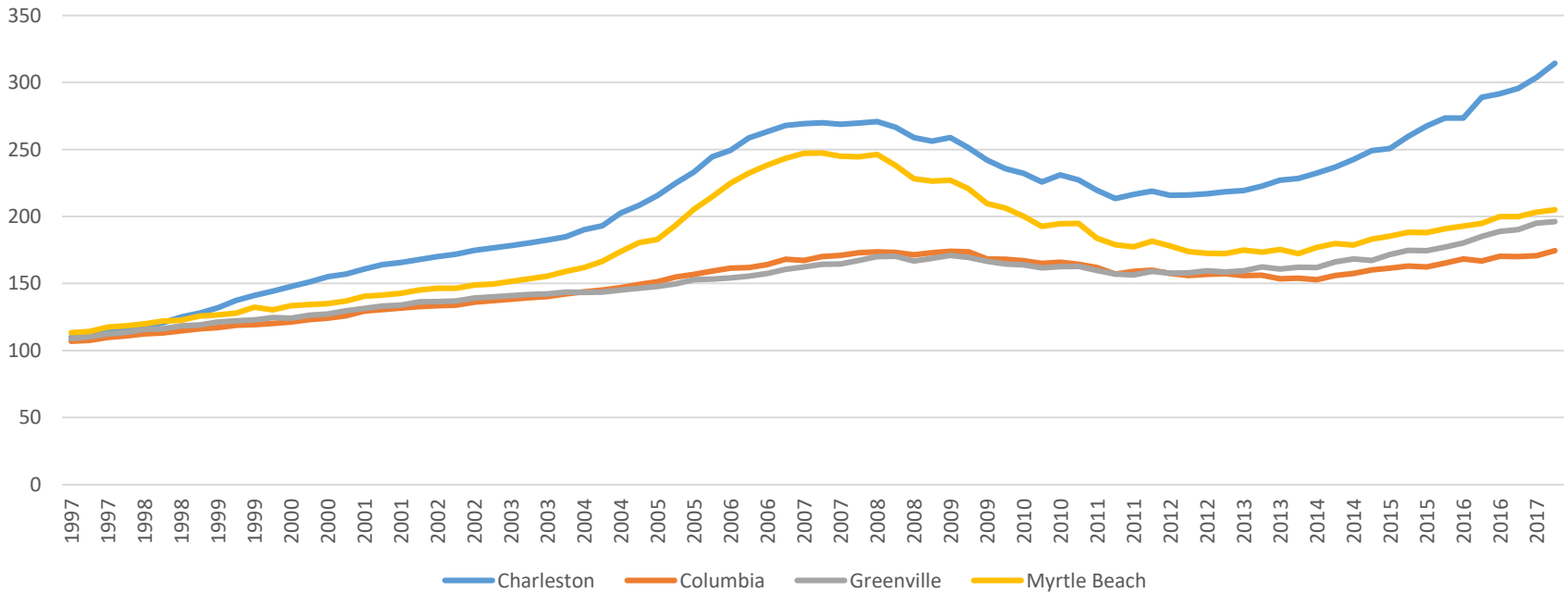
	South Carolina	North Carolina	Florida	Georgia	United States
Median Household Income (2012-16) \$	46,898 \$	48,256 \$	48,900 \$	51,037	\$ 55,322
Median Family Income (ACS 2016) \$	61,535 \$	62,289 \$	61,289 \$	65,018	\$ 71,062
Labor Participation Rate (16yr+)	60.0%	61.5%	58.5%	62.3%	63.1%
Largest MSA Population*	1.3 million	2.4 million	5.9 million	5.6 million	
Largest MSA's share of population	26%	23%	28%	54%	
Largest MSA growth (2001-2014)	15%	35%	16%	27%	

*SC's includes Greenville-Spartanburg combined (30 miles apart), compared with Columbia and Florence (80 miles apart)

Sources: U.S. Census, BLS, BEA

Comparing Real Estate Prices

Purchase-Only Mortgage Price Indices
Select MSA Areas



Source: Federal Housing Finance Agency

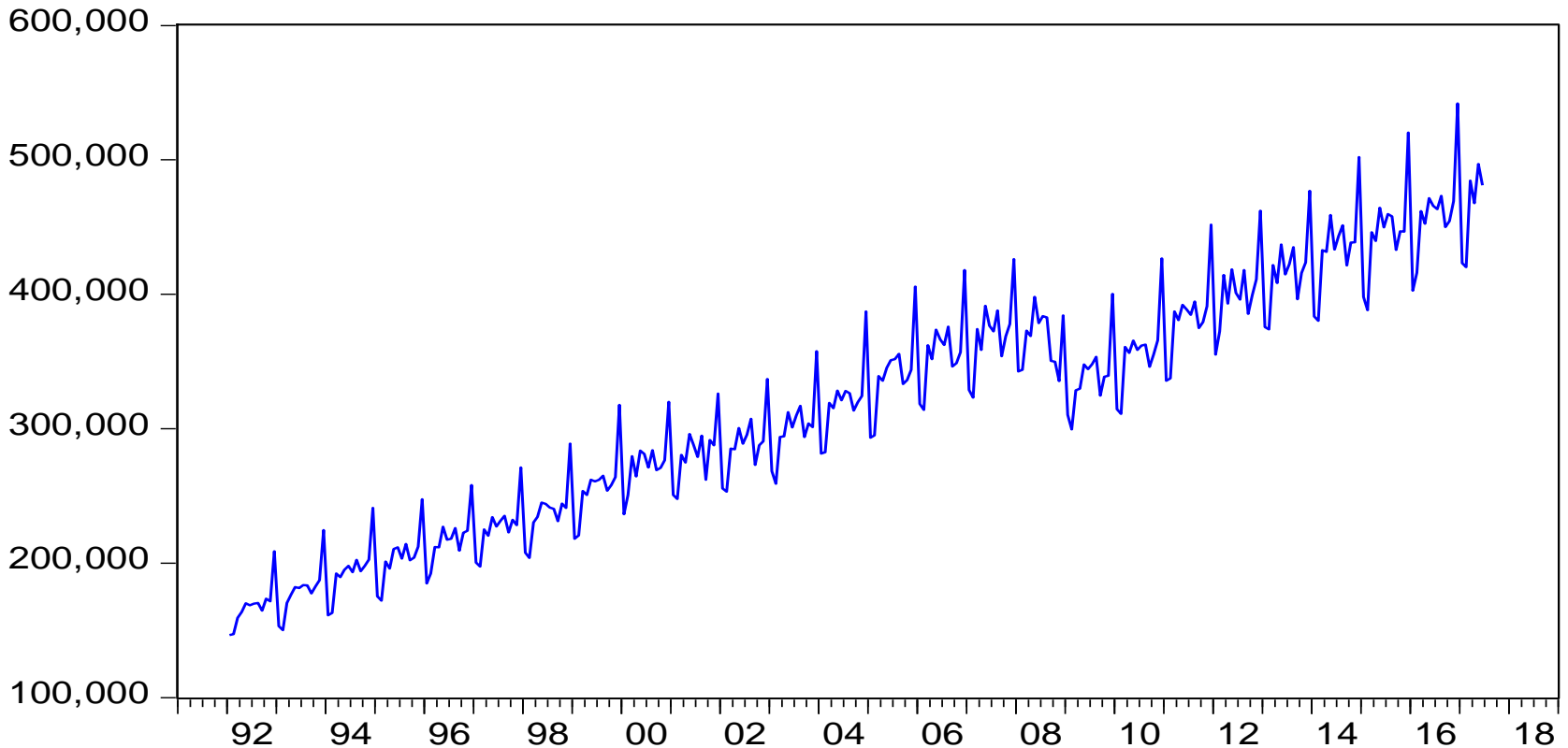
Notable Employment Trends

- Charleston County: **Declining** monthly employment since December on a Year-over-Year basis.
- Richland County: **Declining** since November
- Florence County: **Declining** since December
- Greenville County: **Rising**
- Horry, Georgetown: **Rising**
- Williamsburg: **Declining** last quarter

Source: SC Department of Employment and Workforce/LAUS;
Not seasonally adjusted

U.S. Retail Sales (\$Millions/Month – nominal, unadjusted)

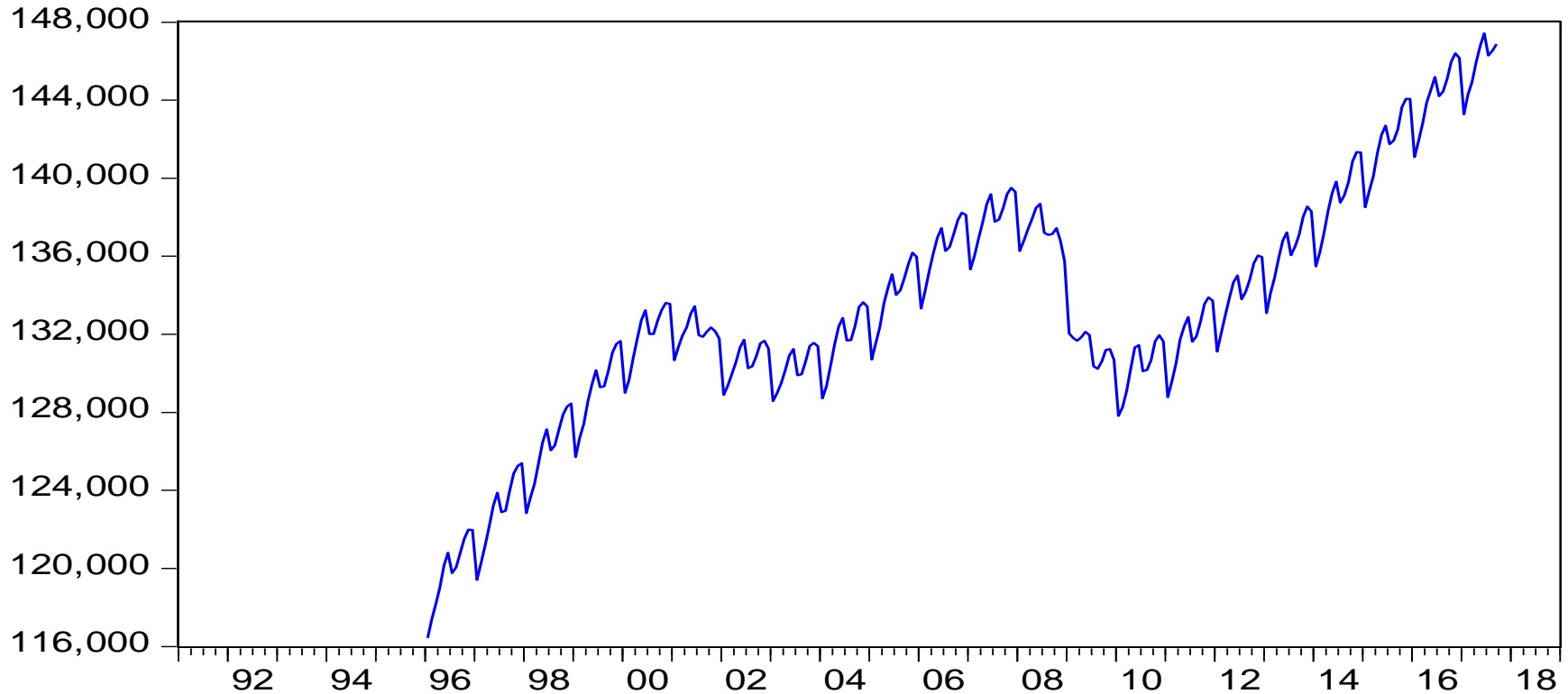
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Source: U.S. Department of Commerce

U.S. Private Non-farm Employment (unadjusted)

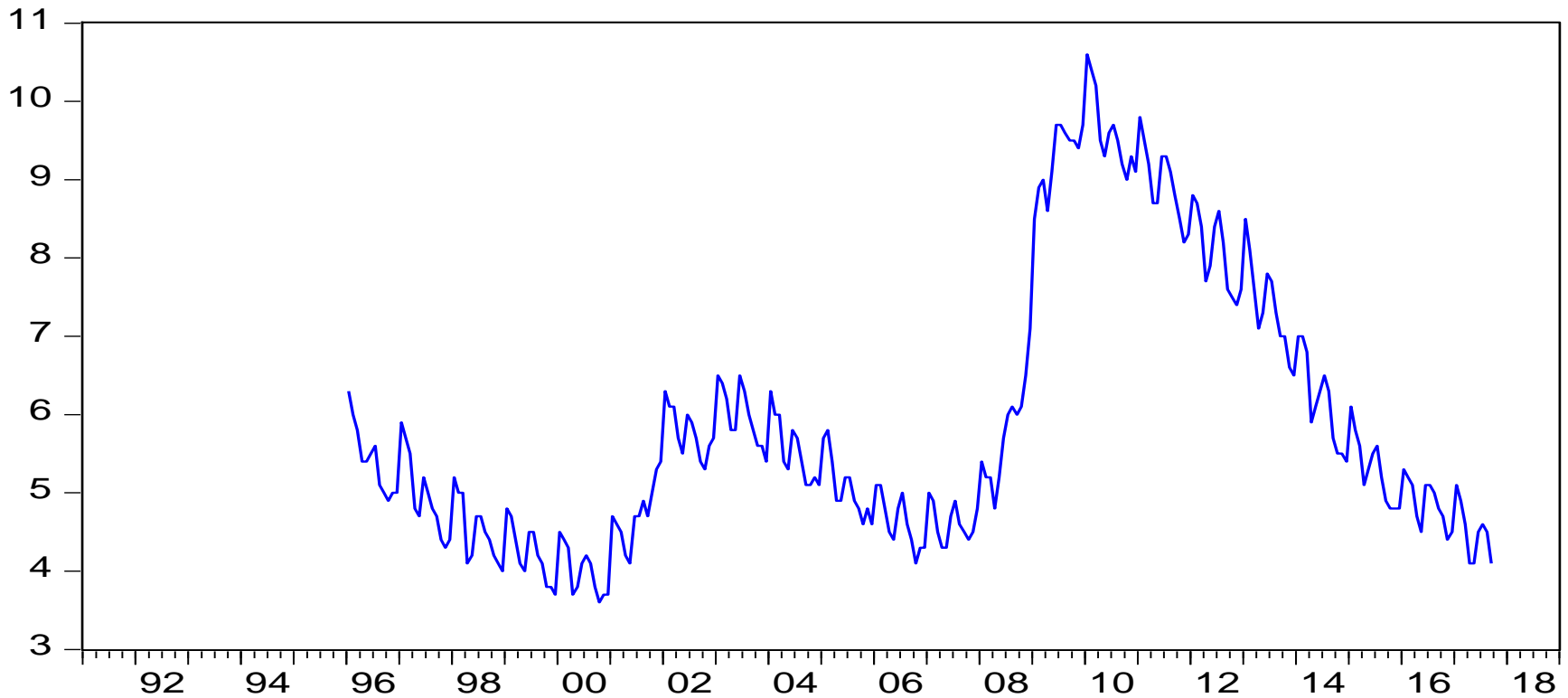
USEMP



Source: Bureau of Labor Statistics

U.S. Unemployment Rate - Private Non-farm (unadjusted)

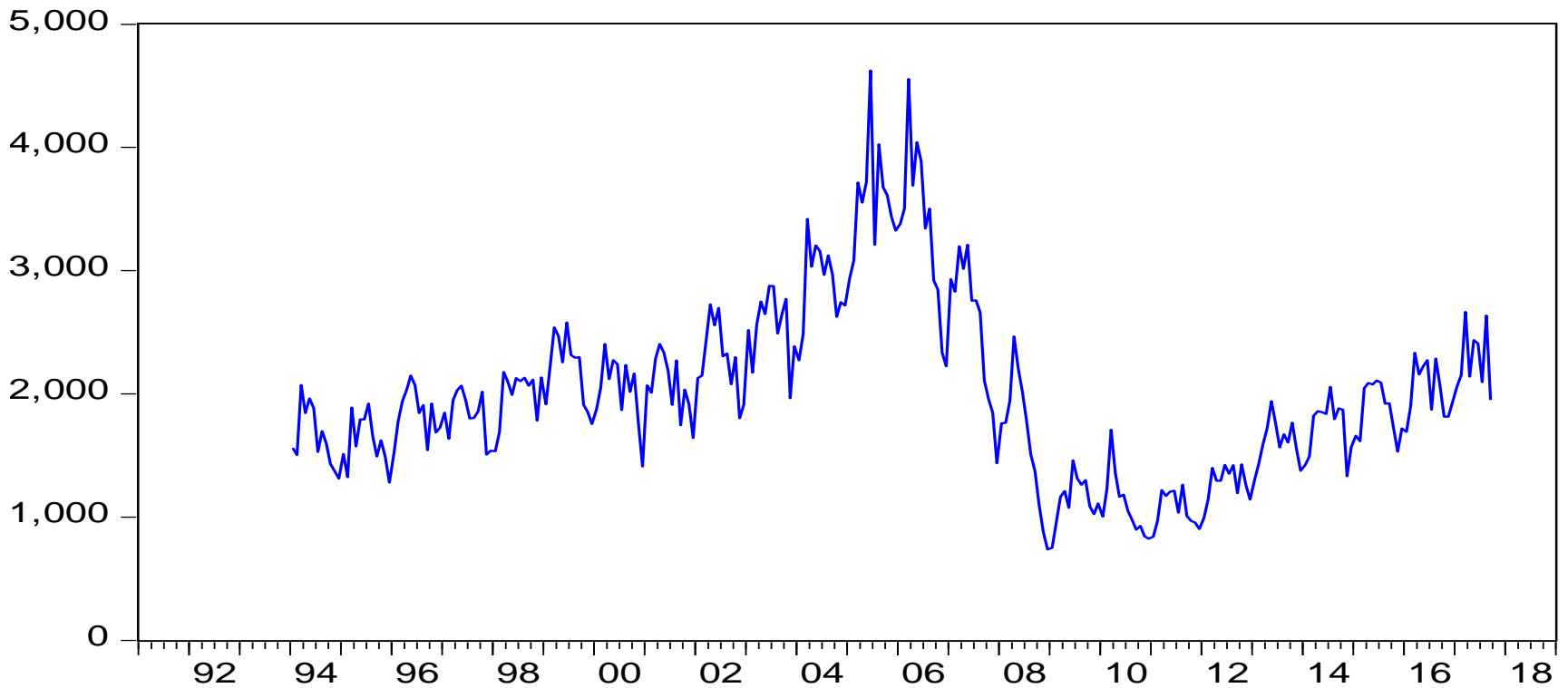
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Source: Bureau of Labor Statistics

SC Single Family Building Permits

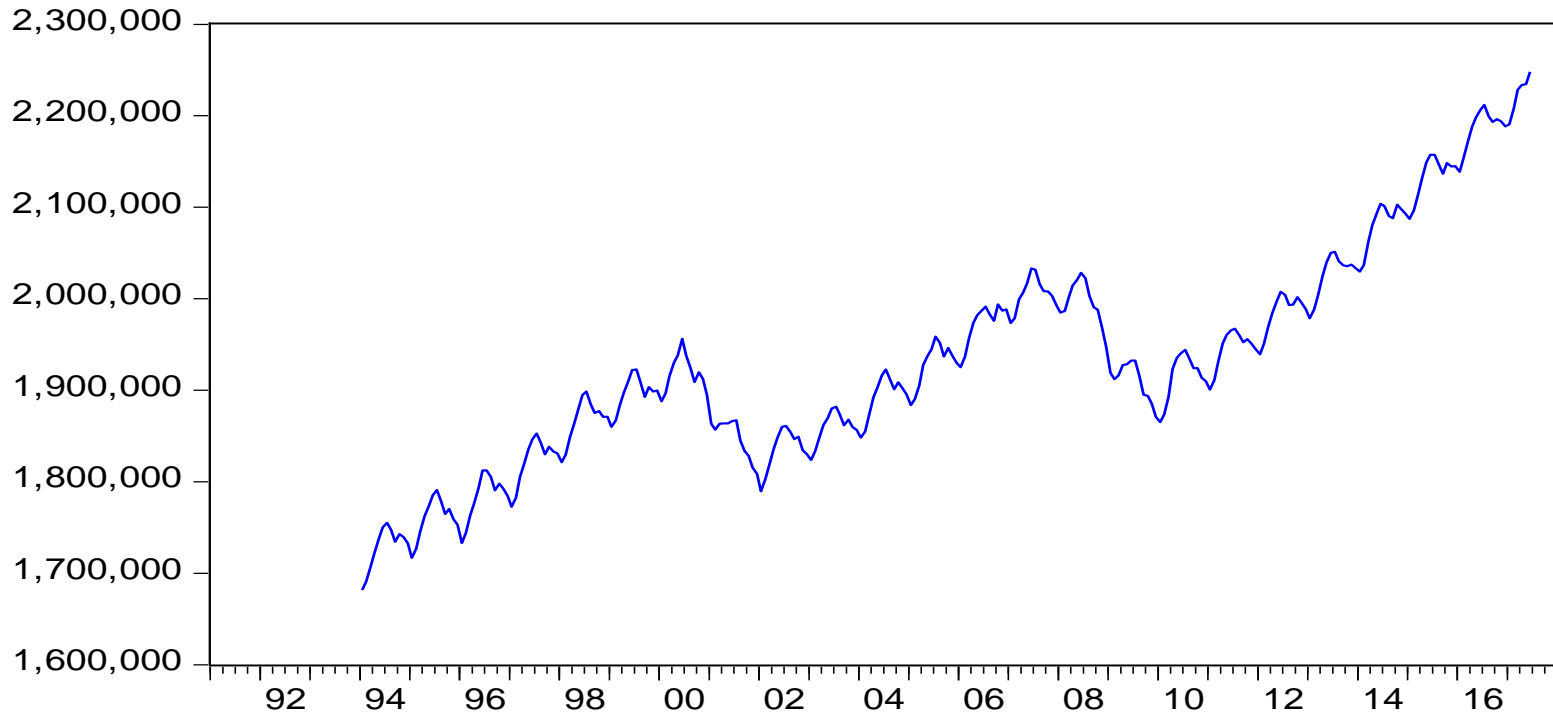
SCSFPERMITS



Source: HUD State of the Cities Database

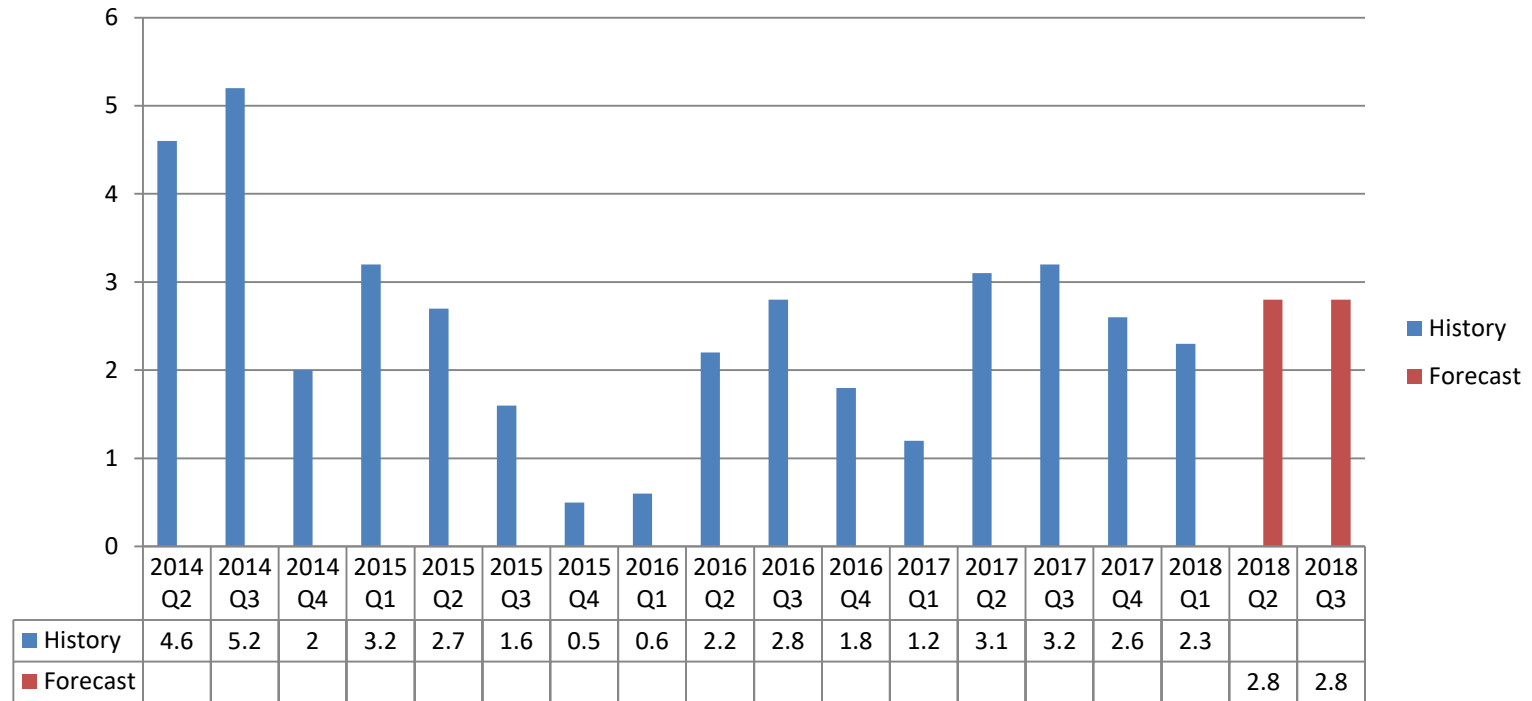
South Carolina Employment (Millions)

SCEMP



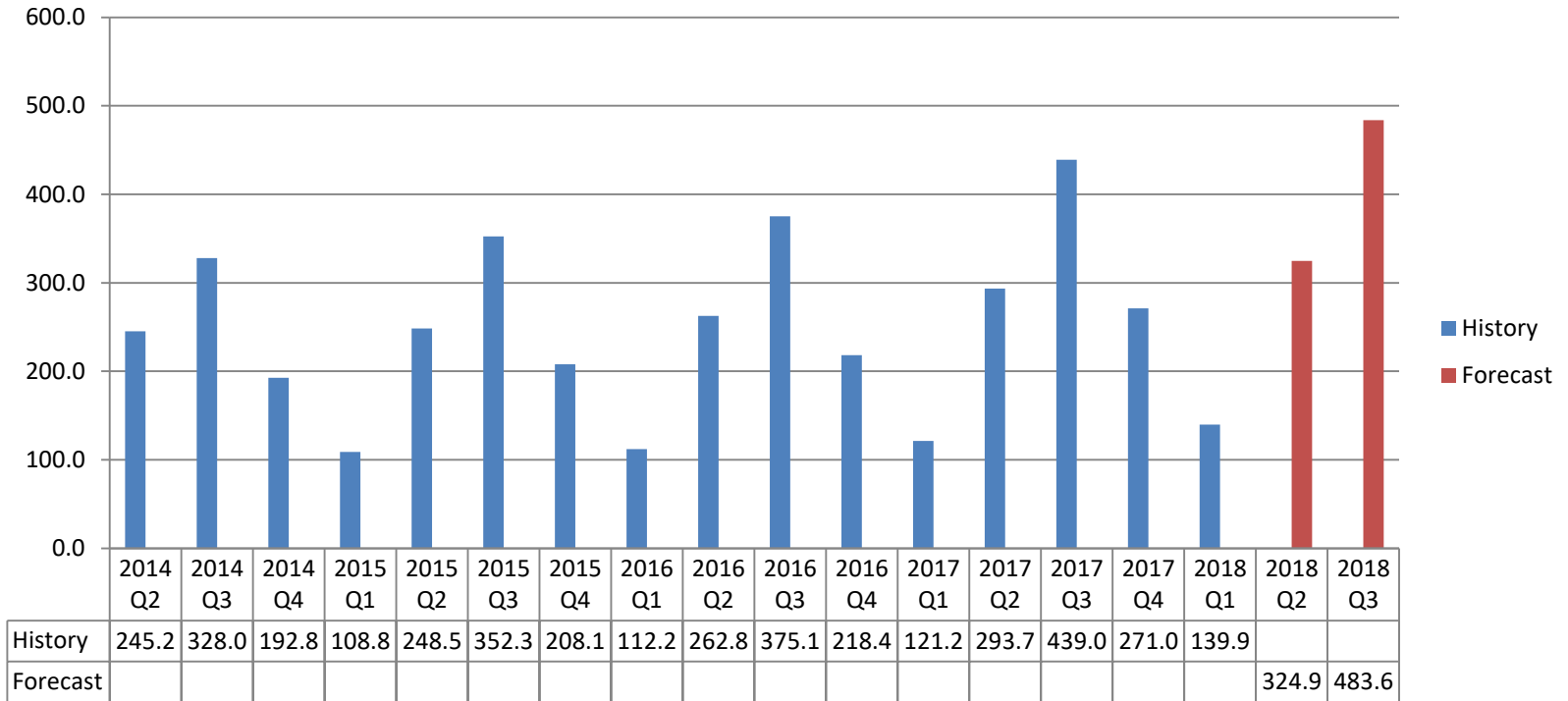
Source: Bureau of Labor Statistics

Annualized Real GDP Growth (%)



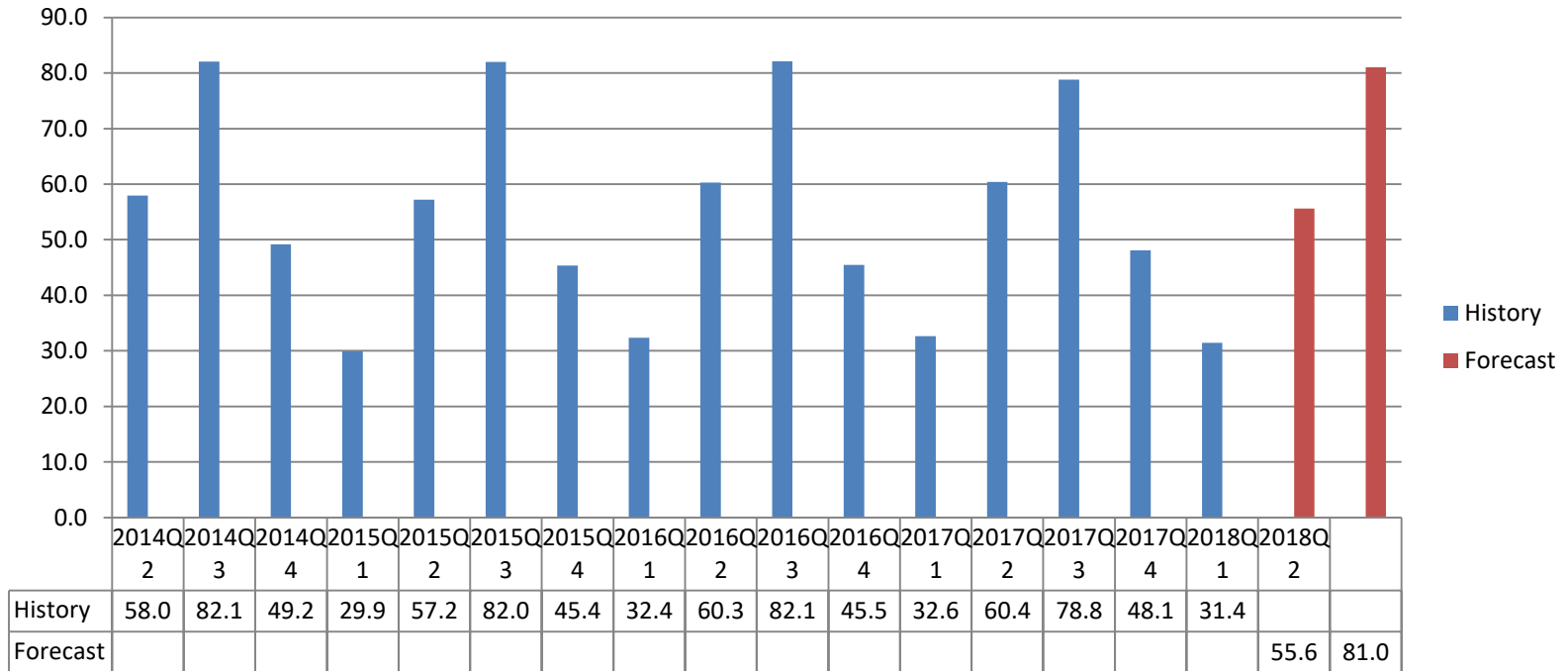
Source: U.S. Department of Commerce: Bureau of Economic Analysis

MYR Airport Deplanements (Thousands)



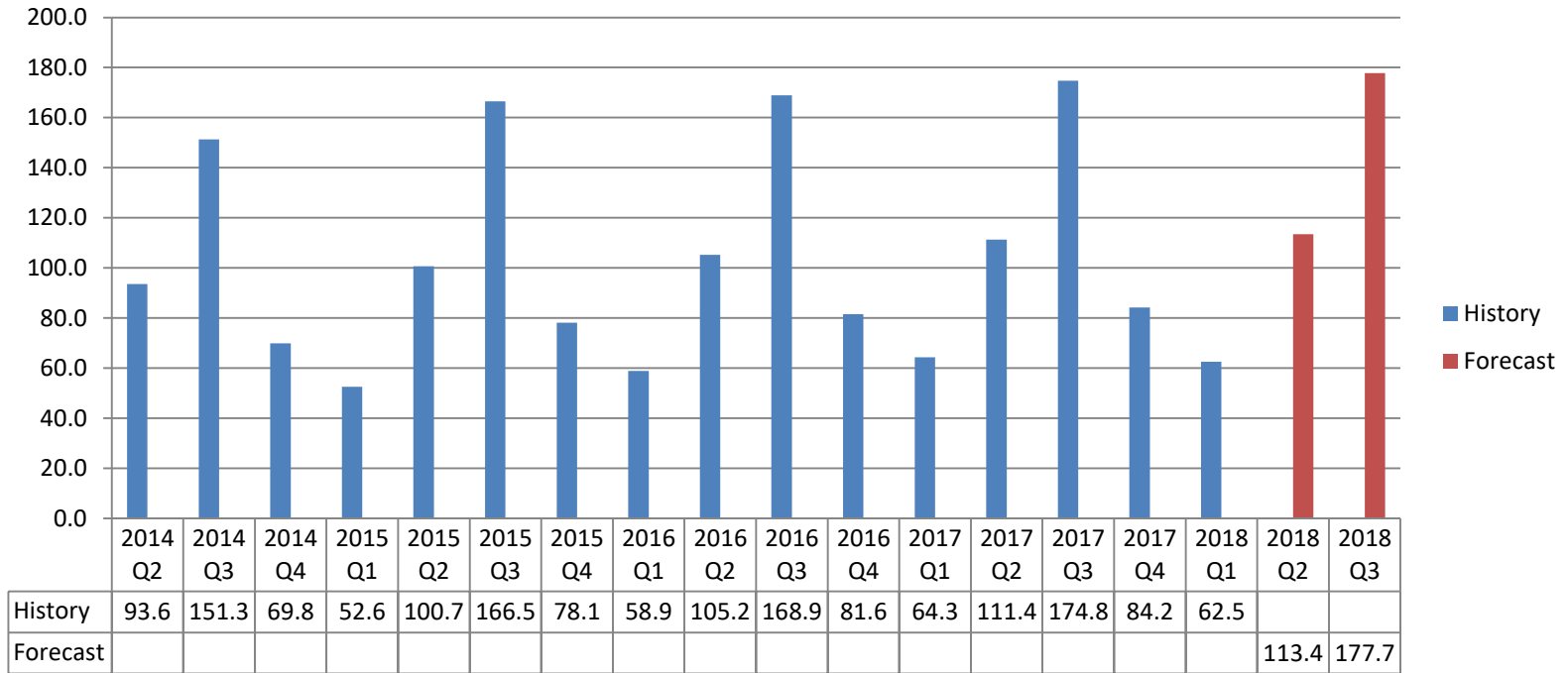
Source: Myrtle Beach International Airport

Hotel-Condotel-Campground Occupancy Rate



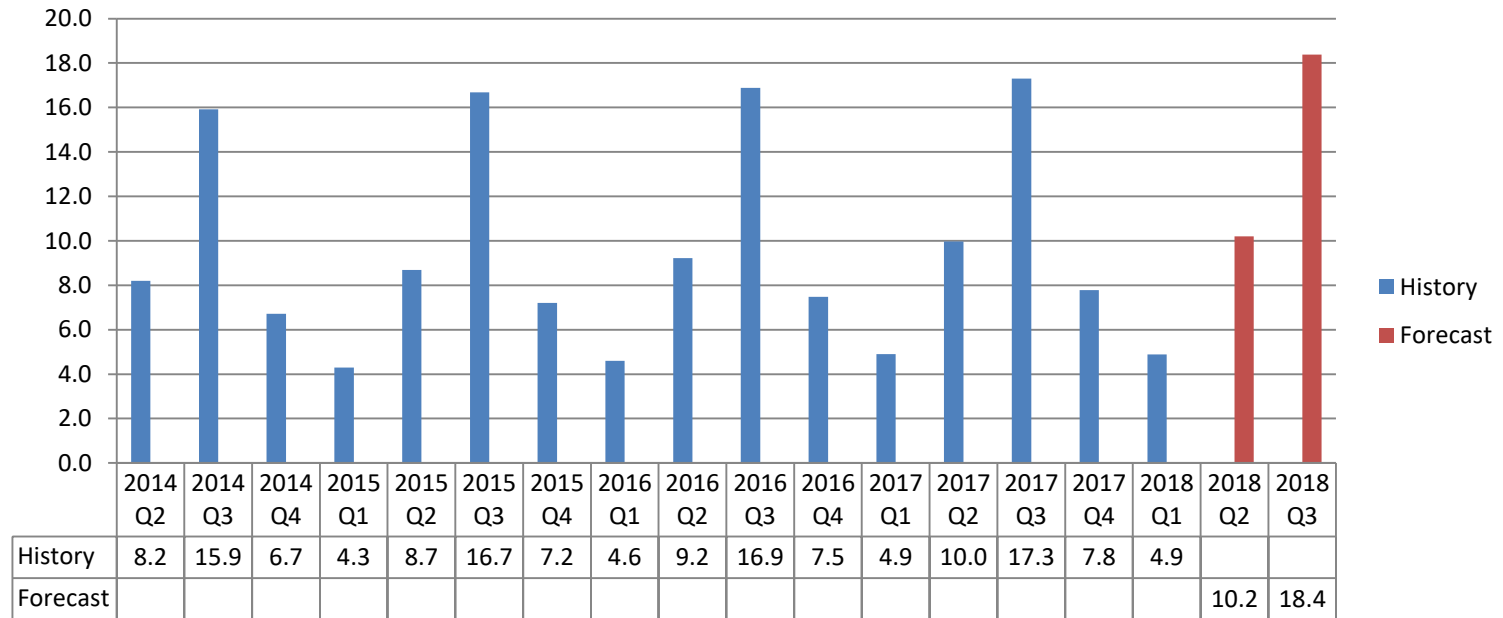
Source: Clay Brittain Jr. Center for Resort Tourism

Hotel-Condotel-Campground Average Daily Rate



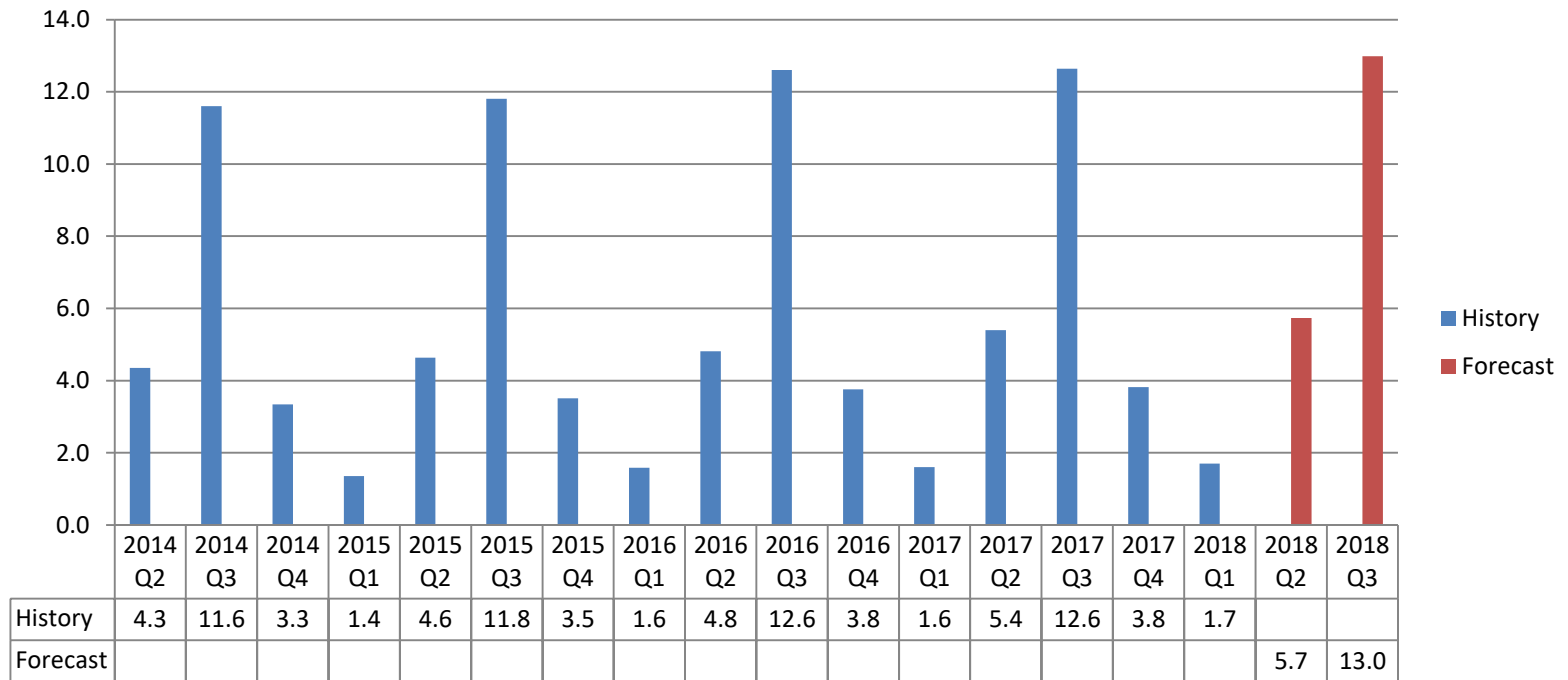
Source: Clay Brittain Jr. Center for Resort Tourism

Horry 1.5% Hospitality Fee Revenue (\$Millions) (County-wide fees on accommodations, prepared foods, beverages, admissions)



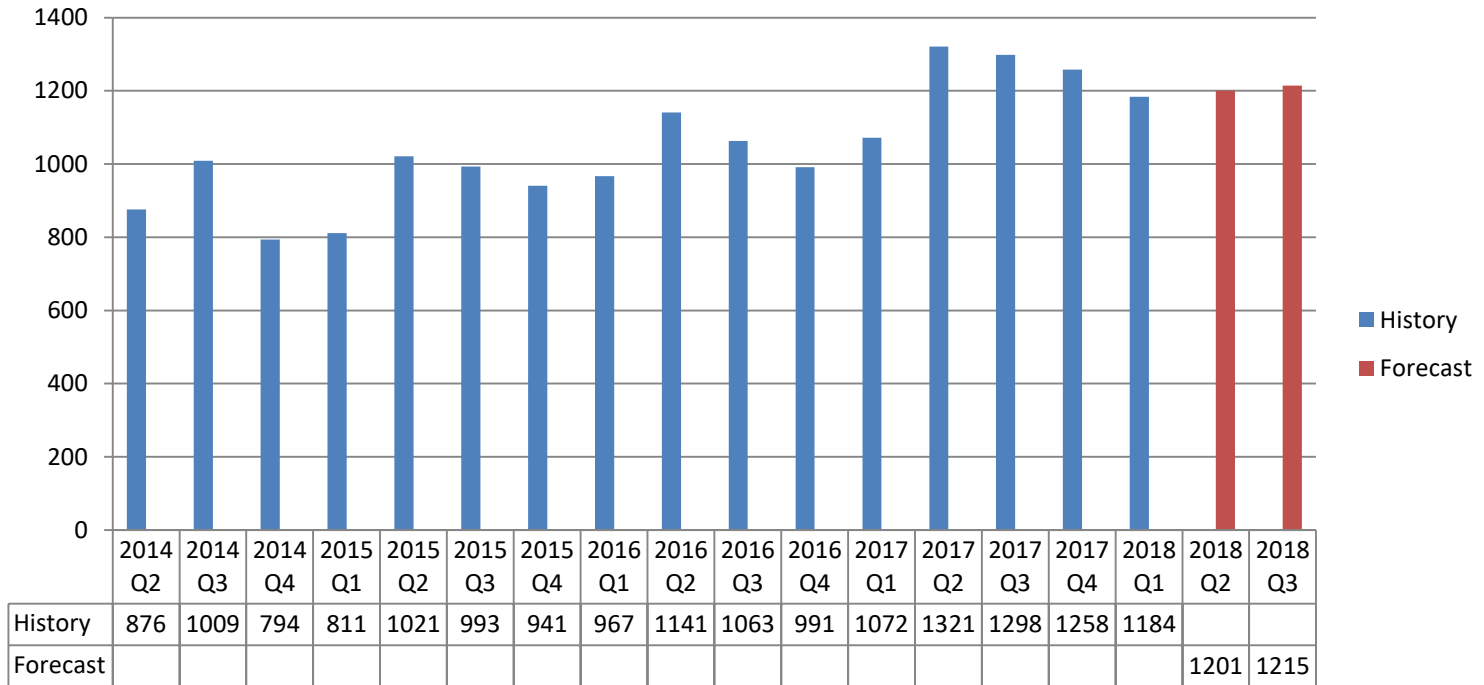
Source: Horry County Government

Accommodations Tax Revenue (\$Millions)



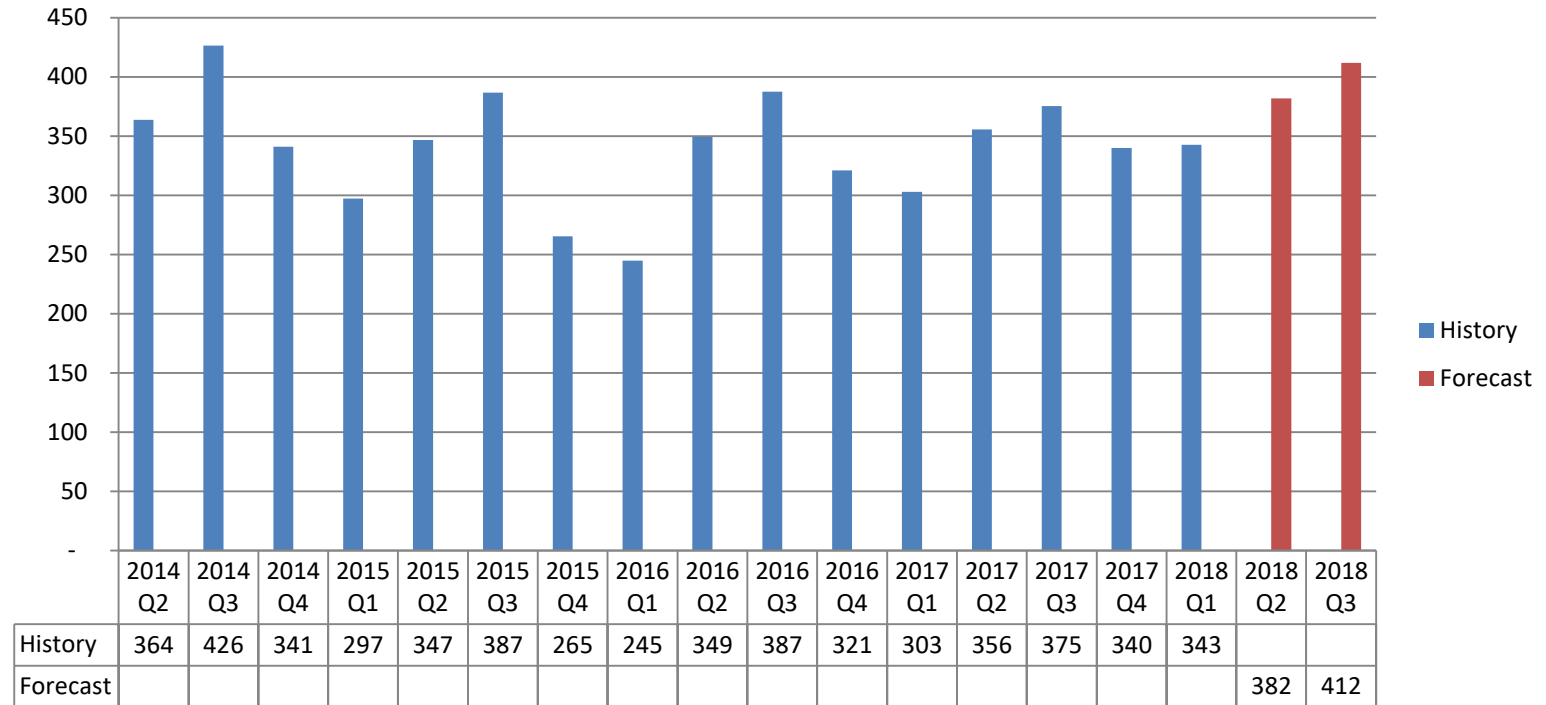
Source: SC Department of Revenue

Regional Single Family Permits



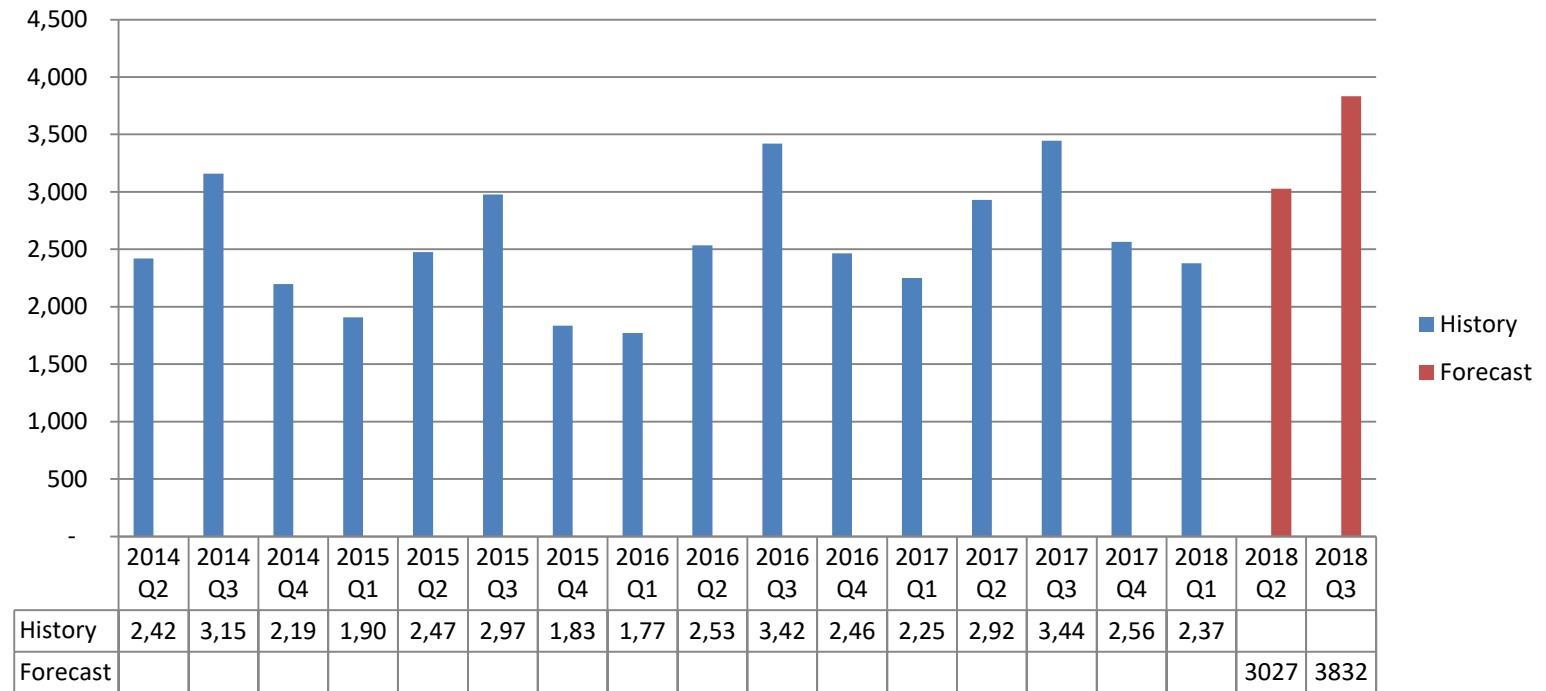
Source: HUD State of the Cities Data System

Georgetown Retail Sales (\$ Millions)



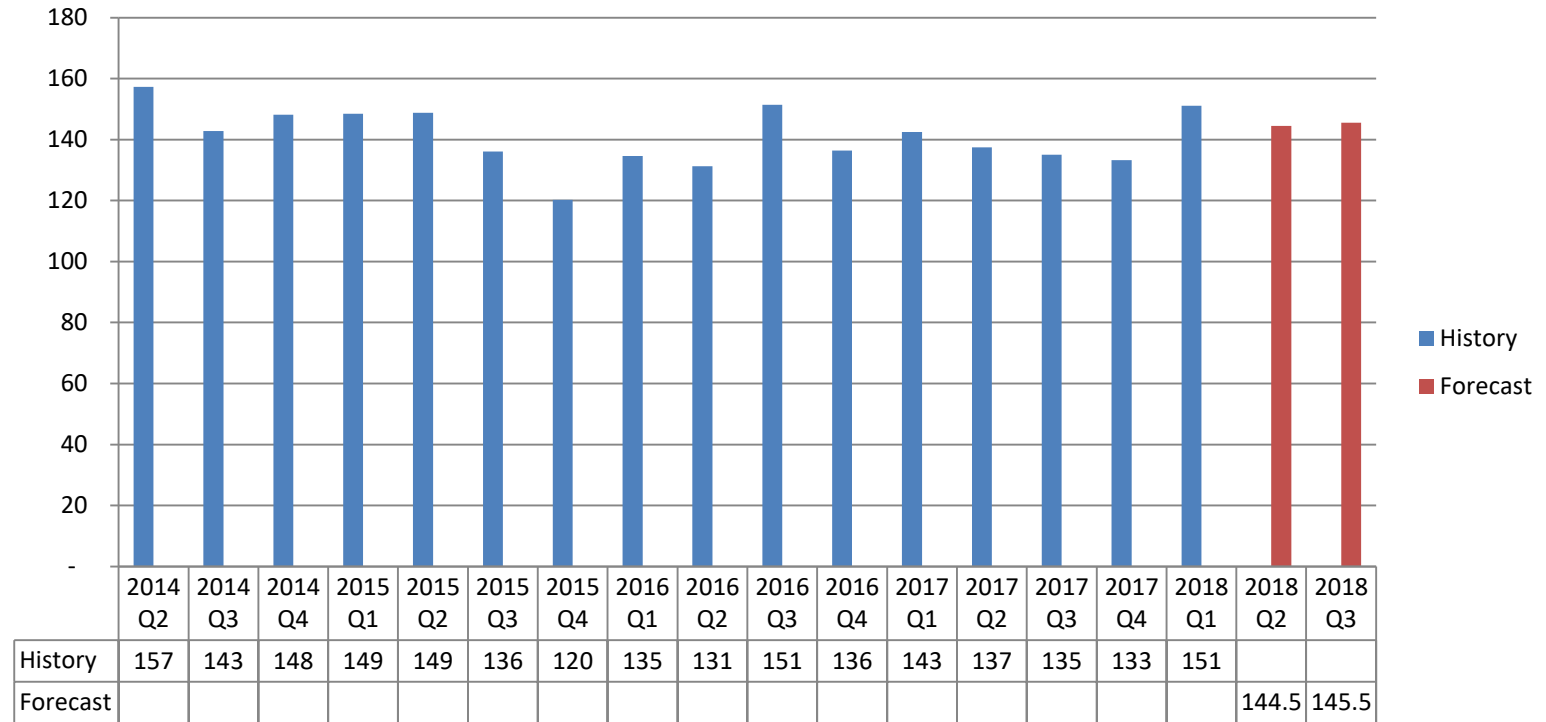
Source: SC Department of Revenue

Horry Retail Sales (\$ Millions)



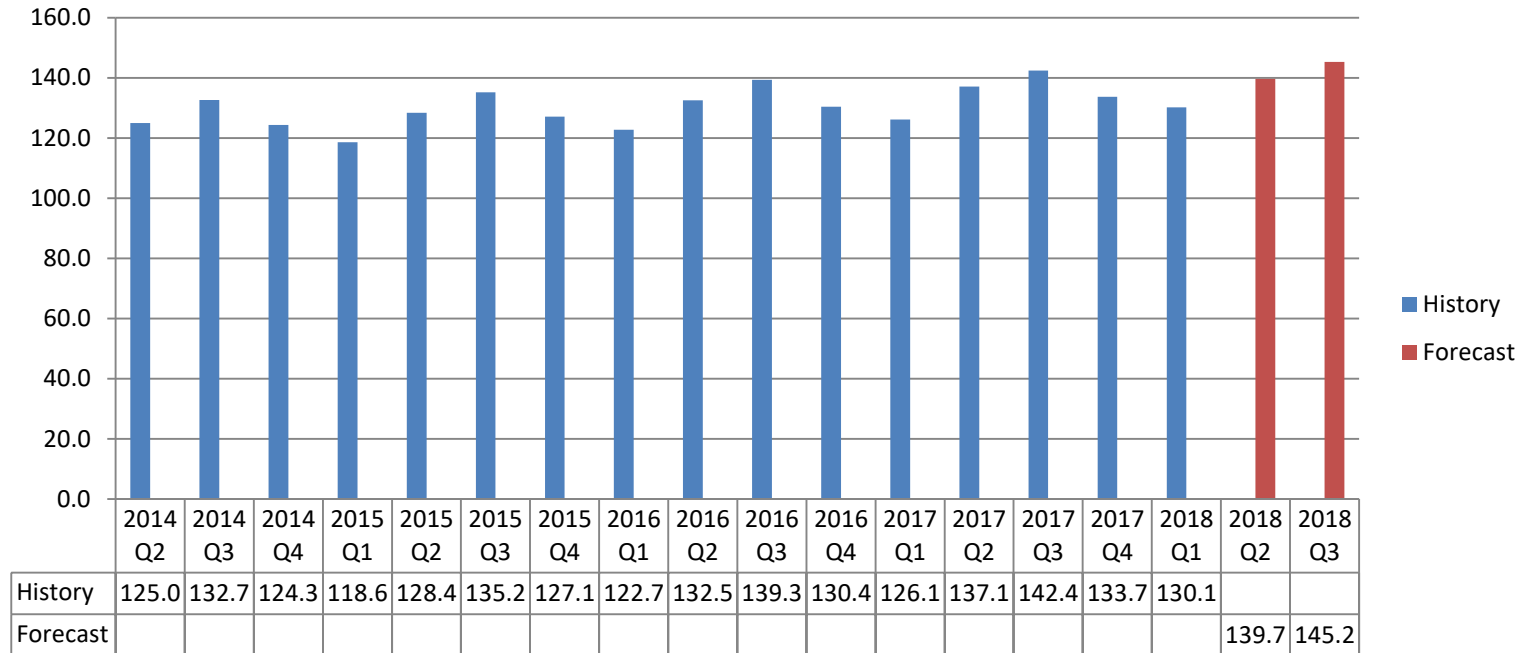
Source: SC Department of Revenue

Williamsburg Retail Sales (\$ Millions)



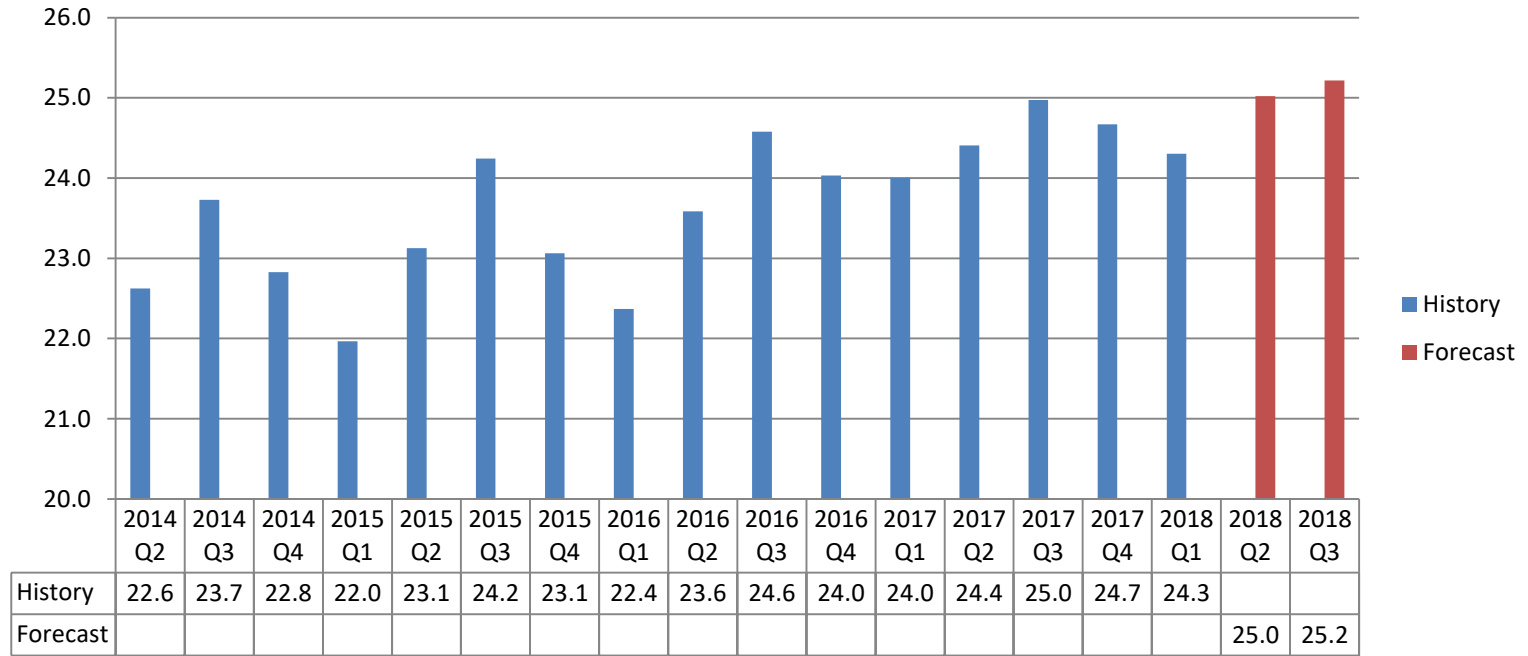
Source: SC Department of Revenue

Horry Employment (Thousands)



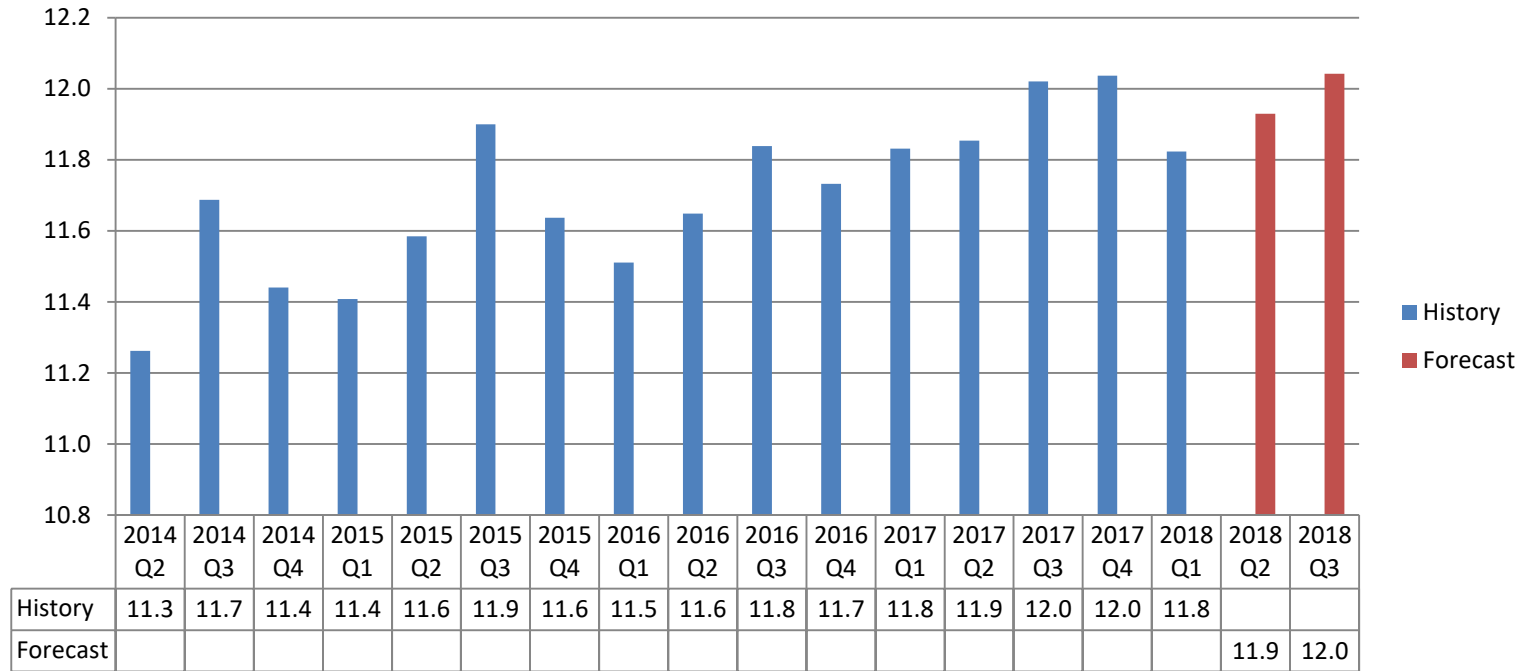
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Georgetown Employment (Thousands)



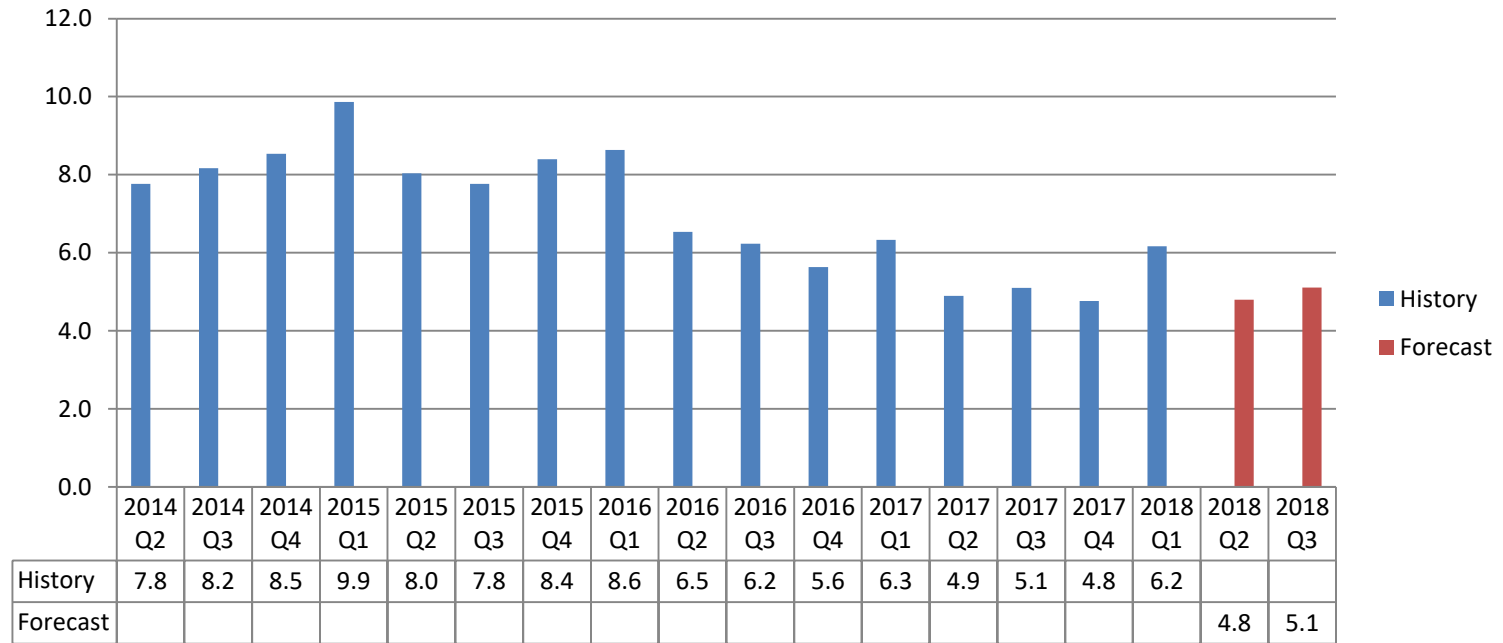
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Williamsburg Employment (Thousands)



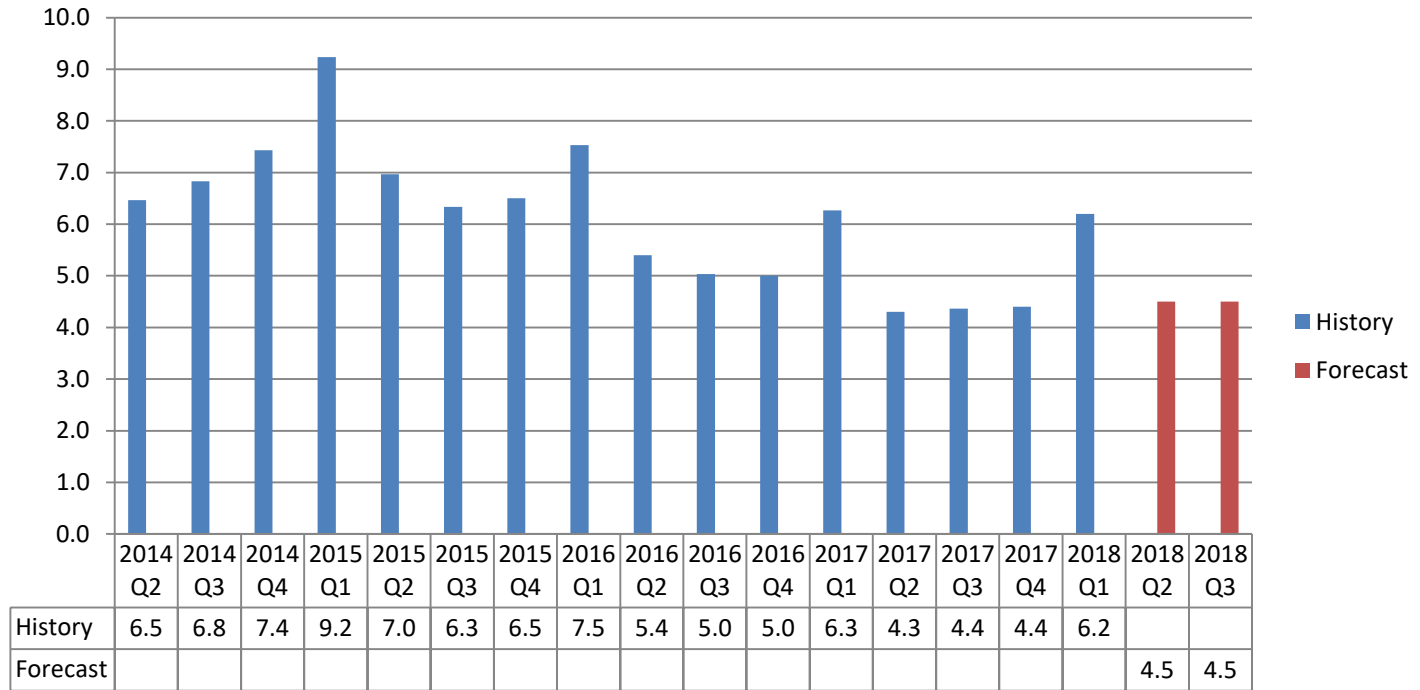
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Georgetown Unemployment Rate



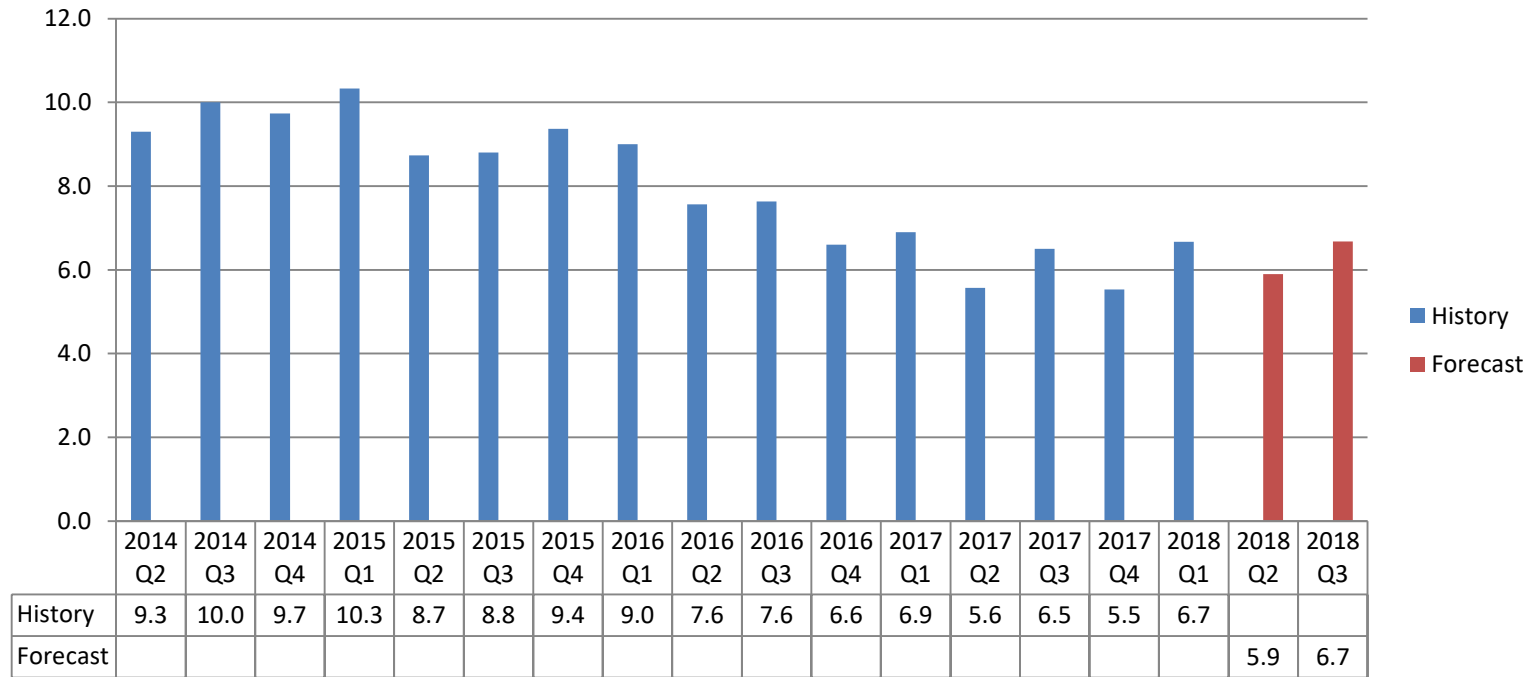
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Horry Unemployment Rate



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Williamsburg Unemployment Rate



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Regional Economic Outlook Board: Spring 2018

Presented to: The Waccamaw Regional Council of Governments' Regional Economic Outlook Board

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May 2018

	Value			Percent Change from Previous Year		
	History Previous Quarter Winter 2018	Forecast Current Quarter Spring 2018	Forecast Next Quarter Summer 2018	History Previous Quarter Winter 2018	Forecast Current Quarter Spring 2018	Forecast Next Quarter Summer 2018
Airport Deplanements (thousands)	139.9	324.9	483.6	15.4	10.6	10.2
Occupancy Rate (Full Week)	31.4	55.6	81.0	-1.2	-4.8	2.2
Average Daily Rate (Full Week)	62.5	\$ 113.4	\$ 177.7	-1.8	2.0	3.0
Horry County 1.5% Hosp. Fee Revenue (\$millions)	\$ 4.9	\$ 10.2	\$ 18.4	-0.3	2.3	6.2
Accommodations Tax Revenue (\$millions)	\$ 1.7	\$ 5.7	\$ 13.0	6.4	6.1	2.7
Admissions Tax Revenue (\$millions)	<i>No update from SCDOR since April 2016</i>			<i>No update from SCDOR since April 2016</i>		
Regional SF Building Permits	1,184	1,201	1,215	10.4	-9.1	-6.4
Regional MF Building Permits	<i>Analysis Pending Historical Reporting Analysis</i>			<i>Analysis Pending Historical Reporting Analysis</i>		
Retail Sales (\$millions)						
Georgetown County	\$ 342.7	\$ 381.6	\$ 411.7	13.2	7.3	9.7
Horry County	\$2,377.7	\$3,026.8	\$3,832.3	5.7	3.3	11.3
Williamsburg County	\$ 151.1	\$ 144.5	\$ 145.5	6	5.1	7.8
Employment (thousands)						
Georgetown County	24,304	25,020	25,214	1.2	2.5	1.0
Horry County	130,125	139,677	145,225	3.2	1.9	2.0
Williamsburg County	11,823	11,930	12,042	-0.1	0.6	0.2
Unemployment Rate						
Georgetown County	6.2	4.8	5.1	-0.2	-0.1	0.0
Horry County	6.2	4.5	4.5	-0.1	0.2	0.1
Williamsburg County	6.7	5.9	6.7	-0.2	0.3	0.2

Notes: Spring quarter is March - May, Summer is June - August, Fall is September - November, Winter is December - February. Retail Sales, Accommodations Tax Revenue and Admissions Tax Revenue represent the period of business activity. For example, Accommodations 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.