

Waccamaw Regional Economic Outlook

Summer 2016

August 3, 2016
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Coastal Carolina University

Executive Summary

The metrics observed for the spring quarter of 2016 (March, April, and May) reflect continued growth across the Grand Strand. Employment in each of the Waccamaw region's three counties (Georgetown, Horry, and Williamsburg) shows robust growth. Georgetown County's employment growth rate of 5.6% lead the three counties, and Horry County lead in the level of employment growth with 4,015 more employed persons than the second quarter of 2015, a 3.1% increase. The unemployment rate continued to fall as well, with Horry leading the way down to 5.9% for the second quarter.

The Myrtle Beach International Airport recorded a 5.8% growth in passenger deplanements and is on track to eclipse one million as early as 2017, a historical milestone.

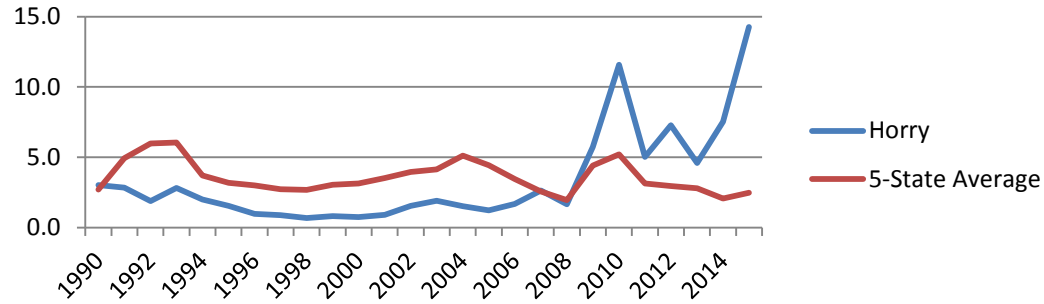
Tourism indicators are also strong, showing consistent growth in room rates, stable to growing occupancy rates, and solid growth in hospitality fee revenue.

Residential construction continues to surge ahead, recording an 11.9% growth rate in single family building permits. The volume is averaging over 300 permits per month, high by historical standards, and suggests the unsold lot inventory from the boom and bust has been nearly absorbed, prompting developers to seek out new raw land for developments. Greater price appreciation in new and existing homes should follow, a positive sign for a region that has lagged the nation in the recovery of home prices.

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).

SF/MF Ratio Trend Analysis



Single Family:Multi Family Building Permit Ratio

| | AZ | CA | FL | NV | SC | Horry | Charleston |
|-------------|-----|-----|-----|-----|-----|-------------|------------|
| 1990 - 2015 | 5.2 | 2.5 | 2.5 | 3.0 | 4.7 | 3.4 | 6.2 |
| 1990 - 2010 | 5.8 | 2.9 | 2.6 | 3.0 | 4.8 | 2.3 | 7.2 |
| 2011 - 2015 | 2.9 | 0.9 | 2.1 | 3.4 | 4.2 | 7.7 | 1.6 |
| 2015 | 3.4 | 0.9 | 1.6 | 2.8 | 3.6 | 14.3 | 1.8 |

Group Average over time

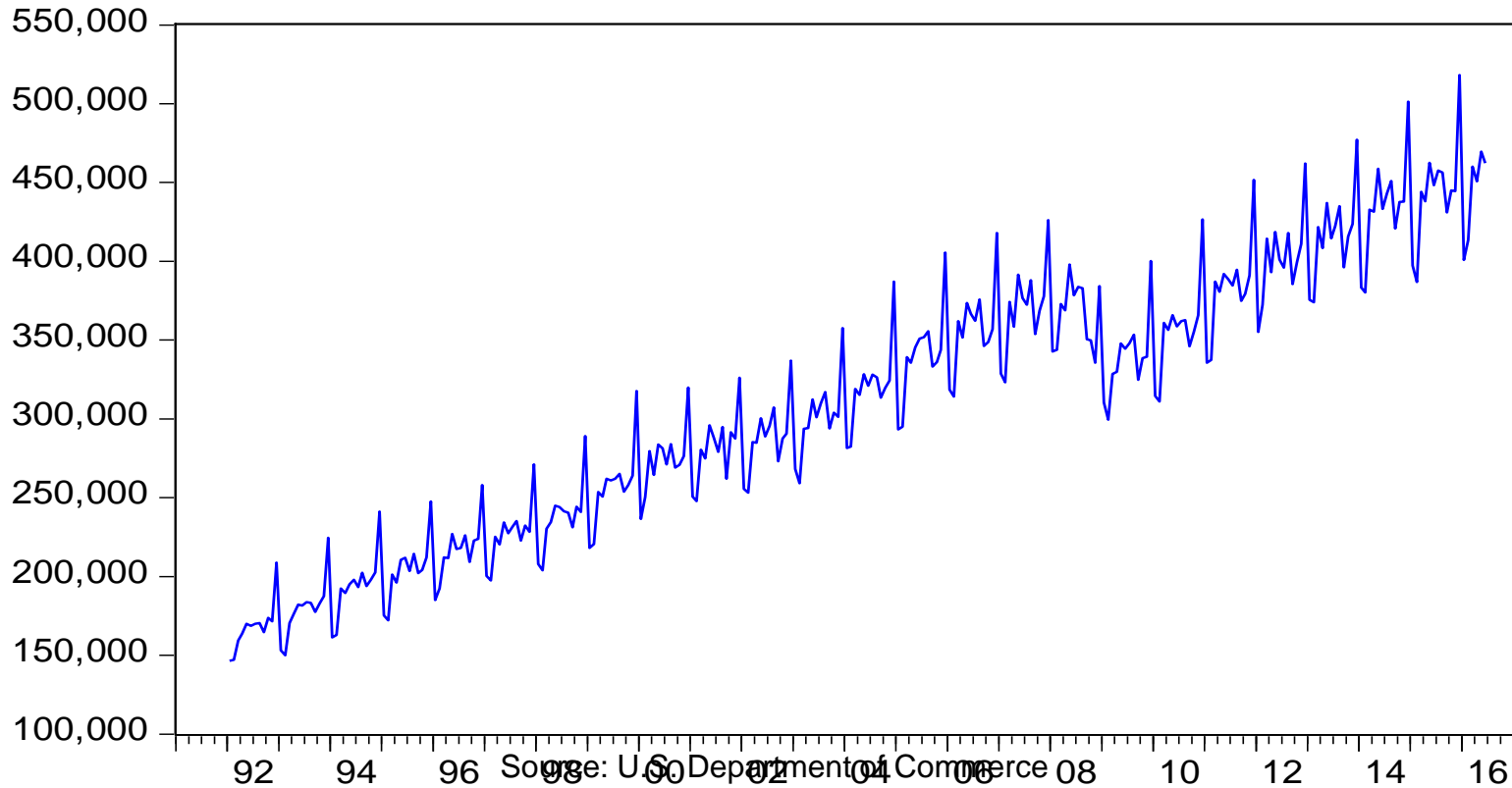
3.9

Horry Average over time

3.4

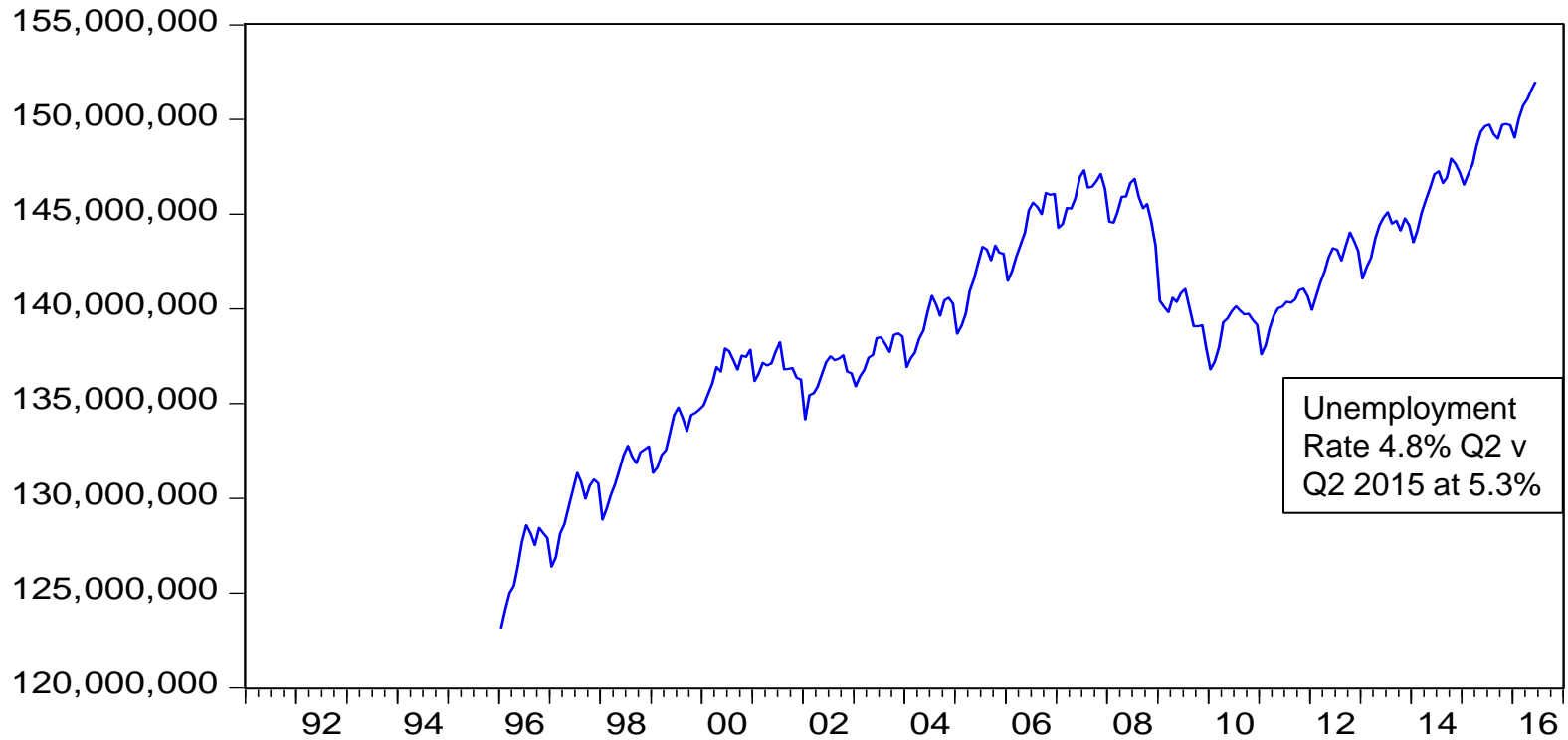
U.S. Retail Sales (\$Millions/Month)

U.S. Retail Sales (unadjusted)



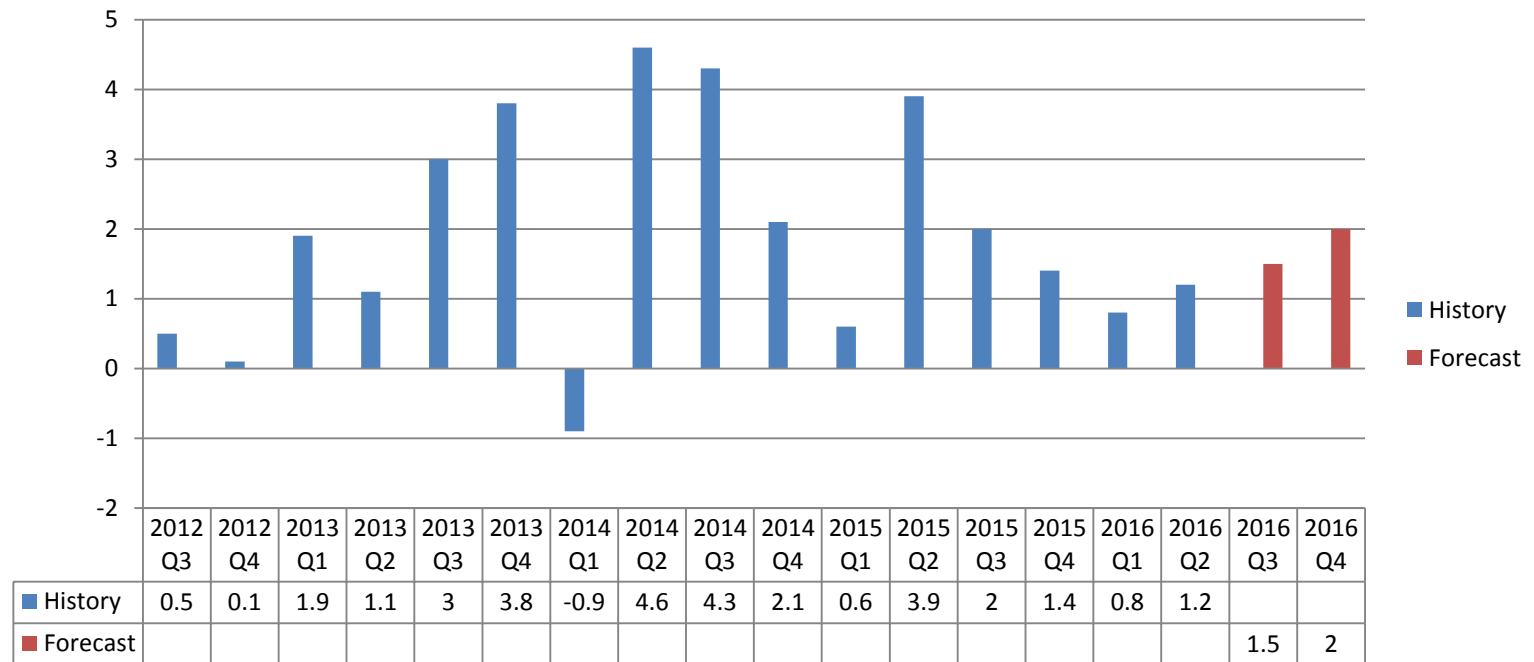
U.S. Employment (unadjusted)

U.S. Employment



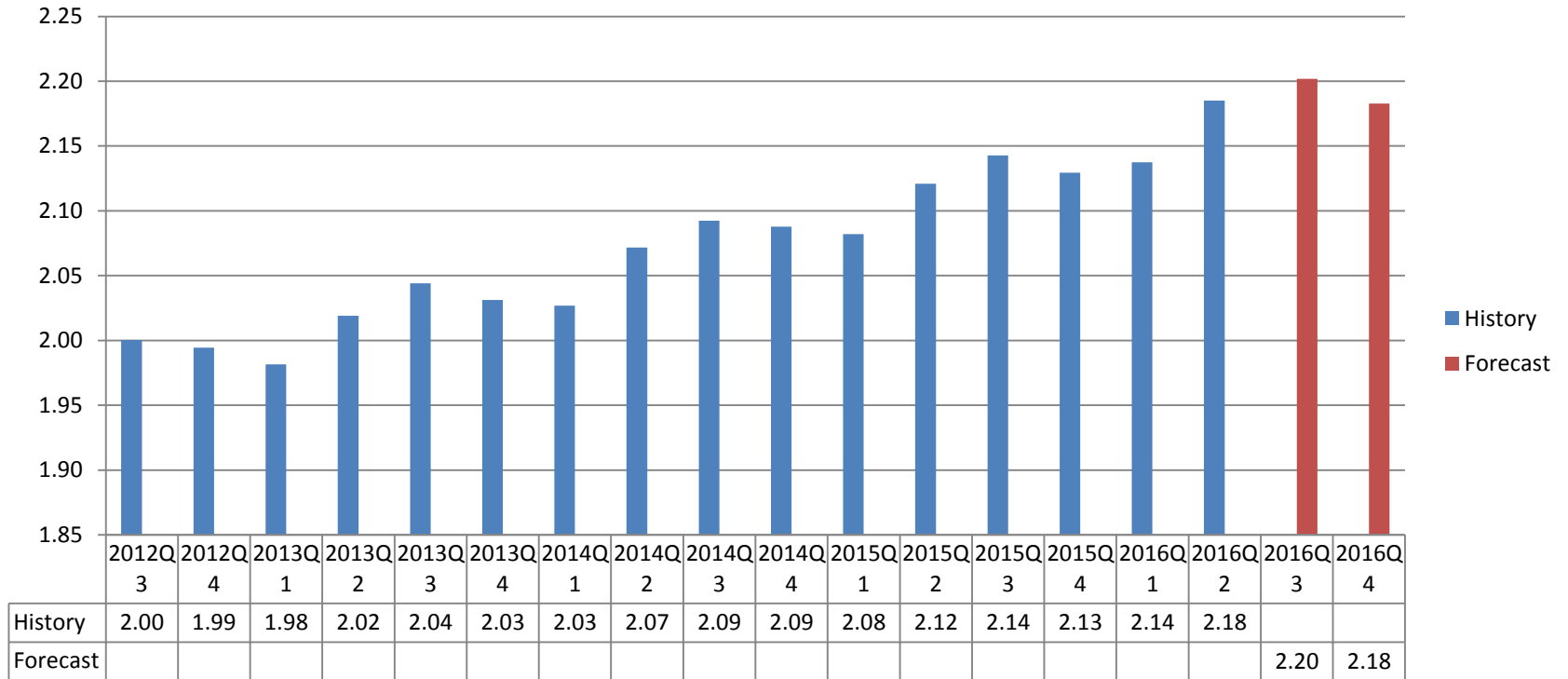
Source: Bureau of Labor Statistics

Annualized Real GDP Growth (%)



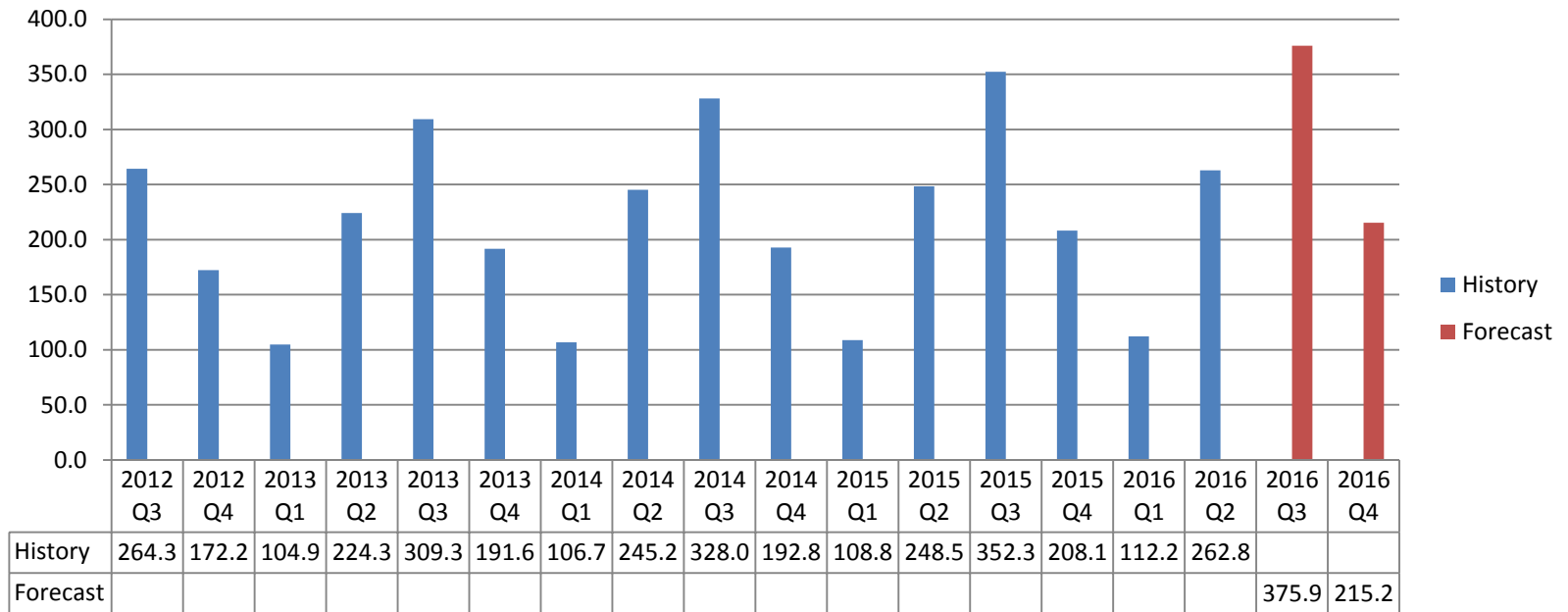
Source: U.S. Department of Commerce: Bureau of Economic Analysis

South Carolina Employment (Millions)



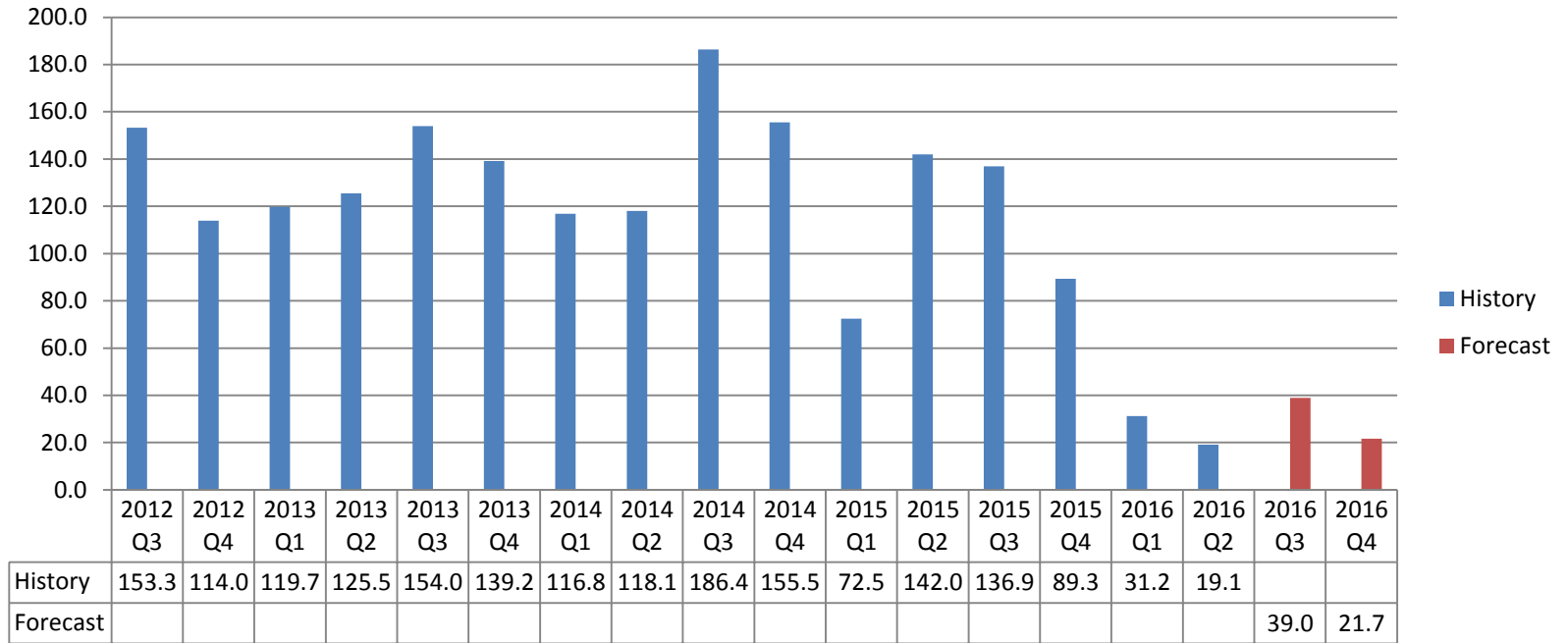
Source: Bureau of Labor Statistics

MYR Airport Deplanements (Thousands)



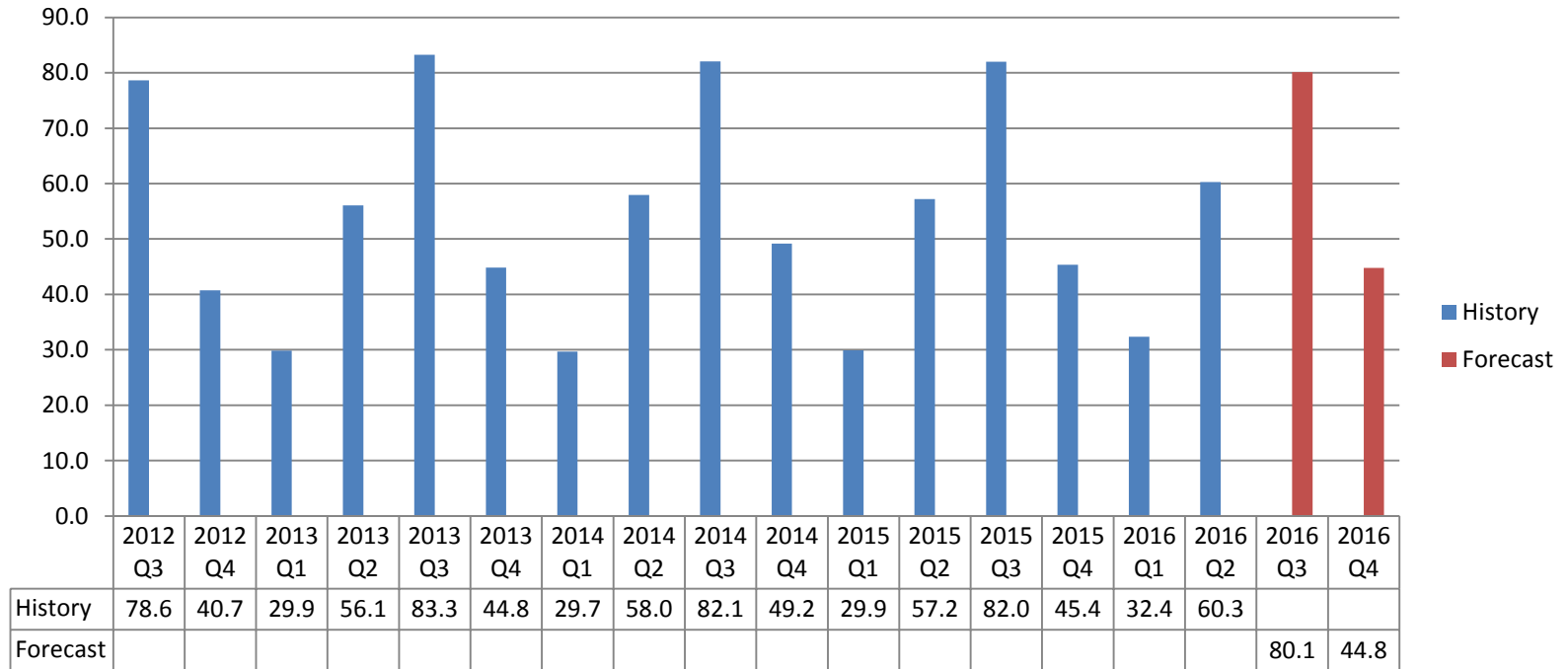
Source: Myrtle Beach International Airport

Georgetown Port Tonnage (Thousands)



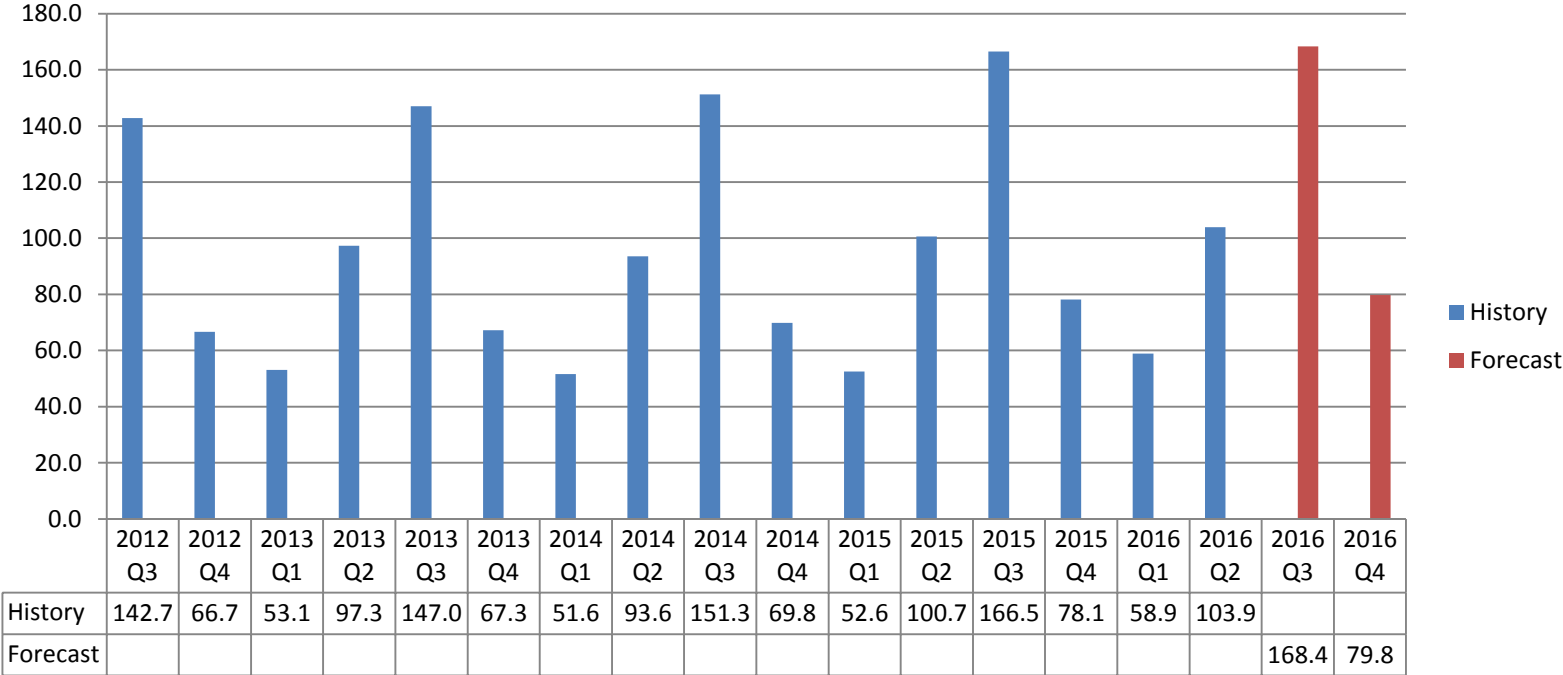
Source: Georgetown Port Authority

Hotel-Condotel-Campground Occupancy Rate



Source: Clay Brittain Jr. Center for Resort Tourism

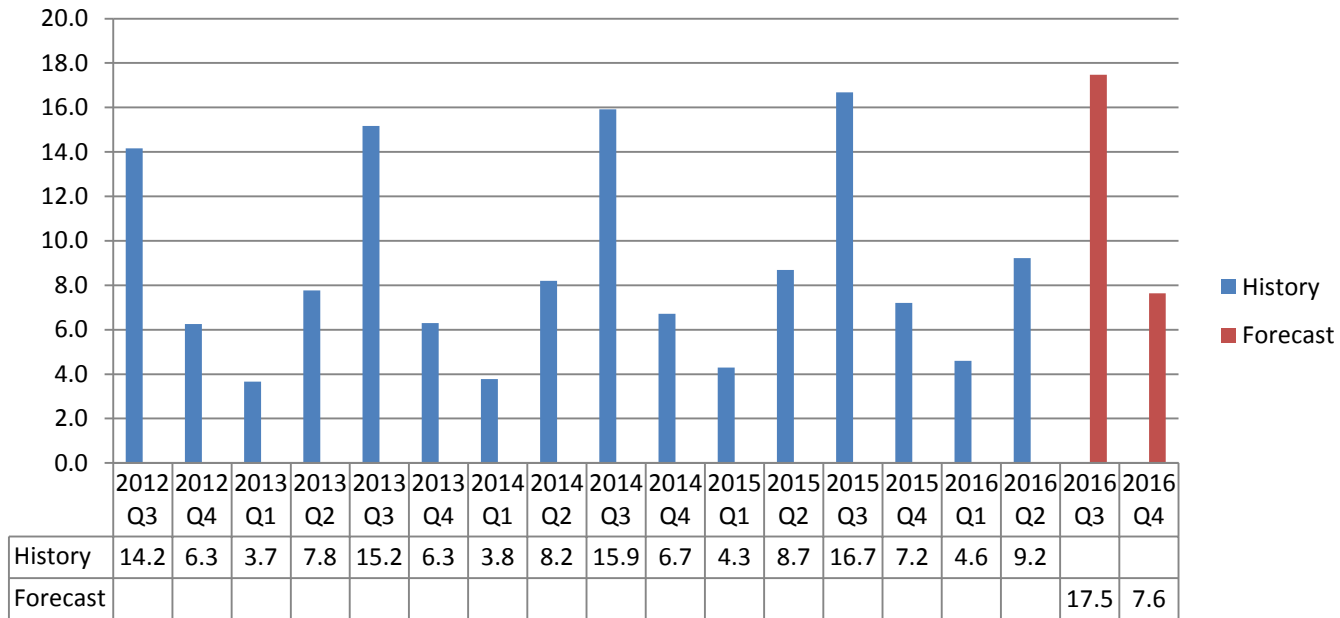
Hotel-Condotel-Campground Average Daily Rate



Source: Clay Brittain Jr. Center for Resort Tourism

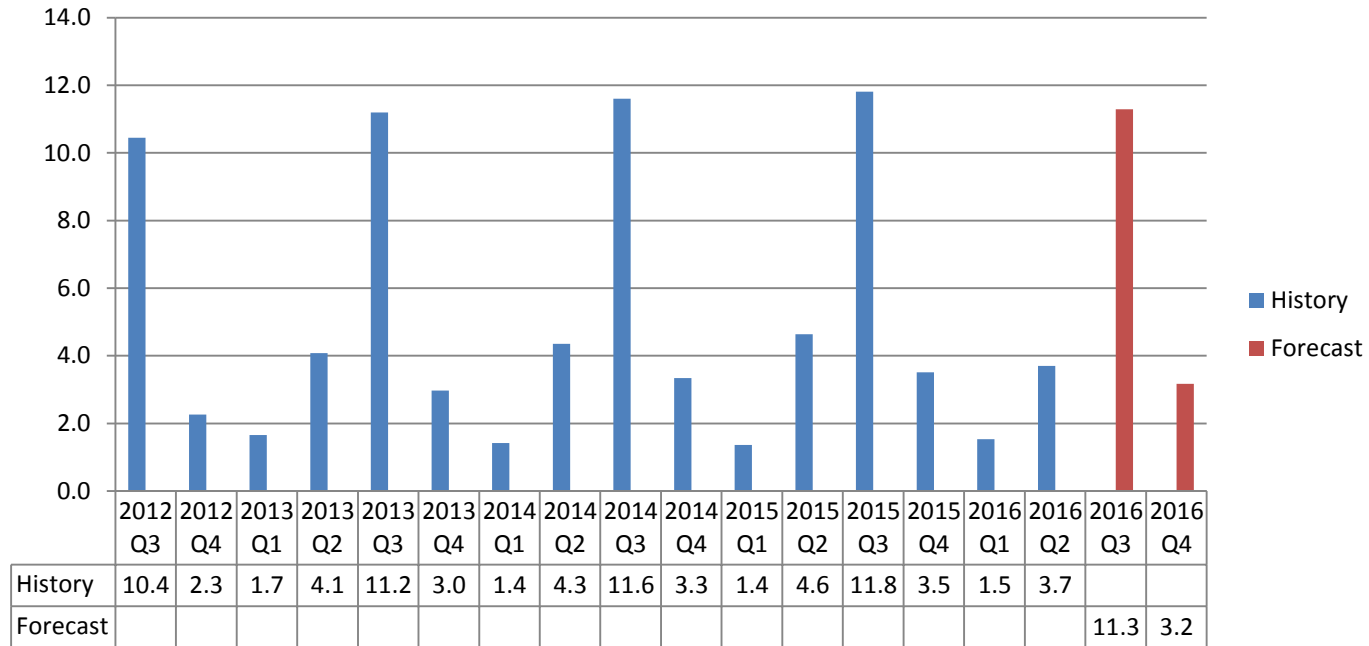
Horry 1.5% Hospitality Fee Revenue (\$Millions)

(County-wide fees on accommodations, prepared foods, beverages, admissions)



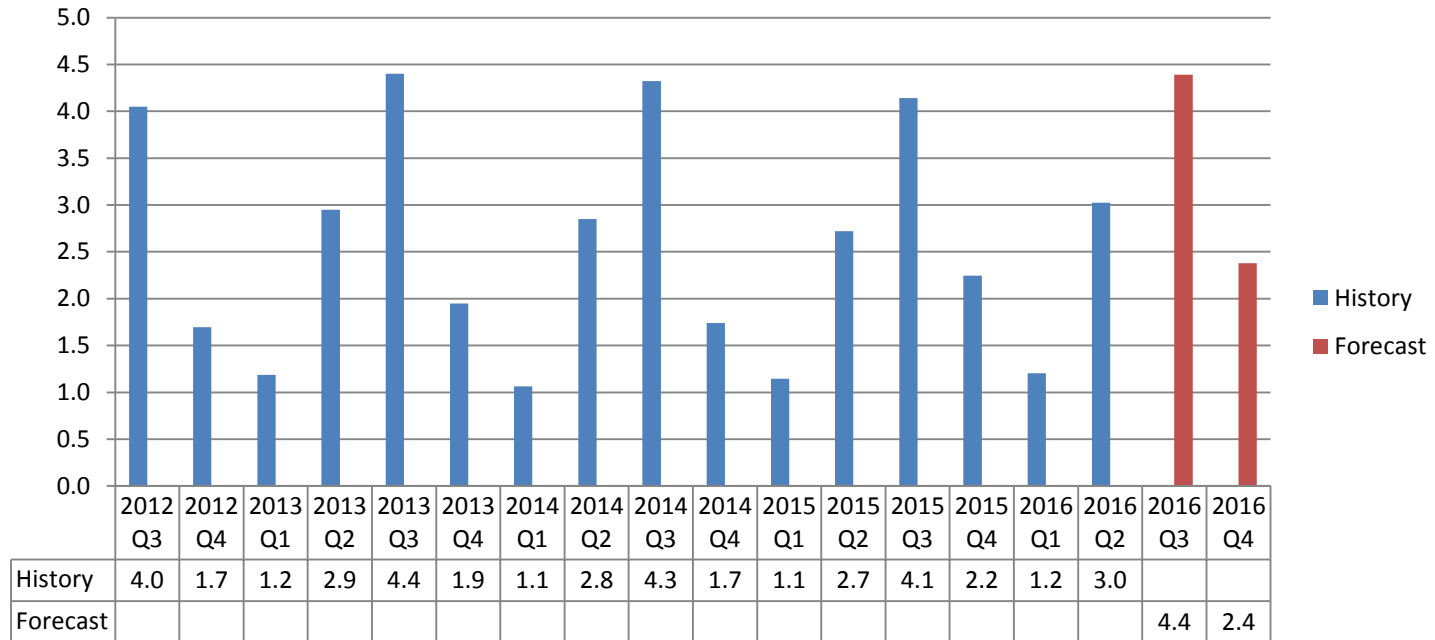
Source: Horry County Government

Accommodations Tax Revenue (\$Millions)



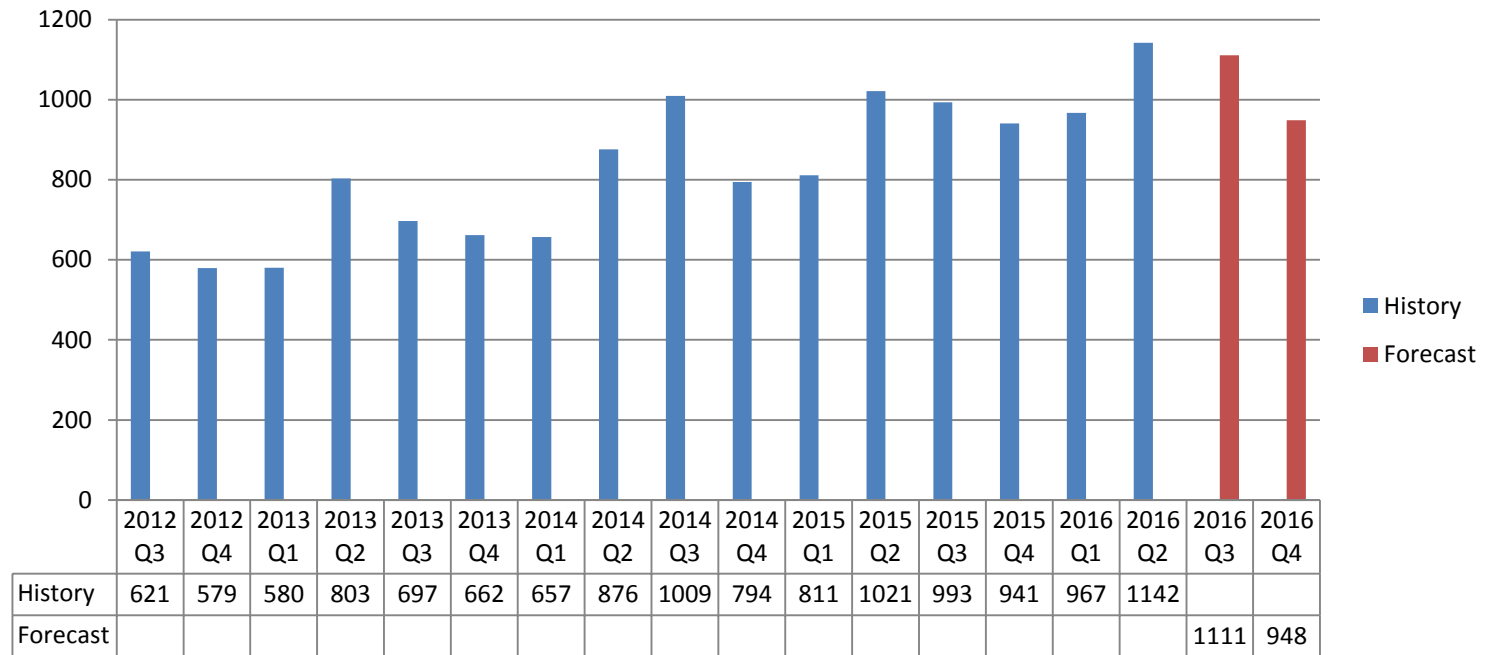
Source: SC Department of Revenue

5% State Admissions Tax (\$ Millions)



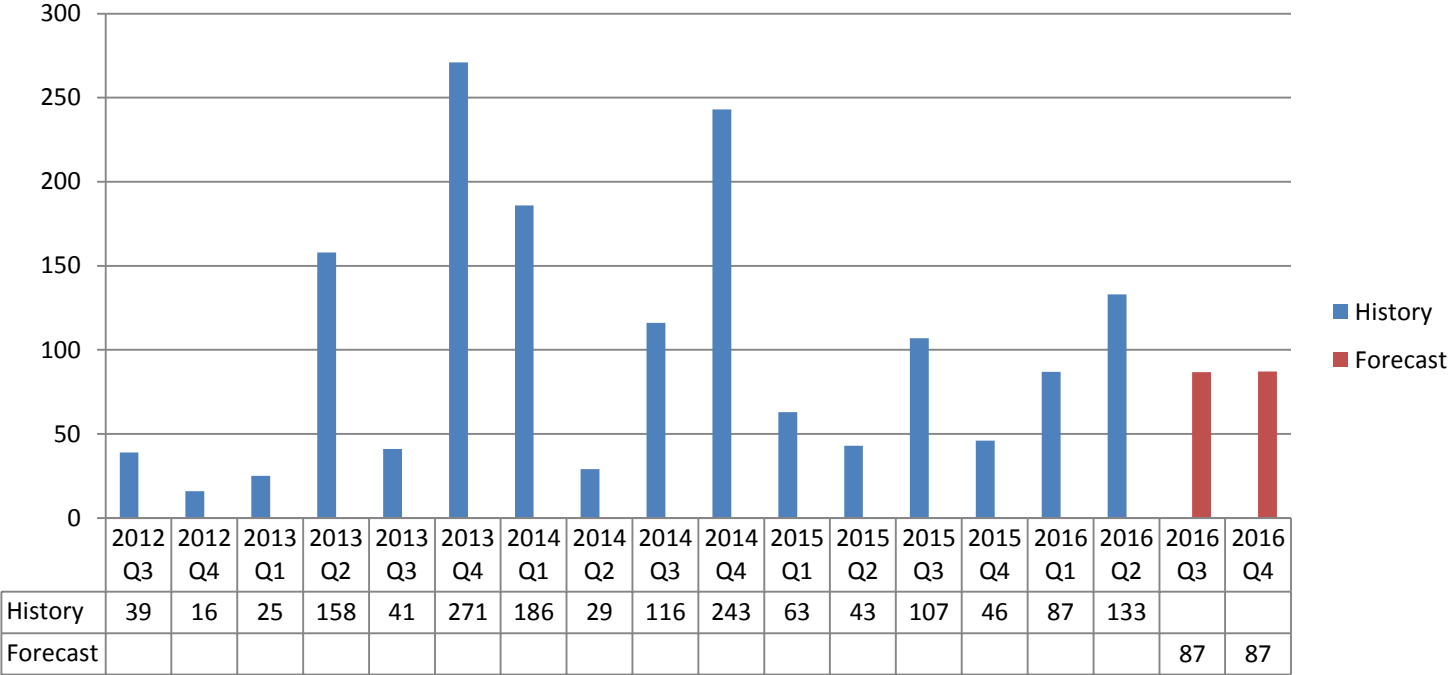
Source: SC Department of Revenue

Regional Single Family Permits



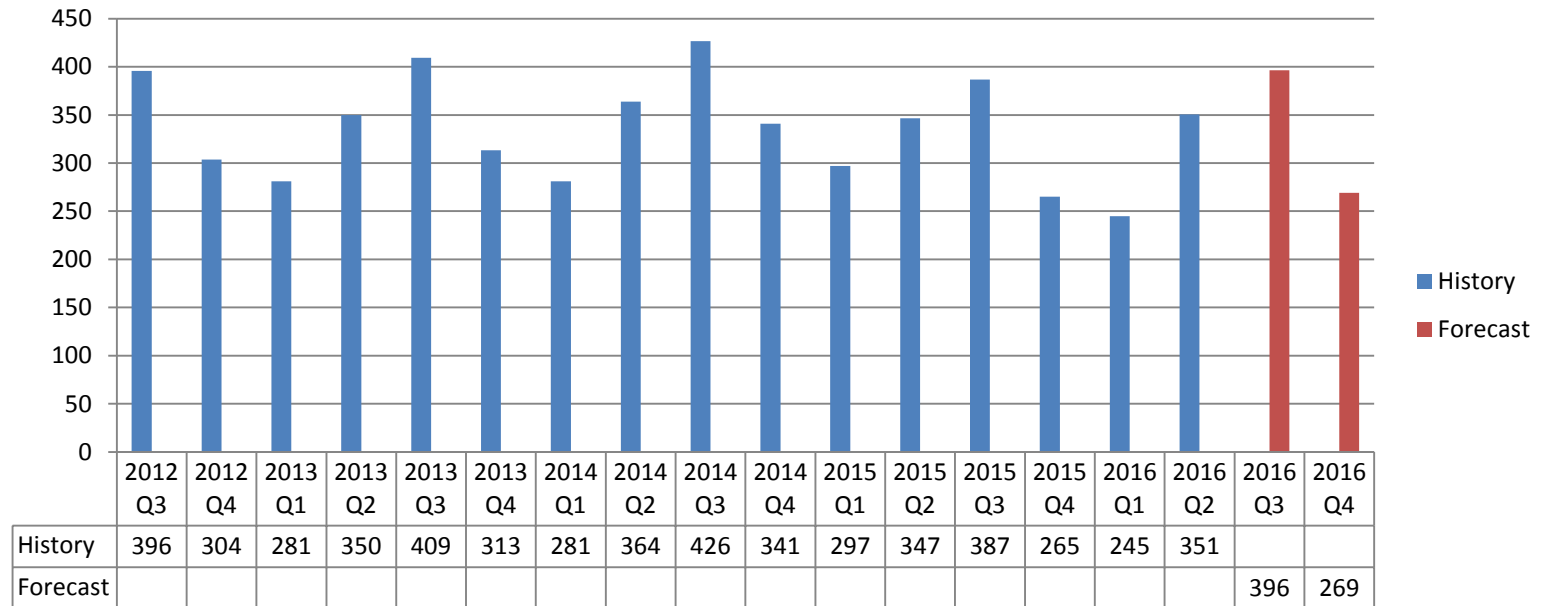
Source: HUD State of the Cities Data System

Regional Multi-family Permits



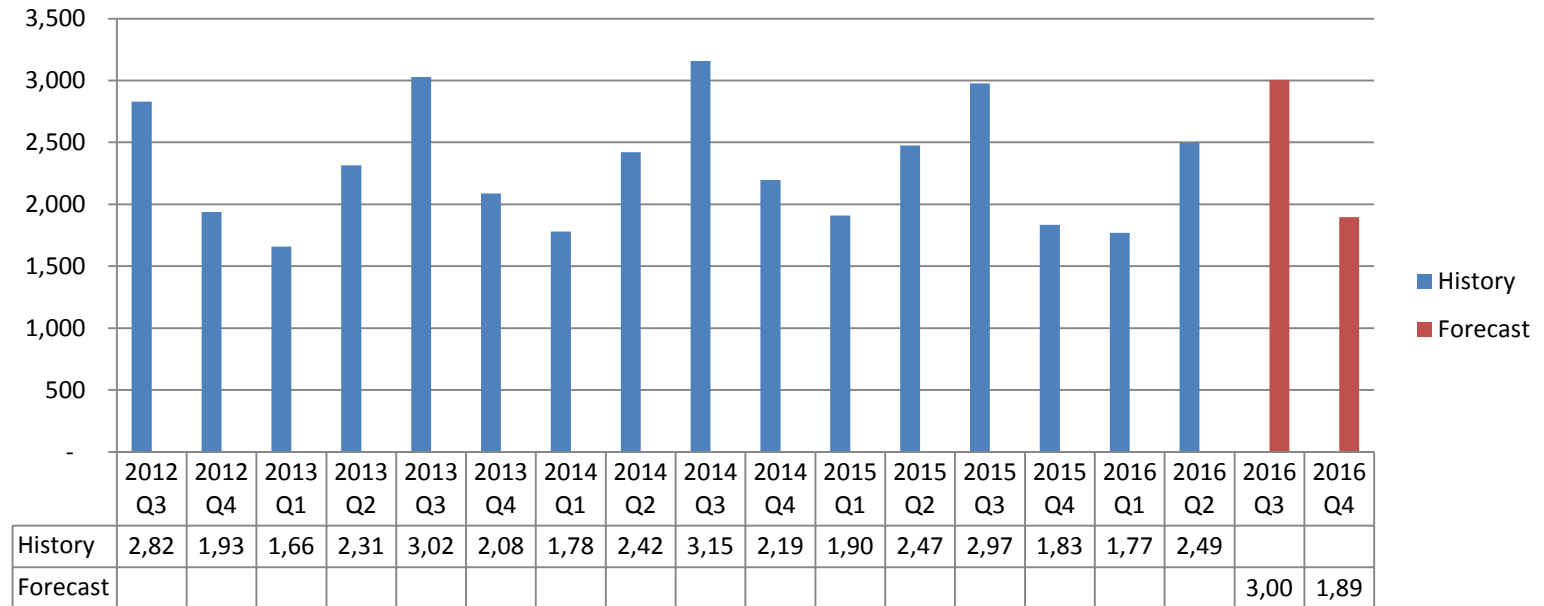
Source: HUD State of the Cities Data System

Georgetown Retail Sales (\$ Millions)



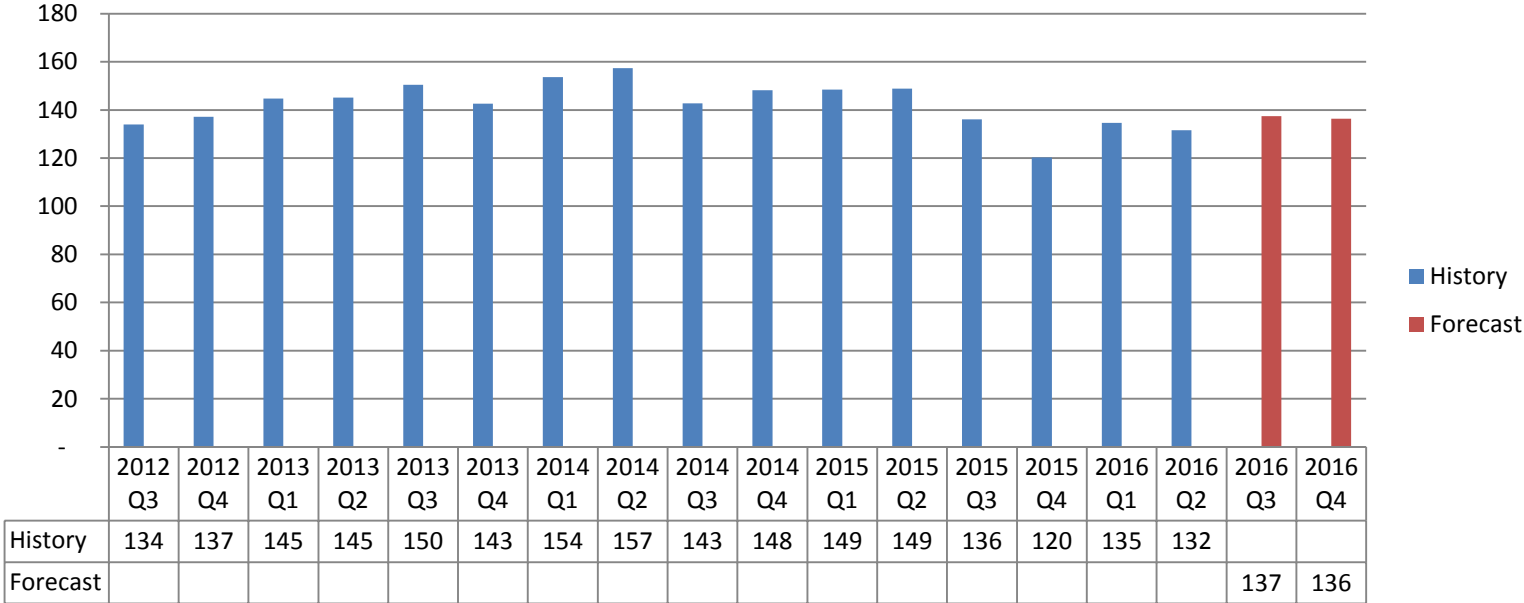
Source: SC Department of Revenue

Horry Retail Sales (\$ Millions)



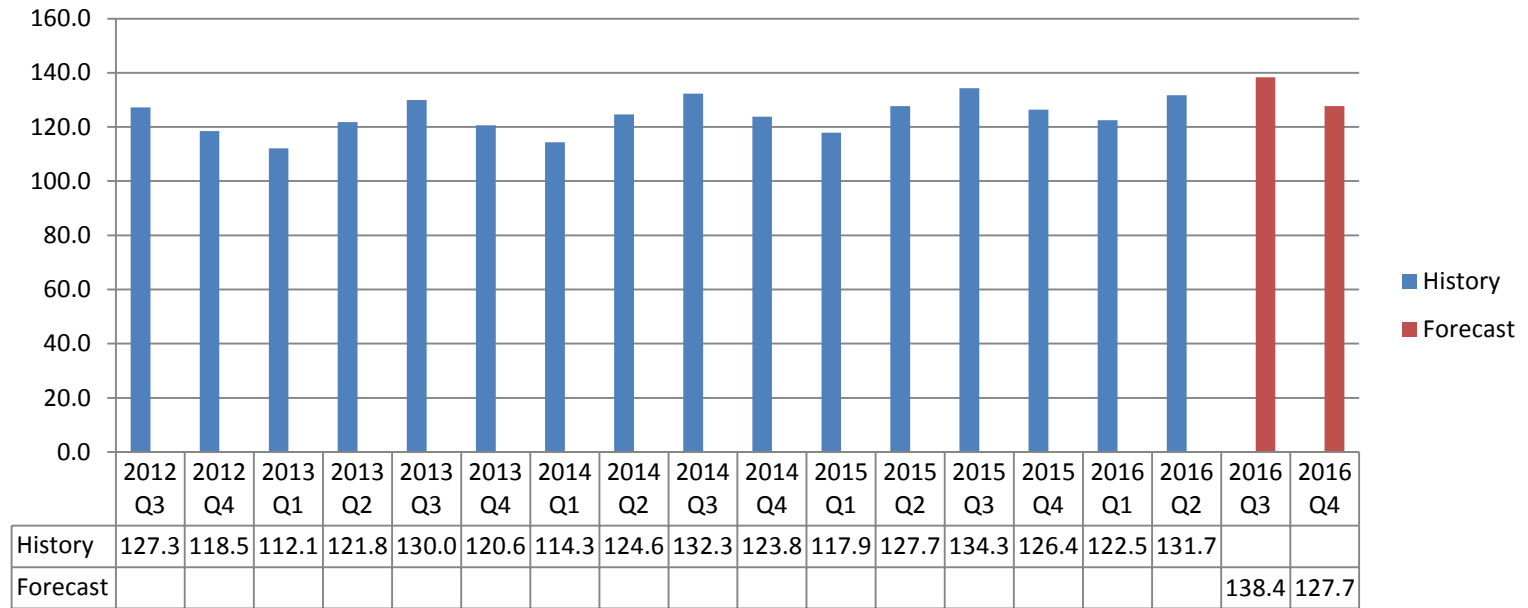
Source: SC Department of Revenue

Williamsburg Retail Sales (\$ Millions)



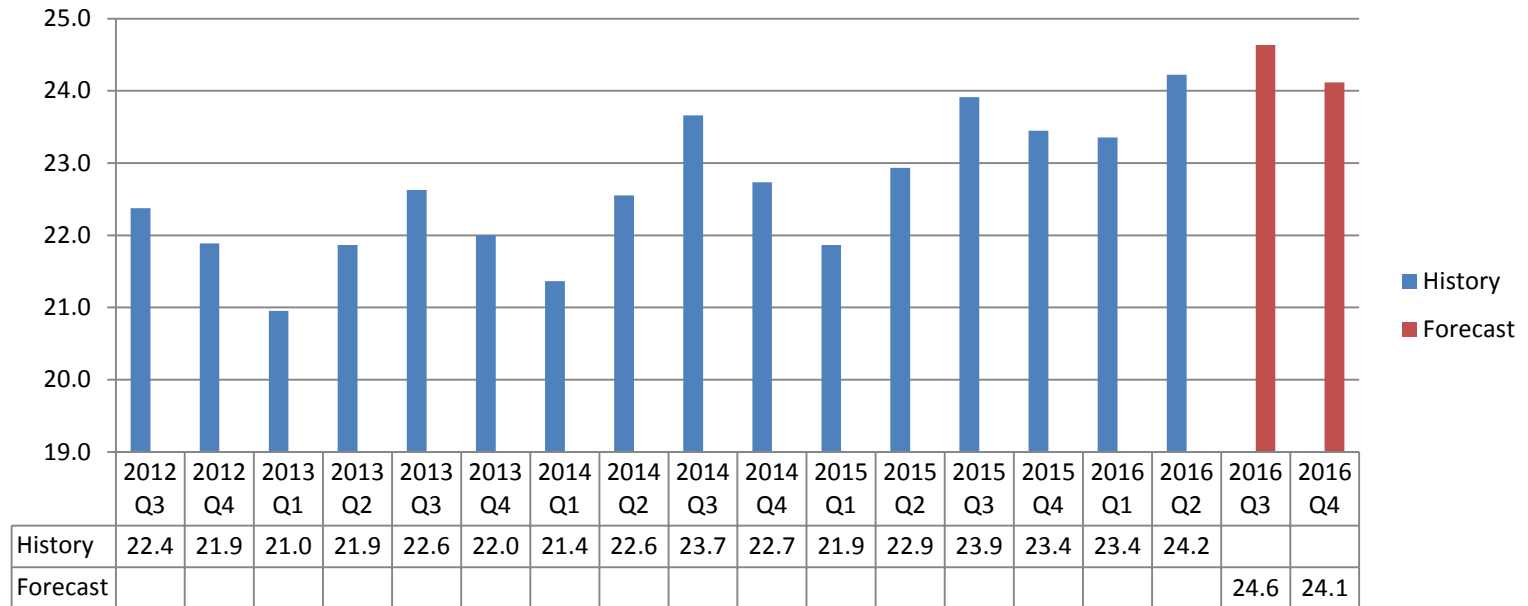
Source: SC Department of Revenue

Horry Employment (Thousands)



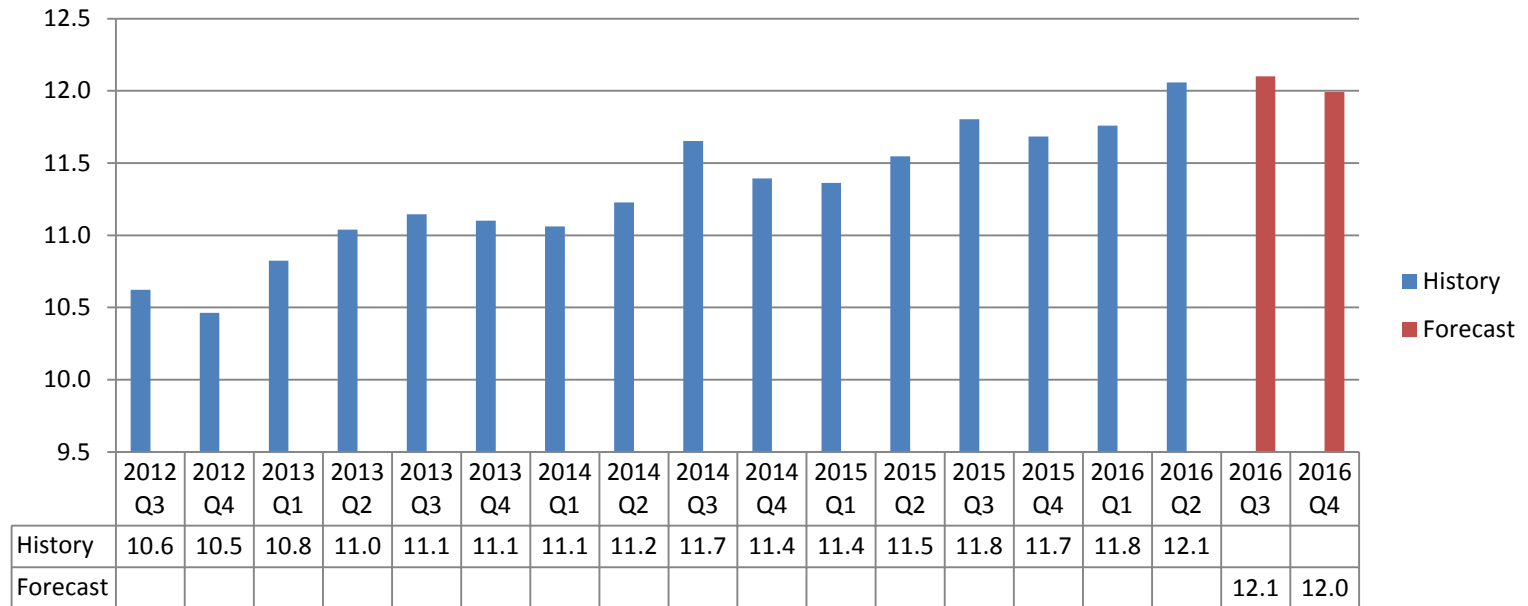
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Georgetown Employment (Thousands)



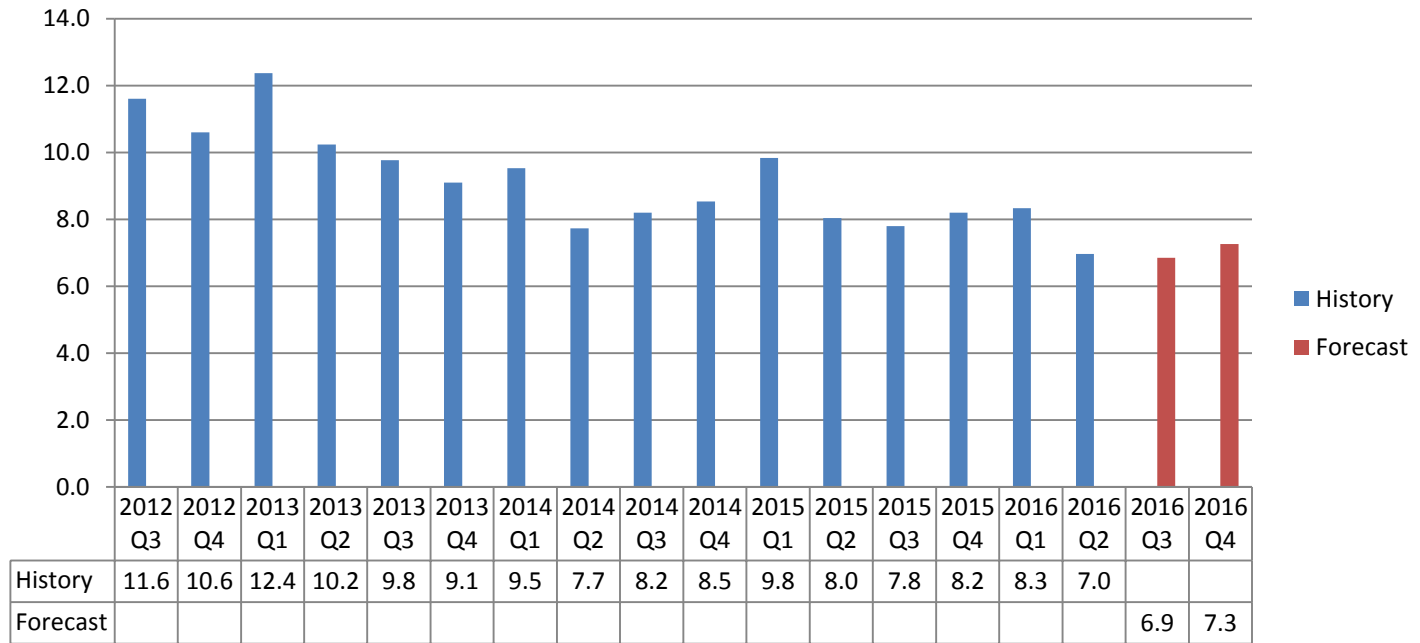
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Williamsburg Employment (Thousands)



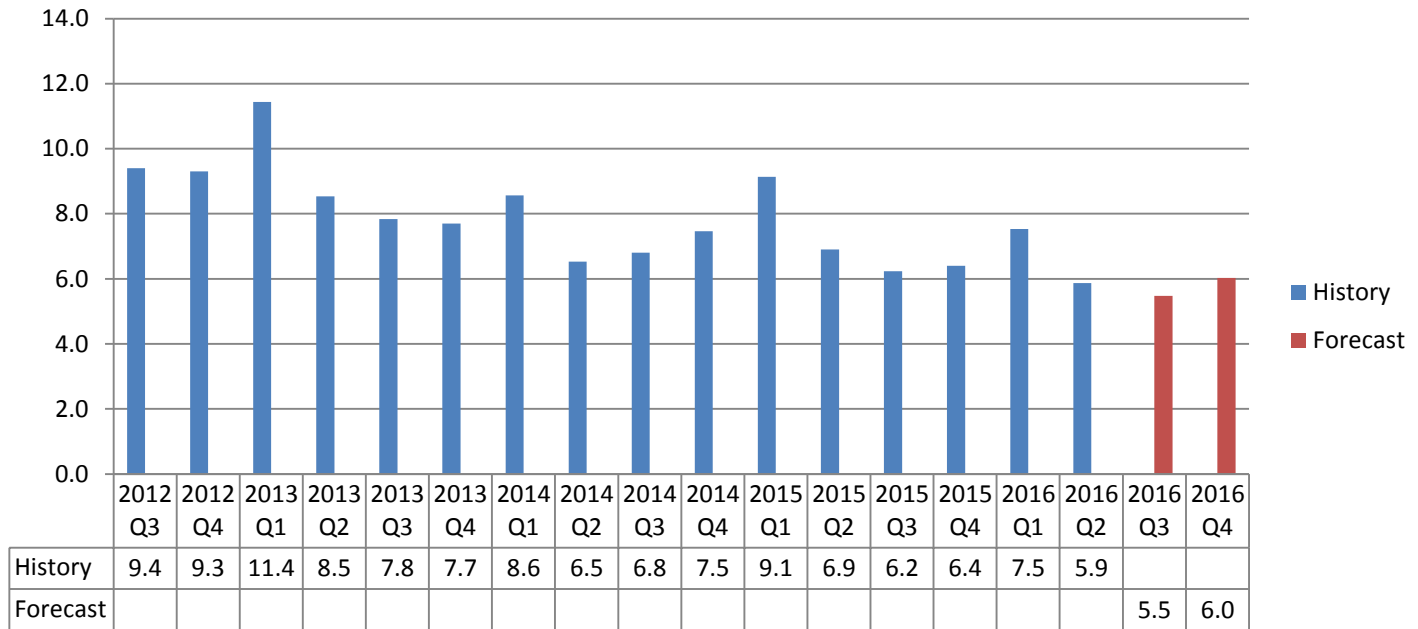
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Georgetown Unemployment Rate



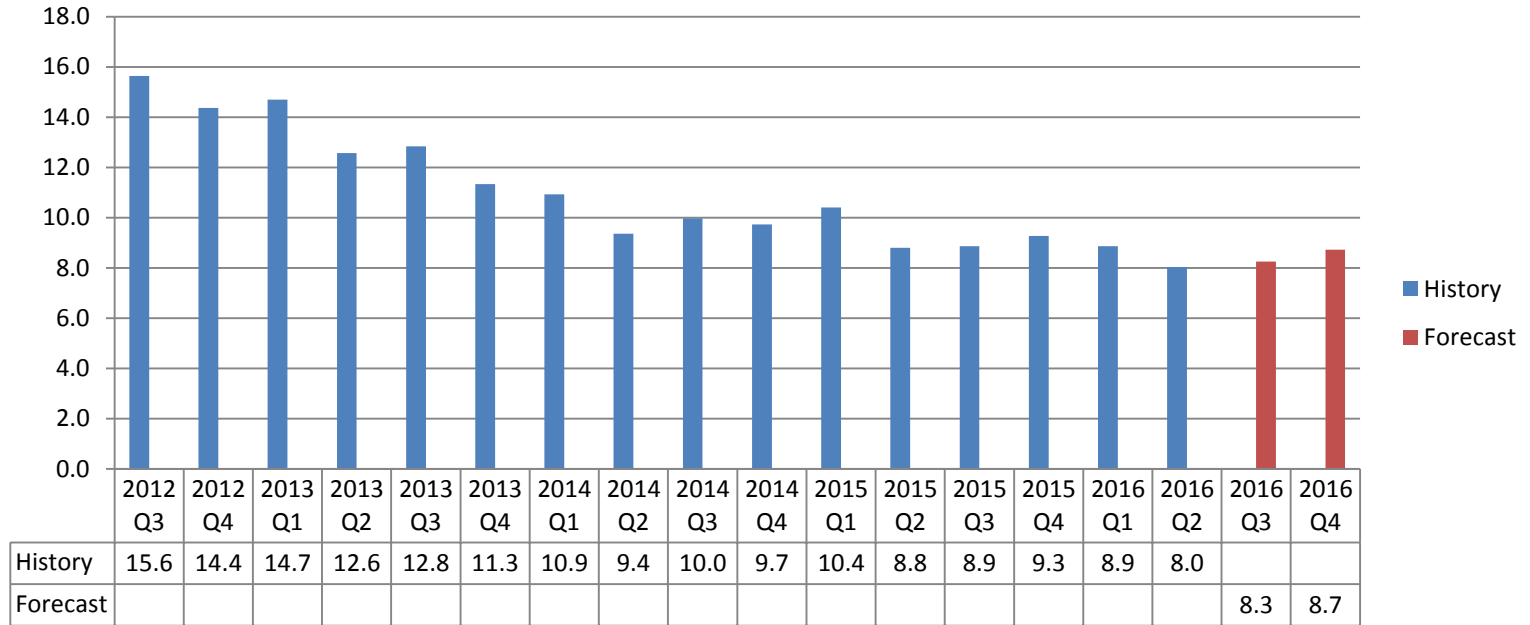
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

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: Summer 2016

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

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August 2016

Value

Percent Change from Previous Year

| | History Previous Quarter Spring 2016 | Forecast Current Quarter Summer 2016 | Forecast Next Quarter Fall 2016 | History Previous Quarter Spring 2016 | Forecast Current Quarter Summer 2016 | Forecast Next Quarter Fall 2016 |
|--|---|---|--|---|---|--|
|--|---|---|--|---|---|--|

| | | | | | | |
|--|-------------------|-------------------|-------------------|--------------|--------------|--------------|
| Airport Deplanements (thousands) | 262.8 | 375.9 | 215.2 | 5.8 | 6.7 | 3.4 |
| Port Tonnage (thousands) | 19.1 | 39.0 | 21.7 | -86.5 | -71.5 | -75.7 |
| Occupancy Rate (Full Week) | 60.3 | 80.1 | 44.8 | 3.1 | -1.9 | -0.6 |
| Average Daily Rate (Full Week) | \$ 103.9 | \$ 168.4 | \$ 79.8 | 3.2 | 1.9 | 1.7 |
| Horry County 1.5% Hosp. Fee Revenue (\$millions) | \$ 9.2 | \$ 17.5 | \$ 7.6 | 6.2 | 4.8 | 6.0 |
| Accommodations Tax Revenue (\$millions) ^a | \$ 3.7 | \$ 11.3 | \$ 3.2 | -20.2 | -4.4 | -9.8 |
| Admissions Tax Revenue (\$millions) | \$ 3.0 | \$ 4.4 | \$ 2.4 | 11.1 | 6.0 | 6.0 |
| Regional SF Building Permits | 1,142 | 1,111 | 948 | 11.9 | 11.9 | 0.8 |
| Regional MF Building Permits | 133 | 87 | 87 | 209.3 | -19.0 | 89.4 |
| Retail Sales (\$millions) | | | | | | |
| Georgetown County | \$ 350.7 | \$ 396.3 | \$ 269.2 | 1.2 | 2.5 | 1.5 |
| Horry County | \$ 2,495.3 | \$ 3,006.3 | \$ 1,896.6 | 0.8 | 1.0 | 3.4 |
| Williamsburg County | \$ 131.6 | \$ 137.4 | \$ 136.0 | -11.5 | 1.0 | 13.4 |

| | | | | | | |
|-------------------------------|---------|----------------|----------------|------|-------------|-------------|
| Employment (thousands) | | | | | | |
| Georgetown County | 24,222 | 24,634 | 24,115 | 5.6 | 3.0 | 2.8 |
| Horry County | 131,680 | 138,354 | 127,721 | 3.1 | 3.0 | 1.1 |
| Williamsburg County | 12,058 | 12,101 | 11,991 | 4.4 | 2.5 | 2.6 |
| Unemployment Rate | | | | | | |
| Georgetown County | 7.0 | 6.9 | 7.3 | -1.1 | -0.9 | -0.9 |
| Horry County | 5.9 | 5.5 | 6.0 | -1.0 | -0.8 | -0.4 |
| Williamsburg County | 8 | 8.3 | 8.7 | -0.8 | -0.6 | -0.5 |

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.

^aSCDOR received a ruling in November 2011 allowing it to more aggressively pursue tax from VRBO properties. Monthly reporting may include back payments from last 10 years.

* Indicates partial estimation for historical period due to data availability