

Waccamaw Regional Economic Outlook

Winter 2013

February 13, 2013

Rob Salvino

Coastal Carolina University



Executive Summary

The Grand Strand economy continues to improve, although we have yet to see significant gains in employment and income. The unemployment rate continues to fall, almost entirely due to unemployed individuals leaving the labor force. Healthcare and higher education are leading growth in employment, but these gains have not yet been strong enough to offset the losses in other sectors. The strong retirement demographic continues to stabilize demand in both the tourism and residential construction sectors. Nationally, the economy weakened in the fourth quarter of 2012 as GDP declined 0.1 percent. 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 in the first half of 2013.

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).
- In November, 2011 SC DOR received a ruling to aggressively pursue taxes on VRBO properties as far back as ten years. The reporting does not adjust for the actual period of business activity and is reflected in the period of collection.

Presentation Format

Beginning Slides:

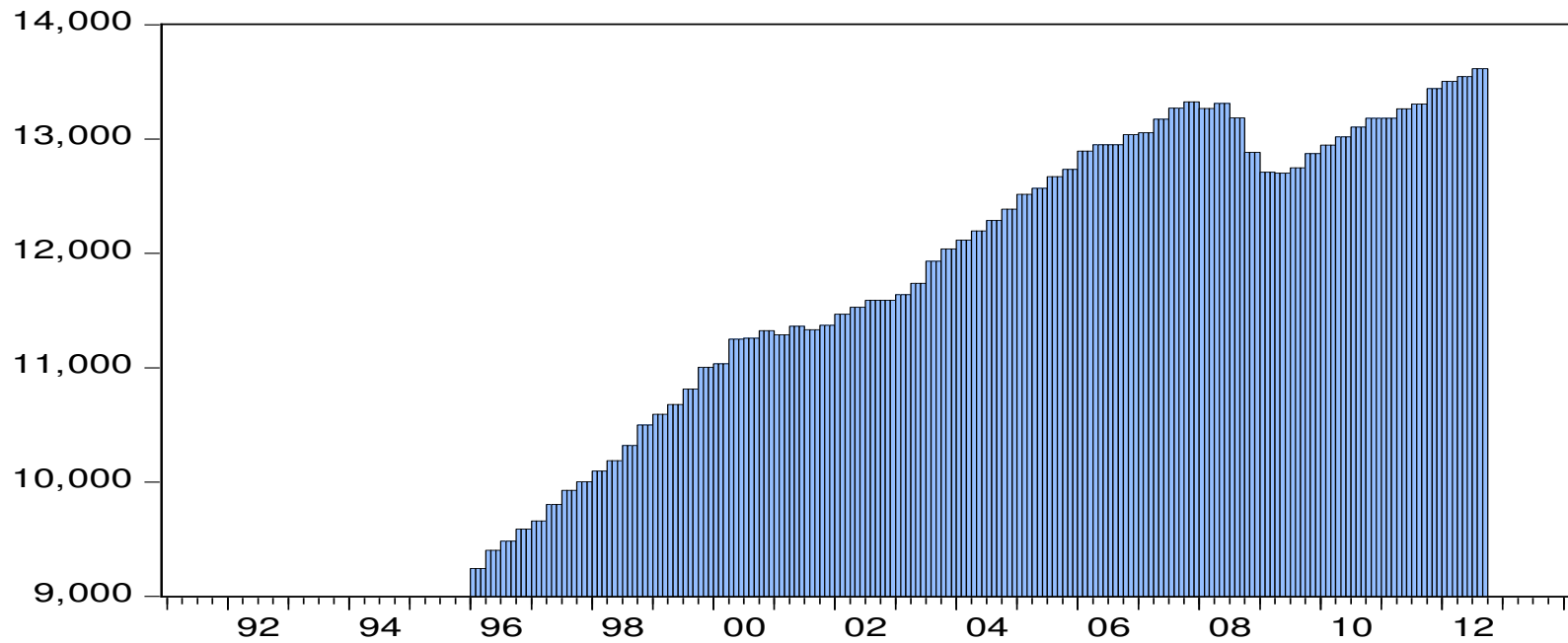
Historical trends of national and local measures of economic activity.

Remaining Slides:

Recent quarterly activity and forecast of national and local activity.

Real GDP (\$ Billions)

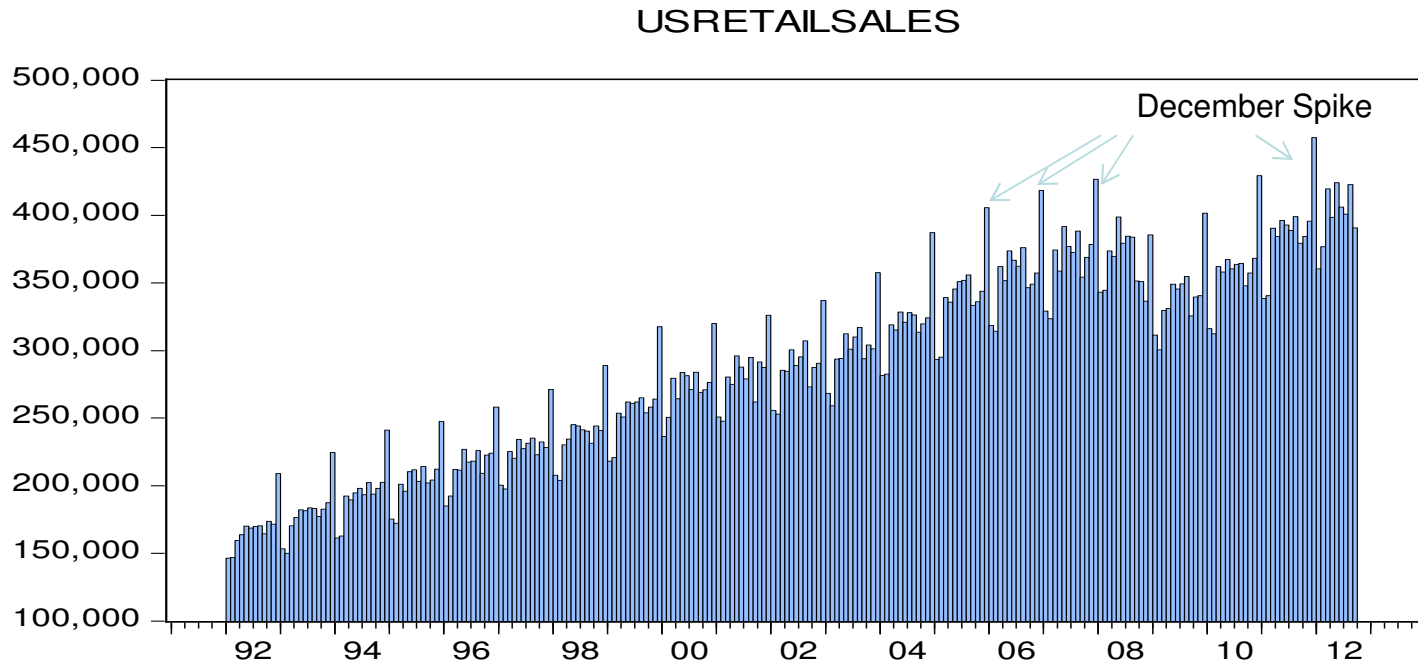
REALGDP



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

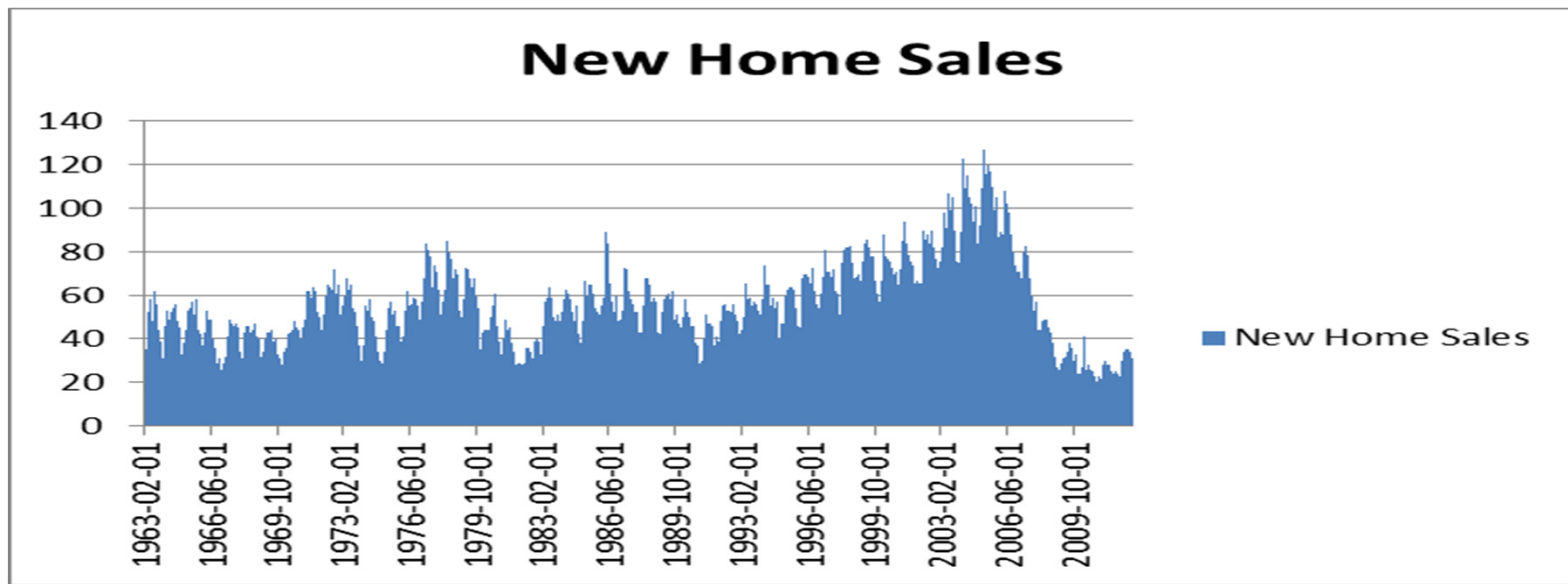
US Retail Spending

(Not Seasonally Adjusted, no inflation adjustment)



Source: U.S. Department of Commerce: Census Bureau

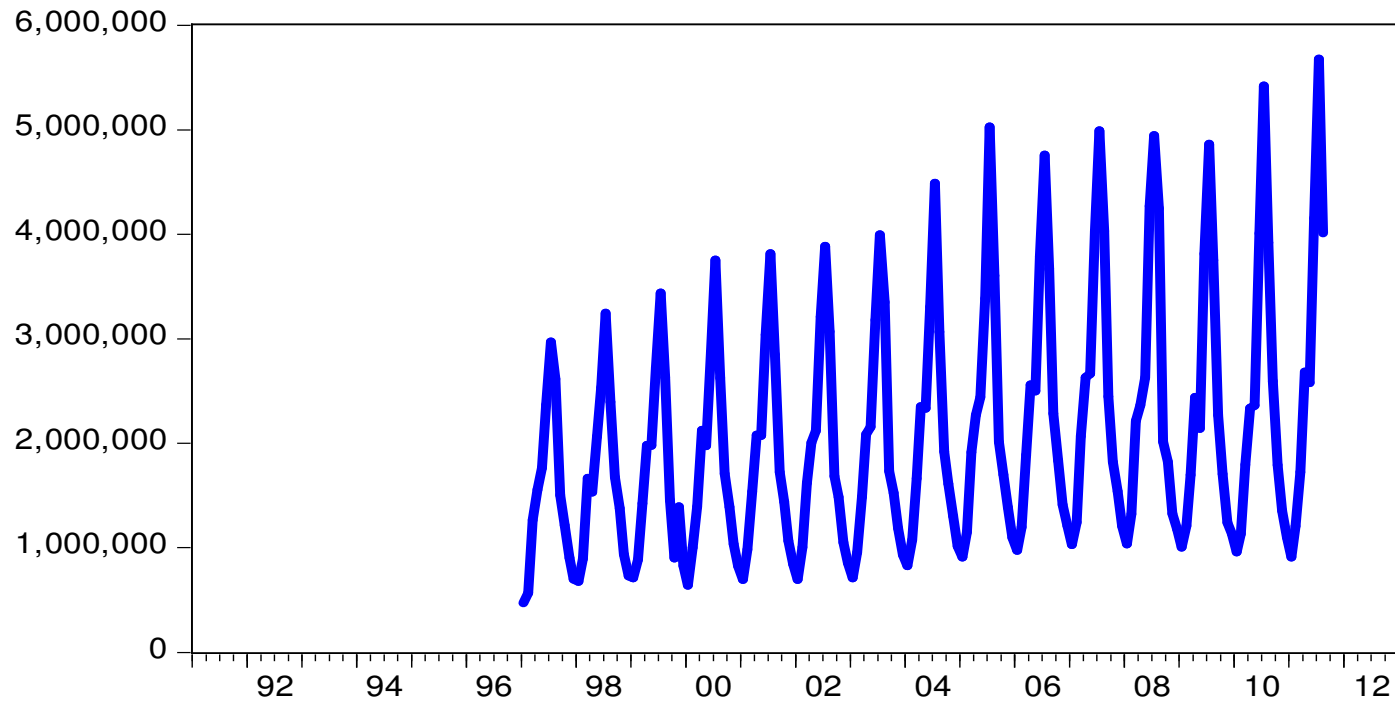
US New Home Sales (thousands)



Source: US Bureau of the Census

Measure of Historical Tourism Activity

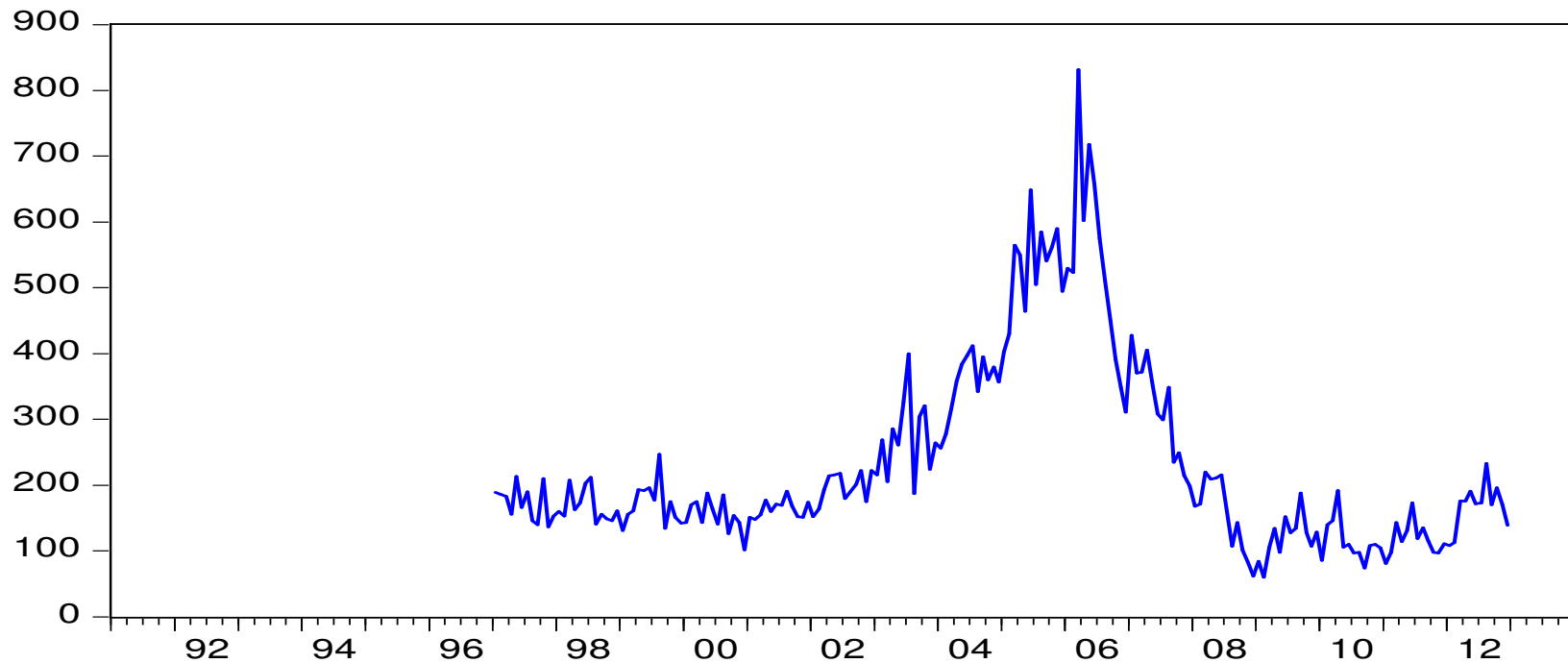
Horry County Hospitality Fee



Source: Horry County Government

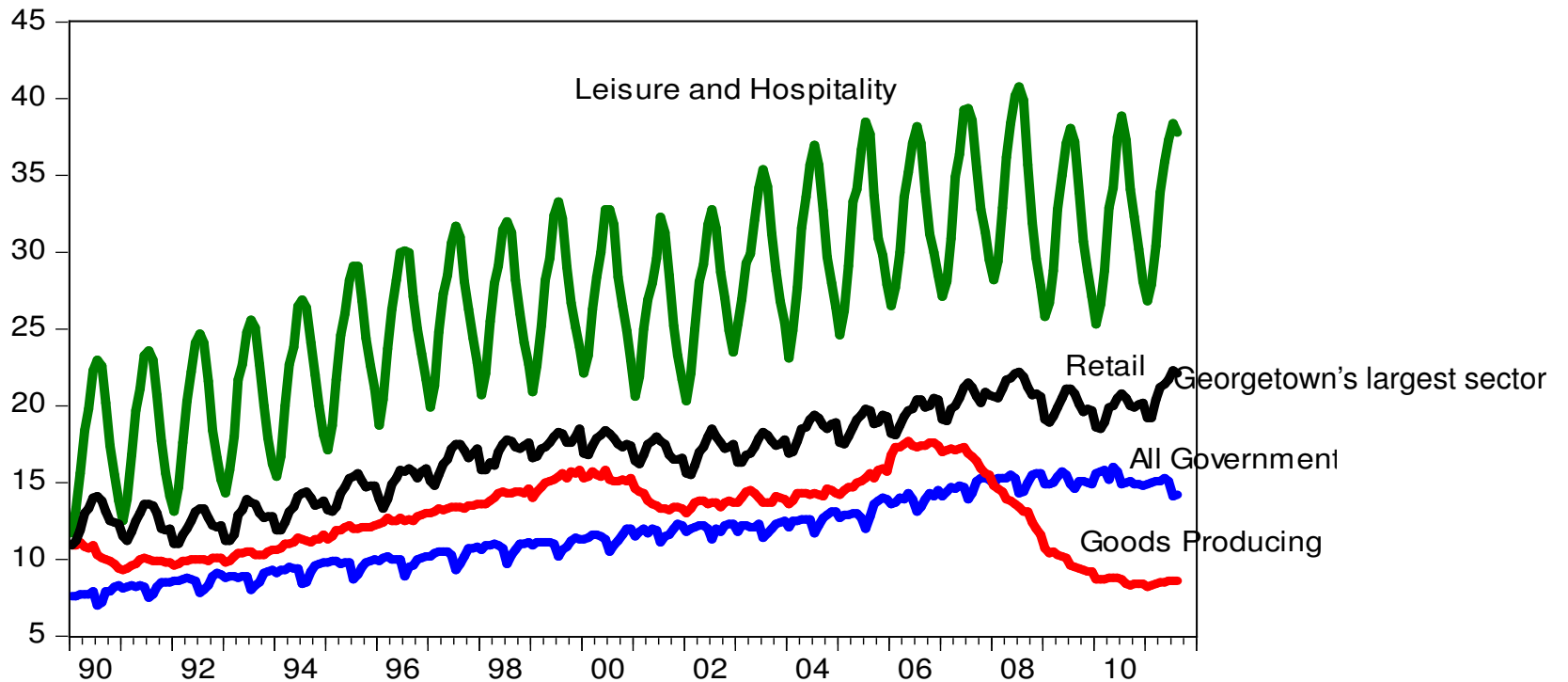
Horry County SF Permits

Horry SF Permits



Source: HUD State of the Cities Data System

Myrtle Beach Employment by Sector



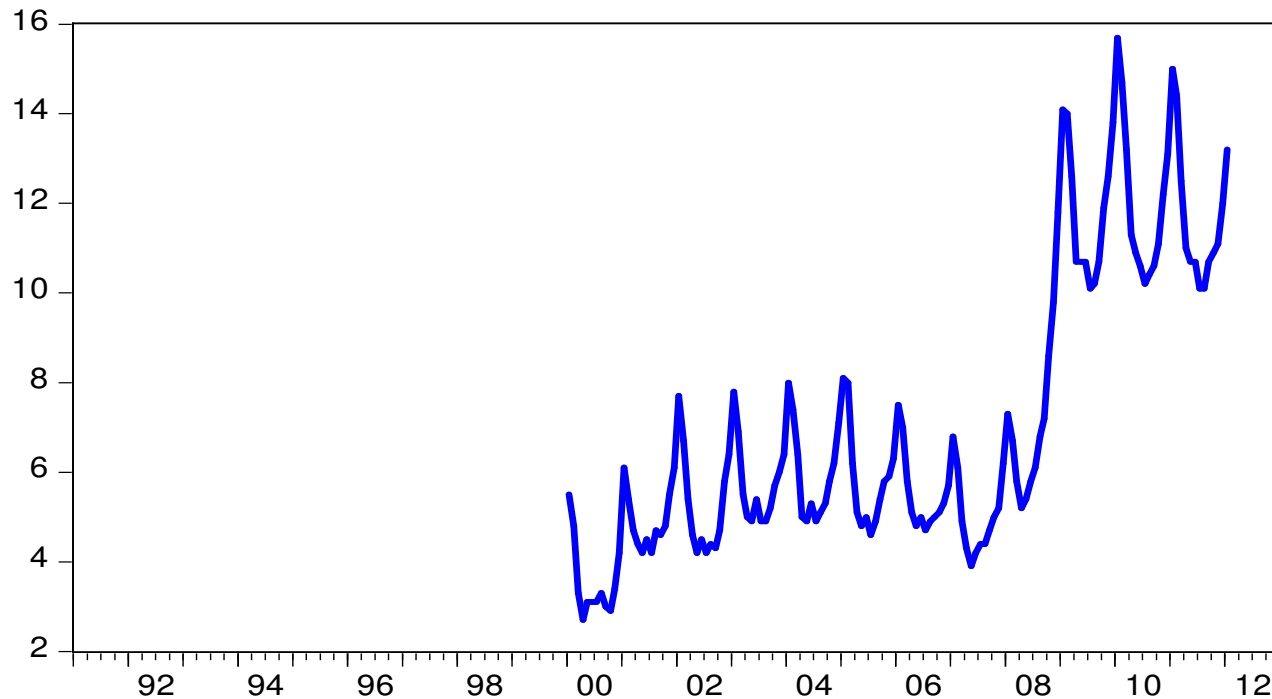
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

2011 U-rate Average: 11.6%

2010 U-rate Average: 11.9%

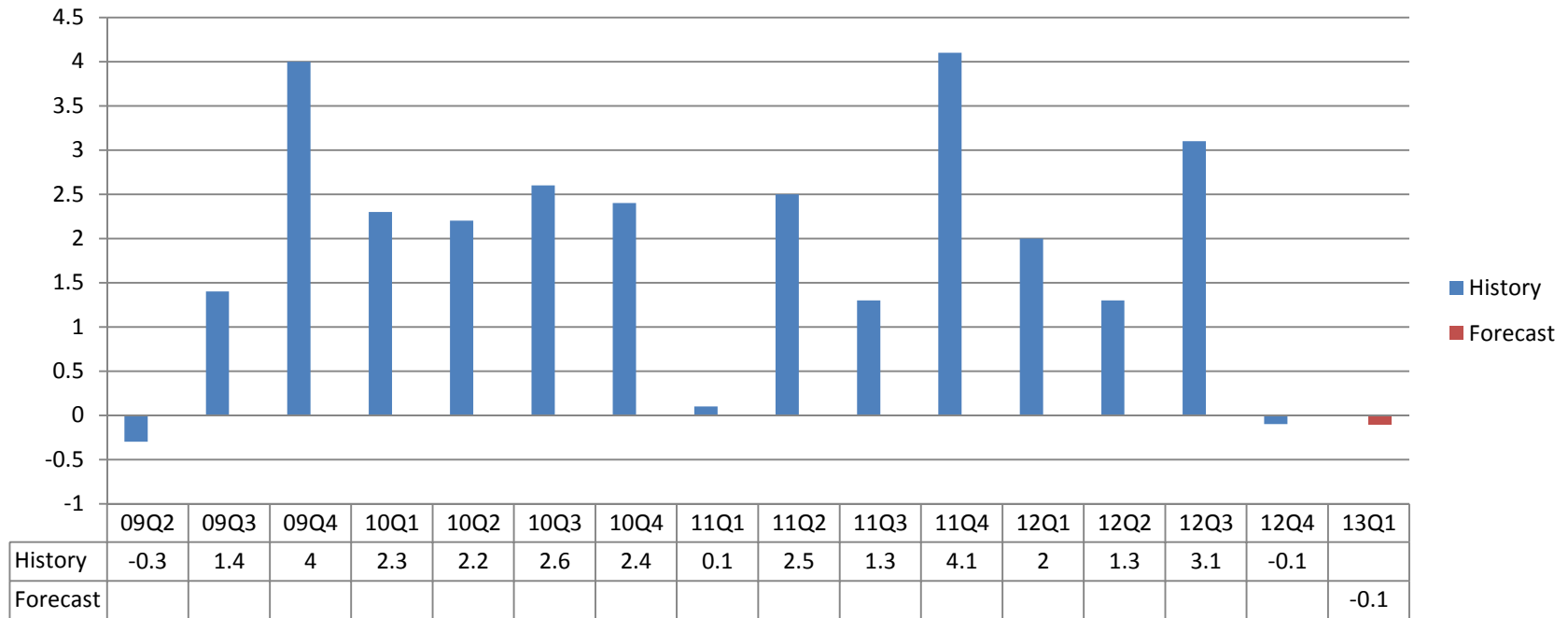
Labor Force down 2,457 people from 2009 average.

Horry Unemployment Rate



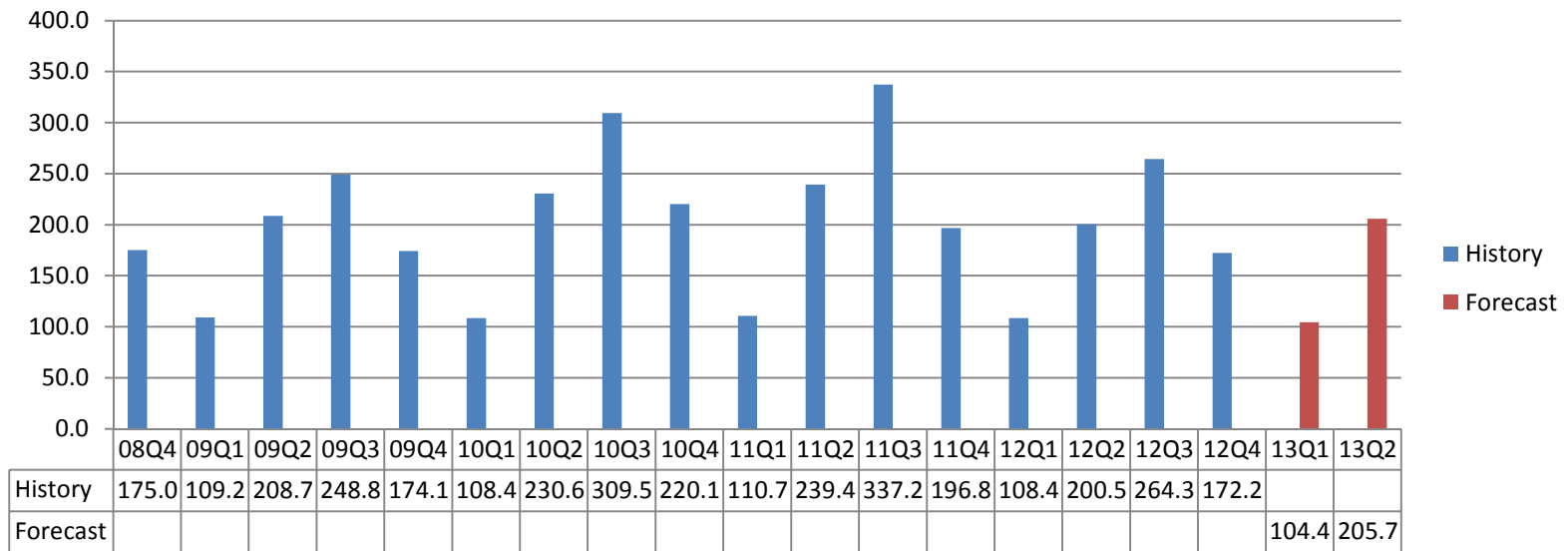
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Annualized Real GDP Growth (%)



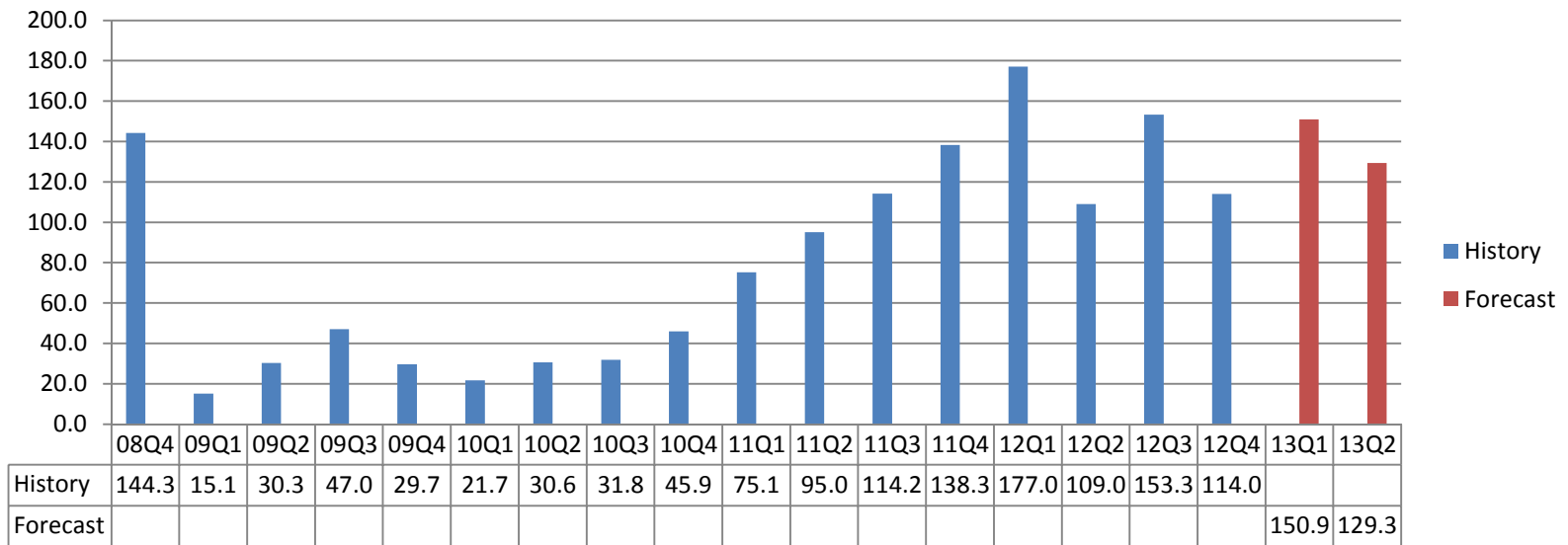
Source: U.S. Department of Commerce: Bureau of Economic Analysis

MYB Airport Deplanements (Thousands)



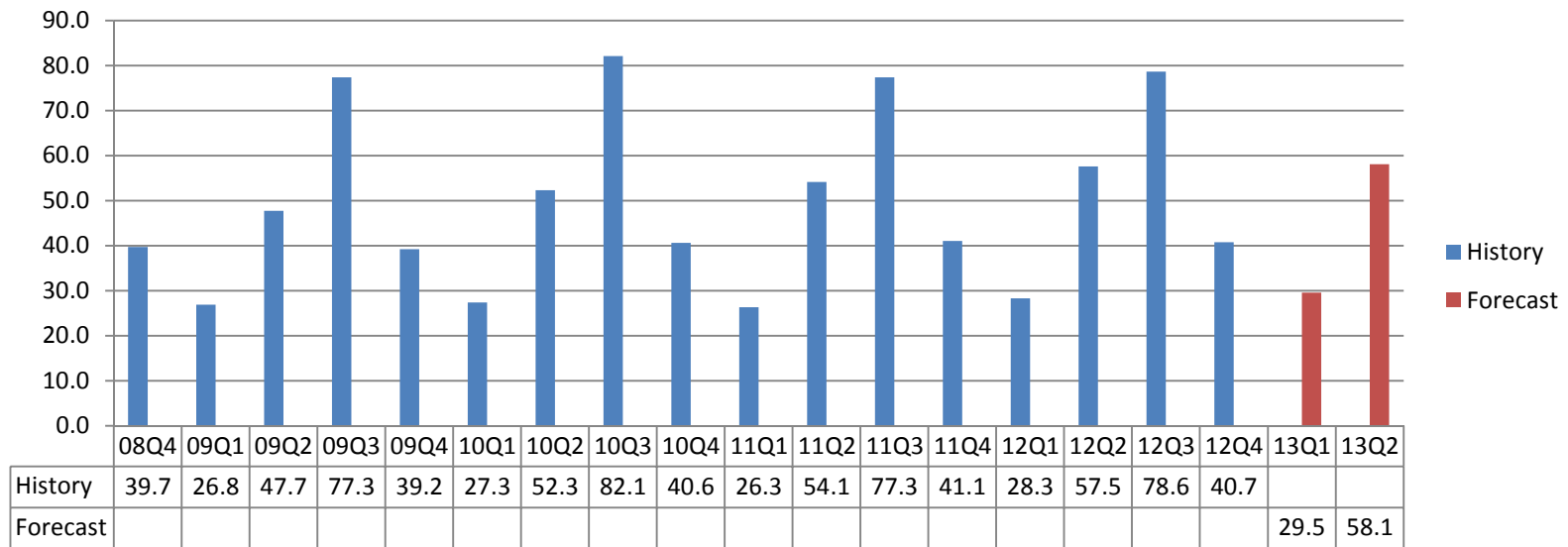
Source: Myrtle Beach International Airport

Georgetown Port Tonnage (Thousands)



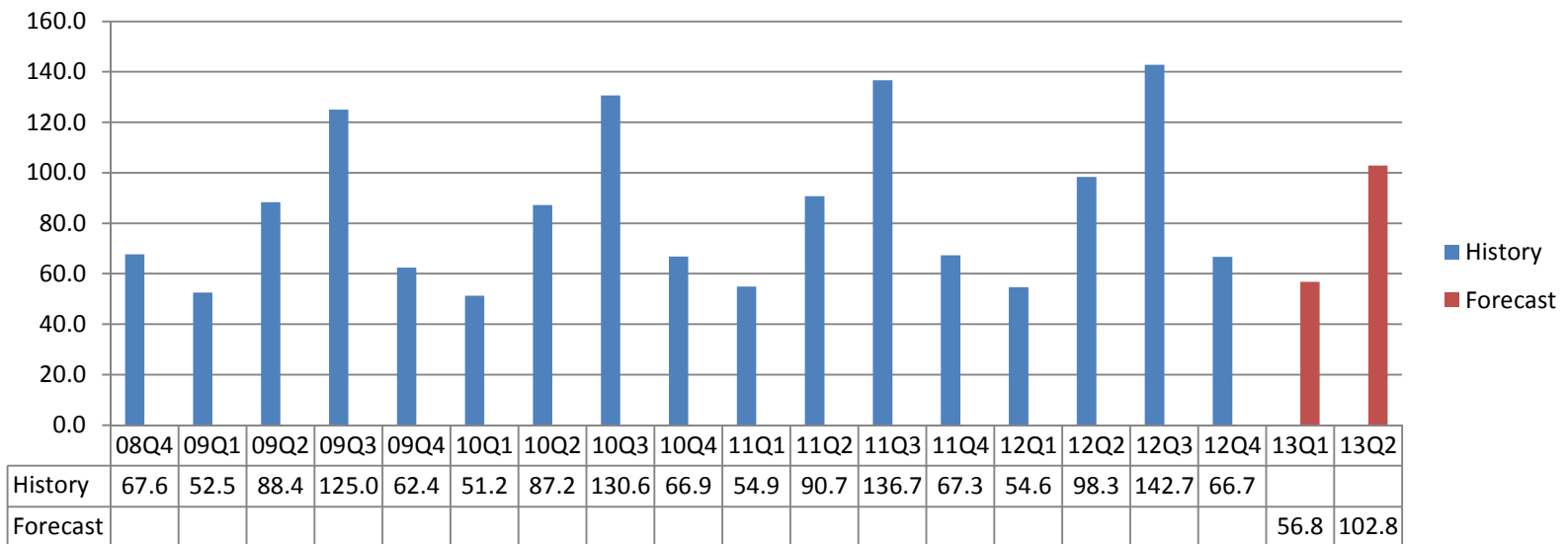
Source: Georgetown Port Authority

Hotel-Condotel-Campground Occupancy Rate



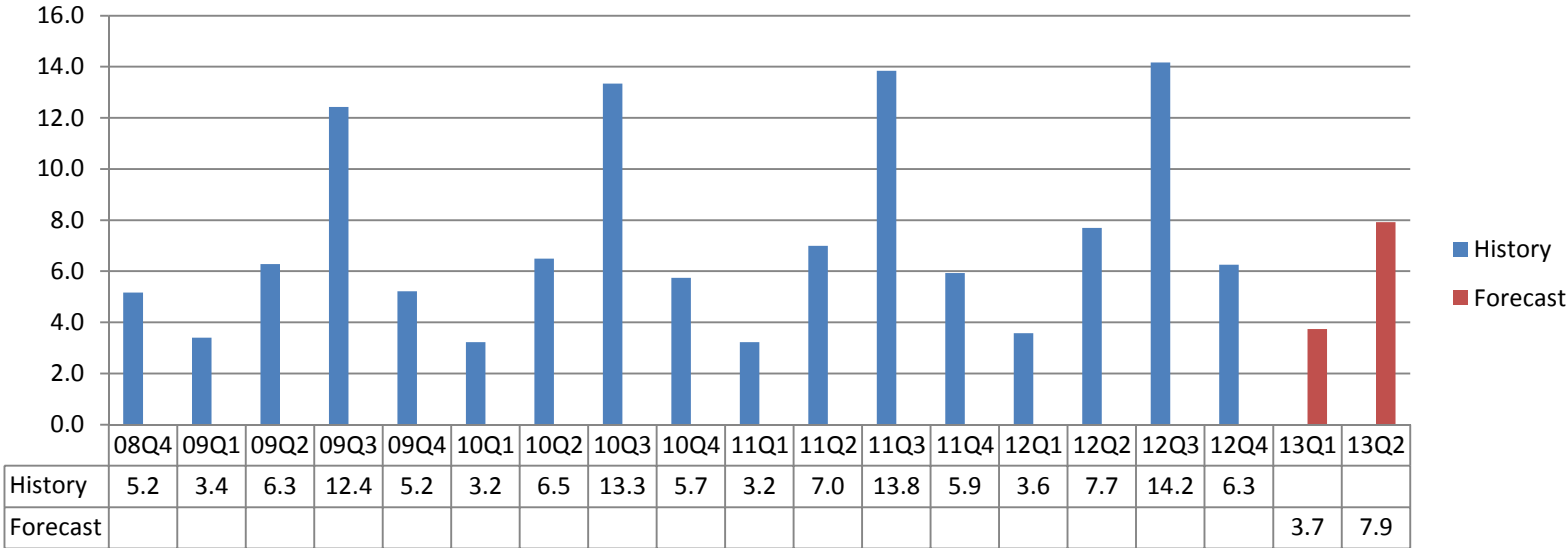
Source: Clay Brittain Jr. Center for Resort Tourism

Hotel-Condotel-Campground Average Daily Rate



Source: Clay Brittain Jr. Center for Resort Tourism

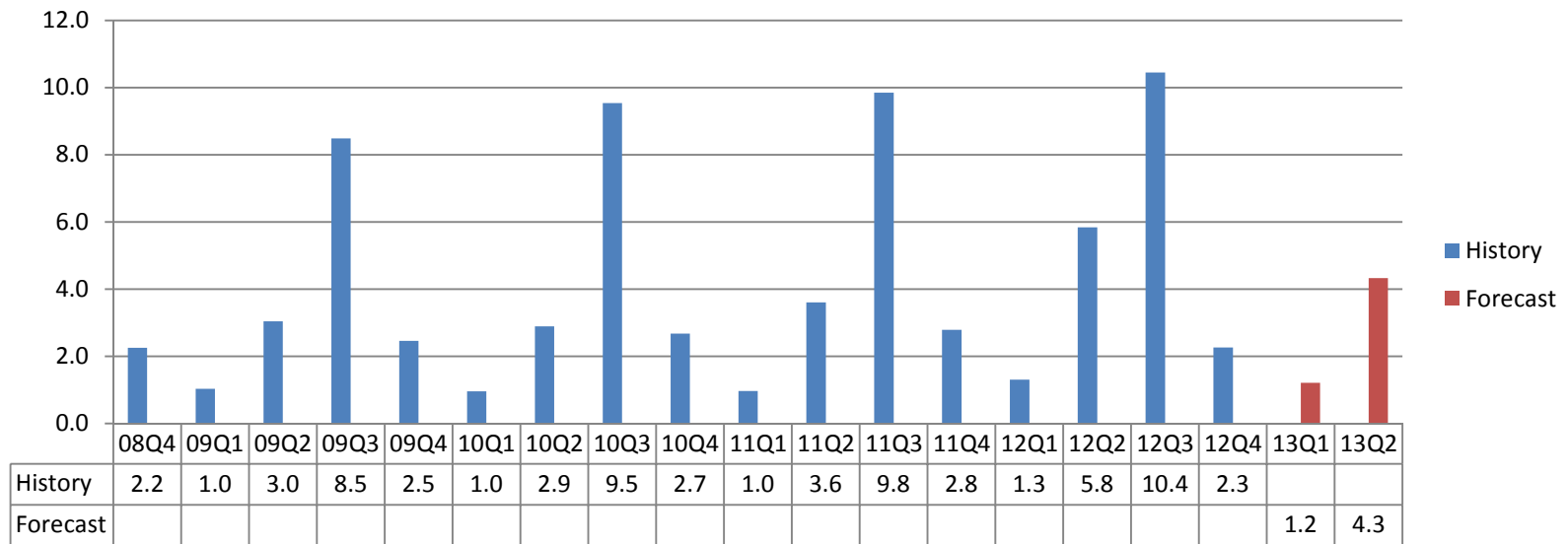
Horry 1.5% Hospitality Fee Revenue (County-wide fees on accommodations, prepared foods, beverages, admissions)



Source: Horry County Government

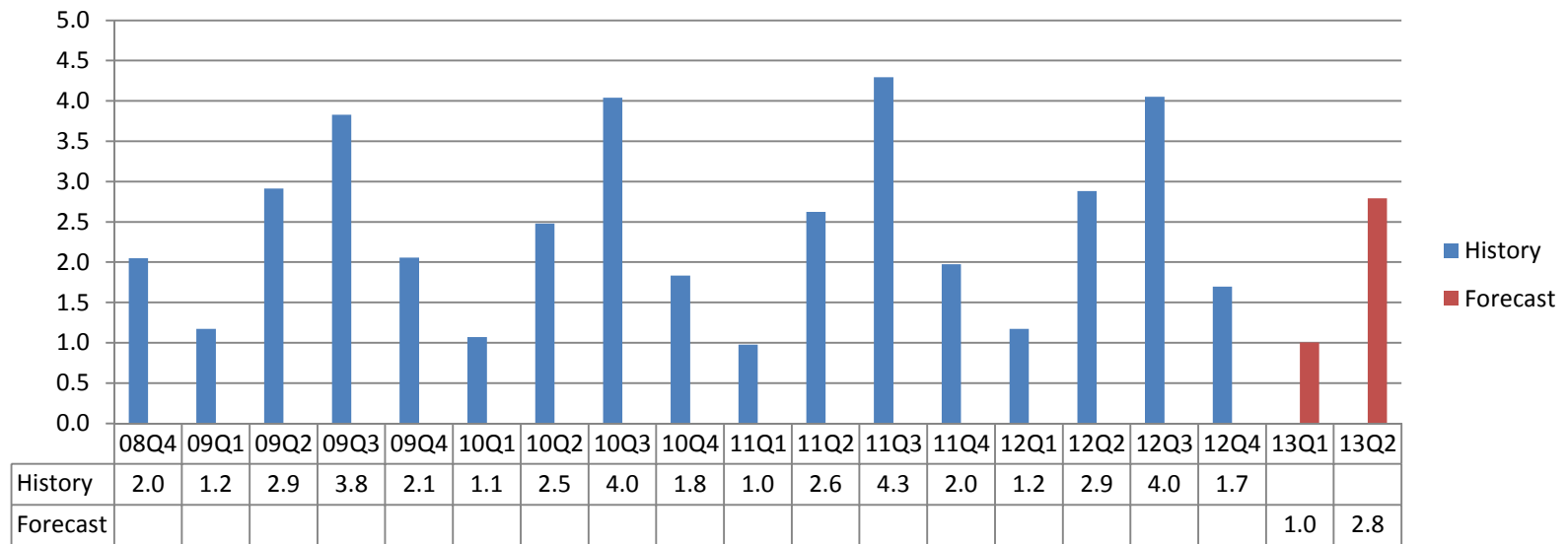


Accommodations Tax Revenue (\$Millions)



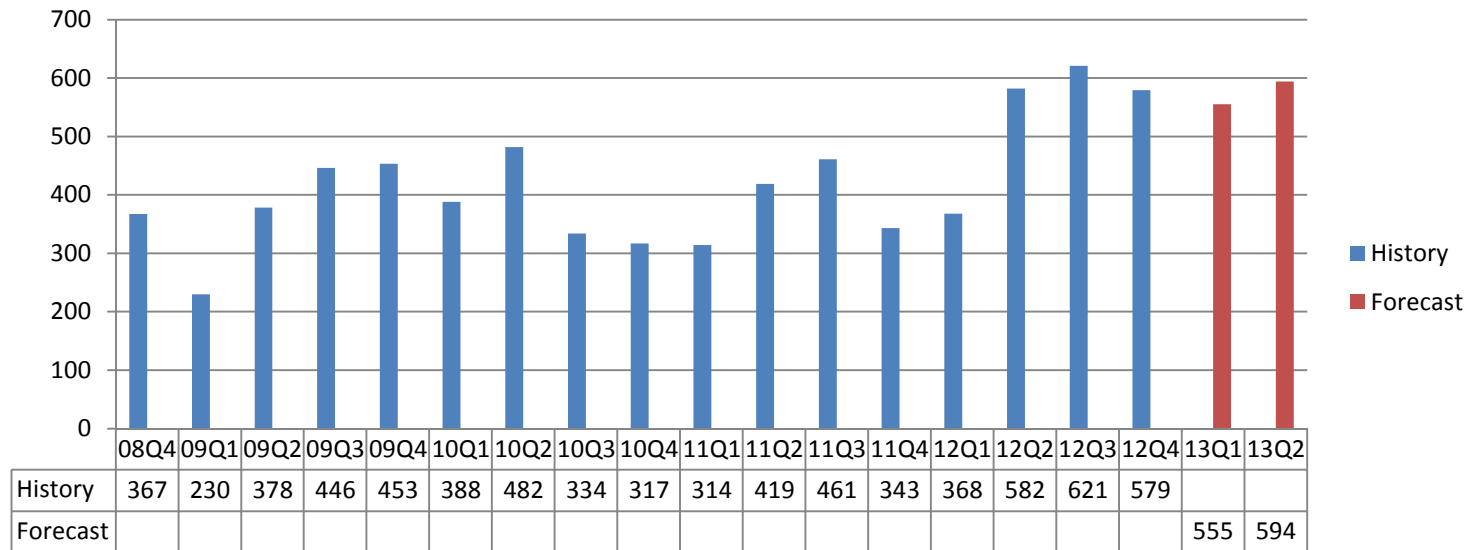
Source: SC Department of Revenue

5% State Admissions Tax (\$ Millions)



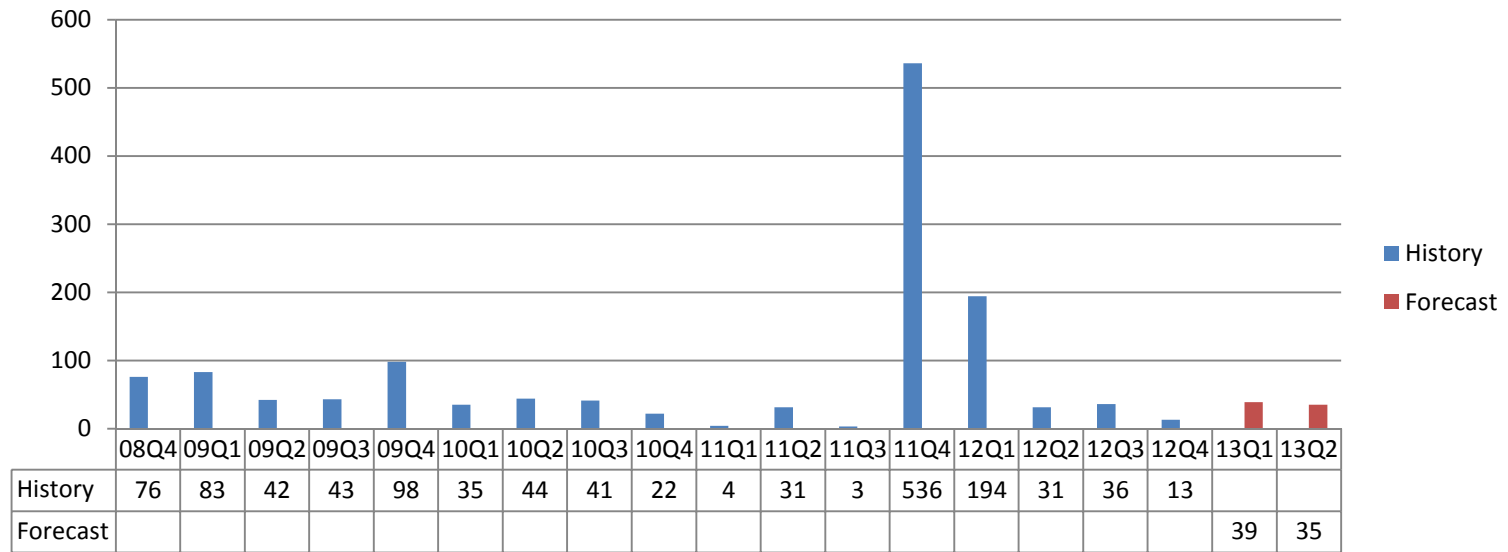
Source: SC Department of Revenue

Regional Single Family Permits



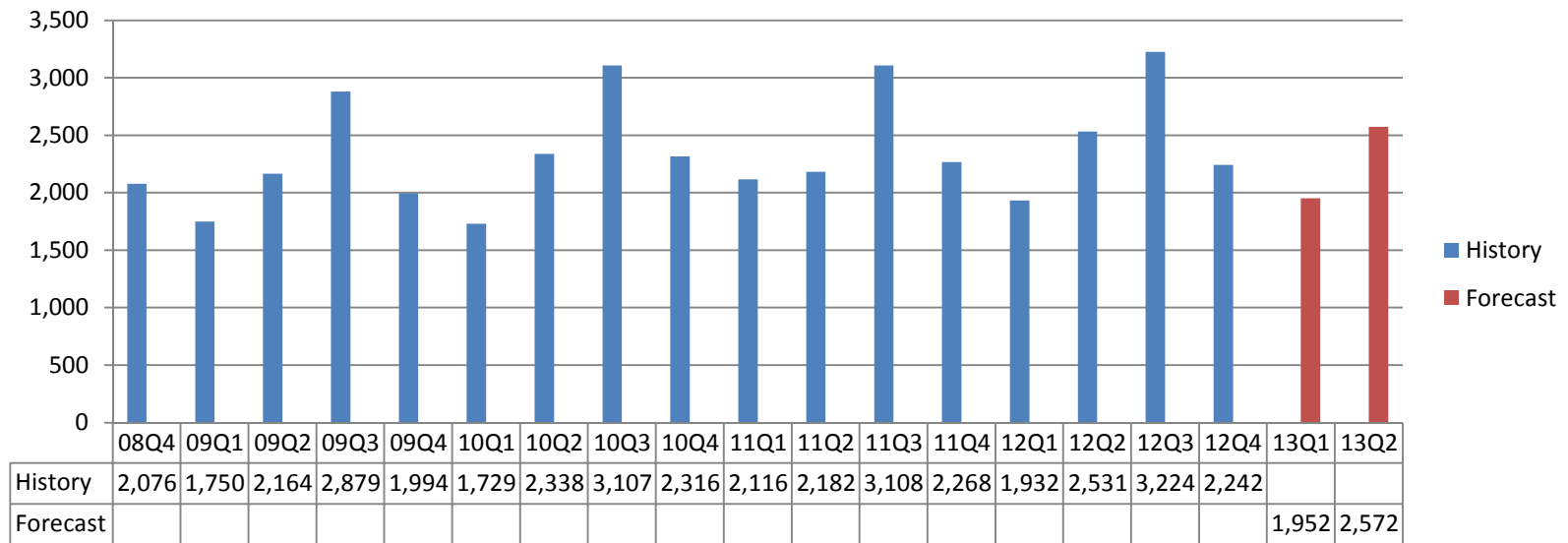
Source: HUD State of the Cities Data System

Regional Multi-family Permits



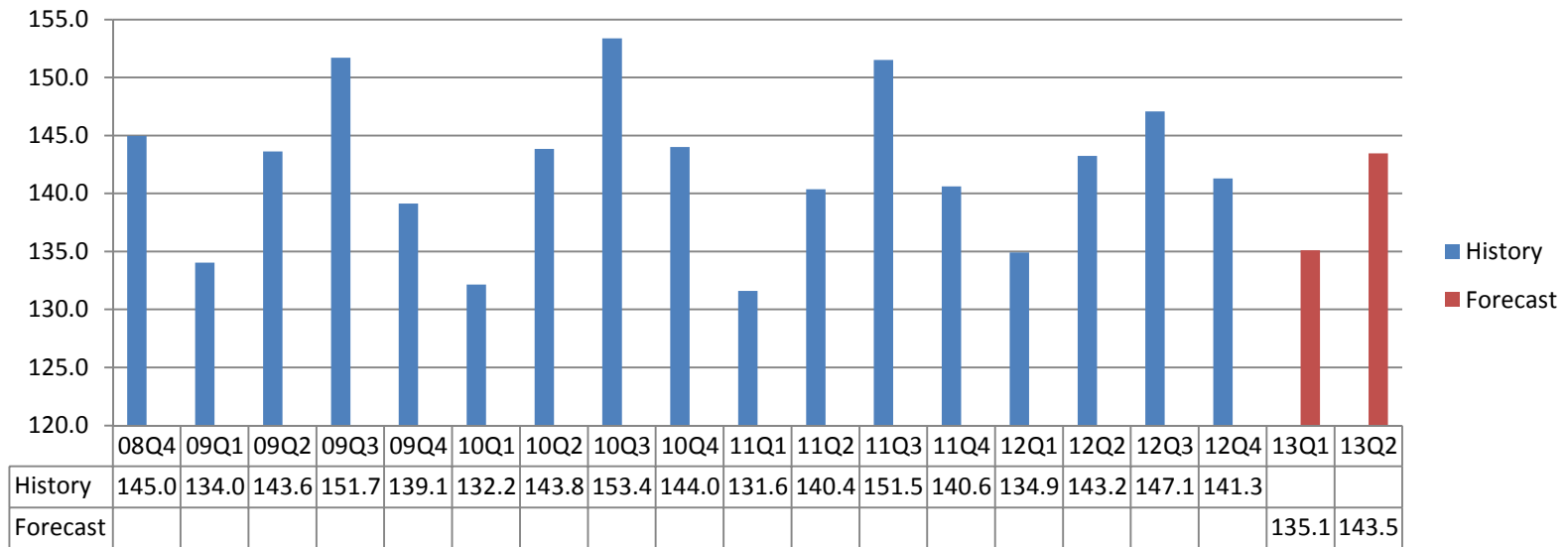
Source: HUD State of the Cities Data System

Regional Retail Sales (\$ Millions)



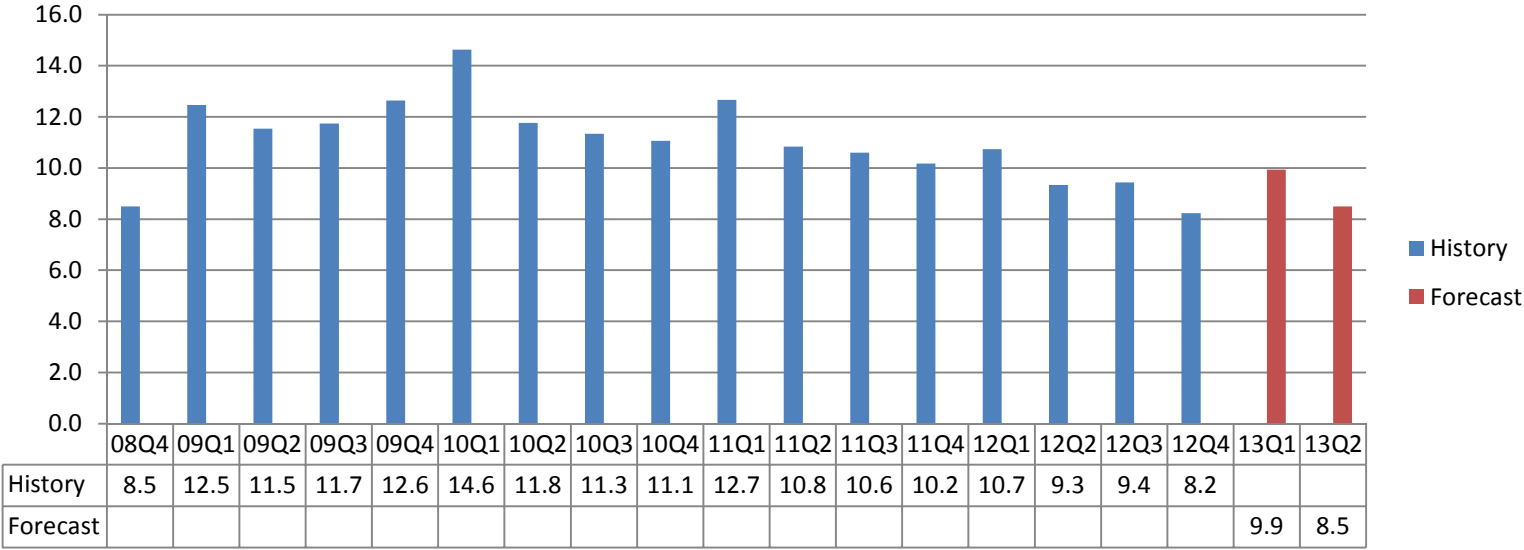
Source: SC Department of Revenue

Regional Employment (Thousands)



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Georgetown Unemployment Rate



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics



Grand Strand Economic Outlook: Winter 2013

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

Prepared and Presented by Dr. Rob Salvino, Research Economist, Center for Economic and Community Development
E. Craig Wall Sr. College of Business Administration, Coastal Carolina University

February 2013

	Value			Percent Change from Previous Year		
	History Previous Quarter Fall 2012	Forecast Current Quarter Winter 2013	Forecast Next Quarter Spring 2013	History Previous Quarter Fall 2011	Forecast Current Quarter Winter 2012	Forecast Next Quarter Spring 2012
Airport Deplanements (thousands)	172.2	104.4	205.7	-12.5	-3.7	2.6
Port Tonnage (thousands)	113.9	150.9	129.3	-17.6	-14.8	18.7
Occupancy Rate (Full Week)	40.7	29.5	58.1			
Average Daily Rate (Full Week)	\$ 66.7	\$ 56.8	\$ 102.8	-0.6	2.2	4.5
Horry County 1.5% Hosp. Fee Revenue (\$millions)	\$ 6.3	\$ 3.7	\$ 7.9	-0.3	1.2	0.6
Accommodations Tax Revenue (\$millions) ^a	\$ 2.3	\$ 1.2	\$ 4.3	-19.0	-7.2	-25.9
Admissions Tax Revenue (\$millions)	\$ 1.7	\$ 1.0	\$ 2.8	-14.1	-14.3	-3.1
Regional SF Building Permits	579	555	594	68.8	50.8	2.1
Regional MF Building Permits	13	38	35	-97.6	-80.1	12.3
Retail Sales (\$millions)*						
Georgetown County**	\$ 303.7	\$ 287.3	\$ 351.2	3.5	7.3	-1.3
Horry County**	\$ 1,938.4	\$ 1,665.0	\$ 2,220.4	-1.8	0.1	2.1
Employment (thousands)*						
Georgetown County	27.2	26.7	27.5	1.5	1.3	1.4
Horry County	114.1	108.4	115.9	0.3	-0.1	-0.1
Unemployment Rate*						
Georgetown County	8.2	9.9	8.5	-1.9	-0.8	-0.8
Horry County	9.1	11.5	9.2	-1.8	-0.9	-0.7

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 2010 is the percent change between Summer 2009 and Summer 2010. Rate given is absolute change for: Occupancy Rate, ADR and Unemployment Rates. For example, the given change for the Occupancy Rate during Summer 2009 is simply the Summer 2010 Occupancy Rate minus the Summer 2009 Occupancy Rate. *SCDOR Reporting delays skew Retail Sales Year-over-Year comparisons.

^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.

*BLS re-benching of 2011 labor force and employment estimates.