

Waccamaw Regional Economic Outlook

Spring 2013

May 8, 2013

Rob Salvino

Coastal Carolina University



Executive Summary

The national housing market recovery has been the big economic news of the last quarter. The S&P/Case-Shiller home price index of the 20 largest metropolitan areas showed over 9 percent year-over-year price appreciation in residential homes. However, percentage change ranged from a high of 23 percent in Phoenix to a low of 1.9 percent in New York City. Locally, permits for new single family homes have surged 52 percent in Horry County, year-over-year, while Georgetown County permits are up 14 percent on much lower volume. Employment gains in the region have been modest as the unemployment rate continues to fall, resembling the fact that unemployed people are leaving the labor force faster than jobs are being created. Consumer spending has been stable to moderately growing, at a pace in line with inflation. The unusually cold winter and early Easter had a negative impact on the tourism economy, but the summer quarter should compare favorably with last year, with some growth year-over-year. Opposing forces from a national perspective will play out over the coming year. On one hand, the continued growth in the stock market has positively affected household wealth, particularly for the retiree demographic, which could have positive effects in tourism and housing. On the other hand, 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 throughout the year.

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

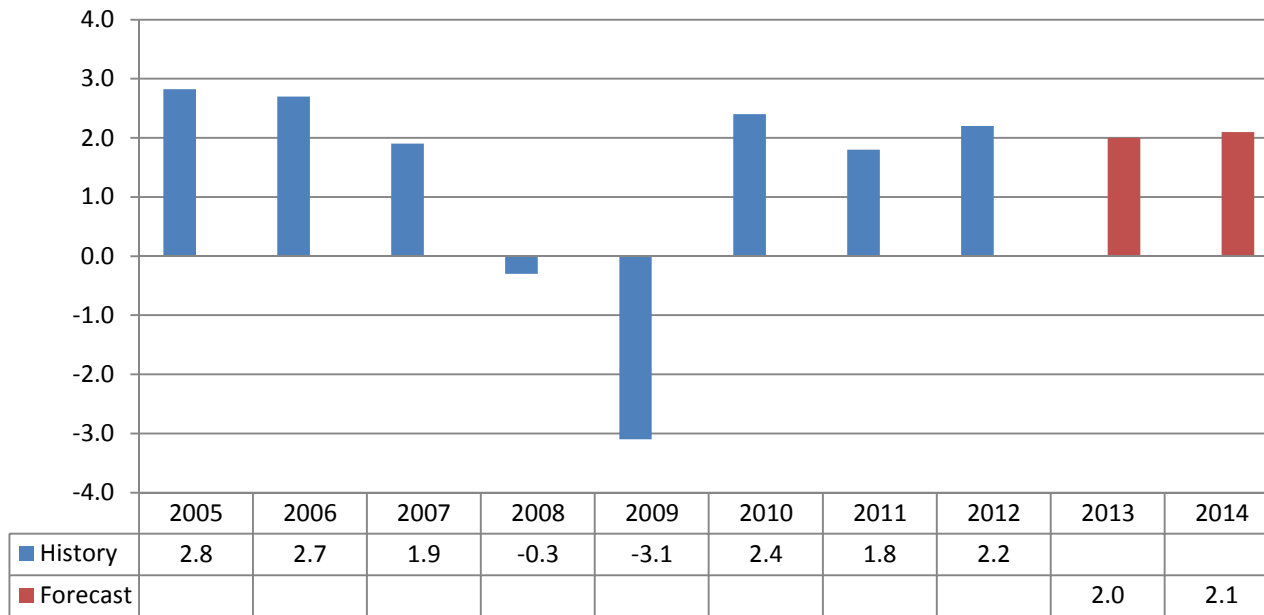
Beginning Slides:

Annual historical trends and forecasts of national and state economic activity.

Remaining Slides:

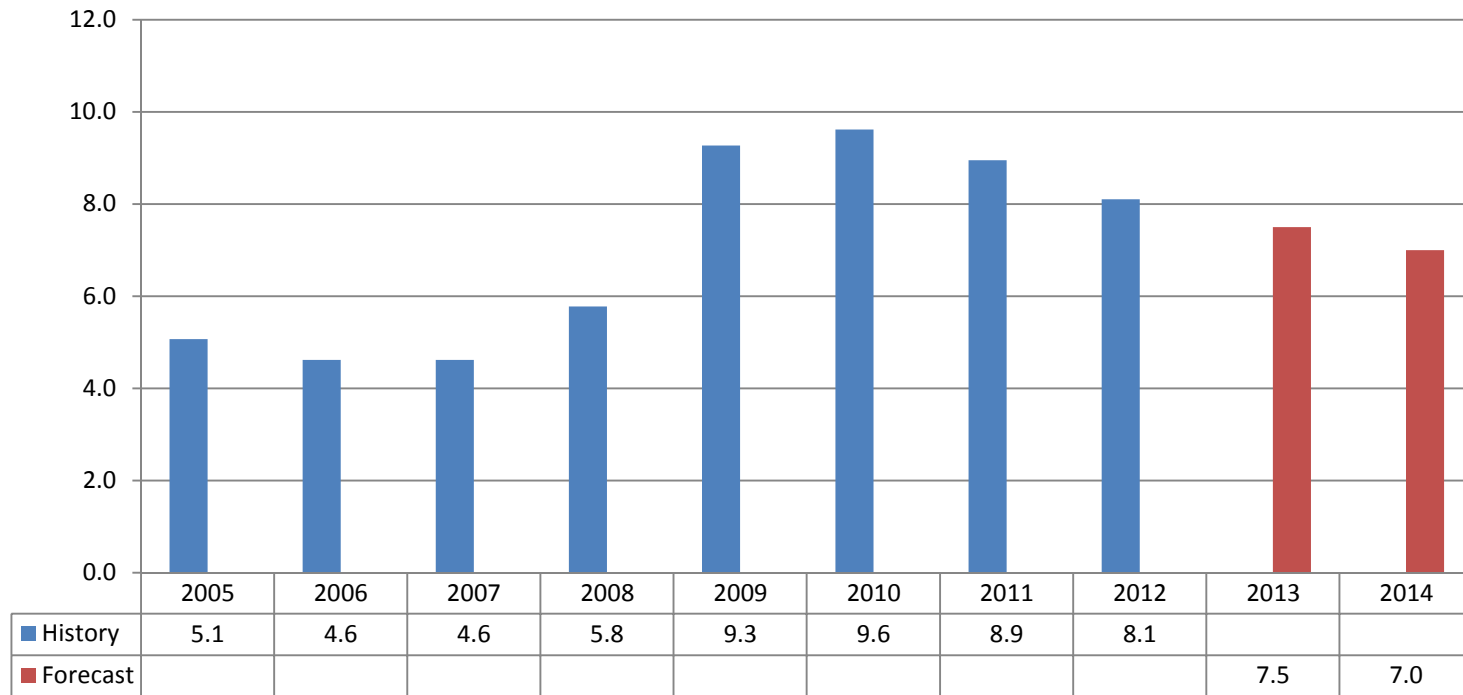
Recent quarterly activity and forecast of local economic activity.

Annualized Real GDP Growth (%)



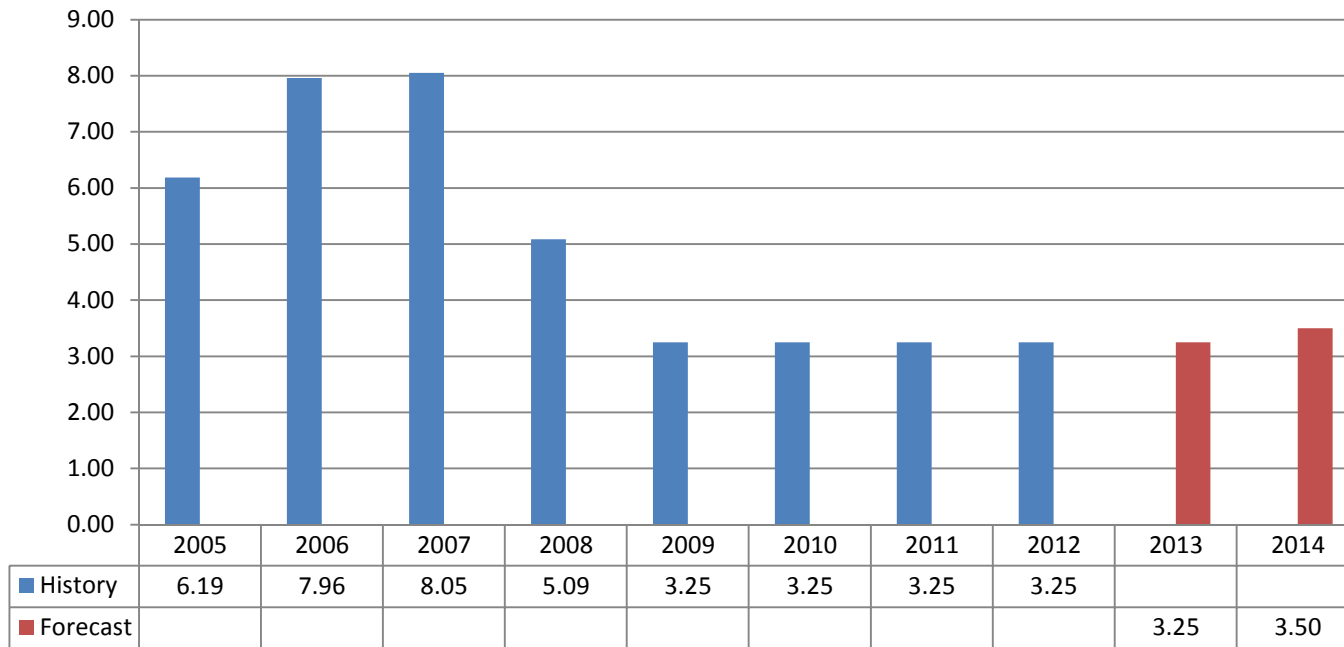
Source: U.S. Department of Commerce: Bureau of Economic Analysis

U.S. Unemployment Rate



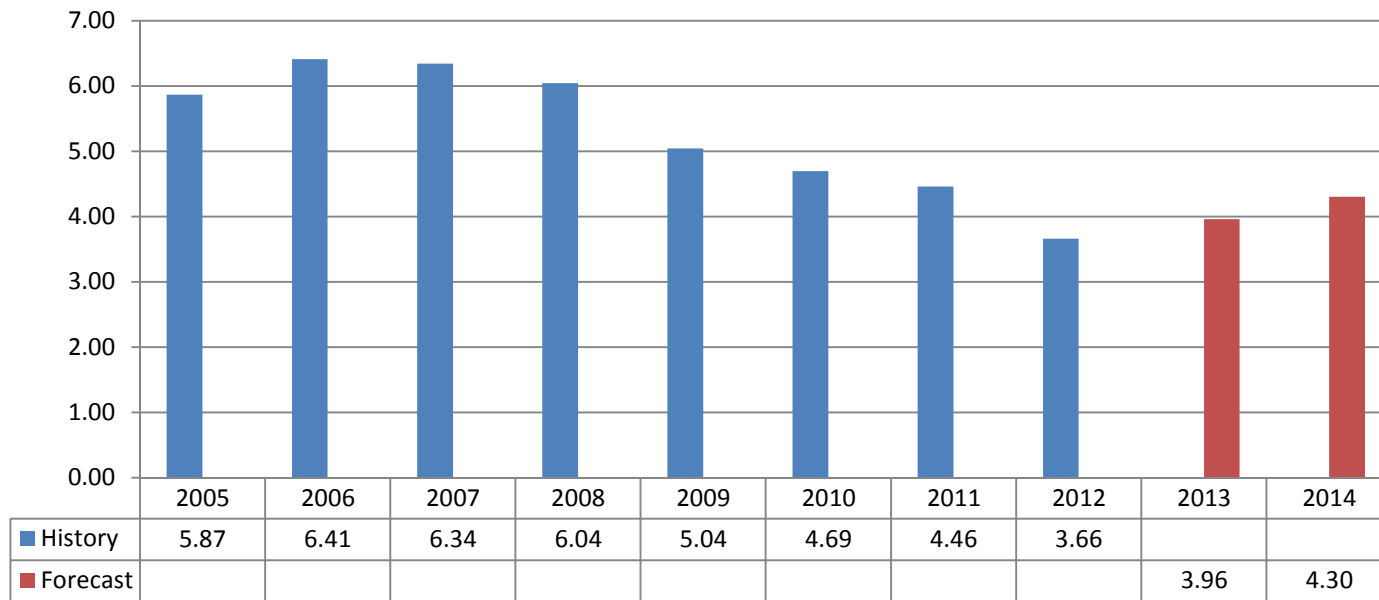
Source: Bureau of Labor Statistics

Prime Interest Rate



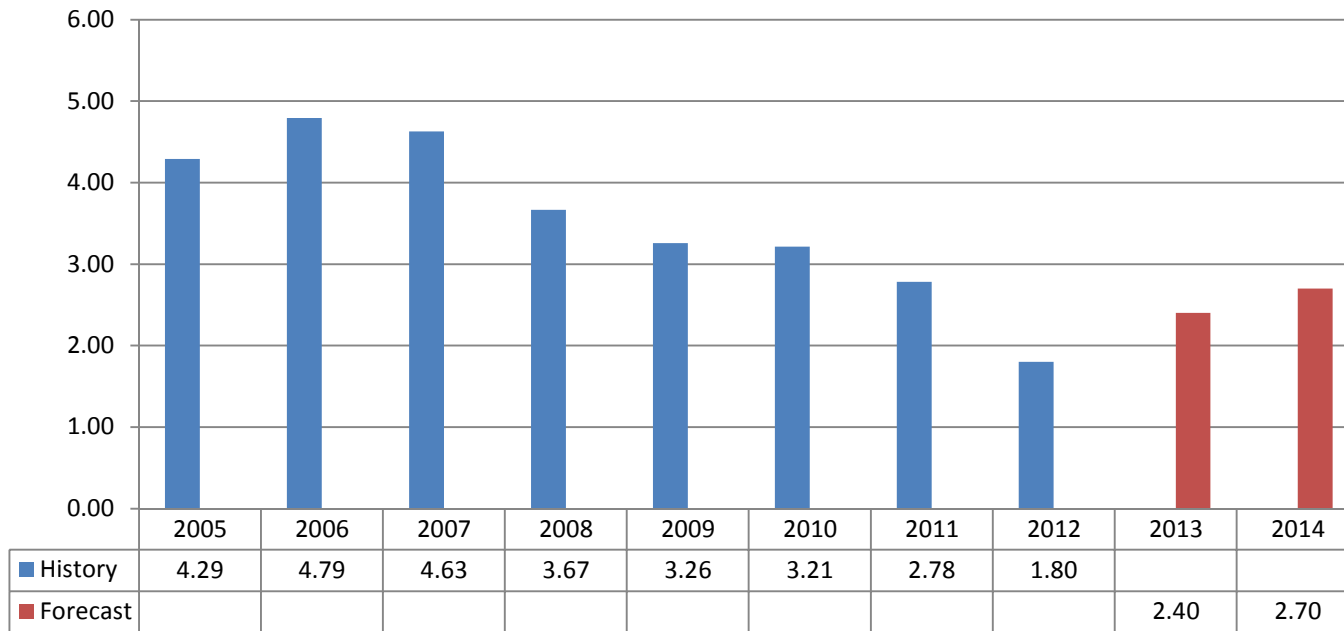
Source: US Federal Reserve Bank FRED Database

30-Year Mortgage Rate



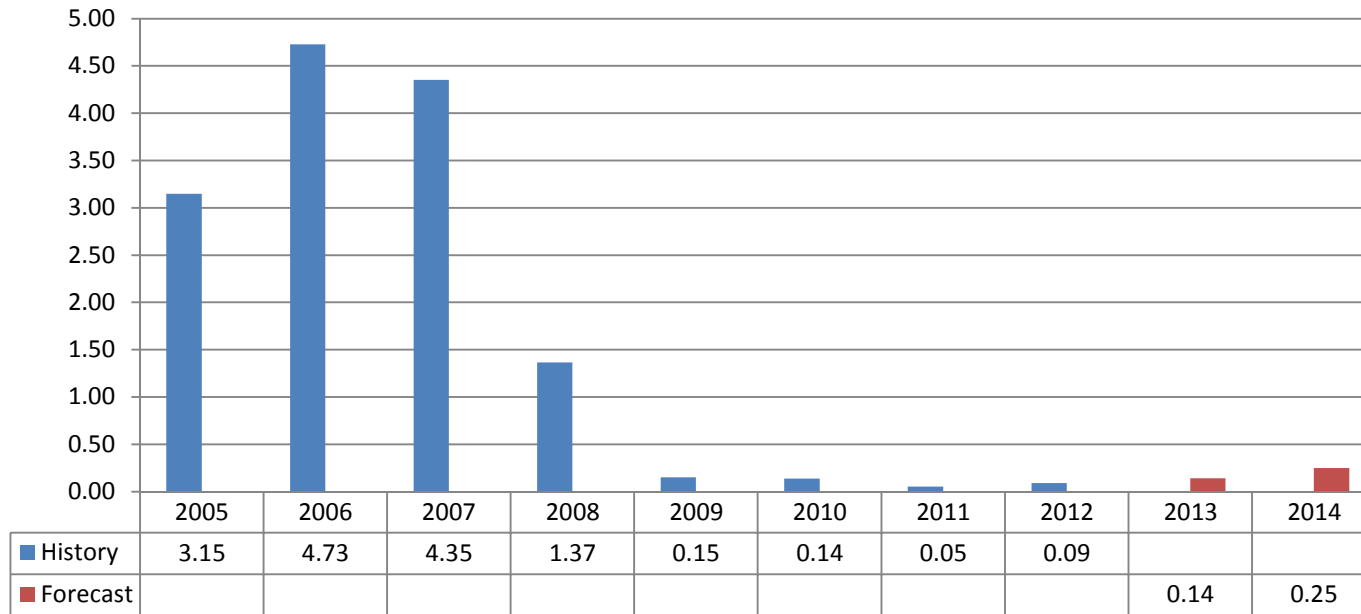
Source: US Federal Reserve Bank FRED Database

10-Year Treasury Rate



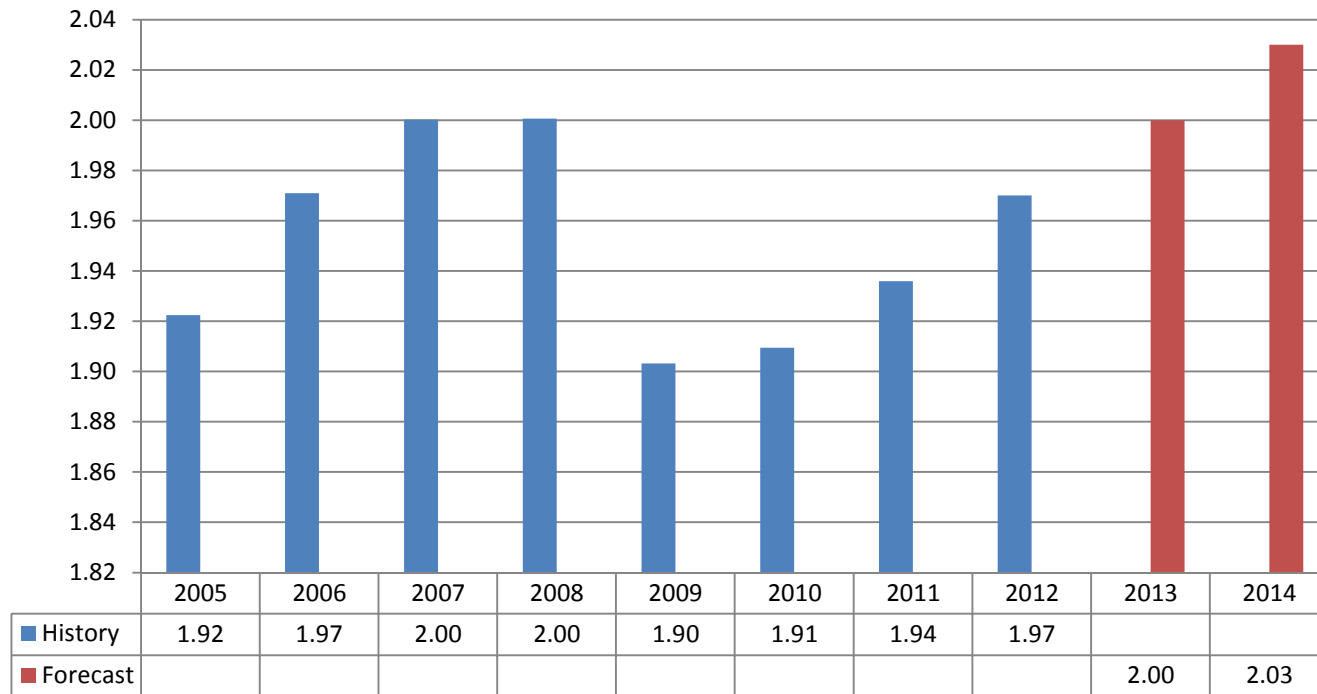
Source: US Federal Reserve Bank FRED Database

3-Month Treasury Bill



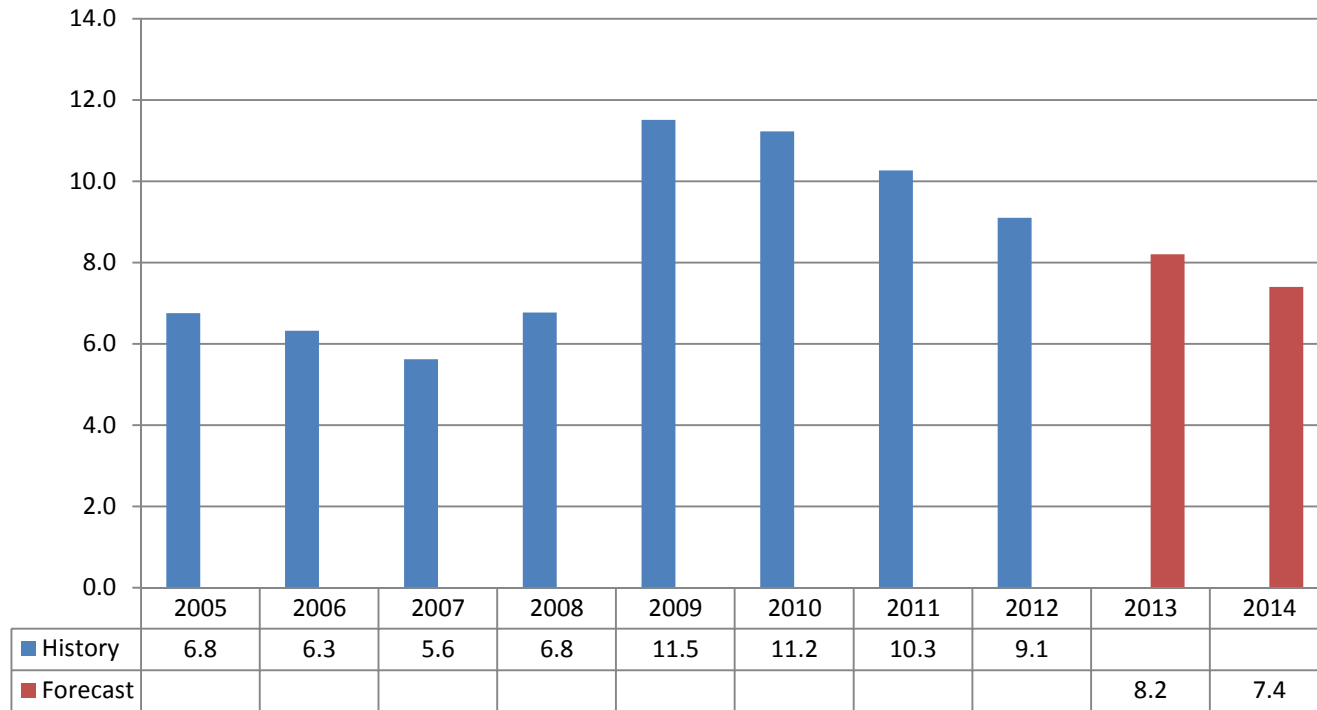
Source: US Federal Reserve Bank FRED Database

South Carolina Employment (Millions)



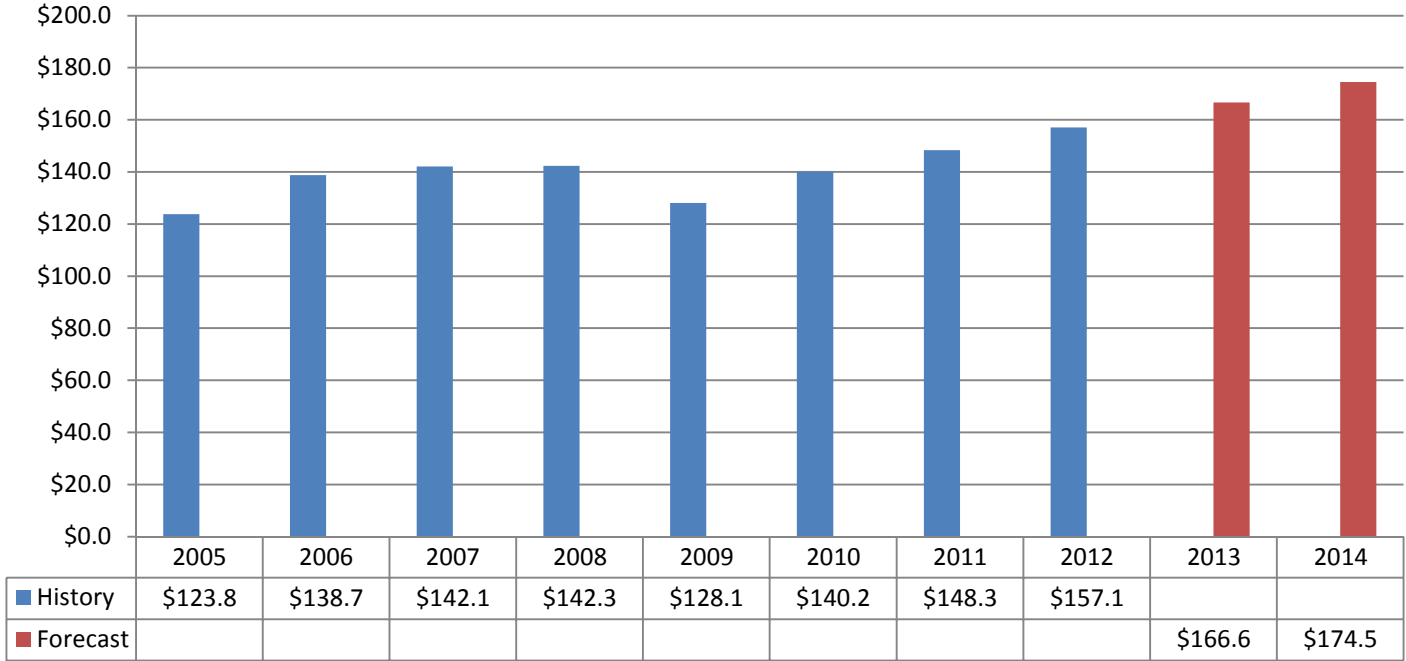
Source: Bureau of Labor Statistics

South Carolina Unemployment Rate

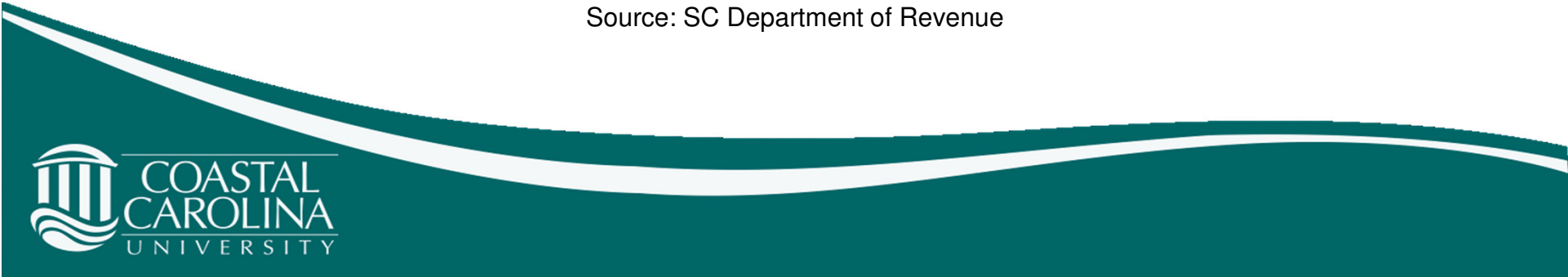


Source: Bureau of Labor Statistics

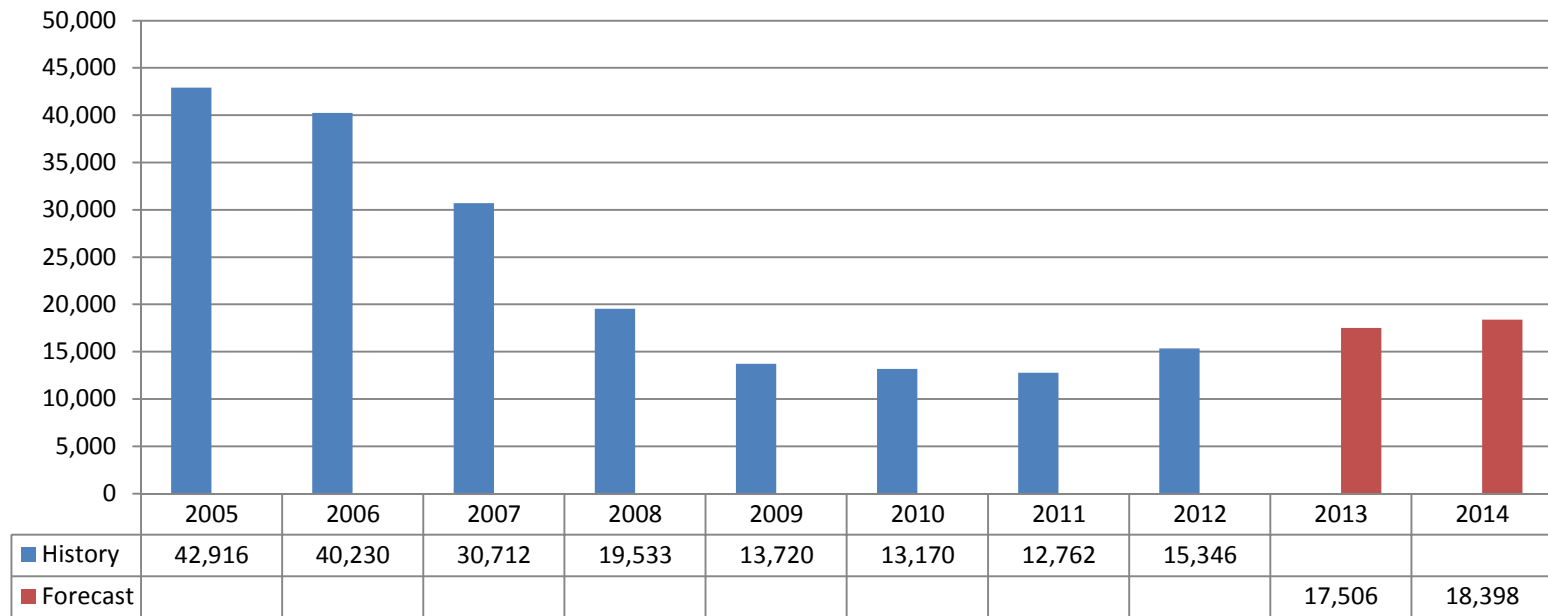
South Carolina Gross Retail Sales (\$Billions)



Source: SC Department of Revenue

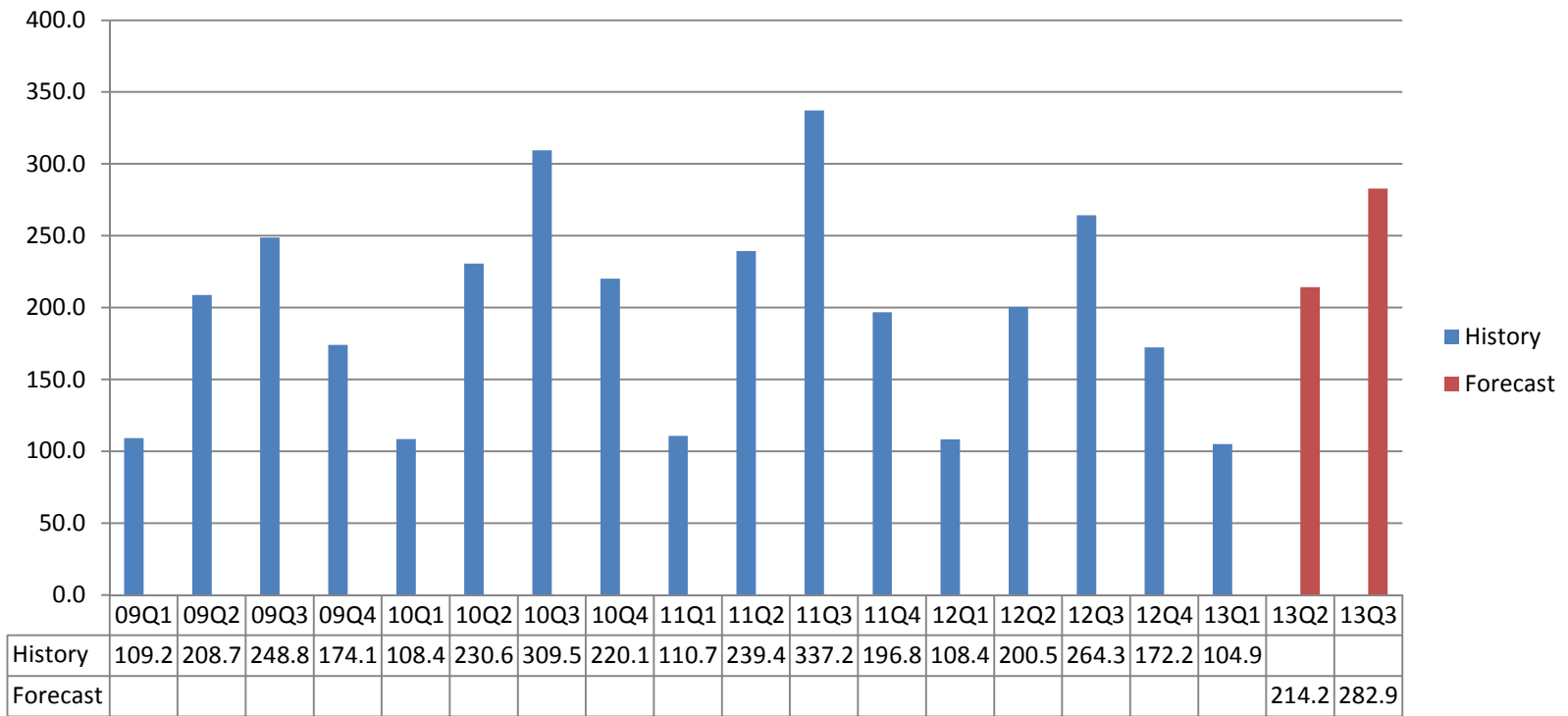


South Carolina Single Family Building Permits



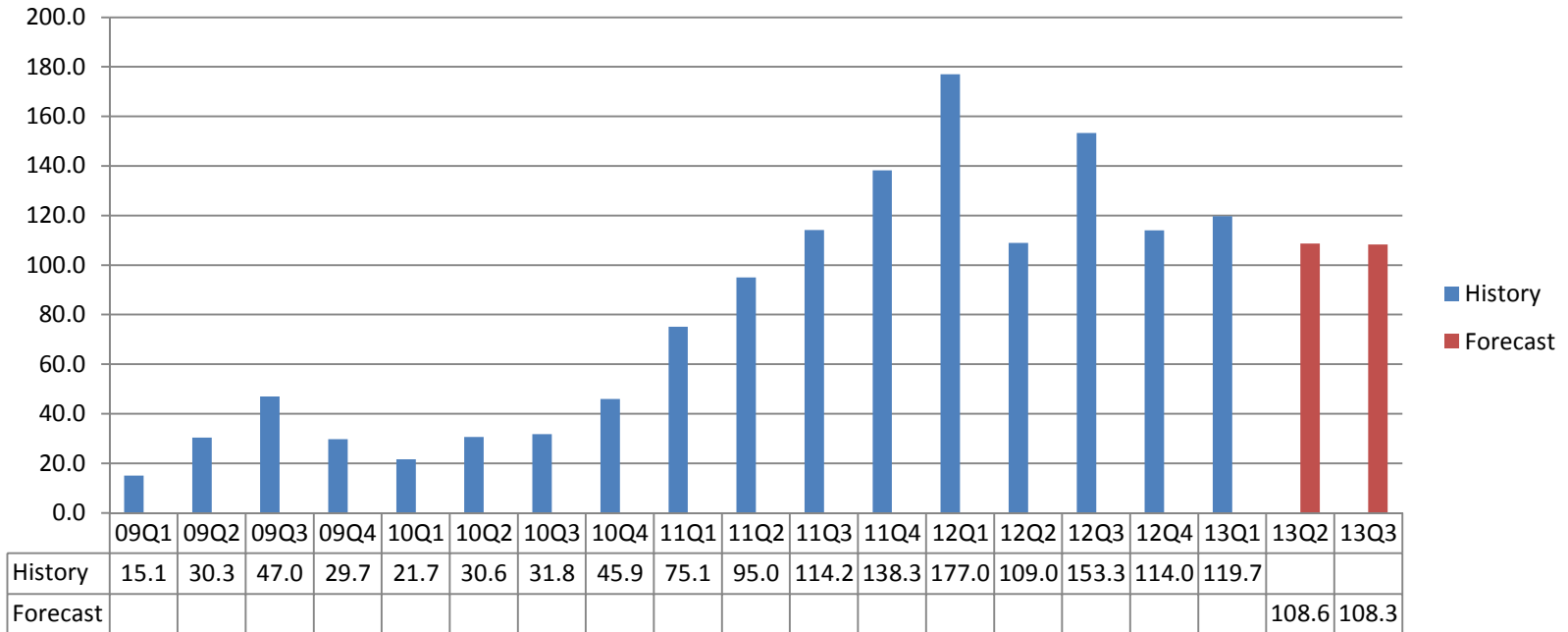
Source: HUD State of the Cities Data System

MYB Airport Deplanements (Thousands)



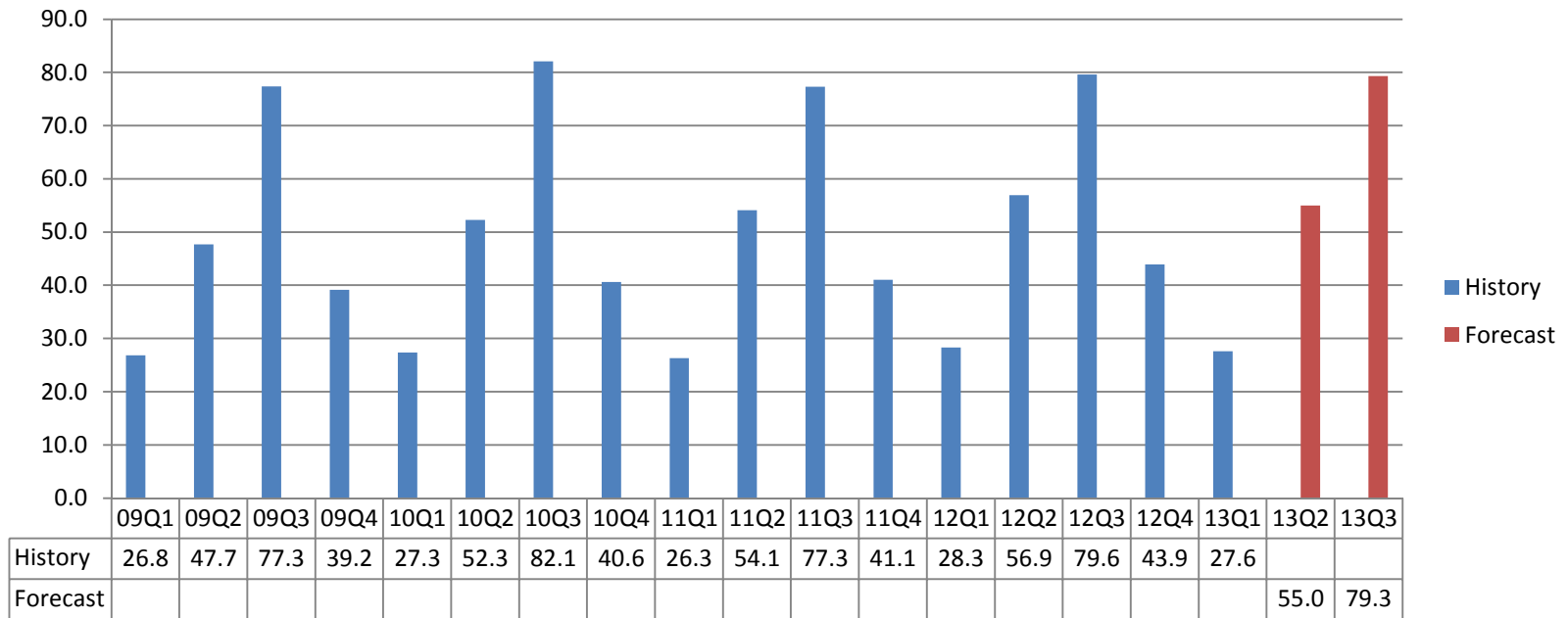
Source: Myrtle Beach International Airport

Georgetown Port Tonnage (Thousands)



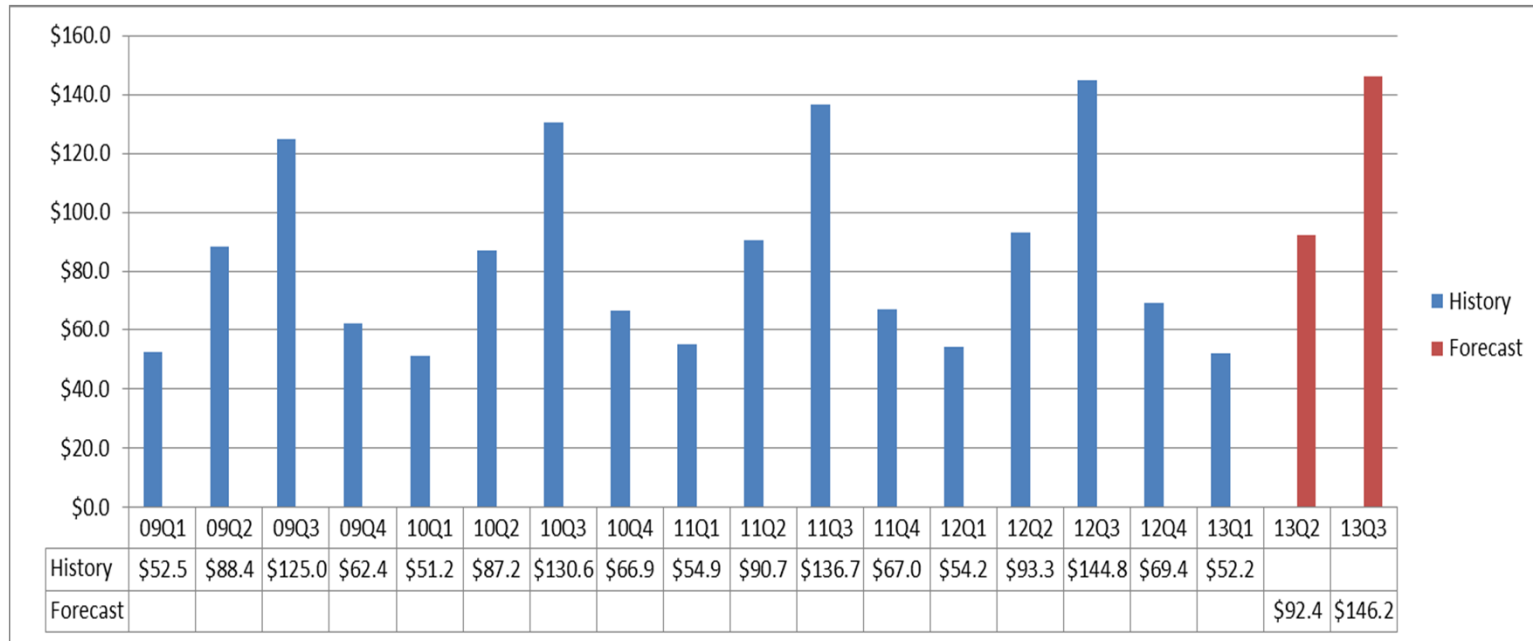
Source: Georgetown Port Authority

Hotel-Condotel-Campground Occupancy Rate



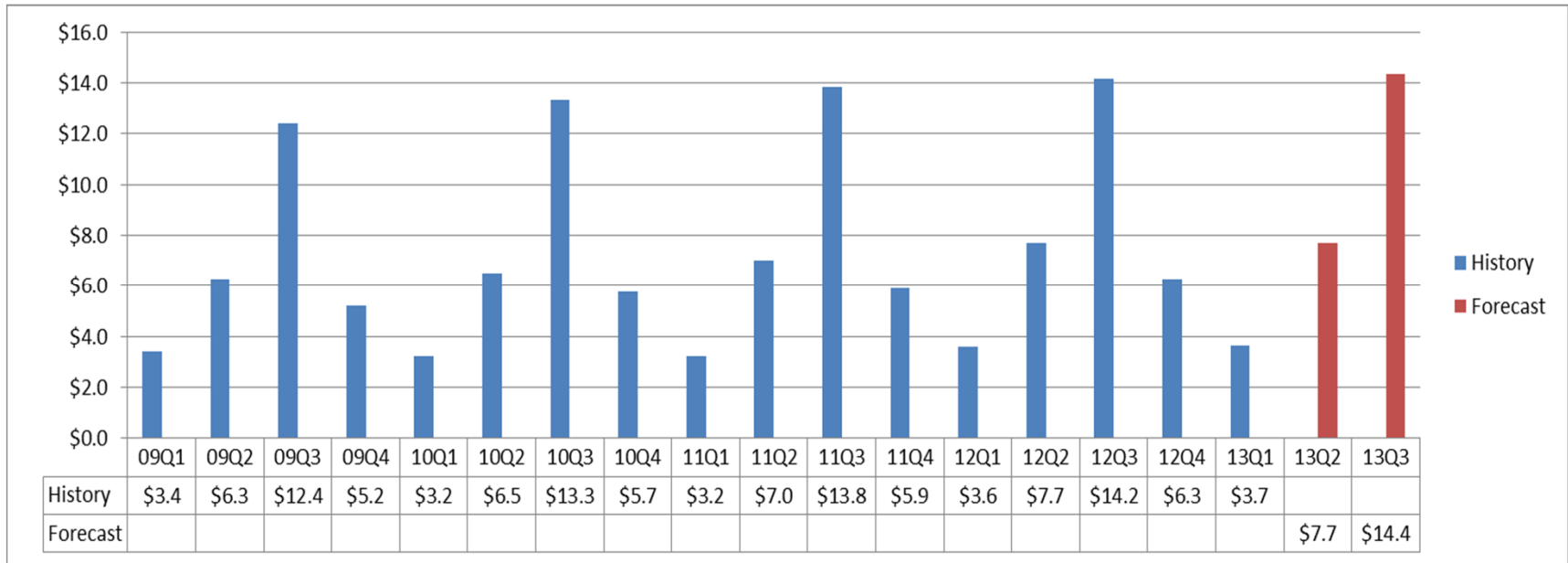
Source: Clay Brittain Jr. Center for Resort Tourism

Hotel-Condotel-Campground Average Daily Rate



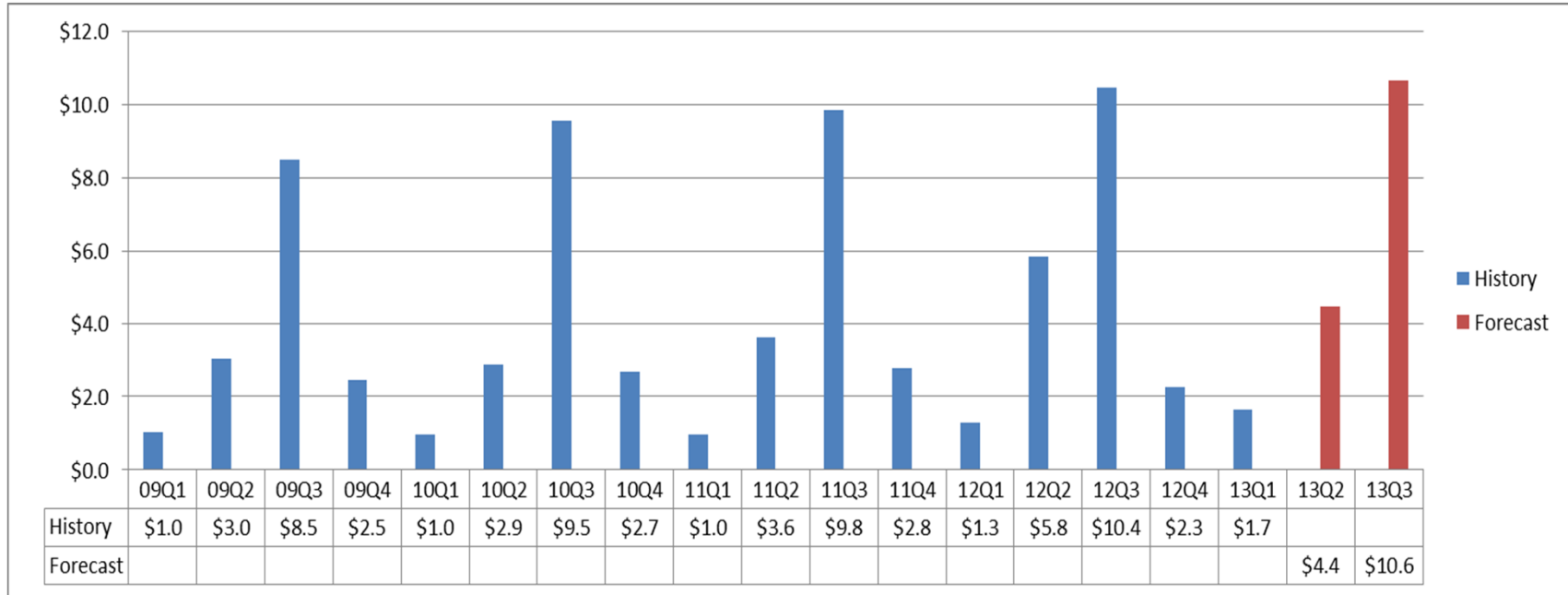
Source: Clay Brittain Jr. Center for Resort Tourism

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



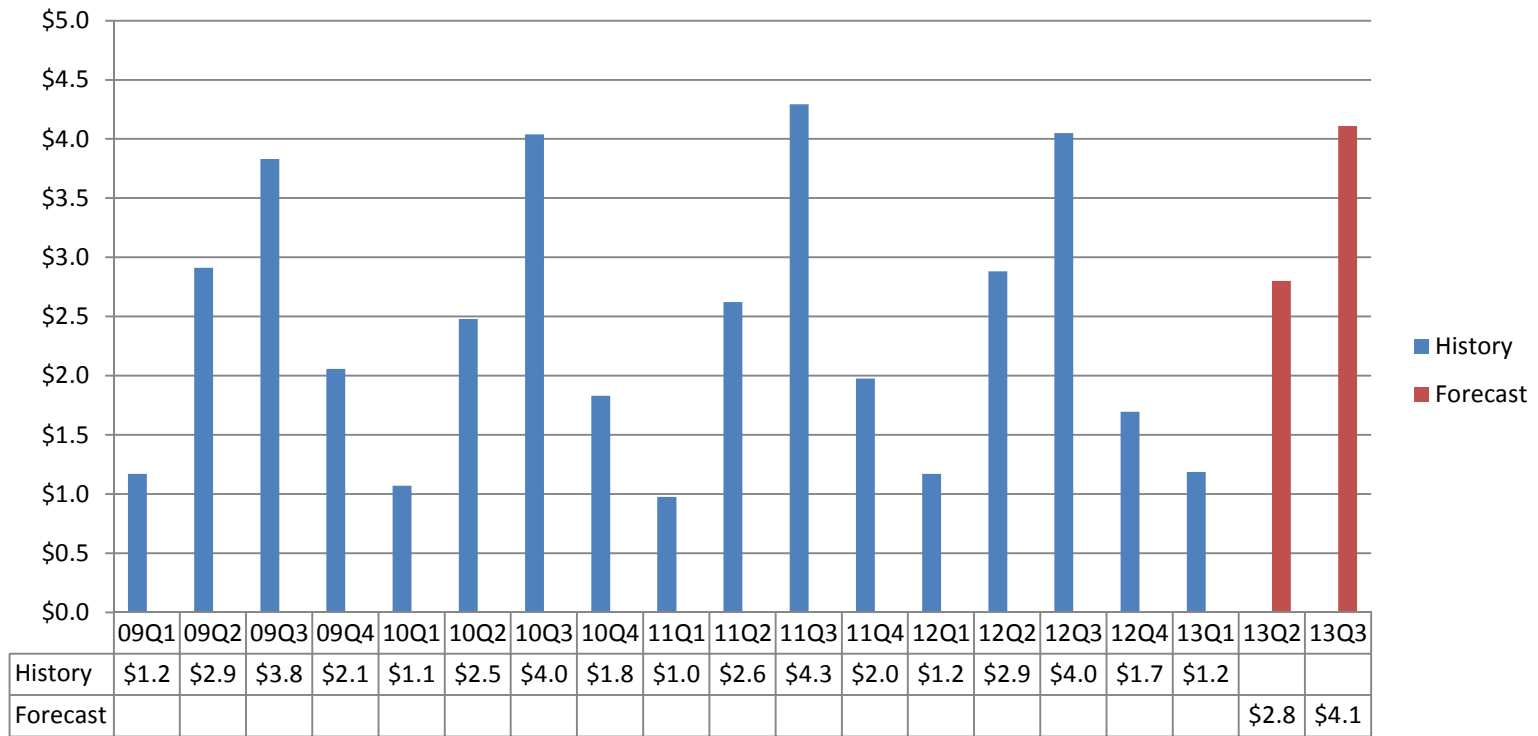
Source: Horry County Government

Accommodations Tax Revenue (\$Millions)



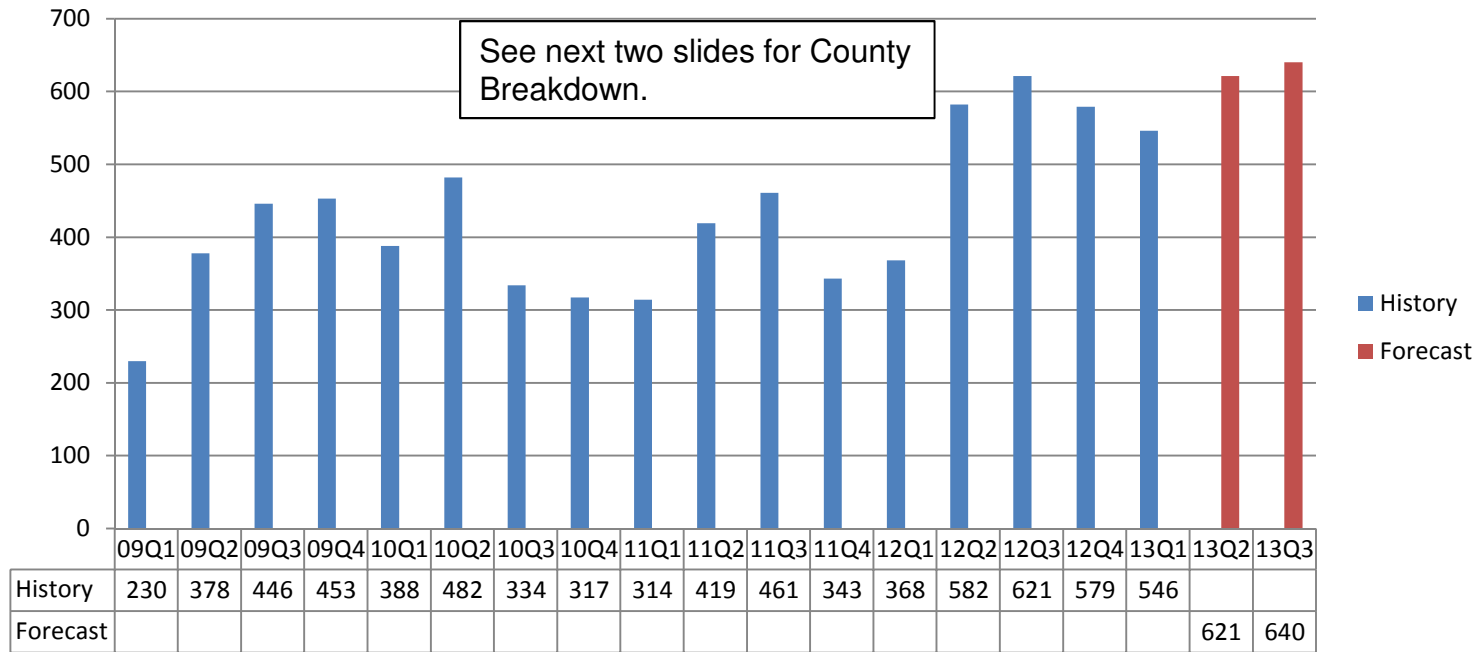
Source: SC Department of Revenue

5% State Admissions Tax (\$ Millions)



Source: SC Department of Revenue

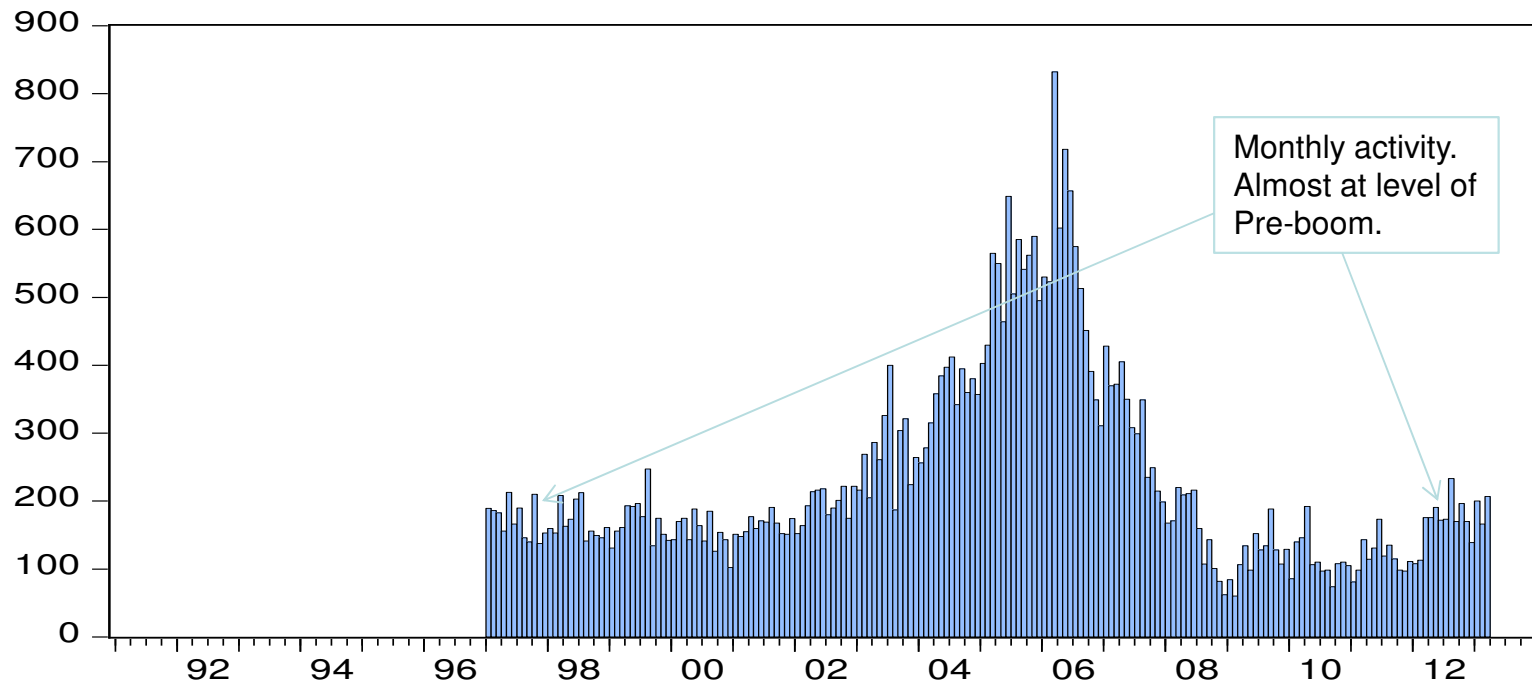
Regional Single Family Permits



Source: HUD State of the Cities Data System

Horry County Single Family Building Permits

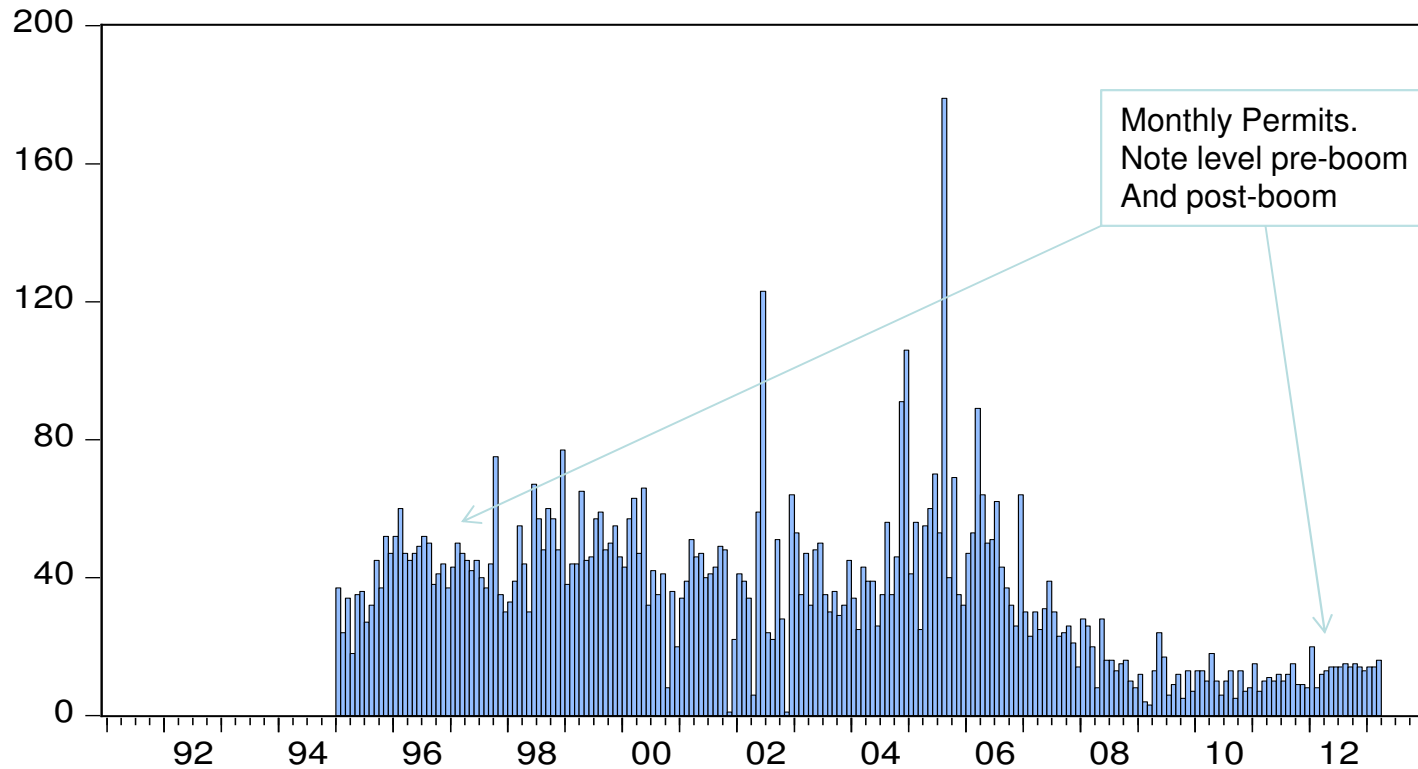
Horry SF Permits



Source: HUD State of the Cities Data System

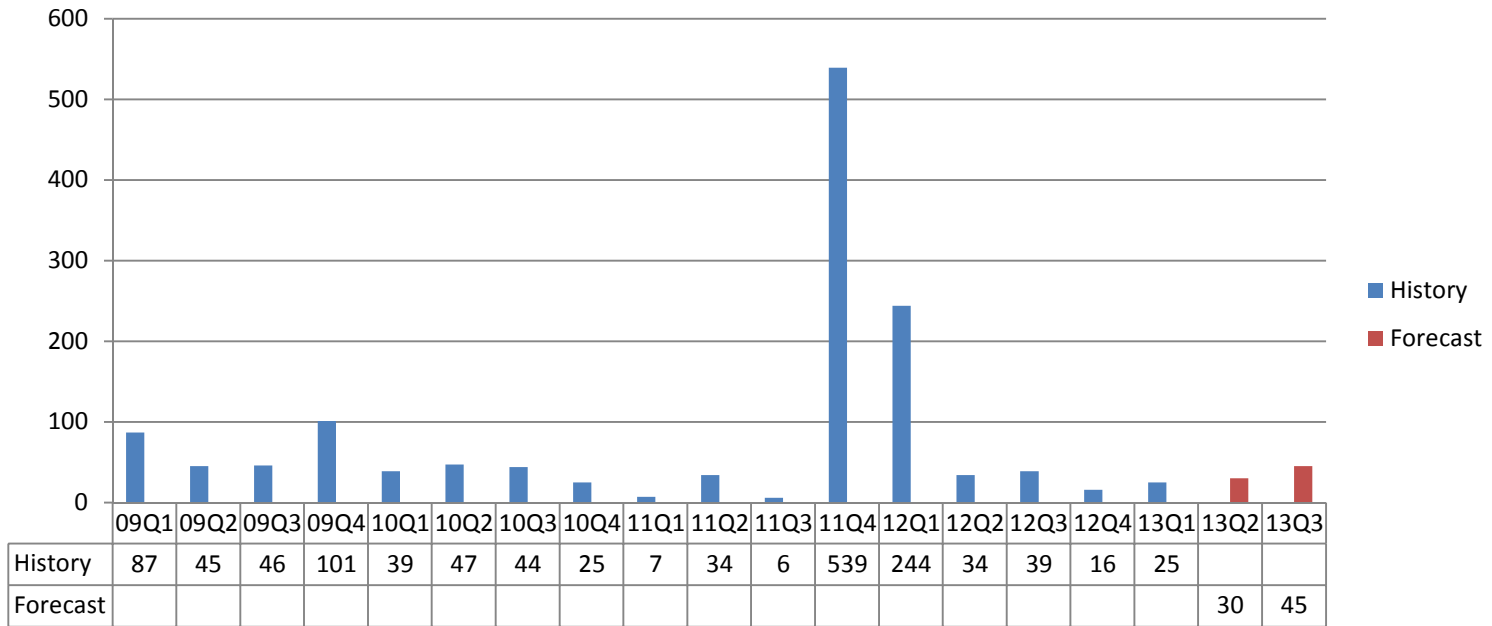
Georgetown County Single Family Building Permits

Georgetown SF Permits



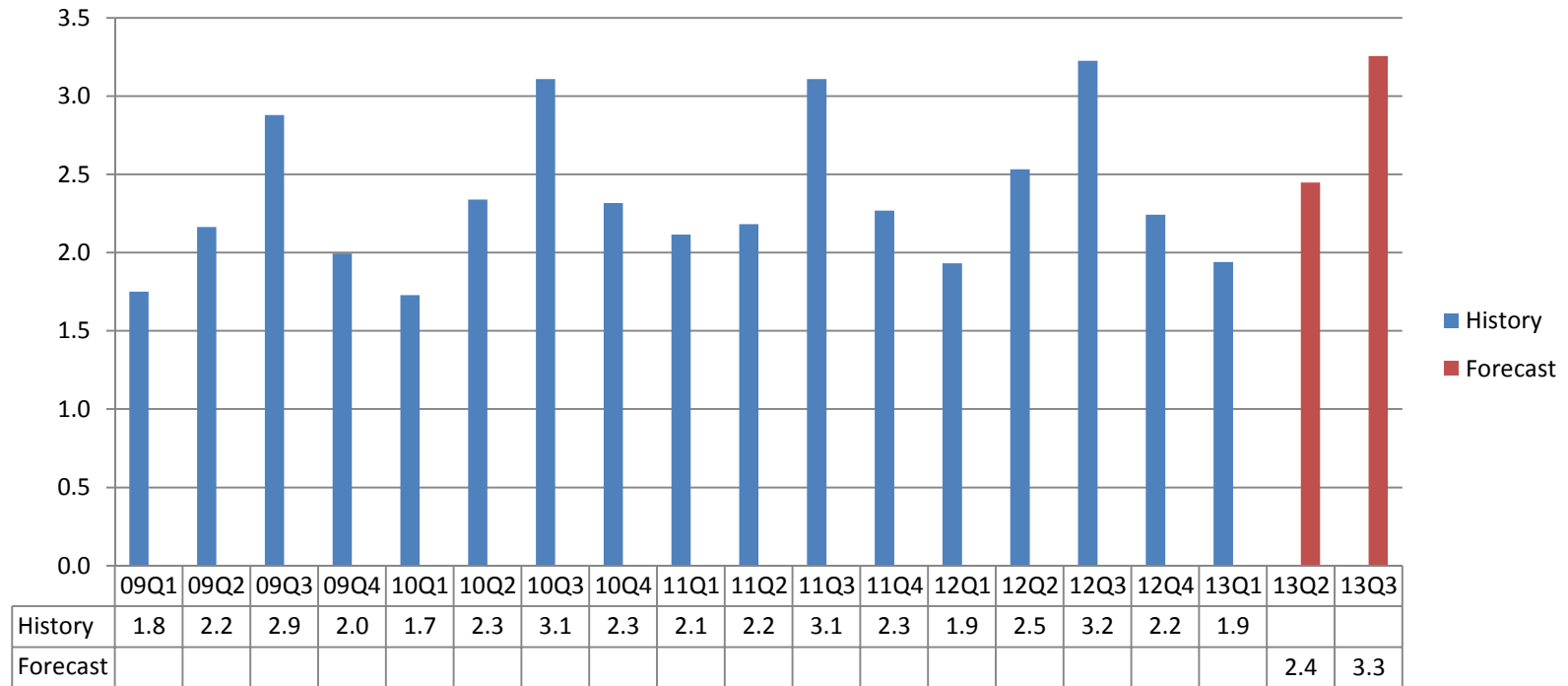
Source: HUD State of the Cities Data System

Regional Multi-family Permits



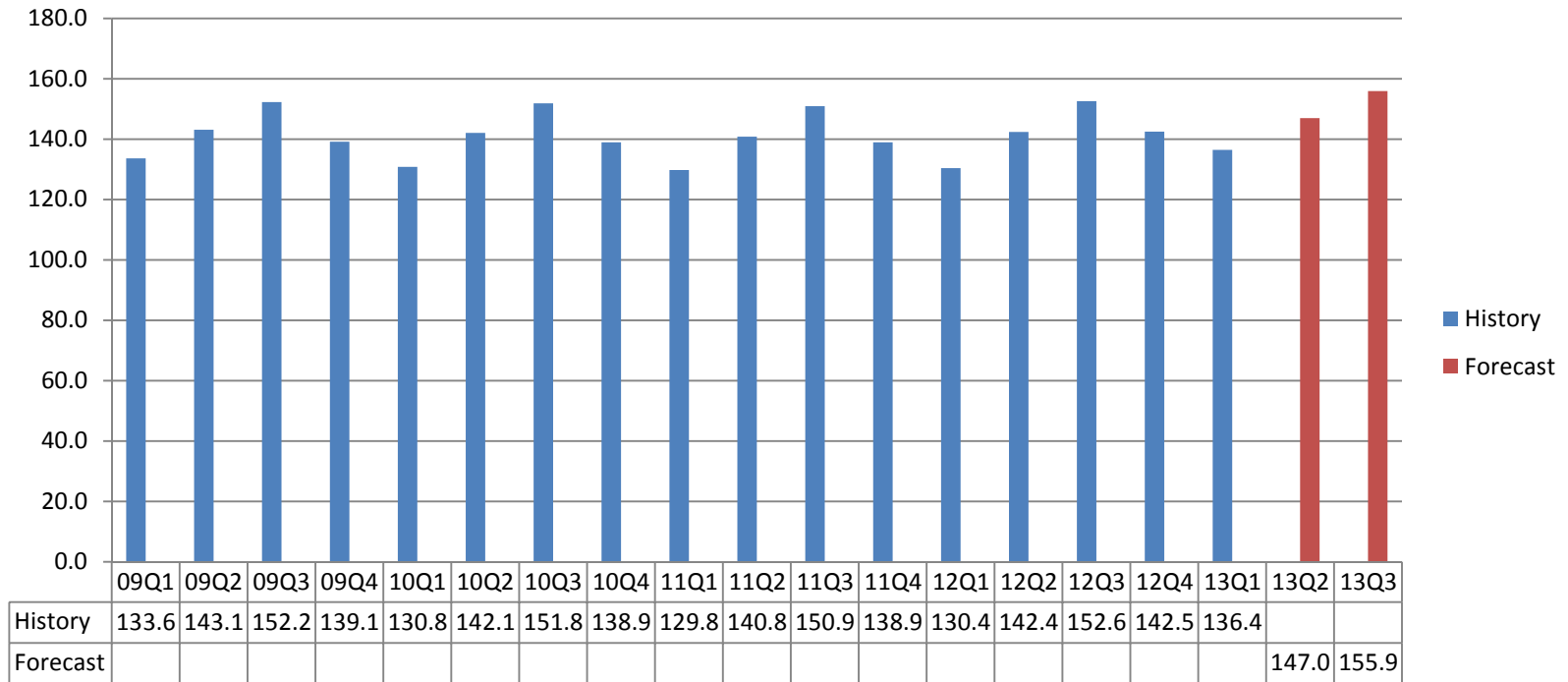
Source: HUD State of the Cities Data System

Regional Retail Sales (\$ Billions)



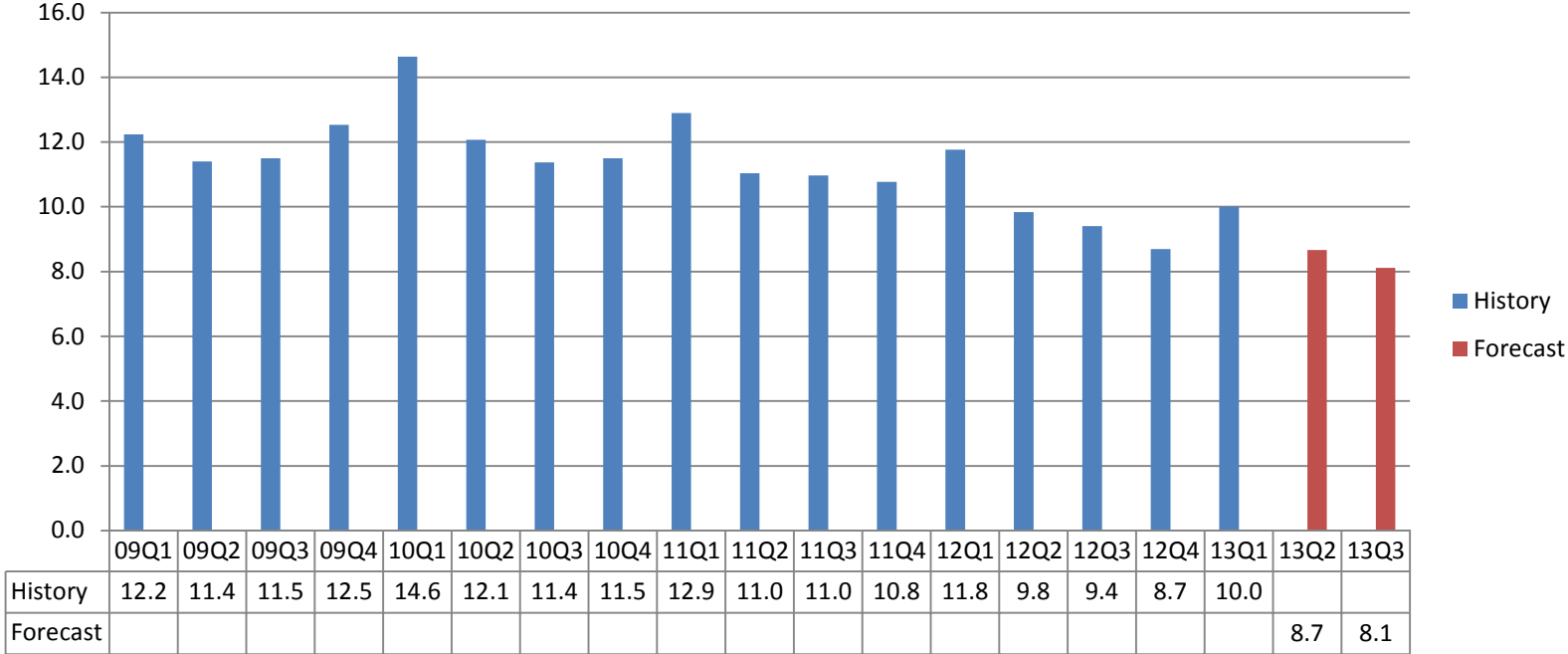
Source: SC Department of Revenue

Regional Employment (Thousands)



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

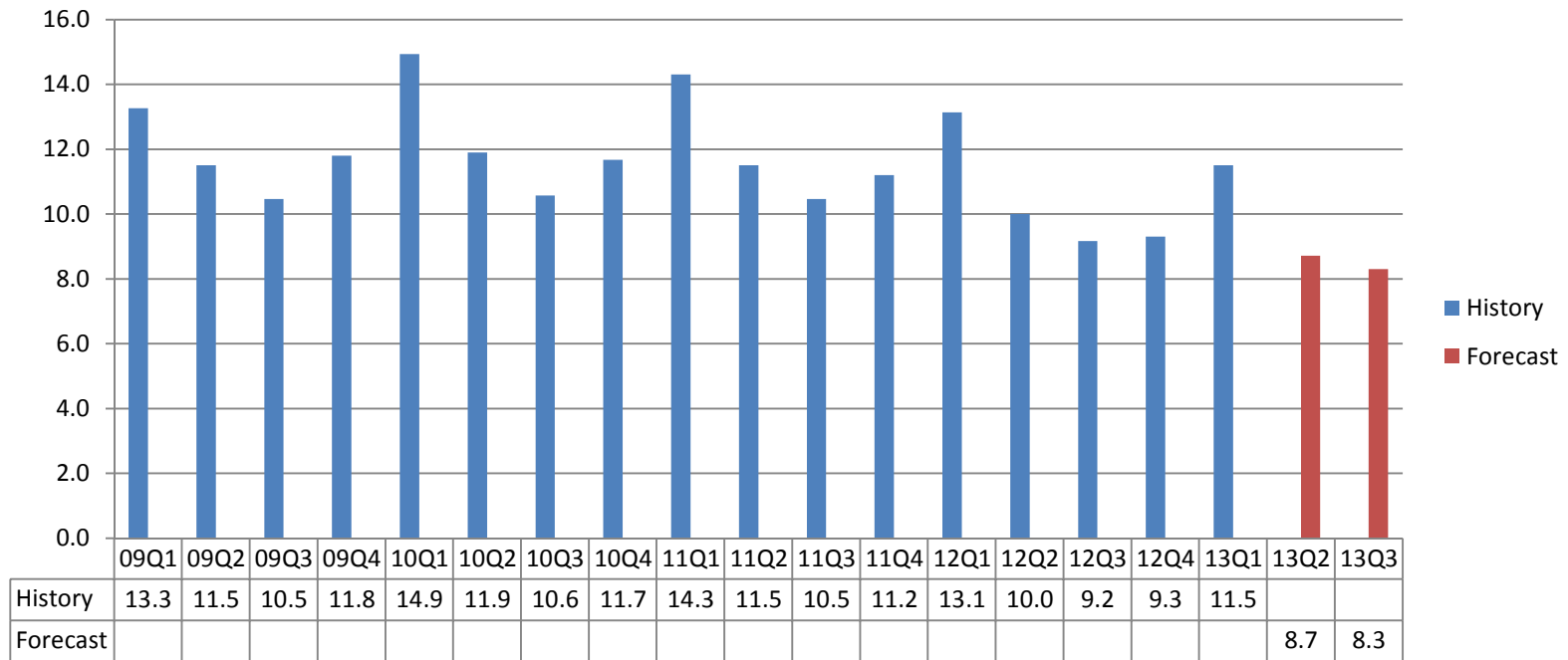
Georgetown Unemployment Rate



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics



Horry Unemployment Rate



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Grand Strand Economic Outlook: Spring 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

May 2013

	Value			Percent Change from Previous Year		
	History Previous Quarter Winter 2013	Forecast Current Quarter Spring 2013	Forecast Next Quarter Summer 2013	History Previous Quarter Winter 2013	Forecast Current Quarter Spring 2013	Forecast Next Quarter Summer 2013
Airport Deplanements (thousands)	104.9	214.2	282.9	-3.2	6.8	7.0
Port Tonnage (thousands)	119.7	108.6	108.3	-32.4	-0.3	-29.3
Occupancy Rate (Full Week)	27.6	55.0	79.3	-0.7	-2	-0.3
Average Daily Rate (Full Week)	\$ 52.2	\$ 92.4	\$ 146.2	-2.0	-0.9	1.4
Horry County 1.5% Hosp. Fee Revenue (\$millions)	\$ 3.7	\$ 7.7	\$ 14.4	2.4	-0.1	1.4
Accommodations Tax Revenue (\$millions) ^a	\$ 1.7	\$ 4.4	\$ 10.6	27.3	-24.0	1.9
Admissions Tax Revenue (\$millions)	\$ 1.2	\$ 2.8	\$ 4.1	1.5	-3.0	1.5
Regional SF Building Permits	546	621	640	48.4	6.7	3.0
Regional MF Building Permits	25	30	45	-89.8	-12.8	14.2
Williamsburg SF Building Permits	<i>7 total for January, February, March combined</i>					
Retail Sales (\$millions)						
Georgetown County	\$ 281.0	\$ 350.0	\$ 399.0	5.0	-1.6	0.9
Horry County	\$ 1,659.5	\$ 2,097.9	\$ 2,857.0	-0.3	-3.6	1.0
Williamsburg County	\$ 144.8	<i>Pending data discussion</i>				
Employment (thousands)						
Georgetown County	26.3	26.8	27.2	7.6	3.6	0.7
Horry County	110.0	120.2	128.6	3.9	3.1	2.5
Williamsburg County	12.9	<i>Pending data discussion</i>				
Unemployment Rate						
Georgetown County	10.0	8.7	8.2	-1.8	-1.2	-1.3
Horry County	11.5	8.7	8.3	-1.6	-1.3	-0.9
Williamsburg County	13	<i>Pending data discussion</i>				

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.