

# Waccamaw Regional Economic Outlook

Spring 2015

May 27, 2015

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Coastal Carolina University



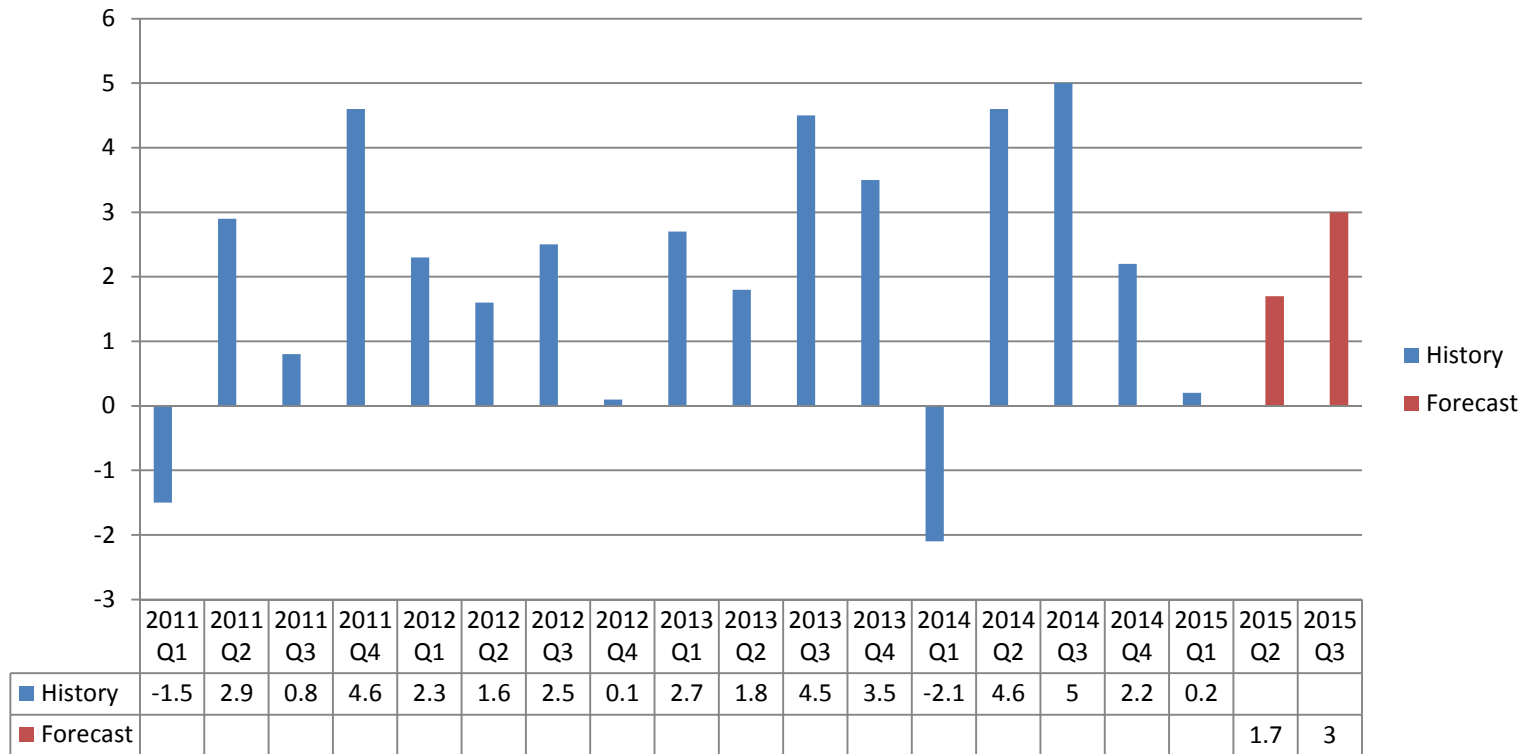
# Executive Summary

The winter quarter (December, January, and February) showed continued growth in residential construction and tourism activity along the Grand Strand. Single family home construction permits were up 22.5 percent for the quarter, continuing to outpace the state and nation in volume growth. Home prices have posted moderate gains, but their pace lags that of the nation. Employment growth was consistently positive across all three counties (Horry, Georgetown, and Williamsburg); however, the Bureau of Labor Statistics' annual benchmarking of labor force data created significant downward revisions to the level of employment for Georgetown and Williamsburg Counties over the last five years. Note the slides detailing the changes inside this report. Nationally, the major development is the continued drop in oil prices and the impact on the energy industry and related sectors. The fallout should be isolated to these industries, and we expect little impact on the Grand Strand economy. Retail sales may be temporarily affected negatively as they reflect lower gasoline prices. This should be offset in the coming months by stronger consumer spending power, mostly impacting the beach economies.

# 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 1<sup>st</sup> 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.

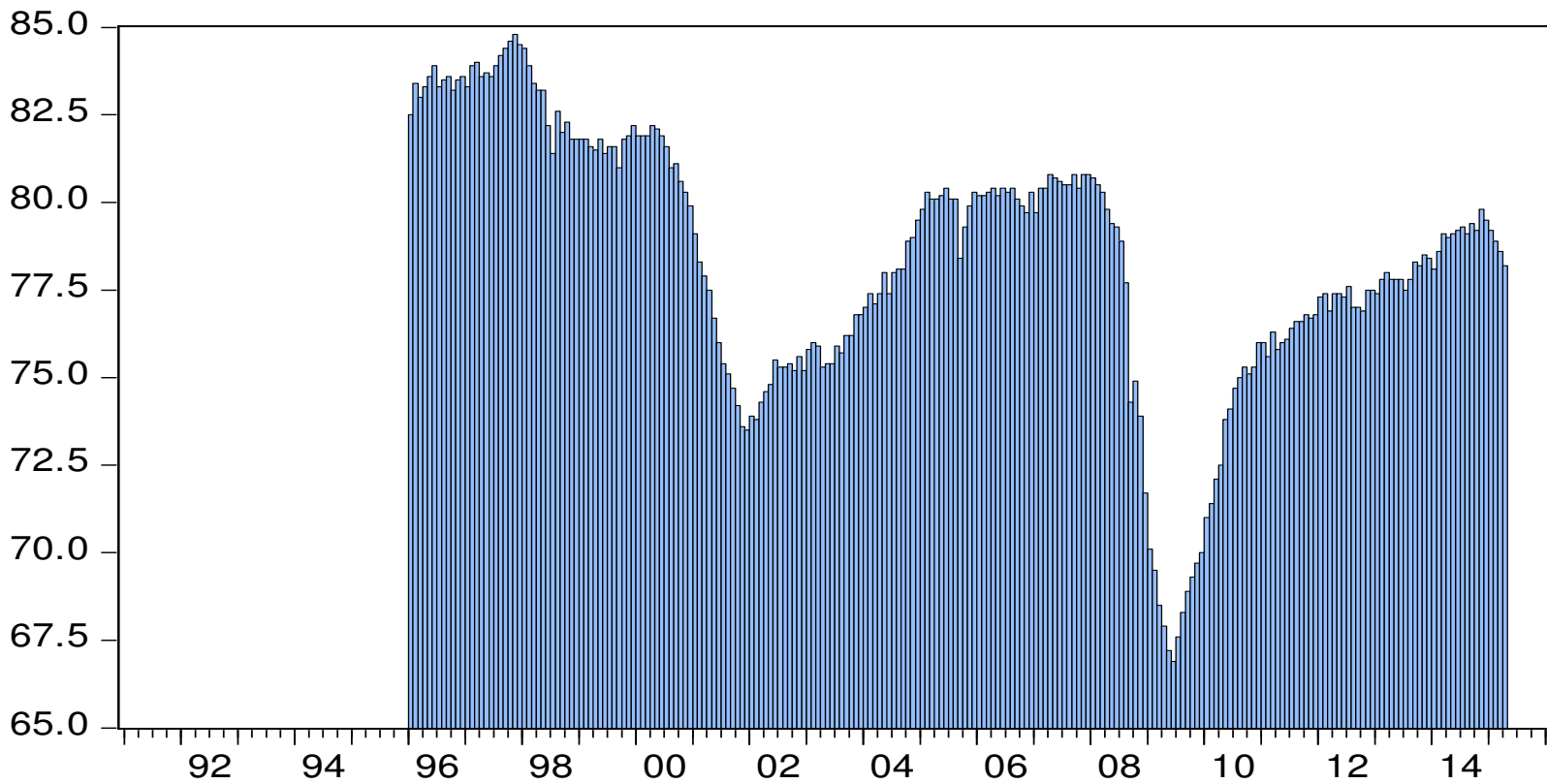
# Annualized Real GDP Growth (%)



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

# US Economy and Recession Risk

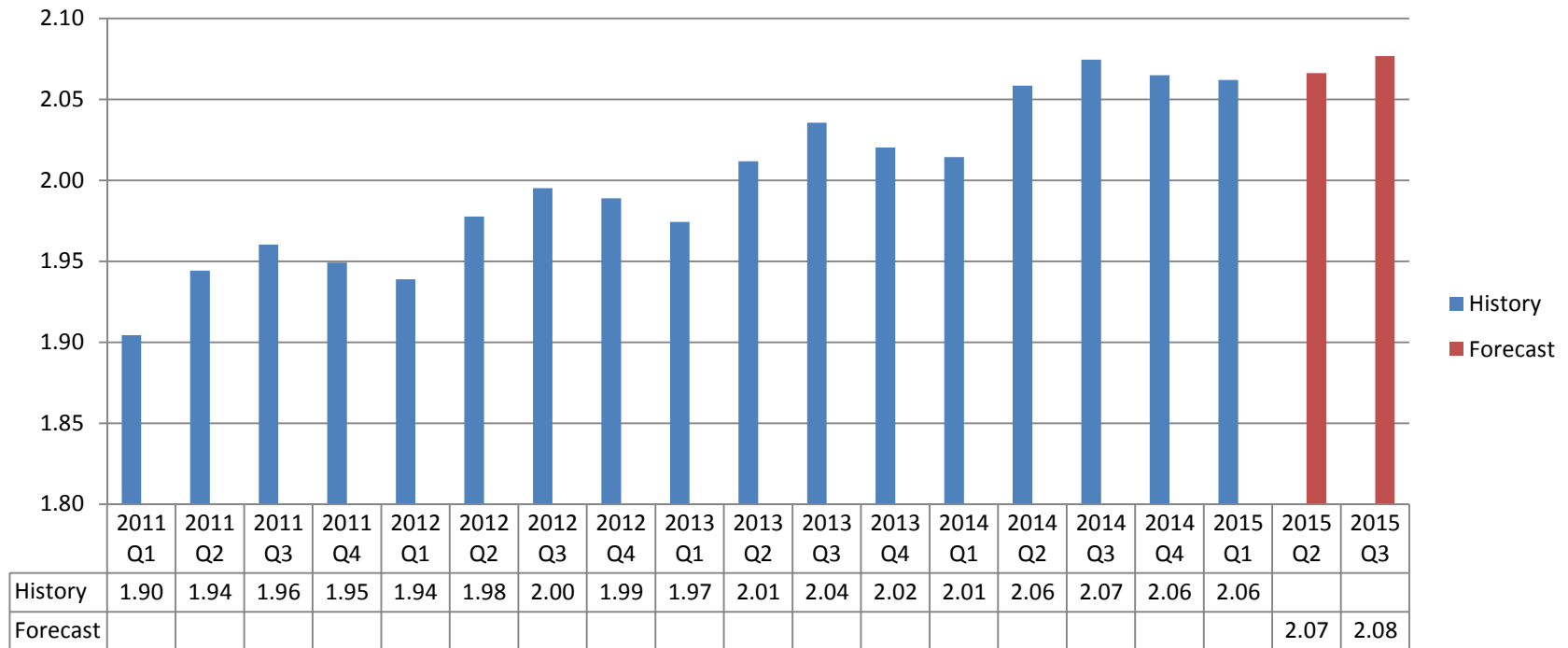
## Capacity Utilization Rate



# Oil Prices and Recessions

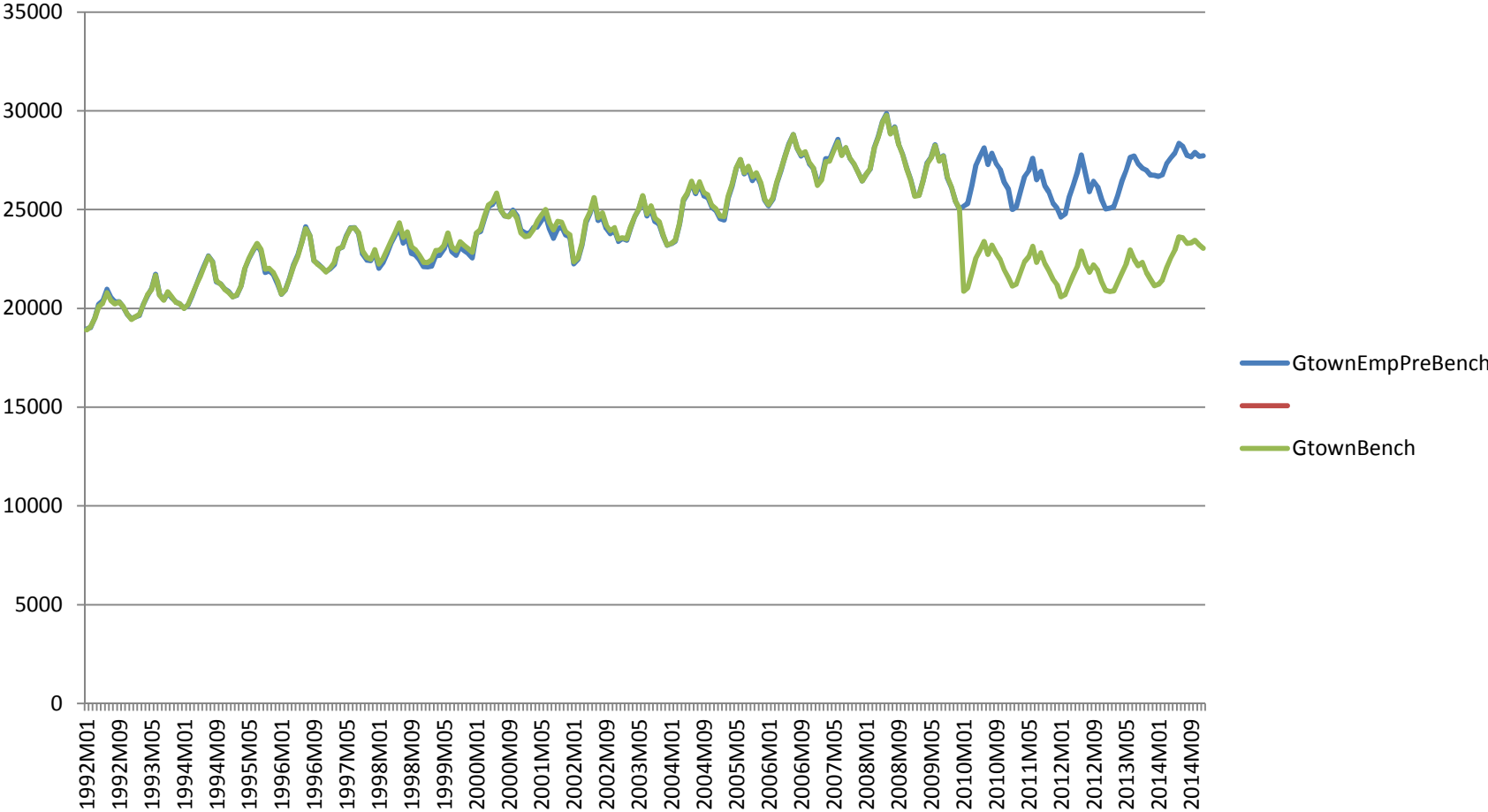
- Falling oil prices rarely, if ever, cause recessions (never since 1913).
  - Rising oil price shocks have caused several.
- 
- Sources:
  - Finn, Mary (1991). "Energy Price Shocks, Capacity Utilization, and Business Cycle Fluctuations," Discussion Paper 50. Institute for Empirical Macroeconomics, Federal Reserve Bank of Minneapolis.
  - <https://www.economy.com/dismal/analysis/datapoints/252580/Can-Lower-Oil-Prices-Trigger-a-US-Recession/>

# South Carolina Employment (Millions)



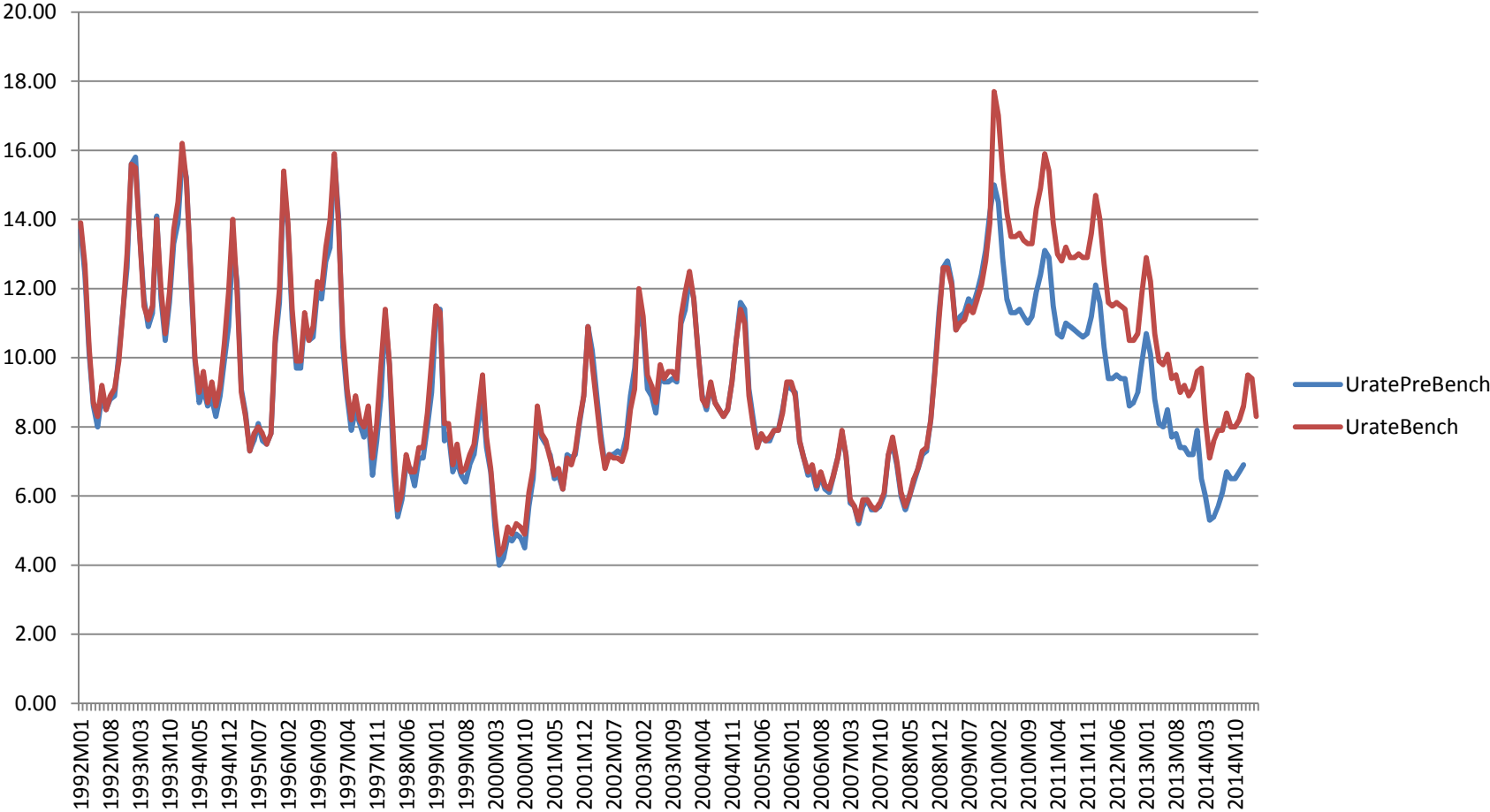
Source: Bureau of Labor Statistics

# Benchmarking of Labor Force Data

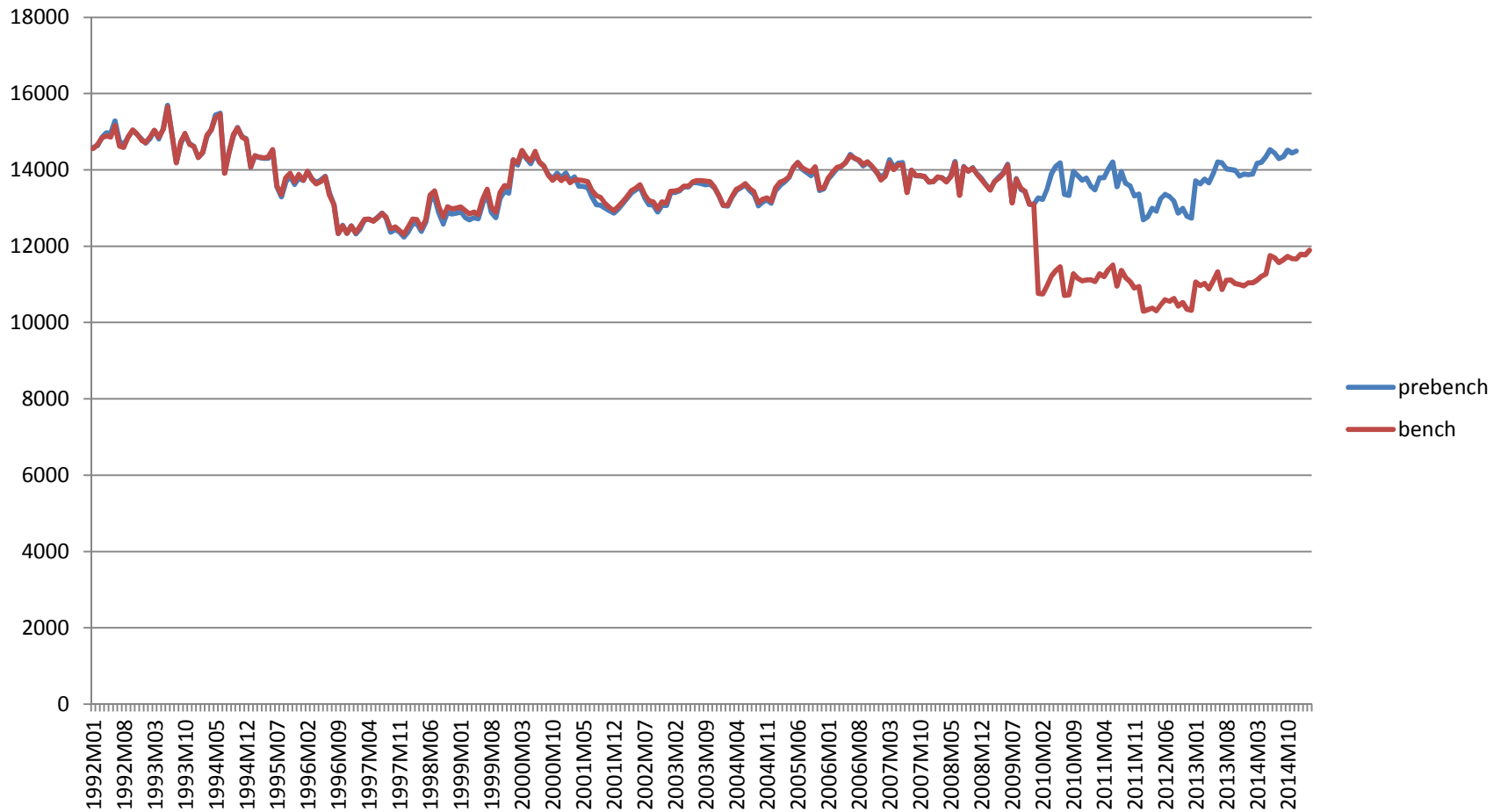




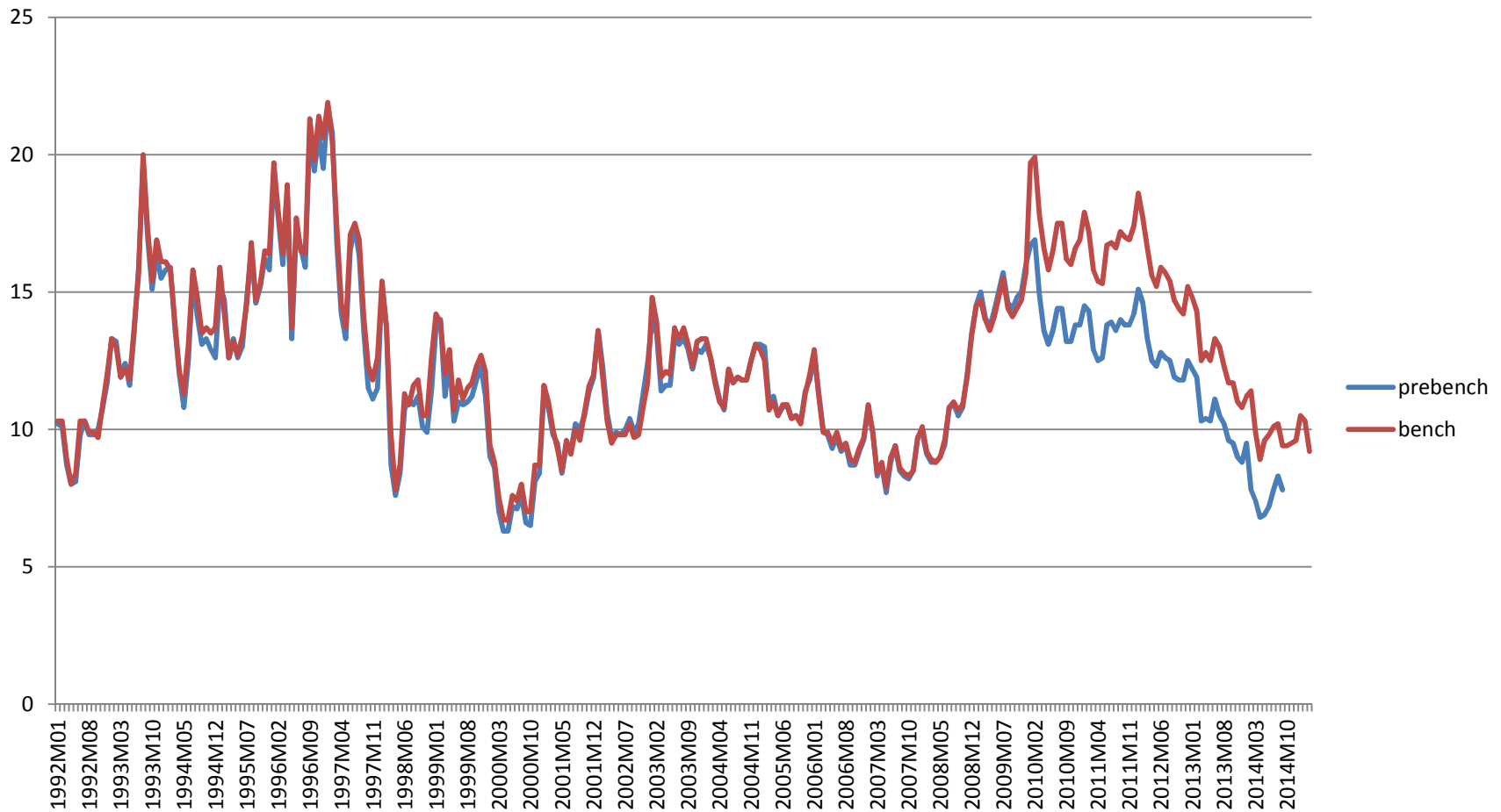
# Benchmarking of Georgetown Unemployment Rate



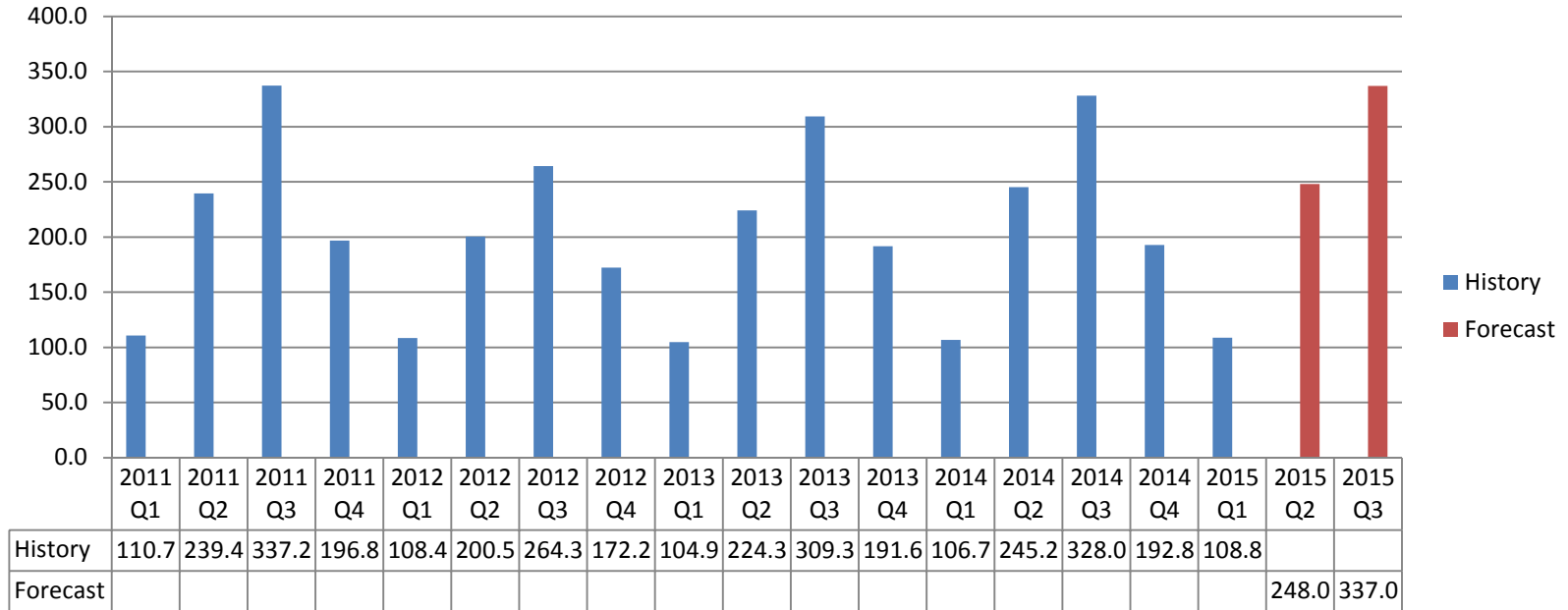
# Williamsburg Employment Benching



# Williamsburg Urate Benching

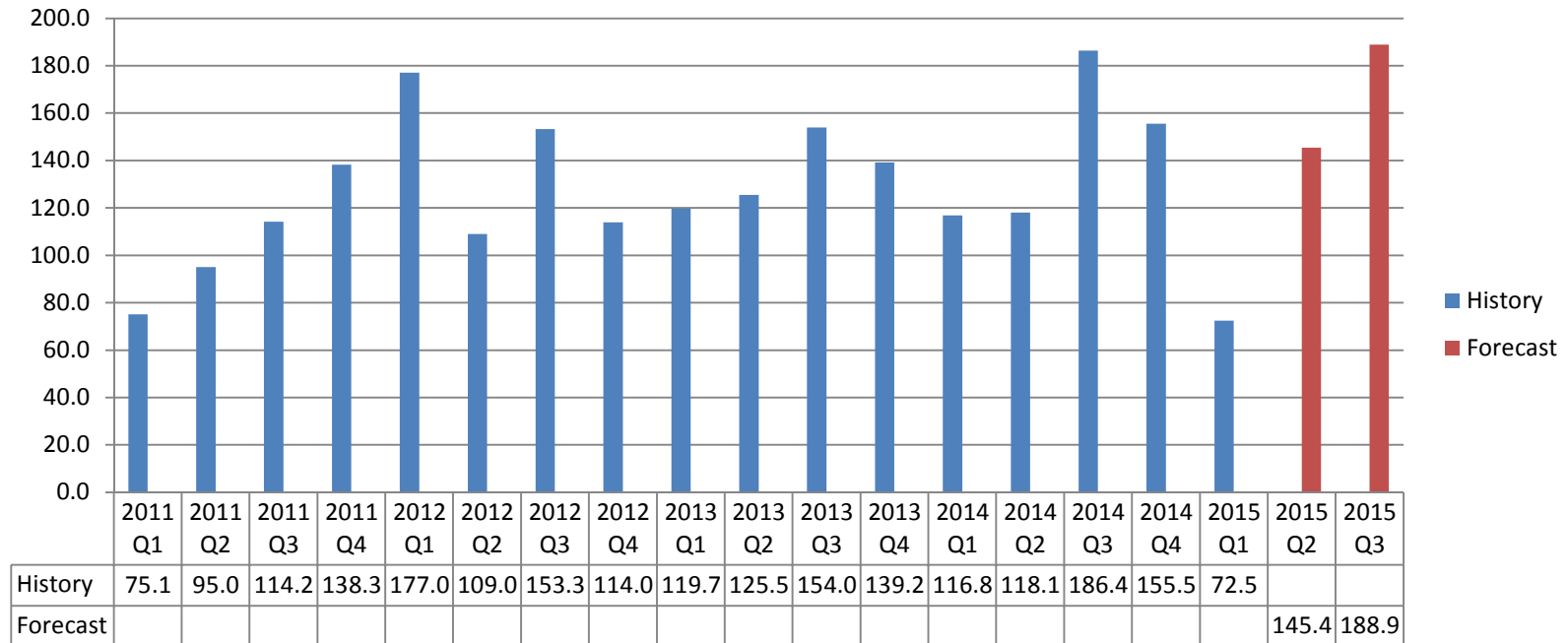


# MYR Airport Deplanements (Thousands)



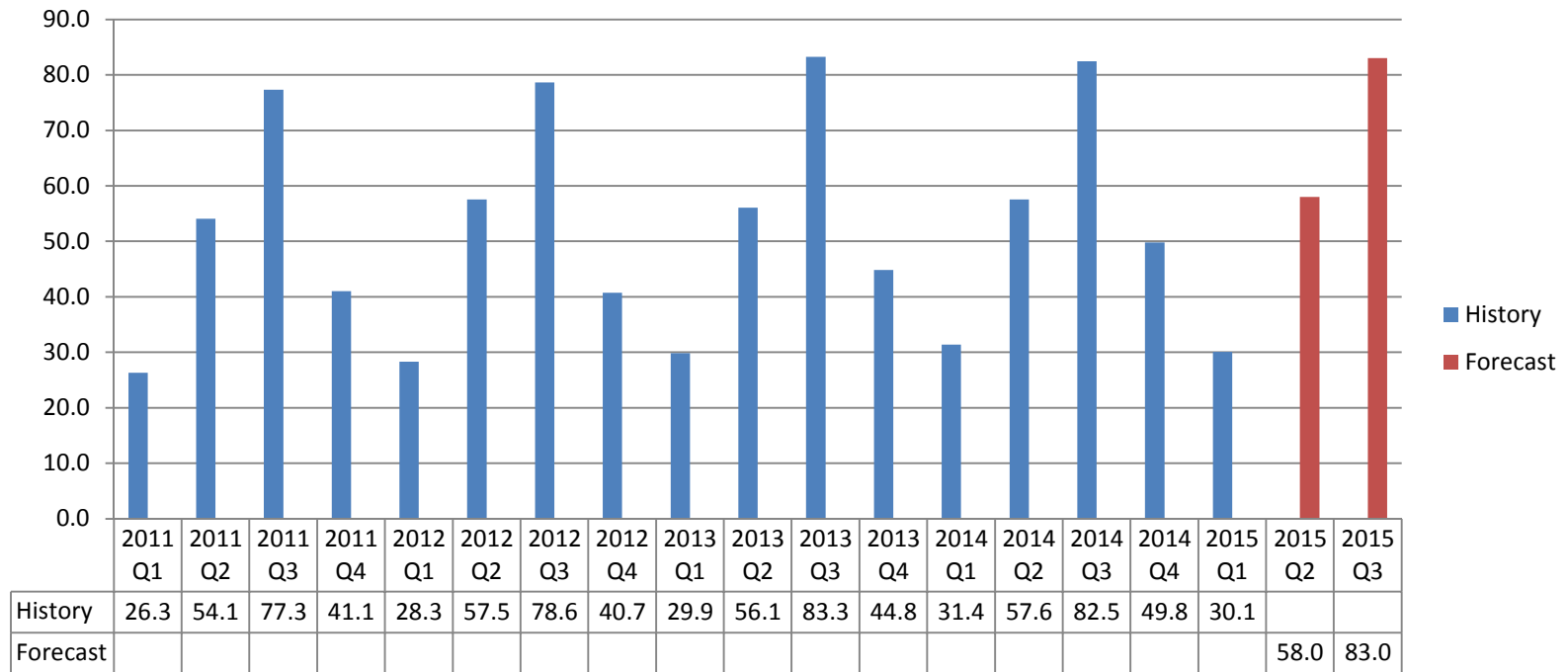
Source: Myrtle Beach International Airport

# Georgetown Port Tonnage (Thousands)



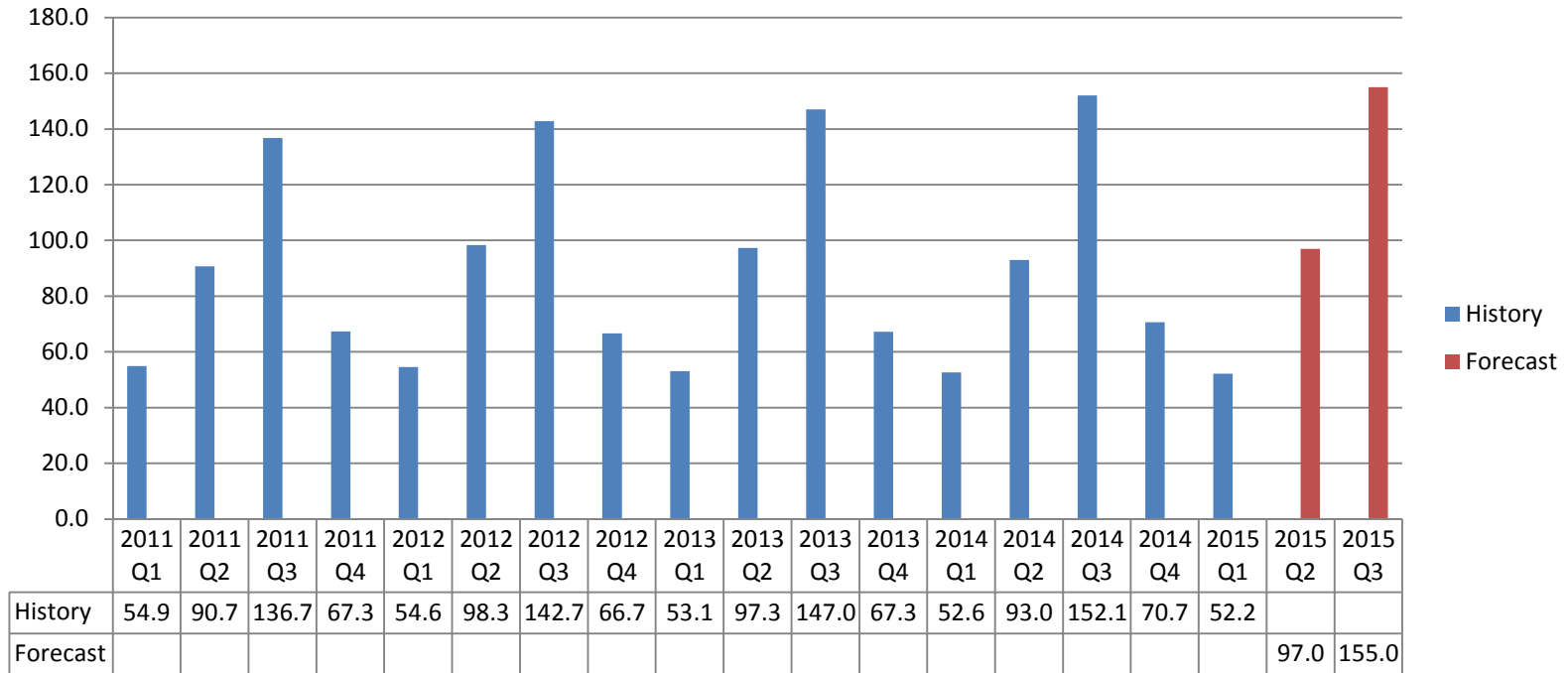
Source: Georgetown Port Authority

# Hotel-Condotel-Campground Occupancy Rate



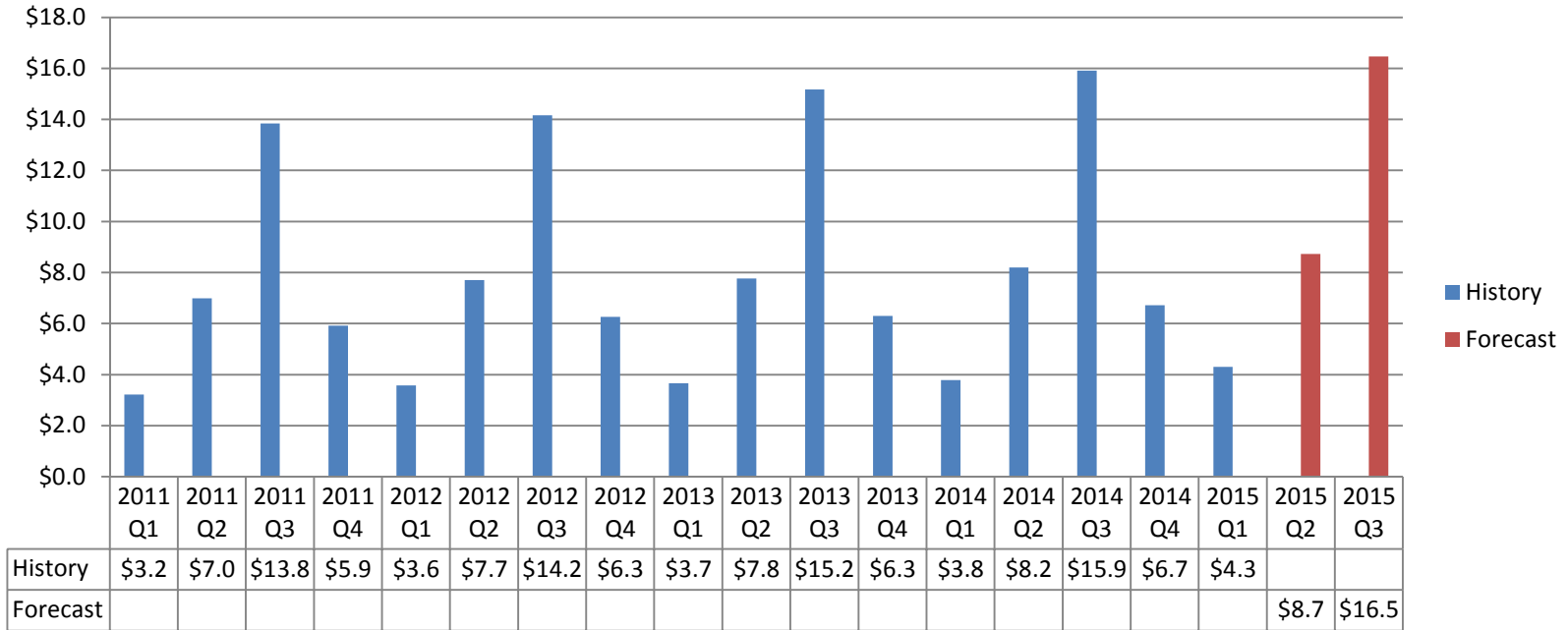
Source: Clay Brittain Jr. Center for Resort Tourism

# Hotel-Condotel-Campground Average Daily Rate



Source: Clay Brittain Jr. Center for Resort Tourism

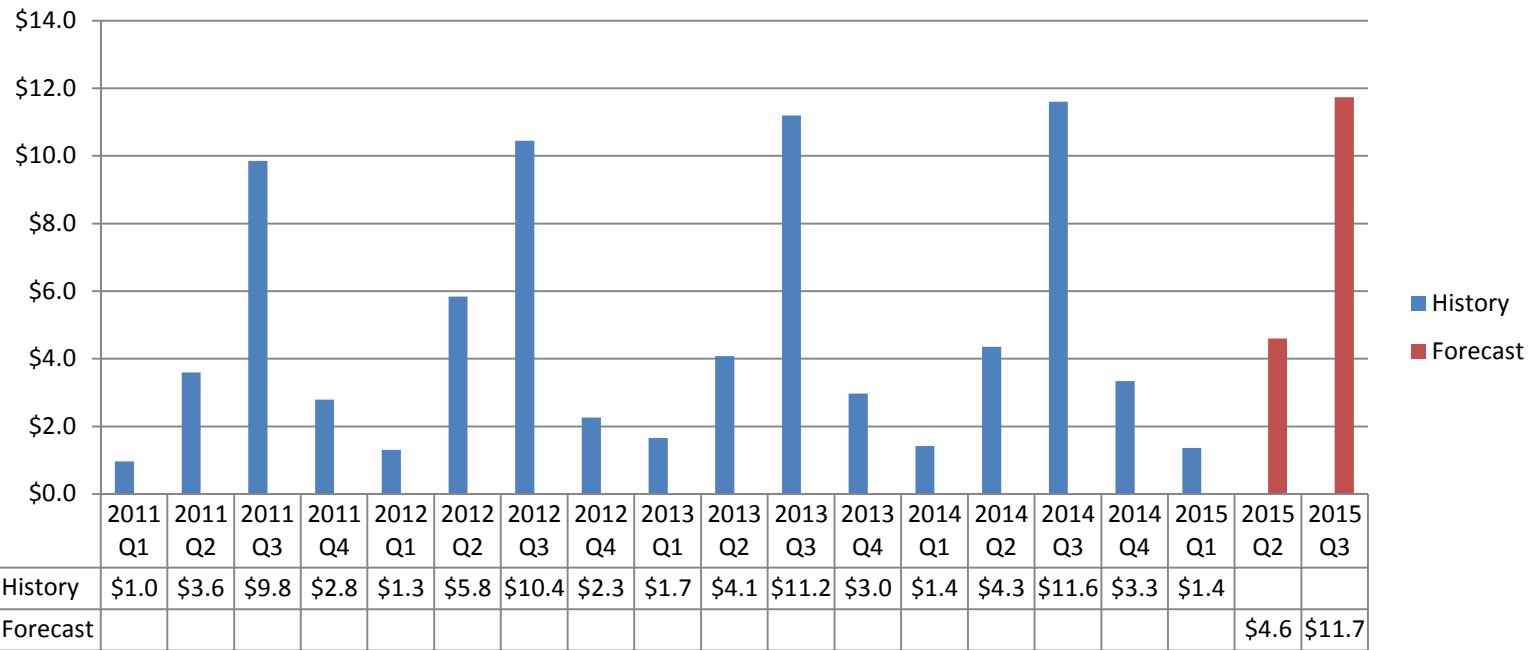
## Horry 1.5% Hospitality Fee Revenue (\$Millions) (County-wide fees on accommodations, prepared foods, beverages, admissions)



Source: Horry County Government

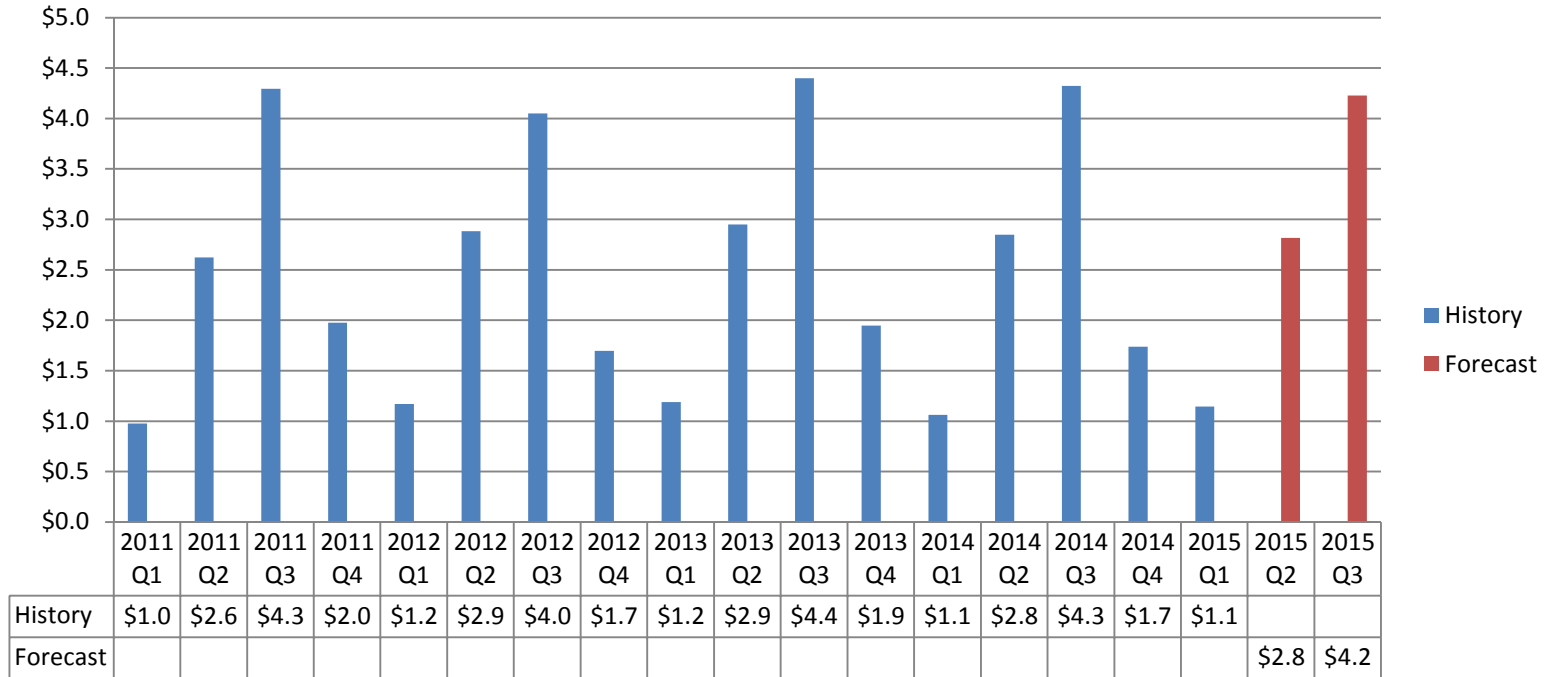


# Accommodations Tax Revenue (\$Millions)



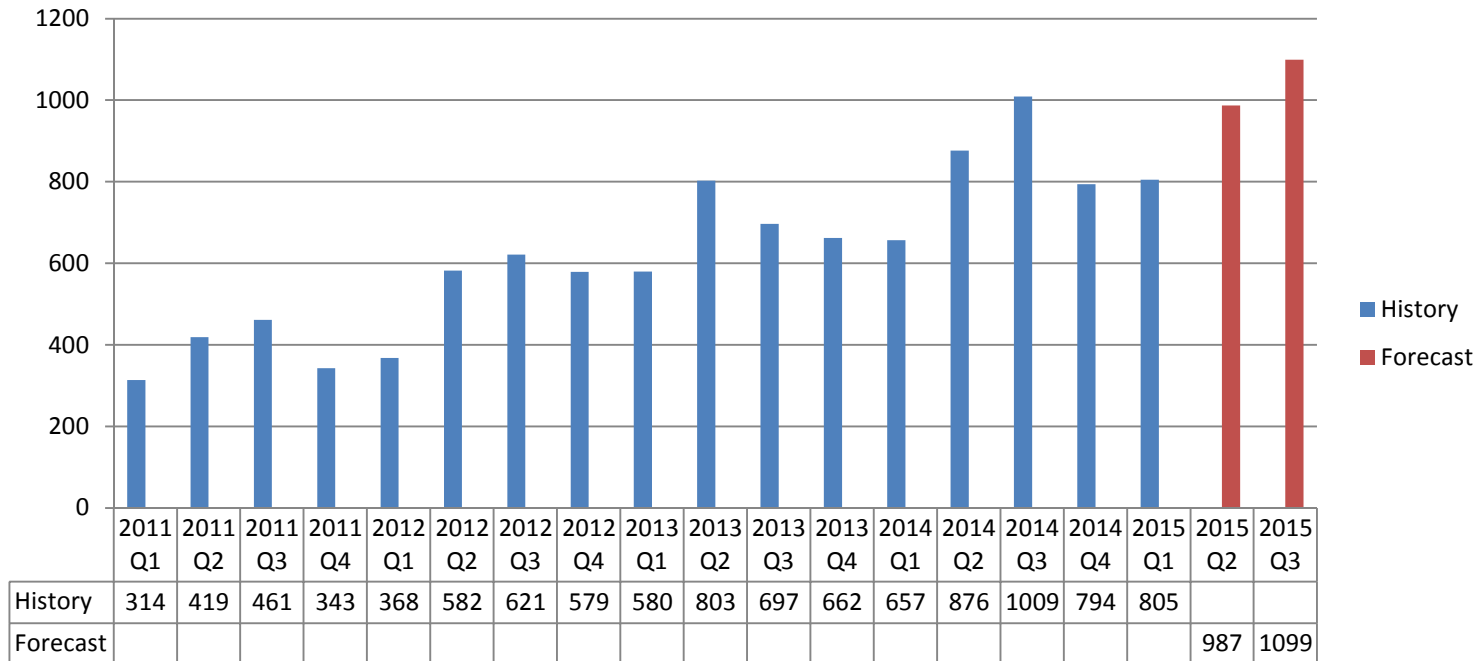
Source: SC Department of Revenue

# 5% State Admissions Tax (\$ Millions)



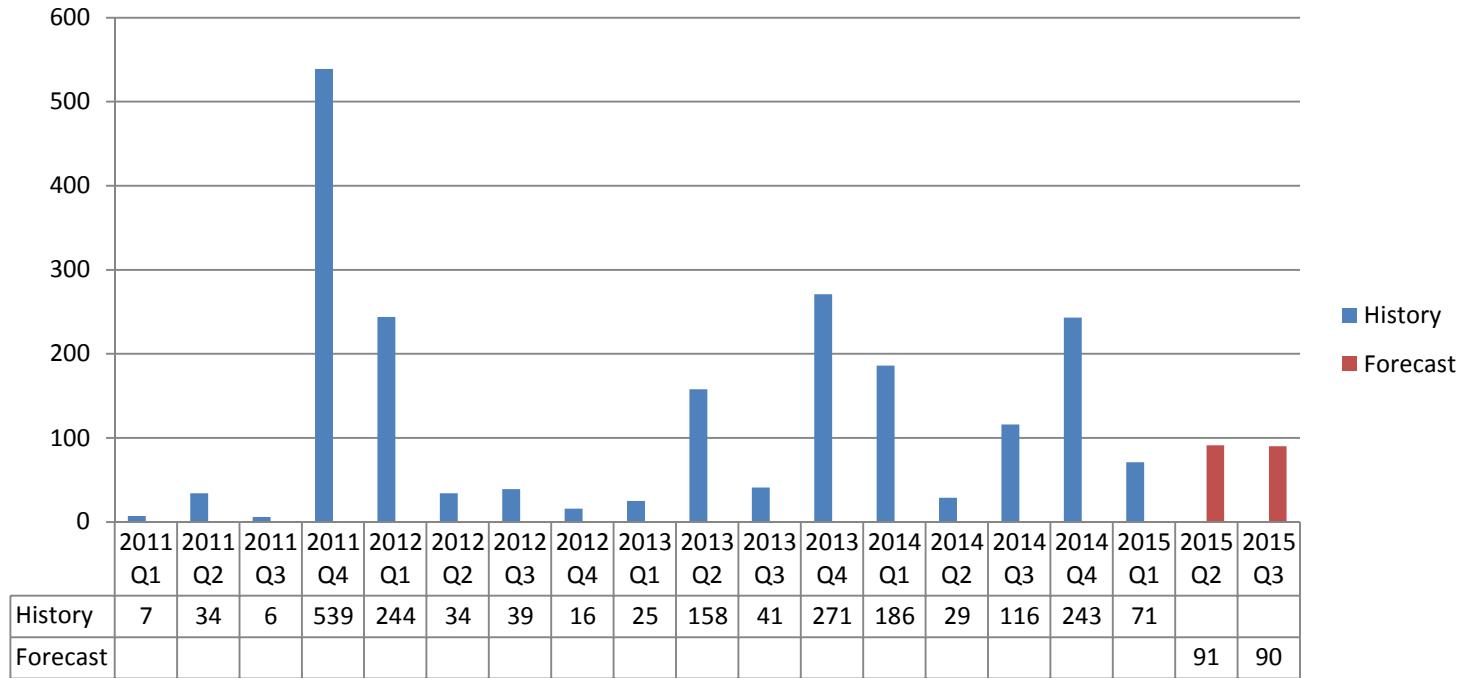
Source: SC Department of Revenue

# Regional Single Family Permits



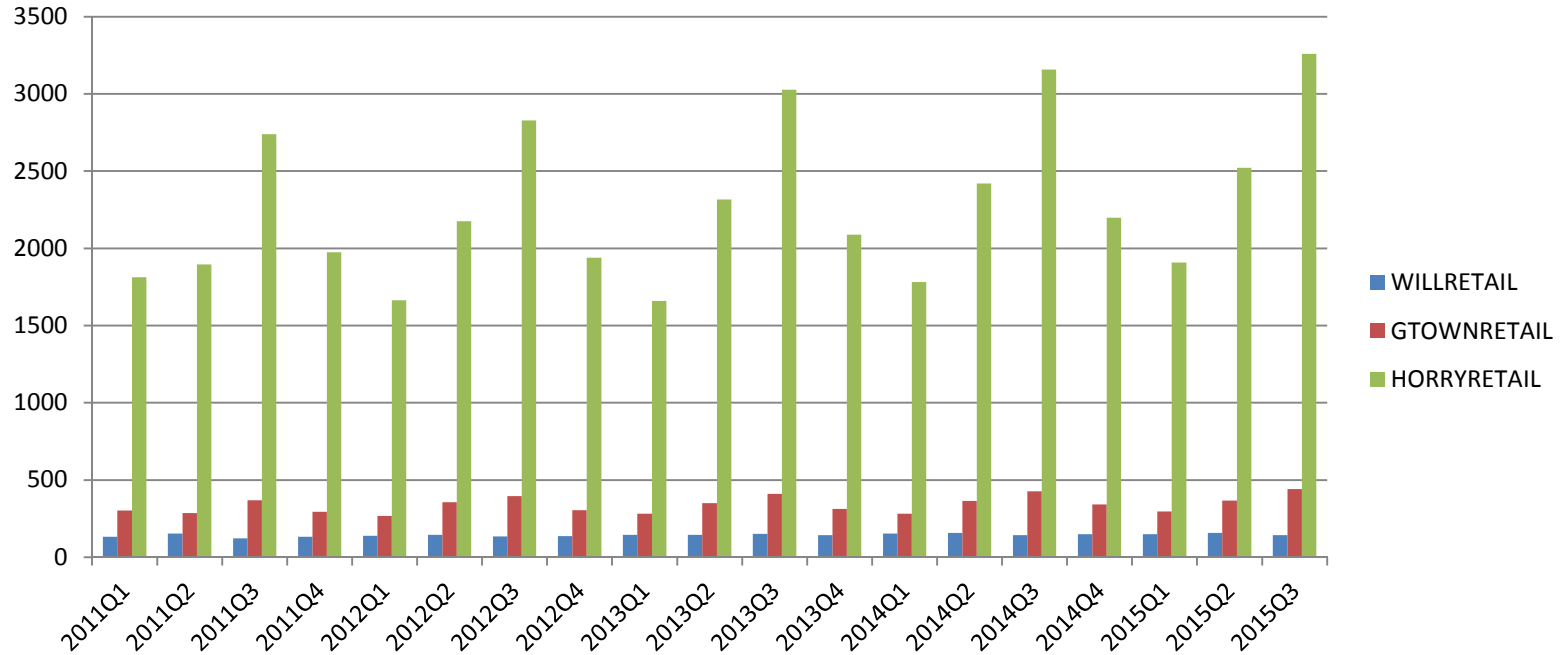
Source: HUD State of the Cities Data System

# Regional Multi-family Permits



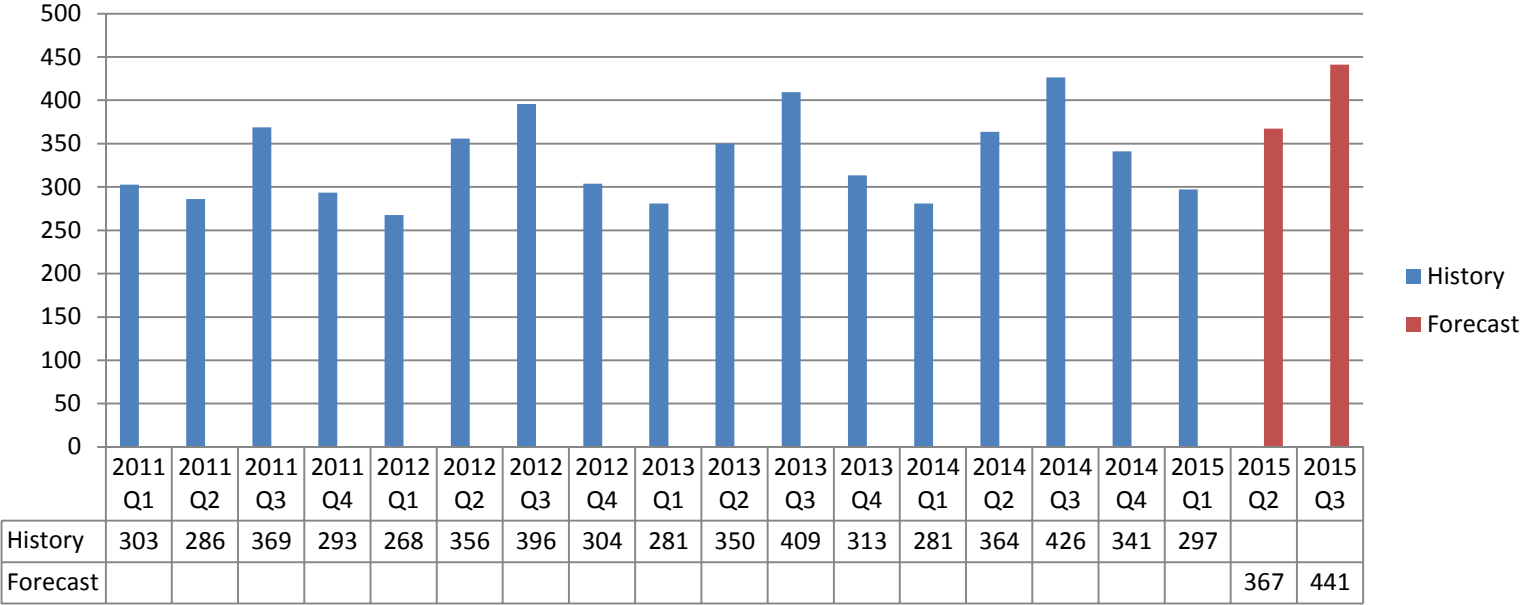
Source: HUD State of the Cities Data System

# Regional Retail Sales (\$ Millions)

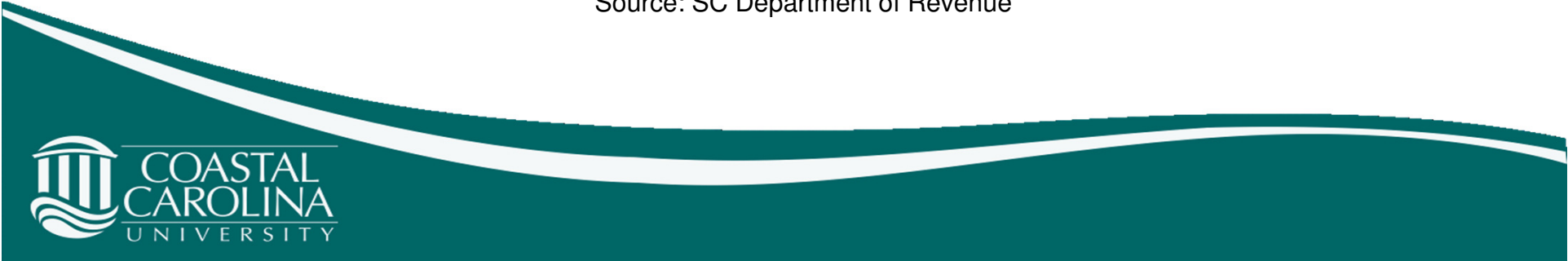


Source: SC Department of Revenue

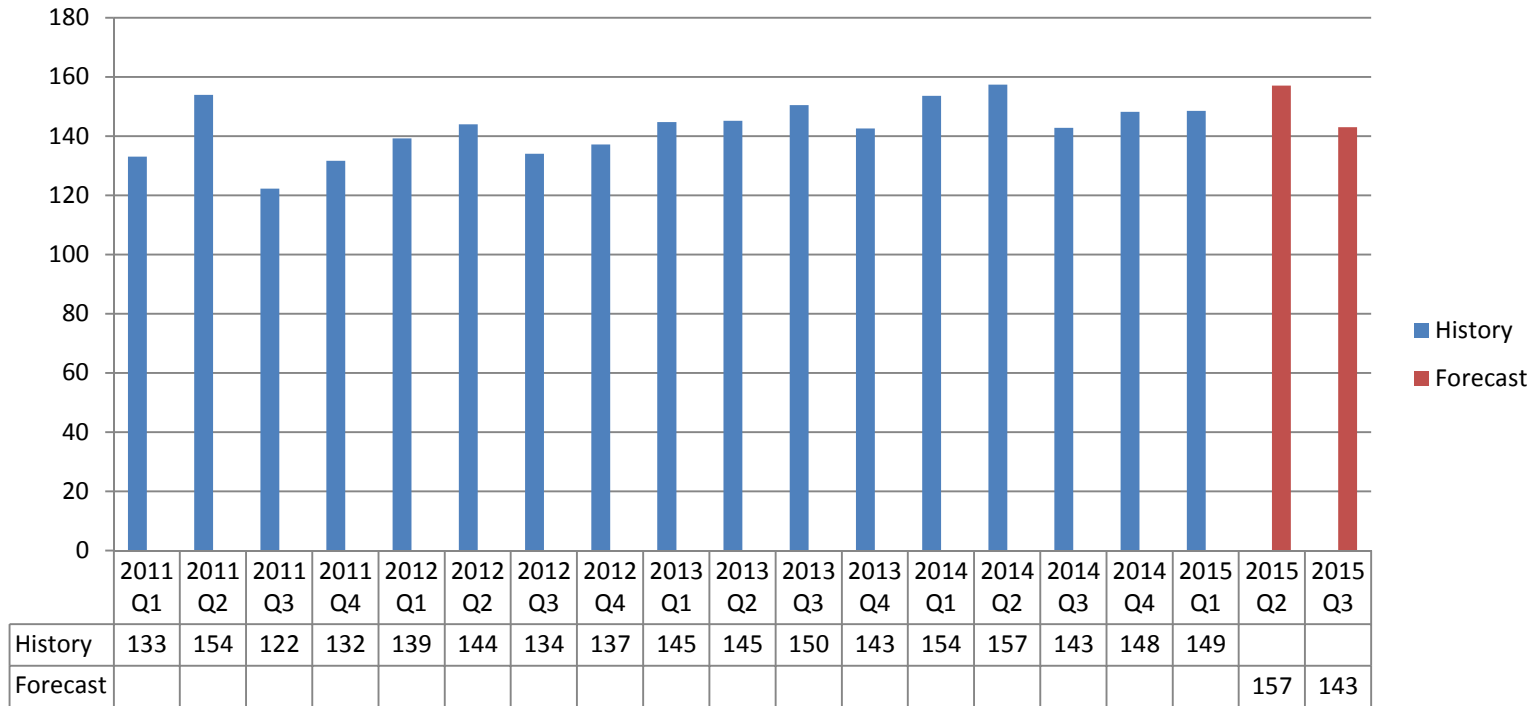
# Georgetown Retail Sales (\$ Millions)



Source: SC Department of Revenue

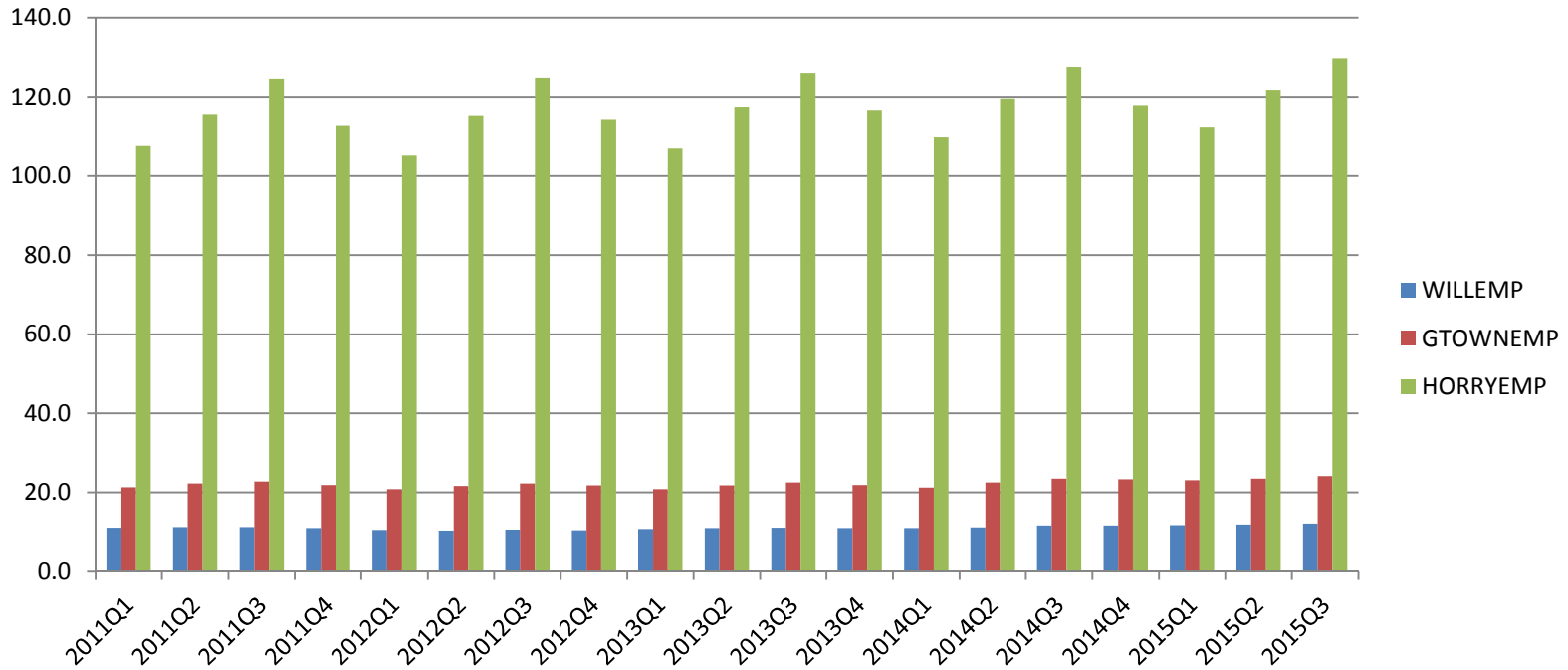


# Williamsburg Retail Sales (\$ Millions)



Source: SC Department of Revenue

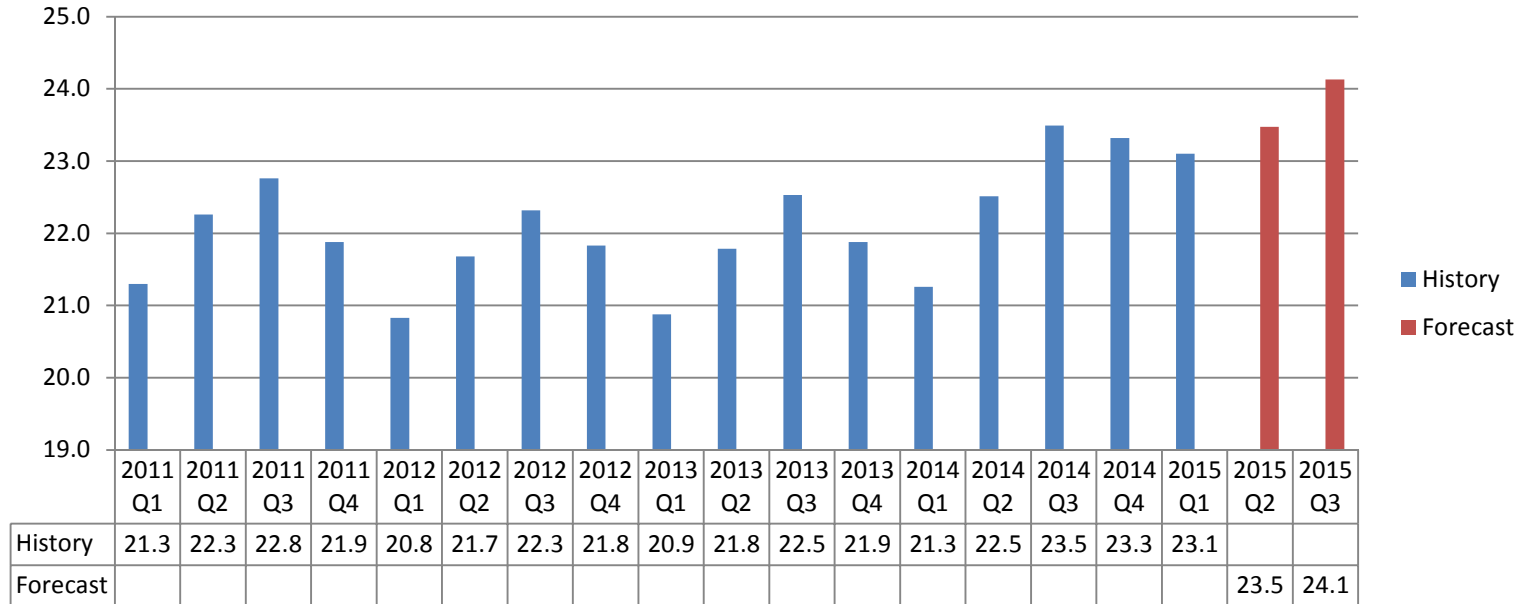
# Regional Employment Breakout (Thousands)



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

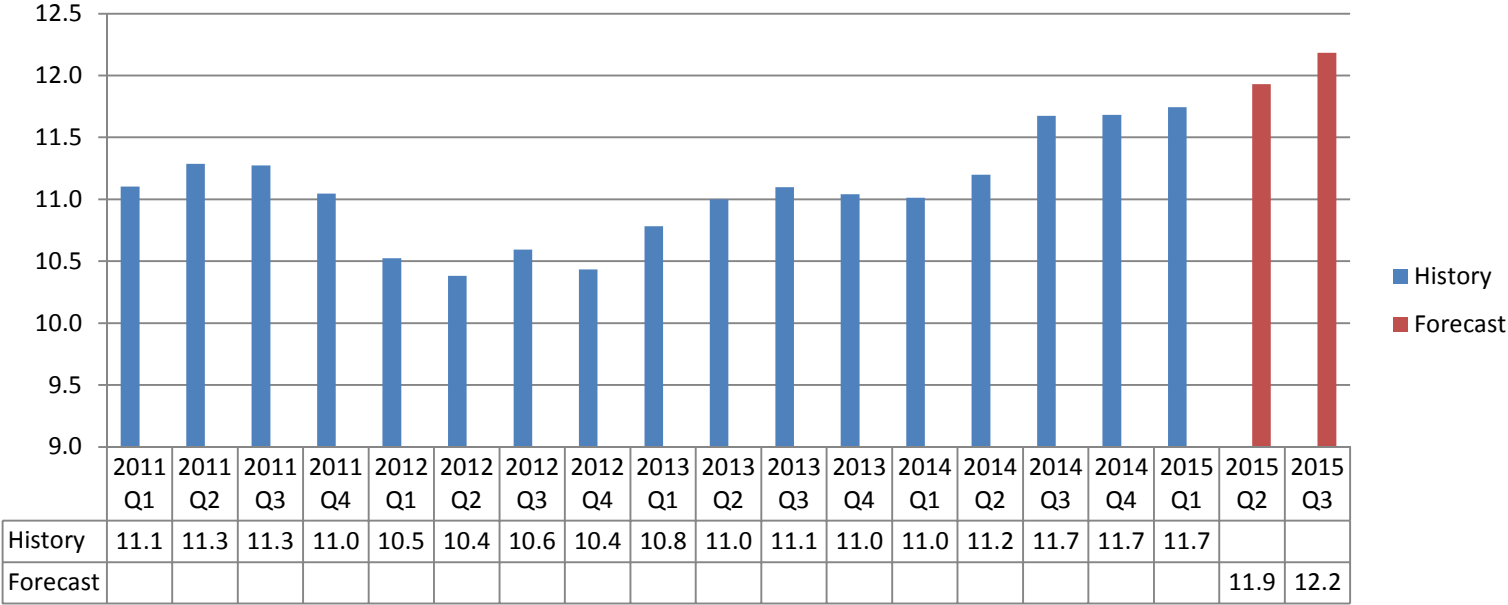


# Georgetown Employment (Thousands)



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

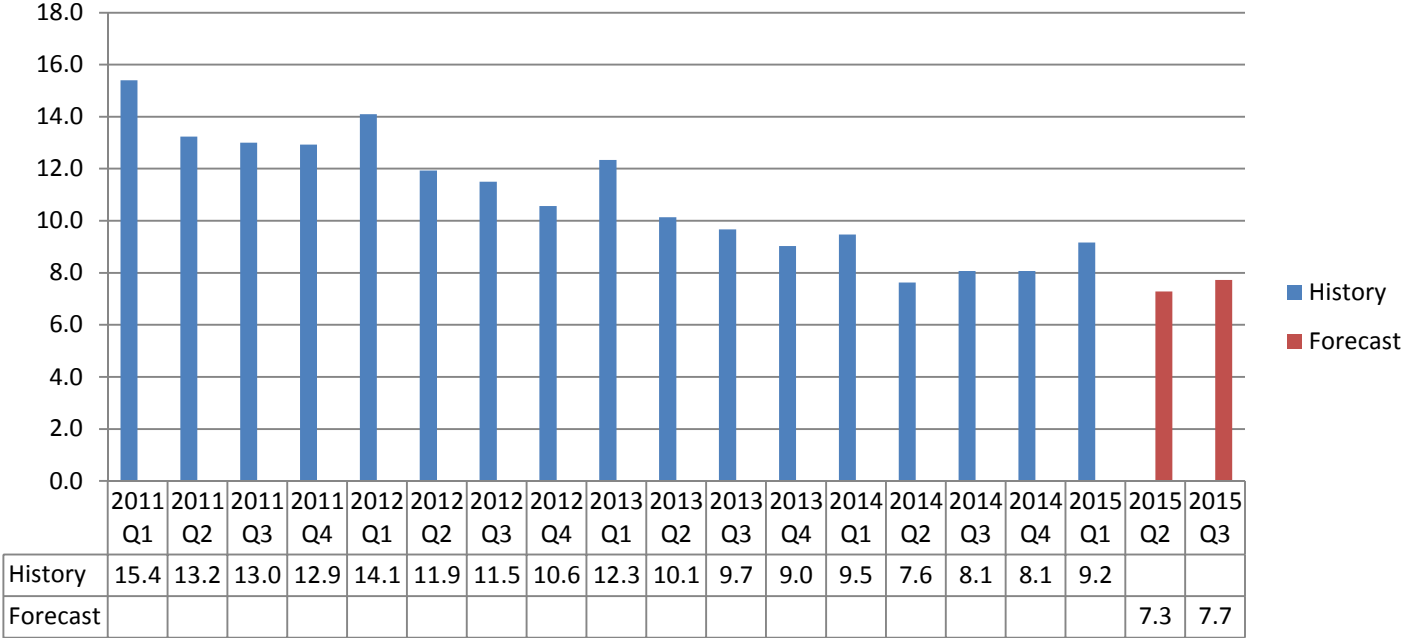
# Williamsburg Employment (Thousands)



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics



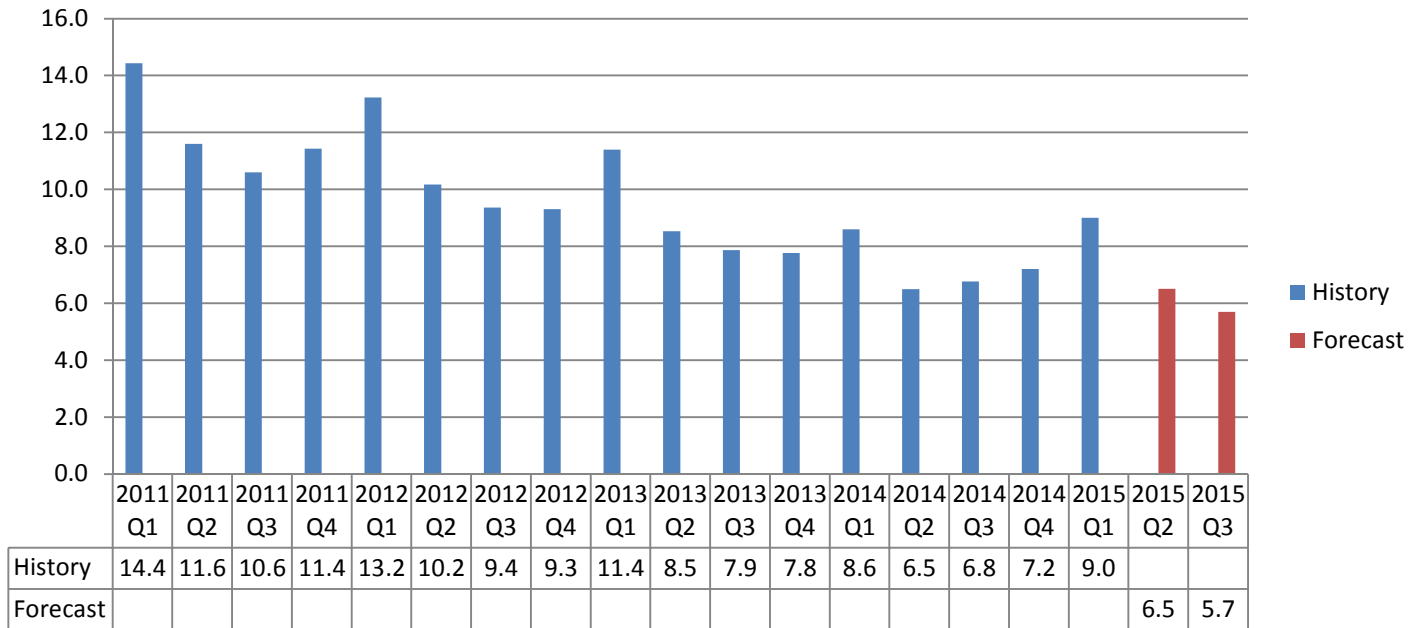
# Georgetown Unemployment Rate



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

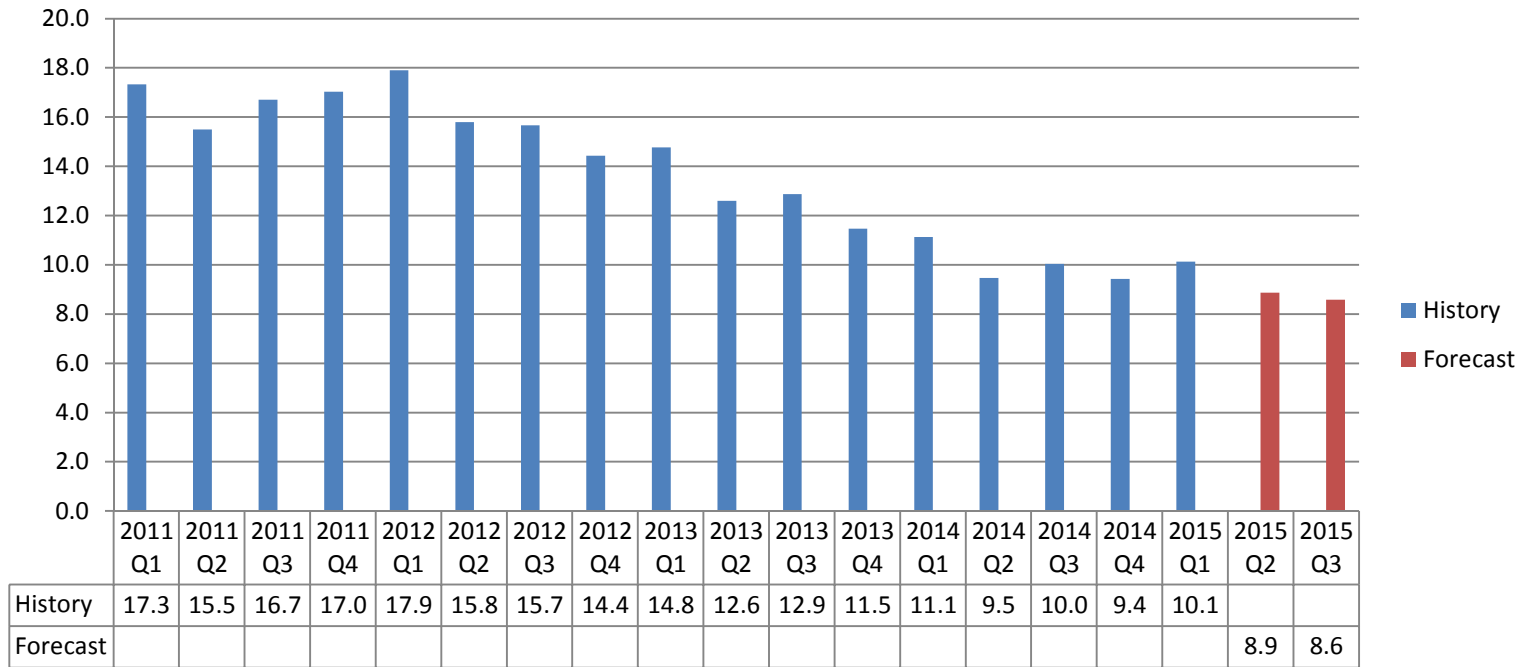


# Horry Unemployment Rate



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 2015

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

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**May 2015**

	Value			Percent Change from Previous Year		
	History	Forecast	Forecast	History	Forecast	Forecast
	Previous Quarter Winter 2014	Current Quarter <b>Spring 2015</b>	Next Quarter <b>Summer 2015</b>	Previous Quarter Winter 2014	Current Quarter <b>Spring 2015</b>	Next Quarter <b>Summer 2015</b>
Airport Deplanements (thousands)	108.8	<b>248.0</b>	<b>337.0</b>	2.0	<b>1.1</b>	<b>2.7</b>
Port Tonnage (thousands)	72.5	<b>145.4</b>	<b>188.9</b>	-37.9	<b>23.2</b>	<b>1.3</b>
Occupancy Rate (Full Week)	30.1	<b>58.0</b>	<b>83.0</b>	-1.3	<b>0.4</b>	<b>0.5</b>
Average Daily Rate (Full Week)	\$ 52.2	\$ <b>97.0</b>	\$ <b>155.0</b>	-0.4	<b>4.0</b>	<b>2.9</b>
Horry County 1.5% Hosp. Fee Revenue (\$millions)	\$ 4.3	\$ <b>8.7</b>	\$ <b>16.5</b>	13.6	<b>6.5</b>	<b>3.5</b>
Accommodations Tax Revenue (\$millions) <sup>a</sup>	\$ 1.4	\$ <b>4.6</b>	\$ <b>11.7</b>	-4.4	<b>5.7</b>	<b>1.1</b>
Admissions Tax Revenue (\$millions)	\$ 1.1	\$ <b>2.8</b>	\$ <b>4.2</b>	7.7	<b>-1.2</b>	<b>-2.2</b>
Regional SF Building Permits*	805	<b>987</b>	<b>1,099</b>	22.5	<b>12.6</b>	<b>8.9</b>
Regional MF Building Permits*	71	<b>91</b>	<b>90</b>	-61.8	<b>214.6</b>	<b>-22.4</b>
<b>Retail Sales (\$millions)</b>						
Georgetown County	\$ 297.1	\$ <b>367.4</b>	\$ <b>441.3</b>	5.7	<b>1.0</b>	<b>3.5</b>
Horry County	\$ 1,908.4	\$ <b>2,521.9</b>	\$ <b>3,259.4</b>	7.1	<b>4.2</b>	<b>3.2</b>
Williamsburg County	\$ 148.5	\$ <b>157.0</b>	\$ <b>143.0</b>	-3.3	<b>-0.2</b>	<b>0.2</b>
<b>Employment (thousands)</b>						
Georgetown County	23,104	<b>23,475</b>	<b>24,128</b>	8.7	<b>4.3</b>	<b>2.7</b>
Horry County	118,357	<b>128,010</b>	<b>133,819</b>	4.1	<b>3.2</b>	<b>2.2</b>
Williamsburg County	11,743	<b>11,930</b>	<b>12,183</b>	6.6	<b>6.5</b>	<b>4.4</b>
<b>Unemployment Rate</b>						
Georgetown County	9.2	<b>7.3</b>	<b>7.7</b>	-0.3	<b>-0.3</b>	<b>-0.3</b>
Horry County	9.0	<b>6.5</b>	<b>5.7</b>	0.4	<b>0.0</b>	<b>-1.1</b>
Williamsburg County	10.1	<b>8.7</b>	<b>8.6</b>	-1	<b>-0.6</b>	<b>-1.5</b>

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.

<sup>a</sup>SCDOR 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.