

Grand Strand Economic Quarterly Report

First Quarter - 2014

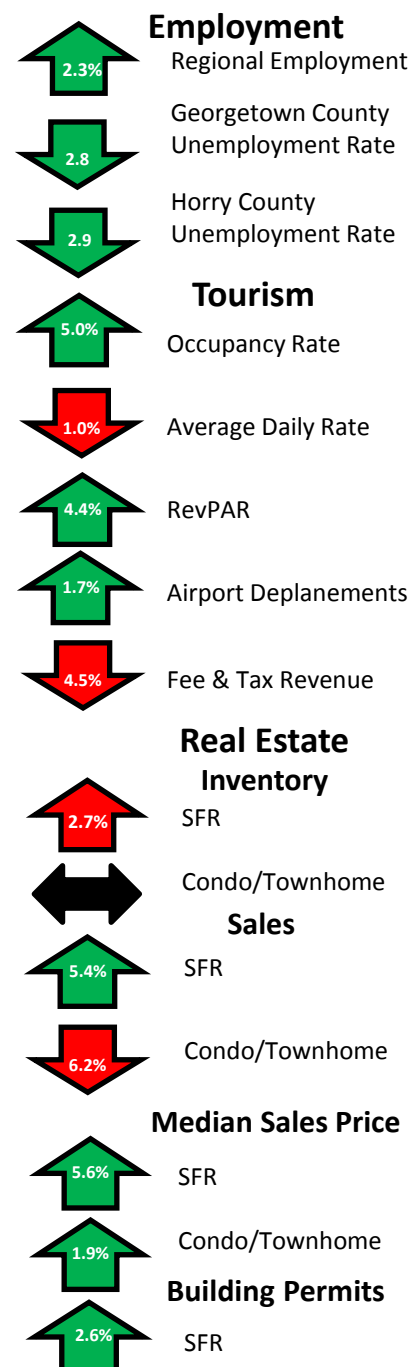
Welcome to the ninth issue of the new Grand Strand Economic Quarterly report, a combined effort of SiteTech Systems and the Wall College of Business's Center for Economic and Community Development at Coastal Carolina University. We are pleased to provide the quarterly economic report of the overall economic climate of the Grand Strand economy, specifically Horry and Georgetown Counties.

Retail sales were up for the quarter in Horry County but flat in Georgetown County. Employment gains continued in all three counties, while the unemployment rate plunged as many unemployed workers left the labor force as emergency unemployment benefits expired January 1, 2014. Evidence of the impact at the state level can be seen in the March labor situation report, as the labor force shrunk by approximately 24,000 people compared to the same month last year. We expect employment gains year over year to continue in the spring and summer quarters.

The winter quarter (December, January, February) survived snow and ice in January and February with mixed results. Tourism was slower, but airport deplanements were up 1.7 percent, and prices on rooms adjusted downward helping occupancy rates show a 1.5 point gain over the previous winter. Hospitality fee revenue was up 3.4 percent, but revenue from the Admissions Tax was down 10.6 percent.

Single family residential construction continued to increase, as permits were up 2.6 percent regionally in the winter quarter. Residential multi-family building permits also continued their increased pace of activity, up considerably over the previous year same quarter. Not only have larger projects been more common in multi-family, but a higher volume of smaller projects is also adding to output in construction. Building activity should continue its upward trend but at a slower pace of growth due in part to higher long-term interest rates. Current tourism indicators also point to continued growth in the spring and summer quarters.

Grand Strand Indicators



Employment

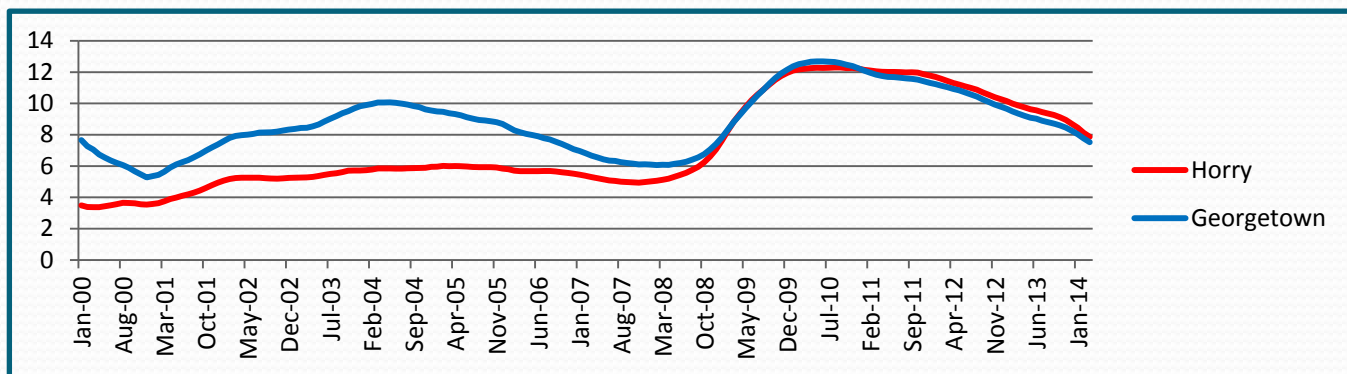
Horry County

6.5% Unemployment

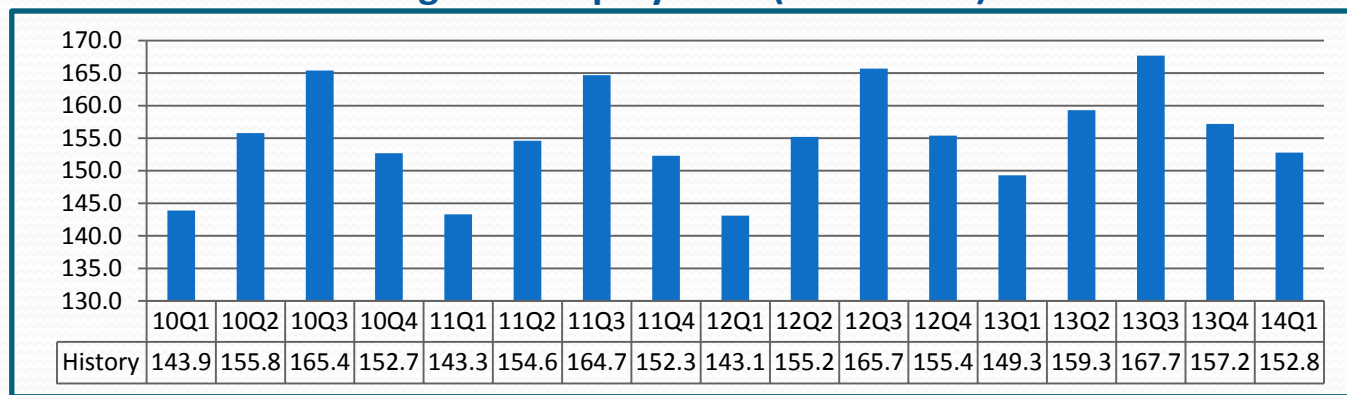
Georgetown County

6.0% Unemployment

Unemployment Rate By County (12-Month Moving Average)



Regional Employment (Thousands)



Source: SC Department of Employment & Workforce

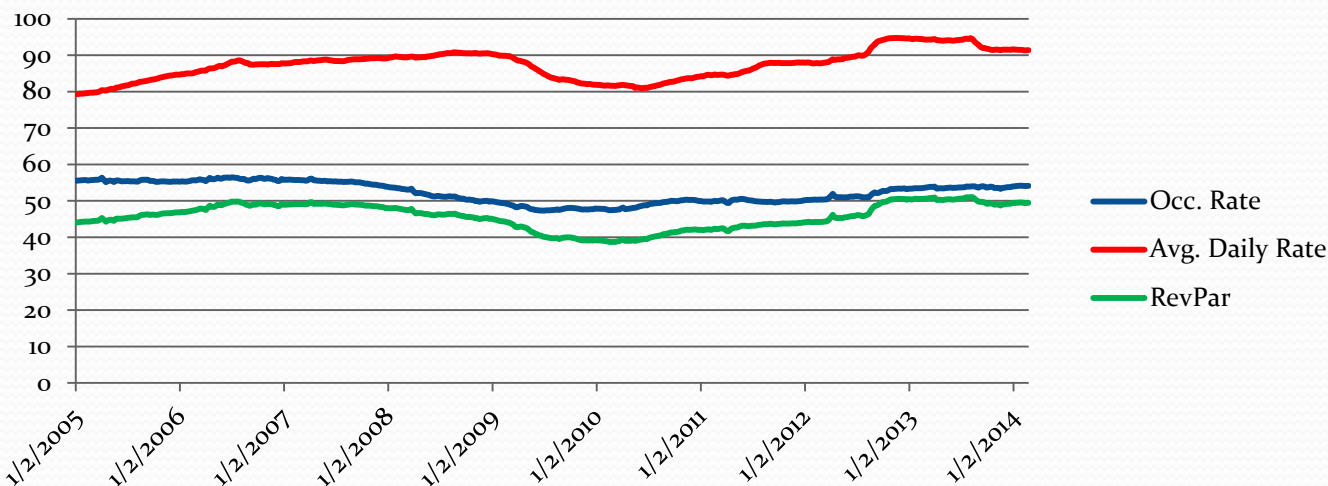
Horry county's unemployment rate was 6.5% in March 2014. This is a year over year decrease of 2.9 points from 9.4% in March 2013. The 12-month moving average minimizes this variation and provides a clearer picture of the movement of unemployment overall. At the end of the first quarter of 2014, the unemployment rate measured by this moving average stood at 7.88%. The overall unemployment rate is generally declining from its peak in 2010.

Georgetown County's unemployment rate was 6.0% in March 2014. This is a decrease of 2.8 points from the rate of 8.8% in March 2013. The unemployment rate in Georgetown County measured by the 12-month moving average stood at 7.53% at the end of the first quarter of 2014. The overall unemployment rate in Georgetown County is also generally declining from its peak in 2010. Georgetown County continues to maintain a lower unemployment rate than Horry County due to its heavy manufacturing base.

Regionally, the first quarter has a higher unemployment rate as Q1 shows a decrease in employment following the holiday shopping season. The unemployment rate has continued to decline since 2010 in both Horry and Georgetown Counties quarter over quarter as regional employment continues to increase. Regional employment increased to 152,800 workers in the first quarter of 2014. This is an increase of 3,500 employees(2.3%) from the 149,300 workers in the first quarter of 2013.

Tourism

52-Week Moving Average of Hotel, Condotel and Campground Rentals



Source: CCU Clay Brittain Jr. Center for Resort Tourism

ADR

The Average Daily Rate (ADR) for vacation accommodations is a seasonally sensitive measure owing to the fluctuation in tourism activity from summer to winter months. For first quarter of 2014, the ADR, excluding beach house rentals, averaged \$52.60. This is a slight decrease of \$0.48 (1%) from the 1st quarter of 2013 ADR of \$53.10. For measuring the strength of the economy, a more suitable long-term measure of this activity is the 52-week moving average. At the end of the first quarter of 2014, the 52-week moving average for ADR equaled of \$54.11. This has risen slightly compared to the 2013 first quarter ADR of \$53.60.

Occupancy Rate

The occupancy rate for vacation accommodations excluding beach house rentals is similarly a seasonally sensitive measure. In the 1st quarter of 2014, the occupancy rate averaged 31.4%. This is an increase of 150 basis points (5.0%) from the occupancy rate of 29.9% in the first quarter of 2013. 2014's first quarter 52-week moving average of 49.5% is 100 basis points (2.0%) higher than the average of 50.5% in the first quarter of 2013.

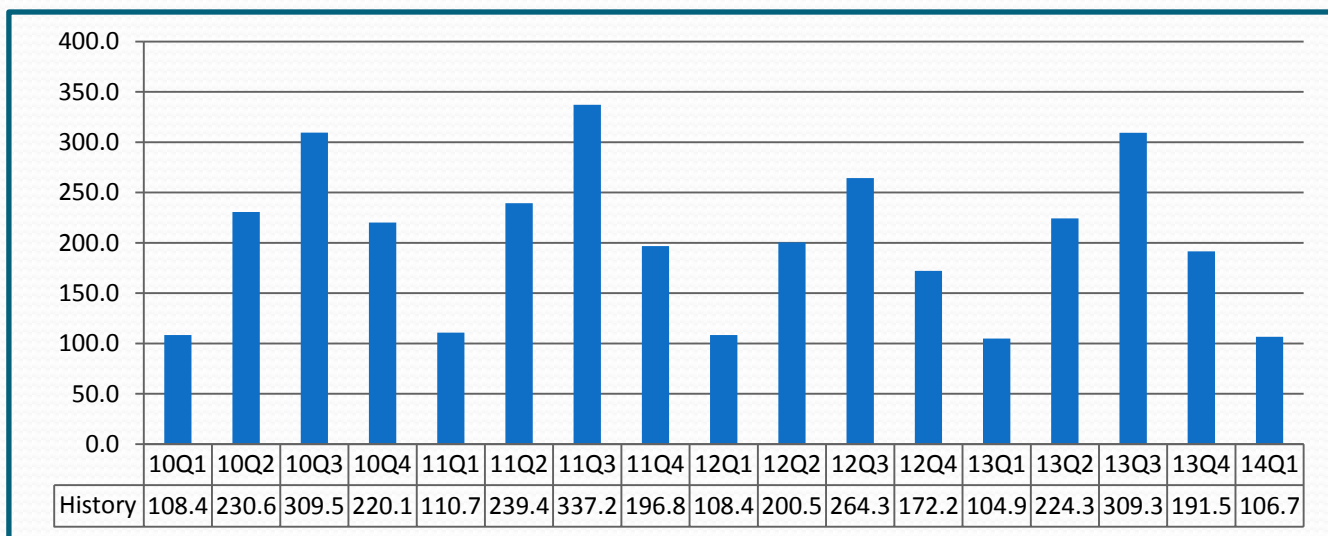
RevPAR

The Revenue Per Available Room (RevPAR) for vacation accommodations measures the average revenue per room night based on the average occupancy rate and average daily rate. Also a seasonally sensitive measure, RevPAR for accommodations, excluding beach house rentals, averaged \$24.28 in the first quarter of 2014 an increase of \$1.02 (4.4%) from \$23.26 in 2013. 2014's first quarter 52-week moving average for RevPAR stood at \$49.46, a decrease of \$1.09 (2.2%) over the \$50.55 average for the first quarter of 2013.

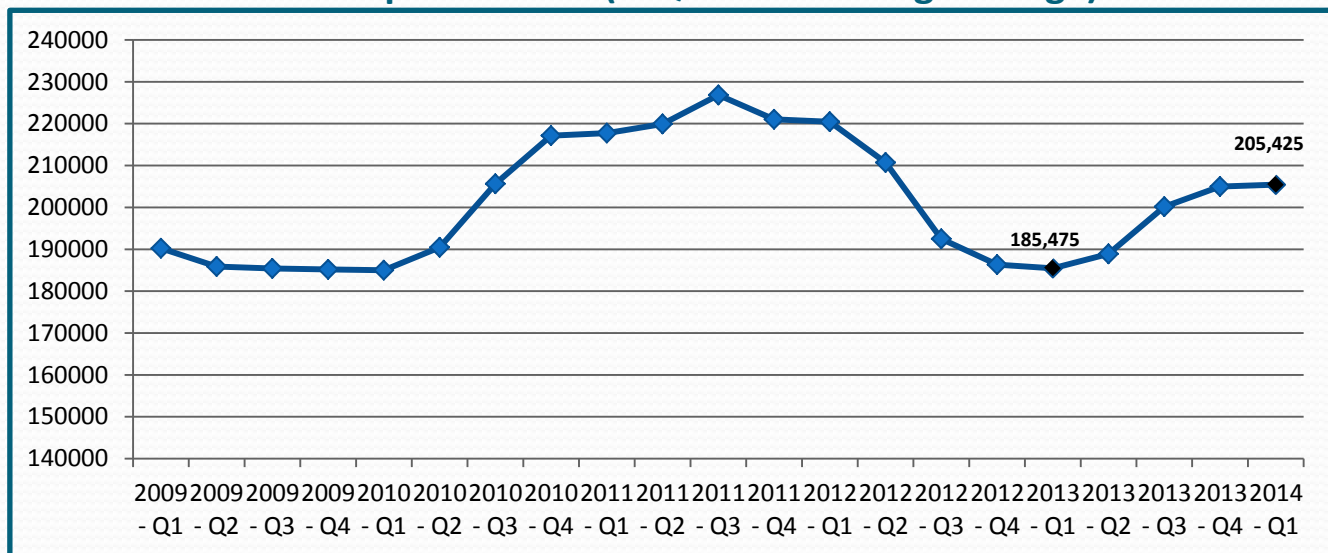
MYR Airport

There were 106,700 deplanements at the Myrtle Beach International Airport (MYR) in the 1st quarter of 2014. This is up 1,800 deplanements (1.7%) from the 1st quarter of 2013. The 4-quarter moving average reduces the variation in number of deplanements as it seasonally-adjusts the data, providing a better depiction of activity at the Myrtle Beach International Airport. The 4-quarter moving average shows an average of 205,425 deplanements at the end of the first quarter of 2014. This is an increase of (10.8%) from the average of 185,475 deplanements at the end of the first quarter of 2013. This is mostly due to the addition of new carriers and added flights from existing carriers and summer travel in 2013.

MYR Deplanements (Thousands)



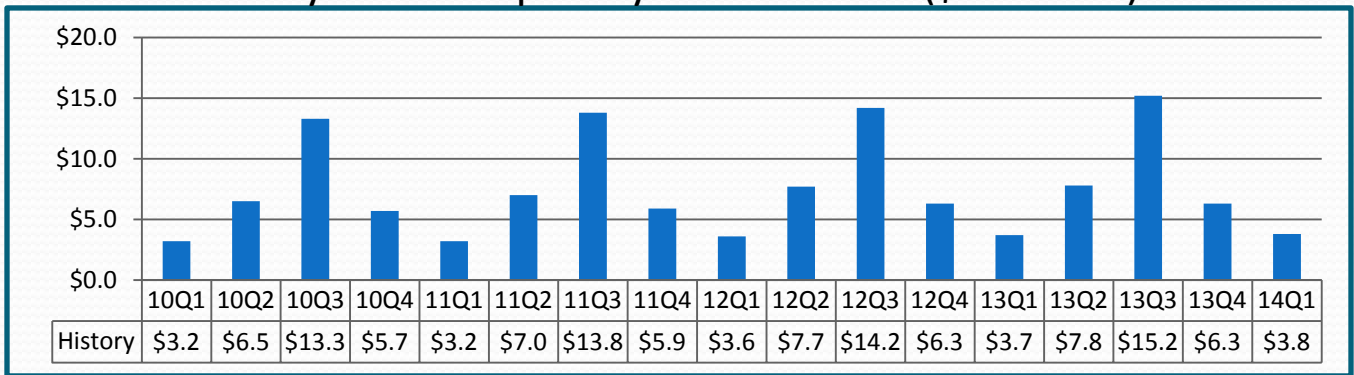
MYR Deplanements (4-Quarter Moving Average)



Tourism Tax Revenue

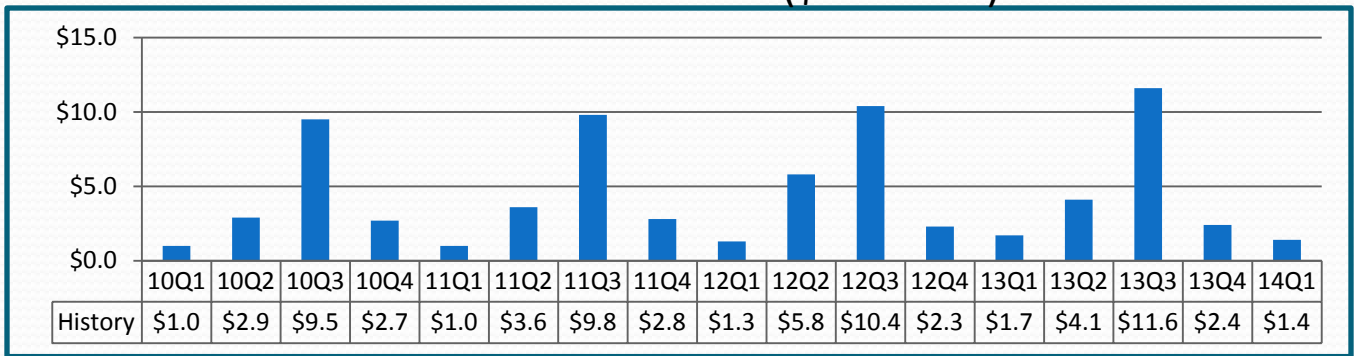
We monitor three separate taxes on tourism activity in the Grand Strand: the Horry County-wide 1.5% hospitality fee, the state accommodations tax assessed in Horry and Georgetown Counties, and the state admissions tax assessed in Horry and Georgetown Counties. Revenue from these three sources totaled \$6.3 million in the 1st quarter of 2014, a decrease of \$300,000 (4.5%) from the 1st quarter of 2013.

Horry 1.5% Hospitality Fee Revenue (\$ Millions)



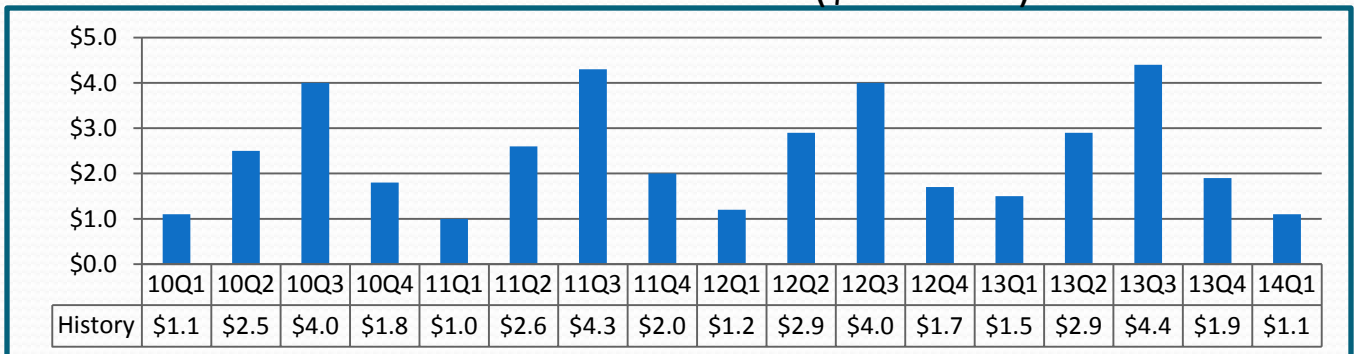
Source: Horry County Government

Accommodations Tax (\$ Millions)



Source: South Carolina Department of Revenue

5% State Admissions Tax (\$ Millions)

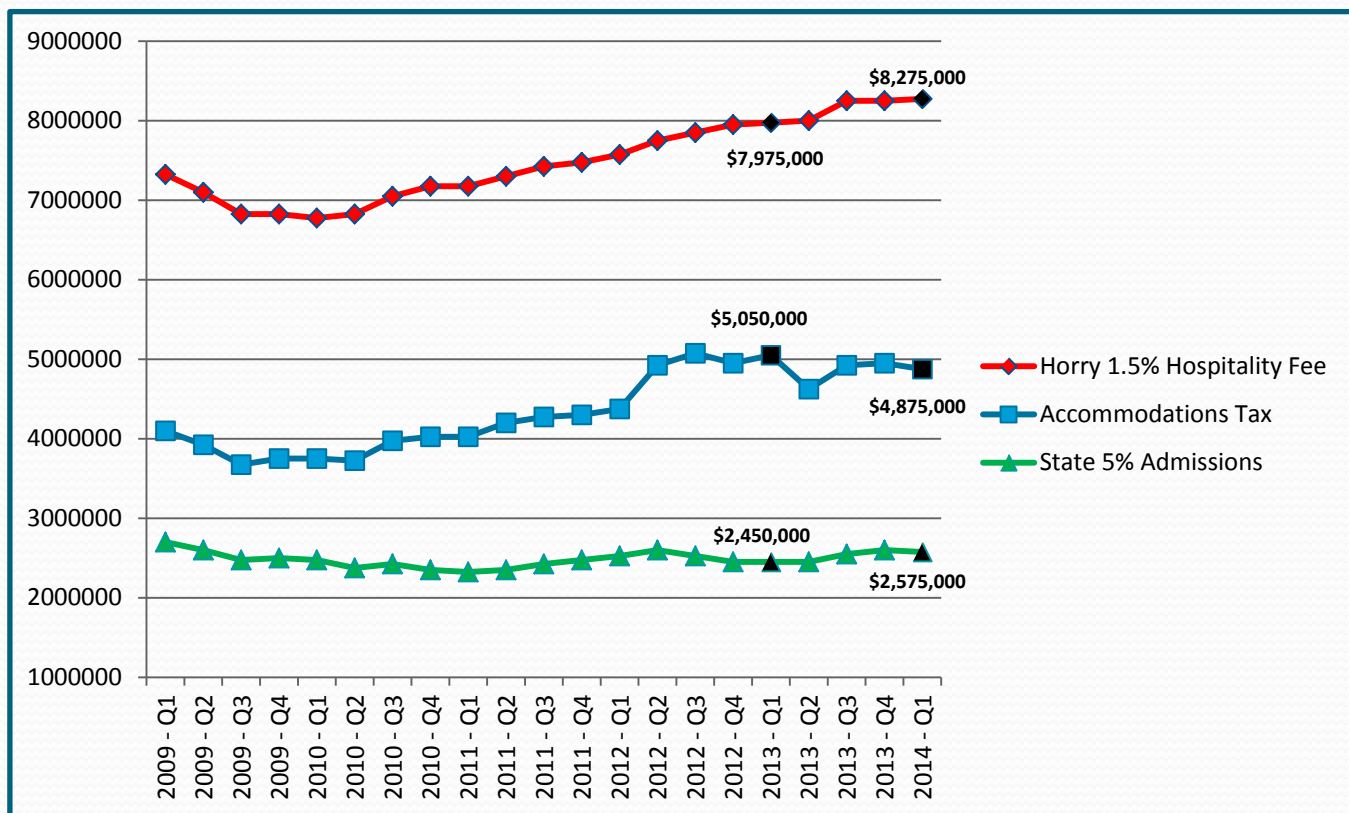


Source: South Carolina Department of Revenue

Tourism Tax Revenue

Below we show the three tourism tax revenue metrics using a 4-quarter moving average that includes the current period in addition to the prior three periods to reduce the seasonality while analyzing the data. The 4-quarter moving average shows tax revenues collected totaling \$15,725,000 at the end of the 1st quarter of 2014. This is a decrease of \$250,000 (1.6%) from the \$15,475,000 at the end of the 1st quarter of 2013. We note that the SC DOR received a revenue ruling in 2011 enabling them to review back ten years to try to collect unpaid taxes owed on vacation rental by owner properties. These collections are applied in the period of receipt, not period of business.

Tax Revenues (4-Quarter Moving Average)

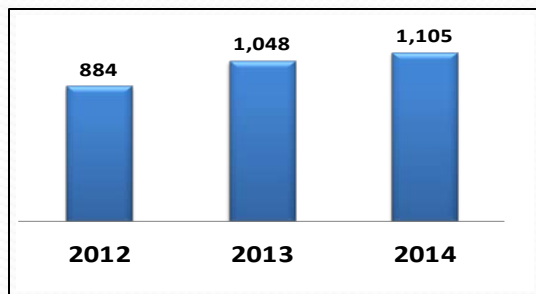


Source: Horry County Government and South Carolina Department of Revenue

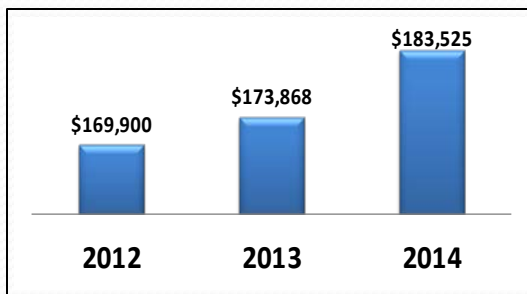
Real Estate

SFR Sales Activity

1st Quarter # of Sales

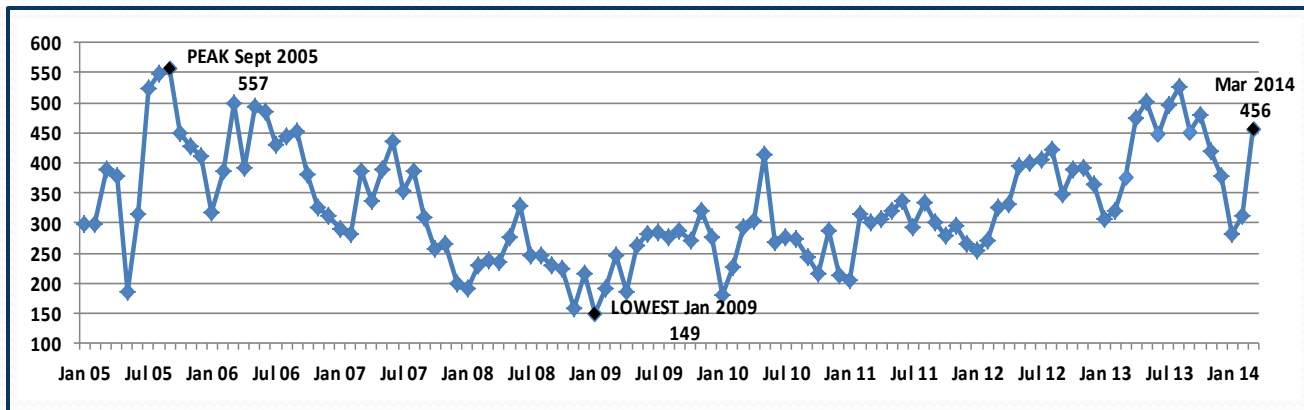


1st Quarter Median Sales Price

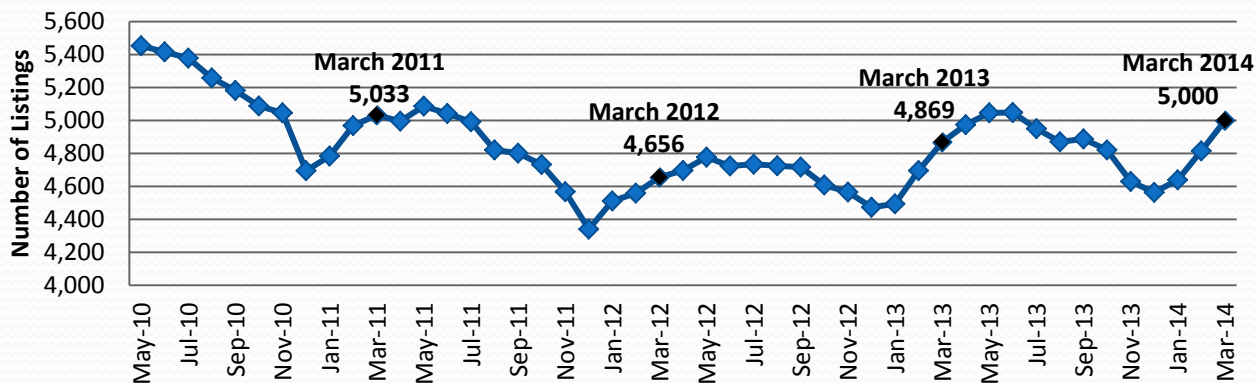


There were 1,105 single family residence sales with a median sales price of \$183,525 in Horry and Georgetown Counties in the 1st quarter of 2014. Sales are up 5.4% while the median sales price is up \$9,657 (5.6%) from the same period in 2013. The SFR inventory at the end of the 1st quarter was 5,000 homes, an increase of 2.7% from the same period in 2013.

Historical Sales Activity



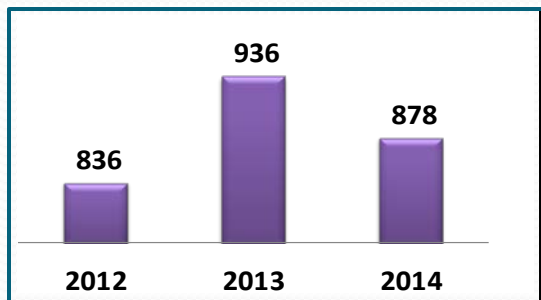
Historical Inventory Levels



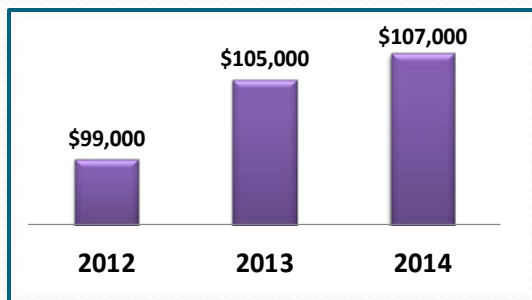
Real Estate

Condo/Townhome Sales Activity

1st Quarter # of Sales

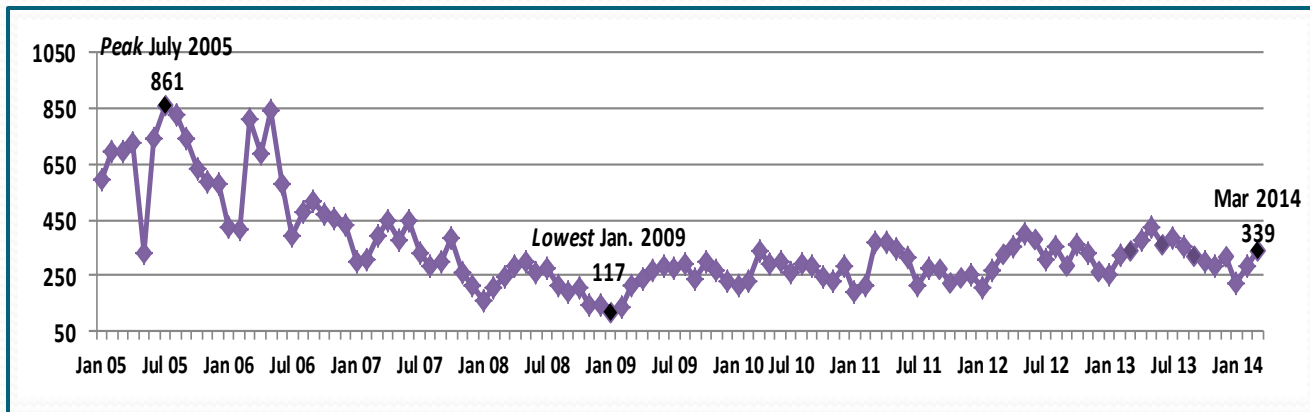


1st Quarter Median Sales Price



There were 878 condo/townhome sales in Horry and Georgetown Counties in the 1st quarter of 2014 with a median sales price of \$107,000. The number of sales is down 6.2% while the median home price has increased \$2,000 (1.9%). The condo/townhome inventory at the end of the 1st quarter was 4,228 units, relatively flat from 4,231 units at the end of the same period last year.

Historical Sales Activity

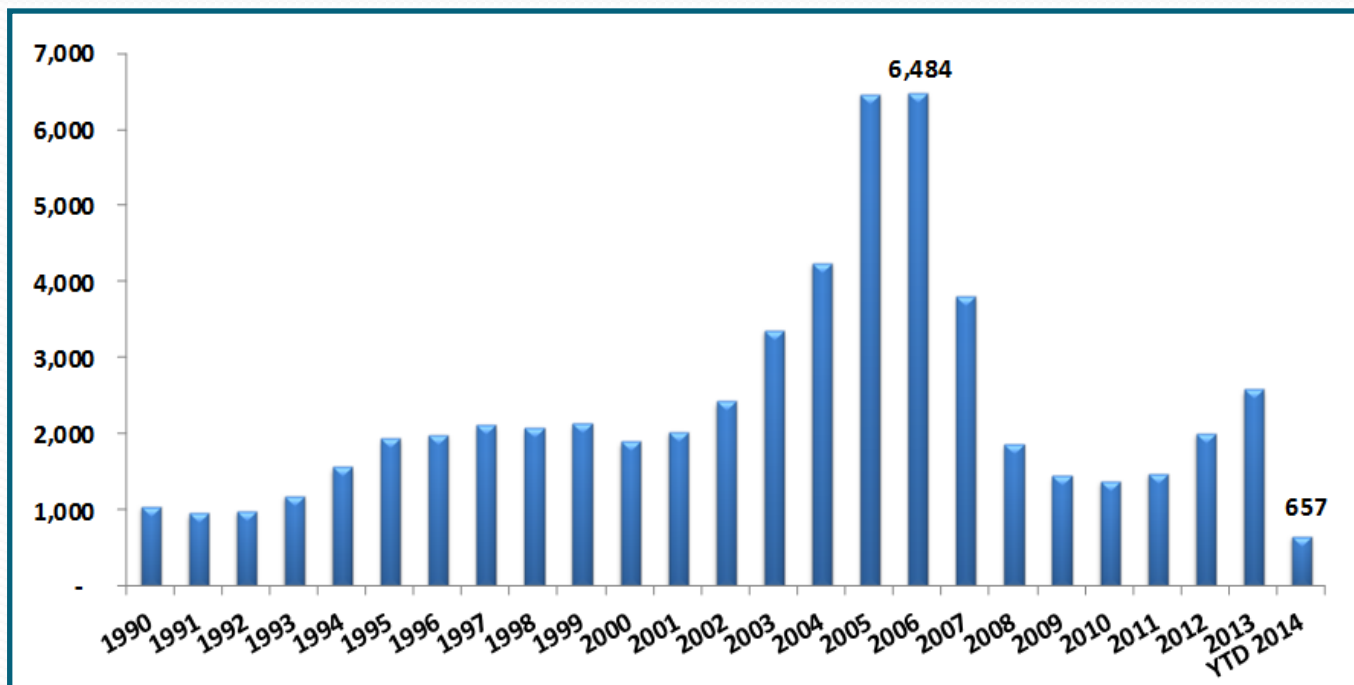


Historical Inventory Levels

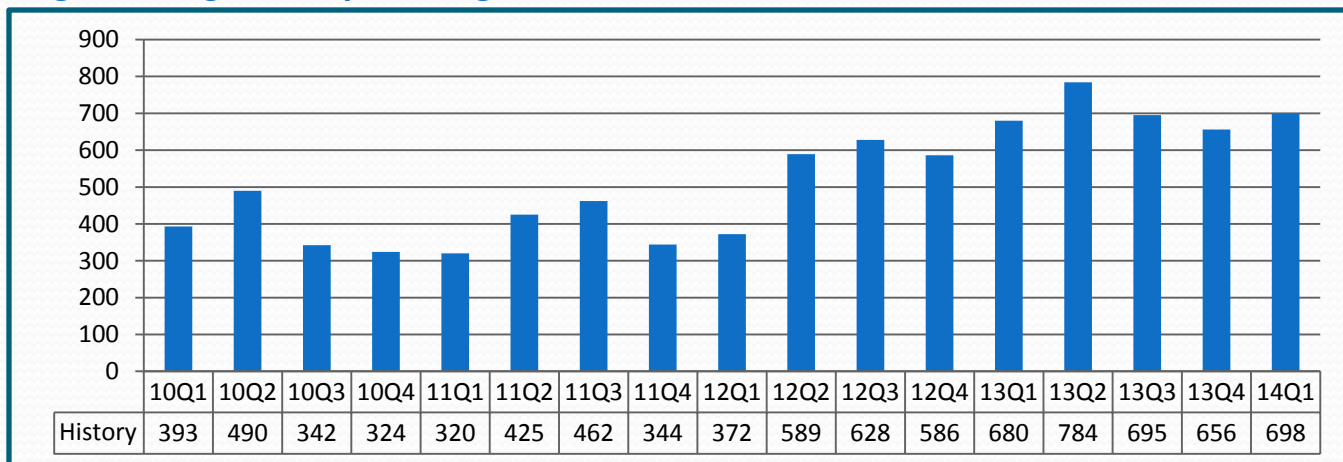


Real Estate Building Permits

Horry County Single Family Buildings Permits



Regional Single Family Buildings Permits



Source: HUD State of the Cities Data System

There were 698 building permits issued in the first quarter of 2014 for single family homes in Horry and Georgetown Counties combined. This is an increase of 2.6% over the 680 permits issued in the 1st quarter of 2013. In Horry County alone, there were 657 SFR building permits issued in Q1 2013 while Georgetown County accounted for 41 of the regional permits issued.