

TRACKING ECONOMIC PROGRESS IN BERKELEY, CHARLESTON AND DORCHESTER COUNTIES

2010 REGIONAL ECONOMIC SCORECARD

REPORT HIGHLIGHTS

Produced for the community by:
Charleston Regional Development Alliance

Research and analysis by:
University Center for Economic Development – Clemson University
Center for Business Research – Charleston Metro Chamber of Commerce

To view the full, detailed report: www.crda.org/economicsscorecard

REPORT OVERVIEW

BUILDING REGIONAL PROSPERITY

Five years ago, our three-county region adopted a cluster-based economic development strategy designed to improve wages and fuel job growth in an economy increasingly defined by knowledge, innovation and global competition.

Now it's time to gauge our region's economic progress, and to see how we're doing compared

WHAT IS AN INDEX?

This scorecard examines 25 indicators of regional economic competitiveness. Each indicator is divided by the value for the United States and multiplied by 100. An adjusted value of 110 means the metro is performing 10% above the national average, and an adjusted value of 90 means the metro is performing 10% below national average.

to other, similar metro areas. Because of a time lag in data availability, this report captures data from the pre-recession environment. But, since the other metros have also been impacted by the recession, the comparative trends should still hold true.

WHAT DEFINES ECONOMIC PROSPERITY?

A successful economic development effort leads to strong job growth, improved wages and incomes, and an overall increase in a region's economic output. These outcomes are linked to four key competitive inputs, which are each considered in this report.

MODEL FOR ECONOMIC PROSPERITY

ECONOMIC DEVELOPMENT OUTCOME

Economic Output
Employment
Earnings & Income

ENVIRONMENT FOR DEVELOPMENT

Industrial Composition
Physical Infrastructure
Social, Cultural & Institutional Environment

COMPETITIVENESS INPUTS

Human Capital
Innovative Activity
Entrepreneurial Environment
Quality of Place

OUR COMPARATIVE LOCATIONS

A task force of business and community leaders selected six similar metro areas and two leading metro areas for this benchmark project.

COMPARATIVE

- **Greenville, SC** for its manufacturing base, tech transfer and higher education
- **Jacksonville, FL** for its port, business diversity, military presence and talent attraction
- **Knoxville, TN** for its Federal research lab, entrepreneurial environment and higher education
- **Lexington, KY** for its entrepreneurial environment, R&D and strength in medical technology
- **Richmond, VA** for its growing base of R&D, higher education, logistics and biotech cluster
- **Savannah, GA** for its port, military, creative economy and tourism industry

LEADING

- **Austin, TX** thrives on a healthy balance of technology, business services, education and government, and is a magnet for young talent
- **Raleigh, NC** consistently ranks among the best places to live, and is renowned for strong job growth, R&D and higher education

MEASURING ECONOMIC PERFORMANCE

Signs of our region's economic well-being are all around us – people gaining or losing jobs, crowds or empty tables at area restaurants, a growing or declining need for community-based services. To provide us with actual measures of our region's economic performance, and to compare our situation to other metro areas, we considered four indicators of economic activity.

THE INDICATORS:

GROSS REGIONAL PRODUCT

Defined as the market value of all final goods and services produced within the region, or more simply as “economic output.” A rising GRP means more money is flowing through the local economy. From 2005 to 2008, the Charleston region's GRP grew 7.4%, ranking above five of the six comparative communities but significantly below both Austin and Raleigh.

REGIONAL EMPLOYMENT

Measures the number of people actively employed in an area. Employment growth generally correlates to job growth. Charleston regional employment grew 6.9% between 2005 and 2008, outpacing all comparative communities and far exceeding the U.S. average growth rate of 2.3%. However, our performance fell far below that of Austin (12.1%) and Raleigh (11.8%).

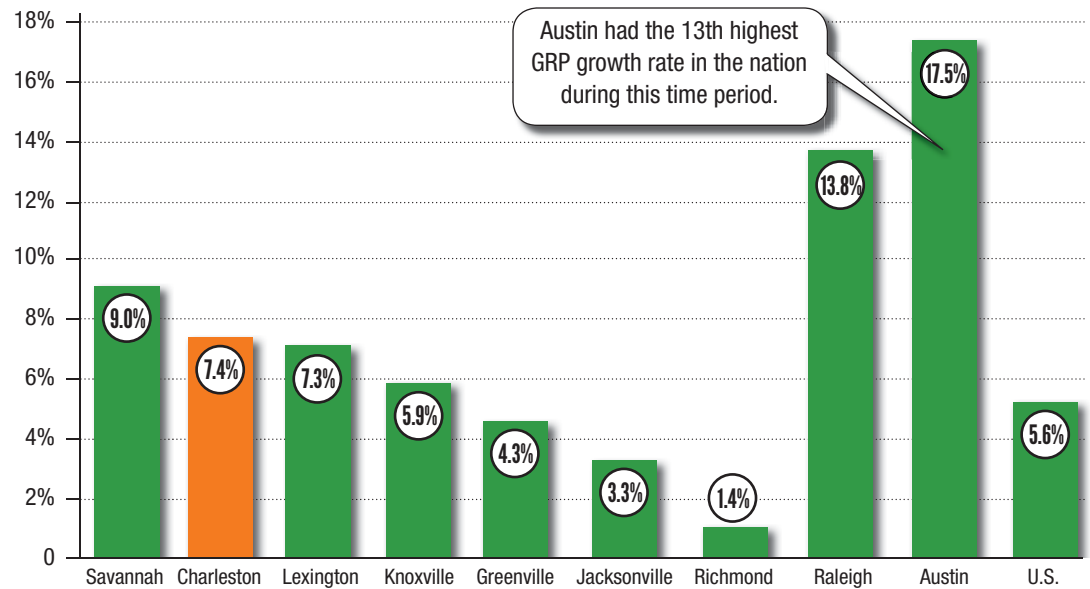
EARNINGS PER WORKER

Divides all wage and salary earnings by the number of people actively employed. Although we've improved average earnings in the region, we're still well below the national average and our growth is lagging behind national trends. From 2005 to 2008, regional earnings per worker grew 8.7% to \$42,545 while the U.S. average grew 9.9% to \$50,259.

PER CAPITA INCOME (PCI)

Measures overall wealth within a community on a per capita basis. PCI is determined by dividing the population's total income from all sources by the number of people who reside in the community, including infants and children. As with earnings per worker, Charleston's PCI remains below the U.S. average and we're losing ground. While we were 10% below the national average in 2005, we were nearly 12% below in 2008.

Gross Regional Product (Percent Change from 2005 to 2008)



Austin had the 13th highest GRP growth rate in the nation during this time period.

Source: Bureau of Economic Analysis

Housing Affordability Index, 2008

National Average - 137

1st	2nd	3rd	4th	5th	6th	7th	8th	9th
179.4	178.7	166.5	163.7	158.0	138.6	137.9	130.6	130.3
Lexington	Greenville	Austin	Knoxville	Raleigh	Savannah	Jacksonville	Richmond	Charleston

Source: National Association of Realtors



This index is the ratio of median household income to the income needed to qualify for a median-priced house. A higher ratio (index number) reflects more affordable housing.

If local workers can't afford to live near their jobs, the results are:

- longer commute times
- increased commuting costs
- increased traffic congestion
- further concerns of sprawl

HUMAN CAPITAL

WHY IS THIS IMPORTANT?

Workforce preparedness is critical to the long-term economic health of a region. Educated residents with specialized skills and knowledge fuel the performance of existing firms and serve to attract new employers. The better educated the regional workforce, the more quickly an economy can take advantage of new opportunities and recover from negative shocks, such as the current economic recession.

THE INDICATORS:

HIGH SCHOOL GRADUATES

Percentage of adult population (age 25+) with a high school diploma.

COLLEGE GRADUATES

Percentage of adult population (age 25+) with a Bachelor's degree or higher.

EMPLOYMENT RATE

Percentage of an area's workforce that is actively employed.

KNOWLEDGE WORKERS

Percentage of population (ages 25-64) employed in occupations requiring specialized knowledge and creativity, such as management, finance, IT, science & engineering, healthcare, design, the arts, etc.

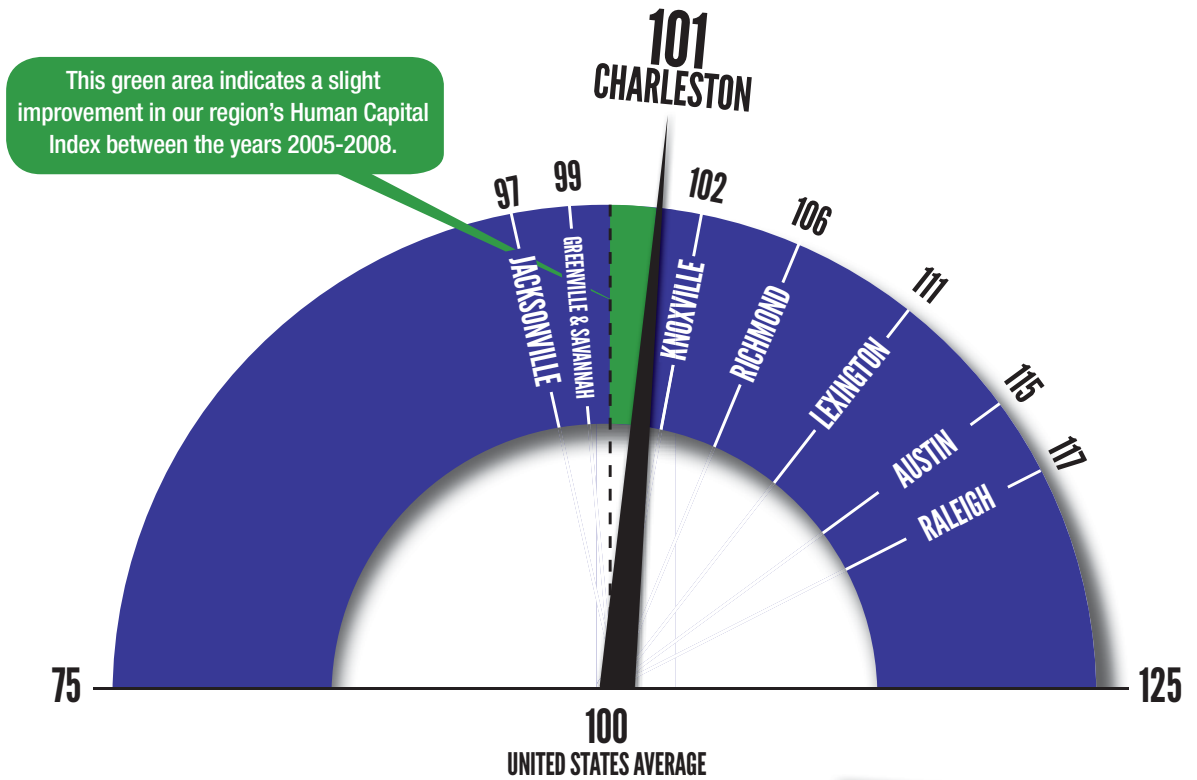
DEVELOPING HUMAN CAPITAL

Throughout the region, middle and high school students are seeing a real connection between what they learn in the classroom, and what they'll do for a living. A pioneering state initiative, Personal Pathways to Success, is combining curricula and career planning by teaching specific skills that will lead to gainful employment and satisfying careers. Currently underway: a master plan for high school career academies with themes ranging from health-care to engineering.



Photo courtesy of Charleston County School District

HUMAN CAPITAL INDEX



THE BUSINESS PERSPECTIVE

"Education and economic development go hand in hand. It's not enough to just focus on creating jobs. We must also build a pipeline of technically skilled workers to fill those jobs. Not just for high-profile newcomers like Boeing, but because all businesses demand it."

Anita Zucker
Chairwoman & CEO, The InterTech Group



WHY IS THIS IMPORTANT?

The ability to generate new ideas, products and processes is an important measure of regional competitive advantage. An environment of innovation encourages the launch of new businesses, provides growth opportunities for existing businesses, and attracts leading-edge businesses from outside the area. The result: new, higher paying jobs for area residents.

THE INDICATORS:

PATENTS

Number of patents issued in an area, presented per 10,000 workers.

EMPLOYMENT IN TECHNICAL PROFESSIONS

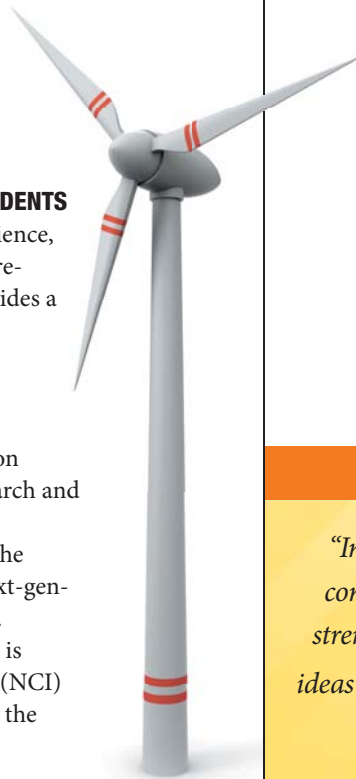
Percentage of employment in computer, science and engineering professions, provides a measure of industry R&D.

SCIENCE-RELATED GRADUATE STUDENTS

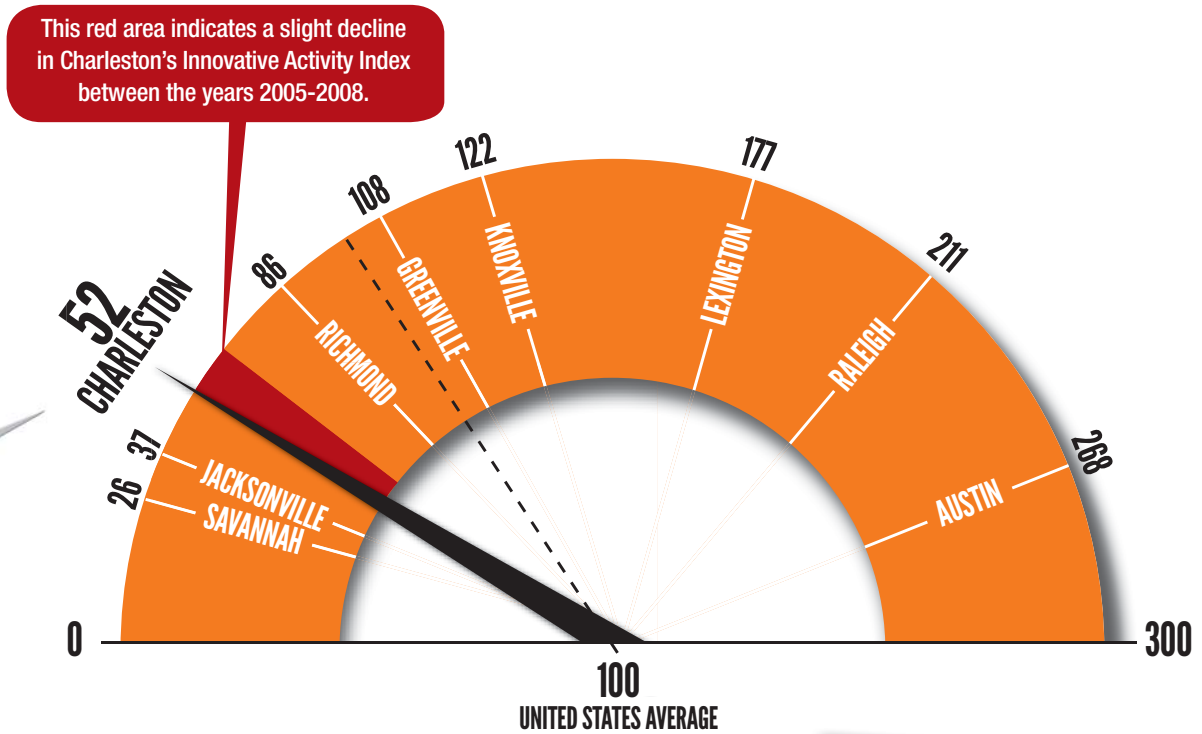
Number of graduate students in science, engineering and health sciences, presented per 10,000 population, provides a measure of academic R&D.

DRIVING REGIONAL INNOVATION

- The new SCRA MUSC Innovation Center supports bioscience research and commercialization.
- Clemson University is building the world's largest test facility for next-generation wind turbine drivetrains.
- MUSC's Hollings Cancer Center is now a National Cancer Institute (NCI) Cancer Center, one of only 64 in the country.



INNOVATIVE ACTIVITY INDEX



THE BUSINESS PERSPECTIVE

"Innovation is at the core of today's successful companies. To stay competitive, businesses must continually focus on design as a core strength. Communities that support innovation and encourage new ideas will ultimately be the winners when it comes to business growth."

Shawn Jenkins
President & CEO, Benefitfocus



ENTREPRENEURIAL ENVIRONMENT

WHY IS THIS IMPORTANT?

A key ingredient for new business creation and growth is a supportive environment for entrepreneurs. With the right support, today's garage-based startup could be tomorrow's Google or Dell. Just as a favorable environment encourages new companies to put down roots, an unfavorable climate can cause successful startups to seek more hospitable communities.

THE INDICATORS:

CONCENTRATION OF SMALL TO MID-SIZE BUSINESSES

Number of businesses in an area, presented per 1,000 employees. A growing number of small to mid-size businesses over time correlates to a strong environment for new business creation.

BUSINESS CHURNING

Total number of establishment births and deaths as a percentage of all firms in an area. The "churn" of innovative and efficient companies continuously replacing struggling establishments provides a measure of entrepreneurial activity.

PROPRIETORS' INCOME SHARE

Percentage of an area's income generated by self-employed business owners. A strong small business sector provides an important seedbed for future entrepreneurs.

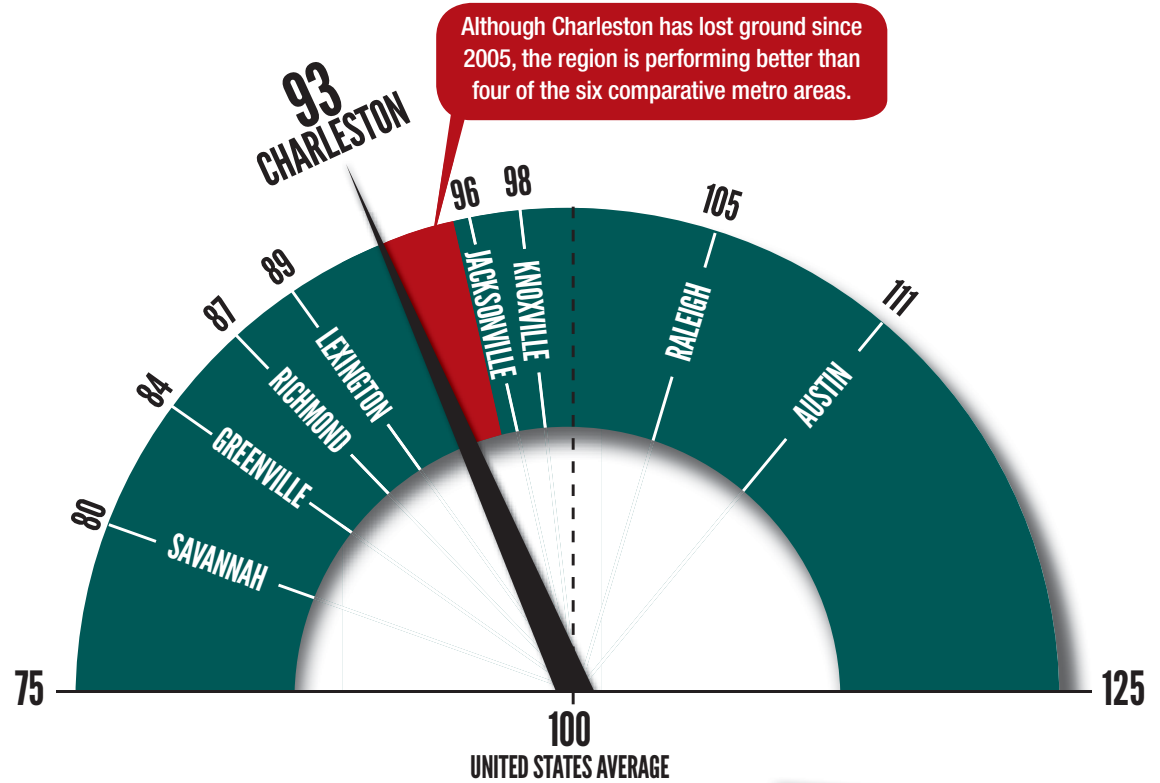
BUSINESS SERVICES

Share of regional employment in the professional and technical services industries (NAICS 54). Entrepreneurs and small businesses will be more successful in areas with well-developed support systems.

SUPPORTING ENTREPRENEURS

- FastTracSC helps entrepreneurs learn to create, manage and grow successful business ventures.
- SC Launch!, an initiative partnering SCRA and South Carolina's research universities, assists start-up companies with counseling, seed-funding and access to a powerful resource network.
- Small business incubators are now located in Charleston, North Charleston and Summerville, and local governments are considering additional incubators in West Ashley and Mount Pleasant.

ENTREPRENEURIAL ENVIRONMENT INDEX



THE BUSINESS PERSPECTIVE

"Resource-rich support systems are critical to new, innovative companies, especially those involved with emerging technologies. A strong network can lead to synergistic relationships, dynamic partnerships and a collaborative response to new market opportunities – a true win-win for the local economy."

Rebecca Ufkes
President, UEC Electronics



WHY IS THIS IMPORTANT?

In an increasingly competitive global economy, attracting and retaining top talent has become a critical economic development issue. With a strong demand for their specialized knowledge and skills, highly educated workers have more flexibility in where they choose to live and work. As such, an area's lifestyle attributes are more and more important to its long-term economic success.

THE INDICATORS:

CLIMATE

Percentage of days with high temperatures between 50° and 80° F.

AIR QUALITY

Percentage of days with air quality measured as "good" or "moderate" by the EPA.

CRIME RATE

Violent crimes per 100,000 population.

TRAVEL CONGESTION

Percentage of daily travel in congested conditions.

HEALTHCARE ACCESS

Number of healthcare practitioner and technical occupations per 100,000 population, provides a measure of access to healthcare professionals.

CULTURE AND RECREATION

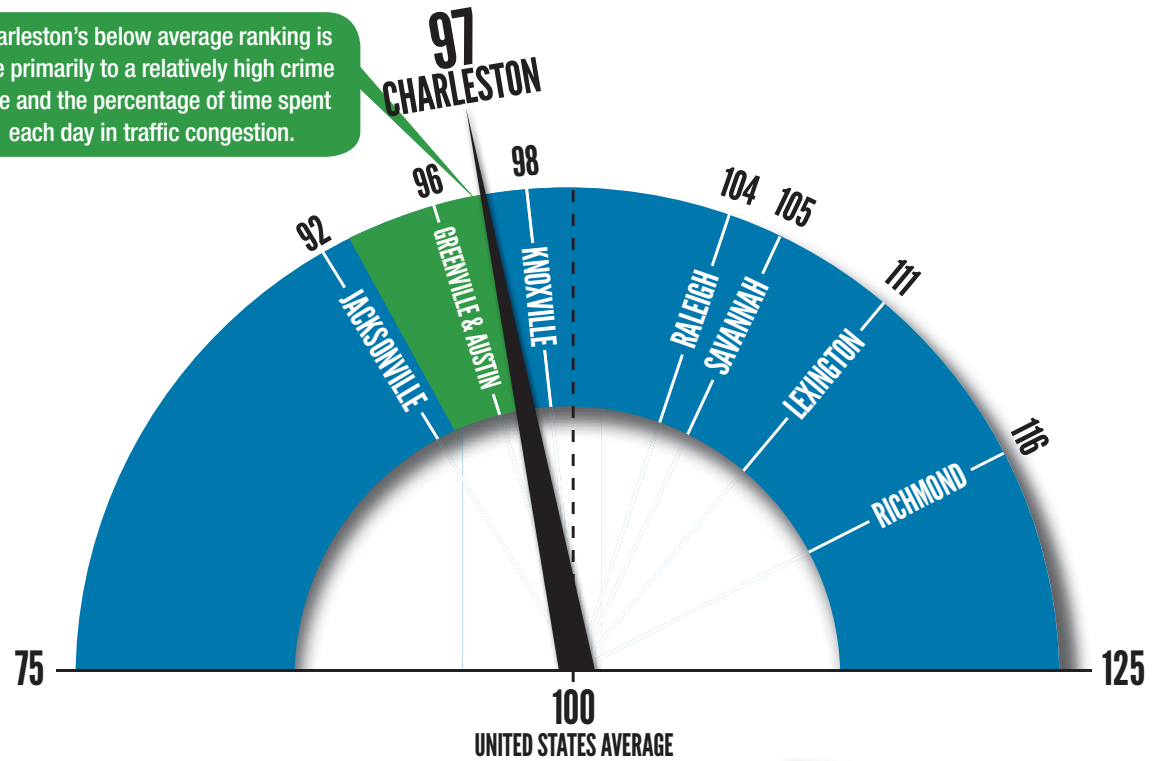
Employment in the arts, entertainment and recreation (NAICS 71), provides a measure of an area's cultural and recreational opportunities.

IMPROVING ON QUALITY:

- The BCD Council of Governments' I-26 Study Committee is focused on ways to improve the efficiency and capacity of this critical transportation corridor.
- The BCD Council of Governments' Commuter Rail Feasibility Study is considering the plausibility of linking key regional commuter routes via rail.
- For its size category, Charleston ranks 2nd in the nation in terms of "Best Places to Live & Work for Young Professionals."

QUALITY OF PLACE INDEX

Charleston's below average ranking is due primarily to a relatively high crime rate and the percentage of time spent each day in traffic congestion.



THE BUSINESS PERSPECTIVE

"Planning our communities and workplaces sustainably will make life more rewarding and productive for our workforce. We have the opportunity, through thoughtful planning, to preserve the best of the Lowcountry while creating opportunity and a healthy and stimulating environment for our residents."

Ken Seeger

President, MWV Community Development and Land Management



2010 Scorecard Task Force

Chairman

Brice Sweatt The InterTech Group

Members

Kara Browder Trident Workforce Investment Board

Deb Campeau Trident Health System / The Education Foundation

Gary Collins DesignWorks / Parliament

Paul Connerty Trident Workforce Investment Board

Dr. Mike Drews Clemson University Restoration Institute

Shandon Fowler Benefitfocus / ThinkTEC Advisory Board

Tammie Hoy Lowcountry Housing Trust

Natalie Lawrence WPC, A Terracon Company

Greg Lipscomb Berkeley Charleston Dorchester Council of Governments

Kellee McGahey Liollo Architecture / Charleston Young Professionals

Brian Moody Moody CPAs & Advisors

Dr. Janet Rose-Beale Charleston County School District

Bob Whitten Showa Denko Carbon

Produced for the Community by

Charleston Regional Development Alliance

The Charleston Regional Development Alliance (CRDA) is a nonprofit economic development partnership representing Berkeley, Charleston and Dorchester counties. Supported and led by the region's most influential business leaders, three county governments, largest municipalities and top academic institutions, the CRDA drives a global marketing effort to attract and retain the world's best companies, entrepreneurs and professional talent. The CRDA also collaborates closely with other entities to ensure a globally competitive, sustainable regional economy.

To learn more about the CRDA, visit: www.charlestoneconomicdevelopment.com.

Research & Analysis by

University Center for Economic Development, Clemson University

David W. Hughes

Professor and Program Leader

Department of Applied Economics and Statistics

Clemson Institute for Economic and Community Development

David L. Barkley

Professor and Co-Director

Department of Applied Economics and Statistics

Regional Economic Development Research Laboratory

Daniel Eades

Research Associate

Clemson Institute for Economic and Community Development

Center for Business Research, Charleston Metro Chamber of Commerce

The Center for Business Research, a department of the Charleston Metro Chamber of Commerce, serves as the center for the compilation, interpretation and distribution of business and economic data for the three-county Charleston-North Charleston-Summerville metropolitan statistical area (MSA).

Designed & Published by

SC Biz News LLC

To view the full, detailed report:
www.crda.org/economiccorecard