

Regional Economic Benchmarking Report For Aiken County – 2015 Update

Commissioned by the Greater Aiken Chamber of Commerce and the Economic Development Partnership of Aiken, Edgefield and Saluda Counties, South Carolina

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May 21, 2015

In the following pages we present the first annual update to the extensive regional economic benchmarking report that we prepared and delivered in May 2014. As with the initial report, this update uses a wide variety of publicly available data to identify trends which highlight the economic vitality and quality of life in Aiken County, and was funded by the Greater Aiken Chamber of Commerce and the Economic Development Partnership for Aiken, Edgefield and Saluda Counties of South Carolina. Where possible, the analysis breaks out separate data for the cities of Aiken and North Augusta, and also provides some comparisons to the state of South Carolina, the United States as a whole, and nearby Columbia County in Georgia.

We wish to thank the many individuals who assisted us in collecting and understanding the data used for this annual update.

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Introduction

In order to provide an updated benchmark assessment of the current economic conditions in Aiken County, we have once again gathered a wide variety of publicly available data on the key variables which track our community's economic vitality and quality of life. The majority of this data is published by the federal government through its various agencies, although some data was collected from local sources. We have sought to update and analyze data for Aiken County as well as the cities of Aiken and North Augusta whenever possible, often drawing comparisons to South Carolina or the United States as a whole.

Section I updates population trends and demographics for Aiken County, followed by updates for a series of sections which analyze a number of different aspects of the economy of Aiken County. Section II provides an updated look at various measures of income for residents of Aiken County, Section III considers updated employment trends and patterns in local labor markets, Section IV analyzes updated retail spending by consumers within Aiken County, Section V studies updated data on local real estate markets, and Section VI takes an updated look at local government tax revenues.

In Section VII, we compare our updated findings for Aiken County with similar updated measures for Columbia County, Georgia.

The final section offers a summary and some conclusions by the authors based on their updated findings.

Executive Summary

Population Trends and Demographics

- The population of South Carolina continues to grow more rapidly than the Nation as a whole, and this growth accelerated in 2014; the population growth rate in the city of Aiken slowed down for 2013, but remains positive and equal to the national rate, and did not fall as much as feared in last year's report; the population growth rate for North Augusta slowed down in 2013, but still exceeds the national rate ***** GOOD NEWS *****
- The population growth rate for Aiken County has slowed considerably recently, but this slowdown has had only a limited effect on the population growth in the cities of Aiken and North Augusta ***** SOME CONCERN *****
- South Carolina and Aiken County continue to age faster than the Nation as a whole; after falling in 2012, the percentage of the city of Aiken's population aged 65 or older went back up for 2013 ***** SOME CONCERN *****
- The percentage of residents aged less than 5 years or less than 18 years in the city of Aiken rose in 2013; the percentage of residents aged 65 or older fell slightly for North Augusta in 2013 ***** GOOD NEWS *****
- There was little change in the racial and ethnic composition of Aiken County for 2013: about 70 percent of the population is White and 25 percent is Black or African American; the city of Aiken has a higher percentage of Blacks or African Americans, and North Augusta has a higher percentage of Whites
- Educational attainment continues to be an issue: the percentage of adults with only a high school diploma rose in 2013 for Aiken County and for the city of Aiken ***** SOME CONCERN *****
- There were some improvements in educational attainment: the percentage of adults with a bachelor's degree or higher rose for Aiken County and for North Augusta; in North Augusta the percentage of adults with only a high school diploma fell ***** GOOD NEWS *****
- Most Aiken County residents continue to commute to work within the County, and this is especially true in the city of Aiken; in contrast, almost half of North Augusta residents commute to work in Georgia (mostly in Richmond County)

Measures of Income

- After slowing down in 2013, personal income growth rebounded nicely in 2014 for the US and South Carolina, growing faster on an annual basis than it did from 2002 to 2012 ***** GOOD NEWS *****
- As feared last year, nominal personal income actually declined in Aiken County for 2013; county-level personal income data for 2014 will not be available until late 2015 – it's hard to predict whether it will return to positive growth in 2014 ***** CONCERN *****
- Median household incomes for South Carolina and Aiken County rose only marginally for 2013, and declined in 2013 for the cities of Aiken and North Augusta ***** CONCERN *****

- Measured in current dollars, average weekly wages in South Carolina continued to rise in 2014; after falling in 2012 and 2013, current dollar wages in Aiken County rose slightly in 2014 ***** GOOD NEWS *****
- Unfortunately, these nominal wage increases for South Carolina and Aiken County were too small to keep up with inflation, leading to declines in inflation-adjusted wages in South Carolina and Aiken County for a second straight year; real wages in Aiken County have now fallen by almost 7 percent since 2011 ***** CONCERN *****

Employment Trends and Patterns

- The size of the labor force grew in 2014 for South Carolina, Aiken County and the city of Aiken, after 2 straight years of decline for Aiken ***** GOOD NEWS *****
- Employment levels rose again in 2014 for South Carolina, setting a new record high for the second straight year ***** GOOD NEWS *****
- After falling in 2013, employment in Aiken County rose by 1,100 jobs in 2014, setting a new all-time high ***** GOOD NEWS *****
- After falling in 2012 and 2013, employment rose in the city of Aiken in 2014, exceeding 13,000 jobs for the first time since 2008, and getting close to its pre-recession peak ***** GOOD NEWS *****
- The unemployment rate dropped from 7.6 to 6.0 for South Carolina in 2014, falling less dramatically for Aiken County and the city of Aiken, with significant reductions in the number of unemployed workers in each area ***** GOOD NEWS *****
- Further reductions in the labor force participation rate for the US and South Carolina in 2014 imply that falling unemployment rates can be misleading, since they fail to account for the departure of discouraged workers from the labor force ***** SOME CONCERN *****
- Employment within the goods-producing sector in Aiken County (which contains 2 of the top 3 highest-paying sectors) fell again in 2014 for the second straight year; in particular, in 2014 the manufacturing sector lost all the new jobs it added in 2012 and 2013 ***** CONCERN *****
- All net job growth for 2014 in Aiken County came from the services-producing sector; the largest contributors to this growth were the professional and business services sector (+6.9 percent), trade, transportation and utilities (+4.5 percent), financial activities (+3.2 percent), leisure and hospitality (+1.4 percent), and education and health services (+1.2 percent); strong growth in the professional and business services sector and the financial activities sector, which pay relatively high salaries, bode well for possible personal income growth in Aiken County in 2014 ***** GOOD NEWS *****

Consumer Spending

- Retail sales in South Carolina reached a new high in 2013-14 for the second year in a row ***** GOOD NEWS *****
- After falling in 2012-13, retail sales in Aiken County turned up in 2013-14, although they still have not returned to their pre-recession peak (about \$65 million short) ***** SOME CONCERN *****
- After falling in 2012-13 for the first time in many years, retail sales in the city of Aiken surged by 9.4 percent in 2013-14, returning to its historical trend ***** GOOD NEWS *****

- Retail sales in North Augusta fell in 2013-14 for the second year in a row, and still have not recovered from the recession (about \$48 million below their peak in 2004-05)

*** CONCERN ***

Real Estate Markets

- The number of pending home sales in Aiken County rose again for the third straight year, jumping by 16 percent in 2014; unlike in recent years, sales activity rose for all price ranges, with increased demand being felt across the board *** GOOD NEWS ***
- After falling in 2013, the median sales price for homes in Aiken County rose in 2014, suggesting some meaningful upward momentum in home prices *** GOOD NEWS ***
- New residential construction in Aiken County rose for 2014, with an increase in building permits for new construction of 17 percent *** GOOD NEWS ***
- Overall, new commercial construction in Aiken County was little changed for 2014, with some shifting of activity toward North Augusta

Local Government Revenues

- With growth in their net asset positions, local governments maintained a strong financial standing, but now have less unrestricted net assets; government revenues surged for Aiken County, but less so for the cities of Aiken and North Augusta, who saw their expenses grow faster than their revenues *** SOME CONCERN ***

Comparisons of Aiken County with Columbia County, Georgia

- **Population growth** in Columbia County slowed down some in 2014 (from 2.81 percent in 2013 to 2.16 percent in 2014), but still outpaces that of Aiken County (0.28 percent in 2014)
- Since 2000 Columbia County's growth has been more concentrated in younger persons, pushing their **age distribution** significantly lower than Aiken County's; however, the population of Columbia County did turn a little older from 2012 to 2013
- The **racial and ethnic composition** of Columbia County changed very little in 2013; there was a small increase in the percentage of Blacks or African Americans, mostly at the expense of Other Races; Columbia County still has more Whites (76.2 percent vs. 69.5 percent) and fewer Blacks or African Americans (16.0 percent vs. 24.9 percent) than Aiken County does
- **Educational attainment** in Columbia County is still much higher than in Aiken County in 2013; the percentage with only a high school diploma fell from 25.5 to 24.4 (well below the 31.8 percent found in Aiken County); surprisingly, the percentage with a bachelor's degree also fell from 34.7 to 34.1 (still well above the national average of 28.8), compared to 24.0 percent in Aiken County
- Most workers in Columbia County still **commute to work** in another county in Georgia; the percent that work outside Georgia (mostly in Aiken County) fell slightly from 9.2 to 8.9 in 2013, while the percent of Aiken County working residents who work in Aiken County rose slightly from 69.9 to 70.6
- **Personal income** in Columbia County rose much more slowly in 2013, mirroring national trends, but still had positive growth, compared to negative growth in personal income for Aiken County in 2013; Columbia County's continued strong population growth caused its **per capita personal income** to fall some in 2013; after adjustment for

inflation, both total personal income and per capita personal income fell in Columbia County in 2013, but they fell much less than they did in Aiken County in 2013

- Despite no growth in **median household income** for the US in 2013, Columbia County's median household income grew by 3 percent in 2013, and remains well above the national average of \$53,046, and over 50 percent higher than in Aiken County, where median household income grew by only 0.2 percent in 2013
- **Average weekly wages** remain significantly lower in Columbia County than in Aiken County, and fell in 2014 for the second straight year, while wages rose in Aiken County in 2014; unlike in Aiken County, most Columbia County residents work outside of their county, so falling local wages does not impact county-level personal income or median household income levels as much as they would in Aiken County
- The labor force in Columbia County fell very slightly in 2014 for the second year in a row, although the number of employed workers increased in 2014; this helped their **unemployment rate** to drop from 6.3 to 6.0; the much younger population of Columbia County has about 25,000 fewer residents than Aiken County in 2014, yet they have only 10,000 fewer labor force participants than Aiken County; Aiken County's unemployment rate also fell from 7.5 to 7.0 in 2014, but remains a full percentage point higher than Columbia County's
- **Residential construction** in Columbia County still outpaces Aiken County's, with almost twice as many new building permits being issued in 2014, although the number of new permits rose faster in Aiken County in 2014; the average value of the new homes being built in Aiken County fell considerably in 2014, and is now only about \$11,000 higher than they are in Columbia County

Policy Implications

- Efforts to increase educational attainment levels in Aiken County should continue as part of a long term effort to raise local wages and personal income levels, which have not been keeping up with inflation
- Given Aiken County's vulnerability to external factors outside its control, greater diversification of the County's economic base should remain a long term goal; recent initiatives enhancing the entrepreneurial climate in Aiken should continue and be accelerated if possible
- Attracting new large-scale manufacturing plants to Aiken County with high-paying jobs should remain an important part of the long term plan, and recent steps that the community has taken to make living in Aiken County more attractive to these new, well-paid employees should start to pay dividends over the next few years
- Over the past year the leaders of Aiken County, Aiken and North Augusta have risen to the challenge and joined together to work to reverse some of the troublesome trends portrayed in last year's report; there is a real sense that the community has chosen to take whatever steps are necessary to preserve the above-average quality of life found here and to provide high-quality public services for all of their citizens

I. Population Trends and Demographics for Aiken County

Introduction

The United States Census Bureau publishes a wide variety of detailed population statistics resulting from the Census, which was last conducted in 2010. Between these decennial counts, the Census Bureau also publishes updated population count estimates for the nation, states, counties and cities for selected years, as well as the results from multi-year surveys which provide useful data on other characteristics of the US population. As a result, it is not always possible to perform traditional trend analyses of these figures, since they may not be available on a regular, periodic basis like other economic data, such as employment data. The following analyses of population data represent the latest available data series for Aiken County in each subarea, which implies a one-year update to the initial study of May 2014.

Total Population Growth Trends

One of the most important variables impacting the economic vitality of a region is its resident population. Changes in the population of a region over time are determined by the level of net immigration of new residents (people moving into the area minus those moving out of the area) plus the rate of natural increase (birth rate minus the mortality rate). Growth in the population level can therefore be an indication of improved economic conditions, reflecting in part the decisions of more people to move to the area for new or better employment opportunities or for a better quality of life. Regardless of the specific cause of the population growth, it serves as a harbinger of regional economic growth and development, since a larger population provides a larger potential labor force for economic expansion and a larger consumer base for local businesses. Declines in the rate of population growth can be a cause for concern, as they could be the result of worsening economic conditions in the subject area. An actual decline in an area's population is clearly a cause for concern, leading to a reduced labor force and diminished productive capacity.

Table 1.1 provides the most recent population estimates available for Aiken County and the cities of Aiken and North Augusta, as well as those for the state of South Carolina (SC) and the United States as a whole (US).

Table 1.1 Population Growth in Aiken County, Aiken, and North Augusta relative to SC and the US, 2000-2014

	US	SC	Aiken County	Aiken	North Augusta
Population, 2000	281,421,906	4,012,012	142,552	25,337	17,487
Population, 2010	308,745,538	4,625,634	160,099	29,524	21,348
Population, 2012	313,873,685	4,723,417	163,426	30,083	22,019
Population, 2013	316,128,839	4,774,839	164,294	30,296	22,229
Population, 2014	318,857,056	4,832,482	164,753	n.a.	n.a.
Average annual growth rate, 2000-2010	0.93%	1.43%	1.17%	1.54%	2.02%
Average annual growth rate, 2010-2012	0.83%	1.05%	1.03%	0.94%	1.56%
Average annual growth rate, 2010-2013	0.79%	1.06%	0.87%	0.86%	1.36%
Average annual growth rate, 2010-2014	0.81%	1.10%	0.72%	n.a.	n.a.
Growth rate, 2012-2013	0.72%	1.09%	0.53%	0.71%	0.95%
Growth rate, 2013-2014	0.86%	1.21%	0.28%	n.a.	n.a.

In the year since the initial report was published, the US Census Bureau has released new population estimates for the US, SC and Aiken County for 2012-2014, and for the Cities of Aiken and North Augusta for 2012-2013. This allows us to calculate the annual rate of population growth for 2013 to 2014 for the US, SC and Aiken County, and for 2012 to 2013 for Aiken and North Augusta.

It is significant to note that this new set of estimates show that all five geographic areas continued to experience positive population growth. Perhaps more importantly, the annual rates of population growth actually increased for the US and SC for 2013 to 2014, marking a welcome turnaround from the slower annual rates of population growth observed in these areas from 2010 to 2013.

For Aiken County the annual rate of population growth fell again from 2013 to 2014, dropping from 0.54 percent growth to 0.28 percent growth. However, within Aiken County the population growth rates for the cities of Aiken and North Augusta showed significant improvement from last year's report. In that report, we found a reduction in the average annual growth rate for Aiken from 1.54 percent over 2000-2010 to 0.61 percent for 2010-2012; in this update we find that the growth rate for 2010-2012 in Aiken was actually much higher, at 0.94 percent, still well above that for the US at 0.83 percent. Over 2012-2013 the annual growth rate for Aiken did fall a bit more to 0.71 percent, but not nearly as precipitously as we had feared one year ago. In fact, these updated population estimates show that Aiken grew at almost exactly the same rate as the US for 2012-2013, and well above that for Aiken County. It now appears that population growth in Aiken is not closely linked to population growth in the broader County; a slowdown in

population growth for Aiken County does not imply a proportional slowdown in growth for the City of Aiken.

A similar pattern may be seen for North Augusta, where last year’s estimated annual population growth rate of 1.22 percent for 2010-2012 can now be revised upwards to 1.56 percent. Just as for Aiken, their annual growth rate fell somewhat for 2012-2013 to 0.95 percent, but still outpaces the US, and is almost twice as fast as that for Aiken County. Like Aiken, North Augusta seems to experience its own population growth rate that is not directly linked to that of Aiken County.

These findings are good news for Aiken and North Augusta, and suggest that the possibility for zero or negative population growth in Aiken noted in our previous report is significantly less likely. As a result, the prospects for economic growth in these two cities seem rosier one year later.

Age Distribution

The age distribution of the population is also important as it affects not just local economic growth and development, but also the planning and spending patterns of the public sector. For instance, an area with a high percentage of school age children (persons under 18 years) will have to devote more resources to public education relative to the area that has a predominantly elderly population. On the other hand, an area with a higher percentage of elderly people (persons 65 years and over) may see an increase in government transfer payments to individuals which will affect government revenue and therefore its spending. Persons aged 65 or older who move to an area to retire may also bring additional personal income into the area and help to stimulate retail sales and the local housing market.

Updated data for 2013 on the population age distributions for the US, SC, Aiken County, Aiken and North Augusta are presented below in Table 1.2.

	US			SC			Aiken County			Aiken			North Augusta		
	2010	2012	2013	2010	2012	2013	2010	2012	2013	2010	2012	2013	2010	2012	2013
< 5 years	6.5	6.5	6.4	6.5	6.5	6.4	6.3	6.1	6.1	5.2	5.0	5.5	6.9	6.3	6.0
< 18 years	24.0	23.9	23.7	23.4	23.3	23.1	23.0	22.8	22.7	19.6	19.8	20.5	23.4	22.4	22.4
65 + years	13.0	13.2	13.4	13.7	13.8	14.2	15.4	15.6	15.9	21.9	21.3	22.0	14.7	15.5	15.3

In the US and SC, the population is clearly becoming older. The percentages of the US and SC populations that are under 5 years, or under 18 years, continued to fall in 2013, while the percentages that are 65 or older continued to rise.

Aiken County's population continues to age even faster than SC's; by 2013 the percentage of persons aged 65 or older in Aiken County had risen to 15.9, well above that for the US or SC. The percentages in Aiken County aged less than 5 years, or less than 18 years, also continued to drop, falling to 6.1 percent and 22.7 percent, respectively.

The population in the city of Aiken continues to be significantly older than that of the County, SC or the US in 2013. The small and surprising drop in the percentage aged 65 or older in Aiken to 21.3 we saw in 2012 did not last, rising again in 2013 to 22.0. However, the percentage aged less than 18 grew once more from 19.8 in 2012 to 20.5 in 2013, and the percentage aged less than 5 years also jumped from 5.0 in 2012 to 5.5 in 2013. This implies that young families in Aiken are having more children, or that Aiken is attracting more new residents with school-aged children. As the city seeks to attract more young professionals with children, these jumps are good news.

After growing since 2010, the percentage of the population of North Augusta aged 65 or older actually fell a bit in 2013, dropping from 15.5 to 15.3. The percentage below the age of 18 stayed constant for 2013, while the percentage below 5 years of age dropped further to 6.0. North Augusta's age distribution is now very similar to that for Aiken County as a whole, which means it is still much younger than the city of Aiken.

Racial and Ethnic Composition

Like the age distribution discussed above, the racial and ethnic composition of Aiken County provides another lens through which we can examine the local population. The racial and ethnic composition of SC, Aiken County, Aiken and North Augusta are given in Table 1.3 for the years 2000, 2010 and updated for 2013. The Census Bureau reports the racial composition of the population in an area using the following racial categories: White alone, Black or African American alone, American Indian and Alaska Native alone, Asian alone, Native Hawaiian and Other Pacific Islander alone, and Two or More Races. In SC and Aiken County, only the first two racial categories are present in significant percentages, together comprising over 94 percent of the population in each area. The remaining four categories are reported in Table 1.3 as "other." In addition, the Census Bureau also reports the percentage of individuals who classify themselves as being Hispanic or Latino in terms of their ethnicity. Such persons may be of any race, and therefore the percentages reported in Table 1.3 do not add to 100 percent.

	SC			Aiken County			Aiken			North Augusta		
	2010	2012	2013	2010	2012	2013	2010	2012	2013	2010	2012	2013
White alone	66.2	67.1	67.2	69.6	69.7	69.5	66.8	65.8	65.1	74.2	74.8	74.6
Black or African American alone	27.9	27.9	27.7	24.6	24.9	24.9	28.5	29.8	31.0	20.4	20.5	21.8
Hispanic or Latino (of any race)	5.1	5.0	5.2	4.9	4.9	5.0	2.6	2.7	3.6	4.2	3.4	4.0
Other	5.9	5.0	5.1	5.8	5.4	5.6	4.7	4.4	3.9	5.4	4.7	3.6

Table 1.3 shows that SC and Aiken County continue to share a very similar racial and ethnic composition, with very little changes in all categories for 2013. Whites still make up a little more than two-thirds of the population, Blacks or African Americans make up about 25-28 percent, and Hispanic or Latino individuals are about 5 percent of the population.

In Aiken the percentage of residents who are White continued to decline in 2013, while the percentage of residents who are Black or African American continued to grow, reaching 31.0 percent. In addition, the percentage of Hispanic or Latino individuals grew in 2013, getting closer to the County average. In North Augusta, where Whites make up a significantly larger percentage of the population, almost 75 percent, the percentage that is Black or African American is also growing, reaching almost 22 percent. The growth in the Black or African American percentage of the population in North Augusta came largely at the expense of Other races; the White percentage was essentially unchanged.

Educational Attainment

Numerous studies on regional economic growth and development have shown that a higher level of educational attainment is a strong indicator of the economic vitality of a region. Table 1.4 provides updated data from the Census Bureau’s American Community Survey of 2009-2013 on levels of educational attainment for Aiken County, Aiken and North Augusta compared to SC and the US.

	US			SC			Aiken County			Aiken			North Augusta		
	2000	2008-2012	2009-2013	2000	2008-2012	2009-2013	2000	2008-2012	2009-2013	2000	2008-2012	2009-2013	2000	2008-2012	2009-2013
HS grad only	28.6	28.2	28.1	30.0	30.3	29.9	31.8	31.5	31.8	21.6	19.2	20.1	27.5	26.9	25.8
Some college no degree	21.1	21.3	21.2	19.3	20.6	20.9	19.6	21.5	21.9	18.2	21.6	21.7	21.9	21.4	23.2
Assoc degree only	6.3	7.7	7.8	6.7	8.6	8.7	6.4	7.5	7.4	6.6	7.2	5.8	8.6	9.3	9.4
Bach degree only	15.5	17.9	18.0	13.5	15.8	16.1	13.1	15.2	14.9	23.8	25.8	24.4	19.4	20.4	20.6
Grad degree	8.9	10.6	10.8	6.9	8.7	9.0	6.9	8.7	9.1	14.3	17.6	18.7	9.0	12.4	13.1
Total HS or higher	80.4	85.7	86.0	76.3	84.0	84.5	77.7	84.4	84.8	84.6	91.4	90.8	86.3	90.4	92.0
Total bach degree or higher	24.4	28.5	28.8	20.4	24.5	25.1	19.9	23.9	24.0	38.1	43.4	43.1	28.3	32.8	33.6
Total with some college but no bach degree	27.4	29.0	29.0	29.2	29.2	29.6	26.0	29.0	29.3	24.8	28.8	27.5	30.5	30.7	32.6

Educational attainment continued to increase for the US and SC for 2013, with further reductions in the percentage of adults aged 25 or older with only a high school diploma (including GED's), and continued growth in the percentage with a bachelor's degree or higher. There was also growth in the percentage with a graduate degree. Educational attainment in SC increased faster than it did for the US, reducing the gap between the two somewhat.

For Aiken County, the percentage of adults aged 25 or older with only a high school diploma increased slightly for 2013, from 31.5 to 31.8. However, the percentage with a bachelor's degree or higher also edged up slightly, and the percentage with a graduate degree rose as well. Overall, educational attainment in Aiken County still lags behind that for the US or SC.

In Aiken, the results were more mixed. The percentage of adults aged 25 or older with only a high school diploma increased from 19.2 to 20.1 for 2013. In addition, the percentage holding a

bachelor’s degree or higher slid a bit from 43.4 to 43.1, although the percentage with a graduate degree rose from 17.6 to 18.7. Even though the first two measures did not move in the desired direction, all three indicators are still significantly better than the national or state figures, reflecting the presence of many highly-skilled employees from the nearby Savannah River Site (SRS) and USC Aiken.

For North Augusta, the percentage of adults aged 25 or older who only completed high school fell from 26.9 to 25.8 for 2013, the percentage holding a bachelor’s degree or higher rose from 32.8 to 33.6, and the percentage with a graduate degree rose from 12.4 to 13.1. Thus educational attainment in North Augusta rose across the board, much as it did for the US and SC.

Mean Travel Time to Work and Work Migration Patterns

The Census Bureau defines the mean travel time to work as the average travel time to work for workers 16 years of age and older who do not work at home. Given that the commute time to/from work can affect the worker’s productivity and quality of life, communities with shorter travel time to work could be more attractive to potential new residents. Table 1.5 shows the mean travel time to work and work migration patterns for Aiken County and the cities of Aiken and North Augusta compared to the state as a whole, updated through 2013.

	SC		Aiken County		Aiken		North Augusta	
	2012	2013	2012	2013	2012	2013	2012	2013
Workers 16 years or older	1,988,444	1,994,198	65,689	66,050	11,895	11,813	9,349	9,434
Mean travel time to work, minutes	23.4	23.5	25.4	25.2	20.9	21.4	24.9	24.4
Worked in state of residence (percent)	94.8	94.8	79.8	80.1	92.7	91.7	55.1	55.1
Worked in county of residence (percent)	71.3	71.2	69.9	70.6	87.7	87.3	48.1	48.5
Worked in state but outside county of residence (percent)	23.5	23.6	9.9	9.5	5.1	4.5	6.9	6.6
Worked outside state of residence (percent)	5.2	5.2	20.2	19.9	7.3	8.3	44.9	44.9

There is very little change in these data for 2013: most SC residents work within the state and within the county in which they reside, and this is true for Aiken County, Aiken and North Augusta as well. However, given the close proximity of numerous employment opportunities across the Savannah River in neighboring Georgia, a sizeable percentage of Aiken County residents commute to jobs outside the state. Residents of Aiken County are still about 4 times more likely to commute out of state for work than the typical SC worker; this is most

pronounced for workers residing in North Augusta, where almost half (44.9 percent) commute to work out of state. As noted in last year’s report, these data imply that more than 1 in 3 of the Aiken County residents who commute to work out of state reside in North Augusta.

No updated data is available, so Table 1.6 simply repeats from last year’s report the most recent Census Bureau data available which identifies the number of workers who reside in either SC or Georgia (GA) and commute to work in the other state. This data is summarized for residents in Aiken County in SC who commute to work in GA, as well as those workers who reside in either Richmond County or Columbia County in GA who commute to work in SC.

Table 1.6 Workers commuting across SC-GA state line, 2006-2010

County of residence	County of employment			
	Richmond County, GA	Columbia County, GA	All other GA counties	Total for GA
Aiken County, SC	10,269	1,664	558	12,491
	Aiken County, SC	Edgefield County, SC	All other SC counties	Total for SC
Richmond County, GA	5,699	220	623	6,542
	Aiken County, SC	Edgefield County, SC	All other SC counties	Total for SC
Columbia County, GA	3,840	135	658	4,633

Over 10,000 residents of Aiken County commute to work in Richmond County, and another 1,664 commute to work in Columbia County. Counting those who commute to work in other counties in GA, 12,491 Aiken County residents commute across the SC-GA state line for work. From Table 1.5 we see that 13,144 Aiken County residents work out of state; combined with the data in Table 1.6, this implies that 95 percent of them who work out of state commute to work in GA.

In turn, 9,539 Georgians who reside in either Richmond County or Columbia County commute to work in Aiken County. Counting those Georgia residents who commute to work in Edgefield County or other SC counties, a total of 11,175 workers commute from GA to SC.

Thus we see that about 1,300 more workers commute from SC to GA for work than the reverse. Although workers who reside in the Central Savannah River Area (CSRA) have a choice about the state in which they live, they likely have less control over the state in which they work. Therefore, this observed commuting pattern may reflect a greater number of employment opportunities for CSRA workers in GA than in Aiken County, rather than a preference for living in SC.

II. Measures of Income in Aiken County

In the following sections we analyze several economic measures which measure the condition and vitality of the local economy. These measures fall into five main categories: measures of income, local labor markets, consumer spending, local real estate markets, and local government tax revenues.

Personal Income

One of the broadest measures of economic activity available at the county level is total personal income, which provides an estimate of income from all sources flowing annually to county residents. This data is published by the Bureau of Economic Analysis (BEA) of the US Commerce Department. Total personal income is comprised of three distinct income sources: (1) cash wages and salaries earned by individuals from employment, (2) dividends, interest, and rent payments received by individuals (so-called unearned income), and (3) government transfer payments to individuals.

Total personal income data are useful in gauging the overall size and growth of the Aiken County economy. However, one must also look at per capita personal income to understand how the standard of living in a given area has changed over time. Per capita personal income is total personal income divided by total resident population. Table 2.1 shows total personal income and per capita personal income for the US, SC, and Aiken County updated through 2014 in current dollars, i.e., not adjusted for inflation.

Table 2.1 Total Personal Income and Per Capita Personal Income for the US, SC and Aiken County from 2002 to 2014, not adjusted for inflation (current \$)

Year	US		SC		Aiken County	
	Total PI (billions)	Per Capita PI	Total PI (millions)	Per Capita PI	Total PI (millions)	Per Capita PI
2002	9,146	31,762	107,795	26,242	4,071	28,038
2003	9,480	32,619	111,544	26,876	4,156	28,312
2004	10,043	34,246	118,146	28,057	4,317	29,029
2005	10,606	35,832	125,347	29,534	4,510	30,036
2006	11,376	38,070	135,575	31,111	4,756	31,169
2007	11,990	39,742	143,767	32,350	4,987	32,215
2008	12,429	40,812	150,166	33,157	5,142	32,775
2009	12,074	39,298	148,603	32,376	5,175	32,647
2010	12,418	40,145	151,467	32,669	5,353	33,329
2011	13,190	42,332	159,267	34,079	5,614	34,661
2012	13,873	44,199	166,959	35,347	5,763	35,289
2013	14,151	44,764	171,088	35,831	5,753	35,047
2014	14,708	46,127	178,485	36,934	n.a.	n.a.
Average annual growth rate, 2002-2012	4.25%	3.36%	4.47%	3.02%	3.53%	2.33%
Growth rate, 2012-2013	2.00%	1.28%	2.47%	1.37%	-0.15%	-0.69%
Growth rate, 2013-2014	3.94%	3.05%	4.32%	3.08%	n.a.	n.a.

Total personal income (TPI) for the US, SC and Aiken County grew from 2002-2012, with average annual growth rates of 4.25 percent, 4.47 percent, and 3.53 percent, respectively. After dropping due to the recession in 2009, TPI for the US and SC bounced back quickly within 1 or 2 years, while TPI for Aiken County avoided a downturn over this period.

Because each area had positive population growth over this period, the average annual growth rates for PCPI from 2002 to 2012 are lower than those for TPI, at 3.36 percent for the US, 3.02 percent for SC and 2.33 percent for Aiken County. The PCPI dropped for all 3 areas in 2009, but rebounded fairly quickly, particularly so in Aiken County.

To get a sense of the more recent trends in this current-dollar personal income data, Table 2.1 also shows the observed annual growth rates in TPI and PCPI from 2012 to 2013 for all 3 regions, and for the US and SC from 2013 to 2014 (county-level data is not yet available for 2014). For both the US and SC, TPI and PCPI grew more slowly in 2013 than they did over the

previous 10 years, but that growth accelerated in 2014, very nearly returning to the 10-year average annual rates. With the release of county-level data for 2013, we see that TPI and PCPI in Aiken County actually fell in 2013, as we suggested could happen in last year's report. Growth in personal income has been slowing down for Aiken County for the last few years, and actually stopped in 2013. Given the lengthy time lag in the publication of the county-level personal income data, and the sharp rebound in personal income observed for the US and SC, it could well be the case that personal income for Aiken County rebounded in 2014 as well, and has returned to positive growth. This will not be evident until the 2014 data is released by the BEA much later this year.

While it can be instructive to look at personal income data in current dollars, when comparing income data over time it is necessary to also consider changes in the real purchasing power of the dollar over the same time period. In other words, one should adjust for inflation over the time period by converting all current dollar amounts to real, or inflation-adjusted dollar amounts. Table 2.2 shows total personal income and per capita personal income for the US, SC, and Aiken County updated through 2014 in real 2009 dollars using the implicit price deflator for GDP published by the BEA (2009=100).

Table 2.2 Total Personal Income and Per Capita Personal Income for the US, SC and Aiken County from 2002 to 2014, after adjustment for inflation (2009 \$)

Year	US		SC		Aiken County	
	Total PI (billions)	Per Capita PI	Total PI (millions)	Per Capita PI	Total PI (millions)	Per Capita PI
2002	10,753	37,343	126,738	30,853	4,787	32,965
2003	10,927	37,600	128,576	30,980	4,790	32,635
2004	11,268	38,421	132,552	31,478	4,844	32,569
2005	11,529	38,952	136,261	31,910	4,903	32,651
2006	11,998	40,151	142,985	32,811	5,016	32,872
2007	12,318	40,830	147,704	33,236	5,124	33,097
2008	12,525	41,126	151,322	33,412	5,182	33,027
2009	12,074	39,298	148,603	32,376	5,175	32,647
2010	12,269	39,665	149,654	32,278	5,288	32,930
2011	12,781	41,020	154,330	33,023	5,440	33,587
2012	13,212	42,094	159,005	33,663	5,488	33,608
2013	13,259	41,941	160,302	33,572	5,391	32,837
2014	13,358	42,598	164,829	34,108	n.a.	n.a.
Average annual growth rate, 2002-2012	2.08%	1.20%	2.29%	0.88%	1.38%	0.19%
Growth rate, 2012-2013	0.35%	-0.36%	0.82%	-0.27%	-1.77%	-2.29%
Growth rate, 2013-2014	2.44%	1.57%	2.82%	1.60%	n.a.	n.a.

The inflation-adjusted figures for TPI and PCPI show slower growth over the 2002-2012 time period, since there was positive inflation over this period. These inflation-adjusted figures give us a better feel for how the real purchasing power of the individuals in these areas changed over time, and hence how their standard of living has changed. For all 3 areas, this data also shows a decline in real TPI and PCPI in 2009 due to the recession, but there is a slower rebound. By 2012, real TPI and PCPI had fully recovered from the recession in each geographic area.

From 2012 to 2013, the growth in real TPI for the US and SC slowed down considerably; this led to actual declines in real PCPI in 2013 for both regions. In Aiken County, which had a drop in nominal TPI and PCPI for 2013, it is no surprise that real TPI and PCPI fell in 2013 as well.

As a result of its slower growth rates, the level of real PCPI in Aiken County relative to the US or SC has fallen since 2002. In 2002 the real PCPI in Aiken County exceeded that for SC by

almost 7 percent. By 2012, real PCPI in Aiken County had fallen to parity with that of SC, as we noted in last year's report. With a downturn for 2013, real PCPI is now below that for SC.

For the US and SC, we see that both real TPI and PCPI showed significant growth in 2014, rising at rates that are well above the annual averages seen in each region from 2001-2012. The dip observed in each area for 2013 seems to have been only temporary, and once again bodes well for an expected rebound in Aiken County when the data for 2014 are released later on this year.

Median Household Income

Another dimension to the income levels of residents of Aiken County can be examined by looking at the available data on median household income.

Median household income is the level of income which divides the households in an area neatly in two: 50 percent of households earn more than this level, while 50 percent earn less. Since income distributions are usually skewed by the presence of very high income levels for a small number of people, the median income is a better indicator of what the typical household earns, as opposed to the average income level.

Table 2.3 shows median household income from the Census Bureau's two most recent American Community Surveys, conducted over 2008-2012 and 2009-2013. With this update to the ACS, we can see some evidence of trends in median household income from 2012 to 2013.

Median household income was flat for the US from 2012 to 2013, while it grew a scant 0.3 percent for SC. The percentages of US or SC households with an annual income of \$100,000 or more barely edged upwards. Household income in SC continues to be about 85 percent of the national median, even though per capita personal income in SC is only about 80 percent of that for the US. Since we all reside in households, this suggests that the standard of living in SC is not as far below that for the US as the per capita personal income data would indicate.

	US		SC		Aiken County		Aiken		North Augusta	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Median HH income (\$)	53,046	53,046	44,623	44,779	44,399	44,509	53,825	53,127	49,312	49,027
Number of HH's					63,245	63,388	12,137	12,304	9,035	9,051
Percent of HH's with income of \$100,000 or higher	22.2	22.6	16.0	16.1	17.0	17.2	26.5	25.7	18.5	18.7
Number of HH's with income of \$100,000 or higher					10,752	10,903	3,216	3,162	1,671	1,693

At the local levels, median household income rose only marginally for Aiken County in 2013, while falling slightly in Aiken and North Augusta. Aiken County's median household income of \$44,509 is now roughly equal to that for SC, while Aiken and North Augusta have median household income levels that are much higher, at \$53,127 and \$49,027 respectively. This gives us an indication of the relative income levels in these two cities compared to the County as a whole, which we could not see in the per capita personal income data above. Approximately 1 out of 3 households in Aiken County are located in either Aiken or North Augusta, so one-third of the County population has a higher standard of living than SC. Aiken households have a median income that even exceeds that for the US.

Just as we saw for the US and SC, there was essentially no change in the percentages of households with annual incomes of \$100,000 or higher in Aiken County, Aiken and North Augusta. These percentages in Aiken and North Augusta remain much higher than it is for Aiken County, reflecting the higher levels of educational attainment in these two cities vis-à-vis the County. It is still the case that almost half of the households in Aiken County which earned \$100,000 or higher in 2013 are located in either Aiken or North Augusta.

Average Wages

For most adult residents of Aiken County, personal income is in the form of wages earned from supplying their labor in the local labor markets. The Bureau of Labor Statistics of the US Department of Labor collects and publishes a wide variety of data on labor market conditions, including average weekly wages for covered industries. Covered industries include most workers except those serving in the Armed Forces, self-employed workers, agricultural workers on small farms, and student workers at schools.

Table 2.4 reports average weekly wages across all covered industries, both private and government-owned in current dollars, i.e., not adjusted for inflation, updated through 2014 for the US, SC and Aiken County. The data for 2014 are preliminary estimates.

Year	US	SC	Aiken County
2002	707	577	721
2003	726	591	731
2004	757	612	740
2005	782	633	770
2006	818	659	781
2007	855	681	808
2008	876	697	815
2009	876	707	846
2010	899	722	873
2011	924	739	901
2012	948	755	894
2013	958	765	874
2014	972 <i>p</i>	774 <i>p</i>	881 <i>p</i>
Average annual growth rate, 2002-2012	2.98%	2.73%	2.17%
Growth rate, 2012-2013	1.05%	1.32%	-2.24%
Growth rate, 2013-2014	1.46% <i>p</i>	1.18% <i>p</i>	0.80% <i>p</i>

Average weekly wages for the US have risen each year since 2002, except for a brief pause in 2009. From 2002 to 2012 they grew at an average rate of almost 3 percent per year. That growth has slowed considerably since then, with wages rising by just over 1 percent in 2013, and less than 1.5 percent in 2014. Average weekly wages in SC have also consistently risen since 2002, but at a slightly slower rate than the US through 2012. In 2013 wages in SC grew a bit faster than they did in the US, but a bit slower than the US in 2014. As of 2014 SC wages are still about 80 percent of the national average.

Average weekly wages in Aiken County were above the national average in 2002, but have grown more slowly than those for the US - or SC - through 2012, and as a result they fell below the national average starting in 2004. Wages in Aiken County actually fell in 2012 and 2013, but preliminary data for 2014 indicate a return to growth, albeit at a slower rate than that found in SC or the US. This may help personal income in Aiken County to rebound a bit in 2014, once the county-level personal income data are reported.

Of course, what really matters to workers is the purchasing power of their wages, rather than the current dollar, or nominal value expressed in Table 2.4. To see how their purchasing power has changed over time, we must adjust the nominal values in Table 2.4 for inflation; this data is reported in Table 2.5.

	US	SC	Aiken County
Year	Average weekly wages	Average weekly wages	Average weekly wages
2002	831	678	848
2003	837	681	843
2004	849	687	830
2005	850	688	837
2006	863	695	824
2007	878	700	830
2008	883	702	821
2009	876	707	846
2010	888	713	863
2011	895	716	873
2012	903	719	851
2013	898	717	819
2014	898 <i>p</i>	715 <i>p</i>	814 <i>p</i>
Average annual growth rate, 2002-2012	0.83%	0.58%	0.04%
Growth rate, 2012-2013	-0.58%	-0.32%	-3.82%
Growth rate, 2013-2014	0.00% <i>p</i>	-0.28% <i>p</i>	-0.65% <i>p</i>

After adjusting for inflation, we see that average weekly wages in the US have risen by less than 1 percent per year from 2002 to 2012. From 2012 to 2013 real wages actually fell, as the nominal rise seen in Table 2.4 was not high enough to keep up with inflation. Real wages in the US were flat in 2014, with the nominal rise in wages just matching the inflation rate.

Because of the slower nominal growth in wages for SC from 2002 to 2012, real wages in SC grew more slowly than they did for the US over this period. The preliminary wage data for SC reported in last year’s report indicated a rise in real wages in SC for 2013; the subsequent final estimates for 2013 reported here show an actual decline in real wages for 2013 for SC, and the preliminary data for 2014 also project another drop in real wages for SC in 2014. Thus, the real purchasing power of SC workers is below that for the US, and has fallen in each of the last two years. Fortunately, real personal income in SC did grow for 2014, as seen above in Table 2.2, so SC residents are not suffering as badly as the real wage data might suggest.

In Aiken County real average weekly wages basically remained unchanged from 2002 to 2012, rising only \$3 from \$848 to \$851, as nominal wage growth was just able to keep up with inflation. But falling nominal wages in 2012 and 2013 in Aiken County resulted in fairly significant declines in real purchasing power, falling by 2.5 percent in 2012 and another 3.8

percent in 2013. The small upturn in nominal wages for 2014 seen in Aiken County is good news, but is not large enough to prevent a further drop in real wages for 2014. We can now say that the standard of living for workers in Aiken County has dropped by almost 7 percent since 2011. Since most Aiken County residents also work in Aiken County, falling real wages can lead to falling real personal income, as seen above in Table 2.2.

III. Labor Markets in Aiken County

The Bureau of Labor Statistics also collects data on the size of the local labor force, employment levels, unemployment rates and labor earnings. These data give us important information about local labor market conditions and the availability of employment opportunities in an area.

Labor Force Participation

The percentage of the civilian noninstitutional population aged 16 or higher which is employed or actively seeking employment is defined as the labor force participation rate (LFPR).

Therefore, the size of the local labor force is smaller than the resident adult (16+) population, as some adult individuals do not participate in the labor force. These individuals may be in school, or retired, or unemployed by choice, or they may have become so discouraged by the employment opportunities in their area that they are no longer actively seeking work.

Table 3.1 provides annual data updated through 2014 on size of the labor force for the US, SC, Aiken County, and the city of Aiken (similar data is not available for North Augusta), and the corresponding LFPR for SC and the US.

	United States		South Carolina		Aiken County	Aiken
Year	Labor Force (1000s)	LFPR	Labor Force	LFPR	Labor Force	Labor Force
2002	144,863	66.6	1,942,147	62.6	68,908	11,752
2003	146,510	66.2	1,987,676	63.3	70,943	12,099
2004	147,401	66.0	2,026,480	63.6	73,306	12,501
2005	149,320	66.1	2,062,350	63.8	74,035	12,625
2006	151,428	66.2	2,105,035	63.7	75,014	13,816
2007	153,124	66.1	2,129,320	63.1	74,694	13,921
2008	154,287	66.0	2,143,293	62.3	74,938	13,924
2009	154,142	65.4	2,158,166	61.9	76,804	14,025
2010	153,889	64.7	2,165,665	60.7	76,203	13,605
2011	153,617	64.1	2,179,419	60.3	78,518	14,059
2012	154,975	63.7	2,184,712	59.7	78,061	13,958
2013	155,389	63.2	2,181,639	58.9	77,368	13,842
2014	155,899	62.9	2,189,948	58.4	77,783	13,989

The LFPR for the US and SC continued to decline in 2014, as more discouraged workers dropped out of the labor force. However, the size of the labor force did grow for both US and SC. Put another way, US and SC population growth outpaced the growth of the labor force.

The labor force in Aiken County and Aiken also grew in 2014, but neither one has yet been able to reach the peaks seen in 2011, although they are getting closer.

Employment and Unemployment

For those adult residents of Aiken County who are participating in the labor force, most will find employment but some will not. Table 3.2 shows the levels of employed and unemployed persons for the US, South Carolina, Aiken County and the city of Aiken, updated through 2014.

Year	US (1000's)		SC		Aiken County		Aiken	
	Empl	Unempl	Empl	Unempl	Empl	Unempl	Empl	Unempl
2002	136,485	8,378	1,826,240	115,907	65,422	3,486	11,173	579
2003	137,736	8,774	1,854,419	133,257	67,261	3,682	11,487	612
2004	139,252	8,149	1,888,050	138,430	69,152	4,154	11,810	691
2005	141,730	7,591	1,922,367	139,983	69,658	4,377	11,987	728
2006	144,427	7,000	1,970,912	134,123	70,263	4,751	13,055	761
2007	146,046	7,078	2,010,252	119,068	70,732	3,962	13,276	645
2008	145,363	8,924	1,998,368	144,925	70,583	4,355	13,193	731
2009	139,878	14,265	1,911,658	246,508	69,617	7,187	12,875	1,150
2010	139,064	14,825	1,925,093	240,572	69,648	6,555	12,564	1,041
2011	139,869	13,748	1,954,726	224,693	71,742	6,776	12,940	1,119
2012	142,469	12,506	1,989,055	195,657	71,859	6,202	12,902	1,056
2013	143,930	11,460	2,016,188	165,451	71,561	5,807	12,849	993
2014	146,030	9,596	2,050,710	139,239	72,663	5,120	13,046	943

As noted last year, employment in all four regions steadily increased from 2002 to 2007, but started falling in 2008 due to the recession. For the US, employment in 2014 has almost returned to the peak level seen in 2007, being just 16,000 jobs short. In SC, employment surpassed its pre-recession peak in 2013, and continued to rise in 2014 by about 34,500 more jobs. Employment in Aiken County surpassed its 2007 peak in 2011 but then remained basically flat through 2013, before growing by about 1100 new jobs in 2014. For Aiken, employment turned back up starting in 2011, but has changed very little since then, adding only about 500 new jobs over the past 4 years; it is still short of its 2007 peak by 230 jobs.

Unemployment in all four regions surged after 2007 due to the recession, with 2009 levels essentially twice those of 2007. Fortunately, unemployment levels have progressively declined since then, with sizeable drops in 2014, especially for SC. Nevertheless, unemployment levels in each region remain higher than they were before the recession, by anywhere from 17 percent in SC to 46 percent in Aiken.

The percentage of labor force participants reported in Table 3.1 who are reported as unemployed in Table 3.2 is the unemployment rate. Table 3.3 presents the unemployment rate for the US, SC, Aiken County, and Aiken, updated through 2014.

Year	US	SC	Aiken County	Aiken
2002	5.8	6.0	5.1	4.9
2003	6.0	6.7	5.2	5.1
2004	5.5	6.8	5.7	5.5
2005	5.1	6.8	5.9	5.8
2006	4.6	6.4	6.3	5.5
2007	4.6	5.6	5.3	4.6
2008	5.8	6.8	5.8	5.2
2009	9.3	11.4	9.4	8.2
2010	9.7	11.1	8.6	7.7
2011	9.0	10.3	8.6	8.0
2012	8.1	9.0	7.9	7.6
2013	7.4	7.6	7.5	7.2
2014	6.2	6.0	7.0	7.0

As expected, the unemployment rates in each area reached a low in 2007 before the recession hit; Aiken’s unemployment rate matched that of the US, while SC’s rate was 1.0 percentage point higher than the US, and Aiken County’s was 0.7 percentage points higher than the US. By 2009 the unemployment rate had doubled for the US and SC, and nearly doubled for Aiken County and Aiken. These unemployment rates have all improved since 2009, and as of 2014 they are all at or below 7.0 percent. The greatest improvement came for SC, where it dropped from 7.6 to 6.0 in one year, falling below the US rate for the first time in our sample.

It must be remembered that a good portion of the improvement in unemployment rates has been due to a reduction in the LFPR, as discouraged workers drop out of the labor force. If these individuals were still looking for work, the labor force would be larger, and the number of unemployed workers would be higher, raising the unemployment rate.

For example, if the LFPR observed for SC in 2007 of 63.1 were present in 2014, there would be an additional 176,246 individuals in the State’s labor force looking for work. Without any additional jobs for these extra jobseekers, the unemployment rate for SC would jump from 6.0 to 13.3. Similar calculations for the US, which experienced a smaller drop in the LFPR, produce an unemployment rate for 2014 of 10.7, with over 17.5 million people unemployed nationwide. Assuming the same percentage change in the LFPR for Aiken County and Aiken that we used for SC, their unemployment rates in 2014 would be 13.5 and 14.1, respectively. Again, these results show that employment opportunities across the US and SC are not keeping up with population

growth; reported unemployment rates may be falling, but the percentage of the adult civilian noninstitutional population that is employed is also falling.

Employment Patterns by Industry Sector

The previous section examined total employment by all industries in Aiken County, providing an aggregate view of the local labor market. In this section we examine Bureau of Labor Statistics data on the patterns of employment by industry sector in order to identify which industries are expanding and which are contracting.

Table 3.4 shows employment levels and firm counts by major industry category for Aiken County, updated through 2014. Data for 2014 are preliminary.

Year	Goods-producing		Service-producing (private)		Service-producing (government)	
	Employees	Firms	Employees	Firms	Employees	Firms
2002	13,639	528	35,370	2,314	7,209	82
2003	13,546	504	35,501	2,277	7,319	82
2004	13,193	494	36,575	2,252	7,246	85
2005	12,974	533	35,156	2,357	7,763	85
2006	12,584	595	35,226	2,540	7,795	85
2007	11,965	531	36,366	2,262	7,970	101
2008	11,608	534	37,762	2,326	8,027	101
2009	10,378	486	36,913	2,288	7,906	99
2010	10,643	439	38,476	2,253	7,950	124
2011	10,898	417	38,270	2,265	7,854	125
2012	11,336	397	37,224	2,258	7,830	124
2013	11,083	392	36,471	2,267	7,795	124
2014	10,620 <i>p</i>	385 <i>p</i>	37,930 <i>p</i>	2,276 <i>p</i>	n.a.	n.a.

Broadly defined, industries may be characterized as either goods-producing or service-producing. In Aiken County all goods-producing firms are privately-owned. As of 2014 approximately 95 percent of service-producing firms in Aiken County are privately-owned, and 83 percent of the workers in the service-producing category are employed by private firms. The service-producing category dominates the local economy, comprising over 86 percent of the firms, and employing 81.5 percent of the active workforce. These figures are slightly higher than they were for 2013, as employment in the service-producing sector continued to grow, while employment in the goods-producing sector fell by over 4 percent.

Employment within the goods-producing category declined steadily from 2002 to 2009 before turning up in 2010 and growing by over 9 percent through 2012. However, data for 2013 show a loss of over 250 jobs in this sector (larger than reported last year using preliminary data for 2013), and the preliminary data for 2014 indicate an even greater loss of 463 more jobs in 2014.

If these preliminary data hold up, employment in the goods-producing sector will have fallen back to a level last seen in 2010, wiping out all positive employment growth seen since then. In addition, the number of firms engaged in goods-producing in Aiken County has continued to decline, dropping by a total of 210 firms since its peak of 595 in 2006.

In contrast, employment within the privately-owned service-producing category in Aiken County had a sizeable downward blip in 2009 – losing about 900 jobs - but rebounded strongly in 2010 with the infusion of economic stimulus funding to the SRS from the federal government. Employment in this category started falling again in 2011, which may reflect recent funding cutbacks for private contractors at the SRS. Perhaps surprisingly, employment in the private service-producing sector grew substantially in 2014, rising by almost 1,500 jobs, an increase of 4 percent. This growth more than made up for the decline in jobs in the goods-producing sector in 2014. The number of privately-owned firms in the service-producing category has changed little over this period.

Preliminary data for 2014 for government employment in the service-producing category is not available at the present time.

The broad industry category patterns seen in Table 3.4 mask a diverse set of more specific industry classifications for each segment. Using the North American Industry Classification System (NAICS), we can break down the category-level data and take a closer look at specific industry sectors.

Within the goods-producing category there are three industry sectors: natural resources and mining (NAICS 11-21); construction (NAICS 23); and manufacturing (NAICS 31-33). The service-producing category can be divided into eight industry sectors: trade, transportation and utilities (NAICS 22, 42, 44-45, 48-49); information (NAICS 51); financial activities (NAICS 52-53); professional and business services (NAICS 54-56); education and health services (NAICS 61, 62); leisure and hospitality (NAICS 71, 72); other services (NAICS 81); and public administration (NAICS 92).

Table 3.5 ranks each of the above industry sectors by total employment in Aiken County using data for 2013 and 2014 (2014 data are preliminary). Professional and business services continues to be the top-ranked sector, providing nearly 12,600 jobs, with an increase of 810 new jobs in that industry sector for 2014. Of course, many of these jobs are related to the SRS. Next most important is trade, transportation and utilities (mostly retail sales positions), followed by education and health services, which jumped above manufacturing in 2014 to take over the spot as the third-ranked sector in 2014. Education and health services added jobs, while manufacturing lost over 300 jobs. The remaining seven spots are unchanged from last year: leisure and hospitality, followed by construction, public administration, financial activities, other services, information, and natural resources and mining. The final estimates for 2013 caused

information to edge out natural resources and mining for tenth place, contrary to what we reported last year.

Table 3.5 Industry sectors ranked by employment levels in Aiken County, 2013-2014 (2014 data are preliminary)

Rank		Sector	Employment		Share of total (percent)	
2013	2014		2013	2014	2013	2014
1	1	Professional and business services	11,784	12,594	23.0	24.1
2	2	Trade, transportation and utilities	9,337	9,753	18.2	18.7
4	3	Education and health services	6,799	6,882	13.3	13.2
3	4	Manufacturing	7,108	6,793	13.9	13.0
5	5	Leisure and hospitality	5,798	5,879	11.3	11.2
6	6	Construction	3,553	3,412	6.9	6.5
7	7	Public administration	2,633	2,633	5.1	5.0
8	8	Financial activities	2,226	2,297	4.3	4.4
9	9	Other services	1,157	1,157	2.3	2.2
10	10	Information	425	445	0.8	0.9
11	11	Natural resource and mining	422	415	0.8	0.8

Employment is a critical aspect of the economic vitality of Aiken County, but just as important are the wages earned by the employees. Table 3.6 ranks the Aiken County industry sectors for 2013 and 2014 by aggregate wages paid to employees (i.e., labor earnings) and the average annual pay earned by employees in that sector (data for 2014 are preliminary).

Table 3.6 Industry sectors ranked by labor earnings and average salary in Aiken County, 2013 and 2014 (2014 data are preliminary)

Rank based on labor earnings		Sector	Labor earnings (\$1000's)	Share of total (percent)	Rank based on average salary		Average salary (\$)	
2013	2014				2013	2014	2013	2014
1	1	Professional and business services	915,973	37.6	1	1	72,971	72,731
2	2	Manufacturing	394,192	16.2	2	3	57,761	58,029
3	3	Trade, transportation and utilities	288,527	11.9	9	9	28,791	29,583
4	4	Education and health services	239,991	9.9	7	8	34,630	34,872
5	5	Construction	198,834	8.2	3	2	56,921	58,273
6	6	Public administration	127,204	5.2	5	5	48,311	48,311
7	7	Financial activities	124,841	5.1	4	4	53,249	54,350
8	8	Leisure and hospitality	79,656	3.3	11	11	13,569	13,549
9	9	Other services	30,553	1.3	10	10	26,067	26,407
10	10	Information	19,502	0.8	6	6	41,976	43,825
11	11	Natural resources and mining	15,141	0.6	8	7	34,588	36,484

The data for 2014 did not produce a change in the relative rankings of each sector with regards to total labor earnings, but there were some ranking changes when looking at average salaries paid within each sector.

As we reported last year, the professional and business services sector not only provides the most jobs in Aiken County, it pays out the most in wages, almost \$916 million in wages, which is 37.6 percent of total labor earnings. It also pays the highest average salary at \$72,731, although that estimate for 2014 is slightly lower than the final estimate for 2013 of \$72,971. With significant job growth in this sector seen above, total wages paid went up for 2014 by \$55 million. This shows the region's economic dependence on this sector, which is closely linked to the SRS.

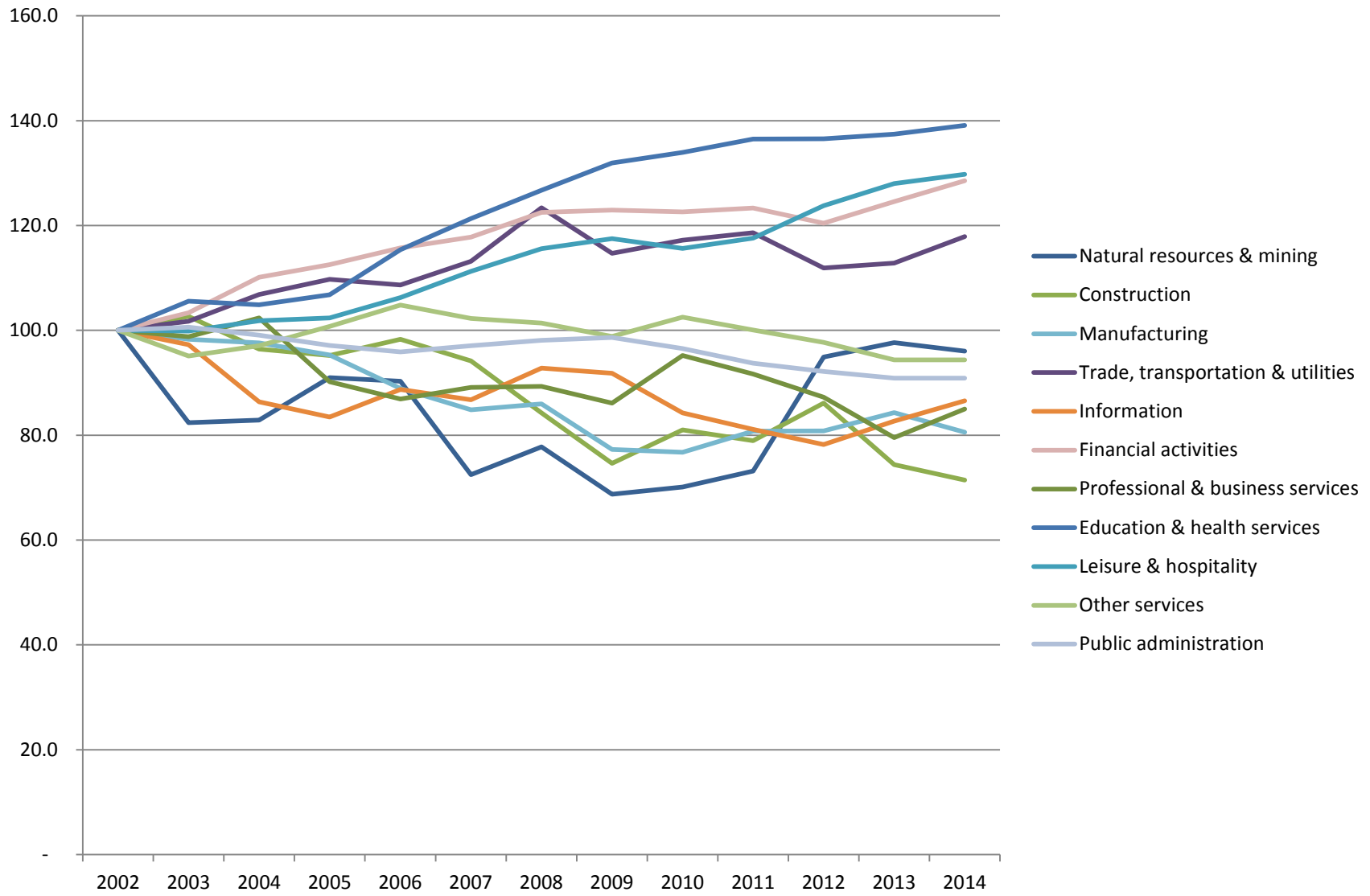
Next most important in terms of total labor earnings is the manufacturing sector, which paid out about \$394 million in wages in 2014, a decline of over \$10 million compared to 2013. This decrease primarily reflects the loss of jobs from this sector in 2014, since the average salary paid in manufacturing increased in 2014 to \$58,029. But the increase in average salaries in manufacturing in 2014 was not enough to maintain its second-place ranking in average salaries, being overtaken by construction with an average salary of \$58,273. With only about half as many employees as manufacturing, construction's total labor earnings for 2014 are still well below those of manufacturing, keeping construction in fifth place for total labor earnings.

The trade, transportation and utilities sector and the education and health services sector each provide more jobs than either the manufacturing or construction sectors in 2014, but those jobs pay much lower average salaries of \$29,583 and \$34,872, respectively. Together these two sectors provided over \$528 million in labor earnings to Aiken County in 2014, and retained their rankings of third and fourth place based on total labor earnings. Financial activities continues to provide the fourth highest average salary at \$54,350, and public administration has the fifth highest salary at \$48,311 (updated data for public administration for 2014 was not available). Average salaries in natural resources and mining rose by almost \$2,000 in 2014, putting them in seventh place, and nudging education and health services down to eighth.

The leisure and hospitality sector, which provides almost 6,000 jobs in restaurants and hotels in Aiken County in 2014, pays an average salary of only \$13,549 (essentially unchanged from 2013), since many of these jobs are not full-time positions.

Figure 3.1 shows how employment in each industry sector has been changing over the past 12 years in Aiken County (updated through 2014). For each sector, employment is expressed as an index, where employment in 2002 is normalized to a value of 100. Of the eleven industry sectors, only four have had sustained employment growth since 2002: education and health services, leisure and hospitality, financial activities, and trade, transportation and utilities. Of these four, education and health services has grown the most, up 39.1 percent since 2002, followed by leisure and hospitality, up 29.8 percent, financial activities, up 28.5 percent, and trade, transportation and utilities, which rose 17.9 percent.

Figure 3.1 Employment in Aiken County by industry sub-sector, 2002-2014



In addition, except for trade, transportation and utilities, all of these sectors with net positive employment growth since 2002 have surpassed their pre-recession peaks and now appear to be on steady upward trends. The other seven industry sectors have 2014 employment levels that are below their 2002 levels, although natural resources and mining is close to its 2002 level, and other services seems to fluctuate around its 2002 level.

A comparison of these employment trends by sector in Figure 3.1 with the average salaries paid in each sector shown in Table 3.6 should help us understand why per capita personal income growth has slowed, and average weekly wages in Aiken County have been declining in recent years, despite growing overall employment. Three of the four sectors with sustained employment growth since 2002 pay some of the lowest average salaries in the County: education and health services is ranked eighth, leisure and hospitality is ranked last (eleventh), and trade, transportation and utilities is ranked ninth. Combined, these three sectors comprise 43.1 percent of all employment in Aiken County in 2014. Only the fast-growing financial activities sector pays an above-average salary, ranked fourth, but it has only 4.4 percent of all jobs in Aiken County.

The highest paying sectors, such as professional and business services (first), construction (second) and manufacturing (third) have all shed jobs since 2002, with employment falling in those sectors by 15 to 28 percent. In 2002, these three sectors comprised over 53 percent of the total employment in Aiken County; by 2014, that percentage had fallen to 43.6 percent, with a cumulative loss of 5,228 jobs.

Just as we reported last year, it is still true that while overall employment in Aiken County has recovered from the recession, that recovery has also brought about a significant change in the share of jobs coming from each industry sector. Employment in the highest-paid sectors has fallen substantially, while most of the jobs growth has occurred in some of the lowest-paying sectors.

In order to strengthen the economic vitality of Aiken County, its workers will need more than just any job, they will need well-paying jobs, and those jobs tend to be found in industry sectors which require higher levels of educational attainment. As seen above in Table 1.4 with updated data for 2013, 31.8 percent of Aiken County residents still have no more than a high school education, and only 24 percent have a bachelor's degree or higher; both figures are worse than what is found for SC or the US. Within the cities of Aiken and North Augusta, there are significantly higher levels of educational attainment, and those city residents are heavily concentrated in the higher-paying jobs. To make meaningful progress in economic vitality throughout Aiken County, it would be helpful to increase the levels of adult educational attainment for those who only hold a high school diploma or GED, and encourage more of them to complete an associate's or bachelor's degree through a local higher education institution to enhance the value of their labor services to employers.

This data also shows just how vulnerable the economy of Aiken County is to political forces outside the control of local leaders. The professional and business services sector, the education and health services sector, and the construction sector together provide about 56 percent of the labor earnings in Aiken County in 2014. Each of these sectors relies heavily on either state or federal appropriations for their survival, or is especially vulnerable to changes in state or federal regulations. Diversification of the economic base of Aiken County would help to reduce this vulnerability.

As noted last year, the financial activities sector continues to enjoy robust employment growth, and pays the fourth-highest salaries in the County, but it will take growth in more than one industry sector to create a more diversified economy for Aiken County.

IV. Consumer Spending in Aiken County

Gross Retail Sales

Another important indicator of the economy of Aiken County is the level of retail sales which take place within the county each year. Higher retail sales indicate an expanding economy and growing consumer confidence, and also provide higher sales tax revenues for local governments, which allows for more government services for local residents, enhancing the quality of life. Higher retail sales reflect not only purchases made by residents of that area, but also purchases made within that area by individuals who live elsewhere, i.e., tourists. The SC Department of Revenue collects detailed data on gross retail sales by city and county within the state of SC for each fiscal year, which runs from July 1 to June 30.

Table 4.1 shows recent trends in gross retail sales for SC, Aiken County, Aiken and North Augusta, updated through 2013-14.

Fiscal Year	South Carolina	Aiken County	Aiken	North Augusta
2001-02	95,728,380,867	1,927,263,548	524,146,851	235,519,009
2002-03	97,019,598,675	1,981,672,460	555,146,378	265,938,078
2003-04	88,179,240,638	1,797,304,826	555,510,156	282,580,238
2004-05	120,030,078,683	2,430,639,106	702,191,429	443,128,164
2005-06	133,080,553,283	2,592,492,903	715,491,527	336,101,653
2006-07	141,064,153,331	2,782,045,763	786,408,517	433,132,150
2007-08	146,328,024,474	2,968,929,316	839,549,637	422,885,578
2008-09	135,859,825,695	2,713,613,279	859,738,577	394,370,852
2009-10	106,059,202,304	2,590,199,261	878,737,596	366,131,684
2010-11	144,002,167,148	2,771,077,209	896,773,147	392,852,024
2011-12	156,213,293,606	2,905,816,635	909,415,970	398,071,319
2012-13	164,531,010,792	2,901,434,073	909,101,522	397,124,418
2013-14	169,226,491,637	2,903,508,927	994,571,989	395,907,091
Average annual growth rate, 2001-2012	5.02%	4.19%	5.66%	5.39%
Growth rate, 2011-12 to 2012-13	5.32%	-0.15%	-0.03%	-0.24%
Growth rate, 2012-13 to 2013-14	2.85%	0.07%	9.40%	-0.31%

For SC, gross retail sales grew by an average of just over 5 percent per year from 2001-02 to 2011-12. After dropping dramatically in 2008-09 and 2009-10, they rebounded quickly in 2010-11 and have risen consistently since then, surpassing their pre-recession high in 2011-12.

However, the strong one year jump of 5.32 percent for 2012-13 was followed by a more modest increase of only 2.85 percent for 2013-14.

For Aiken County, the pattern is very similar, except the growth has been slower, at an average of 4.19 percent per year through 2011-12. Gross retail sales in Aiken County are still about \$65 million below the peak level seen in 2007-08 before the recession hit. In 2012-13, gross retail sales in Aiken County fell by 0.15 percent, and then rose by a scant 0.07 percent in 2013-14. It is clear that retail sales in Aiken County have not recovered as they have statewide.

For Aiken, gross retail sales grew steadily from 2001-02 to 2011-12, rising at a healthy rate of 5.66 percent per year during this period. In 2001-02 about 1 out of every 4 dollars of retail sales in Aiken County came out of Aiken; by 2011-12 that had risen to 1 out of 3. However, just as in Aiken County, gross retail sales in Aiken dropped unexpectedly in 2012-13 by a small percent. However, their rebound in 2013-14 was incredible, *rising almost 10 percent*. According to the SC Department of Revenue, in early 2014 the city of Aiken requested an audit of retail sales reported within city limits, which uncovered a number of retail transactions which were being incorrectly reported as being outside the city limits. This audit resulted in a significant increase in the reported retail sales in Aiken for the remainder of the 2013-14 fiscal year. The uptick in reported gross retail sales for 2013-14 was almost strong enough to return the series to the trend line that had been growing by 5.66 percent per year through 2012. Retail sales in Aiken now appear to be alive and well, with a much rosier outlook than was seen in last year's report.

In North Augusta gross retail sales rose at a brisk annual rate of 5.39 percent from 2002 to 2012, but that average annual growth rate masks some considerable variation during the period. Just as in Aiken County, gross retail sales in North Augusta have not yet returned to their pre-recession highs, and in fact, they have fallen in each of the past two fiscal years. One possible explanation is that since almost half of North Augusta workers commute to work in GA, many of them choose to do much of their retail shopping in GA. The new retail developments recently established near Exit 5 off I-20 and those which will result from the Project Jackson development may help to reverse this downward trend.

Together, the cities of Aiken and North Augusta now contribute almost half of all retail sales within Aiken County as of 2013-14.

V. Real Estate Markets in Aiken County

Local real estate markets play a key role in the local economy, impacting the construction sector, the retail trade sector, the financial sector and local government tax revenues. Increased levels of home sales can indicate increases in consumer confidence, population, personal income, or employment opportunities in a region. Higher home sales often lead to increased purchases from local retail establishments, such as furniture and appliance stores, or home improvement stores, providing a ripple effect for local retailers. An increased demand for housing in a region can lead to higher median prices for sold homes, stimulating new residential construction (single- or multi-family units), and boosting market values of existing homes, which increases the wealth levels of local residents and raises the appraised value of real property taxed by local governments, increasing their tax revenues. Local mortgage bankers, realtors, lawyers and title companies also benefit from higher levels of real estate activity in a region.

Residential Home Sales

According to the American Community Survey of 2009-2013 conducted by the Census Bureau, the number of owner-occupied residential housing units in Aiken County rose from 46,303 in 2012 to 46,481 in 2013. The median value of those homes fell slightly from \$124,900 in 2012 to \$124,600.

Table 5.1 shows data on residential home sales in Aiken County for 2009-2014 published by the Aiken Board of Realtors. This data includes sales of both single family dwellings as well as condominiums, but 90-95 percent of the sales recorded each year are single family homes.

	2009	2010	2011	2012	2013	2014
Pending Sales	1276	1322	1321	1387	1556	1807
Days on Market Until Sale	223	191	200	209	197	201
Median Sales Price	\$143,250	\$145,950	\$151,890	\$148,000	\$140,000	\$143,000
Percent of List Price Received	95.0%	95.2%	95.1%	95.3%	95.0%	94.6%
Inventory of Homes for Sale	1489	1551	1523	1595	1569	1529
Months Supply of Homes for Sale	14.5	14.5	14.0	14.0	10.9	11.8

The number of pending sales is a primary measure of the level of home sales activity, and that number has been rising fairly consistently since 2009, which is a good sign for the local real estate market. In this year's update, the number of pending sales jumped appreciably in 2014, from 1556 to 1807, an increase of over 16 percent! This jump in residential sales suggests a growing demand for homes in the area, as well as increased consumer confidence in the future.

The average percent of list price that sellers have been able to receive for their homes, and the number of days that a home is on the market before it is sold, have changed very little since 2009. But it should be noted that these average numbers may not apply to homes which are sold at price levels which differ significantly from the median sales price. Homes which sell for less than \$100,000 are often sold at around 90 percent of the asking price, while homes which sell for over \$300,000 usually command about 93 percent of the asking price. Similarly, lower-priced homes will sell more quickly, being more affordable for lower-income or first-time buyers, while higher-priced homes will tend to stay on the market longer before they are sold, owing to the thinner pool of buyers who can afford such homes. The average number of days on the market reported here is more reflective of the time it takes to sell a median-priced home.

Another often-used measure of the health of the residential real estate market is the median sales price: 50 percent of all home sales come in below this price level, and 50 percent come in above it. Rising demand from buyers can drive the prices of all homes sold upward, raising the median sales price, and implying more of a seller's market. Falling demand would push the median sales price downwards, indicating a buyer's market. Alternatively, a change in the mix of homes that sell in a given year can push this value up or down, which could simply reflect that fact that fewer (or more) lower-priced homes were sold that year, rather than a change in overall housing demand. In Aiken County the median sales price rose for 2014 from \$140,000 to \$143,000, which is not a big increase, but is another good sign of rebound in the local housing market.

Table 5.2 breaks down the total number of pending home sales by price range.

Sales price range	2009		2010		2011		2012		2013		2014	
	No.	Share (%)	No.	Share (%)	No.	Share (%)	No.	Share (%)	No.	Share (%)	No.	Share (%)
\$100,000 and lower	326	25.5	301	23.5	357	27.0	339	24.4	467	30.0	531	29.4
\$100,001 to \$150,000	336	26.3	339	26.5	302	22.9	361	26.0	380	24.4	432	23.9
\$150,001 to \$200,000	289	22.6	313	24.4	303	22.9	336	24.2	318	20.4	367	20.3
\$200,001 to \$300,000	180	14.1	218	17.0	244	18.5	218	15.7	255	16.4	301	16.7
\$300,001 and Above	145	11.4	110	8.6	115	8.7	133	9.6	136	8.7	176	9.7
Total homes sold	1276		1322		1321		1387		1556		1807	
Median sales price	\$143,250		\$145,950		\$151,890		\$148,000		\$140,000		\$143,000	

In contrast with last year, there was significant growth in pending sales across all price ranges for 2014, with percentage increases ranging from 13.7 percent to 29.4 percent. This suggests that there has been an increase in the overall level of demand for homes in Aiken County in 2014, rather than just a shifting of home sales between price ranges.

The biggest percentage increase in pending sales came from the upper end of the price range, for homes priced at \$300,001 and above, which rose by nearly 30 percent. This was the first sizeable jump in sales for this price range in several years. The next biggest jump came in the second-highest price range, homes priced from \$200,001 to \$300,000, which rose by 18 percent; again, this was a larger increase than has been seen in this price range in some time. The third biggest jump was for pending sales of homes priced from \$150,001 to \$200,000, which rose by 15.4 percent. Pending sales of homes priced from \$100,001 to \$150,000, and \$100,000 and below rose by 13.7 percent in 2014. This represents a strong, widespread increase in home sales within Aiken County, which is a good sign for the future.

New Construction Permits – Residential and Commercial

Another measure of the level of activity in local real estate markets is the number of residential and commercial building permits issued for new construction and the value of the new homes or buildings constructed under those permits. These valuations do not include the value of the parcel of land upon which the new construction will take place; they only measure the value of the improvements which are being added to the land.

The Census Bureau reports residential building permit data for all of Aiken County; separate city-level data on residential building permits for Aiken and North Augusta was obtained from the building permit offices for each city. Table 5.3 shows the number of residential building permits and average values for new housing units in Aiken County and the cities of Aiken and North Augusta, updated through 2014.

Table 5.3 Residential building permits and current dollar average values for Aiken County and the cities of Aiken and North Augusta, 2002-2014

Year	Aiken County (total)		Aiken		North Augusta	
	No.	Average value	No.	Average value	No.	Average value
2002	853	109,333	244	143,690	197	130,040
2003	977	116,818	280	156,471	239	125,282
2004	965	135,352	327	133,112	200	142,693
2005	1158	130,081	399	144,222	250	113,357
2006	1144	151,230	418	140,480	206	159,961
2007	1028	193,783	275	154,626	255	167,512
2008	618	182,881	151	195,436	92	180,821
2009	554	194,830	99	185,695	72	209,986
2010	651	225,101	136	166,465	97	237,602
2011	621	198,934	180	177,320	119	179,429
2012	575	218,757	104	160,180	91	241,617
2013	582	224,489	91	187,568	104	236,118
2014	681	183,417	144	181,413	115	220,911

After a period of solid growth, residential building activity in Aiken County stumbled a bit in 2007, then fell more sharply as the recession hit. The number of residential building permits have stayed in the vicinity of 600 units per year since 2008, but had a good uptick for 2014 by about 100 units. As the number of building permits fell, the average value of each new housing unit generally rose, but dropped in 2014, indicating more building activity at lower price levels.

In the city of Aiken there was a similar rise in residential building from 2002 to 2006, followed by three straight years of decline during the recession from 2007 to 2009. The decline in the city of Aiken was much more pronounced than it was for the County, falling from 418 residential building permits in 2006 to 99 in 2009, a drop of 76 percent. Residential building activity in Aiken has varied between 100 and 200 permits a year since 2008, with a nice recent surge from 91 in 2013 to 144 in 2014. Average values of new residential construction in the city of Aiken were higher than the County average before the recession; afterwards they have been lower.

The pattern of residential new construction in the city of North Augusta shows a fairly stable number of 200-250 units being built prior to the recession. The recession brought a big drop in housing starts, and since 2008 the number has varied between 70 to 120 permits each year. As seen in Aiken, there was an increase for 2014 from 104 to 115. Just as was seen in the County, the average value of new housing units being constructed in North Augusta rose as the number of new permits fell.

Table 5.3 also shows that as of 2014, almost 40 percent of all new residential housing construction in Aiken County is located within the cities of Aiken or North Augusta.

Table 5.4 shows commercial building permits and average values for new commercial buildings in Aiken County and the cities of Aiken and North Augusta, updated through 2014. The Census Bureau does not report commercial building permit activity, so all of this data was obtained from local government offices.

Table 5.4 Commercial building permits and current dollar average values for Aiken County and the cities of Aiken and North Augusta, 2002-2014

Year	Total Aiken County		Unincorporated portions of Aiken County only		Aiken		North Augusta	
	No.	Average value	No.	Average value	No.	Average value	No.	Average value
2002	111	337,104	77	213,172	18	467,525	16	786,803
2003	94	422,854	53	247,940	15	1,196,826	26	322,888
2004	85	470,566	59	290,655	10	1,057,945	16	766,877
2005	73	441,834	47	246,437	20	664,882	6	1,228,957
2006	93	467,002	67	252,275	8	978,450	18	1,038,953
2007	104	778,267	70	641,492	22	748,688	12	1,630,350
2008	92	467,811	61	194,006	18	933,958	13	1,107,152
2009	37	313,845	26	180,720	7	722,505	4	464,000
2010	53	545,061	40	518,722	8	784,375	5	372,870
2011	71	908,997	58	954,185	8	892,963	5	410,480
2012	83	2,380,774	71	2,606,705	6	1,797,837	6	290,197
2013	73	892,770	55	755,256	10	1,490,930	8	1,090,475
2014	66	804,885	46	494,806	9	604,728	11	2,265,341

The majority of new commercial construction in Aiken County occurs outside of the cities of Aiken and North Augusta, in the unincorporated areas of the County. This is not too surprising, since the land areas of the two cities are rather small in comparison to that of the entire County, and most new commercial construction is more likely to occur outside those two city limits, closer to major transportation arteries.

Just as we saw in residential new construction, commercial new construction in the County dropped significantly following the recession, and since 2010 varies between 50-80 new permits each year. Following the surge in activity in unincorporated areas of Aiken County in 2012 associated with the new county government center, there has been a surge in commercial building activity in North Augusta, as new commercial development occurs near Exit 5 off I-20.

Overall, new construction in Aiken County is down substantially over the past ten years, especially since 2007, and this is reflected in the downward trend in employment in the construction sector seen in Figure 3.1.

VI. Government Tax Revenues in Aiken County

Local governments provide many of the social services that help to maintain quality of life for the residents of Aiken County, including public safety, emergency services, social assistance, roads and bridges, parks, recreation and tourism, municipal courts, and many others. Local governments are funded by a variety of sources, including local property taxes, state and local option sales taxes, user fees and federal and state allocations.

The economic wellbeing of a community has a direct impact on the revenues received by local governments. Higher retail sales and rising property values lead to increases in sales and property tax revenues. Alternatively, lower retail sales and falling home values, along with higher unemployment lead to lower government revenues while simultaneously increasing the demand for social services in the local community.

Therefore, improvements in the local economy lead to higher local government tax revenues and less demand for social assistance, while downturns in the local economy can negatively impact local government revenues at the time when more of its citizens are in need of help. Local governments depend mostly on sales tax receipts and property taxes to provide them with a strong financial position from which they can fund the services they provide to their citizens.

This section provides an updated analysis of governmental revenue sources for Aiken County and the cities of Aiken and North Augusta, based on the financial data reported in the Comprehensive Annual Financial Reports (CAFR) of these three local governments.

Aiken County Government Tax Revenues and Expenditures

Table 6.1 provides updated information on the net asset position of Aiken County Government, as reported in their CAFR for 2013.

	Governmental Activities		Business-type Activities		Total		Total % change
	2012	2013	2012	2013	2012	2013	2012-2013
Current and other assets	133,700	126,539	15,011	16,196	148,711	142,735	(4.0%)
Capital assets	90,909	108,214	39,762	40,475	130,671	148,689	13.8%
Total assets	224,609	234,753	54,773	56,671	279,382	291,424	4.3%
Long-term debt outstanding	54,899	40,583	3,199	2,709	58,098	43,292	(25.5%)
Other liabilities	25,970	41,406	7,076	8,170	33,046	49,573	50.0%
Total liabilities	80,869	81,986	10,275	10,879	91,144	92,865	1.9%
Net assets							
Invested in capital assets, net of related debt	64,389	82,349	36,563	37,766	100,952	120,115	19.0%
Restricted	37,384	56,586	4,912	5,059	42,296	61,645	45.7%
Unrestricted	41,967	13,832	3,023	2,952	44,990	16,784	(62.7%)
Total net assets	143,740	152,767	44,498	45,792	188,238	198,544	5.5%

In last year's report we noted that Aiken County's net assets fell by \$4.67 million in 2012. For 2013 Aiken County's total net asset position increased by over \$10 million, reaching \$198.5 million and more than replacing the net assets lost in 2012. However, the share of net assets that is invested in capital assets or held in restricted assets rose by almost \$40 million, while unrestricted net assets - that can be used to meet any of the County's ongoing financial obligations – fell from \$45.0 million to under \$17 million, leaving the County with somewhat less flexibility.

Table 6.2 provides an updated statement of revenues and expenses for Aiken County for 2012 and 2013 in current dollars. The County's governmental services include general administration, courts and legal, public safety, environmental and public works, human and social services, and education and recreation. Business-type activities are those for which the Aiken County charges its users, such as public service authority, solid waste, and the research campus. Only about 12 percent of the County's revenues come from business-type activities, owing to its largely rural composition.

Table 6.2 Aiken County's Statement of Revenues and Expenses for 2012-2013 (thousands of current dollars)

	Governmental Activities		Business-type Activities		Total		Total % change
	2012	2013	2012	2013	2012	2013	
REVENUES							
Program Revenues							
Charges for services	14,498	15,482	9,941	9,451	24,439	24,933	2.0%
Operating grants and contributions	8,383	23,707			8,383	23,707	182.8%
Capital grants and contributions	608	699	159	2,867	767	3,566	364.9%
General Revenues							
Property taxes	36,841	37,010	3,032	3,187	39,873	40,197	0.8%
Other taxes	27,724	26,378			27,724	26,378	(4.9%)
Intergovernmental	6,950	10,366			6,950	10,366	49.2%
Other	306	167	229	26	535	193	(63.9%)
TOTAL REVENUES	95,310	113,809	13,361	15,531	108,671	129,340	19.0%
EXPENSES							
General government	47,158	47,476			47,158	47,476	0.7%
Courts and legal	9,582	9,764			9,582	9,764	1.9%
Public safety	21,709	22,423			21,709	22,423	3.3%
Environmental and public works	10,018	13,124			10,018	13,124	31.0%
Human and social services	3,066	2,877			3,066	2,877	(6.2%)
Education and recreation	8,572	8,520			8,572	8,520	(0.6%)
Interest and fiscal charges	715	1,463			715	1,463	104.6%
Public Service Authority			5,207	5,967	5,207	5,967	14.6%
Solid waste			5,542	5,701	5,542	5,701	2.9%
Research Campus			1,776	1,704	1,776	1,704	(4.1%)
TOTAL EXPENSES	100,820	105,647	12,525	13,372	113,435	119,019	4.9%
Excess (deficiency) before transfers	(5,510)	8,162	836	2,159	(4,674)	10,321	
Transfers	1,001	865	(1,001)	(865)	0	0	
Increase (decrease) in net asset position	(4,509)	9,027	(165)	1,294	(4,674)	10,321	

Total revenues received by the County for 2013 rose by 19.0 percent to \$129.3 million. The biggest contributors to this increase were capital or operating grants and contributions, as well as intergovernmental revenue. As noted last year, the single most important source of revenue for Aiken County is local property taxes, which now account for 52.1 percent of general revenue and 31 percent of total revenue.

Total expenses for the County for 2013 were \$119.0 million, an increase of \$5.6 million, or 4.9 percent from 2012. The largest increases came in environmental and public works (+31.0 percent), which rose by over \$3 million. Unlike in 2012, when the County's expenses exceeded its revenues by \$4.67 million, in 2013 the County's revenues exceeded its expenses by \$10.3 million, an amount which was added to its net asset position, providing a cushion for future years.

City of Aiken Government Tax Revenues and Expenditures

Table 6.3 presents the City of Aiken's net assets for 2013 and 2014 as reported in their 2014 CAFR. In 2013 the City's assets exceeded its liabilities by \$153.5 million, which was an increase in its net asset position of 1.3 percent from 2012. In 2014 the City's net asset position increased again, but only by 0.8 percent, and this is mostly due to an increase in its net investment in capital assets, such as land, buildings, machinery and equipment. Both restricted and unrestricted net cash assets fell in 2014, with the biggest drop occurring in unrestricted net assets which can be used to meet the City's ongoing expenditures and obligations. As for the County, this decline in unrestricted net assets leaves the City of Aiken with less flexibility to meet future expenses.

	Governmental Activities		Business-type Activities		Total		Total % chg
	2013	2014	2013	2014	2013	2014	
Current and other assets	29,498,926	30,102,265	8,762,663	5,850,898	38,261,589	35,953,163	(6.0%)
Capital assets	65,537,273	65,788,100	64,854,818	68,629,963	130,392,091	134,418,063	3.1%
Total assets	95,036,199	95,890,365	73,617,481	74,480,861	168,653,680	170,371,226	1.0%
Deferred outflows			87,270	29,089	87,270	29,089	(66.7%)
Long term debt	9,033,147	10,280,661	2,194,618	1,246,235	11,227,765	11,526,896	2.7%
Other liabilities	2,515,784	2,231,737	658,103	1,102,399	3,173,887	3,334,136	5.0%
Total liabilities	11,548,931	12,512,398	2,852,721	2,348,634	14,401,652	14,861,032	3.2%
Deferred inflows	785,842	700,864			785,842	700,864	(10.8%)
Net assets							
Net investment in capital assets	65,537,273	65,788,100	62,874,818	67,614,963	128,412,091	133,403,063	3.9%
Restricted	12,564,844	12,001,701	567,870	594,641	13,132,714	12,596,342	(4.1%)
Unrestricted	4,599,309	4,887,302	7,409,342	3,951,712	12,008,651	8,839,014	(26.4%)
Total net assets	82,701,426	82,677,103	70,852,030	72,161,316	153,553,456	154,838,419	0.8%

Table 6.4 presents the City of Aiken's statements of revenues and expenses for 2013 and 2014, which provides a broad overview of the City's governmental and business-type activities. The City's basic governmental services such as general administration, public safety, engineering and utilities, public services, parks and recreation, and others are included under governmental activities, while business-type activities are those for which the City of Aiken charges its users, such as water and sewer services, and storm water services. Compared to Aiken County, the City of Aiken gets a much larger percentage of its revenues from business-type activities provided to City residents, comprising one-third of all City revenues.

As reported last year, total revenue collection for Aiken went down by 5.2 percent in 2013, but for 2014 they rose by 4.3 percent to \$49.1 million. This is still below the \$49.6 million received in 2012, so the City's revenues did not fully recover from the drop in 2013.

Table 6.4 City of Aiken's Statement of Revenues and Expenses for 2013-2014, current dollars

	Governmental Activities		Business-type Activities		Total		Total % change
	2013	2014	2013	2014	2013	2014	
REVENUES							
Program Revenues							
Charges for services	5,492,383	5,926,737	15,228,053	14,697,864	20,720,436	20,624,601	(0.5%)
Operating grants and contributions	1,180,351	1,591,244			1,180,351	1,591,244	34.8%
Capital grants and contributions	629,983	666,745	403,761	1,333,374	1,033,744	2,000,119	93.5%
General Revenues							
Property taxes	9,964,910	10,269,482			9,964,910	10,269,482	3.1%
Capital Projects Sales Tax	3,208,163	3,452,590			3,208,163	3,452,590	7.6%
Accommodation taxes	750,820	1,253,952			750,820	1,253,952	67.0%
Business licenses	8,760,873	8,597,957			8,760,873	8,597,957	(1.9%)
Unrestricted investment earnings	289,478	315,235	76,943	74,471	366,421	389,706	6.4%
Intergovernmental	637,991	635,903			637,991	635,903	(0.3%)
Gain on sale of assets	94,339	(21,122)			94,339	(21,122)	(122.4%)
Miscellaneous	162,951	151,740	164,202	119,340	327,153	271,080	(17.1%)
TOTAL REVENUES	31,172,242	32,840,463	15,872,959	16,225,049	47,045,201	49,065,512	4.3%
EXPENSES							
General government	4,989,093	5,373,748			4,989,093	5,373,748	7.7%
Public safety	12,600,543	12,496,765			12,600,543	12,496,765	(0.8%)
Engineering and utilities	1,752,789	1,894,031			1,752,789	1,894,031	8.1%
Public services	4,079,456	5,416,739			4,079,456	5,416,739	32.8%
Recreation and parks	6,196,571	6,632,437			6,196,571	6,632,437	7.0%
Non-city support	580,684	506,073			580,684	506,073	(12.8%)
Water and sewer			14,393,090	14,815,769	14,393,090	14,815,769	2.9%
Storm water			499,353	644,987	499,353	644,987	29.2%
TOTAL EXPENSES	30,199,136	32,319,793	14,892,443	15,460,756	45,091,579	47,780,549	6.0%
Excess (deficiency) before transfers and contributions	973,106	520,670	980,516	764,293	1,953,622	1,284,963	(34.2%)
Transfers	(400,160)	(544,993)	400,160	544,993			
Increase (decrease) in net asset position	572,946	(24,323)	1,380,676	1,309,286	1,953,622	1,284,963	(34.2%)

After falling by 1.1 percent in 2013, the City of Aiken's total expenditures for public goods and services rose by 6.0 percent in 2014 from \$45.1 million to \$47.8 million. The biggest increases in expenditures were in public services (+32.8 percent) and storm water services (+29.2 percent). On net, the City's revenues exceeded expenses again in 2014, but by a smaller margin, adding \$1.28 million to its net asset position.

City of North Augusta Government Tax Revenues and Expenditures

Table 6.5 provides updated information on the net asset position of the City of North Augusta as reported in their CAFR for 2013. In last year's report we saw that its net asset position increased in 2012 by over \$3.5 million, or 2.8 percent over the level in 2011. For 2013, North Augusta's assets exceeded its liabilities by \$132.7 million, an increase of over \$2.5 million, or 2.0 percent over the level in 2012. In contrast to what happened in Aiken County or the City of Aiken since our last report, North Augusta's net asset position increased for 2013 in spite of the fact that its assets and liabilities both fell from their 2012 values, with liabilities falling much more than its assets did. The biggest reductions for 2013 were in unrestricted cash assets, and in noncurrent liabilities.

	Governmental Activities		Business-type Activities		Total		Total % chg
	2012	2013	2012	2013	2012	2013	
Cash/investments-unrestricted	8,815,883	7,297,188	7,808,921	7,452,657	16,624,804	14,749,845	(11.3%)
Other current assets	385,025	399,385	1,679,007	1,603,644	2,064,032	2,003,029	(2.9%)
Cash/investments-restricted	6,909,735	7,235,047	10,603,413	10,601,182	17,513,148	17,836,229	1.8%
Capital assets (net)	60,396,785	59,195,928	49,799,305	49,897,728	110,196,090	109,093,656	(1.0%)
Service rights (net)			38,494	35,994	38,494	35,994	(6.5%)
Deferred charges			11,878	9,501	11,878	9,501	(20.0%)
Total assets	76,507,428	74,127,548	69,941,018	69,600,706	146,448,446	143,728,254	(1.9%)
Current liabilities	971,716	1,039,234	945,416	988,161	1,917,132	2,027,395	5.8%
Noncurrent liabilities	9,801,284	5,933,547	4,622,453	2,996,056	14,423,737	8,929,603	(38.1%)
Total liabilities	10,773,000	6,972,781	5,567,869	3,984,217	16,340,869	10,956,998	(32.9%)
Deferred inflows		85,695				85,695	
Net assets							
Net investment in capital assets	51,180,628	53,791,597	46,022,914	47,734,609	97,203,542	101,526,206	4.4%
Restricted	7,210,998	7,810,702	10,116,845	10,104,431	17,327,843	17,915,133	3.4%
Unrestricted	7,342,802	5,466,773	8,233,390	7,777,449	15,576,192	13,244,222	(15.0%)
Total net assets	65,734,428	67,069,072	64,373,149	65,616,489	130,107,577	132,685,561	2.0%

Table 6.6 reports the statement of revenues and expenses for the City of North Augusta for 2012 and 2013 in current dollars. Total revenues for North Augusta rose only marginally for 2013, edging up by a scant 0.2 percent, or less than \$70,000. At the same time, total expenses for North Augusta rose by 3.5 percent for 2013, or just over \$1 million. However, total revenues still exceeded total expenses by over \$2.5 million, an excess which was added to the City's net asset position as seen in the previous table. However, this addition to net assets was almost \$1 million smaller than that generated by North Augusta in 2012, a decline of 26.9 percent.

The most important sources of revenue for North Augusta are charges for services provided by the City and property taxes, both of which experienced moderate growth in 2013. As seen for the City of Aiken, a significant percentage of the total revenues received by the City of North Augusta are derived from business-type activities provided to its residents; in 2013 this share exceeded 42 percent.

Of the governmental-type activities provided by North Augusta, public safety and recreation and parks are the two that generate the most expenses, followed by general government expense and public works. For 2013 public works and public safety expenses experienced the greatest declines, while general government and recreation and parks expenses rose. Of the business-type activities, all expense categories experienced an increase in 2013.

Table 6.6 City of North Augusta's Statement of Revenues and Expenses, 2012 and 2013, current dollars

	Governmental Activities		Business-type activities		Total		Total % chg
	2012	2013	2012	2013	2012	2013	
REVENUES							
Program Revenues							
Charges for services	6,823,946	7,006,168	12,351,270	12,787,275	19,175,216	19,793,443	3.2%
Operating grants and contributions	848,298	872,295			848,298	872,295	2.8%
Capital grants and contributions	1,619,796	1,357,083	206,463	220,936	1,826,259	1,578,019	(13.6%)
General Revenues							
Property taxes	6,780,783	6,858,860			6,780,783	6,858,860	1.2%
Other taxes	2,445,904	1,803,482			2,445,904	1,803,482	(26.3%)
Other	668,776	702,430	414,967	610,196	1,083,743	1,312,626	21.1%
TOTAL REVENUES	19,187,503	18,600,318	12,972,700	13,618,407	32,160,203	32,218,725	0.2%
EXPENSES							
General government	3,574,637	3,893,288			3,574,637	3,893,288	8.9%
Public safety	6,975,047	6,615,699			6,975,047	6,615,699	(5.2%)
Public works	2,980,032	2,609,477			2,980,032	2,609,477	(12.4%)
Recreation and parks	4,053,013	4,212,673			4,053,013	4,212,673	3.9%
Interest and bank fees	340,610	313,866			340,610	313,866	(7.9%)
Loss on debt defeasance		277,682				277,682	
Water and sewer			6,958,202	7,491,321	6,958,202	7,491,321	7.7%
Sanitation			3,160,647	3,376,614	3,160,647	3,376,614	6.8%
Storm water			568,984	826,121	568,984	826,121	45.2%
Savannah Bluff Lock and Dam			24,000	24,000	24,000	24,000	0.0%
TOTAL EXPENSES	17,923,339	17,922,685	10,711,833	11,718,056	28,635,172	29,640,741	3.5%
Excess (deficiency) before transfers	1,264,164	677,633	2,260,867	1,900,351	3,525,031	2,577,984	(26.9%)
Transfers	542,241	657,011	(542,241)	(657,011)			
Increase (decrease) in net asset position	1,806,405	1,334,644	1,718,626	1,243,340	3,525,031	2,577,984	(26.9%)

In summary, the net asset positions of the governments of Aiken County, the City of Aiken, and the City of North Augusta remain strong, with growth in the most recent year. But any

enthusiasm over this continued growth in net assets must be tempered by the recognition that it was accompanied by significant reductions in unrestricted net assets for all three entities.

Total revenues also rose again in all three areas, but this growth was not evenly distributed, with Aiken County experiencing much stronger revenue growth than the Cities, especially North Augusta, where revenue hardly budged. Total expenses also rose in all three areas, growing faster than total revenues in both the City of Aiken and the City of North Augusta. Careful fiscal management made it possible for each local government entity to still generate excess revenues and thereby add to their net asset positions.

VII. Comparisons with Columbia County, Georgia

In this section we provide some updated data for Columbia County, GA in order to allow for comparisons with the updated data for Aiken County discussed in the preceding sections. These comparisons are relevant because Columbia County is a neighboring county in the CSRA, and is often perceived by newcomers moving into the CSRA for a job as an attractive alternative to Aiken County. In this update, all relevant data is updated by one year.

Table 7.1 compares key population data for the two counties, updated through 2014.

	Columbia County	Aiken County
Population, 2000	89,288	142,552
Population, 2010	124,053	160,099
Population 2012	132,556	163,426
Population 2013	136,287	164,294
Population 2014	139,257	164,753
Average annual growth rate, 2000-2010	3.34%	1.17%
Average annual growth rate, 2010-2012	3.01%	0.99%
Growth rate, 2012-2013	2.81%	0.53%
Growth rate, 2013-2014	2.18%	0.28%
Land area, square miles	308	1080
Population density per square mile, 2013	439.7	152.0
Population density per square mile, 2014	452.1	152.5

Population growth in Columbia County has been much higher than in Aiken County, averaging over 3 percent per year from 2000 to 2012, while Aiken County's average annual growth rate over the same period has been around 1 percent. Both counties' growth rates slowed down in 2013, and then again in 2014. The most recent data for 2014 show Columbia County growing at just over 2 percent, while Aiken County is growing much more slowly.

While Columbia County is only 30 percent the size of Aiken County, its population continues to approach that of Aiken County. This makes Columbia County a much more densely populated county, with almost three times as many residents per square mile as Aiken County (452.1 vs. 152.5). Largely unincorporated, Columbia County's population density is still fairly low compared to a typical suburban (urban fringe) community.

Table 7.2 looks at the age distribution of the populations in the two counties, updated through 2013.

Table 7.2 Population Age Distribution in Columbia County and Aiken County (percent of population)						
	Columbia County			Aiken County		
	2000	2010	2013	2000	2010	2013
Persons under 5 years	5.8	6.7	6.6	6.7	6.3	6.1
Persons under 18 years	23.2	27.3	26.9	26.2	23.0	22.7
Persons 65 years and over	17.8	10.2	10.7	12.8	15.4	15.9

Columbia County’s growth since 2000 has pushed its age distribution significantly lower than Aiken County’s. In 2000 Columbia County had a fairly high percentage of persons aged 65 or older at 17.8 percent; this was identical to the City of Aiken in 2000. That percentage fell rather dramatically over the next 10 years to 10.2, well below the national average. As of 2013 there are over 2.5 times as many persons under the age of 18 as there are over the age of 65 in Columbia County; in Aiken County the ratio is 1.4 times. Interestingly, Columbia County has become a little “grayer” since 2010, but it is still much younger than Aiken County.

Table 7.3 compares the racial and ethnic composition of the two counties, updated through 2013.

Table 7.3 Racial and Ethnic Composition for Columbia County and Aiken County for 2000, 2010 and 2013 (percent of population)						
	Columbia County			Aiken County		
	2000	2010	2013	2000	2010	2013
White alone	82.7	76.5	76.2	71.4	69.6	69.5
Black or African American alone	11.2	14.9	16.0	25.6	24.6	24.9
Hispanic or Latino (of any race)	2.6	5.0	5.4	2.1	4.9	4.9
Other	5.9	8.3	7.8	3.0	5.7	5.0

In 2013, Columbia County continues to have a higher percentage of Whites and Other races, and a lower percentage of Blacks or African Americans than Aiken County, although the percentage of Whites in Columbia County has steadily decreased, and the percentage of Blacks or African Americans has increased as it has grown.

Table 7.4 presents educational attainment levels in the two counties, updated through 2013.

	Columbia County			Aiken County		
	2000	2008-2012	2009-2013	2000	2008-2012	2009-2013
High school graduate only	25.8	25.5	24.4	31.8	31.5	31.8
Some college, no degree	21.9	21.0	22.1	19.6	21.5	21.9
Associate's degree only	8.2	9.9	10.7	6.4	7.5	7.4
Bachelor's degree only	20.0	21.2	20.5	13.1	15.2	14.9
Graduate degree	12.0	13.5	13.6	6.9	8.7	9.1
Total high school or higher	87.9	91.0	91.3	77.7	84.4	84.8
Total bachelor's degree or higher	32.0	34.7	34.1	19.9	23.9	24.0
Total with some college but no bachelor's degree	31.1	30.9	32.8	26.0	29.0	29.3

As noted last year, the level of educational attainment in Columbia County is generally higher than in Aiken County. More adults hold a high school diploma or higher, fewer adults stop their formal education at a high school diploma, and more have earned a bachelor's degree or higher. In 2013 in Columbia County, the percentage of adults with only a high school diploma fell by over 1 percentage point from the figure for 2012, while it rose slightly in Aiken County. The percentage of adults with a bachelor's degree or higher dropped slightly in Columbia County in 2013 (34.7 to 34.1), while it rose marginally in Aiken County (23.9 to 24.0). The 2013 figure for Columbia County is still well above the national average of 28.8, which helps explain its relatively higher income levels, seen below.

Table 7.5 shows the work migration patterns for the two counties, updated through 2013.

	Columbia County		Aiken County	
	2008-2012	2009-2013	2008-2012	2009-2013
Workers 16 years or older	58,583	59,319	65,689	66,050
Mean travel time to work, minutes	24.4	24.5	25.4	25.2
Worked in state of residence (percent)	90.8	91.1	79.8	80.1
Worked in county of residence (percent)	33.7	33.2	69.9	70.6
Worked in state but outside county of residence (percent)	57.2	57.9	9.9	9.5
Worked outside state of residence (percent)	9.2	8.9	20.2	19.9

Notice that although Aiken County has about 25,000 more residents than Columbia County, there are only about 6,700 more employed persons in Aiken County. This difference reflects the large number of retired persons in Aiken County compared to Columbia County.

There are only minor changes in these figures for 2013. Most workers who live in Columbia County still commute to work in GA, but only one-third of them work in Columbia County; most of them work in another GA county, primarily Richmond County. There was a slight decline in the percentage of Columbia County workers who commute to work outside GA (9.2 to 8.9); most of these cross-state commuters work in Aiken County. In contrast, the percentage of Aiken County workers who work in Aiken County rose from 69.9 to 70.6, while those who commute to work outside of SC (mostly in Richmond County, GA) fell from 20.2 to 19.9.

Table 7.6 compares personal income levels between the two counties, updated through 2013.

Year	Columbia County				Aiken County			
	Current dollars		Adjusted for inflation (2009 \$)		Current dollars		Adjusted for inflation (2009 \$)	
	Total PI (millions)	Per Capita PI	Total PI (millions)	Per Capita PI	Total PI (millions)	Per Capita PI	Total PI (millions)	Per Capita PI
2002	3,021	31,528	3,552	37,068	4,071	28,038	4,787	32,965
2003	3,289	33,301	3,791	38,386	4,156	28,312	4,790	32,635
2004	3,510	34,096	3,938	38,253	4,317	29,029	4,844	32,569
2005	3,773	35,434	4,101	38,519	4,510	30,036	4,903	32,651
2006	4,144	37,386	4,370	39,429	4,756	31,169	5,016	32,872
2007	4,493	39,040	4,616	40,109	4,987	32,215	5,124	33,097
2008	4,771	40,600	4,807	40,913	5,142	32,775	5,182	33,027
2009	4,894	40,427	4,894	40,427	5,175	32,647	5,175	32,647
2010	5,159	41,292	5,097	40,798	5,353	33,329	5,288	32,930
2011	5,625	43,917	5,451	42,556	5,614	34,661	5,440	33,587
2012	5,833	44,336	5,555	42,224	5,763	35,289	5,488	33,608
2013	5,923	43,739	5,549	40,981	5,753	35,047	5,391	32,837
Average annual growth rate, 2002-2012	6.80%	3.47%	4.57%	1.31%	3.53%	2.33%	1.38%	0.19%
Growth rate, 2011-2012	3.69%	0.95%	1.91%	-0.78%	2.64%	1.81%	0.88%	0.06%
Growth rate, 2012-2013	1.54%	-1.35%	-0.10%	-2.94%	-0.15%	-0.69%	-1.77%	-2.29%

In 2002, with over 50,000 fewer residents, total personal income (TPI) earned by Columbia County residents was over \$1 billion lower than it was in Aiken County. By 2012, after an influx of 35,000 new residents, TPI in Columbia County had almost doubled, and surpassed that for more populous Aiken County. The average annual growth rate for TPI of 6.80 percent for Columbia County from 2002-2012 was almost twice that of Aiken County over this period. However, TPI growth slowed considerably in both counties from 2011-12, as reported last year, and this trend continued into 2013. For 2013, TPI in Columbia County grew by only 1.54 percent, while it fell by 0.15 percent in Aiken County.

Despite stronger population growth from 2002 to 2012, per capita personal income (PCPI) in Columbia County grew much faster than in Aiken County. In 2002 PCPI in Aiken County was almost \$1,500 higher than it was in Columbia County; by 2012 PCPI in Columbia County was over \$10,000 higher than in Aiken County. As with TPI, PCPI grew much more slowly from 2011 to 2012, and actually declined in 2013 in both counties. Once county-level data is released for 2014, it is possible that each county will exhibit the renewed growth in TPI and PCPI seen for SC and the US.

After adjusting for inflation, real TPI growth slowed down in 2012 in both counties, followed by a decline in 2013. Due to faster population growth, real PCPI in Columbia County started falling in 2012, while negative growth in real PCPI did not reach Aiken County until 2013.

Table 7.7 compares median household income for the two counties, updated through 2013.

Table 7.7 Median Household Income for last 12 months, 2012 and 2013				
	Columbia County		Aiken County	
	2012	2013	2012	2013
Median household income	67,295	69,306	44,399	44,509
Number of households	43,785	43,975	63,245	63,388
Percent of households with income of \$100,000 or higher	27.9	28.8	17.0	17.2
Number of households with income of \$100,000 or higher	12,216	12,665	10,752	10,903

As reported last year, median household income in Columbia County in 2012 was over 50 percent higher than it was in Aiken County, and well above the national average of \$53,046. For 2013 median household income grew by 3 percent in Columbia County, while it remained flat for the US, and just barely increased for SC and Aiken County. Columbia County also continues to have a much higher percentage of households earning \$100,000 or higher, so that even though Aiken County has almost 20,000 more households, Columbia County has about 1,500 more households in that income strata.

Table 7.8 shows average weekly wages for the two counties, updated through 2014.

Year	Columbia County		Aiken County	
	Current dollars	Adjusted for inflation (2009 \$)	Current dollars	Adjusted for inflation (2009 \$)
2002	512	602	721	848
2003	526	606	731	843
2004	537	602	740	830
2005	576	626	770	837
2006	585	617	781	824
2007	596	612	808	830
2008	634	639	815	821
2009	629	629	846	846
2010	631	623	873	863
2011	630	610	901	873
2012	670	638	894	851
2013	667	625	874	819
2014	660 <i>p</i>	609 <i>p</i>	881 <i>p</i>	814 <i>p</i>
Average annual growth rate, 2002-2012	2.73%	0.58%	2.17%	0.04%
Growth rate, 2012-2013	-0.45%	-2.06%	-2.24%	-3.82%
Growth rate, 2013-2014	-1.05% <i>p</i>	-2.47% <i>p</i>	0.80% <i>p</i>	-0.65% <i>p</i>

Last year we noted that average weekly wages are significantly lower in Columbia County than in Aiken County, even though Columbia County has a higher median household income, and a higher per capita personal income. This can be explained by understanding that wage data is collected from employers within the county, while income data is collected from residents in the county. Recall that about two-thirds of Columbia County residents work outside the county, so that their personal and household income is earned in another county (or state), where wages are higher. Average weekly wages in Columbia County are earned only by those persons who work in Columbia County, many of whom live in other counties. An average weekly wage of \$660 implies an annual salary of \$34,320, which implies that much of the employment found within Columbia County is in relatively lower-paying industry sectors, such as education and health services, leisure and hospitality, and trade, transportation and utilities.

Average weekly wages generally grew from 2002 to 2012 in Columbia County; by 2012 they were 75 percent of the wage level in Aiken County. They fell in both counties in 2013, but the drop was less pronounced in Columbia County. In 2014, wages fell again in Columbia County while they rose in Aiken County. After accounting for inflation, wages fell in both counties for both 2013 and 2014.

Table 7.9 looks at the overall labor force in the two counties, updated through 2014.

Year	Columbia County				Aiken County			
	Labor force	Empl	Unempl	Unempl rate	Labor force	Empl	Unempl	Unempl rate
2002	50,452	48,682	1,770	3.5	68,908	65,422	3,486	5.1
2003	52,309	50,495	1,814	3.5	70,943	67,261	3,682	5.2
2004	55,115	53,016	2,099	3.8	73,306	69,152	4,154	5.7
2005	57,208	54,622	2,586	4.5	74,035	69,658	4,377	5.9
2006	58,404	56,009	2,395	4.1	75,014	70,263	4,751	6.3
2007	59,847	57,528	2,319	3.9	74,694	70,732	3,962	5.3
2008	60,505	57,607	2,898	4.8	74,938	70,583	4,355	5.8
2009	60,558	56,457	4,101	6.8	76,804	69,617	7,187	9.4
2010	63,645	59,274	4,371	6.9	76,203	69,648	6,555	8.6
2011	66,839	62,192	4,647	7.0	78,518	71,742	6,776	8.6
2012	67,965	63,430	4,535	6.7	78,061	71,859	6,202	7.9
2013	67,524	63,241	4,283	6.3	77,368	71,561	5,807	7.5
2014	67,510	63,716	3,794	6.0	77,783	72,663	5,120	7.0

Because the resident population of Columbia County has grown much faster than that of Aiken County, the labor force in Columbia County has also grown faster. As mentioned above, much of that population growth in Columbia County has occurred in individuals below the age of 65. As a result, even though Columbia County had about 25,000 fewer residents in 2014, they have only 10,000 fewer labor force participants than Aiken County.

Somewhat surprisingly, the labor force actually contracted slightly in Columbia County in 2014 (a loss of 14 workers), but the level of employment rose by about 500 jobs, which is almost exactly the reduction in the number of unemployed workers. This resulted in a further reduction in the unemployment rate in Columbia County to 6.0 for 2014, which is equal to that for SC, and below the national average of 6.2. In Aiken County the labor force rose by over 400 workers in 2014, and the level of employment rose by 1,100 jobs in 2014, but the number of unemployed workers only fell by under 700 workers, bringing the unemployment rate down to 7.0.

Table 7.10 looks at building permit activity in the two counties, updated through 2014.

Table 7.10 Residential and commercial building permits and values for Columbia County and Aiken County, 2002-2014								
	Columbia County				Aiken County			
	Residential		Commercial		Residential		Commercial	
Year	No.	Average value	No.	Average value	No.	Average value	No.	Average value
2002	1302	123,985	n.a.	n.a.	853	109,333	111	337,104
2003	1431	136,031	n.a.	n.a.	977	116,818	94	422,854
2004	1645	144,059	n.a.	n.a.	965	135,352	85	470,566
2005	1786	160,174	n.a.	n.a.	1158	130,081	73	441,834
2006	1386	178,688	n.a.	n.a.	1144	151,230	93	467,002
2007	1244	175,693	n.a.	n.a.	1028	193,783	104	778,267
2008	841	159,620	n.a.	n.a.	618	182,881	92	467,811
2009	968	151,721	76	488,492	554	194,830	37	313,845
2010	1110	164,213	41	797,584	651	225,101	53	545,061
2011	1104	146,617	33	814,294	621	198,934	71	908,997
2012	1090	154,179	51	1,361,741	575	218,757	83	2,380,774
2013	1114	165,359	83	1,437,556	582	224,489	73	892,770
2014	1186	172,198	48	776,866	681	183,417	66	804,885

The rapid increase in population in Columbia County led to a higher annual level of new residential construction there than was observed in Aiken County from 2002 to 2005. The recession caused the levels to drop in both counties from 2006 to 2008, but activity rebounded sooner in Columbia County and has been running at a significantly higher level since then. As of 2014 there are still almost twice as many new homes being built each year in Columbia County than are being built in Aiken County. For many years the average value of new homes constructed in Aiken County was higher than it was in Columbia County, but for 2014 the average value of new homes in Aiken County has fallen to be much closer to that found in Columbia County.

In terms of commercial new construction, the annual rate of new commercial starts is running about the same in both counties, fluctuating between about 40 and 80 each year for the past five years. This data showed no appreciable change in 2014.

VIII. Summary and Conclusions

The economic data presented and analyzed in the preceding sections of this report provide some indication of several trends taking place in Aiken County, with an emphasis on changes observed after an additional year's worth of data. We summarize our analysis in this section, and offer some updated concluding insights on possible policy directions for the County.

Population Trends and Demographics

Continued population growth is one of the most crucial economic indicators for any region. The population of SC continues to grow more rapidly than the US, and population growth accelerated in SC and the US for 2014. The population growth rate for Aiken County slowed considerably for 2013 and 2014, but remains positive. Population growth in the cities of Aiken and North Augusta also slowed down for 2013 (the most recent year available), but in both cases remained at or above the national average growth rate for 2013, in spite of much slower population growth for Aiken County. Given that population growth in Aiken and North Augusta are not closely linked to that for Aiken County, last year's fear of a zero or negative population growth rate for Aiken no longer seems very likely.

The US population continues to age as baby boomers get older and younger Americans have fewer children; however, SC and Aiken County are still aging faster than the US. The slight downturn in the percentage of persons aged 65 or older seen last year for Aiken in 2012 did not persist (instead it went up from 21.3 in 2012 to 22.0 for 2013), but there was some additional growth for 2013 in the percentages of Aiken residents aged less than 5 years or less than 18 years. This time around there was a small reduction in the percentage of residents aged 65 years or more for North Augusta in 2013, from 15.5 to 15.3.

There was little change in the racial and ethnic composition of Aiken County for 2013: almost 70 percent of the population is White and 25 percent is Black or African American. Aiken has a lower percentage of Whites and a higher percentage of Blacks or African Americans than seen for the County, while North Augusta has a higher percentage of Whites and a lower percentage of Blacks or African Americans.

Educational attainment continues to be an issue for South Carolina and Aiken County, based on updated data for 2013. SC made some progress in the percentage of adults with only a high school diploma, while Aiken County slid backwards a bit in this area. Both areas showed some minor progress in the percentage with a bachelor's degree or higher for 2013. The cities of Aiken and North Augusta continue to have significantly higher levels of educational attainment than the County, in large part due to the presence of USC Aiken and the SRS (and well-educated retirees). Aiken experienced an increase in the percentage with only a high school diploma for

2013, while North Augusta saw this percentage decrease. North Augusta also saw an increase in the percentage with a bachelor's degree or higher in 2013.

As we reported last year, most Aiken County residents still work in Aiken County, especially Aiken residents, while almost half of North Augusta residents commute to work in GA (mostly in Richmond County). There were no significant changes in these percentages.

Measures of Income

The broadest possible measure of income at the county level is personal income, which includes cash wages, unearned income (dividends, interest and rent), and government transfer payments. Measured in current dollars, personal income growth for the US and SC (both total and per capita) slowed down considerably in 2013, but rebounded nicely in 2014. In Aiken County, personal income growth turned negative in 2013, as we feared might happen in last year's report. Whether personal income growth in Aiken County will also rebound when the 2014 data is released later this year is unknown, but could certainly happen. To measure the real purchasing power of individuals, these nominal values must be converted to per capita and adjusted for inflation. Real per capita personal income fell in 2013 for all 3 regions, but rebounded for SC and the US in 2014; it is hoped that Aiken County will follow suit once the 2014 data is released.

Median household incomes for SC and Aiken County continue to be very similar, both about 15 percent below the national figure, as their relatively lower levels of educational attainment might suggest. Median household incomes rose marginally in both SC and Aiken County for 2013. Where educational attainment levels are higher, as in Aiken and North Augusta, median household incomes are naturally higher, but median household incomes slipped somewhat for 2013 in both cities.

Average weekly wages in SC have continued to rise each year through 2014, and still run about 80 percent of the national average. Wages in Aiken County, which used to be above the national average, but have grown more slowly recently and are now about 91 percent of the national average. After falling in 2012 and 2013, current-dollar wages in Aiken County increased in 2014. After adjustment for inflation, real wages in SC fell in 2013 and 2014. Real wages in Aiken County have now fallen each of the last 3 years (2012, 2013, 2014) for a cumulative decline of almost 7 percent. The fact that real personal income in SC rebounded in 2014 despite a drop in real wages gives us some hope that real personal income in Aiken County can also rebound in 2014.

Employment Trends and Patterns

Labor force participation rates continued to fall in SC for 2014, along with the rest of the US. However, the size of the labor force continued to grow in the US, SC, and Aiken County for 2014 in spite of this. The labor force grew in Aiken for 2014 after two straight years of decline, almost returning to its previous peak from 2011.

Employment levels in the US and SC continued to grow for 2014; US employment almost reached its pre-recession peak from 2007, while SC set a new record for employment for the second year in a row. After dipping in 2013, employment in Aiken County hit a new record high for 2014, growing by 1,100 new jobs. Employment in Aiken reversed the downward trend seen in 2012 and 2013 to crest 13,000 jobs for the first time since 2008, although it has not yet reached its pre-recession peak from 2007.

Unemployment rates dropped across all 4 regions for 2014, with sizeable declines for the US and SC. There was also meaningful progress in reducing the number of unemployed workers in each region. Nevertheless, unemployment rates in the US, SC, Aiken County and Aiken have not returned to their pre-recession levels, and these figures would be much higher if not for the large numbers of discouraged workers who have left the labor force since the recession.

Employment in the goods-producing sector within Aiken County fell again in 2014 for the second straight year, and this was most pronounced in the manufacturing sector, where it fell by over 4 percent. Employment growth in the manufacturing sector had been a bright spot in the goods-producing sector for Aiken County from 2010 to 2013, but that did not continue for 2014. For 2014 all positive employment growth in Aiken County came from the service-producing sector, which dominates the local economy.

Within the service-producing sector in Aiken County, the professional and business services sector experienced an almost 7 percent increase in jobs for 2014. Other industry sectors experiencing significant employment growth in 2014 include trade, transportation and utilities (+4.5 percent), financial activities (+3.2 percent), leisure and hospitality (+1.4 percent), and education and health services (+1.2 percent).

It is encouraging to see meaningful employment growth occurring in two of the higher-paying sectors: professional and business services and financial activities. But this employment growth is tempered somewhat by declining employment in construction and manufacturing, which are the second and third highest-paying sectors. Since the professional and business services sector had the strongest employment growth, and also pays the highest average salaries, it gives us hope that personal income grew in Aiken County in 2014.

Consumer Spending

Gross retail sales in SC continued to grow in 2013-14, but at a slower rate than in recent years, and reached a new all-time high. After dipping slightly in 2012-13, retail sales in Aiken County returned to small but positive growth, and still have not yet reached their pre-recession high seen in 2007-08. After a surprising decline in 2012-13, retail sales in Aiken surged by over 9 percent for 2013-14, and nearly hit the \$1 billion mark. This surge – which reflects some improved reporting of retail sales within city limits – comes close to returning retail sales in Aiken to the historical trend line established prior to 2012-13.

After falling in 2012-13, retail sales in North Augusta fell again in 2013-14, and remain well below the pre-recession peak in 2004-05. The large percentage of North Augusta residents who work and shop in neighboring GA probably will make it difficult for North Augusta to make up this drop in retail sales in the near future. The new retail developments near Exit 5 off I-20 and those associated with Project Jackson would certainly help in this regard.

Real Estate Markets

The updated data on Aiken County residential home sales for 2014 are very encouraging. The number of pending home sales in Aiken County jumped by over 16 percent, and this growth seems to be distributed across the board for all sales price ranges. The median sales price for homes in Aiken County also turned back up for 2014. These factors suggest some new upward momentum in home prices in Aiken County.

New residential construction in Aiken County also increased for 2014, with the number of permits issued for construction of new housing units rising in Aiken, North Augusta and the County as a whole. New commercial construction in Aiken County was little changed for 2014; the biggest change was in the number and average value of new commercial construction in North Augusta, which probably reflects new developments near Exit 5.

Local Government Revenues

The net asset positions of the governments of Aiken County, the City of Aiken, and the City of North Augusta remain strong, with growth in the most recent year. But this continued growth was accompanied by significant reductions in unrestricted net assets.

Total government revenues grew much more strongly in Aiken County than in Aiken or North Augusta, with almost no revenue growth for North Augusta. Total government expenses grew faster than total government revenues did in both the City of Aiken and the City of North Augusta. Despite continued growth in their net asset positions, the Cities cannot continue to expand expenses faster than revenues indefinitely.

Policy Implications

As we stated last year, this study is intended to provide a clearer picture about where Aiken County currently stands with regard to a number of different indicators of economic vitality and quality of life. It is not an economic impact study, nor is it an economic forecast. In this update we once again make a few observations about what we feel the updated economic conditions and trends might suggest in terms of policy implications.

The well-established connection between educational attainment and income levels suggest that continued efforts to increase educational attainment levels in Aiken County are warranted. Assisting high school graduates to make the transition to higher education could help reduce the percentage which starts college but never complete a degree. The new industrial process engineering degree program that is coming to USC Aiken may encourage more engineers to stay

in the Aiken area after graduation. Upper-level online degree completion programs, such as the USC Palmetto College initiative, which are accessible to non-traditional, working adults are also helpful in this regard. For those who already hold a bachelor's degree, greater access to graduate programs such as the new MBA for STEM and Liberal Arts offered by USC Aiken would also help.

The increased employment levels for 2014 seen in the professional and business services sector, which is closely linked to funding levels at the SRS, are certainly welcome. Continued efforts to retain funding for the MOX project and other remediation missions at the SRS are important, but we still believe that Aiken County and the cities of Aiken and North Augusta should continue to prepare for a future in which the Site plays a significantly smaller role in the local economy. As we stated last year, the need for greater diversification of the sources of personal income in Aiken County seems obvious. Continued strong growth in employment in the financial activities sector, which pays relatively high salaries, is encouraging. The new Aiken Innovation Project being partially funded by a grant from the SC Department of Commerce should help the community increase its focus on enhancing the climate for innovative entrepreneurs in Aiken. The partnership between the Mill on Park project in downtown Aiken, USC Aiken and the Small Business Development Center continues to grow with the opening of the Emerging Entrepreneurs co-working space. The success of the first year of the Young Entrepreneurs Academy (YEA!) for middle- and high-school students provides more hope for progress in this direction.

Since our last report, there has been greater appreciation of the need to make living in Aiken County more attractive to new workers moving to our area. The rapidly-growing economy of Columbia County and its strong property and sales tax base allows it to provide high-quality public services to its new residents, including newer and more modern public school facilities, which serve as an attractive magnet for young professionals with school-aged children. As identified by the Aiken Chamber's Blue Ribbon Panel report from 2013, improving our roadways and highway infrastructure to alleviate traffic congestion, providing more public gathering spaces ("green spaces") and residential options downtown, and improving accessibility for pedestrians and bicyclists throughout the area with new trails and pathways are all possible ways of making our community more attractive to these workers.

The leadership of Aiken County recognized this need and worked with local legislators to obtain approval to put a referendum before the voters for a special purpose one cent sales tax which would be devoted to improving the physical infrastructure of public schools in Aiken County. Voters understood this need and voted to approve the one cent tax, which will provide much-needed funds to modernize existing schools and replace the oldest school buildings with new, modern ones. As an additional step, the Aiken City Council has recently imposed a new one percent hospitality tax to provide public seed money for new economic developments within the City, particularly in the downtown area.

Last year we also pondered the possible outcomes if the community did not rise to meet these challenges, leaving the trends and conditions described in that report to continue along their existing paths. Fortunately, there have been a number of new initiatives established over the past year, and continuation of existing ones. Whether as a result of these efforts or as part of other underlying forces, many of the negative prospects envisioned last year seem considerably less likely now. The population growth rate in the city of Aiken did not continue to fall as much as feared; negative population growth no longer seems likely. Population growth in the County did slow down, but remains positive. Employment in the city of Aiken has turned around, and returned to positive growth in 2014. Nominal weekly wages rose for both Aiken County and the city of Aiken. Although personal income in Aiken County tumbled a bit in 2013, the strong growth in personal income seen for South Carolina and the US for 2014 gives some hope that personal income in Aiken County will return to positive growth for 2014, although we won't know this until the end of this year. Retail sales in Aiken County are growing again, especially within the city of Aiken. Residential home sales are surging across all price ranges, with evidence of new upward momentum in sales prices.

These positive developments over the past year should not make us complacent. It will still require vigilance and hard work to maintain economic stability and preserve the high quality of life that we all enjoy in Aiken County and the cities of Aiken and North Augusta. Economic stability requires regular, consistent growth of the population, employment levels, wages, personal income, new construction starts and housing values.