

An Economic Profile of Aiken County and the Economic Impact of the Equine Industry

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Dr. Sanela Porca

Dr. J. Ralph Byington

University of South Carolina Aiken

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Executive Summary

The purpose of this study is to provide an overview of the Aiken County economy and to determine an economic impact of its equestrian industry. In order to better understand our local economy, the study provided a broad overview of the Aiken County economy as well the specific industrial structure analysis. With respect to the equestrian industry, the study utilized the data obtained from two different surveys and answered the questions regarding the scope of the equestrian industry and its economic impact on Aiken County.

KEY FINDINGS – Economic Impact of the Aiken Equestrian Industry:

- An annual cost per horse in Aiken County tops \$7,393.00, which amounts to \$50.163 million in total spending produced by the equestrian sector. **The \$50.16 million in direct gross receipts leads to an additional \$11.76 million in indirect effects and an additional \$9.89 million in induced effects for a total of \$71.82 million in gross receipts.**
- The Aiken Equestrian Industry accounts for 1,329 full-time workers. There are an additional 283 jobs due to indirect effects and 202 jobs due to induced effects of the equestrian industry. **In total, 1,814 jobs Aiken County can be attributed to the operations of the equestrian industry.**
- There are \$16.93 million in income effects that result directly from the local equestrian industry. In addition, there are indirect linkages that account for an additional \$2.09 million and the induced effects are an additional \$217,513.00. **In total, the impact of the Aiken equestrian industry on household income is estimated to be \$19.25 million annually.**
- In terms of the output multiplier of the equestrian industry, one dollar of spending by this industry leads to \$1.65 of spending in the local economy. Relative to other industries that dominate the Aiken economy, this multiplier is smaller than the one produced by the manufacturing sector (2.05) or the construction sector (2.10). However, it is still larger than the FIRE multiplier of 1.51 (FIRE – Finance, Insurance, and Real Estate).

Equestrian Activities and Horse Population in Aiken County:

- The majority of the equestrian activities are pleasure related (48 percent), followed by competition (21 percent), breeding (18 percent), and racing (13 percent).

- More specific activities within major categories include polo (21 percent), jumper/hunter (19 percent), fox hunting (17 percent), trial riding (14 percent), flat racing-steeplechase (12 percent), dressage (8 percent), driving (5 percent), and other (4 percent).
- The estimated total equine inventory in Aiken County tops 6,785 horses.
- The dominant breed is Thoroughbred (32 percent), followed by Quarter Horse (22 percent), Warm Blood (9 percent), Ponies (9 percent), Tennessee Walker (6 percent), Pinto/Paint (6 percent), Miniature (5 percent), Mules & Donkeys (4 percent), Draft Horses (2 percent), and several other breeds (5 percent).
- The average equine value for all breeds is \$5,002.00 and the total estimated equine value is \$59,086,223.

Measures of Income, Local Labor Market & Consumer Spending:

- Total personal income in Aiken County was \$4,493,405,000 in 2006; Aiken is ranked the 10th county statewide in terms of the level of total personal income.
- The County's per capita income stood at \$29,912 in 2006; this was about 81 percent of the national average of \$36,714. The County's per capita income level ranked 11th across South Carolina's counties.
- Median household income in Aiken during 2006 stood at \$44,128. This was higher than the state average of \$41,100 and below the national average of \$48,451.
- Aiken County's unemployment rate declined sharply between 1990 and 2007 from greater than 7 percent during the early 1990s to less than 4 percent by the end of the decade. Since 2000, Aiken's unemployment rate has remained below the statewide average.
- The labor force participation rate in Aiken County has roughly matched the statewide average of 62.3 percent in 2007.
- During fiscal year 2005-2006, total retail sales for Aiken County businesses were about \$2.6 billion.
- Per Capita Retail Sales in Aiken County during fiscal year 2005-2006 was \$17,258.

Employment and Labor Earnings in Aiken County:

- There were a total of 79,212 jobs in Aiken County as of 2005.
- The largest sector in terms of employment in 2005 was administrative and waste services with 13,784 workers. Retail trade was the county's second largest employment sector with 9,933 jobs.
- During 2005, total labor earnings in Aiken County were \$3.2 billion.
- The sectors generating the highest total level of labor earnings include administrative and waste services (\$946.9 million), manufacturing (\$451.0 million), and construction (\$369.9 million).

I Introduction

It all started in the late 19th century when a few Northerners discovered Aiken, South Carolina's calm climate and its sandy soil. For equestrians from the North, Aiken was a perfect place to train horses during the winter months. Shortly after the Northerners arrival, the equestrian movement began followed by the introduction of equestrian activities such as polo, foxhunting, horse racing, and carriage driving, to name a few. Very quickly Aiken, which was little more than a small railroad town, transformed into a city known as "a place where horses are kings." Thanks to horses and horse enthusiasts, this beautiful "Winter Colony" continued to grow and flourish throughout the centuries.

The purpose of this study is to provide an overview of the Aiken County economy and to determine the economic impact of its equestrian industry. The Aiken County economy is made up of many different kinds of activity. Understanding the structure of our local economy is critical for understanding its long- and short-term performances, as well as its long- and short-term challenges and opportunities. In order to better understand our local economy, this study attempts to answer the following major questions:

What is the industrial structure of Aiken County?

Which industries dominate our local economy?

How big is the equestrian industry of Aiken County?

What is the economic impact of the equestrian industry on our local economy?

The study is organized as follows: an economic overview of the Aiken County economy (section 2), Aiken County industry structure described and analyzed (section 3), specific description of the equestrian industry (section 4), long-term economic impact of the equestrian industry on Aiken County (section 5), and a summary of the findings of the study (section 6). This is a two-part study where the first half of the study focuses on the Aiken County economy (section 2 and 3) while the second part focuses on the equestrian industry economic impact on our local economy (section 4 and 5).

II Economic Overview

The purpose of this section is to provide an economic overview of Aiken County's economy over the past several decades. From the perspective of planning for economic growth, it is important to understand not just how a local economy is performing currently, but also what the major trends have been over a historical period and how they have contributed to the current economic situation. The broad overview provided here will detail data in three main categories: measures of income (per capita income, median household income, and average wages), measures of local labor markets (employment, unemployment, and labor force participation rates), and consumer spending (retail sales and retail sales per capita).

Measures of Income:

Per Capita Income, Median Household Income & Average Wages

One of the broadest measures of economic activity at the county level is personal income. Personal income data provides an estimate of income from all sources flowing annually to county residents. During 2006, total personal income in Aiken County was \$4,493,405,000.¹ Total personal income statewide stood at \$128.9 billion in 2006. Aiken's \$4.5 billion in personal income ranked the county 10th statewide in terms of the level of total personal income.

Total personal income is comprised of three distinct income sources: 1) labor earnings, 2) dividends, interest, and rent, and 3) government transfer payments to individuals. During 2006, total personal income in Aiken was made up of \$2.9 billion in labor earnings, \$702 million in dividends, interest and rent, and \$911 million in transfer payments. Statewide in 2006, labor earnings accounted for 65.9 percent of total personal income. In Aiken County, labor earnings accounted for 64.1 percent of total income. Meanwhile, dividends, interest, and rent made up 15.6 percent of all income in Aiken County. This was just slightly higher than the statewide average of 15.2 percent. Meanwhile, transfer payments accounted for 20.3 percent of all income in the county compared with a statewide average of 18.9 percent.

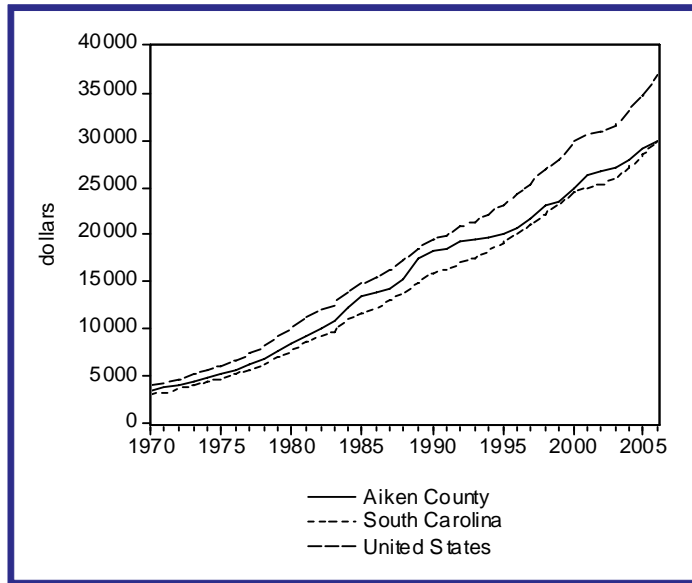
¹ All personal income data are provided by the U.S. Bureau of Economic Analysis.

These personal income statistics are useful in gauging the overall size of the Aiken County economy. However, to understand relative living standards in Aiken County, we need to also look at per capita income. Per capita income is one of the most commonly cited measures of living standards. Per capita income is simply an area's total personal income divided by its total population. Per capita income makes no adjustment for differences in demographics, income sources, or cost of living between areas.

In 2006, Aiken County's per capita income stood at \$29,912. This was slightly ahead of the statewide average of \$29,767, and was about 81 percent of the national average of \$36,714. As of 2006, Aiken County's per capita income level ranked 11th across South Carolina's 46 counties. Figure 2.1 illustrates historical trends in per capita income for Aiken County, South Carolina, and the United States from 1970 to 2006. This figure shows that Aiken's per capita income level has consistently been below the national average and above the state average. One feature readily apparent from the figure is that per capita income is consistently increasing. While there are periods of relatively faster growth and relatively slower growth, per capita income has grown substantially over the last decades.

A common way to analyze specifically how a local economy's per capita income is performing relative to other areas is to look at an area's per capita income as a percent of another area's per capita income. In Figure 2.2 we have Aiken County's per capita income as a percentage of the South Carolina average and of the national average. The first feature to note from this chart is that Aiken County's per capita income has consistently been higher than the state average (the solid line is always above the horizontal line drawn at 100 percent) and that Aiken's per capita income is always below the national average (the dashed line is always below 100 percent). Of course, we already saw this from Figure 2.1.

**Figure 2.1. Per Capita Income
1970-2006**



**Figure 2.2. Aiken County Relative Per Capita Income
1970-2006**

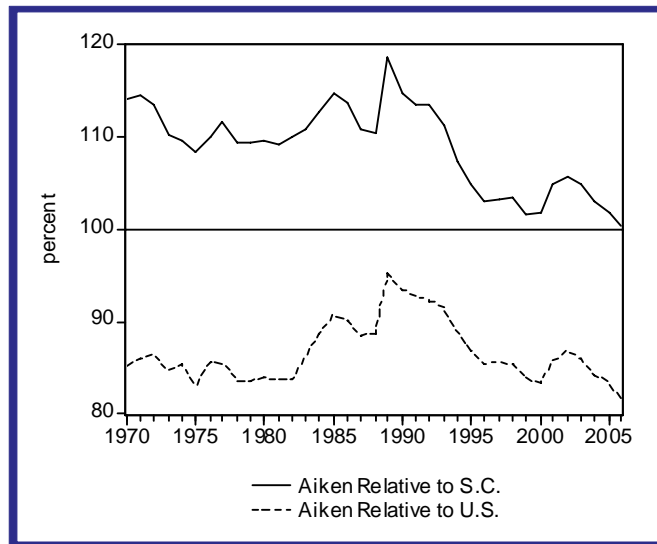
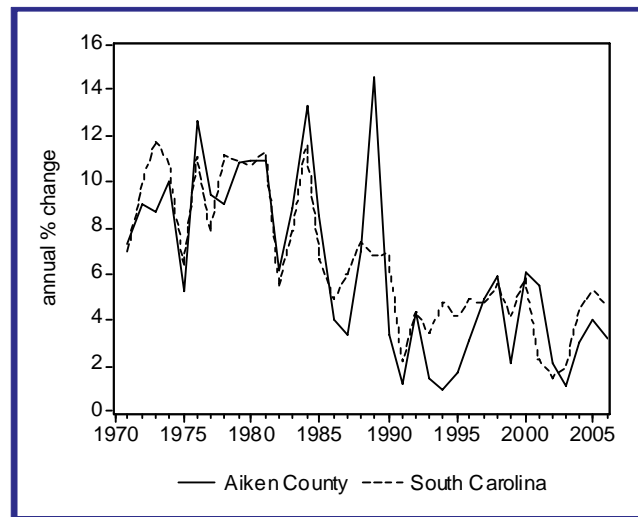


Figure 2.2 illustrates an important additional feature of Aiken's per capita income trends. Specifically, Aiken County's per capita income relative to the state and national average has fallen since the early 1990s. For example, from 1970 to 1990, Aiken's per capita income

average was roughly 110 to 115 percent of the state average. Since the early 1990s, Aiken’s per capita income has fallen to roughly match the statewide average as of 2006. Similarly, during the early 1990s, Aiken’s per capita income was more than 90 percent of the national average. This figure has since fallen to roughly 81 percent of the U.S. average as of 2006. This means that in recent years, Aiken County’s rate of per capita income growth has failed to keep pace with the state and national averages. Figure 2.3 reinforces this by showing the annual rate of per capita income growth for Aiken County and South Carolina from 1971 to 2006. Aiken’s per capita income growth was slower than the state average during the early 1990s and again during the last several years. This relatively slower growth has caused Aiken to lose its edge relative to the state average per capita income, and has caused it to slip further behind the national average.

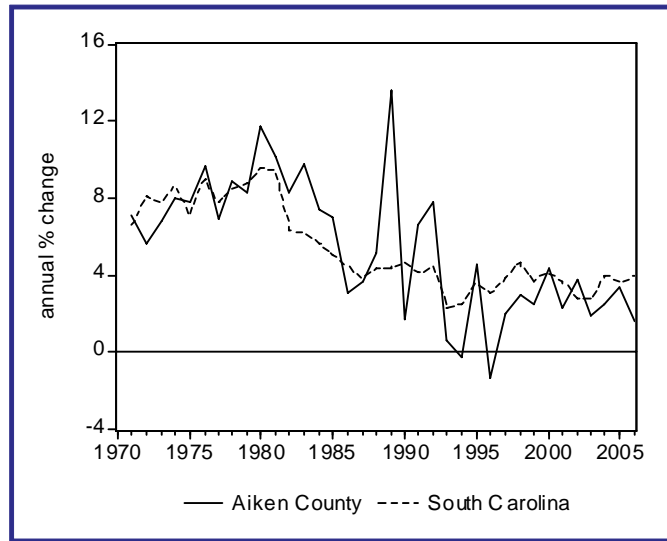
Figure 2.3. Per Capita Income Growth
1971-2006



Recall that personal income, and therefore per capita income, is made up of distinct types of income. To further analyze the slower per capita income growth of the 1990s, we can look at the largest source of personal income – labor earnings. Specifically, Figure 2.4 provides historical trends for average wage growth in Aiken County and South Carolina. Aiken’s average wages grew more quickly than the state average during much of the 1980s and into the very early

1990s. However, since 1992 average wages in Aiken County have generally been growing more slowly than the statewide average. This slower wage growth has contributed to Aiken's relatively slower per capita income growth.

Figure 2.4. Average Wage Growth
1971-2006



This same relationship between Aiken and South Carolina wage levels is shown in Figure 2.5. Specifically, this chart provides Aiken County's average wage as a percent of the statewide average from 1970 to 2006. Overall, the chart indicates that Aiken's average wage level is consistently higher than the South Carolina average. As of 2006, Aiken's average wage was about 20 percent higher than the state average. However, the downward trend since 1990, apparent in this chart, confirms the slower wage growth locally versus the statewide average.

A final look at Aiken's income trends comes from median household income. Median household income in Aiken during 2006 stood at \$44,128. This was higher than the state average of \$41,100 and below the national average \$48,451. As with per capita income, this trend has persisted for decades. The comparison of median household incomes for 1969, 1979, 1989, 1999, and 2006 is given in Figure 2.6.

Figure 2.5. Average Wages: Aiken Relative to S.C.

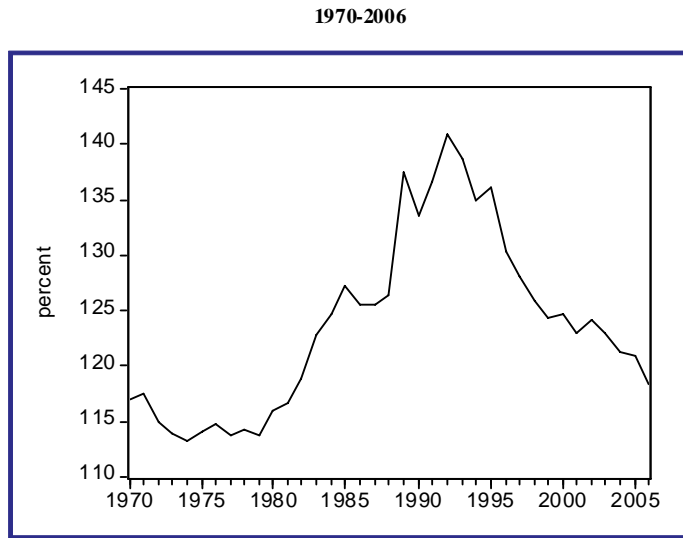
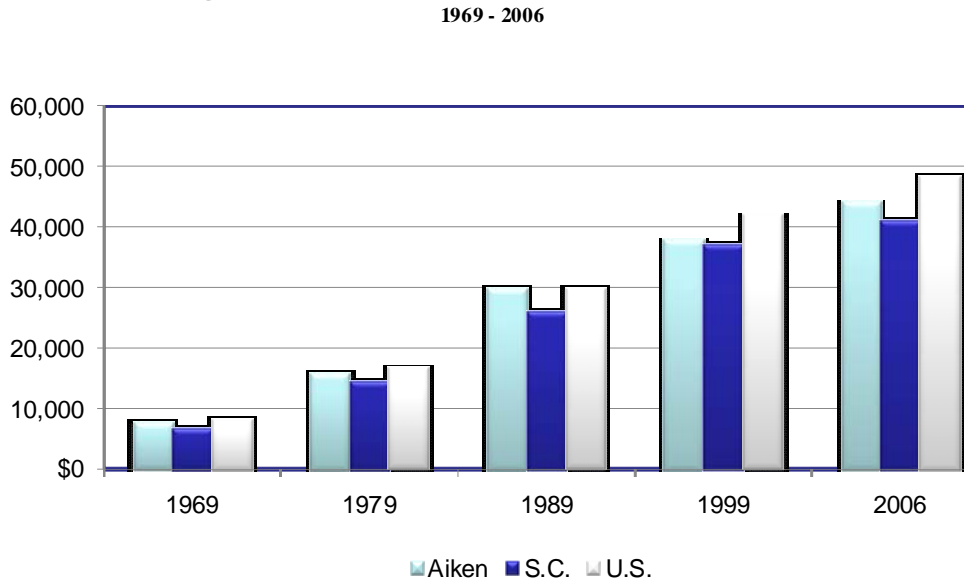


Figure 2.6. Median Household Income



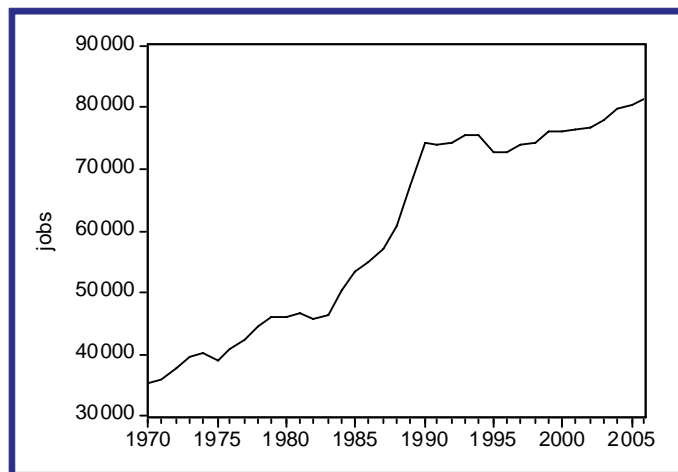
Measures of the Local Labor Market:

Employment Growth, Unemployment Rate, & Labor Force Participation Rate

There are several key labor market indicators used to gauge the short- and long-term performance of an economy. These include measures of total employment growth, unemployment rates, and labor force participation. There are several different sources of data on employment. The focus of this section is on data available through the U.S. Bureau of Economic Analysis.

Total employment in Aiken County from 1970 to 2006 is shown in Figure 2.7. This chart suggests several distinct phases of economic development in Aiken County. Specifically, the 1970s were characterized by generally steady growth along with job losses during a recession in the mid-1970s. Following the recession of the early 1980s, Aiken County saw employment grow rapidly during the rest of the decade. Since the early 1990s, Aiken County has seen a period of relatively slower job growth.

**Figure 2.7. Aiken County Employment
1970-2006**



These trends are also apparent in Figure 2.8, which provides Aiken County's and South Carolina's annual employment growth from 1971 to 2006. Here, Aiken's growth during the 1970s generally matched the statewide average. The rapid growth of the 1980s exceeded the

growth of South Carolina as a whole. Meanwhile, the 1990s saw Aiken County growing relatively slower than the statewide average. The most recent data suggest Aiken County may have seen some improvement in relative job growth during 2005 and 2006.

Figure 2.8. Employment Growth
1971-2006

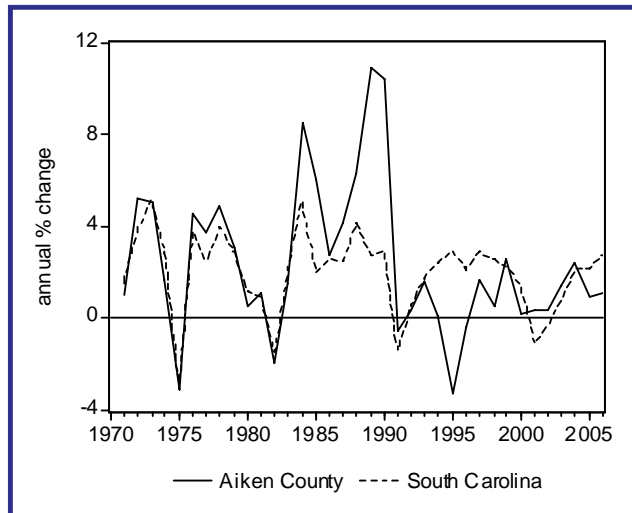
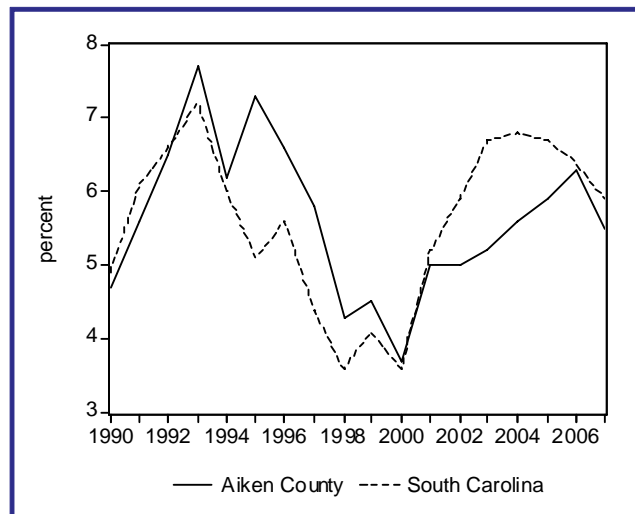


Figure 2.9. Unemployment Rates
1990-2007



Aiken County’s unemployment rate from 1990 to 2007 is given in Figure 2.9. Comparing Aiken’s unemployment rate to the statewide average, this chart indicates that the period of slower job growth during the 1990s kept Aiken County’s unemployment rate above the South Carolina average. However, the county’s unemployment rate declined sharply over this period from greater than 7 percent during the early 1990s to less than 4 percent by the end of the decade. Since 2000, Aiken’s unemployment rate has remained below the statewide average.

Finally, Table 2.1 provides recent data on Aiken County’s labor force participation rate. The labor force participation rate equals an area’s total labor force divided by the population aged 16 years and older. These statistics from 2000 to 2007 show that the labor force participation rate in Aiken County has roughly matched the statewide average.

Table 2.1 Labor Force Participation Rates		
2000-2007		
	Aiken	S.C.
2000	63.1%	63.9%
2001	61.6%	62.2%
2002	61.9%	61.9%
2003	62.9%	62.5%
2004	63.9%	62.8%
2005	63.8%	62.9%
2006	63.7%	62.9%
2007	62.3%	62.2%

Consumer Spending Measures: Retail Sales & Retail Sales Per Capita

During fiscal year 2005-2006, total retail sales at Aiken County businesses were about \$2.6 billion. It is often of interest, particular for border counties and counties near larger retail centers, to compare the level of per capita retail sales within the county to per capita sales within other counties with similar income levels. This comparison is given in Table 2.2. Here, the top 15 counties in South Carolina are ranked according to per capita income levels during 2006. As mentioned earlier, Aiken County ranked 11th in the state in terms of per capita income level in 2006. Also given in Table 2.2 is the level of total retail sales during fiscal year 2005-2006 from

the South Carolina Department of Revenue. The final column of Table 2.2 provides the level of per capita retail sales; simply gross sales divided by population.

Table 2.2 Retail Sales Comparison			
2006 Data			
	Per Capita Income	Gross Sales (\$millions)	Per Capita Sales
1. Beaufort	\$41,724	\$3,887	\$27,067
2. Charleston	\$36,326	\$12,881	\$37,795
3. Lexington	\$33,645	\$8,403	\$35,257
4. Greenville	\$33,460	\$14,137	\$33,943
5. Richland	\$33,157	\$10,652	\$30,335
6. Georgetown	\$32,524	\$1,317	\$21,944
7. York	\$31,657	\$4,475	\$22,551
8. Calhoun	\$30,810	\$214	\$14,450
9. Florence	\$30,334	\$4,510	\$34,470
10. Kershaw	\$30,067	41,139	\$19,958
11. Aiken	\$29,912	\$2,592	\$17,258
12. Oconee	\$29,715	\$1,159	\$16,565
13. Spartanburg	\$28,261	\$7,816	\$28,957
14. Anderson	\$27,955	\$3,977	\$22,458
15. Horry	\$27,809	\$8,913	\$37,176

What can we learn from this information? Of the top 15 counties in terms of per capita income, only two have a level of per capita retail sales lower than Aiken’s per capita sales. The counties in this group with relatively high per capita sales figures tend to be importers of consumer spending. That is, they are attracting retail sales from other areas. Meanwhile, counties like Aiken, Calhoun, Oconee, Kershaw, and Georgetown are seeing retail spending leaving the county, with local residents likely traveling elsewhere for shopping. Very frequently state and local governments try to get nonresidents to pay for government services. Benefiting from nonresidents is a very popular among policymakers and one frequently practiced strategy is tax competition between governments of the same level. Tax competition is viewed as the ability of state and local governments to impose taxes on nonresidents and to attract their consumption. We estimate that each year anywhere between \$809 million and \$855 million of retail sales leaves Aiken County. This loss of retail sales is likely occurring in Augusta, Georgia and/or Columbia, South Carolina.

Very frequently the occurrence of competition causes changes in tax revenue portfolio, migration of businesses and labor, and planning difficulties for government officials. Therefore, local policymakers should be well aware of the possible tax competition with their neighbors. As Figure 2.10 shows, twenty, out of forty six, South Carolina counties border either North Carolina or Georgia. This situation represents a challenge for the local business community as it tries to retain and attract shoppers.

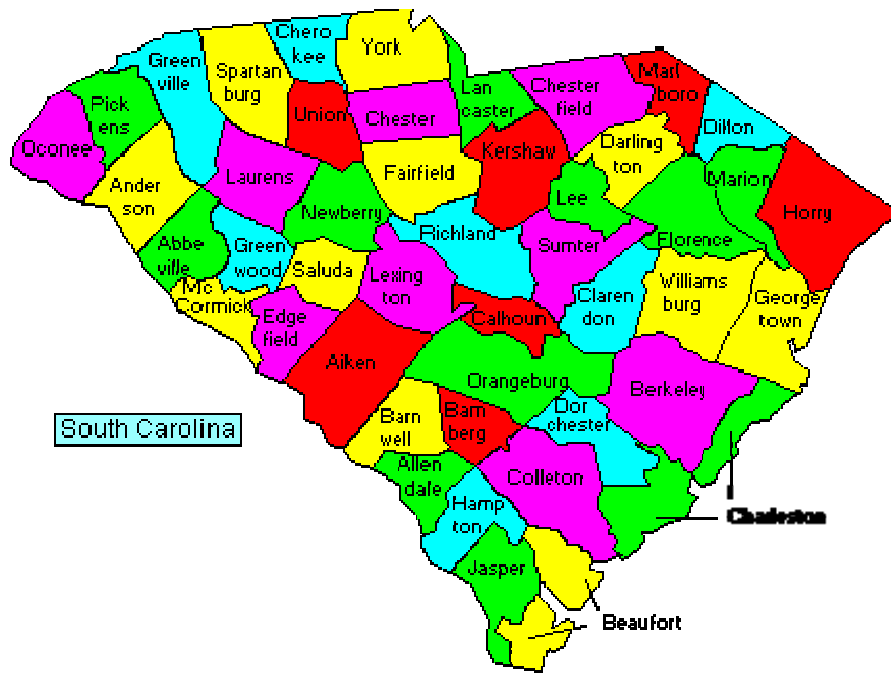


Figure 2.10 Map of South Carolina

III Industry Structure

The Industry Distribution of Employment in Aiken County

The current employment structure of the Aiken County economy will be based on employment data provided by the U.S. Bureau of Economic Analysis. These job estimates indicate a total of 79,212 jobs in Aiken County as of 2005. The distribution of these jobs across major sectors of the economy is given in Table 3.1.² The largest sector in terms of employment in 2005 was administrative and waste services with 13,784 workers. Retail trade was the county's second largest employing sector with 9,933 jobs.

Sector	Jobs
Farm Employment	995
Forestry, fishing, related activities	512
Mining	187
Utilities	403
Construction	7845
Manufacturing	8153
Wholesale trades	1041
Retail trade	9933
Transportation and warehousing	1645
Information	698
Finance and insurance	2303
Real estate and rental leasing	2584
Professional and technical services	3397
Management of companies and enterprises	447
Administrative and waste services	13784
Educational services	527
Health care and social assistance	5297
Arts, entertainment, and recreation	1454
Accommodation and food services	4433
Other services, except public administration	4908
Federal, civilian	751
Military	654
State government	1853
Local government	5408

² These sectors are based on North American Industry Classification System (NAICS) industrial codes.

Other large employment sectors in Aiken County include manufacturing (8,153 jobs), construction (7,845 jobs), and health care and social assistance (5,297 jobs). The relatively smaller employing sectors include mining (187 jobs), utilities (403 jobs), management of companies and enterprises (447 jobs), forestry and fishing (512 jobs), private educational services (527 jobs), and information (698 jobs).

The large presence of jobs in administrative and waste services is due to the substantial local employment related to the Savannah River Site. This is clear from the list of the county’s top employers given in Table 3.2.

Table 3.2 Largest Employers in Aiken County 2005 Data	
Source: South Carolina Employment Security	
	Savannah River Site
	Aiken County Board of Education
	Kimberly Clark Corporation
	Bridgestone-Firestone North American Tire, LLC
	Wal-Mart Associates, Inc.
	Aiken Regional Medical Center, Inc.
	Wackenhut Services, Inc.
	County of Aiken
	AGY Aiken, LLC

Table 3.3 provides the sector shares of total employment for both Aiken County and South Carolina and for those sectors that are relatively larger in Aiken than the statewide average. Specifically, these are the industries for which the local share of total employment is at least one percentage point greater than that industry’s share of total employment statewide. Only two major industries in Aiken County posted a substantially larger presence than is typical statewide. Administrative and waste services accounted for 17.4 percent of all jobs in Aiken County during 2005. This was more than twice the statewide share for this industry at 6.9 percent.

Sector	Aiken Share	S.C. Share
Construction	9.9%	7.1%
Administrative and Waste Services	17.4%	6.9%

In particular, the large presence of waste services jobs indicates the reliance activity associated with the Savannah River Site in Aiken County. The local construction sector also exhibited above average employment. Locally, construction accounted for 9.9 percent of total employment compared with 7.1 percent statewide.

Overall, the statistics in Table 3.3 indicate that our local economy relies unusually heavily on two large sectors. While historically each of these sectors has been a valuable driver of the Aiken County local economy, they also can present some challenges in the future. The dominance of the Savannah River Site as a source of local employment continues to render the local economy susceptible to changes in government budget priorities that could disrupt the level of employment. Also, any area that relies heavily on construction is susceptible to downturns in the housing and commercial construction markets. The downturn in housing nationwide during 2007 and into 2008 has translated into job losses throughout the construction, real estate, and finance industries.

Table 3.4 lists the sectors that are roughly equally represented in Aiken County as in South Carolina. This list includes many sectors. Among the largest local industries that have a roughly equal representation are retail trade, health care and social assistance, and other services.

Table 3.4. Sectors with an Average Share of Total Jobs

2005 Data		
<u>Sector</u>	<u>Aiken Share</u>	<u>S.C. Share</u>
Farm employment	1.3%	1.3%
Forestry, fishing, related activities	0.6%	0.6%
Mining	0.2%	0.1%
Utilities	0.5%	0.5%
Retail trade	12.5%	12.0%
Transportation and warehousing	2.1%	2.7%
Information	0.9%	1.4%
Finance and insurance	2.9%	3.8%
Real estate and rental and leasing	3.3%	3.7%
Professional and technical services	0.7%	1.4%
Management of COs and enterprises	0.6%	0.5%
Educational services	0.7%	1.4%
Health care and social assistance	6.7%	7.3%
Arts, entertainment, and recreation	1.8%	1.7%
Other services, except public admin.	6.2%	5.8%
<u>Federal, civilian</u>	<u>0.9%</u>	<u>1.2%</u>

Finally, those industries that are relatively underrepresented in Aiken County are given in Table 3.5. Again, the industries in this list are those with an employment share more than one percentage point below the statewide average. Included here are the local manufacturing, wholesale trade, accommodations, and food services industries along with several government sectors. Perhaps most notable is the under representation of leisure and hospitality sector jobs. This below average presence of hotel and restaurant jobs may be an indication that the area lacks some of the infrastructure needed for tourism to play a larger role in the local economy.

Table 3.5. Sectors with a Below Average Share of Total Jobs

<u>Sector</u>	<u>Aiken Share</u>	<u>S.C. Share</u>
Manufacturing	10.3%	11.5%
Wholesale Trade	1.3%	3.2%
Accommodation and food services	5.6%	8.0%
Military	0.8%	2.3%
State government	2.3%	4.1%
<u>Local government</u>	<u>6.8%</u>	<u>8.6%</u>

The Industry Distribution of Labor Earnings in Aiken County

In addition to looking at employment by industry, we can also consider the distribution of total labor earnings across industries. In this way, we can begin to understand which local industries are the major sources of household income and also the prevalence of high-paying and low-paying jobs in Aiken County.

During 2005, total labor earnings in Aiken County were \$3.2 billion. The distribution of these earnings is given in Table 3.6. The sectors generating the highest total level of labor earnings include administrative and waste services (\$946.9 million), manufacturing (\$451.0 million), and construction (\$369.9 million).

Table 3.6. Labor Earnings by Industry, 2005 in \$ millions	
Sector	Earnings
Total Earnings	\$3218.0
Forestry, fishing, and related activities	\$8.9
Mining	\$7.9
Utilities	\$27.7
Construction	\$369.9
Manufacturing	\$451.0
Wholesale trade	\$41.3
Retail trade	\$219.9
Transportation and warehousing	\$57.3
Information	\$22.2
Finance and insurance	\$99.0
Real estate and rental and leasing	\$56.0
Professional and technical services	\$144.5
Management of companies and enterprises	\$22.1
Administrative and waste services	\$946.9
Educational services	\$6.4
Health care and social assistance	\$184.1
Arts, entertainment, and recreation	\$25.6
Accommodation and food services	\$54.7
Other services, except public administration	\$75.3
Federal, civilian	\$67.9
Military	\$26.6
State government	\$76.0
Local government	\$226.5

It is often of interest to compare an area's industries in terms of their relative share of employment and their corresponding share of labor earnings. Such a comparison speaks to the differences in average earnings levels across industries. Table 3.7 provides these employment and earnings shares for each industry. The employment shares in Table 3.7 are based on total non-farm employment, and therefore may not match precisely the shares given in Tables 3.3 through 3.5.

Table 3.7. Employment and Earnings Shares by Industry		
2005 Data		
Sector	Employment Share	Earnings Share
Forestry, Fishing, related activities	0.7	0.3
Mining	0.2	0.2
Utilities	0.5	0.9
Construction	10.0	11.5
Manufacturing	10.4	14.0
Wholesale trade	1.3	1.3
Retail trade	12.7	6.8
Transportation and Warehousing	2.1	1.8
Information	0.9	0.7
Finance and insurance	2.9	3.1
Real estate and rental and leasing	3.3	1.7
Professional and technical services	4.3	4.5
Management of companies and enterprises	0.6	0.7
Administrative and waste services	17.6	29.4
Educational services	0.7	0.2
Health care and social assistance	6.8	5.7
Arts, entertainment, and recreation	1.9	0.8
Accommodation and food services	5.7	1.7
Other services, except public administration	6.3	2.3
Federal, civilian	1.0	2.1
Military	0.8	0.8
State government	2.4	2.4
Local government	6.9	7.0

One noteworthy observation from Table 3.7 is that the three top industries in terms of generating labor earnings provide a total of 54.9 percent of all earnings in Aiken County. These industries are administrative and waste services (29.4 percent of all earnings), manufacturing (14.0 percent) and construction (11.5 percent). In each case, these industries provide a larger share of total earnings than they do for employment. This indicates that average earnings are above local averages for each of these sectors. Indeed, while responsible for 54.9 percent of all labor earnings, they represent 38.1 percent of all jobs in Aiken County. That is, when looking at the major sources of income, these three industries are by far the most dominant. This result again highlights the potential susceptibility of the Aiken economy to largely external factors, including trends in manufacturing and construction, as well as future shifts in budgeting for programs at the Savannah River Site. These comparisons between Aiken County and South Carolina in terms of economic structure are intended to provide information about the major industry differences between our local and state economies.

IV Equestrian Industry in Aiken County

The equestrian industry has played a critical role in the growth and development of the Aiken County economy. Besides the local economy, the equestrian migration from the North effected Aiken's culture and businesses. Just like any equestrian industry, the Aiken equestrian industry is fragmented with numerous groups, associations, and stakeholders. All of them have different interests and goals. The goal of this section is to define the Aiken County equestrian industry. In order to determine the nature and scope of the local equestrian industry, two different surveys were conducted. The first survey was for equestrian enthusiasts who live and work in Aiken and Aiken County. The second survey was designed for tourists visiting Aiken and Aiken County. The data obtained from both surveys was utilized to provide descriptive and normative analysis of the equestrian industry and its economic profile and impact.

Equestrian Activities in Aiken County

The equine industry in Aiken County is a growing one and it consists of many different activities and events such as polo, horse racing, horse showing, carriage driving, and fox hunting, to name a few. In order to define and analyze a complex sector such as the equestrian one, an equestrian survey was conducted. The purpose of the equestrian survey was to highlight a set of equine-related activities that are present in Aiken and Aiken County. The survey was distributed to randomly selected individuals considered to be horse owners and/or enthusiasts. An electronic version of the survey was sent to several different equestrian associations with an appeal to share the survey with their members. Furthermore, hard copies of the survey were placed at different locations in the City of Aiken such as Old Aiken Market and Smokehouse, Boots, Bridles & Britches, Plum Pudding, Aiken Gymnastics, and the restaurants Malia's and Davor's. The response rate for the hard copy of the survey was 20 percent. This response rate is comparable to the response rates obtained by similar studies conducted nationwide. The survey had eight sections with questions related to equine activities, equine inventory, labor and capital expenses, equine expenses, gross receipts, tourism related activities, and general information.

The first survey question asked participants to define their equestrian activities in the past twelve months while specifically determining the number of days spent in Aiken County versus the number of days spent in other counties in South Carolina and elsewhere. Figure 4.1 illustrates participants' responses to the question regarding their equestrian activities. The obtained data suggests that a majority of the equestrian activities are pleasure related (48 percent), followed by competition (21 percent), breeding (18 percent), and racing (13 percent). Individuals whose equestrian activities consist of pleasure riding and breeding spend more than 50 percent of their time in Aiken County, while racing and competition account for one-third of responders' time spent in Aiken. Responses indicate that the states of Pennsylvania, Delaware, and Wyoming are "other locations" where "local" equestrian enthusiasts spend their time.

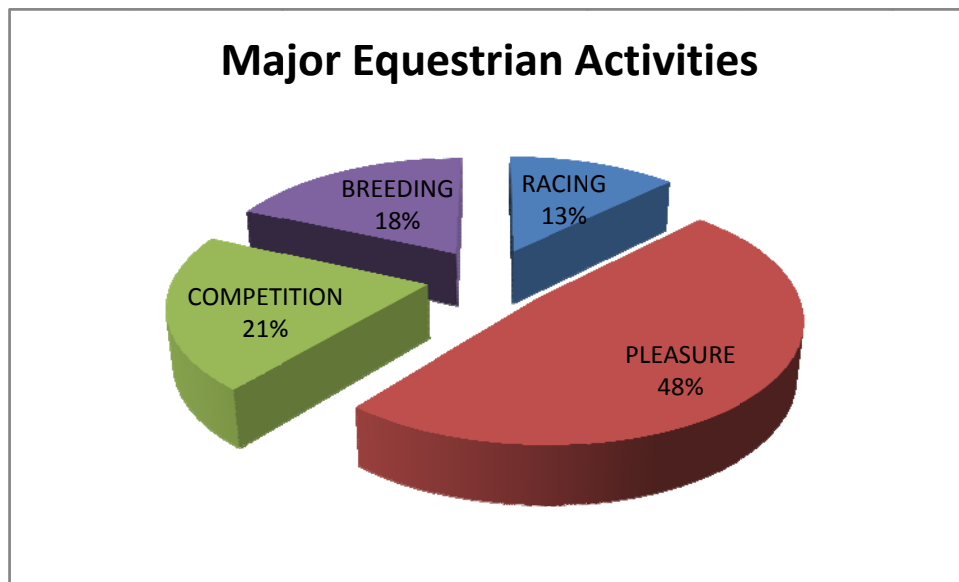


Figure 4.1 Major Equestrian Activities in the Past 12 months

When asked to define *more specific* activities within major categories, 17 and 21 percent of participants report that they enjoy fox hunting and polo, respectively. According to the survey results, the polo activists spend more than 55 percent of their time in Aiken County, versus 45 percent for fox hunting enthusiasts. 14 percent of the survey participants indicate that trial riding (both English and Western) is their preferred equestrian activity in Aiken County. These particular equestrian individuals spend about 30 percent of their time in Aiken County and the other 70 percent outside of South Carolina. Eight percent of the participants report dressage as their main equestrian activity with 44 percent of their time spent in Aiken County. Five percent

consider driving as their leading discipline with 35 percent of their time in Aiken County and 65 percent outside of South Carolina. Nineteen percent of the respondents are jumper and/or hunter enthusiasts with 47 percent of their time spent in Aiken County. Four percent of participants select lessons, training, and fundraising as their dominant equestrian activity with 43 percent of their time spent in Aiken County. Figure 4.2 illustrates responses related to different types of equestrian activities conducted in Aiken County.

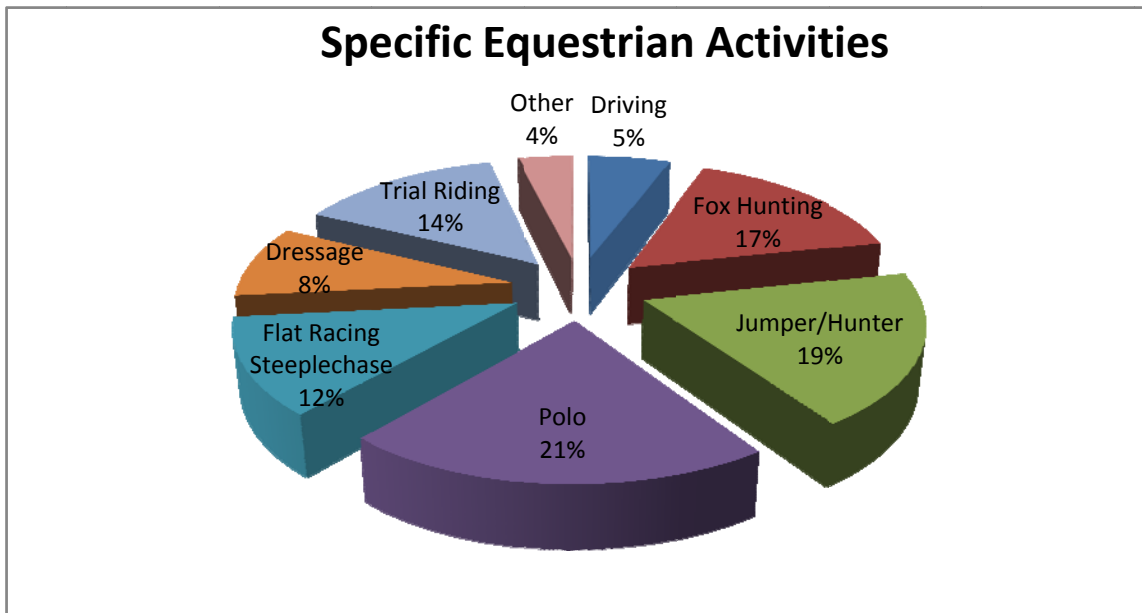


Figure 4.2 Specific Equestrian Activities in Aiken County

Horse Population in Aiken County

To address the equine inventory in Aiken County, the second question of the survey asked participants to identify the equine breed they own or board. According to the data, the estimated total equine inventory in Aiken and Aiken County tops 6,785 horses. As indicated by Figure 4.3, the most dominant breed in Aiken County is still Thoroughbred (32 percent) followed by Quarter Horse (22 percent), Warm Blood (9 percent), Ponies (9 Percent), Tennessee Walker (6 percent), Pinto/Paint (6 percent), Miniature (5 percent), Mules and Donkeys (4 percent), Draft Horses (2 percent), and several other breeds (5 percent).

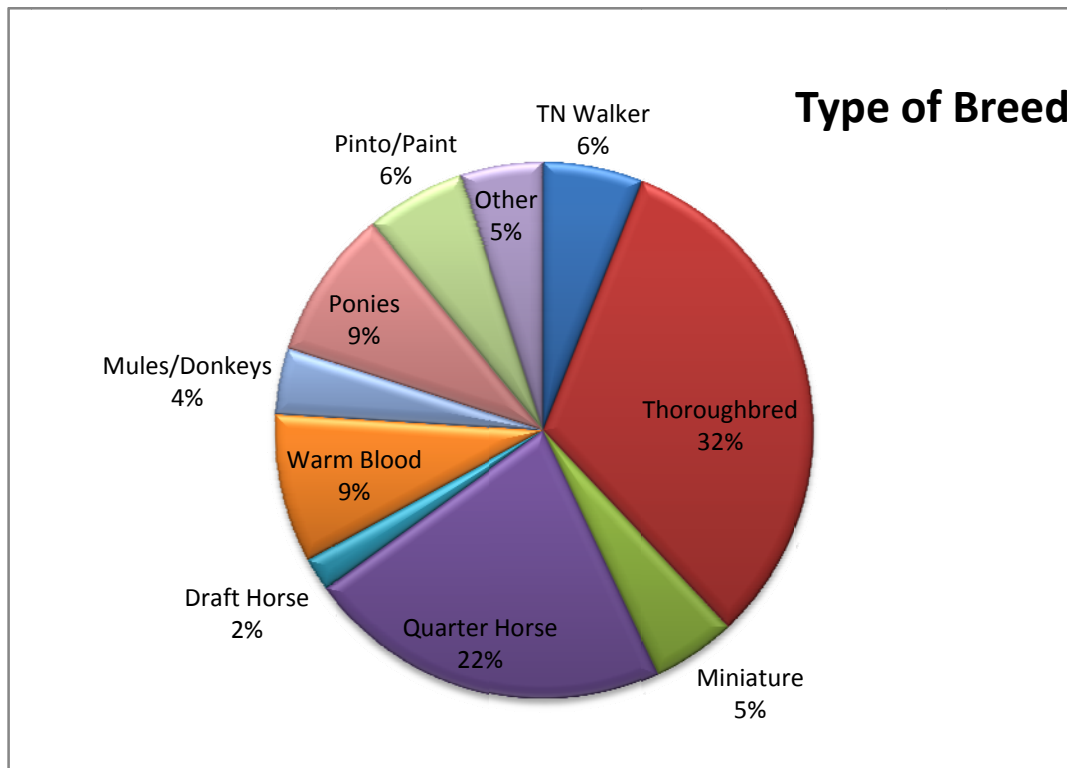


Figure 4.3 Type of Breed

The data obtained from the equestrian survey was also used to estimate the total and average value of equine inventory in Aiken and Aiken County. Table 4.1 provides the estimated average value per breed for Aiken County. According to this data, the most valuable breed in Aiken and Aiken county is Warm Blood (\$17,907.00) followed by Thoroughbred (\$16,982.00). In addition, the survey showed the average equine value for all breeds is \$5,002.00. The total estimated equine value for all breeds included in survey is \$59,086,223. This somewhat higher total value of all horses in Aiken County is due to a high percentage of Thoroughbred horses present in the County and their respective high market value.

Table 4.1 Estimated Horse Value Per Breed	
Equine Breed	Per horse value
TN Walker	2908
Thoroughbred	16982
Miniature	1684
Quarter Horse	3735
Draft Horse	2980
Warm Blood	17907
Mules/Donkeys	1016
Ponies	1557
Pinto/Paint	2904
Other	3350

Equestrian Industry Capital Expenditures and Gross Receipts

The equestrian industry is very important to the local economy as it affects numerous and diverse activities such as agriculture, business, sport, entertainment, and recreation. The equestrian industry has introduced thousands of new people to the area in terms of owners, riders, trainers, etc. In order to determine the scope of the equestrian sector, the survey respondents were asked several questions about their capital expenditures and gross receipts. The fourth question of the equestrian survey asked respondents to report their capital related expenses while the sixth question asked them to report their gross receipts. These two questions provided a key measure of the size of the Aiken equestrian industry and formed a base for all economic impacts estimated in section V.

The survey asked participants to list their annual capital related costs for the following categories: new equine purchases, new building and equipment investment, building and equipment depreciation, fencing investment, and interest on investment. The largest capital expenditure were new building and equipment investments (56 percent) followed by the new equine purchases (36 percent). Figure 4.4 illustrates capital related spending for the year 2007.

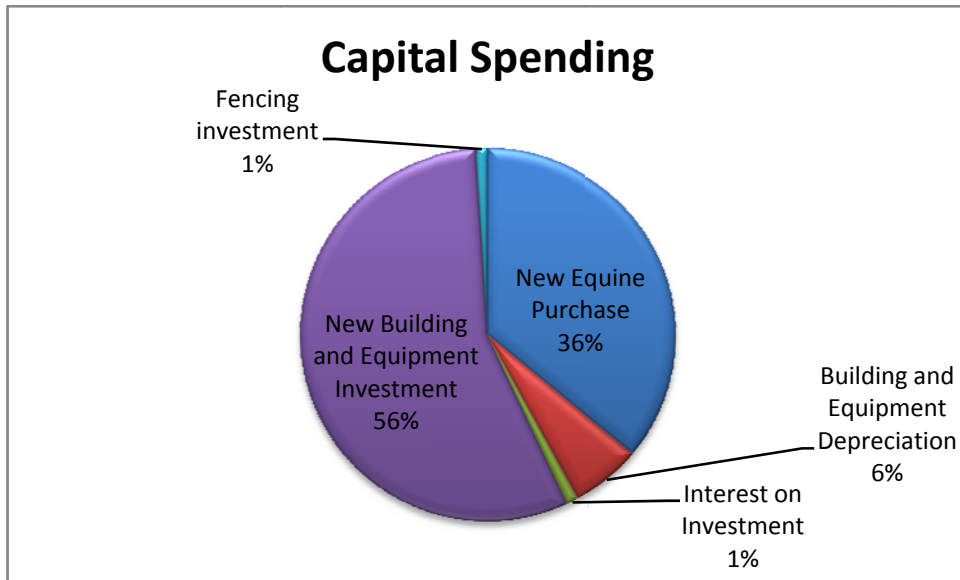


Figure 4.4 Capital Spending

In addition to the above capital related spending categories, the respondents were asked to list the value of their personal property, business property, land, and any other category they relate to their equestrian activities. The responses indicate that business property (e.g. farm, barn) are the most valuable properties in this category (49 percent) followed by personal property (39 percent), and land (11 percent). Figure 4.5 illustrates these responses.

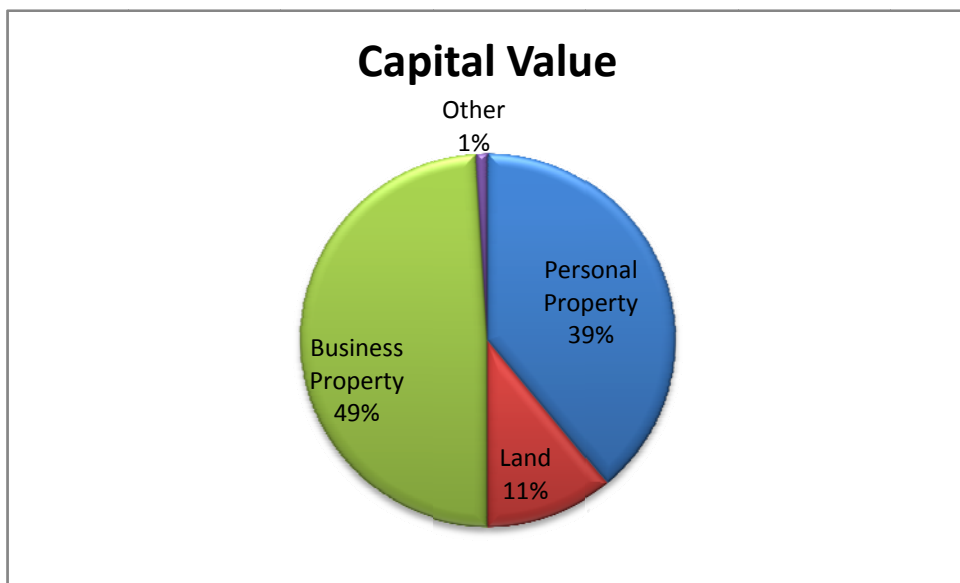


Figure 4.5 Capital Value

When asked about the taxes they pay to state and local government, the respondents indicate that the taxes paid to state government account for 46 percent of their total tax burden, followed by Aiken County taxes (32 percent), and Aiken City taxes (19 percent). The government permits, licenses, and/or contracts account for 3 percent of total tax spending of the Aiken equestrian industry.

Furthermore, survey participants were asked to list their annual gross receipts from fourteen different categories³. Only a limited number of respondents provided information in this section. From the obtained responses the largest gross receipt category for the Aiken equestrian community is horse sales (62 percent) followed by the boarding fees (23 percent) and training-riding fees and instructions (6 percent combined). Figure 4.6 illustrates the obtained data on annual gross receipts for year 2007.

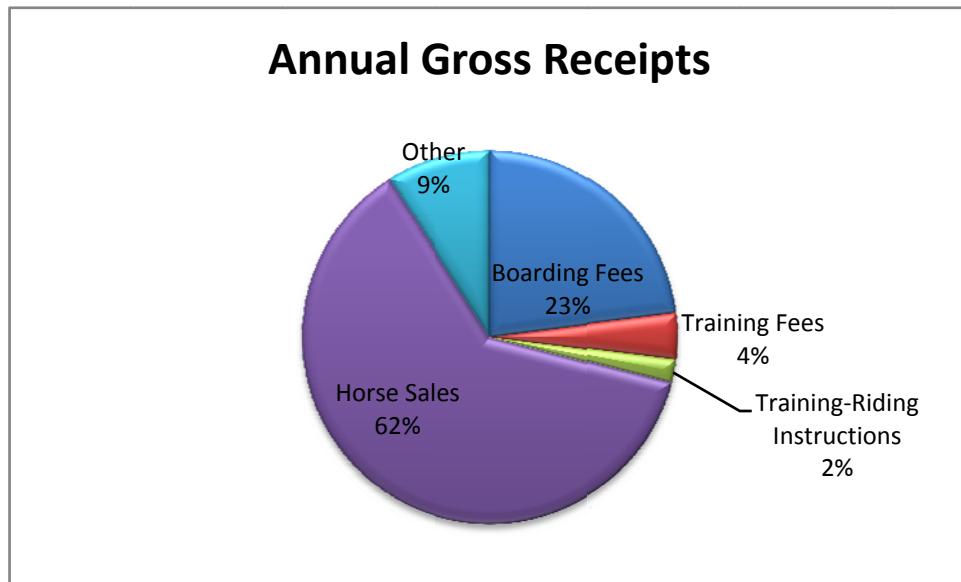


Figure 4.6 Annual Gross Receipts

³ Please refer to Equestrian Survey located in the Appendix Section of this report for the full list of these categories.

Employment and Labor Earnings

The equestrian industry has its effect on the local labor market as well. Survey question # 3 asked respondents to report the number of full-time, part-time, and seasonal workers they employed for the past 12 months. Besides these three labor categories, two other ones – family members and others – were also choices for respondents. According to the results obtained from the survey, far more full-time workers are employed by the Aiken equestrian industry than any other worker. Seasonal workers are the second largest labor category, followed by family members, part-time, and other workers. Not every survey participant provided employment and labor earning responses. The total number of all workers across survey respondents who answered these two questions was 751. Such a high number of workers clearly support the constant care and management which horses require. Figure 4.7 summarizes the responses regarding equine related labor. The respondents report 243 full-time, 106 part-time, and 200 seasonal workers employed by the Aiken equestrian industry. In addition, there are 163 family members who contribute to the local equestrian sector. Under the “other” category, respondents indicate 39 contract-workers were hired during the past 12 months.

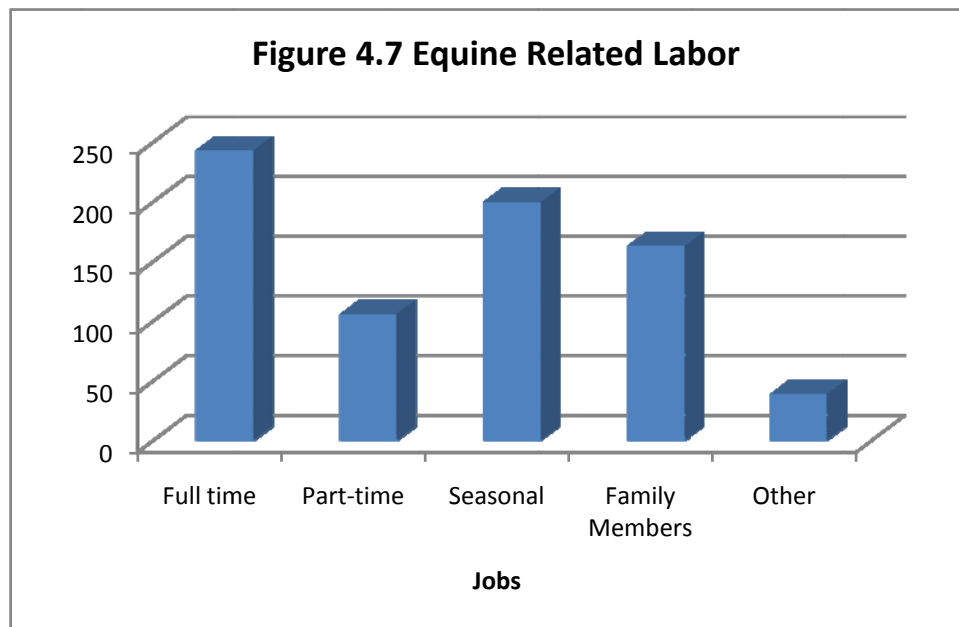


Figure 4.7 Equine Related Labor

Question # 3 also asked respondents to indicate the total equine-related payroll expenses for the past 12 months. The total reported payroll in 2007 was \$3,122,300.00. This indicates a relatively high level of compensation given the fact that almost 22 percent of equine related labor are family members and 41 percent are part-time and seasonal workers combined.

Tourism Related Activities and Benefits

Tourism activity generates a wide variety of benefits to the local economy such as tax revenues from travel-related expenditures and new employment opportunities. When tourists arrive in an area, they spend money on products and services acquired from the local business community. Businesses that benefit directly from tourism include lodging establishments, restaurants and bars, recreational facilities, amusement parks, gas/convenience stores, department stores, and sporting goods retailers. Over the past several decades, tourism in Aiken County has been steadily increasing and this growth can be related to the boom in the equestrian industry. The equestrian industry is bringing more and more people in for riding lessons, to watch the shows, to shop in the equine stores, to buy horses, and to attend polo and other equestrian events. The students from one of the USC Aiken Principles of Macroeconomics classes surveyed tourists visiting Aiken during the spring 2008 semester. A majority of the surveys were taken at various events between February and April 2008. The main events that the students visited were the two Triple Crown events – the Aiken Trials and the Steeple Chase. Students also conducted the survey during the 2008 Masters Week and with a random selection of tourists. The tourist survey had 32 short questions which asked participants about their visits to Aiken, budget, travel, accommodations, attractions, etc. In order to present the survey results efficiently, the questions were grouped in three different categories: visiting Aiken and tourists' contact with Aiken, budget, food, and accommodations, and travel spending and cultural events.

Visiting Aiken and Tourists' Contact with Aiken

As stated earlier, the surveying of tourists was conducted during the spring time and that is when the Aiken equestrian community draws the most attention due to the Triple Crown events. A total of 96 surveys were filled-out and the data was analyzed to reveal some important characteristics of tourists visiting Aiken. Fifty percent of respondents had previously been to

Aiken on more than one occasion. This indicates a high rate of return visitors with a majority of them stating that they repeat this visit at least 2-4 times. Generally, the people that responded with a higher number of return visits to Aiken also indicated a family and/or friend connection with Aiken or a horse association referral.

Figure 4.8 illustrates the results from the question that asked participants about the events that brought them to Aiken. The majority of respondents were either visiting family/friends (37 percent) or they were visiting a horse event (34 percent). For some of the respondents, these two categories were interchangeable. The other three “referral” categories for tourists to choose from were golf (11 percent), historical attractions (9 percent), and other (9 percent). The visitors who had family/friends and horse association connections also indicated that they did not need tour guide services while in Aiken. These respondents also characterized Aiken as “exciting for tourists” (67 percent). The remaining 33 percent stated that Aiken was not particularly exciting either because there is “no nightlife for single tourists” or there is very “limited activity for families.”

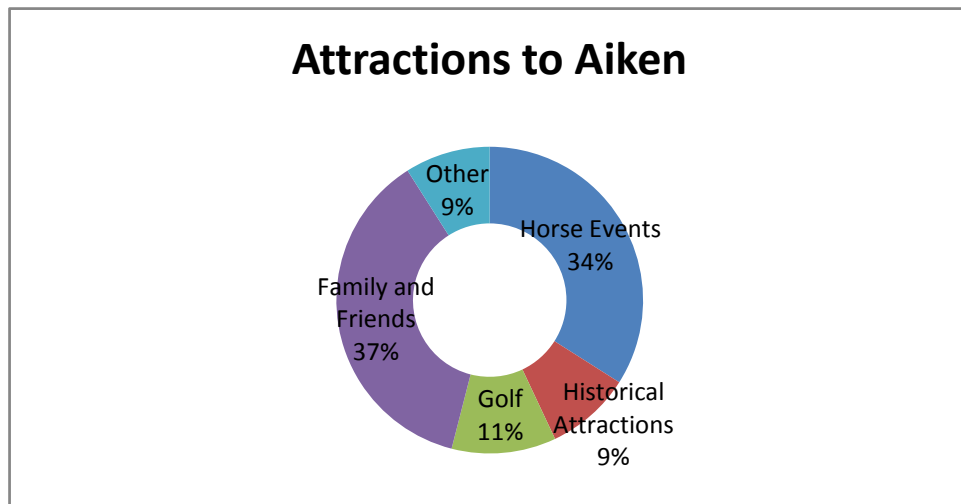


Figure 4.8 Attractions to Aiken

Budget, Food, and Accommodations

The next topic examined by the tourist survey was budget, food, and accommodation services required while in Aiken. When asked whether or not they were operating under a budget for this trip, 59 percent of respondents said that they were NOT under a budget while in Aiken. The remaining 41 percent of visitors had budget limitations. A greater percentage of tourists with an unlimited budget is definitely beneficial for the local Aiken economy especially if they are the returning tourists.

The set of food and accommodations questions asked tourists where they intended to eat most of their meals while in Aiken and what overnight accommodations they have made for their visit. Figure 4.9 illustrates respondents' accommodation preferences. Fifty-four percent of respondents indicated that they will stay at a "local hotel," followed by "private homes" (34 percent), a local "bed & breakfast" (7 percent), and some "other" accommodations (5 percent). Some of the overnight accommodations reported in the survey included Days Inn (12 percent), Holiday Inn (11 percent), Hampton Inn (7 percent), and Hotel Aiken (6 percent). The Wilcox and Houndslake Guesthouse each hosted 5 percent of tourist while Econo Lodge and Fairfield Inn each hosted 4 percent of the surveyed visitors.

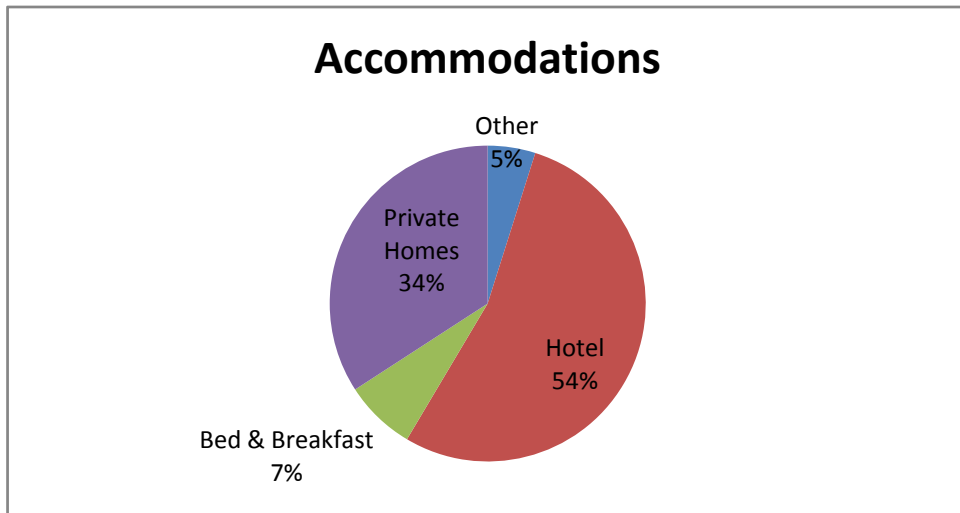


Figure 4.9 Accommodations

When asked where they intended to eat most of their meals, 40 percent of the respondents indicated that they intended to cook some meals and 60 percent chose to dine out. When asked where they intended to dine out, 36 percent of the respondents chose casual dining restaurants, 28 percent stated they planned to eat at local fast-food restaurants, 26 percent indicate that they planned to eat at the locally owned restaurants, and 10 percent indicated other, e.g. private homes where they were staying overnight.

Dining out and food expenses are very important while determining tourists contribution to the local economy. When asked about their food expenditures, the majority of respondents planned to spend between \$15.00 and \$30.00 per person on food (39 percent). The second largest category was individuals who intended to spend anywhere between \$30.00 and 50.00 on food while in Aiken (28 percent). The remaining 33 percent of participants devoted either less than \$15.00 (14 percent) or any amount between \$50.00 and \$90.00 (17 percent) to their food expenditure. Only 2 percent of the respondents suggested that they would be spending \$100.00 or more on food. These food expenditures were estimated on *per person* level.

Travel Spending and Cultural Events

The next topic examined with Aiken tourists was their travel to Aiken. The majority of respondents traveled with other family members. For example, 34 percent of respondents reported a family size of 2-3 people and 29 percent reported a family size of 4-5 people. Twenty five percent of respondents were single individuals, while the remaining 12 percent reported a family size of 6 or more people. Family size had an effect on tourists' transportation choices and costs. For instance, when asked how they arrived in Aiken an overwhelming majority stated that they drove an automobile (80 percent). The majority of visitors spent between \$20.00 and \$60.00 on their travel (56 percent). Twenty-three percent of participants spent more than \$100.00 to get to Aiken, while 21 percent of participants spent between \$80.00 and \$100.00 on travel. While in Aiken, the majority of individuals who had their vehicles planned to fill-up the gas tank more than two times (90 percent). Individuals who did not use their automobile to get to Aiken, traveled either by airplane (15 percent) or by bus (5 percent).

While in Aiken, 64 percent of tourists said they planned to visit a cultural event or site. Fifteen percent of participants did not have any plans to attend a cultural event, while 21 percent were not sure. The cultural event most selected was a horse event and the cultural event least selected was the craft fair (Aiken’s Makin’) for which tourists will presumably return for the fall.

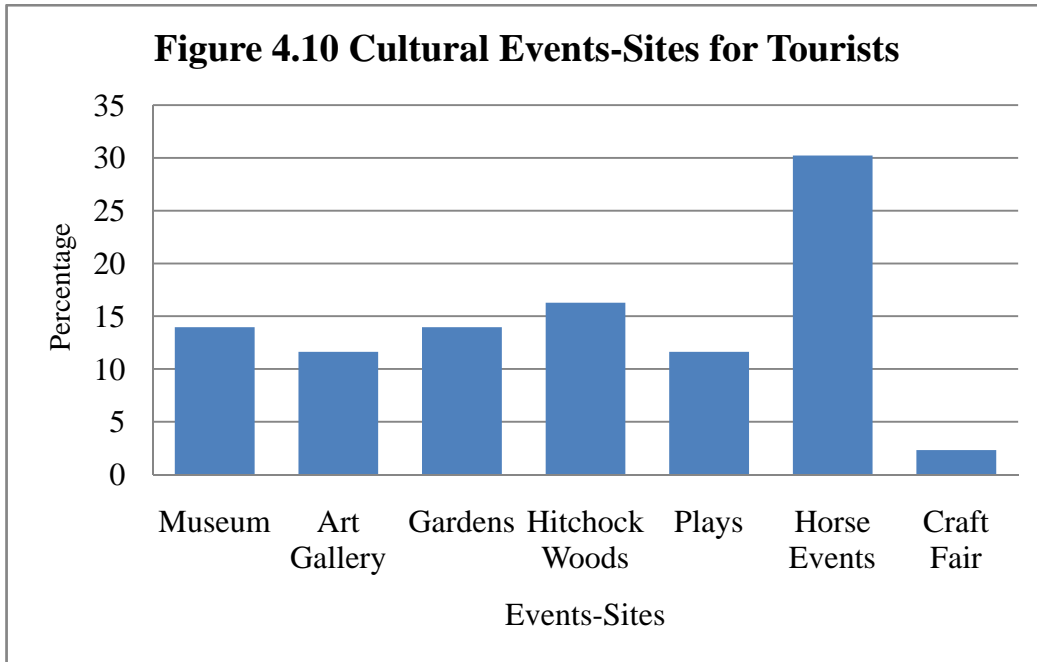


Figure 4.10 Cultural Events-Sites for Tourists

Figure 4.10 presents different events tourists said they were going to attend while in Aiken. The majority of visitors selected the horse events (30 percent), followed by Hitchcock Woods (16 percent), gardens and museums (14 percent each), art galleries and plays (12 percent each), and a craft fair (2 percent).

V Economic Impact of the Equestrian Industry on Aiken County's Economy

Immediate Economic Impacts of the Equine Industry

Equine related businesses bring over a billion dollars into the South Carolina economy⁴ and support suppliers throughout the state. These contributions are very important as industries such as tourism, marketing, and many others are impacted by the equestrian industry. This is important from the economic perspective as it is much easier to grow and maintain an existing, productive industry than to build a new one. Therefore, in this section the equestrian expenditures are reported as they serve as a main determinant of the size of this industry.

Expenditure Category	Dollar Value	Percentages
Boarding Fees	1,449,125	10 %
Equine Purchases	2,496,000	18%
Stable Lease	629,000	4%
Animal Health	2,132,875	15%
Feed	1,215,195	9%
Grooming	2,299,735	16%
Fees	2,933,350	21%
Maintenance	1,014,720	7%
Total	14,170,000	100%

There are several main sources of equestrians' expenditures in Aiken County. The equestrian survey asked participants to report their equestrian related expenditures for 2007. All together there were 32 expenditure categories which were combined into eight groups: boarding fees, equine purchases, stable lease payments, animal health, feed, grooming, fees, and maintenance.

⁴ Source: South Carolina Department of Agriculture.

The total equestrian industry expenditures (without labor and capital costs) for 2007 were \$14.17 million and are reported in Table 5.1.

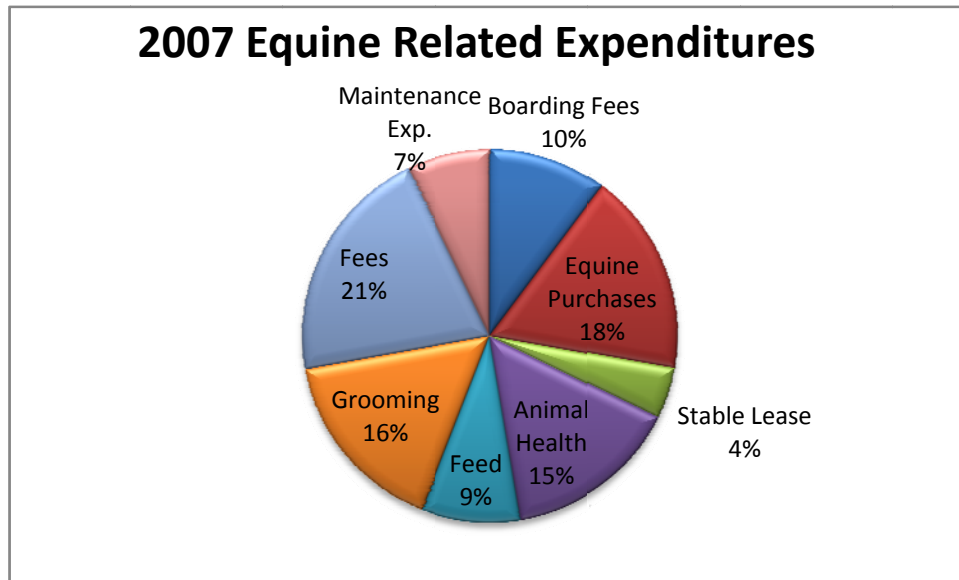


Figure 5.1 2007 Equine Related Expenditures

As Table 5.1 and Figure 5.1 indicate, the equestrian expenditures were spread widely among the eight selected categories. The main expenditure categories reported by the participants were horse-related fees (21 percent), which include training, track, breeding, and show/tournament related fees. The second largest category was new equine purchases (18 percent). Grooming come in the third place (16 percent) and includes expenses such as farrier, clothing and other supplies (for both individuals and horses), grooming supplies, saddle & tack, advertisement, utilities, insurance, etc. The fourth largest category was animal health (15 percent), which included veterinarian fees, medicine, hospital-surgery/lab work and other health related services. Boarding fees accounted for 10 percent of total equestrian expenditure while feed (feed, feed supplements, seeds, etc) and maintenance expenditures (fertilizers, building and equipment repair, fencing, etc) accounted for 9 and 7 percent respectively.

This study estimates an annual cost of \$7,393.00, per horse, which amounts to \$50.163 million in total spending produced by the equestrian sector. This immediate impact of the equestrian industry on Aiken County's economy is a solid base for the County's economic growth and development. However, in addition to the *direct* economic impact of the Aiken equestrian

industry, there are additional *indirect* effects or so called “ripple” effects that get created by the initial equestrian spending. Numerous workers in Aiken County are employed by the local equestrian industry and those jobs provide workers with income which enables them to purchase goods and services from our local economy. These purchases are translated into additional economic impacts of the Aiken equestrian industry. These multiplied effects are explained and discussed in the following section.

Input-Output Analysis, Multiplier Effects & Economic Impact

It is important to measure the interrelationship of the equestrian industry with other industries in Aiken County. This study uses an economic input-output analysis in order to understand the inter-industry relationships between the Aiken equestrian industry and the local economy as well as the long-term impacts that result from equestrian businesses and activities.

There are numerous economic models that can generate economic multipliers and estimate the long term benefits of an industry. However, this study uses the economic impact software program IMPLAN (IMpact Analysis for PLANning⁵) to estimate the total economic contribution of the equestrian industry to the Aiken County economy. IMPLAN is a highly-regarded input-output model frequently used in economic-impact studies. With this input-output model the purchases and sales of commodities between industries, businesses, and final consumers can be easily traced and analyzed. The input-output model uses the multiplier analysis to estimate the direct and indirect contribution of an industry. For example, total spending by the equestrian industry for labor, feed, veterinarian services, insurance, etc. create employment and income for businesses in those sectors. The output multiplier will measure the effect of a \$1 change in an industry’s sales on the output of all other local industries.

Therefore, the intention is to use the input-output model to estimate the “multiplier” portion of the equestrian industry’s impact on the Aiken County economy. However, the “equestrian industry” is not a well defined industry by the existing standard defined by the North American

⁵IMPLAN was originally developed by the USDA Forest Service in cooperation with the Federal Emergency Management Agency and the USDI Bureau of Land Management. MIG, INC. began work on IMPLAN databases in 1987 at the University of Minnesota.

Industry Classification System (NAICS). In other words, while there are numerous other industries well defined by the United States Census Bureau and NAICS (e.g. farming, mining, manufacturing, trade, etc.), the equestrian activities are considered to be a part of the agricultural sector. Therefore, any spending regarding the equestrian sector (according to this definition) contribute to supporting the suppliers of the agricultural sector. However, the equestrian industry goes beyond the agricultural sector. Many race tracks and stables in Aiken County are not part of farm operations and not all horses are kept on farms. This makes it difficult to use a standard input-output model to estimate the economic impact of our local equestrian industry. Given the responses obtained from the equestrian and the tourist surveys, this study defines an equestrian industry as the one that reaches and affects numerous other industries and activities such as the agricultural sector, farm construction and maintenance, hunting, sporting goods, real estate, veterinary services, accounting and advertising services, hotels and other accommodations, and spectator sports. Based on the findings from the two surveys conducted, these eleven different industrial activities are closely related and affected by the Aiken equestrian industry. Therefore, when the economic impacts of the equestrian industry were estimated, a unique model that reflects diverse and multiple-industry related activities of the Aiken equestrian industry was created. All eleven above mentioned industries were combined and averaged out to obtain an economic impact that the equestrian industry has on our local economy.

The study estimates four different kinds of equestrian industry effects on our local economy:

1. *Direct Effects are associated with the Aiken equestrian industry's direct gross receipts and include the gross industry output, workers, and labor earnings which were discussed in a previous section.*
2. *Indirect Effects represent the relationship between different firms working through input purchases of goods and services. Estimating the indirect effects of the Aiken equestrian industry requires estimating all of the backward industry linkages necessary to produce the output of the equestrian industry.*
3. *Induced Effects are economic impacts that arise from spending of household income earned by workers employed by the Aiken equestrian industry. Workers involved with the equestrian industry will spend their income at retail trade, service, and other types of establishments. All businesses affected by this spending will hire additional workers who will also spend a portion of their income in the local Aiken economy.*
4. *Total Economic Impact of the Aiken equestrian industry is calculated as the sum of the direct, indirect, and induced effects of the Aiken equestrian industry.*

The economic benefits gathered by the Aiken community are best measured in terms of the number of jobs created and the amount of personal income accruing to local residents. In the case of the equestrian industry, there are certain *direct effects* associated with the \$50.163 million in total spending and estimated 1,329 full-time workers. The impacts of the equestrian industry on employment are given in Figure 5.2. As mentioned earlier, the Aiken equestrian industry itself accounts for 1,329 jobs. There are an additional 283 jobs due to *indirect effects* and 202 jobs due to *induced effects*. In total, 1,814 jobs in Aiken County can be attributed to the operations of the equestrian industry. The estimated 1,329 jobs translate into 1.7 percent of total jobs in Aiken County and this makes the equestrian sector an important local employer.

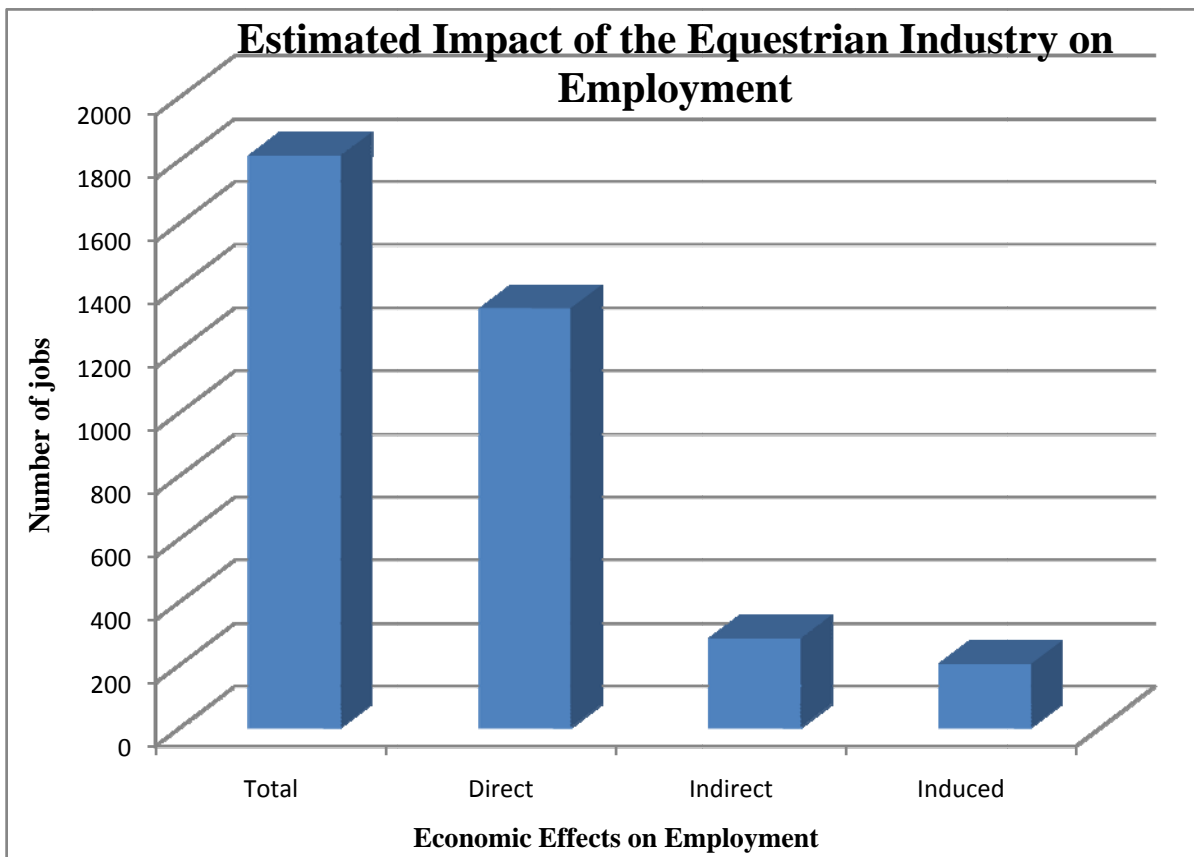


Figure 5.2 Estimated Impact of the Equestrian Industry on Employment

Furthermore, this study estimates the impact of the equestrian industry on the local household income. These estimates are given in Figure 5.3. There are \$16.93 million in income effects that result directly from the local equestrian industry. In addition to this, there are indirect linkages that account for an additional \$2.09 million, and the induced effects are another \$217,513.00. In total, the impact of the Aiken equestrian industry on household income is estimated to be \$19.25 million annually (in 2007).

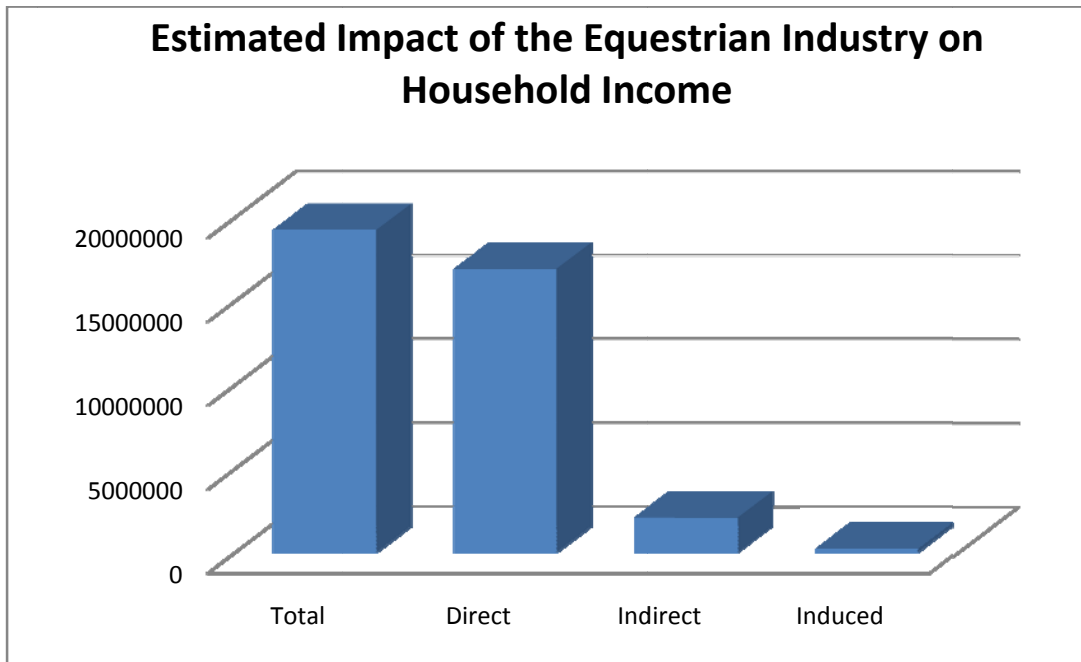


Figure 5.3 Estimated Impact of the Equestrian Industry on Household Income

Finally, the economic impact of the Aiken equestrian industry can also be gauged by analyzing the effect of an average dollar in output on our local economy. In terms of the output multiplier of the equestrian industry, one dollar of spending by this industry leads to \$1.65 of spending in the local economy. In other words, for every dollar of spending made by local equestrians, an additional 65 cents is generated for the Aiken County economy. Relative to other industries that dominate the Aiken economy, this multiplier is smaller than the one produced by the manufacturing sector (2.05) or the construction sector (2.10). However, the equestrian multiplier is still larger than the FIRE multiplier of 1.51 (FIRE – Finance, Insurance, and Real Estate). Figure 5.4 illustrates direct, indirect, induced, and total output effects that the Aiken equestrian industry has on our local economy. The \$50.16 million in *direct* gross receipts leads to an

additional \$11.76 million in *indirect effects* and an additional \$9.89 million in *induced effects* for a total of \$71.82 million.

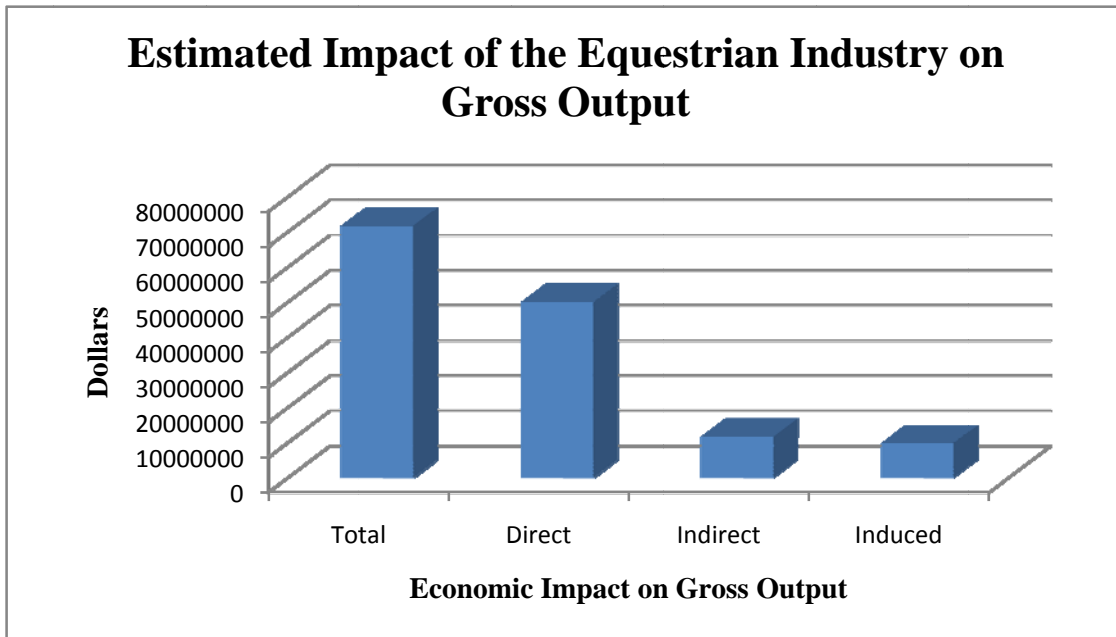


Figure 5.4 Estimated Impact of the Equestrian Industry on Gross Output

Therefore, the key indicators of equestrian activities include total industry output, total income, and employment. Table 5.2 and Figure 5.5⁶ summarize all the above mentioned effects of the equestrian industry on our local economy. The total estimated impacts of the Aiken equestrian industry are \$71.81 million in gross output, 1,814 workers, and \$19.25 million in labor earnings. The *indirect effects* are \$11.76 in gross output, 283 workers, and \$2.09 million in labor earnings, while the *induced effects* are \$9.89 in gross output, 202 workers, and \$217,513 in labor earnings.

	Total Impact	Direct Impact	Indirect Impact	Induced Impact
Gross Output	\$71,817,514.65	\$50,163,380	\$11,764,446.86	\$9,889,687.79
Household Income	\$19,250,943.46	\$16,937,618.1	\$2,095,812.09	\$217,513.27
Employment	1814	1329	283	202

⁶ Note: In Figure 5.5 the output and labor earning numbers are given in thousands of dollars.

This input-output analysis of the Aiken equestrian industry reveals that its operations have a substantial impact on output, jobs, and income in Aiken County. Like any other industry, the equestrian industry makes a variety of input purchases that translate into flow of funds throughout the local economy. The indirect and induced effects of the equestrian industry work through numerous other sectors within our local economy and contribute to Aiken County’s economic growth and development.

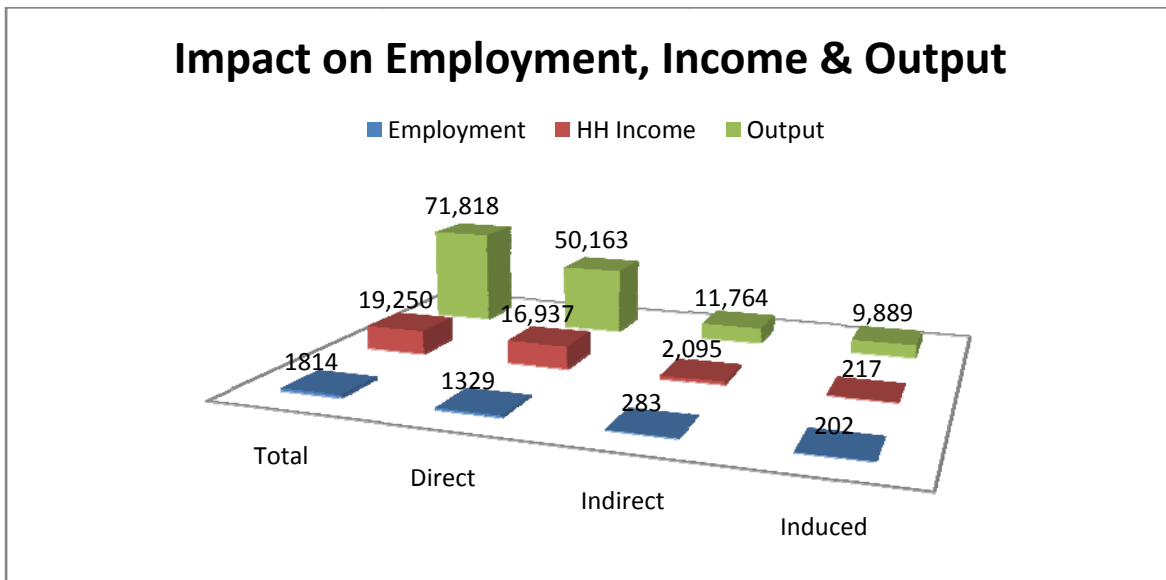


Figure 5.5 Estimated Impact of the Equestrian Industry on Employment, Income & Output

Future Demand for Equestrian Services

Horse owners face the constant challenges of animal welfare, land use, waste management, etc. The horse industry is a diverse activity with stakeholders of different income levels, household sizes, and educational backgrounds. Survey participants tended to be short-time residents of the Aiken community. They reported that they had resided in Aiken County for an average of 4.5 years. Approximately 46 percent of horse owners have a household income of less than \$100,000. The equestrian industry is a highly diverse one that supports a wide variety of activities in all different aspects. Several survey questions asked participants about their preferences for additional amenities/public services, usage of the Hitchcock Woods, and support for the activities they require. Some of the following answers to these questions are direct quotes of the respondents and they do not represent the author’s views.

Box 5.1 Are there any amenities/public services in Aiken County that could improve your business?

- Better restaurants and stores for customers.
- Trader Joe's, Neiman Marcus, Whole Foods.
- Yes, a tech store with Paso Fino tack & other gaited horses.
- Currently Aiken County Government is no help at all!
- Adding riding green space around the Shaws Creek area-North Aiken.
- More open land/protected places to ride and less development!
- Aiken is great, the state could legalize betting on horse races.

Box 5.2 Do you use the Hitchcock Woods to ride and how often?

- Yes, weekly.
- Occasionally.
- Yes, every day the sun shines!
- Everyday-came to Aiken for horses!
- Yes, a few times a month and I LOVE it!
- No.
- 1 time per year.
- Yes, a few times a year.
- 90 Days per year.
- Yes, 12-24 per year.

Box 5.3 What supporting business activities would you like to see in Aiken?

- I like it just the way it is!
- Perfect the way it is. However, my daughter would like more high-end clothes and show shopping.
- All breed horse shows demonstrating & showcasing all the breeds of horses in Aiken!
- More local dressage shows
- A good multi-purpose horse show facility
- Businesses supporting businesses beyond the Chamber
- Full service/support equine hospital with MRI
- More horse-related activities—hunter shows, etc.
- Carriage driving equipment
- Better antique malls and shopping

VI Summary

The equestrian industry of Aiken provides many economic and cultural benefits to the people who live here. Aiken's equine industry presents itself in many different ways starting from local business development to veterinarians, furriers, dentists, boarders, and other businesses closely related to horses. The current study estimates substantial benefits to the Aiken County economy through the creation of jobs, labor income, and output. Besides the economic benefits and contributions, the equine industry is very influential as it effects Aiken's social, cultural, and financial environments. Given Aiken County's strong reliance on industries susceptible to external factors – industries such as administrative and waste services, manufacturing, and construction (see Table 3.7) – it is a recommendation of the current study to nurture the equestrian industry as an important economic cluster. The equestrian industry is an existing economic cluster of firms and institutions whose activities interconnect with the rest of the Aiken County economy. Nurturing the equestrian industry of Aiken should be the long-term goal. Industries such as tourism, accounting, marketing, and many others are impacted by continued growth of the Aiken equestrian industry.

Appendices

Appendix 1: Equestrian Survey Form.....51
Appendix 2: Tourist Survey Form58

Survey for Tourists Visiting Aiken, SC

- 1.) Is this your first visit to Aiken? ___ Yes ___ No
- 2.) If not, how many times have you visited Aiken? _____
- 3.) Do you get a tour guide?
- 4.) Is your trip based on an itinerary?
- 5.) How did you hear about Aiken?
- 6.) What attracted you to Aiken? _____
- 7.) Do you find Aiken to be exciting other than the event(s) you are here to see? _____
- 8.) Is this trip a business trip or a pleasure trip? _____
- 9.) Did you come to Aiken on a budget?
- 10.) What are your overnight accommodations?
 1. Private Home _____
 2. Hotel/Motel _____ Name: _____
 3. Bed and Breakfast _____ Name: _____
- 11.) Have you thought about purchasing a home in Aiken?
- 12.) Where do you expect to eat meals?
 1. Fast Food _____
 2. Casual Dining _____
 3. Locally owned restaurant _____
 4. How much money do you expect to spend on meals while in Aiken?
 5. Do you cook your own meals?
- 13.) Do you expect to purchase souvenirs? _____ What kind of souvenirs? _____
How much money do you expect to spend on souvenirs while in Aiken?
- 14.) What is the size of your household? _____
- 15.) How many members of your household are in Aiken? _____
- 16.) Do you have any friends or family here in Aiken?
- 17.) How many people have you met that you have maintained a line of communication with?
- 18.) Do you enjoy coming alone ___ with a spouse ___ or family ___?
- 19.) Do you find the people to be very friendly in Aiken?

20.) How did you travel to Aiken?

1.) Plane _____

3.) Bus _____

2.) Train _____

4.) Automobile _____

21.) How much did you spend to get here?

22.) If you did not drive, do you plan to rent a vehicle?

23.) Will you attend cultural events/sites in Aiken? ___ Yes ___ No

1.) Museum _____

4.) Plays _____

2.) Art Gallery _____

5.) Horse events _____

3.) Gardens _____

6.) Craft fair _____

7.) Hitchcock Woods _____

24.) Will you shop at local business in Downtown Aiken? ___ Yes ___ No

25.) Will you shop at chain stores while in Aiken? ___ Yes ___ No

26.) Do you travel outside of Aiken to shop?

27.) Do you find it better?

28.) Do you expect to purchase gas for your vehicle while in Aiken? ___ Yes ___ No

29.) How many times do you expect to purchase gasoline while in Aiken? _____

30.) Is your visit related to any of the Horse Activities/Events? Yes _____ No _____

If yes, which one(s)? _____

31.) Do you own a horse? Yes _____ No _____

32.) How much money you spend each year on your horse(s)? _____