

Regional Economic Benchmarking Report for Aiken County – 2017 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 9, 2017

Acknowledgements

In the following pages we present the third annual update to the extensive regional economic benchmarking report initially prepared and delivered 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 and the United States as a whole.

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Executive Summary

In order to provide an updated benchmark assessment of the current economic conditions in Aiken County, we have gathered a wide variety of publicly available data on the key variables, which track our community's economic vitality and quality of life. The federal government through its various agencies publishes the majority of this data, although some data was collected from the State and local sources. We have sought to update and analyze data for five geographic areas: United States, South Carolina, Aiken County, City of Aiken and North Augusta. Naturally, the special focus of the current study is a closer analysis of Aiken County as well as the cities of Aiken and North Augusta. However, whenever possible, the comparisons to South Carolina or the United States as a whole were drawn. The focus of the current update is on six economic indicators: population, income, labor employment, consumer spending, real estate markets, and tax revenues.

1. POPULATION TRENDS:

- * **Population:** Population is one of the most important variables affecting the economic vitality of a region. Growth in the population level can be an indication of improved economic conditions. All five geographic areas analyzed in this study, the United States, South Carolina, Aiken County, City of Aiken and North Augusta, continued to experience positive population growth. The population of South Carolina continues to grow more rapidly than the Nation as a whole. *The population growth rate in the City of Aiken improved relative to the previous year and so did the population rates for the City of North Augusta and therefore Aiken County.*
- * **Age Distribution:** South Carolina, Aiken County, and the two cities continue to age faster than the Nation as a whole. The City of Aiken is aging faster than any other geographic areas that we analyzed; the percentage of the City of Aiken's population aged 65 or older increased, yet again, for 2015. 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.
- * **Educational Attainment:** A higher level of educational attainment is a strong indicator of the economic vitality of a region. The percent of adults with associate degree, bachelor degree, and higher continued to rise in 2016. *The City of Aiken continues to lead with the percentage of adults with graduate degrees (19.2 percent); a high concentration of adults with advanced degree represents a tremendous potential for the local economy.*
- * **Work Migration Patterns:** Total of 1,535 MORE workers commute from SC to GA for work than the reverse; over time, the number of workers who reside in Georgia but work in South Carolina is decreasing (by 359 workers from 11,175 in 2010). Total of 8,949 Georgians who reside in either Richmond County or Columbia County commute to work in Aiken County; a decrease of 590 workers since 2010.

2. INCOME

- * **Personal Income:** Total personal income (TPI) for the United States, South Carolina and Aiken County grew from 2002-2016, with average annual growth rates of 3.7 percent, 4.2 percent, and 2.8 percent, respectively. *For the United States and South Carolina, both real TPI and PCPI showed significant growth in 2016, rising at rates that are well above the annual averages seen in each region from 2001-2012. The rebound of real PCPI in Aiken County in 2014 and in 2015 is expected to happen in 2016.*
- * **Median Household Income:** The City of Aiken and North Augusta have median household income levels that are much higher than the State of South Carolina (\$45,483) and the Aiken

County (45,759), at \$55,502 and \$50,028 respectively. 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 South Carolina. *Aiken households have a median income that even exceeds that for the United States (\$55,502 vs. \$53,889).*

- * **Average Wages:** Real wages in the United States decreased by 2.23 percent in 2015 and again by 0.34 in 2016. The real purchasing power of South Carolina workers has improved by 3.01 percent in 2016. *The real wages in South Carolina are still below that for the United States. The real wages in Aiken County declined by 2.31 percent in 2016.*

3. LABOR MARKETS

Labor Force, Employment, and Unemployment:

- * *County's labor force regained 730 workers in 2016, while the size of the City of Aiken's labor force improved by 113 workers bringing it to the 13,261 workers.*
- * The new employment level of 151.4 million workers reflected the new peak in the United States economy. In South Carolina, employment surpassed its pre-recession peak in 2013, and continued to rise in 2016. *The preliminary data for 2016 indicates that the employment levels for both, Aiken County and the City of Aiken increased by 1.9 percent since 2015.*
- * *The level of unemployment dropped down in the US, SC, Aiken County and the City of Aiken in 2016, which is a sign of economic recovery and a strong labor market conditions.*
- * *The local unemployment rates are at or below 5.0 percent. The greatest improvement came for the City of Aiken, where it dropped from 6.1 to 5.2 percent in one year.* In 2016, the unemployment rate in South Carolina fell by 0.3 percent reaching a new low level of 5.2 percent. *Aiken County's unemployment rate decreased from 5.9 to 5.1 percent in 2016.*

a. Employment Patterns by Industry Sector

- * In 2016, the service-producing sector dominated the local economy, comprising over 86 percent of the firms, and employing 80.0 percent of the active workforce. *The employment in the service-producing sector continued to grow in 2016, while the number of firms decreased. Employment within the goods-producing category grew by 495 jobs in 2016. The 2016 estimates indicate 11,871 jobs within the goods-producing sector.*
- * *The data for 2016 still indicates that the professional and business services sector provides the most jobs (12,434 jobs), pays out the most in wages (which is 37.7 percent of total labor earnings), and pays the highest average salary at \$74,447. Next most important in terms of total labor earnings is the manufacturing sector followed by trade, transportation and utilities.*
- * *Most job growth for 2016 in Aiken County came from the services-producing sector; the largest contributors to this growth were the leisure and hospitality (+6.3 percent), other services (5.4 percent) and education and health services (+3.6 percent); strong growth in the sectors which pay relatively high salaries, work well for possible personal income growth in Aiken County in 2016.*

4. GROSS RETAIL SALES

- * The latest data for 2015-2016 is very optimistic and indicates a very strong retail sales statewide of over \$211 billion. This was an increase of 19.03 percent, which is the strongest one yet.
- * *In 2015-16, gross retail sales in Aiken County increased by 3.6 percent to reach about \$3.1 billion. It is clear that retail sales in Aiken County have finally recovered as they have statewide.*
- * *In 2016, retail sales in the City of Aiken increased by about \$14 million, which represents 1.35 percent increase from year before.* Unfortunately, the latest data for the City of North Augusta

indicate *a slight decrease in gross retail sales of 0.03 percent. The gross retail sales in North Augusta have not yet returned to their pre-recession highs.*

5. REAL ESTATE MARKETS

- * *In 2016, the number of pending sales of owner-occupied residential housing units in Aiken County jumped appreciably from 2,053 to 2,179; an increase of 6.1 percent.* The number of days a residential home was on the market in 2016 went down to 167 (a decrease from 179 in 2015). This represents a decrease of 6.7 percent. The percent of list price seller received in 2016 improved by 0.3 percent from 96 percent in 2015 to 96.3 percent.
- * *The median sales price of homes in Aiken County rose for 2016 from \$148,000 in 2015 to \$155,000 in 2016.* This represents an increase of 8.4 percent and it is another good sign of rebound in the local housing market. There has been an increase in the demand for more expensive homes and widespread increase in home sales within Aiken County, which is a good sign for the future.
- * *In 2016, the number of residential building permits in Aiken County improved (+12.39 percent) and so did their average value. The number of residential building permits in the City of Aiken increased* while their value went down by 9.56 percent reaching \$157,990. *The number of residential units in North Augusta increased to 193 (27.81 percent increase),* while the average value went down to \$248,649 (5.23 percent decrease).
- * *In 2016, the number of the new commercial building permits increased in Aiken County, the City of Aiken, and North Augusta.*

6. GOVERNMENT TAX REVENUES

- * *In 2016, Aiken County's net assets increased by 11 percent, reaching \$156.9 million.* Total revenues received by the County for 2015-16 increased by 1.73 percent reaching \$101 million. Total expenses for the County for 2016 were \$112 million, an increase of \$5 million, or 4.7 percent from 2015.
- * *In 2016, the City of Aiken's assets exceeded its liabilities by \$158.8 million,* which was an increase in its net asset position of 4.5 percent from 2015. In 2016, The City of Aiken's total revenue increased by 10.9 percent from 2015; reaching the new level of \$58.4 million. At the same time, total expenditures increased by 5.47 percent and reached \$51.6 million. On net, the City's revenues exceeded expenses again in 2016 by adding \$6.77 million to its net asset position.
- * *North Augusta's net asset position continues to grow for 2015* because its assets increased and liabilities decreased. Total revenues for North Augusta rose by 10.86 percent in 2015. For 2015, total expenses for North Augusta rose by 2.35 percent. Total revenues exceeded total expenses by over \$3.03 million, an excess that was added to the City's net asset position (+36.74 percent).

Introduction

The Greater Aiken Chamber of Commerce and the Economic Development Partnership of Aiken, Edgefield and Saluda Counties, South Carolina, have initiated the study that reflects on economic conditions of the local Aiken County economy. The initial Benchmark Report was published in May 2014 and it has been updated annually ever since. The data utilized in the Benchmark Report and the updates have been published by Federal, State, and local agencies. The goal of the Benchmark Report and its updates is to highlight the current state of the local economy and to educate residents, businesses, and policy makers about the trends, strengths, and weaknesses of the local economy. The annual updates to the Benchmark Report are conducted with the most sincere hope to improve the local economic conditions of everyone living and working in Aiken.

I. Population Trends and Demographics for Aiken County

Population Growth Trends

As stated in the earlier updates to the Benchmark Report, one of the most important variables affecting 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 in-migration 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.

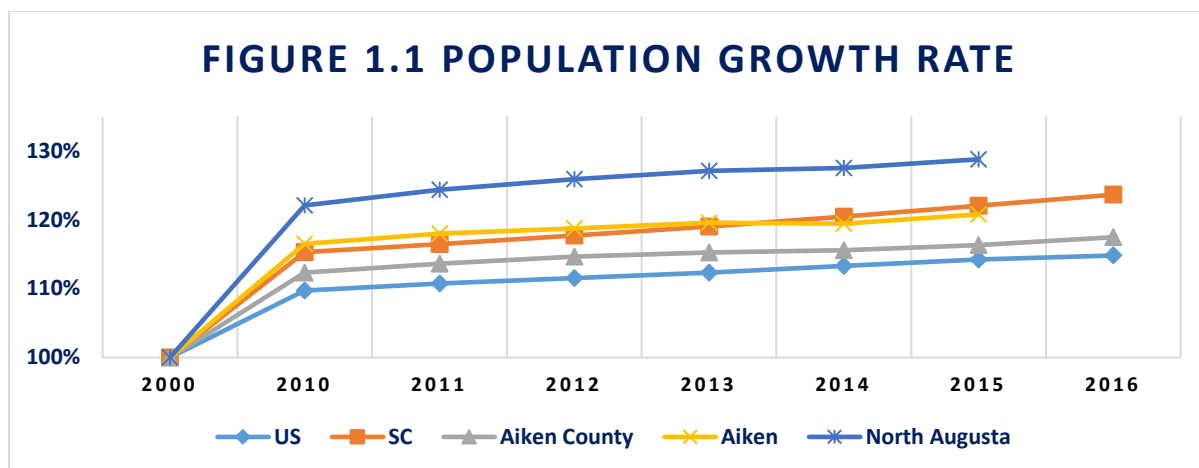
Since the last update to the Report (May 2016), the US Census Bureau has released new population estimates for the United States, South Carolina and Aiken County for 2015-2016, and for the cities of Aiken and North Augusta for 2014-15. This allows us to calculate the annual rate of population growth for 2015-2016 for the US, SC and Aiken County, and for 2014-15 for Aiken and North Augusta. 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 and the United States as a whole.

Unlike last year, 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 rate of population growth for City of Aiken is positive, making a welcome turnaround from the slower (and even negative!) annual rates of population growth observed from 2010-2014.

For Aiken County, the annual rate of population growth increased from 2015 to 2016, improving from 0.65 percent growth to 0.98 percent growth. Within Aiken County, the population growth rate for the City of Aiken showed improvement from last year's report. As reported last year, the City of Aiken experiencing a negative growth during 2013-2014, however, population growth rate for Aiken over 2014-2015 was 1.14 percent, which represents a very good news for our local economy.

The updated population estimates show that United States, South Carolina and Aiken County experienced a positive population growth but at different annual rates (0.53% US; 1.33% SC; 0.98% Aiken County). Over 2014-2015 North Augusta population growth was 1.00 percent. As indicated by the latest population estimates from the Census, these findings are good news for our local economy as positive population growth signal the prospects for economic growth of our local economy. The following Table 1.1 and Figure 1.1 illustrate the level and growth of population in the United States, South Carolina, Aiken County, the City of Aiken and North Augusta. Average annual growth rates (AAGR) for different periods are also presented.

	United States	South Carolina	Aiken County	Aiken City	North Augusta
Population, 2000	281,421,906	4,012,012	142,552	25,337	17,487
Population, 2015	321,418,820	4,896,146	165,829	30,604	22,522
Population, 2016	323,127,513	4,961,119	167,458	n.a.	n.a.
AAGR 2000-2010	0.93%	1.43%	1.17%	1.54%	2.02%
AAGR 2010-2015	0.81%	1.14%	0.71%	0.72%	1.08%
AAGR 2010-2016	0.76%	1.17%	0.75%	n.a.	n.a.
Growth rate, 2013-14	0.86%	1.21%	0.28%	-0.13%	0.32%
Growth rate, 2014-15	0.80%	1.32%	0.65%	1.14%	1.00%
Growth rate, 2015-16	0.53%	1.33%	0.98%	n.a.	n.a.



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 an 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 2015 on the population age distributions for the United States, South Carolina, Aiken County, Aiken and North Augusta are presented below in Table 1.2.

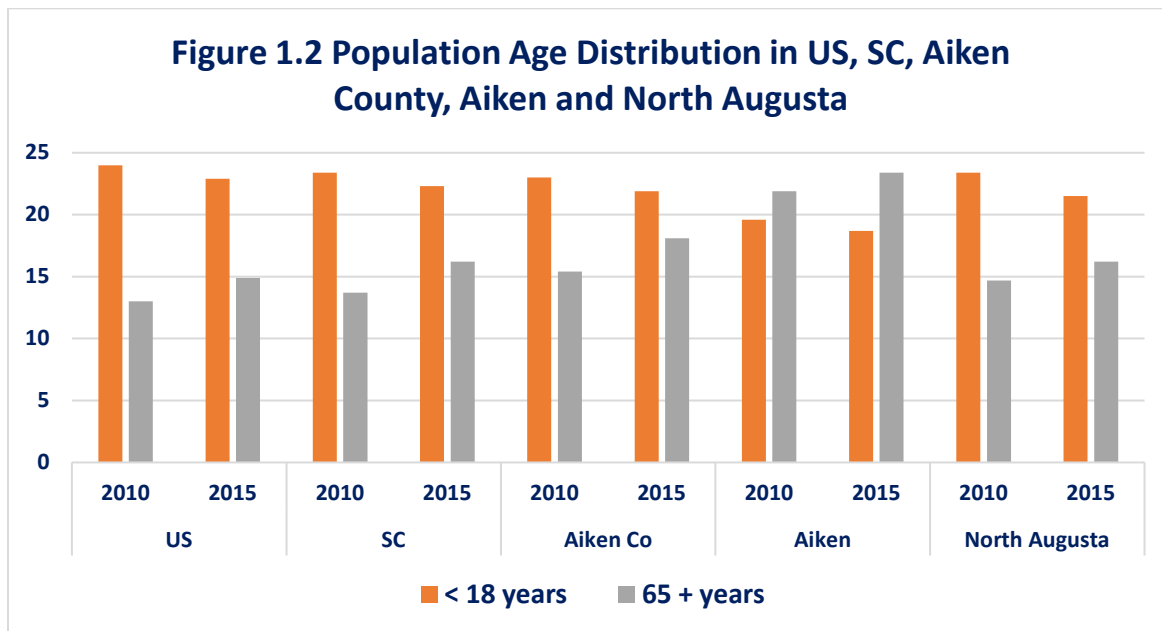
	United States		South		Aiken		Aiken City		N. Augusta	
	2010	2015	2010	2015	2010	2015	2010	2015	2010	2015
< 5 years	6.5	6.2	6.5	5.9	6.3	5.6	5.2	5.6	6.9	6.2
< 18 years	24.0	22.9	23.4	22.3	23.0	21.9	19.6	18.7	23.4	21.5
65 + years	13.0	14.9	13.7	16.2	15.4	18.1	21.9	23.4	14.7	16.2

It is obvious that the United States population is becoming older. The percentages of the populations that are under 5 years, or under 18 years, continued to fall in 2015, while the percentages that are 65 or older continued to rise. **Aiken County's population continues to age even faster than South Carolina's**; by 2015 the percentage of persons aged 65 or older in Aiken County had risen to 18.1 percent, well above that for the United States or South Carolina. The percentages in Aiken County age less than 5 years, or less than 18 years, also continued to drop, falling to 5.6 percent and 21.9 percent, respectively.

The population in the City of Aiken continues to be significantly older than that of the County, South Carolina or the United States in 2015. The City of Aiken has again experienced a rise in aging population in 2015 to 23.4. However, the percentage aged less than 18 declined from 20.5 in 2013 to 19.8 in 2014 and again to 18.7 percent in 2015. While the percentage aged less than 5 years slightly increased from 5.5 in 2013 to 5.7 in 2014, this trend did not continue as the latest estimates indicate a decline in population aged less than 5 to 5.6 percent in 2015. **This implies that young families in Aiken are having fewer children. As the city seeks to attract more young professionals with children, this decline does not represents good news for the local Aiken economy.**

After falling a bit in 2013 (dropping from 15.5 in 2012 to 15.3 in 2013), the percentage of the population of North Augusta aged 65 or older actually increased for the two consecutive years, 2014 and 2015. North Augusta's population aged 65 or older increased from 15.4 in 2014 to 16.2 in 2015. The percentage below the age of 5 stayed constant for 2014 and 2015, while the percentage below 18 years of age dropped from 22.5 in 2014 to 21.5 in 2015. **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. Figure 1.2 shows population age distribution (percent population) in Aiken County, Aiken and North Augusta relative to South Carolina and the United States for 2010 and 2015.

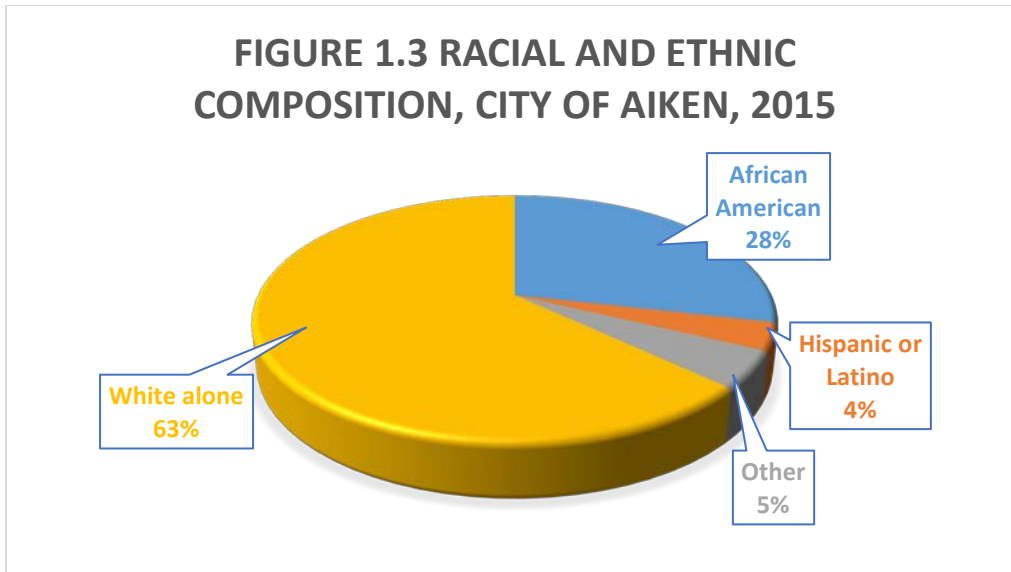


Racial and Ethnic Composition

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 2010 and 2015. Figure 1.3 shows the racial and ethnic composition of the City of Aiken for 2015. Please note, in South Carolina 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.

	South Carolina		Aiken County		Aiken City		North Augusta	
	2010	2015	2010	2015	2010	2015	2010	2015
White alone	66.2	68.4	69.6	71.3	66.8	66.5	74.2	75.9
African American	27.9	27.6	24.6	25.3	28.5	30.1	20.4	19.1
Hispanic or	5.1	5.5	4.9	5.5	2.6	3.8	4.2	5.4
Other	5.9	4.0	5.8	5.5	4.7	5.1	5.4	4.0

FIGURE 1.3 RACIAL AND ETHNIC COMPOSITION, CITY OF AIKEN, 2015



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 2011-2015 on levels of educational attainment for Aiken County, Aiken and North Augusta compared to South Carolina and the United States.

	United States		South Carolina		Aiken County		Aiken City		North Augusta	
	2000	2015	2000	2015	2000	2015	2000	2015	2000	2015
HS grad	28.6	29.7	30.0	31.1	31.8	31.0	21.6	21.5	27.5	25.1
Some college	21.1	21.1	19.3	21.8	19.6	21.2	18.2	19.6	21.9	24.2
Assoc-degree	6.3	8.1	6.7	8.9	6.4	7.9	6.6	5.5	8.6	10.2
Bach Degree	15.5	18.5	13.5	16.5	13.1	15.9	23.8	23.7	19.4	21.2
Grad degree	8.9	11.2	6.9	9.3	6.9	9.3	14.3	19.2	9.0	10.3
HS or higher	80.4	86.7	76.3	85.6	77.7	85.3	84.6	89.5	86.3	91.0
Bach or higher	24.4	29.8	20.4	25.8	19.9	25.3	38.1	42.9	28.3	31.4

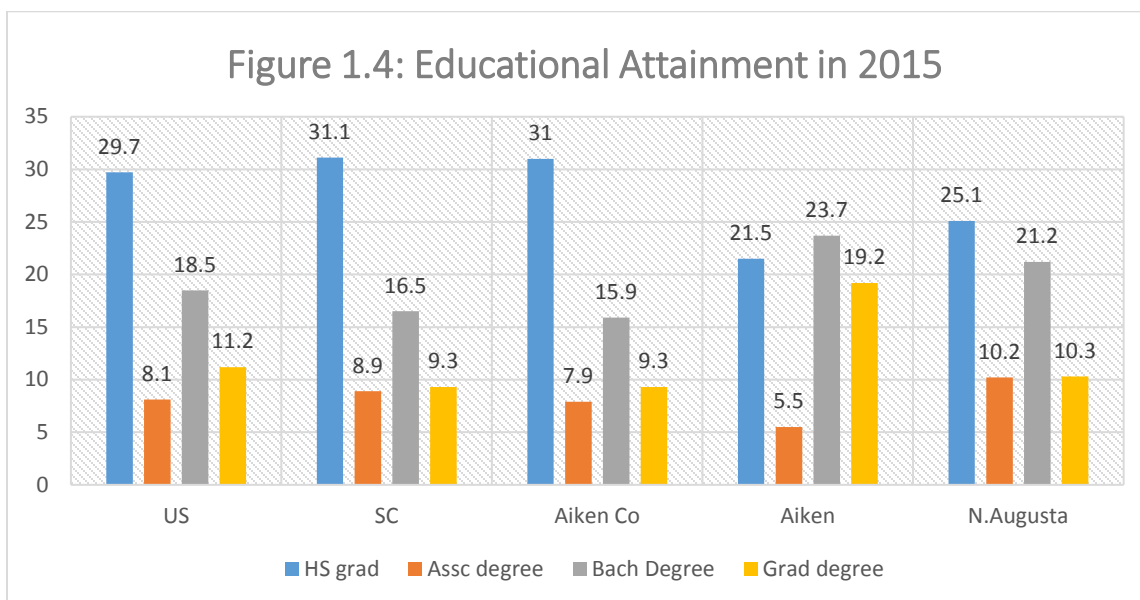
Educational attainment continued to increase for the United States and South Carolina for 2015, with further reductions in the percentage of adults aged 25 or older with only a high school diploma (including GED’s), and continued growth in the percentage with a bachelor’s degree or higher. There was also growth in the percentage with a graduate degree. Educational attainment in South Carolina increased faster than it did for the United States, reducing the gap between the two somewhat.

For Aiken County, the percentage of adults aged 25 or older with only a high school diploma decreased slightly for 2015, from 31.5 to 31.0. However, the percentage with a bachelor’s degree or higher increased slightly from 15.5 to 15.9. Overall, educational attainment in Aiken County still lags behind that for the US or SC.

In the City of Aiken, the results were more mixed. The percentage of adults aged 25 or older **with only a high school diploma increased from 21.2 to 21.5** for 2015. In addition, **the percentage holding a bachelor’s degree or higher decreased from 43.1 to 42.9**. At the same time, **the percentage with a graduate degree increased from 18.6 to 19.2**. 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 25.4 to 25.1 for 2015. Similarly, the percentage holding a bachelor’s degree or higher also fell from 32.4 to 31.4, and the percentage with a graduate degree fell from 11.9 to 10.3. Thus, educational attainment in North Augusta continued to decline for the second year in a row and across the board.

Figure 1.4 illustrates the educational attainment in Aiken County, Aiken and North Augusta relative to South Carolina and the United States for persons age 25 and older. In summary, educational attainment continues to be the highlight of Aiken’s economy. The percentage of adults with only a high school diploma and the percentage of adults with a graduate degree continued to rise in the City of Aiken in 2015. However, the educational attainment data for the city of North Augusta continues to be an issue as educational attainment decreased, once again, in 2015.



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 2015.

	South Carolina				Aiken County				Aiken City				North Augusta			
	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015
Workers 16 years or older	1,988,444	1,994,198	2,022,019	2,062,681	65,689	66,050	67,545	68,383	11,895	11,813	11,712	12,082	9,349	9,434	9,695	9,973
Mean travel time to work, minutes	23.4	23.5	23.8	23.9	25.4	25.2	25.1	25.2	20.9	21.4	21.1	21.3	24.9	24.4	23.5	23.6
Worked in state of residence	94.8	94.8	94.8	94.8	79.8	80.1	78.9	78.9	92.7	91.7	90.5	89.6	55.1	55.1	53.9	52.9
Worked in county of residence	71.3	71.2	71.1	70.9	69.9	70.6	69.1	69.2	87.7	87.3	86.0	84.3	48.1	48.5	47.7	46.8
Worked in state but outside county of residence	23.5	23.6	23.7	23.9	9.9	9.5	9.8	9.7	5.1	4.5	4.5	5.4	6.9	6.6	6.1	6.1
Worked outside state of residence	5.2	5.2	5.2	5.2	20.2	19.9	21.1	21.2	7.3	8.3	9.5	10.4	44.9	44.9	46.1	47.1

Most of South Carolina residents work within the state and within the county in which they reside. Therefore, there is very little change in these data for 2015. Similarly, most of Aiken County, Aiken and North Augusta residents work within the County/City limits. 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 South Carolina worker; this is most pronounced for workers residing in North Augusta, where almost half (47.1 percent) commute to work out of state. The most recent data for Aiken County, Aiken and North Augusta imply that the number of workers who commute is rising. More than 1 in 3 of the Aiken County residents who commute to work out of state resides in North Augusta.

Over 10,500 residents of Aiken County commute to work in Richmond County, and another 1,373 commute to work in Columbia County (see Table 1.6 below). Counting those who commute to work in other counties in GA, 12,351 Aiken County residents commute across the SC-GA state line for work. From Table 1.5 we see that in 2015 14,497 Aiken County residents work out of state; combined with the data in Table 1.6, this implies that about 95 percent of them who work out of state commute to work in GA. Total of 12,351 residents of South Carolina work in Georgia, while 10,816 workers

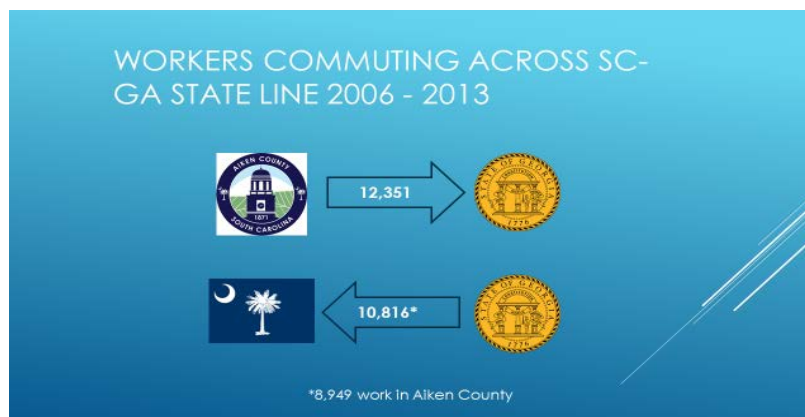
commute from Georgia to South Carolina. Therefore, **1,535 MORE** workers commute **from SC to GA** for work than the reverse. It is worth noting that, over time, the number of workers who reside in Georgia but work in South Carolina is decreasing (by 359 workers from 11,175 in 2010).

With respect to Aiken County, 8,949 Georgians who reside in either Richmond County or Columbia County commute to work in Aiken County. This represents **a decrease of 590** workers who commute from these two counties to Aiken County, compared to 2010.

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 might reflect a greater number of employment opportunities for CSRA workers in Georgia than in Aiken County, rather than a preference for living in SC.

Table 1.6 reports the most recent Census Bureau data available which identifies the number of workers who reside in either South Carolina or Georgia and commute to work in the other state. This data is summarized for residents in Aiken County in South Carolina who commute to work in Georgia, as well as those workers who reside in either Richmond County or Columbia County in Georgia who commute to work in South Carolina.

County of residence	County of employment			
	Richmond County, GA	Columbia County, GA	All other GA counties	Total for GA
Aiken County, SC	10,269 in 2010	1,664 in 2010	558 in 2010	12,491 in 2010
	10,586 in 2013	1,373 in 2013	392 in 2013	12,351 in 2013
	Aiken County, SC	Edgefield	All other SC counties	Total for SC
Richmond County, GA	5,699 in 2010	220 in 2010	623 in 2010	6,542 in 2010
	5,358 in 2013	288 in 2013	537 in 2013	6,183 in 2013
	Aiken County, SC	Edgefield	All other SC counties	Total for SC
Columbia County, GA	3,840 in 2010	135 in 2010	658 in 2010	4,633 in 2010
	3,591 in 2013	299 in 2013	743 in 2013	4,633 in 2013



II. Measures of Income in Aiken County

In the following several sections, we analyze 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 any level is total personal income, which provides an estimate of income from all sources flowing annually to residents. The Bureau of Economic Analysis (BEA) of the US Commerce Department publishes this data.

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),
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 United States, South Carolina, and Aiken County updated through 2016 in current dollars, i.e., not adjusted for inflation.

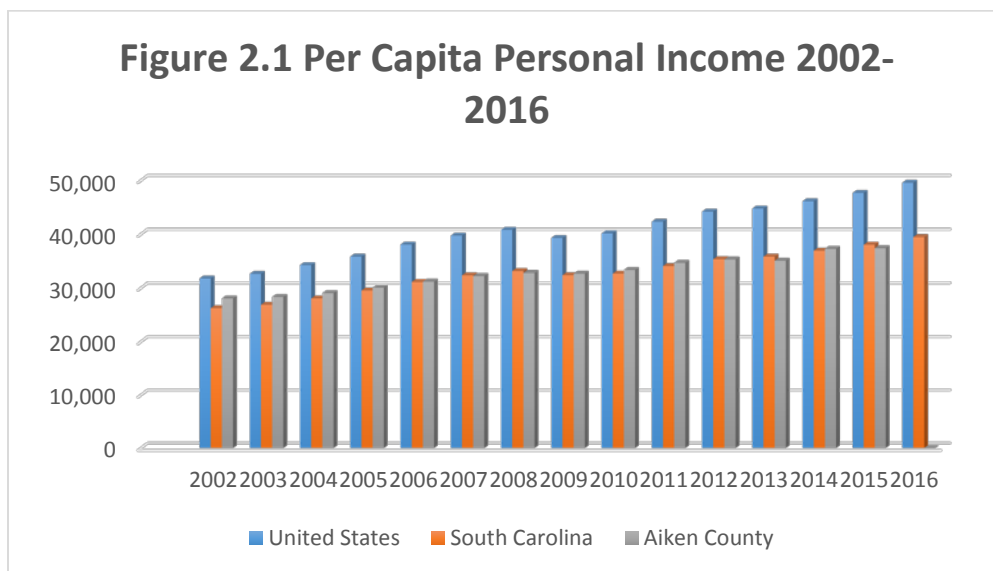
Year	United States		South Carolina		Aiken County	
	Total PI (billions)	PCPI	Total PI (millions)	PCPI	Total PI (millions)	PCPI
2002	9,146	31,762	107,795	26,242	4,071	28,038
2003	9,480	32,619	111,544	26,876	4,156	28,312
2009	12,074	39,298	148,603	32,376	5,175	32,647
2013	14,151	44,764	171,088	35,831	5,753	35,047
2014	14,708	46,127	178,485	36,934	6,139	37,265
2015	15,324	47,676	186,286	38,047	6,200	37,389
2016	16,017	49,571	195,791	39,465	n.a.	n.a.
AAGR 2002-2016	3.70%	3.00%	4.20%	3.00%	2.80%	2.07%
Growth rate, 2012-13	2.00%	1.28%	2.47%	1.37%	-0.15%	-0.69%
Growth rate, 2013-14	3.94%	3.05%	4.37%	3.08%	6.70%	6.32%
Growth rate, 2014-15	4.40%	3.34%	5.10%	2.99%	0.99%	0.33%
Growth rate, 2015-16	4.52%	3.97%	5.11%	3.72%	n.a.	n.a.

Total personal income (TPI) for the United States, South Carolina and Aiken County grew from 2002-2016, with average annual growth rates of 3.7 percent, 4.2 percent, and 2.8 percent, respectively. Because each area had positive population growth over this period, the average annual growth rates for PCPI from 2002 to 2016 are lower than those for TPI, at 3.0 percent for the United States and South Carolina, and 2.07 percent for 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 2013 to 2016 for all 3 regions (county-level data is not yet available for 2016). For both the US and SC, TPI and PCPI grew more slowly in 2014 than they did over the previous 10 years, but that growth accelerated in 2015 and in 2016.

Growth rate of TPI for United States and South Carolina were 4.52 and 5.11 percent, respectively. This was the strongest growth of TPI in the recent history for both regions. Similarly, for the United States, PCPI increased by 3.97 percent in 2016 while South Carolina experienced an increase of 3.72 percent in 2016.

With the release of county-level data for 2015, we see that TPI and PCPI in Aiken County actually increased modestly in 2015. Given that the growth in personal income has been slowing down for Aiken County for the last few years, and actually stopped in 2013, the 2014 and 2015 updates on the County’s PCPI bring good news. Figure 2.1 illustrates the PCPI not adjusted for inflation for the United States, South Carolina, and Aiken County from 2002 to 2016. The PCPI dropped for all 3 areas in 2009, but rebounded fairly quickly, particularly so in Aiken County.



Inflation Adjusted TPI and PCPI

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 United States, South Carolina, and Aiken County updated through 2016 in real 2009 dollars using the implicit price deflator for GDP published by the BEA (2009=100).

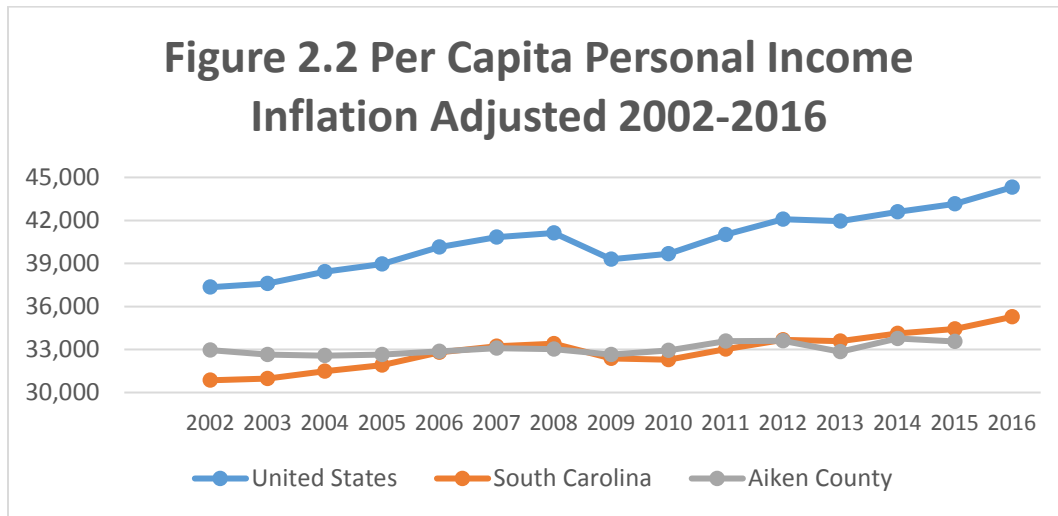
	United States		South Carolina		Aiken County	
Year	Total PI (billions)	Per Capita PI	Total PI (millions)	Per Capita PI	Total PI (millions)	Per Capita PI
2002	10,753	37,343	126,738	30,853	4,787	32,965
2003	10,927	37,600	128,576	30,980	4,790	32,635
2009	12,074	39,298	148,603	32,376	5,175	32,647
2013	13,259	41,941	160,302	33,572	5,391	32,837
2014	13,358	42,598	164,829	34,108	5,563	33,770
2015	13,870	43,147	168,617	34,433	5,612	30,567
2016	14,370	44,310	174,492	35,276	n.a.	n.a.
AAGR 2002-16	2.27%	1.27%	2.29%	1.28%	0.92%	0.24%
Growth rate 2012-13	0.35%	-0.36%	0.82%	-0.27%	-1.77%	-2.29%
Growth rate 2013-14	2.44%	1.57%	2.82%	1.60%	3.19%	2.84%
Growth rate 2014-15	3.83%	1.27%	2.29%	0.95%	0.88%	-0.65%
Growth rate 2015-16	3.60%	2.69%	3.48%	2.44%	n.a.	n.a.

The inflation-adjusted figures for TPI and PCPI show slower growth over the 2002-2016 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 three 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. The BEA data from 2014 to 2016 indicates a growth in real TPI for both United States and South Carolina. Real TPI in the United States and South Carolina increased by 3.60 and 2.69 percent for 2015-2016. In Aiken County, which had a drop in nominal TPI and PCPI for 2013, good news came with 2014. Real TPI in Aiken County went up by 3.19 percent in 2014. The growth of real TPI in Aiken County continued even in 2015, but this time at much slower rate of 0.88 percent.

For the United States and South Carolina, both real TPI and PCPI showed significant growth in 2016, 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. The rebound of real PCPI in Aiken County in 2014 and in 2015 is expected to happen in 2016 as well (2016 data are released later on this year). Figure 2.2 illustrates PCPI adjusted for inflation (Base Year=2009) for period 2002-2016.



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.**

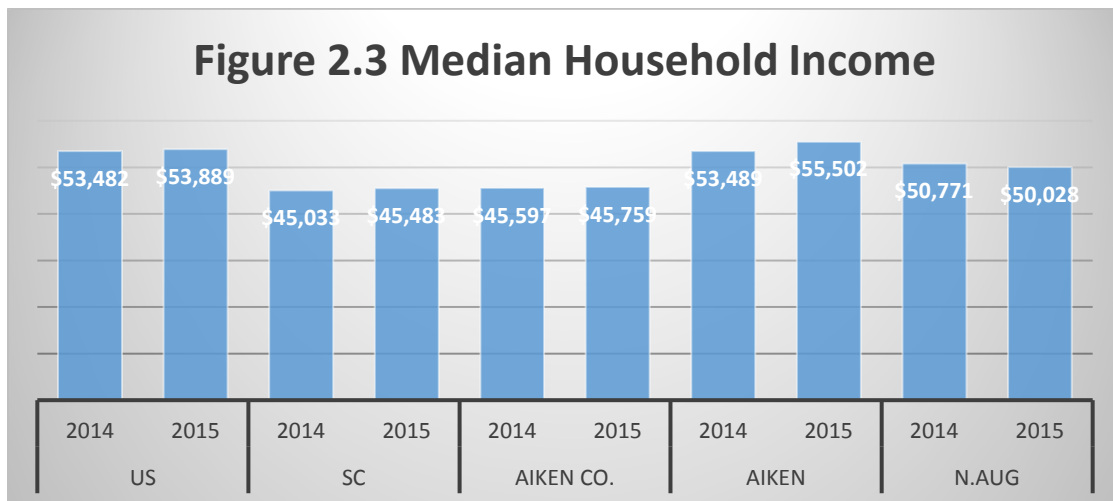
Table 2.3 shows median household income from the Census Bureau’s three most recent American Community Surveys, conducted over 2008-12, 2009-13, 2010-14, and 2011-15. With this update to the American Community Survey, we can see some evidence of trends in median household income from 2012-15. At the local levels, median household income rose by 0.35 percent for Aiken County in 2015. While both Cities experienced an increase in median income in 2014, in 2015, the City of Aiken had a growth of 3.76 percent, while North Augusta’s median income fell by 1.46 percent. Aiken County’s median household income of \$45,759 in 2015 is still higher than that for South Carolina.

The City of Aiken and North Augusta have median household income levels that are much higher than the State and the County, at \$55,502 and \$50,028 respectively. This gives us an indication of the relative income levels in these two cities compared to the State and the County, 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 South Carolina. Aiken households have a median income that even exceeds that for the United States (\$55,502 vs. \$53,889).

The percentage of households with annual incomes of \$100,000 or higher in Aiken County, Aiken, and North Augusta remain much higher than it is for South Carolina in 2015. Aiken experienced a positive change in the percentages of households with annual incomes of \$100,000 or higher in 2015. Aiken's high percentages of households with annual incomes of \$100,000 or higher reflects the higher levels of educational attainment in the city 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 2015 are located in either Aiken or North Augusta.

	United States				South Carolina				Aiken County				Aiken City				North Augusta			
	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015
Median HH income (\$)	53,046	53,046	53,482	53,889	44,623	44,779	45,033	45,483	44,399	44,509	45,597	45,759	53,825	53,127	53,489	55,502	49,312	49,027	50,771	50,028
Number of HH's				118.2 M				1.8 M	63,245	63,388	63,609	64,654	12,137	12,304	12,379	12,414	9,035	9,051	8,802	9,073
Percent of HH's with income of \$100,000 >	22	23	23	24.9	16	16	16	17.4	17	17	18	17.9	27	26	26	26.2	19	19	20	19.4
Number of HH's with income of \$100,000 >			26,826,850	29,352,000			293,890	313,200	10,752	10,903	11,632	11,573	3,216	3,162	3,204	3,252	1,671	1,693	1,769	1,760

Figure 2.3 illustrates the median household income for the United States, South Carolina, Aiken County, Aiken, and North Augusta for years 2014 and 2015.



Median household income for the US from 2014 to 2015 increased by 0.76 percent. Median income in SC increased by 0.99 percent from 2014 to 2015, which is a slight improvement from 2013-2014 when it grew a scant 0.57 percent. From the data presented in Table 2.3, it is obvious that the

percentages of United States or South Carolina households with an annual income of \$100,000 or more barely edged upwards during the last reported year. **However, household income in South Carolina continues to be about 85 percent of the national median, even though per capita personal income in South Carolina is only about 80 percent of that for the United States. Since we all reside in households, this suggests that the standard of living in South Carolina is not as far below that for the US as the per capita personal income data would indicate.** At the local levels, median household income rose by 0.35 percent for Aiken County in 2015. While falling slightly in Aiken and North Augusta in 2013, median household income rose by 0.68 percent in Aiken and by 3.5 percent in North Augusta in 2014. **However, the new data for 2015 suggests that the median household income in Aiken went up by 3.76 percent, while North Augusta experienced a decline in the median household income by 1.46 percent.**

Aiken County’s median household income stood at \$45,597 in 2014 and at \$45,759 in 2015. Median household income in Aiken County is still slightly higher than that for South Carolina. However, Aiken and North Augusta have median household income levels that are much higher, at \$55,502 and \$50,028, respectively. **Once again, 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.** Aiken households have a median income that even exceeds that for the United States, State, and the County.

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 2016 for the United States, South Carolina, and Aiken County. The data for 2016 are preliminary estimates.

Year	United States	South	Aiken County
2003	726	591	731
2009	876	707	846
2015	965	771	911
2016	974 _p	805 _p	900 _p
AAGR 2002-2016	1.15%	1.85%	0.54%
Growth rate 2014-15	-2.12%	-0.12%	0.55%
Growth rate 2015-16	0.93%	4.41%	-1.21%

As reported in our previous studies, average weekly wages for the United States 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. In 2015, the average weekly wages for the United States showed a decline by 2.12 percent, but luckily they increased by 0.93 percent in 2016. Similarly, average weekly wages in South Carolina have also consistently risen since 2002, but at a slightly slower rate than the United States through 2012. In 2013 wages in South Carolina grew a bit faster than they did in the United States, but a bit slower than the United States in 2014. A similar pattern of decreasing average weekly wages that the United States experiences in 2015 was evident in South Carolina. The preliminary data for 2016 suggest a healthy increase in South Carolina average weekly wages. According to the BLS estimates, the average weekly wages in South Carolina went up by 4.41 percent. As of 2016 South Carolina 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 United States - or South Carolina - 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 by 2.24 percent but increased in 2014 and 2015 by 3.43 and 0.55 percent, respectively. This may helped personal income in Aiken County to rebound a bit in 2014 and 2015. Unfortunately, the available estimates on the county-level personal income data indicate that the County's average weekly wages did not continue to grow as strongly in 2016. The 2016 estimates indicate a decrease of 1.21 percent.

Year	US	SC	Aiken County
2002	831	678	848
2003	837	681	843
2009	876	707	846
2014	894	700	819
2015	874	698	823
2016	871 _{<i>p</i>}	719 _{<i>p</i>}	804 _{<i>p</i>}
AAGR 2002-2016	-0.52%	0.54%	-0.37%
Growth rate 2014-15	-2.24%	-0.29%	0.49%
Growth rate 2015-16	-0.34%	3.01%	-2.31%

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. After adjusting for inflation, we see that average weekly wages in the United States 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 United States were flat in 2014, with the nominal rise in wages just matching the inflation rate.

Unfortunately, this pattern has continued in 2015 as well. **Real wages in the United States decreased by 2.23 percent in 2015 and again by 0.34 in 2016.**

Because of the slower nominal growth in wages for South Carolina from 2002 to 2012, real wages in South Carolina grew more slowly than they did for the United States over this period. The BLS wage data for South Carolina reported in 2014 indicated a fall in real wages in South Carolina by 2.37 percent. A similar pattern continued in 2015 with a slight drop in real wages in South Carolina by 0.29 percent. According to the preliminary data reported by the BLS, **the real purchasing power of South Carolina workers has improved by 3.01 percent in 2016. However, the real wages in South Carolina are still below that for the United States.** Fortunately, real personal income in SC did grow by 3.48 percent for 2016, as seen 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 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. Nevertheless, falling nominal wages in 2012 and 2013 in Aiken County resulted in significant declines in real purchasing power, falling by 3.82 percent in 2012 and remaining flat in 2013. The small upturn in nominal wages (0.48 percent) for 2015 seen in Aiken County was good news, but was not large enough to prevent a further drop in real wages for 2015 and 2016. **The real wages in Aiken County actually declined by 2.31 percent in 2016. 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 non-institutional 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 2016 on size of the labor force for the United States, South Carolina, Aiken County, and the City of Aiken (similar data is not available for North Augusta), and the corresponding LFPR for South Carolina and the United States.

	United States		South Carolina		Aiken	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
2009	154,142	65.4	2,158,166	61.9	76,804	14,025
2014	155,899	62.9	2,189,948	58.4	77,783	13,989
2015	157,126	62.7	2,263,430	58.5	73,562	13,148
2016	159,186	62.8	2,301,774	62.7	74,294	13,261

In 2016, the LFPR for the United States had improved very modestly in 2016 (0.1 percent), while the LFPR for South Carolina improved by 4.2 percent. Similarly, the size of the labor force did grow for both United States and South Carolina in 2016 which indicates that the Nation and the State population growth outpaced the growth of the labor force. For the first time since 2012 the labor force in Aiken County and Aiken declined in 2015, but it bounced back in 2016. **County’s labor force decreased by 5.4 percent dropping from 77,783 in 2014 to 73,562 in 2015, but regained 730 workers in 2016.** Similarly, the City of Aiken’s labor force decreased by about 6% reaching a new low point of 13,148 workers in 2015. The size of the local labor force dropped so dramatically in 2015, which indicated the alarming number of discouraged workers in our community. **Fortunately, the size of the City of Aiken labor force improved by 113 workers in 2016 bringing it to the 13,261 workers.**

Employment and Unemployment Levels and Rates

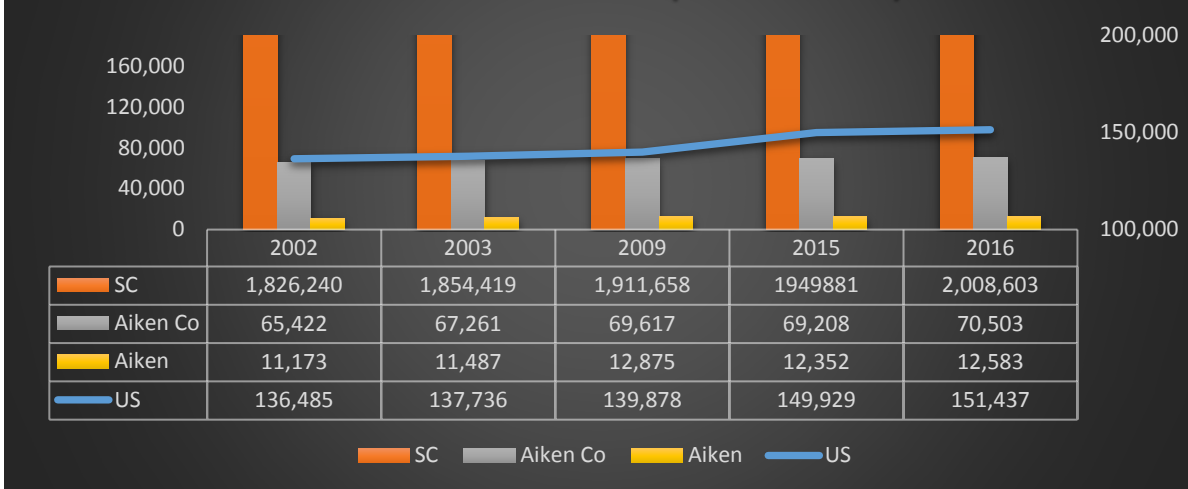
For those adult residents of Aiken County who are participating in the labor force, most will find employment but some will not. Table 3.2 shows the levels of employed and unemployed persons for the United States, South Carolina, Aiken County, and the City of Aiken, updated through 2016.

Year	United States (1000's)		South Carolina		Aiken County		Aiken City	
	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
2009	139,878	14,265	1,911,658	246,508	69,617	7,187	12,875	1,150
2015	149,929	8,287	1,949,881	124,433	69,208	4,354	12,352	796
2016	151,437	7,750	2,008,603	119,200	70,503	3,796	12,583	678
% Change 2015-16	1.0%	-6.5%	3.0%	-4.2%	1.9%	-12.8%	1.9%	-14.8%

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. This positive trend continued in 2016 when the US employment reached the highest level in recent history. **The new employment level of 151.4 million workers reflected the new peak in the United States economy.**

In South Carolina, employment surpassed its pre-recession peak in 2013, and continued to rise in 2016. The employment levels for the local economy reflects a different trend than the one observed for the United States and South Carolina. **Employment in Aiken County surpassed its 2007 peak in 2011** but then remained flat through 2013, before growing by about 1100 new jobs in 2014. In 2015, the Aiken County's employment level reached a new low at 69,208 workers, which represents a decrease by about 5 percent since a year before. **The preliminary data for 2016 indicates that the employment level for Aiken County increased by 1.9 percent since 2015. For the City of Aiken, employment level in 2015 decreased by 5.3 percent dropping from 13,046 in 2014 to 12,352 in 2015, but in 2016 the City of Aiken's employment increased by 1.9 percent.** Figure 3.1 illustrates the employment levels for the United States, South Carolina, Aiken County and the City of Aiken for period 2002-2016.

Figure 3.1 Employment Levels for US, SC, Aiken Co. & Aiken (2002-2016)



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 2015. Due to the financial crisis of 2008, the unemployment levels in each region remain higher than they were before the recession. **However, the recent data indicates a significant improvement in unemployment levels from 2015 to 2016. The level of unemployment dropped down in all four regions in 2016, which is a sign of economic recovery and strong labor market conditions.**

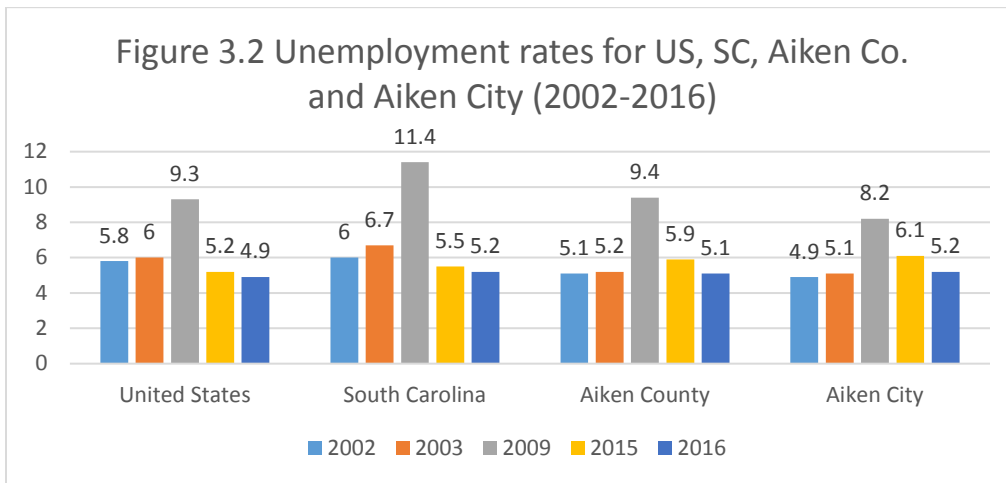
The percentage of labor force participants reported in Table 3.1 who are reported as unemployed in Table 3.2 is the unemployment rate. Table 3.3 presents the unemployment rate for the United States, South Carolina, Aiken County, and Aiken, updated through 2016. **Aiken County and the City of Aiken had significant decrease in the level of unemployment from 2015 to 2016. For Aiken County, this decrease was 12.8 percent, while the level of unemployment went down in the City of Aiken by 14.8 percent.** These drops in unemployment levels translate in improvement in the unemployment rate which is presented in Table 3.3.

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 United States, while South Carolina’s rate was 1.0 percentage point higher than the United States, and Aiken County’s was 0.7 percentage points higher than the United States. By 2009 the unemployment rate had doubled for the United States and South Carolina, and nearly doubled for Aiken County and Aiken. **The unemployment rates have all improved since 2009, and as of 2016, they are all at or below 5.0 percent. The greatest improvement came for the City of Aiken, where it dropped from 6.1 to 5.2 percent in one year. In 2016, the unemployment rate in South Carolina fell by 0.3 percent reaching a new low level of 5.2 percent. Aiken County’s unemployment rate decreased from 5.9 to 5.1 percent in 2016.** Figure 3.2 illustrates the unemployment rates for United States, South Carolina, Aiken County and the City of Aiken from 2002 to 2016.

Table 3.3 Unemployment rates for United States, South Carolina, Aiken County and Aiken City (2002-2016)

Year	United States	South	Aiken	Aiken City
2002	5.8	6	5.1	4.9
2003	6	6.7	5.2	5.1
2009	9.3	11.4	9.4	8.2
2015	5.2	5.5	5.9	6.1
2016	4.9	5.2	5.1	5.2

Figure 3.2 Unemployment rates for US, SC, Aiken Co. and Aiken City (2002-2016)



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 2016 (please note that the data for 2016 are preliminary).

Table 3.4 Employment levels and firm counts by major industry category for Aiken County, 2002-2016 (2016 data are preliminary)

Year	Goods-producing		Service-producing		Service-producing	
	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
2009	10,378	486	36,913	2,288	7,906	99
2015	11,376	399	38,913	2,338	7,539	125
2016	11,871 <i>p</i>	388 <i>p</i>	39,269 <i>p</i>	2,274 <i>p</i>	7,702 <i>p</i>	127 <i>p</i>

Broadly defined, industries may be characterized as either goods-producing or service-producing. In Aiken County, all goods-producing firms, estimated 388, are privately-owned. As of 2016, approximately 95 percent of service-producing firms in Aiken County are privately-owned, and 84 percent of the workers in the service-producing category are employed by private firms. **In 2016, the total number of all firms, goods and service-producing, for Aiken County was 2,789. The service-**

producing category dominates the local economy, comprising over 86 percent of the firms, and employing 80.0 percent of the active workforce. These figures are consistent with the figures from last year. The employment in the service-producing sector continued to grow in 2016, while the number of firms decreased.

Employment within the goods-producing category

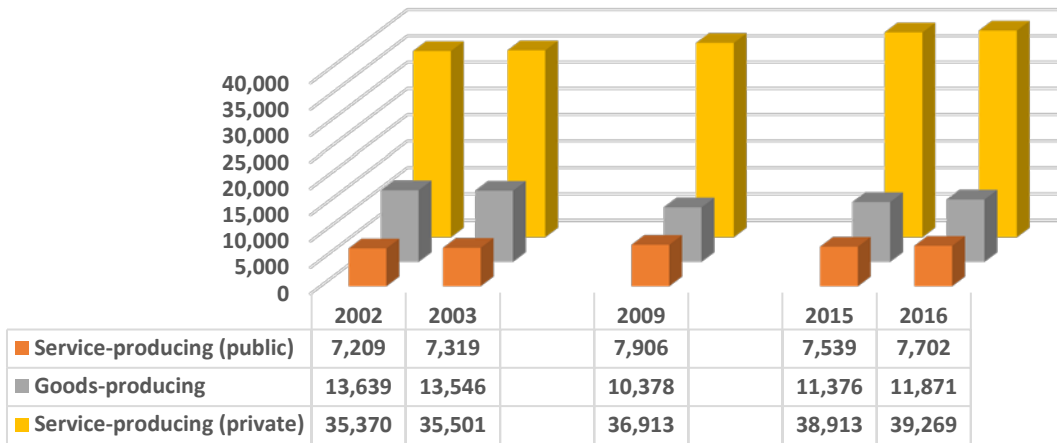
Employment within the goods-producing category declined steadily from 2002 to 2009 before turning up in 2010 and growing by over 9 percent through 2012. However, **data for 2016 show an improvement of over 495 jobs in the goods-producing sector** (smaller than reported last year using preliminary data for 2015). **If these preliminary data hold up, employment in the goods-producing sector will improve from the 2010 level, but will still be at the 84 percentile of the 2002 level of employment.** In addition, the number of firms engaged in the goods-producing sector in Aiken County has continued to decline in 2016, dropping by 11 firms since its peak of 595 in 2006. **The 2016 estimates indicate 11,871 jobs within the goods-producing sector.**

Employment within the service-producing category

In contrast to the goods-producing category, 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, but bounced back in 2014 and 2015. **The current estimates of employment within privately-owned service-producing sector indicate 39,269 jobs in 2016.** This growth more than made up for the decline in jobs in the goods-producing sector in 2013. The number of privately-owned firms in the service-producing category has changed little over this period. However, the employment fluctuations observed during our study period may reflect fluctuations in the funding for private contractors at the Savannah River Site.

Perhaps surprisingly, employment in the government service-producing sector decreased in 2014 and in 2015. This decreasing trend has been evident since 2008 when the government service-producing sector was at its peak with 8,027 jobs. The good news is that the 2016 employment estimates for this sector indicate a gain of 2.2 percent of employment since 2015, which brings the estimated number of jobs to 7,702. Figure 3.3 illustrates the employment level in Aiken County for three major industries.

Figure 3.3 Employment levels major industry category



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, 2014, 2015, and 2016 (2016 data are preliminary). Professional and business services continues to be the top-ranked sector, providing 12,434 jobs, with a slight decrease of 32 jobs in that industry sector for 2016. 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 manufacturing, and leisure and hospitality. After losing over 300 jobs in 2014, manufacturing added 419 jobs in 2015 and another 255 jobs in 2016. The remaining seven spots are unchanged from last year: leisure and hospitality, followed by education and health services, construction, public administration, financial activities, other services, information, and natural resources and mining. The final estimates for 2014 caused information to edge out natural resources and mining for tenth place.

Table 3.5 Industry sectors ranked by employment levels in Aiken Co 2013-16

Rank		Sector	Employment		Share of total	
2015	2016		2015	2016	2015	2016
1	1	Professional & bus. services	12,466	12,434	23.6	24.3
2	2	Trade, transp. & utilities	10,272	10,428	19.7	18.8
3	3	Manufacturing	7,163	7,418	13.7	14.5
4	4	Leisure and hospitality	6,281	6,378	11.8	12.5
5	5	Education and health services	6,004	6,050	11.2	11.8
6	6	Construction	3,928	4,176	7.3	8.2
7	7	Public administration	2,628	2,469	5.0	4.4
8	8	Financial activities	2,264	2,327	4.2	4.6
9	9	Other services	1,165	1,129	2.1	2.2
10	10	Information	462	487	0.9	1.0
11	11	Natural resource & mining	285	278	0.6	0.5

FIGURE 3.4 INDUSTRY SECTORS RANKED BY EMPLOYMENT AIKEN CO.

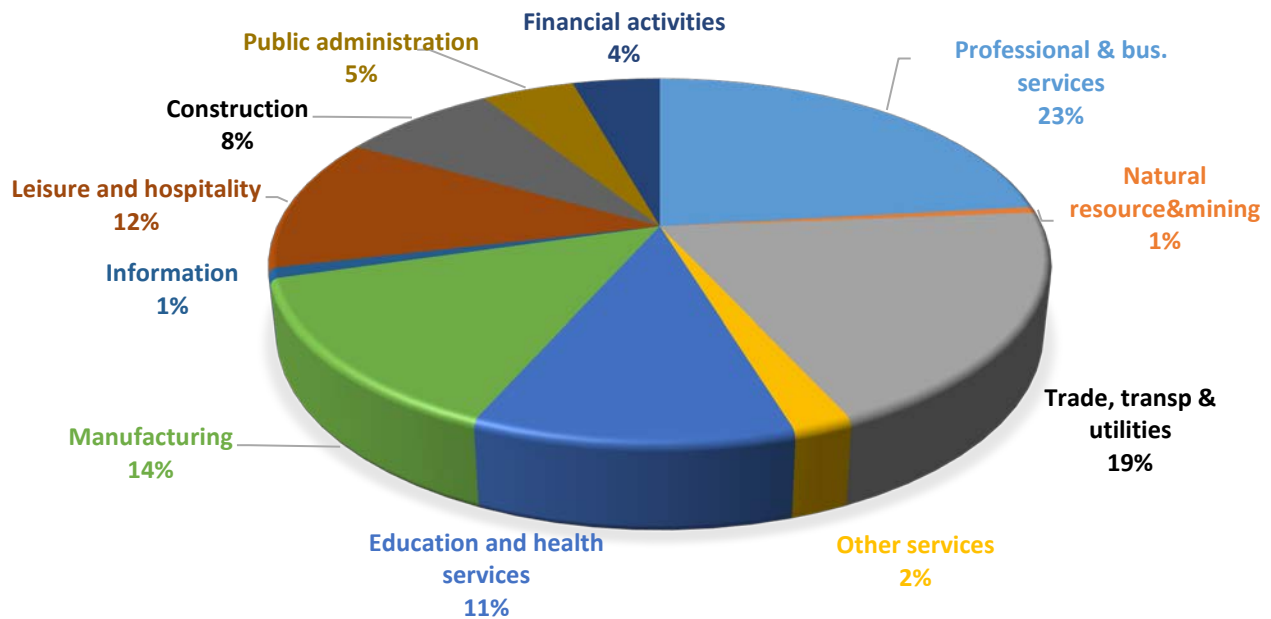
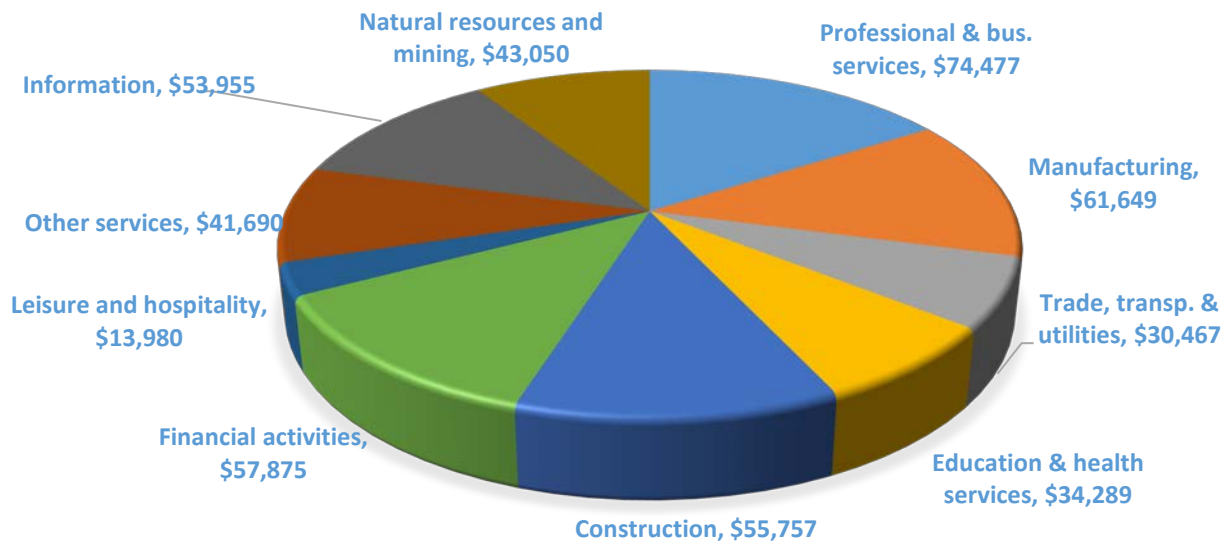


Figure 3.4 illustrates the eleven industry sectors in Aiken County ranked by employment levels for 2016. **Employment is a critical aspect of the economic vitality of Aiken County, but just as important are the wages earned by the employees.** Table 3.6 ranks the Aiken County industry sectors for 2013, 2014, 2015 and 2016 by aggregate wages paid to employees (i.e., labor earnings) and the average annual pay earned by employees in that sector (data for 2016 are preliminary).

Rank based on labor earnings		Sector	Labor earnings	Share of total	Rank based on average salary		Average salary (\$)	
2015	2016				2015	2016	2015	2016
1	1	Professional & bus.	926,048	37.7	1	1	76,620	74,477
2	2	Manufacturing	457,310	16.6	3	2	60,349	61,649
3	3	Trade, transp. & utilities	317,710	12.2	9	9	30,211	30,467
4	5	Education & health services	207,451	8.7	8	8	35,714	34,289
5	4	Construction	232,840	8.7	2	4	56,260	55,757
6	6	Public administration	N/A	5.2	5	5	49,687	N/A
7	7	Financial activities	134,676	4.9	4	3	59,563	57,875
8	8	Leisure and hospitality	89,166	3.5	11	10	13,931	13,980
9	9	Other services	47,068	1.3	10	7	28,245	41,690
10	10	Information	26,276	0.8	6	5	45,057	53,955
11	11	Natural resources and mining	11,968	0.5	7	6	46,916	43,050

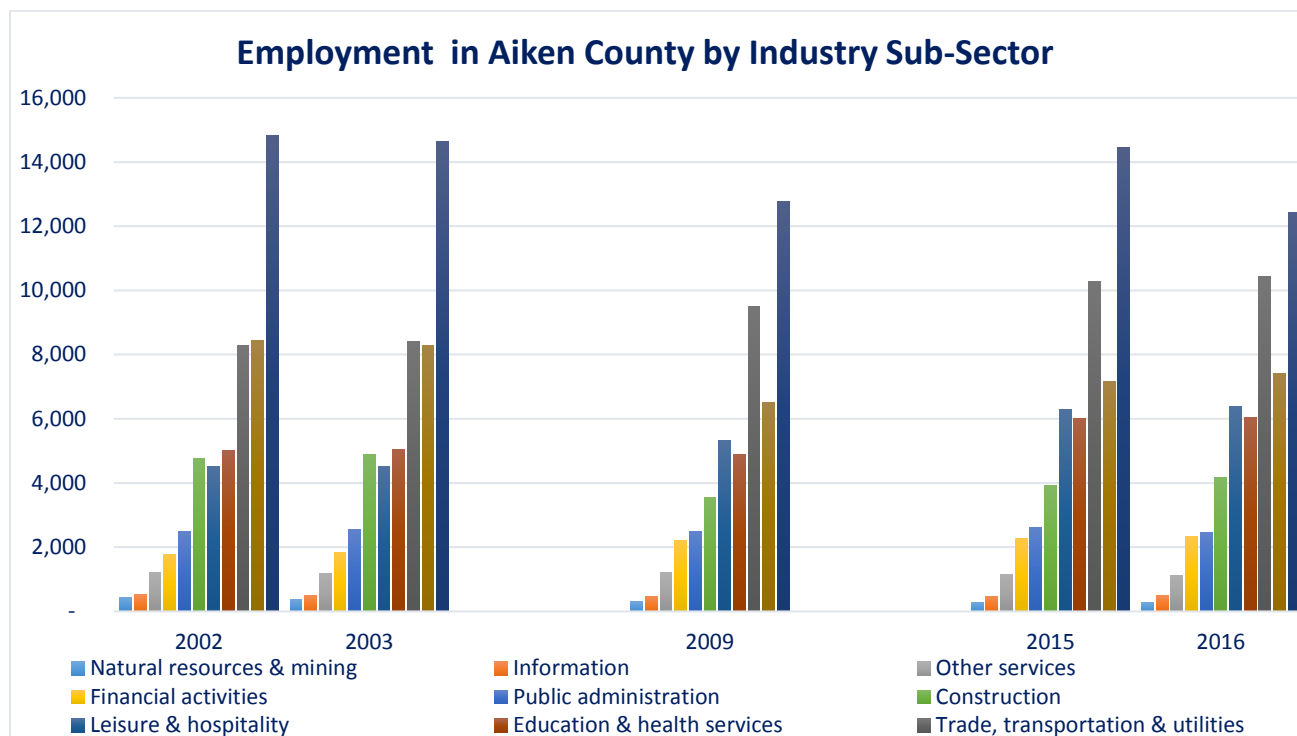
FIGURE 3.5 INDUSTRY SECTORS AVERAGE SALARY; AIKEN CO.



The data for 2016 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 \$926 million in wages, which is 37.7 percent of total labor earnings. It also pays the highest average salary at \$74,447.

Next most important in terms of total labor earnings is the manufacturing sector, which paid out about \$457 million in wages in 2016. The average salary paid in manufacturing increased in 2016 to \$51,649. The manufacturing sector labor earnings still ranked the industry in second place.

With only about half as many employees as manufacturing, construction's total labor earnings for 2016 are still well below those of manufacturing, keeping construction in fourth place for total labor earnings. Average salary in the construction sector went down from \$56,260 in 2015 to \$55,757 in 2016. 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 2016 but those jobs pay much lower average salaries of \$30,467 and \$34,289, respectively. Together these two sectors provided over \$525 million in labor earnings to Aiken County in 2016, and retained their rankings of third and fifth place based on total labor earnings. The financial activities sector continues to provide the third highest average salary at \$57,875. Average salaries in natural resources and mining decreased by \$3,800 in 2016, putting them in sixth place. The leisure and hospitality sector, which provides 6,278 jobs in restaurants and hotels in Aiken County in 2016, pays an average salary of only \$13,980. Figure 3.4 shows how employment in each industry sector has been changing over the past 14 years in 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 2013-2016.

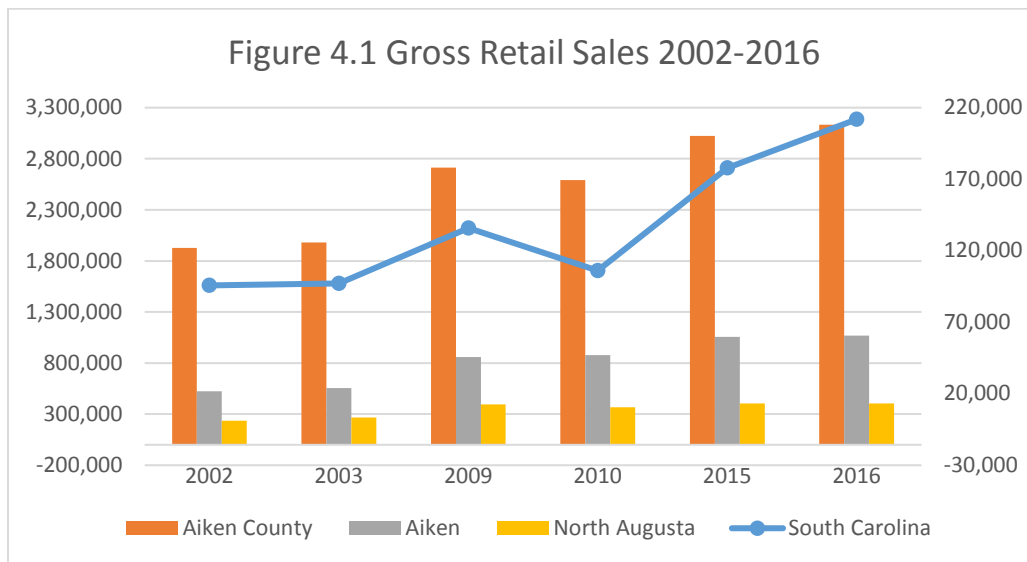
Fiscal Year	South Carolina	Aiken County	Aiken	North Augusta
2001-02	95,728,380,867	1,927,263,548	524,146,851	235,519,009
2002-03	97,019,598,675	1,981,672,460	555,146,378	265,938,078
2008-09	135,859,825,695	2,713,613,279	859,738,577	394,370,852
2009-10	106,059,202,304	2,590,199,261	878,737,596	366,131,684
2014-15	177,969,926,277	3,024,474,116	1,055,549,173	405,664,929
2015-16	211,839,480,498	3,133,438,079	1,069,803,320	405,520,693
AAGR 2001-2012	5.02%	4.19%	5.66%	5.39%
Growth rate 2012-13	5.32%	-0.15%	-0.03%	-0.24%
Growth rate 2013-14	2.85%	0.07%	9.40%	-0.31%
Growth rate 2014-15	5.17%	4.17%	6.13%	2.46%
Growth rate 2015-16	19.03%	3.6%	1.35%	-0.03%

For South Carolina, 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. The data for 2014-15 year indicated stronger rebound for the State's gross retail sales of 5.17 percent. **The latest data for 2015-2016 is even more optimistic and indicates a very strong retail sales statewide of over \$211 billion. This was an increase of 19.03 percent, which is the strongest one yet.**

For Aiken County, the pattern was very similar to the one for South Carolina, except the growth has been slower, at an average of 4.19 percent per year through 2011-12. **Gross retail sales in Aiken County have finally surpassed the peak level seen in 2007-08 before the recession hit. In 2015-16, gross retail sales in Aiken County increased by 3.6 percent to reach about \$3.1 billion. It is clear that retail sales in Aiken County have finally recovered as they have statewide.**

For the City of 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. The good news on the gross retail sales in Aiken continued during 2014-15 with a new high level of sales being at \$1 billion. This represented 6.13 percent increase in sales relative to the year before. **Retail sales in Aiken now appear to be alive and well, with a much rosier outlook than was seen in the original Benchmark Report. The most recent data for 2015-16 indicates another increase in gross retail sales by about \$14 million, which represents 1.35 percent increase from year before.**

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. The data for 2014-15 indicated a strong 2.46 percent growth in retail sales for North Augusta. **Unfortunately, the data for 2015-16 indicate a slight decrease in gross retail sales of 0.03 percent. The gross retail sales in North Augusta have not yet returned to their pre-recession highs.** In fact, gross retail sales in North Augusta have fallen in 2011-12 and 2012-13 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 (47 percent) of all retail sales within Aiken County as of 2015-16.



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 2011-2015 conducted by the Census Bureau, the number of owner-occupied residential housing units in Aiken County rose from 46,481 in 2013 to 46,756 in 2014. **In 2015, the number of owner-occupied residential housing units in Aiken County reached record high of 55,058.** The median value of those homes increased from \$124,600 in 2013 to \$126,900 in 2014. **In 2015, the median value of owner-occupied residential housing units was \$128,800.** Table 5.1 shows data on residential home sales in Aiken County for 2009-2016 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	2015	2016
Pending Sales	1276	1322	1321	1387	1556	1807	2053	2179
Days on Market Until Sale	223	191	200	209	197	201	179	167
Median Sales Price	\$143,250	\$145,950	\$151,890	\$148,000	\$140,000	\$143,000	\$148,000	\$155,000
Percent of List Price Received	95.0%	95.2%	95.1%	95.3%	95.0%	94.6%	96.0%	96.3%
Inventory of Homes for Sale	1489	1551	1523	1595	1569	1529	1500	1541
Months' Supply of Homes for Sale	14.5	14.5	14.0	14.0	10.9	11.8	10.0	9.7

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 2016, from 2,053 to 2,179, an increase of 6.1 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

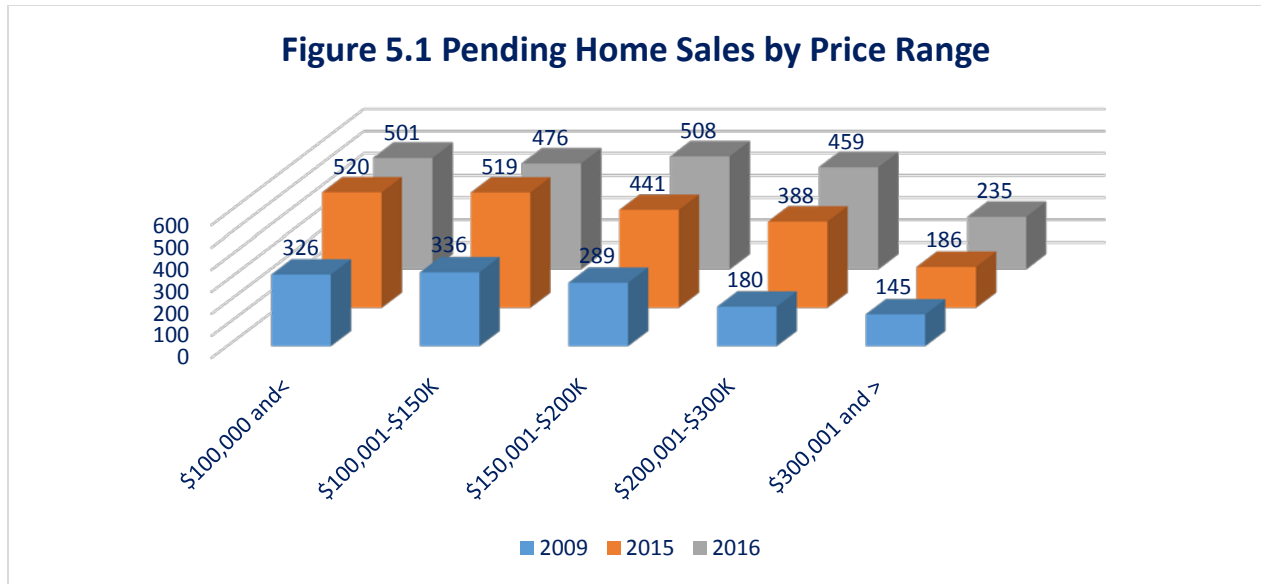
before it is sold, have improved from last year as well. **The number of days a residential home was on the market in 2016 went down to 167 (a decrease from 179 in 2015). This represents a decrease of 6.7 percent. The percent of list price seller received in 2016 improved by 0.3 percent from 96 percent in 2015 to 96.3 percent.**

It should be noted that homes that sell for less than \$100,000 are often sold at around 90 percent of the asking price, while homes that 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 the 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 2016 from \$148,000 in 2015 to \$155,000 in 2016. This represents an increase of 8.4 percent and it 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		2015		2016	
	No.	Share (%)	No.	Share (%)	No.	Share (%)	No.	Share (%)	No.	Share (%)	No.	Share (%)	No.	Share (%)	No.	Share (%)
\$100,000 and<	326	25.5	301	23.5	357	27.0	339	24.4	467	30.0	531	29.4	520	25.6	501	23
\$100,001-\$150K	336	26.3	339	26.5	302	22.9	361	26.0	380	24.4	432	23.9	519	25	476	21.8
\$150,001-\$200K	289	22.6	313	24.4	303	22.9	336	24.2	318	20.4	367	20.3	441	21.3	508	23.3
\$200,001-\$300K	180	14.1	218	17.0	244	18.5	218	15.7	255	16.4	301	16.7	388	19	459	21
\$300,001 and >	145	11.4	110	8.6	115	8.7	133	9.6	136	8.7	176	9.7	186	9	235	10.7
Total homes sold	1276		1322		1321		1387		1556		1807		2,053		2179	
Median sales price	\$143,250		\$145,950		\$151,890		\$148,000		\$140,000		\$143,000		\$148,000		155,000	

Figure 5.1 Pending Home Sales by Price Range



In contrast with last year, there was significant growth in pending sales across three top price ranges for 2016, with percentage increases ranging from 15.19 percent for homes in \$150,000 and above price range to 26.34 percent for homes in \$300,000 and above price range. This suggests that there has been an increase in the demand for more expensive homes and widespread increase in home sales within Aiken County, which is a good sign for the future.

In 2016, the pending sales of homes in the upper end of the price range, homes priced at \$300,001 and above, experienced the biggest jump. Once again, this was a larger increase than has been seen in this price range in some time. The second biggest jump was for pending sales of homes priced from \$200,001 to \$300,000, which rose by 18.29 percent. Pending sales of homes priced from \$100,001 to \$150,000 decreased by 8.28 percent in 2016, while the homes in \$100,000 and below price range had a drop of 3.65 percent. **This represents a strong shifting of home sales between price ranges.**

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 that 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 2016.

Table 5.3 Residential building permits and current dollar average values for Aiken County and the cities of Aiken and North Augusta, 2002-2016

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
2008	618	182,881	151	195,436	92	180,821
2014	681	183,417	144	181,413	115	220,911
2015	411	212,580	121	174,703	151	262,378
2016	419	224,207	136	157,990	193	248,649

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 in 2015, the average value of each new housing unit generally rose. **In 2016, the number of residential building permits in Aiken County improved slightly and so did their average value.**

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. In 2015, the number of new residential permits in the city of Aiken decreased from 144 in 2014 to 121; which was a 16 percent decline. **In 2016, the number of residential permits for the City of Aiken has improved by 12.39 percent. 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. In 2015, the average value of the new residential construction in the City of Aiken was \$174,703, while in 2016 the average value of new residential construction went down by 9.56 percent reaching \$157,990.**

The pattern of residential new construction in the City of North Augusta shows a 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. The number of new residential permits in the City of North Augusta increased by 31 percent in 2015 while the value of the new 151 constructions was \$262,378. **The 2016 data indicates the same pattern of increased number of residential housing construction in North Augusta as in Aiken, with the lower overall value of these units. The number of residential units in North Augusta increased to 193 (27.81 percent increase), while the average value went down to \$248,649 (5.23 percent decrease).**

Table 5.3 also shows that as of 2016, about 78.5 percent of all new residential housing construction in Aiken County is located within the cities of Aiken or North Augusta. **In summary, in 2016 the average value of new housing units being constructed in Aiken and North Augusta declined, while**

the number of the new residential construction increased. Finally, the County's average value of the new residential construction increased in 2016 as did the number of new permits. Figure 5.2 illustrates the number of residential building permits for Aiken County, Aiken, and North Augusta for 2002-2016 (current dollars).

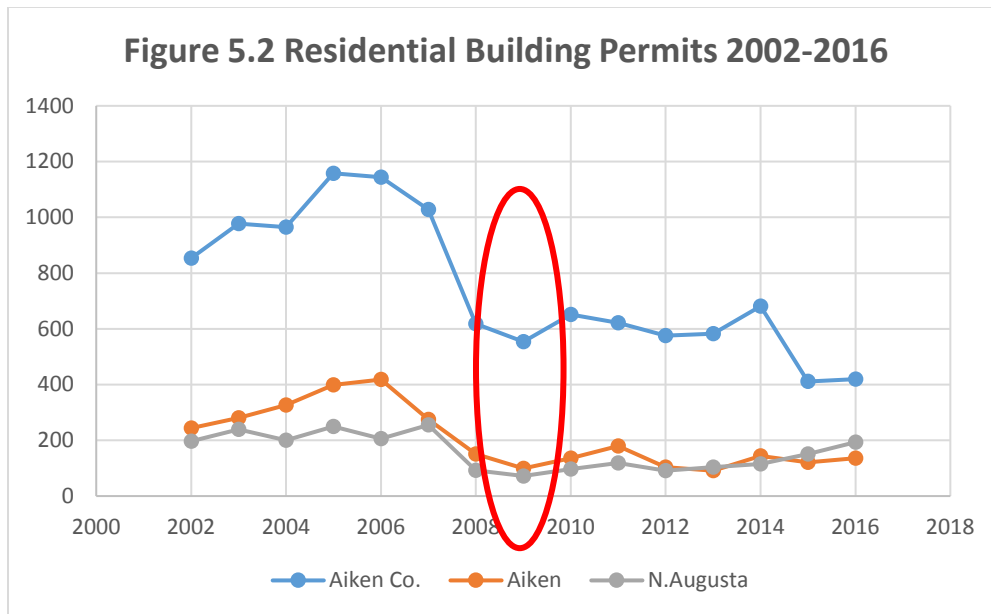
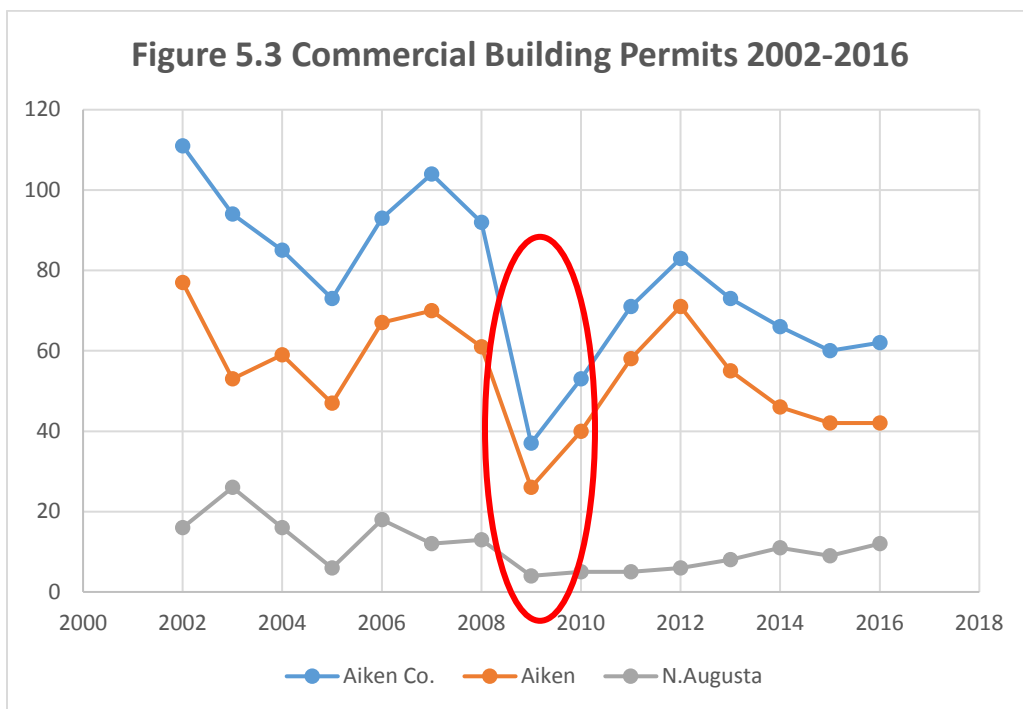


Table 5.4 shows commercial building permits and average values for new commercial buildings in Aiken County and the cities of Aiken and North Augusta, updated through 2016. The Census Bureau does not report commercial building permit activity, so all of this data was obtained from local government offices.

Year	Total Aiken Co.		Unincorporated portions of Aiken Co.		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
2009	37	313,845	26	180,720	7	722,505	4	464,000
2015	60	690,165	42	420,142	9	458,444	9	1,581,153
2016	62	778,756	42	663,867	18	524,951	12	1,144,751

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. In 2015, there were 60 new construction building permits. The average value of the new construction increased from \$690,165 in 2015 to \$777,856 in 2016. As for the two cities, the number of new construction permits increased for both cities. The average value of the new commercial buildings in 2016 increased for Aiken and declined for North Augusta. Figure 5.3 represents the number of commercial building permits for Aiken County, Aiken, and North Augusta from 2002-2016.



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 affect 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 2016. **In 2016, Aiken County's net assets increased by 11 percent, reaching \$156.9 million. In 2015-16, the position of Aiken County's unrestricted net assets – assets that can be used to meet any of the County's ongoing financial obligations – declined by 51 percent. In 2016, total unrestricted funds decreased by \$13.8 million, which left Aiken County with somewhat less flexibility.** The good news is that the net position of County business-type activities and business activities both increased in 2015-16.

Table 6.2 provides an updated statement of revenues and expenses for Aiken County for 2015-16 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 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.

Total revenues received by the County for 2015-16 increased by 1.73 percent reaching \$101 million. The biggest contributors to this increase were capital gain contributions. As noted before, the single most important source of revenue for Aiken County is local property tax, which still accounts for about 52 percent of general revenue and 39 percent of total revenue. **Total expenses for the County for**

2015-16 were \$112 million, an increase of \$5 million, or 4.7 percent from 2014-15. The largest decrease came in general government spending.

City of Aiken Government Tax Revenues and Expenditures

Table 6.1 presents the City of Aiken's net assets for 2015 and 2016 as reported in their 2016 CAFR. In 2016, the City's assets exceeded its liabilities by \$158.8 million, which was an increase in its net asset position of 4.5 percent from 2015. In 2016 the City's net asset position increased again mostly due to an increase in its net investment in capital assets, such as land, buildings, machinery and equipment. In 2016, both, restricted net assets and unrestricted net assets increased by 23.3 and 8.5 percent, respectively. It is worth mentioning again that the unrestricted net assets can be used to meet the City's ongoing expenditures and obligations, therefore, this is good news for the City of Aiken. In contrast to the County, this increase in unrestricted net assets leaves the City of Aiken with more flexibility to meet future expenses.

Table 6.2 presents the City of Aiken's statements of revenues and expenses for 2015-16, 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. In 2016, revenue in the business-type activities was 96.4 percent collected from charges for services. Business-type activities increased the City's net position by \$1.6 million. Government activities in 2016 increased City's net position by \$1.9 million. The majority of this increase came from increased revenue from capital grants and contributions. In 2016, The City of Aiken's total revenue increased by 10.9 percent from 2015; reaching the new level of \$58.4 million.

After falling by 1.1 percent in 2013, and rising by 6.0 percent in 2014, the City of Aiken's total expenditures for public goods and services rose by 2.47 percent in 2015 from \$47.7 million to \$48.9 million. In 2016, total expenditures increased by 5.47 percent and reached \$51.6 million. The biggest increases in expenditures were in storm water services (+45.69 percent in 2016 and 21.44 percent in 2015). On net, the City's revenues exceeded expenses again in 2016 by adding \$6.77 million to its net asset position.

City of North Augusta Government Tax Revenues and Expenditures

Table 6.1 provides updated information on the net asset position of the City of North Augusta as reported in their CAFR for 2015. In last year's report, we saw that North Augusta's assets exceeded its liabilities. An increase in North Augusta's total net position continued for 2015 with a total of \$122.4 million in net assets. In contrast to what happened in Aiken County or the City of Aiken since our last report, North Augusta's net asset position continues to grow for 2015 due to the fact that its assets increased and liabilities decreased.

Table 6.2 reports the statement of revenues and expenses for the City of North Augusta for 2015 in current dollars. **Total revenues for North Augusta rose by 10.86 percent in 2015. For 2015, total expenses for North Augusta rose by 2.35 percent, or just less than \$700,000. However, total revenues still exceeded total expenses by over \$3.03 million, an excess which was added to the City's net asset position as seen in the previous table. This addition to net assets generated by North Augusta in 2015 represented an increase of 36.74 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 growth in 2015. Charges for services increased by 6.2 percent, while the property tax revenue went up by 1.97 percent in 2015. 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 2015 this share exceeded 42.3 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 2015 public works and storm water experienced the greatest declines, while public safety expenses and sanitation rose.

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.

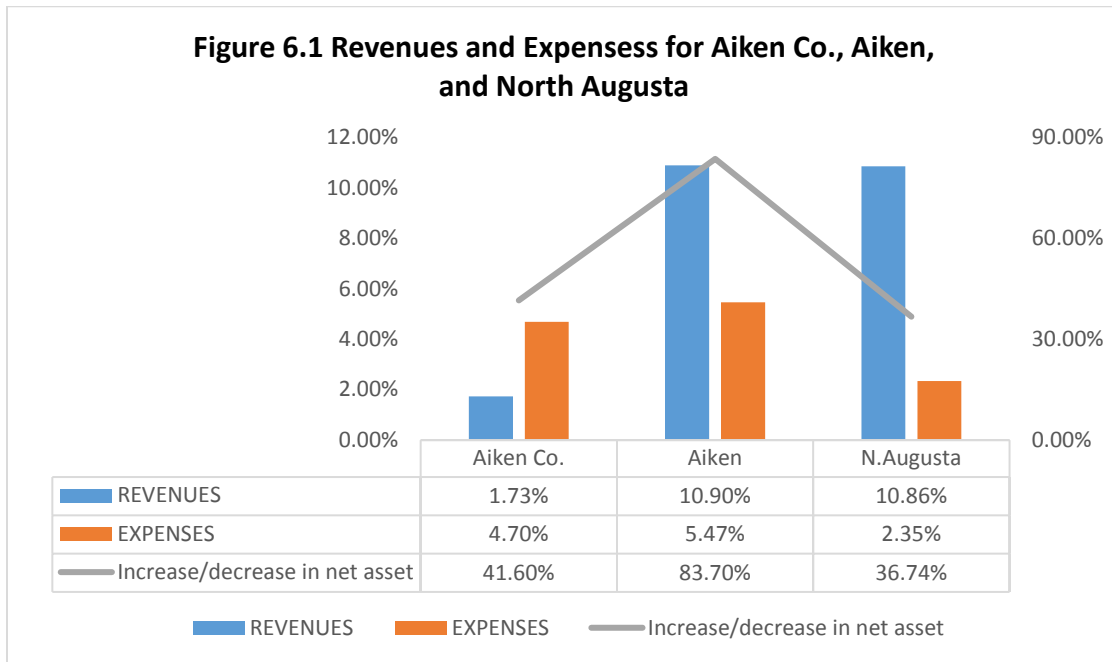
Total revenues also rose again in all three areas, but this growth was not evenly distributed, with Aiken County experiencing much stronger revenue growth than the Cities, especially North Augusta, where revenue hardly budged. Total expenses also rose in all three areas, growing faster than total revenues 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.

	Aiken County	Aiken City	North Augusta
Total Assets	\$295,930	\$185,510	\$179,762
Total	\$158,690	\$30,126	\$58,648
Total net	\$156,982	\$158,841	\$122,449

Table 6.2 Statement of Revenues and Expenses for Aiken Co. and Aiken (2016) and North Augusta (2015) (thousands of \$)

	Aiken County	% ch. 2015-16	Aiken	% ch. 2015-16	North Augusta	% ch. 2014-145
REVENUES	\$116,335	1.73%	\$58,419	10.9%	\$34,966	10.86%
EXPENSES	\$112,063	4.7%	\$51,643	5.47%	\$31,950	2.35%
Increase/decrease in net asset position	\$4,272	41.6%	\$6,776	83.7%	\$3,035	36.74%

Figure 6.1 Revenues and Expenses for Aiken Co., Aiken, and North Augusta



VII. 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 two additional years 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 South Carolina continues to grow more rapidly than the United States, and population growth accelerated in South Carolina for 2016 while it somewhat slowed down in the United States. After slowing down considerably for 2013 and 2014, the population growth rate for Aiken County improved in 2016. Population growth in the cities of Aiken and North Augusta also increased for 2015 (the most recent year available).

The United States population continues to age as baby boomers get older and younger Americans have fewer children; however, South Carolina, Aiken County and the City of Aiken are aging faster than the United States. The City of Aiken is aging faster than any other geographic areas that we analyzed; the percentage of the City of Aiken's population aged 65 or older increased, yet again, for 2015. 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.

There was little change in the racial and ethnic composition of Aiken County for 2016; 69.6 percent of the population is White and 24.6 percent is Black or African American. The City of Aiken has a lower percentage of Whites (66.5 percent) and a higher percentage of Blacks or African Americans (30.1 percent) than seen for the County, while North Augusta has a higher percentage of Whites (75.9 percent) and a lower percentage of Blacks or African Americans (19.1 percent).

Educational attainment continues to be an issue for South Carolina and Aiken County, based on updated data for 2015. South Carolina 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 2015. 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, the SRS, and well-educated retirees. Aiken experienced an increase in the percentage with only a high school diploma for the third year in a row, while North Augusta saw this percentage decrease. The percent of adults with associate degree, bachelor degree, and higher continued to rise in 2016. The City of Aiken continues to lead with the percentage of adults with graduate degrees (19.2 percent); a high concentration of adults with advanced degree represents a tremendous potential for the local economy.

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).

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 United States and South Carolina (both total and per capita) rebounded nicely since the financial crisis of 2009. This upward trend continued for all five examined economic regions in 2016.

To measure the real purchasing power of individuals, these nominal values must be converted to per capita and adjusted for inflation. Just like nominal total personal income and nominal per capita personal income, the real per capita personal income rebounded for South Carolina and the United States in 2014 and continued the upward trend in 2015 and 2016. Unfortunately, Aiken County's real per capita personal income came down in 2015 as we observed 0.88 percent decrease in PCPI for the County.

Median household incomes for South Carolina 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. After rising marginally in 2014, median household incomes in South Carolina continued to increase in 2015. In 2015, the median household income in Aiken County stood at \$45,759. Out of all five areas, the city of North Augusta had the slowdown of median household income in 2015; a decrease of 1.46 percent. The most impressive growth of median household income in 2015 was in the City of Aiken (+ 3.76 percent). Where educational attainment level are higher, as in the City of Aiken and North Augusta, median household incomes are naturally higher as seen in the case of the both cities.

Average weekly wages in South Carolina have continued to rise each year through 2016, and still run about 80 percent of the national average. Wages in Aiken County, which used to be above the national average, have grown more slowly recently and are now about 95 percent of the national average. After increasing in 2014 and 2015, current-dollar wages in Aiken County decreased in 2016. After adjustment for inflation, real wages in South Carolina improved in 2016, while the real wages in Aiken County have now fallen yet again (since 2013) for a cumulative decline of almost 0.37 percent. The fact that real personal income in South Carolina rebounded in 2016, despite a drop in real wages, gives us some hope that real personal income in Aiken County will also rebound.

Employment Trends and Patterns

Labor force participation rates improved in the United States and South Carolina for 2016, and so did the size of the labor force. Aiken County experienced a drop in its labor force in 2016, while the City of Aiken showed an improvement in labor force. Unfortunately, Aiken County's labor force has not returned to its previous peak from 2009 when it stood at 76,804.

Employment levels in the United States and South Carolina continued to grow for 2016; United States employment surpassed its pre-recession peak from 2007, while South Carolina set a new record for employment for the third year in a row. After dipping in 2013, employment in Aiken County hit a new record high for 2016, gaining 1,295 jobs in a year. Employment levels in the City of Aiken and Aiken County continue to grow. In 2016, both areas experienced a decrease in unemployment.

After decreasing in 2014, employment in the goods-producing sector within Aiken County increased in 2015 and 2016. For 2016, the positive employment growth in Aiken County also came from the service-producing sector, which dominates the local economy. Within the service-producing sector in Aiken County, leisure and hospitality (+6.3 percent), other services (5.4 percent), and education and health services (+3.6 percent) experienced the highest growth in employment. It is also encouraging to see meaningful employment growth occurring in two of the higher-paying sectors: manufacturing and construction.

Consumer Spending

Gross retail sales in South Carolina continued to grow in 2015-16, and at a faster rate than in recent years (+19.03 percent), reaching a new all-time high of \$211.8 billion. After dipping slightly in 2012-13, retail sales in Aiken County returned to positive growth for three consecutive years. Last year, the retail sales in Aiken County have surpassed their pre-recession high seen in 2007-08. After a surprising decline in 2012-13, retail sales in the City of Aiken surged by over 6 percent for 2014-15, and reached record high mark of \$1.06 billion in 2016. This improvement in the local retail sales also reflects some improved reporting of retail sales within city limits.

After surpassing \$400 million mark in 2014-2015, gross retail sales in North Augusta slowed down by 0.03 percent in 2016. 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 2016 are very encouraging. The number of pending home sales in Aiken County jumped by over 6 percent. There has been an increase in the demand for more expensive homes and widespread increase in home sales within Aiken County, which is a good sign for the future. The median sales price for homes in Aiken County also turned back up for 2016. These factors suggest some new upward momentum in home prices in Aiken County.

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 that are being added to the land. In 2016, the number of residential building permits in Aiken County improved (+12.39 percent) and so did their average value. The number of residential building permits in the City of Aiken increased while their value went down by 9.56 percent reaching \$157,990. The number

of residential units in North Augusta increased to 193 (27.81 percent increase), while the average value went down to \$248,649 (5.23 percent decrease).

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 in 2016. Total revenues also rose again in all three areas, but this growth was not evenly distributed, with both cities experiencing much stronger revenue growth (+10.9 percent for the City of Aiken and +10.86 percent for North Augusta) than the County (1.73 percent). Total expenses also rose in all three areas. Careful fiscal management made it possible for each local government entity to still generate excess revenues and thereby add to their net asset positions.

Policy Implications

This study intends 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. Our policy recommendations continue to stress the importance of investment in education (K-12), infrastructure development, and fostering partnership among the key economic players (private and public sectors).

The well-established connection between educational attainment and income levels suggest that continued efforts to increase educational attainment levels in Aiken County are warranted. Improving K-12 education and assisting high school graduates to make the transition to higher education could help reduce the percentage that start college but never complete a degree. The new industrial process engineering degree program that is offered at USC-Aiken may encourage more engineers to stay in the Aiken area after graduation. Numerous associate degrees offered by Aiken Technical College can further improve the skills of the local labor force. Upper-level online degree completion programs (e.g. USC Palmetto College) that 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 MBA offered by USC-Aiken School of Business would also help.

Another decrease in employment levels for 2016 is in the professional and business services sector, which is closely linked to funding levels at the SRS, and is certainly of concern for the local economy. 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. Therefore, **the need for greater diversification of the sources of personal income in Aiken County seems obvious. Continued strong growth in employment in the manufacturing and construction sectors, which pay relatively higher salaries, is encouraging.**

There is always a threat that a community will not rise to meet the economic and social challenges. Fortunately, over the past few years, there have been a number of new initiatives that have resulted in the improvement of the economic indicators reported in this year's update. These positive

developments over the past several years 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.**
