



2011 REGIONAL ECONOMIC SCORECARD

REPORT
HIGHLIGHTS

Produced for the community by:
Charleston Regional Development Alliance

Research and analysis by:
University Center for Economic Development
Clemson University

Center for Business Research
Charleston Metro Chamber of Commerce



REPORT OVERVIEW

BUILDING REGIONAL PROSPERITY

This *Regional Economic Scorecard*, published annually, gauges our three-county region's economic progress compared to six similar metro areas and two leading economies. Because of a time lag in data availability, this 2011 report highlights data captured during and just prior to the Great Recession.

New featured content includes data and examples from the middle section of the *Model for Economic Prosperity* pyramid, showing how our region's "Environment for Development" impacts our economy now and into the future.



WHAT DEFINES ECONOMIC PROSPERITY?

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

WHAT IS AN INDEX?

This *Scorecard* examines numerous indicators of regional economic competitiveness. Each indicator is shown relative to the U.S. average. For example, a value of 110 means the metro is performing 10% above the national average.

$$\frac{\text{INDICATOR}}{\text{U.S. VALUE}} \times 100 = \text{INDEX VALUE}$$

NOTE: The most recent values are compared to a 2005 baseline and do not imply year-to-year changes.

MODEL FOR ECONOMIC PROSPERITY

ECONOMIC DEVELOPMENT OUTCOME

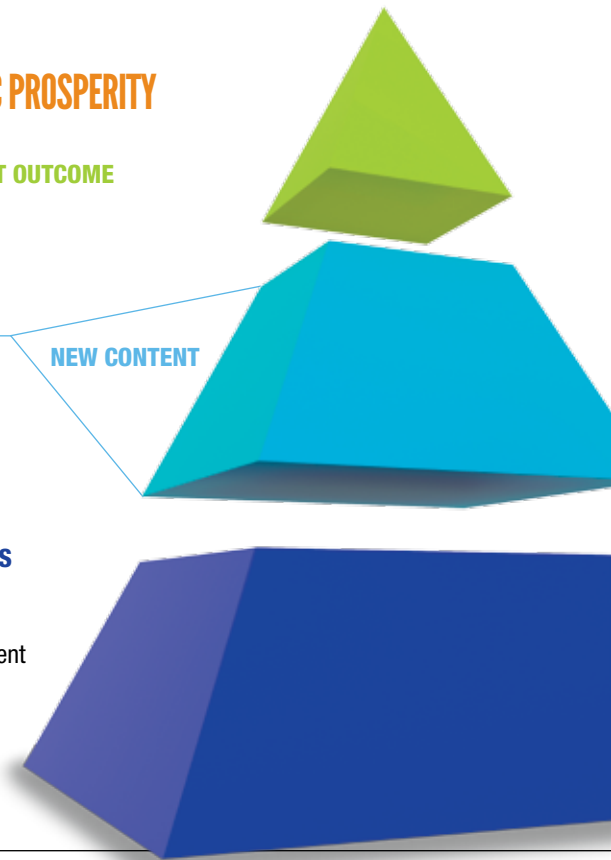
- Economic Output
- Employment
- Earnings & Income

ENVIRONMENT FOR DEVELOPMENT

- Industrial Composition
- Physical Infrastructure
- Social, Cultural & Institutional Environment

COMPETITIVENESS INPUTS

- Human Capital
- Innovative Activity
- Entrepreneurial Environment
- Quality of Place



OUR COMPARATIVE LOCATIONS

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

COMPARATIVE



GREENVILLE, SC
manufacturing base, tech transfer and higher education



JACKSONVILLE, FL
port, business diversity, military presence and talent attraction



KNOXVILLE, TN
federal research lab, entrepreneurial environment and higher education



LEXINGTON, KY
entrepreneurial environment, R&D and strength in medical technology



RICHMOND, VA
growing base of R&D, higher education, logistics and biotech cluster



SAVANNAH, GA
port, military, creative economy and tourism industry

LEADING



AUSTIN, TX
thrives on a healthy balance of technology, business services, education and government, and is a magnet for young talent



RALEIGH, NC
consistently ranks among the best places to live, and is renowned for strong job growth, R&D, and higher education

Courtesy/wisraleigh.com

BUILDING A GLOBALLY COMPETITIVE ECONOMY FOR THE CHARLESTON REGION

The Charleston region is committed to an industry cluster-based economic development strategy that is grounded in research, reflects best practices and leverages the region's key assets.

The Opportunity Next strategic plan aligns with the *Model for Economic Prosperity* pyramid, which serves as the framework for this *Economic Scorecard*.

DRIVING ECONOMIC GROWTH

Introduced in April 2011, the new strategy is the culmination of a nine-month process, informed by more than 1400 individuals, elected officials and organizations. It assesses our region's strengths and challenges, identifies global growth opportunities aligned with our assets and creates a multi-year plan for driving long-term economic growth throughout the region.

ALIGNING TARGETS & COMPETENCIES

Opportunity Next is designed to leverage limited resources by aligning our region's community development, workforce development and economic development initiatives to foster the growth of four target industry clusters:

- Advanced Security & IT
- Aerospace
- Biomedical
- Wind Energy

It also calls for further enhancing five core competencies with synergies critical to economic growth:

- Advanced Materials
- Creative Design
- Drivetrain & Power Systems
- Logistics
- Software

MOVING REGION FORWARD

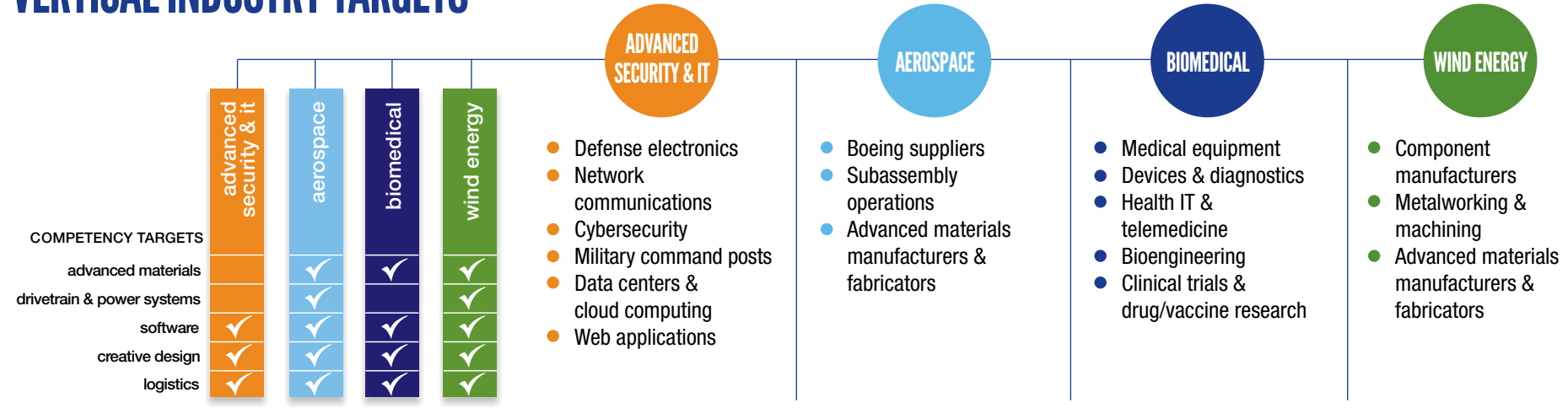
While this *Economic Scorecard* measures our economic indicators against data from sister metros in the Southeast, the reality is the Charleston region must be globally competitive to succeed in an economy defined by innovation, knowledge and international competition.

All regional organizations have a role to play in moving our economy forward. Find an element of the strategy you are passionate about and get involved in a big way.

www.Opportunity-Next.com



VERTICAL INDUSTRY TARGETS



ENVIRONMENT FOR DEVELOPMENT

WHY IS THIS IMPORTANT?

In today's highly competitive environment, companies and talent choose forward-thinking communities reflecting their values. To be successful, communities need to embrace government policies that don't unnecessarily burden local businesses; develop modern infrastructure to seamlessly connect people, places and ideas; and support initiatives creating lasting opportunities for all residents.

The *2010 Regional Economic Scorecard* introduced the *Model for Economic Prosperity* pyramid as a framework for gauging our region's economic progress over time.

While last year's report focused on the foundational elements for economic development (bottom section), this year we're also looking at the supporting environment for economic development (middle section). Progress in each of these areas ultimately leads to economic development success (top section of the pyramid).

THE BUSINESS PERSPECTIVE

"Establishing a long-term pipeline of highly skilled workers is critical for Boeing to meet our production needs and meet our customer commitments."

Jack Jones
Vice President and
General Manager
Boeing South Carolina



INDUSTRIAL COMPOSITION

Industrial composition can help determine if a community has the right environment for bringing new money into the local economy and generating long-term economic growth. Communities can influence their industrial mix by making strategic long-term investments in areas such as infrastructure and workforce development.

THE INDICATORS

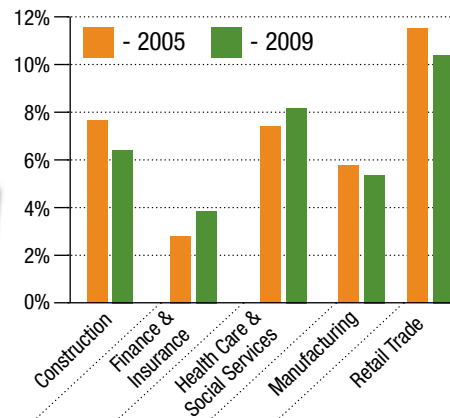
Traded Sectors

Traded sectors are measured by location quotient (LQ), a ratio comparing the concentration of employment within a specified region, such as the Charleston MSA, to that of the U.S. An LQ greater than one indicates employment concentration. Concentrated industry sectors trade excess capacity thereby bringing "outside dollars" into the regional economy. Those outside dollars then multiply and are circulated locally.

Primary Traded Sectors Charleston Region:

- Military & Government
- Accommodations & Food Service

Significant Structural Changes Charleston Regional Economy (% of Local Employment)



Source: U.S. Dept. of Commerce

Export Activity

Although the word "exports" evokes images of shipping containers, it actually encompasses all purchases of U.S. goods and services by residents of foreign countries, including payments for patents and trademarks, contracts with U.S. consultants, and spending by foreign tourists and students.

Export Activity Per Job, 2009

1st	Lexington	\$9,831
2nd	Greenville	\$8,835
3rd	Austin	\$7,971
4th	Raleigh	\$7,968
5th	Savannah	\$7,955
6th	Richmond	\$6,719
7th	Charleston	\$6,603
8th	Knoxville	\$6,492
9th	Jacksonville	\$4,970

Metropolitan areas with the highest rates of innovation are also the most export-oriented.

Source: Brookings Institution

PHYSICAL INFRASTRUCTURE

For this report, physical infrastructure is defined as the structural framework for moving people, goods and information from one point to another. Companies today require strong and reliable transportation, and information networks. Infrastructure investments are also important to young professionals, who choose to locate in communities offering an array of transportation choices.

THE INDICATORS

Multimodal Transportation

How individuals get to work – driving alone, carpooling, using public transportation, biking or walking – measures access to mass transit and other means of dealing with traffic congestion. Not surprisingly, all comparative metro areas had similar rates of driving alone, roughly 80-85% compared to the U.S. average of 76%. Of the leading economies, Austin had the lowest rate of solo driving at 75%.

Commuter Connection

Trident Rideshare, a service of the BCD Council of Governments, connects commuting partners via a secure website.
www.tridentrideshare.com



SOCIAL, CULTURAL & INSTITUTIONAL ENVIRONMENT

Leading companies embrace their responsibility to the communities in which they operate. This also holds true for educated professionals, who often choose where they want to live before deciding where they will work. As such, a community's social, cultural and institutional environment is an important ingredient to its overall business climate.

THE INDICATORS

Voter Participation

Defined as the percentage of people of voting age who participated in a general election. Provides a measure of civic engagement – a key element of social capital. Our region's 56.4% participation rate in the 2008 general election placed us fifth among all comparative metros. Participation rates in Jacksonville, Richmond and Raleigh all topped 67%.

Health Insurance Coverage

Lack of health insurance has been associated with delayed access to health care, increased risk of chronic disease and mortality, absenteeism and unemployment. Overall, the Charleston region ranked second to last in the percentage of residents with some form of health insurance coverage. We also have the third highest uninsured population at 17%.

Poverty Rate

Provides an indicator of social well-being and standard of living in a community. Living in poverty can limit an individual's ability to develop the skills necessary to contribute his or her talents, ideas and even labor to the economy. Poverty also strains a community's economic resources.

Poverty Rate Charleston Region, 2009

Overall	14%
Children	20%
African American	25.6%
Caucasian	8.8%

Economic Impact of Childhood Poverty

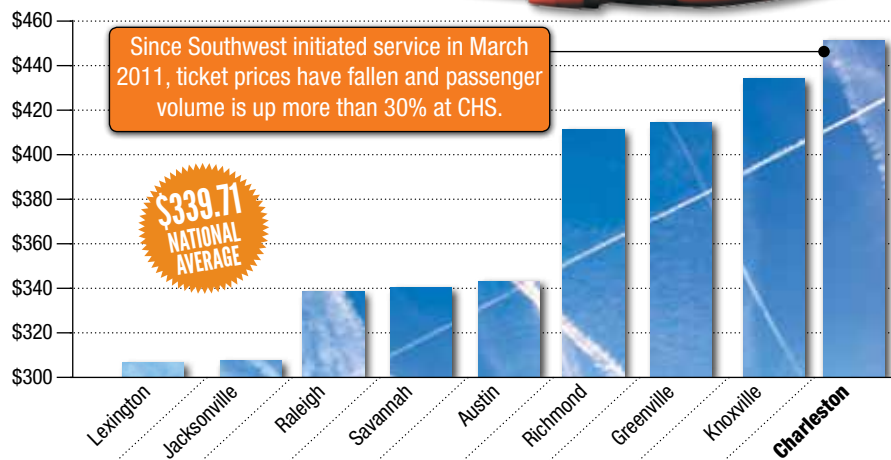
- Lower productivity and economic output
- Costs of crime
- Higher health expenditures

Source: Center for American Progress

Broadband Access

Access to reliable, state-of-the-art broadband is essential for business and is increasingly a quality of life issue, supporting services ranging from telemedicine to the virtual classroom. While no unbiased data yet exist for measuring broadband access across metro areas, Federal sources provide metro-level comparisons of data uploading speeds for medium and large businesses. **At 15.7 megabits per second, Charleston ranked number one for this indicator.**

Average Cost Per Flight, 2010



Source: Bureau of Transportation Statistics, 3rd Quarter, 2010

Domestic Air Travel

The average price for domestic air travel provides a measure of a region's connectivity to other markets. Ticket prices also have a direct impact on local household and business expenses.

Among the peer metros, Charleston had the highest airfare costs overall with an average price of \$450.55 in 2010.



THE BUSINESS PERSPECTIVE

"The capacity of our region's transportation arteries is critical to Bosch's ability to service our customers. As a significant "just-in-time" manufacturer in South Carolina, Bosch fully supports environmentally and fiscally sustainable improvements of area transportation infrastructure to keep pace with increased traffic volumes."

Larry Lautenschlager
Senior Vice President, Manufacturing
Robert Bosch LLC



THE BUSINESS PERSPECTIVE

"Volunteerism and community support are integral parts of Alcoa's values. It's incredibly important to give back the community in which we work and live. We have a vested interest in making it a better place – economically, environmentally and socially."

Mike Rousseau
Plant Manager
Alcoa Mt. Holly



HUMAN CAPITAL INDEX

WHY IS THIS IMPORTANT?

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

THE INDICATORS

▲ KNOWLEDGE WORKERS

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

▼ HIGH SCHOOL GRADUATES

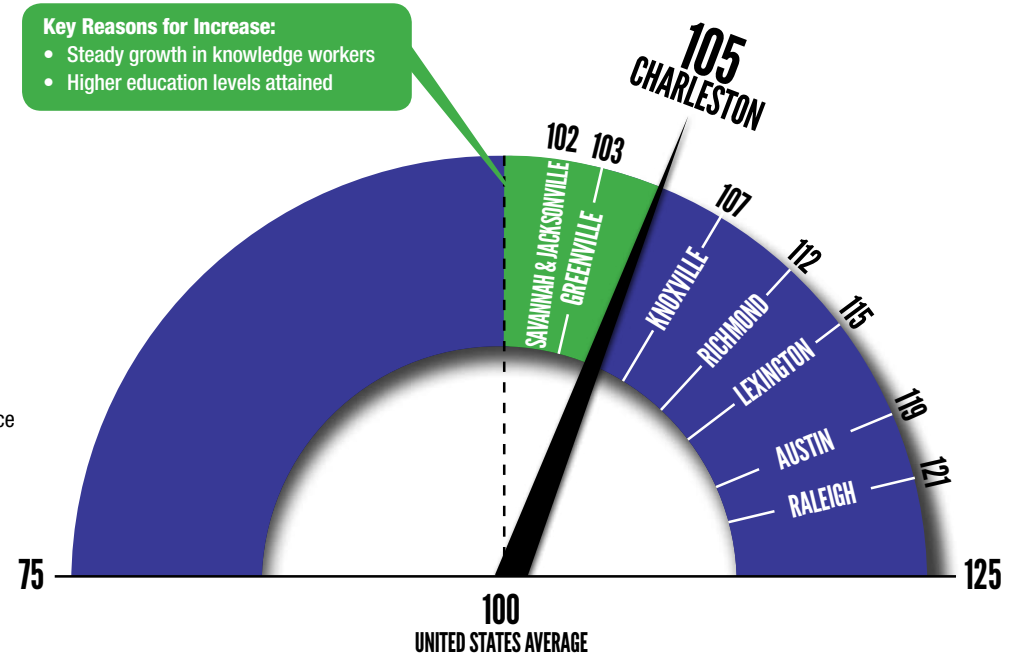
Percentage of adult population (25+) with a high school diploma.

▲ COLLEGE GRADUATES

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

⊖ EMPLOYMENT RATE

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



INNOVATIVE ACTIVITY INDEX

WHY IS THIS IMPORTANT?

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

THE INDICATORS

▼ PATENTS*

Number of patents issued in an area, presented per 10,000 workers. ***Note:** Multiple sources contend patents are an increasingly inaccurate measure of innovation. We will work to identify alternatives for the 2012 Scorecard.

▼ EMPLOYMENT IN TECHNICAL PROFESSIONS

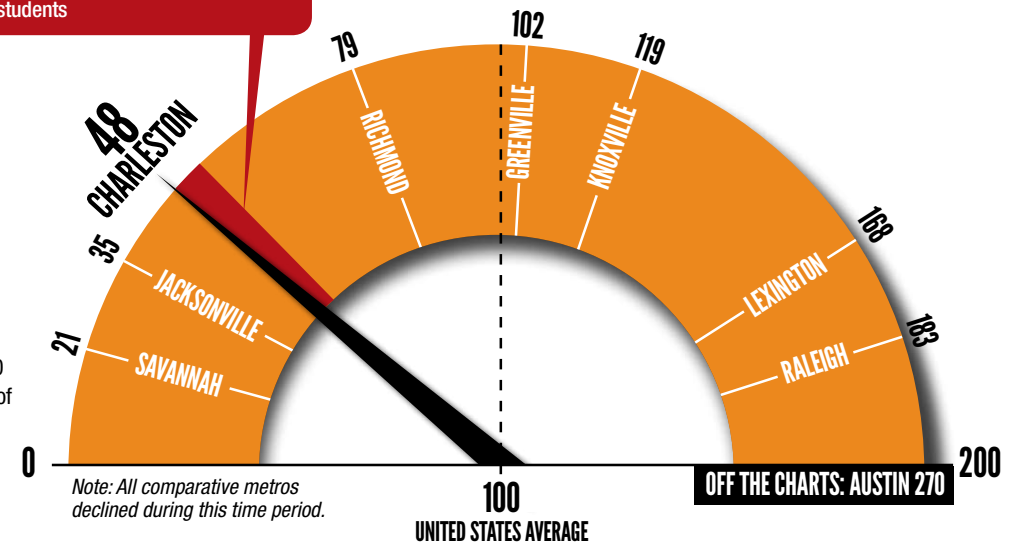
Percentage of employment in computer, science and engineering professions provides a measure of industry R&D.

▼ SCIENCE-RELATED GRADUATE STUDENTS

Number of graduate students in science, engineering and health sciences, presented per 100,000 population, provides a measure of academic R&D.

Key Reasons for Decrease:

- Numbers of patents lag
- Decline in numbers of science-related graduate students



■ = Increase in index value ■ = Decrease in index value

The most recent values are compared to a 2005 baseline and do not imply year-to-year changes.



ENTREPRENEURIAL ENVIRONMENT INDEX

WHY IS THIS IMPORTANT?

A supportive environment for entrepreneurs is key for new business creation and growth. Just as a favorable environment encourages new companies to put down roots, an unfavorable climate can cause successful startups to seek more hospitable communities.

THE INDICATORS

▲ CONCENTRATION OF SMALL TO MID-SIZE BUSINESSES

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

of all area firms. The “churn” of innovative and efficient companies continuously replacing struggling establishments provides a measure of entrepreneurial activity.

▲ PROPRIETORS' INCOME SHARE

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

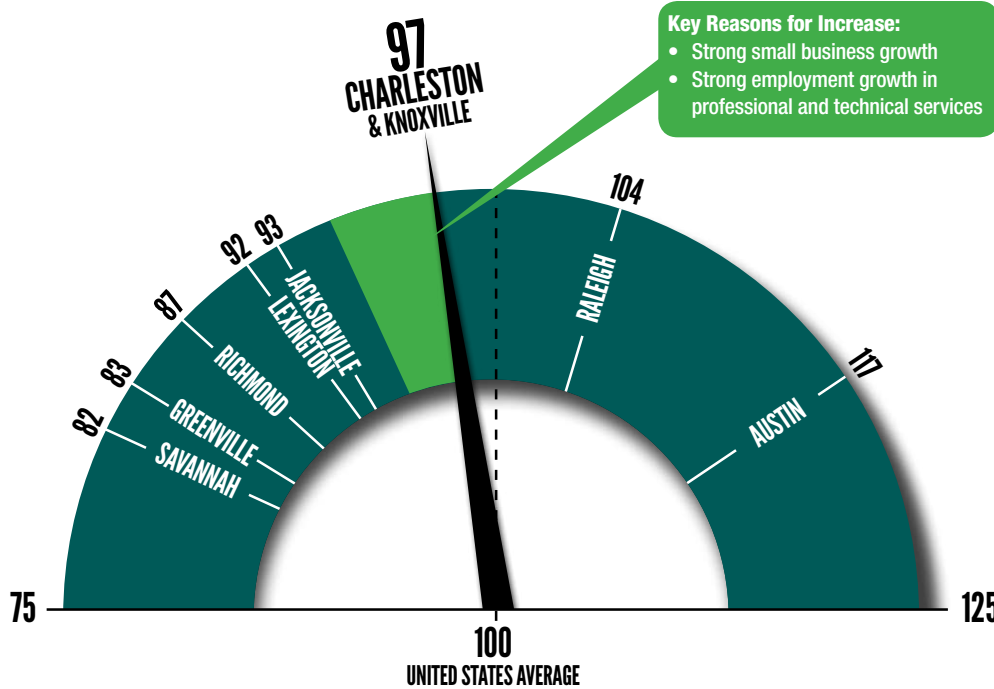
important seedbed for future entrepreneurs.

▲ BUSINESS SERVICES

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

▼ BUSINESS CHURNING

The total number of establishment births and deaths as a percentage

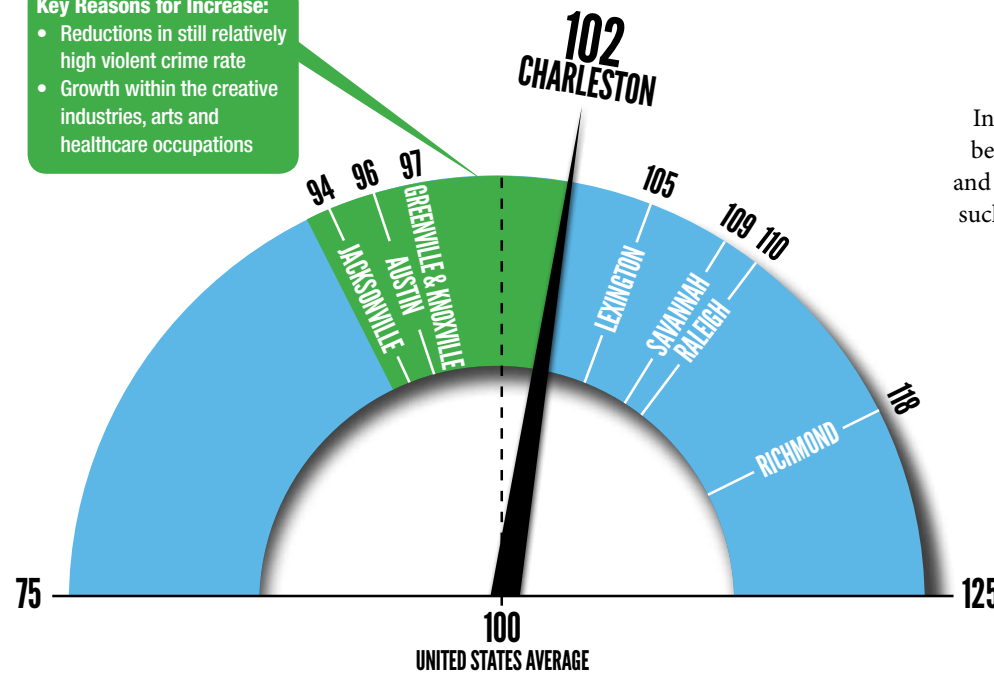


Key Reasons for Increase:

- Strong small business growth
- Strong employment growth in professional and technical services

Key Reasons for Increase:

- Reductions in still relatively high violent crime rate
- Growth within the creative industries, arts and healthcare occupations



QUALITY OF PLACE INDEX

WHY IS THIS IMPORTANT?

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

THE INDICATORS

▲ CLIMATE

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

▲ CRIME RATE

Violent crimes per 100,000 population.

▲ AIR QUALITY

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

▲ TRAVEL CONGESTION

Percentage of daily travel in congested conditions.

▲ HEALTHCARE ACCESS

Number of healthcare practitioner and technical occupations per

100,000 population provides a measure of access to healthcare professionals.

▲ CULTURE AND RECREATION

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

▲ = Increase in index value ▼ = Decrease in index value

The most recent values are compared to a 2005 baseline and do not imply year-to-year changes.



2011 Scorecard Task Force

Chairman

Brice Sweatt, The InterTech Group

Members

Deb Campeau..... Trident Health Systems/The Education Foundation Board
Michele Canon Berkeley Charleston Dorchester Council of Governments
Dr. Mike Drews Clemson University Restoration Institute
Sally Ehrenfried Blackbaud/The Education Foundation Board
Shandon Fowler Benefitfocus/ThinkTEC Advisory Board
Greg Isley..... Elliott Davis
Stuart Knight..... MUSC Foundation for Research Development
Kellee McGahey First Federal
Madelyn Robinson... Town of Summerville
Matt Sloan Daniel Island Company/Lowcountry Housing Trust Board
Derek Willis South Carolina Research Authority/SC Launch!
Erica Wright..... The Citadel/Charleston Young Professionals Board

Produced for the community by the Charleston Regional Development Alliance

The Charleston Regional Development Alliance (CRDA) is a nonprofit economic development partnership representing Berkeley, Charleston and Dorchester counties. Supported and led by the region's most influential business leaders, three county governments, largest municipalities and top academic institutions, the CRDA serves as a catalyst for long-term, sustainable economic growth in our three-county region by driving a global marketing effort to attract and retain the world's best companies, entrepreneurs and professional talent. The CRDA invests in competitive research & analysis, serves as a regional resource and convener, and collaborates closely with other entities to ensure a globally competitive, sustainable regional economy.

To learn more about the CRDA, visit:

www.charlestoneconomicdevelopment.com

Research & Analysis

University Center for Economic Development, Clemson University

Dr. David W. Hughes

Professor and Program Leader

Department of Applied Economics and Statistics

Clemson Institute for Economic and Community Development

Dr. David L. Barkley

Emeritus Professor

Department of Applied Economics and Statistics

Clemson University

Devin Swindall

Research Associate

Clemson Institute for Economic and Community Development

Center for Business Research, Charleston Metro Chamber of Commerce

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

Designed & Published by

SC Biz News

To view the full, detailed report:

www.crda.org/economicsscorecard

