

Economic Development

diversifying business opportunities

The Charleston Century V plan advises that economic growth should provide new opportunities and resources for Charleston residents. Over the past ten years Charleston's economy has diversified significantly, moving from an economy that relied heavily on military spending to one that derives strength from a variety of business sectors. Sectors such as hospitality, software technology, and professional services have grown by taking advantage of infrastructure and technological resources available in our region. The thriving Central Business District exemplifies this diversification and its benefits, as professional services firms, retail merchants, hotels, and government agencies co-exist in a vibrant urban environment. Employment changes illustrate the growth in a variety of sectors.

As shown in the chart below, between 2002 and 2008 employment rose by 15%, but it rose by 26% in information technology, 35% in financial services, and 25% in other professional services. Two entities that have played leading roles in this diversification and will continue to foster impressive economic growth in the region are the Medical University of South Carolina (MUSC) and Charleston's Digital Corridor. The tourism and hospitality industry was one of the first sectors to flourish as a result of the diversification, and it will remain an important pillar of the City's economy. Manufacturing has created fewer jobs than the average in the past decade, but the recent investment by Boeing in the region will do much to reverse that trend.

Medical University of S.C.

As its largest employer with over 10,000 employees, MUSC is a major economic driver for the City of Charleston. Every year, MUSC contributes an estimated \$2.3 billion to the local economy in addition to its research grant funding, which amounted to over \$217 million in 2009 alone. The medical facilities at the University are among the best in the country, and the 2009 U.S. News and World Report ranked MUSC as top-tier in the treatment of digestive, kidney, ear/nose/throat disorders, gynecological, respiratory, and rheumatologic disorders.

Charleston Digital Corridor

A second key economic driver has been growth of the knowledge-based business sector. To foster such development, the

ESTIMATED EMPLOYMENT BY INDUSTRY

Year	Natural Resources, Mining & Construction	Manufacturing	Trade	Transportation and Utilities	Information	Financial Activities	Services	Leisure and Hospitality	Government	Total Nonagricultural Employment
2002	20,300	20,900	41,800	12,300	4,100	11,000	68,200	31,200	50,200	260,000
2003	18,800	20,700	41,800	11,900	4,400	11,200	69,800	32,800	52,700	264,100
2004	20,200	21,100	43,000	12,300	4,500	11,700	72,600	34,000	53,200	272,600
2005	20,400	21,300	45,400	11,600	4,700	13,100	75,000	34,400	53,800	279,700
2006	21,500	21,300	46,400	11,600	5,000	13,400	78,400	35,000	54,300	286,900
2007	21,800	22,300	46,800	12,400	5,100	14,200	83,600	36,700	55,800	298,700
2008	20,900	22,100	46,784	12,725	5,158	14,800	84,925	35,875	56,642	299,909

Source: Charleston Metro Chamber of Commerce, Center for Business Research

Charleston Digital Corridor was launched in February 2001 with 18 qualified “Corridor Companies.” Its purpose is to attract, nurture and promote Charleston’s knowledge economy by offering a combination of technology-enabled initiatives and business incentives, private business support, and member-driven programming. At the end of 2009, The Charleston Digital Corridor had 49 members paying average wages of \$83,636, surpassing both the state and regional averages of \$36,050 and \$37,520 respectively.

Despite the economic downturn, Charleston’s knowledge economy has continued to thrive. Recently the SC Research Authority, MUSC, and the City of Charleston collaborated to bring online the region’s first wet lab incuba-



Layout of Flagship Business Incubator on East Bay Street that has spurred creation of tech-oriented small businesses.

tor, the Charleston Innovation Center. In 2009 the Digital Corridor opened the Flagship, a co-working facility for small knowledge-based businesses. In its first year, resident companies and Flagship graduates raised \$14.1 million, created \$5 million in pay-

roll, and added 45 jobs to Charleston’s knowledge economy. The Flagship will continue to facilitate development and collaboration within Charleston’s entrepreneurial economy by serving as a venue for networking events and a meeting space for local and visiting professionals.

Tourism and Hospitality

Charleston has become known as a world-class destination for visitors, with its historic heritage, unique cultural events, and access to the water. The visitor population is an important economic driver for the City, as it supports hotels, retailers, restaurants, the wedding industry, and other types of businesses. From 2000 to 2008, annual lodging revenue in the City increased 50% to over

CITY OF CHARLESTON TOP EMPLOYERS

Rank	Employer	Product/Service	Number of Employees
1	Medical University of South Carolina (MUSC)	Hospital, post-secondary education, research	11,000
2	Roper St. Francis Healthcare	Roper and Bon Secours St Francis Hospitals	3,800
3	Blackbaud, Inc.	Specialty Computer Software development & design	2,000
4	City of Charleston	Local Government	1,700
5	College of Charleston	Post Secondary Education	1,200
6	Ralph H. Johnson VA Medical Center	Medical care for eligible veterans	950
7	Evening Post Publishing Company	Periodical publisher	700
8	The Citadel	Post-secondary education	650
9	Charleston Place	Lodging	550
10	Bishop Gadson	Assisted living	360
11	BenefitFocus	Web-based benefit package software	350

Source: Charleston Regional Business Journal

CAPITAL INVESTMENT & JOB GROWTH IN CHARLESTON & BERKLEY COUNTIES

Year	CHARLESTON			BERKLEY		
	Investment	New Jobs	Firms	Investment	New Jobs	Firms
2000	\$159,582,243	1,677	105	\$161,015,059	1,017	47
2001	\$66,356,049	719	69	\$121,587,280	1,095	33
2002	\$199,602,677	1,705	89	\$143,647,419	674	34
2003	\$32,010,000	253	6	\$5,000,000	18	1
2004	\$592,950,000	1,790	5	\$5,500,000	90	2
2005	\$90,700,000	838	10	\$50,030,000	414	5
2006	\$121,500,000	758	7	\$609,300,000	268	3
2007	\$74,190,000	664	9	\$534,500,000	199	4
2008	\$128,180,000	737	9	\$27,000,000	480	3
2009	\$985,480,000	5,057	6	\$145,291,923	1,525	12
TOTAL	\$2,450,550,969	14,198	315	\$1,802,871,681	5,780	144

Source: SC Department of Commerce

\$213 million, while annual tourism revenues rose 61% to \$3.5 million. After rising every year for the past decade, those numbers slipped in 2009 due to the economic slowdown. However, the fundamentals of Charleston's tourism and hospitality industry remain strong, and data show that revenue in this sector is beginning to recover.

The burgeoning cruise ship industry will help this sector continue to grow. Early in 2010 Carnival Cruise Lines began sailing its ship Carnival Fantasy out of Charleston harbor every five to seven days. This represents more than 60 annual port calls that will bring visitors to downtown Charleston. In addition, the SC State Ports Authority is undertaking a major redevelopment of the

undertaking a major redevelopment of the cruise ship terminal and the surrounding property at Union Pier. The new passenger terminal will make the operation much more efficient and reduce local impacts while opening about 35 acres to non-maritime redevelopment.

Boeing

In the fall of 2009 Boeing announced it would locate a Dreamliner assembly plant in North Charleston. Currently under construction, the new assembly plant will cost \$872 million with a total capital investment exceeding \$1 billion. As can be seen in the chart below, this level of investment is an enormous boost to the Charleston economy, far exceeding the amount of outside investment

ceeding the amount of outside investment over the past decade. Approximately 3,800 new jobs will be created and another 4,000 jobs will be supported as indirect and induced effects of the construction activity, generating \$1.2 billion in labor income per year. In total, the new Boeing facility will add an estimated \$6.1 billion to South Carolina's economy every year.

Moving Forward

Over the next 10 years, the City must build on the successes of the past decade to further diversify and enhance its economy. Most importantly, the City must implement a multi-tiered economic development strategy for attraction and retention. For larger-scale economic development, this includes being an

conomic development, this includes being an active leader and/or partner with the other agencies and organizations that are working to bring new businesses to the region, such as the SC Department of Commerce, the Charleston Regional Development Alliance, and the SC State Ports Authority. A major target of these efforts going forward will be suppliers for the Boeing assembly plant.

Second, the City will continue to work with outside organizations to promote and improve local and regional infrastructure, such as the port facilities, airport, highways, and streets. Third, the City should continue to develop targeted incentive programs to attract all types of businesses. These initiatives could include enhanced Digital Corridor-based incentives for knowledge economy businesses and targeted programs aimed at Boeing suppliers. In addition, incentives could be provided to companies in the alternative energy sector to help support the City's sustainability goals. With several initiatives aimed at growing green jobs in Charleston, as well as the ongoing development of Clemson University's Wind Turbine Drive Train Testing Facility in North Charleston, there are significant opportunities for the growth of wind power and other energy sectors in the City and the region. Finally, the City

should continue to provide business services and allocate resources to supporting and promoting small, locally-owned, and minority- and women-owned business development.

The City should work to encourage new and expanding businesses in particular in the areas designated on the Land Use maps as "Industrial" or "Job Center." These are areas that have proximity to transportation networks and existing critical masses of small business and industries that can help foster new or fledging companies. Some areas for particular emphasis of this include the Dupont Road/Belgrade Avenue area in West Ashley and the Clements Ferry corridor on the Cainhoy Peninsula.

Another strategy to improve local economic performance is to focus City resources and public finance programs on revenue generators and economic development engines. Several large-scale development projects are being planned that will have significant economic impacts, both by creating jobs and bringing more people to Charleston. These opportunities range from specific development projects such as the Gaillard Center to larger mixed-use redevelopments such as Union Pier. The City should continue to foster these projects, both by managing the planning

process and by leveraging financing programs such as tax credits and tax increment financing to help pay for them.

Economic Development Goal

Develop and implement a multi-tiered economic development strategy for attraction and retention.

Economic Development Recommendations

1. **Work to promote and improve local and regional infrastructure.**
2. **Attract all types of businesses through targeted incentives.**
3. **Provide business services and allocate resources to supporting and promoting small and local business development.**
4. **Implement targeted job/work centers.**
5. **Continue to promote and grow the capacity of minority and woman owned businesses in the City.**
6. **Focus City resources and public finance programs on revenue generators and economic development engines.**

Economic Statistics for the City of Charleston

LABOR FORCE

	Labor Force	Employment	Unemployment	Unemployment Rate
1990	39,147	37,967	1,180	3.0%
1991	40,565	38,836	1,729	4.3%
1992	41,074	38,590	2,484	6.0%
1993	40,623	37,968	2,655	6.5%
1994	39,598	37,123	2,475	6.3%
1995	39,559	37,379	2,180	5.5%
1996	40,136	37,857	2,279	5.7%
1997	42,796	41,073	1,723	4.0%
1998	43,765	42,528	1,237	2.8%
1999	44,814	43,442	1,372	3.1%
2000	48,758	47,169	1,589	3.3%
2001	47,055	45,054	2,001	4.3%
2002	48,314	46,007	2,307	4.8%
2003	50,113	47,405	2,708	5.4%
2004	51,880	49,007	2,873	5.5%
2005	52,751	49,793	2,958	5.6%
2006	56,585	53,518	3,067	5.4%
2007	56,960	54,265	2,695	4.7%
2008	57,751	54,405	3,346	5.8%
2009	58,672	52,782	5,890	10.0%

Source: S.C. Department of Employment and Workforce, Labor Market Information

GROSS TAXABLE SALES

	Receipts	Percent Change
2000	\$2,767,260,250	
2001	\$2,656,286,451	-4.01%
2002	\$2,714,967,905	2.21%
2003	\$2,810,971,972	3.54%
2004	\$2,336,375,373	-16.88%
2005	\$3,324,015,603	42.27%
2006	\$3,627,675,157	9.14%
2007	\$3,751,225,764	3.41%
2008	\$4,018,139,689	7.12%

Source: S.C. Department of Revenue, Annual Reports

LODGING REVENUE

	Lodging Revenue
1994	\$74,857,097
1995	\$84,022,849
1996	\$95,504,489
1997	\$103,660,663
1998	\$119,907,040
1999	\$138,383,068
2000	\$142,664,126
2001	\$146,707,506
2002	\$172,424,193
2003	\$162,691,882
2004	\$171,176,742
2005	\$180,667,265
2006	\$191,753,722
2007	\$213,137,335
2008	\$213,311,679
2009	\$189,852,530

Source: City of Charleston Division of Business Services

ANNUAL TOURISM REVENUES

State Accommodations Tax Revenues

1998	\$1,864,576
1999	\$2,030,094
2000	\$2,163,436
2001	\$2,226,861
2002	\$2,420,307
2003	\$2,455,434
2004	\$2,589,892
2005	\$2,781,034
2006	\$3,021,808
2007	\$3,390,097
2008	\$3,487,819
2009	\$3,010,327

Source: City of Charleston Division of Business Services

PORT OF CHARLESTON

CONTAINER VOLUME HISTORY

	TEUs
1999	1,347,618
2000	1,567,586
2001	1,615,842
2002	1,509,382
2003	1,681,721
2004	1,724,586
2005	1,970,875
2006	1,978,806
2007	1,883,651
2008	1,694,504
2009	1,373,206

Source: S.C. Ports Authority

Sources

- Charleston Digital Corridor, City of Charleston, Website: <http://www.charlestondigitalcorridor.com/>
- Charleston Regional Development Alliance
- Medical University of South Carolina, Website: <http://www.muschealth.com/>



