



# LOWCOUNTRY PROSPERITY

An Economic Overview of the Beaufort Region

  
**BEAUFORT, SC**  
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**Prepared by:**

Joseph C. Von Nessen, Ph.D.  
Research Economist  
University of South Carolina  
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## Sections:

*A Decade of Strong Growth | Page 1*

*An Aging Population | Page 6*

*The Impact of COVID-19 | Page 8*

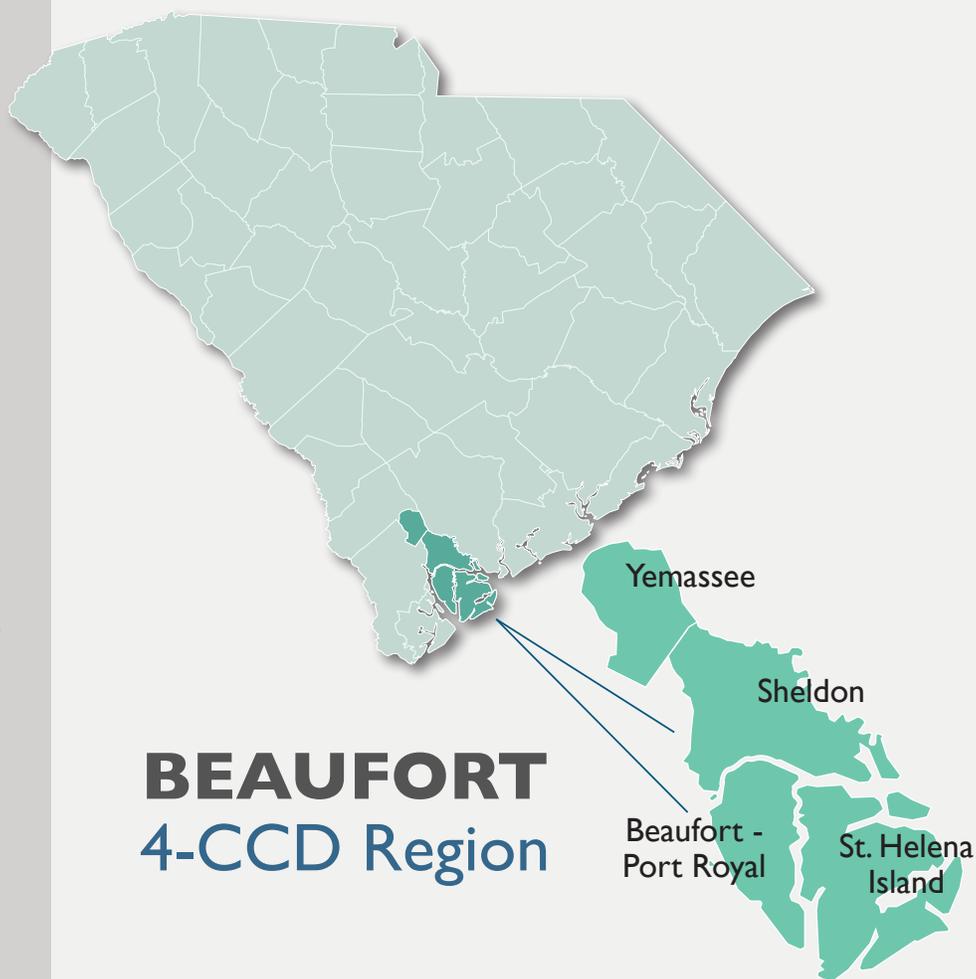
*Opportunities for Future Growth | Page 11*

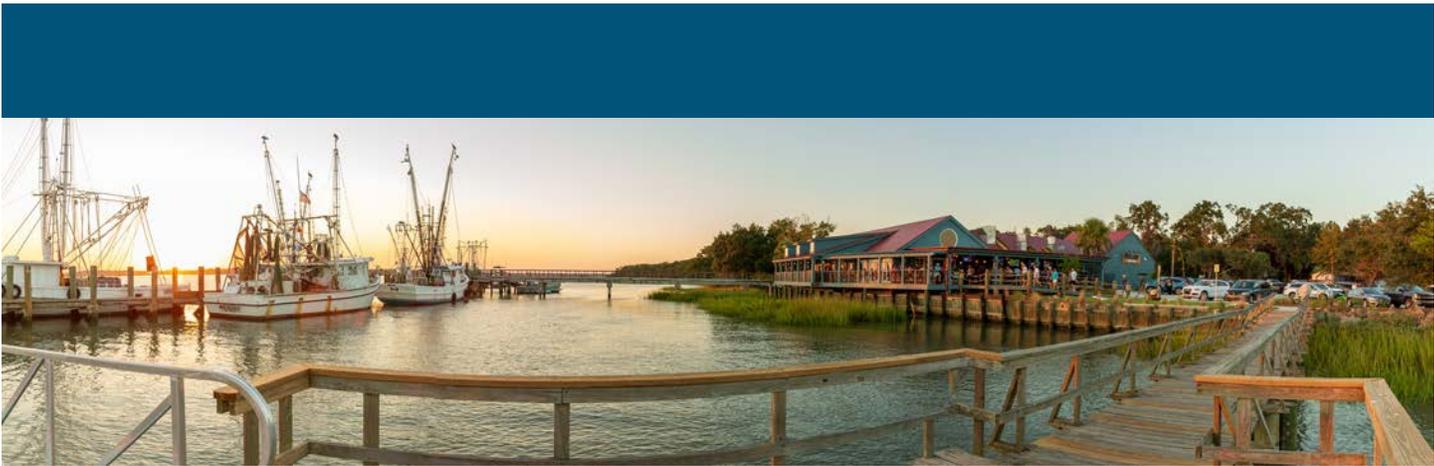
*Conclusion | Page 13*



## A Decade of Strong Growth

During the decade immediately preceding the COVID-19 pandemic, the United States experienced its longest economic expansion on record. This expansion, which began in June 2009 and lasted for 128 months until February 2020, also represented a period of significant growth for South Carolina and especially for the Beaufort region. The Beaufort region as defined in this report specifically encompasses the four Census County Divisions (CCDs) of Beaufort-Port Royal, St. Helena Island, Sheldon, and Yemassee.



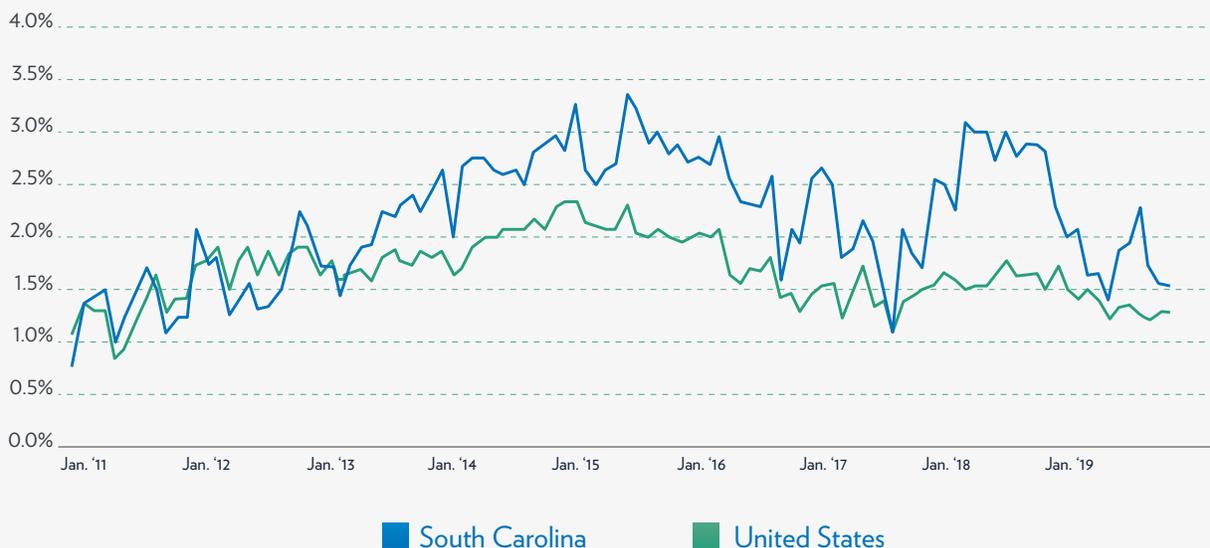


Beaufort and South Carolina both experienced economic growth that consistently outpaced that of the national average over the past decade. **Figure 1** illustrates the difference in growth between South Carolina and the United States. From 2010 to 2019, note that South Carolina outpaced U.S. employment growth by an annual

average of 0.6 percentage points (2.2% vs. 1.6%). Much of this difference was the result of the sizable growth in South Carolina's advanced manufacturing industries, which averaged 7.8 percent annual employment growth over this nine-year period – or more than three times the rate of the state's economy.

**Figure 1: Employment Growth in South Carolina and the United States**

*Source: U.S. Bureau of Labor Statistics, QCEW*

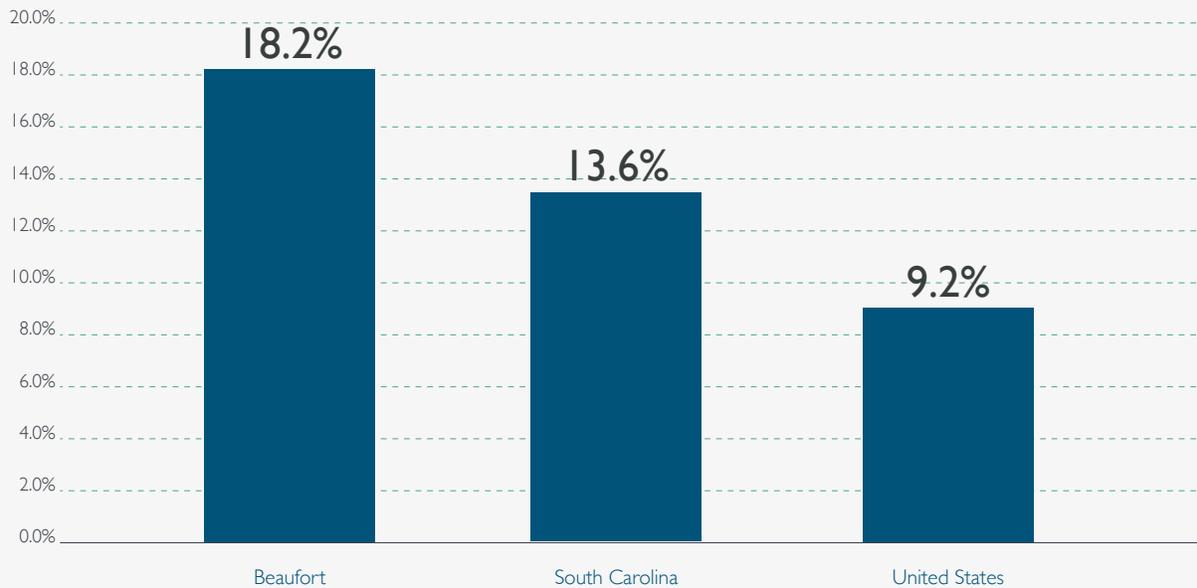




Within South Carolina, employment growth was even stronger in Beaufort. Examining total employment growth between 2010 and 2019 reveals that Beaufort experienced employment growth of approximately 18.2 percent, which outpaced both South Carolina (13.6%) and the United States (9.2%) over the same time period, as **Figure 2** reveals. Beaufort also maintained a corresponding high rate of population growth, with population growth of 15.4 percent between 2010 and 2019 compared to 11.3 percent for the Palmetto State.

**Figure 2: Total Employment Growth by Region: 2010-2019**

*Source: U.S. Census Bureau, American Community Survey*



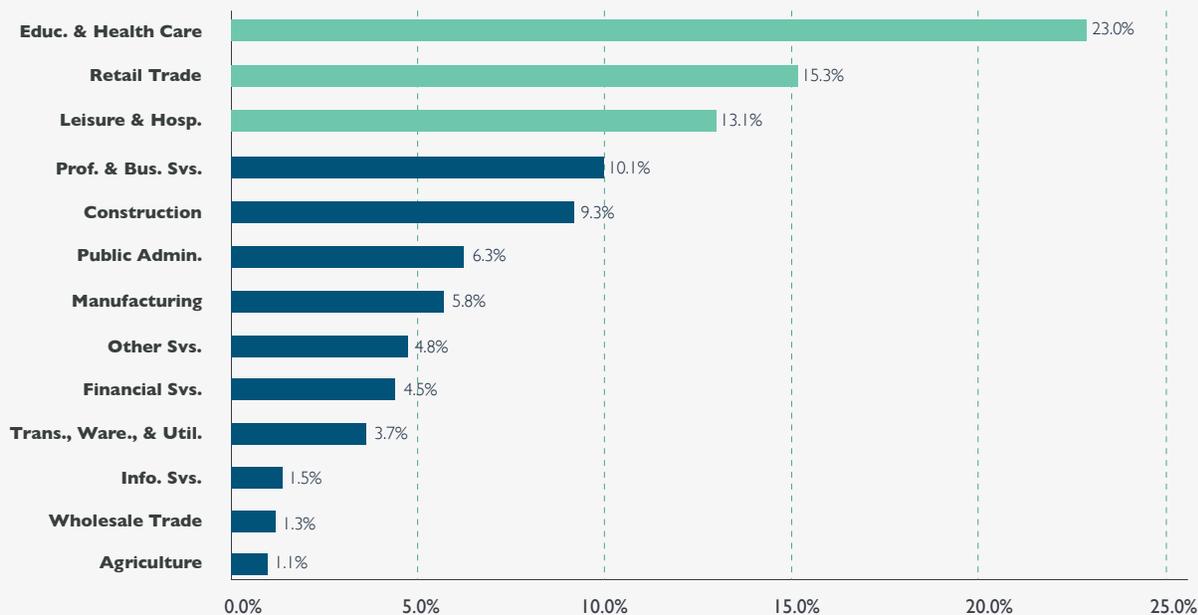
The bulk of Beaufort's growth has come from the region's largest industrial sectors – Education & Health Care, Retail Trade, and Leisure & Hospitality. Collectively, these sectors represent 51.4 percent of Beaufort's total employment base as of 2019, as **Figure 3** denotes. The average annual wage across all three of these sectors is approximately \$37,496, or about 18 percent below the average wage in South Carolina.

While jobs within the service industries like Retail Trade and Leisure & Hospitality are often relatively lower wage positions and thus disproportionately contribute to this average, some positions within Education & Health Care can also be relatively low paying. These include occupations such as teaching assistants, nursing assistants, and home health care and personal aids. Thus, although Beaufort has experienced strong job growth over the previous decade, the bulk of these gains have come from industries that primarily employ lower wage workers.

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**Figure 3: Beaufort Employment Distribution by Industrial Sector**

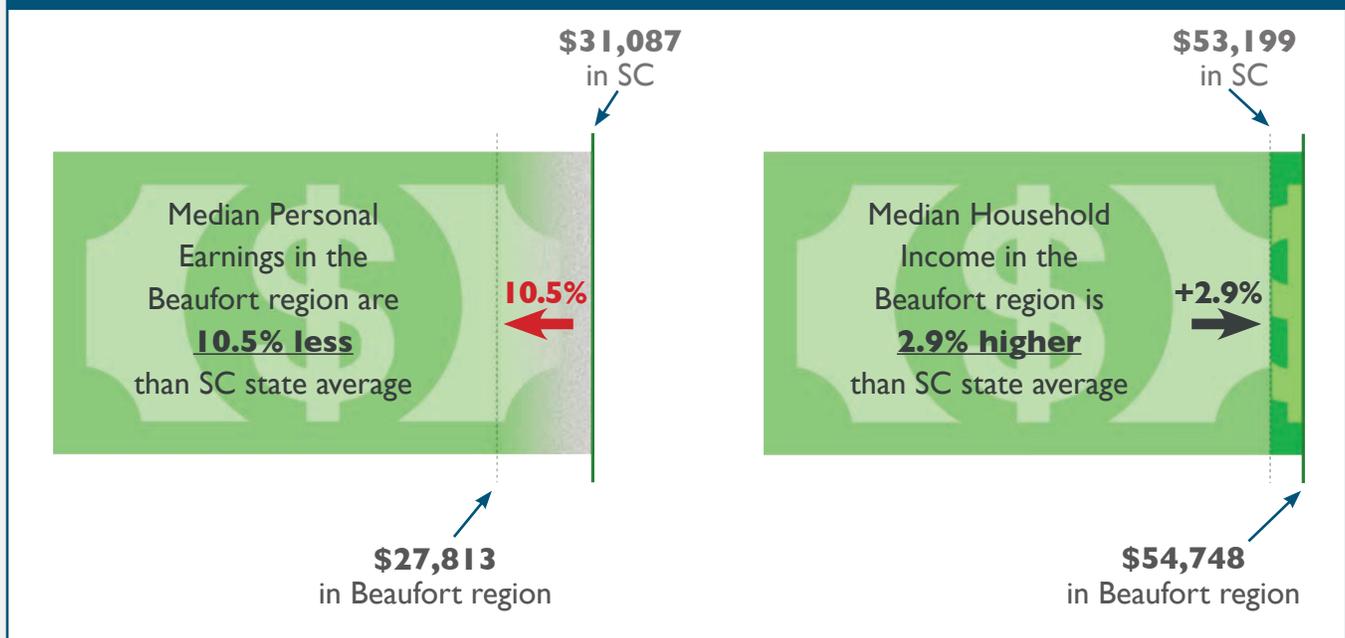
*Source: U.S. Census Bureau, American Community Survey, 2019*



Given that the three sectors comprising the majority of Beaufort's employment base pay relatively lower wages, one might also expect for household income levels in the region to lag behind the state average. However, this is not the case, as household income levels are comparable to broader statewide averages. For example, in 2019 the median household income in Beaufort was approximately 2.9 percent higher than in South Carolina.

The reason for this discrepancy is due to the fact that household income is driven by more than just wages. It also includes income from sources such as investment returns, retirement accounts, and transfer payments (e.g., social security, disability, food stamps, etc.). When factoring out these other sources and examining wage levels alone, Census data show that the average earnings of individuals living in Beaufort is \$27,813 – or approximately 10.5 percent below the statewide average. In other words, individual earnings levels in Beaufort fall below the statewide average, which is what would be expected given that the bulk of Beaufort's employment base consists of relatively lower wage jobs.

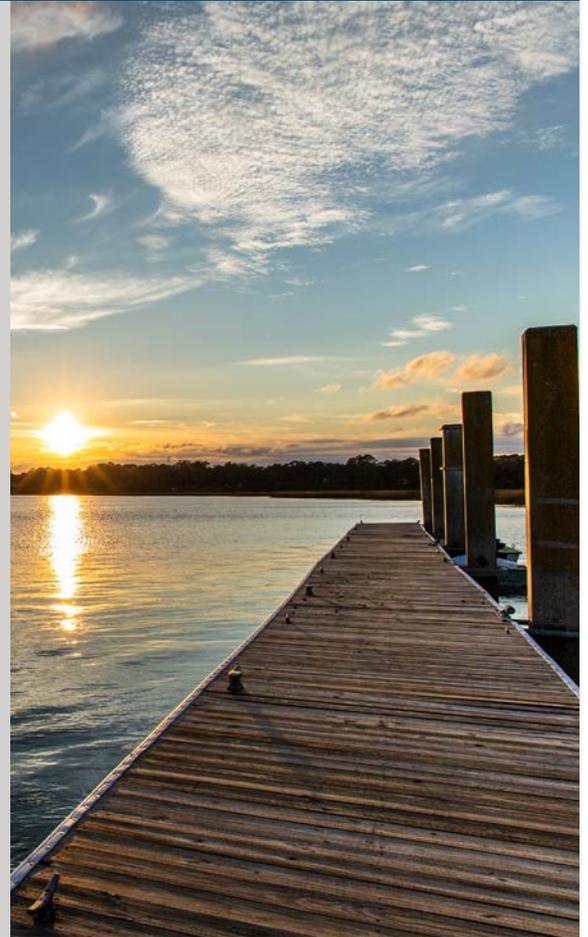
## Beaufort Financial Comparisons



In addition to the significant private employment base described above, the Beaufort region also benefits from three major military installations that jointly support an additional 7,473 jobs. Through these direct jobs and associated local spending activity – along with all secondary economic multiplier effects, the Marine Corps Air Station, the Marine Corps Recruit Depot at Parris Island, and the Naval Hospital Beaufort contribute a combined total of over \$1.7 billion in annual economic activity for the region.

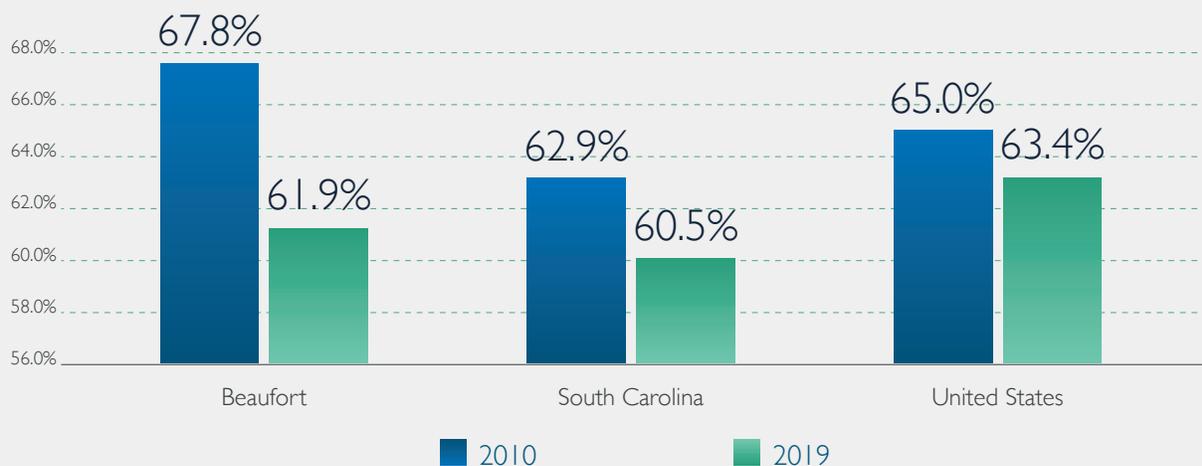
# An Aging Population

Census data also suggest that households in Beaufort with relatively higher income levels are likely to be older residents, many of whom are retirees who may have moved to Beaufort from outside the region in recent years. This can be observed in multiple ways. First, over the past decade, the labor force participation rate in Beaufort has experienced a precipitous fall relative to both South Carolina and the United States. The labor force participation rate is defined as the percentage of the population that is either employed or actively looking for work. As **Figure 4** illustrates, in Beaufort this percentage has fallen by nearly six percentage points in the past decade, compared to a decline of approximately two percentage points for South Carolina and just over a one percentage point decline for the United States. Given that Beaufort's employment growth exceeded South Carolina and the United States over this same time period, it is likely that this drop was a result of a relative increase in the share of older residents who are more likely to be retired.



**Figure 4: Labor Force Participation Rates by Region**

Source: U.S. Census Bureau, American Community Survey



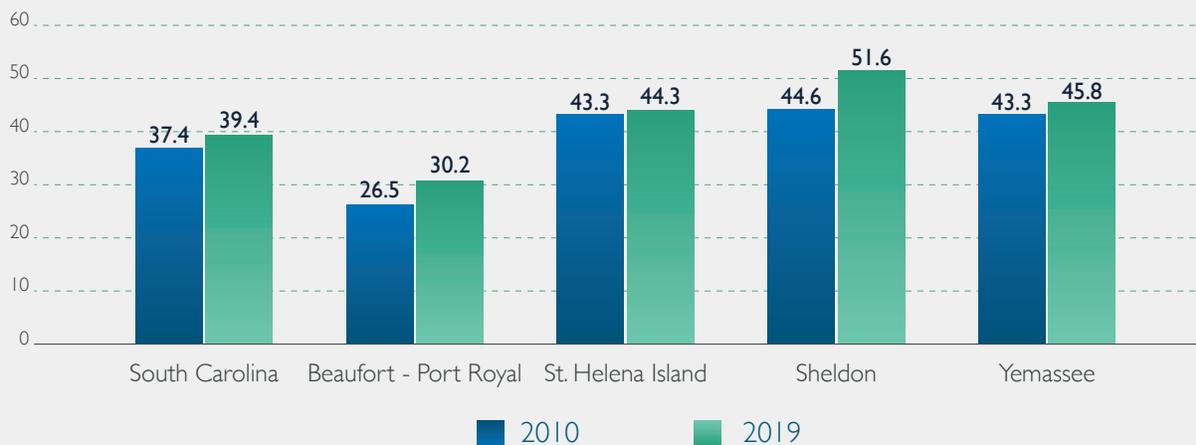


Second, the relatively older age of Beaufort's population can be observed directly, though it varies significantly depending upon the CCD within Beaufort. **Figure 5** highlights how three of the four CCDs maintain median ages that are all higher than that of South Carolina. The median age in the Palmetto State is currently 39.4 as of 2019, compared to 44.3, 51.6, and 45.8 in the St. Helena Island, Sheldon, and Yemassee CCDs, respectively. Beaufort-Port Royal, by contrast, maintains a median

age of 30.2 due to the presence of the Marine Corps Air Station and the Marine Corps Recruit Depot at Parris Island. Moreover, the median age across the four Beaufort CCDs has increased at a faster rate than for South Carolina overall despite the significantly younger population base in Beaufort-Port Royal. Thus, the younger population in Beaufort does not appear to be a primary driver of higher income households.

**Figure 5: Median Age by South Carolina Region**

*Source: U.S. Census Bureau, American Community Survey*



# The Impact of COVID-19

The regions of the United States that were hit hardest by the COVID-19 pandemic are those with the highest concentration of industry sectors that required significant in-person interaction. Thus, the mandatory government shutdown that was initiated in March 2020 along with the subsequent social distancing guidelines severely restricted the activity of many service-oriented businesses. In South Carolina, three sectors that were hard hit include Leisure & Hospitality, Healthcare, and Manufacturing. The Leisure & Hospitality sector contains (among others) all businesses that provide food and accommodation services that were significantly scaled back. The Healthcare sector was forced to postpone many non-emergency surgeries and other services (e.g., dental care, physical therapy). And Manufacturing suffered both because of disruptions in global supply chains as well as because of a decrease in total demand as consumer spending levels dropped following a precipitous increase in unemployment.

Although post-pandemic data are not yet available for the four Beaufort-area CCDs previously defined, county-level data are. As previously noted, the Beaufort region is largely driven by the Leisure & Hospitality and Retail Trade industrial sectors. For example, the Leisure & Hospitality and Retail Sectors together comprise nearly half (46%) of Beaufort County's total private sector employment base, compared to just 29 percent for South Carolina as a whole. This relatively high industry concentration is also comparable to other coastal regions of the state – including Charleston County (32%) and especially Horry County (53%).<sup>1</sup>

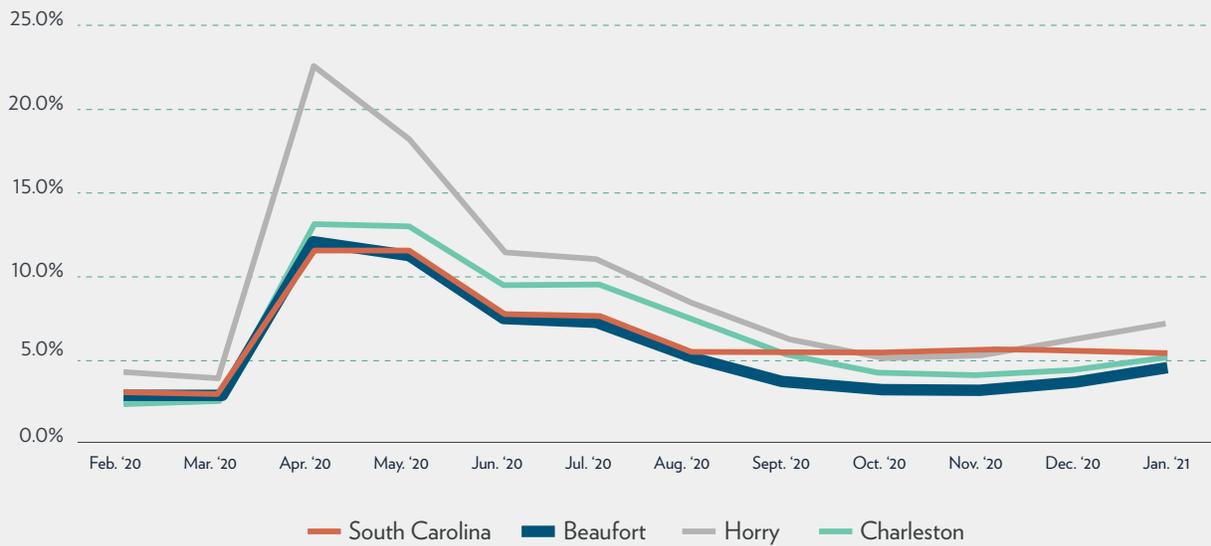
<sup>1</sup> These figures are not comparable to the Dashboard figures, which also include non-military government (federal, state, and local) employment.

Yet a striking difference among these three coastal regions is how much more stable employment levels have been in Beaufort County throughout the pandemic relative to the other two, as **Figure 6** reveals. For example, from February 2020 until August 2020 Beaufort County's unemployment rate remained in lockstep with the state of South Carolina as a whole. And over the most recent five-month period, Beaufort

County's unemployment rate has been consistently below that of South Carolina (4.6% vs. 5.3% as of January 2021). By contrast, Charleston County and Horry County experienced unemployment rates that both peaked in April 2020 at levels significantly higher than both Beaufort County and South Carolina and have since remained elevated above Beaufort County's unemployment rate.

**Figure 6 – South Carolina Unemployment Rates**

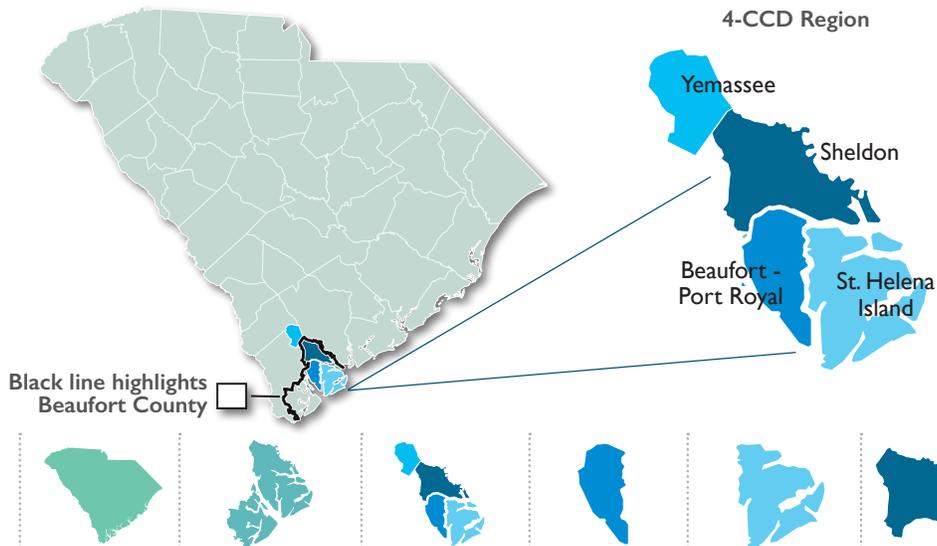
*Source: U.S. Bureau of Labor Statistics*



One of the likely reasons that Beaufort County has stood out among its coastal peers with respect to its relatively lower unemployment rates over the past year is the source of demand for the Leisure & Hospitality and Retail Trade sectors (i.e., the service industry). In Beaufort County, a higher percentage of the service economy is likely based on demand from local residents rather than visiting tourists. Perhaps this can be most easily observed when explicitly comparing Horry

County to Beaufort County. Although roughly half of each county's employment base is contained within Leisure & Hospitality and Retail Trade, Horry County's unemployment rate increased by twice as many percentage points as Beaufort County between March and April 2020 and still maintains an unemployment rate of 2.6 percentage points higher than Beaufort County as of January 2021.

# Beaufort Regional Dashboard



Measure	South Carolina	Beaufort County	4-CCD Region	Beaufort - Port Royal	St. Helena Island	Sheldon	Yemassee
<b>POPULATION</b>							
Total Population 2019	5,020,806	186,095	84,912	52,392	26,535	4,045	1,940
Total Population 2010	4,511,428	155,550	73,597	46,236	20,714	4,241	2,406
Total Growth 2010-2019	11.3%	19.6%	15.4%	13.3%	28.1%	-4.6%	-19.4%
<b>AGE</b>							
Median Age	39.4	45.3	35.4	30.2	44.3	51.6	45.8
% Age 25-54	38.3%	31.8%	33.9%	34.8%	31.8%	35.0%	37.3%
% Age 65+	17.1%	26.4%	16.9%	12.4%	24.1%	26.6%	20.1%
<b>RACE</b>							
% White	67.2%	74.7%	58.8%	59.6%	63.0%	34.8%	30.2%
% Black/African-American	26.8%	17.8%	33.8%	30.9%	32.4%	64.6%	67.1%
% All Other Races	6.1%	7.6%	7.4%	9.5%	4.7%	0.6%	2.8%
<b>EDUCATION</b>							
% HS Diploma or Higher	87.5%	92.8%	90.2%	90.7%	89.9%	89.3%	85.2%
% Bachelor's Degree or Higher	28.1%	41.2%	28.7%	25.6%	37.6%	13.8%	14.4%
<b>INCOME AND EARNINGS</b>							
Household Income <\$50,000	47.2%	37.0%	46.2%	47.0%	39.3%	63.5%	73.1%
Household Income \$100,000+	22.1%	31.1%	21.8%	20.0%	27.3%	16.6%	5.7%
Median Household Income	\$53,199	\$68,377	\$54,748	\$52,657	\$62,908	\$38,395	\$38,013
Median Individual Earnings	\$31,087	\$31,110	\$27,813	\$27,152	\$30,094	\$24,417	\$26,356
% Below Poverty Line	15.2%	10.2%	13.5%	14.4%	12.1%	8.1%	17.8%
<b>EMPLOYMENT</b>							
Labor Force Participation Rate	60.5%	56.4%	61.9%	67.2%	53.1%	53.6%	55.3%
% Employed Manufacturing	13.7%	5.5%	5.8%	5.9%	5.7%	7.6%	1.9%
% Employed Transportation, Warehousing, and Utilities	5.1%	3.7%	3.7%	4.1%	2.2%	7.5%	5.3%
% Employed Education and Health	21.8%	20.6%	23.0%	22.4%	25.3%	19.7%	18.8%
% Employed Retail Trade	11.9%	14.2%	15.3%	15.8%	11.3%	27.4%	25.0%
% Employed Leisure and Hospitality	10.2%	15.1%	13.1%	12.2%	16.3%	7.5%	8.1%
% Employed Professional and Business Services	10.2%	12.8%	10.1%	11.4%	8.3%	6.4%	10.1%

# Opportunities for Future Growth

As the U.S., South Carolina, and Beaufort economies all continue to rebound from the COVID-19 pandemic in 2021, now is a critical time for the Beaufort region to consider how best to take advantage of the local competitive strengths and opportunities currently available that will help Beaufort to continue to experience strong growth in the 2020s. There are a variety of strategies for proactive economic development that can build upon the assets that the region currently maintains.

One possible focus is to increase overall wage levels through proactively expanding industry sectors that employ high-wage, high-skilled workers. This could include growing the local presence of manufacturing, cybersecurity, and healthcare. The demand for manufacturing has been consistently rising in South Carolina and, as already shown, has been the primary driver of the state's economic growth in the previous decade. Manufacturing firms and their associated suppliers often look to locate in regions with greater land availability, access to qualified workers, and access to transportation (e.g., interstates, ports, rail). Cybersecurity is increasingly becoming part of the manufacturing industry as artificial intelligence is incorporated into the production process and is also an increasingly important component of military operations. The demand for healthcare is also steadily rising throughout the United States with the aging of the baby boomers and the increasing numbers of retirees migrating to the Southeastern United States.





The average wage levels for South Carolina’s major industrial sectors are listed below in **Table I**. The three sectors comprising the highest percentage of Beaufort’s employment base are ranked 6th, 9th, and 10th, respectively. By contrast, manufacturing, cybersecurity, and healthcare – sectors in which Beaufort is considering an expansion of its presence – rank 4th, 1st, and 6th, respectively. All three sectors also maintain average wages that are higher than the state average. Note that while cybersecurity-related occupations are not currently well defined by the U.S. Bureau of Labor Statistics (BLS), a sizable percentage of these positions are contained with the Professional, Scientific, & Technical Services industry.

**Table I – South Carolina Annual Wage Levels by Industry Sector**  
*Source: U.S. Bureau of Labor Statistics, QCEW, 2019*

Rank	Industry Sector	Avg. Annual Wage
1	Professional, Scientific, & Technical Services	\$73,501
2	Information Services	\$66,032
3	Financial Services	\$64,481
4	Manufacturing	\$60,850
5	Construction	\$55,230
6	Education & Health Care	\$47,296
7	Transportation & Warehousing	\$44,504
8	Agriculture & Mining	\$43,952
9	Retail Trade	\$28,704
10	Leisure & Hospitality	\$18,816
<hr/>		
N/A	South Carolina	\$45,047





## Conclusion

The Beaufort region has experienced significant positive economic growth over the past decade in excess of both the state and national averages. This growth has disproportionately been driven by the Education & Health Care, Retail Trade, and Leisure & Hospitality sectors. Although, on average, these sectors tend to support jobs that pay at or below the state average wage, household income levels in Beaufort are approximately 2.9 percent above the average for South Carolina. This is likely due to an influx over the previous decade of older residents who are retirees. With the exception of the Beaufort-Port Royal area surrounding the Marine Corps Air Station and the Marine Corps Recruit Depot at Parris Island, the median age of the Beaufort population has increased at a faster rate than that of the Palmetto State since 2010. Following the COVID-19 pandemic in 2020, unemployment did not spike in Beaufort County to the extremes that were experienced in other coastal regions of the state like Charleston and Horry counties. This difference has likely been driven, in part, by the fact that the service sector in Beaufort derives more of its demand from permanent and second home residents.

The path to economic recovery is bright in both Beaufort and South Carolina, with statewide employment levels increasingly likely to meet and then exceed pre-pandemic employment levels before the end of 2021. In addition, the competitive advantages and broad appeal of Beaufort and the Palmetto State to employers, residents, and tourists will remain long after the current pandemic passes and both regions are well positioned to continue to lead the nation's economic growth in the coming years.

