
**STRATEGIC PLAN FOR
ECONOMIC DEVELOPMENT**

Oconee County, South Carolina

January 4, 2013

Prepared for:

Oconee County Economic Development Commission
502 East Main Street
Walhalla, South Carolina 29691
Tel: 864.638.4210
Fax: 864.638.4209

Prepared by:



RKG Associates, Inc.
Economic, Planning and Real Estate Consultants
300 Montgomery Street, Suite 203
Alexandria, Virginia 22314
Tel: 703.739.0965

Fax: 703.739.0979

1 EXECUTIVE SUMMARY

A. PROJECT BACKGROUND

The Oconee County administration's purpose in seeking an updated strategic plan for economic development is to continue to improve the quality of life for its citizens by building a robust and healthy economy that is both diversified and sustainable. At the base level, the County elected body recognizes that it is essential to think and act in a coordinated, efficient manor when utilizing precious County resources to expand the local economy. More strategically, the Strategic Plan for Economic Development should provide the "road map" for the County to succeed in attracting private investment within an extremely vibrant, but competitive regional market. Simply put, Upstate region has experienced positive economic growth. However, there has not been parity in the distribution of that success. RKG Associates recognizes that maintaining focus in development recruitment and retention efforts ultimately will benefit the County's economic base.

RKG Associates, Inc. (RKG) worked with the Oconee County administration, the Oconee County Economic Development Commission (EDC) and a carefully organized steering committee representing strategic business, community, real estate and government entities. The resulting implementation strategy reflects the unified vision of these stakeholders to promote a coordinated, efficient program that utilizes County resources towards job creation and retention. More strategically, this plan provides specific directives for the County to employ in its efforts to attract private investment and expand its business and industrial base. The following plan incorporates short-, medium-, and long-term initiatives that will enable the County to take immediate action on certain tasks as well as take initial steps in the planning for long-term projects.

Business retention and recruitment is a complex effort that requires coordination and cooperation from a number of stakeholders. For a community the size and scale of Oconee County, an effective economic development implementation plan will require participation from the utility companies, workforce and education providers, local businesses, financial institutions, community leaders, regional marketing partners, and state officials to name a few. Ultimately, the ability of Oconee County to leverage local resources efficiently will require buy-in and support from a number of entities that share the common goal of building a robust and healthy economy that is both diversified and sustainable.

It is important to note that the Administration, EDC and steering committee recognize that the complete action plan is aspirational, and reflects the long-term, comprehensive vision for Oconee County. The steering committee anticipates that implementation of the entire

program will be incremental over several years as resources become available. Through this process, RKG Associates and the EDC staff have identified opportunities for Oconee County to implement more effective and efficient programs and policies to promote job retention, business expansion, and job recruitment. The plan is presented within the context of a preferred phasing strategy that prioritizes actions and efforts.

B. ECONOMIC DEVELOPMENT GOALS

The County administration, EDC staff, and steering committee identified and refined the strategic overarching goals that serve as the framework for all recommended actions. These goals focus on having an economic development effort that maximizes the County's ability to leverage its limited resources. Specifically, the strategic plan for economic development goals reflect the universally supported desire for County-wide economic development efforts to be focused in order to improve the potential for success. The steering committee and EDC staff understand and embrace the concept that these goals are dynamic, and should be revisited regularly to ensure they most accurately reflect the desires of the community, available market opportunities, and the financial priorities of Oconee County. The 2012-2013 goals include:

- To attract high quality, primary jobs for Oconee County residents
- To enhance the County's industry retention and expansion efforts
- To diversify the County's employment and tax base
- To make Oconee County attractive to a wide variety of residents
- To keep and preserve the County's natural beauty
- To market Oconee County efficiently and effectively
- To reduce local unemployment

The proposed action plan detailed at the end of this report reflects those opportunities and recommended approaches to position Oconee County to best meet these goals. The following narrative provides a brief review of those complex efforts.

C. TARGET INDUSTRY CLUSTERS

It is important to state up front that Oconee County should not refuse any opportunity to attract new businesses. While this strategy envisions the County will focus its marketing efforts to improve the potential for success, other opportunities will occur whether directly or indirectly related to the County's efforts. The strategic plan recognizes that the target industry clusters are a guideline to improve the effectiveness of the EDC's marketing efforts, and not a limiting factor. To this end, building relationships with site selectors, developers, investors, recruitment partners (i.e. Upstate Alliance and SCDoc), and existing industry leaders is equally important to recruiting jobs to Oconee County. The following industry

clusters (in no particular order) represent those opportunities where Oconee County has the greatest chance to successfully attract companies.

1. Healthcare & Bioscience/Biomechanical Manufacturing

The healthcare sector is an important component of the regional economic base. Given the existing employment concentration and historical growth of the local and regional healthcare sector, it is considered to be a very strong local fit as a target cluster for the County. Initial opportunities for expansion are likely to lie in existing services such as expansion of doctor's offices, hospital facilities and nursing care. Oconee County, like many areas of the country, has an aging population that will increase the demand for medical services if they elect to remain in the community as they grow older. Along with increasing geriatric care, there may be other opportunities to expand specialized treatment facilities based on further strategic planning with area healthcare leaders.

A second, and perhaps more long-term, potential opportunity within this target cluster, lies in the biosciences and bio-manufacturing sectors. This focus within the healthcare cluster relates to the identified regional targets that seek to grow in areas such as manufacturing of pharmaceuticals and medical devices, research and testing, and bio-agriculture. Within these niche areas the most viable options for the Oconee County are considered to be the manufacturing of pharmaceuticals and medical devices given that the County has an existing industry base in chemical and other types of manufacturing and also has a skilled manufacturing labor force.

2. Product Manufacturing

The manufacturing sector continues to be both the County's and the region's single largest employment sector. In Oconee County, there are a number of strong subsectors within the industrial grouping including plastics and rubber, fabricated metals, computer and electronics, and electrical equipment. Despite net employment losses over the past decade, there are a number of local and national indicators that manufacturing employment will grow. It should also be noted Oconee County's manufacturing base remained strong in a number of subsectors, including primary metal manufacturing, computer and electronics, and electrical equipment manufacturing.

Product manufacturing is considered to be a very strong fit for target industry recruitment efforts within the County. This will largely be a continuation of previous efforts but should not be overlooked due to the relative strength exhibited by historical growth rates. The County should, to the extent possible, insure that existing businesses can attract and retain an adequate supply of labor, have sufficient infrastructure to grow their operations, and obtain available financial support. Promoting use of the Norfolk Southern rail line, which has access to the Port of Charleston and the proposed Upstate inland port, could also help to grow and attract manufacturing within the County.

3. Automotive Manufacturing

The automotive manufacturing sector has undergone significant upheaval throughout the country, particularly over the past five years. However, there are positive signs in the industry that it is emerging as a smaller, but more efficient and focused manufacturing and employment sector. Despite losses at the national level, automotive manufacturing has remained a solid component of both the local and regional economies within the greater Oconee County area. Despite these losses, the cluster has a high concentration with a Location Quotient (LQ) of 2.5 and 1.8 respectively, within the County and region.

The Local Fit for this cluster is considered to be strong for a number of reasons. These include the existence of local firms such as BorgWarner, Johnson Controls, Parkway Products, and U.S. Engine Valve, as well as the presence of BMW, Michelin, and other leading industry firms in the region, the pending Caterpillar facility in Athens-Clarke County, the existence of Clemson University's automotive technology centers, and the availability of a skilled manufacturing workforce. Given these and other factors, this cluster continues to hold potential for future business and employment growth in progressive niche markets that are emerging within the industry. These would include advanced materials manufacturing to make vehicles lighter and stronger, technology to make the more fuel efficient (hybrids or zero emissions) and "smarter" vehicles, as well as the manufacturing of conventional components that are now commonly produced by a chain of tiered suppliers.

Furthermore, this cluster has also been identified as a regional priority by the Upstate Alliance. Therefore, any efforts by the county to market and recruit towards businesses in this cluster could be dovetailed with regional activities.

4. Energy-Related Manufacturing

Providing a reliable and sustainable supply of energy has been, and will continue to be, a primary concern for the nation's economy. Like many industrial sectors across the country, the production and management of our energy sources and distribution systems are undergoing fundamental and long-term changes. Efforts to expand renewable and sustainable sources such as solar, wind, and nuclear, are also growing. The region's energy cluster is primarily centered around the nuclear power industry which has as one of its primary driver, Duke Energy's plant and facilities in Oconee County. Other related firms included Ulbrich Precision Flat Wire, Itron Inc., ITT Control Technologies, Dynamic Fluid Components, and the Blue Ridge Electrical Co-op.

Overall, the local fit is very strong for this cluster as well as its subsectors, and the cluster has also been designated as a regional target industry priority by the Upstate Alliance. Opportunities for growing this cluster are expected to be found in three or four niche areas. These will include the manufacturing of mechanical and electronic components for renewable energy technologies, components for the nuclear energy industry as well as the electrical distribution system, and the development of new technologies to support the energy sector as a whole.

5. Warehousing, Logistics, Distribution

The warehousing, logistics, and distribution cluster is considered to be both a potential stand-alone cluster target for Oconee County, as well as an umbrella cluster that is related many other sectors in the region that require the storage and transportation of goods. The cluster has a strong existing presence in the region, particularly in the Greenville-Spartanburg-Anderson area. The cluster's regional strength is derived from its highway and rail accessibility, proximity to a major airport and water port, and its central location between the larger markets such as Atlanta, GA, Raleigh-Durham, NC and Norfolk-Hampton-Newport News, VA. In addition, the region's numerous manufacturing firms also create significant demand for local warehousing facilities and transportation services.

The local fit for this cluster is not as strong as others previously discussed. However, given the strong regional demand, as well as the County's available highway and rail access, there is potential to capture some portion of future growth and expand this cluster above existing levels. From a more short-term perspective, the County's efforts to support development at the Golden Corner Commerce Park could serve to capture investment in the warehousing and distribution cluster since its location offers the best highway access for Oconee. A more long-term economic development strategy for the County includes developing water and sewer to Interstate 85 and expanding rail access at the former Propex site (now known as the Seneca Rail Site).

D. COLLABORATIVE TARGETS

In addition to the target industry clusters above, this analysis revealed the potential for Oconee County to expand economic activity in areas outside the responsibilities of the EDC. In these instances, the Consultant and local leadership recognize that the EDC should not lead these efforts, but can offer technical expertise in expanding operations in these areas. The two primary opportunities include agri-business and tourism development.

1. Agri-Business

Although not identified in the business and employment statistics analyzed for the overall cluster target industry assessment, the importance of agriculture as part of the County's local economic base has been clearly established as part of the public input process. Based on the most recent Census of Agriculture, the County had approximately 800 operating farms placing it roughly in the top quarter of counties in South Carolina.

The data collected through this effort illustrates that agricultural operations, particularly livestock, provide a notable contribution to the County's gross domestic product and serves to add diversity to the local economic base. As such, the County may want to consider exploring possibilities for providing support for these operations in several alternative activities. Typically, small farms sell their products to wholesalers for which they receive the lowest return on their investment. Therefore, any ways in which they can create value-added products would serve to increase direct revenues to individual farmers. Related to this issue is the fact that individual farms do not have the financial capability of creating

and/or maintaining processing facilities, storage facilities, such as commercial freezers, for perishable goods, and the ability to pay for shipping of processed goods to various markets for final sale.

Given these considerations, the County may want to explore options for assisting local farmers, particularly livestock operations, which are likely to have the largest potential for increasing sales revenues from their operations. The first step in such a process would most likely be to conduct a survey of existing operations to determine how much estimated demand there might be for creating centralized processing, storage and distribution facilities amongst the County's farm operations. Establishing an agricultural incubator might prove to be practical which could offer shared kitchen/processing facilities for certain types of produce, as well as business training in developing and marketing value-added products.

2. Tourism and Hospitality

Developing a tourism and hospitality target cluster in Oconee County would be part of a long-term economic strategy since existing sector employment in this grouping is relatively small at this time. However, the County has natural resources, such as lakes, rivers, waterfalls, and mountains, as well as state parks and historic sites, and is essentially positioned as South Carolina's gateway to the Chattahoochee National Forest. These natural amenities provide opportunities for water-related activities such as boating, swimming, hiking, cycling, nature and scenery viewing, and camping, to name some. The Mountain Lakes Convention & Visitors Bureau and the Oconee County Parks, Recreation & Tourism Department presently provides marketing and information services for available resources and activities in Oconee County. Therefore, local efforts to enhance state programs might be geared towards expanding event-related activities, increasing available businesses related to this cluster (such as lodging, camping, equipment sales/rentals), expanding entertainment and cultural activities that will encourage visitors to extend their stay in the area, and working with existing merchants and businesses to development marketing strategies to capture increased revenues from visitors. One immediate opportunity is to work with the National Multiple Sclerosis Society on exploring the potential to host a Bike MS event in Oconee County.

E. PRIORITY ACTIONS

The administration, EDC staff, and steering committee recognize that funding, especially in the initial stages of implementation, is critical to beginning an economic development effort. This leadership group also recognizes the reality that the availability of funds in the short-term does not allow the full strategy to be addressed immediately. Rather, implementation of the full strategy will require an incremental approach. To this end, RKG Associates and the leadership group have coordinated to identify those actions they believe are most important to initiating and sustaining an effective economic development effort. The following actions should be given the highest priority.

1. Create Formal Marketing Collateral

The Oconee County EDC has few collateral pieces to provide prospects that detail the advantages of doing business in the County. More specifically, there are no collateral pieces relating to the target industry clusters identified as part of this effort. One of the first actions the EDC should take is to work with a marketing specialist to create professional marketing materials that highlight the market climate, quality of life, incentives, and location advantages Oconee County offers.

2. Create a 501(c)(3) Implementation Body

There are several advantages to operating Oconee County's economic development efforts through a 501(c)(3) corporation. Most notably, using a non-profit entity allows the County to leverage its resources through partnerships with the private sector. Under the current setup, industries cannot financially support economic development efforts. The leadership team envisions EDC staff remaining as County employees, but operating the public private partnership non-profit corporation.

3. Establish a Business Plan

The strategic plan for economic development is an important first step in implementation. However, it is a "vision statement" for Oconee County of what economic development efforts should be pursued. The newly formed 501(c)(3) Board of Directors needs to work with the EDC staff to define focused, achievable tasks (within context of available resources) for the next year from the "menu" created in this plan to establish implementation priorities and actions. This process will determine how and when the strategic plan is realized.

4. Hire a Marketing and Research Manager

The EDC currently is staffed to implement business recruitment and retention efforts. However, the organization is missing the necessary expertise to develop and manage the marketing message. Given the funding realities for the EDC, hiring a full-time marketing and research manager is not immediately feasible. Initially, the EDC should work with a marketing consultant to establish and manage needed marketing supplies. However, the responsibilities related to the EDC's expanded outreach efforts will make outsourcing these responsibilities cost prohibitive. To the extent possible, the EDC should strive to hire a marketing and research manager within 6 to 12 months.

5. Outreach and Networking

The Oconee EDC's main mission is to attract new companies to the County and assist existing businesses to thrive and grow locally. One of the first series of actions should be for the EDC staff to outreach to all stakeholders to increase awareness of the new mission, to strengthen partnerships, to garner support from the community, and to identify new opportunities to increase jobs. There are a series of recommendations in the implementation strategy focused on increasing the EDC's proactive efforts to "spread the message."

2 INTRODUCTION

Oconee County's purpose in seeking a strategic plan for economic development is to improve the quality of life in part by building a robust and healthy economy that is both diversified and sustainable. At the base level, the County-elected body recognizes that it is essential to think and act in a coordinated, efficient manor when utilizing precious County resources to expand the local economy. More specifically, the strategic plan for economic development should provide the "road map" for the County to succeed in attracting private investment within an extremely vibrant, but competitive regional market. Simply put, Upstate region has experienced positive economic growth. However, there has not been parity in the distribution of that success. The County's administration and leadership within the Oconee County Economic Development Commission (EDC) recognize that maintaining focus in development recruitment and retention efforts ultimately will benefit the County's economic vitality and tax base.

It is important to note that simply understanding the current market climate within Oconee is not enough of a foundation for a truly effective implementation strategy. Markets do not operate in a vacuum. Demographic, economic and market shifts occurring around Oconee have an equally substantial impact on the local markets as do internal shifts. To this end, a successful implementation strategy requires a more comprehensive due diligence effort.

Oconee County, with financial support from the South Carolina Power Team, undertook this effort to revise its strategic plan with significant assistance from the private and public sectors. Through a competitive bidding process, the County selected RKG Associates, Inc. to lead the process. The resulting strategic plan for economic development details the opportunities and corresponding actions that will maximize the County's ability to leverage its resources while positioning itself to improve efficiency and effectiveness.

The report includes the following chapters:

- Chapter 1 - Executive Summary
- Chapter 2 - Introduction
- Chapter 3 - Socioeconomic Analysis
- Chapter 4 - Real Estate Analysis
- Chapter 5 - Industry Target and Cluster Analysis
- Chapter 6 - Implementation Strategy

The proposed plan incorporates short-, medium-, and long-term initiatives that will enable the County to take immediate action on certain tasks as well as take initial steps in the planning for long-term projects.

3 SOCIOECONOMIC ANALYSIS

A. INTRODUCTION

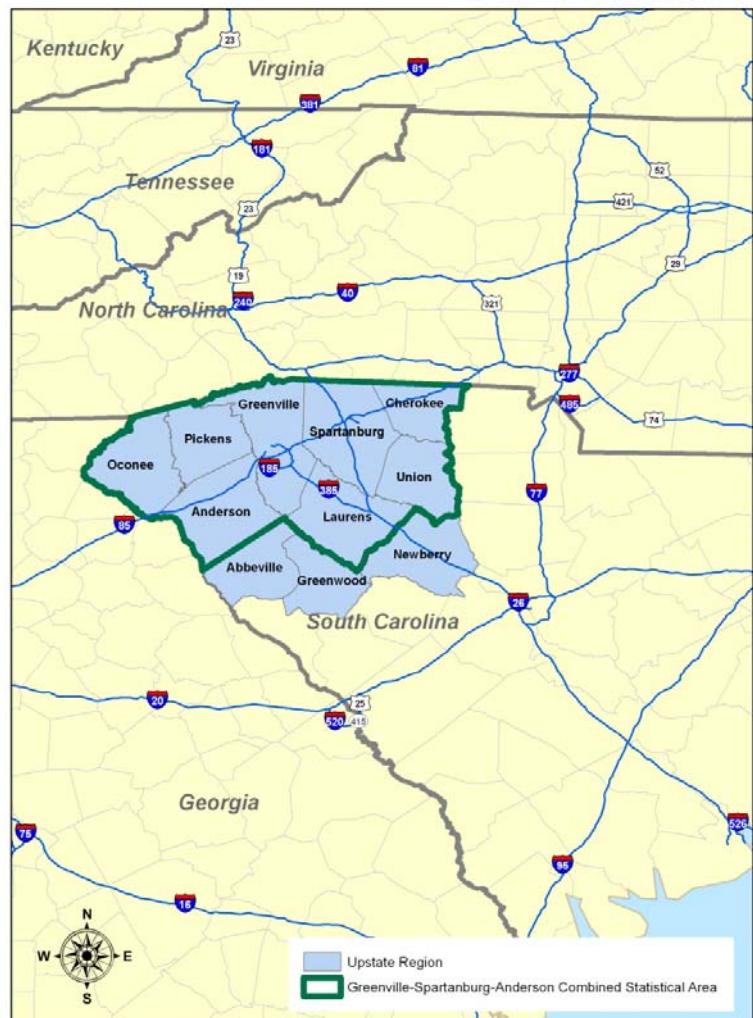
This chapter provides an overview of socioeconomic conditions in Oconee County and the region that will serve to inform other analysis presented in subsequent chapters related to the real estate market, target industries, and implementation measures. The data in this chapter includes information on population, racial and ethnic composition, households, household income, educational attainment, employment, labor force and regional commuting patterns.

Several geographic regions are used for comparison purposes when examining socioeconomic conditions and changes in Oconee County. These comparative geographies are used alternately to illustrate various data sets depending on availability of data and its relevance to the information being considered. These geographies are listed below and illustrated Map 3-1.

- Oconee-Anderson-Pickens Tri-County Area
- The Upstate Region
- Greenville-Spartanburg-Anderson Combined Statistical Area (CSA)
- State of South Carolina

Data sources for historic demographic information prior to 2010 are based on US Census enumerations. Short-term projections presented for the 5-year period of 2011-2016

Regional Location Map 3-1



were derived from ESRI, a national data analytics firm. Economic and employment data was gathered from the Census Bureau’s County Business Patterns, the US Bureau of Labor Statistics, the South Carolina Department of Employment and Workforce, and the regional Workforce Investment Board.

B. DEMOGRAPHIC TRENDS AND PROJECTIONS

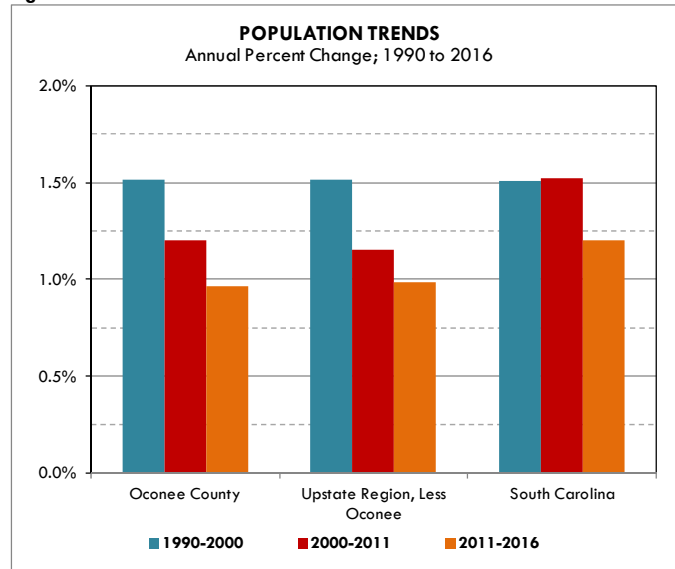
1. Population

Population growth in Oconee County over the last 20 years has been strong and relatively commensurate, from a percentage growth perspective, with the broader Upstate region (Figure 3-1 and Table 3-1). Between 1990 and 2000, the population of Oconee County increased by 15.2% (approximately 8,700 residents), which was virtually identical to the Upstate region and the State as a whole.

Over the most recent decade (2000-2010) the rate of growth slowed slightly across the Oconee region although the state’s growth accelerated from 15.1% to 16.7% respectively, for the two decades. Oconee County’s 13.2% growth rate outpaced the remaining Upstate region as a whole but only marginally by 0.5 percentage points. Still, the County added another 8,700 residents which was comparable to the previous decade. Overall, both the county and region grew at an average annual rate of about 1.2% in the 2000s versus 1.5% in the previous decade.

Short-term population projections through 2016 indicate a continued slowing in population growth across all regions, as well as the State. This forecast indicates that lagging growth, precipitated by the economic downturn towards the end of the previous decade (2010s), is expected to

Figure 3-1



Source: ESRI, US Census and RKG Associates, Inc., 2011

Table 3-1
 Population Trends
 1990-2016

	1990	2000	2011	2016
POPULATION COUNT				
Oconee County	57,494	66,215	74,978	78,591
Upstate Region, Less Oconee	1,002,421	1,154,327	1,300,781	1,365,028
South Carolina	3,486,703	4,012,012	4,682,632	4,964,599
PERCENT CHANGE IN POPULATION				
Oconee County	--	15.2%	13.2%	4.8%
Upstate Region, Less Oconee	--	15.2%	12.7%	4.9%
South Carolina	--	15.1%	16.7%	6.0%
ANNUAL PERCENT CHANGE IN POPULATION				
Oconee County	--	1.5%	1.2%	1.0%
Upstate Region, Less Oconee	--	1.5%	1.2%	1.0%
South Carolina	--	1.5%	1.5%	1.2%

Source: ESRI, US Census and RKG Associates, Inc., 2011

persist for at least the next 3-5 years. Still, population in the Upstate region is projected to increase by 4.9%, or about 65,000 residents, and 4.8% for Oconee County (3,600 residents).

2. Population by Age

Changes in the age structure of Oconee County, the Upstate Region and the State over the past two decades are presented in Table 3-2 and Figure 3-2. As shown by the change in median age, as well as the green highlighted cells in the table, there has been a steady increase in the age of the population for all areas during this time period. With few exceptions, the primary growth cohorts for the past two decades have been the 45-65 and 65 and over. This trend is indicative of a population base of established households with older children, as well as empty-nester householders who are near-retirement and who have reached retirement age. This is not to say that there has been no growth in some younger age groups, more that they represent a diminished proportion of the total population base. Growth in younger age groups over the last decade (2000-2011) has primarily been for those 24 and under in both Oconee County and the Upstate Region. Little to no growth has occurred in the 25-44 age groups (data not shown) a trend that reflects a slowing in new household formations. This trend is expected to be moderated to some degree through 2016 with a projected increase of some 10,350 residents in this age group within the Upstate area, assuming that these younger residents are able to find employment and/or, elect to remain in the region. However, from an overall perspective, the general trend within both the County and regional population is one towards an older demographic. This could have a number of potential implications for economic development including a potential shortfall in labor force to support business growth, as well as changing demand for housing and municipal services to support older residents.

Table 3-2
Population By Age as Percentage of Total
1990-2016

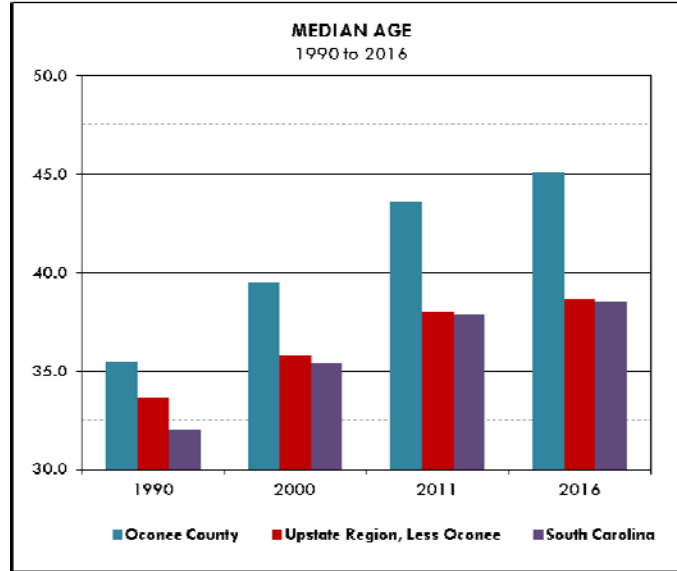
	1990	2000	2011	2016
OCONEE COUNTY				
0 to 4	6.2%	6.0%	5.5%	5.5%
5 to 14	13.9%	13.0%	11.7%	11.5%
15 to 19	7.1%	6.2%	6.4%	5.9%
20 to 34	22.0%	18.5%	16.1%	15.8%
35 to 44	14.6%	14.5%	12.0%	11.3%
45 to 65	22.4%	26.3%	29.0%	28.4%
Over 65	13.7%	15.5%	19.3%	21.7%
Median Age	35.5	39.5	43.6	45.1
UPSTATE REGION, LESS OCONEE COUNTY				
0 to 4	6.8%	6.6%	6.5%	6.5%
5 to 14	13.6%	14.0%	13.1%	13.0%
15 to 19	7.9%	7.1%	7.2%	6.7%
20 to 34	24.0%	21.2%	19.3%	19.1%
35 to 44	15.1%	15.5%	13.3%	12.7%
45 to 65	20.0%	23.1%	26.7%	26.1%
Over 65	12.7%	12.5%	13.9%	15.8%
Median Age	33.6	35.8	38.0	38.6
SOUTH CAROLINA				
0 to 4	7.4%	6.6%	6.4%	6.5%
5 to 14	14.6%	14.3%	12.8%	12.7%
15 to 19	8.0%	7.4%	7.1%	6.6%
20 to 34	25.1%	21.0%	20.0%	19.9%
35 to 44	15.0%	15.6%	12.9%	12.3%
45 to 65	18.6%	23.0%	26.9%	26.4%
Over 65	11.4%	12.1%	13.9%	15.7%
Median Age	32.0	35.4	37.9	38.5

Source: ESRI, US Census and RKG Associates, Inc., 2011

3. Racial and Ethnic Composition

Race and ethnicity are considered two separate traits by the U.S. Census Bureau. Race refers to White, Black, Asian, etc. Ethnicity refers to a person's country of origin. For example, Hispanic means people from Central America, South America, and other Hispanic or Latino countries. Both race and ethnicity are self-reported and are based upon individual preferences. Race and ethnicity are not mutually exclusive. For example, a person could be of Hispanic ethnicity and fit into any of the racial categories. Simply put, the race and ethnicity percentages do not equal 100% because a person can be both Hispanic and White.

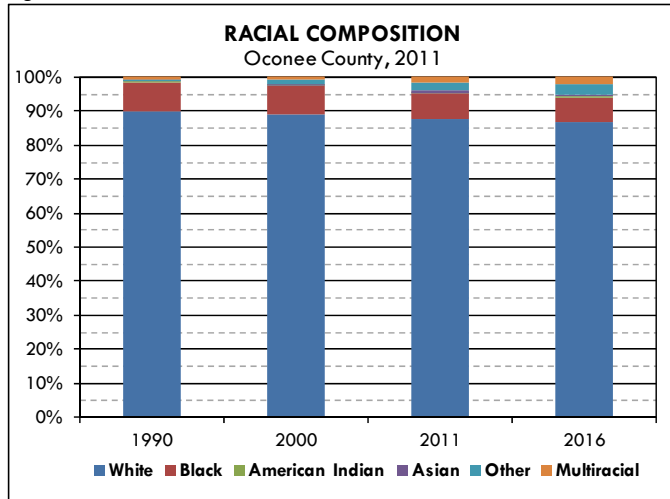
Figure 3-2



Source: ESRI, US Census and RKG Associates, Inc., 2011

The racial composition of Oconee County has been relatively stable over the past ten years (Figure 3-3). In 2000, 87% of the population was White alone, a total that remained largely unchanged through 2011 when 87.7% were reported in this category. Generally speaking, Oconee County is less racially diverse than the Upstate Region and the State where roughly three to four times as much of the population is Black. Between 2000 and 2011, there has been a modest increase in the smaller minority population of the County (i.e. those who are non-White and non-Black), as illustrated in the table. Much of this increase has occurred in the Other and Multiracial categories which means the growth does not particularly represent any concentration of specific minorities. The one exception to this is in the Asian category which has experienced notable percentage gains, particularly at the regional and state levels.

Figure 3-3



Source: ESRI, US Census and RKG Associates, Inc., 2011

The number of residents of Hispanic origin has experienced a more notable increase over the last decade, essentially doubling as a percentage of total population in the County, the Upstate Region and the state. At the county level this represents an increase of only about 2,000 residents but approximately 45,000 for the region as a whole. Projections suggest this ethnic component of the population will continue to steadily

grow through 2016.

These changes in Region's population diversity could represent potential demand for new businesses to serve the needs of these growing ethnic groups and the opportunity to train entrepreneurs to target these needs. It may also offer the potential to broaden its appeal by creating more ethnic and cultural offerings within Oconee County and throughout the Region.

4. Households

The household growth rate in Oconee County and the Upstate Region essentially mirrored the population growth rate over the last decade, (Table 3-4). Both the average annual household and population growth rates between 2000 and 2010 were 1.2% in the County, a comparable scenario for the Region. This represents approximately 3,600 additional households for the County, a notable decline from the 4,900 added during the 1990s. Similarly, the Region's net increase in households dropped from 72,600 in the 1990s to 57,600 in the last decade. For the County, these population and household growth rates combine to create an average household size that was largely unchanged from 2.4 persons per household between 2000 and 2011. This is reflective of the County's aging population which would trend towards a smaller household size. In comparison, the Region experienced a minor increase in average household size (2.49 to 2.50) over the decade while the state's experienced a considerable decrease (2.53 to 2.49).

Table 3-3
Race and Hispanic Origin
1990-2016

	1990	2000	2011	2016
OCONEE COUNTY				
White	89.8%	87.0%	87.7%	86.8%
Black	8.8%	8.2%	7.5%	7.3%
American Indian	0.1%	0.2%	0.2%	0.2%
Asian	0.3%	0.4%	0.6%	0.7%
Other	0.3%	1.1%	2.4%	3.1%
Multiracial	0.7%	0.8%	1.6%	1.9%
Hispanic Origin (Any Race)	0.9%	2.3%	4.7%	6.0%
UPSTATE REGION, LESS OCONEE COUNTY				
White	79.0%	77.3%	74.7%	73.7%
Black	19.4%	19.5%	18.9%	18.6%
American Indian	0.1%	0.2%	0.3%	0.3%
Asian	0.6%	1.1%	1.5%	1.7%
Other	0.2%	1.1%	2.9%	3.9%
Multiracial	0.7%	0.8%	1.6%	1.9%
Hispanic Origin (Any Race)	0.7%	2.6%	5.8%	7.6%
SOUTH CAROLINA				
White	68.5%	67.2%	66.2%	65.5%
Black	29.7%	29.5%	27.8%	27.4%
American Indian	0.2%	0.3%	0.4%	0.4%
Asian	0.6%	0.9%	1.3%	1.5%
Other	0.3%	1.0%	2.5%	3.3%
Multiracial	0.6%	1.0%	1.7%	1.9%
Hispanic Origin (Any Race)	0.9%	2.4%	5.3%	6.7%

Source: ESRI, US Census and RKG Associates, Inc., 2011

Table 3-4
Household Trends
1990-2016

	Trends			
	1990	2000	2011	2016
NUMBER OF HOUSEHOLDS				
Oconee County	22,358	27,283	30,970	32,506
Upstate Region, Less Oconee	376,317	448,978	506,586	532,084
South Carolina	1,258,044	1,533,854	1,824,053	1,943,715
PERCENT CHANGE IN HOUSEHOLDS				
Oconee County	--	22.0%	13.5%	5.0%
Upstate Region, Less Oconee	--	19.3%	12.8%	5.0%
South Carolina	--	21.9%	18.9%	6.6%
ANNUAL PERCENT CHANGE IN HOUSEHOLDS				
Oconee County	--	2.0%	1.2%	1.0%
Upstate Region, Less Oconee	--	1.8%	1.1%	1.0%
South Carolina	--	2.0%	1.6%	1.3%

Source: Census, ESRI, and RKG Associates, Inc., 2011

5. Household Income

Table 3-5 illustrates the change in household incomes between 1990 and 2016 for the County, as well as the Region and State as a whole. As shown, all areas experienced considerable increase in median household incomes from 1990-2000 with percentage growth of about 42%. At that time, Oconee County's median (\$36,533) represented about 97% of both the regional and statewide medians. Furthermore, income growth across all areas well outpaced the inflation rate of 32% for this decade.

As of 2011, median income growth rates are estimated to have decreased considerably for all areas but particularly for Oconee County. Between 2000-2011, the County's median income increased by only 5% to \$38,349, as compared to a 12% growth rate for both the Region and State. Income growth for all areas lagged well behind inflation which continued at a comparable rate of 31% for the decade. Furthermore, an examination of the income ranges illustrated in Table 3-5 shows that the percentage of households with incomes below \$25,000 remained steady over the last decade in the County but decreased in other locations. This may be a reflection of the County's age demographic with a greater proportion of senior citizens on post-retirement income levels. It may also be an indication of other special needs groups within the population.

Projections through 2016 forecast a reversal of income decline in Oconee County with the median increasing by 11% over five years. However, this will only occur if the County is able to attract higher paying jobs that are able to attract a greater percentage of younger and middle-age households to the area, as opposed to a continuation of the past decade's trends of an increase in older households with reduced income resources.

6. Education Attainment

The educational attainment of Oconee County's labor force is a significant factor in supporting efforts to expand economic development and attract new employers. Figure 3-4 illustrates the educational attainment levels of the population 25 years and older for the county, region and state as of 2011. All three locations have least 20% of the population

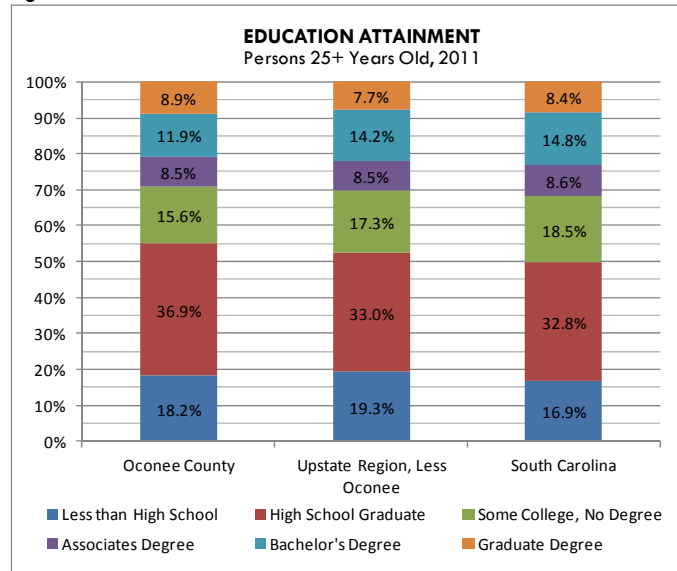
Table 3-5
Household Income as a Percentage of Total Households
1990-2016

	1990	2000	2011	2016
OCONEE COUNTY				
Under \$25,000	48.8%	32.5%	32.5%	28.6%
\$25,000 to \$49,999	33.9%	34.0%	28.6%	27.4%
\$50,000 to \$100,000	15.5%	26.8%	28.2%	32.4%
\$100,000 to \$150,000	1.3%	4.5%	7.6%	8.1%
Over \$150,000	0.5%	2.2%	3.2%	3.4%
Median Income	\$25,723	\$36,533	\$38,349	\$42,730
Median Percent Change	—	42%	5%	11%
UPSTATE REGION, LESS OCONEE COUNTY				
Under \$25,000	46.8%	32.6%	29.2%	25.4%
\$25,000 to \$49,999	35.3%	31.8%	27.8%	24.5%
\$50,000 to \$100,000	15.7%	27.4%	29.3%	34.8%
\$100,000 to \$150,000	1.4%	5.5%	9.0%	9.9%
Over \$150,000	0.7%	2.7%	4.7%	5.4%
Median Income	\$26,638	\$37,522	\$41,926	\$50,066
Median Percent Change	—	41%	12%	19%
SOUTH CAROLINA				
Under \$25,000	47.6%	33.1%	30.0%	26.2%
\$25,000 to \$49,999	34.5%	31.5%	27.2%	24.3%
\$50,000 to \$100,000	15.7%	27.3%	29.1%	34.4%
\$100,000 to \$150,000	1.5%	5.3%	9.0%	9.9%
Over \$150,000	0.8%	2.8%	4.7%	5.2%
Median Income	\$26,256	\$37,137	\$41,607	\$45,467
Median Percent Change	—	41%	12%	9%

Source: ESRI, US Census and RKG Associates, Inc., 2011

with college degrees. Oconee's proportion (20.8%) is slightly less than the Region's (21.9%) and the State's (23.2%), however, the County had a greater percentage of degreed residents with higher level graduate/professional degrees, a reflection of the high tech firms located there and possibly influenced by Clemson University as well. Overall, all three areas are underperforming as compared to the nation which has an estimated 27% of its population with a college degree (data not shown). This will make it somewhat more difficult to compete with other locations in the country with regards to attracting employers that offer higher-paying, professional jobs and may be an area on which to focus future training/recruiting efforts.

Figure 3-4



Source: ESRI, US Census and RKG Associates, Inc., 2011

Residents over age 25 with Associate Degrees are generally equivalent for all areas at about 8.5% of the total. This is a bit higher than the national average estimate of 7.5% which means the County and Region are fairly well positioned to compete for skilled blue collar jobs and mid-level white collar jobs. However, the national trend in these occupation segments generally indicates a shortage of workers to fill total demand. Therefore, encouraging growth in this degree level could provide another useful opportunity area with regards to future economic development initiatives.

Finally, the County's population with high school degrees (36.9%) exceeds the Region's (33%) and the State's (32.8%), as well as the national average of 27%. This suggests that there is a good portion of the labor supply available for entry level positions to support businesses, particularly in the service sectors, which do not require specialized skills and can be trained for a variety of positions, assuming they possess the basic skill sets that most employers expect.

C. ECONOMIC BASE ANALYSIS

The economic base analysis examines changes in the labor force and business characteristics of Oconee County and also provides comparisons to relevant regional areas in an effort to understand and frame the economic opportunities for the County. This analysis includes data on employment, major employers, labor force and unemployment trends, occupational skills and commuting patterns, which will help to establish a context for evaluating the local and regional development potential.

1. Employment Trends

Table 3-6 presents private sector County Business Patterns (CBP) employment data for Oconee County between 2004 and 2010. The CPB is compiled by the US Census Bureau for all known establishments in the United States. The data includes most employment with the exception of government employees, self-employed individuals, employees of private households, and agricultural workers. The data is categorized based on the North American Industry Classification System (NAICS) which facilitates comparison over time and geographic location.

A majority of the County's private sector employment is concentrated in three sectors which include Manufacturing (24%), Retail (16%), and Health Care (14%), which accounted for over half of total employment as of 2010. Other significant concentrations are found in the Utilities and Accommodations and Food Services which each account for 8% of total employment.

Table 3-6
Private Sector Employment by Industry 2004-2010
Oconee County

NAICS	DESCRIPTION	2004	2007	2010	NET CHANGE			PERCENT CHANGE		
					'04-'07	'07-'10	'04-'10	'04-'07	'07-'10	'04-'10
	ALL INDUSTRIES	20,054	20,720	18,507	666	(2,213)	(1,547)	3.3%	-10.7%	-7.7%
11	Forestry, Fishing, Hunting, and Agriculture	78	91	80	13	(11)	2	16.7%	-12.1%	2.6%
21	Mining	0	0	0	0	0	0	0.0%	0.0%	0.0%
22	Utilities	1,898	1,532	1,505	(366)	(27)	(393)	-19.3%	-1.8%	-20.7%
23	Construction	1,285	1,728	948	443	(780)	(337)	34.5%	-45.1%	-26.2%
31	Manufacturing	4,914	5,007	4,398	93	(609)	(516)	1.9%	-12.2%	-10.5%
42	Wholesale Trade	529	523	337	(6)	(186)	(192)	-1.1%	-35.6%	-36.3%
44	Retail Trade	3,149	3,065	2,916	(84)	(149)	(233)	-2.7%	-4.9%	-7.4%
48	Transportation and Warehousing	210	263	119	53	(144)	(91)	25.2%	-54.8%	-43.3%
51	Information	250	422	214	172	(208)	(36)	68.8%	-49.3%	-14.4%
52	Finance and Insurance	432	480	507	48	27	75	11.1%	5.6%	17.4%
53	Real Estate and Rental and Leasing	192	239	173	47	(66)	(19)	24.5%	-27.6%	-9.9%
54	Professional, Scientific, and Technical Services	468	608	470	140	(138)	2	29.9%	-22.7%	0.4%
55	Management of Companies and Enterprises	13	15	88	2	73	75	15.4%	486.7%	576.9%
56	Administrative and Support and Waste Management	994	715	1,092	(279)	377	98	-28.1%	52.7%	9.9%
61	Educational Services	157	140	129	(17)	(11)	(28)	-10.8%	-7.9%	-17.8%
62	Health Care and Social Assistance	2,529	2,831	2,627	302	(204)	98	11.9%	-7.2%	3.9%
71	Arts, Entertainment, and Recreation	118	246	180	128	(66)	62	108.5%	-26.8%	52.5%
72	Accommodation and Food Services	1,714	1,680	1,553	(34)	(127)	(161)	-2.0%	-7.6%	-9.4%
81	Other Services (except Public Administration)	1,117	1,133	1,167	16	34	50	1.4%	3.0%	4.5%
99	Unclassified	7	2	4	(5)	2	(3)	-71.4%	100.0%	-42.9%

Source: County Business Patterns 2011

The table's data is divided into two time periods, 2004-07 and 2007-10, which illustrate changes in employment pre-recession, as well as through the ongoing recovery period. As shown, the County was experiencing moderate employment growth of 3.3% prior to the recession and had added over 600 jobs since 2004. However, after 2007 total employment losses of about 2,200 were incurred resulting in a net loss of approximately 1,500 jobs through the overall time period, a decrease of 7.7%.

The County's employment losses were spread across almost all sectors with only a few exceptions. Prior to the recession, notable gains had occurred in Construction (443), Information (172), Professional Services (140), Health Care (302), and

Arts/Entertainment/Recreation (128). However, between 2007-10 almost all of these gains were reversed and the only growth sector was Administrative Services which added 377 jobs most likely reflecting hiring through temporary employment agencies which often expand during such economic conditions.

Of note is the fact that several sectors contracted during both time period including Utilities, Retail, and Accommodations/Food Services. The first two represent significant employment sectors in the regional economy that, based on national trends, have a strong probability of experiencing future reductions in employment. Therefore, economic development efforts should consider stabilizing these sectors to the extent possible and also adding more diversity to the industry base that can capture employees who may be shed from these, as well as the Manufacturing sector, which may continue to transition from traditional industries to more advanced fields.

2. Major Employers

Table 3-7 lists Oconee County's largest employers and identifies their product or service provided. These 16 businesses employ an estimated 9,600 workers which represents approximately 40%-50% of total county employment. Four of these employers are public sector or governmental entities which account for about one-third of total jobs reported in the table.

Aside from the public sector establishments, this listing highlights the fact that the county is home to a number of high-tech and advanced manufacturing firms, a number of which are internationally based.

Table 3-7
Major Employers - 2010
Oconee County

Company	Employees	Product/Service
Oconee County School District	1605	Education
Duke Energy Corp.	1500	Energy
Oconee Memorial Hospital	1370	Health Care
Itron, Inc.	665	Electronic measuring devices
Schneider Electric*	655	Motor control centers
Koyo Bearings USA, LLC*	640	Thrust Bearings
Oconee County Government	450	Local Government
Covidien*	423	Anti-embolism stockings
BASF Catalysts, LLC*	389	Precious metal catalyst
Sandvik*	347	Cutting tools
US Engine Valve Company*	309	Engine valves
State of South Carolina	286	State Government
Johnson Controls, Inc.	282	Plastic components for auto batteries
Borg Warner Automotive, Inc.	235	Transfer cases
Greenfield Industries	285	Twist drills
Lift Technologies, Inc.*	194	Fork lift masts

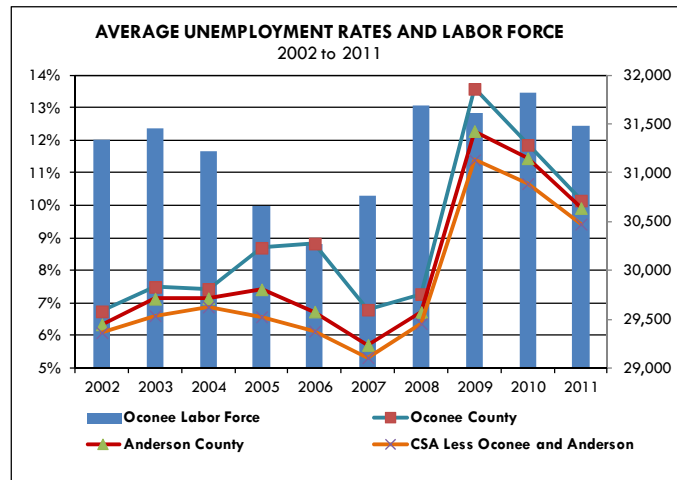
*International Companies
 Source: Oconee County EDC

This data reveals Oconee County is susceptible to disproportionate economic impacts from any of these entities leaving the County. The potential impact is evident with the recent announcement from Covidien on the phased closing of its operations in Oconee County over the next three years. Regardless the results, the fact that Oconee has a few large employers that control much of the job base, implementing a comprehensive, aggressive business retention and expansion program is essential.

3. Labor Force and Unemployment Trends

The civilian labor force and unemployment rate are measures of the size of a region's active, resident worker base, as well as their current employment status. The civilian labor force includes workers who are currently employed, unemployed, or actively looking for work.

In Oconee County, labor force size has remained relatively stable over the past decade (2002-2011) despite some minor mid-decade losses. As illustrated in Figure 3-5, the County's labor force size has ranged between 30,000 and 32,000 during this time period and overall experienced a net loss of just 133, a 0.4% decrease. In comparison, neighboring Anderson County's labor force, which is more than twice the size of Oconee's, grew by about 2,500 (3.1%) during the same time period. The fact that the County's population increased by approximately 8,700 residents over roughly the same time period is an indication that its labor force participation rate has decreased over the decade. This may be attributable to at least two primary factors. One, is that a large portion of the population gain were residents of retirement age who are no longer active in the workforce, or who may only be working part-time positions. The second, which is not an unusual occurrence given the length of the recession period, is that unemployed workers have stopped looking for a job and as such, are no longer included in the labor force totals. In either event, the generally stagnant nature of the County's labor force size is an issue that should be addressed as part of the overall economic development strategy in order to remain competitive in attracting new businesses to the area. Examining possible approaches for retraining of disenfranchised workers could also help to increase labor force participation rates for the County.



Source: BLS and RKG Associates, Inc., 2011

Figure 3-5 also presents a comparison of the unemployment rates for Oconee and Anderson Counties, as well as the greater CSA region, over the past decade. As shown, unemployment rates have increased for all areas through the decade due to impacts of the economic downturn beginning around 2008. Overall, Oconee County's rate tends to track somewhat higher than the other areas, which is not unusual given its smaller economic base. However, there has also been more volatility in Oconee's rate as illustrated by the jumps in 2005/06 when Anderson's and the CSA's rates were declining. This may have been related to significant closure or layoff since labor force levels also decreased at that time. Efforts to further diversify the economic base could help to reduce employment volatility and moderate changes in unemployment rates.

4. Occupational Skill Levels

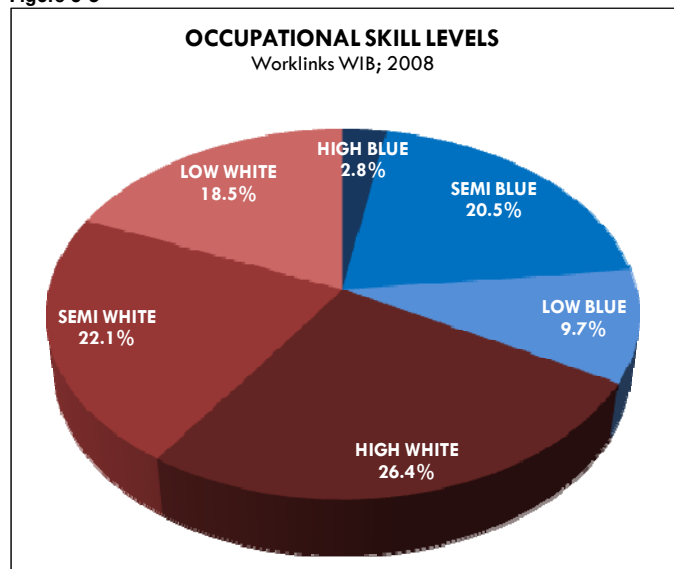
Detailed occupational data for Oconee County is available only at the multi-county level referred to as Workforce Investment Board (WIB) region. Oconee County is part of the Worklink WIB which also includes Anderson and Pickens Counties. The most recent occupational data for 2008 was obtained from the South Carolina Department of Employment and Workforce (DEW) and categorized by job type and skill level (Figure 3-6). These groupings were derived from the consultant's knowledge regarding the skill and

educational requirements of general occupational categories. Although it is difficult to group occupational categories in this manner with great precision, the results provide some indication of the distribution and diversity of skills available within the labor force. The occupational categories and their descriptions are as follows:

- Highly-Skilled White Collar (HSWC) - a professional position requiring a college degree, with supervisory/ management responsibility or specialized training while working within a white-collar work environment.
- Highly-Skilled Blue Collar (HSBC) - a trade or non-professional position requiring less than an advanced degree, but some post secondary education, a certificate, or specialized training or skill while working within a white collar work environment.
- Semi-Skilled White Collar (SSWC) - a professional position requiring less than an advanced degree, but some post secondary education, a certificate, or specialized training or skill while working within a white collar work environment.
- Semi-Skilled Blue Collar (SSBC) - a trade position requiring less than an advanced or trade school degree but requiring some specialized training or skill, while working within a blue collar environment.
- Low-Skilled White Collar (LSWC) - a position within a white collar work environment requiring no degree or formal schooling beyond high school, but requiring some on-the-job training.
- Low-Skilled Blue Collar (LSBC) - a position within a trade profession requiring no advanced degree or formal schooling, but requiring some on-the-job training.

The occupation data summarized in Figure 3-6 is regional and not Oconee County specific. The data indicates that at the regional level there is a diversity of skills within several categories including high-skilled and semi-skilled, white-collar workers, as well as semi-skilled, blue collar workers. This data will inform the

Figure 3-6



Source: South Carolina DEW and RKG Associates, Inc., 2011

target industry analysis of this report and help determine what type of industries would be interested in the skills of the workers in Oconee County and the broader region.

5. Regional Commuting Patterns

Understanding commuting patterns can provide useful insight into evaluating potential actions in developing an economic development strategy. Commuting patterns highlight the flow of workers into, and out of, a given labor market area and as such, can help to indicate where there may be potential to capture additional jobs that are “leaking” from the local economic base.

Table 3-8 illustrates 2010 commuting patterns for residents of Oconee County, as well as, for workers employed within the county who reside elsewhere. As shown, there are an equivalent number of residents who both live and work in the county (12,555) and who live in the county but work elsewhere (12,738), based on this data. In contrast, there were only 8,255 workers who commuted to Oconee County for employment who lived in other locations. This suggests that the county is a net exporter of labor with a differential of 4,483 workers. Particular counties in South Carolina where Oconee is a net exporter of labor includes Pickens, Greenville, Spartanburg, Richland and Anderson. A more detailed examination of the occupational characteristics of these workers could reveal areas where further targeted business recruitment by the County might be beneficial.

Table 3-8
Commuting Patterns - 2010
Oconee County

Oconee County Residents Working in Oconee County				12,555
Non-Oconee County Residents Working in Oconee County				<u>8,255</u>
Total Workers(1)				20,810
Oconee County Residents Working Outside Oconee County				12,738
County Commuting	Commuting to	Commuting from	Net	
To/From:	Oconee	Oconee County	Inflow/Outflow	
Pickens	1,923	2,983	-1,060	
Anderson	1,647	1,943	-296	
Greenville	868	3,157	-2,289	
Aiken	213	106	107	
Spartanburg	405	630	-225	
Richland	213	765	-552	
Other	2,986	3,154	-168	
Total Commuters	8,255	12,738	-4,483	

(1) Total workers based on commuting data

Source: US Census Bureau, Longitudinal Employer-Household Dynamics Program

D. IMPLICATIONS

Population changes for Oconee County indicate that the rate of historical population growth has slowed in comparison to previous decades and is projected to slow even further over the next five years. In addition, like much of the country, Oconee’s demographic characteristics point to an aging of the population with a smaller percentage of future residents anticipated under 45 years of age. These trends will have implications on the demand for housing, the need for municipal services, and the levels of household income. They also affect labor availability in that there could be a diminishing supply of workers of suitable age to support business recruitment and fill potential jobs supported through economic development activities. Labor force data indicates that the county may already be experiencing a decrease in its workforce participation rate due to the changing population dynamics.

Household income levels have not kept pace with inflation in the county and the region which means that the cost of goods and services will place an ever-greater demand on available financial resources. As discussed in the real estate chapter of this report, housing cost do apparently consume a high percentage of household income in the county which is a potential economic development issue and suggests that the county will need to focus efforts on promoting affordable, workforce housing, as well as, attracting higher paying jobs.

Educational attainment levels within the county are good overall and should help support economic development activities. Consideration should be given to expanding graduates with Associates Degrees and other technical training to build on the county's existing strength and position it for anticipated job growth in more highly-skilled occupations.

Overall, employment levels were down about 7% for the decade in the county with losses incurred across almost all sectors. Approximately 54% of total county employment is concentrated in the Manufacturing, Retail, and Health Care sectors. Although Health Care is generally expected to be a growth sector in the future, employment expansion in the other two sectors is more tenuous. The Utilities and Accommodations & Food Services sectors are also significant employers within the county. Efforts to stabilize these sectors will be an important component of an economic development strategy, as will actions to help further diversify the county's employment base.

Finally, commuting patterns of Oconee County's labor force within the region suggests that the county may be losing jobs to other locations based on the net flow of workers into, and out of, the county. Further examination the skills and jobs associated with these workers who are commuting out of the county for employment could help to identify additional economic opportunities for business development in Oconee.

4 REAL ESTATE MARKET ANALYSIS

A. INTRODUCTION

This chapter examines recent real estate trends within the county, as well as the adjoining region, with a focus on residential, office, and industrial market forces that are shaping Oconee County’s development environment. The analysis includes factors such as existing inventory of buildings, development trends over the past decade, vacancy and absorption rates, and sales values/lease rates. In addition, RKG Associates conducted a number of interviews with local development and real estate professionals in order to understand the nuances of the market and to gain an “in-the-field” perspective on the potential demand and speculative investment climate.

B. RESIDENTIAL ANALYSIS

Analysis of residential market conditions was based on a review of the County’s assessment database, Census Bureau estimates, as well as inventories of for-sale and for-lease properties maintained by both public and private sources. These sources were used to evaluate development trends within the County as well as a comparative assessment of competing properties located elsewhere in the regional marketplace which, for this analysis, includes Anderson and Pickens Counties.

1. Residential Housing Supply

Table 4-1 presents a summary of the change in the total regional housing supply between 2000 and 2010, based on decennial census counts. As the data shows, Oconee’s 2010 total housing estimate of 38,760 represented the smallest portion of the regional supply with Anderson and Pickens having total units of 84,770 and 51,240, respectively. However, over the course of the decade Oconee experienced the largest increase in total housing production, from a percentage standpoint, with a growth rate of

Table 4-1
Housing Units and Tenure 2000-2010

	Oconee		Anderson		Pickens	
	2000	2010	2000	2010	2000	2010
Total housing units	32,383	38,763	73,213	84,774	46,000	51,244
Occupied housing units	27,283	30,676	65,649	73,829	41,306	45,228
Owner occupied	21,391	23,042	50,068	53,015	30,350	31,161
Renter occupied	5,892	7,634	15,581	20,814	10,956	14,067
Owner occupied %	78%	75%	76%	72%	73%	69%
Renter occupied %	22%	25%	24%	28%	27%	31%
Vacant housing units	5,100	8,087	7,564	10,945	4,694	6,016
Change 2000-2010						
Total housing units	6,380	20%	11,561	16%	5,244	11%
Occupied housing units	3,393	12%	8,180	12%	3,922	9%
Owner occupied	1,651	8%	2,947	6%	811	3%
Renter occupied	1,742	30%	5,233	34%	3,111	28%
Vacant housing units	2,987	59%	3,381	45%	1,322	28%

Source: US Census

20%, in comparison to 16% and 11% respectively, for Anderson and Pickens. Overall, Anderson absorbed the largest number of units (11,560) followed by Oconee which added 6,380 housing units over ten years. This represents an annual absorption of approximately 640 units throughout the decade.

From a tenure perspective, the data indicates that owner units, as a percentage of total occupied housing, have declined over the past decade for all three counties. Oconee's percentage of owner units declined by three percentage points from 78% to 75% with similar changes in Anderson and Pickens Counties. This may be a reflection of the decade's ending, housing market decline that saw a notable shift away from home buying to renting in many parts of the country due to waning consumer confidence and unfavorable lending conditions. However, in Oconee County this shift towards rental preferences is also likely related to aging demographic conditions where seniors are seeking housing options other than ownership, particularly if condominium alternatives are not prevalent in the marketplace. Additionally, there have been some housing developments marketed to the Clemson University student body that have increased rental options on the eastern edge of Oconee County.

The number of vacant housing units increased considerably for all counties between 2000 and 2010. As shown earlier, Oconee's vacant housing increased by 59%, an additional 3,000 units, while Anderson and Pickens Counties' inventories increased by 45% and 28%, respectively. However, a more detailed perspective on vacancy is presented in Table 4-2 for 2010. This data shows that the for-rent/for-sale vacancy rate was reported as 5.2% in

Table 4-2
Vacant Housing Units by Type 2010

	Oconee	% Total	Anderson	% Total	Pickens	% Total
Vacant housing units	8,087	100%	10,945	100%	6,016	100%
For rent	1,271	16%	2,920	27%	1,609	27%
For sale only	748	9%	1,700	16%	783	13%
Sold, not occupied	173	2%	402	4%	301	5%
Rented, not occupied	54	1%	111	1%	126	2%
For seasonal, recreational, or occasional use	3,927	49%	2,066	19%	1,355	23%
For migratory workers	8	0%	2	0%	8	0%
Other vacant	1,906	24%	3,744	34%	1,834	30%
Vacancy Rate						
For-Rent/For-Sale	2,019	5.2%	4,620	5.4%	2,392	4.7%
Including "Other Vacant"	3,925	10.1%	8,364	9.9%	4,226	8.2%

Source: US Census

Oconee County with comparable rates in the region. These vacancy rates are considered to be representative of healthy housing market. If, however, the "Other Vacant" supply of housing is included it increases the vacancy rate to about 10% in Oconee. The Census does not provide any informative detail on the status of housing in this Other category. If they reflect abandoned, or otherwise unavailable housing units that are not market-ready, then they should not be included in the overall vacancy rate. However, if they include, as in other market areas, foreclosure properties that lending institutions have not made available for-rent or for-sale, then they may reflect an excess supply of units in the market. A precise number of foreclosed or bank-owned properties is not readily available for the county. However, a review of assessment records and on-line sources seems to indicate that the number is not that large, possibly between 50 and 100 residential properties as an estimate. Therefore, a conclusive determination regarding the status of housing in the Other Vacant category cannot be made from available information. A best assumption is that, given the large number of seasonal dwellings in the county, a sizable portion of these vacant units may also be held aside for similar usage.

Finally, Table 4-3 shows the Census estimate of housing units by building type and tenure for Oconee County. Overall, single family detached dwellings account for the largest percentage of occupied housing in the county at 79% with mobile homes representing the next largest proportion at 19%. Attached single family homes and other condominium-style units play a relatively small role in the owner market representing just 1% of occupied units (Note: assessment records indicate a total of 721 condominiums in the county indicating that some 340 are included in the single family detached category). These estimates also indicate that single family homes play a significant role in supporting renter-occupied housing as well, accounting for 42% of the County's rental supply. (Note: Anderson County had 40%, and Pickens County 27%, in this category). Mobile homes also play a major role representing 24% of total rentals. The County's supply of duplex units (427) are reportedly used entirely for the rental market indicating this type of product is not generally viewed as an alternative, lower cost entry into the ownership market.

Table 4-3
Tenure by Units in Structure 2010
Oconee County

	Owner-Occupied		Renter-Occupied	
	Units	% Total	Units	% Total
Occupied Units	23,000	100.0%	6,910	100.0%
1, detached	18,201	79.1%	2,903	42.0%
1, attached	231	1.0%	113	1.6%
2	0	0.0%	487	7.0%
3 or 4	9	0.0%	396	5.7%
5 to 9	7	0.0%	657	9.5%
Subtotal 3 to 10	16	0.1%	1,053	15.2%
10 to 19	21	0.1%	226	3.3%
20 to 49	28	0.1%	285	4.1%
50 or more	0	0.0%	86	1.2%
Subtotal 10 or more	49	0.2%	597	8.6%
Mobile home	4,383	19.1%	1,705	24.7%
Boat, RV, van, etc.	120	0.5%	52	0.8%

Source: US Census ACS 2006-2010 estimate

The high percentage of single family units included in the regional rental pool could be related to a weakened for-sale market or other factors that limit sales potential (e.g. substandard conditions or poor location). It may also be a reflection of the County's seasonal housing supply being placed into the rental pool for portions of the year when not in use by the owner. However, it may also suggest that there is an insufficient supply of rental housing in the market to support demand. Estimates for the Greenville CSA, which includes most of the Upstate Region, show that only 35% of the detached single family supply is used as rental housing suggesting that the Oconee area has a shortage of rental units. However, the CSA also has a higher percentage of renter-occupied units (30%) than the Oconee area given the more urbanized nature of land uses located in other parts of the region.

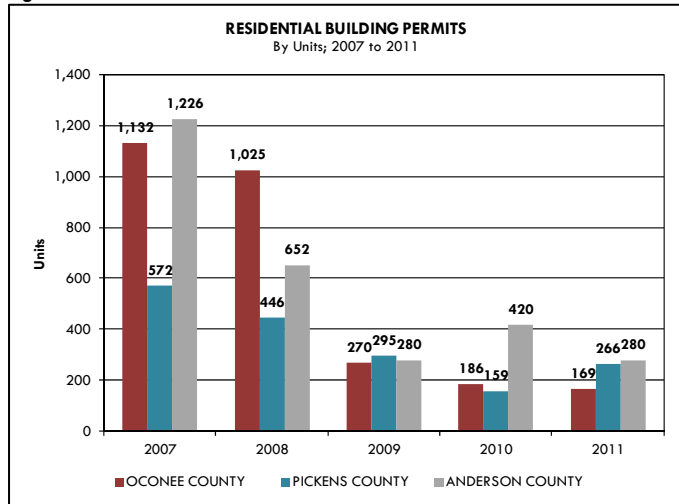
2. Residential Market Trends

Recent housing absorption trends in the tri-county area are illustrated in Figure 4-1 which depicts building permits issued between 2007 and 2010 for Oconee, Anderson, and Pickens Counties. The figure clearly shows that as the recession began, total housing production dropped off precipitously in all three counties such that total permits issued by 2011 were approximately one-third the levels occurring in 2007. Table 4-4 provides a more detailed breakdown of permits issued by type showing that more than 20% of Oconee County's permits were for multifamily units, a percentage that well exceeded the rest of the region. The majority of these units were permitted in 2007/08 with few recorded after those years.

This suggests that demand was evident for additional rental housing in the county prior to being curtailed by the economic downturn.

The most recent estimates from the Census Bureau of occupancy levels would suggest that demand for rental housing continues to remain weak in the regional market area. As shown in Table 4-5, estimates of renter vacancy rates in Oconee County as of 2011 was 7.9% and even higher in Anderson (8.3%) and Pickens (11%) Counties. Although there is a margin of error associated with these estimates that could alter the actual number between two to four percentage points, the uniformly high vacancy rates across the region would seem to indicate that demand is not yet rebounding. This would suggest that the need for new apartment construction is not immediate. It also indicates that as employment levels continue to return towards historic levels there will be available capacity in the rental housing inventory to absorb any immediate increases in demand. However, the large proportion of single family homes in the rental pool may be obscuring the need for apartment construction and also resulting in higher housing costs for renters, as noted below. There could be additional demand for newer, well-appointed units if economic development efforts are able to attract professional and higher income jobs to the county.

Figure 4-1



Source: U.S. Census

Table 4-4
Residential Building Permits 2007-2011

Type	Year										5-Year Total	
	2007		2008		2009		2010		2011		Units	% Total
	Buildings	Units	Buildings	Units	Buildings	Units	Buildings	Units	Buildings	Units		
OCONEE COUNTY												
Single Family	975	975	642	642	255	255	186	186	143	143	2,201	79%
Two Family	0	0	8	16	1	2	0	0	0	0	18	1%
Three and Four Family	5	20	0	0	0	0	0	0	0	0	20	1%
Five or More Family	9	137	31	367	1	13	0	0	2	26	543	20%
Total	989	1,132	681	1,025	257	270	186	186	145	169	2,782	100%
PICKENS COUNTY												
Single Family	544	544	404	404	295	295	159	159	244	244	1,646	95%
Two Family	0	0	1	2	0	0	0	0	1	2	4	0%
Three and Four Family	0	0	0	0	0	0	0	0	0	0	0	0%
Five or More Family	3	28	1	40	0	0	0	0	1	20	88	5%
Total	547	572	406	446	295	295	159	159	246	266	1,738	100%
ANDERSON COUNTY												
Single Family	1,156	1,156	561	561	280	280	284	284	268	268	2,549	89%
Two Family	9	18	16	32	0	0	0	0	6	12	62	2%
Three and Four Family	2	8	5	15	0	0	0	0	0	0	23	1%
Five or More Family	7	44	6	44	0	0	6	136	0	0	224	8%
Total	1,174	1,226	588	652	280	280	290	420	274	280	2,858	100%

Source: U.S. Census Bureau and RKG Associates, Inc., 2012

Rental housing costs in the region have risen between 40%-50% over the past decade as illustrated by changes in the median rents in Table 4-5. Median rents in Oconee County are

estimated to have risen the most rapidly increasing by 51% between 2000 and 2011, well outpacing the inflation rate of 31% for that time period. However, despite this more rapid increase the County's 2011 median (\$642) is now only equivalent to Anderson County's (\$643) and below the median in Pickens County (\$677).

Another indication that housing cost increases are exceeding income growth is reflected by the number of households paying in excess of 30% of their incomes for rent. Oconee County households are estimated to be less burdened than the other two counties but still have approximately 50% of rental households that are at or above this threshold. In addition, another 14% of households are paying between 25%-29% of incomes towards rent which means they could soon exceed the 30% burden of housing costs if income growth continues to lag behind inflation increases.

Table 4-5
Rental Housing Costs and Vacancy Rates
Greater Oconee Region 2000 & 2011

	Oconee	Anderson	Pickens
Vacancy Rate 2011			
Owner	4.8%	3.4%	2.6%
Renter	7.9%	8.3%	11.0%
Median Gross Rent			
2000	\$424	\$454	\$479
2011	\$642	\$643	\$677
% Change	51%	42%	41%
Gross Rent as Percent of Hsehd Income 2011			
% Income		Households	
Less than 24%	2,270	6,435	3,586
25 to 29%	822	1,728	1,045
30% or more	2,931	10,130	6,730
Percentage of Total Households			
Less than 24%	38%	35%	32%
25 to 29%	14%	9%	9%
30% or more	49%	55%	59%

Source: US Census ACS 2009-2011 estimate

a.) Residential Property Valuation

This section presents an overview of residential property valuation in Oconee County based on a review of the County's assessment records as of 2012. Table 4-6 and Figure 4-2 summarize the number of residential properties (primarily ownership units) based on the *market values* recorded in the assessment database. As shown, the County's ownership housing supply is predominantly comprised of properties under \$300,000 (about 80%) with 67% of the included properties valued at under \$200,000. This means that approximately 17,100 of the 25,500 properties are valued below the \$200k level which would seem to indicate a relatively high level of affordability for housing ownership within the county. However, when values are compared to median income

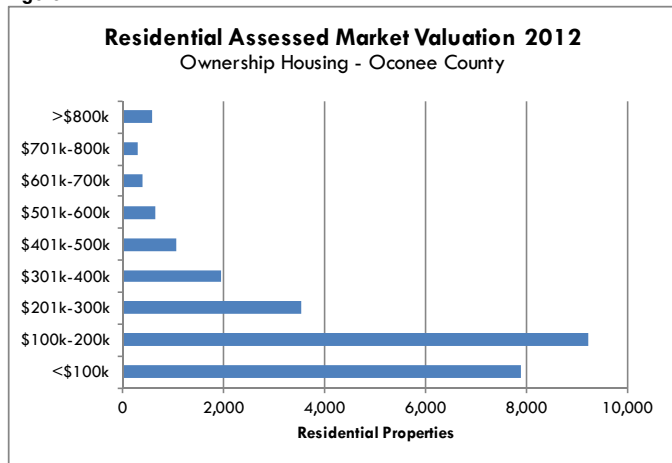
Table 4-6
Residential Assessed Market Valuation 2012
Oconee County

	Residential Properties				Total	% Total
	Single Family*	Condo	Farm Dwelling	Duplex		
<\$100k	7,414	151	217	115	7,897	31%
\$100k-200k	7,737	524	913	43	9,217	36%
\$201k-300k	2,808	22	706	5	3,541	14%
\$301k-400k	1,610	13	325	4	1,952	8%
\$401k-500k	919	5	136	0	1,060	4%
\$501k-600k	565	1	66	4	636	2%
\$601k-700k	374	0	34	0	408	2%
\$701k-800k	279	1	17	0	297	1%
>\$800k	524	4	45	0	573	2%
Total	22,230	721	2,459	171	25,581	

*Excluding mobile homes

Source: Oconee County Assessor's Office and RKG Associates

Figure 4-2



levels it suggests this may not be the case.

Table 4-7 presents some estimated affordability levels for home buying in the county based on median household income and typical mortgage payments for 30-year financing terms. Based on these parameters, households with incomes between 80% and 120% of the county median could reasonably afford to purchase homes between \$60,000 and \$90,000, assuming a maximum payment representing 30% of household income. This suggests that only 31% of the residential properties represented in Table 4-6 would be affordable for households in this income range. This data also indicates that, as noted in the preceding section, a significant portion of county residents are paying excessively high proportions of their income for housing. This also helps to explain why mobile homes, which have an average market value of about \$13,000 (data not shown) represent a significant portion (approximately 20%) of the county's housing stock since they offer an affordable option within the home ownership market. Newer mobile homes built after 2007 have higher average values of \$35,000 to \$42,000 but still represent a very affordable component of the County's housing stock.

Table 4-7
Estimated Housing Affordability Threshold
Oconee County

Household Income 2011		
80%	Median	120%
\$30,679	\$38,349	\$46,019
Housing Costs at 30% of Income		
Max Monthly Payment*		
80%	Median	120%
\$767	\$959	\$1,150
Max Purchase Price*		
80%	Median	120%
\$60,000	\$75,000	\$90,000

*Based on 30-year fixed mortgage at 4%, including county/city taxes & insurance
 Source: RKG Associates

Newer housing construction after 2000 in the county does indicate increasing values are evident. As shown in Table 4-8, the median value of all single family homes (excluding farm homes and mobile homes) was \$135,865 with a comparable value for condominium properties (\$135,390). However, over the past decade single family home values have experienced 5-year incremental increases (2001-05 and 2005-present) of 19% and 23% such that the median assessed market value for homes built after 2005 was \$294,260. Increases in condominium values were comparable but more erratic with incremental gains of 9.6% and 53% over the decade resulting in a median value of \$194,000 for the most recently constructed units. A large percentage of the condominiums built after 2005 were in a single development, High Pointe of Clemson, that are targeted to university students and as such, do not necessarily reflect typical demand in the local housing market.

Table 4-8
Median Assessed Market Values by Year Built
Oconee County

Yr Built	Single Family*			Condominiums		
	Units	Median	% Change	Units	Median	% Change
After 2005	2,261	\$294,260	22.9%	336	\$194,000	53.4%
2001-2005	2,572	\$239,515	19.0%	208	\$126,480	9.6%
1996-2000	2,198	\$201,196	-4.2%	18	\$115,355	-4.3%
1991-1995	1,644	\$209,915	—	11	\$120,480	—
All Years	22,230	\$135,865		714	\$135,390	

*Excluding farmsteads and mobile homes

Source: Oconee County Assessor's Office and RKG Associates

b.) For-Sale Residential Trends

A review of single family home sales in the county between 2007 and 2012 is presented in Table 4-9. As shown, there were approximately 2,750 single family transactions during this time period, according to County sales records.¹ Total sales during this six year time period do not seem to indicate that any notable impact was evident in sales volumes and values from the real estate downturn that began around 2008. In fact, sales reportedly increased for several years suggesting that the county's housing market were less affected by the recession than other portions of the country. Similarly, average sales prices experienced an up-tick as well before dropping off in 2011/12.

Table 4-9
Sales Prices of Single Family Homes 2007-2012

Oconee County								
Sales Price	2007	2008	2009	2010	2011	2012	Total	% Total
<\$100k	110	54	222	194	353	175	1,108	40%
\$100k-200k	55	24	208	202	199	100	788	29%
\$201k-300k	25	20	97	71	81	50	344	12%
\$301k-400k	5		42	45	31	33	156	6%
\$401k-500k	14	1	24	28	33	15	115	4%
\$501k-600k	1	3	14	32	8	7	65	2%
\$601k-700k	1	3	17	9	8	6	44	2%
\$701k-800k	5	1	8	11	9	8	42	2%
>\$800k	6	2	22	27	21	16	94	3%
Total Sales	222	108	654	619	743	410	2,756	100%
Average	\$177,350	\$276,216	\$211,854	\$243,181	\$179,022	\$199,760		

Source: Oconee County Assessor's Office and RKG Associates

The majority of home sales (80%) through this time period had sales prices of under \$300,000 with 40% alone under \$100,000 – a trend that reinforces observations made previously in this chapter regarding the demand for affordably-priced ownership housing in the county.

There were also a moderate number of sales in the mid-range price levels between \$300,000 and \$500,000 where 10% of total sales occurred. Higher-end housing sales above the \$500,000 price level accounted for about 12% of overall sales with luxury homes sales in excess of \$800,000 accounting for 3% of total sales during this time period.

Table 4-10 presents a summary of for-sale housing in Oconee County based on recent Multiple Listings Service (MLS) offerings. As shown, there are about 1,000 homes for sale including 850 single family, 140 condominiums and 70 mobile homes. From a percentage standpoint there are fewer homes listed below the \$100k level when compared to historical sales in that price range and more listings in the \$100k-\$300k range. Although listing prices do not necessarily reflect final sales prices, this may be an indication that the local housing market is beginning to experience some

¹ Residential sales data of qualified, arms-length transactions provided by the Oconee County Assessor's Office for this time period was comprised almost entirely of single family homes. Therefore, no detail was available regarding condominiums or other types of housing transactions.

upward pressure on pricing as the national housing market shows signs of more stable and/or rising sales volumes.

Table 4-10
For-Sale Property Listings - November 2012
Oconee County

Asking Price	Single Family									Townhome/Condos		Mobile Homes	
	Seneca	Walhalla	Westminster	West Union	Fair Play	Other	County		County		County		
							Total	% Total	Total	% Total	Total	% Total	
Less than \$100k	54	15	22	3	4	38	136	16%	13	9%	44	64%	
\$100k - 199k	99	30	64	18	12	44	267	31%	92	65%	18	26%	
\$200k - 299k	55	12	16	6	10	47	146	17%	22	15%	6	9%	
\$300k - 399k	28	3	11	5	3	31	81	10%	5	4%	1	1%	
\$400k - 499k	28	0	2	4	10	8	52	6%	4	3%	0	0%	
\$500k - 599k	30	0	0	0	3	18	51	6%	3	2%	0	0%	
\$600k - 699k	19	0	0	0	2	11	32	4%	1	1%	0	0%	
\$700k - 799k	16	0	0	0	2	9	27	3%	2	1%	0	0%	
>\$800k	35	0	0	0	0	22	57	7%	0	0%	0	0%	
Total	364	60	115	36	46	228	849	100%	142	100%	69	100%	

Source: Western Upstate Association of Realtors on-line MLS

c.) Rental Housing Lease Rates

A review of recent rental listings for Oconee County found a total of approximately 70 units available from on-line sources. The majority of these were single family homes (47), along with 14 condominiums and only 6 apartment units. Table 4-11 presents a summary of the rental listings by bedroom size and average lease rates that were identified as of November 2012. Due to the small sample size in some categories there is considerable variation in median lease rates for certain housing types and bedroom sizes. Overall, the median lease rate for all housing types in the county was \$900 with both apartments and condominiums at the low end of \$700 and single family homes at the high of \$1,000 per month. These rates are considerably higher than the Census estimates of \$642 shown previously in Table 4-5. It may be that the Census sample included more apartments in the survey whereas these listings include a large proportion of single family homes which would typically have higher lease rates.

Table 4-11
Rental Listing Lease Rates - November 2012
Oconee County

	1 bedroom			3 bedroom		
	Units	Range	Median	Units	Range	Median
Single Family	2	\$475-899	\$687	26	\$375-2,400	\$1,000
Condo	2	\$400-750	\$575	7	\$575-1,200	\$775
Apartment	1	—	\$725	3	\$675-1,700	\$1,200
Total	5	—	\$725	36	—	\$1,000
	2 bedroom			4-5 bedroom		
	Units	Range	Median	Units	Range	Median
Single Family	10	\$475-3,000	\$775	9	\$675-2,250	\$1,500
Condo	5	\$480-750	\$650	0	—	—
Apartment	2	\$450-475	\$462	0	—	—
Total	17	—	\$650	9	—	\$1,500
	All bedroom					
	Units	Range	Median			
Single Family	47	—	\$1,000			
Condo	14	—	\$700			
Apartment	6	—	\$700			
Total	67	—	\$900			

Source: Western Upstate Association of Realtors and Zillow on-line listings 11/2012

From an affordability perspective, the 1 and 2 bedroom units listed in the table would “generally” be affordable to households in the county with incomes at or above the median (\$38,350) assuming up to 30% of incomes toward lease payments. As shown previously in Table 4-7, this threshold would be approximately \$959 per month. The lower range of lease rates for 3-5 bedroom units (\$375-\$675) would also

be affordable to median income families but the upper end (\$1,200-\$2,400) would not.

C. NONRESIDENTIAL ANALYSIS

This section details the recent and historical real estate trends in the industrial and office markets that encompass and influence Oconee County's development environment. This nonresidential analysis reflects the most current market conditions and includes information such as building and land inventories, development trends, lease and vacancy rates, and historic absorption levels. The purpose of this analysis is to identify the existing competitive supply of real estate and provide estimates of potential future demand within the county.

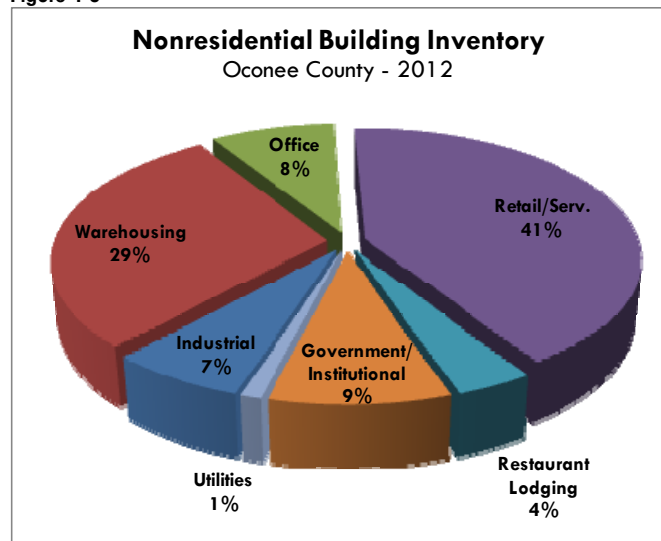
Oconee County's industrial and office markets operate on the periphery of the larger metropolitan areas of Greenville, Spartanburg and Anderson Counties. Greenville and Spartanburg Counties contain over 90% of the of monitored, nonresidential real estate supply in this multi-county area. Although the distance from Oconee County to Greenville is only 40-45 miles there is little evidence to suggest that Oconee has benefited greatly from any spillover effect from the central metro area which is largely concentrated along Interstate 85 between Interstate highways 26, 385 and the 185 beltway. Still, real estate conditions in the metro area, in terms of supply, sales prices and lease rates, will have a bearing on potential development opportunities in Oconee County. Therefore, this analysis includes real estate trends within this broader metropolitan multi-county region as an indicator of the upper end and/or, the leading edge of market potential for the Oconee area.

1. Nonresidential Building Inventory - Oconee County

Based on a review of Oconee County's assessment records, a summary inventory has been compiled that illustrates the total building square footage for nonresidential buildings in the county. The building uses presented in Table 4-12 and Figure 4-3 are generalized categories of the approximate 120 actual use types listed in the database.

As shown, there was approximately 12 Million Square Feet (MSF) of nonresidential building space in the county as of 2012. Retail/service uses represents the largest portion of the inventory at 4.9 MSF or 41% of the total. Since 2000, roughly 1.5 MSF has been added in this category representing an annual average absorption of about 125,000 SF per year. The second largest components are the warehousing and industrial categories which have a combined total of approximately 4.3

Figure 4-3



MSF (36%). These categories are presented as a total because there is likely to be some overlap between the two (use codes in the database provide insufficient detail to determine specific building uses in all cases). Over the past decade, assessment records indicate that approximately 65,150 SF have been added annually, on average, for these types of buildings.

Table 4-12
Nonresidential Building Inventory 2012
Oconee County

Building Use	Square Feet	% Total	SF Built After 2000
Industrial	837,406	7%	68,300
Warehousing	3,503,131	29%	713,490
Office	1,016,822	8%	437,561
Retail/Service	4,988,533	41%	1,505,196
Restaurant/Lodging	476,129	4%	138,366
Government/Institutional	1,100,031	9%	448,875
Utilities	127,160	1%	38,188
Grand Total	12,049,212	100%	3,349,976

Source: Oconee County Assessor's Office and RKG Associates

Government buildings and institutional uses, such as schools and churches, account for the third largest portion of the inventory at just over 1.1 MSF (9%). This is followed by office uses which also account for approximately 1.0 MSF, about two-thirds of which is categorized as general office space, with one-third classified as medical offices. Since 2000, there has been an additional 417,500 SF of office space constructed in the county, 173,500 SF of general office and 226,900 SF of medical office. Overall, about 35,000 SF of combined office space has been absorbed annually during this time period.

Hospitality related uses such as restaurant and lodging facilities totaled approximately 476,000 SF in the database which represents 4% of the inventory. About 138,300 SF have been added in this category since 2000, an average absorption rate of 11,500 SF annually. Lastly, structures related to utility systems account for about 1% of the County's nonresidential space inventory.

2. Industrial Market Trends

The Greenville-Spartanburg-Anderson metro area industrial inventory of building space that is tracked by CB Richard Ellis (CBRE) is presented in Table 4-13. As shown, these counties supported approximately 146.5 Million Square Feet (MSF) of industrial space as of the 1Qtr 2012. This inventory is comprised of 55% manufacturing (81 MSF), 40% warehouse (58 MSF), and 5% R&D/Flex Space (7 MSF).

Table 4-13
Industrial Building Inventory, Vacancy and Lease Rates - 1 Qtr 2012
Greenville, Spartanburg and Anderson Counties

Market Area	Building SF	Total Vacancy %	Total Availability %	Vacant or Available SF	Avg Asking Lease Rate/SF	Under Construction	Last 4 Qtrs Net Absorption
Central Greenville	17,094,497	9.8	15.5	2,649,647	\$2.42	—	333,302
I-385 South	20,005,742	9.2	12.4	2,480,712	\$3.19	—	1,170,436
I-85 East	12,718,185	9.5	10.3	1,309,973	\$6.06	—	-9,369
I-85 West	15,888,204	8.9	9.5	1,509,379	\$3.56	—	591,615
Taylors-Greer	7,982,145	6.2	8.4	670,500	\$2.79	—	195,100
Travelers Rest	3,242,754	9.1	9.1	295,091	\$3.17	60,000	-60,000
Greenville County	76,931,527	9	11.6	8,924,057	\$3.44	60,000	2,221,084
Spartanburg County	52,481,422	8.9	12.8	6,717,622	\$2.84	1,000,000	988,046
Anderson County	17,186,948	7.1	8.5	1,460,891	\$2.64	1,000,000	-29,360
Market Total	146,599,897	8.7	11.6	17,102,570	\$3.18	2,060,000	3,179,770

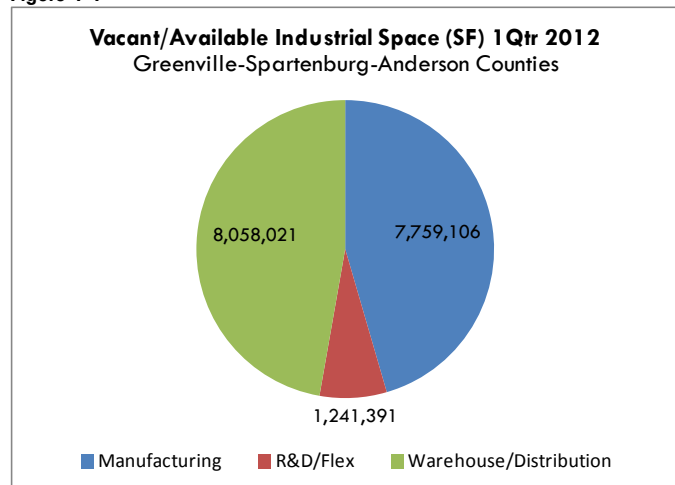
Source: CB Richard Ellis, Market View Greenville-Spartanburg Industrial

a.) Vacancy/Absorption

The overall availability rate in the region at the beginning of 2012 was 11.7% indicating that approximately 17.1 MSF of building space is either vacant or otherwise available for lease (e.g. being subleased or is presently occupied but being offered for lease). The actual vacancy rate is somewhat lower at 8.7% which represents 12.7 MSF of building space. Figure 4-4 provides a breakout of the available space by building type. However, there is variation in the regional submarkets with rates as low as 8.5% in Anderson County and 8.4% in the Taylors-Greer area while Spartanburg County had the highest rate of 12.8%. This variation is an indication of older inventory that exists in regional submarkets that is less viable than newer space being constructed to support current demand of changing industrial operations. Overall, vacancy has reportedly been declining since the first quarter of 2010, one indication that the industrial/warehousing sectors are gaining strength.

Additional positive signs in the regional industrial market are illustrated by recent and historical absorption trends. As shown in Table 4-13, net absorption over the last four quarters has totaled over 3.1 MSF with approximately 11 MSF of reported net absorption since 2006 (data not shown). In addition, another 2 MSF of space is under construction in the region which is relatively evenly distributed between manufacturing and

Figure 4-4



warehouse space. R&D/Flex Space added only 24,000 SF over the last four quarters suggesting that this type of product continues to play a relatively small role within the total inventory. Despite these positive indicators there is reportedly little speculative building occurring presently in the market with new construction being either user-built or developer build-to-suit space. However, with lease rates trending upward, speculative building could begin to become more prevalent. One product that is reportedly in short supply is Class A warehouse space defined as properties in excess of 100,000 SF with a 28 ft. clear height and Early Suppression Fast Response (ESFR) sprinkler systems. In fact, the vacancy rate for properties over 250,000 SF was down to 6.6% at the beginning of 2012, according to CBRE.

From a more localized perspective, vacancy/availability of industrial and warehouse space in Oconee County is estimated to total approximately 770,000 SF based on inventory data maintained by the Upstate Alliance and on-line listings. In comparison to the total square footage of inventory in the Assessor's database this

would represent an estimated availability rate of 17% within the County. As shown in Table 4-14, seven properties were listed as for-sale or for-lease, several of which are in excess of 100,000 SF with the remainder under 50,000 SF. Most of these properties are marketed as being suitable for either manufacturing or warehouse/distribution uses. The largest property is the Seneca Commerce Center which contains 420,000 SF and was formerly used for fabrics manufacturing. This property has direct rail accessibility (Norfolk Southern) offering an advantage as a warehousing/distribution site. The BMI facility also has rail access potential but is considerably smaller in square footage (35,000 SF) and so might benefit more for product/materials shipment direct to or from a manufacturer located at this site.

Table 4-14
Industrial Buildings For-Sale/For-Lease
Oconee County

Name	Location	Community	Total SF	Sale Price	Sale/SF	Lease Price/SF
Piedmont Home Textiles	301 South Laurel Street	Walhalla	167,166	\$700,000	\$4.19	Negotiable
International Kitchen Supply	3466 N Highway 11	West Union	40,000	\$750,000	\$18.75	Negotiable
BMI South Building	273 Toccoa Hwy	Westminster	35,000	—	—	\$3.00
Seneca Commerce Center	320 Shiloh Road	Seneca	303,020	—	—	Negotiable
Keowee Warehouse/Distribution Ctr	199 Keowee Business Pkwy	Seneca	48,480	—	—	\$3.15
Kroeger	2227 Blue Ridge Blvd	Seneca	40,000	—	—	\$3.60
Jacobs Chuck Building	1 Jacobs Road	Seneca	135,910	\$2,038,000	\$15.00	—
Total			769,576			

Source: Upstate Alliance and Loopnet

The remaining industrial/warehouse inventory in the multi-county region includes the approximate 1.7 MSF of available space in Pickens County. This inventory is contained in 20 buildings listed in the Upstate Alliance database and is predominantly comprised of small-to-medium size facilities of less than 50,000 SF with an average size of about 22,000 SF. However, there are several larger buildings that range in size from 140,000 to 300,000 SF as well.

b.) Lease Rates and Sales Prices

Regional lease rates are summarized previously in Table 6-13. As shown, asking rates per square foot ranged between \$2.42 and \$3.56 with an anomalously high rate of \$6.06 in one submarket. Overall, the average for the market was \$3.18 as of the 1Qtr with prices experiencing a general upward trend due to increasing demand, according to CBRE.

Within Oconee County, the limited number of properties available for lease or sale makes more tenuous, estimating a true average cost that is comparable to the region. Oconee's market is presumed to be more owner-occupied in nature with properties leased when sales demand is weak. Of the several properties for which lease rates were available (refer to Table 6-14) asking prices (\$3.00-\$3.80/SF) tend towards the higher end of the regional range, although most are probably negotiable given current market availability. In contrast, asking rates in neighboring Pickens County were somewhat lower and more in line with regional rates, ranging between \$2.00/SF and \$3.10/SF, although many of these properties have relatively small square footage available. The limited supply of available space in Oconee may cause rates to be set optimistically high since potential occupants have less inventory to choose from. This may make properties in Oconee less competitive with facilities in

the region that are better positioned within the market from an accessibility standpoint.

Conversely, from a for-sale perspective, Oconee's listed properties are much more competitively priced in comparison to listed regional offerings. The four industrial buildings for-sale in Oconee had an average asking price of \$10.67/SF. In contrast, average asking sale prices in the other three counties were as follows: Anderson County, \$38.39/SF (8 properties); Greenville County, \$28.81/SF (22 properties); and Pickens County, \$28.19/SF (11 properties).

Oconee County's industrial market has experienced similar challenges to the region and the U.S. as a result of the economic downturn. The loss of manufacturing activity is as much the impact of globalization as it has been the reduction in consumption over the past few years. Despite this, Oconee County was experiencing growth in the industrial sector prior to the downturn. Additionally, the County has been very successful in attracting new industrial prospects through the development of new shell buildings. All of this indicates Oconee County remains a competitive market for new manufacturing and industrial employment. As the economy recovers, opportunities to attract new industrial users will return. However, much of this success will rely on Oconee County's ability to retain its competitive advantages over other locales. The success of Oconee's shell building program is a prime example of this advantage.

3. Office Market Trends

In contrast to Oconee County's industrial market, which is more likely to be influenced by trends and activities in the broader metropolitan region, the County's office market operates in a more self-contained manner. As noted previously in this section, the County has an office inventory containing approximately 1.0 Million Square Feet, two-thirds of which is classified as general office and one-third as medical office. The average building size of the 288 offices identified in the assessment database is 3,500 SF which provide space for medical, professional, and service-related tenants (i.e. banks, insurance, real estate, etc.). Much of the County's space is concentrated in Seneca, particularly around the medical center and along Routes 123 and 130. A secondary location of office space is found in the county seat of Walhalla which reportedly, is primarily occupied as professional space (e.g. accountants and attorneys) with less focus on the medical market. The competing office market for these Oconee County submarkets is primarily considered to be Clemson which, according to area brokers, is able to support an inventory of somewhat larger buildings/users (6,000 - 7,000 SF was identified as typical).

a.) Vacancy/Absorption

Office structures in Oconee County include many converted residential properties. There is almost no leasable office space that would be considered Class A or B office space configured in multi-story, brick and glass structures like those found in downtown or suburban office park locations in the Greenville or Spartanburg. As noted previously, absorption over the past decade is estimated to have been 35,000 SF on an average annual basis. Demand for medical office space has slightly outpaced general office construction with approximately 240,000 SF and 196,900 SF

constructed in the county since 2000, although there may be some overlap of uses within these two categories.

From a regional perspective, the Greenville-Spartanburg metro area has approximately 10.7 MSF of Class A/B space, according to CBRE. Availability in this area was quite high at the beginning of 2012 with a reported availability rate of 18.7% (15.7% vacancy rate), representing about 2 MSF of Class A/B inventory. Discussions with area brokers indicated that the estimated availability rate in Oconee County is probably comparable to the metro area although the amount of total square footage would be only a fraction of the regional availability. Vacancy rates in the metro area had been trending steadily between 16%-17% since the beginning of 2009 due to the economic recession which displaced many jobs in the financial and professional sectors, major drivers of office market demand. However, through 2011 the vacancy rate has declined to 15.7% as of 1Qtr 2012 with a net absorption of approximately 85,000 SF for the year reportedly lead by some resurgence in the financial and telecomm sectors. Still, a full return of all displaced jobs is likely to be at least several years in the future which means that achieving fuller office occupancy levels will be a slow process. It also means that demand for new construction will be correspondingly diminished, driven by end-user demand with little speculative building likely. One sector that may continue to generate future office demand is the medical sector which, despite incurring employment losses over the last several years, is projected to experience future expansion that could influence Oconee's office market. Discussions with area brokers and medical sector professionals indicate such expectations exist although the timing and absorption levels are uncertain at this time.

b.) Lease Rates and Sales Prices

Lease rates for office space in the metro area at the beginning of 2012 were \$19.28/SF for Class A and \$14.38/SF for Class B facilities. Despite positive absorption levels averaging 200,000 SF annually that have been reported in the metro area over the past few years, lease rates have still been experiencing downward pressure – an indication that available supply is still outpacing demand. Demand for the best quality space has however, been stronger allowing landlords to

Table 4-15
Office Listings For-Sale/For-Lease
Oconee County

Property Type	Location	Building Size	SF Avail	Sale Price	Rent/SF/Yr
Office	Seneca	1,700	300		Negotiable
Office	Seneca	1,262	400		\$7.12
Office	Seneca	4,800	400		\$14.25
Office	Seneca	977		\$49,000	\$6.14
Office	Seneca	2,000	1,100		\$6.55
Office	Seneca	5,370	1,155	\$389,000	\$8.15
Office	Seneca	2,000	1,200		\$8.00
Office	Seneca	12,456	1,250		\$12.00
Office	Seneca	2,064	1,470		\$14.69
Office	Seneca	8,764	1,682		\$7.85
Office	Seneca	23,138	1,700		\$7.77
Office	Seneca	1,786	1,786	\$275,000	Negotiable
Office	Seneca	5,900	1,800		\$8.00
Office	Seneca	2,199	2,199	\$89,000	\$5.46
Office	Seneca	4,407	2,400		Negotiable
Office	Seneca	3,935	2,400		\$8.00
Office	Seneca	2,500	2,500		\$12.00
Office	Seneca	13,423	3,231		\$10.50
Office	Seneca	10,500	4,142		\$12.00
Office	Seneca	4,500	4,500	\$725,000	Negotiable
Office	Seneca	5,015	5,015	\$460,000	Negotiable
Office	Seneca	5,370	5,370	\$265,000	Negotiable
Office	Seneca	6,104	6,104	\$349,000	Negotiable
Office	Seneca	26,700	6,500		Negotiable
Office	Seneca	10,000	7,500		\$8.50
Office	Walhalla	7,127	1,400	\$375,000	\$12.85
Office	Walhalla	1,600	1,600	\$124,500	\$5.25
Office	Walhalla	2,500	2,500	\$195,000	\$7.20
Office	Walhalla	3,000	3,000	\$225,000	\$4.80
Total/Average		181,097	75,581	\$98.80/SF	\$8.90

Source: Showcase.com

achieve higher than average rents for these properties in locations such as the Greenville central business district area.

A review of one on-line source of office listings in Oconee County revealed that approximately 75,500 SF was available, as shown in Table 4-15. Much of the available space, as noted previously, is geared towards smaller users with 22 of the 29 properties listed being 3,000 SF or less in size with an average of about 2,600 SF. Although a good portion of the available space is apparently in larger, multi-tenant or mixed use buildings, even the average building size of this sample is relatively small at 6,200 SF.

Asking lease rates for these listings range from \$4.80 to \$14.69/SF with an average of \$8.90/SF. The high end of the range for these listings for Oconee County represents the low end of Class B space rates in the Greenville metro area illustrating the distinction in type of product and demand potential. Achievable rates in Clemson's competing market area were also reportedly higher in the \$18-\$20/SF range, according to area brokers.

Overall, available indicators for the office market suggest the region is still in recovery from the negative impacts of recessionary conditions but is seeing some signs of strengthening. Vacancy is still relatively high in the metro area and is likely to take several more years of sustained employment growth before occupancy levels return to desirable conditions for property owners and developers. Oconee County's market is believed to be in a slightly better position than the Greenville area since it does not have the same concentration of financial sector jobs. Still, there is no expectation that demand for office space in Oconee will increase from recent levels until the overall regional outlook changes. However, this does not preclude the likelihood of new construction since demand potential to replace older, poorly configured space that does not meet changing business needs is often visible even in weaker market phases. This is evident in the construction of 370,000 SF of new space expected in the Greenville area in 2012 despite high vacancy rates. Similarly, Oconee County could see some new construction, particularly in the medical sector, but it would most likely occur at the expense of existing, older buildings in the market.

4. Nonresidential Land Inventory

The supply of vacant, developable land designated for industrial and/or commercial use within the four-county region is presented in Table 4-16. The locations of these properties are also illustrated in Figures 4-5 through 4-8. This inventory, which is maintained by the

Table 4-16
Industrial/Commercial Land Inventory 2012
Four-County Region

Site Acreage	Anderson		Greenville		Oconee		Pickens		Region Total	
	Sites	Acres	Sites	Acres	Sites	Acres	Sites	Acres	Sites	Acres
Less than 50	18	621	40	745	3	70	2	65	63	1,501
50-99	10	683	9	576	1	57	0	0	20	1,316
100-300	12	1,984	8	1,603	3	489	0	0	23	4,076
More than 300	2	1,329	2	1,350	1	406	1	522	6	3,607
Total	42	4,617	59	4,274	8	1,022	3	587	112	10,500

Source: Upstate Alliance

Upstate Alliance, indicates that there is a total of approximately 10,500 acres of land, in 112 properties, for sale or lease within the greater Oconee area. There is also an additional 6,700 acres available east of Greenville County in Spartanburg County.

There can, of course, be considerable variation in the characteristics of the regional land inventory with regards to size, location, highway access, availability of utilities, rail potential and cost. As shown in the table, Oconee County has just over 1,000 acres of designated land in eight properties. This represents about 10% of the regional supply and is only one-quarter the acreage available in either Greenville or Anderson Counties. Although more limited in total acreage, Oconee’s development sites do offer a variety of size options from smaller to very large when compared to the other counties. However, Oconee is limited in the 50-99 acre category where only one site is listed. While there is always potential to subdivide larger properties if a user/developer is looking for a smaller site, it is important to maintain a variety of shovel-ready sites in order to respond quickly to a potential development opportunity, particularly given the large inventory of available land within the region.

Table 4-17
Industrial/Commercial Land Inventory

Oconee County	Site Name	Location	Community	Acreage	Utilities Available				Avg. Sale Price/Acre
					Water	Gas	Sewer	Rail	
	Moore Site	3445 Blue Ridge Blvd	Walhalla	39	A	A	A	X	\$ 67,346
	Pattillo Industrial Site	US 76/123, 1 mi E	Seneca	58	A	A	A	X	\$ 15,000
	Hamrick Industrial Site	US 76/123, 0.4 mi E	Westminster	105	A	A	Near	X	\$ 18,000
	Seneca Rail Site	320 Shiloh Rd	Seneca	125	A	A	A	A	\$ 10,000
	Golden Corner Commerce Park	SC 59, 2 miles north of I-85	Fair Play, SC	260	A	A	Near	X	\$ 30,000
	Echo Hills Park	SC Hwy 11	Westminster, SC	407	A	Near	A	X	\$ 35,000

Source: Upstate Alliance

The location and characteristics of industrial/commercial properties available in Oconee County are shown in Table 4-17. It should be noted that the asking sales prices presented for all properties represent the *minimum* listed price which assumes purchase of the entire tract or a large portion of the available acreage. The value and competitiveness of these development sites will vary depending on location, utilities, size, etc. The most competitive sites in the region are those that have good highway access, as well as existing availability of all utilities (water, sewer, gas, electric²) at the property. Site preparedness, in terms of being shovel-ready or requiring less site preparation, will also influence desirability.

Table 4-18
Full Service Sites (water/sewer/gas) and Asking Sales Price
Regional Industrial/Commercial Land Inventory*

County	With All Utilities		Rail		Average Sale Price/Acre
	Sites	Acreage	Sites	Acreage	
Anderson	17	1,360	3	380	\$50,315
Greenville	36	1,650	10	1,020	\$70,900
Oconee	3	222	1	125	\$30,780
Pickens	2	520	0	0	\$25,000
Total	58	3,752	14	1,525	\$61,200

*Does not include lease-only sites

Source: Upstate Alliance and RKG Associates

Table 4-18 summarizes the regional sites with regards to utility and rail access. As shown, there are

² Note: Information in the database regarding availability of electrical service was limited. Although electrical service was generally identified as available at most sites, the suitability of service levels for industrial use (i.e. 3-phase or better) was often not included.

approximately 3,750 acres of sites with complete utility availability in the four-county area. The average asking price is \$61,200/acre ranging from a high of \$70,900 in Greenville County to \$25,000 in Pickens County. Oconee County has about 6% of the regional supply of full-service sites with 222 acres located at the Moore Site, Pattillo Industrial Site, and Seneca Rail Site properties. The average asking price in the county overall is about \$30,700/acre for these sites which is competitive with sites in Greenville and Anderson Counties. The asking sales price for regional sites that lack either water or sewer on-site is less than half of full-service sites with average prices ranging between \$26,000 and \$29,000 per acre. There are approximately 4,000 acres without on-site sewer and 3,890 without water within the region although many of these sites may have lines available in close proximity (data not shown).

Although Oconee’s full-service sites are competitively priced they are limited by highway access, in particular, Interstate highway access, in comparison to other regional sites. In referring to Figures 4-5 through 4-8, this fact is evident in that almost all of Greenville’s sites have direct, or close access, to the Interstate network. In Anderson County roughly half of the inventory is similarly situated. In contrast, only the Golden Corner property in Oconee is comparably located near the Interstate and sewer has not yet reached this park.

The availability of rail can also make a site more marketable particularly for industries involved with warehousing, distribution, logistics, and manufacturing of heavy products, or those requiring quantities of raw materials. As shown in Table 4-18, there are some 1,520 acres in the region that are designated as presently being rail-accessible although others are situated “near” a rail line. Only one site in Oconee has rail access, the 120 acre Seneca Rail Site which also has full-service utilities. Marketing this site to rail-dependent industries, and improving rail access potential to more sites in Oconee County, could help to offset some of the location disadvantages that may result from the county’s limited Interstate availability.

One final consideration effecting competing land sites is the shovel-ready status of a property. All other factors being equal, those sites that have been permitted, are suitably zoned, require less clearing and grading, have utilities on-site, and have no hazardous substances, will be more marketable in a competitive environment. To address this consideration in a more institutionalized manner the State of South Carolina established the State Certified Industrial Site program. The minimum size for certified industrial sites is 20 acres and industrial parks must be at least 100 acres. The certification process requires the applicant to document a set of minimum criteria that verify sale/lease availability, road access, utility systems, zoning, and environmental conditions. The application and approval process can take the better part of a year and requires that verification of site details to the

Table 4-19
State Certified Industrial Sites/Parks

Site Name	County	Acreage
Elmore Site	Anderson	108
Standpipe Business Technology Ctr	Anderson	45
Betsy Tucker	Anderson	517
Pelzer Pointe	Anderson	37
Rogers Industrial Site	Anderson	174
Battery Park	Anderson	127
Liberty Bay Business Center	Anderson	80
Anderson Airport Business Park	Anderson	171
Subtotal Anderson		1,259
The Matrix: A Business & Technology Park	Greenville	275
1400 Old Stage Road	Greenville	40
Subtotal Greenville		315
Golden Corner Commerce Park	Oconee	260
Regional Total		1,834

Source: Upstate Alliance

state occur annually. Although this process requires a considerable level of up-front effort on the applicant's part it establishes a level of due diligence that can reduce the permitting and site development process by months. This makes certified sites more appealing to potential occupants and allows the county, or other controlling entity, to move more quickly when interested parties are identified. Presently, there 11 certified sites in the four-county region as shown in Table 4-19, one of which is the Golden Corner Park in Oconee County. Of the 1,834 certified acres in the region, Anderson County is the most well positioned to take advantage of this program with over 1,200 acres at eight sites or parks. This county also has the largest site, Betsy Tucker, which is over 500 acres in size with very good access from Interstate 85.

Figure 4-5
Oconee County
Industrial Sites
(outlined in blue)

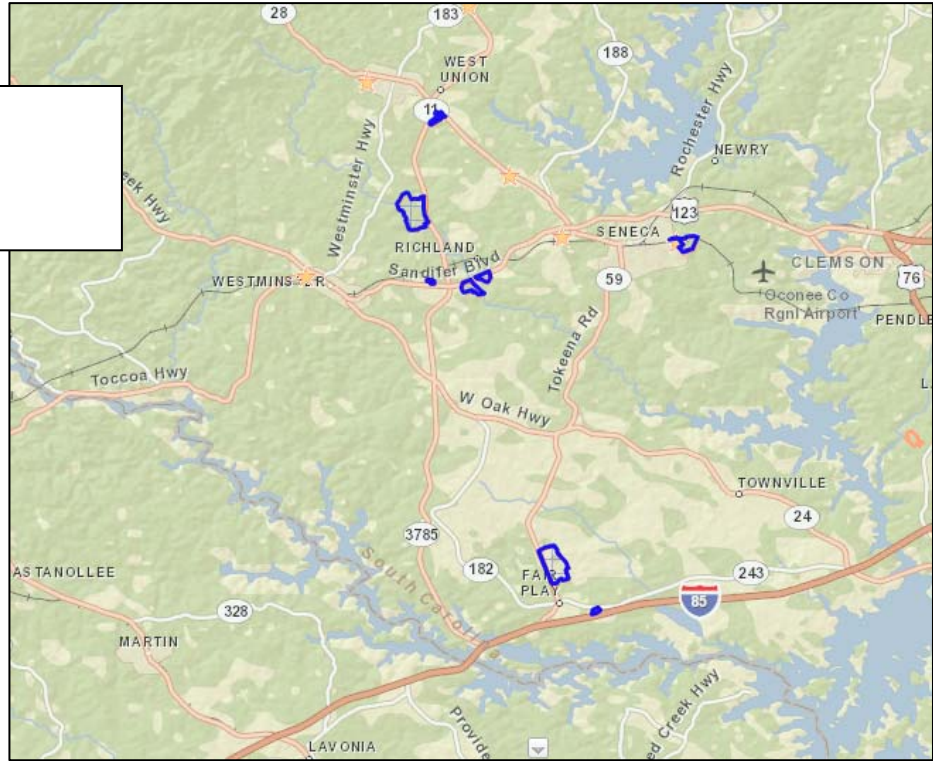


Figure 4-6
Anderson County
Industrial Sites
(outlined in blue)

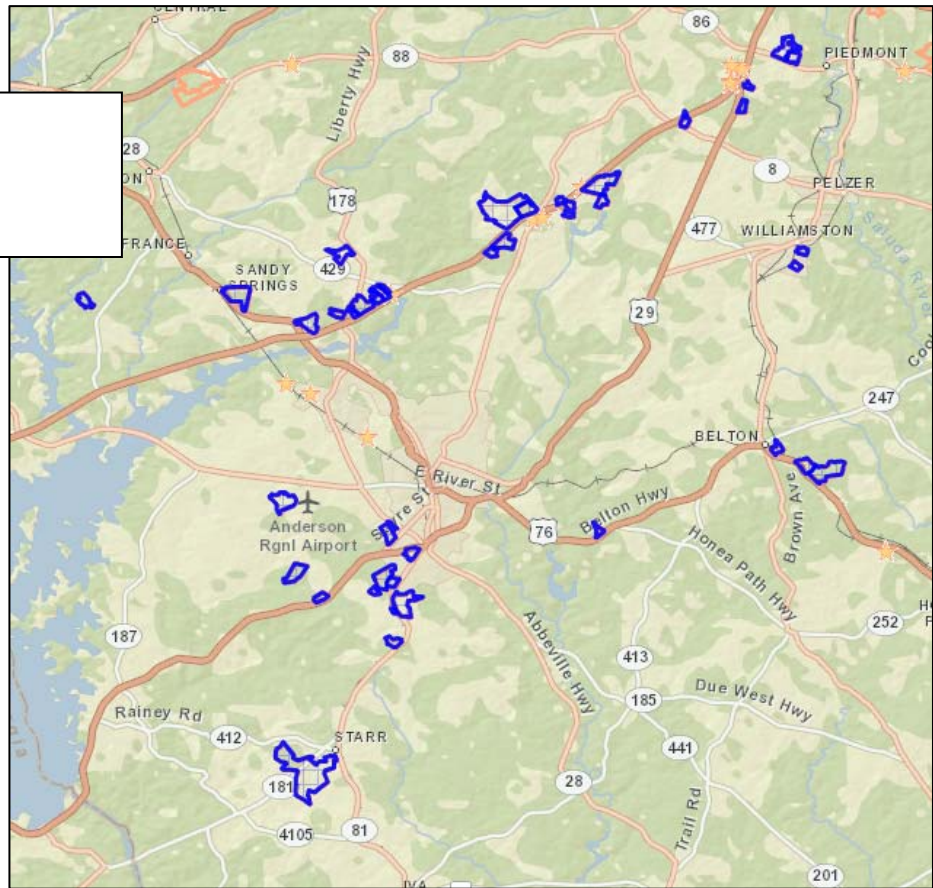


Figure 4-7
Greenville County
Industrial Sites
(outlined in blue)

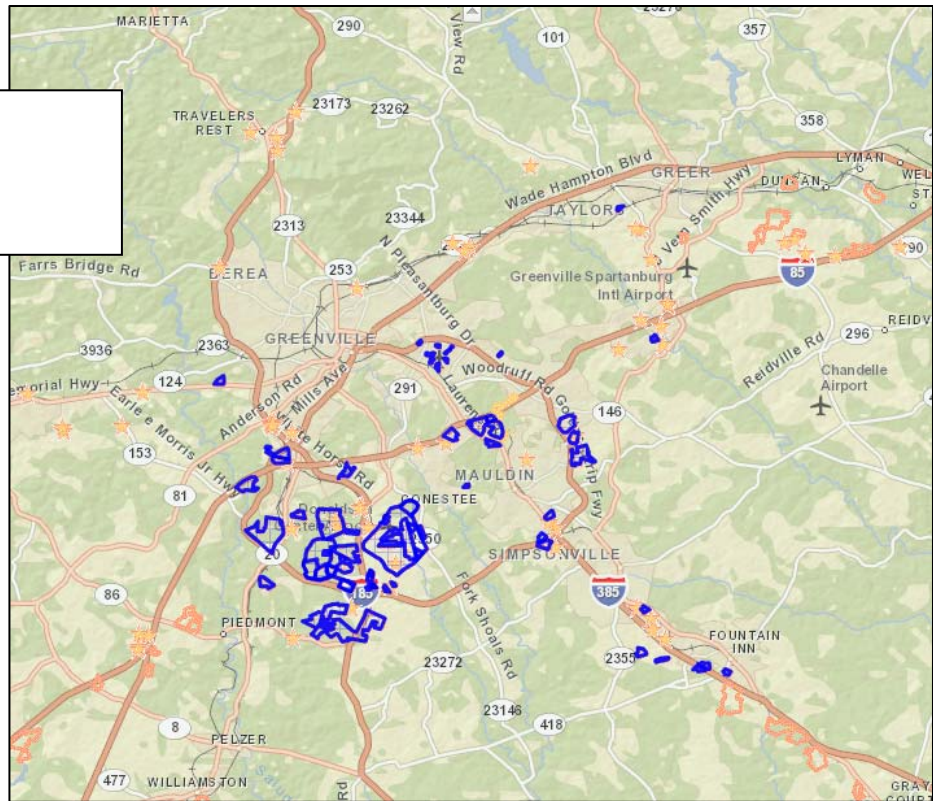
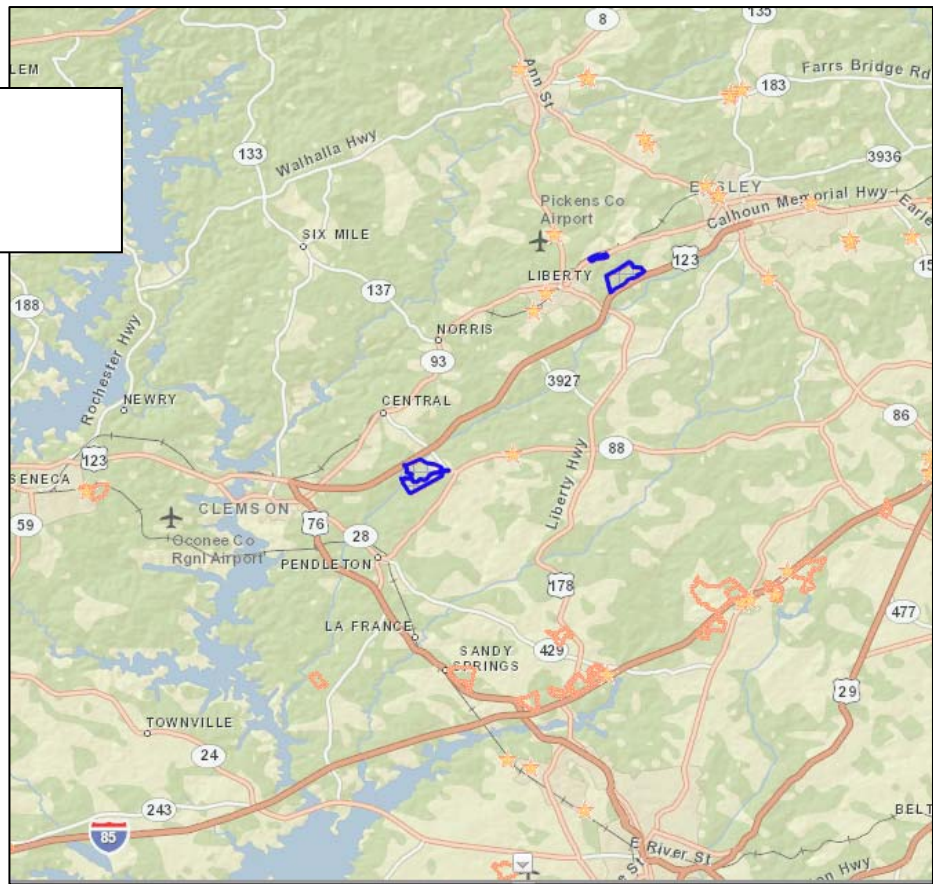


Figure 4-8
Pickens County
Industrial Sites
(outlined in blue)



D. IMPLICATIONS

1. Residential

Overall, housing costs in Oconee County are relatively low but they still appear to place a strain on local income levels for a significant portion of the county's households. This scenario seems to hold true for both owner and rental households. From a rental perspective, one reason monthly costs appear to be higher is because of the large supply of single family homes available for rent, many of which are waterfront properties that are generally able to achieve higher rent levels than apartments. This implies that there is both a shortage of apartment rentals and that the availability of single family homes as rental properties may be weakening market demand for new apartment construction. Prior to the housing market's slump in 2008, the number of apartment units permitted in the county represented a substantial portion of new construction indicating the market was responding to perceived demand. The County should evaluate its land use regulations with regards to multifamily construction in order to insure that they do not limit private-sector initiative for new construction, and may also want to consider offering incentives to encourage additional development of this housing type.

With population and household growth projected to occur more slowly in comparison to the previous decade, there will be commensurate reduction in demand for new housing. Still, projections suggest the county will see the addition of approximately 1,500 households between 2011 and 2016, which will generate housing demand. However, the supply of vacant dwellings will absorb some of this demand and thus, lessen somewhat, the need for new construction.

More affordable housing would seem to be needed as part of an economic development strategy, both to support existing households, as well as, to be able to attract additional workforce to fill any long-term job growth objectives. However, the county also has a relatively small supply of higher end housing that would be attractive to upper management and professional households. Future demand for this type of housing is not expected to be as great as the need for affordable workforce housing but it is important to maintain a greater balance so as not to limit potential economic targets.

Given the decline in overall housing production caused by the economic downturn over the last several years, implementing a strategy to address the county's housing needs is likely to be a multi-year process.

2. Nonresidential

Oconee County has a solid base of industrial, warehouse and office space which has experienced moderate expansion over the past decade. Since 2000 these uses have added approximately 1.2 MSF of inventory, lead by warehousing (713,000 SF), and followed by office (417,000 SF) and industrial (68,000 SF) uses. However, there is likely to be some overlap in the warehouse and industrial uses which could not be discerned based on data available in the County's assessment records.

The industrial/warehouse sectors in Oconee County operate within the context of the broader metropolitan region comprised of Greenville, Anderson, and Pickens Counties. Data indicates there is a relatively large supply of available building space (17 MSF) and vacant industrial land (10,000+ acres) within this market area that represents competition for buildings and sites in Oconee. Despite relatively high vacancy rates there are indications that the regional industrial market is strengthening, based on absorption rates and new construction observed over the last 12-18 months. It will still take a number of years to regain all of the employment lost to the recession but indicators seem to be moving in a positive direction.

Properties reported to be performing better within the region in terms of sales and/or leasing, are newer and larger facilities. Although little speculative development is evident at this time there is new construction to replace older manufacturing and warehousing facilities in order to support modernizing industrial practices and demands within the distribution and logistics sectors. For warehousing in particular, there is an apparent shortage of larger buildings in excess of 100,000 SF that meet specific size and mechanical standards. Construction of a spec building at a location in the county, most likely at the Golden Corner Commerce Park, could be one alternative within the overall economic strategy.

Since Oconee's buildings and land supply are at somewhat of a disadvantage from an accessibility standpoint, the county will need to continue to make extra effort to insure a competitive position in comparison to other properties in the region, such as the State certification of the Golden Corner Commerce Park. Since this site has the best Interstate access in the county it is likely to have the greatest chance of attracting users and should receive priority support with regards to economic development activities. In general, the County will need to make an effort to insure that all of its sites are as shovel-ready as possible in order to compete with the existing regional supply. Oconee County has approximately 1,000 acres of designated industrial land which is about one-quarter the amount available in both Greenville and Anderson Counties. Furthermore, Oconee's inventory of full-service sites (i.e. those with all utilities available) is 222 acres, which is again, one-third to one-quarter the availability of comparable sites in Greenville and Anderson. These conditions will make it more difficult to attract users to sites in the county which will lengthen absorption time, limit the types of users, and possibly reduce the potential density of development at sites with lower service levels.

Capitalizing of rail access within the county is seen as another opportunity for expanding Oconee's competitiveness within the regional market. Presently, there are 1,520 acres in the region identified as being "rail-ready", 125 acres of which is in Oconee, with 1,020 acres in Greenville and 380 acres in Anderson. Seeking methods to expand and improve the use of rail in the county could help to offset perceived location disadvantages for buildings and sites in Oconee that are not convenient to the Interstate, as is much of the supply in neighboring counties. Greater rail accessibility could help reduce transportation costs for businesses and serve to broaden the types of industries that might not otherwise consider a location in the county.

The office market in Oconee County has a different niche within the regional market in comparison to the county's industrial/warehouse market. The county's office market is largely comprised of smaller users (less than 3,500 SF) and as such, does not really compete with locations outside the county with the exception, perhaps, of nearby Clemson. Absorption of office space in the county has averaged about 35,000 SF annually over the past decade, about 55% of which was medical-oriented with the remainder being for general office uses. Vacancy/availability of office space in the region is relatively high at this time due to lingering effects of the economic downturn and its impact on the financial sector and other sectors that drive office demand. There is no expectation at this time that demand for new office space will increase significantly until existing supply has reached higher occupancy levels. However, this does not preclude all new construction with some moderate demand still expected to support growth in the medical sector, as well as to replace older inventory.

5 *INDUSTRY TARGET AND CLUSTER ANALYSIS*

A. INTRODUCTION

The identification of existing and potential industry clusters is a critical element of a strategic plan for economic development. Industry “clusters” are strategic groupings of businesses and industries that locate within close proximity of each other, or near a strategic resource, to gain economic benefits.

In order to identify the industry clusters for Oconee County, the consultant first identified the strengths and weaknesses of the region, the business climate, and quality of life factors. Using a screening process (described in detail later in this chapter), the consultant then identified particular industry groups that either already exist or would benefit from the competitive advantages of the county, the greater Oconee area, and the Upstate Region. This regional focus is very important, particularly for an economy the size of Oconee County, where growth trends and amenities in surrounding counties can have as much, and potentially a greater, impact as trends and amenities within county.

The result of these efforts is a list containing specific industry segments that are compatible with the resource offerings and industry activity of Oconee County. This list is intended to be used to focus a comprehensive recruitment effort by the County’s Economic Development Commission, as well as other local and regional organizations charged with this responsibility. This target industry list is not intended to preclude any non-listed industries from being recruited or otherwise encouraged to locate within the county. Rather, this list exemplifies those industries that may have the greatest interest in Oconee County based on local and regional competitive advantages.

This chapter includes: (1) a review of Oconee County and the broader region business climate and site location strengths and weaknesses; (2) a summary of the region’s quality of life factors; (3) a description of the screening criteria used to identify target industry groups; and (4) a description of the industry groups selected. For the purposes of this analysis, the consultant utilized several data sources that provide information about the business climate in and around Oconee County which compile the information at different geographic scales. Each section details the respective geography being examined.

B. BUSINESS CLIMATE FACTORS

To assess the business climate factors that impact Oconee County and South Carolina as a whole, the consultant collected State rankings from the Corporation for Enterprise Development (CFED) in Washington, DC. CFED is a non-profit organization that promotes economic vitality through increased economic competitiveness. It also gathers economic, financial and other relevant data on all fifty states and the District of Columbia. The CFED issues an annual *Development Report Card for the States*, which ranks each state in 92 categories, of which 58 categories are included here. These categories fall under the sub-headings of: (1) Financial Assets and Income, (2) Business and Jobs, (3) Housing and Homeownership, (4) Healthcare, (5) Education, and (6) Other.

While rankings are, by nature, subjective and do not provide the complete picture of the business climate in South Carolina and the local region, they are useful in measuring the State's performance relative to other states. This comparison provides a practical and adequate method for comparing the relative performance of South Carolina in a number of important areas.

The CFED data shown in Table 8-1 was sorted by the State's ranking among all fifty states and District of Columbia (second column). The ranking system goes from 1 (the best in a particular category) to 51 (the worst in a particular category). In order to provide a regional competitive context, the CFED also compares South Carolina with the states of North Carolina, Tennessee, Virginia and Georgia. These states have been included in this analysis to provide a sense of how South Carolina compares to states that can be considered competitors, in terms of economic development recruitment due to geographic and amenity similarities. In addition "grades" are given on a curve: ten states get A's, ten states get B's, sixteen get C's, ten get D's and five get F's."¹ The following narrative summarizes the findings in the 2012 CFED scorecard for South Carolina.

1. Financial and Assets Income

The Financial Assets and Income criteria presented in Table 8-1 suggest that South Carolina could use improvement in a number of areas receiving an overall D grade in this category. Although a number of the criteria are not reported in this section due to limited data availability, the remainder illustrated several notable observations. High poverty rates in South Carolina, as well as most of the region, is a persistent economic trend amongst many southern tier states that will require long-term economic policy actions to make meaningful changes. The larger percentage of "unbanked households" may point to a lack of local financial institutions as well as households living paycheck-to-paycheck with little or no reserves for savings. The state's low bankruptcy rate indicates that fewer households were extended beyond their means and managed to forestall recessionary impacts. However, relatively high credit card debt and very high overdue borrowing indicators suggests that households are operating at the edges of their financial means with regard to income versus the cost of living. Along with improving overall income levels, these issues could also potentially be addressed through education about better methods for managing personal financial dealings.

¹ 2012 Asset and Opportunity Scorecard, Corporation for Enterprise Development

Table 5-1
2012 Assets and Opportunities Scorecard
Corporation for Enterprise Development

Category	South Carolina	South Carolina Data	North Carolina	Tennessee	Virginia	Georgia
FINANCIAL ASSETS AND INCOME	D		B	D	B	F
Net Worth	--	\$59,926	--	--	--	--
Asset Poverty Rate	--	25.1%	--	--	--	--
Asset Poverty by Race [1]	--	3.1	--	--	--	--
Asset Poverty by Gender [1]	--	1.3	--	--	--	--
Income Poverty Rate	44	16.8%	41	43	6	42
Unbanked Households	44	10.2%	37	42	17	49
Bankruptcy Rate (per 1,000 people)	2	1.9	9	49	27	50
Median Credit Card Debt	23	\$9,728	31	21	40	26
Borrowers 90+ Days Overdue	46	4.8%	31	32	13	48
BUSINESSES AND JOBS	F		D	D	B	F
Small Business Ownership Rate	37	1.4%	40	46	44	49
Private Loans to Small Business	10	\$1,572	6	13	28	19
Microenterprise Ownership Rate	32	15.0%	21	16	44	7
Business Ownership by Gender [1]	48	1.5	36	39	30	28
Business Ownership by Race [1]	49	2.5	42	39	14	19
Business Value by Gender [1]	33	2.8	29	19	32	40
Business Value by Race [1]	45	3.5	44	36	22	48
Employee Ownership (per 1,000 firms)	40	1	44	33	7	48
Business Creation Rate (per 1,000 workers)	38	8.2	25	51	20	12
Underemployment Rate	43	18.1%	38	34	10	42
Unemployment Rate	45	11.0%	40	33	10	43
Low-Wage Jobs	43	29.0%	36	35	26	39
Average Annual Pay	43	\$41,407	24	19	7	14
Retirement Plan Participation	46	40.4%	28	39	16	48
Employers Offering Health Insurance	37	50.1%	30	14	12	41
HOUSING AND HOMEOWNERSHIP	C		C	C	B	D
Homeownership Rate	18	68.7%	34	23	30	38
Homeownership by Race [1]	24	1.5	32	34	16	31
Homeownership by Income [1]	10	2	23	31	7	27
Homeownership by Gender [1]	--	1.02	--	--	--	--
Foreclosure Rate	41	4.4%	23	18	7	26
High-Cost Mortgage Loans	28	5.0%	18	43	14	33
Delinquent Mortgage Loans	26	3.0%	27	41	12	48
Affordability of Homes (value/income) [1]	18	3.3	26	19	36	21
Housing Cost Burden: Homeowners	22	34.0%	24	19	25	36
Housing Cost Burden: Renters	40	53.7%	32	34	20	44

Table 5-1 (continued)

Category	South Carolina	South Carolina Data	North Carolina	Tennessee	Virginia	Georgia
HEALTHCARE	D		D	C	D	F
Uninsured Rate	39	20.2%	35	27	21	47
Uninsured by Race [1]	16	1.7	31	20	37	27
Uninsured by Income [1]	29	11.3	26	18	51	23
Uninsured by Gender [1]	25	1.2	26	36	18	20
Uninsured Low-Income Children	34	12.2%	31	15	30	41
Uninsured Low-Income Parents	35	37.0%	36	16	25	46
Employer-Provided Insurance	41	53.9%	42	36	16	40
Employee Share of Premium	29	27.5%	19	28	49	35
Out-of-Pocket Medical Expenses	--	22.0%	--	--	--	--
EDUCATION	D		C	D	B	C
Early Childhood Education Enrollment	16	31.2%	30	28	40	10
Math Proficiency: 8th Grade	32	31.8%	21	45	15	41
Reading Proficiency: 8th Grade	41	26.6%	33	39	16	38
High School Degree	40	84.1%	37	41	32	39
Two-Year College Degree	36	33.0%	27	44	10	33
Four-Year College Degree	40	24.5%	28	42	7	25
Four-Year Degree by Race [1]	40	1.9	33	12	11	23
Four-Year Degree by Income [1]	47	6.5	46	50	39	41
Four-Year Degree by Gender [1]	--	1.0	--	--	--	--
Average College Graduate Debt	28	\$23,623	13	9	27	7
College Graduates with Debt	16	55.0%	13	5	25	16
OTHERS						
State Minimum Wage as of January 2012	[3]	--	\$7.25	[3]	\$7.25	\$5.15

Source: Corporation for Enterprise Development and RKG Associates, Inc., 2012

[1] The ratios in the North Carolina Data column measure the difference in outcomes between two populations by: race (white and minority), income (high- and low-income groups), or gender (male and female). A ratio of 1 indicates perfect equality; the higher the ratio, the greater the inequality.

[2] Some measures were not ranked due to insufficient data at the state level.

[3] No State Minimum Wage Law

2. Business and Jobs

Rankings in the business and jobs category were relatively poor for all states in the region with the exception of Virginia. South Carolina's overall F grade was matched only by Georgia. One of the few bright spots indicated by these criteria is a relatively high degree of private loans to small businesses suggesting that capital is available from local lenders to support local business operations and expansions. A fact which is born out by the also relatively high proportion of microenterprise ownership in the state. These indicators suggest there is a good climate for small businesses although the actual ownership rate of small businesses in the state is relatively low. Efforts to increase the number of small business start-ups appears to be one approach that could yield positive results for Oconee County's on-going economic development strategy.

3. Housing and Homeownership

Of all the CFED indicators, South Carolina ranks highest within the housing and homeownership metrics garnering an overall C rating. The state had a relatively high homeownership rate (68.7%), a fact that was found to be true across both high and low income levels indicating the availability of housing at a wide array of purchase prices. Housing costs portray a dichotomy however, with ownership costs being low, as a percentage of income, and renter costs being high. This finding indicates there is a lack of supply of apartment rentals and dependence on higher-priced single family homes to support renter demand. The foreclosure rate in South Carolina was relatively high at 4.4% ranking it 41st in the country. This fact is somewhat surprising given the overall affordability of housing indicating that, despite this fact, the state was not immune to the sustained recessionary impacts on employment.

4. Healthcare

Health insurance can impact economic development as an overall cost of doing business, as well as, through lost productivity of uninsured workers receiving insufficient medical care. In addition, the uninsured may incur high medical costs that inhibit their ability to cover other necessary household expenses. South Carolina received a D rating overall for healthcare having approximately 20% of employees uninsured ranking it 39th nationally, with only 53% of employees covered by their employees insurance programs (41st rank). Improving these scores could help both to improve worker productivity and act as incentive for attracting new employees to the state. The pending implementation of the national Affordable Health Care Act would be expected to improve these conditions.

5. Education

As with many of the preceding CFED criteria, South Carolina tends to rank in the lowest quintile in a number of the education-related criteria with an overall D rating. The state ranks 40th with regard to the percentage of residents with four-year degrees and somewhat better regarding two-year degrees (36th). Early childhood education offers a positive note with a 31% enrollment rate, as does math proficiency at the grade school level. College debt levels are also relatively low indicating more affordability in the state's higher learning institutions. These findings suggest the state has considerable work to do from an educational standpoint in order to make it more of a supportive component of economic development efforts.

6. State Minimum Wage

RKG Associates has included an additional data criterion to those collected by CFED, the state minimum wage. South Carolina, as well as Tennessee, do have a mandatory stateside minimum wage rate. Both North Carolina and Virginia have minimum wage rates linked to the Federal rate of \$7.25 per hour. Georgia's minimum wage is set lower at \$5.15 per hour. South Carolina's lack of statewide minimum wage rate makes it more attractive for employers but also leaves its residents more susceptible to increased costs of living.

7. Implications

The 2012 *Assets & Opportunity Scorecard* provides a picture, from a household financial security perspective, of both how families in each state fare and the policies in place to improve outcomes. All of these indicators may not be reflective of conditions in Oconee County, although some clearly are. However, they provide a broad-brush perspective used by some potential employers and employees to evaluate economic development interest. Overall, South Carolina scored relatively low on the *Scorecard* as did the entire Southeastern United States, where all states were ranked in the lowest quintile overall.

C. TOP SITE SELECTION FACTORS

The consultant obtained site selection data from the 26th annual survey of site selection decision makers published by *Area Development Magazine*, a site and facilities planning publication. The information in Table 5-2 shows a score-based ranking of the top site selection factors for the years 2007 through 2011 as identified by a sampling of America's corporate executives. The factors are ranked by their five-year average scores, with the overall change in the ranking (2007 to 2011) also presented. Although not specific to any one area, the results of this effort indicate those factors that are most important when a company is considering relocation/expansion. This analysis helps to identify those attributes of Oconee County to highlight, in terms of marketing efforts, as well as identification of attributes that may need to be improved.

The results of the survey indicate that highway accessibility and labor costs continually rank at the top of the list, although both have diminished somewhat in importance since the 2007 ranking. Both of these factors are related to long-term operations costs. Other factors that could significantly impact long-term operation costs include the availability of a skilled labor force (4th) and energy availability and costs (6th). Other factors, which may be more closely tied to start-up costs, are all related to financing and incentives, including occupancy or construction costs (3rd), tax exemptions (5th), state and local incentive (7th) and the corporate tax rate (8th). These latter three factors have all risen in importance since 2007 as site selection criteria.

Table 8-2
Top Site Selection and Quality of Life Criteria
Area Development Magazine

Rank	Criterion	2007	2008	2009	2010	2011	Average	2011 - 2007
SITE SELECTION FACTORS								
1	Highway Accessibility	96.9	95.4	92.9	97.3	93.8	95.3	(3.1)
2	Labor Costs	92.3	91.4	96.7	91.0	88.4	92.0	(3.9)
3	Occupancy or Construction Costs	88.2	90.4	86.7	89.8	85.9	88.2	(2.3)
4	Availability of Skilled Labor	88.7	87.7	86.9	85.9	88.4	87.5	(0.3)
5	Tax Exemptions	82.8	88.6	88.4	90.9	83.6	86.9	0.8
6	Energy Availability and Costs	89.0	87.9	88.0	82.1	84.8	86.4	(4.2)
7	State and Local Incentives	83.4	87.2	84.9	89.3	85.9	86.1	2.5
8	Corporate Tax Rate	83.8	85.3	87.0	86.3	86.0	85.7	2.2
9	Inbound/Outbound Shipping Costs	N/A	N/A	81.7	84.0	79.2	81.6	NA
10	Low Union Profile	80.6	82.7	75.8	75.4	81.0	79.1	0.4
11	Availability of Buildings	79.3	80.8	75.7	81.0	76.3	78.6	(3.0)
12	Availability of Land	85.4	82.0	75.7	73.4	73.9	78.1	(11.5)
13	Proximity to Major Markets	82.8	78.7	73.3	66.4	83.0	76.8	0.2
14	Environmental Regulations	83.2	76.1	71.2	74.8	76.4	76.3	(6.8)
15	Availability of Advanced ICT Services	82.2	55.5	83.2	72.9	76.6	74.1	(5.6)
16	Right-To-Work-State	72.1	76.6	74.0	67.9	77.5	73.6	5.4
17	Expedited or "Fast-Tracked" Permitting	71.5	72.5	72.2	68.2	72.4	71.4	0.9
18	Proximity to Suppliers	71.8	69.2	63.9	63.6	67.8	67.3	(4.0)
19	Availability of Long-Term Financing	63.0	64.2	65.4	58.5	70.0	64.2	7.0
20	Raw Material Availability	62.5	56.8	57.0	61.5	52.8	58.1	(9.7)
21	Training Programs	56.6	62.3	61.7	56.7	50.6	57.6	(6.0)
22	Availability of Unskilled Labor	65.2	62.9	55.5	45.4	58.9	57.6	(6.3)
23	Accessibility of Major Airport	54.4	53.3	49.0	50.0	55.7	52.5	1.3
24	Proximity of Technical University	32.7	38.4	36.7	36.1	40.2	36.8	7.5
25	Railroad Service	38.1	27.2	27.4	36.0	33.6	32.5	(4.5)
26	Waterways or Oceanport Accessibility	15.2	15.7	17.7	21.9	24.5	19.0	9.3
QUALITY-OF-LIFE-FACTORS								
1	Low Crime Rate	74.0	78.2	79.0	86.4	82.0	79.9	8.0
2	Healthcare Facilities	57.4	77.6	68.4	72.2	71.0	69.3	13.6
3	Housing Costs	58.8	67.1	61.5	68.4	69.0	65.0	10.2
4	Housing Availability	62.1	66.2	62.4	66.4	64.1	64.2	2.0
5	Ratings of Public Schools	62.6	65.7	61.4	61.2	68.8	63.9	6.2
6	Climate	51.6	56.0	55.0	56.3	52.2	54.2	0.6
7	Colleges and Universities in Area	47.3	55.3	50.7	53.2	56.6	52.6	9.3
8	Recreational Opportunities	43.4	48.6	52.7	48.2	52.2	49.0	8.8
9	Cultural Opportunities	48.7	46.4	46.0	48.7	42.8	46.5	(5.9)

Source: Area Development Magazine and RKG Associates, Inc., 2012

Of the top 26 criteria identified in the table, Oconee County's positioning is considered to be positive within many of the categories from a marketability standpoint. Brief synopses of some key criteria are noted below.

- Energy Availability and Costs - due to the presence of Duke Energy's nuclear power plant & the Blue Ridge Electric Cooperative, energy costs are some of the lowest in the nation
- Availability of Skilled Labor - there is a good supply of highly skilled, white collar workers in the three-county, Workforce Investment Board (WIB) region that includes Oconee County. However, high skilled, blue collar workers are

somewhat less abundant but the pool of semi-skilled labor, both blue and white collar, offers potential for recruiting and training to fill jobs on an as-needed basis. This approach necessitates that adequate job training programs are available.

- Labor Costs – wages in Oconee County are reportedly higher than those in the WIB and the state as a whole. As of 2012, the county’s average wage rate was 20% higher than the state’s and 10% higher than the WIB’s.
- Railroad Service – the county is traversed by approximately 25 miles of rail line that are part of the Norfolk Southern network, affording ability for transport of bulky and raw materials, as well as providing linkage to the Port of Charleston.
- Waterways/Oceanport Accessibility – the Port of Charleston, one of the busiest container ports on the East Coast and the seventh largest container port in the United States, is within 4 ½ hours (250 miles) by highway. As noted previously, the county also has rail access to the Port via the Norfolk Southern network. As an incentive to increase port use the state offers an income tax credit to entities that increase base port cargo volume by 5% over base year totals. A company must meet minimum cargo tonnage thresholds to qualify for these credits.
- Proximity of Technical University – Clemson University’s advanced materials research facilities offer opportunities for knowledge exchange and commercialization of products. Additionally, Tri-County Technical College provides a wide array of workforce, technical, and job skills training.
- Tax Exemptions – although the county is limited largely in its ability to both levy business taxes (primarily property and sales taxes) there are a number of exemption/abatement options available at the state level including Job Development Credits, Income Tax Moratorium, Job Tax Credit, Corporate Headquarters Credit, Child Care Tax Credits, Research and Development Credits, Property Tax Abatement, Fee-in-lieu of Property Taxes and Sales Tax Exemptions.
- Corporate Tax Rate – the State of South Carolina’s corporate tax rate is 5%. This rate is very competitive with most other states placing it amongst the best rates in the nation.
- Highway Accessibility – the county’s “foothold” on Interstate 85 is certainly a plus from an accessibility standpoint. However, the limited highway frontage/interchange access means the county will need to make extra efforts to enhance and market the limited land resources that can take direct advantage of the highway.
- Accessibility of Major Airport – the county is within one hour of the Greenville-Spartanburg International Airport which offers commercial and freight air services to numerous regional hubs across the country. The county also operates the Oconee County Regional Airport which can accommodate corporate turbine aircraft and single-engine planes.
- Availability of Buildings/Land – although the county has made a solid start with providing shovel-ready development sites and construction of shell buildings, the supply is limited and less accessible in comparison to neighboring counties. Available/vacant building square footage is also limited and less competitive from a modernization standpoint.

D. QUALITY OF LIFE FACTORS

The quality of life analysis examines the qualitative aspects of economic development. When performing a target industry analysis, it is important to understand the criteria that companies look for when deciding where to locate. This analysis focuses on the top five quality of life factors reported in the annual survey of site selection decision makers by *Area Development Magazine*.

1. Crime

A low crime rate was ranked as the top quality of life criteria. As shown in Table 5-3, Oconee County's crime rates tend to be lower than the state as a whole. Overall, total crime in the county decreased marginally (2.7%) between 2007 and 2010, according to statistics compiled by the State's Law Enforcement Division. However, there was a one-year increase of nearly 40% in total reported incidences for 2009-10. In addition, some of the violent crime indices, such as rape and aggravated assault, do offer some reasons for particular concern. It is not unusual for crime rates to be somewhat escalated in light of existing economic conditions throughout the country. However, it will be important for the county to be vigilant that crime levels do not begin to represent a "red flag" from an economic development perspective.

Table 5-3
Crime Statistics 2007-2010
Oconee County

	2007	2008	2009	2010	2010 Rate*	
					County	State
Murder	0	3	2	3	0.4	0.57
Forcible Rape	33	31	40	43	5.8	3.4
Robbery	40	28	20	19	2.6	10.7
Aggravated Assault	353	331	253	325	43.8	46.3
Violent Crime	426	393	315	390	52.5	61
Burglary	508	596	432	588	79.2	99.5
Larceny	1,367	1,390	902	1,231	165.7	259.8
Motor Vehicle Theft	141	133	79	166	22.3	29.1
Property Crime	2,016	2,119	1,413	1,985	267.3	388.3
Total	2,442	2,512	1,728	2,375		

*Per 10,000 residents

Source: South Carolina State Law Enforcement Division

2. Healthcare Facilities

The Oconee area is well served from a healthcare perspective with regards to availability and accessibility of hospital facilities. As shown in Table 5-4 there are eight hospitals within the four-county region that reportedly support just over 2,000 staffed beds. Oconee County's primary facility is the Oconee Medical Center in Seneca, a 160 bed

Table 5-4
Regional Hospital Facilities

Hospital	County	Staffed Beds	Total Discharges
AnMed Health	Anderson	410	20,765
Cannon Memorial Hospital	Pickens	55	1,070
Greenville Memorial Hospital	Greenville	869	40,361
Hillcrest Memorial Hospital	Greenville	43	1,763
Oconee Medical Center	Oconee	160	6,669
Palmetto Health Baptist Easley	Pickens	88	5,273
Patewood Memorial Hospital	Greenville	72	1,200
Saint Francis Downtown	Greenville	338	18,908

Source: Hospitals-Data.com

acute care hospital, with a staff of 1,400 that includes approximately 125 physicians. In addition to the hospital, the county also hosts the Oconee County Geriatric Center, Oconee Dialysis Center, and the Seneca Health and Rehabilitation Center, all located in Seneca. Given the availability of these facilities, as well as the regional facilities located within an hours drive, Oconee County should be considered as providing area businesses and

residents with very good access to quality healthcare, the second most important quality of life factor included in the site location factors survey.

3. Housing Costs and Availability

Housing costs and housing availability were ranked as the third and fourth most important quality of life criteria in the site selection survey as shown in Table 5-2. A detailed analysis of housing market conditions in Oconee County was presented in Chapter 4 of this report, the findings of which are summarized here. From a regional perspective Oconee's housing prices are relatively affordable with a 2011 median rent of \$642 and a 2012 average single family home sale price of approximately \$199,000. Housing availability is also good given the estimated rental vacancy rate of between 7% and 8% with some 1,000 single family homes and condominiums listed as for-sale, about 4% of the owner-occupied supply.

The issues that present some obstacles in the county with regards to housing are the supply of apartment rentals and housing costs in relation to area income levels. Census estimates indicate that 49% of renters are paying in excess of 30% of their gross income towards housing costs and another 14% are paying between 25% and 30%. Although these cost levels are not uncommon within the region it is an indication that wages and income levels are not keeping pace with inflation. Furthermore, estimates of mortgage costs indicate that households making at or below the median income (\$38,350) in Oconee County could afford a home purchase price of up to \$75,000 and not exceed the 30% threshold. Although there is a considerable supply of homes at this value level, new construction costs are dramatically higher. In addition, the lack of apartment construction in the county has resulted in a greater use of single family homes to support the rental market. This results in higher rental costs and potentially negative impacts on the availability and quality of units that would normally be used as owner housing.

4. Ratings of Public Schools

A good public school system can play a significant role in providing a solid foundation for a community's economic development program. The K-12 education is important for training students in the basic skill sets required by employers for entry-level and semi-skilled positions. Maintaining high academic standards and rankings for the county's school district are also important as a community attribute since they are likely to be a job-acceptance factor for potential employees considering relocation from outside the county.

There are many factors that contribute to achieving good school system results which are difficult to capture in a single metric. One indicator that is often used are standardized test scores since they allow comparability with other school districts. Table 5-5 illustrates a comparison of recent Scholastic Aptitude Test (SAT) results for public schools in Oconee County, South Carolina, and the country as a whole. The one-year difference in composite scores show a minor decrease in all locations with Oconee's (-19) somewhat exceeding the state's and country's. However, Oconee's average composite scores as a percentage of the state (102%) and national (98%) scores indicates that the County's school districts are generally performing on par with overall testing standards.

Oconee County students performed equally as well on the most recent ACT testing. The ACT is a national college admissions examination that consists of subject area tests in English, mathematics, reading, and science. In 2012, graduating seniors in the county had an average composite score of 21, in comparison to 20.2 for the state and 19.9 for the country. Although the county’s score did decrease from 21.6 to 21 over the past year it still slightly outperformed other school districts around the country overall.

Table 5-5
Mean SAT Scores for Graduating Seniors 2012 with Comparison to 2011 Results
Oconee County, South Carolina and the United States

Public Schools	% Tested	2012			Average Composite Scores		
		Reading	Math	Writing	2011	2012	Difference
United States	—	491	505	481	1,481	1,477	-4
South Carolina	52%	477	487	458	1,427	1,422	-5
Oconee County	42%	488	498	460	1,464	1,446	-19
County as % of US	—	99%	99%	96%	99%	98%	—
County as % of State	—	102%	102%	100%	103%	102%	—

Source: South Carolina Dept. of Education

Finally, it should be noted that the Oconee County school district received an overall rating of Excellent from the State of Carolina’s annual Report Card program administered by the Department of Education.

This highest of ratings indicates school performance that substantially exceeds the standards for progress toward the 2020 SC Performance Vision which has a goal statement indicating that by 2020 all students will graduate with the knowledge and skills necessary to compete successfully in the global economy, participate in a democratic society and contribute positively as members of families and communities.

E. REGIONAL CLUSTER ANALYSIS

1. Overview

The regional cluster analysis process “casts a wide net” in regards to identifying potential target industries. Taking a more aggressive approach to identifying possible business targets for Oconee County provides greater flexibility for the implementation entity to determine the priorities for business recruitment. In this context, aggressive means that the screening process was inclusive rather than exclusive relative to potential opportunities that may appear marginal in light of historical economic trends. Being inclusive at this phase ensures any potentially viable options can be tested before being eliminated.

Furthermore, the target industry lists move beyond just static targets. They identify vertical (supply-chain) and horizontal (market) relationships within the primary target markets. By taking this approach, the implementation entity can apply a comprehensive approach to building upon existing industry clusters and developing new ones. This is particularly

important when targeting businesses that already have a relationship with an existing regional industry and/or business. In these cases, the local business leaders can work as ambassadors for the community, opening the dialogue between the prospect and the County.

2. Industry Screening

Industry cluster analyses involve examining the economic relationships among commercial and industrial sectors. From the cluster analysis, RKG Associates identified those industries that may enjoy a competitive advantage within the greater Oconee region², but would also benefit from Oconee's strategic location. The underlying assumption of the cluster analysis is that companies concentrate in areas where they enjoy some competitive advantage. These advantages, whether related to location, natural resources, vendor relationships or other factors, allow companies to compete more successfully.

An industry cluster is a group of companies in industries that are related in one of three ways:

- *Buyers and Suppliers* – the most common relationship
- *Competitors* – producers of same or similar goods and service, usually firms in the same or similar industries
- *Shared Resources* – companies that rely on the same location- specific resources such as labor and raw materials

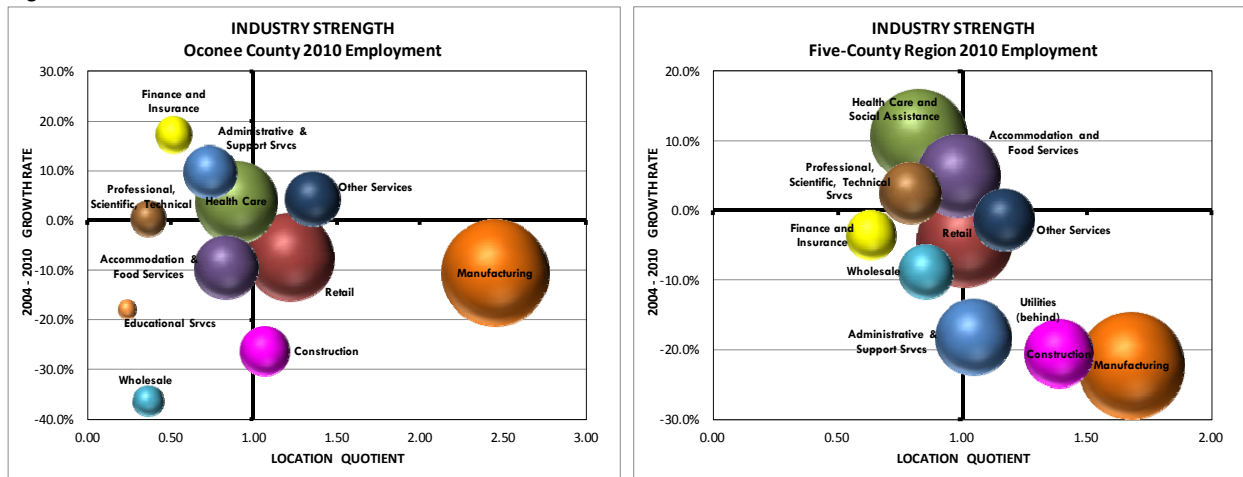
A relative measure of how a local economy is performing can be estimated by comparing employment growth for specific industry sectors to that of a larger economy. This measurement, which is represented as a ratio, is referred to as a Location Quotient (LQ). If the LQ is near 1.0, it indicates that the county has a comparable proportion of its employment base in a given sector to that of the larger area, which in this case, is the United States as a whole. If the ratio is less than 1.0, then the county is under-performing in that industry sector relative to the country while an LQ greater than 1.0 indicates a better performance by the county overall. In this analysis, the LQ's, and their respective growth rates, were developed based on employment changes between 2004 and 2010.

Figure 5-1 illustrates the Location Quotients for Oconee County and the greater five-county region as of 2010. The size of the bubbles represents total employment, their position from left to right indicates their LQ for 2010, and their position from top to bottom indicates growth rate between 2004 and 2010. (Note: Not all sectors are presented in the figure; those that represented relatively small components of the economy, or which have very low LQs, have been omitted. These include Transportation and Warehousing, Information, Real Estate and Rental and Leasing, Management of Companies and Enterprises, and Arts, Entertainment, and Recreation).

Some of the comparative findings illustrated by the data presented in Figure 8-1 are as follows:

² The greater Oconee region includes the five counties of Oconee, Anderson, Pickens, Greenville, and Abbeville.

Figure 5-1



- Manufacturing is a very strong sector for both the county and region. Employment has declined in both locations but the county's losses have been more moderate suggesting a greater resiliency in the local economy's business diversity and/or types of products produced.
- Healthcare is a strong component of both the local and regional economies but the county's LQ is more in line with national employment levels and slightly higher than the region's. However, the region's growth in Healthcare has outpaced the county's indicating that Oconee may be able to capture a larger proportion of overall employment in this sector. There may be untapped potential at the county level to grow in the regional Biosciences cluster.
- The Accommodations & Food Services sector performs considerably better at the regional level as compared with the county's LQ and employment growth over the decade. The region's LQ is essentially equivalent to the nation's and it has experienced modest employment growth during this time period. In comparison, the county has a lower LQ and negative employment growth. Although the region's offerings in this sector are always likely to be broader than the county's, the data suggests there may be opportunity for Oconee to improve its performance within this area.
- Professional, Scientific and Technical Services is an underperforming sector for both the county and region in comparison to national employment levels. Both areas have an LQ below 1.0 and little to no employment growth over the past decade. Given Oconee's limited office and flex-space inventory, particularly in structures containing larger amounts of square footage, it is unlikely that this sector will experience any significant growth, especially with the existing high vacancy levels in the regional office market, except possibly as a component of another targeted cluster such as Advanced Materials Manufacturing.
- The Wholesale sector is relatively weak at both the county and regional levels but Retail is strong despite having lost some employment over the past decade.

- The Finance and Insurance sector is a relatively small component of both the county and regional economies and both have LQs below the national employment levels. The county's employment in this sector expanded over the decade in contrast to regional losses but, similar to Professional and Technical Services, it is unlikely that growth in the financial services will generate any significant future demand for office space in the county.

3. Recommended Targeted Industry Clusters

Industry cluster analysis provides a method for determining local competitive advantage – which in turn is crucial in attracting investment, be it through attracting new firms or expansion of existing firms. The industry cluster analysis presented in this report relied on a statistical identification process designed to incorporate and assimilate local/regional, state, and national economic data. The fundamental criteria analyzed in the process include:

- Industry Concentration – RKG Associates examined current concentrations of each industry in the greater Oconee region using the previously described, Location Quotient ratio (LQ). A higher LQ, either at the local or regional level, indicates a strong employment and business base upon which to build economic development efforts. Conversely, a lower concentration of employment suggests that a given industry may not be well suited for the county or may be in decline and not supportable in the long-term.
- Industry Growth – Industries with positive growth over the past six years (2004-2010) and those that are most likely to grow both locally and regionally.
- Industry Size – Component industries of an industry cluster must have sufficient size in terms of total employment, number of establishments and total sales in order to justify their inclusion in the cluster.
- Regional Target – Industry sectors/clusters that have been targeted within the broader region by the Upstate Alliance and/or the state, have been given higher priority in this analysis as a county cluster since they either already have a strong presence in the region (but not necessarily in the county) and/or, will be the focus of future marketing efforts by regional and state economic development organizations.
- Local Fit – The Local Fit includes both quantitative analysis and considerable professional judgment, based on community characteristics, industry preferences, specific industry composition and location-based activity. Based on weighted values of the four criteria noted above, as well as professional judgment, each industry sector has been given a ranking of very strong, strong, moderate, or stable.
- Other Criteria – Includes an assessment of local infrastructure such as the presence, cost and accessibility of highways, railroads, utilities, telecommunications systems, and the match of the region's labor force profile with industry needs.

Using the criteria described above, industry clusters recommended for further recruiting efforts by the county are summarized in Table 5-6 and described below.

Table 5-6
Priority Target Industry Clusters
Oconee County

Target Industry Clusters		Oconee County		Employment Growth Rate 04-10		Regional Target Local Fit	
		Employment 2010	LQ	County	Region		
NAICS	Description	2010	LQ	County	Region	Target	Local Fit
#1 - HEALTHCARE & BIOSCIENCE/BIOMECHANICS MANUFACTURING							
621	Ambulatory Health Care Services	1,028	1.01	26.0%	12.2%	Yes	Very Strong
622	Hospitals	783	0.84	-24.1%	3.8%	No	Strong
623	Nursing and Residential Care Facilities	557	1.04	24.1%	12.1%	No	Very Strong
624	Social Assistance	259	0.58	11.2%	24.5%	No	Very Strong
541	Professional, Scientific, and Technical Services	470	0.36	0.4%	2.6%	Yes	Very Strong
325	Chemical Manufacturing	302	2.53	-9.6%	-6.2%	Yes	Very Strong
334	Computer and Electronic Product Manufacturing	789	5.43	8.8%	-29.0%	Yes	Very Strong
#2 - PRODUCT MANUFACTURING							
313	Textile Mills	9	0.50	-96.9%	-51.9%	Yes	Strong
314	Textile Product Mills	6	0.33	-96.6%	-68.7%	Yes	Strong
326	Plastics and Rubber Products Manufacturing	338	3.06	-24.6%	-11.4%	Yes	Very Strong
327	Nonmetallic Mineral Product Manufacturing	29	0.51	-46.3%	-20.7%	Yes	Strong
333	Machinery Manufacturing	814	5.30	133.2%	-1.3%	Yes	Very Strong
331	Primary Metal Manufacturing	104	1.79	57.6%	-18.6%	Yes	Strong
332	Fabricated Metal Product Manufacturing	416	1.97	-12.1%	-15.0%	Yes	Very Strong
334	Computer and Electronic Product Manufacturing	789	5.43	8.8%	-29.0%	Yes	Very Strong
335	Electrical Equipment, Appliance, and Component Manufacturing	494	9.08	51.1%	-13.6%	Yes	Very Strong
541	Professional, Scientific, and Technical Services	470	0.36	0.4%	2.6%	Yes	Very Strong
#3 - AUTOMOTIVE MANUFACTURING							
336	Transportation Equipment Manufacturing	497	2.50	-26.8%	-20.2%	Yes	Very Strong
332	Fabricated Metal Product Manufacturing	416	1.97	-12.1%	-15.0%	Yes	Very Strong
335	Electrical Equipment, Appliance, and Component Manufacturing	494	9.08	51.1%	-13.6%	Yes	Very Strong
339	Miscellaneous Manufacturing	510	5.53	-20.2%	-6.4%	Yes	Strong
423	Merchant Wholesalers, Durable Goods	264	0.51	-43.7%	-14.8%	Yes	Strong
484	Truck Transportation	23	0.11	-59.6%	-32.9%	No	Moderate
493	Warehousing and Storage	77	0.71	-40.3%	116.5%	Yes	Very Strong
#4 - ENERGY-RELATED MANUFACTURING							
221	Utilities	1,505	14.27	-20.7%	-18.8%	Yes	Very Strong
237	Heavy and Civil Engineering Construction	153	1.10	-15.9%	6.9%	Yes	Very Strong
238	Specialty Trade Contractors	612	1.09	-22.5%	-30.2%	Yes	Strong
541	Professional, Scientific, and Technical Services	470	0.36	0.4%	2.6%	Yes	Very Strong
327	Nonmetallic Mineral Product Manufacturing	29	0.51	-46.3%	-20.7%	Yes	Strong
335	Electrical Equipment, Appliance, and Component Manufacturing	494	9.08	51.1%	-13.6%	Yes	Very Strong
333	Machinery Manufacturing	814	5.30	133.2%	-1.3%	Yes	Very Strong
#5 - WAREHOUSING, LOGISTICS, DISTRIBUTION							
423	Merchant Wholesalers, Durable Goods	264	0.51	-43.7%	-14.8%	Yes	Strong
484	Truck Transportation	23	0.11	-59.6%	-32.9%	No	Moderate
493	Warehousing and Storage	77	0.71	-40.3%	116.5%	Yes	Very Strong
488	Support Activities for Transportation	10	0.10	-23.1%	-77.1%	No	Stable

Source: County Business Patterns 2011 and RKG Associates

Target Industry Cluster #1 – Healthcare & Bioscience/Biomechanical Manufacturing

The healthcare sector is an important component of the regional economic base. Healthcare-related jobs accounted for 14% of all employment within Oconee County, totaling approximately 2,600 as of 2010. The majority of this employment is related to ambulatory care (doctor’s offices and clinics) as well as hospital operations. However, significant employment is also found in the nursing care and social services subsectors, as shown in Table 5-6.

From a growth perspective, healthcare is one of the strongest industries in both Oconee County and the broader region. Between 2004 and 2010, the healthcare and social service sector was one of the few sectors that experienced a net growth adding over 4,600 jobs

within the five-county region representing a growth rate of 10.7%. Oconee's growth during this time period was a bit more measured adding 98 jobs at a growth rate of 3.9.

Given the existing employment concentration and historical growth of the local and regional healthcare sector, it is considered to be a very strong Local Fit as a target cluster for the county. Initial opportunities for expansion are likely to lie in existing services such as expansion of doctor's offices, hospital facilities and nursing care. Oconee County, like many areas of the country, has an aging population that will increase the demand for medical services if they elect to remain in the community as they grow older. Along with increasing geriatric care, there may be other opportunities to expand specialized treatment facilities based on further strategic planning with area healthcare leaders.

A second, and perhaps more long-term potential opportunity within this target cluster, lies in the biosciences and bio-manufacturing sectors. This focus within the healthcare cluster relates to the identified regional targets that seek to grow in areas such as manufacturing of pharmaceuticals and medical devices, research and testing, and bio-agriculture. Within these niche areas the most viable options for the Oconee County are considered to be the manufacturing of pharmaceuticals and medical devices given that the county has an existing industry base in chemical and other types of manufacturing and also has a skilled manufacturing labor force.

Although the potential for research and testing is also present given the proximity of Clemson University and their various research-related areas that include genetics, molecular biology, and nanotechnology. Establishing a medical research component within the county's target industry efforts would require a substantial investment in strategic marketing and recruitment, as well as in facilities development. Therefore, this niche might be pursued as a second phase if the county is first successful in attracting medical-related manufacturing firms.

Target Industry Cluster #2 - Product Manufacturing

The manufacturing sector continues to be both the county's and the region's single largest employment sector. As of 2010, there were 4,400 manufacturing jobs in Oconee County representing 24% of its total private-sector employment. Within the five-county region, manufacturing jobs totaled over 51,400 and accounted for 16% of total employment. In Oconee County, there are a number of strong subsectors within the industrial grouping including plastics and rubber, fabricated metals, computer and electronics, and electrical equipment, as shown in Table 5-6.

Over the past decade the manufacturing sector has been experiencing employment losses as establishments transition from older products and techniques to newer ones. Overall, the county lost about 10% of its base (500 jobs) while the region's employment declined by 22% losing over 14,000 jobs. Still, despite these losses, there are a number of local and national indicators, that manufacturing employment likely will grow in a number of ways as companies reconsider off-shore options in favor of being closer to destination markets, as in targeting smaller production runs and new, high-tech products. It should also be noted that, despite overall employment losses, Oconee County's manufacturing base remained

strong in a number of subsectors, including primary metal manufacturing, computer and electronics, and electrical equipment manufacturing which all had positive job growth and strong LQs indicating high concentrations of jobs.

In lieu of the factors noted above, product manufacturing is considered to be a very strong fit for target industry recruitment efforts within the county. This will largely be a continuation of previous efforts but should not be overlooked due to the relative strength exhibited by historical growth rates. The county should, to the extent possible, insure that existing businesses can attract and retain an adequate supply of labor, have sufficient infrastructure to grow their operations, and obtain available financial incentives. Encouraging the construction of new manufacturing facilities through regulatory policies, infrastructure and roadway expansion, and public private partnerships should be continued. Promoting use of the Norfolk Southern rail line, which has access to the Port of Charleston and the proposed Upstate inland port, could also help to grow and attract manufacturing within the County.

A second aspect for consideration by the county with regard to this target cluster is the potential for attracting advanced materials manufacturers. Although not largely prevalent in the county at this time there is potential to build upon the existing manufacturing base in areas such as plastics, textiles, and fabricated metals and electronic/electrical components to capture a share of the regional targeting efforts around these niche clusters. Again, the proximity of Clemson University at its numerous advanced materials technology research centers can be a strong asset for firm recruitment as well as the presence of numerous companies, such as BASF, Collins Craft Corp., Altera Polymers, Dixie Aluminum, and others, that are presently producing, or have the potential to produce, these types of products.

Target Industry Cluster #3 – Automotive Manufacturing

The automotive manufacturing sector has undergone significant upheaval throughout the country, particularly over the past five years. However, there are positive signs in the industry that it is emerging as a smaller, but more efficient and focused manufacturing and employment sector. Despite losses at the national level, automotive manufacturing has remained a solid component of both the local and regional economies within the greater Oconee County area.

As illustrated in Table 5-6, there have been employment losses in Oconee and the five-county region over the past decade in this cluster. The county's primary subsector in this cluster, transportation equipment manufacturing, has declined by 26% while the region lost 20% of its employment in this category. Other related subsectors also incurred losses at the county level with the exception of electrical equipment/components manufacturing. Despite these losses, the cluster has a high concentration with an LQ of 2.5 and 1.8 respectively, within the county and region.

The Local Fit for this cluster is considered to be strong for a number of reasons. These include existing local firms such as BorgWarner, Johnson Controls, Parkway Products, and U.S. Engine Valve, as well as the presence of BMW, Michelin, and other leading industry

firms in the region, the pending Caterpillar facility in Athens-Clarke County, the existence of Clemson University's International Center for Automotive Research (CU-ICAR), and the availability of a skilled manufacturing workforce. Given these and other factors, this cluster continues to hold potential for future business and employment growth in progressive niche markets that are emerging within the industry. These would include advanced materials manufacturing to make vehicles lighter and stronger, technology to make the more fuel efficient (hybrids or zero emissions vehicles) and "smarter", as well as the manufacturing of conventional components that are now commonly produced by a chain of tiered suppliers.

Furthermore, this cluster has also been identified as a regional priority by the Upstate Alliance. Therefore, any efforts by the county to market and recruit towards business in this cluster could be dovetailed with regional activities.

Target Industry Cluster #4 - Energy-Related Manufacturing

Providing a reliable and sustainable supply of energy has been, and will continue to be, a primary concern for the nation's economy. Like many industrial sectors across the country, the production and management of our energy sources and distribution systems are undergoing fundamental and long-term changes. Traditional sources, such as oil and natural gas, appear are experiencing a resurgence do to the development of new supplies and extraction methods (e.g. fracking). Efforts to expand renewable and sustainable sources such as solar, wind, and nuclear, are also growing, albeit slowing, due to concerns about global warming and insuring the nation's energy self-sufficiency. Utility networks are also being more regularly scrutinized to make them more efficient and conservation-oriented through new technologies.

The region's energy cluster is primarily centered around the nuclear power industry which has as one of its primary driver, Duke Energy's plant and facilities in Oconee County. Other related firms included Ulbrich Precision Flat Wire, Itron Inc., ITT Control Technologies, Dynamic Fluid Components, and the Blue Ridge Electrical Co-op. Although employment has declined in the local and regional utilities sector over the past decade it continues to support a very large concentration in the county and region with respective LQs of 14.27 and 1.36. Employment in the utilities sector in Oconee County was approximately 1,500 as of 2010, representing about 8% of the county's total employment base.

Overall, the Local Fit is very strong for this cluster as well as its subsectors, and the cluster has also been designated as a regional target industry priority by the Upstate Alliance. Opportunities for growing this cluster are expected to be found in three or four niche areas. These will include the manufacturing of mechanical and electronic components for renewable energy technologies, components for the nuclear energy industry as well as the electrical distribution system, and the development of new technologies to support the energy sector as a whole. This latter niche is related to the county's and region's knowledge base that is represented in the professional, technical, and scientific industrial sector, as illustrated in Table 5-6. Also included in this cluster are sectors related to the construction of buildings and facilities related to the energy sector, as well as the manufacture of components from raw materials. However, both of these areas would most likely represent relatively small components of overall employment growth within the cluster.

Target Industry Cluster #5 - Warehousing, Logistics, Distribution

The warehousing, logistics, and distribution cluster is considered to be both a potential stand-alone cluster target for Oconee County, as well as an umbrella cluster that is related many other sectors in the region that require the storage and transportation of goods. The cluster has a strong existing presence in the region, particularly in the Greenville-Spartanburg-Anderson area, but is less prominent in Oconee County. The cluster's regional strength is derived from its highway and rail accessibility, proximity to a major airport and water port, and its central location between the larger markets such as Atlanta, GA, Raleigh-Durham, NC and Norfolk-Hampton-Newport News, VA. In addition, the region's numerous manufacturing firms also create significant demand for local warehousing facilities and transportation services.

The county's existing concentration and employment growth in this cluster is relatively low. However, the regional concentration is strong (LQ 1.99) and employment growth increased by 116% over the past decade adding almost 2,000 employees. As noted in the real estate analysis chapter of this report, there was approximately 8 million square of warehouse/distribution space in the region and 3.5 million square feet in Oconee County and market indicators suggest there is demand for additional construction.

The Local Fit for this cluster is not as strong as others previously discussed. This is primarily attributable to the fact that other counties in the region are better positioned than Oconee with regard to Interstate access and existing facilities/employment concentrations. However, given the strong regional demand, as well as the county's available highway and rail access, there is potential to capture some portion of future growth and expand this cluster above existing levels. Improving rail accessibility and demand would be one way to promote such growth. As noted previously in this chapter, the county's Norfolk Southern rail line has direct access to the Port of Charleston. This creates a possibility for more concentrated warehousing and logistics operations in the county. An example of this potential is found the Inland Port of Hampton Rhodes, Virginia which is a major warehousing/distribution hub that is located some 250 miles from the actual port. In addition, the South Carolina Ports Authority has reportedly recently voted to proceed with plans to build an inland port in Greer which is scheduled to open in September 2013. It is expected that this facility will allow companies such as BMW to more efficiently ship goods directly by rail to and from the Port of Charleston and eliminate more than 50,000 truck trips annually along the Interstate 26 corridor between Charleston and Greenville-Spartanburg. The plan, approved in August, would be financed by a \$25 million commitment from the Ports Authority, in addition to a \$7.5 million infrastructure investment by rail carrier Norfolk Southern. The port will be built on approximately 20 acres owned by the authority in Greer near the Greenville-Spartanburg International Airport at the intersection of U.S. Highway 290 and J. Verne Smith Parkway.³ Although Oconee County's more limited highway access might preclude a facility identical to this one, it highlights the potential for using rail to promoting growth in this cluster over the long-term. Establishing Foreign Trade Zone status for such a facility could also serve as a marketing incentive.

³ As reported online in the Taylors-WadeHampton Patch, August 2012

From a more short-term perspective, the County’s efforts to support development to the Golden Corner Commerce Park could serve to capture investment in the warehousing and distribution cluster since its location offers the best highway access for Oconee. A more long-term economic development strategy for the County includes developing water and sewer to Interstate 85 and expanding rail access at the former Propex site (now known as the Seneca Rail Site).

F. COLLABORATIVE TARGETS

In addition to the target industry clusters above, the analysis revealed the potential for Oconee County to expand economic activity in areas outside the responsibilities of the EDC. In these instances, the Consultant and local leadership recognize that the EDC should not lead these efforts, but can offer technical expertise in expanding operations in these areas. The two primary opportunities include agri-business and tourism development (Table 5-7).

Table 5-7
Priority Collaborative Industry Clusters
Oconee County

#1 - AGRI-BUSINESS							
424	Merchant Wholesalers, Nondurable Goods	71	0.20	29.1%	0.9%	No	Strong
811	Repair and Maintenance	212	1.11	-8.2%	-9.7%	No	Strong
311	Food Manufacturing	7	0.03	16.7%	-3.9%	No	Stable
115	Support Activities for Agriculture and Forestry	5	0.32	400.0%	-31.1%	No	Stable
484	Truck Transportation	23	0.11	-59.6%	-32.9%	No	Moderate
493	Warehousing and Storage	77	0.71	-40.3%	116.5%	Yes	Very Strong
339	Miscellaneous Manufacturing	510	5.53	-20.2%	-6.4%	Yes	Strong
#2 - RECREATION, HOSPITALITY, TOURISM							
711	Performing Arts, Spectator Sports, and Related Industries	9	0.13	200.0%	128.9%	No	Very Strong
712	Museums, Historical Sites, and Similar Institutions	1	0.05	N/A	850.0%	No	Moderate
713	Amusement, Gambling, and Recreation Industries	170	0.71	47.8%	3.8%	No	Strong
721	Accommodation	83	0.28	-17.0%	-6.4%	No	Moderate
722	Food Services and Drinking Places	1,470	0.94	-8.9%	6.0%	No	Very Strong
448	Clothing and Clothing Accessories Stores	53	0.21	-49.5%	-7.3%	No	Moderate
451	Sporting Goods, Hobby, Book, and Music Stores	63	0.70	-13.7%	-22.3%	No	Moderate
487	Scenic and Sightseeing Transportation	2	0.57	N/A	-95.5%	No	Stable

Source: County Business Patterns 2011 and RKG Associates

Collaborative Industry Cluster #1 – Agri-Business

Although not identified in the business and employment statistics analyzed for the overall cluster target industry assessment, the importance of agriculture as part of the county’s local economic base has been clearly established as part of the public input process. Based on the most recent Census of Agriculture⁴, the county had approximately 800 operating farms placing it roughly in the top quarter of counties in South Carolina in terms of total farms. However, the average farm size of 88 acres is relatively small in comparison to other counties with total land in farms reported as approximately 70,700 acres.

⁴ 2007 Census of Agriculture – County Data South Carolina, USDA, National Agricultural Statistics Service

The county has about 570 acres reportedly used as cropland but the largest component of its agricultural economy is in livestock operations, which account for half of the total farms. According to the Census, the county had a livestock and poultry inventory of some 15,600 animals, 9,700 of which were beef cattle and calves. County farms reportedly sold about 7,800 head of livestock and over 40 million chickens in the inventory year which had a total value of more than \$125 million, placing it near the top of gross agricultural revenues for counties in the state. In contrast, the value of crops sold in the county totaled just \$3 million which was one of the smallest total sales in the state.

This data illustrates that agricultural operations, particularly livestock, provide a notable contribution to the county's gross domestic product and serves to add diversity to the local economic base. As such, the county may want to consider exploring possibilities for providing support for these operations in several alternative activities. Typically, small farms sell their products to wholesalers for which they receive the lowest return on their investment. Therefore, any ways in which they can create value-added products would serve to increase direct revenues to individual farmers. Related to this issue is the fact that individual farms do not have the financial capability of creating and/or maintaining processing facilities, storage facilities, such as commercial freezers, for perishable goods, and the ability to pay for shipping of processed goods to various markets for final sale.

Given these considerations, the county may want to explore options for assisting local farmers, particularly livestock operations, which are likely to have the largest potential for increasing sales revenues from their operations. The first step in such a process would most likely be to conduct a survey of existing operations to determine how much estimated demand there might be for creating centralized processing, storage and distribution facilities amongst the county's farm operations. Establishing an agricultural incubator might prove to be practical which could offer shared kitchen/processing facilities for certain types of produce, as well as business training in developing and marketing value-added products. Developing a local abattoir for processing livestock could also help to augment local operations and allow these operations to sell greater quantities to local markets and capitalize on the farm to table movement. Similarly, shared freezer/storage facilities could assist along these lines as well. Future growth in the warehousing and distribution targeted cluster could also help to support agri-business economic development efforts in the county.

Collaborative Industry Cluster #2 - Recreation, Hospitality, Tourism

Developing a tourism and hospitality target cluster in Oconee County would be part of a long-term economic strategy since existing sector employment in this grouping is relatively small at this time. However, the County has natural resources, such as lakes, rivers, waterfalls, and mountains, as well as state parks and historic sites, and is essentially positioned as South Carolina's gateway to the Chattahoochee National Forest. These natural amenities provide opportunities for water-related activities such as boating, swimming, hiking, cycling, nature and scenery viewing, and camping, to name some. The Mountain Lakes Convention & Visitors Bureau and the Oconee County Parks, Recreation & Tourism Department presently provides marketing and information services for available resources and activities in Oconee County. Therefore, local efforts to enhance state programs might be geared towards expanding event-related activities, increasing available

businesses related to this cluster (such as lodging, camping, equipment sales/rentals), expanding entertainment and cultural activities that will encourage visitors to extend their stay in the area, and working with existing merchants and businesses to develop marketing strategies to capture increased revenues from visitors. One immediate opportunity is to work with the National Multiple Sclerosis Society on exploring the potential to host a Bike MS event in Oconee County.

Oconee County has a large supply of seasonally occupied housing that is primarily geared towards lake use. Efforts to market this housing pool as a rental supply for area visitors could help to encourage families to use Oconee for extended stays and use Oconee County as a “jumping off point” to visit other sites of interest in the broader region. Statistics compiled by the state⁵ indicate that a large percentage (approximately 35%) of overnight visitors to the state are in fact, staying in private homes. This suggests that Oconee would have a good opportunity to attract visitors if they are not presently using the seasonal housing supply.

The state’s annual statistics also provide a breakdown of the reasons that domestic visitors come to South Carolina. The largest percentage (40%) is coming to visit friends and relatives, followed by Other Pleasure/Personal (21%), and Entertainment/Sightseeing (10%). Visitation for Outdoor Recreation reportedly is the reason for only 8% of total trips to the state (Note: domestic visitors account for an estimated 90% of total visitation to the state). Therefore, while the county’s natural, outdoor amenities are plentiful, the total pool of potential visitors is relatively small. Given this conclusion, offering a more diversified and varied array of activities for visitors will be an important consideration for promoting this target industry cluster.

⁵ *Total Domestic Travels to South Carolina, 2009*, Department of Parks, Recreation and Tourism website statistics.