



CHAPTER I

PROJECT CONTEXT & ECONOMIC POSITION

DRAFT PROJECT CONTEXT & ECONOMIC POSITION

This chapter describes the project vision, defines the general limits of the study area, and introduces the community and economic settings of the Neck area.

Introduction

GENERAL

Sponsored by the Berkeley-Charleston-Dorchester Council of Governments (BCDCOG), the Charleston Neck Area Partnership for Prosperity Master Plan is a cooperative effort to shape the future of the Tri-County core. The Master Plan provides a community-based vision for quality growth and economic opportunity throughout the Neck area, promotes environmental stewardship and health, and enhances the quality of life for people and businesses within the historic neighborhoods, new communities, and emerging job centers.

STUDY AREA BOUNDARY

The study area for this project is generally the area between the Ashley and Cooper Rivers, with the Arthur Ravenel, Jr. Bridge (US Highway 17 over the Cooper River) being the southern boundary of the project and the Mark Clark Expressway (Interstate 526) being the northern boundary of the project. Some industrial areas north of Interstate 526 near the Charleston International Airport are also included in the study area. **Figure 1.1** illustrates the general boundaries of the study area.

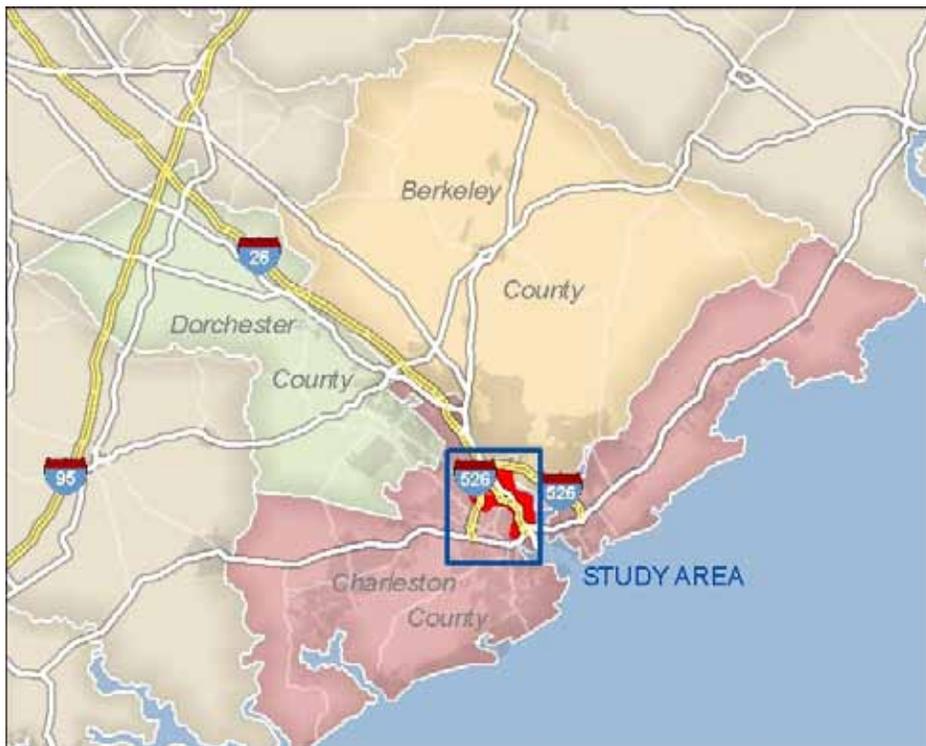


Figure 1.1 Study Area

GEOGRAPHIC SETTING

The Neck area is centrally located within the Tri-County region, consisting of portions of unincorporated Charleston County and the Cities of Charleston and North Charleston. It is adjacent to the Charleston historic downtown to the south and the Charleston International Airport and Boeing Dreamliner plant to the north. It is bisected by Interstate 26, the principal route to both downtown Charleston and area beach resorts. Interstate 26 provides a direct link from Charleston to Columbia, the state capitol, as well as a connection to Interstate 95, the primary north/south transportation corridor along the eastern seaboard of the United States. Interstate 526, which generally forms the northern boundary of the Neck area, provides access to Daniel Island and Mount Pleasant to the east and West Ashley and James Island to the west.

The Neck area has access to both the Ashley and Cooper Rivers, major waterways that provide direct access to the Intracoastal Waterway and Atlantic Ocean for recreational boaters, cruise liners, and freight traffic. CSX and Norfolk Southern railways both have multiple tracks through the Neck area. The North Charleston Amtrak train station and Greyhound bus station are also located within the Neck area.

HERITAGE

The Neck area has a rich heritage. From the 17th century until the Civil War, it was occupied primarily by plantations. The large plantations were continually subdivided into smaller farms as the population began moving northward out of Charleston. After the Civil War, phosphate fertilizer plants began to spring up, with extensive strip mining occurring between the Ashley River and present day Meeting Street Road. From the late 1800s to the early 1900s, several residential communities began developing in the northern area of Charleston, including the LAMC neighborhoods. One of the earliest and historically significant neighborhoods is Liberty Hill, which is considered the oldest residential subdivision in the City of North Charleston, settled by freed slaves in 1871.

In the early 1900s, the area that later became the City of North Charleston had been designated by Charleston business and community leaders as a place for development of industry, military and other business sites. The first industry started in this area was the E.P. Burton Lumber Company. In 1901, the Charleston Naval Shipyard was established along the Cooper River. Shortly thereafter, the General Asbestos and Rubber Company built the world's largest asbestos mill under one roof.

In 1912, a group of businessmen from Charleston formed a development company that bought the Burton Lumber Company tract and began to lay out an area for further development. The Park Circle area was one of the first to be designed and developed, allocating sections for industrial, commercial and

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Oak Terrace is one of the many planned developments in the Neck Area.

residential usage. Park Circle was planned as one of only two English Garden Style communities in the United States and most of the original planning concept remains today.

Many neighborhoods grew up around the commercial and industrial sites, taking advantage of the nearby job opportunities and thus providing economic vitality for the area. In the 1940s and 1950s, substantial development occurred as neighborhoods sprang up to house workers employed at the Naval Complex and other associated industries.

COMMUNITY SETTING

The Neck area today contains a diverse mix of vibrant communities and historic neighborhoods, government and civic uses, churches and community centers, recreation fields and parks, warehousing and industry, shopping and commercial uses, and entertainment venues, as well as a variety of upland open spaces, wetland and marsh areas, and access to waterways along both the Ashley and Cooper Rivers, including the Riverfront Park.

The Charleston Naval Complex, associated military and commercial activities, and heavy industry operations once dominated the landscape of the Neck area as both economic drivers and focal points. But the Naval base has now been decommissioned, taking with it much of the associated commercial activity, and some of the heavy industry has moved or been abandoned. Although remnants

of both the base and industrial activities are still highly visible, different economic drivers have begun to surface that inject new life into the Neck area. At the old Naval base, planned and/or built facilities include a Port Authority shipping terminal (on the southern portion), a Clemson University wind turbine testing facility (on the central portion), and the Noisette mixed use development (on the northern portion). Other new activity in the Neck area includes development of sites associated with the Charleston Digital Corridor, the Boeing Assembly Plant, and the Charleston Life Sciences facility.

While there are vibrant communities and historic neighborhoods, there are also planned developments that have never been completed. Due to the base closing and economic downturn, there are many vacant lots scattered throughout the Neck area, as well as empty or underutilized commercial centers. Additionally, past industrial activities have left the area with environmental concerns, such as reduced air, water, and noise quality, and sites with soil contamination. Uncertainty about the levels and extent of contamination or extensive remediation costs have hindered some development efforts from going forward.

Major north/south transportation spines, such as Interstate 26, King and Meeting Streets and multiple rail lines have cut off connectivity between many areas of the Neck. Additionally, the close proximity of residential uses with industrial operations and their associated freight movement by both roadway and rail has created safety concerns and a reduced quality of life for Neck residents due to sound, odor and vibration.

PROJECT DESCRIPTION

The objective for the Partnership for Prosperity project is to produce an integrated strategic Master Plan that respects and knits together the various planning and engineering components of transportation, urban design, land use and economic development into a unified whole. This unified planning and design framework provides clear guidance to state and local agencies, community stakeholders, the general public and the private sector about the vision for the Neck area, and the strategies and priorities necessary to achieve desired outcomes that can transform the community toward a more sustainable, livable and economically vital part of the region.

Resolution of issues in the context of the Neck area must build on the existing planning efforts completed or underway by various stakeholders, balance economic development and sustainability, balance regional mobility with community livability, and create a strong sense of ownership for the planning framework from the Neck area's diverse stakeholders. The Master Plan provides a shared vision and planning framework that reflects an inclusive process, regional influence, local conditions and strategic opportunities, and guides decision-making for short term actions from a long range perspective.

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ECONOMIC CONTEXT

REGIONAL ECONOMIC CONTEXT

The Neck area's central location in the region close to major highways, rail lines, Charleston International Airport, the Port of Charleston, and the downtown Charleston Historic District means that its economic activity and development potential will be greatly influenced by trends and conditions at the regional level. The Charleston metropolitan area is made up of three counties: Berkeley, Charleston, and Dorchester. A look at historical statistics, current conditions, and forecasts of the future for several key demographic variables frames the changes that have recently occurred and are projected to take place. This is a broader economic context for redevelopment of the Neck area.

LONG TERM TRENDS

Woods & Poole Economics is a national provider of demographic data and long-term projections. By charting key variables for the Charleston region from 2000 to 2030 one can see how regional demographics have changed recently and how they are forecast to change according to a detailed statistical model. The discussion and charts below thus cover roughly the decade prior to 2012 and two decades into the future.

Total population in the region since 2000 has been increasing at a compound annual rate of 1.9 percent per year. This growth rate is projected to slow only slightly in future years, decreasing to 1.6 percent per year from 2012 to 2030. While the overall growth rate remains healthy, demographic changes within the regional population will have implications for economic activity and development.

The age profile of the population has a significant impact on the regional economy, because age influences household income, consumption habits, housing preferences, and other factors. The household is the typical consumer unit tracked by businesses, making it useful to look at the population statistics translated into household counts by relevant age groups, as shown in **Figure 1.2**.

The household counts are sorted into four broad age groups with typical profiles: single persons and young families (under 35), middle-aged persons and families (35-54), empty-nesters and younger retirees (55-74), and elderly households (75 and older). The data shows that the Charleston region is in the early stages of a significant shift in its household age profile. The 55-74 age group will increase sharply over the next decade as the baby boom generation enters its retirement years, to the extent that it almost manages to surpass the 35-54 age group as the largest. This growth levels off after 2020 when the baby boomers start entering the 75-plus age group in large numbers and thus sharply increase its size. Meanwhile, the 35-54 age group begins to grow larger as the baby boomers' children (known as Generation Y or Millennials) enter middle age. After growing

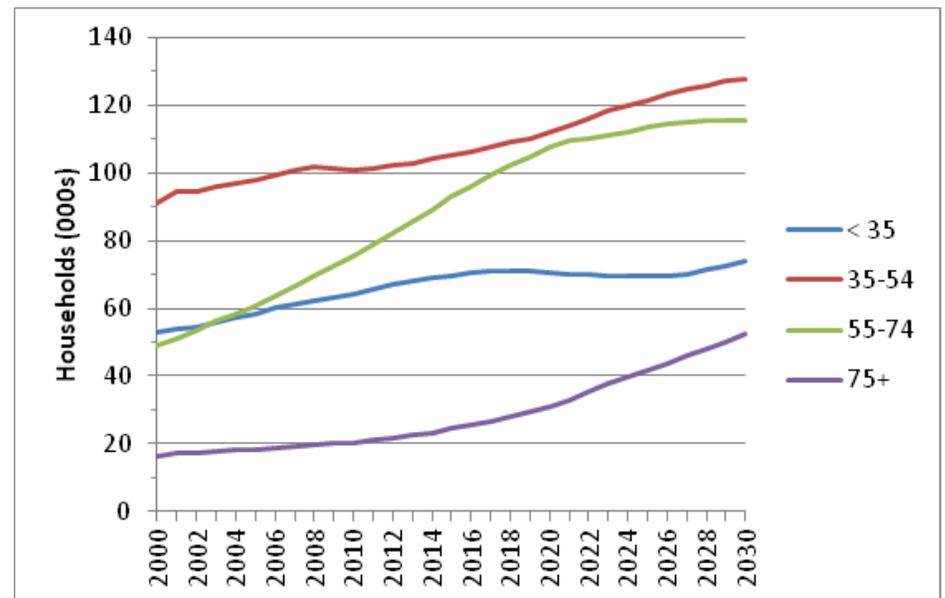


Figure 1.2 Regional Household Estimates and Projections by Age Group

moderately during the 2000s, the under-35 age group is not projected to grow until late in the 2020s.

Figure 1.3 shows the effects of these projected changes in terms of the share of total households claimed by each age group. Over the 30 years from 2000 to 2030 the share of all households under age 55 will go from almost 70 percent to around 55 percent. While the 35-54 age group will remain the largest group, the margin between it and the 55-74 age group will shrink significantly. Even though the size of the 75-plus age group will more than double from 2012 to 2030, its share of total households will increase only moderately, and it will remain the smallest group. The share of households under 35 will decrease, as this age group's minimal growth in most years after 2012 causes it to fall behind the older age groups.

As the population of the Charleston region ages, it is also forecast to become wealthier. Woods & Poole provides estimates and projections of households by income, with the dollar value of the income brackets held constant at year 2000 levels so that the real purchasing power is equal over the 30-year period. This means that for the purposes of this comparison, a \$50,000 income is worth the same to a household in 2000 as it is in 2030. Because of this adjustment for inflation, tracking the number of households in each income category over a long-term timeframe reflects real changes in the financial resources of households in the region. **Figure 1.4** shows the projected changes.

The most notable trend is the dramatic increase in households making \$60,000-\$99,999 per year, which is a solid upper-middle class income level. The overall

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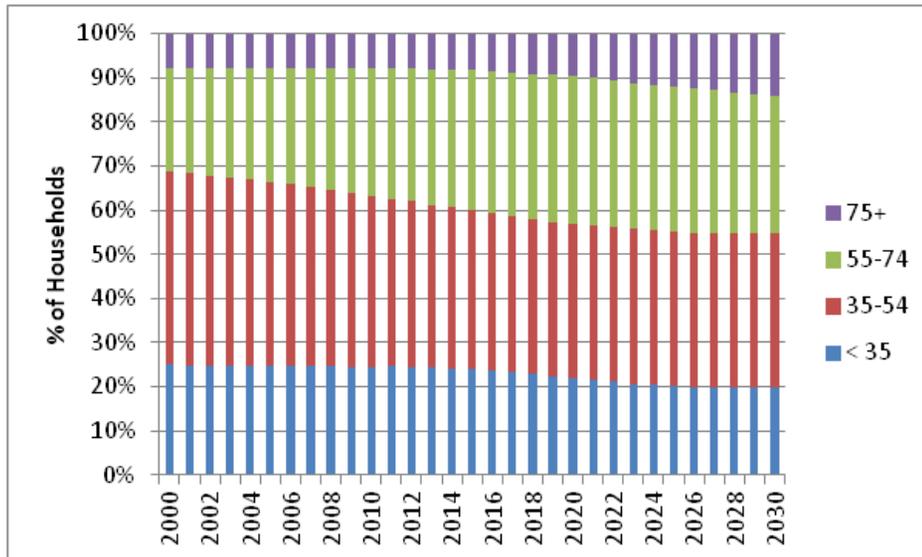


Figure 1.3 Share of Total Households by Age Group

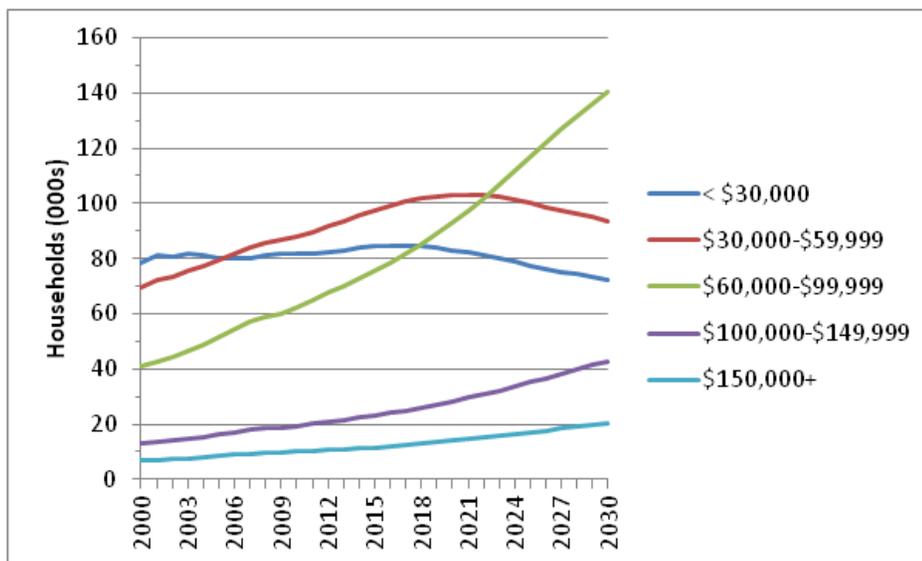


Figure 1.4 Regional Household Estimates and Projections by Inflation-Adjusted Income Category

trend indicates rising affluence in the region. While there is a persistent base of the lowest income households, this income category is mostly flat through 2020 and then begins decreasing. Households making \$30,000-\$59,999 per year are increasing during that time period, but also begin to decrease around 2020. The two highest income categories were increasing gradually before 2012, and that growth is projected to accelerate in the future.

Even as affluence increases, the presence and needs of low income households

will still be significant. By 2030 the number of households making more than \$100,000 per year will still be lower than the number making less than \$30,000 per year. **Figure 1.5** presents the household income estimates and projections as the share of total households claimed by each income category. Even after 30 years of increasing growth in higher income households, one in five households in the region will still be earning an income that is often difficult to support a family on. But the overall increase in household incomes is a positive trend for the regional economy and market-driven prospects for redevelopment of the Neck area.

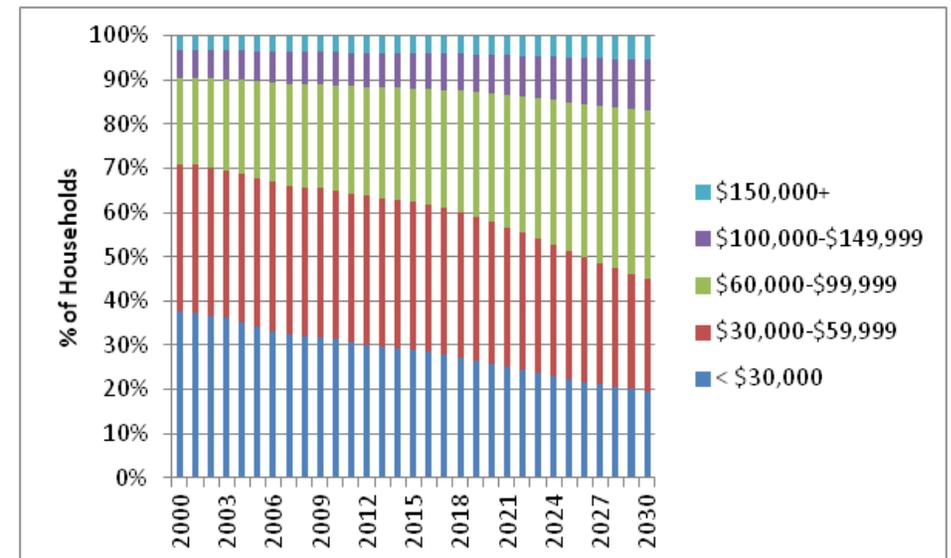


Figure 1.5 Share of Total Households by Income-Adjusted Income Category

Employment in the Charleston region grew steadily from 2000-2012, increasing at a 1.8 percent compound annual rate, and that pace of growth is projected to continue through 2030. This steady rate of growth, however, masks a significant difference between industry sectors that reflects the long-term shift toward service-based jobs in the American economy. Looking at broadly defined sectors, growth in the region during the 2000s was essentially flat in goods producing sectors (primarily construction and manufacturing), and transportation and trade sectors (including retail, wholesale, and warehousing). Meanwhile, service and knowledge-based sectors such as finance, professional/technical services, education, health care, and leisure services all grew at annual rates between three and four percent per year. **Figure 1.6** illustrates the recent and projected growth.

The recession of 2007-2009 and its aftermath are clearly visible in most of the trend lines in **Figure 1.6**. Over the past decade the Finance, Management & Professional Services sector has become the primary driver of the regional economy by virtue of both its size and its rate of growth. That leadership position is projected to continue. Leisure & Other Services emerged as the second-largest

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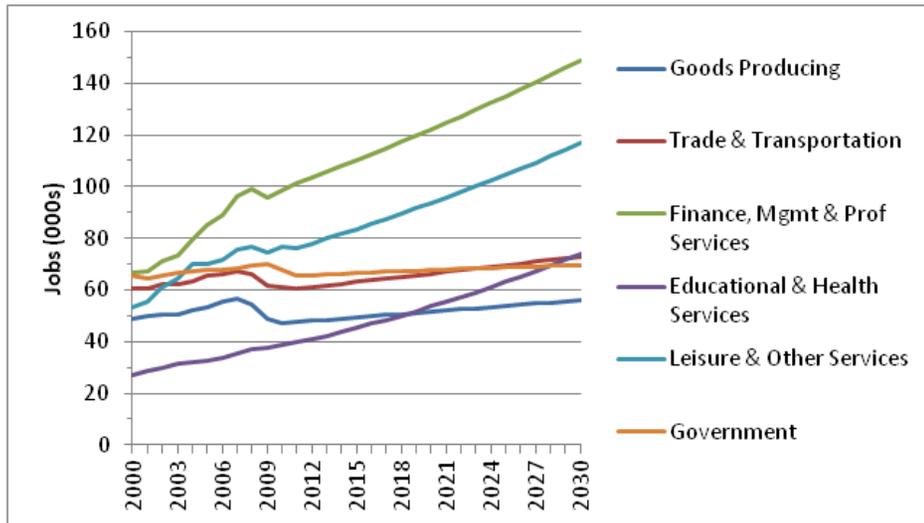


Figure 1.6 Regional Employment Estimates and Projections by Broad Industry Sector

sector in the region during the mid-2000s, and its future growth is projected to largely parallel that of finance and professional services. The primary components of this sector are lodging and food service, traditional Charleston strengths due to the tourist trade, and a variety of personal and household services whose demand increases with a growing population. Educational & Health Services is the only industry that did not experience a noticeable decrease in employment during the recent recession, and its historic growth rate rivals that of finance and professional services.

From 2012-2030 employment in all industry sectors is projected to grow, but the rate of increase will continue to vary by sector. The Goods Producing and Trade & Transportation sectors will return to modest growth of around one percent per year, which is a positive trend for the regional economy. The growth in Finance, Management & Professional Services will moderate a bit as it becomes larger, declining to an annual rate of two percent per year. Growth in Leisure & Other Services, the other large sector, also will slow somewhat, though not quite to the same extent. Notably, the growth rate in Educational & Health Services is projected to continue at a nearly identical rate, meaning that it will easily be the fastest growing sector from 2012-2030. By 2030 it will have become the third-largest industry sector in the region, but its employment level will still be well below that of the top two sectors. In summary, long term trends in the Charleston region through 2030 suggest:

- Steady population growth
- A sharply increasing number of empty-nester and retiree households while the number of younger households remains flat
- Increasing affluence overall, with the number of households making \$60,000-\$99,999 per year growing sharply and the number of lower income

households decreasing over time

- Steady employment growth driven primarily by increases in finance and professional service jobs, along with continued strength in the tourist trade and increasing prominence of education and health care

EMPLOYMENT CONTEXT

The Charleston region has a diverse economy with economic activity and employment spread across a range of industry sectors. As noted in the long term projections above, broad sectors of the economy are expected to grow at differing rates in the future and some are more prominent than others due to their size. An examination of trends and projections for the 15 major private industry sectors in the region plus federal government employment (including military personnel) highlights specific sectors that are central to the region's economic growth. Woods & Poole data on the number of jobs and inflation-adjusted total earnings in each sector from 2000-2030 were the foundation of the analysis. Each sector was evaluated for its current size, current average earnings per worker, past and projected employment growth, and past and projected growth in average inflation-adjusted earnings per worker.

Key industry sectors are those that have a substantial presence in the regional economy already and offer good-paying jobs with strong future earnings potential:

- **Professional, Scientific & Technical Services:** This sector encompasses many knowledge-based jobs focused on design, consulting, research, and analysis. Regional economic development strategies should focus on facilitating the strong growth that is projected.
- **Health Care & Social Assistance:** With several major regional institutions and a growing population, the core economic development strategy will be expanding upon an already strong presence in this sector.
- **Manufacturing:** Although employment growth in this sector is projected to be minimal, it still has a significant presence and offers good-paying jobs. Its current average earnings per worker are well above every other private sector industry and second only to federal government workers. Economic development strategies should focus on maintaining the base of quality jobs and finding opportunities to increase employment in this sector.
- **Federal Government:** Like manufacturing, federal government employment is not projected to grow much, but the high pay level and earnings growth of jobs in this sector mean that it is important to maintain the job base and seek opportunities to expand it.

These key industry sectors describe in general terms the most important sources of economic growth and quality jobs in the Charleston region, and they align

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very well with the detailed economic development strategy being pursued by the Charleston Regional Development Authority (CRDA) and its partners. Opportunity Next focuses on four target industry clusters for employment growth and five core competencies for workforce and community development. The four industry clusters are Advanced Security & IT, Aerospace, Biomedical, and Wind Energy. The five core competencies are Advanced Materials, Creative Design, Drivetrain & Power Systems, Logistics, and Software. Additional detail is provided in **Figure 1.7**.

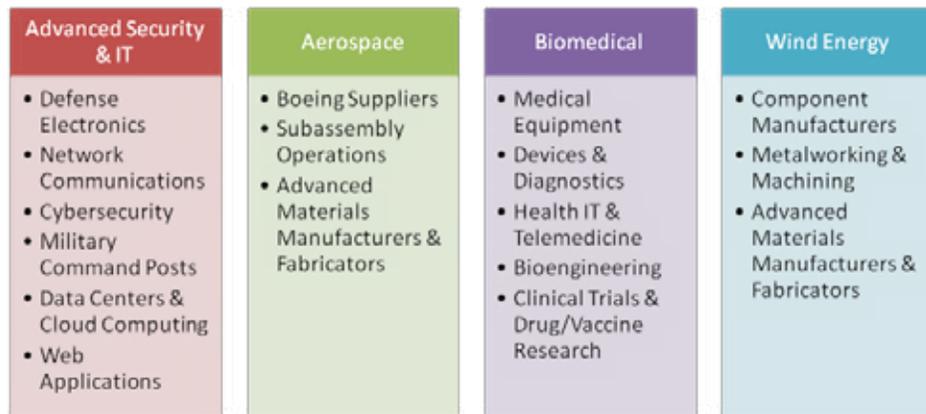


Figure 1.7 Regional Economic Development Strategy – Target Industries

HOUSING CONTEXT

Like many areas across the country, the Charleston region experienced a major housing boom during the mid-2000s, with both development and sales activity reaching all-time peaks. The onset of the global financial crisis in 2008 and accompanying recession put an end to the boom, and the housing market is still in the process of recovering. As illustrated in **Figure 1.8**, data compiled by the U.S. Department of Housing and Urban Development show residential building permit issuance in the region has decreased to levels last seen in the early 1990s.

Overall home sales (not just new development) are also back to 1990s levels according to data obtained from the Zillow real estate web site. The Charleston regional market peaked in 2005 with just over 20,000 homes sold, but most recently recorded around 8,400 sales in 2011. This sharp decline in housing demand combined with the elevated prices paid during the boom years and challenging economic conditions for many households means that a number of homeowners are facing (or have already faced) foreclosure by their lenders and many other homeowners now owe more on their mortgages than what their properties are worth.

According to the RealtyTrac information service, in the 12 months ending in May

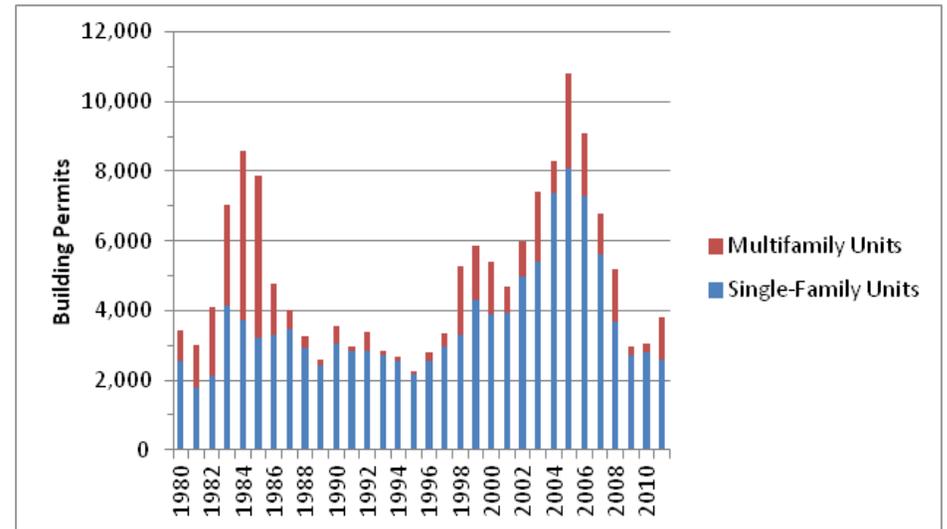


Figure 1.8 Residential Building Permit Issuance in the Charleston Region

2012, the Charleston region averaged 646 new foreclosures per month for a total of 7,753 homes newly foreclosed. Zillow also reports that in the first quarter of 2012 the percentage of homeowners who were “underwater” on their mortgages (owing more than the house is worth) was 32 percent in Charleston County, 39 percent in Berkeley County, and 44 percent in Dorchester County. (The Berkeley and Dorchester figures put them in the top 20 percent and top 10 percent, respectively, of all counties nationwide.) While various indicators and market observers have pointed to a slowly emerging recovery in the housing market, the extent of its challenges suggests that residential growth will be modest at best in the near term and activity is unlikely to return to the levels seen during the boom for some time, if ever.

A notable outcome of the housing boom in the Charleston region was the emergence of a significant market for condominiums. Starting from fewer than 500 units sold per year in the mid-1990s, condominium sales reached a peak of just over 5,000 in 2005 – which represented 25 percent of all home sales in that year according to Zillow. While sales have since decreased in parallel with the broader market downturn, they still numbered almost 1,400 in 2011 or 17 percent of all home sales. Since 2008, the condominium segment’s share of total home sales has been roughly twice as large as it was in the late 1990s. The increasing market acceptance of higher density, multifamily housing product, even if it initially is primarily in beachfront locations, is a positive trend for redevelopment of the Neck area because such housing is very appropriate for select locations given the Neck’s urban character, water views and development opportunities.

Regional housing prices rose and fell as the market went from boom to bust, but Charleston homes were notably higher-priced than those in other comparable regions throughout the previous decade. The CRDA tracks demographic and economic indicators in eight other regions to measure Charleston’s performance

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(see the Competitiveness section below for further details). The Federal Housing Finance Agency (FHFA) uses data from federal mortgage guarantees to create regional home price indexes for metropolitan areas across the country, similar to the widely followed Case-Shiller home price index that tracks only the 20 largest regions. Charting the FHFA index for Charleston and its eight comparable regions since 2000 in **Figure 1.9** shows how Charleston's prices have consistently exceeded its peers, most by a substantial margin.

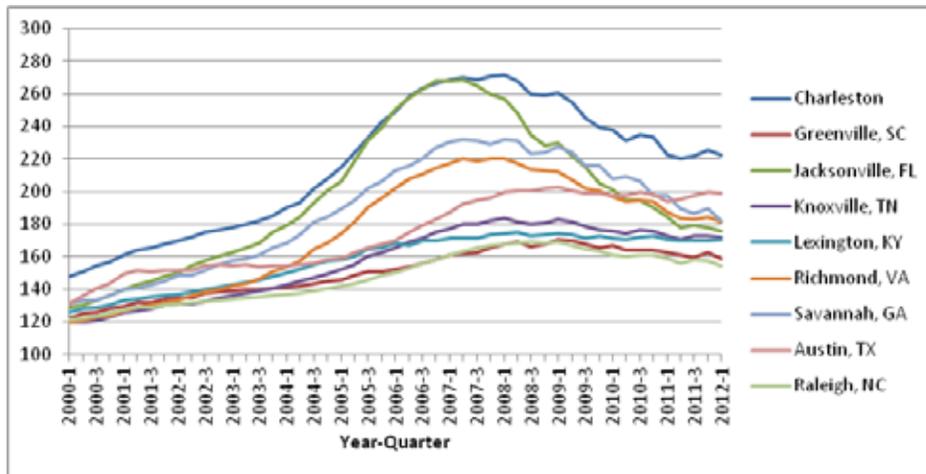


Figure 1.9 Home Price Indexes – Charleston and its Peer Regions

In the first quarter of 2012 Charleston's price index exceeded its peers' by an average of 28 percent, even after a decline in the index of 18 percent from its peak. While a few of the peer regions experienced greater declines, most saw only modest declines that were less than half that experienced in Charleston. The source of the region's price premium is probably a combination of its coastal location, desirable historical neighborhoods, and recreational and other amenities. But the size of the difference suggests that the availability of affordable housing could be a weakness in Charleston's competitive position relative to its peers in attracting talented workers and business investment. Redevelopment of the Neck area may provide an opportunity to provide more housing options at a range of price points to meet future market demand.

The current housing situation in the Charleston region can be summarized as follows:

- Building permit and sales activity are around 20-year lows in the aftermath of the mid-2000s housing boom and bust
- The inventory of foreclosed homes and proportion of underwater homeowners suggest that near-term residential growth will be modest at best
- A significant market for condominiums emerged in the regional market during the recent boom, and seems to be persisting

- Home prices in Charleston have been, and continue to be, significantly higher than prices in its peer regions

COMPARISON AND COMPETITIVENESS

The CRDA publishes an annual Regional Scorecard that measures the Charleston region's progress in delivering economic prosperity compared to six similar and two leading regions. The comparative regions are Greenville, SC; Jacksonville, FL; Knoxville, TN; Lexington, KY; Richmond, VA; and Savannah, GA. The two leading regions, which provide examples of superior outcomes, are Austin, TX and Raleigh, NC. The 2011 scorecard tracks four indicators of economic performance:

- **Gross Regional Product:** The total economic output of the Charleston region grew significantly faster from 2005-2009 than all of the comparative regions (which mostly declined) but the rate was well below the growth in the leading regions.
- **Regional Employment:** Employment in Charleston grew rapidly (13.2 percent) during the 2003-2008 economic expansion, exceeding the nationwide average and five of the comparative regions. But during the subsequent recession employment in the region declined by 4.6 percent.
- **Earnings per Worker:** From 2005-2009 Charleston regional earnings per worker grew at a faster rate than the U.S. but the final amount was still below the U.S. average and fifth among the comparative regions.
- **Per Capita Income:** The overall wealth of the Charleston region is growing rapidly, but it is still below the national average, four of the six comparative regions, and both leading regions.

The performance indicators suggest that the Charleston regional economy was growing at a healthy rate prior to the Great Recession and like most regions is now in recovery mode. But that growth has not yet translated to wages and per capita income on par with the U.S. and most of Charleston's peers. The goal of the regional economic development strategy is to promote job growth, improve wages and incomes, and create an overall increase in the region's economic output. The ability to accomplish all of these interrelated objectives is dependent on the region's competitiveness, which is measured through four key inputs.

The Regional Scorecard tracks four separate indexes that measure various aspects of the Charleston region's competitiveness for attracting economic development versus the comparative and leading regions. The indexes measure human capital, innovative activity, entrepreneurial environment, and quality of place through a variety of elements that compare each region's performance against the U.S. average. The regions are ranked for each element and the rankings are blended within their relevant index subject areas to create four overall index rankings for each region. **Figure 1.10** summarizes how Charleston scored in the most recent scorecard.

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Human Capital Index: 6th	Innovative Activity Index: 7th	Entrepreneurial Environment Index: 3rd (tie)	Quality of Place Index: 5th
<ul style="list-style-type: none"> Knowledge workers: 9th H.S. graduates: 5th College graduates: 5th Employment rate: 7th 	<ul style="list-style-type: none"> Patents: 8th Employment in technical positions: 6th Science related grad students: 7th 	<ul style="list-style-type: none"> Concentration of small to mid-sized businesses: 1st Business churning: 5th Proprietor's income share: 4th Business services: 5th 	<ul style="list-style-type: none"> Climate: 1st Air quality: 1st (tie) Crime rate: 7th Travel congestion: 6th Health care access: 3rd (tie) Culture and recreation: 2nd

Figure 1.10 Charleston's Competitiveness Ranking from the 2011 Regional Scorecard

Stakeholders across the region are working to improve Charleston's competitiveness at the national and global levels, in conjunction with the CRDA's ongoing efforts to attract new jobs and investment to the region. The recent results of those efforts show that the region already is an attractive location for economic development with a very capable recruitment operation. Even in the face of a financial crisis and severe recession, Charleston has continued to attract significant business investment. Since 2008, there have been 35 announcements of CRDA-facilitated transactions that have brought 7,300 new jobs and over \$1.6 billion in new capital investment to the region.

ECONOMIC POSITION

The economic position of the Neck area within the Charleston region is very strong, and supports major redevelopment and revitalization opportunities because of the value the market places on its excellent location, access, and assets. Equally important, this strong position means that the Neck area is relevant and important to the region's future.

The key elements that contribute to the Neck area's economic position are:

- Central location and regional accessibility.** The presence of the I-26 and I-526 interchange at the northern end of the Neck area, along with several other major arterial roadways, provide a level of access to points across the region that is difficult to match at other locations. This access, combined with a central location and proximity to downtown Charleston and other existing and emerging activity centers, makes the Neck area an attractive location for businesses and organizations that serve the entire region. Building height limits and other constraints on development mean that downtown Charleston has limited capacity to accommodate future growth. The Neck area is well positioned to compete with suburban fringe areas in attracting development that might otherwise have occurred in the downtown area.

- Adjacent to a national/global logistics hub.** The multiple terminal facilities that make up the Port of Charleston are located within or adjacent to the Neck area. The port is one of the busiest on the east coast, handling almost \$60 billion worth of goods in 2011, which ranked it eighth among all U.S. ports. Charleston International Airport sits at the northern edge of the Neck area, and offers more than 100 daily flights, with non-stop service to/from nearly 20 major airports. I-26 links the Neck area directly to other major interstate highways serving the southeastern U.S. and the east coast, including I-95, I-77, I-20, I-85, and I-40. More than 150 trucking firms serve the Charleston market. The port and other Neck area businesses are served by two Class 1 railroads.
- Heart of the region's employment corridor.** Thanks to its central location and excellent transportation access, the area running from downtown Charleston north up the peninsula through the airport is the region's primary employment center. The four zip codes that make up this area contained 42 percent of the jobs in the region in 2010. The bulk of the Neck area (zip code 29405) has a fairly diversified employment base that is distinctive for its significant share (30 percent) of jobs in Goods Producing industry sectors. The north airport corridor along Rivers Avenue (29406) and downtown Charleston (29401) are also fairly diversified, but have job bases primarily oriented toward service industries. The mid-peninsula area (29403), which includes the far southern end of the Neck area, is heavily weighted toward educational and health services, which make up 72 percent of its employment base.
- Adjacent to a major tourism and entertainment destination.** Historic downtown Charleston is a major tourist destination and a center of entertainment and cultural activities for the region. Numerous restaurants, hotels, and retail shops serve both local and out-of-town patrons. The Neck area is located directly between the airport and downtown Charleston, and the region's only Amtrak train station is located in the heart of the Neck area. Tourism is a major economic driver for the Charleston region, with almost \$1.8 billion in domestic traveler spending in 2010 directly supporting \$370 million in payroll and 21,000 jobs, and generating \$62 million in local tax receipts. In 2011, Charleston was voted "Top City in the U.S." in the Conde Nast Traveler Readers' Choice Awards.
- Location of major employers and development projects.** As part of its overall employment base, the Neck area is home to major employers from a variety of industry sectors. Many are part of the area's traditional strength in goods production and transportation, such as the Boeing assembly plant, Port of Charleston, and Kinder Morgan coal facility. Others represent professional and technical services such as SPAWAR-Atlantic and the Clemson University Restoration Institute. But other major employers are focused on local markets and activities, such as the big box retailers at the Centre Point shopping center and local government offices for the City of North Charleston and Charleston County. The economic base of the Neck area is poised for expansion through a number of major development projects already underway or awaiting improved economic conditions to proceed. The Navy Yard at Noisetree redevelopment has already transformed parts of the former navy base into

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new work spaces and residences, and has more land and buildings available. On the west side of the peninsula the Magnolia and Ashley River Center projects together represent 275 acres of riverfront land approved for a mix of residential, commercial, and civic/institutional uses. Development activity was halted due to adverse economic conditions, but eventual recovery and the repositioning of these projects will bring new activity and investment to the Neck area. Various other development projects and proposed sites are found throughout the Neck area that focus on residential, commercial, and industrial land uses.

- **Location in a business-friendly state and region.** South Carolina and the Charleston region are both frequently recognized as business-friendly places that are attractive sites for investment. South Carolina recently was ranked #7 on Chief Executive magazine's list of the best states in which to do business. The state has climbed in the rankings, having been rated #8 in 2011 and #10 in 2010. Charleston was recently ranked by Forbes magazine as the #5 small-mid-sized metro area in the U.S. for job growth, and #29 among metro areas of all sizes. The region also was ranked #11 in the Milken Institute's 2011 list of best-performing cities, up from #19 in 2010. With relatively low taxes, right-to-work status, and active public sector economic development initiatives at all levels of government, the Neck area is located in a place where significant resources are devoted to encouraging growth and development, and that has received positive recognition for the results.

Taken together, these advantages mean that the Neck area should continue to be one of the economic engines for the Charleston region, if not South Carolina as a whole. As the U.S. economy recovers from the Great Recession, national and global commerce expands, and local growth continues, the Neck area will be at the center of it all. A sampling of some of the recent and anticipated happenings and ongoing programs in and around the Neck area demonstrates that its future potential remains strong.

- In perhaps the biggest economic development news for the Charleston region in years, **Boeing** has built a second assembly facility for its 787 Dreamliner aircraft in North Charleston, on the north edge of the Neck area adjacent to existing Boeing facilities and the airport. This investment represents a \$750 million capital investment and over 3,800 new jobs just from Boeing, and numerous suppliers and supporting firms have opened both in the Neck area and elsewhere in the region.
- A major economic engine planned, located in the heart of the Neck area, is the **Clemson University Restoration Institute (CURI)**, which is developing a research park devoted to fostering innovations and investment in the "restoration economy" – the revitalization of urban and natural areas through a variety of technical disciplines and public-private partnerships. Planning for the research park of around 100 acres on the former navy base is underway. One of the first projects is a Clemson school of engineering and manufacturing technology, offering technical training and graduate education,

which will open in 2014. The research park complements Clemson's wind turbine drivetrain testing facility that is already under construction nearby and expected to be the world's most advanced facility of its type.

- **The Port of Charleston** has plans for nearly \$1.3 billion in capital improvements over the next 10 years. These include a new terminal operating system and improvements to existing facilities, plus a new container terminal on the former navy base that will increase the port's container capacity by 50 percent. The first phase is expected to be complete by 2019. The Charleston Harbor is already the deepest in the Southeast and a deepening project is underway to ensure that it is fully able to accommodate the new mega-ships that will be traveling through the newly expanded Panama Canal to East Coast ports in the coming years.
- The **Charleston Digital Corridor** (www.charlestondigitalcorridor.com) is an initiative of the City of Charleston focused on expanding and enhancing its "knowledge economy" through a wide array of activities and support to member companies. The organization operates technology incubators where startup firms can find work space and interact with other companies while growing their businesses. The Digital Corridor also promotes development of technology-oriented facilities within several defined corridor areas, including the Gateway District, which is located along I-26 in the southern portion of the Neck Study area. With exceptional interstate access, this area is quickly becoming a choice business location. Blue Acorn and Boomtown, two firms located in the Gateway District, were recently named to Inc. Magazine's 2013 Inc. 500 list, an exclusive ranking of the nation's fastest growing private companies.
- **Charleston Life Sciences** is another City of Charleston initiative that focuses on biotechnology industries and capitalizes on links with the Digital Corridor initiative. Nineteen member companies currently share ideas and experiences and receive access to support and networking opportunities. The life sciences initiative also promotes lab space that is available in a facility recently developed by the South Carolina Redevelopment Authority (SCRA) that is located in the Neck area.
- With Southwest Airlines initiating service in 2011 and Jet Blue adding flights in 2013, the **Charleston International Airport** now services six domestic carriers. The result of this added choice is that ticket prices have dropped and passenger volume increased by more than 30 percent. Besides lower prices, travelers can look forward to a planned renovation of central hall and ticketing hall, new TSA consolidated screening checkpoint, terminal renovation of Concourse A, expansion (5 new gates) and renovation of Concourse B, a third baggage claim carousel and renovation of baggage hall, and a new rental car pavilion. Plans are also being considered to extend both of the airport's runways.

The Neck area is located at the heart of a growing region that has made economic development a priority through ambitious organizations and innovative programs

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and facilities. The Charleston region is on the rise, and it is well-positioned to benefit from a recovering national and global economy. With its central location, multimodal accessibility, and concentration of employment and economic activity, the Neck area is poised to be a key engine for regional growth. With this context supporting it, the primary challenge for this Master Plan is to define opportunities and actions that can most effectively tap the area's potential and bring prosperity to its residents, businesses, and other stakeholders.