PART III. ECONOMIC ELEMENT

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PART III. ECONOMIC ELEMENT

This element will focus on the local economy and economic issues and opportunities facing the county.

JOB DEVELOPMENT

In 1995 Governor David M. Beasley and the Secretary of Commerce unveiled a statewide economic development plan called *Approaching 2000.* The mission of the plan is:

> ***"To increase the wealth of South Carolina's citizens---particularly as measured by per capita income and the number and geographic distribution of well-paid jobs---in a manner that supports and enhances a high quality of life."***

In the two years since the plan was announced, 2,270 new firms have invested more than $11 billion in South Carolina, creating almost 50,000 new

Table 3-1
Jobs from Capital Investment
County Rankings 1996

Ranking	County	Jobs
1	Greenville	2,701
2	Charleston	2,487
3	York	2,154
4	Richland	1,987
5	Berkeley	1,644
6	Spartanburg	1,525
7	Anderson	1,023
8	Sumter	980
9	Marion	893
10	Chester	733

Source: S. C. Department of Commerce.

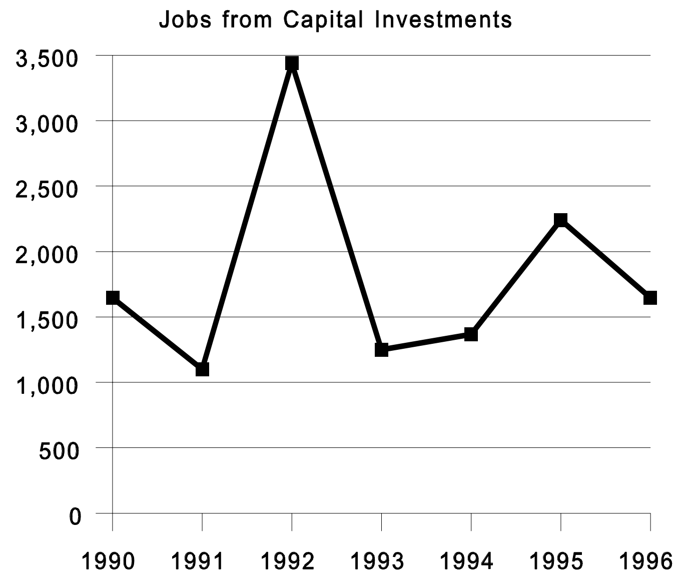
jobs. In 1996, 1,525 new jobs were created in Spartanburg County alone, ranking it 6th among the state's 46 counties in job creation.

But job development in Spartanburg County did not start with *Approaching 2000.* The county has averaged 1,796 new jobs a year from capital investments since 1990.

Table 3-2
Jobs From Capital Investment
Spartanburg County

1996	1,645
1995	2,242
1994	1,369
1993	1,250
1992	3,441
1991	1,100
1990	1,645
Total	12,572

Source: Ibid.



LABOR FORCE

The argument may be made that the local labor force is the most important element in the economic equation. Certainly, it is one of the more critical in terms of sustaining and expanding economic and industrial development.

Spartanburg County has the 4th largest labor force in the state, with an increase of 1,310 persons a year since 1990. All the while, unemployment rates have fluctuated downward, maintaining a substantially lower rate than the state.

That the county's labor force increased by 13 percent during the first six years of this decade, while the unemployment rate declined is good news economically. It is also a source of concern regarding future economic development. Current trends suggest that the job market is outdistancing the resident labor force, which theoretically could retard future growth and development. But it could also stimulate labor movement into the county, based on the principal “create the jobs and they will come”.

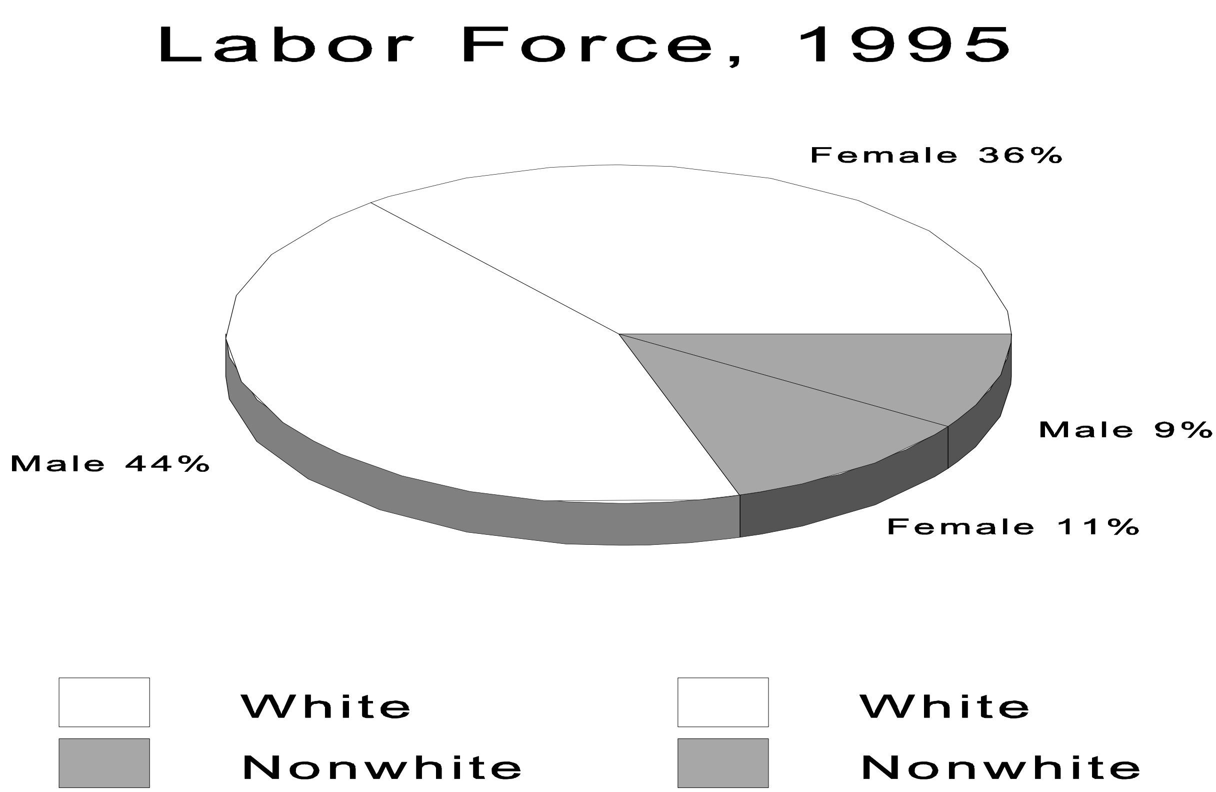
Table 3-3
Spartanburg County Labor Trends

	1990	1992	1994	1996
Civilian labor force	119,160	121,380	126,250	127,020
Employment	113,950	115,560	120,460	121,860
Unemployment	5,210	5,820	5,790	5,160
Percent County	4.4	4.8	4.6	4.1
Percent State	4.7	6.2	6.3	5.4

Source: S. C. Employment Security Commission, S.C.’s Labor Force and Industry, Selected Years.

Spartanburg County’s labor force is comprised mostly of males (53%) with females making up 47 percent of the total. Whites account for 80 percent of the labor force, compared with only 20 percent by nonwhites.

Nonwhite males form the smallest sector at about nine percent.



Observing a pattern statewide, nonwhites have a higher unemployment rate than whites, while nonwhite males have the highest rate in the county.

Table 3-4

Spartanburg County
Labor Force, By Race and Gender, 1995

	Labor Force			Unemployment
	No.	%	Employment	Rate
White	103,050	80	99,990	3.0
Nonwhite	23,720	20	22,070	7.0
Male	67,880	53	65,600	3.4
Female	58,890	47	56,460	4.1
Nonwhite				
Male	11,250	09	10,410	7.5
Female	12,470	11	11,660	6.5
White				
Male	56,630	44	55,190	2.5
Female	46,420	36	44,800	3.5

Source: S. C. Employment Security Commission, Labor Market Information Division, Labor Force Data, By Race and Sex, 1995.

WORKER COMMUTER PATTERNS

Worker commuting patterns reveal a great deal about the relative strength and size of the county's economic base. Is Spartanburg County a worker importer or exporter?

Generally speaking, the larger the job market, the more likely an area (city, county, region) is to be a worker importer. And given the size of Spartanburg's economic base, it follows that the county is an importer. Not so. In fact, Spartanburg County has a history of exporting more workers than it imports.

Dating back to 1970 the county exported 987 more workers than it imported. By 1994, the number had been reduced to 483. But the county continues to export more workers than it imports, albeit fewer.

Excluding Greenville County, which has a net exchange of about 5,900 more workers from Spartanburg County than it exports, the county is a major job market. The county provides employment for over 4,500 more South Carolina workers (excluding Greenville County) than commute out of the county for employment. The commuting is heaviest from neighboring Cherokee, Union and Laurens Counties. Spartanburg County is also a major source of employment for North Carolinians, employing about 1,000 more workers than commute to North Carolina for work.

Both in-commuting and out-commuting workers to and from Greenville County have essentially tripled over the last 24 years. But they remain relatively level in terms of worker exchange. Essentially the same trend and relationship exist between Spartanburg County and other counties in North and South Carolina, with Spartanburg strengthening its position as a "hub employee importer" in an enlarging economic region, co-anchored with Greenville County.

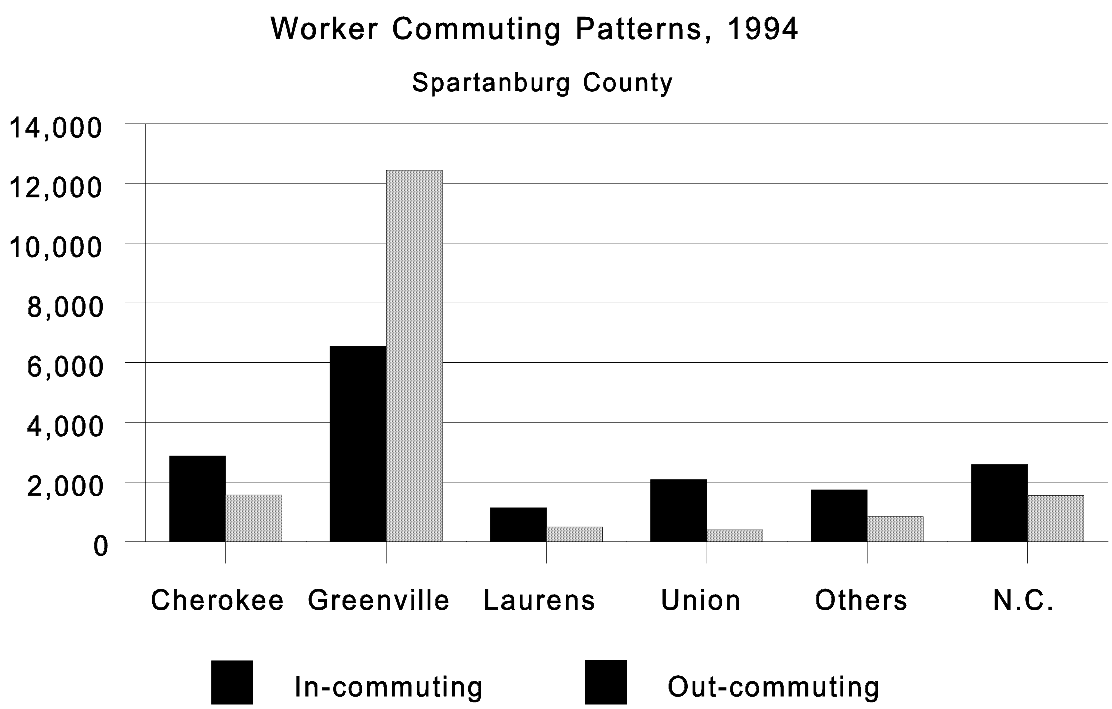
WAGES/INCOME

The cost of doing business in Spartanburg County and elsewhere is important to perspective industry. Wages constitute in many instances the largest single cost to business. However, high paying jobs are not an impediment to doing business in Spartanburg County. To the contrary, industries with higher paying jobs are preferred commodities in the extremely

Table 3-5
Worker Commuting Patterns, Trends
Spartanburg County

	In commuting from:		Out commuting to:	
	1970	1994	1970	1994
South Carolina	**5,065**	**14,364**	**5,606**	**15,749**
Cherokee Co.	1,682	2,870	277	1,563
Greenville Co.	2,161	6,537	4,550	12,444
Laurens Co.	295	1,133	445	497
Union Co.	756	2,081	205	404
Other counties	171	1,743	129	841
North Carolina (all counties)	**1,204**	**2,583**	**564**	**1,548**
Georgia (all counties)	**---**	**32**	**---**	**12**
Elsewhere	**---**	**479**	**1,086**	**662**
Total	6,269	17,458	7,256	17,971

Source: S.C. Employment Security Commission, Commuting Patterns, Selected Years.



competitive industrial and business recruitment process.

Wages, when viewed as operating costs, generally are more attractive to industrial prospects if the scales are competitive. In fact, competitive scales are considered an asset to industrial recruitment.

But low wage jobs are not conducive to enhancing and sustaining the “quality of life” in Spartanburg County.

In a Survey of Wages in South Carolina, 1996, by the South Carolina Employment Security Commission, hourly wages are listed statewide by industry (SIC) and occupation. Using this data base, we are able to compare hourly wage scales of the various industries operating in the state (Table 3-5) by occupation, i.e. managerial, professional, sales, clerical and production. But such a comparison is made difficult because of the vast number of suboccupations within a given category, and scale differences among the various major classifications.

Still, a few industries stand out, top to bottom, on the wage scale. They are:

SIC	CLASSIFICATION
26	Paper and Allied Products
28	Chemicals and Allied Products
33	Primary Metals
36	Electronics and Other Electrical Equipment
38	Measuring, analyzing and controlling Inst., medical and optical goods, watches and clocks
48	Communications
49	Electric, Gas and Sanitary Services

Moreover, hourly wage rates generally are higher in the manufacturing sector than the nonmanufacturing sector, as indicated by Table 3-5.

Using these data, the county is able to screen and compare industrial prospects on the basis of wage scales, and target recruitment efforts at those with higher paying jobs.

TABLE 3-6
SOUTH CAROLINA
HOURLY WAGES (AVERAGE) BY INDUSTRY AND OCCUPATION, 1996

SIC	CLASSIFICATION	MANAGERIAL (1)	PROFESSIONAL (2)	SALES(3)	CLERICAL(4)	PRODUCTION (5)
20	Food & Kindred Prod.	$18 - 27	$11 - 20	$15	$7 - 15	$6 - 15
22	Textile Mill	21 - 38	10 - 21	7	8 - 15	8 - 12
23	Apparel, Fin. Prod.	16 - 28	10 - 21	26	6 - 10	5 - 11
24	Lumber, Wood Prod.	13 - 21	14 - 17	11 - 17	7 - 12	6 - 13
26	Paper & Allied Prod.	25 - 53	19 - 26	27	9 - 19	7 - 21
27	Printing & Publish.	20 - 34	7 - 16	7 - 13	7 - 14	
28	Chemicals & Allied	29 - 48	18 - 29	---	9 - 21	8 - 23
30	Rubber & Plastic	22 - 33	17 - 22	17	8 - 14	7 - 15
32	Stone, clay, glass, concrete	21 - 29	16 - 25	13 - 19	8 - 13	7 - 14
33	Primary Metals	29 - 35	9 - 27	---	---	8 - 21
34	Fabricated Metal Prod.	19 - 32	12 - 22	---	9 - 14	8 - 14
35	Indus. & Comm. Mach.	18 - 32	14 - 26	---	8 - 14	8 - 15
36	Electronics & Comp.	23 - 44	13 - 27	---	9 - 17	7 - 19
37	Transportation Equip.	23 - 31	16 - 23	---	8 - 16	8 - 18
38	Measure, Analyze & Control Instr., Photo, Medical & Optical Goods	16 - 42	14 - 20	13	9 - 13	9 - 15
41	Transit & Pass. Transp.	8 - 15	8	---	7 - 11	7 - 13
42	Motor Freight, Trans. & Warehousing	17 - 31	15 - 20	15	8 - 15	7 - 15
44	Water Transp.	16 - 20	13	16	6 - 12	6 - 21
45	Air Transportation	17 - 37	8 - 20	---	7 - 25	7 - 25
47	Transp. Services	11 - 35	13	11 - 12	7 - 12	6 - 15
48	Communications	21 - 50	8 - 23	9 - 23	9 - 15	13 - 18

SIC	CLASSIFICATION	MANAGERIAL (1)	PROFESSIONAL (2)	SALES(3)	CLERICAL(4) (5)	PRODUCTION
49	Elec, Gas, & Sanitary Sv.	20 - 39	16 - 29	10 - 15	9 - 16	10 - 22
50	Whlse. Trade, Durable	$17 - 27	$11 - 17	$ 8 - 23	$ 8 - 14	$ 7 - 16
51	Whlse. Trade, Nondurable	15 - 30	11 - 22	6 - 22	7 - 12	5 - 13
52	Bldg. Mat'ls., Hwd., MH Dealers	11 - 24	11 - 15	6 - 11	6 - 11	7 - 13
53	Genl. Mdse. Stores	7 - 14	8 - 18	5 - 9	6 - 9	5 - 14
54	Food Stores	9 - 14	8 - 22	6 - 10	7 - 11	5 - 15
55	Automotive Dealers & Service Stations	10 - 28	8 - 29	6 - 23	6 - 18	5 - 15
56	Apparel & Access. Stores	13 - 38	10 - 20	5 -10	6 - 12	---
57	Home Furnish. & Equip.	24 - 79	10 - 60	6 - 14	6 - 11	7 - 12
58	Eating & Drinking Places	9 - 13	9 - 18	6 - 7	6 - 10	5 - 7
59	Misc. Retail	12 - 25	8 - 24	6 - 20	7 - 11	5 - 12
60	Depository Inst.	18 - 33	9 - 19	13	7 - 12	10
61	Nondepository Credit Inst.	19 - 43	13 - 21	7 - 16	6 - 14	9
62	Security & Commodity Brokers	44 - 81	---	81	8 - 17	---
63	Insurance Carriers	20 - 45	10 - 23	15 - 20	7 - 13	---
64	Insurance Agents	21 - 41	15 - 27	20	5 - 14	---
65	Real Estate	11 - 34	13 - 15	6 - 35	6 - 14	7 - 12
70	Hotels & Lodging	14 - 20	6 - 14	7 - 13	6 - 11	5 - 11
72	Personal Services	9 - 21	8 - 13	5 - 6	6 - 10	5 - 12
73	Business Services	18 - 29	12 - 20	8 - 21	6 - 10	6 - 12
75	Automotive Repair	10 - 25	11 - 14	6 - 16	6 - 12	5 - 16
76	Misc. Repair Serv.	13 - 34	11 - 20	15	7 - 14	6 - 16
78	Motion Pictures	9 - 16	14	5 - 9	---	---
79	Amusement & Rec. Serv.	10 - 22	6 - 23	6 - 8	6 - 11	5 - 10

SIC	CLASSIFICATION	MANAGERIAL (1)	PROFESSIONAL (2)	SALES(3)	CLERICAL(4)	PRODUCTION (5)
80	Health Services	19 - 26	8 - 83	---	7 - 11	6 - 15
81	Legal Services	16 - 36	7 - 46	---	6 - 16	---
82	Education Services	$14 - 28	$ 7 - 24	---	$ 7 - 11	$ 6 - 11
83	Social Services	9 - 19	6 - 19	---	6 - 12	6 - 15
86	Membership Organiz.	12 - 23	6 - 17	$12 - 15	6 - 12	9
87	Engineering, Account., Research, Mgmt. & Related	20 - 40	9 - 29	14	7 - 12	7 - 15

NOTES:

(1) Managerial and Administrative occupations.
(2) Professional, paraprofessional and technical occupations.
(3) Sales and related occupations.
(4) Clerical and administrative support occupations.
(5) Production, construction, operating, maintenance and material handling occupations.

Source: S. C. Employment Security Commission, Labor Market Division, The South Carolina Wage Survey, 1996.

ECONOMIC/JOB PROFILE

The local economy consist of three broad based sectors:

(1) Manufacturing
(2) Nonmanufacturing
(3) Farming

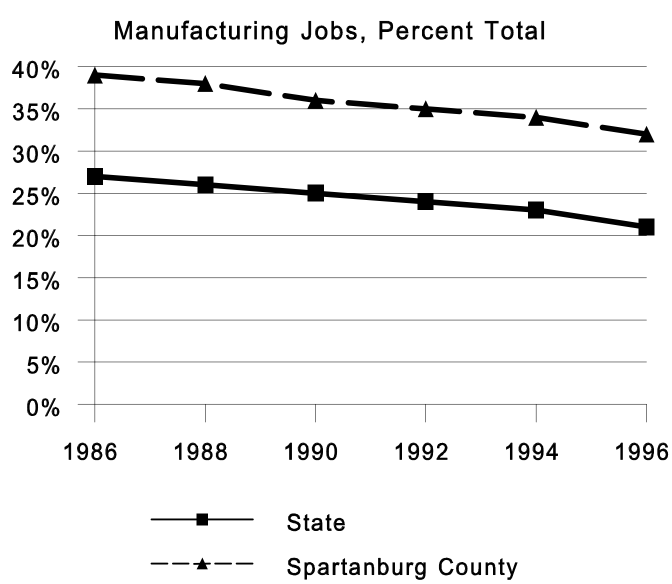
Manufacturing Sector

Since the industrialization of the south, manufacturing has driven the local economy, previously in the form of textiles. That neither textiles in particular or manufacturing, in general, dominate the county's economy as they once did in no way diminishes the importance of manufacturing to the economic well being of the county. To the contrary, the significance of manufacturing in an evolving economy is magnified.

Studies have shown that the creation of 100 new manufacturing jobs can have the following impact on the local economy:

(1) Create 68 new non-manufacturing jobs,
(2) add one (1) retail establishment,
(3) add to bank deposits,
(4) add to retail sales, and
(5) add to personal income.

Additionally, 100 new industrial jobs will produce about 67 new families, and add approximately 350 people and 80 school children.



Manufacturing jobs have declined statewide by approximately 23 percent since 1986, despite intensive recruitment efforts by the state. From 27 percent of all non-farm jobs in 1986, manufacturing jobs dropped to just 21 percent across the state in 1996.

This picture is not nearly as bleak in Spartanburg County. In fact, the county sustained a measure of growth during this period, although manufacturing jobs declined in relation to non-manufacturing jobs.

Manufacturing employment increased by 17 percent over the last six years, adding about 6,400 jobs. This increase occurred despite sustained losses in textiles and apparels over time.

The loss of jobs in textiles has been off-set by significant job gains over the last six years in:

	Percent Gain
• Fabricated Metals	55
• Machinery and Equipment	58
• Transportation Equipment	207
• Instruments and related	100

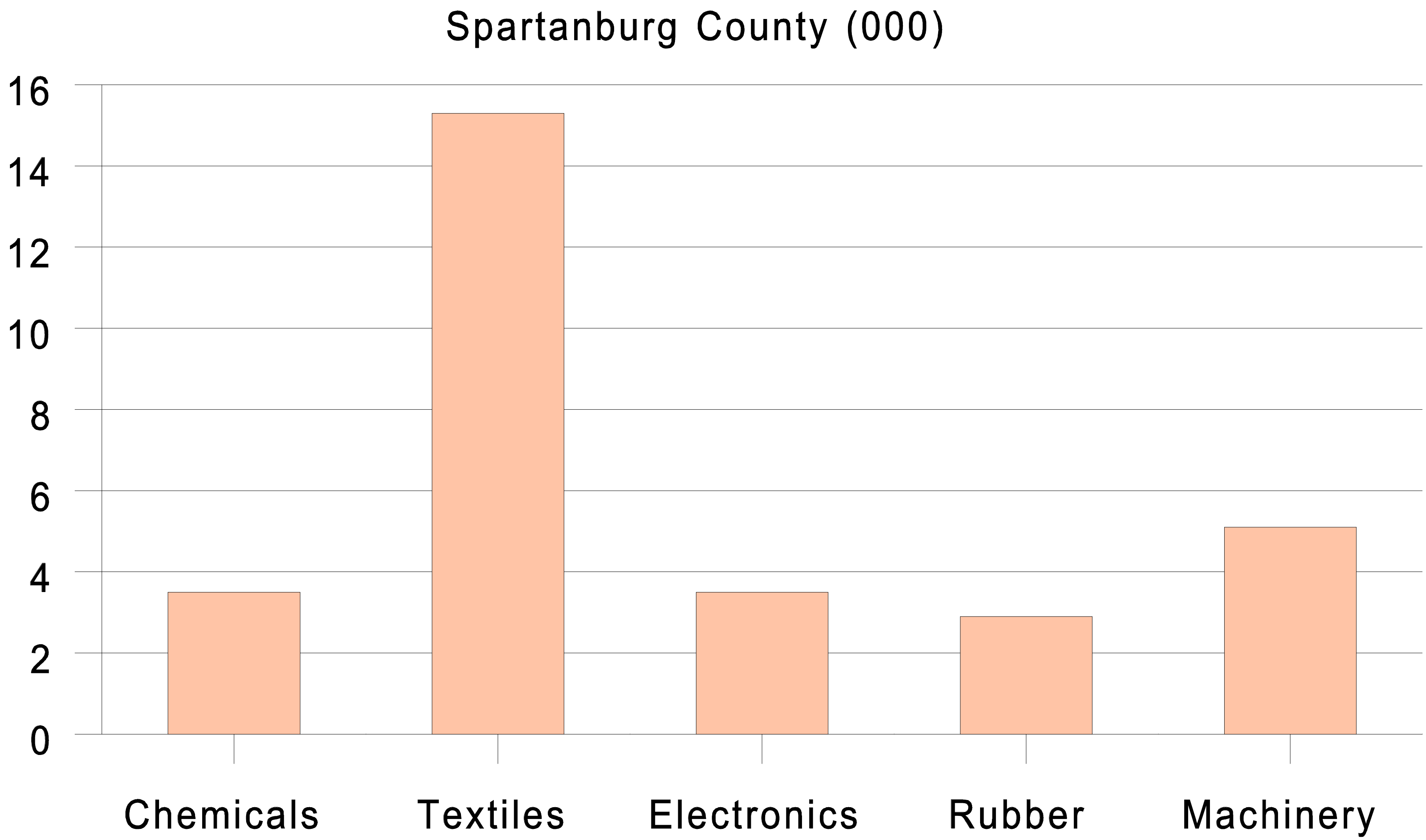
With few exceptions, manufacturing jobs increased in each of the major SIC Code Classifications listed on Table 3-7.

Five major SIC industrial groups dominate the Spartanburg job market---textiles and apparels, industrial machinery and equipment, electronic equipment, rubber and plastics, and chemicals and allied products. These five categories provide 69 percent of all manufacturing jobs. But the relative dominance of these industries is down from 75 percent of all manufacturing jobs in 1970, as the county's economy continues to diversify.

With economic diversification, the county no longer relies on textiles to the extent it once did. Although still the largest employer in the county, textile and apparels accounted in 1996 for less than 35 percent of all manufacturing jobs.

According to the last issue of U.S. Industrial Outlook, 1994, eight of the 10 fastest growing industries in the country are located in Spartanburg County. Conversely, none of the 10 slowest growing industries are located in the county. Even the textile and apparel industries, which have suffered job and business losses over a relatively long period, increased slightly during the recent past, between 1990 and 1996.

Top Five Manufacturing Jobs, 1996



That the county is vested in fast growing industries bodes well for the future.

Table 3-7
U. S. Industries, By Rate of Growth

SIC	Industry	Presence in Spartanburg County No. Plants	No. Employees
10 Fastest Growing, U.S.			
3541	Machine tools, metal cutting types	4	75
367	Electronic components & accessories	3	1,263
3842	Surgical appliances	3	54
2451	Mobile homes	1	120
3714	Automotive parts & accessories	6	1,256
3841	Surgical & medical instruments	1	43
3644	Lighting fixtures	2	159
2515	Mattresses & bedsprings	0	0
3111	Leather tanning & finishing	0	0
382	Analytical instruments	2	354
10 Slowest Growing, U.S.			
8728	Aircraft parts & engines, nec.	0	0
3724	Aircraft engines & engine parts	0	0
3721	Aircraft	0	0
3812	Search & navigation equipment	0	0
3731	Ship building & repairing	0	0
3764	Space propulsion units & parts	0	0
3172	Personal leather goods, nec.	0	0
2761	Manifold business forms	0	0
2874	Phosphatic fertilizers	0	0
3769	Space vehicle equipment, nec.	0	0

Source: U. S. Industrial Outlook, 1994.

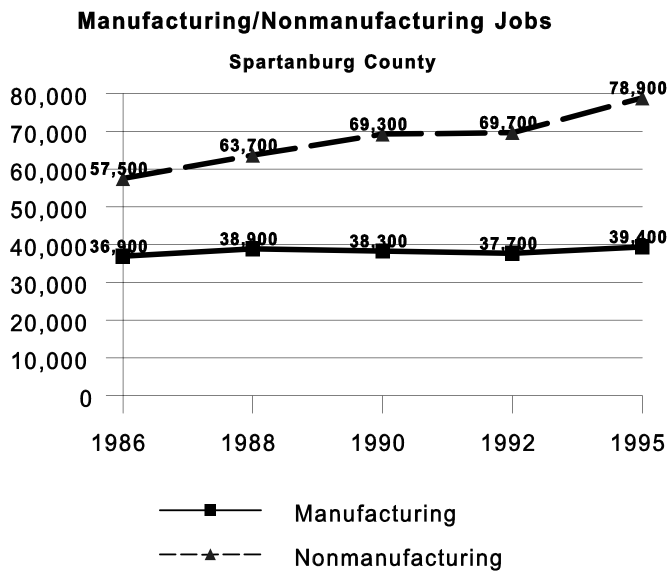
TABLE 3-8
MANUFACTURING PLANTS, EMPLOYEES, BY SIC CODE, 1970-1996

SIC Code	Industry	1970 Plants	1970 Employees	1980 Plants	1980 Employees	1990 Plant	1990 Employees	1996 Plant	1996 Employees	Change 1970-1996 Plant	Change 1970-1996 Employees
20	Food & Kindred	17	810	13	1,039	8	965	25	1,661	8	851
22	Textile Mill	59	17,110	56	16,376	62	11,133	89	12,975	30	-4,135
23	Apparel & other tex.	11	6,176	17	5,048	27	2,500	33	2,337	22	-3,839
24	Lumber & wood	15	220	24	411	20	304	24	1,019	7	799
25	Furniture & Fix.	3	(ND)	4	95	5	(ND)	6	53	---	---
26	Paper & allied	7	787	11	995	13	1,149	15	1,280	8	493
27	Printing & Pub.	22	409	26	483	42	1,810	47	1,284	25	875
28	Chemicals & allied	12	1,583	18	3,368	26	3,063	43	3,568	31	1,985
30	Rubber & plastics	7	442	15	2,171	24	2,968	29	2,922	22	248
32	Stone, clay, glass	10	927	10	1,252	15	1,501	18	2,061	8	1,134
33	Primary metal ind.	—	---	8	337	9	921	15	975	---	---
34	Fabricated metals	6	954	17	1,907	22	1,416	44	2,198	38	1,244
35	Ind. machinery & equip.	34	1,048	48	2,590	79	3,232	100	5,116	66	4,068
36	Electronic equip.	3	572	5	485	18	2,902	21	3,455	18	2,883
37	Transportation eq.	5	170	5	(ND)	11	688	11	2,119	6	1,949
38	Instruments & related	1	(ND)	3	100	8	150	9	300	---	---
39	Miscellaneous	5	(ND)	---	---	10	192	15	533	---	---
	TOTAL	236	33,987	308	40,267	424	37,429	544	43,856	308	9,869

Source: U.S. Department of Commerce, Bureau of Census, County Business Patterns, 1970, 1980, 1990. Spartanburg County Planning Department, 1996.

Nonmanufacturing Sector

Evolution of the local economy has witnessed unprecedented and disproportionate growth in the nonmanufacturing sector, relative to the manufacturing and agricultural sectors.



Not surprisingly, growth in the nonmanufacturing sector has accounted for most new jobs, increasing by 44 percent between 1986 and 1996. The nonmanufacturing sector added 25,300 jobs during this period, compared with only 6,900 manufacturing jobs. But it has not been uniform.

The largest gains have been in trade and services, now providing just over 42 percent of all jobs in the county. That these segments have increased to such an extent is indicative of the county's position as co-anchor (with Greenville) and hub of a larger regional market, extending well beyond the county line.

Table 3-9
Distribution of Nonmanufacturing Jobs

	1986	1988	1990	1992	1995
NONMANUFACTURING	57,500	63,700	69,300	69,700	78,900
Construction & Mining	5,000	5,900	6,200	5,200	6,000
Transportation,Utility	3,300	3,800	3,900	4,000	4,800
Wholesale/Retail Trade	20,400	23,200	24,500	24,300	28,300
Finance, Ins., RE	2,500	2,400	2,600	2,600	2,800
Services	13,800	15,900	18,400	19,700	22,100
Government	11,700	12,500	13,700	13,900	14,900

Source: Ibid.

That the county's job market is becoming increasingly service oriented is not surprising. The service industry has become the driving force of South Carolina's economy. Point in fact, the service industry is projected by the S. C. Employment Security Commission to provide one out of every two new jobs in the state through 2005. But this is not likely to be the case in Spartanburg County, as Spartanburg's economic base is not predicated on tourism-based activity. Still, the service sector is expected to gain disproportionately to other sectors of the economy because of its role in all aspects of business, including legal services, child care services, and many other business services in support of other industries in one way or another.

Of the six major categories in the nonmanufacturing sector listed on Table 3-9, four account for most of the increase---wholesale and retail trade, services, transportation and utilities, and government. Jobs in construction and mining have remained stable over time, and jobs in finance, insurance and real estate have increased only slightly. Among the growth categories, jobs in the trade and service sectors have been the big gainers, accounting for 76 percent of all new nonmanufacturing jobs created between 1986 and 1995. Government job development was a distant third at 15 percent. These three categories accounted for 91 percent of all new nonmanufacturing jobs and 68 percent of all new jobs created in Spartanburg County.

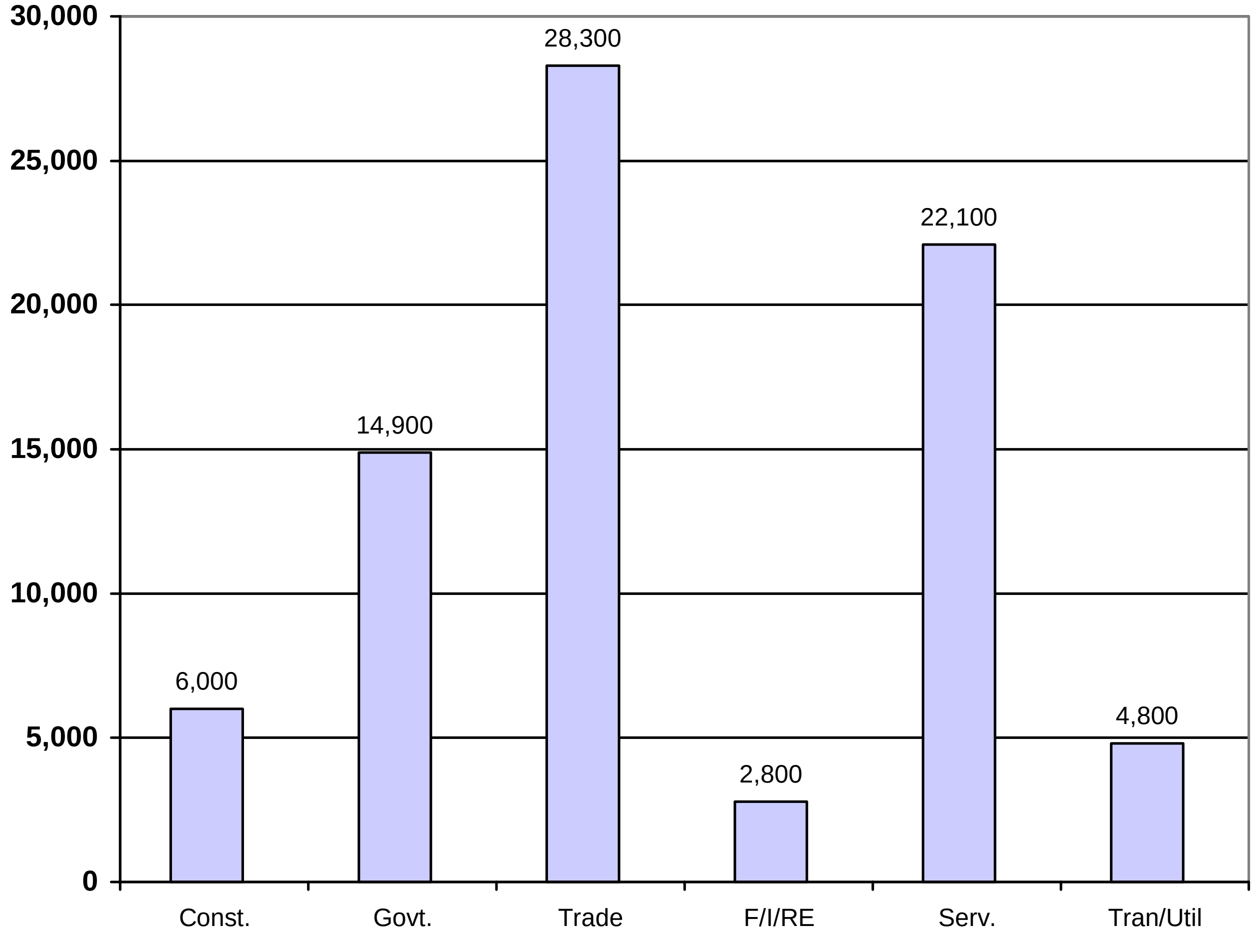
Within the service sector, business services followed by health services have been the big gainers. Much of the increase in business services is related to sustained growth in the manufacturing sector. Gains in the health service sector are characteristic of the industry statewide, accommodated by the regional perspective of Spartanburg Regional Medical Center.

Over a 10 year period, between 1982 and 1992, employment increased in all trade and service categories in line with population growth. But gains were only slight in some sectors because of changes in the industry. The number of gas station attendants, for example, narrowly increased because of automation at the gas pump and changes in the delivery system to include other than gas stations. As a result, employment in this sector may actually decline in the future even with growth of gas sales, which is a given.

Wholesale trade, apparel and accessories, and drug stores also had weak employment gains during this period.

Job increases in amusement and recreation services are indicative of increased leisure time and money. And increases in the building materials

Top Five Manufacturing Jobs, 1996
Spartanburg County



industry are in response to growth and development taking place in the county.

The largest increase in retail trade employment has been in the eating and drinking industry. This industry has been the recipient of increased household income and changing lifestyles.

Growth in nonmanufacturing jobs has been accompanied by an increase in the number of establishments, as expected, but not to the same extent. This means there were a lot of enlargements, consolidations, and replacements.

The number of hotels and motels, as an example, increased by only two percent between 1982 and 1992, but there was a 62 percent increase in hotel jobs. The same is true of many other industries.

The 10 fastest growing nonmanufacturing industries in Spartanburg County, based on the number of new establishments are, ranked in terms of establishments added:

Eating and drinking	124
Wholesale durable goods	111
Business services	93
Automotive services	61
Health services	49
Amusement and recreation	36
Miscellaneous retail	32
Building Materials/Hardware	29
Apparel and accessories	29
Legal services	26

That the nonmanufacturing sector has performed so well over time is a tribute in part to sustained growth in the manufacturing sector. As mentioned previously, a strong manufacturing base ensures an even stronger and more expansive nonmanufacturing base because of the multiplier affect.

Table 3-10
Spartanburg County
Profile of Service and Trade Sectors
Employment: 1982 - 1992

SIC Code	No. Service Employees*	1982	1992	Change No.	Change %
70	Hotels, lodging	462	750	288	62
72	Personal services	678	912	234	35
73	Business services	2,695	9,071	6,376	237
75	Automotive services	387	678	291	75
76	Misc. Repair services	304	466	162	53
78,79	Amusement, recreation	286	626	340	119
80	Health services (1)	2,002	3,114	1,112	56
81	Legal services	221	458	237	107
89	Engineering, accounting, Research services	758	1,201	443	58
	No. Retail Trade Employees*				
52	Building Materials, hardware	374	717	343	92
53	General Merchandise	1,307	1,801	494	38
54	Food	2,122	2,924	802	38
55	Auto dealers	873	1,158	285	33
554	Gas stations	687	693	6	01
56	Apparel & accessories	908	959	51	06
57	Furniture, home furnishings	486	701	215	44
58	Eating & drinking	3,217	5,935	2,718	85
591	Drug	494	555	61	12
	Misc. Retail	943	1,341	398	42
	No. Wholesale Employees*				
	Durable goods	1,968	3,480	1,512	77
	Nondurable goods	1,682	2,198	516	31

* Establishments with payrolls

Source: U.S. Department of Commerce, Bureau of Census, Census of Service Industries, Geographic Area Services, South Carolina, Selected Years.

Table 3-11
Spartanburg County
Profile of Service and Trade Sectors
Number Establishments, 1982 - 1992

SIC Code	**No. Service Establishments***	1982	1992	Change No.	Change %
70	Hotels, lodging	24	26	2	08
72	Personal services	125	128	3	02
73	Business services	108	201	93	86
75	Automotive services	94	155	61	65
76	Misc. Repair services	48	80	32	67
78,79	Amusement, recreation	51	87	36	71
80	Health services (1)	246	295	49	20
81	Legal services	80	106	26	33
89	Engineering, accounting, Research services	32	102	70	219
	No. Retail Trade Establishments*				
52	Building Materials, hardware	54	83	29	54
53	General Merchandise	35	35	---	---
54	Food	166	151	(15)	(09)
55	Auto dealers	86	110	24	28
554	Gas stations	114	104	(10)	(09)
56	Apparel & accessories	110	139	29	26
57	Furniture, home furnishings	86	101	15	17
58	Eating & drinking	219	343	124	57
591	Drug	60	58	(2)	(03)
	Misc. Retail	201	257	56	28
	No. Wholesale Establishments*				
	Durable goods	245	356	111	45
	Nondurable goods	140	168	28	20

* Establishments with payrolls
(1) Except hospitals

Source: U.S. Department of Commerce, Bureau of Census, Census of Service Industries, Geographic Area Services, South Carolina, Selected Years.

Agricultural Sector

Although small by comparison to the manufacturing and nonmanufacturing sectors, the county's **agricultural sector** is no less important. In fact, farmland accounts for approximately 25 percent of the total land area of the county. While at the bottom in terms of jobs provided---347 full time farm operators, down from 441 in 1982 and 870 in 1974--- agriculture is at the top in terms of land use, with 128,200 acres or just over 200 square miles of farmland in 1993. Although not generally considered a farming county, Spartanburg ranks 15th in the state in farmland acreage.

But farming is trending down, with little hope of trend reversal, as illustrated by the following table.

Table 3-12
Farmland Trends

	1969	1974	1978	1982	1993
Number Farms	1,488	1,184	1,130	1,204	1,190
Land in Farms	168,323	160,437	150,764	143,361	128,200

Source: U.S. Department of Commerce, Bureau of Census, Census of Agriculture, Selected Years.

For years Spartanburg County was known for its peach production, touted as producing more peaches than the entire state of Georgia, the "Peach State". No longer. In 1992, Spartanburg County produced about one-third the amount produced by Georgia, and fell a distant second to Edgefield County within the state. Still, peaches remain the county's "money crop", accounting in 1992 for 51 percent of the value of all farm crop production.

The decline in peach production has resulted in the decline in farming as an occupation, which likely will continue as Spartanburg County becomes increasingly urban. Peach farming has shifted over time from the Piedmont area (Spartanburg and Cherokee Counties) to the upper Savannah region of South Carolina.

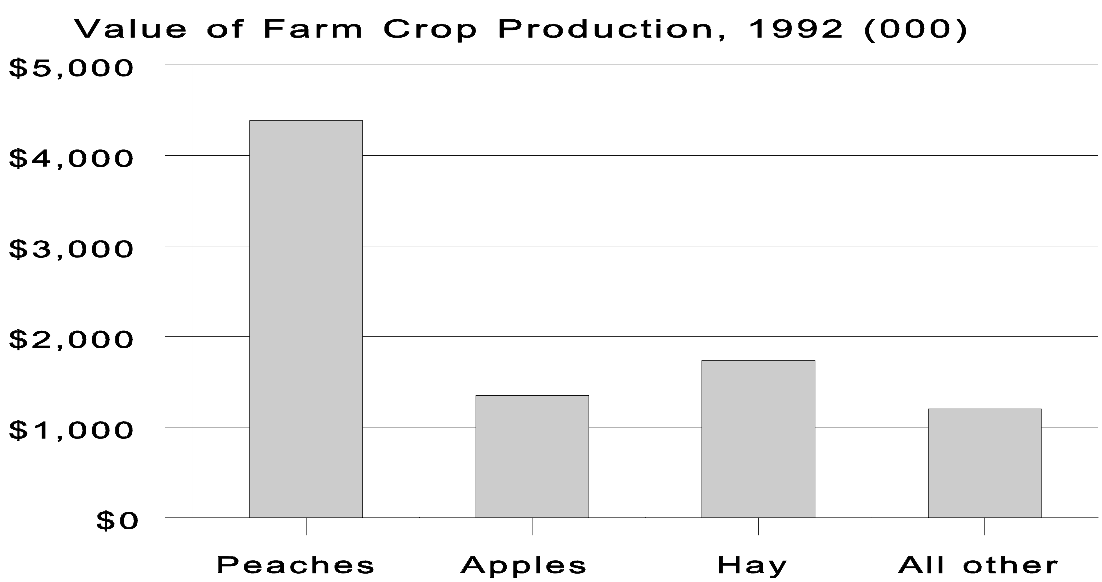
Table 3-13
Top Peach Production Counties
South Carolina

	1974		1992		Change	
County	Acres	Quantity(1)	Acres	Quantity(1)	Acres	Quantity(1)
Spartanburg	9,448	70,149	5,100	37,820	-4,348	-32,329
Edgefield	6,603	42,549	9,000	55,620	2,397	13,071
Saluda	1,890	8,734	3,110	16,950	1,220	8,216
Aiken	247	(D)	2,340	15,630	2,093	15,630
Cherokee	2,259	24,032	1,220	8,440	-1,039	-15,592

(1) 000 lbs. (D) Not disclosed

Source: U.S. Census of Agriculture.

Still the impact of farming on the local economy is significant, accounting in 1993 for $31,801,000 in receipts, ranking Spartanburg County eighth in the state in cash receipts from farm marketing.



ECONOMIC OPPORTUNITIES/PROJECTIONS 1994 - 2005

By the year 2005, South Carolina is projected to add over 278,200 jobs to the work force, according to the S.C. Employment Security Commission.

Most new jobs are projected for the nonmanufacturing sector, as expected, with the service sector leading the way. In fact, just over 50 percent of all new jobs are projected for the service sector, followed by wholesale and retail trade.

New manufacturing jobs also are projected to increase, but by the lowest rate (5.06 percent) of all major industrial divisions.

Table 3-14
South Carolina Employment Projections
By Major Industry Divisions

Industry Title	1994 Est. Employ.	Percent Employ.	2005 Proj. Employ.	Percent Employ.	Change Employ.	Change %
TOTAL	**1,732,910**	**100**	**2,011,150**	**100**	**278,240**	**16**
Construction & Mining	86,400	5	101,980	5	15,580	22
Manufacturing	376,200	22	395,250	20	19,050	5
Transportation & Pub. Util.	77,300	5	88,850	5	11,550	15
Wholesale & Retail Trade	365,800	21	442,750	22	76,950	21
Finance, Ins., & Real Est.	68,400	4	76,430	4	8,030	12
Services	628,450	36	767,970	38	139,520	22
Government*	122,690	7	128,450	6	5,760	6

* Educational Services includes state and local schools, Health Services includes state and local hospitals. Therefore, State and Local Government excludes both schools and hospitals.

Source: S. C. Employment Security Commission, Labor Market Information Division, S. C. Industry and Occupation Projections, 1994-2005.

An analysis of future industrial expectations by the South Carolina Employment Security Commission follows.

Construction

Hardly a week passes without announcements of new entertainment theaters, industrial plants and housing developments being built in South Carolina. With each new building that is built, new roads, utilities and skilled workers are needed. The Greenville- Spartanburg area is expected to see a pick up in this industry. Over 15,500 jobs are anticipated to be added in construction statewide by 2005. General building contractors, which include both residential and nonresidential construction, will post the most new positions with 5,570 and expand by 20.5 percent.

Manufacturing

Manufacturing as a whole is expected to experience below-average gains over the 11-year study period compared to the total for all industries. Also during that time, its share of total industry employment will slip from 21.7 percent in 1994 to 19.7 percent in 2005. Technological advances continue to improve efficiency which means fewer workers are needed to maintain production levels. Manufacturing industries fall into two classifications: durable and nondurable goods. Durables include industrial machinery, transportation equipment and furniture, for example. The durable-goods sector is expected to add over 15,000 jobs, rising 10.8 percent by the year 2005. The top job creator will be in transportation equipment, adding 3,590 jobs (28.7 percent). Other sectors showing strong growth include medical instruments (16.8 percent), electronic equipment (14.2 percent) and primary metal (steel) products (14.9 percent).

Manufacturers of nondurable goods range from food products and textiles to chemicals and plastics. Overall, this industry will edge upward by 1.7 percent. Feeling the effects of technology and automation, employment in textiles and apparel is expected to lag over the period. Tobacco products will also pare jobs as health concerns make tobacco products less popular. Keeping nondurables afloat will be chemicals (+ 3,990); printing and publishing (+ 2,340); and rubber and plastic products (+ 2,810).

Transportation and Public Utilities

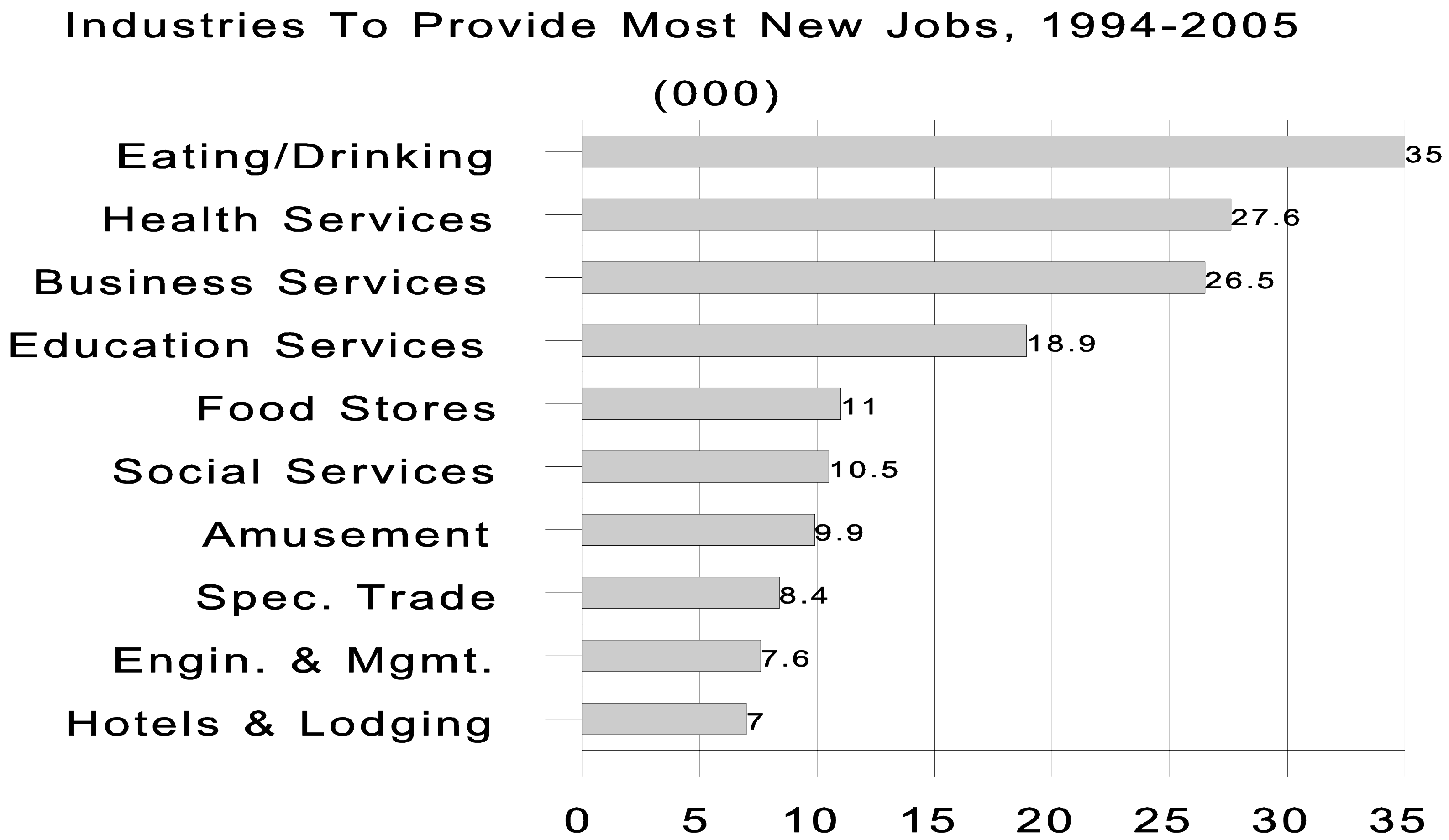
The main contributors to this industry's growth will be transportation by air, adding 1,470 jobs (24 percent); and trucking and warehousing, posting 5,320 positions (22.5 percent). With access to five major interstates and eight major airports serving the state, transporting materials from place to place is convenient to businesses. Companies developing a network of suppliers throughout the state will lead to job development. On a slightly lower note, the communications area is expected to experience diminished employment growth through 2005, a victim of automation and technology such as voice mail, the information superhighway and e-mail. The only sector within communications that is expected to lend job growth will be cable and pay TV. Technological advances within telephone communications may cast some uncertainty on future growth for this sector. The utilities sector will see most of its growth in combination utility services and sanitary services as increased infrastructure needs and environmental concerns shape future development plans.

Wholesale and Retail Trade

Trade is projected to contribute 28 percent of overall job growth between 1994 and the year 2005. Both durable and non-durable wholesale trade are in line with the state in terms of percentage growth. Those expected to contribute the most wholesale jobs are in machinery; equipment and supplies; and grocery products. In the area of retail trade, eating and drinking places, the third-fastest growing industry in the state, has both the highest percent change (32.7 percent) and the most employment opportunities (355,260) within this sector. An anticipated upturn in tourism and resident population will be a drawing card for more restaurants and retail shops. Additional industry sectors driving retail trade also include apparel, food and furniture stores.

Finance, Insurance and Real Estate

Mergers and closings have been buzz words for the banking industry over the past few years, ultimately leading to job losses. Technology has also played a part with the implementation of automated teller machines (ATM) and phone access to account transactions, which lessen the need for workers to process transactions. Since 1991 depository institutions have eliminated



Industries To Provide Most New Jobs, 1994-2005
(000)
Eating/Drinking
Health Services
Business Services
Education Services
Food Stores
Social Services
Amusement
Spec. Trade
Engin. & Mgmt.
Hotels & Lodging
35
27.6
26.5
18.9
11
10.5
9.9
8.4
7.6
7
0
5
10
15
20
25
30
35

1,830 jobs, with the majority of losses coming from savings institutions and commercial banks. By 2005, areas such as personal credit and credit unions are expected to show the greatest gains in employment (1,010 and 470, respectively). In the area of insurance, insurance agents and brokers are expected to add the most jobs (1,410) based on projected population gains. Real estate employment is expected to rise 13 percent.

Services

The service industry has become the driving force for South Carolina's economy and will provide one out of every two new jobs in the state through 2005. The service industry covers a wide range of employers including hotels, hospitals, data processing firms and child day care facilities. The commonality among these industries is that they are primarily engaged in providing services to individuals, businesses, government establishments and other organizations. Others worth noting are social services, legal services, miscellaneous repair, and business services. Eight of the top ten sectors projected to add jobs by 2005 are in services.

Government

Decreased defense spending and government downsizing will have a negative impact on government employment in the state. Federal government employment will see a decline over the period, and state workers will have slower than average growth. Local government is projected to add the most workers because of its service orientation.

Table 3-15
Top Ten Industries in South Carolina
Ranked by Employment Change

SIC Code	Industry Title	1994 Est. Employ.	Percent Employ.	2005 Proj. Employ.	Percent Employ.	Change Employ.	%
	TOTAL	**1,732,910**	**100**	**2,011,150**	**100**	**278,240**	**16**
58	Eating & Drinking	107,700	6	142,960	7	35,260	33
80	Health Serv.	110,630	6	138,280	7	27,650	25
73	Business Serv.	80,400	5	106,900	5	26,500	33
82	Educ. Serv.	151,940	9	170,880	9	18,940	12
54	Food Stores	55,700	3	66,850	3	11,150	20
83	Social Serv.	25,400	1	35,980	2	10,580	42
79	Amusement & Rec. Serv.	23,270	1	33,240	2	9,970	43
17	Special Trade Contractors	47,500	3	55,910	3	8,410	18
87	Engineering & Manage. Serv.	23,500	1	31,150	2	7,650	33
70	Hotels & Lodg.	24,700	1	31,700	2	7,000	28

Source: Ibid.

Table 3-16
Bottom Ten Industries In South Carolina
Ranked by Percent Change

SIC Code	Industry Title	1994 Est. Employ.	Percent Employ.	2005 Proj. Employ.	Percent Employ.	Change Employ.	%
	TOTAL	**1,732,910**	**100**	**2,011,150**	**100**	**278,240**	**16**
21	Tobacco Prod.	130	.01	100	0	(30)	- 23
91	Federal Gov.	24,700	1	19,360	.96	(5,340)	- 22
33	Textile Prod.	91,400	5	83,280	4	(8,120)	- 9
23	Apparel & Other Textile Prod.	34,600	2	33,990	2	(610)	- 2
24	Lumber & Wood	15,200	1	15,740	1	540	4
48	Communications	13,600	1	14,200	1	600	4
60	Depository Inst.	20,600	1	21,620	1	1,020	5
20	Food & Kindred	16,000	1	16,920	1	920	6
35	Industrial Mach. & Equip.	39,000	2	41,460	2	2,460	6
32	Stone, clay, & glass prod.	9,000	.5	9,700	.5	700	8

Source: Ibid.

ISSUES

A study of economic issues and opportunities in Spartanburg County was conducted by Wilbur Smith and Associates in 1983. The study identified the following strengths and weaknesses of the county's economy.

Strengths

- "Coordinated and cooperative relationships among well staffed economic development agencies, unified and well defined economic development policies.
- A strong base of foreign investment which should help in attracting continued growth from foreign sources.
- Outstanding quality of the public school system serving the Spartanburg urban area (District 7 only).
- New initiatives for downtown revitalization in Spartanburg.
- A reputation of the area's economic development agencies for delivering what they promise.
- Renewed and improved spirit of intergovernmental cooperation among local government agencies.
- Availability of good training and development support from the technical education system.
- Good labor relations.
- Good health care system and variety of cultural opportunities.

Weaknesses

- Lack of adequate sewer service in developing areas.
- Strong competition from neighboring Greenville for growth in service sector employment
- Heavy employment in textiles, with correspondingly large job

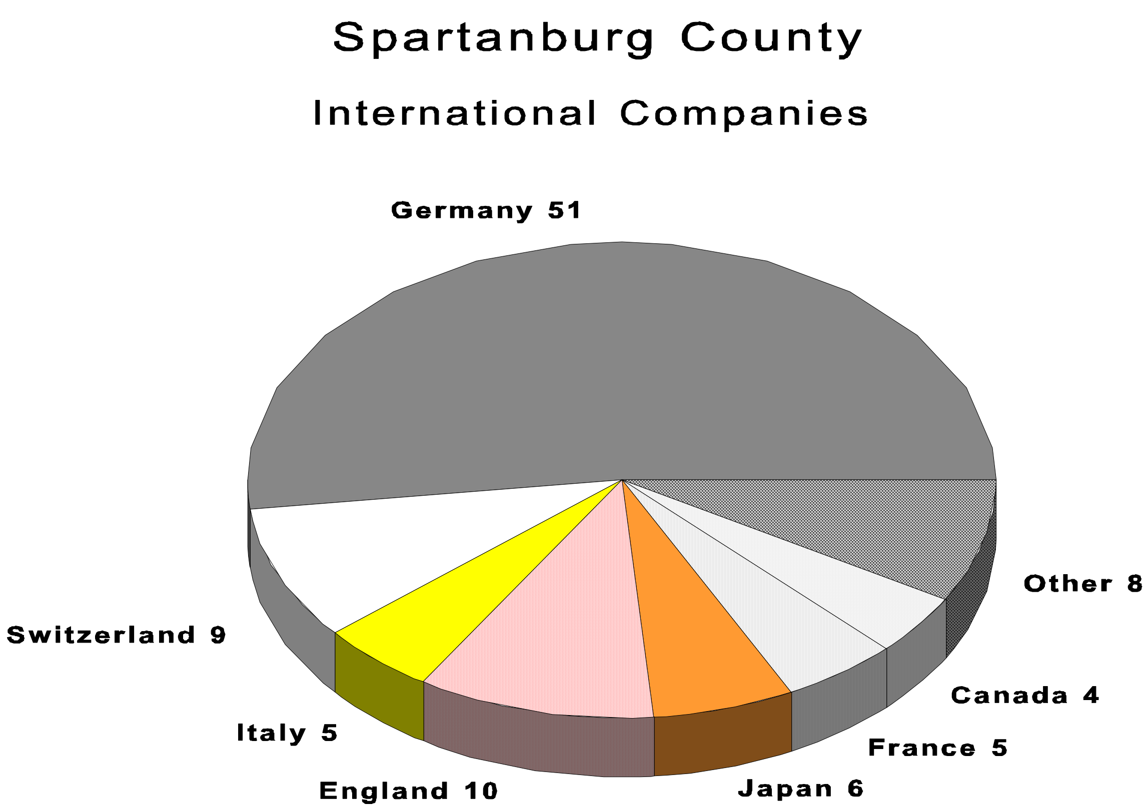
losses as slack demand, competition from imports and automation cut employment. Question of whether increases in service sector, with underlying requirement for community support of services and facilities, will effectively compensate for losses in textiles.

- Fragmentation of service delivery system, multiplicity of agencies, lack of uniformity in type and level of planning done by various service delivery agencies.

- Lack of growth management controls in unincorporated areas.

- Archaic state annexation laws which prevent rational expansion of municipal boundaries, encourage formation of special service districts, and add to complexity of local government."

The county's economic strengths in 1983 appear to be no less in 1997. In fact, the county's track record in attracting foreign investments likely exceeds expectations and forecasts in 1983. Between 1986 and 1995, 42 international companies located in Spartanburg County, bringing the total to 106 such firms. Countries with firms in Spartanburg County include Germany (the largest),



France, England, Switzerland, Canada, Japan and Italy, among others.

One of the strong points listed in 1983 was the reputation for quality education in School District #7. But the other six districts were not listed as economic strengths.

Also identified as an economic strength were local initiatives for downtown (Spartanburg) revitalization. The same may be said for 1997, with the planned Downtown Renaissance Project.

On the negative side, all economic weaknesses cited in 1983, except for progress in sewering some of the developing areas of the county and improvements in the quality of education in Districts 1, 2, 3, 5, and 6, are still with us in 1997. However, industrial growth and diversification appear to have taken the sting out of job losses in the textile industry, although textiles still account for the largest single source of manufacturing jobs.

Additionally the Economic Development Subcommittee of the Comprehensive Plan Committee has identified the following issues and constraints facing today's economic development efforts:

- **Lack of office and business parks**, in support of white collar job development.

- **Lack of suitably facilitated industrial tracts and parks.**

- **Relatively small skilled labor force.**

- **Inadequate transportation facilities.**

- **Lack of a comprehensive approach** to economic development, to include such enterprises as retirement community development, visitor recreation development projects, etc.

Also, a recently completed study (11-96) by Kate McEnroe Consulting on White Collar Economic Development in Spartanburg County, identifies two areas of concern relative to white collar job development.

- **Beautification.** White collar projects tend toward communities and locations with environmental amenities. The study suggest that white collar recruitment efforts would be greatly enhanced by creating attractive “gateway” entrances to the community from the primary interstate highway access points, along the primary thoroughfares into the downtown area, and throughout the central business district.

- **Education**. In addition to a poor showing in educational attainment levels, the study points to a need for better basic skills of clerical workers coming out of high schools and technical schools.

GOALS

GOAL: Develop and maintain a balanced economy of sufficient size and strength to ensure a sustainable quality of life for all Spartanburg County residents.

The following strategies are recommended in support of this goal.

- Provide technical and financial assistance to existing industry, where needed, to help adapt to a changing world economy.

- Promote industrial diversification, with emphasis on high paying growth industries, and white collar businesses with national or business unit head-quarters of firms and/or product engineering and research operations associated with manufacturing plants and companies in Spartanburg County, or in surrounding more rural counties such as Union, Laurens or Newberry.

- Coordinate economic development activities with infrastructure and service providers, and county planning proposals.

- Foster an entrepreneurial environment that encourages economic development.

- Know and market the county's strengths, and improve on its weaknesses.

GOAL: Maintain or increase the current ratio of manufacturing to nonmanufacturing jobs.

Spartanburg County has the 2nd highest number of manufacturing jobs in South Carolina. The significance of this from a development standpoint is in the multiplier effect on nonmanufacturing jobs, retail sales and establishments, bank deposits, and higher wages.

That like uses (manufacturing) attract like uses (manufacturing) is undeniable. The county's strong manufacturing base should aid in attracting additional manufacturing companies, provided the proper emphasis is placed on recruiting and accommodating such development.

GOAL: Create new economic markets to cash in on South Carolina's emerging Recreation - Retirement Image.

To this end, economic development efforts should be expanded to include tourist and retiree markets. The state has placed great emphasis on promoting South Carolina as a tourist destination and retirement place. Even the new vehicle license plate promotes tourism.

With so much free advertising by the state, it should be relatively economical for the county to cash in on these initiatives and enjoy the benefits of an even broader based economy.

To capitalize on state initiatives, the development of a more aggressive tourism promotion program is recommended, together with educational programs for individuals involved in tourism, and the integration of infrastructure development in support of tourism, i.e. lake and historic lodging facilities, specialty restaurants, etc. As the leading county in textiles, the development and promotion of a textile museum and theme park should be considered as a unique drawing attraction. Also, promotion of the county, particular the area above Lake Blalock and Lake Bowen, for retirement home development is recommended.

INDUSTRIAL RECRUITMENT AND DEVELOPMENT

The South Carolina Department of Commerce is the lead state agency for industrial recruitment, development and maintenance. The Spartanburg Area Chamber of Commerce is the local agency responsible for these duties.

In its approach to economic development in general and the above goals in particular, the Spartanburg Chamber of Commerce has structured its recruitment efforts to focus on industries that are:

(1) Environmentally sound,
(2) Nonunionized, and
(3) Pay high wages.

Industry meeting this criteria would be a welcome addition to almost any community. Higher paying industries equate to higher standards of living, while effectively precluding the need for unions. Environmentally sound industry generally is compatible with its surroundings and therefore unopposed by environmental groups.

But what kind of industries meet the three criteria established by the Chamber?

High Paying, Nonunionized Industries

Technology industries, emphasizing research and development (R&D), generally meet this criteria. In fact, the South Carolina Department of Commerce has assembled a list of technology industries based on their growth potential and above average wage scales. Included in this list are the following:

SIC	INDUSTRIAL CLASSIFICATION
281	Industrial Inorganic Chemicals
282	Plastics materials and synthetic resins, synthetic rubber, cellulosic and other manmade fibers, except glass
283	Drugs
284	Soap, Detergents and Cleaning Preparations, Perfumes, Cosmetics, and other Toilet Preparations

285	Paints, Varnishes, Lacquers, Enamels and Allied Products
286	Industrial Organic Chemicals
287	Agricultural Chemicals
289	Miscellaneous Chemical Products
348	Ordnance and Accessories, except Vehicles and Guided Missiles
351	Engines and Turbines
353	Construction, Mining and Materials Handling Machinery & Equip.
355	Special Industry Machinery, except Metalworking Machinery
356	General Industrial Machinery and Equipment
357	Computer and Office Equipment
359	Miscellaneous Industrial and Commercial Machinery & Equipment
361	Electric Transmission and Distribution Equipment
362	Electrical Industrial Apparatus
365	Household Audio and Video Equipment and Audio Recordings
366	Communication Equipment
367	Electronic Components and Accessories
369	Miscellaneous Electrical Machinery, Equipment & Supplies
371	Motor Vehicles and Motor Vehicle Equipment
372	Aircraft and Parts
376	Guided Missiles and Space Vehicles and Parts
379	Miscellaneous Transportation Equipment
381	Search, Detection, Navigation, Guidance, Aeronautical and Nautical Systems
382	Laboratory Apparatus and Analytical, Optical, Measuring and Controlling Instruments
384	Surgical, Medical and Dental Instruments and Supplies
385	Ophthalmic Goods
386	Photographic Equipment and Supplies
387	Watches, Clocks, Clockwork Operated Devices and Parts
737	Computer Programming and Related
739	Commercial research and laboratories
891	Engineering services

That these industries are relatively high paying, job security and income are rarely employment issues. As a result, union membership is low to nonexistent in most workplaces.

Environmentally Sound Industries

This is an area in which the county must be very careful. Because of its past success in industrial recruitment and its large industrial base, it is on

DHEC's watch list for air emissions. And any new industry impacting air quality could adversely affect future recruitment efforts.

New air quality standards scheduled to go into effect in 1999 will limit ozone, an ingredient of smog, to 0.08 parts per million compared with the current standard of 0.12 parts per million. These new standards will push Spartanburg County and seven other urban counties in South Carolina to the limit.

States and counties that do not meet the standards will have to implement rules to improve air quality or face losing federal funds.

In addition to being mindful of industries impacting the state's guidelines for air emissions, the Chamber should closely scrutinize chemical industries-SIC 28-and primary metal industries-SIC 33. While it is unfair to categorically define industries on the basis of their environmental relationships, the inherent production process of many of these industries is such that the potential exist for environmental conflict.

However, the real gauge here should not be SIC classification, but the track record and history of a given industry, particularly small chemical mixing plants and industries impacting air quality.

INDUSTRIAL DEVELOPMENT POLICIES

Development policies in support of the stated goal herein include the following:

1. Encourage the development of industrial uses in areas which will maximize the potential for safe, efficient and compatible operations while minimizing excessive infrastructure improvements and service costs to both industry and government.

2. Promote the development of planned industrial parks and discourage the location of industry other than agri-industry in rural or natural resource areas.

   Spartanburg County has 21 industrial parks, and even more free-standing industrial sites. Unlike most counties and a lot of cities in South Carolina, all of Spartanburg's parks have been developed by the private sector. That the county has not had to get into the park development business is a credit to the entrepreneurship of the county's private sector.

3. Encourage the development and/or expansion of environmentally sound industries which do not produce excessive noise, smoke, dust or other particulate matter, vibration, toxic or noxious waste materials, odors, fire and explosive hazards or other potentially detrimental emissions.

4. Promote the location of industrial uses in areas which have compatible soils, drainage and other site characteristics which minimize the cost of site preparation.

5. Coordinate the location of industrial development with the provision of appropriate road, rail, and utilities and information regarding potential impacts on the Comprehensive Plan, community facilities and services, adjacent and nearby land uses, and environmental resources.

6. Identify and reserve where possible appropriate lands for future industrial development and protect these lands as well as existing industry from encroachment by interim land uses which would detract from, would be incompatible with, or would preclude their future industrial utility.

MARKETING PLANS AND STRATEGIES

Following is a four point program designed to aid in the recruitment and/or expansion of industry and business in Spartanburg County.

I. **Product Development**: Direct economic development efforts toward improving the county's weaknesses and maintaining its strengths.

II. **Process Development**: Create new partnerships and processes to introduce or expand the role of groups in the public and private sectors in presenting the county's case either directly to prospects or indirectly through participation in the creation of marketing materials.

III. **Marketing Materials**: Create or modify specific marketing collateral pieces such as proposal presentations, brochures, multi-media presentations, advertising copy, etc.

IV. **Marketing Programs**: Initiate proactive activities such as ad placement, direct mail programs, trade show attendance, etc. designed to generate industrial and business prospects.