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## Will 2007 be a bright year?

**Local economy not looking sunny, but anything can happen on the Grand Strand**

### TOURISM

A solid national economy and increased marketing of the Grand Strand should make 2007 a "pretty good" year for the \$5 billion tourism industry, according to projections from Gary Loftus, director of Coastal Carolina University's Center for Economic and Community Development.

"I'm not ready to say 'great,' but it is going to be better than last year," he said.

Several national factors are working in the Grand Strand's favor, including low interest rates, consumer confidence and a spending pattern that has consumers saving less and buying more, Loftus said.

He predicts increases in accommodations tax revenues between 8 percent and 9 percent. Despite having hundreds of additional rooms to fill, the Grand Strand's year-round occupancy is poised to climb to 60 percent - up from about 57 percent now, Loftus said.

Expanded advertising is expected to help, officials say. Area promoters are poised to spend several million more dollars on ads this year, thanks to matching grants from the state and the creation of the Myrtle Beach Marketing Co-op.

Though some visitors have vowed not to return to Myrtle Beach now that The Myrtle Beach Pavilion Amusement Park is kaput, Loftus doesn't anticipate a drop in overall visitors, though the area around the Pavilion likely will be hurt.

"It might be a bummer, but they will go find other things to do," Loftus said. - Dawn Bryant

### COMMERCIAL

#### REAL ESTATE

The outlook for commercial real estate on the Grand Strand is strong but slowing, experts say.

"It's growing and it continues to grow, but that rate of growth is much slower than it's been in the last few years," said Tony Plath, a professor of finance at UNC-Charlotte who tracks North Carolina's banking and commercial real estate markets.

Grand Strand commercial real estate agents say 2006 sales were down from 2005 - much like residential - but up over 2004.

They're expecting slight growth over last year for 2007.

While a large portion of commercial sales do not go through the Multiple Listing Service, the data system shows total dollar volume dropped in 2006 to \$63 million from \$70 million in 2005, but the total number of transactions increased to 273 from 235.

"The Myrtle Beach marketplace is rock solid," said Stokes Graves, commercial manager for Prudential Burroughs & Chapin Co. Realty Inc. "It is an established marketplace and fast-paced. It possesses many ingredients for continued sustainable growth."

Commercial real estate growth will continue to follow a growing population and strong growth in the retail sector, Graves said.

Vacancy rates in office, retail and warehouse sectors are 5 percent or less.

"It is a wonderful number," he said.

Office space and light industrial space were hot sellers in 2006, said John Draughn, director of commercial sales and management at Coldwell Banker Chicora.

Commercial hot spots are anywhere near the North Myrtle Beach connector, which won't be completed until 2010, and along Grissom Parkway, he said.

Record sales in 2005 made for an unusual year, Graves said. Commercial real estate saw some lost transactions in 2006 of land tracts to national home builders.

Draughn said he'd like to see another year like 2006, the second-best on record.

*Jenny Burns*

## **DOWNTOWN**

### **MYRTLE BEACH**

Concerts, fireworks, festivals and other special events are planned for downtown Myrtle Beach during its first summer without the area's longtime landmark, The Myrtle Beach Pavilion Amusement Park.

Tourists will find an empty 11 acres where the bustling park had stood for 58 years, but most of the surrounding businesses are staying put, including Ripley's attractions, The Bowery, the Fun Plaza, Marvin's and others.

They've formed an Oceanfront Merchants Association with a \$400,000 budget to better promote the area and create events that draw tourists.

Officials aren't sure how much traffic to the area will drop this year, but they are bracing for a hit.

"It is really hard to tell because there isn't a model for this kind of change and transition," said Dave Sebok, executive director of the Myrtle Beach Downtown Redevelopment Corp.

Plans for replacing the amusement park aren't moving quickly. No new attraction will open this summer, and it's iffy as to whether one will be ready for the next couple of years, said Egerton Burroughs, chairman of the board of directors for Burroughs & Chapin Co. Inc., which owns the property.

"Two to three years at the earliest," he said. "I don't see anything coming out of there for several years. Our directors have urged patience with the project. We are not in a hurry to do anything."

B&C says the timetable for redevelopment of its land will depend on the city's progress toward building a \$10 million, mile-long boardwalk. The wooden walkway would stretch along the beach from Second Avenue North to 14th Avenue North.

Myrtle Beach's Downtown Redevelopment Corp. is working on the boardwalk's design and is moving forward on traffic studies for the area, which B&C also says it expects the city to do.

*Dawn Bryant*

## **RESIDENTIAL**

### **REAL ESTATE**

The real estate market ended 2006 with a 4 percent drop in home sales and a 30 percent drop in condominium sales from 2005.

The numbers were up, however, from 2004 - the Strand's second-best year on record before the explosive boom year of 2005, according to the Multiple Listing Service for Horry and Georgetown counties.

The market correction - after prices shot up in the last two years fueled by speculative activity - will continue into 2007.

Inventory ballooned from its levels a year ago, but average and median price continued to show double-digit increases.

"New home inventory is being absorbed, leading us to believe the single-family market should start to pick up in early spring," said Tom Maeser, market analyst and president of the Fortune Academy of Real Estate. "The condo market is improving but will take longer since there is approximately a one-year supply as of the first of the year."

Tremendous appreciation over the past three years and skyrocketing insurance rates have hurt investors who can no longer maintain adequate cash flow on units, and hurt the first-time buyers.

Insurance rates along the coast are expected to continue rising 20 percent to 100 percent and the future of the condo market depends on what legislators do to help rates in Columbia this year, officials say.

Mark Vitner, economist at Wachovia, agrees that home sales will be weak until spring or summer, but the condo market will take longer to bounce back.

He says there will be little to no appreciation overall in 2007. Nationwide, the forecast is a 1 percent drop in median price, but Vitner says markets like Myrtle Beach that saw the boom may have more outright price declines. He said it may take a while for price drops to show up in the average or median price statistics.

### **HARD ROCK PARK**

Construction will continue on the Hard Rock Park throughout 2007 as it rocks toward opening in April 2008.

The \$400 million theme park, the first one built in the United States in the past decade, is taking shape on 140 acres at Fantasy

Harbour off U.S. 501.

The park will have 40 attractions in six custom-designed zones, including an amphitheater for concerts, restaurants, stores and a children's play area.

A preview center detailing the park's layout will open in April. Web surfers can watch the progress at [www.hrpusa.com](http://www.hrpusa.com).

"Construction is rolling along and we'll be open in spring 2008 as planned," said Steven Goodwin, the park's chief executive officer.

The park will create about 3,000 jobs.

Most of the hiring will happen closer to the park's opening, starting late this year or in early 2008.

Tourism leaders are anxious to see the park open to fill the void left by the closure of three amusement parks in 2006, including The Myrtle Beach Pavilion Amusement Park, the Grand Prix Family Thrill Park and the Fun World Family Amusement Park. The Family Kingdom Amusement Park is the only big park left.

The Hard Rock Park is expected to draw 30,000 people a day during the summer.

*Dawn Bryant*

## **BANKING**

More bank mergers are in the Grand Strand's future, experts say.

A slowing real estate market, lots of competition and a booming bank market makes the area ripe for regional or national banks to buy out community banks.

Local banks don't expect 2007 to be as strong for banking as 2006, but they expect deposits to grow.

Horry County's deposits grew at a faster pace than the statewide average, and analysts say it will remain a long term attractive banking market due to strong growth in population from retiring baby boomers, housing starts and tourism.

*Jenny Burns*

## **THE AIRPORT**

With the fate of a new terminal still up in the air, two carriers will start service in Myrtle Beach this spring aiming to fill the void left by a rash of permanent departures in 2006.

Travelers will have new routes to several destinations: Niagara Falls, N.Y., Pittsburgh and Newark, N.J., on Myrtle Beach Direct Air, and Charleston, W.Va., and Cincinnati on Southern Skyways.

Other additions this year include a direct flight on Spirit Air to its hub in Fort Lauderdale, Fla., and a U.S. Airways route to LaGuardia.

Myrtle Beach International Airport is well-known among travelers as having a constantly rotating lineup of destinations and airlines. Last year, Hooters Air quit and AirTran decided not to return in 2007 after disappointing results.

About 723,882 passengers flew out of the airport in 2006, a 7.82 percent decline from 2005.

But the biggest news for the airport will be whether it gets approval for a new 14-gate terminal, a \$220 million-plus project in the works for years. Officials are trying to work out concerns of the Myrtle Beach Community Appearance Board, which must OK the project before it moves forward.

*Dawn Bryant*

## **RETAIL**

Retail sales and the number of stores on the Grand Strand are projected to increase in 2007 to serve the visitor and resident populations. Nationally, things are a bit more dim, with forecasts calling for a 4.8 percent increase in retail spending, down from last year's 6.3 percent. The housing slowdown, high energy costs and lackluster employment growth are impacting the retail industry and the amount of consumers' disposable income.

## **GAS PRICES**

Drivers might be able to save a few bucks on gasoline this year.

South Carolina has some of the lowest average fuel costs because of its proximity to the Gulf Coast, where 50 percent of U.S.-refined oil originates, and because of the state's low taxes.

*Emma Ritch*

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