



***The Economic Impact  
of the  
Aiken Corporation  
and  
Aiken Downtown Development  
Association  
on the City of Aiken, South Carolina***

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# Executive Summary

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The purpose of this study is to provide an overview of the local Aiken economy and to determine the economic impact of the Aiken Corporation and Aiken Downtown Development Association. In order to better understand the local economy, the study provided a broad overview of the Aiken County economy as well as a specific industrial structure analysis. With respect to the Aiken Corporation and Aiken Downtown Development Association, the study utilized the data obtained from the *Business Location Survey* and the financial data provided by members of the Aiken Corporation and Aiken Downtown Development Association. The obtained results were able to answer the questions regarding the scope and size of the Aiken Corporation and Aiken Downtown Development Association's projects and their economic impact on the local Aiken economy.

## KEY FINDINGS

### **Economic Impact of the Aiken Corporation and Aiken Downtown Development Association on the Local Aiken Economy:**

- The cost of projects involving the Aiken Corporation and Aiken Downtown Development Association amount to \$43.658 million in total spending produced by the Aiken Corporation and Aiken Downtown Development Association. **The \$43.658 million in direct gross receipts leads to an additional \$13.537 million in indirect effects and an additional \$25.703 million in induced effects for a total of \$82.899 million in gross receipts.**
- The projects involving the Aiken Corporation and Aiken Downtown Development Association account for 1,126 full-time workers. There are an additional 187 jobs due to indirect effects and 382 jobs due to induced effects of the Aiken Corporation and Aiken Downtown Development Association. **In total, 1,695 jobs in the City of Aiken and Aiken County can be attributed to the operations of the Aiken Corporation and Aiken Downtown Development Association.**

- There are \$21.273 million in income effects that result directly from the Aiken Corporation and Aiken Downtown Development Association's projects. In addition, there are indirect linkages that account for an additional \$4.834 million and the induced effects are an additional \$8.709 million. **In total, the impact of the Aiken Corporation and Aiken Downtown Development Association activities on the local household income is estimated to be \$34.816 million.**
- The estimated impact of the Aiken Corporation and ADDA on the local property tax revenue mounts to be \$5,077,583.00.
- In terms of the output multiplier of the Aiken Corporation and Aiken Downtown Development Association, one dollar of spending by their projects leads to \$1.80 of spending in the local economy. Relative to other industries that dominate the Aiken economy, this multiplier is smaller than the one produced by the manufacturing sector (2.05) or the construction sector (2.10). However, it is still larger than the FIRE multiplier of 1.51 (FIRE – Finance, Insurance, and Real Estate) and the Manufacturing multiplier of 1.70.

# I Introduction

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Today, the City of Aiken, South Carolina is a beautiful, historic and charming city which attracts visitors from across the United States and all over the world. Its unique location, soil and weather also attract equestrians and equestrian enthusiasts. However, Aiken was not born a charming city. It took years of planning, investment and devotion to get to the point where it is today, with most of the progress having occurred within the past several decades. During these decades, numerous businesses have located in Aiken and many individuals have come to call Aiken home. The founders and the members of the Aiken Corporation and the Aiken Downtown Development Association were instrumental in initiating changes and organizing partnerships to create programs which boosted the local economy.

During the 1970s and 1980s Aiken was a quiet, underdeveloped town with very few attractions. The downtown area and City as a whole were growing at a slow pace and without any impressive economic stimulus. There were only a few businesses in downtown and some in the City as a whole. With exception of the Savannah River Site and the University of South Carolina Aiken, there were no big employers in the town. As a result, during the 1980s, there was a widespread recognition for a need to enhance economic growth and quality of life in the City of Aiken. The members and the founders of the Aiken Corporation and the Aiken Downtown Development Association had a vision for the town – to transform it into an attractive location for small and big businesses, and to attract residents to locate to downtown and make it their home. Fortunately, the visionary ideas became a reality and now, the City of Aiken, is the recipient of the *All-American City Award* and is one of the *Dozen Distinctive Destinations* in the United States. The *All-American City Award* was bestowed on Aiken in 1997 by the National Civic League. The *Dozen Distinctive Destination & Preserve America City* recognition is for only a dozen United States cities considered to be a desirable place to re-locate. The designation is granted by the National Trust for Historic Preservation, a private, non-profit membership organization dedicated to saving historic places and revitalizing cities.



The current study analyzes the economic effects initiated and supported by the Aiken Corporation and the Aiken Downtown Development Association activities. The study begins with an overview of the projects initiated, conducted and/or supported by these two organizations (Section 2). Section 3 presents an economic overview of the City of Aiken, Aiken County, and South Carolina. The results obtained from the *Business Location Survey* are presented in Section 4 and the Economic Base Analysis of the Aiken's economic foundation is analyzed and discussed in Section 5. The Economic Impact of the Aiken Corporation and the Aiken Downtown Development on the Local Aiken Economy is given in Section 6. Finally, the last section, Section 7, gives the summary of the study and the activities conducted by the Aiken Corporation and Aiken Downtown Development Association.

## II Overview of the Aiken Corporation and Aiken Downtown Development Association and Their Past Activities

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The main purpose for establishing the Aiken Downtown Development Association (ADDA) and, later on, The Aiken Corporation, was to diversify and expand the City's economic base and improve the quality of life in Aiken. The Aiken Corporation was established as a non-profit development corporation and a public-private partnership between the Aiken Corporation and the City of Aiken. The Aiken Corporation's mission was to build a strong and stable economic base through the attraction of jobs, investment, and a diverse mix of businesses. Similarly, the mission and the purpose of the Aiken Downtown Development Association is to improve the economic vitality, enhance the beauty, and preserve the historical inheritance of downtown Aiken. Throughout the years, members of the Aiken Corporation and ADDA used unique strategies to attain their mission. The purpose of this section is to highlight the numerous projects which were either initiated or supported by the Aiken Corporation and its members.

As mentioned earlier, during the 1980s there was a widespread recognition for a need to enhance economic growth and quality of life in the City of Aiken. The downtown and the historic areas of the City were always the heart of the community. However, urban growth and development were occurring at a very slow pace and the City needed a new approach to growth management. There were several obvious problems that needed to be addressed in order for the City of Aiken's downtown to blossom and expand. The most obvious issues were absentee property owners, few business leaders and a lack of sustained growth.

The members of the Aiken Corporation and the Aiken Downtown Development Association (ADDA) had a vision of the city that was vibrant, prosperous and historic yet attractive. They knew that the City needed additional physical development in order to attract leaders and citizens to develop the City as well as live and work in it. The City of Aiken needed a new urban design and a plan to make infrastructure improvements. It also needed a aesthetic downtown to attract

visitors, businesses and new inhabitants. At that time, Aiken had a unique character, as well as the structure with distinctive architectural and historical significance. It also had numerous possibilities for expansion and a unique chance to flourish.

### *Aiken 20/20 Project*

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One of the goals of the members of the Aiken Corporation and ADDA was to identify the weaknesses in the downtown business district. Some of them included inadequate parking, unsightly businesses, no public restrooms, and uninviting sidewalks. A committee of community leaders determined the assets and liabilities of downtown Aiken. The focus was to establishing enthusiasm about downtown revitalization. The Aiken Corporation and the ADDA, together with the Greater Aiken Chamber of Commerce, Economic Development Partnership, and the City of Aiken were instrumental in enhancing local growth and development. This partnership between the private and public sectors resulted in numerous projects that completely changed the city's make-up and appearance.

The cooperation between the Aiken Corporation, ADDA, the Greater Aiken Chamber of Commerce, Economic Development Partnership, and the City of Aiken resulted in a five-year fund raising and action plan (The Plan) with an intent to accelerate economic and community development. The Plan included programs and projects identified by each organization and projects which were identified in the City of Aiken's Strategic Plan. In 1993, the City of Aiken contracted with the National Community Development Services (NCDS) to conduct a feasibility study to analyze the five primary areas of the Plan:

1. Opinions regarding local economic conditions and economic expansion
2. Awareness of the proposed economic and community development programs and recommendations for new initiatives
3. Level of support or criticism of the proposed economic and community development programs
4. Level of funding available to underwrite the proposed programs

5. Level of volunteer support and leadership available for a funding campaign

As a result of this feasibility study and the efforts of the members and the leaders of the Aiken community, the *Aiken 20/20 Project* was initiated. The main goal of the *Aiken 20/20 Project* was to ensure the broadest possible investor support. After a very successful campaign, the fundraising efforts resulted in \$3.5 million from combined private and public sectors. As a result of the work of key community organizations and partnership between individuals, government, and businesses, significant economic growth has occurred in the City of Aiken and broader Aiken area.

As stated earlier, the Aiken Corporation and ADDA brought together the City, Chamber of Commerce and Economic Development Partnership to organize *Aiken 20/20 Project*. This liaison between the government and private sector was successful in fundraising \$3.5 million dollars necessary to boost industrial and business development and to stimulate public education.

Out of \$3.5 million, \$1.3 million was earmarked for *Industrial Development* projects such as business and industrial parks and spec buildings (\$500,000), airport terminal (\$500,000) and marketing efforts (\$300,000). Other projects were the new Chamber of Commerce building, (\$600,000), support of the Aiken Center for the Arts (\$300,000) and a streetscape and lighting program (\$300,000).

Out of the \$3.5 million, \$1.0 million was earmarked for enhancement of education and formation of the *Public Education Partners Program*. The *Public Education Partners Program* was established in 1995 to serve Area One Schools in and around the City of Aiken. In the City's strategic plan, the *Public Education Partners Program* was identified by citizens as a way to improve public schools. Between 2001 and 2008, the *Public Education Partners* expanded to reach all of Aiken County and today it is Aiken County's education foundation with a much broader aspect and goals. The *Public Education Partners* give a strong financial support to schools. These days the *Public Education Partners* has projects that specifically focus on enhancing the quality of local education. One of them is the establishment of the *Margaret Cato Scholarship Fund* for Ridge Spring/Monetta High School, which has a \$366,000 endowment.

In summary, several important projects resulted from the grants obtained through the *Aiken 20/20 Project*. These include the following:

- *Development of Industrial Parks and “Spec” Buildings*
- *The Streetscape and Lighting Program*
- *Airport Terminal*
- *Aiken Center for The Arts*
- *Relocation of the Greater Aiken Chamber of Commerce*
- *Relocation of Aiken Community Playhouse to the Washington Center for the Performing Arts*
- *Formation of Public Education Partners Program*

The members of the Aiken Corporation and ADDA have aggressively pursued the creation of jobs and new capital investment in the City of Aiken. All the projects listed above contributed to the economic growth and development of the City of Aiken as well as Aiken County. Without the tireless efforts and vision of the Aiken Corporation and ADDA members, the City of Aiken would not look the way it looks today.

The following two pictures, Picture 1 and Picture 2, illustrate the use of Aiken 20/20 campaign funds for industrial development purposes. These two projects were within the Industrial Parks designed to bring light industry and manufacturing jobs to Aiken and Aiken County. They are still channeled for future economic development.



**Picture 1. Summit Business Park and Spec Building**



**Picture 2. Willow Run Industrial Park and Spec Building**

## *The Streetscape and Lighting Program and Public Parking & Public Restrooms*

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The Streetscape and Lighting program was an improvement and beautification project designed to support the main aspects of the Aiken Corporation and the ADDA's mission – achieving the most pleasant and aesthetic environment possible. The original streetscape had been removed prior to 1988 and it needed to be restored. The ADDA and the City of Aiken organized the return of the streetscape, which made the downtown friendly to pedestrians and shoppers. The project included new sidewalks done with brick pavers, street lights, traffic signals, underground utility wires, trees, and several other amenities. The improved lighting and enhanced streetscape encouraged more downtown traffic during evening hours. Also, the placement of planters in front of store fronts promoted the beauty of downtown and complimented the streetscapes. All of the pedestrian scale improvements have contributed to the beautiful landscape that made the downtown a lovely, comfortable place.



**Picture 3. Newberry Streetscape Improvement**



**Picture 4. Newberry Fountain Improvement**

The total value of the Streetscape and Lighting Program was \$875,000 which is divided between the streetscapes (\$275,000) and originally forty parking spaces (\$15,000 each). The Streetscape and Lighting Program was a significant investment for the City of Aiken. As a result of this program and the Aiken 20/20 Project, the historic aspects of downtown and the necessities of modern life were blended in order to attract shoppers, residents, visitors, and newcomers to the area. In return the visitors and new residents had a positive effect on businesses, job creation and an increase in property values.



**Picture 5. Streetscape Improvement**



In addition to the Streetscape and Lighting Program, the Aiken Corporation and ADDA implemented a Public Parking and Public Restrooms initiative.



**Pictrue 6. Parking Downtown – BEFORE and AFTER**

This was an important project that made downtown Aiken more visitor and shopper-friendly. Public parking lots (behind Security Federal, Eulalie Salley, New Moon Café, and other store fronts facing Laurens Street) offers fifty-five parking spaces. (40 of which were generated by the Parker project). Public restrooms are available in the Aiken Center for the Arts and the City Hall. These areas are marked with easily identified signage.

All projects presented in this section, *Streetscape and Lighting Program* and *Public Parking and Public Restrooms*, increased public safety and community interaction. The presence of bicycle and mounted police officers has increased community's safety and brought additional shoppers, visitors, residents, and businesses to downtown Aiken.

### *Aiken Center for the Arts*

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In 1972 artists Pat Koelker and Nancy Wilds established the Aiken Center for the Arts under the name of *Rose Hill Arts Center*. The mission of the Center was to provide a place to inspire artists to create, teach and learn. Almost forty years later, the Aiken Center for the Arts is still the city's source of artistic inspiration and enhancer of cultural life.



**Picture 7. Aiken Center for the Arts**

However, during its thirty-seven years of existence, the Center has had several transformations. Since 1993, the Center's facility has undergone a miraculous transformation to accommodate arts enthusiasts in the Aiken area. Today, the Aiken Center for the Arts is one of the most dynamic visual arts centers in South Carolina. For years, the programs that resulted from the Center supported development of a diverse and cohesive arts community in the City of Aiken. The Aiken Center for the Arts provides several top-class exhibits a year which make Aiken a destination for art lovers. In addition, the exhibits and programs that come from the Aiken Center for the Arts allow the Aiken community to showcase its talents. The Center also serves as an arena for local artist to sell their work. Originally, this particular project was estimated as a \$2,897,000 investment that consisted of several phases of renovations, furnishings, program expansion (staffing, educational materials, equipment, and supplies) as well as one world-class exhibition per year for 5 years. To live up to their commitment and obligation of enriching the lives of Aiken residents, the members of the Aiken Corporation and the ADDA supported the *Paint the Picture of the Future Campaign* originally initiated by the Aiken Center for the Arts and its Board of Directors. The *Paint the Picture of the Future Campaign* was needed to raise the funds for the much needed capital projects and programs of the Aiken Center for the Arts.

### *Relocation of the Greater Aiken Chamber of Commerce*

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The Aiken Corporation was given the Jimbo's Service Station Building by the city. That lot and adjoining lot was used to build a home for the *Aiken Chamber of Commerce*. The Jimbo's lot (which was very contaminated) was cleaned up free-of-charge by the Savannah River Site. This partnership allowed the project to move forward and saved thousands of dollars thus providing additional funds to cover construction cost.



**Picture 8. Aiken Chamber of Commerce Building**

The relocation of the *Aiken Chamber of Commerce* has promoted the economic vitality of downtown Aiken. Now located downtown on the site of a once polluted, abandoned gas station, the *Aiken Chamber of Commerce* is readily accessible to business owners, residents and visitors.

### *Establishment of Washington Center for the Performing Arts, and Relocation of the Aiken Community Playhouse*

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Today, the *Washington Center for the Performing Arts, the home of Aiken Community Playhouse* is a state of the art performing arts facility located in the heart of the City of Aiken. Relocation of *The Aiken Community Playhouse* to the downtown has provided a central location for cultural events, such as plays, recitals, and concerts within the City of Aiken. Mr. John W. Cunningham had an idea to relocate the *Aiken Community Playhouse* to downtown from its original location at Virginia Acres now the *H. Odell Weeks Center*. Today, the City of Aiken owns the Performing Arts Center and The Aiken Corporation owns the URS (formally the Washington Group International Building) Headquarters Building. Generous support of the City, The Aiken

Corporation, Washington International (now URS), The Aiken Community Playhouse, and businesses and individuals made this project successful. In this instance, the credit goes to the city leaders, *Washington Group International (now URS), The Aiken Corporation, and The Aiken Community Playhouse* and their successful public private partnership and tireless efforts to bring the *Aiken Community Playhouse* to downtown and make it part of the local community.



**Picture 9. Washington/Playhouse and Office Building – BEFORE and AFTER**

### *Parker Project*

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The Parker Project, now known as the Newberry Place Townhomes, replaced a cluttered, unsightly auto body shop between Newberry and Laurens Streets (North of Richland Avenue) with townhomes and public parking. The members of the Aiken Corporation asked for and received a \$300,000 grant from the City to purchase this property. At the same time they negotiated with eight other property owners to either donate or lease their property to the City of Aiken. In return, the City of Aiken contributed to the *Parker Project* by doing landscaping and building renovations. Many property owners donated and/or leased property or gave an

easement to the City to allow for streetscaping and forty parking places. Each parking space was worth approximately \$15,000. Similarly, the development of the townhomes was a unique cooperation between the City of Aiken and The Aiken Corporation who all realized that by bringing more residents into downtown, more customers would follow. Newberry Place was the first residential development in downtown that resulted in six residential units totaling over 1.5 million dollars.



**Picture 10. Aiken Corporation Parker Project – BEFORE**



**Picture 11. Parker Project -- AFTER**



**Picture 12. Laurens Street Mixed Development**

## *Residential Infill & Apartments Above Businesses & the Thomasson Bed & Breakfast Projects*

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The members of the Aiken Corporation and ADDA always strived to rehabilitate housing units in the City's downtown. During the 1980s there were numerous vacant houses that did not attract visitors, businesses or residents. The members of the Aiken Corporation and ADDA had a plan to renovate these houses and to attract people to move and live in downtown. They loaned funds up to \$75,000 for two years without interest to owners interested in rehabilitating vacant homes. Throughout this effort twelve homes were upgraded, refinished, and put back on the market for resale or rent.



**Picture 13. Parker Project Townhouses**

The *Residential Infill & Apartment Above Business & the Thomasson Bed & Breakfast Projects* have provided more residential units in the downtown. According to Mr. Wade Brodie these projects “proved what we thought would happen – that there is a good market for people wanting to live downtown.”

The project to develop living quarters over store fronts resulted in the creation of 13 new apartments. The program was supported by loans of \$5,000, interest free repayable \$1,000 per year.



## *Beautification and Historic Preservation Projects*

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The members of the Aiken Corporation and ADDA supported numerous *Beautification Projects* that truly enhanced the City's charm and appearance. These projects range from improvement of the pedestrian crossings to establishing walking routes. Some of these projects are:

- *Underground Wiring & New Traffic Signals & Pedestrian Crossings* – these projects have enhanced the ambiance of downtown Aiken and improved the flow of traffic.
- *Arbors at Bee Lane and, The Alley, and other locations* – these projects have enhanced the beauty of downtown Aiken and made, once unsightly areas, aesthetically pleasing and pedestrian friendly.
- *Arboretum Trail* – the walking trail invites residents and visitors to view a variety of plant and tree species throughout the City of Aiken.
- *Sidewalk Benches & Outdoor Dining* – since the revitalization of downtown began, a sidewalk café ordinance has been passed, allowing restaurants to place seating outside. The addition of benches and outdoor dining have made the downtown more visitor and shopper friendly and enhanced the ambiance.
- *Historic Preservation* – by the late 1970s, early 1980s, downtown Aiken was full of storefronts that had been slip covered with aluminum fronts in order to make downtown resemble the strip malls that were developing in areas outside of the downtown business district. At this time, many of the buildings have been restored to their turn-of-the-century beauty. One of the most significant projects was the removal of the stucco finish and restoration of the Security Federal Bank Building. Several projects in the downtown have received the *Historic Aiken Foundation Preservation Award*. Many others have been identified and are included on the historic tour of Aiken. The City of Aiken established a downtown Historic district that is monitored by the *Design Review Board*. Façade grants of up to \$10,000 are available from the City.

## *Numerous Housing Projects*

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Throughout the years, the members of the Aiken Corporation and ADDA undertook numerous *Housing Projects*:

- *Toole Hill Project* – this ambitious project was a joint effort between the City of Aiken, Aiken Corporation, Aiken Housing Authority and CDIC. The *Toole Hill Project* was intended to provide affordable housing on the North side of Aiken. Its focus was primarily to revitalize the neighborhood for which the *Toole Hill Project* was given numerous awards. Aiken Corporation worked with the city in starting the Toole Hill project. The Aiken Corporation provided funds for the charet contracted and built 12 homes, applied for and received thousands of dollars in state grants used to reduce each mortgage. More than fifty homes have been built, sold, and now occupied.



**Picture 14. Toole Hill Project – PHASE I – BEFORE**



**Picture 15. Toole Hill Project – PHASE I – BEFORE**



**Picture 16. Toole Hill Project – PHASE I – AFTER**



**Picture 17. Toole Hill Project – PHASE I – AFTER**

- *Marion Street, Blue House, Two Richland Avenue Houses and Other Housing Projects* – all of these projects have involved rescuing vintage houses that were destined to collapse. After rescue, the houses were rehabilitated and restored. In two instances, the houses were moved to vacant lots and provided upscale, infill housing.



**Picture 18. Marion Street Housing Project**

- *Newberry Hall Expansion* – Newberry Hall had outgrown its space and the owners were planning to relocate and build a larger facility outside of the downtown. With the encouragement and support of the ADDA, the owners of the *Newberry Hall* chose to enlarge its downtown facility and stay in downtown Aiken. The *Newberry Hall* has remained a vital part of the downtown economy.

### *Current Projects of the Aiken Corporation and ADDA*

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Currently, the members of the Aiken Corporation and ADDA have projects that will further improve the City's attractiveness and appearance. There have been subcommittees working hard to bring additional business, special events and beautification to the City and its downtown, as well as to preserve its historical beauty. These subcommittees are:

- *African American History, Art & Culture Center Subcommittee*
- *Railroad Depot Subcommittee*
- *Aiken Performing Arts Group (Now operate independently after having received their own 501(c)3 designation)*

The members of the *African American History, Art & Culture Center Subcommittee* had the task to renovate a structure that will house the Center and, thereby assist in preserving the history, art, and the culture of African-American heritage. As a result of these efforts, numerous visitors and residents will enjoy and learn from the exhibits in this beautifully restored historic building.



**Picture 19. African American Cultural Center – BEFORE and AFTER**

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The *African American History Art & Culture Center* will be housed in the 1890 National Historic Register Immanuel School Building. The Center is envisioned as an interactive venue that will attract actors, artists, artisans, craftsmen, dancers, educators, historians, singers, researchers, teachers, students, tourists, and writers to celebrate and learn about the rich traditions and contributions of African Americans to the City of Aiken, Aiken County, the State of South Carolina, and the United States of America. The focus on education, entertainment, and community involvement is intended to enhance the shared past and united future of Aiken.



**Picture 20. Friends of the Railroad Union Street – BEFORE and AFTER**

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Similarly, the members of the *Railroad Depot Subcommittee* are working hard to open a railroad depot that is located on Union Street. This is a \$3.0 million public and private project intended to replace the train depot on its original foundation using the original blueprints. The Aiken Corporation is rebuilding the railroad depot that was located in the City's downtown back in the 1800s. This was the first depot of its kind in the state of South Carolina and this building will have many different impacts on Aiken and Aiken County. Preserving Aiken's historic character and cultural heritage will definitely improve the City's amenities and attractiveness. It will blend very well with the Aiken's overall economy. The new railroad depot will allow South Carolina and Aiken residents as well as tourists to enjoy this unique, historic site. The new depot project could help revitalize several blocks of the downtown area and increase property values. In addition, substantial benefits to the economy through the creation of jobs, labor income, and output will result from the project. The new depot will maintain its historic features while providing the City with a unique facility for weddings, receptions, and public meetings and other events.

# III Economic Overview of the City of Aiken, South Carolina

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This section will provide a broad overview of the City of Aiken and Aiken County economies over the past several decades. From the perspective of planning for economic growth and development it is important to understand not just how a local economy is performing currently, but also what the major trends have been over a historical period, and how they have contributed to the current economic situation. The broader overview provided here will detail data in three main categories: measures of income (per capita income, median income), measures of local labor markets (employment, unemployment, and labor force participation rates) and consumer spending (retail sales and retail sales per capita).

## *Population, Per Capita Income, and Median Household Income Trends*

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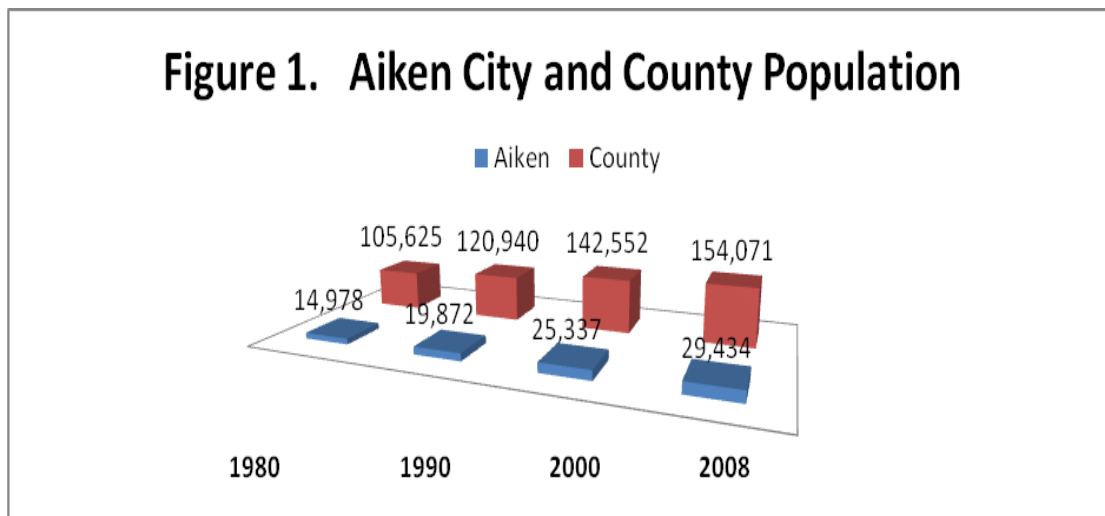
During the past several decades, the City of Aiken has experienced a tremendous growth in terms of income, employment, job creation, tax collection, and, of course, population. This first part of Section 3 examines the population, per capita income, and median household income trends in Aiken, South Carolina. Specific historic comparisons are made with respect to same trends observed on the Aiken County, State of South Carolina and the United States level. Figure 1 shows the City of Aiken and Aiken County population for 1980, 1990, 2000, and 2008. In 1980, the population of the City of Aiken accounted for 14.18% of the total County population while in 2000 the City population was 19.10% of the total County population. At the same time, it is worth noting, that Aiken County is one of 46 counties in South Carolina and in 2007 its total population was 152,333 individuals.<sup>1</sup> The tremendous population growth of the City of Aiken relative to the size of Aiken County can be contributed to the economic and business boom that the City has experienced during the past several decades. Some of the projects initiated,

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<sup>1</sup> The Bureau of Economic Analysis provides the estimates for the City of Aiken and the Aiken County as part of the Augusta-Richmond County, GA-SC (MSA).



supported, and/or conducted by the Aiken Corporation and ADDA directly focused on revitalization of the City’s downtown and bringing more residents into Aiken and the broader Aiken area. According to the data presented in Figure 1, these projects have been successful in increasing the City’s population over the past several decades.

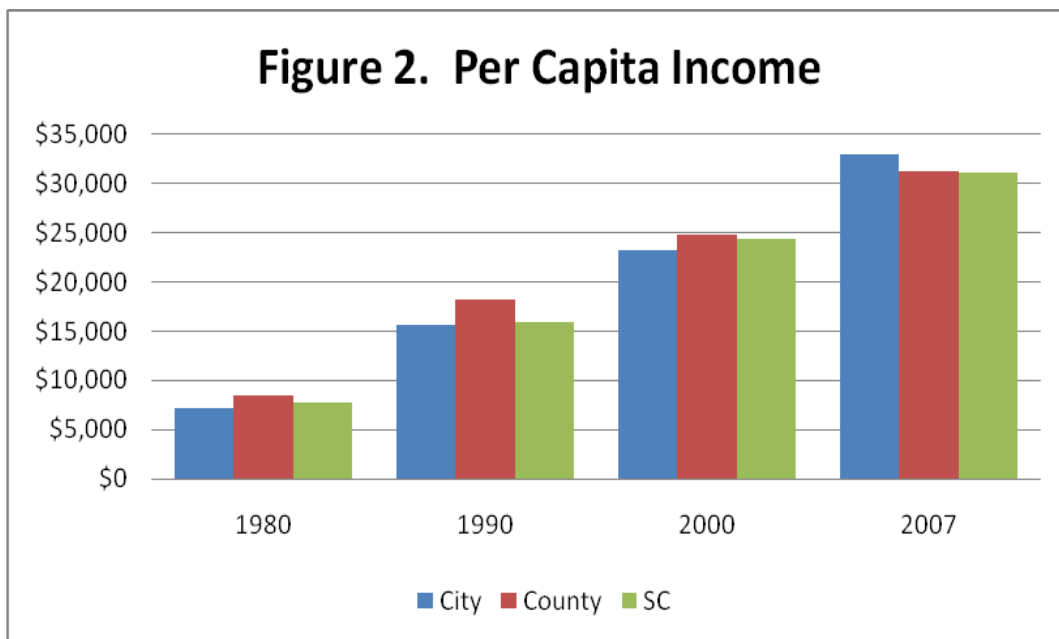


Another broad measure of economic activity at the city level is personal income. Personal income data provides an estimate of income from all sources flowing annually to city residents. Total personal income is comprised of three distinct income sources: 1) labor earnings, 2) dividends, interest, and rent and 3) government transfer payments to individuals. For instance, during 2006, the total personal income in Aiken County was \$4,493,405,000.<sup>2</sup> Total personal income statewide stood at \$128.9 billion in 2006. Aiken’s \$4.5 billion in personal income ranked the county 10<sup>th</sup> statewide in terms of the level of total personal income. Similarly, in 2007 Aiken County had a total personal income of \$4,760,916,000. Still, Aiken County’s total personal income ranked 10<sup>th</sup> in the state and accounted for 3.5% of the state total. From 1997-2007, Aiken County’s total personal income had an average annual growth rate of about 4.9% while the State of South Carolina and the nation were both growing slightly faster at 5.4%.

<sup>2</sup> All personal income data are provided by the U.S. Bureau of Economic Analysis.

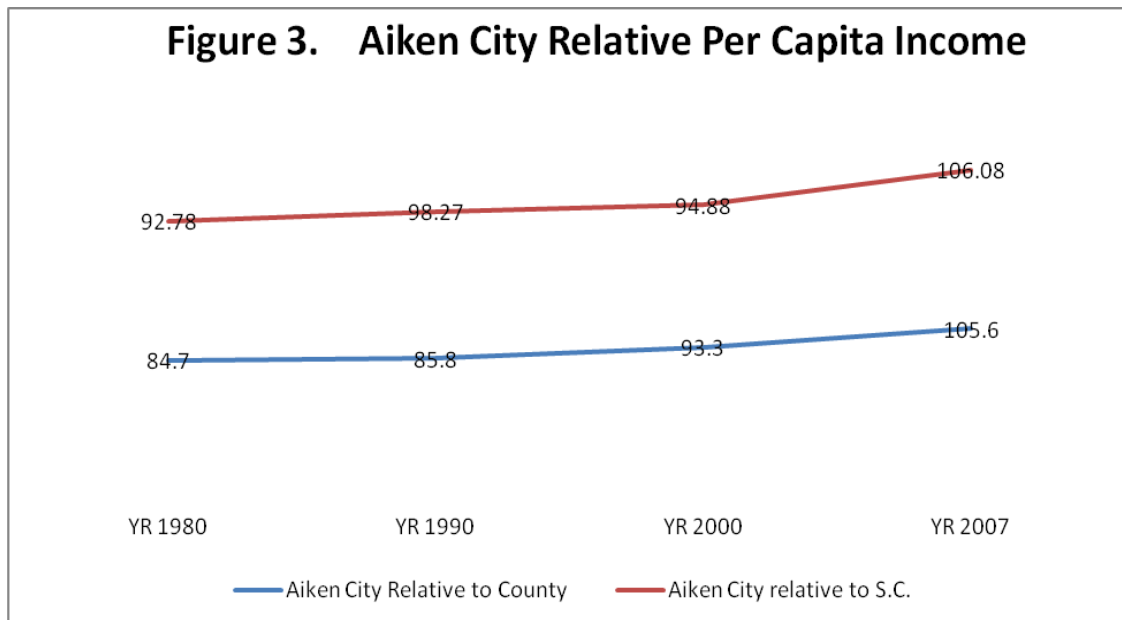
As stated earlier, total personal income is composed of 1) labor earnings by place of residence, 2) dividends, interest, and rent, and 3) personal transfer receipts received by the residents. In 2007 net earnings accounted for 62.3% percent of total personal income, which, compared to 1997, was slightly lower 65.9%. Similarly, in 2007 dividends, interest, and rent were 17.5% of the total personal income, which was also lower than in 1997 - 18.5%. One component of the total personal income that shows a steady increase is government transfer payments to individuals. In 2007 these transfer payments accounted for 20.1% of the total personal income of the Aiken County. The transfer payments were 4.5% higher than in 1997.

These total personal income statistics are useful in gauging the overall size of the Aiken (City and County) and State economies. However, to understand relative living standards in Aiken, we need to also look at per capita personal income. Per capita personal income is one of the most commonly cited measures of living standards. Per capita income is simply an area's total personal income divided by its total population. Per capita income makes no adjustment for differences in demographics, income sources, or cost of living between areas.



In 2007 the City of Aiken's per capita personal income stood at \$32,993. This was slightly ahead of the county wide average of \$31,253. Aiken County's per capita personal income stood at

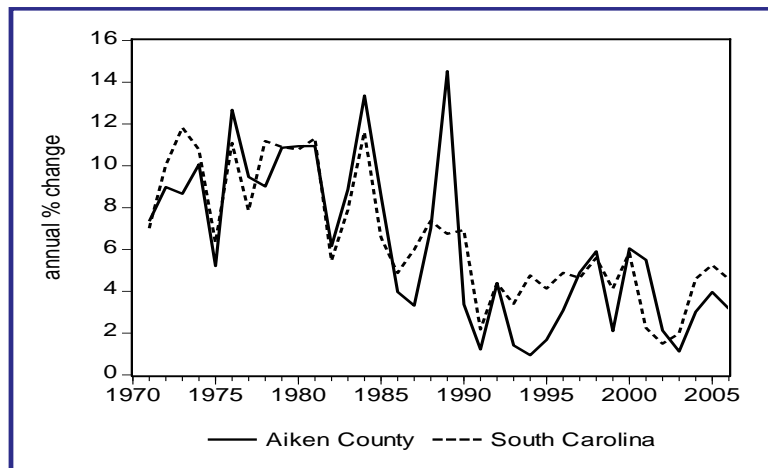
\$31,253, it was ranked 11<sup>th</sup> across South Carolina’s 46 counties and it was 100% of the state average. At the same time, Aiken County’s per capita personal income of \$31,253 was about 81% of the national average of \$38,615. Figure 2 illustrates historical trends in per capita personal income for the City of Aiken, Aiken County and South Carolina from 1980 to 2007. While the Aiken’s per capita personal income level has consistently been below the national average, Figure 2 shows that Aiken County’s per capita personal income is consistently above the state average. At the same time the City’s per capita personal income is just slightly below the state average for all these years. One feature readily apparent from the figure is that per capita personal income is consistently increasing especially during the time when some of the Aiken Corporation and ADDA’s projects were conducted. While there are periods of relatively faster growth and relatively slower growth, per capita personal income in the City of Aiken has grown substantially over the last few decades. Once again, this increase in Aiken’s living standard can be closely related to tireless efforts of the members of the Aiken Corporation and ADDA and their determination to make the City of Aiken a better and more attractive place to live and work.



A common way to analyze specifically how a local economy’s per capita income is performing relative to other areas is to look at an area’s per capita income as a percent of another area’s per capita income. Figure 3 shows Aiken City’s per capita income as a percentage of the Aiken

County's average and of the South Carolina average. The first feature to note from this chart is that Aiken City's per capita income has consistently been only slightly lower than the Aiken County's average (the solid blue line) and the state average (the solid red line). This trend has changed during the last several years, as the City of Aiken's per capita income has significantly improved relative to the County and the State level. These recent per capita numbers illustrate an important additional feature of Aiken's per capita income trends.

**Figure 4. Per Capita Income Growth**  
1971-2006



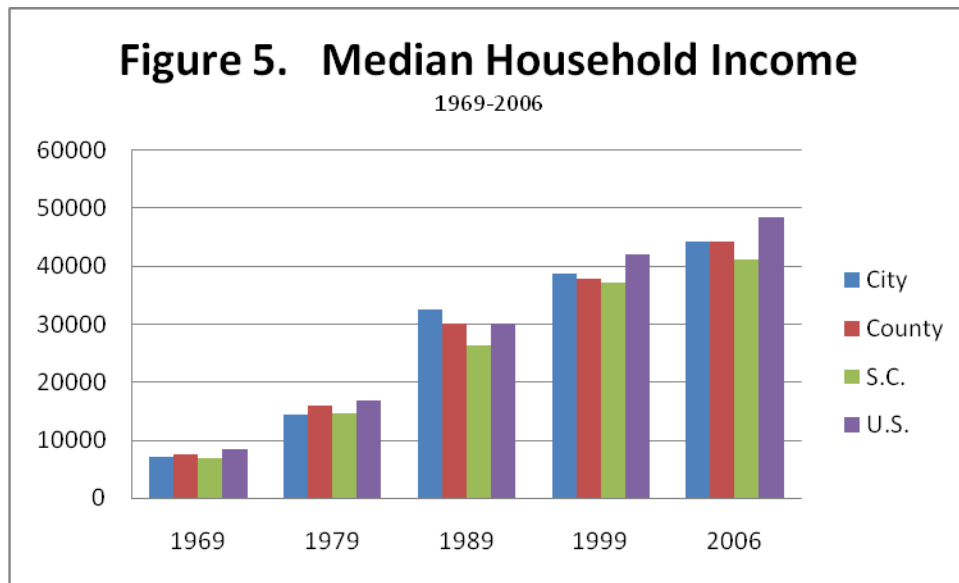
Specifically, Aiken County's per capita income relative to the state and national average has fallen since the early 1990s. For example, from 1970 to 1990, Aiken County's per capita income average was roughly 110 to 115 percent of the state average. Since the early 1990s, Aiken County's per capita income has fallen to roughly match the statewide average as of 2006. Similarly, during the early 1990s, Aiken County's per capita income was more than 90% of the national average. This figure has since fallen to roughly 81% of the U.S. average as of 2006. This means that in recent years, Aiken County's rate of per capita income growth has failed to keep pace with the state and national averages. At the same time, the City of Aiken has surpassed the state and the national averages in terms of the per capita income.

Figure 4 reinforces this by showing the annual rate of per capita income growth for Aiken County and South Carolina from 1971 to 2006. Aiken's per capita income growth was slower than the state average during the early 1990s and again during the last several years. This relatively slower growth has caused Aiken County to lose its edge relative to the state average

per capita income, and has caused it to slip further behind the national average. However, the same trend is not observed on the City level. Recall that the majority of the projects conducted by the Aiken Corporation and ADDA focus on revitalizing the City of Aiken and achieving its higher economic growth and development. A simple analysis of the City's per capita income suggests that the development efforts of the Aiken Corporation and ADDA were successful in improving the local living standard.

In addition, personal income, and therefore per capita income, is made up of distinct types of income. To further analyze the slower per capita income growth of the 1990s, we can look at the largest source of personal income – labor earnings. Aiken County's average wages grew more quickly than the state average during much of the 1980s and into the very early 1990s. However, since 1992 average wages in Aiken County have generally been growing more slowly than the statewide average. This slower wage growth has contributed to Aiken County's relatively slower per capita income growth.

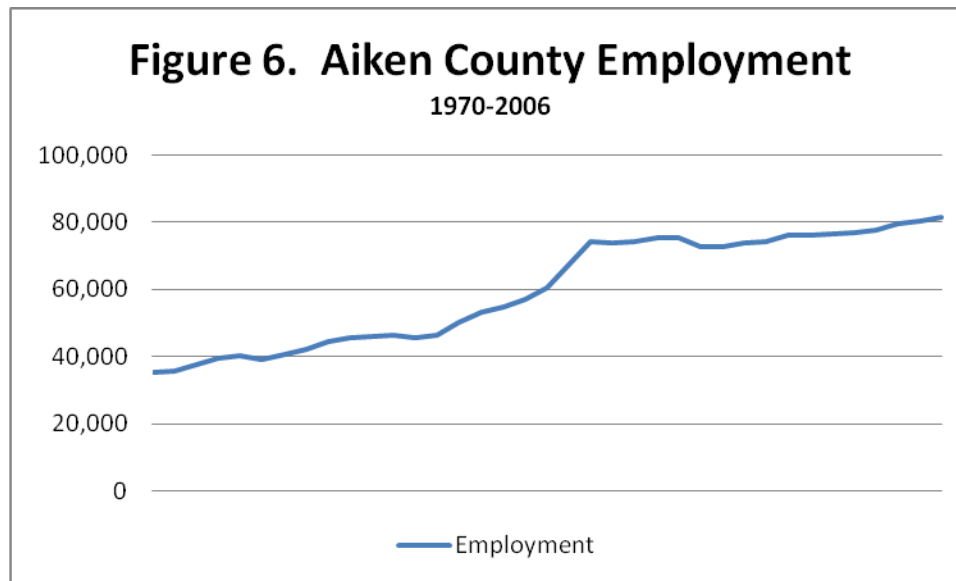
A final look at Aiken's income trends comes from median household income. Median household income in Aiken during 2006 stood at \$44,172. This was just slightly higher than the County's average of \$44,128 and the state average of \$41,100. At the same time, the City's median household income was below the national average \$48,451. As with per capita income, this trend has persisted for decades. Just like in the case of personal income per capita, a conclusion about the Aiken Corporation and ADDA's involvement and contribution to the local median income growth can be drawn. The comparison of median household incomes for 1969, 1979, 1989, 1999, and 2006 is given in Figure 5.



### *Employment Growth, Unemployment Rate, & Labor Force Participation Rate*

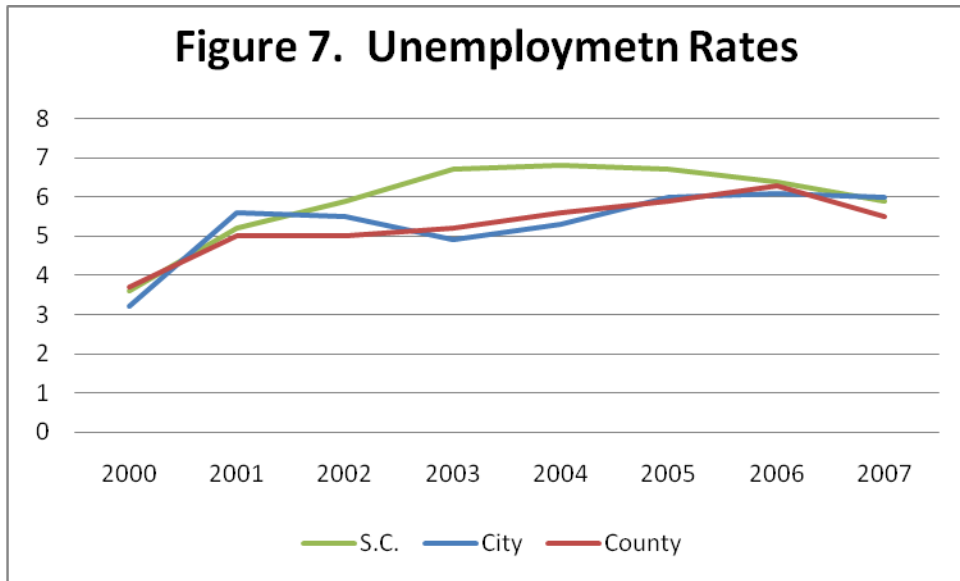
There are several key labor market indicators commonly used to gauge the short- and long-term performance of an economy. These include measures of total employment growth, unemployment rates and labor force participation. There are several different sources of data on employment. The focus of this section is on data available through the U.S. Bureau of Economic Analysis.

Total employment in Aiken County (including the Aiken City) from 1970 to 2006 is shown in Figure 6. This chart suggests several distinct phases of economic development in the City of Aiken and Aiken County. These phases can be closely related to economic and business developments in Aiken City which directly resulted from the efforts of the members of the Aiken Corporation and ADDA. Specifically, the 1970s were characterized by generally steady growth along with job losses during a recession in the mid-1970s. Following the recession of the early 1980s, Aiken City and the County saw employment grow rapidly during the rest of the decade. Since the early 1990s, Aiken City and Aiken County have seen a period of relatively stable, but slower job growth.



The trends which we observe on the City and the County level generally matched the statewide average during the 1970s. However, the City’s and County’s rapid growth of the 1980s exceeded the growth of South Carolina as a whole. Meanwhile, the 1990s saw Aiken County growing relatively slower than the statewide average. The most recent data suggest Aiken County may have seen some improvement in relative job growth during 2005, 2006, and 2007.

Aiken City’s unemployment rate from 2000 to 2007 is given in Figure 7. Comparing Aiken’s unemployment rate to the County and statewide average, this chart indicates that the period of slower job growth during the 1990s kept Aiken County’s unemployment rate above the South Carolina average. However, the county’s unemployment rate declined sharply over this period from greater than 7% during the early 1990s to less than 4% by the end of the decade. Since 2000, Aiken City’s unemployment rate has remained below the statewide average.



Finally, Table 1 provides recent data on the City of Aiken labor force participation rate. The labor force participation rate equals an area’s total labor force divided by the population aged 16 years and older. These statistics from 2000 to 2007 show that the labor force participation rate in the City of Aiken has roughly matched the statewide average.

	<b>Aiken</b>	<b>S.C.</b>
2000	63.1%	63.9%
2001	61.6%	62.2%
2002	61.9%	61.9%
2003	62.9%	62.5%
2004	63.9%	62.8%
2005	63.8%	62.9%
2006	63.7%	62.9%
2007	62.3%	62.2%

Table 2 provides some historic data on the City’s unemployment and labor force participation rate. During the 1980s, the unemployment rate was at 5.5 percent while the labor force participation rate was at 58.1 percent. The decade of 1980 can be considered “Before the Aiken Corporation and ADDA Decade.” As soon as some of the projects such as *Aiken 20/20* and the



*Parker Project* took place during the 1990s, the City’s unemployment rate went down from 5.5 percent to 5 percent and the labor force participation rate went up from 58.1 percent to 59.8 percent. Both changes imply that additional jobs were created within the City’s limit and a more vibrant local economy was growing. The projects conducted and supported by the Aiken Corporation and ADDA contributed to this trend and to the vitality of the local economy.

<b>Table 2.</b>			
<b>Aiken’s Unemployment &amp; Labor Force Participation Rates</b>			
	<b>Population</b>	<b>Unemployment Rate</b>	<b>Labor Force Participation Rate</b>
1980s	14,978	5.5	58.1
1990s	19,872	5	59.8

The current discussion focused on employment growth, unemployment and labor force participation rate patterns. All three measures of the labor market conditions indicate significant changes in the local Aiken economy since the establishment of the Aiken Corporation and ADDA. However, in order to understand the living standard and the purchasing power of residents of the City of Aiken and Aiken County, one needs to talk about the residents’ earnings by place of work. This topic will be explored in more detail in Section IV of this study. For now, it is worth noting that the earnings of persons employed in Aiken (both City and the County) have been steadily increasing. The recent trend shows an earnings increase from \$3,290,168 in 2006 to \$3,420,403 in 2007. This is a 4.0% increase. At the same time, the 2006-2007 state change was 4.3% and the national change was 4.9%. The average annual growth rate from the 1997 estimate of \$2,474,226 to the 2007 estimate was 3.3%. At the same time, the state was growing at 5.1% while the average annual growth rate for the nation was 5.4%. The Aiken Corporation and ADDA’s projects that focused on bringing more businesses and residents to Aiken also resulted in more job creation with an increase in local earnings and the living standard. The members of the Aiken Corporation and ADDA can be credited for their visionary work and effort and for helping the local economy achieve such an impressive economic growth

and development. Their successful cooperation with the local government leaders, business, and people produced an amazing outcome that benefited all.

### *Consumer Spending Measures: Retail Sales & Retail Sales Per Capita*

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Currently, downtown Aiken has a 97% occupancy rate, up from 74% in 1988. Over 50 of the downtown buildings have been renovated (or are in the process of being renovated), at least fifteen existing businesses have expanded and at least fourteen new businesses have opened. Since the establishment of the Aiken Corporation and ADDA, over 150 new jobs have been created. Each new business is vital to the continued success of downtown Aiken. The ADDA heralds each new arrival with a special “new business” sign to let everyone in the community know that there is a new business to support. During 2006, total retail sales at Aiken County businesses were about \$2.6 billion. Out of that, the City of Aiken’s total retail sales were \$786 million which is about 30% of the total retail sales at the County level. It is often of interest, particular for border cities and counties, to compare the level of per capita retail sales within the county to per capita sales within other counties with similar income levels. These comparisons among the top fifteen South Carolina counties are given in Table 3.

<b>Table 3. Retail Sales Comparison</b>			
	<b>Per Capita Income</b>	<b>Gross Sales (\$millions)</b>	<b>Per Capita Sales</b>
1. Beaufort	\$41,724	\$3,887	\$27,067
2. Charleston	\$36,326	\$12,881	\$37,795
3. Lexington	\$33,645	\$8,403	\$35,257
4. Greenville	\$33,460	\$14,137	\$33,943
5. Richland	\$33,157	\$10,652	\$30,335
6. Georgetown	\$32,524	\$1,317	\$21,944
7. York	\$31,657	\$4,475	\$22,551
8. Calhoun	\$30,810	\$214	\$14,450
9. Florence	\$30,334	\$4,510	\$34,470
10. Kershaw	\$30,067	41,139	\$19,958
<b>11. Aiken</b>	<b>\$29,912</b>	<b>\$2,592</b>	<b>\$17,258</b>

12. Oconee	\$29,715	\$1,159	\$16,565
13. Spartanburg	\$28,261	\$7,816	\$28,957
14. Anderson	\$27,955	\$3,977	\$22,458
15. Horry	\$27,809	\$8,913	\$37,176

Here, the top fifteen counties in South Carolina are ranked according to per capita income levels during 2006. In 2006, Aiken County ranked 11<sup>th</sup> in South Carolina in terms of per capita income level. Also given in Table 3 is the level of total retail sales during the 2006 year from the South Carolina Department of Revenue. The final column of Table 3 provides the level of per capita retail sales; simply gross sales divided by population.

What can we learn from this information? Of the top fifteen counties in terms of per capita income, only two have a level of per capita retail sales lower than Aiken's per capita sales. The counties in this group with relatively high per capita sales figures tend to be importers of consumer spending. That is, they are attracting retail sales from other areas. Meanwhile, counties like Aiken, Calhoun, Oconee, Kershaw, and Georgetown are seeing retail spending leaving the county, with local residents likely traveling elsewhere for shopping. Very frequently state and local governments try to get non-residents to pay for government services. Benefiting from non-residents is very popular among policymakers, and one frequently practiced strategy is tax competition between governments of the same level. Tax competition is viewed as the ability of state and local governments to impose taxes on non-residents and to attract their consumption. It is estimated that each year anywhere between \$809 million and \$855 million of retail sales leaves Aiken County. It is most likely that residents are leaving Aiken County to shop in Augusta, Georgia.

Very frequently the occurrence of competition causes changes in tax revenue portfolio, migration of businesses and labor, and planning difficulties for government officials. Therefore, our local policymakers should be well aware of the possible tax competition with neighboring Augusta, Georgia. The presence of tax competition and outflow of tax revenue represents a challenge for the local business community as it tries to retain and attract shoppers. Traditionally, the Aiken Corporation and ADDA's projects intended to keep the sales and tax revenue within the City of Aiken and Aiken County limits. The Aiken Corporation and ADDA stimulated the local

economy by sponsoring, promoting and conducting projects that revitalized downtown and the broader Aiken area. In order to secure a steady economic prosperity of the local economy, the supportive initiatives and projects need to continue and even improve. The members of the Aiken Corporation and ADDA can be credited for their efforts and enthusiasm. Without their diligent investment and involvement in the City of Aiken, the sales and tax revenue outflow would be even greater.

### *Demographic Profile of Aiken, South Carolina*

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Today the demographic profile of Aiken, South Carolina looks very different than it did a few decades ago. By analyzing the demographic data for the City of Aiken, several important patterns can be easily observed. During the past several decades the following has occurred:

- The number of occupied housing units has been constantly increasing in the central city as well as the suburbs area of the City of Aiken
- The number of owner occupied housing units has been on the rise in the central city of Aiken
- The poverty rate has been consistently decreasing
- The number of employed residents has been increasing
- A unique mixture of ethnic and racial groups, in terms of their sizes and diversity, has been constantly present as the City grew and developed

The changes in the number of occupied housing units and owner occupied housing units in the City of Aiken are given in Table 4. As Table 4 illustrates, back in 1970 there were 4,327 occupied housing units in the central city of Aiken. At the same time 2,950 units were owner occupied. As time progressed, decade after decade, the number of occupied units as well as the number of owner occupied units has been increasing.

<b>Table 4. Housing Units by Occupancy Status</b>			
<b>Central City of Aiken, S.C.</b>			
	<b>Occupied Units</b>	<b>Owner Occupied</b>	<b>Owner Occupied as % of All Occupied Units</b>
<b>1970</b>	<b>4,327</b>	<b>2,950</b>	<b>68.2 %</b>
<b>1980</b>	<b>5,757</b>	<b>3,623</b>	<b>62.9 %</b>
<b>1990</b>	<b>7,749</b>	<b>5,128</b>	<b>66.2 %</b>
<b>2000</b>	<b>10,287</b>	<b>6,804</b>	<b>66.1 %</b>

The next table, Table 5, illustrates the changes in poverty rate and an improvement in employment. Table 5 illustrates that as the number of employed residents increased and the poverty rate in the City went down. It is expected to find this inverse relationship between the poverty rate and the number of employed residents. Once again, the greatest improvement in these two variables occurred during the times when the Aiken Corporation and ADDA have initiated some of their projects such as *Aiken 20/20* during the 1990s. During the same time the percent of households in National Low Income Bracket (National Lowest 20 percent) went down from 22.9% in 1990 to 21.5% in 2000. The smaller percent of Aiken household in low 20 percent income bracket was followed by an increase in number of households in middle income brackets. In other words, the percent of households in middle income bracket (National Middle 60 percent) has improved from 53.9% in 1990 to 54.7% in 2000. Once again, the Aiken Corporation and ADDA projects which intended to boost the local economy and attract residents have shown to be successful in improving the living standards of the local residents.

<b>Table 5. Poverty Rate and Number of Employed Residents</b>		
<b>Central City of Aiken, S.C.</b>		
	<b>Poverty Rate</b>	<b>Employed Residents</b>
<b>1970</b>	<b>17.9 %</b>	<b>5,121</b>
<b>1980</b>	<b>15.5 %</b>	<b>6,293</b>
<b>1990</b>	<b>15.2 %</b>	<b>8,703</b>
<b>2000</b>	<b>14.1 %</b>	<b>11,123</b>

For the past several decades, Aiken City has grown tremendously in terms of total population, income, and employment. The size of the City’s population went from 13,436 people back in 1970 to 27,267 individuals today (U.S. Census estimates for 2007). As much as these absolute changes in the size of the city’s population can be impressive, more interesting findings can be found by looking at the structure of Aiken’s population. Table 6 illustrates an interesting and very diverse demographic mixture in the City of Aiken.<sup>3</sup> The reported data is from the U.S. Census, and while there were certain changes in “Racial and Ethnic Characterizations” over time, we can still draw a parallel among the majority of ethnic/racial groups over several decades.

For instance, while each reported ethnic/racial group shows certain level of variation in terms of size, there are several important patterns to observe. At the beginning of the observed period (Table 6) the largest demographic group represented in the City of Aiken were individuals who identify themselves as *White, Non-Hispanic* (60.0%), followed by *Black (or African American), Non-Hispanic* (37.9%). Back in the 1980s, *Foreign Born* individuals were the third largest group (2.7%) followed by *Hispanic* (0.6%) and *Other Races, Non-Hispanic* (0.6%). The demographic composition of the City has slightly changed during the last several decades. Still, *White* and *Black* race/ethnic groups are the largest ones in the City (67.9 % and 29.0 %

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<sup>3</sup> The reported data is from the U.S. Census. Please note that “Racial and Ethnic Characterizations” in the 1970 Census do not match those in the 1980, 1990, and 2000 Census. Therefore, Race/Ethnicity data are only reported for 1980, 1990, and 2000.

respectively), but now they are followed by *Other Races* (3.1%).<sup>4</sup> At the same time, the gap between the *Foreign Born* individuals (2.3%) and *Hispanic* group (1.9%) is closing.

<b>Table 6. Race/Ethnic Groups as Percent of Total Population</b>					
<b>Central City of Aiken, S.C.</b>					
	<b>White</b> Non-Hispanic	<b>Black</b> Non-Hispanic	<b>Other Races</b> Non-Hispanic	<b>Hispanic</b>	<b>Foreign</b> <b>Born</b>
<b>1980</b>	<b>60.9 %</b>	<b>37.9 %</b>	<b>0.6 %</b>	<b>0.6 %</b>	<b>2.7 %</b>
<b>1990</b>	<b>67.4 %</b>	<b>30.5 %</b>	<b>1.1 %</b>	<b>1.0 %</b>	<b>2.4 %</b>
<b>2000</b>	<b>65.9 %</b>	<b>30.1 %</b>	<b>2.5 %</b>	<b>1.5 %</b>	<b>2.9 %</b>
<b>2008</b>	<b>67.9 %</b>	<b>29.0 %</b>	<b>3.1 %</b>	<b>1.9 %</b>	<b>2.3 %</b>

Due to the housing and beautification projects initiated and supported by the Aiken Corporation and ADDA, the City of Aiken preserved its unique mix of ethnic and racial groups. At the same time, the number of occupied units (owner and not) has been constantly increasing. All of this was a direct result from the projects such as *The Streetscape and Lighting Program, Aiken 20/20, and several housing projects.*

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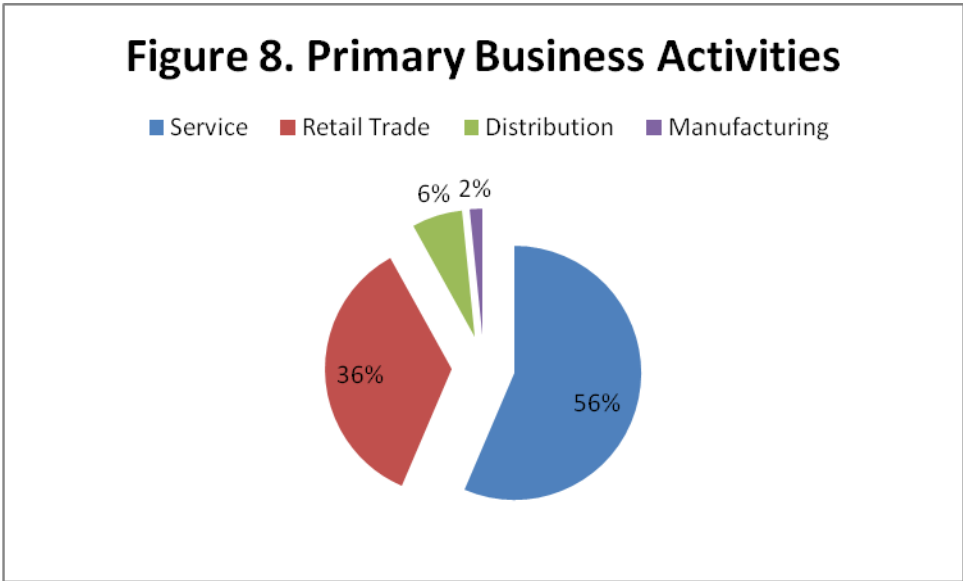
<sup>4</sup> “Other Races, Non-Hispanic” includes individuals who identify themselves as “American Indian and Alaska Native”, “Asian”, “Native Hawaiian and Other Pacific Islander”, “Some Other Race”, “Two or More Races”.

# IV Business Location Survey

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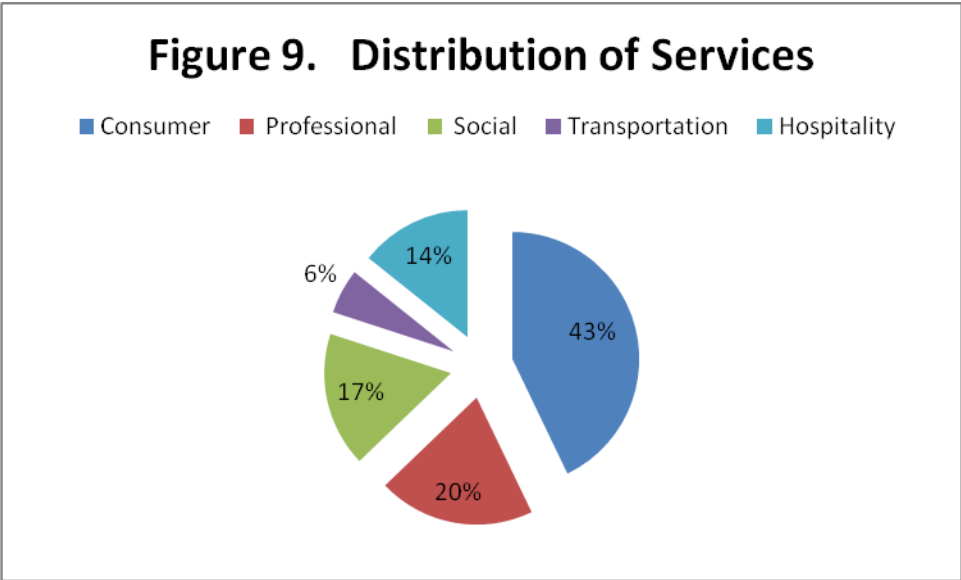
During the spring of 2009, the Business Location Survey was conducted in the City of Aiken. The primary focus of the Business Location Survey was on businesses in Aiken’s downtown area or its nearby proximity. Total of sixty-two businesses were visited and sixty-two interviews were conducted with the business owners. The positive responses of the business owners to the survey, and their sincere support of the survey and the study itself were the foundation for the results presented in this section. The obtained responses from the Business Location Survey, combined with the financial data from the Aiken Corporation and the ADDA were used for the Economic Impact Analysis presented in Section V.

The responses obtained from the Business Location Survey are analyzed in order to determine the number of local businesses based on employment size as well as by the industry. Figure 8 shows the four primary business activities located in downtown Aiken. The leading sector located in Aiken are Services (56%), followed by Retail Trade (36%), Distribution (6%), and, finally Manufacturing (2%).





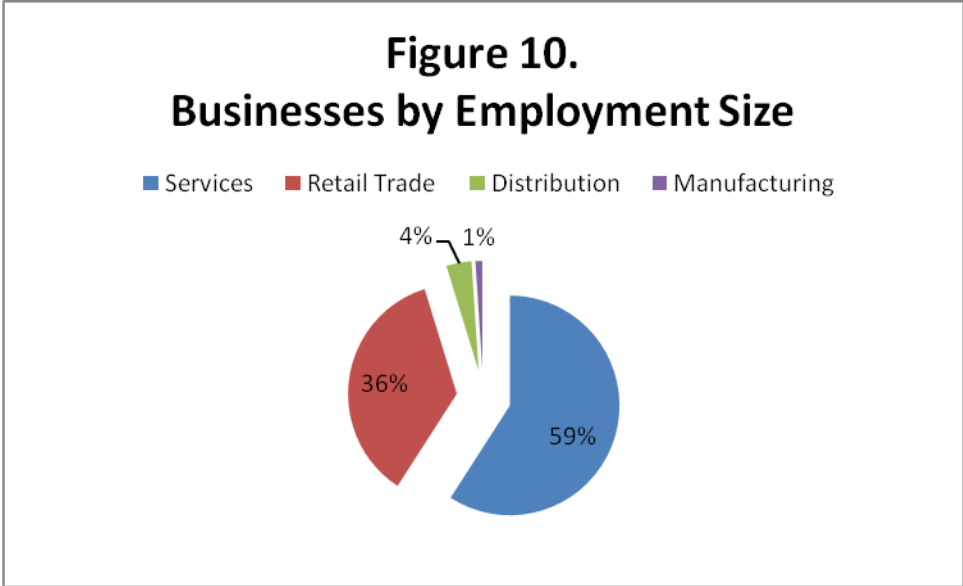
The largest sector, in terms of number of businesses located in town, is Services. Further analysis of the Service Sector, shows distribution among different subgroups such as: Consumer Services, Professional Services, Social Services, Transportation, and Hospitality Services. Among these five subcategories of Services, the Consumer oriented services account for 43% of total Service Sector, followed by Professional Services (20%). The Social Services (17%) and Hospitality (14%) are the next in terms of the size while the Transportation Services are the smallest subcategory of Service Sector (6 %).



Once when the Retail Trade Sector is sliced down between the Food & Beverages and All Other Retail, it shows approximately the same distribution of businesses in these two subcategories. Similarly, the Distribution sector is evenly divided between the businesses related to the Utilities and Transportation Sectors.

The next task is to look at the local businesses according to the number of people they employ. The results obtained from the Survey suggest a similar distribution among the different sectors as illustrated earlier in Figure 8. The Services Sector is still the leading industry in the City of Aiken followed by the Retail Trade, Distribution, and Manufacturing. Figure 10 illustrates the leading businesses based on the number of workers they employ. Fifty-nine percent of employment in the City is contributed to the Services Sector while 36% goes to the Retail Trade.

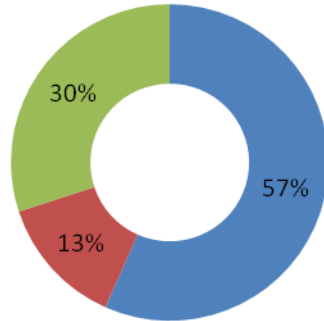
The last two sectors, Distribution and Manufacturing, combined, provide only 5% of the local employment.



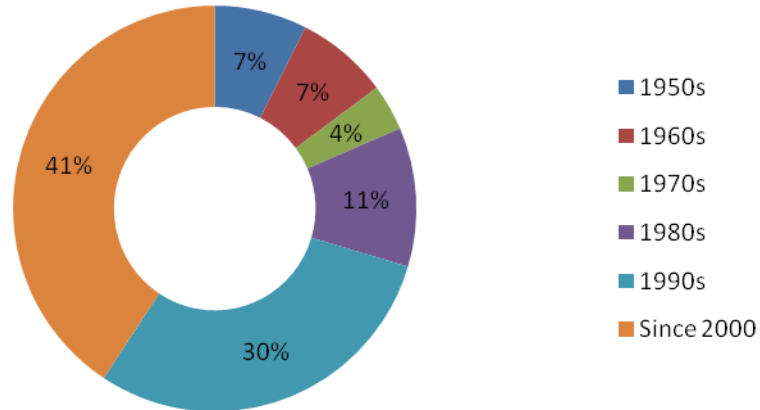
When asked about their location decision, the majority of business owners stated that they started as a new business in Aiken (57%). Thirty percent of businesses have relocated from somewhere else while only 13% located to Aiken due to the business expansion (Figure 11). According to the survey the earliest “start date” of a business was back in 1954 while the latest “start-up date” is 2009. Figure 12 shows the pattern of the business start-ups for the past several decades. According to Figure 12, the business start-up during the 1950s and 1960s stood at 7% for each decade. The start-up of the local business was significantly slower during the 1970s (4%) and somewhat improved during the 1980s (11%). The real boom in new business start-up occurred in 1990s when the City of Aiken witnessed an economic expansion in terms of new business location. Thirty percent of the surveyed respondents started up their new business during this decade. Numerous business owners who started their business during this decade are very much familiar with the Aiken Corporation and the ADDA. These business owners acknowledge the programs, projects and efforts of the members of the Aiken Corporation and ADDA. For some business owners, these projects were important for their new business formation. Finally, 41% of the respondents in the Survey started their Aiken business since 2000.

**Figure 11. Location to Aiken, S.C.**

■ New business   ■ Relocation from somewhere else   ■ Expansion



**Figure 12. Business Start-Ups by Decades**



When asked to list the top 5 reasons why they chose to locate their business to Aiken, the respondents gave different answers. Table 7 illustrates the top reasons why business owners choose Aiken as their business location. The top reason is the Quality of Surrounding Area followed by the ability to Access Customers. Other equally important reasons were the Community Image and the Existing Infrastructure, followed by Development Opportunities. All

these are important for consideration given that the Aiken Corporation and ADDA mission has always been to improve the quality of the local area, by providing additional infrastructure and development opportunities for residents and business owners.

<b>Existing Infrastructure</b>	10 %
<b>Cost of Premises</b>	8 %
<b>Development Opportunities</b>	9 %
<b>Access to Customers</b>	16 %
<b>Quality of Surrounding Area</b>	19 %
<b>Access to Shops and Restaurants</b>	8 %
<b>Proximity to Similar Business</b>	5 %
<b>Amenities of the Local Area</b>	7 %
<b>Safety/Crime Level</b>	5 %
<b>Community Image</b>	12 %

The Survey results also revealed a few suggestions for improvement of the local business climate. The responses of the business owners and their recommendations are summarized in Table 8. As expected, County and City taxes are at the heart of the business owners’ concerns. Twenty-three percent of business owners suggest lowering the taxes for business owners and thus improving the local business climate. The strength of the local economy is the second largest concern for business owners. Eighteen percent of business owners suggest that there needs to be an improvement in the local economy in order to attract new businesses to Aiken as well as to maintain the existing ones.

According to the local business owners, Traffic and Downtown Parking and Responsiveness of Local Government are the second most important categories that need to improve. Fourteen percent of business owners would like to see an improvement in the City’s traffic combined with more parking spaces in the downtown area. Eleven percent of business owners suggest that the local government has a role to play in improving the business climate. When it comes down to

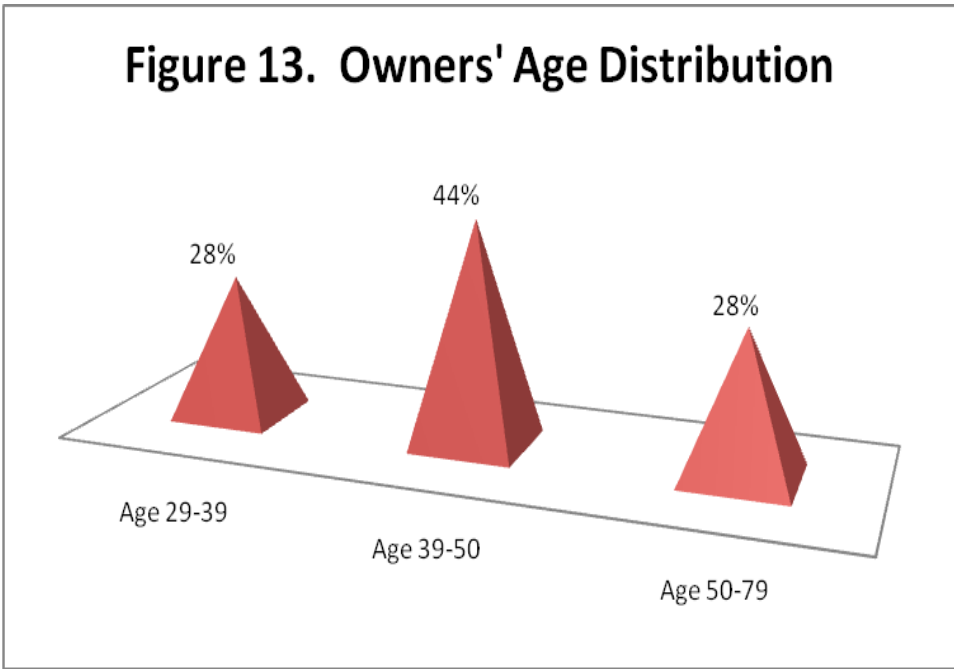
improvement of business climate, these business owners recommend more responsiveness and involvement from the local City and County government officials.

<b>Table 8.</b> <b>If we were to do something to improve business climate,</b> <b>What would you recommend?</b>	
<b>Local Economy</b>	18 %
<b>Quality of Life</b>	4 %
<b>Community Size</b>	4 %
<b>Building Costs</b>	5 %
<b>Available Space to Lease/Buy</b>	3 %
<b>Development Review Process</b>	3 %
<b>Traffic and Downtown Parking</b>	14 %
<b>Water and Sewer Rates</b>	1 %
<b>Appearance and Image of Town</b>	7 %
<b>Development Review Process</b>	0 %
<b>Taxes</b>	23 %
<b>Business Friendliness</b>	7 %
<b>Responsiveness of Local Government</b>	11 %

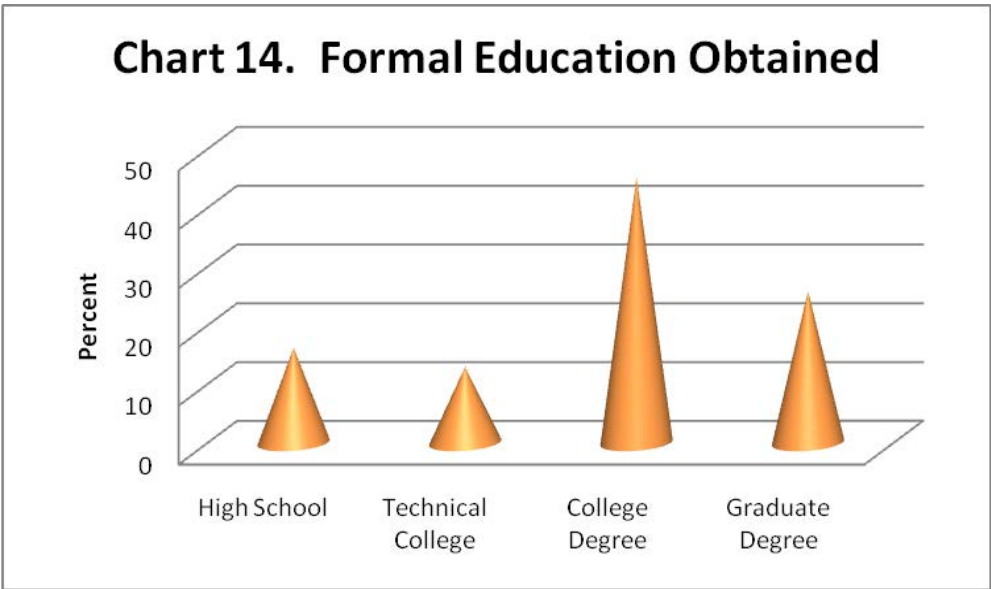
### *Owners ‘Characteristics*

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Several questions on the *Business Location Survey* inquired about the owners’ characteristics. Out of sixty-two business owners, 44% are female while 56% are male owners. Seventy-four percent of the Aiken business owners are also residents of the City. A majority of them are “Age 39-50” (44%), while the remaining 56% of the owners are evenly distributed between the other two age groups: “Age 29-39” and “Age 50-79.” Figure 13 illustrates the Owners’ Age Distribution for the interviewed local business owners.



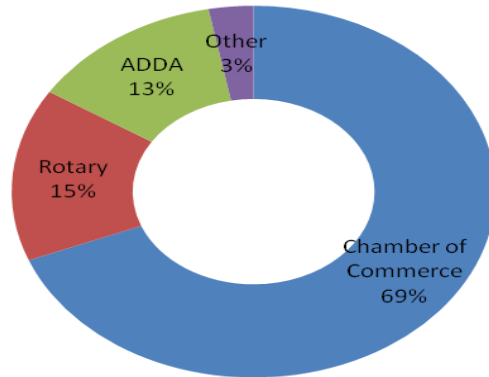
Based on the obtained responses, it appears that the majority of the business owners have at least a college degree (45%). Twenty-six percent of the business owners hold some kind of a graduate degree, while 13% and 16% of them have a technical degree and a high school degree, respectively. Figure 14 illustrates the distribution of the education level held by the local business owners in Aiken.



Sixty-five percent of the local business owners are members of professional and/or social organization. Sixty-nine percent of the businesses are members of the Greater Aiken Chamber of Commerce. Traditionally, the Chamber of Commerce helps businesses’ establishment and growth. Therefore, the Chamber of Commerce is a very important agent in boosting the economic development of the city, which in return improves the living standard and quality of life of the City of Aiken, as well as the County.

Additional 15% of the local businesses are members of the Rotary Club of Aiken. Thirteen percent of the businesses are members of the Aiken Downtown Development Association while the remaining 3% are members of other organizations. Other organizations include such groups as Aiken Young Professionals (the group is designed to create stewardship in Aiken and targets young professionals between the ages of 22-39), South Carolina Bar Association, and BNI (The World’s Largest Referral Organization) , just to name few. Figure 15 illustrates the professional business membership distribution of the local business owners.

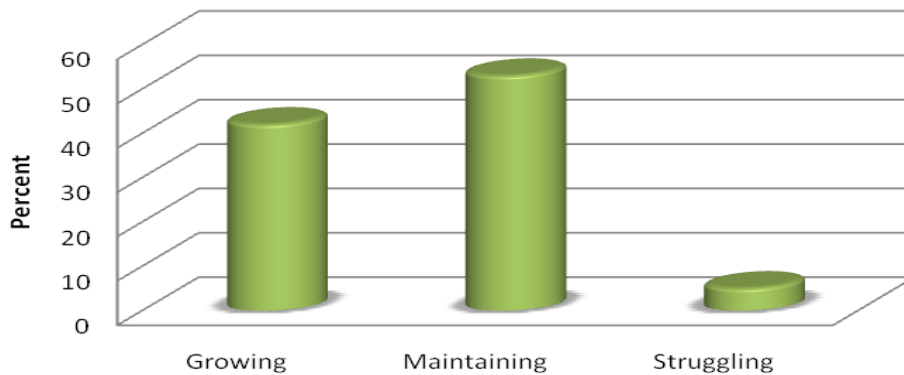
**Figure 15. Memberships in Professional Organizations**



### *Business Status and Revenue*

Interesting statistics about the business status and revenues obtained are revealed from the business responders. The majority of the local business owners state that their business is either growing (42%) or maintaining (53%). Only 5% of local businesses indicate that their business is currently struggling to stay open. Figure 16 illustrates this business status distribution.

**Figure 16. Business Status**



For 71% of local business, the majority of customers are local, Aiken residents. Similarly, for 69% of the businesses, the majority of their income comes primarily from the local, Aiken



residents. Only 30% of business owners voluntarily revealed their income for 2008. The total reported income of these 30% of business owners amounted to approximately \$55 million. In addition, surveyed business owners reported that 482 individuals from the City of Aiken are the employers of these local businesses.

## *Current Issues and Future Demands*

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The purpose of the *Business Location Survey* was to shed some light on the needs that the local business owners have regarding the business development and government services. In addition, the business owners were asked opinions, comments, and suggestions about the existing business services and the ones they might need in the future.

Box 1 gives the list of the “most important issues” that the local business owners felt needs to be addressed in Aiken. The list consists of issues such as lowering taxes, traffic safety (e.g. bushes being trimmed), downtown development, business friendliness, and labor force issues.

### **Box 1.**

***“As a business owner, what are the most important issues you feel need to be addressed in Aiken?”***

- *Traffic safety, bushes being trimmed, traffic adherences, speeding, and stopping at stop signs*
- *Lowering taxes, improving infrastructure, and making utilities more affordable;*
- *Downtown development*
- *Development & inspection process*
- *More parking in downtown*
- *Industry growth*
- *Unemployment, help for families struggling financially, and more funding for school*
- *The cost of a business license*
- *A more small business friendly environment*
- *Having a workforce that knows what to do, that is education and has drive to improve; keeping our young professionals after collage*

Question 19 of the *Business Location Survey* asked the business owners' opinions about the City's efforts to assist in business development. Once again, the answers were very different and they are summarized in Box 2.

**Box 2.**

***“Do you think Aiken should market itself more to assist in business development?”***

- *Yes, market itself more to assist in small business development.*
- *Yes, but in a business friendly manner.*
- *Yes, recruit private local funds from individuals through tax incentives.*
- *I think Aiken should market itself more to assist in business development.*
- *Yes, more professional businesses.*
- *Yes. Aiken is one of the best retirement communities in the Southeast, it should be marketed as so across the U.S.*
- *No, it is already growing too fast.*

Question 20 of the *Business Location Survey* asked the business owners what businesses or types of businesses they would like to see come to Aiken. A majority of the local business owners stated the need for additional manufacturing while others gave specific examples of companies which they would like to see in Aiken. Box 3 summarizes the responses to Question 20.

**Box 3.**

***“What businesses or types of businesses would you like to see come to Aiken?”***

- *More industrial businesses to support other industries currently in the area (e.g. to support SRC, DC, Pactive, etc.)*
- *More manufacturing jobs*
- *SAM's Club and more retail*
- *Warehouse store and Olive Garden*
- *More restaurants (e.g. Cracker Barrel, Piccadilly) and another movie theater*
- *Large white collar jobs*
- *More entertainment venues as well as grocery stores that specialize in organic food.*

The majority of the local business owners are familiar with the Aiken Corporation and ADDA and their activities. Question 21 of the *Survey* asked the participants about their familiarity with these two organizations, while Question 22 asked the opinion about the Aiken Corporation and ADDA performance over the years. Box 4 summarizes the responses to the question “*How did the Aiken Corporation and the Aiken Downtown Development Association help Aiken’s economic growth and development?*”

**Box 4.**

***“How did the Aiken Corporation and the Aiken Downtown Development Association help Aiken’s economic growth and development?”***

- *They helped by pulling partners and the public to make Aiken to grow*
- *They created diverse business and tourist friendly environment*
- *They were always progressive*
- *ADDA is good with evolving all the community with downtown events*
- *Promoting the area of Aiken and bringing in events*
- *By carefully planning*
- *Both the Aiken Corporation and the Aiken Downtown Development Association have done a wonderful job with the beautification of Aiken*
- *They have great events, but do they really help?*
- *By making the City more appealing to visitors and offering more variety of living and dining accommodations*
- *Both the Aiken Corporation and the Aiken downtown Development Association helped Aiken’s economic growth and development making it what it is today*

# V Economic Base Analysis

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This section will utilize the information from the *Business Location Survey* to determine the City's "economic base." Economic Base Analysis is a fundamental technique used to help understand the key components of any local economy. Economic base techniques are based on the assumption that local economic activities can be categorized into *basic* and *non-basic* sectors. Basic activity refers to the production of goods and services that are exported outside of the local area. That is, basic production refers to output produced locally but consumed outside of the area, thus creating an inflow of dollars to the local economy.

Non-basic activity refers to goods and services produced locally for local consumption. Basic economic activities are often considered to be the engine of local economic growth. An economic base analysis can help identify those sectors locally that are export-oriented and that therefore tend to drive local economic growth. Typical examples of basic economic activities include manufacturing, natural resources, agriculture, and tourism.

Economic base analysis is important because the development and enhancement of basic activities is often seen as critical for strengthening and growing a local economy. An area's basic industries are typically considered the engines of local economic growth. Strong basic industries then lead to the further development of an area's non-basic industries.

There are several analytical approaches to identifying an area's basic and non-basic sectors. One of the most common is based on the use of location quotients. In words, a location quotient is a calculated ratio between the relative size of an industry locally and the relative size of that same industry for a broader geographic unit. For example, to compare the Aiken County economy and the national economy, a location quotient for any particular industry would be the ratio of that industry's employment share in Aiken County to that same industry's employment share for the U.S. To use a concrete example, during 2006, the construction industry accounted for 9.82% of all jobs in Aiken County. Nationwide, construction accounted for 6.74% of all jobs. The location quotient for Aiken's construction industry is therefore 1.46 ( $1.46 = 9.82 / 6.74$ ).

What is the interpretation of a location quotient? It is assumed that an area that sees a larger than average share of employment in a certain industry is producing more of that particular good or service than is needed to serve solely local needs. Therefore, this local industry must be in part producing to meet external demand beyond just the local economy. As such, any industry with a location quotient greater than one is producing output in part for external demand and can be considered a basic sector for the local economy.

In contrast, any industry with a location quotient less than one (1) are assumed to be producing an insufficient amount of output to serve even the local demand, and the area is assumed to be importing this industry's output from outside the local economy. Therefore, an industry with a location quotient less than one is assumed to be a non-basic industry – one that at best is serving only local needs. Finally, an industry with a location quotient exactly equal to one is also considered to be a non-basic industry because it is producing exactly enough to meet local demand.

How can this information be used? Industries that emerge as basic industries are often viewed as the engines of local economic growth. They are industries that already have a relatively large presence and likely are responsible for a net inflow of spending into the local economy. Through further development and enhancement, these industries may continue to play an important role in local economic growth.

Meanwhile, the non-basic industries, particularly those with relatively low location quotients, indicate industries for which the local economy is importing production, resulting in an outflow of spending from the local economy. As such, by developing and enhancing these local industries, the local economy may be able to recapture some of the funds currently leaking out of the local economy via imports.

Given this background, the economic base analysis for Aiken County can be reviewed. This economic base analysis is based on detailed employment data provided by the U.S. Bureau of Labor Statistics that excludes government employment. However, it does include employment at

the Savannah River Site. Therefore, this analysis focuses solely on private sector economic activity.

Location quotients were calculated for a total of 20 broad sectors in the Aiken economy. Of these, five sectors have a location quotient greater than one. These are the sectors identified as basic sectors for Aiken County. Table 9 lists Aiken’s basic industries along with each industry’s local share of employment, national share of employment, and resulting location quotient.

**Table 9.**  
**Basic Industries for Aiken County**

<b>Sector</b>	<b>Aiken Share</b>	<b>U.S. Share</b>	<b>Location Quotient</b>
NAICS 56 Administrative and waste services	22.28%	7.36%	3.03
NAICS 22 Utilities	0.78%	0.48%	1.63
NAICS 23 Construction	9.82%	6.74%	1.46
NAICS 31-33 Manufacturing	15.69%	12.52%	1.25
NAICS 44-45 Retail trade	14.02%	13.64%	1.03

The list of basic industries for Aiken County should not come as a surprise given the industrial structure of the local economy. The major exporting industries for the Aiken County include administrative and waste services, utilities, construction, and manufacturing. The retail trade sector’s location quotient is only slightly above one suggesting only a very slight fraction of the county’s retail trade activity represents a basic industry. The highest location quotient is seen for the administrative and waste services sector. Here, the location quotient of just over three indicates an employment share roughly three times that of the national average.

Recall again the interpretation of a basic industry. A basic industry is one that is relatively larger than would be expected for a local economy, suggesting that at least a portion of the local production from that sector is produced for consumers located outside the immediate area. Therefore, the area's basic industries are those that generate a net inflow of revenue and economic activity to the area.

A total of 15 broad industries in Aiken County have calculated location quotients less than one, indicating that these are the area's non-basic industries. Again, a non-basic industry is one that is primarily serving local demand. Indeed, a location quotient of less than one suggests that the area may be importing an industry's output from outside the local economy. In this case there is a net outflow of economic activity as local residents engage in spending outside of the county. This economic leakage could be mitigated by enhancing the presence of the area's non-basic firms.

The industries identified as non-basic for Aiken County are given in Table 10. These non-basic industries range from two leisure and hospitality related industries with location quotients only slightly less than one, to wholesale trade and private educational services with location quotients of less than 0.3.

**Table 10.**  
**Non-Basic Industries for Aiken County**

<b>Sector</b>	<b>Aiken Share</b>	<b>U.S. Share</b>	<b>Location Quotient</b>
NAICS 71 Arts, entertainment, and recreation	1.56%	1.69%	0.92
NAICS 72 Accommodation and food services	8.51%	9.87%	0.86
NAICS 62 Health care and social assistance	9.51%	13.05%	0.73
NAICS 81 Other services, except public administration	2.69%	3.87%	0.70
NAICS 48-49 Transportation and warehousing	2.48%	3.73%	0.66
NAICS 52 Finance and insurance	3.47%	5.33%	0.65
NAICS 54 Professional and technical services	4.04%	6.56%	0.62
NAICS 21 Mining, quarrying, and oil and gas extraction	0.32%	0.55%	0.58
NAICS 11 Agriculture, forestry, fishing and hunting	0.50%	1.03%	0.49
NAICS 53 Real estate and rental and leasing	0.86%	1.91%	0.45
NAICS 55 Management of companies and enterprises	0.62%	1.58%	0.39
NAICS 51 Information	0.95%	2.70%	0.35
NAICS 99 Unclassified	0.07%	0.22%	0.32
NAICS 42 Wholesale trade	1.52%	5.22%	0.29
NAICS 61 Educational services	0.32%	1.96%	0.16

There are several noteworthy non-basic industries on this list. The below average presence of health care and social assistance activity points to the importing of medical services from nearby areas including Augusta, Georgia and Columbia, South Carolina. The relatively small concentration of jobs in finance and insurance, professional and technical services, and information sectors is indicative of the underdevelopment of potentially high-paying jobs in these sectors that rely heavily on intellectual capital. Finally, the relatively small wholesale trade and transportation and warehousing industries suggests that Aiken County has not yet capitalized on the recent development of distribution centers that have been locating across South Carolina, providing well-paying jobs for many areas of the state.



Overall, the results of this economic base analysis can be viewed from several angles. First, those industries that make up the economic base of the county are those that, through further support and development, may be able to continue to drive the local economy by being “export-oriented” businesses.

However, there is also useful information available by examining the list of non-basic industries. Sectors that are currently non-basic to the local economy are those that are likely associated with an outflow of spending as local residents purchase these goods and services elsewhere. This can represent an opportunity for the county to work to develop and encourage more of these types of firms locally. By doing so, more income that is earned by local residents can stay within the Aiken economy, helping to further boost the local area. Some of the projects supported by the Aiken Corporation and ADDA focused on enhancing the non-basic industries such as arts, entertainment, and recreation, as well as accommodation and food services. Other non-basic industries that directly benefited from the Aiken Corporation and ADDA activities include real estate and rental and leasing, educational services, professional and technical services, and other services. It is important to note that any efforts that move the non-basic industries closer to the basic industries category directly imply that a portion of the local production from these sectors will generate a net inflow of revenue and economic activity to the local Aiken area. The efforts of the Aiken Corporation and ADDA members were always attracting the consumers located outside the immediate Aiken area to shop, dine, work, and live in Aiken, South Carolina.

# VI Economic Impact of the Aiken Corporation on the Local Aiken Economy

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This section will provide an economic impact analysis using standard economic techniques. Economic activities related to the activities of the Aiken Corporation and ADDA have immediate economic impacts as well as long-term benefits for the local economy. Here, the economic impact analysis will be used to determine:

- a. Immediate Impacts of Individual Projects Conducted by the Aiken Corporation
- b. Long-Term Benefits of Activities Conducted by the Aiken Corporation
- c. Future Demand for the Aiken Corporation Activities

## *Input-Output Analysis, Multiplier Effects & Economic Impact*

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The purpose of the current study is to measure immediate and long-term benefits of individual projects conducted the Aiken Corporation and ADDA. The way these projects interacted with the local economy had a lasting effect on the City's economic growth and development. In order to determine the inter-relationship of the Aiken Corporation and ADDA's projects with the local economy in Aiken County, this study uses an economic input-output analysis technique. Traditionally, the input-output analysis is used in order to understand the inter-industry relationships between a certain industry or a project and the local economy.

There are numerous economic models that can generate economic multipliers and estimate the long term benefits of an industry or a project. However, this study uses the economic impact

software program IMPLAN (IMPact Analysis for PLANning<sup>5</sup>) to estimate the total economic contribution of the Aiken Corporation and ADDA's projects to the local Aiken City and County economy. IMPLAN is a highly-regarded input-output model frequently used in economic-impact studies. With this input-output model the purchases and sales of commodities between industries, businesses and final consumers can be easily traced and analyzed. The input-output model uses the multiplier analysis to estimate the direct and indirect contribution of an industry or a project. For example, total spending by the Aiken Corporation and ADDA's projects for labor, services, output, insurance, etc. create employment and income for businesses in those sectors. The output multiplier will measure the effect of a \$1 change in an industry's sales on the output of all other local industries.

The intention is to use the input-output model to estimate the "multiplier" portion of the impact the Aiken Corporation and ADDA's projects have on the local Aiken City and County economy. Given the fact that the Aiken Corporation and ADDA's projects cannot be sorted in a well defined industry by the existing standard defined by the North American Industry Classification System (NAICS), the author estimates their unique impact in a different way. In other words, while there are numerous other industries well defined by the United States Census Bureau and NAICS (e.g. farming, mining, manufacturing, trade, etc.), the Aiken Corporation and ADDA's projects are the ones that affected numerous sectors and businesses. Therefore, any spending regarding the Aiken Corporation and ADDA's projects contribute to supporting the suppliers of numerous other sectors, and not just one. Therefore, the Aiken Corporation and ADDA's projects and their economic impact effect go beyond just one sector. This makes it difficult to use a standard input-output model to estimate the economic impact of the Aiken Corporation and ADDA's projects. Given the responses obtained from the *Business Location Survey*, this study defines the Aiken Corporation and ADDA's projects as the ones that reaches and affects numerous other industries and activities such as the service sector, retail trade, manufacturing, and distribution. Based on the findings from the *Business Location Survey* conducted, these four different industrial activities are closely related and affected by the Aiken Corporation and

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<sup>5</sup>IMPLAN was originally developed by the USDA Forest Service in cooperation with the Federal Emergency Management Agency and the USDI Bureau of Land Management. MIG, INC. began work on IMPLAN databases in 1987 at the University of Minnesota.

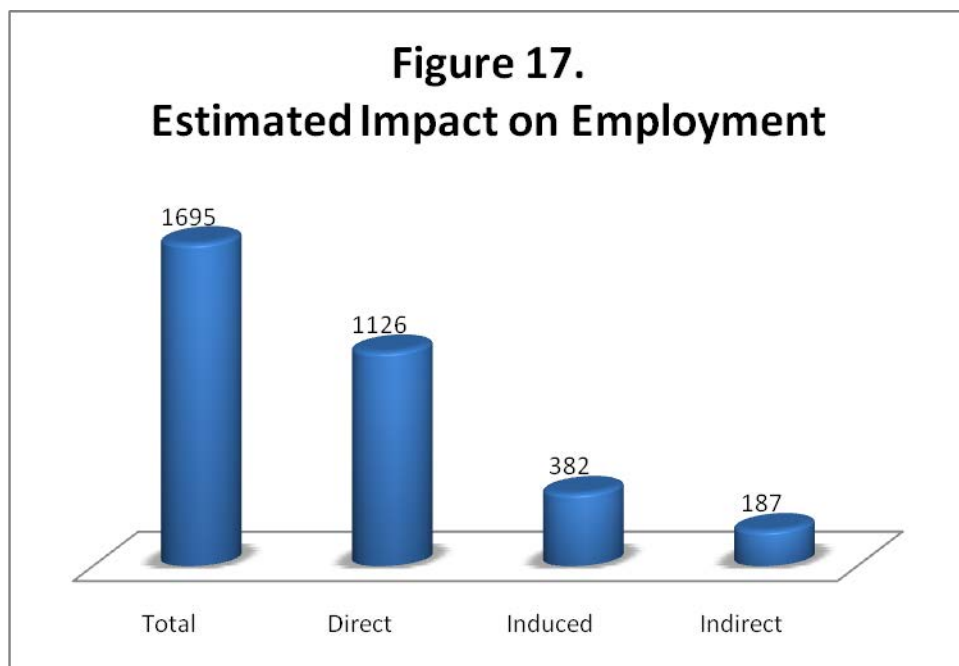
ADDA's projects. Therefore, when the economic impacts of the Aiken Corporation and ADDA's projects were estimated, a unique model that reflects diverse and multiple-industry related activities of these projects was created. All four above mentioned industries were combined and weighted according to their respective size. This was a unique approach to obtaining an economic impact that the Aiken Corporation and ADDA's projects have on the local economy.

The study estimates four different kinds of the Aiken Corporation and ADDAs projects' effects on our local economy:

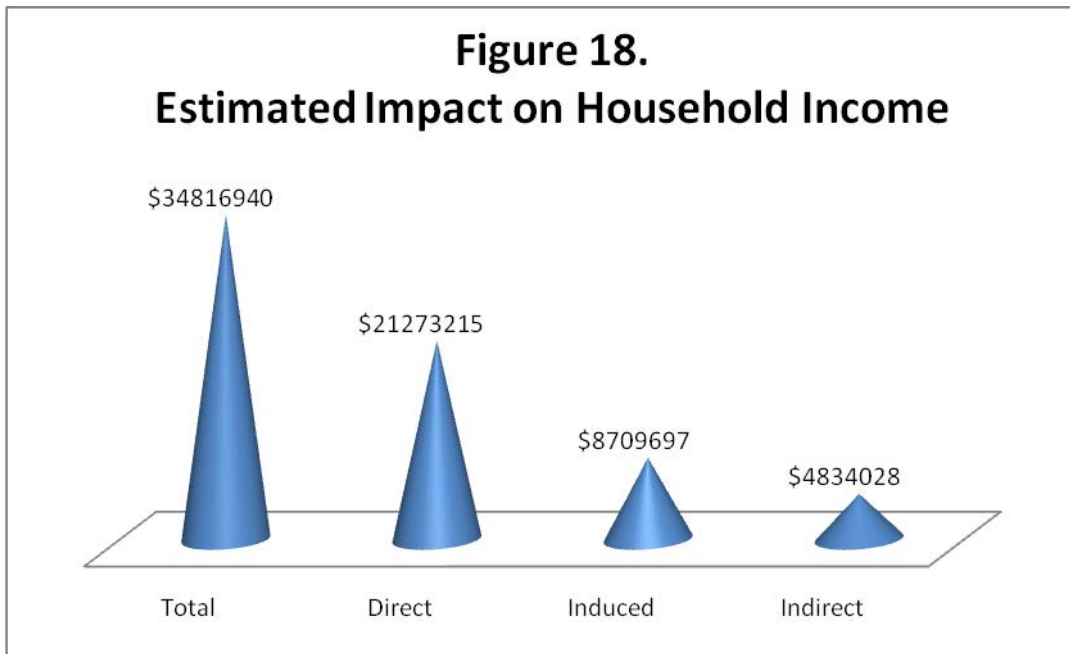
1. *Direct Effects are associated with the Aiken Corporation and ADDA's direct gross receipts and include the gross industry output, workers, and labor earnings which were discussed in a previous section.*
2. *Indirect Effects represent the relationship between different firms working through input purchases of goods and services. Estimating the indirect effects of the Aiken Corporation and ADDA require estimating all of the backward linkages necessary to produce the output of one industry.*
3. *Induced Effects are economic impacts that arise from spending of household income earned by workers employed by the projects conducted or supported by the Aiken Corporation and ADDA. Workers involved with these projects will spend their income at retail trade, service, and other types of establishments. All businesses affected by this spending will hire additional workers who will also spend a portion of their income in the local Aiken economy.*
4. *Total Economic Impact of the Aiken Corporation and ADDA is calculated as the sum of the direct, indirect, and induced effects of the Aiken Corporation and ADDA projects.*

The economic benefits gathered by the Aiken community are best measured in terms of the number of jobs created and the amount of personal income accruing to local residents. In the case of the Aiken Corporation and ADDA projects, there are certain direct effects associated

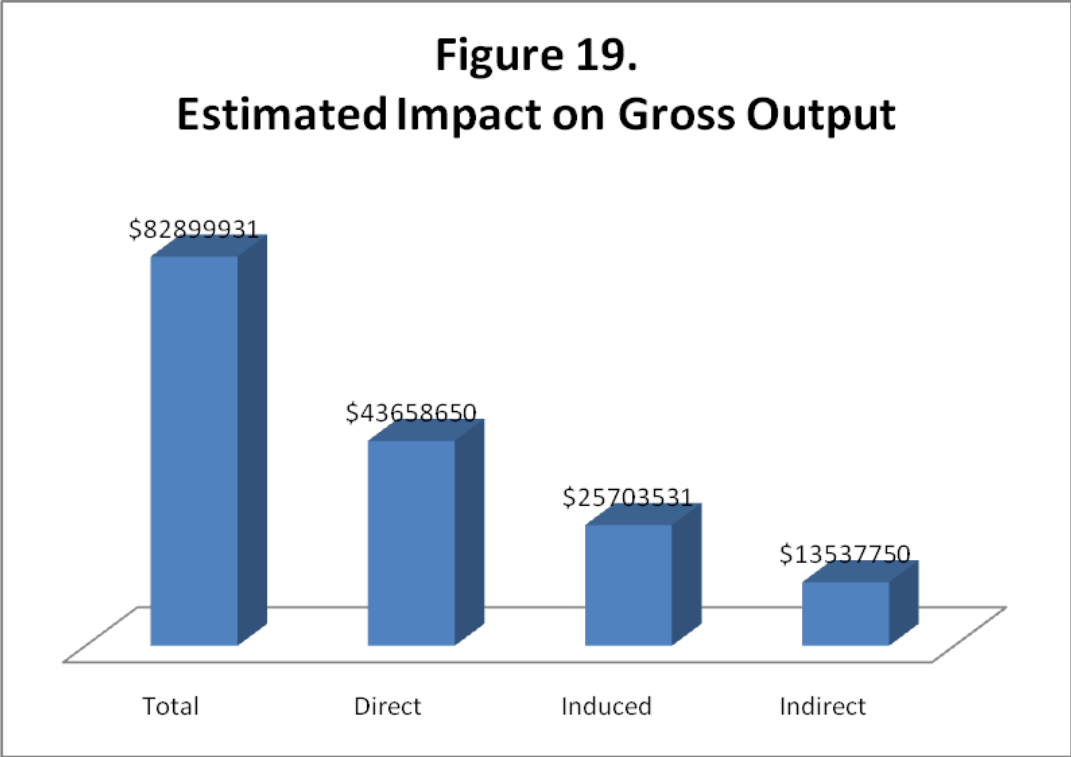
with the \$43.658 million in total spending and estimated 1,126 full-time workers. The impact of the Aiken Corporation and ADDA on employment is given in Figure 17. As mentioned earlier, the Aiken Corporation and ADDA projects account for 1,126 jobs. There are an additional 187 jobs due to indirect effects and 382 jobs due to induced effects. In total, 1,695 jobs in Aiken County can be attributed to the operations of the Aiken Corporation and ADDA projects. The estimated 1,126 jobs translate into 1.5% of total jobs in Aiken County and this makes the Aiken Corporation and ADDA projects an important local employer.



Furthermore, this study estimates the impact of the Aiken Corporation and ADDA projects on the local household income. These estimates are given in Figure 18. There are \$21.27 million in income effects that result directly from the Aiken Corporation and ADDA projects. In addition to this, there are indirect linkages that account for an additional \$4.83 million, and the induced effects are another \$8.70 million. In total, the impact of the Aiken Corporation and ADDA projects on household income is estimated to be \$34.81 million.



Finally, the economic impact of the Aiken Corporation and ADDA projects can also be gauged by analyzing the effect of an average dollar in output on our local economy. In terms of the output multiplier of the Aiken Corporation and ADDA projects, one dollar of spending by these projects lead to \$1.80 of spending in the local economy. In other words, for every dollar of spending made by the Aiken Corporation and ADDA projects, an additional 80 cents is generated for Aiken City and Aiken County economy. Relative to other industries that dominate the Aiken economy, this multiplier is smaller than the one produced by the manufacturing sector (2.05) or the construction sector (2.10). However, the Aiken Corporation and ADDA projects' multiplier is still larger than the FIRE multiplier of 1.51 (FIRE – Finance, Insurance, and Real Estate) and mining multiplier of 1.70. Figure 19 illustrates direct, indirect, induced, and total output effects that the Aiken Corporation and ADDA projects have on our local economy. The \$43.65 million in direct gross receipts leads to an additional \$13.53 million in indirect effects and an additional \$25.70 million in induced effects for a total of \$82.89 million.



Therefore, the key indicators of the Aiken Corporation and ADDA projects include total industry output, total income, and employment. Table 11 and Figure 20<sup>6</sup> summarize all the above mentioned effects of the Aiken Corporation and ADDA projects on our local economy. The total estimated impacts of the Aiken Corporation and ADDA projects are \$82.899 million in gross output, 1,695 workers and \$34.81 million in labor earnings. The indirect effects are \$13.53 million in gross output, 187 workers and \$4.83 million in labor earnings, while the induced effects are \$25.70 million in gross output, 382 workers and \$8.70 million in labor earnings.

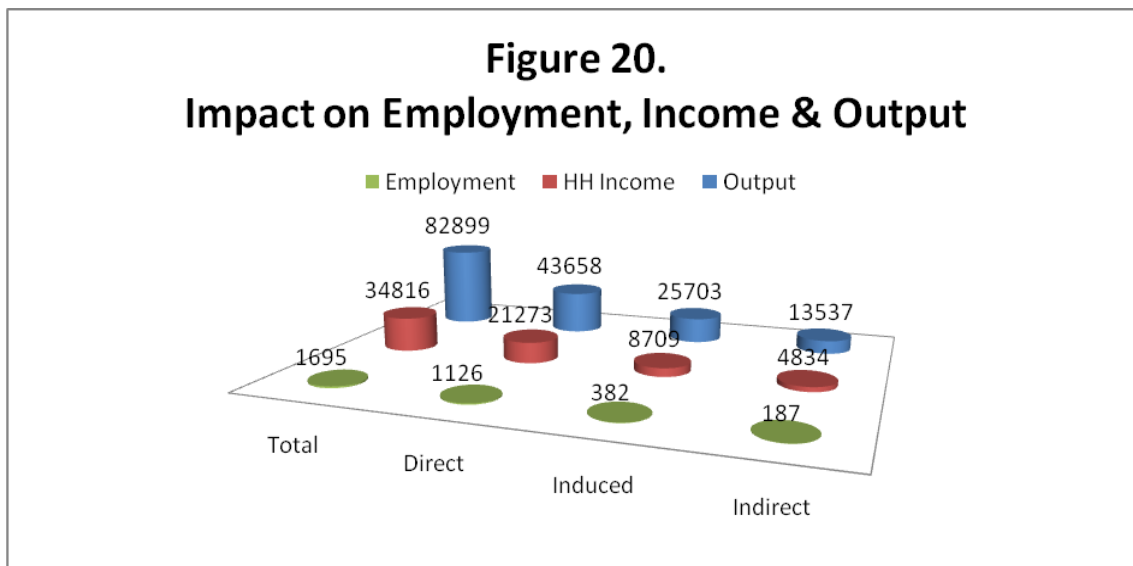
<sup>6</sup> Note: In Figure 20 the output and labor earning numbers are given in thousands of dollars.

**Table 11.  
Output, Income and Employment Effects  
of the Aiken Corporation and ADDA**

	<b>Total Impact</b>	<b>Direct Impact</b>	<b>Indirect Impact</b>	<b>Induced Impact</b>
<b>Gross Output</b>	\$82,899,931	\$43,658,650	\$13,537,750	\$25,703,531
<b>Household Income</b>	\$34,816,940	\$21,273,215	\$4,834,028	\$8,709,697
<b>Employment</b>	1,695	1,126	187	382

This input-output analysis of the Aiken Corporation and ADDA reveals that their operations have a substantial impact on output, jobs and income in Aiken and Aiken County. Like any other business, the Aiken Corporation and ADDA made a variety of input purchases that translated into flow of funds throughout the local economy. The indirect and induced effects of the investments and purchases conducted by the Aiken Corporation and ADDA work through numerous other sectors within our local economy and contribute to Aiken County’s economic growth and development.





### *Impact on the Local Property Tax Revenue*

A significant fiscal impact is associated with the economic impact of the Aiken Corporation and ADDA. The increase in sales and income described above yield to increases in sales and income taxes, as well as other types of revenue. This section will report the impact of the Aiken Corporation and ADDA on the *local property tax revenue*. Traditionally, local governments are heavily dependant on property tax receipts and, therefore, a key of local governments is property tax stability. These days, unstable economic conditions lead to significant swings in tax revenues and threaten local governments' ability to provide adequate service levels. Given the fact that the majority of tax receipts to the City and County governments stem from property taxation, this section estimates the impact the projects conducted by the Aiken Corporation and ADDA had on the local property tax revenue. Based on the financial data obtained from the Aiken Corporation and ADDA, as well as the survey respondents and the local fiscal data, the estimated impact of the Aiken Corporation and ADDA on the local property tax revenue mounts to be \$5,077,583.00. The numerous projects that accelerated economic and community development of the City and the County of Aiken (e.g. *Parker Project and Numerous Housing Projects*), in return also contributed to the local property tax revenue. Other projects such as *The Streetscape and Lightning Program, Public Parking & Public Restrooms*, further improved the City's appearance and increase the property values of different housing and non-housing units.

For the City and the County of Aiken, the property tax has a unique role in its local revenue structure. The base of the local property tax is more stable than personal income or consumption tax and that is why the local property tax is very important. An estimated \$5 million dollars of property tax impact that the Aiken Corporation and ADDA projects have done is an impressive effect that translated into numerous public goods and services provided by the local officials.

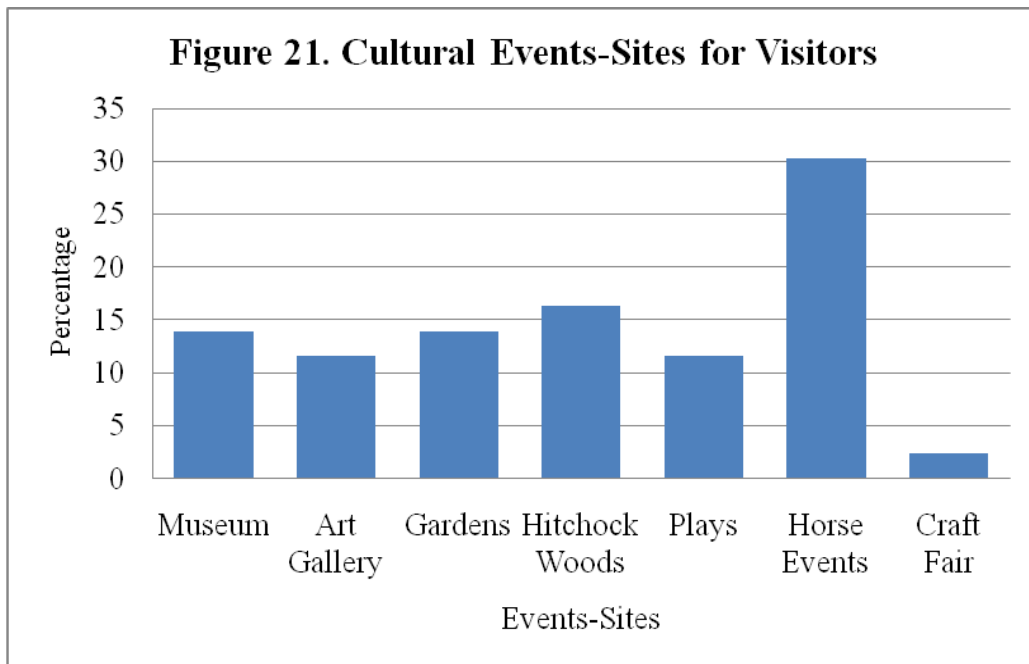
### *Visitors Related Activities and Benefits*

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Visitors related activities generate a wide variety of benefits to the local economy such as tax revenues from travel-related expenditures and new employment opportunities. When visitors arrive in an area, they spend money on products and services acquired from the local business community. Businesses that benefit directly from visitors include lodging establishments, restaurants and bars, recreational facilities, amusement parks, gas/convenience stores, department stores, and local retailers. Over the past several decades, the number of individuals visiting Aiken has been steadily increasing. This growth can be related to Aiken's amenities which were a direct result of the beautification and improvement efforts conducted by the Aiken Corporation and ADDA. The local amenities, shops, cultural events, and Aiken's downtown attractiveness are bringing more and more people in to watch the shows, to shop in the local stores, and to attend equestrian and other events. This was the main goal and part of the mission statement of the Aiken Corporation and ADDA since their establishment.

During the spring of 2008 the author interviewed 96 individuals who were visiting Aiken. Fifty percent of respondents had previously been to Aiken on more than one occasion which indicates a high rate of return visitors with a majority of them stating that they repeat this visit at least 2-4 times. Sixty-seven percent of respondents characterized Aiken as "exciting place for tourists". Dining out and food expenses are very important while determining tourists contribution to the local economy. When asked whether or not they were operating under a budget for this trip, 59 percent of respondents said that they were NOT under a budget while in Aiken. A great percentage of tourists with an unlimited budget is definitely beneficial for the local Aiken economy especially if they are the returning tourists. Fifty-four percent of respondents indicated

that they will stay at a “local hotel,” followed by “private homes” (34 percent), a local “bed & breakfast” (7 percent), and some “other” accommodations (5 percent). While in Aiken, 64 percent of tourists said they planned to visit a cultural event or site. The following Figure 21 presents different events tourists said they were going to attend while in Aiken. The majority of visitors selected the horse events (30 percent), followed by Hitchcock Woods (16 percent), gardens and museums (14 percent each), art galleries and plays (12 percent each), and a craft fair (2 percent).



# VII Summary of the Economic Importance of the Aiken Corporation

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It all started back in the late 1980s when Aiken Downtown Development Association (ADDA) was established as a 501 (c)(3) organization. Throughout the years, the efforts of ADDA (and later on the Aiken Corporation) focused on industrial and downtown development as well as on increased housing in downtown Aiken. The purpose and the mission of the Aiken Corporation and ADDA were always to improve the economic vitality, enhance the beauty, and preserve the historical inheritance of downtown Aiken. All the projects of the Aiken Corporation and ADDA had one thing in common – determination to improve the City of Aiken and to work tirelessly to ensure every project is successful.

Currently, downtown Aiken has a 97% occupancy rate. Back in 1998 the downtown had only 74% occupancy rate. Today, with the help of the Aiken Corporation and ADDA, over 50 of the downtown buildings have been renovated (or are in the process of being renovated), numerous existing businesses have expanded and many more new businesses have opened. In addition, new jobs have been created, household income has been enhanced, and the City and the County property tax revenue have improved. Each new business is a vital contribution to the continued success of downtown Aiken. ADDA heralds each new arrival with a special “new business” sign to let everyone in the community know that there is a new business to support.

The hard working members of the Aiken Corporation and ADDA have made a tremendous impact on the City of Aiken and the Aiken County. The return on their investment can be measured in the number of jobs created in the City. In total, 1,695 jobs in the City of Aiken and Aiken County can be attributed to the operations of the Aiken Corporation and ADDA. Similarly, the projects supported by the Aiken Corporation and ADDA have improved household incomes. In total, the impact of the Aiken Corporation and ADDA activities on local household incomes is estimated to be \$34.816 million. Some of the economic measures reported by this study have a monetary value associated with them such as the \$82.899 million in gross receipts

or the \$5.07 million impact on property tax revenue. However, for some impacts such as the tremendous improvement of the quality of life in Aiken, beautification projects that further enhance the City's amenities and attracted additional residents and visitors, the effect can only be estimated.

Despite the effect that the Aiken Corporation and ADDA has on the size of the overall local economy and the City's economic performance, the members of these organizations are not taking a rest even today. These days they have three working committees in charge of downtown development, housing and executive business. They are still actively involved in the City's life with a hope to further contribute to the local community. Their devotion to the City of Aiken, their willingness to take on a new challenge, hard work to that overcomes the obstacles, and successful outcomes that result from their efforts are truly an inspiration and worth the recognition and thanks. The City of Aiken would not be as beautiful, attractive, and desirable place to live and work if it was not for the efforts of the members of the Aiken Corporation and ADDA. The economic measures reported in this study are sure proof of all these accomplishments mentioned above, and they speak volumes about the Aiken Corporation and ADDA.

# Appendices

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Appendix 1: Business Survey Form



The Aiken Corporation in cooperation with the University of South Carolina Aiken is conducting an economic impact study of the Aiken Corporation and the Aiken Downtown Development Association. We are asking you to help us compile important statistics on local businesses in Aiken. Please take a few moments to complete this survey. Your participation is voluntary and confidential. Your names and addresses will not appear on a questionnaire and all complete questionnaires will be securely stored. Thank you for your help with this important study.

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## I. AIKEN BUSINESS LOCATION SURVEY SECTION

- 1) What is the primary activity of your business?
  - Service
    - a) Consumer
    - b) Professional
    - c) Social
    - d) Transportation
    - e) Hospitality
  - Retail Trade
    - a) Food and Beverage
    - b) All Other Retail
  - Distribution
    - a) Utilities
    - b) Transportation
    - c) Wholesale
    - d) Other
  - Manufacturing
  - Wholesale
  
- 2) How many people work for your business? \_\_\_\_\_
  
- 3) When did your business locate to Aiken? (Month/Year) \_\_\_\_\_
  
- 4) Did you locate to Aiken as a
  - a) New business
  - b) Relocation from somewhere else
  - c) Expansion
  
- 5) What are the top 5 reasons you chose to locate your business to Aiken?
  - Existing infrastructure
  - Cost of premises
  - Development opportunities
  - Access to customers
  - Quality of surrounding area



- Access to shops and restaurants
- Proximity to similar business
- Amenities of the local area
- Safety/Crime level
- Community image

6) What are the main advantages of your current location?

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7) What is your perception of Aiken as a business location?

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8) If we were to do something to improve business climate, what would you recommend?

- Local economy
- Quality of life
- Community size
- Building costs
- Available space to lease/buy
- Development review process
- Traffic and downtown parking
- Water and sewer rates
- Appearance and image of town

- Development review process
- Taxes
- Business friendliness
- Responsiveness of local government

## II. OWNER' CHARACTERISTICS SECTION

- 9) What was your 2008 revenue? (Approximately)\_\_\_\_\_
- a) What percentage of your 2008 revenue was generated from customers who reside in Aiken?\_\_\_\_\_
- b) What percentage of your current customers live in Aiken?\_\_\_\_\_
- 10) Do you live in Aiken?    Yes    No
- 11) How many people do you employ in your Aiken office/business?\_\_\_\_\_
- 12) Are there any obstacles in managing your business in Aiken County/City?
- \_\_\_\_\_
- \_\_\_\_\_
- 13) What is the status of your business?
- Growing
  - Maintaining

Struggling

14) Do you belong to any professional and social organization in Aiken?    Yes    No

If yes, which organizations? \_\_\_\_\_

15) What is your gender?    Male    Female

16) What is your age? (business owner) \_\_\_\_\_

17) What is the highest formal education obtained by the business owner?

\_\_\_\_\_

### III. COMMENTS/SUGGESTIONS SECTION

18) As a business owner, what are the most important issues you feel need to be addressed in Aiken? Please give your comments.

\_\_\_\_\_  
\_\_\_\_\_

19) Do you think Aiken should market itself more to assist in business development?    Yes    No  
Please give your comments.

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20) What businesses or types of businesses would you like to see come to Aiken?

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21) Are you familiar with the Aiken Corporation and the Aiken Downtown Development Association activities?

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22) How did the Aiken Corporation and the Aiken Downtown Development Association help Aiken's economic growth and development?

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