

# Downtown Walterboro Market Study and Plan



April 1, 2016



## Introduction and Background

Walterboro was originally a summer retreat for rice plantation owners who wanted to spend the summer months away from the malaria-ridden Lowcountry marshes. They settled in this area and named it Hickory Valley, which eventually became Walterboro, named after its two original settlers Paul and Jacob Walters.

The City continued to grow successfully as a result of Walterboro becoming the third and final county seat in 1817. It was officially incorporated in 1826 and grew through the mid-nineteenth century with the railroad lines that ran through Walterboro, connecting the city with Columbia and Charleston. With growth came many significant downtown historic structures, such as the County Courthouse and Jail, which were designed by well-known architect Robert Mills. The population continued to grow with the establishment of the airfield in 1930s and its location along Interstate 95, the East Coast's most well-traveled thoroughfare.

Now the City of Walterboro is faced with the challenge of attracting and accommodating new growth while preserving the quality of its existing and historical environment. The opportunities for economic growth are currently expanding more rapidly than during the previous decade because of the City's strategic location on Interstate 95 and US 17A and near the economically diverse and booming Charleston metropolitan region. The City and surrounding area are already benefiting from North Charleston's new Boeing Dreamliner plant in terms of both employment for area residents and the location of supply chain companies. The construction of a Volvo manufacturing plant and a Mercedes-Benz Sprinter assembly plant will continue and enhance this trend.

Walterboro has considerable potential for both commercial development and the residential development to support it. This has been stated in the City's Comprehensive Plan:

"The City of Walterboro presently offers its residents a quality of life that should be protected and enhanced. It already has many of the planning and design elements that are currently being included in communities that are being developed throughout the southeastern US." Some of these features include:

- A compact, attractive and economically viable downtown that includes cultural and arts facilities. Walterboro's downtown is so distinctive that it was the setting in 2003 for "Radio," a feature film starring Cuba Gooding, Jr., Ed Harris and Alfre Woodard.
- Traditional residential neighborhoods within walking distance of the downtown. The City's residential neighborhoods, including the compact sections in and near the downtown and the historic districts, and

spacious Forest Hills, are a special resource enjoyed by few communities.

- Distinctive natural recreation features (the Great Swamp and related wetlands open space) in the built-up area of the community, located within walking or bicycling distance of the downtown and many residential neighborhoods. “



That this potential is being recognized by businesses and investors from outside the area was demonstrated during the week of March 28, 2016. The Lowcountry Council of Governments received a call asking for marketing data from a Charlotte, NC developer who is in the planning phase of a 120-unit residential project in the Walterboro area.

Map 1, on the following page, shows these relationships, and also their relationship to the proposed project site.



# City of Walterboro Small Business Marketing Study

## Legend

### Area Destinations

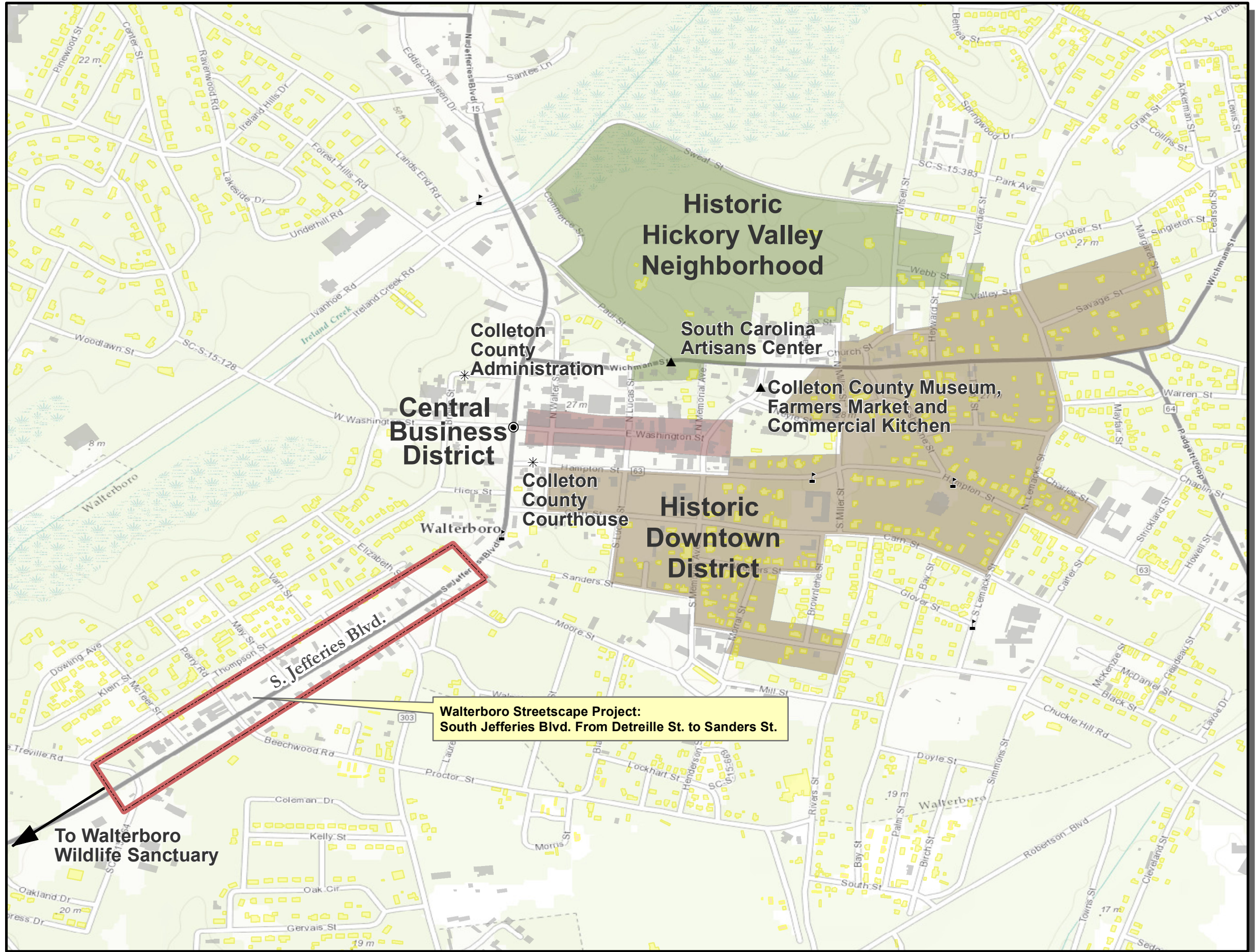
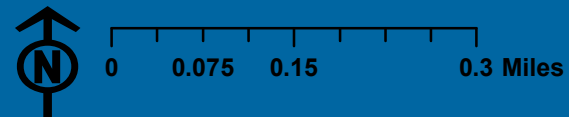
- \* Workforce
- ⚡ Education
- ⊙ Downtowns
- ⊠ Major Commercial Center
- ▲ Major Tourist Attraction
- Recreational Facilities

### Building Footprints

- Non-Residential
- Residential (LR4)
- Residential (not LR4)

### Historic Walterboro

- Central Business
- Hickory Valley
- Historic Downtown



Map 1. Project Site, Downtown, and Historic Areas



## Development Potential

### Economic Changes

Economic activity outside the City will increasingly fuel the future of Downtown Walterboro. Developments planned, being constructed or recently completed in the Charleston metropolitan region and in the rest of the Lowcountry Region that will have an impact include:

- The expansion of the Port of Charleston.
- Industrial and related supply chain development along I-95 from the Georgia border to north of I-26.
- The new community being developed by Westrock (formerly MeadWestvaco) along the Edisto River in Charleston and Dorchester counties. After many years of planning, and the interruption of the Great Recession, construction is about to begin.
- An increasing number of visitors to the ACE Basin, especially kayakers and other nature-based tourists.
- The continuing and growing role of tourism in the area's economy. The increasing national and international recognition, and resulting popularity, of both Charleston and Beaufort has spillover benefits for Walterboro, since it is located between the two top destinations.

The final two points are shown as dollars and jobs in the following visitors expenditures table—both pre- and post-Recession. Only in 2014 did the number of jobs return to pre-Recession levels, although expenditures maintained a steady increase throughout the period 2007-2014. The data are for all of Colleton County, but is more applicable to Walterboro than the rest of the county. As the largest community, it provides goods and services to a major portion of the visitors.

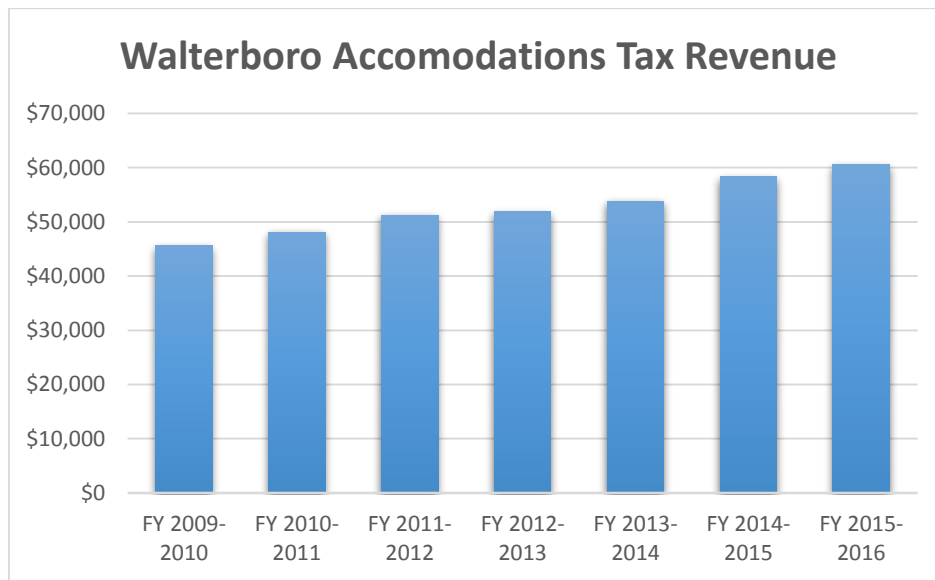
	Visitor Expenditures	Payroll from Tourism	Tourism Employment
2007	\$86,330,000	\$16,590,000	1,060
2008	\$86,830,000	\$16,720,000	1,000
2009	\$82,510,000	\$16,740,000	999
2011	\$94,900,000	\$17,150,000	980
2012	\$95,630,000	\$17,070,000	960
2013	\$100,250,000	\$17,800,000	990
2014	\$104,900,000	\$18,210,000	1,010

**Table 1. Colleton County Visitor Expenditures**

The next table demonstrates the growing economic impact of tourism on the City of Walterboro itself. The amount of Accommodations Taxes collected by the SC Department of Revenue has been increasing steadily since the end of the Recession. [NOTE: The second quarter of each fiscal year is used for comparison since Q2 FY 2016-2016 is the most recent information available].

2nd Quarter	ATAX Revenue
FY 2009-2010	\$45,622
FY 2010-2011	\$48,083
FY 2011-2012	\$51,246
FY 2012-2013	\$51,906
FY 2013-2014	\$53,840
FY 2014-2015	\$58,291
FY 2015-2016	\$60,534

**Table 2. City of Walterboro 2<sup>nd</sup> Quarter Accommodations Taxes Collected**



**Figure 1. City of Walterboro 2<sup>nd</sup> Quarter Accommodations Taxes Collected**

### Current Market Potential

Although Walterboro’s population has increased only minimally during the past 15 years (see Table 3 below) and median household income is lower than in the other three Lowcountry counties, the state and the US (see Table 4 below), there is still significant market potential for new and/or expanded retail and service businesses in the Downtown. Thanks to considerable vacant space in retail buildings along the main street, new buildings may not be necessary for some retail operations, although structural and design improvements will be needed to make the operations marketable. There is also vacant land available along the side streets.

	<b>Census 2000</b>	<b>Census 2010</b>	<b>2014 Estimates</b>
<b>Colleton County Total</b>	<b>38,264</b>	<b>38,892</b>	<b>37,771</b>
Cottageville town	707	766	740
Edisto Beach town	641	414	414
Lodge town	114	120	118
Smoaks town	140	126	124
<b>Walterboro city</b>	<b>5,153</b>	<b>5,398</b>	<b>5,281</b>
Williams town	116	117	115

Source: US Census

**Table 3. Colleton County Population Change**

	2006	2007	2008	2009	2011	2012	2013	Change from 2007-2013
<b>Beaufort County</b>	\$50,522	\$52,595	\$54,356	\$54,201	\$56,315	\$56,581	\$57,316	8.98%
<b>Adjusted</b>	\$58,380	\$59,093	\$58,813	\$58,855	\$58,322	\$57,410	\$57,316	-3.01%
	2006	2007	2008	2009	2011	2012	2013	Change from 2007-2013
<b>Colleton County</b>	n/a	\$34,072	\$34,679	\$34,787	\$31,511	\$31,289	\$33,233	-2.46%
<b>Adjusted</b>	n/a	\$38,281	\$37,523	\$37,774	\$32,634	\$31,747	\$33,233	-13.19%
	2006	2007	2008	2009	2011	2012	2013	Change from 2007-2013
<b>Hampton County</b>	n/a	\$34,302	\$37,219	\$33,760	\$34,044	\$35,713	\$34,233	-0.20%
<b>Adjusted</b>	n/a	\$38,540	\$40,271	\$36,659	\$35,258	\$36,236	\$34,233	-11.17%
	2006	2007	2008	2009	2011	2012	2013	Change from 2007-2013
<b>Jasper County</b>	n/a	\$33,959	\$32,449	\$35,462	\$35,942	\$36,504	\$36,413	7.23%
<b>Adjusted</b>	n/a	\$38,154	\$35,110	\$38,507	\$37,223	\$37,039	\$36,413	-4.56%
	2006	2007	2008	2009	2011	2012	2013	Change from 2007-2013
<b>South Carolina</b>	\$41,100	\$42,405	\$44,326	\$43,480	\$43,304	\$44,623	\$44,779	5.60%
<b>Adjusted</b>	\$47,493	\$47,644	\$47,961	\$47,213	\$44,848	\$45,277	\$44,779	-6.01%
	2006	2007	2008	2009	2011	2012	2013	Change from 2007-2013
<b>United States</b>	\$48,451	\$50,740	\$52,029	\$51,369	\$51,484	\$53,046	\$53,046	4.54%
<b>Adjusted</b>	\$55,987	\$57,008	\$56,295	\$55,780	\$53,319	\$53,823	\$53,046	-6.95%

**Table 4. Lowcountry Median Household Incomes**

Utilizing Esri™ Business Analyst Retail MarketPlace, Lowcountry Council of Governments assessed Walterboro’s Primary Market Area (see Map 2 on following page) to determine what times of businesses could do well. The market area population in 2015 was estimated to be 17,286 persons grouped in 6,673 households.

The software provider explains the methodology that “includes a Leakage/Surplus Factor that measures the balance between the volume of retail sales (supply) generated by retail businesses and the volume of retail potential (demand) produced by household spending on retail goods within the same industry. The Leakage/Surplus Factor enables...a simple way to identify business opportunity.”

More specifically, for the purposes of this Study and Plan (see charts on page 8 for results and detailed data in Appendix) :

“**Leakage** in an area represents a condition where demand exceeds supply. In other words, retailers outside the market area are fulfilling the demand for retail products; therefore, demand is “leaking” out of the trade area. Such a condition highlights an opportunity for new retailers to enter the trade area or for existing retailers to extend their marketing outreach to accommodate the excess demand.

“**Surplus** in an area represents a condition where supply exceeds the area’s demand. Retailers are attracting shoppers that reside outside the trade area. The “surplus” is in market supply. Brand positioning and product mix are key differentiators in these types of markets.”

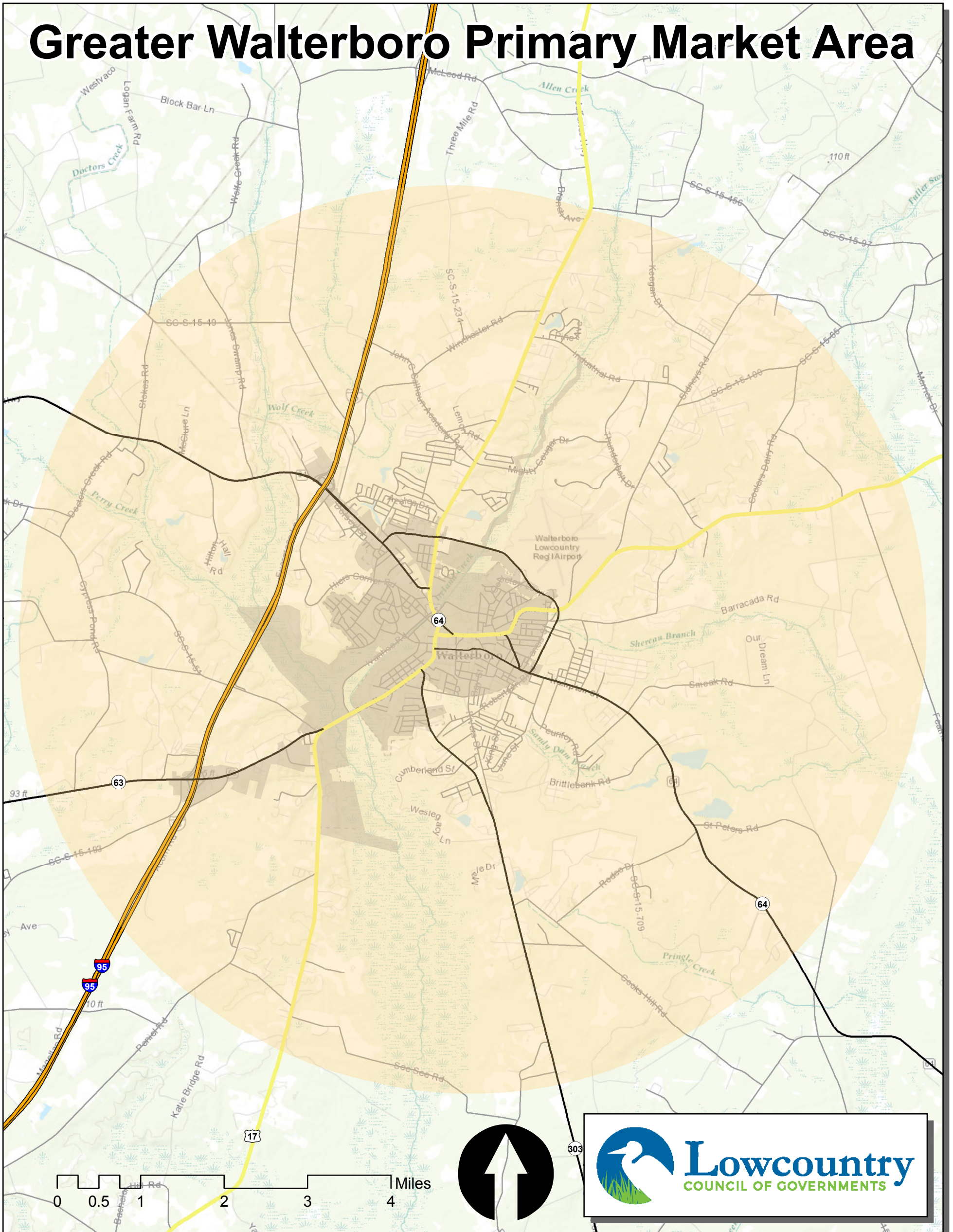
After analyzing the leakage and surplus—and, therefore, the opportunities—for sales of goods



and services in Walterboro, Lowcountry Council of Governments then assessed those findings against two main criteria:

- Retailing trends in the US, including:
  - The continuing increase in online shopping and sales
  - The predominance in a number of sectors of “big box” stores, with their need for large sites and major highway access
    - General merchandise/department stores
    - Furniture
    - Electronics
    - Building supplies and DIY
    - Office supplies and equipment
    - Pet supplies
  - The proliferation of “dollar” stores in both urban and rural areas
  - The strength of specialty retailers, especially those that offer individualized service and unique products.
- The specific features of Downtown Walterboro that provide opportunities for existing and new small businesses.

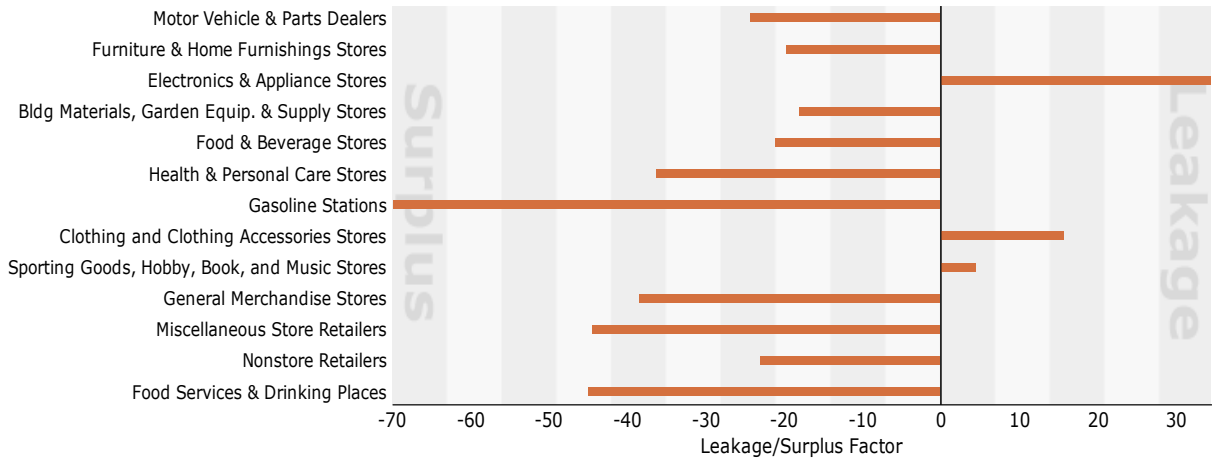
# Greater Walterboro Primary Market Area



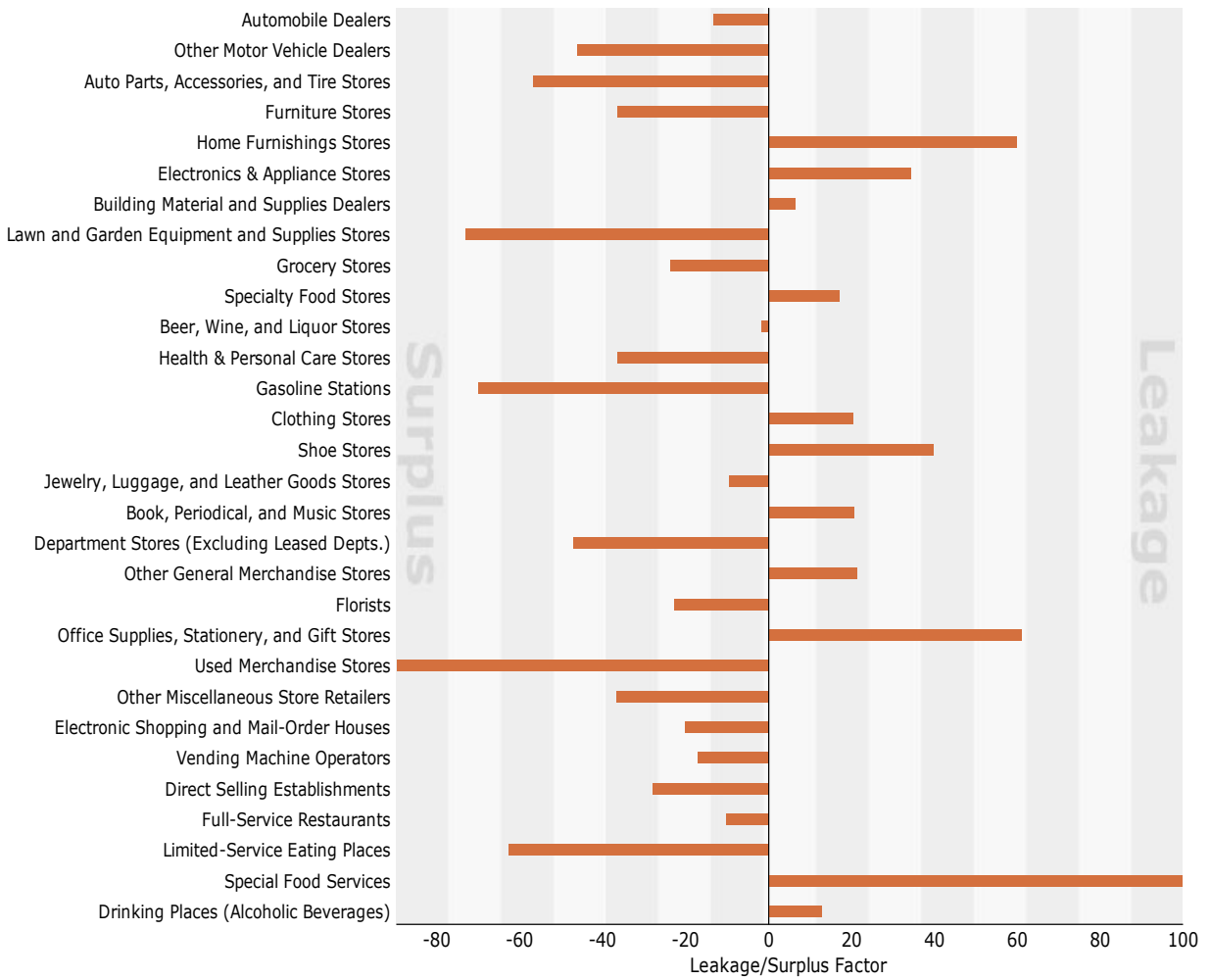
Map 2. Walterboro Primary Market Area



### Leakage/Surplus Factor by Industry Subsector



### Leakage/Surplus Factor by Industry Group





## Recommendations

### Candidate New or Expanded Downtown Businesses

To develop a preliminary list Lowcountry Council of Governments (LCOG) balanced the following:

- ✓ leakage/surplus analysis,
- ✓ national retail trends,
- ✓ growing tourism market, especially active and nature-oriented visitors,
- ✓ external economic development benefiting Walterboro,
- ✓ current successes in Downtown Walterboro (including the South Carolina Artisans Center and the Colleton Commercial Kitchen/Colleton County Museum/Farmers Market complex,



- ✓ long-term strength of the downtown

The result is the following, which is a beginning, and is neither inclusive nor exhaustive:

- Specialty food store, spinning off from businesses that grow out of the Commercial Kitchen
- Specialty Garden Center featuring consulting services and training for new gardeners and newcomers to the area
- Full-service, but casual, restaurants that are open for evening meals
- Liquor/wine/beer store offering craft beers and a selection of wines.
- An outfitter that is a branch of a successful operation elsewhere so that visitors will look for it (e.g., Half Moon or Higher Ground); a kayak livery, with rental deliveries to the Great Swamp or ACE Basin, would be a useful ancillary service, as would be guide service for ACE Basin kayak tours..
- A new and/or additional dollar store that is designed to complement existing traditional architecture. **[NOTE: All three of the major chains are**

known to have such designs available, if requested by local governments.  
(See photos below, all taken in the Lowcountry.)



- One or more small-scale boutique accommodations, taking advantage of the current popularity of Airbnb and the fact that a growing number of travelers, especially the Millennials, actively seek out alternatives to chains at interstate intersections. One possibility that LCOG identified is the conversion back to its original use as a hotel (more than 100 years ago) the building across from the Colleton Commercial Kitchen complex (see photo on following page), especially since the building and grounds are also increasingly being used as an event space.



**Former Hotel Building**

### **Marketing and Implementation Strategy**

To ensure that these new businesses are attracted to Downtown Walterboro and that existing viable candidate businesses are encouraged to expand, specific actions must be taken, including the allocation of responsibilities and the utilization and enhancement of existing cooperative relationships.

The City of Walterboro, led by the City Manager and assisted by relevant municipal departments and staff, will be the lead agency. The Chamber of Commerce and the Colleton County Economic Alliance will be major partners because each offers additional expertise, sources of funding for activities such as promotion and access to private sector networks and senior government organizations.

As well as recruiting new businesses on a unified basis, the three partners will ensure that existing small businesses capable of expanding are given the technical and financial planning support that is needed.

They will also develop a unified promotional strategy that is directed toward the several target markets that will underlie the successful economic redevelopment of Walterboro's downtown: prospective retail and service businesses, private investors, boutique accommodation operators, final retail and service consumers in the primary market area, visitors and tourists. Since promotions will be aimed at members of different demographic groups, different media and messages will be needed. It may be found that billboards with rocking chairs may not be the most effective way to attract either new businesses or visitors to Walterboro.



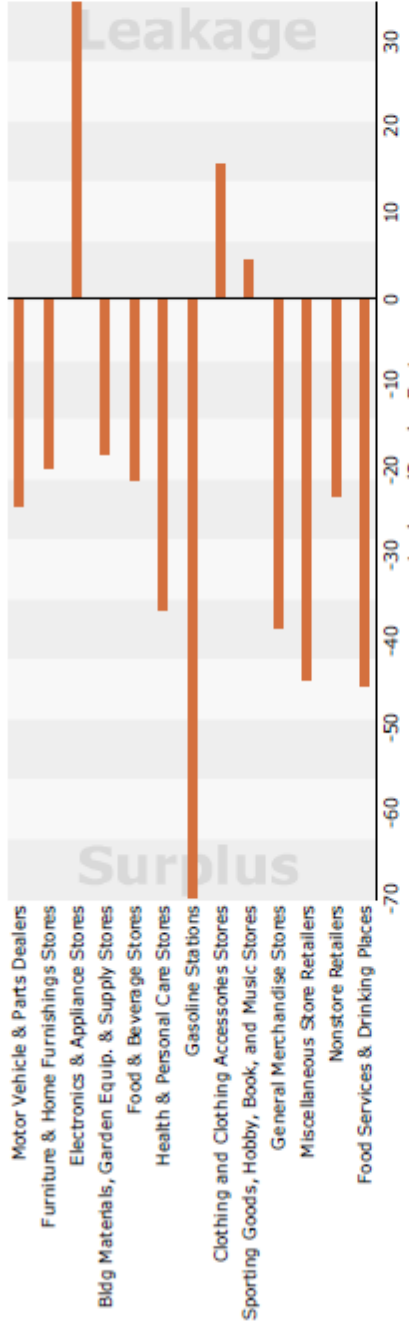
**Appendix**  
**Esri™ Retail MarketPlace**

Clothing & Clothing Accessories Stores	448	\$6,291,367	\$4,576,458	\$1,714,909	15.8	14
Clothing Stores	4481	\$4,207,615	\$2,755,914	\$1,451,701	20.8	9
Shoe Stores	4482	\$903,888	\$386,565	\$517,323	40.1	1
Jewelry, Luggage & Leather Goods Stores	4483	\$1,179,864	\$1,433,978	-\$254,114	-9.7	4
Sporting Goods, Hobby, Book & Music Stores	451	\$3,787,691	\$3,463,079	\$324,612	4.5	8
Sporting Goods/Hobby/Musical Instr Stores	4511	\$3,154,040	\$3,050,287	\$103,753	1.7	7
Book, Periodical & Music Stores	4512	\$633,651	\$412,792	\$220,859	21.1	1
General Merchandise Stores	452	\$30,496,793	\$68,732,222	-\$38,235,429	-38.5	11
Department Stores Excluding Leased Depts.	4521	\$22,985,204	\$63,892,829	-\$40,907,625	-47.1	6
Other General Merchandise Stores	4529	\$7,511,589	\$4,839,393	\$2,672,196	21.6	6
Miscellaneous Store Retailers	453	\$5,755,531	\$15,020,259	-\$9,264,728	-44.6	28
Florists	4531	\$213,365	\$338,905	-\$125,540	-22.7	4
Office Supplies, Stationery & Gift Stores	4532	\$1,195,304	\$286,527	\$908,777	61.3	3
Used Merchandise Stores	4533	\$303,565	\$5,640,849	-\$5,337,284	-89.8	11
Other Miscellaneous Store Retailers	4539	\$4,043,297	\$8,753,978	-\$4,710,681	-36.8	10
Nonstore Retailers	454	\$2,051,489	\$3,286,804	-\$1,235,315	-23.1	5
Electronic Shopping & Mail-Order Houses	4541	\$1,180,177	\$1,781,298	-\$601,121	-20.3	2
Vending Machine Operators	4542	\$120,820	\$169,897	-\$49,077	-16.9	1
Direct Selling Establishments	4543	\$750,492	\$1,335,609	-\$585,117	-28.0	2
Food Services & Drinking Places	722	\$14,817,261	\$39,162,881	-\$24,345,620	-45.1	49
Full-Service Restaurants	7221	\$6,938,995	\$8,550,689	-\$1,611,694	-10.4	24
Limited-Service Eating Places	7222	\$6,890,936	\$30,003,579	-\$23,112,643	-62.6	21
Special Food Services	7223	\$202,399	\$0	\$202,399	100.0	0
Drinking Places - Alcoholic Beverages	7224	\$784,932	\$604,057	\$180,875	13.0	4

Source: Esri and Infogroup. Copyright 2015 Infogroup, Inc. All rights reserved.



### Leakage/Surplus Factor by Industry Subsector





### Leakage/Surplus Factor by Industry Group

