

*2016 Midlands Regional*  
**COMPETITIVENESS REPORT**

[www.EngenuitySC.com](http://www.EngenuitySC.com)

# OVERVIEW

It's easy to buy into anecdotes and experiences when comparing ourselves to other cities around the United States, but narratives don't always tell the whole story. Likewise, data doesn't always paint the whole picture. This is where the third annual Midlands Regional Competitiveness Report (MRCR) comes into play. This report takes a closer look at the five indicators of competitive communities - talent, entrepreneurial/business environment, innovative capacity, strong industry clusters and livability - measuring Columbia and other MSAs on a variety of metrics to see how we compare. And right alongside the data are the stories that highlight the difference-makers right here in our community.

EngenuitySC - a public-private partnership focused on enhancing our region's economic competitiveness and prosperity - provides unique expertise and staff capacity for the region around four key service areas: project management, regional collaboration, new industry cluster activation and regional marketing, research and analysis. MRCR is one of the primary tools produced from our regional marketing, research and analysis service area.

In this report, you'll see indications of where we've improved - or, in a few cases, where we've fallen behind - as a community. One of the greatest benefits of looking at year-over-year trends is the ability to see where and how the needle is moving. It's inspiring to see how things can change for the better over the course of a year. However, just as things can improve quickly, they can take a turn for the worse quickly, too.

Although we're making tremendous progress overall, there are some areas where we are starting to slide backward. That's why we're once again challenging the community to own the "Magnifying Opportunities" in each section. No one person or organization has the expertise, resources or unique ability to facilitate change on such a large scale; rather, collaborative effort - with each playing to their own strengths - is the route through which growth will be driven. We hope you'll join us and others in driving change through intentional action. Let's get there together.



## Indicators of Competitive Communities

*Measuring success around the five indicators of economically competitive communities*

### 1 TALENT

A region's ability to provide a skilled workforce to meet the demands of industry in its economy

### 2 ENTREPRENEURIAL & BUSINESS ENVIRONMENT

A region's ability to commercialize innovation and provide an environment that supports the growth of business ventures

### 3 INNOVATION

A region's capacity to support creation of new knowledge and generate new ideas, products and processes

### 4 INDUSTRY CLUSTERS

A region's relative size, strength and density of high impact clusters and ability to grow industries that are competitive on an international scale

### 5 LIVABILITY

A region's ability to attract and retain talent through building a dynamic live, learn, work and play environment



# Reading this Report

## How to read the data

This report is based on data produced by various federal government agencies. Data was compiled and analyzed by economists at the University of South Carolina's Darla Moore School of Business.



UNIVERSITY OF  
**SOUTH CAROLINA**  
Darla Moore School of Business

## What is considered the Columbia MSA?

The data in this report is for the Columbia metropolitan statistical area (MSA), the primary MSA that covers the South Carolina Midlands. It includes Richland, Lexington, Kershaw, Fairfield, Saluda and Calhoun counties. (More details about the region on the next page.)

## What is an index?

This report examines many indicators of regional economic competitiveness. Each indicator is compared to the national average. For example, an index of 110 for the Columbia MSA means that our region is performing 10% above the U.S. average. Likewise, an index of 90 means our region is performing 10% below the U.S. average.

$$(Indicator/U.S. Value) \times 100 = Index Value$$

## Other content in this report

### The Indicators

- A list of individual metrics that together make up the overall index in each category
- Each indicator has an icon beside it to denote improvement, worsening or no change (year-over-year)

### Focus on Trends

- Positive: the individual metrics within a category where the Columbia MSA showed improvement year-over-year
- Negative: the individual metrics within a category where the Columbia MSA worsened year-over-year

### A Closer Look

- Spotlights interesting statistics, regional accolades or an organization that is excelling within that particular area of competitiveness

### Through Their Lens

- A local perspective on performance within that indicator

### Magnifying Opportunities

- A short list of things to focus on as a region over the next 12 months in order to move the needle



# GEOGRAPHY

## Columbia MSA

The Columbia Metropolitan Statistical Area consists of six counties - Richland, Lexington, Kershaw, Fairfield, Saluda and Calhoun - in central South Carolina. Its anchor city is the state capital of Columbia. As of 2015 Census Bureau Estimates, the Columbia MSA has a total population of 810,068, making it the second-largest metropolitan statistical area in the state of South Carolina.

### Largest cities in Columbia MSA (by population)

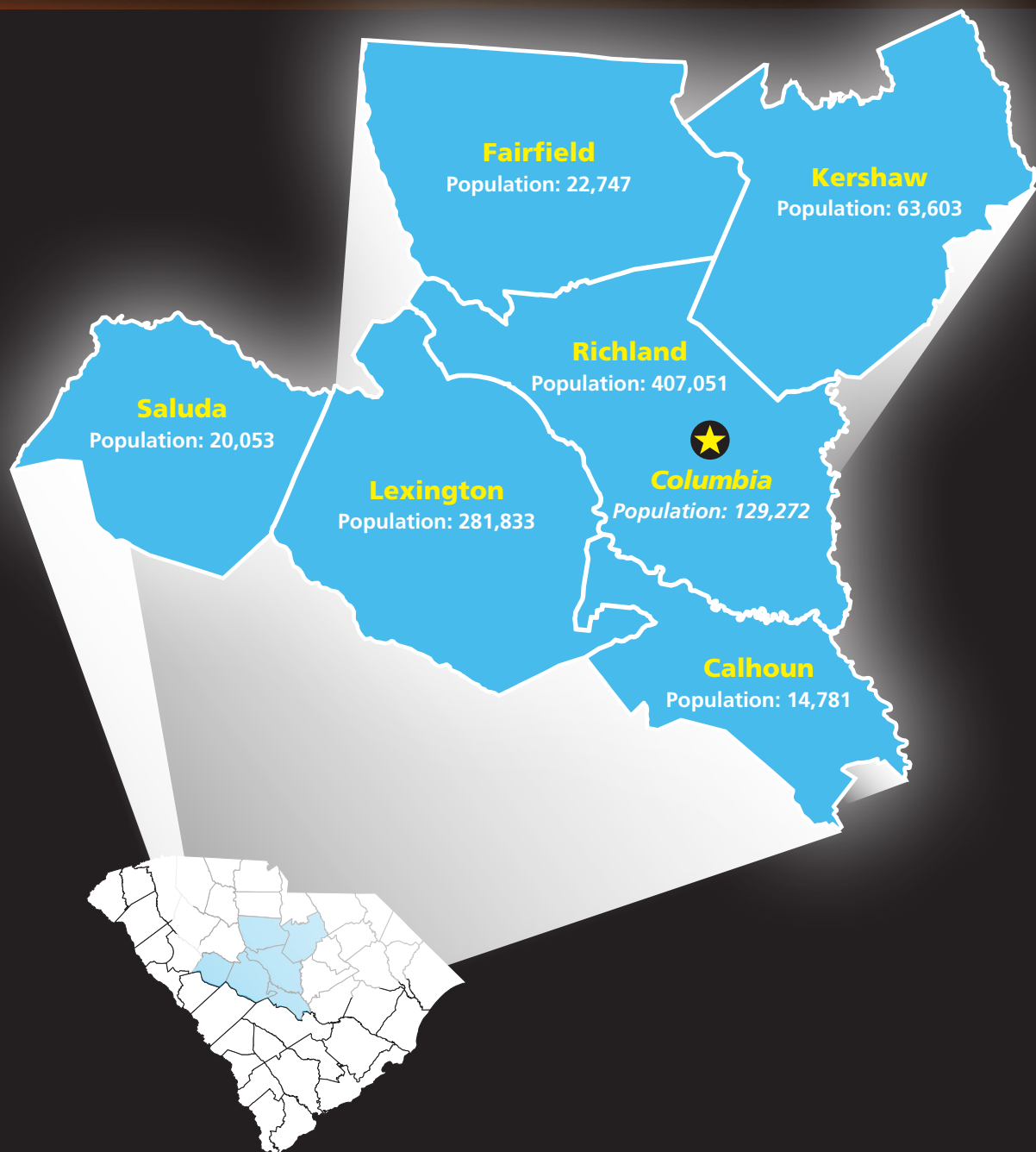
- Columbia
- Lexington
- West Columbia
- Cayce
- Irmo
- Forest Acres
- Camden
- Batesburg-Leesville

### Why are some Midlands counties not included in this report?

Some counties that are often thought of as part of the Midlands are not technically in the Columbia MSA. These counties include Newberry, Orangeburg and Sumter, among others. We use the geographical area of the Columbia MSA - not the loose definition of "The Midlands" - in order to compare the region to the other regions in the most fair way possible.

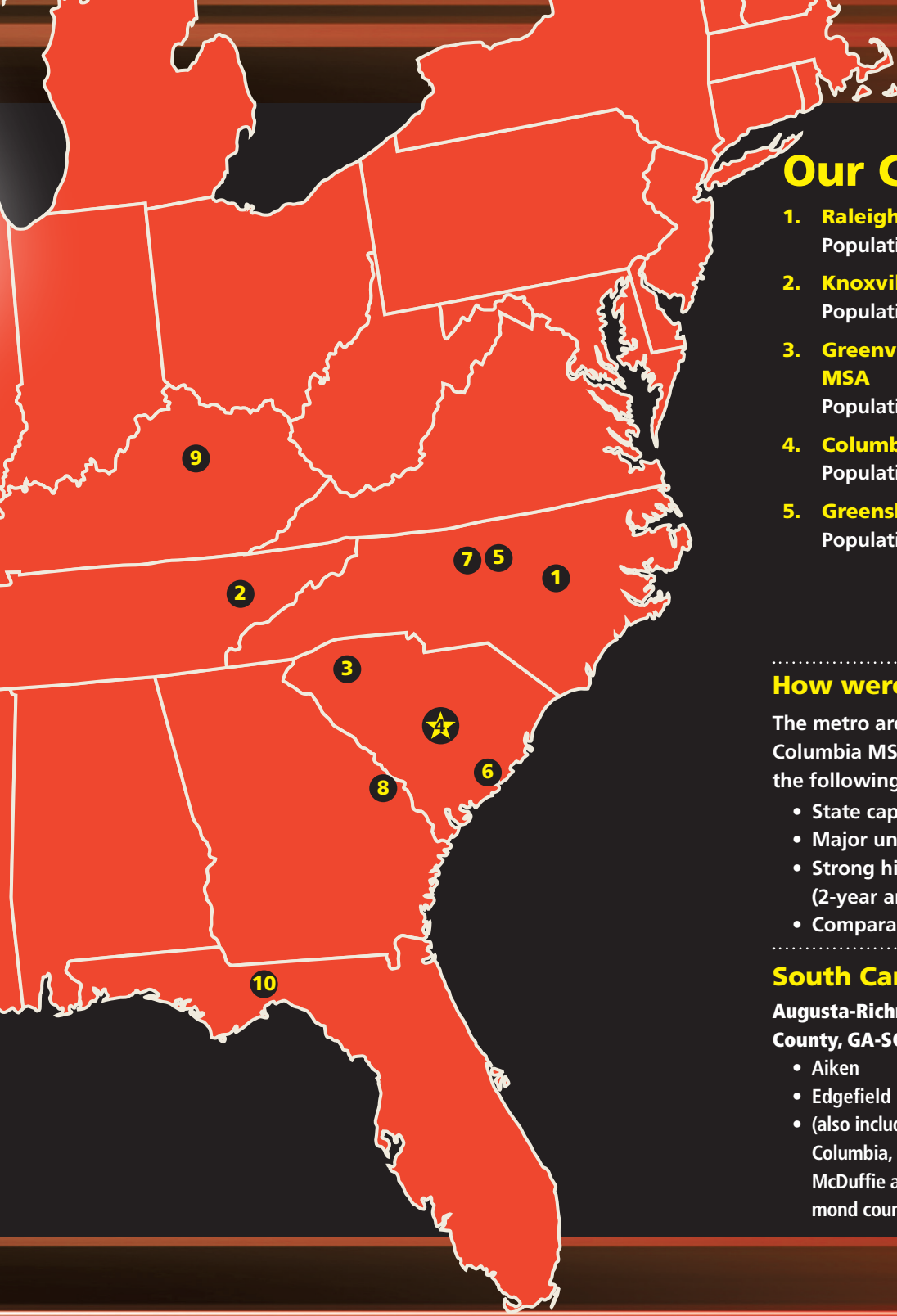
### Who determines what is included in the Columbia MSA?

MSAs are defined by the Office of Management and Budget (OMB) and used by the United States Census Bureau and other federal agencies for statistical purposes. By definition, an MSA is a geographical region with a relatively high population density at its core and close economic ties throughout the area; typically, MSAs are anchored by a single large city that has a large amount of influence over a region.



Population source: US Census Bureau, 2015 Census Bureau Estimates





## Our Comparative Locations

- |   |   |
|---|---|
| <ol style="list-style-type: none"> <li>1. <b>Raleigh, NC MSA*</b><br/>Population: 1,242,974</li> <li>2. <b>Knoxville, TN MSA</b><br/>Population: 857,585</li> <li>3. <b>Greenville-Anderson-Mauldin, SC MSA</b><br/>Population: 862,463</li> <li>4. <b>Columbia, SC MSA</b><br/>Population: 810,068</li> <li>5. <b>Greensboro-High Point, NC MSA</b><br/>Population: 730,966</li> </ol> | <ol style="list-style-type: none"> <li>6. <b>Charleston-North Charleston, SC MSA</b><br/>Population: 726,969</li> <li>7. <b>Winston-Salem, NC MSA</b><br/>Population: 659,330</li> <li>8. <b>Augusta-Richmond County, GA-SC MSA</b><br/>Population: 583,632</li> <li>9. <b>Lexington, KY MSA</b><br/>Population: 500,535</li> <li>10. <b>Tallahassee, FL MSA</b><br/>Population: 375,645</li> </ol> |
|---|---|

*\*Raleigh is an aspirational metro, meaning it serves as a target for the Midlands as opposed to a peer metro*

*Population source: US Census Bureau, 2015 Census Bureau Estimates*

*Population source: US Census Bureau, 2015 Census Bureau Estimates*

### How were the comparative locations chosen?

The metro areas were chosen based on a diverse set of economic assets comparable to the Columbia MSA. These assets vary across the metros, with all metros having at least one of the following similar assets to Columbia:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• State capital</li> <li>• Major university in region</li> <li>• Strong higher education system (2-year and 4-year)</li> <li>• Comparable population</li> </ul> | <ul style="list-style-type: none"> <li>• Entrepreneurial environment</li> <li>• Strength in technology</li> <li>• Similar geographic situation and landscape</li> </ul> |
|--|---|

### South Carolina counties included in this report:

#### Augusta-Richmond County, GA-SC, MSA

- Aiken
- Edgefield
- (also includes Burke, Columbia, Lincoln, McDuffie and Richmond counties, GA)

#### Charleston-North Charleston, SC MSA

- Berkeley
- Charleston
- Dorchester

#### Columbia, SC MSA

- Calhoun
- Fairfield
- Kershaw
- Lexington
- Richland
- Saluda

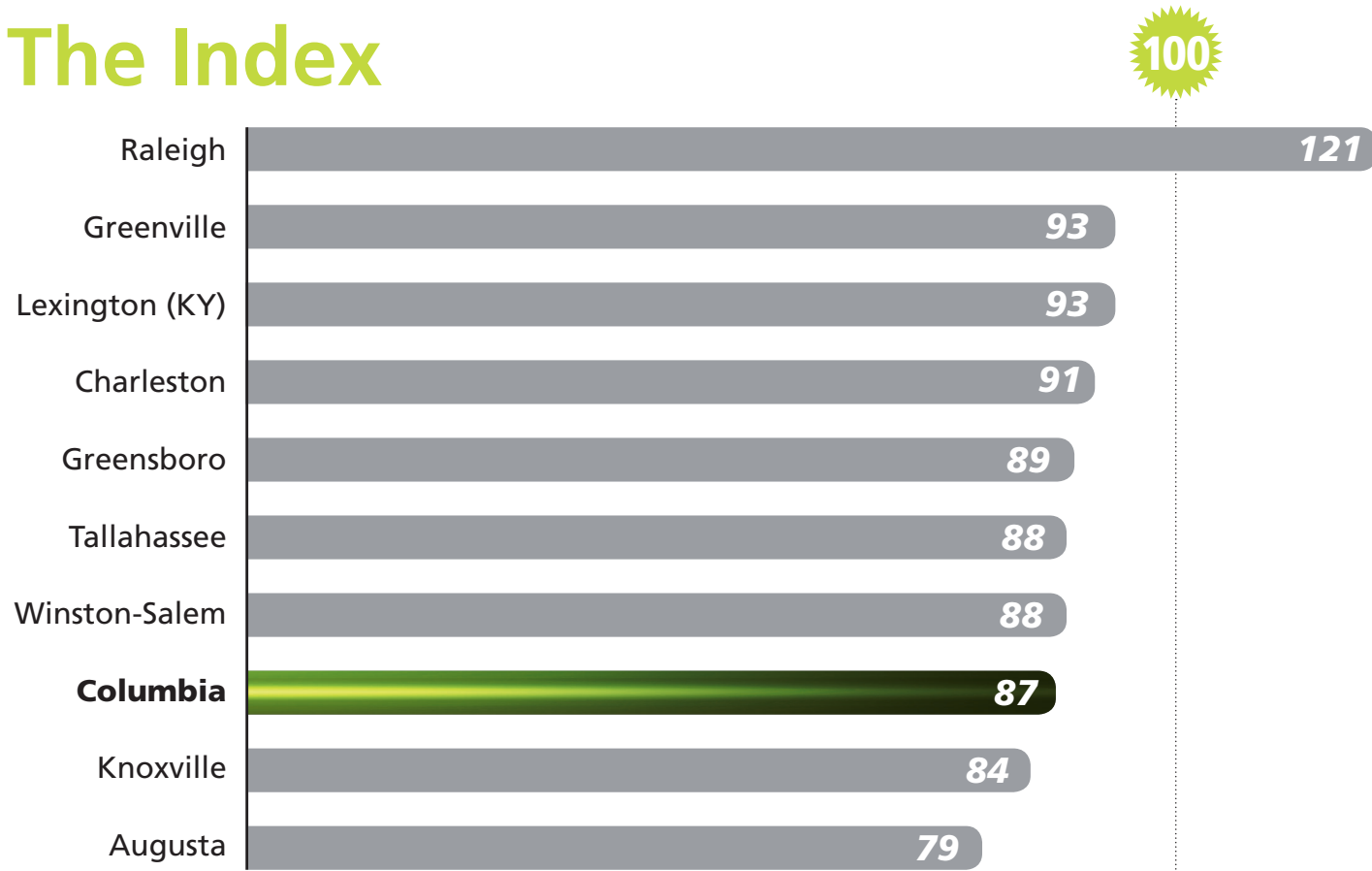
#### Greenville-Anderson-Mauldin, SC MSA

- Anderson
- Greenville
- Laurens
- Pickens

# TALENT

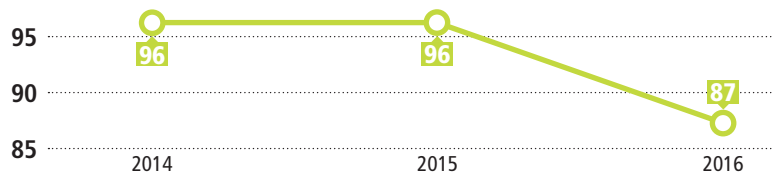
A region's ability to provide a skilled workforce to meet the demands of industry in its economy

## The Index



U.S. Average

Change In Index Value  
2014 to 2016



**-9 points**  
down from 2014 to 2016

## The Indicators

- GDP per Worker:** Measures a regional workforce's productivity to support robust industries
- STEM Degrees:** Percentage of degrees awarded in science, technology, engineering and math
- Knowledge Workers:** Percentage of population employed in knowledge-intensive (STEM) occupations
- Educational Attainment:** Percentage of population with:
  - Associate's degree
  - Bachelor's degree or higher
- Global Talent:** Percentage of population that is foreign-born

## Year-over-year change

- = improved
- = worsened
- = no change



## Focus on Trends

### Positive

- The share of workers employed in knowledge-intensive occupations increased and is approaching the U.S. average, an indicator of the Columbia MSA's growing knowledge economy
- Columbia remains strong in educational attainment, with 31.7% of the population holding a Bachelor's degree or higher (higher than the U.S. average)
- The percentage of foreign-born population rose slightly, indicating an MSA attracting an increasingly diverse pool of talent

### Negative

- GDP per worker slipped for the second consecutive year and remains below the U.S. average
- While the percentage of degrees awarded in STEM fields rose, it slipped below a fast-rising U.S. average

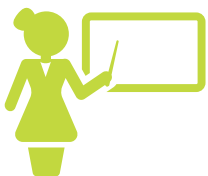
## A Closer Look

### Midlands School Districts



**122,529**  
Total enrollment  
(approx)

**204**  
Total # of schools and  
facilities (approx)



**17,100**  
Total # of faculty  
and staff (approx)

### 11 The number of school districts in MSA

- Richland County School District 1
- Richland County School District 2
- Lexington-Richland School District 5
- Lexington County School District 1
- Lexington County School District 2
- Lexington County School District 3
- Lexington County School District 4
- Kershaw County School District
- Fairfield County School District
- Saluda County School District
- Calhoun County School District

## Through Their Lens

### The Iron Yard

The demand for software developers and web designers is high in the Midlands. More than 30 companies are hiring developers right now in Columbia alone. Code school **The Iron Yard** is building a pipeline of tech talent through full-time, 12-week courses in software development and design. Now located in the historic Bakery at BullStreet building, The Iron Yard has been helping develop tech talent since early 2014. Companies like Colonial Life, South State Bank, Spirit Communications, TEKsystems, Cyberwoven and truematter serve on the school's advisory board, ensuring graduates have insight into the local tech landscape. The Iron Yard also works to develop partnerships with like-minded organizations and higher-education institutions to better prepare people for the workforce. "With the influx of tech talent that we're producing, the Midlands area is well-positioned for continued growth," said Heather Dughaish, Campus Director for The Iron Yard's Columbia campus.



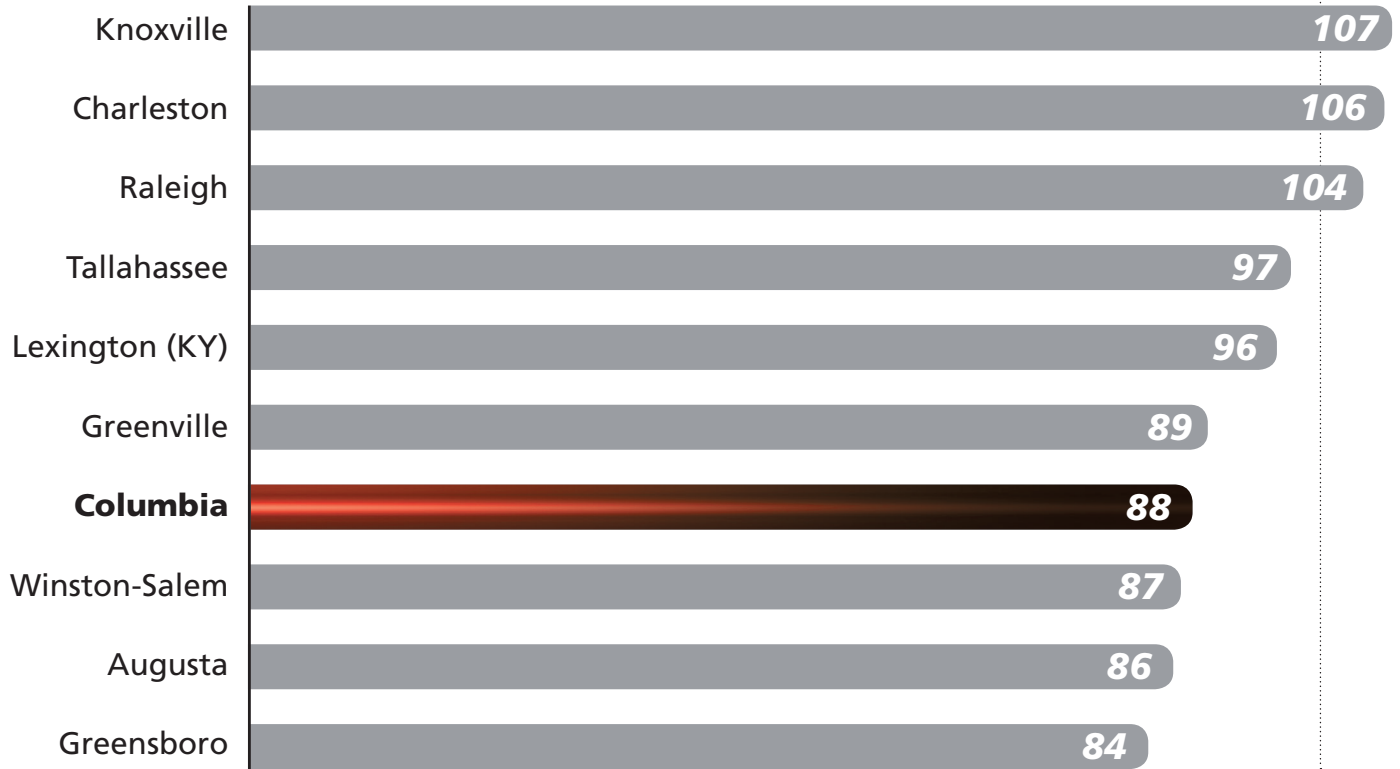
### Magnifying Opportunities

- Increase the number of private partnerships with local schools to leverage resources into focused opportunities for K-12 students to enhance career readiness and STE(A)M knowledge
- Support the development of apprenticeship, internship, and job shadow programs at the high school level to get students on an early track for success
- Increase state funding for 2-year and 4-year public universities to keep education affordable while providing the talent to supply local businesses and attract new companies

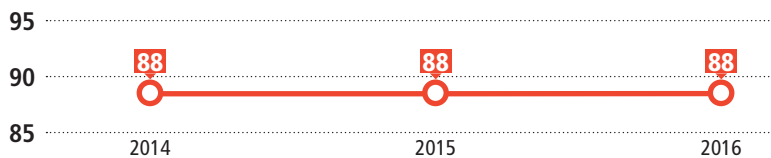
# ENTREPRENEURIAL & BUSINESS ENVIRONMENT

A region's ability to commercialize innovation and provide an environment that supports the growth of business ventures

## The Index



### Change In Index Value 2014 to 2016



**No change**  
from 2014 to 2016

## The Indicators

- Proprietors' Income Share:** Percentage of income in a region generated by business ownership
- Small Business Activity:** Percentage of establishment births of the total establishment activity (businesses with 20-499 employees)
- Business Density:** Number of establishments per 1,000 employees
- Business Services:** Share of population employed in professional and technical services occupations

## Year-over-year change

- = improved
- = worsened
- = no change



## Focus on Trends

### Positive

- Small business activity saw a substantial increase of 10.48 percentage points and is above the U.S. average, indicating a business environment conducive to small business growth
- Share of employment in professional and technical services increased for the second straight year, in line with similar gains in knowledge-intensive occupations

### Negative

- Proprietors' share of income decreased slightly

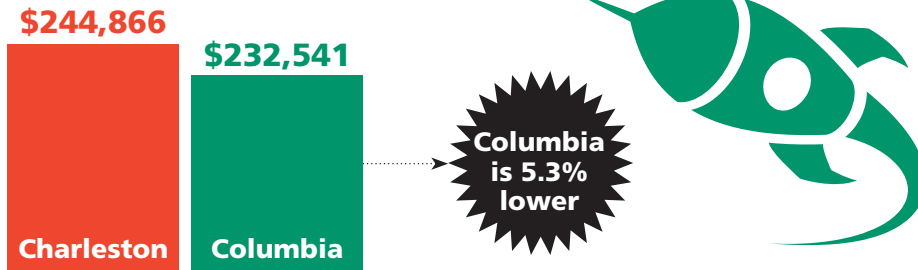
## A Closer Look

### Columbia Ranked 4th in Lowest Startup Costs in the Nation

After adding up the costs that a new company would incur in its first year of operation, including office space, filing fees, legal and accounting fees, payroll costs and the cost of utilities, Columbia ranked 4th lowest in the nation. In its first year in business, a company in Columbia with five employees and a 1,000 square foot office can expect to spend a total of \$232,541. That's 5.3% lower than what it would cost to start that same company in Charleston.

Source: *smartasset.com*, August 2016

### Cost of first year in business with five employees and a 1,000 square foot office



## Through Their Lens

*"When River Rat got started, I thought we'd be a small brewery focused on crafting quality beer that 'beer people' would like, but our growth has been amazing. I had no idea we'd be going through such an expansion in less than three years, including cans that just rolled out, thanks largely to the way the Midlands has embraced our product and supports local business. My prediction is Columbia is going to turn into a brewery destination. I think we've got a lot of really cool characters in the beer world here and we're proud to be one of them."*

– Mike Tourville, Founder, River Rat Brewery



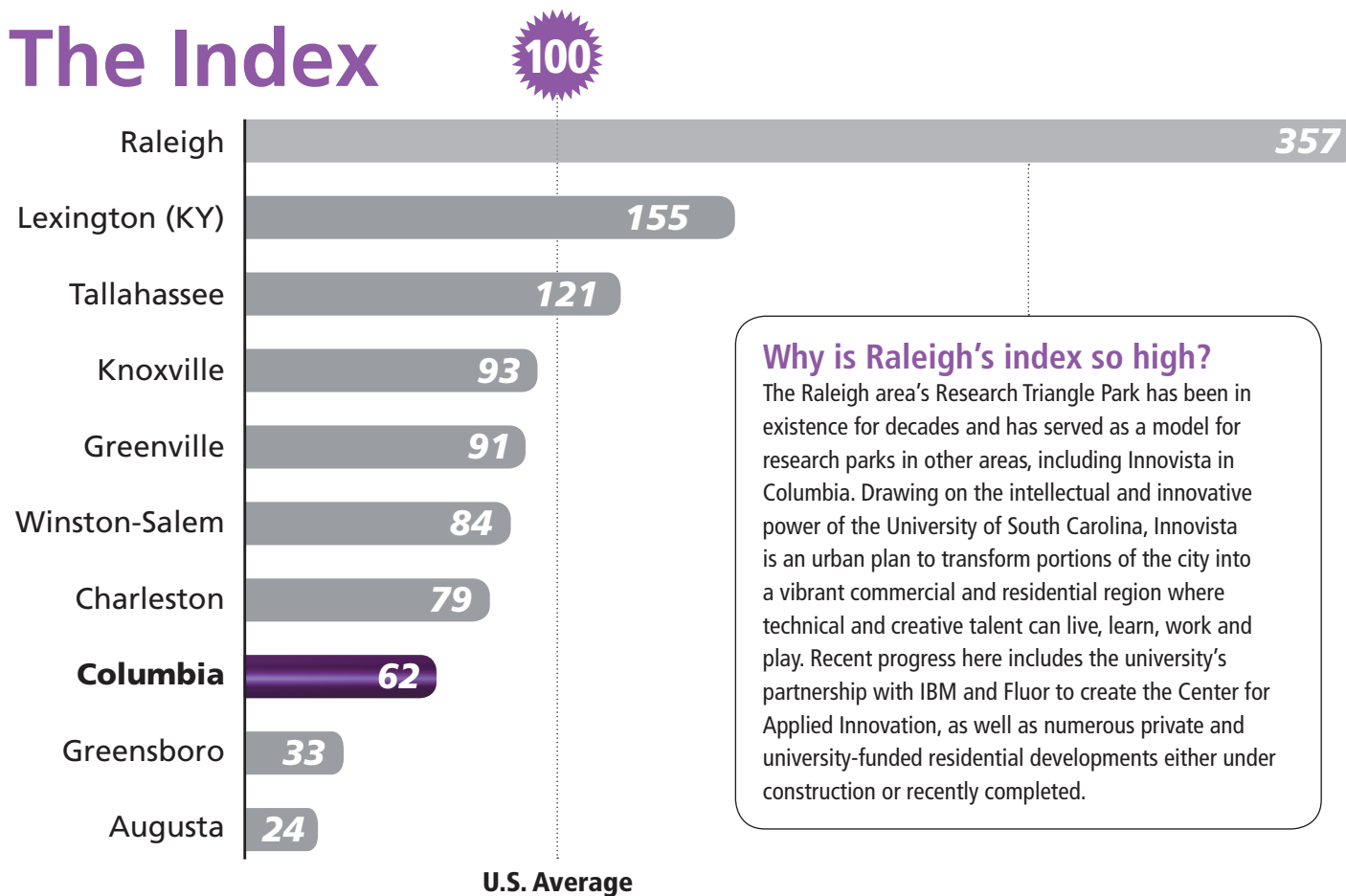
## Magnifying Opportunities

- Include entrepreneurial concepts and training in curriculum throughout the educational pipeline
- Tout Columbia's low startup costs to encourage local entrepreneurship
- Embrace economic development strategies combining outside industry recruitment with support for local businesses to bolster growth and retain talent
- Leverage the construction of the new USC/Columbia Technology Incubator into more opportunities for small businesses to develop and grow
- Work in coordination with the Center for Entrepreneurial Success and the Enterprise Campus at MTC to cultivate and prepare early-stage business ideas for introduction to the entrepreneurial ecosystem

# INNOVATIVE CAPACITY

A region's capacity to support creation of new knowledge and generate new ideas, products and processes

## The Index



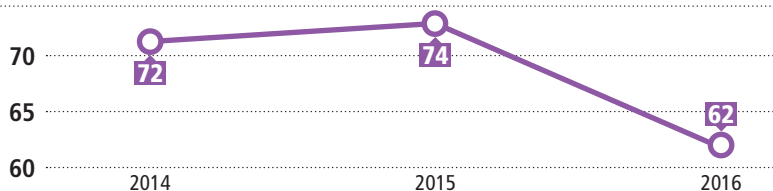
### Why is Raleigh's index so high?

The Raleigh area's Research Triangle Park has been in existence for decades and has served as a model for research parks in other areas, including Innovista in Columbia. Drawing on the intellectual and innovative power of the University of South Carolina, Innovista is an urban plan to transform portions of the city into a vibrant commercial and residential region where technical and creative talent can live, learn, work and play. Recent progress here includes the university's partnership with IBM and Fluor to create the Center for Applied Innovation, as well as numerous private and university-funded residential developments either under construction or recently completed.

## The Indicators

- + **Innovation Awards:** SBIR and STTR Awards per 100,000 residents
- **Intellectual Property Creation:** utility patents per 10,000 workers
- + **Research & Development:** university and college R&D expenditures per 1,000 people
- + **Academic Achievement:** Percent of population aged 25 years and older holding a graduate degree
- **Research & Development Funding:** amount awarded from all sources per 1,000 people

### Change In Index Value 2014 to 2016



**-10 points**  
down from 2014 to 2016

### Year-over-year change

- + = improved
- = worsened
- = = no change



## Focus on Trends

### Positive:

- A high percentage of residents (12%) hold a graduate or professional degree – higher than the U.S. average and an increase over last year
- Indicators of innovative work from higher education - the number of SBIR/STTR awards and R&D expenditures - increased over last year

### Negative:

- Overall R&D funding awarded from all sources per 1,000 dropped from last year, though it remains above the U.S. average
- Fewer utility patents were awarded per 10,000 workers this year.

## What are SBIR and STTR Awards?

**The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR)** programs are major sources of early-stage capital for technology commercialization in the United States, allowing small businesses to engage in federal research and development with strong potential for commercialization. SBIR Awards can be awarded directly to small businesses, while STTR awards require formal collaboration with a research institution.

## Through Their Lens



*"Nephron Pharmaceuticals has been an innovator and global leader in the manufacture of generic respiratory medications since its inception. We moved our production operations from Orlando, Florida due to the Midlands' unique capacity for innovation, bolstered by a strong local workforce. The low-cost environment for business, in combination with the research capabilities of local universities and well-qualified pool of job-seekers, made the Midlands a perfect fit for Nephron's ability to create and produce innovative, industry-leading products. South Carolina is a true pro-business atmosphere."*

– Lou Kennedy, Owner, Nephron Pharmaceuticals Corp.

## A Closer Look

**Spirit Communications and SOCO, Inc.** announced a partnership in 2016 to provide gigabit speed broadband internet access at all SOCO locations in the Columbia region. This first-of-its-kind collaboration will be powered by the Spirit Fiber Network "Lighting up Bull Street" with symmetrical Gigabit Internet capabilities with a future proof platform. The partnership is focused on building an ecosystem of support and a platform for creators to build new products and services by combining SOCO's Coworking environment - a collaborative community of 50+ creators - and a direct connection to both Spirit's Gigabit infrastructure and additional offerings supporting the technology community. "SOCO's workspaces, events and community of creators, coupled with Spirit's Gigabit infrastructure means that innovators in the Midlands will have a powerful new tool for doing big things," said Gene Crawford, CoFounder, SOCO.



## Magnifying Opportunities

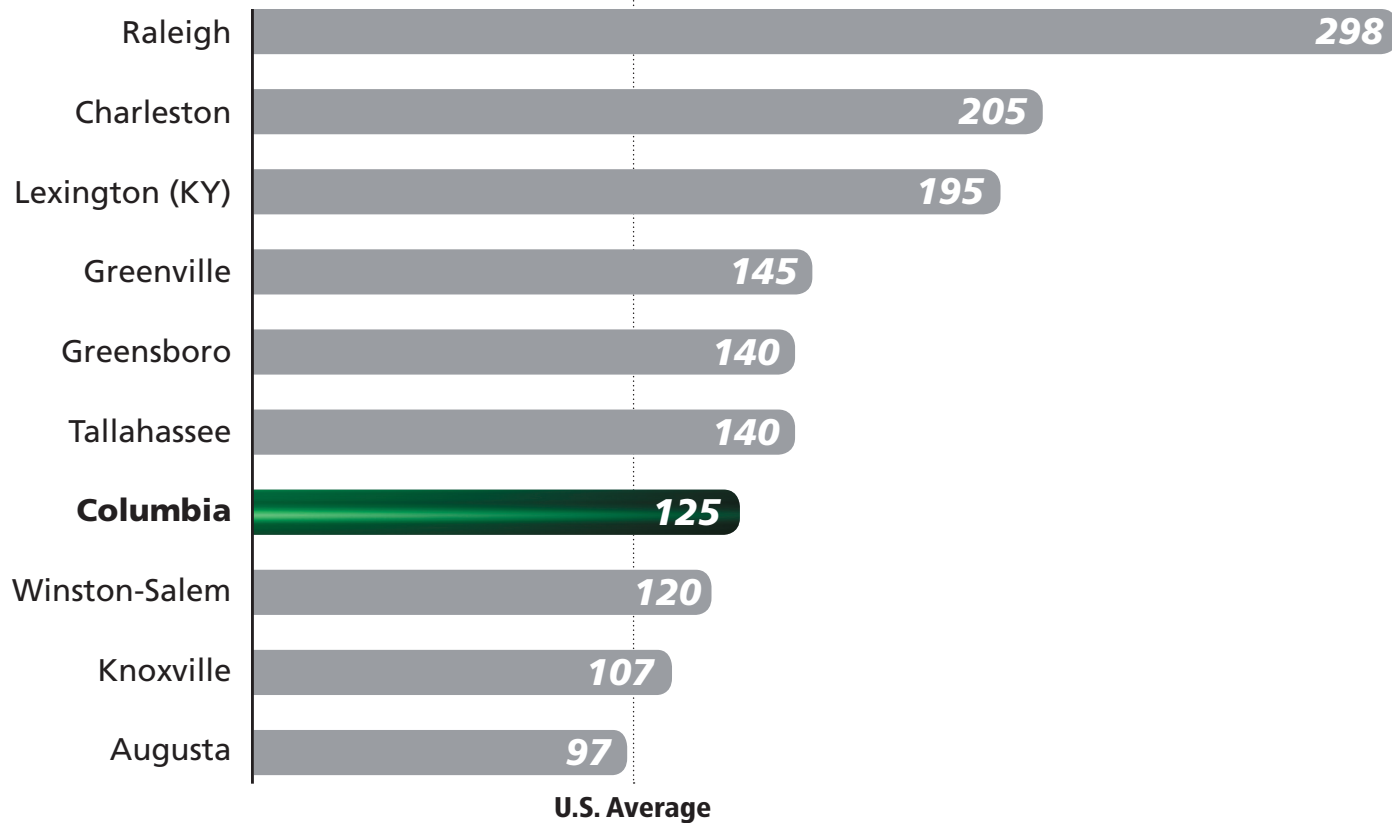
- Develop a culture of innovative thinking and creative talent development in existing industries of strength - like insurance technology, law and health care
- Support the growth of scaleable businesses and the commercialization of intellectual property from our research university through programs such as SC Launch, the SC Angel Network and Capital Angels
- Support innovative activity by utilizing resources like USC Office of Economic Engagement and the Faber Center, while also training small businesses to apply for SBIR/STTR awards and file for patents

# HIGH IMPACT CLUSTERS

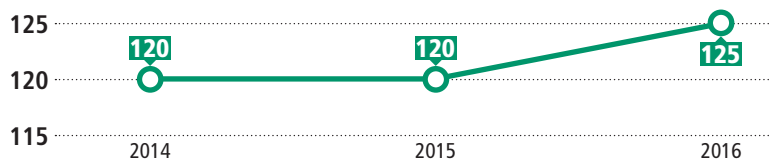
A region's relative size, strength and density of high impact clusters and ability to grow industries that are competitive on an international scale

## The Index

100



### Change In Index Value 2014 to 2016



**+5 points**  
up from 2014 to 2016

## The Indicators

- High Impact Density:** Share of regional employment in traded clusters
- Employment Diversity:** Concentration of employment in top 5 occupations
- Employment per square mile**
- High Wage Employment:** Concentration of jobs in high wage occupations (annual pay of \$43,500+ per year)
- High Impact Growth:** Establishment growth rates in traded clusters

## Year-over-year change

- = improved
- = worsened
- = no change

## Focus on Trends

### Positive

- All metrics indicate strong industry clusters and an environment conducive to cluster growth
- The Columbia MSA saw strong growth in employment per square mile, indicating economic development both in the city as well as in rural areas
- Concentration of jobs in high wage employment grew over previous data

### Negative

- Employment diversity worsened ever-so-slightly from last year, but remains strong as the 2nd best of the MSAs compared

## A Closer Look

### Healthcare cluster

It can't be denied that the healthcare cluster in the Midlands is strong and strengthening. With primary hospital systems Palmetto Health, Providence Health and Lexington Medical Center, the MSA boasts nearly 2,000 hospital beds and 214 physicians per 100,000 residents (the second-highest of the MSAs in this report). What's more? The SC Department of Employment and Workforce projects a 25.47% increase in employment in the healthcare and social assistance industry from 2012-2022. Talk about a cluster on the rise.

Source: Health Sciences South Carolina and DEW



**2,000**

hospital beds



**214**

physicians per 100,000 residents



**25.47%**

increase in employment in the healthcare and social assistance industry from 2012-2022

## Through Their Lens

### Agribusiness

The agribusiness cluster - which includes the agriculture, forestry and processing sectors - is strong and growing in the Midlands. Statewide, the cluster has an economic impact of \$42 billion; right here in the Midlands, the poultry, vegetable and food processing industries are very strong, with companies like Columbia Farms, Amick Farms, McEntire Produce, Senn Brothers, Anson Mills, Adluh Flour, Starbucks and American Italian Pasta choosing the region for their operations. "I think residents of the Midlands would be surprised at the very diverse food manufacturing and processing that's happening right in their backyard - from poultry to food processing to beverages to pet food," says Jack Shuler of the Palmetto AgriBusiness Council. All six counties in the Columbia MSA have agribusiness industry fueling its economy. Companies are continuing to consider the Midlands, thanks to its central location and access to interstates and the Port.



Source: Palmetto AgriBusiness Council

## Magnifying Opportunities

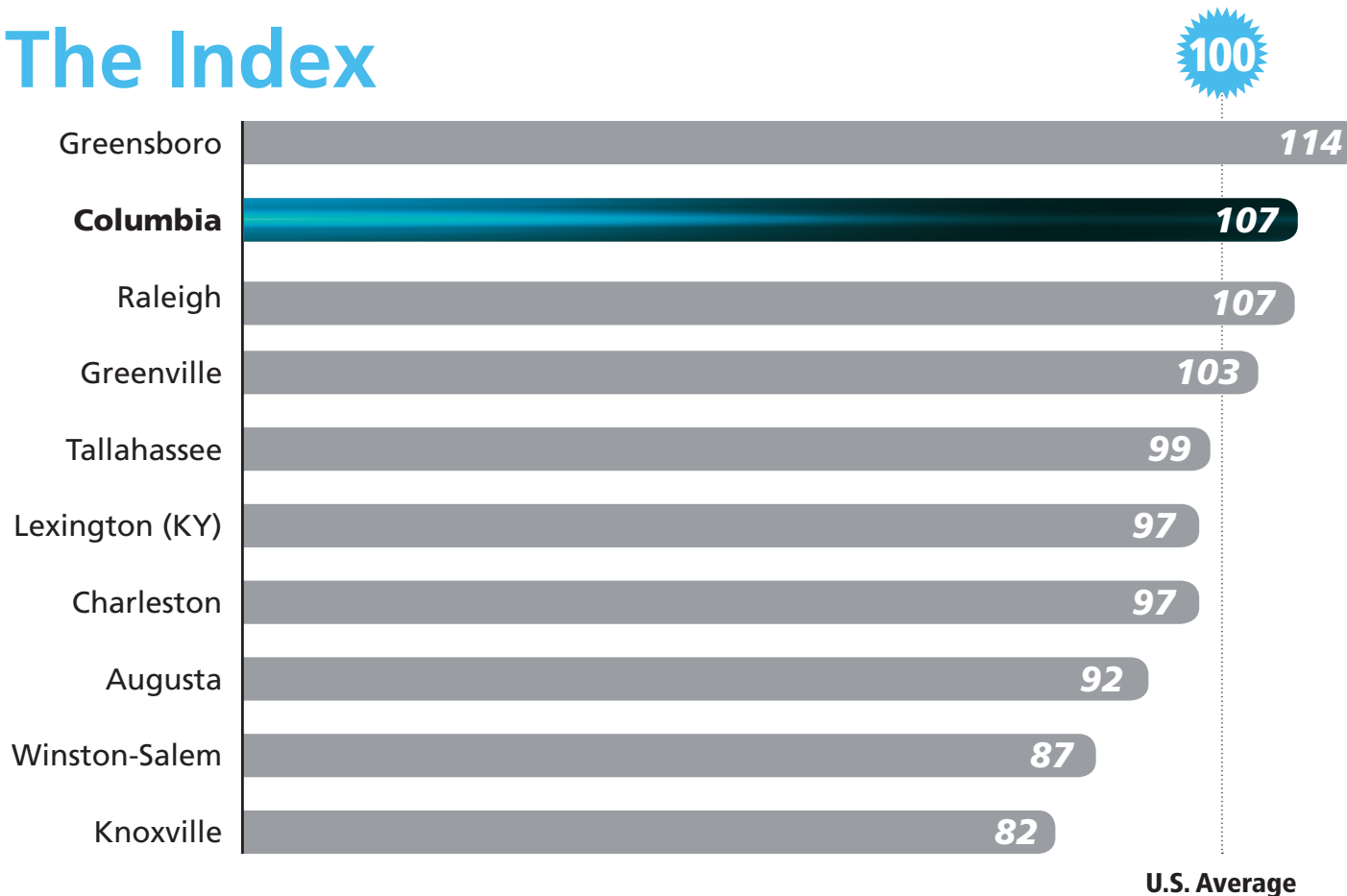
- Develop and market an environment attractive to national and global companies to strengthen existing clusters
- Promote regional industrial sites in Richland, Lexington and the surrounding counties
- Identify emerging clusters and develop strategies for collaboration, coordination and growth
- Have workforce solutions and support "on deck" for existing clusters to meet demands as needed



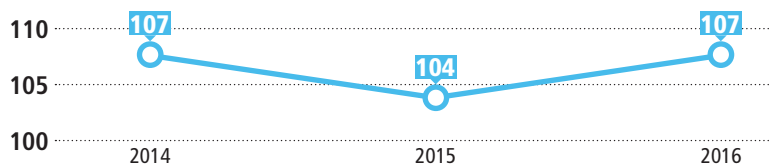
# LIVABILITY

A region's ability to attract and retain talent through building a dynamic live, learn, work and play environment

## The Index



### Change In Index Value 2014 to 2016



**No change**  
from 2014 to 2016

## The Indicators

- Arts and Entertainment:** Compound annual growth rate of employment in the arts, entertainment and recreation (2011-2015)
- Healthcare Access:** physicians per 100,000 residents
- Commute Time**
- Vitality:** Percentage of population 18-44 years old
- Volunteer Rate**
- Cost of Living Index**
- Crime:** Violent crime rate per 100,000 inhabitants
- Gallup Wellbeing Index**

## Year-over-year change

- = improved
- = worsened
- = no change

## Focus on Trends

### Positive

- The region shows the highest growth rate in the share of employment in arts, entertainment and recreation among its peer MSAs, which speaks to a thriving and expanding cultural scene
- The share of population 18-40 years old is above the U.S. average and continues to rise, contributing to a young and vibrant culture
- The cost of living improved, making an already affordable area an even better place to live, work and play

### Negative

- Volunteer rate slipped for the second consecutive year and continues to be lower than many peer regions
- The Columbia MSA again saw an increase in violent crime year-over-year

## A Closer Look

### Did you know?

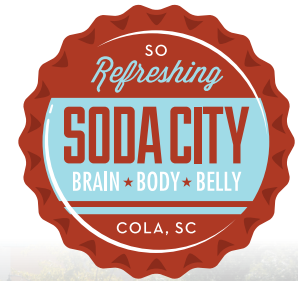
People are talking about the region and its attractions. Here are just a few of the recent accolades for the Columbia area:

- Columbia was named **Top 50 Best Places to Live 2016** by *U.S. News and World Report*, a ranking based on job market index, value index, quality of life index, desirability index and net migration
- Columbia was named **3rd best College Town in America 2016** by *Livability.com* based on unemployment rate, percentage of 21- to 34-year-olds, restaurants per capita, median income and median housing costs
- In the inaugural season for the Columbia Fireflies, Spirit Communications Park was named **2016 Ballpark of the Year** by *Ballpark Digest*
- The **Columbia Museum of Art** was awarded the **National Medal in 2016** — the nation's highest honor awarded to museums for service to their communities — as well as the **Verner Award**, the state's top recognition for achievement and contributions to the arts in South Carolina
- **Lake Murray** has been named a "Top 10 Place to Boat and Live" by *Boating Magazine* and its 4th of July Fireworks Celebration was named a Top 10 event by *Southeast Tourism Society*

## Through Their Lens

*"Soda City is a microcosm of Columbia, SC. We are an international city, a smart city, a creative city, an underrated city, a fun city, a tasty city, and a friendly city. Main Street is the perfect venue to show off our city and our state to visitors and each other!"*

*– Emile DeFelice, Soda City Market Manager and City of Columbia Goodwill Ambassador*



## Magnifying Opportunities

- Create greater awareness of the world-class recreational opportunities provided by Lake Murray, Congaree National Park and the Midlands' rivers
- Develop and execute a shared vision for regional competitiveness through a collaborative and coordinated effort by local leaders
- Develop a shared marketing campaign that inspires local champions and promotes "cool" regional assets
- Create a comprehensive plan for development of a Riverfront District and the 3 Rivers Greenway to better connect Richland and Lexington Counties

# engenuity<sup>SC</sup><sup>TM</sup>

Imagine More

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## About EngenuitySC

Headquartered in Columbia, S.C., EngenuitySC is an economic development nonprofit focused on enhancing our region's competitiveness and prosperity. In partnership with business, government, education and community leaders, EngenuitySC specializes in regional collaboration and project management, the activation of local industry clusters and regional research, analysis and marketing.

For more information, visit [www.engenuitysc.com](http://www.engenuitysc.com).

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SC Biz News, publisher of the *Columbia Regional Business Report*

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