ECONOMIC OUTLOOK FOR LOCAL GOVERNMENT

What's ahead for the U.S. economy and South Carolina

Inflation, labor, housing, trade, and the Iran-war spillover — a synthesis for South Carolina counties, COGs, and grant administrators

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EXECUTIVE SUMMARY

South Carolina's growth tailwind is the dominant force — but the Iran shock, federal-funding pressure, and county-level bifurcation define the operating environment for 2026

1 GROWTH

South Carolina is the fastest-growing state — for the second year running

- +1.5% / +79,958 residents in the last 12 months — the most powerful tailwind for SC local-government revenue.
- Growth is concentrated: Horry +20.5%, Berkeley +19.1%, vs. Allendale −8.4% and Lee −5.8% over five years.
- State averages mask very different fiscal stories at the county level.

2 IRAN SHOCK

Real but manageable; underlying disinflation remains intact

- Brent above $113; gasoline at $4.45 squeezes lower-income households and rural-county fleets hardest.
- SC Ports estimates only ~2% Iran/Mideast exposure — more resilient than most peer states.
- Fed held at 3.50–3.75%; trimmed-mean PCE near 2.4%. Base case: 25 bp cuts in September and December.

3 FEDERAL FUNDING

The wild card — plan for tightening, not cliff effects

- FY2026 federal deficit at $1.9T (5.8% of GDP) puts structural pressure on CDBG, HOME, and BRIC.
- Counties with high federal-grant dependence and declining populations face the sharpest near-term fiscal risk.
- Allendale, Lee, Williamsburg most exposed; growth counties most resilient.

Source: Piedmont Crescent Capital analysis; U.S. Census Bureau; BEA; BLS; Federal Reserve.

ABOUT THE SPEAKER

Mark Vitner brings 30+ years of regional economics leadership to the Carolinas community-development conversation

- Chief Economist at Piedmont Crescent Capital, the North Carolina-based economic research and advisory firm he founded after spending 30+ years at Wachovia and Wells Fargo.
- Most recently Managing Director and Senior Economist at Wells Fargo, leading the regional economics team and producing widely-followed forecasts for the U.S. and Southeast economies.
- Graduate of the University of Georgia (BBA, Economics) and the University of North Florida (MBA), with further graduate work at the University of Florida and NABE Advanced Training in Economics at Carnegie Mellon.
- Member of NABE's inaugural Certified Business Economist (CBE) class; co-founder of the Charlotte NABE chapter; serves on the Joint Advisory Board of Economists for the Commonwealth of Virginia.
- Charlotte Business Journal Top 25 Most Influential; regularly quoted in The Wall Street Journal, Bloomberg, CNBC, Reuters, and The New York Times.

AT A GLANCE

30+

years at Wachovia / Wells Fargo

20+

years presenting to Carolinas, Virginia, and Georgia audiences

Top 25

Most Influential — Charlotte Business Journal

CBE

NABE Certified Business Economist (inaugural class)

Source: Piedmont Crescent Capital.

AGENDA

Eleven sections — from national context to county-level fiscal implications

BOTTOM LINE FOR SC LOCAL GOVERNMENTS

Three forces define the 2026 fiscal environment — and they push in different directions

+79,958

residents added (last 12 mo.)

GROWTH IS THE STORY

South Carolina has been the fastest-growing state in the U.S. for two years in a row

+1.5% population growth is the most powerful tailwind for SC local governments. But growth is concentrated — coastal and Upstate counties (Horry +20.5%, Berkeley +19.1%) are pulling away from rural and southern counties (Allendale −8.4%, Lee −5.8%). State averages mask very different stories.

$4.45

AAA national gasoline avg.

THE IRAN SHOCK IS REAL BUT MANAGEABLE

Underlying disinflation is intact even as energy prices spike

Brent crude is above $113. Gasoline at $4.45 squeezes lower-income households and rural-county fleets hardest. SC's port-and-manufacturing base is more resilient than most peers — SC Ports estimates only ~2% Iran/Mideast exposure. Trimmed-mean PCE is near 2.4%; Fed held at 3.50–3.75%; we expect 25 bp cuts in September and December.

$1.9T

FY2026 federal deficit

FEDERAL FUNDING IS THE WILD CARD

Plan for incremental tightening, not cliff effects

FY2026 federal deficit at 5.8% of GDP puts structural pressure on every federal grant program over the medium term — including CDBG, HOME, and BRIC. Counties with high federal-grant dependence and declining populations (Allendale, Lee, Williamsburg) face the sharpest near-term fiscal risk.

Source: U.S. Census Bureau; BEA; AAA; CBO; Piedmont Crescent Capital analysis.

NATIONAL ECONOMIC CONTEXT

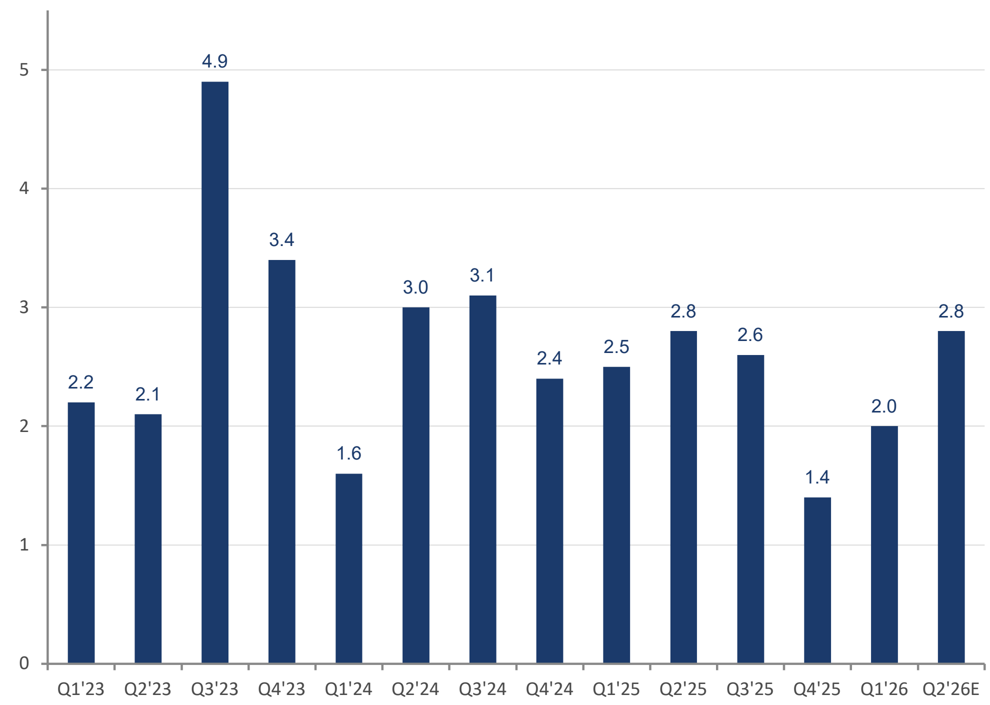
The U.S. economy is stronger than the soft Q4 GDP print suggested — capital spending is doing the heavy lifting

KEY TAKEAWAYS

- Q1 2026 grew 2.0%, with real final sales at 2.5% — in line with the trend that has held since mid-2023.
- Capital spending is the dominant feature: nonresidential fixed investment surged 10.4% in Q1, contributing 1.4 ppts to GDP — led by AI infrastructure.
- Initial jobless claims at 189,000 in late April are the lowest in months.
- Q2 is tracking around 2.8% as inventories rebuild and tariff-related import drag fades.
- Full-year 2026 growth is running near 2.5% — supported by productivity, AI capex, reshoring, and defense restocking.

Implication: the expansion is intact; the questions are about pace, not direction.

U.S. Real GDP growth — quarterly, SAAR (%)



Source: Bureau of Economic Analysis (BEA). Q2'26 is Atlanta Fed GDPNow / BEA tracking estimate.

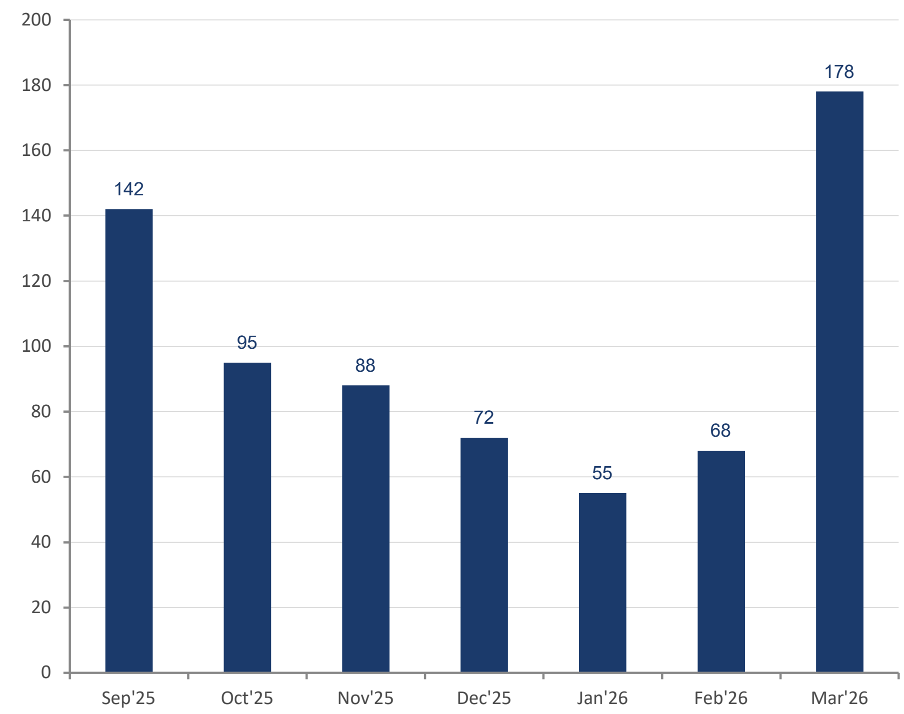
LABOR MARKETS

The labor market has stopped weakening — a low-hire, low-fire equilibrium that's healthier than the headline rate suggests

+178K	4.3%	189K
March payrolls (vs. 60K consensus)	U.S. unemployment rate	Initial jobless claims (late April)

- Q1 averaged just above 60K/month — a low-hire, low-fire equilibrium rather than active deterioration.
- Underlying signal corroborated by ADP +62K, JOLTS openings at 6.9M, and Conference Board labor-market differential at +7.5%.
- Cyclical recovery should lift the pace in late spring and summer as cyclical sectors firm.
- For SC: in-migration is bringing labor supply into the state at the same time demand growth is moderating — mechanically lifting measured unemployment to 5.0%, but in a healthier way than federal-staffing-cut states like Virginia.

Monthly nonfarm payroll change (000s)



CONSUMER CONFIDENCE

Consumer confidence reflects a K-shaped economy — higher-income households are sustaining services outlays, lower-income households are trading down

92.8

Conference Board CCI, April 2026

+0.6 pts vs. March (third consecutive monthly gain)

vs. Bloomberg consensus of 89.0

> ***The 'cheap thrills' pattern fits the Q1 GDP composition — higher-income households sustaining services at the expense of savings, while lower-income households trade down within categories.***

WHAT'S DRIVING IT

- Expectations for future conditions improved in April — a stronger relationship with consumer spending than the present-situation index.
- Six-month moving average buying intentions rose for autos, homes, furniture, and appliances/electronics.
- CCI has held its ground despite Iran-war pressures on gasoline and services consumption.
- Higher-income households sustain services outlays at the expense of savings; lower-income households trade down within categories — the K-shaped pattern.
- Budding cyclical recovery should support a gradual rebound in expectations and spending later in 2026.

Source: The Conference Board; Bloomberg consensus.

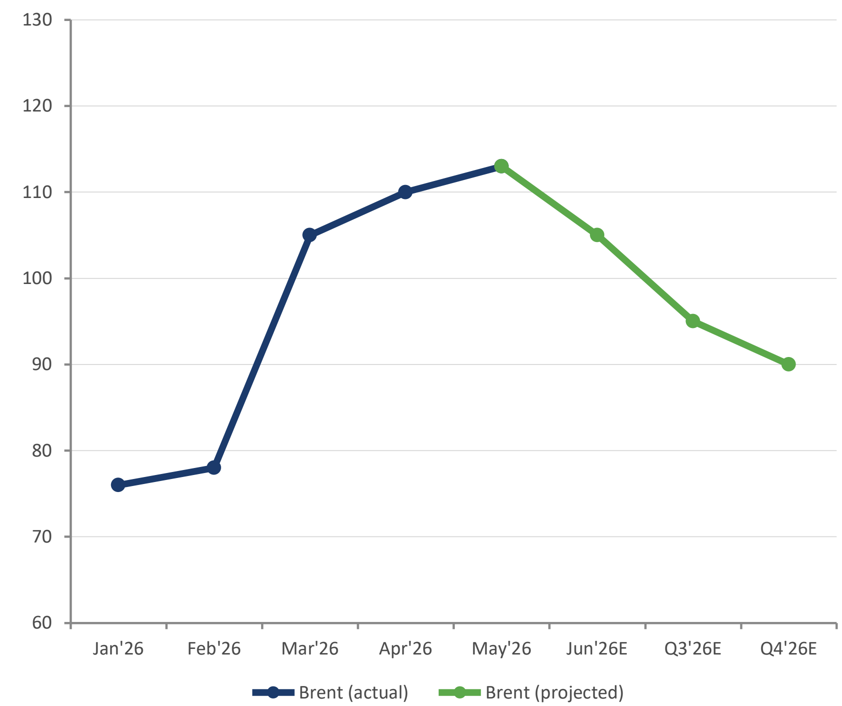
IRAN-WAR SHOCK

Brent above $113 and gasoline at $4.45 — but base case has Brent settling near $90 by Q4 as Gulf reopens

KEY DEVELOPMENTS

- Brent settled at $113.85 on May 4 — up roughly 50% since the U.S.-Israel-Iran war began February 28; Strait of Hormuz transit remains effectively closed.
- Gasoline at the AAA national average of $4.45/gallon — up $1.47 since the war began and the highest since August 2022.
- Base case: a sloppy ceasefire holds, phased Gulf reopening from mid-May through end-June; Brent settles near $90 by Q4 with risks skewed to the upside.
- Stress case: Brent stays $120–$140 through Q3 if blockades persist — would push headline CPI above 4% and widen credit spreads 50–75 bps.
- For SC: rural counties and lower-income households hit hardest; Grand Strand and Lowcountry tourism softer; county/municipal fleet and school-transportation budgets see immediate pass-through.

Brent crude — pre-war vs. now vs. base case ($/bbl)



MONETARY POLICY

The Fed has slowed its pace of rate cuts — restrictive policy is being maintained, but only modestly

3.50–3.75%

Fed funds target rate (held April 29)

8–4

Vote split — most dissents since October 1992

PCC BASE CASE

25 bp cuts in September and December 2026

Real rate is roughly 1.0–1.4 percentage points above zero — restrictive, but only modestly so given trimmed-mean PCE at 2.4%.

WHAT IT MEANS

- FOMC held at 3.50–3.75% on April 29 — the third consecutive hold after three quarter-point cuts.
- Three regional presidents (Hammack, Kashkari, Logan) opposed an easing bias; only Miran dissented in favor of a cut.
- CME FedWatch shows roughly 8 basis points of cuts over the next year — markets are pricing very modest easing.
- Powell's term as Chair ends May 15; Senate confirmation of Kevin Warsh expected in time to chair the June FOMC. Powell remains as Governor through January 2028.
- For SC: 30-year mortgage rates near 6.3% are higher than 84% of existing mortgages on the books — housing 'lock-in' continues to depress move-up activity and constrain supply.

Source: Federal Reserve Board; CME Group FedWatch; Piedmont Crescent Capital.

SOUTH CAROLINA EXPOSURE

The Iran war hits South Carolina through three distinct channels — energy, port flows, and manufacturing exports

ENERGY
Fuel & fleet costs

Pump prices and rural fleet pass-through

Gasoline at $4.45 nationally — SC's commuter geography (Upstate-to-Charlotte, Lowcountry-to-Charleston) makes households more energy-sensitive than the U.S. average.

HARDEST HIT

Hardest hit: rural counties with long commutes, lower-income households spending a higher share of income on fuel, and county/municipal fleets and school-transportation budgets.

WHAT TO WATCH

Gasoline prices through Memorial Day; on-highway diesel for trucking pass-through to retail.

PORT
Trade & shipping

Charleston outperforming, but exposure is real

Port of Charleston flat YoY in fiscal H1 2026 vs. average U.S. port down 4% — outperforming, but Feb 2026 hit a 6-year low at ~178K containers.

HARDEST HIT

SC Ports estimates Iran/Mideast exposure ~2% of business; Inland Port Greer set an all-time record 19,291 rail moves in March (+20% YoY); Inland Port Dillon up 14%.

WHAT TO WATCH

Charleston container volumes, especially export side; Section 122 expires July 24; Section 301 reciprocity is the next inflection.

MANUFACTURING
Export economy

Auto and aerospace exports face retaliation risk

BMW Spartanburg is the largest U.S. auto exporter; Volvo Charleston, Mercedes-Benz Vans, and Boeing 787 final assembly add layered exposure.

HARDEST HIT

Retaliatory tariffs from European, Canadian, Mexican, and Chinese partners fall disproportionately on auto exports — SC's comparative advantage.

WHAT TO WATCH

Section 301 transition; if reciprocity gets aggressive, auto export volumes could compress 6–12 months before manufacturers re-route or re-price.

Source: SC Ports Authority; SC Department of Commerce; AAA; Piedmont Crescent Capital analysis.

Headline inflation is up on Iran-war energy — but underlying disinflation is intact, and the Fed sees through the noise

3.3%	2.6%	2.5%	2.4%
March headline CPI YoY	**Core CPI YoY**	**PCE deflator YoY**	**Trimmed-mean PCE YoY**
Highest since May 2024	*Disinflation continues*	*Fed's preferred measure*	*Cleanest underlying signal*

- March headline CPI rose 3.3% YoY — the highest since May 2024 — with a 21.2% gasoline surge driving roughly three-quarters of the increase.
- Strip out energy and the picture is benign: core CPI 2.6% YoY, Cleveland Fed median CPI 0.2% m/m, and Dallas Fed trimmed-mean PCE near 2.4% YoY.
- PCE deflator (the Fed's preferred measure) at 2.5% YoY for March; core PCE at 2.7%. The disinflation trajectory is intact through the headline noise.
- For SC: pump-price visibility makes inflation feel worse than the underlying data show — lower-income and rural households experience meaningfully higher inflation than wealthier suburban households, a 'distributional inflation' story that matters for community development.

Source: Bureau of Labor Statistics; Bureau of Economic Analysis; Federal Reserve Bank of Dallas; Cleveland Fed.

South Carolina has the most direct tariff exposure of any state — but reshoring is a real and durable offset

~15%

Effective U.S. tariff rate — highest since the 1930s

BUT THE STRUCTURAL CONTEXT IS DIFFERENT

- Services account for two-thirds of consumption today vs. ~25% in the 1930s.
- Of the third spent on goods, only 40% is imported.
- Tariffs are placed on the manufactured cost, not retail price — dampening consumer pass-through.

RESHORING TAILWIND

Roche $5B cancer-drug facility (Greenville), continued battery/EV-supplier investments, semiconductor and aerospace activity. Announcement-to-employment lag is 5–9 years, so visible payroll impact lags announcements.

SC MANUFACTURING ANCHORS

BMW Spartanburg

Largest U.S. auto exporter — over 200,000 vehicles annually through Charleston

Volvo Charleston

EX90 / Polestar 3 production

Mercedes-Benz Vans

Sprinter assembly, North Charleston

Boeing 787

Final assembly, North Charleston (~7,000 workers)

Michelin North America

HQ in Greenville — major employer

Source: Federal Reserve Board; SC Department of Commerce; manufacturer disclosures.

South Carolina is the fastest-growing state in the U.S. — for the second consecutive year

+79,958

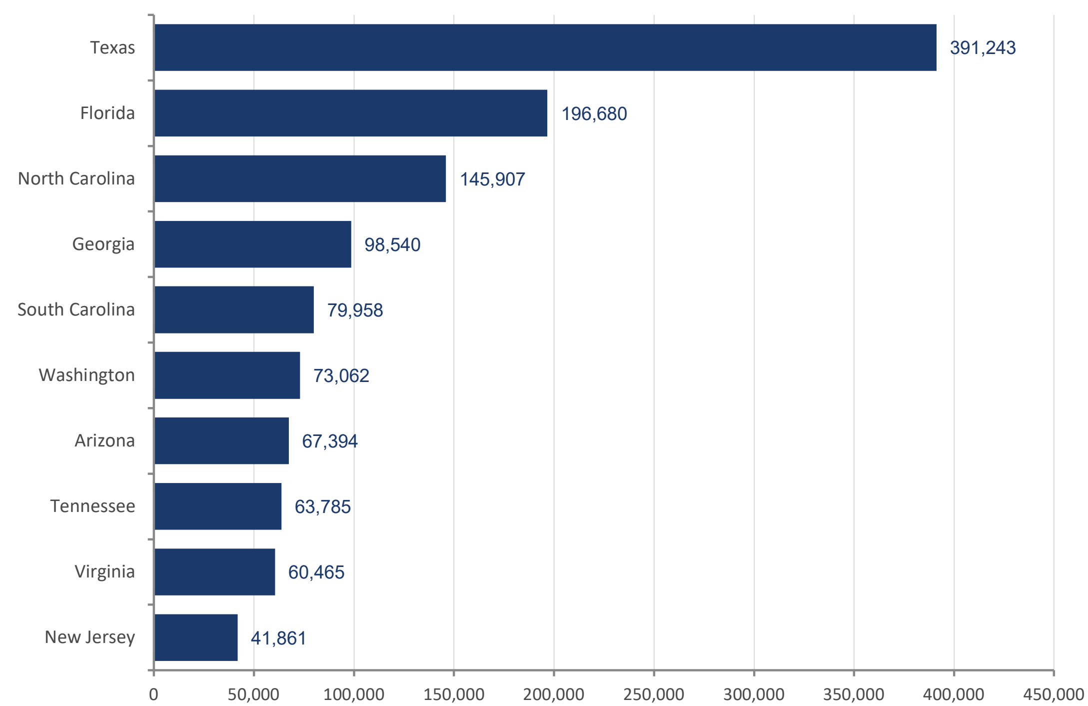
residents added between July 2024 and July 2025

COMPONENTS OF GROWTH

66,622	Domestic migration
12,772	Net international migration (down sharply from 32,760)
564	Natural increase — births exceeded deaths for the first time in 5 years

This is the single most important macro tailwind for SC local-government revenue.

Population growth, top 10 states, July 2024 – July 2025



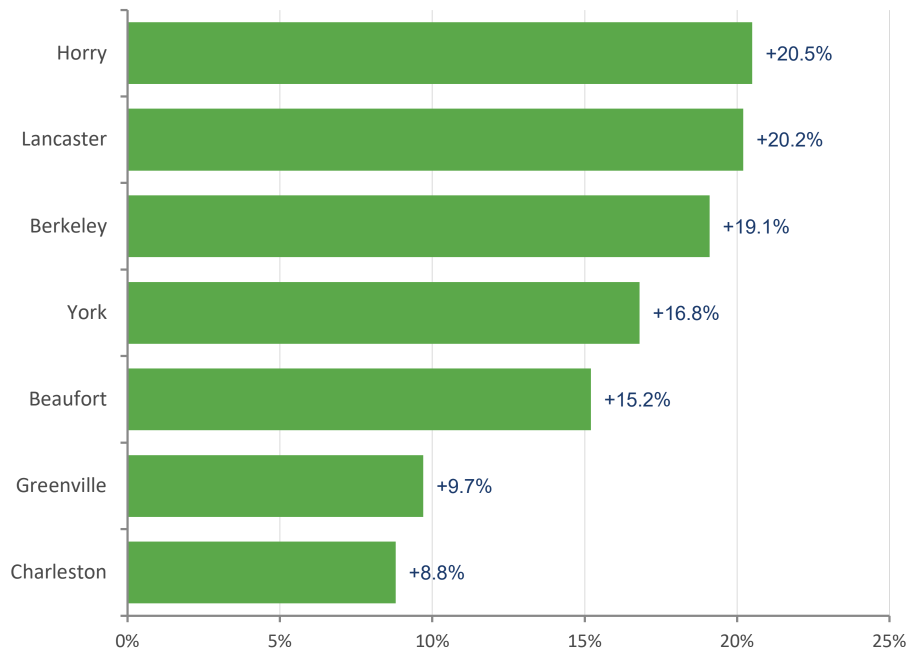
Source: U.S. Census Bureau; SC Department of Employment and Workforce.

COUNTY-LEVEL BIFURCATION

But growth is concentrated — coastal and Upstate counties are pulling away while rural and southern counties continue to lose population

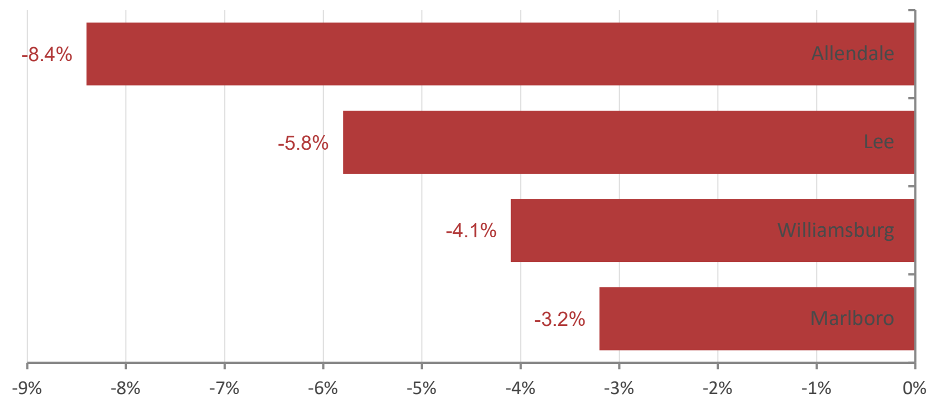
FASTEST-GROWING SC COUNTIES

Population growth, 5-year, %



DECLINING SC COUNTIES

Population change, 5-year, %



IMPLICATIONS

Growth counties: infrastructure, schools, and public safety stretched faster than property-tax-base growth.

Declining counties: tax-base erosion, hospital-margin pressure, harder grant applications, tighter operating budgets.

Source: U.S. Census Bureau; SC Revenue and Fiscal Affairs Office. 5-year cumulative change.

2025 was a record year for SC rural counties — Tier III/IV captured 46% of capital investment and 44% of new jobs

$9.12B
total capital investment 2025
third-highest year on record

8,100+
new jobs announced
across all 2025 projects

46%
rural share of capital
$4.25B in Tier III/IV counties

44%
rural share of jobs
highest rural share since 2010

LARGEST RURAL DEAL

Carolina Renewable Products

Orangeburg County (Tier IV) — $280M biomass-to-renewable-diesel facility, 155 jobs, $750K Closing Fund grant

OTHER 2025 RURAL ANNOUNCEMENTS

- PRET Advanced Materials — Florence ($18.5M / 74 jobs)
- Mikro-Technik — McCormick ($3.2M / 30 jobs)
- Fenner Polymers — Cherokee County
- Ironline Metals — Hampton County
- MCIS — Orangeburg County

SO WHAT FOR THE ROOM

Rural-county ED success is real and measurable. 34 of 82 announced projects in 2025 chose rural communities, spanning agribusiness, automotive, energy, and wood and paper products. Pair these announcements with CDBG/BRIC infrastructure applications to maximize multiplier effects in your service area.

Source: SC Department of Commerce — 2025 Annual Industry Recruitment Report (released January 14, 2026).

SC unemployment is drifting up — but for the right reasons: in-migration is bringing labor supply in faster than demand can absorb

5.0%

SC unemployment, February 2026

0.6 ppts above U.S. rate of 4.4%

HEALTHIER THAN VIRGINIA-STYLE INCREASES

SC's rise reflects strong continued in-migration bringing labor supply into the state at the same time demand is moderating — a healthier matching story (more people looking for jobs as more jobs are being created), not the federal-staffing-cut contraction driving Virginia higher.

+18,000 jobs added in SC in 2025 (1.5% growth); 2026 forecast similar — manufacturing, healthcare, construction lead.

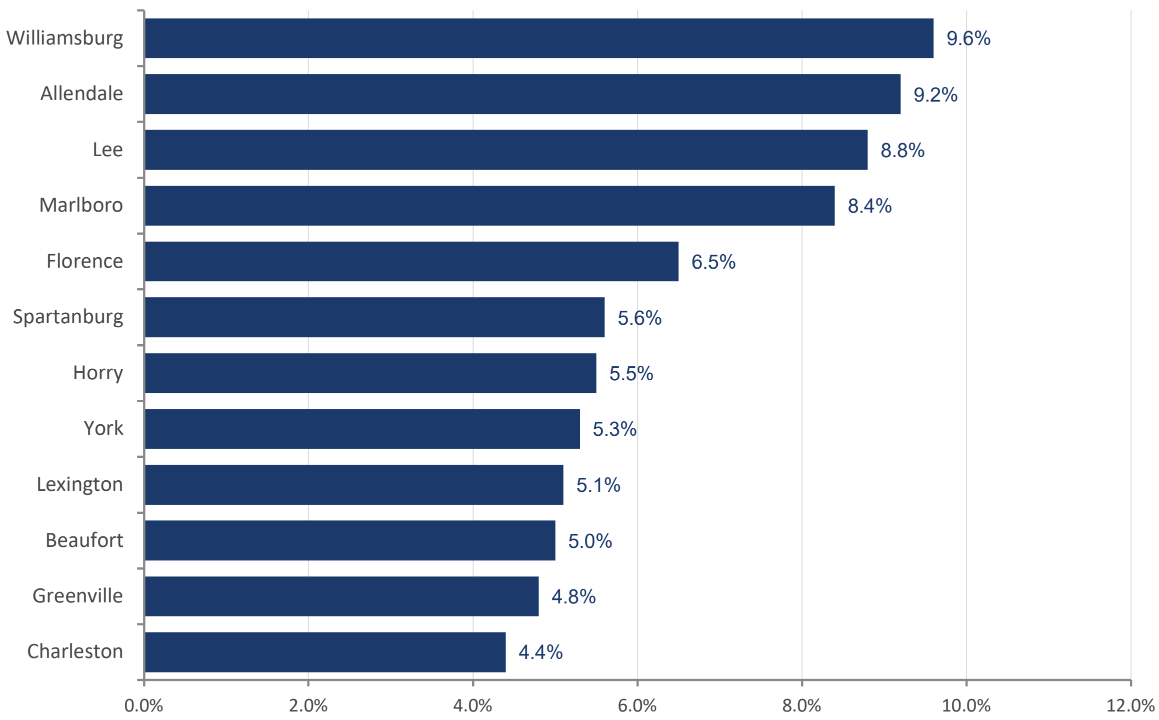
THE UNDERLYING DYNAMIC

- SC was one of 13 states with a statistically-significant year-over-year unemployment increase. Only Indiana and Ohio had statistically-significant decreases.
- Underlying labor market is firmer than the headline suggests — strong continued in-migration is bringing labor supply into the state at the same time demand is moderating, mechanically lifting measured unemployment.
- Different dynamic than the federal-staffing cuts driving Virginia higher: SC's rise reflects healthier matching — more people looking for jobs as more jobs are being created.
- State added 18,000 jobs in 2025 (1.5% growth); 2026 forecast is for similar growth. Manufacturing, healthcare, and construction lead.

Source: Bureau of Labor Statistics; SC Department of Employment and Workforce.

SC county unemployment ranges from 4.4% to 9.6% — the high-unemployment counties are the same ones most dependent on community development funding

Selected SC county unemployment rates, February 2026 (%)



WHAT IT MEANS

- Williamsburg (9.6%) has the highest unemployment in the state — more than double the national rate.
- Charleston (4.4%) and Greenville (4.8%) are the lowest among large counties.
- High-unemployment counties cluster in the Pee Dee region (Marion, Williamsburg, Marlboro, Dillon) and the southern tier (Allendale, Bamberg, Lee).
- Greenville's 240,000+ labor force makes its 4.8% rate more representative of underlying state strength than the 5.0% headline.
- For grant administrators: the high-unemployment counties are also the ones most dependent on community development funding — a structural challenge the bifurcation makes visible.

Source: Bureau of Labor Statistics; USAFacts. Selected counties shown for clarity.

PORT OF CHARLESTON

Charleston is holding up better than the national average — flat YoY while the average U.S. port is projected down 4%

CHARLESTON

Flat YoY

689,350 containers in fiscal H1 2026 vs. 692,770 a year earlier

AVERAGE U.S. PORT

–4%

Projected fiscal H1 2026 — Charleston's outperformance is real and structural

DETAILS & DRIVERS

- February 2026 hit a 6-year low at ~178K containers — reflecting tariff-related front-loading earlier in 2025 and Iran-shock uncertainty.
- SC Ports leadership estimates Iran/Mideast exposure at only ~2% of port business — small individual-company impacts, not a systemic shift.
- Inland Port Greer set an all-time record 19,291 rail moves in March (+20% YoY); Inland Port Dillon up 14%.
- Inland-port flows feed BMW, Volvo, and Mercedes-Benz Vans export channels — connecting Upstate manufacturing to coastal export.

STRUCTURAL ADVANTAGES

52-foot harbor depth

Deepest on the U.S. East Coast — accommodates the largest mega-ships

Wando Welch toe-wall completion

Now able to handle three mega-ships simultaneously

Continued capacity investment

Layered exposure across BMW, Volvo, Mercedes-Benz Vans, Boeing 787 export channels

Source: South Carolina State Ports Authority; Pacific Merchant Shipping Association.

MANUFACTURING ANCHORS

South Carolina is the #1 auto-exporting state — by far. The cluster is structural, not coincidental

200K+
vehicles exported annually
BMW Spartanburg through Charleston

3 of 6
top U.S. auto-export plants
are in South Carolina

5,000+
manufacturers in SC
employing ~273,000 people

THE CLUSTER

- BMW Spartanburg: top U.S. auto exporter for over a decade.
- Volvo Charleston (EX90 / Polestar 3) and Mercedes-Benz Vans Charleston (Sprinter) — auto export depth.
- Boeing 787 final assembly in North Charleston anchors aerospace (~7,000 workers).
- Michelin North America HQ in Greenville — major regional employer.

SYMMETRIC RISK & OPPORTUNITY

DOWNSIDE

Retaliatory auto tariffs from European, Canadian, Mexican, and Chinese partners fall disproportionately on SC's auto exports.

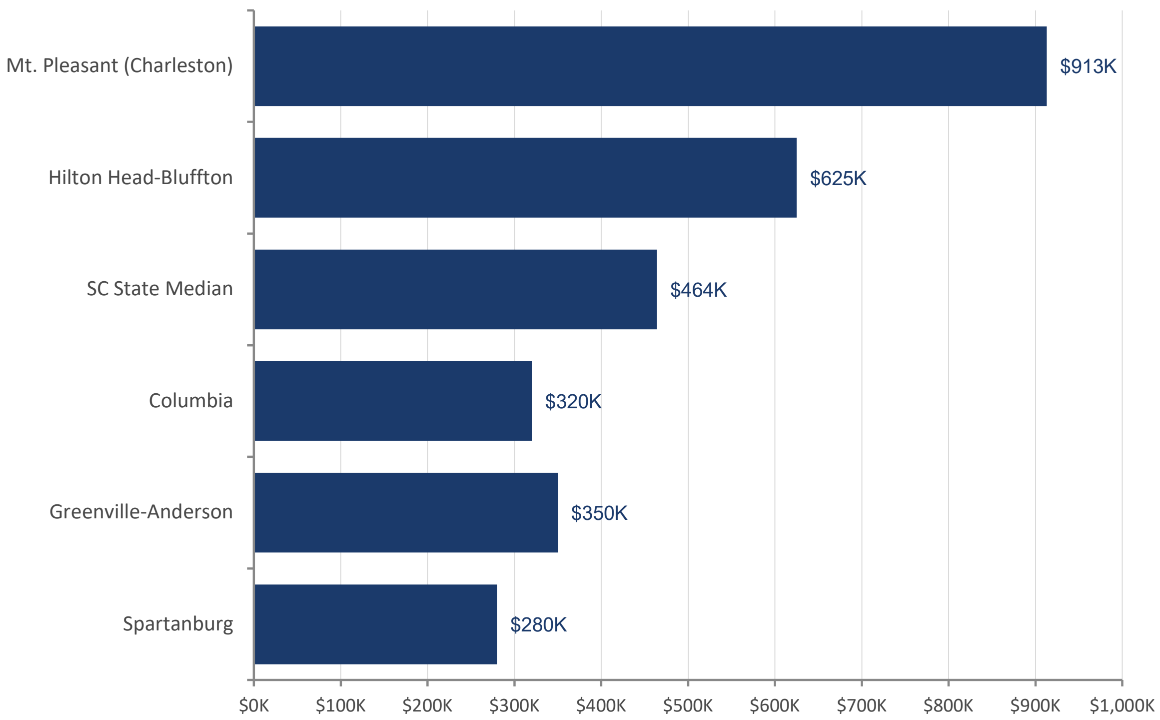
UPSIDE

Reshoring is durable: Roche $5B (Greenville), battery/EV-supplier, semiconductor, and aerospace investments. Announcement-to-employment lag is 5–9 years.

Source: Manufacturer disclosures; SC Department of Commerce.

SC housing is cooling — not cracking. Wide range across metros, with affordable Upstate driving in-migration

Median home price by SC metro ($K)



METRO DYNAMICS

- SC state median ~$464K with a slight 1.1% YoY decline — a healthy recalibration after pandemic-era acceleration.
- Mt. Pleasant submarket within Charleston MSA at $913K (+13.1% YoY) shows pockets of continued strength.
- Greenville-Anderson at $350K and Spartanburg at $280K offer significantly more affordability — a key driver of continued in-migration.
- 2026 forecasts: Charleston and Greenville sales −7–8% but prices +3%; Columbia stable with +7.2% price growth; Hilton Head luxury +11%+.
- Inventory ~3 months of supply; days on market 70 statewide. Strong fundamentals (low foreclosures, disciplined lending, in-migration) prevent distressed-sale dynamics.

Source: Houzeo; Realtor.com; National Association of Realtors. State median is approximate.

PROPERTY TAXES

SC property tax is the 6th-lowest in the nation — a powerful in-migration pull, but a structural revenue constraint for fast-growing counties

0.57%

SC effective property tax rate

6th-lowest in the U.S.

(behind only Hawaii, Alabama, Colorado, Louisiana, Wyoming)

$2,176

average annual SC property tax bill

vs. ~$4,250 U.S. average — less than half

THE STRUCTURAL TRADEOFF

THE PULL FACTOR

Low property taxes are a meaningful pull factor for retirees and out-of-state movers from higher-tax states

Combined with strong job growth, climate, and quality of life, this is a structural feature of the SC migration story — not a temporary post-pandemic phenomenon.

THE CONSTRAINT

Rapid in-migration generates infrastructure costs faster than property-tax-base growth can fund them

Low-tax base means SC local governments are MORE reliant on federal grants, intergovernmental transfers, and special-purpose taxing districts than peers in higher-tax states.

Source: Rocket Mortgage; Tax Foundation; SC Revenue and Fiscal Affairs Office.

$9.6M awarded across 16 SC communities in the latest round — but the federal-deficit trajectory creates real medium-term tightening pressure

$9.6M
total CDBG awards
in the latest SC round

16
SC communities
received funding

$1.9T
FY2026 federal deficit
5.8% of GDP

$23.1T
CBO projected FY26-36 deficit
cumulative baseline

RECENT SC CDBG AWARDS

Primarily for water/sewer/drainage infrastructure for low- and moderate-income areas

RECIPIENT	AMOUNT	PROJECT
City of Bishopville	**$928,000**	*WWTP Sewer Line Upgrade Phase II*
Town of Easley	**$750,000**	—
Laurens County	**$750,000**	—
City of Bennettsville	**$748,000**	—
Town of Allendale	**$610,000**	*Wastewater Treatment Plant Upgrade*
Colleton County	**$488,000**	—
Greeleyville	**$371,000**	—
Greenwood County	**$260,000**	—

FEDERAL CONTEXT & TIMING

- FY2026 federal deficit at $1.9T (5.8% of GDP) puts structural pressure on every grant program over the medium term — CDBG, HOME, BRIC, and similar.
- CBO baseline projects FY2026–2036 cumulative deficits at $23.1 trillion. Plan for incremental program tightening, not cliff effects — but the trajectory is real.
- BRIC grants reopened March 25, 2026; deadline July 23. SC communities should prepare applications now if eligible.
- Watch FY27 federal budget process and CDBG allocation proposals as principal program signals.

Source: SC Department of Commerce, Division of Grants Administration; Congressional Budget Office.

WHERE FEDERAL-FUNDING RISK IS CONCENTRATED

Counties with high federal-grant dependence and declining populations face the sharpest near-term fiscal risk if grant funding tightens

MOST VULNERABLE

Declining population + high federal dependence

Allendale	*−8.4% pop. / Tier IV / heavy CDBG reliance*
Lee	*−5.8% pop. / Tier IV*
Williamsburg	*−4.1% pop. / 9.6% unemployment*
Marlboro	*−3.2% pop.*
Bamberg	*Declining tax base, aging population*
Marion	*Pee Dee region pressure*

MOST RESILIENT

Population growth + diverse revenue base

Charleston	*+8.8% pop. / port + manufacturing*
Berkeley	*+19.1% pop. / industrial growth*
Lancaster	*+20.2% pop. / Charlotte spillover*
Horry	*+20.5% pop. / tourism diversification*
Greenville	*+9.7% pop. / 240K labor force*
York	*+16.8% pop. / Charlotte commuter*

FOR COGS: focus grant-writing capacity on the most vulnerable counties — they have the least internal capacity AND the most to lose if programs tighten. **FOR STATE AGENCIES:** consider weighting program design toward vulnerable counties; rule-of-thumb formulas systematically under-allocate to declining-population areas.

Source: Piedmont Crescent Capital analysis; SC Revenue and Fiscal Affairs Office; HUD CDBG awards.

Revenue-side tailwinds remain largely intact — cost-side pressure is broader and faster-moving

REVENUE SIDE

Largely intact, with concentration risk

Sales tax

Cushioned by in-migration and resilient consumer spending; some risk to discretionary categories from gasoline crowd-out.

Property tax base

Durably supported by in-migration and continued nominal price growth — but concentrated in growth counties.

Hospitality / accommodations

At risk in tourism-dependent counties (Horry, Beaufort, Charleston) if Iran-shock pump prices dampen summer driving.

State-shared revenues

Relatively stable; SC's structural fiscal position is strong with full constitutional reserves and a 2025 surplus.

Federal grants (CDBG, HOME, BRIC)

Real medium-term tightening pressure from $1.9T deficit — plan for variability in timing and amounts.

COST SIDE

Broader, faster-moving pressure

Fuel & fleet

Immediate pass-through from gasoline/diesel surge; school-district transportation budgets most acutely exposed in large rural districts.

Wages & pensions

Tight labor markets continue to push public-sector wage costs higher; tighter labor markets in coastal SC counties.

Infrastructure & capacity

Rapid in-migration in growth counties stresses water/sewer/road/school capacity faster than property-tax base growth funds expansion.

Affordable housing

Continuing pressure in Charleston, Greenville, Myrtle Beach — multifamily completions help, but the gap is structural.

Insurance costs

Coastal climate-and-insurance pressure increasing as Florida market dysfunction bleeds into SC underwriting.

Source: Piedmont Crescent Capital analysis.

Eight signals to monitor in 2026 — plus discussion prompts for your community

WHAT TO WATCH IN 2026

- Brent crude and Memorial Day gasoline pricing (immediate household impact)
- Port of Charleston monthly TEU volumes (early signal on trade dynamics)
- March/April BLS state employment data (April 22 / May 16 releases)
- Section 122 expiration July 24; Section 301 reciprocity decisions
- Q2 FOMC decisions; expected first rate cut in September
- BRIC grant deadline July 23; CDBG fall round announcements
- Tropical storm activity for coastal communities (June-November)
- FY27 federal budget process and CDBG allocation proposals

DISCUSSION PROMPTS

1. What is your community's biggest economic challenge right now — and is it different from what you expected six months ago?
2. How is fuel-and-energy cost pass-through showing up in your local-government operations?
3. Where is the biggest workforce constraint in your region — housing, transportation, or training?
4. What CDBG, HOME, or BRIC project would you fund next if the resources were available — and what's the binding constraint?
5. If federal grant funding were to tighten 10–15% over the next three years, what would change in your community development priorities?
6. What is the single most important data point or indicator you would want to see in next year's outlook?

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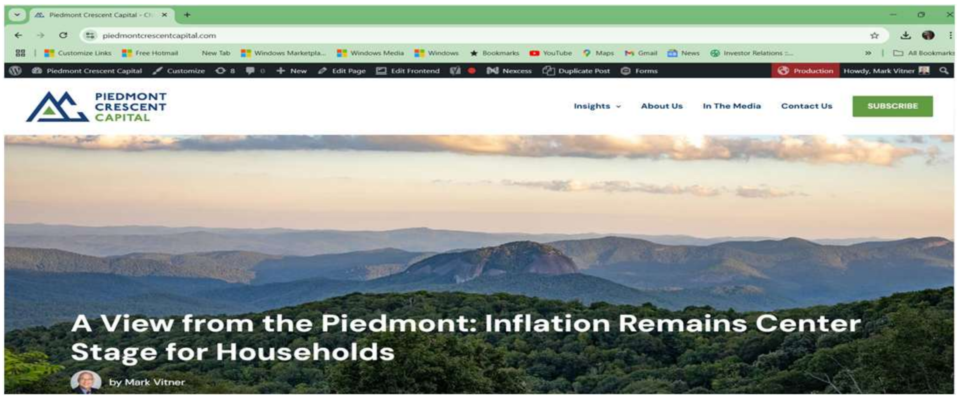

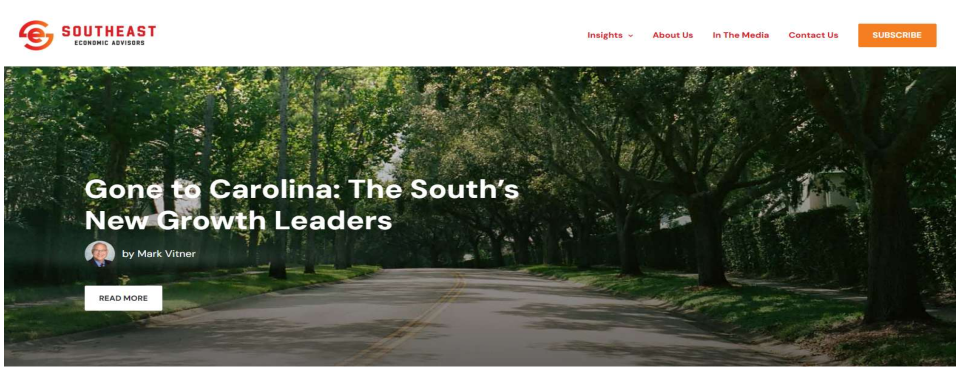

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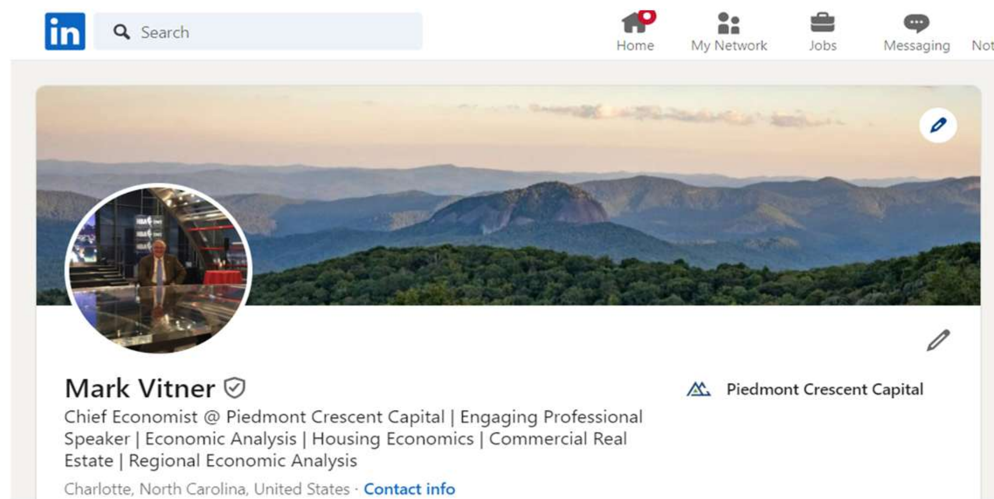

Thank you.

Questions and discussion welcome.

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