SC BEA/RFA BOARD MEETING
SEPTEMBER 24, 2026 · VIA ZOOM

Still Outrunning the Nation

South Carolina's Economic Outlook for FY 2027 and FY 2028

The Board's five series, the national backdrop, South Carolina's strengths and risks, and our read on the Board's employment and income assumptions

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THE FORECAST

Our Forecast for the Board’s Five Series

Current fiscal year is FY 2027 (July 2026 to June 2027); next fiscal year is FY 2028.

Series (percent change, state fiscal year)	FY 2025 actual	FY 2026 actual/est.	FY 2027 current	FY 2028 next
S.C. personal income, total	6.5%	4.8%	**4.6%**	**4.4%**
S.C. wages and salaries	6.8%	5.5%	**4.8%**	**4.6%**
S.C. employment (nonfarm payrolls)	1.6%	1.0%	**1.4%**	**1.2%**
U.S. retail sales and food services	3.7%	4.4%	**5.0%**	**3.3%**
U.S. inflation (CPI-U, all items)	2.6%	3.1%	**3.0%**	**2.6%**

Method, stated so staff can reproduce it

- **Fiscal year:** July 1 to June 30. FY 2027 is the current fiscal year and FY 2028 the next.
- **Flow variables** (personal income, wages and salaries, retail sales) are the average of the four constituent quarterly seasonally adjusted annual rates, compared with the prior fiscal year.
- **Employment** is the average of the four quarterly average levels of seasonally adjusted nonfarm payrolls. Inflation is the fiscal-year average of the CPI-U index.
- **Revisions:** this is the first cycle. From the January window forward, the table adds our prior forecast and the revision in percentage points.

Source: BEA; BLS; Census Bureau; Piedmont Crescent Capital, forecast as of September 23, 2026. FY 2026 SC income and wages are estimates pending BEA’s second-quarter release.

THE U.S. OUTLOOK

Growth Is Holding Up, and Rates Are Rising Because of It

The Committee raised the funds rate a quarter point on September 16, its first increase since 2023. Futures now price three more; the 10-year is above 5%.

3.75%–4.00%

FED FUNDS TARGET

Raised September 16 on a 12-0 vote. Futures price hikes in October, December and possibly March.

5.10%–5.12%

10-YEAR TREASURY

Up about a point since February. Almost all of the rise is in real yields, not inflation compensation.

$104

BRENT CRUDE, NOVEMBER

Pakistan, the Red Sea, Ukraine's strikes on Russian refineries and Greenland keep a bid under energy. Diesel is above $6.

2.6%

U.S. REAL GDP, 2027

Up from 2.3% in 2026. Business investment, not the consumer, is doing the heavy lifting.

- **Growth is capital intensive, more protein and less carbs.** Utilities output rose 6.2% over the past year as data centers and electrification add load, while factory output slipped and capacity utilization sits at 76.3%.
- **The labor market is low-hire, low-fire.** National payroll gains are averaging about 80,000 a month this year. We expect about 95,000 in 2027, against a breakeven of zero to 40,000.
- **Unemployment holds near 4%.** We look for 4.2% on average this year and 4.0% in 2027.

Source: Federal Reserve Board; BEA; Federal Reserve G.17; Piedmont Crescent Capital forecast as of September 23, 2026. Market levels as of September 23.

INTEREST RATES

Markets Now Expect Three More Hikes

The debate is no longer whether the Fed tightens again, but how far.

	Next move	Hikes from here	Year-end 2026	Peak
Fed funds futures (Sept. 23)	October (about 70% odds)	Three: Oct., Dec., possibly March	4.25%–4.50%	4.50%–4.75%
Piedmont Crescent Capital	December 9	At least two: Dec. and 2027	4.00%–4.25%	4.25%–4.50% or higher
FOMC median (September SEP)	By year-end	One	4.1% median	4.1% (2026–27)

Why the Fed keeps going

- **Growth has surprised up** and unemployment has come down, so there is little cost to tightening.
- **Inflation is above 3%** and energy keeps the headline elevated.
- **The Committee dropped its supply-shock caveat** in September, a signal it will no longer look through energy.

What it means for South Carolina

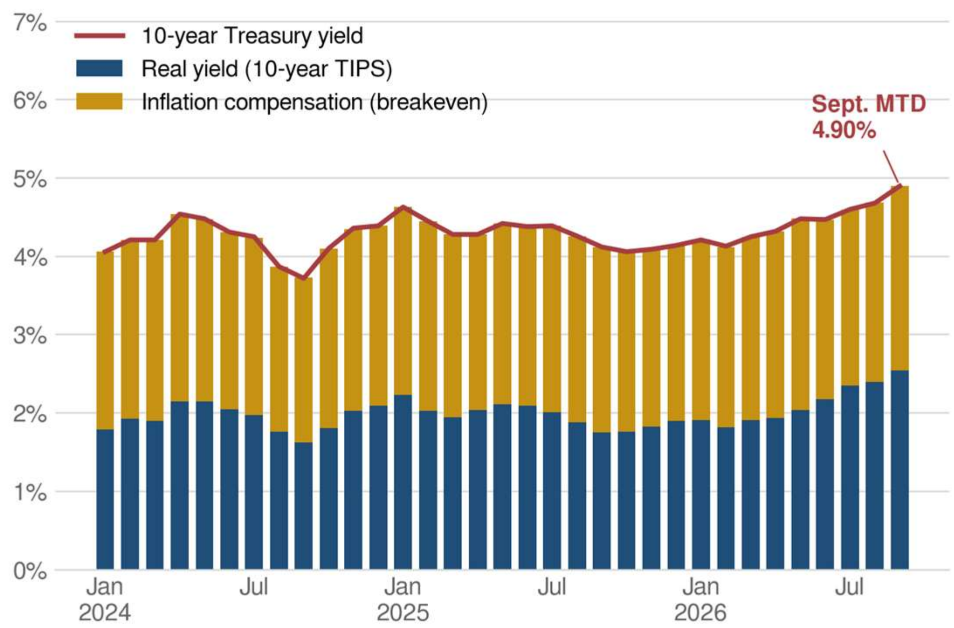
- **Housing and construction slow at the margin,** with mortgage rates near 7%.
- **Interest income rises** for households and for the state's own balances.
- **A firmer dollar** is a modest headwind for exporters like BMW and the tire makers.

Source: Federal Reserve Board, Summary of Economic Projections, September 16, 2026; CME fed funds futures as of September 23, 2026; Piedmont Crescent Capital.

THE 10-YEAR TREASURY

What Is Pushing the 10-Year Above 5%

What Makes Up the 10-Year Yield



Four drivers

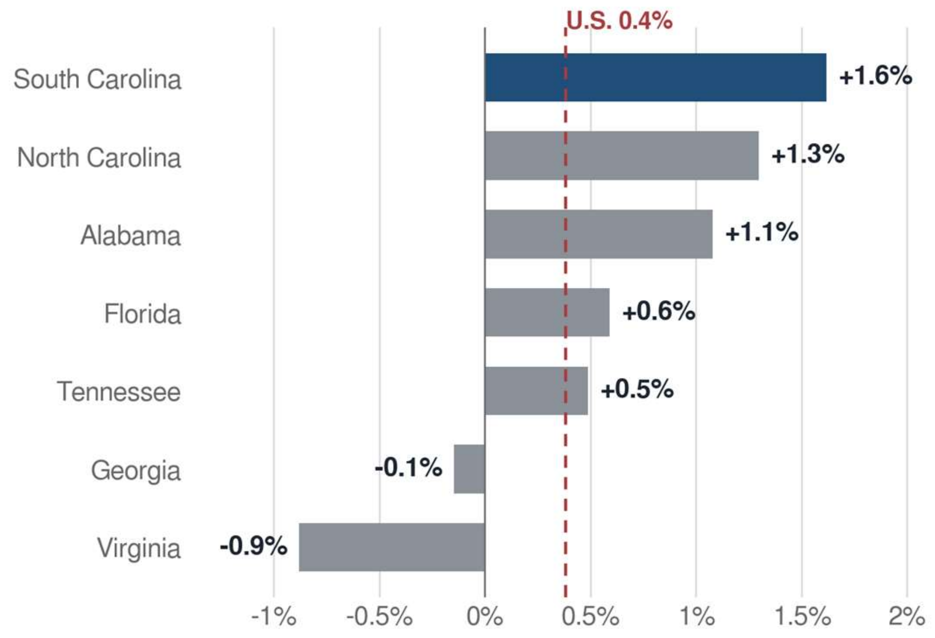
- **Real yields, the biggest piece.** The 10-year TIPS yield is up about 0.8 point since February. Markets expect stronger growth and a higher neutral rate; the longer-run dot rose to 3.2%.
- **Not inflation fears.** Breakeven inflation is unchanged near 2.3%. This is not a replay of the 1970s.
- **Supply.** CBO projects a $1.9 trillion deficit, 5.8% of GDP, debt at 101% of GDP and $1.0 trillion of net interest. Investors want more to hold more.
- **AI borrowing.** Alphabet, Amazon, Meta, Microsoft and Oracle sold about $220 billion of bonds this year through August 10, versus about $70 billion in all of 2025, competing for the same savings.

Source: Federal Reserve Board via FRED (DGS10, DFII10, T10YIE; monthly averages, September through the 21st); CBO, February 2026; company filings compiled by MLQ, August 2026; Piedmont Crescent Capital.

THE SOUTHEAST

South Carolina Is Leading the Southeast in Job Growth

Nonfarm Payroll Growth, Past 12 Months



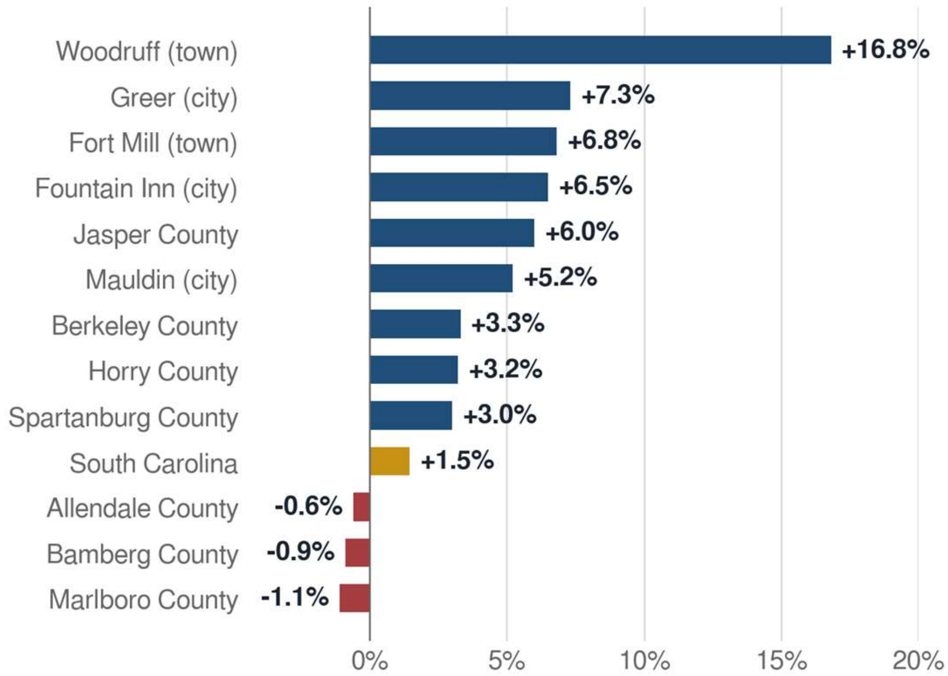
What sets South Carolina apart

- **Four times the national pace.** Payrolls rose 38,600, or 1.6%, over the past year, against 0.4% for the nation.
- **The Southeast has split.** The Carolinas and Alabama are adding jobs; Georgia is flat and Virginia is losing jobs as federal payrolls shrink.
- **People are the difference.** South Carolina posted the fastest population growth of any state in 2025, and nearly all of it came from people moving in.
- **Since 2019,** South Carolina payrolls are up 10.7%, about double the national gain of 5.4%.

Source: BLS Current Employment Statistics, seasonally adjusted, August 2025 to August 2026. Southeast peers shown are neighboring and competing states.

The Fastest Growth Is Along the Corridors and the Coast

Population Growth, Selected Places



- **The Upstate is booming along I-85.** Woodruff grew 16.8%, the fastest in the state, followed by Greer (7.3%), Fountain Inn (6.5%) and Mauldin (5.2%).
- **Spartanburg County grew 3.0%,** adding 10,923 residents, and its metro was the third-fastest-growing in the nation. Greenville's metro passed one million.
- **The coast keeps pulling.** Jasper County grew 6.0%, the fastest of any U.S. county; Berkeley and Horry each grew more than 3%.
- **Fort Mill grew 6.8%,** on Charlotte's edge, twentieth fastest among U.S. cities.
- **Not every county shares in it.** Marlboro, Bamberg and Allendale lost population, in the Pee Dee and the southern Lowcountry.

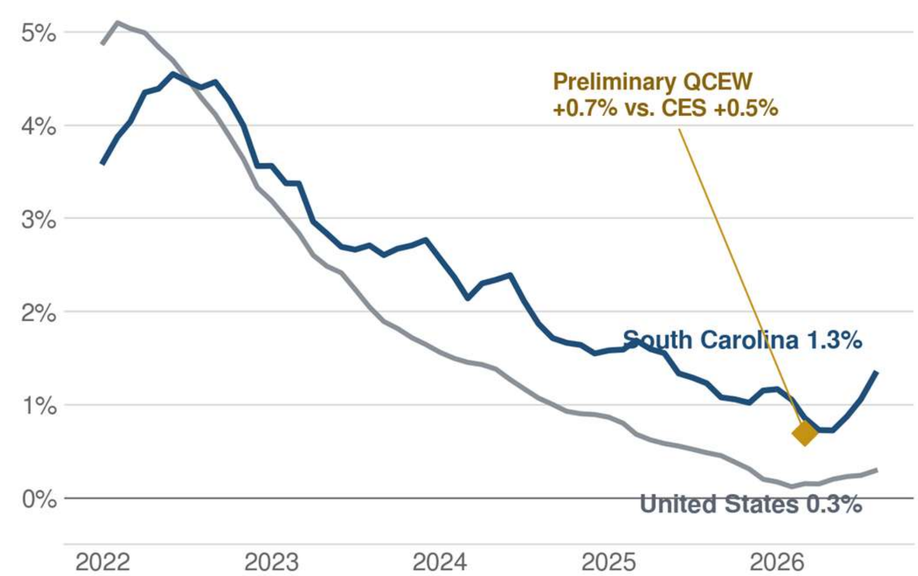
Population change, July 2024 to July 2025; places over 5,000. Source: U.S. Census Bureau, Vintage 2025 estimates; SC DEW; Post and Courier, May 19, 2026.

EMPLOYMENT

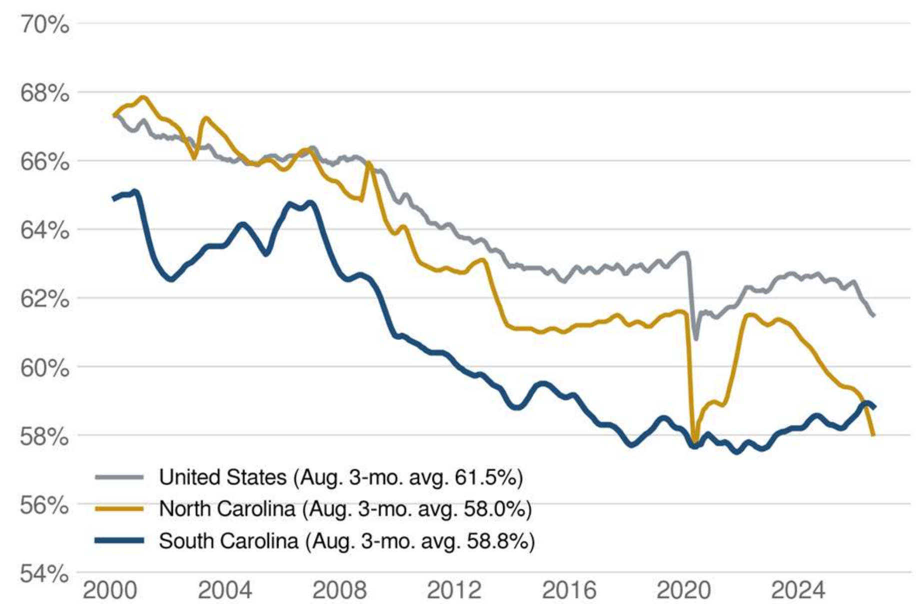
Job Growth Is Picking Up, and Revisions Should Push It Higher

Four times the national pace, and the preliminary QCEW count says the monthly survey understates it.

Nonfarm Employment, Y/Y %, 3-Month Average



Labor Force Participation, 3-Month Average

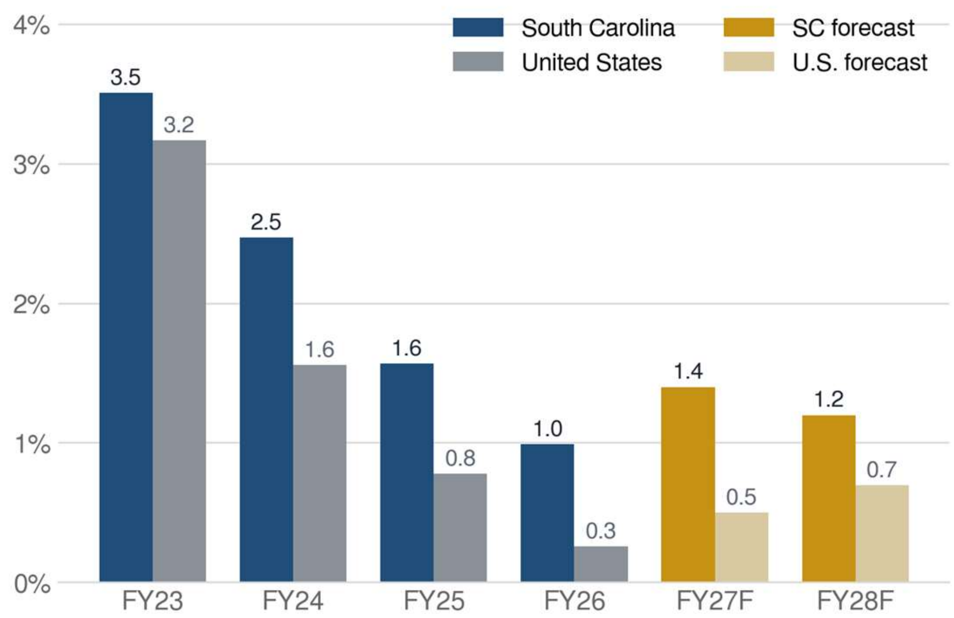


Source: BLS Current Employment Statistics and Local Area Unemployment Statistics via FRED, seasonally adjusted, through August 2026; preliminary QCEW; Piedmont Crescent Capital.

EMPLOYMENT

Job Growth Moderates, but South Carolina Keeps Its Lead

Nonfarm Employment Growth by Fiscal Year



How South Carolina compares

- **A steady lead.** South Carolina has out-grown the nation by 0.7 to 0.9 percentage points in each of the past three fiscal years.
- **FY 2027 starts with a head start.** Payrolls are 1.5% above a year ago through August. Holding at today's level alone would produce about 1.2% growth.
- **Our call: 1.4% in FY 2027 and 1.2% in FY 2028,** a deliberately conservative path that allows for slower hiring. Unemployment holds between 4.0% and 4.3%.
- **The constraint is labor supply, not demand.** RFA projects more South Carolinians over 64 than under 18 by 2030, so the lead narrows in FY 2028.

Source: BLS; Piedmont Crescent Capital. Fiscal-year average of quarterly average payroll levels. U.S. forecast from the PCC outlook of September 23, 2026. Population projection: SC RFA.

Tariffs Are Reshaping South Carolina's Auto Industry

BMW, Spartanburg	Built 412,799 vehicles in 2025 and exported nearly 200,000 worth $9 billion, still the largest U.S. auto exporter by value. Tariffs cut BMW's auto margin about 1.5 points in 2025, and it lowered 2026 guidance in June. The export share has fallen from 70% in 2016 to about half.
Volvo, Ridgeville	Cut about 125 jobs in May 2025, citing parts tariffs, and took a $1.2 billion charge tied to tariffs and EX90 delays. The fix is local production: XC60 assembly starts late this year, lifting the workforce from about 2,500 toward 3,900 by the end of 2027.
Scout Motors, Blythewood	A beautiful truck with 160,000-plus reservations, 87% for the range-extender version. Production starts in 2027 with deliveries in 2028, and the plant's cost has risen to about $3 billion.
Volkswagen, Scout's parent	Cut its 2026 operating margin guidance to as little as 1% on September 18, with about €10 billion of one-time charges. Nothing ties those struggles to Scout's timeline, but it is the risk to watch.

Source: BMW Group, Mar. 5 and Jun. 16, 2026; Jefferies via BMWBlog; Charleston City Paper; Motor Illustrated; Autoblog, Mar. 5 and Aug. 5, 2026; Scout Motors; Volkswagen Group, Jul. 24 and Sept. 18, 2026.

KEY INDUSTRIES: BEYOND AUTOS

Tires, Aerospace, Defense and Advanced Materials

Tires

South Carolina has led the nation in tire exports for eleven straight years: $2.0 billion in 2025, 43% of the U.S. total. Its 12 tire plants are the most of any state and produce about 144,000 tires a day.

Aerospace and defense

Lockheed Martin's F-16 Block 70 line in Greenville carries a backlog of 119 jets, and deliveries are rising again in 2026. Aerospace exports out of North Charleston jumped 31% in 2025.

Advanced materials

Toray's Spartanburg plant is the largest U.S. carbon fiber producer, and the state counts about 960 advanced materials firms. Clemson opened a 150,000-square-foot Advanced Materials Innovation Complex in March. Teijin's Greenwood plant is the setback.

Manufacturing jobs

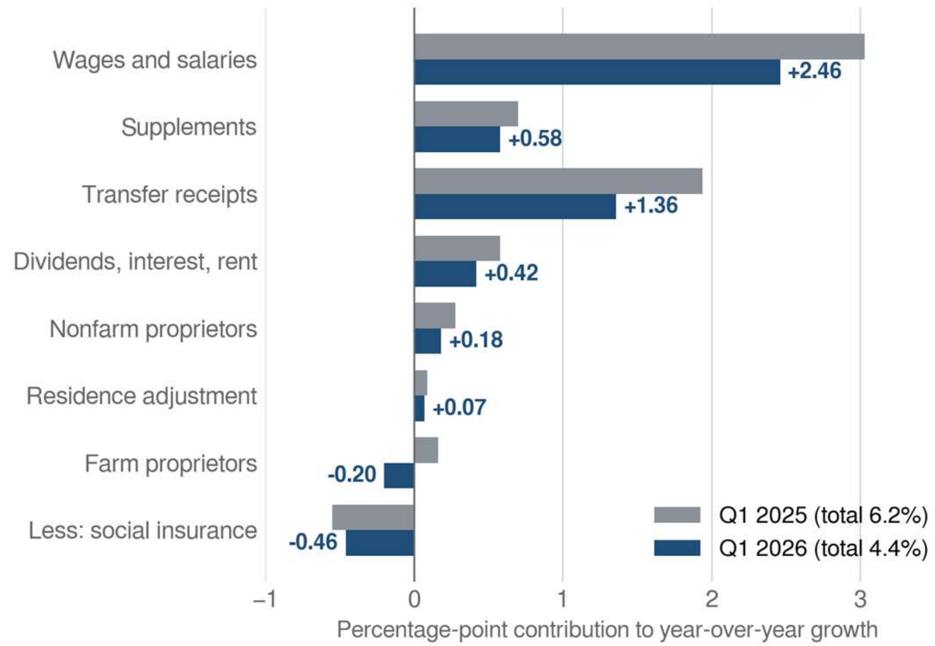
Up 3,800, or 1.4%, over the past year, an improvement from a flat 2025. The gains are coming from the durable, export-oriented plants that tariffs and a firmer dollar also put at risk.

Source: SC Department of Commerce, Mar. 2, 2026; Richmond Fed Econ Focus 2025 Q3; Modern Tire Dealer; Lockheed Martin; Defence Industry Europe, Aug. 22, 2026; Toray; Clemson University, Mar. 20, 2026; Index-Journal, Dec. 23, 2025; BLS via FRED.

PERSONAL INCOME BY SOURCE

Why Personal Income Is Growing More Slowly Than Wages

Contributions to SC Personal Income Growth, Y/Y



What is widening the gap

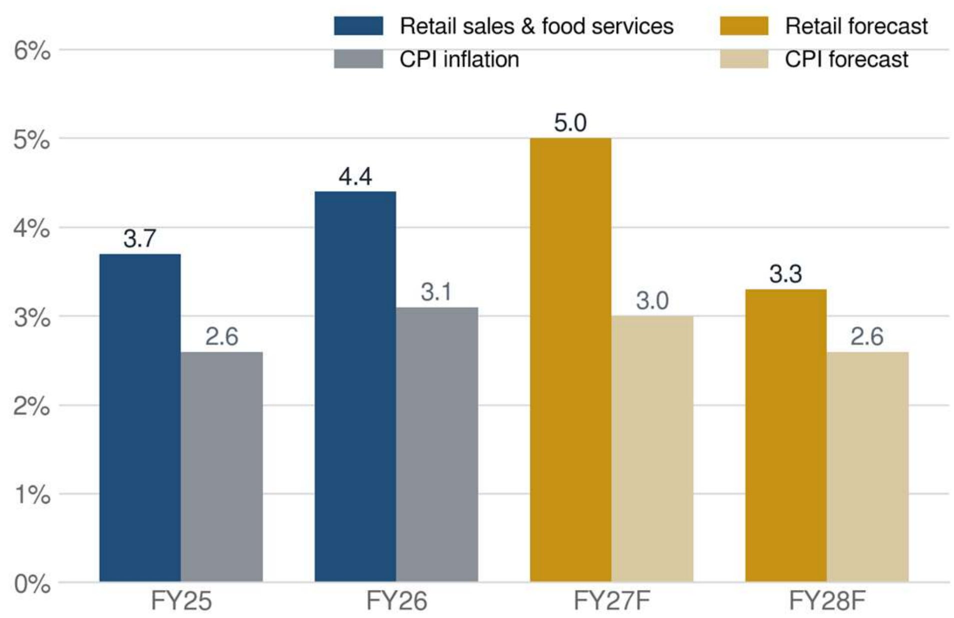
- **The gap doubled,** from 0.5 point a year ago to 1.0 point: wages up 5.4%, total income 4.4%.
- **Farm income collapsed.** Farm proprietors' income fell to a $175 million annual rate from $884 million, after two years of row-crop losses and the loss of China as a soybean buyer.
- **Investment income is not solid yet.** Dividends, interest and rent, a fifth of state income, rose only 2.0%, as interest income lagged last year's rate cuts. Higher rates should lift it in FY 2027.
- **Timber is hurting.** Mill closures in Georgetown, Darlington and Estill, more recycled fiber and weak construction pushed pine pulpwood prices down about 21% in a year.
- **Transfers slowed,** from 8.4% to 5.7%, and payroll taxes rise with wages.

Source: BEA State Personal Income (SQINC4), seasonally adjusted annual rates, Q1 2026 vs. Q1 2025; SC Forestry Commission; SC Farm Bureau; Packaging Dive; Canfor; Southern Ag Today.

RETAIL SALES

Retail Sales Look Strong in Dollars, Softer in Volume

U.S. Retail Sales and CPI, Fiscal-Year % Change



Reading the retail numbers

- **U.S. sales are 6.0% above a year ago.** Control-group sales, the cut that maps to GDP, rose 1.4% in August.
- **South Carolina is running ahead.** Census's experimental state series has SC retail sales up 7.4% over the year in May, against 5.1% for the nation. SC sales tax collections rose 4.8% through April of FY 2026.
- **FY 2027 is largely built in.** August was already 4.2% above the FY 2026 average, so modest growth from here yields 5.0%.
- **Prices are doing much of the work.** After inflation, sales are growing about 2%, and shoppers are trading down.
- **For the sales tax base,** fuel is outside it, so gasoline-driven strength overstates taxable sales.

Source: Census Bureau, Advance Monthly Retail Trade through August 2026 and Monthly State Retail Sales (experimental, not seasonally adjusted, excludes nonstore) through May 2026; SC RFA, May 19, 2026; BLS; Piedmont Crescent Capital.

STRATEGIC STRENGTHS

South Carolina's Strategic Strengths

Domestic migration	South Carolina drew 66,622 net domestic migrants in 2025, third most in the nation. International migration is only about a sixth of its growth, so the national immigration slowdown costs it less.
Relative affordability	A more affordable location in the South Atlantic: the median home value is about $306,000, against $335,000 in Georgia, $340,000 in North Carolina and $379,000 in Florida.
Manufacturing reputation	The nation's leader in vehicle and tire exports, the F-16 line in Greenville and Boeing in North Charleston. Companies that come here know the workforce can build.
Advanced materials	Toray's carbon fiber in Spartanburg, about 960 materials firms and Clemson's new Advanced Materials Innovation Complex tie research to production.
Talent and testing	Strong ties with Clemson, USC and the technical colleges; readySC trains plant workforces before opening. The ITIC test track at SCTAC and CU-ICAR give automakers a place to prove products.
Ports and logistics	The Port of Charleston and inland ports in Greer and Dillon link the I-85 and I-95 corridors to global markets.

Source: U.S. Census Bureau; SC DEW; NAR; Zillow (Aug. 2026); Experian (Mar. 2026); SC Commerce; Clemson; ITIC; readySC; Piedmont Crescent Capital.

POTENTIAL RISKS

The Risks We Are Watching

Tariffs and trade	BMW's export share has fallen from 70% to about half, Charleston's vehicle exports fell 8.8% last year, and Volvo cut jobs over parts tariffs.
Parent-company stress	VW, Scout's parent, cut its 2026 margin guidance to as little as 1%. AESC paused a $1.6 billion plant. Announced dollars are not invested dollars.
Rates and oil	A 10-year above 5%, mortgages near 7% and Brent above $100 slow housing, relocation and freight-heavy industries.
Farms and forests	Farm income has collapsed and timber prices are falling as mills close and recycled fiber gains share.
Labor supply	More residents over 64 than under 18 by 2030. Over a third of small firms already have openings they cannot fill.
Uneven growth and revisions	Rural counties are losing people and Sumter's jobs sit below 2019. The spring benchmark could trim this year's job gains.

Source: BMW Group; SC Ports; Volkswagen Group; SC Daily Gazette; U.S. Census Bureau; SC RFA; NFIB; BLS; Federal Reserve; Piedmont Crescent Capital.

The Next Two Years Compared With the Last One

United States (calendar year)	2025 actual	2026 estimate	2027 forecast
Real GDP growth	2.1%	2.3%	2.6%
Payroll growth, average per month	62,000	82,000	95,000
Unemployment rate	4.3%	4.2%	4.0%
CPI inflation	2.6%	3.3%	2.7%
Fed funds target, year-end	3.50%–3.75%	4.00%–4.25%	4.25%–4.50%
30-year mortgage rate	6.6%	6.8%	6.9%

South Carolina (fiscal year)	FY 2026 last year	FY 2027 next 12 mo.	FY 2028 next 24 mo.
Nonfarm employment	1.0%	1.4%	1.2%
Lead over U.S. job growth, pts.	0.7	0.9	0.5
Unemployment rate	4.7%	4.2%	4.2%
Personal income	4.8%	4.6%	4.4%
Wages and salaries	5.5%	4.8%	4.6%
Real personal income	1.7%	1.6%	1.8%

Bottom line. FY 2027 looks slightly better than FY 2026 for jobs and about the same for income. FY 2028 is a modest step down as the labor force ages and the lift from in-migration settles to a steadier pace.

Nationally, next year is a better growth year than this one, but with a higher cost of money. That combination favors the capital-intensive industries South Carolina has been recruiting and weighs on housing and the rate-sensitive consumer.

Source: Piedmont Crescent Capital U.S. Economic & Financial Outlook, September 23, 2026; BLS; BEA. U.S. figures are annual averages; the fed funds rate is the year-end range. FY 2026 SC income figures are estimates.

THE BOARD'S ASSUMPTIONS

Our Read on the Board's Employment and Income Assumptions

Assumption	Board (latest published)	Piedmont Crescent	Our read
SC employment growth, FY 2026	0.9%	1.0%; QCEW points higher	About right
SC employment growth, FY 2027	1.3%	1.4%	About right
SC employment growth, FY 2028	Being set	1.2%	
SC personal income growth, FY 2026	4.6%	4.8% estimate	About right
SC personal income growth, FY 2027	4.4%	4.6%	Slightly low
SC personal income growth, FY 2028	Being set	4.4%	

Why we lean slightly higher

- Preliminary QCEW data point to upward revisions to FY 2026 jobs.
- Higher inflation lifts nominal income and wages.
- In-migration keeps adding workers and consumers.

Where we could be wrong

- The spring benchmark revises away part of this year's job surge.
- Oil above $120 or more Fed tightening than we expect.
- Weaker demand from China and Europe hits the Upstate harder.

Source: SC Board of Economic Advisors, meeting minutes of May 19, 2026 (employment) and November 2025 long-range forecast (personal income); BLS; BEA; Piedmont Crescent Capital.

OUTLOOK

What This Means for South Carolina’s Budget Outlook

1

Plan around higher rates, not relief.

Markets price three more hikes and the 10-year is above 5%. That slows housing and rate-sensitive spending while lifting interest income.

2

Count the growth that is already here.

FY 2027 employment should land near the Board’s assumption and income a bit above it. FY 2028 is the year growth settles, as labor supply, not demand, sets the pace.

3

Underwrite operating capital, not announcements.

Build fiscal capacity around projects that are hiring, and watch the counties growth is passing by.

People follow affordability. Capital follows people. In South Carolina, both keep arriving.

THE FORECAST

Our U.S. Economic and Financial Outlook

As of September 23, 2026. Shaded cells are forecasts; the Q2-26 column is the latest actual.

		Annual				Actual		Quarterly Forecast					
Indicator	**Units**	**2024**	**2025**	**2026**	**2027**	**Q1-26**	**Q2-26**	**Q3-26**	**Q4-26**	**Q1-27**	**Q2-27**	**Q3-27**	**Q4-27**
				Forecast						*Forecast*			
Output													
Real GDP	*% q/q SAAR*	2.8	2.1	2.3	2.6	2.1	**1.5**	3.6	3.1	2.4	2.6	2.7	2.7
4th Qtr-to-4th Qtr Change, Yr/Yr Chg for Qtly Data	*% YoY*	*2.4*	*2.0*	*2.6*	*2.7*	*2.7*	***2.1***	*1.9*	*2.6*	*2.7*	*3.0*	*2.8*	*2.7*
Final Sales to Private Domestic Purchasers	*% q/q SAAR*	3.0	2.6	2.7	2.9	1.7	**4.2**	4.5	3.9	3.6	3.3	3.2	3.2
Consumer Spending	*% q/q SAAR*	2.9	2.6	2.3	2.0	0.5	**3.4**	2.3	2.0	2.1	2.0	2.0	1.9
Nonresidential Fixed Investment	*% q/q SAAR*	2.9	4.1	6.2	4.6	10.6	**8.5**	9.0	7.7	6.6	5.9	5.7	5.4
Residential Investment	*% q/q SAAR*	3.2	-2.2	-1.8	0.5	-7.8	**0.0**	-3.8	-1.3	-0.5	0.4	0.8	1.2
Industrial Production, Manufacturing	*% YoY*	-0.9	1.0	2.0	3.9	1.0	**1.6**	1.6	3.6	4.0	3.6	3.7	3.7
Light Vehicle Sales	*Mil. units, SAAR*	15.9	16.2	16.1	16.4	15.5	**16.4**	16.2	16.3	16.3	16.3	16.4	16.4
Labor Market													
Unemployment Rate	*%*	4.0	4.3	4.2	4.0	4.3	**4.3**	4.1	4.1	4.1	4.0	4.0	3.9
Nonfarm Payrolls	*Avg. mo. chg, thous.*	150	62	82	95.25	73	**81**	85	88	88	92	98	103
Employment Cost Index	*% YoY*	3.9	3.5	3.4	3.5	3.4	**3.4**	3.4	3.4	3.5	3.4	3.5	3.5
Housing Market													
Housing Starts	*Thous. units, SAAR*	1,370	1,356	1,354	1,370	1,418	**1,337**	1,320	1,340	1,350	1,370	1,380	1,380
New Home Sales	*Thous. units, SAAR*	684	679	636	665	622	**650**	630	640	650	660	670	680
Existing Home Sales	*Thous. units, SAAR*	4,060	4,060	4,076	4,188	4,043	**4,120**	4,040	4,100	4,150	4,180	4,200	4,220
Case-Shiller National Home Prices	*% YoY*	5.1	2.2	1.4	2.5	0.8	*1.2*	1.5	1.9	2.3	2.5	2.6	2.7
Inflation													
Consumer Price Index (CPI)	*% YoY*	3.0	2.6	3.3	2.7	2.7	**3.8**	3.4	3.2	3.0	2.3	2.6	2.6
Core CPI	*% YoY*	3.4	2.8	2.6	2.8	2.5	**2.7**	2.7	2.6	2.7	2.8	2.8	2.8
PCE Deflator	*% YoY*	2.6	2.6	3.3	2.8	3.1	**3.9**	3.2	3.0	2.9	2.5	2.7	2.7
Core PCE Deflator	*% YoY*	2.9	2.8	3.1	2.7	3.1	**3.4**	3.1	2.8	2.7	2.4	2.6	2.6
Interest Rates & Markets													
Fed Funds Target Range	*Avg / Range, % EOP*	5.14	4.21	3.63	4.06	3.5-3.75	**3.5-3.75**	3.75-4	4-4.25	4.25-4.5	4.25-4.5	4.25-4.5	4.25-4.5
2-Year Treasury	*% (period end)*	4.37	3.81	3.92	4.06	3.78	**4.13**	4.85	4.75	4.60	4.50	4.45	4.40
10-Year Treasury	*% (period end)*	4.21	4.29	4.74	4.89	4.35	**4.40**	5.10	5.10	5.00	4.90	4.85	4.80
30-Year Mortgage Rate	*% (period end)*	6.72	6.60	6.77	6.89	6.10	**6.49**	7.30	7.20	7.00	6.90	6.85	6.80
Brent Crude	*$/bbl, period avg*	79.91	68.32	92.05	84.50	78.00	**100.20**	98.00	92.00	90.00	88.00	82.00	78.00
Trade-Weighted Dollar Index	*period average*	122.9	122.7	119.1	119.9	119.0	**119.5**	119.3	118.8	119.1	119.6	120.3	120.6
Trade-Weighted Dollar Index	*% chg, period*	1.7	-0.1	-2.9	0.6	-1.4	**0.4**	-0.2	-0.4	0.2	0.4	0.5	0.2
Government, Trade & Inventories													
Government	*% q/q SAAR*	3.8	1.1	0.0	1.2	4.4	**-1.0**	2.4	1.8	1.5	1.3	1.1	1.1
Net Exports	*$ Bil., Chained 2017$,*	-1032.6	-1090.7	-1002.42	-1322.40	-1001.8	**-1083.7**	-1177.4	-1267.4	-1312.4	-1332.4	-1322.4	-1322.4
Net Exports (percentage point impact)	*Percentage points*	-0.48	0.39	-0.03	-0.22	-0.37	**-1.14**	-1.53	-1.46	-0.72	-0.32	0.16	0.00
Business Inventories	*$ Bil., Chained 2017$,*	43.5	28.5	-27.33	23.13	-16.7	**-53.1**	70.1	40.0	20.0	22.5	25.0	25.0
Inventories (percentage point impact)	*Percentage points*	-0.17	-0.21	-0.12	-0.06	0.23	**-0.72**	1.93	-0.41	-0.16	-0.12	0.04	0.00

Source: Piedmont Crescent Capital; BLS; BEA; Census Bureau; Federal Reserve; EIA. Annual figures are full-year averages or year-over-year changes; quarterly figures are SAAR or period averages as noted.

APPENDIX

Supporting Detail

National forces, the balance of risks, metro jobs, services and small business, income, inflation and the capital pipeline.

FROM NATIONAL TO LOCAL

Three National Forces, Three South Carolina Consequences

Growth keeps landing past the metro cores: Fort Mill, Greer, Summerville and the Grand Strand.

A capital-led expansion	Growth is being driven by capital-intensive projects: reshoring of critical industries, autos and batteries, aerospace, defense, pharmaceuticals, the power grid and data centers.	**South Carolina recruited $9.12 billion and 8,100 jobs in 2025. Rural counties drew 46% of the investment, the highest share since 2010.**
No rate relief	The Fed raised rates September 16 and we expect more. A 10-year Treasury above 5% keeps mortgage rates near 7%, holding metro housing out of reach for many buyers.	**The affordability migration continues. Households keep moving to the edges of Charlotte, Charleston and Greenville, and to the coast.**
Power and people are scarce	Data center and industrial load is outpacing grid additions, and the workforce is aging. The binding constraints are power, permits and people rather than capital.	**Communities that settle zoning, power and workforce first win the next project. The rest watch it land one county over.**

THE BALANCE OF RISKS

Oil and Rates Echo Troubled Times; Growth Is the Cause

Recession is not our base case. Risks to growth lean modestly to the downside; risks to inflation lean to the upside.

+0.8 pt	~2.3%	196,000	2.6%
REAL 10-YEAR YIELD SINCE FEBRUARY	INFLATION BREAKEVEN, UNCHANGED	INITIAL CLAIMS, WEEK OF SEPT. 13	U.S. GDP GROWTH WE EXPECT IN 2027

Upside

- **Capital spending runs longer.** Data centers, power and reshoring keep investment growth near 6%.
- **Energy prices ease faster.** A retreat toward $80 Brent frees household budgets and cools headline inflation.
- **Productivity keeps surprising.** AI adoption lifts output without adding to labor costs.
- **In-migration stays strong.** South Carolina keeps adding workers and consumers faster than projected.

Downside

- **Oil shock.** A wider conflict or a closed Red Sea pushes Brent above $120 and diesel higher.
- **Rates overshoot.** Three more hikes and a 10-year well above 5% would slow housing and capital projects.
- **Trade and China.** Retaliation and weak Chinese demand hit exporters, including the Upstate.
- **Consumer fatigue.** A low saving rate leaves little cushion if job growth slows.

Source: Federal Reserve Board (H.15, TIPS yields and breakevens via FRED, through September 21); U.S. Department of Labor; The Conference Board; Piedmont Crescent Capital.

JOBS

Where South Carolina’s Jobs Are Actually Growing

Metro	% Chg Since 2019	Latest (thous.)	12-Mo Job Change	As Of
Charleston-North Charleston	+16.2%	435.7	+4,000	Aug 2026
Myrtle Beach-Conway-N. Myrtle Beach	+13.8%	160.3	+4,100	Aug 2026
Greenville-Anderson-Greer	+12.1%	488.1	+7,500	Aug 2026
Charlotte-Concord-Gastonia (NC-SC)	+11.9%	1,402.8	+17,100	Jul 2026
Spartanburg	+9.3%	181.2	+3,600	Aug 2026
Columbia	+8.4%	437.6	+1,500	Aug 2026
Hilton Head Island-Bluffton-Port Royal	+7.3%	89.7	+200	Aug 2026
Augusta-Richmond County (GA-SC)	+4.5%	253.7	+100	Aug 2026
Florence	+3.5%	96.5	+500	Aug 2026
Sumter	-5.4%	37.5	-600	Aug 2026
South Carolina, statewide	**+10.7%**	**2,426.3**	**+38,600**	**Aug 2026**

Spartanburg (+2.0%) and Myrtle Beach (+2.6%) are growing fastest over the past year; Charleston leads since 2019.

SC metros are from the SC DEW August 2026 release (Sept. 18), seasonally adjusted. Charlotte and Augusta include N.C. and Ga. counties; Charlotte is July (BLS metro data for August post Sept. 30). 2019 annual average base. Source: SC DEW; BLS via FRED.

Population Growth Is Carrying the Service Sector

Industry	12-mo change	Our expectation
Leisure and hospitality	+10,300	Still growing; fuel prices are the risk to drive-in tourism
Education and health services	+7,900	Steady; an older, larger population keeps demand rising
Government	+5,900	Grows with population, more slowly than in FY 2026
Construction	+4,800	Permits up 17.7%; rates near 7% cap the upside
Retail trade	+3,200	Follows population; new households mean new stores
Financial activities	+1,300	BlueCross BlueShield, LPL Fort Mill; Charlotte spillover into York and Lancaster
Information	-2,300	Soft; data center jobs show up in construction, not here

Small business expectations

98.7

NFIB OPTIMISM, AUGUST (-1.1)

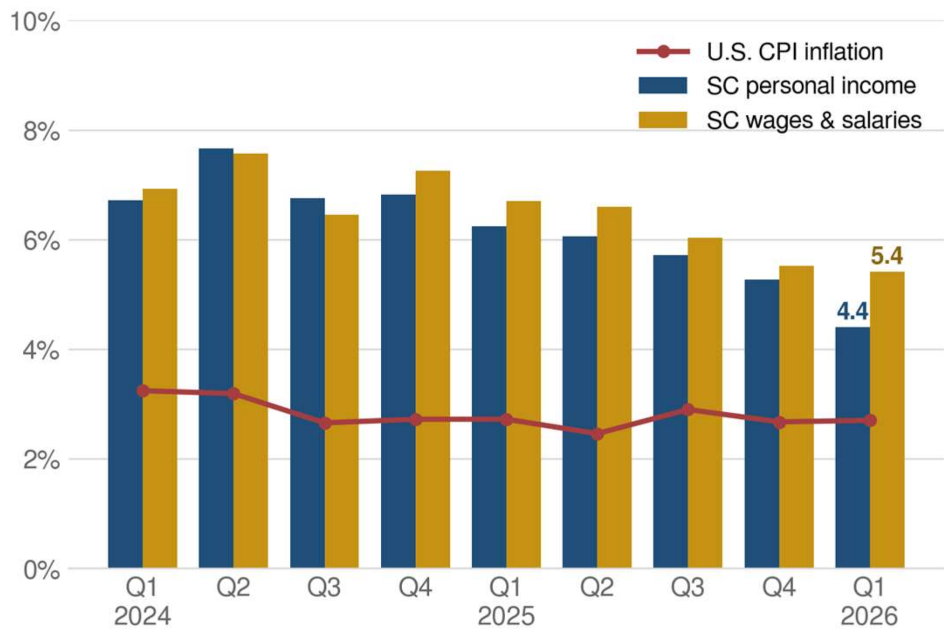
- **Hiring plans hold:** a net 17% plan to add jobs, and 35% have openings they cannot fill.
- **Sales are the soft spot:** a net 9% reported lower sales over the past three months.
- **Labor is still the top problem,** even as labor costs ease; uncertainty sits at 89 against a 68 average.
- **For South Carolina,** the labor shortage bites harder where in-migration is slowest.

Source: BLS via FRED and Federal Reserve Bank of Richmond, 12 months to August 2026, seasonally adjusted; Central SC Alliance; SC Commerce; NFIB, September 8, 2026.

PERSONAL INCOME

Income Growth Is Slowing to a More Sustainable Pace

SC Income and Wages vs. Inflation, Y/Y %



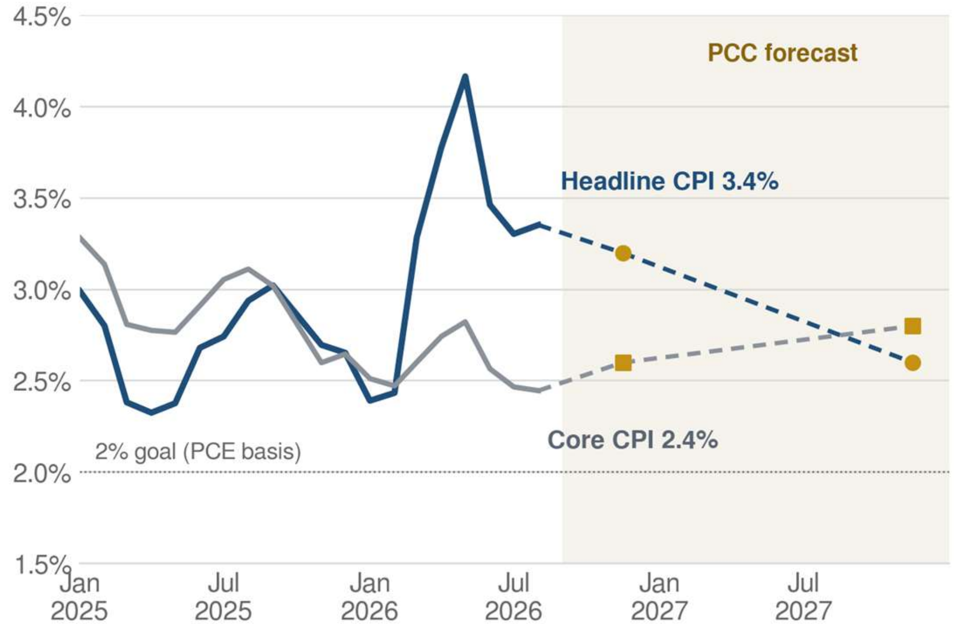
Where income and wages go from here

- **4.4% over the year in Q1 2026,** down from a 6% to 7% pace through 2024 and 2025. FY 2026 is tracking about 4.8%.
- **Wages and salaries are holding up better, up 5.4%.** We expect 4.8% in FY 2027 and 4.6% in FY 2028.
- **Pay per worker settles near 3.5%,** in line with the Employment Cost Index. Faster job growth adds the rest of the wage bill.
- **Higher rates lift interest and dividend income,** and transfers grow with an older population, one reason total income holds near 4.4% to 4.6%.
- **After inflation, income grows about 1.7%.** That is the slowdown households feel.

Source: BEA State Personal Income, seasonally adjusted, Q1 2026 is the latest quarter available; BLS CPI-U. Year-over-year change.

Inflation Stays Above 3% This Year and Eases in 2027

Consumer Price Index, Y/Y % Change



Rates and inflation expectations

- **Energy, not broad demand, drove the spring spike.** Headline CPI is 3.4% above a year ago; core is 2.4%.
- **Inflation:** CPI of 3.0% in FY 2027 and 2.6% in FY 2028. Core edges up to about 2.8% in 2027.
- **The funds rate:** we expect at least two more hikes; futures price three.
- **Long rates stay high.** We see the 10-year holding near 5% and mortgage rates near 7% well into 2027.
- **Consumers:** still spending, but trading down, with a lower saving rate leaving less cushion.

Source: BLS CPI-U, seasonally adjusted, through August 2026; Federal Reserve Board; Piedmont Crescent Capital forecast (Q4 averages, year over year).

CAPITAL

Generational Investments Are Landing in Smaller Communities

Announced dollars are not invested dollars. We count the announcements and underwrite the ones that are hiring.

Project	Location	Investment	Jobs	Status
Redwood Materials battery recycling	Ridgeville (Berkeley Co.)	$3.5B	1,500+	First phase recovering minerals since Dec. 2025
Scout Motors plant and supplier park	Blythewood (Richland Co.)	~$3.0B	4,000+	Under construction; production 2027
BMW South Carolina operations	Spartanburg / Woodruff	$1.7B	—	Plant Woodruff complete June 2026; iX5 due by year-end
AESC battery plant	Florence County	$1.6B	1,600	**Construction paused June 2025; $1B+ already spent**
Octapharma plasma plant	Rock Hill (York Co.)	$1.5B	—	Announced; critical-care products
Volvo XC60 line	Ridgeville (Berkeley Co.)	—	~1,400	Assembly begins late 2026; 3,910+ workers by end-2027

South Carolina recruited $9.12 billion of investment and more than 8,100 jobs across 82 projects in calendar 2025. Rural counties drew $4.25 billion, 46% of the total, the highest share since 2010. Commerce has not yet published a fiscal-year 2026 total.

The stumbles cluster in the EV supply chain; established manufacturers with committed product lines are the ones pouring concrete.

Verified as of September 2026. Source: company announcements; SC Department of Commerce; Scout Motors; BMW Group; SC Daily Gazette; SC Manufacturing Conference; Autoblog.

DISCLAIMER

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