



Economic Development History of Interstate 26 in South Carolina[1]

1 Interstate 26: The Roadway

1.1 Project Length/Location

Interstate 26 is an east-west highway, which connects South Carolina, North Carolina, and Tennessee. Cities on the route include Charleston, Columbia, and Spartanburg in South Carolina, Asheville, North Carolina, and Johnson City, Tennessee.

This report focuses on the 221 miles of I-26 in South Carolina. The highway crosses the entire state, from the Atlantic Ocean to the Appalachian Mountains. The eastern endpoint is in the port city of Charleston. The western terminus is at the North Carolina-South Carolina state line in Spartanburg County. Although I-26 is numbered as an east-west interstate highway, it is on a northwest-southeast orientation in South Carolina.



I-26 traverses ten counties in South Carolina, as shown on the map. According to the latest U.S. Office of Management and Budget designations, these counties are in four metropolitan areas (Charleston, Columbia, Greenville, Spartanburg) and two micropolitan areas (Orangeburg and Newberry).[2]

The eight metropolitan counties are shaded lightly on the map. Berkeley, Charleston, and Dorchester counties are in the Charleston-North Charleston metropolitan statistical area (MetSA). The Columbia MetSA includes Calhoun, Lexington, and Richland counties. Laurens County is a part of the Greenville MetSA. Spartanburg County is the sole jurisdiction in the Spartanburg MetSA.

1.2 Details of Construction

In January 1957, the South Carolina highway department awarded the first grading contract for I-126, for nine miles between the Broad River and Irmo. [3] The first long section of I-126, from Huger Street in Columbia to near Pomaria, opened on September 7, 1960. This section of I-126 would later provide a connection to I-26 west of Columbia. Construction of I-26 was rapidly progressing by 1960 and after the five-mile segment of I-26 between the North Carolina state line and SC 11 opened in Spartanburg County on November 1, 1964, the only incomplete sections were in Charleston County. By February 1969, the entire 221 miles were finished. A dedication ceremony was held in Charleston on March 10, 1969. I-26 was the second interstate highway completed in South Carolina; the last segment of the original I-85 opened in 1964. I-20 was completed in August 1975, followed by I-95 in February 1976, and I-77 in June 1995. Of the 46 counties in South Carolina, 28 of them are served by an Interstate.

Most sections of I-26 in South Carolina are four lanes wide. The South Carolina DOT widened some segments of

the highway to six lanes in the Columbia area in the early 1990s.

1.3 Reasons for Project Development

The corridor between Charleston and Columbia has long been important in South Carolina history. In the colonial era, one of the five main Indian paths in South Carolina was the Cherokee or Keowee Path (the lower portion was also known as Broad Path), which ran from Charleston to Columbia to Oconee County. Road building was delayed in South Carolina because coastal tidal streams and narrow Indian paths met most of the region's transportation needs.

As exports declined via the port of Charleston in the 1810s, the competing port of Savannah flourished. In response, the South Carolina legislature approved a study of the state's transportation needs in 1817. Steamboat communication between Charleston and Columbia began in the 1820s, followed by a toll road in 1829. In 1833, the South Carolina Railroad opened between Charleston and Hamburg, a town across the Savannah River from Augusta, Georgia. Then the world's longest passenger steam railroad line, it increased commerce through Charleston's port; a branch line to Columbia opened in 1842. South Carolina Route 2, the highway connecting Greenville, Columbia, and Charleston, was the state's "Main Street" in the 1920s and '30s. By the 1940s, SC 2 had been re-designated as U.S. 76, U.S. 176, and U.S. 178. Their replacement, Interstate 26, was constructed in the 1950s and '60s between Charleston, Columbia, Spartanburg, and the North Carolina state line.

1.4 Traffic Counts

Table 1 shows average daily traffic (ADT) at selected locations of I-26 from 1969 to 2003. On many segments, volumes increased five-fold over the 34-year period. In recent years, the heaviest traffic is near the I-20/I-26 junction in the Columbia area (137,000 vehicles) and near the I-26/I-526 junction in Charleston (133,500 vehicles). A smaller traffic peak occurs in Spartanburg (52,700 vehicles). The lowest traffic volume is immediately north of the I-26/I-385 junction in southern Spartanburg County (17,900 vehicles).

ADT declined at the eastern terminus of I-26 in early 1990s due to the opening of I-526, a loop highway that bypasses downtown Charleston. The traffic growth rate on I-26 south of I-20 in the Columbia area dropped in the 1990s because the new Southeastern Beltway (I-77) diverted volume growth from the I-26 corridor.

Table 1: Average Daily Traffic on I-26: 1969-2003

County	I-26 Segment		1969	1979	1989	2003	Compounded Average Annual Growth Rate		
	From	To					1969-79	1979-89	1989-2003
Spartanburg	N.C. State Line	SC 14	4,600	8,900	17,500	23,500	6.8%	7.0%	2.1%
Spartanburg	SC 85	U.S. 29	9,200	21,700	30,100	52,700	9.0%	3.3%	4.1%
Spartanburg	SC 49	I-385	3,500	7,300	13,800	17,900	7.6%	6.6%	1.9%
Lexington	S-36	I-20	20,200	59,000	85,300	137,000	11.3%	3.8%	3.4%
Richland	I-20	I-126	27,600	58,100	97,400	118,000	7.7%	5.3%	1.4%
Dorchester	U.S. 15	SC 453	4,300	8,600	18,700	26,800	7.2%	8.1%	2.6%
Charleston	S-13	I-526 Mark Clark	28,700	51,200	104,000	133,500	6.0%	7.3%	1.8%
Charleston	Romney	U.S. 17	35,000	NA	64,900	55,100	NA	NA	-1.2%

Source: South Carolina Department of Transportation

2 The I-26 Corridor: Low Country to Upstate

2.1 Physical Features of I-26 Corridor

I-26 traverses all major geological regions of South Carolina. It begins in Charleston, which has one of the best natural harbors on the Atlantic coast. Heading northwest from Charleston, the highway crosses the Atlantic Coastal Plain, a flat, swampy area that gradually undulates inland. The large plantations of indigo, rice, and cotton in the state's early history were located on the plain. A wildlife refuge is located near the I-26/I-95 junction in Four Holes Swamp, a black water stream system that feeds into the Edisto River. In the Columbia area, I-26 intersects with the fall line, the boundary between the Coastal Plain and the Piedmont Plateau. Falling water powered many of the state's early textile mills, which were concentrated in the Piedmont. Lake Murray, a 78-square mile reservoir created by a utility in 1930, is northwest of Columbia. The Piedmont is known for its wooded, rolling hills; I-26 passes through part of Sumter National Forest between Columbia and Spartanburg. Since mechanization of agriculture, acreage of cultivated land in the hilly Piedmont has declined significantly. North of Spartanburg, I-26 crosses the Blue Ridge Mountains into North Carolina.

Today, South Carolinians generally divide the state into three regions. The Coastal Plain is known as the "Low Country" or "Low country." The Columbia area is referred to as the "Midlands." The "Upstate" (once known as the "Up Country") is centered on Greenville and Spartanburg.

2.2 The I-26 Highway Network

I-26 begins at U.S. 17 near downtown Charleston. I-526 (Mark Clark Expressway) is a loop route in the Charleston area; it opened in stages in the late 1980s and early 1990s. After crossing Charleston, Berkeley, and Dorchester counties, I-26 intersects with I-95, the main north-south route on the Eastern Seaboard, in Orangeburg County. I-26 forms the western leg of the beltway around Columbia; it intersects with the south terminus of I-77 (Columbia to Cleveland) and with I-126 (spur into downtown Columbia) and I-20 (eastern South Carolina to western Texas via Atlanta and Dallas-Ft. Worth). The portion of I-77 between I-20 and I-26 is known locally as the "Southeastern Beltway." The I-77/Southeastern Beltway segment between I-26 and Bluff Road opened in August 1986; the final section of I-77 opened on June 15, 1995. Near Clinton in Laurens County, I-385 and I-26 meet at a "wye;" I-26 heads for Spartanburg and I-385 runs to Greenville.

In the Spartanburg area, Interstate 26 crosses Business Route 85 and I-85 (Atlanta to Petersburg, Va. via Charlotte and Greensboro, N.C.). Business 85 is the former I-85 route through Spartanburg; I-85 moved to a new alignment north of the city in August 1995.^[4] Northwest of Spartanburg, I-26 exits into North Carolina towards I-40 (in Asheville, N.C.) and I-81 (in Johnson City-Kingsport, Tenn.). The section of I-26 between North Carolina and Tennessee opened in 2003. Planning is underway for a new I-26 connector north of I-40 in the Asheville area.

As the only interstate highway to South Carolina's Atlantic coast, I-26 is a vital hurricane evacuation route. After a major traffic jam related to Hurricane Floyd in 1999, the state government revised the I-26 evacuation plan. In a hurricane emergency, eastbound lanes will be turned over to westbound traffic from Charleston to Columbia and the number of exits available from the reversed lanes will be increased.

"Federal legislation had, at one time, implied a possible linkage of I-26 with future I-73/74 at Charleston. This legislation has since been modified with the southern terminus of future I-73/74 being placed in the Myrtle Beach/Georgetown area. Opposition exists to modification of the legislation to extend future I-73/74 to Charleston .^[5]

2.3 Interstate 26 Communities

Charleston area: Charleston is one of the nation's leading container ports. Container traffic through Charleston increased seven-fold between 1980 and 2003, from 239,000 TEUs (twenty-foot equivalent units) to 1.69 million TEUs. Container traffic through all U.S. ports increased four-fold over the same interval. Charleston's 2003 container throughput was comparable to Hampton Roads and Savannah. Water transportation has attracted heavy industry to Charleston. Mead Westvaco has operated a paper mill beside the Cooper River since 1936. In 1970, Bayer AG (now Lanxess Corporation) opened the Bushy Park industrial complex near Goose Creek; it is now the

site of chemical plants operated by AGFA, Sun Chemical, and other companies. Since the late 1990s, Nucor Steel has operated a mill near Cainhoy that now produces three million tons per year; much of its feedstock (scrap metal) is received by ship and barge.

One rationale for the construction of I-26 was to serve military bases in Charleston. The 437th Airlift Wing operates from Charleston Air Force Base. The Naval Weapons Station Charleston includes a Space and Naval Warfare (SPAWAR) Systems Center that produces advanced technology products for military and civilian applications. At least 15,000 civilian and military jobs were lost when operations ceased at the Charleston Navy Base and Shipyard on April 1, 1996. The closure caused near-term economic dislocation but opened land for port expansion (a proposed three-berth, 288-acre container terminal) and other uses.

Tourism is a vital part of the regional economy; the historic downtown is a big draw. Nearly 4.6 million visitors generated a total economic impact of \$5.1 billion in 2003.^[6] The industry has experienced explosive growth since the late 1970s. I-26 is important to Charleston's tourism industry because most visitors arrive from its major market (the Northeast and Ohio) by private automobile; other tourist destinations, such as San Francisco and New Orleans, have higher percentages of travelers who arrive by air.

As a consequence of zoning and historic preservation ordinances, downtown Charleston lacks the tall office buildings that characterize the central business districts of most American cities that anchor metropolitan areas. This development is likely scattered throughout the city or located in suburban office parks.

The Medical University of South Carolina in Charleston has generated off-campus jobs in health care businesses. Agriculture is also important to the Charleston County economy; it ranked 29th for tomato production and 74th for cucumber output among U.S. counties in 1997.

Most of the new development in the Charleston area occurs on the I-26 corridor in Berkeley and Dorchester counties, especially in the vicinity of Summerville.

Orangeburg: The largest city between the Charleston and Columbia areas is Orangeburg (2000 population: 12,765). The county has a double-digit unemployment rate; it lost more than 1,000 jobs in the late 1990s when several local plants closed. Orangeburg is one of the state's most significant farming counties. It ranked 99th among U.S. counties for cotton harvested in 1997 and 13th in South Carolina for delivered value of timber in 2001.

Columbia area: Columbia (2000 population: 116,000) is the state capital. Government was the top employment sector in Richland County until 1997, when the service sector surpassed it. Lexington County contains part of suburban Columbia along with many farms; it was South Carolina's top agricultural county in 2002 in terms of value of products sold. Lexington ranked 42nd nationally in broilers and other meat-type chickens sold and 58th in peach production in 1997. The I-26 corridor northwest of Columbia has experienced rapid growth in the past 15 years, especially in the vicinity of the Harbison interchange (Exit 103). Northeast Columbia has also grown, spurred by the construction of the Southeastern Beltway (I-77) in the 1980s and '90s.

Newberry & Clinton: Newberry and Laurens are rural counties. Forestry is an important industry. In terms of delivered value of timber in 2001, Newberry and Laurens respectively ranked second (\$40.2 million) and twelfth (\$22.0 million) among South Carolina counties.^[7] Newberry County has several saw and chip mills, two poultry processing plants, and a large egg farm. Presbyterian College is in Clinton (population: 8,091), the seat of Laurens County. CMI Industries closed its large textile mill in Clinton in 2001.

Spartanburg area: Spartanburg (population: 39,673) and Greenville (population: 56,002) are the anchors of the Upstate region. The first railroad between Charlotte, N.C. and Atlanta passed through the cities in the mid-1870s, spurring industrial growth. The Spartanburg-Greenville area was the industrial hub of South Carolina in the textile mill era of the 20th century and continues to be the state's manufacturing center today. Spartanburg County produced \$3.2 billion in value-added-by-manufacture in 1997, ranking second in the state to Greenville County (\$4.6 billion). BMW opened an automobile assembly plant beside I-85 in western Spartanburg County in 1994; about 50 percent of production is exported, mostly through the Ports of Charleston, South Carolina and Brunswick, Georgia. Numerous primary and secondary suppliers have located within a 60-mile radius of the Greer BMW plant. Spartanburg is also an agricultural county; it ranked 23rd in the nation in peach production in 1997.

Greenville became a model for successful military base re-use. After Donaldson Air Force Base closed in 1963,

much of its territory was converted into a 2600-acre industrial park.

Spartanburg and Greenville are linked by I-85. I-26 runs west of downtown Spartanburg.

3. Socioeconomic Trends in the I-26 Corridor

3.1 Population

Table 2 shows that the population of the I-26 corridor increased more rapidly than the state and nation in the decade after the highway was completed in 1969. During the 1970s, I-26 induced population growth in suburban Charleston (Berkeley and Dorchester counties) and Columbia (Lexington County). Corridor population also grew more rapidly than South Carolina as a whole and the nation from 1979 to 1989, but the corridor growth rate was slightly lower than the state rate from 1989 to 2002. In the 1990s, Newberry County finally recovered to its 1920s population level; the boll weevil and changing agricultural practices devastated its cotton industry, causing its population to decline through most of the 20th century.

The populations of the two non-metro/rural counties grew more slowly than non-metro South Carolina and non-metro U.S. in all time periods with two exceptions: Orangeburg's growth rate was larger from 1969 to 1979 than the non-metro state and national rates and Newberry's population expanded faster than the non-metro U.S. from 1989 to 2002.

Many of the I-26 counties have large Black populations; Orangeburg has a Black majority. The highest percentage of Hispanics (4.2 percent in 2000) is in Newberry County, where many work in the poultry processing industry.

Table 2: Population: 1969-2002

Counties	1969	1979	1989	2002	Compounded Average Annual Growth Rate		
					1969-79	1979-89	1989-2002
Spartanburg	171,467	199,543	224,609	259,029	1.5%	1.2%	1.1%
Laurens	49,590	51,593	57,430	70,065	0.4%	1.1%	1.5%
Newberry*	28,894	31,078	33,216	36,771	0.7%	0.7%	0.8%
Lexington	84,983	137,574	164,595	222,629	4.9%	1.8%	2.4%
Richland	228,855	267,657	284,032	328,471	1.6%	0.6%	1.1%
Calhoun	10,198	12,005	12,633	15,213	1.6%	0.5%	1.4%
Orangeburg*	69,786	81,410	84,814	91,315	1.6%	0.4%	0.6%
Dorchester	31,394	55,474	81,230	101,158	5.9%	3.9%	1.7%
Berkeley	54,689	91,022	126,856	145,030	5.2%	3.4%	1.0%
Charleston	247,753	278,662	294,737	316,611	1.2%	0.6%	0.6%
SC I-26 Corridor	977,609	1,206,018	1,364,152	1,586,292	2.1%	1.2%	1.2%
South Carolina	2,570,000	3,086,885	3,456,777	4,103,770	1.8%	1.1%	1.3%
United States	201,298,000	224,568,579	246,819,222	287,973,924	1.1%	0.9%	1.2%
Non-Metro SC*	741,954	815,739	910,632	1,026,144	1.0%	1.1%	0.9%

Non-Metro U.S.	38,926,788	42,215,543	45,264,908	49,182,854	0.8%	0.7%	0.6%
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* Indicates counties that are classified as non-metropolitan by the U.S. Office of Management and Budget in 2004.

Source: Bureau of Economic Analysis

3.2 Employment

As seen in Table 3, total full-time and part-time employment grew faster in the I-26 corridor than in the state and nation in all time periods since the highway's completion. In most counties, employment grew most rapidly in the decade after I-26 was finished. The fastest growth was registered in suburban Charleston (Berkeley and Dorchester counties) and suburban Columbia (Lexington County) from 1969 to 1979.

Among the non-metropolitan/rural counties, employment grew more slowly in Newberry than in non-metro South Carolina and the non-metro U.S. in all time periods except 1969 to 1979. Orangeburg County employment grew faster than non-metro South Carolina and non-metro U.S. in 1979 to 1989 only.

Table 3: Full-Time and Part-Time Employment: 1969-2000

County	1969	1979	1989	2000	Compounded Average Annual Growth		
					1969-79	1979-89	1989-2000
Spartanburg	80,936	105,655	128,186	148,745	2.7%	2.0%	1.4%
Laurens	21,059	23,526	25,143	26,848	1.1%	0.7%	0.6%
Newberry*	12,551	14,654	14,843	16,646	1.6%	0.1%	1.0%
Lexington	27,796	51,493	73,783	112,065	6.4%	3.7%	3.9%
Richland	133,750	173,314	222,485	264,889	2.6%	2.5%	1.6%
Calhoun	4,276	6,075	5,237	6,704	3.6%	-1.5%	2.3%
Orangeburg*	30,927	34,118	39,109	44,885	1.0%	1.4%	1.3%
Dorchester	8,253	15,938	25,599	34,095	6.8%	4.9%	2.6%
Berkeley	11,621	23,398	33,578	45,919	7.2%	3.7%	2.9%
Charleston	127,972	165,431	218,315	245,655	2.6%	2.8%	1.1%
SC I-26 Corridor	276,092	368,642	464,440	569,193	2.9%	2.3%	1.9%
South Carolina	1,170,440	1,509,608	1,870,749	2,291,238	2.6%	2.2%	1.9%
United States	91,057,200	113,289,100	137,199,800	166,758,800	2.2%	1.9%	1.8%
Non-Metro SC*	323,256	368,905	410,742	486,696	1.3%	1.1%	1.6%
Non-Metro U.S.	15,994,931	19,452,971	21,301,120	25,495,489	2.0%	0.9%	1.6%

* Indicates counties that are classified as non-metropolitan by the U.S. Office of Management and Budget in 2004.

Source: Bureau of Economic Analysis

3.3 Personal Income

Real per capita personal income is higher in the I-26 corridor than in South Carolina as a whole, but below the United States. However, only Lexington, Richland, and Charleston counties exceeded the statewide level in 2002. Per capita personal income increased more rapidly in the corridor than in the nation in all time periods between 1969 and 2002. As a result, per capita income in the wealthiest corridor county, Charleston, is now approaching the national level. Per capita income grew faster in Newberry and Orangeburg counties than in non-metropolitan South Carolina during the first decade after the highway's completion (1969-79), but lagged thereafter.

Table 4: Real Per Capita Personal Income: 1969-2002

Counties	1969	1979	1989	2002	Compounded Average Annual Growth		
					1969-79	1979-89	1989-2002
Spartanburg	\$ 11,756	\$ 15,716	\$ 19,739	\$ 24,347	2.9%	2.3%	1.6%
Laurens	\$ 11,083	\$ 14,909	\$ 17,735	\$ 20,778	3.0%	1.8%	1.2%
Newberry*	\$ 10,802	\$ 15,651	\$ 17,172	\$ 20,688	3.8%	0.9%	1.4%
Lexington	\$ 13,281	\$ 16,530	\$ 23,039	\$ 28,020	2.2%	3.4%	1.5%
Richland	\$ 12,675	\$ 16,492	\$ 22,030	\$ 27,379	2.7%	2.9%	1.7%
Calhoun	\$ 9,741	\$ 14,397	\$ 17,815	\$ 22,849	4.0%	2.2%	1.9%
Orangeburg*	\$ 9,075	\$ 12,542	\$ 16,185	\$ 20,708	3.3%	2.6%	1.9%
Dorchester	\$ 11,289	\$ 15,844	\$ 19,325	\$ 22,367	3.4%	2.0%	1.1%
Berkeley	\$ 9,693	\$ 13,829	\$ 16,990	\$ 21,488	3.6%	2.1%	1.8%
Charleston	\$ 12,338	\$ 15,863	\$ 20,641	\$ 29,354	2.5%	2.7%	2.7%
SC I-26 Corridor	\$ 11,846	\$ 15,615	\$ 20,143	\$ 25,636	2.8%	2.6%	1.9%
South Carolina	\$ 11,138	\$ 14,854	\$ 19,311	\$ 24,657	2.9%	2.7%	1.9%
United States	\$ 15,189	\$ 19,435	\$ 24,060	\$ 29,881	2.5%	2.2%	1.7%
Non-Metro SC*	\$ 13,015	\$ 15,408	\$ 22,139	\$ 28,823	1.7%	3.7%	2.1%
Non-Metro U.S.	\$ 11,566	\$ 14,312	\$ 18,144	\$ 22,587	2.2%	2.4%	1.7%

* Indicates counties that are classified as non-metropolitan by the U.S. Office of Management and Budget in 2004.

Source: Bureau of Economic Analysis (adjusted with National Implicit Price Deflators for Personal Consumption Expenditures)

3.4 Industry Mix

Table 5 shows the farm and non-farm employment by industry in the I-26 corridor (sum of the ten I-26 counties) in selected years from 1969 to 2000. The growth rate for total non-farm employment was highest in the decade after the highway's completion, but decreased in the 1980s and '90s. The decline of manufacturing employment in the 1990s is due in part to closure of textile mills. Farm employment decreased precipitously during the 1980s.

Table 5: Farm and Non-Farm Employment by Industry in the I-26 Corridor: 1969-2000

Industry Sector	1969	1979	1989	2000	Compounded Average Annual Growth		

					1969-79	1979-89	1989-2000
Ag. Services/Forestry/Fishing	NA	NA	NA	NA	NA	NA	NA
Mining	NA	NA	NA	NA	NA	NA	NA
Construction	27,714	38,251	47,319	60,049	3.3%	2.2%	2.2%
Manufacturing	95,615	115,145	117,972	110,586	1.9%	0.2%	-0.6%
Transportation/Public Utilities	18,606	25,793	31,670	44,125	3.3%	2.1%	3.1%
Wholesale Trade	NA	NA	30,989	39,801	NA	NA	2.3%
Retail Trade	51,736	85,867	131,242	163,638	5.2%	4.3%	2.0%
Finance/Insurance/Real Estate	21,541	37,687	52,149	NA	5.8%	3.3%	NA
Services	74,860	101,561	165,904	256,283	3.1%	5.0%	4.0%
Government/Gov't Enterprises	134,562	165,634	193,009	188,789	2.1%	1.5%	-0.2%
Total Nonfarm Employment	442,896	599,029	776,622	937,859	3.1%	2.6%	1.7%
Farm Employment	16,245	14,573	9,656	8,592	-1.1%	-4.0%	-1.1%
Farm As % of Total Farm & Nonfarm Employment	3.5%	2.4%	1.2%	0.9%	NA	NA	NA

Source: Bureau of Economic Analysis

Table 6 compares the corridor, state, and national industry mix derived from total nonfarm employment since I-26 was completed. Whereas the employment share of corridor employment in Retail Trade lagged the nation in 1969, by 2000 the corridor had a larger share of employment in this sector than the U.S. Manufacturing accounted for a much smaller share of corridor employment in 1969 in comparison with South Carolina as a whole; by 2000, the differential had drastically shrunk. Employment in the I-26 corridor is less Services-intensive than in the nation.

The strengths of industry sectors vary within the corridor. Manufacturing is most important in Spartanburg County, where it was responsible for 25.3 percent of nonfarm employment (compared to 11.8 in the I-26 corridor as a whole); this was down considerably from 42.9 percent in 1969.

Table 6: Industry Sectors As Percent of Total Nonfarm Employment: 1969-2000

Industry Sector	1969			1979			2000		
	Corridor	S.C.	U.S.	Corridor	S.C.	U.S.	Corridor	S.C.	U.S.
Ag Services/Forestry/Fishing	NA	0.5%	0.6%	NA	0.7%	0.8%	NA	1.1%	1.3%
Mining	NA	0.2%	0.8%	NA	0.1%	1.1%	NA	0.1%	0.5%
Construction	6.3%	5.7%	5.1%	6.4%	6.3%	5.4%	6.4%	6.8%	5.8%
Manufacturing	21.6%	31.6%	23.6%	19.2%	27.9%	19.6%	11.8%	15.6%	11.7%
Transportation/Public Utilities	4.2%	3.5%	5.5%	4.3%	4.0%	5.1%	4.7%	4.8%	5.0%
Wholesale Trade	NA	3.0%	4.7%	NA	3.8%	5.2%	4.2%	3.8%	4.6%
Retail Trade	11.7%	11.8%	15.4%	14.3%	14.6%	16.2%	17.4%	18.2%	16.6%
Finance/Insurance/Real Estate	4.9%	4.0%	6.8%	6.3%	5.1%	7.8%	NA	6.2%	8.1%

Services	16.9%	17.4%	19.2%	17.0%	16.4%	22.0%	27.3%	26.4%	32.4%
Government/Gov't Enterprises	30.4%	22.4%	18.2%	27.7%	21.0%	16.8%	20.1%	17.0%	14.0%
Total Nonfarm Employment	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Bureau of Economic Analysis

3.5 Business Establishments

The numbers of business establishments in each I-26 corridor county, South Carolina, and the U.S. are presented in Table 7. The Census Bureau defines an "establishment" as "a single physical location at which business is conducted or services or industrial operations are performed." It is not necessarily identical with a company or enterprise, which may consist of one or more establishments. Before 1974, the Census Bureau used "reporting units" as the unit of measurement. The definition of "establishment" has changed since it was first adopted in 1974, most significantly in 1983. Although reporting unit and establishment data are not directly comparable from year-to-year, they can be used to compare relative levels of economic activity in various communities because the definitional changes were uniformly implemented nationwide.

The index section of Table 7 shows that South Carolina's I-26 corridor has gained reporting units/business establishments at a faster rate than both South Carolina and the U.S. since the highway was completed in 1969. By this measure, suburban counties such as Berkeley, Dorchester, and Lexington gained establishments at the fastest rate in the corridor; the more rural counties such as Laurens, Newberry, and Orangeburg exhibited the slowest growth.

Table 7 Business Establishments: 1956-2001

Counties	Reporting Units*		Establishments*			Index (1969=100.0)				
	1956	1969	1979	1989	2001	1956	1969	1979	1989	2001
Spartanburg	1,978	2,633	3,690	5,353	6,266	75.1	100.0	140.1	203.3	238.0
Laurens	481	579	678	814	889	83.1	100.0	117.1	140.6	153.5
Newberry**	483	465	545	622	725	103.9	100.0	117.2	133.8	155.9
Lexington	743	1,231	2,240	3,553	4,952	60.4	100.0	182.0	288.6	402.3
Richland	3,070	3,957	5,516	7,788	9,265	77.6	100.0	139.4	196.8	234.1
Calhoun	115	109	135	170	198	105.5	100.0	123.9	156.0	181.7
Orangeburg**	847	1,073	1,356	1,698	1,929	78.9	100.0	126.4	158.2	179.8
Dorchester	274	417	732	1,368	1,820	65.7	100.0	175.5	328.1	436.5
Berkeley	208	378	657	1,279	1,858	55.0	100.0	173.8	338.4	491.5
Charleston	2,915	3,759	5,644	8,486	10,520	77.5	100.0	150.1	225.8	279.9
SC I-26 Corridor	11,114	14,601	21,193	31,131	38,422	76.1	100.0	145.1	213.2	263.1
South Carolina	30,422	39,757	54,303	78,093	97,030	76.5	100.0	136.6	196.4	244.1
United States	3,129,148	3,503,453	4,535,653	6,107,413	7,095,302	89.3	100.0	129.5	174.3	202.5

*Data are not comparable across all years because of definitional changes. In 1974, the Census Bureau changed from a "reporting unit" concept to establishment-based data. The definition of "active" establishments changed in 1983.

** Indicates counties that are classified as non-metropolitan by the U.S. Office of Management and Budget in 2004.

Source: Bureau of the Census, *County Business Patterns*.

3.6 Property Value Changes

Median home values are a measure of property values. Table 8 compares median values of owner-occupied no condominium housing units in the I-26 counties, South Carolina, and the U.S. from 1980 to 2000. Home values in all I-26 counties were below the national median values in all years except for Charleston in 2000. Charleston County homes exceeded the South Carolina and U.S. appreciation rates in the both the 1980s and '90s. Homes in Spartanburg, Laurens, Newberry, and Calhoun counties also exceeded the state and national appreciation rates during the 1990s, but several of these counties appreciated from low base values.

Table 8 Median Value of Specified Owner-Occupied No condominium Housing Units: 1980-2000

Location	1980	1990	2000	Compounded Average Annual Growth Rate	
				1980-90	1990-2000
Spartanburg	\$ 32,200	\$ 54,200	\$ 91,100	5.3%	5.3%
Laurens	\$ 27,100	\$ 44,700	\$ 74,800	5.1%	5.3%
Newberry*	\$ 27,700	\$ 49,200	\$ 78,000	5.9%	4.7%
Lexington	\$ 44,000	\$ 74,900	\$ 106,300	5.5%	3.6%
Richland	\$ 43,100	\$ 71,200	\$ 98,700	5.1%	3.3%
Calhoun	\$ 28,600	\$ 45,000	\$ 72,500	4.6%	4.9%
Orangeburg*	\$ 29,400	\$ 50,500	\$ 72,600	5.6%	3.7%
Dorchester	\$ 45,600	\$ 73,600	\$ 104,600	4.9%	3.6%
Berkeley	\$ 41,900	\$ 68,500	\$ 91,300	5.0%	2.9%
Charleston	\$ 41,300	\$ 73,800	\$ 130,200	6.0%	5.8%
South Carolina	\$ 35,100	\$ 61,100	\$ 94,900	5.7%	4.5%
United States	\$ 47,300	\$ 79,100	\$ 119,600	5.3%	4.2%

Data for jurisdictions that exceeded the national median are in **bold** typeface.

* Indicates counties that are classified as non-metropolitan by the U.S. Office of Management and Budget in 2004.

Source: Bureau of the Census

4. I-26: Economic Development Trends

4.1 Charleston Area: Seaport & Westward Growth

The economic development manager for Charleston County refers to I-26 as the region's "jugular vein."^[8] The Charleston area is located on an interstate cul-de-sac or "dead end." I-95, the next-closest long-distance interstate, is nearly 50 miles away. (U.S. 17 also provides four-lane highway access to the region.)

The Port of Charleston is a major force driving the Charleston economy. Economic development agencies throughout the state tout the port as a reason to locate factories and distribution centers in their communities. Residential and tourism-related land uses are competing with port and industrial uses near downtown Charleston. In other urbanized areas, residents object to port expansion. Consequently, port cargo-processing activities are being displaced to inland locations. The Port of Charleston both contributes to and suffers from congestion on local highways. Since rail facilities are less developed in Charleston than in competing ports, a higher percentage of cargo is moved on highways.

The Port of Charleston's closest competitor is the Port of Savannah. Charleston tends to focus on trade with Europe; Savannah is oriented toward East Asia. Savannah is located much closer to I-95 than Charleston, but its local labor market is tighter and land prices have rapidly increased. Jacksonville is a much smaller container port than Charleston and it heavily dependent upon trade with Puerto Rico. Norfolk/Hampton Roads and Baltimore are considered to be in a different maritime market than Charleston.

Two proposed I-26 projects are directly related to economic development. A direct connector between a container terminal and I-26 may be built to keep trucks off of local roads. I-26 may be realigned in the Neck area north of downtown to facilitate redevelopment of adjacent parcels.

I-26 is behind the building boom that has occurred in the past thirty years in Berkeley and Dorchester counties northwest of downtown Charleston. Arterials that intersect with I-26 have been upgraded in the past decade, spurring development. Growth has been especially strong in Summerville, near the I-26/U.S. 78 interchange, which was renovated in recent years. The Piggly Wiggly Carolina grocery store chain opened a 650,000 square foot distribution center at Exit 194 in Summerville/Jedburg in 1999. The adjacent Jedburg Commerce Center, a 210-acre industrial park with as much as 2 million square feet of new industrial space, is under development. In the early 2000s, a site in Summerville was a finalist for a Daimler Chrysler van assembly plant. In 2002, Daimler Chrysler announced that the facility would be constructed in Pooler, Georgia at the I-16/I-95 junction, but that plan was cancelled in 2003.

In 2004, debate raged in western Berkeley County over the zoning of land along I-26 between the Cypress Campground Road crossing and SC 27 (Exit 187). Owners want to re-zone miles of now-rural highway frontage to permit industrial development; opponents argue that existing industrial parks should be filled first and express fear that industrial zoning would eventually cause the I-26 corridor to resemble the heavily-developed I-385 in the Upstate.^[9] The potential for development at Exit 187 and its associated property tax revenue has re-kindled a long-standing boundary dispute between Berkeley and Dorchester counties.^[10]

The Charleston economic development manager observed that South Carolina has re-formulated its economic development strategy in the past decade, shifting from the "branch plant" model to the "value" model. In the past, the state "chased smokestacks" by attracting industry based on low taxes, cheap land and power, and management-favored labor policies. International trade agreements and related "off-shoring" of manufacturing have undermined South Carolina's campaign to attract and retain branch plants. Now the state promotes the "value" contributed by its skilled and productive workforce.

4.2 Orangeburg County: Undeveloped Crossroads of I-26 & I-95

The I-26/I-95 interchange is perhaps the most under-developed junction of primary interstate highways in the eastern United States. Development of sites adjacent to the junction is constrained by the lack of utility service and freeway access. The Orangeburg County Development Commission (OCDC) is targeting the triangle formed by I-26, I-95, and U.S. 301 as a locus for intensive future development.^[11]

The local congressman has advocated that an intermodal center or inland port be constructed near the I-26/I-95 junction.^[12] Containers to and from the Port of Charleston would be processed there, instead of in the Charleston area where real estate costs are higher. If the inland port were built, then retail distribution centers would likely

locate in the vicinity. The \$300 per container drayage cost from Charleston seems a hindrance for the inland port, but backers argue that shippers would have small or no net expenses because most already traverse I-26 to and from the port. Orangeburg's proximity to the port inspired an importer of garden/patio furniture to locate a distribution center in a former textile mill in Rowesville along U.S. 21 in 2003.

Another freight transportation economic opportunity for Orangeburg may lay with outbound truck traffic from Florida. Since Florida has a tremendous imbalance between consumption and production, many empty trucks pass northward and westward through Orangeburg County. Distribution centers may be lured to the I-26/I-95 junction to take advantage of low "backhaul" truck rates.

Extension of infrastructure to the I-26/I-95 is feasible only if a major project such as an "inland port" or large retail distribution center locates there, according to the OCDC director. Once the infrastructure is in place, developers would more likely construct speculative buildings there, including 1 million square foot structures. Smaller commercial buildings would follow.

As the proposed site for an auto assembly plant in Summerville succumbs to residential and commercial development, Orangeburg is positioning itself as an alternative location. It is touting a 1400-acre site on the north side of I-26 between SC 33 and U.S. 301.

The OCDC executive director says that I-26 ought to be widened to six lanes in Orangeburg County to ease congestion, facilitate corridor development, and to more efficiently evacuate the coast during hurricane emergencies. I-26 serves as the de facto extension of I-77 from its southern terminus in Columbia to I-95. He says that traffic volume of I-26 through Orangeburg County increased significantly after I-77 was constructed.

Lack of water and sewer service has restricted highway-side development elsewhere in Orangeburg County. Installation of this infrastructure appears to be the catalyst which draws businesses to the county's freeway interchanges. Until the late 1990s, the only two interstate interchanges that had significant development, I-26/U.S. 601 (Exit 145) and I-95/Santee (Exit 98), were also the only ones linked to the water and sewer grid. Water and sewer lines have since been laid to the I-26/SC 33 (Exit 149) and I-26/U.S. 301 (Exit 154B) interchanges. In 2005, wastewater infrastructure will be installed at I-26/SC 36 (Exit 159). The Orangeburg Industrial Park has attracted four companies to its site at the I-26/U.S. 301 interchange since it opened in 1999.

Sites along I-26 are more developable than along I-95 because I-26 is on higher ground through most of the county. The OCDC director says that the opening of I-95 had a detrimental effect on the U.S. 301 corridor in Orangeburg County, where the "carcasses" of bypassed hotels, restaurants, and service stations remain.

In the 1980s, the Food Lion grocery store chain opened a 1.1 million square foot-distribution center in Ellore, several miles from I-26 and I-95 in Orangeburg County. Construction began nearby in 2001 on Blackwater, a 650-acre golf and waterfront community on the shore of Lake Marion; it advertises its proximity to I-95.

4.3 Columbia Area: New Beltway & Expanding Commutershed

The I-26 corridor northwest of Columbia has grown rapidly since the highway's completion. Irmo and its vicinity have experienced large population growth, driven in part by the reputation of the public school system. The I-26/Harbison Boulevard interchange has evolved into one of the region's major retail centers. Columbiana Centre, one of four shopping malls now operating in the Columbia area, opened there in 1990. The town of Harbison was once part of the U.S. Department of Housing & Urban Development's "new town" program. The population of Chapin, located about 20 miles northwest of downtown Columbia along I-26, doubled during the 1990s to 628.

The vicinity of Columbia Metropolitan Airport is also growing. A new expressway is under construction between I-26 and the airport. In 1996, the United Parcel Service opened its Southeast air hub at the airport; it is one of the company's six hubs nationwide. In the mid-1990s, a major postal sorting facility was constructed in Cayce at the I-26/I-77 junction.

I-77, the Southeastern Beltway, was completed in June 1995, causing Columbia-area developers to shift their attention to that corridor. In the mid-1990s, much new construction occurred in northeast Columbia near the new sections of I-77. New stores opened along Forest Drive near the highway, including the first Wal-Mart supercenter in the state (198,000 square feet).

4.4 Laurens County: Tale of Two Highways (I-26 vs. I-385)

The I-26/I-385 "wye" is located in Laurens County, which bills itself as the "Gateway to the Upstate." A cluster of highway service business (hotels, fast foods) is located at Exit 52, the first interchange east of the "wye." The local chamber of commerce president says that the I-26 corridor in Laurens County has "lots of potential" if water and sewer pipes are laid to the highway.^[13] Infrastructure is now being extended to the main exit to Clinton (Exit 54), where an industrial park and a new hotel are planned. This may be the catalyst that causes Clinton to grow towards I-26.

I-26 from the I-385 "wye" to Spartanburg has not been developed. In contrast, I-385 has been the locus of considerable new construction in the Greenville area. The I-385 town of Simpsonville in Greenville County experienced 22 percent population growth in the 1990s. Most of the growth in Laurens County is due to spill-over of the Greenville area development across the county line. Three industrial parks, Woodfield, Hunter, and Owens, are on I-385 in Laurens County; Woodfield Industrial Park, almost filled, is near the Greenville County line.

Newberry County is also on I-26 between Columbia and Spartanburg. The Newberry Industrial Park is a small facility located on I-26 at SC 219. It is presently the only industrial park between Columbia and Spartanburg (another will soon be built in Clinton).

Lack of interstate highway access has not been a significant deterrent to economic development in at least two Piedmont counties that neighbor Laurens. To the east is Union County, which has attracted distribution centers as its textile mills continue to close. The Walt Disney Company built a 500,000 square foot facility on U.S. 176 in 1998. In 2004, the Dollar General retail chain announced construction of a distribution center in Union County. To provide better access to I-26, local officials advocate construction of a 29- to 42-mile long interstate highway connector from I-26 near Walnut Grove Road to I-85 in Cherokee County or widening of SC 295.^[14] Greenwood County, to the west of Laurens, attracted the North American manufacturing headquarters of Fuji Photo Film in 1988.

4.5 Spartanburg Area: I-85 Dominates

Connecting Upstate South Carolina to Atlanta, Charlotte, and points beyond, Interstate 85 is the dominant highway in the Spartanburg area; the industrial Midwest is reached via I-85 and I-77.^[15] I-26 is important as the link to the Port of Charleston, but remains underdeveloped because of the lack of water and sewer infrastructure at many interchanges. The president of the Spartanburg Economic Development Corporation says that infrastructure is "more accessible" in the I-85 corridor through the county.^[16] The EDC recruits manufacturing firms because they "create a dollar instead of passing a dollar around" and attributes its success to a variety of factors, especially favorable transportation and labor conditions. "Once the momentum gets going, it carries itself," the EDC representative observed. Highway conditions are especially vital to modern manufacturing because "just-in-time" inventory systems depend upon ease of truck movements.

Development along I-26 to the west of I-85 tends to be manufacturing- and distribution-related. Most businesses to the east are commercial, such as WestGate Mall at the I-26/U.S. 29 junction. I-26 runs to the west of downtown; the new routing of I-85 north of downtown opened in 1995, opening potential building sites there.

Paul M. Dorman High School, one of the state's largest schools, recently relocated to a large campus in Roebuck near the I-26/U.S. 221 interchange (Exit 28). Economic development officials predict that residential growth will follow the new school along the I-26 corridor south of Spartanburg.

5. I-26 Summary

Interstate 26 ties South Carolina's largest cities together. It was complete by 1964, except in Charleston County. Since the late 1980s, major intersecting highways have been constructed in Charleston (I-526/Mark Clark), in Columbia (I-77/Southeastern Beltway), and in Spartanburg (the new I-85 route). I-26 is an important commuter route in the Charleston and Columbia areas, spurring residential development. The major freight traffic generators in the corridor are the Port of Charleston and the state's industrial center in Greenville-Spartanburg. Lack of water and sewer service has hampered development in many areas of the I-26 corridor, most significantly the junction of I-26 and I-95. Now infrastructure is being installed at more interchanges, allowing the corridor to more fully achieve its economic development potential.

[1] This report was prepared by Jack Faucett Associates, Inc. of Bethesda, Md. under contract with the Federal Highway Administration (Martin Weiss, principal official for the Economic Development Highway Initiative). Jason Bezis and Kristin Noyes were the primary authors, with assistance from Justine Lam, Paul Nguyen, and Jessica Bonardi. The consultant team of JFA acknowledges the active participation and assistance of local development districts and other local and regional agencies for completion of this case study. Specific individuals from these entities are footnoted throughout this document.

[2] The U.S. Office of Management and Budget defines metropolitan and micropolitan statistical areas based on Census Bureau data. Each metropolitan statistical area (MetSA) must have at least one urbanized area of 50,000 or more inhabitants. Each micropolitan statistical area (MicSA) must have at least one urban cluster of at least 10,000 but less than 50,000 population. The county (or counties) in which at least 50 percent of the population resides within urban areas of 10,000 or more population, or that contain at least 5,000 people residing within a single urban area of 10,000 or more population, is identified as a "central county" (counties). Additional "outlying counties" are included in the MetSA or MicSA if they meet specified requirements of commuting to or from the central counties.

[3] *Carolina Highways* (1977), p. 36. This article confuses I-26 and I-126 but otherwise has interesting historical information.

[4] The "new" I-85 in Spartanburg qualified for interstate highway funding through a loophole in Section 139 of the Surface Transportation Assistance Act of 1982. See [../infrastructure/boombelt.htm](#).

[5] "Sanford still opposed to I-73 ending near Charleston," *The State* (Columbia, S.C.), August 2, 2003.

[6] Center for Business Research, Charleston Metro Chamber of Commerce, "Charleston Metro Area Visitor Industry Impact Overview."

[7] *South Carolina Statistical Abstract 2004*, Table 11 (South Carolina Cash Receipts from Timber Harvests by County).

[8] Steve Dykes, Economic Development Manager, Charleston County, June 24, 2004 telephone interview.

[9] Warren Wise, "Berkeley land-use plan stirs debate," *Post & Courier* (Charleston, S.C.), May 10, 2004.

[10] Warren Wise, "Berkeley seeks end to boundary dispute," *Post & Courier* (Charleston, S.C.), November 22, 2003.

[11] Hal Johnson, Executive Director, Orangeburg County Development Commission, telephone interview on July 19, 2004.

[12] Congressman James E. Clyburn, "An Inland Port Provides Viable Option for S.C.," Press Release, July 13, 2001.

[13] Marvin Moss, President/CEO, Laurens County Chamber of Commerce, telephone interview on July 20, 2004.

[14] Tony Taylor, "I-26, I-85 link under study by state DOT," *Spartanburg Herald Journal*, February 11, 2003.

[15] See [../infrastructure/boombelt.htm](#).

[16] Carter Smith, President, Spartanburg County Economic Development Corporation, telephone interview on July 19, 2004.

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