South Portland Economic Development Plan

COMMUNITY WORKSHOP PRESENTATION

OCTOBER 1, 2015

KARL SEIDMAN CONSULTING SERVICES
Workshop Agenda

- What is an Economic Development Strategic Plan?
- Presentation of work to date (30 min.)
  - Economic and demographic analysis
  - Real estate market conditions
  - Stakeholder and resident input
  - What does it mean: SWOT analysis and options
- Community feedback in group discussions (45 min.)
  - Economic development priorities and strategies
- Collecting YOUR feedback (15 min.)
  - Group reports and discussion
- Wrap-up and next steps (10 min.)
## Economic Development Strategy

- **Proactive plan to shape future economic growth and its benefits**
  - Shared agenda, choose strategies, stakeholder actions and roles

- **Overseen by Economic Development Committee:**

<table>
<thead>
<tr>
<th>Design process</th>
<th>Define priorities &amp; choose strategies</th>
<th>Review and finalize plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic analysis</td>
<td>Detail strategies Action plan Performance measures</td>
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<tr>
<td>Resident survey</td>
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<tr>
<td>Stakeholder interviews</td>
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Findings from Analysis Phase

- Demographic Analysis
- Economic analysis
- Real estate market conditions
Population Composition and Trends

- South Portland population of 25,072 and 10,073 households in 2013; 7% increase from 2000 to 2013
- 91% White, 5% Asian, 2% Black, and 2% Latino
- 60% of the city is 20 to 64 years old, with 25% under 20 and 15% 65 or older
Growth in Renter and Older Households

**Percentage Change in Housing Units by Tenure, 2000 to 2013**

- **Renter Occupied**
  - Maine
  - Cumberland County
  - South Portland

- **Owner Occupied**
  - Maine
  - Cumberland County
  - South Portland

- **All Occupied Housing Units**
  - Maine
  - Cumberland County
  - South Portland

**South Portland Population by Age**

- 65 years and over
- 55 to 64 years
- 35 to 54 years
- 20 to 34 years
- 19 and under

- **Maine**
- **Cumberland County**
- **South Portland**

**2000 to 2013**

- **2013**
- **2010**
- **2000**
South Portland Workforce

- South Portland has an educated workforce concentrated in management, professional, sales and office occupations.
- Growth in management and professional occupations since 2000.

### Percent of adult population with bachelor's degree or higher, 2013

<table>
<thead>
<tr>
<th>Occupation</th>
<th>South Portland</th>
<th>Cumberland County</th>
<th>Maine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mgmt, prof, and related occupations</td>
<td>38%</td>
<td>40%</td>
<td>41%</td>
</tr>
<tr>
<td>Service occupations</td>
<td>34%</td>
<td>27%</td>
<td>28%</td>
</tr>
<tr>
<td>Sales and office occupations</td>
<td>23%</td>
<td>27%</td>
<td>28%</td>
</tr>
<tr>
<td>Farm, fish, forestry, constr, &amp; related occupations</td>
<td>27%</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>Production, transport. and related occupations</td>
<td>25%</td>
<td>28%</td>
<td>28%</td>
</tr>
</tbody>
</table>

### Share of Workforce by Occupations, 2013

- **South Portland**
- **Cumberland County**
- **Maine**
South Portland’s median household income is 9% above Maine and 8% below Cumberland County but grew at a slower pace since 2000.

Income distribution mirrors the state and county, but the $100,000+ group grew 168% since 2000, faster than the county.
South Portland’s poverty rate grew more than the county and state while residents living in poverty doubled.
South Portland’s Economic Base

2013 Employment By Sector

Strengths in Retail, Finance, HQ, Admin Services & Education
### Portland Region: Growing and Declining Sectors

#### Largest Job Gains by Sector 2004 to 2013

<table>
<thead>
<tr>
<th>Sector</th>
<th>Job Growth</th>
<th>2013 Avg. Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care and Social Assistance</td>
<td>4,272</td>
<td>$45,417</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>2,333</td>
<td>$18,008</td>
</tr>
<tr>
<td>Administrative and Waste Services</td>
<td>1,842</td>
<td>$36,266</td>
</tr>
<tr>
<td>Professional and Technical Services</td>
<td>1,752</td>
<td><strong>$68,117</strong></td>
</tr>
<tr>
<td>Educational Services</td>
<td>1,139</td>
<td>$38,107</td>
</tr>
</tbody>
</table>

*Bold = wages above all industry average*

#### Largest Job Losses by Sector 2004 to 2013

<table>
<thead>
<tr>
<th>Sector</th>
<th>Job Loss</th>
<th>2013 Avg. Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Trade</td>
<td>(3,254)</td>
<td>$25,758</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>(2,771)</td>
<td><strong>$57,865</strong></td>
</tr>
<tr>
<td>Information</td>
<td>(1,570)</td>
<td><strong>$50,111</strong></td>
</tr>
<tr>
<td>Construction</td>
<td>(1,339)</td>
<td>$46,217</td>
</tr>
</tbody>
</table>
South Portland Job Growth

- Lagging region (LMA) but outpacing Maine in recent years

Index of Total Employment, 2004-2013

South Portland Economic Development Plan
South Portland lags behind Scarborough and Westbrook in total job growth and Manufacturing but performed well in Wholesale Trade and Transportation and Warehousing.
South Portland and its Neighbors: Job Growth in Service Sectors

South Portland declined in many service sectors but outpaced several neighbors in Finance and Health Care.

Percentage Change in Employment, All Industries and Service Sectors, 2004 to 2014
Real Estate Market Overview
Real Estate Market Overview: Portland Region

- Commercial, industrial and retail real estate have all rebounded since great recession
- Limited new construction is a large factor in reduced vacancy rates and higher rents
- Large supply of available office space remains in Downtown Portland and Maine Mall areas
- Industrial market is especially tight
- South Portland has:
  - strong location assets, existing and emerging economic centers and underutilized waterfront;
  - challenges with limited land, outdated industrial buildings, and unattractive gateways/commercial areas;
  - key property owners not seeking high and best use of their property
Office and Industrial Market

- Large vacancies in downtown Portland & Maine Mall area
- Low South Portland rents reflect outdated buildings

<table>
<thead>
<tr>
<th>City/Town</th>
<th>2014 Avg. Rent</th>
<th>2014 Avail. Space</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gorham</td>
<td>$5.95</td>
<td>7,500</td>
</tr>
<tr>
<td>Portland</td>
<td>$5.65</td>
<td>305,162</td>
</tr>
<tr>
<td>Saco</td>
<td>$6.35</td>
<td>71,965</td>
</tr>
<tr>
<td>Scarborough</td>
<td>$6.05</td>
<td>54,926</td>
</tr>
<tr>
<td>South Portland</td>
<td>$5.05</td>
<td>100,873</td>
</tr>
<tr>
<td>Westbrook</td>
<td>$5.55</td>
<td>71,080</td>
</tr>
</tbody>
</table>

2014 Office Vacancy Rate by Market Area

- Greater Portland Medical: 3.0%
- Westbrook: 9.4%
- Scarborough, South Portland: 4.4%
- Falmouth, Cumberland, Yarmouth: 4.5%
- Suburban Portland: 3.7%
- Maine Mall Area: 11.3%
- Downtown Portland: 9.9%
South Portland RE Listings June 2015

- 59 commercial, industrial and office properties listed for lease or sale on Loopnet (web listing site) in June 2015
- 515,000 sq. feet for lease; 46 acres & 150,000 sq. feet for sale
Results: Stakeholder Inputs

- Resident Survey
- Stakeholder Interviews
Resident Survey Results

Who took the survey?

- **390 respondents**
  - 52% female, 48% male (aligns with South Portland)
  - Adults 18 to 35 are under-represented: 15.3% of survey takers versus over 25% of city population
  - Homeowners are over-represented: 88% of respondents compared to 60% of the city households
  - 35% work in South Portland
  - 17% own a business here
Most Important Economic Development Goals?
1. Improve and revitalize South Portland’s downtown area (47%)
2. Expand the city’s tax base to generate revenue and limit growth in residential tax rate (40%)
3. Improve and revitalize South Portland’s waterfront (36%)

Priority Areas for Economic Development?
1. Downtown/Mill Creek/Knightville (68%)
2. Waterfront (47%)
3. Main Street Corridor/South End, with Rigby Yard (44%)
Resident Survey: Use Preferences

Which uses would you prefer across areas?

- Support for office and service businesses in all areas except the waterfront
- Little support for heavy industry or petroleum
- Strong desire (over 70%) for arts/entertainment, restaurants, and retail in Mill Creek/Knightville
- Retail development also supported along Broadway, in Maine Mall area, and on Main Street
- Restaurants preferred on waterfront, along Broadway and in Mill Creek/Knightville
Which are most important characteristics for businesses that South Portland attracts and grows?

- Provides local goods and services: 40%
- Destination business: 42%
- Committed to environmentally sensitive practices: 51%
- Create good jobs: 73%
Stakeholder Interviews

- 25 interviews: large and small businesses, resident and civic leaders, real estate brokers and developers

<table>
<thead>
<tr>
<th>Shared Vision</th>
<th>Common Goals</th>
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<tbody>
<tr>
<td>Expanding pedestrian-oriented, mixed-use neighborhood business centers</td>
<td>Expand jobs</td>
</tr>
<tr>
<td>Higher use of underutilized properties</td>
<td>Increase tax base</td>
</tr>
<tr>
<td>Business friendly city</td>
<td>Diversify economy</td>
</tr>
<tr>
<td>Improve neighborhood commercial areas</td>
<td></td>
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<table>
<thead>
<tr>
<th>South Portland Assets</th>
<th>South Portland Weaknesses</th>
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<tbody>
<tr>
<td>Waterfront</td>
<td>Decreased city council and resident support for economic development</td>
</tr>
<tr>
<td>Proximity to highway</td>
<td>Lack of land for new development</td>
</tr>
<tr>
<td>Maine Mall</td>
<td>Poor communication and community engagement on new development</td>
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<tr>
<td>Knightville</td>
<td></td>
</tr>
<tr>
<td>Proximity to Portland</td>
<td></td>
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<tr>
<td>Supportive staff and policies</td>
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Stakeholder Interviews

- **Key regional trends cited**
  - Portland housing boom and hotel/tourism growth
  - Buy local and support for local businesses
  - Food culture and growing food-related businesses
  - Growing arts and cultural activity

- **No single common priority. Six activities supported by 20 to 30% of interviewees:**
  - Mill Creek redevelopment
  - Business attraction
  - Develop underutilized properties
  - More attractive commercial areas
  - Business friendly image and culture
  - Create mixed-use, pedestrian-oriented districts
## Summing Up: SWOT Analysis

<table>
<thead>
<tr>
<th><strong>Strengths</strong></th>
<th><strong>Weaknesses</strong></th>
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<tbody>
<tr>
<td>Diverse economic base; strong sectors</td>
<td>Lagging job growth in past decade</td>
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<tr>
<td>Educated workforce</td>
<td>Decline in several sectors</td>
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<tr>
<td>Transportation infrastructure</td>
<td>Little market ready land</td>
</tr>
<tr>
<td>Maine Mall</td>
<td>Unattractive gateways and commercial areas</td>
</tr>
<tr>
<td>Access to downtown Portland and highways</td>
<td>Outdated city image</td>
</tr>
<tr>
<td>Waterfront amenities and real estate</td>
<td>Differing priorities on city’s future growth</td>
</tr>
<tr>
<td>Attractive neighborhoods</td>
<td>Distrust of development approval process</td>
</tr>
<tr>
<td>Quality government services</td>
<td>School system performance</td>
</tr>
<tr>
<td>Effective permitting processes</td>
<td>Growing low-income population</td>
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<tr>
<td></td>
<td>Limited economic development capacity</td>
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<table>
<thead>
<tr>
<th><strong>Opportunities</strong></th>
<th><strong>Threats</strong></th>
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<tr>
<td>Spillover growth from Portland</td>
<td>Political climate /conflict over growth</td>
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<tr>
<td>Growing regional industries</td>
<td>Perception as a difficult city for businesses</td>
</tr>
<tr>
<td>Demand for mixed-use districts</td>
<td>Competition from other communities</td>
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<tr>
<td>Tight industrial real market</td>
<td>Stagnation in property tax base</td>
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<td>Development of under-used land</td>
<td>Growth in online/new retail formats</td>
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<tr>
<td>Regional base of visitors</td>
<td>Tax base reliance on large properties</td>
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<tr>
<td>Southern Maine Community College</td>
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<td>High income and baby-boomer population</td>
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- Spillover growth from Portland
- Growing regional industries
- Demand for mixed-use districts
- Tight industrial real market
- Development of under-used land
- Regional base of visitors
- Southern Maine Community College
- High income and baby-boomer population

- Lagging job growth in past decade
- Decline in several sectors
- Little market ready land
- Unattractive gateways and commercial areas
- Outdated city image
- Differing priorities on city’s future growth
- Distrust of development approval process
- School system performance
- Growing low-income population
- Limited economic development capacity
- Political climate /conflict over growth
- Perception as a difficult city for businesses
- Competition from other communities
- Stagnation in property tax base
- Growth in online/new retail formats
- Tax base reliance on large properties
Summing Up: Other Issues and Opportunities

- Reverse recent trends to benefit from region’s economic growth
- How to address increased poverty and many low income households?
- Updating South Portland’s image to reflect current diversity of its economy and workforce
- Creating redevelopment capacity to accommodate new growth
Economic Development Strategy Options

- **Main Street Program**
  - Market, improve and attract enterprises to neighborhood comm. areas

- **Business and Development Attraction**
  - Actively market South Portland for businesses and projects; maintain real estate inventory; assist new firms and projects to locate

- **Develop Underutilized Sites**
  - Outreach and assist owners to plan for reuse; find partners to implement plans; brownfield cleanup; assemble and improve priority sites

- **Entrepreneurial and Small Business Development**
  - Connect entrepreneurs and firms to regional resources; effort to identify and foster resident entrepreneurs; youth entrepreneurship program

- **Community Education, Engagement and Leadership**
  - Ongoing info on econ. development plans and projects; institutionalize community review of projects; civic leadership training with SMCC

- **Workforce and Employment Initiative**
  - Partnership to employ low-income residents; school career initiative with local companies; work with SMCC to address employer needs
SWOT Analysis: Strategy Options

**Strength**
- Leverage historic neighborhood centers
- Proximity to Portland
- Effective business permitting & city services

**Weakness**
- Balance mall and strip centers
- Shared vision
- Helps attract young workers

**Opportunity**
- Demand for walkable mixed use areas
- Leverage regional food sector and entrepreneurs

**Threat**
- Improve image
- More attractive gateways & centers
- Reverse lagging restaurants
- Add ED capacity

**Main Street Program**
SWOT Analysis: Strategy Options

**Strength**
- Effective permitting processes & city services
- Proximity to Portland
- Workforce assets
- Build on existing centers

**Weakness**
- Change city image
- Create demand for vacant space & underused land
- Lagging job growth

**Opportunity**
- Attract growing regional industries
- Cost & process advantage over Portland
- Tap tight industrial market

**Threat**
- Respond to competition
- Diversify economy
- Grow tax base
SWOT Analysis: Strategy Options

**Strength**
- Waterfront land
- Effective permitting process & city services
- Workforce assets

**Weakness**
- Address underused, outdated properties
- Engage problem property owners

**Opportunity**
- Develop Underutilized Sites
- Attract regional growth industries
- Process advantage over Portland
- Create new economic asset

**Threat**
- Grow tax base
- Diversify economy
SWOT Analysis and Strategies Options

Strength
- Educated workforce
- Effective business permitting & city services
- Proximity to Portland

Weakness
- Change city image
- Address poverty & raise income via microbusiness

Opportunity
- Diversity economy
- "Grow your own" response to competition
- Leverage regional food sector and entrepreneurs
- Spillover from Portland
- Regional tourism market
- SMCC Entrepreneurial Center

Threat
SWOT Analysis and Strategies Options

**Strength**
- Help address political conflicts
- Improve perception of “business climate”

**Weakness**
- Balance/resolve varied priorities
- Build trust in permitting decisions

**Opportunity**
- SMCC educational resources
- Build on comp plan success
- Engage increasingly active residents

**Threat**
- Enhance civic capacity and government services via resident skills

Community Education, Engagement, and Leadership
SWOT Analysis and Strategies Options

**Strength**
- Connect residents to diverse local jobs
- Enhance workforce assets
- Expand city business services

**Weakness**
- Address competition via workforce services

**Opportunity**
- SMCC resources
- Expand mixed use areas
- Leverage regional food sector and entrepreneurs

**Threat**
- Address poverty & raise incomes
- Improve schools
### Goals for Community Input Tonight

- Gain resident views on economic development vision and goals for South Portland
- Confirm and refine understanding of key city economic assets and weakness
- Reaction to and priorities for strategy options
Discussion Break-out Process

- Move to table with your number
- Each table already has volunteer facilitator
- Select note taker and “reporter” to summarize table discussion to full meeting
- Discuss these four questions
  - What strengths should South Portland preserve and build on in the economic development strategy?
  - What are needed improvements to address in economic development strategy?
  - What are the right goals and priorities for the strategy?
  - Which of the proposed strategies should South Portland pursue? Are there missing strategies to under?