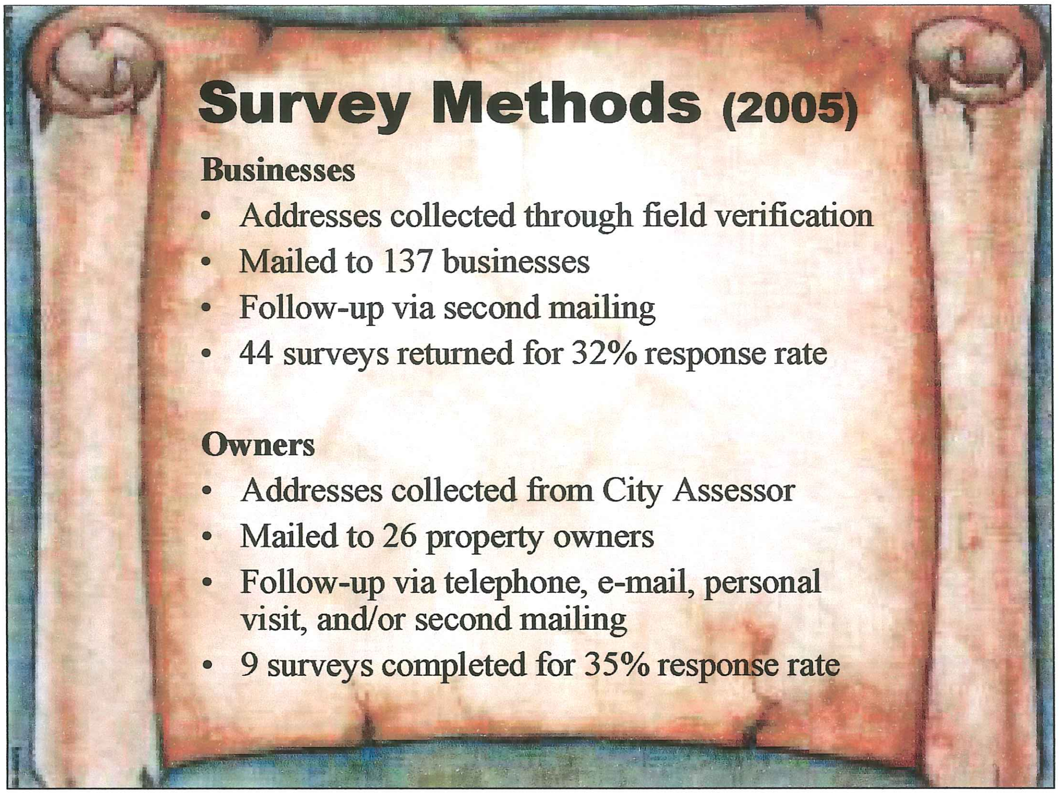
Attachment 2

Central Waterfront Zone
November, 9, 2005 Public Forum

Economic Conditions Survey

Conducted by Greater Portland Council of Governments

The pulse of the working waterfront can be measured in a number of ways – by pounds of fish landed, by the value of new construction, by the number of cruise ship passengers, by the tons of petroleum imports. Over the last 15 years, the City of Portland has been measuring the health of the waterfront through a number of surveys designed to assess the business climate.

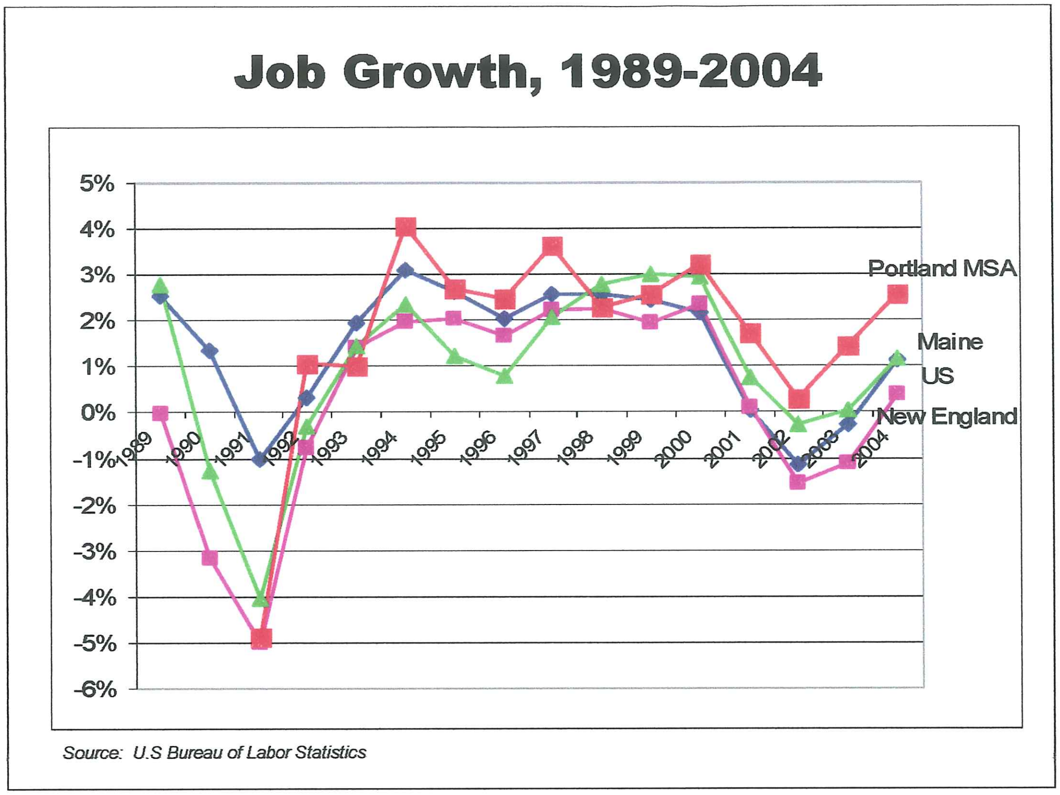


This year, we worked with the City to survey both businesses and property owners on the Portland waterfront. Substantially the same questions were asked in 1989, 1990, 1991, 2000, and again this year to allow for comparison. Except for 1989, when businesses were called individually, the response rate has been about the same – about 30%. One big difference was that this year, only businesses in the Central Waterfront Zone were surveyed.

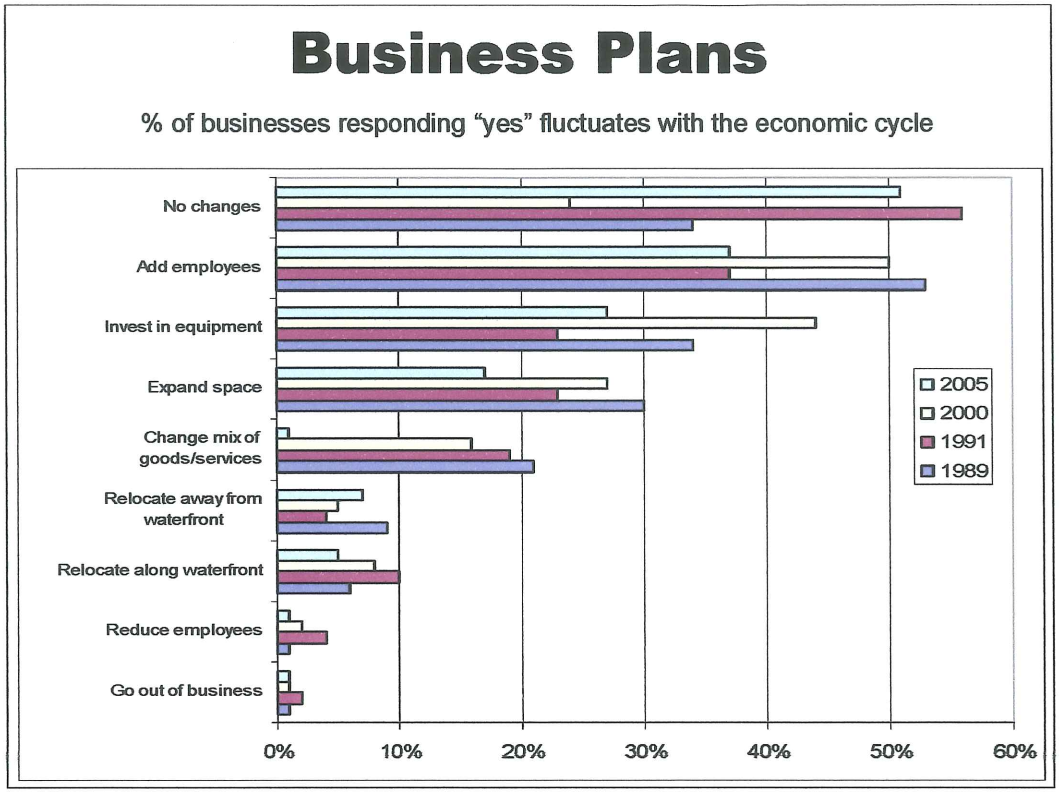
Business Profile

	1989	1991	2000	2005
Number surveyed	156	148	232	137
Response rate	71%	39%	30%	32%
Demand water access?	31%	36%	N/A	59%
Serve fishing or marine industry?	61%	64%	80%	77%
Dependent on marine for > 75% of business?	N/A	N/A	48%	64%
Over 10 years in same location?	19%	27%	32%	56%
Average full-time employees	20	30	13	11
Seasonal?	54%	N/A	25%	29%

Over half of this year's respondents said that their businesses were dependent on access to the water. More than three quarters said they served the fishing or marine industry. We might further classify waterfront businesses into four different categories: water dependent for those that require access to the water; water related for those that directly service the water dependent businesses; water related by client, for those who say the majority of their clients are involved in water dependent businesses; and "other" for those who are on the water because they find it appealing or convenient. Although average employment is down, businesses responding seem to be more stable – Over half have been on the waterfront for more than 10 years and only a third are now seasonal.



We asked businesses about their business plans as well as about their needs and problems. What's very clear, as it was from previous surveys, is that the health of the waterfront tracks closely with the rest of the economy. Job growth was peaking in 1989. The recession hit in 1991. We rebounded through the 1990's, but we took another hit in 2001. Since then, Greater Portland, although we've lost over 4,000 jobs, has done better in terms of job growth than Maine, New England, and the rest of the country. Even though fishermen, who are not "payroll" employees, are not reflected in these numbers, you'll see that the businesses that support them reflect this cycle.



During the boom of 1989, waterfront businesses were fairly "bullish" about adding new employees – more than half said they would. Same scenario in 2000, before the recession. But now, the mood is fairly stable. More than half report no changes are planned, much like in 1991. Still it is not all "doom and gloom." Even in the darkest of times, few, if any businesses said they would reduce employees or go out of business. This says, although the marine economy is just a small part of employment in the region, it is a stable core of the economy. One area of concern, however, is the latest response to whether businesses plan to "change their mix of goods and services." This is about innovation and flexibility in the marketplace. The response was negligible, which means that we're kind of in a holding pattern, maybe waiting to make investments until other facets of the economy become more predictable – taxes, interest rates, regulations, the war. And this was before Hurricane Katrina.

Growth

Is your current space adequate for the next three years?

% Reporting NO

1989	1991	2000	2005
28%	29%	54%	24%

Of 13 businesses that responded to the business survey in both 2000 and 2005:

- 4 lost employees
- 4 remained stable
- 5 grew, for a net growth of 13 employees

Studies show that as much as 80% of new jobs are created by existing businesses in a community rather than business moving into the community. We've already seen that over half of the businesses responding have been on the waterfront for more than 10 years. In every survey, businesses were asked an open ended question about their most important business decision in the next three years. Whether or not to expand consistently tops the list. The survey goes further to ask about space. This time around, about a quarter said their space was NOT adequate, compared to more than half in 2000. So we went back to look at what happened with the 54%, or at least the businesses that responded in both 2000 and 2005. 9 of the 13 remained stable or grew, which is probably better than in other industry sectors.

Property Owners

Occupancy

- Lease rates range from a low of $10 per month for first floor marine to a high of $25 per square for first floor retail.

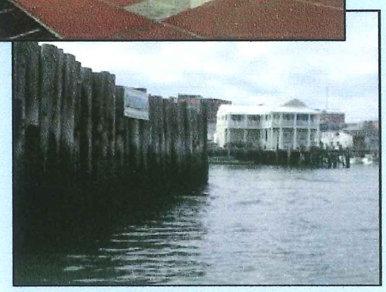
Vacancy

- 6 reported no vacancies.
- 3 reported vacancies on the 1st floor as well as upper stories.

We heard from property owners who own entire pier or wharf as well as those who own just a portion. We did ask property owners for an inventory of tenants as well as lease rates charged. Range is $10 for marine to $25 for retail. Only three reported any vacancies at all, with one space in poor condition.

Investment

	Properties	Total Value
Buildings		
Renovation	9	$670,870
Expansion	1	$150,000
Replacement	1	$150,000
New construction	4	$12,284,400
Piers/Wharves		
Dredging	2	$70,000
Pilings, Decking & Fendering	4	$615,000
Floats	3	$1,018,000
Extension	0	$0
Total Improvements		**$14,958,270**



Renovation was the most popular improvement – primarily cosmetic, e.g., paint, carpet, but also systems. Some deferred the more expensive roof and masonry renovations. There was also a quite a bit of new construction – over $12 million dollars. Less work was done to the actual piers and wharves than we hoped. Four owners reported work on pilings, decking and fendering. This and the dredging was all characterized as maintenance work. Three owners replaced floats. Repaving also occurred on a few properties.

Viability

5	Maintenance
4	Business attraction
2	Lack of parking
2	Meeting expansion needs
1	Dredging

While businesses were contemplating whether to expand, the number one issue for property owners was maintenance – generating enough revenue to pay for on-going expenses.

Zoning Changes

3 No changes

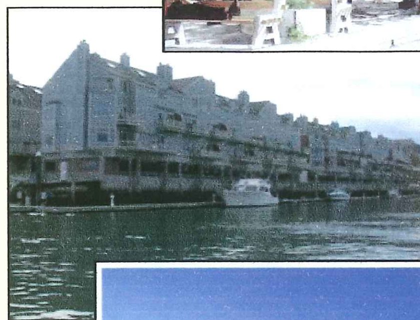
"None. We're happy!"

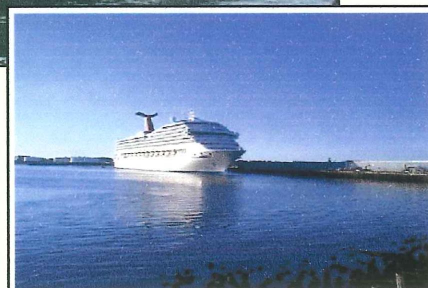
2 Some changes

"Don't need to throw the whole thing out and start over. Keep 1st floor, 100% marine, and 2nd floor, marine compatible uses."

4 Significant change

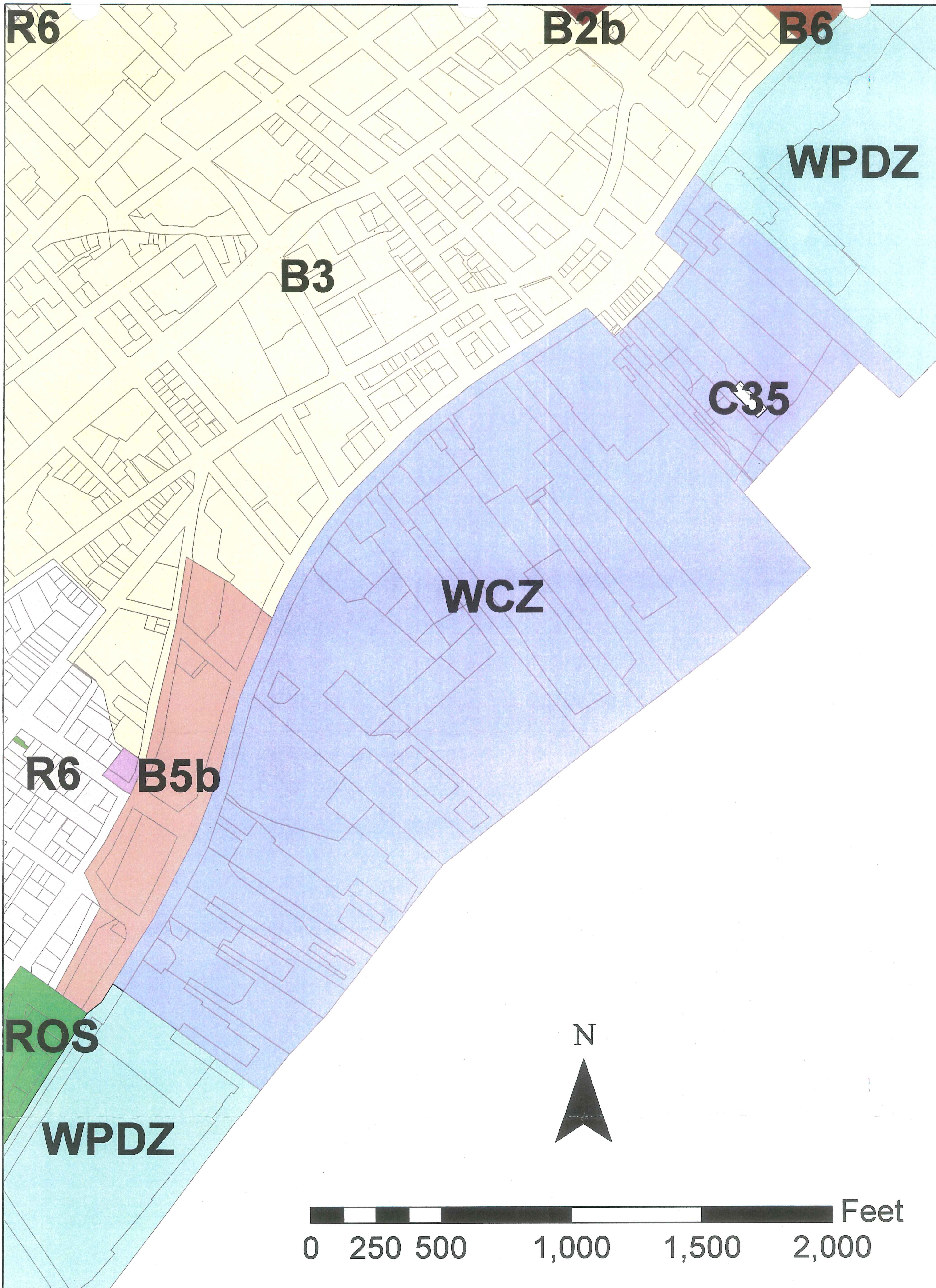
"Need to go back to the way it was. Love Oceangate. It's a start. Need mixed use 2nd floor and up. Marine businesses can not support themselves."





We asked owners what they thought about zoning. 3 said they desired no changes. Two were interested in some change – clarity, definition. Four owners called for significant change – mixed uses on all floors. Give us what they're getting in Oceangate. Although the term applies to the intermodal facility, lately it's been used to describe all types of development proposed on the Eastern waterfront – condos, hotel, retail, etc. And the perception is that that is being allowed on the waterside.

Att. A



Zoning Map of the Portland Waterfront

Prepared by the City of Portland Planning Division from data produced by the GIS Workgroup.
April 2005

Central Waterfront Context Map

Att. B

Prepared by the City of Portland Planning Division from data produced by the GIS Work Group
For study purposes only. April 2005