

Chapter 5 – Economy **DRAFT**

Purpose

*The Comprehensive Plan helps develop a community's policies and priorities regarding future economic development while aiming to preserve the community's character, its environmental features, and workforce depth. Having an economic development plan adopted into a local government's comprehensive plan provides in depth review of the local and regional economy; identifies strategies, programs and projects to improve the economy; and establishes policy direction for economic growth. The various elements of a comprehensive plan support and complement the economic development plans developed for Maine, York County, and our region. Maine's businesses, communities, and regions rely on supporting land uses, transportation, and infrastructure to sustain existing companies and industries and to further economic development programs and initiatives. Together the comprehensive plan and economic development plan should serve as a "strategy for tomorrow" and reflect a community's and a region's desired physical, economic, and social growth. **DC***

(I need more time to review other comp plans on the economy/economic development sections. Would like this section to be more robust, and less heavily focused on workforce. - DC)

Understanding our local and regional economy will help assess a town's current and future needs. The number of local jobs, as well as regional jobs will impact our community and affect South Berwick's future growth. If the Town attracts large numbers of commuters, this could affect traffic patterns and mean that South Berwick is becoming more of a "bedroom" community. Specifically, this section aims to:

- Describe employment trends;
- Describe the local and regional economy; and
- Discuss likely future economic activity in South Berwick

Key Findings and Issues

- As of 2020, approximately 72.4% of South Berwick's eligible population is in the labor force. Overall, unemployment rates in South Berwick are slightly higher than the average rates for both York County and the State of Maine.
- The largest percent of South Berwick's labor force are employed in Education, Health, and Social Services (21.8%) or Manufacturing (17.9%).
- Many South Berwick residents commute to jobs out of Town, with a mean commuting time of 26.1 minutes. Residents from other towns also commute to work in South Berwick.

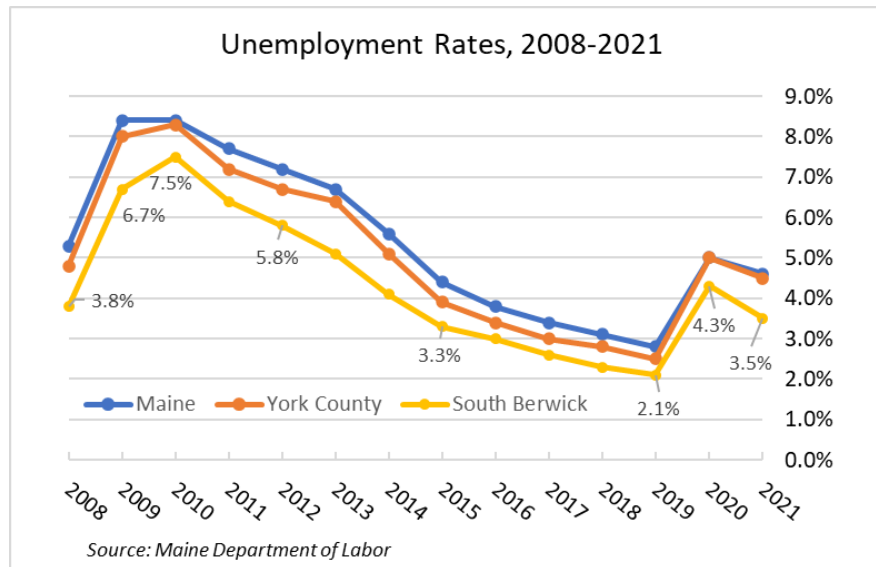
Community Engagement Results

PLACEHOLDER

Recent Trends

Unemployment Rates

Overall, South Berwick has generally had a lower unemployment rate than the county and state overall. 2009-2010 brought dramatic spikes to unemployment rates across the nation as a result of the Great Recession, however while the state experienced an average annual rate 8.5%, South Berwick reached its peak at 7.5% in 2010. Over the last



decade, unemployment rates steadily decreased. However, the COVID-19 pandemic lockdown caused another spike in 2020. Rates have recovered somewhat since then, but remain higher than pre-pandemic levels.

The nation is now experiencing a social phenomenon coined the “Great Resignation”. While job markets have returned and jobs are now available, the societal shift caused by the pandemic has resulted in more people choosing to opt out of the traditional workforce. Work from home opportunities, self-employment, the gig economy, and other alternatives have become popular.

Employment by Sector

The table below compares employment by industry sector for South Berwick and York County as reported by the 2020 American Community Survey. The industry sector refers to the type of industry the employer operates, not the actual jobs performed by workers. This table refers to all South Berwick residents who are employed, whether they worked in South Berwick or commuted elsewhere.

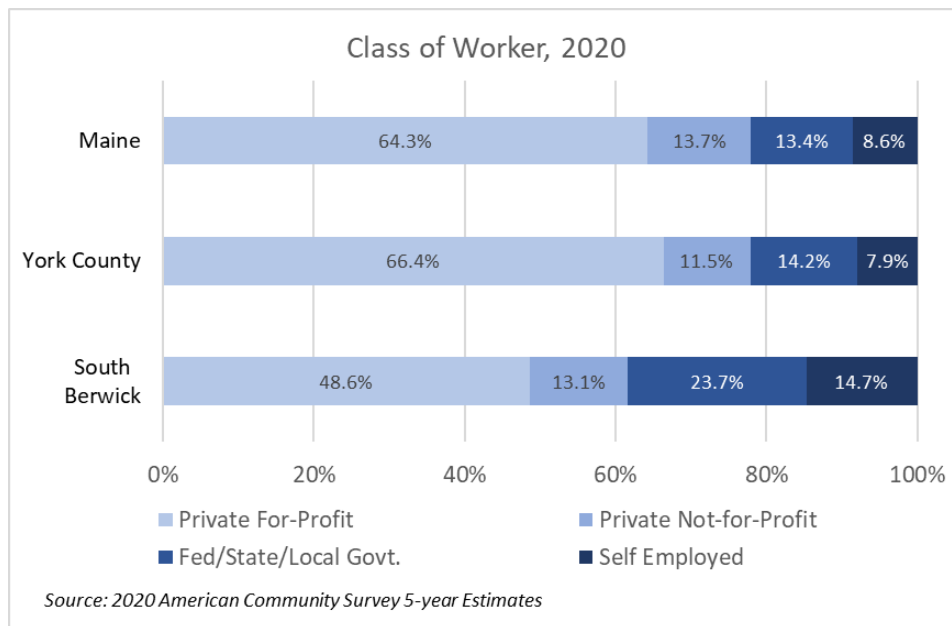
The largest percent of South Berwick’s labor force, about 21.8% is employed in Education, Health, and Social Services. This is also the highest percent of York County’s labor force at 24.1%. The next largest employment sector is Manufacturing at 11.9%. This is likely reflective of the number of South Berwick residents employed at the Portsmouth Naval Shipyard. As of 2022, the town had the 4th highest concentration of shipyard workers, approximately 363 total. In 2000, Manufacturing was South Berwick’s largest employment sector at 17%, reflecting the consistent importance of this industry sector to the South Berwick economy.

According to the American Community Survey, as of 2020, about 61.7% of South Berwick’s labor force was employed by the private sector, which is less than the York County average of 77.9%. The number of

individuals working for the private sector has declined in South Berwick since the 2000 Census, dropping from 74% to 62%, while it has stayed consistent at around 78% for the whole of York County. This reflects an increase in the number of individuals who work for the government and who are self-employed in South Berwick. South Berwick has a much higher proportion of government employees (24%) than York County (14.2%). This may be due to the presence of the district high school, which employees approximately 500 people. Some shipyard jobs

Employment by Industry Sector, 2020		
Category	South Berwick	York County
Agriculture, forestry, fishing and hunting, and mining	1.2%	0.9%
Construction	11.4%	7.6%
Manufacturing	11.9%	11.8%
Wholesale trade	1.0%	2.0%
Retail trade	9.5%	14.3%
Transportation and warehousing, and utilities	2.7%	3.9%
Information	0.6%	1.7%
Finance and insurance, and real estate and rental and leasing	6.3%	6.9%
Professional, scientific, and management, and administrative and waste management services	7.7%	8.8%
Educational services, and health care and social assistance	31.1%	25.7%
Arts, entertainment, and recreation, and accommodation and food services	6.3%	8.4%
Other services, except public administration	4.5%	4.3%
Public administration	5.6%	3.9%

Source: 2020 American Community Survey



Employers

South Berwick enjoys a wide variety of small to medium sized businesses. Employment opportunities range from retail to industrial, from food to medical services. In 2021, there was an average of 1,161 people employed in South Berwick. The largest industry by employment present in South Berwick is educational services (on average, 36% of all workers in 2021). This again is a reflection of the area high school's presence in town, as well as Berwick Academy. Other large employers include Health Care (11.1%) and Food Services (13.5%). Professional and Technical Services is the largest industry by number of establishments (42 total), followed by Construction (30). These establishments typically have much smaller staff sizes, with an average of only 80 individuals working in Construction in 2021.

2021 Industries, Employment, and Wage				
	Establishments	Average Employment	Total Wages	Average Weekly Wage
Total, All Industries	209	1,161	\$58,909,867	\$976
Agriculture, Forestry, Fishing and Hunting	4	4	\$218,405	\$1,050
Utilities	3	12	\$601,815	\$938
Construction	30	80	\$3,725,700	\$900
Manufacturing	4	21	\$837,805	\$776
Wholesale Trade	17	16	\$1,450,627	\$1,699
Retail Trade	13	98	\$4,049,131	\$793
Finance and Insurance	3	8	\$662,621	\$1,576
Real Estate and Rental and Leasing	5	15	\$712,532	\$889
Professional and Technical Services	43	67	\$6,705,391	\$1,917
Management of Companies and Enterprises	7	6	\$497,399	\$1,713
Administrative and Waste Services	19	37	\$1,571,723	\$828
Educational Services	6	423	\$22,161,132	\$1,008
Health Care and Social Assistance	17	129	\$8,002,944	\$1,192
Accommodation and Food Services	14	157	\$3,672,060	\$449
Other Services, Except Public Administration	11	15	\$664,311	\$852

Source: Maine DOL Center for Workplace Research and Information

Compared to surrounding communities, South Berwick is close to communities that are either large retail hubs, tourist communities, or have large employers. In terms of total number of establishments and total employed, South Berwick is similar to Eliot and Berwick. North Berwick has the fewest total establishments but has a much higher total employment due to large employers like Pratt & Whitney. Both Kittery and York are neighboring communities with two to three times the number of establishments. Both likely serve as alternative service centers and areas of employment for South Berwick residents.

However, of the last decade, South Berwick’s total establishments have increased at a higher rate than those already established economic centers. South Berwick’s total establishments increased by 55% between 2010 and 2021, second to Berwick’s increase of 58%.

Employers Compared to Surrounding Communities, 2021					
Area	Establishments	%Change in Establishments 2010-2021	Average Employment	Total Wages	Weekly Wage
South Berwick	209	55%	1,161	\$ 58,909,867	\$ 976
Berwick	166	58%	1,023	\$ 47,801,674	\$ 898
Eliot	251	36%	1,330	\$ 76,298,204	\$ 1,103
Kittery	566	41%	11,006	\$792,678,716	\$ 1,385
North Berwick	128	22%	3,165	\$196,954,084	\$ 1,197
York	763	25%	5,711	\$311,508,810	\$ 1,049
<i>Source: Maine Department of Labor, 2021</i>					

South Berwick has issued 46 commercial building permits in the last 20 years, an indication of how many new commercial properties have come into the community. There is a slight decrease in total commercial permits issued over time.

Commercial Building Permits						
Years	2000-2004	2005-2009	2010-2014	2015-2019	2020-2021*	Total
Permits	15	13	10	7	2	45
<i>Source: Town Reports; *Only 2 years</i>						

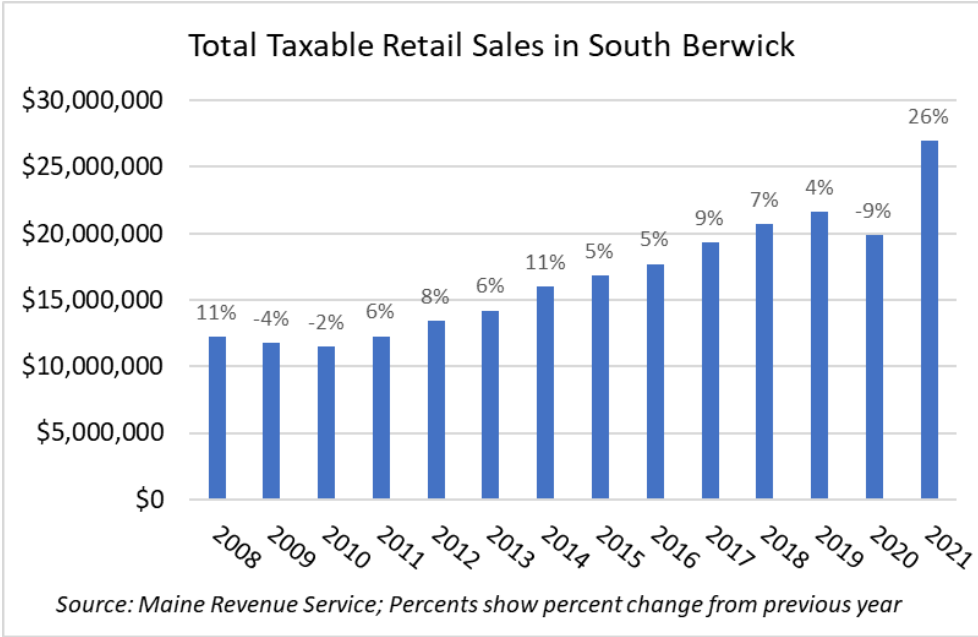
Retail Sales

Overall taxable retail sales are tracked by the state revenue service by town and economic summary area annually. The total retail sales is an indication of overall economic activity that is taking place in a town or region. Breakdowns by economic activity are not available due to confidentiality issues. It is important to note that on a town-wide scale, overall sales can be significantly impacted by a small number of businesses, so the change in retail sales can fluctuate more widely than at a regional or state level.

Retail sales in South Berwick have generally increased over the last decade. In the period from 2019-2020 the impact of the pandemic is evident in the sudden drop in sales. South Berwick saw a significantly smaller impact than the Kittery Economic Summary area, dropped 9% compared to 28%. As of 2021, sales have rebounded to levels higher than pre-pandemic levels. This is likely due in part to inflation and increasing cost of living.

Percent Change in Taxable Retail Sales, 2008-2021			
Year	South Berwick	Kittery ESA	Maine
2008	11%	-1%	-2%
2009	-4%	-5%	-7%
2010	-2%	5%	3%
2011	6%	2%	4%
2012	8%	6%	3%
2013	6%	3%	4%
2014	11%	4%	4%
2015	5%	4%	5%
2016	5%	6%	7%
2017	9%	4%	5%
2018	7%	3%	6%
2019	4%	1%	6%
2020	-9%	-28%	5%
2021	26%	31%	18%

Source: Maine Revenue Service



Commuting Patterns

The employment data cited above refers to the entire civilian labor force in South Berwick, regardless of employment location. Many South Berwick residents commute to jobs out of Town while residents from other towns commute to work in South Berwick. The 2020 American Community Survey reported a mean travel time to work of 26.1 minutes for South Berwick residents, slightly lower than the mean travel time of 27.4 minutes for York County. While 85.8% of South Berwick residents commute to work alone, only 80.4% of drive alone in York County. About 5.4% of South Berwick residents worked from home as of 2020, but this number is likely even higher due to the COVID-19 pandemic.

Travel Time to Work		
	South Berwick	York County
Total workers 16 and over, not working from home	3,769	99,895
Less than 10 minutes	8.0%	12.3%
10 to 14 minutes	12.1%	12.0%
15 to 19 minutes	9.3%	12.9%
20 to 24 minutes	25.5%	13.7%
25 to 29 minutes	13.3%	8.1%
30 to 34 minutes	13.3%	13.7%
35 to 44 minutes	6.7%	10.5%
45 to 59 minutes	4.6%	9.2%
60 or more minutes	7.2%	7.7%
Mean travel time to work	26.1 minutes	27.4 minutes
<i>Source: 2020 American Community Survey</i>		

Mode of Transportation		
	South Berwick	York County
Total Workers: 16 and over	3,984	108,627
Car, Truck, or Van	89.40%	88.40%
Drove Alone	85.80%	80.40%
Carpooled	3.60%	8.00%
Public Transportation	1.30%	0.70%
Walked	2.60%	2.00%
Cycled	0.00%	0.30%
Taxicab, motorcycle, or other means	1.40%	0.60%
Worked at Home	5.40%	8.00%
<i>Source: 2020 American Community Survey</i>		

Projected Future Employment and Regional Issues

As a relatively small town, the future economy of South Berwick will remain dependent on the region as a whole for sources of new jobs. At the present time, it appears that a good portion of residents are employed in relatively predictable industries, such as public sector jobs, education & health services, and large keystone manufacturing facilities such as the Portsmouth Naval Shipyard.

The COVID-19 pandemic has brought with it regional workforce concerns. A combination of lockdowns, followed by increasing trends in resignation and alternative work styles have resulted in many businesses being short staffed and having difficulty hiring.

COVID-19 Pandemic

In March of 2020, the nation was put into lockdown in response to the global COVID-19 pandemic. In the short term, businesses were closed, and the public was asked to quarantine. Even after the lockdowns were lifted, social distancing requirements and other necessary safety protocols limited business activity. Businesses reliant on gathering & travel, such as the restaurant and accommodations industry, were especially impacted. The state of Maine, through federal relief funds, distributed millions in pandemic relief funding to businesses in hopes of offsetting some loss of business. Through the Maine Economic Recovery Grant Program & SMPDC, 10 businesses in South Berwick received an overall total of over \$400,000 in relief grants.

Beyond the lockdowns, the pandemic has fueled other shifts in Maine's economic landscape, such as remote work opportunities making rural living more feasible. The impacts of this period will continue to ripple throughout the region, and it is yet to be seen how the pandemic will affect the state in the long term.

Summary

South Berwick has a small local economy consisting mostly of educational services, health care, and other professional and technical services. A small number of accommodations and food service establishments provide about 150 jobs, mostly centered around the village. The economy has seen some growth over the last decade, and the number of establishments has continued to grow. Surrounding communities, such as Kittery, York and North Berwick have much larger retail economic centers and/or large employers. It is likely that these communities are sources of employment and services for South Berwick residents. The impacts of the COVID-19 pandemic are evident in unemployment and total retail sales figures; however, it appears that the local economy has been able to rebound. Future regional economic concerns also stem from societal changes following the pandemic, such as the great resignation, finding available workforce, and the increased cost of living.