



Economic Development Post-Covid: Making Sense of a Tidal Wave of Information

New England States Government Finance Officers Association
Fall 2021 Conference

September 23, 2021

Today's Speakers



Tom Dworetsky, AICP
Director of Research
Camoin Associates



Victoria Storrs
President & Founder
Storrs Associates, LLC

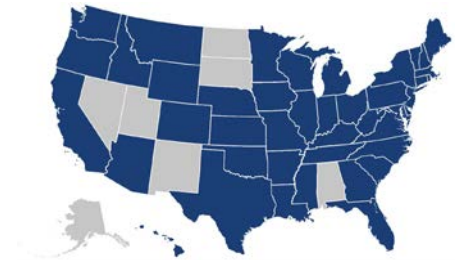
ABOUT CAMOIN ASSOCIATES

- Founded in 1999 in Upstate NY as a full-service economic development consulting firm
- Completed work in 43 states
- Employ 25 full-time staff, 3 in New England
- Only firm in the country to offer this wide spectrum of services
- Local and state level leadership positions: theory / practice / execution



Services & Expertise

- Industry & Workforce Analytics
- Real Estate Development Services
- Economic & Fiscal Impact
- TIF/DIF Planning
- Economic Development Strategic Planning
- Lead Generation & Business Connections
- Organizational Planning



ABOUT STORRS ASSOCIATES, LLC

- Partner and Advisor to Public and Private Entities
- Economic Development and Development Finance
- Launched in 2021 to Provide Direct, Personal Service
- Woman-Owned Business
- 25 Years of Experience with Municipalities



Expertise and Advice

- Financial Assistance Evaluation and Implementation
- Local and Regional Benefit/Cost Analyses
- Project Capital Structure and Cash Flow
- Economic and Fiscal Impact
- TIF/DIF Planning and Implementation
- Corridor and Neighborhood Studies
- Policy Evaluation and Preparation and Regulatory Compliance

“

The finance officer or budget officer should lead or be a key participant in the analysis of the economic and fiscal impacts, as well as the risks and uncertainties, associated with proposed economic development plans, strategies or individual projects.

--GFOA, *Role of the Finance Officer in Economic Development*, 2011

”

Uncertainty

- Commercial Tax Base and Business Risks
- Sales Tax Estimates
- Mortgage Recording Tax Estimates
- Investment Income
- New GASB Requirements for Pensions

Turbulence

- Economic Trends Worth Following
- Meaning of Economic Recovery
- Changing Rules for Relief Funds
- Status of Development Projects
- Allocating and Reallocating Staff Time

Uncertainty

vs

Turbulence

slido



**Join at slido.com
#344222**

① Start presenting to display the joining instructions on this slide.

slido



Gathering Insights I

① Start presenting to display the poll results on this slide.

What We'll Discuss Today

- Market Indicators and Trends
- Fiscal Implications
- Insight from Local Governments



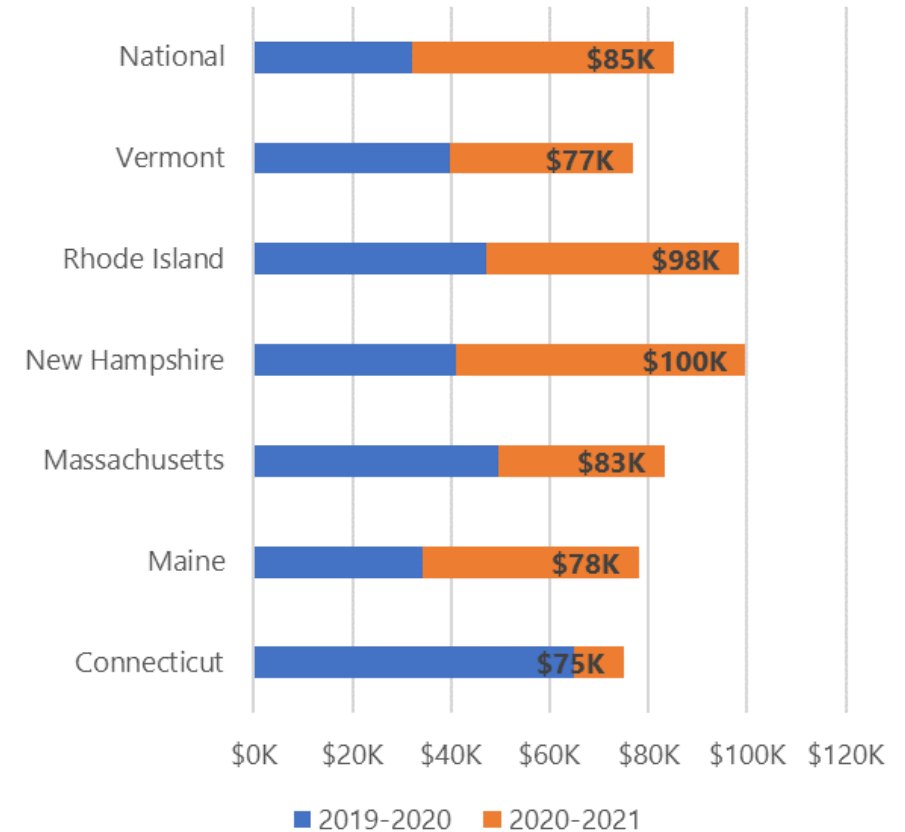
- Current Stressors
- Disconnects and Alignments Between Economic Development and Fiscal
- Resources



Residential Market

- 6 New England States – sale prices up 25%-35% since 2019 (29% nationally)
- Median home selling for an additional \$75K+ compared to 2019
- Pressure on rental markets
- Home prices rising relative to commercial uses
- More property tax burden shifted to residents

Change in Median Home Sale Value,
August 2019-August 2021



Source: Redfin Housing Market Data

New England Residential Market

Metros with Highest Percent Growth

- Berlin, NH
- Bennington, VT
- Vineyard Haven, MA
- Lebanon, NH
- Concord, NH
- Keene, NH
- Portland, ME

Metros with Lowest Percent Growth

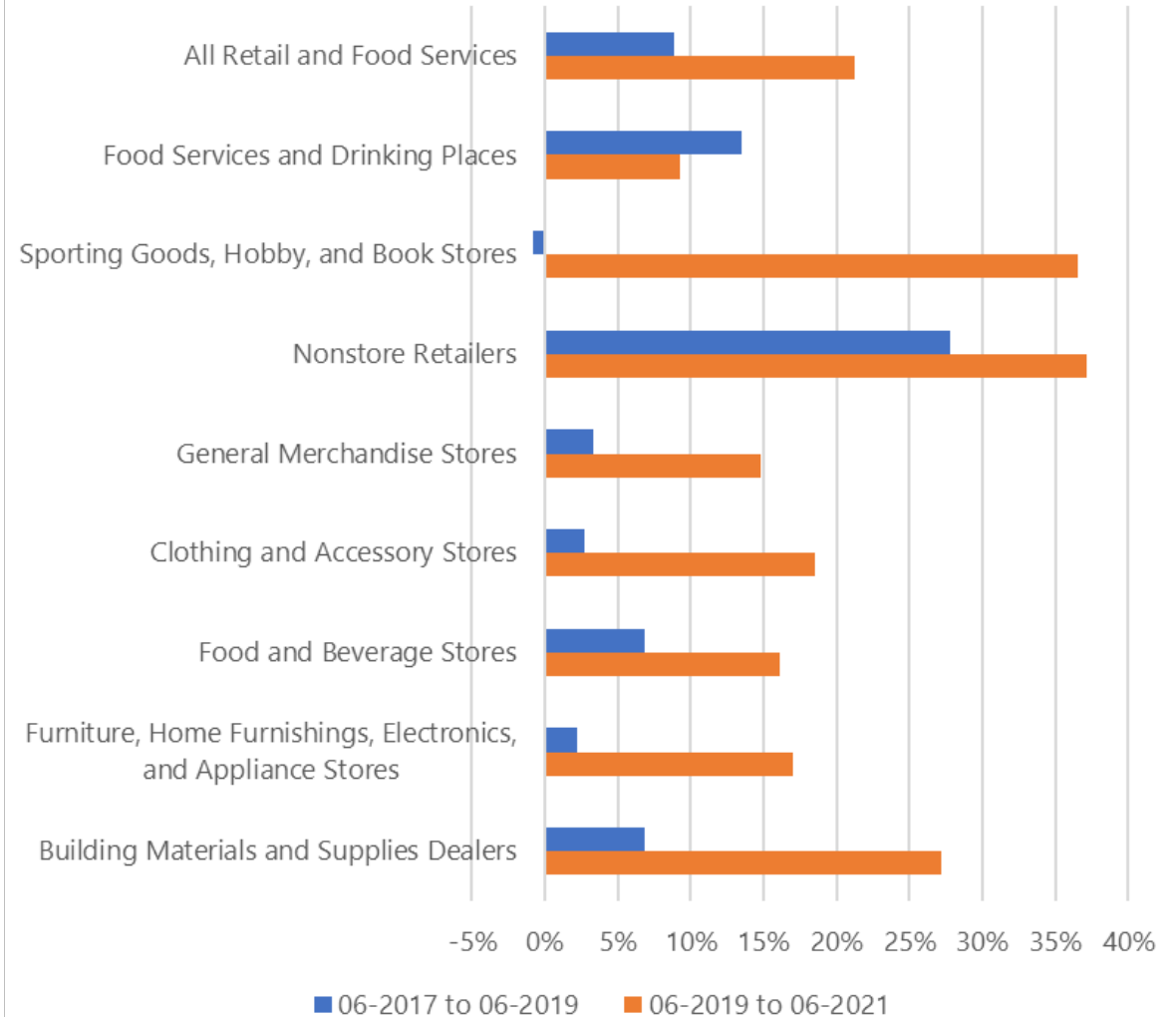
- Torrington, CT
- Springfield, MA
- Rutland, VT
- Boston, MA
- Norwich, CT
- Burlington, VT
- New Haven, CT



Retail Market

- Rate of overall retail sales growth has increased
- Continued high growth for non-store retail
 - Pre-pandemic – 11.4% of retail sales
 - Pandemic peak – 15.7% (Q2 2020)
 - Now at 13.3%
- More retail spending \neq more retail space
- Continued trend toward smaller footprints

Pct. Change in US Retail Sales by Category
(Current Dollars)
Pre- and Post-Pandemic

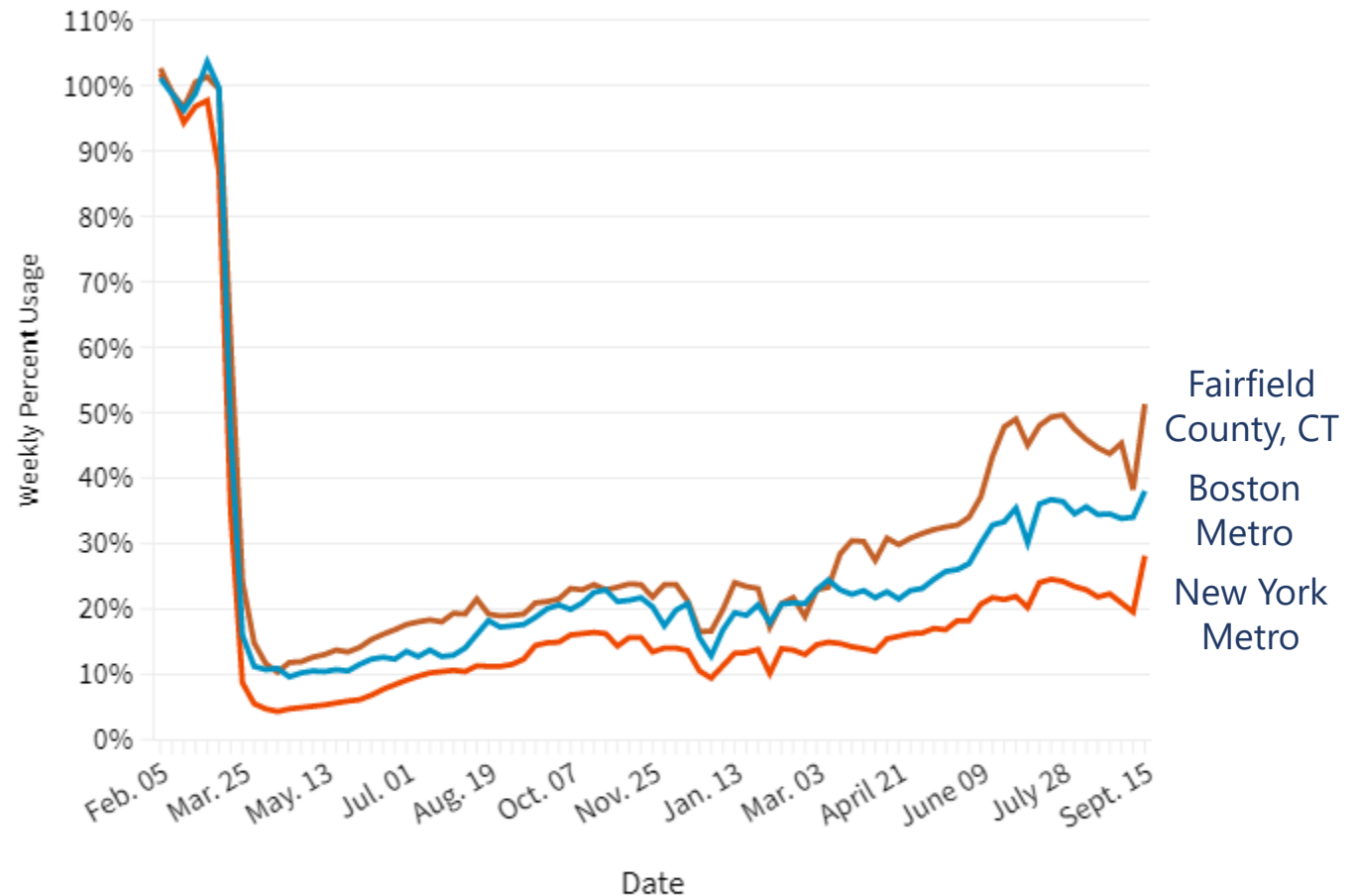


Source: US Census Monthly Retail Trade Report

Office Market

- What is the future of work? (JLL)
 - 63% of the workforce prefer hybrid
 - 33% prefer to work in the office only
 - 36% prefer to work in a third-party place at least once per week
- Work-from-home fatigue is growing while (self-reported) productivity is declining
- 9% of companies plan to significantly shrink office space; 72% planning for “modest” space reductions (CBRE)
- Overall consolidation of office space
- Impacts will be uneven geographically
- Continued “flight to quality”

Office Usage by Metro, Feb. 2020–Sept. 2021



Source: Kastle Systems, September 2021



Industrial Market

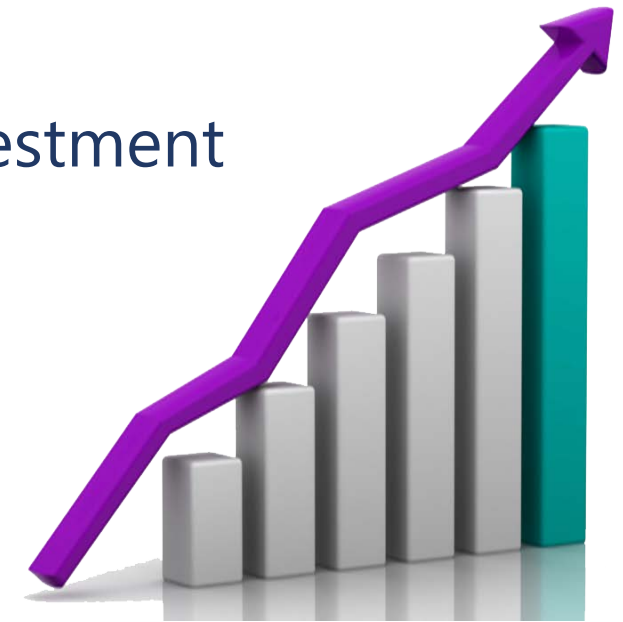
- Commercial sector with most positive outlook
- Demand drivers:
 - E-commerce
 - Traditional retailers
 - 3PL companies
 - Life sciences
- Expansion phase – new inventory being built amid lack of new supply
- Potential to replace vacant retail and office space
- Distribution centers/warehouses typically lower value per SF than other commercial uses – limits property tax generation potential.
- Personal property also lower than manufacturing and other industrial uses
- Limited potential to catalyze higher-value economic development



[This Photo](#) by Unknown Author is licensed under [CC BY-NC-ND](#)

Fiscal Implications

- Property tax rules in New England – economic development generally must be capital investment to improve the fiscal bottom line
- Tax caps can reduce the fiscal benefit from capital investment
- High-value commercial development will be focused in the most desirable locations
- Quality of place investments are critical
- Understanding a community's fiscal sensitivity to these trends is valuable



[This Photo](#) by Unknown Author is licensed under [CC BY-NC](#)

Discussion | Local Insights

- How have these trends played out locally?
- What is reassuring or concerning about these trends?



How Has COVID Changed Your Day?

slido



Gathering Insights II

① Start presenting to display the poll results on this slide.

Strategy and Information

- Strategic Direction for Growth
- Real Estate Market Analysis
- Target Industry Studies
- Downtown Studies and Promotion
- Business Retention and Expansion
- New Business Attraction
- Promote Community

Project Specific

- Site Specific/ Site Readiness Studies
- Economic Impact of New Projects – Jobs, Wages, Consumer Spending
- Fiscal Impact of Plans, Use Changes
- Recommend or Implement Financial Assistance Tools
- Partner with Businesses

Common Economic Development Activities

Translating projected economic activity into tax revenue estimates

Creating realistic post-completion assessed values for a project

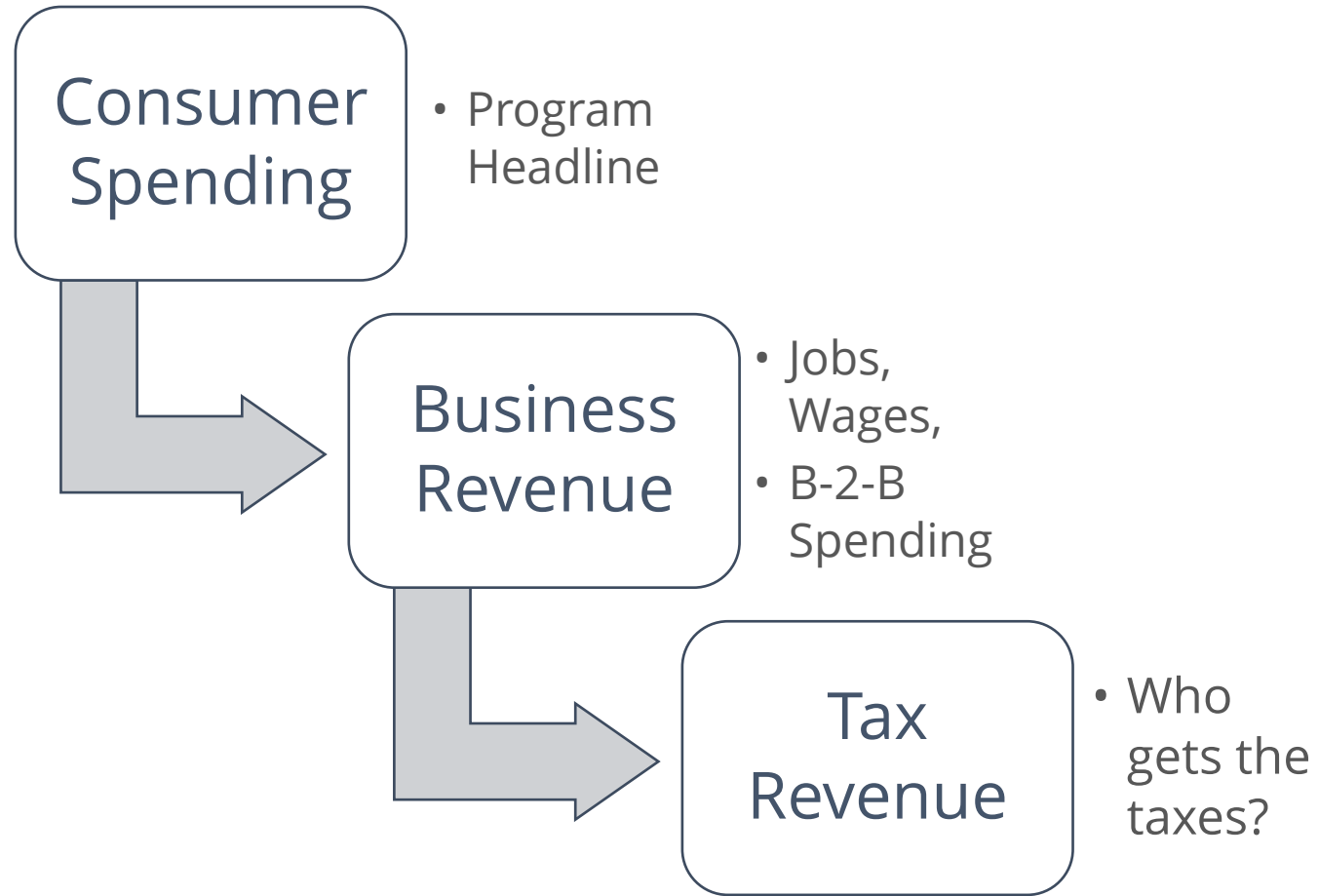
Estimating incremental costs from a project *or a development strategy*

Measuring fiscal effects of completed developments and initiatives

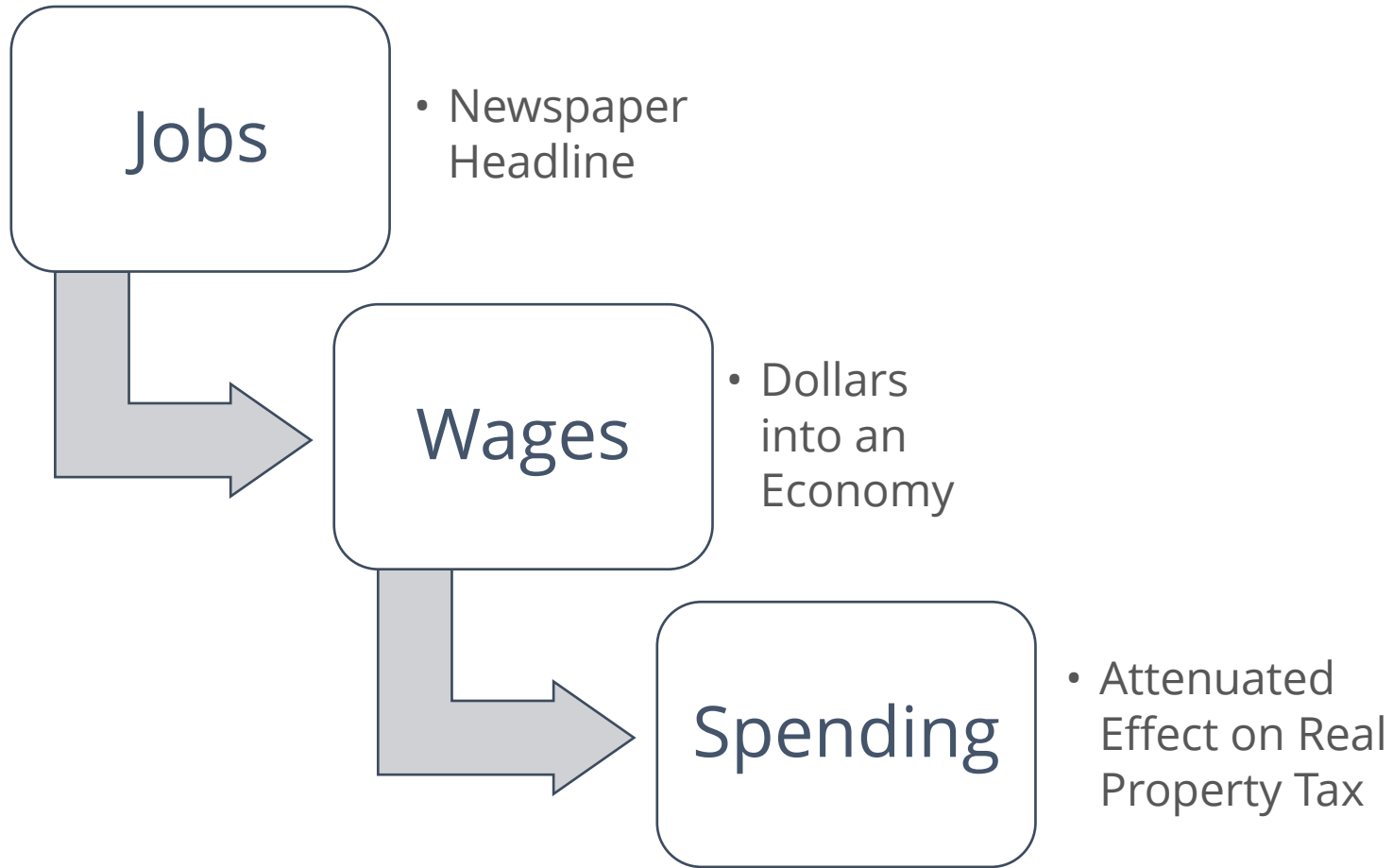
Tax Caps

Gaps from a Fiscal Perspective

Community Vitality Plan Disconnect



Economic Impact Analysis Disconnect



How Does Economic Development Help You?

slido



Gathering Insights III

① Start presenting to display the poll results on this slide.

Establish and track usable metrics

Lead or assist with grant applications and compliance

Translate new workplace location trends to property value estimates

Expand Business Retention and Expansion (BR&E) information collection

Evaluate performance of financial assistance programs over time

Establish costs of new activity during the planning period

Economic Development Can...



Final Thoughts & Questions



We'd Like to Hear from You

Tom Dworetzky

Director of Research
Camoin Associates

tom@camoinassociates.com
www.camoinassociates.com

Victoria Storrs

President & Founder
Storrs Associates, LLC

vstorrs@storrsassociates.com
www.storrsassociates.com