

Measurable Progress:

Business and Development Trends
in New Bedford 2010-2015



RESEARCH | ENGAGEMENT | POLICY

Overview

Roughly a decade ago, the city of New Bedford started on a path toward sustained economic growth with its first coordinated economic development strategy intended to provide a framework and strategic approach to building the city's economy. The ten-year strategy was framed around "six pillars of economic development activity" established on a foundation of efficient and responsive government service delivery in the areas of public safety, good government, infrastructure, and education.

- I. Support Existing and Small Businesses
- II. Attract Emerging Industries
- III. Communicate a Positive Message
- IV. Plan For and Develop Strategic Sites
- V. Prepare a Ready Workforce
- VI. Capture Long-Term Catalytic Opportunities for Growth

The city's strategy – implemented through the New Bedford Economic Development Council as the City's lead development agency with responsibilities that range from small business assistance and lending programs to strategic planning, real estate development and business park management – has driven economic development policy and practice and has been based on the principles of transparency and partnerships. This thoughtful approach to create an environment for private sector growth has yielded strong dividends in job creation and investment throughout New Bedford.

The national recovery from the great recession began in June 2009 when real GDP bottomed out and industrial production began to grow for the first time since 2007. However, it is widely understood that the recovery has been decidedly uneven, nationally, regionally, locally and by sector. This is certainly true in Massachusetts, where economic activity and growth within the Route 128 core has vastly improved, while generally job creation and investment elsewhere in the state and particularly in its Gateway Cities such as New Bedford have been more modest.

After taking office in 2012, Mayor Jon Mitchell recognized the progress that had been made but felt that the city needed to accelerate the pace of economic development and growth. Over the past several years a focus has been placed on leveraging the City's main assets, especially the port, downtown, and business park to improve the overall business climate for the encouragement and promotion of private sector investment while strengthening the City's brand.

To further emphasize a metropolitan strategy, Mayor Mitchell convened the Regeneration Committee in 2014 to develop long-term sustainable strategies to ensure New Bedford's continued prosperity and economic growth. This committee of business, academic, and government leaders exchanged ideas and conducted extensive discussions which were then incorporated into a report with specific and achievable recommendations to further advance the strategy. Nearly all of those recommendations are either underway or planned for the near future.

As the city nears the ten-year mark since the economic development strategy was launched, it is worthwhile to look at where New Bedford stands, how far it has come and where there are still opportunities for growth and improvement.

This report examines at certain data and qualitative information concerning business activity in the city from 2010-2015 to provide a sense of the progress made in implementing the ten-year strategy.

This data can also offer insight into how to best implement and focus the work of the Regeneration Committee during the next five years. While much work lays ahead, the results display signs of real momentum and strength toward achieving the City's shared vision of a vibrant seaport community.

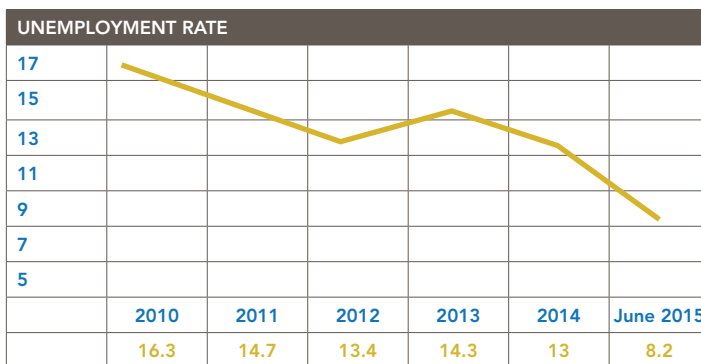
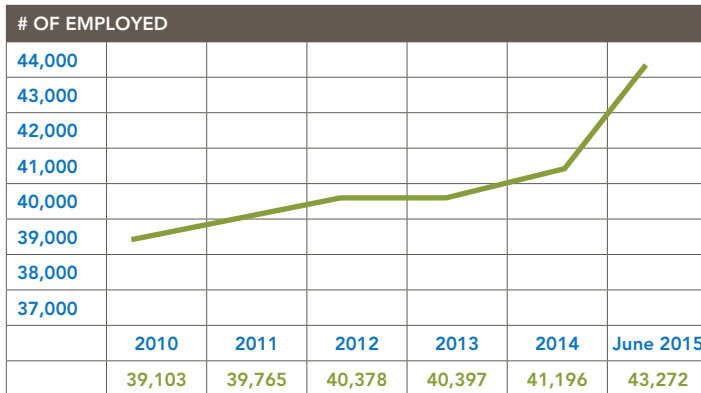
KEY SIGNS OF PROGRESS: 2010-2015

- More than 4,000 people have been added to the labor force
- The unemployment rate has been reduced by nearly 50%
- New business start-ups are up by 8.5%, almost double the statewide rate
- Wages have increased by nearly 9%
- Nearly 60% more building permits issued from 2010-2014
- New Bedford has remained the leading fishing port in the nation
- Port cargo activity has increased by 35%
- NBEDC has made more than \$7.5M in loans, leveraging \$68.9M in private investment
- 38% of total lending to minority and women owned small business

New Bedford Business & Employment Trends

Employment Growth

According to the Massachusetts Department of Labor and Workforce Development, New Bedford's unemployment rate in June of 2015 was 8.2%, while still higher than the statewide rate of 4.9%, it is nearly 50% lower than its annualized rate in 2010. This equates to more than 4,000 people now working in the labor force than were working in 2010.

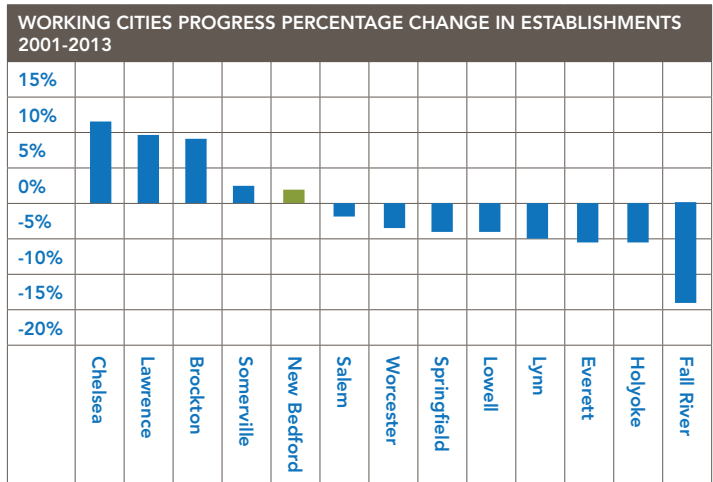
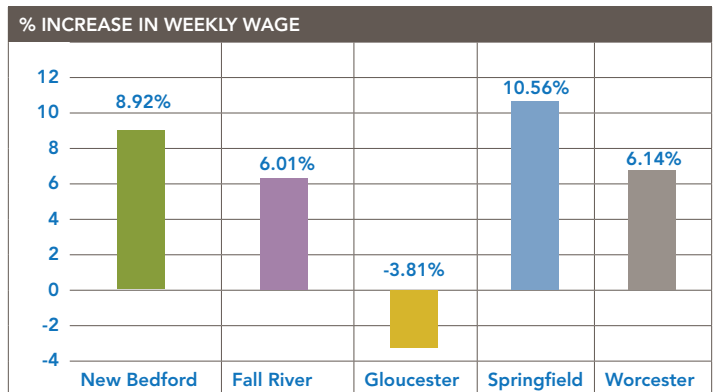
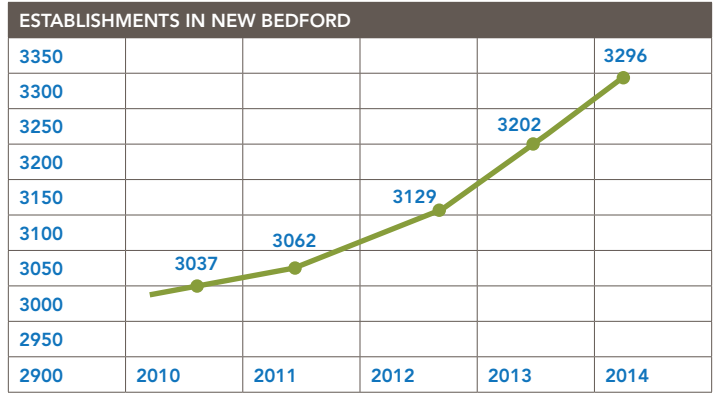


Business Establishment Growth

In addition to the growth in employment, the city has seen significant growth in new businesses and in the wages employees are receiving.

There are 259 more business establishments in the city since 2010, an 8.5% increase that vastly outpaces a statewide growth rate of establishments of 5.15% over the same time period. New Bedford companies are also paying on average nearly 9% more than in 2010, a significant jump particularly when compared to some other Gateway Cities. The New Bedford workforce is growing steadily and the local economy is creating a climate for good paying jobs for the city's residents.

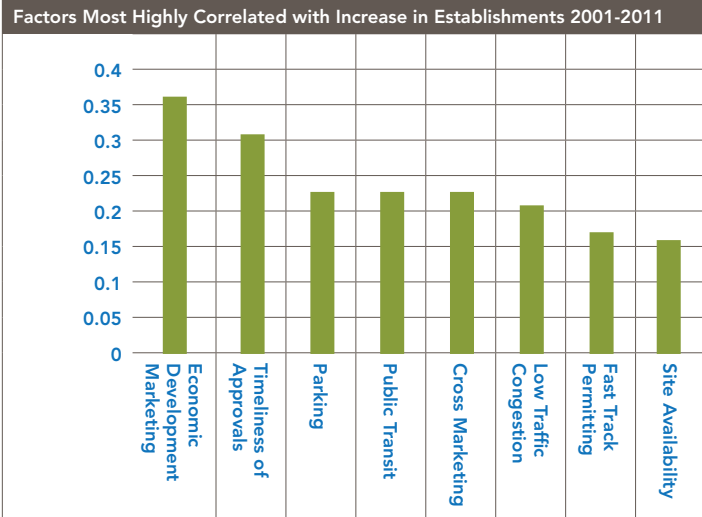
This trend in increasing establishments in New Bedford has been sustained for some time and can be traced back to 2001. The Dukakis Center for Urban & Regional Policy has done extensive research on the Working Cities in Massachusetts – a definition similar to MassINC's Gateway Cities – and has tracked performance in these cities to measure progress. The following chart demonstrates how New Bedford has performed relative to some similar communities across Massachusetts. New Bedford's growth rate in establishments was almost three times the statewide rate of 0.73% over the same time period.



Key Metrics in Growth of Establishments

Dukakis Center Director Barry Bluestone has done extensive work on the capacity of municipalities to draw and retain businesses. Professor Bluestone and the Dukakis Center administer an Economic Development Self-Assessment Tool (EDSAT) for municipalities, which is based on the priority issues, concerns, and metrics of site selectors, real estate brokers, and business executives from across the country. By analyzing these and other data sets, Professor Bluestone determined which variables are most closely correlated with positive economic activity.

New Bedford is well positioned among many of these categories—such as availability of good sites, fast track permitting, and low traffic congestion—which has likely contributed to the strong track record of growth in this area. Plans are currently underway to ramp up a coordinated economic development marketing effort that will further enhance and fortify the city's existing strengths in the other critical factors.



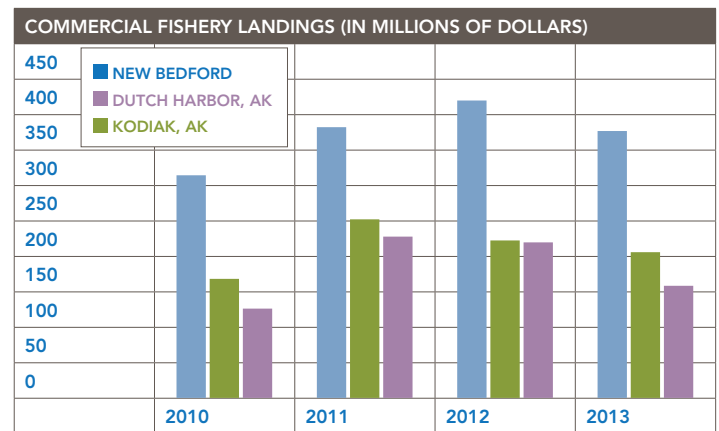
Increase in Home Ownership

Another promising sign of the city's resurgence is the rise in home ownership among its residents. According to the US Census Bureau, home ownership by low and moderate income residents jumped from 19% in 2000, to 34.5% in 2012 an 80% increase and a clear sign of a more stable residential population for New Bedford. In addition, according to the New Bedford Assessor's Office, home sales have more than doubled between 2012 and 2015.

Port of New Bedford Economic Development Activity

The port of New Bedford remains a crucial economic engine for the city, generating significant employment opportunities and business activity. New Bedford is a fishing town, first and foremost, and it continues to lead the nation in the value of landings for the fishery. The following chart illustrates New Bedford's position relative to the next two highest value fishing ports, exceeding their combined totals in three of the last four years.

New Bedford primary product – scallops – is a high value catch and the driver of this impressive track record. The average value per pound of landings in New Bedford ranges from between \$2.29/\$3.16 per pound, compared to \$0.26-\$0.49 per pound in the other two ports.



New Bedford has also seen a rise in the amount of freight coming through the port, due to the increase in produce cargo – primarily clementines imported from Morocco – carried by Maritime International, the city's largest stevedoring company. Other than the 2012-2013 season when bad weather severely curtailed the amount of clementines being shipped, New Bedford has seen a steady influx of ships each year, and more than a 35% increase in the number of pallets offloaded in the city from 2010 to 2014.

Municipal Development and Growth Trends

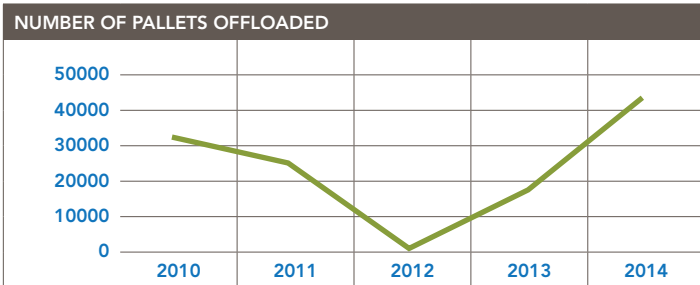
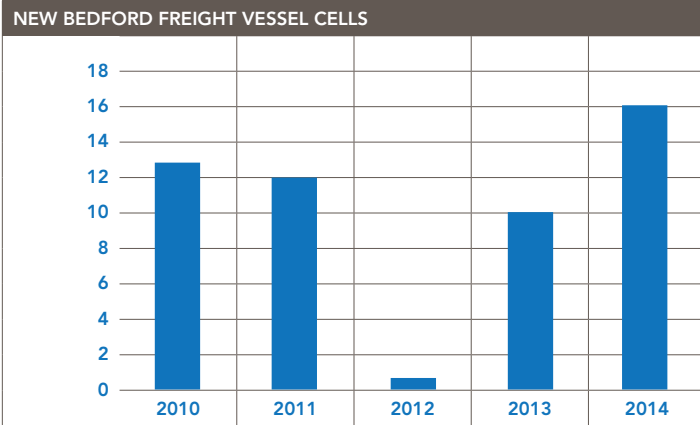
Increased Building Activity

Investment in the city has also seen a steady increase. There have been more than 12,000 building permits in New Bedford from 2010 to 2015, and nearly 60% more permits were issued in 2014 than in 2010. In just the first quarter of 2015, there were 1,980 permits issued, suggesting another robust year of building and development for New Bedford.



All of this activity has helped create significant new growth in the city's tax base, further stabilizing the city's finances and allowing the city to hold an A1 Bond rating from Moody's and an AA rating from Standard & Poor's. According to S&P, "An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree."

The city has also experienced an infusion of revenue from the local option rooms tax, which increased nearly 50% from 2012-2015, indicating significant growth in out of town visitors to New Bedford and reflecting the popularity and impact of the new waterfront hotel and conference center.



Recent Business Activity 2010-2015

New Bedford has a robust and diverse business community with 25 companies employing 100 people or more including six with more than 500 employees. Some recent expansions represent the vibrancy of the companies in the city.

A few recent highlights in the Upper Harbor area include expansions and new investments by Joseph Abboud, Precix, and Darn It! Inc. and UpSource. Together these and other projects have created hundreds of jobs and represented millions in new investment to the city. Business Park expansions such as Heat Transfer Products and downtown and waterfront developments such as Highliner Foods and the Black Whale have added hundreds more in recent years and there is a full pipeline of projects currently underway.

Recent Residential and Adaptive Re-Use Developments

Real estate developers from across the state discovered New Bedford beginning in 2010 leading to a steady stream of development projects throughout the city that have created hundreds of construction jobs, produced several hundred new housing units, retail and commercial space, and substantially added value to the city's property tax base.

Upper Harbor developments such as Cliftex North & South and Riverside Landing and downtown projects including Regency Towers and the Standard Times Building have led that wave of

renovation and restoration of historic mill buildings and other facilities. Collectively, these adaptive re-use projects have meant more than \$200 million in development throughout the city creating hundreds of new jobs, hundreds of residential units, and thousands of square feet of retail and commercial space on the tax rolls.

More development is planned, as investors and developers have discovered the market value of New Bedford and found a worthwhile place to invest that has buildings available for redevelopment, a city government that provides a predictable approval process and a market that presents solid returns on investment.

NBEDC Lending Program Performance 2010-2015

The NBEDC operates loan programs that play a key role in advancing economic development by providing access to capital for new and growing companies throughout the city. These programs include: micro-lending to promote enterprises owned or serving low to moderate income individuals; capitol access for medium size business seeking working capitol for equipment or expansion projects; fisheries assistance to help stabilize the industry or those who have been displaced; and creative enterprises lending who may need greater technical assistance specific to arts centric businesses.

Lending activity through these programs can serve as an important barometer of small business activity in New Bedford. The performance of these loan programs over the past five years is impressive. A few highlights:

Loans issued 2010-2015:	107
Total amount loaned:	\$7,513,832
Total amount leveraged:	\$68,917,107
Total jobs created/retained:	270
% of loans to women/minorities:	38%

The sizes of the loans are also well distributed across the small business spectrum, with 42 of the loans under \$25,000, 40 between \$25,000 and \$100,000, and 25 over \$100,000.

The NBEDC is a nonprofit organization comprised of 250 successful leaders in business, education and government led by a nine-member Board of Directors. In conjunction with the Mayor's Office, the Council sets the agenda for the city's key strategic economic development areas. The Executive Director of the NBEDC, with a team of six, is responsible for the coordination and implementation of the organization's programs and initiatives.

Prepared by GMC Strategies for the New Bedford Economic Development Council, August, 2015.

