

# Economic Profile for Belknap County

## Executive Summary

### Assessment of Challenges and Opportunities



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Many Americans are prioritizing family and lifestyle more highly than they have in the past, especially in terms of where and how they live their lives. The rapid growth of computer business capabilities coupled with high-speed Internet access has also dramatically changed where many small businesses can reside. The confluence of these two trends has significantly heightened the desirability of communities which offer attractive amenities to small business owners/operators. Accordingly, business people, particularly those who use the computer to transact their business, are now willing – even eager - to relocate to areas of the country that offer low crime, less congestion, recreational activities, high speed internet access, low taxes, environmental sanctity, and cultural benefits.

Our Economic Profile identifies the attributes of rural communities which will make them more likely to be economically vibrant in the near future. Among these attributes are: high natural and cultural amenities, well-educated residents, entrepreneurship, presence of a ‘creative class’, highly skilled workers, technology-led innovation, telecommunications capacity, good schools, and a reputation as a nice place to live.

Belknap County is remarkably well-positioned in terms of these attributes. It is the only county in New Hampshire to have affordable high-speed access in all of its towns! Natural amenities abound, high percentage of small businesses, moderate cost of housing and relatively low taxes all exist here. Some of these attributes are less apparent and need some enhancement such as increasing the supply of technologically skilled workers, supporting the development of quality and diverse housing including rentals, and facilitating entrepreneurial growth.

Overall, Belknap County has a **great opportunity** to leverage its attributes in ways that can greatly spur economic development.



# The County is at an Economic Cusp\*

\*Cusp: A point, a time of potential change

## FACTS ABOUT BELKNAP COUNTY

- Growth in employment and income (26%/21%) above US average
- 7<sup>th</sup> among 67 New England counties in population growth
- 2<sup>nd</sup> fastest growing NH county
- 31<sup>st</sup> of 67 New England counties in employment growth
- Increasingly a net exporter of jobs (commuting to work outside the County)
- Since 2000, Laconia one of the fastest growing cities in NH (3%)
- County's strong population growth places it in an enviable position among rural counties looking to diversify their economies



## +/- DATA SUGGESTS +/-

### Strong population growth signals change

#### *Regions in economic decline lose rather than attract residents*

- Attracting more older households with relatively high incomes
- Attracting also younger individuals and households/income and level of educational attainment lower than southern NH
- Much of Belknap's growth from other NH counties; corollary may be that the region is more connected and has stronger commitment to NH's standing traditions and economic roots
- Viewed as an attractive place to retire
- Considered as an alternative to high cost of other regions

### County has demonstrated solid income gains

- Solid income gains among households at very top and lower end of the income distribution
- Lowest rate in NH of poverty among 65+ group
- 3<sup>rd</sup> lowest poverty rate in NH
- Unemployment rate below state average
- Plentiful job opportunities for less educated or skilled
- Relatively lower housing costs
- Reduction in the % of very low income residents (Figure 3)
- Good growth in middle income distribution

## Belknap County's Population by Age

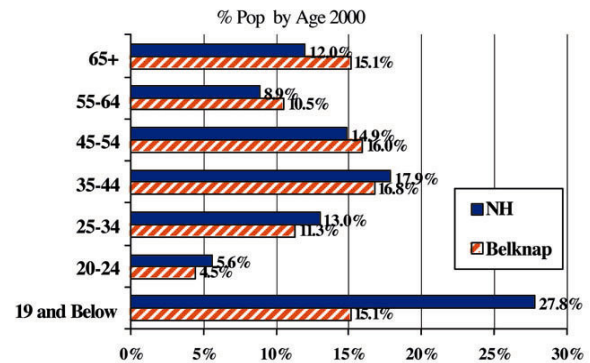


Figure 1

## Belknap County Employment Growth Compared to the US: 1992 - 2002

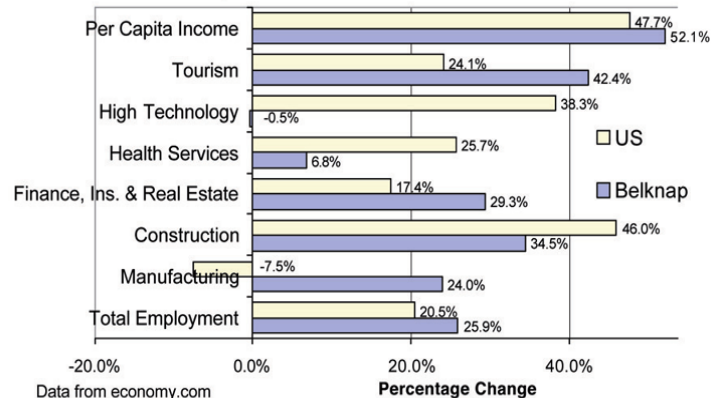


Figure 2

## The County Made Solid Income Gains Among Households At The Very Top (And Lower End) Of The Income Distribution

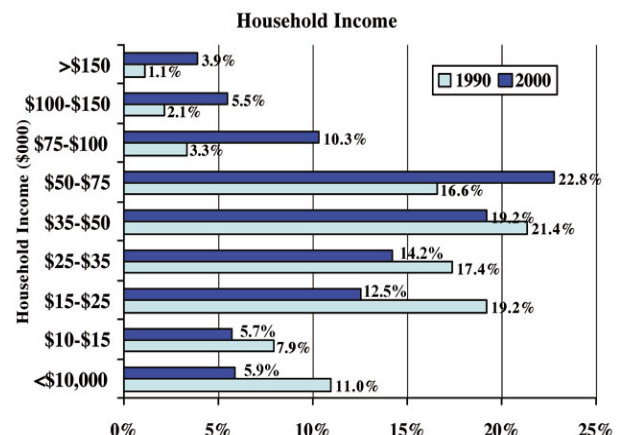


Figure 3



# Characteristics of Higher Growth Rural Regions

There are several factors that differentiate higher growth rural areas from the majority of slow growth rural counties.

These factors include:

- High natural and cultural amenities
- Concentrations of well-educated residents
- Entrepreneurial led economic change and growth
- Productivity led wage and salary growth driven by creative class <sup>1</sup>

<sup>1</sup> A term coined by Professor Richard Florida who argues that what is new and important about today's economy is the pervasive importance of creativity and problem solving. The "creative class" includes artists, designers, scientists and engineers, technicians, researchers, managers and others who develop new ideas, products, and concepts. These individuals have to do a lot of thinking on their own and don't necessarily work the traditional 9-5 job. The creative class value highly a mix of influences - different social classes, ages and ethnic groups. They value authenticity and uniqueness. These people seek out the kinds of places that have the energy, the openness, the creativity, the diversity and the economic opportunity they desire. Florida, in summary, advises communities to work on promoting "the three T's - technology, talent, and tolerance."

Richard Florida, *The Rise of the Creative Class*



Gunstock Recreation Area

Some of the hallmarks of regions that are prepared to prosper in the "newer" economy include:

- Deployment of modern high speed telecommunications capacity
- Promotion of entrepreneurship in private and public sectors as a primary economic development strategy
- Job growth from within and a focus on higher-wage technology and information industries in manufacturing and services
- Economic development strategies that focus on a positive "people climate" as an important complement to a positive "business climate"
- Concentrations of well-educated and skilled individuals
- An economic development focus built on local interests, strengths, resources, and competitive advantages
- Cultivation of cultural and civic organizations as part of the infrastructure of economic development

## Major Economic Assets of Belknap County include:

- Progressive, opportunity based rural economy
- Amenities of open land, lakes, mountains, and lifestyle
- Entrepreneurial activity strong: 10.4% of county residents own an unincorporated business compared to state average of 7.6%
- Availability of high quality healthcare services at reasonable costs and ease compared to urban areas
- Low crime rate in a low crime state
- Relatively high concentration of arts and entertainment employment indicative of a strong presence of cultural amenities
- Low business and real estate costs (relative to NE)
- Best wired and affordable telecommunication network of any NH county
- Physical access to high technology centers and major transportation hubs and highways
- Strong community banking system
- Concentrations are above average for US (50%+) and NH in both manufacturing and retail and 25% above in hospitality, healthcare, education and social services
- Construction, retail, accommodations, food industries pay wages above US average
- "Export" industries (manufacturing, hospitality, retail) although vulnerable to economic cycles bring new dollars to region



## Attributes Worthy of Attention or Further Enhancement:

- Development strategies must be an integral part of a comprehensive regional approach
- Assess and develop a clear and concise image to market region to targeted niches
- Continue to support the private development of quality and diverse housing especially rentals throughout the region to attract younger, technology savvy workers
- Labor force "up-skilling" through recruitment as well as enhancing training and educational opportunities
- Partnerships - collaborate on improving access to capital and equity, develop entrepreneurial networks, and ensure childcare, housing, quality education and training
- Continue to facilitate supportive political leadership for economic development initiatives throughout the region



# Facing the Challenges Maximizing the Opportunities

## Attributes should be further promoted to the following target niches:

- Vacationers/early retirees
- Solo/self-employed (free-lance professionals, artisans, consultants)
- Emerging entrepreneurs
- Graduating students and alumni at NH institutions (19 - 39 year olds are most entrepreneurial in US history)
- Families/workers/business owners in areas where folks are growing dissatisfied with growth patterns, land use, and social problems

## Challenges to Face/Perceptions to Overcome

- County not identified as participant in NH's vibrant entrepreneurial economy despite the number of sole proprietor and small businesses
- Identity and fortunes seem rooted in traditional manufacturing and larger employers
- High technology employment lagging
- Less diverse in ethnic mix
- Perception that area is only for the wealthy vacationer



*Laconia Airport*

More Information

***Economic Opportunities and Challenges in Belknap County***, prepared by PolEcon Research for the Belknap County Economic Development Council. View at <http://www.bcedc.org>

***Lakes Region Demographic Profile***, prepared by Lakes Region Planning Commissions (LRPC) Tel: 603-279-8171. View at <http://www.lakesrpc.org>

***Manufacturing and the New Hampshire Economy***, by Ross Gittell and James R. Carter. A publication of The Whittemore School for Business & Economics and the NH Small Business Development Council. View at <http://www.bcedc.org>

***The Rise of the Creative Class***, Richard Florida, published by Basic Books/A Member of the Perseus Books Group, <http://www.basicbooks.com>

## WHAT'S NEXT?

### **Moving forward**

The development and attraction of talent or human capital to the region should be the pillar of a regional development strategy. It will complement and enhance more traditional economic development and business climate initiatives such as business recruitment, retention, and assistance.

The role of the BCEDC is to assist in facilitating these collaborative efforts:

- Effectively market the County to targeted niches
- Address weaknesses or gaps in amenities
- Build on existing strengths
- Enhance the current business and people climate

### **Three areas of immediate focus:**

Promotion Refine image and develop strategies and activities for delivering message to targeted niches. A Profile Promotion Committee assumed this responsibility. Solo/self-employed and emerging entrepreneurs are the initial targeted groups.

Enhancement A continuous planning document is essential to an assessment and enhancement of amenities and resources, whether they be natural, built, human, or economic. To accomplish this, the BCEDC will collaborate with the Lakes Region Planning Commission on developing a Comprehensive Economic Development Strategy (CEDS) with assistance from the EDA (Economic Development Administration).

Facilitation A progressive economy benefits from supporting services that strengthen the business climate. The BCEDC will continue to provide the leadership in offering this assistance and training to businesses, organizations, and municipalities. Services and activities must continue to address key business climate issues identified by the study:

- Support networks for entrepreneurs and business owners
- Improve access to capital and equity
- Facilitate up-skilling of the workforce
- Work to diversify economic base
- Address core competitive issues for core industries especially manufacturing and tourism

Finally, performance remains key to an evolving economy. PolEcon has developed a set of Economic Benchmarks tied to measurables such as employment growth, changes in income and poverty rate, and comparison rank within NH. These indicators will be monitored annually.

The challenge before the region is to move the economic well-being of Belknap County from the cusp to the top tier and in doing so preserve the quality of life we cherish while raising the standard of living for all those who call the Lakes — home.