

**ROCHESTER ECONOMIC DEVELOPMENT  
STRATEGIC PLAN**

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Prepared for:

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## **I. PLAN SUMMARY**

The City of Rochester has long recognized the need for good planning in order to foster sound economic development that creates jobs and expands the tax base. Over the past few years, several efforts have been undertaken, focusing on different geographic locations in the city or on topical areas involving economic development. To gain a better understanding of how it can plan for continued change, the City set out to develop an Economic Development Strategic Plan. The plan's stated purpose was to *"prepare recommendations for actions needed to strengthen the competitive position and opportunities for economic enhancement."*

RKG Associates, Inc., an economic, planning and real estate consulting firm based in Durham, NH, was hired to complete the Economic Development Strategic Plan. Beginning in April 2006, RKG conducted a multi-part planning process that included the following elements:

- An analysis of historic trends and future projections for key economic and demographic data elements;
- An inventory of regional commercial and industrial assets including developable land, available building space, as well as local elements that support Rochester's economy and quality of life;
- A survey of local businesses to identify key issues for attracting and retaining businesses in Rochester;
- Interviews with business and civic leaders in Rochester in order to solicit views on the City's strengths, weaknesses, opportunities and constraints; and,
- Development of this Economic Development Strategic Plan that sets out the vision, goals and implementation steps to achieve the purposes of the study.

The plan is designed as an action-oriented document. Its implementation will begin immediately upon completion and will continue over a period of several years. During the course of the implementation, the City will make many decisions regarding public investments, ordinance changes and economic strategies. This plan has also been designed to be flexible, to be regularly updated as conditions change; thus, it should remain an active guide to City decision-makers as they ponder such issues.

### **A. Key Findings**

- Rochester is growing at a healthy pace and is taking its place as a major influence in the greater Seacoast market area.
- Rochester is a great place to live and to operate a business - with excellent schools, a skilled labor force, a full range of services, and a professional local government that is supportive of business needs.

- Rochester is becoming a destination for households seeking affordably priced housing in the Seacoast. Residential prices in Rochester have averaged \$55,000 below Strafford County. Rapidly increasing housing price levels are making it more difficult to attract or retain the resident workforce, resulting in increased commuting to and from Rochester.
- During the 1990s, Rochester experienced some of the largest residential development growth in the Seacoast region. Housing development in Rochester has intensified since 2000 with over two-thirds of the units built being single-family homes.
- Although Rochester is a regional center for the health care and retail sectors, Rochester's overall employment base has declined since 2000, losing jobs in vital sectors such as manufacturing, wholesale trade and information. The City needs to recognize the value of these lost jobs to its local economy and concentrate resources to retain and support existing businesses, as well as attract new firms.
- Rochester is a destination for retail spending in specific consumer goods categories such as groceries and automobile sales. The Rochester region is a net 'importer' of retail spending, meaning sales have outpaced the local demand for consumer goods, and can use this destination status to attract retail firms to capture underserved categories.
- Rochester experiences retail "leakage" in underserved market segments such as eating and drinking establishments, clothing stores, and others. The large amount of new retail projects that have been constructed, or have been approved for development, indicate that retailers are increasing their local presence in the hope of capturing this unmet demand.
- The Rochester School District is considered by many sources to be one of the best in the region. Consisting of eight elementary schools, one Middle School, the Richard W. Creteau Regional Technology Center and the Spaulding High School, the District's accomplishments include a 2005 Blue Ribbon School, 2001 Superintendent of the Year, 2002 School Psychologist of the Year and 2005 High School Principal of the Year. In order to continue improvements in the high school and college graduation rates, the District continues to employ innovative techniques such as a Freshman Academy to ease transition from Middle School to High School and Advanced Placement courses to allow motivated students to earn college credit while taking high school courses. The City, Rochester School District, employers and the Economic Development Commission should work together to train and develop employees and to attract/expand higher education opportunities for students and adult learners to meet the current and future needs of area businesses<sup>1</sup>.
- There is an abundant supply of competitively priced light industrial, office and commercial/retail buildings in Rochester and the greater Seacoast region. With uncertain future demand for these properties, and many end-users seeking to take advantage of low interest rates by purchasing specialized space to meet their exact needs, much of this existing space may become functionally obsolete.

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<sup>1</sup> Courtesy of the Rochester Economic Development Commission.

- There is demand for smaller (1,500 SF to 5,000 SF) owner occupied light industrial and office condominiums. There is low demand for large manufacturing buildings. This has led to the conversion of many of the larger vacant buildings into smaller units for lease or sale.
- The shifting retail environment toward big box retail and retail “power centers” has moved into the Seacoast region and Rochester, which may present challenges to traditional downtown retailers. In order to complement this retail shift, the City should look to reposition the downtown as a clean, attractive and safe, retail, dining and entertainment destination with ample parking.
- Rochester had a 2004 tax base of \$2.1 billion, representing an increase of 75% (\$891.3 million or \$178 million per year) since 2000 and more than double the tax base from 1990. The marked rise in tax base since 2000 is attributable to healthy growth in residential values; but more importantly, is also attributable to recent residential and non-residential development.
- Rochester is home to events and unique attractions that attract thousands of visitors (and their dollars) every year. These events and attractions include the Rochester Fair and other Fairground events, the Opera House, Santa Claus Parade, athletic events at Roger Allan Park, etc. The City, the Chamber of Commerce and other economic interests should recognize, support and promote these types of events in tandem with the city’s burgeoning arts and hospitality base. Furthermore, Rochester should be considered the “Gateway to the Lakes Region” through which pass tens of thousands of travelers every year en route to points north.
- Rochester’s 2005 property tax rate of \$17.30 per \$1,000 of valuation ranks the community near the middle of comparative property tax rates from selected Seacoast communities. The tax rate will continue to stabilize through a balance of strategic investments in existing neighborhoods, as well as new development. The stable tax rate is beneficial to attracting and retaining retail, commercial and light industrial firms.
- Over 2,200 acres, or 8% of Rochester’s land base, is currently undeveloped. In addition to this supply of undeveloped land, another 4,500 acres of current use and agricultural land could potentially be developed in the future. With water and sewer infrastructure available throughout most of the city, many of the largest undeveloped parcels are in close proximity to these services and could potentially be developed depending on location, transportation access and market conditions.
- Business operators indicated that the things the City could do to assist new and existing businesses include:
  - “Business friendly” and flexible municipal government atmosphere;
  - Tax incentives and/or keep taxes low;
  - Improve image of the city;
  - Improve downtown parking and traffic movement;
  - Keep in contact with businesses;

- Provide technical assistance, advertising/promotion and loans;
- Streamline and clarify zoning regulations;
- Clean-up or “face lift” for the city;
- Consistent enforcement of laws and regulations; and,
- Ensure a safe, secure place to do business (police services).

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## **II. VISION, GOALS AND IMPLEMENTATION ACTIONS**

The objective of this study is to identify economic opportunities in Rochester and to develop an action-oriented plan to realize them. This plan will be incorporated into the City's Master Plan and will serve as the primary tool for implementing positive economic development change in the community.

In general, the goals of a coherent and realistic economic development strategic plan are simple – increase employment and incomes for Rochester residents, enhance the City's tax base and positively add to the City's economic vitality and quality of life. In reality, achieving these goals is difficult, given the complexity of the regional economy, the limited tools available to municipalities in New Hampshire as well as to the very real budgetary constraints faced by the City. Successful economic development will require the City to partner with the private sector, including land owners, real estate professionals, and most importantly, with existing and potential business owners and managers.

Many of the implementation items describes below are interrelated – for example, supporting and strengthening practical educational ties with existing industries will have spill-over effects on other areas. Similarly, continuing to invest in its infrastructure makes Rochester more competitive in attracting, and keeping, large and small employers.

Most importantly, the analysis behind this plan has discovered that Rochester is a vital and growing part of the greater Seacoast economy and stands poised to capture a strong share of future employment opportunities and non-residential tax base. Furthermore, the city is a great place to live and work and has an abundance of positive assets to attract new economic growth. Rochester already has many of the tools needed to support and attract new businesses (including the Economic Development Department); and, with proper support from city government, residents and elected officials, can achieve the goals described in this plan.

### **A. Vision Statement**

Rochester is a thriving and vibrant micropolitan city, with an entrepreneurial and innovative spirit. We are a business friendly community, eager to foster growth and economic diversity, and provide new opportunities. We aspire to be a destination for development due to our high Quality of Life, including easy access to excellent health care, outstanding educational opportunities, available skilled workforce and environmental appreciation and respect. We strive to have a diverse economy with stable taxes, with an accessible and responsible local government providing high quality services and professional support.

### **B. Goals of the Plan**

There are seven goals of the Economic Development Strategic Plan:

1. Provide a Plan of Work that will increase the potential for commercial, retail and industrial development to locate in Rochester.

2. Encourage the City's responsiveness to industry needs and foster expansion of the City's established commercial and industrial base.
3. Support the continued availability of marketable industrial and commercial sites within the City, including capital improvements, municipal programs and other actions, which may affect the City's future economic growth.
4. Foster discussion and enhance the sense of community relating to development and growth issues.
5. Assess the City of Rochester's strengths and weaknesses as a location for industrial and business expansion.
6. Provide economic opportunities for Rochester residents, not just in the short term but also well into the future.
7. Ultimately, to strengthen the City's fiscal stability and stabilize its tax base through sustainable growth.

### **C. Implementation Actions**

The following are suggested implementation actions listed in order of priority. It should be noted that a summary of action items with estimated implementation costs is located within the Appendix.

1. Implement the City's Route 11 Corridor Plan, including construction of the frontage road to the east. This will open up additional land for a variety of commercial development (retail, office, light industrial) to accelerate job generation and tax base. Assess the ability to use Tax Increment Financing to achieve the improvements.

**Time Frame: 1 – 3 Years**

**Leadership: Rochester Economic Development Comm., Economic Development Director and City Manager**

2. The Industrial Development Authority (IDA) should consider acquiring or expanding an existing business park, or develop a new business park. The IDA will be able to more actively leverage the community's land assets and attract new users.

**Time Frame: 1 – 3 Years**

**Leadership: Rochester Economic Development Comm., Economic Development Director and City Manager**

3. Leverage public and private support to become a Main Street Community. This will encourage façade improvements, business support and retention, and improve upper floor occupancy in the downtown core.

**Time Frame: Immediately**

**Leadership: CORE, City Council, Economic Development Director and City Manager**

4. Implement a customized Business Retention & Expansion program to cultivate and strengthen relationships with existing businesses.

**Time Frame: Immediately & Ongoing**

**Leadership: Rochester Economic Development Commission, Economic Development Director, City Manager, Mayor and City Council**

5. Expand Economic Development Office capacity to provide outstanding service to existing and potential businesses. Utilize the Rochester Economic Development Commission and have the members play an active leadership role.

**Time Frame: Immediately**

**Leadership: Rochester Economic Development Commission, Economic Development Director, City Manager, and City Council**

6. Maximize the economic impact of Skyhaven Airport to the City of Rochester, separate and apart from the question of ownership. Develop a Business Plan for increasing impact and develop a marketing plan.

**Time Frame: 1 – 3 Years**

**Leadership: Skyhaven Airport Operating Commission, Rochester Economic Development Commission, Economic Development Director, City Manager and City Council**

7. Review and assess the City's development review process, including organizational structure. Ensure that the process is clearly defined, guarantees flexibility, projects a business friendly attitude, and encourages high quality developments. Repeat at 3-5 year intervals.

**Time Frame: Immediately & Ongoing**

**Leadership: Planning Board, Rochester Economic Development Commission, City Manager, Departments of Planning, Economic Development & Code Enforcement.**

8. Create an Educational Task Force to build on existing training programs and stimulate additional educational opportunities for Spaulding High Students and residents of all ages. Focus on entrepreneurial and small business management, internships, mentoring and co-op programs.

**Time Frame: Immediately**

**Leadership: Rochester School Department, Rochester Economic Development Commission, Chamber of Commerce, Local Businesses, Mayor and City Council**

9. Leverage funds to encourage the repositioning of underperforming properties in the city. These include facilities that are not currently being operated at their highest and best use (for example manufacturing located in prime retail space and underutilized upper floors in downtown buildings).

**Time Frame: Immediately**

**Leadership: Rochester Economic Development Commission, Economic Development Director and City Manager**

10. Create a Tax Increment Financing District (TIF) and/or Business Improvement District (BID) in the following geographic areas to help fund infrastructure improvements. Explore the possibility of linking tax base growth in commercial corridors with downtown redevelopment efforts.

- Route 11 Corridor – Loop Road & water/sewer extensions
- Cross-city connector – Bridge Exit 14 to Lilac Mall
- Route 125 Corridor

**Time Frame: 1 – 3 Years**

**Leadership: Rochester Economic Development Commission, Economic Development Director, City Manager, Mayor and City Council**

11. Leverage resources to position Rochester as the region's foremost Business Incubation Center, where entrepreneurs and new businesses can get started in a supportive and affordable environment.

**Time Frame: 1 – 3 Years**

**Leadership: Small Business Development Center, Rochester Economic Development Commission, Chamber of Commerce, New Hampshire Department of Resources and Economic Development (DRED), developers**

12. Retain the services of a marketing or image consultant to reposition City Government and Rochester School District's public image. Leverage resources from the local business community.

**Time Frame:** Immediately  
**Leadership:** City Manager, Rochester School Department, Mayor and City Council

13. Invest in the City's neighborhoods, particularly those in or near the downtown (water, sewer, drainage, streets, sidewalks, community policing, etc.)

**Time Frame:** 3 - 5 Years  
**Leadership:** Department of Public Works, City Manager, City Council

14. Advocate and lobby the New Hampshire Dept. of Transportation to expedite the Spaulding Turnpike expansion, including Exit 10.

**Time Frame:** Immediately & Ongoing  
**Leadership:** Rochester Economic Development Commission, Economic Development Director and City Manager

15. Develop a Master Plan (including site plan, business plan, marketing strategy and capital improvement plan) for the Rochester Fairgrounds in cooperation with the Rochester Fairgrounds Association. Emphasis should be placed on:

- encouraging public and private sponsorships at the site
- expanding the number of days the facility is used (equestrian shows, recreational vehicle camping, Laconia motorcycle events, classic car show and parts swap, mountain bike events, etc.)
- encouraging better physical connections with the downtown
- investing in the surrounding neighborhood

**Time Frame:** 3 – 5 Years  
**Leadership:** Rochester Fair Association, City Council, Rochester Economic Development Commission, and Chamber of Commerce/Tourism Board

16. Facilitate the creation of a Downtown Building Owners Association with a mission to highlight potential technical assistance and resources and develop a unified voice for property owners.

**Time Frame:** 3 – 5 Years  
**Leadership:** CORE Main Street, Chamber of Commerce and City Council

17. Complete a comprehensive tax base analysis in order to determine and maximize the fiscal benefits of public and private tax base investments and stabilize the property tax rate. Sometimes communities concentrate their tax base investment focus on supporting new developments at the expense of its existing building stock. Targeted investment in existing neighborhoods and building stock is often more realistically achievable in stabilizing the property tax rate than encouraging new development alone. Based on the city's tax base, development trends and current market conditions, a strategic investment plan should be developed. Furthermore, the City should evaluate the impact of the recent infrastructure improvements in Gonic and East Rochester on property values. The values of property (post improvements) in each respective neighborhood should be compared to those prior to the improvement projects in order to quantify the City's return on investment.

**Time Frame:** 3 - 5 Years

**Leadership:** City Manager, Mayor and City Council

18. Continue to Collaborate with the Chamber of Commerce as the primary conduit for public/private interests.

**Time Frame:** Immediately & Ongoing

**Leadership:** Economic Development Director and Chamber of Commerce President

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### **III. DEMOGRAPHIC AND ECONOMIC CONDITIONS**

This section provides an assessment of existing demographic and economic conditions in and around the City of Rochester. From an economic perspective, Rochester is part of the greater Seacoast Region, which includes the Portsmouth-Dover-Somersworth-Rochester corridor as well as surrounding towns in Maine and New Hampshire. This is a fairly homogeneous area, with many people working and shopping for goods and services in communities other than the one they live in. The region also attracts workers from other areas of New Hampshire, Maine and Massachusetts and serves as home for many people who commute out of the area on a daily basis. The most comparable geography to use in analyzing trends is the Census Bureau's Portsmouth-Dover-Rochester Metropolitan Statistical Area (MSA). However, due to the lack of current demographic and economic data for this geographic area (the 2000 Census data is the most recent available), Rochester is instead compared to Strafford and Rockingham Counties (the region) for the purposes of this plan.

This information represents the basis for the above Vision, Goals and Implementation Actions.

Two different types of information regarding Rochester's current situation are presented in this section: a demographic profile and current economic conditions. Changes in population and households are the major driver of economic activity in a region. Households purchase goods and services from businesses that employ residents and the availability of jobs attracts people to the region.

In order to obtain data and information for this analysis, various sources were used including:

- City of Rochester Assessor's Office
- City of Rochester Code Enforcement Department
- City of Rochester Economic Development Department
- DemographicsNow (a private, third-party provider of detailed census data and forecasts)
- The New Hampshire Department of Employment Security
- The New Hampshire Department of Revenue Administration
- The New Hampshire Office of Energy and Planning
- The U.S. Census Bureau

## A. Demographic Profile

### 1. Location

The City of Rochester is located in Strafford County in southeastern New Hampshire, along the Spaulding Turnpike (Route 16) corridor within the New Hampshire and Maine Seacoast region. Rochester is easily accessible from Exits 11 through 16 along the Spaulding Turnpike as well as from Routes 202, 11, 108 and 125.

Rochester's location ties it primarily to the economies of the greater Dover, Somersworth and Portsmouth region and the Census Bureau considers Rochester part of the Portsmouth/Dover/Rochester MSA. However, Rochester's secondary economic influence extends beyond the MSA north to the Lakes region (Alton/Wolfeboro), west to Northwood/Deerfield area, south to Portsmouth, and east to the greater Sanford, Maine area. Figure 1 shows Rochester's location within the greater Seacoast region.

Figure 1. Rochester and Region



## 2. Population

Based on estimates provided by DemographicsNow, Rochester had a 2005 population of 30,459, which represents an increase of 1,998 (7%) since 2000, and 3,829 (14.4%) since 1990. In 2005, Rochester represented about 7.3% of the region's population base, which is essentially unchanged since 1990. Between 1990 and 2005, the region's population base increased by almost 20% - over five percentage points more than Rochester's population growth over the same time period.

Projections between 2005 and 2010 indicate that Rochester's population base may increase by 6% (1,800 residents) – slightly below (by one half of one percentage point) the growth rate of the region over the same time period. Table 1 shows population growth trends and projections for Rochester and the region.

**Table 1. Population Trends and Projections:  
1990-2010**

	Rochester	Strafford/Rock. Co.
1990	26,630	350,078
2000	28,461	389,592
2005	30,459	418,706
2010	32,283	446,000
<b># Change</b>		
1990-2000	1,831	39,514
2000-2005	1,998	29,114
2005-2010	1,824	27,294
2000-2010	3,822	56,408
<b>% Change</b>		
1990-2000	6.9%	11.3%
2000-2005	7.0%	7.5%
2005-2010	6.0%	6.5%
2000-2010	13.4%	14.5%

Source: DemographicsNow

Many communities near Rochester, particularly those communities north of the city, have experienced rapid population growth between 1990 and 2000. It is reasonable to assume that these communities have attracted new residents primarily due to the availability of more affordable housing and developable land. As shown in Table 2, Rochester's population growth rate of 6.9% between 1990 and 2000 places it near the middle of the selected group of comparative communities relative to their population growth rates over the same time period.

**Table 2. Population Trends: 1990-2000**

Community	1990	2000	# Change	% Change
Wakefield	3,057	4,252	1,195	39.1%
Alton	3,286	4,502	1,216	37.0%
Strafford	2,965	3,626	661	22.3%
Middleton	1,183	1,440	257	21.7%
Barrington	6,164	7,475	1,311	21.3%
Lebanon, ME	4,263	5,083	820	19.2%
New Durham	1,974	2,220	246	12.5%
Newmarket	7,157	8,027	870	12.2%
Lee	3,729	4,145	416	11.2%
Madbury	1,404	1,509	105	7.5%
Dover	25,042	26,884	1,842	7.4%
Durham	11,818	12,664	846	7.2%
<i>Rochester</i>	<i>26,630</i>	<i>28,461</i>	<i>1,831</i>	<i>6.9%</i>
Milton	3,691	3,910	219	5.9%
Somersworth	11,249	11,477	228	2.0%
Sanford, ME	20,463	20,806	343	1.7%
Farmington	5,739	5,774	35	0.6%
Portsmouth	25,925	20,784	-5,141	-19.8%
Newington	990	775	-215	-21.7%

Source: NH Office of Energy and Planning

### 3. Households

Rochester had a 2005 household base of 12,259, which represents an increase of 1,998 (7%) since 2000, and 3,829 (11.9%) since 1990. In 2005, Rochester represented about 8% of the region's household base, which is essentially unchanged since 1990. Between 1990 and 2005, the region's household base increased by almost 25% - over five percentage points more than Rochester's population growth over the same time period.

In both Rochester and the region, the number of households has grown at a faster rate than population, as average household sizes continue to decline. For example, between 1990 and 2005, Rochester's average household size has declined by 0.13 persons (from 2.58 to 2.45) while the region's average household size has declined by 0.10 persons (from 2.68 to 2.58) over the same time period.

Projections between 2005 and 2010 indicate that Rochester's household base may increase by 6.4% (788 households) – modestly below the growth rate of the region over the same time period. Table 3 shows household growth trends and projections for Rochester and the region.

**Table 3. Household Trends and Projections:  
1990-2010**

	Rochester	Strafford/Rock. Co.
1990	10,221	126,861
2000	11,434	147,110
2005	12,259	158,820
2010	13,047	169,958
<b># Change</b>		
1990-2000	1,213	20,249
2000-2005	825	11,710
2005-2010	788	11,138
2000-2010	1,613	22,848
<b>% Change</b>		
1990-2000	11.9%	16.0%
2000-2005	7.2%	8.0%
2005-2010	6.4%	7.0%
2000-2010	14.1%	15.5%

Source: DemographicsNow

#### 4. Household Income

Rochester's median<sup>2</sup> household income in 2005 was \$43,933, which represents an increase of \$13,082 (42.4%) since 1990. The 2005 median household income for the region (\$59,641) was significantly higher (by over \$15,000) as compared to Rochester. Between 1990 and 2005, household income growth in the region increased by over 52% - ten percentage points more than Rochester over the time period. In terms of how household incomes have kept pace with inflation, assuming an annual inflation rate of 3%, between 1990 and 2005, Rochester household incomes have not kept pace with inflation, while the region's household incomes have risen faster than the rate of inflation.

Projections between 2005 and 2010 indicate that Rochester's median household income will increase by almost 11% (to \$48,660) – about two percentage points behind the growth rate of the region. Table 4 shows median household income trends and projections for Rochester and the region.

<sup>2</sup> A reliable measurement of income representing the statistical "midpoint" whereby half of a community's incomes are higher than this point and half are below.

**Table 4. Median Household Income Trends and Projections: 1990-2010**

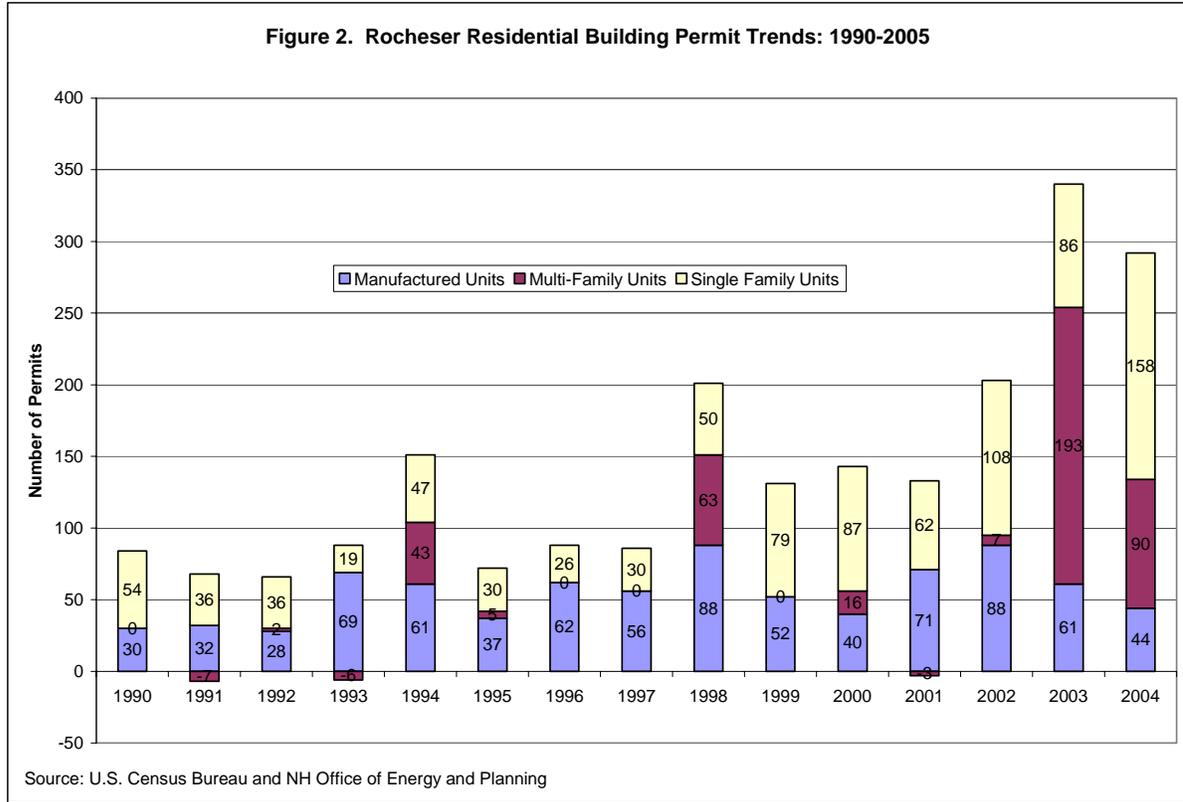
	Rochester	Strafford/Rock. Co.
1990	\$30,851	\$39,118
2000	\$40,694	\$54,154
2005	\$43,933	\$59,641
2010	\$48,660	\$67,466
<b>\$ Change</b>		
1990-2000	\$9,843	\$15,036
2000-2005	\$3,239	\$5,487
2005-2010	\$4,727	\$7,825
2000-2010	\$7,966	\$13,312
<b>% Change</b>		
1990-2000	31.9%	38.4%
2000-2005	8.0%	10.1%
2005-2010	10.8%	13.1%
2000-2010	19.6%	24.6%

Source: DemographicsNow

## B. Economic Conditions

### 1. Building Permit Activity

According to residential building permit data provided by the U.S. Census Bureau and the New Hampshire Office of Energy and Planning, 292 residential units were permitted in Rochester in 2004 – double the number permitted in 2000, and more than two and one-half times the number issued in 1990. As the number of units permitted in Rochester has increased since 1990, so too has the composition of the types of units permitted. Between 1990 and 1999, an average of 42% of units permitted were single-family homes, while over 52% were manufactured homes. An average of five percent of the units permitted each year over this time period was multi-family units. Since 2000, the mix of units permitted each year has shifted with almost half being single-family homes, and 20% being multi-family units. According to the U.S. Census Bureau, in 2005, the average construction cost (permit value) of a new residential unit in Rochester was \$136,000 representing an increase of 72%, or \$57,000, since 2000. Figure 2 shows annual residential building permit trend for Rochester between 1990 and 2005.



As residential development activity in Rochester has intensified, so has commercial and industrial development activity. According to permit data provided by the City of Rochester’s Code Enforcement Department, the number of permits issued for new commercial and industrial buildings in Rochester almost doubled between 2000 and 2005, increasing from 9 to 16 permits. The average construction cost (permit value) of each commercial and industrial building permitted over this time period was \$300,600.

**Table 5. Rochester - Commercial/Industrial New Building Permits**

	# Permits	Construction Value
2000	9	\$347,000
2001	9	\$8,060,139
2002	12	\$3,250,600
2003	19	\$5,676,804
2004	16	\$2,910,607
2005	16	\$4,103,514

Source: City of Rochester Code Enforcement Department

## 2. Housing Units

As shown in Table 6, Rochester had a base of 12,674 housing units in 2005, which represents an increase of 838 units (7.1%) since 2000 and 1,598 (14%) since 1990. In 2005, about 68% of Rochester's housing base contained single-family units, which is an increase of about 4 percentage points since 1990. Over the 1990 to 2005 time period, almost 95% of the housing units added to Rochester's housing base were single-family units. It should be noted that although Figure 2 shows a rapid increase in the number of multi-family units permitted in 2003 and 2004, this finding is not reflected in the construction estimates shown in Table 5. Although a permit for a housing unit may be issued, it does not necessarily mean that the unit will be constructed. It is likely that this discrepancy may be caused by multi-family units being approved in 2003 and 2004, with those units being constructed and absorbed over a period of several years.

Between 1990 and 2000, housing unit growth in the region (10%) was about 3 percentage points higher the rate experienced in Rochester (6.9%). However, between 2000 and 2005, Rochester's housing unit growth was only one-half of one percentage point below the regional growth rate, indicating that Rochester was capturing more of the regional housing construction activity.

Projections between 2005 and 2010 indicate that Rochester's housing base should continue to expand by 6.3% (800 units), slightly below the rate of housing unit growth (7.1%) experienced over the previous five year period, but similar to the projected growth rate of the region (6.7%).

**Table 6. Housing Unit Trends and Projections: 1990-2010**

<i>Rochester</i>										
	1990	2000	2005	2010	# Change			% Change		
					90-00	00-05	05-10	90-00	00-05	05-10
Owner	7,051	7,643	8,558	9,457	592	915	899	8.4%	12.0%	10.5%
Renter	3,170	3,791	3,701	3,590	621	-90	-111	19.6%	-2.4%	-3.0%
Vacant	855	402	415	424	-453	13	9	-53.0%	3.2%	2.2%
Total	11,076	11,836	12,674	13,471	760	838	797	6.9%	7.1%	6.3%
<i>Strafford and Rockingham Counties</i>										
	1990	2000	2005	2010	# Change			% Change		
					90-00	00-05	05-10	90-00	00-05	05-10
Owner	88,779	106,450	126,240	143,793	17,671	19,790	17,553	19.9%	18.6%	13.9%
Renter	38,089	40,660	32,580	26,165	2,571	-8,080	-6,415	6.7%	-19.9%	-19.7%
Vacant	17,300	11,452	11,685	11,912	-5,848	233	227	-33.8%	2.0%	1.9%
Total	144,162	158,562	170,505	181,870	14,400	11,943	11,365	10.0%	7.5%	6.7%

Source: DemographicsNow

Similar to population growth, Rochester's housing unit growth (6.9%) ranked it near the middle compared to other selected regional communities. Table 7 shows that the communities with some of the largest housing growth rates tend to be smaller, more rural communities located near Rochester (Strafford, Lebanon, Barrington, Middleton, and

New Durham) indicating that the “development wave” is moving from the southern Seacoast region, into the northern part of the region. As previously mentioned, this is most likely attributed to the availability of more affordable housing and developable land.

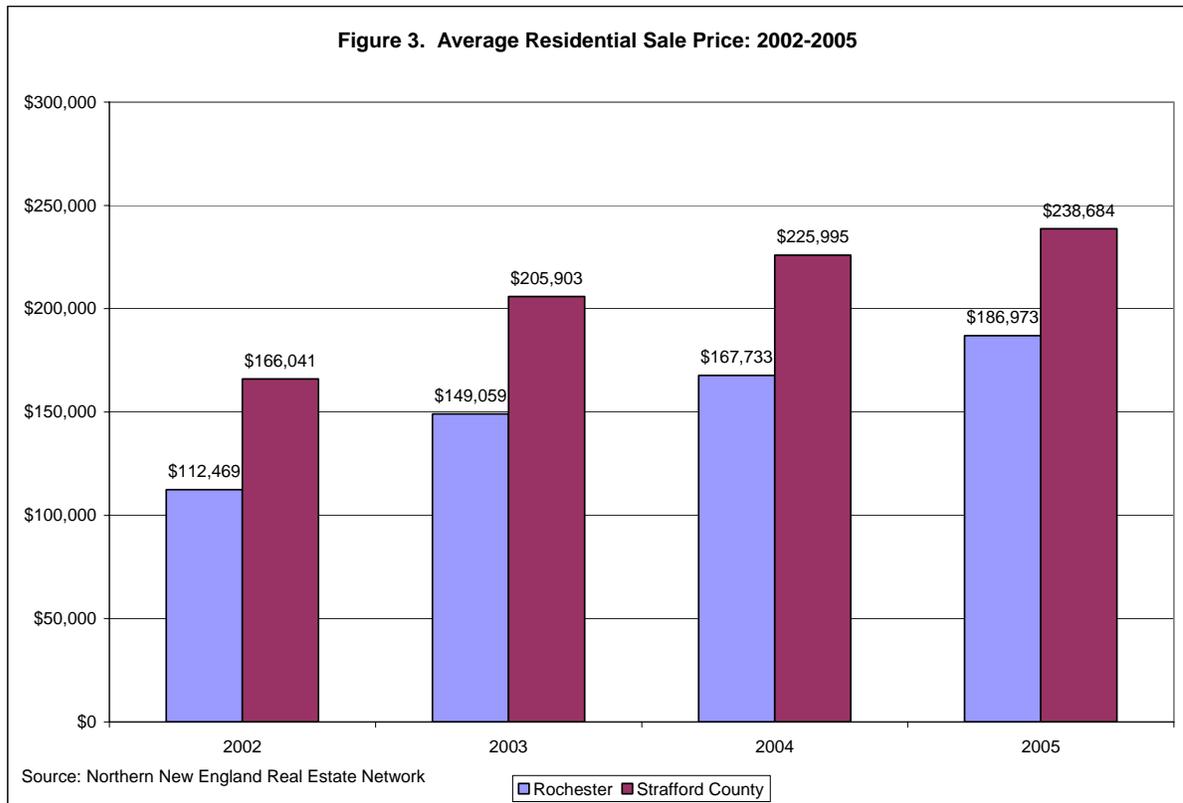
**Table 7. Housing Unit Growth Trends: 1990-2000**

	1990	2000	# Change	% Change
Strafford	1,264	1,564	300	23.7%
Lebanon, ME	1,734	2,090	356	20.5%
Barrington	2,640	3,147	507	19.2%
Durham	2,508	2,923	415	16.5%
Lee	1,393	1,534	141	10.1%
Middleton	654	706	52	8.0%
<i>Rochester</i>	<i>11,076</i>	<i>11,836</i>	<i>760</i>	<i>6.9%</i>
New Durham	1,231	1,309	78	6.3%
Sanford, ME	8,326	8,807	481	5.8%
Dover	11,307	11,924	617	5.5%
Farmington	2,260	2,337	77	3.4%
Madbury	528	543	15	2.8%
Milton	1,767	1,815	48	2.7%
Somersworth	4,719	4,841	122	2.6%
Rollinsford	1,040	1,060	20	1.9%
Newington	320	305	-15	-4.7%
Portsmouth	11,369	10,186	-1,183	-10.4%

Source: U.S. Census Bureau

In terms of residential sale prices, a residential unit in Rochester sold for an average price of approximately \$187,000 in 2005, \$51,000 below the average residential price in Strafford County (see Figure 3). Between 2002 and 2005, the price of a residential unit in Rochester has been an average of \$55,100 lower than the price in Strafford County, indicating that Rochester has become a source of workforce housing for the County (and arguably the Seacoast region).

Average residential sale prices increased from \$112,500 in 2002 to \$187,000 in 2005 representing an increase of 66% (\$74,500) – 22.5 percentage points faster than Strafford County over the same time period. As the Seacoast residential market is clearly in flux, it is unclear how the regional residential real estate market will perform over the short term (1 to 3 years). However, even with accelerated price growth, it is likely that Rochester will continue to provide a more affordable housing supply as compared to communities in Strafford County. However, the relatively high and increasing price of housing may impact the city’s ability to attract and/or retain its resident workforce.



### 3. Employment

Based on employment estimates provided by the New Hampshire Department of Employment Security, the largest industry sectors in Rochester's 2004 employment base of approximately 10,800 jobs included retail trade (2,303 jobs or 21%), health care and social assistance (1,951 jobs or 18%), and manufacturing (1,224 or 11%). Compared to the region, Rochester's 2004 employment base had a larger share of jobs in health care and social assistance, retail, and wholesale trade sectors. Conversely, Rochester was below the regional average in employment in the arts, entertainment and recreation, finance and insurance, information, and public administration sectors.

Between 2000 and 2004, Rochester's employment base declined by 11.7% representing a loss of over 1,400 jobs. Rochester's employment growth trend over the time period was reverse of the region, which added over 4,500 jobs (2.6%). The largest job losses in Rochester were within the manufacturing (1,205 jobs or 49.6%), information (500 jobs or 87.3%) and wholesale trade (506 jobs or 47.7%) sectors. Industries that added significant jobs included administrative and waste services (271 jobs or 105.4%) and health care and social assistance (203 jobs or 11.6%) sectors. Table 8 shows employment trends in Rochester and the region between 2000 and 2004.

**Table 8. At-Place Employment Trends: City of Rochester and Strafford and Rockingham Counties: 2000-2004**

<b>Rochester</b>				
Industry	2000	2004	# Change	% Change
Accommodation and Food Services	855	956	101	11.8%
Administrative and Waste Services	257	528	271	105.4%
Agriculture, Fishing, Hunting	N/A	N/A	N/A	N/A
Arts, Entertainment and Recreation	97	75	-22	-22.7%
Construction	420	438	18	4.3%
Educational Services	626	N/A	N/A	N/A
Finance and Insurance	306	264	-42	-13.7%
Health Care and Social Assistance	1,748	1,951	203	11.6%
Information	573	73	-500	-87.3%
Management of Companies and Enterprises	N/A	N/A	N/A	N/A
Manufacturing	2,429	1,224	-1,205	-49.6%
Mining	N/A	N/A	N/A	N/A
Other Services	443	459	16	3.6%
Professional and Technical Services	512	413	-99	-19.3%
Public Administration	369	383	14	3.8%
Real Estate Rental and Leasing	90	140	50	55.6%
Retail Trade	2,199	2,303	104	4.7%
Transportation and Warehousing	239	188	-51	-21.3%
Utilities	N/A	N/A	N/A	N/A
Wholesale Trade	1,061	555	-506	-47.7%
<b>Total</b>	<b>12,248</b>	<b>10,815</b>	<b>-1,433</b>	<b>-11.7%</b>
<b>Strafford-Rockingham Counties</b>				
Industry	2000	2004	# Change	% Change
Accommodation and Food Services	13,969	15,512	1543	11.0%
Administrative and Waste Services	7,284	8,567	1283	17.6%
Agriculture, Fishing, Hunting	537	454	-83	-15.5%
Arts, Entertainment and Recreation	2,954	3,526	572	19.4%
Construction	7,329	8,886	1557	21.2%
Educational Services	2,528	2,907	379	15.0%
Finance and Insurance	6,740	7,568	828	12.3%
Health Care and Social Assistance	16,244	18,168	1924	11.8%
Information	4,392	3,689	-703	-16.0%
Management of Companies and Enterprises	2,863	2,689	-174	-6.1%
Manufacturing	25,762	19,751	-6011	-23.3%
Mining	80	82	2	2.5%
Other Services	5,039	5,333	294	5.8%
Professional and Technical Services	8,053	8,026	-27	-0.3%
Public Administration	21,411	23,581	2170	10.1%
Real Estate Rental and Leasing	2,214	2,365	151	6.8%
Retail Trade	30,465	32,194	1729	5.7%
Transportation and Warehousing	5,578	4,886	-692	-12.4%
Utilities	1,236	1,102	-134	-10.8%
Wholesale Trade	7,831	7,789	-42	-0.5%
<b>Total</b>	<b>172,706</b>	<b>177,239</b>	<b>4533</b>	<b>2.6%</b>

Source: NH Department of Employment Security

The New Hampshire Department of Employment Security projects employment in Strafford and Rockingham Counties to increase to 223,576 by 2012. Assuming Rochester maintains its 7% capture of the regional employment base, the community's total employment could increase by another 4,800 jobs to over 15,600 jobs by 2012.

As shown in Table 9, Rochester's largest employers are spread across many sectors including public administration, health care and social assistance, manufacturing, retail trade, information, and waste management and administration.

**Table 9. Largest Employers: 2005**

Employer	# Employees
City of Rochester	1,119
Frisbie Memorial Hospital	655
KW Thompson Tool	500
Hannaford Brothers	264
Wal-Mart	255
Market Basket	210
Waste Management	200
Home Depot	182
Laars Heating Systems	165
Eastern Oil and Propane	160
Brand Partners	155

Source: City of Rochester

#### 4. Wages

In 2004, Rochester workers earned an average annual wage of \$33,403 (\$5,800 below the average wage within region), which represents a decline of almost \$5,000 (13%) since 2000. The decline in Rochester's average annual wage is most notably attributed to the precipitous decline in information and manufacturing jobs throughout New England following the national economic downturn in 2001. The movement of information technology and manufacturing jobs to other regions of the country, as well as other parts of the world, has increased the local labor force within these sectors with resulting downward pressure on wages.

The highest wage sectors in Rochester in 2004 included the wholesale trade (\$72,573), professional and technical services (\$43,687), and construction (\$42,112) sectors. The sectors with the lowest average annual wage included accommodation and food service (\$12,010), arts, entertainment and recreation (\$13,870), and transportation and warehousing (\$23,580). Table 10 shows average annual wage trends for Rochester and the region between 2000 and 2004.

**Table 10. Average Annual Wage Trends: City of Rochester and Strafford and Rockingham Counties: 2000-2004**

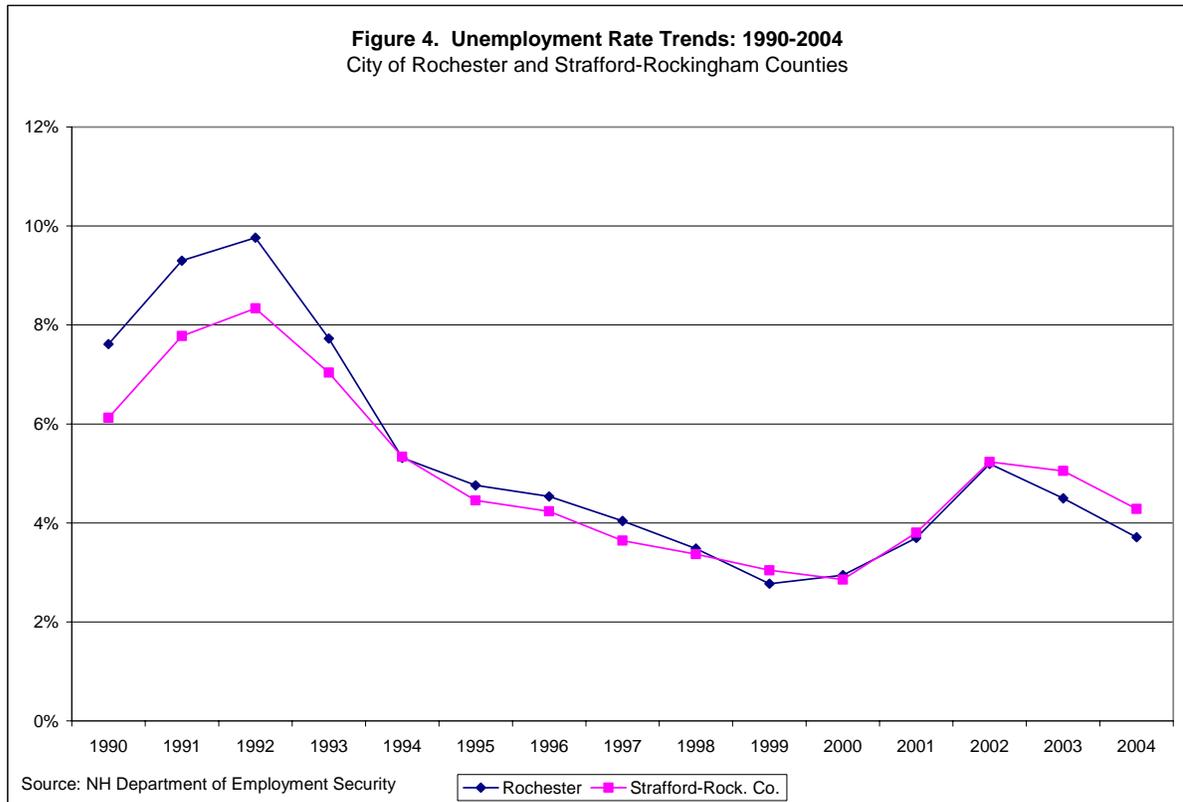
<b>Rochester</b>				
Industry	2000	2004	\$ Change	% Change
Accommodation and Food Services	\$10,234	\$12,010	\$1,776	17.4%
Administrative and Waste Services	\$35,968	\$32,858	-\$3,110	-8.6%
Agriculture, Fishing, Hunting	N/A	N/A	N/A	N/A
Arts, Entertainment and Recreation	\$13,958	\$13,870	-\$88	-0.6%
Construction	\$38,795	\$42,112	\$3,317	8.6%
Educational Services	\$31,512	N/A	N/A	N/A
Finance and Insurance	\$36,473	\$37,631	\$1,158	3.2%
Health Care and Social Assistance	\$28,195	\$35,103	\$6,908	24.5%
Information	\$69,169	\$31,508	-\$37,661	-54.4%
Management of Companies and Enterprises	N/A	N/A	N/A	N/A
Manufacturing	\$48,290	\$39,186	-\$9,104	-18.9%
Mining	N/A	N/A	N/A	N/A
Other Services	\$22,764	\$24,381	\$1,617	7.1%
Professional and Technical Services	\$54,408	\$43,687	-\$10,721	-19.7%
Public Administration	\$31,063	\$34,173	\$3,110	10.0%
Real Estate Rental and Leasing	\$26,078	\$36,991	\$10,913	41.8%
Retail Trade	\$23,626	\$26,318	\$2,692	11.4%
Transportation and Warehousing	\$21,786	\$23,580	\$1,794	8.2%
Utilities	N/A	N/A	N/A	N/A
Wholesale Trade	\$81,559	\$72,573	-\$8,986	-11.0%
<b>Total</b>	<b>\$38,392</b>	<b>\$33,403</b>	<b>-\$4,989</b>	<b>-13.0%</b>
<b>Strafford-Rockingham Counties</b>				
Industry	2000	2004	# Change	% Change
Accommodation and Food Services	\$13,214	\$15,104	\$1,890	14.3%
Administrative and Waste Services	\$27,522	\$31,747	\$4,225	15.4%
Agriculture, Fishing, Hunting	\$18,553	\$22,255	\$3,702	20.0%
Arts, Entertainment and Recreation	\$16,525	\$16,757	\$232	1.4%
Construction	\$39,399	\$45,195	\$5,796	14.7%
Educational Services	\$24,904	\$30,945	\$6,041	24.3%
Finance and Insurance	\$50,195	\$61,233	\$11,038	22.0%
Health Care and Social Assistance	\$30,316	\$37,196	\$6,880	22.7%
Information	\$50,620	\$58,567	\$7,947	15.7%
Management of Companies and Enterprises	\$109,179	\$144,195	\$35,016	32.1%
Manufacturing	\$44,686	\$50,283	\$5,597	12.5%
Mining	\$36,616	\$45,232	\$8,616	23.5%
Other Services	\$24,683	\$28,146	\$3,463	14.0%
Professional and Technical Services	\$57,906	\$56,514	-\$1,392	-2.4%
Public Administration	\$31,702	\$38,200	\$6,498	20.5%
Real Estate Rental and Leasing	\$30,679	\$38,271	\$7,592	24.7%
Retail Trade	\$21,459	\$24,794	\$3,335	15.5%
Transportation and Warehousing	\$30,380	\$33,951	\$3,571	11.8%
Utilities	N/A	N/A	N/A	N/A
Wholesale Trade	\$60,055	\$59,943	-\$112	-0.2%
<b>Total</b>	<b>\$35,026</b>	<b>\$39,229</b>	<b>\$4,203</b>	<b>12.0%</b>

Source: NH Department of Employment Security

## 5. Unemployment

In 2004, Rochester had an annual unemployment rate of 3.7% - 1.5 percentage points below the peak unemployment rate (5.2%) during the most recent economic downturn in 2002, but 1.1 percentage points above the unemployment rate experienced during the

peak of the most recent economic upturn in 1999. Since 2000, Rochester’s unemployment rates are well below the rates of near 10% experienced during the early 1990s. During the 1990s, Rochester had an average unemployment rate of 5.9%, which is modestly higher (by 0.6 percentage points) than the region over the same time period. Since 2000, Rochester’s unemployment rate has been 4% - 0.2 percentage points below the region. Figure 4 shows unemployment rate trends for Rochester and the region between 1990 and 2004.



**6. Business Establishments**

Rochester had a business establishment base of 642 businesses<sup>3</sup> in 2004, which is relatively unchanged since 2000 (645 businesses). Although the business base essentially remained unchanged, the businesses lost in some sectors, such as transportation and warehousing (6 firms), and manufacturing (8 firms), were added in other sectors, such as wholesale trade (6 firms) and accommodation and food services (5 firms). Over the same time period, the region’s establishment base expanded by 4.6% representing 545 firms, the majority of which were in the construction (166 firms), accommodation and food service (121 firms) and finance and insurance (66 firms) sectors. Table 11 shows business establishment trends in Rochester and the region between 2000 and 2004.

<sup>3</sup> Includes only firms that have paid employees and may not include some sole-proprietor establishments.

**Table 11. Business Establishment Trends: City of Rochester and Strafford and Rockingham Counties: 2000-2004**

<b>Rochester</b>				
Industry	2000	2004	# Change	% Change
Accommodation and Food Services	58	63	5	8.6%
Administrative and Waste Services	28	28	0	0.0%
Agriculture, Fishing, Hunting	0	0	N/A	N/A
Arts, Entertainment and Recreation	8	5	-3	-37.5%
Construction	70	73	3	4.3%
Educational Services	10	N/A	N/A	N/A
Finance and Insurance	39	37	-2	-5.1%
Health Care and Social Assistance	68	72	4	5.9%
Information	7	6	-1	-14.3%
Management of Companies and Enterprises	N/A	N/A	N/A	N/A
Manufacturing	45	37	-8	-17.8%
Mining	N/A	N/A	N/A	N/A
Other Services	61	65	4	6.6%
Professional and Technical Services	38	39	1	2.6%
Public Administration	11	11	0	0.0%
Real Estate Rental and Leasing	28	31	3	10.7%
Retail Trade	131	126	-5	-3.8%
Transportation and Warehousing	20	14	-6	-30.0%
Utilities	N/A	N/A	N/A	N/A
Wholesale Trade	25	31	6	24.0%
<b>Total</b>	<b>645</b>	<b>642</b>	<b>-3</b>	<b>-0.5%</b>
<b>Strafford-Rockingham Counties</b>				
Industry	2000	2004	# Change	% Change
Accommodation and Food Services	810	931	121	14.9%
Administrative and Waste Services	610	671	61	10.0%
Agriculture, Fishing, Hunting	53	53	0	0.0%
Arts, Entertainment and Recreation	179	185	6	3.4%
Construction	1,243	1,409	166	13.4%
Educational Services	120	140	20	16.7%
Finance and Insurance	469	535	66	14.1%
Health Care and Social Assistance	960	1,020	60	6.3%
Information	221	200	-21	-9.5%
Management of Companies and Enterprises	83	77	-6	-7.2%
Manufacturing	697	668	-29	-4.2%
Mining	9	14	5	55.6%
Other Services	946	980	34	3.6%
Professional and Technical Services	1,281	1,343	62	4.8%
Public Administration	400	395	-5	-1.3%
Real Estate Rental and Leasing	438	485	47	10.7%
Retail Trade	1,937	1,934	-3	-0.2%
Transportation and Warehousing	306	288	-18	-5.9%
Utilities	18	23	5	27.8%
Wholesale Trade	1,132	1,117	-15	-1.3%
<b>Total</b>	<b>11,955</b>	<b>12,500</b>	<b>545</b>	<b>4.6%</b>

Source: NH Department of Employment Security

## 7. Commuting Patterns

According to 2000 journey to work data provided by the U.S. Census Bureau, almost three-quarters of the jobs in Rochester were filled by workers who lived in Strafford County (who primarily lived in Rochester, Dover, Farmington, Milton, and Somersworth). As shown in Table 12, York County (Maine) and Rockingham County

accounted for largest proportion (17%) of Rochester's workforce who did not live in Strafford County.

**Table 12. Place of Residence of Rochester's Workforce: 2000**

Place	Number	% of Total
Strafford County	9,164	74.1%
York County (ME)	1,164	9.4%
Rockingham County	889	7.2%
Carroll County	458	3.7%
Other NH Counties	235	1.9%
Massachusetts	170	1.4%
Belknap County	153	1.2%
Outside NH & ME	65	0.5%
Other ME Counties	61	0.5%
Total	12,359	100.0%

Source: U.S. Census Bureau

Similar to the place of residence of Rochester's workforce, almost 90% of Rochester's employed residents work in Strafford or Rockingham Counties with the majority working in Rochester, Dover, Portsmouth and Somersworth. Having a large number of residents working outside of Strafford County may present an opportunity for the city from prospective new employers looking to establish plants or offices in Rochester to tap into this workforce. Interestingly, almost 2.5% of Rochester's residents commuted to Massachusetts to work (see Table 13). Due to the availability of more affordable homes and developable land in Rochester (as compared to the greater Boston region), the number of Rochester residents working in Massachusetts may increase, and will be evidenced in the next decennial census.

**Table 13. Place of Work of Rochester Residents: 2000**

Place	Number	% of Total
Strafford County	9,640	66.9%
Rockingham County	3,224	22.4%
York County (ME)	593	4.1%
Massachusetts	340	2.4%
Other NH Counties	334	2.3%
Hillsborough County	214	1.5%
Outside NH & ME	45	0.3%
Other ME Counties	17	0.1%
Total	14,407	100.0%

Source: U.S. Census Bureau

## 8. Retail Sales

Rochester's largest employment and establishment industrial sector is retail trade, supporting about one in five of the community's jobs and businesses.

Due to its geographic location and transportation links, Rochester’s retail establishments have the ability to draw from a customer base within Rochester, as well from outside of the community. Customers (and therefore sales) for most store and merchandise types for any given community are generally contained within a twenty to twenty-five minute drive of the respective community or store. As shown in Figure 5, a twenty to twenty-five minute drive from downtown Rochester extends from the southern Lakes Region in the north, to Portsmouth in the south, to Sanford (Maine) in the east, and Northwood in the west. Due to the significant amount, density and variety of retail square footage in communities located south of Rochester (such as Somersworth, Dover, Newington and Portsmouth), it is likely that the majority of Rochester’s retail customers originate primarily in Rochester, and secondarily from the southern Lakes Region/northern Strafford County, Lebanon/Sanford (Maine), and western Strafford County (Strafford, Barrington, etc.) area.

**Figure 5. 10, 20 and 25-Minute Drive Time from Rochester**



According to retail sales estimates for a region within a twenty-five minute drive of downtown Rochester provided by DemographicsNow, the Rochester region has a current annual consumer demand (consumer expenditures) of \$2.5 billion. Annual sales from

retail establishments in the Rochester region total approximately \$3.5 billion, indicating a surplus (or net importation) of over \$1.04 billion in sales.

Although the Rochester region is a net importer of consumer spending, there are a number of retail store types that are under-served, including:

- Lawn, garden equipment and supplies
- Supermarkets
- Beer, wine and liquor stores
- Optical goods
- Men's clothing, other clothing and clothing accessories
- Musical instruments
- News dealers;
- Office supplies and stationary
- Non-store retailers
- (Non) full-service and specialty restaurants
- Drinking places

As shown as italicized line items in Table 14, there is over \$105 million in retail demand that is not being met within the above-mentioned store-types within the Rochester region. However, recently constructed commercial and retail establishments in the Seacoast as well as establishments that have been recently approved or are in the permitting process "pipeline" will likely meet a portion of this demand. For example, recently built or approved commercial and retail developments in the Seacoast have included the following establishments:

- Home Depot
- Lowe's
- Kohl's
- Hannaford Brothers Supermarkets
- Target
- Wal-Mart Superstore

What should not be overlooked is the spending from visitors to Rochester. The city is home to events and unique attractions that attract thousands of visitors (and their dollars) every year. These events and attractions include the Rochester Fair and other Fairground events, the Opera House, Santa Claus Parade, athletic events at Roger Allan Park, etc. These activities and attractions, in turn, support a burgeoning downtown arts and hospitality base. Visitors come from the city itself (for example, residents who otherwise

would not come downtown), from surrounding towns in the region, as well as transient visitors who are passing through Rochester on their way to other destinations or those who travel relatively long distances to come to the area.

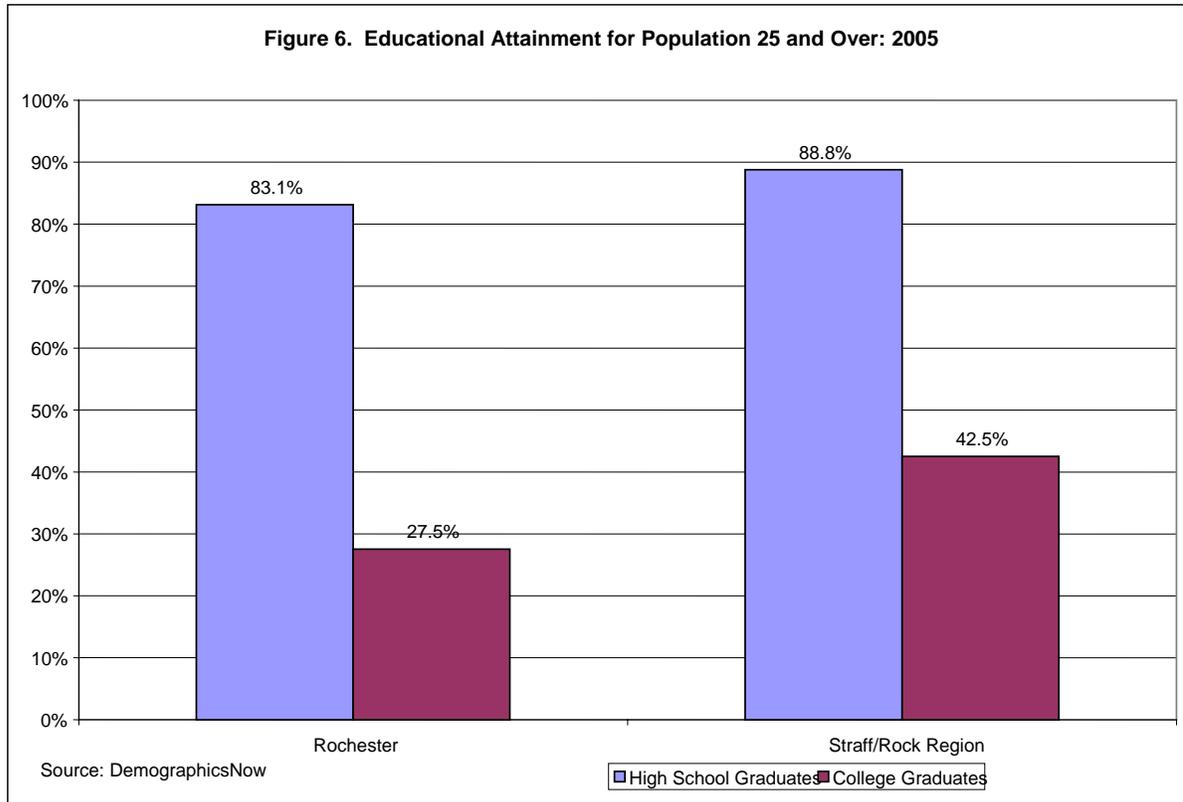
**Table 14. Retail Sales Within a 25-Minute Drive of Downtown Rochester**

	Demand (Consumer Expenditures)	Supply (Retail Sales)	Opportunity (Gap/Surplus)
Motor Vehicle and Parts Dealers-441	503,001,258	872,591,210	(369,589,952)
Furniture and Home Furnishings Stores-442	58,135,369	93,835,403	(35,700,034)
Electronics and Appliance Stores-443	55,914,621	140,646,068	(84,731,447)
Building Material, Garden Equip Stores -444	225,215,774	410,109,988	(184,894,214)
<i>Lawn, Garden Equipment, Supplies Stores-4442</i>	23,095,550	12,457,881	<b>10,637,669</b>
Food and Beverage Stores-445	310,074,010	325,896,518	(15,822,508)
Grocery Stores-4451	258,445,832	274,826,245	(16,380,413)
<i>Supermarkets, Grocery (Ex Conv) Stores-44511</i>	246,497,701	241,572,795	<b>4,924,906</b>
<i>Beer, Wine and Liquor Stores-4453</i>	14,566,919	2,764,506	<b>11,802,413</b>
Health and Personal Care Stores-446	107,497,540	123,477,908	(15,980,368)
<i>Optical Goods Stores-44613</i>	6,837,730	2,186,154	<b>4,651,576</b>
Gasoline Stations-447	230,345,172	306,723,706	(76,378,534)
Clothing and Clothing Accessories Stores-448	114,411,688	155,302,279	(40,890,591)
Clothing Stores-4481	82,764,686	110,667,049	(27,902,363)
<i>Men's Clothing Stores-44811</i>	9,166,673	6,467,289	<b>2,699,384</b>
<i>Clothing Accessories Stores-44815</i>	1,952,532	949,832	<b>1,002,700</b>
<i>Other Clothing Stores-44819</i>	6,304,267	2,752,063	<b>3,552,204</b>
Jewelry, Luggage, Leather Goods Stores-4483	15,875,730	22,064,626	(6,188,896)
<i>Luggage and Leather Goods Stores-44832</i>	1,218,067	495,245	<b>722,822</b>
Sporting Goods, Hobby, Book, Music Stores-451	47,641,390	78,214,154	(30,572,764)
Sporting Goods, Hobby, Musical Inst Stores-4511	29,649,928	53,182,937	(23,533,009)
<i>Musical Instrument and Supplies Stores-45114</i>	2,745,627	1,957,168	<b>788,459</b>
Book, Periodical and Music Stores-4512	17,991,461	25,031,217	(7,039,756)
<i>News Dealers and Newsstands-451212</i>	805,350	110,250	<b>695,100</b>
General Merchandise Stores-452	301,495,363	411,016,978	(109,521,615)
Miscellaneous Store Retailers-453	65,745,391	98,584,831	(32,839,440)
Office Supplies, Stationery, Gift Stores-4532	28,252,760	42,526,507	(14,273,747)
<i>Office Supplies and Stationery Stores-45321</i>	12,327,309	11,355,987	<b>971,322</b>
Non-Store Retailers-454	182,890,480	237,358,271	(54,467,791)
<i>Electronic Shopping, Mail-Order Houses-4541</i>	82,391,715	50,924,660	<b>31,467,055</b>
<i>Vending Machine Operators-4542</i>	12,744,799	5,157,203	<b>7,587,596</b>
Foodservice and Drinking Places-722	260,982,413	248,183,906	12,798,507
Full-Service Restaurants-7221	107,588,485	118,574,231	(10,985,746)
<i>Limited-Service Eating Places-7222</i>	111,550,253	105,704,030	<b>5,846,223</b>
<i>Special Foodservices-7223</i>	19,804,872	12,872,055	<b>6,932,817</b>
<i>Drinking Places -Alcoholic Beverages-7224</i>	22,038,803	11,033,590	<b>11,005,213</b>
Total Retail Sales Incl Eating and Drinking Places	2,463,350,468	3,501,941,219	(1,038,590,751)

Source: DemographicsNow

## 9. Educational Attainment

As shown in Figure 5, Rochester has both a lower share of high school graduates (83.1%) and college graduates (27.5%) as compared to the region (at 88.8% and 42.5% respectively). Figure 6 shows educational attainments for Rochester and the region in 2005.



## 10. Summary of Findings

The following findings and conclusions summarize the demographic and economic conditions in Rochester:

- Rochester's population growth over the past fifteen years has lagged behind both the region and many surrounding communities (particularly those located north of Rochester). However, this is starting to change as the supply of housing in the communities to the south is reduced and prices continue to climb, often beyond the means of local residents. Rochester is seen as more 'affordable' by comparison and is therefore attracting more residents.
- Residential prices in Rochester have averaged \$55,000 below those in Strafford County, indicating that Rochester has become a destination for households seeking more affordably priced housing in the Seacoast.
- Between 1990 and 2005, household growth in Rochester has outpaced population growth as average household sizes have declined. The increase in households, combined with an aging population, may put pressure on Rochester's existing housing stock. The result is a potential imbalance between the demand for different housing types – e.g. affordable family housing – and the creation of new units.
- During the 1990s, Rochester experienced some of the largest residential development growth in the Seacoast region. Housing development in Rochester has intensified since 2000 with over two-thirds of the units built being single-family homes.

- Rochester's median household income and income growth rate have lagged behind the region, and are projected to lag behind the region to 2010. This trend reflects the increasing affluence of the Seacoast region.
- Since 2000, commercial and industrial development activity has also intensified, which is important relative to working toward balanced tax base growth.
- Although Rochester is a regional center for the health care and retail sectors, Rochester's overall employment base has declined since 2000, losing jobs in vital sectors such as manufacturing, wholesale trade and information. The city needs to concentrate resources to retain and support existing businesses, as well as attract new firms.
- The Rochester region is a net 'importer' of retail spending, meaning sales have outpaced the local demand for consumer goods. However, there may be opportunities to capture currently underserved market segments such as eating and drinking establishments, clothing stores, and others. The large amount of new retail development that has been constructed or has been approved for development in and around Rochester indicates that retailers are increasing their local presence in the hopes of capturing this unmet demand (from the buying power) from consumers.
- Rochester is home to events and unique attractions that attract thousands of visitors (and their dollars) every year. These events and attractions include the Rochester Fair and other Fairground events, Opera House, Santa Claus Parade, athletic events at Roger Allan Park, etc. The City, the Chamber of Commerce and other economic interests should recognize, support and promote these types of events in tandem with the city's burgeoning arts and hospitality base.
- Although the Rochester School District is considered by many sources to be one of the best in the region, the community is well below the regional average relative to the number of residents who are college graduates. The City, Rochester School District, local businesses and economic development interests should work together to train and retain students and workers for the benefit of local firms and the local economy.

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## **IV. COMMERCIAL AND INDUSTRIAL ASSETS**

The purpose of this section of the plan is to provide an analysis of commercial space (defined as industrial, office and retail uses) as well as available (non-residential) land in Rochester and the greater Seacoast region. The intent of this section is to analyze the economic competitiveness of Rochester's built space, available land, economic assets and liabilities within the context of the greater Seacoast region.

In order to obtain data and information for this section, three methods were used. The first method included an analysis of online commercial and industrial property listings to determine the competitive supply of commercial/industrial, office and retail built space and available land in Rochester and the region.

The second method included interviews with local business and civic leaders in order to solicit views on the city's strengths, weaknesses, opportunities and constraints.

The third method included an analysis of commercial/industrial property and undeveloped land in Rochester with the use of the City's geographic information system (GIS) and property assessment data.

### **A. Non-Residential Building Space and Land**

The following provides an analysis of the supply and demand for commercial/industrial, office and retail space, as well as available (non-residential) land in Rochester and the greater Seacoast region.

#### **1. Supply and Demand for Light Industrial, Flex and Warehouse Buildings**

According to CB Richard Ellis, it is estimated that at the end of 2005, the greater Seacoast region contained approximately 16.6 million square feet (SF) of available light industrial, flex and warehouse space, of which about 2.3 million SF was available for lease or sale. This amount of available space equated to an overall vacancy rate of 13.8% in 2005 – down from 14.3% from 2004. Rochester contained approximately 1.87 million SF of light industrial, flex and warehouse space in 2005, of which 376,300 SF was available, for a vacancy rate of 20%. – six percentage points above the regional average and second only to Stratham (27%). Furthermore, Rochester's supply of available building space is second only to Portsmouth/Pease (499,570 SF). However, much of Rochester's vacant space is contained in a handful of larger buildings that do not necessarily meet the needs of many businesses.

With the downturn of the economy and the decline of manufacturing employment, potential industrial users have many choices should they require space. Interviews with local real estate development professionals indicate that with recent low interest rates, some industrial users are moving out of their older existing (possibly leased) space and building new (owner-occupied) space that specifically meets their current and future

needs. These needs may include higher ceilings, loading docks, office space, etc. resulting in lower operating costs. Demand within the Seacoast light industrial market is currently driven by small end-users looking to purchase industrial condominiums ranging from 1,500 SF to 5,000 SF, as these users begin to take advantage of ownership versus leasing. This finding is evident in recent activity within Rochester's eight industrial parks. For example, over 45,000 SF of light industrial and flex space is currently under construction or has recently been built in the Garrity Industrial Park (located near the downtown). Based on estimates provided by the City's Economic Development Office, most of this space is configured in 5,000 SF to 10,000 SF units. There appears to be very little change in the (lack of) demand for large manufacturing buildings. The only divergence from this outlook is from developers who look to purchase selected, ideally located, large manufacturing buildings for their land value and convert these properties to higher and better uses (big box retail, etc.).

Because of the development of modern space, some of the space formerly occupied by these users sits vacant and is generally considered functionally obsolete. Current lease rates for older industrial, warehouse and flex space ranges between \$3 and \$4.50 per SF with more modern space leasing for \$5 to \$7 per SF. These lease rates have remained virtually level over the past year, and are projected to increase modestly in 2006.

## **2. Supply and Demand for Office Buildings**

Based on a search of available office listings, the region contains approximately 6.3 million SF of available office space, of which 1.1 million SF is available equating to a regional vacancy rate of 16.8%. Due to the downsizing of a few large office tenants (Tyco, Enterasys, and MBNA), the Seacoast's office vacancy rate increased by over four percentage points since 2004. More than half of Rochester's 455,000 SF of office space is available, equating to over one-fifth of the available regional supply.

Current lease rates for Seacoast office space averaged about \$11/SF, which represents only a nominal increase since 2002. Rochester's listed office lease rates are on the low side of the regional average with most offerings between \$6.50/SF and \$12/SF. Dover's office rates (\$9/SF to \$14/SF) are generally near the regional average. Downtown Portsmouth and Pease are the strongest office locations in the region with average asking lease rates of \$15/SF. Projections indicate that with limited new office construction planned for 2006, and Class "A" space is in short supply, lease rates for Class "A" space may increase modestly, while the significant supply of Class "B" and "C" space will keep rates stable for these products. Similar to industrial space, with interest rates still considered low, there has been significant demand from existing users who are currently leasing space, to purchase office space (usually in the form of office condominiums).

## **3. Supply and Demand for Commercial and Retail Buildings**

There is approximately 3.9 million SF of available commercial and retail space within the region, most of which is small 1,500 SF to 4,000 SF traditional ground floor storefront space. Based on an analysis of commercial and retail listings, Rochester has about 70,000 SF of retail space available. Current lease rates for commercial and retail space are \$15/SF with space in Rochester leasing within a range of \$8/SF to \$12/SF. Similar to

the office market, Dover space is generally leasing near the regional average (\$10/SF to \$14/SF) while Portsmouth commercial and retail space commands a premium at up to \$40/SF. Lease rates for commercial and retail space is higher in suburban, highly visible, automobile-oriented locations (strip or “power center” retail) throughout the Seacoast, than in the older downtown locations (which may lack visibility, traffic counts and parking in very close proximity to stores). The exception to this general rule is in Portsmouth, where lease rates for downtown commercial and retail storefronts are at or above suburban space.

There has been a recent wave of retail development throughout many Seacoast communities with many big box and traditional retailers developing high visibility, automobile-oriented locations in Dover, Somersworth and Rochester. Recent retail development activity (such as Home Depot and Hannaford’s) coupled with recently approved (Kohl’s and Lowe’s) and proposed retail developments in Rochester’s permitting “pipeline” suggests that retailers want to capture “pent-up” consumer demand from the greater Rochester region. With population projections in Rochester to increase by 6% between 2005 and 2010, the demand for highly visible, ideally located, big box retail space should remain high. The development of large-scale retail establishments and retail clusters (“power centers”) may be at the expense of some traditional downtown establishments in the short term. It is likely that once the consumer demand for these store types has been met and the ideal locations have been developed, market demand will shift to niche storefront retail stores and restaurants in the downtown. This trend has been experienced locally in Portsmouth and Dover, as well as other communities across New England.

#### **4. Supply and Demand for Industrial Land**

Based on an analysis of listings for available industrial land within the Seacoast region, there is approximately 1,400 acres of vacant (mostly serviced with water and sewer infrastructure) industrial land available for immediate development. These land parcels are contained within both established industrial parks as well as isolated sites. There are currently about 280 acres of commercial/industrial land available in Rochester, equating to 20% of the regional supply. This estimate of the amount of land available for development is likely low as some local industrial parks (Granite State Industrial Park for example) have land (up to 110 acres in this case) that is potentially developable in the future. Based on the listings available, no other community in the Seacoast has more commercial/industrial land available for development than Rochester.

Commercial/industrial land prices vary widely due to available infrastructure, location, topography, transportation access, etc. However, commercial/industrial land is currently selling for between \$30,000 and \$200,000 per acre with the average price being approximately \$40,000 to \$50,000 per acre.

## 5. Summary of Findings

The following findings summarize the non-residential market conditions in Rochester:

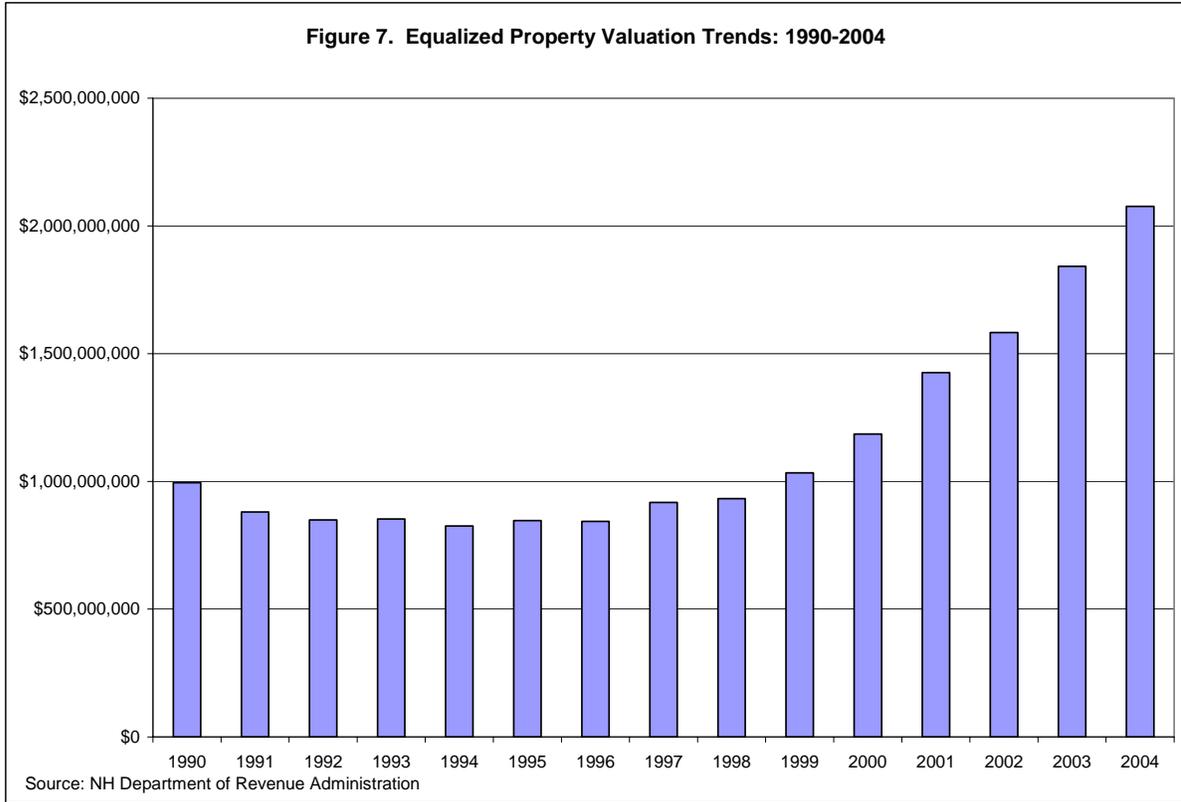
- There is an abundant supply of competitively priced light industrial, office and commercial/retail buildings in Rochester and the greater Seacoast region. With uncertain future demand for these properties, and many end-users seeking to take advantage of low interest rates by purchasing specialized space to meet their exact needs, much of this existing space may become functionally obsolete.
- There is demand for smaller (1,500 SF to 5,000 SF) owner occupied light industrial and office condominiums.
- There is low demand for large manufacturing buildings. The only divergence from this demand outlook is from developers who look to purchase selected, ideally located, large manufacturing buildings for their land value and convert these properties to higher and better uses (big box retail, etc.).
- The shifting retail environment toward big box retail and retail “power centers” has moved into the Seacoast and Rochester, which may present challenges to traditional downtown retailers. In order to complement this retail shift, the City should look to reposition the downtown as a clean, attractive, safe, retail, dining and entertainment destination with ample parking.

## B. Tax Base and Local Land Use Conditions

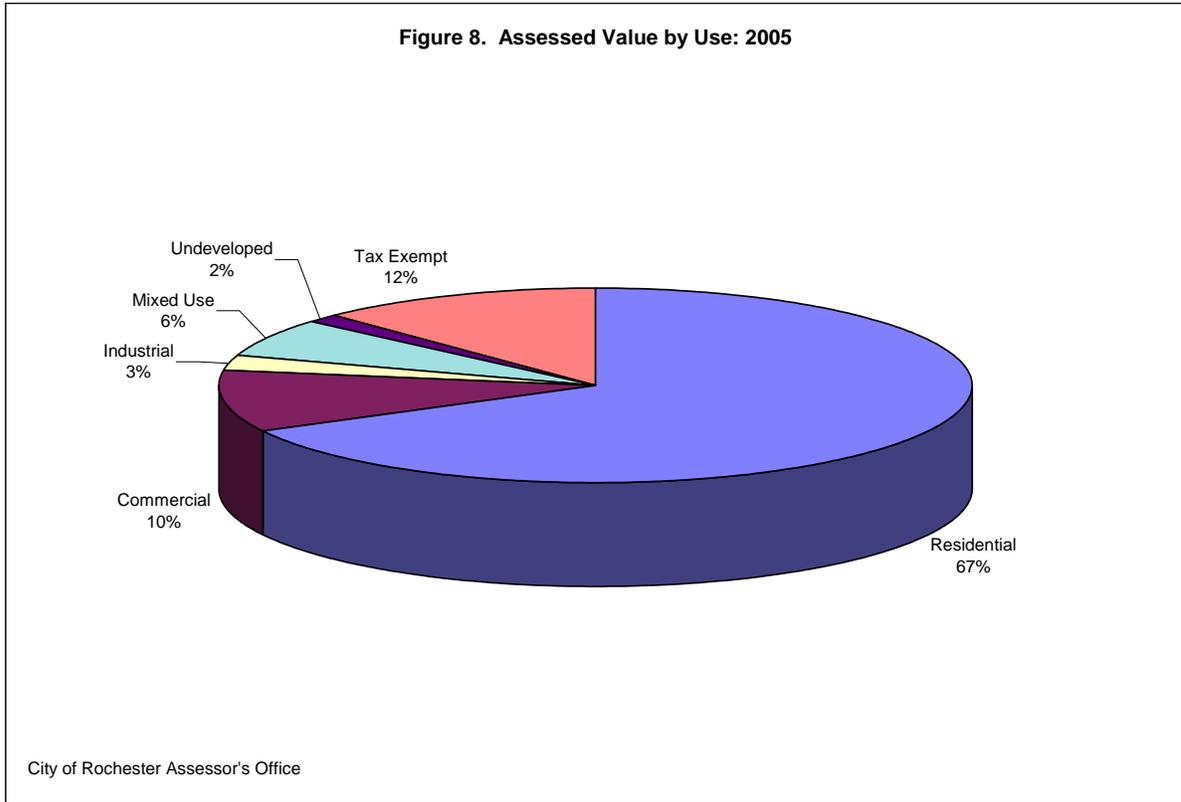
The following section provides information on an analysis of Rochester’s land use and property tax base as well as insights into local residential and non-residential development trends. Municipal revenue and tax base information used within this analysis was provided by the New Hampshire Department of Revenue Administration as well as land use and property assessment information provided by the City of Rochester’s property assessment database.

### 1. Tax Base

Rochester had a 2004 tax base of \$2.1 billion, representing an increase of 75% (\$891.3 million or \$178 million per year) since 2000 and more than double the tax base from 1990. As shown in Figure 7, during the recession and post-recession recovery in the 1990s, Rochester’s tax base growth declined slightly before stabilizing in 1995. Since then, the tax base has grown substantially, doubling between 2000 and 2004.



According to the Rochester Assessor’s Office, in 2005, residential properties had an assessed value of \$1.61 billion representing over two-thirds of the city’s total property assessment and overwhelmingly the largest contributor to the City’s assessment base. Comparatively, the second and third largest value categories, tax-exempt (\$291.9 million) and commercial (\$248.8 million), represent 12% and 10% of the City’s assessment base respectively. Figure 8 shows the Rochester’s distribution of assessed value by category in 2005.



Measured in terms of assessed value per building square foot, motels, inns and nursing home facilities, and commercial mixed-use properties generate the highest gains in real property value, averaging \$383/SF and \$264/SF respectively. Warehouse/manufacturing and retail/restaurant uses have comparatively lower assessed values per building square foot at \$47 and \$110. As a point of reference, single-family homes in Rochester had an average assessed value of \$169 per square foot – higher than retail, automotive, warehouse/manufacturing and office uses, but less than motels/inns/nursing homes and industrial and commercial mixed-use properties. Table 16 shows assessed value characteristics of selected commercial and industrial land uses in Rochester.

**Table 16. Characteristics of Rochester's Commercial and Industrial Properties**

Land Use	# Parcels	# Acres	Total Assessed Value	Total Building SF	Avg. Value/SF
Retail/Restaurant	105	233	\$96,851,800	877,203	\$110
Automotive Uses	70	144	\$31,559,000	242,300	\$130
Motels/Inns/Nursing	16	53	\$16,636,700	43,473	\$383
Office	104	98	\$39,771,500	261,851	\$152
Warehouse/Man.	76	372	\$61,737,400	1,324,537	\$47
Industrial Mixed Use	15	1,537	\$54,095,555	227,571	\$238
Comm. Mixed Use	56	718	\$30,841,698	116,719	\$264

Source: City of Rochester Assessor's Office and RKG Associates, Inc.

As a way of improving the city's tax base, it is important to strategically invest in existing properties as well as attract new investment (through new non-residential or residential development). As an example, Rochester's downtown (see Figure 9) is a fairly densely developed area with a floor-to-area ratio (FAR)<sup>4</sup> of 0.31 with very little undeveloped land (1.71 acres) remaining. Due to the small amount of undeveloped land in the downtown, options for improving this area's tax base would have to come through investments in existing properties (either razing existing buildings or improving the existing stock) and/or increasing the density of development. This is also noted in the City of Rochester's 2003 *Plan for Downtown Rochester*.

With an average assessed value of \$201 per SF<sup>5</sup> it is conceivable, through strategic investments in the downtown's existing buildings and surrounding neighborhoods, to increase values by up to 20% or more. Assuming that downtown property values increased by 20%, this added assessment is equivalent to 113,000 SF of new office space, or 156,000 SF of retail and restaurant space, or over 365,000 SF of new warehouse and manufacturing space. The *Plan for Downtown Rochester* reported that the average retail sales per square foot in the downtown was only about \$90, versus \$250 - \$400 for typical big-box and specialty retailers. If this downtown average increased by only 20%, to approximately \$110 per square foot, this would translate into a proportional increase in the assessed value of the buildings. Ensuring that the City's design and property maintenance standards are enforced, to promote quality design characteristics for downtown properties, will improve the area's aesthetics as well as contribute to increased property values.

Increasing density in the downtown (from 0.31 to 0.50) can be accomplished through re-zoning, allowing larger buildings and a wider variety of uses. Doing so will increase activity in the downtown core (along with traffic), which will require strategic investments by the City for various infrastructure elements, including streetscape and parking facilities. The success of downtown Portsmouth (in terms of increased tax base) has been attributed by many in the region to that city's construction of the High Street parking structure.

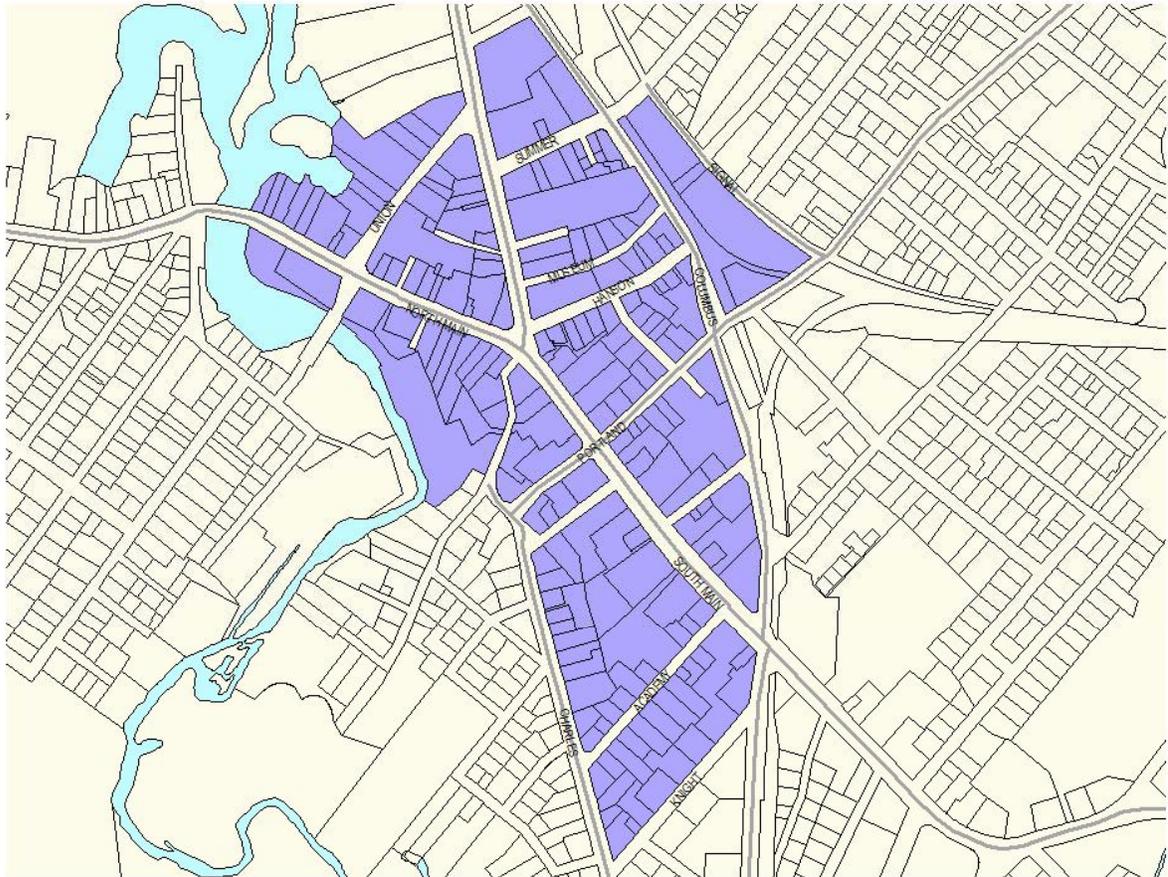
Increasing the market-rate residential base in the downtown is also an important tool for enhancing economic activity. People tend to spend money near their homes, and downtown living is becoming increasingly attractive for young professionals as well as older, "empty nesters" and retirees with relatively high levels of disposable person income. Additional residential development in the downtown should be encouraged.

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<sup>4</sup> FAR is a comparison between the amount of built space and the amount of land used (a building of 20,000 square feet on a 20,000 square foot lot has an FAR of 1.00). A 0.25 FAR is typical for suburban-scale commercial development.

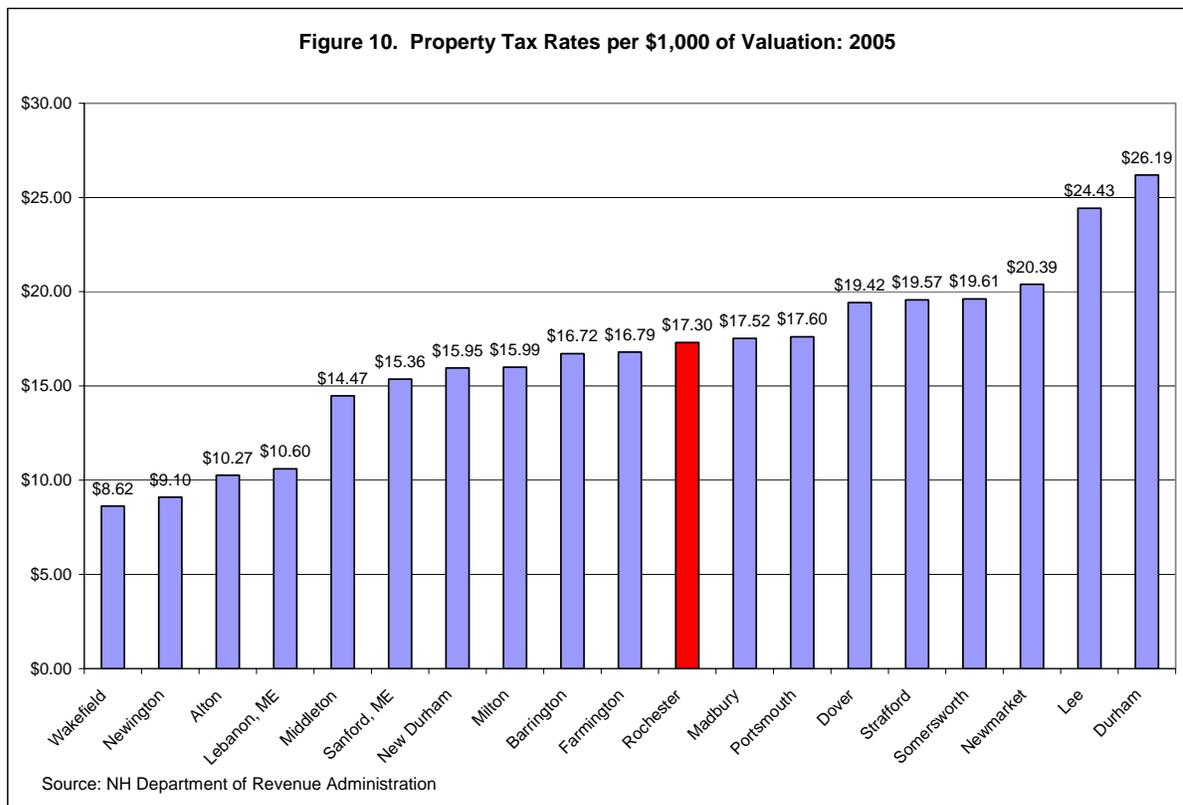
<sup>5</sup> Including only improved properties.

**Figure 9. DOWNTOWN PROPERTIES**



Map prepared by RKG Associates, Inc. - June, 2006  
Map data provided by the City of Rochester

According to the New Hampshire Department of Revenue Administration, Rochester’s 2005 property tax rate of \$17.30 per \$1,000 of valuation ranks the community near the middle of comparative property tax rates from selected Seacoast communities. As shown in Figure 10, property tax rates are generally lower in neighboring communities in Maine as well as in the smaller, more rural communities located north of Rochester. Rochester’s property tax rate is between \$0.30 to \$2.31<sup>6</sup> lower than the rates of the other cities in the Seacoast Region (Dover, Somersworth and Portsmouth). Low property tax rates are one of the elements that are advantageous when attracting new commercial, retail and light industrial firms as well as retaining existing business establishments who may be looking to relocate to other communities. Based on the quantity, variety and quality of municipal services provided, the City has been successful in providing substantial value to residents and businesses for their tax dollar, relative to many other cities and towns in the region.



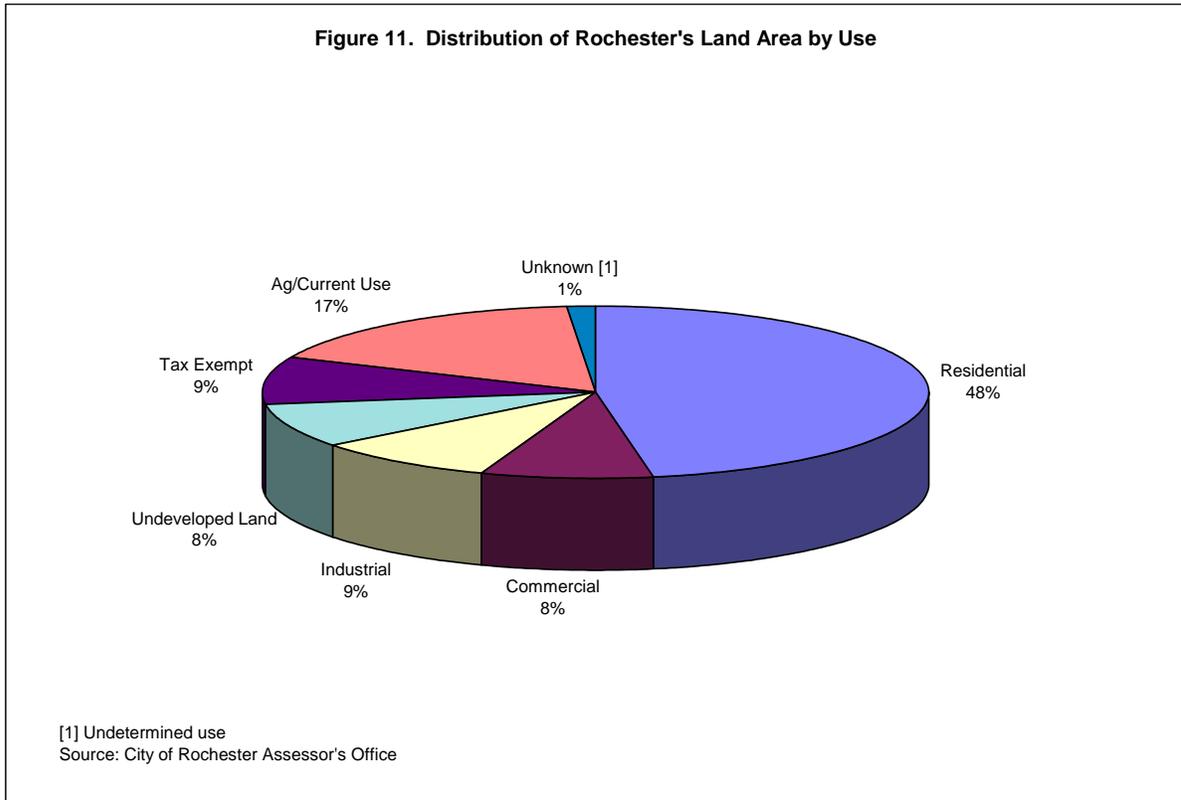
**2. Current Land Use Conditions**

According to property use data provided by the City Assessor’s Office, Rochester contains approximately 26,600 acres<sup>7</sup>, of which, almost half is used for residential purposes. Commercial and industrial uses account for about 4,500 acres or 17% of the city’s total land area. As mentioned earlier, Rochester has the most commercial/ industrial land available for development in the Seacoast. As shown in Figure 11, 8% of Rochester’s land base is currently undeveloped equating to over 2,200 acres. In addition

<sup>6</sup> Per \$1,000 of valuation.

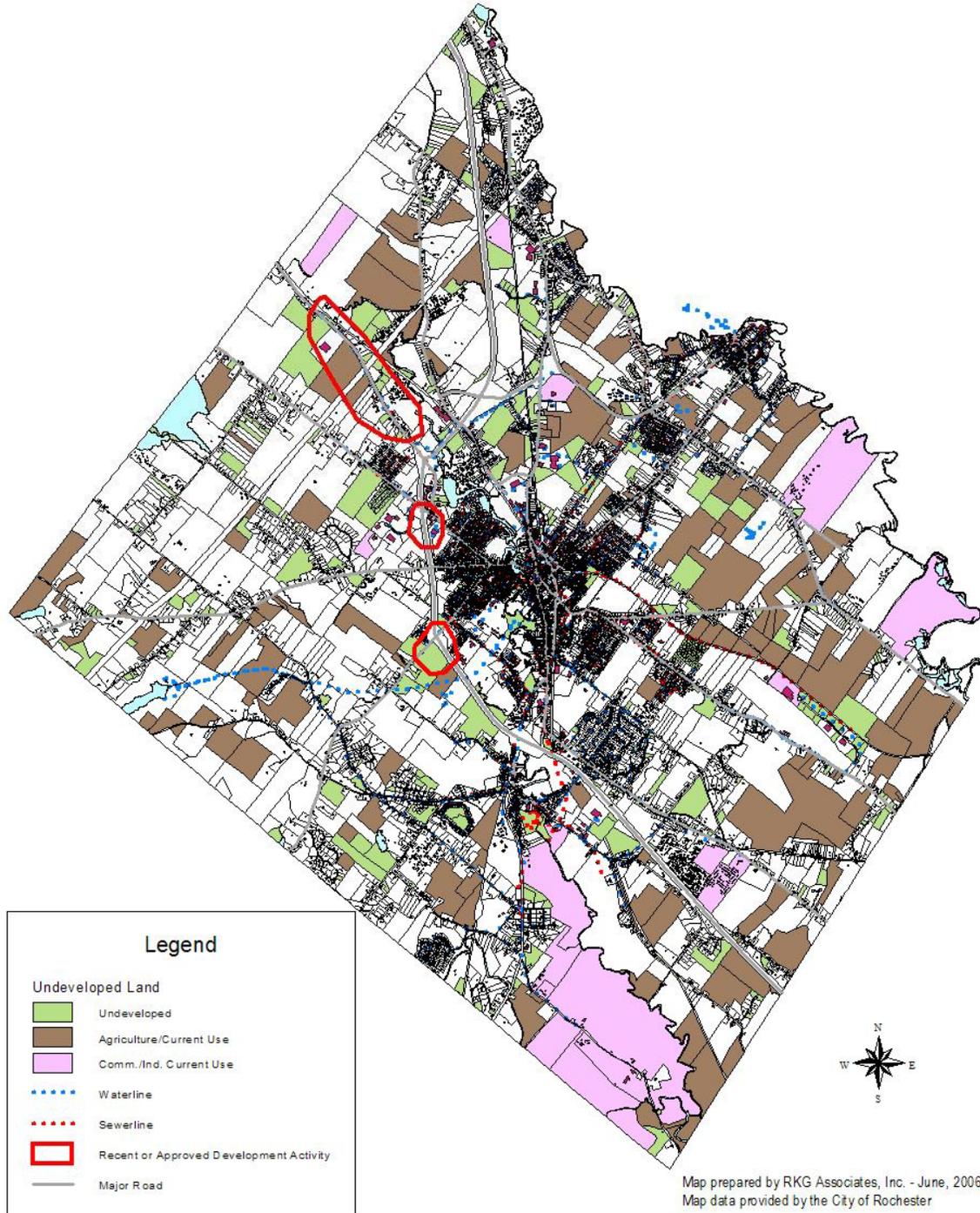
<sup>7</sup> Not including roads and water bodies.

to this supply of undeveloped land, another 4,500 acres of current use and agricultural land could potentially be developed in the future. With water and sewer infrastructure available throughout most of the city, many of the largest undeveloped parcels are in close proximity to these services. The Route 11 corridor represents one of the most advantageous locations in Rochester for new commercial, retail and light industrial development due to access to Route 11 and the Spaulding Turnpike, and over 254 acres of undeveloped land<sup>8</sup>. Therefore, this area and others that are outside of the downtown, has experienced steady commercial and retail development activity or is slated to have development activity. Figure 12 shows undeveloped land parcels in Rochester and areas of recent commercial and retail development activity.



<sup>8</sup> Located within one mile of Route 11.

**Figure 12. UNDEVELOPED LAND AND AVAILABLE WATER AND SEWER INFRASTRUCTURE**



### 3. Summary of Findings

The following findings summarize the tax base and land use conditions in Rochester:

- Rochester had a 2004 tax base of \$2.1 billion, representing an increase of 75% (\$891.3 million or \$178 million per year) since 2000 and more than double the tax base from 1990. The marked rise in the tax base since 2000 is attributable to healthy growth in residential values; but more importantly, is also attributable to recent residential and non-residential development.
- Residential properties in 2005 had an assessed value of \$1.61 billion, representing over two-thirds of the City's total property assessment and overwhelmingly the largest contributor to the City's assessment base. Although significant, some communities have residential properties contributing 80% or more to their tax base. The City should always strive to increase the proportional contribution of commercial and industrial properties to its tax base.
- Measured in terms of assessed value per building square foot, motels, inns and nursing home facilities, and commercial mixed-use properties generate the highest gains in real property value, averaging \$383/SF and \$264/SF respectively. Warehouse/manufacturing and retail/restaurant uses have comparatively lower assessed values per building square foot at \$47 and \$110.
- Rochester's 2005 property tax rate of \$17.30 per \$1,000 of valuation ranks the community near the middle of comparative property tax rates from selected Seacoast communities. Although this is beneficial to attracting and retaining commercial, retail and light industrial firms, the community should strive to stabilize the property tax rate through a balance of strategic investments in existing neighborhoods, as well as new development.
- Eight percent of Rochester's land base is currently undeveloped equating to over 2,200 acres. In addition to this supply of undeveloped land, another 4,500 acres of current use and agricultural land could potentially be developed in the future. With water and sewer infrastructure available throughout most of the city, many of the largest undeveloped parcels are in close proximity to these services and could be potentially developed depending on location, transportation access and market conditions.

### C. Economic Assets and Liabilities

In order to plan a course of action for the future, communities often take inventory of their strengths (assets) and weaknesses (liabilities). This task, although critical in laying a framework for future planning, is frequently overlooked or disregarded by many communities, since it requires consensus-building exercises that are often challenging. Furthermore, some of the most important 'economic' elements that impact a community's ability to compete economically (for example community amenities such as quality libraries, parks, and restaurants), may be discounted. Although there are commonly accepted site selection elements (such as transportation access, available developable land, skilled labor force, etc.) used by firms looking to locate to a community, quite often executive relocation

decisions are made less on purely economic-related factors and more on qualitative observations (such as quality of life amenities, educational opportunities, recreational assets, available parks, and community character).

The following are a selection of economic strengths, weaknesses, opportunities and threats that were compiled through discussions with business and civic leaders in Rochester.

### 1. Economic Strengths

- Community amenities (Opera House, Ice Arena, Summer Camp programs, Roger Allen Park, Community Center, Rochester Common)
- Daytime downtown destinations (Library, financial institutions, Court, City Hall)
- Excellent transportation access (Spaulding Turnpike, Routes 125, 202, 202A, 11, Skyhaven Airport, railroad, public transportation system)
- Supply of undeveloped land
- Source of workforce housing



### 2. Economic Weaknesses

- Underutilized properties
- Loss of key employers/manufacturers
- Insufficient quantity of after-hours downtown destinations (restaurants, cafes, retail, etc.)
- Lack of control over developable industrial land
- Municipal government perception as unfriendly to business
- Lack of investment in downtown area neighborhoods



### 3. Economic Opportunities

- Underutilized properties
- Large market area
- Downtown riverfront development
- Gateway to Lakes Region
- Skyhaven Airport
- Rochester Fairgrounds
- Rochester's school system (including Vocational Center)
- Commuting or underemployed workforce



**4. Economic Threats**

- Negative community image
- Rapidly escalating housing prices
- Lack of appropriately skilled or educated labor
- Understanding the needs of critical employers

## V. BUSINESS SURVEY

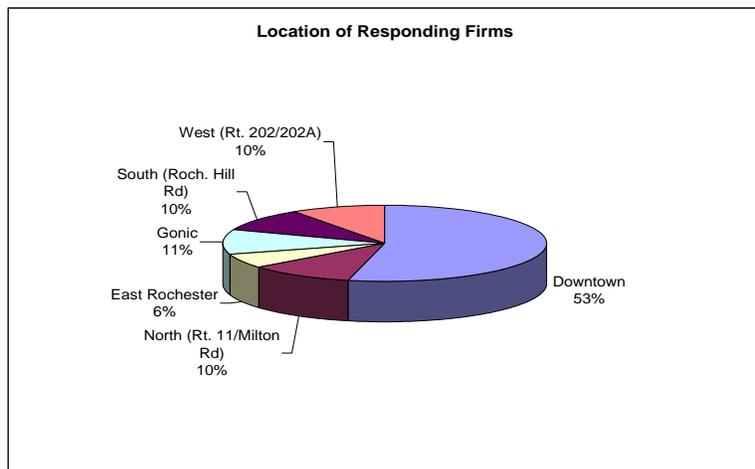
During June 2006, a survey was distributed to 447 business establishments in Rochester to solicit information on the city’s existing business base; determine the issues, concerns and needs of businesses; and, gather input on future community growth and development. Nineteen percent of businesses responded with representation across various industry sectors within Rochester’s establishment base.

Results indicate that business operators have a clear desire for more commercial, retail and light industrial development within targeted clusters, primarily to diversify the City’s property tax base. Additionally, operators indicated that a “business friendly” and flexible municipal government atmosphere, an improved city image, regular City contact and business technical assistance, and low taxes are desired. Factors such as affordable and available land/building space, high quality of life, access to customers and access to infrastructure and transportation routes were top site selection criteria for businesses.

The following summarizes the results of the survey presented as a percentage of businesses responding to each respective survey question.

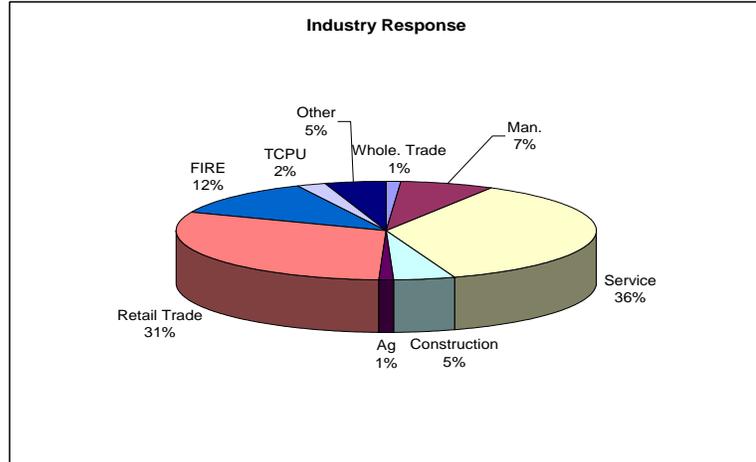
- Average number of years at current location: 22.2
- Average number of employees at location: 45
- Average total number of full-time employees: 23.4
- Average total number of part-time employees: 11
- Percentage of firms with locations in other communities: 23

- Over half of respondents were located in the downtown with the remainder fairly evenly split between the city’s other areas.
- The majority of responding business establishments was within the service, retail, and finance, insurance and real estate industry sectors.

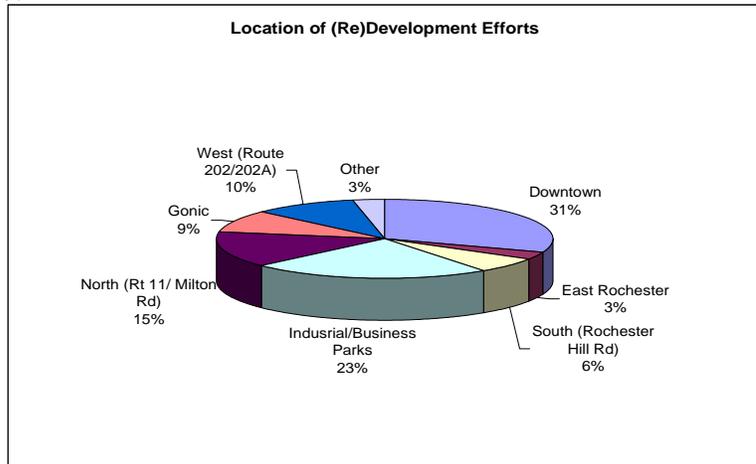


- Almost nine out of ten respondents do not operate their business out of their home.

- Approximately 95% of respondents indicated that the City should encourage more commercial and light industrial development activity. The three main reasons cited for the new development were additional tax revenues/tax base growth, job growth, and additional commercial services for residents and visitors.



- The majority of respondents indicated that the City should concentrate its development efforts primarily in the downtown, within industrial/business parks and the Route 11/Milton Road areas.
- Almost 40% of respondents indicated that there were businesses or services (that are currently not in Rochester) that could support their business. These businesses included a national or regional hotel/motel with conference facilities, national or regional chain restaurants, and (specialty) retail stores.
- Business operators indicated that the things the City could do to assist new and existing businesses include:



- “Business friendly” and flexible municipal government atmosphere;
- Tax incentives and/or keep taxes low;
- Improve image of the city;
- Improve downtown parking and traffic movement;
- Keep in contact with businesses;
- Provide technical assistance, advertising/promotion and loans;
- Streamline and clarify zoning regulations;
- Clean-up or “face lift” for the city;
- Consistent enforcement of laws and regulations; and,
- Ensure a safe, secure place to do business (police services).

- Forty-six percent of respondents occupied business space of 2,500 square feet or less, while almost one-quarter occupied space of 10,000 square feet or more. Over half of respondents occupied one acre or less of land.
- Over 72% of respondents indicated that the amount of building space and land they use for their business is sufficient for their current and future needs. Should they need more space, most respondents would consider expanding their existing facility or possibly move to a larger facility in Rochester. Very few respondents would consider relocating to a facility outside of Rochester.
- The following are the top criteria listed as either “very important” or “important” for businesses selecting the current location for their business establishment:
  - Affordability of land/space
  - Access to customers
  - Available land/space
  - Quality of life
  - Available infrastructure
  - Access to transportation routes

## VI. APPENDIX

Action Item	Lead Organization	Estimated Total Cost
1. Route 11 Transportation Plan	REDC, ED Dept., Planning Dept., City Manager	Undetermined
2. Acquire or Expand Business Park	REDC, ED Dept., City Manager	\$2+ million
3. Become a Main Street Community	CORE, City Council, ED Dept, City Manager	\$100,000 annually
4. Business Retention & Expansion Program	REDC, ED Dept, City Manager, Mayor & Council	\$1,000
5. Expand ED Department as Needed, Further Utilize REDC Members	ED Director, REDC, City Manager, City Council	\$60,000
6. Maximize Impact of Skyhaven Airport	SAOC, REDC, ED Dept., City Manager, City Council	Up to \$50,000 for a business & marketing plan
7. Assess Development Review Process	Planning Board, REDC, City Manager, Depts. Of Planning, Econ. Dev. & Code Enforcement	Up to \$20,000
8. Create an Educational Task Force	Rochester School Department, REDC, Chamber of Commerce, Local Businesses, Mayor & City Council	Up to \$50,000
9. Reposition Underperforming Properties	REDC, ED Dept, Codes & Zoning	Undetermined
10. Create a TIF District or BID	REDC, ED Dept., City Manager, City Council	Up to \$10,000 for legal work & public notices & meetings
11. Business Incubation Center	SBDC, REDC, Chamber of Commerce, DRED, Developers	Up to \$50,000
12. Marketing Image Consultant	City Manager, Mayor & Council, Rochester School Department	\$50,000 to \$100,000
13. Invest in Neighborhoods	DPW, City Manager, City Council, Neighborhood Coalitions	\$2+ million
14. Advocate Spaulding Turnpike Expansion & Exit 10	REDC, City Manager, ED Dept., Planning Dept., DPW	Undetermined
15. Fairgrounds Master Plan	Rochester Fair Association, City Council, REDC, Chamber of Commerce/Tourism Board	\$50,000 to \$100,000 for a business & marketing plan
16. Create a Downtown Building Owners Association	CORE, Chamber of Commerce, City Council	Up to \$25,000
17. Tax Base Analysis	Mayor & City Council, City Manager	\$25,000 to \$50,000
18. Collaborate with Chamber of Commerce	ED Dept. & Chamber of Commerce	None