

ECONOMY

KEY FINDINGS

- As of 2014, over 90% of Cape Elizabeth residents in the labor force worked out of Town.
 - Over 60% of the Town's labor force has a managerial or professional occupation, compared to just 35% statewide (2015).
 - Cape Elizabeth hosts 1,261 jobs and over 300 businesses, representing about 1% of the employment in Cumberland County (2014).
 - The fastest growing employment sector in Cape Elizabeth is professional and business services, adding 41 jobs between 2005 and 2015.
 - Education and health care accounted for more than half of all jobs in Cape Elizabeth, while retail accounted for less than 3% of jobs (2014).
 - In 2014 about 35% of Cape Elizabeth's retail sales came from restaurants, and another 21% came from lodging.
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Cape Elizabeth has historically been a bedroom community within the Greater Portland labor market. The majority of the Town's labor force commutes to Portland or South Portland, and many have high paying professional jobs. Employment within the Town itself has always been quite limited, with the majority of its jobs in the retail, tourism, and health and education fields. While there have been some modest efforts to expand the tax base, Cape Elizabeth will likely remain primarily residential and is not expected to become a business center for the region.

Regional Economic Development Efforts

The Town of Cape Elizabeth participates in several regional economic initiatives. The following groups and organizations play an active role in Cape Elizabeth's economic development:

Portland Regional Chamber of Commerce: Supports individual, community, and business growth through advocacy, educational opportunities, and professional networking.

The Greater Portland Convention and Visitors Bureau: Promotes tourism and trade shows in the Greater Portland Region.

The Greater Portland Economic Development Corporation (GPEDC): A private-public partnership among the Portland Regional Chamber of Commerce, the Greater Portland Educational Alliance, and the communities of Portland, South Portland, Westbrook, Scarborough, Falmouth and Cape Elizabeth, focused on regional business retention, expansion, and recruitment.

Greater Portland Council of Governments (GPCOG) Economic Development District: A federally-designated Economic Development District (EDD) that provides economic development planning services and funding for infrastructure projects in 26 communities in Cumberland County.

Cape Elizabeth's Labor Force

According to the U.S. Census Bureau, Cape Elizabeth's labor force includes Town residents aged 16 and over who are civilians and not institutionalized, including anyone who has a job or is actively looking for one. All others, including those who neither have a job nor are looking for work, are not measured as a part of the labor force. In Cape Elizabeth in 2015, 65.5% of people aged 16 and over participate in the labor force, which is comprised of 7,499 residents. This rate is similar to the labor force participation rate in Cumberland County (68.3%), and the state as a whole (63.6%).

CAPE ELIZABETH LABOR FORCE OVERVIEW 2015

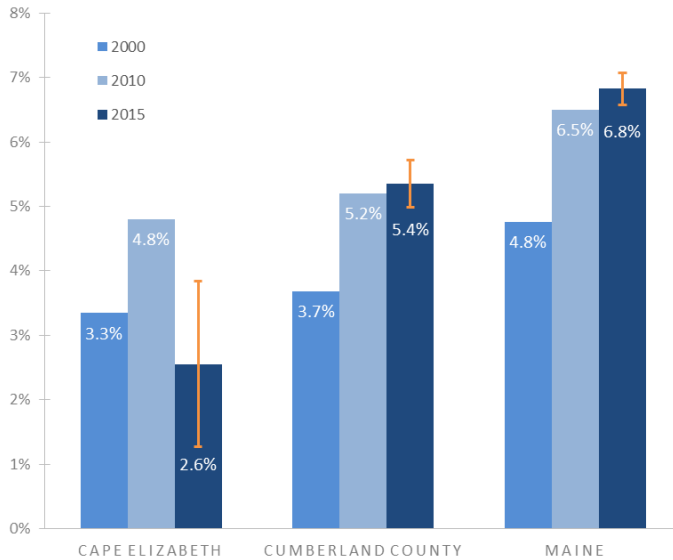
	CAPE ELIZABETH	CUMBERLAND COUNTY	MAINE
Population 16+ years	7,499	236,013	1,098,075
In Labor Force	4,915	161,178	697,913
Labor Force Participation Rate	65.5%	68.3%	63.6%
Military Labor Force	18	374	1,729
Civilian Labor Force	4,897	160,804	696,184
<i>Employed</i>	4,772	152,196	648,687
<i>Unemployed</i>	125	8,608	47,497
Civilian Unemployment Rate	2.6%	5.4%	6.8%
Not in Labor Force	2,584	74,835	400,162

Source: 2011-2015 ACS 5-year estimate

Unemployment

Individuals in the labor force are classified as unemployed if they do not have a job, have actively looked for work in the past 4 weeks and are currently available to work. As part of the Greater Portland Labor Market, the unemployment rate in Cape Elizabeth tracked closely with the State and the County in 2000 and 2010, with rates being lowest in Cape Elizabeth and highest statewide in both instances. By 2015, however, Cape Elizabeth's unemployment rate dropped from 4.8% in 2010 to 2.6%. During this same five year period, the unemployment rate grew slightly (less than half a percent) in both the county and the state overall.

ANNUAL UNEMPLOYMENT RATE COMPARISON 2000-2015



Source: U.S. Census, 2011-2015 ACS 5-year estimate

Commuting Patterns of Labor Force

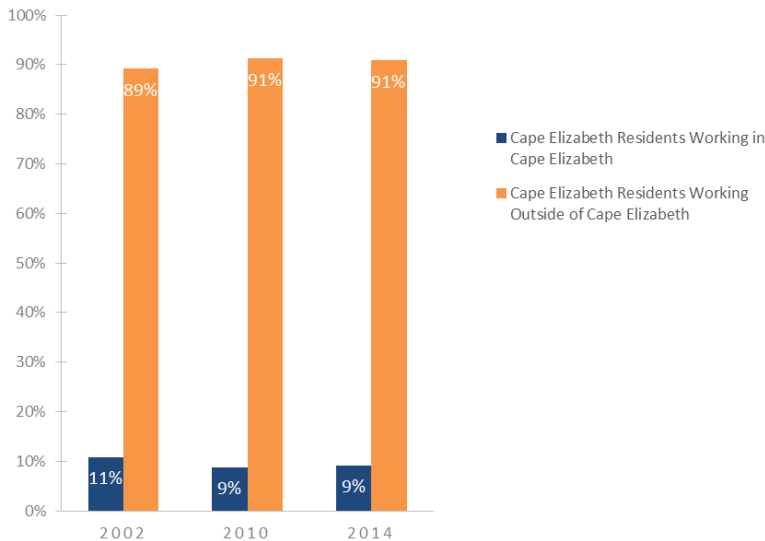
The majority of Cape Elizabeth residents in the labor force work outside of Town, with 89% of the labor force commuting in 2002, and 91% in 2014. The most common place of employment for Cape Elizabeth residents is Portland, capturing 37% of the labor force in 2014. South Portland and Westbrook were the next most frequent, capturing 15% and 4% respectively. From 2002 to 2014, there has not been a significant shift in the commuting patterns of the labor force.

CAPE ELIZABETH LABOR FORCE COMMUTING PATTERNS 2002-2014

	2002		2010		2014	
	#	%	#	%	#	%
Portland	1579	40%	1680	41%	1571	37%
South Portland	657	17%	596	14%	644	15%
Westbrook	147	4%	183	4%	169	4%
Auburn	97	2%	39	1%	42	1%
Augusta	82	2%	65	2%	60	1%
Scarborough	60	2%	86	2%	49	1%
Biddeford	53	1%	74	2%	54	1%
Lewiston	49	1%	65	2%	83	2%
Saco	47	1%	60	1%	55	1%
All Other Locations	1190	30%	1290	31%	1469	35%

Source: U.S. Census, 2011-2015 ACS 5-year estimate

LOCATION OF EMPLOYMENT FOR CAPE ELIZABETH RESIDENTS



Source: U.S. Census, 2011-2015 ACS 5-year estimate

Occupational Profile of Labor Force

Cape Elizabeth’s labor force has a significantly higher percentage of managerial and professional occupations than both Maine and Cumberland County, and a lower percentage of sales, service, production and transportation, and natural resource and construction based occupations than both Cumberland County and Maine.

OCCUPATIONAL PROFILE OF CAPE ELIZABETH RESIDENTS 2015

	CAPE ELIZABETH	CUMBERLAND COUNTY	MAINE
Managerial and Professional	60.1%	43.3%	35.4%
Sales	19.7%	24.4%	23.9%
Service	8.7%	16.6%	18.5%
Production and Transportation	6.8%	8.0%	11.4%
Natural Resource & Construction	4.7%	7.7%	10.7%

Source: 2011-2015 ACS 5-year estimate

Industry Profile of Labor Force

Between 2000 and 2015, the total number of residents in Cape Elizabeth’s labor force grew by over 7%, from 4,449 to 4,772 individuals. The natural resources, other services, finance/insurance/real estate, and construction segments of Cape Elizabeth’s labor force have increased significantly (more than 30%),

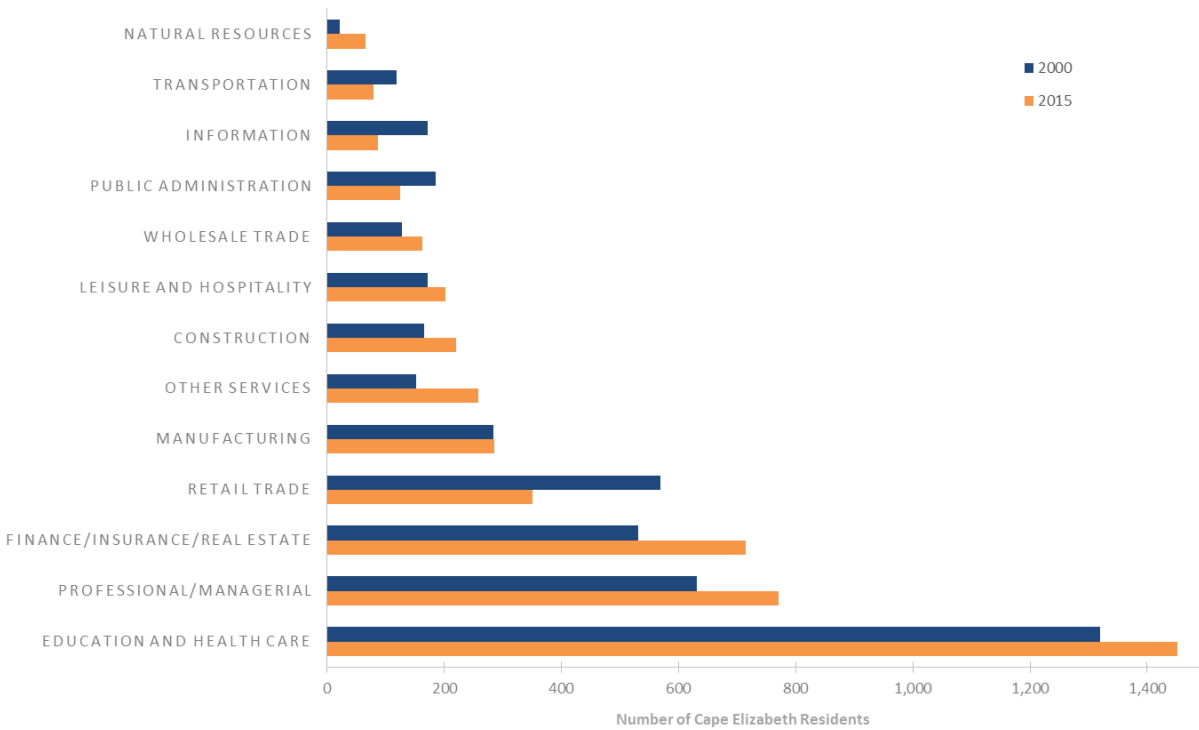
while the wholesale trade, professional/managerial, and leisure and hospitality have increased moderately (23.3% to 17.4%). The information, retail trade, transportation, and public administration segments have all decreased by more than 30%. The largest labor force sector, education and health care included 1,452 jobs in 2015 and grew by 10% from 2010.

INDUSTRY PROFILE OF CAPE ELIZABETH'S LABOR FORCE 2000-2015

	2000	2015	2015 Share	Change
Natural Resources	22	66	1.4%	200.0%
Transportation	119	79	1.7%	-33.6%
Information	171	87	1.8%	-49.1%
Public Administration	185	124	2.6%	-33.0%
Wholesale Trade	128	163	3.4%	27.3%
Leisure and Hospitality	172	202	4.2%	17.4%
Construction	166	220	4.6%	32.5%
Other Services	152	258	5.4%	69.7%
Manufacturing	283	285	6.0%	0.7%
Retail Trade	569	350	7.3%	-38.5%
Finance/Insurance/Real Estate	531	715	15.0%	34.7%
Professional/Managerial	631	771	16.2%	22.2%
Education and Health Care	1,320	1,452	30.4%	10.0%

Source: 2011-2015 ACS 5-year estimate

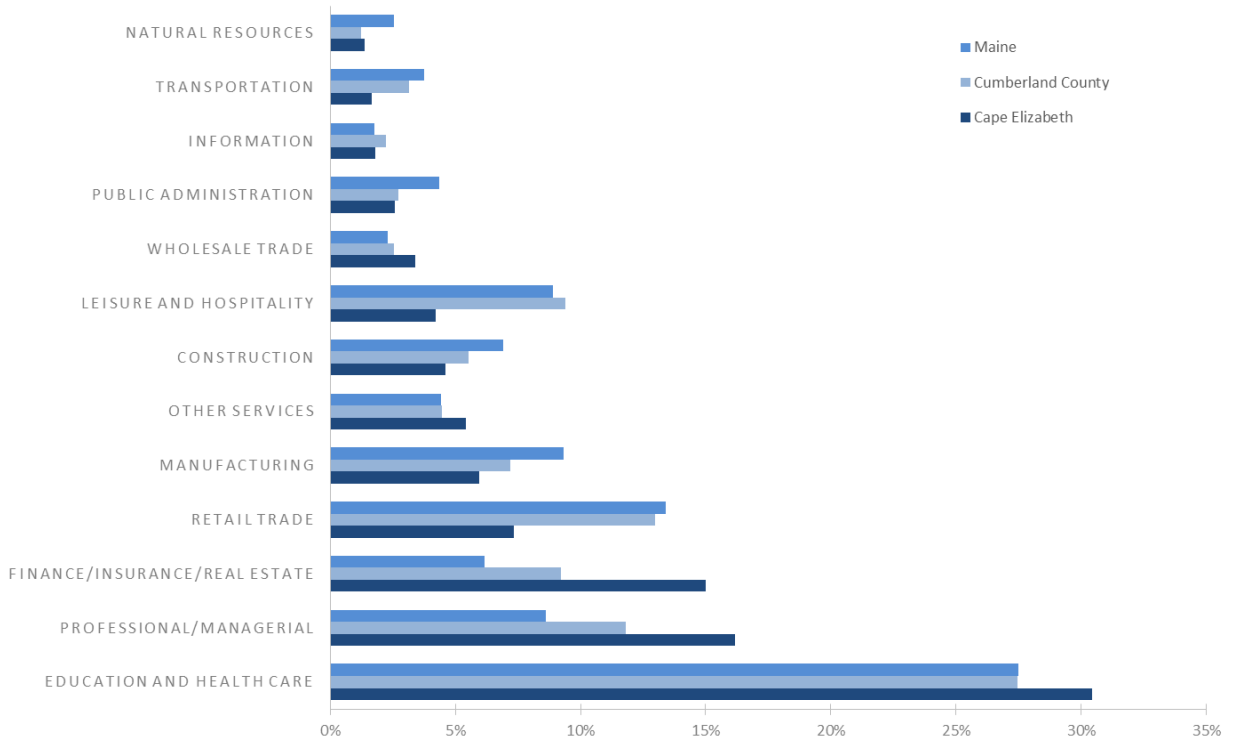
INDUSTRY PROFILE OF CAPE ELIZABETH'S LABOR FORCE 2000-2015



Source: 2011-2015 ACS 5-year estimate

The composition of Cape Elizabeth’s labor force is similar to that of Cumberland County and Maine in many sectors. However, Cape Elizabeth’s labor force has about half as many people in the leisure and hospitality sector as the state and county, and only about 7% of the labor force from Cape Elizabeth work in the retail trade sector, compared to about 13% in the state and county. Both the finance/insurance/real estate and professional/managerial sectors consist of over 15% of Cape Elizabeth’s labor force, significantly higher than both the state and county overall. Education and health care is by far the largest sector across the state, county and Town, comprising just over 30% of Cape Elizabeth’s labor force and 27.5% of the labor force for both the state and county.

LABOR FORCE INDUSTRY PROFILE COMPARISON 2015



Source: 2011-2015 ACS 5-year estimate

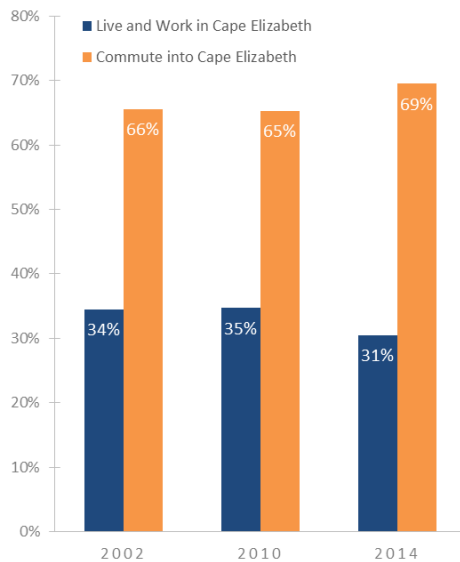
Employment within Cape Elizabeth

Jobs are counted by their place of employment. Under a cooperative agreement, the Maine Department of Labor and the U.S. Department of Labor's Bureau of Labor Statistics collect information on nonfarm wage and salary employment from establishments who fall under the coverage of state and federal unemployment insurance programs and pay unemployment taxes on their workers. Excluded from these statistics are military personnel, proprietors, self-employed, unpaid family leave workers, farm workers, and domestic workers in households. Statistics are compiled from quarterly tax reports submitted by employers subject to the Maine Employment Security Law. Jobs are classified according to the North American Industry Classification System (NAICS).

Commuting Patterns

About one in three employees working in Cape Elizabeth also lives in Town. This ratio has remained relatively constant from 2002 to 2014. The number of residents who reported working at home has grown from about 4% in 2000 to over 9% in 2015 (compared to 6% in Cumberland County, and 5% statewide). Despite this increase, the percentage of all residents who both live and work in Cape Elizabeth has not risen.

COMMUTERS AND CAPE ELIZABETH RESIDENTS WORKING IN CAPE ELIZABETH



Source: U.S. Census, 2011-2015 ACS 5-year estimate

Job Growth

As of 2014, the Town of Cape Elizabeth hosts 1,261 jobs in over 300 businesses, representing about 1% of the employment in Cumberland County. From 2002 to 2014, the number of jobs in Cape Elizabeth increased by 2%. This is higher than the rate of job growth in Maine overall, but less than other mature suburban communities such as Cumberland and Falmouth, with 51% growth and 23% growth respectively.

NUMBER OF JOBS BY LOCATION COMPARISON 2002-2014

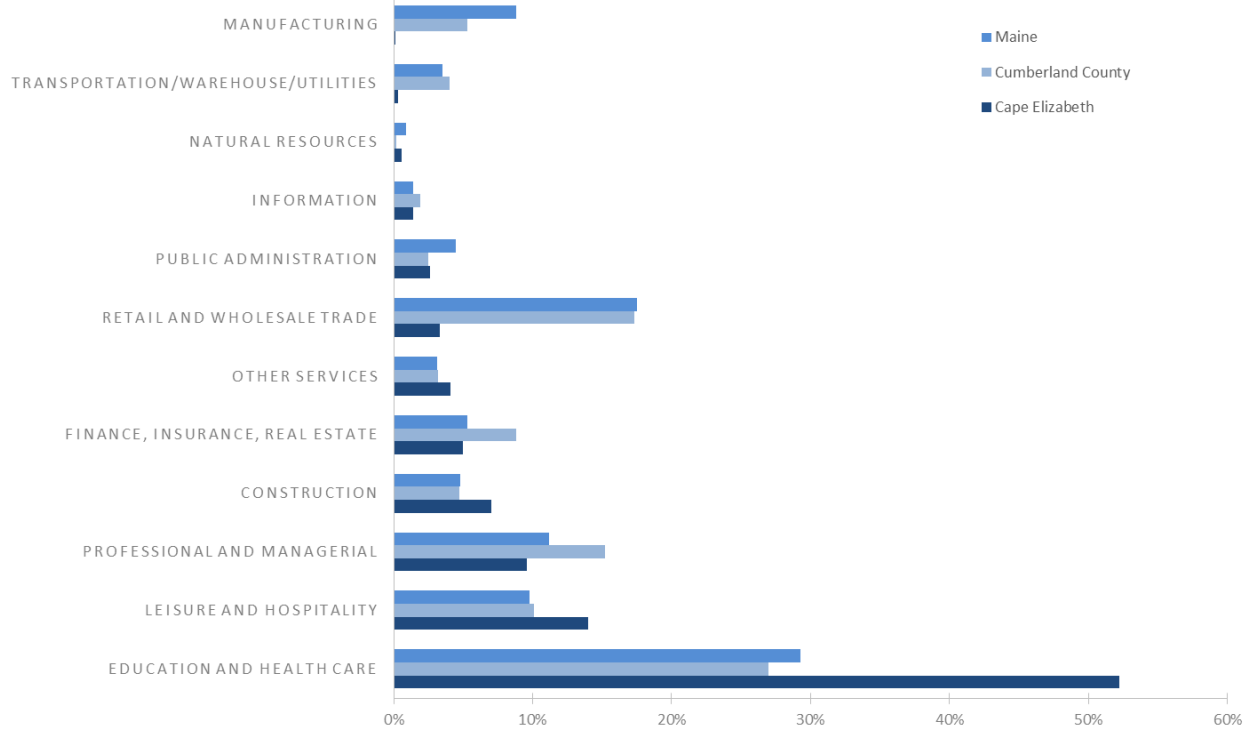
	2002	2010	2014	Change 2002-2014
Cape Elizabeth	1,242	1,043	1,261	2%
Cumberland	1,193	1,319	1,800	51%
Falmouth	5,187	6,170	6,374	23%
Scarborough	12,525	14,033	14,929	19%
South Portland	24,913	24,221	25,468	2%
Yarmouth	3,492	3,578	3,624	4%
Cumberland County	161,517	166,235	174,888	8%
Maine	562,354	556,476	570,417	1%

Source: U.S. Census On the Map

Employment Sectors

The largest share of jobs in Cape Elizabeth are in the education and health care sectors, accounting for more than half of all jobs in 2015. The second largest sector in Cape Elizabeth is leisure and hospitality, accounting for 14% of jobs in Town. These sectors both have a disproportionately higher share of jobs compared to Cumberland County and the state. On the other hand, there were no manufacturing jobs in Cape Elizabeth in 2014, where overall this sector accounted for nearly 9% of jobs statewide. Also, there were significantly fewer retail and wholesale trade jobs in Cape Elizabeth, accounting for about 17% of jobs across state and county and just 3% of jobs in Cape Elizabeth.

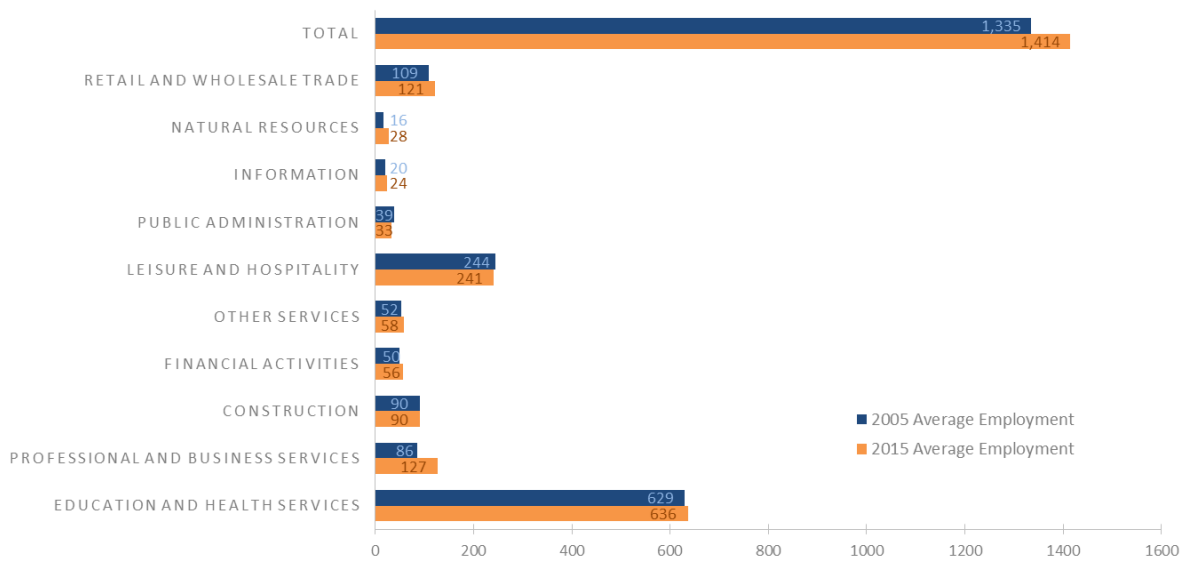
EMPLOYMENT BY SECTOR 2015



Source: U.S. Census On the Map

Between 2005 and 2015 the total number of jobs in Cape Elizabeth increased about 6%, from 1,335 to 1,414. Most of this growth was in the professional and business service sector, adding 41 jobs. Even though there was only a slight increase in the education and health services sectors, these jobs still accounted for about 45% of employment, followed by leisure and hospitality, with 17% of Cape Elizabeth based jobs in 2015.

CHANGE IN EMPLOYMENT SECTORS IN CAPE ELIZABETH 2005-2015

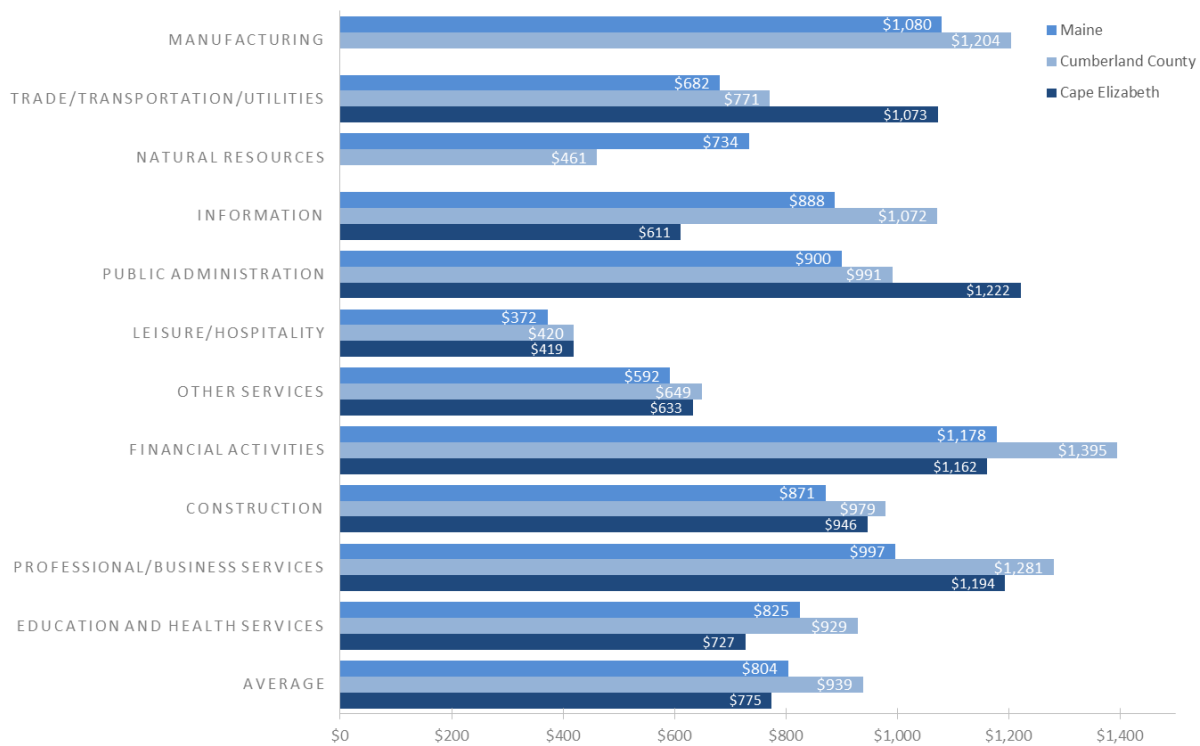


Source: Maine Department of Labor

WAGES

As of 2014, average wages for jobs located in Cape Elizabeth were lower than the state and county-wide average. Average weekly pay was \$775, compared to \$939 in Cumberland County. For most employment sectors, wages are similar to the state average, but below the county average. However, jobs in public administration and trade/transportation/utilities pay more in Cape Elizabeth than across the state or county.

AVERAGE WEEKLY WAGES BY SECTOR 2014



Source: Maine Department of Labor

LOCATION QUOTIENT

The location quotient measures a region’s concentration in a given employment sector relative to the employment concentrations in a larger reference economy, in this case Cape Elizabeth’s employment relative either to Cumberland County or Maine as a whole. Employment sectors with a location quotient less than 1 do not produce enough goods and services to support the population, and the Town must rely on imports to meet local demand. Employment sectors with a location quotient greater than 1 produce a surplus of goods and services that can be exported and bring an infusion of money into the local region. Investing in sectors with the highest location quotient over 1 often creates additional economic activity in the local economy because some income earned from the sale of exports is generally spent in the local economy.

The employment sectors with the highest location quotient in Cape Elizabeth compared to both the county and the state are education and leisure and hospitality. Real estate, construction, health care/social assistance, and professional/scientific/technical services all also have a LQ greater than 1 for both geographies.

Given that most of the Town’s educational services are within the public school system and not exported to nearby communities, Cape Elizabeth would likely benefit from expanding their tourism

industry. Cape Elizabeth has a number of attractions of scenic, recreational and historic significance, including Fort Williams Park, Crescent Beach State Park, and Two Lights State Park. Although lodging opportunities are limited to private homes and the Inn by the Sea, they are highly desired for their waterfront views.

LOCATION QUOTIENTS FOR CAPE ELIZABETH 2014

Employment Sector	Relative to Cumberland County	Relative to Maine
Educational Services	3.47	2.77
Leisure and Hospitality	2.43	2.59
Real Estate	2.38	3.57
Construction	1.48	1.45
Health Care/Social Assistance	1.20	1.19
Professional/Scientific/Technical Services	1.01	1.48
Information	0.75	1.02
Wholesale Trade	0.21	0.27
Retail Trade	0.18	0.16
Finance/Insurance	0.10	0.17
Transportation/Warehousing	0.09	0.11
Manufacturing	0.01	0.01

Source: U.S. Census On the Map

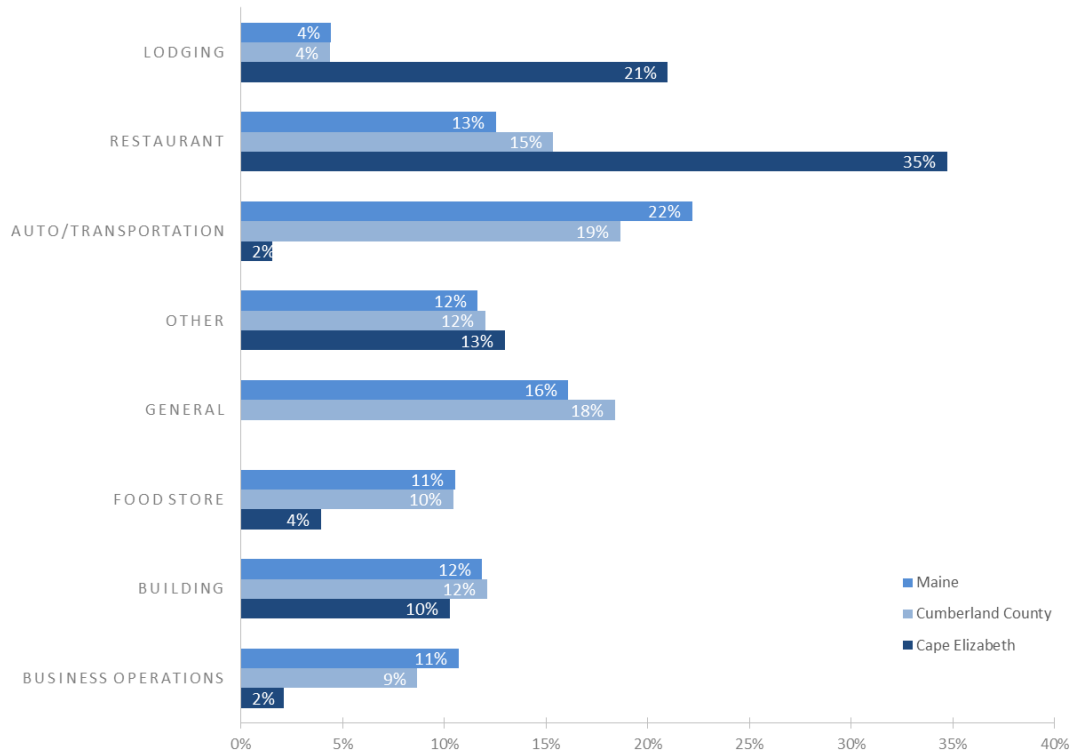
RETAIL TRADE

Retail employment in Cape Elizabeth is roughly 1/5 of the share of retail employment in Cumberland County or the state as a whole. This implies that the town is capturing less retail sales than a town of its size could support with local demand alone.

The Maine Office of Policy and Management tracks retail sales on a quarterly basis for towns and regions based on sales taxes paid by businesses to Maine Revenue Services. Between 2004 and 2016 consumer retail sales in Cape Elizabeth have increased by over 50%. By contrast, retail sales increased by 25% in Cumberland County and 31% across Maine. Yet, despite this rapid growth, Cape Elizabeth only captured a very small share of total retail sales, about 0.14% of the State's and 0.55% of the county's.

About 35% of Cape Elizabeth's retail sales come from restaurants, and another 21% comes from lodging. Both of these are significantly higher percentages than found for the county and state, and indicate that tourism may be a key component of retail sales.

COMPONENTS OF RETAIL SALES 2016

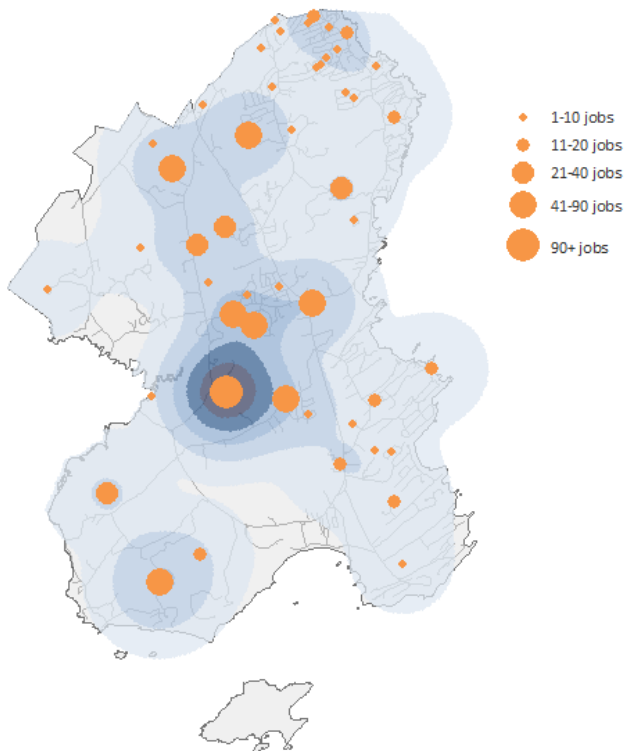


Source: Maine Office of Policy and Management

Employment Centers

Cape Elizabeth is not a major employment center, and according to the Maine Department of Labor there are no employers with 250 or more employees. The largest employers in the Town include the Inn by the Sea and the public schools.

Employment across the Town is fairly well disbursed geographically, with the highest concentration of jobs near the Town Center. There is also a cluster of jobs in the Cape Cottage/Oakhurst area.

CAPE ELIZABETH POPULATION DENSITY BY CENSUS BLOCK 2010

Source: U.S. Census

[CHANGE ABOVE MAP TITLE TO JOB DENSITY BY CENSUS BLOCK]

Local Economy

TOWN CENTER

The principle economic area of Cape Elizabeth is the Town Center, which is located in the Town's geographic center where Ocean House Rd. intersects with Shore Rd. and Scott Dyer Rd. This area is served by public water and sewer and includes the K-12 school campus, Town Hall, Police and Fire Stations and the largest aggregation of commercial structures and businesses. The importance of the Town Center was officially recognized when the Town Council adopted the Town Center Master Plan (1993, 2014) and the Town Center Zoning District (1995). The Town Center Zoning District includes design standards which were reviewed as part of the 2014 master plan. This area is small and contains a core of retail stores and services, but residents still satisfy most of their shopping needs outside of Town.

The 2014 Town Center Master Plan adopted by the Town Council is incorporated by reference into this plan. The Master Plan calls for "an identifiable, vibrant town center that includes mixed retail uses for residents and visitors, a safe and inviting pedestrian and bicycle environment, a common meeting place, visual vitality, and linkages to the Town's open space and nearby residential neighborhoods." The plan

includes 7 goals and substantial progress has been made to implement the plan. The Town has created a Town Center Tax Increment Financing (TIF) District to fund sidewalk and stormwater infrastructure improvements. Jointly with the cities of Portland and South Portland, the town has successfully competed for grant funds to continue sidewalk improvements in the Town Center, with the grant cash match requirements coming from the Town Center TIF.

The current TC zoning limits residential uses in mixed use buildings to upper floors in order to preserve capacity for business uses in the town center. New construction located at 11 Hill Way illustrates this concept.

NEIGHBORHOOD BUSINESS AREAS

In addition to the Town Center, the Town has two “Business A” districts. Similar to the Town Center, mixed commercial/residential use buildings that are designed to a neighborhood scale are appropriate in the BA districts. The Business A district located at the northerly end of Shore Rd. includes the Cookie Jar, Irving Station, Engine 1 Fire Station, an office building, and mixed use retail/residential building. The BA district located on Ocean House Rd. from Broad Cove Rd. to Fessenden Rd. includes the Bird Dog Roadhouse, the Good Table Restaurant, Lion’s Club and the Dairy Bar. The Town Council adopted new BA District requirements in 2009 that added design requirements for these neighborhood business zones.

A “Business B” district is located on Bowery Beach Rd. and includes the Inn by the Sea and a large farm field. A second Business B district was created on Fowler Rd. in 2005 and includes a former gravel pit that is currently operated as an earthworks facility. The BB districts are not currently served by public sewer.

COMMERCIAL ACTIVITIES IN RESIDENTIAL AREAS

From its earliest development, resource related commercial activities have been located in residential areas. Commercial activities are tolerated in residential zoning districts when they are consistent with community character, are located on large sized lots and/or operate with little impact.

Tourism, due to the town's extensive coastline, physical beauty and proximity to the City of Portland, has been an element of the local economy for over a century. The town is a desirable location for hosting special events. In 2016, The Town adopted a Special Event Overlay District to formalize these activities within the Zoning Ordinance, and the first Special Event Overlay District was approved for the Wentworth Lodge, located on Winters Lane. The Town adopted Short Term Rental provisions in 2012, and currently has 82 Short Term Rentals with permits (Source, 7-1-2017, Town of Cape Elizabeth Code Enforcement Office).

Fishing and Farming are commercial activities that began with the origins of Cape Elizabeth in the 1600's. Within the town operate several fish and farm market stands associated with local farms. More information about the extent of fishing and farming are included in the Agriculture and Forestry Chapter and the Marine Resources Chapter.

Home businesses also operate in residential areas. There is a small increase in the number of residents who work from home. Almost all private child care facilities are located in residential districts.

The first choice for locating commercial activities should be a business district, however, the town will continue to allow low-impact commercial activities that do not decrease the peaceful quiet and enjoyment of residential neighborhoods.

Economy Goals

Goal 1: The Town Center shall be promoted as the primary commercial area of Cape Elizabeth and shall be developed consistent with the Town Center Master Plan to meet the needs of residents and visitors.

Recommendations:

1. Continue to implement the Town Center Master Plan (2014) and updates.
2. Construct sidewalks throughout the Town Center and improve pedestrian connections from neighborhoods to the Town Center.
3. Develop mixed use buildings that include commercial uses on the first floor and allow residential uses on upper floors.
4. Create a village green.
5. Implement the Town Center Stormwater Plan.

Goal 2: The Business A and Business B districts shall continue as secondary commercial areas that meet the needs of town residents and are sensitive to the adjacent residential neighborhoods.

6. Retain the Business A District Design requirements that require commercial development to be sensitive to adjacent residential areas.
7. Continue to allow commercial uses that provide necessary services and are not consistent with the village character of the town center to be located in the Business A and Business B districts.
8. Statement allowing expansion of/new business districts?

Goal 3: Commercial activities in residential districts should be allowed when the peaceful enjoyment of residential neighborhoods is preserved.

9. Continue to allow in-home businesses, day care businesses, short-term rentals, and other low-impact commercial activities in residential areas, subject to restrictions that protect residential neighborhoods.