Cape Cod Chamber of Commerce

Presentation to MTC
January 30, 2003
by
Wendy K. Northcross, CEO

Cape Cod's Economic Base

- Cape Cod & Islands has been the fastest growing region in MA, as measured by population, workforce & total employment.

- More than half of its economic base depends on tourism, retirees, second-home owners.

- Source: Toward a New Prosperity / MA Dept. of Ec. Development - 2002

Cape Cod's Economic Base

- Cape Cod has made more significant strides than the islands at diversifying its economy, though tourism continues to be the economic engine for Barnstable County.
  - Source: Toward a New Prosperity

Cape Cod Economic Base

- Diversification on Martha's Vineyard and Nantucket is more problematic because of their isolation from the Cape and other areas of the State.
- The region's economy is highly volatile because it depends on factor such as the weather and economic conditions that supply its tourist trade.
    - Source: Toward a New Prosperity

Cape Cod's Economic Base

- It is likely that tourists, seasonal residents and retirees will continue to be the primary economic supports for all three counties.
  - Source: Toward a New Prosperity

Cape Cod Economic Base

- 43.9% Tourists & Seasonal
- 15.3% Retirees
- 11.1% Business Services
- 7.3% Commuters
- 5.7% Manufacturing
- 4.5% Marine
- 5.0% Defense
- 7.3% Other
  - Source: Prepared by Cape Ann Economics for the Cape Cod Commission (1994)

High Technology Cluster

- This cluster consists of 5 major industry groups:
  - Industrial & commercial machinery (computers)
  - Electronic & other electrical equipment
  - Measuring & analyzing equipment
  - Communications
  - Drugs.
- The cluster accounts for 1.7% of region's employment.
    - Source: Toward a New Prosperity

Construction Industry Cluster

- This cluster accounted for 7.2% of jobs in 2000.
- The industry is cyclical with employment growth highly sensitive to the overall health of the economy.
  - Source: Toward a New Prosperity.

Health Services Cluster

- This cluster accounts for 10.0% of jobs in 2000.
  - Population growth, particularly among retirees and Medicare &Medicaid reimbursements for services to the elderly and low-income residents have supported growth.
- However, government cut backs in reimbursements & fee caps & cost controls by HMO's are constraining employment & wage growth in this industry.

    - Source: Toward a New Prosperity

Professional Services Cluster

- This cluster consists of these major groups:
  - Legal services
  - Engineering
  - Accounting
  - Research
  - Management
  - Advertising
  - Computer programming & data processing
  - Educational services
- The cluster accounted for 11.9% of region’s employment in 2000.
    - Source: Toward a New Prosperity

Resort Industry Cluster

- Is by far the largest component of the Region's export base.
- Nearly 6 million visitors come to the Cape and Islands ….and they spend nearly $1 billion annually. (1996 figure).
- The resort industry remains highly seasonal.
- Room demand declines by 50,000 to 100,000 rooms per month from peak summer months to the winter trough.
  - Source: Hunter Interests Inc. *Economic Analysis: Cape Cod Tourism Expansion Strategy.* Barnstable Mass., : Cape Cod Economic Development Council 1996.

Resort Industry Cluster

- The cluster accounted for 21.0% of region’s employment in 2000.
- Adding effect of indirect and induced impacts, this cluster generated approximately 40 percent of its total employment.
    - In calculating direct economic impacts of the resort industry, it is estimated that 35% of total annual average employment in general merchandise, apparel and accessories & food stores is tourist-related based on summer sales figures shared with the principal investigators. It is estimated that 75% of total annual average employment in miscellaneous retail & eating & drinking establishments is tourist-related. It is estimated that 100 percent of total annual average employment in amusement & recreation, museums & lodging establishments is tourist-related.

    - Source: Toward a New Prosperity

Regional Strengths & Competitive Advantages

- Quality of Life
  - The Region's natural environment….its ecosystems, defined by pristine beaches, beautiful oceans and bays……
  - Environmental factors are key to attracting tourists & retirees.

Source: Toward a New Prosperity

Regional Strengths & Competitive Advantages

- Land Use & Economic Development Planning.
  - Cape & Islands is the only region in the state with regional planning agencies exercising genuine controls over land use & development.
  - Cape Cod & M.V. Commissions created to ensure a balance between sustainable economic development & the environment.
    - Source: Toward a New Prosperity

Regional Strengths & Competitive Advantages

– To preserve its quality of life for residents & tourists, the preservation of historical & natural attractiveness dominates land use & economic development.

- Source: Toward a New Prosperity

Challenges to Future Growth

- Protecting the environment.
- Location & isolation is a hindrance to attracting other types of business…especially on the islands.

  - Source: Toward a New Prosperity

Regional Policy Priorities

- Expanding tourism shoulder seasons.
- Transportation infrastructure.
- Wastewater treatment.
- Public / Private networks.
- Communications infrastructure.
- Expand resources for higher ed.
- Workforce development.

How does an industrialized Nantucket Sound affect……

- Jobs related to tourism?
- Jobs related to retirement / second homeowners?
- Jobs related to fishing?
- Jobs related to construction ?
- The true cost to the consumer?
- Property values thereby tax valuations?