

Chapter 6

Economic Conditions

1. Introduction

Economic growth in a community typically occurs as a result of external forces, such as a general expansion of the national economy, that are usually beyond the control of the community. By contrast, economic development (e.g., the creation of new jobs, the attraction of private investment, and the expansion of existing businesses) is something that a community can influence. However, in order to encourage, and possibly direct future economic development, community officials and local residents need a clear understanding of regional and local economic trends and conditions. This chapter examines key economic conditions and trends in Windham and the region, primarily Cumberland County, in which the town is located. Changes in statewide economic factors are also briefly noted. Non-residential land development patterns in Windham are also examined, as well as existing employment related commuting patterns.

2. Major Findings and Conclusions

- Between 1992 and 1999, according to a U.S. Department of Commerce study, the United State economy grew at an annual rate of about four percent. In Maine, however, the annual growth rate was only 2.6 percent. Based on this data Maine was ranked 45th among all states in terms of economic performance.
- An increasing share of new businesses and employment in Maine, between 1977 and 1998, located in Cumberland and York Counties.
- The fast growing employment sectors in Maine are services and retail. About 35 percent of new employment in these sectors, between 1977 and 1997, located in Cumberland County.
- About 700 new jobs were created in Windham during the 1990s.

- Over 70 percent of the approximately 5,000 jobs in Windham are evenly distributed between the service and retail sectors.
- The total number of retail business firms in Windham declined slightly between 1995 and 2000.
- Approximately 940 acres of land in Windham is used for commercial and industrial purposes. This represents about 2.6% of the 55.6 square miles of land within the town.
- The vast majority of Windham residents, based on 1990 Census data, commute to other communities in Cumberland County to work. Almost 50 percent work in Portland, Westbrook and South Portland.
- The Windham workforce (people who work in Windham) was evenly divided between residents of Windham (43.1%) and other Cumberland County communities (44.9%)
- Windham residents, from a policy perspective, need to carefully consider what role the town should play in the region's economic future.

3. Key Employment and Business Trends

A report recently released by the U.S. Department of Commerce notes that the national economy grew by about four (4) percent annually between 1992 and 1999. In Maine, however, the annual growth rate was only 2.6 percent. Based on this data, Maine was ranked 45th among all states in terms of economic performance.

This data, as well as other studies, indicates that although Maine's economy is growing, there are limitations on the pace of economic change in the state. In addition, most new business activities primarily occur in the southern coastal portion of the state. This section examines how these economic changes have impacted Cumberland County and Windham.

A. Regional Changes in Employment and Business Patterns

Data collected by the U.S. Department of Commerce indicates that employment in the State of Maine increased, between 1977 and 1998, by roughly 174,600 jobs (from 282,000 to 456,700).¹ This increase represents an annual growth rate of 2.9% over this twenty-one year period. Most of this increase, however, occurred primarily in Cumberland County (See Figure 6-1).

¹See *County Business Patterns* prepared by U.S. Department of Commerce

For example, private employment in Cumberland County increased by 69,200 jobs during this same time period (from 71,500 jobs in 1977 to 140,700 jobs in 1998). This increase represents an average annual growth rate of 4.6%, almost 60 percent greater than the statewide rate of employment growth. In York County the average annual rate of private employment growth was 3.9%, but only 1.2% in Androscoggin County. Additionally, York County's employment base is only one-third the size of the employment base in Cumberland County. Clearly, Maine's largest employment growth, between 1977 and 1998, has been in Cumberland County since it captured almost 40 percent of statewide employment growth, although only about 31 percent of the state's employment base is located in the County. York County also captured a higher percentage of statewide growth (12.1%) in comparison to its portion of statewide employment (10.2%). In comparison, Androscoggin County experienced a lower percentage of job growth (4.7%) in relation to its share of statewide employment (8.7%).

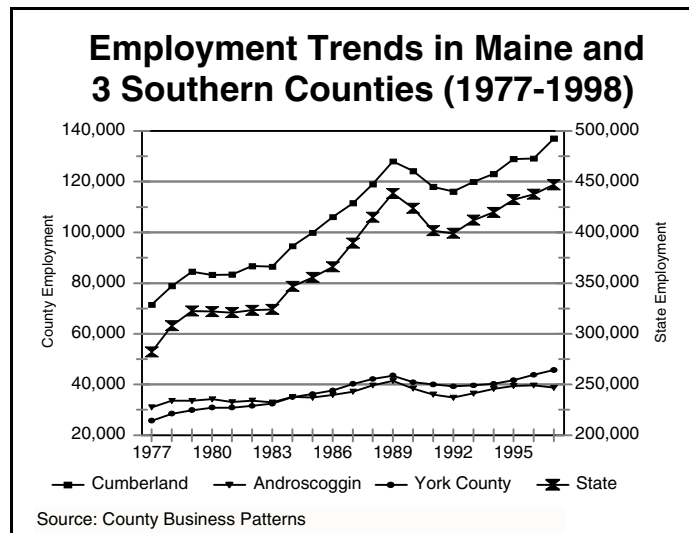


Figure 6-1

The growth of new businesses in Maine reflects the same trends exhibited by employment changes. The number of new business firms in Maine increased by more than 14,800 firms from 1977 (23,500 firms) to 1998 (38,300 firms) (see Figure 6-2). This represents an annual increase of about three percent during the twenty-one year period. However, new businesses in Cumberland County increased at a slightly faster rate of 4.2 percent annually, from 1977 (5,300 firms) to 1998 (9,900 firms). Businesses in York County increased at even a higher annual pace of 4.4 percent, while the annual average rate of increase in Androscoggin County was much lower at 1.7 percent. Cumberland County captured about 31 percent of the total of new business firms in Maine since 1977, exceeding its 26 percent share of the State's business base in 1998.

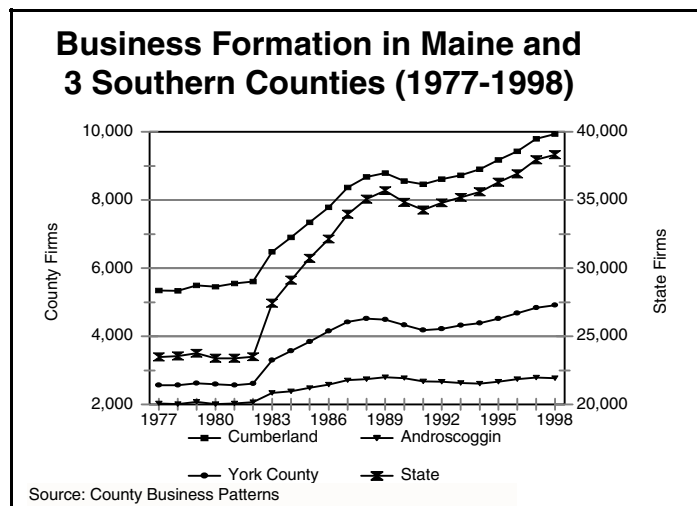


Figure 6-2

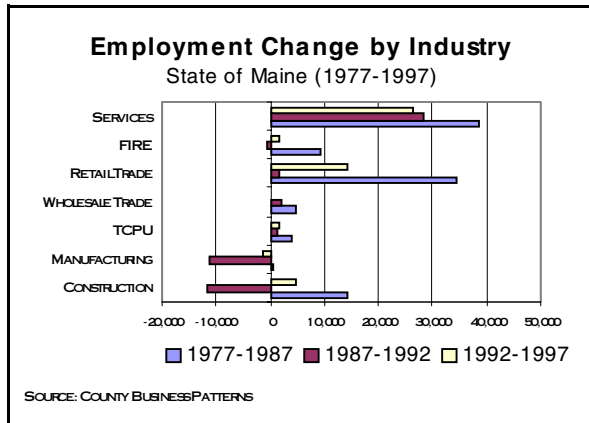


Figure 6-3

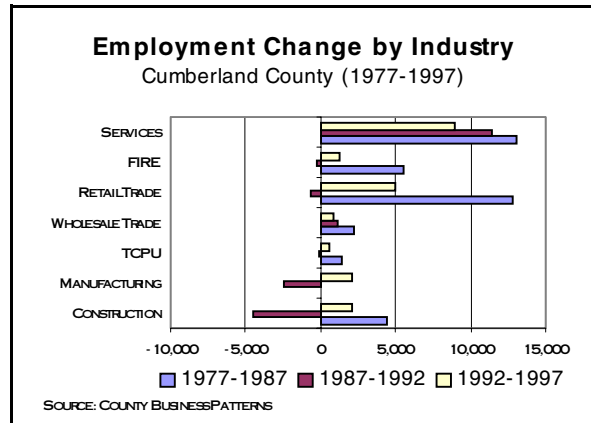


Figure 6-4

An examination of employment changes by industrial sector provides some insight about the types of jobs that are now being created in Maine. Figure 6-3 illustrates employment changes for five and ten year intervals between 1977 and 1997. As the data indicates, the fastest growing employment categories in Maine have been the services and retail sectors. Employment in manufacturing, except for one short period, has declined since 1977. Construction employment also declined during the recession of the early 1990s, but recovered significantly in the latter part of the decade.²

Similar employment increases in the retail and service sectors occurred in Cumberland County (see Figure 6-4). In fact, Cumberland County employment in these two sectors represents about 35 percent of statewide increase between 1977 and 1997. In addition, employment in the Finance, Insurance and Real Estate (FIRE) sector expanded drastically between 1992 and 1997, and manufacturing employment increased by about 2,000 jobs during the same time period.

Changes in the number of new businesses in Maine primarily reflects growth in statewide employment (see Figure 6-5). Between 1992 and 1997, new business in the state increased at a rate of about 1.8 percent annually, with firms in the manufacturing (2.1%), TCPU, and services (3.1%) experiencing annual

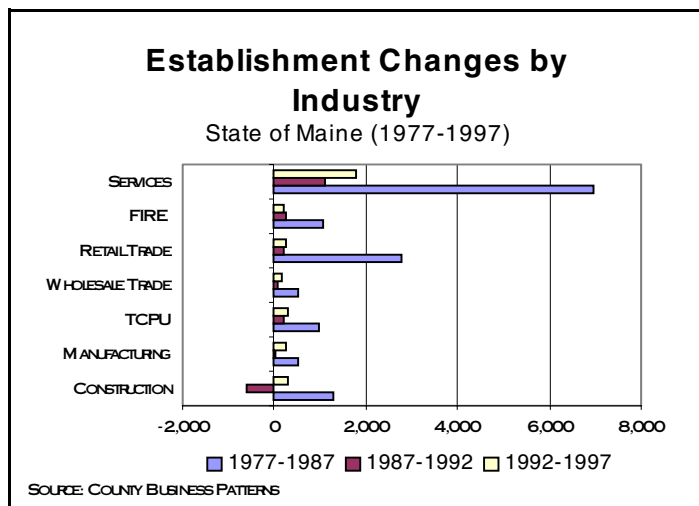


Figure 6-5

²The following acronyms are used in identifying employment sectors: FIRE - Finance, Insurance and Real Estate; TCPU - Transportation, Communications and Public Utilities. Most computer related employment is classified as services sector employment.

average growth rates higher than the average. It is also interesting to note that there was an increase in the number of manufacturing firms, despite a general decline in employment during each of the time periods evaluated. This may indicate a shift to smaller manufacturing firms, in terms of number of employees.

A similar examination (see Figure 6-6) of changes in the number of new business firms, by industrial sector in Cumberland County, indicates 4,500 new firms were created between 1977 and 1997, representing approximately 32 percent of new firms created statewide. Between 1992 and 1997, about 1,200 new business firms were created in Cumberland County. This represented about 37 percent of new business growth statewide. Key sectors that experienced significant growth during this period included manufacturing (3.4%), TCPU (4.1%) FIRE (3.5%) and services (4.0%). The overall growth in business firms during this period was approximately three (3) percent.

B. Changes in Employment and the Number of Businesses in Windham

As noted earlier, employment and the number of businesses in Maine and Cumberland County have increased significantly, especially during the 1990s. Windham has also benefitted from these changes. Total employment in Windham has grown from 4,360 in 1990 to 5,070 in 2000, an increase of over 700 positions (see Figure 6-7). Most of these employment increases, however, occurred after 1997. The number of businesses located in Windham has also increased.

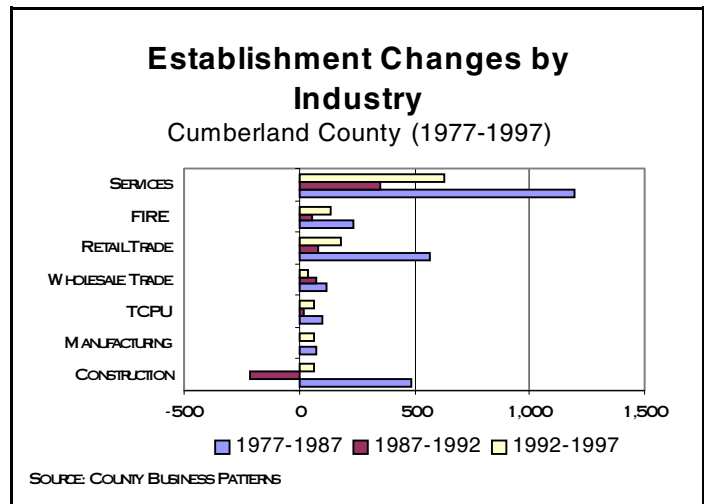


Figure 6-6

Between 1992 and 1997, about 1,200 new business firms were created in Cumberland County. This represented about 37 percent of new business growth statewide. Key sectors that experienced significant growth during this period included manufacturing (3.4%), TCPU (4.1%) FIRE (3.5%) and services (4.0%).

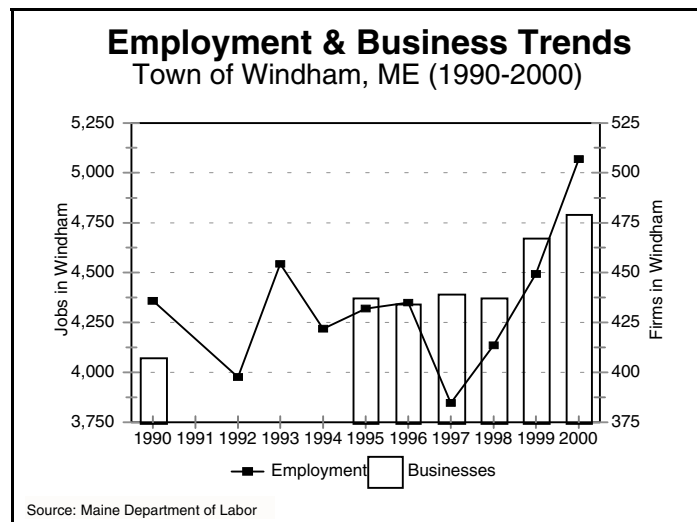


Figure 6-7

As illustrated in Figure 6-8, most of the employment in Windham, approximately 72 percent, is evenly distributed between the service and retail sectors. Another 20 percent of the employment base involves government, manufacturing and construction sectors. The smallest employment categories

include wholesale, agricultural, finance, insurance and real estate (FIRE) and transportation, communications, public utilities (TCPU).

The types of businesses located in Windham however are slightly more diverse. Services (32%) and retail (22%) account for about 54 percent of the town's business base, followed by construction firms (18%), wholesale trade (7%), manufacturing (6%), FIRE (5%) and agricultural (3%).

An examination of changes in Windham's employment patterns and number of firms (1995 to 2000) indicates that employment in retail and services experienced the largest gain, followed by employment in construction and manufacturing (see Figure 6-9). By comparison, employment in transportation, communications and public utilities (TCPU) declined and small increases were exhibited in wholesale trade and FIRE. A slightly different pattern was exhibited in the number of businesses, with total retail firms declining, and new business creation occurring mainly in services, construction, manufacturing and TCPU sectors.

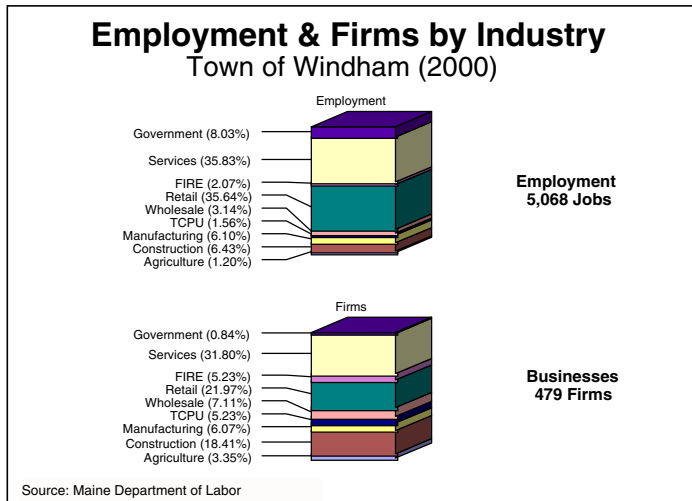


Figure 6-8

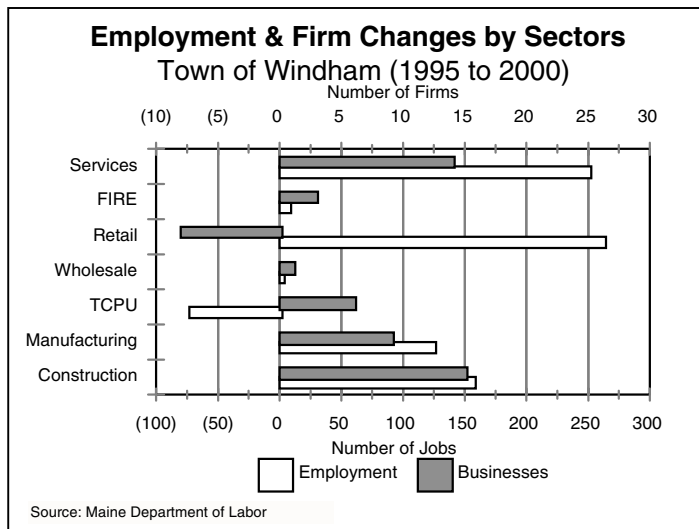


Figure 6-9

C. Location, Acreage and Building Size in Windham

The Town of Windham has approximately 940 acres of land currently occupied with commercial and industrial buildings (see Map 6-1). This acreage represents approximately 2.6% of the 55.6 square miles of land within the borders of Windham (see Figure 6-10). As the map indicates, most of these non-residential uses are located on Route 302 and include a variety of retail, restaurant, industrial, office and miscellaneous uses. A few industrial uses are found in South Windham Village and along the River Road corridor, and various commercial agricultural land uses are located on Route 202. All of these non-residential land uses are based on Windham's Property Assessment Data Base as outlined in Table 6-1.

INSERT MAP 6-1 NON-RESIDENTIAL LAND USE

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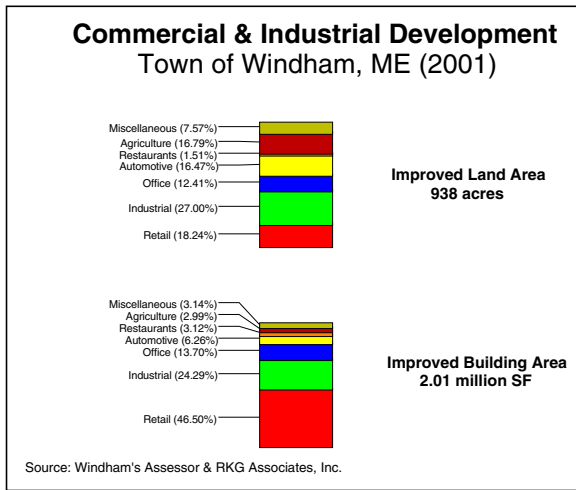


Figure 6-10

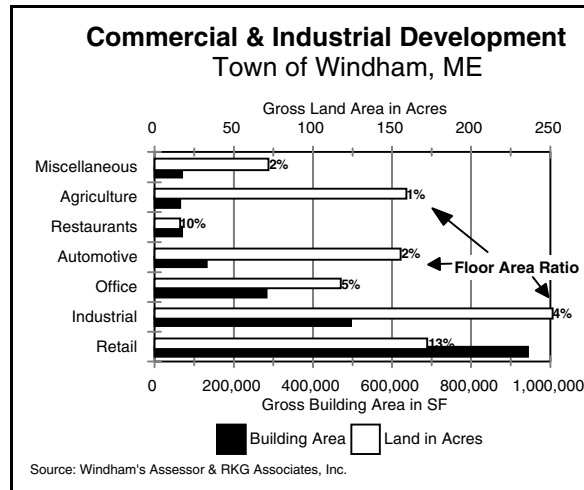


Figure 6-11

As illustrated in Figure 6-10, these non-residential uses contain about two million square feet of building area. It is interesting to note that while retail accounts for over 18 percent of the land identified as non-residential, retail contains over 46 percent of the building space. Industrial buildings account for 24 percent of the building area devoted to non-residential land uses and 27 percent of the land area, while office use represents about 14 percent of the building area and just over 12 percent of land area currently used for non-residential purposes.

As noted in Figure 6-11, retail buildings in Windham represent nearly one million square feet of built space, while industrial buildings contain about 500,000 square feet. The amount of land occupied by these types of uses is also substantially different. For example, current retail users are located on about 170 acres, while industrial users require about 250 acres. Agricultural and automotive represents about 150 acres each, although these uses have much lower building density.

Table 6-1 Non-Residential Land Use Categories	
Agricultural <ul style="list-style-type: none"> • Animal Care • Dairy Farms • Florist/Landscaping/Farm Stands 	Miscellaneous <ul style="list-style-type: none"> • Campgrounds • Funeral Home • Junkyards • Laundromats • Motels • Plumbing • Printing • Land Leases • Radio-TV-Newspapers
Industrial <ul style="list-style-type: none"> • Chemical • Business Parks • Heating/Air Conditioning/Energy • Manufacturing • Warehouse/Storage • Industrial/Assembly/Light Mfg. • Tool & Die • Wood Industry 	Office <ul style="list-style-type: none"> • Banks • Doctors • Office Buildings/Condos • Research
Retail <ul style="list-style-type: none"> • Convenience Store • Retail Store • Shopping Center • Crafts 	Automotive <ul style="list-style-type: none"> • Auto Sales • Auto Service • Gas Stations
Restaurant <ul style="list-style-type: none"> • Quick Food • Restaurant/Lounge 	

Source: Town of Windham Property Assessment Data Base, RKG Associates, Inc

An evaluation of retail, office and industrial building size is illustrated in Figure 6-12. This data indicates that there are five retail structures in Windham that contain 50,000 square feet or more. These five buildings represent over 60 percent of retail space located in the town. There are seven buildings between 25,000 and 50,000 square feet. Three of these structures are used for retail purposes, while four are industrial style buildings. Three office buildings in Windham contain between 10,000 and 25,000 square feet. Five retail stores and ten industrial facilities also fall within this category. Although most of the office buildings contain between 1,000 and 10,000 square feet, there are 28 office properties (condominiums) at less than 1,000 square feet.

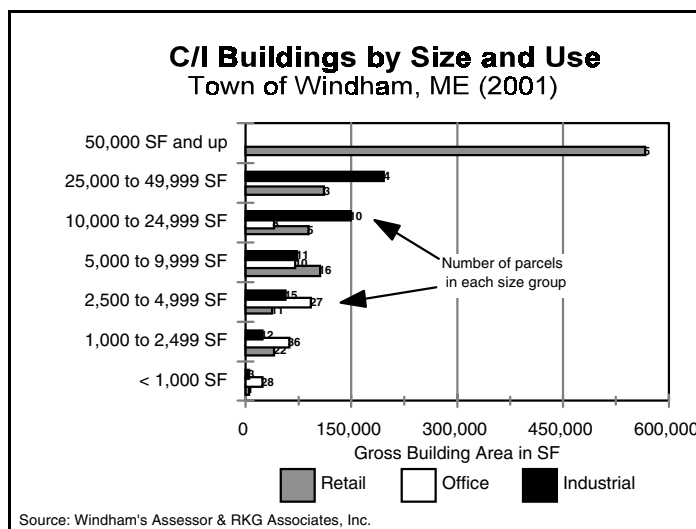


Figure 6-12

4. Commuting Patterns

Understanding where people live and work is a key factor in evaluating economic development alternatives. Although only 1990 Census data is currently available to describe employment commuting patterns in Windham, the data does provide a basis for comparing where people who work in Windham live, as well as key employment locations for Windham residents.³

As noted in Table 6-2 the vast majority of Windham residents, in 1990, worked in Cumberland County (64.3%). In fact, almost 50 percent worked in Portland, Westbrook and South Portland. However, approximately 30 percent of town residents also work in Windham. Only a small percent of Windham's residents work in other Maine counties (5%) or other states (1.4%).

Table 6-3 indicates that Windham's workforce (people who work Windham) in 1990, was almost equally divided between residents of Windham (43.1%) and other Cumberland County communities (44.9%). It is interesting to note that only a small portion of the town's workforce resides in the neighboring communities of Gorham, Gray, Raymond and Westbrook (16%). In fact most of Windham's workforce is dispersed across a wide range of communities in Cumberland County. In addition, about 11 percent of the town's workforce resides in other counties in Maine.

³As of December 2002, data about commuting patterns (often referred to as Journey to Work data) collected during the 2000 Census was not yet available from the U.S. Bureau of the Census. When this data is finally released this portion of the Comprehensive Master Plan should be revised.

Table 6-2 Windham Residents by Place of Work - 1990		
Work In	Number	Percent
Windham	1,913	29.3%
Cumberland County Portland (1,950) Westbrook (772) South Portland(509) Other (959)	4,190	64.3%
Other Maine Counties	329	5.0%
Other States	88	1.4%
Total	6,520	100.0%
Source: 1990 Census, U.S. Department of Commerce		

Table 6-3 Windham Workforce by Place of Residence - 1990		
Place of Residence	Number	Percent
Windham	1,913	43.1%
Cumberland County Standish (420) Raymond (248) Gray (214) Portland (171) Other (941)	1,194	44.9%
Other Maine Counties	501	11.2%
Other States	35	0.8%
Total	4,443	100.0%
Source: 1990 Census, U.S. Department of Commerce		

Although the commuting pattern data is over ten years old, the information does reveal some trends that are probably still relevant today. For example, in 1990 Windham was a net exporter of workers (approximately 2,000). This is most likely still true today, even though the number of jobs in Windham has increased by about 14 percent. Also, Cumberland County, especially Portland, is still the most likely work place destination for Windham residents. Finally, a major portion of Windham’s workforce probably still lives outside of the town.

5. Implications for the Future

During the past several decades Windham’s role in the regional economy has changed significantly. As the *Windham Comprehensive Plan for the 1990s* noted, “Windham is [now] firmly established as the retail center of the Lakes Region”. A subsequent study prepared for the Windham Economic Development Corporation suggested that “Windham is an employment center in its own right”.⁴ This study also noted that in addition to a significant expansion of retail activities, which enables Windham to serve as the retail center for surrounding Sebago Lake area communities, employment in service related businesses has increased as well.

Data presented in this chapter supports the conclusion that Windham, as part of the Cumberland County region, has experienced an increase in retail and service related jobs. However, certain changes in the local economy are beginning to occur. For example, there appears to be a movement toward fewer, but larger retail businesses. Also, although there has been an increase in the number of service related businesses and employment in Windham, the built space (individual buildings) devoted to office related uses appears to be relatively small. Finally, despite all the changes in

⁴Windham Economic Development Infrastructure System, Planning Decision, Inc. May 1998, page 6-1

Windham's economy during the past decade, the town was not listed as a regional service center by the Maine Task Force on Regional Service Center Communities.⁵

These subtle, but distinctive economic changes will require some careful consideration about what role Windham should play in the region's economic future. Some of the key policy issues that will need to be considered are outlined below:

- What are the primary goals for economic development in Windham; increasing the tax base; creation of new employment opportunities; diversification of employment opportunities; improving local wages?
- Windham is a major sub-regional retail center. However, should the Town also become a service center and encourage or facilitate the construction of buildings and related types of structures for office and assembly/manufacturing uses (e.g. flex-space)?
- Should additional areas of Windham be designated for non-residential land uses or should the density in existing areas be increased for these types of uses?
- Currently only about 2.6 percent of the land in Windham is used for non-residential development. Is this sufficient?
- Are there areas of Windham where non-residential development should not be permitted or the types of non-residential land uses restricted?
- What type of action or investment, if any, should the Town of Windham make to encourage future economic development?

⁵“Of Maine’s 497 municipalities , 69 were designated as service center: places where people go to work, shop, get services, and turn for help in time of need. They are the State’s economic engines, accounting for 71% of all jobs in the State, 74% of all service employment (medical, legal, business, social, etc.) and 77% of all retail sales.” *Reviving Service Centers - Volume 1*, Report of the Maine Task Force on Service Center Communities, August, 1998.