

# Economic Development Strategic Plan

Town of Newport, New Hampshire



**RKG**  
ASSOCIATES INC

Prepared For:  
Town of Newport, NH

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# 1. EXECUTIVE SUMMARY

## INTRODUCTION AND SUMMARY RECOMMENDATIONS

It has been several years since the Town of Newport, acting through the Economic Council of Newport (ECON), updated its strategic plans for economic development. This report summarizes the findings and conclusions of a renewed effort to look forward to defining goals for strengthening the local economy, attract and retain new employment opportunities for residents, and lay out specific and achievable tasks toward that end.

The previous Newport Strategic Place Marketing Plan (Franklin Study 1998) indicated the overall objectives as:

- *“To develop and implement a process by which ECON can identify and build community consensus around a series of strategic objectives.”*
- *“To develop and implement a strategic marketing plan that allows ECON to achieve these objectives.”*
- *“To put in place a long-term planning process that enables ECON to assess and redirect its plans and projects to meet the changing needs of the Newport community.”*

These objectives remain central to the continued economic vitality of Newport and have set the stage for more focused and proactive strategies: delivering new jobs, saving businesses, attracting new businesses, and encouraging population and income growth. Newport’s economy is dynamic and always changing; even more so in light of the impacts brought on by the Covid-19 pandemic. In response, the Town of Newport and the ECON are engaged in updating an Economic Development Strategic Plan (EDSP) to reflect their community now and moving forward over the next decade.

RKG Associates, Inc. (RKG), an independent economic development and real estate consulting firm, was retained to revisit these efforts to build on what has been done and to identify realistic next steps for ECON and the Town of Newport to continue in achieving these goals. This report first presents its findings and recommendations with respect to an updated EDSP 2020 which are then followed by the research, inputs, and assumptions forming their basis. While this EDSP 2020 offers several specific initiatives and action items, *it must be stressed*, that throughout the interviews and stakeholder input completed for this research, the primary goal was to keep the momentum moving forward with ECON continuing to serve as the primary conduit.

## **NEWPORT EDSP GOALS AND OBJECTIVES - 2020**

In broad terms, this research has identified four key elements for continued economic development and strategies:

**Goal 1** – Reposition downtown Newport as a “destination downtown” within the region, attracting a more diversified retail, entertainment, and dining base for residents, visitors, and tourists.

**Goal 2** – Retain and reinforce the core employment and industrial base, while striving to broaden that base to include other industries and service sectors, cognizant of the changing landscape of “work-from-home” dynamics and projected industry employment losses and gains across all sectors.

**Goal 3** – Increasing both owner and rental housing opportunities, including housing at affordable price points for first-time owners starting their families and careers; as well as housing with location and lifestyle amenities for those seeking to downsize, retire, or relocate.

**Goal 4** – Implement marketing and outreach initiatives to better promote what Newport has to offer to existing and new residents, employers, and visitors. Recognize that while tourists may bring short term spending and investment in Newport, they can also transition into seasonal or full-year residents.

## DOWNTOWN INITIATIVES

Downtown presents itself as the economic backbone of Newport to residents and visitors alike. A downtown that includes a mix of uses (retail, restaurants, services, and housing) equates to a healthy economy offering a place where people want to be, as opposed to where they have to go.

**Goal** – Reposition downtown Newport as a “destination downtown” within the region, attracting a more diversified retail, entertainment, and dining base for residents and visitors. The following action items are recommended:

- Continue investment in sidewalk repair and improvement. Allocate funding to streetscape and pedestrian improvements and amenities such as benches, planters, or public art. While the Town may need to provide the initial capital for these efforts, their ongoing “ownership” can fall to others such as the Chamber, garden clubs, or involvement from local schools in a street arts program (*immediate and ongoing*).
- Work to expedite the possible utilization of the upper floors of the 20 South Main Street property for knowledge-based sectors of the economy, offering an attractive, affordable environment where residents can live, work and play. Discussions with representatives of the Sunshine Initiative indicate that such exploratory talks are underway (*immediate and ongoing*).
- Work with local finance institutions (or others) to establish a low/no interest matching grant program for re-investment in building facades, new signage, or minor exterior renovations. An initial fund of \$25,000 in total, capped at \$5,000 per match, could allow for five projects per year from owners requiring investments less than the 79E minimum threshold, or those with limited resources (*near term – 1 year and ongoing*).

Downtown Initiatives
<p><b>Strengths</b> - attractive architecture and nicely maintained and well-built environment. Limited ground floor vacancies, with an exception here and there. Reasonably strong local, entrepreneurial mercantile base. Comparatively affordable lease rates.</p>
<p><b>Weaknesses</b> - problematic upper-story vacancies or under-utilization of space. Nominal elevator capacities reported. Somewhat weak diversification of retailing and service base, reportedly too few restaurants and other evening uses. Need for a more cohesive and economically pro-active business association.</p>
<p><b>Opportunities</b> - expansion and diversification to better capture seasonal and tourism spending. Targeted efforts to better utilize upper story space where possible with residential components. Further improvements to streetscape and pedestrian amenities and possible facade or other minor building improvements.</p>
<p><b>Threats</b> - further diminution of consumer activity resulting from changing consumer habits brought on by the Covid-19 pandemic and transitioning from an "in-person" to an "on-line" shopping pattern.</p>

- Spearhead the inauguration of a downtown business association led by resident businesses and property owners, to be more economically pro-active in marketing the downtown so that the whole is greater than the sum of its parts. An example would be an expansion of special promotions or events, including public events already occurring at the Town Green or elsewhere<sup>1</sup>; seasonal sidewalk sales; a Restaurant Week; cooperative advertising; offering customer incentives to foster same-day, multi-destination shopping; or, where appropriate, expansion or establishing an on-line presence with outreach to area ski resorts and other tourist venues.<sup>2</sup>

In addition to marketing and promotional efforts, a candid dialogue is needed to explore ways to attract additional, and perhaps more eclectic businesses to downtown in order to garner a greater share of the seasonal and tourism activity throughout Sullivan County and the Upper Valley (*near term – 1 year and ongoing*).

- Host quarterly workshops on how to open and how to run a small business in downtown Newport, perhaps in concert with the New Hampshire Small Business Development Center or other organizations. In addition to potential Newport entrepreneurs, identify other small businesses throughout the Upper Valley that may desire a satellite location or re-location to downtown Newport (*short term – 1 to 2 years and ongoing*).
- Work in collaboration with the Center for the Arts – Lake Sunapee Region<sup>3</sup> to explore the opportunities and requirements for a New Hampshire League of Craftsmen<sup>4</sup> gallery in downtown Newport. Closures of galleries in Hanover and Keene may have left Upper Valley artisans without a facility to exhibit and sell their crafts (*short term – 1 to 2 years*).

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<sup>1</sup> These events include but are not limited to the Annual Winter Carnival and Parade; the Corbin Bridge and Arts Festival; and the Christmas Lights Display.

<sup>2</sup> By way of example, the Hartford (VT) Area Chamber of Commerce, in collaboration with Vital Communities, recently enacted a promotional campaign – Hartford Dollars – to promote and encourage local retail and restaurant shopping. In short, coupons purchased in the amount of \$15 and \$25 were worth double their purchasing power, made possible, in part, by a grant of \$10,000 from the Vermont Agency of Commerce and Community Development via CARES Act funding (*Valley News* of October 24, 2020).

<sup>3</sup> Discussed in further detail elsewhere in this report.

<sup>4</sup> Contact Miriam Carter, Executive Director, phone 603-224-3375, extension 119 – to discuss further.



## INDUSTRIAL INITIATIVES

According to data compiled by the Economic Corporation of Newport (ECON), slightly more than one-half of the employment in Newport is across ten primary employers, four of which are in the industrial and/or manufacturing sector, effectively accounting for 74 percent of the top ten employers and 38 percent of all Newport employment. While this dynamic is good for those employees, they are in sectors of the economy where employment is projected to decline both nationally and regionally.

**Goal** – Retain and reinforce the core employment and industrial base, while striving to broaden that base to include other industries and service sectors, cognizant of the changing landscape of “work-from-home” dynamics and projected industry employment losses and gains across all sectors. The following action items are offered:

- Complete a current and detailed review of business retention, expansion, and acquisition programs with select area business leaders/employers, education and training institutions, and non-profit organizations to formulate cohesive, coordinated policies to meet gaps between *needs* and *resources*. Maintain regularly scheduled discussions and in-person visitations between ECON and these constituencies to monitor progress and needs, adjusting accordingly (*immediate and ongoing*).
- A good example of a school-to-work program underway is the partnership with Sugar River Valley Regional Technical Center and local area contractors to provide an internship/apprentice experience in such contractor trades as plumbing and HVAC. ECON may take the initiative to expand this program by marketing it directly to a broader base of Upper Valley contractors (*immediate and ongoing*).
- ECON should continue to work with area businesses, such as Sturm Ruger and Company, to identify opportunities for attracting new industry development to Newport among those sectors requiring a similar skill set (to existing workers) or a complimentary “supportive” skill set – such as machinists or precision manufacturing (*ongoing*).

Industrial Initiatives
<p><b>Strengths</b> - strong core of industrial and manufacturing businesses with generally higher than average wages and which are also engaged pro-actively in the community. Available sites for expansion and new growth in some sectors and locations.</p>
<p><b>Weaknesses</b> - although strong, a top-heavy dependency on sectors with increasing needs for employee skills, retention, and training. Reported intermittent availability of properties served by Town water and sewer, along with perceived high utility costs. Capacity to meet projected industry growth in service and "soft" sectors.</p>
<p><b>Opportunities</b> - consider "land-banking" for future growth. Better capitalize on vocational schools and community college, in cooperation with industry, for increased job skills, training, internships and job-fair programs - maintain dialogue on what is needed, what is working and not working in these efforts - revise accordingly.</p>
<p><b>Threats</b> - overcoming projections for Newport and Sullivan County indicating employment losses in current core sectors and increases in typically lesser wage sectors - further disconnecting housing affordability issues.</p>



- Incorporate into the Town website, and other social media platforms, content targeted to out-of-town entrepreneurs or tele-commuters presenting expansion or re-location opportunities in Newport. Highlight quality-of-life, natural and existing resources, and the availability of “how-to” assistance (*short term 1-2 years and ongoing*).
- Create a *Land Bank* for the future potential expansion of the Flagstone Industrial Park to include the adjacent parcel(s) and extend the Town tax increment finance (TIF) district and economic revitalization zone (ERZ) status to those parcels. Identify other separate parcels in Newport that are adequately served by utilities and Town water/sewer, also extending TIF and ERZ status (*long term – 3 to 5 years*).
- Continue to explore options for solar power development at the closed landfill site<sup>5</sup> with the goal of providing lower energy costs to businesses in Newport, or support for economic development efforts through a host community agreement (*long term – 3 to 5 years*).

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<sup>5</sup> Reportedly (*Concord Monitor* – dated May 2018) this proposal was overwhelming approved Town meeting – proposing a 2.2 - megawatt project in partnership with Norwich Solar Technologies.

## HOUSING INITIATIVES

The Franklin Study identified a need for additional housing options in Newport, in both owner and rental inventories. Today the need remains. Particularly acute is the shortage of supply relative to demand for affordable housing with a limited number of new units in the pipeline. Further, in addition to too few units in the pipeline, it is reported that much of the existing inventory is being purchased by out-of-state buyers, some seasonal but also some year-round, effectively pricing out local ownership.

**Goal** - Increasing housing opportunities for both owner and rental property, including housing at affordable price points for younger households starting their families and careers; as well as housing with location and lifestyle amenities for those seeking to downsize, retire, or relocate. The following action items are offered:

- Review Town zoning and planning ordinances for their language regarding affordable housing projects, increased site densities (unit count), in cooperation with a (to be developed) workshop panel of area/regional residential developers and Vital Communities <sup>6</sup>, to better define Newport housing requirements and to ascertain their needs (e.g., sites, financing, regulatory reform) and potential for bringing a project to development (*immediate*).
- Maintain an ongoing dialogue, and visitations where possible, with area real estate professionals to monitor trends and needs in the Newport housing market (*near term – 1 year and ongoing*).<sup>7</sup>

Housing Initiatives
<p><b>Strengths</b> – in-field observations indicate a well-maintained housing stock, competitive in pricing/values to elsewhere in Sullivan County. Generally acceptable balance of owner (65%) and renter (35%) - although declines are projected in unit counts.</p>
<p><b>Weaknesses</b> - diminishing inventory of available existing stock and limited number of projects in the pipeline. Shortage of workforce and affordable units compared to income levels and projected growth sectors of the economy. No significant representation of core downtown residential offerings.</p>
<p><b>Opportunities</b> - expand housing opportunities throughout Newport at affordable price points and with location and lifestyle amenities to "upgrade" the mix and inventory to be attractive to a broader demographic with differing service needs on the Town and discretionary spending. ECON may participate in "kick-starting" a project.</p>
<p><b>Threats</b> - continued decline or stagnation in available, affordable housing could serve to further declining local employment options and loss of, or retention, of younger age cohorts. Identifying appropriate development sites for increased densities.</p>

<sup>6</sup> Vital Communities is a 501(c)3 nonprofit organization serving 69 towns in the Upper Valley region of VT and NH promoting each and all with a focus towards think, act, shop, and do locally. A new Executive Director, Sarah Jackson, was recently brought on at Vital Communities and early outreach by ECON is recommended.

<sup>7</sup> By way of example, as reported in the NH *Business Review* (October 2020) six area Chambers of Commerce in the North Country have initiated a Workforce Collaborative, in partnership with Ski New Hampshire and the White Mountain Attractions Association to identify new workforce markets and launch a housing campaign to support the tourist economy of the region.

- Continue to work with representatives of the Dartmouth-Hitchcock Medical Center to consider their housing needs as their employment base expands. There is a reported shortage of housing options in Lebanon, suggesting possibilities for Newport with potential partnership in development from Dartmouth-Hitchcock Medical Center<sup>8</sup> (*short term – 1 to 2 years*).
- Target one or two specific downtown properties, for example the former bank property and 20 South Main Street, for upper story conversion to residential use.<sup>9</sup> While market dynamics suggest an opportunity for some residential development downtown, perhaps to single person households and/or a more affluent demographic, the viability and feasibility of each is a matter for separate independent study (*long term – 3 to 5 years*).

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<sup>8</sup> Conversations with representatives of the Sunshine Initiative indicate that such discussions are underway and a potential development site near the Parlin Field airport has been identified.

<sup>9</sup> The Pre-Development Loan Program, available through the NH Community Development Finance Authority, may be a funding source in studying property feasibility and renovation.

## MARKETING AND OUTREACH INITIATIVES

Often marketing and outreach efforts throughout the Upper Valley have been community centric, with limited programming to collaboratively cross-promote the region—realizing that the whole is greater than the sum of its parts.

**Goal** - Marketing and outreach initiatives are required to better promote what Newport has to offer existing and new residents, employers, and visitors. Recognize that while tourists may bring short term spending and investment in Newport, they can also transition into seasonal or full-year residents. The following action items are offered:

- As ECON transitions to new leadership, it is vital that the Town maintain its voice in the tourism and marketing outreach initiatives underway or developing, including the Chamber Partnership Program, Vital Communities, and the Center for the Arts – Lake Sunapee Region. Continued Town representation through ECON is highly encouraged (*immediate and ongoing*).
- Revisit the Town of Newport website, and especially the ECON section, for the inclusion of additional elements such as linking area business and attractions to both out-of-town and in-region tourism, ski resorts and other entities (*near term – 1 year and ongoing*).
- Work with Upper Valley and Sullivan County tourism entities effectively cross-promoting recreational amenities and entertainment venues. Include “destination downtown” Newport information and promotions (*near term – 1 year and ongoing*).
- Consider developing welcoming and attractive gateway treatments for the Town of Newport. Work in collaboration with schools, the Center for the Arts – Lake Sunapee Region and area artisans in terms of design, content, and materials (*short term -1 to 2 years*).

Marketing and Outreach Initiatives
<p><b>Strengths</b> – diversified access to news about Newport including, but not limited to, Realtors, philanthropic institutions, the business community, and the Town - all equating to community engagement but often within their own sphere of interest or influence.</p>
<p><b>Weaknesses</b> - lack of a centralized "all things Newport" website, or at a minimum, with linkages to other websites offering a coordinated message across all platforms. With an emphasis on "tourism" linkages across all of Sullivan County.</p>
<p><b>Opportunities</b> - consider the Town website serving as the gatekeeper for "all things Newport" - not to replace existing web platforms but to augment them or offer other services such as not readily available. These may include limited brokerage services for small business/property owners seeking to lease space and a greater promotion of tourism and recreation.</p>
<p><b>Threats</b> - not staying ahead of the curve with respect to internet-based communications platforms as their utilization by all sectors of the community within and outside Newport continues to increase. It will also be important to continually monitor and update - keep it fresh.</p>

- Newport’s system of trails and other outdoor and recreational amenities are an under-utilized potential economic resource, providing “quality of life” features for residents and bringing visitors to the area.<sup>10</sup> Engage a third-party to assess the economic and fiscal impacts associated with such amenities and develop initiatives to promote and capture them (*short term -1 to 2 years*).

## **ACTION PLAN MATRICES**

As noted, the Economic Development Strategic Plan encompasses four broad initiatives and goals, with a variety of recommended actions items for each initiative. These include a mix of “project based” and “process based” recommendations, with varying levels of urgency (or a suggested timeline for implementation) and responsibilities or levels of effort. As such, RKG offers the following summary points as potential “first steps” to be undertaken by ECON and/or the Town.

**Downtown Initiatives** – expand, or include, in the annual downtown investment in sidewalk repair and maintenance (Action 1) for the gradual addition of streetscape and other pedestrian amenities such as benches, planters and public art. Engage local artisans, schools, downtown businesses and other community and non-profit partners in the design concept, implementation, and eventual “ownership” of ongoing upkeep.

Work with the Chamber of Commerce and area businesses to establish a pro-active business association (Action 4) to co-ordinate and promote downtown Newport as the downtown destination for the Upper Valley residents and visitors. This is further reflected in Action 3 under Marketing and Outreach Initiatives.

**Industrial Initiatives** – work to broaden the outreach of the existing school-to-work programs (Action 2) in co-operation with Sugar Valley Regional Technical Center which could entail direct outreach and marketing to area contractors by ECON.

**Housing Initiatives** – convene a workshop panel (Action 1) with area residential developers and Town staff to revisit the regulatory environment and general processes required to bring planned or proposed housing to built housing, identify gaps between *needs* and *resources*.

**Marketing and Outreach Initiatives** – revisit the ECON and Town websites (Action 2) for the inclusion of additional elements, expansion of “target audiences” and simplicity of design and use. This may entail a “content comparison” to other locales throughout the Upper Valley and elsewhere in New Hampshire.

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<sup>10</sup> An example of “outreach” is the program underway with the UNH Cooperative Extension which has launched a web-based mapping app asking Sullivan County residents to share their favorite places throughout Sullivan County, effectively developing a tour guide. If not so already, the Town of Newport should become actively engaged in bringing input and locations to this app.

NEWPORT, NEW HAMPHIRE Economic Development Strategic Plan Update 2020 - Implementation Matrix		Lead and Partners		Implementation Timing (Year)						
		Lead	Partners	2020	2021	2022	2023	2024	2025	
<b>DOWNTOWN INITIATIVES</b>										
<b>GOAL</b>	<b>Reposition downtown Newport as a "destination downtown" attracting a more diversified retail, entertainment, and dining base for residents, visitors, and tourists.</b>									
<b>Action 1:</b>	Continue annual investments in sidewalk repair and improvement. If not included, allocate partial funding to streetscape and pedestrian improvements and amenities such as benches, planters or public art. While the Town may need to provide the initial capital for these efforts, their ongoing "ownership" can fall to others such as the Chamber, garden clubs, or involvement from local schools in a street arts program.	Town of Newport	ECON, Chamber of Commerce, civic organizations, schools							
<b>Action 2:</b>	Work to expedite the possible utilization of the upper floors of the 20 South Main Street property for knowledge-based sectors of the economy, offering an attractive, affordable environment where residents can live, work and play. Discussions with representatives of the Sunshine Initiative indicate that such exploratory talks are underway.	ECON	Sunshine Initiative, area developers, possible state agencies							
<b>Action 3:</b>	Work with local finance institutions (or others) to establish a low/no interest matching grant program for re-investment in building facades, new signage, or minor exterior renovations. An initial bank of \$25,000 in total, capped at \$5,000 per match, could allow for five projects per year from owners requiring investments less than the 79 E minimum threshold, or with limited resources .	ECON	Area finance institutions, possible state agencies							
<b>Action 4:</b>	Spearhead the inauguration of a downtown business association with businesses and property owners (if applicable), to be more economically pro-active in marketing the downtown; whereby the whole is greater than the sum of its parts. An example being expanding special promotions or events, included with public events already occurring at the Town Green or elsewhere ; seasonal sidewalk sales; a restaurant week; cooperative advertising; offering customer incentives to foster same-day, multi-destination shopping; or, where appropriate, assist in expanding or establishing an on-line presence with outreach to are ski resorts and other tourist venues. In addition to marketing and promotional efforts, a candid dialogue is needed to explore ways to attract additional, and eclectic businesses to downtown in order to garner a greater share of the seasonal and tourism activity throughout Sullivan County and the Upper Valley.	ECON, Chamber of Commerce	Downtown business and property owners							
<b>Action 5:</b>	Host quarterly workshops on how to open and how to run a small business in downtown Newport. In addition to potential Newport entrepreneurs, identify other small businesses throughout the Upper Valley that may desire a satellite location or re-location to downtown Newport .	ECON								
<b>Action 6:</b>	Work in collaboration with the Center for the Arts – Lake Sunapee Region to explore the opportunities and requirements for a New Hampshire League of Craftsmen gallery in downtown Newport. Closures of galleries in Hanover and Keene may have left Upper Valley artisans without a facility to exhibit and sell their crafts .	ECON	Center for the Arts - Lake Sunapee, possible state agencies and other non-profits							

NEWPORT, NEW HAMPHIRE Economic Development Strategic Plan Update 2020 - Implementation Matrix		Lead and Partners		Implementation Timing (Year)						
		Lead	Partners	2020	2021	2022	2023	2024	2025	
<b>INDUSTRIAL INITIATIVES</b>										
<b>GOAL</b>	<b>Retain and reinforce the core employment and industrial base, while striving to broaden that base to include other industries and service sectors, cognizant of the changing landscape of “work-from-home” dynamics and projected industry employment losses and gains across all sectors.</b>									
<b>Action 1:</b>	Complete a current and detailed review of business retention, expansion and acquisition programs with select area business leaders/employers, education and training institutions, and non-profits to formulate cohesive coordinated policies to meet gaps between needs and resources. Maintain regularly scheduled discussions and in-person visitations between ECON and these constituencies to monitor progress and needs, adjusting accordingly.	ECON	Area businesses and employers							
<b>Action 2:</b>	An example of a school-to-work program underway is the partnership with Sugar River Valley Regional Technical Center and local area local area contractors to provide an internship/apprentice experience in such contractor trades as plumbing or HVAC. ECON may take the initiative to expand this program by marketing it directly to a broad base of Upper Valley contractors.	ECON	Sugar River Valley Regional Technical Center and other Newport schools							
<b>Action 3:</b>	ECON should continue to work with area businesses, such as Sturm Ruger and Company, to identify opportunities for attracting new industry development to Newport among those sectors requiring a similar skill set (to existing workers) or a complimentary “supportive” skill set – such as machinists or precision manufacturing.	ECON								
<b>Action 4:</b>	Incorporate into the Town website, or other social media platforms, content targeted to out-of-town entrepreneurs or tele-commuters presenting expansion or re-location opportunities in Newport. Highlight quality-of-life, natural and built resources, and :how-to” assistance available.	ECON	Town staff							
<b>Action 5:</b>	Land bank for the future with potential expansion of the Flagstone Industrial Park to include the adjacent parcel(s), if applicable, extending the Town tax increment finance (TIF) district and economic revitalization zone (ERZ) status, to those parcels. Otherwise, identify separate parcels in Newport, adequately served by utilities and Town water/sewer, also extending TIF and ERZ status.	Town of Newport								
<b>Action 6:</b>	Continue to explore options for solar power development at the closed landfill site.	Town of Newport								



NEWPORT, NEW HAMPHIRE		Lead and Partners		Implementation Timing (Year)					
Economic Development Strategic Plan Update 2020 - Implementation Matrix		Lead	Partners	2020	2021	2022	2023	2024	2025
<b>MARKETING and OUTREACH INITIATIVES</b>									
<b>GOAL</b>	Marketing and outreach initiatives are required to better promote what Newport has to offer existing and new residents, employers, and visitors. Recognize that while tourists may bring short term spending and investment in Newport, they can also transition into seasonal or full-year residents.								
<b>Action 1:</b>	As ECON transitions to new leadership, it is vital that the Town maintain its voice in the tourism and marketing outreach initiatives underway or developing, including the Chamber Partnership Program, Vital Communities, and the Center for the Arts – Lake Sunapee Region. Continued Town representation through ECON is highly encouraged.	ECON	Vital Communities, Center for the Arts - Lake Sunapee, possible state agencies						
<b>Action 2:</b>	Revisit the Town of Newton website, and the ECON section, for the inclusion of additional elements such as linking area business and attractions to both out-of-town and in-region tourism, ski resorts and other entities.	ECON	Town staff						
<b>Action 3:</b>	Work with Upper Valley and Sullivan County tourism entities effectively cross-promoting recreational amenities and entertainment venues. Include “destination downtown” Newport information and promotions .	ECON	Upper Valley and Sullivan County tourism, possible state agencies						
<b>Action 4:</b>	Consider developing welcoming and attractive gateway treatments for the Town of Newport. Work in collaboration with schools, the Center for the Arts – Lake Sunapee Region and area artisans in terms of design, content, and materials.	ECON, Town of Newport	Center for the Arts - Lake Sunapee, schools, area artisans						
<b>Action 5:</b>	Newport’s system of trails and other outdoor and recreational amenities are an under-utilized potential economic resource, providing “quality-of-life” features for residents and bringing visitors to the area. Contract a third-party to assess the economic and fiscal impacts associated with such amenities and develop initiatives to promote and capture them .	Town of Newport							

NEWPORT, NEW HAMPHIRE		Lead and Partners		Implementation Timing (Year)					
Economic Development Strategic Plan Update 2020 - Implementation Matrix		Lead	Partners	2020	2021	2022	2023	2024	2025
<b>HOUSING INITIATIVES</b>									
<b>GOAL</b>	Increasing housing, both owner and rental opportunities, including housing at affordable price points for first-time owners starting their families and careers; as well as housing with location and lifestyle amenities for those seeking to downsize, retire, or relocate.								
<b>Action 1:</b>	Review Town zoning and planning ordinances for their language regarding affordable housing projects, increased site densities (unit count), in cooperation with a (to be developed) workshop panel of area/regional residential developers and Vital Communities, to better define Newport housing requirements and to ascertain their needs (e.g., sites, financing, regulatory reform) and potential for bringing a project to development.	ECON, Town staff	Town Zoning and Town Planning departments, area developers, Vital Communities						
<b>Action 2:</b>	Maintain an ongoing dialogue, and visitations where possible, with area real estate professionals to monitor trends and needs in the Newport housing market.	ECON							
<b>Action 3:</b>	Continue to work with representatives of the Dartmouth-Hitchcock Medical Center to consider their housing needs as their employment base expands. There is a reported shortage of housing options in Lebanon, suggesting possibilities for Newport with potential partnership in development from Dartmouth-Hitchcock Medical Center.	ECON	Sunshine Initiative, Dartmouth-Hitchcock Medical Center						
<b>Action 4:</b>	Target one or two specific downtown properties, the former bank property and 20 South Main Street as examples, for upper story conversion to residential use. While market dynamics suggest an opportunity for some residential development downtown, perhaps to a single and/or more affluent demographic, the viability and feasibility of each is a matter for separate independent study.	ECON	Property owners, possible state agencies						

## 2. BASELINE CONDITIONS

### INTRODUCTION AND PURPOSE

Selected socio-economic metrics for Newport and surrounding communities and Sullivan County are presented to provide an overview of existing and projected characteristics to assist in identifying market driven opportunities for consideration in updating an Economic Development Strategic Plan (EDSP) for the community.

### DEMOGRAPHIC PROFILE

Selected socio-economic trends for the Newport surrounding communities and Sullivan County, and where applicable for the Newport, NH LMA (labor market area)<sup>11</sup> and a broader market area.<sup>12</sup>

#### POPULATION

The total population of Newport is projected to decline marginally by -0.7 percent (2020 to 2025) representing a loss of 46 persons. This compares to an increase of 418 persons (0.9 percent) for Sullivan County (Table 1). The greatest projected population growth, at 5.8 percent is in Croydon (53 persons), with Cornish, Sunapee and Unity also projected to realize population growth.

Similar to Sullivan County the population for Newport is projected to decline at all age cohorts except for those aged 65 and older, which often represent downsizing and/or empty-nester households, but as importantly, typically represent persons retiring from the labor force. By 2025 the 65+ cohort is projected to account for 25.3 percent of the county population and 22 percent of the Newport population. Neighboring communities are also projected to experience growth in the 35 to 54 cohort, typically those in the peak earning and spending years.

Despite variations in projected population among the communities, as a whole the population of the seven communities is relatively stable, increasing by 0.5 percent or by 133 persons. As a whole, population declines are projected for all age cohorts but for a 13.7 percent increase (or 828 persons) among those aged 65 and older. This is further reflected among several communities where the projected (2025) median age of the population exceeds 50-years.

The projected 2025 per capita income in Sullivan County is \$35,340, a 10.4 percent increase over 2020. For Newport, the 2025 per capita income is projected at \$29,790 or about 84.3 percent of

<sup>11</sup> The Newport, NH LMA includes the communities of **Newport**, Goshen, Lempster and Sunapee – as defined by the NH ELMI Bureau.

<sup>12</sup> As defined by EMSI, a leading private sector provider of economic statistics, to include the zip codes comprising **Newport**, Claremont, Cornish, Goshen, Lempster and Sunapee.

that for the county. The projected per capita income for Cornish, Croydon, and Sunapee all exceed (at more than \$40,000 but less than \$50,000) the county per capita, while all other communities fall below the county metric.

**Table 1 – Selected Population Metrics**

Comparative Metrics	Sullivan County, NH			Newport, NH			Claremont, NH			Cornish, NH		
	2020	2025	%Δ	2020	2025	%Δ	2020	2025	%Δ	2020	2025	%Δ
<b>Population</b>	<b>44,387</b>	<b>44,805</b>	<b>0.9%</b>	<b>6,299</b>	<b>6,253</b>	<b>-0.7%</b>	<b>12,997</b>	<b>12,919</b>	<b>-0.6%</b>	<b>1,681</b>	<b>1,708</b>	<b>1.6%</b>
aged under 20	9,244	9,201	-0.5%	1,457	1,435	-1.5%	2,850	2,778	-2.5%	289	291	0.7%
aged 20 to 34	6,967	6,617	-5.0%	1,094	1,042	-4.8%	2,511	2,510	0.0%	227	189	-16.7%
aged 35 to 54	11,118	10,925	-1.7%	1,537	1,532	-0.3%	3,227	3,065	-5.0%	389	418	7.5%
aged 55 to 64	7,247	6,741	-7.0%	968	869	-10.2%	1,859	1,742	-6.3%	310	264	-14.8%
aged 65 and older	9,811	11,321	15.4%	1,243	1,375	10.6%	2,550	2,824	10.7%	466	546	17.2%
<b>Median Age</b>	<b>46.5</b>	<b>47.3</b>	<b>1.7%</b>	<b>43.3</b>	<b>43.4</b>	<b>0.2%</b>	<b>42.4</b>	<b>42.7</b>	<b>0.7%</b>	<b>52.2</b>	<b>52.9</b>	<b>1.3%</b>
<b>Per Capita Income</b>	<b>\$ 32,013</b>	<b>\$ 35,338</b>	<b>10.4%</b>	<b>\$ 27,526</b>	<b>\$ 29,789</b>	<b>8.2%</b>	<b>\$ 25,876</b>	<b>\$ 27,745</b>	<b>7.2%</b>	<b>\$ 41,884</b>	<b>\$ 48,421</b>	<b>15.6%</b>

Comparative Metrics	Croydon, NH			Goshen, NH			Sunapee, NH			Unity, NH		
	2020	2025	%Δ	2020	2025	%Δ	2020	2025	%Δ	2020	2025	%Δ
<b>Population</b>	<b>907</b>	<b>960</b>	<b>5.8%</b>	<b>795</b>	<b>794</b>	<b>-0.1%</b>	<b>3,685</b>	<b>3,809</b>	<b>3.4%</b>	<b>1,820</b>	<b>1,874</b>	<b>3.0%</b>
aged under 20	160	163	1.9%	147	138	-6.1%	689	695	0.9%	273	278	1.8%
aged 20 to 34	117	109	-6.8%	104	88	-15.4%	489	430	-12.1%	236	237	0.4%
aged 35 to 54	244	239	-2.0%	197	198	0.5%	932	999	7.2%	490	499	1.8%
aged 55 to 64	180	166	-7.8%	162	145	-10.5%	655	588	-10.2%	366	355	-3.0%
aged 65 and older	206	281	36.4%	185	225	21.6%	920	1,097	19.2%	455	505	11.0%
<b>Median Age</b>	<b>50.2</b>	<b>52.7</b>	<b>5.0%</b>	<b>50.6</b>	<b>52.5</b>	<b>3.8%</b>	<b>49.4</b>	<b>50.5</b>	<b>2.2%</b>	<b>51.9</b>	<b>52.2</b>	<b>0.6%</b>
<b>Per Capita Income</b>	<b>\$ 39,006</b>	<b>\$ 42,543</b>	<b>9.1%</b>	<b>\$ 28,886</b>	<b>\$ 31,226</b>	<b>8.1%</b>	<b>\$ 37,415</b>	<b>\$ 41,794</b>	<b>11.7%</b>	<b>\$ 25,848</b>	<b>\$ 28,407</b>	<b>9.9%</b>

Source : US Census, ESRI and RKG (2020)

## SUMMARY, IMPLICATIONS AND CHALLENGES

The population of Newport is projected (2020 to 2025) to experience a marginal (-0.7 percent) decline to a little more than 6,250 persons.<sup>13</sup> Overall, the population of Newport, as indicated by the New Hampshire Office of Strategic Initiatives (NH OSI), is stable over the 2015 to 2040 horizon, with a projected decline of approximately 70 persons. The population of Sullivan County is projected (2020 to 2025) to grow by 420 persons (0.9 percent), while Newport and its neighboring communities<sup>14</sup> are projected to increase by 0.5 percent or about 135 persons. The Sullivan County population, as well as that for Newport, is projected to lose population in all age cohorts except for those aged 65 and older.

**Implications** – The projected growth in the population aged 65 and older indicates a possible increase in demand for smaller homes, possible assisted living housing, and an increase in demand on supportive services for older residents. The loss of population among those younger than 65 reflects a potential drop in demand among first-time homebuyers, diminished consumer spending potential and a decline in the workforce.

<sup>13</sup> Population projections often vary by methodology and source. It is worth noting that the projections developed by NH OSI also indicate a 2025 population of around 6,250 but some growth thereafter to nearly 6,390 by 2040.

<sup>14</sup> Nearby and abutting communities to Newport include of Claremont, Cornish, Croydon, Goshen, Sunapee and Unity – all in Sullivan County.

**Challenges** – The challenges for Newport are to reverse the trend of a declining “middle-age” population likely requiring increased opportunities for local employment, which by implication also suggests a need for workforce training, as well as affordable housing choices.

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## **HOUSEHOLDS AND INCOME**

By 2025 the number of housing units in Newport is projected at nearly 2,950-units, or a 0.3 percent increase over 2020, a rate that falls below that for all other areas except for Goshen. The projected increase for Sullivan County is 1.8 percent or 412-units (Table 2). Total projected growth in housing units for the seven communities is approximately 170-units or 2.5 percent. Slightly more than one-half (87-units) of the projected growth in housing is among vacant units reflecting a high seasonality of units or second homes, or both.

In terms of households (occupied housing units) all areas are predominantly comprised of owner-occupied units with the closest parity to renter-occupied units in Claremont (approximately a 53 percent owner to 47 percent renter split). Similar to projected population change, there is projected household growth albeit negligible overall. The projected growth in owner-occupied units (all communities) is 72-units while it is 13-units for renter-occupied. Of note is Newport which is projected to experience a decline in both owner and renter units,

All areas are projected to experience a decline in households where the householder income is less than \$35,000 while all areas are projected to realize an increase among households with a householder income of \$100,000 or more – as also indicated by a projected increase in median household income for all areas. The 2025 median household income for Newport, at \$55,190, is about 90 percent of that for Sullivan County and is exceeded by all communities except for Claremont and Goshen (where the difference is \$250).

Similarly, all areas are projected to realize growth in both the median and average value of owner-occupied housing. However, for Newport, the values are 81.5 percent and 75.3 percent, respectively, of the county values. Values for other communities typically well exceed the county with the exception of Claremont and Goshen.

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## **SUMMARY, IMPLICATIONS AND CHALLENGES**

Similar to population, projected (2020 to 2025) housing growth is negligible for Newport, the county, and the sum of communities. Newport is projected to experience a modest loss of both owner and renter households (occupied housing units). The overall projected growth in housing, such that it is, is among vacant units most likely reflecting seasonal housing.<sup>15</sup> As a percent of housing units, vacant units are projected to account for 21 percent (by 2025) of all units in the county, and a little more than 14 percent of all units in Newport.

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<sup>15</sup> For example, the 2010 census counts indicate that more than 56 percent of the vacant units, across all communities, were for seasonal, recreational, or occasional use.

Projected 2025 average owner-occupied housing value(s) for Sullivan County is \$251,800, ranging from approximately \$160,200 in Claremont to \$445,520 in Sunapee, with Newport at \$189,675 – a competitive value (i.e., greater affordability) to all neighboring communities and to Sullivan County. Newport, neighboring communities, and Sullivan County are all projected to realize growth among those households with incomes of \$100,000 or more, ranging from a low of 13.7 percent in Goshen to a high of 18.7 percent in Cornish, with Sullivan County at an overall 14.1 percent. In terms of the number of households, this is an increase of nearly 600 units across Sullivan County, approximately 50 of which are in Newport or slightly more than 8 percent of Sullivan County.

**Implications** – While the projected growth in vacancies may be influenced by seasonal housing, it may also manifest itself in a disinvestment in the housing stock, possibly creating opportunities for assemblage of properties for other replacement development, including opportunities for mixed-used development (ground floor commercial and upper-story residential). Assuming the 2010 metric that slightly more than 50 percent of the vacant households are for seasonal, recreational, or occasional use suggests that over the 2020 to 2025 period, perhaps the projected increase in vacant housing across all of Sullivan County (235 units) includes some component of seasonal housing, possibly 115 units.

The broader (countywide) projected increase in higher income households, compared to Newport, suggests that Newport may not be capturing a fair share of this growth, particularly in light of its comparatively competitive housing values (owner-occupied) in relation to neighboring communities and the county, as a whole.

If so, these factors may then represent an opportunity to reposition upper-story vacancies in downtown Newport to target additional residential development, be it seasonal, workforce housing and/or the more affluent homeowner, thereby improving downtown property values (and consequently the tax base) while also enhancing demand and opportunities for consumer spending activity in the downtown.

**Challenges** – To increase Newport’s share of countywide projected growth in potential seasonal housing and higher income households, again suggesting the need for increased employment opportunities while also fostering growth in social and quality-of-life characteristics attractive to such targeted demographics.

**Table 2 – Selected Housing and Household Metrics**

Comparative Metrics	Sullivan County, NH			Newport, NH			Claremont, NH			Cornish, NH		
	2020	2025	%Δ	2020	2025	%Δ	2020	2025	%Δ	2020	2025	%Δ
<b>Housing</b>												
<b>Total Units</b>	23,020	23,432	1.8%	2,940	2,948	0.3%	6,320	6,356	0.6%	754	768	1.9%
Owner-Occupied	13,233	13,419	1.4%	1,611	1,598	-0.8%	3,144	3,144	0.0%	591	600	1.5%
Renter-Occupied	5,157	5,148	-0.2%	934	928	-0.6%	2,374	2,340	-1.4%	116	118	1.7%
Vacant or Seasonal	4,630	4,865	5.1%	395	422	6.8%	802	872	8.7%	47	50	6.4%
<b>Average Household Size</b>	2.37	2.37	0.0%	2.42	2.42	0.0%	2.32	2.32	0.0%	2.38	2.38	0.0%
<b>Households by Income</b>	18,390	18,567	1.0%	2,545	2,526	-0.7%	5,518	5,484	-0.6%	707	718	1.6%
< \$35,000	5,412	5,142	-5.0%	1,107	1,089	-1.6%	2,174	2,086	-4.0%	132	117	-11.4%
\$35,000 to \$49,999	2,098	2,101	0.1%	324	327	0.9%	664	672	1.2%	66	62	-6.1%
\$50,000 to \$74,999	3,787	3,593	-5.1%	633	591	-6.6%	1,064	1,024	-3.8%	128	111	-13.3%
\$75,000 to \$99,999	2,850	2,890	1.4%	424	416	-1.9%	804	803	-0.1%	103	98	-4.9%
\$100,000 and >	4,243	4,841	14.1%	381	430	12.9%	812	899	10.7%	278	330	18.7%
<b>Median Household Income</b>	\$ 58,645	\$ 61,750	5.3%	\$ 54,460	\$ 55,191	1.3%	\$ 47,713	\$ 49,529	3.8%	\$ 80,308	\$ 91,102	13.4%
<b>Owner Median Value</b>	\$ 190,758	\$ 210,013	10.1%	\$ 157,304	\$ 171,148	8.8%	\$ 133,925	\$ 137,413	2.6%	\$ 290,138	\$ 321,390	10.8%
<b>Owner Average Value</b>	\$ 232,479	\$ 251,800	8.3%	\$ 174,286	\$ 189,675	8.8%	\$ 149,873	\$ 160,194	6.9%	\$ 341,624	\$ 367,833	7.7%

Comparative Metrics	Croydon, NH			Goshen, NH			Sunapee, NH			Unity, NH		
	2020	2025	%Δ	2020	2025	%Δ	2020	2025	%Δ	2020	2025	%Δ
<b>Housing</b>												
<b>Total Units</b>	461	488	5.9%	444	445	0.2%	2,634	2,740	4.0%	795	826	3.9%
Owner-Occupied	318	337	6.0%	279	278	-0.4%	1,167	1,211	3.8%	602	624	3.7%
Renter-Occupied	67	70	4.5%	60	60	0.0%	423	437	3.3%	60	62	3.3%
Vacant or Seasonal	76	81	6.6%	105	107	1.9%	1,044	1,092	4.6%	133	140	5.3%
<b>Average Household Size</b>	2.36	2.36	0.0%	2.35	2.35	0.0%	2.30	2.30	0.0%	2.37	2.37	0.0%
<b>Households by Income</b>	385	407	5.7%	339	338	-0.3%	1,590	1,648	3.6%	662	686	3.6%
< \$35,000	65	60	-7.7%	107	100	-6.5%	396	380	-4.0%	191	180	-5.8%
\$35,000 to \$49,999	36	36	0.0%	45	45	0.0%	146	143	-2.1%	73	74	1.4%
\$50,000 to \$74,999	65	63	-3.1%	87	84	-3.4%	341	323	-5.3%	143	141	-1.4%
\$75,000 to \$99,999	76	81	6.6%	49	51	4.1%	193	202	4.7%	95	102	7.4%
\$100,000 and >	141	166	17.7%	51	58	13.7%	514	600	16.7%	160	189	18.1%
<b>Median Household Income</b>	\$ 81,524	\$ 86,445	6.0%	\$ 53,286	\$ 54,941	3.1%	\$ 66,463	\$ 72,607	9.2%	\$ 59,140	\$ 63,356	7.1%
<b>Owner Median Value</b>	\$ 272,222	\$ 303,883	11.6%	\$ 200,385	\$ 218,462	9.0%	\$ 311,333	\$ 348,713	12.0%	\$ 211,111	\$ 241,837	14.6%
<b>Owner Average Value</b>	\$ 297,406	\$ 323,521	8.8%	\$ 207,348	\$ 224,910	8.5%	\$ 418,573	\$ 445,520	6.4%	\$ 224,003	\$ 251,282	12.2%

Source : US Census, ESRI and RKG (2020)

## ECONOMIC CONDITIONS

This section presents a discussion of economic indicators including current (2018)<sup>16</sup> employment by industry sector, as well as a discussion of the location quotient (LQ) for Newport relative to Sullivan County and for the Newport LMA relative to Sullivan County. EMSI, a leading private sector provider of employment data, was utilized in reviewing projections of employment (2020 to 2025) for a slightly broader region than the Newport LMA.<sup>17</sup>

### LABOR FORCE AND UNEMPLOYMENT

Economies have suffered in terms of both a declining labor force and rising unemployment over the last several months as a result of the shutdowns and depressed economic activity arising from the impacts of the Covid-19 pandemic, noting the following (January 2019 to June 2020):

- **Newport** – the labor force declined by 110 employees or by 3.1 percent; employment declined by 440 persons or by 12.5 percent; and unemployment increased 412.5 percent or by 330 persons to 410 persons in June of 2020.

<sup>16</sup> The most current full year of information offered by the NH ELMI Bureau.

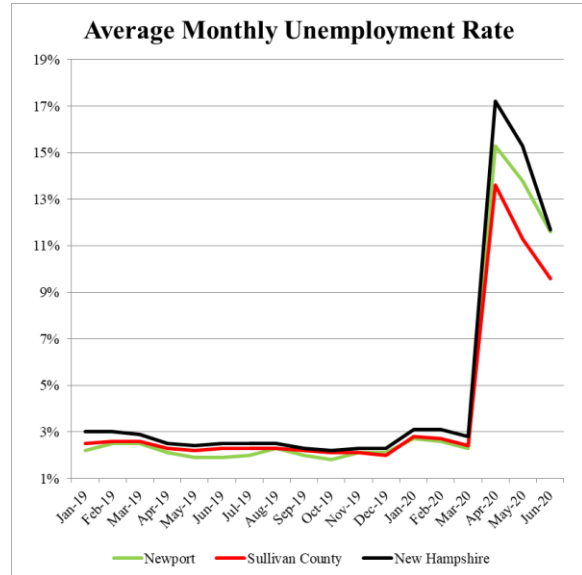
<sup>17</sup> From EMSI, including the communities of Newport, Claremont, Cornish, Goshen, Lempster and Sunapee (as based on zip code geography).



- **Sullivan County** – the labor force declined by 1,070 employees or by 4.6 percent; employment declined by 2,630 persons or by 11.7 percent; and unemployment increased 273.7 percent or by 1,560 persons to 2,130 persons in June of 2020.
- **New Hampshire** – the labor force declined by 12,140 employees or by 1.6 percent; employment declined by 77,070 persons or by 10.4 percent; and unemployment increased 280.2 percent or by 64,930 persons to 88,100 persons in June of 2020.

While it is reasonable to anticipate some improvement in these metrics as the economies begin to recover, as best they can, from the impacts wrought by the Covid-19 pandemic, it is uncertain to what level and whether they will outperform the January 2019 benchmarks in the near-term. From January of 2019 through June of 2020, the unemployment rate for Newport fairly mirrored that for Sullivan County and the state, at less than four percent (pre-Covid-19), which is typically considered to be full employment (Figure 1). By April of 2020, the first full month reflecting Covid-19 impacts, unemployment increased sharply for all three areas but remains near or above ten percent – generally unprecedented levels in New Hampshire.

**Figure 1 – Unemployment Jan. '19 – June '20**



## EMPLOYMENT BY INDUSTRY SECTOR

Table 3 presents a comparison of selected employment metrics for Newport, the Newport LMA and Sullivan County as prepared by the New Hampshire Economic and Labor Market Information Bureau (NH ELMI Bureau) for 2018, noting the following:

- Employment in all three areas is heavily concentrated in three industry sectors – manufacturing, retail, and government.<sup>18</sup> Approximately one-third of the employment in Newport is associated with Sturm Ruger and Company per ECON provided information.
- More than 80 percent of the LMA employment is reflected by the Newport employment, which also accounts for 24 percent of the Sullivan County employment.

<sup>18</sup> In addition to Town offices and facilities, Newport is also the location for many Sullivan County municipal offices as well as the courthouse.

An accepted metric for measuring the comparative performance of an economy is through a location quotient (or LQ) whereby the employment in any one sector of the economy relative to its total employment is benchmarked against that of a larger economy – such as a town to a labor market area or an LMA to a county. An LQ in the range of 0.80 to 1.20 generally indicates that the local (smaller) economy is performing on par with the larger economy. An LQ of less than 0.80 suggests under-performance while an LQ greater than 1.20 suggest over-performance. The metrics presented in Table 3 indicate the following:

- Newport out-performs the county in the manufacturing sector and the financial services sector, while under-performing in several others.
- Similar to Newport, the LMA out-performs the county in the manufacturing and financial service sector, suggesting that the LMA represents the county wide “strength” in these sectors and further that Newport represents the “strength” relative to the LMA.

Table 4 offers projected (2020 to 2030) employment for the EMSI defined labor area and for all of Sullivan County, noting the following:

- **EMSI defined labor area** - total employment is projected to decline by 3.2 percent or by 365 jobs, from 11,285 in 2020 to 10,920 in 2030. This is led by a projected loss of 452 employees in the manufacturing sector, otherwise a strength of the area’s economy (in terms of percent of total employment) and with average 2020 wages exceeding \$75,000.
  - Not all industry sectors are projected to decline in employment, with more than 180 employees projected to be added to the retail trade sector. However, the average wage in this sector (2020) is approximately \$38,500 which has implications for owner and renter affordability.
  - While double-digit growth (numerically) is projected for wholesale trade, the information sector, and professional services – all with average wages exceeding \$66,000 – on an annualized basis the growth is nominal.
  - Despite projected employment changes, the EMSI defined labor area, comprises approximately 70 percent of the countywide employment.
- **Sullivan County** – in contrast, the projected loss of employment across Sullivan County is less, at 1.6 percent, representing 257 employees – down from 15,931 in 2020 to 15,674 in 2030. The greatest projected loss (368 positions) is in the manufacturing sector followed by 90 in the construction trades and 78 in financing, noting that nearly all of the projected

losses in the latter are in the EMSI defined labor area. Projected declines in manufacturing and finance represent positions with average wages exceeding \$70,000 (2020).

- In general, as goes the EMSI defined labor area so goes the remainder of Sullivan County with projected employment changes, by sector, for 2020 to 2030. Notable exceptions include the construction sector where the remainder of the county loses employment relative to the EMSI defined labor market; and, the manufacturing sector, education sector and accommodations/food whereby the remainder of Sullivan County gains employment relative to the losses projected for the EMSI defined labor area.
- **Average 2020 Wages** – for the EMSI defined labor area and Sullivan County, the all-industry sector average annual wage exceeds \$50,000, with the former marginally exceeding the latter.
  - However, among several sectors where employment is projected to increase, notably including the retail trade, real estate, and the accommodations/food sectors the average wage is less than \$50,000 and, in some instances, less than \$40,000 – further suggesting that the growing sectors of the economy, in terms of employment, are among those potentially most burdened with owner/renter housing affordability issues.

**Table 3 – Selected Employment Indicators and Location Quotients for 2018**

Selected Employment Metrics 2018 by Industry Sector	2018 Employment					% of Employment by Sector			Location Quotient (LQ)		Sullivan County Projections (2016 base)		
	Newport	LMA (1)	Sullivan County	Newport as % LMA	LMA as % County	Newport	LMA (1)	Sullivan County	Newport to County	LMA to County	2026	# Δ	% Δ
<b>Total, All Industries</b>	<b>3,370</b>	<b>4,187</b>	<b>13,966</b>	<b>80.5%</b>	<b>30.0%</b>	na	na	na	na	na	<b>15,475</b>	<b>1,509</b>	<b>10.8%</b>
22 - Utilities	na	35	93	na	37.6%	na	0.8%	0.7%	na	1.26	93	-	0.0%
23 - Construction	na	233	583	na	40.0%	na	5.6%	4.2%	na	1.33	648	65	11.1%
31-33 - Manufacturing	1,124	1,158	3,136	97.1%	36.9%	33.4%	27.7%	22.5%	1.49	1.23	3,147	11	0.4%
42 - Wholesale Trade	33	48	389	68.8%	12.3%	1.0%	1.1%	2.8%	0.35	0.41	403	14	3.6%
44-45 - Retail Trade	504	563	2,338	89.5%	24.1%	15.0%	13.4%	16.7%	0.89	0.80	2,341	3	0.1%
48-49 - Transportation and Warehousing	12	25	197	48.0%	12.7%	0.4%	0.6%	1.4%	0.25	0.42	287	90	45.7%
51 - Information	20	23	93	87.0%	24.7%	0.6%	0.5%	0.7%	0.89	0.82	58	(35)	-37.6%
52 - Finance and Insurance	136	156	346	87.2%	45.1%	4.0%	3.7%	2.5%	1.63	1.50	429	83	24.0%
53 - Real Estate and Rental and Leasing	na	27	105	na	25.7%	na	0.6%	0.8%	na	0.86	110	5	4.8%
54 - Professional and Technical Services	43	71	366	60.6%	19.4%	1.3%	1.7%	2.6%	0.49	0.65	447	81	22.1%
56 - Administrative and Waste Services	na	296	713	na	41.5%	na	7.1%	5.1%	na	1.38	892	179	25.1%
61 - Education	na	107	367	na	29.2%	na	2.6%	2.6%	na	0.97	na	na	na
62 - Health Care and Social Assistance	270	326	1,351	82.8%	24.1%	8.0%	7.8%	9.7%	0.83	0.80	1,397	46	3.4%
71 - Arts, Entertainment, and Recreation	na	20	121	na	16.5%	na	0.5%	0.9%	na	0.55	123	2	1.7%
72 - Accommodation and Food Services	168	256	926	65.6%	27.6%	5.0%	6.1%	6.6%	0.75	0.92	928	2	0.2%
81 - Other Services, Ex. Public Admin	77	108	283	71.3%	38.2%	2.3%	2.6%	2.0%	1.13	1.27	406	123	43.5%
Government	455	688	2,339	66.1%	29.4%	13.5%	16.4%	16.7%	0.81	0.98	na	na	na
<b>Top Three Sectors of Employment</b>						<b>61.8%</b>	<b>57.5%</b>	<b>55.9%</b>					

Source : NH ELMI Bureau and RKG (2020)

na = not applicable or otherwise suppressed

(1) Newport Labor Market Area (LMA) - Goshen, Lempster, Newport and Sunapee

over-perform under-perform

**Table 4 – Projected Employment by Industry Sector 2020 to 2030  
EMSI defined Labor Area and Sullivan County  
With 2020 Average Wage**

NAICS	Description	EMSI Labor Market /1				Sullivan County				EMSI as % County		Average Wage 2020		
		2020	2030	2020 - 2030 # Change	2020 - 2030 % Change	2020	2030	2020 - 2030 # Change	2020 - 2030 % Change	2020	2030	EMSI	Sullivan County	EMSI as % County
11	Agriculture, Forestry, Fishing and Hunting	128	129	1	1.0%	299	300	1	0.3%	42.9%	43.2%	\$ 40,647	\$ 39,083	104.0%
21	Mining, Quarrying, and Oil and Gas Extraction	22	19	(3)	(13.6%)	27	23	(4)	(14.7%)	82.1%	81.7%	\$ 62,069	\$ 61,792	100.4%
22	Utilities	74	77	3	4.0%	90	93	3	3.3%	82.5%	82.7%	\$ 135,376	\$ 136,231	99.4%
23	Construction	405	413	8	2.0%	984	894	(90)	(9.1%)	41.1%	46.2%	\$ 59,138	\$ 53,813	109.9%
31	Manufacturing	2,608	2,156	(452)	(17.3%)	3,119	2,751	(368)	(11.8%)	83.6%	78.4%	\$ 75,223	\$ 73,764	102.0%
42	Wholesale Trade	329	366	37	11.2%	414	466	52	12.5%	79.4%	78.5%	\$ 89,921	\$ 88,152	102.0%
44	Retail Trade	2,168	2,350	182	8.4%	2,481	2,677	196	7.9%	87.4%	87.8%	\$ 38,509	\$ 38,496	100.0%
48	Transportation and Warehousing	140	143	3	1.9%	242	262	20	8.3%	57.8%	54.4%	\$ 53,080	\$ 51,389	103.3%
51	Information	92	114	22	24.0%	112	141	29	25.8%	81.4%	80.4%	\$ 66,318	\$ 60,318	109.9%
52	Finance and Insurance	303	226	(77)	(25.4%)	341	263	(78)	(22.9%)	88.9%	85.8%	\$ 71,059	\$ 77,053	92.2%
53	Real Estate and Rental and Leasing	106	113	7	6.5%	170	178	8	4.7%	62.4%	63.2%	\$ 42,643	\$ 49,613	86.0%
54	Professional, Scientific, and Technical Services	321	355	34	10.4%	558	600	42	7.5%	57.6%	59.1%	\$ 66,935	\$ 69,451	96.4%
55	Management of Companies and Enterprises	26	20	(6)	(24.5%)	26	20	(6)	(23.1%)	100.0%	100.0%	\$ 125,306	\$ 125,306	100.0%
56	Administrative, Support, Waste Management and Remediation Services	433	409	(23)	(5.4%)	809	788	(21)	(2.6%)	53.5%	51.9%	\$ 40,164	\$ 38,113	105.4%
61	Educational Services	161	133	(28)	(17.4%)	419	447	28	6.7%	38.6%	29.8%	\$ 49,051	\$ 51,105	96.0%
62	Health Care and Social Assistance	1,183	1,173	(10)	(0.8%)	1,476	1,463	(13)	(0.9%)	80.1%	80.2%	\$ 50,051	\$ 48,061	104.1%
71	Arts, Entertainment, and Recreation	91	78	(13)	(13.9%)	158	150	(8)	(5.0%)	57.4%	52.2%	\$ 30,524	\$ 29,044	105.1%
72	Accommodation and Food Services	686	694	8	1.1%	917	955	38	4.1%	74.8%	72.7%	\$ 22,826	\$ 22,452	101.7%
81	Other Services (except Public Administration)	264	265	1	0.2%	740	742	2	0.3%	35.7%	35.7%	\$ 40,010	\$ 32,189	124.3%
	<b>TOTAL</b>	<b>11,285</b>	<b>10,920</b>	<b>(365)</b>	<b>(3.2%)</b>	<b>###</b>	<b>15,674</b>	<b>(257)</b>	<b>(1.6%)</b>	<b>70.8%</b>	<b>69.7%</b>	<b>\$ 55,366</b>	<b>\$ 53,482</b>	<b>103.5%</b>

Source : EMSI and RKG (2020)

/1 includes Newport , Claremont, Cornish, Goshen, Lempster and Sunapee

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## **PROJECTED EMPLOYMENT AND SPACE NEEDS**

RKG next considered the projected demand for additional development, or more appropriately, square footage (SF) needs, across Sullivan County. Total employment is projected to marginally decline by 1.6 percent, from 15,931 in 2020 to 15,674 in 2030. However, projected declines are not universal. RKG considered the projected employment change by selected industry sector, as presented for 2030. The projected change in employment from 2020 to 2030 was then annualized and converted into estimates of space or SF needs utilizing industry standards for the average SF per employee by specific industry sector (Table 5). RKG cautions that the projected demand for additional SF does not necessarily equate to a demand for newly built SF but could reflect better utilization of existing space or a reduction in vacancies.

Across the selected industry sectors where employment growth is projected, there is an annual demand for nearly 9,690 SF, led by a projected demand for additional retail use(s) and wholesale trade and transportation related uses. These projections are spread over a ten-year window and are not Newport specific. While these measures indicate some demand, a portion of which might be realized in Newport, they are considered as “suggestive only” pending the ongoing economic recover as a result of the Covid-19 pandemic.

**Table 5 – Projected Employment and Space Needs – Sullivan County**

Estimated Employment and SF Needs by Selected Industry Sector	Sullivan County, NH			
	Avg/SF per Employee	2030 proj. Employment	# Δ from 2020	Est. Gross Annual Demand
<b>OFFICE/FLEX</b>				
Information	175	141	29	508
Finance/Insurance	200	263	(78)	na
Real Estate	200	178	8	160
Professional/Technical	175	600	42	735
Administration/Waste Services	200	788	(21)	na
<b>Subtotal</b>		<b>1,971</b>	<b>(20)</b>	<b>1,403</b>
<b>INSTITUTIONAL</b>				
Health Care/Social Assistance	150	1,463	(13)	na
Educational	200	447	28	560
<b>Subtotal</b>		<b>1,910</b>	<b>15</b>	<b>560</b>
<b>COMMERCIAL</b>				
Arts and Entertainment	150	150	(8)	na
Retail Trade	175	2,677	196	3,430
Accommodations/Food Services	175	955	38	665
Other exc. Public Administration	150	742	2	30
<b>Subtotal</b>		<b>4,524</b>	<b>228</b>	<b>4,125</b>
<b>INDUSTRIAL</b>				
Construction	150	894	(90)	na
Wholesale Trade	500	466	52	2,600
Transportation	500	262	20	1,000
Manufacturing	750	2,751	(368)	na
<b>Subtotal</b>		<b>4,374</b>	<b>(386)</b>	<b>3,600</b>
<b>TOTAL for these Sectors</b>		<b>12,779</b>	<b>(163)</b>	<b>9,688</b>

Source : EMSI and RKG (2020)

### COMMUTING PATTERNS

RKG reviewed commuting data as developed by the American Community Survey (ACS) for the 2011 to 2015 period (Table 6). Employment in Newport was reported at 3,200 positions, with slightly more than one-third of Newport’s employment also residing within Newport. Another 36 percent commuted to Newport from neighboring communities combined, comprising nearly 71 percent of the employment in Newport. Another 5.7 percent of the employment resided



elsewhere in Sullivan County and nearly 24 percent elsewhere in New Hampshire or out-of-state (most likely from Vermont).

**Table 6 – Commuting Metrics for Newport, NH**

<b>JOBS IN PLACE &amp; PLACE WHERE WORKERS RESIDE</b>		
<b>Employment</b>	<b>3,201</b>	<b>% of Jobs</b>
<b>Newport, NH</b>	<b>1,110</b>	<b>34.7%</b>
<b>Top Sullivan County, NH</b>	<b>1,156</b>	<b>36.1%</b>
Claremont City	411	12.8%
Sunapee Town	200	6.2%
Unity Town	148	4.6%
Goshen Town	123	3.8%
Lempster Town	120	3.7%
Croydon Town	80	2.5%
Charlestown Town	74	2.3%
<b>Other Sullivan County, NH</b>	<b>181</b>	<b>5.7%</b>
<b>Other NH locations</b>	<b>448</b>	<b>14.0%</b>
<b>Out-of-State</b>	<b>306</b>	<b>9.6%</b>

Source: ACS Survey (2011-2015) and RKG (2020)

### **SUMMARY, IMPLICATIONS AND CHALLENGES**

From January 2019 through June 2020 (post Covid-19) the Newport labor force declined by 110 employees or by 3.1 percent; employment declined by 440 persons or by 12.5 percent; and unemployment increased 412.5 percent or by 330 persons to 410 persons in June of 2020. Prior to Covid-19, unemployment in Newport, and New Hampshire, was typically less than three percent. Employment in Newport is heavily concentrated (nearly 62 percent) in three industry sectors – manufacturing, retail, and government. Primary employers in Newport, as compiled by ECON indicate that nearly 74 percent of the listed employment is in manufacturing and/or industrial use.

Employment projections (2030) indicate an overall declining labor force, although not in all sectors. However, a decline in employment, or only nominal annual growth, is indicated in those sectors comprising the greatest bulk of the labor force and often among the higher wage sectors. Where growth is projected, it is often among sectors with a lesser average annual wage. Projected employment growth expressed in terms of projected annual demand for additional SF of development are nominal countywide – at less than 10,000 SF and again often in lower wage sectors.

Commuting patterns indicate that employment in Newport is primarily from Newport residents (approximately 35 percent) and neighboring communities (another 36 percent) with nearly six percent from elsewhere in Sullivan County – suggesting that a potential relocation of a significant portion of the remaining commuting employees may be problematic without a corresponding increase in the available housing stock, or an expansion of Newport employment opportunities.

**Implications** – Employment in Newport, surrounding communities and countywide are projected to decline between 2020 and 2030, although not in all industry sectors. Nonetheless, employment losses are projected among those sectors currently dominating the composition (share) of total employment and/or in sectors with generally higher than average wages. Current employee commuting patterns to a job in Newport are from a relatively tight geography suggesting limited opportunities for relocation without an expansion of the housing stock or overall levels of employment – both in strong and lesser performing sectors.

**Challenges** – Newport is faced with the challenge of retaining its current employment base, particularly among dominant industry sectors, in light of projected declines, while at the same time expanding and diversifying its employment base (composition) among those projected growth sectors, realizing that this may be coupled with issues of housing affordability.

### 3. REAL ESTATE METRICS

#### INTRODUCTION

This Chapter offers trends and comparisons in the residential, office, industrial and retail real estate markets, along with summary findings from stakeholder interviews, as well as a tabular overview of existing land use conditions. Finally, a summary review of several tourism and community engagements and outreach initiatives is presented.

#### RESIDENTIAL SECTOR

Selected residential market indicators, including permit activity, sales and pricing, as well as a summary of discussions with local real estate and housing professionals are offered next.

#### BUILDING PERMIT TRENDS- CONSTRUCTION

As reported by the New Hampshire Office of Energy and Planning (2010 to 2018), there was a total of 421 building permits issued – reflecting annual net new construction - for residential construction in Sullivan County with a majority (at 74.3 percent) for single-family housing (Table 7) averaging 35 permits annually. Second to this is the annual permits (nine) issued for manufactured housing. For Newport, the data is far less robust at a net of 22 permits and mostly (nearly 60 percent) for manufactured housing. Building permit activity is negligible among the abutting communities with the general exception of Sunapee and to a lesser extent for Claremont. In terms of multi-family housing permits the total for Sullivan County is 27 permits, led by the 19 permits specifically for Sunapee.<sup>19</sup>

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<sup>19</sup> Discussions with representatives of New Hampshire Housing indicate that information presented in Table 7 reflects the annual change in housing units and that (-) indicate a loss or demolition of the housing stock.

**Table 7 – Trends in Building Permit Activity**

Residential Building Permit Trends	Sullivan County, NH			Newport, NH			Claremont, NH			Cornish, NH		
	SF	MF	MH	SF	MF	MH	SF	MF	MH	SF	MF	MH
Count of Permits												
2010	37	5	13	3	4	3	1	-	1	1	-	1
2011	28	2	6	(2)	3	(3)	(2)	-	3	1	-	-
2012	34	6	5	3	2	-	2	-	4	3	-	-
2013	38	1	7	3	-	-	(1)	(5)	5	3	-	-
2014	37	1	3	-	(9)	(2)	-	-	(1)	1	-	-
2015	48	1	11	4	-	4	1	(2)	2	-	-	-
2016	34	6	11	(1)	-	8	3	-	(2)	3	-	-
2017	22	1	13	(6)	-	2	(2)	(2)	-	1	-	1
2018	35	4	12	3	2	1	-	-	3	-	-	-
<b>Total</b>	<b>313</b>	<b>27</b>	<b>81</b>	<b>7</b>	<b>2</b>	<b>13</b>	<b>2</b>	<b>(6)</b>	<b>15</b>	<b>13</b>	<b>-</b>	<b>2</b>
<b>Annual Average</b>	<b>35</b>	<b>3</b>	<b>9</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>(1)</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>0</b>

Residential Building Permit Trends	Croydon, NH			Goshen, NH			Sunapee, NH			Unity, NH		
	SF	MF	MH	SF	MF	MH	SF	MF	MH	SF	MF	MH
Count of Permits												
2010	1	-	-	1	-	1	9	-	1	(2)	-	-
2011	-	-	-	-	-	-	8	-	1	(5)	-	2
2012	1	-	-	-	-	-	4	5	-	(1)	-	1
2013	1	-	(1)	-	-	1	8	4	-	(5)	-	-
2014	-	-	-	-	-	-	7	8	-	5	-	2
2015	-	-	-	3	1	4	11	-	-	(2)	-	-
2016	3	-	1	1	-	1	10	3	2	-	-	-
2017	3	-	-	-	-	-	3	-	-	(1)	-	2
2018	2	-	1	-	-	-	6	(1)	-	2	-	1
<b>Total</b>	<b>11</b>	<b>-</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>7</b>	<b>66</b>	<b>19</b>	<b>4</b>	<b>(9)</b>	<b>-</b>	<b>8</b>
<b>Annual Average</b>	<b>1</b>	<b>-</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>7</b>	<b>2</b>	<b>0</b>	<b>(1)</b>	<b>-</b>	<b>1</b>

Source : New Hampshire Housing and RKG (2020)

SF = single family MF = multi-family MH = manufactured housing

## MEDIAN PRICING TRENDS

RKG also reviewed the median selling price for single- family units (including existing and new) and the median gross rent, as reported by the New Hampshire Office of Energy and Planning (2015 to 2020, as footnoted) for Sullivan County and Newport (Table 8), noting the following:

- From 2015 to 2019 (partial year data) the median selling price of a single-family residence in Sullivan County increased by 11.8 percent or by approximately \$18,600. This compares with a more modest 2.2 percent increase in Newport over the same period. Overall, the median selling price for Newport averaged almost 79 percent of that for the county.
  - For 2019, the median selling price for both Sullivan County and Newport is less than that estimated for owner-occupied median values as previously in Table 2, by \$15,000 and \$20,000, respectively – likely reflecting that sales are more heavily influenced by “older” housing stock.
- From 2015 to 2020 the median gross rent in Sullivan County increased by 11 percent or by \$100. This compares with an 11.5 percent increase (\$103) in Newport over the same period. Overall, the median gross rent in Newport is on par with that for the county averaging nearly 99 percent.

**Table 8 – Comparative Median Single-Family Sales Price and Median Gross Rent**

Comparison of Median Pricing Trends	Sullivan County, NH		Newport, NH		Town as % of County	
	Purchase	Gross Rent	Purchase	Gross Rent	Purchase	Gross Rent
<b>Year</b>						
2015	\$ 157,000	\$ 906	\$ 134,000	\$ 895	85.4%	98.8%
2016	\$ 159,000	\$ 909	\$ 120,000	\$ 925	75.5%	101.8%
2017	\$ 158,000	\$ 921	\$ 124,000	\$ 908	78.5%	98.6%
2018	\$ 172,000	\$ 936	\$ 132,000	\$ 911	76.7%	97.3%
2019 (1)	\$ 175,600	\$ 972	\$ 137,000	\$ 947	78.0%	97.4%
2020	na	\$ 1,006	na	\$ 998	na	99.2%
<b>Average</b>	<b>\$ 164,320</b>	<b>\$ 942</b>	<b>\$ 129,400</b>	<b>\$ 931</b>	<b>78.7%</b>	<b>98.8%</b>
<b>% change</b>	<b>11.8%</b>	<b>11.0%</b>	<b>2.2%</b>	<b>11.5%</b>	<b>na</b>	<b>na</b>

Source : New Hampshire Housing and RKG (2020)

(1) Partial year data for sales

## MLS METRICS

RKG reviewed MLS real estate data for Newport, ranging from September 2018 through mid-August of 2020, indicating that there were 143 sales of single-family residences, excluding mobile homes or condominiums. The average home sold was a three-bedroom, two-bath residence totaling approximately 1,790 SF. The average selling price was \$171,635, indicating a price of \$96 per SF, with an average DOM (days-on-the-market) of 50, or not quite two months.

## STAKEHOLDER INTERVIEWS

Conversations with local residential real estate professionals indicated that the inventory of available housing is quite low and that no significant inventory build-up is in the pipeline. Much of the existing stock is selling at price points in the \$250,000 to \$300,000 range and is being purchased by out-of-staters, typically in search of a second or retirement home, but more recently as a primary residence, too. These out-of-state buyers can afford to push these prices as they seek a less tax-burdened residence in New Hampshire and realize that they can continue to work-at-home as part of the new normal economy. This has had the effect of pricing many local and first-time homeowners out of the Newport market, when prior to Covid-19 price points were often in the \$130,000 to \$150,000 range.

While this may bode well in terms of introducing new ownership into Newport, presumably with homeowners of a higher disposable income, providing an opportunity to capture more revenue by Newport’s mercantile base, it does little to afford ownership to existing renters desiring to stay in Newport. Additional comments and observations (summarized) include the following:

- Can the local schools handle an influx of new students? Do they have the excess capacity, or will additional (or expanded) school facilities be required?
- There is a perceived general lack of sites in Newport to accommodate significant development of new housing, other than spotty units here and there, as they may lack Town water and/or sewer services. However, RKG notes that from other communities,

there are numerous 20 to 40-units projects developed with new, compact individual septic systems or on community systems, for example refer to StoneArch<sup>20</sup> in Stratham.

- This suggests that where such sites can be identified, consideration should be given to increased residential densities, such as townhomes or condominiums, as opposed to single-family developments.
  - It was noted that New Hampshire Housing, pre-Covid-19, had scheduled a workshop for Newport to discuss ways of increasing housing production and opportunities, but was cancelled and has not been re-scheduled.
- Another consideration is the possible conversion of older single -family homes into 2 – 4 units, however, costs may be high (unless subsidized) and may not be fully captured in prevailing rent rates if used for rental housing.
  - Monthly rents at \$900 to \$1,000 for 2-BR units, with tenant amenities, was suggested as a reasonable price point, however RKG notes that average rent rates of \$1,500 to \$2,000 per month may be required to recover average construction costs of \$150 to \$200 per SF.
- It was noted that there is a need for retirement housing for the elderly, basically single-story and smaller units (perhaps \$1,000/month) as many of the local elderly are not ready (or desirous) of assisted living, other elderly care, or nursing homes, in and of itself.
- In terms of the rental housing market, units in the \$900 to \$1,000 monthly rent range, for a 2-BR apartment with a full-compliment of tenant amenities, are desired, but at present there is no inventory and no reported pipeline activity.
- Sometimes, affordable housing projects often meet with disapproval from abutters or otherwise may be difficult to finance.
  - The former Ruger Mill (169 Sunapee Street) was once proposed for condominiums, but it was noted that after the developer did a market study it was determined that price points would not cover costs, although it may be time to re-visit this given recent post Covid-19 residential price points.
- In terms of affordable housing, there are currently two proposed projects totaling a potential 74-units, including:
  - 42-units proposed on an assemblage of two lots (parcels 115-002 and 116-076) on Spring Street<sup>21</sup> to include 24 one-bedroom units and 18 two-bedroom units in a three-story building. The project was reported as approved for a zoning variance

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<sup>20</sup> [www.stonearchcommunities.com](http://www.stonearchcommunities.com)

<sup>21</sup> *The Eagle Times* dated August 22, 2020.

- by the Newport Zoning Board (August 13, 2020) with recommendations for additional considerations by the Planning Board.
- Knob Hill Apartments - 32-units proposed for an approximate 5.6-acre site (parcel 116-017) off John Stark Highway, heading west out of Newport.<sup>22</sup> Reportedly, the mix is proposed for 11 one-bedroom units (750 SF each) and 21 two-bedroom units (900 SF each). Further, 13-units are proposed for 50 percent of AMI and 19-units at 60 percent of AMI. Rents for 50 percent AMI range from \$720 (one-bedroom) to \$867 (two-bedroom), while rents for 60 percent AMI range from \$880 (one-bedroom) to \$1,057 (two-bedroom). Estimated development costs are \$6.97 million (rounded) or approximately \$217,870 per unit.
  - The former Ruger Mill, 169 Sunapee Street (parcel 112-032), had been approved for 68 units of housing. Proposals for workforce housing and mixed-use applications had been approved by the Town but the project has not been realized.<sup>23</sup>
- The Knob Hill market study further referenced that between demand (60 to 70-units) and the “waiting list” (60-units) for affordable housing there is unmet demand for approximately 120 to 130 units over the next two years (inclusive of the Spring Street and Knob Hill projects).

## **SUMMARY, IMPLICATIONS AND CHALLENGES**

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Discussions with representatives of ECON, coupled with a town wide “windshield” tour and survey, did not indicate any significant new residential development (or pipeline development) throughout the town, other than a proposed 42-unit affordable complex on Spring Street and a proposed 32-unit affordable complex off John Stark Highway. Projected housing growth is nominal over the next five years at 0.3 percent for Newport and 1.8 percent for Sullivan County. Local real estate professionals indicate that inventory is low and that what becomes available is often purchased by out-of-state buyers, either seeking seasonal/retirement housing or, as likely, a relocation to New Hampshire with the realization that “working from the home office” may be the way of the future. Effectively this results in an out-bidding of local residents for home ownership. Estimated demand for affordable housing stands at 120 to 130-units over the next two years.

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<sup>22</sup> RKG was provided with a copy of the “Market Analysis – Knob Hill Apartments – Newport, New Hampshire”, prepared for Southwestern Community Services by S. Patz and Associates, Inc., dated August 2020.

<sup>23</sup> As reported in the Eagle Times (January 11, 2020), “plans for a \$19 million workforce housing project in Newport have fallen through after the project developer and property owners were unable to reach a purchase agreement.”



**Implications** – In short, Newport needs to generate housing inventory, but it would likely be very site specific, smaller in scale and an incremental process. This may include market rate townhomes or condominiums, with a moderately higher yield per acre density (perhaps 8 to 12 units) or the possible conversion of selected older, larger homes into 2 to 4-unit rental properties (if they can be identified). Another consideration includes residential development of downtown upper floors, noting the former bank property or 20 South Main Street, as possible candidates, or a re-visit to the once proposed condominium development for the vacant former Ruger Mill. Despite currently proposed affordable (renter) housing there remains unmet demand.

**Challenges** - Such efforts would require exploratory conversations with existing property owners and developers, perhaps facilitated by ECON. Issues to be addressed include owner/developer willingness to undertake such a project, identifying any available (or required) financial assistance and whether any zoning or other permitting issues need to be addressed. If feasible, a “kick-starter” project may need to be undertaken by ECON.

## COMMERCIAL SECTORS

A review of office, industrial and retail sectors of the economy are presented next, as is a summary of conversations with local real estate professionals regarding these market sectors.

### OFFICE SECTOR

RKG reviewed MLS data for commercial leases (August 2018 – August 2020) for selected Sullivan County communities, noting the following:

- **Claremont** – 21 leases were signed (or renewed) representing nearly 29,560 SF of commercial space and averaging approximately 1,410 SF per commercial space. Lease terms are unknown, but the average lease rate was approximately \$9.90 per SF and the average DOM (days-on the market) was 158 or a little more than five months.
- **Newport** – by comparison, over the same period, eight leases<sup>24</sup> were signed (or renewed) representing nearly 16,460 SF of commercial space and averaging approximately 2,060 SF per commercial space. Lease terms are unknown, but the average lease rate was approximately \$7.55 per SF and the average DOM (days-on the market) was 153 or a little more than five months.

RKG also reviewed MLS data for commercial sales (August 2018 – August 2020) for selected Sullivan County communities, noting the following:

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<sup>24</sup> This excludes the lease of 20 South Main Street of 5,416 SF for a \$1/month.

- **Charlestown** – five properties were sold (one was resold) representing approximately 41,290 SF of commercial space and averaging approximately 8,260 SF per property. These are assumed to be arms-length transactions, with an average selling price of approximately \$47.75 per SF and the average DOM (days-on the market) was 159 or a little more than five months.
  - **245 Main Street** (5,715 SF) sold in December of 2018 for \$169,900 and then in January of 2020 for \$155,00 – representing a decline of 8.8 percent.
  
- **Claremont** – 17 properties were sold (four were resold) representing approximately 512,330 SF of commercial space and averaging approximately 21,345 SF per property. These are assumed to be arms-length transactions, with an average selling price of approximately \$19.02 per SF and the average DOM (days-on the market) was 273 or a little more than nine months.
  - **35 Pleasant Street** (1,000 SF) sold in October of 2018 for \$125,000 and then in April of 2020 for \$45,000 – representing a decline of 64 percent.
  - **247 Sullivan Street** (115,000 SF) sold in June of 2019 for \$695,000 and then in December of 2019 for \$624,000 – representing a decline of 10.2 percent.
  - **131 Broad Street** (6,688 SF) sold in April of 2019 for \$229,000 and then in December of 2019 for \$199,900 – representing a decline of 13 percent.
  - **356 River Road** (37,500 SF) sold in December of 2018 for \$678,000 and then in November of 2019 for \$678,000 – representing no change.
  
- **Sunapee** – seven properties were sold (one was resold) representing approximately 35,350 SF of commercial space and averaging approximately 5,050 SF per property. These are assumed to be arms-length transactions, with an average selling price of approximately \$147.45 per SF and the average DOM (days-on the market) was 266 or nearly nine months.
  - **962 Route 11** (6,357 SF) sold in October of 2019 for \$429,900 and then in August of 2020 for \$429,000 – representing a decline of 0.2 percent.
  
- **Newport** – 19 properties were sold (two were resold) representing approximately 87,1600 SF of commercial space and averaging approximately 4,585 SF per property. These are assumed to be arms-length transactions, with an average selling price of approximately \$74.15 per SF and the average DOM (days-on the market) was 263 or nearly nine months.
  - **362 Sunapee Street** (7,120 SF) sold in May of 2019 for \$289,000 and then in November of 2019 for \$289,000 – indicating no change.
  - **633 John Stark Highway** (3,400 SF) sold in February of 2019 for \$329,000 and then in October of 2019 for \$299,000 – indicating a decline of 9.4 percent.

## INDUSTRIAL SECTOR

Primary employers in Newport, as compiled by the Economic Corporation of Newport (ECON) are presented in Table 9 noting that nearly 74 percent of the listed employment is in manufacturing and/or industrial use.

**Table 9 – Primary Employers in Newport, NH (2020)**

<b>Business Name</b>	<b>Industry</b>	<b>Employees</b>
Sturm Ruger & Co.	Sporting firearms	1,085
Bar Harbor Bank and Trust	Banking services	119
LaValley Building Supply	Building components	97
Hartford Eichenauer, Inc.	Heating elements	65
Premier Precision Group - RDS	Machine parts	64
Carroll Concrete	Concrete products	61
Shaw's	Supermarket	61
Newport Health Center	Health care	54
Sugar River Bank	Banking services	54
Latva Machine Co., Inc.	Precision machine parts	52

Source : ECON (2020)

Conversations with representatives of United Construction, owner, and developer of the Flagstone Industrial Park, indicated that expansion of new industrial development in Newport is somewhat problematic. The Flagstone Industrial Park, developed in 2010/2011, consists of approximately 28-acres serviced by water, sewer, and 3-phase power. Since that time there has been a 1-acre parcel sold (purchase price of approximately \$60,000), and that was recent, to a locally based landscaping firm. United Construction has worked with commercial brokers over the years but generally self-promotes the property. While it is possible that this may have hindered absorption of Flagstone parcels, representatives of United Construction noted that attracting non-home-grown entrepreneurial businesses to Newport, considering a somewhat insular location and the limited availability of a Newport labor force with appropriate skill sets, has been difficult. Recently, some interest has been shown for development of a small and independent machine shop and other similar uses for the Flagstone Industrial Park, but nothing definite has transpired to date.

## RETAIL SECTOR

The estimated household demand for a broad variety of retail goods from households in Newport totals approximately \$50.5 million (or about \$19,835 per household) while sales total approximately \$81.1 million (Table 10). This indicates an overperformance of local sales relative

to local demand - led by grocery stores, building material stores, and used merchandise.<sup>25</sup> In other words, approximately \$30 million in retail sales in Newport are made to those living outside the community.

Despite this, if these store types and others that are net importers of retail sales are not considered, then the Newport market is a net exporter of nearly \$14.5 million in sales, meaning that purchases for those goods are being met by non-local (or not in Newport) merchants or are otherwise defined as sales that are leaking out of the community. All markets experience some degree of sales leakage, whereby local spending demand is not met by local merchants. Sales leakage is distributed across multiple retail merchandise lines, notably furniture/furnishings, clothing, sporting goods, and dining/drinking. Increasingly, internet sales accounts for a growing share of leakage.

RKG estimated, based on these household demand spending measures, that 100 “new” households generate nearly \$1.94 million in consumer demand for selected retail goods and services (Table 10). While it is unrealistic to assume that any given market would capture 100 percent of its household spending demand, if 50 percent of the estimated sales leakage, coupled with a 50 percent capture of “new” household demand were realized, this indicates the potential for another 24,500 SF of retail in Newport across multiple merchandise lines, including:

- **4,300 SF of furniture and furnishing stores** which could include antique pieces or collectibles, floor coverings, lamps and lighting, linens and bedding, window treatments, china-, glass-, kitchen- and other housewares as examples. These stores do not necessarily need to be large warehouse showrooms but could include smaller shops serving as a point-of-display for catalogue sales or manufacturers – and in this manner be applicable for downtown.
- **5,100 SF for apparel and accessories** which might include family clothing, shoes, accessories, or specialty retailers catering to skiers, hunters or other outdoor and recreation enthusiasts (noting an additional **3,100 SF sporting and goods**) – and in this manner begin to establish Newport as a base for such goods in Sullivan County.
- **3,675 SF for miscellaneous or specialty goods** including, but not limited to, gift and novelty stores, office and stationery, used or second-hand merchandise, and local crafts.
- **3,050 SF of dining and drinking** with an emphasis on restaurants as opposed to fast food.

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<sup>25</sup> Retail development is scattered throughout the Town of Newport, mostly along primary arterials, and also includes the core downtown district, as well as two shopping centers – the approximate 19,630 SF Newport Shopping center and the approximate 119,000 SF Sugar River Plaza – both on John Stark Highway. Much of the Sullivan County retail is centered to the west in Claremont.

**Table 10 – Selected Retail Indicators for Newport, NH**

Household Estimated Retail Demand and Sales, by NAICS Sector for the Newport, NH	Newport, NH					
	Demand/HH	Estimated Total Existing Demand	Estimated Total Sales	Export or Import	Estimated Demand per 100 HH	Supportable SF if 50% locally captured
<b>Total</b>	<b>\$19,835</b>	<b>\$50,479,516</b>	<b>\$81,118,347</b>	<b>\$30,638,831</b>	<b>\$1,983,478</b>	<b>24,472</b>
<b>Furniture &amp; Home Furnishings Stores</b>	<b>\$785</b>	<b>\$1,997,729</b>	<b>\$0</b>	<b>(\$1,997,729)</b>	<b>\$78,496</b>	<b>4,296</b>
Furniture Stores	\$433	\$1,101,325	\$0	(\$1,101,325)	\$43,274	1,908
Home Furnishings Stores	\$352	\$896,404	\$0	(\$896,404)	\$35,222	2,389
<b>Electronics &amp; Appliance Stores</b>	<b>\$799</b>	<b>\$2,033,299</b>	<b>\$1,737,243</b>	<b>(\$296,056)</b>	<b>\$79,894</b>	<b>537</b>
<b>Bldg Materials, Garden Equip. &amp; Supply Stores</b>	<b>\$1,839</b>	<b>\$4,680,017</b>	<b>\$12,113,829</b>	<b>\$7,433,812</b>	<b>\$183,891</b>	<b>246</b>
Bldg Material & Supplies Dealers	\$1,693	\$4,307,963	\$11,400,645	\$7,092,682	\$169,272	212
Lawn & Garden Equip & Supply Stores	\$146	\$372,054	\$713,184	\$341,130	\$14,619	35
<b>Food &amp; Beverage Stores</b>	<b>\$4,469</b>	<b>\$11,372,847</b>	<b>\$44,670,220</b>	<b>\$33,297,373</b>	<b>\$446,870</b>	<b>652</b>
Grocery Stores	\$4,060	\$10,331,582	\$43,713,605	\$33,382,023	\$405,956	369
Specialty Food Stores	\$198	\$503,973	\$956,615	\$452,642	\$19,802	20
Beer, Wine & Liquor Stores	\$211	\$537,292	\$0	(\$537,292)	\$21,112	263
<b>Health &amp; Personal Care Stores</b>	<b>\$1,585</b>	<b>\$4,033,723</b>	<b>\$3,379,527</b>	<b>(\$654,196)</b>	<b>\$158,496</b>	<b>625</b>
<b>Clothing &amp; Clothing Accessories Stores</b>	<b>\$1,536</b>	<b>\$3,908,899</b>	<b>\$638,660</b>	<b>(\$3,270,239)</b>	<b>\$153,591</b>	<b>5,100</b>
Clothing Stores	\$1,058	\$2,692,399	\$638,660	(\$2,053,739)	\$105,792	3,926
Shoe Stores	\$208	\$529,274	\$0	(\$529,274)	\$20,797	833
Jewelry, Luggage & Leather Goods Stores	\$270	\$687,226	\$0	(\$687,226)	\$27,003	340
<b>Sporting Goods, Hobby, Book &amp; Music Stores</b>	<b>\$1,080</b>	<b>\$2,748,932</b>	<b>\$1,097,880</b>	<b>(\$1,651,052)</b>	<b>\$108,013</b>	<b>3,718</b>
Sporting Goods/Hobby/Musical Instr Stores	\$944	\$2,401,229	\$1,097,880	(\$1,303,349)	\$94,351	3,106
Book, Periodical & Music Stores	\$137	\$347,703	\$0	(\$347,703)	\$13,662	612
<b>General Merchandise Stores</b>	<b>\$3,874</b>	<b>\$9,859,393</b>	<b>\$9,164,250</b>	<b>(\$695,143)</b>	<b>\$387,402</b>	<b>2,575</b>
Department Stores Excluding Leased Depts.	\$2,972	\$7,564,458	\$5,384,273	(\$2,180,185)	\$297,228	2,453
Other General Merchandise Stores	\$902	\$2,294,935	\$3,779,977	\$1,485,042	\$90,174	122
<b>Miscellaneous Store Retailers</b>	<b>\$1,161</b>	<b>\$2,953,488</b>	<b>\$3,712,777</b>	<b>\$759,289</b>	<b>\$116,051</b>	<b>3,674</b>
Florists	\$51	\$130,441	\$59,759	(\$70,682)	\$5,125	126
Office Supplies, Stationery & Gift Stores	\$239	\$607,128	\$333,490	(\$273,638)	\$23,856	676
Used Merchandise Stores	\$135	\$343,220	\$2,739,332	\$2,396,112	\$13,486	25
Other Miscellaneous Store Retailers	\$736	\$1,872,699	\$580,196	(\$1,292,503)	\$73,583	2,846
<b>Food Services &amp; Drinking Places</b>	<b>\$2,708</b>	<b>\$6,891,189</b>	<b>\$4,603,961</b>	<b>(\$2,287,228)</b>	<b>\$270,774</b>	<b>3,048</b>
Restaurants	\$2,571	\$6,544,041	\$4,562,618	(\$1,981,423)	\$257,133	2,573
Special Food Services	\$92	\$232,985	\$0	(\$232,985)	\$9,155	378
Drinking Places - Alcoholic Beverages	\$45	\$114,163	\$41,343	(\$72,820)	\$4,486	97

Source: ESRI, Dun & Bradstreet, RKG Associates, Inc. (2020)

At a minimum, the data indicates opportunities for existing merchants to better penetrate the market through possible marketing and operational adjustments to their business plan.

Additionally, as noted previously, there is a substantial amount of vacant housing, varying by community, which is considered as seasonal, recreational or for occasional use.<sup>26</sup> Assuming that such households are occupied for 12 weeks of the season, with average weekly expenditures of \$250 per household, this equates to \$3,000 per household, representing additional opportunities for “capture” by Newport area businesses and merchants with a concerted effort and marketing outreach to these households.

<sup>26</sup> For example, the 2010 census counts indicate that more than 56 percent of the vacant units, across all communities, were for seasonal, recreational, or occasional use.

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## STAKEHOLDER INTERVIEWS

Conversations with local commercial real estate brokers, and others, active in and knowledge of the Newport and area market, are summarized as follows:

- Newport is a tough retail market, particularly as many businesses are local “home-grown” enterprises.
  - Although lease rates are competitive to neighboring communities, at perhaps \$7 to \$8 per SF, potential new shopkeepers often lack the start-up capital, or are operating week to week with limited funds in reserve. This is further encumbered by low customer traffic counts and overall spending volumes.
- It was noted that much of the existing housing stock is being purchased by out-of-state buyers, likely bringing in an expansion of consumer spending demand and perhaps at higher-income levels.
  - Existing merchants need to be aware of these changing metrics, if they are not already, and devise strategies to capitalize on them.
- Much of the industrial use in Newport is owner-occupied with perceived marginal demand for speculative leased space or lease rates to warrant construction as they range from an estimated low of \$3 SF for older mills to perhaps \$7 or \$8 SF elsewhere.
  - Further complicating an expansion of industrial properties is the reported inability to attract qualified workers or adequate retention of the younger “home-grown” labor force.
- Similar to retail and industrial, much of the local office market is “home-grown” with limited demand for additional space at this time. Typical lease rates were estimated to be \$8 to \$10 triple net (NNN),<sup>27</sup> which generally do not support the cost of new development (unless owner-occupied).
- Issues facing Newport are to have the right jobs, the right housing, the right transportation access, and an improved downtown.
  - Newport has the capacity to be the downtown for the Upper Valley.
  - Recent improvements and upgrades to the Opera House and negotiations underway to bring a brew pub to Newport will improve its destination appeal.
- Link the Newport, Lebanon, Hanover, and Sunapee communities as one economic entity, noting opportunities for home-based employment opportunities in the knowledge based and information sectors.

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<sup>27</sup> Typically, a lease agreement whereby the tenant or lessee promises to pay all the expenses of the property including real estate taxes, building insurance, and maintenance. These payments are in addition to the fees for rent and utilities.

- Newport is “big enough to grow and small enough to get things done.”

## **SUMMARY, IMPLICATIONS AND CHALLENGES**

An estimated \$14.5 million in local household retail spending demand is not being captured by local merchants – representing sales leakage from the local economy. A 50 percent re-capture of this sales leakage, coupled with a 50 percent capture of spending demand represented by a “new” 100 households indicates a mathematical opportunity for an additional 24,500 SF of retail development in Newport, noting that the competitive environment in neighboring communities, coupled with costs and risks associated with retailing ventures in the present Covid-19 economy, may dissuade retail investment from regional or national chains, fast-food notwithstanding.

***Implications*** – While some opportunities exist for additional retail development in Newport, they are narrowly defined across select retail merchandise lines, suggesting that in the near term, opportunities for existing businesses to better capture a greater share of consumer activity is more likely than attracting new businesses. Although this can improve as the economy recovers post Covid-19. Also, from discussions with area real estate professionals and others, efforts are underway to add dining and drinking options to the local business mix. Expanded outreach and capture of tourist and seasonal spending will help.

Industrial uses throughout much of Newport are owner-occupied properties with limited demand for speculative space and reportedly with lease rates that may not support new speculative development, unless otherwise subsidized, the situation is reportedly similar for office space.

***Challenges*** – Continued growth and development will most likely be realized from in-town and in-county businesses or entrepreneurs, although exceptions may be possible. The challenge, other than the continued uncertainty of the Covid-19 pandemic’s effects on the economy, is likely the financial feasibility and capacities of entrepreneurs to either expand or open a business.

## **LAND USES AND METRICS**

The Town of Newport Assessor’s office provided RKG with a copy of their assessment database (Table 11), indicating the following:

- There are slightly more than 3,240 parcels of land throughout the Town, totaling approximately 26,903 acres of land.



- The town wide valuation of land is \$133.44 million (averaging \$4,960/acre)<sup>28</sup> and representing nearly 27.0 percent of the total valuation of \$500.33 million.
- RKG applied the FY 2019 tax rate of \$32.53 per \$1,000 in valuation to estimate Town property tax receipts of \$14.38 million.
- **Residential** – these uses comprise nearly 76 percent of the land area, 59.5 percent of the total property valuation and 67.3 percent of property taxes.
- **Commercial / Industrial** - these uses comprise nearly 10.3 percent of the land area, almost 25 percent of the total property valuation and 28.2 percent of property taxes.
- **Tax Exempt** - these uses comprise nearly 6.5 percent of the land area, 11.6 percent of the total property valuation and are non-contributory to the property tax.

Throughout much of the interviewing and fieldwork completed by RKG, respondents indicated their sense that property taxes were too high in Newport. A greater diversification of land use, with the addition of commercial and industrial properties could serve to re-balance the portion of property taxes derived from residential uses.

**Table 11 – Summary Review of Newport, NH Assessor Data by Land Use**

Summary Metrics by Land Use - Newport, NH	Parcel Count	% of Total	Land Acres	% of Total	Land Value	% of Total	Value per Acre	Total Value	% of Total	Property Tax	% of Total
<b>Residential</b>	<b>2,702</b>	<b>83.32%</b>	<b>20,418.81</b>	<b>75.90%</b>	<b>\$ 97,579,189</b>	<b>73.13%</b>	<b>\$ 4,779</b>	<b>\$ 297,511,389</b>	<b>59.46%</b>	<b>\$ 9,678,045</b>	<b>67.29%</b>
Single-Family	2,519	77.67%	20,182.26	75.02%	\$ 91,558,563	68.61%	\$ 4,537	\$ 275,369,063	55.04%	\$ 8,957,756	62.28%
Two-Family	106	3.27%	116.29	0.43%	\$ 3,663,322	2.75%	\$ 31,502	\$ 12,732,622	2.54%	\$ 414,192	2.88%
Three-Family	50	1.54%	107.65	0.40%	\$ 1,513,904	1.13%	\$ 14,064	\$ 5,978,904	1.19%	\$ 194,494	1.35%
Four-Family	27	0.83%	12.62	0.05%	\$ 843,400	0.63%	\$ 66,846	\$ 3,430,800	0.69%	\$ 111,604	0.78%
<b>Commercial / Industrial</b>	<b>297</b>	<b>9.16%</b>	<b>2,768.33</b>	<b>10.29%</b>	<b>\$ 27,453,232</b>	<b>20.57%</b>	<b>\$ 9,917</b>	<b>\$ 124,832,432</b>	<b>24.95%</b>	<b>\$ 4,060,799</b>	<b>28.24%</b>
<b>Land</b>	<b>100</b>	<b>3.08%</b>	<b>1,960.56</b>	<b>7.29%</b>	<b>\$ 192,077</b>	<b>0.14%</b>	<b>\$ 98</b>	<b>\$ 192,077</b>	<b>0.04%</b>	<b>\$ 6,248</b>	<b>0.04%</b>
Farm Land	12	0.37%	186.01	0.69%	\$ 33,356	0.02%	\$ 179	\$ 33,356	0.01%	\$ 1,085	0.01%
Managed (current use)	9	0.28%	328.51	1.22%	\$ 13,882	0.01%	\$ 42	\$ 13,882	0.00%	\$ 452	0.00%
Unmanaged (current use)	74	2.28%	1,405.45	5.22%	\$ 96,499	0.07%	\$ 69	\$ 96,499	0.02%	\$ 3,139	0.02%
Discretionary	5	0.15%	40.59	0.15%	\$ 48,340	0.04%	\$ 1,191	\$ 48,340	0.01%	\$ 1,573	0.01%
<b>Utilities / Electric</b>	<b>5</b>	<b>0.15%</b>	<b>14.14</b>	<b>0.05%</b>	<b>\$ 302,400</b>	<b>0.23%</b>	<b>\$ 21,388</b>	<b>\$ 19,580,800</b>	<b>3.91%</b>	<b>\$ 636,963</b>	<b>4.43%</b>
<b>Tax Exempt</b>	<b>138</b>	<b>4.26%</b>	<b>1,739.57</b>	<b>6.47%</b>	<b>\$ 7,914,100</b>	<b>5.93%</b>	<b>\$ 4,549</b>	<b>\$ 58,216,400</b>	<b>11.64%</b>	<b>\$ -</b>	<b>na</b>
<b>Wetlands</b>	<b>1</b>	<b>0.03%</b>	<b>1.30</b>	<b>0.00%</b>	<b>\$ 22</b>	<b>0.00%</b>	<b>\$ 17</b>	<b>\$ 22</b>	<b>0.00%</b>	<b>\$ -</b>	<b>na</b>
<b>TOTAL</b>	<b>3,243</b>	<b>na</b>	<b>26,902.70</b>	<b>na</b>	<b>\$ 133,441,020</b>	<b>na</b>	<b>\$ 4,960</b>	<b>\$ 500,333,120</b>	<b>na</b>	<b>\$ 14,382,056</b>	<b>na</b>

Source : Town of Newport, NH Assessor and RKG (2020)

## TOURISM AND COMMUNITY ENGAGEMENT AND OUTREACH

Several initiatives are currently underway to broaden the message of tourism and general community engagement and outreach throughout the Upper Valley. The Town of Newport's

<sup>28</sup> Much of the land throughout Newport is in "current use" typically reflecting lower assessed valuations when contrasted to a market rate valuation.



continued voice in these programs is considered vital to enhancing the awareness and utilization of its assets. These programs, as presented in discussions with representatives of the Lake Sunapee Chamber of Commerce<sup>29</sup> include:

- **The Chamber Partnership Program** – five area Chambers of Commerce<sup>30</sup> are currently working in collaboration to promote their communities, and the region, with marketing and other outreach efforts to stimulate tourism (and cross community visitations); assist in PPE grants and funding; organize regional job fairs; in training programs for unemployed and under-employed persons; and, to offer one-on-one mentoring and professional development consulting services. These efforts are being funded, primarily, through a one-time grant of \$275,000 from the State of New Hampshire’s CARES Act monies. At present the outreach of these efforts is primarily internal, to bridge the gap between member communities, but future efforts include marketing and outreach to bordering Massachusetts and Vermont communities. A major challenge to success is the ability of these Chambers (and their representative communities) to act in collaboration for the good of all - the “we are all in this together mentality” - rather than in an insular and feudal-like approach which has typically been the history in the region.
- **Vital Communities**<sup>31</sup> – a 501(c)3 nonprofit organization serving 69 towns in the Upper Valley region of Vermont and New Hampshire (celebrating its 25<sup>th</sup> anniversary) promoting each and all with a focus towards think, act, shop, and do locally.
  - Recent (February through August 2019) efforts to engage communities included the *Route 11 Corridor Outreach Report*, identifying, among other issues, opportunities for residents to enhance their quality of life through neighborhood clean-ups; shared sports and arts events between towns; workforce internships; volunteer-supported housing upgrades; composting; and community pride events. These efforts included coverage of the 23 more southern (Route 11 presence) in the 69-town coverage area of Vital Communities.
- **Center for the Arts - Lake Sunapee Region** – a cooperative effort among 25 member communities (including Newport) to promote the arts and creative economies, amenities, activities, and destinations in the region.<sup>32</sup>

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<sup>29</sup> Serving a dozen communities across the region and 200± members.

<sup>30</sup> The Lake Sunapee Chamber of Commerce, the Upper Valley Chamber of Commerce (Hanover and Lebanon), the Claremont Chamber of Commerce, the Kearsarge Area Chamber and, the Newport Area Chamber of Commerce.

<sup>31</sup> vitalcommunities.org

<sup>32</sup> centerfortheartsnh.org

RKG also reached out to representatives of area ski resorts in order to speak with marketing representatives about what their skiers are looking for in off-site attractions, or the apres-ski experience, noting the following desires or issues:

- Dining and drinking venues, typically more varied than any on-site amenities – brew pubs were noted in particular.
- Shops for ski apparel and/or ski maintenance.
- Specialty coffee shops.
- While some resorts offer news boards with pamphlets and brochures of area attractions, the preferred method of communication is through social media platforms as opposed to print media.

**Mount Sunapee Ski Resort** - Prior work completed by RKG<sup>33</sup> identified the average per skier/per visit to include expenditures of approximately \$25 for retail goods and services, as well as an additional \$85 for hospitality and leisure expenditures. While the Covid-19 pandemic is impacting attendance at the resort, the annual average of the FY 2016 through FY 2019 period was estimated at approximately 278,500 skier/visits per season.<sup>34</sup> Applying these metrics, annual expenditures for retail goods and services was \$6.96 million and \$23.67 million for hospitality and leisure. Although much of this spending may be captured on-site (at the Mount Sunapee Ski Resort), there is a substantial dollar amount “available in total” some of which could be realized by Newport area businesses and merchants with a concerted effort and marketing outreach to these customers.

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<sup>33</sup> *Mount Sunapee Resort – Update of Economic & Fiscal Impacts as Part of the Five-Year Master Development Plan – 2015 -2019*, dated April 2015 and prepared for the Mount Sunapee Resort.

<sup>34</sup> *Ibid.*

## 4. APPENDIX

### INTRODUCTION

Throughout this process RKG completed numerous discussions, interviews and other outreach to Town and/or ECON representatives, local stakeholders, businesspersons and community organizations, in general. Many of the one-on-one conversations with area stakeholders have previously been summarized elsewhere in this report. This section summarizes the comments and input from more targeted, and similar audiences.

### BUSINESS SURVEYS

As part of this research RKG met with a sampling of Newport merchants and with the assistance of ECON, distributed a brief survey instrument to garner their input and opinions regarding what is, or is not, “working” in Newport. Unfortunately, the response rate to the survey instrument was nominal and not necessarily considered indicative of the business base to which it was distributed. As result, what responses that were received are included as part of this summary presentation of the one-on-one conversations with area merchants, indicating:

#### Consumer and retail base

- Very stable (and aging) population base in Newport
- Numerous family run, and long-term businesses, in Newport
- Important criteria for doing business downtown included availability of space, affordable rents, and access to parking
- Other factors included the sense of a “safe” downtown which is easy to navigate
- Customer draw is primarily local and Sullivan County – some businesses have a web-based platform, but not all
- More dining and drinking options are needed in the downtown
- Desire for a more eclectic mix of downtown businesses - not the same merchandise stuff available through Amazon
- Just bringing new business to downtown is not enough, there is a need to bring managers and owner-operators who are also pro-actively invested in the community, outside of running a business

#### What is holding back growth?

- Perceived high property tax rate
- Perceived high utility (electric) costs
- Perceived “only adequate” school system
- Lack of retention of graduating seniors – more school to work programming is needed

- Limited infrastructure (water and sewer) to those sections of Town with potentially developable land
- Decline in downtown foot traffic as a result of Covid-19 pandemic and loss of service/fiancé sectors jobs
- Housing costs and availability
- As a former mill town Newport has allowed itself to succumb to an image problem – stronger push needed to “sell” Newport
- Some properties throughout downtown could use minor re-investment and upkeep - but sales levels do not always support this expenditure

#### Missed opportunities or options

- Little is made of the many walking trails in and around Newport which if properly promoted could form the basis of a cottage industry attractive to locals and tourists
- Newport and Sullivan County as a whole do little to advertise these amenities as there is a lack of co-operation or focus
- Children’s museum and similar entities for family-oriented utilization and visitations
- Could upper story vacancy serve as back office or call center space
- Could a satellite branch campus (SNHU for example) with a focus for post-secondary technical and job skills be attracted to Newport

## **TARGETED STAKEHOLDERS**

Summary discussion points with specific stakeholders, or reviews of economic programs or assistance available through several state agencies, are presented next.

### **EDUCATION**

RKG spoke with representatives<sup>35</sup> of area educational institutions to garner their insights on the economic health of the community, from their perspectives, and to consider issues moving forward. To summarize:

#### Current Conditions

- River Valley Community College is offering hybrid learning programs, a mix of remote from the home and in classroom instruction.
- The Montessori school (pre-K through the 8<sup>th</sup> grade) has realized a 14 percent increase in enrollment (90 students as of this analysis). Students are generally from outside of Newport proper, suggesting that the daily drop-off and pick-up (there is no bus service) represents potential consumers to Newport businesses.

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<sup>35</sup> Newport Schools, Montessori School, River Valley Community College, and the Sugar River Valley Regional Technical Center.

- The Newport schools (K through 12<sup>th</sup> grade) have an enrollment of 1,000. The schools have the physical capacity for additional students although recent budget cuts are impacting operational/educational capacities. While remote learning is in place, approximately 80 people of the learning is in the classroom.
  - Out of district students (perhaps 10 percent of total enrollment) are from Croydon and Goshen, although enrollment from the latter may likely decline.
  
- The Sugar River Valley Regional Technical Center (RTC) is strongly committed to preparing students with an education and skill set to foster their transition to jobs and employment after graduation – in short, to provide for the students and industry work-based experience and education. Coursework and training include, but is not limited to, automotive skills, horticulture, forestry, business marketing, health sciences, cosmetology, and welding, with adult course work also offered for the latter.
  - RTC is partnered with many Newport area employers in their collaborative efforts to develop skills that are reflective of community composition, required by area businesses and practical for the students – be they college bound (as many are) or workforce bound.
    - One such partnership is an internship program, whereby students more or less apprentice with local area contractors, plumbing, HCA, etc.
    - Another is directly working with Ruger to offer on-site (at Ruger) classes for hands-on skills training and safety protocols awareness.
    - Another is the *Project Running Start* program, taught in conjunction with the New Hampshire Community Technical College, providing options for earning college credit while still attending high school.

### Moving Forward

- The conversations, initiatives, and programs underway need to continue at a high level of interaction with representatives of the Town of Newport, in general, and with ECON, in particular.
- There is a need to establish a tracking mechanism to monitor (and report on) the success of the varied training and school-to-work programs.

### Broader Issues

- Consider Newport as a central part of a broader cohesive ecosystem throughout all communities of the Upper Valley.
- Explore opportunities for greater utilization of the Parlin Field airport and transportation links/access to downtown Newport.
- Accentuate the positive and eliminate the negative – rebranding of the “new” Newport.

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## **FINANCE AND BANKING**

RKG spoke with representatives<sup>36</sup> of area financing and banking institutions to garner their insights on the economic health of the community, from their perspectives, and to consider issues moving forward. To summarize:

### Housing Sector(s)

- Interest rates are currently low and there is a considerably active re-financing of properties. Although Covid-19 and the general economic uncertainty has caused banks to be more conservative, for example offering 75 percent loan-to-value rather than prior 80 percent to loan-to-value instruments.
- New mortgage financing is nominal although it was noted that there has been an uptick in out-of-town investors acquiring 2 to 4 units residential properties and upgrading them, or converting existing larger, older properties into 2-to-4-unit housing, although some opportunities were noted for a larger apartment complex, particularly given competitive rents in Newport.
- Opportunities for additional housing are gaining strength as coupled with continued growth at the Dartmouth-Hitchcock Medical Center in Lebanon, where reportedly there is a housing shortage.

### Commercial Sector(s)

- Much of the banking activities are concentrated in the personal banking sector with little commercial loan activity reported.
- Downtown commercial lease rates were thought to be in the \$7 to \$9 per SF, suggesting nominal new development (building) opportunities unless well capitalized or with some financial assistance.
- It was suggested that several downtown properties have relatively high need for investment in interior deferred maintenance concerns. The concept of establishing a matching grant fund (as discussed elsewhere in this analysis) could warrant additional research and conversation.

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<sup>36</sup> One Credit Union and Sugar River Bank.

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## **BUSINESS LEADERS**

RKG spoke with representatives of area businesses and employers<sup>37</sup> to garner their insights on the economic health of the community, from their perspectives, and to consider issues moving forward. To summarize

### United Construction

- United Construction is a heavy construction company, although they have ventured into some vertical development such as residential, although not in Newport proper, at this time.
  - Reportedly, United Construction has approvals in place to develop 26 lots with 52 duplex units, however, per conversations with representatives of United Construction, the desired market conditions do not warrant moving forward with this project at the present time.
- United Construction is also the developer/owner of the Flagstone Industrial park, an approximate 28-acre park served by water, sewer, and 3-phase power.
  - The park was developed in the 2010/2011 time period and since then there has seen the absorption (recently) of a one-acre parcel for a landscaping business.
  - Representatives of United Construction indicate that they have worked with area brokers in the past, but generally self-market the site, where the preference is to sell the land although build-to-suit is possible.
  - Recently, there has been some interest in additional parcels, generally from entrepreneurial entities within Newport, desiring to establish small machine shop or other specialized manufacturing/processing that is complimentary to the existing Newport industrial base.
- Newport is considered to be a “tough” industrial market given its location, a limited availability of specialized workforce skills, start-up capital and the effects of the Covid-19 pandemic.
- From the perspective of United Construction, Newport could benefit greatly from the presence of bio-tech related firms,

### LaValley Building Supply

- LaValley has multiple facilities with the Newport operation primarily focused on prefab building components.
- Discussions with representatives of LaValley indicated a present need to hire perhaps one dozen employees including those skilled in the construction manufacturing trade

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<sup>37</sup> RKG was unable, despite numerous efforts, to reach out to additional business stakeholders in the community.

- (millworkers, estimators as examples) as well as certified delivery drivers (Class A and Class B CDL licenses) – all in short-supply locally.
- The existing workforce is Newport based and from towns perhaps within a 15-mile radius.
  - Representatives of LaValley also opined that other area businesses are also in need of additional employment.
    - In short, jobs and positions are in demand, with reasonable wages, but the supply of workers is not there to meet demand- i.e., a labor shortage.
  - Past outreach efforts to attract workers, through job fairs as an example, have often ended in nominal success.
  - Continued efforts to attract new employment, or training of existing potential employees, needs to continue in Newport and the surrounding communities but needs to be a focused and ongoing effort.
    - This includes making a public ado about successes – Newport needs to better self-promote and advertise its “wins”.
    - However, this is not specific to Newport but should be thought of, and approached as, a cooperative effort with surrounding towns. Rather than focus on what Newport may not have, focus on what Newport and the broader region have to offer – the whole is greater than the sum of its parts.

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## STATE AGENCIES

RKG reviewed several state agencies, active in economic development/recovery, financing, and housing for their input into this analysis for the Town of Newport. To summarize:

### UNH Cooperative Extension

The Cooperative works with communities throughout the state offering programs, workshops and other assistance in maintaining the economic vitality of the state’s cities and towns.

- A recent program, in partnership with NH Small Business Development Center, is the Resiliency Academy. The goal is to bring together small businesses and community leaders in an effort to develop resiliency initiatives and programs to assist in the ongoing economic recovery efforts and future planning necessitated by the Covid-19 pandemic. Part of these efforts include free webinar planning and work sessions<sup>38</sup> as well as full day training sessions to be scheduled in 2021.

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<sup>38</sup> <https://extension.unh.edu/events/webinar-resiliency-academy>



- Another program is the Business Engagement & Retention program, with the goals of:
  - Identifying the needs of business and organizations related to location, business, and municipal services.
  - Building networks between businesses and community leaders for strong social and business connections.
  - Building the capacity of community leaders and volunteers to address needs of business and organizations.
  - Creating connections between community and business/economic development resources in NH.

#### NH Community Development Finance Authority

The NH Community Development Finance Authority provides technical and financial assistance/resources to New Hampshire via a competitive deployment of grants, loans, and New Hampshire state tax credit equity, to support nonprofits, municipalities, and businesses throughout the state. One such program is the Pre-Development Loan Program which helps municipalities and nonprofit organizations prepare local development projects for funding and implementation. The program supports activities such as studying the feasibility of renovating a downtown building, gathering public input on a project idea, developing a business plan for a new facility, or seeking planning and zoning approval. Loans of up to \$100,000 are available and eligible projects must stand a reasonable chance of being financed and initiated within two years.

#### NH Department of Business & Economic Affairs

The Department of Business and Economic Affairs (DBEA) is comprised of the Divisions of Economic Development and Travel and Tourism Development. The divisions are dedicated to enhancing the economic vitality of the State of New Hampshire and promoting it as a destination for domestic and international visitors. There are extensive links to websites and program resources.

#### New Hampshire Housing Finance Authority

The New Hampshire Housing Finance Authority is a self-supporting public corporation, that promotes, finances, and supports affordable housing, also operating rental and homeownership programs designed to assist low- and moderate-income persons with obtaining affordable housing. The Authority offers and/or administers a variety of developer financing incentives and tools.