

# Town of Groton Economic Profile

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Prepared for:

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## About Camoin Associates

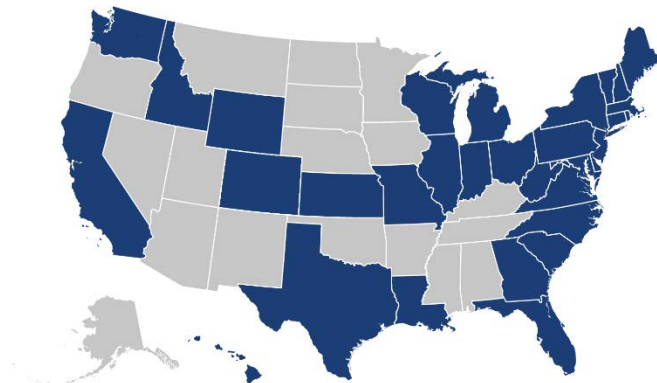
Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 32 states and garnered attention from national media outlets including *Marketplace* (NPR), *Forbes* magazine, *The New York Times* and *The Wall Street Journal*. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at [www.camoinassociates.com](http://www.camoinassociates.com). You can also find us on Twitter [@camoinassociate](https://twitter.com/camoinassociate) and on [Facebook](https://www.facebook.com/camoinassociate).

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## Background

The Town of Groton, along with neighboring New London, is regarded as the “economic engine” for southeastern Connecticut. Strategically located between New York City and Boston, the town is afforded excellent regional highway (Interstate 95 and 395) and rail (Amtrak Northeast Corridor) access, a deep water port, an airport, a foreign trade zone, and an enterprise zone. With a total of about 27,000 jobs, Groton is home to the U.S. Navy Submarine Base, the General Dynamics Electric Boat Corporation, Pfizer Pharmaceutical, and Avery Point, a regional campus of the University of Connecticut. The town’s strengths lie in these large legacy companies and establishments that dominate its manufacturing industry, defense industry, and the biotech and life sciences industry. Referred to as the “Big 3” (The Base, EB, and Pfizer), these employers make up nearly 60% of the town’s workforce. Apart from these employers, there is little activity within their respective industry sectors in the town. In other words, there is not a boat building cluster or a biotechnical cluster in Groton, these industry sectors are dominated by a single large employer and its supply chain.

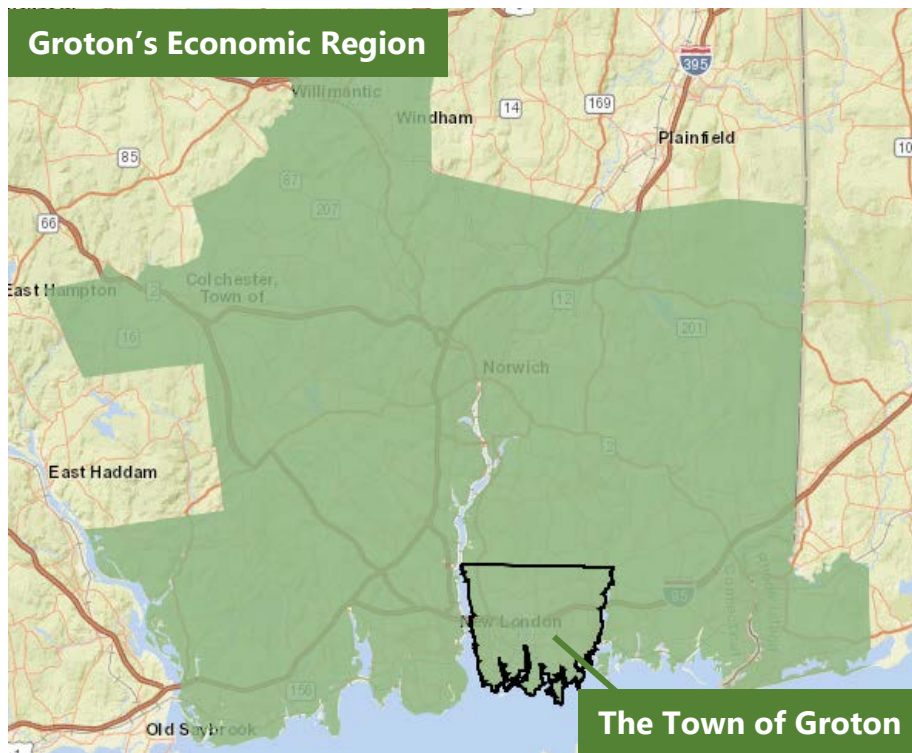
As the town has experienced in the past and is set to experience with the expansion of Electric Boat, when one of these Big 3 employers ramps up or down, a significant portion of the local economy is affected. Beyond the Big 3, Groton has a stable marine trade industry and strong public and private historic/cultural and open space resources with a growing recreation and fitness-focused economic sector that offers opportunities for the future.

Groton has grown comfortable in relying on these large employers to drive the economy; however, diversifying the local economy is not a new idea for Groton. In fact, almost every initiative presented in the *Groton Strategic Economic Development Plan (2006)* is designed to focus economic development efforts on growing the local economy to include a healthier mix of businesses and workforce assets. Camoin Associates expanded on this in completing an *Economic & Market Trends Analysis: Town of Groton, CT* in 2016 to inform strategic decision-making and develop focused strategies that move Groton from planning to action.

# Economic & Market Trends

## Geography

Groton's Economic Region, Connecticut, and the U.S. were used as references for the Town of Groton<sup>1</sup>. Groton's Economic Region includes towns within New London County, plus Windham, which recently became part of the same Economic Region as Groton. It also includes Westerly, RI, due to the close economic ties between that town and Groton.



<sup>1</sup> The Town of Groton ZIP code was used to analyze industry data because EMSI provides data at the ZIP code level. The Town of Groton ZIP codes are defined by ZIP codes 06340 and 06355.

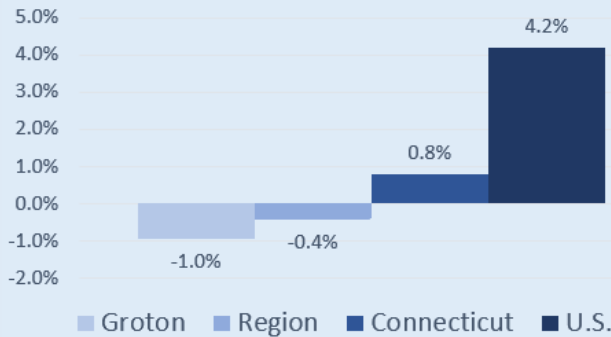
## Summary

Camoin Associates analyzed data on Groton's current demographic and economic situation. To inform this analysis, we assessed how the town compares with the region, state, and nation as a whole. Notable findings from this research and analysis are summarized in the graphics below. The purpose of the analysis is to identify characteristics and trends that will impact future demand of certain types of space and what types of development the town should encourage through land-use decisions.<sup>2</sup>

### Population

Based on historic trends, the population of Groton and the region is expected to decrease slightly over the next five years while the state grows modestly. However, the expansion of Electric Boat is likely to alter status quo trends.

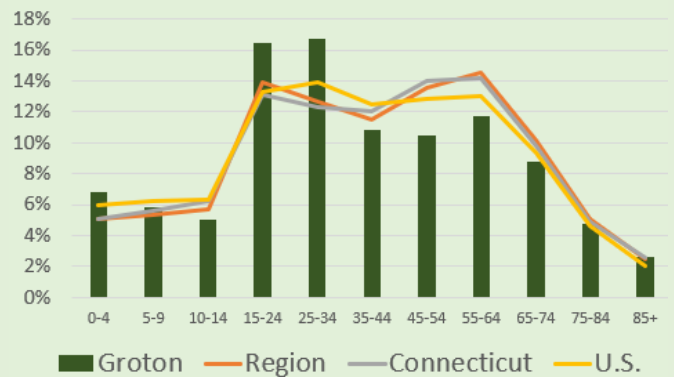
Projected % Change in Population  
2018 to 2023



### Age Distribution

Groton is significantly younger on average than the region and Connecticut. The town has a substantial concentration of residents in the 15-34 age group (33%), especially those in the 25-34 range.

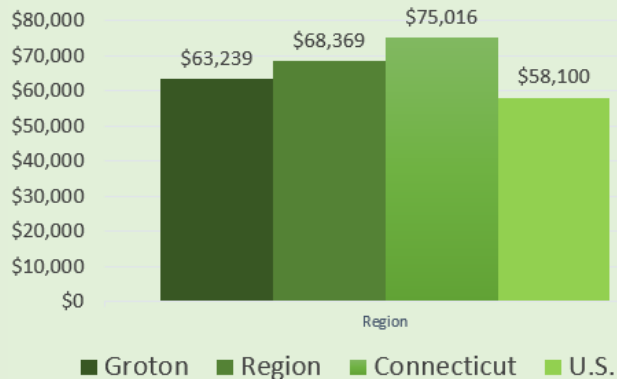
Age Distribution, 2018



### Income

Household income in Groton is below both the region and the state. Within the town, higher income households are concentrated along the southern coast and the eastern side of the town near Mystic.

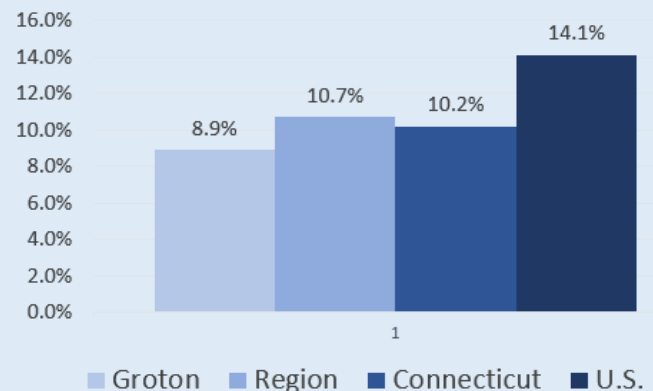
Median Household Income, 2018



### Poverty

Groton has a slightly lower poverty rate than the region or state; 8.9% of the town's population is living in poverty.

Poverty Rate, 2012-2016 Estimate

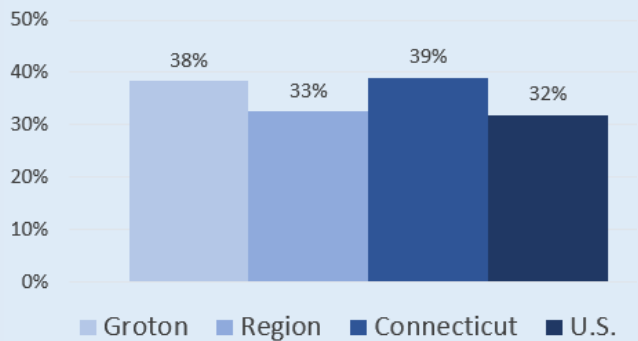


<sup>2</sup> Unless otherwise noted, the source of this data is Esri Business Analyst Online.

### Education Attainment

38% of Groton's residents have at least a Bachelor's degree. While this is a higher concentration than that of the region or the nation, it is slightly lower than the state.

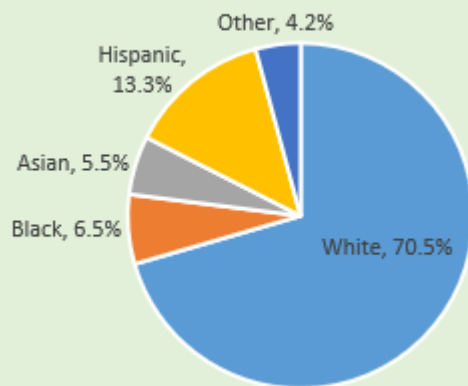
Population with a Bachelor's degree or Higher



### Racial & Ethnic Diversity

As of 2017, 70% of Groton's residents were white. Non-white Hispanics represent the largest minority group, with 13.3% of the population.

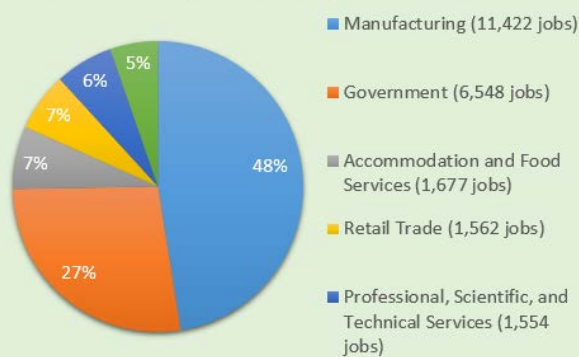
Groton



### Largest Industries in Groton

In 2018, total employment in Groton was 26,399. The largest industry in the town is Manufacturing with 11,422 jobs, over 48% of employment; followed by Government (largely military) with 6,548 jobs, 27% of employment; and Accommodation and Food Services with nearly 1,700 jobs, 7% of employment.

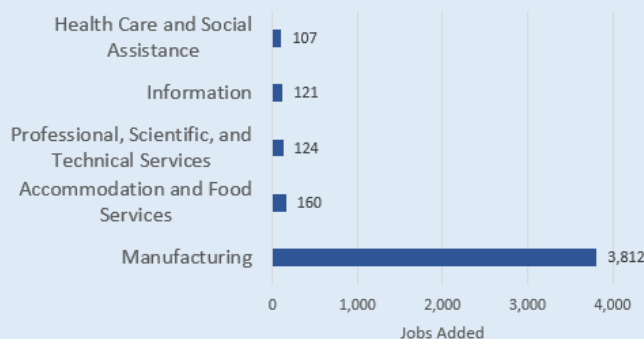
Groton's Largest Industry Sectors, 2018



### Industry Growth in Groton

In the past 10 years, the industry with the most significant growth is Manufacturing (3,812 jobs), driven almost entirely by ship and boat building. This is followed by Accommodation and Food Services (160 jobs), and Professional, Scientific, and Technical Services (124 jobs).

Fastest Growing Industries in Groton, 2008-2018



## Regional Industry Performance

Between 2008 and 2018 Groton's Economic Region outperformed the state in Manufacturing, but lost jobs in the Transportation and Warehousing industry while the state had modest gains.



## Sectors Growing Both Locally & Regionally

The four groups projected to show the most significant growth through 2028 in both Groton and the Economic Region include:

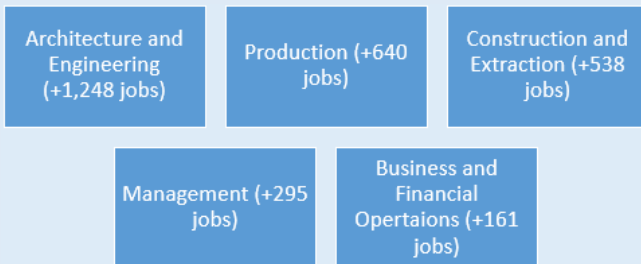


## Driving Demand for Space

Industries driving demand for space in Groton include **tourism-related** sectors, **health care**, **business professional services**, and **manufacturing**. These are the industry groups that Groton should consider in making land-use decisions.

## Occupational Trends

Between 2008 and 2018 Groton has seen the strongest growth in **architecture and engineering** jobs, adding 1,248 jobs. The occupation groups that exhibited strong growth during this ten-year period are as follows:



## Industry Concentration

Groton has a significant concentration of jobs in the industries of **Manufacturing**; **Government**; and **Professional, Scientific, and Technical Services**. Specific sub-sectors concentrated in Groton include **Ship and Boat Building**; **Foundries**; **Electronic and Precision Equipment Repair and Maintenance**; and **Scientific Research and Development Services**.

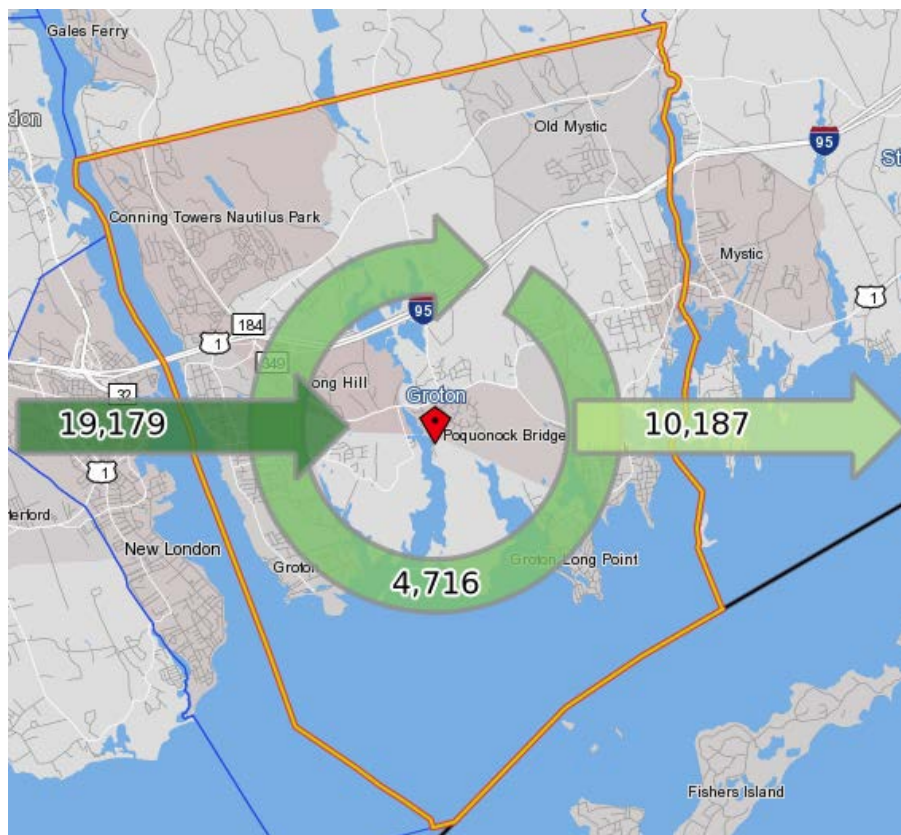


## Commuting Patterns

The Town of Groton is a net importer of labor, which means most of its labor force lives outside of the town. There are nearly 24,000 primary jobs<sup>3</sup> in the town, but – as illustrated by the green circle in the graphic below – only 4,700 of those jobs are held by residents of Groton. Over 19,000 workers from other towns and cities commute to Groton for their primary jobs to fill about 80% of the available jobs (illustrated by the dark green arrow on the left pointing into the town). About two thirds (66%) of in-commuters come from elsewhere in New London County. Another 9% come from Washington County, Rhode Island.

Groton's resident labor force – workers who live in town – is 14,900. About 4,700 of Groton's resident labor force (32%) also works in the town and over 10,000 workers commute (68%) to other towns and cities for their primary jobs (residents that commute out-of-town for work are shown in the graphic below as the light green arrow pointing away from the town).

Inflow-Outflow of Groton's Workforce, Primary Jobs 2015



<sup>3</sup> **Primary Job:** Dominant job for an individual that earned the most money. Source: U.S. Census Bureau, OnTheMap: <http://onthemap.ces.census.gov/>

As shown in the tables below, most of the commuting to and from Groton occurs within New London County, even excluding workers that both live and work in Groton. Outside of New London County, the top work destinations for Groton residents are Hartford County, New Haven County, and Middlesex County.

Top 10 Counties Where Groton Workers Live			Top 10 Counties Where Groton Residents Work		
County of Residence	Number of Workers	Share	County of Residence	Number of Residents	Share
New London County, CT*	12,117	66.4%	New London County, CT*	5,513	57.7%
Washington County, RI	1,684	9.2%	Hartford County, CT	1,275	13.3%
Windham County, CT	879	4.8%	New Haven County, CT	817	8.5%
Middlesex County, CT	869	4.8%	Middlesex County, CT	525	5.5%
Hartford County, CT	763	4.2%	Fairfield County, CT	409	4.3%
New Haven County, CT	691	3.8%	Washington County, RI	274	2.9%
Kent County, RI	459	2.5%	Windham County, CT	227	2.4%
Fairfield County, CT	299	1.6%	Providence County, RI	161	1.7%
Providence County, RI	284	1.6%	Tolland County, CT	141	1.5%
Tolland County, CT	217	1.2%	Suffolk County, NY	217	2.3%

\*Excludes workers who live and work in Groton

Source: US Census OntheMap

\*Excludes workers who live and work in Groton

Source: US Census OntheMap

## Real Estate Market Profile

The following profile updates findings and trends initially identified in Camoin Associates' 2016 Real Estate Market Analysis conducted for the Town of Groton.

### Residential

The housing stock in Groton is characterized by a high number of seasonal homes as well as a mix of owner and renter occupied units. The proportion of rental units is higher in Groton than in the region and state, and rents are generally higher in Groton as well. Additionally, multifamily construction has been limited in Groton since the recession. However, there are proposals for at least two sizable multifamily developments in town, one in Center Groton (intersection of Route 184 and Route 117) and one on the Mystic Education Center site in the northeast corner of town. This lack of existing inventory hinders the ability of prospective tenants looking for new product in the region to choose to rent in Groton, and presents an investment opportunity for developers.

The expansion of Electric Boat will be a significant driver of residential demand in the coming years. The company is expected to add approximately 10,000 new employees over the next decade, while at the same time replacing existing workers who are retiring. About 20% of these employees are projected to reside in Groton. Electric Boat has indicated that many recent and future hires will be younger workers.

Household population projections for Groton<sup>4</sup> that take into consideration the expansion of Electric Boat as well as new SUBASE hires indicate that by 2025, Groton will experience an increase of about 150 households. The largest contributors to this growth will be households in the 35-44 age group and the 85+ age group, adding about 200 and 125 new households, respectively. The 55-74 cohorts are expected to shrink.

<sup>4</sup> Provided by Urbanomics



Looking longer term to 2040, growth will continue among the middle-age cohorts (35-54), while both younger households (under 35) and those cohorts above 55 will begin to decline. Even with the EB and SUBASE expansions, Groton is projected to have flat-to-slightly-declining household growth by 2040, relative to today.

Therefore, in the short to mid-term, the town will need the types of historically undersupplied housing that appeal to younger and older households. Younger households (under 35) will seek rental housing options of all types, as well as moderately priced for-sale options. While the under-35 population will not change significantly on net, Groton will require newer rental options to appeal to young, well-compensated EB workers who may choose to live elsewhere in the region if Groton's rental options are limited to somewhat outdated apartment units. Irrespective of demographic changes impelled by Electric Boat, the senior population (75+) in Groton will increase, and many of these folks will seek housing options that allow them to "age in place." This presents development opportunities for senior housing of all types along the continuum of care spectrum, including active/independent living communities and assisted living centers.

In the longer term (2025 and after), many of the younger workers to be added by Electric Boat will become older, start families, and seek more permanent housing options, and the senior population will start to level off. Housing demand is then likely to begin to shift toward for-sale options, such as single-family homes.

## Retail/Tourism

Retail serving the local Groton market, primarily strip malls in Downtown Groton, is tired and outdated. The deteriorating quality of retail space in town is having a negative effect on the retail sector in Groton. Without an update to these structures, customers will be lost to other communities with more pleasant shopping environments. This presents opportunities to reverse this trend by re-investing and updating existing retail space. Increased spending power driven by future household growth should incent some property owners to reinvest in their properties.

Furthermore, there are a number of new and proposed retail offerings in the region that present significant competition to Groton in terms of attracting new destination retail tenants. The casinos and the Crystal Mall area—all within a short distance of the town—offer major retail chains that currently do not have a presence in Groton. Because these other areas are already well established as known shopping destinations, it may be hard for Groton to break into this market.

The many sub-areas of the town (Mystic, Noank, Groton Long Point, City of Groton, Downtown Groton, Center Groton, etc.) are disparate and lack a sense of town-wide cohesion, presenting a challenge for Groton to establish a sense of place and a strong brand for the town as a whole. For example, Mystic has a very strong brand that is recognizable throughout the Northeast, but many people that "know" Mystic have not heard of Groton. A stronger sense of place is needed to make Groton a desirable retail destination for customers who live beyond the town borders.

Tourist spending—primarily in Mystic—is vital to the town's economy. Capturing tourist spending potential through marketing other recreation-oriented amenities in other parts of the town is a missed opportunity.

## Office/Medical Office

Over the next decade, office-utilizing industries in both Groton and the greater region are expected to show only marginal employment growth. This limited job growth translates to little to no need for new office space in Groton, except perhaps to replace functionally obsolete space. An exception to this may be any office space needs by Electric Boat or its contractors. However, speculative office space construction will likely be non-existent.

On the other hand, Medical Office Buildings (MOBs) are another classification of commercial space that could have potential in Groton. Nationally, medical office vacancy rates are low and are continuing on a downward trend. Additionally, the need for flexible space and multi-specialty offices has resulted in the overall increasing size of

MOBs. Groton and the economic region are both predicted to increase employment in the healthcare sector over the next decade. This will increase the potential demand for almost 240,000 SF of medical space region-wide. Groton has an opportunity to capitalize on this demand and grow its inventory of ambulatory health care and other MOB space.

## Industrial/Flex

While Groton's numerous assets such as a highly skilled workforce, access to markets between New York and Boston, and transportation infrastructure make it a viable option for industry, a lack of existing space and shovel-ready sites for industrial use continues to be a major challenge in attracting new users.

While there will be limited demand for new industrial space in the short term due to adequate supply, the market is tightening and rents are expected to reach a level that will support new construction in the next few years. Many sites in the northern areas of the town near I-95 and along Flanders Road, however, lack water and sewer. Flex space in the 30,000 to 50,000 SF range will be most in demand. Groton should ensure that high-priority industrial sites are adequately served by utilities and are shovel-ready so that once the market can support new construction, Groton will be seen as a competitive option relative to other communities in the region. Without basic infrastructure, these sites will not be considered.

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