

Chapter X – Economy **DRAFT**

Purpose

A Comprehensive Plan helps develop a community's policies and priorities regarding future economic development while aiming to preserve the community's character, its environmental features, and workforce depth. Having an economic development plan adopted into a local government's comprehensive plan provides in depth review of the local and regional economy; identifies strategies, programs and projects to improve the economy; and establishes policy direction for economic growth. The various elements of a comprehensive plan support and complement the economic development plans developed for Maine, York County, and our region. Maine's businesses, communities, and regions rely on supporting land uses, transportation, and infrastructure to sustain existing companies and industries and to further economic development programs and initiatives. Together the comprehensive plan and its economic development component should serve as a "strategy for tomorrow" and reflect a community's and a region's desired physical, economic, and social growth.

Understanding our local and regional economy will help assess the community's current and future needs. The number of local jobs, the sectors in which those jobs are located, as well as access to employment within the wider region will impact our community and affect Ogunquit's future growth. Specifically, this section aims to:

- Describe employment trends;
- Describe the local and regional economy; and
- Discuss likely future economic activity in Ogunquit
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For the purposes of the labor market and economic analyses contained in this section, 2020 data has been used throughout unless otherwise noted, for two reasons: first, because this year corresponds with the most recent decennial US Census, and, secondly, because the 2010-2020 time series has the largest amount of available data associated with it.

Community Engagement Results

PLACEHOLDER

Overview & History

During the 18th Century the economy of Ogunquit, as part of Wells, and the Maine seacoast as a whole was tied to fishing, lumbering, shipbuilding and homestead farming. The 19th Century brought the industrial revolution to Ogunquit/Wells. The Webhannet, Josias and Ogunquit Rivers supplied enough water power for flour milling and lumber sawing. Coastal shipping allowed export of lumber and wood products, granite and fish in exchange for import of sugar products, groceries and manufactured products.

During the 1880s, summer home development began to supplant farms along the shore in Ogunquit and the summer art colony era began. After the bridge was built over the Ogunquit River at Beach Street in the 1890s, more beach hotels began to cater to summer vacationers mostly from the metropolitan areas to the south. Between 1906 and 1923, the Atlantic Shore Railroad brought summer residents and vacationers directly to their hotels and summer houses in Ogunquit. The art colony flourished from the 1920s to the 1960s leaving a permanent legacy of museums and summer theatres.

The 1920s began the modern era of automobile vacationing in Ogunquit and started the influx of summer home residents, motel, hotel, inn and B&B vacationers and beachgoers. The 1980s and 90s saw the steady growth of ancillary tourist-related restaurants and retail shops. The demand for employees by the business community for seasonal jobs extends throughout southern York County and relies on temporary workers from other countries, including Canada, the Caribbean, and Eastern Europe.

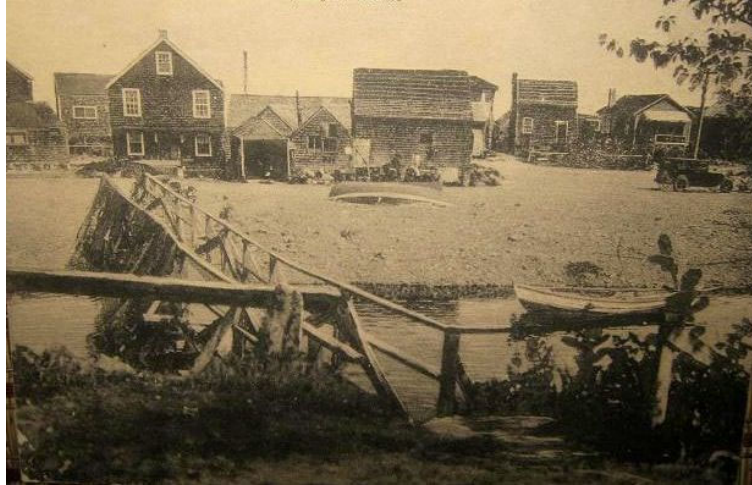
In the 21st Century, Ogunquit's economy continues to be dominated by the summer high tourism season. Although it is also beginning to provide jobs suitable for retirees as a more year-round community develops and as more summer residents retire and convert their summer homes into their primary residences, as evidenced by the growth in residents in the 2020 Census. Ogunquit's economic development is limited, to a degree, by the small land area of less than 4 ½ square miles, much of which is in a preserved and undeveloped state.

Ogunquit's abundant natural resources, as detailed in other chapters of this Plan, provide significant attractions for tourists, and indeed the Ogunquit economy is driven by the seasonal hospitality industries. As most of the tourist attractions tend to be seasonal, economic growth has been achieved by extending the tourist season, such as the longer season of the Ogunquit Playhouse, the Museum of American Art, and Chamber of Commerce events like Christmas by the Sea.

While Ogunquit has limited the development of additional large hotels, more homes are being utilized as transient accommodation through short-term rentals. With that limited space, the focus has been on preserving the small-town charm and heritage, as noted in the Historical and Archeological Resources chapter, and preserving natural resources, as noted in that chapter.

Ogunquit's commerce is concentrated in a few specific areas: the Downtown Village, Perkins Cove, along Route One, and at the Main Beach. Much of the town revenue is generated by municipally owned parking lots throughout the town.

Ogunquit faces some significant economic development challenges in the near future. The beaches, Marginal Way, Perkins Cove, and town parking lots are all at risk due to sea level rise, risking tourist draws and town revenue sources. Perkins Cove will soon need dredging, significant sea wall repairs, and a new footbridge, posing risks to the economy during the tourist season.



Perkins Cove in the early 20th century

2020 Covid-19 Impacts

Covid-19 had a severe impact on the Ogunquit economy. Pandemic restrictions closed many businesses, effectively stopping the tourist industry for several months. Canadian visitors, who comprise a significant percentage of Ogunquit's annual revenue, stopped completely. Most of Ogunquit's restaurants are locally owned and operated, and the Ogunquit Chamber of Commerce initially feared that as many as 1/3 of town small businesses would close. However, the year was saved by government support and the slow reopening of businesses in time for the summer season. The town, the Chamber, and area business owners worked together to create safe spaces in town, dramatically expanding outdoor dining and shopping opportunities. Also, while Canadian visitors did not arrive, more people from the Northeast discovered Ogunquit and helped offset much of the lost business. Still, iconic restaurants such as Roost Café, Bessie's, Bintliff's, Wild Blueberry Café, and Bread and Roses Bakery either closed outright or moved from town. Fortunately, all have been replaced by new businesses, helping to keep Ogunquit's charms alive.

Ogunquit's 40th anniversary of incorporating as a town occurred in 2020, but Covid restrictions effectively stopped any planned celebrations. However, Ogunquit finally celebrated its anniversary on June 10, 2022, with BonAire, as detailed in the Historical and Archeological chapter. It was a great success with a large turnout.

Labor Force

Whereas Ogunquit's year round population increased by a substantial 76.8% between 2010 and 2020 (892 to 1,577), the town's labor force increased by only 2%. There are most likely several reasons for

this occurrence. The first is the aging of the baby boomer population. The second reason is that many of the new year-round residents were already retired or became retired. The number of Ogunquit residents not in the labor force increased by 50.4% from 2010 to 2015 and by 2% from 2015 to 2020.

Ogunquit’s labor force remained at approximately 5% of the Wells Labor Market Area (LMA) between 2010 and 2020, but the percentage of employed persons within the LMA increased by nearly 7% from 2015 to 2020. As a percentage of York County labor force, however, data shows that Ogunquit’s employed share has been relatively stable at approximately 0.4%; the number of unemployed individuals did increase slightly (1.8%) between 2015 and 2020, likely a result of the short recession that took place during the months of lockdown.

Table 2-1: Ogunquit Year-Round Labor Force, 2010 - 2020

| | | 2010 | 2015 | 2020 | 2010 - 2015 # Change | 2010 - 2015 % Change | 2015 - 2020 # Change | 2015 - 2020 % Change |
|--|--------------------|--------|-------|-------|----------------------|----------------------|----------------------|----------------------|
| Ogunquit | Labor Force | 438 | 451 | 447 | +13 | 3.00% | -4 | -0.89% |
| | Employed | 366 | 421 | 408 | +55 | 15.00% | -13 | -3.19% |
| | % Unemployed | 16.40% | 6.70% | 8.70% | -9.70% | -59.10% | +2% | 22.99% |
| | Not in Labor Force | 589 | 886 | 596 | +297 | 50.40% | -290 | -48.66% |
| Ogunquit (Percentage of Wells Labor Market Area*) | Labor Force | 5.50% | 5.30% | 5.15% | -0.20% | -0.20% | -0.15% | -3.00% |
| | Employed | 5.20% | 5.20% | 4.97% | +0.0% | 0.00% | -0.23% | -4.70% |
| | # Unemployed | 7.60% | 7.70% | 8.26% | +0.10% | 0.10% | 0.56% | 6.81% |
| | Labor Force | 0.40% | 0.40% | 0.41% | +0.00% | 0.00% | 0.01% | 1.78% |
| Ogunquit (Percentage of York County) | Employed | 0.40% | 0.40% | 0.39% | -0.00% | 0.00% | -0.01% | -2.25% |
| | # Unemployed | 0.70% | 0.70% | 0.71% | +0.00% | 0.00% | 0.01% | 1.80% |
| | | | | | | | | |

* Wells Labor Market Area includes Wells, North Berwick & Ogunquit

Source: U.S Census Bureau

Employment by Industry Group

Between 2010 and 2020, employment of year-round Ogunquit residents remained overwhelmingly in the Accommodation and Food Services sector: 70.9% in 2010, 68.4% in 2020. There are several noteworthy trends in the industry sector employment of Ogunquit’s residents from 2000 to 2020. Despite the effects

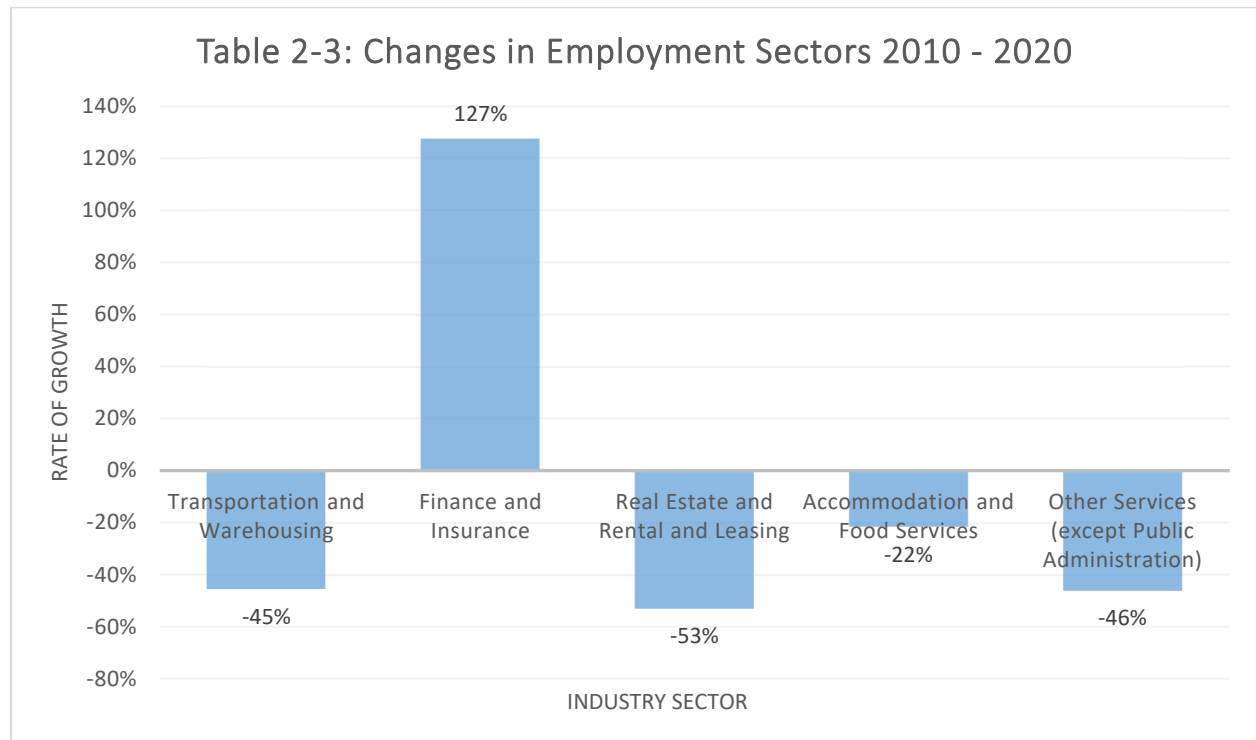
of the pandemic, employment in the Finance and Insurance sector more than doubled, from 11 to 25 persons (potentially the result of remote workers), while Other Services (except Public Administration), which typically includes repairs, religious activities, grantmaking, advocacy, laundry, personal care, death care, and other personal services per the NAICS definition, more than doubled from 11 to 21 employees.

There were also several industry sectors that saw decreases in Ogunquit from 2010 to 2020, which is not expected given the prevalence of the pandemic that year. Transportation and Warehousing dropped from 22 to 12 employees, Real Estate and Rental and Leasing decreased from 34 to 16, and, as mentioned above, Accommodation and Food Services dropped by nearly 200 employees from 1,064 to 834. Retail Trade, while also experiencing a decline, was relatively stable in comparison.

Table 2-2: Employment of Ogunquit Residents Compared to Wells LMA, 2010 vs 2020

| Industry | Ogunquit | | | | Wells LMA | | | |
|---|----------|--------|------|--------|-----------|--------|------|--------|
| | 2010 | | 2020 | | 2010 | | 2020 | |
| | # | % | # | % | # | % | # | % |
| Retail Trade | 144 | 9.60% | 114 | 9.35% | 707 | 11.61% | 699 | 10.05% |
| Transportation and Warehousing | 22 | 1.47% | 12 | 0.98% | 485 | 7.96% | 572 | 8.23% |
| Finance and Insurance | 11 | 0.73% | 25 | 2.05% | 68 | 1.12% | 109 | 1.57% |
| Real Estate and Rental and Leasing | 34 | 2.27% | 16 | 1.31% | 128 | 2.10% | 50 | 0.72% |
| Accommodation and Food Services | 1064 | 70.93% | 834 | 68.42% | 2195 | 36.04% | 1744 | 25.09% |
| Other Services (except Public Administration) | 11 | 0.73% | 21 | 1.72% | 115 | 1.89% | 125 | 1.80% |

Table 2-3: Changes in Employment Sectors 2010 - 2020



The percentage of Ogunquit residents employed in different sectors of the economy follows a pattern similar to the residents of the Wells Labor Market Area (see Table 2-4). This is likely a reflection of the presence Ogunquit has within the labor market area as a seasonal employment center in its own right. Ogunquit allows Home Occupation businesses.

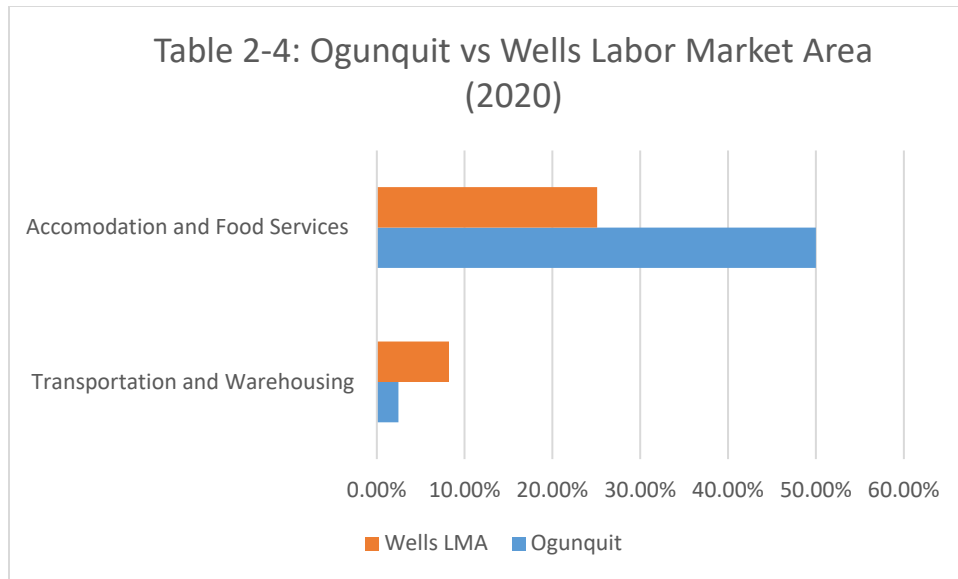


Table 2-5: Total Employment in Ogunquit Compared to Wells LMA, 2010 vs 2020

| | Ogunquit | | | | Wells LMA | | | |
|---|----------|--------|------|--------|-----------|--------|------|--------|
| | 2010 | | 2020 | | 2010 | | 2020 | |
| Industry | # | % | # | % | # | % | # | % |
| Total, All Industries | 180 | 100 | 202 | 100 | 6090 | 100 | 6952 | 100 |
| Retail Trade | 45 | 25.00% | 41 | 20.30% | 707 | 11.61% | 699 | 10.05% |
| Transportation and Warehousing | 4 | 2.22% | 5 | 2.48% | 485 | 7.96% | 572 | 8.23% |
| Finance and Insurance | 3 | 1.67% | 7 | 3.47% | 68 | 1.12% | 109 | 1.57% |
| Real Estate and Rental and Leasing | 9 | 5.00% | 6 | 2.97% | 128 | 2.10% | 50 | 0.72% |
| Accommodation and Food Services | 89 | 49.44% | 101 | 50.00% | 2195 | 36.04% | 1744 | 25.09% |
| Other Services (except Public Administration) | 11 | 6.11% | 9 | 4.46% | 115 | 1.89% | 125 | 1.80% |

The Maine Department of Labor (MDOL) covers employment for businesses in Maine. Rather than Census Bureau data, which collects information on the residents, MDOL collects data on businesses in a municipality. MDOL data allows for an analysis of the existing employment base in a community (See Table 2-7). In 2020, Ogunquit’s employment base is overwhelmingly in two sectors, accommodation and food services at 50% and retail trade at 20.3%.

Table 2-6: Industries by Percentage

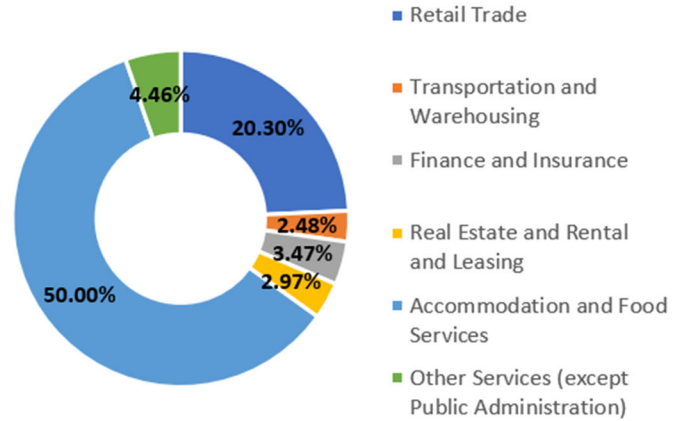


Table 2-7: Industries in Ogunquit, 2020

| Industries | # of Businesses | % of total | Number Employed | Total Wages | Average Weekly Wage |
|---|-----------------|----------------|-----------------|---------------------|---------------------|
| Retail Trade | 41 | 20.30% | 114 | \$3,141,076 | \$531 |
| Transportation and Warehousing | 5 | 2.48% | 12 | \$546,613 | \$864 |
| Finance and Insurance | 7 | 3.47% | 25 | \$1,769,456 | \$1,348 |
| Real Estate and Rental and Leasing | 6 | 2.97% | 16 | \$850,288 | \$1,011 |
| Accommodation and Food Services | 101 | 50.00% | 834 | \$29,173,578 | \$673 |
| Other Services (except Public Administration) | 9 | 4.46% | 21 | \$828,725 | \$750 |
| Total, All Industries | 202 | 100.00% | 1,219 | \$48,970,905 | \$773 |

Economic Base

Over the last 30 years, Ogunquit’s economy has become increasingly tourist oriented. In 2022, there were about 1,691 transient rental rooms in hotels, motels, inns and B&Bs, including 161 active short term rental units. This seasonal population, which includes upwards of 20,000 people including day-tripper beachgoers (in contrast to 1,577 year-round), supports a large number of ancillary tourist businesses: restaurants, bakeries, retail shops and recreational businesses such as party boat fishing and whale watching. The hospitality industry also supports local year-round businesses including sign-makers, lawn care/grounds keepers, building maintenance and cleaning contractors and professional businesses including architects and engineers. The local arts community is also benefited by the tourist industry in terms of museum, art gallery visitors and summer theatre patrons. The Ogunquit Playhouse alone generates \$9 million in ticket sales each year.

| Table 2-8: Transient Accommodations | | |
|--|--------------|-------------------|
| | Rooms | % of total |
| B&B | 102 | 6% |
| Hotel | 533 | 32% |
| Motel | 250 | 15% |
| Inn | 645 | 38% |
| Short-Term Rental* | 161 | 10% |
| Total | 1,691 | 100 |

Data source: Town Assessor parcel data

The large seasonal employment generated by the tourist industry provides seasonal jobs for the Town's high school and college students and other residents of the region as well as temporary workers from Europe and the Caribbean.

At the beginning of the 21st Century, the trend has been for the tourist shoulder seasons (spring and fall) to gradually expand to accommodate the increasing number of retirees, who are not constrained by the school year and who are more frequently arriving by tour bus. As the baby-boomers begin to retire, this trend may be expected to continue. From the traditional summer season in the 1960s of July — August, to the season of June — October in the 1990s, the 21st Century tourist season is likely to be from April to November, with the December Holiday season added.

Ogunquit has no manufacturing industry, limited by ordinance to light manufacturing by contract zoning on the Farm District. The Ogunquit Playhouse has a facility used to design and create sets for annual shows.

The town’s working waterfront is anchored by the fishing and lobstering industry, which includes as many as twenty boats at a given time. Like many working waterfronts in coastal Maine, the industry faces several significant pressures, including the aging out of older fishermen and the disinclination of younger family members to continue the business; pressure from housing, hospitality, and other commercial uses for waterfront spaces; and the movement of fish stocks to points north due to warming waters in the Gulf of Maine.

Ogunquit has adequate three phase power utilities and broadband internet connections are available. The Kennebunk, Kennebunkport, and Wells Water District supplies water along Route 1 and into adjacent areas. The Ogunquit Sewer District provides services in all business districts.

Retail Sectors & Hospitality

Ogunquit's retail sector is unusual in that it is based upon many small pedestrian-oriented units, including hotels and motels, retail stores and businesses, rather than one large automobile-based shopping mall type development containing chain stores. The tourist industry on the coast of Maine is still largely characterized by individually-owned hotels and businesses rather than large franchises.

Table 2-9 demonstrates the large spike in Accommodation and Food Services sector employees that occurs in the third quarter each year, nearly tripling from the second quarter number as the sector staffs up to meet the demands of the high tourist season.

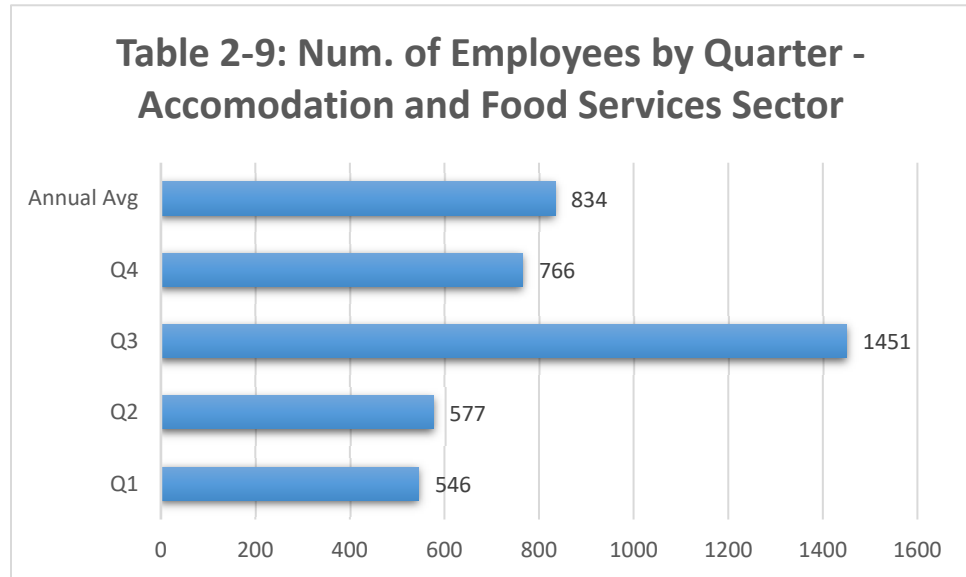


Table 2-10 shows that Ogunquit’s overall consumer sales decreased by 20.1% from 2010 to 2020, the most recent year for which decennial Census population data is available. Total consumer sales in Ogunquit amounted to just \$86,508,728 in 2020, while it was \$108,365,296 in 2010. Given the suppressive effect of the COVID-19 pandemic on the Accommodation and Food Services sector in 2020, this reduction is to be expected; however, 2022 consumer sales data reveals that consumer sales that year hit an all-time high of \$187,408,880, demonstrating the degree to which latent hospitality demand was suppressed by the pandemic.

Because of its small population and geographic size compared with other York County towns, Ogunquit is a high generator of consumer sales on a per year-round population basis or square mile basis. In 2020, Ogunquit had \$54,856.52 worth of consumer sales per each year-round resident (\$68,716 using 2022 sales data with 2020’s population figure) and \$21,099,689 of consumer sales was generated per square mile (\$45,709 with 2022 sales data). This reflects the extraordinary amount of seasonal revenue Ogunquit generated by the hospitality industry: hotels, motels, inns, B&Bs and the large secondary sales resulting from the tourists occupying the rental accommodations. Another indicator of the strong seasonality of the Ogunquit economy is the yearly pattern of sales tax receipts. Ogunquit’s sales tax rise dramatically during the second and third quarter of the year, which is the prime coastal tourism season. In comparison, while on a statewide basis Maine experiences a similar pattern of sales tax receipts, the second and third quarter do not show as rapid growth and the fourth quarter does not decline as much as Ogunquit.

| Table 2-10: Consumer Sales in Ogunquit, 2010 & 2020 (in thousands of \$) | | | | |
|---|------------------------|-------------------------|---------------------|----------------------------|
| Total Consumer Sales - 2010 | 2010 Population | Sales Per Capita | Square Miles | Sales / Square Mile |
| \$108,365,296 | 1,099 | \$98,603.54 | 4.1 | \$26,430,560 / sq. mile |
| Total Consumer Sales - 2020 | 2020 Population | Sales Per Capita | Square Miles | Sales / Square Mile |
| \$86,508,728 | 1,577 | \$54,856.52 | 4.1 | \$21,099,689 / sq. mile |

Source: Maine Department of Revenue

Community Support for Economic Growth

While Ogunquit has a typical love/hate relationship with the tourist industry, it does provide great benefits to residents, and the town supports this industry in a number of ways. The parking revenue helps to fund full time police and fire departments. The Department of Public Works provides landscaping and trash service for the business centers to maintain a clean and attractive destination for all. Ogunquit adds seasonal police officers to help keep the town safe. Visitor Services runs town parking lots and provides face to face contact to tourists, hiring many summer workers. Ogunquit always hires a large lifeguard force to provide beach safety and first aid. The Ogunquit Parks and Recreation Department organizes child and family events throughout the summer, including an outdoor concert series. The Marginal Way Committee maintains the famous footpath for the enjoyment of all. Voters recently approved a new zoning district to allow the Ogunquit Playhouse to modernize and provide improved accessibility for patrons. The Harbormaster provides services to the fishing and tourists at Perkins Cove. The Town and the Chamber work closely to provide town wide events throughout the year, such as BonAire and Christmas by the Sea. The Performing Arts Committee organizes events at the Dunaway Center throughout the year. Tourists love the town’s unique and locally owned restaurants and shops, and many businesses remain open year-round for the enjoyment of the town.