

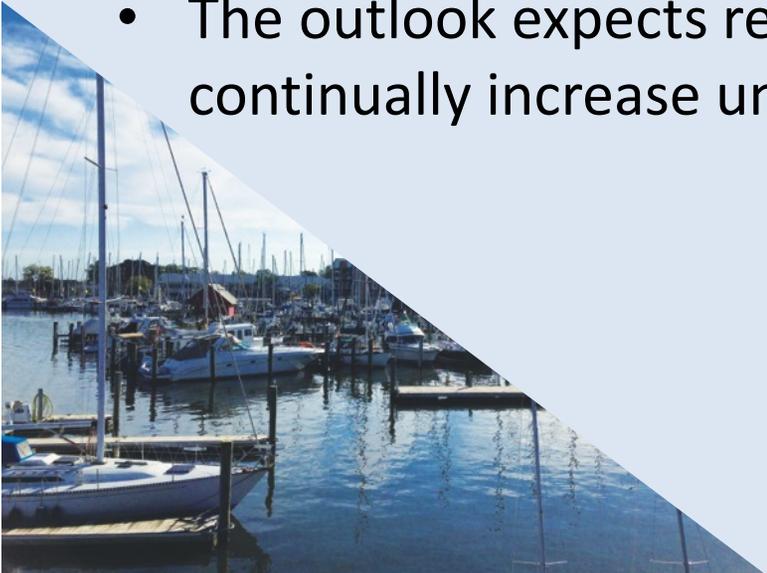


AEDC Maritime Presentation

Maritime Industry experiencing a resurgence – not yet back to 2008 levels

National Maritime Industry

- In 2013 retail expenditures and new sales accounted for \$38.7 billion of consumer spending related to recreational boating. In 2006, the peak for recreational boating, \$39.6 billion was spent.
- Recreational boating has nearly recovered nationally, but this is not apparent in the City of Annapolis.
- The outlook expects recreational boating expenditures will continually increase until 2016 by 6.9 percent annually.



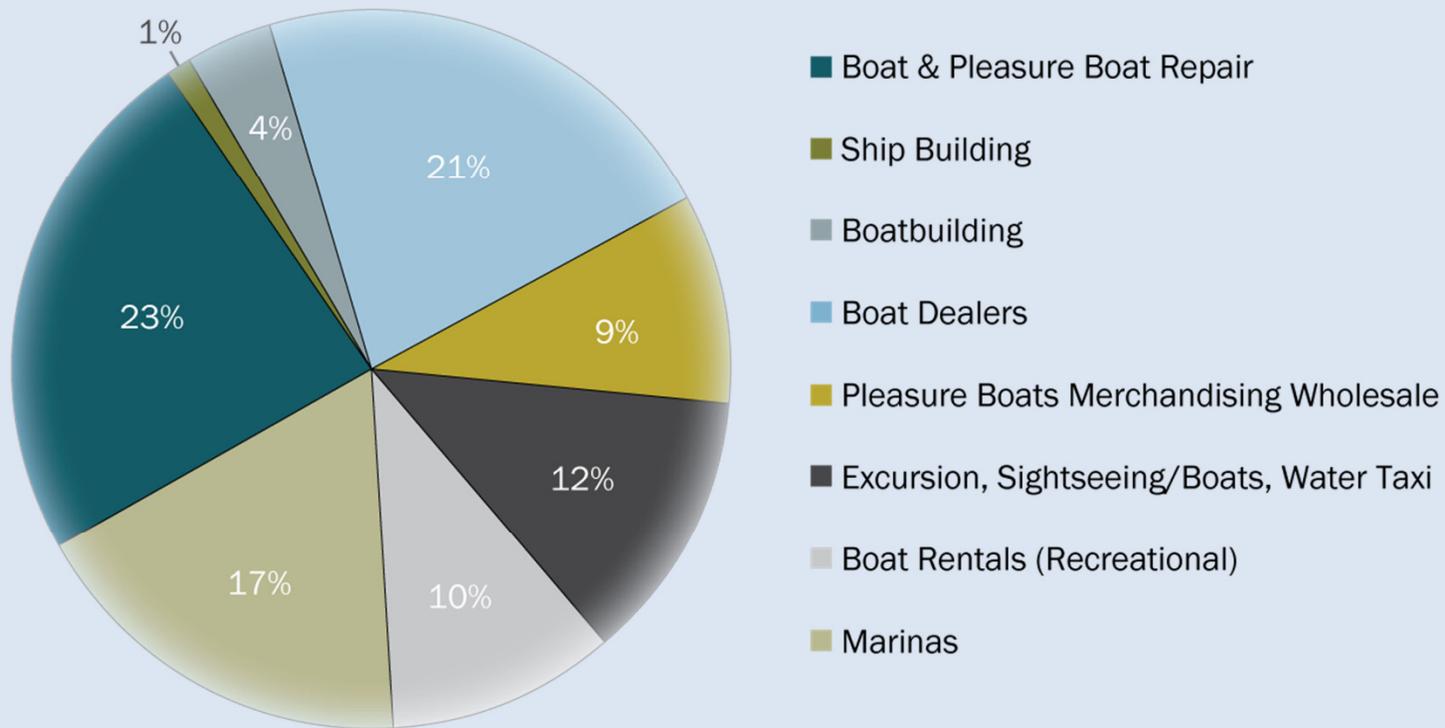
Annapolis Maritime as a Maryland Leader

- Annapolis has nearly 15 percent of all the maritime businesses in Maryland.
- Annapolis has nearly 24 percent of the boat building businesses in the state.
- Excursion, sightseeing and water taxis comprise 21 percent of the state's share.



Annapolis Maritime Industry

Figure 2¹: City of Annapolis Concentration of Maritime Business 2008*

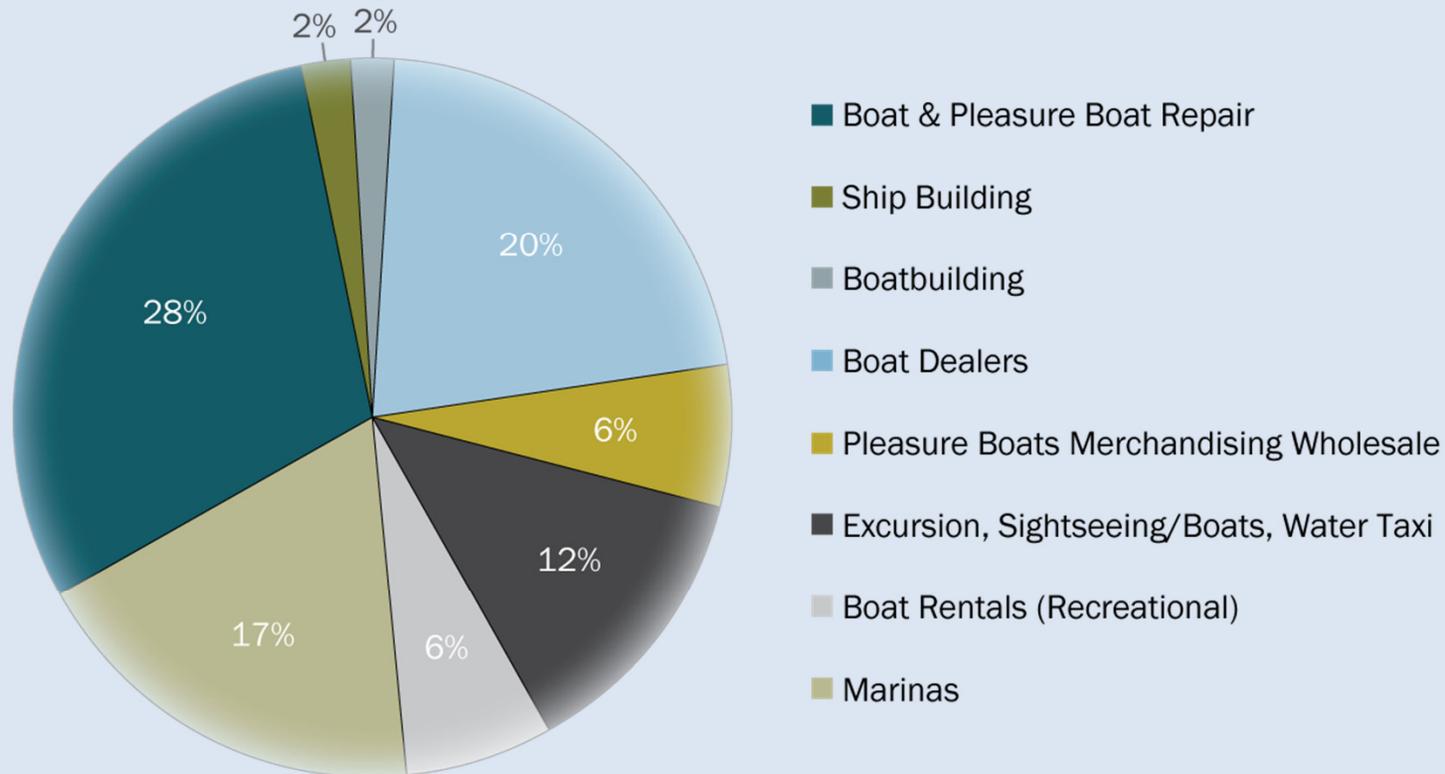


Source: U.S. Census County Business Patterns, 2008

¹City of Annapolis comprises the zip codes 21401, 21402, and 21403

Annapolis Maritime Industry

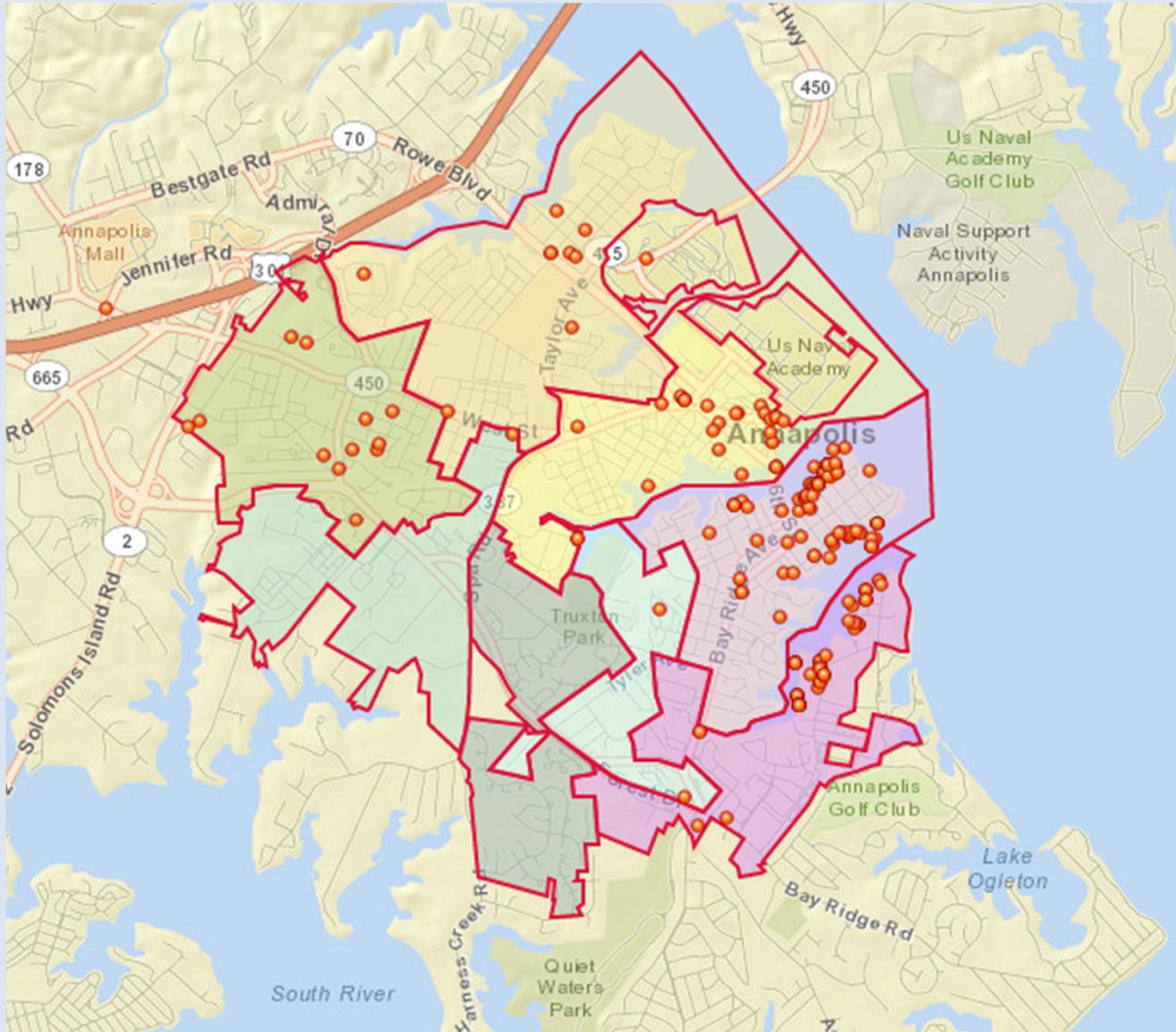
Figure 3¹: City of Annapolis Concentration of Maritime Business 2013*



Source: U.S. Census County Business Patterns. 2011 *Estimate for 2013

¹City of Annapolis comprises the zip codes 21401, 21402, and 21403

Maritime Business Locations



Composition of Maritime Industry

CITY OF ANNAPOLIS COMPOSITION OF MARITIME BUSINESSES 2013

Excursion Sightseeing Boats, Water Taxi	15.9%
Marinas	20.5%
Boat Dealers	20.5%
Boat Pleasure Repair	27.3%



AEDC Maritime Survey

The 2013 survey methodology is comparable to the 2008 and 2002 surveys.

In 2002 and 2008 studies, yacht brokers/dealers, and marinas and boatyards were the largest respondents. In 2013, yacht brokers and dealers, marine publications, and marine electrical were the largest respondent groups.

2013 Business Type	Respondents	% Response	Share of Rank
Yacht Broker/Dealer (rs)	12	17.7%	1
Marine Publication (gs)	7	10.3%	2
Marine Electrical (gs)	5	7.4%	3
Sailing/Boating Instruction (rs)	5	7.4%	4
Marina/Boartyard (rs)	5	7.4%	5
Boat Touring (gs)	4	5.9%	6

Significant*

*significant share defined as 10% or more

(rs) means business type remained significant from 2002 to 2008

(gs) means business type gained significance from 2002 to 2008



Maritime Workforce

- Out of 242 businesses, 66 responded to employment of 451 persons.
- Using extrapolation methods, the average employment was determined to be 11.8 persons for each business, or a total employment of 2,846 persons.
- During the 2008-2013 surveys, the proportion of workers full-time declined as more employers turned to part-time workers.
- In 2013, payroll in the maritime industry declined by 28 percent.
- Challenges experienced by 28 percent of respondents included difficulty recruiting workforce as well as issues with employee turnover and lack of skills in electronics for both instruments and engines.

Maritime Real Estate

- Maritime businesses are currently occupying approximately 2.1 million square feet, which is triple the 2008 survey results.
- The average size of boats is increasing, and as a result, marinas are expanding slips to accommodate, thus taking on more square footage.
- 71 percent of businesses state that water access is critical to their business. Many of the Maritime businesses in Annapolis are located in the Maritime Zones.
- Due to a decrease in property valuation and more attractive commercial financing those businesses that can afford to purchase are choosing to own versus rent.

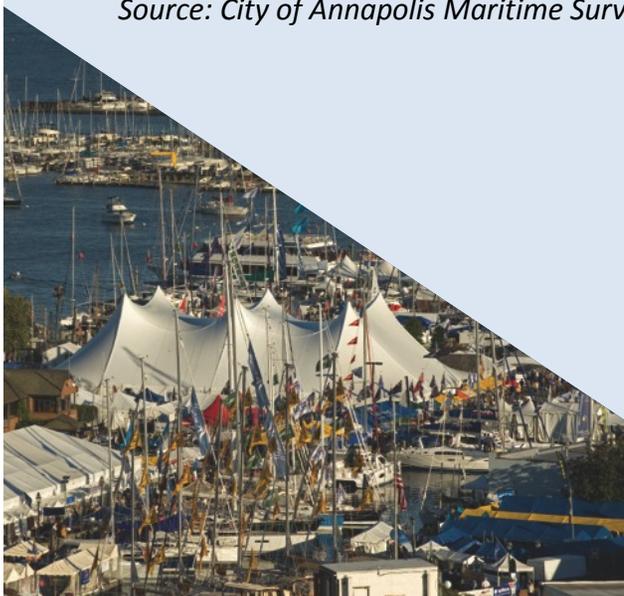
Owning vs. Renting

- There has also been a shift in business owners owning vs. renting their business locations. As of the 2013 report, 26 percent own the space they occupy versus 21 percent in 2008.
- Nationwide, including Maryland and Annapolis, boat registrations have declined since 2000. Despite the decline in the number of boats registered to Annapolis residents, marinas within the City of Annapolis are 90-95 percent occupied. This suggests that an increasing percentage of boat owners renting slips in the City of Annapolis live outside the City. The demand is external to the City and attracts boat owners who spend recreational boating dollars.

Customer Base

Origin of Customer Base	1993 Survey	2002 Survey	2008 Survey	2013 Survey
Local	47.5%	68.7%	28.3%	45.7%
Regional	28.0%	35.8%	30.9%	30.2%
National	35.5%	4.3%	25.9%	26.4%
International	2.4%	4.2%	14.9%	9.3%

Source: City of Annapolis Maritime Survey, 2013



Maritime Business Longevity

Years in Business	2002 Survey	2008 Survey	2013 Survey
0-5 years	8.4%	17.5%	15.9%
6-10 years	10.5%	10.5%	12.7%
11-15 years	15.8%	19.3%	6.3%
16-20 years	13.7%	8.8%	9.5%
21-30 years	36.8%	26.3%	23.8%
30+ years	14.7%	17.5%	31.7%
Average Years	20	19.5	25.6

Source: City of Annapolis Maritime Survey, 2013

The average maritime business has spent 14 years at their current location. However, 23.9 percent of respondents have more than one location suggesting long term investment in Annapolis locations. The majority of respondents were sole enterprises, while only 6 percent were a franchise.



Business Income

- Comparing the 2002, 2008, and 2013 survey results, the average annual gross business income was down by 55.3 percent between 2008 and 2013. This compared to an increase in business income of 61.8 percent between 2002 and 2008.
- May 2013 the Governor signed into law the Cap on Maryland Boat Excise Tax. The cap is set at 5 percent or \$15,000 for boats primarily used in Maryland. Affects primarily owners of boats valued at \$300,000. Incentivizes boat owners to purchase and register their boats in Maryland.

Annapolis Business Conditions

Current business conditions compared to a year ago show slightly more than half of the respondent (53.3 percent) saw their condition being better. Comparing current conditions to five years ago, (2007-2008) only 29.4 percent saw current conditions as better.

Conditions	One Year Ago			Two Years Ago	Five Years Ago
	2002	2008	2013	2013	2013
Considerably Better	5.3%	1.8%	16.7%	20.4%	9.8%
Somewhat Better	42.1%	28.1%	36.7%	44.4%	19.6%
The Same	30.5%	36.8%	38.3%	22.2%	13.7%
Somewhat Worse	16.8%	28.1%	N/A	N/A	N/A
Considerably Worse	6.3%	5.3%	8.3%	13.0%	56.9%

Business Assistance

Advertising and Marketing

Ninety-five percent of the respondents indicated they advertised, as compared to sixty-nine percent in 2008. Of the 57 who said they advertised did so in 19 different magazines, journals, and the Internet.

When asked what the AEDC could do to help, the businesses stated networking, marketing and financial help most frequently.

Type of Assistance	2013 Survey*
Networking	34.1%
Marketing	30.6%
Financial	12.9%
Workforce	12.9%
Permits	7.1%

Source: City of Annapolis Maritime Survey, 2013

How can the Annapolis EDC assist the Maritime Industry?

Survey responses included: Networking, Marketing and Financial

Annapolis EDC current activities:

- **Networking:** Hosting events such as ASIA and the boat show launch event.
- **Marketing:** No print ads, because survey could not identify one publication and AEDC's marketing budget is limited. Instead, include maritime businesses in new AEDC TV program on Annapolis Public Access Channels and YouTube postings. Include maritime business news in weekly AEDC newsletters to 2,000 plus readers. Outreach to past boat show visitors and encourage ongoing attendance/interaction.
- **Financial:** Met with several maritime businesses and assisted with educating businesses on VOLT and Arundel Loan Fund financing programs. Provided connections to financial resources in the private sector, and information on state programs that could be of assistance.

Overall Recommendations

- Continue existing marketing, networking and financing efforts and explore new opportunities to support this industry sector.
- Develop maritime workforce training that would bring together training resources of Anne Arundel Community College, Anne Arundel Workforce Council, Center of Applied Technology- South, and maritime business associations including Maryland Marine Trades Association and American Boat and Yacht Council. Offer a series of seminars similar to the International Boat builders Exhibition and Conference (IBEX) where special training and application could be offered to the maritime businesses.
- Maritime Recognition and identification-restoring the sign on Rowe Boulevard "Annapolis The Sailing Capital" and increase signage identifying Annapolis Historic District and the Maritime Zones. It was found in the 2013 survey six respondents did not know if they were located in the Maritime Zone. Provide markers to identify maritime history in the City.