

The majority of workers in the Southwest Region, however, do not work in the export-oriented sectors of the Regional economy. In fact, an industry cluster analysis shows that most employment opportunities in the Southwest Region are lower-paying professional and customer service jobs and that high-technology jobs are relatively rare when compared to the high-growth centers of Hillsborough County located outside the Southwest Region.

In the Southwest Region, 10 of the 20 largest employers - those that employ at least 250 workers - are manufacturing companies and six are health service providers. The vast majority of businesses (81%), however, employs one to nine workers and generates 29% of all sales within the Region.

Tourism is an important industry sector in the Southwest Region. Travelers spent \$241.7 million in FY 2004 while visiting the Region. Although not the largest tourism market area in the state, the occupancy rates for the Region's hotels, motels and inns are more consistent throughout the year than observed in other parts of New Hampshire. There are still opportunities for attracting larger numbers of tourists to the Region, thereby strengthening the Region's economic base.

3. Evaluation of Regional Issues

During recent decades, the Southwest Region has witnessed a growth in population and an increase in economic activity and income. Projections indicate that the Region's population will grow further over the next two decades. The challenge for the Region is to balance demographic pressures with demands for economic and community development, housing, transportation, infrastructure, and the protection of natural resources. In sum, the task that lies before the Southwest Region is to preserve the level of quality of life that the Region has enjoyed in recent years. The following section, by focusing on strengths, weaknesses, opportunities and threats (SWOT), addresses the Region's ability to cope with present and future demands.

A. Strengths and Opportunities

1) A skilled workforce is important for our regional economic strength.

The Region is fortunate to have a highly skilled workforce for most of its industry sectors. The workforce's education and skills, however, need to be improved to sustain current and future economic trends. The high quality of life throughout the Region attracts new workers to our municipalities. More housing construction would further guarantee the level of workforce quality and quantity currently enjoyed by the Region.

2) The Region has access to larger transportation networks.

The Region is well-connected to major urban areas through the federal highway system, in particular through I-91. East-west traffic, however, relies heavily on lower-classification highways. National and International airports are located within 100 miles. Direct access to the railroad network is not available.

3) Regional economic development is the focus of several organizations.

There are at least five organizations in our Region directly involved in regional economic development. The following agencies have developed numerous programs to this end: Monadnock Economic Development Corporation, Southwestern Community Services, Southern New Hampshire Services and Southwest Region Planning Commission. Many of their programs benefit businesses by

giving planning assistance, financing advice, managerial and logistical support. Strengthening those programs will further develop opportunities for business retention and attraction.

4) A high level of public involvement in local governance and planning.

Volunteers are the backbone of local government throughout the Region. A strong sense of community is a major factor in inspiring residents to participate in local affairs. Efforts should be made to broaden the number of citizens involved in municipal government and to educate them about their responsibilities.

5) New Hampshire is a state of small government and low taxes.

Compared to other states, New Hampshire state and county governments are smaller in terms of the number of civil servants and have fewer rights to tax their citizens. The absence of sales and state income taxes is advantageous for consumers. This fact needs to be more publicized in other parts of the country to replenish our pool of qualified workers.

6) Tourism as a source of revenue has not been used to its fullest extent.

Our Region is blessed with an abundance of natural beauty and recreational opportunities. Nevertheless, tourism is often underestimated as a source of local income. This is in part due to the fact that our Region is in close proximity to high-volume tourism areas in New Hampshire and Vermont that seemingly possess more noticeable landmarks, such as the White Mountains or Green Mountains. We should consider overcoming this perception by marketing our Region from a tourism perspective.

B. Weaknesses and Threats

1) The Region is losing high-paying manufacturing jobs.

During the four years prior to the original drafting of this document, the Southwest Region lost at least 903 manufacturing jobs, or 8% of its manufacturing work force. Replacing those jobs with similar high-paying jobs has become a challenge. Moreover, because of a nation-wide decline in the manufacturing sector, the economic composition of the Region will most likely continue to change. The retention, extension and attraction of businesses providing higher-paying jobs in other sectors will help to diversify the Regional economy.

2) There is a loss of local business control.

In recent years, the number of locally owned businesses has declined. Many local businesses are now managed from offices outside the Region. Furthermore, many locally owned businesses are suppliers to larger, out-of-region companies.

3) Doing business has become more expensive and difficult.

In recent years, businesses benefited from relatively low costs for labor and land and low taxes. This may change once the amount of cheap and strategically located land decreases due to ongoing development. Because of rising public expenditures, property and corporate taxes may also increase. If not replenished, the pool of skilled local workers will dry up soon. Soaring utility costs will put additional pressure on local businesses.

4) There is a growing housing shortage.

When compared to Boston and other parts of eastern and southern New England, housing prices and rents are relatively low throughout the Region. The housing market, however, is very tight. This is due to a gradual increase in population and to insufficient home construction, which affects residents from all income groups. A reflection of this situation is the low vacancy rate for both owner-occupied and renter-occupied homes. This housing shortage might prevent the growth of the labor force needed to accommodate development demands.

5) Access to investment capital has become more difficult.

Because of mergers, financial institutions have lost their local character. As a consequence, the traditionally close relationship between local banks and businesses has weakened. Information about financing options has also become more difficult to obtain.

6) Land zoned for commercial and industrial use and reuse is often unsuitably located.

Although there are a sufficient number of parcels zoned for commercial and industrial uses in most towns, they are often located in areas without access to major transportation routes and isolated from each other in separate pockets.

7) Infrastructure in many towns needs to be improved.

The condition of infrastructure (roads, sewer and water) in many towns is unsatisfactory, due in part to public resistance to increased expenditures for maintenance and upgrades. This situation is not conducive for sustaining or expanding economic development activities. Investments in telecommunication infrastructure (e.g. broad-band internet access) should also be made to keep pace with other markets.

8) The lack of a research institution weakens economic development efforts.

Despite a number of colleges in the Region, the lack of a research institution is an obstacle to innovation and specialization. For example, the close relationship between Dartmouth-Hitchcock Medical Center and local companies has been crucial for establishing the Hanover-Lebanon area as an important bio-technology center. Geographic proximity of academic research and industrial activity is essential for accelerating economic development and successfully competing with other regions.

9) Local governance and planning is often unconcerned about regional needs.

Regional considerations frequently take a backseat to political and budgetary pressures at the local level. Consequently, many municipalities pursue goals that are not coordinated with neighboring communities.

Table 42: Summary of Regional Issues

Regional Issue		Strength	Weakness	Opportunity	Threat
Labor force	Education/ Skills	x	x	x	
	Availability	x			x
	Wages	x			
Transportation	Highways	x	x		
	Air	x			
	Rail		x		
Local infrastructure	Improvements & upgrades		x	x	
Housing	Availability		x	x	
	Prices	x			x
	Rents		x	x	
Educational system	Quality	x	x	x	
Economic base	Local control/ ownership		x	x	
	Business support/ retention	x	x	x	
	Financing sources		x	x	
	Diversification	x		x	
	Creative economy	x		x	
	Tourism potential		x	x	
Employment	Availability		x	x	
	Diversity		x	x	
	Income		x	x	
Tax structure	Sales and income	x	x	x	
	Property and corporate		x		x
Utilities	Costs		x		
Developable land	Suitability		x	x	
	Availability	x			x
	Zoning		x	x	
	Development fees		x		x
	Tax Increment Financing	x		x	
Quality of life		x			x
Research institution	Potential		x	x	
Regional perspective	Regional Organizations	x			
	Public awareness		x	x	
Local government	Volunteerism	x		x	x
	Resources		x	x	
Health services	Access	x			
	Capacity	x			

Source: CEDS Advisory Committee SWOT Analysis

C. Community Survey

A community survey was developed to better understand public attitudes with regard to economic development.²⁶ The survey used the issues of importance identified during the SWOT exercise as a starting point to develop questions and receive feedback from the public at large. Most respondents Quality of Life, the Educational System and Labor Force as the three most important issues, whereas Transportation, Tax Structure and Housing were on the bottom of the scale. A majority of respondents chose the Natural Environment, Historic/Rural Character and Cultural Activities as the main reasons to live in the Southwest Region of New Hampshire. When asked about the future, of highest concern were Transportation, Housing, and Tax Structure – issues also responsible for the majority of suggestions for improvements. When asked to identify critical issues affecting the Region on their own, most respondents listed Labor Force, Tax Structure, Smart Growth and Historic Preservation.

D. External Forces

The largest influence on the Southwest Region's economy is the larger U.S. economy. With the ongoing decline in manufacturing jobs, this Region's former pay-rate advantage is declining. Future concerns include the types of jobs being created and the rates of pay for these jobs.

Another issue impacting the Region is the high cost of energy, particularly electricity, gasoline and home heating oil. These costs place companies at a disadvantage in this Region because of high winter heating costs, generally long commute times of workers, and distance from more concentrated urban markets. Given the ongoing activities in the Middle East and the current lack of local, renewable energy alternatives, energy costs are likely to be of increasing concern in years to come.

A lack of housing puts this Region at a competitive disadvantage with other parts of New England by preventing the in-migration of well-trained and high-skilled workers. High housing costs in the economic centers of the Region also increase travel-to-work times for those in low-paying jobs and force them to pay more for gasoline. Once the Region starts to address the lack of housing, it will help address other, related problems.

E. Future Economic Development

According to New Hampshire Employment Security projections, the make-up of the labor force in much of the Southwest Region will change little by 2010.²⁷ The vast majority of new jobs in Cheshire County will be created in the personal service and retail sectors (Table 43). These employment

²⁶ The questionnaire contained four substantive questions and several questions on the background of the respondents. The questionnaire was available online at the SWRPC website for 16 weeks and received 67 responses. The majority of the respondents lived in Keene and Harrisville (68%), was between the ages of 46 and 85, had been living in the Region for more than 11 years and did not have children in school. While the responses give some insight to opinions in the Region, due to the rate of response the information should be used only as a supplement to other findings.

²⁷ The author of this document views the findings for Cheshire County as an approximation to the economic situation in the entire Southwest Region, because the economic centers of Hillsborough County are located outside the Region. Incorporating the findings for Hillsborough County into an analysis for the Southwest Region will significantly distort this report.