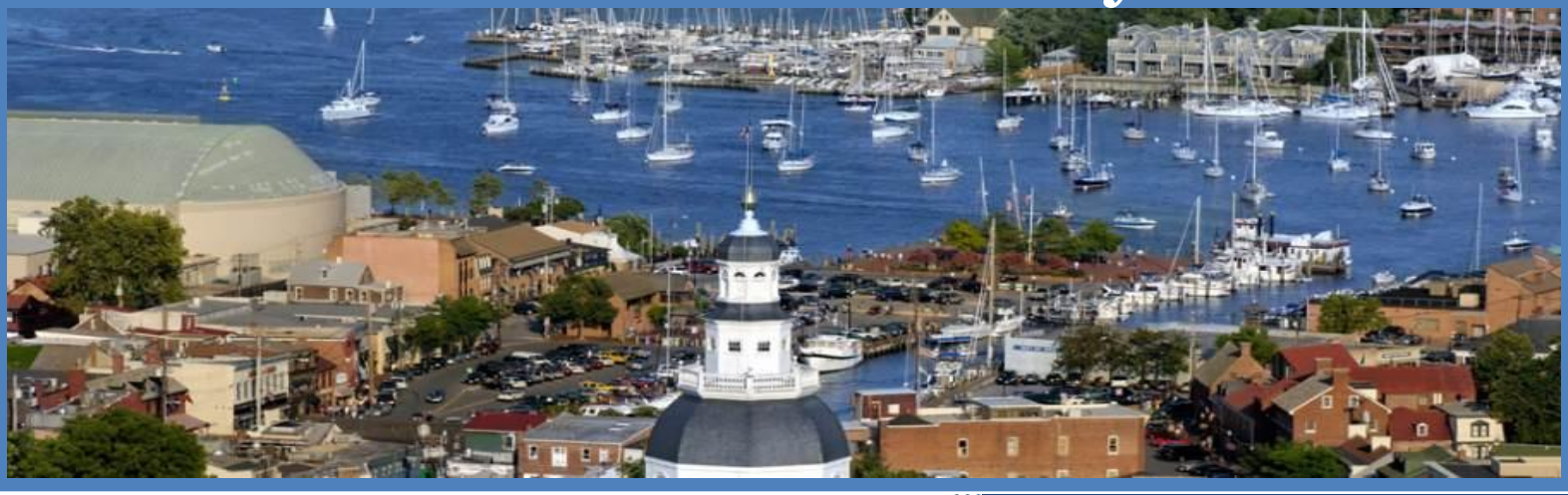
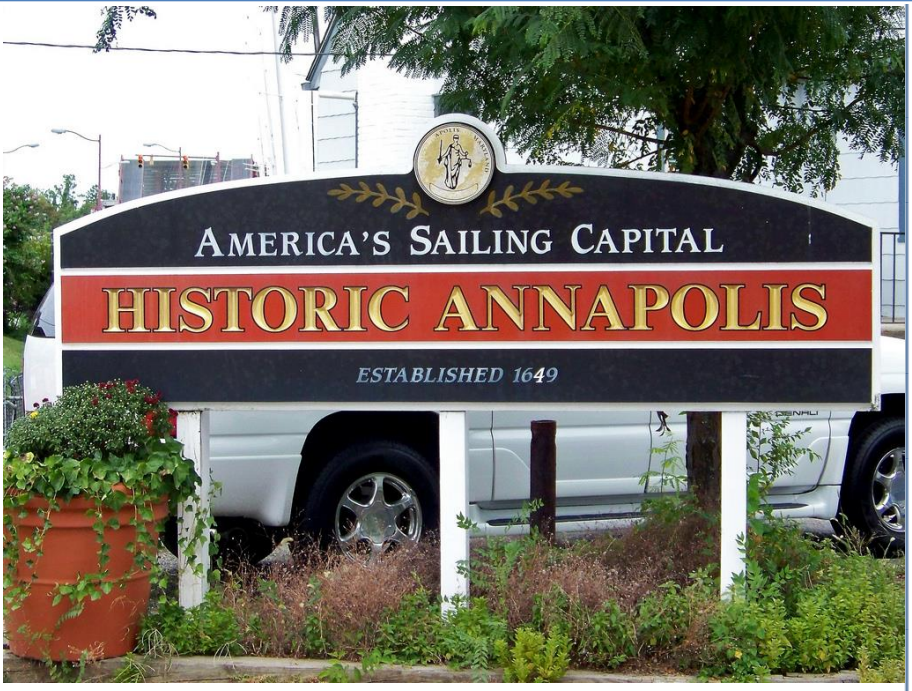
2013

City of Annapolis Maritime Industry Economic Survey





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Market Economics
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EXECUTIVE SUMMARY

SUMMARY

The 2013 analysis of the maritime businesses in the City of Annapolis confirms it as a major East Coast center for the selling and buying of recreational boats. In the recent recession, the maritime industry weathered the worst economic decline since 1932. They are still under constraints for affordable space for growth faced with rising rents and land costs. There has been a slowing in the number of new businesses relocating in Annapolis. Maritime businesses are the largest private sector employers in the City of Annapolis.

BACKGROUND

In 1987, the mayor and city council approved the creation of the Maritime Zoning Regulations. They stemmed from a concern for retaining and growing maritime businesses in the City of Annapolis. Previously there have been four maritime business studies done of the City of Annapolis.

The initial study done by Litpon and Greer (1992) University of Maryland Sea Grant College Program identified Annapolis as a "maritime shopping center" with a critical mass for one-stop shopping for goods and services. In 1993, City Planning and Zoning Department under the direction of the Maritime Advisory Board, a city appointed board composed of maritime business leaders conducted a "Maritime Industry Survey." The survey identified 200 known maritime businesses in the City of Annapolis, with a response rate of 50.5 percent or 101 businesses.

The third study by ZHA in 2002 used the same

questionnaire developed by the City of Annapolis Planning and Zoning Department in the 1993 study. It revealed a shift in the client base toward the Washington-Baltimore regional market since 1993. A fourth study by Market Economics in 2008 used the same questionnaire used in the 2002 study, which highlighted the need for business retention and creation of a Maritime Enterprise Zone.

INTRODUCTION

U. S. MARITIME INDUSTRY

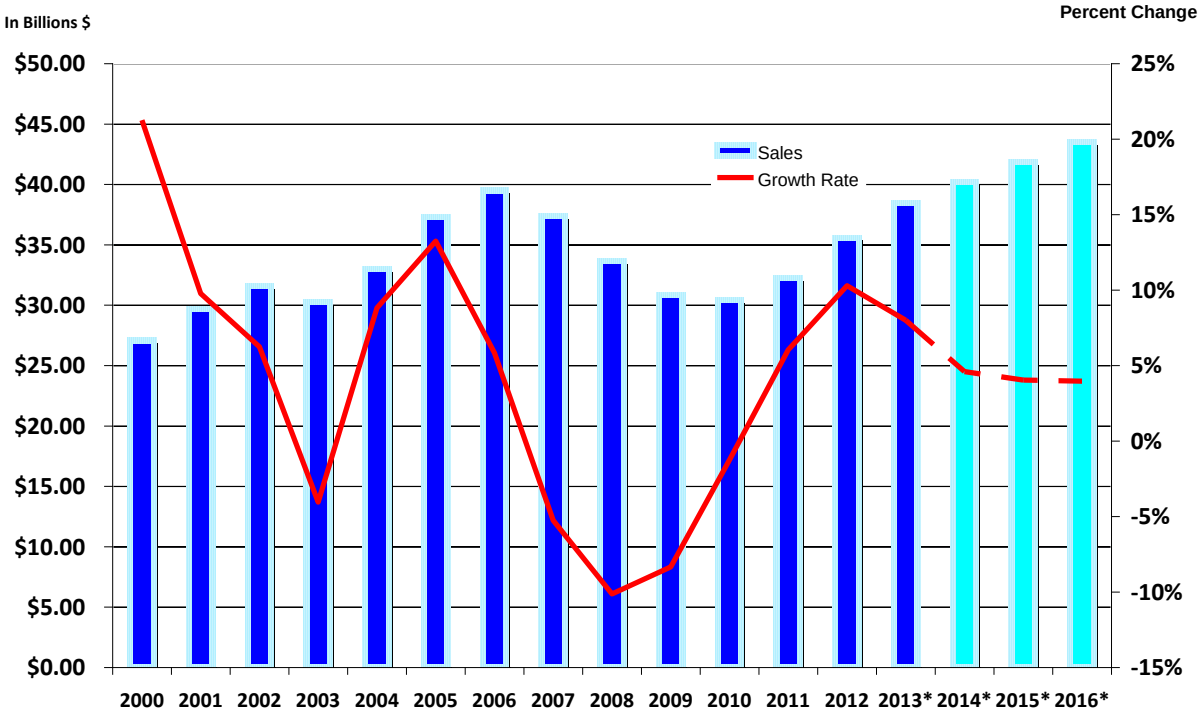
INDUSTRY SEGMENT

Recreational boating makes up a major portion of the maritime industry as defined in this study, but also includes water sightseeing and water taxi service. Recreational boating represents less than 1 percent of U.S. Gross Domestic Product. As an industry, it reflects consumer disposable income estimated in 2013 to account for $38.7 billion in retail expenditures and new sales. This is near the peak in 2006 of $39.5 billion showing recreational boating has nearly recovered. As an industry, recreational boating is very sensitive to consumer confidence and consumer spending. During the previous recession of 2001 overall recreational marine spending did not decline, but increased by 9.8 percent. The explanation was a rising stock market values and an increase in housing market values which helped push consumer spending on recreational boating.

RECENT SALES TRENDS

The growth in retail expenditures in the boating sector peaked in 2006 with a growth of 45.9 percent, up from $22.3 billion in 2000 to $39.5 billion in 2006. The "Great Recession" followed with a decline in 2007, down by 5.3 percent. Boat retail expenditures continued to decline bottoming in 2010 at $30.4 billion, down by 22.9 percent from 2006. Since 2010, there has been a steady growth upward by 6.0 percent in 2011 and 10.3 percent in 2012 and an expected 8.8 percent increase in 2013. The outlook is that retail recreational boating expenditures will climb through 2016, with an estimated annual growth of 6.9 percent.[1]

FIGURE 1
U.S. ANNUAL RECREATION BOATING RETAIL SALES 2000-2016*



Source: National Association of Marine Manufacturers, 2012 *Market Economics, Forecast

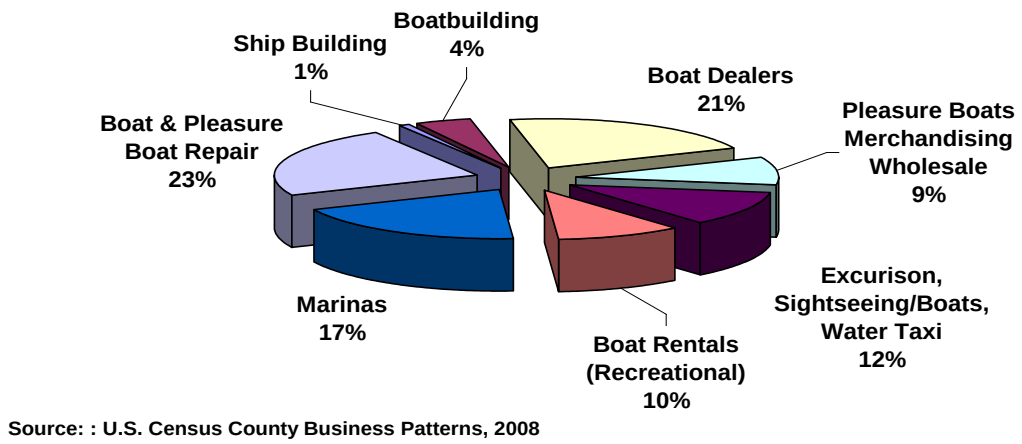
ANNAPOLIS, MARYLAND MARITIME INDUSTRY

The City of Annapolis has been a small center of boat manufacturing dating as far back as the 1700's, with The Ship Carpenter's Lot at the foot of Prince George Street. The modern area boat building included builders such as Chance Marine Construction Corporation building submarine chaser for World War I, Annapolis Yacht Yard building patrol boats for World War II, and John Trumpy & Sons building motor and sailing yachts. Owens Boats builder of smaller powerboats and cruisers started on Spa Creek. A national surge in recreational boating more than doubled between 1950 and 1960, up from 3.5 million to 7 million. Since the 1960's, the City of Annapolis is known as the home for buying and selling of boats and the marine retail center. By the mid 1970's, recreational boating reached 8 million. This rise led to several City of Annapolis boat builders establishing production shops including Condor LTD, J. Gordon, Craine Brothers, Belkov Yacht Company, and Performance Cruising. There have been from time to time custom boat builders constructing individual boats, but chose other locations for production. The remaining boat builders in the City of Annapolis include Belkov Yacht Company and Chesapeake Light Craft.

CLUSTERING OF MARITIME BUSINESS

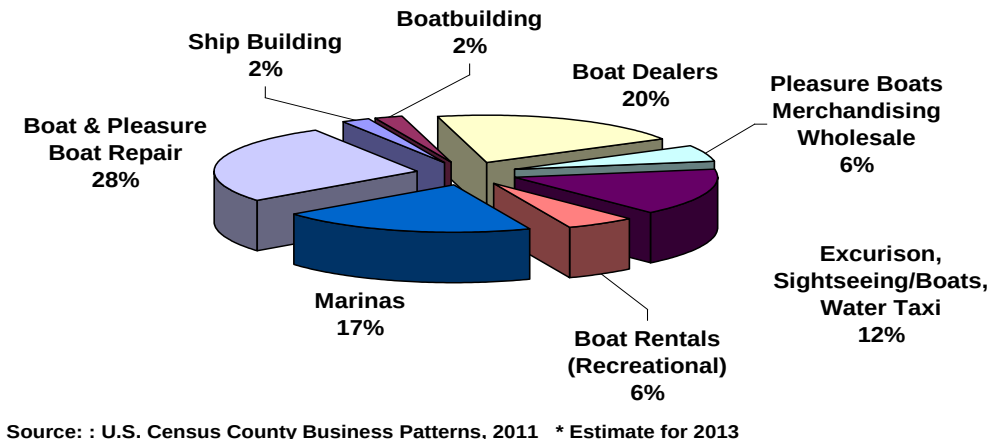
The 2013 survey found that 90 percent of the maritime businesses who responded are within the zone. Maritime businesses tend to cluster around major repair marinas that offer haul-out of boats for repairs and for surveys. This clustering reflects the size of boats requiring lifting equipment as opposed to easily transportable boats via trailers and car rooftops. The distribution of Annapolis maritime businesses shows the largest concentration in pleasure boat repair companies followed by boat dealers (boat brokers and new boat dealers). The City of Annapolis has nearly 15 percent of all the maritime businesses in Maryland. The City has 24 percent of the boat building businesses in the state. Excursion, sightseeing boats, and water taxis comprise 21 percent of the state's share of these types of businesses. Boat dealers account for 21 percent of the maritime businesses in the City as depicted in Figures 1 and 2 for 2008 and 2013 respectively

FIGURE 2[1]



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

FIGURE 3[1]



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

CITY OF ANNAPOLIS COMPOSITION OF MARITIME BUSINESSES 2013

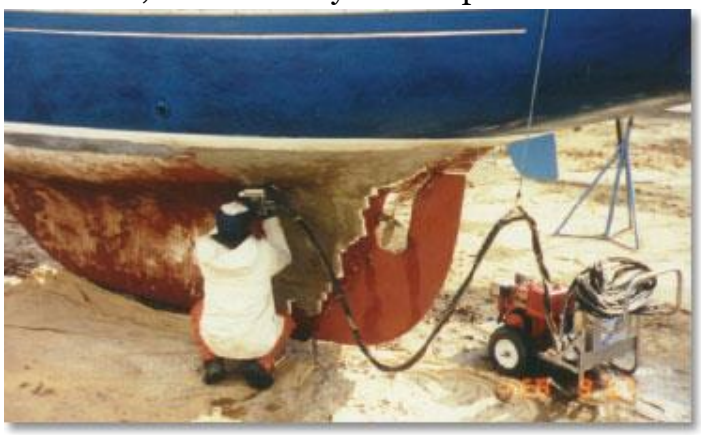
TABLE 1

Maritime Industry Composition by Business Type	
Ship Repair	2.3%
Boat Building	2.3%
Pleasure Boats Merchandising Wholesale	5,7%
Boat Rentals	5.7%
Excursion Sightseeing Boats, Water Taxi	15.9%
Marinas	20.5%
Boat Dealers	20.5%
Boat Pleasure Repair	27.3%

Source: U.S. Census County Business Patterns, Estimate 2013

ANNAPOLIS MARITIME BUSINESS SURVEY

The Annapolis Economic Development Corporation commissioned Market Economics to analyze a survey of the city's maritime industry. In January, February, and March 2013, an electronic survey was conducted of Annapolis City located maritime businesses. With proper precautions, the 2013 survey is comparable to the 2008 survey and the 2002 survey. Essentially, the same 20-question survey instrument was used by all three surveys. Additional questions were added in the 2013 survey to assess attitudes. Although "business samples" are referenced, both surveys attempted to reach all businesses within the scope of the study. Thus, all three surveys were "universal" measures of maritime businesses existing at the time of each survey. As described below there may be some distinction in the actual boundaries of the survey areas.



The 2013 survey used electronic survey measures in which businesses were contacted via email and telephone along with a postal card with instructions how to complete the survey online. The 2013 survey identified a slightly larger number of businesses and included several non-profit organizations. For the 2013 survey, there were 68 responses from a total of 242 businesses, resulting in a response rate of 27.0 percent. The 2008 survey had 84 responses from 212 businesses, while the 2002 survey resulted in 101 usable responses from a total of 275 businesses. The response rate was 36.7 percent in 2002 and 39.6 percent in 2008.

The geography of the 2013 survey is limited to businesses inside Annapolis City comprising the three major zip codes of 21401, 21402, and 21403. In contrast, the 2008 survey found 25 percent of the businesses surveyed were located near but outside the city limits. Market Economics consulted Dun and Bradstreet, a third party proprietary employer database to help understand the completeness of the business list that was used for the 2013 and 2008 surveys

Since the number of businesses contacted in each survey is different, comparisons between surveys are presented in percentage, average, or number formats as appropriate. In addition, survey questions are analyzed for the City of Annapolis as indicated in Table 2.

Significant Business Types

Comparing the three surveys, all three show that the category Yacht broker/dealer remained the highest number of responses as shown in Tables 2, 3, and 4. Three (3) other business types remained significant, but their ranks changed as four (4) additional significant business types were recorded. The expanded list of significant business types between 2002 and 2013 suggests a broadening of Annapolis' core maritime industries. This suggests that the existing maritime businesses have increased their diversification to capture a variety of marine services. For example, a sailmaker may advertise canvas covers including bimini tops and tent booms. Woodworking/Carpentry is only a small portion of boat repair, but is inclusive of painting and fiberglass/composite repair.

SIGNIFICANT MARITIME BUSINESS TYPES IN ANNAPOLIS CITY: 2002, 2008 AND 2013

Table 2

2002 Business Type	Respondents	% Response	Share of Rank
Yacht Broker/Dealer	21	20.8%	1
Marine Hardware	14	13.9%	2
Marinas, Slips only	14	13.9%	3
Rigging/Fabricators	12	11.9%	4

Table 3

2008 Business Type	Respondents	% Response	Share of Rank
Yacht broker/Dealer (rs)	11	17.7%	1
Marine Electrical (gs)	10	16.1%	2
Woodworking/Carpentry (gs)	9	14.5%	3
Rigging/Fabricators (rs)	9	14.5%	4
Marine Hardware (rs)	8	12.9%	5
Marina/Boatyard (gs)	7	11.3%	6

Table 4

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/Boatyard (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

EMPLOYMENT

In the current 2013 survey, 242 maritime businesses were identified and 66 responded to report employment of 451 persons. Average employment was 11.9 or 12 and median employment was four (4). When the outliers were removed, the average employment declined to 6.7 employees. Some of the outliers accounted for seasonal events such as the Annapolis Boat Shows, which result in a ramping up of temporary employees. Once the events were over temporary employment was ended and employment returned to more steady state.

The particular concern is arriving at the universe of total maritime employment because of the response rate. Using the same methods for gathering names of maritime businesses in 2002, 2008, and 2013 there were 275 in 2002, 212 in 2008, and 242 in 2013. The 2013 estimate uses the 68 businesses that responded with reported employment of 793 persons. The estimate of the number of non-responding businesses is 174. The researchers use average employment of 11.8 employees per business to estimate employment of the non-responding businesses. This produces 2,053 persons. Adding the 793 persons and 2,053 brings the total employment estimate of 2,846 persons.

In the 2008 survey, there were 84 maritime businesses identified within the City of Annapolis of which 63 responded, reporting employment of 680 persons. Average employment was 10.8 and median employment was six (6) employees. Market Economics noted the presence of an "outliers" significantly raising the average employment of all respondents; these were firms that experienced seasonal event. The outlier was removed and the average employment for responding businesses declined to 8.8 employees.

The 2002 survey concluded that there were between 1,650 and 1,787 persons employed by the marina industry in 2002. There were 275 businesses surveyed. Businesses responding (101) indicated they employed 1,386 persons at the time. The range for total employment was determined by multiplying the median of six (6) or the average of 6.5 employees for the 101 responding businesses by all of the employers that were surveyed (275).

To maintain consistency, the results of the 2013, 2008, and 2002 surveys are reported. Results are shown in Table 5 below.

ANNAPOLIS MARITIME INDUSTRY EMPLOYMENT ESTIMATES

TABLE 5

Survey Year	Low	High	Average
2002	1,650	1,787	1,719
2008	1,305	1,525	1,415
2013	1,651	2.904	2,278

Source: City of Annapolis Maritime Survey, 2013

FULL-TIME PART-TIME AND CONTRACTUAL EMPLOYMENT

During the period between 2013 and 2008 surveys, the proportion of workers full-time declined to 44.6 percent, while the proportion of part-time workers rose to 50.2 percent. This reversed the earlier survey period between 2008 and 2002 where the portion of full-time workers grew.

PERCENTAGES OF FULL-TIME, PART-TIME, CONTRACTUAL EMPLOYMENT 2002-20013

TABLE 6

Emp. Type	2002 Survey*	2008 Survey **	2013 Survey
Full-time	47.5%	68.7%	44.6%
Part-time	52.5%	27.0%	50.2%
Contractual	N/A	4.3%	5.2%

Source: City of Annapolis Maritime Survey, 2013 * Includes outside City **City Only
Note: The survey year reflects the previous year employment outlook

These changes suggest two sides of the business cycle. In the 2013 and 2008 survey periods, the maritime industry had gone through the Great Recession of 2007-2009. In 2013, employers shifted to the use of part-time workers as the recovery remained uneven. In the prior survey period of 2002 and 2008, the work force grew more stable and permanent over the six years.

PAYROLL

Over the survey period of 2008 to 2013, aggregate payrolls of respondents declined by 27.9 percent or a loss of $4.8 million from payrolls. This compared to a national increase of 51.5 percent and a gain of $13.6 billion. The 2013 survey had 55.9 percent (38) of the businesses providing annual payrolls amounts that, when aggregated, totaled $12,417, 500. This compared with 2008 where 37 employers, slightly over half of all businesses surveyed reported total aggregated payrolls of $17,233,860.

The average annual payroll of businesses who responded to the 2013 survey declined by 28.3 percent from 2008. The number of respondents and employees remained the same in both surveys. Comparison to the 2002 survey found the average annual employee pay increased by $8,281, up by 29.3 percent between 2008 and 2002. The 2008 average annual pay of $36,512 is significantly above the rate of inflation of the 2002 wage adjustment of $34,333 or the nominal average annual pay of $28,231.

WORKFORCE AVAILABILITY

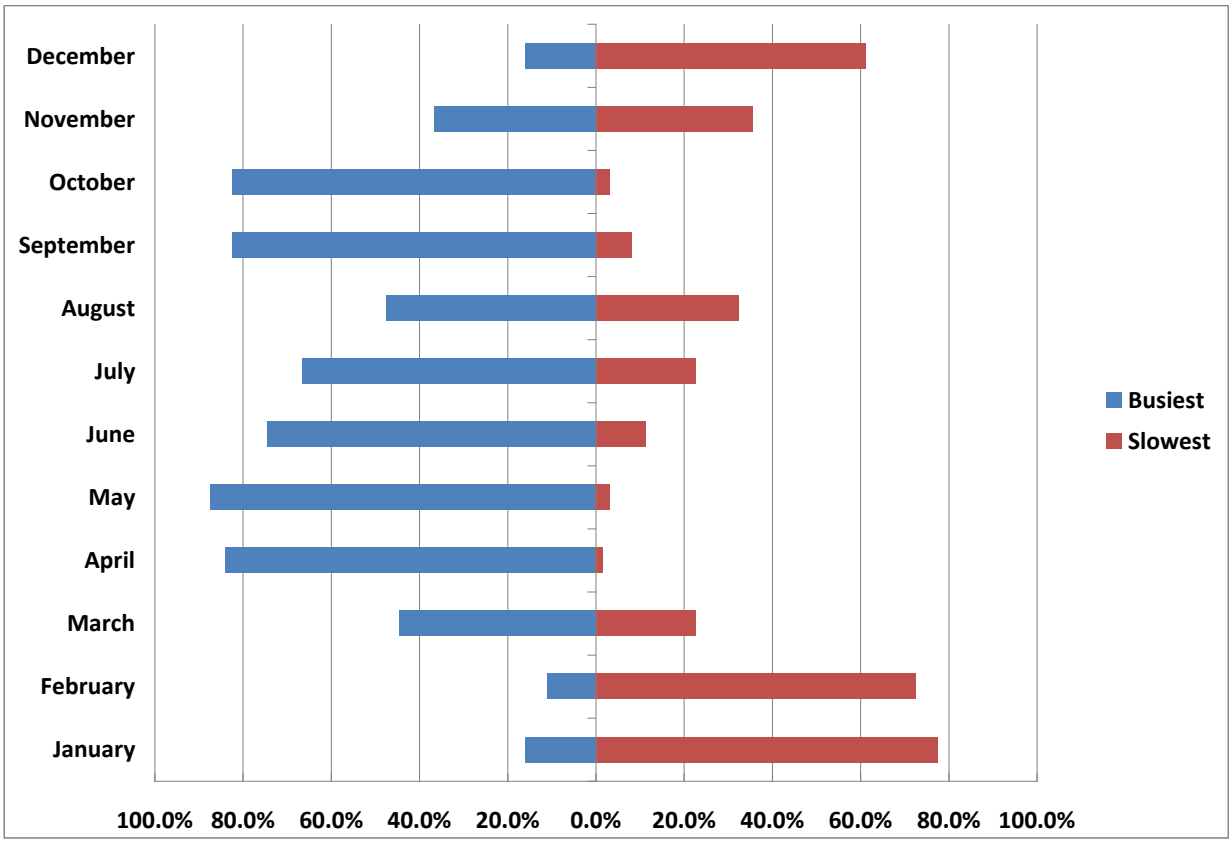
The 2013 survey asked respondents if they had difficulty recruiting their workforce. Twenty-eight percent said they did have difficulty recruiting their workforce. Subsequent interviews with a selected group of business owners touched on the difficulty of training their staff with new retailing methods. Another business owner cited the high rate of employee turnover as a workforce difficulty; after spending time training someone the worker would leave. This was frequent in the boat repair industry where it takes a year to develop a skill. Also, cited in the interviews was a need for maritime technicians with skills in electronics for both instruments and engines. Write-in responses suggested the need for specific maritime industry training such as composite material composition and marine electronics.

SEASONALITY

The 2013 survey examined the seasonal variation in maritime business by asking what the busiest months of the year are and what the slowest months of the year are. The results are shown in Figure 4. The highest percentage of respondents said May was the business month of year followed by April, with an equal percentage of responses for September and October.

January was reported as the slowest month of the year by largest number of respondents followed by February, November, and December. The variation in the weather may cause greater severity in business performance during the winter months more so than the summer months.

FIGURE 4
BUSIEST MONTHS OF THE YEAR 2013



MARITIME BUSINESS REAL ESTATE: AREA, OWNERSHIP AND LOCATION

Businesses were asked about their facilities in terms of square footage, whether they owned or rented their place of business, and if proximity to the water was critical to business operation. The 2013 survey found maritime businesses occupied a total of 2.1 million square feet of space in their operations including interior and exterior space. This was triple to the reported occupied space from the 2008 survey results of 721,133 square feet. This substantial increase in space requirements reflects the rise in the average size of boats within the last five years from 33 feet to 40 feet and in turn, marinas have expanded their slip length and width to accommodate the larger boats.

Regarding ownership versus renting, the 2013 survey respondents indicated 26.6 percent reported owning their building, up from 21 percent in the 2008 survey. The percent of businesses who rented in 2013 was 73.4 percent rented compared to 79 percent in the 2008 survey. The 2002 survey respondents indicated 30 percent were property owners and 70 percent were renters. These trends reflected the business cycle

of property acquisition as business and property valuation. The 2002 survey period reflected lower property valuation as business owners acquired property. By 2008, property values rose significantly and it became cheaper to rent than to own. Over the period of 2008 and 2011, property values declined as did commercial financing making it more attractive to purchase for the few surviving businesses.

ORIGIN OF CUSTOMER BASE

The 2013 survey of the origin of the customer base was similar to the 1993 survey, which followed a recession, the recession of 1990-1991. The 2008 survey reported the origin of the customer base had expanded to international markets, which then contracted in 2013, down by 5.6 percent. This reflected a slowdown in larger boat orders, which take six months to one year for delivery from Asian builders. The surveys did not distinguish the flow of international business as to imports or exports. Comparative currency values can help explain the flow of international trade and the overall increase in the international share of customer base. However, the 2007-2009 recession not only affected U.S. consumers, but also those in Europe and somewhat less so those in Asia. This led to the decline of international customer base from a 14.9 percent share in 2008 to a 9.3 percent in 2013.

ORIGIN OF CUSTOMER BASE

TABLE 7

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

As result, the origin of the customer base shifted markedly to local markets as the industry attempted to reduce costs related to exporting and importing. It was less

expensive to increase local marketing efforts than to attempt to market internationally.

LONGEVITY OF BUSINESS

The current survey asked how long the owners had been in business. The average years in business were 25.6 years with a median of 23 years. The respondents included the age of the establishment, which ranged between 1 and 90 years. In 2008 survey, the average was 19.5 years and the median was 17 years in business. The average remains stable since the 2002 survey, which measured the average age of the business surveyed of 20 years.

The share of new business doubled from 8.4 percent in 2002 to 17.5 percent in 2008, but declined to 15.9 percent in 2013. This accounted for the significant increase in average age in 2013 to 25.6 years, while dropping slightly from 20 years in 2002 to 19.5 years in 2008. However, there is a significant increase in the businesses more than 30 years of age, up from 14.7 percent in 2002 to 17.5 percent in 2008 to 31.7 percent in 2013.

MARITIME BUSINESS LONGEVITY

TABLE 8

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

LOCATIONS OF BUSINESSES

The 2013 survey asked owners if their business was located inside or outside of the Maritime Zone. Mapping of the business addresses found 91.8 percent of the responding businesses were located inside the Maritime Zone and 8.2 percent were outside of the Maritime zone. Seventy-one percent of the respondents said access to the water was critical to their business and this was reflected in their response of how far they are located away from the water. Seventy percent of respondents said they had to be within 1,000 feet or on the water for the type of work they performed.

MAP 1
CITY OF ANNAPOLIS MARITIME ZONES

Of those that said access to the water was not critical, they reflected businesses that conducted internet sales, publishing, or marketing where water access was not important. The 2008 survey reported identical percentages, 71 percent of the respondents stated that access to the water was critical to their business. This was a marked increase from the approximately 55 percent who so indicated in 2002.

The 2013 survey asked how long had they been at their current location; the results found that the average was 14 years. This provides evidence that 41 percent of the maritime businesses have not changed locations and 58 percent have changed location to remain in business in Annapolis. The survey respondents did not report what motivated their move. However, 23.9 percent of respondents have more than one location suggesting long investment in Annapolis locations. The majority of respondents were sole enterprises, while only 6 percent were a franchise.

Fifty-five percent of the respondents reported they chose locations in the City of Annapolis because it was a maritime center, "the Sailing Capital". For a quarter of the respondents, the reason they gave for the Annapolis location was they were born here. The remainder of respondents cited the purchase of existing business and the quality of life.

Business Income

In the 2013 survey, 56 percent of all respondents reported their gross business income compared to 46 percent in 2008. The 2013 average annual gross business income was $1,558,802 down from $3,487,662 in 2008 and from $2,155,498 in 2002. In 2013, the median annual gross business income was $475,000 versus $770,300 in 2008 and $600,000 in 2002. The most frequent 2013 responses were from two businesses with gross business income of $250,000 compared with 2008 of $500,000 and 2002 of $800,000. The range of business incomes reported varied between $1,400 to $16,000,000 in 2013 and $32,000 to $32,000,000 in 2008 and $25,000 to $40,000,000 in 2002. The 2013 total gross business income of all responding

businesses was $57,675,684, while the 2008 income was $101,142,192.

Comparing the three 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. For the period of 2002-2008, median gross income rose 28.4 percent.

Business Conditions

The 2013 survey departed from the previous surveys in asking the respondents to compare their current condition to one, two, and five years ago. Current business conditions compared to a year ago show slightly more than half of the respondent (53.3 percent) saw their condition being better. Stepping back two years ago to the end of 2010 and beginning of 2011, 64.8 percent of the respondents saw their current condition better. A comparison of five years ago (2007-2008) only 29.4 percent saw current conditions as better.

Of the 2013 respondents, 8.3 percent reported business conditions as worse than a year ago. From the 2008 survey, 33.4 percent of respondents reported either somewhat worse or considerably worse business conditions compared to the previous year. In 2002, 23.1 percent of respondents reported conditions were somewhat or considerably worse than the previous year.

ANNAPOLIS MARITIME BUSINESS CONDITIONS

Table 9

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
Considerable Worse	6.3%	5.3%	8.3%	13.0%	56.9%

Source: City of Annapolis Maritime Survey, 2013

Fewer businesses reported improved business conditions in 2008. Only 29.9 percent of businesses surveyed reported conditions were considerably better or somewhat better than one year ago. This compared to 47.4 percent in 2002. When 2013 respondents looked back two years, business conditions had improved from the 2011-2010 period for 64.8 percent of respondents. In comparing to five years ago, more than half of the 2013 respondents (56.9 percent) felt current conditions were worse. In contrast, 29.4 percent felt conditions were better than five years ago and 13.7 percent felt conditions were the

same.

These findings are in keeping with the general economic conditions at the time of the surveys, as compared to the periods they referenced. The 2013 survey shows that economic conditions are better than the previous year, but there remains a segment where conditions are the same and have remained that way over the survey periods. Just right after the beginning of recession that began after the peak in December 2007 i.e., nearly five years ago, the respondents compared today's conditions as far worse. During 2008, consumers had only begun to reduce purchases as housing values moderated.

BUSINESS MEMBERSHIP

Eight-three percent of the 2013 respondents indicated they are members of professional organizations. The professional affiliation reflected membership in their industry group. The most frequent association was the Marine Trades Association of Maryland, the Association of Yacht Sales Professional, and Eastport Business Association. Other professional organizations that were mentioned by more than one respondent included the National Marine Manufacturers Association and the American Boat and Yacht Council. The high percentage of membership reflects a commitment by the surveyed businesses to an identification with the maritime industry.

ANNAPOLIS MARITIME BUSINESS MEMBERSHIPS

TABLE 10

Organizations	2013 Percent Cited*
Marine Trades Association of Maryland	20.6%
Association of Yacht Sale Professionals	11.8%
Eastport Business Association	8.8%
National Marine Manufacturers Association	5.9%
American Boat and Yacht Council	5.9%
All Other	47.1%

*Based on multiple responses
Source: City of Annapolis Maritime Survey, 2013.

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. Far fewer of the 2013 survey respondents advertised in printed magazines than those surveyed in 2008. In the 2013 survey, the Internet became the most often mentioned source of advertisement followed by Spinsheet (15 responses), the Portbook (11 responses), PropTalk (7 responses), Sailing World Magazine (6 responses), Chesapeake Bay Magazine (5 responses), and Cruising World (4 responses). Yachting World, Sailing, and What's Up Annapolis were mentioned in 4 responses.

The 2013 survey asked specifically about the business benefits from regattas. The respondents reported that 25.8 percent saw no benefit, while 74.2 percent reported little to strong benefit. On average, the respondents saw "some measurable benefit" from regattas. However, when the question was asked about the benefits from the Annapolis Boat Shows nearly ninety percent (89.4 percent) received some form of benefit.

Business Assistance

When asked what the Annapolis Economic Development Corporation could offer in the way of business assistance, the most frequently cited response was networking by 34.1 percent. Following networking, marketing was reported by 30.6 percent of respondents. Marketing involved promoting the maritime industry in the City of Annapolis and retaining maritime businesses in the Maritime Zones. An equal percentage of businesses cited financial assistance and workforce development, 12.9 percent. A smaller percentage of the businesses responded that assistance with City permit processes would be helpful (7.1 percent) and 2.3 percent reported relocation assistance could help. Other responses included effective use of the Maritime Zones by addressing rising property tax assessments at the highest use as well as protecting and enhancing the zones.

BUSINESS ASSISTANCE
BY ANNAPOLIS ECONOMIC DEVELOPMENT CORPORATION

Table 10

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

RECOMMENDATIONS

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 Marine Trades Association of Maryland and American Boat and Yacht Council. Offer a series of seminars similar to the International Boatbuilders Exhibition and Conference (IBEX) where special training and application could be offered to the maritime businesses.

Complete the final implementation of the Maritime "Enterprise" Zone that would address the continued acceleration of rising assessment of maritime property by offering a cap on assessed value. A second part of the implementation of the Maritime "Enterprise" Zone would offer tax credits for new worker hiring and training. A third implementation is to formalize the current Maritime Advisory Board with great authority to promote maritime business. Maritime property values continued to rise by 10 percent and during the 1980's and there were several proposed residential development plans along the waterfront. Another proposed plan as part of the Maritime Zone was offering tax credits to maritime businesses to expand and develop. In 1985 during the initial discussions of the creation of Maritime Zones, there was a proposal of reduction in property assessments by offering a cap on assessed value. This was similar to the state of Maryland's Enterprise Zone in which tax credits are offered for every new worker. A third proposed plan was a creation of a "quasi-public authority" to promote maritime businesses.

A Maritime Business loan guarantee program for small, for-profit maritime businesses located in the City of Annapolis has The program is intended to encourage maritime business development through the establishment of new businesses and growth of existing businesses. Loan proposals with a positive effect on job creation and retention, the abatement of building deterioration, and service to low-moderate income individuals The loan guarantees offered by the city of Annapolis would cover a maximum of 25% of the loan provided by participating lending institutions. Similar programs have loans that have ranged between $4,000 and $50,000. The City of Annapolis could use the Community Development Block Grant or credit issued to fund loan guarantees.

Development of a joint marketing of the maritime businesses combining the resources of the Marine Trades Associate of Maryland and the Maryland Marine Contractors Association and the City of Annapolis Economic Development Corporation and the Annapolis & Anne Arundel County Conference and Visitors Bureau. Grant assistance from the Maryland Office of Tourism should be applied for to promote maritime tourism.

Maritime Recognition and identification-restoring the sign on Rowe Boulevard "Annapolis The Sailing Capital" and increasing 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.

The 2013 analysis of the maritime businesses in the City of Annapolis confirms it as a major East Coast center for the selling and buying of recreational boats. The maritime businesses underwent the worst economic decline since 1932. In response to the national economic decline, Annapolis maritime businesses reduced employees as consumer demand decline. They are still under constraints for affordable space for growth faced with rising rents and land costs. There has been a slowing in the number of new businesses relocating in Annapolis. Maritime businesses remain one of the largest private sector employers in the City of Annapolis.

REFERENCES

[1] Market Economics estimates based on revision of 5.1 percent and 8.8 percent estimate from Freedonia 2012 report.