# St. Marys Marine Industrial Park Market Assessment

*Prepared by*

**THOMAS J. MURRAY & ASSOCIATES, INC.**

October 2016

*On behalf of*

**CAMDEN COUNTY JOINT DEVELOPMENT AUTHORITY**

Assumptions and Limiting Conditions

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## EXECUTIVE SUMMARY

- The St. Marys region[1] has the potential to be an important location for the repairing and servicing of a growing population of recreational watercraft.
- By most industry accounts there is an acute lack of marine service providers in the region and particularly in the immediate St. Marys and Brunswick area.
- In recent years the boating industry has resumed expansion in the region, and from a strategic position such as St. Marys, the forecast for the industry is quite positive.
- The logistical constraints facing other boating service centers serve to enhance St. Marys' competitive position. St. Marys manifests virtually unlimited access in terms of controlling water depth, access to the open ocean, a sheltered location, and significant redevelopable waterfront property.
- Relative to the competition, the region's assets include advantages in labor force, technical training, and a generally positive operating environment.
- The strategic location of a St. Marys facility in the south east coast of the U.S. places it at the center of the south Atlantic's boating activity, affording opportunity to service and provision the regions' expanding boat population.
- The presence of the AIWW proximate to the subject site would appeal to resident and transient boaters who enjoy long-range cruising and, depending on the ultimate

[1] The "market region" is considered to include Savannah to Brunswick and the Golden Isles, St. Mary's, Amelia Island, GA; Duval County--AIWW and St. Johns River, FL.

development program at the site, could appeal to transiting AIWW boaters who are looking for new and interesting waypoints.

- As the boating industry relies increasingly on high tech fabrication, maintenance and repair it will be seeking new locations like St. Marys, Georgia. To businesses which rely on highly skilled workers, a good location with an appealing climate, good housing and other compelling virtues like schools for young families, is a significant attraction.

## ***INTRODUCTION***

This study has been completed on behalf of the Camden County Joint Development Authority (CCJDA). The analysis provides an assessment of the market feasibility for a potential St. Marys' Marine Industrial Park (MIP). The park would provide a location to attract a cluster of marine businesses including servicing, repair, provisioning, and ancillary enterprises. The assessment of market potential is reached by completing the following tasks:

1. *Assess potential market demand for boating-related services.*

   - Evaluate trends in boat sales, and the sizes and numbers of recreational boat registrations in the region.
   - Determine regional status and trends in growth of recreational boating-related infrastructure including marinas, provisioning, and boat-repair and supply facilities.
   - Identify any competitive disadvantages, gaps, or impediments, which might impact the future development and success of recreational marine business at St. Mary's Marine Industrial Park.

2. *Analyze potentially competitive facilities.*

   - Conduct brief competitive interviews, and business data collections in Northeast Florida, and Georgia.
   - Gather local and regional industry intelligence, and government associated data and indicators concerning relative growth and outlook of the recreational boating-related marine industry in the region. Relevant information on prevailing local taxes and property values will be summarized as available.
   - Evaluate similar industrial parks in North Carolina in terms of financial trends, capacity utilization, etc.

For the market assessments outlined above, the sources underlying the analysis consist of published data, industry interviews, and surveys. The Georgia Department of Natural Resources and Florida Department of Motor Vehicles provided necessary data on registered recreational watercraft trends and locations. Complementing that information, Thomas J. Murray & Associate's ("Murray & Assoc.") private sector contacts were utilized at the region's marinas and boat dealers, to gather current unpublished information on outlook for various boat related services, existing competition for those services, and gaps in the market which might inform CCJDA.

## ***METHOD***

In an effort to conduct a deeper assessment of the health of the recreational marine market in the St. Marys subject area, Murray & Assoc. identified a "market region" from Savannah, Georgia to Jacksonville, Florida[2]. Based upon local knowledge of how far boaters are willing to travel for service, twenty-five existing marinas and boatyards were profiled in this region. Information on typical boat sizes and occupancy levels was compiled. In addition, a review of amenity offerings and support facilities was conducted.

Interviews were conducted with fourteen of the sites—four in Georgia, and ten in Florida. Additional follow-up in-person meetings were conducted with key facility managers from Savannah to St. Marys. [3]

Georgia is home to several boat manufacturers who were contacted as well, to provide a broader perspective on the region's marine industry trends and customers in the state. Of the eight facilities identified, four were interviewed and research was conducted on the manufacturers to better understand their businesses and what they built.

Finally, to gain a better understanding from the boater perspective, our association with local boat owners in the region was utilized to gather their perspectives: what services they regularly require, which are difficult to find, who they currently use for service; and their thoughts on a St. Marys MIP for boater services.

## ***RECREATIONAL BOATING INDUSTRY TRENDS***

### Nationwide

Since the late 1990's there continued an expansion in boating nationwide. Primarily fueled by the growth in personal watercraft, new boat sales grew until 2005.

A national "boating recession" began in 2006. Associated with these national trends in ownership was an accompanying decrease in overall expenditures associated with the

[2] The "market region" is considered to include Savannah to Brunswick and the Golden Isles, St. Mary's, Amelia Island, GA; Duval County--AIWW and St. Johns River, FL.

[3] The facilities that were not interviewed were either transient only, such as the docks set aside for boaters coming to Jaguar football games, were attached to condominiums as an amenity to the home owners, or the managers did not or could not speak to us due to their time constraints.

sport, both statewide and in this region. However, beginning in 2010-2012, this trend began to reverse, with most states seeing a slow recovery.

In 2014, the recreational boating market had an economic impact of almost $35.4 billion, with sales of new boats amounting to just over $ 6 billion. Retail sales of pre-owned boats had a value of almost $9 billion. 11.8 million recreational watercraft were registered in the US in 2014 – 2% below 2013.

Relative to other recreational pursuits, boating compares quite favorably in terms of the percent of the U.S. population indicating they are participants. 87.3 million US adults participated in recreational boating in 2014 – representing 35.7 % of the U.S. adult population. In contrast, only about 9 percent indicate they play tennis, and only about 8 percent indicate they are golfers.

According to studies from the National Marine Manufacturers Association (NMMA) the number of adults boating in the U.S. has grown at a compounded annual growth rate of 3.2 percent from 2002 to 2012. In contrast, the U.S. Census Bureau estimates that from 2002 to 2012 the number of adults in the U.S. grew at a much smaller rate.

The most popular boating activities are fishing from a boat, cruising, socializing while on a boating trip, and swimming/diving from a boat. Most boaters are accompanied by friends (61.1%), their spouse (54.2%), and/or their children (44.9%).

The popularity of paddle sports and the use of non-motorized vessels are increasing throughout the country. According to The Outdoor Foundation, 21.7 million Americans enjoyed paddling in 2014. This equates to 7.4 percent of the United States population and represents an increase of nearly 10 percent since 2010.

Kayaking is indicated as the most popular form of paddling, with 13 million Americans participating. Kayakers are identified as the most avid paddlers, averaging more than eight outings per year. Demographically, kayaking is most popular among young adults between 18 and 24, and 62 percent of kayakers in this age group are female.

## Georgia and the St. Mary's Region

According to statistics compiled by the U.S. Coast Guard and the National Marine Manufacturers Association's (NMMA) *Recreational Boating Statistical Abstract of 2015*, Georgia is home to 327,657 registered recreational boats. Of those 1% are sailboats, 83% are powerboats, and 13% are personal watercraft (jet skis).

Annual retail sales of new boats, engines and marine accessories in the State total $490.6 million. There are 661 marine businesses in the State employing 12,712 people. The total economic impact of boating in Georgia is estimated by NMMA to be $3.3 billion.

St. Marys is located in Georgia's 1st Congressional District, where there are 35,863 registered boats, and 146 maritime businesses that directly employ 1,320 people. The total economic impact of the recreational boating industry to the District is an estimated $342.4 million.

St. Marys region accommodates a mix of sail and powerboats, catering to both local and a transient population. Generally boats are a moderate size with smaller vessels taking advantage of several dry-stack storage facilities in the area. The smaller vessels are predominantly local customers while the bigger boats are more often seasonal or customers driving from up to six hours away.

The region's location is a key to it's potential; capitalizing on its position by accommodating both boats and owners that spend the hurricane season in Georgia and then head out to Florida, or the islands for the winter. This is often attributed to the marine insurance navigation warranties, which frequently exclude coverages on boats that are stored south of the 31st parallel during hurricane season.

### *Boat Registration – Number, Size, and Spending*

Most recent Georgia statewide boat registration numbers have followed a more positive trend than the nation. Overall recent growth in boat numbers has been steady, with a growing population of larger watercraft as shown in Figure 1. Specific to the St. Marys region, recent trends in recreational boats reflect the same positive trends overall; and notably for the service sector, an increase growth in the growth of larger 26'-40' watercraft.

The numbers of recreational watercraft registered in the immediate Georgia coastal counties of interest to the MIP, have shown a strong expansion in as shown in figure 2. Further supporting the growth in the potential market for the St. Marys MIP is the recently renewed growth in boats registered in nearby Florida Counties as shown in Figure 3.

**Figure 1: Trends in Georgia Boat Registrations by Size Class (Index 2011 Base)**

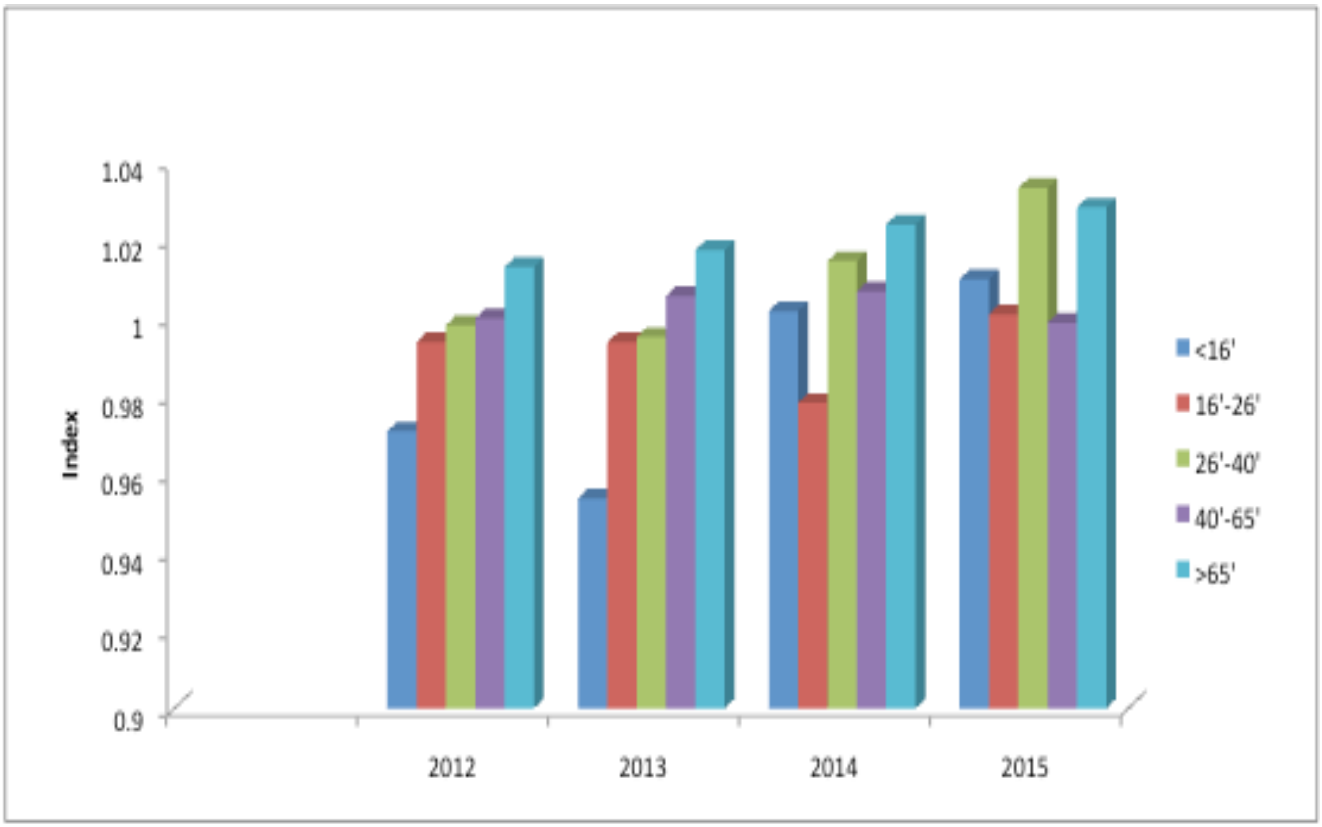


**Figure 2: Trends in Number of Boat Registrations -- Relevant Georgia Coastal Counties**

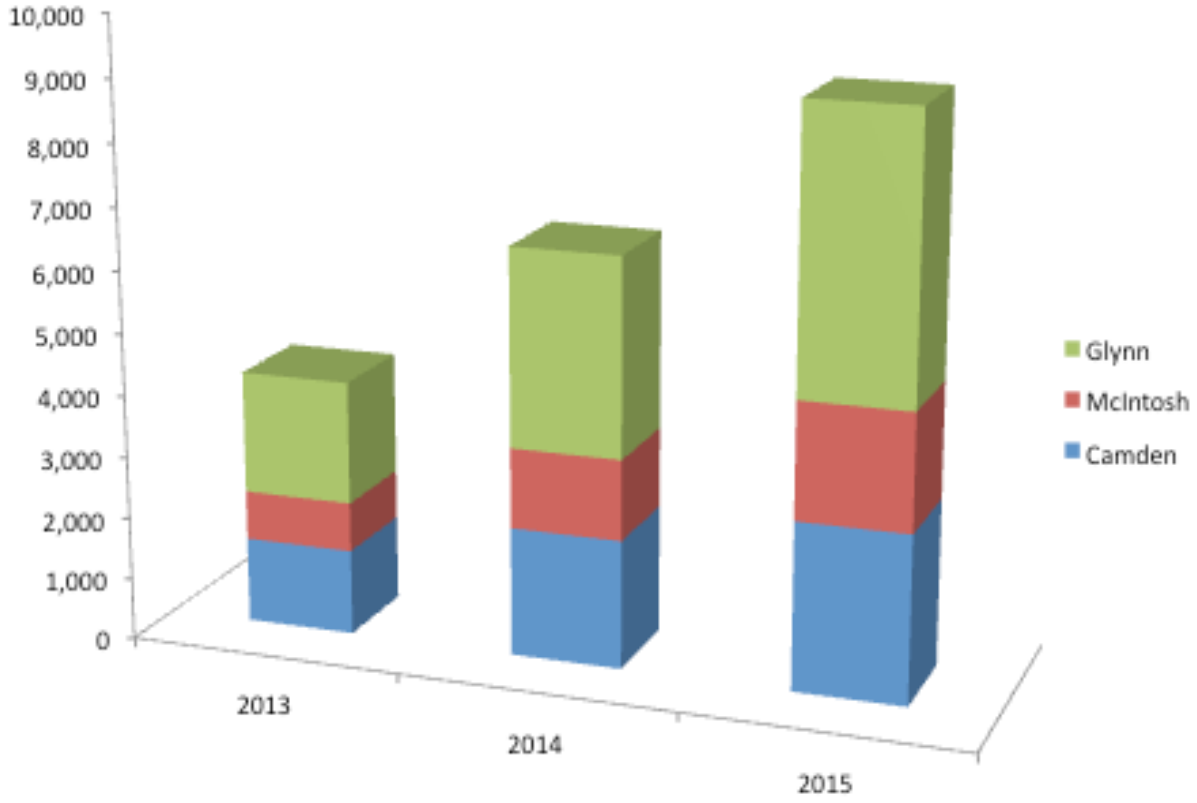
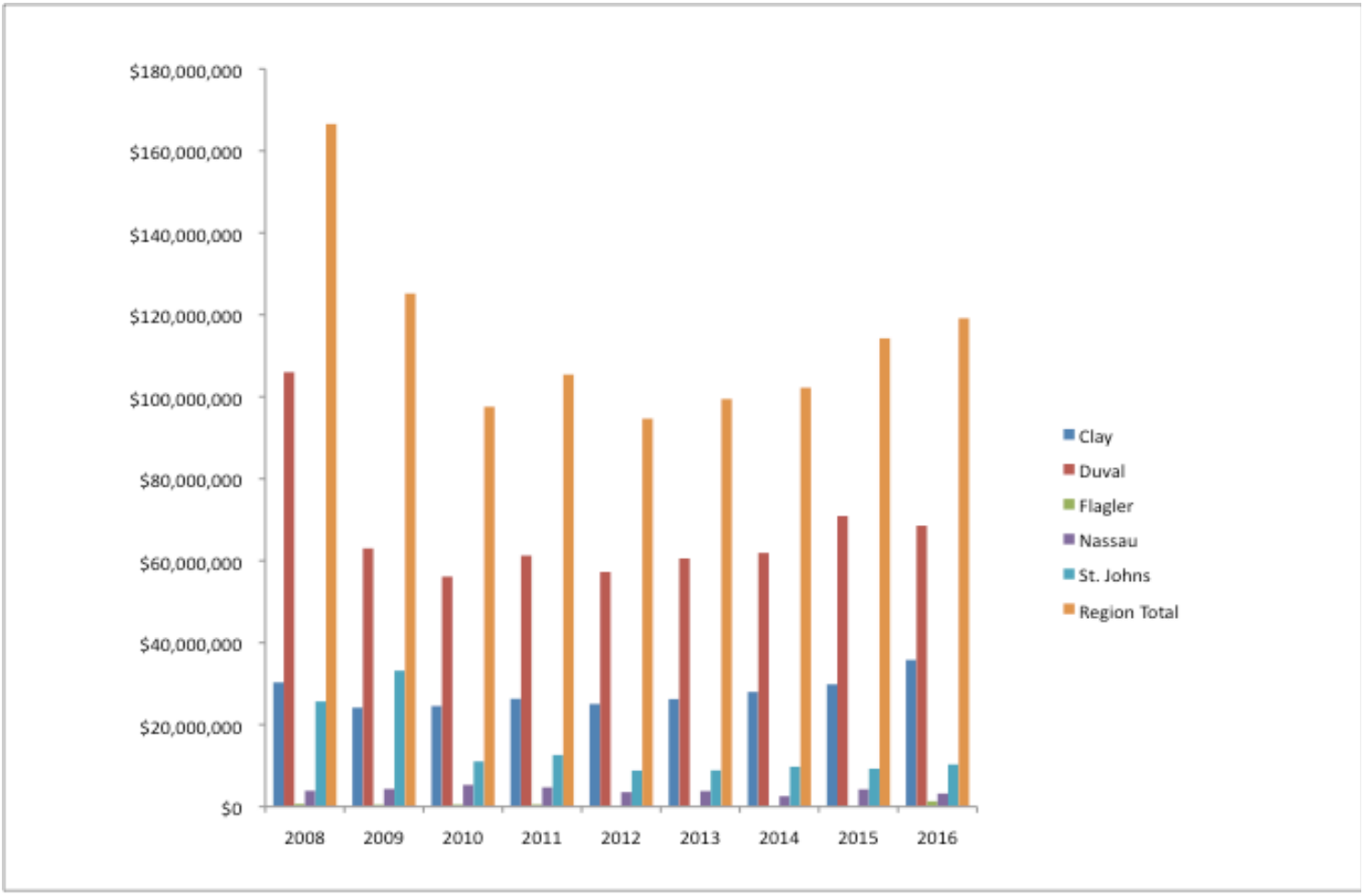


**Figure 3: Trends in Number of Boat Registrations – Northeast Florida Counties**

With the growth in numbers of watercraft has come an increase in economic activity as well. Figure 4 depicts the trend in boating-related retail sales for northeastern Florida counties. While similar boating related tax information is not available for Georgia, with the increase in the numbers and sizes of watercraft located along Georgia's coastal counties, trade reports an associated an increase in related expenditures. While still behind the historic highs, a rebound in boat usage and related purchases for operation and maintenance is important to note for the St. Marys region.

**Figure 4: Trends In Boating Related Spending Northeast Florida**[4]




[4] Florida Department of Revenue

## ***REGIONAL PROFILE: MARINAS AND BOATYARDS***

There were 25 marinas and boatyards identified in the study area. Five of these are "full service," meaning they can haul out a vessel, block it on land, and have subcontractors or staff onsite complete repair work. Four sites had certified technicians available to work on engines. The extent of repairs offered varies – from body work only, to the more intricate work for engines, rigging, and electronics. Two of these boatyards have 100-ton boatlifts; capable of carrying boats up to about 60 feet, while the remainder has 35 or 50 ton lifts that predominantly haul smaller vessels.

Only seven of the marinas sold fuel in the St. Marys region. The majority of facilities had ship stores for supplies, a handful had on-site restaurants, and two had boat ramps.

Marinas reported overall occupancy at 80-100% for both in-water slips and dry storage. Seven facilities offer dry storage with six having a dry-stack building, whereby boats are stored in racks and transported to and from the water via forklift. This method of storage has gained popularity for smaller boats because it affords a safe and affordable storage option, and allows boaters to call ahead to have their boats launched and ready when they arrive to the dock. Dry storage buildings have improved through the years with many now able to stack boats with T-tops and other larger vessels, and most structures able to withstand hurricane winds.

The majority of marinas offered in-water slip storage with the largest site having 347 slips, and the smallest just 10. The rest ranged between 30 and 200. Those with fewer slips generally offered dry storage as well.

## ***INDUSTRY PERSPECTIVES ON PROPOSED ST. MARYS' MARINE INDUSTRIAL PARK***

By most industry accounts there is an acute lack of marine service providers in the region and particularly in the immediate St. Marys and Brunswick area.

The marinas rely on subcontractors to do repairs and maintenance. Reflecting the lack of skilled services, interviewees commented that all the marinas in the area use the same diesel mechanic, making a wait time for customers rather lengthy. They also commented that it is necessary to use divers from Florida (used to minimize hauling for repairs and bottom work) because they have trouble finding them locally.

Further, interviewees felt that sailboats, and particularly catamarans, are a growing boating segment. There are few service yards that can accommodate the needs of catamarans, even extending into Florida. On a general basis, canvas work, rigging and electronics were cited as services that were difficult to find.

For boaters using the regions marinas either year around, seasonally, or in transit, a marine park at St Marys could enhance the sector, by providing a single location for engine and electrical work, hull finish/gel coat, hauling and painting.

It was suggested that an industrial park should have the capability to haul and store large boats so it could be a one-stop shop. It was also felt generally that a marine park should also offer dockage component, which is important to accommodate in-water vessel repairs and service. In this manner, transients could leave their boat and have all work done for a season, either on their way into GA or on their way out.

On a similar note, several interviewees suggested that a large dry-stack storage facility would be beneficial to the area, as it could accommodate the typical size boats that are both built and bought in the state. This would cater to local boaters and would require a launch site and space for forklift maneuvering.

Some thought a boat manufacturer at a St. Marys site would be ideal because of it's waterfront location; bringing in jobs as well as buyers who would take advantage of hotels and restaurants.

One boat manufacturer noted that manufacturers need land space, and it was more cost-effective for them to stay inland. It was also easier to expand in inland locations. All of the manufacturers interviewed reported that they currently had room to expand at their existing facility, and one of the builders had just completed an expansion.

Eight boat manufacturers were interviewed in Georgia, representing eighteen brands of boats, ranging in size from 10-35', with the majority built as "towable" or under 26'. This segment of the marine industry has been growing steadily, catering to both US and international customers.

Of those eight, one has a dealer located near St. Marys – an outlet in Yulee, Florida. Of the boat manufacturers interviewed, all thought having a dealer in St. Marys would be beneficial to them. However, of the marinas interviewed, boat dealers were not identified as a priority need.

Boat manufacturers also cited the need for "powder coaters" in the State, since they are a crucial component, and the State does not have any currently. It was also shared that while Yamaha makes their engines in Georgia, they distribute them through Washington State meaning at least a ten-day turnaround. Having Yamaha open a distribution site in Georgia would not only help the marine businesses in this state, but certainly on the east coast.

None of the interviewees expressed any concern with new maritime businesses competing with what already exists. One manager simply commented that all businesses expect a little competition, which just makes them work harder.

## Concerns

A few of the marinas and the boaters interviewed were concerned about potential contamination of the site, and what the cost could be to clean it up, versus the projected value. They emphasized that an eco-friendly development is crucial, not only due to the fragility of the coastal environment, but also because boaters are beginning to demand it. While Georgia does not have a *Clean Marina Program*, the majority of east coast states do, and boaters are becoming accustomed to looking for the Clean Marina logo.

Another concern was uncertain access in terms of depth at the location, and controlling depth nearby. There were a few comments that transient boaters jump off the Atlantic Intracoastal Waterway (AIWW), at Savannah, and travel down to the Florida in the Atlantic, as it is a straighter line and there are no depth issues. The AIWW, particularly at Little Mud, Jekyll Creek, and Hell's Gate have shoaled in and are a bit treacherous to cross at low tide. However, at high tide the depth allows even sailboats to safely traverse. In checking cruisers blogs and sites, it was found that while there are some depth problems, they don't seem to deter many boaters.

The boaters interviewed observed that there were not enough "do-it-yourself" yards, and limited places to buy supplies for repairs and general boat maintenance. However, for larger cruiser vessels, several cited the St. Marys area as ideal, because the town offered access to grocery stores, restaurants, and doctors, and the beauty of the area made it appealing to visitors. Further, it was generally agreed that St. Marys offers safe harbor, with limited effects from storms.

## Similar Parks in North Carolina

Based on the private sector example of *Jarrett Bay Boat Works* in Beaufort, North Carolina, the CCJDA has an interest in also evaluating the alternative model represented by the North Carolina Department of Commerce "Marine Industrial Parks."

Foremost among those, is the long established *Wanchese Marine Industrial Park*, previously the *Wanchese Seafood Industrial Park*. The Wanchese Park is centrally located on the southernmost part of the Mid-Atlantic Coast of the U.S., on the south end of historic Roanoke Island in Dare County. Its proximity to the Atlantic Ocean, the ICW, and the region's sounds systems make it attractive for diverse water-dependent businesses.

The State Park's mission is to promote, enhance, and offer business opportunities for marine-related businesses in Northeastern North Carolina. The *Wanchese Seafood Industrial Park* opened in 1981, with the intention of providing a value-added shore-side infrastructure for the seafood industry. However, the market demand and conditions in the commercial fishing industry changed significantly, and over time, presented less of a viable clientele for the Park. In 1994, the State altered the authorized business plan, and renamed the park as the *Wanchese Marine Industrial Park*. Following this, additional recreational marine oriented enterprises began to lease the bulk of the 50 acres available. Interviews with the Park Manager suggested that the parks 30 lots are fully leased to a number of marine businesses, including boat building, commercial fishing, marina, and supply and provisioning operations.

As the Park has been fully subscribed, in 2013 the funding from the State appropriations was removed. Currently the Wanchese Park is run solely with income from property lease receipts. Currently this generates $420,000 in gross income with which to support its two full-time employees, the central water system, and maintain seven state owned buildings at the site.

Based on the success at Wanchese, the State now also owns two additional sites for similar development: the *Englehard Marine Industrial Park* and the *Perquimans Marine Industrial Park*. Both of these developments are striving to provide a demand driven facility like the "Wanchese Marine Industrial Park". However, for various reasons, to date neither has attracted any lessees.

***ST. MARYS REGIONAL MARKET POTENTIAL***

## Physical Attributes

The potential St. Marys MIP tract is located just 5 miles north of Fernandina Beach, Florida. The strategic location of a St. Marys facility in the southeast coast of the U.S. would place it at the center of the south Atlantic's boating activity, affording the opportunity to service the vast majority of the regions boat population. The proposed St. Marys facility manifests relatively unlimited access in terms of controlling water depth, access to the open ocean, and a sheltered location.

Particularly relevant to larger transient watercraft, is the favorable location relative to watercraft insurance prohibitions, related to areas to the south during hurricane season.[5]

The entire area has many physical attributes including picturesque vast expanses of coastal marshes. Immediately to the north of St. Marys is the Cumberland Island National Seashore and Sound on the open Atlantic Ocean. The St. Marys' MIP site is clearly unique due the sheer size of re-developable waterfront accessing navigable waters. The location provides an attractive alternative to fully-developed working waterfronts in South Florida.

The Atlantic Intracoastal Waterway (AIWW), the major east coast boating artery, crosses the area through Cumberland Sound, and approximately 3 miles south of St. Marys directly adjacent to the City of Fernandina Beach. The AIWW is a protected waterway that runs nearly the length of the eastern seaboard from Manasquan, New Jersey, to Key West, Florida. Originally contemplated for commercial purposes, the AIWW has evolved into a major recreational boating route that provides boaters a protected passage to escape wintertime conditions in the northeast United States and then return safely to that region to enjoy a moderate summertime climate. The presence of the AIWW proximate to the subject site would appeal to resident boaters who enjoy long-range cruising and, depending on the ultimate development program at the site, could appeal to transiting AIWW boaters who are looking for new and interesting waypoints.

The area of the rivers from the Atlantic Ocean to the MIP site, offers excellent fishing for popular inshore species such as redfish (red drum), spotted sea trout, and flounder. The

[5] During hurricane season, most insurance companies will require the boat be brought back to home waters or stored on land.

area between I-95 and the town of St. Marys, Georgia, is famous for exceptional striped bass fishing, a well-known brackish water species. West of I-95, the river water turns fresh and provides anglers the opportunity to pursue largemouth bass, redbreast sunfish, and catfish.

In addition to the fishing opportunities, the St. Marys area is popular as a day boating destination, where boaters can meet, socialize, swim, and enjoy the scenery. The shallow water and sand bars in the nearby St. Marys River are a particularly popular area.

## Housing

Broadly, the region is experiencing strong recovery in net household in-migration since the downturn in 2009-2010. As well, the new housing market is particularly strong in Northeast Florida counties sharing the St. Marys watershed. Housing starts have more than doubled in the Jacksonville Metropolitan area since 2011, and have moved strongly up the price spectrum.6 Much of this growth is spreading north toward the St. Marys River. This added development will bring more demand for recreational boating, as the demographics of this segment are aligned with those of boat owners.

## Logistical and Workforce Issues

Virtually all of the critical issues that face the competitive region are at the same time specific strengths in the St. Marys' situation; and, the forecast for the industry from St. Marys' strategic position is on balance, quite positive.

Overall, Georgia is considered to offer one of the most favorable business climates in the nation. The county has a strong base for technical and in-service certification training, and relatively low cost of living compared to south Florida. Workforce issues faced in many coastal communities do not appear to be an impediment for long-term growth of an MIP. The county has a workforce that is young, better educated relative to the nation, and largely military trained.

[6] U.S. Census 2015.

## ***CONCLUSION***

Overall, the St. Marys MIP concept should be viewed quite positively based upon the region's expanding population and associated recreational marine demand. Clearly, St Marys location affords a unique opportunity to serve as a north-south gateway for transient boaters looking for efficient procurement of various repairs, maintenance and servicing all of which would be provided by a marine business cluster. No other such concentration exists between central Florida and South Carolina.

On the supply side, the local workforce provides an asset of increasing importance in the high tech nature of recreational watercraft and systems. This strength becomes even more important in the context of skilled marine industry workforce shortages throughout the industry. Also, and most importantly, the broader scarcity of available working waterfronts in south Florida provides an existing potential clientele of marine service related industry looking for room to grow. The St. Marys MIP would offer such opportunity.

Based upon this research, the market feasibility is on balance clearly positive. The next steps should be to refine a more specific site development plan, in concert with a focused business development effort with the marine industries themselves. Many of those firms interviewed during this effort expressed clear interest in the MIP. The targeted interaction with potential industry clients will help to solidify a practical development approach to the St. Marys MIP as envisioned.

**Figure 5: The St. Marys Marine Industrial Park Immediate Market Region**