

ECONOMIC INSIGHTS

The objective of ECONOMIC INSIGHTS is to bridge the gap between the latest economic data and what it means for Delaware businesses.

RE: Location, Location, Location

WHAT'S HAPPENING?

In 1998 New Castle County government enacted the Unified Development Code – an anti-growth land use code. That strict code did not apply to incorporated areas such as Middletown. In addition, earlier the County had built out a substantial water and sewer infrastructure system in the Middletown area.

The consequences were exactly as expected. Between 2000 and 2016 total population in the unincorporated areas of New Castle County rose 7%. Over the same time period, total population in Middletown (the zip code) rose 97%.

ECON First believes that, in addition to population growth, small business success is tied directly to the socio-economic conditions in the primary market area. Here the data shows Middletown excelling as well.

In terms of purchasing power, in 2016 the mean household income in Middletown was \$108,890 compared to \$87,395 throughout New Castle County. Median household income was 47% higher in Middletown than the County as well.

About 6% of the households in Middletown during 2016 applied for food assistance (SNAP) compared to 12% throughout the County. The individual poverty was 3.6% in Middletown and 11.4% across the County.

Over 59% of the single family housing in Middletown has been built since 2000, while 13% of the single family housing throughout the County corresponds. Above 86% of the housing units in Middletown are owner occupied in contrast to 69% throughout the County. The 2016 median value of owner occupied housing was \$317,400 in Middletown and \$244,300 throughout the County.

Obviously business start-ups in Middletown over the past 16 years are far more likely to succeed than start-ups in the unincorporated communities of the County.

WHY IS IT HAPPENING?

The most obvious reason for the Middletown “boom” was developers seeking to avoid having to comply with the New Castle County Unified Development Code. Added to this was the impression that the whole permitting process in Middletown was far more efficient and friendly than the permitting process for the unincorporated County.

The Appoquinimink school district was a magnet as well. Compared to neighboring Christina school district, Appoquinimink has similar test scores and graduation rates. However, the crime rate and suspension rate in Christina range from 4 to 5 times higher than those in Appoquinimink.

As a consequence, far more Middletown households have children under 18 (78% vs 65% throughout the County) and are married couple families (57% to 45%). While there is a slightly lower proportion of blacks in Middletown, they are more likely to be married couples (47% vs 32% across the County) and to have a bachelor’s degree or more (39% vs 24%).

THE IMPLICATIONS FOR BUSINESS?

Two clear lessons come from the Middletown experience.

First, regulations matter. In this case land use regulations substantially changed the spatial location of new development in New Castle County.

Second, to ensure success, businesses need to dig down into the micro socio-economic data of their primary market area. There is a broad variance among communities in growth rates, income, race and demographics. These variances should shape the strategy of any business serving local markets.

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ECON First provides web-based marketing strategies based upon economic analysis and web presence research