

The Role of Metro Areas In The US Economy

Prepared for:

**The United States
Conference of Mayors**

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THE STATE OF THE METROS: A GII/USCOM ANALYSIS

The STATE of the STATE

Alabama

Alabama's growth momentum remained strong during 2005. The state saw a 1.6% gain in nonfarm employment, an annual average increase of about 31,050 jobs. Manufacturing-sector employment has been on a positive growth path since the second half of 2004—which continued through 2005, when the sector grew 1.7%—the decline in manufacturing employment will be resumed in 2006, though at a much slower rate. Low-skill manufacturing positions will continue to be outsourced to overseas markets that have a comparative advantage in cheap labor, and displaced Alabama employees will move into higher-skilled manufacturing or service sectors. Although overall manufacturing employment is expected to decline through the end of 2010, the transportation equipment-manufacturing sub-sector will average 0.7% annual growth, adding over 1,100 new positions.

The largest gains will come in service sectors such as professional and business services, leisure and hospitality, education and health. The services sectors combined growth will still be lower than their pre-recession rates. Alabama's unemployment rate, which fell to an average of 4.4% in 2005, will remain at or slightly below this number through the rest of the forecast period. Personal income will grow at an average rate of 4.7% over the next five years.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Alabama		
Anniston-Oxford, AL	\$3.82	2.7
Auburn-Opelika, AL	\$3.33	2.4
Birmingham-Hoover, AL	\$36.87	26.4
Columbus, GA-AL	\$0.98	0.7
Decatur, AL	\$4.12	2.9
Dothan, AL	\$4.33	3.1
Florence-Muscle Shoals, AL	\$3.82	2.7
Gadsden, AL	\$2.69	1.9
Huntsville, AL	\$13.94	10.0
Mobile, AL	\$12.11	8.7
Montgomery, AL	\$12.15	8.7
Tuscaloosa, AL	\$6.21	4.4
<i>Sum of Metro Areas</i>	\$104.37	74.6

THE STATE OF THE METROS

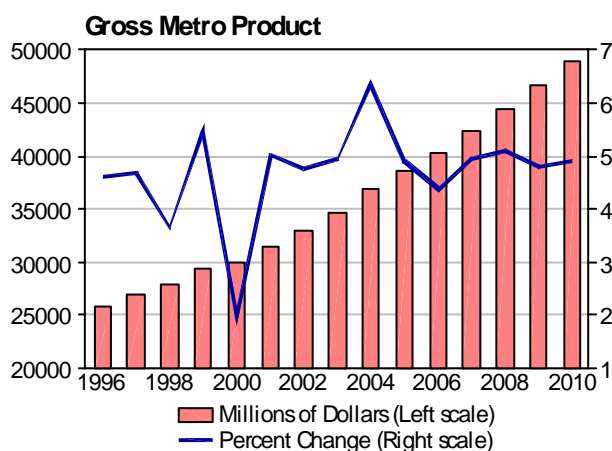
Birmingham

Economic Performance Summary

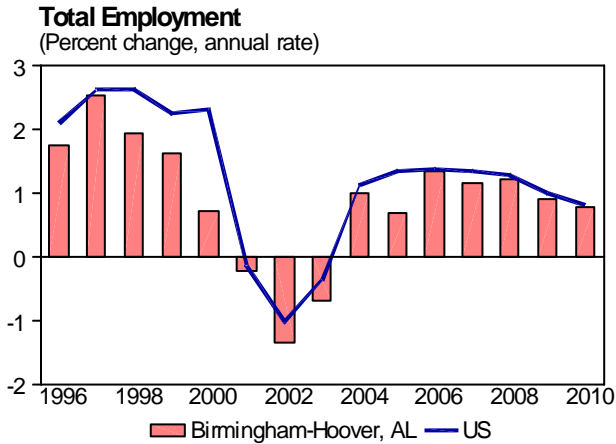
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	510.4	49	513.9	49	520.8	48	542.3	48
Unemployment Rate (%)	4.8	225	4.2	277	4.3	247	4.3	259
Personal Income (Billions)	35.4	48	37.4	48	39.1	47	47.5	48
Per Capita Income (Ths.)	32.6	88	34.2	88	35.6	96	42.0	108

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The value added in the metro economy as measured by GMP will increase 4.9% (2.6% in real terms) in 2005, to \$38.7 billion. GMP will increase at an average annual rate of slightly under 5% (2.7% in real terms) over the next five years.



- Employment in 2005:** The positive growth trend of 2004 continued in 2005, although the gains were slightly slower, at 0.7% (compared to 1% in 2004). Much of this growth is riding on the back of the services industries, which are only beginning to awaken from economic slumber. Professional and business services and leisure and hospitality services continued to contribute to payrolls, and strong job creation has also been coming from the wholesale trade sector.
- Employment in 2006:** The economy is expected to resume its relatively stronger growth pattern in 2006 with a 1.3% estimated gain in payroll employment over the year. In addition to continued expansion in professional business services and trade and transportation sector, financial services, information services, and education and health services are also expected to resume a positive growth path in 2006.



- Employment in the Next Five Years:** Employment in the manufacturing sector will resume its downward trend in 2006, however, and will remain in decline for most periods on the forecast horizon, although the rate of job loss will remain slow. Most manufacturing sub-sectors will continue to decline in the face of international competition, but automobile manufacturing is expected to keep the sector from heavy losses. Nonmanufacturing employment will recover quickly, thanks to growth in the services sectors. Although they are some of the largest employers in the area, financial firms are not expected to do rapid hiring in the near term. Nevertheless, the sector will average 1.2% growth over the next five years. The trade, transportation, and utilities sector will expand at a similar 1%-plus average over the next five years. Overall, the metro can look forward to modest employment gains during this period. Total annual employment growth will peak in 2006 at 1.3% and then average slightly above 1.0% over the subsequent five years.

The STATE of the STATE

Alaska

Total employment in Alaska increased 1.9% in 2005, an improvement from 1.4% growth in 2004. Educational and health services grew 4% in 2005, not as strong as the 4.7% rate seen in 2004, but still one of the strongest in the Alaskan economy. That sector's growth rates are gradually moderating after having peaked at 9.5% in 2002. The construction sector saw growth of 4.5%, driven by strong residential construction and a boost from non-residential construction. The trade, transportation, and utilities sector, which completed a turnaround in 2004, posted year-on-year growth of 1.6% in 2005, a slight decline from 1.9% in 2004. Employment in the natural resources and mining sector grew 3.9% in 2005, as high prices for natural resources lead companies to boost exploration in the state.

After a 2% gain in 2006, total employment growth will moderate slightly through 2010. Total employment gains will average 1.3% annual growth, which is lower than the 1.8% average annual rate of growth seen between 1999 and 2004. Two sectors will see average annual gains in the next five years, compared to serious losses in the previous five years: information and professional and business services. Many of the remaining employment sectors will see growth rates moderate during this five-year period, with the strongest sectors expected to be educational and health services, which will see an average annual growth rate of 2.6% and construction, which will average 3.1%.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Alaska		
Anchorage, AK	\$17.92	52.7
Fairbanks, AK	\$4.60	13.5
<i>Sum of Metro Areas</i>	\$22.52	66.2

THE STATE OF THE METROS

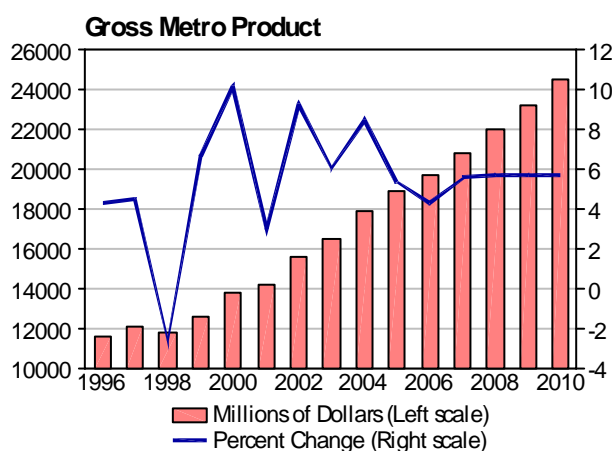
Anchorage

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	160.8	133	164.3	133	167.9	131	177.3	128
Unemployment Rate (%)	6.4	72	5.7	110	5.6	105	5.6	96
Personal Income (Billions)	12.7	112	13.6	114	14.3	114	17.5	114
Per Capita Income (Ths.)	36.9	35	38.6	36	40.2	36	46.9	43

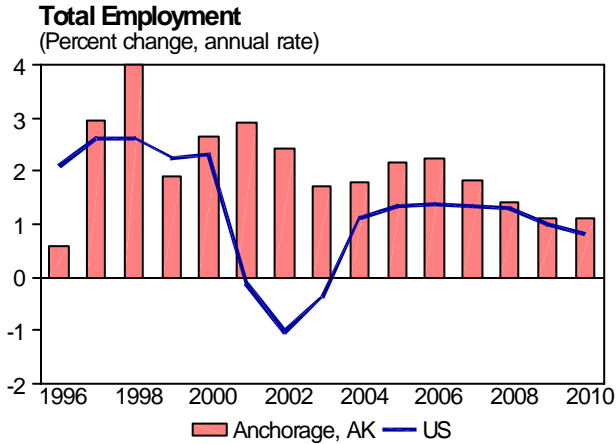
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in the Anchorage MSA, as measured by gross metro product (GMP), will increase at an annual rate of 4.3% (2.5% in real terms) during 2006, to \$19.7 billion. The GMP annual growth rate will average 5.4% (3.3% in real terms) from 2006-2010.



- Employment in 2005:** Total employment in Anchorage grew 2.2% in 2005; an increase from the 1.8% growth experienced in 2004. This increase was led by construction and mining employment, which increased 5.9%. The educational and health services sector posted growth of 4.9% in 2005, an increase from 2004 and the second best growth rate in the metro area. Leisure and hospitality, which rebounded in 2004, saw even larger gains of 3.2% in 2005. The manufacturing sector increased by 2.0% in 2005, rebounding from a decline of 3.2% in 2004. "Other" services was the only sector to post a decline in 2005, with employment decreasing by 2.7%. All other sectors saw continued steady growth.
- Employment in 2006:** Total employment in Anchorage is expected to increase by 2.2% in 2006; unchanged from growth experienced in 2005. Employment growth will be led by educational and health services, which is expected to increase 4.6%. The construction and mining sector is expected to post growth of 4.4% in 2006, a slower rate than in 2005. This

sector will begin to slow in 2006 as interest rates increase and demand wanes. Leisure and hospitality will see a moderate gain of 2.4% in 2006. There are no sectors in 2006 that will see declines in employment, and only three sectors will post growth of less than 1.0%: information services (0.5%), manufacturing (0.7%), and government (0.9%).



- Employment in the Next Five Years:** Employment growth will remain strong throughout the next five years, growing at a stable rate that averages 1.5% per year. Total employment gains will get a boost from continuing gains in educational and health services, which will slow slightly, but will remain one of the strongest employment sectors. The manufacturing sector will continue to show losses, but they will get smaller in each year, and the government sector will see nearly flat growth. All other sectors will see increases that average from a low of 1.0% per year in "other" services, to a high of 2.9% per year in educational and health services.

The STATE of the STATE

Arizona

Total employment in Arizona grew 4% in 2005, a substantial improvement from 3.4% in 2004 and 1.4% growth in 2003. This increase was led by growth in construction, which increased 11% in 2005. This sector has been one of the strongest in the state, resulting from a low interest rate environment, which has led to record residential housing numbers. The educational and health-care services sector posted strong 5.4% growth in 2005, though this sector began to slow to a more moderate rate of growth in the latter half of the year. The leisure and hospitality sector also posted robust growth in 2005, at 4%. The manufacturing sector continues to see negligible gains.

Employment growth over the next five years will average 2.2% per year, well above the average annual rate of 1.9% seen between 1999 and 2004. The manufacturing sector will see near zero average annual growth, a significant turnaround from the 3.4% average annual declines that were seen in the previous five years. The professional and business services sector will also see a large improvement, as average annual growth for the forecast period is nearly 4.3%, up from 1.7% in the previous five-year period. Educational and health services growth will slow to an average of 2.8% per year over the forecast period as the sector returns to a more sustainable rate of growth. The remaining employment sectors will see growth rates remain the same or moderate over this five-year period as the economy settles into a steady growth pattern.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Arizona		
Flagstaff, AZ	\$4.60	2.3
Phoenix-Mesa-Scottsdale, AZ	\$140.78	70.4
Prescott, AZ	\$4.82	2.4
Tucson, AZ	\$29.68	14.8
Yuma, AZ	\$4.41	2.2
<i>Sum of Metro Areas</i>	\$184.29	92.2

THE STATE OF THE METROS

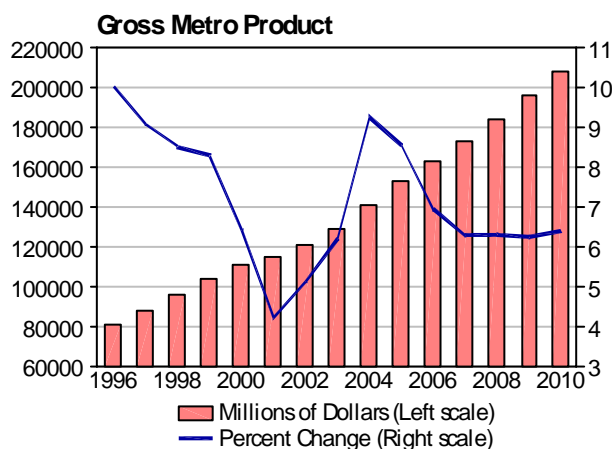
Phoenix

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	1674.8	14	1744.0	14	1802.5	13	1952.6	13
Unemployment Rate (%)	4.4	280	4.2	279	4.3	251	4.2	282
Personal Income (Billions)	115.0	15	124.5	15	133.4	15	170.3	15
Per Capita Income (Ths.)	30.8	135	32.4	133	33.7	138	38.3	174

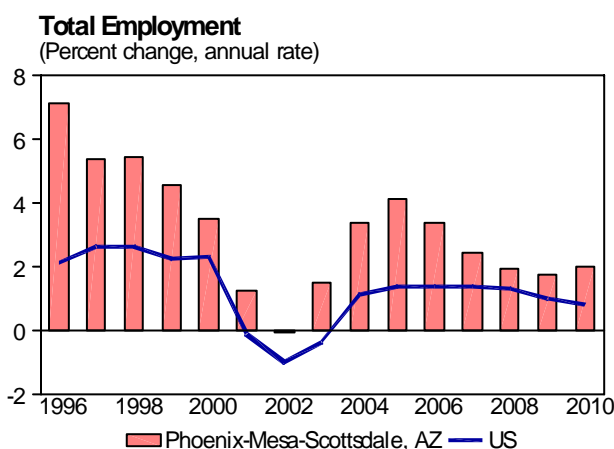
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Phoenix MSA, as measured by gross metro product (GMP), will increase at an annual rate of 7% (5.5% in real terms) during 2006, to \$163.5 billion. The GMP annual growth rate will average 6.4% (4.7% in real terms) through the end of 2010.



- Employment in 2005:** Total employment in Phoenix grew 4.1% in 2005, an increase from its 3.4% growth in 2004. This growth was led by construction and mining employment, which rose 11.3%. This sector has been one of the strongest in the metro area, as demand fueled by low interest rates continues to drive residential construction. The professional and business services sector continued to see steady gains in 2005, and the growth in educational and health services began to moderate from its unsustainable highs. All other sectors of the economy saw gains in 2005 of more than 3.0%, with the exception of "other" services, which increased by 1.5% for the year. Two sectors that posted losses: manufacturing, which is declined 0.1%, and information, which plunged 4.1%.
- Employment in 2006:** Total employment in Phoenix is expected to moderate in 2006, to a rate of 3.6% year-over-year. This growth will be led by employment in professional and business services, which is expected to rise 5.5%. The construction and mining sector will be

close behind, with growth of 4.8% for the year. This sector will see slower gains as interest rates increase and demand declines. Educational and health services will continue to report strong growth in 2006, although it will be slower than the 2005 rate. The information sector will see positive growth in 2006, after nearly five years of declines. The only sector that will still post a loss is the manufacturing sector, which is expected to decline by 0.4% for the year.



- Employment in the Next Five Years:** Employment growth will begin to moderate over the next five years. Total employment gains will hold at a 2.3% average annual rate, above the 1.9% average annual rate of growth seen in 1999–2004. The manufacturing sector will see relatively flat growth over the next five years, a marked improvement from the average annual losses of 4.1% seen in the previous five years. Employment growth in educational and health services will see growth slow to a more sustainable 2.9% annual average, down from 5.0% average annual growth in 1999–2004. The trade, transportation, and utilities sector will see an improvement in growth from the previous five years, averaging 2.4% per year. Most other employment sectors will see growth rates begin to moderate over this five-year period, and the professional and business services sector will see average annual growth of 4.2% on the forecast horizon.

Tucson

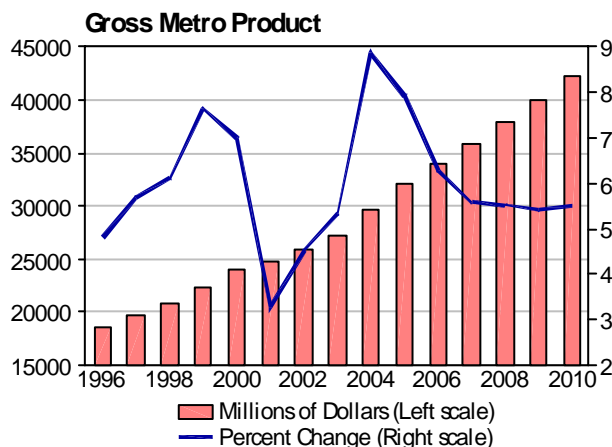
Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	359.1	61	371.5	61	382.0	59	406.0	59
Unemployment Rate (%)	4.6	250	4.5	235	4.8	182	4.9	171
Personal Income (Billions)	24.9	63	26.7	63	28.5	62	35.7	61
Per Capita Income (Ths.)	27.4	229	28.9	226	30.2	226	35.1	261

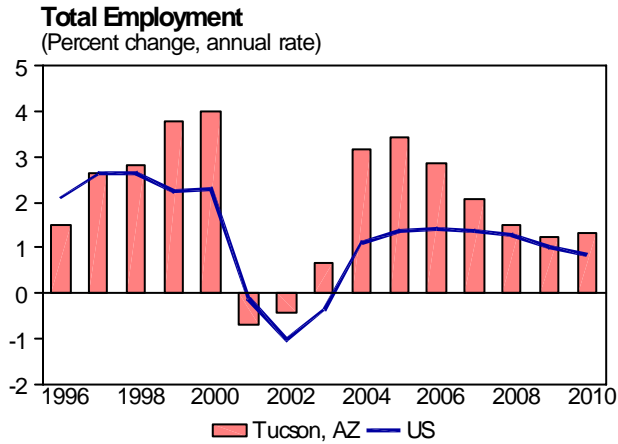
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Tucson MSA, as measured by gross metro product (GMP), will increase at an annual rate of

6.3% (4.6% in real terms) during 2006, to \$34 billion. The GMP growth rate will average 5.7% (3.8% in real terms) annually through the end of 2010.



- Employment in 2005:** Total employment in Tucson grew 3.4% in 2005, a slight increase from 3.2% growth in 2004. This increase was led by the financial sector, which grew 10.4%. The construction and mining sector continues to see strong growth, increasing 9.2% in 2005, up from 4.9% in 2004. The leisure and hospitality sector increased 5.3% in 2005, and education and health services employment also saw strong growth, at 4.4% for the year. This sector has been one of the strongest in the metro area as steady population increases have led to increased demand for educational and health services. The manufacturing sector saw growth of 0.7% in 2005, a turnaround from several years of losses. All other sectors of the economy saw gains in 2005, with the exception of information services, which posted a decline of 4.1% on the year.
- Employment in 2006:** Total employment in Tucson is expected to moderate in 2006, growing at 2.8%. This expansion will be led by professional and business services, which is expected to increase 5.0%. Most sectors of the economy will see a slowing of growth in 2006, although the information sector is expected to see positive growth for the first time in three years. Other sectors that will see improvement in 2006 are professional and business services, "other" services, and government. The manufacturing sector will see positive growth for the second consecutive year in 2006, beginning the process of regaining some of the jobs lost between 2002 and 2004.



- Employment in the Next Five Years:** Employment growth will show steady increases during the next five years, although the rate of growth will gradually slow at the end of the period. Total employment gains will average 1.8% annually, an increase from the 1.3% average annual rate of growth seen between 1999 and 2004. Nearly all employment sectors will see growth rates improve over this five-year period as compared with the previous five years, and the professional and business services sector will see the highest average annual growth rate, at 3.9%.

The STATE of the STATE

Arkansas

Employment growth in 2005, led by services, continued the trend of positive growth experienced in 2004. Construction employment, which recovered modestly in 2004, strengthened in 2005 with 2.6% growth. Total employment gained 1.2% in 2005, the same as the previous year. Gains will accelerate a bit to 1.4% in 2006, nearly reaching its pre-recession job growth of 1.5% in 2000. After 2006, annual job growth is expected to decelerate a bit each year, averaging 1.0% annual growth through 2010. Manufacturing's sharp declines eased in 2004, and although the losses are expected to continue through 2010, they will remain less than 1%. A successful bid at luring a major manufacturing plant to locate in the state could temper future losses, but the state will continue to be vulnerable to industries moving overseas to take advantage of cheaper manufacturing practices.

Trade, transportation, and utilities employment will display its strongest growth in the five-year forecast in 2006, at 1.5%, and then average 1.1% annual growth through 2010. The health-care industry is becoming increasingly important as the state's population ages. This need will boost employment in education and health-care services by 1.5% per year in 2006-10. The professional and business services sector will continue to realize strong employment gains throughout the forecast, and is expected to exhibit solid 2.8% annual growth through 2010.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Arkansas		
Fayetteville-Springdale-Rogers, AR	\$12.41	15.3
Fort Smith, AR-OK*	\$6.68	8.3
Hot Springs, AR	\$2.32	2.9
Jonesboro, AR	\$3.19	3.9
Little Rock-North Little Rock, AR	\$22.15	27.4
Memphis, TN-MS-AR	\$1.15	1.4
Pine Bluff, AR	\$2.74	3.4
Texarkana, TX-Texarkana, AR*	\$0.92	1.1
<i>Sum of Metro Areas</i>	\$51.55	63.7

*Note: This GMP number represents the portion of the MSA within this state.

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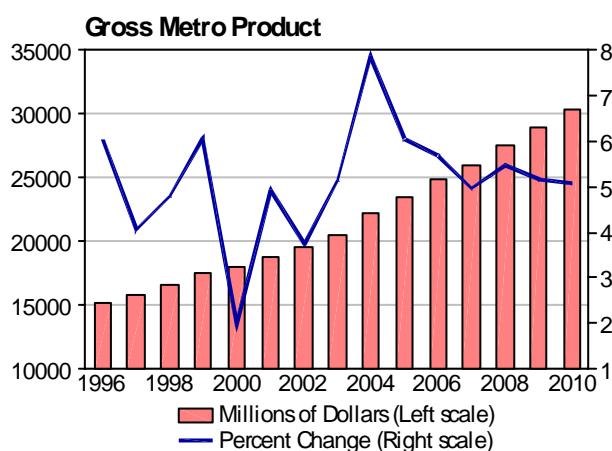
Little Rock

Economic Performance Summary

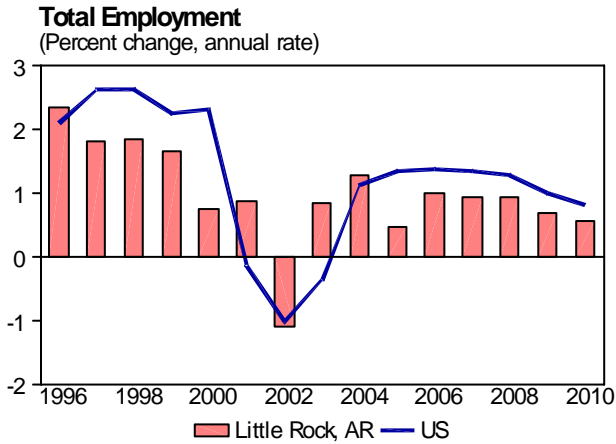
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	327.6	69	329.2	69	332.5	69	342.9	69
Unemployment Rate (%)	5.1	207	4.7	218	4.6	213	4.5	231
Personal Income (Billions)	20.0	74	21.2	74	22.4	74	27.9	73
Per Capita Income (Ths.)	31.4	122	33.0	119	34.6	120	41.6	115

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** Gross metro product (GMP)—the total value added of goods and services—in Little Rock is expected to increase at a 5.7% (3.3% in real terms) rate in 2006 to \$24.8 billion and average 5.3% (3% in real terms) over the next five years.



- Employment in 2005:** After a small slump in total employment growth for August and September, employment regained positive growth in the fall. Total employment gains averaged 0.5% for the year. The largest sector in the economy—trade, transportation, and utilities—struggled in 2005 and recorded a 1.1% contraction.
- Employment in 2006:** Overall, employment is expected to grow only 1% for the year. All sectors will report relatively small, but positive gains except manufacturing, which will decline by 0.8%. Education and health services will have the largest growth at 2.2%.



- Employment in the Next Five Years:** In the five-year forecast, employment growth is expected to average less than 1.0% annually. The manufacturing sector is expected to continue shrinking, as Little Rock becomes increasingly a service-based economy. Each of the service sectors can expect positive growth, led by the professional and business services sector with 2.3% gains annually through 2010. Trade, transportation, and utilities employment will make a muted recovery after 2005, averaging 0.3% growth annually in 2006–10. The educational and health services sector is forecasted to grow 1.3% annually through the five-year forecast.

The STATE of the STATE

California

Job growth in California is diverse—construction leads the way, expanding 6.6% in 2005. Computer and electronic product manufacturing grew 1.5% after four years of decline, and transportation equipment manufacturing grew 1.8%. Such gains helped pull the state's manufacturing sector out of contraction for the first time since 2000, though total job growth was only 0.2%. Total employment growth in 2005 was 1.6%, an improvement on the state's 1% job growth in 2004.

Professional and business services will dominate job growth in the next five years, expanding by an average of 2.5% annually. Although it is a small sector, transportation and warehousing will grow at a similarly high and sustained rate, 2.3% annually, as will the construction sector. Overall employment in California is projected to expand by 1.3% annually, as the state continues to absorb immigrants from Mexico and around the world. Lagging sectors over the next five years include finance (0.5% annual growth), which eventually experiences a down cycle in the real estate and related sectors; and manufacturing (-0.5%), which will fall back into decline in 2006.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
California		
Bakersfield, CA	\$23.80	1.5
Chico, CA	\$7.56	0.5
El Centro, CA	\$4.77	0.3
Fresno, CA	\$32.08	2.1
Hanford-Corcoran, CA	\$4.50	0.3
Los Angeles-Long Beach-Santa Ana, CA	\$581.30	37.5
Madera, CA	\$3.98	0.3
Merced, CA	\$7.58	0.5
Modesto, CA	\$17.26	1.1
Napa, CA	\$6.25	0.4
Oxnard-Thousand Oaks-Ventura, CA	\$31.40	2.0
Redding, CA	\$6.56	0.4
Riverside-San Bernardino-Ontario, CA	\$122.66	7.9
Santa Barbara-Santa Maria, CA	\$17.20	1.1
Sacramento--Arden-Arcade--Roseville, CA	\$86.04	5.5
Santa Cruz-Watsonville, CA	\$9.40	0.6
San Diego-Carlsbad-San Marcos, CA	\$136.12	8.8
San Jose-Sunnyvale-Santa Clara, CA	\$90.80	5.9
Salinas, CA	\$14.99	1.0
San Luis Obispo-Paso Robles, CA	\$10.04	0.6
Santa Rosa-Petaluma, CA	\$19.56	1.3
San Francisco-Oakland-Fremont, CA	\$204.85	13.2
Stockton, CA	\$22.35	1.4
Vallejo-Fairfield, CA	\$13.56	0.9
Visalia-Porterville, CA	\$13.15	0.8
Yuba City, CA	\$4.59	0.3
<i>Sum of Metro Areas</i>	\$1,492.36	96.2

THE STATE OF THE METROS

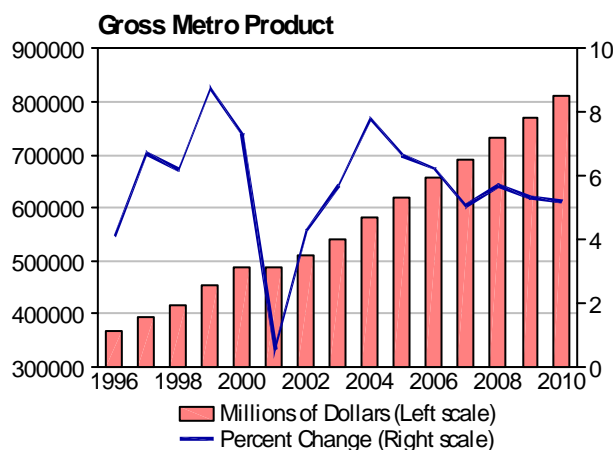
Los Angeles-Long Beach-Santa Ana

Economic Performance Summary

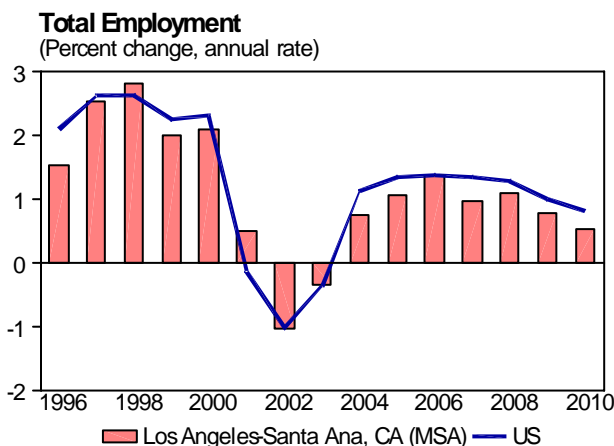
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	5452.2	2	5510.3	2	5586.7	2	5776.7	
Unemployment Rate (%)	6.0	102	4.9	188	4.5	227	4.5	235
Personal Income (Billions)	455.0	2	482.1	2	513.1	2	639.4	2
Per Capita Income (Ths.)	35.2	44	36.9	45	39.0	41	47.0	40

Note: Rankings are out of 361 metropolitan areas

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Los Angeles MSA, as was measured by gross metro product (GMP), will increase at an annual rate of 6.2% (3.9% in real terms) during 2006 to \$658.7 billion. The GMP annual growth rate will average 5.5% (3.4% in real terms) through the end of 2010.



- Employment in 2005:** The Los Angeles-Long Beach-Santa Ana metro area has continued its rebound, posting 1.1% employment growth for 2005, on the heels of a 0.8% gain in 2004. The metro construction sector posted the highest percentage gain, 4.8%, and the professional and business services sector also contributed strongly (3.4% growth). Significant weakness was still to be found in the government, wholesale trade, and manufacturing sectors.
- Employment in 2006:** The metro economic momentum will carry through 2006, accelerating job growth to 1.4%. Contractions in manufacturing and finance will be outweighed by rebounds in government and wholesale trade jobs and by steady growth in the rest of the economy.



- Employment in the Next Five Years:** Total employment growth will peak in 2006, although the metro area will fare reasonably well through 2010. Job growth will average 1% annually, led by professional and business services (2.6% annually), the largest sector in the metro. Business services will become a more dominant part of the economic landscape as on-line retailing continues its aggressive penetration of the business-to-business retail market. The booming construction sector will cool after 2007, as demand wanes due to the combination of high prices and interest rates. Despite technology growth and defense-related funding, the metro manufacturing sector will continue to contract, shedding its traditional manufacturing industries, particularly apparel, of which there is a large local concentration.

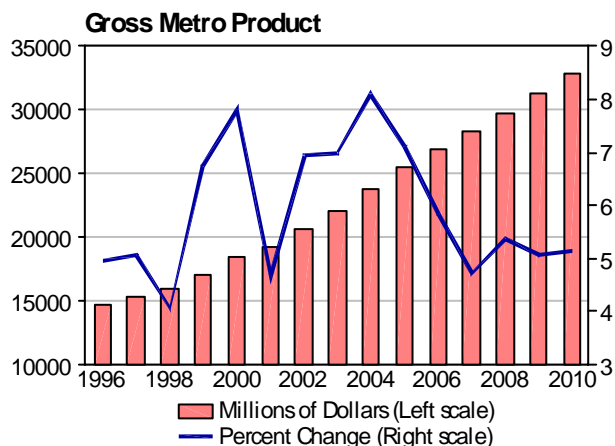
Bakersfield

Economic Performance Summary

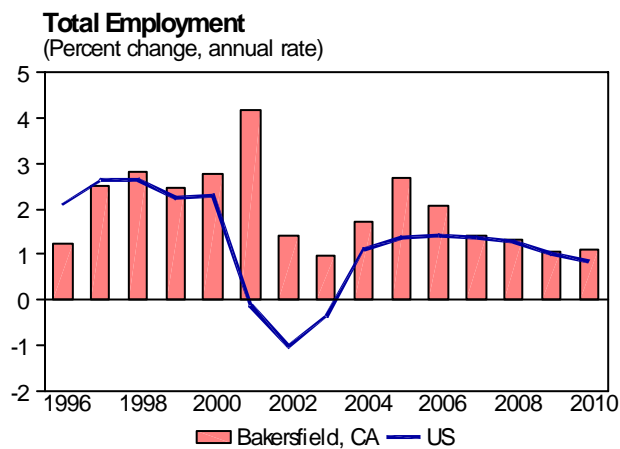
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	210.7	98	216.4	97	220.8	97	231.8	98
Unemployment Rate (%)	9.8	8	8.6	11	8.6	12	8.7	10
Personal Income (Billions)	17.5	83	18.7	82	19.8	82	24.9	83
Per Capita Income (Ths.)	23.8	340	24.6	342	25.6	343	29.9	344

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** Gross metro product growth exceeded 7% (4.4% in real terms) annually from 2003 through 2005, but will taper off to a 5.1% rate (3.2% in real terms) by the end of the decade. Annual GMP, which will reach \$27 billion in 2006, will top \$30 billion by 2009.



- **Employment in 2005:** Fully partaking of the booming economy of Southern California, and benefiting as a lower-cost alternative to Los Angeles, Bakersfield payrolls and population grew by 2.7% in 2005. Construction was especially strong, as housing starts exceed 7,000.
- **Employment in 2006:** Job growth will begin to taper off in 2006, but will still exceed gains of 2%, led by trade and services as record construction levels recede. Unemployment will remain high, at 8.5%.



- **Employment in the Next Five Years:** Payroll gains will moderate gradually, to 1.0% by 2009. Employment will reach 231,000 by 2010.

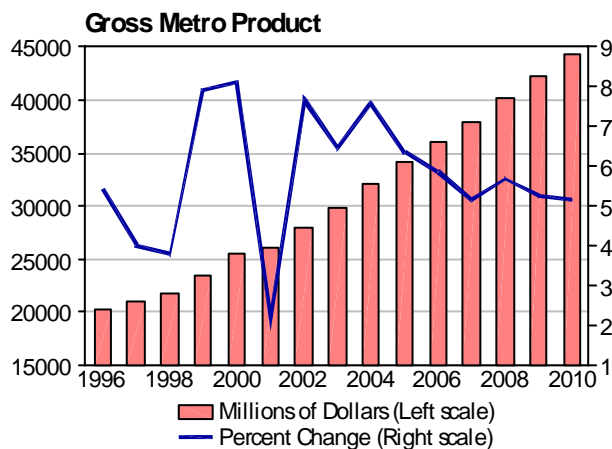
Fresno

Economic Performance Summary

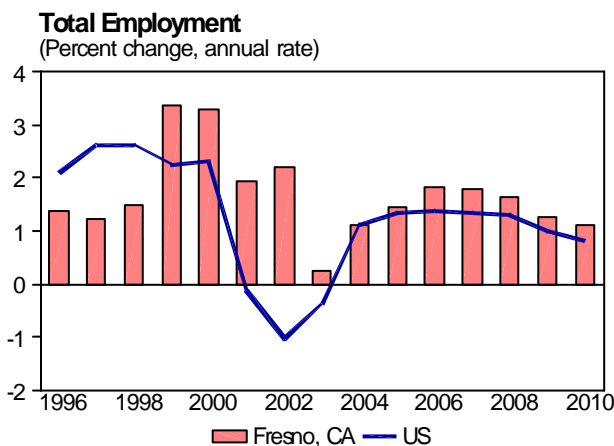
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	285.8	78	290.0	78	295.3	77	312.8	77
Unemployment Rate (%)	10.4	6	9.2	9	9.2	8	9.3	7
Personal Income (Billions)	22.0	67	23.4	67	24.9	66	31.0	65
Per Capita Income (Ths.)	25.4	309	26.4	313	27.6	312	32.9	310

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in the Fresno MSA, as measured by gross metro product (GMP), will increase at an annual rate of 5.9% (3.3% in real terms) during 2006 to \$36.1 billion. The GMP annual growth rate will average 5.4% (3.1% in real terms) through the end of 2010.



- Employment in 2005:** Employment growth for 2005 registered 1.5%, faster than our previous forecast, as a result of the Bureau of Labor Statistics' metro-area revisions, with slow-growing Madera County dropped from the Fresno definition. Indeed, 2004 actual employment was raised from 0.8% to 1.1% as Madera was subtracted. Growth in 2005 was driven largely by gains in construction (10% payroll growth), as well as expansion in manufacturing (2%), and trade, transportation, and utilities (1.6%), all of which made up for stagnation in Fresno's services sector.
- Employment in 2006:** This year, Fresno will continue its upward swing, with total employment growth reaching 1.8%. Revival in the services sectors and a deceleration in construction payroll gains will bring the local economy to a more balanced state of growth.



- Employment in the Next Five Years:** Over the five-year forecast, Fresno's growth will be solid, averaging 1.5% annually. The spillover effects of rapid urbanization have reduced the insatiable demand for new homes, and the construction market will decelerate quickly over the next few years, especially now that more rural Madera is subtracted from the MSA. However, Fresno's budding emergence as a regionally important business location—even a nationally important one in certain segments, such as agribusiness—will also promote job growth in the trade and transportation sectors. Transportation, warehousing, and utilities will advance at a 2.4% annual clip. Professional and business services will again be a major engine of economic growth in the metro, with annual gains of 2.2%. The manufacturing sector, which enjoyed a brief revival in 2003–05, will struggle from 2006 onward.

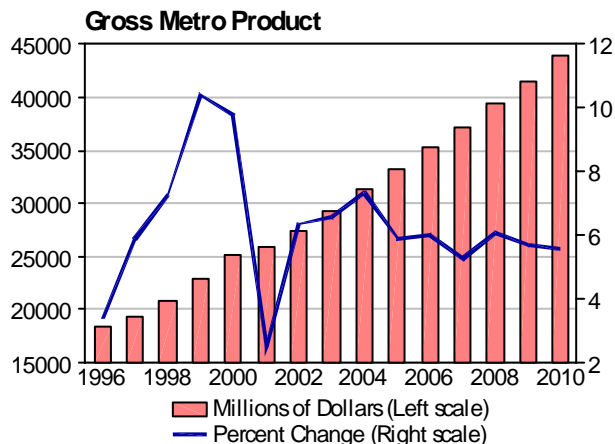
Oxnard-Ventura

Economic Performance Summary

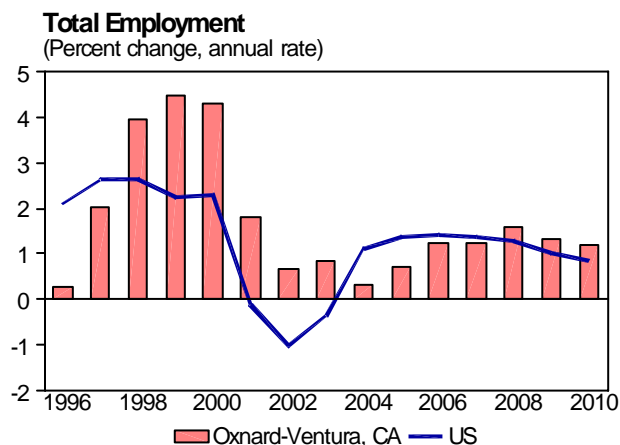
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	285.0	79	287.0	79	290.6	80	306.4	78
Unemployment Rate (%)	5.4	169	4.7	205	4.5	224	4.5	226
Personal Income (Billions)	29.7	55	31.5	55	33.6	54	42.2	54
Per Capita Income (Ths.)	37.2	31	39.0	30	41.1	31	49.3	31

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Oxnard-Ventura MSA, as measured by gross metro product (GMP), will increase at an annual rate of 6.4% (3.9% in real terms) during 2006 to \$35.3 billion. The GMP annual growth rate will average 5.9% (3.7% in real terms) through the end of 2010.



- Employment in 2005:** In 2005, Oxnard-Ventura continued the trend of modest, less-than-1.0% annual employment growth it has been on since 2002. Total employment for 2005 registered 0.7%, which is still an improvement on the 0.3% growth seen in 2004. Strong gains in the construction (7.8% growth) and professional and business services (3.4%) sectors propelled employment gains, which were otherwise hampered by contractions in manufacturing, finance, leisure and hospitality services, wholesale trade, transportation and warehousing, and government.



- Employment in 2006:** In 2006, Oxnard-Ventura will finally break the 1.0% growth barrier, thanks to recovery in all of the previously contracting sectors except manufacturing (which, however, will only contract 0.8%). In fact, strong rebounds in the leisure and hospitality services (1.2% growth) and transportation, warehousing, and utilities (1.4%) sectors will help propel the metro to 1.2% total employment growth.
- Employment in the Next Five Years:** Employment growth will continue at a very steady pace in 2006–10, averaging 1.2% annually. Oxnard-Ventura should continue to be a recipient of spillover from Los Angeles, and this expands the population and working population; however, as housing prices and interest rates both climb, gains in the construction sector will

taper off. Professional and business services will lead the economy, generating 2.3% annual job growth. The role of the metro as a transportation hub with the Port of Hueneme will also play a major role in expansion. Our forecast assumes traffic, congestion, and capacity will all work against the Port of LA/LB, and allow the Ventura port to continue to expand its niche. Transportation, warehousing, and utilities sector job growth will average 1.6% annually.

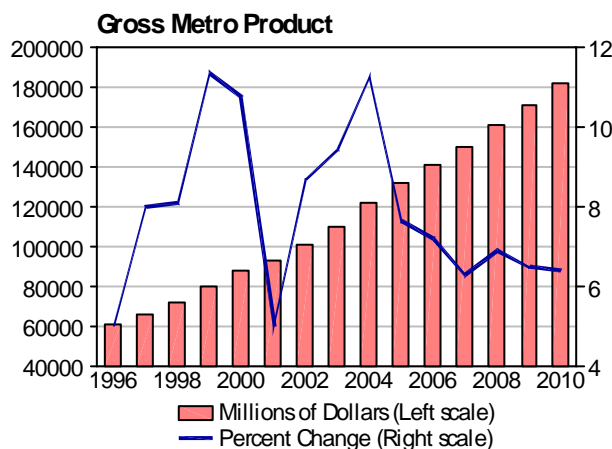
Riverside-San Bernardino

Economic Performance Summary

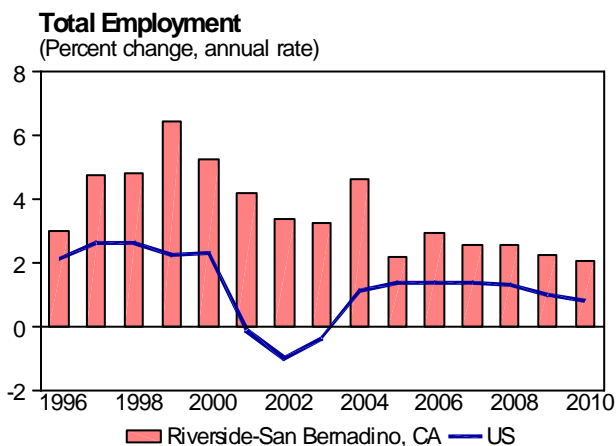
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	1149.7	21	1174.5	21	1208.8	21	1326.8	20
Unemployment Rate (%)	5.7	130	5.1	166	4.9	176	5.0	158
Personal Income (Billions)	97.2	18	104.1	18	112.4	18	147.6	17
Per Capita Income (Ths.)	25.5	304	26.3	314	27.7	310	33.1	306

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Riverside MSA, as measured by gross metro product (GMP), will increase at an annual rate of 7.8% (5.3% in real terms) during 2006 to \$141.5 billion. The GMP annual growth rate will average 6.9% (4.7% in real terms) through the end of 2010.



- Employment in 2005:** Employment growth in Riverside decelerated in 2005, partly due to slower—but still robust—growth in the construction sector, which expanded 7.7%, after an incredible 11.7% gain in 2004. Slower growth in retail trade and in transportation, warehousing and utilities also contributed to the deceleration. Total employment grew 2.2% in 2005.
- Employment in 2006:** Riverside has settled into a period of steady economic expansion. Total job growth in 2006 will be 2.9%, with strong gains of over 2% in most of the major sectors, except construction, (5.4%), leisure and hospitality (3.6%), government (3.3%), and manufacturing (0.6%).



- **Employment in the Next Five Years:** Job gains should average 2.5% growth during the rest of the decade; nearly double the growth rate of the rest of the nation. The services industries, trade, transportation and utilities, and construction will all be strong.

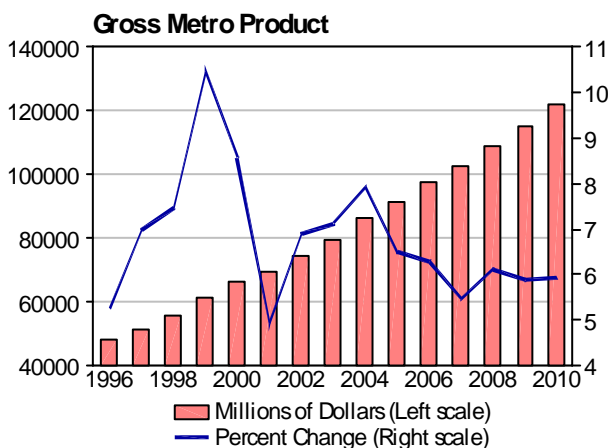
Sacramento

Economic Performance Summary

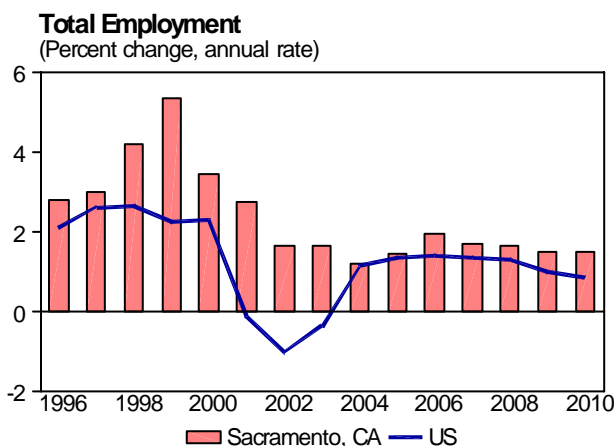
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	856.2	31	868.6	31	885.7	31	943.3	30
Unemployment Rate (%)	5.4	172	4.7	209	4.6	206	4.6	211
Personal Income (Billions)	66.5	27	70.8	27	75.8	27	99.3	25
Per Capita Income (Ths.)	32.9	80	34.3	86	36.0	85	43.8	78

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** The total value added of goods and services produced in the Sacramento MSA, as measured by gross metro product (GMP), will increase at an annual rate of 6.8% (4.3% in real terms) in 2006. Annual growth will moderate to average 6% (3.8% in real terms) through the end of 2010. GMP will top \$100 billion in 2007.



- **Employment in 2005:** Job growth in 2005 was 1.4%, with broadly based gains across goods-producing and service-producing sectors.
- **Employment in 2006:** The strong, steady growth Sacramento experienced in 2005 will continue in 2006, with job gains reaching 2.0%. The resurgence of the government sector will play a big part in that gain; payrolls will expand 2.0% on the heels of 0.7% growth in 2005. The services industries (especially leisure and hospitality) will also see accelerated job gains, as will the thriving construction sector. The manufacturing sector will pull in the opposite direction, dipping back into contraction.



- **Employment in the Next Five Years:** After 2.0% growth in 2006, job gains will decelerate slightly through 2010, averaging 1.7% annually. During the forecast period, Sacramento will gain the largest percentage of jobs in professional and business services (2.6% annually during 2006–10). Sacramento's largest employer will continue to be state and local government workers, and the sector will recover in 2005, as the state fiscal crisis eases. Jobs associated with Indian gaming will be significant going forward. Tribal casinos, many with payrolls in excess of a thousand, will become leading employers in many towns and small counties in the region.

San Diego

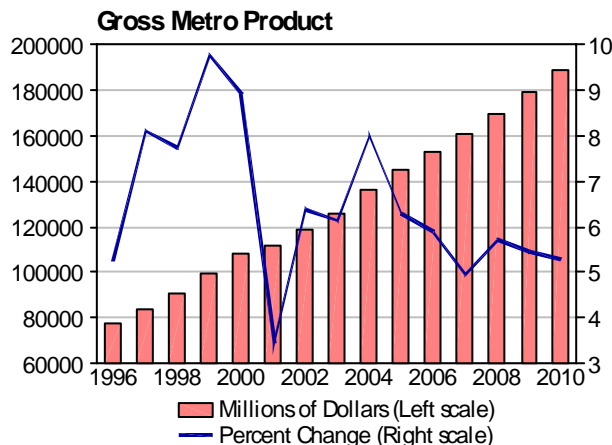
Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	1258.6	19	1278.3	19	1301.6	18	1377.6	18
Unemployment Rate (%)	4.7	234	4.2	269	4.1	287	4.1	290
Personal Income (Billions)	111.7	16	118.8	16	127.0	16	160.5	16
Per Capita Income (Ths.)	38.1	26	40.3	27	42.8	23	52.9	19

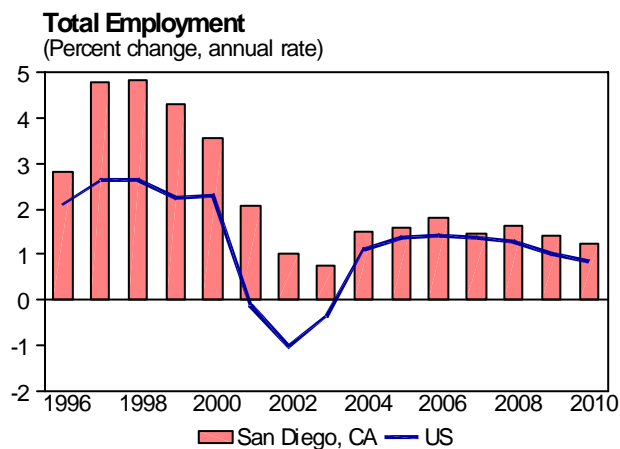
Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** The total value added of goods and services produced in the San Diego MSA, as measured by gross metro product (GMP), will increase at an annual rate

of 6.1% (3.6% in real terms) during 2006 to \$153.2 billion. The GMP annual growth rate will average 6% (3.4% in real terms) through the end of 2010.



- Employment in 2005:** San Diego registered employment growth of 1.6% for 2005, a slight rise from 1.5% in 2004. Behind the placidity of that growth trend lies fluctuations in several sectors that suggest San Diego has not fully settled into steady post-recession growth. The finance sector, for example, expanded payrolls only 1.0% in 2005, having come off three years of strong hiring. The opposite was true in the education and health services sector, which lost jobs in 2004 (0.4%); it rebounded to expand 1.9%.
- Employment in 2006:** The metro area will bring solid job growth from all its major sectors (except manufacturing) in 2006, leading to a total employment gain of 1.8%.



- Employment in the Next Five Years:** Post-recession job growth in San Diego will peak in 2006, but the metro will see solid employment gains through 2010. Total employment growth will average 1.5% in 2006–10. San Diego will benefit from its specialization in biotechnology, an industry with at least a decade of strong growth ahead. The metro biotech sector was pruned by the tech boom, but remains one of the most dynamic in the nation. The companies that remain, such as Invitrogen, will be a major force for growth in San Diego.

The services sector will return to its position as one of the main generators of job gains in the metro region, with the business and professional services subsector leading the way. Although San Diego controls a major technology cluster that will provide some jobs in manufacturing and production, traditional manufacturing industries in the region will continue to be phased out and moved overseas. Meanwhile, growth in the metro construction industry will continue apace, averaging 2.0% payroll expansion annually. These two sectors are moving in opposite directions—in 1990, the San Diego manufacturing sector employed slightly more than 123,000 workers, while its construction sector employed slightly more than 60,000. By 2010, construction payrolls will reach 102,000 employees, overtaking the manufacturing sector.

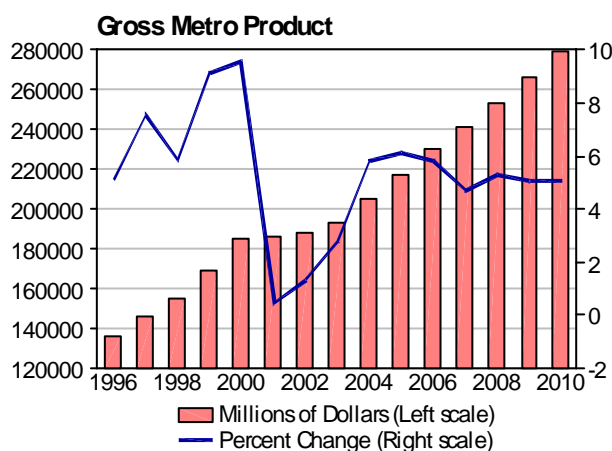
San Francisco-Oakland-Fremont

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	1959.9	12	1981.4	12	2010.0	12	2071.8	12
Unemployment Rate (%)	5.6	145	4.8	202	4.6	201	4.7	198
Personal Income (Billions)	205.5	6	218.5	6	233.6	6	293.0	7
Per Capita Income (Ths.)	49.5	2	52.6	2	56.0	2	68.4	2

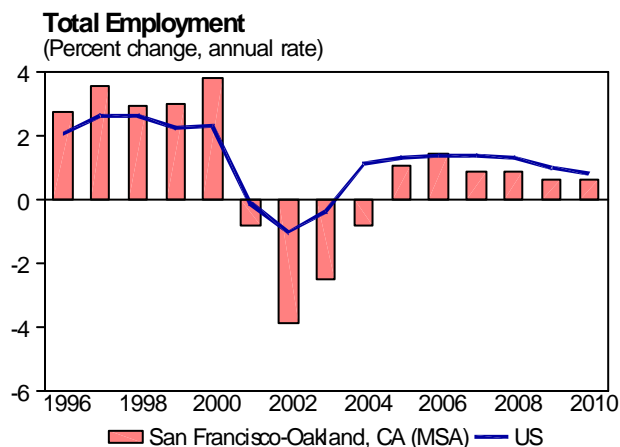
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the San Francisco MSA, as measured by gross metro product (GMP), increased at an annual rate of 6.2% in 2005 (3.7% in real terms), and will increase 5.3% (3.1% in real terms) in 2006. GMP topped \$200 billion in 2005, and will reach \$280 billion by 2010.



- Employment in 2005:** Job growth was 1.1% in 2005, relieving four years of steady contraction. The overall peak-to-drought drop was 198,000 jobs in four years, of which the metro has now regained 40,000. Construction and finance were the leading sectoral gainers in 2005.

- **Employment in 2006:** Post-recession growth will peak at 1.4% in 2006. The long-awaited recovery in business and professional services will be a big boost for the metro economy; that sector will rebound with 2.8% job growth. The construction sector still has one more year of robust gains in store; it will expand payrolls 4.7%.



- **Employment in the Next Five Years:** The professional and business services sector is the locomotive of the region, especially in San Francisco, and will add 31,000 jobs to drive the metro area as San Francisco becomes more of a world headquarters, and uses its excellent transportation facilities to maintain branches around the region and around the world. Construction jobs will grow rapidly as well; building will slacken in the later years.

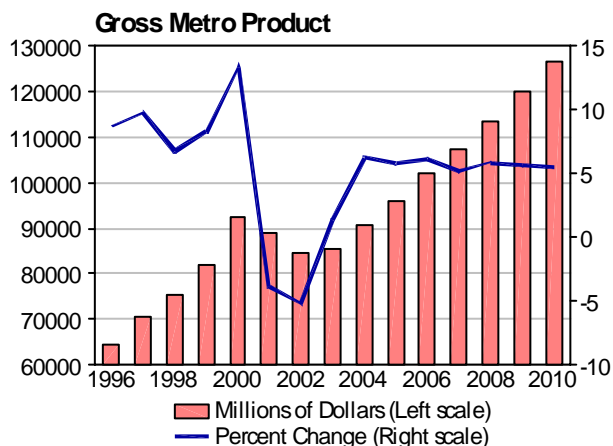
San Jose

Economic Performance Summary

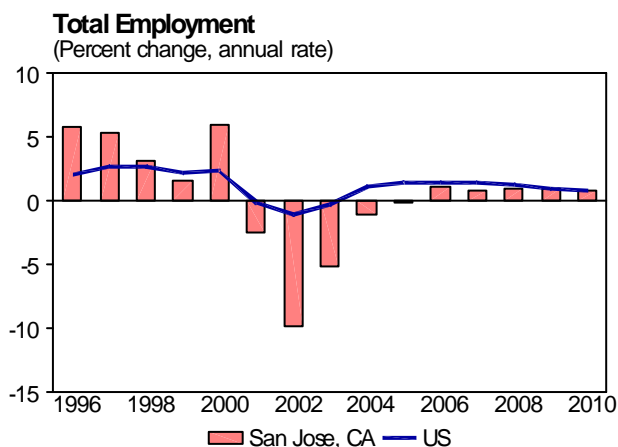
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	859.9	30	858.4	32	868.5	32	898.9	32
Unemployment Rate (%)	6.7	60	5.5	123	5.3	133	5.3	133
Personal Income (Billions)	83.5	21	87.8	21	93.2	21	114.4	22
Per Capita Income (Ths.)	47.9	3	50.0	3	52.6	3	62.2	4

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** The total value added of goods and services produced in the San Jose MSA, as measured by gross metro product (GMP), will increase at an annual rate of 6.4% (3.9% in real terms) during 2006, and average 5.8% (3.6% in real terms) through the end of 2010. The \$100 billion mark will be topped in 2006, and GMP will reach \$127 billion in 2010.



- Employment in 2005:** After four years of decline, San Jose employment levels turned upward in the spring. The trough was seen in the first quarter of 2005, with a (seasonally adjusted) total employment of 854,500, a level 212,000 jobs off the 2000 peak. Although the metro has slowly been working its way back to economic health, employment for 2005 will nevertheless average 1,500 jobs fewer than were seen in 2004, with information activities the leading growth sector. Year-over-year job growth finally turned positive in November.
- Employment in 2006:** After five years of negative annual employment figures, San Jose will pull itself out of the hole in 2006. The trend of positive year-over-year job growth that began in late 2005 will gain steam thanks to revivals in major sectors like professional and business services, leisure and hospitality services, and trade and transportation. Total employment growth will register 1.2%.



- Employment in the Next Five Years:** San Jose will add 40,000 jobs by 2010. Growth continues to move away from the high-tech manufacturing sector that calls itself Silicon Valley. In 2001, 24% of all jobs in the area were in manufacturing; in 2004 that percentage has dropped to just 20%, and by 2010 it will rest at 18%. Professional and business services will grow by more than 3% over the same period, gaining 2% more of the workforce.

Essentially, San Jose will become less a metro of back-office production line workers and more one of front-office white-collar headquarters employees.

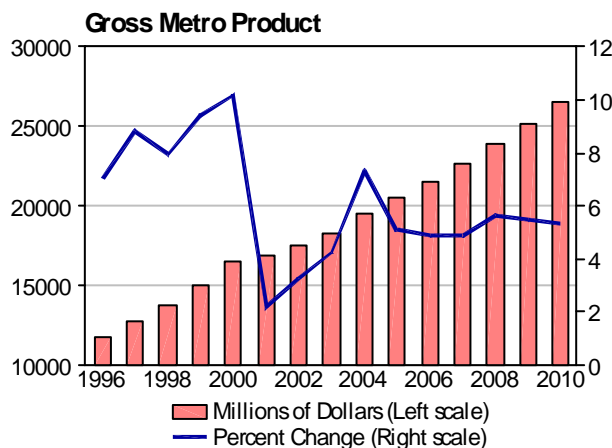
Santa Rosa

Economic Performance Summary

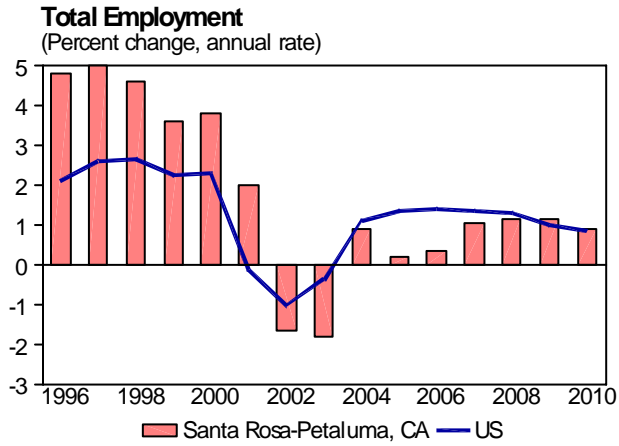
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	184.9	110	185.2	113	185.9	113	193.8	113
Unemployment Rate (%)	4.9	216	4.4	251	4.4	242	4.5	236
Personal Income (Billions)	18.1	81	19.3	81	20.5	81	25.9	81
Per Capita Income (Ths.)	38.6	22	41.1	19	43.1	20	52.2	22

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in the Santa Rosa (Sonoma) MSA, as measured by gross metro product (GMP), will increase at an annual rate of 5.1% (2.6% in real terms) during 2006 to \$21.6 billion. The GMP annual growth rate will average 5.2% (3% in real terms) through the end of 2010.



- Employment in 2005:** Job growth in 2005 weakened even from the previous year's tepid 0.9% gain. Total employment advanced only 0.2%, as government, information services, professional and business services, leisure and hospitality services, and trade, transportation and utilities all slumped, putting recovery at risk. The construction sector was the only one to log substantial gains in 2005.
- Employment in 2006:** Stronger growth in education and health services and in government will help Santa Rosa eke out a slightly better job gain of 0.4% in 2006.



- Employment in the Next Five Years:** Recovery will finally come to Santa Rosa in 2007, when payrolls will expand 1%. Over the forecast period of 2006-10, jobs gains will average 0.9% annually, consistent with moderate population and labor-force growth.

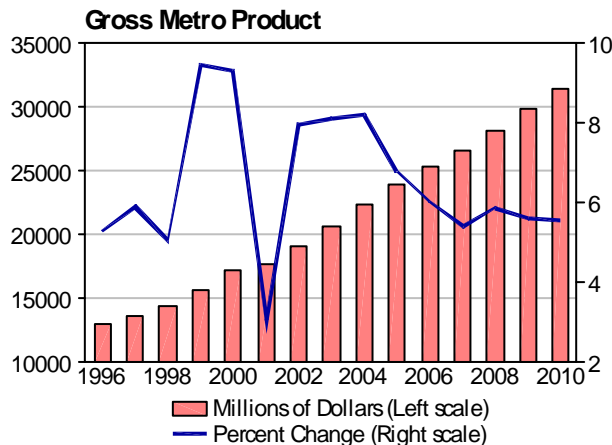
Stockton-Lodi

Economic Performance Summary

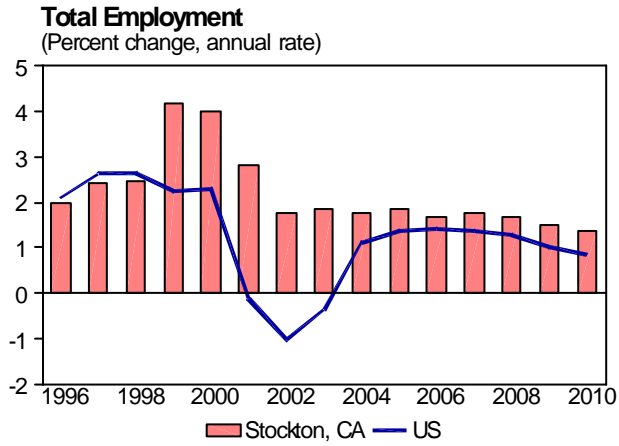
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	201.5	104	205.2	104	208.7	104	222.3	103
Unemployment Rate (%)	8.5	16	7.7	21	7.7	23	7.7	20
Personal Income (Billions)	16.6	88	17.7	88	18.9	87	23.9	86
Per Capita Income (Ths.)	25.4	307	26.3	315	27.4	316	32.0	322

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** Gross metro product growth was 7% (4.4% in real terms) in 2005, and will average growth of 5.7% (3.6% in real terms) per year this decade. By 2010, GMP will grow to exceed \$31 billion.



- Employment in 2005:** As with other Central Valley metros, Stockton had grown consistently in the years of this decade. High costs of living along the Pacific coast and the Bay Area recession brought thousands of new residents to Stockton. Indeed, robust 2005 job gains of 1.8% did not match 2.8% population growth. The unemployment rate remains mired near 8%.
- Employment in 2006:** Job growth will continue, with 3,500 (1.7%) new jobs, led by construction. Only the manufacturing sector will see slipping payrolls. Unemployment will remain high, at 7.7%.



- Employment in the Next Five Years:** Payroll gains will continue at a greater than 1.5% annual clip, but unemployment rates will not budge. Employment will reach 222,000 by 2010, with manufacturing stable at 20,000 workers.

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Colorado

Colorado's economy exhibited its strongest job growth since 2000 in 2005, posting a 2.2% employment gain for the year. Trade, transportation, and utilities employment continued its turnaround throughout the year, and this, the largest sector in the state, posted 1.4% growth. Job gains in construction were very high, at 6.4%.

In 2006–10, the state is forecasted to average 1.6% annual growth; having peaked in 2005 at 2.2%, annual gains will decelerate slowly each year after that. Trade, transportation, and utilities employment will display 1.3% annual growth during the five-year forecast period. Tourism, although vulnerable to weather events and travel fears, is expected to boost leisure and hospitality employment throughout the period, with payrolls expanding 1.7% annually. The construction sector will lose some of its robustness, but average 1.7% annual growth. Manufacturing losses will continue at a modest 0.8% rate.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Colorado		
Boulder, CO	\$14.34	7.2
Colorado Springs, CO	\$24.28	12.1
Denver-Aurora, CO	\$108.47	54.2
Fort Collins-Loveland, CO	\$10.93	5.5
Greeley, CO	\$6.92	3.5
Grand Junction, CO	\$4.84	2.4
Pueblo, CO	\$4.80	2.4
<i>Sum of Metro Areas</i>	\$174.57	87.3

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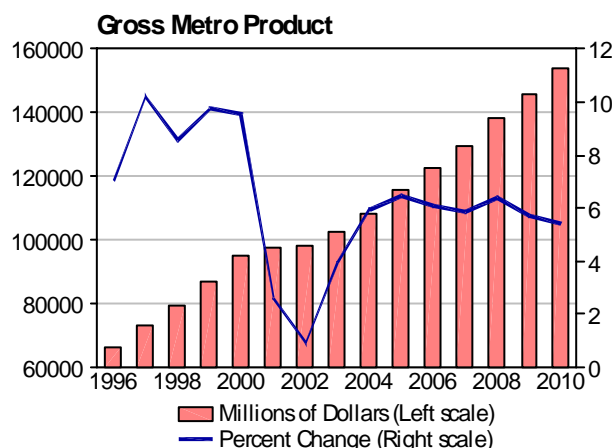
Denver

Economic Performance Summary

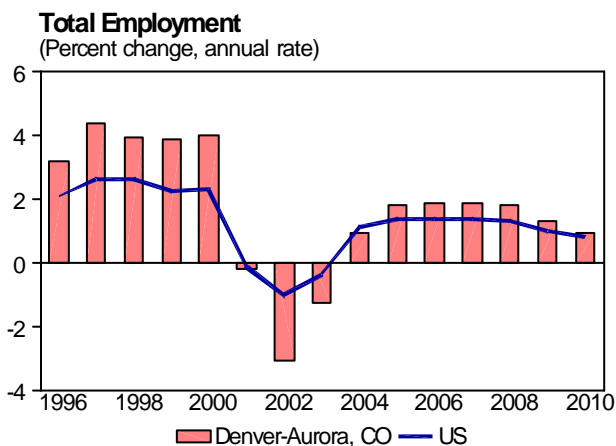
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	1167.5	20	1188.5	20	1211.0	20	1284.2	21
Unemployment Rate (%)	5.8	122	5.2	147	5.1	153	4.6	214
Personal Income (Billions)	95.3	20	101.6	19	108.2	19	137.2	19
Per Capita Income (Ths.)	40.8	15	42.9	14	45.1	16	54.0	16

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** Gross metro product (GMP) is the total value added of goods and services produced in an MSA. Denver's GMP is expected to increase at a 7.2% (4.6% in real terms) rate in 2006 to \$122.5 billion, up from 6.9% (4.2% in real terms) growth in 2005. From 2006–10, GMP will average 6.1% (3.8% in real terms) annual growth, up from 4.0% (2% in real terms) in 2000–05.



- Employment in 2005:** Denver has entered a period of solid, steady growth. Job gains in 2005 registered 1.8%, and the metro will continue to grow at or very near this rate through 2008. The services sectors have been big contributors to job growth, as has the construction sector. Revival in the government, manufacturing, and finance sectors has also had a salutary effect.
- Employment in 2006:** The revival that the manufacturing sector experienced from 2004–06 will not last; in 2006 it will fall back into contraction. But solid—and in the case of services and construction, strong—growth elsewhere will keep the economy bustling along. Employment growth is forecast to be 1.9% in 2006.



- Employment in the Next Five Years:** The metro area will post average annual employment gains of 1.6% in 2006–10. Manufacturing employment will flounder throughout the forecast period as the sector’s importance in the metro economy continues to wane. Forecasted employment expansion in educational and health (1.6% annual growth), leisure and hospitality (1.6%), and professional and business (3.5%) services will be the drivers of much of the future employment growth in the Denver metro area, offsetting slower job gains in government (0.7%), construction (1.5%), and trade and transportation (1.4%).

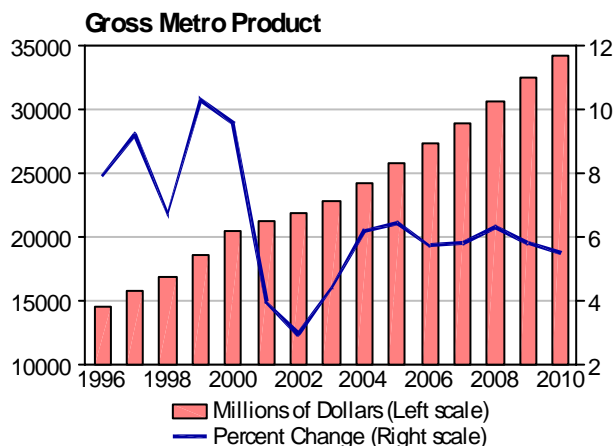
Colorado Springs

Economic Performance Summary

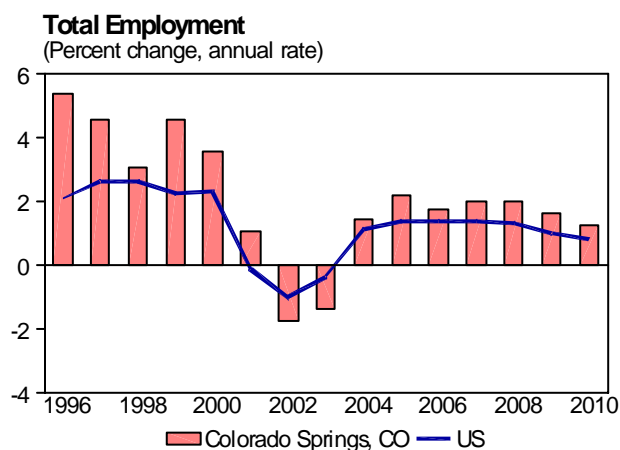
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	247.9	88	253.3	88	257.8	88	276.0	86
Unemployment Rate (%)	5.7	134	5.4	135	5.3	128	4.8	180
Personal Income (Billions)	18.4	79	19.7	79	20.9	79	26.7	77
Per Capita Income (Ths.)	31.9	105	33.6	104	35.2	106	42.6	96

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As is illustrated in the figure below, gross metro product (GMP) will increase 7% (4.3% in real terms) in 2006, down from 6.9% (4.2% in real terms) in 2005. GMP in Colorado Springs is expected to top \$34 million by the end of 2010 and average 6.1% (3.8% in real terms) annual growth in 2006–10. Gross metro product is defined as the total valued added of goods and services produced in a metro.



- Employment in 2005:** With 2.2% employment growth, 2005 was the strongest year of employment growth since 2000, and will be the strongest for the rest of the decade. Solid growth came from all corners in 2005, from the services (except education and health, which was weak), finance, construction, government, and even the manufacturing sector, which rose from its slump to eke out a 1.0% increase in payrolls.
- Employment in 2006:** Job growth will decelerate a bit in 2006, as the manufacturing sector retreats into contraction and most sectors settle into slower growth. Total employment is expected to increase 1.8%.



- Employment in the Next Five Years:** In the five-year forecast period 2006–10, total employment in the Colorado Springs MSA is forecast to grow 1.7% annually. The service-providing sectors will lead the way. Professional and business services employment will average 3.5% growth annually for five years. Skiing and outdoor recreation businesses, which are important to the Colorado Springs' economy, will boost leisure and hospitality jobs to 1.6% average annual growth over the next five years. The trade and transportation sector will contribute 1.7% annual growth, and hiring in the military services will keep government employment expanding 1.0% annually. The number of manufacturing jobs will stagnate throughout the forecast period.

The STATE of the STATE

Connecticut

After stabilizing towards the end of 2004, the Connecticut economy stayed consistently strong through 2005. Driven primarily by improving business conditions, total employment increased 1.1% in 2005 following a 0.4% increase in 2004. A more cautious approach to hiring by corporations was reflected in very weak payroll expansion in the professional and business services sector. Further gains in personal income growth helped to support economic activity in the leisure and hospitality sector, which grew 2.3%. Employment in the construction sector continued to grow robustly in 2005, at 6.7%, helped by a steady housing market. Benefiting from a general improvement in industrial production across the nation, the Connecticut manufacturing sector managed to exhibit flat growth, which is a serious improvement over long years of declining payrolls.

During the next couple years, any recovery in Connecticut will remain muted, with employment growth expected to average around 0.7% through the rest of the decade. An improving corporate outlook will spur growth in the professional and business services sector, averaging annual growth of 1.5%. Rising consumer confidence and spending will continue to drive growth in the leisure and hospitality sector (1.1% annual growth). The manufacturing sector will remain in stagnation, averaging a 0.6% decline each year.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Connecticut		
Bridgeport-Stamford-Norwalk, CT	\$49.77	26.8
Hartford-West Hartford-East Hartford, CT	\$70.55	38.0
New Haven-Milford, CT	\$40.76	21.9
Norwich-New London, CT	\$13.41	7.2
<i>Sum of Metro Areas</i>	\$174.48	93.9

THE STATE OF THE METROS

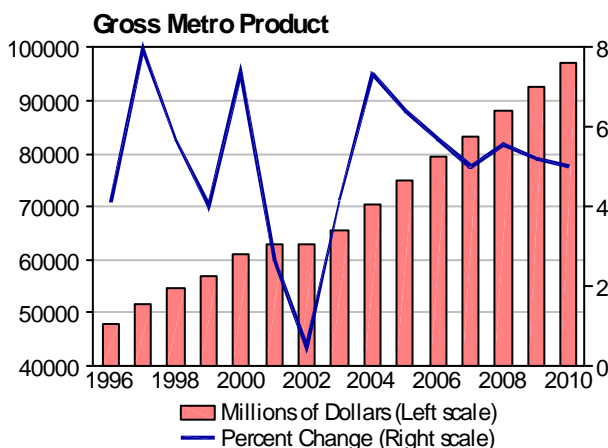
Hartford

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	611.1	42	620.2	41	624.9	41	640.2	43
Unemployment Rate (%)	5.1	205	5.3	143	5.2	145	5.1	149
Personal Income (Billions)	47.8	40	50.9	40	53.6	41	65.5	41
Per Capita Income (Ths.)	40.4	18	42.9	15	45.1	15	55.1	11

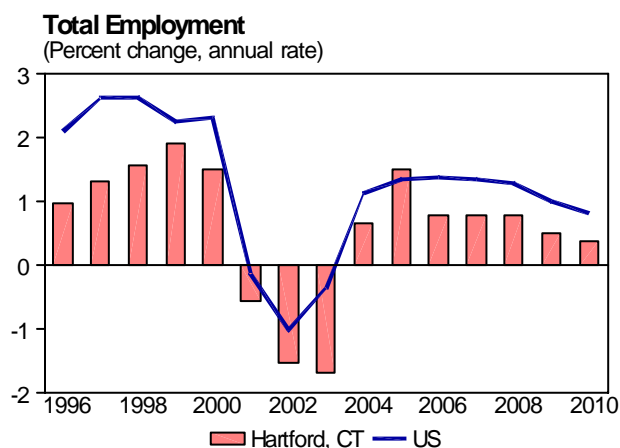
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As is shown in the graph below, GMP growth should slow a bit through 2010, although it should remain fairly strong, averaging 5.3% (3.1% in real terms) growth through the decade. Even with downturns in finance and manufacturing employment, the strength in output of those sectors should continue to help feed GMP growth. GMP growth will grow to 6% (3.5% in real terms) in 2006, to \$79.4 billion.



- Employment in 2005:** The Hartford recovery took a firm hold in 2005 and drove the metro to match its largest, annual job growth of the decade (1.5%, a number achieved in 2000). Growth of 1.0% in the professional and business services sector helped to fuel this payroll growth, as did substantial 4.0% gains in the leisure and hospitality sector. Another strong performer of last year was construction, with 8.4% job growth fueled by housing demand, as well as continued commercial construction in downtown Hartford. The financial sector did not see this kind of success, with -0.8% job losses in 2005, while manufacturing registered a slight (0.7%) uptick.
- Employment in 2006:** The success enjoyed by Hartford in 2005 will taper off somewhat in 2006, but only slightly. Jobs should increase 0.8%. The professional and business services (up 1.8%) and education and health services sectors (up 1.5%) should see stronger gains than

they did in 2005. The leisure and hospitality (up 1.9%) and construction sectors (up 2.5%) should both slow, following blistering growth in 2005, as real estate and building slows with the rest of the nation as the housing market cools. Finance will lose more jobs, as will manufacturing, hit by the impact of energy prices on the aerospace sector.



Employment in the Next Five Years: Hartford is expected to experience a relatively modest economic expansion during the next five years. The strong gains in 2005 should moderate to the slower gains of 2006, and stay at that level or lower through 2010, as a result of continued contraction of manufacturing (0.4% job losses on average) and finance (0.2% losses on average), as well as moderate growth across other sectors. Total employment is expected to average 0.6% during the next five years.

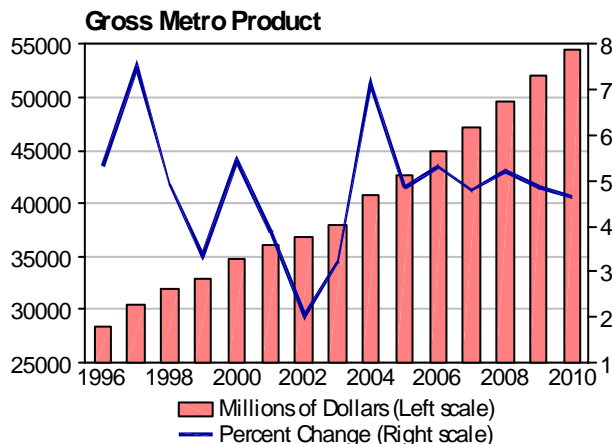
New Haven

Economic Performance Summary

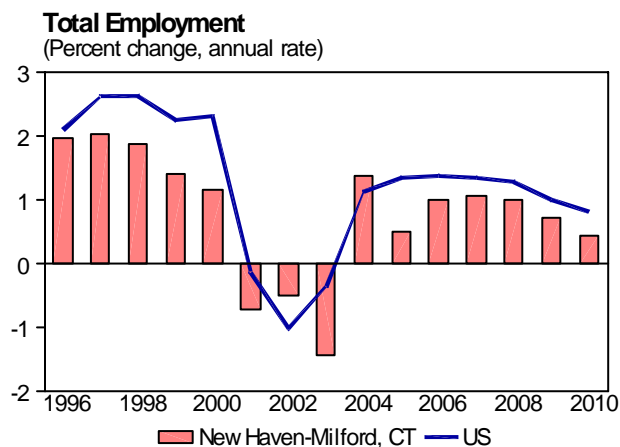
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	376.1	59	378.0	59	381.8	60	394.2	61
Unemployment Rate (%)	5.2	187	5.6	119	5.6	108	5.5	105
Personal Income (Billions)	32.5	51	34.5	51	36.5	52	45.0	52
Per Capita Income (Ths.)	38.5	24	40.7	24	42.9	21	52.6	20

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** As shown below, New Haven will see moderate GMP growth, in line with personal income and employment, averaging 4.9% (2.7% in real terms) through 2010. In 2006, GMP will grow 5.2% (2.7% in real terms) to \$45 billion.



- Employment in 2005:** Job growth in New Haven continued in 2005, but at a much slower pace compared to the strong rate seen in 2004. Following a year that saw 1.4% employment growth, 0.5% growth in 2005 is good but not great. Its weaker showing in 2005 came primarily from 0.9% job losses in the New Haven financial sector, as well as 1.3% job losses in manufacturing. Positive job growth in the construction, education, and health services sectors, among others, helped to blunt the negative impact of these losses enough to keep job growth positive. In addition, by the end of the year, personal and business services payrolls swelled 0.8%, and leisure and hospitality grew 1.5%.
- Employment in 2006:** Currently, we see better growth in 2006 of 1.0% for New Haven. The strongest contributor to this growth is the 2.1% growth in the professional and business services sector, a sector that should continue to stay strong as sustained national recovery should contribute to renewed corporate confidence and growth. New Haven should see some declines (1.4%) in manufacturing in 2006, and could see even greater declines depending on the final layoffs determined by Electric Boat, which could reach 2,400. Finance will also decline 1.1% in 2006, but other sectors of employment will see growth.



- Employment in the Next Five Years:** The New Haven economy will maintain a sustained rate of job growth in the near future, slowing somewhat toward the end of this decade. In

2006–08, the metro will see annual job growth of 1.0% or more, while the sector will dip below this mark starting in 2009. On average, New Haven will see 0.8% job growth in 2006–10. Growth in the professional and business services sector should drive this growth, with job growth averaging 1.7% annually, while the 1.5% annual job growth rate in the leisure and hospitality sector will nearly equal it. As interest rates rise and the housing boom levels off, finance will continue to suffer, remaining stagnant through the rest of the decade. Construction will stay positive, fed by the continued development of downtown New Haven, but manufacturing will decline 0.7% on average.

The STATE of the STATE

Delaware

Global Insight is now forecasting that the rebound in Delaware employment in 2004 was as good as it will get. Job growth of 2.3% in 2004 gave way to slower gains of 2% in the First State in 2005. In 2006–10, the outlook for Delaware shows steady economic growth, with annual employment gains averaging 1.2% each year. By comparison, the average annual employment growth rate during the four years ending in 2000 was 2.8%. In 2006, employment growth will suffer from the expected dislocation of MBNA in financial services. We expect about 600 jobs to be lost in that sector in 2006, dragging total employment growth down to 1%. During the next five years, employment in manufacturing, another major sector, will remain essentially flat. Total personal income advanced 6.7% in 2004, and 5.8% in 2005. The financial sector contraction in 2006 will result in income gains of only 4.8% that year. From 2007-2010, total personal income will grow an average of 5.4% annually.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Delaware		
Dover, DE	\$6.68	12.3
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD (MSA)*	\$39.26	72.3
<i>Sum of Metro Areas</i>	\$45.94	84.7

*Note: This GMP number represents the portion of the MSA within this state.

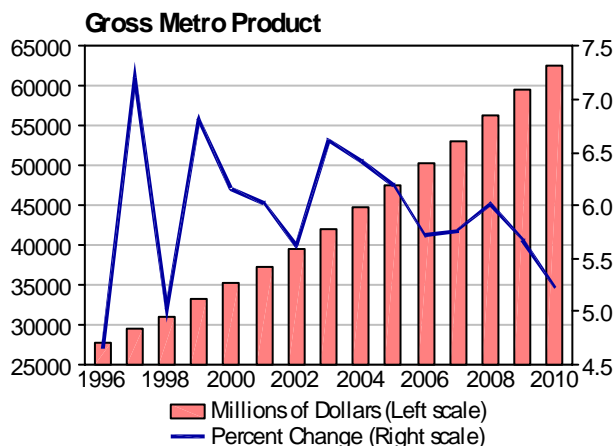
THE STATE OF THE METROS

Wilmington-Newark (Division of the Philadelphia MSA)

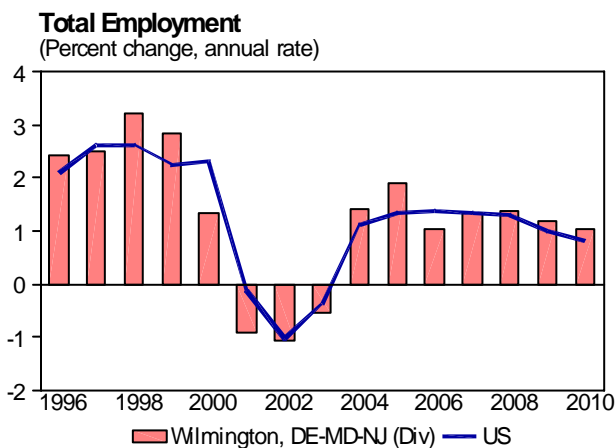
Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	345.4		351.9		355.5		373.5	
Unemployment Rate (%)	4.4		4.4		4.3		4.4	
Personal Income (Billions)	26.0		27.5		28.9		36.1	
Per Capita Income (Ths.)	38.1		40.0		41.5		49.6	

- Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in Wilmington, or gross metro product (GMP), will increase 5.92% (3.2% in real terms) in 2006, or \$50.3 billion. GMP will increase at an annual rate of 5.89% (3.4% in real terms) during the forecast period.



- Employment in 2005:** Wilmington registered an annual employment increase of 1.9% for 2005, an acceleration from 1.4% in 2004. Growth was driven by the services sectors, especially leisure and hospitality services, with 5.0% annual job growth. The rebounding retail trade and transportation, warehousing and utilities sectors were also big contributors to growth, registering 7.4% and 4.5% gains, respectively. These sectors compensated for weakness in finance (1.8% decline) and manufacturing (5.6% decline).
- Employment in 2006:** Job growth in Wilmington will slow this year, as nearly every sector decelerates from the highs of the rebound. The standout will continue to be leisure and hospitality services, as the metro area draws vacationers and tourism. Total employment will gain 1.0%.



- Employment in the Next Five Years:** Wilmington's total employment will average 1.2% annual growth during the next five years, on the course of a gradual deceleration from its decade peak of 1.9% in 2005. The worst appears to be ending for the manufacturing sector, which will decline 1.7% in 2006, and then contract less than 1.0% each year through 2010. The sector will even see a few years of essentially flat growth, which is good news after so many losses. Eventually, jobs will continue to move away, and payrolls will contract again. The highest annual employment growth rates during this period will be found in the leisure and hospitality services (1.8%) and transportation, warehousing and utilities (1.7%) sectors.

The STATE of the STATE

District of Columbia

In 2005, the District bettered the 1% economic expansion of 2004, with total employment increasing 1.2%. The local economy was carried on the shoulders of its services sectors in 2005, with leisure and hospitality services gaining 5.2% and professional and business services expanding 2.3%.

Global Insight expects the District will maintain moderate, positive employment growth through the forecast period, averaging 1.1% annual job gains. Employment growth will be concentrated in two main sectors, services and construction. We forecast increases of 2.4% annually in the professional and business services sector. Average annual gains in education and health and leisure and hospitality services will be 1.5% and 1.2%, respectively. The small but important construction sector, meanwhile, will boom over the forecast period, with annual gains averaging 4.5%. Direct government employment and, to a far more significant extent, government contracts with private sector companies, along with associated think tank and lobbying activity, anchors D.C.'s job and income performance, and over the next five years, job growth in that sector will unfortunately remain flat. Historically, the District's large government sector has been a stabilizing presence, protecting it from the fluctuations in economic growth that occur in other cities with a larger private sector. The result is that during periods of strong economic growth in the U.S. economy, the District's economy does not grow as fast, but during recessions, the District's economy does not decline as much and tends to outperform the U.S. economy.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
District of Columbia		
Washington-Arlington-Alexandria, DC-VA-MD-WV (MSA)	\$76.69	100.0
Sum of Metro Areas	\$76.69	100.0

THE STATE OF THE METROS

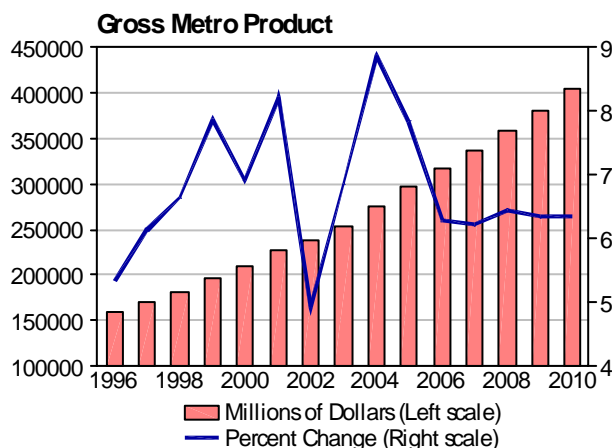
Washington-Arlington-Alexandria

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	2848.2	4	2925.3	4	2976.0	4	3171.2	4
Unemployment Rate (%)	3.7	337	3.5	334	3.5	335	3.6	322
Personal Income (Billions)	241.1	4	258.6	4	273.8	4	348.3	4
Per Capita Income (Ths.)	46.8	4	49.5	4	51.6	4	61.8	5

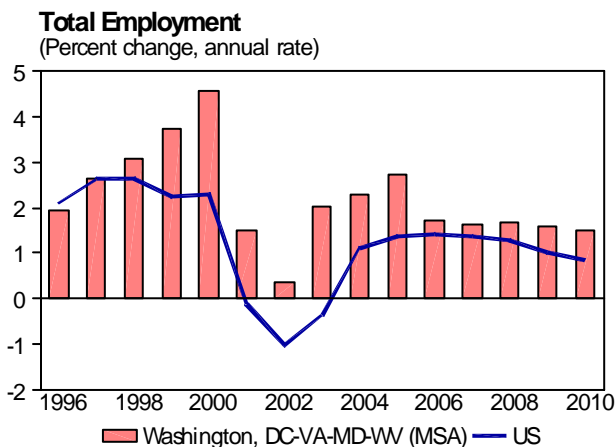
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Washington, D.C. MSA, as measured by gross metro product (GMP), will increase at an average annual rate of 6.8% (4.1% in real terms) during 2006, to \$316.9 billion. The compounded annual growth rate of the Washington GMP will be 6.3% (3.9% in real terms) in 2006–10.



- Employment in 2005:** In 2005, the metro continued its steady employment expansion, posting a 2.9% annual job gain. The MSA is a leading driver for both Maryland and Virginia, state economies of which it is a significant component in both employment and population growth. Employment growth rates were strongest in professional and business services (3.9%) and construction (5.0%). The Washington metro area will continue to be one of the nation's strongest regional economies, boosted by continuing high levels of federal government spending, the expanding U.S. recovery, the hot housing market, and even a recovery in the tech sector.
- Employment in 2006:** The Washington, D.C. MSA will see a moderation in employment growth in 2006, with total gains registering 1.7%. Construction employment will not be able to sustain the stellar growth of 2005, but will produce a robust 2.7% rise in 2006.

Professional and business services will lead the pack and swell 3.2%. Government employment in Washington, D.C. will see its growth fall to 0.7% after having posted a 1.4% change in 2005.



- Employment in the Next Five Years:** Metro private, services-providing sectors will drive employment growth in the regional economy in the next five years. Growth will decelerate in 2006 to 2.2%, and average 2.0% annually thereafter through the end of the decade. Professional and business services will lead sectoral growth, expanding 3.2% annually from 2006–10. Construction employment will grow at a 2.1% average annual rate, while manufacturing employment will contract 1.1% annually. Government accounts for 22.5% of total employment in the Washington, DC MSA, and private service-providing sectors account for 69%. The continuing large increases in federal defense- and homeland-security-related spending will continue to drive the regional economy, as defense and telecom firms are hired to provide anti-terrorist and communications services. High costs of living and doing business in the DC region will be an ongoing concern, especially in terms of workers being able to find affordable housing within reasonable commuting distances. Over the long term, a cutback in federal spending in order to reduce the federal deficit could slow the region's economy, as contracts awarded to firms in the region decline. This is significant, as it is estimated that about half of the economic activity within the Washington metro is due directly and indirectly to the federal government.

The STATE of the STATE

Florida

In 2005, broad-based growth kept the economy on a steady, upward path; the state posted 3.3% job growth, the same as in 2004. The largest gains came from professional and business services (6%), the effervescent construction sector (6.2%), the healthy tourism industry (3.8%), and the unflagging education and health services sector (3.4%).

With strong underlying fundamentals, the Florida economy will remain a job leader in the years ahead. Low costs and a favorable climate keep luring migrants (especially retirees and “snow birds”), tourists, and companies, leading to strong population growth—a vital part of the state economic success. Population gains have driven strong demand for service industries and construction. Two demographic phenomena—the “echo boom” reaching college age, and the baby boom approaching retirement—will continue to keep those sectors in business. From 2005 on, annual employment growth will decelerate slightly, in line with the national average, but job growth in Florida is expected to average 2.1% in the next five years, trailing only Nevada and Arizona.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Florida		
Cape Coral-Fort Myers, FL	\$16.03	2.7
Deltona-Daytona Beach-Ormond Beach, FL	\$12.98	2.2
Fort Walton Beach-Crestview-Destin, FL	\$7.55	1.3
Gainesville, FL	\$9.38	1.6
Jacksonville, FL	\$48.59	8.1
Lakeland, FL	\$16.54	2.8
Miami-Fort Lauderdale-Miami Beach, FL	\$184.21	30.7
Naples-Marco Island, FL	\$9.30	1.6
Ocala, FL	\$7.83	1.3
Orlando-Kissimmee, FL	\$72.62	12.1
Palm Bay-Melbourne-Titusville, FL	\$16.33	2.7
Panama City-Lynn Haven, FL	\$5.83	1.0
Pensacola-Ferry Pass-Brent, FL	\$13.98	2.3
Port St. Lucie-Fort Pierce, FL	\$9.74	1.6
Punta Gorda, FL	\$3.45	0.6
Sarasota-Bradenton-Venice, FL	\$22.88	3.8
Tallahassee, FL	\$12.43	2.1
Tampa-St. Petersburg-Clearwater, FL	\$100.26	16.7
Vero Beach, FL	\$3.50	0.6
<i>Sum of Metro Areas</i>	\$573.43	95.7

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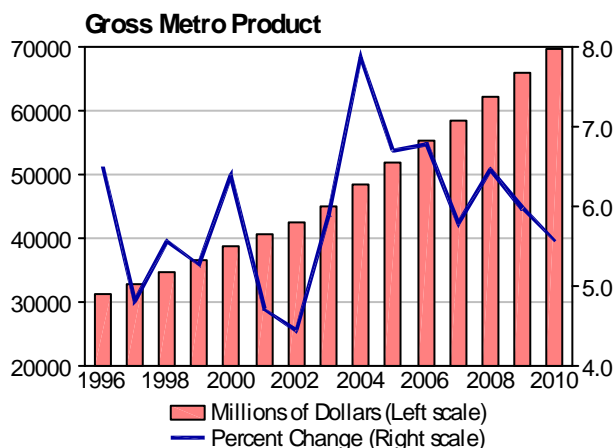
Jacksonville

Economic Performance Summary

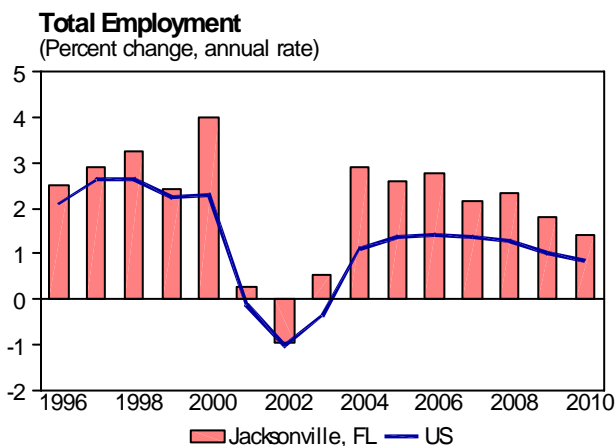
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	581.0	45	596.1	44	612.8	43	661.5	40
Unemployment Rate (%)	4.8	226	4.1	283	4.1	280	4.1	292
Personal Income (Billions)	39.1	46	41.9	45	44.9	44	58.2	42
Per Capita Income (Ths.)	31.8	109	33.4	108	35.1	107	42.5	100

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Jacksonville MSA, as measured by gross metro product, increased 6.9% (4.3% in real terms) during 2005, and will rise 7.1% (4.6% in real terms) in 2006 to \$55.6 billion. Global Insight estimates the GMP annual growth rate will average 6.2% (3.9% in real terms) during 2006–10, decelerating along with job growth through 2010.



- Employment in 2005:** Jacksonville has entered a period of strong, stable job growth. On the heels of a 2.9% employment gain in 2004, the metro increased payrolls by 2.6% in 2005. The education and health (5.8% job growth) and leisure and hospitality (4.2% growth) sectors performed especially well, aided by the influx of new residents (the metro population expanded 2.1% in 2005) and tourists alike. Even the manufacturing sector created jobs, expanding payrolls 1.1%, partly due to the weak dollar.
- Employment in 2006:** This year the metro can expect more of the same—which is a good thing. With employment in professional and business services picking up again, the construction sector expanding payrolls, and transportation and warehousing jobs on the rise, total employment will reach 2.8%.



- Employment in the Next Five Years:** Jacksonville's steady expansion will continue through 2008, after which job growth will trail off slightly. During 2006–10, total employment growth will average 2.1% annually. Professional and business services will again be a standout as it was before the recession, achieving peak forecast employment gains of 6.6% in 2008. During 2006–10, the professional and business sector will average 5.3% job growth annually. The health services component of education and health services will also see a lot of business, especially from the retired population; education and health services will average 1.8% job growth annually during 2006–10. Retirees and second-home owners will drive strong payroll growth in construction, which will average 2.5% gains through 2010. The trade and transportation sector can also be counted on for solid employment growth, averaging 1.8% through 2010.

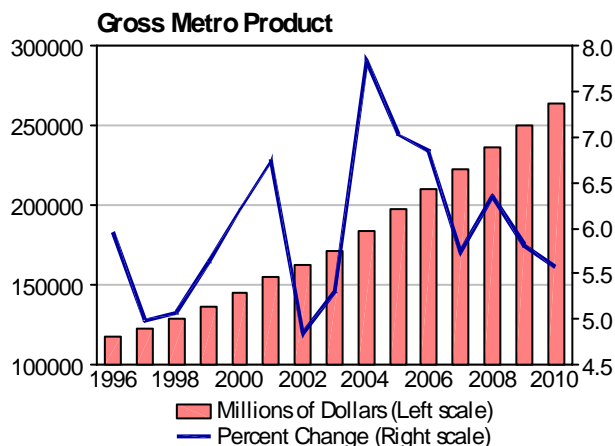
Miami-Fort Lauderdale-West Palm Beach

Economic Performance Summary

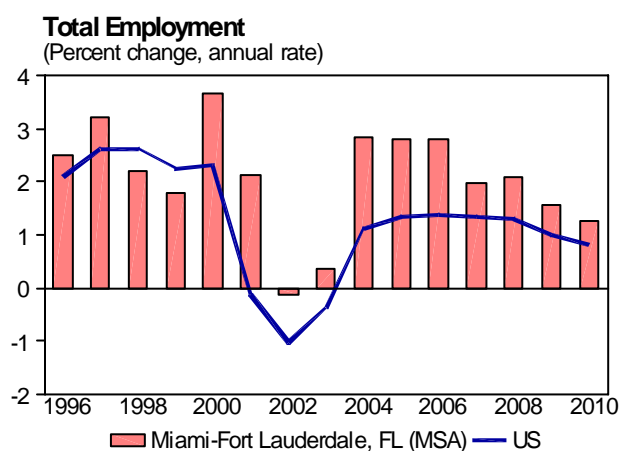
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	2292.4	8	2356.5	8	2422.7	7	2593.8	7
Unemployment Rate (%)	5.2	191	4.3	255	4.4	241	4.7	203
Personal Income (Billions)	186.2	10	199.2	10	213.9	10	274.9	9
Per Capita Income (Ths.)	34.7	51	36.6	48	38.7	47	46.7	44

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The rebound of 2004 pushed the economy to exceptional GMP gains—7.9% (5.5% in real terms). A slightly weaker economy in 2006 is expected to slow gains to a still-robust 6.6% (4% in real terms)—among the best in the nation. During the next five years, growth will moderate but should still remain quite strong, averaging 6% (3.7% in real terms) annually, and GMP will top \$250 billion by 2010.



- Employment in 2005:** The Miami metro followed up a strong 2004 with an almost nearly as strong 2005. Job growth registered 2.8%, just slightly below the 2.9% of 2004. The economy became more diversified as professional/business and tourism decelerated from unsustainably high growth in 2004, while trade and transportation finally strengthened. By year's end, nearly every major sector was exhibiting healthy job gains. Fort Lauderdale and West Palm Beach led the growth, and Miami-Dade was advancing at a solid pace by the end of 2005.
- Employment in 2006:** The healthy, balanced growth of 2005 will serve the South Florida economy well in the coming year. The professional/business and education/health sectors will lead the way and continue to rack up solid job gains. Meanwhile, higher interest rates and housing prices will slow the real estate market, weakening construction and financial services. Deceleration in those sectors along with tourism will restrain job growth to 2.3% through the fourth quarter of 2006. Although those gains will be less than were seen during the past two years, they still compare quite well nationally.



- Employment in the Next Five Years:** Services remain the key to the economy, which is driven by strong gains in population and healthy consumer spending (partially from tourism) that will propel total employment growth in South Florida ahead of the national average. Job

growth will average 1.9% during the next five years, as compared with 2.0% for Florida and 1.2% nationally. As usual, the West Palm Beach-Boca Raton metro will be the strongest grower in South Florida.

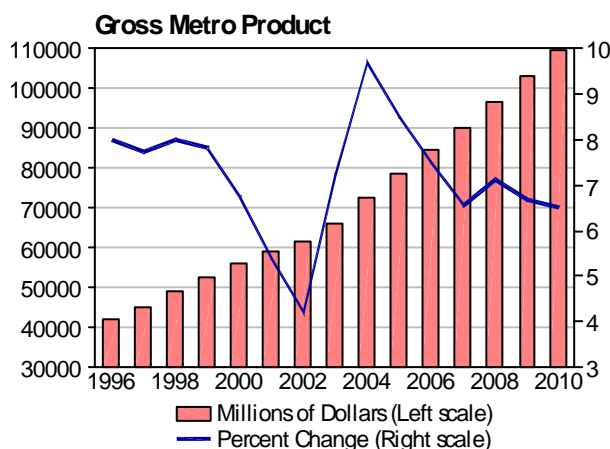
Orlando

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	971.8	25	1014.3	25	1049.1	24	1159.1	23
Unemployment Rate (%)	4.5	265	3.8	313	3.9	309	4.0	299
Personal Income (Billions)	54.9	34	59.7	32	64.2	31	84.7	30
Per Capita Income (Ths.)	29.4	168	31.1	163	32.6	162	39.1	159

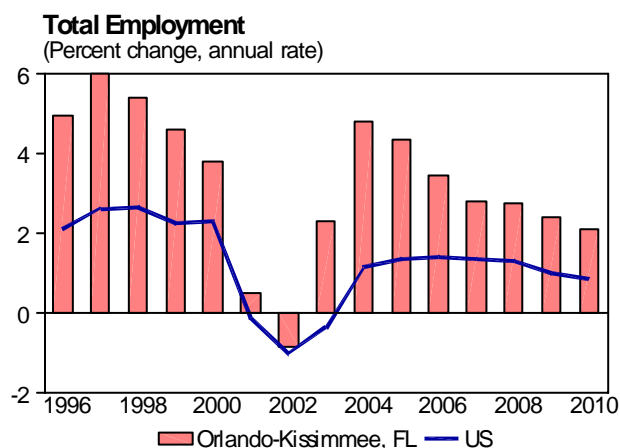
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** After nearly double-digit GMP growth in 2004, the Orlando economy will "cool" in the coming years, as the economy matures after its post-recession recovery. This deceleration will only be in relative terms though, as GMP is expected to grow a whopping 8.6% (6% in real terms) in 2005 and another 7.9% (5.3% in real terms) in 2006. The massive job gains in the metro area will propel these robust output gains, which will continue throughout the next five years, as the Orlando GMP averages 7% growth (4.7% in real terms) through 2010, and tops \$100 million by 2009.



- Employment in 2005:** Orlando finished 2005 with yet another strong performance. The metro area recorded 4% year-over-year job growth in 2005. Virtually every sector has been a strong performer, with construction leading the way, verifying the confidence that residents and businesses have had in the metro economy. The wholesale trade, professional/business, education/health, and leisure sectors have also seen employment gains exceeding 4% in the past year. The manufacturing sector, which was hit hard by the recession, losing 10,000 jobs in 1999–2003, had its best year in almost a decade, rising nearly 4%.
- Employment in 2006:** The strong Orlando economy will show little signs of weakness in the year ahead. Gains will be slightly restrained compared to the recovery years of 2004–05, but

job growth will still be strong (more than 3% through the fourth quarter). Some of the robust optimism will have waned, and the building boom will slightly level off; the housing market will cool from record highs and construction employment will no longer lead the sectors. Nevertheless, construction will continue to grow at a healthy clip, rising more than 2%.



- Employment in the Next Five Years:** The Orlando economy is almost always a strong performer. Indeed, with the exception of three recessionary years (1991, 2001, 2002), the metro area has recorded more than 2% job growth (and usually much higher) every year since 1990. In fact, during the past fifteen years, Orlando has averaged 3.4% job gains—far ahead of the U.S. average of 1.3% during the same period. With such continuous robust performance, it is no surprise that the five-year outlook is equally strong. The low cost of living, strong population growth, and thriving tourism industry in the metro area will continue to drive solid gains in the local economy. Job growth is expected to average 2.7% through 2010.

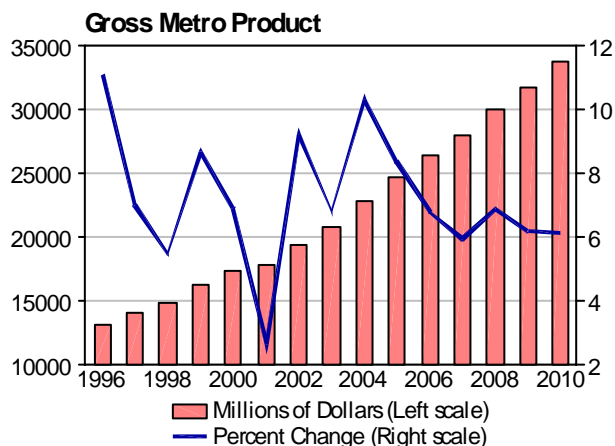
Sarasota-Bradenton

Economic Performance Summary

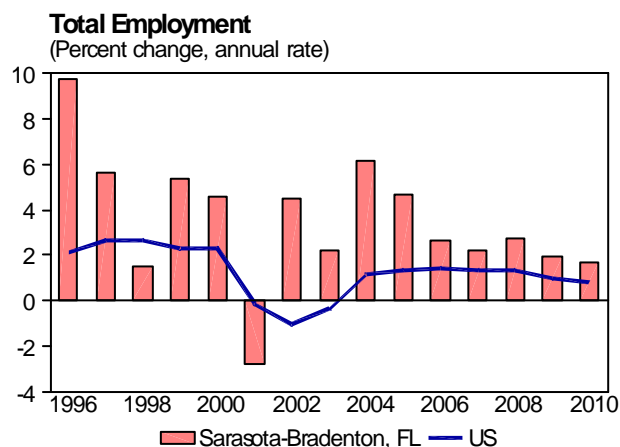
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	300.0	74	314.1	74	322.4	74	351.0	66
Unemployment Rate (%)	4.1	319	3.3	342	3.3	343	3.5	338
Personal Income (Billions)	25.2	62	27.1	61	29.2	60	38.1	59
Per Capita Income (Ths.)	38.5	23	40.5	25	42.7	26	51.9	24

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** GMP growth soared in 2004 on the strength of surging job gains and a rebounding economy. The robust gains then moderated to 8.4% (5.8% in real terms) in 2005 as employment growth productivity gains decelerated. As the job base expands more slowly in 2006, so will GMP, with a gain of 7% (4.4% in real terms) that will bring its level to \$26.5 billion. That will still outpace the national average, owing to the continued economic strength and favorable employment performance of Sarasota.



- Employment in 2005:** After an exceptional 2004 (job growth exceeded 6%), gains in Sarasota-Bradenton-Venice moderated in 2005. Although final figures are not in yet, the metro will likely finish the fourth quarter with jobs up just 4% year-over-year—a strong deceleration from the stellar performance seen in 2004, but still in the top 20 among 361 national metro areas. The slower growth can entirely be traced back to the always-volatile professional and business services sector, which saw double-digit gains retrench to “just” 5% growth as temp hiring and business investment settled down. Outside of professional and business, the economy continued to hum along, with jobs increasing slightly more than 3% year-over-year, exactly on pace with the previous year’s performance.
- Employment in 2006:** The slowing trend begun in Sarasota in 2005 will carry into 2006, as job growth will continue to decelerate but remain strong compared to national averages. Moderating business spending will keep professional and business services more subdued (despite still increasing at a more than 3% rate), while weakening consumer spending and higher interest rates will slow job growth in the retail trade and home construction sectors. Overall, employment will grow slightly more than 2.0% year-over-year by the fourth quarter of 2006.



- **Employment in the Next Five Years:** The trend of 2006 will carry over through the rest of the decade. Professional and business services will remain the top job generator in Sarasota, as it has been for the past 15 years. Healthy population gains, aided by a growing retiree population, will spur new home building and continue to support construction gains. The education and healthcare sector will remain a steady performer as well, owing to national trends in healthcare and the ever-present elderly population. Through the next five years, job growth in Sarasota will average 2.2% annually, among the top 20 metros nationwide.

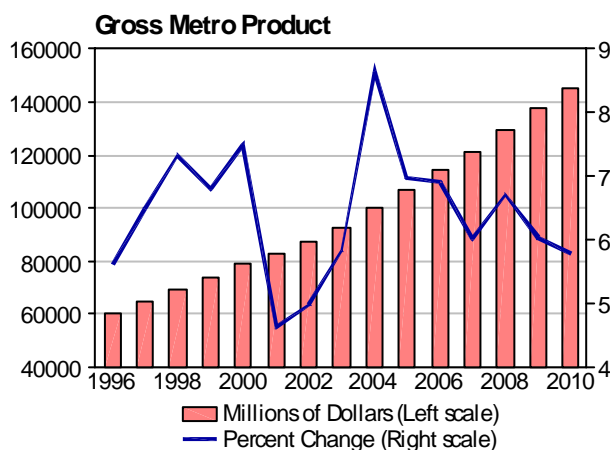
Tampa-St Petersburg-Clearwater

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	1272.7	17	1306.3	17	1342.2	17	1457.8	16
Unemployment Rate (%)	4.6	263	4.0	301	4.1	290	4.3	266
Personal Income (Billions)	80.7	23	86.5	23	92.7	22	119.4	21
Per Capita Income (Ths.)	31.1	127	32.7	124	34.3	122	41.5	116

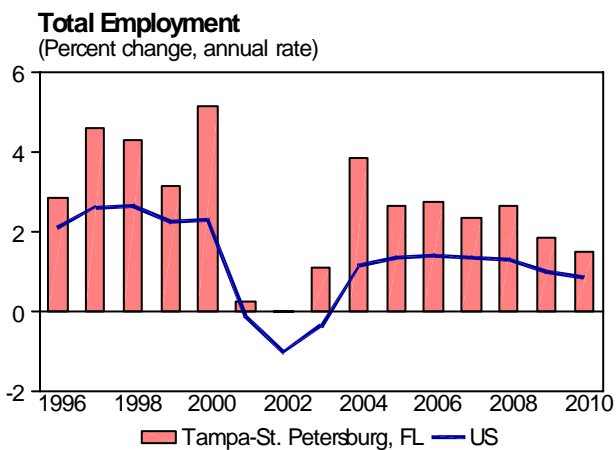
Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** The total value added of goods and services produced in the Tampa MSA, as measured by gross metro product, will increase 7% (4.4% in real terms) during both 2005 and 2006, reaching \$114.7 billion in 2006. Global Insight estimates the GMP annual growth rate will average 6.3% (4.1% in real terms) during 2006–10.



- **Employment in 2005:** Things are looking good for Tampa, no doubt about it. The metro followed its 2004 rebound of 3.9% job growth with a strong and more stable employment gain of 2.6% in 2005. Job gains in the construction and the service sectors have been the biggest contributors to total employment, while the manufacturing sector, which managed to halt its payroll contraction in 2004, registered another year of tiny job growth for 2005.
- **Employment in 2006:** Tampa has entered a steadily prosperous stage. On the heels of 2.6% growth in 2005, the metro will post a 2.8% gain in total employment in 2006. The services sector will remain robust, the finance sector will begin to recover from a contraction in 2005,

and growth will be stable through the rest of the economy—except in manufacturing, which will sink slightly back into negative territory.



- Employment in the Next Five Years:** From 2006 through 2010, Tampa will average 2.2% annual job growth. In addition to its development as a dock for cruise and gaming ships, the Port of Tampa will benefit from an increased focus on trade with its Latin American neighbors; the transportation, warehousing, and utilities sector will see 1.3% average annual employment growth during 2006-10. Construction activity will cool in 2007, leading to a dropoff in job creation, but the region's popularity will keep that sector's payrolls expanding by at least 1% or better through the end of the forecast period. The services sector, of course, is the heavyweight: employment gains in professional and business services will average 4.8% annually. Education and health and leisure and hospitality services will produce steady, if less remarkable, gains. The weak spots will be retail trade and manufacturing, which will remain in modest employment contraction after 2006.

The STATE of the STATE

Georgia

As always, the Georgia economy is a function of the Atlanta metro area, which is home to 56% of state jobs and 60% of its income. Atlanta's economic slump in 2005, therefore, directly affected the state, which notched weak 0.8% employment growth in 2005. The largest contributors to growth in percentage terms were the three major services sectors.

In 2006, job growth in Georgia will swing up again, to 1.8%, unless the Delta bankruptcy leads to major in-state layoffs. Employment gains will be quite solid through the end of the forecast period in 2010, by which point gains will be trailing off in line with a national deceleration. Annual job growth will average 1.4%.

Through 2010, the manufacturing sector will no longer be a significant drag on the state economy. Indeed, after 2007, job losses will be less than 1%. The performance among individual subsectors will vary widely, with losses continuing to mount among textile producers, particularly in light of the end of tariffs against China. Additionally, the Macon economy will take a major hit from the closure of the Brown & Williamson cigarette plant, which will take away 2,000 jobs by 2006, and the ramifications of 5,000 job cuts company-wide at Atlanta-based Rubbermaid—announced in September 2005—are still not clear. Conversely, poultry processing and other food manufacturing will add jobs as national and world growth continues, and the continuing influx of auto manufacturing will also bring jobs. Honda's \$100-million transmission plant in Haralson County, scheduled to open in late 2006, will hire 400 workers. Lastly, the situation in Iraq and the war against terror will continue to support defense-related businesses in the state. Lockheed Martin in Marietta has orders for 50 more 19 F/A-22 Raptor fighter planes for 2006, and possibly an additional 50 after that.

As the professional and business sector goes, so goes the whole economy. It boomed in the 1990s, as professional and scientific jobs surged and business and support jobs were in heavy demand. Then the sector tanked during the recession as technology firms shed workers and corporations cut spending. Now, the turnaround has happened, but not at the spectacular level originally hoped for. After 4.1% growth in 2004 and 2.3% in 2005, the sector will average 4.1% from 2006–10.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Georgia		
Albany, GA	\$5.51	1.6
Athens-Clarke County, GA	\$6.08	1.8
Atlanta-Sandy Springs-Marietta, GA	\$198.13	57.7
Augusta-Richmond County, GA-SC*	\$12.64	3.7
Brunswick, GA	\$3.33	1.0
Chattanooga, TN-GA*	\$3.24	0.9
Columbus, GA-AL *	\$10.56	3.1
Dalton, GA	\$7.21	2.1
Gainesville, GA	\$5.95	1.7
Hinesville-Fort Stewart, GA	\$2.71	0.8
Macon, GA	\$8.45	2.5
Rome, GA	\$3.65	1.1
Savannah, GA	\$11.98	3.5
Valdosta, GA	\$4.48	1.3
Warner Robins, GA	\$4.69	1.4
<i>Sum of Metro Areas</i>	\$288.60	84.1

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

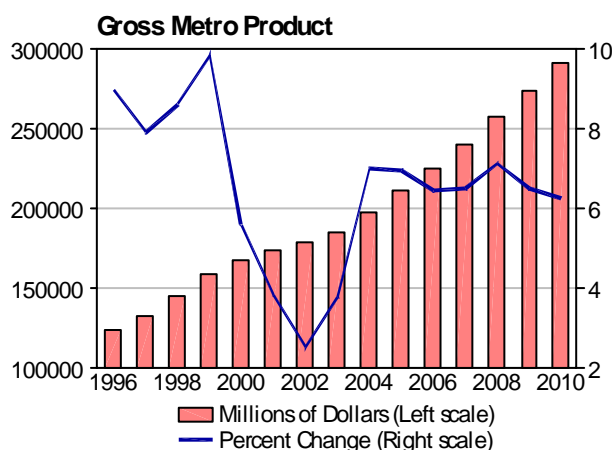
Atlanta

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	2264.5	10	2283.0	10	2332.0	10	2506.7	9
Unemployment Rate (%)	4.6	249	5.1	169	4.9	175	4.4	246
Personal Income (Billions)	161.8	12	172.6	11	183.9	11	235.5	11
Per Capita Income (Ths.)	34.3	60	35.8	66	37.3	71	43.7	79

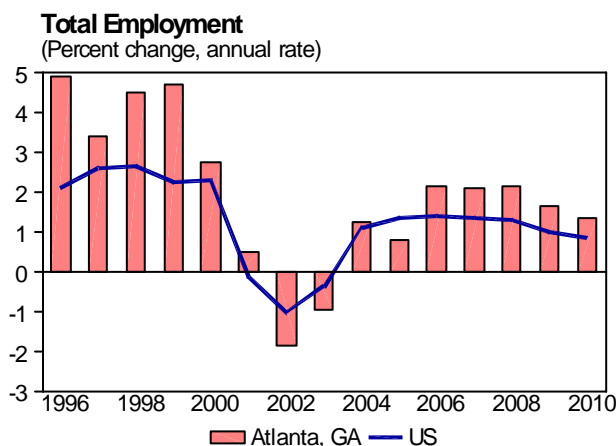
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Atlanta MSA, as measured by gross metro product (GMP), increased 7.3% (4.7% in real terms) during 2005, and will grow 7% (4.4% in real terms) in 2006 to \$227.3 billion. Global Insight estimates the GMP annual growth rate will average 6.3% (4% in real terms) during 2006–10.



- Employment in 2005:** Atlanta's 2004 rebound met with a midyear slump in 2005—losses in manufacturing and weakness in transportation, trade, and professional and business services. Total employment growth registered 0.8% for 2005, on the heels of a 1.2% gain in 2004. Professional and business services and education and health services both contributed 2.2% job growth; leisure and hospitality services, 2.4%. Although the wholesale trade sector generated 1.4% job growth, that was insufficient to bring total gains in trade, transportation, and utilities back to positive territory—the sector has been weighed down by contractions in the retail and transportation sectors.
- Employment in 2006:** The Atlanta economy will pick up steam again in 2006 as its services sectors hit their stride and job creation ramps up. Employment in the professional and business services sector is forecasted to expand 4.7%, with leisure and hospitality (3.2%), as

well as education and health (3.1%), not far behind. The trade and transportation sector will also gain ground, but the shaky health of Delta Airlines puts this sector at significant risk. The influx of new residents will keep job growth strong in the construction sector, but total employment will still be weighed down by manufacturing losses. We forecast 2.1% total job growth for Atlanta in 2006.



- Employment in the Next Five Years:** With 2006, the Atlanta metro area will enter a three-year period of strong and extremely steady employment growth. In 2009, job gains will begin to decelerate, in line with the national economy. Atlanta remains a very popular destination for residential relocation, with healthy population growth (expected to increase by 100,000 per year over the forecast). Businesses, meanwhile, are also regularly lured by the area's low costs of doing business, central location/goods transportation network, and large, growing labor pool. In the past year, the metro area has attracted the regional headquarters of Wachovia Financial and Nissan Automotive while garnering significant attention from retailer Kmart. The biggest gainers during 2006–10 will be the services subsectors, with professional and business services averaging 4.4% annual job growth. One of the weakest sectors will be government, soon to be struggling with BRAC closures. Military employment will decline an average of 4.6% annually during the forecast period. And the manufacturing sector will lose jobs continuously, albeit at only 1% annually, a significantly decreased rate compared with the 2000–05 period, when the sector lost 3.5% annually. During 2006–10, Atlanta's total employment growth will average 1.9% annually.

The STATE of the STATE

Hawaii

Total employment in Hawaii grew 2.8% in 2005, besting its 2.6% gain in 2004. The state's economic growth has been led by the construction sector, which gained 10.4% in 2005. Professional and business employment gained significant traction in 2005, growing at 3.7%—much better than the 1.4% growth seen in 2004. The educational and health services sector was also strong, with growth of 3.1%, while leisure and hospitality employment increased 2.9%. The trade, transportation, and utilities sector expanded payrolls by 4.4%; that sector has been robust since 2004. The government and manufacturing sectors were the only real laggards; both registered slight contractions.

Employment growth will now begin to moderate slightly over the next five years. Total employment gains will decelerate in 2006, and average 1.5% annual growth through 2010, down a bit from the 1.7% rate seen between 1999 and 2004. Several sectors will improve during the forecast period as compared with levels seen during the previous five years: manufacturing, information, and financial activities. The manufacturing sector will average flat growth through 2010, an improvement from losses of 0.6% annually in 1999–2004. All remaining employment sectors will see growth rates moderate in this five-year period, with the strongest sectors expected to be professional and business services, and construction, averaging annual growth rates of 3% and 5.8%, respectively.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Hawaii		
Honolulu, HI	\$37.92	75.4
<i>Sum of Metro Areas</i>	\$37.92	75.4

THE STATE OF THE METROS

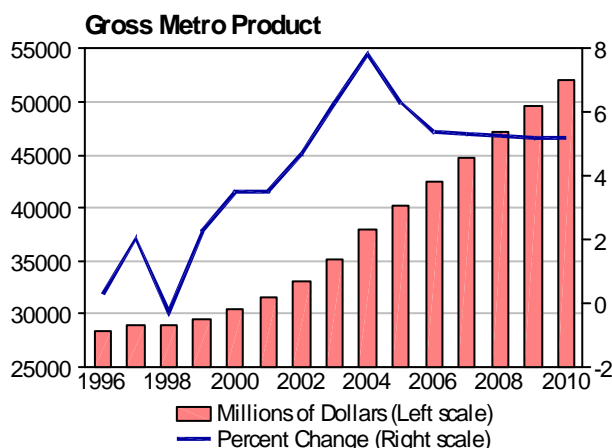
Honolulu

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	428.8	54	440.8	54	449.9	53	469.2	54
Unemployment Rate (%)	3.2	355	2.7	360	2.6	361	2.6	360
Personal Income (Billions)	31.3	54	33.6	54	35.5	53	43.1	53
Per Capita Income (Ths.)	34.8	49	37.0	44	38.7	46	45.2	59

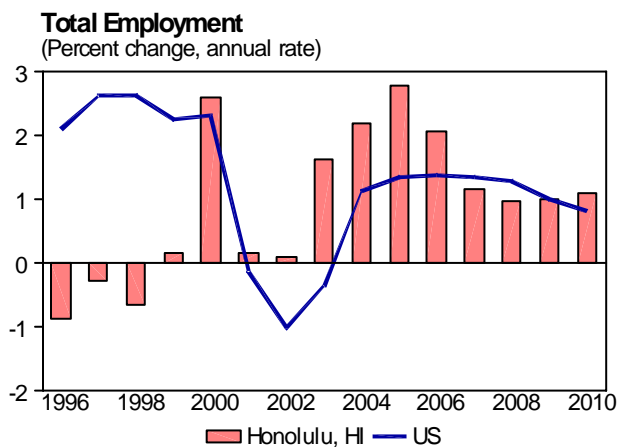
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Honolulu MSA, as measured by gross metro product (GMP), will increase at an annual rate of 5.8% (3.2% in real terms) during 2006, to \$42.7 billion. The GMP annual growth rate will average 5.4% (3.1% in real terms) through the end of 2010.



- Employment in 2005:** Total employment in Honolulu grew 2.8% in 2005, an improvement over the 2.2% increase in 2004. This growth was led by the construction and mining sector, which grew 9.6% in 2005 due to continued strength in both residential and non-residential construction. Trade, transportation, and utilities saw the strongest growth after construction, increasing by 5.3% in 2005. The manufacturing sector, although small, saw positive gains continue into 2005, a turnaround from losses of 1.8% in 2003. Education and health services continued to remain strong in 2005, expanding 2.6%. The leisure and hospitality sector also continued to see growth, as tourists from both the U.S. mainland and Japan continue to visit the state. All other sectors of the economy saw gains in 2005, with the exception of information services and government, which registered declines of 0.7% and 0.3%, respectively.

- Employment in 2006:** Total employment in Honolulu will moderate in 2006, increasing by 2.1% for the year. Construction and mining will continue to be the strongest sector in the metro area, increasing by 8.2% in 2006. Leisure and hospitality employment will slow in 2006, after near-record tourism levels in 2004 and 2005. Nearly all employment sectors will see growth slow, although it will remain strong. There are no sectors that will see losses in 2006, a positive sign for the Honolulu economy.



- Employment in the Next Five Years:** Employment growth will continue to see improvements, and should average 1.3% per year through the next five years; nearly the same as the average growth seen during the previous five years. Total employment gains will be boosted by continuing strength in the professional and business services sector and in the construction and mining sector. Leisure and hospitality employment will see growth level off as tourism returns to sustainable levels. Manufacturing employment will remain fairly stagnant through the forecast period.

The STATE of the STATE

Idaho

Idaho employment growth in 2005 continues to place the state among the fastest-growing in the nation; up 3.7% for the year, almost triple the national average. Job growth in Idaho is diverse—construction (13% growth), real estate (7.8%), and professional and business services (6.5%) all grew robustly. Meanwhile, education and health services grew 4.7%, leisure and hospitality, 2.1%, and trade, transportation, and utilities, 2.8%.

Construction and professional and business service jobs will continue to dominate job growth over the next five years, expanding annually at 4%, and 3.9%, respectively. Education and health services, leisure and hospitality services, trade, transportation and utilities will all grow in excess of 2.0% annually. Overall, employment in Idaho should expand an average of 2.2% in the five-year period. Idaho will continue its long track record of exceeding the national growth rate; during the past six years, its job growth rate (2.0%) has very nearly tripled that of the United States.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Idaho		
Boise City-Nampa, ID	\$17.45	40.1
Coeur d'Alene, ID	\$3.35	7.7
Idaho Falls, ID	\$3.46	7.9
Lewiston, ID-WA*	\$1.46	3.4
Logan, UT-ID	\$0.24	0.5
Pocatello, ID	\$2.62	6.0
<i>Sum of Metro Areas</i>	\$28.59	65.6

*Note: This number represents the portion of the MSA within this state.

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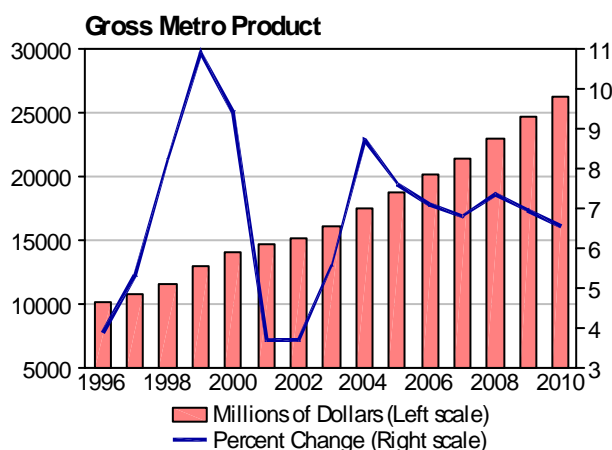
Boise City

Economic Performance Summary

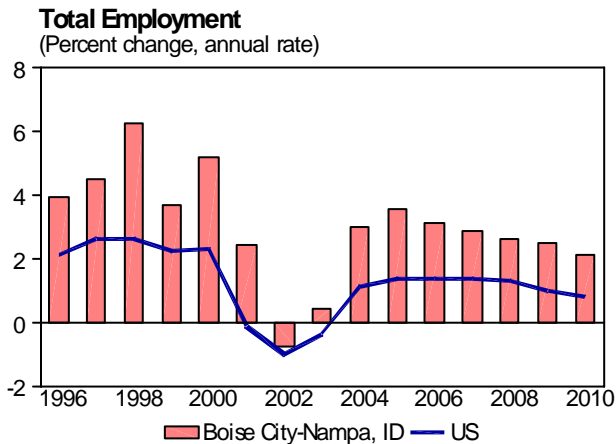
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	241.7	91	250.3	89	258.0	86	285.2	83
Unemployment Rate (%)	4.3	295	3.6	331	3.4	340	3.4	345
Personal Income (Billions)	16.0	91	17.2	89	18.4	90	23.9	85
Per Capita Income (Ths.)	30.4	141	32.0	143	33.6	141	40.3	141

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Boise MSA, as measured by gross metro product (GMP), will increase at an annual rate of 8.3% (5.8% in real terms) during 2006, following 8.2% (5.7% in real terms) growth in 2005, and 8.7% (6.6% in real terms) in 2004. GMP will exceed \$20 billion in 2006 and \$25 billion by 2009.



- Employment in 2005:** Boise's job growth in 2005 registered 3.6%, much higher than the previous forecast of 2.9%, as the fast-growing counties of Gem & Boise were added to the Boise MSA. Construction employment expanded a robust 7.7% in 2005, while the three major services sectors all grew more than 4%.
- Employment in 2006:** Employment gains will begin to moderate in 2006, as growth settles into the same slightly decelerating pattern as the rest of the nation. The construction sector will continue to boom this year, and the professional and business services, education and healthy services, and leisure and hospitality services sectors will all register gains of well over 4%.



- Employment in the Next Five Years:** In-migration and rapid natural population gains help grow the Boise economy, propelling job gains of 2.7% annually through 2010. Construction job growth will slow after 2006, but remain quite robust, averaging an increase of 4.8% annually, as it will be necessary to build places for a burgeoning population. The professional and business services sector will actually overtake construction's growth in 2007, averaging 5.3% annual gains during the same period, as Boise continues to shift its focus from high-tech manufacturing to high-tech services.

The STATE of the STATE

Illinois

Illinois' employment has finally gained momentum, and 2005 will be the first year since 2000 to see a positive annual employment gain. Annual employment growth measured 0.8%, a substantial improvement over zero growth in 2004. Recovery was led by a strong performance in the professional and business services and leisure and hospitality services sectors. Both sectors posted 3.3% job gains in 2005. On the negative side, the manufacturing sector is still in contraction, and the government and finance sectors remain weak.

Total employment is projected to grow 1.3% in 2006, but is expected to slow thereafter. Over the next five years, total employment will grow at an average annual rate of 0.8%. The state manufacturing sector will continue its decline throughout the period, although losses will be fairly circumscribed at 0.5% annually. Employment growth will owe the most to professional and business services, which will grow at an annual rate of 2.1%. The education and health services and leisure and hospitality services sectors will both expand payrolls 1% annually.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Illinois		
Bloomington-Normal, IL	\$7.78	1.5
Champaign-Urbana, IL	\$8.90	1.7
Chicago-Naperville-Joliet, IL-IN-WI (MSA)*	\$368.15	70.5
Danville, IL	\$3.02	0.6
Davenport-Moline-Rock Island, IA-IL	\$8.69	1.7
Decatur, IL	\$4.91	0.9
Kankakee-Bradley, IL	\$3.69	0.7
Peoria, IL	\$15.39	2.9
Rockford, IL	\$13.78	2.6
Springfield, IL	\$8.88	1.7
St. Louis, MO-IL*	\$21.10	4.0
<i>Sum of Metro Areas</i>	\$464.30	89.0

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

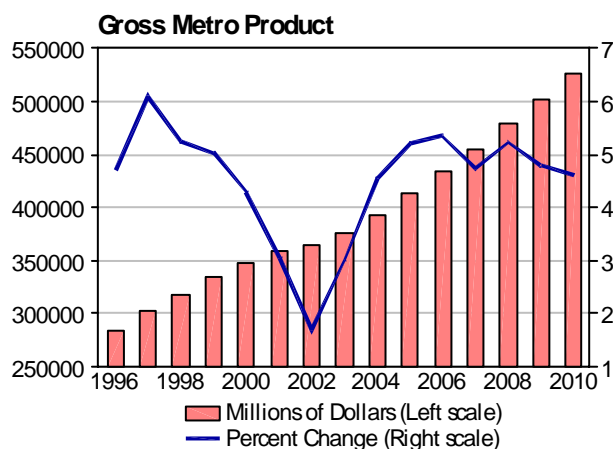
Chicago-Naperville-Joliet

Economic Performance Summary

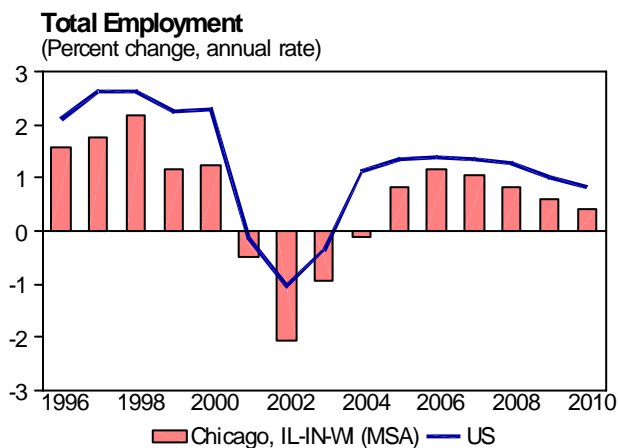
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	4407.6	3	4443.4	3	4494.4	3	4626.7	3
Unemployment Rate (%)	6.1	89	6.0	81	6.0	74	6.2	60
Personal Income (Billions)	350.4	3	367.3	3	389.3	3	472.8	3
Per Capita Income (Ths.)	37.3	30	38.8	33	40.8	33	48.4	37

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As was shown in the figure below, the total value added of goods and services produced in the Chicago MSA, as measured by gross metro product (GMP), will increase at an average annual rate of 5.8% (3.3% in real terms) during 2006 to \$437 billion, an increase from the 5.4% (2.7% in real terms) growth in 2005. The Chicago GMP is estimated to increase at a 5% (2.8% in real terms) compounded annual rate from 2006–10.



- Employment in 2005:** Chicago's annual employment growth measured 0.8% in 2005, a clear improvement from the 0.1% decrease in 2004. Job recovery was slowed by a weak performance in the manufacturing sector, which was subdued in 2005, and posted an annual decline of 2.8%. The private services-producing sector gained 2.1% during 2005.
- Employment in 2006:** The following year holds a marked improvement in store for the Chicago MSA. Total employment is expected to swell 1.2% versus the 2005 total. Although the woes of the manufacturing sector will continue, government employment will increase 0.7% in 2006 and aid in Chicago's resurgence. Professional and business services (PBS) will power the private services-producing sector with a 3.4% y/y increase.



- Employment in the Next Five Years:** Total employment is projected to grow 1.2% in 2006, after which time it will slow significantly. During the next five years, total employment will grow at an average annual rate of 0.8%. The metro manufacturing sector will shed jobs throughout the period, posting an annual decline of 0.6% on average. Professional and business services are expected to be especially dynamic, growing at an average annual rate of 2.3%.

The STATE of the STATE

Indiana

Indiana had sustained job growth throughout 2005, albeit at a slightly lower rate than in 2004. Annual employment growth was 1.1%, down just slightly from 1.2% the previous year. Growth was driven by a strong performance from the state's services sectors; education and health services and leisure and hospitality services both expanded employment 2.5%, while professional and business services grew 2.3%. The state of the manufacturing sector is not as good; however, the flat growth of 2005 is a significant improvement over the losses of recent years (4.4% in 2002 and 2.7% in 2003).

Total employment in Indiana is expected to grow at an average annual rate of 0.6% over the next five years, 48th among states. The manufacturing sector will remain feeble throughout the forecast period, never contributing to total job gains. From 2006 on, the sector will shed jobs again, posting an average annual job loss of 0.5% during the five-year period. Employment growth will be instead led by services, especially education and health services, leisure and hospitality, and professional and business services, which are expected to grow 1.5%, 1.2%, and 1.2% annually, respectively.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Indiana		
Anderson, IN	\$3.42	1.5
Bloomington, IN	\$5.66	2.5
Chicago-Naperville-Joliet, IL-IN-WI (MSA)*	\$20.29	8.9
Cincinnati-Middletown, OH-KY-IN*	\$1.57	0.7
Columbus, IN	\$3.50	1.5
Elkhart-Goshen, IN	\$11.57	5.1
Evansville, IN-KY	\$11.75	5.2
Fort Wayne, IN	\$16.33	7.2
Indianapolis, IN	\$65.88	28.9
Kokomo, IN	\$3.94	1.7
Lafayette, IN	\$6.61	2.9
Louisville, KY-IN*	\$7.51	3.3
Michigan City-La Porte, IN	\$3.52	1.5
Muncie, IN	\$3.80	1.7
South Bend-Mishawaka, IN-MI*	\$9.78	4.3
Terre Haute, IN	\$5.51	2.4
<i>Sum of Metro Areas</i>	\$180.63	79.4

*Note: This number represents the portion of the MSA within this state.

THE STATE OF THE METROS

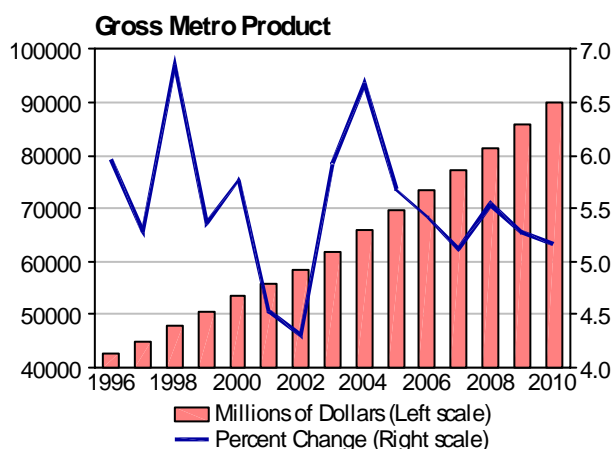
Indianapolis

Economic Performance Summary

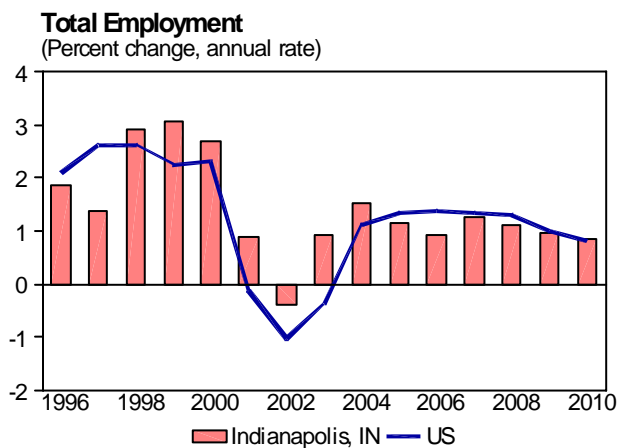
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	878.6	29	888.6	29	896.9	30	935.2	31
Unemployment Rate (%)	4.7	241	4.7	212	4.3	249	4.6	225
Personal Income (Billions)	56.4	31	59.0	33	62.8	33	78.7	32
Per Capita Income (Ths.)	34.7	50	35.9	63	37.8	61	45.7	51

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown below, the total value added of goods and services produced in the Indianapolis MSA, as measured by gross metro product (GMP), will increase 5.4% (3% in real terms) during 2006, to \$73.4 billion.



- Employment in 2005:** Job growth was 1.1% in 2005, a small reduction from the 1.5% pace in 2004. Growth was driven by the metro's services sector, whose payrolls expanded more than 1.2%. The manufacturing sector shed 0.2% of its workers this year, an improvement over the 0.6% slide in 2004.
- Employment in 2006:** Indianapolis' total employment will struggle again in 2006, mustering only a 0.9% increase. Manufacturing's decline will deepen, with payrolls shrinking 1.0%. Education and health services (EHS) will drive the private services-producing sector with a 2.5% increase. Government payrolls will rise by 0.9%, matching the total employment gain.



- Employment in the Next Five Years:** Total employment is expected to increase 1.0% annually over the next five years. The metro's manufacturing sector will remain feeble throughout the period, never recovering to its pre-recession employment levels. After a modest decline in 2005, the sector will see increasing job losses, averaging 0.5% annual declines over the five-year period. Payrolls in the private services-producing sector will rebound nicely in the middle of the forecast period, and expand 1.3% annually during 2005–10.

The STATE of the STATE

Iowa

Employment in Iowa grew 1.2% in 2005. The leisure and hospitality services and financial activities sectors gained 3.9% and 2.8%, respectively, in 2005. After recording a 1.3% increase in 2004, the manufacturing sector continued its expansion with 1.5% growth in 2005. Payrolls in the state construction sector remained flat after having exploded with 5.1% growth in 2004.

Total employment growth in Iowa will peak in 2006 at 1.5% and moderate thereafter. In 2010, it will increase 0.7%. Professional and business services will generate the most robust growth during the forecast period, averaging 3.8% annually from 2006 to 2010. That sector will see especially robust growth in 2006-2008 due to elevated temporary hiring and administrative and support hiring. Financial activities employment is projected to increase an annual 1.1% from 2006 to 2010.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Iowa		
Ames, IA	\$2.98	2.7
Cedar Rapids, IA	\$9.95	9.0
Davenport-Moline-Rock Island, IA-IL*	\$6.06	5.5
Des Moines, IA	\$22.70	20.4
Dubuque, IA	\$3.80	3.4
Iowa City, IA	\$5.65	5.1
Omaha-Council Bluffs, NE-IA*	\$3.44	3.1
Sioux City, IA-NE-SD*	\$3.53	3.2
Waterloo-Cedar Falls, IA	\$6.33	5.7
<i>Sum of Metro Areas</i>	\$64.44	58.0

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

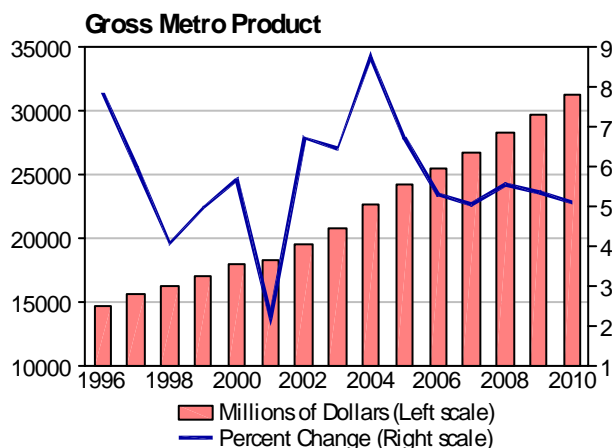
Des Moines

Economic Performance Summary

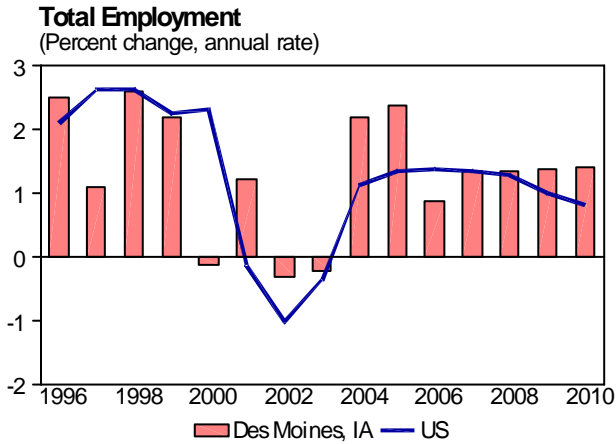
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	298.8	75	305.9	75	308.6	75	325.9	75
Unemployment Rate (%)	4.7	237	4.3	265	4.2	268	4.3	263
Personal Income (Billions)	18.7	78	20.0	78	21.1	78	26.6	78
Per Capita Income (Ths.)	36.5	37	38.4	37	40.1	37	48.5	35

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in the Des Moines MSA, as measured by gross metro product (GMP), will increase 5.7% (3.3% in real terms) in 2006, to \$25.6 billion. Global Insight estimates that GMP in Des Moines will grow at a 5.3% (3.2% in real terms) compounded annual rate in 2006–10.



- Employment in 2005:** In 2005, total employment yielded robust growth for Des Moines. Annual employment growth measured 2.4% year-over-year (y/y), improving upon the 2.2% increase in 2004. The professional and business services sector increased payrolls 2.5% in 2005. Financial activities also continued their upward trend in 2005, rising 2.8% year-over-year (y/y). The trade, transportation, and utilities sector (TTU) gained 3.6% in 2005.
- Employment in 2006:** The robust employment growth in 2005 is projected to succumb to more moderate growth in 2006. Total employment will rise 0.9% in 2006. TTU, which was so robust in 2005, will see its growth fall to a 0.8% y/y increase in the following year. Professional and business services will remain strong with a 4.1% burst in employment. Although manufacturing will not be as strong as it has been in the recent past, the sector is still expected to increase 0.9%.



- Employment in the Next Five Years:** Total employment is expected to average 1.5% annual growth in 2005–10, according to the Global Insight forecast. Following the 2.8% peak in 2005, financial activities are expected to moderately expand throughout the remainder of the forecast. Professional and business services is expected to peak in 2008 with a 4.4% year-on-year increase before moderating thereafter. Manufacturing employment is expected to rebound on the strength of a robust first-half forecast period; the sector will average 0.6% annual growth from 2005–10.

The STATE of the STATE

Kansas

Kansas' job growth in 2005 improved upon the 0.9% job gain the state experienced in 2004; year-over-year growth reached 1.1% for the year. The state's economy continues to stave off manufacturing declines (unlike many other states), thanks in part to the local aircraft industry. Manufacturing sector employment grew 1.2%. Sustained high prices for oil, natural gas and other raw materials could stall that recent turnaround, however.

The state is forecasted to maintain the positive employment gains through the five-year forecast horizon, with the strongest gains coming in 2007, at 1.5%. Employment is expected to average 1.2% annual growth through 2010, 16th fastest nationwide. Manufacturing employment will remain in positive growth territory through 2009, as a resurgent aircraft business stems losses on other fronts. Services will lead the rebound in employment growth through the forecast period. Professional and business services bounced back sharply in 2004, and will keep growing strongly through 2010, averaging a 3.5% gain each year. Educational and health services will expand at a rate of 1.5% annually, as the share of older Kansas residents climbs and places higher demands on the health-care system. Trade, transportation, and utilities employment will emerge from its recent downturn in 2006 and grow 1.0% in 2006–10.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Kansas		
Kansas City, MO-KS*	\$32.18	32.5
Lawrence, KS	\$3.37	3.4
St. Joseph, MO-KS*	\$0.21	0.2
Topeka, KS	\$7.84	7.9
Wichita, KS	\$20.72	20.9
<i>Sum of Metro Areas</i>	\$64.31	65.0

*Note: This GMP number represents the portion of the MSA within this state.

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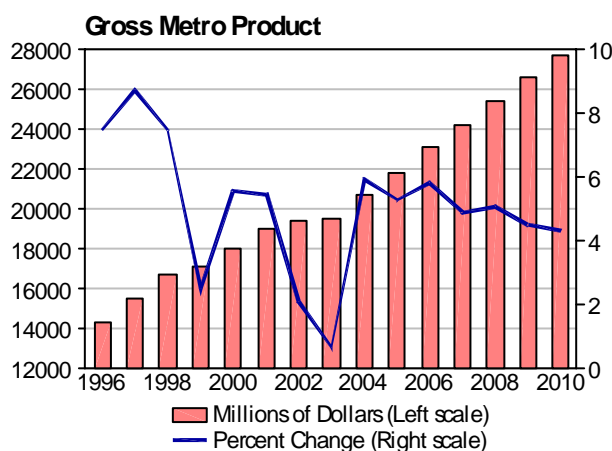
Wichita

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	282.8	80	285.4	80	291.1	79	304.8	79
Unemployment Rate (%)	6.2	86	5.8	102	5.6	106	5.5	107
Personal Income (Billions)	18.4	80	19.5	80	20.8	80	25.8	82
Per Capita Income (Ths.)	31.5	116	33.1	115	35.1	108	42.5	102

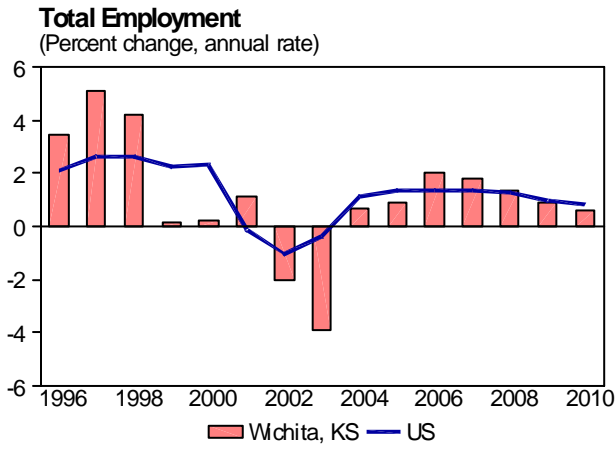
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** Gross metro product (GMP), the total value added of goods and services produced in the Wichita metro, will increase 5.1% (2.7% in real terms) in 2006 to \$22.8 billion.



- Employment in 2005:** Employment growth in the Wichita metropolitan area improved on its 2004 performance, with payrolls expanding 0.9%, compared to 0.6% the previous year. A spate of declines in year-over-year employment growth in the last several months of the year dragged down annual gains. Construction, natural resources, and mining was a big breadwinner among the sectors, with 1.8% annual growth, and the metro's manufacturing sector finally revived, posting strong 2.9% job growth. But it was professional and business services that posted the strongest job growth, with a 3.8% annual gain.
- Employment in 2006:** Gains in the construction, natural resources, and mining will really take off in 2006, with the sector expected to post 4.9% growth, as pent up demand and a recovering economy help to increase payrolls. The professional land business services sector will boom again in 2006, with 4.4% growth. And both the education and health and leisure and hospitality services sectors will come back to life, with 2.2% and 2.8% job gains, respectively. Growth in Wichita's manufacturing employment is expected to remain positive,

with payrolls expanding 1.8%. Production of Boeing's new 7E7 commercial jet is scheduled to begin in 2006 and Wichita is expected to play a role in that, supplying parts to the assembly process in Seattle.



- Employment in the Next Five Years:** Total employment growth is forecasted to average 1.3% per year through 2010. After strong 2006 manufacturing numbers, employment is expected to peak in 2009. The strongest growth will be in construction, natural resources, and mining, and the professional and business services. Trade employment will recover somewhat in 2006, but is not expected to average more than 1.0% growth annually through 2010.

The STATE of the STATE

Kentucky

Kentucky provided small positive job growth of 0.73% in 2004 on its way to recovery from recent recession. Global Insight registers faster growth of 1.2% in nonfarm employment for 2005, an increase of about 21,000 jobs for the state. Employment growth will pick up just a little bit more in 2006, at 1.3%. Even though manufacturing will register a slight decline, professional and business services and the trade, transportation, and utility sector will reinforce the economy's expansion.

The trend of job growth will remain positive during the next five years. The growth in establishment employment will average 1.08%, much slower than pre-recession average. With the current level of improvements in the state economy, it is expected that after a slight upturn in 2005 the manufacturing sector will continue to shed jobs, albeit at a rate of decline much smaller than what we saw during 2001–03.

After registering rapid job losses in the past four years, the transportation and warehousing sector resumed its positive growth in 2004, expanding 1.09%. The employment growth in this sector has picked up more momentum in 2005, expected to average more than 3% for the year. Sectoral employment growth in employment for the sector will average around 3.3% for the next five years, a statistic that compares unfavorably with the pre-recession five-year annual growth average of 5.8%. The sector was one of the hardest hit by recession.

The service-producing sectors will continue to grow, as Kentucky increasingly transforms to a service-based economy. In sum, those sectors added almost 15,000 jobs in 2005, translating to growth of 1.34%. The growth in private service-providing sectors will get more strength and will average at 1.6% per year over the next five years. With a continuing strength in housing market and a growing service sector, construction activity will continue to grow at positive rates. During 2005, construction employment will grow at about a 4.3% rate in the 2005. Thereafter, the annual, average growth in construction employment will be moderate, and will remain around 1.3% for the next five years.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Kentucky		
Bowling Green, KY	\$4.05	3.0
Cincinnati-Middletown, OH-KY-IN*	\$13.07	9.6
Clarksville, TN-KY*	\$4.70	3.4
Elizabethtown, KY	\$4.16	3.1
Evansville, IN-KY*	\$2.08	1.5
Huntington-Ashland, WV-KY-OH*	\$2.66	2.0
Lexington-Fayette, KY	\$17.17	12.6
Louisville, KY-IN*	\$36.90	27.0
Owensboro, KY	\$3.71	2.7
<i>Sum of Metro Areas</i>	\$88.51	64.9

*Note: This GMP number represents the portion of the MSA within this state.

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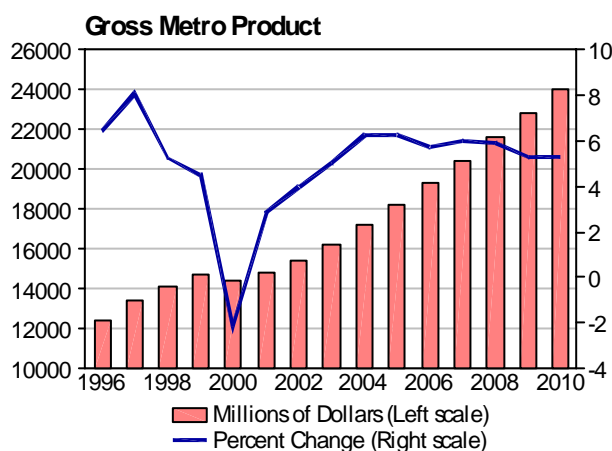
Lexington

Economic Performance Summary

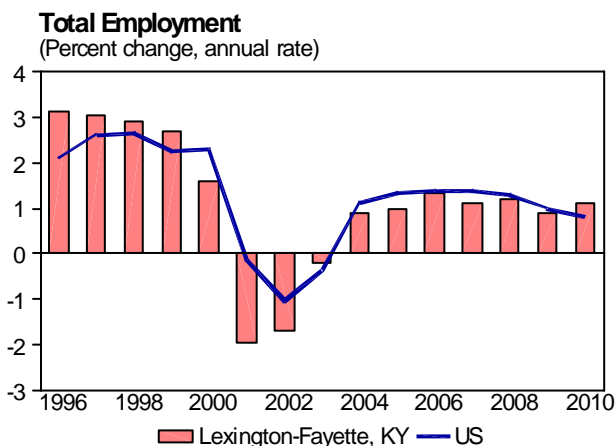
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	243.5	89	245.9	90	249.2	90	260.1	90
Unemployment Rate (%)	4.0	321	4.3	258	4.4	233	4.2	270
Personal Income (Billions)	13.8	106	14.5	106	15.5	106	19.1	108
Per Capita Income (Ths.)	32.4	97	33.9	96	35.8	91	42.5	101

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The annual value added in all goods and services produced as measured by GMP in Lexington will grow 6.4% (4% in real terms) in 2006, to \$19.4 billion, and will exceed \$20 billion by 2007.



- Employment in 2005:** Employment in the Lexington economy grew at an annual rate of around 1% in 2005, an average annual increase of more than 2,000 jobs. Manufacturing was only a small part of this expansion; services sector were the main engine of growth for 2005.
- Employment in 2006:** Global Insight forecasts slightly better growth prospects for the metro economy in 2006. Total payroll employment is forecast to grow at 1.3% year-on-year (y/y). Because one-fifth of the manufacturing sector is employed by Toyota, and many more work for firms supplying that plant, the success of that sector, to some extent, depends on the state of the auto industry. Manufacturing payrolls will continue to expand modestly. Construction will also remain strong, as housing starts to taper only slightly. Service-sector growth will be robust. The major difference will be sectors returning to positive growth, including the government, information, and wholesale trade, which continued to decline in 2005.



- Employment in the Next Five Years:** Job growth in Lexington will hover around 1% during the next five years. These job growth rates will closely match those of the state of Kentucky. The Lexington manufacturing sector will increase employment in the near term before leveling off at slightly more than 35,000 jobs later in the decade. Professional and business services will lead all sectors with an annual average growth rate better than 2.7% for the rest of the decade. In the high-tech sector, a design center for the Sikorsky Aircraft Corporation, which is open in 2005, may eventually employ 300 people. The previous employment peak of 2001 will at last be regained in early 2007.

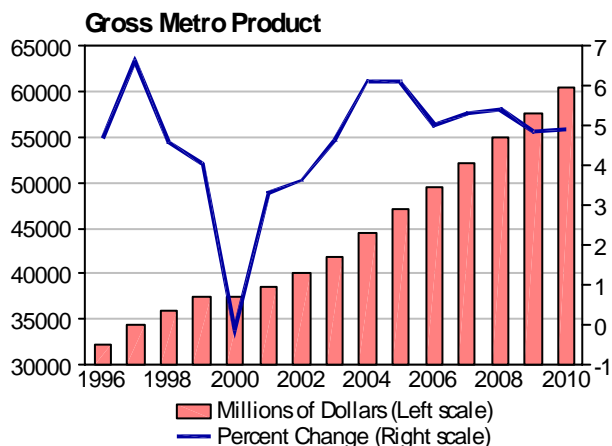
Louisville

Economic Performance Summary

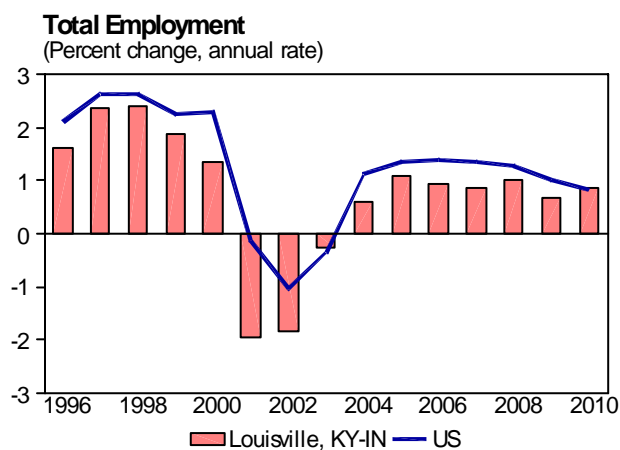
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	599.1	44	605.7	43	611.4	44	632.5	44
Unemployment Rate (%)	5.1	206	5.5	126	5.5	113	5.4	124
Personal Income (Billions)	39.9	45	42.1	44	44.6	45	54.5	45
Per Capita Income (Ths.)	33.2	77	34.8	78	36.6	77	43.4	83

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** GMP, the measured value added in all goods and services sectors in the Louisville metro, rose at very strong rates during 2004 and 2005. In 2006, growth is expected to register 5.9%, (3.4% in real terms) and to reach \$50 billion. The GMP growth will average 5% annual growth (% in real terms) during the next five years.



- Employment in 2005:** The Louisville metro added an average of about 3,500 jobs in 2004, registering growth of 0.6% in the payroll employment. The metro economy then added more than 6,000 jobs during 2005, growing 1.1%. Manufacturing employment declined by less than 0.5%. The leisure and hospitality services sector led gains, adding more than 2,000 jobs during 2005.
- Employment in 2006:** Due to decline in manufacturing which is expected to be larger than during 2005, total payroll employment will grow by slightly under 1% in 2006 compared with above 1% in 2005. The metro economy is expected to add more than 5,500 jobs during 2006, the professional and business services sector will lead, adding about 2,000 jobs during 2005.



- Employment in the Next Five Years:** Total employment will grow at an annualized rate of less than 1% in the next five years. By the end of 2010, we project that aggregate employment will top 630,000; a significant figure, as it surpasses the height of metro employment (after seasonal adjustment) in 2000 before the economy slid into recession the next year. The education and health services sector will grow at an annualized rate of about 1.2% through 2010. The professional and business services sector will continue its fast-paced growth at an annual average rate exceeding 2.5% through 2010.

The STATE of the STATE

Louisiana

Louisiana's economy is expected to register a 4.7% drop in total employment for 2005, as the result of Hurricane Katrina. Trade and transportation employment had shot back to life in early 2005, and fortunately, hurricane damage to the Port of Louisiana was moderate. A major issue confronting employment growth in the state is still procuring labor, as many workers incurred heavy damage to their homes and/or evacuated out of town. In November, Federal Emergency Management Agency (FEMA) estimated of costs to Louisiana for Hurricanes Katrina and Rita is \$3.7 billion, an amount the state says it cannot pay. FEMA projects that it will spend a total of \$41.4 billion in Louisiana (about \$9,000/resident), and federal law requires state and local governments to pay a portion of disaster relief costs (up to 25%). Louisiana generally tallies \$8 billion in annual state spending, and is amidst heavy cost-cutting to whittle down a projected \$1 billion shortfall. The extensive flooding around New Orleans has severely undercut tax revenues.

Employment growth will not recover in 2006, as the state struggles back to health. The good news is that there is certainly a strong rebound in store for Louisiana once the appropriate infrastructure is in place. In 2007, employment growth is forecast to make a 4.8% gain, and from 2007-2010, job growth will average 2.8% annually in the Pelican State. Services industries will help drive job gains; the leisure and hospitality sector will benefit from all the tourists waiting to visit to New Orleans. Leisure and hospitality employment will bounce back in 2007 with 7.1% growth. The story will be similar for professional and business services and education and health services, which will expand payrolls in 2007 by 5.6% and 6.8%, respectively.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Louisiana		
Alexandria, LA	\$4.73	3.1
Baton Rouge, LA	\$27.28	17.8
Houma-Bayou Cane-Thibodaux, LA	\$7.18	4.7
Lake Charles, LA	\$7.30	4.8
Lafayette, LA	\$11.07	7.2
Monroe, LA	\$6.05	4.0
New Orleans-Metairie-Kenner, LA	\$46.96	30.7
Shreveport-Bossier City, LA	\$13.30	8.7
<i>Sum of Metro Areas</i>	\$123.88	81.0

THE STATE OF THE METROS

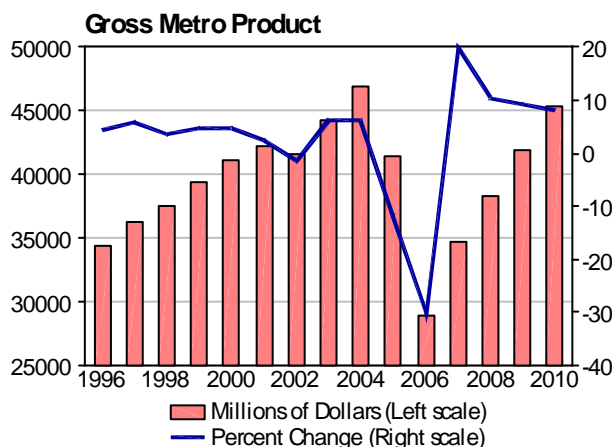
New Orleans

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	615.6	41	517.9	48	351.3	64	472.0	52
Unemployment Rate (%)	4.6	262	12.0	3	23.1	1	6.0	70
Personal Income (Billions)	41.3	42	39.0	46	28.2	63	40.4	55
Per Capita Income (Ths.)	31.3	124	30.5	172	28.5	287	44.5	72

Note: Rankings are out of 361 metropolitan areas.

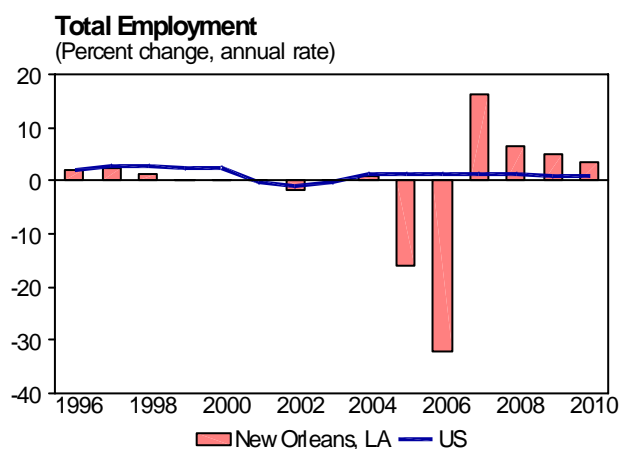
- Gross Metro Product (GMP):** Lost economic output in the metro area will total \$4.3 billion in 2006, a decline of 4.4% (a 6.7% decline in real terms).



- Employment in 2005:** Based on very limited information that was available during September, the Global Insight U.S. Regional Services group had developed a preliminary estimate of the near-term impact of Hurricane Katrina on total economic activity in the New Orleans metro area. However, newly available information from the Bureau of Labor Statistics suggests that our estimate for fourth-quarter employment in New Orleans was pessimistic. Therefore, an upward revision in the forecast for payroll employment levels will be forthcoming. These estimates represent only the diminution of economic activity in New Orleans due to the hurricane and flooding; they do not measure damages to buildings or infrastructure, nor do they account for the costs due to relief for displaced families, or for cleanup costs. These will surely run in the tens of billions. The destruction from Katrina has forced the city to reevaluate development going forward. The current debate includes increasing the flooding zone, levee standards, and environmental protection. The Bush administration has agreed to back the rebuilding of levees and the Small Business Administration and FEMA are providing loans for locals. The timing of reconstruction activity is yet to be determined, and will have a great impact on activity and output in 2006,

particularly jobs in construction. Overall, total employment is estimated to have decreased by 15.9% to a level of 517, 880 jobs for the year.

- **Employment in 2006:** Retail trade, a subsector of trade, transportation and utilities, will continue to suffer in 2006, with the deepest contraction, down a whopping 80.2%. Trade, transportation, and utilities as a whole is forecasted to be down 68% year-on-year (y/y). Education and health services, construction, and government will recover first.



- **Employment in the Next Five Years:** New Orleans will experience a slow recovery in 2006. Employment levels could remain down 49% in the MSA through the end of the first quarter. Fortunately, the ports of New Orleans, South Louisiana, and Baton Rouge did not sustain major damage to their infrastructure. The hurricanes hit well before 2006 crop season, so exports of soybeans and corn should not be significantly restricted. It is still too early to put hard figures to the medium-term economic recovery of the city due to current policy, but the most important factors are: the cost of remediation and rebuilding, the conditions of major tourist attractions from neighborhoods to casinos, what percentage of evacuees return to the metro area, what percentage of businesses return, the scope and cost of future flood protection measures, and how different rebuilt New Orleans will be.

Baton Rouge

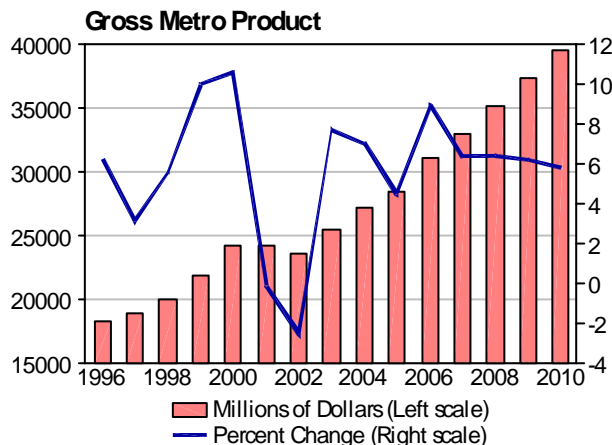
Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	344.0	63	346.1	64	361.5	62	389.5	62
Unemployment Rate (%)	6.1	92	6.5	52	7.0	37	6.1	65
Personal Income (Billions)	20.3	71	21.5	71	23.2	70	29.0	70
Per Capita Income (Ths.)	27.8	214	29.0	221	29.3	262	35.2	254

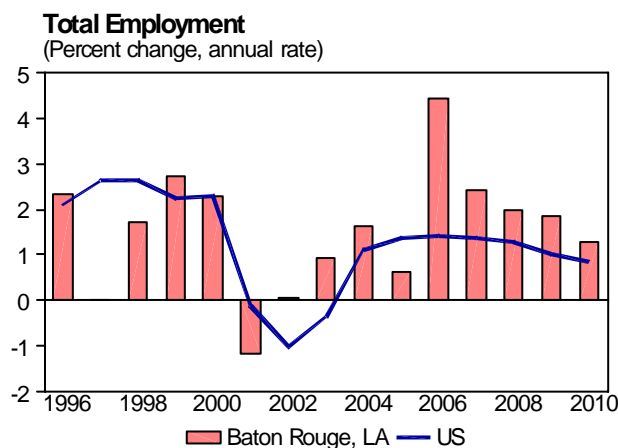
Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** Gross metro product (GMP), the total value of goods and services produced in the Baton Rouge MSA, is expected to grow 6.1% (3.6% in real terms)

in 2006, up from 5.1% (2% in real terms) in 2005. GMP is expected to reach almost \$40 billion by the end of 2010.



- Employment in 2005:** Employment growth in the Baton Rouge metro area reversed course in the final quarter of 2005, and managed an anemic 0.6% gain in total employment for the year. Manufacturing finished 2005 in positive territory for the first time since 2001. Government, the largest sector, experienced a decline in growth of 2%. On the flip side, financial activities and other services had the strongest year overall.
- Employment in 2006:** Baton Rouge was fortunate as Hurricane Katrina's path of destruction missed this metro area. The MSA has become a relief area for New Orleans refugees and other victims. Growth is positive for all but the manufacturing sector in 2006, which will decline by 2.4% year-on-year (y/y). Professional and business services will see the greatest gain, 12.8%, with leisure and hospitality trailing behind at 9.9%, and retail trade at 5.8%. Government will rebound to 3.1%.



- Employment in the Next Five Years:** Employment will average 2.4% annual growth through 2010. Both professional and business services and leisure and hospitality will recover from a dismal 2005 and outpace total employment growth. Manufacturing levels will

be essentially stagnant as growth toggles between positive and negative territory. The construction and mining sector is forecasted to gain ground in 2006 but then peak in 2008, averaging a meager 0.8% increase annually during 2006–10. Trade, transportation, and utilities will continue the employment rebound it has displayed since 2004, and should average 2.0% annual growth through 2010.

The STATE of the STATE

Maine

Due to high energy prices, Maine's economic expansion took a hit in 2005, with employment growing 0.8%, on the heels of 1.1% in 2004. One of the weak links is the manufacturing sector, which contracted 1.7% in 2005. Another continues to be the professional and business services sector—although it registered positive growth for the first time since 2000, its gain was only 0.4%. However, rising personal income growth and a better outlook for the tourism industry helped to bolster growth in the leisure and hospitality (1.6% gain) and retail trade (1.4% gain) sectors. Economic growth in 2005 was also supported by solid payroll gains in the education and health-care services sector, with 2% growth in 2005, a sector that should continue to perform well into 2006. The construction sector contributed very positively to economic growth in 2005, with a 1.9% gain, although it will experience a slowdown in 2006 coinciding with a slowing housing market.

Growth will pick up again in 2006, reaching 1.1%, after which Maine's economy should experience a period of steady but moderate growth through the rest of the decade. Total employment growth is expected to average 0.8% annually from 2006 through 2010, similar to the average of 0.8% in the five years through 2004, and greater than the average 0.6% average growth expected from the entire New England region. Professional and business services will become a key driver of employment growth, while leisure and hospitality services and education and health-care services sectors will also feed growth, although at a declining margin.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Maine		
Bangor, ME	\$4.98	11.5
Lewiston-Auburn, ME	\$3.50	8.1
Portland-South Portland-Biddeford, ME	\$18.57	42.8
<i>Sum of Metro Areas</i>	\$27.05	62.4

THE STATE OF THE METROS

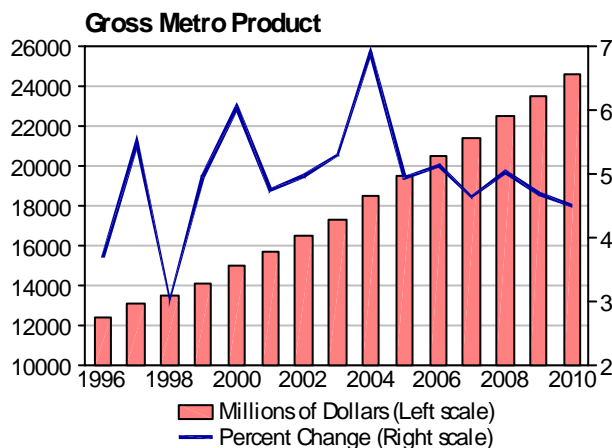
Portland

Economic Performance Summary

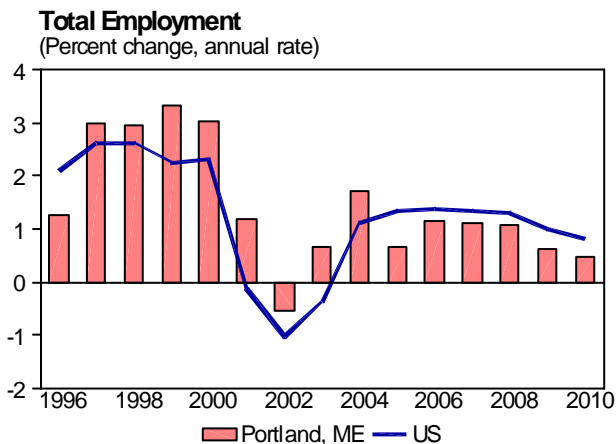
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	264.1	83	265.8	83	268.8	83	277.7	85
Unemployment Rate (%)	3.6	341	3.9	308	4.3	260	4.4	247
Personal Income (Billions)	17.3	84	18.1	85	19.2	86	23.2	91
Per Capita Income (Ths.)	33.8	70	35.3	72	37.1	73	44.2	75

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown below, GMP growth in Portland will be 4.9% in 2006 (2.5% in real terms), registering over \$20 billion. The annual rate of GMP in Portland will average 4.5% (2.4% in real terms) through the end of the decade.



- Employment in 2005:** Portland saw a marked deceleration in employment growth in 2005 (0.7% growth as compared with 1.7% in 2004). The prime suspect in this slowdown would most likely be the construction sector—after notable job gains of 5.4% in 2004, construction could not hold its momentum, losing 0.1% of jobs in 2005 amidst moderation in residential real estate. Manufacturing in Portland also continued to decline 3.5% in 2005, a weaker rate than the 1.5% job losses seen in 2004. However, Portland's strongest growth sectors in 2005, education and health services (3.1% growth) and leisure and hospitality (2.4% growth), did sustain their strong rates of growth.
- Employment in 2006:** Payrolls in Portland should increase 1.1% in 2006. With construction once again adding jobs, albeit at a much more subdued rate (0.4%) and professional and business services bouncing back from a dreadful 2005, job growth in Portland should gain momentum despite job losses in its financial (0.6%) and manufacturing (1.7%) sectors.



- Employment in the Next Five Years:** Following some fluctuation in 2004–05, we should see steadier growth rates in the next five years. Portland should grow 1.1% annually in 2006–08 before slowing somewhat through 2010, averaging 0.9 annual growth in the five-year period. The fastest-growing sector during this period will be professional and business services, which should average 2.8% annually through 2010. The end of the decade should also see moderate average growth in the education and health services sector (1.3% annually) and the leisure and hospitality sector (1.2% annually). The financial and construction sectors should see positive job growth during this five-year period, even with some negative years in between, but their job growth will only average less than 1% in 2006–10. The status of both sectors reflects the cooling and easing of the housing market, as interest rates rise and housing demand falls. On a less-encouraging note, the Portland manufacturing sector will continue to see payrolls decline through the end of the forecast period, averaging 1.5% job losses annually. In addition, the employment forecast reflects the impact of the BRAC base closing in Brunswick, causing more than 3,000 job losses, but is less able to calculate the ripple effect on surrounding businesses, which could have a much more devastating effect on employment.

The STATE of the STATE

Maryland

Maryland is in a period of solid, if modest, growth. Employment growth registered 1.8%, in 2005, which will be its peak during the 2005-2010 forecast period. Most sectors churned out strong job growth in 2005: finance (2%), education and health services (2.4%), and professional and business services sectors (3.7%). Leisure and hospitality was a standout with 5.3% job growth year thanks to Americans traveling within the United States this summer and an influx of foreign visitors taking advantage of the weak US dollar. These were counteracted by the government (0.3% growth) and manufacturing (-2.7%) sectors.

Growth in the stronger sectors (with the exception of education and health) will decelerate in 2006, and job levels in the weaker ones will increase. One concern for 2006-07 is home prices. In 2004, home price appreciation in Maryland exceeded income growth by approximately four times, the greatest divergence in several decades. Home price appreciation in excess of income growth is constraining housing affordability, particularly among first-time home buyers and borrowers with marginal finances, making it more difficult for the state to draw businesses and increase its labor force.

Throughout the forecast period, employment growth will be led by strength in the nondurables sector. Unsurprisingly, the strongest component of employment in terms of new jobs created and rate of increase will be services. Professional and business services, the leading driver of the 1990s, reversed sharply in 2001-03, but is reclaiming its leadership role, producing average, annual job gains of 2.7% from 2006-10. Education and health services, which are projected to gain 2.5% during 2006-10, are not far behind. After its big gain in 2005, employment in the leisure and hospitality services sector will expand a more modest 1% throughout the forecast period. After a rebound in 2004, the trade and transportation sector will lag behind, averaging 0.9% annual employment gains in 2006-10. By 2010, total employment growth will have decelerated to 0.7%.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Maryland		
Baltimore-Towson, MD	\$112.37	49.3
Cumberland, MD-WV*	\$2.77	1.2
Hagerstown-Martinsburg, MD-WV*	\$5.95	2.6
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD (MSA)*	\$2.95	1.3
Salisbury, MD	\$4.62	2.0
Washington-Arlington-Alexandria, DC-VA-MD-WV (MSA)*	\$87.79	38.5
<i>Sum of Metro Areas</i>	\$216.45	94.9

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

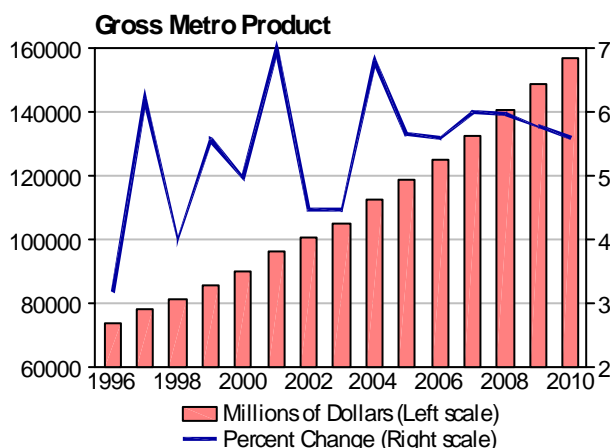
Baltimore

Economic Performance Summary

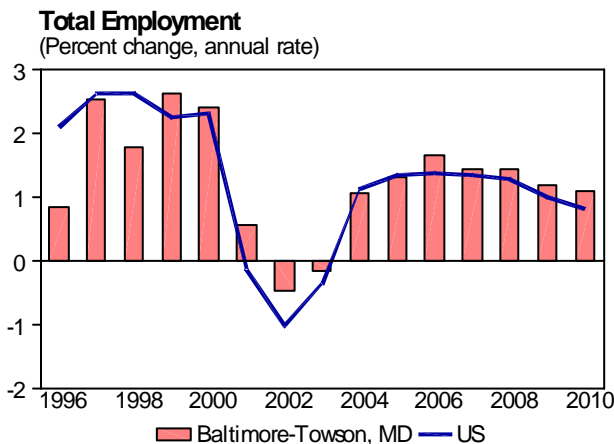
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	1263.1	18	1279.6	18	1300.8	19	1369.1	19
Unemployment Rate (%)	4.5	267	4.6	227	4.4	235	4.6	222
Personal Income (Billions)	102.6	17	108.5	17	114.4	17	142.6	18
Per Capita Income (Ths.)	38.8	20	40.7	23	42.6	27	51.6	25

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in the Baltimore MSA, as measured by gross metro product (GMP), will increase at an average annual rate of 6% (3.4% in real terms) during 2006, to \$125.4 billion.



- Employment in 2005:** On the heels of a rebound to 1.1% annual employment growth in 2004, Baltimore maintained its economic expansion, notching 1.3% growth in 2005. A 2.9% contraction in the manufacturing sector dragged down strong job gains in education and health services (3.3%), leisure and hospitality services (1.9%), professional and business services (2.1%), and construction (3.4%).
- Employment in 2006:** Baltimore is expected to see even heartier employment growth in 2006. Total employment is projected to swell 1.7% from its 2005 figure. Education and health services will continue to surge with a 3.6% change in 2006. Professional and business services will ramp up with a 2.8% boost. Leisure and hospitality services is projected to match its 2005 percentage increase with another 1.9% rise in 2006.



- Employment in the Next Five Years:** In 2006, the Baltimore economy will jump forward again, as a weaker US dollar and improved trading conditions pull the manufacturing sector out of its hole. At 1.7%, this will be the peak of economic growth in the metro in 2001–10. After 2006, employment gains will moderate slightly through the end of the forecast period. Business and professional services and education and health services will be the leaders through 2010, with both averaging 2.6% annual job gains. The construction sector will continue steadily creating jobs at an average rate of 2.2% annually. Meanwhile, the manufacturing sector will struggle to break free of job losses. From 2006–08 its employment will remain essentially flat, but the sector will eventually be overwhelmed by the global forces shifting traditional manufacturing away from the United States and the continued decline of domestic traditional “smokestack” industries. The metro is gaining a toehold in new, notably biotech-based products and medical devices, however, as well as medium-skilled, light manufacturing. In fact, belying its past image, Baltimore has become a substantially “post-industrial” metro area. Today, the number of local workers employed by manufacturers is fewer than the number employed by financial firms and institutions. Job gains in financial services have yet to balance out losses in manufacturing. That trend will continue from 2006 through 2010 where payrolls in the financial services will increase an average of 0.3% annually and manufacturing payrolls will decline an average of 0.9% annually. Total employment in Baltimore will increase by an average 1.1% annually through 2010.

The STATE of the STATE

Massachusetts

In 2005, Massachusetts saw jobs recover at a rate of 0.9%, a marked improvement over 2004, when it lost jobs at a rate of 0.2%. Professional and business services continues to add jobs to the economy at a strong pace, at 2.5%. Tourism has been strong in the state, and leisure and hospitality employment jumped 2.6%. Gains in education and health services were fairly steady compared with 2004, climbing 0.9%. After sustaining moderate losses in 2004 of 1.7% annually, the financial sector remained stagnant in 2005, with no jobs being created despite the strong real estate market.

The momentum from its 2005 performance will drive Massachusetts forward to 1.1% growth in 2006. Professional and business services will contribute most profoundly to this growth, seeing jobs added at an annual rate of 3.4% fed by increased corporate confidence. Leisure and hospitality should also see strong growth again, at 2.0% in 2006. Education and health services gains will improve, at the rate of 1.3% annually. The beleaguered financial sector will suffer again from the slowdown in real estate, losing jobs at an annual rate of 0.5% in 2006. Manufacturing in Massachusetts will see a more severe slump, decreasing by 1.3%. High-tech manufacturing in particular will be hit hard by outsourcing and competition from abroad, losing jobs at a 4.7% rate in 2006.

The Massachusetts economy should move into a more broadly based recovery during the next couple of years, although total employment growth will remain muted. The professional and business services sector will average 2.4% annual job growth through 2010, but it alone cannot sustain the state economy. Since weak job growth is expected from most of the other major sectors through the rest of the decade, the state should experience very modest expansion, with total payroll gains expected to average 0.8% annually. The leisure and hospitality sector will generate solid 1.2% average job gains through 2010, while education and health services will also slow, with y/y growth through the forecast period averaging 0.8% through 2010. The financial activities sector, which has suffered mergers and layoffs over the past few years, will finally return to health in 2007, and register a five-year average growth rate of 0.5%. Manufacturing, though, will see losses averaging 0.8% annually through 2010.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Massachusetts		
Barnstable Town, MA	\$9.11	2.9
Boston-Cambridge-Quincy, MA-NH (MSA)*	\$218.26	68.7
Pittsfield, MA	\$6.04	1.9
Providence-New Bedford-Fall River, RI-MA*	\$22.29	7.0
Springfield, MA	\$28.09	8.8
Worcester, MA	\$32.46	10.2
<i>Sum of Metro Areas</i>	\$316.27	99.5

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

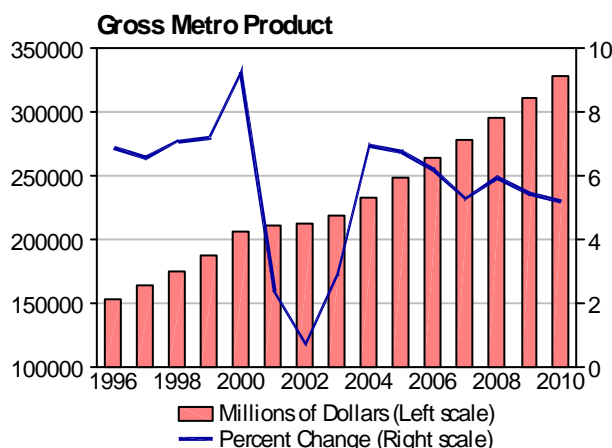
Boston-Cambridge-Quincy

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	2355.7	7	2381.1	7	2410.1	8	2487.5	10
Unemployment Rate (%)	4.9	221	4.4	247	4.3	245	4.3	257
Personal Income (Billions)	203.1	7	214.5	8	227.7	8	282.8	8
Per Capita Income (Ths.)	45.9	5	48.4	5	51.3	5	63.1	3

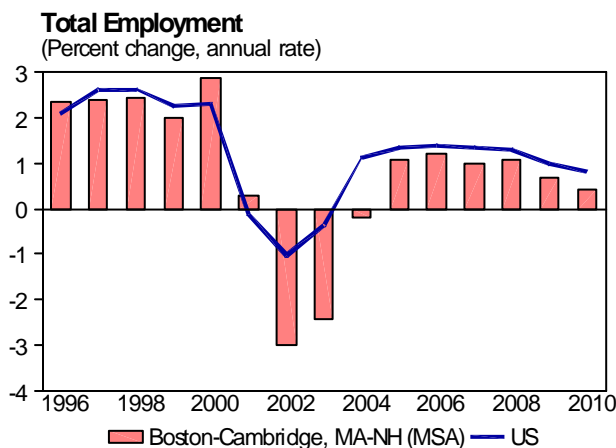
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, gross metro product (GMP) rose by 6.8% (4.2% in real terms) in 2005, to \$265 billion. In 2006, the Boston metro should see 6% (3.5% in real terms) GMP growth, and 5.4% (3.1% in real terms) average growth through 2010.



- Employment in 2005:** Boston finally saw positive payroll growth in 2005 for the first time since 2001. The metro's economy is recovering and posted 1.1% employment growth for 2005, slightly stronger than the 1.0% growth predicted for Massachusetts. Professional and business services benefited from increased corporate confidence and spending, adding jobs at a rate 2.9%. Leisure and hospitality continued to benefit from Boston's tourist and sports attractions, expanding at a rate of 3.3% in 2005, following a moderate increase of 1.7% in 2004. An especially strong performer is the construction sector, which added jobs at a rate of 3.2% in 2005. This rate of growth is not too surprising, even following a nearly stagnant 2004; the booming nature of the Boston metro housing market in 2005 triggered 16,222 housing starts, the highest number since 1988. Education and health services continued to grow at a steady pace, benefiting from continued private and public investment in bio-tech and research. Financial services also inched into the black, as the previously strong housing market helps to add jobs at a rate of 0.3%.

- Employment in 2006:** Boston's economy will continue to prosper in 2006 following a strong 2005. After a 1.1% increase in jobs in 2005, 2006 should see a further acceleration of 1.2% job growth. The professional and business services sector should contribute strongly to this payroll increase, with a 3.7% job gain, fed by continued demand for services from Boston's recovering high-tech sector and Bank of America's continued efforts to erase job losses created by its merger with Fleet. Leisure and hospitality services should also see some growth, although its 2.0% expansion in 2006 will not match its 3.3% pace in 2005 due to the continued impact of high fuel prices on the travel industry, as well as a more thrifty labor force hit by skyrocketing energy prices. Education and health services, one of Boston's defining sectors, will contribute to a strong 2006 with 1.3% growth fed by continued investment in bio-technology and medicine. Unfortunately, the financial sector will once again lose jobs in 2006, seeing declines of 0.5% after a 0.3% gain in 2005. Contributing to this decline in finance, as well as a slowdown in construction payrolls from 3.2% in 2005 to 1.4% in 2006, is the abating housing market, which is starting to weaken from its recent success due to skyrocketing prices, rising interest rates, and an increasing glut of available homes. The housing market should not "burst" as it did in the early 1990s under somewhat similar circumstances, but the market and prices should plateau, then grow at a more reasonable pace.



- Employment in the Next Five Years:** After a turnaround year in 2005 and an even stronger 2006, Boston will continue to see sustained job growth into the next decade, although at a slightly slower rate after 2008. During 2006–10, total employment growth will average 0.9% annually. The continued growth of the professional and business services sector should help this expansion, as will the especially important education and health services sector. Given that this latter sector makes up almost 20% of total employment in Boston, the fact that its growth rate—0.8% annually over the next five years—is very close to Boston's total employment growth should be no surprise. Finance will also stage a more sustained recovery after 2006, seeing 0.5% average annual job growth during 2006–10. Construction's strong gains in 2005 and 2006, however, will be eaten away in subsequent years in conjunction with the housing slowdown, resulting in no gains over the next five years on average. This housing slowdown will continue through 2010, though the largest dip in housing starts

should occur from 2005 to 2006, from 16,222 starts to 11,911 starts, followed by a much steadier market.

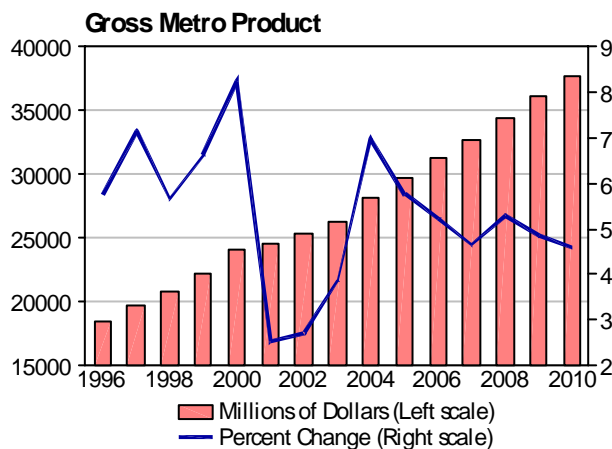
Springfield

Economic Performance Summary

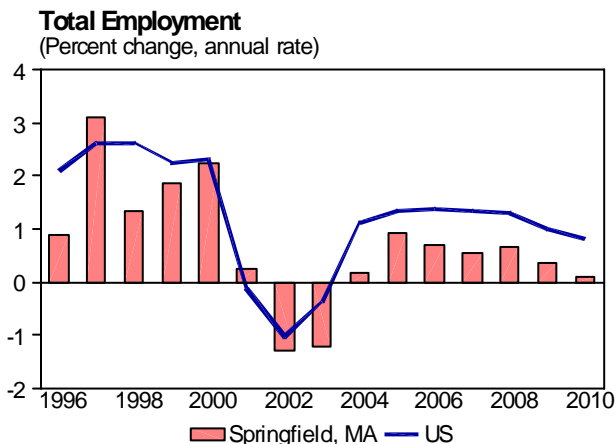
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	288.6	77	291.3	77	293.3	78	298.2	81
Unemployment Rate (%)	5.3	183	5.0	183	4.8	185	4.8	187
Personal Income (Billions)	21.6	68	22.7	69	24.0	69	29.3	69
Per Capita Income (Ths.)	31.4	120	33.0	121	34.7	114	42.5	98

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** Gross metro product growth will average 4.8% (2.6% in real terms) for 2006–10, and GMP will top \$30 billion in 2006.



- **Employment in 2005:** Like Boston and Massachusetts, Springfield was hit hard by the 2001 recession, and it has yet to regain the payroll levels of 2001. Gains of 2,700 jobs (0.9%) in 2005, however, brought metro employment to within 5,000 of their previous record. The construction and professional and business services were the leading sectors.
- **Employment in 2006:** Job growth will maintain its momentum in 2006, gaining 0.7% (2,000 jobs), led by professional and business services sectoral gains of 3%.



- Employment in the Next Five Years:** Payroll gains will moderate for the rest of the decade, reflecting little (if any) population and labor force growth. The previous peak level of employment will finally be reached in 2008, with payrolls ending the decade at 298,000.

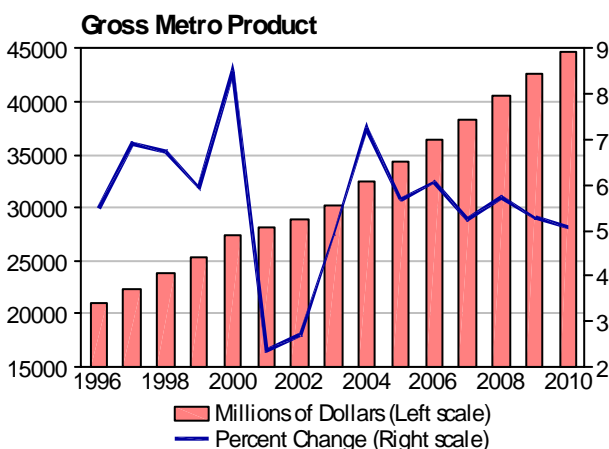
Worcester

Economic Performance Summary

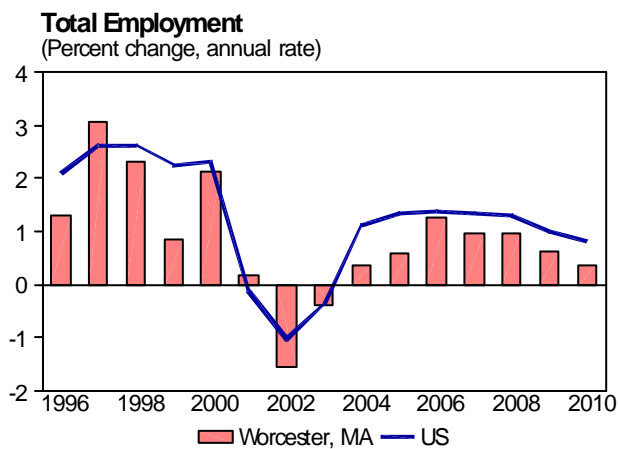
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	323.8	70	325.7	72	329.8	71	339.5	73
Unemployment Rate (%)	5.5	155	5.0	174	4.9	179	4.9	173
Personal Income (Billions)	27.8	59	29.2	59	31.0	58	38.7	58
Per Capita Income (Ths.)	35.6	40	37.2	42	39.3	40	48.4	36

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** In 2006, gross metro product growth of 6% (3.4% in real terms) will boost GMP to \$36 billion. By 2008, annual GMP will reach \$40 billion.



- **Employment in 2005:** Worcester saw modest employment gains for a second successive year, at 0.6% in 2005. Leisure and hospitality and construction were the leading sectors.
- **Employment in 2006:** Job growth will accelerate at last in 2006, and will have regained the jobs lost in the 2001–03 recession at a 1.3% rate. Professional and business services sectoral gains of 4.5% will be the driver.



- **Employment in the Next Five Years:** Payroll gains will moderate gradually, exceeding a 1.0% growth rate until 2009. Employment will reach 339,000 by 2010.

The STATE of the STATE

Michigan

Michigan's total payrolls declined again in 2005, for the fifth year in a row. The job losses were limited to only 0.7%, but this was still a weaker performance than the 0.4% contraction in 2004. This deterioration is due to the combined sluggish performance of both the services and manufacturing sectors. The auto industry is hurting, and manufacturing registered a decline of 3.2%, on the heels of a 2.9% contraction in 2004. Professional and business services itself is stuck in a lengthy decline, contracting 1.1% in 2005. Education and health services and leisure and hospitality services could not do much to counteract these losses, growing only 0.8% and 0.6%, respectively.

Total employment will finally recover in 2006, increasing by 0.4%. During the next five years, total employment will remain positive, growing at an average annual rate of 0.6%. The continued manufacturing decline (-0.7% annually) and the need to shift toward low-paying services jobs will constrain employment and income growth. Payrolls will owe most to professional and business services, which will rebound in 2006, and average 1.6% annual gains.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Michigan		
Ann Arbor, MI	\$15.53	4.2
Battle Creek, MI	\$5.34	1.4
Bay City, MI	\$3.26	0.9
Detroit-Warren-Livonia, MI	\$175.98	47.3
Flint, MI	\$13.49	3.6
Grand Rapids-Wyoming, MI	\$33.09	8.9
Holland-Grand Haven, MI	\$10.28	2.8
Jackson, MI	\$5.18	1.4
Kalamazoo-Portage, MI	\$11.85	3.2
Lansing-East Lansing, MI	\$18.02	4.8
Monroe, MI	\$3.98	1.1
Muskegon-Norton Shores, MI	\$5.38	1.4
Niles-Benton Harbor, MI	\$5.61	1.5
Saginaw-Saginaw Township North, MI	\$7.77	2.1
South Bend-Mishawaka, IN-MI*	\$1.06	0.3
<i>Sum of Metro Areas</i>	\$315.83	84.9

*Note: This GMP number represents the portion of the MSA within this state.

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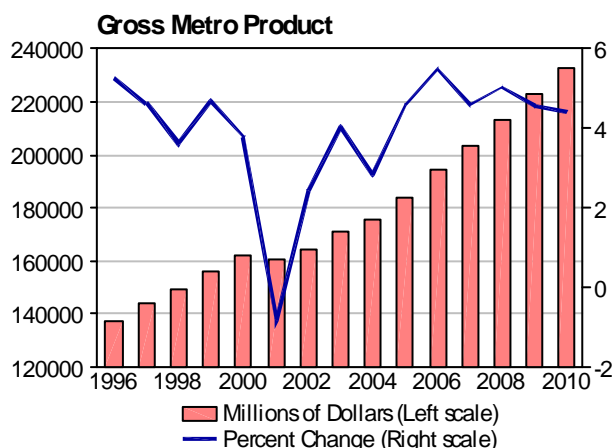
Detroit-Warren-Livonia

Economic Performance Summary

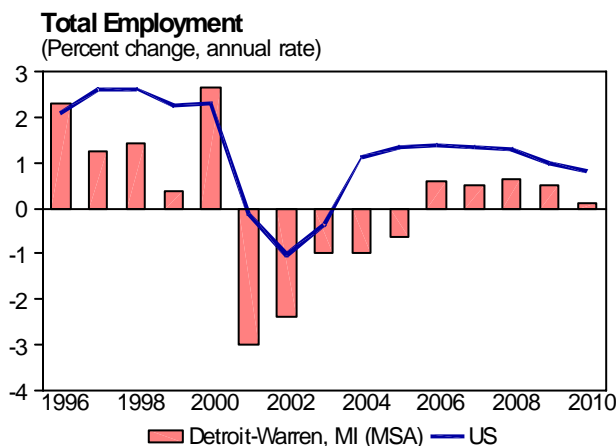
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	2051.3	11	2038.6	11	2050.7	11	2088.0	11
Unemployment Rate (%)	7.1	46	7.3	30	6.8	39	6.6	38
Personal Income (Billions)	166.4	11	172.1	12	180.7	12	218.1	12
Per Capita Income (Ths.)	37.0	33	38.2	38	40.0	38	47.6	39

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in the Detroit MSA, as measured by gross metro product (GMP), will increase at an annual average rate of 5.1% (2.62% in real terms) during 2006, to \$193 billion. The GMP compounded annual growth rate will be 4.7% (2.59% in real terms) from 2006–10.



- Employment in 2005:** The Detroit labor market improved modestly in 2005 after having posted a 1.0% employment decline in 2004. Total employment declined only 0.6% in 2005, with some improvement happening towards the end of 2005. The manufacturing sector continued to shed jobs throughout 2005. But the private services-producing sectors have started adding jobs, although their recovery did not happen until the last quarter of 2005.
- Employment in 2006:** The next year is expected to hold a modest recovery in store for Detroit metropolitan area. Total employment is projected to increase 0.6% following the decline in 2005. Private services-producing will rebound from decline that has plagued the sector in the last few years. In 2006, the sector will rise 1.2%. Professional and business services will generate strong growth in 2006 with a surge of 1.9% versus the 2005 figure. Manufacturing will continue to struggle and fall 1.7%.



- Employment in the Next Five Years:** Total employment growth is likely to struggle in the near future. In the next five years, total employment will grow at an average annual rate of just 0.3%. The continued manufacturing decline and the need to shift further to services will constrain growth. The metro manufacturing sector will remain feeble throughout the period, declining 1.1% annually despite a temporary growth spurt in 2008 and 2009. Employment growth will owe the private services-producing sector, which is expected to grow 0.6%. The fastest growth is expected to be professional and business services with average annual growth of 0.8% from 2005–10.

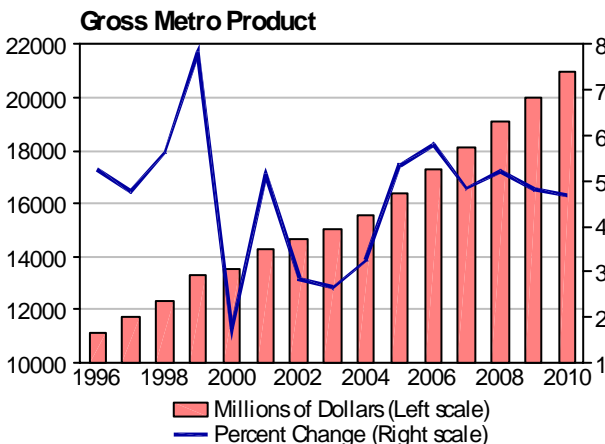
Ann Arbor

Economic Performance Summary

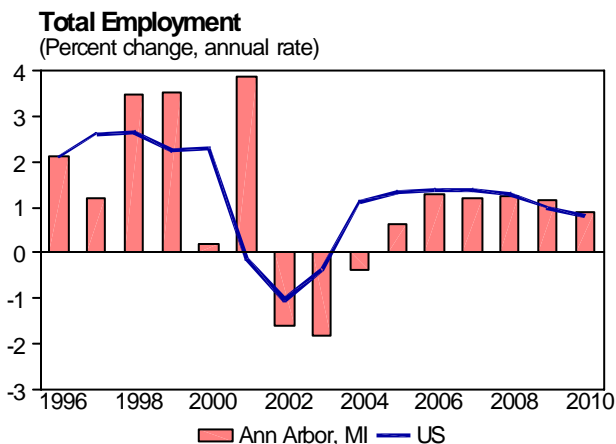
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	201.8	103	203.1	107	205.7	107	215.0	108
Unemployment Rate (%)	4.3	293	4.2	266	4.0	302	3.6	329
Personal Income (Billions)	13.4	109	14.0	108	14.8	108	18.5	112
Per Capita Income (Ths.)	39.4	19	40.8	21	42.8	24	51.3	27

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in the Ann Arbor MSA, as measured by gross metro product (GMP), increased 5.3% (3.3% in real terms) during 2005, to \$16.3 billion, up from the 3.3% (2.6% in real terms) increase in 2004. Global Insight estimates that GMP in Ann Arbor will grow at a 5% (3% in real terms) annual rate from 2006–10.



- Employment in 2005:** After a contraction of 0.4% in 2004, employment in Ann Arbor began to recover in 2005, and annual job growth posted positive 0.7% growth. Losses in manufacturing persisted, with the sector's job levels declining by 4.9%. The good news, though, is that employment in the services-providing sector expanded 1.3%.
- Employment in 2006:** Total employment is expected to make a full recovery in 2006, gaining 1.3%. Manufacturing will continue to struggle but improve from its 2005 decline, with losses of only 2.9%. The private service-providing sector will surge 2.0%. Professional and business services (PBS) will provide a significant boost to the private service-producing sector, expanding 3.1% in 2006.



- Employment in the Next Five Years:** Total employment growth will increase after 2005 to produce a five-year average of 1.1%. The metro manufacturing sector will remain feeble throughout the forecast period. The only bright spot for manufacturing is 2008–09, when the sector will moderately add jobs; however, it is expected to slide an average of 1.5% in the next five years. Employment growth will owe the most to the local services sector, especially transportation, wholesale trade, and professional and business services. The services sector is expected to grow at an average annual rate of 1.4%.

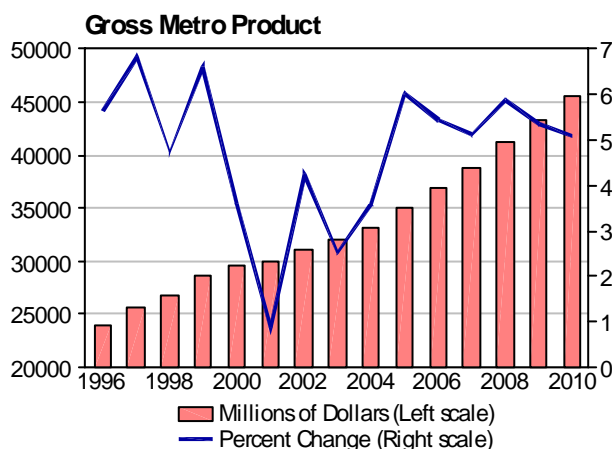
Grand Rapids

Economic Performance Summary

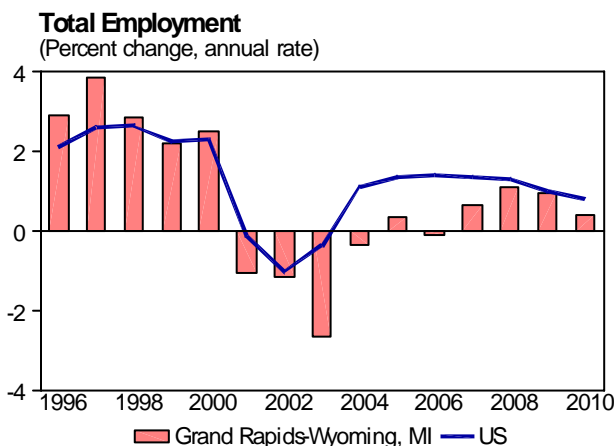
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	384.1	58	385.4	58	384.9	57	397.0	60
Unemployment Rate (%)	7.0	53	6.0	80	5.7	97	5.5	108
Personal Income (Billions)	22.8	65	23.8	65	24.9	65	30.5	66
Per Capita Income (Ths.)	29.7	160	30.8	167	32.0	172	38.1	179

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in the Grand Rapids MSA, as measured by gross metro product (GMP), will increase at an annual average rate of 5.3% (2.8% in real terms) during 2006, to \$37 billion.



- Employment in 2005:** This year saw below-average growth in Grand Rapids employment; however, the annual employment growth rate measured 0.3%, which is an improvement when compared with the 0.4% decline in 2004. Losses in the manufacturing sector slowed in 2005. Consequently, the sector retreated 0.3% in 2005, versus a 1.1% drop in 2004. The private services-producing sector managed a 0.7% change in 2005. Education and health services did well, rising 2.0%.
- Employment in 2006:** The coming year is expected to have a decline of 0.1% in store for total employment. Manufacturing will have a significant role in negative overall employment in the metro in 2006. The sector is projected to lose 2.1% of its workers in 2006 after seeing a nominal decline in 2005. Private services-producing will increase 0.5% and do little to offset the struggling manufacturing sector. The education and health services sector, which had been so strong in the previous year, is expected to only manage a 0.9% increase in 2006.



- Employment in the Next Five Years:** During the next five years, total employment in the Grand Rapids metro will grow at an average annual rate of 0.6%. The metro's manufacturing sector will post reasonable growth in 2008–09, but will eventually return to its negative trend in 2010. During the next five years, the average annual growth will decline 0.5%. Private services-producing is expected to recover from the lethargic growth in 2006 and expand in the remainder of the forecast. The sector is projected to advance at an average annual rate of 0.9%. The fastest annual growth is expected in education and health services (1.2%) and professional and business services (1.3%).

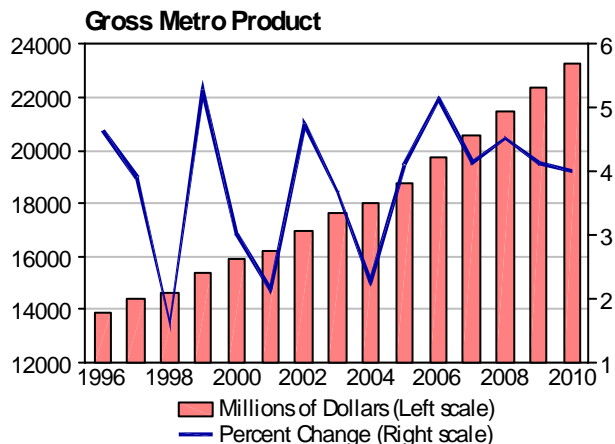
Lansing

Economic Performance Summary

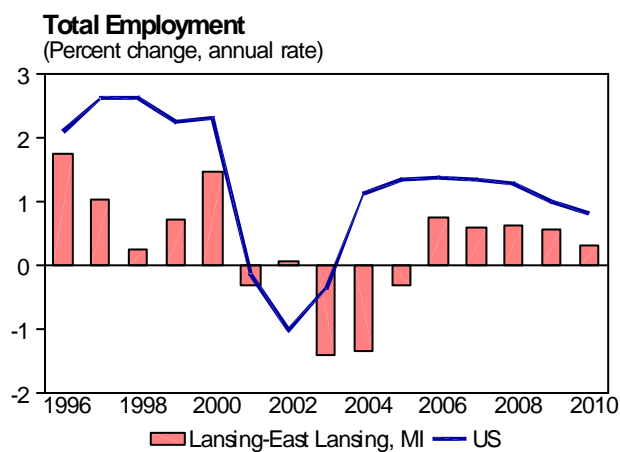
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	230.5	95	229.8	95	231.6	95	236.4	97
Unemployment Rate (%)	6.0	100	5.9	89	5.9	81	5.8	91
Personal Income (Billions)	13.4	107	14.0	109	14.7	109	18.1	113
Per Capita Income (Ths.)	29.4	167	30.5	170	32.1	169	38.8	168

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The Lansing gross metro product will top \$20 billion in 2007, and average annual growth of 4.4% (2.3% in real terms) for the rest of the decade.



- Employment in 2005:** For the fifth year this decade, Lansing saw a decline in payroll employment in 2005. The loss of 700 jobs (-0.3%) was relatively mild however. Nonmanufacturing gains in construction, state and local government and services almost offset continues manufacturing losses (1,400 for the year, 7,500 for the decade).
- Employment in 2006:** Job growth will be positive in 2006 (0.7%), as nonmanufacturing gains of 2,000 offset slight (-300) production losses. Personal services gains, including education and health, will generate the gains.



- Employment in the Next Five Years:** Payroll gains will average 0.6% annually, but employment levels by 2010, 236,000, will still be more than 1,000 short of peak levels of 2000.

The STATE of the STATE

Minnesota

Employment in the North Star State grew 1.4% in 2005. The education and health services sector was a major contributor to job gains, with a 2.9% payroll expansion. A rebounding economy and weak dollar helped employment in leisure and hospitality advance 2.3%. Professional and business services and financial activities both fared reasonably well, generating 1.6% and 1.9% increases, respectively. And the manufacturing sector finally pulled itself out of recession, gaining 1.2%, its first growth since 2000.

Total employment is projected to average 1.1% annually during 2006–10. Professional and business services will generate the most robust growth during the forecast period, averaging 2.5% gains from 2006 to 2010. That sector will see especially robust growth early in the forecast period due to elevated hiring of temporary and administrative and support workers. Firms will move to hire full-time permanent positions once they feel more confidence in the economy. Education and health services will also be strong in the first half of the Global Insight forecast before slowing in the second half. The sector is forecast to rise 1.4% annually through 2010. The trade, transportation, and utilities (TTU) sector will recover in 2006 from its lull, and will average 1.0% annual increases through 2010.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Minnesota		
Duluth, MN-WI*	\$9.02	4.0
Fargo, ND-MN *	\$1.44	0.6
Grand Forks, ND-MN*	\$1.06	0.5
La Crosse, WI-MN*	\$0.51	0.2
Minneapolis-St. Paul-Bloomington, MN-WI*	\$142.86	63.8
Rochester, MN	\$7.47	3.3
St. Cloud, MN	\$7.69	3.4
<i>Sum of Metro Areas</i>	\$170.05	76.0

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

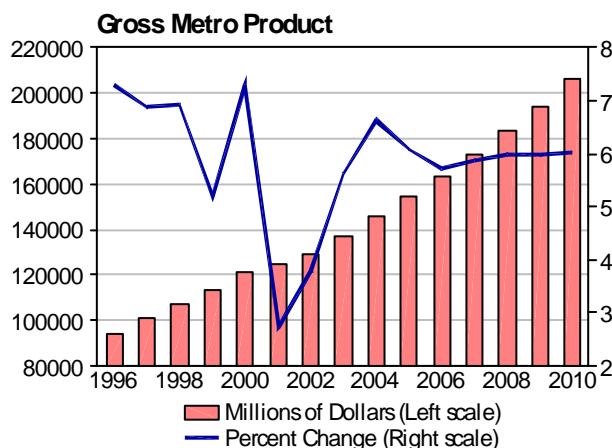
Minneapolis-St Paul

Economic Performance Summary

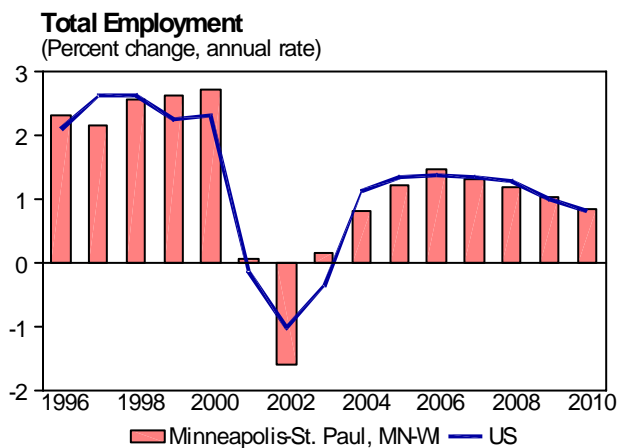
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	1737.9	13	1759.1	13	1785.0	14	1864.0	14
Unemployment Rate (%)	4.4	277	3.7	323	3.4	338	3.5	336
Personal Income (Billions)	127.4	14	134.5	14	143.1	14	179.8	14
Per Capita Income (Ths.)	40.8	14	42.7	17	45.0	17	54.2	15

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Minneapolis-St. Paul MSA, as measured by gross metro product (GMP), will increase at an average annual rate of 6.9% (4.4% in real terms) during 2006, to \$166.6 billion. The GMP compounded annual growth rate is projected to be 6.2% (3.9% in real terms) from 2006 to 2010.



- Employment in 2005:** Minneapolis' total employment posted a strong recovery in 2005. The 1.2% increase is well above the 0.8% increase in 2004. Financial activities continued its expansion, growing 1.8% in 2005. Education and health services powered the Minneapolis economy with 3.8% growth, but trade, transportation, and utilities (TTU) continued to struggle, gaining 0.5%.
- Employment in 2006:** Minneapolis' total employment growth will quicken. The 1.5% increase in 2006 will continue the expansionary trend of the past few years. Education and health services will continue to spearhead the metro's growth. The sector is forecast to rise by 3.3% in 2006. Trade, transportation, and utilities (TTU) will ramp up its growth and increase by 0.8%.



- Employment in the Next Five Years:** Total employment is projected to average 1.2% annual growth from 2005 to 2010. Professional and business services are expected to expand robustly throughout the remainder of the forecast. The sector is expected to peak in 2008 with a 3.3% year-on-year increase, before moderating thereafter. In 2010, professional and business services will expand 1.4% y/y. Increasing government revenues should lead to more government employment, which is expected to grow 1.0% annually in 2005–10.

The STATE of the STATE

Mississippi

In late August 2005, the Gulf Coast states of Louisiana and Mississippi were slammed by Hurricane Katrina. Mississippi now faces a significant challenge in rebuilding its devastated Gulf Coast regions, and the direct impact on its economy is substantial. New benchmarked data released by Bureau of Labor Statistics (BLS) in March 2006 revealed a much milder impact from Katrina on total employment figures than previously expected; an estimated 1,112,700 workers were on the September payrolls, as compared with 1,135,000 in August 2005—a decrease of only 22,300. Originally the BLS had estimated about 60,000 fewer workers on payrolls in September as compared with the August levels. By January 2006, payrolls had improved significantly, to 1,131,400. The recovery from Katrina's impact on payroll employment is taking place faster than shown by BLS pre-benchmarked estimates.

Although it is difficult to pinpoint how long it will take to repair all the damage and complete the rebuilding, it is safe to assume the process will require the next two years. The negative impact of Hurricane Katrina will therefore be fairly short-lived and the Mississippi economy is expected to register rapid growth due to heavy reconstruction and rebuilding activity, especially in the latter half of 2006 and in 2007. Total employment will grow at above 1.2% in 2007. The persistent decline in less-skilled positions is projected to continue in several traditional manufacturing sectors. Since the benefits from the Nissan plant and associated manufacturing activities have already been realized, the declining trend in nondurables manufacturing is now offsetting any increases in the durables manufacturing sector. After some recovery of the losses of manufacturing jobs associated with Katrina, the sector will resume a declining trend at an annual rate of under 0.4% for the next five years. The driving force in the Mississippi economy will be an injection of about \$5 billion in the form of insurance claims; this will lead to a construction boom and will induce growth in other sectors of the state economy. Employment in the construction sector will grow at 3.8% in 2006 and 3.5% in 2007.

The state leisure and hospitality sector was hit the hardest by Katrina, and showed a 2.96% year-on-year decline in 2005. The employment in this sector will resume a positive trend in 2006; however, on annual basis average employment level will remain below its value in 2005. Global Insight forecasts a major rebound for this sector in the near term.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Mississippi		
Gulfport-Biloxi, MS	\$7.55	9.9
Hattiesburg, MS	\$3.51	4.6
Jackson, MS	\$16.82	22.1
Memphis, TN-MS-AR*	\$4.41	5.8
Pascagoula, MS	\$3.83	5.0
<i>Sum of Metro Areas</i>	\$36.11	47.4

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

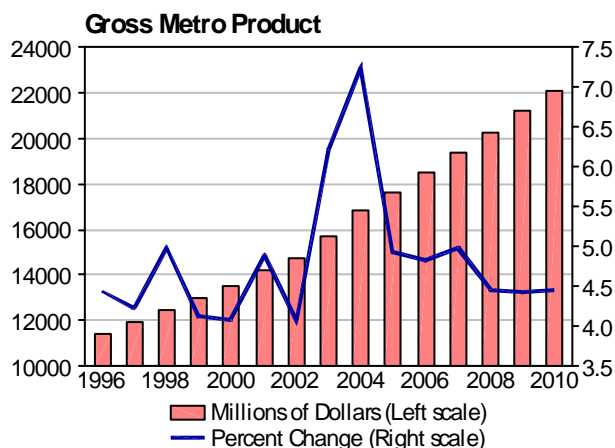
Jackson

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	256.5	85	257.1	85	257.1	89	267.2	88
Unemployment Rate (%)	5.2	198	6.0	78	6.0	73	6.0	71
Personal Income (Billions)	15.1	98	15.8	98	16.4	100	19.9	101
Per Capita Income (Ths.)	29.1	173	30.2	179	31.1	197	36.5	210

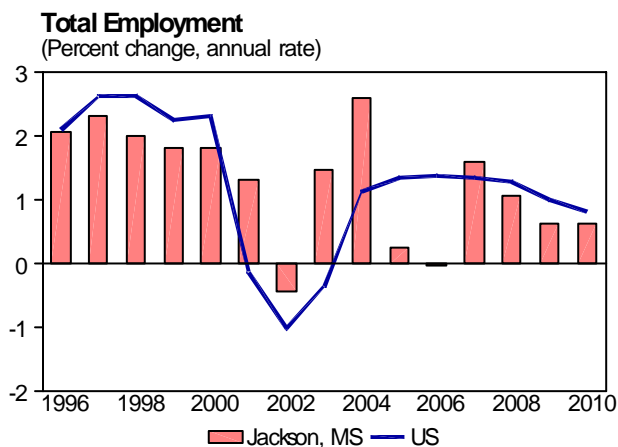
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP).** Expansion in the metro's production base due to a new auto manufacturing plant in Canton combined with the recovery process has resulted in very high growth in GMP in the Jackson metro area. GMP growth will moderate in the coming years, registering a 5.4% (2.9% in real terms) increase in 2006, and averaging a solid 4.9% (2.8% in real terms) annual rate over the next five years. GMP will top \$20 billion in 2008.



- Employment in 2005.** There was a sizable decline in the nondurable manufacturing in the metro area in 2005, which has caused an estimated net decline for the overall manufacturing sector. Total nonfarm payroll employment remained almost unchanged, with 0.3% yearly growth in 2005, exacerbated by Hurricane Katrina's negative impact on the Mississippi economy. Recently, the Nissan plant had provided tremendous support to the metro economy since 2003, especially the manufacturing sector, by creating more than 5,000 jobs. The auxiliary input (car parts) manufacturers set up just outside the metro have also indirectly affect the overall growth spilling into the metro.
- Employment in 2006:** The Mississippi economy will rebound from the effects of Hurricane Katrina, which will help support the metro Jackson economy. However, nondurable

manufacturing will shed more jobs in 2006 and that will offset most part of the growth in employment in other sectors of the economy.



- Employment Through the Next Five Years.** The decline in the manufacturing sector will be slower from 2007 onwards, leading to an overall expansion over the next five years, with annual growth in payroll employment averaging around 1.1%. Indeed, the newly created local auto industry will be a driving force behind the metro economy, even as durable manufacturing employment slows from its recent, double-digit growth. Education and health services; professional and business services; and transportation, warehousing, and utilities will be major growth areas in the next five years.

The STATE of the STATE

Missouri

Missouri's economy is indeed in recovery; 2004 was the first since 2000 in which the state posted a gain in total employment and in 2005 it more than doubled that gain. Payrolls expanded 0.4% in 2004, and 1.1% in 2005. The economic rebound has been led by the services sector, especially education and health services (2.7% growth in 2005) and leisure and hospitality (2.4% growth). Recovery in finance led to strong employment growth of 2.6% in that sector. Growth in the rest of the economy has been much weaker, with professional and business services, government, and trade and transportation all eking out less than 1% growth. Thanks to defense spending, the manufacturing sector grew at a positive 0.7% rate in 2005, although total annual job gains will be small and short-lived.

The Show Me State's employment growth will decelerate slightly after peaking at 1.4% employment growth in 2006, averaging 1% annual employment gains during 2006–10. The manufacturing sector, which experienced the devastating downward spiral of many states during the recession, will not experience the rebound hinted at by its positive growth in 2005. That sector will resume its annual contractions in 2006, gradually giving up about 4,000 jobs by 2010. The large trade, transportation, and utilities sector in Missouri will not experience much of a rebound, either, but it will manage to contribute modestly to job growth, particularly the transportation and warehousing subsector (retail and wholesale trade will both be fairly dormant). The services industries will provide the most growth, and job gains will also be strong from 2007 on in the small but significant construction sector.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Missouri		
Columbia, MO	\$5.84	2.9
Fayetteville-Springdale-Rogers, AR-MO*	\$0.61	0.3
Jefferson City, MO	\$5.35	2.6
Joplin, MO	\$6.00	3.0
Kansas City, MO-KS*	\$41.68	20.5
Springfield, MO	\$13.66	6.7
St. Joseph, MO-KS*	\$3.78	1.9
St. Louis, MO-IL*	\$80.94	39.8
<i>Sum of Metro Areas</i>	\$157.87	77.7

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

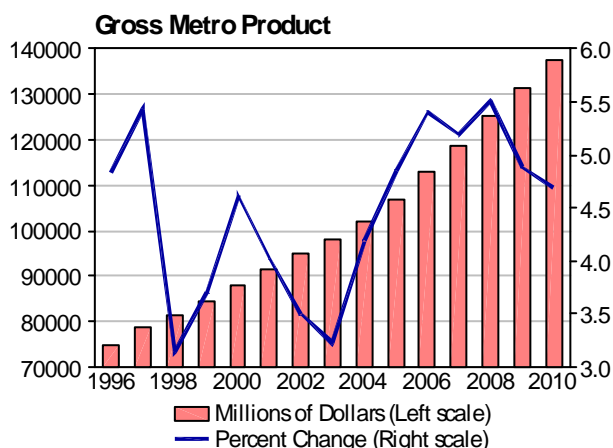
St Louis

Economic Performance Summary

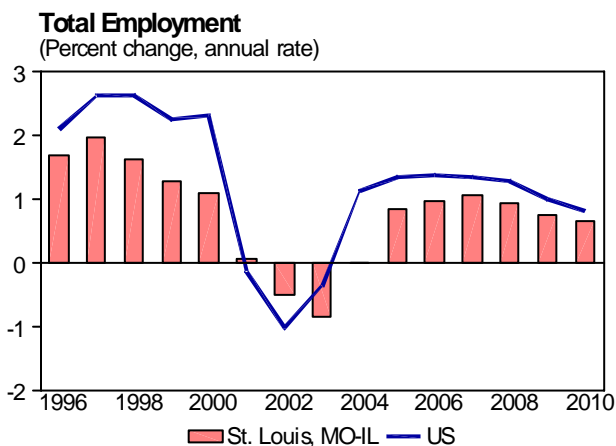
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	1322.8	16	1334.0	16	1347.0	16	1393.1	17
Unemployment Rate (%)	6.0	106	5.5	121	5.3	131	5.3	127
Personal Income (Billions)	96.2	19	101.3	20	107.0	20	130.6	20
Per Capita Income (Ths.)	34.8	48	36.5	49	38.5	48	46.3	45

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As indicated below, GMP will increase at an annual rate of 5.8% (3.3% in real terms) during 2006 to \$112.6 billion, an improvement over its 2005 growth of 5% (2.3% in real terms). The GMP annual growth rate will average 5.2% (3% in real terms) through the end of 2010.



- Employment in 2005:** The St. Louis economy returned to positive job growth in 2005, registering a 0.8% gain, its first positive figure since 2001. A major part of the growth in employment can be attributed to the manufacturing sector. Nevertheless, education and health services and professional and business services will remain the major contributors to the expansion.
- Employment in 2006:** The St. Louis economy will be able to add more than 13,000 workers in 2006, growing at close to a 1% rate. Education and health services and professional and business services will remain the major contributors to growth. Although the transportation and warehousing sector was hurt by the American Airlines decision to reduce flights, positive growth will be seen as other firms in that industry expand their operations.



- **Employment in the Next Five Years:** St. Louis will continue to increase employment, but at a slower rate averaging less than 1% over the next five years. St. Louis's central location and access to major highways will continue to make it a good location for transportation and warehousing. That sector will grow 1.6% annually through early 2010, adding over 4,000 positions.

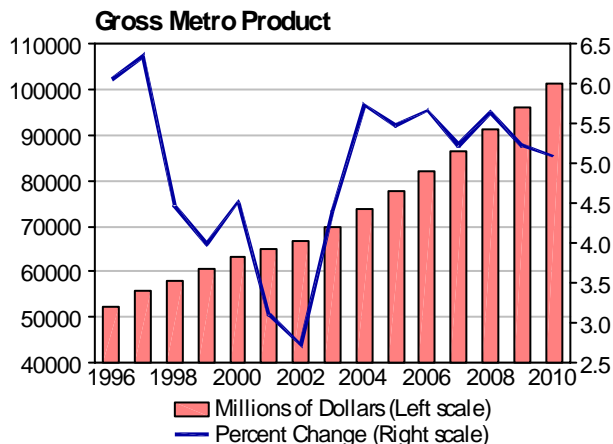
Kansas City

Economic Performance Summary

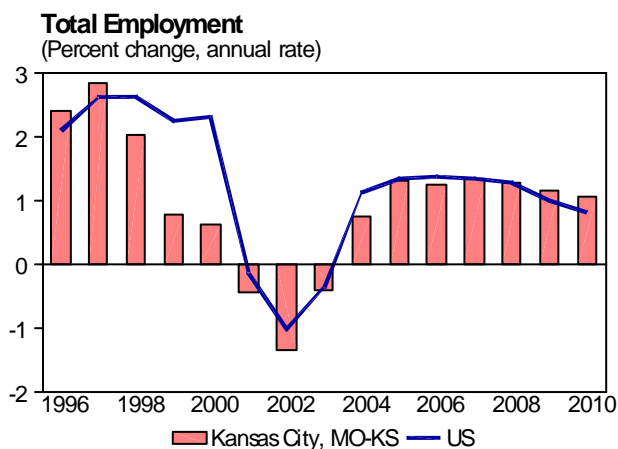
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	965.9	26	978.6	26	990.9	26	1040.0	27
Unemployment Rate (%)	6.0	99	5.5	122	5.1	158	5.0	154
Personal Income (Billions)	66.4	28	70.4	28	74.7	28	92.9	28
Per Capita Income (Ths.)	34.4	57	36.2	55	38.1	52	45.9	50

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** Value added in the metro economy slowed during the second half of the 1990s, and was further hampered by recession during 2001–02. It then recovered to average 5.8% (3.2% in real terms) growth during 2004 and 5.4% (2.7% in real terms) in 2005, reaching \$77 billion in 2005.



- Employment in 2005:** Kansas City built on 2004 growth in 2005, registering a 1.3% expansion in employment. Manufacturing growth receded in 2005, but non-manufacturing employment, which increased 0.7% in 2004, grew faster at 1.5% in 2005. Total wage income grew at a very high rate (nearly 7%)—much faster than it has in past two years and also faster than its long term trend of 5%. This rapid increase in wage income comes from recent growth of high-paying manufacturing jobs. Total personal income and per capita income also grew relatively faster during 2005; mainly an impact of economic recovery combined with recent manufacturing job growth.
- Employment in 2006:** Total payroll employment will grow at 1.3% in 2006 with manufacturing making only a minor contribution. The professional and business services sector will be the major contributor to employment growth in 2006.



- Employment in the Next Five Years:** With many biotech companies and agricultural firms expanding in the area, along with some durables manufacturing sectors, the drop in employment in the manufacturing sector will be insignificant in the next five years. Nonmanufacturing employment will continue its positive growth trend, averaging 1.3% in the next five years. Professional and business services will be one of the fastest-growing sectors in the next five years, expanding at annual average rates of more than 2.5%. Despite

the increases in total employment, the labor force will also be growing, and the net effect on joblessness will be minimal. The unemployment rate in the Kansas City area is projected to decline very slowly, from a rate of 5.7% in the second quarter of 2005 to reach 5.0% in 2010.

The STATE of the STATE

Montana

Employment growth rebounded in Montana in 2004, and in 2005, the economy settled into more moderate, sustainable growth. Payrolls expanded 1.9% in 2005, aided by a strong 2.1% gain in the manufacturing sector. Very strong growth also came from the construction and the professional and business services sectors, which each expanded 4.1%, and the leisure and hospitality sector, which grew 2.7%. Solid gains were also registered by the finance (2%), education and health services sector (1.7%) and the trade, transportation and utilities sector (1.2%). Government was the only major sector that registered serious weakness. With the exception of manufacturing and professional and business services, however, these gains were decelerations from 2004, which is why total employment growth is slightly less.

Employment growth will average 1.2% for the rest of the decade, ranking Montana 20th in the nation in this category. Construction/mining, forest products manufacturing, professional and business services, and leisure/hospitality will be the core driving sectors. Although the state did not get on the high-tech bandwagon the way nearby states such as Colorado, Idaho, and Utah did in the mid-to-late 1990s, the business technical services sector will continue to make inroads here. Billings and Kallispell will be favored locations for call centers. In the energy sectors, a new power plant will be constructed in Butte, and a large wind energy project is on tap.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Montana		
Billings, MT	\$4.85	17.7
Great Falls, MT	\$2.36	8.6
Missoula, MT	\$3.41	12.4
<i>Sum of Metro Areas</i>	\$10.62	38.6

THE STATE OF THE METROS

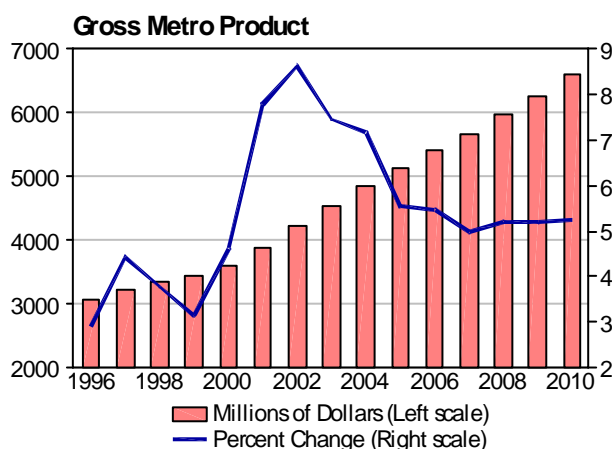
Billings

Economic Performance Summary

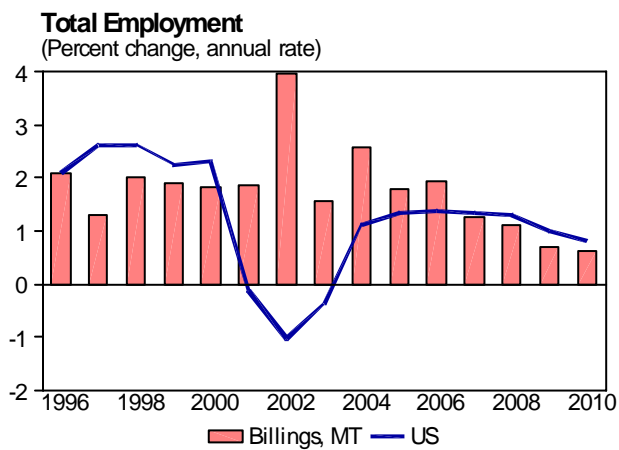
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	73.2	229	74.6	228	76.0	227	78.8	226
Unemployment Rate (%)	3.5	343	3.7	325	3.6	326	3.6	327
Personal Income (Billions)	4.6	227	4.9	224	5.2	224	6.3	228
Per Capita Income (Ths.)	31.8	110	33.9	97	35.7	95	42.6	97

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** The metro's GMP will grow 5.5% (4% in real terms) in 2006, and will top \$6 billion by 2008.



- **Employment in 2005:** Payroll growth decelerated from 2.6% to a still robust 1.8% in 2005. Gains of 1,400 jobs were led by 500 in the booming construction and mining sectors. Service sector gains were broad-based.
- **Employment in 2006:** The momentum will continue in 2006, as construction and mining payrolls are maintained while service sector gains are generated by the increased wealth.



- **Employment in the Next Five Years:** Total employment growth will moderate, ending the decade with a 0.6% rate of expansion, more closely matching long-term population growth. Unemployment rates will remain well under 4%.

The STATE of the STATE

Nebraska

The recovery that Nebraska experienced in 2004 intensified in 2005. Total employment increased 1.5% in 2005, led by leisure and hospitality services, which expanded payrolls 4.6%, and construction, which grew 3.9%. Other strong gains came from professional and business services (2.4%) and finance (2%). The manufacturing sector continues to exert serious drag, contracting 1.1%.

The resurgence of total employment saw its peak in 2005, and the second half of the forecast period is expected to yield more moderate growth. In 2006–10, total non-agricultural employment will increase at a 0.9% average annual rate. The services sector categories will drive the economic expansion; especially professional and business services, which will generate 1.9% average annual growth during 2006–10. Leisure and hospitality services are expected to average 0.8% growth during 2008–10 on the strength of a robust first half of the forecast period. Education and health services will gain 1.4% annually during the forecast period. The construction sector will remain fairly strong too, averaging 1.8% annual gains.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Nebraska		
Lincoln, NE	\$11.20	16.4
Omaha-Council Bluffs, NE-IA*	\$28.56	41.9
Sioux City, IA-NE-SD*	\$1.00	1.5
<i>Sum of Metro Areas</i>	\$40.76	59.8

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

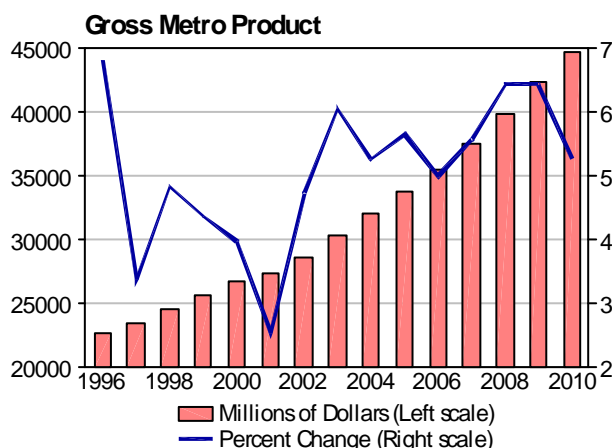
Omaha

Economic Performance Summary

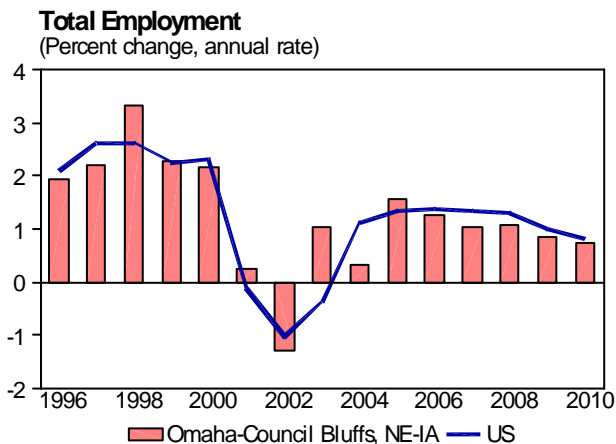
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	446.0	51	452.9	52	458.6	51	475.8	51
Unemployment Rate (%)	4.3	296	4.5	240	4.3	246	4.4	250
Personal Income (Billions)	28.4	57	29.7	58	31.2	57	38.1	60
Per Capita Income (Ths.)	35.2	43	36.5	50	38.0	56	45.1	64

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Omaha MSA, as measured by gross metro product (GMP), will increase at an average annual rate of 5.8% (3.4% in real terms) during 2006, to \$35.8 billion. The compounded annual growth rate of Omaha's GMP will be 4.9% (2.8% in real terms) from 2006 to 2010.



- Employment in 2005:** Omaha's total employment rebounded in 2005 with a 1.5% y/y increase, after managing only a 0.3% increase in 2004. Trade, transportation, and utilities generated robust growth, increasing by 2.4%. Education and health services continued to expand, growing 1.8% y/y in 2005. Financial activities made strides towards positive growth in 2005 after having fallen 1.2% in 2004. In 2005, the sector managed a nominal gain. Manufacturing continued to struggle with a 0.1% drop.
- Employment in 2006:** Omaha's total employment will continue to expand in 2006, albeit at a slower clip. Total employment is expected to generate a 1.3% increase. Trade, transportation, and utilities, which was robust in 2005, will moderate and produce only a 1.1% rise in 2006. Education and health services will expand even more, growing 2.3% y/y in 2006. Financial activities will benefit from a resurgent national economy and rise by 0.4%. Manufacturing's woes will continue in 2006 as the sector slips by 0.4%.



- Employment in the Next Five Years:** Total employment growth is expected to peak with a 1.5% year-on-year (y/y) increase in 2005. Employment will moderate thereafter, increasing 0.7% in 2010. The professional and business services sector is projected to swell by a robust 1.9% annually in 2005–10. Education and health services are forecast to average a 1.4% annual increase. After its 2.4% peak in 2005, TTU is expected to moderate thereafter. In 2010, y/y growth will dwindle to 0.7%.

The STATE of the STATE

Nevada

Total employment in Nevada increased 6.1% in 2005, an increase from 5.9% in 2004. Growth was led by construction employment, which expanded payrolls a whopping 14.8%, a slight decline from 17.2% growth in 2004. This sector has been one of the strongest in the state, as people continue to demand housing, and non-residential construction has picked up steam. Professional and business services was another economic leader, registering a 9.1% increase, while education and health services advanced 5.8%. The leisure and hospitality sector also continued to log strong gains in 2005 (4.9%), as the opening of Wynn Las Vegas added several thousand new workers to the economy.

Employment growth in most sectors will begin to moderate over the next five years though total employment gains will remain very strong. From 2006-2010, Nevada will expand employment 3.2% annually, exactly the same rate as from 1999 to 2004. Growth will be led by construction (5.8%) and professional and business services (5%) gains.

One major risk for Nevada concerns water. Drought conditions and water-related issues could begin to affect development in the state, especially in Las Vegas, which is one of the fastest-growing areas in the nation. Currently, Lake Mead, which supplies southern Nevada with close to 90% of its drinking water, is estimated to be filled at about 62% of capacity, while Lake Powell, which is on the Utah-Arizona border, is filled to about 34% capacity. Water is released from Lake Powell to Lake Mead. There are seven states that use the water from the Colorado River: Arizona, California, Colorado, New Mexico, Nevada, Utah, and Wyoming. The Upper Basin states (Colorado, New Mexico, Utah, and Wyoming) pull water from Lake Powell, while the remaining states (Lower Basin) pull water from Lake Mead. With drought conditions in recent years, there has been some concern over when to release water, and how much, in order for states' needs to be met.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Nevada		
Carson City, NV	\$2.63	2.6
Las Vegas-Paradise, NV	\$70.16	69.9
Reno-Sparks, NV	\$18.41	18.4
<i>Sum of Metro Areas</i>	\$91.21	90.9

THE STATE OF THE METROS

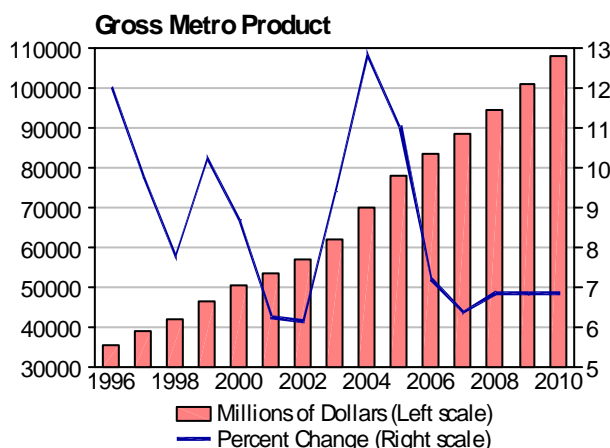
Las Vegas

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	811.7	33	871.4	30	915.9	29	1041.5	26
Unemployment Rate (%)	4.4	290	4.0	297	4.1	283	4.0	297
Personal Income (Billions)	54.1	35	60.2	30	65.8	29	87.8	29
Per Capita Income (Ths.)	32.6	91	34.9	76	36.7	75	43.1	89

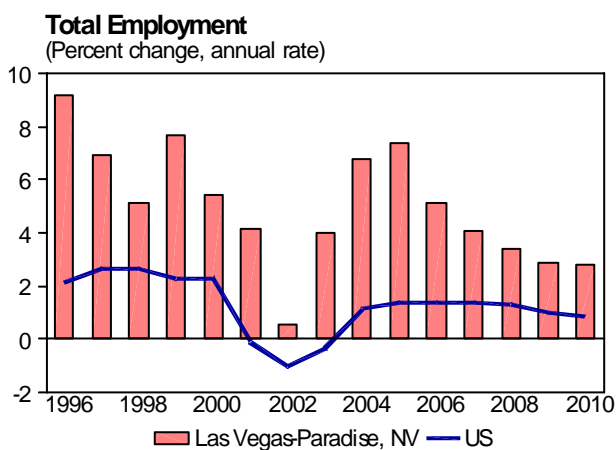
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in the Las Vegas MSA, as measured by gross metro product (GMP), will increase at an annual rate of 9.7% (7% in real terms) during 2006, to \$86 billion. The GMP annual growth rate will average 7.4% (5.1% in real terms) through the end of 2010.



- Employment in 2005:** Total employment in Las Vegas grew at an estimated 7.4% in 2005, higher than the 6.8% rate of growth in 2004. This increase was led by construction and mining employment, which increased 15.9%. This sector has been one of the strongest in the metro area, as continued low interest rates are still providing a boost in residential construction. Several condominium projects have also been planned for the metro area. The leisure and hospitality sector saw a pickup in growth during 2005, as the newest resort, Wynn Las Vegas, opened in April. Professional and business services and other services both saw double-digit growth in 2005 as well, increasing by 10.3% and 12.1%, respectively. Employment saw significant gains in financial services, as well as educational and health services, with growth of 6.9% and 6.7%, respectively, in 2005. The only sector of the economy that did not see growth above 4.5% is the information sector, with a decline of 1.0% on the year.

- Employment in 2006:** Total employment in Las Vegas is expected to increase by 5.1% in 2006, well below the estimated 2005 growth of 7.4%. This increase will again be led by construction and mining employment, which is expected to climb at a more moderate 8.7%. This sector will still be the strongest in the metro area, although rising interest rates will put a damper on the construction market. All sectors of the Las Vegas economy will see some slowing of growth, although rates will remain higher than most other metro areas in the nation. The leisure and hospitality sector should see healthy growth of 5.1% in 2006. The professional and business services sector will post the highest growth among the service sectors, with an increase of 6.7% in 2006, while educational and health services employment will slow to 5.9% growth. The slowest growth sectors in 2006 will be manufacturing (1.4% growth), and "other" services (2.6%); the remaining sectors will see growth rates above 3.5% for the year.



- Employment in the Next Five Years:** Employment growth will begin to moderate during the next five years. Total employment gains will slow to a more moderate 3.6% average annual rate; slower than the 4.2% average annual growth rate seen between 1999 and 2004. Most employment sectors will see growth rates moderate during this five-year period as growth returns to more "normal" levels. The leisure and hospitality sector will see average growth rates increase to 3.0% per year in the forecast period, compared with the 1999–2004 period, when the average was 2.1% per year. The construction and mining, and information services sectors will also see an improvement in growth over the previous five-year period. The professional and business services and construction sectors will see the largest gains in the forecast period, with average annual growth rates of 5.3% and 5.7%, respectively.

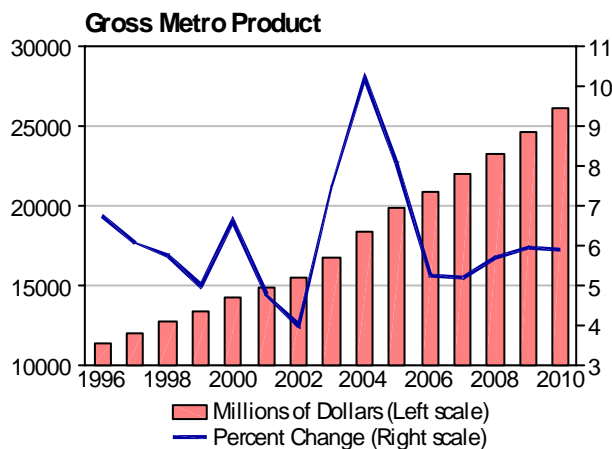
Reno

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	208.5	99	217.5	96	224.2	96	245.6	93
Unemployment Rate (%)	4.0	323	3.9	306	4.0	293	4.1	293
Personal Income (Billions)	15.6	95	17.1	90	18.5	89	23.9	87
Per Capita Income (Ths.)	40.6	16	43.5	11	45.9	10	53.7	17

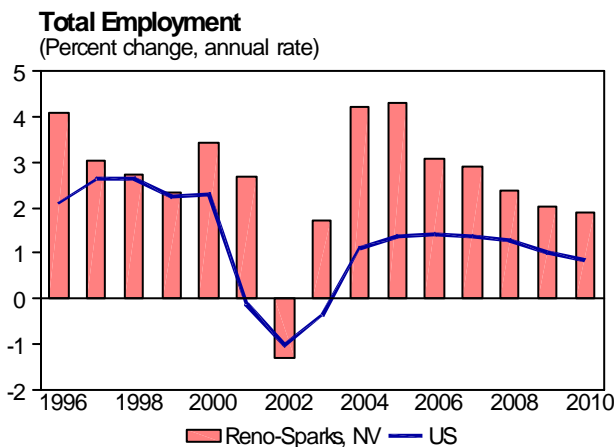
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As measured by gross metro product (GMP), the total value added of goods and services produced in the Reno MSA will increase at an annual rate of 7.2% (4.5% in real terms) during 2006, to \$21 billion. The GMP annual growth rate will average 6.1% (3.8% in real terms) through the end of 2010.



- Employment in 2005:** Total employment in Reno grew at an estimated 4.3% in 2005, basically unchanged from 4.2% growth in 2004. This increase was led by the construction and mining employment sector, which increased 14.2%. This sector has been one of the strongest in the metro area, as a still-low interest-rate environment still props up the residential side of construction. The professional and business services and other services sectors returned the next-fastest growth rates, at 11.2% and 8.9%, respectively. The leisure and hospitality sector posted relatively flat growth in 2005, and the information sector was the only one to see a loss in 2005, declining by 4.7%.
- Employment in 2006:** Total employment in Reno will grow at an estimated 3.1% in 2006, more moderate than the 4.3% expansion in 2005. This growth will be led by professional and business services employment sector, which is projected to increase 5.9% for the year. The construction and mining sector will see the second fastest rate of growth, increasing by 5.6%. This sector has been one of the strongest in the metro area, as low interest rates are still giving some strength to the residential side of construction. The leisure and hospitality sector will see a bounce back in 2006, with employment growth of 2.0%. After several years of flat

or negative growth, this is a good sign for the area economy. The manufacturing sector will see growth turn down slightly in 2006. Overall growth will be steady for the Reno metro area.



- Employment in the Next Five Years:** Employment growth will level-off to a more sustainable rate during the next five years. Total employment gains are forecasted to grow at an average annual rate of 2.5% in the next five years, up from the 2.1% average annual rate of growth seen between 1999 and 2004. Several sectors, such as transportation, trade, and utilities; information; professional and business services; and leisure and hospitality will all see higher average annual growth rates during the forecast period than they saw in the previous, five-year period. Other sectors will see employment growth return to more "normal" levels. The professional and business services sector will see the largest gains over the forecast period, with an average annual growth rate of 5.0%.

The STATE of the STATE

New Hampshire

Although high energy costs threatened to crimp economic growth in New Hampshire, total employment for 2005 increased 2%, following growth of 1.5% in 2004. The professional and business services sector lost jobs through much of the year, but the sector should see strong, continuous growth in 2006, as increased investment and venture capital in the state should lead to substantial gains in professional and scientific services employment. We expect that sector to rebound in 2006 with 3.7% growth.

In 2005, the services sector growth came instead from educational and health services (2.9% gain) and a robust leisure and hospitality sector (4.2%). The economic performance of New Hampshire is experiencing a temporary honeymoon in terms of manufacturing employment growth, and the sector will register a 1.4% gain for 2005, but growth is already trailing off. Underscoring the depth of the expansion, the information and transportation, trade, and utilities sectors are both expected to post solid gains during late 2005 and 2006. Finally, despite continued cooling in housing, construction payrolls should continue to expand, boosted in part by some improvement in the commercial real estate market.

Although 2005 is expected to be the peak of the current business cycle, New Hampshire's economy will continue to expand steadily through the remainder of the decade. Driven by solid gains in the professional and business services sector, total employment growth will register 1.5% growth in 2006 and average 1% annually from 2006-10. If the Portsmouth Shipyard is not closed down by the BRAC, that could lead to an increase in funding and resources allotted to the shipyard. This investment would have a multiplier effect on the surrounding economy, encouraging the continued economic recovery of New Hampshire.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
New Hampshire		
Boston-Cambridge-Quincy, MA-NH (MSA)*	\$15.49	29.9
Manchester-Nashua, NH	\$17.24	33.2
<i>Sum of Metro Areas</i>	\$32.73	63.1

*Note: This GMP number represents the portion of the MSA within this state.

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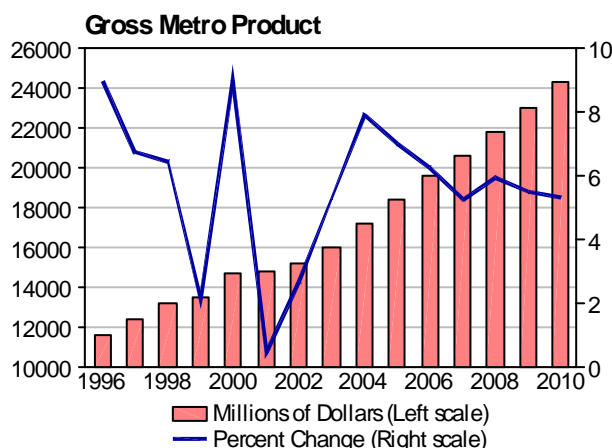
Manchester

Economic Performance Summary

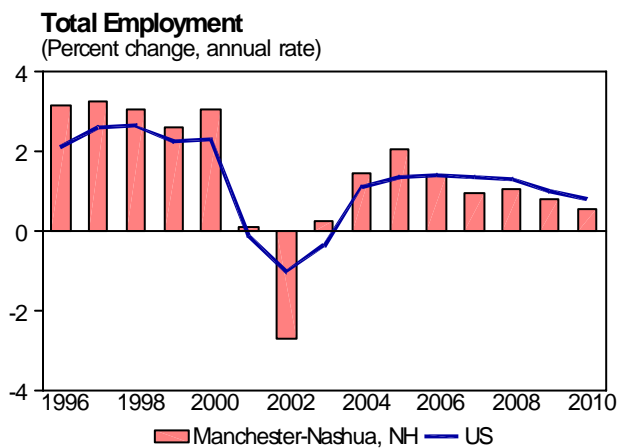
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	201.4	105	205.6	103	208.5	105	215.5	107
Unemployment Rate (%)	3.9	327	3.8	315	3.8	312	3.9	307
Personal Income (Billions)	15.3	96	16.2	96	17.2	96	21.2	95
Per Capita Income (Ths.)	38.3	25	40.2	28	42.1	28	49.7	29

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** GMP will ease slowly from strong gains of 7.1% (4.6% in real terms) in 2005 to 6.5% (4% in real terms) in 2006 to \$19.6 billion. This deceleration will continue through the decade, with GMP growth averaging 5.7% (3.6% in real terms) through 2010.



- Employment in 2005:** Good job growth of 1.4% in 2004 gave way to great growth in 2005, as payrolls in the Manchester-Nashua area expanded 2.1%. Strong growth in both leisure and hospitality and financial services especially contributed to this performance, with both sectors adding jobs at rates of 6.0% or higher. Manufacturing lost jobs in 2005, matching the 2004 job loss rate of 0.1%, as will the professional business services sector, which lost jobs at a troubling rate (2.3%).
- Employment in 2006:** Manchester-Nashua should see some moderation following 2005, with 1.4% job growth. Despite a 3.7% rebound in professional business services employment, weaker growth in education and health services and leisure and hospitality should lead to less job creation. Coupling the slowdowns of those sectors with 0.9% job losses in financial services and 1.9% losses in manufacturing would yield the overall weaker performance due in 2006.



- Employment Though the Next Five Years:** Total job growth will continue to slow, even with strong gains by professional business services. After 2008, Manchester-Nashua will only add jobs at a rate of less than 1.0%, averaging 1.0% job growth in 2006–10.

The STATE of the STATE

New Jersey

New Jersey saw job growth accelerate to 1.3% in 2005, mirroring the national trend. The Garden State will see job growth decelerate slightly after 2006, from 1.3% in 2006 to 1.2% in 2007 and 2008. The performance gap between the state and nation will be closed, and, although it is healthy, New Jersey will lag behind the national average after having led it through the early recovery period. Growth will average 1% from 2006-2010, ranking 29th nationwide.

Manufacturing will see smaller losses than in previous years. Restructuring in the pharmaceutical industry will cause its growth to pause in the near term. In 2004, U.S. sales of pharmaceutical products increased 8%, a letdown following years of double-digit growth. Pfizer closed 2004 with the announcement of its intention to build a \$100-million technical center in Parsippany, but is ending 2005 with the announcement of a planned manufacturing facility nearby (due in 2008). The company already had two, large projects under construction in Morris Plains. Meanwhile, Pharmaceutical Foundations, a generics manufacturer in Edison, cut 300 jobs in 2005.

Following employment gain of 0.7% in 2004, the finance sector saw a 1.4% job increase in 2005. It will average 1% gains from 2006-10. Citigroup will contribute a huge amount of these gains, as it occupies 700,000 square feet in Warren, relocating 1,600 technology and back-office positions from Manhattan as well as hiring an additional 650 workers at the center in the next two years.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
New Jersey		
Allentown-Bethlehem-Easton, PA-NJ*	\$4.14	1.0
Atlantic City, NJ	\$11.95	2.9
New York-Northern New Jersey-Long Island, NY-NJ-PA (MSA)*	\$310.83	74.7
Ocean City, NJ	\$3.99	1.0
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD (MSA)*	\$57.74	13.9
Trenton-Ewing, NJ	\$21.23	5.1
Vineland-Millville-Bridgeton, NJ	\$6.36	1.5
<i>Sum of Metro Areas</i>	\$416.24	100.0

*Note: This GMP number represents the portion of the MSA within this state.

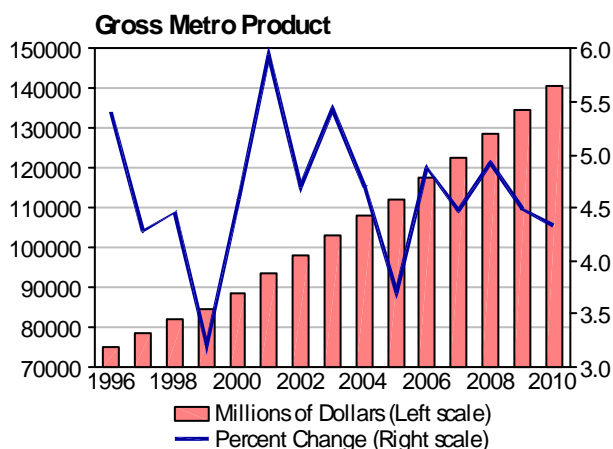
THE STATE OF THE METROS

Newark (Division of the New York-Northern NJ MSA)

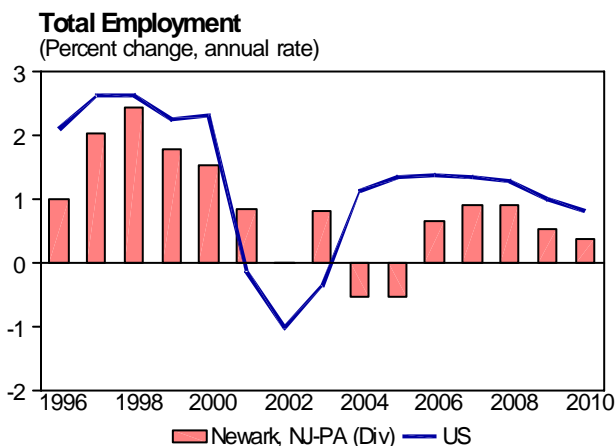
Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	1028.3		1022.7		1029.5		1058.0	
Unemployment Rate (%)	4.8		4.3		4.1		4.1	
Personal Income (Billions)	97.4		102.1		107.9		133.2	
Per Capita Income (Ths.)	45.2		47.2		49.6		60.5	

- **Gross Metro Product (GMP):** Newark's Gross Metro Product will top \$100 billion in 2005, and average 4.5% (2.3% in real terms) annual growth through 2010.



- **Employment in 2005:** After loss of 5,600 jobs (-0.5% growth) in 2004, employment in Newark unfortunately experienced the same in 2005 (-0.5% growth), with second-half gains enabling the metro to keep from contracting further. Finance led the gainers, while manufacturing and information activities continue to slide downward.
- **Employment in 2006:** Finally, in 2006 Newark will see positive employment growth. Though it will be small—0.7%—it will be the beginning of the metro's recovery.



- Employment in the Next Five Years:** Service-sector employment will continue to create the most jobs in the metro area, thanks to business and professional services, which will finally snap back in 2006 with 2.2% growth. With no non-manufacturing sectors losing further in 2006, the year will represent the peak growth of the decade, at 1.0%, or 10,500 net, new jobs. Steady growth of 0.6% will be experienced throughout the rest of the decade. Unemployment will average 4.3% of the labor force.

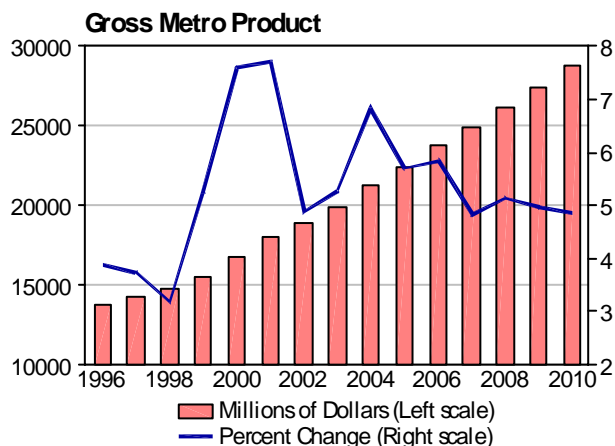
Trenton

Economic Performance Summary

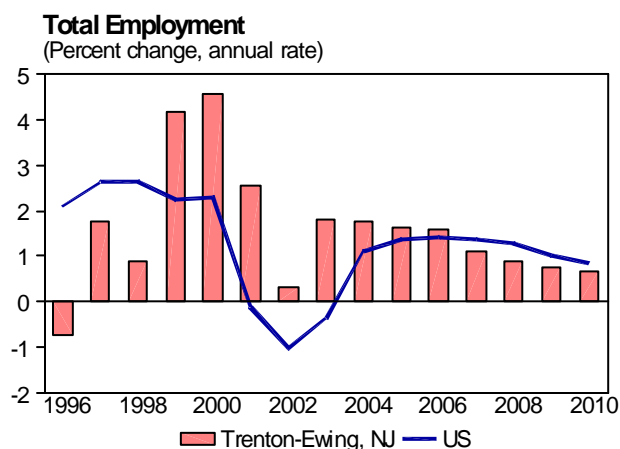
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	231.1	94	234.9	93	238.6	93	246.8	92
Unemployment Rate (%)	4.2	307	3.6	326	3.5	337	3.5	340
Personal Income (Billions)	15.9	92	16.9	92	17.9	93	22.3	93
Per Capita Income (Ths.)	43.6	6	45.7	6	48.2	7	58.3	8

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** Gross metropolitan product exceeded \$21 billion in 2004. Growth in GMP will be 6.4% (3.9% in real terms) in 2006.



- Employment in 2005:** Trenton gained 3,800 jobs this year (1.6% growth). Manufacturing, although adding 150 at a new cement plant in Wrightstown, lost 200 net jobs for the year. Leisure and hospitality (700 jobs), construction (300), and finance (300) contributed the greatest number of new jobs.
- Employment in 2006:** Momentum will be maintained in 2006, as the southern half of New Jersey out grows the North. Overall job growth of 1.6% will be led by leisure and hospitality services, professional and business services, and financial activities.



- Employment in the Next Five Years:** Following 2006, job growth will moderate to 0.8% during 2007–10.

The STATE of the STATE

New Mexico

Total employment in New Mexico grew 1.9% in 2005, the same as in 2004. Job gains were led by the natural resources and mining and construction sectors, which registered gains of 9% and 7.1%, respectively. The natural resources and mining sector has seen heightened interest, as prices for these resources continue to increase and companies expand or begin mining exploration in New Mexico. The construction sector has been one of the strongest in the state for several years, but is showing signs of moderating. The educational and health services sector also saw strong growth in 2005, at 2.5%. This sector will begin to moderate as growth returns to more sustainable levels. The professional and business services sector had growth in 2005 of 2.1%. The manufacturing sector will continue to post losses in 2005, but these losses will come at the slowest rate in several years (-0.5%).

Employment will average 1.4% annual growth in the next five years, down just slightly from the 1.6% rate seen in the previous five years. This shows that the state economy is diversified enough to maintain growth. Educational and health-care services employment will continue to be one of the sectors leading the economy, with expected average annual rates of growth near 2.3% in 2006–10. Professional and business services will be close behind at 2.2% annual growth. Currently, more than \$500 million abounds in construction and planned construction of hospital projects ongoing throughout the state, which should keep employment in this sector growing for many years to come. The construction sector will also drive the New Mexican economy, averaging 3.9% annual growth on the forecast horizon. The manufacturing sector will see negligible 0.8% losses in the five-year period, a significant improvement on average annual declines of 2.7% in the previous, five-year period. All other sectors will continue to see positive, annual growth rates, with some sectors seeing marked improvement from the previous five years (financial activities, and “other” services), while others will see levels moderate (government and educational and health services).

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
New Mexico		
Albuquerque, NM	\$28.73	47.1
Farmington, NM	\$3.77	6.2
Las Cruces, NM	\$4.74	7.8
Santa Fe, NM	\$4.11	6.7
<i>Sum of Metro Areas</i>	\$41.35	67.8

THE STATE OF THE METROS

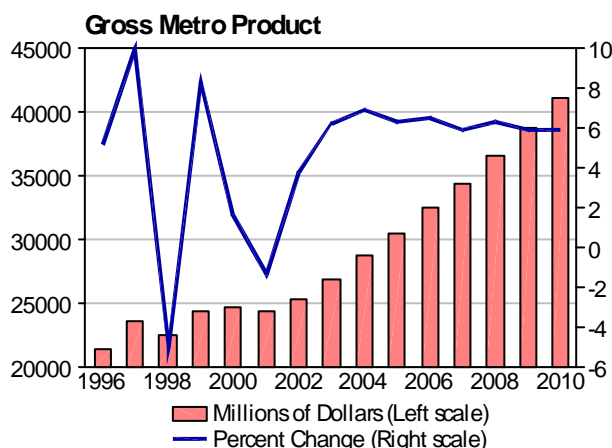
Albuquerque

Economic Performance Summary

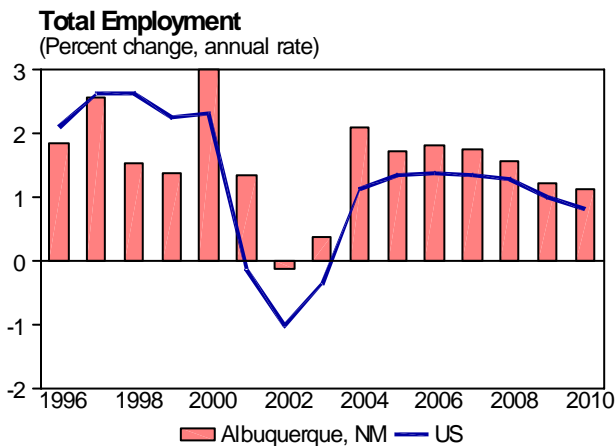
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	370.7	60	377.2	60	384.0	58	406.3	58
Unemployment Rate (%)	5.2	186	5.2	146	5.1	150	5.3	132
Personal Income (Billions)	23.2	64	24.9	64	26.5	64	32.7	64
Per Capita Income (Ths.)	29.6	164	31.3	155	32.8	158	38.4	173

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Albuquerque MSA, as measured by gross metro product (GMP), will increase at an annual rate of 6.5% (4.2% in real terms) during 2006, to \$32.5 billion. The GMP annual growth rate will average 6.1% (3.9% in real terms) through the end of 2010.



- Employment in 2005:** Total employment in Albuquerque grew an estimated 1.7% in 2005, a deceleration from 2.1% growth in 2004. This growth was led by increases in construction and mining employment, which increased 8.0%. This sector has been one of the strongest in the metro area, and in the state. The educational and health services sector also posted strong growth, at 3.9% in 2005. The manufacturing sector saw job losses level off in 2005, as this sector begins to show signs of stabilization.
- Employment in 2006:** Total employment in Albuquerque is expected to hold steady in 2006, at 1.8% growth. The manufacturing sector will continue to see losses, although they are fairly consistent with those in 2005. The strongest growth will be seen in the construction and mining sector, which is forecast to grow by 5.8%. Educational and health services will follow closely with expected growth of 3.5%. Most sectors in the economy will see a slight moderation of growth as the economy maintains steady expansion.



- Employment in the Next Five Years:** Total employment growth will continue to see improvements, and remain strong, throughout the next five years, averaging annual rates of growth near 1.5%. Total employment gains will be boosted by continually shrinking manufacturing losses, which will average slight losses over the five-year forecast horizon. Also bolstering this growth will be continuing gains in educational and health services, which will slow slightly, but will remain the strongest employment sector. The construction sector will also play a significant role over the next five years, with average annual growth of 3.6% per year.

The STATE of the STATE

New York

New York's total employment increased 0.9% in 2005. Thanks to strong tourism, the state's leisure and hospitality sector added jobs at a 2.4% rate. Education and health services continued its steady expansion, growing 1.6% in 2005. Professional and business services also continued to grow, expanding 2.1%. A more robust economy helped to boost employment in New York's important financial sector. Financial activities employment grew 1.5%, its best performance this decade. Manufacturing will continued its decline, falling 2.5%.

Employment growth will peak in 2006 at 1.1%, and moderate thereafter. Total employment gains will average 0.7% in 2006–10. Professional and business employment is forecasted to average 1.6% annual growth during 2006–10. In the beginning of the forecast period, hiring in this sector will be largely temporary or administrative support workers until firms feel confident enough in the economy to hire more workers full-time. Education and health services and leisure and hospitality services employment are expected to rise 1% annually for the duration of the forecast. Finance will grow 0.9% each year. Manufacturing employment is expected to slow its contraction during the forecast period. The sector is projected to shrink 0.9% annually from 2005–10.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
New York		
Albany-Schenectady-Troy, NY	\$43.45	4.8
Binghamton, NY	\$11.23	1.3
Buffalo-Niagara Falls, NY	\$56.15	6.3
Elmira, NY	\$3.81	0.4
Glens Falls, NY	\$5.11	0.6
Ithaca, NY	\$4.87	0.5
Kingston, NY	\$6.30	0.7
New York-Northern New Jersey-Long Island, NY-NJ-PA (MSA)*	\$589.46	65.7
Poughkeepsie-Newburgh-Middletown, NY	\$24.75	2.8
Rochester, NY	\$50.25	5.6
Syracuse, NY	\$32.11	3.6
Utica-Rome, NY	\$13.21	1.5
<i>Sum of Metro Areas</i>	\$840.70	93.8

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

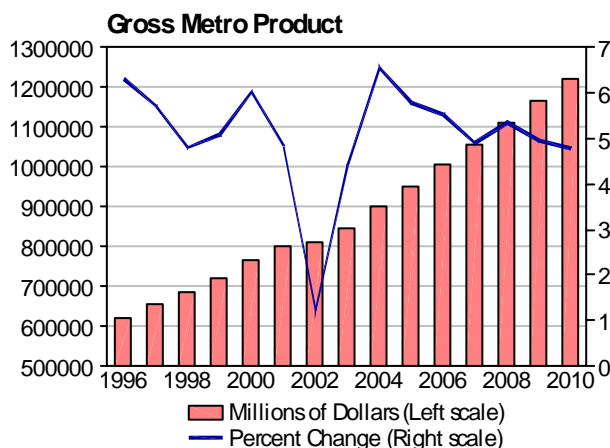
New York-Northern New Jersey-Long Island

Economic Performance Summary

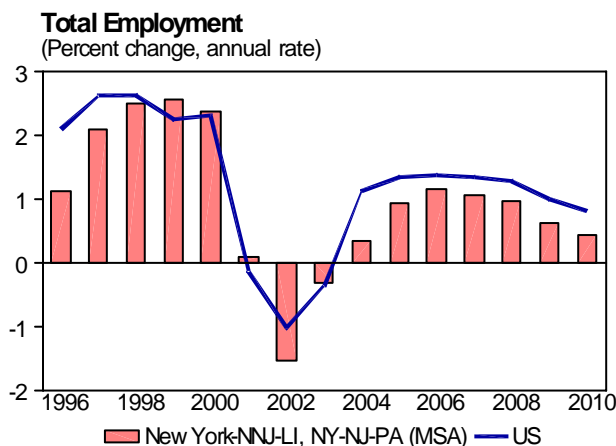
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	8278.3	1	8355.6	1	8451.7	1	8717.5	1
Unemployment Rate (%)	5.7	131	4.8	203	4.5	219	4.5	240
Personal Income (Billions)	809.0	1	858.4	1	909.9	1	1123.7	1
Per Capita Income (Ths.)	43.2	7	45.7	7	48.2	6	58.6	6

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the NYOR MSA, as measured by gross metro product (GMP), will increase at an average annual rate of 5.5% (3.2% in real terms) during 2006, and the MSA will break through the \$1 trillion mark. The GMP annual growth rate will average 5.1% (2.9% in real terms) through the end of 2010.



- Employment in 2005:** The New York MSA's 0.9% employment increase in 2005 was a sizeable improvement from the 0.3% growth seen in 2004. Financial activities continue to expand, growing 1.6% in 2005. Education and health and leisure and hospitality services were again major forces behind the NYOR economy, registering 2.2% and 2.9% growth, respectively. And all across New York, building continues, driving up payrolls in construction; the sector expanding job by 1.7% in 2005.
- Employment in 2006:** New York's forecast period employment growth will peak in 2006, at 1.2%. The services sector will again drive gains—both education and health (2%) and leisure and hospitality (1.6%) will provide expanding employment rolls, while professional and business services will roar back to life with a 2.9% gain. Meanwhile, growth in finance and construction will wane a bit, but both will still add jobs.



- Employment in the Next Five Years:** Total employment is projected to average 0.9% annual growth in 2005–10. Professional and business services are expected to recover and expand throughout the remainder of the forecast. The sector is expected to peak in 2006 with a 2.6% y/y increase before moderating thereafter. In 2010, professional and business services will expand 0.9% y/y. Financial activities employment will average 1.0% annual growth through the forecast period.

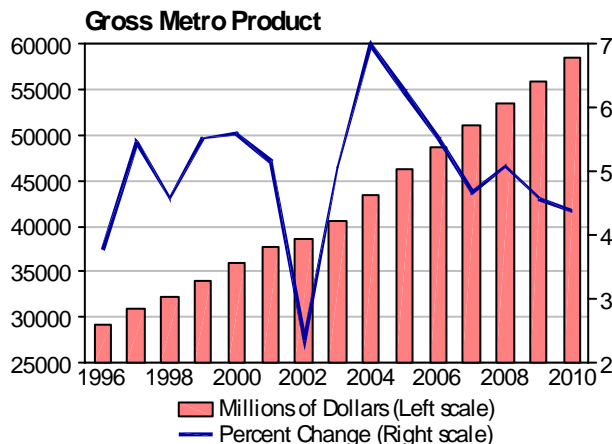
Albany-Schenectady-Troy

Economic Performance Summary

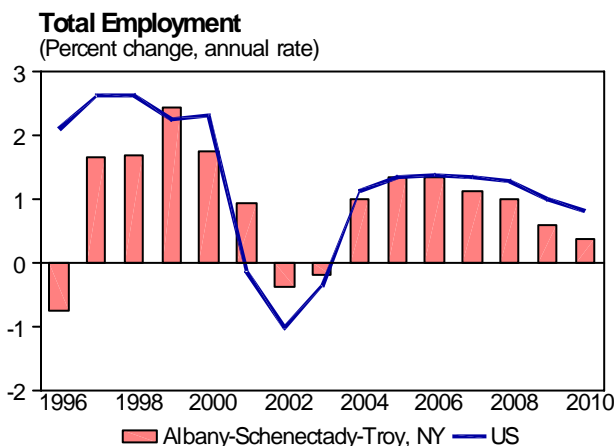
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	444.2	52	450.2	53	456.2	52	470.5	53
Unemployment Rate (%)	4.2	305	3.8	310	3.6	330	3.5	341
Personal Income (Billions)	28.9	56	30.7	56	32.5	55	39.7	57
Per Capita Income (Ths.)	34.1	63	36.1	59	38.1	53	46.1	48

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Albany MSA, as measured by gross metro product (GMP), will increase 5.6% (3% in real terms) year-over-year during 2006, to \$48.7 billion. Global Insight estimates the GMP annual growth rate will average 5% (2.7% in real terms) through the end of 2010.



- Employment in 2005:** Total nonagricultural employment growth in Albany registered 1.4% in 2005, a 0.4 percentage point increase from its 2004 growth rate. Job gains have been buoyed by recovery in the metro manufacturing sector, which in 2005 posted job growth (1.3%) for the first time since the 1980s. The local manufacturing sector has benefited from the influx of money, interest, and new hiring surrounding International Sematech, a Texas-based consortium of 12 microchip manufacturers that opened a \$403 million research and development facility at the state University at Albany. Through 2007, New York State is contributing a total of \$160 million to support the program, while International Sematech and its member companies are adding \$193 million. Government, which is the largest sector in the metro, posted a respectable 1.0% gain in 2005, thanks to resurgent federal employment. Albany's service sectors continued to grow at basically the same solid rates they displayed in 2004.
- Employment in 2006:** The economic picture in Albany remains strong for 2006, with employment growth expected to register a solid 1.4%. Unfortunately, job growth in the manufacturing sector will be short-lived, and the upsurge from the Sematech facility will be overwhelmed by the ongoing job losses in traditional manufacturing. Strength in the local services industries will compensate for manufacturing losses, however; professional and business services will expand payrolls 3.6% and leisure and hospitality services will also ramp up. The trade and transportation sector, which struggled a bit in 2005 because of weakness in the wholesale trade and transportation subsectors, will accelerate, gaining 1%.



- Employment in the Next Five Years:** Employment growth in Albany is at its peak right now; after having gained 1.4% in 2005–06, job growth will decelerate a bit annually before reaching 0.4% in 2010. Albany has not yet discovered an engine strong enough to compensate for the decline of its traditional manufacturing industries, and the loss of those jobs often means the loss of good salaries, the loss of residents, or both. As a result, less money and fewer people are available to support growth in other industries, such as services. Still, the services sector will buoy the local economy; professional and business services will average 1.8% annual job growth from 2006–10. The trade and transportation sector will average 0.9% annual growth. In the forecast period of 2006–10, total employment growth in Albany will average 0.9% annually.

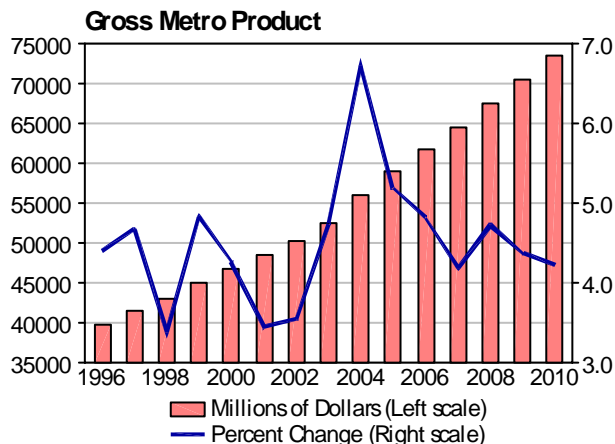
Buffalo-Niagara Falls

Economic Performance Summary

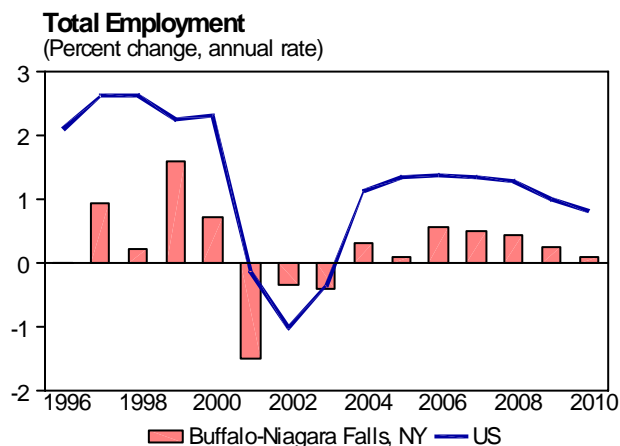
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	547.5	47	548.0	47	551.2	47	558.4	47
Unemployment Rate (%)	5.8	118	5.2	149	4.7	196	4.6	223
Personal Income (Billions)	35.8	47	37.6	47	39.5	46	47.0	49
Per Capita Income (Ths.)	31.0	131	32.6	125	34.3	123	41.1	125

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Buffalo MSA as measured by gross metro product (GMP) will increase at an average annual rate of 5.1% (2.5% in real terms) during 2006, to \$62 billion. The GMP annual growth rate will average 4.6% (2.4% in real terms) through the end of 2010.



- Employment in 2005:** Job growth in Buffalo remained positive in 2005, although after a 0.3% gain in total employment in 2004, the metro's economy decelerated a bit, and job growth for 2005 registered 0.1%. Although manufacturing continues to be the Achilles' heel of the metro, the sector improved from its 2004 decline with a smaller, 1.3% retreat in 2005. Trade and transportation will also post a loss for 2005, at 0.3%, as will the government sector, at 1.4%. Growth in all of the services industries decelerated, but the finance and construction sectors are doing quite well. The finance sector registered 2.3% job growth in 2005, and the construction sector, 4.1%. These sectors are doing much to prop up the local economy right now.
- Employment in 2006:** Things are looking up for 2006, with a resurgence of growth expected in all of the services subsectors, as well as a modest recovery in the trade and transportation sector, thanks to gains in wholesale trade and in transportation. Total employment is forecasted to grow 0.6%.



- Employment in the Next Five Years:** Over the forecast period from 2006-2010, Buffalo will mostly maintain the trend of mild job growth. Total employment gains are expected to peak in 2006 with a 0.6% increase, but hold steady in 2007-08 at 0.5%. Thereafter, growth will decelerate, reaching 0.1% in 2010, as all sectors but finance weaken and slow over the

years. The finance and the professional and business services sectors will lead the economy with 1.3% average annual payroll expansion through 2010. The embattled manufacturing sector will continue to struggle during the forecast period, but its losses will diminish; by 2010 the sector will register only a 0.8% contraction.

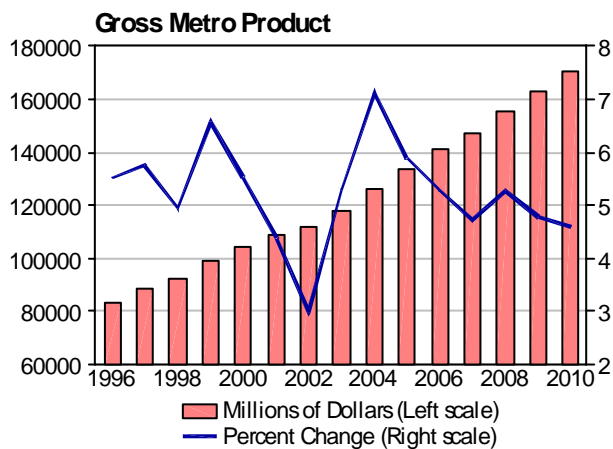
Nassau-Suffolk (Division of the New York-Northern NJ MSA)

Economic Performance Summary

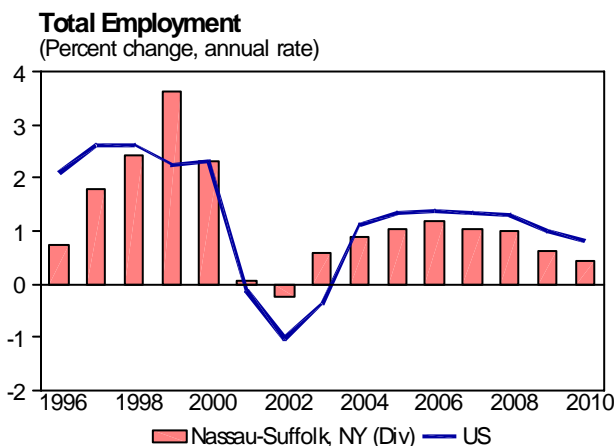
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	1233.5		1246.5		1261.2		1301.0	
Unemployment Rate (%)	4.9		4.7		5.4		5.4	
Personal Income (Billions)	130.9		138.9		147.0		180.9	
Per Capita Income (Ths.)	46.5		49.1		51.8		63.0	

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Nassau-Suffolk MSA, as measured by gross metro product (GMP), will increase at an average annual rate of 5.5% (2.9% in real terms) during 2006, to \$141.1 billion. The GMP annual growth rate will average 5% (2.7% in real terms) through the end of 2010.



- Employment in 2005:** Long Island registered solid, 1.1% job growth for 2005. The professional and business services and leisure and hospitality service sectors expanded payrolls the most, with job gains of 2.7% and 2.6%, respectively. The weakest sector has been government, which registered a slight contraction for 2005, as it had in 2004.
- Employment in 2006:** The Nassau-Suffolk metro area has entered a period of solid employment growth. Payrolls will expand 1.2% in 2006, on the heels of the 1.1% gain in 2005. Again, the service sectors will lead the way, especially the professional and business services sectors. Recovery in the trade and transportation and the government sectors will also shore up growth, as the manufacturing sector retreats into contraction after raising its head briefly above water in 2005.



- Employment in the Next Five Years:** Total employment growth in Long Island is expected to average 0.9% annually from 2006–10. The professional and business services sector will lead employment gains, averaging 1.5% annually. Financial activities jobs will begin to expand in earnest in 2007, and the sector will average 1.3% growth during the forecast period. The very expansive Long Island housing market is expected to soften in the course of the forecast period. Rising interest rates will make home-buying less attractive, and housing starts will react to the higher rates. The construction sector will average only 0.4% growth in 2006–10.

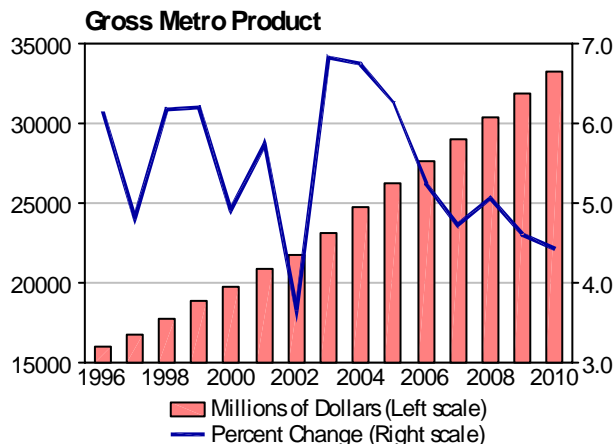
Poughkeepsie

Economic Performance Summary

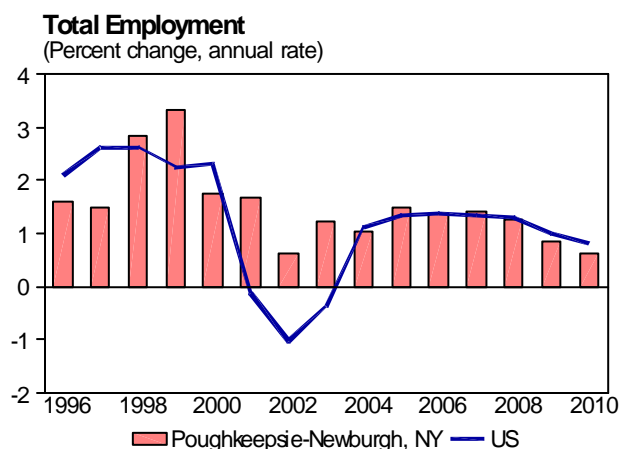
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	250.6	87	254.3	87	257.8	87	268.7	87
Unemployment Rate (%)	4.4	283	3.9	305	3.6	325	3.7	321
Personal Income (Billions)	21.4	69	22.8	68	24.1	68	29.8	68
Per Capita Income (Ths.)	32.2	101	33.8	101	35.5	100	42.6	95

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** Gross metro product growth of 6.4% (3.7% in real terms) in 2005 was the third consecutive increase—and the last in our forecast—in excess of 6.0%. Growth will slow to an average of 5% annually (2.7% in real terms), but annual GMP will top \$30 billion in 2008.



- Employment in 2005:** Poughkeepsie has benefited this decade from its proximity to New York City, first by benefiting directly from robust economic activity there, and second as a refuge from its very high costs. For the third consecutive year the metro experienced job growth in excess of 1%, with 3,800 (1.5%) new jobs in 2005. Transportation and warehousing, and construction were the leading sectors.
- Employment in 2006:** Job growth will maintain its strength in 2006, gaining by 1.4%, led by professional and business services gains of 3.6%.



- Employment in the Next Five Years:** Payroll gains will moderate gradually, remaining above 1.0% until 2009. Employment will reach 269,000 by 2010.

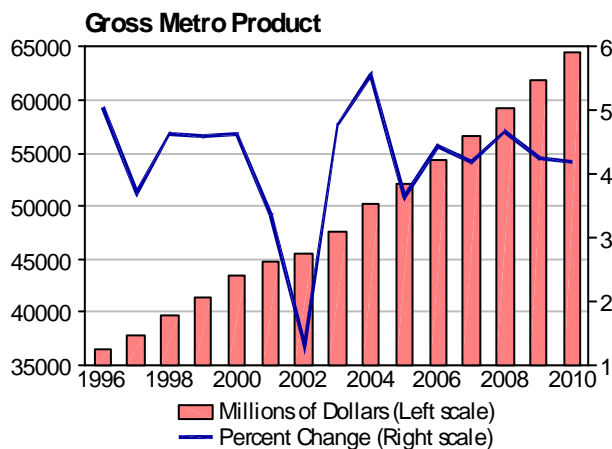
Rochester

Economic Performance Summary

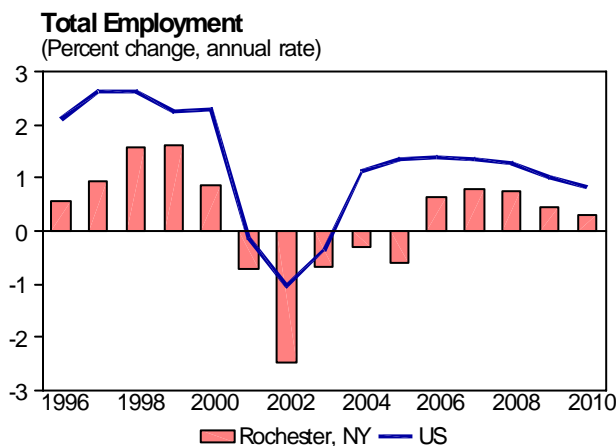
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	508.3	50	505.2	50	508.4	49	520.2	49
Unemployment Rate (%)	5.3	180	4.7	213	4.2	263	4.3	264
Personal Income (Billions)	34.2	50	36.0	50	37.8	49	45.5	51
Per Capita Income (Ths.)	32.9	81	34.4	81	36.2	81	43.2	85

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Rochester MSA, as measured by gross metro product (GMP), will increase at an annual rate of 4.4% (1.9% in real terms) during 2006, to \$54.4 billion. The GMP annual growth rate will average 4.5% (2.2% in real terms) through the end of 2010.



- Employment in 2005:** Rochester's economy has yet to pull itself out of recession. Total employment shrank 0.6% in 2005, a slightly worse performance than its 0.3% contraction in 2004. The manufacturing sector bears much of the blame; it registered a 4.5% contraction in employment for 2005. Job cuts at huge local manufacturer Eastman Kodak have been a big blow to the metro area. They have left fewer people willing or able to purchase services, a sector that has propped up local economies elsewhere.
- Employment in 2006:** We expect that Rochester will finally register a positive employment gain in 2006, its first since 2000. Total employment should grow 0.6%, on the strength of a recovery in its trade and transportation, professional and business services, and leisure and hospitality services sectors.



- Employment in the Next Five Years:** Rochester's total employment is expected to average 0.6% annual growth from 2006–10. Professional and business services will have the highest average annual growth rate, at 1.4%, with education and health and leisure and hospitality following at 1% each. Manufacturing is expected to decrease its rate of contraction to less than 1% in 2007 and remain steadily there through 2010.

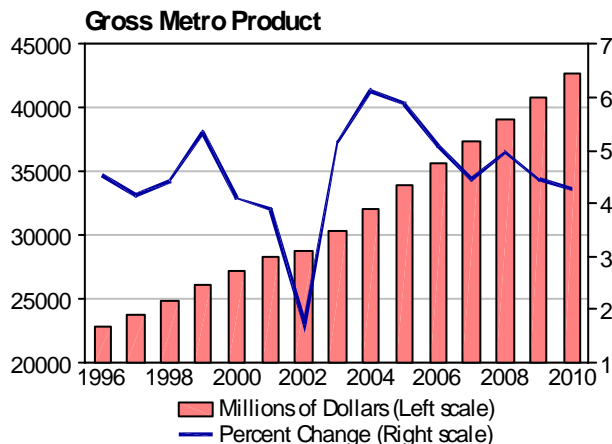
Syracuse

Economic Performance Summary

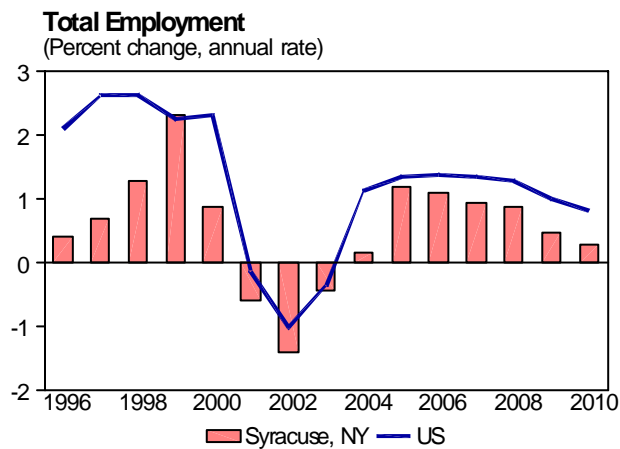
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	317.9	73	321.7	73	325.2	73	333.6	74
Unemployment Rate (%)	5.4	159	4.9	194	4.4	238	4.4	256
Personal Income (Billions)	19.7	76	20.9	75	22.1	77	26.6	79
Per Capita Income (Ths.)	30.1	150	31.9	145	33.6	139	40.4	138

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Syracuse MSA, as measured by gross metro product (GMP), will increase at an average annual rate of 5.5% (2.9% in real terms) in 2006, to \$35.9 billion. The GMP annual growth rate will average 4% (2.6% in real terms) through the end of 2010.



- Employment in 2005:** Syracuse's economy, building on its recovery in 2004, posted a healthy 1.3% expansion in total employment for 2005. The metro's manufacturing sector is no longer in deep contraction, which certainly helps. That sector registered only a slight 0.4% contraction for 2005. The services sectors have been booming, however, with professional and business gaining 3.4% in 2005; education and health, 2%, and leisure and hospitality 2.7%.
- Employment in 2006:** Syracuse's peak employment growth this decade will be its 2005 gain, and in 2006, payroll expansion will decelerate just a bit. This is largely the result of heavier losses in manufacturing, though they will still not be as bad—at 1.1%—as in the earlier part of this decade.



- Employment in the Next Five Years:** We forecast that Syracuse's total employment growth will gradually decelerate through 2010, reaching just 0.3% by the end of the forecast period. Professional and business services growth will be somewhat bumpy over the forecast period, but will average a very solid 1.5% annually. The education and health services sector is forecasted to average 1% annual growth from 2006–10. The Syracuse government sector is going to recover in 2006 after years of contraction to log a 0.4% annual job gains. The metro's total employment growth will average 0.7%.

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North Carolina

Weakness in the manufacturing and trade and transportation sectors restrained economic expansion in North Carolina during 2005, but the services and construction sectors helped the state raise annual employment growth from 1.1% in 2004 levels to 1.4% in 2005. High-tech manufacturing is recovering; the sector got a big boost from the November 2004 announcement that Dell Computers would build a new 1,500-employee facility in Raleigh. That upswing limited manufacturing job losses to 0.7% in 2005. Elsewhere, job growth was strong, in professional and business services (3.8%), education and health services (3.4%), and leisure and hospitality services (1.1%). Finance had its best year since 2001, with 1.3% growth, and the construction sector reached its peak for this decade at 3.8%.

North Carolina's manufacturing sector will benefit greatly from the Research Triangle and its appeal to high-tech manufacturers, who will keep the sector out of a major slump through the end of the decade (-1.5% annual decline). The rest of the economy, meanwhile, will settle into the groove of modest employment growth, averaging 1.3% annually through 2010. Annual gains will trend downward slightly after 2006, tracking the deceleration of the services sector. Count on professional and business services to provide the strongest annual employment growth, at 3.7%.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
North Carolina		
Asheville, NC	\$13.20	3.9
Burlington, NC	\$5.27	1.6
Charlotte-Gastonia-Concord, NC-SC*	\$63.15	18.8
Durham, NC	\$21.20	6.3
Fayetteville, NC	\$13.14	3.9
Goldsboro, NC	\$3.89	1.2
Greensboro-High Point, NC	\$31.68	9.4
Greenville, NC	\$5.30	1.6
Hickory-Lenoir-Morganton, NC	\$15.52	4.6
Jacksonville, NC	\$6.15	1.8
Raleigh-Cary, NC	\$36.07	10.7
Rocky Mount, NC	\$5.63	1.7
Virginia Beach-Norfolk-Newport News, VA-NC*	\$0.52	0.2
Wilmington, NC	\$9.91	2.9
Winston-Salem, NC	\$17.79	5.3
<i>Sum of Metro Areas</i>	\$248.43	73.9

*Note: This GMP number represents the portion of the MSA within this state.

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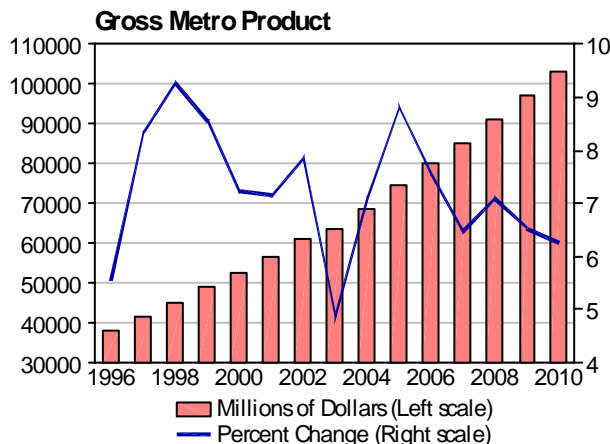
Charlotte

Economic Performance Summary

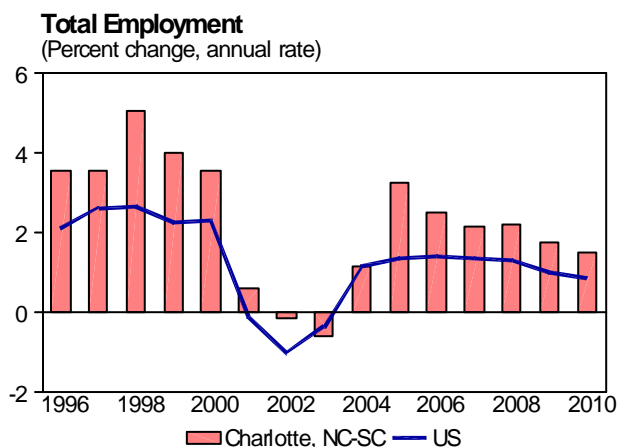
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	773.3	34	798.3	34	818.2	34	882.0	33
Unemployment Rate (%)	5.6	141	5.2	155	4.9	169	4.4	248
Personal Income (Billions)	50.6	38	54.8	37	58.7	37	75.6	36
Per Capita Income (Ths.)	34.2	62	36.2	54	38.0	54	45.5	54

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Charlotte MSA, as measured by gross metro product, will increase 7.6% in 2006 (5% in real terms), reaching \$80 billion. Global Insight estimates the GMP annual growth rate will average 6.8% (4.5% in real terms) during 2006–10, decelerating along with job growth.



- Employment in 2005:** Charlotte's recession rebound continued in 2005, thanks largely to a comeback by professional and business services (4.3% employment growth, versus -0.3% in 2004), education and health services (3.7% versus 1.3%), trade and transportation (3.4% versus 2%), and finance (2.9% versus 1.6%). The metro also benefited from steady expansion in leisure and hospitality services (3.4%) and government (4.3%). The metro economy even got some help from the manufacturing sector, which added net jobs in 2005 (a projected 0.8% increase) for the first and only time in the decade.
- Employment in 2006:** Charlotte's economy will begin to cool in 2006, as momentum from the rebound dissipates. Sectors such as trade and transportation, leisure and hospitality, and government will decelerate slightly. Finance will be the only sector that slows to a crawl, although manufacturing will fall back into contraction.



- Employment in the Next Five Years:** During 2006–10, Charlotte will settle into solid annual employment growth. Although annual job gains will decelerate over the forecast period, they will not dip too far; job growth in 2010 is expected to be 1.5%. Professional and business services will be a growth leader, averaging 4.3% annually, and all of the services industries will contribute strongly to total employment gains. After 2006, financial activities will also be a consistent job provider, averaging 1.8% payroll growth annually, as will

transportation, warehousing, and utilities (2.6% annually). The recovery in aviation industries, in particular, and transportation industries in general will bring that sector back to life. Despite the relative diversity of its manufacturing sector, Charlotte's industries will fail to achieve sustainable payroll gains during the forecast period, although losses will be vastly smaller than in the first half of the decade.

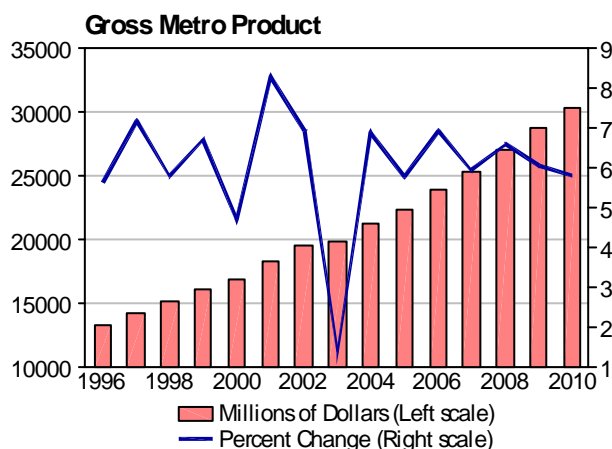
Durham

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	266.3	82	268.7	82	274.0	82	291.1	82
Unemployment Rate (%)	4.4	289	4.4	249	4.3	254	3.9	309
Personal Income (Billions)	14.7	99	15.7	99	16.7	97	21.2	96
Per Capita Income (Ths.)	32.6	90	34.4	84	36.1	83	43.3	84

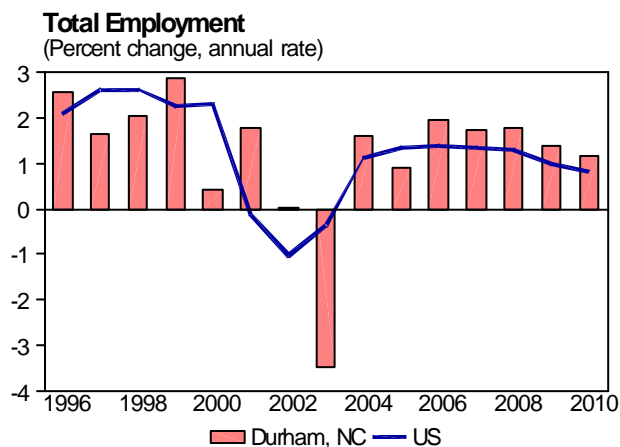
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Durham MSA, as measured by gross metro product, will increase 7% (4.1% in real terms) during the employment recovery in 2006, to \$24 billion. Global Insight estimates the GMP annual growth rate will average 6.3% (3.7% in real terms) during 2006–10, decelerating along with job growth.



- Employment in 2005:** Durham's nascent revival was damped in 2005 by declines in the professional and business services (-1.8%), leisure and hospitality services (-1.1%), and finance (-0.6%) sectors. Total employment growth was 0.9%, led by the government (3.5%), education and health services (3.3% job growth), and transportation and warehousing (3.7%) sectors.
- Employment in 2006:** After its dip in 2005, the Durham economy will get back on track in 2006, with 2.0% total employment growth. Recovery in the professional and business services and leisure and hospitality services sectors will boost payrolls, and a near-recovery

in manufacturing (which will post only a 0.7% contraction, its best performance so far this decade) will help.



- Employment in the Next Five Years:** Durham job growth will decelerate after 2006, but not too far; in 2010, the metro will still register solid, 1.2% employment growth. Professional and business services will lead job gains for the rest of the decade, averaging 3.6% job growth annually from 2006–10. The manufacturing sector will limit losses to less than 1.0% after 2007, but never raise its head above water. Total employment growth will peak at 2.0% in 2006, and average 1.6% annually during 2006–10.

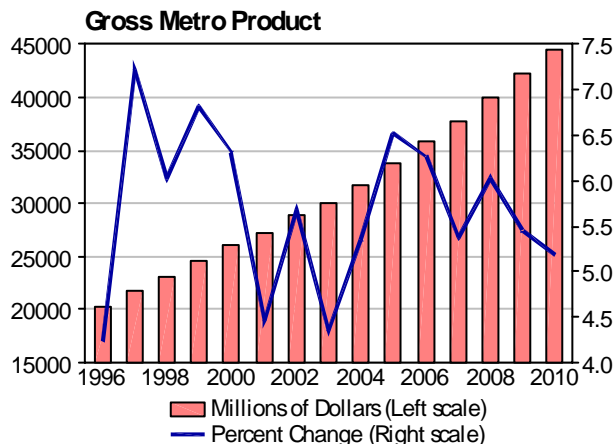
Greensboro-High Point

Economic Performance Summary

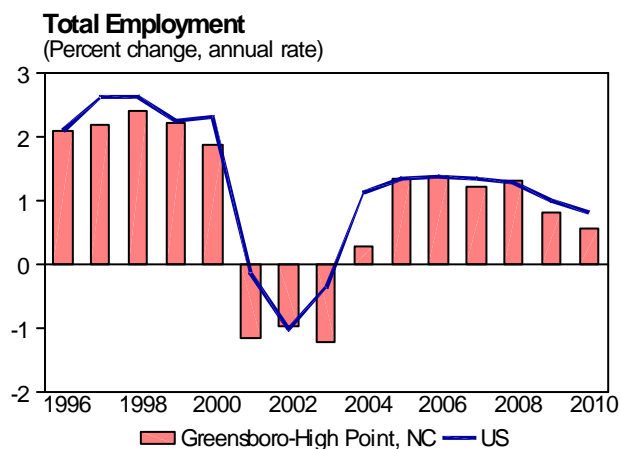
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	354.9	62	359.6	62	364.6	61	379.1	63
Unemployment Rate (%)	5.6	143	5.3	138	5.1	151	4.7	195
Personal Income (Billions)	20.2	72	21.6	70	22.8	71	27.9	72
Per Capita Income (Ths.)	30.3	146	32.0	142	33.6	144	39.5	152

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Greensboro MSA, as measured by gross metro product, will increase 6.3% (3.7% in real terms) in 2006, to \$35.9 billion. Global Insight estimates the GMP annual growth rate will average 5.7% (3.3% in real terms) during 2006–10.



- Employment in 2005:** After three years of recession, Greensboro eked out job growth in 2004, and finally rebounded in 2005. The education and health sector provided strong employment gains, and recovery in the trade and transportation and finance sectors were the major factors. Another boon: manufacturing job growth. In fact, 2005 will be the only year that the manufacturing sector posts positive (albeit small: 0.9%) job growth this decade. These combined elements boosted the metro's total employment growth to 1.3% for 2005.
- Employment in 2006:** Job growth in the large education and health services sector will continue in 2006, with the sector registering a 4.4% expansion in payrolls. Leisure and hospitality services will recover from its 2005 contraction to post 1.9% job growth. Trade and transportation will be another leading sector, with 1.6% employment growth. Total job growth will be 1.4%.



- Employment in the Next Five Years:** Looking ahead, Greensboro-High Point will fall back into a familiar pattern—job gains will be healthy, but trailing southeastern powerhouses Atlanta, Charlotte, and Raleigh-Durham. Hiring in transportation and warehousing will pick up in anticipation of the FedEx air-cargo sorting hub opening in 2009. Ongoing structural changes within the region's large manufacturing industry will remain a drag on growth, but much less so than in recent years, averaging a 1.4% annual contraction during 2006–10

compared with a 3.8% annual contraction during 2000–05. Overall, job gains will average 1% from 2006 to 2010.

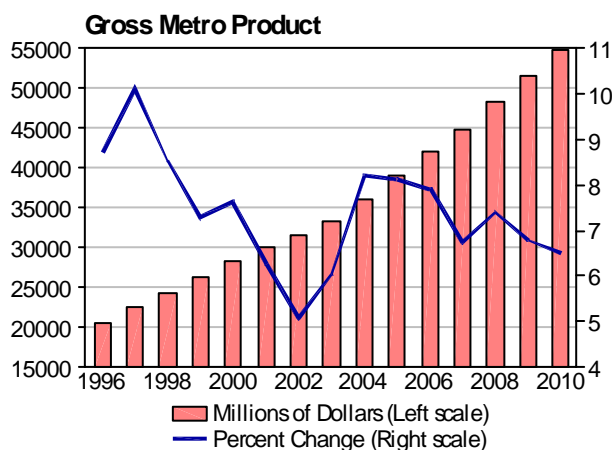
Raleigh-Cary

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	443.4	53	454.2	51	467.0	50	508.7	50
Unemployment Rate (%)	4.3	294	4.2	270	4.1	288	3.8	314
Personal Income (Billions)	31.7	53	34.1	53	36.7	50	47.7	47
Per Capita Income (Ths.)	34.5	54	36.1	58	37.8	62	44.7	70

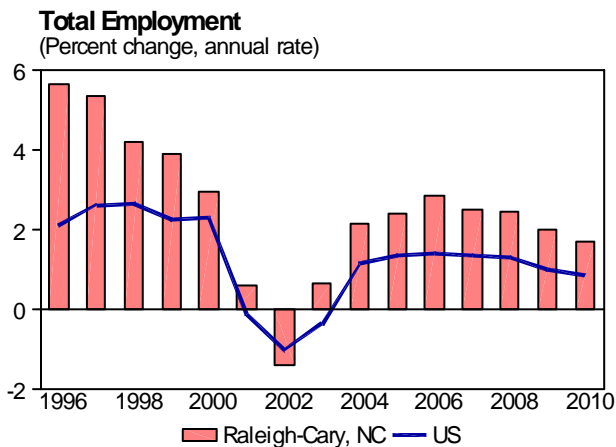
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Raleigh-Cary MSA, as measured by gross metro product, will increase 7.9% (5.4% in real terms) in 2006, to \$42 billion. Global Insight estimates the GMP annual growth rate will average 7.1% (4.7% in real terms) during 2006–10.



- Employment in 2005:** Raleigh has settled into a period of strong and steady economic expansion. Following a 2.1% increase in total employment in 2004, the metro logged job growth of 2.4% for 2005. This gain is largely thanks to rebounds in professional and business services (a 4.4% payroll gain, up from 1.1% in 2004) and leisure and hospitality services (2.1%, up from 0.8% in 2004), as well as sustained expansion in construction (3.9%), education and health services (3.4%), government (3.3%), and finance (3.9%). The manufacturing sector, benefiting from a weak dollar and a rebounding high-tech sector, produced its first positive job growth since 2000, with a 0.4% employment gain. The only major sector not expanding in 2005, was the trade and transportation sector, which fell into a slight contraction.
- Employment in 2006:** More of the same is in store for Raleigh; total employment will expand 2.8% in 2006. The services sectors, construction, and government will all provide very strong job growth, as will a rebounding trade and transportation sector. On the downside

are a decelerating finance sector and the manufacturing sector, which will dip back into contraction.



- Employment in the Next Five Years:** This cycle of economic growth will peak in 2006, but job growth will remain steadily at or above 2.5% through 2008. Based on Raleigh-Durham's continued, above-average population growth, its favorable skills profile, and the momentum its existing tech cluster is capable of generating, the region's economic outlook is very good. There will be no new jobs in manufacturing, although biotech products are a promising growth segment, and firms making computer and telecom parts and maintaining a presence in the metro area will eventually benefit from moderate revival in demand. Losses of manufacturing jobs will occur through continued attrition in traditional North Carolina industries such as textiles and furniture. On the other hand, all aspects of service-producing enterprises should enjoy a fairly bright future, given the metro area's modernized sectoral configuration, demographic expansion, and central location in one of the higher-growth regions of the eastern United States. Professional and business services will lead growth, expanding payrolls 4.3% annually during 2006–10. Total employment will increase 2.3% annually through 2010.

The STATE of the STATE

North Dakota

North Dakota's economy has been on the upswing since 2004, when it registered 1.2% job growth. In 2005, the state's total nonagricultural employment growth accelerated, reaching 1.6%, as some sectors retrenched and others finally stabilized. Some of the largest percentage growth will come from the education and health services (2%), leisure and hospitality services (3.3%), and professional and business services (2.3%) sectors. Trade, transportation and utilities will continue to grow with a 1.6% y/y increase in 2005.

The state's 1.6% growth in 2005 will be its forecast period peak, though total employment will expand at a decent clip for the remainder of the forecast. For 2006-2010, total employment growth will advance at an average annual rate of 1%. Private service-producing sectors will spearhead North Dakotan growth throughout the forecast period. During the forecast period through 2010, professional and business services and education and health services will make significant contributions to North Dakotan total employment growth. The sectors will expand at annual averages of 3.6% and 1%, respectively, during 2006-10.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
North Dakota		
Bismarck, ND	\$3.39	15.0
Fargo, ND-MN*	\$5.93	26.2
Grand Forks, ND-MN*	\$2.38	10.5
<i>Sum of Metro Areas</i>	\$11.70	51.6

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

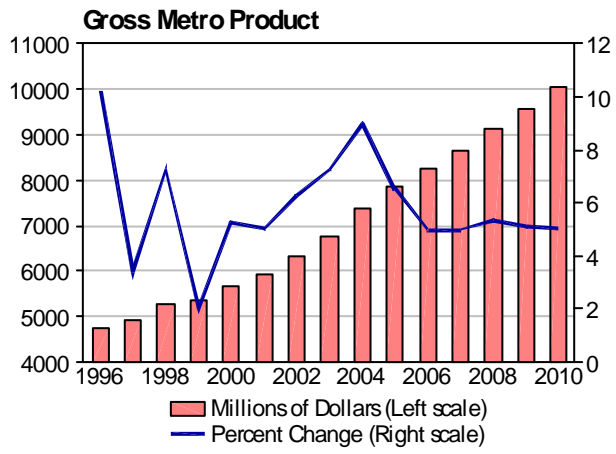
Fargo

Economic Performance Summary

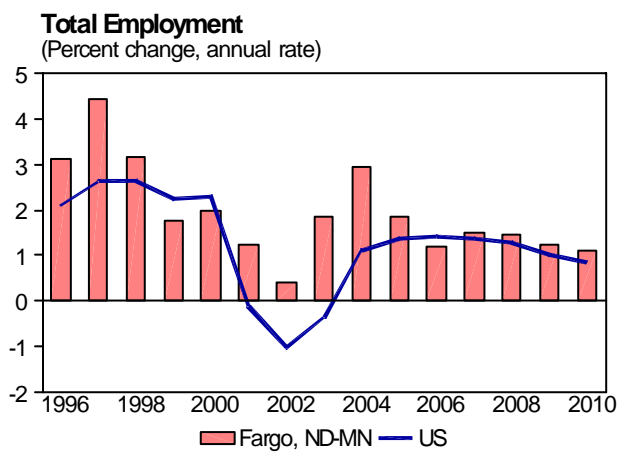
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	109.5	180	111.6	177	112.9	175	119.0	174
Unemployment Rate (%)	2.9	361	2.9	358	2.9	354	2.9	354
Personal Income (Billions)	5.7	197	6.1	197	6.5	197	8.2	196
Per Capita Income (Ths.)	31.6	115	33.3	110	35.0	110	42.2	105

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As was shown in the figure below, the total value added of goods and services produced in the Fargo MSA will increase 6% (3.6% in real terms) in 2006. Global Insight estimates that GMP in Fargo will exceed \$8 billion in 2006 and \$10 billion by 2010.



- Employment in 2005:** The national recession was but a blip on the screen for Fargo, which, unlike most major metros, managed to avoid annual job losses. After slowing to 0.4% job growth in 2002, the metro economy rebounded through the following two years, peaking at 3% in 2004. In 2005, employment gains settled into a more modest pace, advancing 1.8% with continued strong gains in the goods-producing sectors, construction (4.1%) and manufacturing (3%).
- Employment in 2006:** Outsized gains in construction and manufacturing will yield a services-led expansion of 1.2% (1,300 jobs).



- Employment in the Next Five Years:** Payroll gains will continue at a rate of just less than 1.5% annually, with broadly based gains across all sectors.

The STATE of the STATE

Ohio

Ohio's employment growth accelerated just a bit in 2005, leading to job growth of 0.34%, on the heels of 0.25% in 2004. Growth came mostly from the services sector, specifically professional and business services (2.6% gain) and education and health services (1.4%). Weighing down growth were weak increases in leisure and hospitality services and finance, and contractions in trade and transportation and in manufacturing.

Total employment will finally ramp up in 2006, growing 1% in both 2006 and 2007. During the next five years, total employment will grow at an average annual rate of 0.8%, 44th among states. Slow population growth will serve as a constraint to faster growth. The state manufacturing sector will remain feeble throughout the period, declining at an average annual rate of 0.3%. Employment growth will owe the most to the local services, which are expected to grow at an annual rate of 0.9%. The fastest growth is expected in the professional and business services, which are expected to grow at an annual rate of 1.8%.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Ohio		
Akron, OH	\$25.18	6.0
Canton-Massillon, OH	\$13.55	3.2
Cincinnati-Middletown, OH-KY-IN*	\$63.54	15.1
Cleveland-Elyria-Mentor, OH	\$83.62	19.9
Columbus, OH	\$69.12	16.5
Dayton, OH	\$32.17	7.7
Huntington-Ashland, WV-KY-OH*	\$1.06	0.3
Lima, OH	\$4.27	1.0
Mansfield, OH	\$4.64	1.1
Parkersburg-Marietta-Vienna, WV-OH*	\$2.00	0.5
Sandusky, OH	\$2.87	0.7
Springfield, OH	\$4.04	1.0
Toledo, OH	\$24.94	5.9
Weirton-Steubenville, WV-OH*	\$2.05	0.5
Wheeling, WV-OH*	\$1.90	0.5
Youngstown-Warren-Boardman, OH-PA*	\$14.93	3.6
<i>Sum of Metro Areas</i>	\$349.88	83.3

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

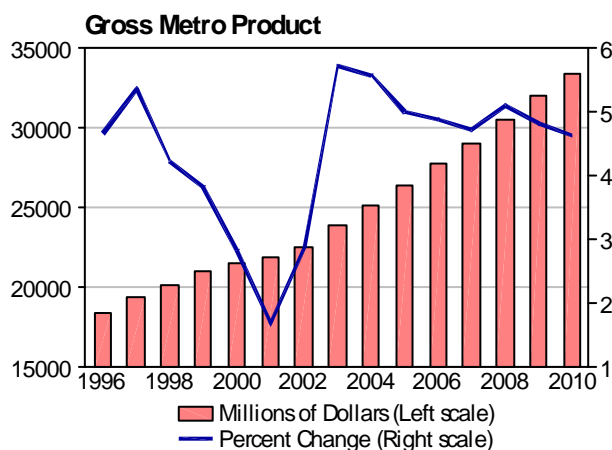
Akron

Economic Performance Summary

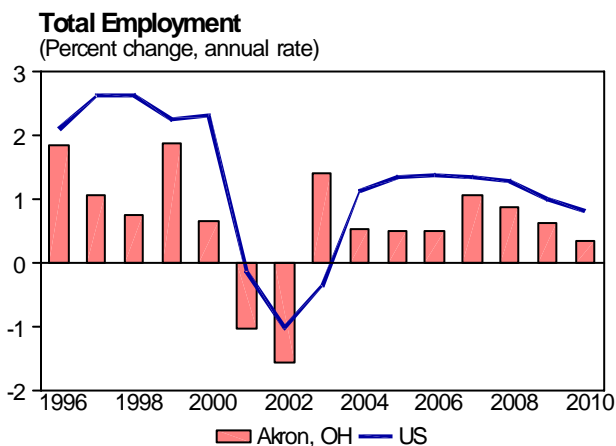
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	328.5	68	330.2	68	331.9	70	341.6	70
Unemployment Rate (%)	6.0	98	5.9	93	5.7	98	5.5	104
Personal Income (Billions)	22.4	66	23.5	66	24.8	67	29.9	67
Per Capita Income (Ths.)	31.9	108	33.4	109	35.1	109	41.7	112

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As was shown in the figure below, the total value added of goods and services produced in the Akron MSA will increase 4.6% (2.2% in real terms) as measured by gross metro product (GMP) during 2006, to \$27.7 billion. Global Insight estimates that GMP in Akron will grow at a 4.8% (2.6% in real terms) compounded annual rate in 2006–10.



- Employment in 2005:** Despite the weakness in the manufacturing sector, the Akron economy is generating employment, as manufacturing recovers. Annual employment growth measured 0.5% in 2005, a level identical to the year-over-year increase seen in 2004. The private service-providing sector grew 1.1%, while manufacturing contracted 0.6%.
- Employment in 2006:** Total employment will again plateau at a 0.5% year-over-year (y/y) growth increase in 2006. Manufacturing will continue to struggle, declining 0.8%. Professional and business services will expand 1.3% in 2006; however, private service-providing as a whole will only manage a 0.9% increase in 2006. The government sector in the Akron MSA will shrink 0.3% in 2006; an improvement over the 2.0% year-ago contraction.



- Employment in the Next Five Years:** Total employment is expected to post an annual average growth of 0.7% during 2005–10. The metro area manufacturing sector will remain feeble throughout the forecast period, despite some short-term buoyancy. After an anemic 2005–07, the sector will grow modestly in 2008–09, but will eventually start losing jobs again in 2010. Employment growth will owe the most to local services, especially professional business services and transportation. The services sector as a whole is expected to grow at an annual rate of 1.0%.

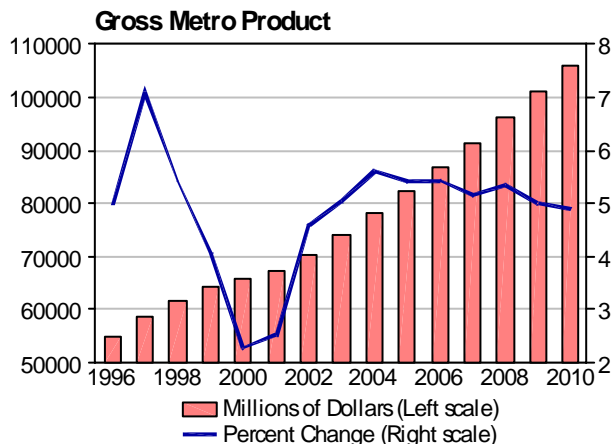
Cincinnati

Economic Performance Summary

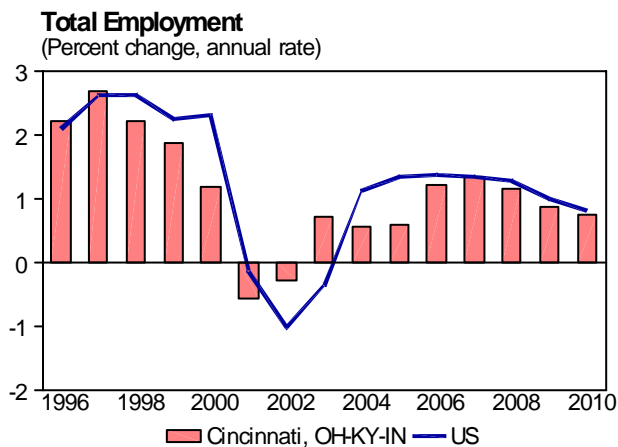
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	1021.8	24	1027.8	24	1040.4	25	1084.4	25
Unemployment Rate (%)	5.3	181	5.4	134	5.2	144	5.1	152
Personal Income (Billions)	69.9	26	73.6	26	77.7	26	94.5	27
Per Capita Income (Ths.)	33.9	67	35.5	69	37.3	70	44.3	74

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As measured by gross metro product (GMP), the total value added of goods and services produced in the Cincinnati MSA will increase 5.4% (2.9% in real terms) in 2006, to \$86.9 billion.



- Employment in 2005:** Total employment in Cincinnati grew in 2005 as it had in 2004, up 0.6%. The metro manufacturing sector continues to shine, and averaged 2.2% annual growth in 2005. The professional and business services (PBS) and trade, transportation and utilities (TTU) sectors found themselves on opposite ends of the performance spectrum in 2005. PBS greatly helped total employment growth, gaining 1.9% in 2005. TTU retreated 1.1% in 2005.
- Employment in 2006:** The Cincinnati economy is poised for a resurgence in 2006. Total employment is forecast to rise 1.2% on a year-ago basis. Education and health services (EHS) will rise 2.1% and PBS will grow 2.9%. TTU is expected to recover from its decline in 2005 to increase 1.1% in 2006; however, the explosive manufacturing surge in 2005 will be followed by a 0.5% decrease in 2006.



- Employment in the Next Five Years:** Total employment is projected to reach a 1.4% peak in 2007 before slowing in the second half of the Global Insight forecast. Over the next five years, total employment will grow 1.1% annually. The metro's manufacturing sector will remain feeble throughout the period, growing by 0.2% annually, as it slows down significantly in the second half of the period. Employment growth will be led by services, which are expected to grow 1.2%. TTU and PBS will power the sector, increasing by annual averages of 1.7% and 2.2%, respectively, in 2005–10.

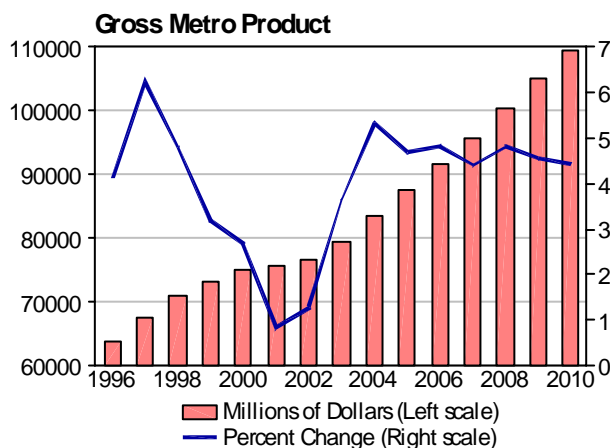
Cleveland

Economic Performance Summary

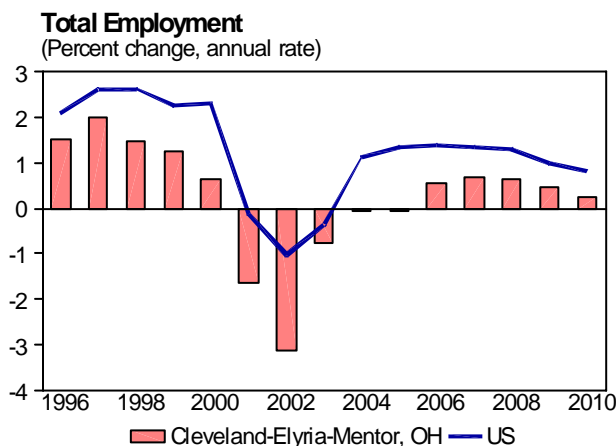
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	1073.3	23	1072.7	23	1078.7	23	1100.4	24
Unemployment Rate (%)	5.9	111	5.8	98	5.6	107	5.4	116
Personal Income (Billions)	73.3	24	76.8	24	80.7	24	96.5	26
Per Capita Income (Ths.)	34.3	59	35.9	62	37.7	65	45.0	66

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in the Cleveland MSA, as measured by gross metro product (GMP), will increase year-over-year by 4.8% (2.1% in real terms) during 2006, to \$91.7 billion.



- Employment in 2005:** In 2005, the Cleveland metropolitan statistical area's (MSA) total employment failed to improve on the previous year's performance; the 0.1% slide in 2005 matches the 2004 decline. The reduction in growth was caused by a weak private services-producing sector, which is shrank by 0.1%. Manufacturing, on the other hand, grew at a reasonable rate—1.1%.
- Employment in 2006:** Cleveland's employment picture is expected to brighten in 2006 despite a faltering manufacturing sector. The MSA's total employment is projected to rise by 0.6% over the 2005 figure. Manufacturing, however, is expected to contract by 0.4% in 2006. Private services will surge in 2006, growing by 0.8%.



- Employment in the Next Five Years:** Total employment growth is projected to reach 0.7% in 2007 and slow down thereafter. Over the next five years, total employment will grow by an average annual 0.4%, held down by the ongoing manufacturing restructuring and the further, albeit slow, shift to services. The metro's manufacturing sector will start losing jobs again at the beginning and end of the forecast period, averaging nominal growth annually. Private services will power Cleveland's economy throughout the forecast period. The sector will peak with a 0.9% increase in 2007, and growth will slow in the second half of the forecast. Professional and business services and education and health services will post the most robust growth. The sectors will average 1.1% and 0.9%, respectively, during 2005–10.

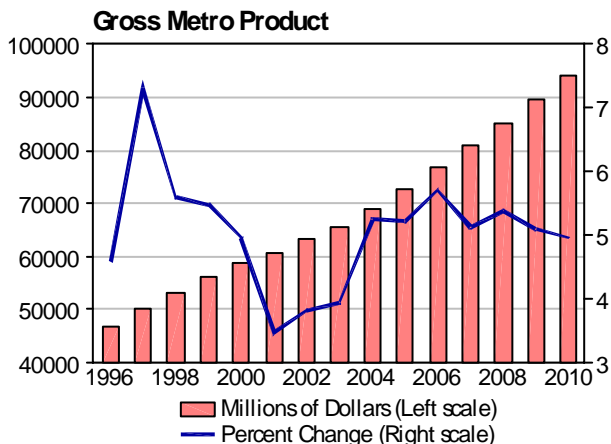
Columbus

Economic Performance Summary

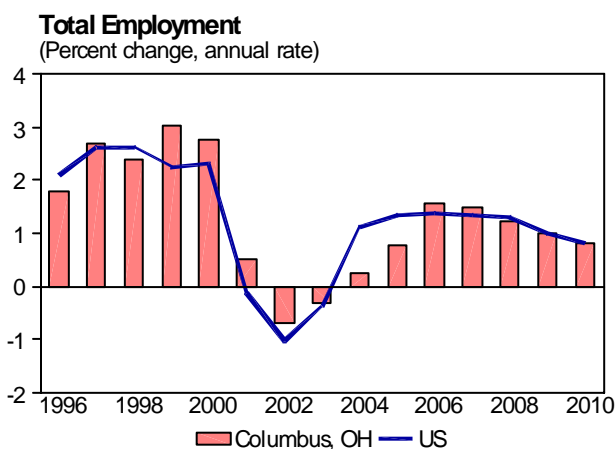
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	912.7	28	919.7	28	934.3	28	977.5	29
Unemployment Rate (%)	5.4	163	5.3	140	5.0	160	4.9	167
Personal Income (Billions)	57.1	30	60.2	31	63.7	32	78.0	33
Per Capita Income (Ths.)	33.6	71	35.1	74	36.9	74	43.8	77

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in the Columbus MSA, as measured by gross metro product (GMP), will increase year-over-year by 5.7% (2.6% in real terms) during 2006, at \$76.9 billion.



- Employment in 2005:** We saw strong growth in Columbus' employment by the end of 2005. Following an annual growth increase of just 0.2% in 2004, total employment expanded at a much healthier 0.8% in 2005. Recovery was helped by the improving performance of both the manufacturing and services sectors. Manufacturing still lost jobs in 2005, but at a slower rate than the previous year. Manufacturing declined by 0.9% in 2005 as opposed to the 2.6% slide in 2004.
- Employment in 2006:** The Columbus economy is expected to make great strides in 2006. Total employment is expected to increase 1.6%; double the growth in 2005. Manufacturing employment will continue to improve, declining by only 0.3% in 2006. Private services-producing will power Columbus in 2006 with a 1.8% year-on-year (y/y) increase. Professional and business services (PBS) are projected to explode in 2006 after a mediocre 2005 that saw a 0.7% increase. In 2006, PBS is expected to rise by 3.2%.



- Employment in the Next Five Years:** After increasing by 1.8% in 2006, total employment in Columbus is expected to slow thereafter. In the next five years, total employment will grow at an average rate of 1.2% annually. The slow population growth will constrain even faster growth. The metro manufacturing sector will remain feeble throughout the period, declining at an average annual rate of 0.3%. Employment growth will owe the most to local

services, which are expected to grow at an annual average rate of 1.4%. The fastest growth is expected in education and health services (1.7% annually) and professional and business services (2.1%).

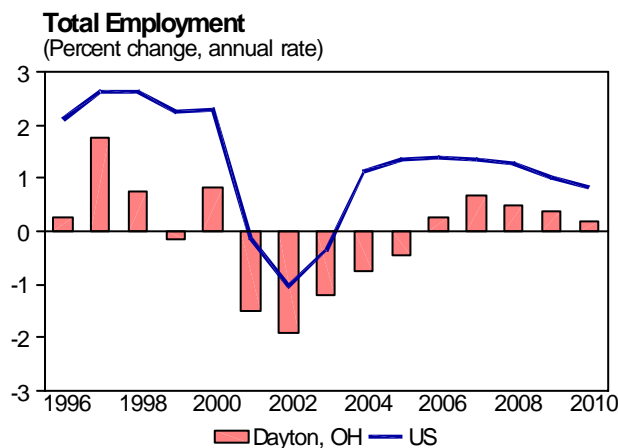
Dayton

Economic Performance Summary

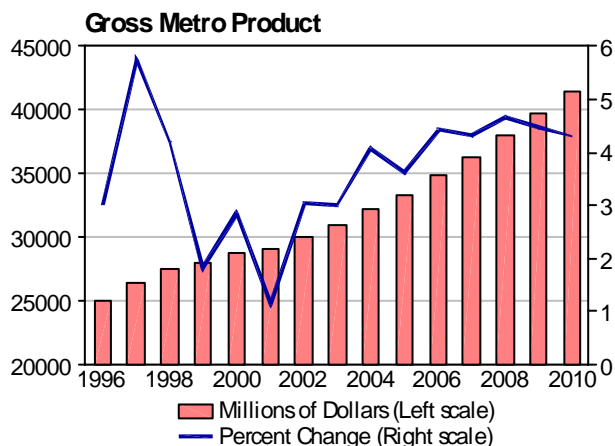
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	412.3	56	410.5	56	411.5	55	418.6	57
Unemployment Rate (%)	6.2	81	6.2	74	5.8	93	5.6	100
Personal Income (Billions)	26.8	60	28.0	60	29.3	59	35.1	62
Per Capita Income (Ths.)	31.6	113	33.0	116	34.6	118	41.2	124

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in the Dayton MSA, as measured by gross metro product (GMP), will increase by 4.4% (1.3% in real terms) in 2006, to \$34.8 billion.



- **Employment in 2005:** The Dayton metropolitan statistical area (MSA) struggled unsuccessfully to gain employment in 2005. However, the 0.5% contraction in total employment in 2005 is an improvement over the 0.8% drop in 2004. The manufacturing sector continued to flounder, losing 2,360 workers (4.0%) in 2005. The private services-producing (PSP) sectors have not been able to muster quite enough steam yet to offset Dayton's anemic manufacturing sector, but PSP did grow by 0.2% in 2005.
- **Employment in 2006:** Total employment is finally going to create positive gains in 2006. Dayton's economy is expected to rise by 0.3% in 2006. Manufacturing will continue its negative trend in 2006 with a 1.0% y/y reduction. PSP will generate more of an increase in 2006 than in the previous year, rising by 0.4%. Education and health services (EHS) will shine in 2006 and increase by 1.8% versus the prior year. Professional and business services (PBS) will also help to power the metro with a 1.0% y/y change.



- Employment in the Next Five Years:** Total employment growth is projected to reach 0.7% in 2007. During the next five years, total employment will grow an average of 0.3% annually. The slow population growth and continued manufacturing decline will persist, constraining total employment growth. The metro manufacturing sector will post a 0.8% average annual decline throughout the forecast period. Employment growth will be led by services, which are expected to grow 0.5% annually. PBS is projected to rebound after a lethargic start and average 0.9% annual growth from 2005–10.

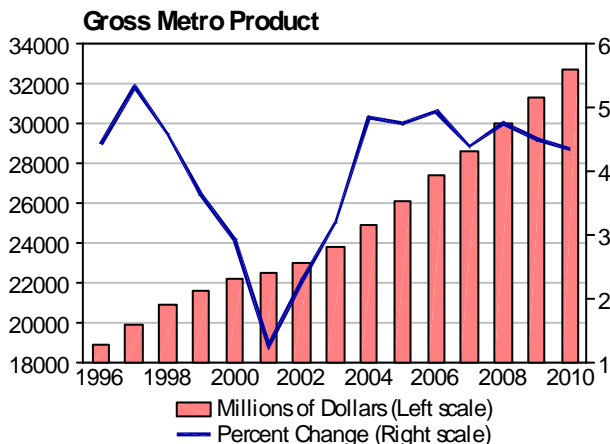
Toledo

Economic Performance Summary

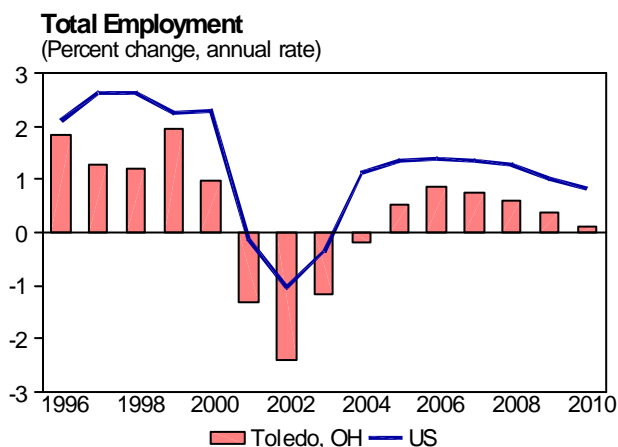
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	329.6	66	331.3	67	334.1	67	340.2	72
Unemployment Rate (%)	7.0	50	6.7	44	6.2	59	6.1	64
Personal Income (Billions)	20.4	70	21.4	73	22.5	73	26.8	76
Per Capita Income (Ths.)	31.0	130	32.6	126	34.2	126	40.6	135

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in the Toledo MSA, as measured by gross metro product (GMP), will increase at an average annual rate of 5% (1.8% in real terms) during 2006, to \$27.4 billion.



- Employment in 2005:** Employment gains accelerated in 2005, and Toledo's employment grew by 0.5%. The labor market started to improve in the beginning of the year, but most of the growth happened during the second half of 2005. Recovery was led mostly by the rebound in the private services-producing sector, which gained 1.0%. Manufacturing struggled and retreated by 3.3%.
- Employment in 2006:** Toledo's economy is predicted to fare better in 2006. Total employment is projected to grow by 0.9% over the 2005 figure. The private services-producing sector will once again churn out a 1.0% increase. Manufacturing, however, is expected to decline by only 0.4% in 2006. A vast improvement over the 3.3% drop in the previous year. Toledo's government sector is projected to ramp up its employment growth and rise by 1.0%.



- Employment in the Next Five Years:** Total employment is projected to grow 0.9% in 2006, and to slow even more thereafter. In the next five years, total employment will grow at an average annual rate of just 0.5%. The inevitable long-term manufacturing decline and the need to shift further to services will constrain growth. The metro's manufacturing sector will grow during 2008–09, but will eventually start losing jobs after those two years. Over the entire period the sector will decline by an annual average of 0.7%. Employment growth will

originate from local services, which are expected to grow at an annual rate of 0.8%. The fastest growth is expected in professional and business services, which will grow at an average annual rate of 1.5%.

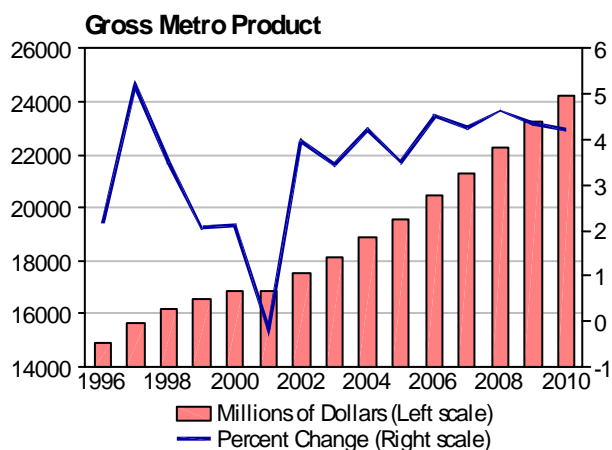
Youngstown

Economic Performance Summary

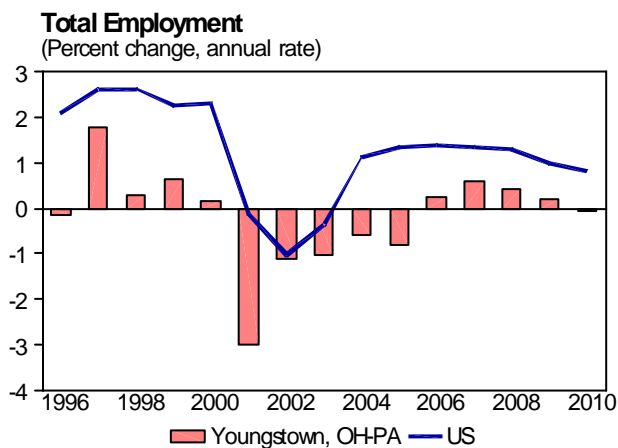
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	242.2	90	240.3	92	240.8	92	243.5	95
Unemployment Rate (%)	7.3	39	6.8	38	6.5	49	6.4	51
Personal Income (Billions)	16.1	90	16.8	95	17.5	95	20.7	97
Per Capita Income (Ths.)	27.3	233	28.5	238	29.9	235	35.5	242

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** Gross metro product growth will exceed \$20 billion in 2006 and productivity gains will allow annual GMP growth averaging 4.3% (2.2% in real terms) for the rest of the decade.



- **Employment in 2005:** Youngstown payrolls declined in 2005 for the fifth successive year. The metro has lost 18,000 jobs since 2000, 7% of total employment, but in both 2004 and 2005, total employment losses moderated to less than 1%, presaging a return to positive growth. Job losses continue most prominently in manufacturing, at 1,900 in 2005, and 14,000 since 2000.
- **Employment in 2006:** Payroll growth will finally turn around in 2006, registering a small (0.2%) but significant gain, and setting Youngstown on the course of positive employment growth. The professional and business services sector will lead the rebound, with a 2.4% job gain. Manufacturing will lose only 400 additional jobs and will be offset by modest gains in both education and health services and in trade, transportation, and utilities. The unemployment rate will also decrease slightly to 6.5%.



- Employment in the Next Five Years:** From 2006-2009, Youngstown will see several years of positive job growth. Although gains will be small, this is a critical improvement over the losses during the early part of the decade. From 2006-2010, employment growth will register 0.3% annually, compared to -1.3% from 2001-2005. Manufacturing payrolls, still one-sixth of metro employment, will remain steadfastly in the red, but losses will diminish to well below 1% beginning in 2007, and indeed, payrolls will be almost flat in 2008-09. Meanwhile, the professional and business services sector will average 1.4% gains annually.

The STATE of the STATE

Oklahoma

In 2005, Oklahoma's employment growth hit its stride. Job gains reached 1.6%, almost twice the 2004 rate of 0.9%. Growth in the services industries, particularly professional and business services, was essential in realizing this gain. Professional and business services increased 3.5%; education and health services, 2%; and leisure and hospitality services 0.8%. Recovery in the trade and transportation sector, which had been in contraction since 2000, and in the construction sector, which had been in contraction since 2001, also boosted total gains.

Over the five-year forecast period, employment growth is expected to average 1.2%. Professional and business services employment will average 3.4% growth per year in 2006 to 2010. Manufacturing employment levels will remain negative over the next five years, but the rate of decline will be very small—0.5% or less annually—and dramatically slower than the job cuts in 2001–04. Growth in trade, transportation, and utilities jobs will continue to improve, and average 1.1% throughout the five-year period.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Oklahoma		
Fort Smith, AR-OK*	\$1.58	1.5
Lawton, OK	\$3.57	3.3
Oklahoma City, OK	\$38.24	35.5
Tulsa, OK	\$29.12	27.1
<i>Sum of Metro Areas</i>	\$72.50	67.4

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

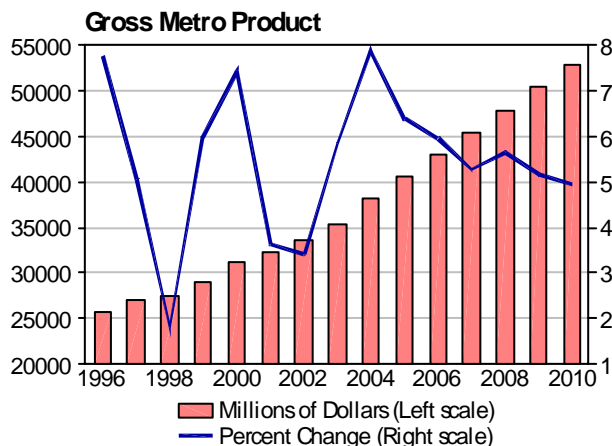
Oklahoma City

Economic Performance Summary

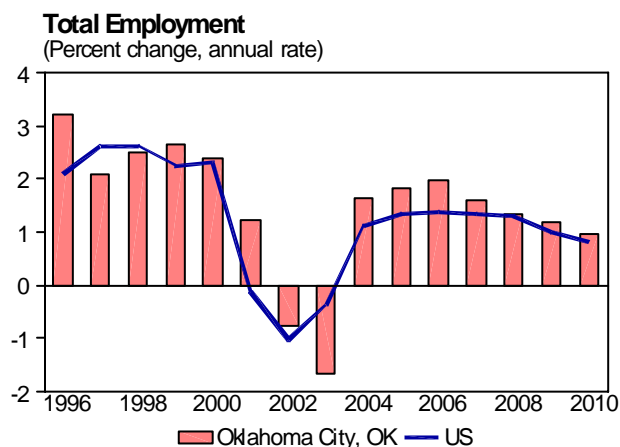
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	542.0	48	551.8	46	562.8	46	592.0	46
Unemployment Rate (%)	4.4	281	4.3	257	4.3	253	4.5	228
Personal Income (Billions)	34.5	49	36.8	49	39.1	48	48.8	46
Per Capita Income (Ths.)	30.1	151	31.7	148	33.4	147	40.3	140

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** Gross metro product (GMP), the total value added of goods and services produced in the Oklahoma City MSA, is expected to increase almost 6% (3% in real terms) in 2006, to \$43.1 billion. GMP is expected to grow 5.4% (2.8% in real terms) per year through 2010.



- Employment in 2005:** Oklahoma City's job growth accelerated in 2005, and the metro posted 1.8% employment gains for the year. November added 9,200 jobs compared with a year earlier.
- Employment in 2006:** Total employment growth is forecasted to gain almost 2%, with construction, natural resources, and mining as a major contributor.



- Employment in the Next Five Years:** Total employment growth is expected to average 1.4% annually on the five-year forecast horizon. The trend of contraction for manufacturing employment will continue through the five-year forecast. Declines will not be as rapid as in previous years, however; averaging less than 1.0%. Global Insight projects an average annual increase of 0.8% in each of the next five years in trade, transportation, and utilities employment, which saw decreases of 1.2% in 2001, 1.6% in 2002, and 2.2% in 2003.

Employment in educational and health services will average 1.5% growth annually in 2006–10 with the strongest growth coming in 2006 with 2.9%. Professional and business services employment will post the strongest growth, averaging 3.8% annually through 2010.

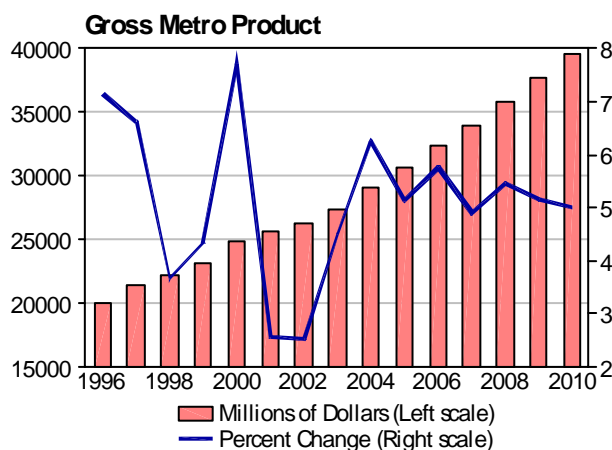
Tulsa

Economic Performance Summary

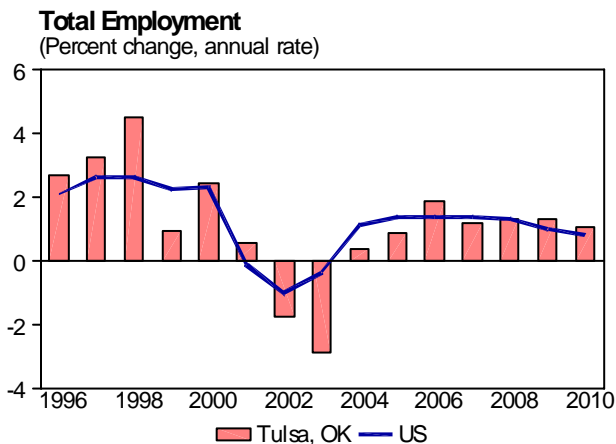
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	398.3	57	401.8	57	409.4	56	429.5	56
Unemployment Rate (%)	5.0	214	4.5	237	4.4	236	4.2	271
Personal Income (Billions)	28.3	58	30.0	57	32.0	56	40.1	56
Per Capita Income (Ths.)	32.0	102	33.8	98	35.7	93	43.1	91

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** As measured by gross metro product (GMP), the total value added of goods and services produced in the Tulsa MSA will increase 5.8% (3.5% in real terms) in 2006, to \$32.3 billion.



- **Employment in 2005:** Tulsa registered modest employment gains in 2005, displaying growth only slightly better than that of 2004 for the year. Growth in 2005 was 0.9%, compared with the 0.4% seen in 2004.
- **Employment in 2006:** Employment is expected to strengthen in 2006 to 1.9%. Construction, natural resources, and mining takes the largest chunk of the pie, displaying a healthy 4.3% growth rate, year over year.



- Employment in the Next Five Years:** Strong service activity will push job creation into positive territory through the coming five-year forecast horizon, with metro area employment up 1.3% annually through 2010. Job growth in trade, transportation, and utilities—a particularly important sector to the Tulsa economy—will be muted in the near term, but a recovery is expected in 2008. Professional and business services will be the fastest growing sector through 2010, adding jobs at a rate of 3.3% annually. Manufacturing, however, will lose jobs throughout the five-year forecast period.

The STATE of the STATE

Oregon

Employment growth in Oregon was 3.2% in 2005—much faster than the national growth rate, and the state's economic peak for this decade. Construction provided the fastest job creation, at 9.3%, and the services industries also boosted growth with very strong gains—professional and business services at 3.2%, education and health at 3.9%, and leisure and hospitality at 3.7%. The massive TTU sector added the most net jobs in 2005, expanding 3.2%, right in line with overall Oregon employment.

Nationally, most areas will see large, job-share increases in professional business services. Oregon will contribute to this pattern, as jobs in this industry expand 3.6% annually during the next half-decade. Nationwide, this phenomenon will occur at the expense of manufacturing, and that is also the case in Oregon—the manufacturing sector will contract 0.4% annually. Growth in trade, transportation and utilities industries will be good, advancing 1% annually.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Oregon		
Bend, OR	\$4.49	3.5
Corvallis, OR	\$2.88	2.2
Eugene-Springfield, OR	\$11.32	8.8
Medford, OR	\$6.04	4.7
Portland-Vancouver-Beaverton, OR-WA*	\$65.39	51.0
Salem, OR	\$10.62	8.3
<i>Sum of Metro Areas</i>	\$100.73	78.6

*Note: This GMP number represents the portion of the MSA within this state.

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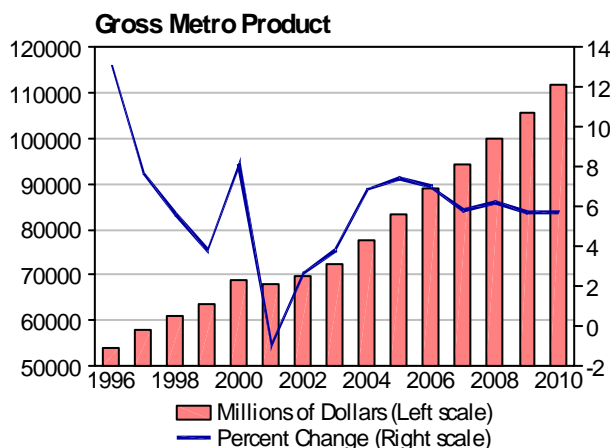
Portland

Economic Performance Summary

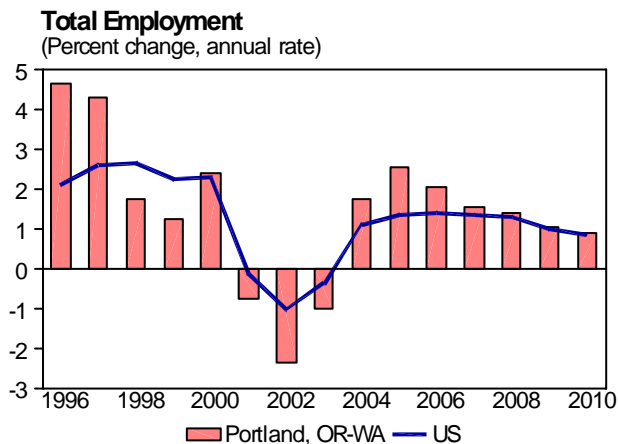
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	946.0	27	970.3	27	990.2	27	1039.6	28
Unemployment Rate (%)	7.1	44	6.2	69	6.1	64	6.1	66
Personal Income (Billions)	70.4	25	74.4	25	79.9	25	101.1	24
Per Capita Income (Ths.)	34.0	65	35.5	70	37.5	68	44.5	71

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Portland MSA, as measured by gross metro product (GMP), will increase at an annual rate of 7% (4.6% in real terms) during 2006, to \$89 billion. The GMP annual growth rate will average 6.1% (4% in real terms) through the end of 2010.



- Employment in 2005:** The Portland economy charged ahead in 2005, continuing the rebound that began in late 2003. If our forecast holds, 2005 exceeded the boom year of 2000, with a 2.6% rise in total employment. The construction sector added the greatest percentage of jobs in 2005, expanding 9.5%. Professional and business services and education and health services added the greatest number of jobs, with 3.1% and 3.6% employment growth, respectively. Leisure and hospitality services registered a 2.5% growth rate as the region continues to trade on its stunning environmental resources. Another big factor in the metro's economic success is the health of its manufacturing sector, registered a payroll expansion of 2.1%. Laggards in 2005 included the finance, government, and transportation and warehousing sectors, which are only nominally expanding.
- Employment in 2006:** Portland's rebound momentum will wane somewhat in 2006, with employment growth decelerating to 2.1%. Job gains will weaken slightly in education and health services, manufacturing, and construction, and the finance sector will fall into contraction. These forces will be nearly balanced by accelerated growth in leisure and hospitality, professional and business services, and government.



- Employment in the Next Five Years:** Growth in Portland, like many other major metropolitan areas, will be dominated by the service industries. Professional and business services will drive the economic future of Portland, growing 3.6% annually, on average, from 2006-10, as compared with the overall growth rate of 1.4% in Portland. The education and health services sector will expand 1.6% annually, and the leisure and hospitality services sector, 1.5%. The slow decline of the share of manufacturing jobs as a percentage of all Portland employers will continue, as the sector's growth will be essentially flat from 2007-10. In 2000, 15% of workers were employed by manufacturing firms; today, this is only 13%, and by the end of the decade, it will be only 12%.

The STATE of the STATE

Pennsylvania

Pennsylvania is back on an expansionary path. Its underlying rate of growth will be more moderate than that of the nation, but this is generally true of the rest of the Northeast as well. The state's industrial diversity and particular strength in life sciences fields will offset some of handicaps of the Rust Belt and an aging population. Philadelphia and Pittsburgh have the talent and capability to be leading cities in the new economy of the 21st century, and the other metros of Eastern Pennsylvania are well-positioned strategically to partake in the burgeoning global commerce throughout the Eastern seaboard. Sound public and fiscal policy can set the stage and strengthen the state's competitiveness, paving the way for growing incomes for the residents of the Commonwealth.

Payroll expansion continued strongly in 2005, and the state returned to its 2001 employment peak by the end of the year. The Keystone State advanced total employment by 1.1%, and although it is robust, (labor force growth in Pennsylvania is about half that) it is still below the growth rate of the US economy.

Employment growth will moderate in 2006, but still exceed 1%. The state's job growth will then moderately decelerate over the rest of the forecast period. The pharmaceutical industry in the southeastern corner of the state has been its industrial leader of late. Restructuring will cause its growth to pause in the near term, however. In 2004, US sales of pharmaceutical products increased 8%, a letdown following years of double-digit growth. With 2,500 Philadelphia-area employees (the largest pharmaceutical presence in the city), Merck is mired in the prospect of resolving extremely large legal claims from Vioxx lawsuits. Expansion will be clearly led by the professional and business services sector, whose employment will average 2.2% annual growth in 2006–10. Geisinger Health System will add a 300-employee call center in the Scranton area in the next year. Leisure and hospitality jobs will be the second-fastest-growing sector, at 0.9% annually.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Pennsylvania		
Allentown-Bethlehem-Easton, PA-NJ*	\$24.19	5.2
Altoona, PA	\$5.12	1.1
Erie, PA	\$10.70	2.3
Harrisburg-Carlisle, PA	\$26.11	5.6
Johnstown, PA	\$4.80	1.0
Lancaster, PA	\$19.78	4.2
Lebanon, PA	\$4.17	0.9
New York-Northern New Jersey-Long Island, NY-NJ-PA (MSA)*	\$0.97	0.2
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD (MSA)*	\$153.40	32.8
Pittsburgh, PA	\$92.61	19.8
Reading, PA	\$14.23	3.0
Scranton--Wilkes-Barre, PA	\$21.44	4.6
State College, PA	\$5.17	1.1
Williamsport, PA	\$4.62	1.0
York-Hanover, PA	\$15.07	3.2
Youngstown-Warren-Boardman, OH-PA*	\$3.96	0.8
<i>Sum of Metro Areas</i>	\$406.33	86.8

*Note: This GMP number represents the portion of the MSA within this state.

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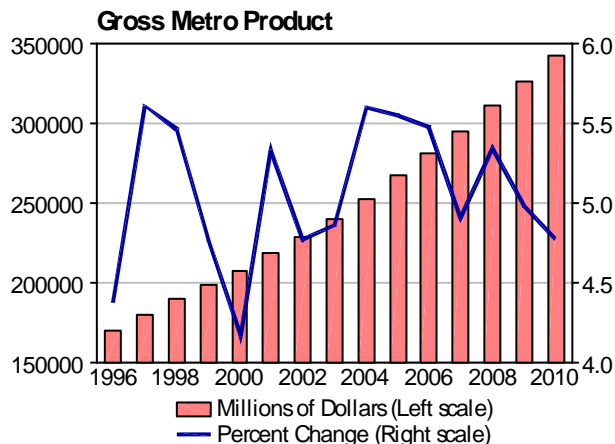
Philadelphia-Camden-Wilmington

Economic Performance Summary

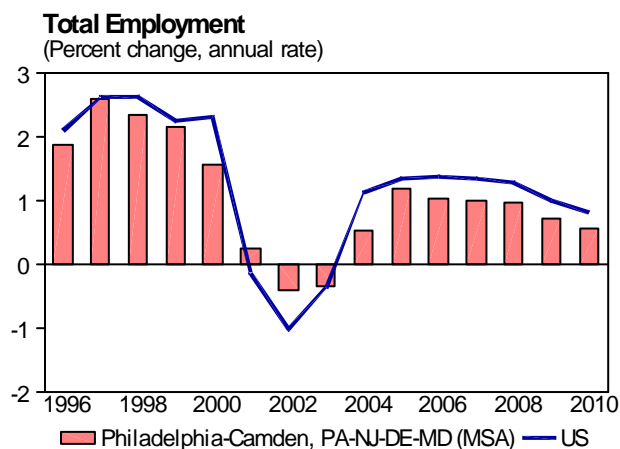
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	2744.2	5	2776.5	5	2805.6	5	2898.2	6
Unemployment Rate (%)	5.2	189	4.7	217	4.5	223	4.5	237
Personal Income (Billions)	224.9	5	237.8	5	250.3	5	307.7	5
Per Capita Income (Ths.)	38.8	21	40.9	20	42.9	22	52.1	23

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** Gross metro product, which was the sixth-highest in the country in 2004 at \$253 billion, will top \$300 billion by 2008. GMP will increase 5.5% (3% in real terms) in 2006.



- Employment in 2005:** Job growth was strong in 2005, at 1.2%, or 32,100 jobs, led by a pickup of 10,600 in professional and business services. Still hindering the metro economy is the manufacturing sector, although job losses of 7,100 were fewer than earlier years. Despite some new pressures from Merck’s downsizing plan, we continue to believe that pharmaceuticals will be a strong long-term engine of growth for the region. The “Cure Corridor,” extending from New Jersey, is the worldwide center of pharmaceutical research and development, and the prospects for the industry are outstanding in the 21st century. The region’s high-quality education and health services institutions contributed to the almost 10,000 new jobs in 2005, the second leading growth sector. The transportation sector has also finally received a boost from new Southwest Airline connections, and from new hiring at US Airways after a long period of decline.
- Employment in 2006:** Job growth will slow a bit, but still reach the 1.0% mark in 2006. Manufacturing declines will be cut in half, and professional and business services gains will continue to lead, adding 11,000 jobs. The financial sector will see declining payrolls, however, most notably due to the repercussions on Wilmington of the merger of MBNA and Bank America.



- **Employment in the Next Five Years:** Annual job gains will continue at 1.0% until 2009, then decline to a 0.7% rate. Growth in services will drive the metro's expansion, and the nascent technology sector—particularly biotech—holds much promise for the state in coming years. Philadelphia's position as a major pharmaceutical and health-care services center makes it a synergistic base provider. The Fox Chase Cancer center, for instance, has announced a massive, 20-year development plan for its North Philadelphia expansion. Still, depleted demand for construction will limit gains in what was one of the metro's hottest sectors in recent years.

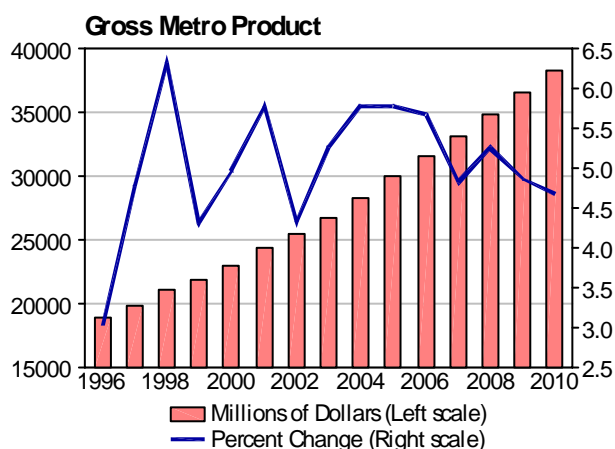
Allentown-Bethlehem-Easton

Economic Performance Summary

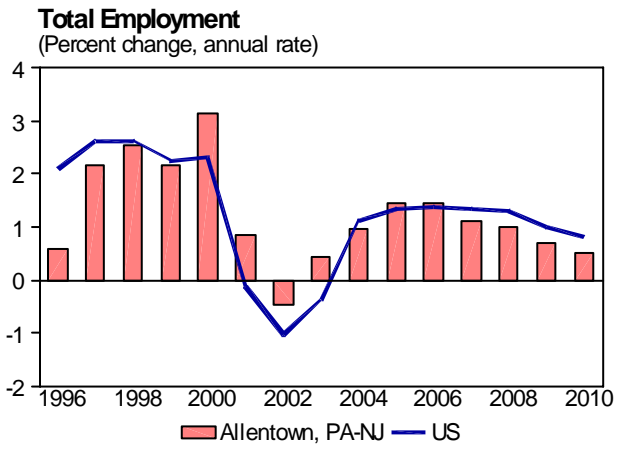
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	329.1	67	333.8	66	338.6	66	350.0	67
Unemployment Rate (%)	5.3	176	4.8	201	4.6	205	4.5	230
Personal Income (Billions)	25.6	61	27.1	62	28.5	61	34.9	63
Per Capita Income (Ths.)	32.8	82	34.4	83	36.1	84	43.7	81

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** Allentown GMP grew 5.9% in 2005 (3.2% in real terms), to reach \$29.9 billion, and will increase 5.8% (3.3% in real terms) in 2006.



- **Employment in 2005:** The Allentown economy saw employment growth accelerate to 1.4% (about 5,000 jobs) in 2005. Education and health services (3.6%) and construction (3.0%) led the way.
- **Employment in 2006:** The metro will maintain its momentum with 1.4% job growth achieved again, ranking among the top half of U.S. metro areas (169). Professional and business services will lead at 3.6%, or 1,300 jobs.



- **Employment in the Next Five Years:** Annual job gains will again exceed 1.0% until 2009, led by business and professional services. Growth will eventually slow to half that rate at the end of the decade.

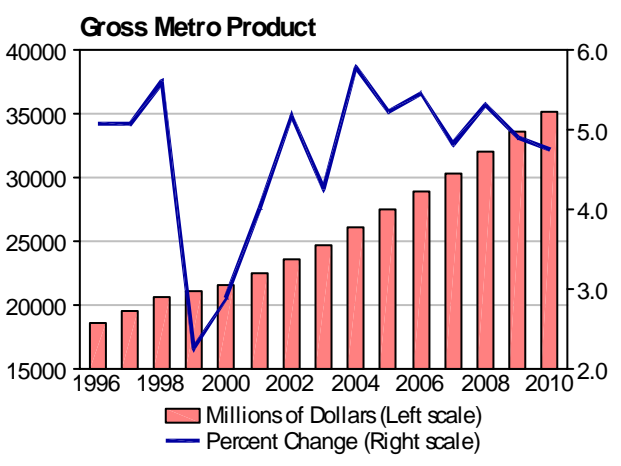
Harrisburg-Lebanon-Carlisle

Economic Performance Summary

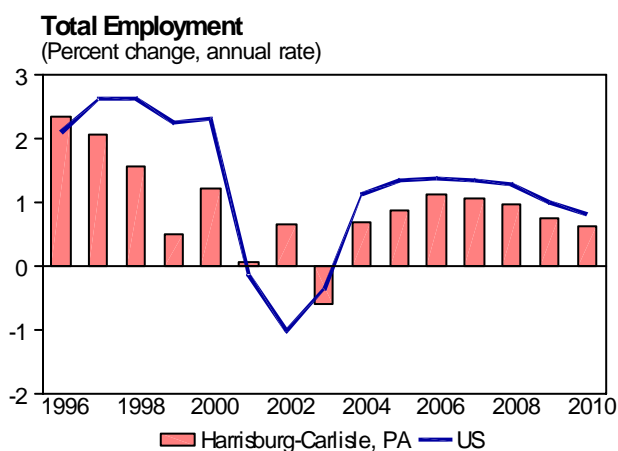
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	323.0	71	325.8	71	329.5	72	340.9	71
Unemployment Rate (%)	4.5	272	4.0	295	3.9	305	3.9	311
Personal Income (Billions)	17.6	82	18.6	83	19.6	84	23.8	88
Per Capita Income (Ths.)	34.0	66	35.8	65	37.6	66	45.2	58

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** GMP will grow 5.6% in 2006 (3.1% in real terms) and exceed \$30 billion by 2007.



- **Employment in 2005:** Moderate employment gains continued in 2005, with 2,800 new jobs (0.9%), after almost 3,000 were created in 2004. Professional and business services added 1,500 jobs (up 4.2%) and led all sectors, offsetting losses of 1,000 jobs in manufacturing.
- **Employment in 2006:** Gains will continue and the metro will top the 1% growth mark with 3,700 new jobs. At 1.1% for the year, Harrisburg will rank 233rd among U.S. metro areas during 2004–06.



- **Employment in the Next Five Years:** Annual job gains will peak with another 1.1% gain in 2007 before slowing to 0.6% by 2010.

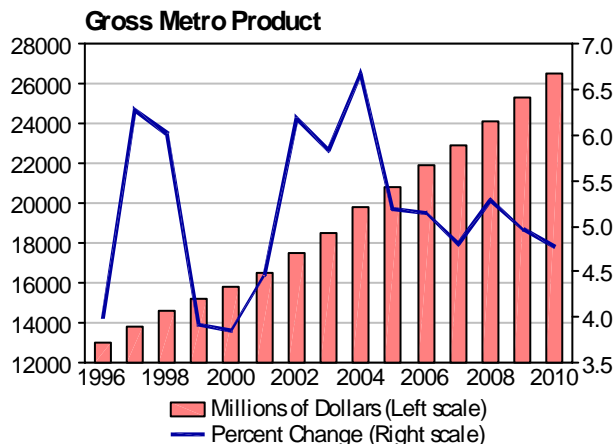
Lancaster

Economic Performance Summary

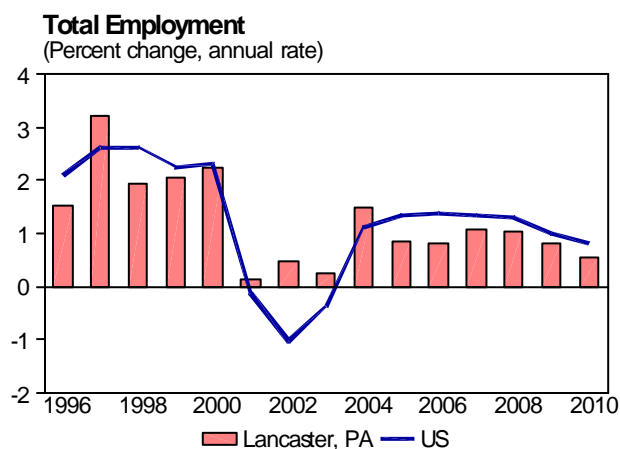
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	232.1	93	234.0	94	235.9	94	244.2	94
Unemployment Rate (%)	4.0	326	3.7	324	3.6	329	3.5	334
Personal Income (Billions)	15.1	97	15.9	97	16.7	98	20.5	100
Per Capita Income (Ths.)	30.9	133	32.4	130	33.9	134	40.8	131

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** Gross metro product topped \$20 billion in 2005, with 5.3% (2.6% in real terms) growth. GMP will exceed \$25 billion by 2009.



- Employment in 2005:** Lancaster job growth has been slow and steady this decade, peaking at 1.5% in 2004, but adding 1,900 jobs in 2005 for 0.9% growth. Manufacturing payrolls have continued to decline, but the construction (4.7% in 2004 and 4.5% in 2005) and leisure and hospitality services (3.1% in 2004 and 3.7% in 2005) sectors have expanded briskly.
- Employment in 2006:** Modest growth will continue, with 1,900 (0.8%) new jobs added in 2006. The education and health services and professional and business services sectors will lead the way, as the construction and leisure sectors maintain their 2005 employment levels.



- Employment in the Next Five Years:** Payroll gains will only start to slide in the last year of the decade, averaging 1.0% through 2009. Employment will reach 244,000 jobs at that time.

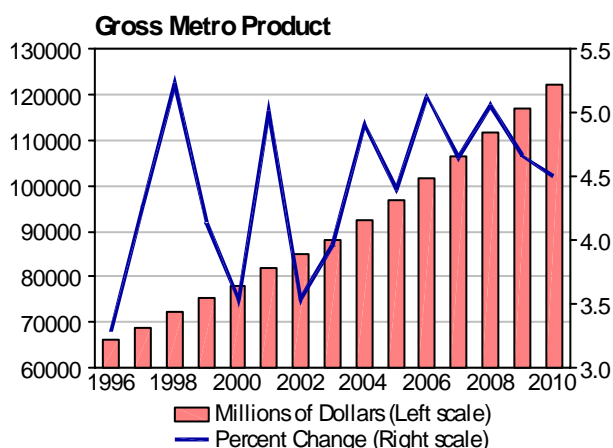
Pittsburgh

Economic Performance Summary

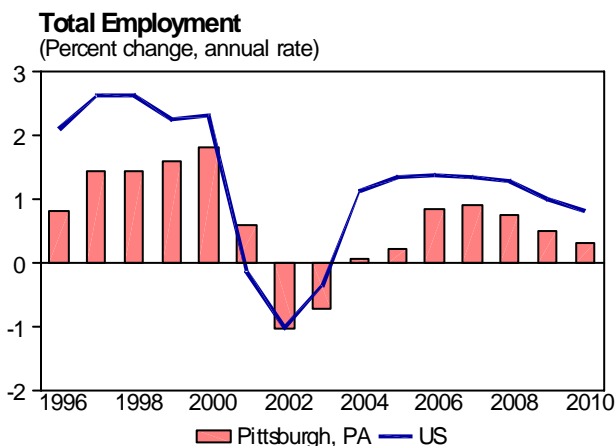
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	1134.6	22	1136.9	22	1146.4	22	1175.1	22
Unemployment Rate (%)	5.8	120	5.3	142	5.2	147	5.1	147
Personal Income (Billions)	82.6	22	86.8	22	91.1	23	110.5	23
Per Capita Income (Ths.)	34.4	58	36.4	52	38.3	50	47.0	41

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** GMP was \$92.6 billion in 2004 and will expand to exceed \$100 billion in 2006, with 5.1% growth (2.4% in real terms).



- **Employment in 2005:** Payroll growth at long last resumed in 2004, but the picture was decidedly mixed in 2005, and metro payrolls expanded just 0.2%. The manufacturing, construction, and information sectors will show net declines, while professional and business services, education and health, and leisure and hospitality will make gains.
- **Employment in 2006:** Although manufacturing jobs will continue to disappear, expansion will be visible in the service sectors, notably at a 2.1% rate in professional and business services, and 2.0% in education and health. Overall, employment will expand by 6,500 jobs, a 0.8% growth rate. The most notable new addition will be an engineering office to be opened by Google.



- Employment in the Next Five Years:** Annual job gains will reach only as high as 0.9% in 2007 with annual growth dropping to less than 0.5% by the end of the decade, as is consistent with modest labor force growth and overall population declines. The services sector will be a main component of local job growth, as in the manufacturing sector long-term decline trends will persist.

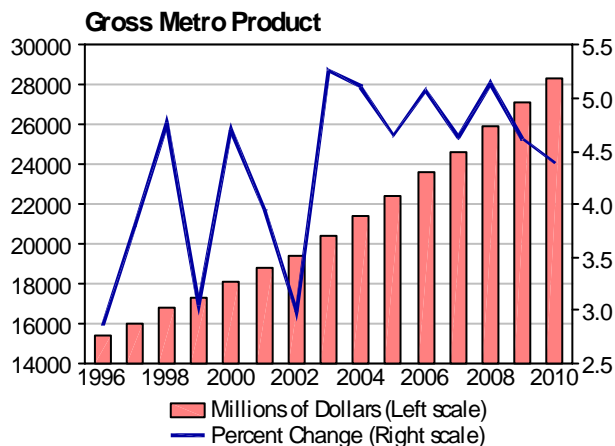
Scranton-Wilkes Barre

Economic Performance Summary

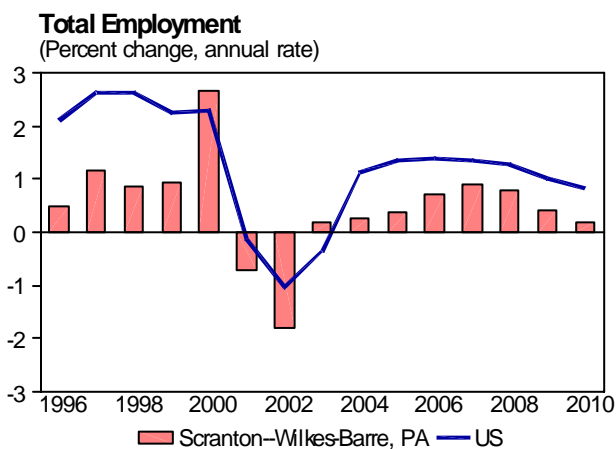
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	255.7	86	256.7	86	258.4	85	264.4	89
Unemployment Rate (%)	6.5	69	5.6	112	5.4	120	5.4	122
Personal Income (Billions)	16.2	89	17.0	91	17.8	94	21.5	94
Per Capita Income (Ths.)	29.3	169	30.9	165	32.5	164	39.6	149

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The metro's GMP grew 4.7% (2.2% in real terms) in 2005, and generated \$22.4 billion, and will top \$25 billion by 2008.



- **Employment in 2005:** The recovery in employment inched along in 2005 at a 0.4% rate, generating just 1,000 new jobs. Manufacturing losses of 1,200 were at least offset by services sector gains, especially in education, health, and leisure and hospitality.
- **Employment in 2006:** As manufacturing losses are cut in half, growth will almost double, though to a still moderate rate of 0.7%. Moreover, the more highly paid professional and business services sectors will lead, adding 600 jobs.



- **Employment in the Next Five Years:** Total employment growth is projected to peak at 0.9% in 2007, followed by a deceleration for the rest of the decade. Over the longer term, the unemployment rate will decline to 5.3%, with meager job growth matching slight labor force growth.

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Rhode Island

Rhode Island's economic expansion became more broadly based in 2005. Benefiting from strengthening economic activity throughout the region, and an improvement in business confidence and hiring, total employment increased 1.3% through the end of 2005 and is expected to rise 1.2% in 2006. A noticeable recovery in the professional and business services sector—driven by rising corporate confidence and spending—should help fuel economic growth during 2005 and 2006. In 2005, the sector expanded payrolls 3.6%. Leisure and hospitality services also has a big role, growing 4.1% in 2005, and forecasted to increase jobs 3.2% in 2006.

Other aspects of the consumer side of the economy, like retail trade, are taking a hit due to out-of-control energy prices and their adverse effect on spending. Indeed, retail trade registered a 0.9% loss in 2005, though it should slowly recover in 2006 and 2007. The fortunes of the financial services sector improved in 2005, posting 3.7% growth, but that spate of hiring will limit expansion in 2006; this sector will also be affected as interest rates rise and the housing market continues to cool. Beyond 2006, however, the outlook is good, not least because of the long-term expansion plans announced in August by both Bank of America and Citizens Bank. Finally, the manufacturing sector declined further in 2005, with a 3.1% contraction.

During the next five years, the Rhode Island economy is expected to post positive if decelerating growth. The strongest gains will come from the professional and business services sector (2% annually), leisure and hospitality services (1.3%), and education and health services sector (0.4% annual growth)—a sector that comprises almost 20% of total employment. By the end of the decade, however, slowing population growth, combined with the onset of the retirement of the baby-boomer generation, will become a factor in crimping total job growth, which will average 0.9% annually.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Rhode Island		
Providence-New Bedford-Fall River, RI-MA*	\$41.68	100.0
<i>Sum of Metro Areas</i>	\$41.68	100.0

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

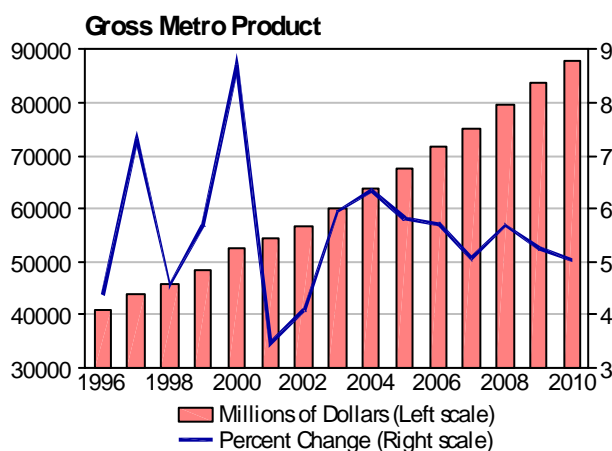
Providence

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	712.0	38	719.7	38	728.1	38	753.0	39
Unemployment Rate (%)	5.5	156	5.2	157	5.1	152	5.0	162
Personal Income (Billions)	55.1	33	58.2	35	61.6	35	75.8	35
Per Capita Income (Ths.)	33.8	69	35.6	68	37.5	67	45.7	52

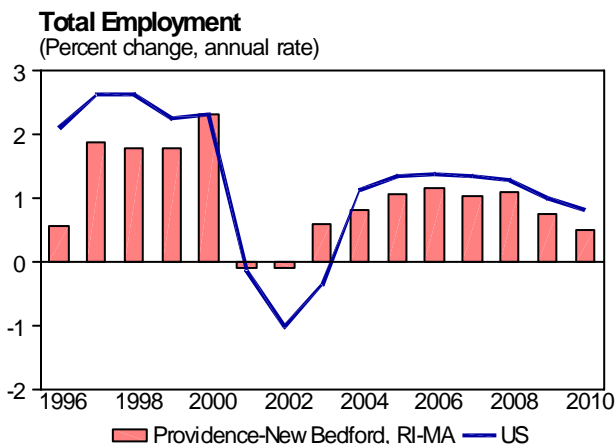
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** Providence should see a tiny easing of GMP growth from 5.8% (3.2% in real terms) in 2005, shown below, as energy prices take their toll on output, driving growth to 5.7% (3.2% in real terms) in 2006, generating \$71.6 billion. GMP growth will moderate through 2006 and beyond, averaging 5.4% (3.1% in real terms) annually through 2010.



- Employment in 2005:** Providence saw an improvement in employment in 2005, adding jobs at a rate of 1.1% due to strong gains in nearly every sector of employment. The strongest performer was the professional and business services sectors, which increased payrolls 3.6% as a result of increased corporate spending and confidence, as well as construction, which expanded 3.5% due to ongoing projects in downtown Providence and residential construction. Development in downtown Providence will also benefit employment in the leisure and hospitality sector, which grew 3.5% in 2005. Helped by payroll additions by both Bank of America and Fidelity, the financial services sector increased 2.8%. Education and health services in the Metro should increased 2.8% in 2005, the result of ongoing investment by universities and by other backers.
- Employment in 2006:** Employment in the Providence metro will pick up even more steam in 2006, seeing growth of 1.2%. A pickup in construction employment growth (to 4.2%) will

offset a slight slowdown in professional business services to 2.1% growth. Despite the strength of the construction sector, especially due to commercial projects, financial services will hardly see improvement in 2006 (0.1%), due to the continued cooling of the real estate market. Education and health services will also slow slightly to 2.0% growth, as will leisure and hospitality to 3.1% growth, as both sectors settle down after a strong 2005.



- Employment in the Next Five Years:** Providence will continue to expand at a good pace through the rest of the decade, adding jobs at a rate of 0.9% on average. Continued commercial and residential development in the metro will make construction the strongest performer from 2006–10, averaging 2.0% annual growth. At 1.9% average annual growth, the professional business services sector will continue to perform strongly, as will the leisure and hospitality sector, benefiting from Providence investments in tourism at an average rate of 1.5% through 2010. Financial services will also pick up after a stagnant 2006, growing at a rate of 1.2% annually. Manufacturing will lose jobs annually, unfortunately, with losses moderating near the end of the decade, but averaging 1.0% losses during 2006–10.

The STATE of the STATE

South Carolina

The Palmetto State's total job growth in 2005 was 0.4%, with the trade, transportation and utilities (1% growth), finance (0.5%), and leisure and hospitality sectors (3.7%) endeavoring to balance losses in professional and business services (-2.7%), education and health services (-3.6%), and manufacturing (-1.7%).

The South Carolina economy will reassert itself in 2006 as its services-producing industries regain their footing. Employment growth will rebound to 1.3% in 2006 and 1.5% in 2007, before tapering slowly through the rest of the forecast period. Manufacturing employment will continue to exert some drag, but only a bit (0.7% annual contraction), as high tech and auto manufacturing pick up the slack left by traditional industries. The strongest component of employment, in terms of both the number of new jobs created and the rate of increase, will occur in services.

Professional and business services is the tortoise among the services subsectors—it was slow to join the race, but it will average the strongest job creation over the forecast period, 3.1% annually. The education and health services sector is forecasted to advance 1.8% annually, and employment in leisure and hospitality services will expand 1.3% annually through 2010.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
South Carolina		
Anderson, SC	\$4.83	3.6
Augusta-Richmond County, GA-SC*	\$4.91	3.6
Charleston-North Charleston, SC	\$19.63	14.4
Charlotte-Gastonia-Concord, NC-SC*	\$5.19	3.8
Columbia, SC	\$25.01	18.4
Florence, SC	\$6.53	4.8
Greenville, SC	\$21.62	15.9
Myrtle Beach-Conway-North Myrtle Beach, SC*	\$6.87	5.0
Spartanburg, SC	\$9.50	7.0
Sumter, SC	\$3.43	2.5
<i>Sum of Metro Areas</i>	\$107.52	79.0

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

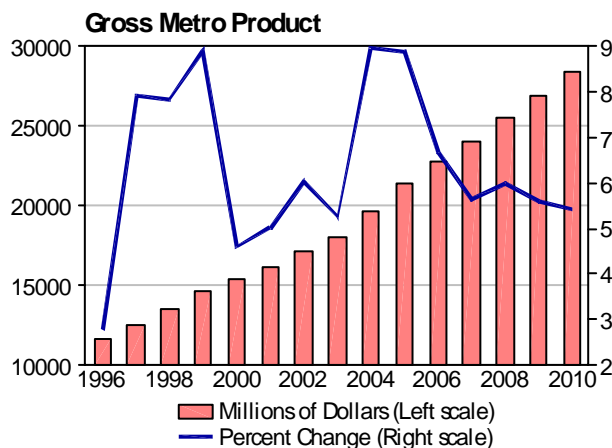
Charleston

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	272.5	81	279.5	81	285.7	81	304.8	80
Unemployment Rate (%)	5.4	173	5.1	164	4.9	178	5.0	163
Personal Income (Billions)	16.9	85	18.1	86	19.3	85	24.4	84
Per Capita Income (Ths.)	28.9	175	30.5	171	31.9	175	38.6	172

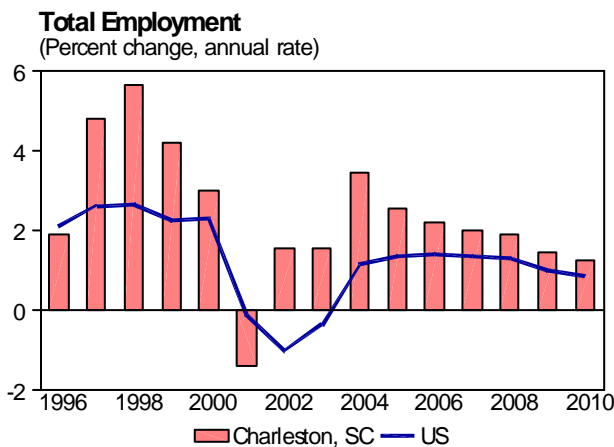
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Charleston MSA, as measured by gross metro product, will increase 6.7% (4.4% in real terms) in 2006, generating \$22.8 billion. Global Insight estimates the GMP annual growth rate will average 5.9% (3.7% in real terms) during 2006–10, decelerating along with job growth.



- Employment in 2005:** Charleston's mild dip into recession in 2001 was followed by two years of steady 1.6% job growth, and in 2004, the metro economy kicked things up another notch, posting a 3.4% expansion in payrolls. This sudden bounce was the result of robust rebounds in the metro's professional and business services and construction sectors and a resurgence in its finance sector. In 2005, the finance sector expanded at an even greater rate, at 7.7%. The professional and business services sector continued to generate strong employment growth, albeit at a slightly more sustainable rate of 4.7%. The local trade and transportation sector has also been booming—the retail trade subsector registered 4.7% growth for 2005; the wholesale trade sector, 3.1%; and the transportation and warehousing subsector, benefiting from the strength of Charleston's port, expanded employment by 11.5% in 2005.
- Employment in 2006:** Employment growth in Charleston peaked in 2004, and is on a slow course of deceleration through 2010. In 2006, job gains in the finance sector will peter out, as

the recent spate of hiring fills all open positions. The trade and transportation and services sectors will all produce solid job growth this year, with transportation and warehousing being the strongest at 4.3%.



- Employment in the Next Five Years:** As mentioned above, Charleston is settling into modest, slightly decelerating employment growth. During 2006–10, the metro will average 1.8% annual employment growth. During 2006–10, annual employment gains in professional and business services will average a strong 4.2%, well ahead of any other sector. The education and health services, leisure and hospitality services, and trade and transportation sectors will provide solid annual job growth of at or slightly above 1.6%.

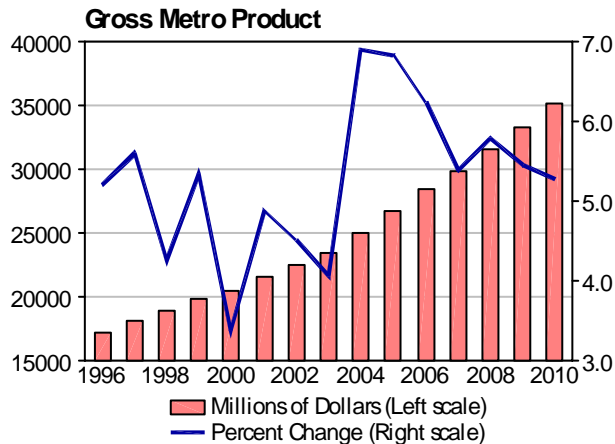
Columbia

Economic Performance Summary

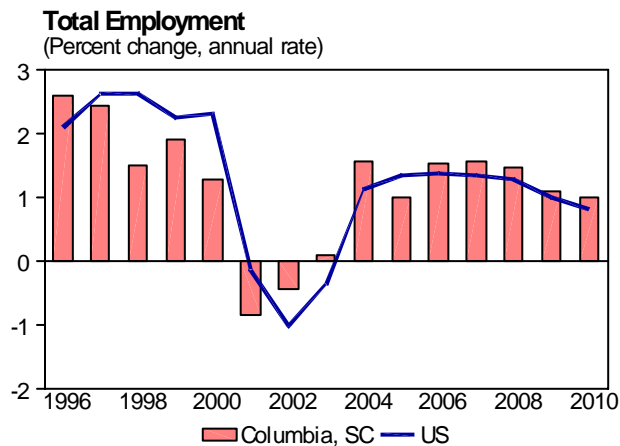
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	343.3	64	346.8	63	352.1	63	370.5	64
Unemployment Rate (%)	5.7	126	5.5	124	5.2	139	5.0	153
Personal Income (Billions)	20.2	73	21.4	72	22.7	72	28.5	71
Per Capita Income (Ths.)	29.7	163	31.2	162	32.7	161	39.4	154

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Columbia MSA, as measured by gross metro product, will increase 6.3% (3.7% in real terms) in 2006, generating \$28.4 billion. Global Insight estimates the GMP annual growth rate will average 5.6% (3.3% in real terms) during 2006–10.



- Employment in 2005:** Columbia is in the midst of strong, solid employment expansion. Total employment growth for 2005 was 1%, just 0.5 percentage point less than 2004. The modest deceleration was due to weakness in the finance, construction, professional and business services, and manufacturing sectors.
- Employment in 2006:** The new year will be another one of solid job growth for Columbia. The manufacturing sector's contraction will fall to less than 1%, reliving a serious drag on the local economy. Job growth will be strong in all three of the major services sectors, as well as in trade and transportation. Columbia's total employment growth is expected to be 1.5%.



- Employment in the Next Five Years:** After 2007, Columbia's economic growth will decelerate somewhat, but it will still average 1.3% annual job growth during 2006–10. Services will be the metro's main engine of payroll gains; indeed, professional and business services' 3.1% annual job growth during 2006–10 will far outstrip any other sector. Trade and transportation will make a modest contribution to job gains, as will the finance and government sectors. Even the metro's small manufacturing sector will manage to limit losses to an average of only 0.4%, a big improvement on recent years.

The STATE of the STATE

South Dakota

Total non-agricultural employment reached 1.7% in 2005. Renewed growth in construction (6.7%), financial activities (2.0%), and continued strength in the trade, transportation, and utilities sector (2.4%) spearheaded growth in the state. After shrinking 0.3% in 2004, as predicted by Global Insight, the government sector posted a 1.0% increase in 2005.

South Dakota's employment growth in 2005 was its peak for the decade, and will moderate through 2010. The rest of the forecast period should see a cooling down of total annual employment gains; from 2006-10, gains will average 0.9%. The private, service-producing sectors will lead the state through this period, especially professional and business services, which will average 4.2% job gains annually. Manufacturing, which was in recession until 2004, expanded in 2004–05 but will fall back into slight contraction in 2006. The sector will average -0.4% growth from 2006–10.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
South Dakota		
Rapid City, SD	\$4.30	14.6
Sioux City, IA-NE-SD*	\$0.64	2.2
Sioux Falls, SD	\$9.76	33.2
<i>Sum of Metro Areas</i>	\$14.70	50.0

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

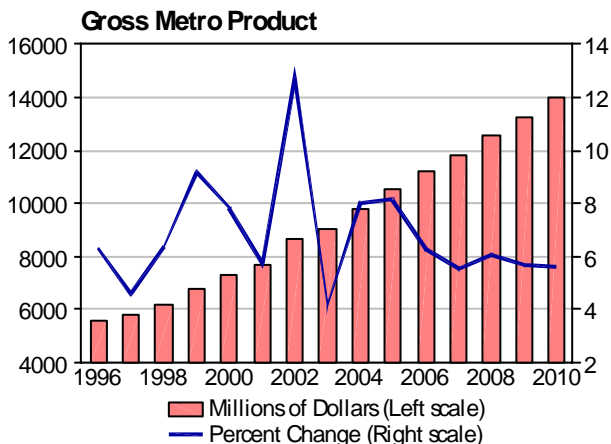
Sioux Falls

Economic Performance Summary

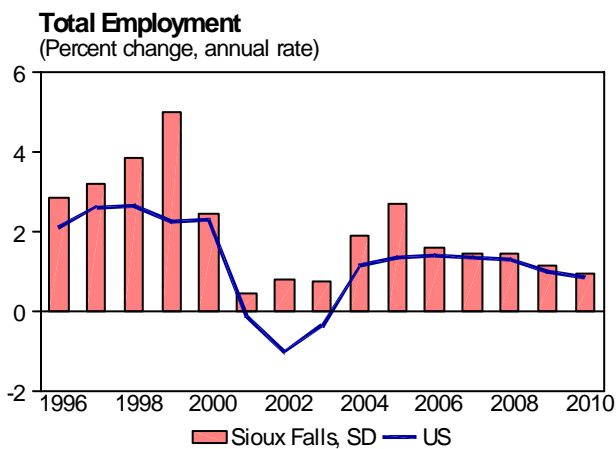
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	122.9	160	126.2	160	128.2	160	134.7	158
Unemployment Rate (%)	3.2	354	3.3	344	3.3	342	3.2	350
Personal Income (Billions)	7.0	171	7.5	171	7.9	171	10.0	169
Per Capita Income (Ths.)	34.5	56	36.2	57	37.8	64	46.2	47

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** Gross metro product growth of 8.3% (5.4% in real terms) in 2005 pushed the metro over the \$10 billion mark. GMP growth will average nearly 5.6% (3.5% in real terms) for the rest of the decade, bringing GMP in 2010 to \$14 billion.



- Employment in 2005:** Unlike most metros, Sioux Falls never experienced an annual payroll decline this decade. Already strong growth of 1.9% in 2004 was topped by 2.7% gains in 2005, as 3,300 new jobs appeared broadly across service and goods-producing sectors.
- Employment in 2006:** Job growth will maintain strong momentum in 2006, gaining 1.6%, led by professional and business services. Manufacturing payrolls will begin to slip, however.



- Employment in the Next Five Years:** Payroll gains will moderate gradually, declining to 1.0% in 2010, when employment reaches 134,000. Unemployment rates will remain among the lowest in the nation, at 3.2%.

The STATE of the STATE

Tennessee

Momentum from Tennessee's 2004 rebound dissipated somewhat in 2005; total employment growth decelerated from 1.4% in 2004 to 0.9% in 2005. A deceleration in the services industries is mostly to blame—after a resurgence to 4.8% growth in 2004, the professional and business services sector added jobs at a 1.2% rate in 2005; education and health services decelerated from 2.2% in 2004 to 2% in 2005, and leisure and hospitality services decelerated from 2.7% in 2004 to 1.3% in 2005. It should be noted that the robust 2004 gains in professional and business services were the result of pent up demand during the recession, and the state is now settling into more sustainable job growth.

The Tennessee economy will remain on a steady growth path, with total nonfarm employment climbing at an annual average rate of 1.1% during the next five years, not too much lower than the 1.8% average growth that was achieved during 1996–2000. This will outstrip national employment growth, however, which is forecasted to gain less than 1.0%. The transportation, communication, and services sectors will be major contributors to growth during the next five years. Due to positive growth that is forecasted for durable manufacturing in 2005–07, the long-term decline in manufacturing employment will be limited to only 0.5% annually.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Tennessee		
Chattanooga, TN-GA*	\$16.51	7.6
Clarksville, TN-KY*	\$3.79	1.7
Cleveland, TN	\$3.39	1.6
Jackson, TN	\$4.59	2.1
Johnson City, TN	\$6.41	2.9
Kingsport-Bristol-Bristol, TN-VA*	\$6.83	3.1
Knoxville, TN	\$25.19	11.6
Memphis, TN-MS-AR*	\$42.47	19.5
Morristown, TN	\$4.26	2.0
Nashville-Davidson--Murfreesboro, TN	\$56.31	25.9
<i>Sum of Metro Areas</i>	\$169.74	78.0

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

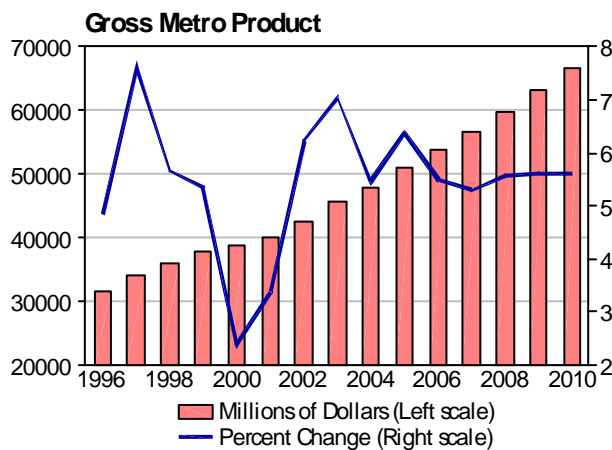
Nashville

Economic Performance Summary

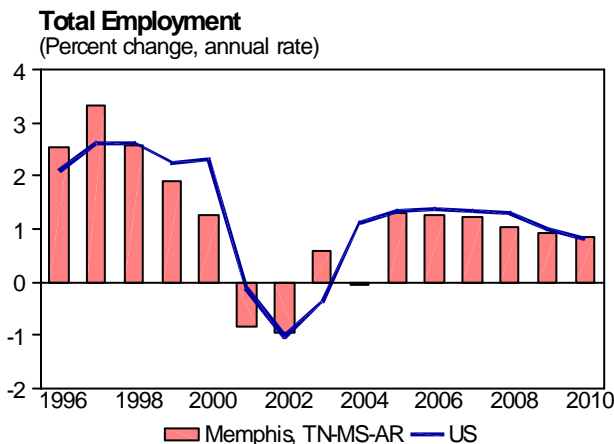
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	712.9	37	724.7	37	735.2	37	776.3	37
Unemployment Rate (%)	4.3	301	4.5	234	4.1	279	4.1	288
Personal Income (Billions)	48.4	39	51.3	39	54.5	39	68.3	40
Per Capita Income (Ths.)	34.6	52	36.2	56	37.9	59	44.9	67

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** Value added in the metro economy as measured by GMP grew very strongly in 2005 at rate of 6.9% (4.5% in real terms). In 2006, GMP will increase 5.7%, (3.5% in real terms) generating \$63.6 billion. During the next five years, GMP will continue to grow at a rapid rate, averaging around 5.9% (3.5% in real terms) annually.



- Employment in 2005:** The Nashville metro added about 11,800 jobs in 2005, growing at an annual, average rate of 1.7%. The manufacturing sector continued its positive growth course, albeit at a slower pace of about 0.6%, adding more than 460 jobs during 2005. The professional and business services sector and retail trade are the shining stars of 2005. The information services sector—which was hurt by the 2001 recession more than any other sector in percentage terms—slowed its declining trend. The combined education and health services sectors added more than 1,200 workers to their payrolls for growth of 1.3%.
- Employment in 2006:** The Nashville metro will add more than 10,000 jobs, growing at an annual, average rate of 1.4% during 2006. The manufacturing sector will resume its declining trend but at a very small rate. Professional business services, retail trade and education of health services will remain strong but at growth rates lower than 2005.



- Employment in the Next Five Years:** Through the end of 2010, Nashville will increase total employment at an annual, average rate of 1.4%. Manufacturing currently employs around 11.7% of Nashville workers. The manufacturing sector employment will lose about 1,800 jobs over the next five years. However, it will be able to maintain its share in total payroll for Nashville. Faster growth will occur in services sectors including professional and business services, education and health services, and leisure and hospitality services. The trade and transportation sector is also expected to continue growing at a robust rate.

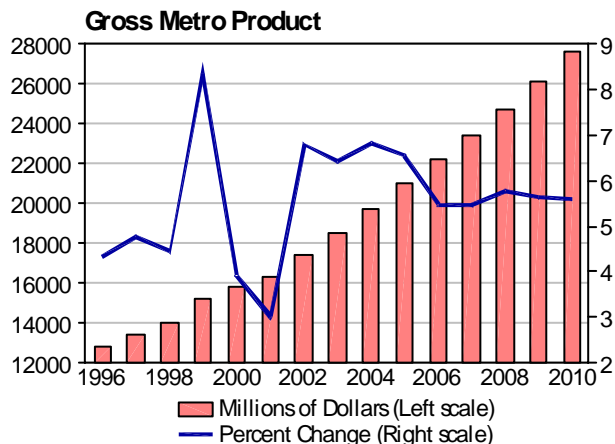
Chattanooga

Economic Performance Summary

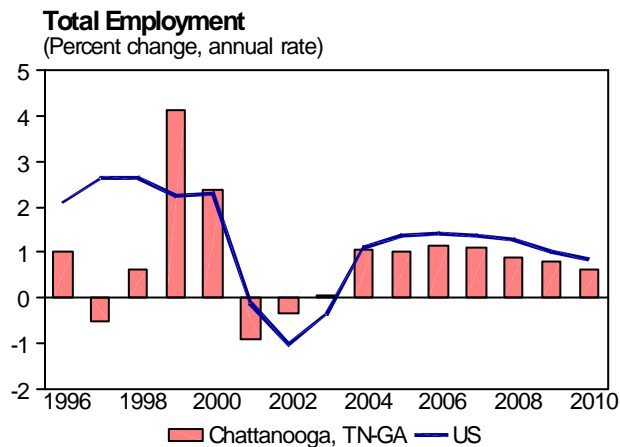
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	238.1	92	240.5	91	243.3	91	251.6	91
Unemployment Rate (%)	4.4	276	4.8	198	4.6	211	4.6	212
Personal Income (Billions)	14.7	100	15.4	101	16.2	101	19.8	102
Per Capita Income (Ths.)	30.0	156	31.2	160	32.6	163	38.9	163

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The Chattanooga gross metro product topped \$21 billion in 2005 at a 6.5% (3.9% in real terms) growth rate. GMP growth will average 5.2% (3% in real terms) through the rest of the decade.



- **Employment in 2005:** Employment levels reached record highs in 2005, regaining their previous year 2000 peak. A height of 1.0% in 2005 followed 1.1% gains in 2004, led by the construction and finance sectors.
- **Employment in 2006:** Steady growth will continue, with 2,800 (1.1%) new jobs. The education and health services and professional and business services sectors will lead the way.



- **Employment in the Next Five Years:** Payroll gains will only start to slide in the final years of the decade, averaging 1.0% through 2009. Employment will exceed 250,000 jobs at that time.

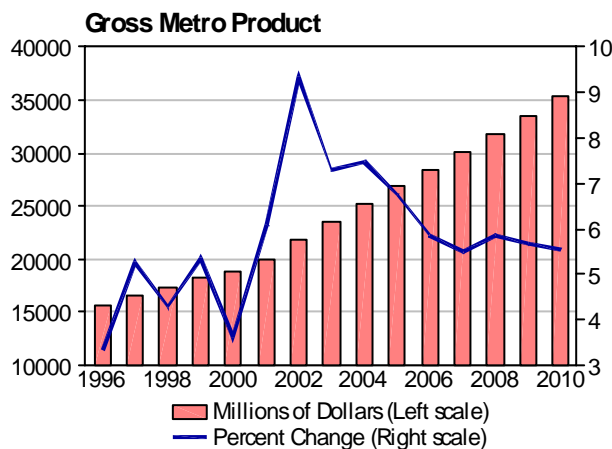
Knoxville

Economic Performance Summary

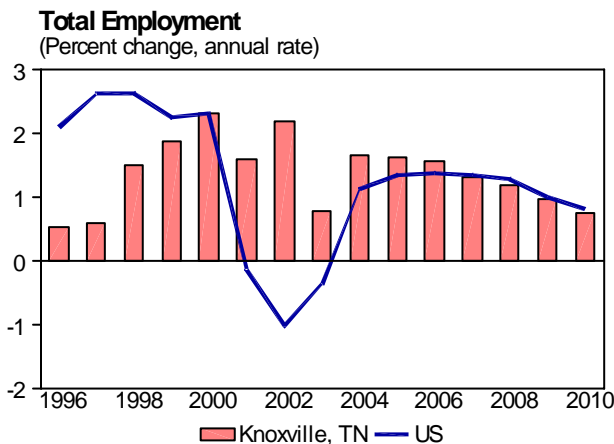
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	322.3	72	327.6	70	332.7	68	346.9	68
Unemployment Rate (%)	4.1	314	4.4	253	4.0	295	4.0	298
Personal Income (Billions)	19.7	77	20.9	76	22.1	76	27.3	75
Per Capita Income (Ths.)	30.3	143	32.0	144	33.6	143	40.2	143

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** In recent years, the Knoxville metro economy has shown rapid growth in value added (as measured by GMP). In 2006, GMP growth will average 5.9% (3.3% in real terms), generating \$28.5 billion. GMP will grow at an average rate of 5.7% (3.2% in real terms) in the next five years.



- Employment in 2005:** After having grown 1.7% in 2004, the Knoxville economy displayed similar growth in 2005, adding about 5,000 jobs, and expanding 1.6%. Although its manufacturing sector was on a declining trend in 2005, the expansion in total employment was due to faster growth in the service-producing sectors, which added more than 3,000 people to their payrolls.
- Employment in 2006:** During 2006, the establishment employment in the metro economy will remain on the trend established in the past two years. Decline in the manufacturing sector will be slower, however. Services will remain the major driver for growth in the economy.



- Employment in the Next Five Years:** The metro economy grew at an annual average rate of more than 3% during the first half of 1990s, and that momentum could not be continued in the second half of the decade. The Knoxville economy did perform relatively better than that of Tennessee, however, during and after recession. It will continue on this trend during the next five years. Employment growth will slow, however, averaging 1.1% annually in the next five years. Manufacturing employment will hover around its current levels. Sectors such as professional and business services and transportation, warehousing, and utilities will see the highest growth in the next five years.

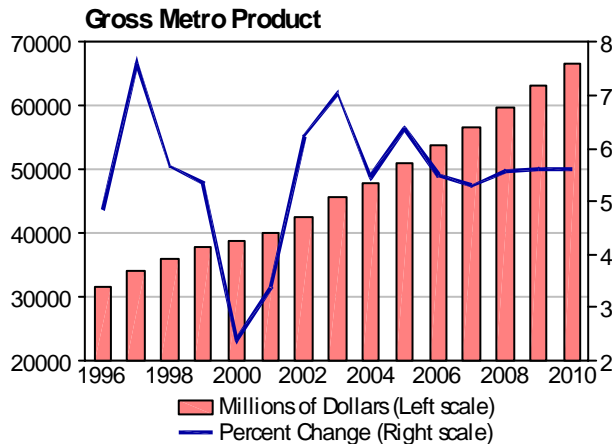
Memphis

Economic Performance Summary

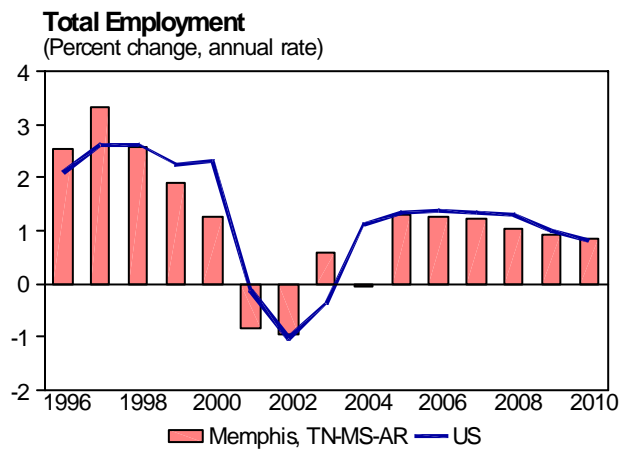
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	616.4	40	624.5	40	632.3	40	658.3	41
Unemployment Rate (%)	5.9	107	6.3	63	5.9	87	5.9	80
Personal Income (Billions)	41.0	43	43.3	43	45.7	43	56.0	44
Per Capita Income (Ths.)	32.7	84	34.4	82	35.9	86	42.7	94

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, value added in metros economy as measured by GMP will continue to grow at a rate of 5.5% (3.1% in real terms) during the next five years.



- Employment in 2005:** The recovery in the US economy is providing a needed boost for Memphis' distribution and business services sectors, and helped the MSA economy return to positive job growth in 2005. The metro saw strong job gains during first half of 2005, and somewhat slower growth that during the second half of last year, for an end result of very solid 1.3% annual employment growth in 2005. The trade, transportation and utility sector grew 2.6% in 2005, recovering strongly from its negative growth in the recent years.
- Employment in 2006:** The metro economy is expected to see a growth in payroll employment at the rate of 1.3% again in 2006. Transportation payroll expansion will remain the driving economic force, in conjunction with other services sectors. Finance and information sector in particular will perform better than 2005.



Employment in the Next Five Years: Memphis will continue its modest expansion throughout the 2006–10 forecast period. Services and distribution will be the main driver of economic growth, but in general, Memphis' moderate recovery will ride on a soft but steady pickup in activity that is fairly evenly distributed across all private-sector, service-producing segments. Memphis' central geographic location, good distribution infrastructure, and relatively low business costs should enable the MSA's already much-reduced manufacturing sector to stabilize, at least.

The STATE of the STATE

Texas

It was a good year for Texas. Total employment growth was 1.4%, slightly higher than the 1.2% rate in 2004. A slight resurgence in the manufacturing sector aided job gains—growth was essentially flat, at 0.1%, but relative to recent losses (-1.2% in 2004 and -5.2% in 2003), this was a great performance. The construction sector also returned to life, with substantially stronger gains of 1.6%. And the natural resources and mining sector continued to be a solid source of growth, increasing payrolls by 2.6%.

In 2006–10, employment gains will average 1.7% annually. Professional and business services employment will continue to post robust growth, and the other service sectors are expected to maintain the vigorous gains displayed so far in the recovery. The professional and business services sector is expected to post 3.7% average annual growth throughout the five-year forecast horizon. Leisure and hospitality employment will grow 2% annually through 2010. Toyota's new truck assembly plant and its parts suppliers, which are expected to build plants nearby, will bring a needed boost to manufacturing job prospects beyond 2005, but the gains in manufacturing jobs may not be enough to offset losses across the state. Employment in that sector is forecast to contract 0.4% annually.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Texas		
Abilene, TX	\$5.68	0.6
Amarillo, TX	\$9.69	1.1
Austin-Round Rock, TX	\$58.74	6.6
Beaumont-Port Arthur, TX	\$14.29	1.6
Brownsville-Harlingen, TX	\$9.50	1.1
College Station-Bryan, TX	\$6.85	0.8
Corpus Christi, TX	\$15.06	1.7
Dallas-Fort Worth-Arlington, TX	\$256.41	29.0
El Paso, TX	\$23.38	2.6
Houston-Sugar Land-Baytown, TX	\$214.72	24.3
Killeen-Temple-Fort Hood, TX	\$12.93	1.5
Laredo, TX	\$6.89	0.8
Longview, TX	\$8.03	0.9
Lubbock, TX	\$10.50	1.2
McAllen-Edinburg-Mission, TX	\$15.24	1.7
Midland, TX	\$5.40	0.6
Odessa, TX	\$4.83	0.5
San Angelo, TX	\$4.15	0.5
San Antonio, TX	\$69.10	7.8
Sherman-Denison, TX	\$3.93	0.4
Texarkana, TX-Texarkana, AR*	\$3.43	0.4
Tyler, TX	\$7.64	0.9
Victoria, TX	\$4.41	0.5
Waco, TX	\$9.08	1.0
Wichita Falls, TX	\$6.07	0.7
<i>Sum of Metro Areas</i>	\$785.96	88.9

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

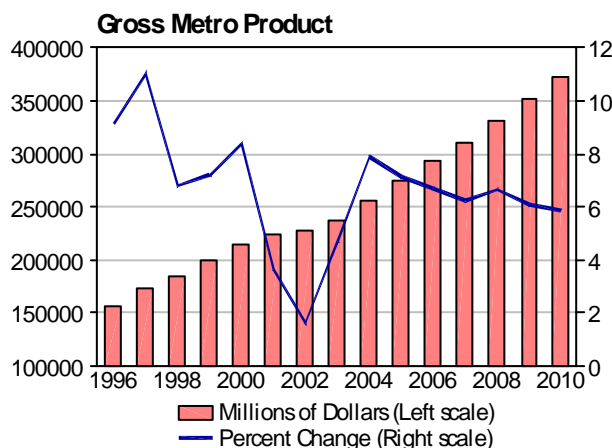
Dallas-Ft Worth-Arlington

Economic Performance Summary

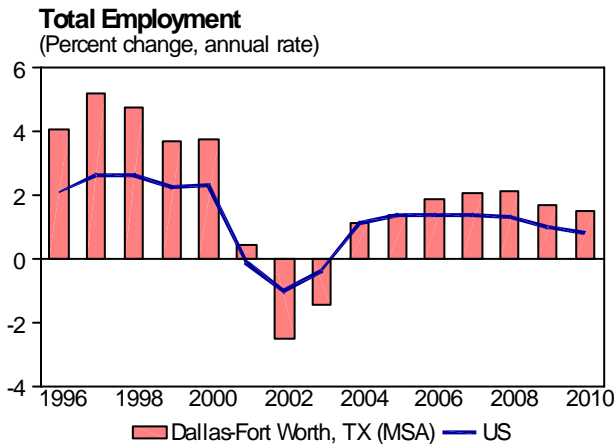
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	2695.9	6	2733.7	6	2785.0	6	2996.2	5
Unemployment Rate (%)	5.9	110	5.4	132	5.5	111	5.7	95
Personal Income (Billions)	202.3	8	217.4	7	231.8	7	293.1	6
Per Capita Income (Ths.)	35.4	42	37.2	41	38.9	42	45.4	55

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The Dallas-Fort Worth gross metro product (GMP), measured as the total valued added of goods and services produced in an MSA, is expected to average 6.3% (4.1% in real terms) during 2006–10, down from 7.1% (4.3% in real terms) in 2005 and 6.7% (4.2% in real terms) in 2006. GMP is expected to top \$373 billion in 2010.



- Employment in 2005:** Employment growth in the metro during 2005 improved slightly upon its 2004 gains, climbing from 1.1% in 2004 to 1.4% for the year in 2005. At 3.1%, professional and business services displayed the strongest growth out of the sectors in 2005. The manufacturing sector eked out slightly positive job growth of 0.3%, its best performance of this decade.
- Employment in 2006:** Dallas will continue to ramp up its economic growth in 2006, with total employment averaging a 1.9% gain. Strong expansion in education and health and in leisure and hospitality services and a recovery in the trade and transportation sector will drive growth and balance out contractions in finance and in manufacturing.



- Employment in the Next Five Years:** Over the next five years, the Dallas-Fort Worth economy will not exceed the employment gains experienced prior to the most recent recession, when job growth reached 4.0%. Excess telecommunications capacity, as well as the fragility of the transportation industries, will pose stiff obstacles to a buoyant rebound. Total job growth is expected to post 1.9% average annual gains from 2006 to 2010. Manufacturing job losses will be muted compared with the 2001–03 period, as many firms are down to bare-bones staffing, but the lure of cheaper labor overseas will prompt further declines throughout the five-year forecast horizon. On the services side, the picture is brighter, but some weakness will linger in IT- and telecom-related services activity. Trade, transportation, and utilities employment is expected to post its strongest growth since 2001, 2%, in 2007, and will average 1.6% gains annually through 2010. The financial and health-care sectors will be reliable sources of stability and growth. Professional and business services employment will post 3.9% growth per year through 2010.

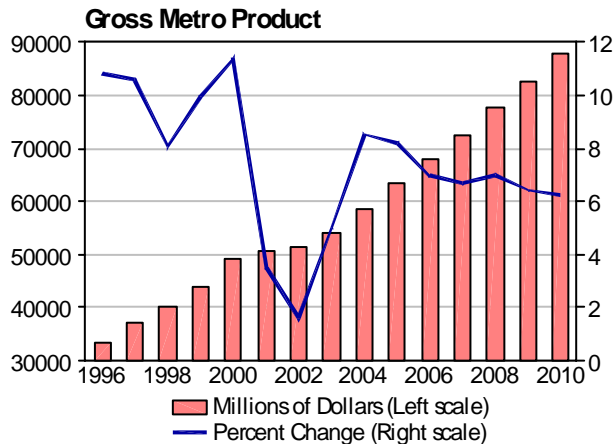
Austin

Economic Performance Summary

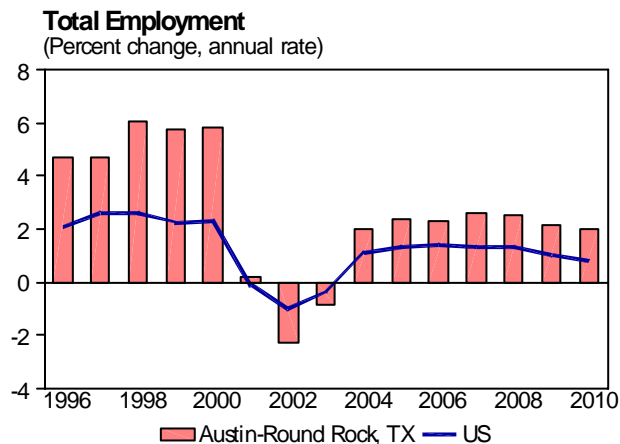
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	666.2	39	681.7	39	697.4	39	764.5	38
Unemployment Rate (%)	5.1	208	4.6	224	4.7	193	4.9	169
Personal Income (Billions)	46.4	41	50.3	41	53.9	40	69.7	39
Per Capita Income (Ths.)	32.7	83	34.6	80	36.1	82	42.4	104

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in the Austin MSA as measured by gross metro product (GMP), will increase at an annual rate of 6.7% (4.4% in real terms) in 2006–10, down from 8.2% (5.3% in real terms) annual growth in 2005 and 7% (4.5% in real terms) in 2006. GMP is expected to top \$87 billion by the end of 2010.



- Employment in 2005:** In 2004, Austin rebounded from the recession, and the strength of its economy has kept it from the fate of most metros after a rebound—immediate deceleration. Instead, employment growth in the metro during 2005 accelerated slightly, climbing from 2.0% in 2004 to 2.3% in 2005. Professional and business and leisure and hospitality services added the most jobs among sectors in 2005, with 3.2% and 4.5% job gains, respectively. The construction sector had a robust year, after weathering a dearth of jobs since 2000. It registered a 4.3% payroll expansion. The manufacturing sector, benefiting from a weaker dollar, made some headway in 2005; the sector posted its first employment gain since 2000—0.8%. But that figure is due to strength early in the year, and by the end of 2005, job growth had fallen off significantly. Even a weak dollar cannot prevent long-term changes such as jobs moving over seas. One example is orthopedic surgical product maker Zimmer Holdings Inc, which announced it would close its facility in Austin by the end of 2005 and transfer the plant's volume to other plants in Warsaw, Indiana; Winterthur, Switzerland; and Ponce, Puerto Rico. About 550 Austin employees were affected; approximately 340 of those were involved in manufacturing.
- Employment in 2006:** Job growth in 2006 will remain robust, again registering 2.3%. Steady, strong growth in professional and business services, government, and trade and transportation will underpin the local economy.



- Employment in the Next Five Years:** During 2006–10, Austin's economy will be remarkably strong and stable. Total employment growth will average 2.3% annually. Manufacturing employment levels will be essentially flat throughout the coming five years; potential losses could be stemmed by gains from new manufacturing facilities located in the MSA to supply Toyota's new assembly plant in San Antonio or the slowly strengthening electronics industry. Austin, which is located fewer than 100 miles from San Antonio, is courting auto parts suppliers looking to relocate in Texas. Also, Texas is courting Samsung with incentives from the Texas Enterprise Fund to locate a chip plant in Austin. Growth in service-providing employment will more than compensate for any manufacturing losses, however. The professional and business service sectors is forecast to average 4.3% annual job growth; leisure and hospitality, 2.6%; and education and health services, 2.5%.

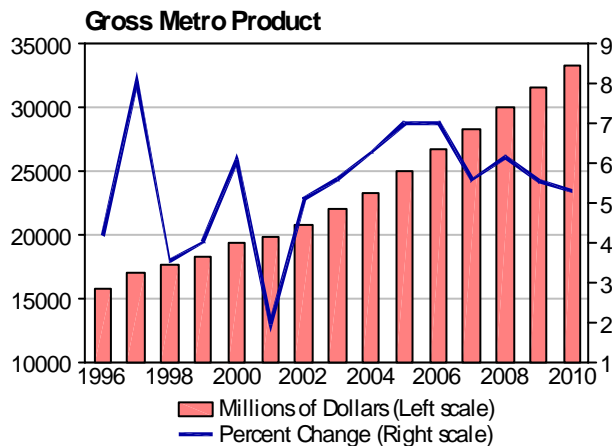
El Paso

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	256.8	84	261.6	84	267.2	84	279.8	84
Unemployment Rate (%)	7.8	25	7.5	25	7.5	28	8.2	12
Personal Income (Billions)	15.7	93	16.9	94	18.0	92	22.4	92
Per Capita Income (Ths.)	22.0	349	23.3	348	24.5	348	28.7	346

Note: Rankings are out of 361 metropolitan areas.

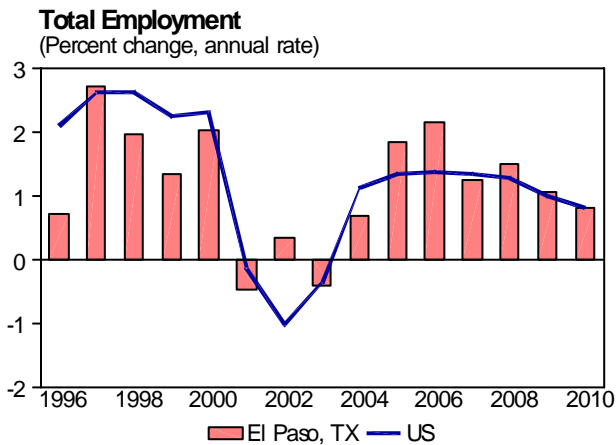
- Gross Metro Product (GMP):** The total value added of goods and services produced in the El Paso MSA as measured by gross metro product (GMP), will increase at an annual rate of 5.9% (3.7% in real terms) in 2006–10, down from 7% annual growth (4.5% in real terms) in 2006. GMP is expected to top \$33 billion by the end of 2010.



- Employment in 2005:** Despite the ongoing decline of its manufacturing base, the El Paso economy managed to ramp up employment growth in 2005, registering a 1.9% expansion in payrolls for 2005. Recovery in trade, transportation, and utilities; construction, natural resources, and mining; and finance helped outweigh manufacturing losses. The metro was

also aided by continued robust growth in both professional and business services and education and health services.

- **Employment in 2006:** This will be El Paso's best year of the decade in terms of employment growth. Total gains will be 2.1%, higher even than in 2000 (2.0% growth). All sectors except manufacturing and finance, both stubbornly stuck in contraction, will contribute. Professional and business services, forecast for robust 7.3% growth, will lead the pack.



- **Employment in the Next Five Years:** Global Insight projects that employment will grow at an average rate of 1.4% in the next five years. Due to increasing costs associated with domestic production, the continued decline of El Paso's manufacturing sector is inevitable. Employment in the sector is forecasted to fall 1.7% annually from 2006 through 2010. Although the production of goods has moved over the border, consumption of those goods will continue to expand in the United States, and El Paso will see gains in trade and transportation employment as it increasingly becomes a warehousing and distribution center for Mexican-assembled products. The transportation, warehousing, and utilities sector is expected to post annual gains in employment approaching 1.1% during the five-year forecast period. Professional and business services will lead metro growth with 3.6% gains during the next five years as the need for service workers, especially bilingual ones, grows. The El Paso Regional Economic Development Corp. has been given the responsibility of enhancing the El Paso economic base by recruiting businesses to the area. Similar private organizations have been successful in attracting development in such cities as San Antonio, home of a planned Toyota truck assembly plant, and Tucson, which has concentrated on high-tech business growth.

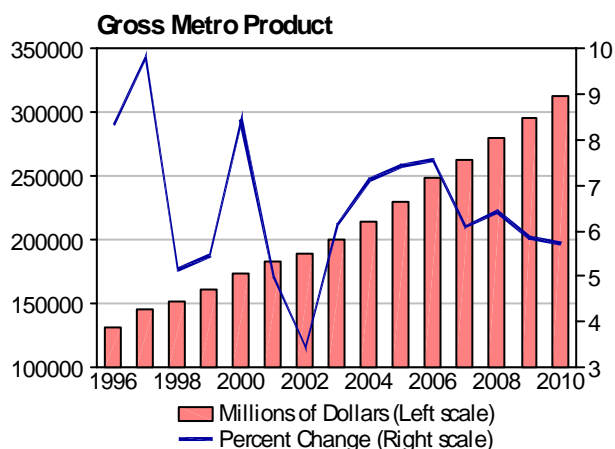
Houston

Economic Performance Summary

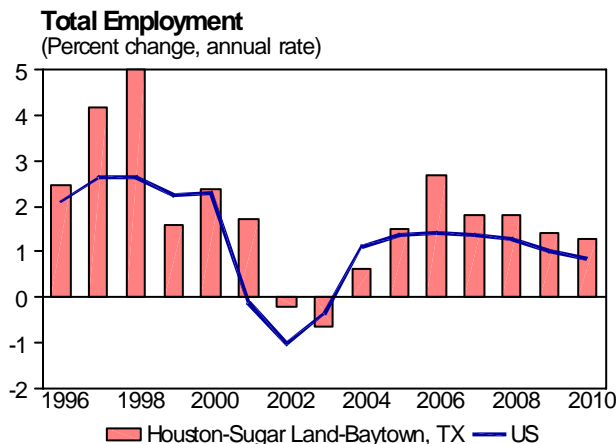
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	2288.0	9	2322.5	9	2384.9	9	2538.0	8
Unemployment Rate (%)	6.3	76	5.7	104	5.9	85	6.0	73
Personal Income (Billions)	188.2	9	202.4	9	217.1	9	273.6	10
Per Capita Income (Ths.)	36.2	38	38.1	39	39.9	39	46.9	42

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The Houston gross metro product (GMP), or the total value added of goods and services produced in an MSA, is expected to increase at an average rate of 6.3% (4.1% in real terms) during 2006–10, down from a 7.4% (4.6% in real terms) rate in 2005 and a 7.6% (5% in real terms) rate in 2006. Real GMP is expected to top \$313 billion by the end of 2010.



- Employment in 2005:** In 2005, employment growth in Houston maintained the positive momentum that started in the second half of 2004. The metro posted 1.5% gains for the year, on the heels of a 0.6% gain in 2004. Strong growth in education and health services (2.1% job growth) and leisure and hospitality services (3.3%) coupled with a resurgence in the construction sector (3.0%) played a large role in the metro's expansion.
- Employment in 2006:** Houston's strongest employment growth this decade will occur in 2006, when the metro will post a 2.7% gain. A sudden resurgence in the professional and business service sector, which was plagued by layoffs (including CitiGroup and Telecheck) in 2005. That sector will expand payrolls by 5.1%, and the leisure and hospitality (4.0%) and education and health (3.6%) services sector will not be too far behind. Government and construction sector growth will also both be quite strong.



- Employment in the Next Five Years:** Employment gains are forecasted to advance 1.8% annually during 2006–10. Employment growth in the service-providing sectors will lead the recovery. Professional and business services employment is expected to maintain the robust growth recorded in 2006 and average 3.8% annual growth in 2006–10. Leisure and hospitality will add jobs at a rate of 2.2% annually through the next five years. Manufacturing employment will be essentially flat through the forecast horizon. After four years of annual declines, transportation, warehousing, and utilities is expected to turn around in 2006 and experience 1.4% annual gains in 2006–10. Sustained oil prices and a robust housing market will keep construction and mining employment expanding at a 1.7% annual rate through the next five years.

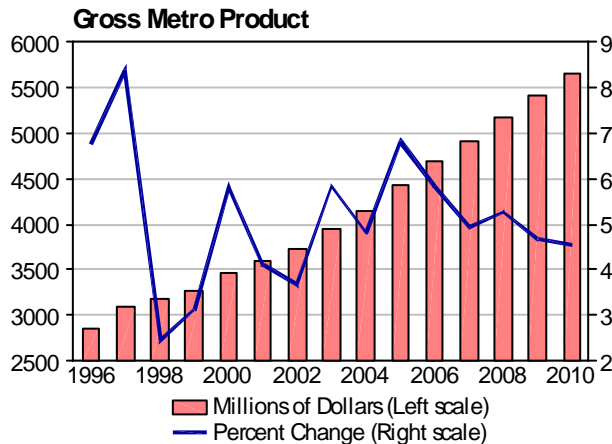
San Antonio

Economic Performance Summary

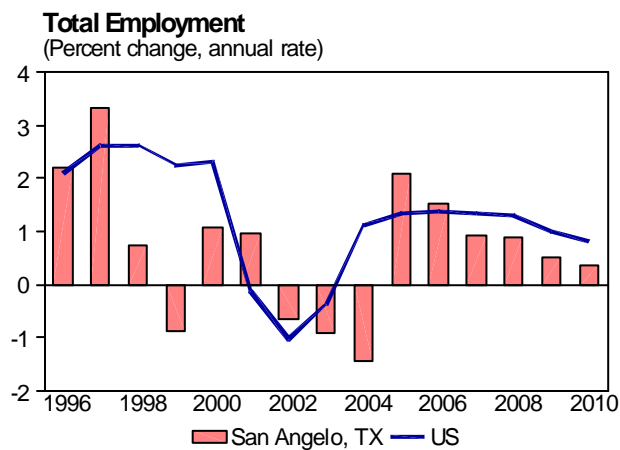
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	760.5	35	772.9	35	787.6	35	846.7	35
Unemployment Rate (%)	5.6	136	5.2	153	5.3	130	5.4	115
Personal Income (Billions)	53.6	36	57.5	36	61.4	36	77.7	34
Per Capita Income (Ths.)	28.8	178	30.3	176	31.8	177	37.5	189

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the San Antonio MSA as measured by gross metro product (GMP) will increase at an annual rate of 6.3% (4.1% in real terms) during 2006–10, down from 6.7% (4.2% in real terms) in 2006. Real GMP is forecasted to exceed \$100 billion by the end of 2010.



- Employment in 2005:** San Antonio is in a period of steady economic expansion. Total employment growth for 2005 was 1.6%, on the heels of 1.2% growth in 2004. Solid job gains in the services sectors and in retail trade are to thank for this performance.
- Employment in 2006:** The upward trend will continue in 2006, with San Antonio forecast to register 2.1% job growth. Again, very strong growth in services will be a big factor—professional and business services will gain 3.0%, education and health, 3.5%, and leisure and hospitality, 2.7%.



- Employment in the Next Five Years:** Global Insight forecasts that San Antonio will continue to grow solidly throughout the five-year forecast horizon. Average annual employment growth in the metro will reach 2% in 2006 and 2007, and average 1.8% annually during 2006–10. Professional and business services will lead metro growth during the forecast period. The sector is forecast to average 3.6% annual growth during 2006–10. It is important to note that much of the growth in this sector, especially at the beginning of the forecast period, is expected to come from administrative and support workers, many of whom are temporary staffers who earn below-average wages. This will persist until confidence in the overall health of the economy is solidified. As Toyota's truck assembly plant and associated local suppliers begin hiring and training personnel in 2005 for a

scheduled production start date of 2006, the manufacturing losses in the metro will be much curtailed through the five-year forecast, but weaknesses in other sub-sectors of manufacturing, namely nondurables, will keep the sector from achieving any job growth during the forecast period.

The STATE of the STATE

Utah

Total employment in Utah grew 3.5% in 2005, a strong increase from growth of 2.7% in 2004. This growth makes it clear that the economy is back on track after having slowed significantly following the 2002 Winter Olympic Games. Job gains were led by construction (10.3% growth), and professional and business services (5.3% growth). The construction sector, which tumbled after the infrastructure for the Olympic Games was completed, is now booming because of residential construction. Other strong gains came from education and health services (3.3%) and leisure and hospitality services (3.4%). The trade, transportation, and utilities sector saw growth of 2.7%, and the government sector increased payrolls by 2% over the year.

Employment growth will remain steadily strong over the next five years. Total employment gains will post an average annual rate of 1.5%, well above the 1% average annual rate seen between 1999 and 2004. Nearly all employment sectors will see their average annual growth rates improve during the forecast period when compared with the previous five years. Three sectors will see a moderating of growth: financial activities, government, and educational and health-care services. The manufacturing sector will see a significant turnaround, with average annual growth rates of 0.2% in 2006-2010, a big improvement from annual declines of 1.8% between 1999 and 2004. The strongest sector is expected to be professional and business services, which will see average annual growth rates of 2.8% on the forecast horizon.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Utah		
Logan, UT-ID*	\$3.18	3.8
Ogden-Clearfield, UT	\$14.35	17.4
Provo-Orem, UT	\$11.54	14.0
Salt Lake City, UT	\$42.51	51.5
St. George, UT	\$3.13	3.8
<i>Sum of Metro Areas</i>	\$74.71	90.4

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

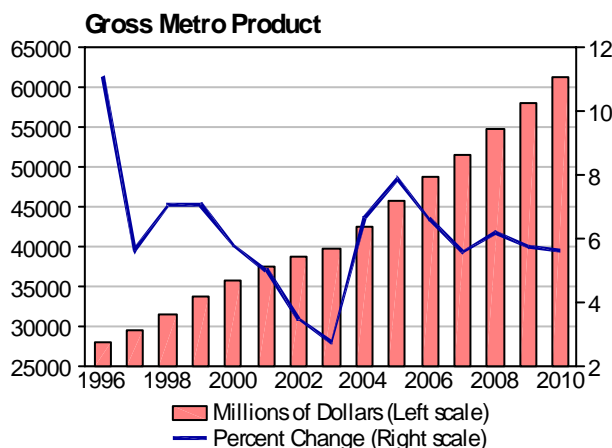
Salt Lake City

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	565.0	46	583.3	45	595.4	45	628.6	45
Unemployment Rate (%)	5.4	168	4.7	204	4.5	217	4.5	234
Personal Income (Billions)	32.0	52	34.4	52	36.6	51	45.9	50
Per Capita Income (Ths.)	31.4	123	33.2	112	34.9	112	41.3	123

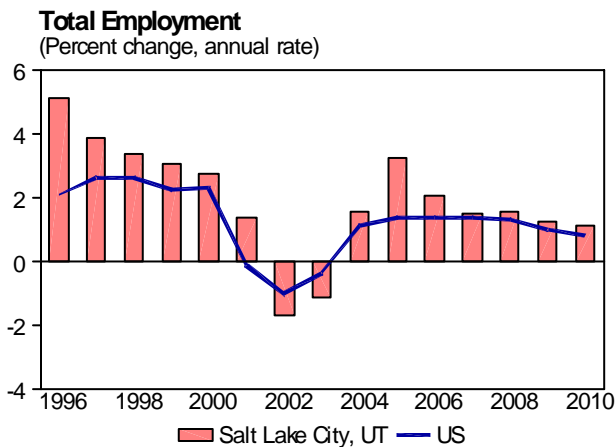
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Salt Lake City MSA, as measured by gross metro product (GMP), will increase at an annual rate of 6.6% (4.8% in real terms) during 2006, generating \$48.9 billion. The GMP annual growth rate will average 6% (3.7% in real terms) through the end of 2010.



- Employment in 2005:** Total employment in Salt Lake City grew 3.2% in 2005, a significant increase from the 2004 increase of 1.6%. This growth was led by the construction and mining sector, which will post a growth rate of 7.9%. Professional and business services posted the next highest gain in the metro area, increasing by 4.1% in 2005. The trade, transportation, and utilities sector saw strong growth in 2005, increasing at a rate of 3.0%. In fact, nearly all sectors of the economy increased in 2005 by a rate greater than in 2004. The only sector that saw the same growth rate is manufacturing, posted a 2.5% increase. The lowest growth rate was in leisure and hospitality, at 1.9% for the year.
- Employment in 2006:** Total employment growth in Salt Lake City is expected to moderate in 2006, to 2.1%. All sectors will see some deceleration, although these rates are by no means weak. Construction employment will lead the way, increasing by 5.6%. Educational and health services and professional and business services will each post growth above 3.0% (3.5% and 3.1%, respectively) in 2006. Most other sectors will see growth of above 1.3%,

with the exception of the financial services sector, which will lag at just 0.4% growth for the year.



- Employment in the Next Five Years:** Employment growth will continue to see improvement over the next five years. Total employment gains will average 1.5% per year over the forecast horizon, up from the 0.6% average annual increases between 1999 and 2004. Nearly all sectors of the metro economy will see an improvement in the five-year average annual increases; educational and health services will see moderation—to 2.0% average annual growth—from 5.0% between 1999 and 2004. The government sector will also see a slowing (to a 1.1% annual average), while the government gets back on more solid financial footing in the coming years.

The STATE of the STATE

Vermont

After steadily recovering during 2004, Vermont's economy has moved into a broad-based expansion. Benefiting from an improvement in economic activity across the region, employment increased 1.5% in 2005. A weak dollar and rising personal income bolstered the tourism industry and, in turn, growth in the leisure and hospitality sector. Gains in that sector registered a solid 0.9%, despite high gas prices and the tendency for visitors to drive to Vermont. The economic recovery will help to bolster corporate confidence and spending, leading to another year of strong job gains in the professional and business services sector, at 3.1%. The education and health services sector also fared well, increasing payrolls 2.2%. After a shift from job losses to job creation in 2004, the manufacturing sector saw its first positive annual job growth since 2000. The sector logged a gain of 1.2%. Gradually rising interest rates only slightly dampened housing starts and growth in the construction sector, which still boomed, with a 5.9% gain.

Beyond 2005, Vermont is expected to experience a steady, yet moderate, economic expansion. Growth in the following five years will be driven by solid gains in the professional and business services, averaging 3.1%, and moderate gains in the education and health services sectors, averaging 1.3%. The manufacturing sector is expected to be in decline again, beginning in 2006, but not at a rapid pace. All told, total employment growth is expected to average 0.9% annually through 2010.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Vermont		
Burlington-South Burlington, VT	\$8.38	38.2
<i>Sum of Metro Areas</i>	\$8.38	38.2

THE STATE OF THE METROS

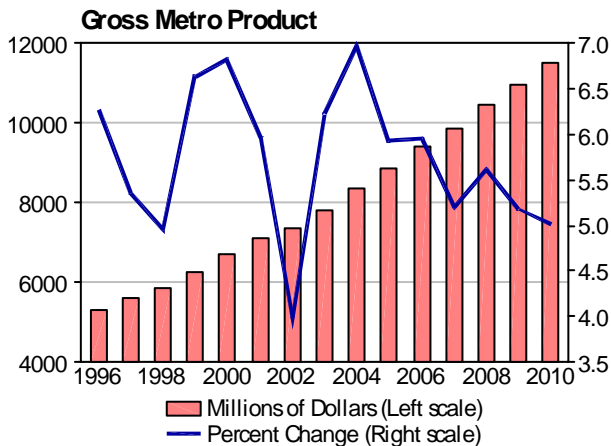
Burlington

Economic Performance Summary

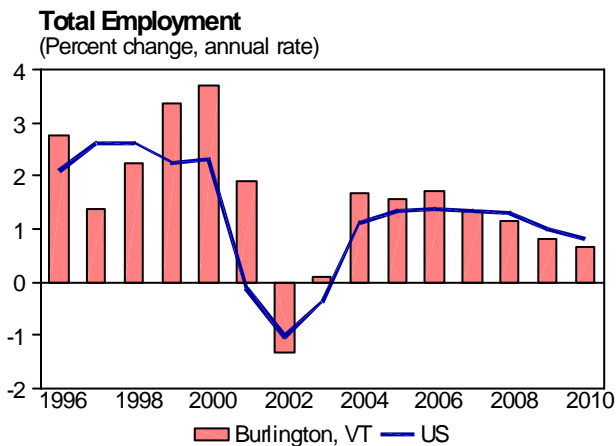
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	115.5	171	117.3	169	119.3	168	124.1	169
Unemployment Rate (%)	3.5	345	3.3	343	3.5	336	3.5	337
Personal Income (Billions)	7.0	173	7.4	173	7.9	173	9.6	173
Per Capita Income (Ths.)	34.2	61	36.1	60	37.9	58	45.2	61

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Burlington MSA will increase by 6% (3.3% in real terms) in 2006, generating \$9.4 billion. Global Insight estimates that GMP in Burlington will grow at a 5.4% (3.1% in real terms) compounded annual rate in 2006–10.



- Employment in 2005:** On the surface, Burlington's economy seems to have settled into steady growth. On the heels of its 1.7% expansion in employment in 2004, the metro posted a 1.6% gain for 2005. But those numbers mask a bit of turmoil within the major economic sectors. There was a lot of up and down in 2005: after 4.2% job growth in 2004, the leisure and hospitality sector dropped to only 0.9% growth in 2005; the construction sector, which grew 9.5% in 2004, registered a 3.5% gain in 2005; and the government sector sank from 2.4% job growth in 2004 to 0.6% in 2005. On the upside, after two years of zero growth, the finance sector rebounded mightily with a 2.6% gain; and the manufacturing sector, which has not seen employment growth since 2001, registered a payroll expansion of 1%. There have been some strong and steady gains, and fortunately they have come from two of Burlington's largest sectors—professional and business services and education and health services.
- Employment in 2006:** In 2006, the seesawing sectors of the Burlington economy will find better balance. Professional and business services will lead growth, with a 5% gain in employment, and at the other end of the spectrum, the manufacturing sector will sink back into contraction. Total employment growth will be 1.7%.



- Employment in the Next Five Years:** Burlington's post-recession economic growth will peak in 2006 and slowly decelerate thereafter, in line with the national economy. Total employment growth will average 1.1% annually during 2006-10, with the professional and business services sector not surprisingly providing the bulk of payroll gains (3.3% annually). The other services sectors will also be major contributors to economic growth, as will the construction sector. We expect the manufacturing sector to remain essentially flat over the forecast period, as growth in newer industries balances out losses in more traditional manufacturing.

The STATE of the STATE

Virginia

On the heels of its 2.5% rebound in employment growth in 2004, payroll growth in Virginia moderated to a more sustainable 1.6% in 2005. As in 2004, the services sector was the broad driver of the state economy. The trade, transportation, and utilities sector finally resurfaced in 2004, and although ongoing problems in the airline industry dampened gains somewhat in 2005, the sector expanded a solid 1.8%. The construction sector led all sectoral gains again in 2005, with 4.8% growth. Strong personal income gains, modest interest rates, a robust housing market, and resurgent corporate construction continue to dramatically boost the sector. Despite the overall economic acceleration in Virginia, disparity persists within the state. Northern Virginia remains the economic driver of the state, with a job growth rate more than twice that of the national average. County jobless rates remain high along the Virginia-North Carolina state line. Heavy concentrations in textiles and furniture manufacturing resulted in substantial layoffs during the past decade, and the elimination of trade barriers in 2005 likely will pose continuing challenges for these industries.

Virginia's annual job growth will be solid throughout the forecast period, if not stunning. Payroll growth will decelerate slightly after 2005, but should average 1.4% through 2010. The Virginia manufacturing sector will be partly responsible for this modest performance, losing jobs ceaselessly through 2010, although at a rate of less than 1% annually. The government sector cannot be counted on for much in the way of job creation throughout the forecast period, but a sophisticated range of service-provision enterprises will be a lead element in anticipated growth. Professional and business services will average 3.2% annual job growth from 2006–10. Education and health services, finance, construction, and trade, transportation and utilities will all average 1–1.8% annually. Some rebound in the state's high-tech cluster and a continuing, large share of federal contracting—both civilian and defense-industry—should also help underpin its performance. Large disparities between affluent and poorer geographic sections of the state will persist, and could quite possibly worsen.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Virginia		
Blacksburg-Christiansburg-Radford, VA	\$6.26	1.9
Charlottesville, VA	\$7.28	2.2
Danville, VA	\$4.17	1.3
Harrisonburg, VA	\$5.61	1.7
Kingsport-Bristol-Bristol, TN-VA*	\$3.57	1.1
Lynchburg, VA	\$9.49	2.9
Richmond, VA	\$53.01	16.1
Roanoke, VA	\$14.02	4.3
Virginia Beach-Norfolk-Newport News, VA-NC*	\$73.55	22.3
Washington-Arlington-Alexandria, DC-VA-MD-WV (MSA)*	\$110.83	33.7
Winchester, VA-WV*	\$4.46	1.4
<i>Sum of Metro Areas</i>	\$292.26	88.7

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

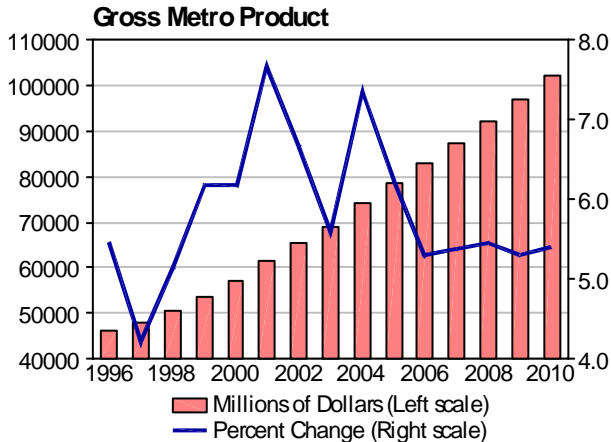
Virginia Beach-Norfolk-Newport News

Economic Performance Summary

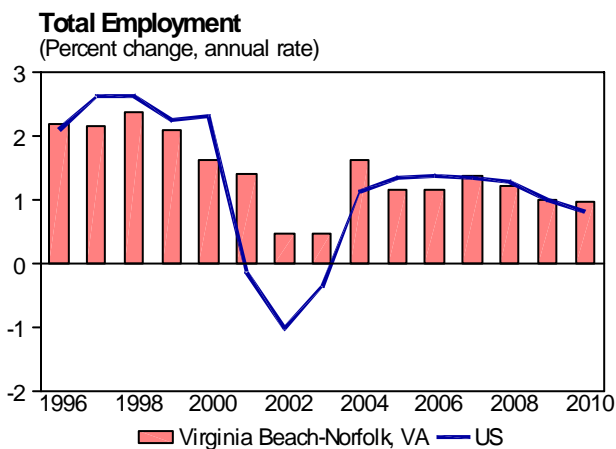
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	749.7	36	758.5	36	767.3	36	803.0	36
Unemployment Rate (%)	4.1	311	4.1	281	4.2	264	4.3	265
Personal Income (Billions)	51.5	37	54.7	38	57.7	38	71.9	38
Per Capita Income (Ths.)	31.3	125	32.9	122	34.3	124	40.9	130

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown in the figure below, the total value added of goods and services produced in the VA Beach-Norfolk MSA, as measured by gross metro product (GMP), will increase at an average annual rate of 5.3% (2.9% in real terms) during 2006, generating \$82.8 billion. GMP will grow at a 5.4% (2.9% in real terms) compounded annual rate over the forecast period.



- Employment in 2005:** The VA Beach-Norfolk economy continued to grow in 2005, although more slowly than it had during 2004. Total employment rose 1.2% in 2005, following a 1.6% increase in 2004. The highest employment growth rates in 2005 were in construction and the education and health services sector. Construction employment is increased nearly 7.0%, with the strongest growth occurring during the first two quarters of the year. Education and health services recorded an employment increase of around 1.9%. Somewhat surprisingly, manufacturing employment grew 1.9% due to continued, high defense spending, while employment in information services fell 6.0%. Finally, employment in the government sector slowed in 2005, rising only 0.4%, following a rise of almost 1.4% in 2004.
- Employment in 2006:** VA Beach-Norfolk is expected to generate another 1.2% rise in total employment in 2006. Construction (2.9%), education and health services (1.8%), and leisure and hospitality services (2.7%) will shine for the Norfolk MSA. Manufacturing is expected to follow its 1.9% surge in 2005 with a 0.4% decline in 2006. Trade, transportation, and utilities will continue to do well, producing a 1.1% year-on-year increase in 2006.



- Employment in the Next Five Years:** After exceeding 1.2% in 2007, employment growth will moderate slightly thereafter as shown in the graph below. We forecast total employment

will grow at an annual rate of 1.2% in 2005–10, with growth rates remaining steady after 2008. Employment growth in the private, services-providing sectors will average 1.4% during 2005–10; in the goods-producing sectors, it will average 1.0% annually, as manufacturing employment remains steady, while the growth rate in construction employment falls gradually. Employment growth in the large Norfolk government sector will be moderate, at about 0.4% during this period; however, since the government employment figure excludes federal military employees, the actual employment growth rate in the Norfolk government sector may be different.

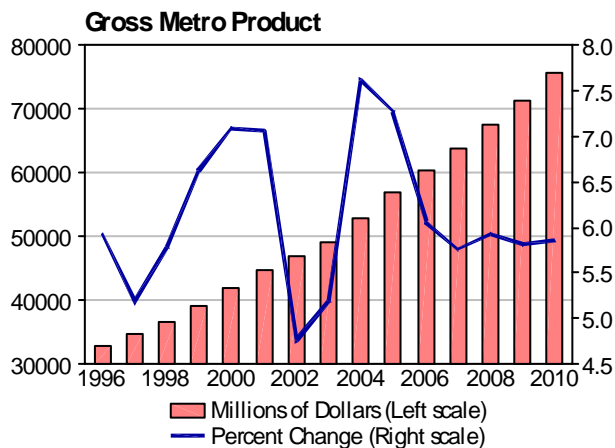
Richmond

Economic Performance Summary

	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	602.2	43	615.5	42	624.0	42	654.5	42
Unemployment Rate (%)	3.9	329	3.7	318	3.9	310	3.9	310
Personal Income (Billions)	40.4	44	43.4	42	45.9	42	57.3	43
Per Capita Income (Ths.)	35.0	46	37.1	43	38.8	45	46.2	46

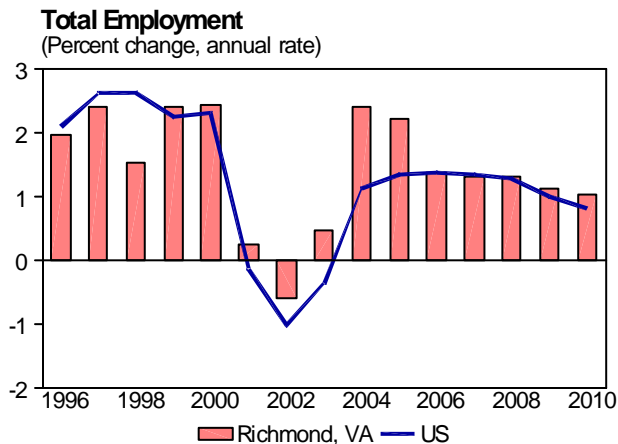
Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Richmond MSA, as measured by gross metro product, will increase 6.1% (4% in real terms) in 2006, generating \$60.3 billion. Global Insight estimates the GMP annual growth rate will average 5.9% (3.1% in real terms) during 2006–10.



- Employment in 2005:** Richmond's economic rebound peaked in 2004, and that momentum is very slowly dissipating. The metro posted a 2.2% increase in total employment for 2005, just 0.2 percentage points below 2004. Weakness in professional and business services, finance, and trade and transportation limited total employment gains, but education and health services, leisure and hospitality services, government, and construction all posted strong 3.1% or better growth.

- **Employment in 2006:** In 2006, Richmond's employment growth will decelerate again, to 1.4%—a level it will remain near for several years. Although job gains in professional and business services will recover, the remaining services sectors will decelerate, as will government and construction, and finance will actually lose some jobs.



- **Employment in the Next Five Years:** After sectoral fluctuations in 2005–06, Richmond's economy will settle into solid, if modest, employment growth through the end of the decade. Professional and business services will lead the economic pack throughout the forecast period, averaging 2.9% annual job gains. The education and health, and leisure and hospitality services sectors will also be steady sources of employment growth through 2010, averaging 1.8% and 1.9% respective annual gains. New jobs in trade and transportation will be modest (1.1% annual growth) during the forecast period; retail trade will be the largest contributor in that sector. Opportunities in the government sector will also be limited; that sector will expand only 0.3% annually during 2006–10. There is no longer a torrent of job losses coming from Richmond's manufacturing industries, but do not look to the sector for any meaningful gains in the near term; it will remain in contraction through 2010.

The STATE of the STATE

Washington

Washington posted what will be its second strongest year of growth this decade in 2005, with a job gain of 2.3%, just a hair below 2000's growth of 2.4%. The state's rebound momentum will begin to wear off in 2006, but growth in many sectors will remain strong. Professional and business services is forecast to post another year of better than 4% job growth, while education and health at 2.5% and leisure and hospitality at 1.8% will keep the services sector humming along. The trade, transportation and utilities sector, which was boosted in 2005 by recovery in transportation and warehousing and in retail trade, will decelerate, while the finance sector, which is having a rocky decade, will sink into contraction. And growth in the robust construction sector will begin to wane, though it still has another year of hardy expansion (3.5%) up its sleeve.

As is the case nationally, Washington's economy will be led by its professional and business services sector this decade. That sector will average 3% annual job gains increasing the total share of jobs in this sector from 10.5% in 1998 to 12.5% by 2010. Nationwide, this phenomenon is occurring at the expense of manufacturing; and the case is the same in Washington, as Boeing and others shed or move jobs elsewhere. No longer is manufacturing the number-one source of jobs for Washington; it will contract 0.5% annually, and its payrolls decline from 14% of total jobs in 1998 to 9% by 2010. Total employment will average 1.2% in Washington from 2006-10.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Washington		
Bellingham, WA	\$7.02	2.7
Bremerton-Silverdale, WA	\$8.82	3.4
Kennewick-Richland-Pasco, WA	\$7.96	3.0
Lewiston, ID-WA*	\$0.56	0.2
Longview, WA	\$3.41	1.3
Mount Vernon-Anacortes, WA	\$3.90	1.5
Olympia, WA	\$7.86	3.0
Portland-Vancouver-Beaverton, OR-WA*	\$12.10	4.6
Seattle-Tacoma-Bellevue, WA	\$155.01	59.3
Spokane, WA	\$18.26	7.0
Wenatchee, WA	\$3.57	1.4
Yakima, WA	\$7.19	2.7
<i>Sum of Metro Areas</i>	\$235.67	90.1

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

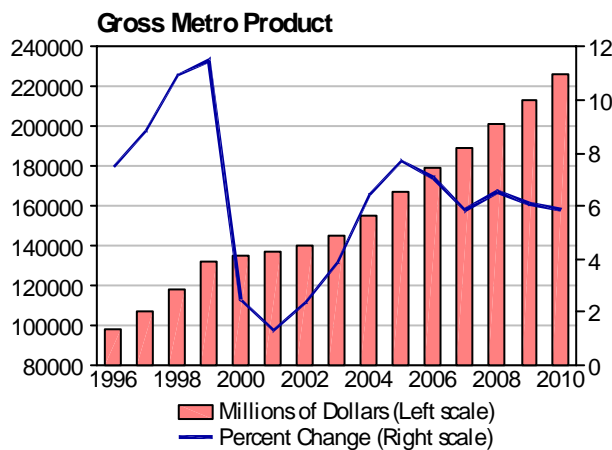
Seattle-Tacoma-Bellevue

Economic Performance Summary

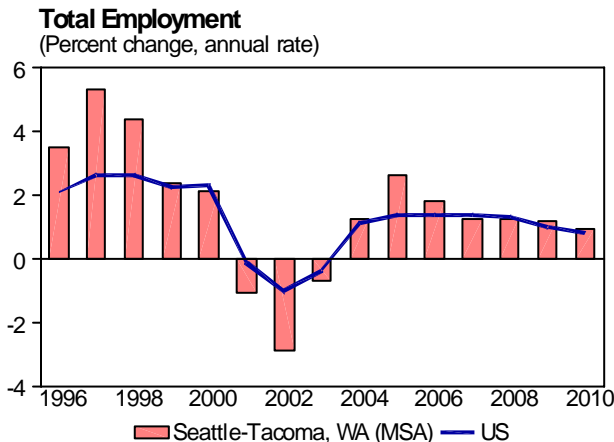
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	1589.9	15	1631.9	15	1661.1	15	1738.6	15
Unemployment Rate (%)	5.7	135	5.1	171	4.8	183	4.8	188
Personal Income (Billions)	130.2	13	136.4	13	145.4	13	182.6	13
Per Capita Income (Ths.)	41.1	11	42.7	16	45.1	13	54.7	13

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** The total value added of goods and services produced in the Seattle-Tacoma MSA, as measured by gross metro product (GMP), will increase at an annual rate of 7.1% (4.6% in real terms) during 2006, generating \$178.8 billion. The GMP annual growth rate will average 6.3% (4.1% in real terms) through the end of 2010.



- Employment in 2005:** The contraction of jobs in the Seattle manufacturing sector, which has been underway since 1998, finally took a hiatus in 2005. Led by hiring at Boeing, manufacturing registered a 2.6% job gain for 2005. Meanwhile, the service sectors—particularly business and professional and education and health services—continued to lead employment growth throughout 2005. They posted 5.6% and 3.6% job growth, respectively, for the year. This growth, along with the continued boom in construction, has allowed the metro area to add jobs at its best rate since 1998.
- Employment in 2006:** As hiring levels off, the manufacturing sector will remain flat in 2006, and growth will decelerate in construction, in trade and transportation, and in the two leading services sectors, although it will accelerate in leisure and hospitality and government. Total employment will expand 1.8% in 2006, as the metro settles into more modest post-rebound growth.



- Employment in the Next Five Years:** Annual job gains will trail off through the next five years, a trend seen in most major metro areas. Manufacturing employment will average no growth over the five-year forecast period, and total projected manufacturing employment of 165,000 workers in 2010 will account for only a fraction of its 1998 peak (222,000). Manufacturing has massively contracted from providing more than 14% of all jobs in the metro area; by the end of the decade, this will slip to less than 10%. The destiny of Seattle lies in its professional and business services market: accounting for about 13% of employment now, this service industry will grow to account for 15% before the end of the decade. Other, fast-growing industries will include information and transportation workers as the port and airport of Seattle remain important components of the region. Total employment will average growth of 1.3% annually.

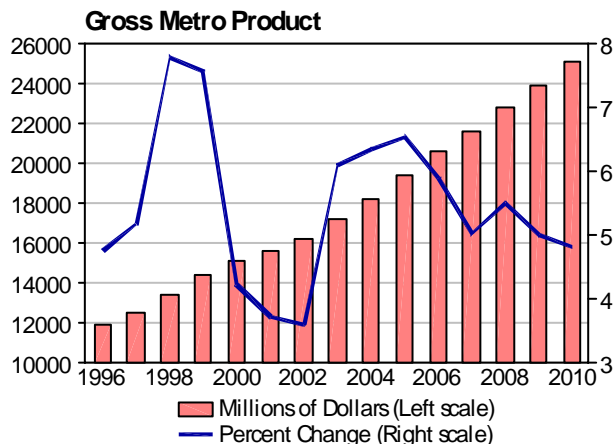
Spokane

Economic Performance Summary

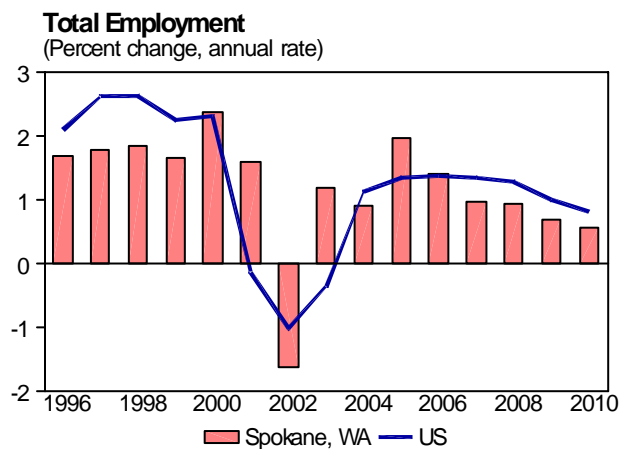
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	199.7	106	203.6	106	206.5	106	213.1	109
Unemployment Rate (%)	6.5	68	5.8	97	5.9	86	5.8	93
Personal Income (Billions)	12.4	117	12.8	120	13.6	117	16.5	118
Per Capita Income (Ths.)	28.5	185	29.1	215	30.6	210	36.3	215

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** Gross metro product growth for this decade peaked at 6.7% (4.1% in real terms) in 2005. GMP will exceed \$20 billion in 2006, and reach \$25 billion by 2010.



- **Employment in 2005:** Spokane snapped sharply back from years of slow growth with 2.0% job gains in 2005. Payroll levels topped 200,000 once again, a level briefly achieved in 2001. Gains in construction and in professional and business services led the way.
- **Employment in 2006:** Job growth will maintain its strength in 2006, adding 2,900 jobs for a 1.4% rate of growth. Gains will be led by education, health, and professional and business services.



- **Employment in the Next Five Years:** Payroll gains will moderate gradually, remaining above 1.0% until 2008. Employment will reach 213,000 by 2010.

The STATE of the STATE

West Virginia

The upswing in West Virginia's job growth that began in 2004 lost a bit of momentum in 2005. Employment growth climbed 1% in 2005, after 1.2% growth in 2004. Gains came largely on the strength of job creation in the mining, construction, and leisure and hospitality services sectors. The natural resources and mining sector posted 5.7% job growth in 2005. That strong growth was bested by the booming construction sector, however, which increased payrolls 7.4%. The manufacturing sector managed to limit its damage to only a 0.7% decline, aided by high steel prices.

The West Virginian economic outlook is fairly positive in the short-term; however, economic disparities within the state continue. Although the eastern panhandle of the state is benefiting from its proximity to the thriving Washington, D.C. metropolitan area, the remaining counties in the state face the risk of ongoing erosion in manufacturing industries because of global competition. Job growth in lower-wage healthcare services has occurred in these areas, but long-term economic gains are contingent upon the creation of higher-wage jobs. Coal mining is still a key player in West Virginia, although prospects for the industry are guarded, largely due to environmental regulations that might be adopted, curtailing coal use or adding to the operating and remediative expense of coal extraction. Growth in this sector is also constrained by both a lack of trained mine workers and a worldwide shortage of large tires for the earth-moving equipment required for mining. When the current upswing in coal prices expires, employment growth in natural resources and mining will retreat into negative territory. The manufacturing sector is also confronting a growing regulatory burden and concerns about toxic liabilities. With demand growing in developing countries for steel and other primary metals, however, the economic forecast for the manufacturing sector is cautiously optimistic. Although the sector will not see job growth during the forecast period, it will stay out of major decline, registering only 0.6% annual declines through 2010—and given the state of manufacturing in recent years in West Virginia, and in the national economic picture, this is a blessing.

The state's expansion will therefore come from its service sectors, led by professional and business services, which will average 3.8% employment growth 2006–10. Education and health services, meanwhile, will average 1.3% annual growth, and leisure and hospitality services should average 1.1% growth. Overall, employment growth will average 1% annually through 2010.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
West Virginia		
Charleston, WV	\$10.00	20.2
Cumberland, MD-WV*	\$0.56	1.1
Hagerstown-Martinsburg, MD-WV*	\$2.37	4.8
Huntington-Ashland, WV-KY-OH*	\$4.28	8.7
Morgantown, WV	\$3.42	6.9
Parkersburg-Marietta-Vienna, WV-OH*	\$3.19	6.4
Washington-Arlington-Alexandria, DC-VA-MD-WV (MSA)*	\$0.93	1.9
Weirton-Steubenville, WV-OH*	\$1.54	3.1
Wheeling, WV-OH*	\$2.56	5.2
Winchester, VA-WV*	\$0.31	0.6
<i>Sum of Metro Areas</i>	\$29.16	59.0

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

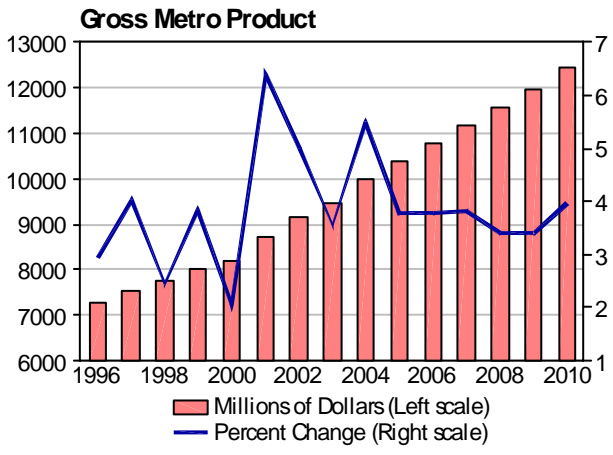
Charleston

Economic Performance Summary

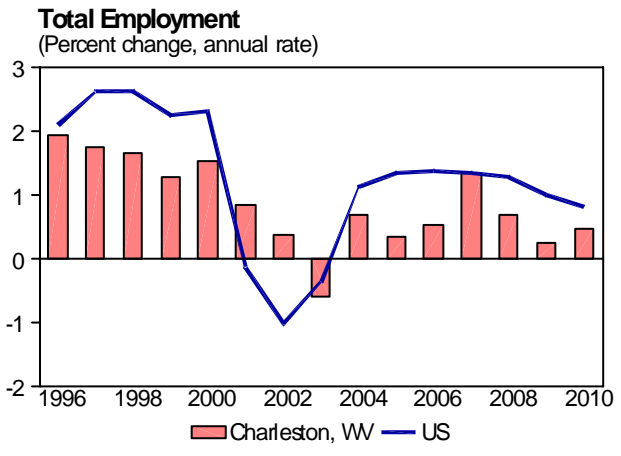
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	148.4	141	148.9	141	149.7	141	153.8	142
Unemployment Rate (%)	5.0	215	5.2	163	5.3	137	5.1	146
Personal Income (Billions)	9.4	147	9.9	149	10.4	150	12.8	150
Per Capita Income (Ths.)	30.4	142	32.1	140	33.7	137	41.4	119

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** Gross metro product growth will average 4.5% (2.3% in real terms) annually. GMP in the metro passed the \$10 billion mark in 2004 and will exceed \$12 billion in 2010.



- **Employment in 2005:** Moderate growth continued in Charleston in 2005 as payrolls advanced 0.4%, adding 1,500 jobs. With little to no population growth the unemployment rate is near the U.S. average, at 5.2%.
- **Employment in 2006:** Job growth will maintain form in 2006, gaining 0.5% due to service sector gains.



- **Employment in the Next Five Years:** Payroll gains will continue in line with labor force growth at 0.5% annually. Employment will reach 154,000 by 2010.

The STATE of the STATE

Wisconsin

Wisconsin has settled into a period of moderate but steady employment growth. On the heels of a rebound to 1% in 2004, employment grew 0.8% in 2005, led by advances in construction and the services sector. Education and health services led the latter pack with a 1.9% gain, followed by leisure and hospitality services at 1.8%, and professional and business services at 1.4%. The manufacturing sector managed to eke out some positive job growth in 2005 for the first (and only) time this decade. Construction was the biggest gainer, with 4.1% growth.

Total employment is projected to grow 0.9% in 2006 and 1% in 2007. In the next five years, total employment will grow at an average annual rate of 0.8% through 2010. Slow population growth will constrain faster job gains. Despite its year of employment growth, the state manufacturing sector will weaken again in 2006 and will post an average annual decline rate of 0.2% during the next five years. Employment growth will owe the most to local services, with professional and business services forecast to grow 1.9% annually, and education and health and leisure and hospitality forecast to expand 1.3% annually.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Wisconsin		
Appleton, WI	\$8.70	4.1
Chicago-Naperville-Joliet, IL-IN-WI (MSA)*	\$4.12	1.9
Duluth, MN-WI*	\$1.22	0.6
Eau Claire, WI	\$5.59	2.6
Fond du Lac, WI	\$3.63	1.7
Green Bay, WI	\$12.71	6.0
Janesville, WI	\$5.23	2.5
La Crosse, WI-MN*	\$4.63	2.2
Madison, WI	\$23.79	11.2
Milwaukee-Waukesha-West Allis, WI	\$62.83	29.7
Minneapolis-St. Paul-Bloomington, MN-WI*	\$2.91	1.4
Oshkosh-Neenah, WI	\$6.93	3.3
Racine, WI	\$6.05	2.9
Sheboygan, WI	\$4.83	2.3
Wausau, WI	\$5.57	2.6
<i>Sum of Metro Areas</i>	\$158.75	75.0

*Note: This GMP number represents the portion of the MSA within this state.

THE STATE OF THE METROS

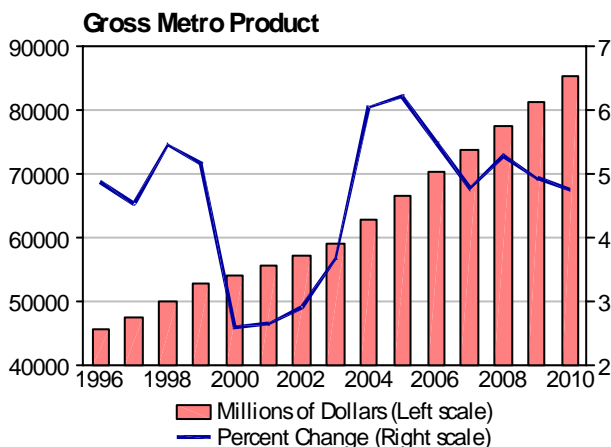
Milwaukee-Waukesha

Economic Performance Summary

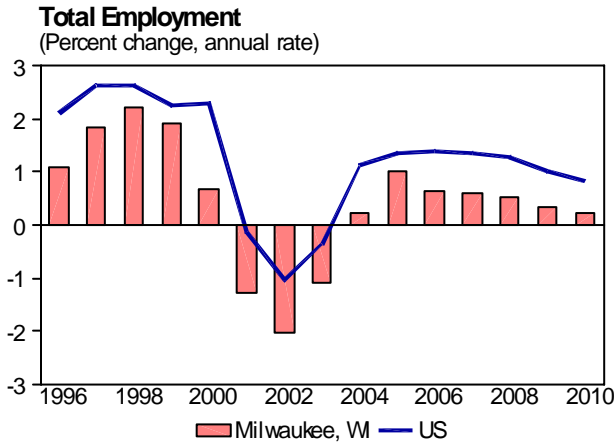
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	832.3	32	840.9	33	846.3	33	860.7	34
Unemployment Rate (%)	5.4	167	4.9	191	4.7	191	4.7	192
Personal Income (Billions)	55.6	32	58.6	34	61.6	34	74.2	37
Per Capita Income (Ths.)	36.7	36	38.6	35	40.6	35	48.5	34

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown below, the total value added of goods and services produced in the Milwaukee MSA, as measured by gross metro product (GMP), will increase 5.5% (2.3% in real terms) during 2006, generating \$70 billion. Milwaukee’s GMP will grow at a compounded annual rate of 5.1% (2.8% in real terms) from 2006-10.



- Employment in 2005:** Milwaukee's employment growth accelerated in 2005. Total employment growth measured a respectable 1.0%, driven by a strong rebound in manufacturing, as well as a moderate growth in services. For the first time in years, we saw manufacturing generate new jobs, at a rate of 1.2%. The private services-producing sector grew at a more modest 0.9% rate, but due to the sheer size of the sector, services will still provide most of the new jobs.
- Employment in 2006:** In 2006, Milwaukee employment growth will slow a little. Total employment growth is expected to measure 0.6%. Private services-producing will post a 0.9% year-over-year increase in 2006, just as it did in 2005. Professional and business services will continue its robust growth, rising 2.3%. Manufacturing, however, is projected to falter and hamper the metro’s growth. Manufacturing payrolls will shrink by 0.3% in 2006.



- Employment in the Next Five Years:** Total employment in Milwaukee is projected to grow 0.6% in 2006, and slow thereafter. In the next five years, total employment in the metro will grow at an average annual rate of 0.6%. The slow population growth, as well as the need to move away from manufacturing in medium term, will constrain faster growth. The metro manufacturing sector will grow at an average annual rate of 0.1%, although by the end of the forecast period, it is likely to return to its state of long-term employment decline. Employment growth will owe the most to local services, which are expected to grow at an annual rate of 0.8% during the forecast period. The fastest growth is expected in professional and business services, and education and health services, which are expected to grow at annual rates of 1.8% and 1.0%, respectively.

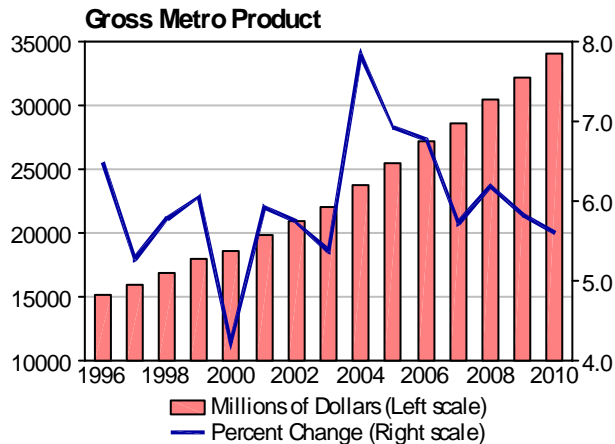
Madison

Economic Performance Summary

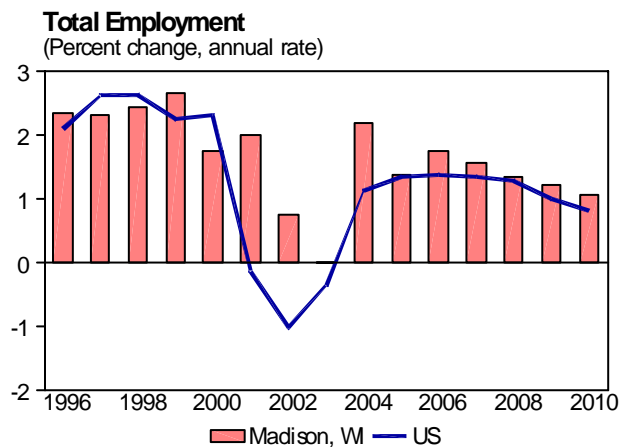
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	335.7	65	340.3	65	346.2	65	364.6	65
Unemployment Rate (%)	3.3	352	3.2	347	3.2	346	3.3	346
Personal Income (Billions)	19.7	75	20.9	77	22.1	75	27.5	74
Per Capita Income (Ths.)	37.1	32	38.8	32	40.8	34	48.8	33

Note: Rankings are out of 361 metropolitan areas.

- Gross Metro Product (GMP):** As shown below, the total value added of goods and services produced in the Madison MSA, as measured by gross metro product (GMP), will increase 6.8% (3.4% in real terms) during 2006, generating \$27 billion. Madison's GMP will grow at a compounded annual rate of 6% (3.7% in real terms) during 2006–10.



- Employment in 2005:** Employment in the Madison metro area grew with moderate strength in 2005. Annual job growth measured 1.4%, down from the 2.2% rebound in 2004. The private services-producing sector generated a 2.4% rise in 2005, while manufacturing employment rose by a respectable 0.8% in 2005.
- Employment in 2006:** The Madison metro area is expected to see a resurgence in 2006. Total employment is projected to grow by 1.7% over the previous year. The private services-producing sector will continue its strong growth in 2006 with a 2.3% increase. Employment in the manufacturing sector will post a marginal 0.1% rise after the strong surge in the previous year. Government employment in the metro is forecasted to swell by 1.0% in 2006 after posting no gain in 2005.



- Employment in the Next Five Years:** Total employment in Madison is projected to grow 1.4% annually during the next, five-year period. The metro manufacturing sector will recover from its current weakness, and although it will eventually resume its long-term negative trend, it will actually contribute to total, near-term job growth. In the next five years, manufacturing employment is projected to expand at an average annual rate of 0.3%. The private services-producing sector will fuel the metro's employment gains and average 1.9%

annual growth over the forecast period. Professional and business services will be the bright spot of the private services-producing category.

The STATE of the STATE

Wyoming

Economic gains in Wyoming strengthened again in 2005, with job growth of 2.6%. At that pace, job growth for the first half of the decade will trail only Nevada and Arizona among states. Construction and mining payrolls will lead, expanding at a 5.8% and a 10.5% pace, respectively.

Job gains will moderate to 1.9% in 2006 and 1.1% during 2007. For the 2005–10 period, average state gains of 1.1% will rank 27th in the nation. The lack of economic diversification in Wyoming due to its dependence on natural resource extraction and its limited manufacturing sector will limit long-term growth. Notable expansion prospects on the horizon are by Jeld-Wen, a door and window manufacturer, in Cheyenne; and by Halliburton in Sweetwater County, to service the oil and gas industry. Professional and business services are poised to break out and lead all sectors, averaging 3.5% growth in 2006-10. Planned public construction will be strong during the next few years, with almost \$200 million/year in school construction foreseen.

Gross Metropolitan Product as a Share of Gross State Product		
<i>(US\$, Billions)</i>		
	2004 GMP	% of GSP
Wyoming		
Casper, WY	\$3.38	14.1
Cheyenne, WY	\$3.61	15.1
<i>Sum of Metro Areas</i>	\$6.99	29.2

THE STATE OF THE METRO

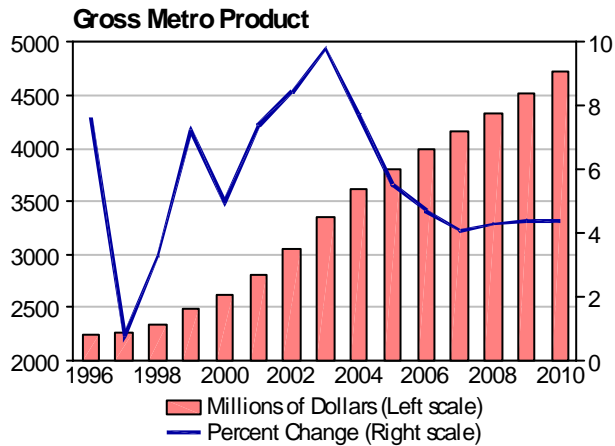
Cheyenne

Economic Performance Summary

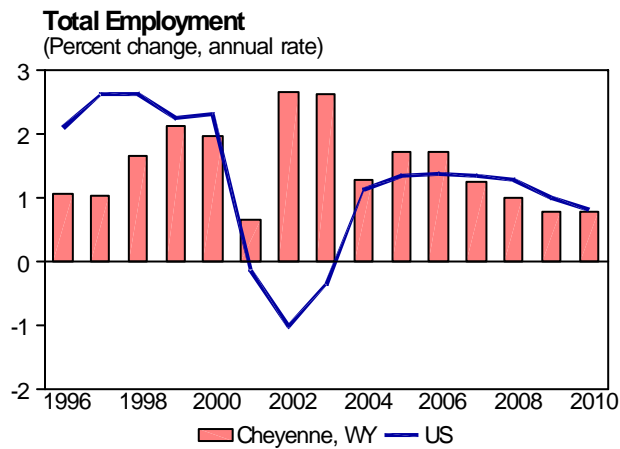
	2004		2005		2006		2010	
	Level	Rank	Level	Rank	Level	Rank	Level	Rank
Total Employment (Ths.)	40.7	337	41.4	337	42.2	337	43.8	334
Unemployment Rate (%)	4.5	269	4.3	259	4.2	265	4.0	295
Personal Income (Billions)	2.9	321	3.1	320	3.3	323	4.0	320
Per Capita Income (Ths.)	34.1	64	36.3	53	37.9	60	45.3	56

Note: Rankings are out of 361 metropolitan areas.

- **Gross Metro Product (GMP):** The metro's GMP grew 5.5% (1.9% in real terms) in 2005, generating \$3.8 billion of gross product, and will top \$4.0 billion by 2007.



- **Employment in 2005:** Employment gains accelerated in 2005, to a 1.7% rate. Construction, mining, and state and local government were the leaders as natural gas and other mineral recovery boosted Wyoming's wealth.
- **Employment in 2006:** The momentum will continue in 2006, with a further job gains of 800 (1.7%). Construction and mining will continue to lead, but broader based services growth will accelerate as well.



- **Employment in the Next Five Years:** The boom will gradually end, with payroll expansion moderating to a less than 1% rate.