

TALBOT COUNTY ECONOMIC DEVELOPMENT ANALYSIS

Prepared by Talbot County Economic Development Office
November 30, 2006

Talbot County Economic Development

11/30/06

The following Talbot County Economic Analysis presents benchmark economic information as of October 1, 2006:

Talbot County is centrally located on the Delmarva Peninsula; a 6,057 square mile body of land comprised of nine counties from the state of Maryland, the entire state of Delaware and two counties in the state of Virginia. The Peninsula is surrounded on three sides by the Chesapeake Bay, the Delaware Bay, and the Atlantic Ocean, and is often referred to as the “Eastern Shore”. Talbot County is bound by the Choptank River and Dorchester County to the south, Caroline County to the east, Queen Anne’s County and the Wye River to the north, and the Chesapeake Bay to the west.

Talbot County is a 270 square mile land area which includes four major river systems with over 600 miles of waterfront shoreline. Over 75% of the land in Talbot County is arable supporting agriculture and forest products which, combined with seafood processing, have historically provided the economic base for the County. Today, 64% of total County acreage remains in farm production. The economy over the years reflects a diversified industrial base of manufacturing production, commercial trade and professional services, medical/healthcare, and tourism. Talbot County has grown at 1.4 % per year over the last 25 years to its present population of 35,683 (2005). Easton, with a population of 11,700, is the County seat and serves as the commercial and industrial center for the Mid-Shore Region.

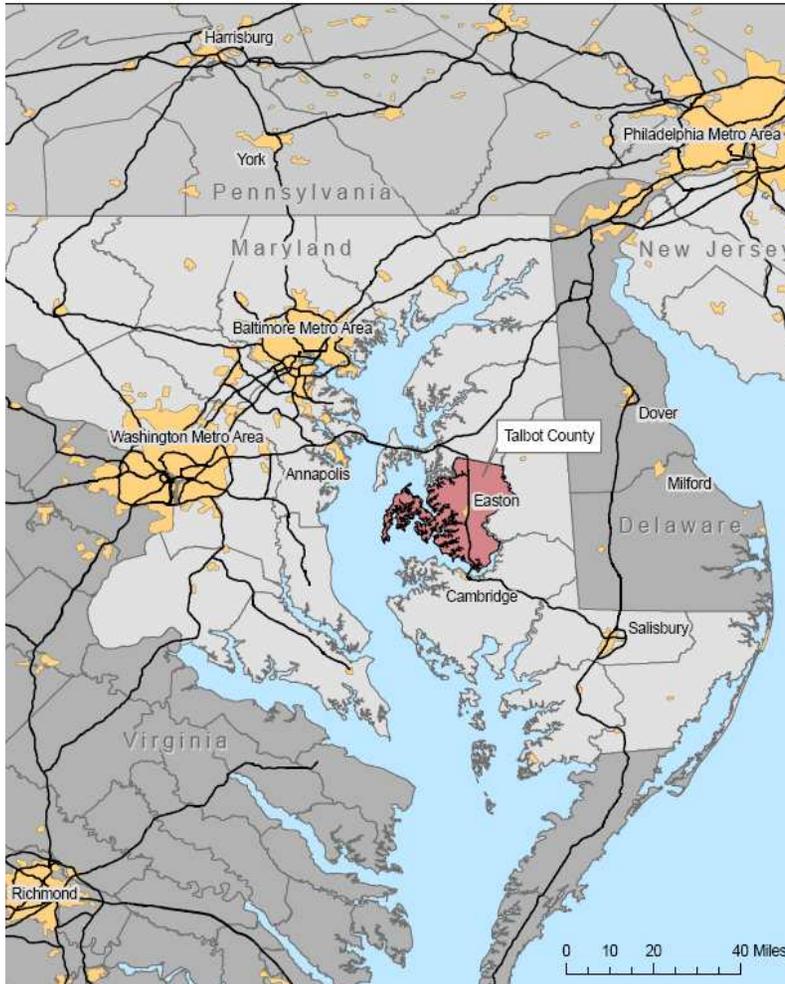
Talbot County has witnessed steady growth in residential housing for the past five years while the areas surrounding the County are experiencing unprecedented development. The County economy has remained healthy, attributable in part to revenues generated by real estate transfer and recordation taxes. Due to the cyclical nature of the housing market, as well as other factors, the County may not be able to continue to rely on the residential property taxes as a revenue source to the extent done currently. The County is supported by seven industrial parks: Easton Technology Center, Airport Industrial Park, Talbot Commerce Park, Glebe Business Park, Easton Business Center, Carlton Business Park, and Clifton Industrial Park. The County currently supports an industrial base of medium and small employers distributed throughout several sectors.

Additionally, there is a priority to address the future development and retention of the Memorial Hospital. Located in Easton, the hospital currently serves as a center for the medical needs of a larger regional community and is in process with a \$10 million expansion for Emergency Care. A recent merger with University of Maryland Medical Center has disclosed a possible relocation of the hospital center in the future. Such relocation may require an infill in the commercial base of Easton to offset the proposed outward migration of medical services and workers.

TALBOT COUNTY LOCATION PROXIMITY

LOCATION MAP

Talbot County
Economic Development
(410) 770-8058



U.S. Route 50, a dual lane highway system services Talbot County from north to south. U.S. Route 50 north merges with U.S. Route 301 in Queen Anne’s County and connects users to Maryland’s Western Shore, crossing the Chesapeake Bay via the Preston Lane Memorial Bridge to intersect with Interstate 95 and the Baltimore/Washington, DC metropolitan corridor. Major metropolitan areas to the north of Talbot County include Wilmington/Philadelphia and New York. U.S. Route 50 south intersects U.S. Route 13 in Wicomico County with access to the Norfolk/Newport News, VA area via the Chesapeake Bay Bridge Tunnel.

Highway distance from Easton (in miles):

Baltimore, MD: 59 miles

Washington, DC: 73 miles

Philadelphia, PA: 117 miles

Pittsburgh, PA: 277 miles

New York, NY: 217 miles

Newport News: 207 miles

Richmond, VA: 179 miles

POPULATION GROWTH TALBOT COUNTY

Talbot County population has increased 1.4% per year since 1980

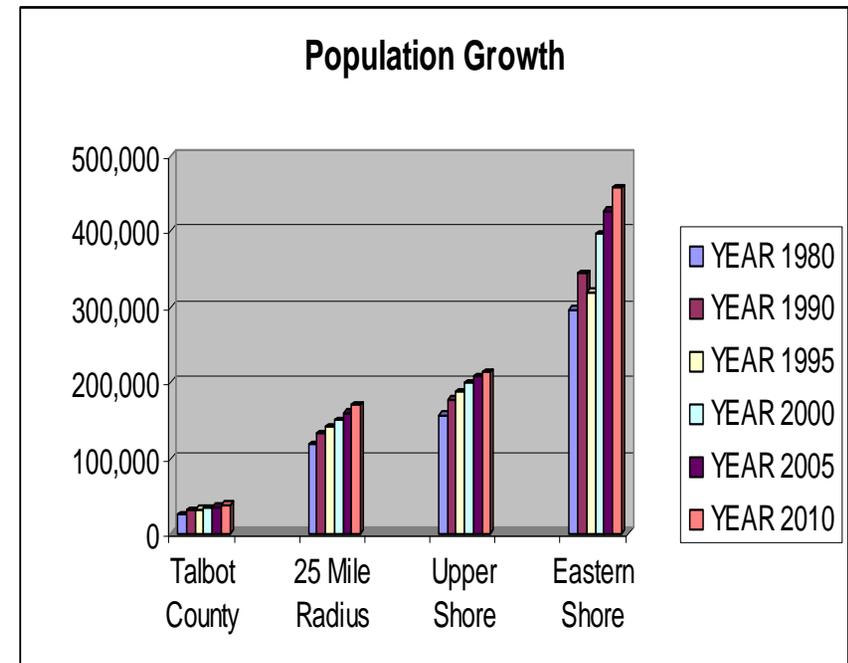
**Upper Eastern Shore population has increased 1.2%
Maryland population has increased 1.1%**

1990 to 2000 Talbot County's population increased 10.7% from 30,549 to 33,812, or 3,263 persons.

2000 to 2005 the population grew by 5.5%, or 1,871 persons, to 35,683.

2010 projections indicate a population of 37,700.

Within a 25-mile radius of downtown Easton, there is a population of 160,380 which is anticipated to grow to 170,683 by the year 2010.



POPULATION FROM 1980 to 2010 PROJECTION

Population Demographics					
Year	Talbot County	25 Mile Radius Easton	Upper Shore	Eastern Shore	Maryland
1980	25,604	117,231	156,495	296,620	4,216,933
1990	30,549	132,598	177,009	343,769	4,780,753
1995	32,325	141,058	188,000	320,194	5,034,600
2000	33,812	149,517	199,406	395,903	5,296,486
2005	35,683	160,384	207,300	427,210	5,600,388
2010	37,700	170,683	214,400	457,925	5,907,575

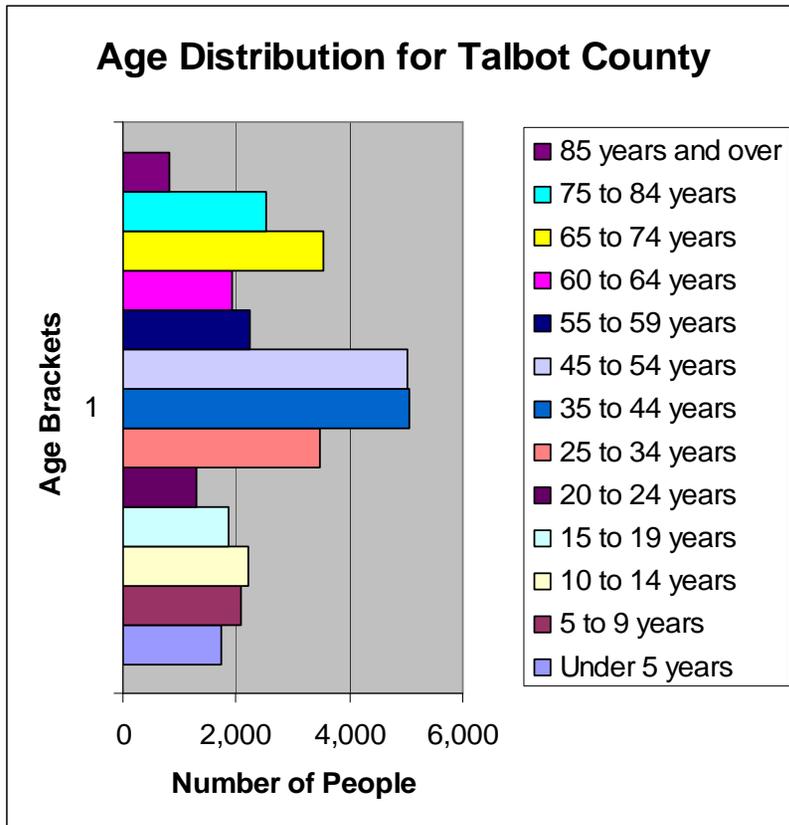
INCORPORATED TOWN POPULATION ESTIMATES

Town	2000	1990	Change	CAG*
Easton	11,708	9,372	24.9%	2.25%
Oxford	771	699	10.3%	0.99%
St. Michaels	1,301	1,193	9.1%	0.87%
Trappe	1,146	974	17.7%	1.64%

CAG = Compound Annual Growth

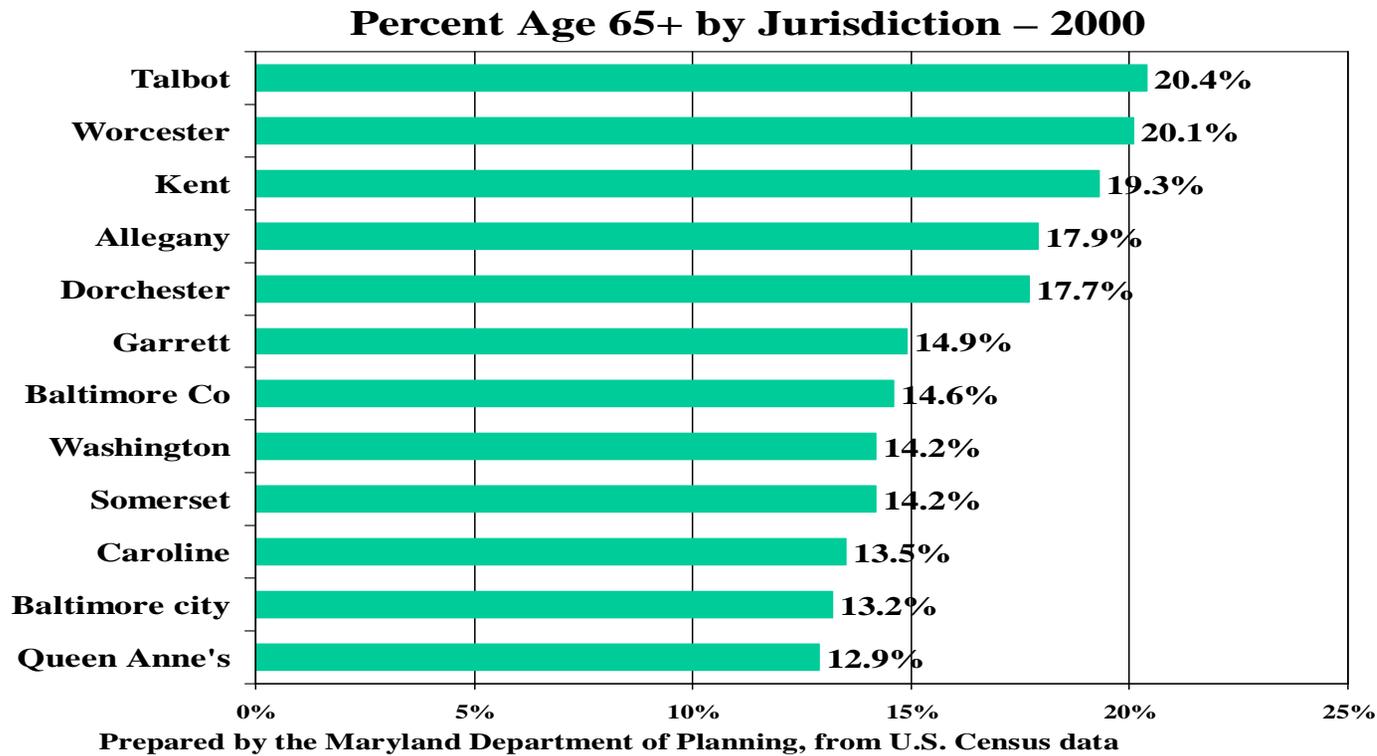
DISTRIBUTION TALBOT COUNTY POPULATION

The average age in Talbot County is 43.3 years



SEX AND AGE		
Male	16,125	47.7
Female	17,687	52.3
Under 5 years	1,752	5.2
5 to 9 years	2,086	6.2
10 to 14 years	2,213	6.5
15 to 19 years	1,878	5.6
20 to 24 years	1,281	3.8
25 to 34 years	3,477	10.3
35 to 44 years	5,043	14.9
45 to 54 years	5,016	14.8
55 to 59 years	2,234	6.6
60 to 64 years	1,935	5.7
65 to 74 years	3,550	10.5
75 to 84 years	2,526	7.5
85 years and over	821	2.4

COUNTIES WITH HIGHEST PERCENT OF POPULATION AGED 65 AND OLDER



TOTAL TALBOT COUNTY POPULATION DISTRIBUTION BY RACE

Total Population by Race for Maryland's Jurisdictions, July 1, 2005						
State/Region/Jurisdiction	Total	White Alone	Black or African American Alone	American Indian and Alaska Native Alone	Asian Alone	Native Hawaiian and Other Pacific Islander Alone
Maryland	5,600,388	3,586,856	1,640,316	17,857	267,169	3,471
Baltimore Region	2,610,063	1,719,809	752,313	7,710	93,233	1,500
Suburban Washington Region	1,994,407	1,057,440	728,312	6,958	161,415	1,540
Southern Maryland Region	323,265	236,914	73,079	1,560	6,034	181
Western Maryland Region	245,443	223,903	17,213	379	2,076	94
Anne Arundel	510,878	411,278	75,009	1,633	14,380	446
Upper Eastern Shore Region	230,812	205,170	21,147	711	1,917	133
Caroline	31,822	26,736	4,470	193	155	10
Cecil	97,796	90,743	4,853	304	938	17
Kent	19,899	16,462	3,138	49	172	6
Queen Anne's	45,612	41,186	3,591	103	398	8
Talbot	35,683	30,043	5,095	62	254	92
Lower Eastern Shore Region	196,398	143,620	48,252	539	2,494	23
Dorchester	31,401	22,263	8,679	75	264	0
Somerset	25,845	14,625	10,770	83	217	1
Wicomico	90,402	66,083	21,515	282	1,587	19
Worcester	48,750	40,649	7,288	99	426	3

* The Hispanic population as part of the Caucasian population is believed to be 1.4% in the 2000 US Census for Talbot County

2005 INCOME DISTRIBUTION FOR TALBOT COUNTY

<u>Distribution</u>	<u>Talbot County</u>	<u>Maryland</u>	<u>U.S</u>
Under \$25,000	26.6 %	20.3 %	27.6%
\$25,000 - \$49,999	33.5	31.3	34.2
\$50,000 - \$74,999	19.7	23.3	20.3
\$75,000 and over	20.2	25.1	17.9

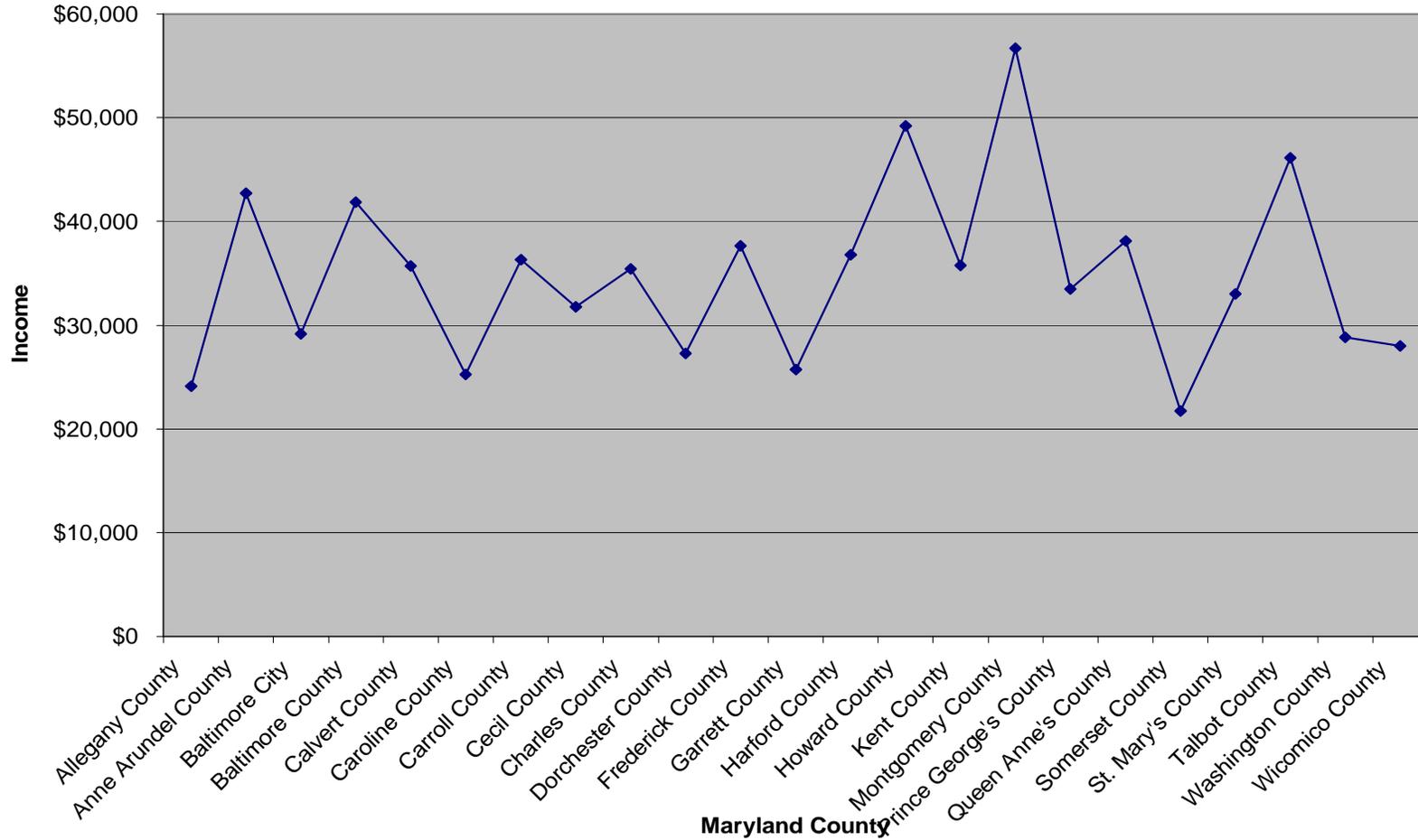
EFFECTIVE BUYING INCOME FOR TALBOT COUNTY

Median Household	\$42,126	\$48,803	\$40,529
Average Household	\$62,879	\$61,807	\$52,506
Per Capita	\$26,880	\$23,340	\$19,779

[Source: Copyright Market Statistics; Demographics USA County Edition]

TALBOT COUNTY MEDIAN HOUSEHOLD INCOME

2004 Per Capita Personal Income



EASTERN SHORE MEDIAN / PER CAPITA / PERSONAL INCOME

	2005 Median Household Income	2004 Per Capita Personal Income	2004 Total Personal Income (000's)
Anne Arundel County	\$76,350	\$42,723	\$21,718,720
Caroline County	\$45,800	\$25,264	\$785,399
Cecil County	\$60,350	\$31,759	\$3,034,155
Dorchester County	\$40,550	\$27,290	\$846,036
Kent County	\$45,750	\$35,752	\$706,486
Queen Anne's County	\$71,750	\$38,116	\$1,713,832
Somerset County	\$34,900	\$21,741	\$560,141
Talbot County	\$42,126	\$46,144	\$1,621,027
Wicomico County	\$44,650	\$27,985	\$2,479,732
Worcester County	\$49,400	\$32,016	\$1,562,082

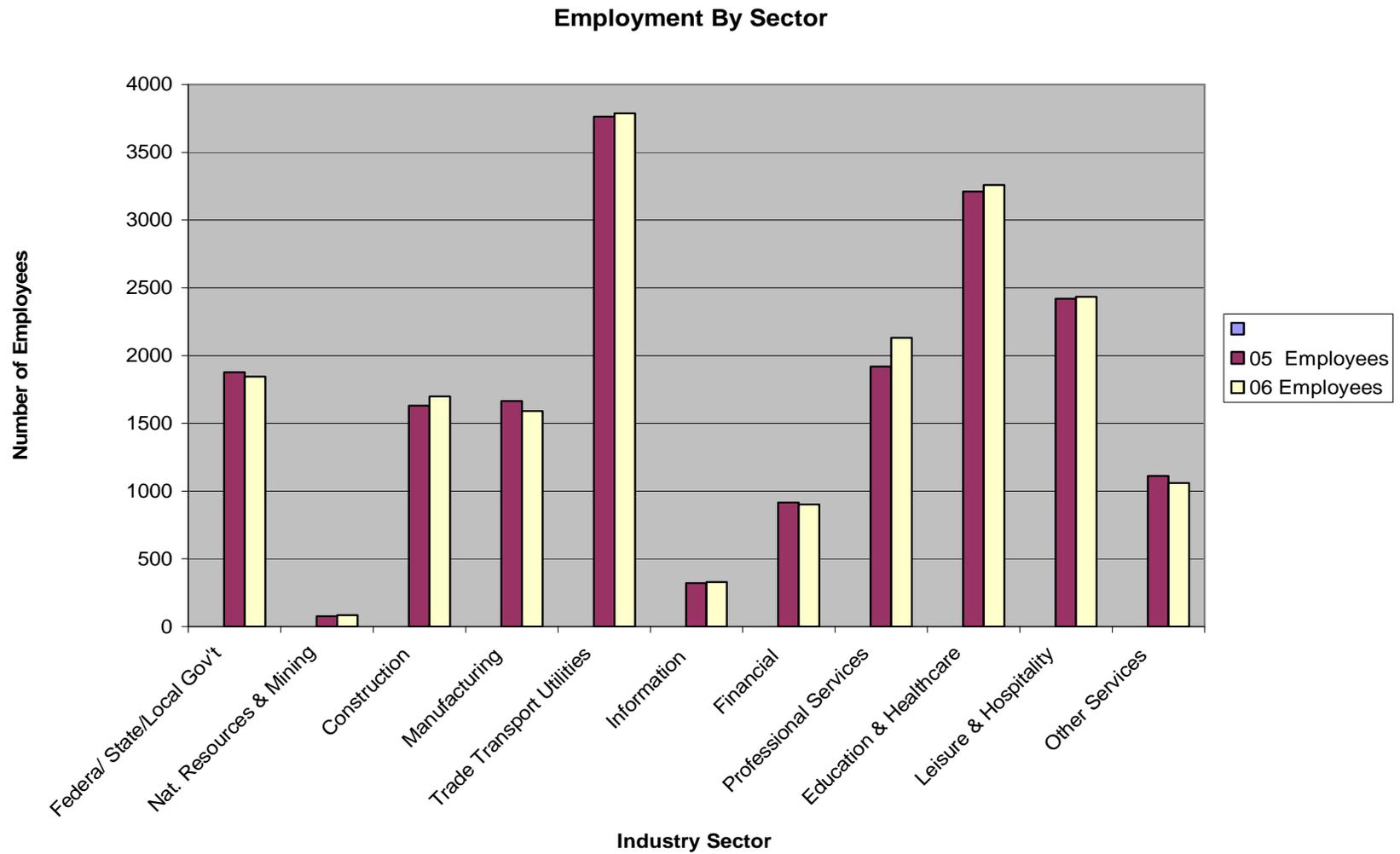
Sources: [Maryland State Data Center](#) and [U.S. Bureau of Economic Analysis](#)

**Employment, Unemployment and Unemployment Rate by Place of Residence
2006 Civilian Labor Force**

County	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Average
Caroline										
Labor Force	16,032	15,978	16,079	16,211	16,425	16,675	16,955	16,847		16,400
Employment	15,267	15,238	15,427	15,598	15,776	15,948	16,166	16,140		15,695
Unemployment	765	740	652	613	649	727	789	707		705
Rate	4.8	4.6	4.1	3.8	4	4.4	4.7	4.2		4
Dorchester										
Labor Force	16,925	16,816	16,809	16,919	17,367	17,687	17,842	17,724		17,261
Employment	15,878	15,762	15,882	16,102	16,412	16,755	16,828	16,771		16,299
Unemployment	1,047	1,054	927	817	955	932	1,014	953		962
Rate	6.2	6.3	5.5	4.8	5.5	5.3	5.7	5.4		6
Kent										
Labor Force	10,563	10,589	10,635	10,854	11,164	11,265	11,550	11,257		10,985
Employment	10,057	10,151	10,261	10,496	10,756	10,826	11,065	10,854		10,558
Unemployment	506	438	374	358	408	439	485	403		426
Rate	4.8	4.1	3.5	3.3	3.7	3.9	4.2	3.6		4
Talbot										
Labor Force	18,698	18,531	18,618	18,874	19,170	19,566	20,039	19,819		19,164
Employment	17,896	17,788	17,997	18,322	18,592	18,911	19,301	19,181		18,499
Unemployment	802	743	621	552	578	655	738	638		666
Rate	4.3	4	3.3	2.9	3	3.3	3.7	3.2		3
Worcester										
Labor Force	24,615	24,606	24,854	26,308	28,012	31,798	34,183	33,116		28,437
Employment	22,057	22,284	22,888	24,753	26,651	30,538	32,825	31,946		26,743
Unemployment	2,558	2,322	1,966	1,555	1,361	1,260	1,358	1,170		1,694
Rate	10.4	9.4	7.9	5.9	4.9	4	4	3.5		6

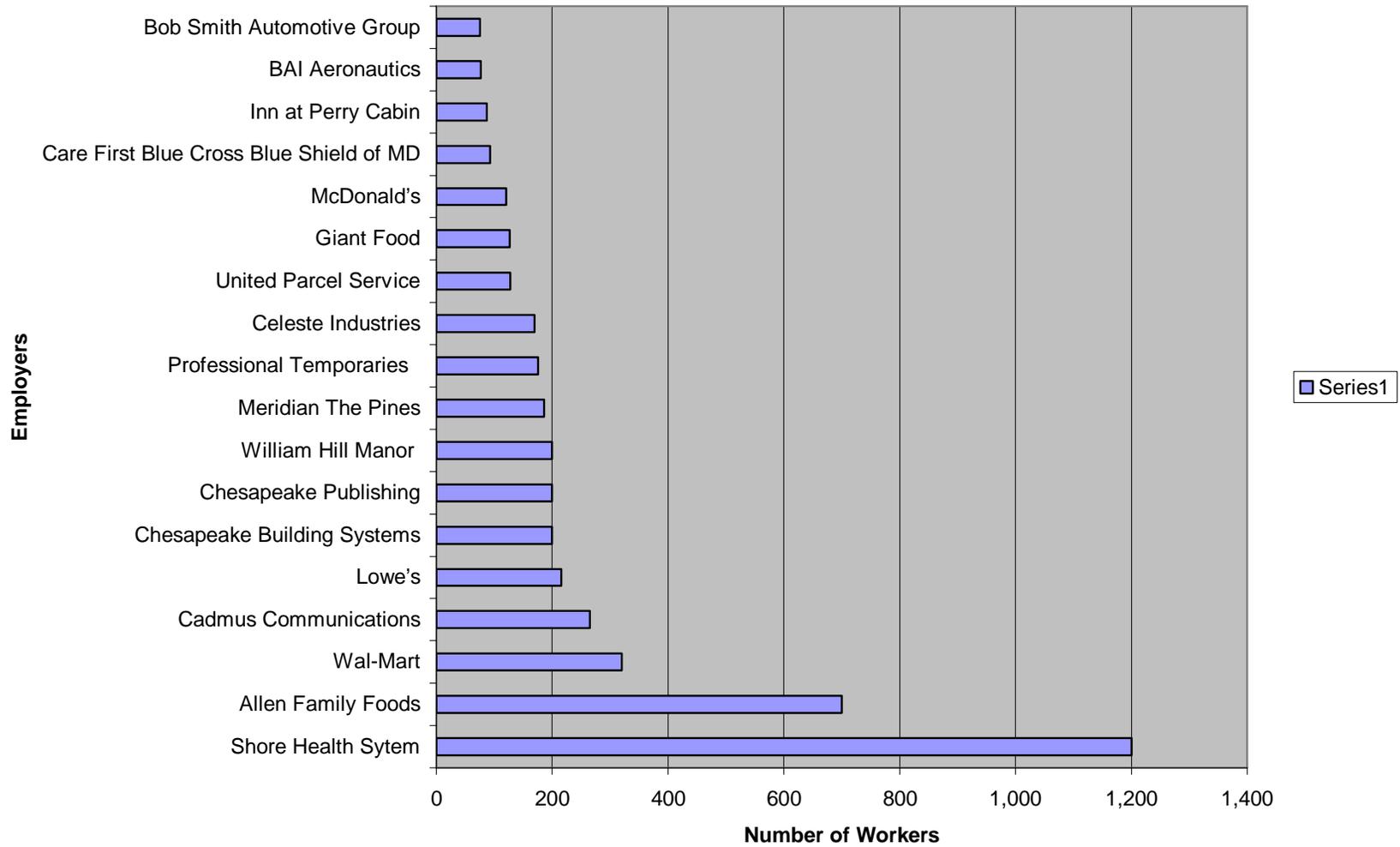
MARYLAND EMPLOYMENT STATISTICS FOURTH QUARTER 2005

	Number Reporting Units	2005 Average Employment	Total Wages	
STATE OF MARYLAND	160,442	2,531,174	\$29,939,228,253	\$910
ALLEGANY	1,729	30,825	239,078,443	597
ANNE ARUNDEL	14,213	226,271	2,509,425,384	853
BALTIMORE CITY	14,046	351,945	4,539,144,418	992
BALTIMORE COUNTY	21,338	377,241	4,281,295,999	873
CALVERT	1,870	20,808	207,273,574	766
CAROLINE	701	8,801	65,904,497	576
CARROLL	4,746	54,888	464,818,029	651
CECIL	1,946	29,462	299,263,258	781
CHARLES	2,893	41,986	378,146,842	693
DORCHESTER	801	12,078	98,559,748	628
FREDERICK	5,770	92,313	935,150,662	779
GARRETT	977	11,387	75,703,434	511
HARFORD	5,520	82,385	794,873,911	742
HOWARD	8,273	140,441	1,755,826,826	962
KENT	737	8,132	66,043,557	625
MONTGOMERY	32,588	465,228	6,703,455,445	1,108
PRINCE GEORGE'S	15,556	317,236	3,701,778,687	898
QUEEN ANNE'S	1,446	13,112	108,883,713	639
SAINT MARY'S	1,942	37,890	460,918,235	936
SOMERSET	466	7,114	59,955,773	648
TALBOT	1,733	19,182	162,330,497	651
WASHINGTON	3,404	66,838	601,298,466	692
WICOMICO	2,746	46,470	404,390,970	669
WORCESTER	2,273	22,594	161,084,326	548

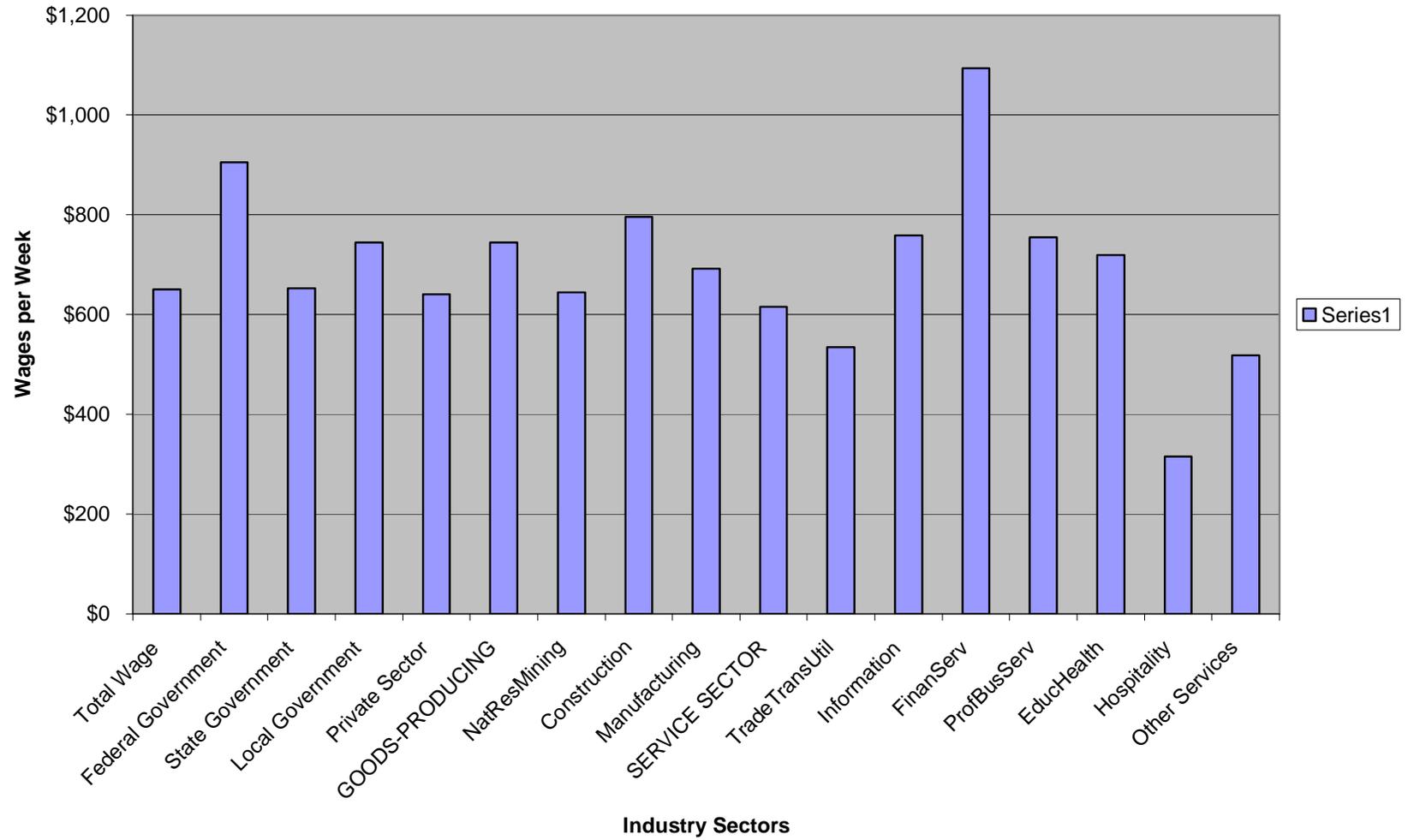


US Department of Labor, Bureau of Labor Statistics 05/06

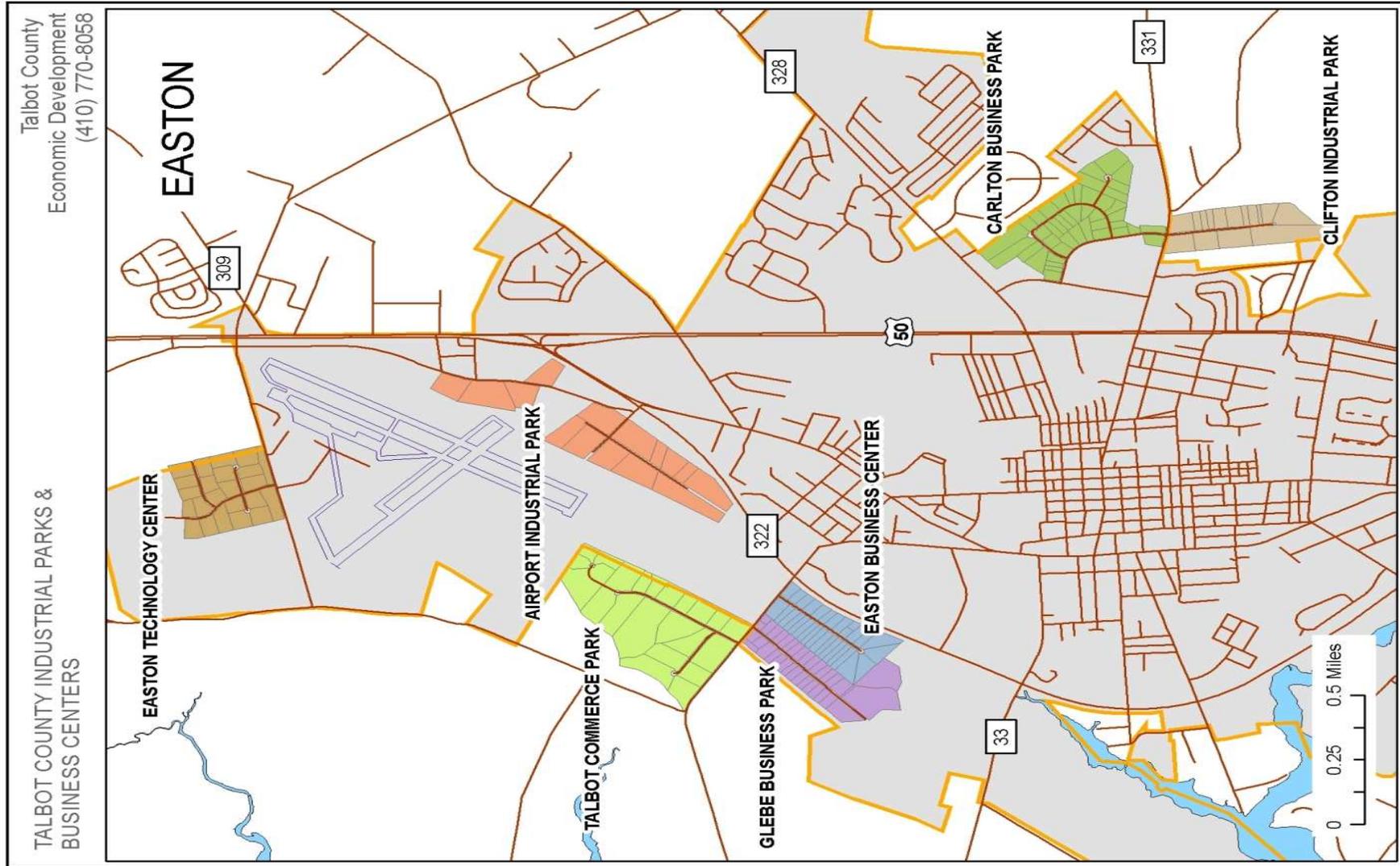
Largest Employers in Talbot County



Talbot County Wages



TALBOT COUNTY INDUSTRIAL PARKS IN EASTON



TALBOT COUNTY REGION KNOWLEDGE-BASED RESOURCES

Cooperative Oxford NOAA Laboratory

Oxford NOAA/DNR Laboratory is charged with National Marine Fisheries and the Assessment and Monitoring of the Chesapeake Bay Eco-System

NOAA and DNR employ 45 and U. S. Coast Guard employs 36

Proposed \$12 Million Expansion at current location for Restoration, Science and Education Facilities

Chesapeake College and Higher Education Center

Offering AA/BA/BS Degree Programs for the Upper Shore Five County Region

Salisbury University – 3,500 student campus based in Salisbury with BA/BS Degree Programs

University of Maryland Eastern Shore – 1,700 student campus based in Princess Anne with BA/BS Degree Programs

Horn Point Environmental and Estuary Studies:

University of Maryland Research Facility with newly expanded Lecture and Conference Facility

Incubator Site for Technology Development with CBRTCE

CBRTCE Chesapeake Bay Regional Technical Center for Excellence

Promotes technology based business development for the Eastern Shore Region with Federal and State Laboratory and Higher Education Institution partnerships – Funded through Technology Development Corporation (TEDCO)

Wye Research and Education Center

Federal and State Funded Agricultural Research Center based in Queen Anne's County Maryland

University of Maryland Black Angus Cattle Genetic Research

TALBOT COUNTY STRATEGIC DEVELOPMENT RESOURCES

MANUFACTURING:

Existing Base: Printed Materials (Cadmus); Pharmaceuticals (Konsyl); Pharma Packaging (Celeste); Environmental Sciences (Wildlife International, Environmental Concerns); Instruments (Jasco); Electronics (L3, SFA); Food Processing (Allen Family Foods, Seawatch.); Metal Fabricators (Whalen, Salisbury Pewter, Easton Steel); Wood (Johnson Logging)

- **Environmental Sciences, Toxicology, Research, Test Evaluation/Monitoring, Scientific Instrumentation**
- **Defense Electronics, Network Design, Software Applications, Logistics, Modeling**
- **Information Technologies and Data Collection**

MEDICAL SERVICES

- Shore Health System (Memorial Hospital of Easton) acute care hospital with substantial medical office inventory
- Merged with University of Maryland Medical System on July 1, 2006
- Acute Care Hospital proposed for relocation **Employs 1,600 workers with** medical backgrounds and training

AGRICULTURE:

- Talbot County Agriculture Visioning (November 2006) as a plan to sustain existing agriculture base
- 110,000 Acres of Agriculture in Talbot County **280 Operating Farms** **Average Farm 367 Acres**
- **Contributed \$55,611,000 to Talbot County economy in FY 2005**

EASTON AIRPORT:

- Second busiest airport in the state of Maryland located just outside the FAA secure fly zone
- **Contributed \$52,000,000 in revenues** to Talbot County economy in 2005 **Employs 120 persons**
- \$10 Million in infrastructure improvements includes FAA Contract Control Tower currently in process

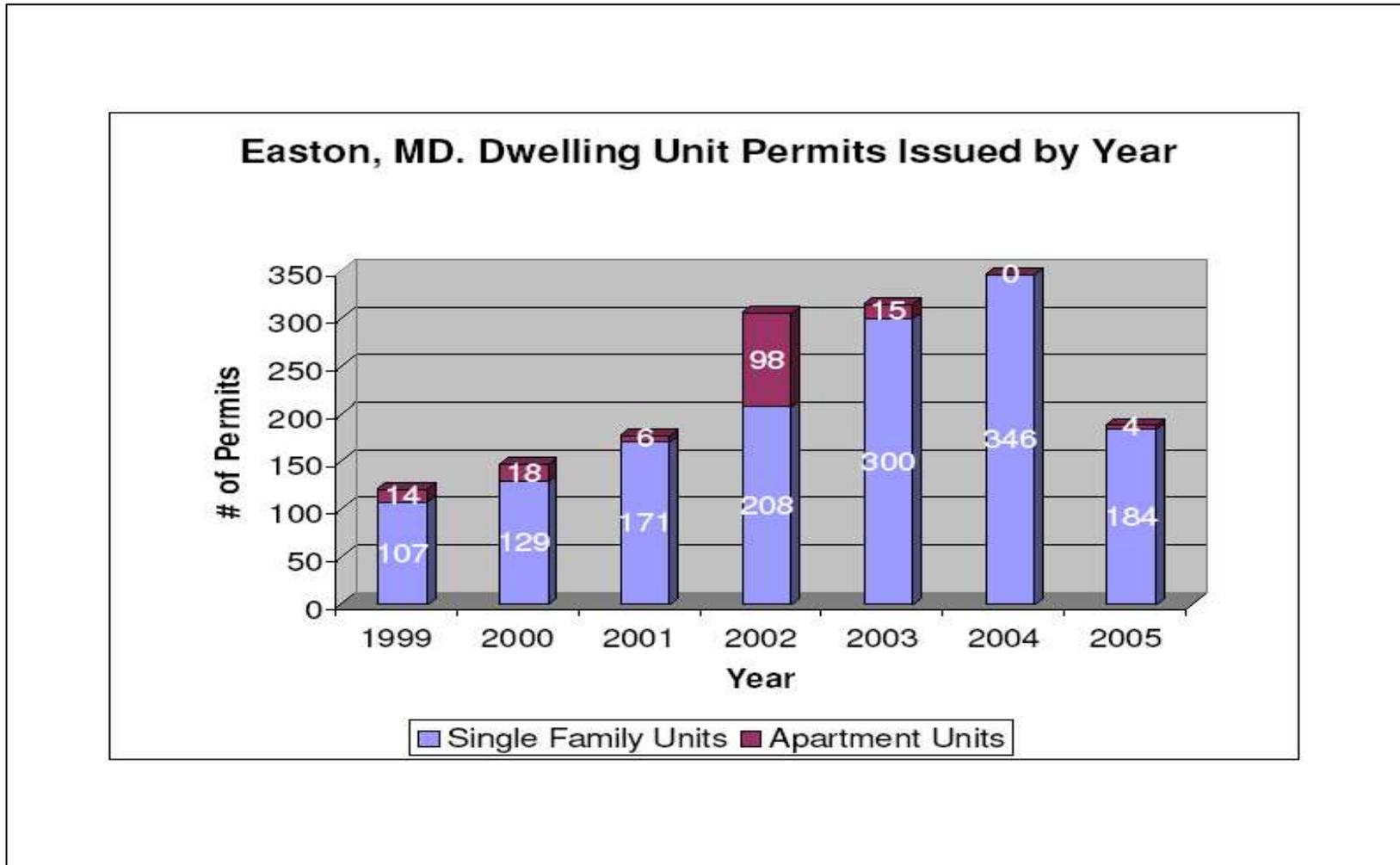
SINGLE FAMILY RESIDENTIAL HOUSING UNITS IN TALBOT COUNTY (2000 Census)

Talbot County Housing	16,500 Single Family Residential Units
Occupied	14,307 SFR Units
Vacant	2,193 SFR Units
Owner Occupied	10,244 SFR Units
Renter Occupied	4,063 SFR Units
Seasonal	1,104 SFR Units
Migrant	7 SFR Units

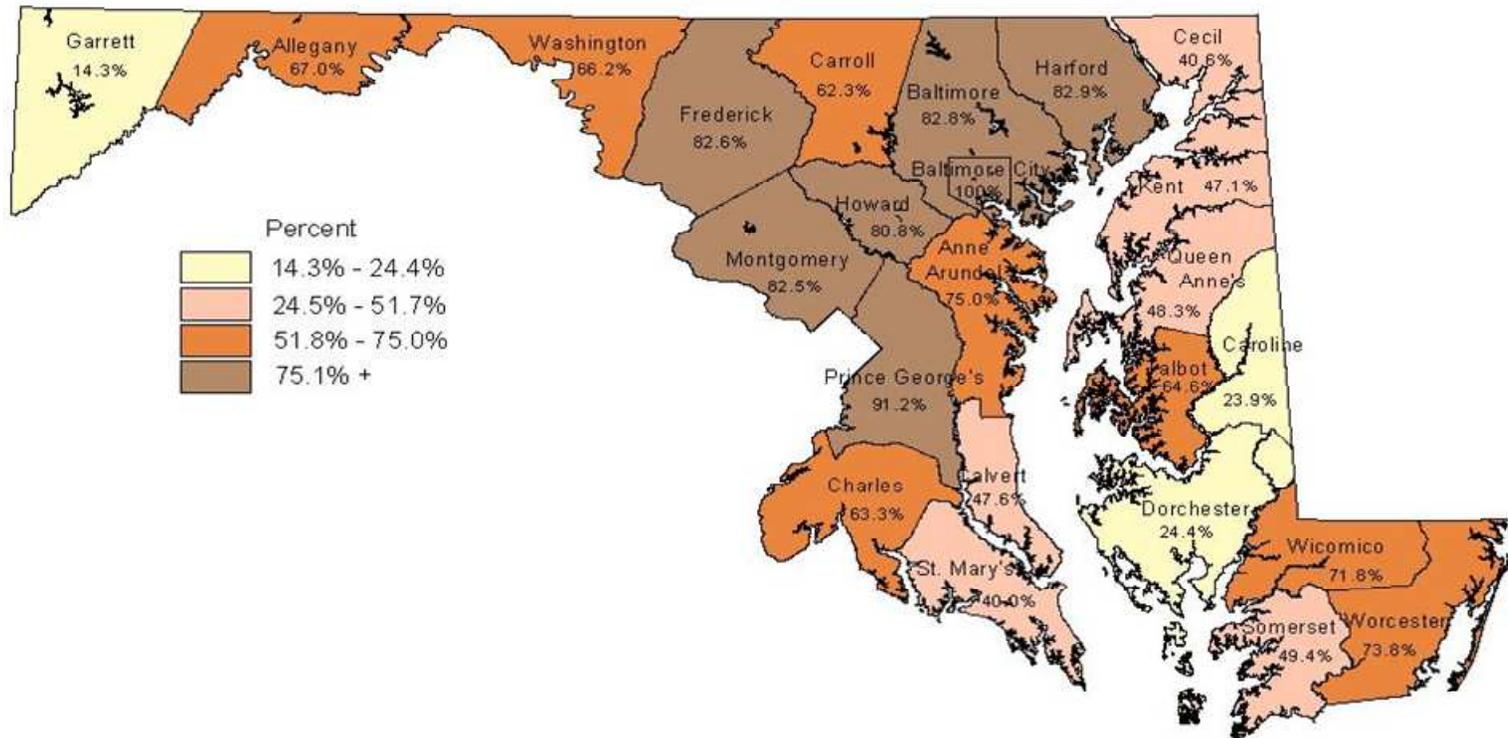
TALBOT COUNTY RESIDENTIAL BUILDING PERMITS

PERIOD	PERMITS ISSUED	AVERAGE/YEAR	GROWTH
1980-1989 (ten years)	2,849	285	
1990-1994 (five years)*	1,327	265	-7%
1995-1999 (five years)*	1,668	334	38%
2000-2004 (five years)*	1,979	396	15.6%
2005		341	-7.2%

*Information from Talbot County Comprehensive Plan adopted February 15, 2005

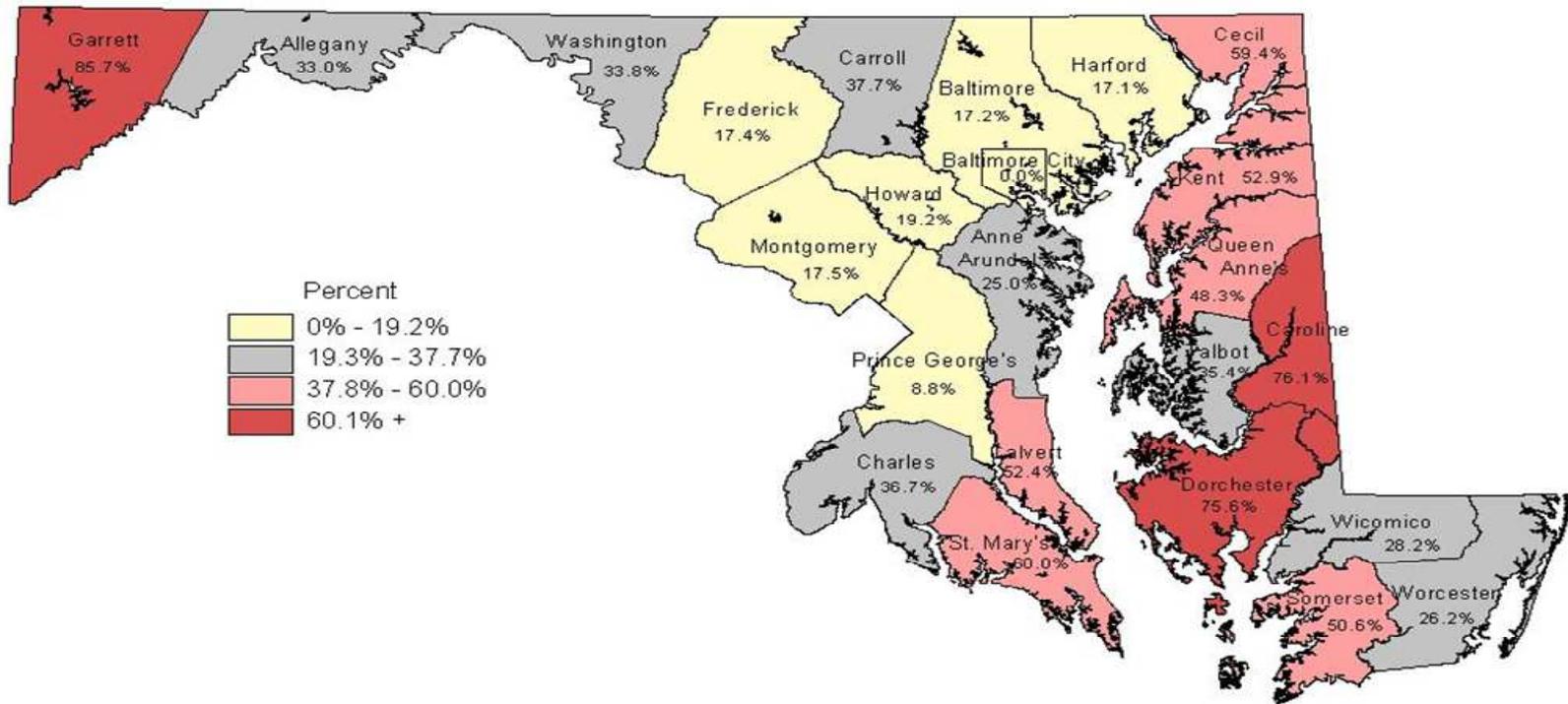


Percent Single Family Improved Residential Parcels Inside PFAs, 1990 - 2003



Prepared by the Maryland Department of Planning, from MDProperty View

Percent Single Family Improved Residential Parcels Outside PFAs, 1990 - 2003



Prepared by the Maryland Department of Planning, from MDProperty View

TALBOT COUNTY GOVERNMENT

Charter government with five elected County Council Members serving four year terms
County Manager appointed by the County Council

Fiscal Year 2007 (July 1, 2006 to June 30, 2007) **Operating Budget** **\$69,600,000**

Property taxes **35% of total County revenues**

Income taxes **27.3% of total County revenues**

Revenues are based on a Real Property Tax Rate of \$0.50 per \$100 dollars of assessed value for properties located outside the incorporated towns.

The local Income Tax Rate for taxable income in the state of Maryland is 2.25%.

Almost one half of the General Fund, **47.9%**, is **expended on Education** in Talbot County.

EDUCATION

6 Elementary Schools: Chapel District Elementary, Easton Elementary Moton, Easton Elementary Dobson, St. Michaels Elementary, Tilghman Elementary and White Marsh Elementary

2 Middle Schools: Easton Middle and St. Michaels Middle

2 High Schools: Easton High and St. Michaels High

Student Population declining: **4,505 students in 2005**

3,890 students by 2013

Talbot County 2005 Budget for Education \$30,027,131

Talbot County Public Schools 2005 per pupil expenditures: \$9,089

UTILITIES

Delmarva Power (a subsidiary of PEPCO) and **Choptank Electric Cooperative** provide electric service to the County

Natural Gas Service supplied by the **Eastern Shore Natural Gas Company / Chesapeake Utilities** where available

Municipal Water/ Water Sewer Systems: Easton, Oxford, St. Michaels, Trappe and Tilghman Island.

Verizon Telecommunication supplier

Easton Utilities: electric, water, sewer, natural gas, cable TV, and Internet service with custom design capabilities to Easton