



# Economic Outlook

October 25, 2019

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Salisbury-Wicomico Economic Development, Inc.





# Key Economic Indicators



	2016	2017	2018	2019 *
GDP Growth Rate <sup>(1)</sup>	1.6%	2.2%	2.9%	2.0%
CPI <sup>(2)</sup>	1.3%	2.1%	2.4%	1.7%
Job Growth <sup>(3)</sup>	+ 193,000	+ 179,000	+ 223,000	+ 161,000
Job Openings <sup>(4)</sup>	6,088	6,349	7,442	7,051
Unemployment Rate <sup>(5)</sup>	5.0	4.2	3.7	3.5
Employment Cost Index <sup>(6)</sup>	2.0%	2.3%	2.4%	2.8%

Source: (1) Bureau of Economic Analysis (BEA), Real Gross Domestic Product Percent Change from Previous Period; \* 2019 = Q2, third estimate (2) Bureau of Labor Statistics CPI-U; \*2019 = Yr. over Yr. September (3) Bureau of Labor Statistics, monthly average, \* 2019 = YTD September (4) Bureau of Labor Statistics, \* 2019 = August, number in (000); (5) Bureau of Labor Statistics (6) Bureau of Labor Statistics; Year over Year Percent Change, Q2

# Employment – Labor Force

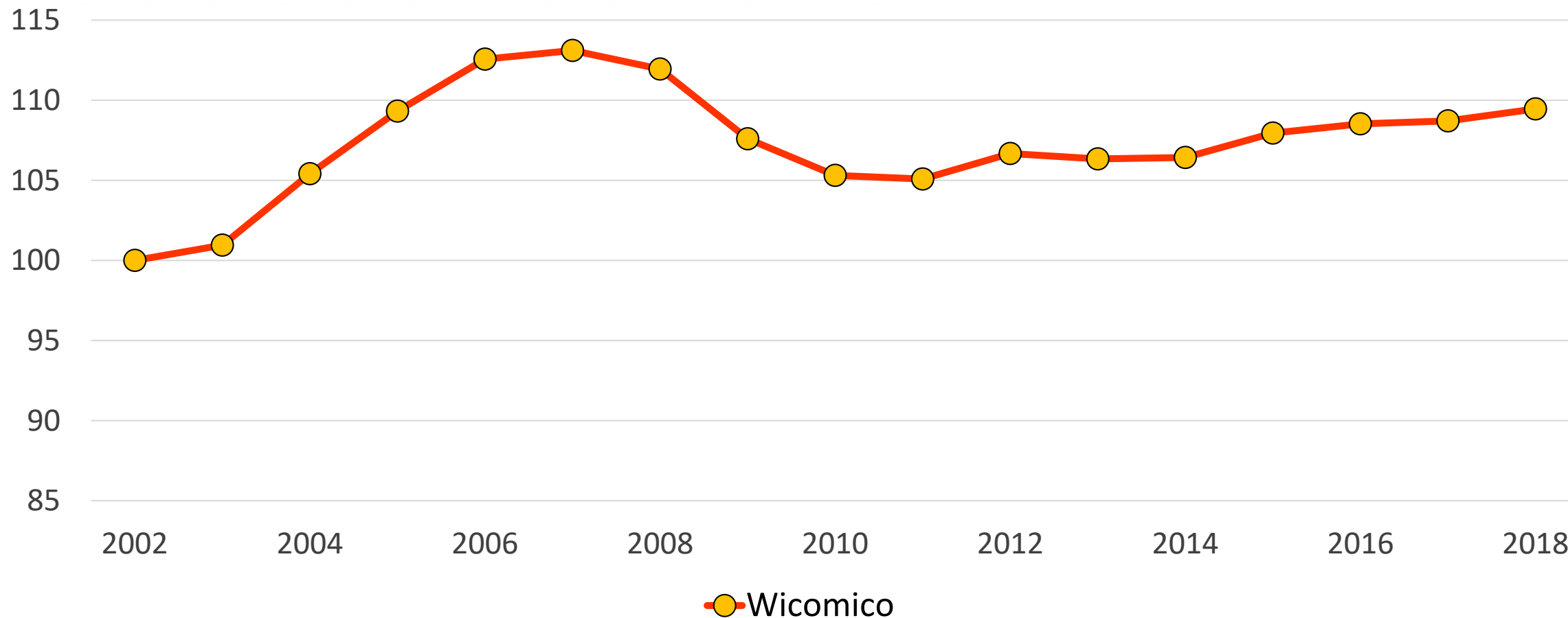


## Change in Employment & Labor Force; Unemployment Rates

	YTD Aug '18 vs Aug '19 Employment	YTD Aug '18 vs Aug '19 Labor Force	Unemployment Rates (08/'19)
Wicomico	1.8%	.9%	4.6%
Worcester	1.8%	.8%	5.0%
Sussex	3.7%	3.0%	3.5%
Somerset	.6%	-.6%	6.4%
Maryland	.5%	.07%	3.7%*
U.S.	1.0%	.8%	3.5%*

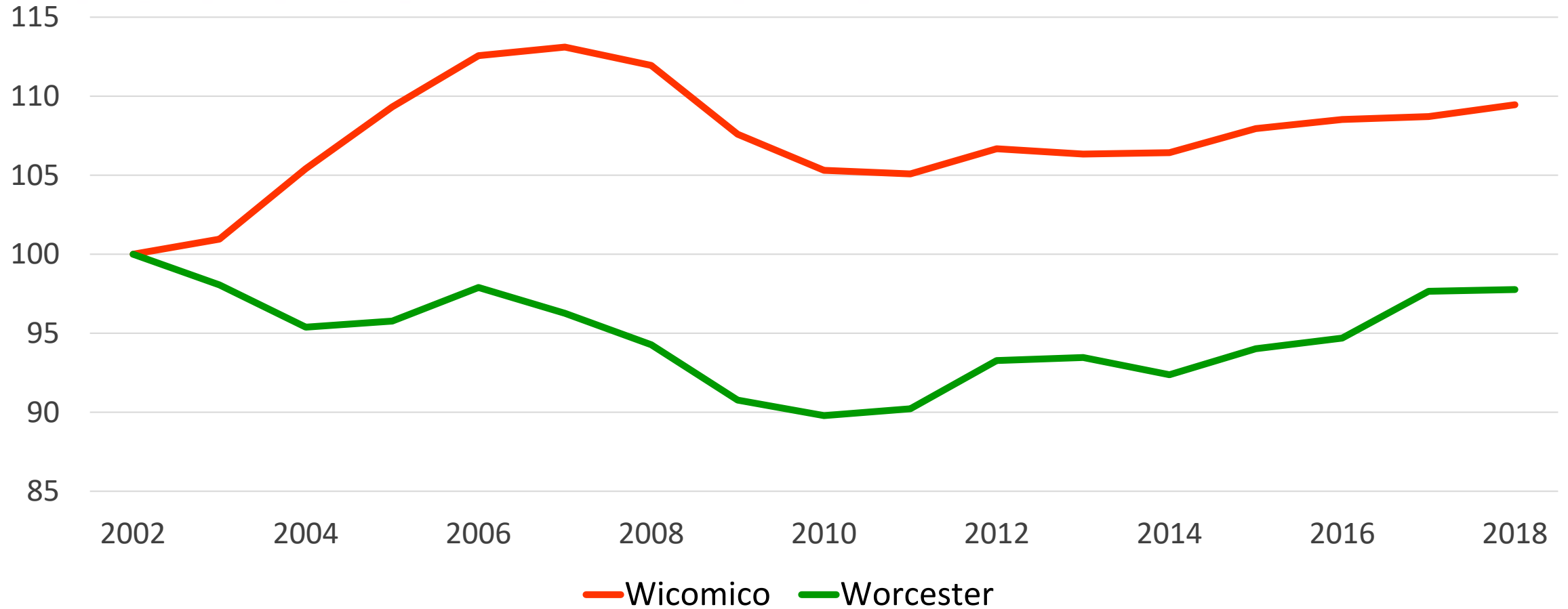
Source: Bureau of Labor Statistics; \* = 09/2019

# Lower Shore Job Trends



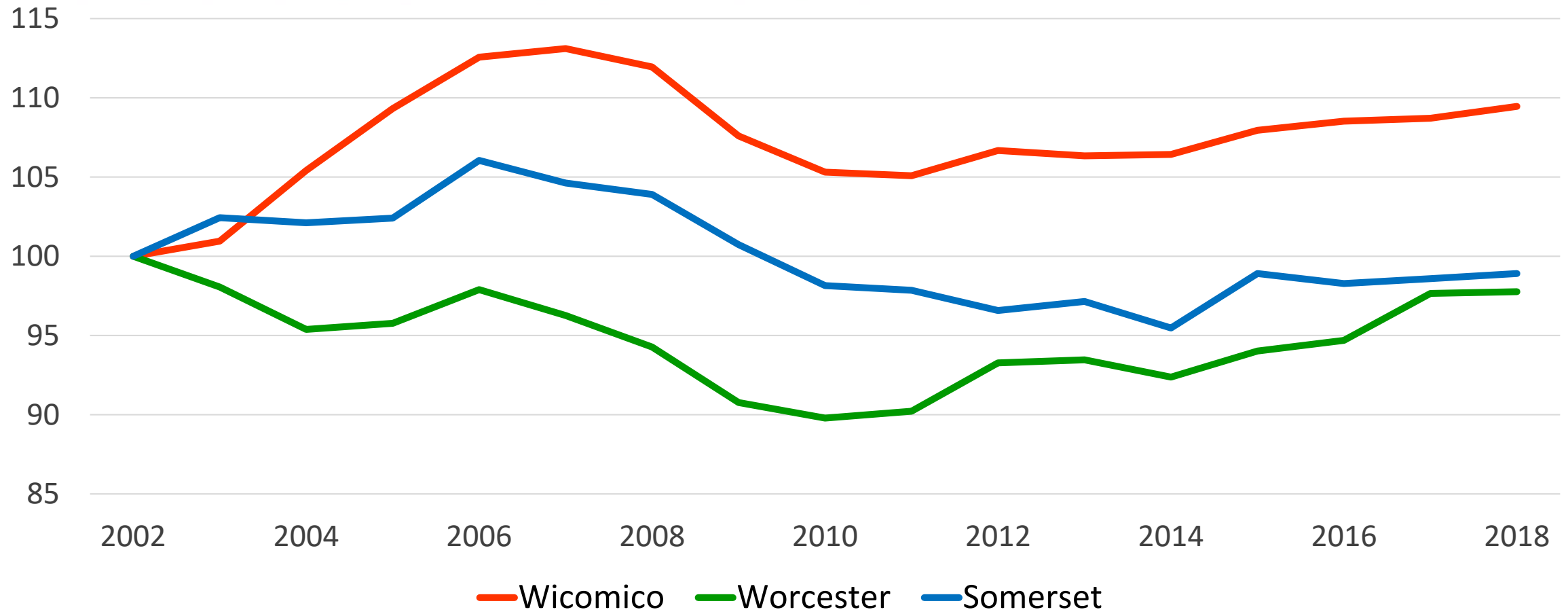
Source: Maryland Quarterly Census of Employment and Wages (QCEW), Change in Annual Average; Annual Average indexed to 100 Beginning in 2002

# Lower Shore Job Trends



Source: Maryland Quarterly Census of Employment and Wages (QCEW), Annual Averages; Annual Average indexed to 100 Beginning in 2002

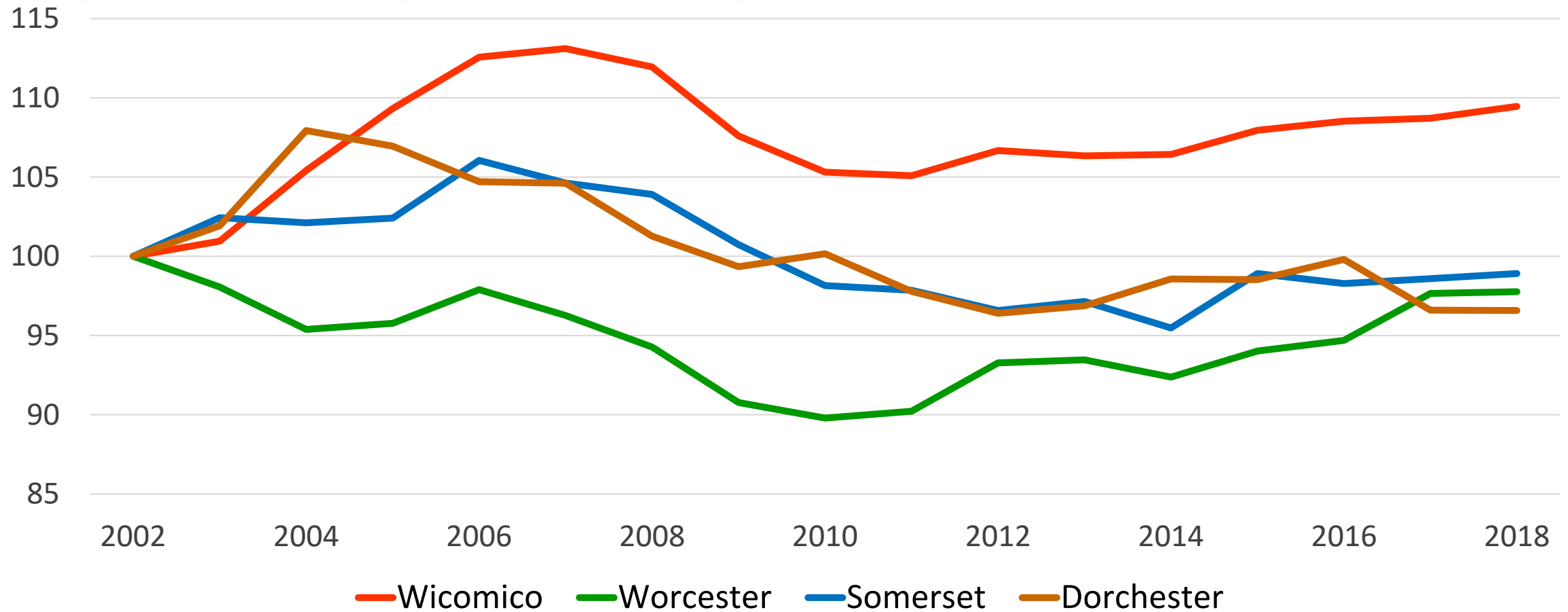
# Lower Shore Job Trends



Source: Maryland Quarterly Census of Employment and Wages (QCEW), Annual Averages; Annual Average indexed to 100 Beginning in 2002

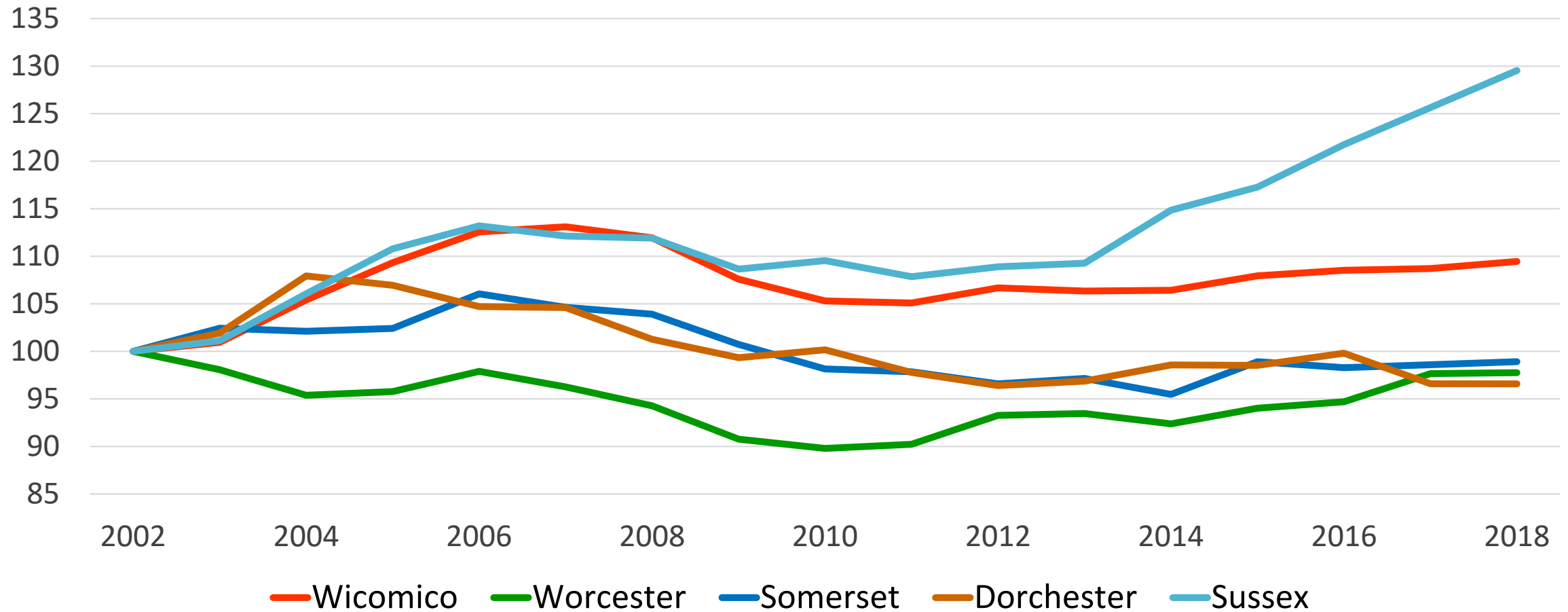


# Lower Shore Job Trends



Source: Maryland Quarterly Census of Employment and Wages (QCEW), Annual Averages; Annual Average indexed to 100 Beginning in 2002

# Lower Shore Job Trends



Source: Maryland Quarterly Census of Employment and Wages (QCEW); Delaware Department of Labor, Quarterly Census for Employment and Wages; Annual Averages; Annual Average indexed to 100 Beginning in 2002



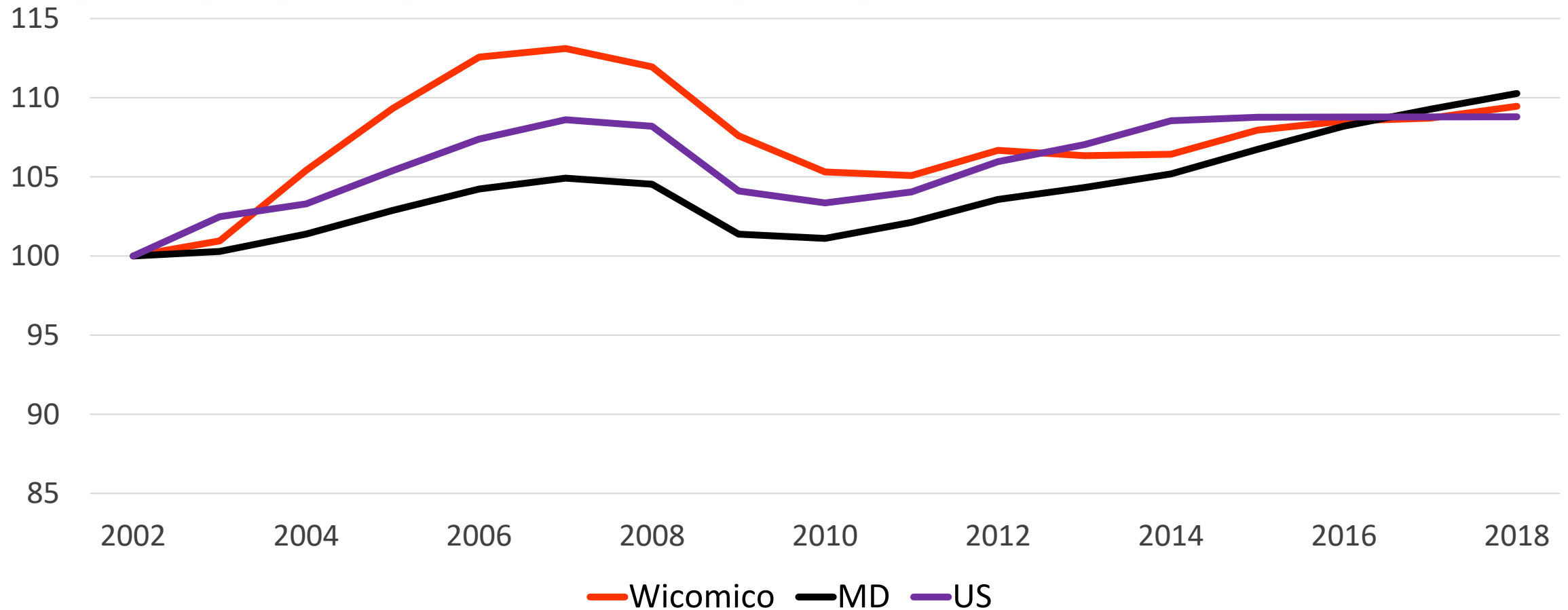
# Sector Growth by County



Wicomico	Worcester	Somerset	Sussex
Education & Health Care	Leisure & Hospitality	Professional Business Services	Food Preparation & Serving
Construction	Education & Health Care	Other Services	Sales & Related
Leisure & Hospitality	Financial Activities	Financial Activities	Production

*Source: Maryland Department of Labor, Licensing & Regulation; Delaware Department of Labor; Selected Sectors, Average Annual Data, 2017 – 2018;*

# Lower Shore Job Trends



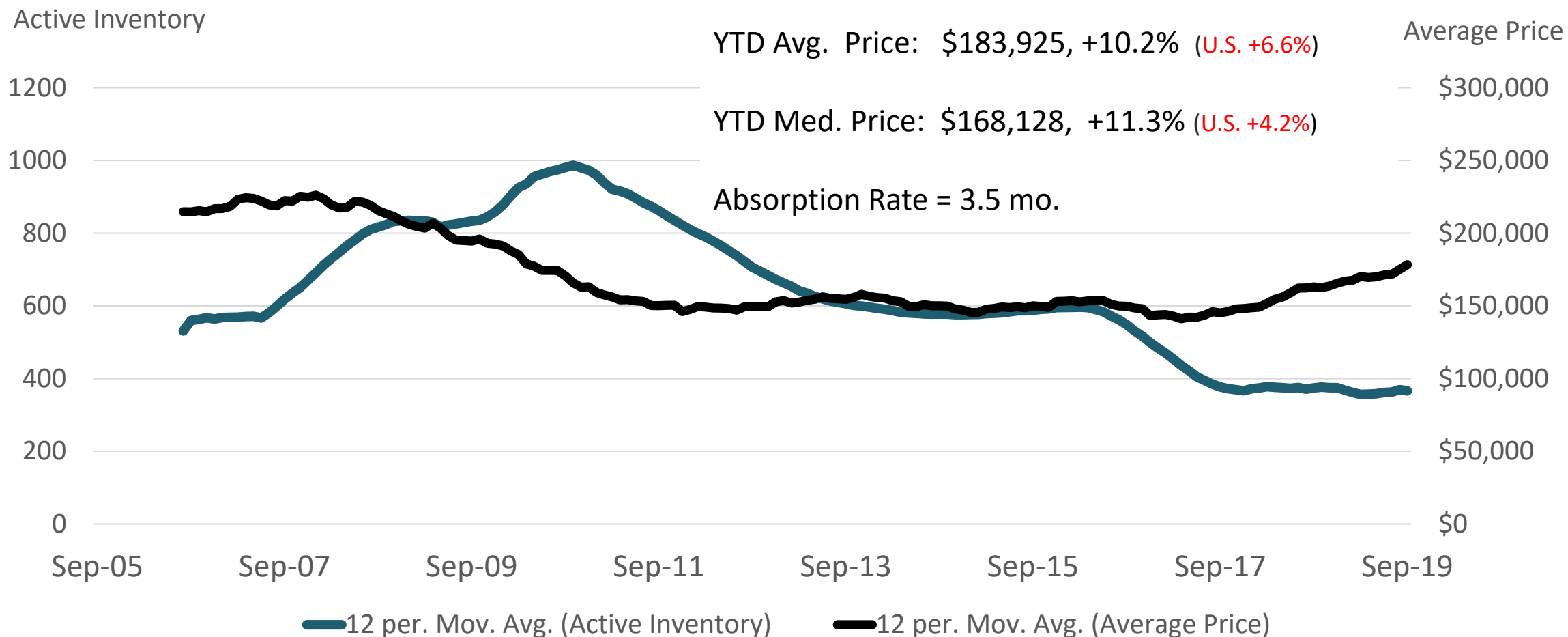
Source: Maryland Quarterly Census of Employment and Wages (QCEW), Annual Averages; Annual Average indexed to 100 Beginning in 2002; U.S. Data = Bureau of Labor Statistics

## Continued Tight Labor Market for the Foreseeable Future

- Workforce development continues to be a major issue
  - Reaching kids at an early age
  - Higher turnover rates as millennials will have a multitude of jobs over career
  - Planning now for future minimum wage increases (Maryland)
    - Flex time becoming more of the norm
    - New compensation strategies (bonuses, incentive)
    - Enhanced technology



# Inventory & Pricing - Wicomico



Source: Maryland Association of Realtors; Data for existing single family homes in Wicomico County, YTD through September; Absorption rate is for September, 2019

# Real Estate – Non-Residential



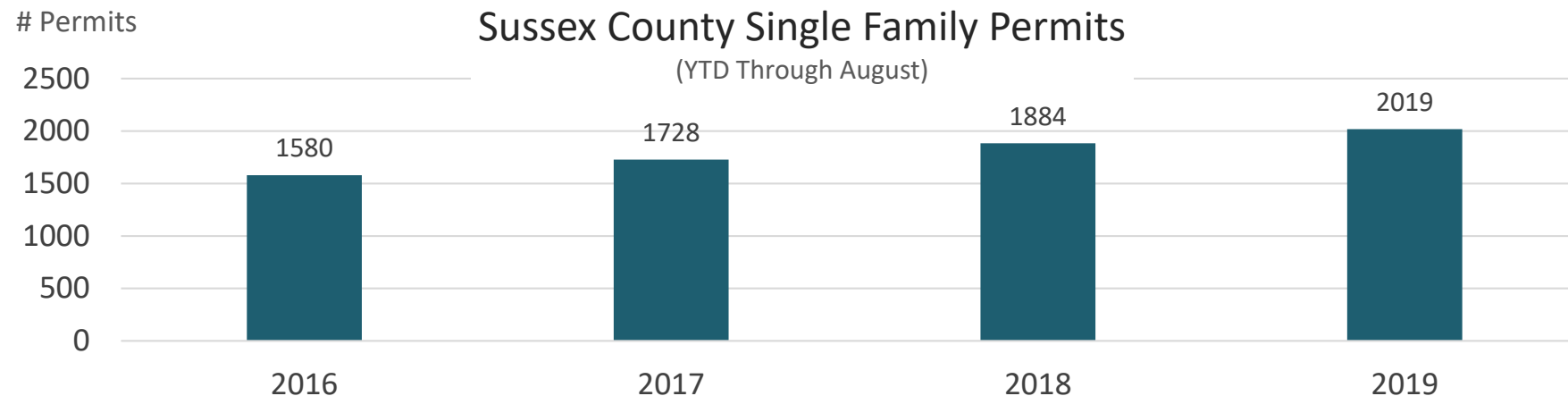
- Trend is smaller (< 50,000 sf) in the industrial real estate market, more niche oriented especially in the manufacturing arena
- Ready-to-build sites becoming the norm
- Strong commercial (new and retrofits) in City of Salisbury (+70% vs. year ago)<sup>(1)</sup>
- Strong commercial real estate transactions (Wicomico)<sup>(2)</sup>
  - Volume + 13.5% over '18 (*98% over '17*)
  - Transactions + 17% over '18

# Outlook



## Residential Construction

- Residential growth in Sussex expected to continue fueled by in-migration from Northeast (DC, NY, NJ)
- Ample sites already plotted or planned
- New sewer extension along U.S. Rt. 13 (Bridgeville – Seaford)





# *Outlook*



## **Residential Construction**

- Moderate growth for Maryland counties in new home construction with concentration inside municipal limits
- Anecdotal but sensing younger families purchasing older homes (Wicomico)
- Price appreciation, stability due in large part to low inventory levels
- Impact on recruiting talent

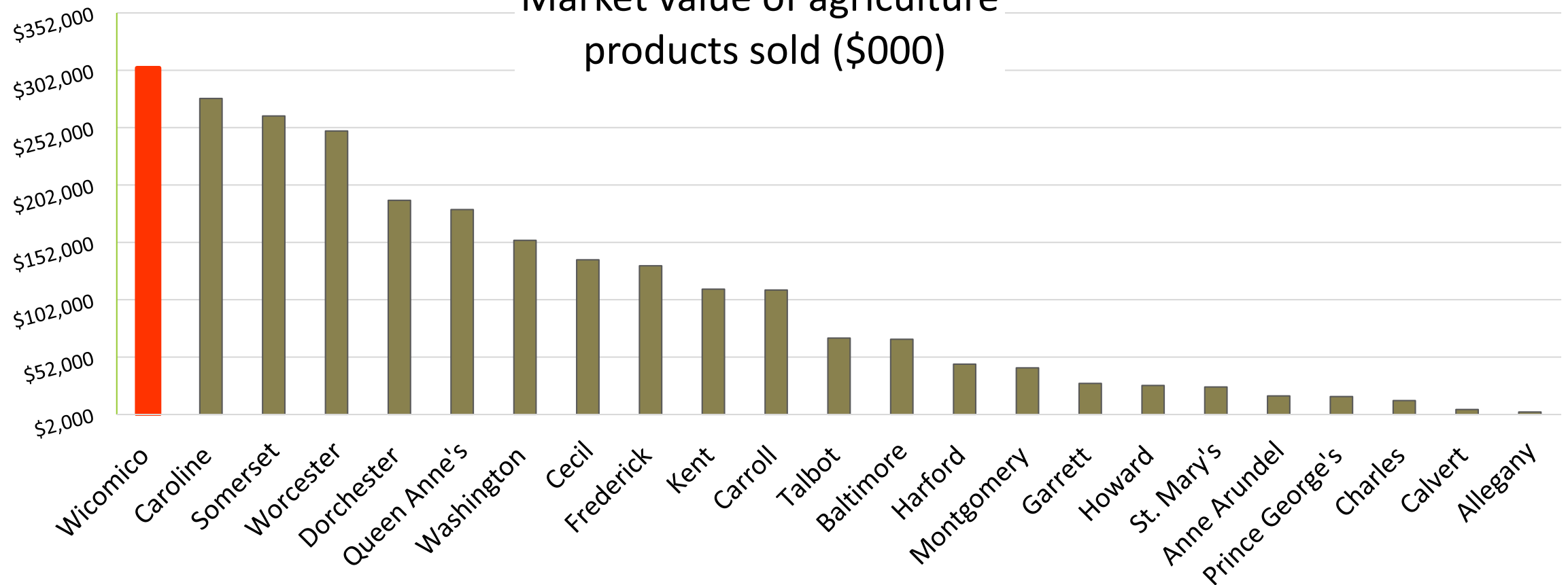
## **Commercial Construction - Transactions**

- Time to completion continues to be challenging due to coordination of projects with sub-contractors
- Potential new industrial construction given current low inventory levels

# Wicomico Top County in Ag



Market value of agriculture  
products sold (\$000)



Source: U.S. Census of Agriculture, 2017

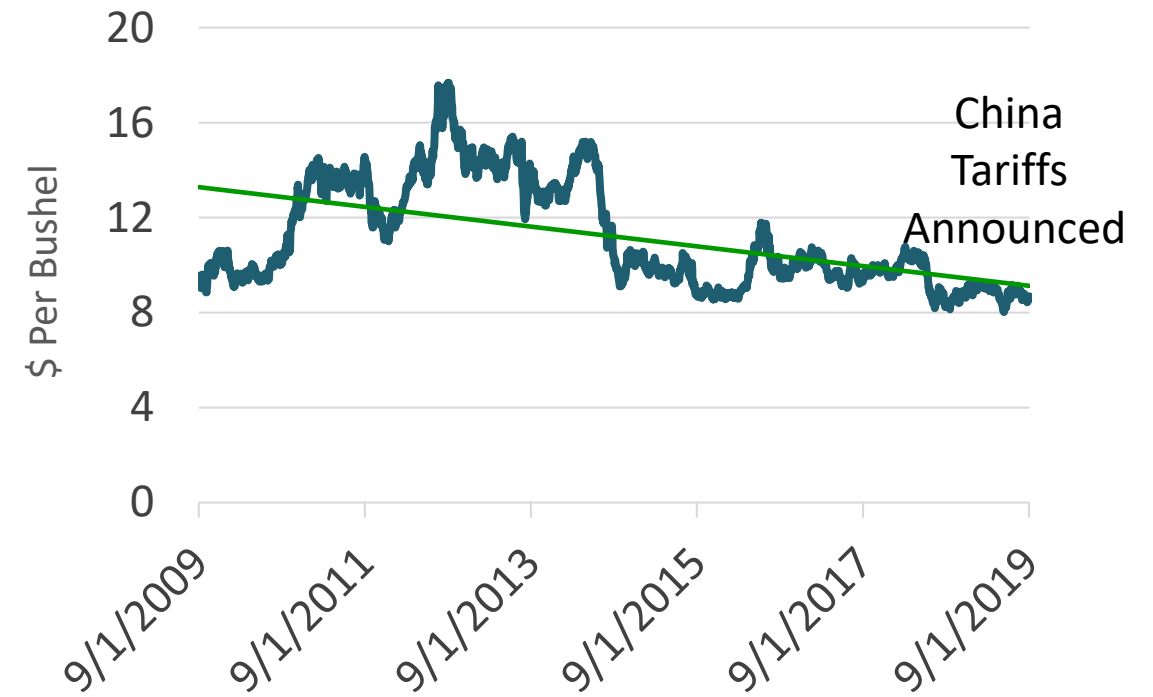
# Commodity Pricing and Ag



## Corn / Bushel Price



## Soybeans / Bushel Price





# Outlook



**Overall, fairly steady the rest of this year and into the next;  
awaiting spring planting season. Seeking pricing opportunities.**

- Trade policy depressed market for corn and soybeans; Lot of protein on the market, corn futures seem promising due to lower yield projections by USDA coupled with renewable energy goals for ethanol; soybeans are a different story due to excess supply, dry weather locally and loss of export market
- Farmers seeking to diversify product line toward higher margin crops (*higher input costs*)
- Continue to see advances in use of technology to improve yields and lower costs



# *Logistics & Distribution*



## **Infrastructure - Port**





# Logistics & Distribution



## Infrastructure - Airport



*Source: Maryland Aviation Administration*



# Entrepreneurship



- Poultry
- Life Science
- Wireless Components

**SHORE HATCHERY**  
TODAY at SU!

# *Manufacturing*



**Market driven metrics will help drive key clusters in foreseeable future; Life sciences, Cable and wire harnesses and Wireless components**

- Life science - aging population; animal health
- Cabling and wire harnesses – existing workforce; funded programs
- Microwave – existing cluster of companies & workforce, 5G technology

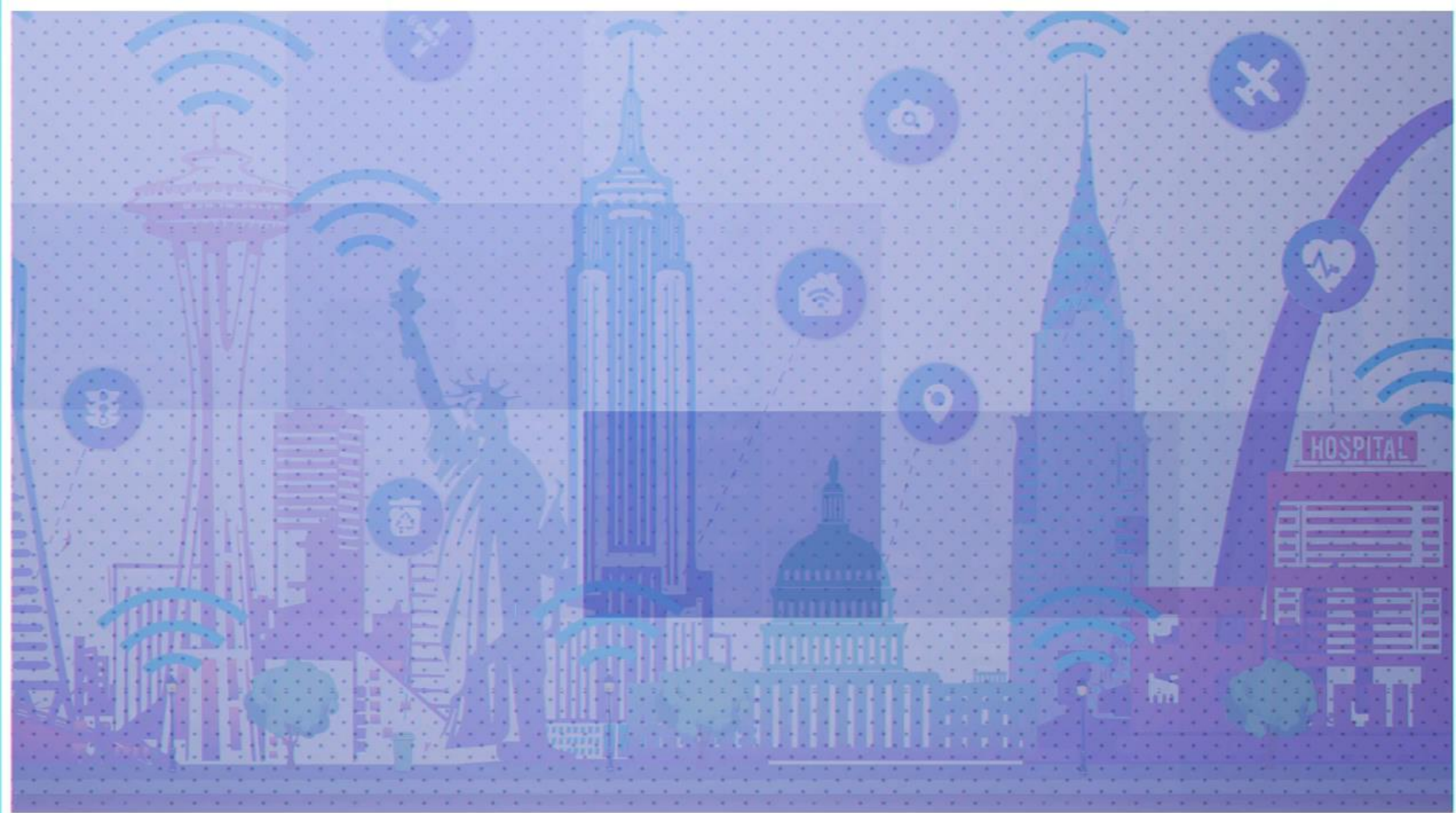
# *Manufacturing & 5G Technology*



## **Generations of Mobile Networks**

- 1G = Analog Voice
- 2G = Digital Voice
- 3G = Mobile Data
- 4G = (LTE) Mobile Internet Era (faster upload, download speeds)
- 5G = Faster speeds, network operators (AT&T, Verizon, etc.) using higher frequencies; higher frequencies weaken with distance yielding to need for smaller cell sizes that are spaced closer together





# *Manufacturing*



WELCOME! **APEX RF CONDITIONING**



- New microwave company
- 100 + new jobs over next 3 -5 years
- Engineers, Technicians, Assemblers
- \$8.5 million payroll

# *Outlook Summary*



Tight labor market for the foreseeable future; Education & Health sector leading the way in job growth

Moderate residential growth in Maryland & continued growth in Sussex

New construction opportunities in commercial, industrial sector

Steady, stable in Ag

Niche opportunities in manufacturing, distribution & logistics



# Thank You for Attending



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