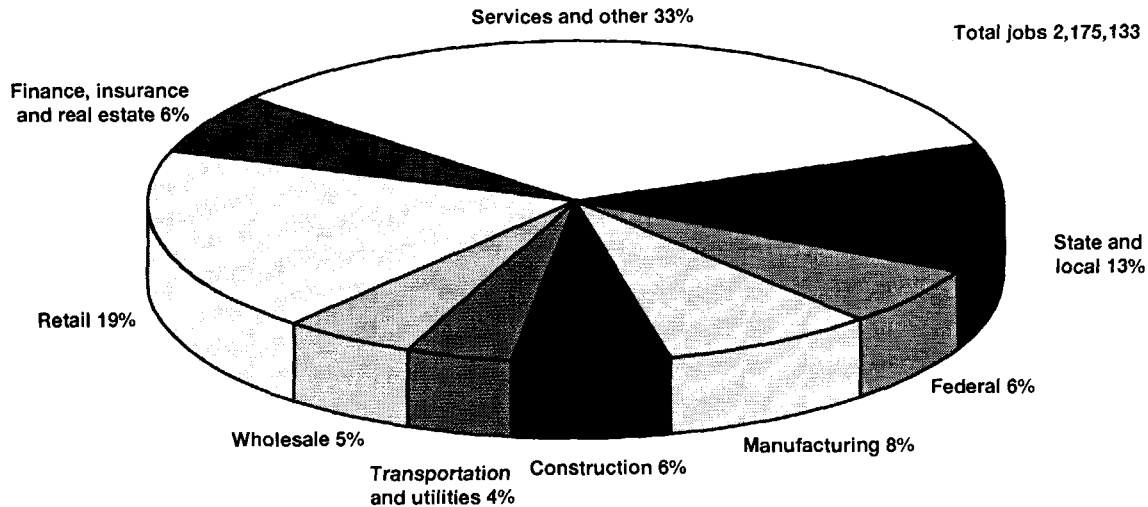


Employment by Sector 1998



Source: Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information, December 31, 1997.

Maryland has long been in the forefront of telecommunication deregulation. Additionally, the size of the Baltimore-Washington market, combined with the proximity to the largest telecommunications customer in the nation, the federal government, makes the region extremely attractive to new providers. Millions of dollars of investment have surged into the region. Growth has also been spurred by the rapid development of wireless technology. Employment in telecommunications will continue to experience healthy gains, estimated at 2.2% in 1998 and 1.5% in 1999.

While utilities have traditionally been among the State's largest and most stable employers, imminent deregulation has resulted in declining employment levels as they move to cut costs to prepare for competition. With further consolidation and cost-cutting on the horizon, employment is expected to decline by 1.4% in 1998 and 1.0% in 1999.

The retail sector has grown steadily since 1992. The strong performance of the stock market and record levels of consumer confidence have resulted in steady increases in consumer spending. Employment has not grown as rapidly as spending; however, due to a labor shortage and the influx of "big box" retailers, which tend to be very large and require fewer employees than traditional retailers. Growth will continue, however, with the advent of Arundel Mills, the planned conversion of the old Capital Center to an upscale retail and entertainment center, and the expansion of Prime Retail's Prime Outlets at Hagerstown. Employment in the retail sector is estimated to grow by 1.2% in 1998 and 0.8% in 1999.

Growth in the finance sector has been relatively modest, but the overall growth figures mask the continually changing composition of this dynamic sector. Employment in mortgage banks increased by 11.1% in 1997 and is expected to finish 1998 with double-digit growth, and brokerages increased employment by 9.3% in 1997 and are estimated to increase it by 6.6% in 1998. The recent economic turmoil, including the Asian economic crisis and the volatility of the stock market, has increased uncertainty at brokerages and investment banks. BT Alex. Brown has shed some positions in Baltimore, and its parent company Bankers Trust had announced plans to eliminate between 900 and 1,800 jobs nationwide, some of which could be from Alex. Brown. The recent merger of Bankers Trust and Deutsche Bank may result in additional job losses for BT Alex. Brown, which currently employs about 1,500 individuals in Baltimore. Banks, meanwhile, continued a steady decline of 3% to 4% annually. Growth for this sector is estimated at 1.5% in 1998, before a decline of 0.7% in 1999.

The government sector, third largest in the State, is expected to show relatively robust growth of 2.2% in 1998 and 1.4% in 1999. Federal government employment will increase for the first time in the 1990's in 1998, and State government employment will increase in 1998 after two years of decline attributable to tight budgets and an early retirement program. Local government employment is expected to be one of the strongest areas of growth, primarily because of increasing numbers of teachers, at 3.2% in 1998 and 2.1% in 1999.

Overall, non-agricultural employment in the State is expected to grow by 2.4% in 1998, 1.2% in 1999 and 1.4% in 2000. Supported by strong wage growth, personal income is estimated to increase by 5.3% in 1998, 4.9% in 1999, and 5.2% in 2000.