

segment, grew by 4.9% in 1996 and is expected to continue to grow at a heady rate, making it one of the brightest areas of growth for the state. Business and government alike will increasingly rely on computerization and software solutions to hold down costs and improve service and data delivery, manage caseloads and handle record keeping. The rapid growth of the Internet and the buildup of corporate intranet networks has generated strong demand for firms providing content and software security systems. The "Year 2000 problem" is also a source of huge demand for software engineers.

Employment in health services increased by 3.6% annually between 1991 and 1993 before slowing to an average annual gain of 2.0% between 1994 and 1996. The overall growth rate disguises very different trends among subsectors, however. Pressures from health insurers for lower cost treatment has shifted demand from traditional types of care toward managed care plans, HMOs and outpatient clinics.

Biotech industry employment rose a sharp 5.9% in 1996. A recent study by Ernst and Young found that Maryland has the fifth largest biotechnology sector in the nation in terms of revenue, and is home to more than 250 biotech firms. Proximity to the numerous research facilities, including the National Institutes of Health, the Food and Drug Administration, Johns Hopkins University and the University of Maryland Medical System, has made Maryland an excellent location for technology companies. Biotech continues to be one of the most dynamic and rapidly growing sources of new jobs in the state.

Baltimore Washington International (BWI) is one of the fastest growing airports in the country. Passenger traffic has increased from 10 million passengers in the early 1990s to over 14 million in 1997. The arrival of Southwest Airlines in 1993 transformed BWI into the area's premier low-cost airport. BWI has also seen a substantial increase in freight shipments. The expansion of central Maryland as distribution hub, increased capacity at the airport and the addition of a mid-field cargo terminal, planned for 1999, will all support continued growth.

Trucking, warehousing and wholesale trade have become important contributors to the state's economy. Induced by Maryland's strong transportation network, central location and access to reasonably-priced land, a long list of firms have established warehouses here. Although employment in these industries has fluctuated over the last three years, it has resumed its upward trend in recent quarters and should expand steadily.

Maryland has long been in the forefront of telecommunication deregulation issue. Additionally, the size of the Baltimore-Washington market, combined with the proximity to the largest telecom 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.

The level of employment in the finance sector as a whole is the same as in 1992, but that aggregate comparison masks the many changes that have taken place in the industry. Transformed by mergers, consolidations and technology, banking employment has dropped by more than 6,000 jobs over the past five years, a 16% decline. In the nonbank finance sector, demographics and the roaring stock market have driven up the demand for brokerage services. Most firms are expanding aggressively, hiring at every position, from investment managers to analysts to back office staff. The securities industry has expanded by more than 4,000 jobs over the past five years, or 43%.

Healthy consumer confidence, the solid economy and robust gains in the stock market have translated into steady increases in consumer spending. Drawn by the high per capita wealth of the area, new retailers continue to enter this market. Employment gains are expected to be modest over the next three years, constrained in part by a lack of workers. In addition, much of the growth in the industry will be in the "big box" retailers. These stores tend to be very large, compete largely on price and selection and require fewer employees.

In total, Maryland employment is expected to increase 2.3% in 1997, 1.6% in 1998 and 1.3% in 1999. Supported by strong wage growth, total personal income will rise by 5.4%, 5.1% and 4.8%, in 1997, 1998, and 1999, respectively.