

Maryland Business Climate Survey

2ND QUARTER 2005

THE SURVEY

Initiated by the University of Baltimore in July 1995, the Maryland Business Climate Survey is supported today by the Maryland Department of Business and Economic Development, the Governor's Workforce Investment Board, the Maryland Department of Environment, the Northrop Grumman Corporation, and University of Baltimore's Merrick School of Business.

- 250 firms are surveyed each quarter;
- Survey topics: business performance and expectations, business climate and environment, business retention, and workforce availability;
- Targeted firms are geographically diverse and in growing industry sectors.

BUSINESS CLIMATE AT RECORD HIGH

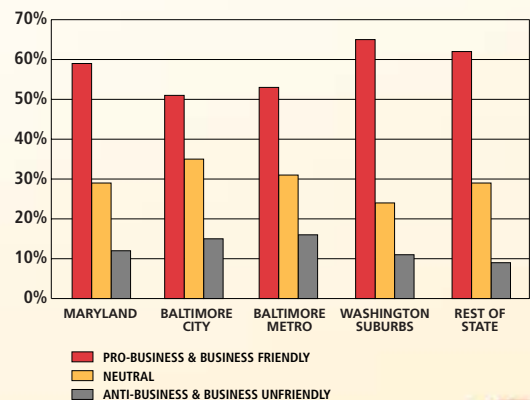
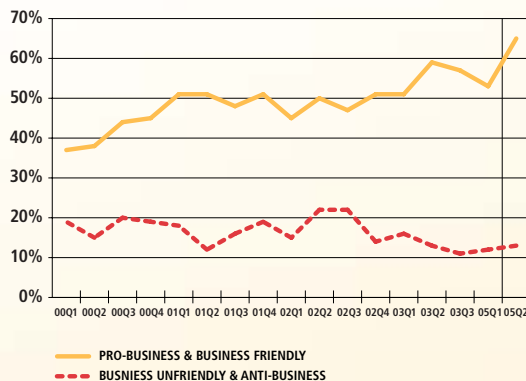
Results for the second quarter of 2005 set a record high as to the percentage of businesses that rate Maryland as being pro-business or business friendly.

- 65% of firms rated Maryland as either being pro-business or business friendly.
- 13% of firms rated Maryland as either being anti-business or business unfriendly.

Through the first half of 2005, 59% of firms rated Maryland as having a positive business

climate (rating Maryland as either pro-business or business friendly).

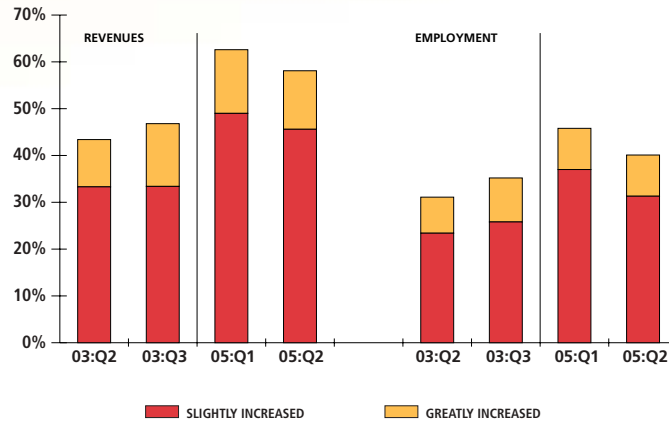
- 51% of firms in Baltimore City rated Maryland as having a positive business climate.
- 53% of firms in the Baltimore Metro Area rated Maryland as having a positive business climate.
- 65% of firms in the Washington Suburbs rated Maryland as having a positive business climate.
- 62% of firms in the rural region of Maryland rated Maryland as having a positive business climate.



ECONOMIC GROWTH REMAINS HIGH IN SECOND QUARTER

For the second quarter of 2005, Maryland firms reported growth in both revenue and employment.

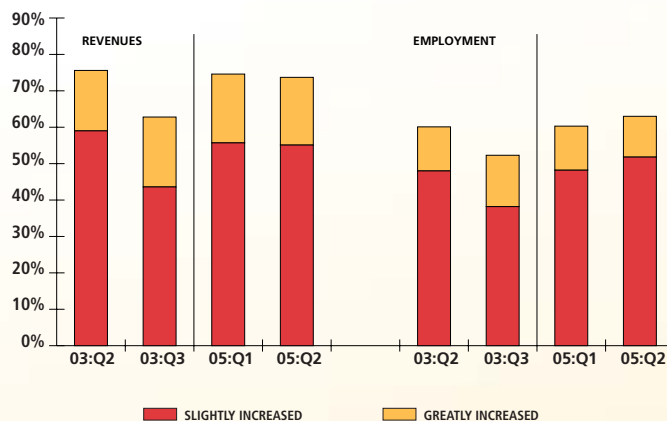
- 40% of firms reported increases in employment from the previous year.
- 50% of firms reported revenue growth from the previous year.



STEADY EXPECTATIONS FOR THE COMING YEAR

Maryland companies are holding steady their expectations to increase their revenues and have slightly raised their expectations to increase employment in the coming year.

- 74% of firms expect revenue growth in the coming year.
- 63% of firms expect employment growth in the coming year. This is an increase from 60% in the first quarter of 2005.



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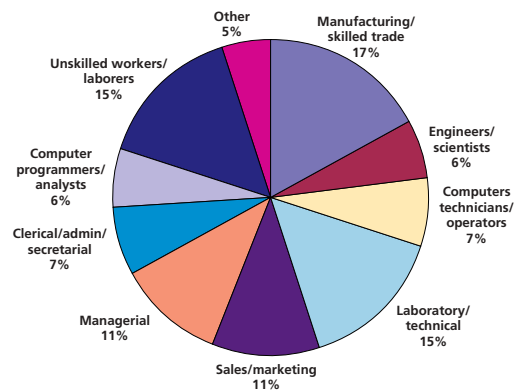
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LABOR MARKET AND WORKER SHORTAGES

Thirty-three percent (33%) of firms reported experiencing labor shortages in 2005. This is a decrease from 39% in the first quarter of 2005. Of those firms reporting labor shortages, 48% reported short-term shortages, 36% reported long-term shortages, and 16% reported both short and long-term shortages.

- 44% of firms consider labor market conditions in Maryland as a competitive asset.
- 21% of firms consider labor market conditions in Maryland as a competitive weakness.
- 23% of firms said that labor market conditions have hindered their ability to do business.
- 35% of firms recruit experienced workers from out-of-state.



E-GOVERNMENT USE

New to the Business Climate Survey for 2005 are questions regarding firms' use of electronic government services. These are services and applications available through State web sites. Several firms responded that they would like to be able to use the Internet to bid on state contracts, utilize more MVA services, to pay their personal and business taxes, to gain access to information on

state regulations, and to apply for programs geared to small and minority businesses.

- Only 22% of responding firms use Maryland's E-government services.
- 58% of those firms using E-government services utilize State web sites to obtain information and 25% use E-government services to obtain licenses or permits.