

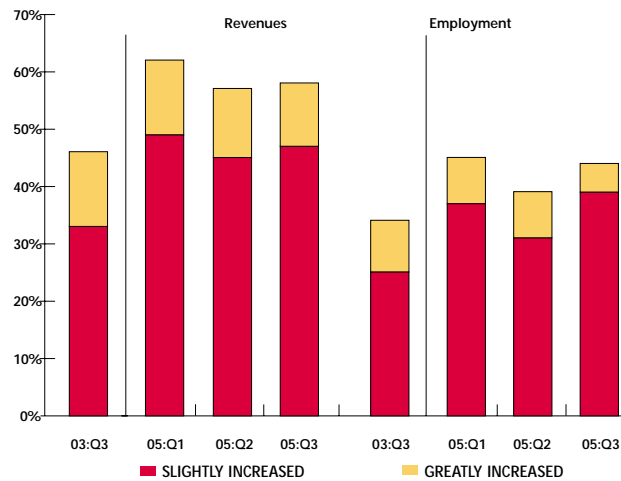
# Maryland Business Climate Survey

3RD QUARTER 2005

## ECONOMIC GROWTH IN THE 3RD QUARTER

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

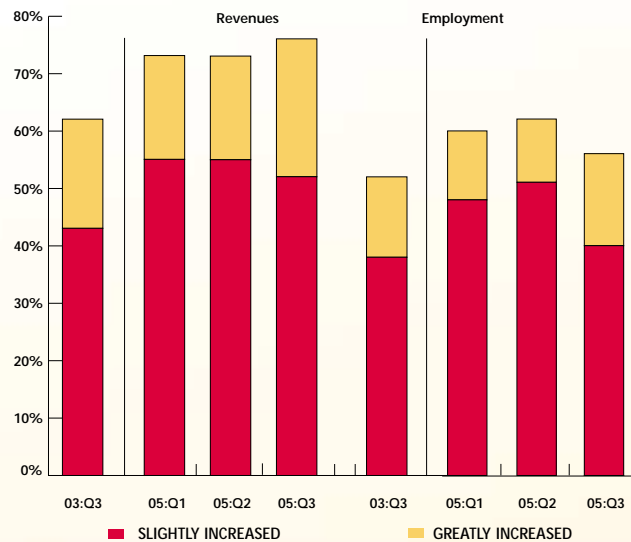
- 44% of firms reported increases in employment from the previous year. This is an increase from 40% in the second quarter of 2005.
- 59% of firms reported revenue growth from the previous year. This is a slight increase from 58% in the second quarter of 2005.



## POSITIVE EXPECTATIONS FOR THE COMING YEAR

Along with a strong national and state economy, Maryland companies are indicating positive expectations for revenue and employment growth in the coming year.

- 77% of firms expect revenue growth in the coming year, compared to 74% in the second quarter.
- 57% of firms expect employment growth in the coming year. This is a decrease from 63% in the second quarter of 2005.



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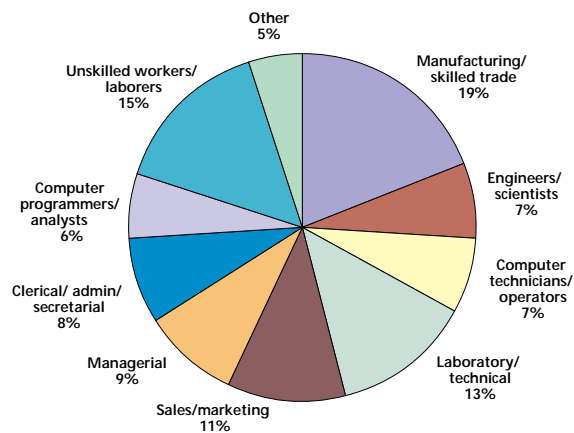


MARYLAND

## LABOR MARKET AND WORKER SHORTAGES

Forty-six percent (46%) of firms reported experiencing labor shortages in 2005. This is an increase from 33% in the second quarter of 2005. Of those firms reporting labor shortages, 40% reported short-term shortages, 38% reported long-term shortages, and 22% reported both short and long-term shortages.

- 44% of firms consider labor market conditions in Maryland as a competitive asset.
- 23% of firms consider labor market conditions in Maryland as a competitive weakness.
- 25% of firms said that labor market conditions have hindered their ability to do business.
- 36% 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.

- 24% of responding firms use Maryland's E-government services.
- 60% of those firms using E-government services utilize state web sites to obtain information and 21% use E-government services to obtain licenses or permits.

## GREATEST ADVANTAGE TO DOING BUSINESS IN MARYLAND

Through the first three quarters of 2005, firms were asked to provide the greatest advantage to doing business in Maryland. These advantages included:

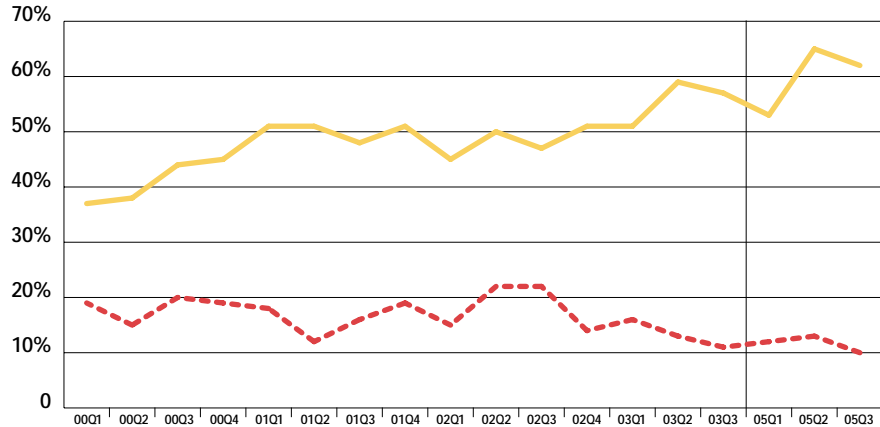
- 58% cited Maryland's location as the greatest advantage.
- 7% cited Maryland as having a strong local market.
- 5% cited Maryland as having a strong business environment.



## BUSINESS CLIMATE CONTINUES TO REMAIN STRONG

Results for the third quarter of 2005 continue to show a large percentage of firms rating Maryland as being pro-business or business friendly.

- 62% of firms rated Maryland as either being pro-business or business friendly.
- 10% of firms rated Maryland as either being anti-business or business unfriendly. This is a decrease from 13% in the second quarter and is the record low for firms rating the state as being anti-business or business unfriendly.



Through the third quarter of 2005, 60% of firms rated Maryland as having a positive business climate (rating Maryland as either pro-business or business friendly).

- 57% of firms in Baltimore City rated Maryland as having a positive business climate.
- 55% of firms in the Baltimore Metro Area rated Maryland as having a positive business climate.
- 67% of firms in the Washington Suburbs rated Maryland as having a positive business climate.
- 57% of firms in the rest of the state rated Maryland as having a positive business climate.

