THE DAILY RECORD

Business

Commentary: Greater Baltimore region just might be 'recession proof'

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Special to The Daily Record
June 27, 2008

The Base Realignment and Closure (BRAC) initiative is well under way in Greater Baltimore. Construction has begun and the influx of new jobs is coming. With some arriving as early as this summer, jobs will steadily increase over the next few years.

Greater Baltimore, therefore, seems to enjoy a certain amount of protection from the ever-present negative economic influences. The United States and cities worldwide are coping with economic conditions of a near-recession, including a sluggish job market, rising fuel costs and a real estate slump.

Yet Greater Baltimore continues to weather these circumstances due, in great part, to the presence of federal jobs and government contracts to private employers — business that remains relatively unaffected by national and global economic trends.

While not completely immune, the Baltimore region appears to be deflecting some of the damage of the national economic downturn.

Federal agencies provide boost

Greater Baltimore is the home of several federal agencies, many of which employ more than 1,000 people each and together employ well above 70,000. Our region boasts operations that are critical to the nation's security, health and research efforts in facilities such as the National Security Agency (NSA), Fort Meade, Aberdeen Proving Ground, Social Security Administration, Centers for Medicare and Medicaid Services (CMS) and the National Institutes of Health (NIH). These federal government organizations, among others, are usually less affected by economic slowdowns and fluctuations.

According to the regional Economic Development Progress Report issued by the Economic Alliance of Greater Baltimore, Greater Baltimore has a location quotient of 1.57 for employment in the federal government industry category, meaning the region has 57 percent more federal jobs than would be expected for a region of its size. State government industry employment is also highly concentrated in the region with a location quotient of 1.44.

Equally if not more important to this employment presence, however, are the contracts to private employers, which typically fall under professional, scientific and technical services.

Greater Baltimore ranks sixth among the 25 largest U.S. metro areas for employment concentration of this industry and for employment growth in this industry. Recently released was a study completed by the Milken Institute that ranks Maryland second overall as a tech-rich state. The state placed in the top six in research and development and technology and science work force.

Impact of BRAC

All of these employment numbers will increase as BRAC's impacts take hold. Recently it was reported that BRAC-related growth will result in 700 new jobs, 100 new beds, and the spending of at least $300 million — all by 2017 — in Bel Air and Havre de Grace alone. Upper Chesapeake Health Center and Harford Memorial Hospital are predicting about a 22 percent growth in the population they serve in Harford and Cecil counties in the coming decade.

Greater Baltimore may even benefit and have a cause for optimism — yes, optimism — due to rising fuel costs. As gas prices move beyond $4 a gallon and continue to rise, both contractors and residents will be more inclined to locate as close as they can to Fort Meade or Aberdeen Proving Ground to avoid the high costs associated with longer commutes.

In fact, a recent survey by the Defense Information Systems Agency (DISA), an organization with about 4,000 jobs transferring to Fort Meade, shows that about 40 percent of its workers are planning to keep their jobs instead of searching for new ones near their current home or retiring altogether. That number is up from 25 percent in a similar survey done in 2006.

To accommodate the job growth and BRAC relocations, contractors will be leasing or building office space in Greater Baltimore, providing an economic boost. Residents will bring their families and will purchase or rent homes in our region, helping to put a dent in the housing slump. These new residents will be living, working and spending in our region.

Furthermore, the boost in regional population, in concert with high gas prices, will create an elevated demand for an improved mass transit system, which in turn can provide a regional improvement in connectivity and also encourage residential and commercial development along its routes.

Regional elected officials are already hard at work assessing the necessary improvements that can make this happen, with a potential plan in place that could triple the current capacity of the MARC rail system.

Reeling in new residents

Residential development is already under way to prepare for the BRAC influx. Recently, Mayor Sheila Dixon attended the dedication of a park in Baltimore City's Townes at Orchard Ridge, a new housing development for families of mixed-income levels, built on the site of a formerly blighted public housing complex.

The community is part of a new homeownership in the city that is designed to lure people relocating because of BRAC. Under the Baltimore BRAC homeownership initiative, homeowners can receive $3,000 from Live Baltimore, which develops marketing strategies to attract BRAC households. An additional $3,000 will come from the state to encourage families to choose Baltimore.

Greater Washington also has a high concentration of professional, scientific and technical workers that help fuel countless government organizations. But the D.C. area has a high cost of living compared to that of Greater Baltimore, and it is possible that our region could see a bump in residents relocating here as a result of the economic squeeze.

In fact, many groups, including Live Baltimore, are encouraging D.C. commuters to relocate to our region. The continued melding of these regions can only lead to positive growth for both areas.

So while a quick recovery from the current national economic doldrums seems unlikely in the immediate future, we have reason to be thankful that we are already somewhat protected by our strong base in federal jobs, with those professionals living and working in Greater Baltimore.

When this is combined with the coming BRAC growth, our region's economic health is a bit more protected than most, and our future looks that much brighter.

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