

TABLE OF CONTENTS

Introduction	2
Methodology	3
Research Summary	4
Demographics	9
Economy	26
Conclusion	56
Glossary of Terms	58

Introduction



Introduction

Since the Industrial Revolution, the United States has depended on the manufacturing sector to sustain its economy and employ a significant portion of its population. More recently, globalizing forces have pushed many of these jobs overseas, causing problems for small, undiversified economies reliant on a few large local manufacturing plants to sustain their economic base. The Martinsville-Henry County labor force is one such casualty of this national economic change. As Henry County Supervisor Paula Burnette told the *Washington Post* in November 2002, “Textiles, furniture and tobacco. Did we get a triple hit or what?”¹ While the country’s economy slowly pulls itself out of the recent downturn, communities such as Martinsville-Henry County have much greater problems to address.

Martinsville-Henry County contracted with *Market Street Services, Inc.* to help find possible solutions to its high unemployment rates and to develop a sustainable, long-term economic development strategy. As a first step in that process, this report analyzes the relevant demographic and economic data in order to better understand the community’s strengths and weaknesses. Some of the data that are considered include population migration patterns, age distributions, educational attainment levels, poverty rates, unemployment numbers, income levels, and employment sector data. The results of this analysis will be the basis of *Market Street’s* work for the entire process, which includes these six stages:

- I. Economic and Demographic Profile
- II. Qualitative Research Component
- III. Competitive Assessment
- IV. Target Business Analysis
- V. Community and Economic Development Strategy
- VI. Implementation Plan

The *Economic and Demographic Profile* is organized into seven sections: Introduction, Methodology, Research Summary, Demographics, Economy, Conclusion, and Glossary of Terms. The Methodology explains the unique character of the Martinsville-Henry County geopolitical structure and the principals and sources *Market Street* used to compile the report. The Research Summary will outline the key findings of the economic and demographic analysis as well as explain the major themes that developed during the study. The following two sections, Demographics and Economy, will illustrate important statistics as well as provide a more detailed analysis of their implications. The analysis will conclude with *Market Street’s* final summary of Martinsville-Henry County’s demographic and economic character as well as the major issues that must be addressed in the area’s economic development strategy. Finally, *Market Street’s* Glossary of Terms defines many of the terms and concepts used in this report.

¹ Michael D. Shear. “Governor Touts Jobs in Tour of Rural Va.” *The Washington Post*. November 14, 2002, p. B2.

Methodology



Methodology

This *Economic and Demographic Profile* studies key demographic and economic data for the City of Martinsville and Henry County in order to better understand the area's strengths and weaknesses. It is important to understand the unique governmental structure of the State of Virginia before proceeding with the report. The State of Virginia structures the state so that the City of Martinsville is not in Henry County but is a completely separate entity. Therefore, in many instances, it is possible to study each one separately. Because of Martinsville's small size (an estimated 15,263 residents in 2002), it is not realistic to consider the City as a solitary economic unit. The City and County depend on each other economically and in a variety of other capacities. However, many of the indicators used in this report suggest very different circumstances in Martinsville and Henry County. To study them separately broadens the understanding of the character of the Martinsville-Henry County area. Therefore, Martinsville and Henry County are analyzed as separate entities, but for certain indicators only the combined information was available. Additionally, to illustrate Martinsville-Henry County's demographic and economic character within a broader context, in many cases Virginia and United States data are provided alongside those for Martinsville and Henry County.

Due to the recent, dramatic changes that have occurred in the Martinsville-Henry County economy, *Market Street* made every effort to make use of the most recently available data. To meet this end and make use of the best sources, some data will be available for 2003, but in other instances it will date back to 2000. Often the data will be analyzed within its historical context and will be compared to previous years or, for a few indicators, previous decades.

Recent economic statistics were primarily available from the Virginia Employment Commission (VEC), whose latest data was for the first quarter of 2003. Three primary national sources were used when they offered the only appropriate data available or when it was desirable to compare Martinsville and Henry County to the nation as a whole. These sources were the U.S. Census Bureau, U.S. Bureau of Labor Statistics (BLS), and U.S. Bureau of Economic Analysis (BEA). In many instances, the U.S. Census Bureau is limited to data collected for the 2000 decennial census. BLS has recently released preliminary estimates for 2002, which were used for a few indicators. Most of the BEA data is only available as recent as 2001. Additionally, BEA combines Martinsville and Henry County for its data, making it impossible to separate the two for those indicators. Other national sources included the Internal Revenue Service, Centers for Disease Control and Prevention, and the U.S. Bureau of Justice Statistics. The Virginia Departments of Education, Social Services, and Health were also used for certain indicators. These have varied time periods for which data was available.

Both the Virginia Employment Commission and the Bureau of Labor Statistics do not release data for employment sectors with only a few establishments, in order to protect their privacy. For areas as small as Martinsville and Henry County that tend to have fewer businesses, this occurs more frequently. In the analysis of employment sector data, this report will make it clear if a sector is not included due to this non-disclosure policy.

Market Street's Glossary of Terms, the final section of this report, defines several of the key terms and concepts used in the *Economic and Demographic Profile*.

Research Summary



Research Summary

Without a doubt, the most staggering data for Martinsville and Henry County are the dramatically high unemployment rates and the low labor force participation rates. However, several other important statistics illustrate just how critical the present situation in Martinsville and Henry County is. The following are the key points that *Market Street's* analysis revealed:

Demographics

- Martinsville had an estimated 15,263 people in 2002, which represents a 22.3 percent decline in population since 1970. Henry County has experienced stagnant growth since 1980, and in 2002 had an estimated population of 57,395.
- In the 1990s, the largest portion of Martinsville's population decline was due to more deaths than births in the City. From 2000 to 2002, both Martinsville and Henry lost population primarily due to domestic migration.
- From 1992 to 2002, a net total of 348 people moved from Martinsville to Henry County.
- The average income of out-migrants in Martinsville (\$18,818) was \$2,834 higher than in-migrants (\$15,984) while in Henry the average income of out-migrants (\$17,570) was \$803 less than in-migrants (\$18,373) from 2001 to 2002.
- Both Martinsville and Henry are aging more rapidly than the state and the nation. In 2000, 20.6 percent of Martinsville's population was over 65 compared to 15.0 percent in Henry, 11.2 percent in Virginia, and 12.4 percent in the United States.
- The median age in Martinsville was 40.8 in 2000, a 7.1 percent increase from 1990. Over the same time period, Henry's median age increased by 12.0 percent to 39.3, Virginia's by 9.5 percent to 35.7, and the United States' by 3.5 percent to 35.3.
- In 2000, Martinsville was 55.4 percent White and 42.5 percent Black or African American. In Henry County, 74.4 percent of the population was White and 22.7 percent was Black or African American.
- About one-third of Martinsville and Henry County's population over 25 years old did not have a high school diploma in 2000 (31.5% and 35.1%, respectively), compared to 18.5 percent in Virginia and 19.6 percent in the United States.
- In 2000, 26.4 percent of Martinsville's over age 25 White population did not have a high school diploma compared to 40.0 percent of the Black or African American population. In Henry, 33.7 percent of the White population did not have a high school diploma compared to 38.6 percent of the Black or African American population.
- The poverty rate in Virginia and the United States declined from 1990 to 2000 (to 9.6% and 12.4%, respectively), but in Martinsville it increased by 23.1 percent to 19.2 percent, while in Henry it increased by 25.8 percent to 11.7 percent.
- In 2000, 29.5 percent of the Black or African American population in Martinsville was living below the poverty level compared to 14.8 percent in Henry. Approximately 11.6 percent of Martinsville's White population and 10.1 percent of Henry's White population were living below the poverty level that year.
- Both the number of TANF and food stamp participants has increased in Martinsville and Henry recently. For the first eight months of 2003, Martinsville had 398 and Henry had 668 children and adults in the TANF program. In August 2003, Martinsville had 2,462 food stamp participants and Henry had 5,152.

- Henry County had a relatively high homeownership rate of 76.9 percent compared to Martinsville (60.2%), Virginia (68.1%), and the United States (66.2%).
- In 2000, the estimated median year housing structures were built in Martinsville was 1958, compared to 1972 in Henry County.
- Teenage pregnancy rates have recently declined in Martinsville, but with 70.1 live births per 1,000 females aged 15-19 in 2001, it still had a higher rate than Henry at 62.3, and nearly twice Virginia at 39.7, and the United States at 45.3.
- Martinsville had the highest comparative violent and property crime rates in 2001 (5.56 and 44.59 per 1,000 people, respectively). Henry County's were 3.62 and 24.96, Virginia's were 2.91 and 28.87, and the United States' were 5.04 and 36.56.

Economy

- From January 2000 to July 2003, the Virginia Employment Commission estimates that 7,872 permanent layoffs occurred in Martinsville-Henry County. This is predominately due to the closing of Tultex, VF Corporation, and Pillowtex.
- As of the fourth quarter 2002, Martinsville's largest employers were Newroads, Inc., Memorial Hospital, and Hooker Furniture. Henry County's were the Henry County School Board, Stanley Furniture Company, and Pillowtex, which has since closed its doors. Bassett Furniture Industry was the fourth largest employer at the end of 2002.
- In the first quarter of 2003, there were 12,545 full and part time job opportunities in Martinsville and 17,569 in Henry.
- Based on annual total employment estimates, from 1990 to 2002, Martinsville-Henry County lost a net total of 11,973 jobs.
- From 1990 to 2000, the labor force participation rate in both Martinsville and Henry dropped dramatically. In Martinsville the rate dropped from 79.3 to 69.4 percent. In Henry it dropped from 82.2 to 68.3 percent.
- The percentage of Martinsville and Henry residents working within their county of residence has significantly declined from 1990 to 2000: from 64.2 to 43.9 percent in the City and from 80.1 to 64.8 percent in the County.
- The August 2003 unemployment rate in Martinsville was 11.7 percent, Henry 15.8 percent, Virginia 3.8 percent, and the United States 6.1 percent.
- In 2001, the combined per capita income for Martinsville and Henry was \$21,447, significantly lower than Virginia's \$32,338 and the United States' \$30,413. While the real per capita income of Virginia increased by 16.3 percent and the United States by 14.7 since 1990, Martinsville and Henry's decreased by 5.6 percent.
- Martinsville and Henry's combined average annual wage in 2001 was \$23,619 compared to Virginia's \$36,160 and the United States' \$35,550.
- The percentage of income based on net earnings is much lower in Martinsville-Henry County (54.4%) than Virginia (71.9%) or the United States (67.6%).
- In 2000, 29.0 percent of households had no earnings in Martinsville compared to 24.0 percent in Henry, 16.6 percent in Virginia, and 19.5 percent in the United States.
- In the first quarter 2003, the largest employment sectors in Martinsville were Retail Trade (23.5%), Professional and Business Services (15.8%), and Manufacturing (15.1%). Henry County is much less diverse; the three largest sectors were Manufacturing

(45.9%), Government (14.2%), and Retail Trade (9.6%).² Virginia's manufacturing sector represented 9.3 percent of total employment that quarter and the annual 2002 estimate for the United States' manufacturing sector was 11.9 percent of the total.

- From the first quarter 2000 to the first quarter 2003, total manufacturing jobs declined by 37.1 percent in Martinsville and 38.2 percent in Henry County.
- From 1970 to 2000 in the combined Martinsville-Henry County area, the manufacturing sector declined from 58.5 percent of total employment to 37.3 percent in 2000. In the first quarter 2003 the percentage was 33.1.
- In the first quarter 2003, Retail Trade establishments represented the greatest share of the total in Martinsville (17.7%) and Henry (20.9%). Overall, the establishments were more evenly distributed among the employment sectors in Martinsville than in Henry County.
- The highest employment location quotients in Martinsville in 2002 were Administrative and Waste Services (1.95), Retail Trade (1.93), and Manufacturing (1.24). In Henry they were Manufacturing (3.77), Transportation and Warehousing (2.55), and Arts, Entertainment, and Recreation (.89).³
- The lowest employment location quotients in Martinsville in 2002 were Wholesale Trade (.31), Arts, Entertainment, and Recreation (.33), and Government (.36). In Henry they were Government (.16), Finance and Insurance (.34), and Real Estate, Rental, and Leasing (.36).
- The highest earnings location quotients in Martinsville in 2002 were Retail Trade (2.07), Administrative and Waste Services (1.55), and Manufacturing (1.19). In Henry they were Manufacturing (3.28), Transportation and Warehousing (3.06), and Arts, Entertainment, and Recreation (1.12).
- The lowest earnings location quotients in Martinsville in 2002 were Arts, Entertainment, and Recreation (.16), Wholesale Trade (.37), and Government (.44). In Henry they were Finance and Insurance (.20), Government (.21), and Administrative and Waste Services (.35).
- The sectors with the highest average weekly wage in Martinsville in the first quarter 2003 were Finance and Insurance (\$750), Wholesale Trade (\$721), and Information (\$667). In Henry they were Wholesale Trade (\$654), Professional and Business Services (\$538), and Transportation and Warehousing (\$537).
- In the first quarter 2003, the Furniture and Related Products sub-sector represented 46.8 percent of Manufacturing's total employment in Henry County and had an average weekly wage of \$433. Textile mills represented 21.2 percent of the total, and had an average weekly wage of \$456.
- The highest paying Services sub-sector in Martinsville in the first quarter 2003 was Management of Companies and Enterprises with an estimated \$869 average weekly wage for 77 employees, or .6 percent of total employment. In Henry, it was Arts, Entertainment, and Recreation with a \$1,406 average weekly wage for 145 employees or .8 percent of the total.

² The Government sector includes public school system employees.

³ Based on the Bureau of Labor Statistics privacy policy, the Government sector location quotients are likely underestimates.

- In 2001, 51.0 percent of Martinsville's establishments employed fewer than 5 people and 3.6 percent employed more than 100. In Henry, 55.5 percent employed fewer than 5 people and 2.1 percent employed more than 100.
- Non-farm proprietorships represented 12.0 percent of total employment in the Martinsville-Henry County area with an average earnings of \$13,764, significantly less than Virginia's \$21,327 and the United States' \$27,090 estimates.

Based on the demographic and economic data for the Martinsville-Henry County area, *Market Street* identified four key recurring themes that need to be resolved to improve the economic health of the region:

1. The size of the available workforce is shrinking.
2. The present workforce has educational and social problems that need to be resolved.
3. Based on a variety of income statistics, the area is clearly not wealthy.
4. The economic structure is weakening and not sustainable.

The Shrinking Workforce

In 2000, Martinsville had 9,488 people aged 18 to 69 and Henry had 38,990. That represented an 8.6 percent decline since 1990 for the City and a .4 percent decline for the County. This effect has two primary causes: the loss in total numbers and the aging of the population. Both of these factors have occurred more dramatically in Martinsville, which explains why it lost a greater percentage of people in its workforce than Henry did. Regardless, if this decline continues to occur it will be difficult to attract new businesses to the area and encourage existing businesses to expand.

Weaknesses of the Workforce

Both Martinsville and Henry have a much higher percentage than the State and the nation of the population over 25 years old without a high school diploma, seriously undermining the quality of the available workforce. In Henry County, the percentage of the population with at most a Bachelor's degree is less than half the amount of Virginia and the United States, and Martinsville's rate is only somewhat higher than Henry's. A study of these statistics comparing the White and the Black or African American communities indicates that the educational attainment levels are even more of an issue within the Black or African American population. Overall, the educational attainment statistics improved from 1990 to 2000, but this is still an issue the community will need to address.

In Martinsville the crime and teenage pregnancy rates are quite high, harming the quality of life and future potential of the community. The property crime and teenage pregnancy rates have improved recently, but the City still stands out compared to Henry County, Virginia, and the United States for its higher rates.

Low-Income Community

Martinsville and Henry have a higher percentage of the population living below the poverty level than the State or the country. In fact, poverty levels are increasing even as the State's and the country's decline. Participation in the TANF and food stamp programs are increasing, even as the total population declines.

Another important factor suggesting that Martinsville and Henry County is a relatively low-income community is that almost all of the income and payroll statistics indicate that the area is significantly behind Virginia and the United States, even within the manufacturing sector, which is the area's economic base. The 2001 combined per capita income estimate for Martinsville-Henry County, \$21,447, is only 66.3 percent of Virginia's estimate and 70.5 percent of the nation's. The income distributions indicate that Martinsville and Henry rely less on net earnings and a greater percentage of households receive Social Security and public assistance than the State or the nation.

Almost all of the employment sectors in both Martinsville and Henry have an average weekly wage less than that of Virginia. The state's Manufacturing sector has an average of \$782, significantly higher than Martinsville's \$566 and Henry's \$510. The largest Manufacturing sub-sectors, furniture and textile mills, pay only \$433 and \$456, respectively. These are not promising statistics for a sector that is such an important component of the present Martinsville-Henry County economy.

Unsustainable Economic Structure

The significant decline in labor force participation rates in both the City and the County indicates that many individuals have stopped looking for jobs and removed themselves from the workforce. This suggests that the need for employment is likely even greater than the recent high unemployment rates of 11.7 percent in Martinsville and 15.8 percent in Henry indicate. Clearly, there is a need for substantially more employment opportunities in the community.

Another problem in Martinsville-Henry County, as recent events and the location quotients illustrate, is that the area is heavily reliant on the Manufacturing sector. Diversification is always an important component of economic success. There is also a disconnect between the sectors that employ the most residents and those with the highest wages; a better balance between those factors would improve the economic health of the area. Health Care, Wholesale Trade, Transportation and Warehousing, and Finance and Insurance all pay better than the Manufacturing sector, which employed about a third of the community's workforce in the first quarter of 2003.

The four themes identified in this Research Summary - a shrinking workforce, a relatively weak workforce, low income data, and an unsustainable economic structure - are important factors to consider when addressing the present problems in Martinsville and Henry County. The community will need to address all of these concerns in order to recover from its recent economic hardships and ensure success in the future.

Demographics



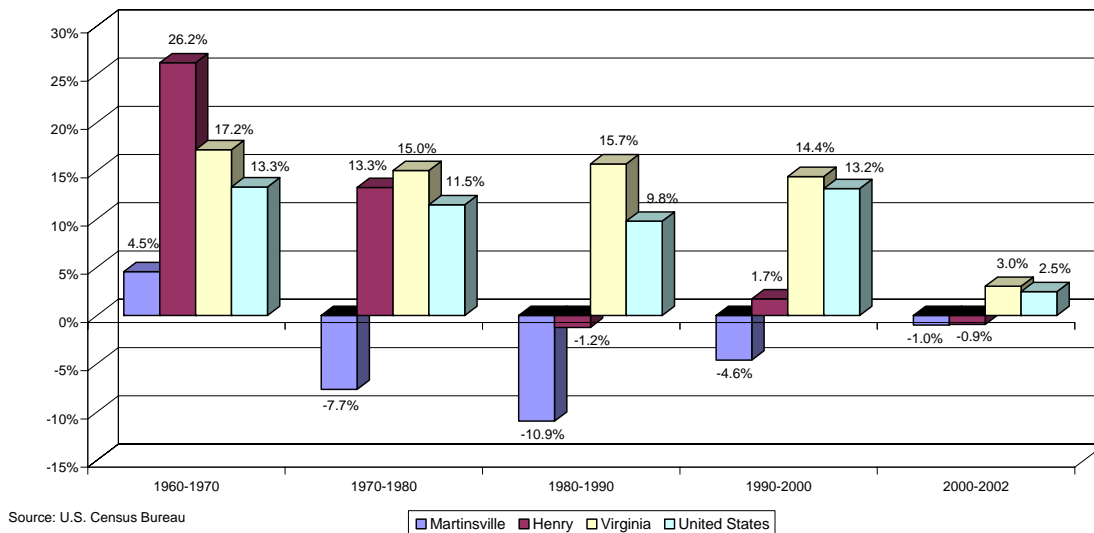
Demographics

Population

In 2002, the City of Martinsville had a population of 15,263 and Henry County had a population of 57,395. Martinsville has not experienced growth since the 1960s, decreasing in population since 1970 by 22.3 percent. While in the 1960s and 1970s Henry had notable growth, it has experienced stagnant growth since that time. The population declined by 1.2 percent in the 1980s, followed by an increase of 1.7 percent in the 1990s. From 2000 to 2002, the County's population declined again, by .9 percent.

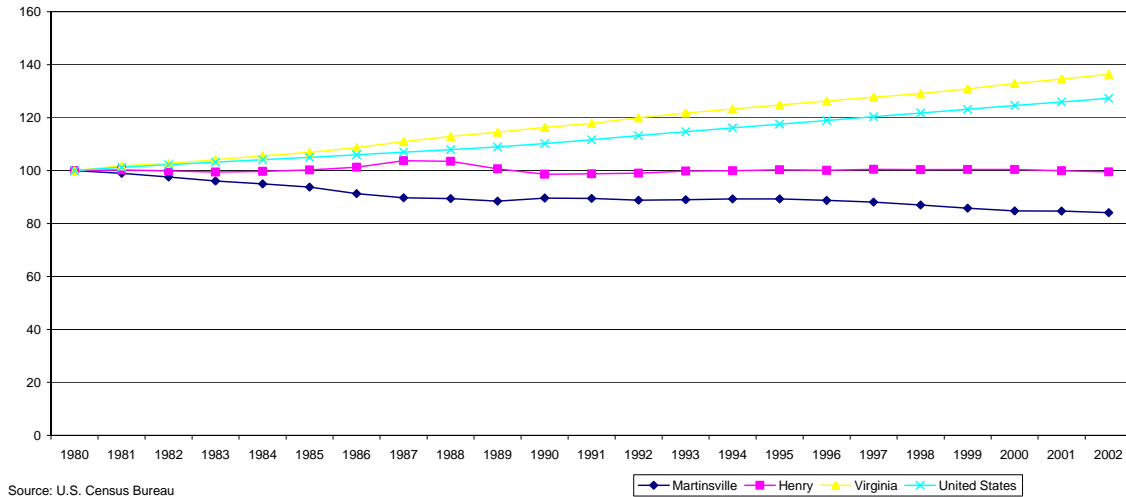
Since 1980, Henry County's population has declined by .4 percent compared to Martinsville's decline of 15.9 percent during the same period. The State of Virginia's population increased by 36.4 percent from 1980 to 2002, when its estimated population was 7,293,542. During that same time period the United States' population increased by 27.3 percent.

Population Change, 1960 - 2002:
Martinsville, Henry, Virginia, and United States



The following chart measures the population change index of Martinsville, Henry, Virginia, and the United States from 1980 until 2002. Virginia and the United States have steadily increased during the time period. Martinsville's population has noticeably declined while Henry's has remained relatively constant during the time period.

Population Change Index, 1980 - 2002:
Martinsville, Henry, Virginia, and United States



Components of Population Change

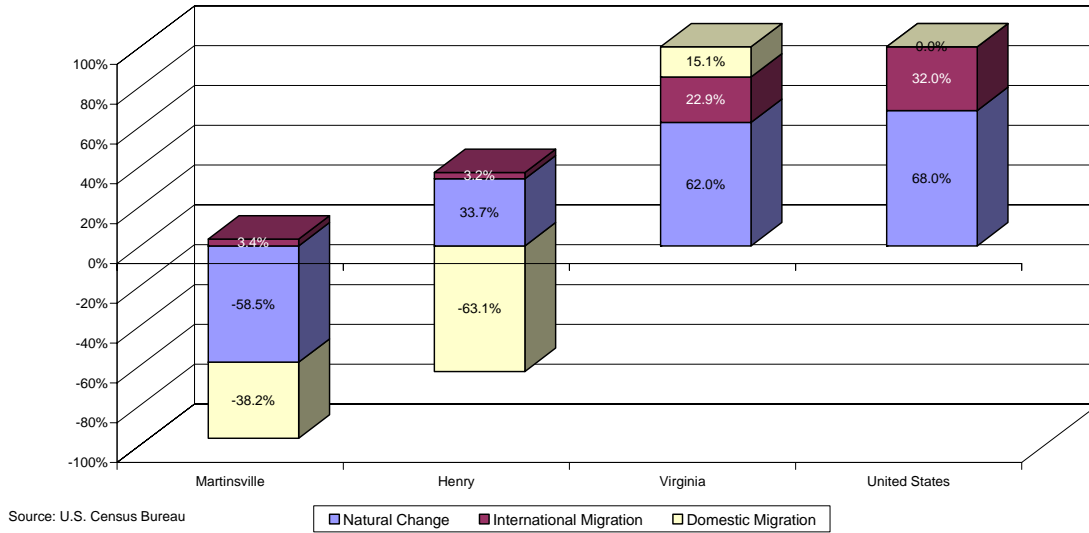
The following chart provides data on the components of population change, or the percentage of the change that resulted from natural change, international migration, and domestic migration.⁴ The data indicate that although the total population declined from 1990 to 1999 in Martinsville, there was a total net gain of 40 people who moved to the City from outside of the United States. However, the City lost a net total of 451 people to other locations in the United States. Of notable concern is that a significant portion, 58.5 percent, of the City’s population change was due to the fact that there were 138 percent more deaths (2,494) than births (1,803) in the City during this time period.

Henry County’s statistics are more promising than Martinsville’s because 33.7 percent of the change was due to a larger number of births (6,049) compared to deaths (4,611) in the County in the 1990s. However, Henry County lost a net total of 2,695 people to other locations in the United States. That figure represents 4.7 percent of the County’s 1990 population compared to the fact that Martinsville’s net total loss of 451 people to other United States locations represented just 2.8 percent of its 1990 population. Both the State of Virginia and the United States were most reliant on natural change for their population growth over the time period.

⁴ Natural Change is the net change due to births and deaths in the region. International Migration is the net change in the number of individuals moving into and out of the region from outside of the United States, and Domestic Migration is the net change in the number of individuals moving into and out of the region from another location within the United States.

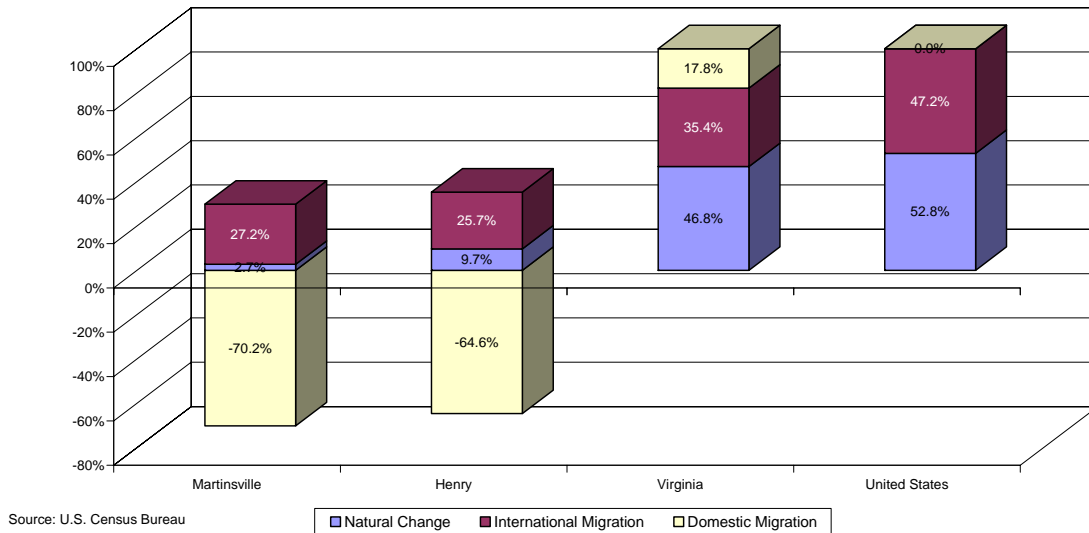
Economic and Demographic Profile Martinsville-Henry County, Virginia

**Components of Population Change, 1990 - 1999:
Martinsville, Henry, Virginia, and United States**



From 2000 to 2002, both Martinsville and Henry experienced significantly more growth due to international migration than they did in the 1990s.⁵ However, both still experienced significant losses due to domestic migration. Martinsville lost 1.7 percent of its 2000 population, or 261 people, and Henry County lost 2 percent, or 1,139 people, of its 2000 population. During this time period Martinsville experienced a positive natural change of 10 people. The percentage of Henry County's population change due to natural change is much smaller than it was in 1990-1999, but Virginia and the United States' figures also declined from 1990-1999 to 2000-2002.

**Components of Population Change, 2000 - 2002:
Martinsville, Henry, Virginia, and United States**



⁵ The U.S. Census Bureau has not yet released the data for July 1, 1999 to April 1, 2000. Also, the raw numbers of the 1990 – 1999 and 2000 – 2002 estimates are not directly comparable because they are based on the two different Census estimates for 1990 and 2000.

There is a fair amount of migration from Henry to Martinsville and from Martinsville to Henry; therefore it is important to analyze the available statistics for this movement of people. The Internal Revenue Service (IRS) provides rough estimates of migration statistics, however it is important to remember that this is based solely on income tax returns and therefore would not reflect the movement of people who did not file returns. From 1992 to 2002, a net total of 348 people moved from Martinsville to Henry County. The movement of people to Henry was most significant from 1996 to 2000.

Migration Between Martinsville and Henry, 1992 - 2002

	From Henry to Martinsville	From Martinsville to Henry	Net
'92-'93	328	387	59 to Henry
'93-'94	406	391	15 to Martinsville
'94-'95	371	412	41 to Henry
'95-'96	372	367	5 to Martinsville
'96-'97	390	470	80 to Henry
'97-'98	364	424	60 to Henry
'98-'99	288	337	49 to Henry
'99-'00	281	329	48 to Henry
'00-'01	299	311	12 to Henry
'01-'02	261	280	19 to Henry
TOTAL	3,360	3,708	348 to Henry

Source: Internal Revenue Service

Migration within the Martinsville-Henry County area does not make up for all those leaving Martinsville or Henry. The following chart analyzing the breakdown of all out-migrants of Martinsville and Henry for 2001 – 2002 was based on IRS income tax return data. The largest portion of those who left Martinsville went to Henry, but migration to other states and elsewhere in Virginia still represented 65.8 percent of the total. Henry County residents are even more likely to leave the Martinsville-Henry County area, with the migration to other states and elsewhere in Virginia representing 88.0 percent of the total.

Out-Migration, 2001 - 2002

	Out-Migrants	% of Total
Martinsville		
to Henry	280	43.1%
to Virginia, excluding Henry	147	22.7%
to Other States	222	34.2%
Henry		
to Martinsville	261	12.0%
to Virginia, excluding Martinsville	968	44.5%
to Other States	945	43.5%

Source: Internal Revenue Service

Income-based migration data provide evidence of the movement of wealth into and out of an area. The IRS calculates this data based on federal income tax returns and therefore it may not reflect per capita income and average annual payrolls discussed later in this report. In Martinsville, it is evident that migration is causing the average income of current residents to decline. Those leaving the City, on average, make \$2,834 more than those moving into the City. However, as the components of population change data revealed, more people are leaving the City than moving in, so the effects of the out-migrants is much stronger than the in-migrants. Therefore, some wealth is leaving the City, however, because the average income of out-migrants is lower than that of current residents, it appears that it is not the wealthiest individuals leaving the City.

In Henry County, the in-migrants have a higher average than the out-migrants, which would indicate that the income of the County was increasing. However, the components of population change indicate that more people are leaving than moving to the County; therefore it is difficult to tell whether or not migration is causing an increase or decrease in the average income of residents based on these statistics. Again, the average income of out-migrants is lower than that of current residents; therefore it is not the wealthiest individuals who are leaving.

Income Migration Patterns, 2001 - 2002: Martinsville and Henry

	Income of Out-migrants	Income of In-migrants	Income of Current Residents	Difference Out-migrants vs. In-migrants	Difference In-migrants vs. Current Residents
Martinsville	\$18,818	\$15,984	\$22,424	\$2,834	(\$6,440)
Henry	\$17,570	\$18,373	\$23,613	(\$803)	(\$5,240)

Source: Internal Revenue Service

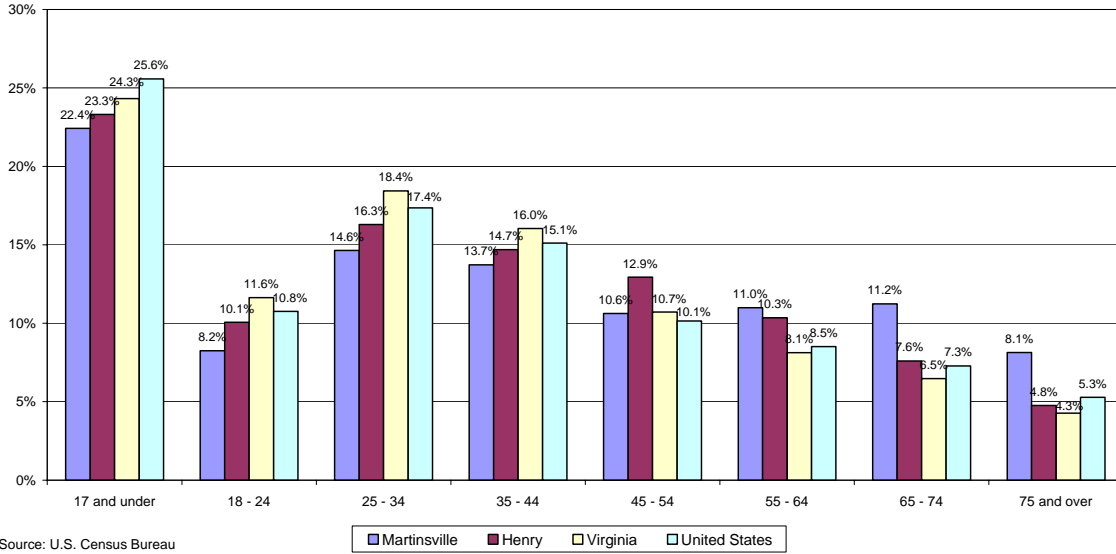
Age Distribution

Studying the age distribution provides insight into whether or not a population is aging, and therefore the potential strength of the available workforce. The loss of population due to natural change in Martinsville has already indicated that the City has an older population, and the data reinforce that trend. The following chart reveals that in 1990 Martinsville had a smaller portion of the population in all of the age groups under 44 years old than Henry County, Virginia, and the United States. In the 45-54 age group, the United States had the smallest portion, 10.1 percent, but Martinsville was close at 10.6 percent. In Martinsville, 30.4 percent of the population was over 55 compared to 22.7 percent in Henry, 18.9 percent in Virginia, and 21.1 percent in the United States.

Henry County was younger than Martinsville in 1990, but still older than Virginia and the United States. It had a smaller portion of the population in all age groups under 44 than both Virginia and the United States. It had the highest percentage of the four in the 45-54 age group, and had more than both the State and the Country in the 55-64 and 65-74 age groups. However, at 5.3 percent the United States did have a greater percentage than Henry County (4.8 percent) in the over 75-age group.

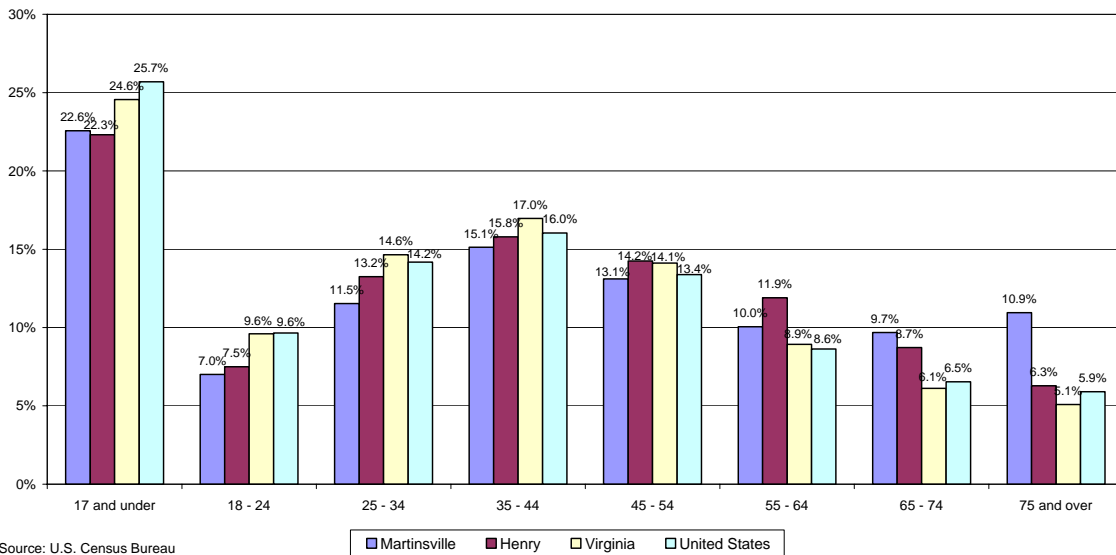
Economic and Demographic Profile Martinsville-Henry County, Virginia

**Age Distribution, 1990: Martinsville,
Henry, Virginia, and United States**



The 2000 age distribution for Martinsville, Henry, Virginia, and the United States did not reveal any significant changes. Henry County was the only location to experience a notable change in the percentage of the population over 55 years old: Martinsville 30.7 percent, Henry 26.9 percent, Virginia 20.1 percent, and the United States 21.1 percent. Both Martinsville and Henry had lower percentages than the State and the country in all age groups younger than 45. Henry County stood out for having 11.9 percent of the population in the 55-64 category, and Martinsville stood out for 9.7 percent in the 65-74 age group and even more so for having 10.9 percent in the 75 and over age group. Both the City of Martinsville and Henry County are clearly aging at a more rapid rate than the State and the country.

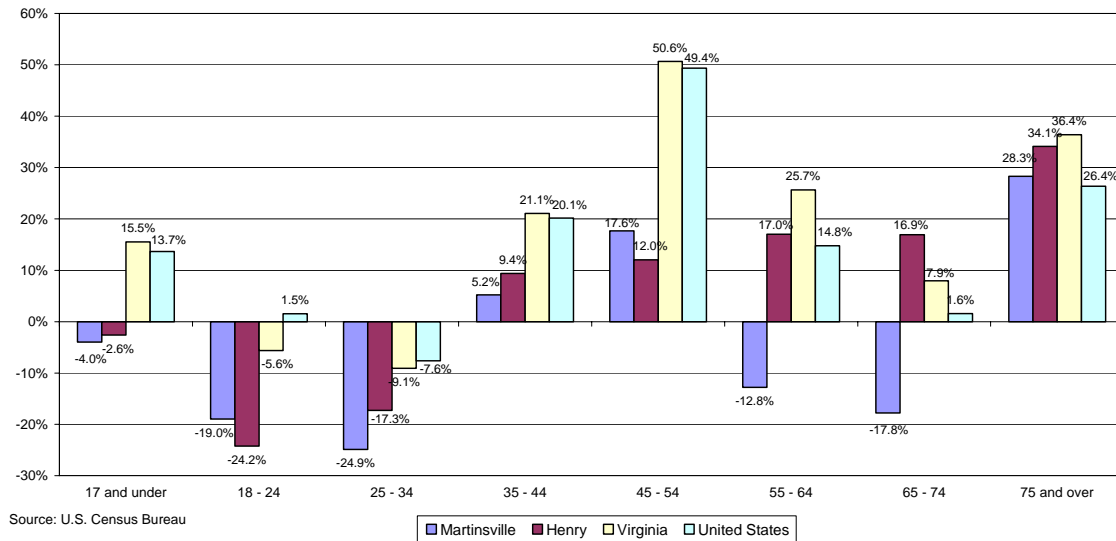
**Age Distribution, 2000: Martinsville,
Henry, Virginia, and United States**



To further illustrate the aging trends in Martinsville and Henry, the following chart provides data on the percent change of the number in each age group from 1990 to 2000 in Martinsville, Henry, Virginia, and the United States. The aging trend in Martinsville and Henry is likely due to the young age groups leaving the area. From 1990 to 2000, Martinsville lost 19.0 percent of the 18-24 age group and 24.9 percent of the 25-34 age group. Henry lost 24.2 percent in the 18-24 group and 17.3 percent of the 25-34 group. The declines in the 17 and under category are likely due to the 18-24 and 25-34 age groups leaving the area.

Martinsville actually lost people in the 55-64 and 65-74 age groups, and the City experienced a significant increase, 28.3 percent, in the population over 75. Henry County experienced increases, particularly in the over 75 category, in all age groups over 35. While both Martinsville and Henry experienced increases in the 45-54 age group, they were far behind the dramatic increases that took place in Virginia and the United States. Apparently Martinsville and Henry are not being as dramatically influenced by the Baby Boom, potentially due to the fact that generation has been moving out of Martinsville and Henry.

**Percent Change in Population by Age, 1990 to 2000:
Martinsville, Henry, Virginia, and United States**



Median age data provide additional understanding of the comparative aging of a population. In 1990 both Martinsville and Henry had median ages that were higher than that of Virginia and the United States. The difference between the Martinsville-Henry County area and the United States widened significantly with Martinsville and Henry increasing by 7.1 and 12.0 percent, respectively, compared to the country's 3.5 percent increase. (Virginia increased by 9.5%.) As the large percentage change indicates, Henry stands out as having the most dramatic change, by 4.2 years, compared to Martinsville's 2.7, Virginia's 3.1 and the United States' 1.2 increase. While Martinsville's maintained a higher median age, in 2000 Henry was much closer to the City in age than it was in 1990.

Median Age, 1990 and 2000

	Martinsville	Henry	Virginia	United States
1990	38.1	35.1	32.6	34.1
2000	40.8	39.3	35.7	35.3

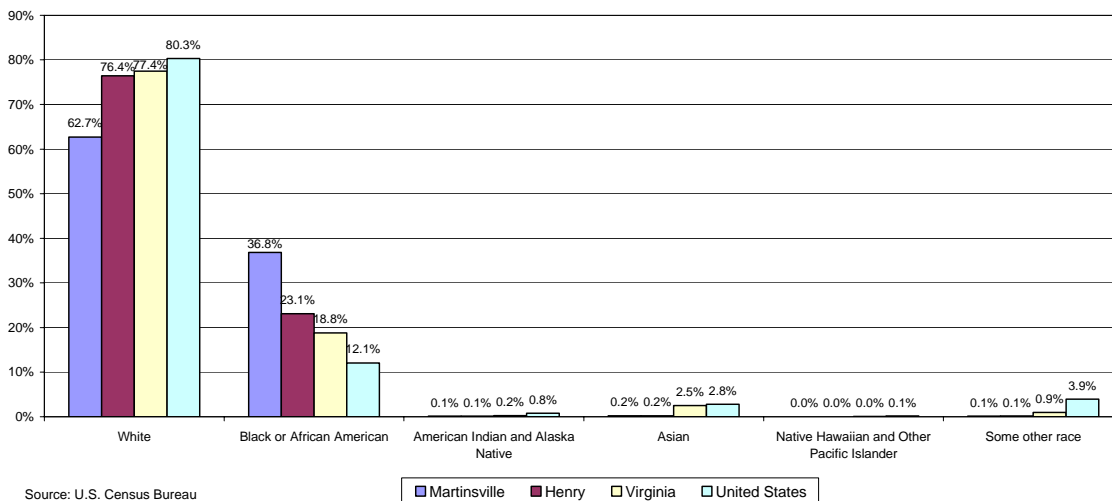
Source: U.S. Census Bureau

Because women generally live longer than men and Martinsville has a much larger percentage of individuals over the age of 75 than Henry, Virginia, or the United State, it is also interesting to note that in 2000, 54.8 percent of Martinsville was female compared to 51.3 percent in Henry, 51.0 percent in Virginia, and 50.9 percent in the United States.

Race and Ethnicity

Racial composition is important to analyze in order to estimate the amount of diversity in a community. Martinsville had notably less White and more Black or African American citizens in 1990 than Henry, Virginia, and the United States. The other race categories represented only .5 percent in both Martinsville and Henry compared to 3.8 percent in Virginia and 7.7 percent in the United States.

Racial Composition, 1990: Martinsville, Henry, Virginia, and United States

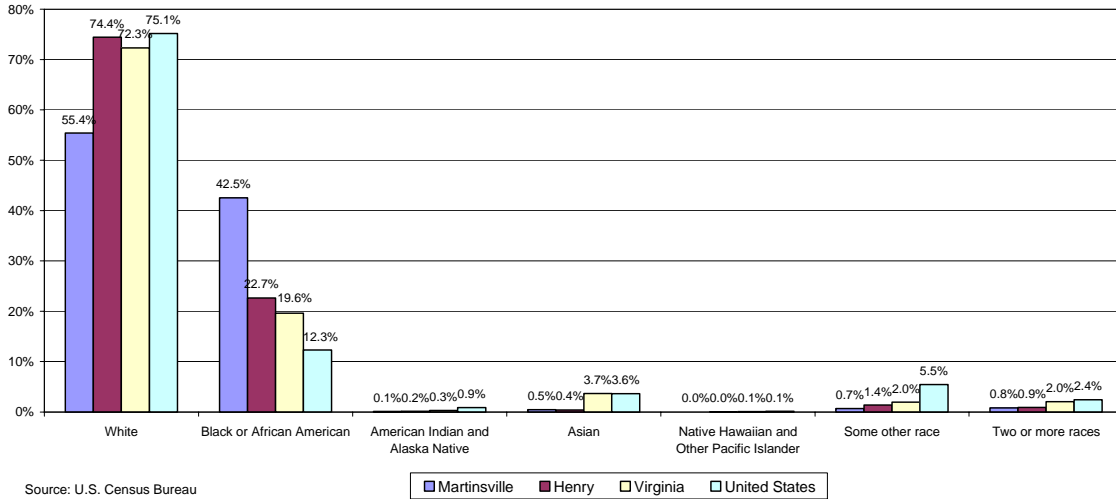


In 2000, Martinsville and Henry illustrated similar comparative trends except that Henry surpassed Virginia for the percentage of Whites in the area. From 1990 to 2000, the percentage of Black or African Americans in Martinsville increased by 15.5 percent to 42.5 percent while the percentage of Whites decreased by 11.7 percent to 55.4 percent. This trend indicates that more Whites than Black or African Americans are leaving Martinsville. In fact, from 1990 to 2000, the number of Whites in the City decreased by 15.8 percent while the number of Black or African Americans increased by 10.2 percent.

Economic and Demographic Profile Martinsville-Henry County, Virginia

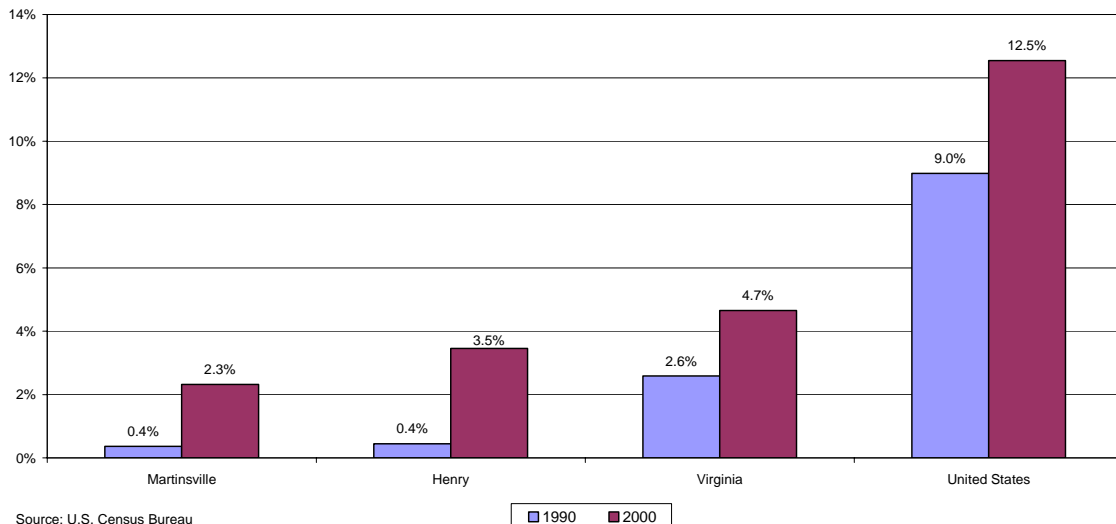
Henry County experienced declines as a percentage of the total in both categories: Black or African American by 1.9 percent and Whites by 2.6 percent. Virginia and the United States declined in the proportion of Whites (6.6% and 6.4%, respectively) but increased in the proportion of Black or African Americans (4.5% and 2.1%, respectively). In 2000, all other categories represented 2.1 percent in Martinsville and 2.9 percent in Henry compared to 8.0 percent in Virginia and 12.5 percent in the United States.

**Racial Composition, 2000: Martinsville,
Henry, Virginia, and United States**



Hispanic is considered an ethnicity, not a race, and therefore the U.S. Census Bureau collects that data separately. In 1990, the percentage of Hispanics in both Martinsville and Henry County was quite small at .4 percent. In 2000 the percentage rose to 2.3 percent in Martinsville and 3.5 percent in Henry, but still lagged behind Virginia's 4.7 percent and significantly behind the United States' 12.5 percent.

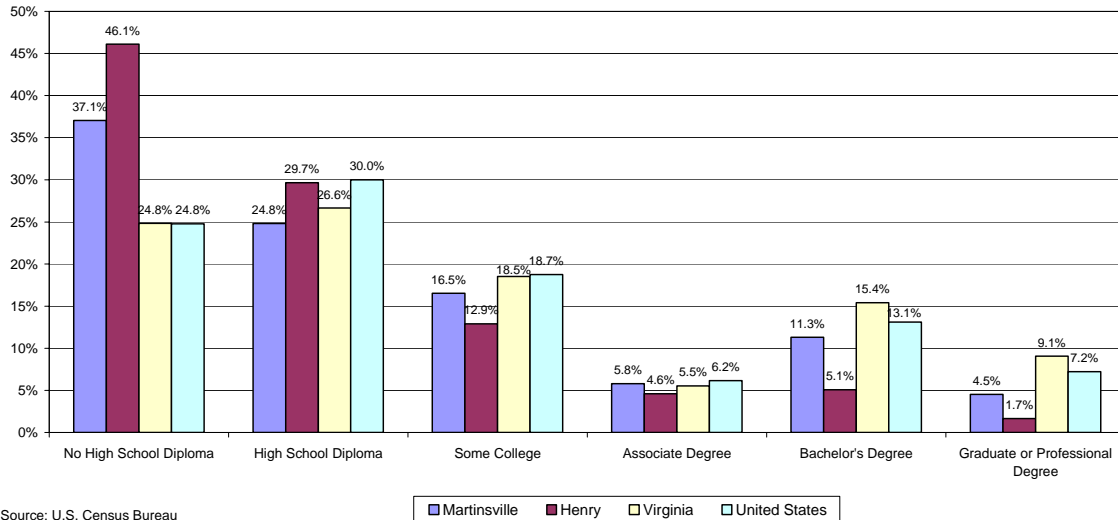
**Percentage of Population of Hispanic Origin, 1990 and 2000:
Martinsville, Henry, Virginia, and United States**



Educational Attainment

Education statistics are the most direct measure of the quality of the workforce in a given area. The following chart indicates that in 1990 Martinsville and Henry both were well behind Virginia and the United States in certain key categories. Martinsville had a much higher percentage of the population over 25 years old without a high school diploma, 37.1 percent, than Virginia and the United States. With a figure of 46.1 percent, Henry County's estimate is even more problematic. While Henry County almost matched the United States for the percentage of individuals with a high school diploma as the highest level of attainment, it fell behind in all the higher-education categories. Martinsville had a higher percentage of the population with an Associate Degree than Virginia, but otherwise lagged behind the State and the country in every category. While fewer Martinsville residents than Henry County residents had at most a high school diploma, Martinsville fared better than Henry in all the higher-education categories.

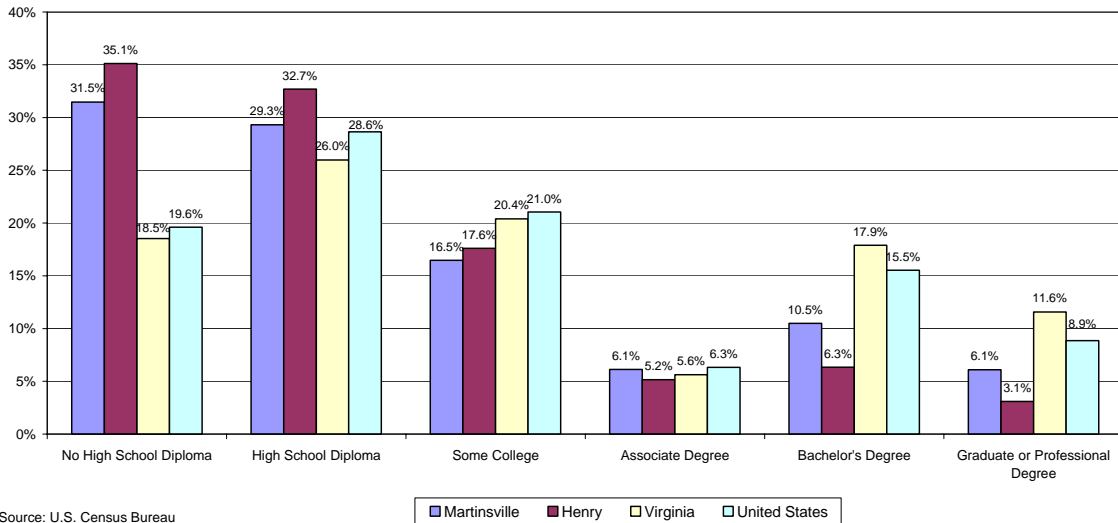
**Educational Attainment for Population Over 25, 1990:
Martinsville, Henry, Virginia, and United States**



By 2000, both Martinsville and Henry County's percentage of the population without a high school diploma declined from 1990 levels, but both still had percentages much higher than that of Virginia and the United States. The number of people over 25 years old without a high school diploma decreased from 1990 to 2000 by 18.5 percent in Martinsville, 19.0 percent in Henry, 12.4 percent in Virginia, and 9.2 percent in the United States.

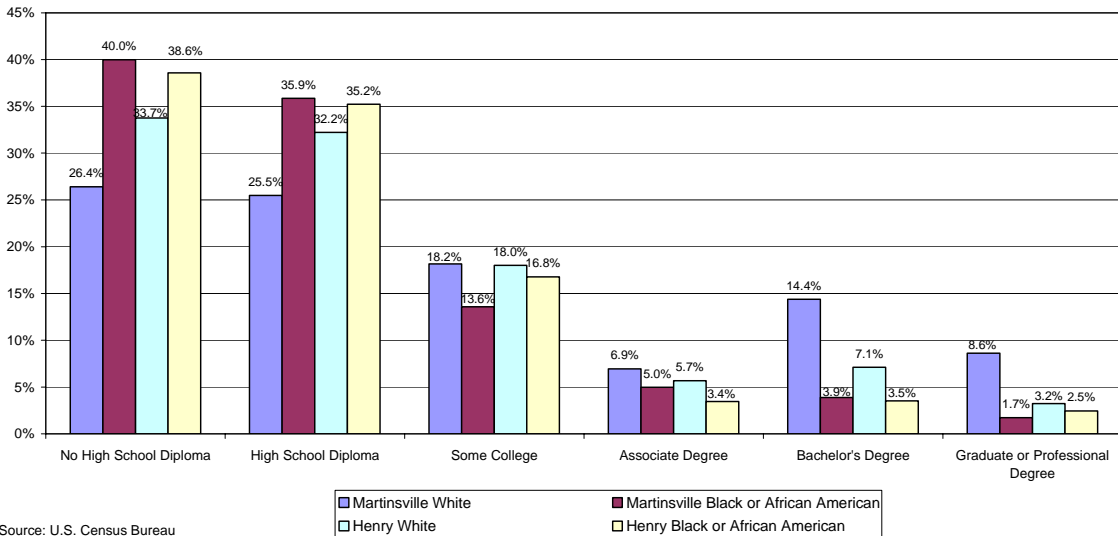
In 2000, Henry County had the highest percentage of individuals with at most a high school diploma, but fell behind the State and the country in each of the other categories. Martinsville had a greater percentage of some college, Associate, Bachelor's, and graduate or professional degrees than Henry. In fact, Martinsville had about twice the percentage of graduate or professional degrees than Henry, likely due to the presence of Memorial Hospital in the City. Martinsville only surpassed the State and the country in the percentage of Associate Degrees, falling noticeably behind both the State and the country in Bachelor's and graduate or professional degrees. Henry compared even less favorably to the State and the country in these two categories.

Educational Attainment for Population Over 25, 2000:
Martinsville, Henry, Virginia, and United States



A breakdown of educational attainment levels by the two race categories of White and Black or African American reveals that overall there is a much greater difference in Martinsville than Henry County between the two groups. Also, while it was clear in the previous chart that Martinsville had stronger Bachelor's and graduate or professional degree levels than Henry County, this chart reveals that it is predominately the White population in Martinsville that had the higher education levels.

Educational Attainment for White and Black or African American
Population Over 25 Years Old, 2000: Martinsville and Henry



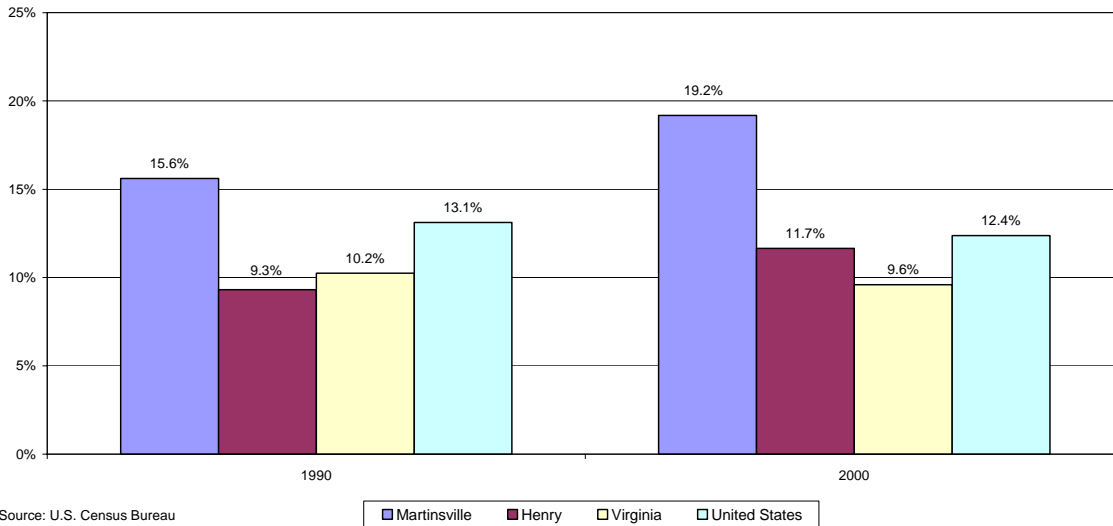
Drop out rates provide additional insight into the potential quality of the workforce in an area. According to the Virginia Department of Education, Martinsville had the lowest drop out rate of 1.0 percent for students in grades 7 through 12 (including “ungraded” students) in the 2001 to 2002 academic year. Henry County’s drop out rate was 2.8 percent, compared to the State of Virginia’s 2.5 percent estimate. Because the Department has recently changed its methodology, a historical analysis is not possible, but overall the rate for each area appears to be declining.

Poverty Rates

Poverty rates are one of the more direct measures of the economic success of a community. The following chart analyzes the poverty rate in the City of Martinsville, Henry County, Virginia, and the United States in 1990 and 2000. Overall, Martinsville has a more significant poverty problem than Henry County.

Martinsville had a higher poverty rate in 1990 than Henry, Virginia, and the United States, and it increased by 2000 leaving an even greater margin between the City and the others. While not as significant a change, the poverty level in Henry County also increased from 1990 to 2000 so that it surpassed Virginia’s rate in 2000. It is also important to note that while Martinsville and Henry’s poverty rates increased from 1990 to 2000, the rates of Virginia and the United States declined.

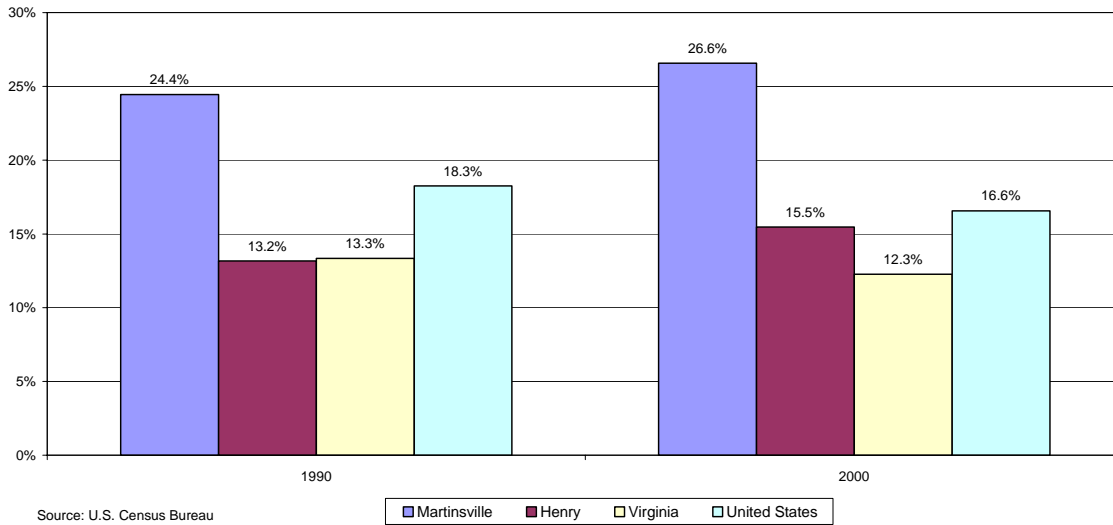
**Percent of Individuals Living in Poverty, 1990 and 2000:
Martinsville, Henry, Virginia, and United States**



The percentage of children under 17 years old living beneath the poverty level can even more dramatically indicate the level of poverty in a region. While Martinsville again had higher levels than Henry, Virginia, and the United States in 1990 and 2000, the change from 1990 to 2000 was not as dramatic for the under 17 population as it was for the entire population. This is most likely due to the fact that the under 17 population declined in Martinsville during this time period while the older population increased in size. Henry County also increased from 1990 to 2000, again surpassing Virginia’s rate, which declined with the United States during the time period.

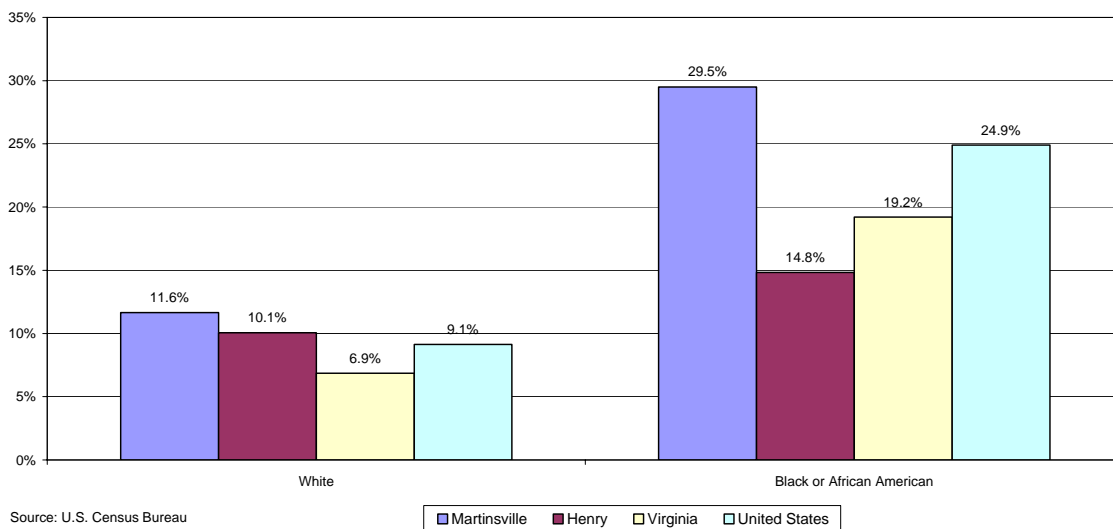
Economic and Demographic Profile Martinsville-Henry County, Virginia

Percentage of Children 17 and Under Living in Poverty, 1990 and 2000: Martinsville, Henry, Virginia, and United States



The following chart breaks down the percentage of the population living in poverty by two racial categories: White and Black or African Americans. Like in the educational attainment statistics, it is clear that there is a larger gap in Martinsville than in Henry County. It is also interesting to note that the percentage of the White population living in poverty was relatively similar in Martinsville, Henry, and the United States. However, Henry's Black or African American population was much better off than the United States, but Martinsville's was worse off by a fair margin than the nation.

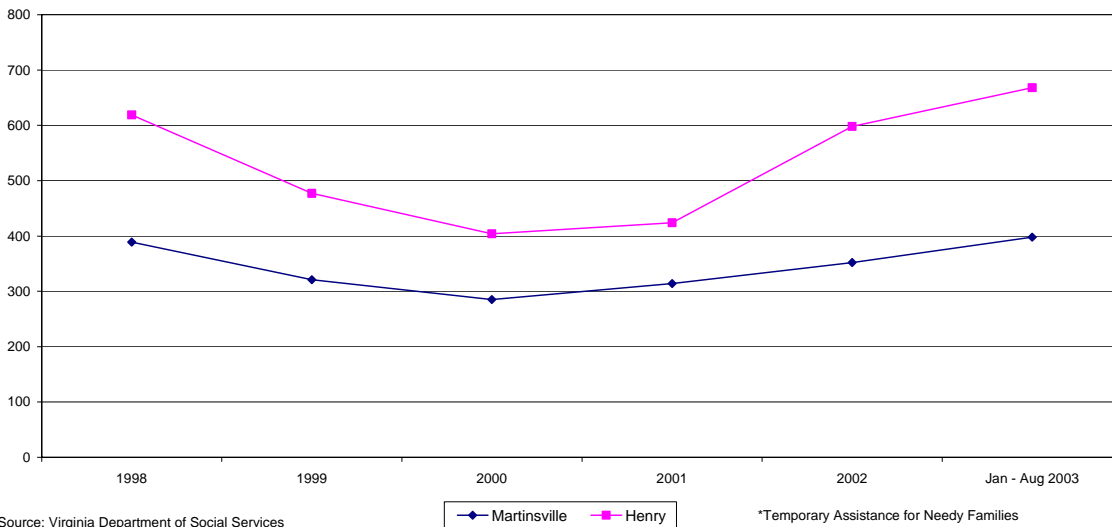
Percentage of White and Black or African American Individuals Living in Poverty, 2000: Martinsville, Henry, Virginia, and United States



Due to the many recent layoffs in the area, the poverty levels for Martinsville and Henry County have likely changed since 2000. As two of the primary federal public assistance programs, Temporary Assistance for Needy Families (TANF) and food stamp participation levels are effective measures of poverty in an area. Both TANF and food stamp participation data are available as recent as August 2003.

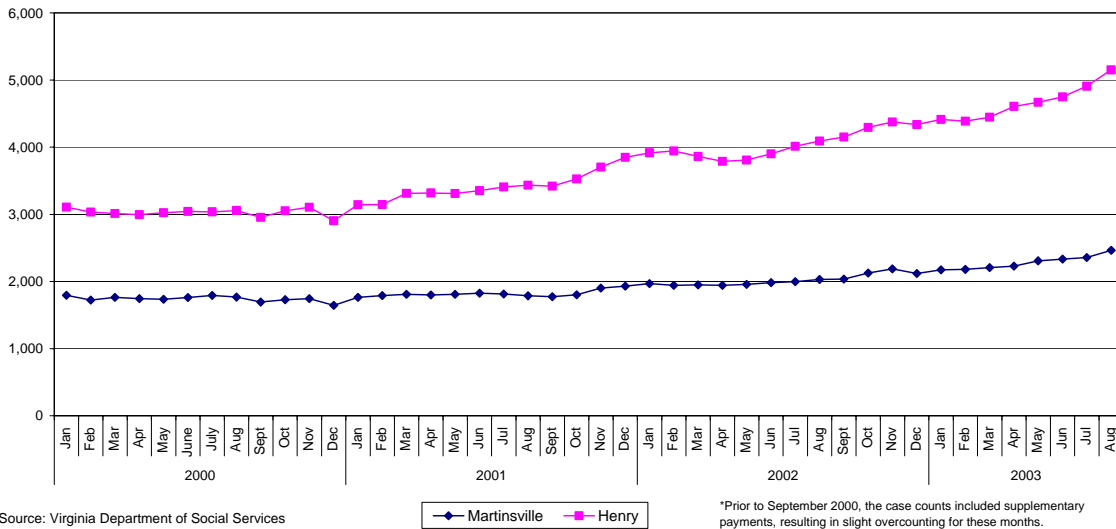
The following chart provides information on the participants in the TANF program from 1998 through the first eight months of 2003. The combined data for adults and children indicate that poverty levels are likely increasing as more people are participating in the TANF program. The increase from 2000 to 2002 is troubling because the population data indicated that both Martinsville and Henry's population declined during this period, yet the TANF participation increased by 23.5 percent in Martinsville and 48.0 percent in Henry. The first eight months of 2003 indicate that the problem is becoming even more significant as the number of participants is already higher than for the entire 12-month period of 2002.

Number of TANF* Participants, 1998 - August 2003: Martinsville and Henry



A look at the number of participants in the food stamp program by month provides additional evidence that the wealth of the area continues to decline. Food stamp participation has increased through much of this period in both Martinsville and Henry. As was the case in the TANF data, it appears that the number of food stamp participants began to escalate at a faster rate in 2001, even as the total population declined.

Number of Food Stamp Participants, January 2000 - August 2003: Martinsville and Henry*



Homeownership

The U.S. Census Bureau measures homeownership by estimating the percentage of the housing units that are occupied by the owner. This data can provide additional understanding not only of the relative wealth of an area, but also the availability of rental units. From 1990 to 2000 there was only a slight decline in Martinsville and Henry County homeownership rates, while Virginia and the United States experienced increases. Martinsville had lower homeownership rates than the State and the country, but Henry stood out above Virginia and the United States in this category. Henry County also had significantly more occupied rural housing units than Virginia or the United States, 63.7 percent compared to 27.1 and 20.8 percent, respectively (Martinsville had none).

Owner-Occupied Housing Units, 1990 and 2000

	Martinsville	Henry	Virginia	United States
1990	60.7%	77.9%	66.3%	64.2%
2000	60.2%	76.9%	68.1%	66.2%

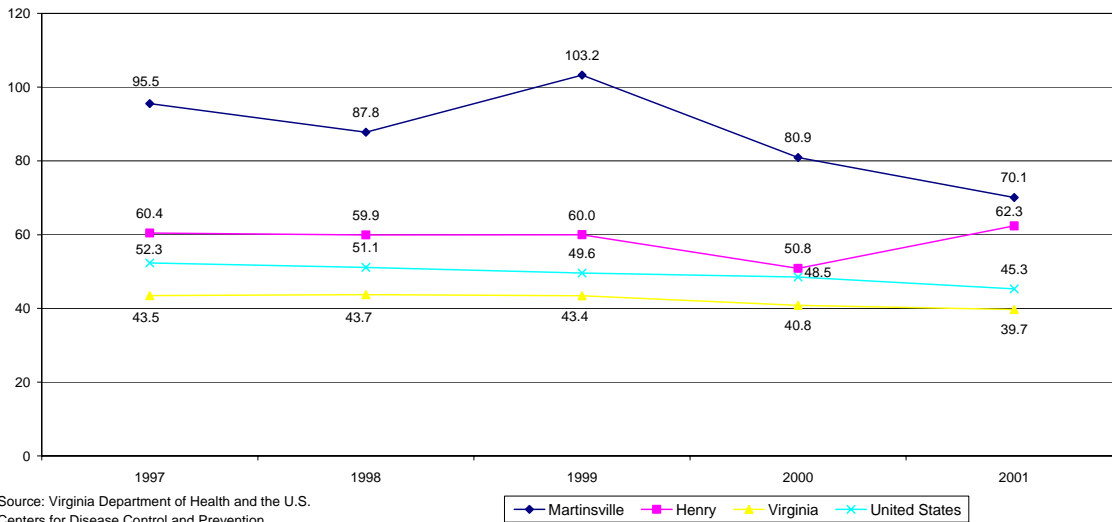
Source: U.S. Census Bureau

It is also interesting to note the median year the housing structures were built - data also provided by the U.S. Census Bureau. In 2000, Henry County's median year estimate was 1972, just younger than the United States' median of 1971 and not too far behind Virginia's 1975 median. However, Martinsville clearly has not had as much new development as the County, State, or nation. In 2000, the average median year housing structures were built was 1958.

Teenage Pregnancy

The number of teenage mothers in an area indicates potential present and future problems with the health, education, and earning potential of both the mothers and children. Due to the time commitment and financial responsibility of being a teenage mother, the quality of life of these populations can seriously decline as the mother has difficulty maintaining adequate employment. Martinsville’s live birth rate for teenagers is notably higher than Henry’s, which is also higher than that of Virginia and the United States. Martinsville’s rate has declined by about 30 percent since 1999, but it is still a significant problem for the City. In 2001, 7.0 percent of Martinsville’s 471 teenage women between the ages of 15 to 19 gave birth. While that is an improvement over the 10.3 percent who gave birth in 1999, this is still an important problem for the community to address. In 2001, 6.2 percent of Henry’s 1,652 females between the ages of 15 to 19 gave birth.

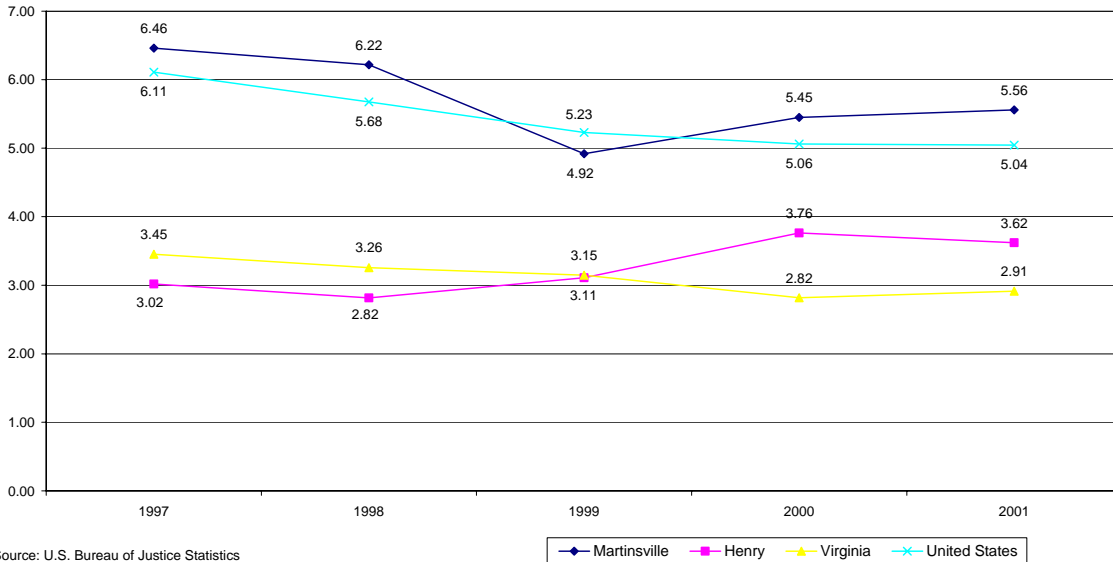
**Teenage Pregnancy: Live Births Per 1,000 Females Ages 15-19,
1997 - 2001: Martinsville, Henry, Virginia, and United States**



Crime Rates

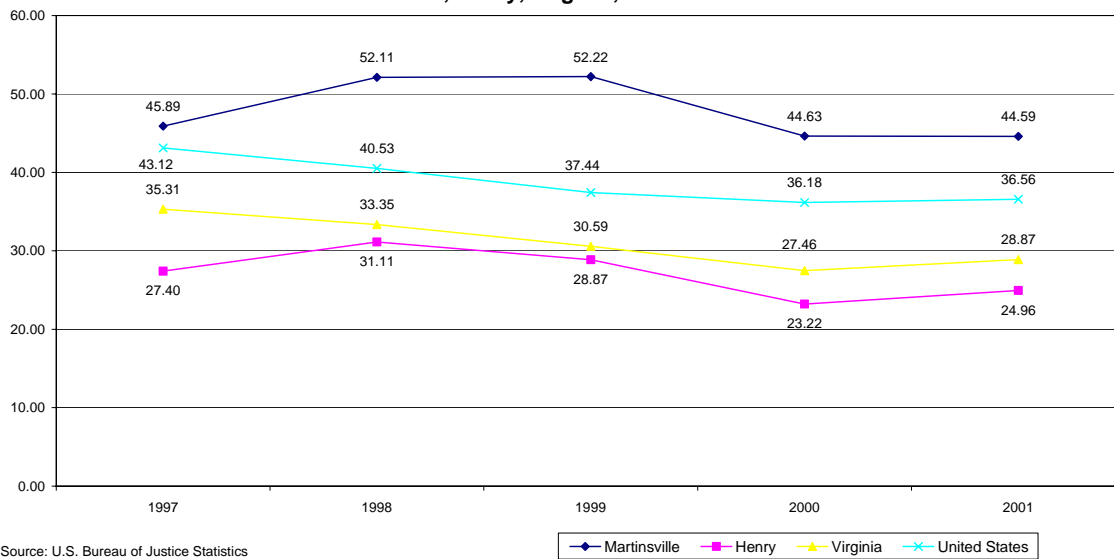
The U.S. Bureau of Justice Statistics publishes data pertaining to both violent and property crimes. These are important statistics to consider because they can reflect both the safety and even wealth of an area because high crime rates are often associated with low-income areas. From 1997 to 2001, Martinsville, with the exception of 1999 when it fell beneath the United States’ rate, has had the highest number of violent crimes per 1,000 people compared to Henry County, Virginia, and the country. After a decline from 1997 levels, Martinsville has increased since 1999. Henry County had the lowest rate until 2000 when it surpassed Virginia. The rate declined only slightly from 2000 to 2001. Violent crimes are such acts as murder, rape and sexual assault, robbery, and assault.

Violent Crimes Per 1,000 People, 1997 - 2001:
Martinsville, Henry, Virginia, and United States



Again, for property crimes Martinsville had the highest rate while Henry County had the lowest of the four areas under consideration. Virginia and the United States rates declined through most of the time period, but Martinsville and Henry's peaked in 1998 and then have declined since that time. From 2000 to 2001, all four areas experienced relatively slight change. Property crimes are such acts as burglary, theft, and motor-vehicle theft

Property Crimes Per 1,000 People, 1997 - 2001:
Martinsville, Henry, Virginia, and United States



Economy



Economy

Recent Layoffs

Before analyzing the economic data for the Martinsville-Henry County area, it is important to describe the current state of the economy. The Martinsville-Henry County area is suffering from high unemployment levels due to many recent company closings and layoffs. According to Virginia Employment Commission records based on unemployment claims, the area lost 7,872 jobs during the time period beginning in 2000 and ending in July 2003.⁶ That total represents 16.2 percent of the 2000 potential workforce (population ages 18-69) – a severe loss for any community.

The manufacturing sector has suffered many losses in the Martinsville-Henry County area. The recent closings that have most dramatically affected the economy are the 2000 closing of Tultex (900 jobs), the 2002 closing of VF Corporation (3,344 jobs), and the July 2003 closing of Pillowtex (975 jobs). Also, two furniture manufacturers have laid off a significant number of people: Basset Furniture laid off 837 employees and American Furniture laid off 450 employees during the time period. These losses have crippled the once strong Manufacturing sector in Martinsville-Henry County.

The chart on the following page details all the permanent layoffs that have occurred in the area recently. As the chart illustrates, other sectors have also laid off workers, but not to the extent that the Manufacturing sector has.

⁶ The Virginia Employment Commission (VEC) based the layoff data described above and in the chart on the following page on unemployment claims, thus the dates the VEC provided are potentially later than when the layoffs actually occurred. Also, the VEC said that due to their methodology, these are likely underestimates of the total number of permanent layoffs that occurred during the time period.

**Layoffs in Martinsville-Henry County,
January 2000 - July 2003**

Date	Employer	# of Layoffs
1/00	JC Wooldridge	50
2/00	Ashmore	105
6/00	Elite Heating & Air	50
10/00	Ashby Industries	32
	Pulaski Furniture	200
11/00	Bassett Furniture	280
12/00	Tultex	900
3/01	Trans World Connections	45
4/01	Bengle Industries	25
5/01	Bassett Furniture	120
	Henry County	10
6/01	Henry County	10
7/01	Trans World Connections	21
8/01	American Furniture	250
	Hooker Furniture	140
10/01	Bassett Furniture	386
12/01	Bengle Industries	15
3/02	VF Corporation	658
4/02	Professional Distribution	10
	VF Corporation	1,800
5/02	Elite Heating & Air	120
	Ron & Tom's Restaurant	10
	VF Corporation	539
6/02	Adelphia	15
	American Fiber	15
	Bassett Printing	4
	VF Corporation	186
7/02	Bassett Furniture	40
	VF Corporation	111
8/02	American Furniture	200
	Fulflex	150
	Memorial Hospital	100
9/02	Bassett Furniture	11
10/02	VF Corporation	50
3/03	Sara Lee Intimate Wear	60
5/03	Nevamar	60
6/03	Hooker Furniture	35
	Ridgeway Clocks	78
7/03	Bassett Printing	6
	Pillowtex	975
January 2000 to July 2003 Total		7,872

Source: Virginia Employment Commission

Top Employers

To further illustrate the status of the existing businesses in the Martinsville-Henry County area, the following two charts list the top employers in the City and the County as of the fourth quarter 2002.⁷ Newroads, Inc., a call center that has served clients including America Online, Abercrombie & Fitch, and Microsoft, is one of the largest employers in the City. Recently the company announced that it would hire 500 additional employees with an entry-level hourly pay of \$7.50. The expected total holiday employment, including the new hires, is 1,400 employees.⁸

Memorial Hospital, sold to Province Healthcare of Tennessee in 2002, is another major employer in the community. As the chart on the previous page indicated, the hospital laid off 100 people in August 2002. Another large employer in the City, locally based manufacturing company Hooker Furniture, laid off 35 people in June 2003 in Martinsville and closed a plant in Kernersville, NC in August 2003. While the Newroads plan to hire more individuals is promising, layoffs by the other major employers are not. The top employer chart also suggests that overall manufacturing firms still hold a fair share of the economy, but businesses from other sectors, most notably the Administrative and Support Services, maintain a strong presence in the community.

Top Twenty Employers, Fourth Quarter 2002: City of Martinsville

Name	NAICS Category	Number of Employees
Newroads, Inc.	Nonstore retailers	500-999
Memorial Hospital	Hospitals	500-999
Hooker Furniture	Furniture and related product manufacturing	500-999
Martinsville City Schools	Educational services	500-999
Nationwide Homes, Inc.	Wood product manufacturing	250-499
ABH Staffing, Inc.	Administrative and support services	250-499
City of Martinsville	Justice, public order, and safety activities	250-499
Wal Mart Associates, Inc.	General merchandise stores	250-499
Piedmont Community Services	Administration of human resource programs	100-249
Ameristaff, Inc.	Administrative and support services	100-249
Blule Ridge Rehab Center	Nursing and residential care facilities	100-249
Advantage Staffing Resources	Administrative and support services	100-249
Potomac Personnel Service	Administrative and support services	100-249
Kelly Services	Administrative and support services	100-249
West Window Corp.	Fabricated metal product manufacturing	100-249
Food Lion	Food and beverage stores	100-249
King's Grant Retirement Community	Nursing and residential care facilities	100-249
Multi Wall Packaging	Paper manufacturing	100-249
Lowes Home Centers, Inc.	Building material, garden equipment and supplies dealers	100-249
Martinsville Health & Rehab	Nursing and residential care facilities	100-249

Source: Virginia Employment Commission

⁷ At the time of this report's printing, the fourth quarter of 2002 was the most recent top employer data available from the Virginia Employment Commission. The number of employees is provided as a range to protect the privacy of the employers.

⁸ Associated Press, "Call Center on the Grow in Henry County," accessed from <http://www.dailypress.com/news/local/virginia/dp-va--callcenter0912sep12,0,7780695.print.story?coll=dp-headlines-virginia> on September 21, 2003.

In Henry County, the Henry County School Board was the largest employer, but textiles and furniture manufacturing clearly still dominated the economy. However, both of these sectors have laid off people in the County since 2000. As mentioned, Pillowtex recently closed its doors, laying off 975 people and leaving Springs Basic Bedding as the largest textiles-based employer in the County. Almost all of the large furniture companies have laid off people in the community between January 2000 and July 2003. Bassett Furniture laid off 837 people, American Furniture laid off 450 people, and Pulaski Furniture laid off 200. While not the largest employer in the County, Patrick Henry Community College is still one of the most important assets in the Martinsville-Henry County area.

Top Twenty Employers, Fourth Quarter 2002: Henry County

Name	NAICS Category	Number of Employees
Henry County School Board	Educational services	1000 or more
Stanley Furniture Company, Inc.	Furniture and related product manufacturing	1000 or more
FCI Operations, LLC (Pillowtex)	Textile mills	500-999
Bassett Furniture Industry	Furniture and related product manufacturing	500-999
American Furniture Co., Inc.	Furniture and related product manufacturing	500-999
Springs Basic Bedding	Textile product mills	500-999
Sara Lee Casualwear Division	Warehousing and storage	500-999
CP Films	Plastics and rubber products manufacturing	500-999
County of Henry	Justice, public order, and safety activities	250-499
Patrick Henry Community College	Educational services	250-499
Nylstar	Textile mills	100-249
VF Knitwear Services, LLC	Warehousing and storage	100-249
Bassett Mirror Company, Inc.	Nonmetallic mineral product manufacturing	100-249
Drake Extrusions, Inc.	Chemical manufacturing	100-249
Pulaski Furniture Corp.	Computer and electronic product manufacturing	100-249
J&J Southeast	Paper manufacturing	100-249
Warren Trucking Company	Truck transportation	100-249
Bank Services of Virginia, Inc.	Internet service providers, web search portals, and data processing services	100-249
Winn Dixie	Food and beverage stores	100-249
Stone Container Corp.	Paper manufacturing	100-249

Source: Virginia Employment Commission

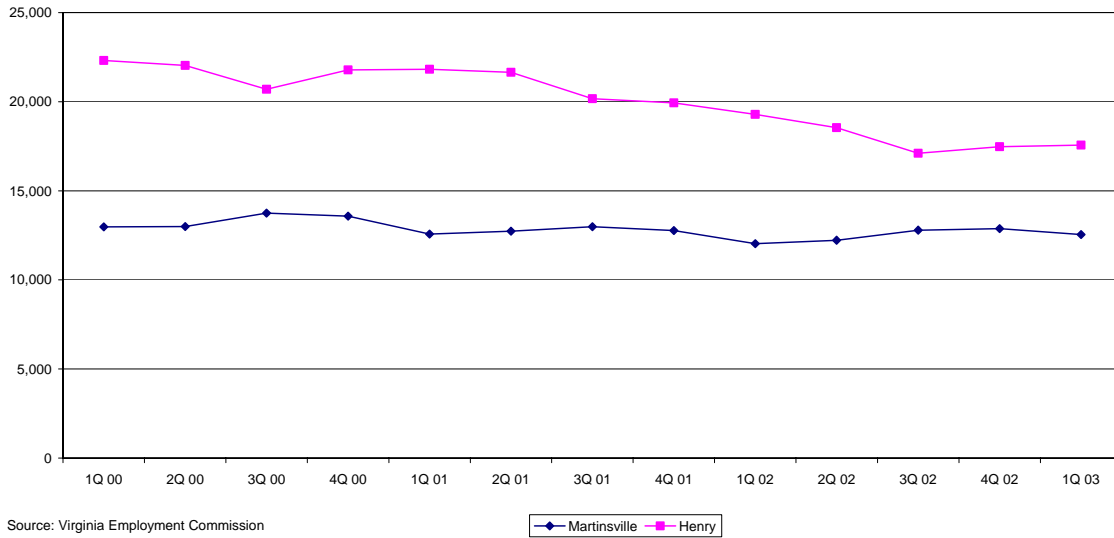
Employment

In order to more fully understand the existing job opportunities in the Martinsville-Henry County area, this section will illustrate existing employment data and recent historical trends in the area. The Virginia Employment Commission estimates that in the first quarter 2003, Martinsville had 12,545 full and part time job opportunities and Henry had 17,569. Martinsville's figure is a 3.3 percent decline from the first quarter 2000 estimate of 12,979. Since the first quarter 2000, Henry has dropped by 21.3 percent from that quarter's estimated 22,313 total. Based on this data, during the time period from the first quarter 2000 to the first quarter 2002, Martinsville and Henry County combined lost a net total of 5,178 jobs.⁹ Comparatively, during the time period Virginia lost .02 percent of its total employment.

⁹ These estimates do not match the layoff statistics because this data represents the net total of job losses and gains in the community.

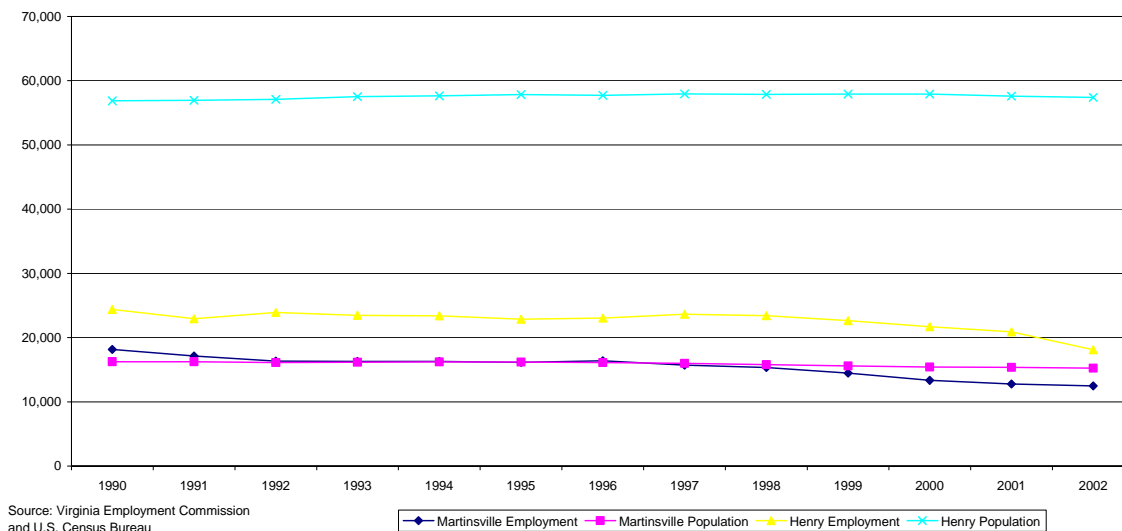
Economic and Demographic Profile Martinsville-Henry County, Virginia

**Total Employment, First Quarter 2000 -
First Quarter 2003: Martinsville and Henry**



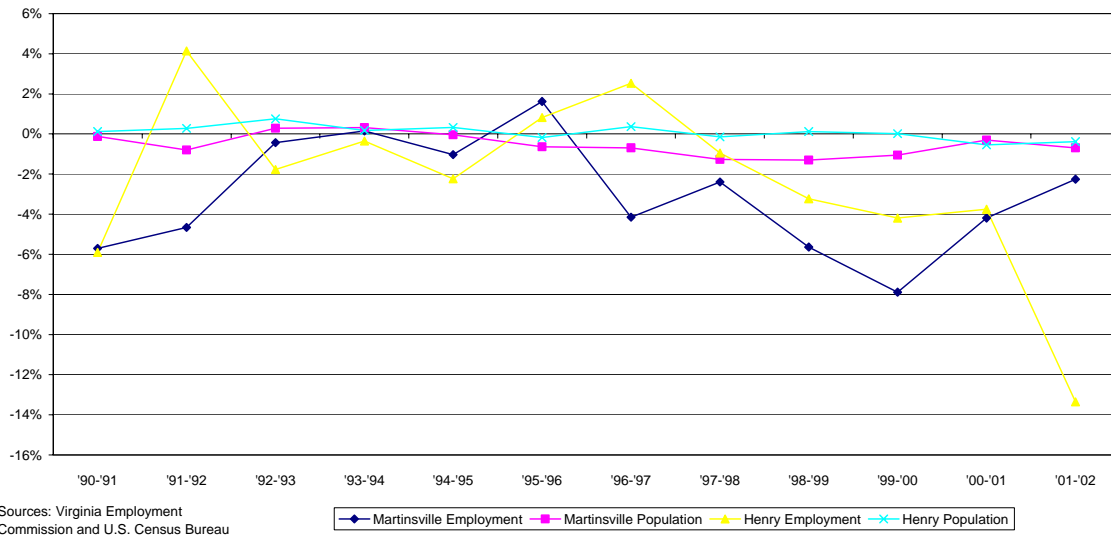
The following chart illustrates the annual total employment and population in both Martinsville and Henry County from 1990 to 2002. In 2002, Martinsville had 12,480 full and part time job opportunities and Henry County had 18,105. As the following chart indicates, the area has not experienced a dramatic change in population from 1990 to 2002, while total employment has declined. Until 1995, Martinsville's total employment was greater than its population. This fact, combined with the huge discrepancy between Henry's population and total employment opportunities, suggests the likelihood that many people living in Henry were working in Martinsville. From 1990 to 2002, Martinsville-Henry County lost a net total of 11,973 jobs. That number has only escalated in 2003 with the loss of 975 Pillowtex jobs and other layoffs in the area.

Total Employment and Population, 1990 - 2002: Martinsville and Henry



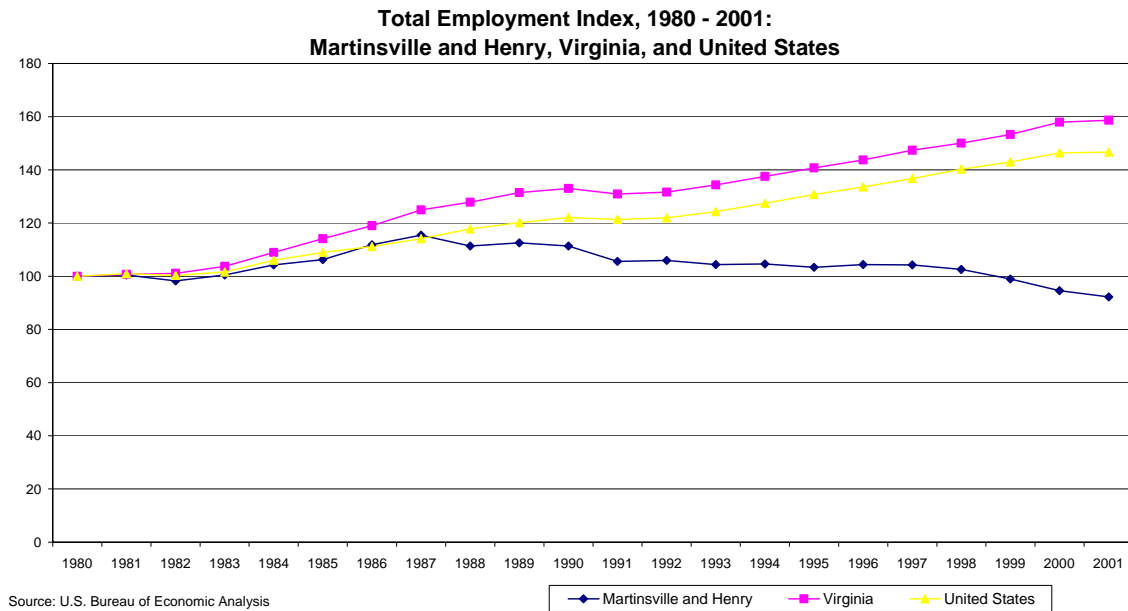
The following chart looks at the annual percent change in total employment and population in Martinsville and Henry County from 1990 to 2002. Throughout the time period, the change in total employment has been much more dramatic than the change in population. Additionally, total employment has been declining at a much greater rate than the population change. During the time period illustrated in the following chart, Martinsville lost 31.3 percent of its jobs compared to 6.1 percent of its population; Henry lost 25.8 percent of its jobs compared to .9 percent of its population.

**Annual Percent Total Employment and Population Change,
1990 - 2002: Martinsville and Henry**



In order to understand how total employment trends in Martinsville and Henry County have compared to the state of Virginia and the United States, the following chart looks at the change in total employment from 1980 to 2001, using 1980 levels as a baseline.¹⁰ While Martinsville and Henry’s total employment has declined since 1987, falling below its 1980 level by 1999, the total employment for Virginia and the United States has continued to increase at a healthy rate.

¹⁰ For all its published data, the U.S. Bureau of Economic Analysis (BEA) does not separate the City of Martinsville and Henry County. The most recent BEA data available for the three areas depicted is 2001.

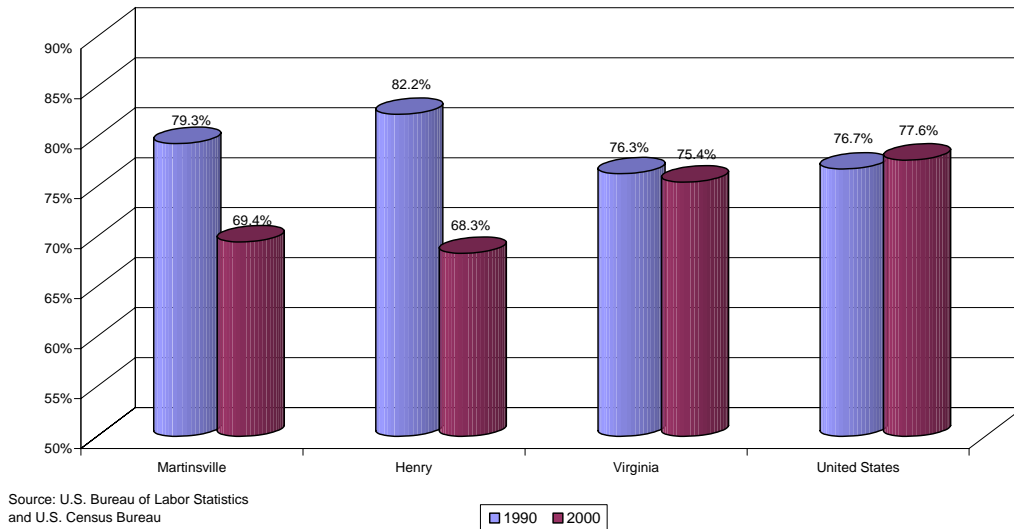


Labor Force Participate Rate

The Labor Force Participation Rate is the estimate of the percentage of the potential workforce (population aged 18-69) that is currently employed or unemployed and actively seeking employment. While Virginia and the United States have experienced modest change, both Martinsville and Henry dropped dramatically from 1990 to 2000.¹¹ This is no doubt due to the significant loss of jobs during the time period in the two areas. Often under these circumstances, individuals who are not currently employed but would like to work can no longer be considered in active pursuit of employment because the lack of sufficient and adequate opportunities forces them to give up looking for a job. The labor force participation rates for Martinsville and Henry are a clear indicator of the consequences of significant job losses and the need to fill that void with employment opportunities in the area. Additionally, low labor force participation rates weaken the earnings base of an area and can create stagnant per capita income growth, as will be analyzed later in this report.

¹¹ Because the Labor Force Participation Rate calculation is based on age distributions that the Census Bureau has not yet updated at the county-level, 2000 is the most recent available estimate.

**Labor Force Participation Rates, 1990 and 2000:
Martinsville, Henry, Virginia, and United States**



Commuting

Commuting patterns indicate whether or not a region is dependent on employment opportunities outside of the county. In each of the regions - Martinsville, Henry, Virginia, and the United States - the percentage of the population working within their county of residence declined from 1990 to 2000, indicating a more mobile workforce. While the Virginia rate decreased by 6.8 percent and the United States decreased by 3.7 percent, Martinsville and Henry decreased much more dramatically, 31.6 percent and 19.1 percent, respectively. This is probably reflective of the comparative lack of employment opportunities in Martinsville and Henry.

**Percentage Working in County
of Residence, 1990 and 2000**

	1990	2000
Martinsville	64.2%	43.9%
Henry	80.1%	64.8%
Virginia	51.7%	48.2%
United States	76.1%	73.3%

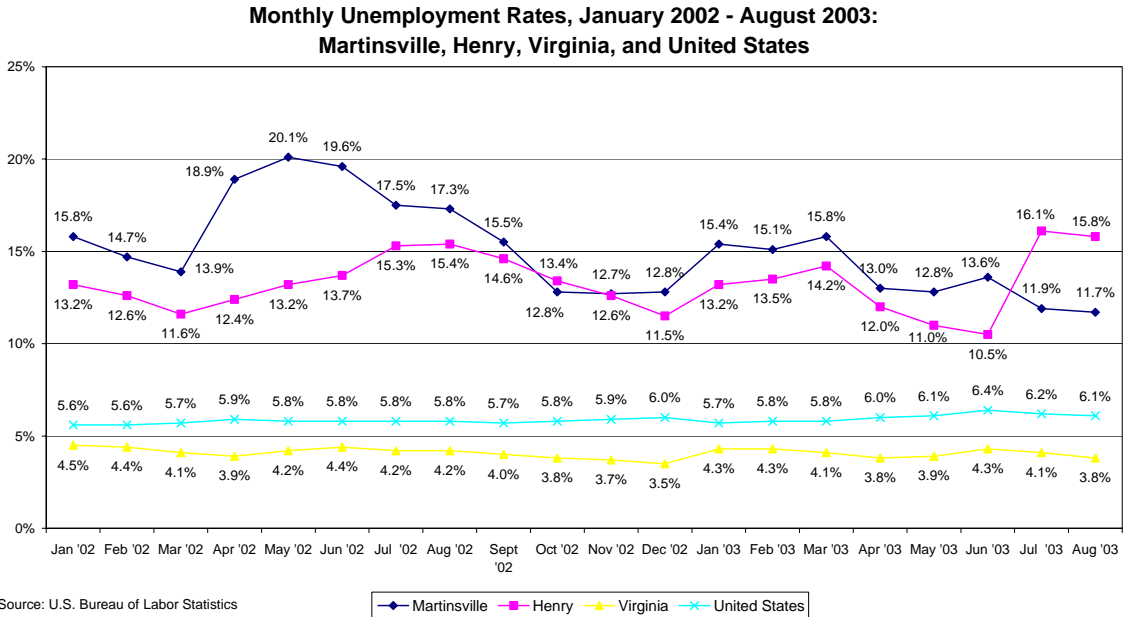
Source: U.S. Census Bureau

Unemployment

The following chart tracks the monthly unemployment rate of Martinsville, Henry, Virginia, and the United States from January 2002 to July 2003. In Henry County, from June to July 2003 the unemployment rate jumped from the 20-month time period low of 10.5 percent to the time period's high of 16.1 percent, primarily due to the closing of Pillowtex and the resulting layoff of approximately 975 people. In August the County's rate had improved slightly to 15.8 percent. During the 20-month time period, Virginia's unemployment rate ranged from 3.5 to 4.5 percent and the United States' rate from 5.6 to 6.4 percent. Martinsville's high for the time period was 20.1 percent in May 2002, and the low for the time period was the most recently available figure, 11.7 percent in August.

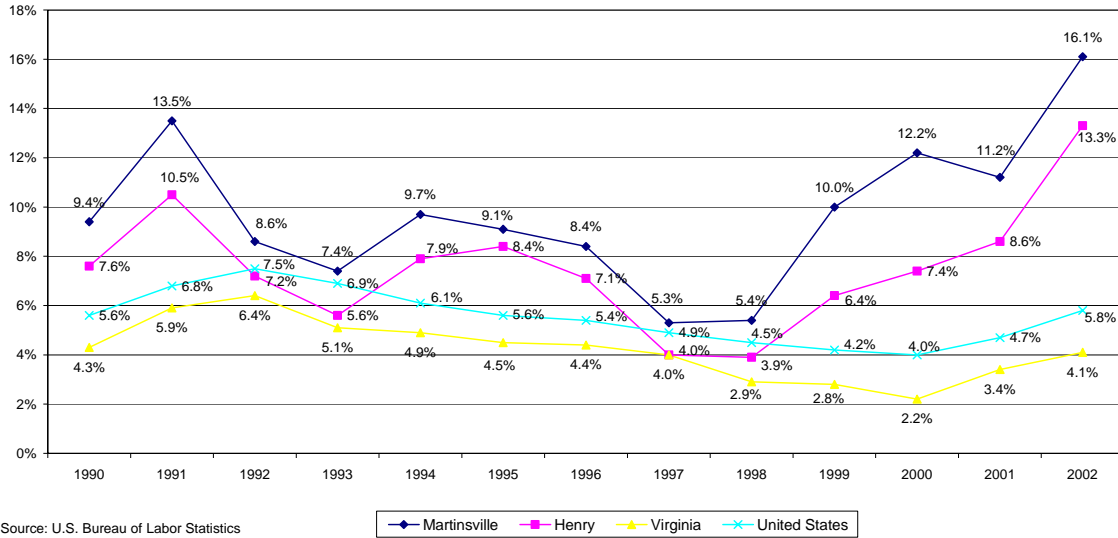
Economic and Demographic Profile Martinsville-Henry County, Virginia

Martinsville and Henry's rates have changed more dramatically from month to month than the State and the nation. As locations with a much smaller total employment and number of firms, Martinsville and Henry's changes would be more dramatic because the numbers are more influenced by the actions of one or two employers, as Henry County's drastic increase this summer due to Pillowtex closing illustrates. Prior to that plant closing, both Martinsville and Henry County's unemployment rates were declining. This is potentially due more to the unemployed population removing themselves from the workforce than from a significant increase in employment opportunities in the area.



The unemployment rates of Martinsville and Henry have been increasing dramatically since 1998. The increases in Virginia and the United States since 2000 have been slight compared to Martinsville-Henry County. Henry reached a rate of 13.3 percent in 2002 and Martinsville 16.1 percent. The unemployment rate only includes those officially unemployed and not those who have taken themselves out of the workforce because they could not find suitable employment. Therefore, as the labor force participation rate indicates, the unmet need for employment could be even higher than these amounts.

Annual Unemployment Rate, 1990 - 2002:
Martinsville, Henry, Virginia, and United States

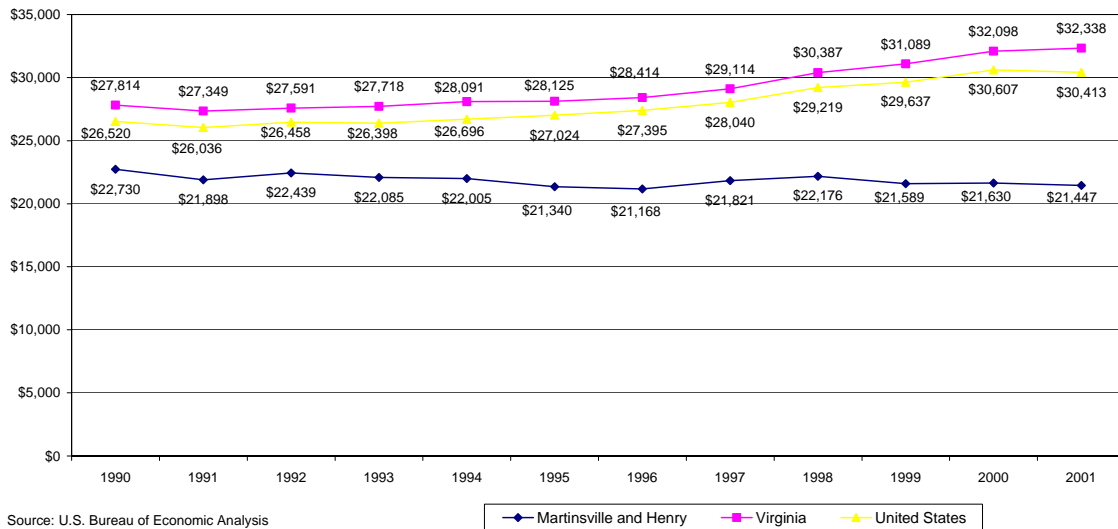


Income, Wages, and Earnings

In 2001, the most recent data available, Martinsville and Henry combined had a per capita income estimate of \$21,447, significantly less than Virginia's \$32,338 and the United States' \$30,413. While Virginia's real per capita income increased by 16.3 percent and the United States' income increased by 14.7 percent from 1990 to 2001, the estimated income for Martinsville and Henry actually declined by 5.6 percent. In 1990, the Martinsville-Henry County area real per capita income was \$5,084 less than Virginia's, and in 2001 that gap had expanded to \$10,891. Per capita income statistics, as well as other data in this report, indicate that the economic troubles of the Martinsville-Henry County area are not a recent phenomenon and the area suffered throughout the 1990s, as it was unable to match the pace of growth in the State and the country. The stagnant real per capita income growth is a result of the low labor force participation rates and declining employment opportunities in the Martinsville-Henry County area.

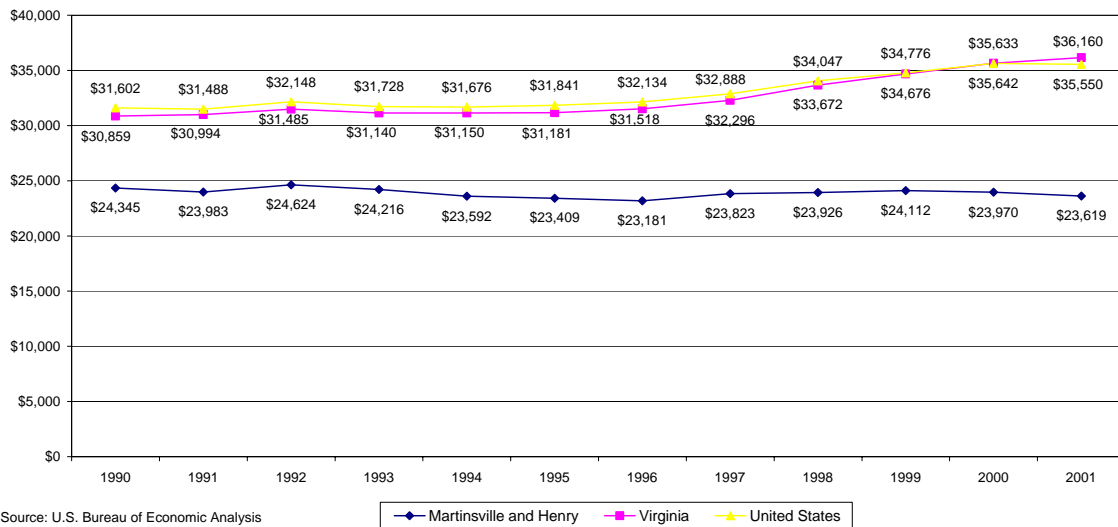
Economic and Demographic Profile Martinsville-Henry County, Virginia

**Real Per Capita Income, 1990 - 2001:
Martinsville and Henry, Virginia, and United States**



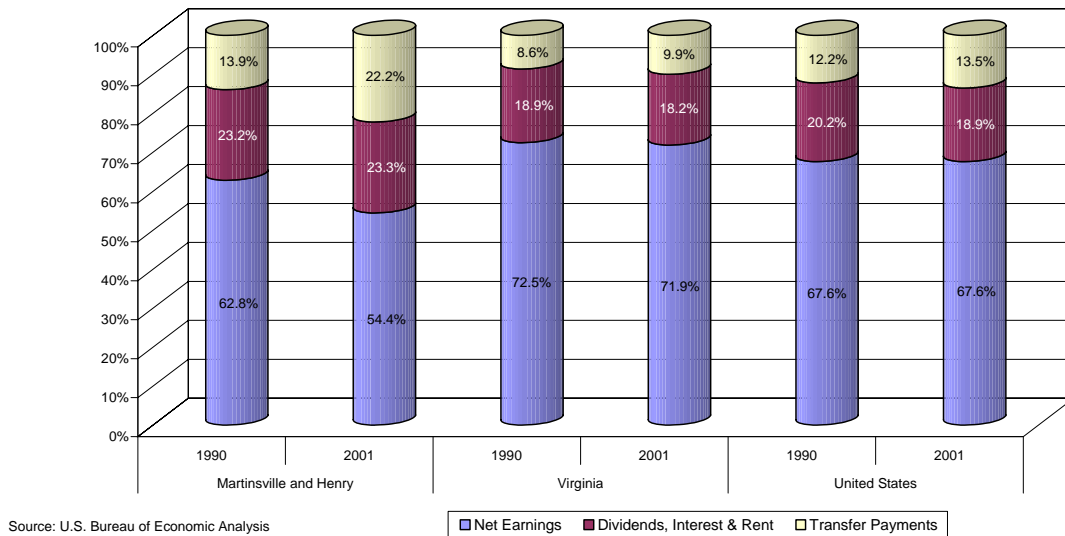
The real average annual wage, also provided as a combined figure for Martinsville and Henry, shows similar patterns as the real per capita income figure. At \$23,619 in 2001, Martinsville and Henry's average annual wage was much lower in 2001 than Virginia's \$36,160 and the United States' \$35,550. Again, Martinsville and Henry County's estimate declined, by 3.0 percent, while Virginia's increased by 17.2 percent and the United States' increased by 12.5 percent.

**Real Average Annual Wage, 1990 - 2001:
Martinsville and Henry, Virginia, and United States**



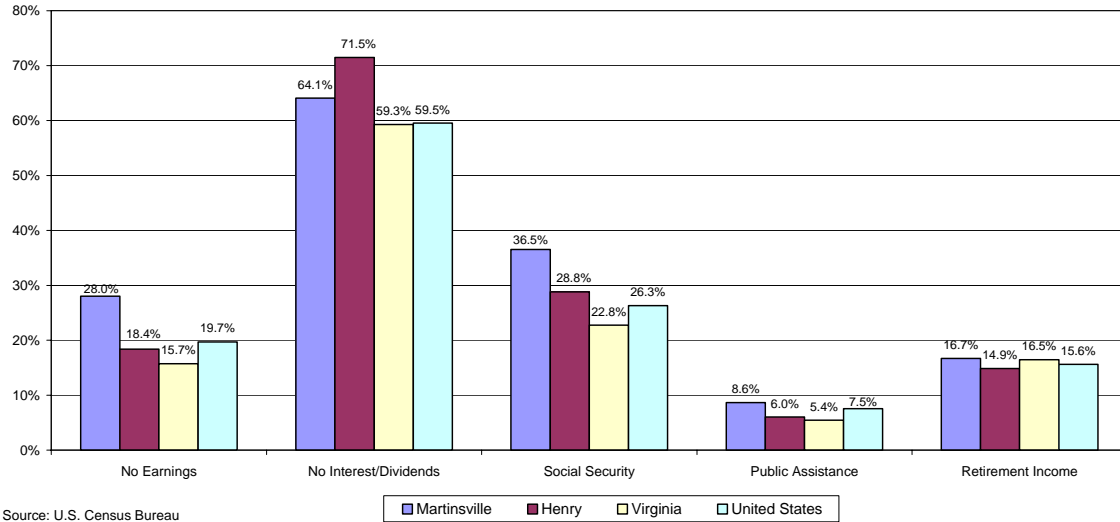
Distribution of income provides additional insight into the wealth of an area. By illustrating how much of the area's income is dependent on net earnings, dividends, interest, rent, and transfer payments, a sense of the area's wealth can be determined. The percentage of the combined Martinsville and Henry County total income dependent on transfer payments increased by about 60 percent, from 13.9 to 22.2 percent from 1990 to 2001. Virginia and the United States experienced much smaller increases. This indicates that more individuals in Martinsville and Henry are reliant on such forms of government assistance as Social Security, Medicare, and TANF than they were previously. While this is in part due to Martinsville and Henry's aging population, it may also be reflective of the increasing percentage of the population living beneath the poverty level.

**Distribution of Income, 1990 and 2001:
Martinsville and Henry, Virginia, and United States**



To further illustrate the transfer payment statistics, the U.S. Census Bureau provides information on the percentage of the population without earnings or interest and dividends, and the percentage of the population receiving Social Security, public assistance, and retirement income. As would be expected based on the data analyzed thus far, the information for Martinsville and Henry indicate that the two areas are poorer than Virginia and the United States. In 1990, Martinsville did have more individuals receiving interest and dividends than Henry. A larger portion of Martinsville than Henry was without earnings, but this may in part be due to the older population. Additional evidence of the older population in Martinsville is the larger percentage in both the Social Security and retirement income categories.

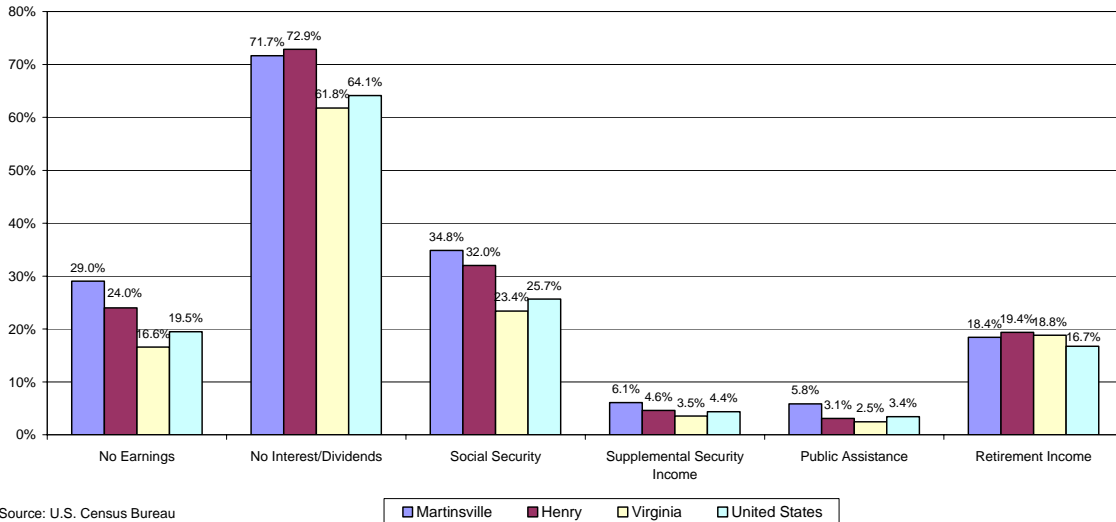
Percent of Households Receiving and Not Receiving Types of Income, 1990: Martinsville, Henry, Virginia, and United States



From 1990 to 2000, Martinsville, Henry, and Virginia increased in the percentage of the population without earnings. The increase in Henry County was greater than in Martinsville. An even greater increase would be expected due to the significant decline in the labor force participation rate.

Martinsville and Henry, along with the United States, also increased in the percentage of the population without interest or dividends. All four decreased in the percentage receiving public assistance, but Martinsville still had the highest figure. Interestingly, from 1990 to 2000, the percentage of the population receiving Social Security income in Martinsville decreased, although the amount receiving retirement income increased. It is also important to note that Martinsville had the highest percentage of individuals receiving Supplemental Security Income (additional financial assistance for low-income elderly to supplement their Social Security and other income sources).

Percent of Households Receiving and Not Receiving Types of Income, 2000: Martinsville, Henry, Virginia, and United States



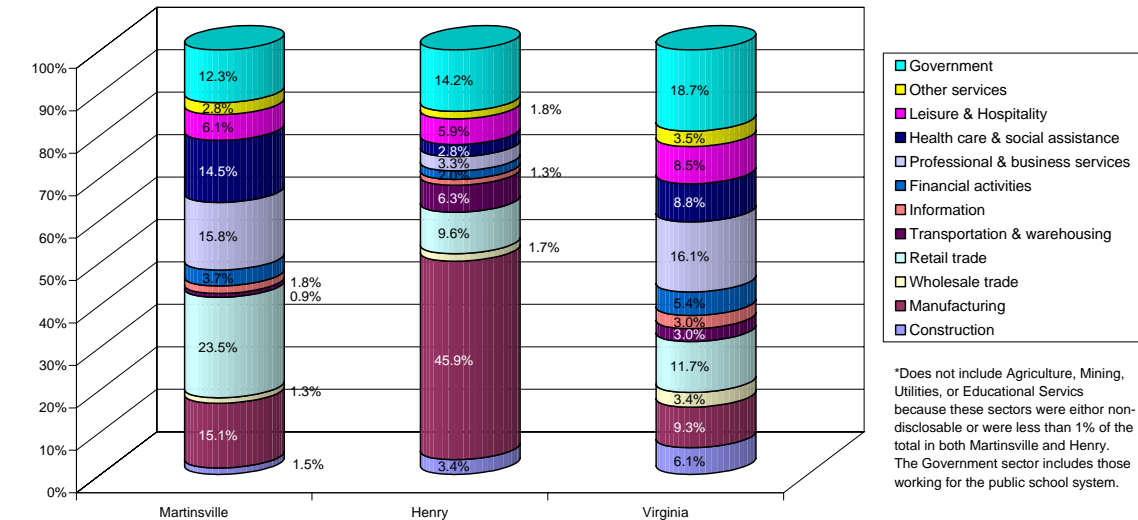
Employment Sectors

The character of the economy can be described by how total employment is distributed in the employment sectors. The following chart provides that information for Martinsville, Henry, and Virginia for the first quarter 2003. In Martinsville, the largest sectors were Retail Trade (23.5%), Professional and Business Services (15.8%), and Manufacturing (15.1%). Henry County was much less diversified and dependent on Manufacturing, with that sector representing 45.9 percent of total employment. The Government sector, which is all public employees including those in the public school system, represented 14.2 percent of the total. Retail Trade represented 9.6 percent.

Virginia's largest sectors were Government (18.7%), Professional and Business Services (16.1%), and Retail Trade (11.7%). Manufacturing employees only represented 9.3 percent of the State's total. Due to the national trend of an increase in the Professional and Business Services, it is important to note that the sector only represented 3.3 percent of Henry County's total. Comparable data for the first quarter 2003 is not available for the United States, but in 2002 the largest sectors in the country were Government (15.9%), Professional and Business Services (12.4%), Manufacturing (11.9%), and Retail Trade (11.7%).

Economic and Demographic Profile Martinsville-Henry County, Virginia

**Employment Sectors by Percentage of Total Employment,
First Quarter 2003: Martinsville, Henry, and Virginia***



Source: Virginia Employment Commission

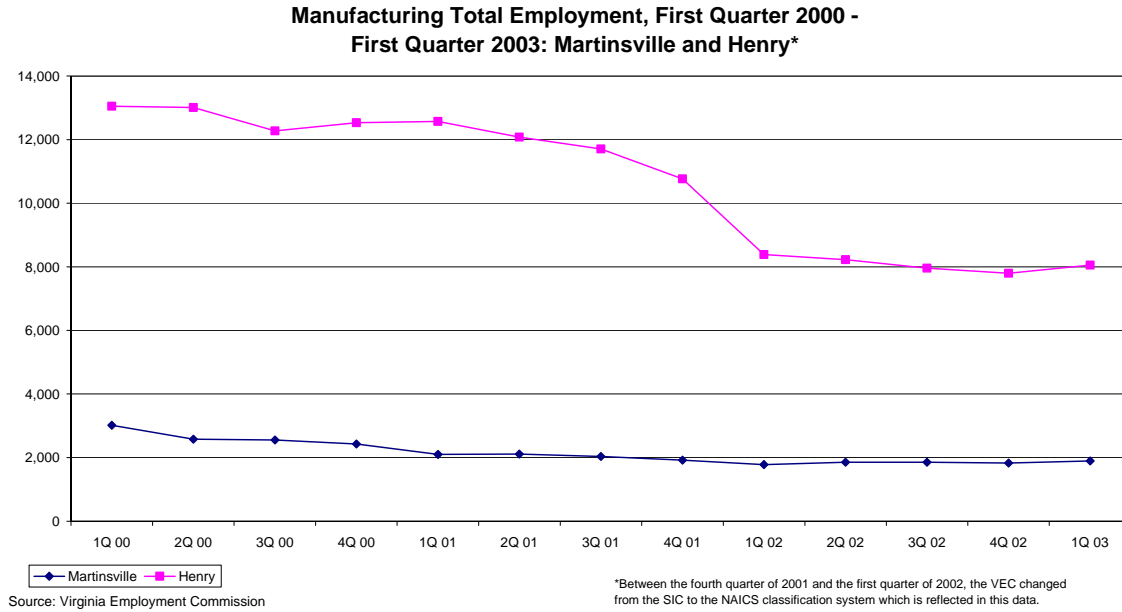
The following chart is a more detailed breakdown of the sectors. Due to the relatively uneven distribution of employment in Martinsville and Henry, the two have smaller proportions of employees than the State in important sectors such as Wholesale Trade, Information, Finance and Insurance, Professional and Technical Services, and Management of Companies and Enterprises. Based on the total employment in each area, the data not available to present in the following table represented only .8 percent of Martinsville, 1.9 percent of Henry, and 2.4 percent of Virginia.

Detailed Employment Sectors Employment and Percentage of Total, First Quarter 2003*

	Martinsville		Henry		Virginia
	Employment	% of Total	Employment	% of Total	% of Total
Construction	189	1.5%	600	3.4%	6.1%
Manufacturing	1,897	15.1%	8,058	45.9%	9.3%
Wholesale trade	160	1.3%	307	1.7%	3.4%
Retail trade	2,948	23.5%	1,681	9.6%	11.7%
Transportation and warehousing	108	0.9%	1,100	6.3%	3.0%
Information	225	1.8%	233	1.3%	3.0%
Finance and insurance	314	2.5%	269	1.5%	3.8%
Real estate, rental, and leasing	154	1.2%	81	0.5%	1.6%
Professional and technical services	311	2.5%	196	1.1%	8.6%
Management of companies and enterprises	77	0.6%	ND	ND	2.0%
Administrative and waste services	1,589	12.7%	380	2.2%	5.5%
Health care and social assistance	1,819	14.5%	495	2.8%	8.8%
Arts, entertainment, and recreation	52	0.4%	145	0.8%	1.0%
Accommodation and food services	707	5.6%	893	5.1%	7.5%
Other services	348	2.8%	310	1.8%	3.5%
Government	1,543	12.3%	2,489	14.2%	18.7%

*ND indicates the data were not available due to privacy concerns. The chart does not include Agriculture, Mining, Utilities, or Educational Services because these sectors were either non-disclosable or represented less than 1% of the total in both Martinsville and Henry. Government represents all public sector employees including those working for the public school system.
Source: Virginia Employment Commission

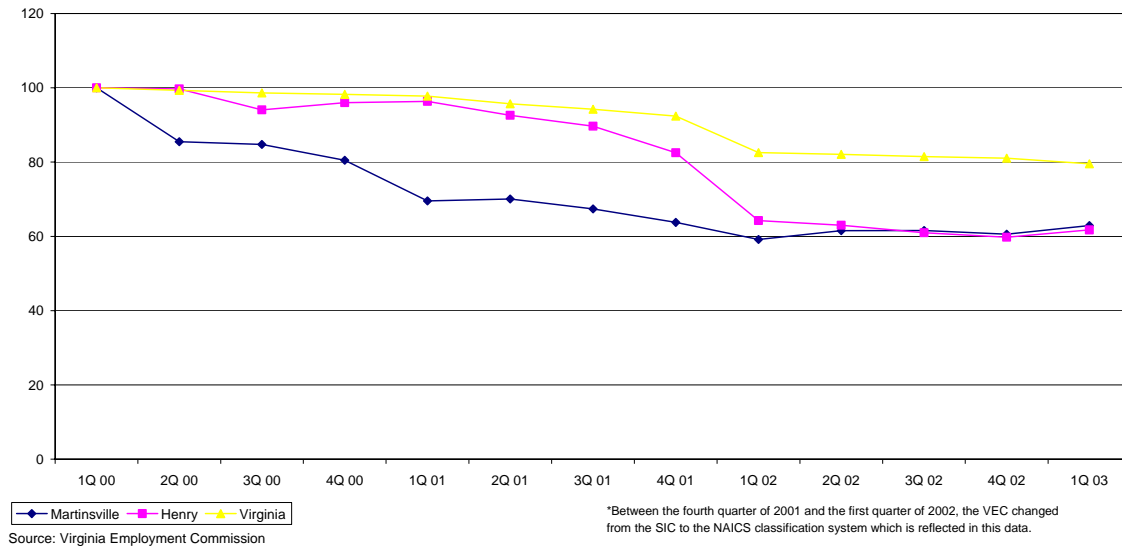
Due to its historical dominance of the local economy, the Manufacturing sector is of particular interest in the Martinsville-Henry County area. The following chart follows the quarterly total employment in the sector from the first quarter 2000 to the first quarter 2003. The sharp decline leading into 2002 is likely due to the closing of VF Corporation.¹² The Virginia Employment Commission does not yet have data available for the second and third quarters of 2003, but that data will no doubt reveal the affects of the closing of Pillowtex.



To have a broader understanding of the loss of manufacturing jobs in the Martinsville-Henry County community, the following chart compares the quarterly manufacturing data of the two areas to the State using the first quarter 2000 as a baseline. While the State of Virginia as a whole experienced a notable loss of manufacturing jobs, Martinsville and Henry have comparatively lost significantly more.

¹² This data does not directly reflect the VF Corporation layoffs as depicted in the chart on page 27 due to the fact that the VEC based its layoff data on unemployment claims that are often recorded later than when the layoffs actually occurred. Both of these charts represent estimates based on the different methodologies the VEC uses to compile the data.

Manufacturing Total Employment Index, First Quarter 2000 -
First Quarter 2003: Martinsville, Henry, and Virginia



Manufacturing, however, is not the only sector to experience significant declines since 2000. The following chart estimates the change in total employment in the broad employment sector categories. It is important to note that the 2000 data is based on the 2000 SIC employment sector classification code while the 2003 data is based on the NAICS code.¹³ Virginia is used as a point of reference to illustrate where changes in Martinsville and Henry County might be unique compared to State-wide trends or the effects of the change in employment classification codes.

In addition to the Manufacturing sector, Martinsville and Henry declined much more dramatically than Virginia in the Construction sector. Martinsville also declined more dramatically than Virginia in the Transportation and Warehousing and Wholesale Trade sectors. Compared to Virginia, Martinsville experienced the greatest growth in the Finance, Insurance, and Real Estate sector. Henry did in both the Transportation and Warehousing and Services sectors. Compared to each other, Martinsville and Henry had quite different changes in the Transportation and Warehousing, Wholesale Trade, Retail Trade, and Services sectors.

¹³ The Services sector of the Standard Industry Classification (SIC) code includes most components of the following categories of the later established NAICS code: Other Services, Leisure and Hospitality, Educational and Health Services, Professional and Business Services, and Information. The Government sector includes all public school system employees.

Economic and Demographic Profile Martinsville-Henry County, Virginia

Percent Change in Total Employment, First Quarter 2000 to First Quarter 2003*

	Martinsville	Henry	Virginia
Construction	-28.7%	-20.9%	3.1%
Manufacturing	-37.1%	-38.2%	-20.5%
Transportation and warehousing	-75.1%	54.1%	-43.5%
Wholesale trade	-62.6%	-23.4%	-24.0%
Retail trade	-0.9%	-37.2%	-34.5%
Finance, insurance, and real estate	23.5%	14.4%	-0.4%
Services	28.9%	67.4%	38.6%
Government	5.2%	-7.5%	3.3%

*This chart represents a rough estimate of change because 2000 data is based on the SIC classification code while 2003 data is based on the NAICS code. Due to the restraints of the SIC code, the Information sector is included in Services.

Source: Virginia Employment Commission

The following chart looks at sector employment from a longer-term historical perspective. Because the U.S. Bureau of Economic Analysis provides the data, Martinsville and Henry are combined in the analysis.¹⁴ The decline of the Manufacturing sector, particularly from 1990 to 2000, is the most apparent change that has occurred in the past 30 years in the area. However, Manufacturing is still the largest sector in the area. Notable increases have occurred in the Retail Trade and Services sectors.

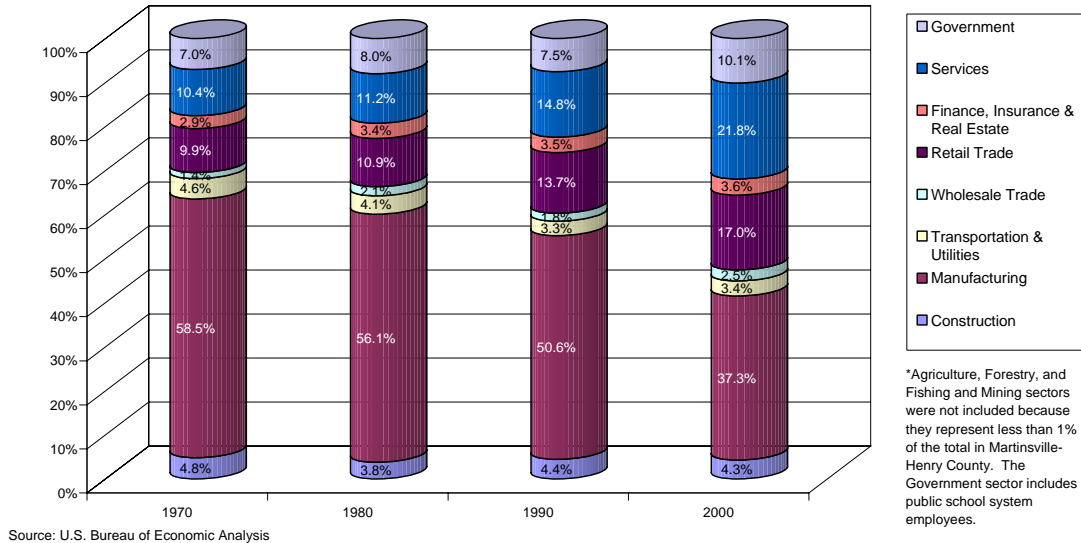
All of these changes are reflective of national trends, although Martinsville and Henry's change is more dramatic. The second chart provides the employment sector distribution for the United States so that it might be compared to that of Martinsville and Henry County. While the percentage of United States' Manufacturing employment decreased by 19.5 percent from 14.5 to 11.6 percent during the 1990s, Martinsville and Henry decreased by 26.3 percent from 50.6 to 37.3 percent. According to Virginia Employment Commission data, the percentage declined further by the first quarter 2003 when the sector represented 33.1 percent of total employment for the Martinsville-Henry County area.

It is clear that even with the significant decline of the Manufacturing sector in Martinsville-Henry County, the area is still much more dependent on the sector than the rest of the country. Because Martinsville and Henry have historically been more reliant on Manufacturing, they have, and will continue to more dramatically feel the effects of the national decline of the sector.

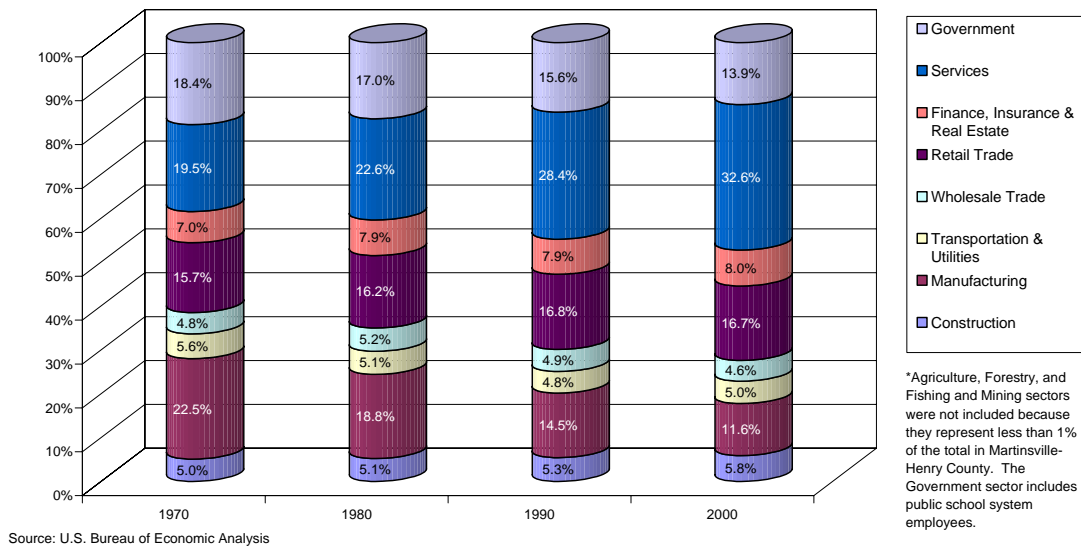
¹⁴ The 1970-2000 data are based on the SIC categorizing system, as described in the footnote on the previous page.

Economic and Demographic Profile Martinsville-Henry County, Virginia

**Sector Employment Trends, 1970, 1980,
1990, 2000: Martinsville and Henry***



**Sector Employment Trends, 1970, 1980,
1990, 2000: United States***

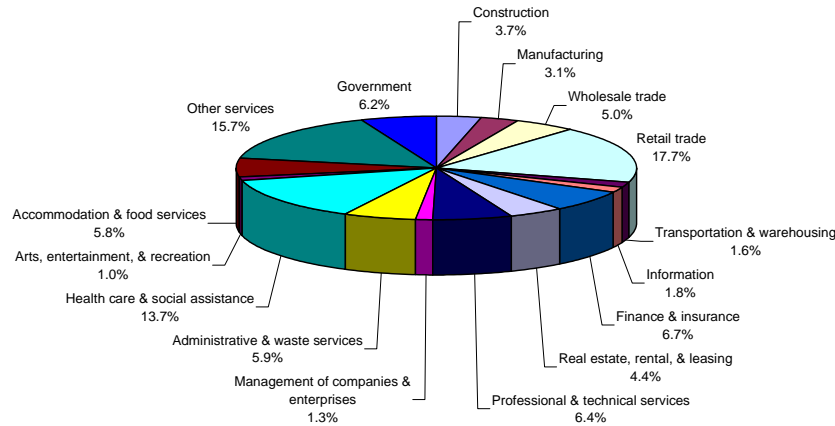


Establishments

To further illustrate the character of the employment sectors in Martinsville and Henry County, the following charts indicate the percentage of the total number of establishments each sector represents. In Martinsville, the establishments were fairly evenly distributed. Retail Trade represented the most with 17.7 percent, followed by “Other services” with 15.7 percent of the total and Health Care and Social Assistance with 13.7 percent.

Economic and Demographic Profile Martinsville-Henry County, Virginia

**Establishments by Percentage of Total,
First Quarter 2003, Martinsville***

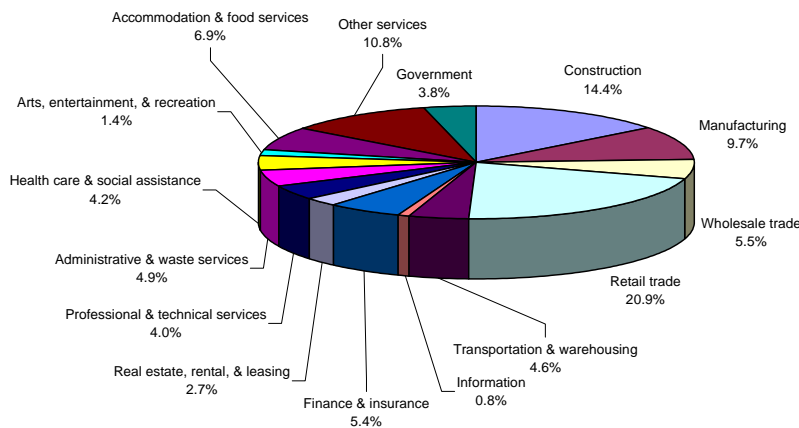


Source: Virginia Employment Commission

*Does not include Agriculture, Mining, Utilities, or Educational Services because these sectors were non-disclosable. Government is all public sector establishments including the public school system.

In Henry, Retail Trade had the largest number of establishments with 20.9 percent of the total. Construction also represented a large share at 14.4 percent. “Other services” represented 10.8 percent, but otherwise the sectors were fairly evenly distributed. Manufacturing establishments typically employ a large number of people. Therefore, the percentage the sector represented of the total number of establishments was understandably smaller than the percentage the sector represented of total employment.

**Establishments by Sector as Percentage of Total,
First Quarter 2003, Henry***



Source: Virginia Employment Commission

*Does not include Agriculture, Mining, Utilities, Management of Companies and Enterprises, or Educational Services because these sectors represented less than 1% of the total or were non-disclosable. Government is all public sector establishments including the public school system.

Location Quotients

To enhance understanding of the economic structure of Martinsville and Henry County, the following charts compare Martinsville and Henry County employment sector data to that of the United States using location quotients. By comparing the percentage a sector represents of the total employment in an area to the percentage that sector represents of the national economy, location quotients are an important economic analysis tool used to determine the relative importance of a sector to a locality's economy. A location quotient of 1.00 indicates that the sector represents the same portion of the local economy as that sector represents of the national economy. A location quotient below or above 1.00 indicates the sector represents a smaller or larger portion, respectively, of the local economy than the national economy.

High location quotients indicate that sector is comparatively an important component of the area's economy. In 2002, the highest location quotients in Martinsville by total employment were Administrative and Waste Services (1.95), Retail Trade (1.93), and Manufacturing (1.24).¹⁵ Henry County only had two sectors with a location quotient greater than 1.00. They were Manufacturing (3.77) and Transportation and Warehousing (2.55).

Low location quotients indicate a relatively weak sector with potential opportunity. The lowest employment location quotients in Martinsville were Wholesale Trade (.31), Arts, Entertainment, and Recreation (.33), and Government (.36). In Henry, the lowest locations quotients were the following sectors: Government (.16), Finance and Insurance (.34), and Real Estate, Rental, and Leasing (.36). Due to privacy concerns, the Bureau of Labor Statistics was not able to provide complete data for the Government sector, so its location quotients are likely low estimates.

Employment Location Quotients, 2002*

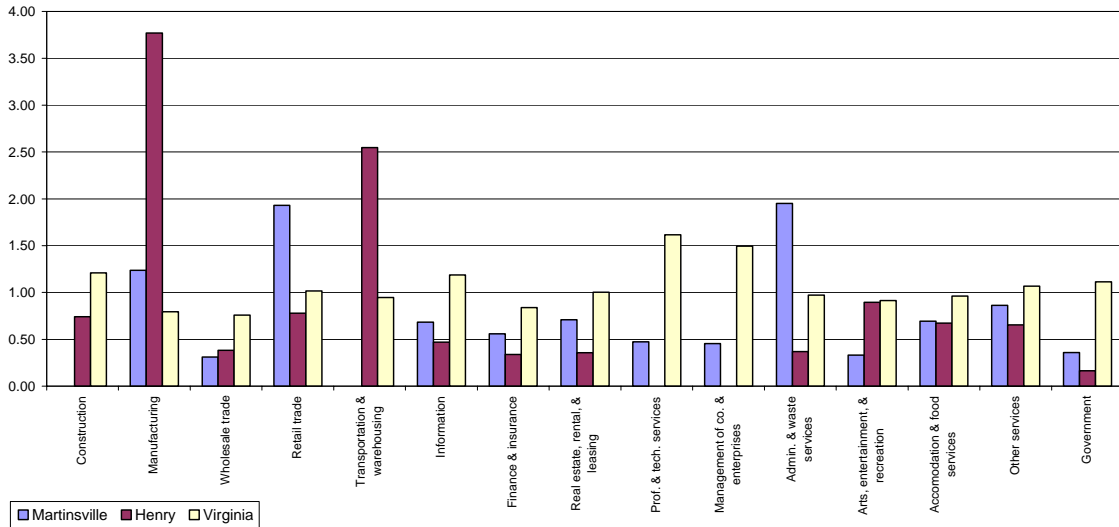
	Martinsville			Henry		
	Location Quotient	% of Total Employment	Employment	Location Quotient	% of Total Employment	Employment
Construction	ND	ND	ND	0.74	3.9%	700
Manufacturing	1.24	14.7%	1,831	3.77	44.7%	8,088
Wholesale trade	0.31	1.4%	170	0.38	1.7%	302
Retail trade	1.93	22.6%	2,823	0.78	9.1%	1,649
Transportation and warehousing	ND	ND	ND	2.55	7.9%	1,433
Information	0.68	1.8%	224	0.47	1.2%	223
Finance and insurance	0.56	2.5%	308	0.34	1.5%	271
Real estate, rental, and leasing	0.71	1.1%	140	0.36	0.6%	102
Professional and technical services	0.47	2.5%	307	ND	ND	ND
Management of companies and enterprises	0.45	0.6%	75	ND	ND	ND
Administrative and waste services	1.95	11.5%	1,441	0.37	2.2%	394
Arts, entertainment, and recreation	0.33	0.5%	58	0.89	1.3%	227
Accommodation and food services	0.69	5.5%	689	0.67	5.4%	968
Other services	0.86	2.9%	357	0.65	2.2%	391
Government	0.36	5.7%	712	0.16	2.6%	473

*ND indicates that the data were not available due to privacy concerns. Chart does not include Agriculture, Mining, Utilities, Educational Services, or Health Care because these sectors were either non-disclosable or represent less than 1% of the total in both Martinsville and Henry. Government is all public sector employees including those working for the public school system.
Source: U.S. Bureau of Labor Statistics

By comparing the location quotients of Martinsville and Henry to Virginia, the uniqueness of Martinsville and Henry stands out more effectively. Clearly, Martinsville was more evenly distributed than Henry, but not quite as well as Virginia. Virginia had several sectors above and close to 1.00, but no sector dramatically stood out as Retail Trade and Administrative and Waste Services did in Martinsville and Manufacturing and Transportation and Warehousing did in Henry.

¹⁵ The location quotient data are based on 2002 estimates, the most recent data available in which Martinsville, Henry, and Virginia could be directly compared to the United States.

Employment Location Quotients, 2002:
Martinsville, Henry, and Virginia



Source: U.S. Bureau of Labor Statistics

*Some sectors not included due to privacy concerns or because they represented less than 1% of the total. The Government sector includes those working for the public school system.

Employment Sector Wages and Total Earnings

The following chart analyzes the average weekly wage in the employment sectors in Martinsville, Henry, and Virginia for the first quarter of 2003.¹⁶ Virginia had higher average weekly wages in each category except Leisure and Hospitality in which Henry’s average of \$365 is greater than that of Virginia’s \$265. However, this is one of the lower paying sectors. Even in Henry County, only Retail Trade (\$337) and “Other Services” (\$357) had lower averages.¹⁷

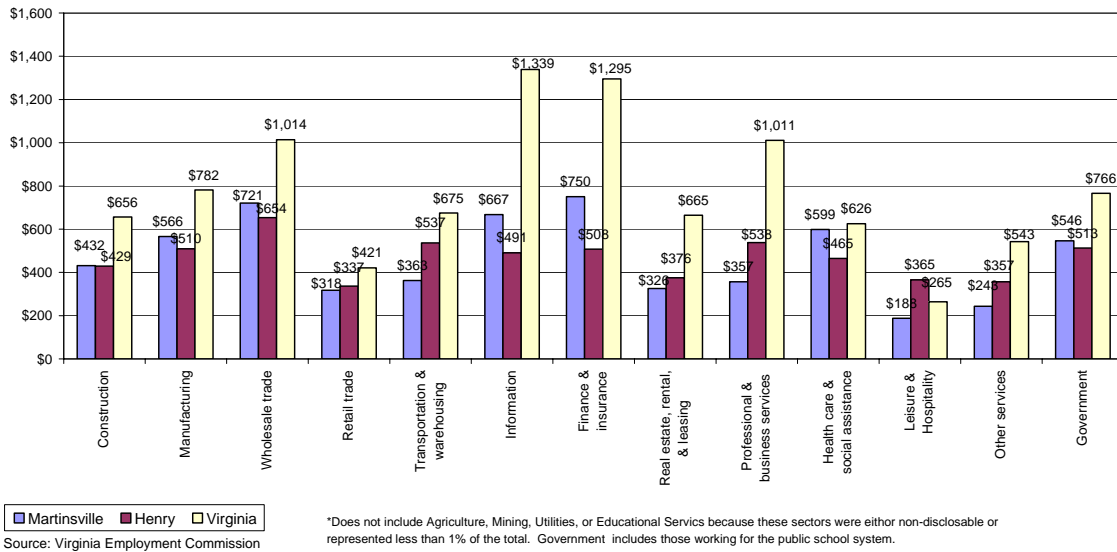
The highest paying sectors in Martinsville were Finance and Insurance (\$750), Wholesale Trade (\$721), and Information (\$667). The highest paying in Henry were Wholesale Trade (\$654), Professional and Business Services (\$538), and Transportation and Warehousing (\$537). Wealth in a community is directly influenced by whether or not the highest paying sectors were also those that employ a large share of the population. These higher paying sectors represented a small share of Martinsville and Henry’s total employment (5.6% and 11.3%, respectively). Henry has a better balance, but its highest paying sector, Wholesale Trade, still only represented 1.7 percent of the total. A more detailed analysis of average weekly wages for certain sectors will be presented in the Sub-Sector Employment section on page 49.

¹⁶ The Virginia Employment Commission calculated the averages based on a 52-week year; therefore, to estimate average annual wages the data can be multiplied by 52.

¹⁷ The “Other services” sector includes repair, maintenance, personal, laundry, and religious and civic organizations.

Economic and Demographic Profile Martinsville-Henry County, Virginia

**Average Weekly Wage, First Quarter 2003:
Martinsville, Henry, and Virginia***



Location quotients can be used to compare total earnings in a sector. The most comparatively high sectors based on total earnings in Martinsville were Retail Trade (2.07), Administrative and Waste Services (1.55), and Manufacturing (1.19). In addition to Manufacturing (3.28) and Transportation and Warehousing (3.06), Henry County had another earnings location quotient greater than 1.00: Arts, Entertainment, and Recreation (1.12).

The lowest earning sectors based on location quotients in Martinsville were Arts, Entertainment, and Recreation (.16), Wholesale Trade (.37), and Government (.44). In Henry, the lowest three earnings location quotients were Finance and Insurance (.20), Government (.21), and Administrative and Waste Services (.35). Again, the Government sector total earnings in both Martinsville and Henry are likely low estimates due to the privacy policy of the Bureau of Labor Statistics.

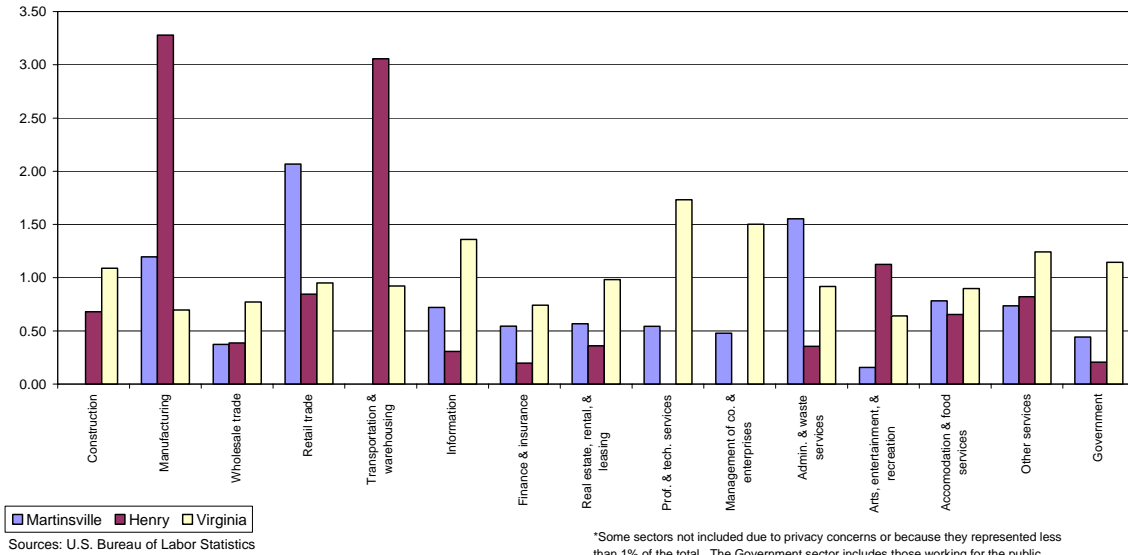
Earnings Location Quotients, 2002*

	Martinsville			Henry		
	Location Quotient	% of Total Earnings	Earnings (in thousands)	Location Quotient	% of Total Earnings	Earnings (in thousands)
Construction	ND	ND	ND	0.68	3.8%	17,773
Manufacturing	1.19	17.0%	50,740	3.28	46.7%	220,395
Wholesale trade	0.37	2.2%	6,560	0.39	2.3%	10,760
Retail trade	2.07	15.3%	45,657	0.85	6.3%	29,578
Transportation and warehousing	ND	ND	ND	3.06	9.5%	44,999
Information	0.72	2.9%	8,595	0.31	1.2%	5,803
Finance and insurance	0.54	4.1%	12,256	0.20	1.5%	7,084
Real estate, rental, and leasing	0.57	0.8%	2,468	0.36	0.5%	2,488
Professional and technical services	0.54	4.5%	13,413	ND	ND	ND
Management of companies and enterprises	0.48	1.2%	3,514	ND	ND	ND
Administrative and waste services	1.55	6.3%	18,875	0.35	1.4%	6,814
Arts, entertainment, and recreation	0.16	0.2%	468	1.12	1.1%	5,297
Accommodation and food services	0.78	2.4%	7,041	0.65	2.0%	9,334
Other services	0.73	1.6%	4,697	0.82	1.8%	8,306
Government	0.44	7.2%	21,632	0.21	3.4%	16,025

*ND indicates that the data were not available due to privacy concerns. Chart does not include Agriculture, Mining, Utilities, Educational Services, or Health Care because these sectors were either non-disclosable or represented less than 1% of the total in both Martinsville and Henry. Government is all public sector employees including those working for the public school system.
Source: U.S. Bureau of Labor Statistics

When comparing the earnings location quotients of Martinsville and Henry to Virginia, Henry's Manufacturing and Transportation and Warehousing sectors again have the highest figures. Martinsville's Retail Trade sector also stood out. Like in the employment location quotients, Virginia's earnings location quotients illustrate a more diverse economy than Martinsville or Henry, however the Professional and Technical Services and Management of Companies and Enterprises sectors were relatively large in the State.

**Earnings Location Quotients, 2002:
Martinsville, Henry, and Virginia**



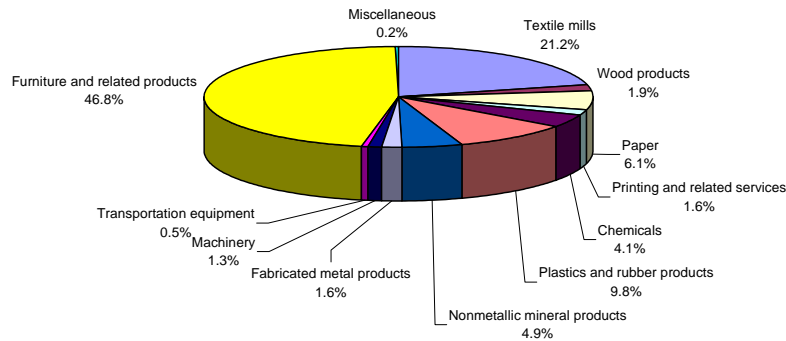
Sub-Sector Employment

As three sectors representing a large share of total employment in both Martinsville and Henry, Manufacturing, Services, and Retail Trade will be analyzed in more detail to better understand their impact on the area's economy.

Representing 46.8 percent of the total, Henry County's Manufacturing sector was dominated by the Furniture sub-sector as of the first quarter of 2003. Textile Mills also made up a fair share with 21.2 percent of the total. It is also important to note that the VEC could not disclose all the sub-sectors data due to confidentiality concerns. Based on the total manufacturing sector statistics, the non-disclosed data represented about 10.9 percent of the total, reducing Furniture's share to 41.7 percent and the Textile Mill's to 18.9 percent. The VEC reported only two sub-sectors for Martinsville: Wood Products with 677 employees and Printing and Related Support Services with 15 employees. Those two sub-sectors represented 36.5 percent of Martinsville's total manufacturing sector.

Economic and Demographic Profile Martinsville-Henry County, Virginia

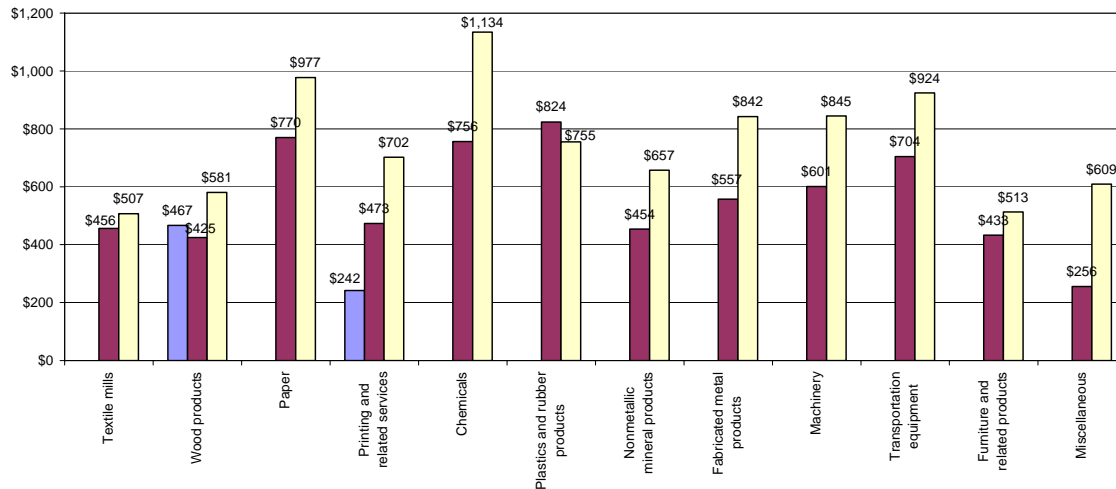
Manufacturing Sub-Sectors Employment as Percentage of Total, First Quarter 2003: Henry County



Source: Virginia Employment Commission

The following chart compares the average weekly wage of the Manufacturing sub-sectors in Martinsville and Henry to Virginia. With the exception of the Plastics and Rubber Products sector, Virginia's average wage was higher in each category. One of only two sub-sectors with available data for Martinsville, Printing and Related Support Services had an average weekly wage much lower than Henry's, which was lower than Virginia's. The Furniture sub-sector, representing about half of Henry's total Manufacturing employment, was one of the lowest paying sub-sectors for the County (Wood Products and Miscellaneous manufacturing had lower estimates). Henry's Furniture sub-sector average weekly wage represented 84.4 percent of Virginia's.

Manufacturing Sub-Sectors Average Weekly Wage, First Quarter 2003: Martinsville, Henry, and Virginia*



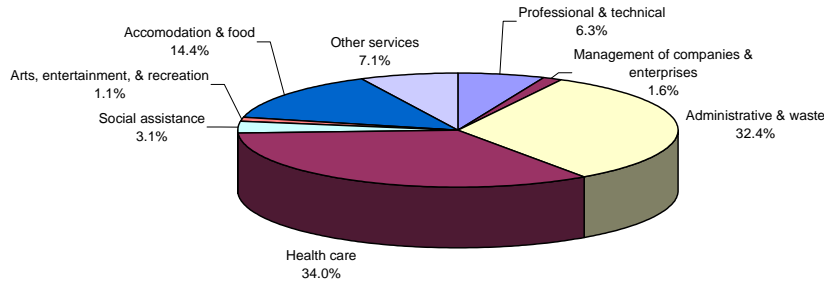
Source: Virginia Employment Commission

■ Martinsville ■ Henry ■ Virginia

*Other Manufacturing sub-sector data for Martinsville and Henry County were not available due to privacy concerns.

In Martinsville, Health Care was the largest Services sub-sector, representing 34.0 percent of total Service sector employment. The Administrative and Waste Services sector was also large, representing 32.4 percent of the total. Accommodation and Food Services represented 14.4 percent, and the remaining sub-sectors represented fairly small shares of the total.

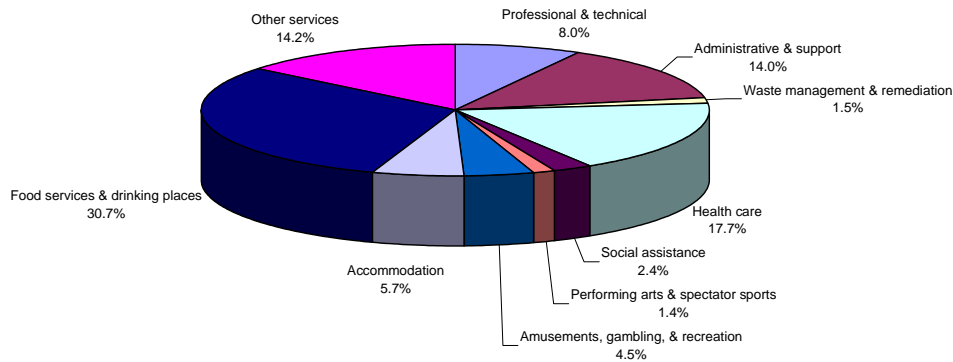
**Services Sub-Sectors by Number of Employees,
First Quarter 2003: Martinsville**



Source: Virginia Employment Commission

Henry County had a more diverse services sub-sector distribution than Martinsville, but it had the same three largest employers. Accommodation and Food Services was 32.5 percent of the total employment, Health Care was 20.0 percent, and Administrative and Waste Services was 17.4 percent. The “Other Services” sector represented 16.0 percent of the County’s employment.

**Services Sub-Sectors by Percentage of Total Employees,
First Quarter 2003: Henry County***



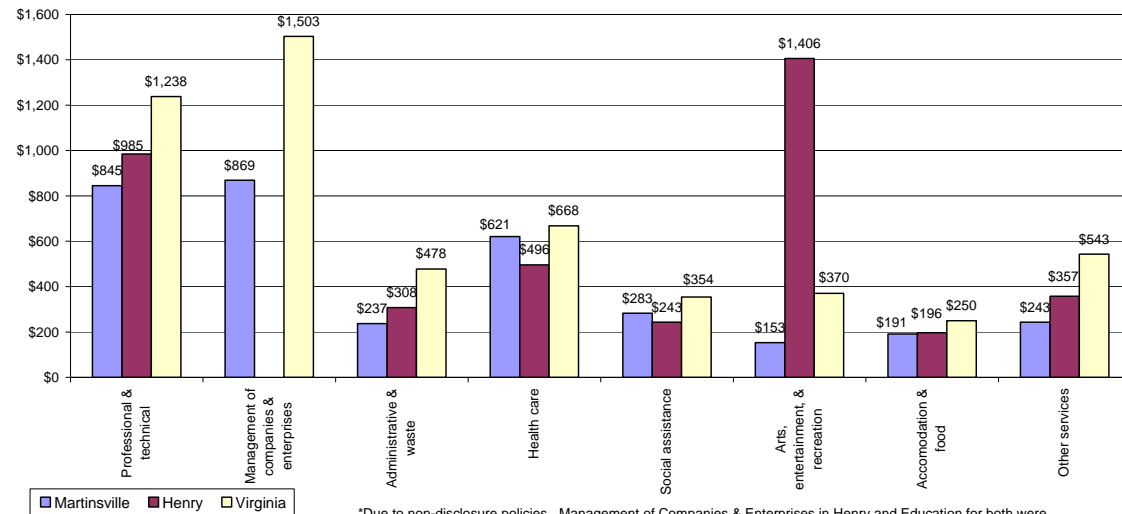
Source: Virginia Employment Commission

*Management of Companies and Enterprises data were not available due to privacy non-disclosure policies.

Virginia’s services sub-sectors had higher average weekly wage in each sector except Arts, Entertainment, and Recreation in Henry County. The Arts, Entertainment, and Recreation sub-sector Performing Arts and Spectator Sports employed 34 people with an average weekly wage of \$5,207 in the first quarter 2003. The 111 Gambling, Recreation, and Amusement employees weekly wage of \$242 brought the average for the broader Arts, Entertainment, and Recreation sector down to the \$1,406 in the following chart. It is also important to note that the Performing Arts and Spectator Sports sector changes substantially each quarter. In 2002, the first quarter average weekly wage was \$4,358 for 39 employees, the second quarter was not disclosable, the third quarter was \$455 for 56 employees, and the fourth quarter was \$837 for 39 employees. Professional and Technical Services and Management of Companies and Enterprises were the highest paying in Martinsville, but these represented only 68.3 percent and 57.8 percent,

respectively, of Virginia’s average for these sectors. In Martinsville, the Health Care sector was the average most like that of the State. Due to the privacy policy of the VEC, this estimate for Martinsville does not include the wages at Memorial Hospital.¹⁸ The average weekly wage of the combined Health Care and Social Assistance sector in Martinsville was \$599, compared to \$465 in Henry and \$626 in Virginia.

**Services Sub-Sectors Average Weekly Wage,
First Quarter 2003: Martinsville, Henry, and Virginia***



Source: Virginia Employment Commission

*Due to non-disclosure policies, Management of Companies & Enterprises in Henry and Education for both were not available. The Health Care average for Martinsville does not include Memorial Hospital.

To further illustrate the Retail Trade sector in Martinsville and Henry, the following chart looks at the largest sub-sectors in the two areas. General Merchandise is a large employer in Martinsville, most likely due to Wal-Mart’s presence in the City. However, the sector’s average weekly wage was almost equal to the average for the entire Retail Trade sector and it is traditionally a low-paying sector. Building Material and Garden Supply Retailers was the highest paying in Martinsville, and even exceeded the average for the State’s sector. Gasoline Stations and Motor Vehicle and Parts Dealers were two large sectors in Henry County. Gasoline Stations were by far the lowest paying sector in the County, while Motor Vehicles and Parts Dealers was one of the highest paying. However, both paid notably less than the State’s average. Overall Retail Trade and its sub-sectors pay less than other sectors because most of the employment opportunities are only part-time jobs.

It is important to note that the Nonstore Retailers sub-sector was non-disclosable for Martinsville. This is the sector of Newroads, Inc., the call center referenced previously as one of the largest employers in the City. In addition to Non-Store Retailers, Furniture and Home Furnishing stores were also non-disclosable, and these two sectors combined represent 33.5 percent of Retail Trade’s total employment in the City. No doubt Newroads employs a large share of these 989 unaccounted for workers. While an average weekly wage is not available, it

¹⁸ Because it was possible to determine the number of Health Care employees based on the total for the Health Care and Social Assistance sector, the hospital was included in the Martinsville Services sub-sector employment distribution on the previous page.

was reported that the expected entry-level new hires for Newroads this fall would receive an hourly pay of \$7.50 and they would expand their holiday workforce to a total of 1,400 employees.¹⁹ In Henry County, the average weekly wage of the 97 Nonstore Retailer employees was \$403 and in Virginia the over 16,000 employees averaged \$504 per week. The sector represented 5.8 percent of Henry's total Retail Trade employment and 4.3 percent of Virginia's total.

Largest Retail Trade Sub-Sectors, First Quarter 2003*

	Employment (Number and % of Total)			Average Weekly Wage		
	Martinsville	Henry	Virginia	Martinsville	Henry	Virginia
Motor vehicles and parts dealers	137 (4.6%)	357 (21.2%)	13.5%	\$414	\$425	\$662
Building materials and garden supplies	189 (6.4%)	77 (4.6%)	7.1%	\$579	\$393	\$503
Food and beverage stores	267 (9.1%)	326 (19.4%)	15.5%	\$282	\$276	\$353
Gasoline stations	82 (2.8%)	394 (23.4%)	8.6%	\$264	\$246	\$311
Clothing and accessories	223 (7.6%)	ND	8.4%	\$219	ND	\$290
General merchandise	750 (25.4%)	104 (6.2%)	19.4%	\$316	\$336	\$352
Total Retail Trade Sector	2,948	1,681	392,510	\$318	\$338	\$422

*ND indicates that the data were not disclosed due to privacy considerations. Based on the available data, it can be estimated that the Clothing and Accessories sub-sector in Henry employed less than 9 people.

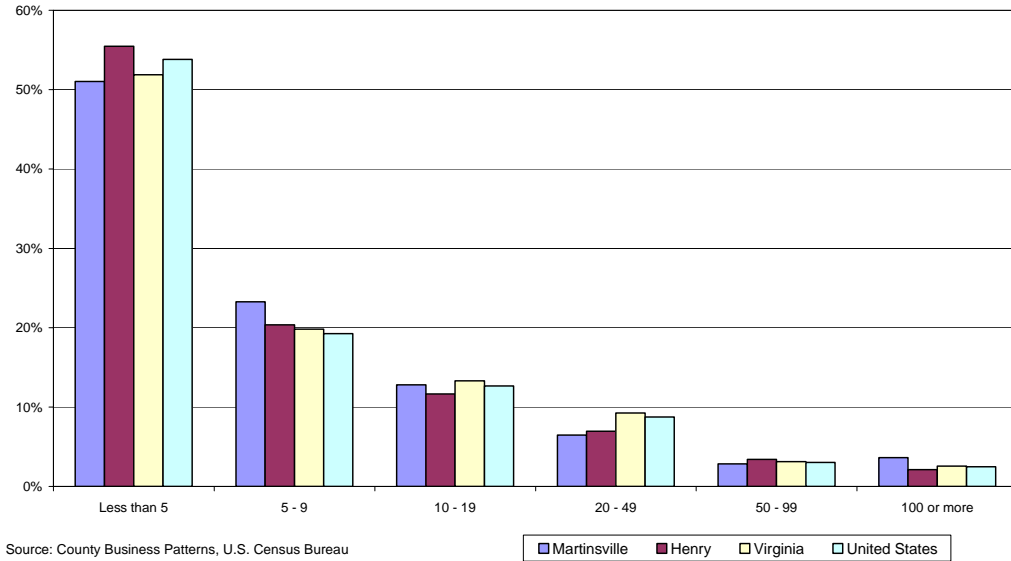
Source: Virginia Employment Commission

Entrepreneurial Activity

An analysis of the percentage of total establishments that employ a certain number of employees further illustrates the economic characteristics of a community. It also provides evidence of the prevalence of small businesses, a measure of entrepreneurial activity in a community. Both Martinsville and Henry have predominately small businesses, following similar distribution patterns as Virginia and the United States. In 2001, the country had 53.8 percent of total establishments with less than five employees, in between Martinsville's 51.0 percent estimate and Henry's 55.5 percent estimate. The two had about the same percentage of businesses with less than 20 employees (87.1% in Martinsville and 87.5% in Henry). Of the four, Martinsville had the highest percentage of the number of businesses with more than 100 employees. Martinsville's 28 such businesses represented 3.6 percent of the total.

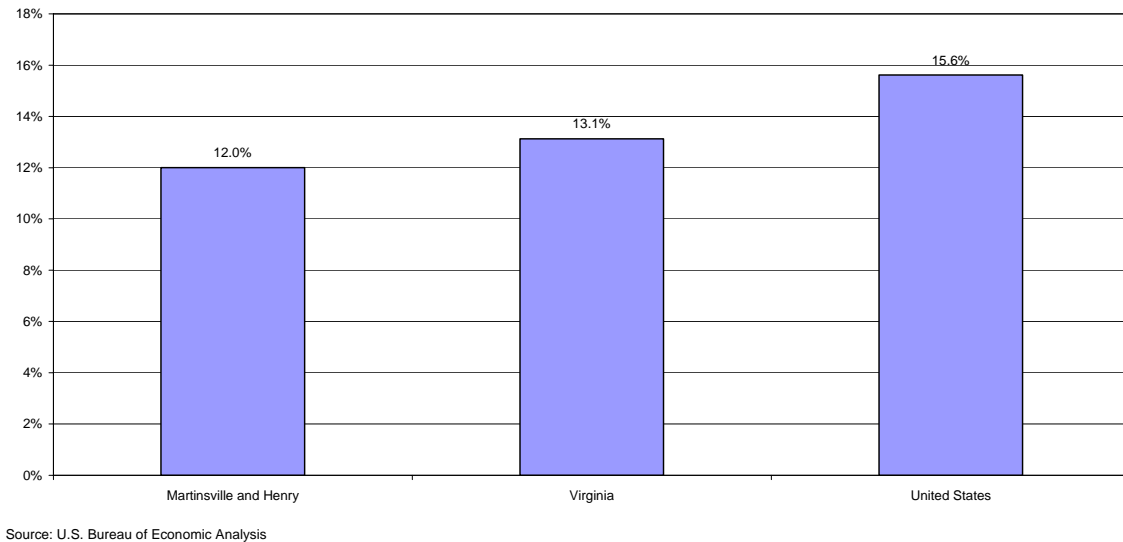
¹⁹ Associated Press, "Call Center on the Grow in Henry County," accessed from <http://www.dailypress.com/news/local/virginia/dp-va--callcenter0912sep12,0,7780695.print.story?coll=dp-headlines-virginia> on September 21, 2003.

**Establishments by Number of Employees,
2001: Martinsville, Henry, Virginia, and United States**



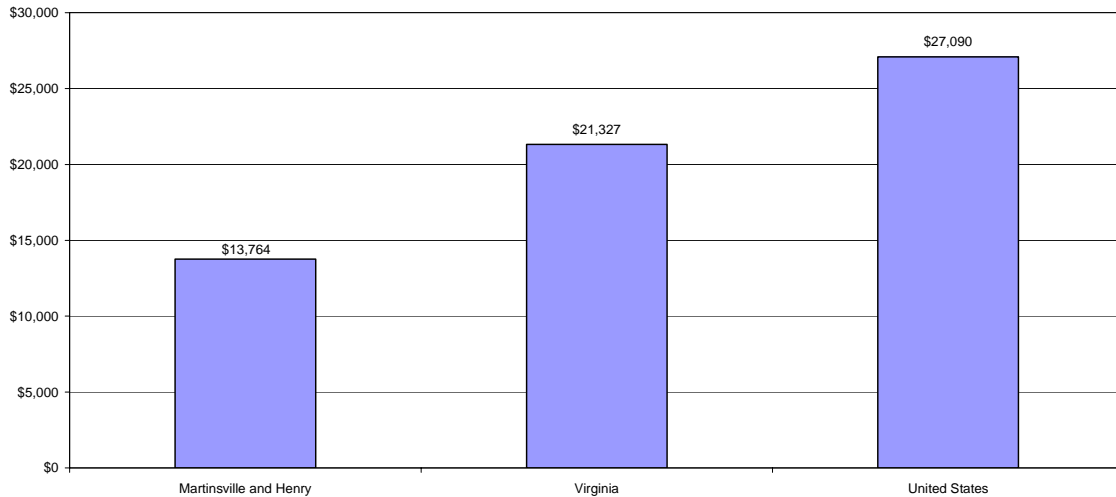
An additional judge of the amount of entrepreneurialship in a community can be based on the number of non-farm proprietors in an area. BEA releases this data with Martinsville and Henry combined. In the City and the County, 12.0 percent of total employment was non-farm proprietors in 2001, less than, but not by a large margin, Virginia's 13.1 percent and the United States' 15.6 percent.

**Non-Farm Proprietorship as a Percentage of Total Employment, 2001:
Martinsville and Henry, Virginia, and United States**



The following chart looks at the average annual earnings of those non-farm proprietors, and Martinsville and Henry had a much lower estimate than Virginia or the United States. Martinsville-Henry County represented 64.5 percent of Virginia's average and only 50.1 percent of the United States' average. However, comparatively low earnings for non-farm proprietors is a fairly common occurrence in smaller communities such as Martinsville-Henry County.

**Average Annual Earnings of Non-Farm Proprietorships, 2001:
Martinsville and Henry, Virginia, and United States**



Source: U.S. Bureau of Economic Analysis

Conclusion



Conclusion

Unfortunately, the demographic and economic data for Martinsville and Henry County do not show promising trends. The most positive occurrences in the region were not directly reflected in the numbers: the recently announced expansion of Newroads, Inc. and the opening of Activewear, Inc., a textile manufacturer that announced in the fall of 2002 plans to create 405 jobs in the area.²⁰ However, these businesses will not provide sufficient jobs or strong entry-level salaries to ensure any meaningful recovery of the local economy. A comprehensive, sustainable economic development strategy is needed to address the four primary concerns as described in the Research Summary: a shrinking workforce, a relatively weak workforce, low income data, and an unsustainable economic structure.

The most important problem facing Martinsville-Henry County is that it cannot continue to rely on the historical manufacturing sector if it wants to achieve and sustain long-term economic growth. The steep unemployment levels are no doubt due to the many manufacturing plant closings and layoffs that have occurred. The numbers directly reflect the closings of Tultex, VF Corporation, Pillowtex, and the other losses the community has experienced.

While some manufacturing firms such as Hooker Furniture have and may continue to maintain a presence in the community, and the opening of Activewear, Inc. may not be an isolated event, the manufacturing sector in the United States is continuing to lose jobs to the global marketplace and communities in this country cannot continue to rely on manufacturing as the basis of their economy. Forecasts indicate that manufacturing jobs, particularly in textiles and furniture, will continue to move overseas. In the fall 2002, the *Kiplinger Letter* reported that by 2010 an estimated 900,000 U.S. jobs, predominately in the manufacturing sector, would be relocated to China.²¹ The report states that China's furniture imports represented 31 percent of the U.S. total in 2001, and that estimate was expected to double within a few years. With the furniture manufacturing sector representing at least 12.8 percent of total employment in the Martinsville-Henry County area as of the first quarter of 2003, it is very likely that the area will continue to experience significant job losses if it does not aggressively pursue an appropriate economic development strategy.²²

Another concern regarding the manufacturing sector is that the earnings statistics in Martinsville-Henry County and nationally indicate that it is not comparatively well paying and therefore the sector is not a sufficient solution for improving an earnings base as weak as that of Martinsville-Henry County. The community needs more economic diversity, which may be assisted in part by Virginia Governor Mark R. Warner's recent announcement to use the NASCAR Martinsville Speedway as a source of additional employment opportunities, and a larger tourism economy for

²⁰ Mike Allen. "Leaders Welcome Factory to Henry." *The Roanoke Times*. November 14, 2002.

²¹ *The Kiplinger Letter*. September 27, 2002.

²² The 12.8 percent estimate is based on total employment for Martinsville and Henry County in the first quarter 2003 and the 3,358 furniture manufacturing employees in Henry County at the time. For an estimate of Martinsville's furniture manufacturers, the calculation was based on the low end of the range for Hooker Furniture's total employment in the chart on page 28.

southern Virginia.²³ The Arts, Entertainment, and Recreation sector had comparatively high earnings statistics for Henry County; however, entertainment and tourism-based jobs traditionally are not the highest earning in a community. One of the strongest sectors in the Martinsville-Henry County area based on earnings is Health Care. Memorial Hospital is one of the area's greatest assets, and if effectively pursued, the hospital may prove to be a source of economic growth that can improve both employment opportunities and the earnings base of the community. Clearly, diverse, multiple strategies are needed to improve the economy of Martinsville-Henry County.

By studying relevant data and drawing conclusions based on the analysis, this *Economic and Demographic Profile* provided a characterization of the Martinsville-Henry County community and identified some strengths and weaknesses of the community. *Market Street* will now use this newly acquired understanding to proceed to the next stage of the development of an economic strategy for Martinsville-Henry County.

²³ R.H. Melton. "Raceways Touted as Economic Boosters: Warner Unveils Jobs, Tourism Plan." *The Washington Post*. August 14, 2003, p. B1.

Glossary of Terms



Market Street Services Glossary of Terms

*The following terms are defined within the context of Market Street's work. Glossaries from such federal websites as the **Census Bureau** and the **Bureau of Labor Statistics** were used to define certain terms. Other government and **economic development** resources were also used. **Boldface type** within a definition indicates that term is also in the Glossary.*

ACCRA: Formally known as the American Chamber of Commerce Researchers Association, ACCRA is considered the authoritative source for **Cost of Living** estimates for most **Metropolitan Statistical Areas** and other urban places.

Age distribution: Published by the **Census Bureau**, a study of the population's age characteristics by looking at what percentage of the total the different age groupings represent. While they can vary, typically the following groupings are used: 17 and under, 18-24, 25-34, 35-44, 45-54, 55-64, 65-74, and 75 and over.

Average annual pay: A statistic provided by the **Bureau of Labor Statistics (BLS)**. According to BLS, the figure includes, "in addition to **salaries**...bonuses, the cash value of meals and lodging when supplied, tips and other gratuities, and, in some states, employer contributions to certain deferred compensation plans, such as 401(k) plans and stock options."

Bureau of Economic Analysis (BEA): United States government agency that provides economic statistical information such as personal **income, per capita income**, total **earnings** and **employment** by industry, and population.

Bureau of Labor Statistics (BLS): United States government agency that provides economic statistical information such as **unemployment, unemployment rates, average annual pay**, and total **employment** by industry.

Business costs: The expenses and regulations associated with conducting business including real estate, labor, production, and utility costs, permitting fees, taxes, and government financial incentives.

Business climate: The environment in which companies operate and employees must live. To characterize that environment, *Market Street* collects an appropriate combination of primary and secondary qualitative and quantitative data. Factors that *Market Street* considers include educational opportunities, **workforce** quality and availability, transportation, communication, and energy **infrastructure, business costs**, and such **quality of life** concerns as health care, crime, housing, and cultural opportunities.

Business clusters: Geographic concentrations of related businesses and institutions that benefit from close proximity, including workers, producers, buyers, sellers, competitors, partners, researchers, service companies, and public agencies in a given field. Target business clusters are those that have been recommended as part of a strategic development plan.

Capital improvement programs: A government budget and schedule of construction for developing transportation networks, sewer and water systems, and public facilities such as schools and parks. Most programs have short-term and long-term projects identified.

Census Bureau: United States government agency that conducts the decennial census and provides that data, as well as some interim estimates and forecasted data, to the public. Information available on their website includes population, age, **race**, **ethnicity**, education, housing, and commuting data. The Bureau also publishes County Business Patterns, which include **employment sector** data pertaining to total **employment**, annual **payroll**, and total **establishments**.

Community development: A comprehensive approach to improving the **quality of life**, wealth, and competitive capacity of an area through the combined efforts of citizens, businesses, and the government. In *The Practice of Local Government Planning*, Edward John Kaiser and David R. Godschalk define community development as the “process by which citizens and local government officials identify and seek to achieve a desirable future for their community,” which involves the “evolution and promotion of community goals and potential.”²⁴

Commuting patterns: Published by the **Census Bureau**, the study of such statistics as the percentage of individuals that work within their county of residence, their average travel time to work, the time of day that individuals leave home for work, and their mode of transportation.

Comparative advantage: When comparing two locations, this term is used to state that one location is preferable to another regarding a particular indicator.

Comprehensive plan: Created to coordinate long-term policies based on population and economic trends regarding such components of development as the economy, **land use**, natural and historic resources, community facilities, and **infrastructure**.

Consumer price index: Published by the **Bureau of Labor Statistics**, a measure of the change in price for the consumer that occurs for a particular good or service in a particular place over a period of time.

Cost of living index: Published by **ACCRA**, a measure of the price of goods and services in an area based on the national average, enabling an analyst to compare the price of such necessities as groceries, housing, utilities, transportation, and health care from one location to another.

Crime rate: Published by the Federal Bureau of Investigation, the rate is usually calculated as the number of criminal offenses per 1,000 people. Unless otherwise specified, the **crime rate** includes both personal and property crimes. Personal crimes are such acts as murder,

²⁴ Kaiser, Edward John and David R. Godschalk. “Development Planning.” *The Practice of Local Government Planning*, 3rd ed. (Washington, DC: International City/County Management Association, 2000) 141.

rape, robbery, and aggravated assault. Property crimes are such acts as burglary, larceny-theft, and motor vehicle theft.

Demographic information: Demography is the study of human populations. *Market Street* collects demographic data pertaining to certain key characteristics of a community including population size, **age distribution**, **race** and **ethnic** composition, etc.

Displaced workers: Individuals who have lost their position because a business closed, moved elsewhere, or laid off workers due to a shift in the amount or nature of its employment needs.

Disposable income: After-tax income available for saving or spending.

Domestic migration: Published by the **Census Bureau**, the net change in the number of individuals moving into and out of a community from another location within the United States (sometimes also referred to as internal migration). **See also Net Migration and International Migration.**

Earnings: The **Bureau of Labor Statistics** defines **Earnings** as “remuneration (pay, wages) of a worker or group of workers for services performed during a specific period of time. The term invariably carries a defining word or a combination; e.g., straight-time average hourly earnings...

Hourly, daily, weekly, annual--period of time to which earnings figures, as stated or computed, relate. The context in which annual earnings (sometimes weekly earnings) are used may indicate whether the reference includes earnings from one employer only or from all employment plus other sources of income;

Average--usually the arithmetic **mean**; that is, total earnings (as defined) of a group of workers (as identified) divided by the number of workers in the group;

Gross--usually total earnings, before any deductions (such as tax withholding) including, where applicable, overtime payments, shift differentials, production bonuses, cost-of-living allowances, commissions, etc.;

Straight-time--usually gross earnings excluding overtime payments and (with variations at this point) shift differentials and other monetary payments.” **See also Wages.**

Earnings to employment ratio: A comparison of total **earnings** to total **employment** in a given **employment sector** in order to determine which sectors provide the higher paying jobs in the local economy.

Economic development: Creating and sustaining economic activity through such methods as job retention, new business recruitment, and encouragement of entrepreneurial activity in a community. The goal of such efforts is to improve the wealth of the area and develop a strong economic base to ensure long-term prosperity.

Educational attainment: Published by the **Census Bureau**, the statistics used to measure the education levels of a community. Usually the categorized data is illustrated as a percentage of the total population over 25 years old. In each category (i.e., no high school diploma, high school diploma, some college, associate degree, Bachelor’s degree, graduate or professional

degree), the statistic is referring to the percentage of the population that achieved at most that particular level.

Employment: The total number of individuals that currently have a job. The **Bureau of Economic Analysis, Bureau of Labor Statistics**, and the **Census Bureau** publish employment data.

Employment sectors: The classification of the types of businesses in an economy by general categories. The U.S. Office of Management and Budget defines that classification with the **North American Industry Classification System** (previously with the **Standard Industry Classification**). The **Bureau of Economic Analysis, Bureau of Labor Statistics**, and the **Census Bureau** publish employment sector data.

Enterprise: The conglomeration of all the **establishments** owned by a single firm, government, or non-profit.

Entrepreneur: According to the National Commission on Entrepreneurship, “Entrepreneurs are people who take advantage of innovative ideas, and turn those ideas into jobs and wealth creation.” The development of entrepreneurial activity is the “practice of encouraging the creation and growth of start-up companies.”

Establishment: The location at which business activity takes place. In this context, business activity is the provision of a good or service.

Ethnicity: In order to account for the fact that Hispanic is an ethnicity and not a **race**, the **Census Bureau** collects data on the number of people in the United States who classify themselves as part of the Hispanic ethnic group. Hispanic individuals can classify themselves as any **race**, and each **race** may include both Hispanics and non-Hispanics.

High school completion rate: A measure of the percentage of young adults who have received a high school diploma. The U.S. Department of Education’s National Center for Education Statistics further defines the rate as “based on the population of young adults ages 18 through 24 who are no longer enrolled in high school or below.” The state-level departments of education sometimes determine the rate using a different standard.

High school dropout rate: A measure of the percentage of young adults who left high school before receiving a diploma.

Income: The **Bureau of Labor Statistics** glossary states: “Income before taxes is the total money **earnings** and selected money receipts of all consumer unit members 14 years of age or over during the 12 months [period]. It includes the following components: **Wages** and salaries; self-employment income; Social Security, private and government retirement; interest, dividends, rental income, and other property income; unemployment, workers’ compensation and veteran’s benefits; **public assistance**, supplemental security income, and food stamps; regular contributions for support (including alimony and child support); other income (including cash scholarships, fellowships or stipends not based on working, and

meals and rent as pay).”

Inflation: The rise in prices as the value of money decreases over time.

Infrastructure: See **Physical infrastructure and Social infrastructure.**

Input-output analysis: A method of determining economic impacts. The “input,” usually the amount of financial **investment** in a project, is multiplied by a predetermined multiplier to calculate the “output,” or expected total revenue generated by that investment.

Internal migration: See **Domestic migration.**

International migration: Published by the **Census Bureau**, the net change in the number of individuals moving into and out of a community from outside of the United States. **See also Net migration and Domestic migration.**

Investments: Money spent on a good or service in order to improve existing **infrastructure** or service as well as to potentially generate future economic reward for the community or business based on that **investment.**

Labor force: The number of individuals employed or unemployed and actively seeking employment. This does not include those who are of working age, but have taken themselves out of the labor force because they, for example, are independently wealthy, retired early, raise children, or stopped looking for a job because they could not find a suitable opportunity. The **Bureau of Labor Statistics**, which publishes this data, defines the labor force based on individuals meeting these criteria who are 16 years old or over. **See also Workforce.**

Labor force participation rate: The percentage of the **workforce** (all individuals 18 – 69 years old) that is currently in the **labor force** (all individuals currently employment or unemployed and actively seeking employment). This percentage does not include those who are of working age, but have taken themselves out of the **labor force** because they, for example, are independently wealthy, retired early, raise children, or stopped looking for a job because they could not find a suitable opportunity.

Land use: The purpose of a parcel of land based on the kind of activity that takes place on that land, usually defined by the buildings on that parcel, or lack thereof. For example, residential, commercial, office, industrial and parkland are also considered **land uses.** Typically the development of land is governed by zoning and other government regulations.

Location quotient: A measure of the portion an **employment sector** represents of the total economy for the area under consideration compared to the portion that **employment sector** represents of the United States’ total economy. A location quotient of 1.0 indicates that sector represents the same proportion of the local economy as it does of the national economy. A location quotient above or below 1.0 indicates the sector represents a larger or smaller proportion, respectively, of the local economy than it does of the national economy.

Mean: More commonly referred to as the average, the **Mean** is the sum of all the data divided by the total number of pieces of data.

Median: In an ordered data series, it is the figure that falls in the middle of the series. This is different than the **Mean**, or average, of the terms.

Metropolitan Statistical Area (MSA): The total suburban and urban area of a city or urbanized area, as defined by the U.S. Office of Management and Budget for statistical purposes. To qualify, a city must have at least 50,000 people or the urbanized area must have at least 50,000 with a broader metropolitan area population of at least 100,000. For example, in 2000 the population of the City of Atlanta was 416,474 while the 28-county Atlanta MSA population was 4,112,198.

Migration: To change residence from one location to another. **See Domestic Migration, International Migration, and Net Migration.**

Mixed-use development: Properties integrating residential, commercial, office, or industrial **land uses** in a single development or district.

Natural change: Published by the **Census Bureau**, the net change in the population due to births and deaths in the community.

Net migration: The sum of the net **domestic** and net **international migration**.

New Economy: The information and knowledge-based economy that has rapidly and recently evolved due to the technology-driven shift in our capabilities. The national downward trend in the manufacturing sector and the upward trend in the professional services sector is a defining characteristic of the **New Economy**.

Non-farm proprietor: A proprietor is the owner of a business or other **establishment**. The **Bureau of Economic Analysis** publishes the total non-farm proprietor figure, which excludes all farm owners from the total proprietor figure in order to measure non-agriculture based business activity. *Market Street* uses the non-farm proprietorship data as a measure of the amount of **entrepreneurial** activity in a community.

North American Industry Classification System (NAICS): A system standardized by the Office of Management and Budget (OMB) in order to categorize business establishments in broad sectors as well as more defined sub sectors. Established in 1997, the NAICS code is an updated and reorganized version of the **Standard Industry Classification**.

Not seasonally adjusted: Published by the **Bureau of Labor Statistics**, raw employment data that has not been altered to reflect fluctuations that tend to follow the same pattern each year. **See also Seasonally adjusted.**

Owner-occupied housing units: A housing unit that has a current occupant owning that particular dwelling. The **Census Bureau** measures homeownership by calculating the

percentage of total housing units that are owner-occupied.

Payroll: See **Average Annual Pay**.

Per capita income: Published by the **Bureau of Economic Analysis** (BEA), an economic statistic considered to be one of the best overall indicators of local wealth. To calculate, BEA divides the total income earned in a given year by the total number of residents, including children, seniors, and other individuals not working. In its analysis, *Market Street* adjusts historical data based on **inflation** to determine the real per capita income.

Physical infrastructure: The shared physical resources of a community needed for its own survival and success, often provided by a local, state, or federal government entity. Examples include highway and road systems, pipelines and electrical wires, libraries, classrooms, and hospitals. **See also Social infrastructure.**

Poverty rate: The percentage of the population with a total family income below the poverty level, or threshold, as defined by the **Census Bureau**. The Bureau updates that level annually based on the **Consumer Price Index**, and that level varies by the total number of people within the family. For example, in 2003 the poverty threshold for a family of one was \$8,980 but it was \$30,960 for a family of eight.

Producer price index: A measure of the change in price for the producer that occurs for a particular good or service in a particular place over a period of time.

Public assistance: Government financial payments to individuals in need of assistance due to factors such as income levels, age, and health. It also includes government financial payments to businesses and other establishments that have demonstrated a need for help.

Quality of life: An overall, subjective measure of an individual's satisfaction with life. This can include such factors as an individual's perception of the affordability of necessary goods and services, transportation options, air and water quality, educational opportunities, health care quality, feelings of safety, entertainment and recreational offerings, etc.

Race: A self-classification of a distinct geographic, cultural, or physical population. In 2000 the **Census Bureau** listed the following options to choose from in the decennial census questionnaire: White, Black or African American, American Indian and Alaska Native, Asian, Native Hawaiian and Other Pacific Islander, Some other race, and Two or more races. **See also Ethnicity.**

Redevelopment: The renewal of an existing community, usually requiring a large financial investment in order to restore/improve the physical and economic health of the area.

Retirement income: Money paid to retirees from such sources as benefit pension plans and contribution retirement plans. Typically, such as in the case of the **Census Bureau's income** distribution statistics, **retirement income** does not include Social Security benefits, which are considered a **transfer payment**.

Salaries: See Wages and salaries.

Seasonally adjusted: Changes to employment data based on fluctuations that tend to follow the same pattern each year. These adjustments are made in order to more effectively illustrate atypical trends that occur. **See also Not seasonally adjusted.**

Skilled workers: Adults with the education and skill sets to meet current and future job requirements. The term applies to all industries and occupations.

Small business: A business that has fewer employees or generates less revenue than a certain level. That level varies by industry. The U.S. Small Business Administration's Office of Size Standards determines those levels for the purpose of administering their assistance programs.

Social infrastructure: The community organizations, networks, and other social resources that are needed for a geographic area's survival and success.

Standard Industry Classification (SIC): A system standardized by the Office of Management and Budget (OMB) in order to categorize businesses and other establishments in broad sectors as well as more defined sub sectors. In 1997, OMB updated and reorganized the data in a new system called the **North American Industry Classification System.**

Sustainability: In the context of *Market Street's* work, it is the economic prosperity that is achieved when measures are taken to ensure long-term, not just short-term, economic success. Sustainable economic vitality also must recognize the interdependence of the environment and the economy.

Tax abatement: A common economic development tool of governments, it permits business-owners to not pay taxes for a certain period of time.

Teenage pregnancy live birth rate: The number of live births per 1,000 female teenagers, published by the National Center for Health Statistics, a division of the Center for Disease Control. The age range is usually 15 – 19. The figure does not include miscarriages and early terminations.

Time series analysis: The study of historical data over a certain period of time, often to compare that specific geographic area to others, the state, or the nation.

Transfer payments: Government financial assistance such as Social Security, Medicare, Medicaid, workers' compensation, and aid to dependent children.

Unemployment: Published by the **Bureau of Labor Statistics**, the total number of people that are without a job, but still within the **labor force** because they are actively seeking a position.

Unemployment rate: Published by the **Bureau of Labor Statistics**, the percentage of the **labor force** that is currently without a job.

Venture capital: Private equity investments in new start-ups or expansions of **small businesses**. Investors receive shares in the company, a degree of management control, or a specified share of profits.

Wages and salaries: The **Bureau of Labor Statistics** defines **Wages** as, “Hourly straight-time wage rate or, for workers not paid on an hourly basis, straight-time **earnings** divided by the corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions, excluding premium pay for overtime and for work on weekends and holidays, shift differentials, and nonproduction bonuses such as lump-sum payments provided in lieu of wage increases.” **See also Earnings.**

Workforce: Often referred to as the “potential workforce,” *Market Street* defines it as all individuals ages 18 – 69. **See also Labor force.**