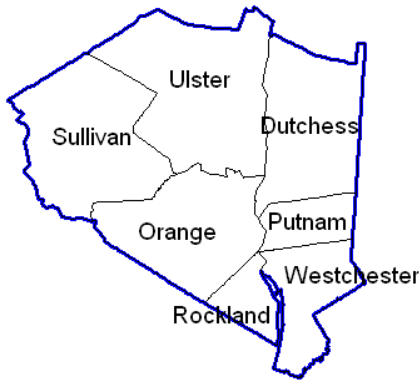
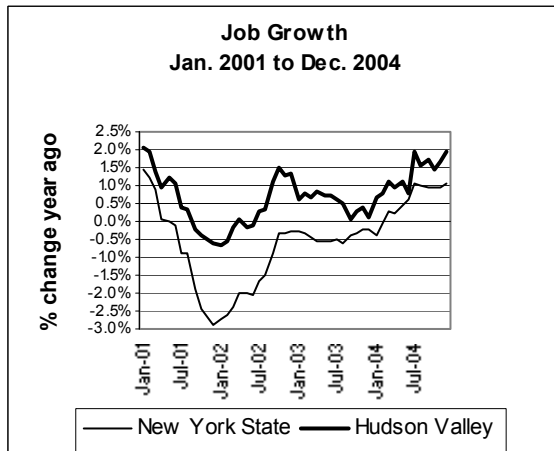


The Hudson Valley

The Hudson Valley region is made up of seven counties. The region has two Metropolitan Statistical areas: Kingston (Ulster County), Poughkeepsie-Newburgh-Middletown (Dutchess and Orange counties). Putnam-Rockland-Westchester is a large labor market area.



Hudson Valley Data Bank			
	HUD	NYS	US
Population	2,258,276	---	---
2004 Estimate			
%Change 2000-2004	3.63%	1.32%	4.35%
Employment			
1st Half 2005-2004 (%Chg)			
Kingston	2.4%	0.95%	1.70%
Pough-Newb-Mid	1.6%	---	---
West-Put-Rock	2.2%	---	---
Unemployment			
2005 1st Half(#)	46,717	472,583	---
2005 1st Half(rate)	4.1%	5.1%	5.3%
# of Private business('03)	HUD	NYS	
Establishments	67,662	530,527	
Total Payroll (Bil\$)	\$29.5	\$326.0	
Per Capita Income('03)	2003	93-'03 %Chg	
USA	\$31,472	47.4%	
New York State	\$36,112	43.6%	
Kingston	\$26,871	37.6%	
Pough-Newb-Mid	\$30,560	39.4%	
West-Put-Rock	\$51,296	50.7%	



Demography

Between 2000 and 2004, the population in the Hudson Valley increased by nearly 80,000, growing to a total population of 2.3 million. This 3.6% increase was the largest gain by any labor market region in the state. Net domestic out-migration occurred in Rockland, and Westchester counties, but because of international migration and natural increase, all the counties experienced overall gains in population. The population of Dutchess county grew by 4.7%, while Orange's population increased by nearly 8.5% during this period.

Manufacturing and information sector declines have not constrained employment growth in the Hudson Valley

The Hudson Valley has large health care and social assistance and retail sectors, about 14.5% and 12.9% of the employment base respectively. Between 2000 and 2004, employment in the Hudson Valley grew by 2.8%, or 24,000 jobs, compared to the decline experienced by the state overall (-2.1%). Health care and social services gained 7,100 jobs, the administrative services added 5,000 workers, food and drinking places grew by 5,600 workers, and the support services increased employment by almost 5,200 jobs. Arts, entertainment and recreation added 2,600 jobs and, reflecting both commercial and housing demand, the construction sector added nearly 1,800 jobs. The retail and educational service sectors added an additional 1,200 jobs and 1,500 jobs respectively. Major job losses occurred in wholesale trade (-8,400), transportation and warehousing (-6,300), information (-4,200) and manufacturing (-3,500).

Between the 1st half of 2001 and the 1st half of 2005, employment in the region's MSAs advanced by 2.4% in Kingston, and 4.1% in Poughkeepsie-Newburgh-Middletown. These growth rates were significantly greater than almost all MSAs in the state. Overall employment at the state level declined by 1.8% during this period.

Health care and social services, administrative services, and retail led job creation in the Hudson Valley region

Between 2003 and 2004, employment losses continued in manufacturing (-1,800) and information (-1,400). These sectors accounted for most of the job loss in the region. Health care and social services (+2,600), administrative support services (+2,300), management services (+1,400), retail (+2,100), and finance and insurance (+1,200) were the sectors making large employment gains.

SUPERSECTOR	% 2004		Change 2003-2004	% Change 2003-2004
	2004	Total		
Total	873,329	100.0%	11,202	1.3%
Private	715,358	81.9%	11,005	1.6%
Public	157,971	18.1%	197	0.1%
Natural Resources & Mining	930	0.1%	41	4.6%
Utilities	5,820	0.7%	-111	-1.9%
Construction	45,563	5.2%	126	0.3%
Manufacturing	61,733	7.1%	-1,842	-2.9%
Wholesale Trade	33,432	3.8%	-175	-0.5%
Retail Trade	112,307	12.9%	2,111	1.9%
Transportation & Warehousing	22,680	2.6%	447	2.0%
Information	23,520	2.7%	-1,367	-5.5%
Finance & Insurance	32,525	3.7%	1,177	3.8%
Real Estate and Rental and Leasing	15,793	1.8%	199	1.3%
Professional, Scientific, and Technical Services	41,163	4.7%	37	0.1%
Management of Companies and Enterprises	12,208	1.4%	1,434	13.3%
Administrative and Support Services	38,085	4.4%	2,345	6.6%
Waste Management and Remediation Services	2,181	0.2%	308	16.4%
Educational Services	26,366	3.0%	521	2.0%
Health Care and Social Assistance	126,335	14.5%	2,623	2.1%
Arts, Entertainment, and Recreation	16,543	1.9%	1,110	7.2%
Accommodation	9,374	1.1%	-152	-1.6%
Food Services and Drinking Places	44,848	5.1%	666	1.5%
Other Services	36,435	4.2%	808	2.3%
Not Elsewhere Classified	4,366	0.5%	450	11.5%

Source: New York State Department of Labor's ES-202 data.

Despite the region's star performance, job quality in the region has fallen

Despite its relatively unique economic performance among regions in the state, the job quality in the region declined between 2000 and 2004. The job quality ratio, which assesses the relationship between the jobs losing share and those gaining share was the fourth worst in the state. The loss in employment shares by wholesale trade, transportation and warehousing, information, and manufacturing sectors contributed to the decline. Job gains in health care and social services, food and drinking places, administrative services and government accounted for the trend—the wages in these jobs ranged from \$15,600 to \$46,500. Wages in gaining sectors averaged \$34,600 compared to \$56,400 in sectors that lost jobs. The job quality ratio was -0.49 compared to -0.53 for the state.

Hudson Valley Job Quality 2000-2004								
(employment in thousands)	Employment		2004 Average	Job Change		Share Change		
SUPERSECTOR*	2000	2004	Annual Wage	Change	Gain/Loss	Change (pps.**)	Gain/Loss	
Health Care and Social Assistance	119.2	126.3	\$37,142	7.1	gained jobs	0.60	gained share	
Food Services and Drinking Places	39.2	44.8	\$15,563	5.6	gained jobs	0.57	gained share	
Administrative and Support Services	32.9	38.1	\$29,799	5.2	gained jobs	0.53	gained share	
Government	151.1	158.0	\$46,505	6.9	gained jobs	0.52	gained share	
Arts, Entertainment, and Recreation	13.9	16.5	\$24,420	2.6	gained jobs	0.28	gained share	
Educational Services	24.8	26.4	\$36,925	1.6	gained jobs	0.13	gained share	
Construction	43.8	45.6	\$49,693	1.8	gained jobs	0.13	gained share	
Other Services	34.9	36.4	\$23,842	1.6	gained jobs	0.12	gained share	
Professional, Scientific, and Technical Services	39.8	41.2	\$64,849	1.3	gained jobs	0.08	gained share	
Waste Management and Remediation Services	1.7	2.2	\$44,006	0.5	gained jobs	0.06	gained share	
Utilities	5.3	5.8	\$91,568	0.5	gained jobs	0.05	gained share	
Management of Companies and Enterprises	11.9	12.2	\$160,359	0.3	gained jobs	0.02	gained share	
Subtotal, industries gaining job share	518.5	553.5	\$34,556	35.0		3.1		
Wholesale Trade	41.8	33.4	\$65,920	-8.4	lost jobs	-1.05	lost share	
Transportation and Warehousing	29.0	22.7	\$35,327	-6.3	lost jobs	-0.78	lost share	
Information	27.8	23.5	\$60,380	-4.2	lost jobs	-0.54	lost share	
Manufacturing	65.2	61.7	\$69,066	-3.5	lost jobs	-0.52	lost share	
Finance and Insurance	32.6	32.5	\$76,125	-0.1	lost jobs	-0.07	lost share	
Retail Trade	111.0	112.3	\$26,539	1.3	gained jobs	-0.06	lost share	
Accommodation	9.6	9.4	\$22,264	-0.2	lost jobs	-0.04	lost share	
Real Estate and Rental and Leasing	15.7	15.8	\$45,012	0.1	gained jobs	-0.02	lost share	
Subtotal, industries losing job share	332.7	311.4	\$56,424	-21.3		-3.1		
Total	849.4	873.3	\$44,605	24.0				
*Analysis excludes natural resources and mining and not elsewhere classified.					Job Quality Ratio			-0.49
** Percentage point change.								
Note: The average wage for the two groups is computed by weighting the industry average wage by each industry's share of the change in the job share for its group.								
Source: New York State Department of Labor Insured Employment series, analyzed by Fiscal Policy Institute.								

Personal income

Between 2000 and 2003, real total personal income in the region dropped by an annual average rate of -0.8%. This was significantly lower than annual growth rates of 3.7% in the 1980s and 2.7% in the 1990s. The wages and salaries component of personal income was up 1.2% during this period. In contrast, it averaged 3.8% in the 1980s and 1.4% in 1990s. Transfer payments grew, on an annual average basis, by 4.1% between 2000 and 2003, compared to 3.1% and 3.3% in the 1980s and 1990s.

Hudson Valley Change in Personal Income and Components, Selected Years (in billions of 2003 dollars)								
Year	Earnings by place of work				Contributions for gov't soc. ins.**	Dividends, Interest, Rent	Transfer Payments	Residency Adjustment
	Personal Income	Wages & Salaries	Supplements to Wages & Salaries*	Proprietors Income				
1980	52.4	22.5	4.9	3.3	-3.0	9.5	5.6	9.6
1990	75.1	32.7	6.5	4.7	-5.1	16.3	7.6	12.3
2000	97.6	37.6	7.1	7.1	-5.7	19.2	10.6	21.8
2001	97.7	38.8	7.4	7.3	-5.9	18.4	11.1	20.7
2002	95.4	38.6	8.0	7.3	-6.1	16.5	11.7	19.2
2003	95.4	39.0	8.5	7.6	-6.2	15.8	11.9	18.8
1980-1990 Change	22.6	10.2	1.6	1.4	-2.1	6.8	2.0	2.6
Ann Avg % Change	3.7%	3.8%	2.9%	3.5%	5.5%	5.6%	3.1%	2.4%
1990-2000 Change	22.6	4.9	0.6	2.4	-0.6	2.8	3.0	9.5
Ann Avg % Change	2.7%	1.4%	0.9%	4.2%	1.1%	1.6%	3.3%	5.9%
2000-2001 Change	0.1	1.2	0.3	0.2	-0.2	-0.8	0.5	-1.1
% Change	0.1%	3.2%	4.7%	3.1%	4.3%	-4.1%	4.7%	-5.0%
2001-2002 Change	-2.4	-0.1	0.6	0.0	-0.1	-1.9	0.7	-1.5
% Change	-2.4%	-0.4%	8.2%	0.4%	2.2%	-10.4%	6.1%	-7.2%
2002-2003 Change	0.0	0.3	0.4	0.3	-0.1	-0.6	0.2	-0.5
% Change	0.0%	0.8%	5.5%	3.8%	1.8%	-3.9%	1.5%	-2.4%
2000-2003 Change	-2.3	1.4	1.4	0.5	-0.5	-3.4	1.3	-3.0
Ann Avg % Change	-0.8%	1.2%	6.1%	2.4%	2.8%	-6.2%	4.1%	-4.9%

* Includes employer contributions to pensions and social security. Supplements are added to earnings by place of work.
** Includes employer and employee contributions to social security. These contributions are subtracted from personal income.
Source: BEA. Deflator applied by Fiscal Policy Institute.

Prospects

The Hudson Valley is the strongest economy in the state. The Hudson Valley is strategically located on the banks of the Hudson River, within commuting distance from both New York City and Albany. Unlike most regions of the state where population did not grow fast, the Hudson Valley grew by over 120,000 between 2000 and 2004.

Although well known as a center of the electronics manufacturing industry due to IBM's presence, the region has a diversified economic base that includes pharmaceutical and biotechnology clusters. Major firms include: Wyeth, Bayer, and Novartis. Wyeth, which employs 2,900, is among the largest private employers in the region. With Readers Digest Association Inc.'s corporate headquarters in Pleasantville, the periodical publishing industry represents an important component of the region's economic base.

There have been increases in employment in many industrial sectors, though manufacturing and information contracted together with the national economy. Health care and social services, which makes up over 14% of the Hudson Valley economy, has become the major industry in the region. According to the NYS Department of Labor expansions at medical facilities including, Crystal Run Health Care in Sullivan County, St. Francis Hospital in Dutchess, Orange Regional Medical Center, St. Luke's Cornwall Hospital and Wallkill Medical Arts Building in Orange contributed to the increase in employment in the sector. The shortage of nurses in the region has resulted in federal and state grants to hospitals in the region for recruitment and training.

Because it is close to New York City and the local population has grown, distribution and warehousing have expanded in the region. Expansions of hotels and restaurants in response to demand for recreation facilities have added 3,000 jobs in the region. Economic development has been enhanced in Sullivan County as a result of demand for second homes and the development of a new ski resort and a video gaming center.

As in some other regions of the state, the active real estate market has enhanced finance employment in the region. In addition, the relocation of Morgan Stanley and New York Life from New York City added 3,000 jobs in the region.

IBM serves as the anchor of the Hudson Valley region’s high-tech industry cluster, and is the region’s largest private employer. After masive layoffs in the 1990s, the company invested in a \$2.5 billion 300mm chip factory in East Fishkill, Dutchess County creating 1000 jobs. IBM is currently constructing another chip fabrication plant in Fishkill which is expected to add another 500 jobs.

Heavy dependence of the region on IBM in an era of globalization suggests that the region will always be succceptible to developments that are outside its control, particularly if U.S. firms continue to outsource and/or offshore their operations.

Major Employers in the Hudson Valley, 2004	
Arlington Elementary School	Spring Valley Sr High School
Bardonia Elementary	Stop & Shop Stores
City of Yonkers	The Bank of New York
City School District New Rochelle	The Gap Stores
County of Dutchess	The Home Depot Stores
County of Orange	Thornton Elementary School
County of Rockland	Vassar Brothers Hospital
County of Ulster	Verizon
County of Westchester	Wal-Mart Inc
Equinox Holdings Inc	Wappingers Falls Central School District
IBM Corporation	West Point
Meadow Hill School District (Newburgh)	Westchester Medical Center
Orange County Regional Medical Center	Wyeth Pharmaceuticals
Sears Roebuck & Co	Yonkers City School District
Shop-Rite Supermarkets	Yonkers General Hospital
Source: Empire State Development	
Note: Employers are not ranked by size.	