

The Measure of Massachusetts

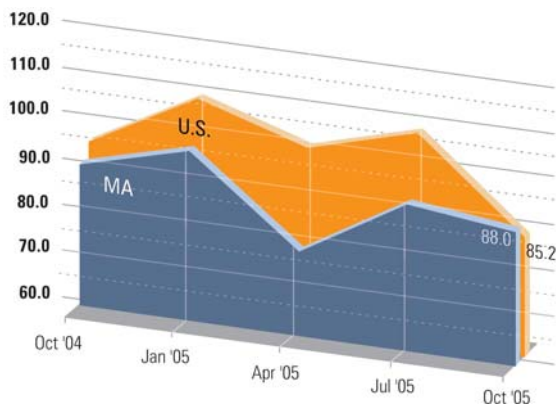
Unemployment Rates



Consumer Confidence U.S. and Massachusetts

QUARTERLY DATA

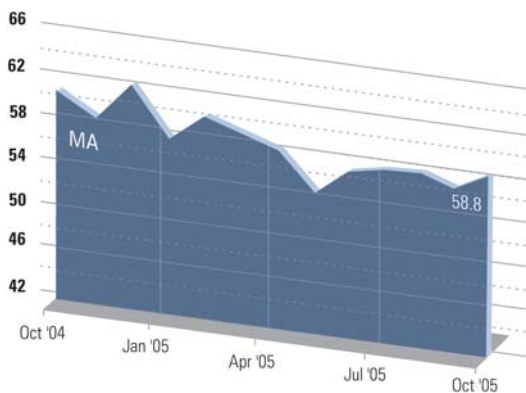
The trends rather than the levels of these indexes should be compared, due to different base points.



Business Confidence in Massachusetts

MONTHLY DATA

Employers have generally positive views on current and prospective business conditions when the index is above 50.



State Labor Force and Employment

	Period	Value	Change from Year Earlier (%)
Labor Force (household-based)	10/05	3378500	-0.3
Employment (establishment-based)	10/05	3,201,200	0.5
Goods-Producing	10/05	462,700	0.2
Service-Providing	10/05	2,768,900	0.5
Monthly Initial Unemployment Claims	10/05	27,698	5.0

State Income and Prices

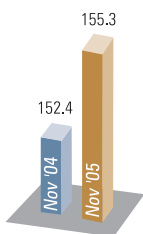
	Period	Value	Change from Year Earlier (%)
Income	'05 Q2		
Personal Income (\$M)		282,550	5.3
Real Personal Income (\$M 1982-84)		145,270	2.3
Boston Consumer Price Index	11/05	218.6	3.3
MA House Price Index	'05 Q3	257.6	7.9
MA New House Permits (monthly avg.)	11/04 - 10/05	1,971	0.167

Regional Employment

	Employment		Unemployment Rate	
	10/05	Change from Year Earlier (%)	10/05	10/04
Central				
Northern Worcester WIA	119,677	0.03	4.8	4.9
Southern Worcester WIA	273,473	-0.10	4.3	4.5
Cape and Islands				
Cape Cod and Islands WIA	136,651	-0.65	3.5	3.3
Boston Metro				
Boston WIA	279,594	-0.05	4.9	4.9
Metropolitan North WIA	387,241	-0.05	3.9	3.9
Metropolitan South/West WIA	462,572	-0.03	3.4	3.4
South Essex WIA	202,884	-0.12	4.4	4.5
Northeast				
Lower Merrimack Valley WIA	150,579	-0.18	5.2	5.4
Northern Middlesex WIA	137,612	0.32	4.6	4.9
Southeast				
Bristol WIA	185,665	-0.06	4.7	4.7
Brockton WIA	115,262	-0.03	4.8	4.8
New Bedford WIA	98,142	0.05	5.8	5.3
South Coastal WIA	261,349	-0.05	4.1	4.2
Pioneer Valley				
Franklin/Hampshire WIA	131,203	0.04	3.6	3.4
Hampden WIA	210,622	-0.09	5.2	5.1
Berkshire				
Berkshire WIA	68,814	-0.60	3.6	3.7

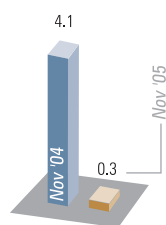
THE UNIVERSITY OF MASSACHUSETTS ECONOMIC BENCHMARKS

Current Economic Index



The Massachusetts Current Economic Index for November was 155.3, up 0.2 percent from October (at annual rates) and up 2.0 percent from November 2004. The Current Index is normalized to 100 in July 1987 and is calibrated to grow at the same rate as Massachusetts real gross state product over the 1978–2003 period.

Leading Economic Index



The Massachusetts Leading Economic Index for November was 0.3 percent, and the three-month average for September through November 2005 was also 0.3 percent. The Leading Index is a forecast of the growth in the Current Index over the next six months, expressed at an annual rate. It thus indicates that the economy is expected to grow at an annualized rate of 0.3 percent over the next six months (through May).

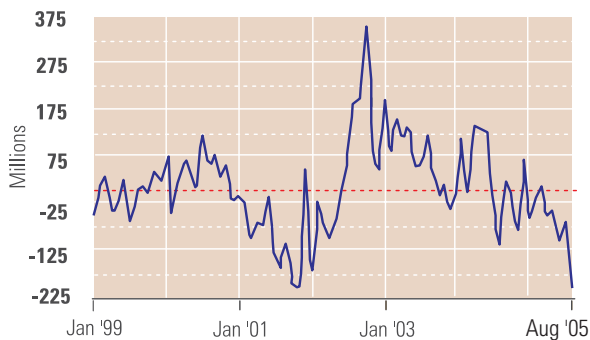
The Massachusetts economy is out of gas and is slowing to a virtual standstill. The Current Index estimates that real gross state product growth in the third quarter slowed to an annual rate of 1.6 percent versus revised real U.S. gross domestic product growth of 4.1 percent. This slowdown in the Massachusetts economy is not really the downside of a business cycle, but rather reflects an economy that is stagnating under the pressures of a high cost of living, outsourcing, offshoring and competition from Asia for the state's information technology products.

MASSACHUSETTS EXPORT PERFORMANCE

The Massachusetts Export Index dropped to -\$212 million in August 2005, its lowest point since November 2001. The index measures the difference between the state's actual exports and what the state would have exported had shipments in all its commodities grown at the national rate, comparing the current month with the same month in the previous year. Index declines in August were led by blood fractions, medicaments in dosage form, and electronic integrated circuits. Leading increases for the month included medical and surgical instruments, photo film in rolls, parts of electrical apparatus/boards/panels for switching, and orthopedic appliances.

Massachusetts' overall export growth in the first eight months of 2005 was virtually flat at -0.9 percent, while U.S. shipments gained 11.1 percent. Three of the state's top five export sectors reported falling international sales. The largest declines occurred in sales of organic chemicals (mainly hormones) to Germany and France; medical/optical/photographic instruments to Singapore, Taiwan and Philippines; and electric machinery shipments to Philippines, Singapore and Canada. These and other losses were offset in large measure by a \$553 million or 45 percent increase in exports of pharmaceuticals, primarily destined for the Netherlands and the United Kingdom. The next largest increases occurred in plastics (up \$111 million) and fish and crustaceans (up \$33 million).

Massachusetts Export Index



Source: The Alliance for the Commonwealth

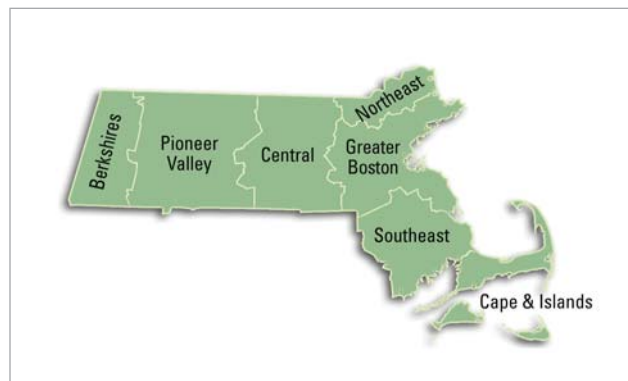
Regional Benchmarks

Commercial and industrial property values

The average assessed value of real industrial and commercial property provides an indicator of relative demand for these types of land at the regional level. Commercial property covers a variety of uses, including offices, retail and wholesale properties, and hotels and nursing homes. Industrial lands primarily include manufacturing and utility properties, including sites used for manufacturing, warehousing, office use, and utility generation and transmission. Assessments, in principle, reflect the market value of property in the fiscal year.

The assessed commercial and industrial property values shown in Figures 1 and 2 reflect the Boston Metropolitan Region's enduring economic dominance in Massachusetts. In absolute terms, Boston Metro commercial and industrial properties are worth, on average, more than parcels in any other region. In manufacturing, the Northeast region has a significantly higher average assessed value of industrial properties than any region other than Greater Boston. Commercial property values in the Boston Metropolitan Region are more volatile than other regions. From 1991 to 1997, this region saw a deeper decline in commercial property values than any other region in the state. Though industrial property values in the Boston Metropolitan Region are higher than in other regions, the region's share of the total state value of industrial properties has fallen from a high of 48.6 percent in 1988 to 43 percent in 2005.

Benchmarks Regions



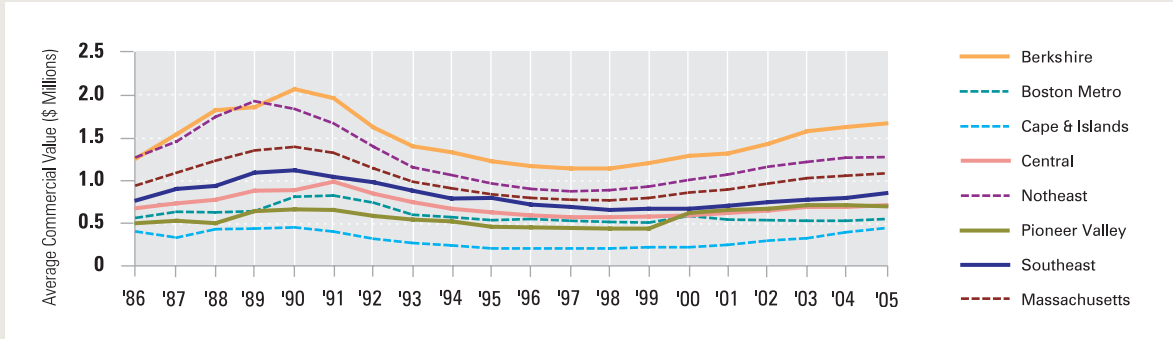
Since 2000, most Benchmarks regions have experienced increased commercial and industrial property values. Though the Boston Metropolitan Region is the most robust region overall, the Cape and Islands Region shows significant growth in commercial and industrial property values. The Pioneer Valley has experienced a sharp growth in industrial values since 1999, with relatively flat performance in commercial properties. Most Benchmarks regions have higher individual industrial than commercial property values. This is likely due to the size of the properties; however, there are far fewer industrial properties than commercial properties. The aggregate value of commercial properties in Massachusetts (\$84.2 billion) is significantly higher than the \$27.6 billion value of industrial properties.

Table 1. Assessed Value of Commercial and Industrial Parcels by Region, 2005

Benchmark Region	FY 2005 INDUSTRIAL		FY 2005 COMMERCIAL	
	Value	Percent of Total	Value	Percent of Total
Berkshire	\$396,513,237	1.4%	\$1,332,390,179	1.6%
Boston Metro	\$11,974,923,796	43.5%	\$49,562,617,354	58.8%
Cape and Islands	\$429,022,344	1.6%	\$5,824,155,870	6.9%
Central	\$2,781,733,453	10.1%	\$5,122,675,749	6.1%
Northeast	\$5,629,099,337	20.4%	\$8,348,117,637	9.9%
Pioneer Valley	\$2,521,562,247	9.1%	\$4,649,779,736	5.5%
Southeast	\$3,964,488,403	14.4%	\$9,382,945,012	11.1%
Total	\$27,559,098,887	100.0%	\$84,222,681,537	100.0%

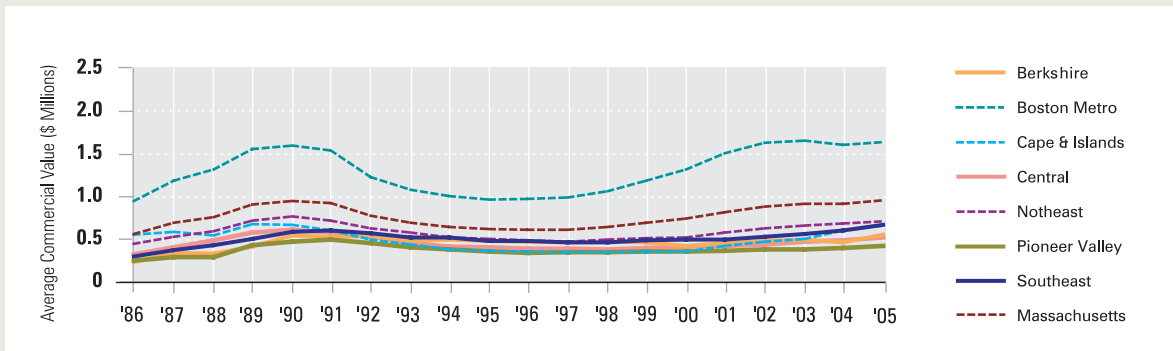
Source: MA Department of Revenue, 2005; prepared by UMass Donahue Institute.

Figure 1. Average Commercial Value in Benchmarks Regions, 1986 – 2005
(Adjusted to 2005 Dollars)



Source: MA Department of Revenue, 2005; prepared by UMass Donahue Institute.

Figure 2. Average Industrial Value in Benchmarks Regions, 1986 – 2005
(Adjusted to 2005 Dollars)



Source: MA Department of Revenue, 2005; prepared by UMass Donahue Institute.

Table 2. Number of Assessed Commercial and Industrial Parcels by Region, 2005

Benchmark Region	FY 2005 INDUSTRIAL		FY 2005 COMMERCIAL	
	Parcels	Percent of Total	Parcels	Percent of Total
Berkshire	745	2.9%	2,338	2.7%
Boston Metro	7,256	28.0%	30,344	34.6%
Cape and Islands	999	3.9%	9,037	10.3%
Central	3,986	15.4%	9,638	11.0%
Northeast	4,486	17.3%	11,588	13.2%
Pioneer Valley	3,681	14.2%	10,689	12.2%
Southeast	4,751	18.3%	14,154	16.1%
Total	25,897	100.0%	87,788	100.0%

Source: MA Department of Revenue, 2005; prepared by UMass Donahue Institute.