

Economy & Employment

The Industrial Era and the New Economy

Manufacturing establishments played an important role in Luray's economic growth at the end of the 19th century. In 1882, the DeFord Tannery (originally the Virginia Oak Tannery) was founded in Luray. The Tannery employed over 200 full-time employees and operated for over a century before it closed. During this era, other establishments helped to contribute to Luray's vibrant manufacturing economy. The Blue Bell Company, a clothing manufacturer, and Luray Textiles, helped to fuel much of Luray's early economic growth.



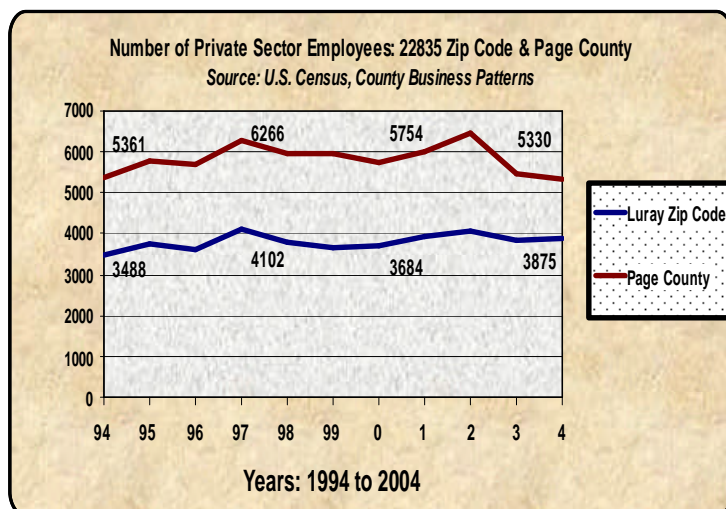
Luray's manufacturing sector declined during the latter half of the 20th century. Regardless, manufacturing still remains a vital part of the Town's economy.

During the majority of the 20th century, manufacturing played a significant role in the economies of many cities and towns in the region and throughout the country. However, by the early 1980s, it became apparent that the country's industrially-based economy was changing – and Luray was not immune to these changes. By the early 1980s, both the Tannery and Luray Textiles closed, draining approximately 400 jobs from the region's economy. Additionally, in the early part of this new century, the Blue Bell Company (VF Jeans Wear) and Wallace Manufacturing both closed and took with them over 1,000 jobs.

By the late 20th century, the national and local economy was evolving in response to the principles of what economists dubbed the “new economy.” This new economy has been described as an evolution from an industrial/manufacturing-based, wealth-producing economy into a service sector and professional services economy. Although Luray's regional economy has lost many manufacturing jobs over the past 20 years, total employment has remained consistent. Today manufacturing still remains a significant employment sector, but the service sector presently employs the greatest percentage of the local workforce.

Private Sector Employees

The adjacent chart displays the total number of private sector employees for Luray's zip code (which encompasses the entire Town of Luray and a small portion of Page County) and Page County. During the 10 year period between 1994 and 2004 the total number of private sector employees in Luray's zip code has fluctuated from a low of 3,448 in 1994 and a high of 4,102 in 1997. Whereas the total



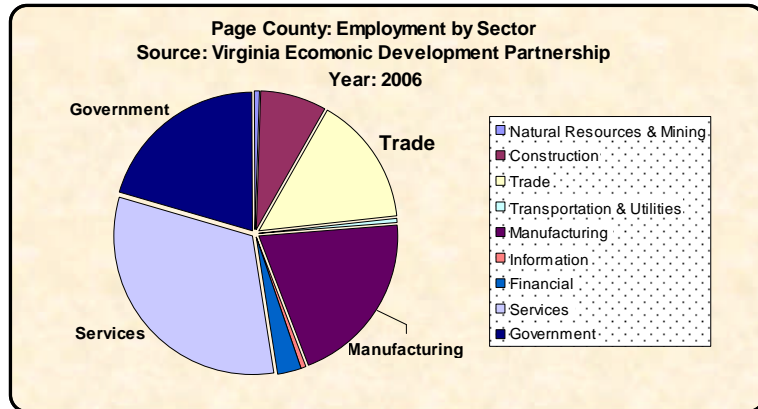
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number of private sector employees during this time period for Page County as a whole fluctuated from a low of 5,330 in 2004 to a high of 6,475 in 2002.

During this 10-year period Luray's zip code, as a percentage of overall private sector employment in Page County, has ranged from a low of 61-percent of overall County employment in 1999, to a high of 72-percent of overall County employment in 2004. This data demonstrates that the Town of Luray, and its surrounding areas, indeed serves as the principle employment center for Page County as a whole.

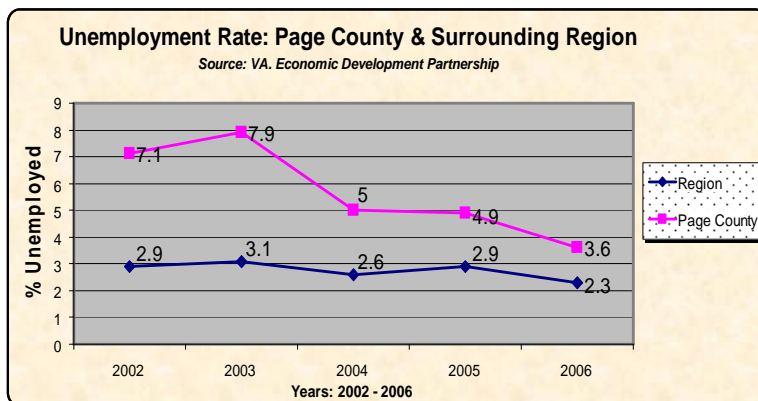
Page County: Employment by Sector

Historically, the manufacturing sector has been Luray's (and Page County's) largest employment sector. The manufacturing sector still employs approximately 19 percent of the total work force in Page County, but this sector is no longer the dominant sector. Today, the service and government sectors respectively account for approximately 31 percent and 22 percent total employment in Page County.



Page County: Unemployment Rate

Other than occasional fluctuations, Page County's unemployment rate remained low for much of the 1980s and 1990s. As previously noted, during the beginning of the 21st century, the Town of Luray lost several thousand manufacturing jobs. This sudden loss of jobs is reflected in the relatively high unemployment that existed during the years 2002 and 2003. Recently, this rate has dipped significantly, and appears to have stabilized. Anecdotal evidence suggests that many displaced workers began commuting to nearby areas for employment, especially considering the job growth in nearby regions.



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Summary

Like many regions of the County, Luray's economy has transformed from a manufacturing-based economy to a service-based economy. Additionally, this economic transformation has taken place in a relatively short period of time. Local unemployment rates spiked as the manufacturing sector began to decline during the beginning of the 21st century; though unemployment rates have stabilized, the total number of jobs in the Page County has yet to reach that of the late 1990s. It appears that many local workers have chosen to commute to nearby regions for employment. Thus, the local unemployment rate still remains low.

Luray's manufacturing sector still represents a significant provider of jobs. Regardless, throughout the Country manufacturing jobs continue to migrate off-shore; the ability for the remaining local manufacturing base to remain competitive is still in question. Like many Towns and regions formerly dominated by the manufacturing sector, Luray (and Page County) would benefit greatly from a diversified economic base. The region is encouraged to retain and recruit manufacturing jobs with a high value added processes, and seek to expand knowledge based industries. This task will be difficult to achieve, but with the proper leadership and vision it can be attained.