

Developing an Arts, Entertainment, & Education Cluster in Washington County, Maryland: A 2023 Update

PREPARED BY SAGE POLICY GROUP, INC.
ON BEHALF OF WASHINGTON COUNTY ARTS COUNCIL

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Executive Summary

NATURE OF THE ENDEAVOR

In 2012, Sage authored an assessment of Washington County's arts, entertainment, and related education sector. This report updates that assessment using more contemporary data, including statistics characterizing visitation and relevant demographic shifts. We conclude that while there is additional work to be done, Washington County has progressed tremendously over the past decade+ in terms of bolstering its cultural offerings despite an intervening pandemic.

ANALYTICAL FINDINGS

- Visitation to key Washington County venues have recovered to pre-pandemic levels or better.
- Discretionary spending power has expanded, including in Hagerstown.
- A new baseball park stands to further catalyze progress.
- Steps have been taken to expand housing opportunities for artists, forming a foundation for the future.

RECOMMENDATIONS FOR 2024 AND BEYOND

1. EXPAND SUPPLY OF UPSCALE HOUSING AND PROMOTE HOUSING FOR ARTISTS IN DOWNTOWN HAGERSTOWN

The revitalization of downtown Hagerstown can be significantly bolstered by expanding the supply of upscale housing alongside designated housing for artists and their studios. Upscale housing will appeal to a demographic that supports local businesses, enhance the economic vitality of the area, and contribute to a diverse urban tapestry. Creating additional housing for artists and their studios is crucial for fostering a vibrant cultural ecosystem. These spaces should offer affordable living and working solutions to encourage artists from various disciplines to reside within the community.

2. REAFFIRM THE WASHINGTON COUNTY ARTS COUNCIL'S ROLE AS THE LEADING COORDINATING BODY FOR ARTS AND ENTERTAINMENT IN THE REGION

Reaffirming the leading role of the Washington County Arts Council as the central coordinating body for marketing, scheduling, and advocacy of arts and entertainment in Washington County is critical for the cultural development of the area. It should maintain the role of a strategic leader, working to elevate the visibility of not just Hagerstown but also surrounding communities, including culturally resurgent Boonsboro. Its mission would involve enhancing the public's awareness and engagement with the rich diversity of arts and entertainment available throughout the county. The Council would also be responsible for creating a cohesive events calendar, ensuring a steady stream of cultural activities year-round and minimizing scheduling conflicts.

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Introduction

In an environment characterized by the lingering pervasiveness of remote work, the search for highest possible quality of life, and the need for fiscal stability among counties and municipalities, arts and entertainment are playing increasingly outsized roles. Across Maryland's communities, tax revenues are primarily collected based on where one lives as opposed to where one works. The availability of cultural amenities renders it more likely that households with a choice of where to live will select one community over another.

As it turns out, residential property and income taxes are a function of population and demographics, perhaps more so in Maryland than most other places. Meanwhile, county-level funding obligations are set to expand as the State of Maryland faces years of large and growing fiscal shortfalls in the context of financing massive public education reform, rendering the presence of cultural amenities more important as communities endeavor to expand their respective tax bases.

Communities enriched by cultural amenities also benefit from associated increases in spending power, which helps support local businesses while attracting entrepreneurs. Given the expanding desire for leisure and educational experiences, including among younger families, communities able to offer plentiful entertainment and creative opportunities are likely to be better positioned than others to augment tax base and spending power. This is the context shaping this update. The fundamental question becomes, "Are the arts and entertainment thriving in Washington County, MD?"

Sage Policy Group, Inc. analyzed this precise question more than a decade ago. This report is an update of our 2012 effort. That report pointed out that Washington County's potential to generate a large and growing arts and entertainment community was vast based on a combination of history, location, architecture and institutional depth. Among other things, this report assesses the extent to which that potential is being actualized. Importantly, Sage's earlier effort was pre-pandemic. This one follows on the heels of a pandemic that altered where and how Americans live and how they spend their time and money.

OVERVIEW OF THE 2012 REPORT

In 2011-12, the Washington County Arts Council commissioned Sage Policy Group to analyze and recommend strategies to foster the cultural richness of Washington County, MD. At the time, the community's goals encompassed economic development, arts elevation, and broad community involvement in cultural activities. Successful economic development strategies in comparable communities have often centered on reviving arts, entertainment, and related education.

Sage's research involved understanding the local cultural environment through economic, demographic, and institutional lenses. The study team conducted three focus groups and individual interviews with stakeholders including local merchants, artists, and government officials in 2011.

Key findings highlighted Washington County's rich cultural infrastructure, particularly in downtown Hagerstown, with institutions like the Maryland Theatre and the Museum of Fine Arts undergirding the local creative community. However, deficiencies were found, including a lack of coordination between cultural institutions, poorly organized marketing efforts, and inadequate housing to attract artists (along the dimensions of both price and quality). The demographics of downtown Hagerstown also presented a challenge, with many households at that time lacking the discretionary spending power needed to drive the community's arts and entertainment cluster.

Sage's recommendations included focusing art promotion on downtown Hagerstown, deconcentrating poverty in the area, creating a Community Arts Commission/Downtown Partnership, establishing an arts incubator, and intensively marketing the county's cultural assets. These steps sought to harness cultural assets and address threats and weaknesses identified through an extensive SWOT analysis.

The proposed arts incubator, located in buildings proximate to the Maryland Theatre, was to offer subsidized space and other forms of support for artists, thereby contributing to business formation and community vibrancy. Furthermore, a comprehensive marketing strategy, including a central website for event information and ticket sales, was recommended to reposition the city/county as a cultural tourist destination.

The report concluded that while downtown Hagerstown should represent the epicenter of Washington County's arts and entertainment offerings given its institutional depth and population density, a county-wide cultural cluster encompassing all significant communities was the ultimate goal. The report also speculated on the potential benefits of a new baseball park, which would attract more people with discretionary spending power downtown. Importantly, the report paid homage to the cultural offerings of communities throughout the county, concluding that success in each Washington County community contributes to the strength of others.

UPDATE - 2023 FOCUS GROUPS: AN EXERCISE IN ISSUE SPOTTING

To better understand and ultimately help improve Washington County's arts and cultural environment more than a decade after the initial report, the study team conducted three focus groups comprising local stakeholders to promote discussion, fact-finding, and strategic response. The following section summarizes key insights garnered during these sessions.

FOCUS GROUP I

Promoting Local Art and Culture. The group emphasized the untapped potential of locations unique to Hagerstown, including the river area. Some members stated that these backdrops are ideal for photographers and watercolor painters. Others indicated that the area could serve as a potential catalyst for development, creating more economic opportunities and generating more wealth and spending power in the process. The town of Boonesboro, itself home to a number of museums, was identified as an underutilized cultural asset that could also draw more visitors to the region.

Entertainment Diversity and Youth Engagement. Another concern was a perceived lack of entertainment options available to members of younger generations, including in Williamsport. Participants noted a dearth of live music and contemporary art events that would be more appealing to Millennials and Generation Z audiences. Some participants indicated that this gap is driving youthful populations to areas like Frederick and Washington, D.C., deflecting spending power from Washington County in the process.

Venue Development and Event Planning. Some focus group members indicated that there are local venues that have the potential to expand the area's arts scene. Participants noted that places like Hub City Vinyl could attract artists and bands in a fashion similar to the 9:30 Club in Washington, D.C. This would bring a larger and broader audience to the area, expanding the flow of monies in the process. There were also discussions regarding the types of arts to prioritize, ranging from visual arts, music, or a combination of both.

Strategic Marketing and PR. There was general consensus that the role of effective marketing and public relations is vital in boosting the regional arts scene. Some noted the success of the county-wide pottery trail as an example of how to effectively market. The group also discussed the importance of social media sites such as Facebook and Instagram as mechanisms by which to generate broader engagement, especially in reaching younger demographics. However, this requires a coherent, coordinated strategy to implement as opposed to sporadic and occasional individual efforts.

Economic Considerations and Community Impact. Many members also invoked the economic components of a vibrant arts scene. The need to attract higher-income households to support the arts was mentioned, though not at the expense of displacing lower-income residents. A delicate balance is necessary. Similar to interviews conducted more than a decade ago, there were many concerns expressed regarding the perception of downtown Hagerstown as unsafe. That perception frustrates visitation, entrepreneurship, income growth, and the expansion of the cultural cluster.

Funding Opportunities and Collaborations. The group also discussed collaborative opportunities between art galleries and local organizations. The Fletcher Foundation was mentioned as possibly

showing interest in funding some of these programs. There was also a desire to promote smaller, unique projects that could bring attention to the local arts scene.

Final Observations. The group indicated an abundance of interest in redefining Hagerstown's arts and cultural identity. By emphasizing local artists and events, diversifying entertainment options to attract younger audiences, and developing existing venues as well as future ones, stakeholders seek to promote the region's cultural assets. Challenges include an ongoing lack of coordinated marketing, downtown Hagerstown income levels and perceived safety of the area, including during evenings when a considerable fraction of leisure spending transpires.

FOCUS GROUP II

Building Partnerships and Addressing Challenges. The focus group commenced with recognition that Hagerstown's size is both blessing and curse. There is a need to build countywide partnerships, including in smaller communities where arts often "takes a backseat" due to Hagerstown's real and/or perceived primacy. At the same time, coordinating a significant number of arts and entertainment venues and activities in Hagerstown is itself challenging and necessary. Participants noted the success of initiatives like the pottery trail, viewing that as evidence of significant untapped potential.

Community Calendar and Coordination. As was the case more than a decade ago, the idea of creating a community calendar was invoked. The challenge is to determine who would be responsible for gathering and disseminating information. There was also concern that such a calendar would potentially exclude events occurring beyond Hagerstown's boundaries but within the confines of Washington County.

Communication and Media Role. Group members also suggested using local media to promote events, with one member mentioning the challenge of keeping the community informed as local news coverage becomes less impactful in the context of increasingly fragmented information dissemination. Coordinating events to avoid conflicts and maximize attendance was viewed as a priority.

Arts Education and Public Engagement. Focus group members emphasized the need to educate residents and visitors regarding the value of the arts in Hagerstown and beyond. Challenges include motivating people to attend events (as opposed to engaging Netflix for the evening – nationally, there are more than 77 million Netflix subscribers) and rendering them more accessible by explaining event etiquette (e.g., dress) in settings such as orchestra performances render them less intimidating.

Youth Engagement and Entertainment. Youth engagement was viewed as another possible opportunity, especially with respect to live music-related events.

Perception and Comparison with Frederick. Hagerstown's often unfavorable comparison with Frederick emerged as a point of contention. Participants argued that Hagerstown possesses many positive qualities and should focus on leveraging those. Stakeholders agreed that comparisons are simply not that useful unless they generate insights into best practices that can be mimicked.

Mental Health and the Arts. The potential of the arts in improving mental health was discussed, with members viewing it as a huge opportunity for community revitalization.

Engaging Multi-Sensory Events and Positive Outlook. The group was informed about a local theater that hosted a number of events focusing on multi-sensory experiences. This approach, which engages patrons through various senses, was viewed as an innovative way to draw audiences.

Unifying Slogan and Vision. The need for a unifying slogan to attract people to Washington County was suggested.

Final Observations. The focus group's discussion reflects a community poised to reinvigorate its cultural and artistic scene. By emphasizing coordination, enhancing economic understanding regarding importance of the arts, improving communication strategies, and focusing on mental health benefits, the group envisions a brighter, more vibrant future for Washington County's cultural scene.

FOCUS GROUP III

On the Brink of Transformation. The sentiment that Hagerstown is perpetually on the verge of a breakthrough was a common theme. Stakeholders identified the Museum of Fine Arts as a hidden gem and discussed the promise of new developments like the stadium and cultural trail. However, there was consensus that despite these building blocks, the city has yet to experience definitive transformation. Stagnation was attributed to a low sense of community self-esteem and underestimation of potential.

Addressing Homelessness and Public Image. The issue of homelessness in downtown Hagerstown was raised as a significant concern. One participant argued for the removal of homeless individuals from the downtown area, perceiving them as detrimental to the city's image and progress. This perspective sparked a debate on the need for and practicality of compassionate solutions.

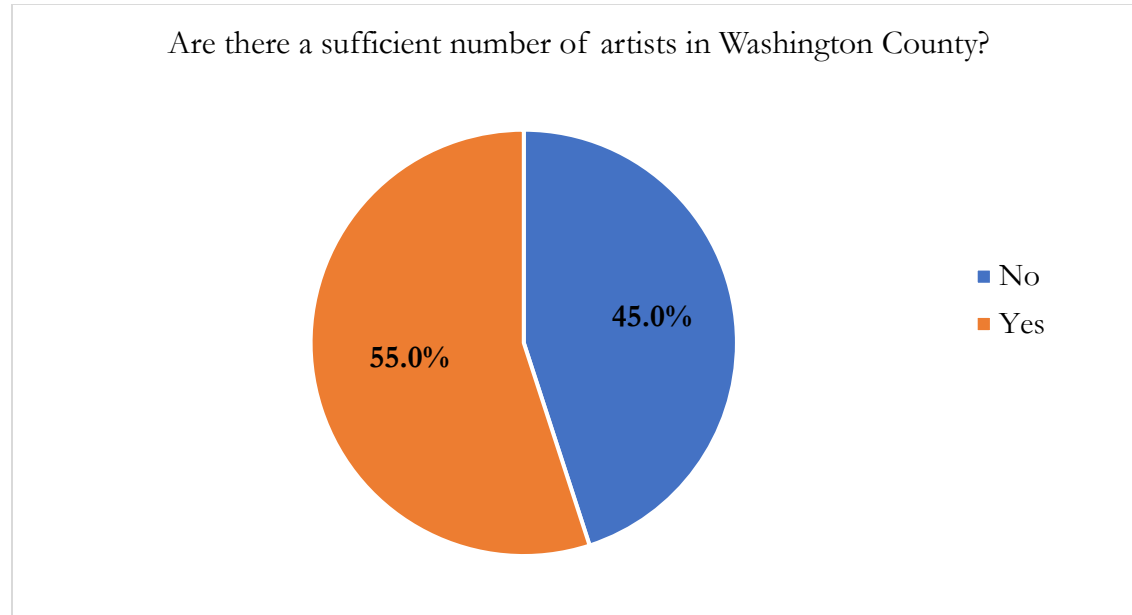
Housing and Urban Development Challenges. The condition of Hagerstown's housing stock was identified as a core problem. The city was described as an attractive location for slumlords, with poor management of Section 8 housing exacerbating various issues. The lack of activity and vibrancy, particularly on weekends, was noted as a symptom of these deeper issues. Participants argued that residential development must precede commercial growth and called for an upscale transformation of local housing stock to attract residents with more elevated spending power.

Relocating Vulnerable Populations. The Alexander House, a large structure housing the aging, disabled, and elderly, was discussed as a contributor to a cluttered downtown. While acknowledging that these residents were not at fault, some suggested relocating them to areas offering higher quality of life and outdoor access. This proposal underscored the complexity of balancing urban development with social responsibility, fairness, and support for arts and entertainment.

Final Observations. The discussion of Washington County/Hagerstown stakeholders reveals a city at a crossroads grappling with issues of self-perception, homelessness, sub-standard housing, and need for additional urban redevelopment. While there was clear recognition of Hagerstown’s potential in this city-focused group, actualizing potential requires addressing several complex socioeconomic issues.

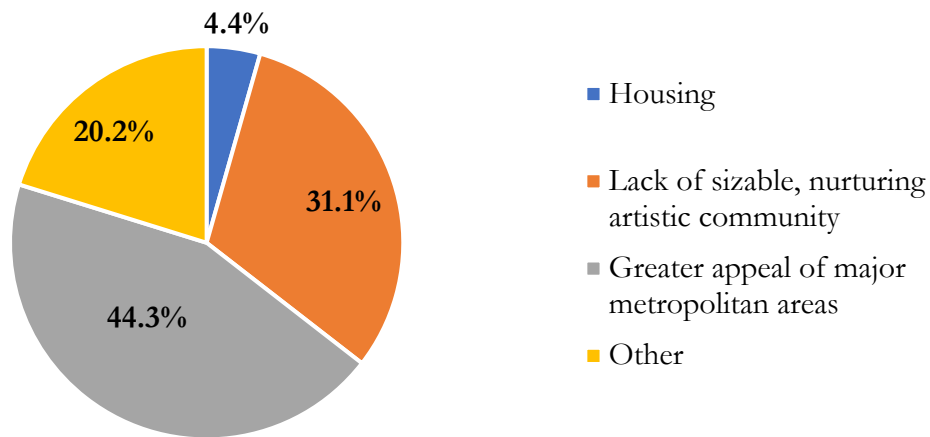
SURVEY RESULTS

In addition to conducting focus groups to gather highly detailed qualitative information, the study compiled and distributed a survey related to the arts in Washington County. The survey attracted nearly 200 respondents. Responses supplied insight into the mechanisms stakeholders thought most useful in bolstering Washington County’s arts and entertainment cluster. The following charts provides survey questions as well as the distribution of responses.



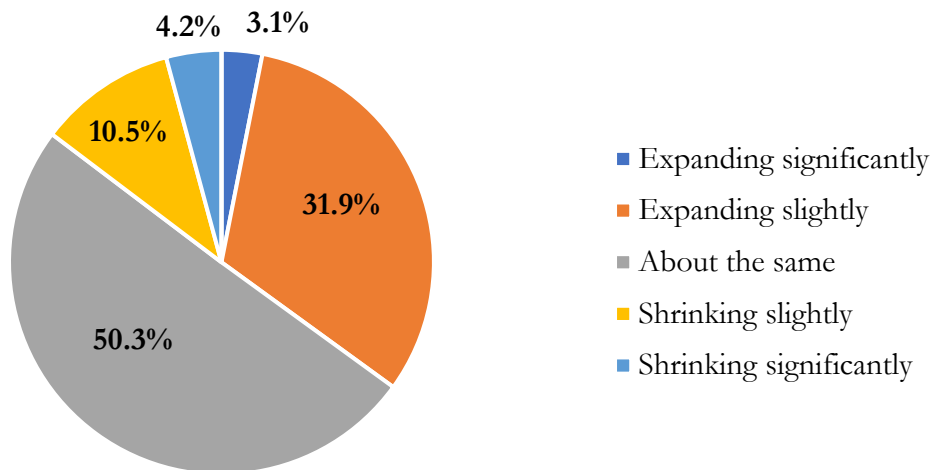
Total Responses: 191

To the extent that Washington County has not attracted more artists, what have been the principal challenges?



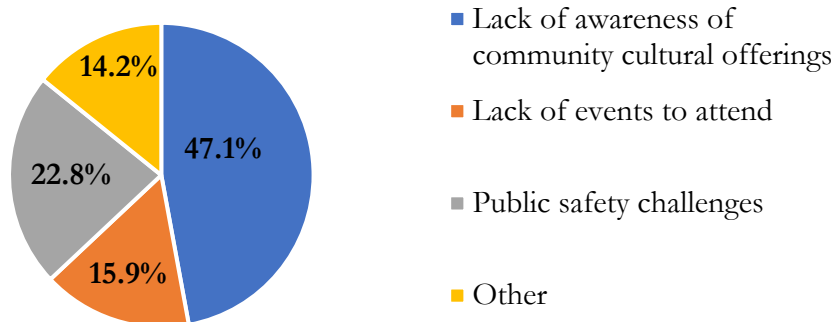
Total Responses: 183

Do you perceive the number of cultural visitors to Washington County as expanding, shrinking, or remaining about the same over the past year?



Total Responses: 191

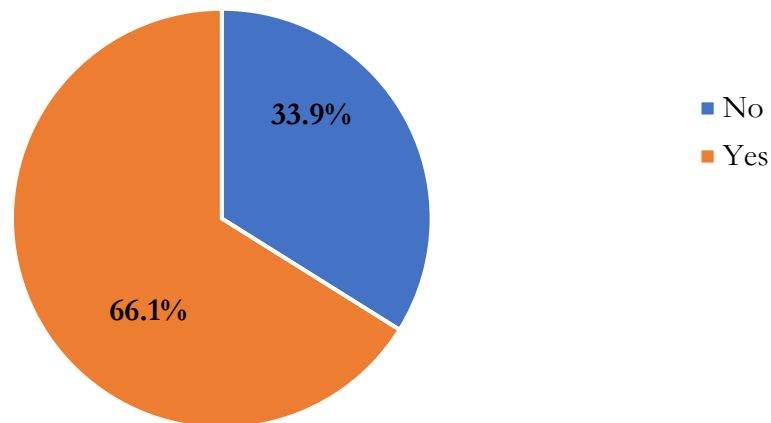
What is the leading barrier to greater cultural visitation in Washington County?



Total Responses: 189

The survey results from the following question fall in line with the sentiment of the focus groups. With multiple events taking place throughout the county, having one person/group coordinating efforts would prevent crossover and allow patrons an opportunity to experience various opportunities.

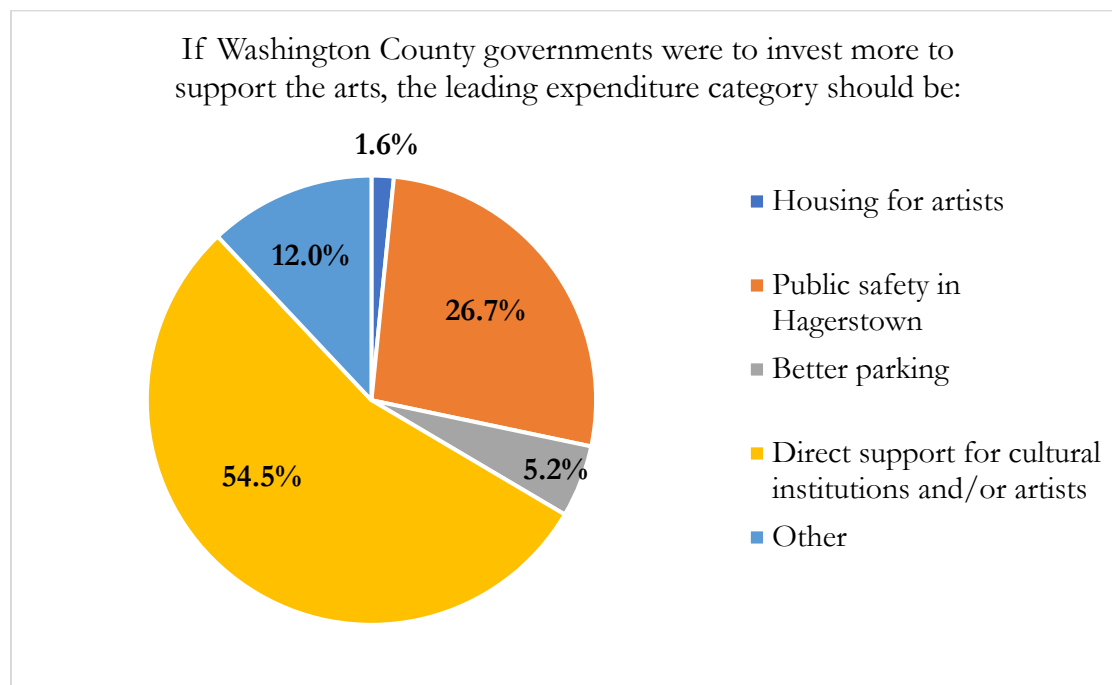
Do you believe that Washington County requires a professional coordinator to notify the community regarding events and to avoid scheduling conflicts between artistic groups and venues?



Total Responses: 189

When asked what Washington County and local governments could do to support the arts, the overwhelmingly most popular answer was direct support for institutions as well as artists. Improving the overall atmosphere by increasing safety in Hagerstown also ranked high. This falls in line with the comments of focus group participants. Providing affordable housing for artists was also popular a

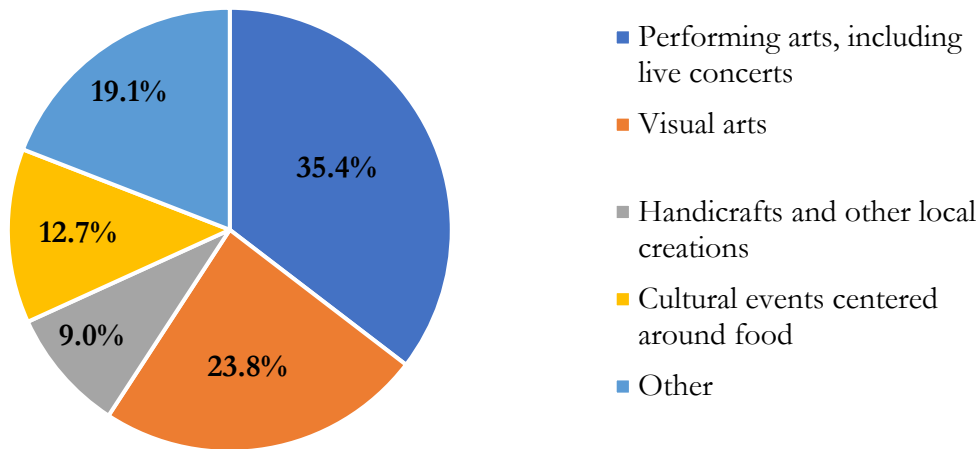
popular policy option. Some other alternative responses included all of the above, making admission to certain events more affordable, and improved communication with the community regarding upcoming events.



Total Responses: 189

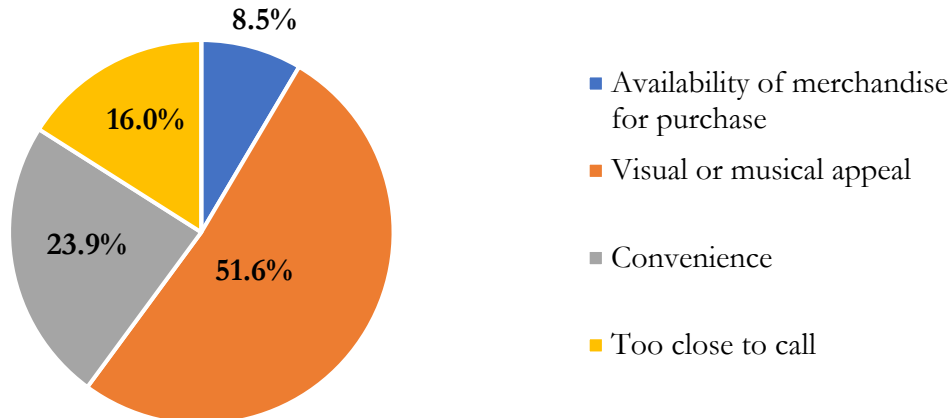
Respondents thought increasing the number of performing art events, which also include live concerts, would be the best way to expand the county's cultural environment. With the construction of the new baseball stadium, that venue might be able to accommodate concerts or music festivals throughout the year. There was also elevated interest in the visual arts (23.8%) and food related events (12.7%). Some alternative responses included inclusive events bringing together various forms of art and expanding gallery space while making it more affordable for artists.

What category of creativity would be most beneficial to augment Washington County's cultural environment?



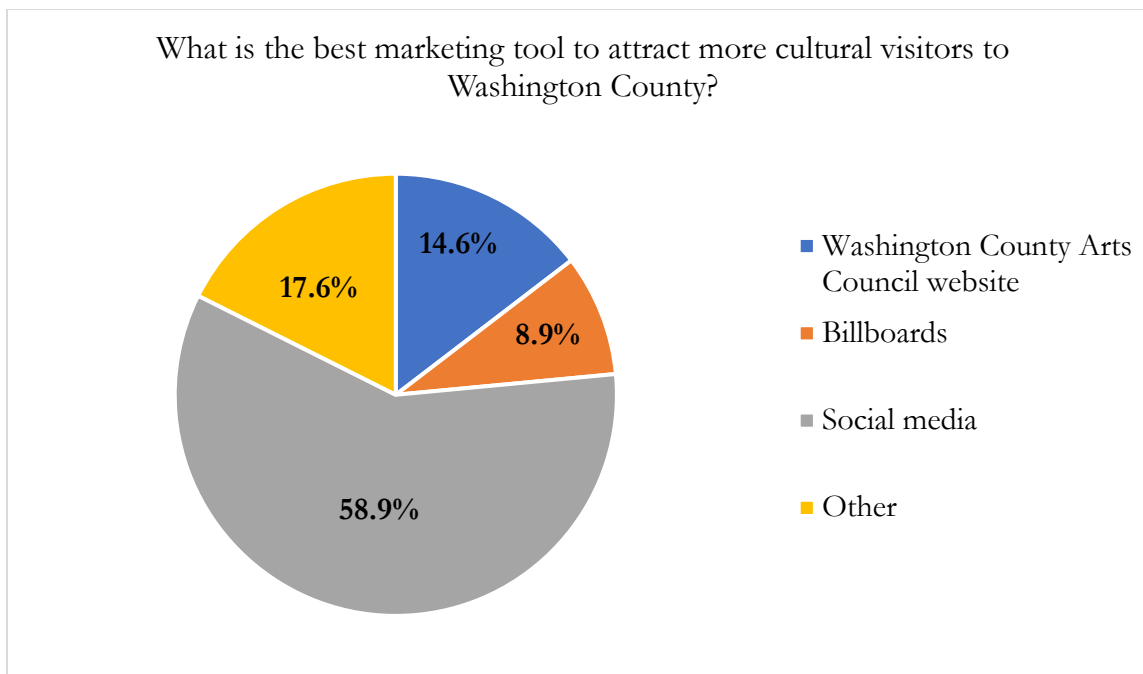
Total Responses: 189

What would you rate as most important to promote visitation to Washington County?



Total Responses: 188

The majority of respondents thinks that social media is the best marketing tool to attract more visitors to the county. Roughly 15 percent of people surveyed said the Washington County Arts Council represents the best instrument by which to coordinate marketing and schedules. Some of the alternative responses included diminishing the presence of poverty in the arts and entertainment district in Hagerstown and utilizing traditional media (radio, newspaper, TV) to increase exposure beyond the region.



Total Responses: 192

CURRENT POPULATION TRENDS

Since the last report, the economy has faced a handful of economic shocks that have severely hampered growth. In 2012, the nation was in the middle of an economic recovery following the Great Recession. Recovery from the financial crisis was generally slow, hampered in part by a foreclosure crisis that hammered homeownership while generating large losses for financial institutions.

At that time, Washington County employment had not returned to pre-recession levels, nor would it until the middle of the decade. More recently, the initial stages of the Covid-19 pandemic generated massive economic losses that continue to reverberate. Consumers were forced to contend with multi-decade highs in inflation, though that has subsided markedly over the course of 2023. While prices are no longer rising as rapidly as they had been in 2021 and 2022, price levels remain high relative to pre-pandemic norms, limiting household discretionary spending and driving household indebtedness higher.

There have been sizeable demographic shifts as well. When Sage authored its prior report, the earliest waves of Baby Boomers were leaving the workforce and entering retirement. That trend accelerated over the past decade, and even more so following the pandemic. There are many implications, with one being that more residents have found their way into fixed-income status.

DESPITE HEADWINDS, WASHINGTON COUNTY AND HAGERSTOWN HAVE BECOME MORE PROSPEROUS

More people are moving to Washington County than moving out. Between 2010 and 2020, the county's population expanded nearly 5 percent. Population in Hagerstown expanded even more rapidly, approaching 10 percent. These data characterize a period that was primarily pre-pandemic. Given the pervasiveness of remote work and efforts by households to secure more favorable costs of living, Washington County is well positioned for additional population growth during the years ahead as households look to leave more congested and costly communities like Montgomery County and the more populous jurisdictions of the Baltimore metropolitan area.

Exhibit 1. Population Growth in Hagerstown and Other Western Maryland Municipalities 2000, 2010, 2020

Community	2000 Population	2010 Population	2020 Population	2010 - 2020 % Change
Hagerstown	36,687	39,662	43,527	9.7%
Washington County	131,923	147,430	154,705	4.9%
Maryland	5,296,486	5,773,552	6,177,224	7.0%
Berkeley Springs, WV	663	624	753	20.7%
Cumberland	21,518	20,859	19,076	-8.5%
Frederick	52,767	65,239	78,171	19.8%

Source: U.S. Census Bureau

Exhibit 2 supplies additional detail and stretches to 2021. These data are also consistent with the notion that Washington County is strengthening demographically. Based on American Community Survey data, the county's population expanded nearly 7 percent between 2009 and 2021. In Hagerstown City, population expanded nearly 11.5 percent.

But that is not where the story ends. While the data paint a generally rosy picture from the perspective of population gains, which are consistent with greater support for local arts and entertainment, there are causes for concern. First, much of the population growth is among older demographic groups. Facially, there is nothing wrong with that. However, older populations tend to be associated with fixed incomes and therefore less plentiful discretionary spending power. Moreover, population growth in the critical 25-34 age category tended to be much softer in Hagerstown and Washington County than in the balance of the state. This is a group that is approaching peak earning years and also tends to spend a significant fraction of discretionary income on entertainment. The population of those ages 35-44 declined in Washington County during these years.

Exhibit 2. Population Profile of Hagerstown, Washington County and Maryland, 2021*

	Hagerstown City			Washington County			Maryland		
	2009	2021	% Change	2009	2021	% Change	2009	2021	% Change
Total population	39,273	43,015	9.5%	144,158	153,956	6.8%	5,637,418	6,148,545	9.1%
Male	19,072	20,497	7.5%	73,310	78,738	7.4%	2,730,367	2,995,146	9.7%
Female	20,201	22,518	11.5%	70,848	75,218	6.2%	2,907,051	3,153,399	8.5%
POPULATION BY AGE GROUP:									
< 15	7,980	9,696	21.5%	27,434	27,598	0.6%	1,121,643	1,137,119	1.4%
15 – 24	5,151	4,791	-7.0%	18,005	18,488	2.7%	777,171	770,631	-0.8%
25 – 34	6,476	6,596	1.9%	19,150	19,966	4.3%	738,127	829,899	12.4%
35 – 44	5,225	5,243	0.3%	22,312	19,436	-12.9%	845,785	805,385	-4.8%
45 – 64	8,982	10,499	16.9%	37,150	42,174	13.5%	1,491,513	1,655,621	11.0%
65 >	5,459	6,190	13.4%	20,107	26,294	30.8%	663,179	949,890	43.2%
Median age (years)	35.1	35.6	0.5	38.6	40.6	2.0	37.3	38.9	1.6

Source: U.S. Census Bureau, 2009 and 2021 American Community Survey *Data presented are based on 5-year averages.

The 2012 report also presented income distribution data from 2009 for Hagerstown, Washington County, and Maryland. An additional region named “Other Washington County” was also included in the report. This region excluded Hagerstown from Washington County statistics. Exhibits 3 supplies income distribution data for these four regions, while Exhibits 4 and 5 compare 2009 data with 2021 data.

Exhibit 3. Income Distribution of Hagerstown, Washington County and Maryland, 2021*

	Hagerstown	Washington Co.	Other Washington Co.	Maryland
Total households	18,372	58,630	40,258	2,294,270
Median household income	\$42,965	\$67,349	n.a.	\$91,431
Mean household income	\$59,467	\$87,252	\$99,932	\$120,234
Less than \$10,000	8.8%	5.5%	3.5%	4.5%
\$10,000 to \$14,999	7.3%	3.9%	4.1%	2.6%
\$15,000 to \$24,999	14.1%	8.1%	8.4%	5.2%
\$25,000 to \$34,999	11.8%	8.8%	9.5%	5.7%
\$35,000 to \$49,999	14.7%	12.3%	15.9%	8.9%
\$50,000 to \$74,999	16.6%	16.7%	21.1%	14.7%
\$75,000 to \$99,999	10.6%	13.0%	16.2%	12.6%
\$100,000 to \$149,999	10.2%	16.4%	14.0%	19.4%
\$150,000 to \$199,999	4.0%	8.6%	4.3%	11.5%
\$200,000 or more	1.8%	6.8%	3.1%	15.0%

Source: U.S. Census Bureau, American Community Survey; *Data presented are based on 5-year averages.

Collectively, these data stand for the proposition that Washington County has become meaningfully more prosperous. The data are consistent with the notion that income levels have drifted higher, perhaps because older, but unretired households associated with loftier incomes have moved to the county in search of greater square footage.

Exhibit 4. Income Distribution of Hagerstown, Washington County and Maryland, 2009

	Hagerstown	Washington Co.
	2009	2009
Total households	17,183	55,524
Median household income	36,754	51,962
Mean household income	47,901	67,973
Less than \$10,000	10.50%	5.70%
\$10,000 to \$14,999	7.80%	5.20%
\$15,000 to \$24,999	15.70%	10.70%
\$25,000 to \$34,999	13.20%	10.70%
\$35,000 to \$49,999	16.80%	16.20%
\$50,000 to \$74,999	18.60%	20.30%
\$75,000 to \$99,999	8.60%	13.80%
\$100,000 to \$149,999	6.40%	11.70%
\$150,000 to \$199,999	1.40%	3.40%
\$200,000 or more	1.10%	2.50%

Source: U.S. Census Bureau, American Community Survey *Data presented are based on 5-year averages;

Exhibit 5. Income Distribution of Hagerstown, Washington County and Maryland, 2021

	Hagerstown	Washington Co.
	2021	2021
Total households	18,372	58,630
Median household income	42,965	67,349
Mean household income	59,467	87,252
Less than \$10,000	8.80%	5.50%
\$10,000 to \$14,999	7.30%	3.90%
\$15,000 to \$24,999	14.10%	8.10%
\$25,000 to \$34,999	11.80%	8.80%
\$35,000 to \$49,999	14.70%	12.30%
\$50,000 to \$74,999	16.60%	16.70%
\$75,000 to \$99,999	10.60%	13.00%
\$100,000 to \$149,999	10.20%	16.40%
\$150,000 to \$199,999	4.00%	8.60%
\$200,000 or more	1.80%	6.80%

Source: U.S. Census Bureau, American Community Survey *Data presented are based on 5-year averages;

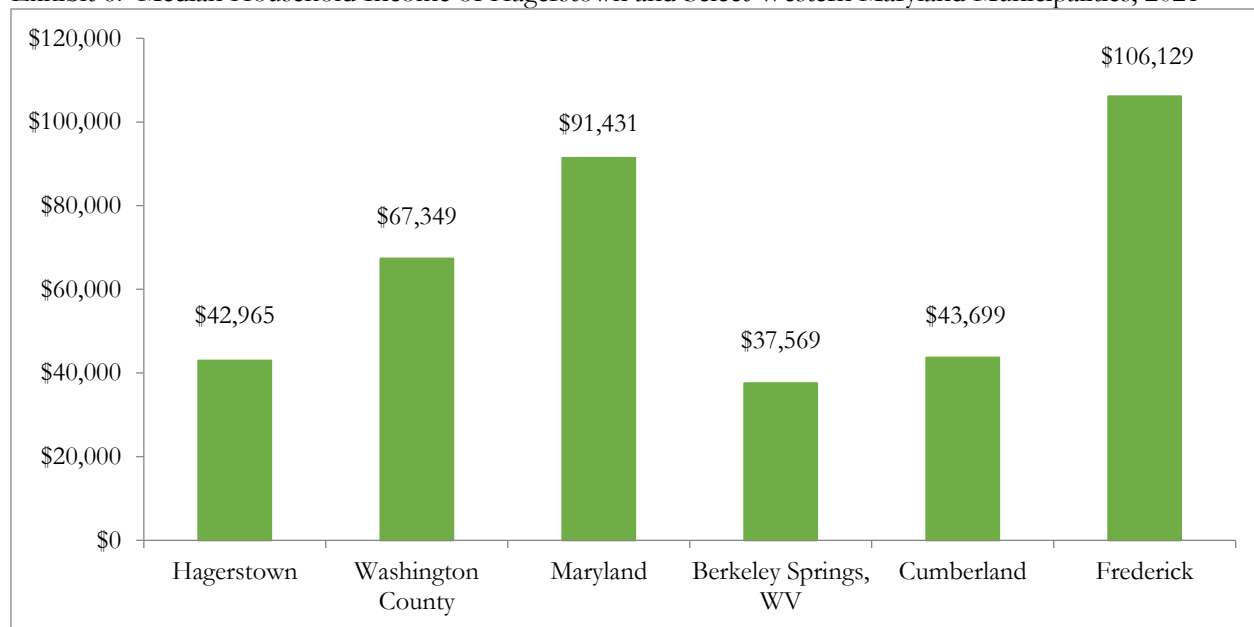
The terminal year for these data is 2021, which was a year associated with both pandemic and the widespread movement of households to 1) less densely populated communities (e.g., to more easily

social distance); and 2) less expensive communities, in part because of the opportunity to work remotely and therefore be less tied to high cost of living job centers like Washington, D.C. and Montgomery County, MD. Those dynamics represent advantages for Washington County in terms of attracting households with substantial choice regarding where to live.

Among the major concerns expressed in the prior report was the concentration of poverty in downtown Hagerstown and associated paucity of spending power proximate to several principal arts/entertainment institutions. At no point was there any suggestion that this population was unwelcome. Rather, the policy concern revolved around a need to expand living opportunities for people of means downtown to catalyze support for arts and entertainment.

Exhibit 6 supplies detail regarding median household incomes across Hagerstown and several communities offered for comparison. In 2021, Washington County's median income was 56.7 percent higher than Hagerstown's, while Maryland's median income was 112.8 percent greater. Given labor market dynamics in recent years, which have been associated with substantial wage gains among entry-level and near-entry-level workers, median household income gaps have likely declined since 2021 in percentage terms. As of September 2023, the unemployment rate in Hagerstown was 2.4 percent, well below the national average of 3.8 percent for that month though higher than countywide and statewide averages. Still, a tight labor market implies relatively rapid wage growth. Nonetheless, Census Bureau data characterizing income levels stand for the proposition that one of the headwinds to more rapid growth of Hagerstown's cultural cluster takes the form of lower incomes and associated dearth of discretionary spending power among many local households.

Exhibit 6. Median Household Income of Hagerstown and Select Western Maryland Municipalities, 2021*



Source: U.S. Census Bureau, American Community Survey, 2021. *Data presented are based on 5-year averages.

Still, circumstances appear upbeat from a directional perspective. Incomes have been on the rise along with educational attainment. Data indicate that the level of educational attainment has increased in both Hagerstown and Washington County over the past 11 years.

Exhibit 7 supplies pertinent data. In 2021, the percentage of Hagerstown residents with only a high school diploma or less was 51.4 percent, a 7.1 percentage point decline from 2009. The share of residents with a bachelor's degree increased from 8.3 percent in 2009 to 12.3 percent over this span. The percentage of people with advanced degrees rose slightly from 5.7 percent to 6.6 percent.

This represents progress. Educational attainment continues to be associated with higher income levels and greater discretionary spending power. It also seems reasonable to presume that those with higher educational attainment would be more likely to attend certain cultural events, whether exhibitions focused on master painters or classical music performances.

Exhibit 7. Education Level of Hagerstown, Washington County and Maryland Populations, 2021*

	Hagerstown		Washington County		Maryland	
Population 25 years and over	28,528	100.0%	108,430	100.0%	4,286,216	100.0%
High school graduate or less	14,651	51.4%	51,064	47.1%	1,377,505	32.1%
Associate's degree or college dropouts	8,499	29.8%	30,307	28.0%	1,030,006	24.0%
Bachelor's degree	3,506	12.3%	15,131	14.0%	996,167	23.2%
Graduate or professional degree	1,872	6.6%	11,928	11.0%	882,538	20.6%

Source: U.S. Census Bureau, American Community Survey *Data presented are based on 5-year averages.

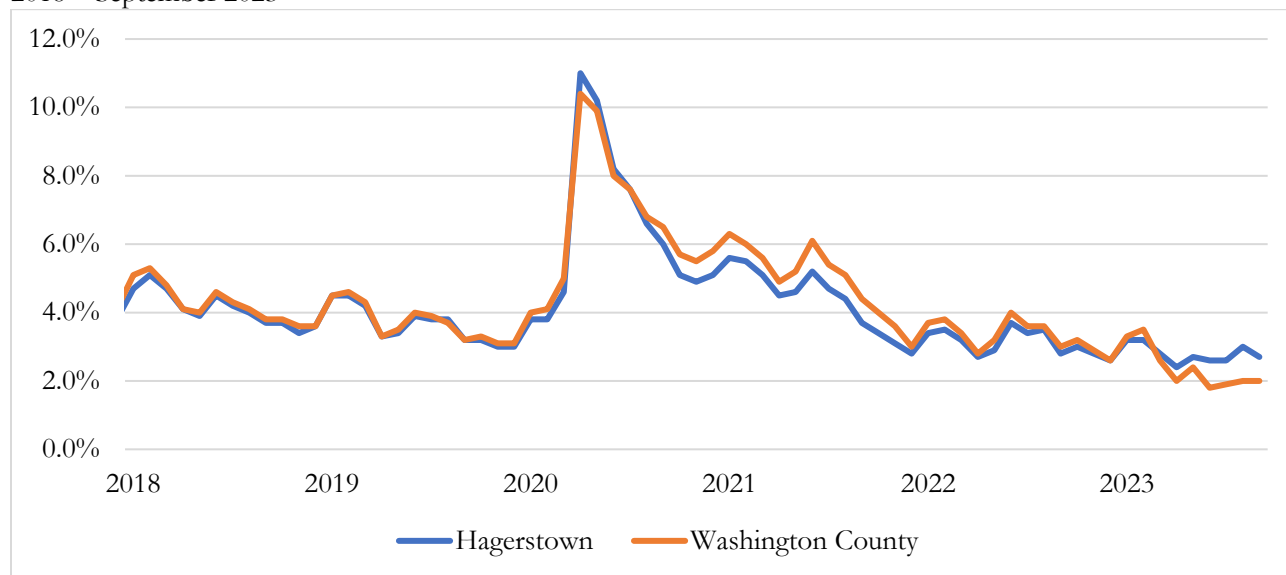
COVID AND ITS AFTERMATH

The Covid-19 induced downturn was incredibly short. According to the National Bureau of Economic Research's Business Cycle Dating Committee, the pandemic era recession lasted only from February 2020 to April 2020. Thereafter, a V-shaped recovery began that eventually produced ultra-low unemployment rates throughout Maryland and drove wages higher. Fiscal and monetary stimulus injected into the economy propelled rapid growth as vaccinations and a general ebbing of viral virulence helped society to reopen.

But reopening is distinguishable from normalcy. Life has changed. As mentioned earlier, remote work is more pervasive. The gig economy, which includes activities in which people determine their own schedules and work on their own terms, has expanded. Many Baby Boomers retired prematurely, whether because of fears of infection or because their financial gains allowed them to depart the workforce.

All of this has resulted in a society that is wealthier and enjoys more leisure time. That is a boon for the cultural offerings in Washington County, or at least it should be. A tight labor market also helps by raising incomes among various groups of workers, expanding discretionary spending power in the process.

Exhibit 8. Hagerstown-Martinsburg, MD-WV and Washington County Unemployment Rates (NSA), January 2018 – September 2023

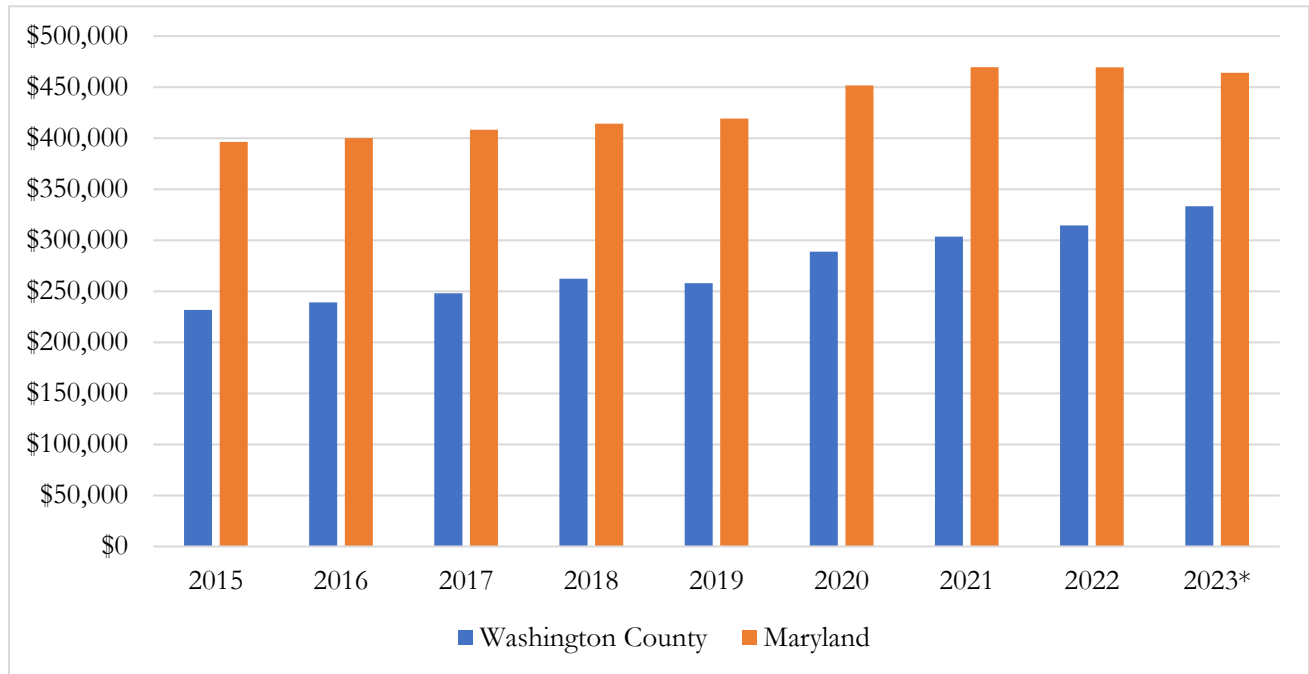


Source: U.S. Bureau of Labor Statistics; Note: Unemployment rates at the metropolitan area and county level are not seasonally adjusted.

Property values have also increased since the last report. Exhibit 9 presents the average sale price of home sales in Washington County and Maryland from 2015 to 2023. All values are calculated in November 2023 dollars. In 2015, the average sale price of a house sold in Washington County was \$231,801, while the average sale price for Maryland was \$396,377. As of November 2023, the last month for which there are data at the time of this report, the average sale price of a house in Washington County was \$333,395. Across the entire state, it was \$464,157.

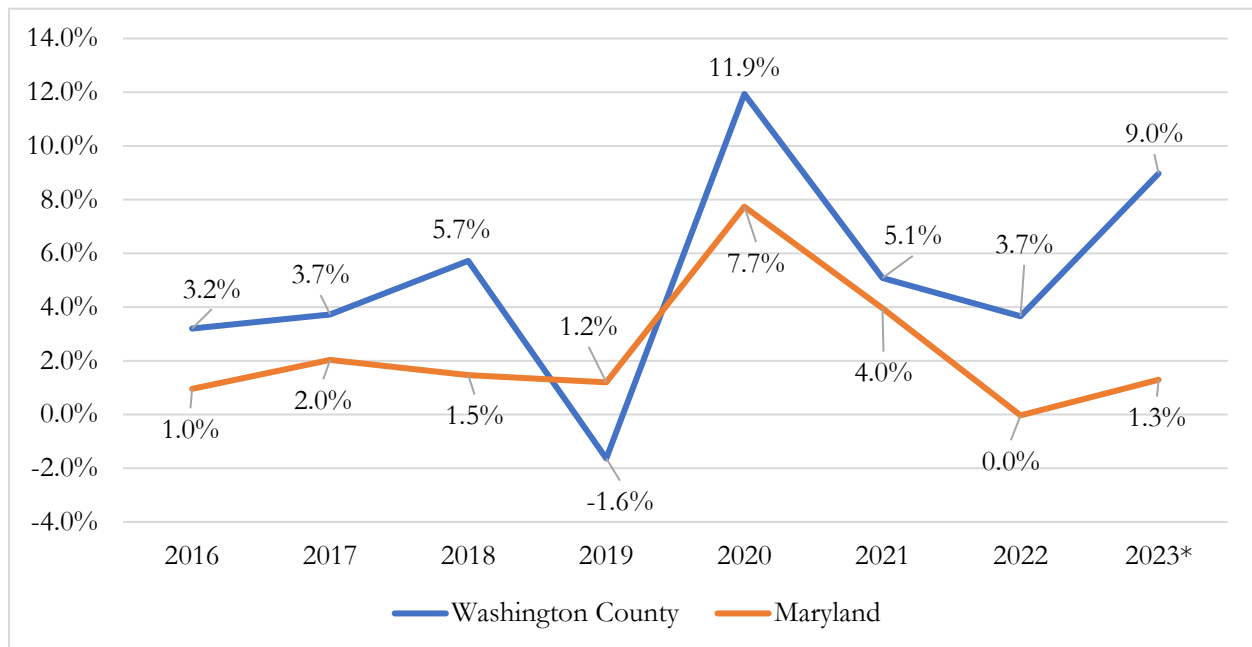
Between 2015 and 2023, the average sale price of a house in Washington County increased 43.8 percent whereas the average price in Maryland rose 17.1 percent. Exhibit 10 indicates year-over-year percent change over that span. In all but one year (2019), home sale prices increased at a higher rate than the state average. These numbers seem to indicate that Washington County remains a popular location for many mobile households, including those associated with incomes above prevailing community averages.

Exhibit 9. Average Sales Price, 2015 – 2023: Washington County and Maryland



Source: Maryland Realtors; Note: Data for November 2023, the last month of available data at the time of writing, was used for 2023, dollar amounts are adjusted for inflation.

Exhibit 10. Year-Over-Year Percent Change Average Sale Price, 2016 – 2023: Washington County and Maryland



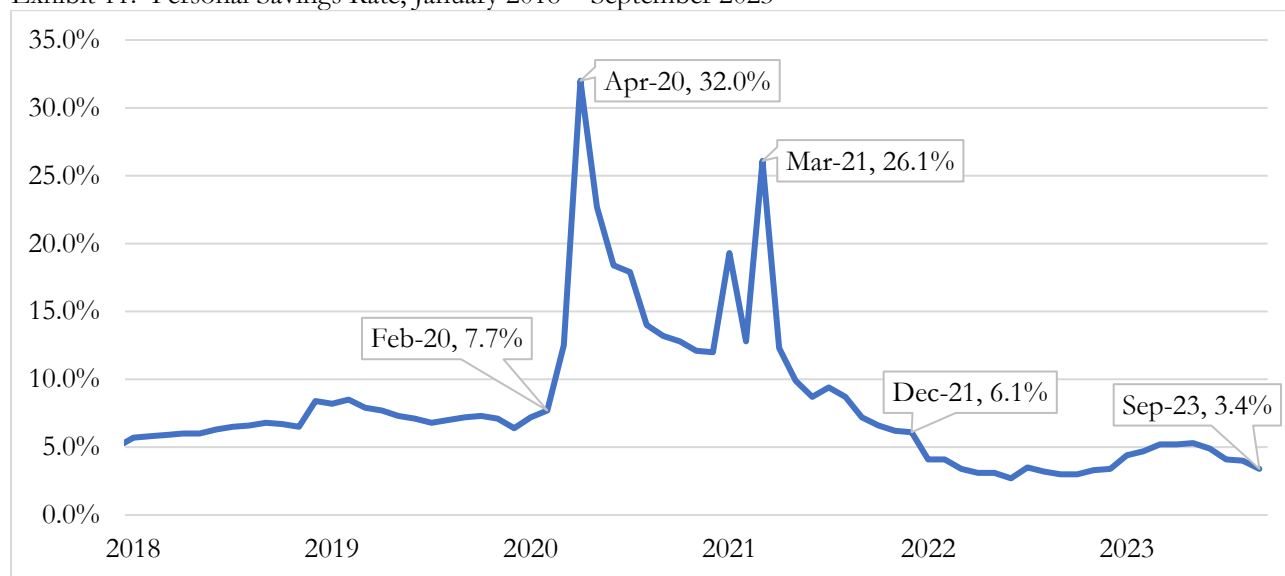
Source: Maryland Realtors; Note: Data for November 2023, the last month of available data at the time of writing, was used for 2023, dollar amounts are adjusted for inflation.

Not all trends are positive. Being shut in for months or years impacts people’s behavior, including the way they shop and travel. Among the major winners has been e-commerce.

According to the U.S. Census Bureau, during the fourth quarter of 2019, when the world was largely unaware of the oncoming public health crisis, e-commerce’s share of retail sales stood at 11.2 percent. By the second quarter of 2020, when Covid was ravaging the economy and induced society into aggressive social distancing, that share had risen to nearly 17 percent. While e-commerce’s share had slipped a bit below 16 percent by the third quarter of 2023, data indicate that more people acquire their merchandise online relative to pre-pandemic norms.

This has obvious implications for the retailers who often co-locate in cultural districts. All things being equal, brick and mortar retail operations are more challenging to operate, creating greater opportunity for retail vacancies, particularly during times of macroeconomic stress. To date, commercial vacancies have been relatively low, in part because little retail-oriented space has been constructed in Washington County in recent years and because of surging consumer spending that has propelled economic recovery since mid-2020.

Exhibit 11. Personal Savings Rate, January 2018 – September 2023



Source: U.S. Bureau of Economic Analysis

There is reason to believe that the consumer spending boom that has driven much of the post-pandemic economic expansion is about to end. As of this writing, the official U.S. savings rate is down to 3.4 percent, extremely low by historic standards. According to the Federal Reserve Bank of New York, outstanding credit card debt in America has topped the \$1 trillion mark. The average annual percentage rate on credit cards is above 20 percent as of this writing. Credit card delinquencies are rising.

While many economists have concluded that the risk of recession subsided markedly and surprisingly in 2023, risks remain. Office space valuations have been slumping in many areas, potentially producing significant losses on bank balance sheets. Even as interest rates fall in 2024 (expected), credit conditions are likely to remain restrictive, rendering it more difficult for emerging businesses to access credit to drive expansion. Whether or not recession arrives in 2024 remains a question, but most economists are convinced that 2024 is likely to be associated with slower growth than 2023. Unemployment stands to rise.

Moreover, higher prices for staples leave less money available for discretionary spending all things being equal. Exhibit 12 indicates that households have been spending a growing proportion of their incomes in recent years on food, housing, and transportation. Not coincidentally, by 2022, the proportion spent on entertainment was a bit below what it was in 2019. This may also reflect, however, that there is an array of less expensive entertainment available to households, including streaming services like Netflix and Paramount+ that allow households the ability to consume massive quantities of content at fixed and still relatively low monthly prices. This represents another challenge for cultural districts – the challenge of inducing people to leave the comfort of their residences.

Exhibit 12. Percentage of Total Annual Expenditures by Major Category for all Consumer Units, 2019-2022

Category	2019	2020	2021	2022	Change	
					2020-2021	2021-2022
Average annual expenditures	100.0%	100.0%	100.0%	100.0%	n.a.	n.a.
Food	13.0%	11.9%	12.4%	12.8%	0.5%	0.4%
Alcoholic beverages	0.9%	0.8%	0.8%	0.8%	0.0%	0.0%
Housing	32.8%	34.9%	33.8%	33.3%	-1.1%	-0.5%
Apparel and services	3.0%	2.3%	2.6%	2.7%	0.3%	0.1%
Transportation	17.0%	16.0%	16.4%	16.8%	0.4%	0.4%
Healthcare	8.2%	8.4%	8.1%	8.0%	-0.3%	-0.1%
Entertainment	4.9%	4.7%	5.3%	4.7%	0.6%	-0.6%
Personal care products and services	1.2%	1.1%	1.2%	1.2%	0.1%	0.0%
Reading	0.1%	0.2%	0.2%	0.2%	0.0%	0.0%
Education	2.3%	2.1%	1.8%	1.8%	-0.3%	0.0%
Tobacco products and smoking supplies	0.5%	0.5%	0.5%	0.5%	0.0%	0.0%
Miscellaneous	1.4%	1.5%	1.5%	1.4%	0.0%	-0.1%
Cash contributions	3.2%	3.7%	3.6%	3.8%	-0.1%	0.2%
Personal insurance and pensions	11.4%	11.8%	11.8%	12.0%	0.0%	0.2%

Source: U.S. Bureau of Labor Statistics

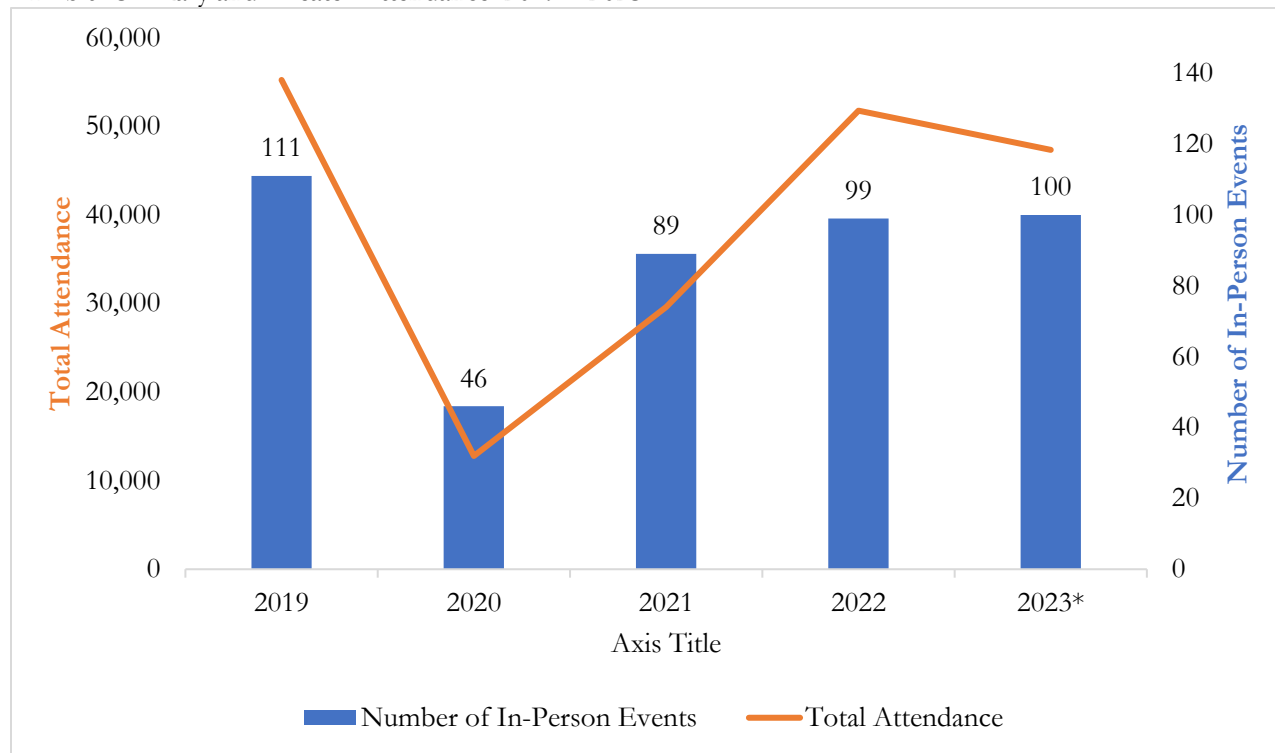
CULTURAL ATTENDANCE REBOUNDS

The restoration of pre-pandemic normalcy, or at least some semblance thereof, is also reflective in local attendance data. For instance, according to data provided by the Maryland Theater (Theater), attendance figures have rebounded quickly in the years following the Covid-19 pandemic. In 2019, the year before shutdowns forced people inside, the Theater put on 111 events with total attendance for the year reaching 55,238. The following year, those numbers plummeted, as state and local mandates shut down most entertainment venues.

As a result, the total number of events held by the Theater dropped to 46, with half taking place prior to March 11 (before the start of the pandemic in the U.S.). Total attendance for 2020 was only 12,785. In 2021, as the nation slowly began to return to normalcy, the number of in-person events increased, along with total attendance. It should be noted that there were a number of streaming/filming events at the Theater, events that did not have an official ticket count. In 2022, the number of events rose again to 99, with total attendance reaching 51,775.

Finally, attendance figures for 2023 only cover January to November. Over those 11 months, the Theater put on 100 events, with total attendance reaching 47,350. There are seven additional events scheduled for December 2023.

Exhibit 13. Maryland Theater Attendance: 2019 – 2023*

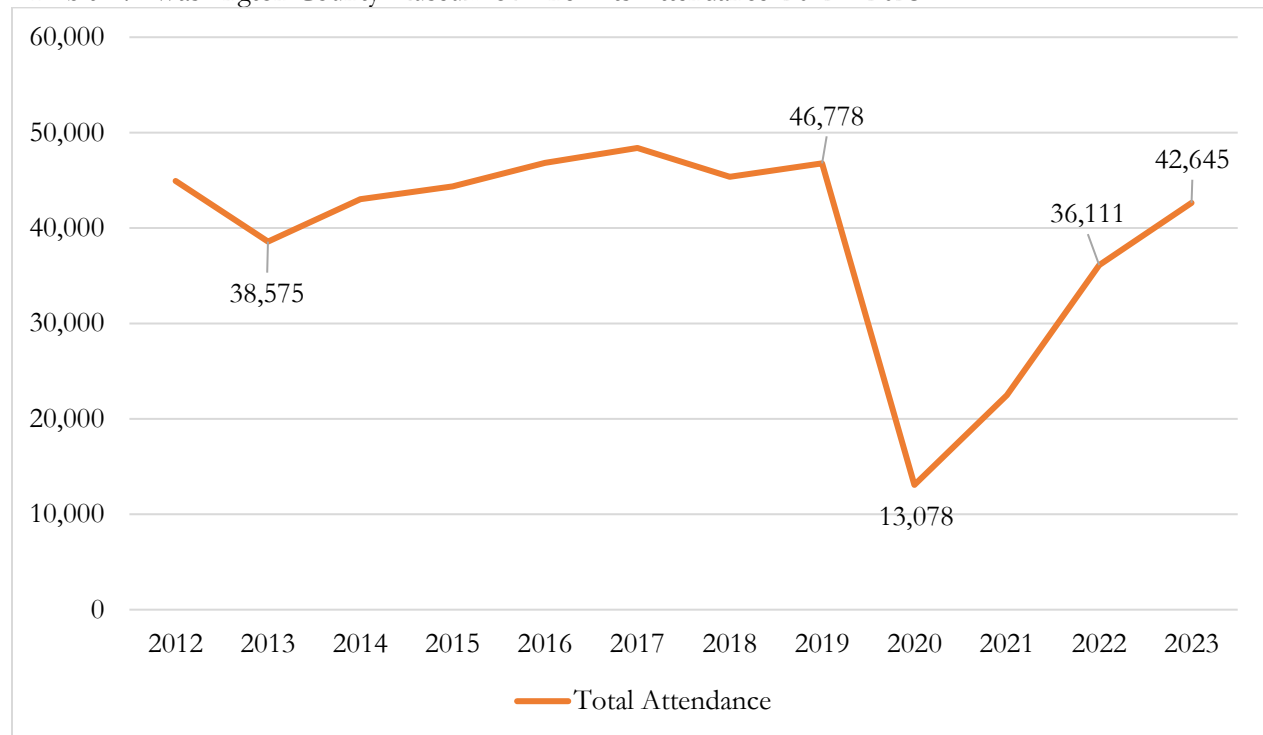


Source: Maryland Theater; Note: Total Attendance for 2023 encompasses all events between January and November.

Data regarding attendance at the Washington County Museum of Fine Arts (Museum) are similarly patterned. Exhibit 14 presents attendance numbers supplied by the Museum for the period 2012-2023. Between 2012 and 2019, Museum attendance averaged 44,784, with a peak of 48,394 in 2017. In 2019, just before the pandemic altered the trajectory of virtually everything related to visitation, attendance stood at 46,778, a slight increase from the prior year.

In 2020, attendance plummeted to 13,078. By 2023, attendance was about 9 percent lower than it was the year before the pandemic. The trend is positive. If 2023's trajectory is retained, it is conceivable that the museum will set new records for attendance in 2024 and/or 2025.

Exhibit 14. Washington County Museum of Fine Arts Attendance: 2012 – 2023



Source: Washington County Museum of Fine Arts

NEW STADIUM CREATES LIKELY OPPORTUNITIES FOR THE ARTS

HAGERSTOWN'S NEW STADIUM

The construction of a new baseball stadium in Hagerstown, Maryland represents a significant development for the city, particularly in terms of economic impact and community engagement. The project, which has been pursued by local leaders for some time, is finally coming to fruition and could create more opportunities for arts and cultural engagement for the city and county.

In terms of financing the project, the Maryland Stadium Authority (MSA) authorized up to \$59.5 million in bonds to finance the construction of the stadium, with additional funding from Maryland's supplemental budget providing \$8.5 million and the General Assembly designating another \$1.5 million from the FY2023 Capital Budget. This brings total stadium funding to approximately \$70 million.

Once complete, the new stadium will occupy a 6.25-acre site in downtown Hagerstown and will have the capacity to seat approximately 3,000 fans. Its design will reflect the history and traditions of Hagerstown, a city known for its industrial heritage. The stadium will be home to an expansion franchise in the Atlantic League of Professional Baseball. Other franchises from the league will be located in Frederick and Waldorf, MD. Pennsylvania's Lancaster and York will also host teams in the league. Partnerships between the stadium and other cultural institutions located around the county will be critical. The stadium will attract thousands of patrons with discretionary spending power and an appetite for entertainment each year.

RECOMMENDATIONS REVISITED

In the 2012 report, several key recommendations were made by the study team. First, it was advised that art promotion efforts should initially have centered on downtown Hagerstown. This strategy stemmed from the area's status as the heart of Washington County in terms of both government administration and population density, coupled with its high density of art and cultural assets. The goal was to transform downtown Hagerstown into a more appealing tourist destination, despite challenges like poverty, perceived crime rates, and building decay. Thus, private investment was deemed crucial for revitalizing underperforming areas.

Second, the study team recommended deconcentrating poverty in downtown Hagerstown. The high concentration of poverty, including that associated with subsidized Section 8 housing, was viewed by many stakeholders as a barrier to developing an arts, entertainment, and education cluster. Research suggested that clusters of Section 8 housing could lead to neighborhood instability and a cycle of private disinvestment and decline. Therefore, deconcentrating poverty was believed to potentially

improve living standards for low-income residents and create a more conducive environment for arts and cultural development.

Third, the report proposed the creation of a Community Arts Commission or Downtown Partnership. This body would have coordinated various efforts, developed strategies, sought funding, and developed plans for community projects. It was expected to include representatives from key stakeholder groups to advocate for and promote arts and cultural revitalization as a driver of downtown vitality.

Fourth, the report suggested the establishment of an arts incubator. This would have involved providing not only workspace but also low-cost apartments for artists. The presence of artists is intended to attract visitors, stimulate business formation, and enhance community vibrancy. This incubator would also have included public spaces for interaction with artists and the marketing of artistic works.

Finally, there was a call for intensive marketing of the county's cultural assets. Emphasis was to be placed on online advertising to promote cultural events and attractions. A comprehensive website would serve as a central information hub for events, ticket sales, and local amenities, potentially modeled after successful platforms like the Greater Pittsburgh Arts Council's website. These recommendations aligned with the broader vision of developing an Arts and Entertainment District in downtown Hagerstown and communities throughout the county, with the realization of this vision contingent upon the effective implementation of these strategies.

One of the recommendations of the previous report was to develop affordable housing for artists in Hagerstown. The idea was that the presence of these artists would reach a critical mass and generate additional art and cultural events for the city and surrounding area. This would then bring more tourists to the area, thereby expanding local economic activity. In 2017, the city released an update to the previous 2008 Comprehensive plan. *VisionHagerstown 2035* created "a roadmap for how the city should plan for growth over the next 20 years and establishes a vision of what the community is to be in the future".

Included in the report was a section regarding the city's downtown. In discussing downtown housing stock, the report noted, "Opportunities to create more housing in the Arts and Entertainment District should be continued". The city had previously renovated properties on North Potomac Street into a mixed-use space, with retail establishments on the ground floor and loft housing for artists above. An article from 2014 noted that the four loft spaces were officially leased to four artists, with the city paying for water, sewer, and trash collection. As part of the deal, artists would contribute at least five hours weekly with the Cooperative Gallery.

The plan also includes a strategy to utilize the city’s educational, historical, artistic, and cultural assets in revitalizing certain areas related to Civil War Heritage Area Management Plan, which was adopted in 2006. The integration of history and the arts makes perfect sense, since many who are fascinated by the creative arts are also students of history.

UPDATED RECOMMENDATIONS

EXPAND SUPPLY OF UPSCALE HOUSING AND PROMOTE HOUSING FOR ARTISTS IN DOWNTOWN HAGERSTOWN

The revitalization of downtown Hagerstown can be significantly bolstered by expanding the supply of upscale housing alongside designated housing for artists and their studios. Upscale housing will appeal to a demographic that supports local businesses, enhance the economic vitality of the area, and contribute to a diverse urban tapestry. These residences should feature modern amenities, green spaces, and access to cultural and entertainment venues, creating an appealing urban living experience that can draw professional families to the heart of the city.

Concurrently, creating additional housing for artists and their studios is crucial for fostering a vibrant cultural ecosystem. These spaces should offer affordable living and working solutions to encourage artists from various disciplines to reside and create within the community. By doing so, downtown Hagerstown can continue its transformation into a dynamic hub of creativity and innovation, attracting tourists from outside the region as well as locals. Artist-centric housing should include versatile studio spaces, communal areas for collaboration, and galleries for showcasing work.

REAFFIRM THE WASHINGTON COUNTY ARTS COUNCIL’S ROLE AS THE LEADING COORDINATING BODY FOR ARTS AND ENTERTAINMENT IN THE REGION

Reaffirming the leading role of the Washington County Arts Council as the central coordinating body for marketing, scheduling, and advocacy of arts and entertainment in Washington County is critical for the cultural development of the area. It should maintain the role of a strategic leader, working to elevate the visibility of not just Hagerstown but also surrounding communities, including culturally resurgent Boonsboro. Its mission would involve enhancing the public’s awareness and engagement with the rich diversity of arts and entertainment available throughout the county.

To achieve this, the Arts Council should develop comprehensive marketing strategies that include digital campaigns, community outreach to artists in Hagerstown and the broader county, and collaborative events that showcase the diverse range of artistic talent in the area. The Council would also be responsible for creating a cohesive events calendar, ensuring a steady stream of cultural activities year-round and minimizing scheduling conflicts. By advocating for the arts, the Council

would work to secure funding, support policy development, and foster partnerships with local businesses and educational institutions.

An emphasis on inclusivity and representation of all art forms and communities within the county should be a cornerstone of the Council's activities. By doing so, it can effectively promote the cultural richness of the region, rendering Washington County a recognized destination for arts and entertainment the way that Berkeley County, WV and other communities have become. This approach not only elevates the profile of local artists and performers, but also contributes to the economic and social vitality of the entire county.

CONCLUSION

During the decade following Sage's 2012 report regarding Washington County's arts and entertainment scene, the community has progressed in its efforts to support a substantially more expansive cluster. Incomes have expanded along with housing options. Attendance at key venues has expanded, including at the Museum of Fine Arts and Maryland Theater. A new baseball stadium promises to attract more people with discretionary spending power downtown and creates an opportunity to host more concerts and other large-scale events in Washington County.

Challenge remains. Perceptions of downtown Hagerstown remain mixed, especially with respect to public safety. Coordination along the dimensions of event scheduling and marketing remain elusive. Housing opportunities for artists remain in short supply, especially given the growth of housing costs during and after the pandemic. Ultimately, the arts and entertainment cluster requires a singular leader to better coordinate marketing, scheduling, and advocacy. The Washington County Arts Council represents the most obvious candidate to supply that coordination and leadership.

About Sage Policy Group

Sage Policy Group is an economic and policy consulting firm headquartered in Baltimore, MD. Dr. Anirban Basu, Sage's chairman and CEO, founded the firm in 2004. Over a period spanning nearly two decades, Sage has managed to create a client base that encompasses more than forty states and seven countries and includes Fortune 500 companies, NFL teams, aquariums and zoos, state and local governments, insurance companies, banks, brokerage houses, major medical systems, trade organizations, and law firms, among others.

The company is especially well known for its analytical capabilities in economic impact estimation, school enrollment forecasting, economic development, economic forecasting, fiscal impact analyses, legislative analyses, litigation support, environmental economics, and industry outlooks, and has significant experience in the subject areas of construction, healthcare, energy, real estate, manufacturing, professional sports, lotteries, agriculture, tourism, entrepreneurship, government contracting, secondary and post-secondary education, and the economics of retirement. The firm is also known for its superior communications and messaging skills.

In addition to leading Sage, Dr. Basu has emerged as one of the nation's most recognizable economists. He serves as the chief economist to Associated Builders and Contractors and the International Food Distributors Association and as the chief economic adviser to the Construction Financial Management Association. He chaired the Maryland Economic Development Commission from 2014 to 2021 and currently chairs the Baltimore County Economic Advisory Committee. He has been interviewed by CNBC, CNN, Fox Business, Axios, the New York Times, and many others.

Dr. Basu's lectures in economics are delivered to audiences across the U.S. and abroad. In recent years, he has focused upon health economics, the economics of education, and economic development. He has lectured at Johns Hopkins University in micro-, macro-, urban, and international economics, and most recently, global strategy. He is presently the Distinguished Economist in Residence at Goucher College, where he teaches History of Economic Thought.