

**AGING OF VIRGINIA'S POPULATION:  
IMPACT ON ABILITY OF VEDP TO DELIVER SERVICES**

The Virginia Economic Development Partnership provides services directly to businesses, in support of new investments and expansions that provide job opportunities for Virginia's citizens and enhance the revenue stream for Virginia's state and local governments. As such, this report focuses on the aging of Virginia's population in terms of the implications for industries located both inside and outside of the state. The primary impact is the effect on the workforce as aging Virginians retire. Secondly, an aging population will demand a mix of products and services to which businesses will surely respond.

1. Population Trends and Projections for Virginia:

The aging of the population is directly tied to the "baby boomer" generation, those people born between 1946 and 1964, who are now between the ages of 42 and 60. The 60-64-year age group will grow by an annual average rate of 4.5% from 2005 to 2010 and 2.9% from 2005 to 2020. The fastest growing age group is, and will continue to be, the 85+ age group. For Virginia as a whole, population growth is expected to average .8% from 2005 to 2010 and .9% from 2005 to 2020.

<b>Virginia Population by Age Group for Selected Years</b>			
	<b>Estimated</b>	<b>Projection</b>	<b>Projection</b>
<b>Age Groups</b>	<b>2005</b>	<b>2010</b>	<b>2020</b>
0 - 4	521,060	509,301	559,889
5 - 9	498,286	494,446	541,340
10 - 14	531,685	483,656	531,099
15 - 19	523,859	533,061	536,972
20 - 24	516,816	558,434	546,659
25 - 29	469,504	543,114	587,441
30 - 34	511,618	518,060	581,570
35 - 39	555,871	540,074	576,645
40 - 44	626,742	561,618	547,999
45 - 49	597,263	614,535	548,429
50 - 54	528,271	582,465	560,842
55 - 59	468,713	505,514	588,179
60 - 64	348,075	434,386	535,582
65 - 69	260,348	316,820	435,196
70 - 74	211,114	231,554	347,058
75 - 79	177,236	180,647	245,006
80 - 84	133,691	139,744	159,382
85+	87,547	145,455	172,608
<b>Total State</b>	<b>7,567,500</b>	<b>7,892,884</b>	<b>8,601,896</b>

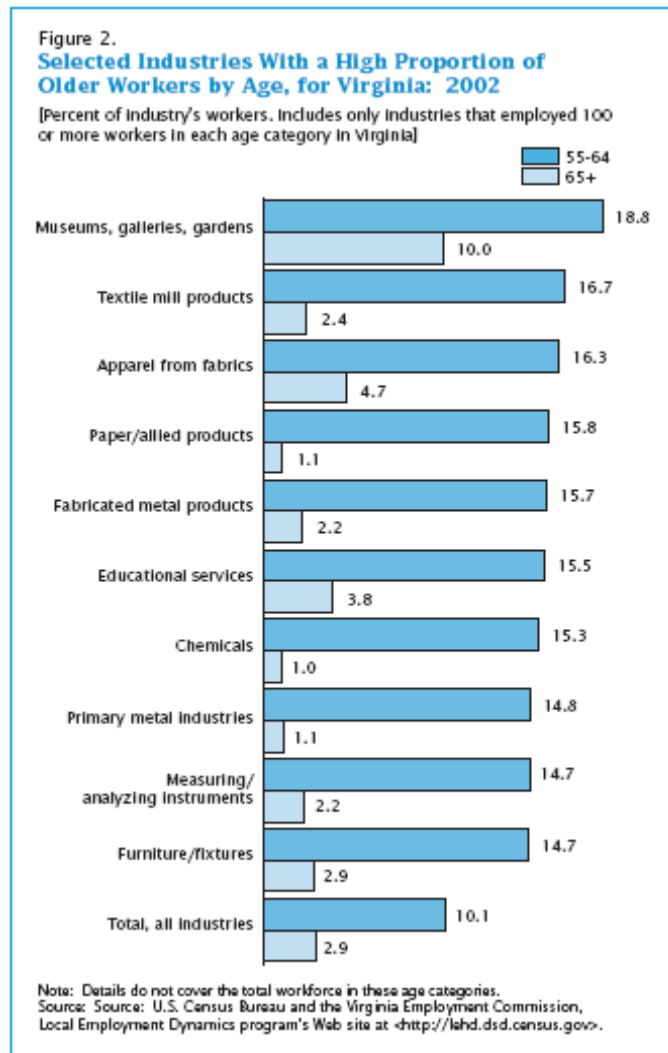
Sources: Weldon Cooper Center for Public Service and Virginia Employment Commission

<b>Percentage Change for Age Groups for Selected Periods</b>		
	<b>2005 to 2010</b>	<b>2005 to 2020</b>
<b>Age Groups</b>		
0 - 4	-0.5	0.5
5 - 9	-0.2	0.6
10 - 14	-1.9	0.0
15 - 19	0.3	0.2
20 - 24	1.6	0.4
25 - 29	3.0	1.5
30 - 34	0.3	0.9
35 - 39	-0.6	0.2
40 - 44	-2.2	-0.9
45 - 49	0.6	-0.6
50 - 54	2.0	0.4
55 - 59	1.5	1.5
60 - 64	4.5	2.9
65 - 69	4.0	3.5
70 - 74	1.9	3.4
75 - 79	0.4	2.2
80 - 84	0.9	1.2
85+	10.7	4.6
<b>Total State</b>	<b>0.8</b>	<b>0.9</b>

Projections for the labor force by age cohort are not available for Virginia, but at a national level, the period from 2004 to 2014 will witness an annual growth rate of 4.1 percent for the 55-and-older group, which is four times the rate of growth of the overall labor force for the same period of time. In contrast, the annual growth rate for the 25-54-year age group will be 0.3%. The movement of the baby boomers into older age groups and out of the workforce will lower the overall labor force participation rate.

2. Age Profile of Workforce by Industry:

In July 2004, the US Census Bureau published *A Profile of Older Workers in Virginia*, using Local Employment Dynamics data to show the industries in Virginia with the greatest share of workers in the age group 55-64 years and 65+ years. The chart shows that although Museums, galleries, and gardens has the highest percentage of workers in this age group, many of the industries are in the manufacturing sector, including the traditional (and declining) Textile mill products and Apparel from fabrics sectors. The table on the following page offers more recent data (4<sup>th</sup> quarter, 2005) by broader industry groups.



## AGE OF WORKERS BY INDUSTRY

	NUMBER OF WORKERS			SHARE WITHIN INDUSTRY		
	45-54	55-64	65+	45-54	55-64	65+
Total, All Industries	799,179	440,470	120,810	23.0%	12.7%	3.5%
Agric., Forestry, Fishing & Hunting	3,096	1,759	1,121	22.8%	13.0%	<b>8.3%</b>
Mining	3,229	1,224	179	34.6%	13.1%	1.9%
Utilities	7,042	2,667	305	37.6%	14.2%	1.6%
Construction	53,912	25,823	8,649	22.7%	10.9%	3.6%
Manufacturing	89,135	47,214	7,851	29.1%	<b>15.4%</b>	2.6%
Wholesale Trade	30,585	15,656	4,234	25.1%	12.9%	3.5%
Retail Trade	80,015	46,717	18,110	18.2%	10.6%	4.1%
Transportation and Warehousing	29,584	14,679	3,575	26.5%	13.1%	3.2%
Information	19,815	9,125	1,707	21.5%	9.9%	1.9%
Finance and Insurance	29,624	14,776	2,411	21.8%	10.9%	1.8%
Real Estate and Rental and Leasing	12,605	7,886	3,283	21.1%	13.2%	<b>5.5%</b>
Professional and Technical Services	75,853	42,231	9,008	22.4%	12.5%	2.7%
Mgt. of Companies and Enterprises	19,831	10,274	2,055	26.1%	13.5%	2.7%
Administrative and Waste Services	41,855	21,169	8,210	19.7%	10.0%	3.9%
Educational Services	99,360	68,812	14,603	28.9%	<b>20.0%</b>	4.2%
Health Care and Social Assistance	92,562	49,345	12,455	26.0%	13.8%	3.5%
Arts, Entertainment, and Recreation	10,497	6,592	3,075	18.8%	11.8%	<b>5.5%</b>
Accommodation and Food Services	36,893	16,318	7,971	12.9%	5.7%	2.8%
Other Services, Ex. Public Admin	28,179	17,664	7,233	22.1%	13.8%	<b>5.7%</b>
Public Administration	35,505	20,540	4,775	29.0%	<b>16.8%</b>	3.9%

Source: U.S. Census Bureau, Local Employment Dynamics (LED) Program, 4th quarter 2005

As workers in the 55-64-year age group retire in the coming years, companies may suffer a loss of skills and knowledge. Increased training will be required to make up for the institutional knowledge and skills that will leave the workplace. Other alternatives for companies include increased outsourcing or investment in automation and labor-saving technology.

### 3. Demand for Products and Services by an Aging Population:

As the population ages, the demand for goods and services will change as well, reflecting differing needs and preferences. Some of the industries that will benefit from baby boomers now and as they get older are:

- Health care
- Assisted living facilities, senior care services, and nursing homes
- Financial advisory services
- Hair dye and cosmetic surgery

In the area of health care, an increasing demand for minimally invasive surgery is expected to foster further growth in the cardiovascular devices market, with revenues expected to increase from \$17.88 billion in 2005 to \$40.46 billion in 2011, according to Frost & Sullivan, a global consulting company.

When it comes to discretionary spending, baby boomers are expected to focus less on consuming things and more on the purchase of experiences and personal development. Service industries that will benefit from this shift in consumption patterns will include travel providers, health and beauty spas, and colleges and adult-education experiences. Producers of equipment and accessories related to these new pursuits will benefit as well, such as automobile manufacturers, manufacturers and marketers of sporting goods, personal care items, books, house wares and entertainment. (*American Demographics*, July 1, 2002).

4. Summary of Implications and Action Required by the VEDP:

*The VEDP continually monitors growth projections for industries and targets industries that have good growth potential and are a good match for Virginia's resources. By continuing this type of analysis, the VEDP will continue working with existing Virginia companies and potential newcomers to the state that are in a good position to benefit from the market forces generated by an aging population.*