



## Economic Development History of I-81 Corridor\*

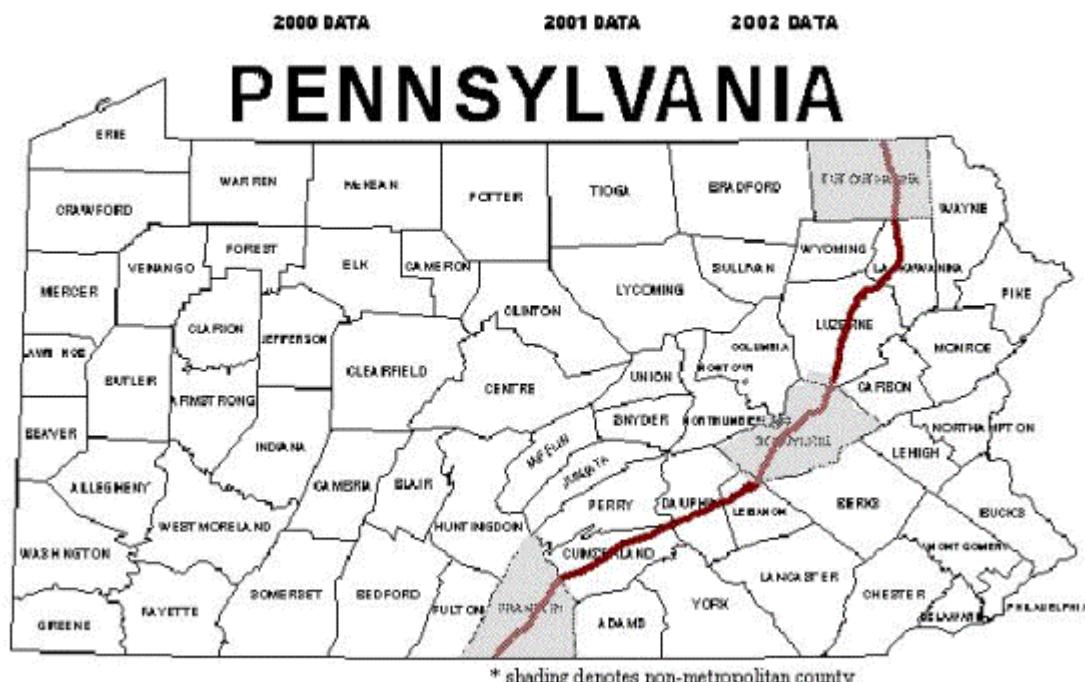
### 1. Overview

I-81 is a North-South interstate highway connecting from a northern terminus at the US-Canadian border along the Saint Lawrence Seaway, to a southern terminus at Interstate 40 in Tennessee. This study focuses specifically on the 234-mile portion of I-81 running through eastern Pennsylvania.

### 2. Project Description and History

#### 2.1 Description of Project

##### 2.1.1 Project Length/Location.



I-81 is the longest north south Interstate highway link in Pennsylvania, comprising of a total of 234 miles. Within the state of Pennsylvania, it connects the state capitol of Harrisburg and its metropolitan area with the Wilkes-Barre/Scranton metropolitan area further north. Along the route, I-81 passes through the counties of Franklin, Cumberland, Dauphin, Lebanon, Schuylkill, Luzerne, Lackawanna, and Susquehanna. Beyond Pennsylvania to the south, I-81 links to the Hagerstown, MD metropolitan area and on to other points further southward in Maryland,

Virginia and Tennessee. Beyond Pennsylvania to the north, I-81 links to the Binghamton, NY metropolitan area, the Syracuse, NY metropolitan area and to the Canadian border.

### **2.1.1 Details of Construction**

I-81 in Pennsylvania is officially named the "American Legion Memorial Highway." While the northern part of I-81 was once planned to be an extension of the Pennsylvania Turnpike, responsibility for building the road was transferred to the Pennsylvania Department of Highways immediately after the federal Interstate Highway Act was passed in 1956. Construction first began in 1958, with the start of sections of I-81 around the Scranton area, and at the northern end of the route to the New York state line. During the period from 1960 to 1963, various sections of the new Interstate Highway opened at the southern end from the Maryland line, at the northern end from the New York State line, and in the middle of the route - around the Scranton and Harrisburg areas. The sections completed in 1965-1969 were from I-83 north to mid-Schuylkill County. The last sections of I-81 built were from Carlisle (Middlesex township) to I-83. There were other projects let in the late 60's and early 70's and completed in the early/mid 70's. These include the George N. Wade Bridge near Harrisburg. The piers for this bridge were under construction in 1969 when the contract for the superstructure was let. The last project built on I-81 was the I-81/State Route (SR) 322 interchange, also near Harrisburg. This project was delayed by a court case involving section 4(f) of the 1966 DOT act and the impact of the project on Wildwood Park.

In 2001, Penn DOT committed to completing an I-81 widening study. As of the end of 2004, this study was near completion and is expected, based on public information, to result in placing seven I-81 widening projects on the capital improvement program. These projects were along a 77-mile stretch of four-lane Interstate 81, starting from the Maryland line to the Interstate 78 split north of Harrisburg.

### **2.1.2 Reason for Project Development**

Within the State of Pennsylvania, the route of I-81 was planned to provide a continuation of the Pennsylvania Turnpike's Northeast Extension from Scranton to the New York Line. Nationally, I-81 was designated as an interstate route providing passage along the Appalachian Mountains. Although a diagonal route, it provides a north-south connection between the east-west routes of I-40, I-70, I-80 and I-90.

The highway evolved however to become a major shipping route for bringing local agriculture and manufacturing products to northern and southern markets. Within the last decade, the corridor has had a marked increase in interstate truck transportation and distribution facilities as the highway has become a major route for interstate truck traffic seeking to avoid growing traffic congestion along the I-95 corridor and bypass the New York City area. Interstate-81 also serves travelers and visitors who use the highway to reach jobs and tourism attractions in the region.

### **2.1.3 Traffic Counts**

Traffic levels have been measured at various points along I-81 and averaged by county. Total traffic activity has remained highest in the two most urbanized parts of the corridor: Cumberland and Dauphin County (Harrisburg area) and Luzerne County (Wilkes-Barre area).

**Table 1. Growth of Traffic along I-81 Corridor: 1982 and 2002 (Daily Vehicle Miles Traveled)**

	Franklin*	Cumberland	Dauphin	Lebanon	Schuylkill*	Luzerne	Lackawanna	Susquehanna*
1982 ADT	18,332	21,542	34,809	14,814	10,742	21,618	20,964	14,657
2002 ADT	42,351	53,290	66,371	40,623	27,164	43,414	47,032	25,057
Annual Growth rate : 1982-	9%	9%	7%	11%	10%	7%	8%	6%

2002								
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**Table 2. Percent Truck 2002**

2002 Trucks	9,317	11,191	13,938	10,562	4,890	6,512	7,055	6,264
2002 Truck %	22%	21%	21%	26%	18%	15%	15%	25%

\*Indicates counties classified as non-metropolitan by the U.S Office of Management and Budget in 2004

Source: Pennsylvania Department of Transportation

The high traffic levels in Cumberland County and Luzerne County reflect the very high level of interstate highway connections to major markets. Cumberland County is where the I-81 connects with I-76 (the Pennsylvania Turnpike Main Line), which goes eastward to Philadelphia and westward to Ohio and the Midwest. It is also where I-81 connects with I-83, which goes south to Baltimore and connects with I-95 to serve Washington, DC. In Cumberland County, I-81 connects to I-83 via SR 581. Luzerne County is where I-81 connects with I-80, which also goes west to Ohio and east to New York City. It is also where I-81 connects with I-476, the Pennsylvania Turnpike Northeast Extension to Philadelphia).

Between those two counties, Susquehanna County also had the lowest percentage growth of VMT over the past two decades at 6%, while Lebanon County had the highest compounded growth at 11%. Since I-81 is actually a SW-NE route, it has significant levels of northbound traffic turning off to travel eastbound onto I-78 (towards Allentown and New York City) and it also has significant levels of northbound traffic turning off to travel eastbound onto I-84 (towards New England). As a result, the lowest levels of overall traffic volume have been in Lebanon County (which includes areas just north of the I-78 interchange) and in Susquehanna County (which is well north of the I-84 interchange).

The truck portion of total traffic in 2002 in Table 2 shows that the *level* of truck traffic is highest in Cumberland and Luzerne counties. However, the truck *portion* of total traffic is actually highest in Lebanon and Susquehanna counties (25-26%), while Luzerne and Lackawanna counties have the lowest truck portion (14-16%). The reason for the high truck percentages in Lebanon and Susquehanna counties is that those rural counties have the least local traffic and thus have relatively more long-distance through traffic (which means relatively more trucks).

## 2.2 Regional Profile

Within Pennsylvania, I-81 passes through eight counties. Though much of the area is rural and farmland (as discussed later in Section 2.2.2), six of the counties are metropolitan. Dauphin, Cumberland, and Lebanon counties are core elements of the broader Harrisburg/

Lebanon/Carlisle metro area. Lackawanna and Luzerne counties are core elements of the broader Scranton/Wilkes-Barre/Hazleton metro area. This section presents an overview of both metropolitan areas, and then briefly describes individual counties along I-81 corridor.

### 2.2.1 Harrisburg/Lebanon/Carlisle MSA

Harrisburg/Lebanon/Carlisle region includes Dauphin, Cumberland, Perry and Lebanon counties. Harrisburg is the urban center and capital of Pennsylvania State. The Harrisburg MSA has a total population of about 629,401 and a lowest unemployment rate (less than 3%) [1]. The region maintains relatively high-income levels. Its median household income of \$43,022 exceeded that of state's median household income of \$40,106. In the same year, Harrisburg's per capita income was \$21,936, higher than the state per capita income of \$20,880 [2]. While the regional economy had lost much of its electronics manufacturing, it has maintained a low unemployment rate due in part to the growth of warehousing and distribution activities.

Since early times, due to a confluence of natural transportation routes between Susquehanna River and Lebanon

and Cumberland Valley, Harrisburg has been established as a natural transportation center. It is the heart of a major interstate highway network with key interchanges, hub of both the passenger and freight rail service, and home to a state-of-the-art airport system. From I-81, there are connections to I-83, which links Harrisburg to Baltimore to the south. The Pennsylvania Turnpike also runs east west, connecting the area to Philadelphia, and a route continuing on to New York City. The region's confluence of highways and railroad lines also makes it a major intermodal center. Harrisburg is the hub of two major inter-modal freight facilities: The Lucknow terminal in the northern part of the city and the Rutherford terminal in its eastern suburbs. Harrisburg International Airport (HIA), located eight miles down from city, is the third-busiest airport in Pennsylvania. It is ranked in the top 20% of the United States' busiest cargo facilities with a total cargo volume of 61,472 tons.[\[3\]](#)

## 2.2.2 Scranton/Wilkes-Barre/Hazleton MSA

The Scranton/Wilkes-Barre/Hazleton region in Northeastern Pennsylvania covers the counties of Wyoming, Lackawanna, Luzerne, and Columbia. It serves three major cities: Scranton, Wilkes-Barre and Hazleton. The region features a panoramic location in the Wyoming Valley, surrounding mountains and rural landscapes, proximity to New York and New Jersey, old neighborhoods and buildings, and a cluster of educational institutions.

Originally known as the Anthracite coal region, the Wilkes-Barre area continues to recover from the losses suffered when the anthracite economy collapsed in the 1940s and 1950s, including its declining population [\[4\]](#). The Greater Scranton/Wilkes-Barre/Hazleton MSA has a population of approximately 625,000 and has a relatively high unemployment rate (4.9%). The median household income in 1999 for the Scranton-Wilkes-Hazleton MSA was \$34,161, the lowest of the state's nine regions and significantly lower than the state median household income of \$40,106. In the same year, the region's average per capita income was \$18,229 compared to \$20,880 for the Pennsylvania state average [\[5\]](#). It is notable that over 86% of the area's jobs are located more than 10 miles from the area's multiple central business districts, making northeast region of Pennsylvania one of the most dispersed economic regions in the state.

## 2.2.3 Counties and Communities along I-81 Corridor [\[6\]](#)

In reviewing these county overviews, it is notable that the first four (comprising the southern half of the corridor) are characterized by major farm crops, growth of trucking and warehousing, and earnings growth. The second four (comprising the northern half of the corridor) are noted more for the historical legacy of the timber and coal industries that had formerly dominated that region, with continuing efforts to diversify beyond that industrial past.

**Franklin County:** is located in south central Pennsylvania between Philadelphia and Pittsburgh. The southern boundary of the County is also the boundary between Pennsylvania and Maryland. The County encompasses an area of 754 square miles and has an estimated population of 131,598. Franklin County ranks second in the state in the production of milk, meat, apples, and peaches. Currently, the county has 1,418 farms consisting of 244,751 acres. In year 2002, the agriculture products accounted \$2.18 million of total farm sales.

**Cumberland County:** is located in the Cumberland valley, on a stretch of 42 miles from the borough of Shippensburg on the west to the banks of the Susquehanna River on the east. The county is a few minutes from Harrisburg, Hershey, Gettysburg and Lancaster, and two hours from Philadelphia, Washington and Baltimore. According to the US Census Bureau, Cumberland County has an estimated population of 217, 743. In 2002, transportation and warehousing contributed nearly \$63 millions in personal earnings, of which truck transportation accounted 64%. Between 1992 and 2002, personal earnings in transportation increased by 42.8% [\[7\]](#).

**Dauphin County:** is the home of Harrisburg, Pennsylvania's capital city as well as the county seat. According to the census, Dauphin County has an estimated population of 252,933. The county's 557 square miles host mountains, valleys, streams, wildlife and farmland. Dauphin County produces steel, candy, electronics, and medical products. In year 2002, food manufacturing accounted for \$25.4 million in earnings, almost 78% of total nondurable goods manufacturing. Truck transportation contributed 30% of personal earnings in Trucking and warehousing industry [\[8\]](#). According to the 1999 tourism data, travelers in Dauphin County expended nearly \$1.6 billion.

**Lebanon County:** is located at the center of the southeastern quadrant of Pennsylvania. It has a land area of approximately 363 square miles and an estimated population of 121,199. Having over 40 percent of the land as cropland, the county ranks high for agricultural sales in Pennsylvania. Although Lebanon County is known for its agriculture, more than one third of the workforce is employed in manufacturing. Agriculture products accounted for \$1.91 million of total farm sales, and \$1.3 million in farm earnings in year 2002. In the same year, total earnings in manufacturing industry accounted \$45.3 million, nearly 30% of total private earnings [\[9\]](#). Wood product

manufacturing and fabricated metal product manufacturing are among the most contributing industries in Lebanon.

**Lackawanna County:** is a population 219,000 created on August 13, 1878, from part of Luzerne County. Scranton, the county seat, was named for the Scranton family, its founders. Lackawanna County is a part of Pennsylvania's Northeast Territory, and encompasses a blend of historical attractions, outdoor recreation, social and cultural events, and natural scenic byways. Manufacturing accounted for 21% of total personal earning in 2002.

**Luzerne County:** is located in the heart of Northeastern Pennsylvania and is known for its natural beauty. According to the Census Bureau, Luzerne County has an estimated population of 314,643. Luzerne County area is a rich source of coal and timber products. Health care, government and warehousing businesses are county's major employers. Major products include semi-conductors and non-metallic mineral product manufacturing. In 2002, manufacturing industry accounted \$93.4 million in earning and employed nearly 14% of the total employment in the County. Transportation and warehousing industry accounted \$2.7 million in earnings[10].

**Susquehanna County:** located in the Northeast corner, covers 535,040 acres of mountainous countryside and has an estimated population of 41,961. Sixty percent of the County's land area is covered with forest. In general, Susquehanna County is surrounded with the hills, valleys, lakes and streams. While the timber industry has declined elsewhere in Pennsylvania, Susquehanna County has maintained a highly specialized industry of maple wood used for furniture. Tourism also remains strong. In 2002, personal earning in the hospitality industry accounted \$899 thousands, almost 10% of earning of the service sector and employed 942 jobs [11].

**Schuylkill County:** is located in northeastern Pennsylvania, encompasses a land area of 783 square miles, and has an estimated population of 148,505. This large rural county is known for timber and anthracite coal reserves. Agriculture, manufacturing, service, and warehousing/distribution businesses are among the largest employers. Schuylkill County produces apparel/textiles, plastics, fabricated and primary metals, lumber and wood products (modular homes), chemical and allied products and food products.

### 3. Socioeconomic Data

This section presents socioeconomic data for all counties served by I-81 in Pennsylvania State. In order to better understand the socioeconomic growth and changes along the I-81 corridor, all counties have been grouped into two regions: the Southern half of the corridor and the Northern half of the corridor (northeastern area). We define the I-81 Southern region as Franklin, Cumberland, Dauphin, and Lebanon counties, and the I-81 Northern region as Lackawanna, Luzerne, Schuylkill, and Susquehanna counties[12].

#### 3.1 Population

As seen in Table 3, the Southern Region had nearly 200,000 fewer people than the Northern Region as of 1969. However, population in all counties in the Southern Region grew at double the state's pace, growing at an average annual rate of .7% during 1990-2000 (Table 4). By contrast, the Northern Region, with the exception of Susquehanna County, continues to have slow population loss. This past trend reflects changes in employment levels and industry mix, which are discussed later.

**Table 3. Population Trends along I-81 Corridor: 1969-2002**

	1969	1970	1980	1990	2000	2002
Pennsylvania	11,741,000	11,811,561	11,868,305	11,903,299	12,285,492	12,328,827
Southern Region Total	576,765	583,912	635,563	670,145	715,720	723,362
<b>Franklin*</b>	<b>99,529</b>	<b>101,127</b>	<b>113,810</b>	<b>121,503</b>	<b>129,542</b>	<b>131,551</b>
<b>Cumberland</b>	<b>154,873</b>	<b>158,837</b>	<b>179,992</b>	<b>195,953</b>	<b>213,968</b>	<b>217,690</b>
<b>Dauphin</b>	<b>223,454</b>	<b>223,755</b>	<b>232,922</b>	<b>238,580</b>	<b>251,796</b>	<b>252,705</b>
<b>Lebanon</b>	<b>98,909</b>	<b>100,193</b>	<b>108,839</b>	<b>114,109</b>	<b>120,414</b>	<b>121,416</b>

Northern Region Total	772,015	771,188	768,836	741,836	741,225	716,353
Lackawanna	234,040	234,259	227,933	219,236	212,904	211,138
Luzerne	342,597	342,655	342,635	328,749	318,579	314,469
Schuylkill*	161,154	159,666	160,431	152,742	150,121	148,785
Susquehanna*	34,224	34,608	37,837	40,498	42,249	41,961

\*Indicates counties classified as non-metropolitan by the U.S Office of Management and Budget in 2004

Source: Bureau of Economic Analysis

**Table 4. Compounded Average Annual Growth Rate in Population**

	1970-1980	1980-1990	1990-2000
Pennsylvania	0.05%	0.03%	0.3%
Southern Region Total	0.9%	0.5%	0.7%
Franklin*	1.2%	0.7%	0.6%
Cumberland	1.3%	0.9%	0.9%
Dauphin	0.4%	0.2%	0.5%
Lebanon	0.8%	0.5%	0.5%
Northern Region Total	-0.03%	-0.4%	-0.2%
Lackawanna	-0.3%	-0.4%	-0.3%
Luzerne	-0.001%	-0.4%	-0.3%
Schuylkill*	0.048%	-0.5%	-0.2%
Susquehanna*	0.9%	0.7%	0.4%

\*Indicates counties classified as non-metropolitan by the U.S Office of Management and Budget in 2004

Source: Bureau of Economic Analysis

### 3.2 Employment

Between 1969 and 2002, the employment along the I-81 corridor increased by 251,461 jobs. The I-81 Northern Region experienced a slight decline in employment growth from 1972 until 1982. The region, however added 20,960 jobs to increase its employment base by nearly 6.4% between 1992 and 2002. In contrast, the I-81 Southern Region added 55,359 jobs in the same time period to increase its job base by 12.6%. This rate outpaced the rest of the State's overall job growth of 12% between 1992 and 2002. This reflects changes in industry mix, discussed later.

**Table 5. Employment Trend along I-81 Corridor: 1969-2002**

	1969	1972	1982	1992	2002
Pennsylvania	5,249,960	5,246,672	5,495,121	6,262,455	6,987,882
Southern Region Total	292,737	306,815	351,312	438,230	493,589

<b>Franklin*</b>	<b>45,921</b>	<b>46,239</b>	<b>52,838</b>	<b>62,072</b>	<b>65,783</b>
<b>Cumberland</b>	<b>68,120</b>	<b>77,896</b>	<b>101,039</b>	<b>136,989</b>	<b>158,236</b>
<b>Dauphin</b>	<b>134,132</b>	<b>137,959</b>	<b>151,123</b>	<b>186,551</b>	<b>213,389</b>
<b>Lebanon</b>	<b>44,564</b>	<b>44,721</b>	<b>46,312</b>	<b>52,618</b>	<b>56,181</b>
Northern Region Total	<b>321,724</b>	<b>322,910</b>	<b>313,570</b>	<b>351,373</b>	<b>372,333</b>
<b>Lackawanna</b>	<b>144,497</b>	<b>146,102</b>	<b>143,418</b>	<b>159,547</b>	<b>170,534</b>
<b>Luzerne</b>	<b>102,021</b>	<b>102,855</b>	<b>99,553</b>	<b>115,367</b>	<b>123,321</b>
<b>Schuylkill*</b>	<b>64,006</b>	<b>62,670</b>	<b>58,852</b>	<b>62,746</b>	<b>62,767</b>
<b>Susquehanna*</b>	<b>11,200</b>	<b>11,283</b>	<b>11,747</b>	<b>13,713</b>	<b>15,711</b>

\*Indicates counties that are classified as non-metropolitan by the U.S Office of Management and Budget in 2004

Source: Bureau of Economic Analysis

From 1972 until 1992, the employment growth in counties of the Southern Region outpaced the state's annual employment growth, with the exception of Lebanon County. On the other hand, the employment growth in the Northern Region has been comparatively sluggish between 1972 and 1982 and 1992 and 2002. Although the compounded annual employment growth rate in Susquehanna County has been significantly moving upwards since 1992 and has outpaced the state growth of 1.10% from 1992 to 2002.

**Table 6. Average Annual Growth Rate in Employment**

	Southern Region				Northern Region				Per
	Franklin*	Cumberland	Dauphin	Lebanon	Luzerne	Lackawanna	Schuylkill*	Susquehanna*	
1972-1982	1.34%	2.64%	0.92%	0.35%	-0.19%	-0.33%	-0.63%	0.40%	
1982-1992	1.62%	3.09%	2.13%	1.28%	1.07%	1.49%	0.64%	1.56%	
1992-2002	0.58%	1.45%	1.35%	0.66%	0.67%	0.67%	0.00%	1.37%	

\*Indicates counties classified as non-metropolitan by the U.S Office of Management and Budget in 2004

Source: Bureau of Economic Analysis

### 3.3 Personal Income

Personal income is defined here as to include total wages and other sources of income received by the individuals who live in an area. Using that definition, it is clear that average income in the I-81 Northern Region remains comparatively lower than the I-81 Southern Region, though incomes are on the rise in both areas. As of 2002, the Northern Region average household income was \$25,984, while average household income in the Southern Region was \$29,567, close to the statewide average of \$31,116. The only part of the Southern Region with a notably lower average income was in Franklin County, which is predominantly an agro-industry area.

**Table 7. Per Capita Income along I-81 Corridor: 1969-2002**

	1969	1972	1982	1992	2002
Pennsylvania	\$18,552	\$20,008	\$22,081	\$27,066	\$31,116

Southern Region Total					
Franklin*	\$19,233	\$21,273	\$22,418	\$29,528	\$32,854
Cumberland	\$18,172	\$20,952	\$22,264	\$28,583	\$31,955
Dauphin	\$17,544	\$18,699	\$19,594	\$23,279	\$25,622
Lebanon	\$17,393	\$17,926	\$19,461	\$24,411	\$27,836
Northern Region Total					
Lackawanna	\$15,767	\$17,921	\$19,383	\$23,481	\$27,120
Luzerne	\$16,141	\$18,020	\$19,618	\$23,996	\$28,846
Schuylkill*	\$15,577	\$17,331	\$19,011	\$22,197	\$23,947
Susquehanna*	\$15,401	\$15,754	\$17,459	\$21,717	\$24,024

\*Indicates counties classified as non-metropolitan area by the U.S Office of Management and Budget in 2004

Source: Bureau of Economic Analysis. Note: Adjusted to 2002 Constant Dollars.

### 3.4 Industry Mix

I-81 corridor, as well as nearly the entire nation, has experienced a growth of employment in the service sectors of the economy, as well as a trend towards declining employment in the manufacturing sector. However, there are very notable differences in the industry composition and industry growth trends among parts of the corridor. The differences between the northern and southern parts of the I-81 corridor are illustrated in Table 8, which compares employment patterns from 1969 to 2000. Key findings are that: 1) both the Northern and Southern regions of the corridor are undergoing economic restructuring, with loss of manufacturing jobs being compensated by more jobs in services and trade; 2) the Southern Region has actually gained employment in "Agriculture & Mining" (reflecting a generally strong farm/dairy industry), while the Northern Region has lost employment in that sector (reflecting loss of timber and mining jobs); 3) it is particularly notable that the Southern Region has more than doubled its employment in Finance/Insurance/ Real Estate and in Wholesaling, while nearly doubling its employment in transportation industries. This is most likely a reflection of the particular growth in highway-related trucking and warehousing industries, which are growing as the I-81 corridor becomes more popular for long distance trucking. These same industries have also grown in the Northern Region of the I-81 corridor, but at a lower rate.

**Table 8. Industry Mix along I-81 Corridor: 1969 - 2000**

	Agr. & Mining*	Construction	Manufacturing	Transp.& Utilities	Trade	FIRE**	Services
Southern Region							
1969	2,421	14,661	68,802	17,081	54,014	16,059	49,291
1972	2,047	15,360	66,895	17,887	58,357	18,893	52,557
1982	2,323	13,309	67,512	20,184	69,927	23,221	70,709
1992	4,334	21,138	61,452	22,981	91,994	35,452	111,586
2000	NA	23,512	55,671	31,788	104,848	37,663	143,661
Northern Region							
1969	6,906	14,104	118,467	16,579	62,487	13,424	48,727
1972	4,927	15,885	109,960	16,506	58,989	15,451	51,942
1982	5,814	15,322	81,296	15,717	67,690	16,756	67,416
1992	4,586	16,877	69,030	17,214	82,146	20,833	97,326

2000	5,437	18,396	61,807	21,088	85,062	22,984	117,729
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Source: Bureau of Economic Analysis; Note: Breakdown after year 2000 cannot be compared due to federal changeover from SIC to NAICS definitions of industry categories

\*Year 2000 Agriculture & Mining data is not available for Franklin and Lebanon counties.

23,512 \*\*Finance, Insurance and Real Estate

### 3.5 Business Establishments

The number of business establishments along the I-81 corridor increased by 1,114 establishments between 1994 and 2001. In the Southern region, establishments increased by 2,648 compared to 2,294 establishments in the Northern Region. At the county level, overall business establishments in all counties in the Southern Region increased. However, in the Southern region, with the exception of Lackawanna County, the number of establishments declined at the rate of 3% in Luzerne, Schuylkill, and Susquehanna counties. Lackawanna County however saw a growth of 4.4% in business establishment during 1994 and 2002.

**Table 9. Business Establishments Mix along I-81 Corridor: 1994-2001**

	Agr. & Mining	TCPU	Manufacturing	Trade	FIRE*	Services
Southern Region Total	-19%	-1%	0%	-5%	2%	5%
<b>Franklin*</b>	-26%	-1%	-1%	-4%	3%	6%
<b>Cumberland</b>	-17%	-7%	-4%	-15%	-13%	-10%
<b>Dauphin</b>	-15%	7%	1%	8%	18%	22%
<b>Lebanon</b>	-17%	-1%	2%	-5%	1%	6%
Northern Region Total	-11%	-1%	-2%	-5%	1%	5%
<b>Lackawanna</b>	-20%	-1%	-1%	-5%	3%	5%
<b>Luzerne</b>	-21%	-2%	-3%	-6%	1%	5%
<b>Schuylkill*</b>	-6%	-1%	-2%	-5%	2%	4%
<b>Susquehanna*</b>	2%	0%	1%	-4%	-4%	2%

\*Indicates counties classified as non-metropolitan by the U.S Office of Management and Budget in 2004

Source: US Census Bureau, County Business Pattern; \* Finance, Insurance and Real Estate.

### 3.6 Property Value Changes

Changes in the values of real estate property are indicative of economic development growth in a region. The US Census Bureau summarizes monthly and annual valuation of construction units by building permits at county, metropolitan and state level.

The property value in the Southern Region outpaced the Northern Region from the 1990s and has been growing since then at the average annual rate of 2.5%. On the other hand, the property value in the Northern Region declined steadily during the same period at the average annual rate of nearly 4.4%. There was a sharp decline in the property value in the region between early and mid 1990s, as the Northern Region went through the changes of shifting economy. However, from 1998 to 2002, the value of the property increased sharply by approximately 60%.

**Table 10. Property Value Trend along I-81 Corridor: 1986-2002**

	1986	1990	1994	1998	2002	Ann. Growth Rate: 1990-2002
Harrisburg MSA	\$336,807	\$283,352	\$293,228	\$299,740	\$379,266	2.5%
Scranton MSA	\$437,975	\$364,083	\$167,263	\$145,611	\$211,016	-4.4%
Pennsylvania	\$2,993,576	\$2,895,675	\$3,727,569	\$4,219,243	\$5,572,662	5.6%

Source: US Census Bureau. Note: Adjusted to 2002 Constant Dollars.

One of the reasons for the steady growth in property value along the I-81 corridor may be that in recent years, I-81 has become a major route for interstate truck transportation as a result of increasing congestion along I-95. Additionally, the development of Harrisburg International Airport between 1986 and 1990 resulted in 12% growth rate in airfreight, double the national average of 6%, with a total cargo volume in 1999 of 61,472 tons. These factors have spurred commercial activity in the region, and thereby an increase in the property value.

### 3.7 Residential Construction

Available data on residential construction is based on locally issued building permits. The housing unit data shows a similar pattern of growth as shown in the property valuation trend data. Overall, there was a sharp statewide decline in the construction of new housing dwellings in the 1990s. However, it is apparent that the decline has been statewide.

**Table 11. Trends in New Residential Construction along the I-81 Corridor**

	1986	1990	1994	1998	2002	Ann. Growth Rate: 1990-2002
Harrisburg MSA	4,289	2,988	2,867	2,755	3,196	0.6%
Scranton MSA	4,696	3,606	1,605	1,347	1,735	-5.9%
Pennsylvania	53,442	37,204	40,210	41,616	45,114	1.6%

US Census Bureau

## 4. Major Changes

This section provides an overview of development changes that have occurred (or are occurring) along I-81 Corridor, based on the insight and local data provided by interviews with state and local resource persons.

### 4.1 Economic Development Along the Corridor

**Southern Region.** I-81 has played a pivotal role in the economic growth and development of the southern part of the corridor. Harrisburg is the focus of this economic growth and I-81 is six lanes wide from I-83 just north of the city to an interchange in Cumberland County. In the Harrisburg area, I-81 is also linked to the Pennsylvania Turnpike both east and west of the city. The link west of the city is via I-83 and I-283.

The Harrisburg/Cumberland County area has had a spurt of growth in traffic freight since 1995. Local officials believe that the region's economy has done well because of its strategic location as the state capital, with links to Baltimore, Philadelphia, New York and New England.

One of the major sources of continued employment and job growth, which is related to these highway connections, has been the military supply depots. Both the Cumberland Army Supply Depot and the Naval Supply Depot have been expanding in the area. In addition, Harrisburg International Airport (HIA), which is connected to I-81 and I-83 via an airport connector (PA 283) is ranked as a major air cargo facility. HIA is also headquarters to the 193<sup>rd</sup> Pennsylvania Air National Guard.

The region's two intermodal yards, the Harrisburg Intermodal Yard (Lucknow terminal) and Rutherford Yard have both grown in activity as transfer points, where rail freight from distant locations in the Midwest and South is transferred to trucks and regional rail lines for distribution within the northeastern US. That has made the region one of three primary intermodal hubs within Norfolk Southern system.[\[13\]](#). New businesses have been locating along I-81 interchanges, outside Harrisburg. Specific development activities within the past decade include:

### **North of Harrisburg**

- I-81 interchange with Route 22 (Mountain Rd.) -- new office parks and retail development;
- I-81 exit 77 - access to Hershey Medical Center;
- I-81 interchange with Route 39 -- truck stop and new warehousing facility, connecting via Rt.39 to Hershey, site of a new refrigerated foods warehouse as well as a new arena and expanded amusement park;
- I-81 interchange with Rt. 743, racetrack and other attractions, also connecting to Hershey;
- I-81 exit 90 - access to new Industrial Park in Lebanon County on SR 72.

### **South of Harrisburg**

- I-81 Exit 29 (Southampton Township) - under construction : a large food distribution center; On Walnut Bottom road (between Exit 29 and Shippensburg) -commercial development including new medical center, nursing home, hotel, publishing company, manufacturing.
- I-81 south of Shippensburg (Guilford Township) at exit 14 -- new 1.4m sq. ft. food distribution center;
- I-81 Exit 37-- plan for three warehouse distribution facilities totaling 2.9 million square feet
- I-81 near exits 48 and 49 (South Middleton Township) -- final approval pending for warehouses totaling 2.2 million square feet.
- I-81 Exit 44 -- warehousing and industrial development; under construction -- a 4 million square feet warehousing center.

**Northern Region.** The Scranton/Lackawanna County area has seen growth and development along interstates 81, 84 and 380. Although, manufacturing industry has declined over the years, trucking and warehousing industry has grown along the corridor. The I-81 stretch south of I-380 is seeing growth in truck traffic heading to New York State. A major distribution/ warehouse facility is located at a growing industrial park in Taylor. That facility has been substantially expanded, and now stretches over 1 million square feet. Growth is also seen in "recreation & amusement" industry around the Dickson city interchange near Montage Mountains, and around South Gibson Township near the Elk Mountain Ski Center.

In Susquehanna County (north of Scranton to the NY State border), the most obvious commercial and industrial development is along the I-81 corridor. Of the six interchanges that connect to I-81 within the county, new development has been concentrated on the Great Bend interchange on Exit 68 and New Milford interchange on Exit 67. Along that area, Rt. 11 between Hallstead/Great Bend and Route 706 just south of New Milford have seen a spurt of commercial activities, focused on the I-81 interchange. Also, Route 706 East of Montrose (Bridgewater Township), connected to I-81 by Route 11, is experiencing commercial strip development.

According to the Northern Tier Regional Planning and Development Commission representative, the lack of municipal sewage and water facilities and other necessary utilities along I-81 corridor appears to be the factor in holding back development at the other I-81 interchanges in Susquehanna County.

In Schuylkill County, new interchanges were constructed to support new or expanded Industrial Parks at Exit 119 Highridge Park Road and Exit 141 Hazleton South Beltway.

In Lackawanna County, the Montage development is at Exit 182, Davis Street/Montage Mountain Road. [\[14\]](#)

### **4.2 Widening of I-81**

In 2001, Pennsylvania Department of Transportation in conjunction with the Federal Highway Administration initiated an I-81 widening study that focuses on widening 77 miles of I-81 to six lanes, in order to provide the needed capacity and safety along the route. The proposed widening will be from the Maryland line north to I-78 (route to New York City), which is located north of Harrisburg. It is expected to carry 132,100 vehicles a day in 2030, including 42,700 trucks. Funding for this widening project has not been identified as of the end of 2004.

## 5. Summary

I-81 has developed from a regional connector to part of a major route for interstate truck transportation seeking an alternative to I-95. This has supported economic growth for both the Harrisburg and Scranton regions, particularly in transportation & warehousing, and certain technology-based manufacturing industries. In the 1960s, I-81 was built for a maximum capacity of 30,000 vehicles per day with 15% trucks. Currently, I-81 is used by 36,000 to 79,000 vehicles per day with 30% trucks.

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[1] PA Dept. of Labor & Industry

[2] U.S. Census Bureau, Census 2000

[3] Airports Council International, 1999

[4] No other region in the Commonwealth Pennsylvania has been more affected by vast economic shifts than the Northeastern Pennsylvania. For example, between 1970 and 2000 the region lost 48.2% of its manufacturing jobs, as textile manufacturing moved overseas and a major consumer electronics manufacturer moved out.

[5] U.S. Census Bureau, Census 2000

[6] Source for county-level agricultural data is, "2002 Census Of Agriculture -County Data".

[7] Bureau of Economic Analysis, Regional Economic Accounts, 2003

[8] Bureau of Economic Analysis, Regional Economic Accounts, 2003

[9] Bureau of Economic Analysis, Regional Economic Accounts, 2003

[10] Bureau of Economic Analysis, Regional Economic Accounts, 2003

[11] Bureau of Economic Analysis, Regional Economic Accounts, 2003

[12] However, measures of property value and residential construction trends rely on data for the Harrisburg/Lebanon/ Carlisle MSA to represent trends for the broader Southern Region, and data for the Scranton/ Wilkes-Barre/Hazleton MSA to represent trends for the broader Northern Region.

[13] The Lucknow Terminal, located in the north end of the city along Industrial road south of Interstate 81, is now a significant intermodal yard for traffic coming in from Pittsburgh and Chicago, and connects with rail lines going north toward Buffalo, and south towards Perryville, MD to reach the Northeast Corridor. The Rutherford Intermodal Yard predominantly handles rail traffic heading east towards the Lehigh Valley, Philadelphia, and the New York area, and also handles traffic going southwest towards Hagerstown. In addition, US 11 Truck Terminals (freight truck) are located on Rt.11, east of I-81 in Cumberland County. In recent years, transportation & warehousing industry has flourished on nearby Exits and Interchanges along I-81 corridor I this region.

[14] Per Jan 18, 2005 email from John Bork and Spencer Stevens in FHWA Pennsylvania division.

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