

PHED Committee #1
October 6, 2014

M E M O R A N D U M

October 3, 2014

TO: Planning, Housing, and Economic Development Committee
FROM:  Jacob Sesker, Senior Legislative Analyst
SUBJECT: Quarterly status report on economic development

The Director of Economic Development, Steve Silverman, will present DED's quarterly update. Mr. Silverman will provide brief updates on soft landings for Shady Grove incubator tenants, the Make Office Vacancies Extinct (MOVE) program, and several other ongoing initiatives. Mr. Silverman will also provide an update on economic activity in the region, including employment and unemployment, federal employment, employment in key industries, and Class A & B office rents and vacancy rates.

Attachments: DED Slides © 1

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PRESENTATION BEFORE:

**PLANNING, HOUSING AND ECONOMIC
DEVELOPMENT COMMITTEE**

of the Montgomery County Council

October 6, 2014

ECONOMIC UPDATE

by:

Department of Economic Development

Innovation Network Transition

- Forty-one companies originally in SGIC. Of these, 10 relocated into other County incubators; 25 moved into commercial space in the County; and 6 closed or defaulted.
- The remaining 35 businesses increased the amount of space they are leasing, from 15,757 SF in the incubator to 38,432 SF in private commercial space.
- Types of assistance provided:
 - Introductions and tours of commercial space
 - Assistance with commercial rent
 - Assistance with tenant improvements
 - Moving expenses
 - Incidental expenses

MOVE Program

April – September, 2014

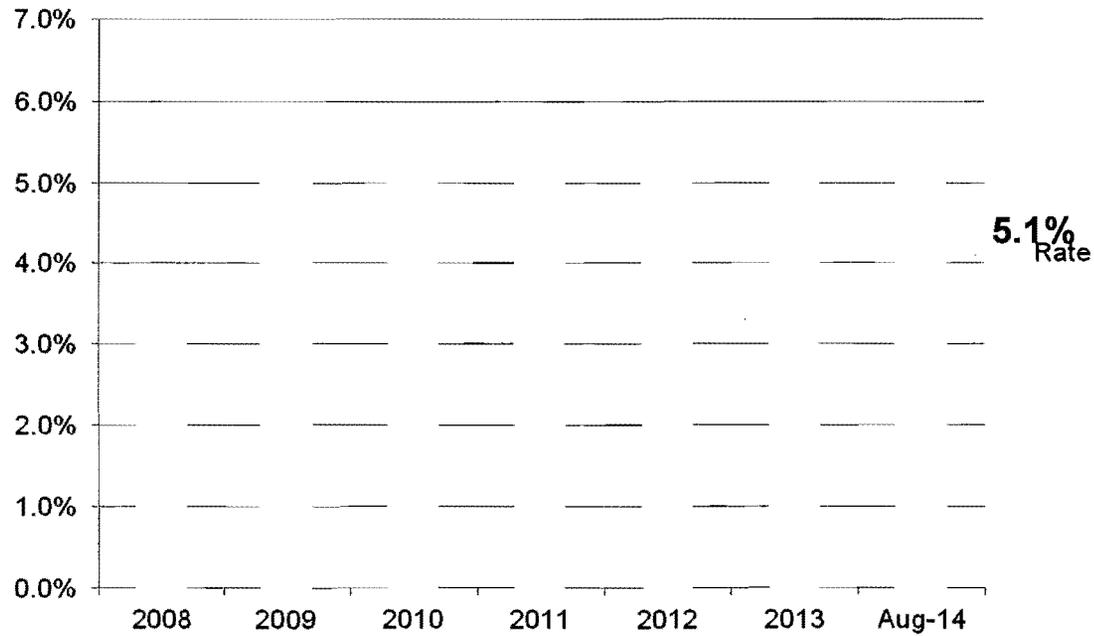
- 45 direct inquiries to DED
- Six applications
- Five qualified companies in all targeted industries
- \$65,164 in rent assistance provided
- Total square feet leased – 16,291
- Total jobs attracted – 41
- Estimated new jobs over next three years – 57

DED Project Update

- RFP: Workforce Research and Recommendations
- Private Sector Partners:
Burtonsville Park and Ride Lot – EDENS
Kitchen Incubator – to be announced shortly
- NCCoE: Contractor selected – Davis Construction of Rockville.
Renovations to begin first quarter, 2015.
- India Mission: Fifty one participants; 9 companies
- Others: USG garage construction to begin first quarter of 2015; farm equipment sharing program; Federal Lab Consortium/DED Innovation 2 Commercialization Conference on October 23.

Montgomery County Unemployment Rate

August, 2014



Source: Maryland DLLR. Monthly Labor Review.

Labor Force Participation Rate

Labor Force Participation Rate = Labor Force/Total Population Ages 16+ =

$$= 531,966/804,192 =$$

$$= 66.15\%$$

National labor force participation rate is 63%

Sources: U.S. Census Bureau, American Community Survey, 2013. DLLR, Monthly Labor Review.

Total Jobs and Federal Jobs by Jurisdiction 2004-2014

Region	2004 Jobs	2005 Jobs	2006 Jobs	2007 Jobs	2008 Jobs	2009 Jobs	2010 Jobs	2011 Jobs	2012 Jobs	2013 Jobs	2014 Jobs	2004 - 2014 Change	2004 - 2014 % Change
Montgomery County													
Total Jobs	508,207	519,466	525,273	520,001	517,927	505,008	501,131	507,759	510,283	511,849	511,201	2,994	1%
Federal Jobs	43,725	43,028	42,843	43,418	44,600	46,245	48,136	49,215	49,105	48,828	48,282	4,557	10%
District of Columbia													
Total Jobs	720,580	727,887	731,698	735,457	739,947	738,106	748,938	759,643	766,110	775,744	774,855	54,275	8%
Federal Jobs	193,604	193,710	194,742	192,713	194,174	200,972	210,943	212,311	208,389	204,740	197,740	4,136	2%
Fairfax City & County													
Total Jobs	639,269	661,873	670,531	680,739	677,718	662,682	663,659	672,866	682,943	679,564	672,339	33,070	5%
Federal Jobs	31,258	31,991	32,304	35,872	36,239	36,922	37,927	39,776	41,054	41,357	40,674	9,416	30%
Arlington County													
Total Jobs	180,379	176,785	180,455	175,490	177,817	180,076	183,873	189,180	190,319	189,918	188,572	8,193	5%
Federal Jobs	34,347	33,736	36,216	28,561	29,206	31,151	33,631	33,766	34,142	33,829	32,562	(1,785)	(5%)

Montgomery County Complete Employment by Industry 2004-2014

Government	88,588	88,568	88,483	89,381	91,308	92,649	93,977	96,395	97,674	98,639	100,446	11,858	13%
Professional, Scientific, and Technical Services	70,106	73,047	74,222	71,562	71,835	71,780	70,495	70,695	67,846	67,285	67,949	(2,157)	(3%)
Health Care and Social Assistance	52,183	53,520	54,949	54,930	55,965	58,016	59,093	59,854	61,450	62,307	62,506	10,323	20%
Retail Trade	49,799	51,240	50,421	49,407	48,135	44,901	45,540	45,748	46,142	46,287	47,137	(2,662)	(5%)
Other Services (except Public Administration)	33,810	34,351	34,738	35,337	35,385	35,610	35,207	36,221	37,513	37,441	37,297	3,487	10%
Accommodation and Food Services	31,982	33,215	30,718	31,022	31,582	30,598	30,659	31,184	32,263	33,268	33,778	1,796	6%
Administrative and Support and Waste Management and Remediation Services	34,826	36,698	36,881	35,048	33,624	31,342	33,102	32,784	33,100	33,164	32,502	(2,324)	(7%)
Construction	35,122	35,712	36,748	36,609	34,667	30,494	27,881	29,162	28,753	28,801	25,999	(9,123)	(26%)
Finance and Insurance	24,118	24,645	24,649	24,553	23,614	22,388	21,713	21,943	21,796	21,467	21,601	(2,517)	(10%)
Real Estate and Rental and Leasing	14,796	16,069	15,765	15,526	15,146	13,778	13,201	12,655	12,905	13,078	13,407	(1,389)	(9%)
Educational Services	10,334	10,537	11,200	11,041	11,411	11,501	11,430	12,040	12,281	12,487	12,317	1,983	19%
Information	15,708	15,973	16,168	15,022	15,320	14,743	13,800	13,563	13,241	13,349	12,100	(3,608)	(23%)
Manufacturing	16,023	15,298	14,796	14,997	14,855	13,803	12,777	12,176	11,711	11,502	10,930	(5,093)	(32%)
Arts, Entertainment, and Recreation	8,475	8,531	9,456	9,000	8,905	8,705	8,343	8,542	8,958	9,190	9,275	800	9%
Wholesale Trade	11,078	10,965	10,911	10,708	10,283	9,394	9,471	9,414	9,482	8,841	8,805	(2,273)	(21%)
Management of Companies and Enterprises	2,793	3,094	6,985	7,718	7,872	7,867	7,387	8,457	8,722	8,510	8,510	5,717	205%
Transportation and Warehousing	5,835	5,401	5,585	5,365	5,344	5,485	5,438	5,343	5,323	5,211	5,643	8	0%
Utilities	1,028	758	753	732	731	643	465	558	602	580	615	(413)	(40%)
Crop and Animal Production	879	947	913	1,018	978	785	781	854	375	376	343	(536)	(61%)
Mining, Quarrying, and Oil and Gas Extraction	278	283	325	351	380	357	370	168	147	65	41	(237)	(85%)
Unclassified Industry	646	613	606	673	588	169	0	0	0	0	0	0	0%
TOTAL	508,207	519,466	525,273	520,001	517,927	505,008	501,131	507,759	510,283	511,649	511,201	2,994	1%

Source: EMSI Complete Employment - 2014.3

Class A & B Office Space

Montgomery, Fairfax and Prince George's Counties

October 2014

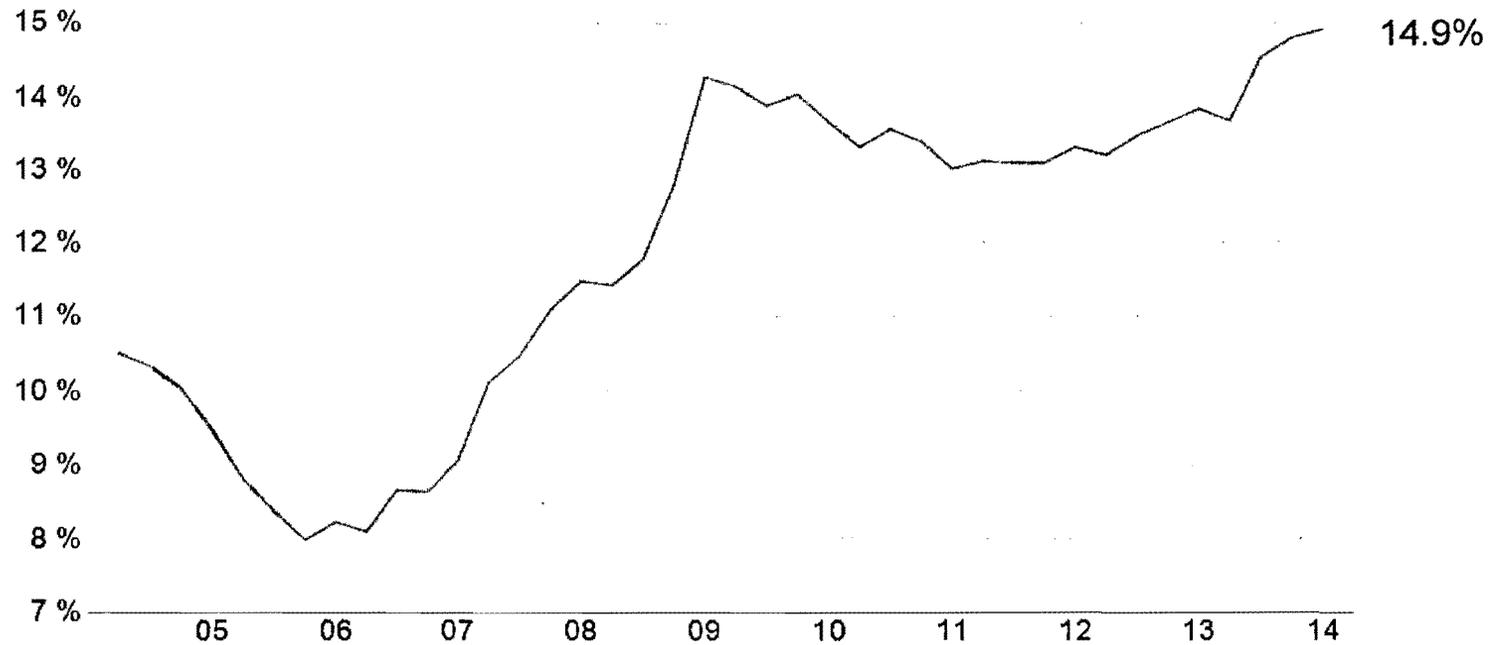
County	Total Vacant Class A, 50K+	Total Vacant Class A	Total Inventory Class A	Gross Rent Per SF	Vacancy Rate
Montgomery County, MD	2,233,357	5,646,122	35,583,951	\$ 30.29	15.9%
Fairfax County and City, VA	5,986,107	12,589,276	71,305,837	\$ 30.40	17.7%
Prince George's County, MD	1,086,044	2,132,671	8,892,419	\$ 21.24	24.0%

County	Total Vacant Class B, 50K+	Total Vacant Class B	Total Inventory Class B	Gross Rent Per SF	Vacancy Rate
Montgomery County, MD	1,308,469	4,679,671	28,767,513	\$ 25.68	15.5%
Fairfax County, VA	1,435,392	6,077,269	41,537,022	\$ 24.30	14.6%
Prince George's County, MD	687,325	2,499,219	12,348,438	\$ 20.58	20.2%

Source: Costar, Analytic Reports

Montgomery County Office Vacancy Rate – All Space

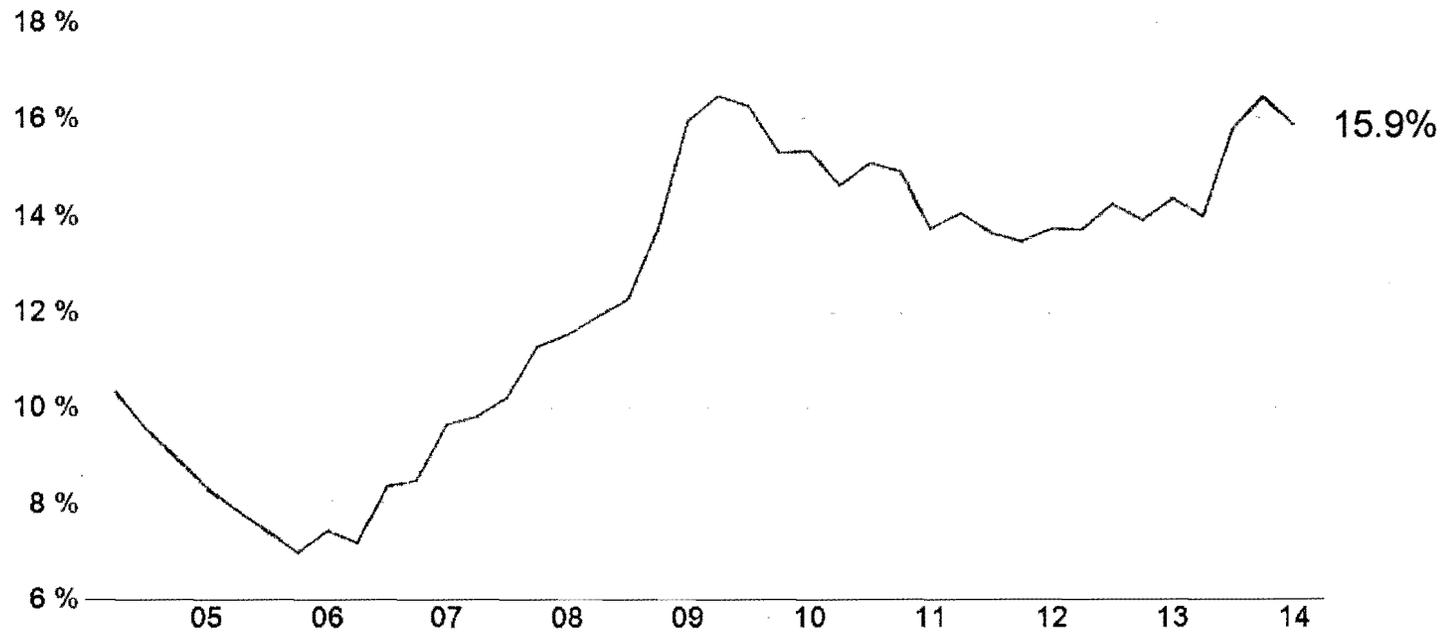
October 2014



Source: Costar, Vacancy Report

Montgomery County Office Vacancy Rate – Class A Space

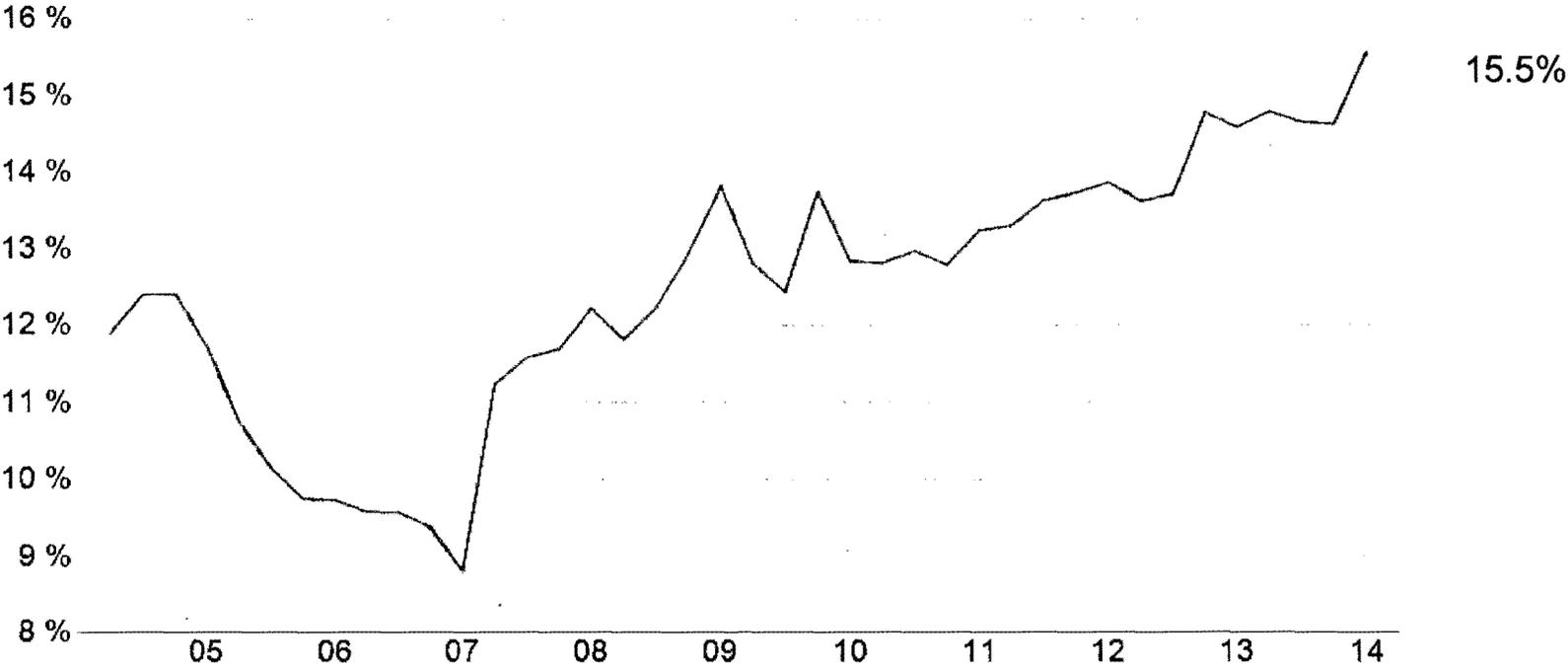
October 2014



Source: Costar, Vacancy Report

Montgomery County Office Vacancy Rate – Class B Space

October 2014



Source: Costar, Vacancy Report