

PRESENTATION BEFORE:

**PLANNING, HOUSING AND
ECONOMIC DEVELOPMENT COMMITTEE
of the Montgomery County Council**

January 24, 2011

**ECONOMIC CONDITIONS
IN THE COUNTY**

by:

Department of Economic Development
Department of Finance
MNCPPC Planning Department

Overview

- Businesses
- People - Employment/Unemployment
- Space
 - Office
 - Lab
 - Retail
 - Residential
- The Feds
- Retail Spending
- Conclusion/Next Steps

BUSINESSES

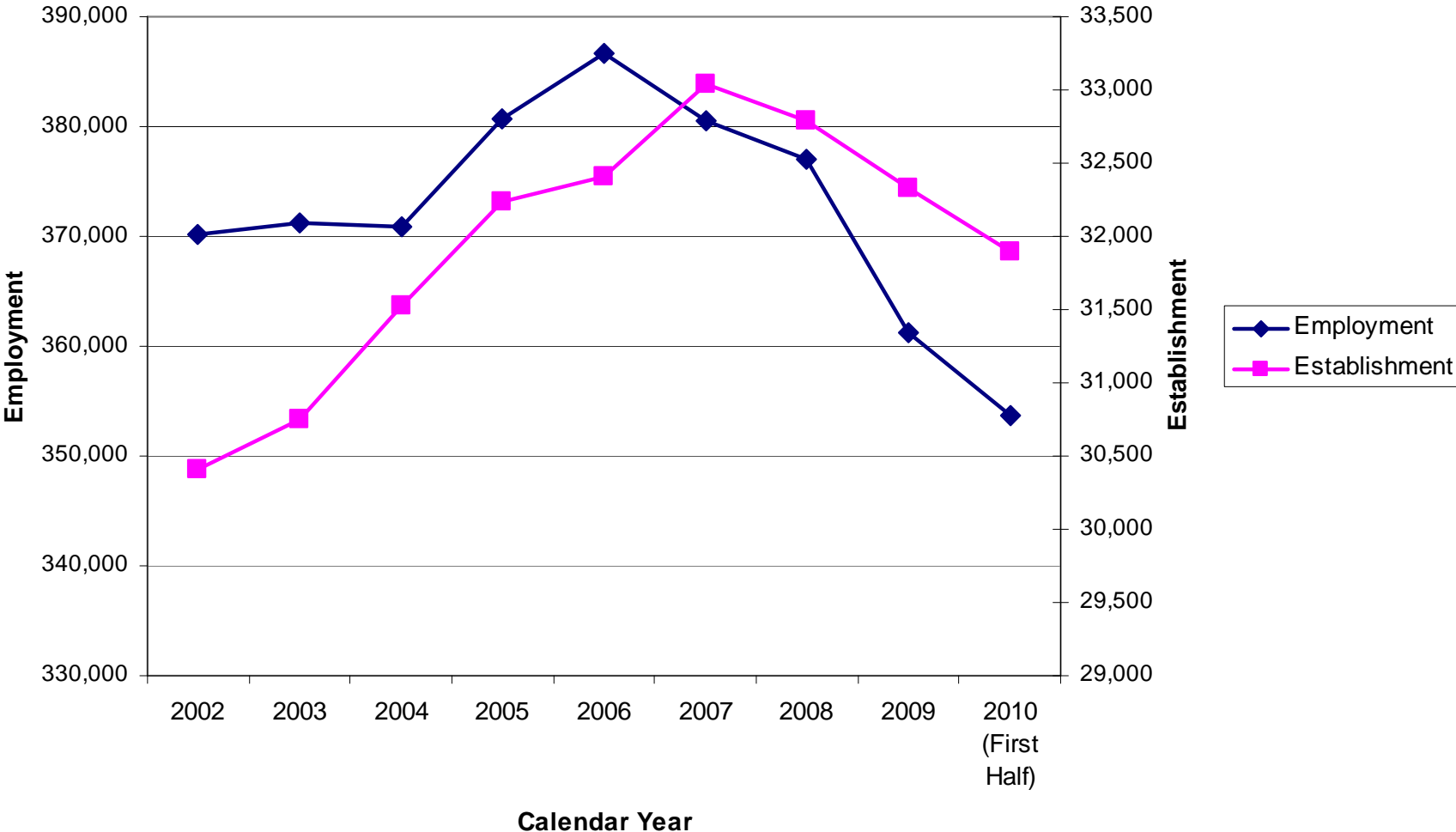
Montgomery County Employment and Establishments by Industry Sectors (Private Sector)

Industry	Number of Employees	Total Establishments
GOODS - PRODUCING	35,941	3,031
Natural Resources and Mining	952	42
Construction	22,427	2,541
Manufacturing	12,561	448
SERVICE - PROVIDING	323,442	28,900
Trade, Transportation and Utilities	57,152	4,076
Information	12,804	575
Financial Activities	30,844	2,872
Professional and Business Services	99,674	7,983
Education and Health Services	63,310	3,872
Leisure and Hospitality	37,753	2,099
Other Services	21,906	7,423
TOTAL	359,383	31,931

Note: An establishment is defined as a single physical location where primarily one type of economic activity is conducted. An employer may have more than one establishment; however, most employers operate only one place of business and therefore have only one establishment.

SOURCE: Department of Economic Development's Analysis of ES-202 Data for 2010 Q2

Montgomery County Private Sector Employment and Establishment Pattern

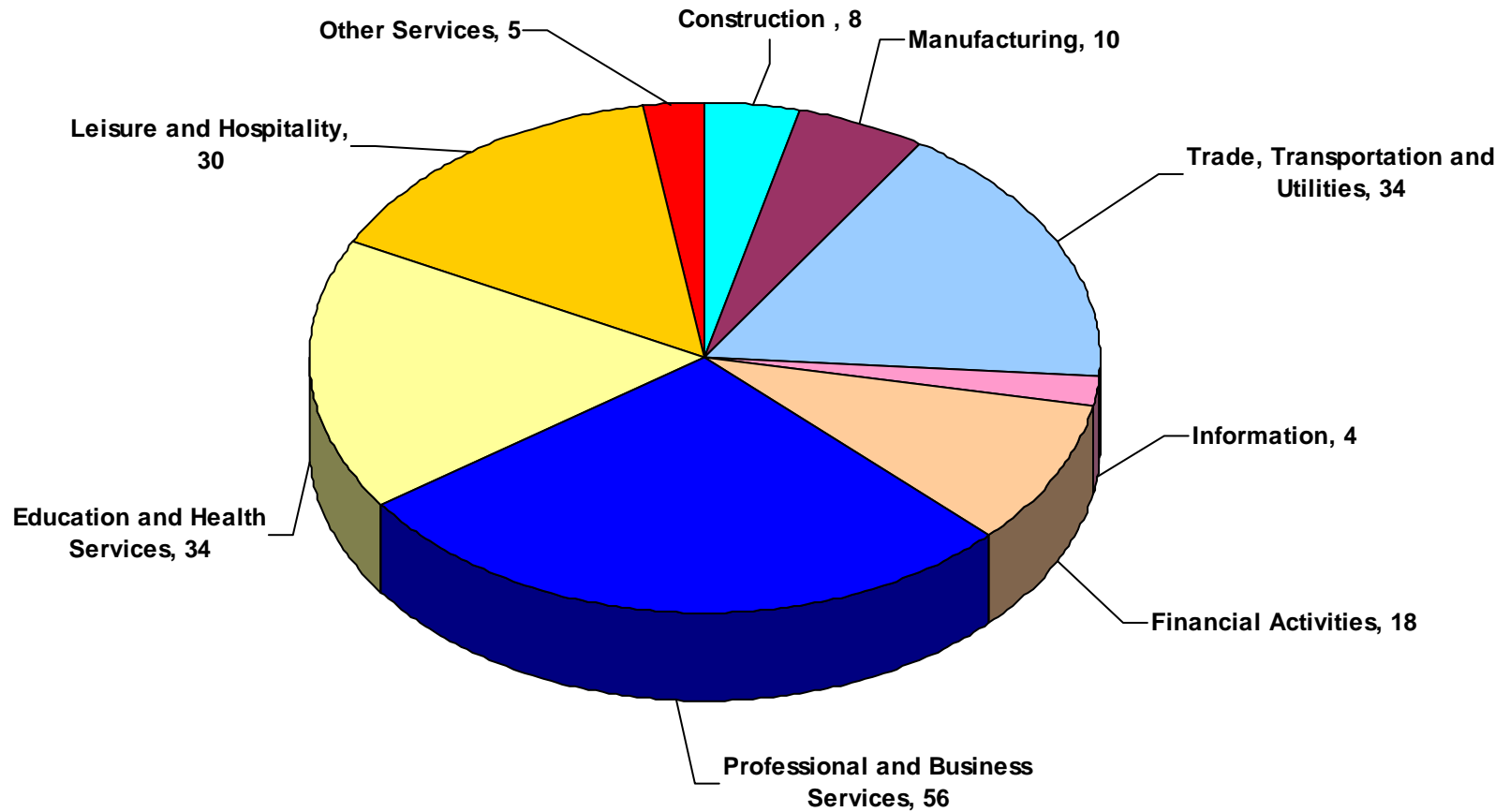


SOURCE: Department of Economic Development's Analysis of ES-202 Data

Montgomery County Establishments by Employment-Size Class

Industry Description	Total Establishments	Number of Establishments by Employment-Size Class								
		'0-4'	'5-9'	'10-19'	'20-49'	'50-99'	'100-249'	'250-499'	'500-999'	'1000 or more'
GOODS - PRODUCING	3,031	1,910	468	318	200	77	44	9	2	3
Natural Resources and Mining	42	20	9	5	5	1	1	1	0	0
Construction	2,541	1,670	374	249	155	57	32	3	1	0
Manufacturing	448	220	85	64	40	19	11	5	1	3
SERVICE - PROVIDING	28,899	19,297	3,823	2,653	1,885	695	417	98	15	16
Trade, Transportation and Utilities	4,075	2,172	763	533	338	142	107	19	1	0
Information	575	349	64	50	56	33	17	3	1	2
Financial Activities	2,872	1,731	562	304	173	53	40	6	2	1
Professional and Business Services	7,983	5,412	979	665	557	211	112	32	8	7
Education and Health Services	3,872	2,153	740	468	286	112	83	21	3	6
Leisure and Hospitality	2,099	853	335	387	346	116	49	13	0	0
Other Services	7,423	6,627	380	246	129	28	9	4	0	0
TOTAL	31,930	21,207	4,291	2,971	2,085	772	461	107	17	19

Montgomery County Top 200 Private Employers by Industry and Number



SOURCE: Department of Economic Development's Analysis of ES-202 Data for June 2010

Montgomery County Top 200 Private Employers – Employment and Number

Industry	Number of Employers	Number of Employees
GOODS - PRODUCING	19	10,821
Natural Resources and Mining	1	358
Construction	8	2,591
Manufacturing	10	7,872
SERVICE - PROVIDING	181	109,772
Trade, Transportation and Utilities	34	20,320
Information	4	2,474
Financial Activities	18	8,991
Professional and Business Services	56	38,191
Education and Health Services	34	26,558
Leisure and Hospitality	30	11,419
Other Services	5	1,819
TOTAL	200	120,593

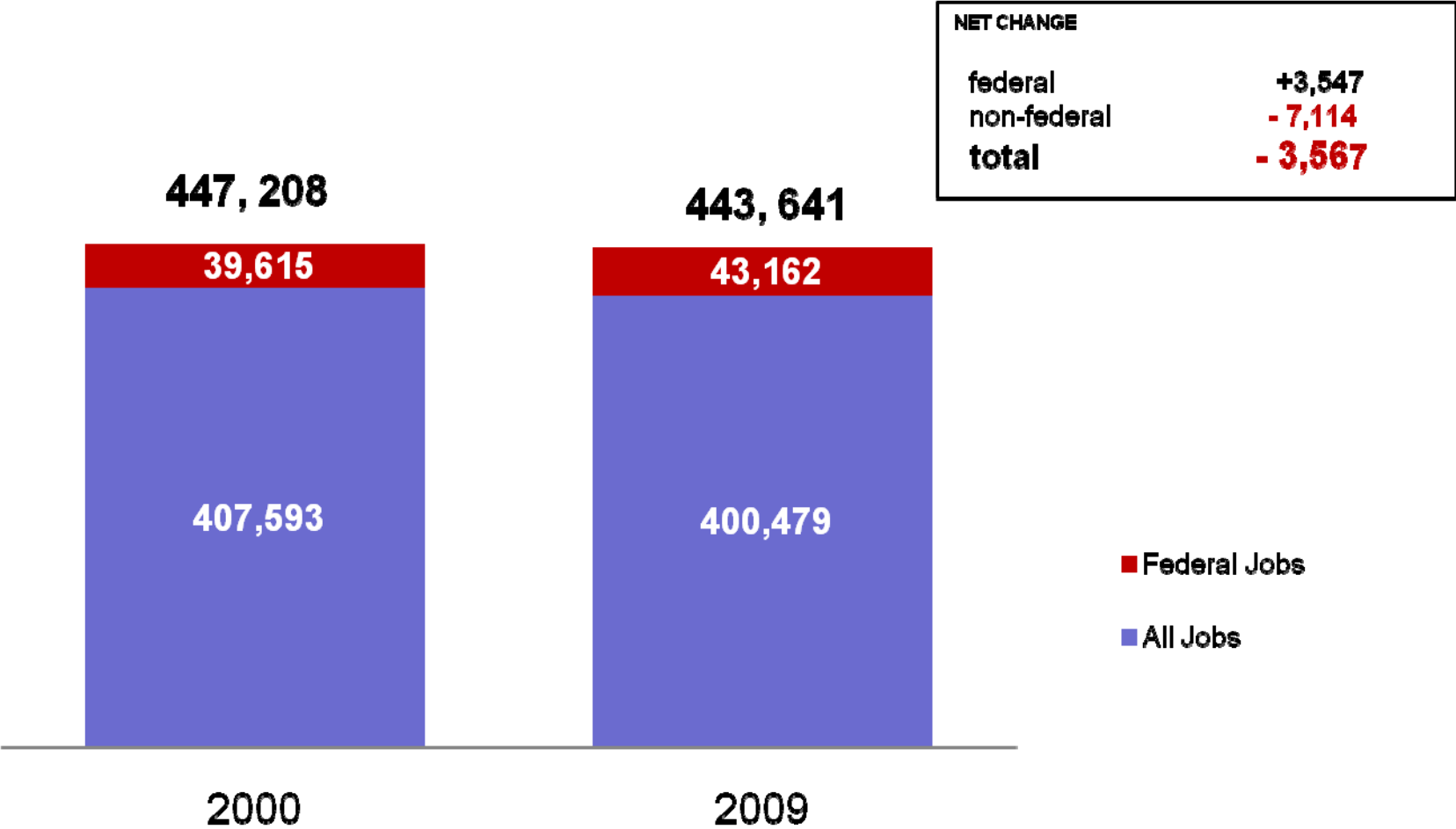
Montgomery Top 200 Private Employers (Partial List)

No	Employer Name	Description
1	Adventist Healthcare	General Medical & Surgical Hospitals
2	Marriott	Hospitality/Corporate Headquarters/Regional Managing Office
3	Lockheed Martin	Computer Systems Design Services
4	Giant Food	Supermarkets and Other Grocery (except Convenience) Stores
5	Verizon	Wired Telecommunications Carriers
6	Holy Cross Hospital	General Medical & Surgical Hospitals
7	Kaiser Foundation Health Plan	HMO Medical Centers
8	Westat Research, Inc.	Market Research Services
9	GEICO	Direct Property and Casualty Insurance Carriers
10	MedImmune	Biological Product (except Diagnostic) Manufacturing
11	Suburban Hospital	General Medical & Surgical Hospitals
12	IBM Corporation	Software Reproducing
13	Henry M Jackson Foundation	Market Research Services
14	Discovery Communications	Cable and Other Subscription Programming
15	Safeway Inc	Supermarkets and Other Grocery (except Convenience) Stores
16	Red Coats Inc	Janitorial
17	Capital One/Chevy Chase	Savings Institution
18	Rider Wood Village Inc	Retirement Community
19	Target Corporation	Department Stores (except Discount Department Stores)
20	Hughes Communications	Radio & TV Broadcasting and Wireless Equipment Manufacturing

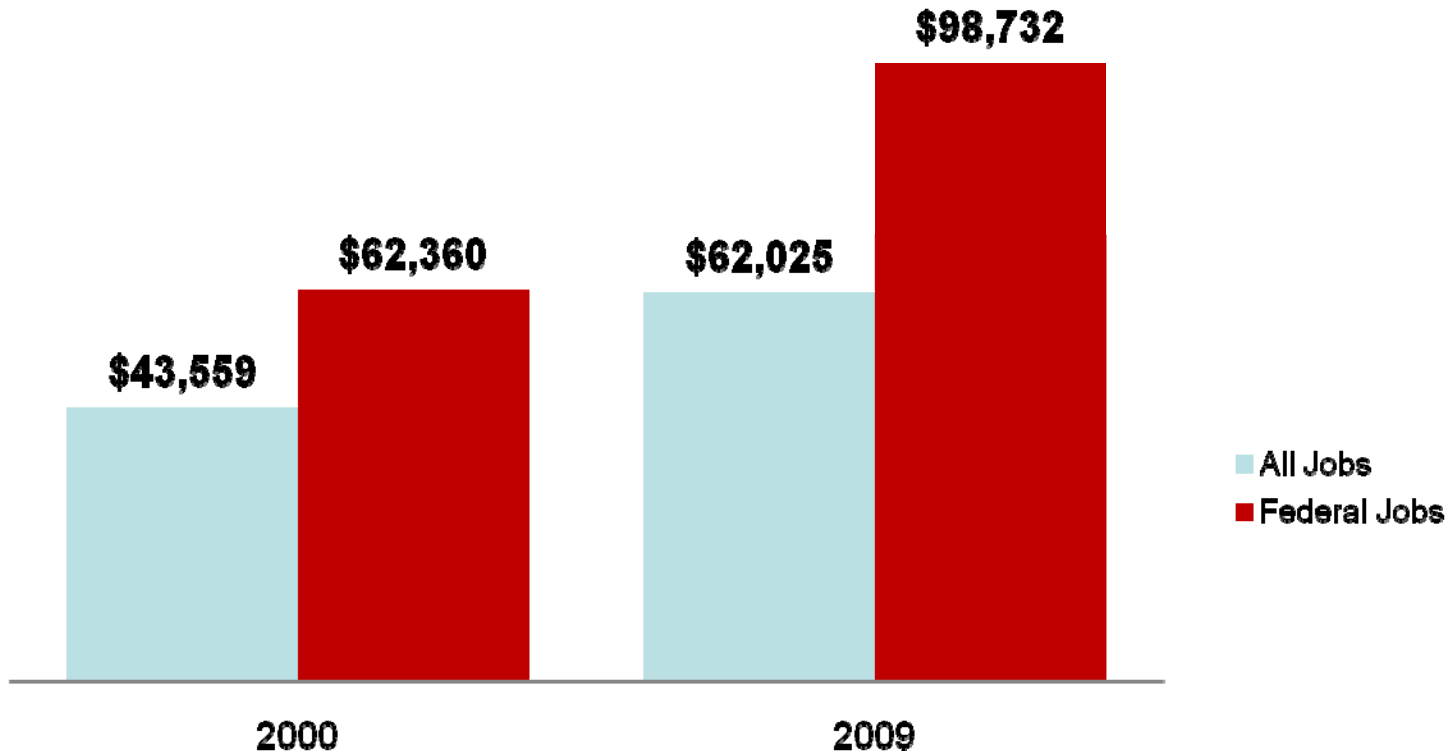
PEOPLE

Employment and Unemployment

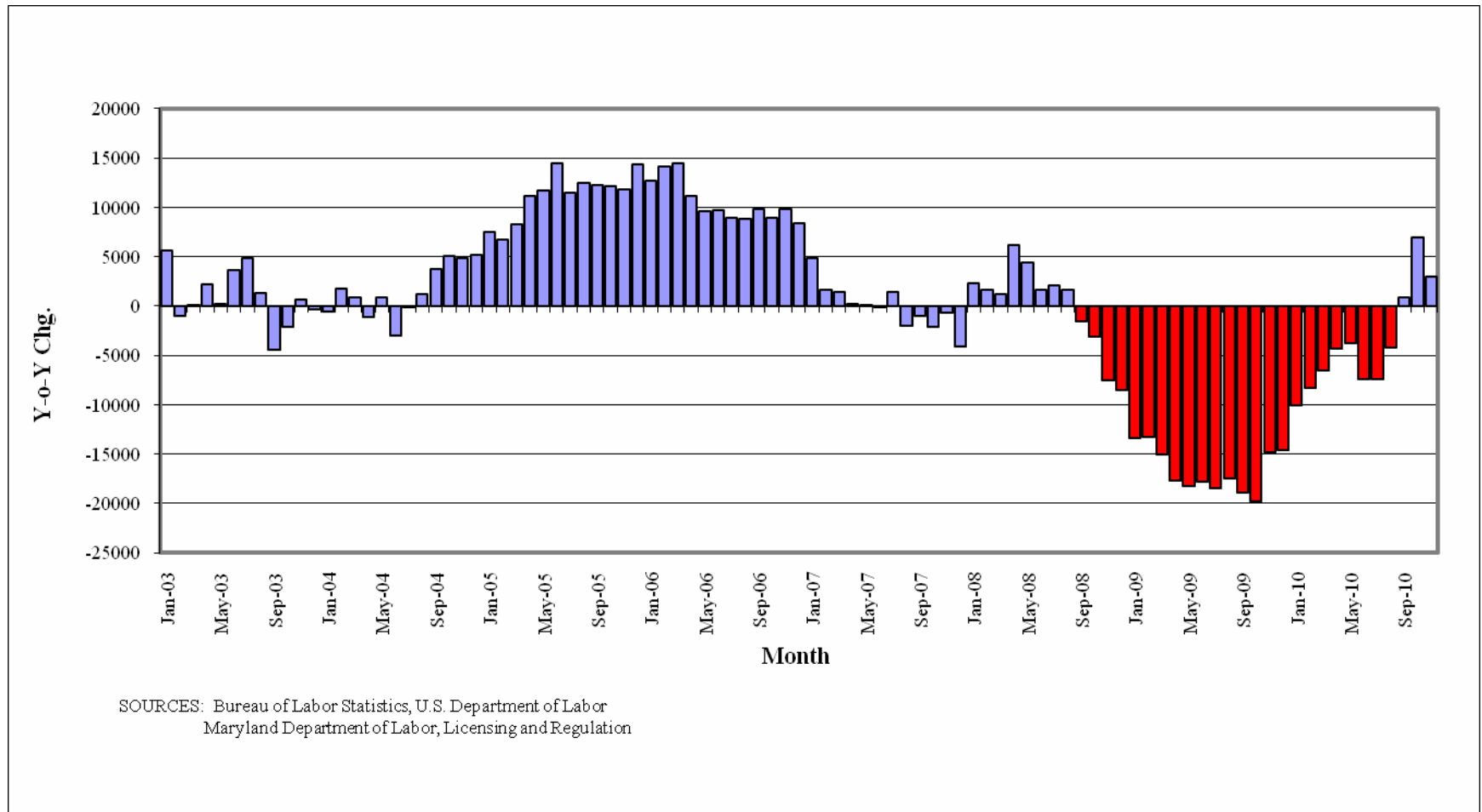
Jobs in Montgomery County



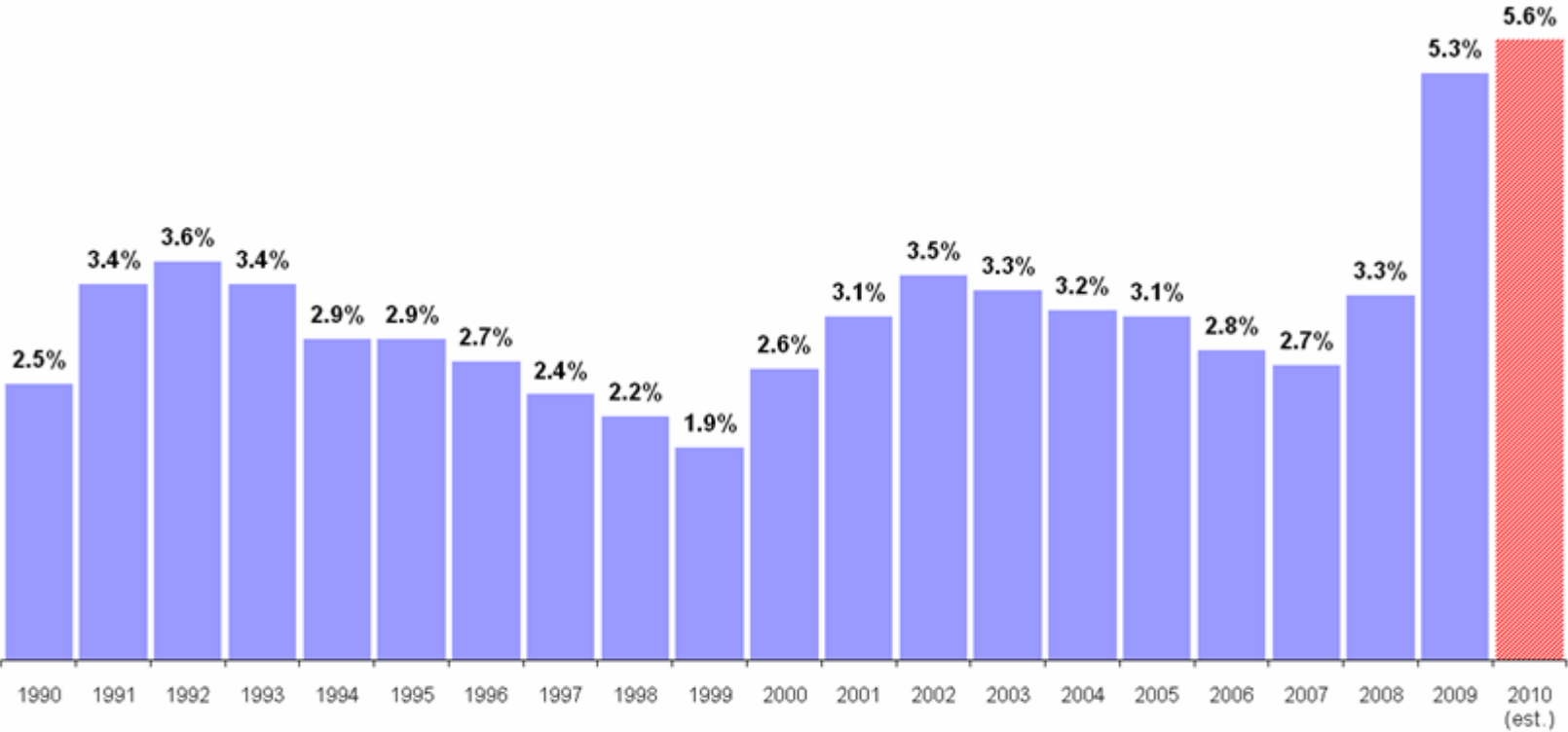
Average Salary for 2000 and 2009 (Jobs based in Montgomery County)



Year over Year Resident Employment Change



Montgomery County Unemployment Rate since 1990

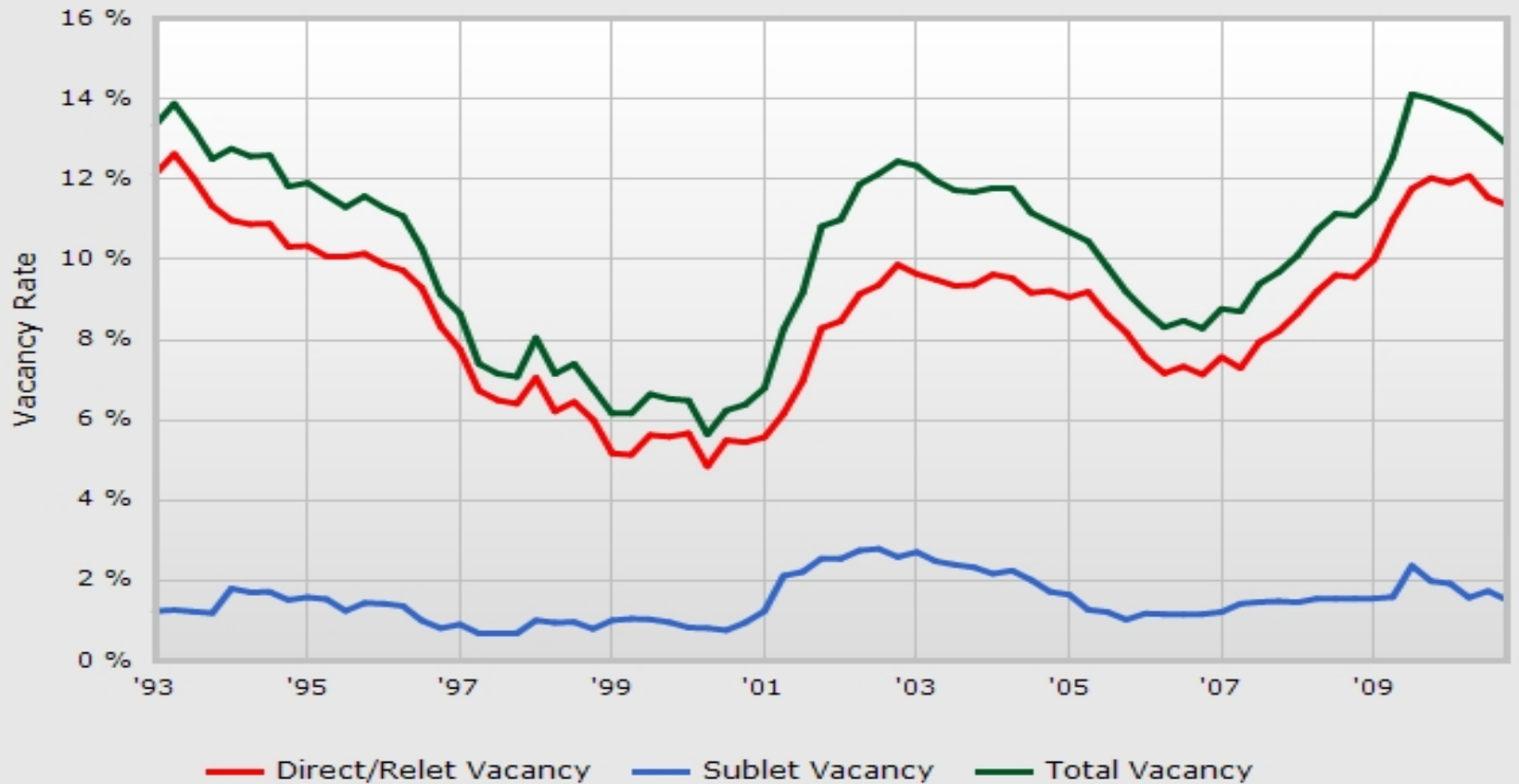


SOURCES: Bureau of Labor Statistics, U.S. Department of Labor
Montgomery County Department of Finance

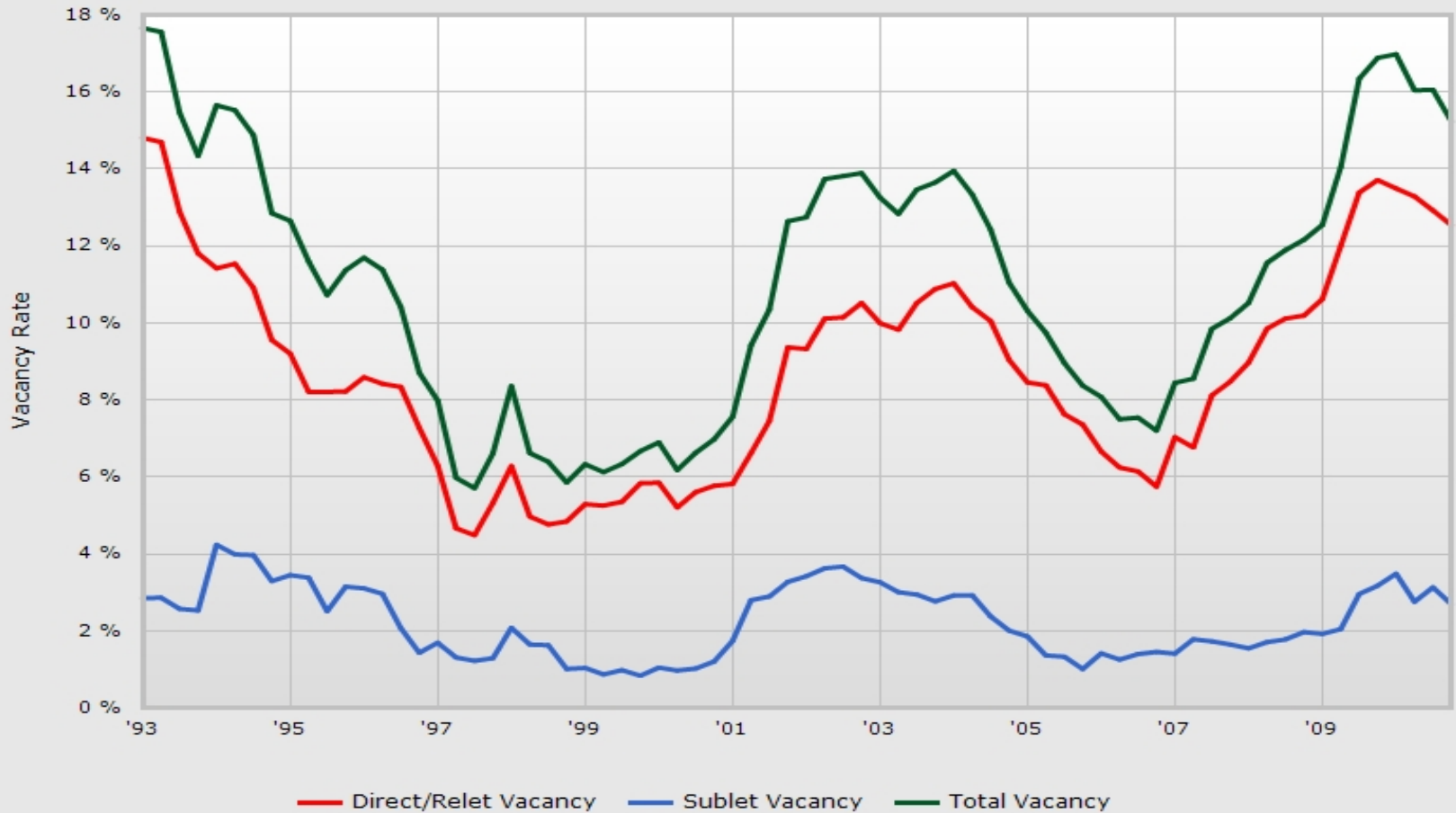
SPACE

- **Office**
- **Lab**
- **Retail**
- **Residential**

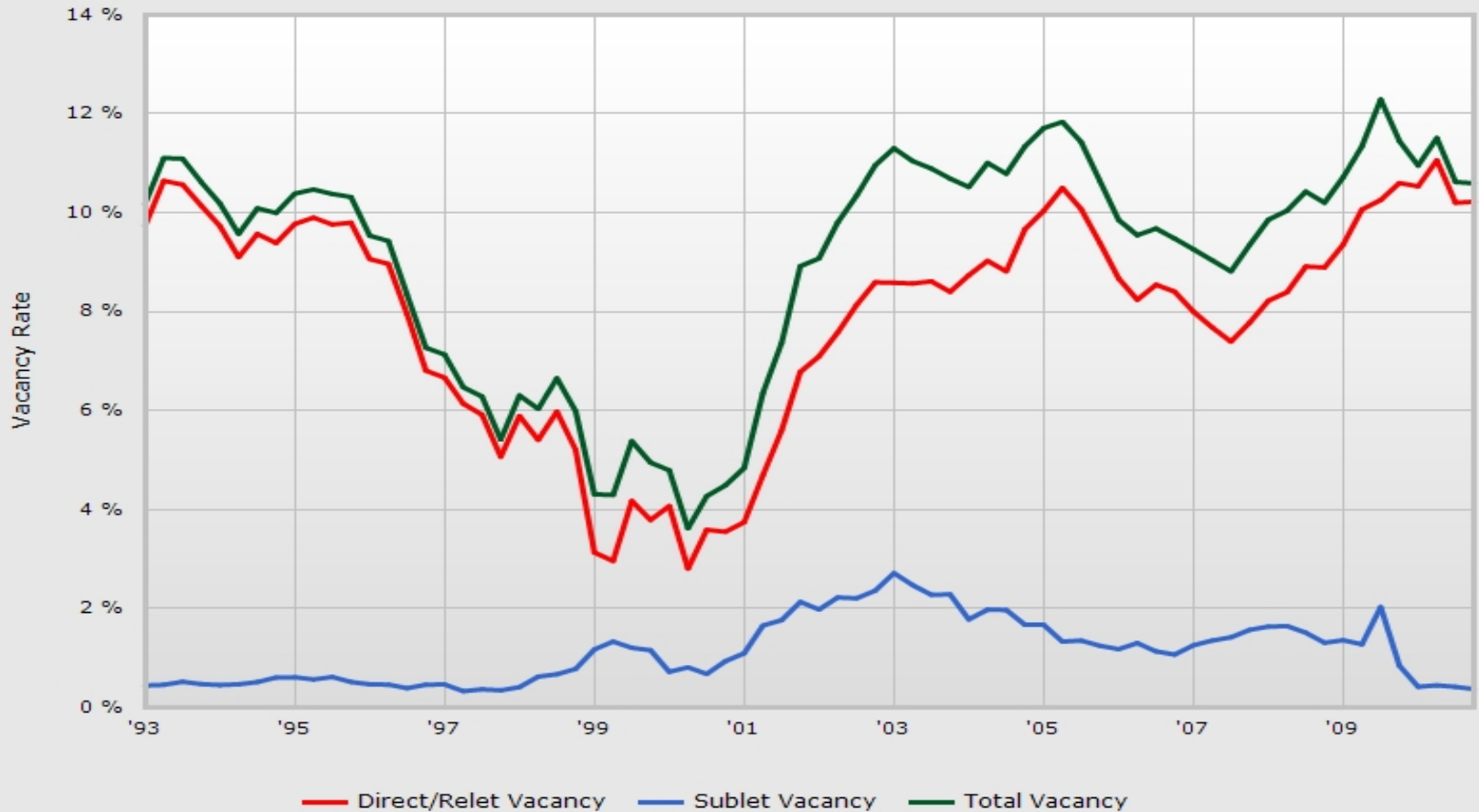
Montgomery County Office Vacancy – All Space



Montgomery County Office Vacancy – Class A Space



Montgomery County Office Vacancy – Class B Space



Montgomery County Class A & B Office Vacancy Report (50K SQ FT +)

	Building Address	City	Building Name	Building Park	Class	Rentable Building Area	Total Vacant Available
1	6720-B Rockledge Dr	Bethesda	Piedmont Pointe II	Rock Spring Park	A	235,985	198,502
2	530 Gaither Rd	Rockville	Phase II	Redland Corporate Center	A	208,342	184,561
3	14200 Shady Grove Rd	Rockville	Bldg C	Shady Grove Life Sciences Center	A	181,559	181,559
4	6560 Rock Spring Dr	Bethesda		Rock Spring Park	A	180,394	180,393
5	805 King Farm Blvd	Rockville	Four Irvington Centre	King Farm	A	221,666	144,502
6	12501 Ardennes Ave	Rockville	Twinbrook Place		A	144,928	142,928
7	12420 Milestone Center Dr	Germantown	Bldg 3	Milestone Business Park	A	156,508	142,696
8	6600 Rockledge Dr	Bethesda	Rockledge Executive Plaza 1	Rockledge Executive Plaza	A	160,173	137,694
9	2000 Tower Oaks Blvd	Rockville	2000 Tower Oaks Boulevard	Tower Oaks	A	200,405	129,140
10	820 W Diamond Ave	Gaithersburg	Quince Tree Executive Building	Quince Tree Executive Ctr	A	131,084	102,611
11	9711 Washingtonian Blvd	Gaithersburg	The Summit at Washingtonian I		A	193,199	97,769
12	8661 Colesville Rd	Silver Spring	City Place	City Place	A	87,340	87,340
13	6550 Rock Spring Dr	Bethesda	One Rock Spring Plaza	Rock Spring Park	A	219,291	86,136
14	7361 Calhoun Pl	Rockville	Phase 5	Metro Park North	A	221,518	82,422
15	15200 Omega Dr	Rockville	Discoverly - Discoverly Two	Discoverly Office Park	A	77,837	77,479
16	702 King Farm Blvd	Rockville	Two Irvington Centre	King Farm	A	164,891	74,583
17	2 Bethesda Metro Ctr	Bethesda	Francis G. Newlands Bldg	Bethesda Metro Ctr	A	290,318	73,000
18	9601 Blackwell Rd	Rockville	Blackwell One		A	121,011	72,607
19	6720-A Rockledge Dr	Bethesda	Piedmont Pointe I	Rock Spring Park	A	189,499	67,392
20	4800 Montgomery Ln	Bethesda	Hampden Square		A	141,860	62,063
21	2099 Gaither Rd	Rockville	Park Plaza II	Park Plaza at Shady Grove	A	126,228	19,940

Montgomery County Class A & B Office Vacancy Report (50K SQ FT +) (Continued)

	Building Address	City	Building Name	Building Park	Class	Rentable Building Area	Total Vacant Available
22	400 Professional Dr	Gaithersburg	Crown Point Corporate Center	Crown Pointe Office Park	A	129,355	58,895
23	11921 Rockville Pike	Rockville	Montrose Metro I	One Montrose Metro	A	119,968	58,743
24	6710 Rockledge Dr	Bethesda	Capital Gateway Bldg II	Rock Spring Park	A	293,551	58,260
25	7501 Wisconsin Ave	Bethesda	7501 Wisconsin Avenue		A	696,500	57,718
26	800 King Farm Blvd	Rockville	Three Irvington Centre	King Farm	A	217,134	54,611
27	1700 Rockville Pike	Rockville	Twinbrook Office Center		A	163,479	54,403
28	7700 Wisconsin Ave	Bethesda	Bethesda Place I		A	314,355	52,374
29	9201 Corporate Blvd	Rockville	Shady Grove Executive Ctr 2	Shady Grove Executive Ctr	A	105,318	51,148
30	1100 Wayne Ave	Silver Spring	Colonnade @ Station Square	Station Square	A	160,407	50,832
				Total Vacant Class A 50Ksf+			2,883,301
				Total Vacant Class A in MoCo			4,769,321
				Total Inventory Class A			32,721,449
31	7315 Wisconsin Ave	Bethesda	Air Rights West Tower	Air Rights Center	B	215,240	87,934
32	6001 Montrose Rd	Rockville	Montrose Office Center		B	148,378	67,855
33	8630 Fenton St	Silver Spring	Montgomery Center		B	255,600	67,564
34	6010 Executive Blvd	Rockville		Washington Science Center	B	121,580	61,309
35	1390 Piccard Dr	Rockville			B	108,000	61,197
36	910 Clopper Rd	Gaithersburg		Tech Park 270	B	180,650	55,962
37	2092 Gaither Rd	Rockville		Oak Grove Corporate Park	B	53,945	53,945
38	1375 Piccard Dr	Rockville	WEST*X		B	112,500	52,252
39	6 Taft Ct	Rockville			B	55,350	50,525
				Total Vacant Class B 50Ksf+			558,543
				Total Vacant Class B in MoCo			3,905,632
				Total Inventory Class B			28,319,401

Montgomery County Top Office Leasing Transactions (3rd & 4th Qtr 2010)

	Tenant	Building Address	City	Class	Space Use	Square Footage
1	JDS Uniphase Corp	1 Milestone Center Dr	Germantown	A	Office	133,140
2	Henry M. Jackson Foundation	6720-A Rockledge Dr	Bethesda	A	Office	124,517
3	Board of Education	45 W. Gude Dr	Rockville	B	Office	108,487
4	Supernus Pharma	1550 E. Gude Drive	Rockville	B	Flex	44,500
5	Coventry Health Care	6720-B Rockledge Dr	Bethesda	A	Office	33,147
6	Bureau of National Affairs	3 Bethesda Metro Center	Bethesda	A	Office	29,744
7	Chinese Culture & Community Service Center	9301 Gaither Road	Rockville	C	Warehse	25,000
8	MDA Federal	820 W. Diamond Avenue	Gaithersburg	B	Office	23,173
9	AVAD, LLC	15870-15892 Gaither Dr	North Rockville	C	Warehse	22,362
10	Capital One Financial Corp	2 Bethesda Metro Center	Bethesda	A	Office	22,025
11	Sanz School	1100 Wayne Avenue	Silver Spring	A	Office	19,316
12	Brown Investment Advisory	5404 Wisconsin Avenue	Chevy Chase	A	Office	19,051
13	FINRA	15201 Diamondback Dr	Rockville	A	Office	17,000
14	MSN	8401 Connecticut Avenue	Chevy Chase	A	Office	11,530
15	Bialek Environments	30 W. Gude Drive	Rockville	A	Office	11,800
16	Mid-City Financial Maryland	7739 Woodmont Avenue	Bethesda	A	Office	11,003
17	CapitalSOURCE Financing	4445 Willard Avenue	Chevy Chase	A	Office	10,608
18	Adventist Healthcare	9711 Medical Center Dr	Rockville	A	Office	10,544
19	Social & Scientific Systems	6101 Executive Blvd	North Bethesda	A	Office	8,418
20	Arthritis & Rheumatism Assoc	5454 Wisconsin Avenue	Chevy Chase	A	Office	7,025
21	Founding Farmers	12505 Park Potomac Avenue	Potomac	A	Office	7,000
22	August Jackson	7475 Wisconsin Avenue	Bethesda	A	Office	5,730
23	XML Financial Group	1 Preserve Parkway	Rockville	A	Office	4,726
24	Optimal Networks	15201 Diamondback Dr	Rockville	A	Office	4,516
25	Nextel Communications	4340 East-West Highway	Bethesda	A	Office	3,675

Average Office Space per Employee

	<u>Gross Square Footage (GSF) of Office Space</u>		<u>Office Employment</u>		<u>Average GSF per Job</u>
	total	5-year change	total	5-year change	
1990	47,991,458		209,161		229
1995	51,122,120	6.5%	215,597	3.1%	237
2000	53,941,908	5.5%	233,641	8.4%	231
2005	62,002,370	14.9%	254,591	9.0%	244
2010	65,395,455	5.5%	247,631	-2.7%	264
<i>Average GSF per job 1990 to 2010:</i>					232
<i>Average GSF per job in 2010:</i>					264

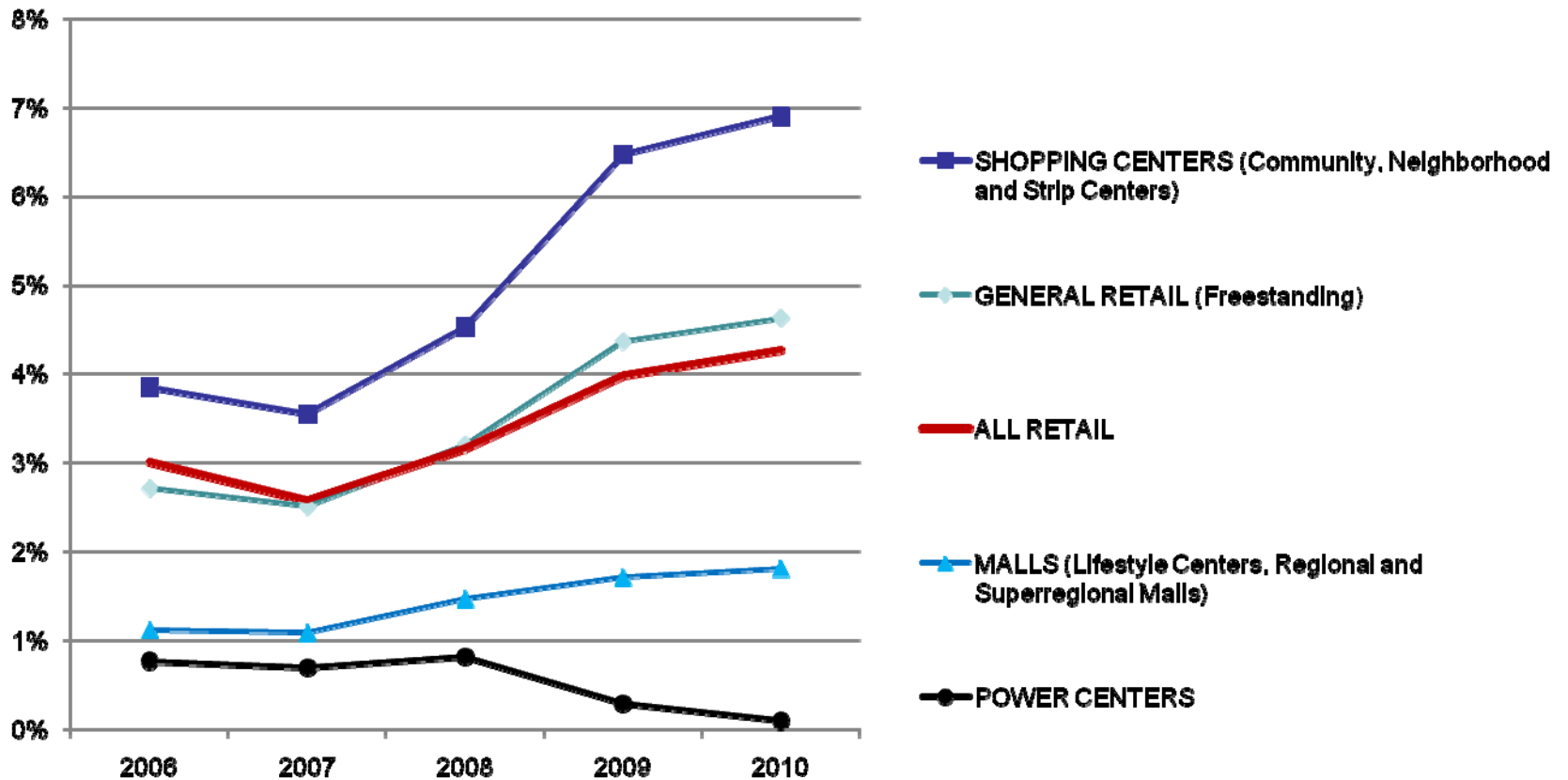
SOURCE: Montgomery County Planning Department

Montgomery County Lab Space

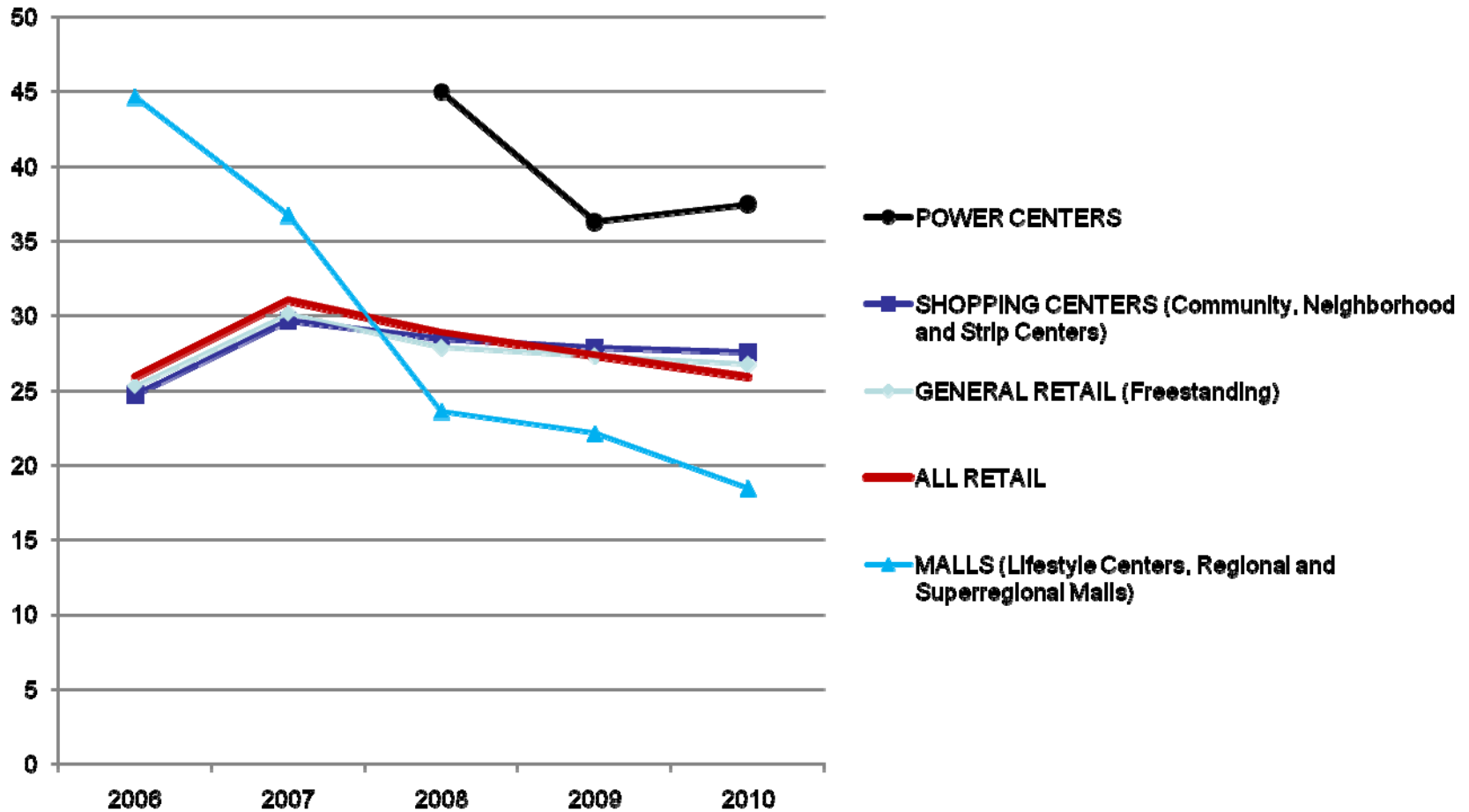
- Vacancy Rate: 6.12% (11% in 2009)
- Total Inventory: Close to 7 million square feet
- Major Transactions:
 - Integrated BioTherapeutics: 10,500 SF in Gaithersburg
 - GlycoMimetics: 15,000 SF in Gaithersburg
 - Supernus Pharmaceuticals: 45,000 SF in Rockville
 - OriGene: 12,000 SF in Rockville
 - BioMed Realty Trust purchase of life science buildings
- Vacant Buildings: Seneca Meadows (52,000 SF)
- Future Lab Supply:
 - Alexandria Real Estate Equities constructing two lab/office suites of 7,500 SF in Rockville

SOURCE: I-270 Lab Space Update, Scheer Partners

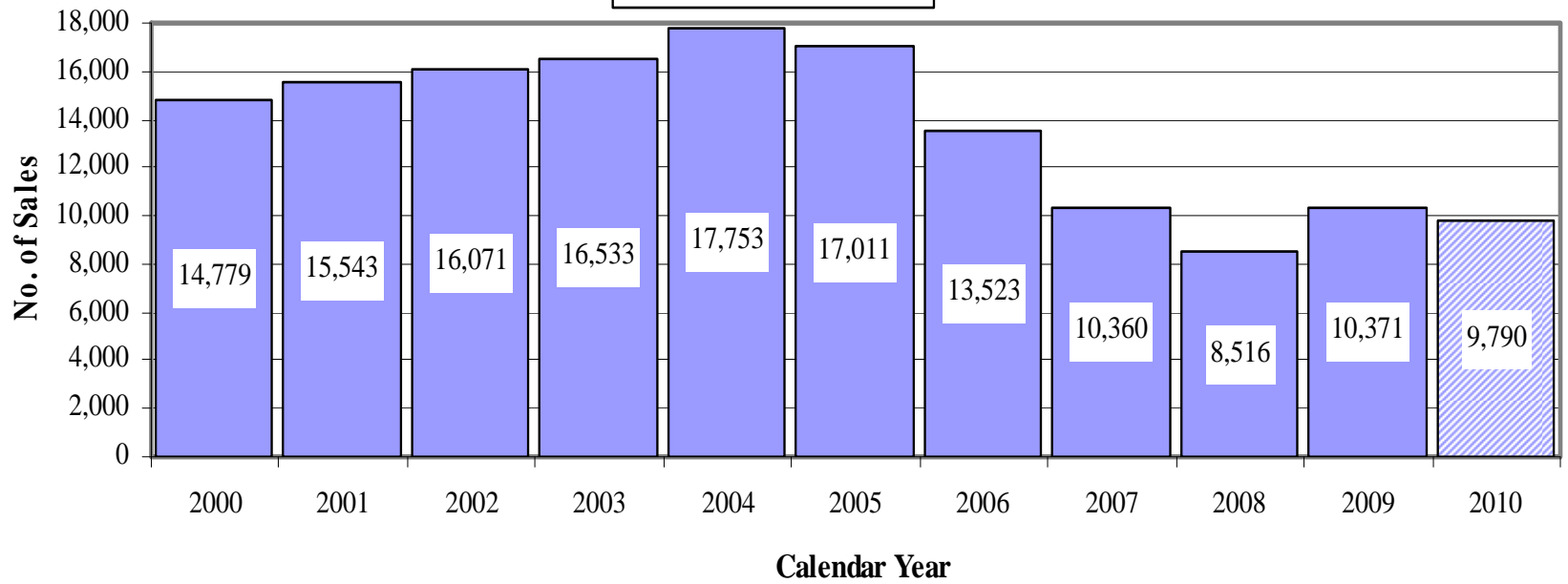
Retail Vacancies by Type



Average Retail Lease Rates

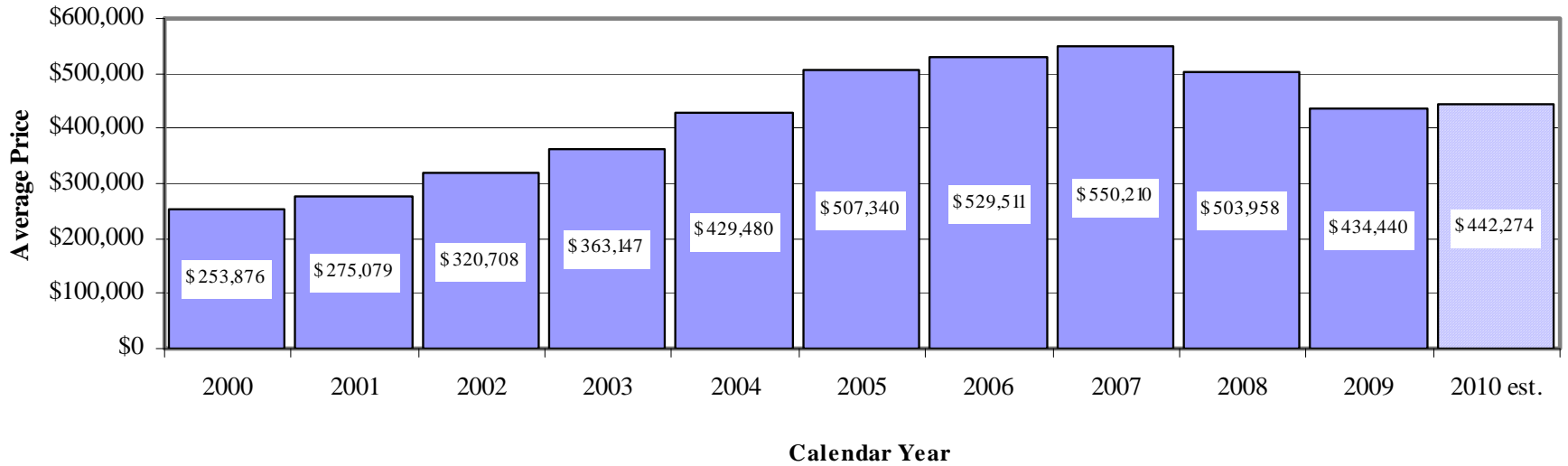


**Total Home Sales
Montgomery County**



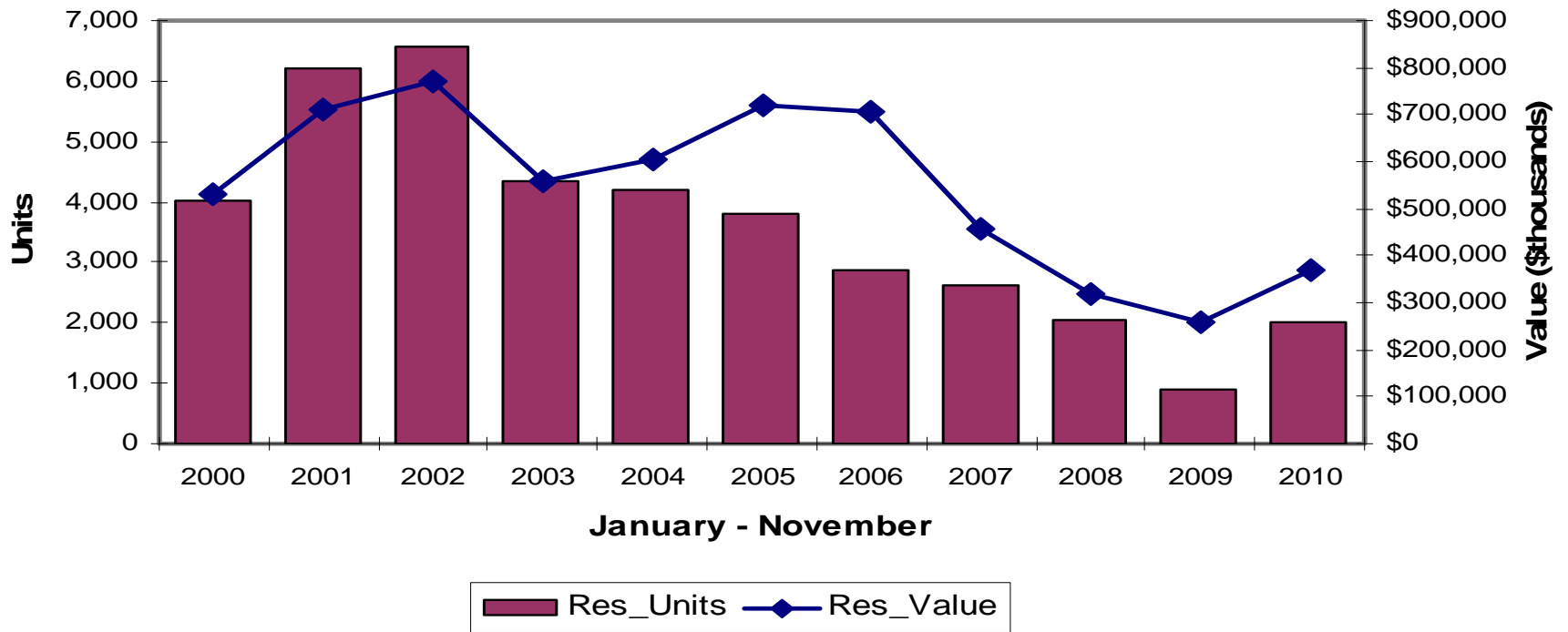
SOURCES: Metropolitan Regional Information System, Inc.
Montgomery County Department of Finance

Average Home Sales Price Montgomery County



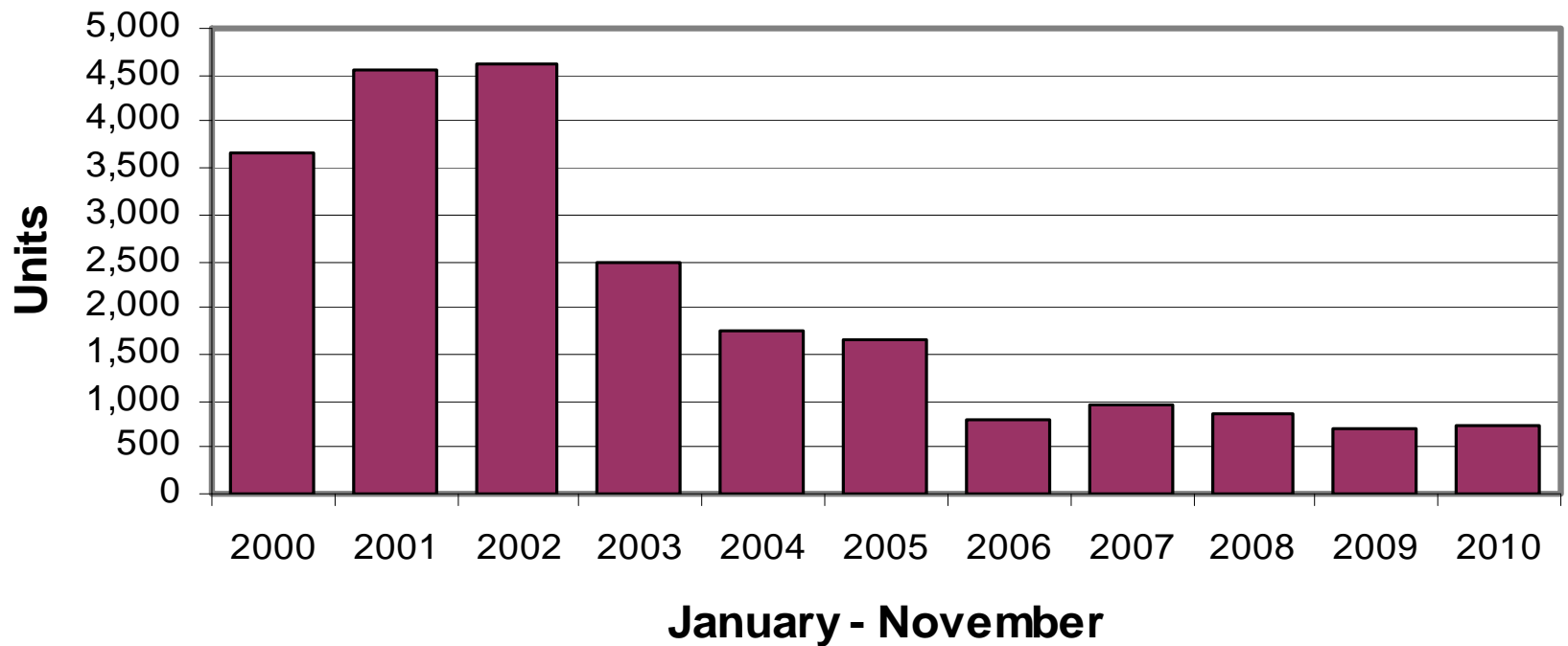
SOURCE:: Metropolitan Regional Information System, Inc.
Montgomery County Department of Finance

Number of New Residential Starts (Units) and Value (Montgomery County)



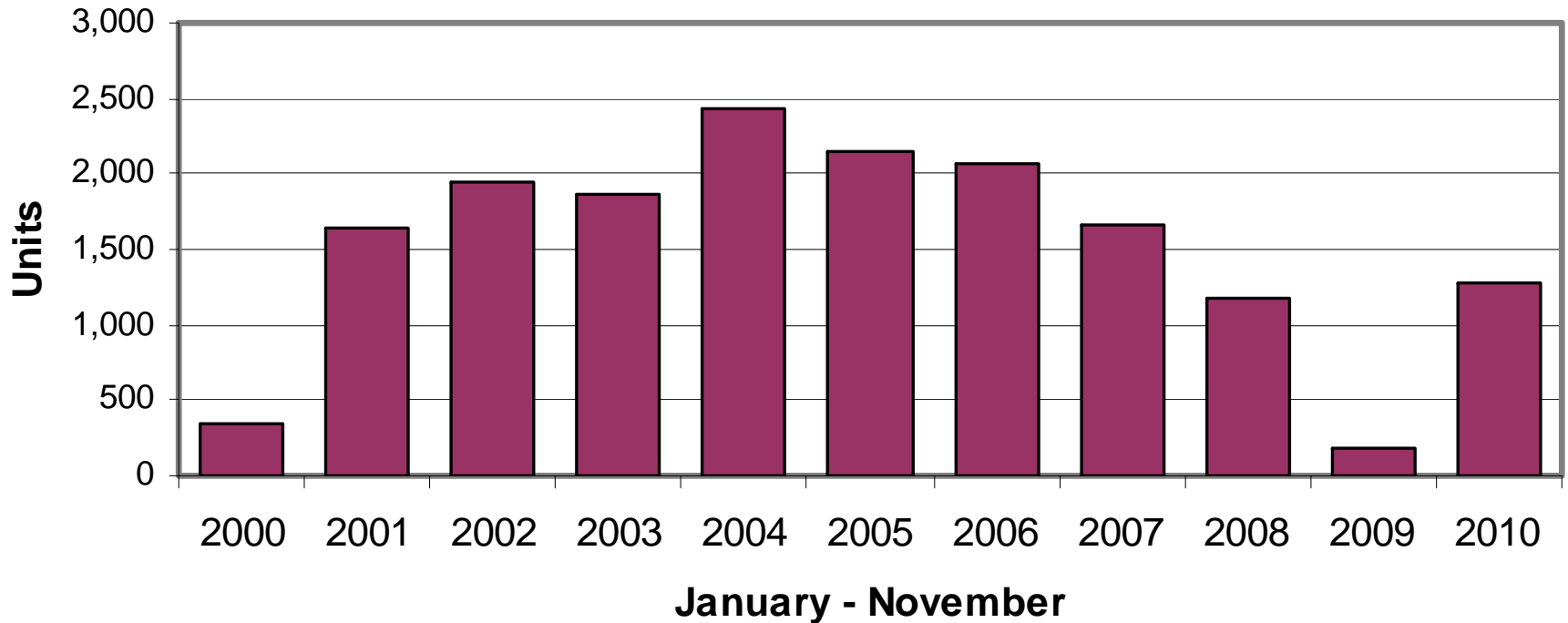
SOURCE: McGraw -Hill Construction

Number of New Residential Starts for Single-Family Units



SOURCE: McGraw -Hill Construction

Number of New Residential Start for Multi-Family Units



SOURCE: McGraw -Hill Construction

THE FEDS

Federal Leasing Activity in Montgomery County

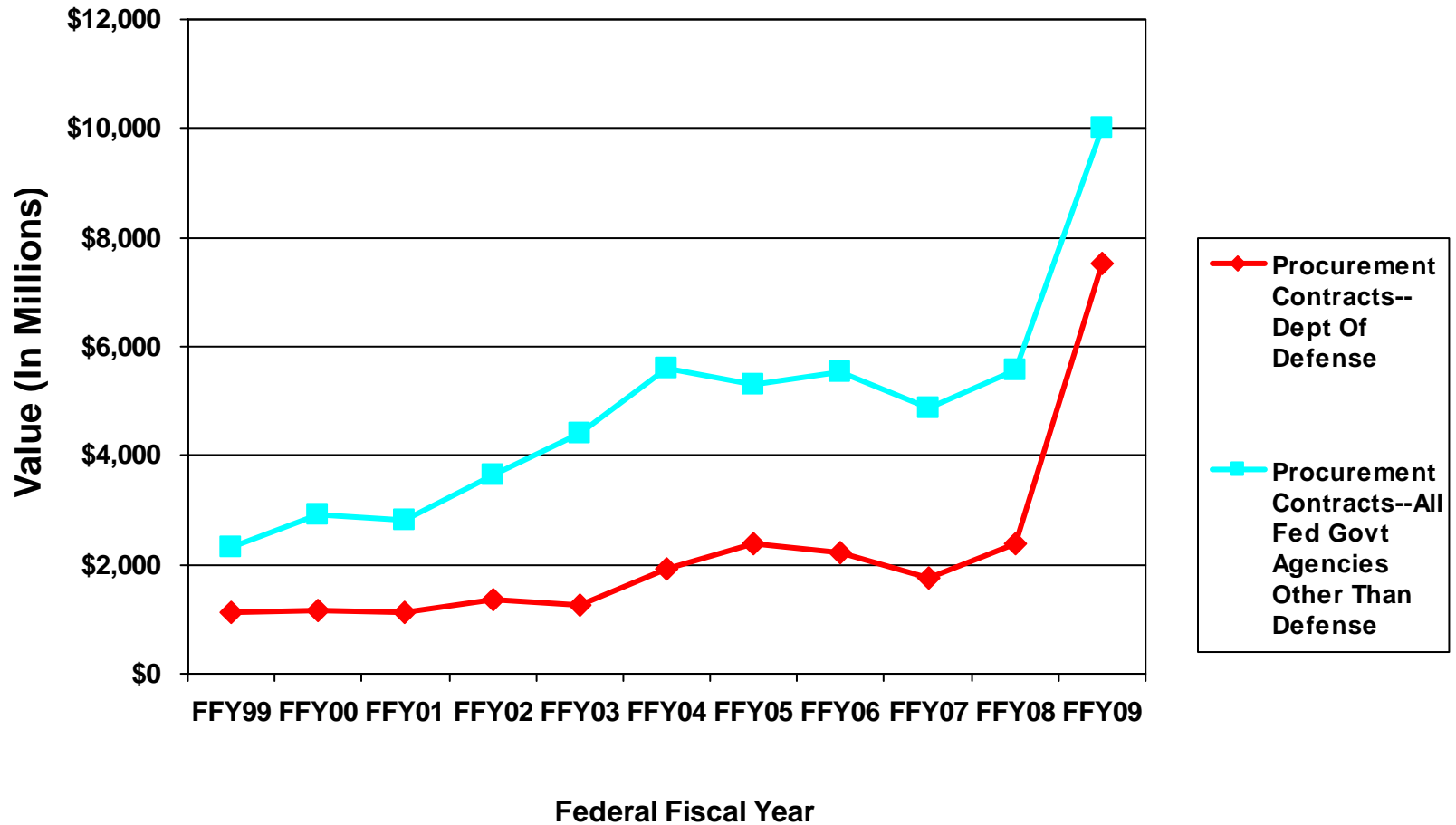
- **Leasing close to 8 million square feet in the County**
- **Recent Expansions**
 - HHS: 140,000 SF on Wisconsin Avenue in Bethesda
 - National Cancer Institute: Leasing a new 575,000 SF building on the JHU Montgomery County Campus.
 - Nuclear Regulatory Commission: Expansion into a new 14-story 362,000 SF building in the White Flint area.
 - FDA: Leasing all 51,000 SF in Silver Spring and all 93,000 SF at the Element building near the Twinbrook Metro in Rockville.
- **Outlook and Response**
 - About 50% of GSA's leased space is up for renewal after 2013.
 - County Executive and DED meeting with agency directors of real estate property
 - DED marketing the County to GSA to attract federal tenants and assisting with GSA property disposal

Federal Procurement Spending in Montgomery County

	Program Name		Total
	Procurement Contracts-- Dept Of Defense	Procurement Contracts--All Fed Govt Agencies Other Than Defense	
FFY99	\$1,126,055,000	\$2,317,853,486	\$3,443,908,486
FFY00	\$1,158,412,000	\$2,931,966,627	\$4,090,378,627
FFY01	\$1,134,437,000	\$2,807,176,900	\$3,941,613,900
FFY02	\$1,343,772,000	\$3,657,570,745	\$5,001,342,745
FFY03	\$1,263,328,925	\$4,410,670,546	\$5,673,999,471
FFY04	\$1,917,701,644	\$5,592,864,400	\$7,510,566,044
FFY05	\$2,384,362,464	\$5,291,354,390	\$7,675,716,854
FFY06	\$2,226,537,373	\$5,545,099,286	\$7,771,636,659
FFY07	\$1,742,783,360	\$4,873,676,236	\$6,616,459,596
FFY08	\$2,400,631,803	\$5,554,129,594	\$7,954,761,397
FFY09	\$7,529,894,333	\$9,998,742,561	\$17,528,636,894

SOURCE: U.S. Census Bureau, Governments Division, Federal Programs Branch

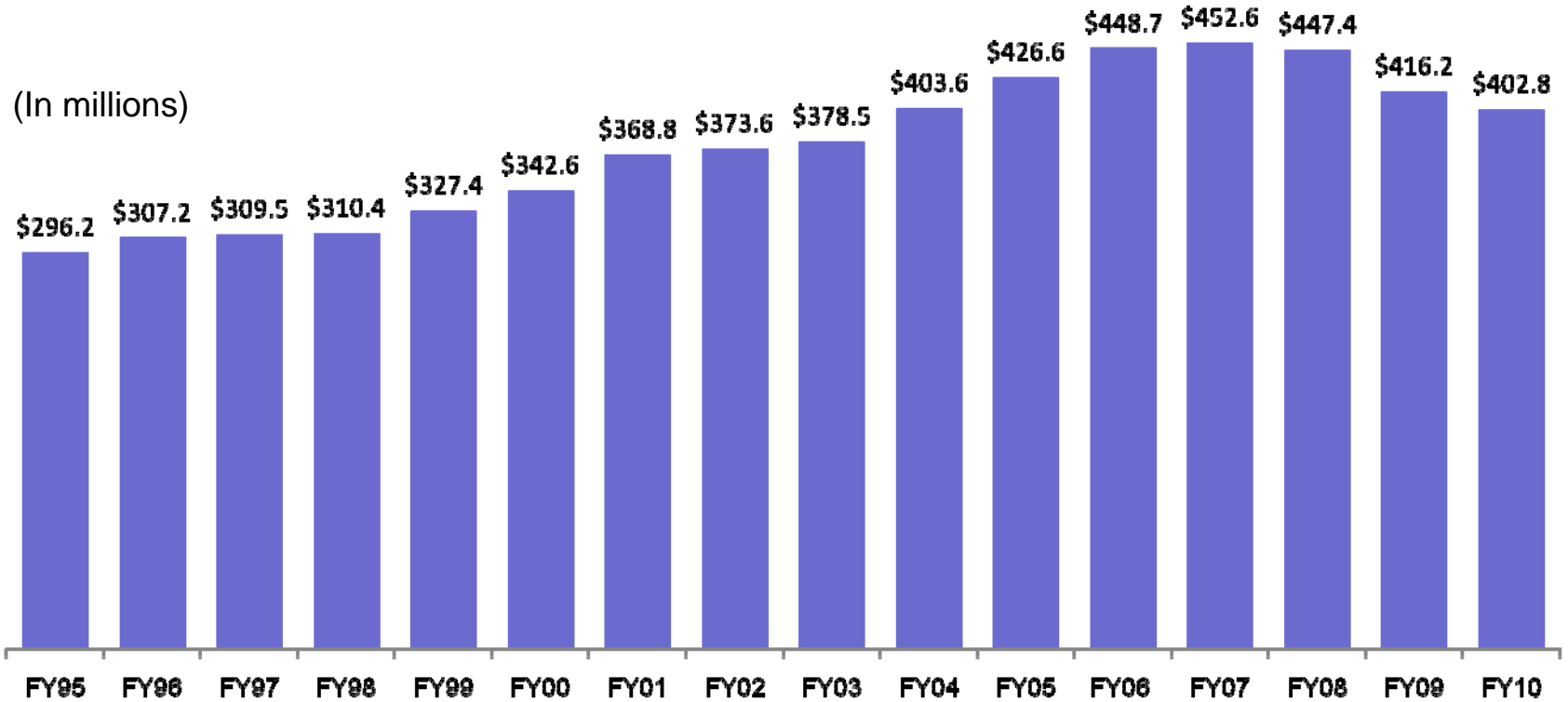
Federal Procurement Spending in Montgomery County



SOURCE: U.S. Census Bureau, Governments Division, Federal Programs Branch

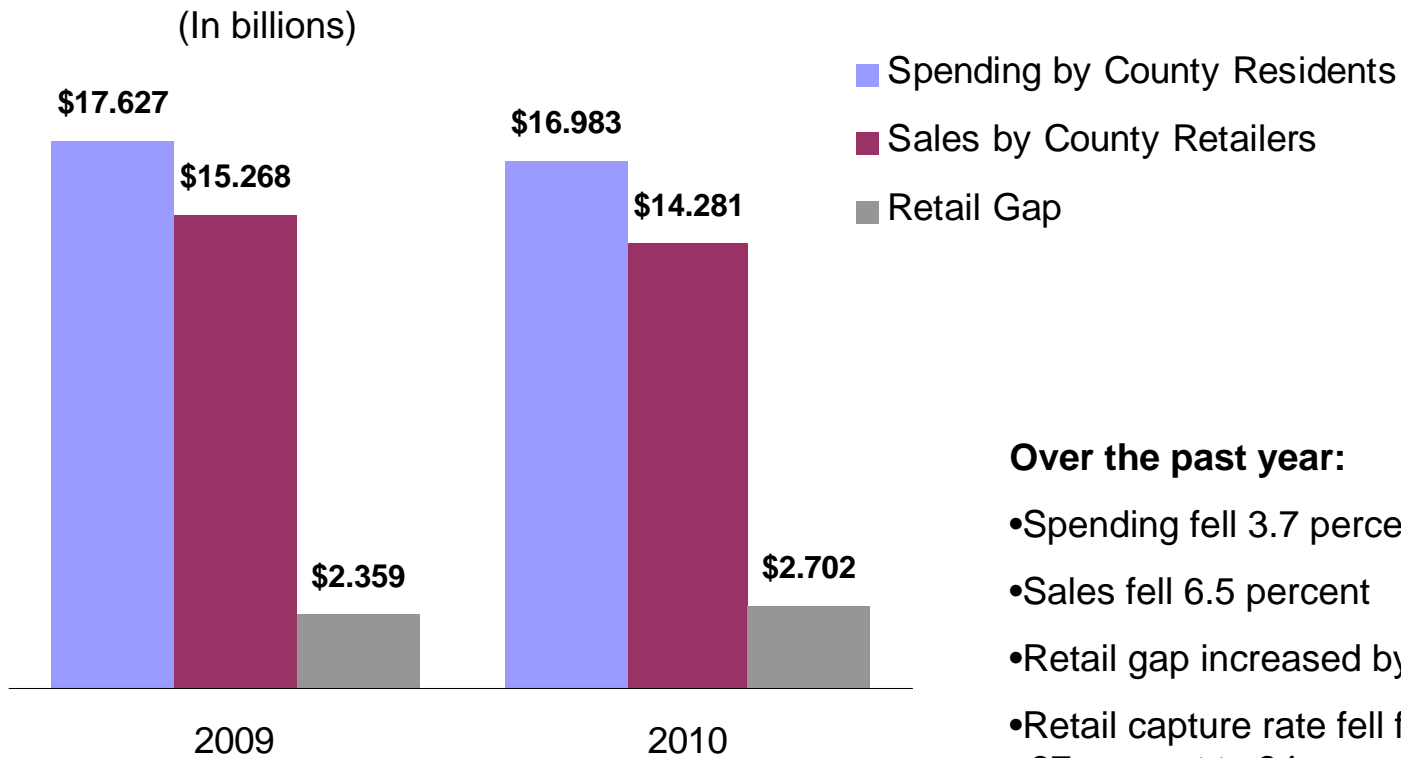
RETAIL SPENDING

Retail Sales Tax Revenue



SOURCE: Montgomery County Department of Finance

Retail Activity

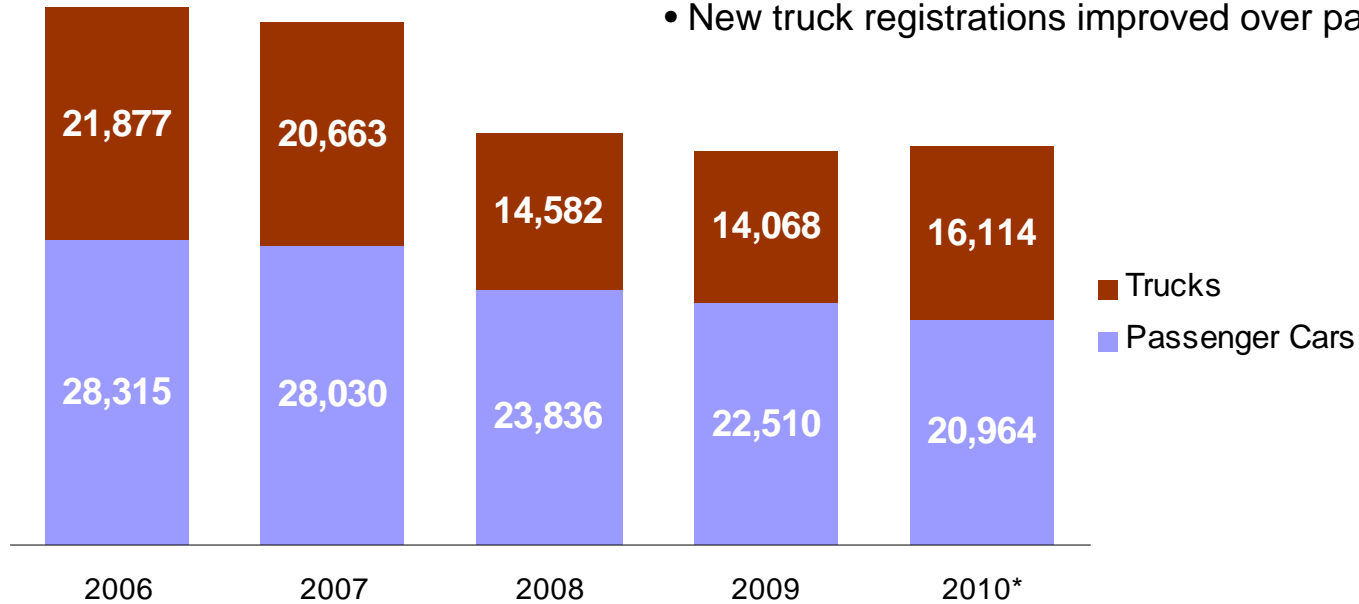


Over the past year:

- Spending fell 3.7 percent
- Sales fell 6.5 percent
- Retail gap increased by \$343 million
- Retail capture rate fell from 87 percent to 84 percent

New Vehicle Registrations

- 13,114 fewer new vehicle registrations estimated in 2010 than in 2006 – a 26 percent decline.
- New car registrations have fallen each year since 2006.
- New truck registrations improved over past year



*annual estimate for 2010 based on data through June 2010

SOURCE: R.L. Polk & Co. data provided by Fitzgerald Auto Mall; Montgomery County Department of Finance

CONCLUSION

–IDEAS

–NEXT STEPS