

MONTGOMERY COUNTY

REAL ESTATE OFFICE MARKET OVERVIEW

 Scheer Partners
A Reputation for Results

Q2 2018

ECONOMIC PERFORMANCE

Montgomery County continues an almost two decade trend of low unemployment. According to the U.S. Bureau of Labor Statistics, Montgomery County's 2017 unemployment averaged 3.2 %, approximately one percentage below the statewide average (*Sage Report*).

Despite this impressively low unemployment rate, the County's overall job growth and new business formation has been slow compared to the surrounding Metropolitan area. Between 2005-2016 the County generated stunningly few 134 net new business establishments, compared to the statewide number of 9,855 new establishments in the same period (*Sage Report*).

Montgomery County has an abundance to offer but lacks the messaging, specific economic programs and political will to create jobs and restore the County to its role of economic engine for the State.

AMAZON HQ2

In April, Governor Larry Hogan signed the Amazon incentive package bill (the PRIME act), that would require the Company to hire 40,000 employees over a 17 year period, and compensate the employees at least \$100,000 annually (*Thompson*). Should Amazon choose Montgomery County, the Ecommerce giant's HQ2 is projected to create 101,000 net new jobs in total (*Sage Report*).

Montgomery County's economy would benefit immensely from the creation of these jobs, in addition to absorbing the large tax collections from Amazon's HQ2.

AN ECONOMY ON THE MOVE

Unfortunately, relying on Amazon is risky and does not address the competitive deficiencies Montgomery County has relative to adjacent counties, let alone D.C. and Northern Virginia.

In the event Amazon passes by Montgomery County for their second headquarters, the question is, how will the County improve the environment to attract new businesses?

One solution proposed is The MOVE program; this program encourages new businesses to locate to Montgomery County by offering a grant of \$8.00/SF. Unfortunately, this is not enough. Our County's economy is wholly dependent on the businesses that function within it: The next administration must develop innovative and creative programs to lead Montgomery County back to its place as the pre-eminent economic engine for the state.

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