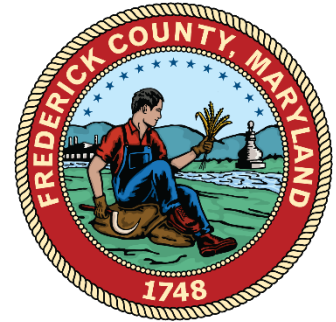


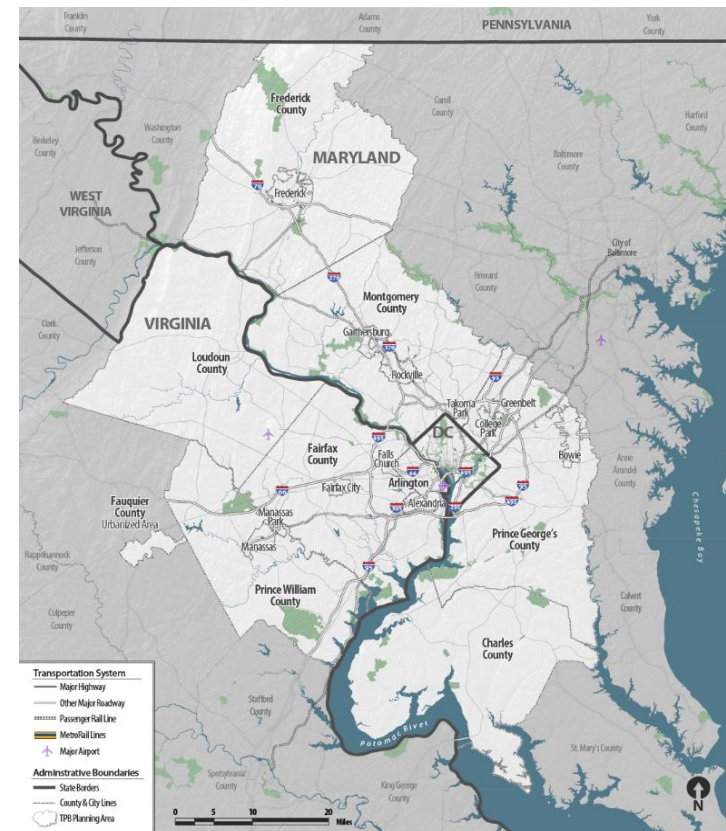
ECONOMIC DEVELOPMENT

MAY 2016



METROPOLITAN WASHINGTON REGION ECONOMIC STRENGTH AND STABILITY

- 6th largest metro economy in the U.S.
- 5.3 million people and 3.2 million jobs
- 6th strongest Gross Regional Product (GRP) in the U.S.
- Among the highest educational attainment levels in the U.S.
 - Almost half of the population over 25 has a bachelor's degree or higher (vs. 30% national average)
- Among top markets for millennials



Source: 2016 State of the Region: Economic Competitiveness Report, MWCOG

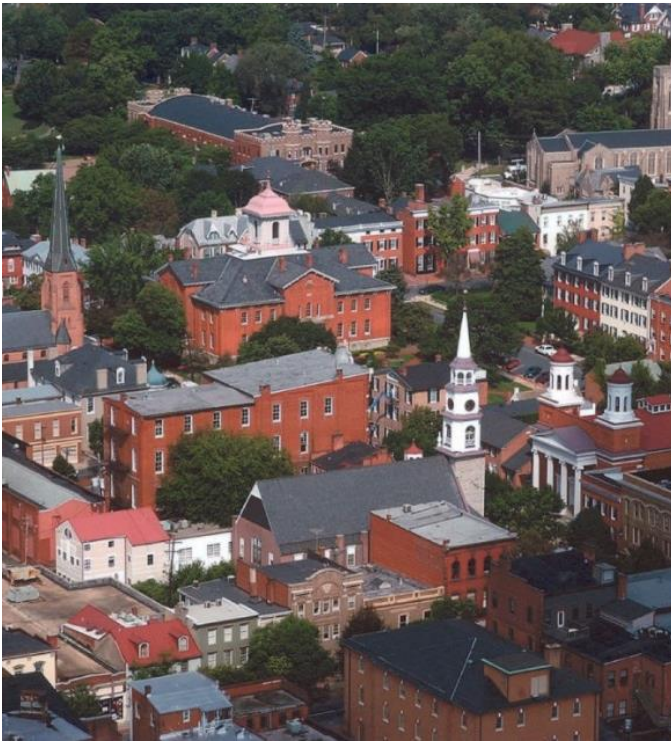
FREDERICK COUNTY NATIONAL RECOGNITION

- **2016 Best Cities in the World for Craft Beer (Frederick #17)** – *Matador Network*
- **2015 Top 50 Best Places to Live (Urbana #35)** – *Money Magazine*
- **2015 Top 10 Best Places to Live for Veterans (Frederick #8)** – *Military Times*
- **2015 Top 100 Best Places to Live (Frederick #32)** – *Livability.com*
- **2014 Top 10 Best Downtowns (Frederick #6)** – *Livability.com*
- **2014 Best Counties In America (#9)** – *Livability.com*



DEMOGRAPHICS

POPULATION CHARACTERISTICS



Frederick County:

- Population is 245,322 (2015)
 - 7th largest population among counties in the state
 - Projected to increase by 8% by 2020 to 265,650
- Average annual population growth rate from 2010-2015 was 5.1%
 - 6th highest population growth rate among the counties in MD
 - Foreign Born Population has increased 12.9% from 2010-2014

Source: Maryland Dept. of Planning

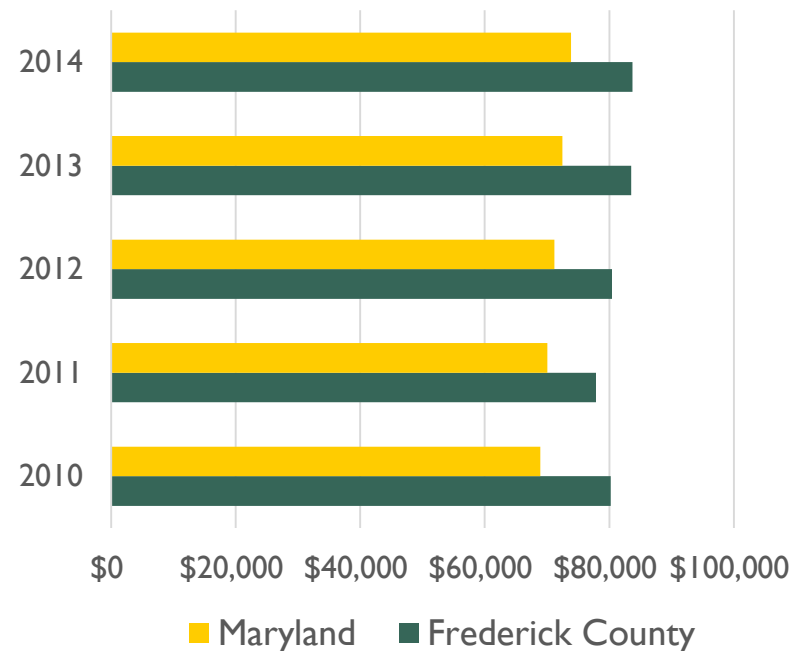
DEMOGRAPHICS

HOUSEHOLD INCOME

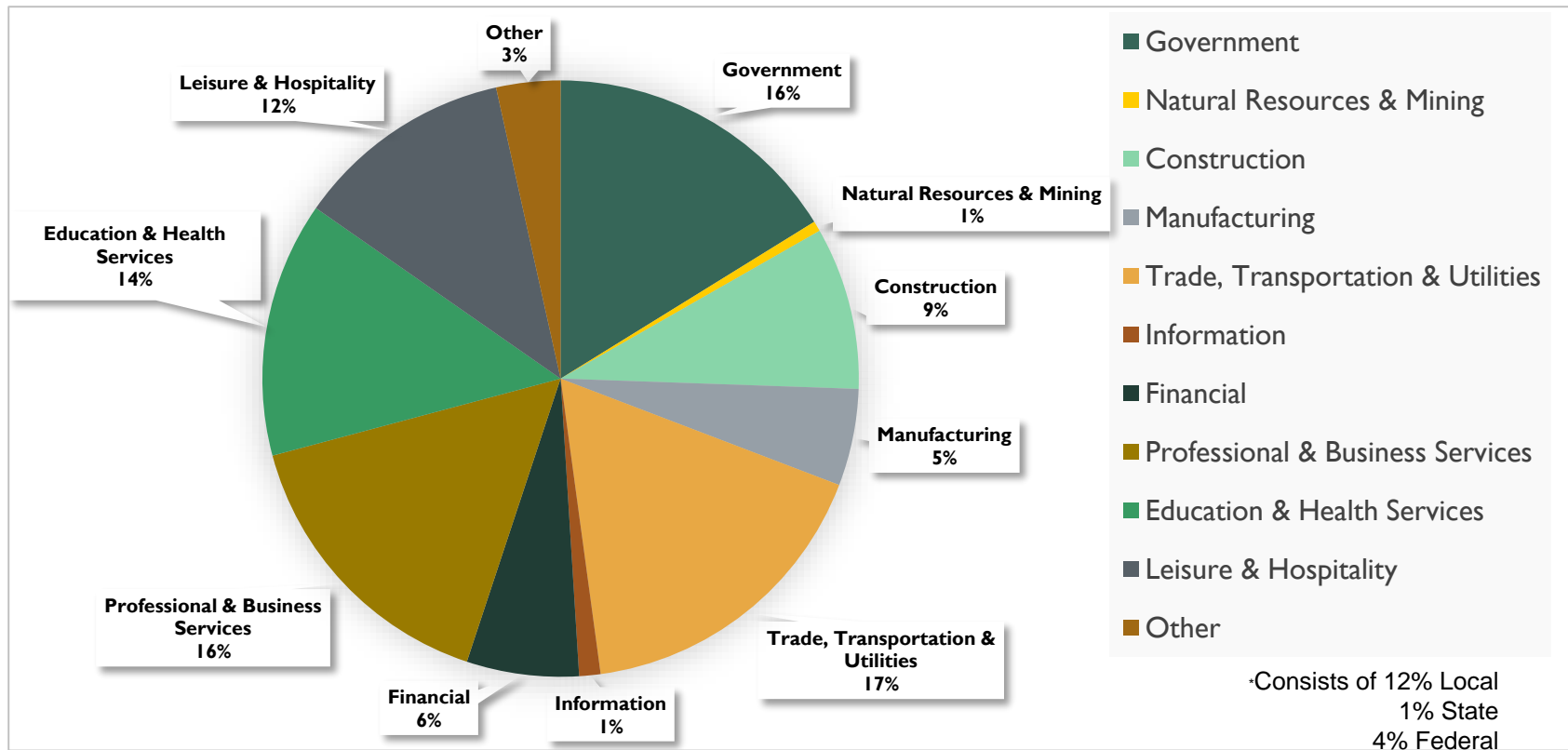
- \$84,480 in 2014
 - 13.6% greater than Maryland's Median Household Income of \$73,851
 - Maryland had the highest Median Household Income in the U.S. according to the 2010 Census



Median Household Income



EMPLOYMENT CATEGORIES



Source: Maryland Department of Labor, Licensing and Regulation, 2nd Quarter 2015 Data

EMPLOYMENT

MAJOR EMPLOYERS



State Farm Insurance Regional Operations Center

2015 Top 10 Employers

Fort Detrick Campus	9,100
Frederick County Board of Education	5,650
Frederick Memorial Healthcare System	2,232
Frederick County Government	1,937
Leidos Biomedical Research (formerly SAIC-Frederick)	1,836
Wells Fargo Home Mortgage	1,742
Frederick Community College	992
Frederick City Government	842
State Farm Insurance	832
United Health Care	635

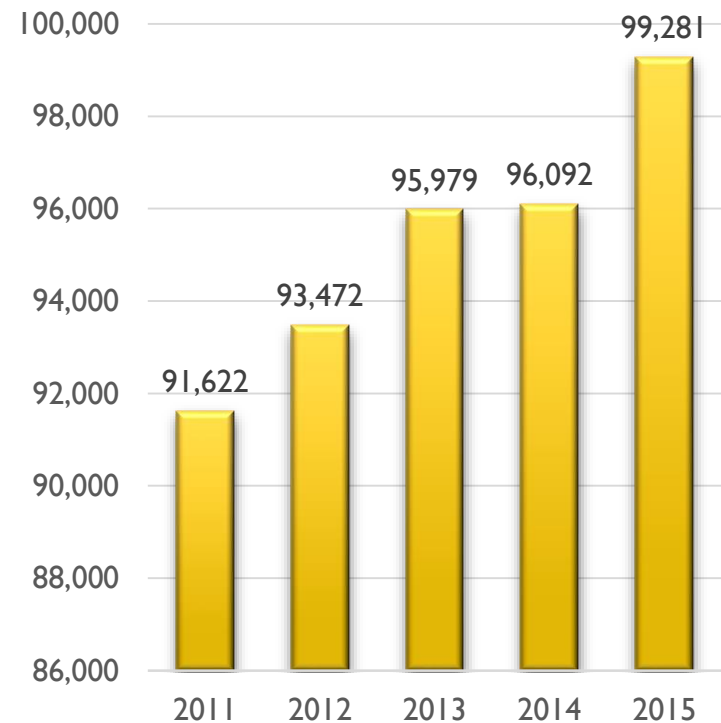
EMPLOYMENT JOB GROWTH

- **2015 Total Jobs: 99,281**
- **2015 Private Sector Jobs: 83,210**
 - 81% of employment base is private sector, up from 79% in 2011
- **From 2011-2015:**
 - The number of jobs increased 8.4% from 2011-2015 and 3.3% from 2014-2015



Frederick National Laboratory for Cancer Research

Number of Jobs



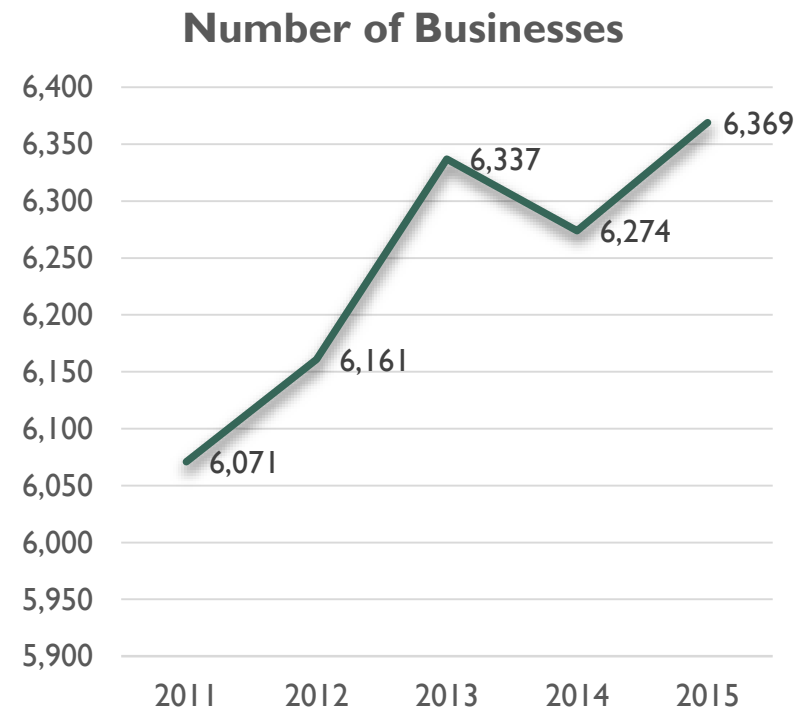
EMPLOYMENT JOB GROWTH

Industry	2015 Total Jobs	2014-2015 Number of Jobs Added	Companies with large recruitment needs in 2015
Bio-Tech	2,743	237	Leidos, Keaki, MedImmune, Thermo Fisher, Charles River, Lonza, Imagilin
IT	1,957	84	Chenega, Yakabod, Orases, Swift Systems, Computer Frontiers, Regent, Experient
Manufacturing	5,281	121	Wright Manufacturing, Trans-Tech, Stulz ATS, Flying Dog Brewery, Aeroflex/Weinschel
Construction	10,064	92	Morgan Keller, Pleasants/Kline, Dorcus
Education	3,569	360	FCC, Hood, Mount St. Mary's
Healthcare and Social Services	12,563	426	FMH, Country Meadows, Genesis Healthcare, Right Time Medical
Tourism	11,751	421	Plamondon Companies, Hilton Garden, Chili's, Bennigan's
Financial Activities and Insurance	938	266	McCaskill, Moore Wealth, Morgan Stanley, Farmers Insurance, BMC, Taylor Financial, area banks
Retail Trades	12,970	284	TJ Maxx, Dick's Sporting Goods, CarMax

COMMERCIAL GROWTH

NEW BUSINESS GROWTH

- **Business Growth:** Over the last 5 years, business base has grown by 4.9%
- **Target Industries:** Bioscience, Advanced Technology, Manufacturing, Agriculture, Renewable/Sustainable Industries
- Other Growth Industries:
 - Health
 - Education
 - Hospitality & Tourism



COMMERCIAL GROWTH

NEW BUSINESS GROWTH

- **2015 Expansions and Locations Announced**
 - **AstraZeneca/MedImmune** – 40,000 SF, 300 jobs
 - **Flying Dog Brewery** – 150,000 SF and 250 new jobs
 - **Costco E-Commerce Center** – 595,000 SF, 200 jobs
 - **Regent Education** – 26,000 Sf, 130 new jobs
 - **U.S. Pharmacopeial Convention** – 25,000 SF, 100 new jobs
 - **Victory Van Corporation** – 42,000 SF, 75 new jobs
 - **Miscellaneous Metals** – 40,000 SF, 120 jobs retained
 - **Blue Pillar** – 5,000 SF, 60 jobs (HQ relocation)
 - **Canam Steel** – 20,000 SF, 10 jobs
 - **Ford Motor Company Training Facility** – 8,500 SF, 10 jobs



Rendering of Union Mills renovation – Regent Education expansion on Carroll Creek



Canam Steel

COMMERCIAL GROWTH CONSTRUCTION SPENDING

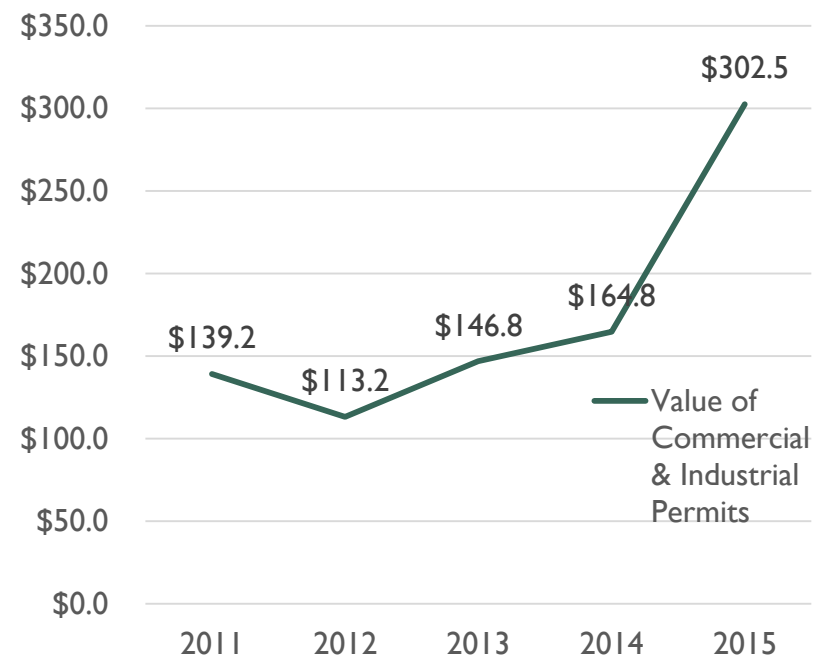
2015:

- Commercial & Industrial spending increased by 117% since 2011



Homewood Retirement Center - \$50M recent expansion

Commercial & Industrial Construction Spending



COMMERCIAL MARKET VACANCY

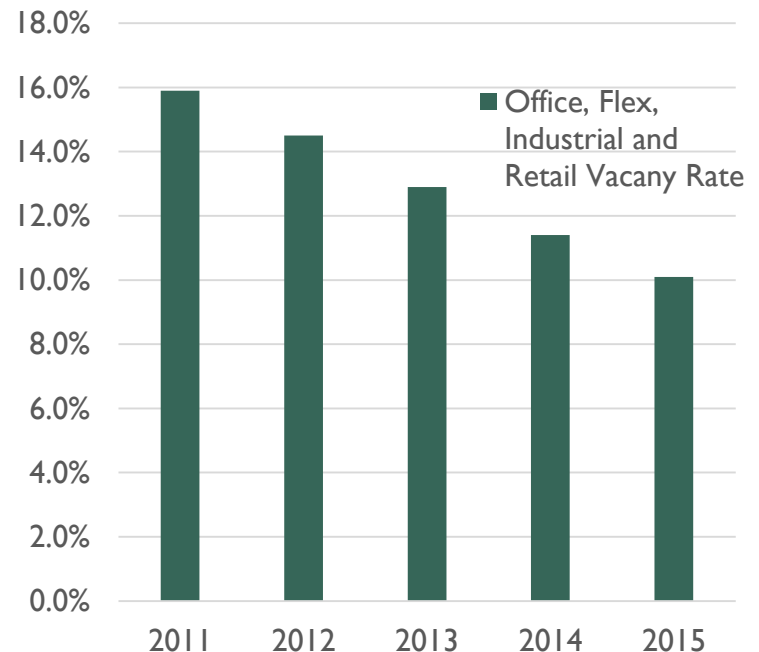
As of 4th Quarter 2015:

- Overall vacancy was 10.1%, significantly lower than year end in 2011 at 15.9%
 - Overall vacancy for the Washington, DC market was 12.3% in 2015
- The Flex and Industrial Markets had the largest decrease in vacancy rates from 2011 - 2015



Class A office space along Carroll Creek

Total Commercial Vacancy Rates



Source: CoStar

COMMERCIAL MARKET OFFICE VACANCY COMPARISONS

2015:

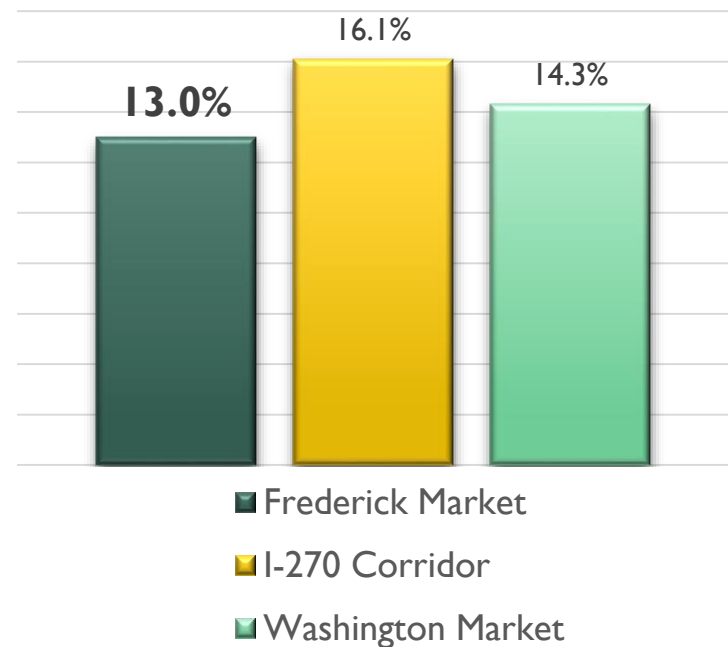
- Average office market vacancy is lower than both the I-270 corridor and the Washington market averages



Wells Fargo Home Mortgage

Source: CoStar

Office Market Vacancy



COMMERCIAL MARKET RENTS

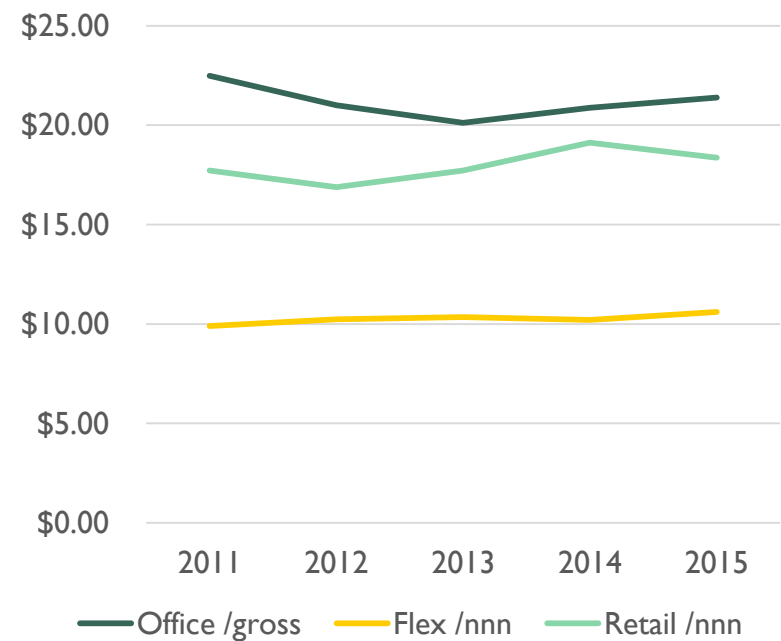
2015:

- Average office rental rates (\$21.39) are 5% lower than 2011, but 2% higher than in 2014
- Average flex rental rates (\$10.61) are 7% higher than in 2011
- Average retail rates (\$18.36) are 4% higher than in 2011



Stulz Air Technology Systems

Office, Flex and Retail Rental Rates



Source: CoStar

RESIDENTIAL HOUSING MARKET

CURRENT CONDITIONS

2015:

- The average home price shows an increase of 17.5% from 2011 to 2015
 - Compared to the State of Maryland where the average home price increased by 9.8% for the same time frame.

Frederick County	2015	2011	% Change
Average Sold Price	\$ 296,638	\$ 252,473	17.5%
Total Units Sold	3,701	2,516	47%



Source: Maryland Association of Realtors

RESIDENTIAL HOUSING MARKET

HOUSING PERMITS

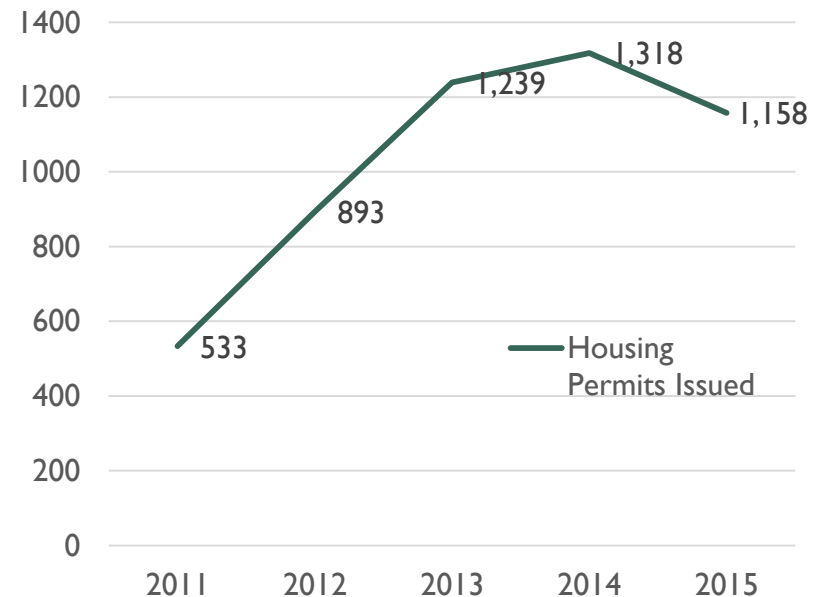
2015:

- The number of housing permits issued increased 117% from 2011 to 2015.



Brunswick Crossing

New Housing Units



ECONOMIC OPPORTUNITIES

- Location, Location, Location
 - I-270 Technology Corridor and Research Triangle
- Bioscience, High Tech and Small Business Job Growth
- Fort Detrick & National Cancer Institute – Frederick Expansion
- Historic Downtown Frederick
 - Carroll Creek Linear Park (Phase II)
 - Downtown Hotel & Conference Center
 - Downtown Innovation Center
- RT 85 Growth Area
- Urbana Growth Area
- Tourism
- Frederick Municipal Airport



FORT DETRICK & NATIONAL CANCER INSTITUTE

- **Important to our Country**

- Cancer, AIDS, Biological Research & Vaccine Development
- Telecommunications
- Medical Protection for the Armed Forces



Frederick National Laboratory for Cancer Research

- **Important to the Region**

- Largest employer – 6,400 Ft. Detrick & 2,700 Leidos Biomedical / NCI-F
- Economy - \$2.1B in Maryland (\$842 M in employee compensation)*
- Technology transfer – Commercialization of off-the-shelf technologies



Fort Detrick

*Source: 2015 Maryland Military Installation Economic Impact Study

GROWTH PRIVATE SECTOR

MEDIMMUNE/ASTRAZENECA

- 2016 - \$4M state funding announced for I80/340 corridor
- 2015 – AZ/MedImmune began construction on \$200M expansion with 40,000 SF. Project will result in 300 new jobs
 - Anticipated Phase II to current expansion to include a \$300M investment and additional 350 new jobs
- Only biologics manufacturing facility in North America with 300 new biologics



MedImmune Biologics Manufacturing Center

SMALL BUSINESS RESOURCES

2015:

- The Frederick office of the SBA's Small Business Development Center (SBDC) was the busiest small business development office in the region.

Frederick County SBDC	FY11	FY12	FY13	FY14	FY15
Business Starts	5	7	8	12	14
Jobs Created	13	21	22	47	76
Loan Dollars	\$ 100K	\$ 428K	\$ 429K	\$ 3.9M	\$ 1.2M



Source: Frederick County Small Business Development Center

FREDERICK INNOVATIVE TECHNOLOGY CENTER INC (FITCI) BUSINESS INCUBATION

- 15,000 SF High-Technology Business Incubator
- 25 offices
- 10 wet labs
- 30 tenants with 70-80 employees at any one time

Downtown Innovation Center

- Framework began in 2015 to establish a technology incubator at 118 N. Market St.
 - The goal is to move IT business incubation downtown and to help serve millennial population needs and bring more IT downtown



118 N. Market St.

DOWNTOWN HOTEL & CONFERENCE CENTER

April 2016

- \$1M State funding allocated in FY17 State Budget
- \$15M State funding allocated in FY18 & FY19 State Budgets

Proposed

- 207 room full-service Marriott hotel with onsite parking
- 14,000 SF of rentable meeting space – two ballrooms

Economic Impact

- \$64 Million Project
- \$25.8M annual direct, indirect and induced spending
- 280 Jobs (\$9.0M payroll)
- 110 hotel jobs/\$2.9 M payroll
- Sales Tax / Hotel Tax
- Catalyst for Reinvestment



Rendering of proposed Downtown Hotel at Carroll Creek



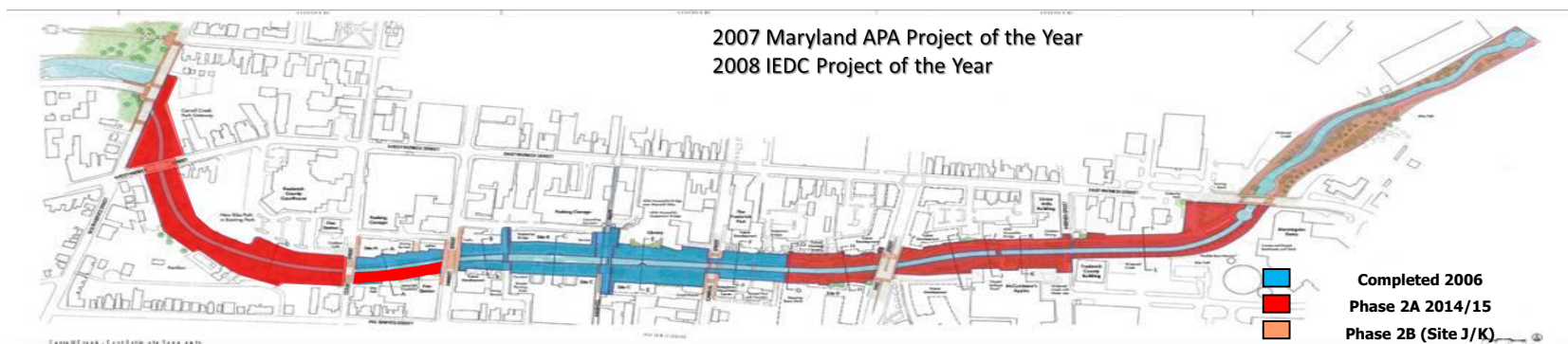
Existing site now

CARROLL CREEK PARK GROWTH AREA

- \$150M private investment, \$60M flood control project and \$27M linear urban park
- 550,000 SF office & retail space, 300 new residential units, 1.3 mile pedestrian & bike path, 350 seat Amphitheatre
- 1,500 new jobs and \$1.2 million annual local real property taxes

PHASE II – Estimated completion Spring 2016

- Estimated at \$15.7 million public/private partnership with \$125 million of private investment



Source: City of Frederick Department of Economic Development

GROWTH PRIVATE SECTOR EAST FREDERICK

- 2,200 AC positioned for mixed-use neighborhoods
- Major planned developments include:
 - Frederick Brickworks – 65 acres located at East Street & I-70
 - Renn Farm – 200 acres MXD (1,500 residential units and 105,000 SF commercial)
 - Riverside Research Park – 177 AC world-class life sciences research park anchored by Frederick National Laboratory for Cancer Research.
 - Riverside Technology Park – 44 acre R&D



Renn Farm property proposed

The New Fredericktowne Centre

New Retail Facades

DLC

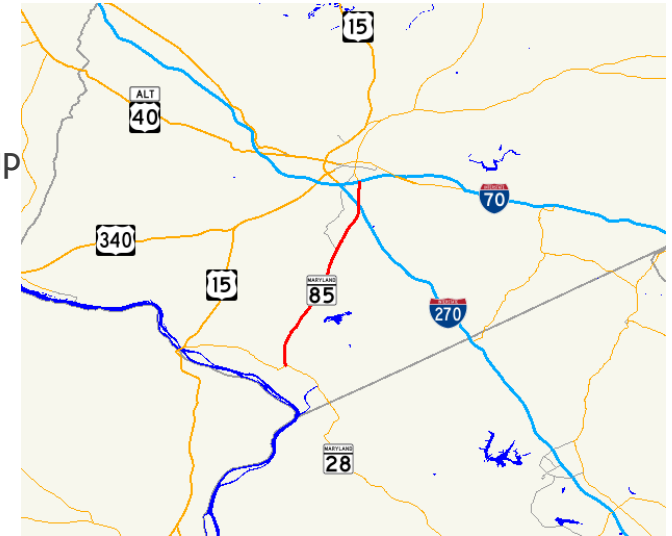
9 April 2013

- 26

GROWTH PRIVATE SECTOR

RT 85 – MATAN COMPANIES

- 2.5 million of Matan's 5.5 SF is located in Frederick County
- **Westview Retail**
 - 21,000 SF of brand new inline retail delivering March 2016
 - At lease for a 4K SF restaurant by Paladar Restaurant Group
 - Popular high-end restaurant and community bank are interested in pad (TBA Spring)
 - 3 additional 1 to 1-1/2 acre pads available
- **Westview Residential**
 - Under construction to Mitchell & Best for 610 residential units.
- **Westview Office Research Industrial (ORI)**
 - 110,000 SF government contractor in negotiation
 - Additional 1 million SF available



GROWTH PRIVATE SECTOR

RT85 – ST JOHN PROPERTIES

- St. John Properties is the largest private commercial landlord in MD with one million SF of product in Frederick County and over 110 acres of pending development projects
- **The Frederick Portfolio**
 - 55% Leased in 2011
 - 75% Leased in 2012
 - 81% Leased in 2013
 - 85% Leased in 2014
 - 90% Leased in 2015
- **Russell Property**
 - 104 acre flex business park with 11 buildings totaling 413,000 SF
 - Groundbreaking anticipated Fall 2016
- **Westview Business Park**
 - 40 acre flex business park with 9 buildings totaling 460,580 SF
 - Major tenants – Patriot Technologies, Bechtel, Nestle, Ford Motor Co, Fastenal



GROWTH PRIVATE SECTOR

RT 85/RT 355 OFFICE AREAS

From 2005-2010
(large office vacancies)

- **Bechtel Campus**
187,600 SF vacant
- **5280 Corporate Dr**
210,000 SF vacant
- **5202 Presidents Ct**
235,000 SF vacant
- **Frederick Corporate Park**
275,000 SF vacant

TODAY (rebounding with multiple office tenants)



Source: Avison Young

GROWTH PRIVATE SECTOR URBANA

- **Corporate Center – 200 acre office and R&D campus includes:**
 - Fannie Mae (247,000 SF)
 - Legal General America (115,000 SF)
 - Social Security Administration (300,000 SF and \$500M capital investment) with 200 employees (average salary is \$60,000)
- **Residential**
 - 3,000 of 3,500 units in Villages of Urbana and Urbana Highlands are occupied
 - Projected to add 100-150 new units per year
- **Town Center Employment District**
 - Development underway for up to an additional:
 - 610 residential units
 - 1,950,000 SF office/research space potentially available



FMH Urbana



Legal General America

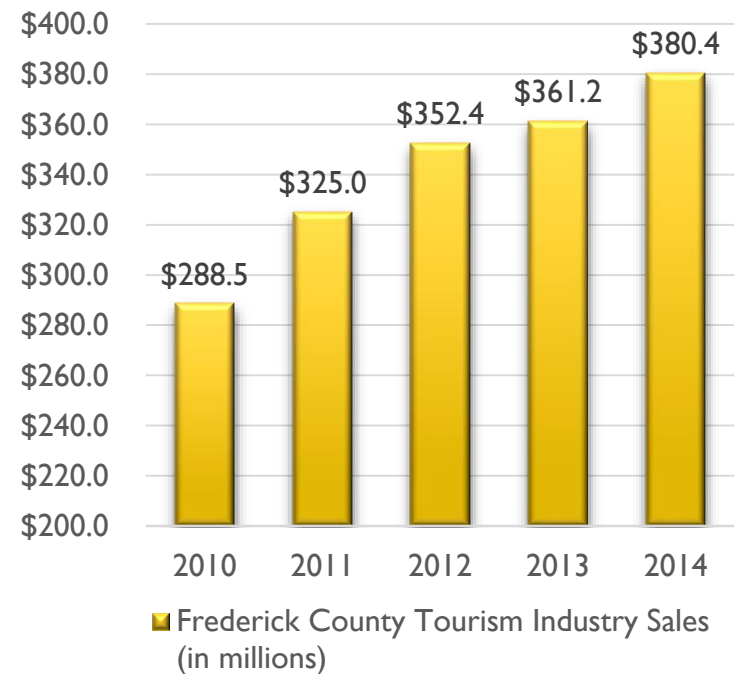
TOURISM

VISITOR SPENDING

- Visitor spending reached \$1M per day in 2014, an all-time high



Frederick County Tourism Industry Sales (in millions)



Source: Frederick County Tourism Council

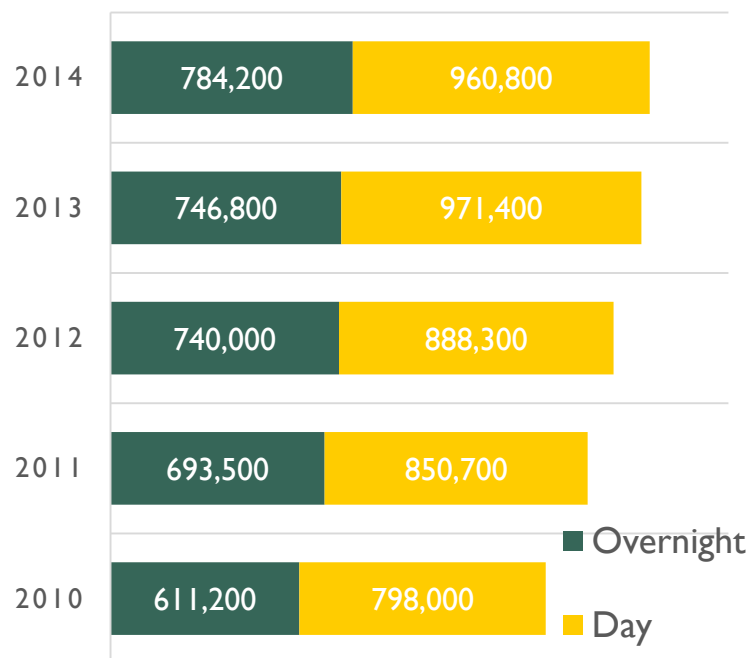
TOURISM

VISITORS TO FREDERICK COUNTY

- The number of visitors reached an all time high in 2014 at 1,745,000 visitors



ANNUAL VISITORS



REINSTATED SUPPORT FOR AGRICULTURE INDUSTRY

- Frederick County has the largest number of farmland acres and number of farms in the State
- Farmers produce \$150 million in products annually
 - Dairy is the largest agriculture product
- Among the top 10 Counties in the U.S. for land preservation
- Farmers lead the State in the inventory of cattle and pigs
- Established and solid infrastructure exists with food processors, distributors, and farm equipment dealers

Homegrown
Frederick



EMERGING AGRICULTURE ECONOMIES

Wineries, Breweries, and Distilleries Growth

- 11 Wineries – 4 pending
- 4 Farm Breweries – 1 pending
- 1 Distillery – 4 pending
- First meadery, first cidery and first farm brewery in Maryland
- Largest winery in the State
- Largest craft beer producer in the State



Orchid Cellars Meadery & Winery

INFRASTRUCTURE

FREDERICK MUNICIPAL AIRPORT (FDK)

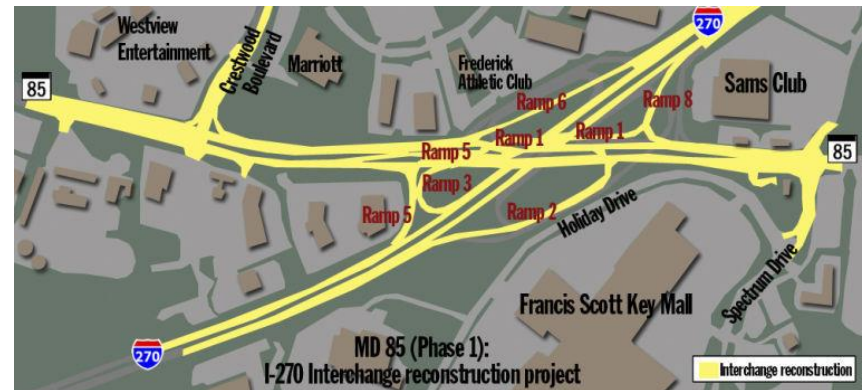
- Economic Impact (2013 Maryland Aviation Administration Study)
 - 1,268 jobs (direct/indirect/induced)
 - \$ 110M business revenue
 - \$ 77M personal income
 - \$ 7M taxes
- 300+ businesses use FDK annually
- 2nd busiest airport in Maryland (1st - BWI) (90,000 aircraft operations in 2014)
- Services provided:
 - 2 licensed runways (5,200' and 3,600')
 - Federally-funded Air Traffic Control Tower
 - Fixed-base operator services, aircraft maintenance, hangars
 - Fuel sales
 - Flight training programs



INFRASTRUCTURE TOP TRANSPORTATION PROJECTS

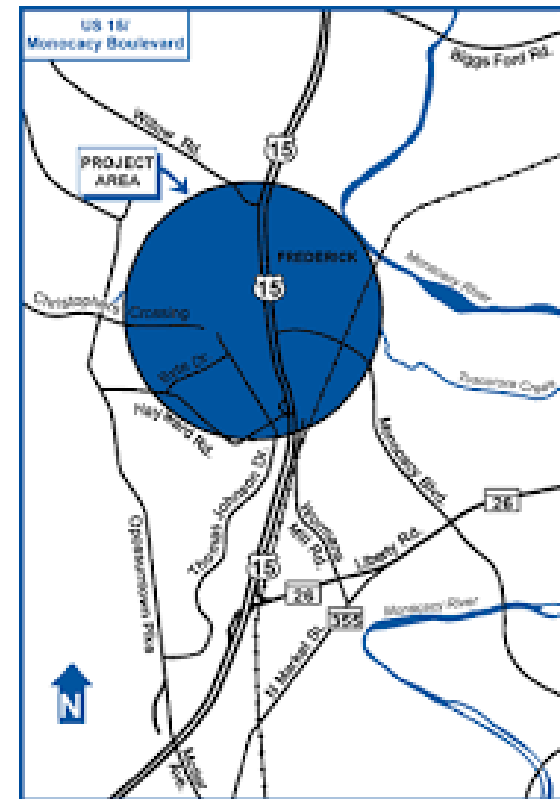
- **MD 85/I-270 Northbound Ramp Intersection**
 - Design and reconstruction to add lanes on MD 85 at the northbound ramp intersection
 - \$110M project to begin summer 2017
- **MD 180/351 lane widening and expanded bridge over US 340/I5**
 - State announced funding support March 2016
- **I-70 Widening from MD 144 and MD 85/East Street**
 - \$45 million project

The State of Maryland has dedicated \$160M+ to specific road, bridge projects in Frederick County



INFRASTRUCTURE UNDER CONSTRUCTION TRANSPORTATION PROJECTS

- **Carroll Creek Park (Urban Park Bike/Pedestrian)**
 - Phase II Construction to be completed Spring 2016
 - \$15.7M project
- **US 15/Monocacy Boulevard Interchange**
 - Complete in 2017/2018
 - Construction cost - \$63.8 million
- **Monocacy Boulevard Center Section**
 - \$16 million share between County & City
 - Opens up land for employment development
 - Improves access for business to municipal airport



NO COUNTY BUSINESS PERSONAL PROPERTY TAX

Jurisdiction	Rate
FREDERICK COUNTY	\$ 0
City of Frederick (10 year phase-out)	\$ 1.55
Montgomery County	\$ 1.83
City of Rockville	\$ 2.64
City of Gaithersburg	\$ 2.36
Howard County	\$ 2.54
Loudoun County (VA)	\$ 4.20
Town of Leesburg (VA)	\$ 5.20
Fairfax County (VA)	\$ 4.57

Business Personal Property Tax

- Tax on property that can be touched and moved, such as equipment, furniture, inventory, supplies and other possessions
- “The elimination of business personal property tax improves the business competitiveness of a jurisdiction and encourages reinvestment in a business.” Source: Tax Foundation
- In 2015, the City of Frederick voted to eliminate business personal property tax over a 10-year period and voted to eliminate the tax retroactive to Jan 2015 for all manufacturers.

NEW BUSINESS INCENTIVES

- **2016 - Small Business Tax Credit**
- **2016 - Small Business Loan Guarantee**
- **2015 - Commercial and Industrial Business Tax Credit**
 - Up to 10 years (offered to AstraZeneca/MedImmune expansion)
- **2015 - Water and Sewer Capacity**
 - Water and Sewer Capacity Leases for certain manufacturing facilities in lieu of purchasing the capacity for a term of no more than 20 years.
 - Water and Sewer Capacity Fee Payment Plan Fund (PPF) – may be used to provide loans to certain commercial water and/or wastewater customers to purchase capacity fees for new construction or expansion. It allows the property owner to spread out the payment of the Capacity Fees over a max term of 10 years.

AWARD WINNING EDUCATION

FREDERICK COUNTY PUBLIC SCHOOLS

- 7 high schools made U.S. News & World Report's best high schools list for 2016
- In January 2015, Maryland Public Schools graduation rates hit record high of 86.4% while FCPS graduation rate was even higher at 93.5%
- All high schools rank in the top 10% National Challenge Index



PILLARS OF STABILITY

HIGHER EDUCATION

Frederick Community College, Est. 1957

- Total Enrollment: 6,159 (2-Year Institution)
- 1,103 employees
- Number of Degrees: 846



Hood College, Founded 1893

- \$32 million each year in local, direct economic impact
- Total Enrollment: 2,365 (4-Year Institution)
- 418 employees
- Named one of the top 25 best regional universities (North) by U.S. News & World Report's Best Colleges (2015)



Mount Saint Mary's University, Est. 1808

- Oldest independent Catholic University in US
- Total Enrollment: 2,240 (4-Year Institution)
- 511 employees
- Named one of the top 25 best regional universities (North) by U.S. News & World Report's Best Colleges (2015)



PILLARS OF STABILITY

HEALTHCARE

Frederick Regional Health System

- March 2016- Broke ground on James M. Stockman Cancer Institute (\$21M project)
- Operates 20 healthcare sites throughout the County
- Designated by The Joint Commission as a *Top Performer on Key Quality Measures®* for achieving excellence on its accountability measures for heart attack, heart failure, pneumonia and surgical care.
- One of the busiest Emergency Departments in MD treating over 82,000 patients each year
- Total staff of 2,700 with 583 physicians



Source: Frederick Memorial Healthcare System

MAIN STREET FREDERICK COUNTY

- **Main Street America is a program of the National Trust for Historic Preservation that helps revitalize downtowns and commercial districts**
- **Four (4) Maryland Main Streets – tied for most main street designations per County in Maryland**
 - Downtown Frederick
 - Brunswick
 - Middletown
 - Thurmont
- **Five (5) Maryland Sustainable Communities** (Sustainable Communities Act of 2010 – resources for comprehensive revitalization including funding sources such as Neighborhood Business Works and Community Legacy Program and tax credits)
 - Brunswick
 - Emmitsburg
 - Middletown
 - Thurmont
 - City of Frederick – Patrick St. Corridor



**National Main Street
Center**

a subsidiary of the
National Trust for Historic Preservation

