



Howard County, Maryland *economic* **INDICATORS**

A Publication of the Howard County Economic Development Authority

June 2016

Our Mission...

Review the most currently available economic indicators for Howard County and surrounding areas to assist in providing advance warning of possible shifts in the local economy that may be helpful in the evaluation of current and future government policies and private sector business decisions.

Howard County Economic Development

- Howard County Economic Development Authority (HCEDA) business development reports that expansion and construction projects continue along the Route 1 Corridor. Most of the business expansions currently taking place are due to resident company growth. About 85% of assistance provided by HCEDA is to resident companies expanding within the County, 12% are Maryland companies relocating to the County, and the remaining percentage are out-of-state companies looking to expanding their business to the County.
- About 5 transactions with companies are being reviewed and processed to receive tax credits.
- Cyber, healthcare IT, and advanced manufacturing are the primary sectors for companies that the HCEDA has been working with in fiscal year 2016.
- Johns Hopkins Applied Physics Lab recently acquired 55 acres near their location in Laurel.
- Consultants hired to help lead efforts to develop a new strategic plan for the HCEDA completed the data collection process. A presentation of the data was held for business development and the

Industry Insights

New Residential Construction

- Housing construction activity is good but could be better. Sales volume is down year-over-year, but business continues to be steady. December to May is typically the busier months, and June through November slow down.
- A large share of sales has come from Anne Arundel County and Howard County in the Laurel 55+ age-restricted community.
- Average prices vary by community. Prices have increased from \$600,000 to \$700,000 up to the mid \$800s for single-family detached homes.
- Subcontractors are having a difficult time recruiting talent. Our local expert reported that workers are willing to travel further for employment that offers higher pay.

Residential Real Estate

- Recent statistics show that the market is generally good, but inventory is down. The rental market is flat. Two rental properties that were recently listed had to decrease their prices 10-15% for buyers. Former short sale and bankruptcy buyers are re-entering the market.
- Older neighborhoods throughout Howard County are seeing a resurgence of young, new families.
- Empty-nesters are downsizing and purchasing another home as opposed to renting.

Commercial Real Estate

- Office vacancy has dropped more than industrial space, because there has been less office construction, and more industrial construction.
- As development continues and properties are completed in Emerson, Maple Lawn, Route 1 Corridor and Downtown Columbia the commercial tax base will increase.
- Experts report that the redevelopment of industrial properties is a market trend. There is demand for these redeveloped spaces.
- Financing speculative office space in the suburbs remains a challenge, unless space can be pre-leased.

Retail*

- Quick serve restaurants (QSR) continue to dominate the retail market and much its activity.
- Consumers' on-the-go lifestyles paired with an increasing amount of dual-income families is driving growth and diverse options in the QSR category.
- Philadelphia-based Primo Hoagies celebrated their grand opening in Columbia. This is the brand's first Baltimore metro location and third in Maryland.

Planning and Zoning

- The research division reports that building permit activity is steady, but low. Downtown Columbia will continue to see lots of growth; a total of 5,500 units are included in the 30-year plan. Route 1 Corridor projects are ongoing; however no housing is in the pipeline for the future.

**Sources: Mackenzie Retail Report*

- The APFO (adequate public facilities ordinance) chart has been pre-filed for the County Council to adopt in July – this is the first year that there are no housing units in the allocation bin. Development is not as strong as it has been in the past, as land is becoming increasingly scarce.
- Annually, there are approximately 1,500 - 2,000 residential units approved. Compared to last year, here was a slight uptick in newly permitted non-residential development; there is about 1.5 million square feet of space in the pipeline. This will contribute to the growth of the commercial and industrial tax base.
- Planning and zoning representatives suggested that the County must begin to look at industrial land use.
- Experts shared that an analysis of the Route 1 Corridor must be conducted again; looking at it from both a market and regulatory perspective. Transportation implications for the new development in addition to what kind of capital investments might be necessary must be addressed.

Federal Government Contracting

- In addition to the government sector, interest has grown within the healthcare industry for IT services to ensure that networks are secure.
- According to our federal contracting representative, NSA has shared their need for manufacturing in Maryland.
- The majority of new companies offering cyber services are supporting both government and private industries.
- Restructuring at NSA has resulted in some turnover in employment.

Higher Education

- Throughout the summer pilot projects will be taking place to determine the capacity of the 3D printers provided to Howard Community College (HCC) by the HCEDA and how much time it would take to complete projects so that when HCC begins marketing to entrepreneurs and businesses it will be able to make assessments of what project requirements. HCC hopes to market this opportunity to the local business community by September 2016.
- Experts report that the Maryland Department of Commerce wants all community colleges in Maryland to join a national organization and begin to think about apprenticeship opportunities.

County Budget

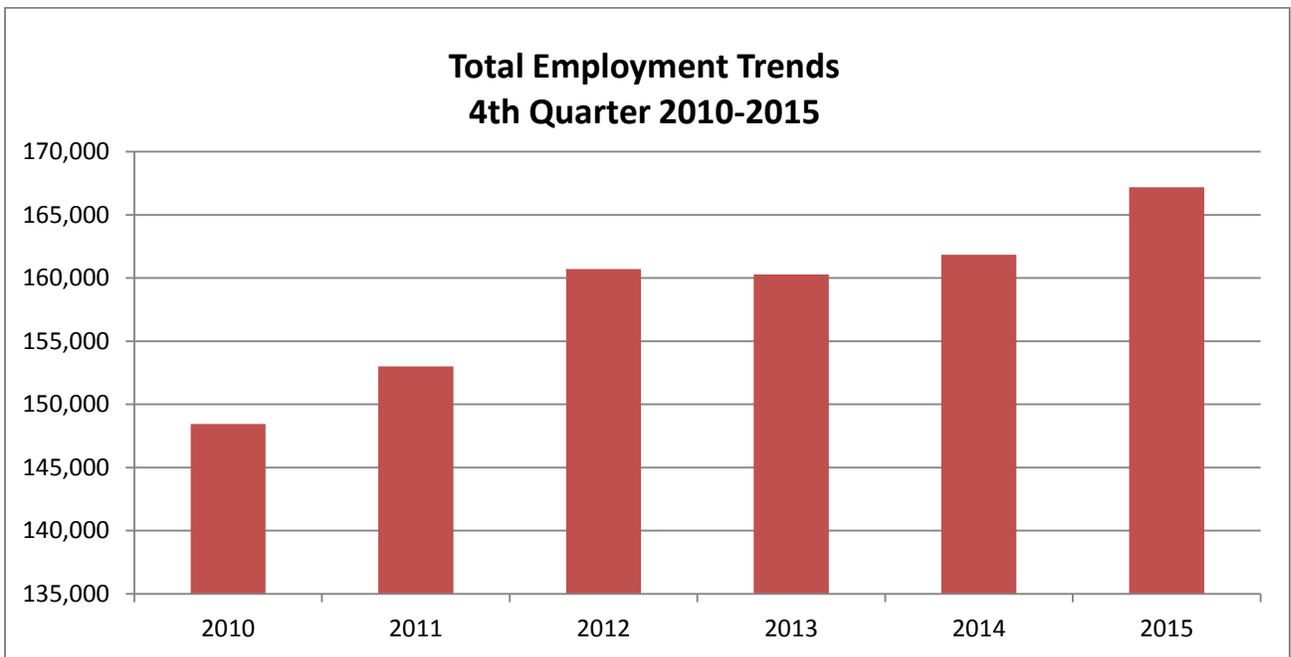
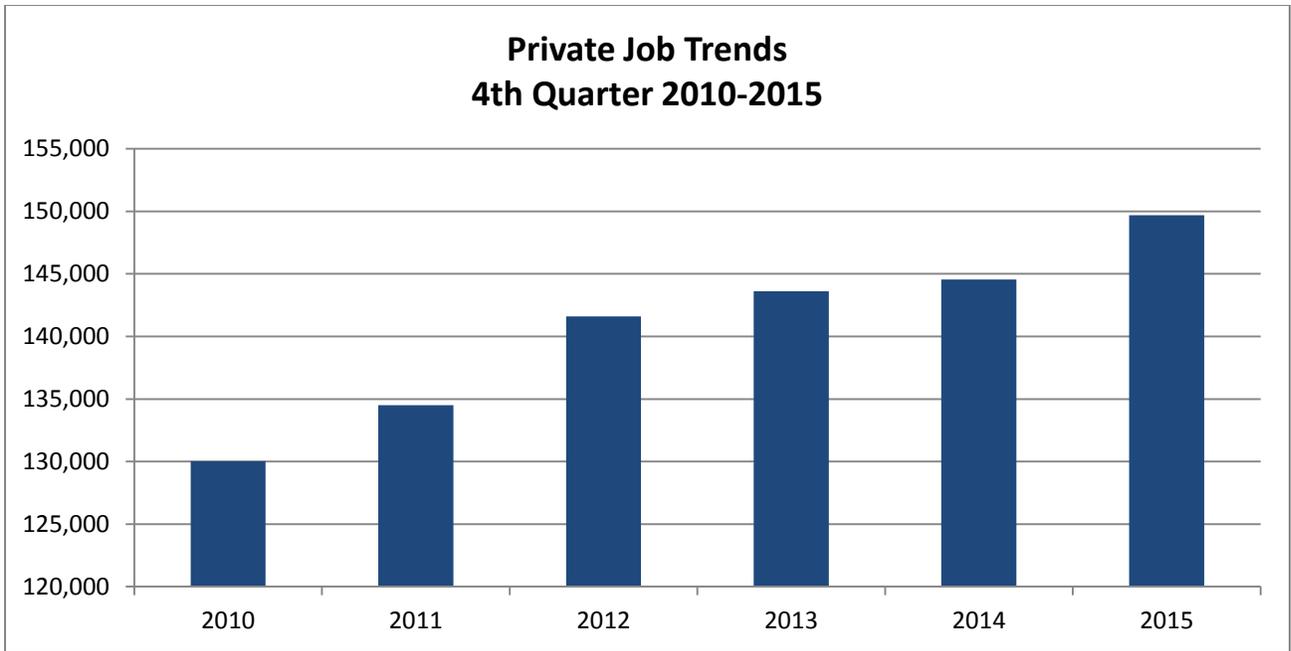
- The budget process for fiscal year 2016 included a unanimous decision by the County Council to accept the budget approved by County Executive Allan Kittleman.
- The significant revenue shortfall observed in FY15 improved through FY16 and experts anticipate that positive trend will continue into FY17.
- The County's school system budget increase of 4.1% was approved; it is the second highest increase approved in the past 8 years.

Attachments

***Howard County Commercial Real Estate Market Reports**

**Source: CoStar*

Industry	FOURTH QUARTER 2015						
	Number of Reporting Units	Monthly Employment			Quarterly Average Employment	Total Wages	Average Weekly Wage Per Worker
		First	Second	Third			
Howard County							
TOTAL EMPLOYMENT	9,978	166,985	167,423	167,173	167,194	\$2,876,252,144	\$1,323
GOVERNMENT SECTOR - TOTAL	136	17,430	17,548	17,555	17,511	255,944,632	1,124
Federal Government	26	603	639	675	639	12,796,750	1,540
State Government	14	1,839	1,821	1,821	1,827	26,093,062	1,099
Local Government	96	14,988	15,088	15,059	15,045	217,054,820	1,110
PRIVATE SECTOR - TOTAL ALL INDUSTRIES	9,842	149,555	149,875	149,618	149,683	2,620,307,512	1,347
GOODS-PRODUCING	1,112	18,551	18,347	18,324	18,407	336,386,687	1,406
Natural Resources and Mining	23	321	255	241	272	3,299,423	933
Construction	873	10,424	10,319	10,267	10,337	190,441,951	1,417
Manufacturing	216	7,806	7,773	7,816	7,798	142,645,313	1,407
SERVICE PROVIDING	8,730	131,004	131,528	131,294	131,275	2,283,920,825	1,338
Trade, Transportation, and Utilities	1,816	34,256	34,964	35,456	34,892	527,659,038	1,163
Information	156	3,436	3,479	3,410	3,442	86,745,355	1,939
Financial Activities	944	9,511	9,534	9,635	9,560	204,880,057	1,649
Professional and Business Services	2,973	45,505	45,351	44,811	45,222	1,097,082,329	1,866
Education and Health Services	1,231	18,690	18,851	18,728	18,756	242,078,394	993
Leisure and Hospitality	754	15,163	14,891	14,838	14,964	80,395,022	413
Other Services	856	4,443	4,458	4,416	4,439	45,080,630	781



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Thank you for your review of this publication.
