MONTGOMERY COUNTY
ECONOMIC INDICATORS BRIEFING

2019 | Q2

Montgomery
Planning

MONTGOMERY COUNTY
ECONOMIC DEVELOPMENT
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ECONOMIC INDICATORS BRIEFING 2019 Q2

This is the fourth edition of the quarterly joint publication between Montgomery Planning and the Montgomery County Economic Development Corporation. Each edition reports a range of indicators, including resident labor force, employment, and commercial real estate information. Additionally, each edition examines indicators associated with specific industries. This 2019 Q2 edition features new information relating to Montgomery County's hospitality industry with a focus on the emerging hospitality tech sector and Thrive 2050, the county's General Plan update.

EMPLOYMENT

RESIDENT LABOR FORCE[1]

	June 2019	June 2019 Year over Year Change (YOY)
Labor Force	567,296	+7,774
Unemployment Rate	3.3%	-0.3%

EMPLOYMENT IN MONTGOMERY COUNTY[2]

	Q1 2019*	Q1 YOY Change
Employment	467,603	+668
Establishments	32,913	-54

REAL ESTATE AND DEVELOPMENT

OFFICE REAL ESTATE[3]

	Q2 2019	Q2 Year over Year Change (YOY)
Gross rent per sq. ft.	$30.44	+0.45
Vacancy	3.8%	+0.2%

RETAIL[3]

	Q2 2019	Q2 YOY Change
Triple Net Rent per sq. ft.	$30.84	+0.15
Vacancy	3.8%	+0.2%

HOME SALES UPDATE[4]

	Jun. 2019	Jun. YOY Change
Median Sales Price	488,000	+$10,000

MULTI-FAMILY RENTALS[3]

	Q2 2019	Q2 YOY Change
Effective Gross Rent per Unit	$1,752	+$54
Vacancy	5.2%	-0.6%

BUILDING PERMITS ISSUED[5]

	Q2 2019	Q2 YOY Change
Residential Unit Permits Issued	962	+510
Commercial Bldg. Permits Issued	41	20
Commercial Bldg. Permits sq. ft.	2,146,026	+1,556,755

Venture Capital Deals in First Two Quarters of 2019

Montgomery County companies raised less money in the first half of 2019 than in the first half of 2018. This decrease is largely due to the Viela Bio venture capital (VC) deal in March 2018, one of the county's largest deals in recent history. In 2019, BioHealth picked up the pace in Q2, especially with Sirnaomic's $22 million deal in April. Other industries are gaining momentum as well, including hospitality tech, of which one company raised nearly as much as the entire worth of the cybersecurity sector.

INVESTMENT

VENTURE CAPITAL ACTIVITY IN Q1 OF 2019[6]

Primary Industry Code	Capital Invested (in Millions)	Deals
BioHealth	101.04	9
Cybersecurity	4.3	4
Health Tech	25.83	8
Other Healthcare	56.3	2
Hospitality Tech	4	1
Other Industries, Including Other Tech Companies	44.3	9
Total	**235.79**	**34**

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1 US Bureau of Labor Statistics, Local Area Unemployment Statistics
2 US Bureau of Labor Statistics, Quarterly Census of Employment and Wages
* Indicates preliminary data
3 CoStar
4 Greater Capital Area Association of Realtors

5 Dept. of Permitting Services as obtained by Montgomery Planning
6 Pitchbook Data, Inc, August 15, 2019

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HOSPITALITY INDUSTRY IN MONTGOMERY COUNTY

Montgomery County's hospitality industry is distinctive from many other communities. While the county has hotels, caterers, and restaurants like most communities, there is a big differentiator: it is home to some of the world's largest hospitality headquarters, hotel managers, real estate investment trusts and an emerging hospitality tech sector.

Hospitality Headquarters

Marriott International, the world's largest hotel company, has been headquartered in the Montgomery County for more than 60 years and is constructing a new $600 million headquarters in downtown Bethesda. Choice Hotels, one of the world's largest hotel franchisers, has also been headquartered in the county for more than 70 years. Sodexo, a French food services and facilities management company, has its North American headquarters in Gaithersburg.

Hospitality Tech

Hospitality tech refers to companies focused on industry-specific digital solutions in the hospitality industry, an emerging field that takes different forms. Some companies, like WeddingWire, a subsidiary of The Knot Worldwide, are consumer based. Others, like Kalibri Labs, Qu, StayNTouch, and myDigitalOffice, are focused on internal business solutions and they **raised more than $40 million in venture capital since 2016**.

Hospitality Management

Hospitality management companies often oversee the day-to-day operations at individual hotels. Several of the largest in the industry are headquartered in Montgomery County including PM Hotels, Capitol Hotel Group, BF Saul Company's Hospitality Group, and Hospitality Partners.

REITs

Real estate investment trusts (REITS) are companies that own, operate, or finance income producing real estate. REITs are a key component of the hospitality industry, especially to finance the development of hotels. Host Hotels & Resorts, the world's largest REIT, is headquartered in Bethesda. Other major REITs headquartered in the county include RLJ Lodging Trust, Diamond Rock, and Pebblebrook Trust.

Tracking the County's Hospitality Industry

Montgomery County's hospitality industry is not easy to track. The set of NAICS codes for "Accommodation and Food Services" (NAICS 72) typically captures hotels and restaurants rather than the types of companies discussed in this briefing. While there is not a comprehensive set of NAICS codes to capture the county's hospitality industry, the table below highlights a few examples of NAICS codes that are common. Hospitality tech, like the tech sector generally, is captured across a wide range of NAICS codes. We are investigating ways to track the industry more formally.

EMPLOYMENT IN SELECT HOSPITALITY NAICS CODES

NAICS Code	Definition	Employment (2018)	Example Companies
5511	Management of Companies and Enterprises	7,400	Marriott International, Choice Hotels, Sodexo
53112	Lessors of Nonresidential Property	1,166	Host Hotels & Resorts, RLJ Lodging Trust
5611	Office Administrative Services	2,555	PM Hotels, Capitol Hotel Group

Company Spotlight: myDigitalOffice

myDigitalOffice is a Bethesda-based hospitality tech company that closed on a $4 million Series A VC deal this summer. Its products collect hotel data scattered across multiple systems into a central, interactive dashboard that helps clients improve productivity and save thousands on paper. Ali Moloo, the company's current CEO, founded myDigitalOffice in 2015 in Toronto. He relocated to Seattle shortly afterward and knew the location wasn't quite right either. After conducting a nationwide search, he moved the business to Bethesda in 2018. Home to some of the world's largest hotel brands, hoteliers, and REITs, Bethesda offered immense opportunities for growth, a high quality of life and excellent schools for his family. When asked if moving to Bethesda was the right decision, Moloo points out how much easier meeting Marriott International and signing them as a client were than if he had remained in Toronto or Seattle. Visit mydigitaloffice.com to learn more about their products for the hospitality industry.

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THRIVE MONTGOMERY 2050

Thrive Montgomery 2050 is Montgomery Planning's initiative to update Montgomery County's General Plan. The General Plan is the long-term policy document that informs the shape and character of every neighborhood, the types of community facilities and amenities that serve residents and businesses, and the ways we travel throughout the county. It is continually revised with amendments and smaller subject or geographically specific plans. An overall update to the General Plan like Thrive 2050, however, only happens once every few decades.

Montgomery Planning is collaborating with the public to create Thrive Montgomery 2050 and determine what's going to be different about the world in 30 years. In addition, the Thrive initiative offers the chance to question assumptions addressing:

- The evolving nature and impacts of technology on the economy and society.
- Societal shifts and changing lifestyle and demographic influences on employment, retail, transportation, education, housing, health, infrastructure, culture and recreation.
- Social equity and environmental resilience.

Visit **ThriveMontgomery.com** to learn more and find ways to participate in the process. Your insight will inform the plan that goes to the Planning Board in October 2020 and eventually to the County Council in spring 2021.

Events to Share Your Input on Thrive 2050

- **Sunday, September 15**–FutureFest noon to 5 p.m. at the Silver Spring Civic Building
- **Friday, September 20**–Park(ing) Day at Fenton Street and Ellsworth Drive in downtown Silver Spring from 9 a.m. to 3:30 p.m.
- **Friday, September 20 through Friday, September 27**–Long Branch Festival Week, at Flower Avenue Urban Park and the shopping center across the street
- **Saturday, September 21**–Poolesville Day Festival, from 10 a.m. to 4 p.m. in Whalen Commons Park
- **Saturday, September 21**–Montgomery Hills Street Festival, from 3 p.m. to 7 p.m. on Georgia Avenue from Columbia Boulevard to Seminary Road
- **Sunday, September 22**–Wheaton Arts Parade and Festival, from 10 a.m. to 5 p.m. in Wheaton Veterans Urban Park
- **Saturday, October 5**–Taste of Bethesda, 11 a.m. to 4 p.m.
- **Saturday, October 5 and Sunday, October 6**–The Burtonsville Placemaking Festival, 4 p.m. to 9 p.m. on October 5 and 10 a.m. to 3 p.m. on October 6 at the Burtonsville Crossing Shopping Center

Thrive Week

Thrive Week: The Future Imagined

ABOUT MONTGOMERY PLANNING

Montgomery Planning helps to improve quality of life by conserving and enhancing the natural and built environments for current and future generations. The Planning Department creates great communities by developing master plans, reviewing applications for development and analyzing various types of information to help public officials plan for Montgomery County's future. Each community within Montgomery County has a master plan that creates a comprehensive view of land use trends and future development.

ABOUT MCEDC

The Montgomery County Economic Development Corporation (MCEDC) is a nonprofit organization created in 2016 to help promote economic development in Montgomery County. A public/ private partnership, MCEDC helps to accelerate business growth and retention in Montgomery County. The team connects business decision makers to market intelligence, promotes the County as a prime business location for companies of all sizes to thrive and identifies available incentives and top talent.

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