

MONTGOMERY COUNTY ECONOMIC INDICATORS BRIEFING

2023 | Q2



ECONOMIC INDICATORS BRIEFING 2023 Q2

This is the 16th edition of the quarterly joint publication between the Montgomery County Economic Development Corporation and Montgomery Planning. Each edition explores a range of indicators, including resident labor force, employment, commercial real estate, and venture capital information. This briefing explores trends observed in Q2 2023.

EMPLOYMENT OVERVIEW

This section focuses on Montgomery County labor force participation regardless of where the job is located. The County's 1.5% unemployment rate is tied for the lowest recorded in the county since 1990. Total employment has continued to make strides since June 2022, growing by nearly 15,000 while the number of unemployed people was more than halved.

This section also looks at the twenty fastest-growing occupations in Montgomery County. These jobs come from across the wage continuum. Software developers and project management specialists added the most jobs. Four higher-paying occupations — software developers, project management specialists, general and operations managers, and business operations specialists — were in the top five for growth. Hotel and resort desk clerks, while a small occupational base, increased by a very high rate in Q1 2023 (30.4%). Shuttle drivers and chauffeurs (15.7%), tutors (14.4%) and preschool teachers (10.6%) also increased at relatively high rates in Q1 2023.

RESIDENT LABOR FORCE

	Jun. 2023	Jun. 2022	Change from Jun. 2022	Change from Jun. 2019 (before pandemic)
Labor Force	555,531	551,783	3,748	-17,486
Employment	547,289	532,459	14,830	-8,702
Unemployment	8,242	19,324	-11,082	-8,784
Unemployment Rate	1.5%	3.5%	-2.0%	-1.0%

US Bureau of Labor Statistics, Local Area Employment and Unemployment (Jun. 2023)
 Note: Figures are non-seasonally adjusted.



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TWENTY HIGHEST GROWTH OCCUPATIONS IN MONTGOMERY COUNTY IN 2023 Q1

Occupation Group	Employment Q1 2023	1-Year Change	% Change	Annual Mean Wage
Software Developers	8,653	877	11.3%	\$143,800
Project Management Specialists	5,687	541	10.5%	\$120,700
Personal Care Aides	7,342	460	6.7%	\$34,200
General and Operations Managers	10,795	458	4.4%	\$152,300
Business Operations Specialists	7,909	449	6.0%	\$103,300
Restaurant Cooks	3,114	258	9.0%	\$39,600
Waiters and Waitresses	5,226	249	5.0%	\$43,700
Software Qual. Assur. Analysts/Testers	2,371	245	11.5%	\$118,900
Managers (all other)	3,667	230	6.7%	\$151,000
Preschool Teachers	2,162	208	10.6%	\$47,100
Elementary School Teachers	5,185	201	4.0%	\$88,500
Teaching Assistants (except Post-Secondary)	3,829	186	5.1%	\$42,900
Shuttle Drivers, Chauffeurs	1,338	182	15.7%	\$39,600
Secondary School Teachers	3,706	152	4.2%	\$89,200
Personal Care and Service Workers (Other)	5,124	215	4.4%	\$94,400
Supervisors of Food. Prep and Serving Workers	3,039	134	4.6%	\$89,200
Tutors	935	118	14.4%	\$48,200
School Bus Drivers	2,439	115	5.0%	\$54,300
Hotel, Motel, Resort Desk Clerks	488	114	30.4%	\$35,900
Bartenders	1,286	112	9.6%	\$92,600

JobsEQ; Q1 2023 (Q2 2023 NA at time of publication)

EMPLOYMENT BY MAJOR INDUSTRY SECTOR

This section focuses on employment in significant industry sectors, regardless of employees' county of residence.

Montgomery and Frederick Counties have gained more than 18,000 jobs since June of last year, a 3.1% increase, putting them about 6,000 jobs short of their total for the same quarter prior to the pandemic in 2019. The important professional, scientific and technical services sector has continued to see robust gains from both YOY last year (3,400 jobs, or 3.8%) and June 2019 (up 8.6%). Systems design and services gained 7.9% over June 2022 and 12.1% from June 2019. Scientific research and development is up 1.9% YOY and 14.8% since June 2019.

Additionally, the health care and social assistance sector gained 4,500 workers YOY and now virtually matches June 2019. Leisure and hospitality continued recent YOY gains (3.8%).

The retail sector is the only one of these large sectors to see declines in employment. After four consecutive quarters of YOY expansion from Q4 2021 to Q3 2022, retail in Montgomery and Frederick counties has now experienced three consecutive quarters of contraction. Further, this contraction has intensified, growing from -0.2% in Q4 2022 to -.5% in Q1 2023 to -1.6% in Q2 of 2023. While it is unclear exactly what dynamics are causing this decline in retail employment, the tight labor market indicated by the 1.6% unemployment rate may be enabling retail workers to transition into higher paying sectors and leaving employers unable to fill these vacant positions.

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JOBS BY INDUSTRY IN MONTGOMERY & FREDERICK COUNTIES

Employment in Select Industries	Jun. 2019	Jun. 2022	Jun. 2023	% Change Jun. 2019	% Change Jun. 2022
Total Employees	610,100	585,900	604,000	-1.0%	3.1%
Professional/Scientific/Tech Services	85,300	89,200	92,600	8.6%	3.8%
Systems Design & Services	25,600	26,600	28,700	12.1%	7.9%
Scientific R&D	18,300	20,600	21,000	14.8%	1.9%
Health Care & Social Assistance	81,500	76,400	80,900	-0.7%	5.9%
Retail	57,300	55,100	54,200	-5.4%	-1.6%
Leisure & Hospitality	60,800	52,400	54,400	-10.5%	3.8%
Food Services & Drinking Places	48,300	42,600	44,200	-8.5%	3.8%

U.S. Bureau of Labor Statistics, CES (State and Metro)
Note: Figures are non-seasonally adjusted.

REAL ESTATE AND DEVELOPMENT

OFFICE REAL ESTATE

	Q2 2022	Q2 2023	YOY
Gross Rent per sq. ft.	\$30.44	\$31.01	\$0.57
Vacancy	16.9%	16.7%	-0.2%
Availability Rate	18.8%	21.0%	2.2%

CoStar reports pulled by MCEDC



RETAIL

	Q2 2022	Q2 2023	YOY
Gross Rent per sq. ft.	\$31.39	\$34.04	\$2.65
Vacancy	6.3%	5.8%	-0.5%
Availability Rate	6.2%	5.6%	-0.6%

CoStar reports pulled by MCEDC

Retail vacancies were 0.5 percentage point lower than they were the previous year. Retail rents, after falling below \$30 per square foot in 2020 and 2021, were \$34.04 in the second quarter, for a YOY percentage point increase of about 8%.

MULTI-FAMILY RENTALS

	Q2 2022	Q2 2023	YOY
Effective Gross Rent per Unit	\$1,985	\$2,036	\$51
Vacancy	4.6%	5.7%	1.1%

CoStar reports pulled by MCEDC

Multi-family rent rose by 2.6% YOY, with the vacancy rate at 5.7%, 1.1% above Q2 2022.

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HOMES SALES

HOME SALES UPDATE

	Jun. 2022	Jun. 2023	YOY
Median Sold Price	\$600,000	\$630,000	5.0%
Closed Home Sales	1,348	1,041	-22.8%
Active Listings	1,177	794	-32.5%
Average Sold Price to Listing Price Ratio	102.9%	101.8%	-1.1%

GCAAR Monthly Market Reports

Note: Data are for all housing sale types, not inflation adjusted.

- **Active Listings:** This indicator shows the number of homes on the market for sale in the month of June 2023, with the change from June 2022. June 2023 showed fewer active listings (down 33%) than June 2022.
- **Average Sales Price to List Price Ratio:** This indicator shows the ratio of the sold price to the listing price. A ratio of 100% means that the price of the home sold for was the same as the listing price. This fell marginally (about 1%) from last June to 101.8%.
- **Closed Home Sales:** This indicator shows the number of homes sold in the months of June 2023 and June 2022. There were 22.8% fewer closings in June 2023 than in June 2022.

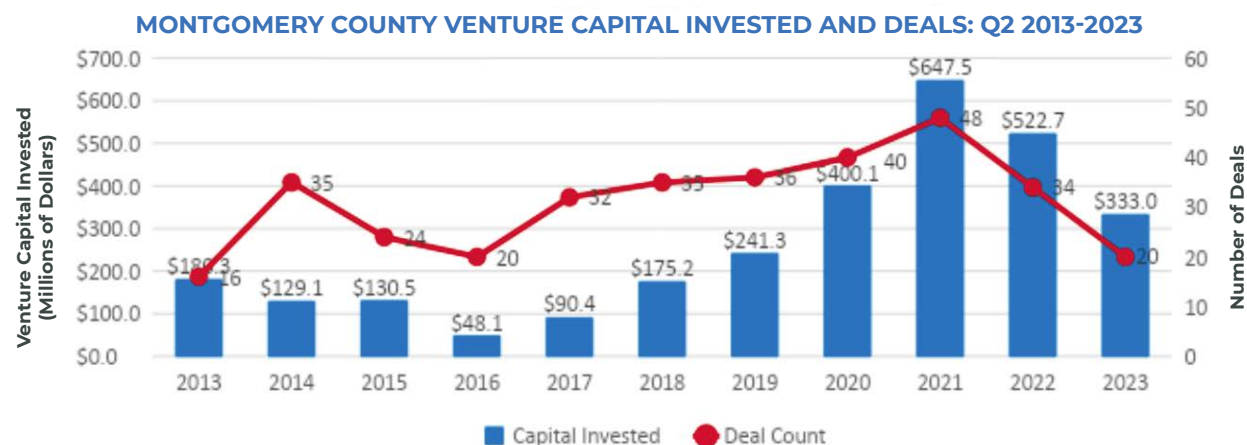


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VENTURE CAPITAL

Investment

This reports second quarter venture capital trends from 2013-2023. Second quarter 2023 venture capital investment was \$333 million. While the number of deals (20) was the lowest since Q2 2016, the total invested was higher than any second quarter period other than 2020-2022.



Pitchbook

By largest deal in 2Q 2023 was Aledade, a health care technology platform, which accounted for 78% of the total invested in the second quarter. AgNovos Bioscience, developer of equipment to treat osteoporosis, received the second largest amount.

LARGEST VENTURE CAPITAL DEALS IN MOCO IN Q2 2023

Company	Deal Date	Deal Size (Millions)	Industry
Aledade	6/21/2023	\$260.0	Health Care Ent. Systems
AgNovos Bioscience	6/9/2023	\$31.5	Therapeutic Devices
Aembit	6/23/2023	\$16.6	Business Prod. Software
Adaptive Phage Therapeutics	6/13/2023	\$12.0	Drug Discovery
NeuroCytonix	4/10/2023	\$4.0	Biotechnology

With the Aledade investment, healthcare enterprise systems was by far the largest sector in the second quarter 2023.

VENTURE CAPITAL ACTIVITY IN MOCO IN Q2 2023 BY INDUSTRY

Industry	Total Capital Invested (Millions)	Number of Deals
Healthcare Ent. Systems	\$260.0	1
Therapeutic Devices	\$31.5	1
Biotechnology	\$18.3	5
Business. Prod. Software	\$17.6	2
B2B Media & Info. Services	\$16.6	1
Other Industries	\$8.9	10
Total Investment	\$333.0	20

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MONTGOMERY COUNTY MIGRATION PATTERNS

This edition of the indicators analyzes Montgomery County's out-migration and in-migration patterns. Migration data are from year-to-year address changes reported on individual income tax returns filed with the IRS between 2020 and 2021. These are available for inflows—the number of new residents who moved and where they migrated from, and outflows—the number of residents leaving, and where they went. While tax returns are a close proxy for households, they do not capture every circumstance. For example, some individuals and households are not required to file taxes, and some wage earners in dual income households file taxes separately. It should also be noted that these IRS data reflect a unique period during the height of the Covid pandemic and may show more extreme levels of migration than the longer-term trend.

The tax data reveal the following points:

- Of 427,783 Montgomery County tax returns, 92% were in the same address as the year before, while 8% moved. Among those who moved, 38% moved within Maryland and 62% left the state.
- Adjacent jurisdictions received the largest number of Montgomery out-migrants on a per-jurisdiction basis. One in eight (12%) out-migrants went to Prince George's County, one in ten (10%) moved to Frederick County, and seven percent moved to DC. These three jurisdictions combine for about three in ten of all out-migrants from Montgomery County.
- The number of in-migrants to Montgomery County (27,057) was approximately 6,000 lower than the number of out-migrants (33,025) reflecting an overall loss of households and population. About one-third of in-migrants (32%) came from other Maryland jurisdictions, while 68% came from other states.
- Migration between Montgomery and Prince George's counties had more total volume than migration between Montgomery County and any of its other neighbors, with 8,149 total tax-filers moving between the two jurisdictions. Montgomery netted 457 tax-filers out of this total volume.
- The District of Columbia sent fewer migrants than Prince George's overall to Montgomery County (3,775) but was the largest net loser of tax-filers to Montgomery County, with 1,448 more filers moving into Montgomery from DC than the other way around.
- The migration flow between Montgomery and Frederick Counties was more lopsided (in Frederick's favor) than for any of Montgomery County's neighbors, with 3.4 tax-filers leaving Montgomery for Frederick for every one tax-filer leaving Frederick for Montgomery. Overall, Montgomery County lost 2,252 tax filers to Frederick County, many likely in search of lower housing costs and more space.
- In addition, Montgomery County also lost households to other jurisdictions, including Anne Arundel County (-579), Howard County (-497), Fairfax County (-431), Washington County (-296), Loudoun County (-235), and Sussex County, DE (-229), which can be a retirement destination.

MONTGOMERY COUNTY, MD

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MONTGOMERY COUNTY OUT-MIGRATION

	IRS Tax Returns	% Returns
Total IRS Tax Returns	427,823	
Non-Migrants (same address)	394,798	92.3%
Out-Migrants	33,025	7.7%
Same State	12,434	37.6%
Different State	20,398	61.8%
Foreign	193	0.6%

Moved to	Returns	% of Out-Migrants
Prince George's, MD	3,846	11.6%
Frederick, MD	3,190	9.7%
District of Columbia	2,327	7.0%
Fairfax, VA	1,637	5.0%
Howard, MD	1,387	4.2%
Anne Arundel, MD	1,165	3.5%
Baltimore City, MD	751	2.3%
Arlington, VA	650	2.0%
Loudoun, VA	456	1.4%
Washington, MD	439	1.3%
Prince William, VA	343	1.0%
Alexandria, VA	343	1.0%
Los Angeles, CA	338	1.0%
New York, NY	318	1.0%
Sussex, DE	296	0.9%

IRS SOI County Migration

MONTGOMERY COUNTY IN-MIGRATION

	IRS Tax Returns	% Returns
Total IRS Tax Returns	421,855	
Non-Migrants (same address)	394,798	93.6%
In-Migrants	27,057	6.4%
Same State	8,609	2.0%
Different State	18,292	4.3%
Foreign	156	0.0%

Moved from	Returns	% of Out-Migrants
Prince George's, MD	4,303	13.0%
District of Columbia	3,775	11.4%
Fairfax, VA	1,206	3.7%
Frederick, MD	938	2.8%
Howard, MD	890	2.7%
Arlington, VA	674	2.0%
Anne Arundel, MD	586	1.8%
Baltimore, MD	563	1.7%
Baltimore City, MD	586	1.8%
New York, NY	442	1.3%
Alexandria, VA	342	1.0%
Los Angeles, CA	324	1.0%
Kings, NY (Brooklyn)	288	0.9%
Cook, IL	257	0.8%
Prince William, VA	227	0.7%

IRS SOI County Migration

MONTGOMERY COUNTY, MD

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MONTGOMERY COUNTY MIGRATION GAIN OR LOSS

	Returns Moved to	Returns Moved from	Gain/Loss
Prince George's, MD	3,846	4,303	457
Frederick, MD	3,190	938	-2,252
District of Columbia	2,327	3,775	1,448
Fairfax, VA	1,637	1,206	-431
Howard, MD	1,387	890	-497
Anne Arundel, MD	1,165	586	-579
Baltimore City, MD	751	586	-165
Arlington, VA	650	674	24
Loudoun, VA	456	221	-235
Washington, MD	439	143	-296
Prince William, VA	343	227	-116
Alexandria, VA	343	342	-1
Los Angeles, CA	338	324	-14
New York, NY	318	442	124
Sussex, DE	296	67	-229

IRS SOI County Migration





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MONTGOMERY COUNTY
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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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