Quarterly Economic Indicators Briefing

REVISED DECEMBER 20, 2024

Montgomery Planning

MONTGOMERY COUNTY ECONOMIC DEVELOPMENT CORPORATION MARYLAND

MONTGOMERY COUNTY MARYLAND 1776

Table of Contents

This is the 21st edition of the quarterly joint publication between the Montgomery County Economic Development Corporation (MCEDC) 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 Q3 2024.

Annual Change in Montgomery County, Md.
Q3 2024 vs. Q3 2023

UNEMPLOYMENT RATE	SCIENTIFIC R&D EMPLOYMENT	VENTURE CAPITAL RAISED
2.6% vs. 2.0% ↑	**22,000** vs. 21,700 ↑	**$208.3M** vs. $138.6M ↑

OFFICE VACANCY RATE	MEDIAN HOME PRICE	MULTI-FAMILY EFFECTIVE GROSS RENT PER UNIT
18.0% vs. 16.6% ↑	**$585,000** vs. $555,000 ↑	**$2,133** vs. $2,089 ↑
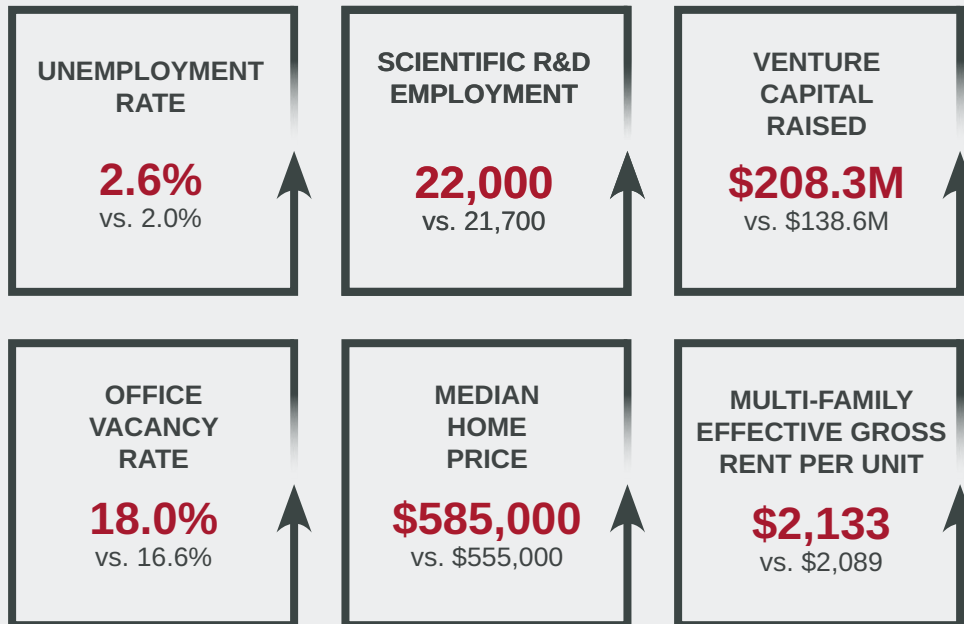
Resident Labor Force

Unemployment Rate

All county-level unemployment rates are non-seasonally adjusted and must be compared with the same months in prior years.

- Montgomery County unemployment was 2.6% in September, 1.5 percentage points below the U.S. national rate.
- The county's unemployment rate was 0.6 percentage points above September of last year, and 0.1 percentage points below September 2019.
- The total unemployment in the county went from 10,665 in September 2023 to 14,301 in September 2024. That is an increase of 34.1%.

Montgomery County Labor Force

	SEPTEMBER 2023	SEPTEMBER 2024	CHANGE FROM SEPTEMBER 2019	CHANGE SINCE SEPTEMBER 2023
Labor Force	547,670	557,539	-4.0%	1.8%
Employment	537,005	543,238	-4.0%	1.2%
Unemployment	10,665	14,301	-1.5%	34.1%
Unemployment Rate	2.0%	2.6%	0.1%	0.6%
State of Maryland	2.2%	2.9%	-0.5%	0.7%
Washington MSA	2.7%	3.1%	-0.1%	0.3%
United States	3.8%	4.1%	0.6%	0.3%

U.S. Bureau of Labor Statistics, Local Area Employment and Unemployment (September 2024).   Note: Figures are non-seasonally adjusted.

Employment by Major Industry

Jobs by Industry in Montgomery & Frederick Counties

EMPLOYMENT IN SELECT INDUSTRIES	SEPTEMBER 2023	SEPTEMBER 2024	CHANGE SINCE SEPTEMBER 2019	CHANGE SINCE SEPTEMBER 2023
Total Employees	598,900	602,800	0.1%	0.7%
Professional/Scientific/Tech Services	91,000	91,700	8.8%	0.5%
Systems Design & Services	27,300	27,600	7.8%	1.1%
Scientific R&D	21,700	22,000	20.9%	2.8%
Education and Health Services	97,600	101,600	4.1%	5.1%
Health Care & Social Assistance	82,300	85,500	5.0%	3.9%
Retail	55,100	54,900	-2.3%	-0.4%
Manufacturing	20,500	21,000	11.1%	2.4%
Trade, Transportation and Utilities	76,500	75,800	-1.0%	-0.9%
Information	12,000	11,600	0.0%	3.4%
Financial Activities	35,500	36,400	-5.7%	2.4%
Other Services	23,100	23,400	-6.0%	1.3%
Government	114,700	115,600	4.5%	0.8%
Mining, Logging and Construction	31,900	30,500	-13.8%	-4.4%
Leisure & Hospitality	55,800	53,700	-8.7%	-3.2%
Accommodation & Food Services	43,100	42,600	-1.2%	-9.4%

U.S. Bureau of Labor Statistics, Local Area Employment and Unemployment (September 2024).   Note: Figures are non-seasonally adjusted.

Ten Highest Growth Occupations in Montgomery County in Q2 2024

OCCUPATION	EMPLOYMENT Q2 2024	EMPL # CHANGE SINCE Q2 2023	EMPL % CHANGE SINCE Q2 2023	ANNUAL MEAN WAGE
Personal Care Aides	7,506	539	7.7%	$37,000
Managers, All Other	8,170	374	4.8%	$163,300
General and Operations Managers	15,687	355	2.3%	$161,400
Registered Nurses	9,101	333	3.8%	$102,700
Elementary School Teachers, Except Special Education	4,971	220	4.6%	$87,400
Teaching Assistant, Except Postsecondary	4,542	201	4.6%	$46,900
Nursing Assistants	4,694	189	4.2%	$44,200
Taxi Drivers	1,409	154	12.3%	$40,000
Secondary School Teachers, Except Special and Career/Technical Education	3,346	143	4.4%	$90,000
Substance Abuse, Behavioral Disorder, and Mental Health Counselors	1,694	136	8.7%	$70,600

JobsEQ; exported on: December 9th, 2024.   Note: Figures may not sum due to rounding. Employment data as of Q2 2024.

Demand data reflect place-of-work employment; retirements reflect place-of-residence data. Employment and unemployment data represent a four-quarter moving average. Wage data are as of Q2 2024 and represent the average for all Covered Employment.

Montgomery County Employment by Type of Employment, All Sectors, Q2 2024

EMPLOYMENT TYPE	EMPLOYMENT AS OF Q2 2024	Q2 2024
Private	363, 825	72.5%
Self-Employment	38,397	7.6%
Local Government	44,811	8.9%
State Government	1,495	0.3%
Federal Government	48,456	9.7%
Other Non-Covered	5,017	1.0%

JobsEQ, Q2 2024

Quick Facts about Federal Employment and Leasing in Montgomery County

- About **70,000 Montgomery County residents** work for the federal government, representing over 16% of the full-time, civilian employed population at least 16 years old. *(Source: American Community Survey, 1-year estimates 2023)*
- Federal facilities in Montgomery County employ an estimated **48,500 federal workers**. *(Source: Bureau of Labor Statistics Quarterly Census of Employment and Wages)*
- The total number of people employed at federal facilities in Montgomery County, including private contractors, is estimated to be **over 73,000**. *(Source: Montgomery Planning, Research and Strategic Projects 2018 federal employment survey and analysis of additional data)*
- The federal government leases approximately **7.7 million square feet of office space** in Montgomery County, which is about 10% of total county office space. *(Source: Montgomery Planning, Research and Strategic Projects analysis of General Services Administration leasing data, October 2024)*

Technology Subsector

Montgomery County accounts for 20% of all technology companies in the state of Maryland. The number employed was 1.1% below 2022, while increasing 0.1% in the state of Maryland. Employment in the Technology subsector overall has been growing slightly around the country since 2023 (1.5%, compared to -1.1% in Montgomery County).

	Q4 2019	Q4 2022	Q4 2023	CHANGE SINCE Q4 2019	CHANGE SINCE Q4 2023
Montgomery County	73,387	70,201	69,443	-5.4%	-1.1%
State of Maryland	333,415	345,469	345,921	3.8%	0.1%
Washington MSA	582,664	591,016	591,444	1.5%	0.0%
United States	14,442,268	15,438,130	15,677,346	8.6%	1.5%

Bureau of Labor Statistics. Accessed in September 2024.   * Figures are non-seasonally adjusted; ** Regardless of where job is located

Technology – Breakdown of employment by top industry sector showing only NAICS codes with over 1,000 employees

NAICS	INDUSTRY	EMPLOYMENT AS OF Q4 2023
541512	Computer Systems Design Services	12,040
541611	Administrative Management and General Management Consulting Services	8,006
541511	Custom Computer Programming Services	6,222
551114	Corporate, Subsidiary, and Regional Managing Offices	5,736
541330	Engineering Services	5,645
541720	Research and Development in the Social Sciences and Humanities	4,837
928110	National Security	2,400
541690	Other Scientific and Technical Consulting Services	2,326
334220	Radio and Television Broadcasting and Wireless Communication Equipment Manufacturing	2,161
513210	Software Publishers	1,930
517111	Wired Telecommunications Carriers	1,899
423430	Computer and Computer Peripheral Equipment and Software Merchant Wholesales	1,512
518210	Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services	1,484
541613	Marketing Consulting Services	1,439

"High Tech" occupations are defined by JobsEQ based on BLS classifications.

N5 Sensors, Rockville, Md.

National Institute of Standards and Technology, Gaithersburg, Md.

Real Estate & Development

This section details Q3 trends in the real estate sector for office and residential uses. Office vacancy rates are higher than pro-COVID levels as firms adopt work from home arrangements. Housing prices continue to climb for all types (single-family detached, single family attached, and multifamily). Trends show an increase in the level of residential building permit activity.

Vacancy Rates and Rent

Real Estate Indicators

		Q3 2023	Q3 2024	CHANGE SINCE Q3 2023
Office	Gross Rent per sq. ft.	$33.04	$33.18	0.14
	Vacancy	16.6%	18.0%	1.4%
Retail	Gross Rent per sq. ft.	$34.02	$33.18	-$0.84
	Vacancy	6.0%	5.9%	-0.1%

CoStar reports pulled by MCEDC.

At 18.0%, office vacancy rates in Q3 were 1.4 percentage points above last year (16.6%).

Retail vacancies in Q3 were 0.1 percentage points lower than they were the previous year. Retail rents were $33.18 in the third quarter, for a YOY percentage point decrease of 2.5%.

Office Vacancies: Montgomery County's office vacancy rate was lower than in Arlington or Fairfax counties in Q3 2024. However, since Q3 2019, office vacancies have increased more in Montgomery County than other major jurisdictions.

Office Real Estate Vacancy Rate Trends Comparison

OFFICE REAL ESTATE	Q3 2019	Q3 2023	Q3 2024	CHANGE SINCE Q3 2019	CHANGE SINCE Q3 2023
Montgomery County	12.0%	16.6%	18.0%	6.0%	1.4%
Prince George's County	12.3%	11.6%	11.3%	-1.0%	-0.3%
District of Columbia	11.0%	16.7%	17.7%	6.7%	1.0%
Arlington County	16.6%	21.6%	24.3%	7.7%	2.7%
Alexandria City	15.3%	16.7%	20.6%	5.3%	3.9%
Fairfax County	14.9%	18.4%	19.7%	4.8%	1.3%
State of Maryland	10.5%	12.2%	12.5%	2.0%	0.3%
Washington MSA	12.6%	16.1%	17.3%	4.7%	1.2%

CoStar

Housing Indicators

Home Sales Update

	Q3 2023	Q3 2024	CHANGE SINCE Q3 2023
Median Sold Price	$555,000	$585,000	5.4%
Closed Home Sales	757	682	-9.9%
Active Listings	903	1,200	32.9%
Average Sold Price to Listing Price Ratio	100.7%	100.1%	-0.6%

GCAAR Monthly Market Report.   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 September 2024, with the change from September 2023. September 2024 showed more active listings (up 32.9%) than September 2023.

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 average sold price to listing price ratio decreased slightly from last September to 100.1%.

Housing Sales Price by Type of Housing

AVERAGE SOLD PRICE	Q3 2023	Q3 2024	CHANGE SINCE Q3 2023
Single-Family Attached	$448,407	$476,660	6.30%
Single-Family Detached	$978,566	$1,011,219	3.34%
Condo/Co-op	$372,633	$382,677	2.70%

BrightMLS

Multi-Family Update

		Q3 2023	Q3 2024	CHANGE SINCE Q3 2023
Multi-Family Rentals	Effective Gross Rent per Unit	$2,089	$2,133	2.1%
	Vacancy	5.0%	6.2%	1.2%

CoStar reports pulled by MCEDC.

Multi-family rent rose by 2.1% YOY, with the vacancy rate at 6.2%, 1.2% above Q3 2023.

## Residential Building Permits – Preliminary Analysis

Building permits have returned to the Quarterly Indicators report, but they remain preliminary and may be adjusted in the future as further corrections to the permitting database are made. This issue recaps total residential permits by quarter since the first quarter of 2020. Building permits can fluctuate significantly from quarter to quarter, but the second quarter of 2024 represents a 19-quarter (nearly four year) high in permitting activity. A total of 13,446 dwelling units were permitted in this period, with an average of 708 units per quarter.

Montgomery County Residential Building Permits (Preliminary)
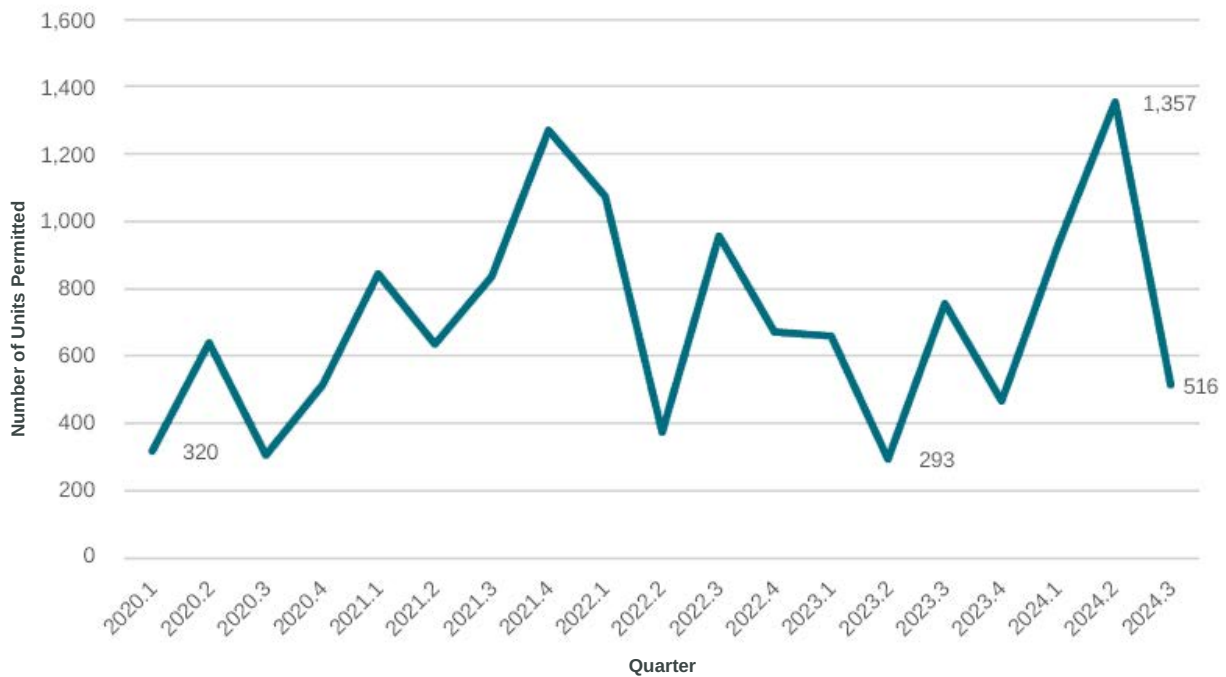
Montgomery County Department of Permitting Services database accessed by Montgomery Planning GIS as of November 21, 2024. Numbers are subject to revision.
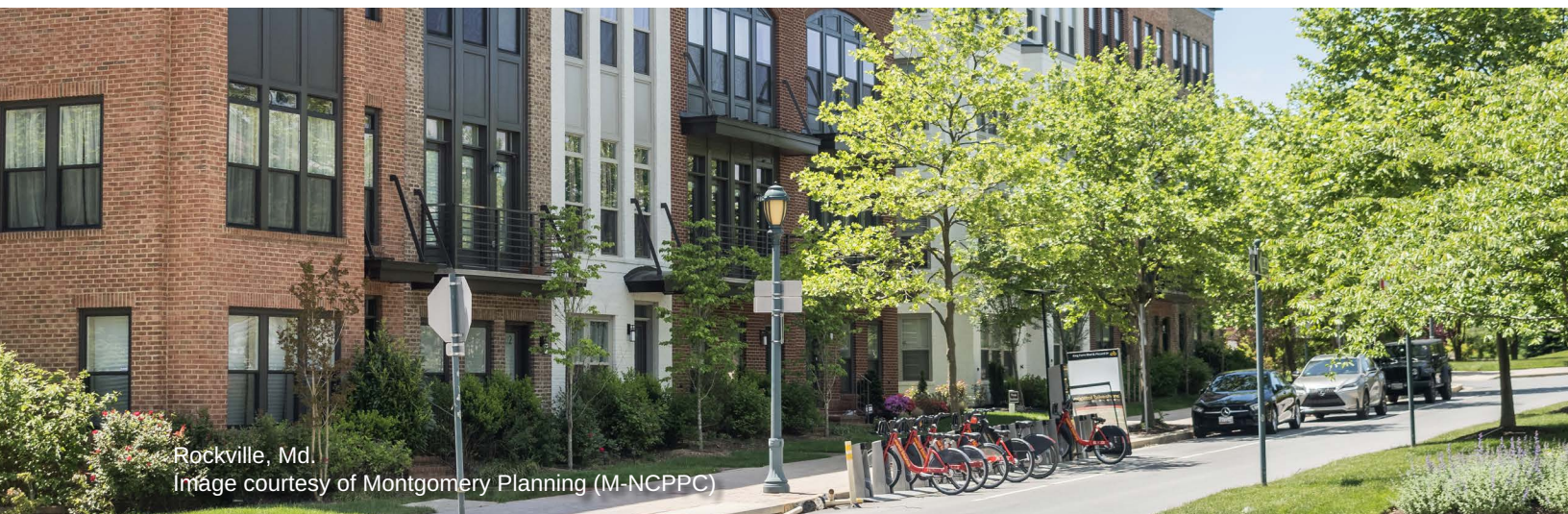
Rockville, Md.
Image courtesy of Montgomery Planning (M-NCPPC)

Venture Capital

Investment

This reports third quarter venture capital trends from 2014-2024. Q3 2024 venture capital investment was $208.3 million over 14 deals, the highest in two years, reflecting the impact of lowered interest rate, but still bucking the national VC market trend of the lowest run rate since 2015.

Montgomery County Venture Capital Invested and Deals: Q3 2014-2024
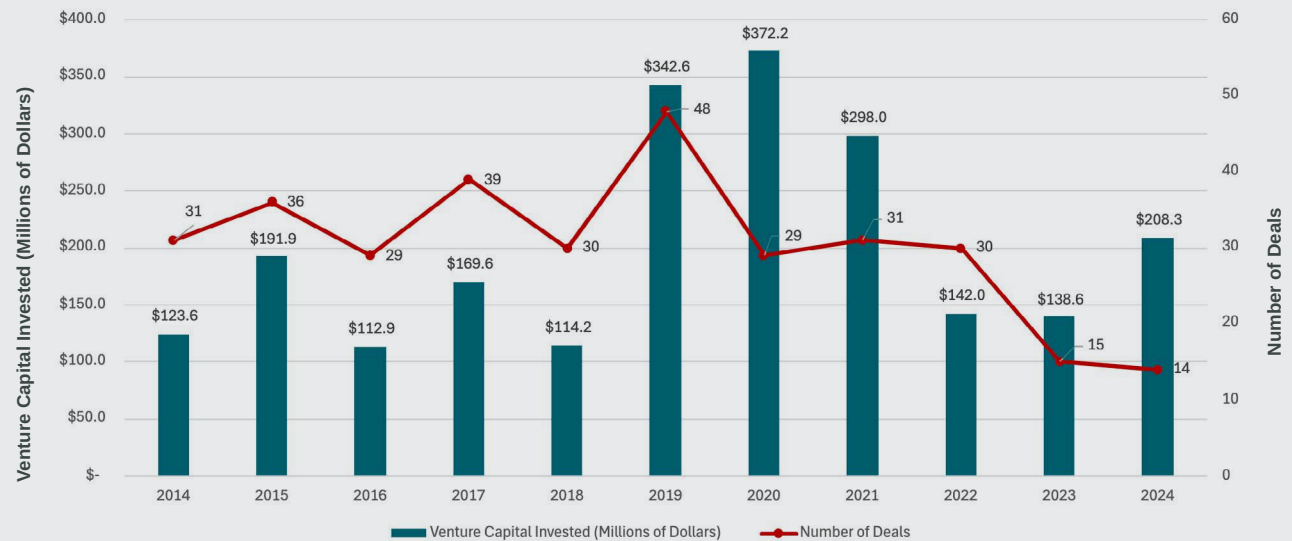
Source: PitchBook, 2024

The largest deals in Q3 2024 were Forterra ($75 million), which is a developer of a robotic vehicle autonomy technology, and Sepio ($48 million), developer of an asset risk management platform designed to protect organizations from hardware-based attacks and threats. Together, these accounted for about one in every two dollars invested in Q3 2024.

Largest Venture Capital Deals in MoCo in Q3 2024

COMPANY	DEAL DATE	DEAL SIZE (MILLIONS)	INDUSTRY
Forterra	09/10/2024	$75.00	Artificial Intelligence
Sepio	08/13/2024	$48.00	Cybersecurity
miRecule	07/14/2024	$30.00	Life Sciences, Oncology
Aembit	07/29/2024	$24.00	Cybersecurity
PicassoMD	09/30/2024	$9.40	HealthTech

Source: PitchBook

SPECIAL SECTION: Five Things to Know About the Childcare Sector in Montgomery County, Md.

This section provides a high-level snapshot of the economy of childcare using readily available business and demographic data. It uses the number of children and private-sector childcare workers as proxies for supply and demand to illustrate high-level trends and provide a comparative perspective. While this analysis only looks at the private, center-based segment of the market, many parents find alternative childcare arrangements out of preference or necessity, particularly given the high costs of childcare centers. A more comprehensive study would be required to fully assess the market for childcare services in the county and the barriers to providing enough care at affordable prices. Key conclusions of the analysis are as follows:

1) **While the total number of young children in Montgomery County has fallen significantly, the number of young children with no stay-at-home caregivers has increased slightly.**

   Since 2013, the population of young children (under 5 years) declined significantly, losing over 6,600 children in this age group. This decline is in line with regional neighbors. The total number of children who could potentially use childcare services is declining as these places have fewer children. (Figure 1)

   However, a closer approximation of childcare demand may come from counting the number of young children with no stay-at-home parent. This category includes children under six with two parents, both in the workforce, and single-parent families where the parent is in the workforce. These families presumably need someone to take care of their children while they are working, although some may find alternative arrangements to paid caregivers by relying on family. (Figure 2)

2) **Private sector childcare employment has not recovered to its peak from before the pandemic but remains at a slightly higher level than a decade ago.**

   Montgomery County has kept pace with neighbors in private childcare employment and now has more childcare workers than Fairfax County, VA despite having fewer childcare-aged children. Montgomery

County lost an estimated 1,439 childcare workers during the pandemic (from 2019 to 2021) but has regained 919 workers since then. (Figure 3)

3) **There are seven more private childcare establishments in Montgomery County than there were a decade ago, but their numbers have been declining since the pandemic.**

   Childcare establishments increased steadily from 2013 to a peak of 371 in 2020, the county has since lost over 40 childcare centers. (Figure 4) The average number of workers per center increased slightly, from a little more than 12 to just over 13 workers per center.

4) **Wages for childcare workers remain below 40% of the county's Area Median Income and have not kept up with inflation since 2021.**

   Wages for childcare workers in Montgomery County and nearby jurisdictions outpaced inflation until 2021 but remain very low. The average annual wage for childcare workers in Montgomery County was close to $38,000 in 2023, which according to Montgomery County's Department of Housing and Community Affairs, was between 35% and 40% of Area Median Income and considered "very low income," even for a family of only one person. Childcare wages are similar in Fairfax County, but lower in Prince George's County. (Figure 5)

5) **Quality childcare is not a basic commodity; it is unlikely that the county can have "too much" high-quality childcare, because it benefits children, families, and the community at large.**

   Efforts to expand childcare provision and access are important for Montgomery County's economic growth. Abundant, high-quality, accessible childcare is an economic development selling point to help attract and retain young families and employers. Numerous studies have shown that supports the economy, families, and children. See reports from the Bipartisan Policy Center, The Federal Reserve Bank of St. Louis, The U.S. Chamber of Commerce Foundation, and the Conference Board for more detail.

Data Note: Employment trends data rely on the North American Classification System (NAICS) code 6244, "Child Care Services," to define the industry. This definition is conservative, possibly leaving out in-home nannies and nanny-shares, private K-12 schools that offer pre-kindergarten or daycare, and other informal childcare arrangements. It also only reflects private businesses. As examples, it would capture a privately run childcare center on a federal campus, but would not capture a pre-kindergarten program run by a public school district, unless is was through a contract with a childcare provider.
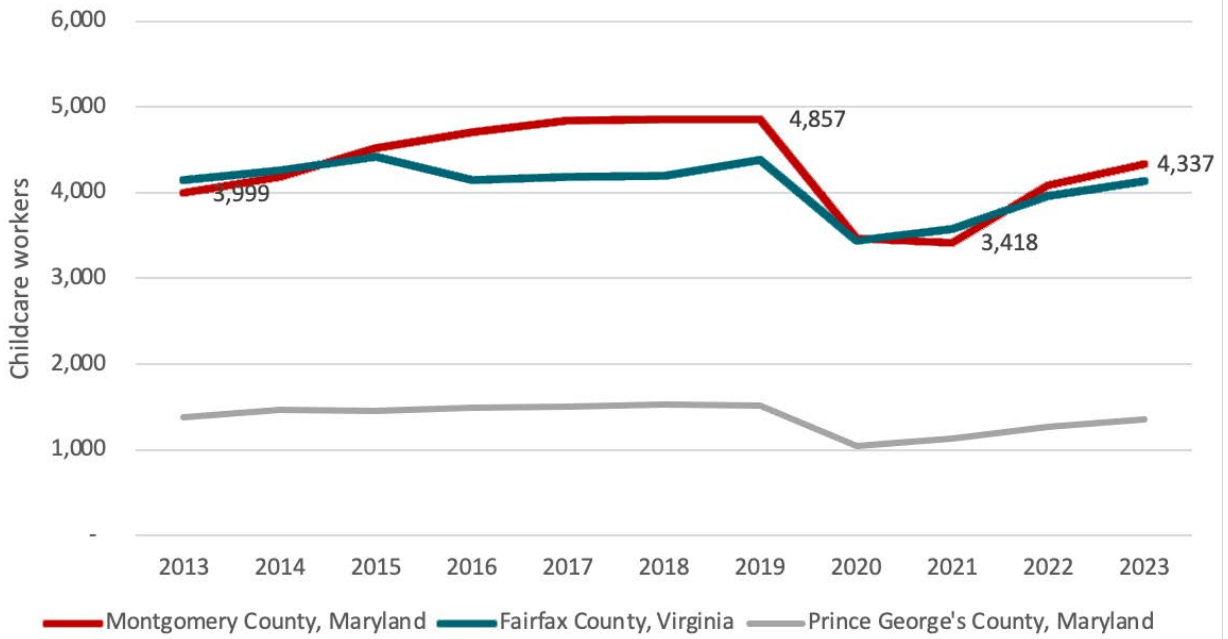
Figure 1: Number of children under 5
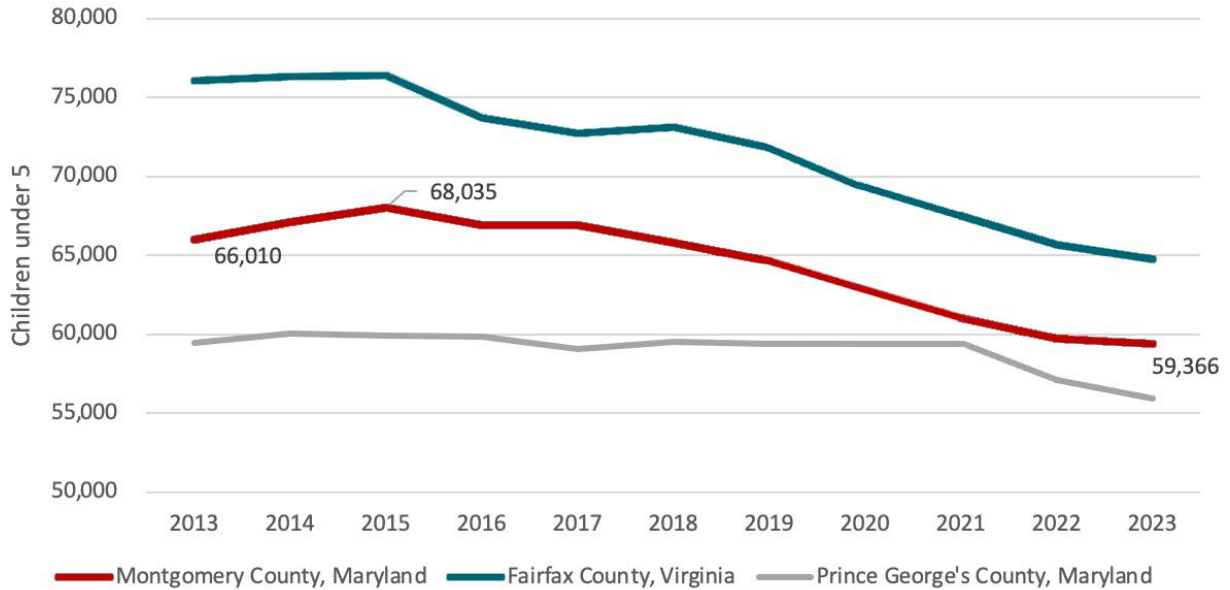
Data: American Community Survey table B01001, 1-year, data for 2020 not available.

Figure 2: Children under 6 with no stay-at-home parent
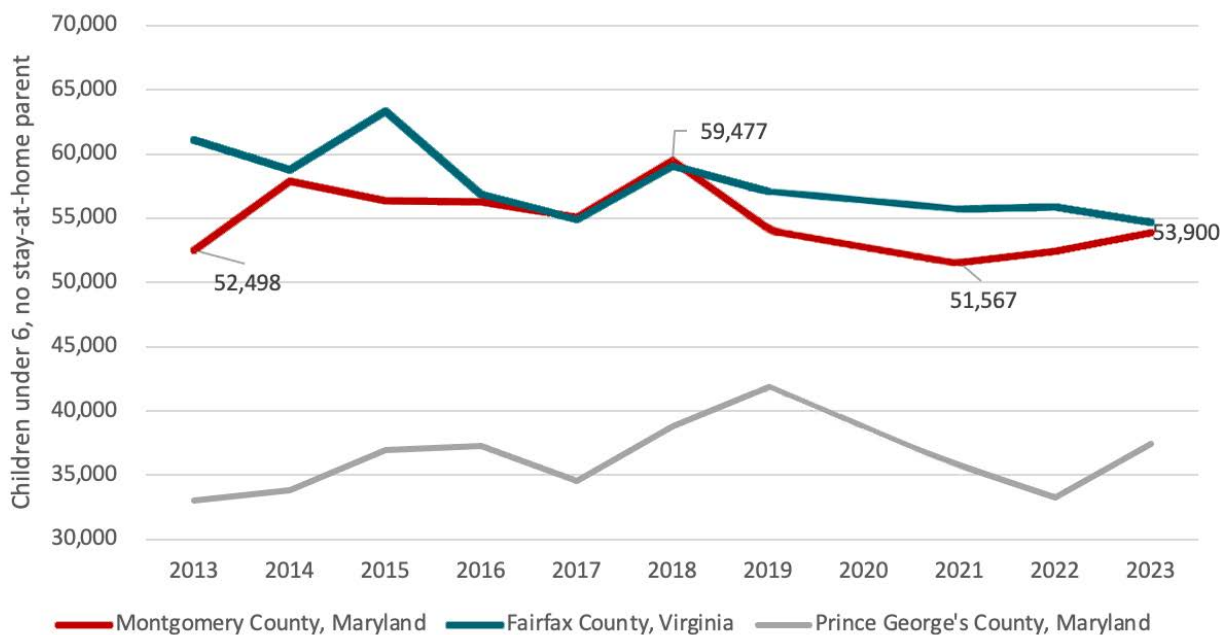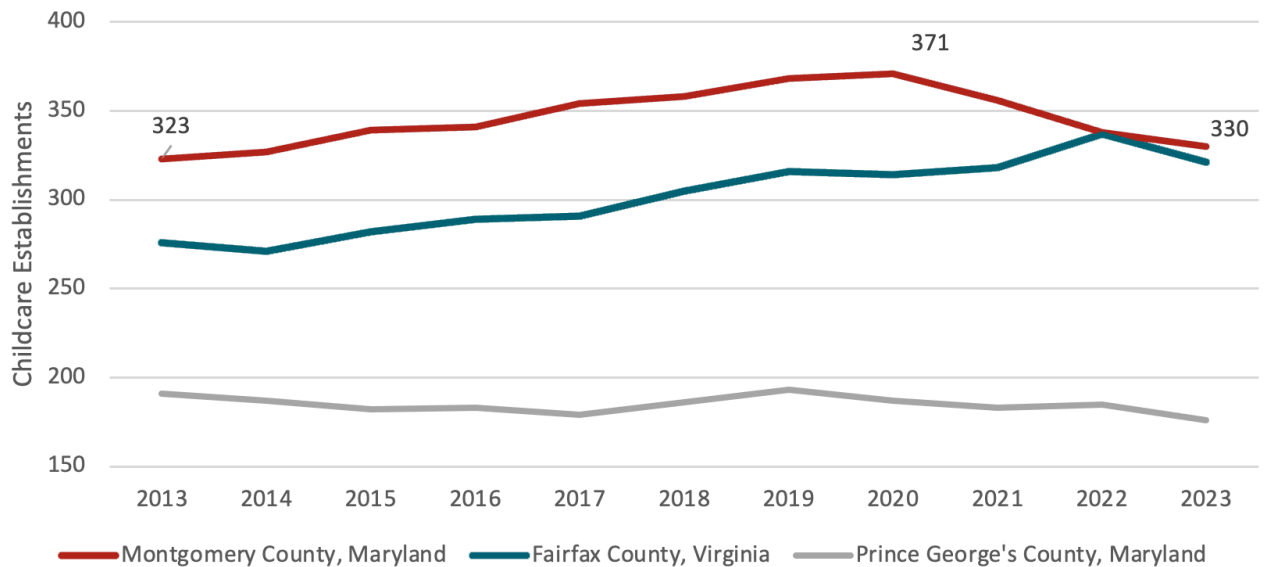

Data: American Community Survey table B23008, 1-year, data for 2020 not available, variables tabulated by Montgomery Planning

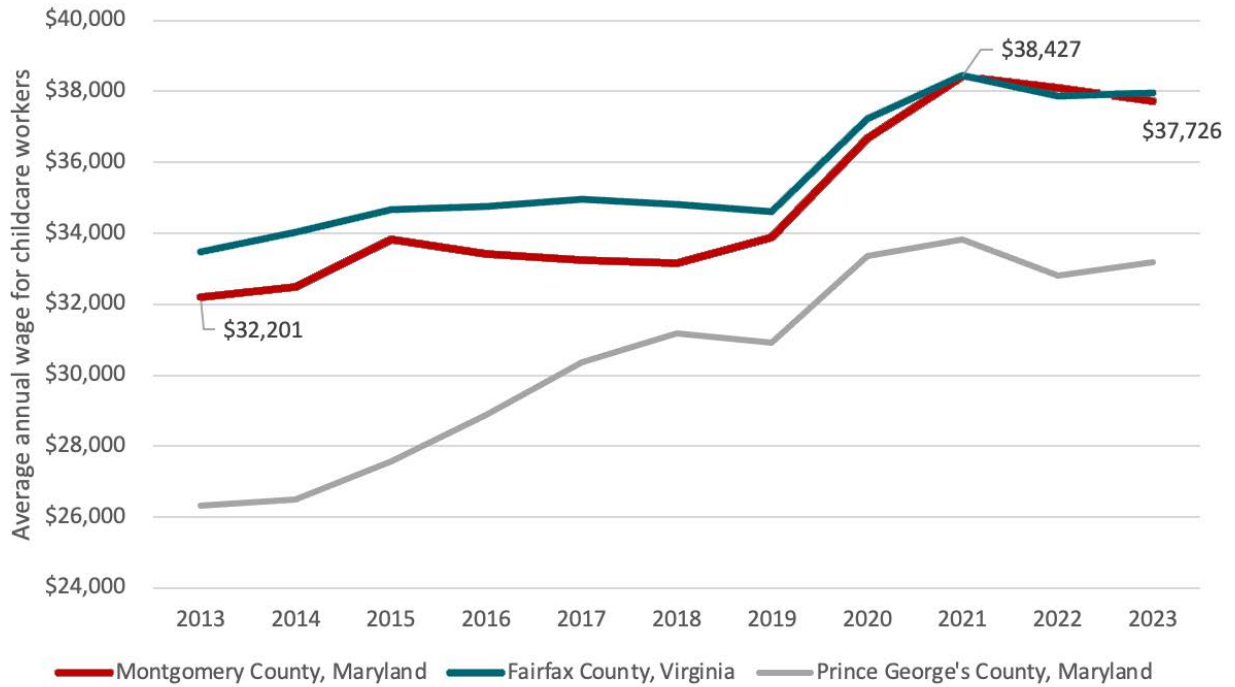**Figure 3: Private Sector Childcare Employment**

Data: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, NAICS 6244, private ownership.

Figure 4: Private Sector Childcare Establishments

Data: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, NAICS 6244, private ownership.

Figure 5: Wages for private sector childcare workers, adjusted for inflation

Data: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, NAICS 6244, private ownership. Inflation adjusted by Montgomery Planning based on CPI-U retrieved from Federal Reserve Bank of St. Louis.

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 MONTGOMERY COUNTY ECONOMIC DEVELOPMENT CORPORATION

Montgomery County Economic Development Corporation serves as the official economic development entity for Montgomery County, Maryland to accelerate business development, attraction, retention and expansion in key industry sectors while advancing equitable and inclusive economic growth.

Montgomery County Economic Development Corporation operates as a 501(c)(3) nonprofit public-private partnership and is funded by Montgomery County. We are dedicated to attracting, retaining and expanding businesses within key industries to Montgomery County, Md.

**Questions? Email Frankie Clogston, PhD (frankie@thinkmoco.com)
or Ben Kraft (benjamin.kraft@montgomeryplanning.org)**

This version of the third quarter Economic Indicators, published on December 20, 2024, supersedes an earlier version published on December 13, 2024.