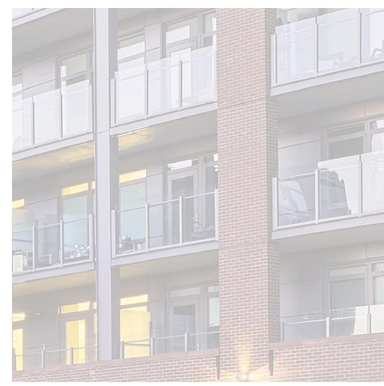
Quarterly Economic Indicators Briefing

MARCH 6, 2025



Montgomery Planning

MONTGOMERY COUNTY ECONOMIC DEVELOPMENT CORPORATION MARYLAND

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This is the 22nd 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 Q4 2024.

Annual Change in Montgomery County, Md.

Q4 2024 vs. Q4 2023

UNEMPLOYMENT RATE
2.4%
vs. 1.8%

VENTURE CAPITAL RAISED
$85.8M
vs. $423M

CONDO/CO-OP SALES PRICE
$406,730
vs. $354,907

OFFICE VACANCY RATE
18.5%
vs. 17.4%

MEDIAN HOME PRICE
$615,990
vs. $554,000

BUILDING PERMIT DATA
-298 Units

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 2.4% in December, 1.4 percentage points below the U.S. national rate.
- The county's unemployment rate was 0.6 percentage points above December of last year, and 0.1 percentage points above December 2019.
- The total unemployment in the county went from 10,001 in December 2023 to 13,372 in December 2024. That is an increase of 33.7%. The unemployment rate is only 2.4%, which is still significantly below the national unemployment rate of 3.8%.

Montgomery County Labor Force

	DECEMBER 2023	DECEMBER 2024	CHANGE FROM DECEMBER 2019	CHANGE SINCE DECEMBER 2023
Labor Force	549,000	553,721	-4.7%	0.9%
Employed Residents	539,327	536,802	-5.4%	-0.5%
Unemployed Residents	10,001	13,372	0.3%	33.7%
Unemployment Rate	1.8%	2.4%	0.1%	0.6%
State of Maryland	2.1%	2.7%	0.6%	-0.2%
Washington MSA	2.5%	2.8%	0.2%	0.3%
United States	3.5%	3.8%	0.4%	0.3%

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

Employment by Major Industry

Jobs by Industry in Montgomery & Frederick Counties

EMPLOYMENT IN SELECT INDUSTRIES	DECEMBER 2023	DECEMBER 2024	CHANGE SINCE DECEMBER 2019	CHANGE SINCE DECEMBER 2023
Total Employees	598,600	603,200	-0.5%	0.8%
Professional/Scientific/Tech Services	91,200	92,500	9.1%	1.4%
Systems Design & Services	27,500	27,500	10.4%	0.0%
Scientific R&D	21,500	21,900	18.4%	1.9%
Education and Health Services	99,000	103,200	5.1%	4.2%
Health Care & Social Assistance	83,000	87,000	5.8%	4.8%
Retail	57,400	57,600	-2.9%	0.3%
Manufacturing	20,500	21,200	13.4%	3.4%
Trade, Transportation and Utilities	79,300	79,200	-1.5%	-0.1%
Information	11,700	11,800	-0.8%	0.9%
Financial Activities	35,300	36,600	-5.7%	3.7%
Other Services	23,100	23,600	-5.6%	2.2%
Government	115,700	116,100	5.4%	0.3%
Mining, Logging and Construction	31,700	29,400	-16.0%	-7.3%
Leisure & Hospitality	49,200	48,900	-12.5%	-0.6%
Accommodation & Food Services	40,700	39,700	-15.9%	-2.5%

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

Federal Employment by Department in Montgomery County as of January 2025

Information on Federal employment is not always available or complete, so beginning in the fall of 2024, Montgomery Planning conducted a census of Federal employment in the county. We consulted various sources of employment data and media reports, as well as contacting the agencies themselves. While we were not able to verify employment levels at every Federal establishment in the county, this table represents our best estimate of total Federal employment in Montgomery County prior to the new administration taking office in January 2025.

DEPARTMENT OR INDEPENDENT AGENCY	DIRECT FEDERAL EMPLOYEES	FEDERAL ON-SITE CONTRACTOR* EMPLOYEES	TOTAL JOBS
Health and Human Services	34,585	11,346	45,931
Defense	10,832	3,492	14,324
Commerce	5,657	4,442	10,099
Director of National Intelligence	3,000	–	3,000
Nuclear Regulatory Commission	2,522	–	2,522
Energy	1038	–	1,038
Consumer Product Safety Commission	365	–	365
Treasury	228	–	228
Agriculture	199	–	199
Interior	106	–	106
Homeland Security	84	–	84
Social Security Administration	54	–	54
Labor	48	–	48
Veterans Affairs	48	–	48
National Aeronautics and Space Administration	36	–	36
Justice	34	–	34
Securities and Exchange Commission	25	–	25
Office of Personnel Management	19	–	19
National Science Foundation	10	–	10
Marine Mammal Commission	8	–	8
Federal Courts	7	–	7
National Council on Disability	3	–	3
TOTALS	**58,908**	**19,280**	**78,188**

When an employment number was not available directly from an agency, we consulted the Maryland Department of Labor Quarterly Census of Employment and Wages microdata, State of Maryland data, and in some cases older records of Federal employment.

*Contractor jobs counted here are only those that work on site or associated with Federal facilities and offices. This table does not include the thousands of employees of firms that contract with the Federal government but perform work in separate offices or locations.

Real Estate Subsector

The real estate subsector is an important component of Montgomery County's economy. It includes real estate sales, leasing, finance, development, and property management. Montgomery County accounts for 25% of all Real Estate establishments in the state of Maryland. The number employed was 5.5% above Q3 2023, while increasing 4.7% in the state of Maryland. Employment growth in the Real Estate subsector in Montgomery County outpaced employment growth in the sector in the U.S. over the last year (2.0%, compared to 5.5% in Montgomery County).

	Q3 2019	Q3 2022	Q3 2023	CHANGE SINCE Q3 2019	CHANGE SINCE Q3 2023
Montgomery County	11,524	10,355	10,923	-5.2%	5.5%
State of Maryland	43,744	41,096	43,044	-1.6%	4.7%
Washington MSA	53,742	52,537	53,955	0.4%	2.7%
United States	2,212,162	2,327,050	2,372,617	7.3%	2.0%

Bureau of Labor Statistics. Accessed in February 2025.

* Figures are non-seasonally adjusted; ** Regardless of where job is located

Real Estate – Breakdown of Employment by Tracked Real Estate NAICS Codes, Q3 2024

NAICS	INDUSTRY	EMPLOYMENT
531311	Residential Property Managers	2,794
531210	Offices of Real Estate Agents and Brokers	2,613
531110	Lessors of Residential Buildings and Dwellings	1,677
531312	Nonresidential Property Managers	1,270
531390	Other Activities Related to Real Estate	1,213
531120	Lessors of Nonresidential Buildings (except Miniwarehouses)	1,083
531130	Lessors of Miniwarehouses and Self-Storage Units	115

Based on "Real Estate" NAICS occupations as defined by the U.S. Census Bureau.

Silver Spring, Md.


Rockville, Md.

Real Estate & Development

This section details Q4 2024 trends in the real estate sector for office, retail, and multi-family—from the CoStar database.

Vacancy Rates and Rent

Real Estate Indicators

		Q4 2023	Q4 2024	CHANGE SINCE Q4 2023
Office	Gross Rent per sq. ft.	$31.61	$31.81	$0.20
	Vacancy	17.4%	18.5%	1.1%
Retail	Gross Rent per sq. ft.	$34.30	$32.90	-$1.40
	Vacancy	6.0%	5.7%	-0.3%

CoStar data compiled by MCEDC.

At 18.5%, office vacancy rates in Q4 were 1.1 percentage points above last year (17.4%).

Retail vacancies in Q4 were 0.3 percentage points lower than they were the previous year. Retail rents were $32.90 in the fourth quarter, for a YOY percentage point decrease of 1.40%.

Office Vacancies: Montgomery County's office vacancy rate was lower than in Arlington or Fairfax counties in Q4 2024. However, since Q4 2019, office vacancies have increased more in Montgomery County than most other major jurisdictions.

Office Real Estate Vacancy Rate Trends Comparison

OFFICE REAL ESTATE	Q4 2019	Q4 2023	Q4 2024	CHANGE SINCE Q4 2019	CHANGE SINCE Q4 2023
Montgomery County	12.0%	17.4%	18.5%	6.5%	1.1%
Prince George's County	12.5%	11.4%	12.8%	0.3%	1.4%
District of Columbia	11.0%	16.8%	17.2%	6.2%	0.4%
Arlington County	15.4%	21.6%	23.9%	8.5%	2.3%
Alexandria City	15.1%	17.1%	20.1%	5.0%	3.0%
Fairfax County	14.8%	18.7%	19.2%	4.4%	0.5%
State of Maryland	10.5%	12.8%	12.8%	2.3%	0.3%
Washington MSA	12.4%	16.2%	17.1%	4.7%	0.9%

CoStar data compiled by MCEDC.

Housing Indicators

Home Sales Update

	Q4 2023	Q4 2024	CHANGE SINCE Q4 2023
Median Sold Price	$554,000	$615,990	11.2%
Closed Home Sales	600	766	27.7%
Active Listings	631	778	23.3%
Average Sold Price to Listing Price Ratio	99.3%	98.8%	-0.5%

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 December 2024, with the change from December 2023. December 2024 showed more active listings (up 23.3%) than December 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 December to 98.8%.

Multi-Family Update

		Q4 2023	Q4 2024	CHANGE SINCE Q4 2023
Multi-Family Rentals	Effective Gross Rent per Unit	$2,073	$2,103	1.4%
	Vacancy	6.4%	7.3%	0.9%

CoStar data compiled by MCEDC.

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

Home Sale Price Change Q4 2023 to Q4 2024 by Bedrooms and Attached/Detached Construction

		Q4 AVERAGE SOLD PRICE		
BEDROOMS	ATTACHED (TOWNHOME) OR DETACHED	2023	2024	PERCENT CHANGE
2 Bedrooms	Detached	$520,504	$676,601	29.99%
	Attached	$393,358	$373,027	-5.17%
3 Bedrooms	Detached	$667,624	$671,090	0.52%
	Attached	$512,084	$565,370	10.41%
4 or More Bedrooms	Detached	$1,047,733	$1,079,452	3.03%
	Attached	$662,427	$741,339	11.91%
Condo/Co-op	All	$354,907	$406,730	14.50%

BrightMLS

All types of homes except two-bedroom attached (townhome) units saw price increases over last year's fourth quarter.

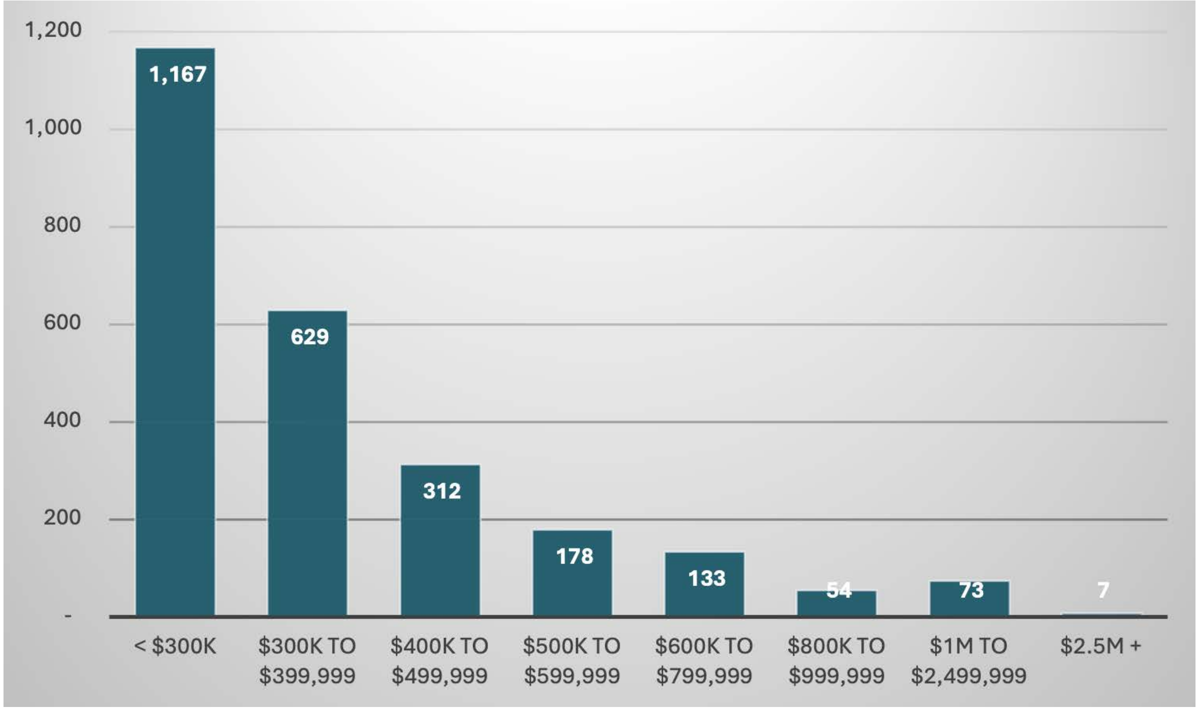
Housing Indicators (continued)

The following charts break down home sales further by type and price range in 2024, looking first at single-family detached and attached (townhomes) homes and then at condominiums and cooperatives. Single-family occupy the highest price ranges, with traditional single-family detached homes significantly outpricing townhomes. Condos and co-ops provide most of the county's affordable homeownership opportunities. Most single-family homes (68%) were sold for $600K or more, while most condos or cooperative units (70%) were sold for under $400K.

Total Single-Family Home Sales in 2024 by Price Range and Detached vs. Attached (Townhome)

BrightMLS

Total Condo/Co-op Home Sales in 2024 by Price Range



BrightMLS

Residential Building Permits

For each of the last two years, the fourth quarter has seen the slowest permitting activity, with 471 permits in Q4 2023 and only 173 in Q4 2024, a quarter-to-quarter decline of 298 permits.

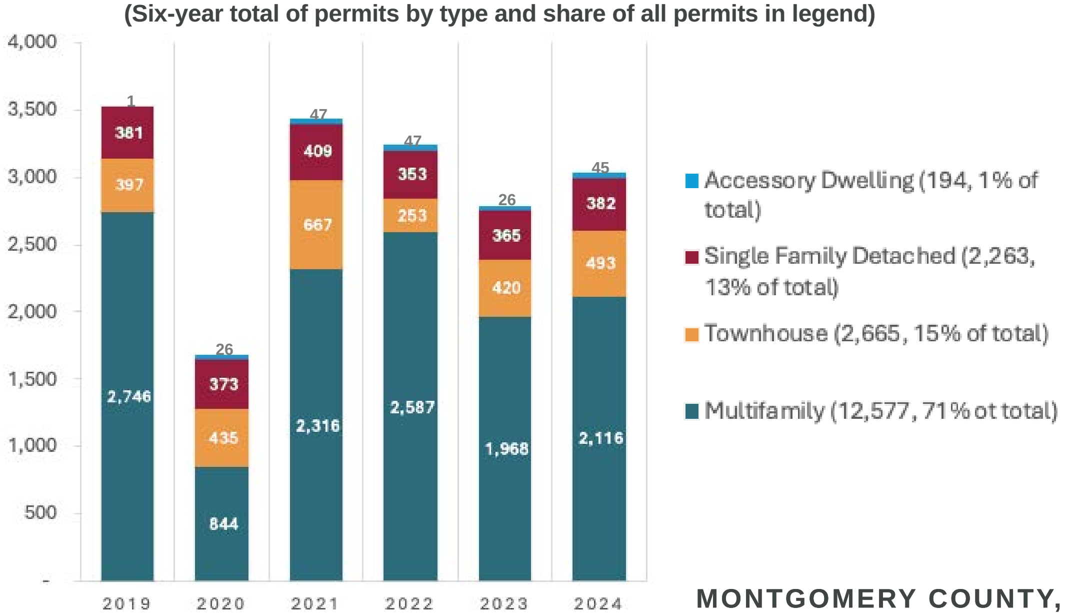
Quarterly Residential Building Permits, 2023 to 2024

Now that the Department of Permitting Services has completed an extensive quality check on residential building permits going back to 2019, we can show a more thorough breakdown by year and unit type.

Overall, 2019 remains the most active year for permits out of the last six years, with 3,525 total permits. Other than the pandemic-affected year of 2020, the year with the least permitting activity was 2023, with 2,781 units permitted. All other years saw at least 3,000 housing units permitted.

From 2019 through 2024, a total of 17,699 units have been permitted. Almost three quarters (71%) are units in multifamily buildings, while another 15% are townhomes. Single-family detached homes account for 13% of permitted units since 2019, and the county has now permitted almost 200 accessory dwelling units.

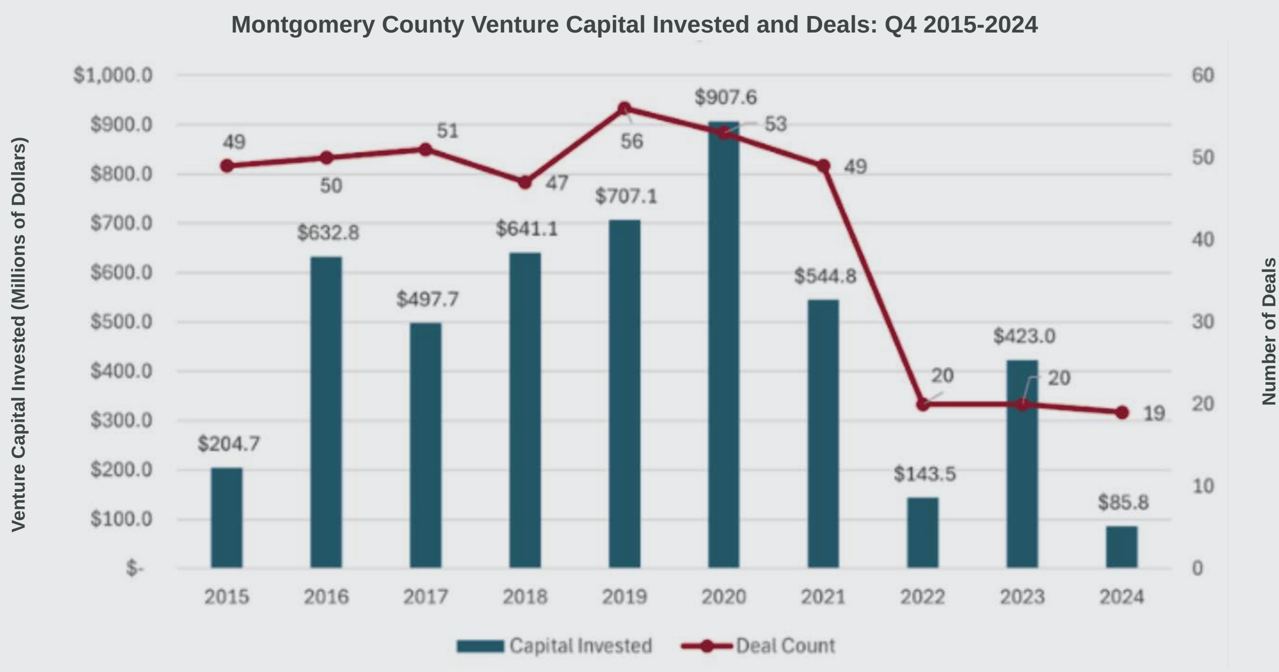
Units Permitted by Type by Year, 2019 to 2024
(Six-year total of permits by type and share of all permits in legend)



Venture Capital

Investment

This reports fourth quarter venture capital trends from 2014-2024. Q4 2024 venture capital investment was $85.8 million over 19 deals reflecting the impact of interest rates, and the national VC market trend of the lowest run rate since 2015.



PitchBook, 2024

The largest deals in Q4 2024 were SEEN ($27 million), a manufacturer and retailer of haircare products, and Pep2Tango Therapeutics ($16.7 million), a developer of peptide drugs to address unmet health needs.

Largest Venture Capital Deals in MoCo in Q4 2024

COMPANY	DEAL DATE	DEAL SIZE (MILLIONS)	INDUSTRY
SEEN	10/10/2024	$27.00	Personal Products
Pep2Tango Therapeutics	11/20/2024	$16.70	Biotechnology
Senseonics	10/25/2024	$16.00	Monitoring Equipment
MultiplexDX	10/15/2024	$11.08	Diagnostic Equipment
Castellum	12/27/2024	$3.70	Aerospace and Defense

PitchBook

SPECIAL SECTION: Four Facts about Montgomery County's Labor Force

Regular Quarterly Economic Indicators readers know that the stagnant labor force since the COVID pandemic has been a leading factor in Montgomery County's slow economic recovery. Montgomery County's unemployment rate hit a record low of 1.3% in April, 2023, highlighting the fact that the county has lacked the workers to fill available jobs.

While the county's labor force stagnation came into sharp relief in the years following the pandemic, a longer look at labor force trends shows that a slowdown was already well underway. This section shows four key facts about the troubling trajectory of Montgomery County's labor force.

A Note on Current Federal Job Losses

Before diving too deeply into long-term labor force trends, we must acknowledge that the idea of a labor shortage runs counter to the current experiences of many Montgomery County Federal workers and contractors who are enduring the pain of job loss and uncertainty. We at Planning and MCEDC have seen how deeply the recent and ongoing Federal terminations have affected the lives of our families, friends, and neighbors. This labor force section provides a long-term view of an economic challenge, but we will continue to monitor the Federal employment situation and its impacts in future issues of the Quarterly Economic Indicators as data become available.

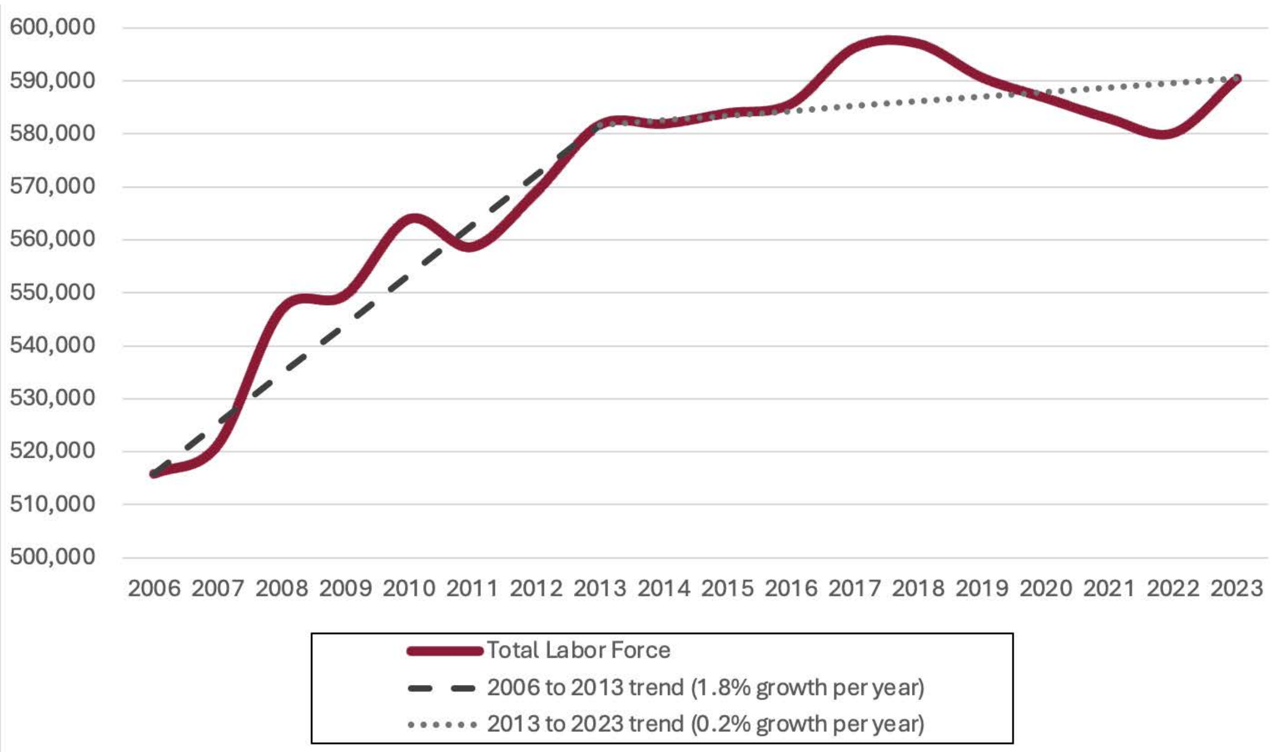
Total Labor Force Trends

1. **Montgomery County's labor force has been stagnant for over a decade.**

Montgomery County's labor force growth trend shows a turn in 2013 at which point it shifted from moderate upward growth to nearly flat. From 2006 to 2013, labor force in the county increased at an annual non-compounded rate of 1.8%, while falling to a 0.2% rate from 2013 to 2023.

In 2018, *before the pandemic*, the labor force began a four-year decline. It began rising again in 2023 but still had not reached its 2018 level. By 2023, the Montgomery County labor force was only 2% larger than it was in 2013 after a decade of alternating between slow growth and decline.

Figure 1: Montgomery County Labor Force and Trends from 2006 to 2023



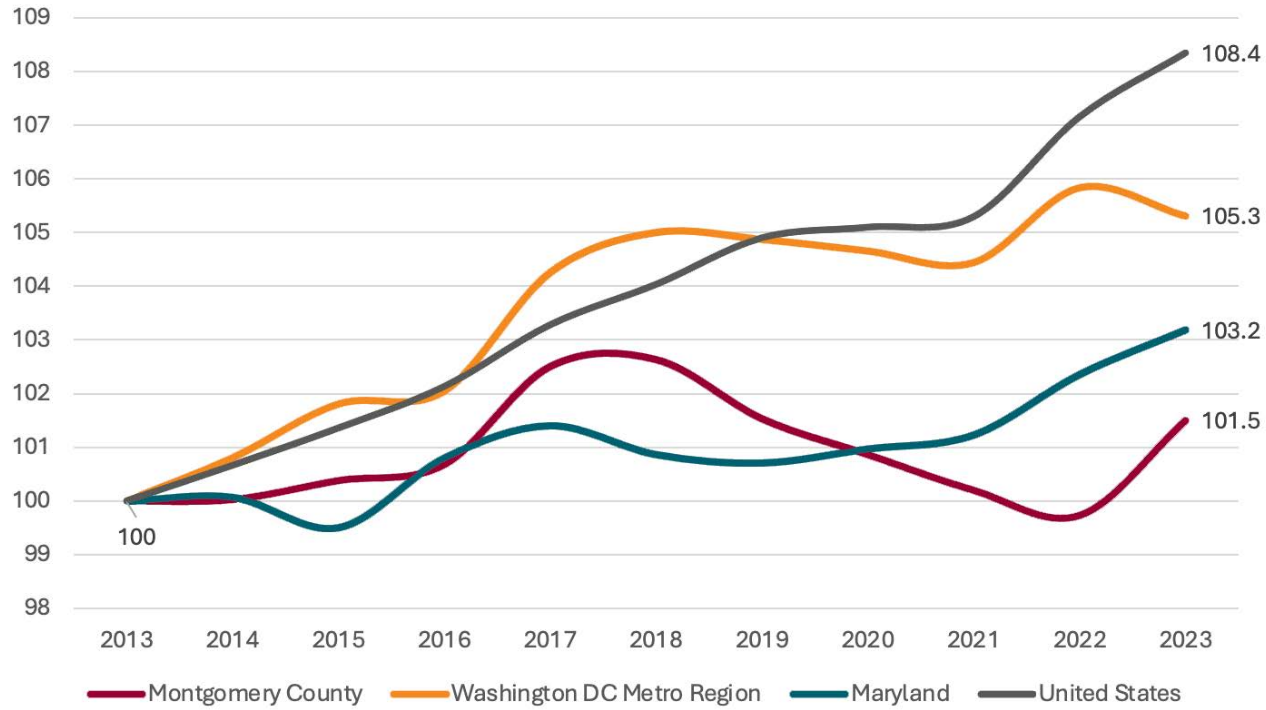
2. **Montgomery County has been outpaced by the U.S., Maryland, and the D.C. metro region in labor force growth since 2013.**

Using the inflection point of 2013 as a starting point, we compare Montgomery County's labor force trend to larger geographies that contain it.

While national labor force growth has outpaced Maryland and the D.C. metro region, Montgomery County has fallen even farther behind than the state and region that contain it.

Figure 2 sets 2013 labor force levels for Maryland, the D.C. region, and the U.S. to "100" to compare change rates at different geographic scales. Montgomery County's labor force in 2013 was about 101.5% of, or 1.5% higher than, its 2013 level, while the national labor force was about 8.4% higher. Maryland and the D.C. metro region were 3.2% and 5.3% higher than their 2013 levels, respectively.

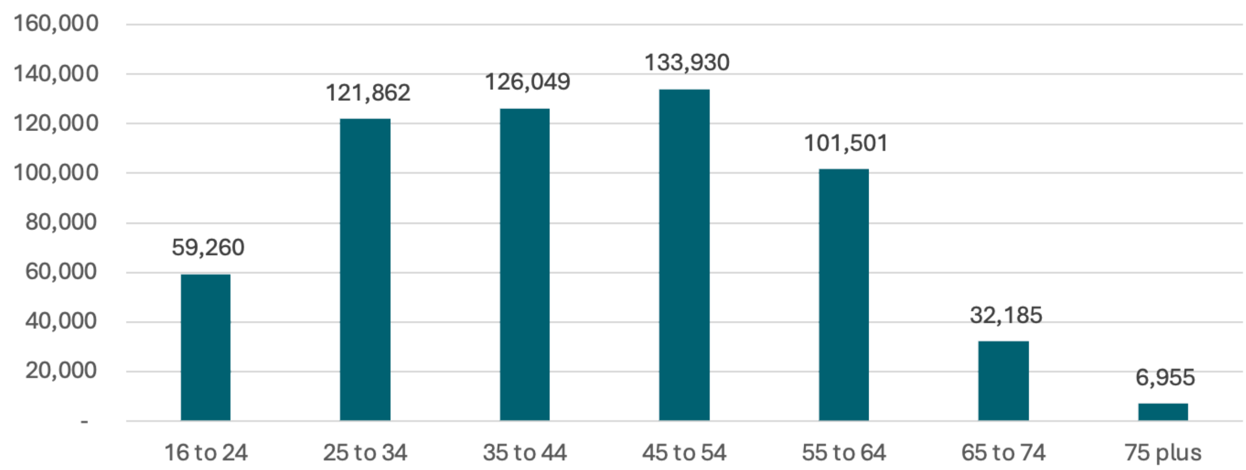
Figure 2: Labor Force Levels at Different Geographic Scales, 2013 = 100



Labor Force Trends by Age Group

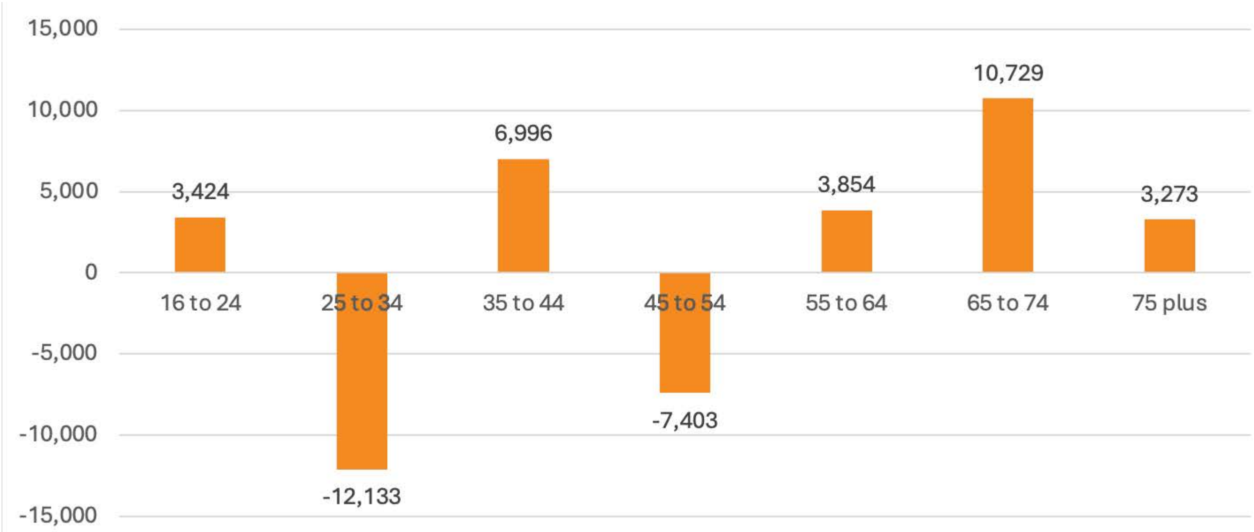
Here we break up the labor force by ten-year age segments, starting in 2013. Figure 3 shows the number of people in each segment of the labor force in 2013. The 25-to-34, 35-to-44, and 45-to-54 age groups each accounted for at least 20% of the Montgomery County labor force in 2013. This 25-to-54 year segment is called the [“prime age” labor force because it contains the people most likely to be working or looking for work].

Figure 3: Size of Montgomery County Labor Force by 10-year Age Group in 2013



Montgomery County gained labor force in some age ranges and lost labor force in others. Adding up the three prime age groups shows a net loss of about 12,500 people from this core segment.

Figure 4: Net Change in Labor Force by Age Group, 2013 to 2023



National demographic trends are driving much of this change. As the nation ages and people stay in the workforce longer, the older end of the labor force will naturally grow faster than the younger end. During the period measured here, 2013 to 2023, the younger end of the [very large Baby Boom generation (born 1946 to 1954) aged out of the 45-to-54 range and the smaller Generation X (born 1965 to 1980)] lacks the numbers to replace them. Montgomery County, like most cities and counties, is subject to this demographic inevitability.

The next two points address Montgomery County's trends relative to these overarching demographic constraints. If some age groups are growing or shrinking faster than others, the question becomes *how much faster or slower that age group is changing* in Montgomery County than in other places.

3. Montgomery County lags the national and metro growth rates in almost all age ranges.

The answer is that Montgomery County's labor force growth lags national trends in almost every age range. With exception of the 16-to-24 range, when Montgomery County gained labor force, its gains were slower than the national average, and when Montgomery County lost labor force, its losses were faster than the national average. Figure 5 shows Montgomery County's rates of change for each age group relative to the D.C. metro region and the country, and Figure 6 shows the gap between Montgomery County's rate and the other places.

Figure 5: Percent Change in Labor Force for Montgomery County, D.C. Metro Region, and USA, 2013 to 2023

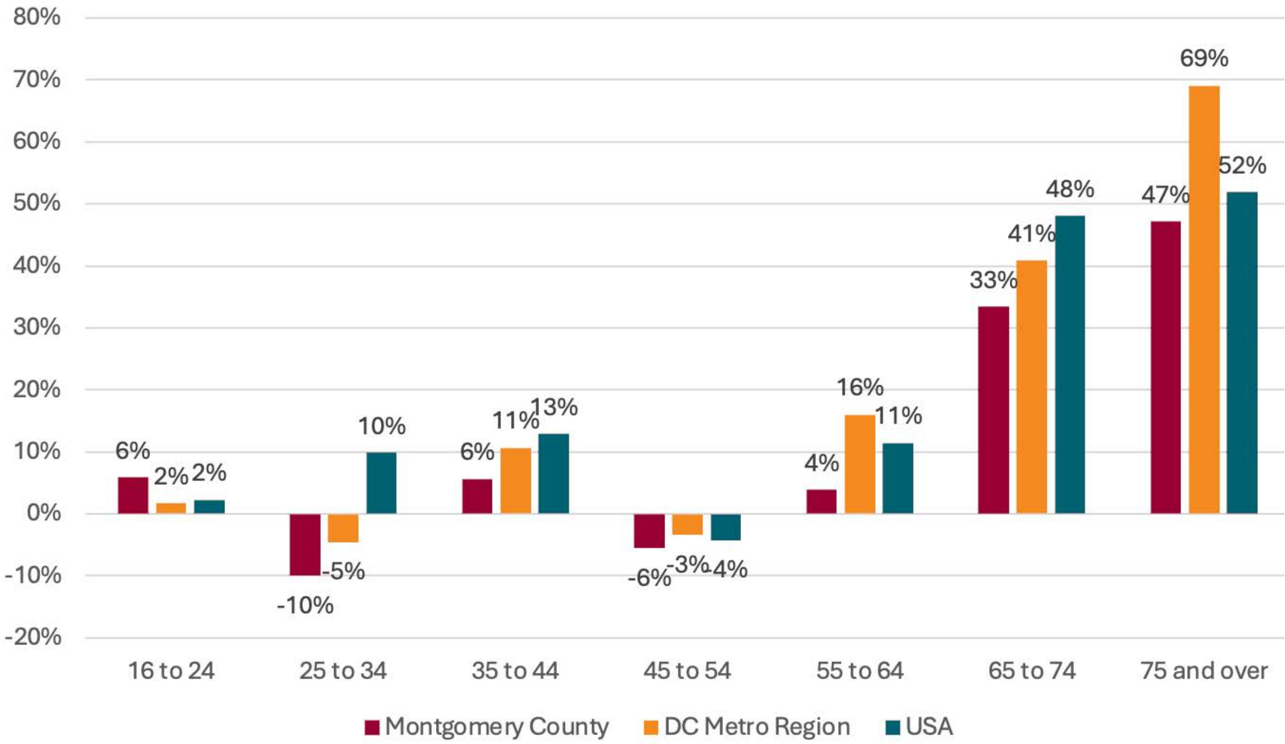
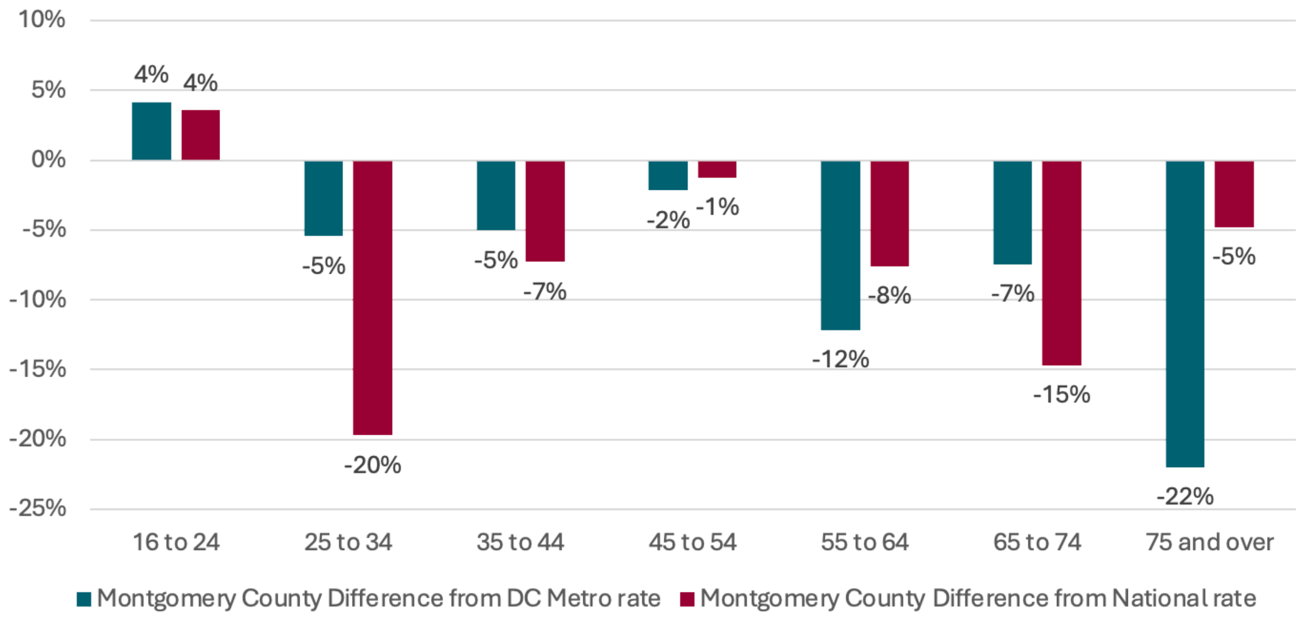


Figure 6: Deviation of Montgomery County Labor Force Change Rate from D.C. Metro Region and National Rates



4. **Montgomery County's labor force is most rapidly declining relative to national trends in the 25-to-34 year age range.**

The 25-to-34 age group lost over 12,000 people from the labor force between 2013 and 2023 in Montgomery County (Figure 4). Figure 5 shows that while the US labor force saw this group increase by ten percent, Montgomery County saw a ten percent decrease, constituting a 20 percentage-point gap between the national rate and Montgomery County rate (Figure 6)—the largest differential for any of the major age groups.

Conclusion

Montgomery County's key selling point to potential employers has long been "talent," which is really just another word for "labor force." The trends in this report show that this talent pool has been shrinking. The severe departure from the national average of the key 25-to-34 age group—those just starting their careers—is especially concerning. If this trend continues, the County risks losing out on a generation of workers and ideas. While many factors may be contributing to this loss, providing a wider range of housing types and more housing in high-demand areas could help to reverse the trend.

Continuing to diversify the economy into other sectors can also encourage workers to relocate to or stay in Montgomery County if a wider variety of jobs are available for them and their partners.

About the Data

The Bureau of Labor Statistics (BLS) defines labor force as "the sum of employed and unemployed persons," and further elaborates that those not in the labor force—basically all other adults—includes "retired persons, students, those taking care of children or other family members, and others who are neither working nor seeking work." People are not counted as either in or out of the labor force until they are 16 years old.

All data in this report come from the American Community Survey 1-year samples. Data for 2020 are not available in the 1-year ACS so these points are interpolated on charts.

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.

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Montgomery Planning

MONTGOMERY COUNTY ECONOMIC DEVELOPMENT CORPORATION MARYLAND