



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

A Joint Publication of Howard County Government, Howard County EDA & the Howard County Chamber of Commerce

December Meeting 2015

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.

Economic Development

The HCEDA business development activity picked up in the fall, following a moderate summer. In September, HCEDA staff arranged a tour at Thorlabs for the Howard County Fire Chief to receive introductions, review the emergency preparedness plan, and learn about the unique equipment and processes at Thorlabs' facility. The potential for foreign trade zone (FTZ) opportunities was discussed with the Baltimore Development Corporation (BDC). The HCEDA applied for a countywide FTZ designation; this would aid in the recruitment of manufacturer serving foreign markets and foreign-owned firms.

In the fall, the Catalyst Loan Fund had the following activity: received seven interest forms totaling 666,500, three VLT approvals totaling \$400,000, and three loan closings totaling \$375,000.

In September and October, business development saw a sharp increase in the scientific, cybersecurity, and warehouse/distribution sectors. A number of in-county entities have continued to express interest in the State's cannabis growing and dispensary request for proposal.

There are currently 39 new, expanding, or relocating businesses in the HCEDA pipeline.

About one-half of the pipeline is considered active.

The Howard Tech Council (HTC) welcomed 15 new members since September, the current total is 272 and continues to grow.

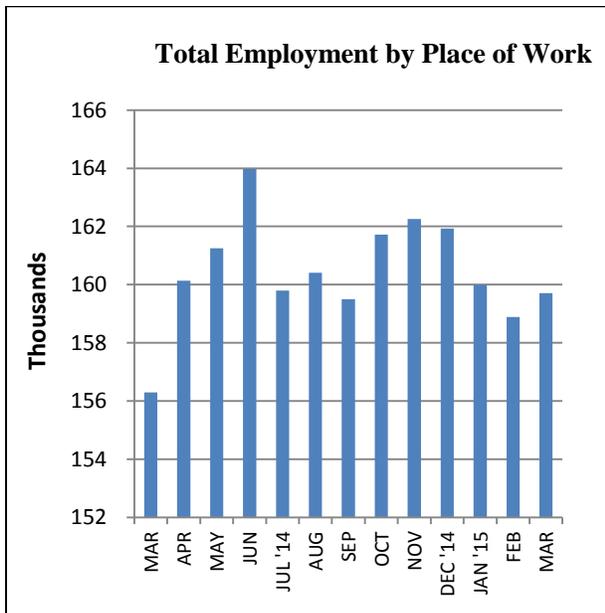
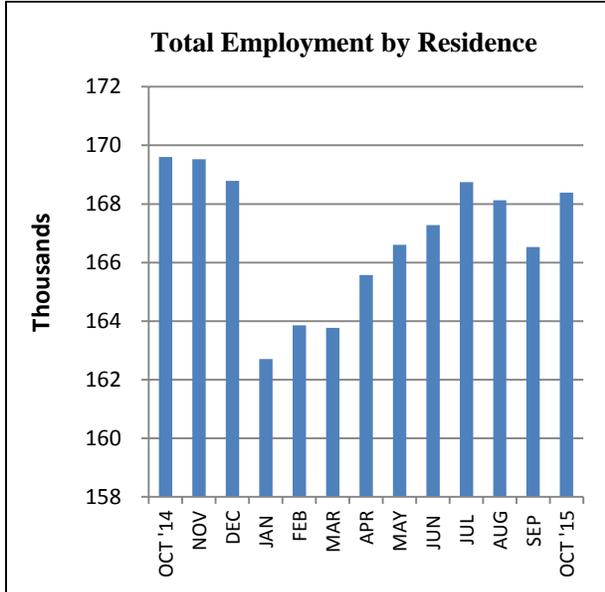
The Maryland Center for Entrepreneurship (MCE) received eight inquiries since September for either resident or affiliate information.

In November, the Small Business Development Center (SBDC) has supported the start of 1 new business. The SBDC has generated nearly 23 new jobs and \$1.1 million in increased sales.

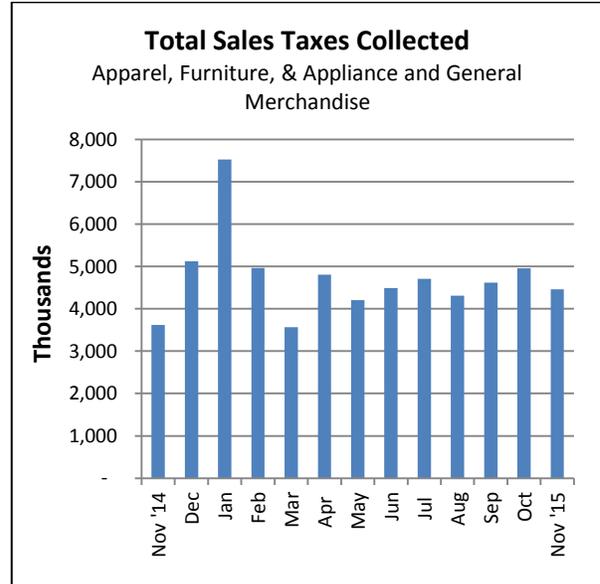
Downtown Columbia

Within business development, Mark Thompson led the organization and retention of speakers and helped developed panel content for Howard County Boom! This event, hosted by Bisnow, had over 400 attendees including a wide range of real estate developers, service providers and public officials. Attendees gathered on the third floor of the Whole Foods Building for the event.

Employment



Sales Tax



It should be noted sales tax revenues are not returned to the county as direct revenue. They are an indicator of discretionary spending in the county as reported by local businesses to the State of Maryland.

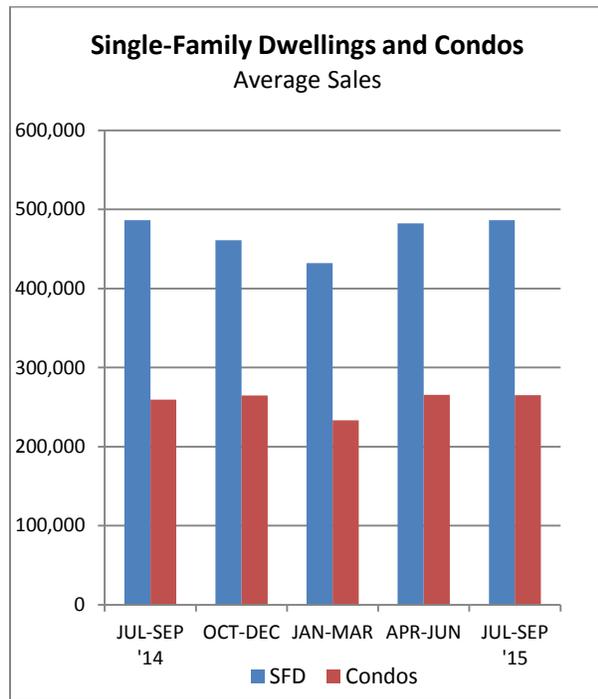
Residential Real Estate

Housing industry experts are reporting that the total number of units sold (323) is down from the previous month, but higher than this time last year.

The active inventory of homes available (1,347) is down compared to the previous month and last year. The majority of the active inventory is detached homes, attached, then condos/coops.

The median sale price (\$390,000) is down from last year, but up from the previous month. The average sale price was 97.7% of the average list price, a decrease of 0.6% compared to last year.

The number of new listings in the County went up to 550 from 488 this time last year, an increase of 13%.

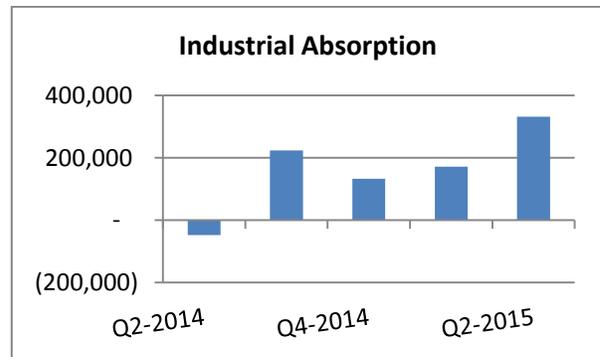
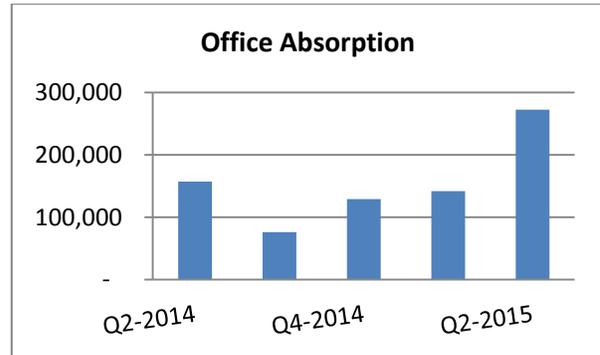


Note: Current quarter averages may not include all necessary months because of lag in data availability

Residential and Commercial Construction

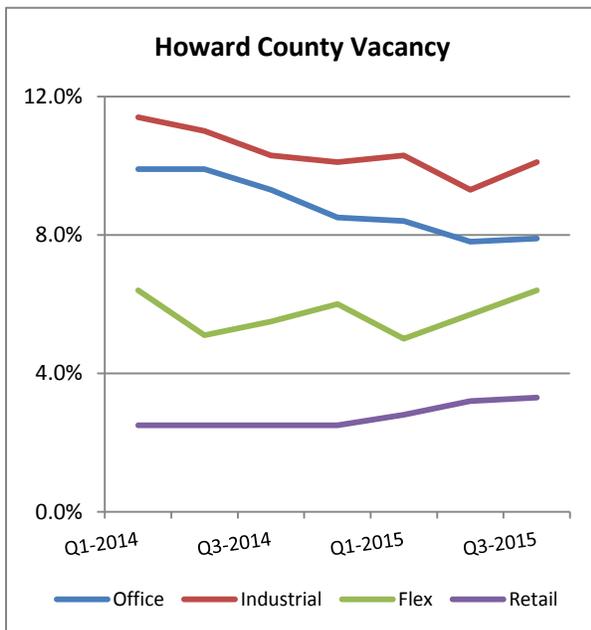
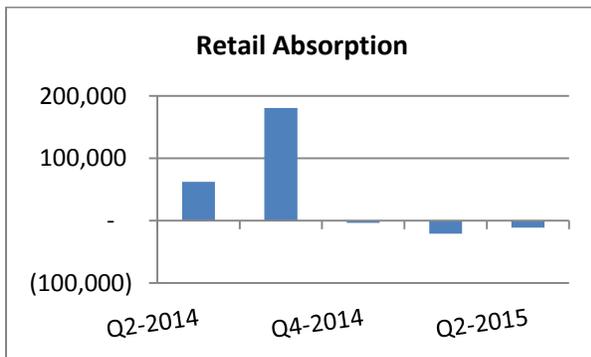
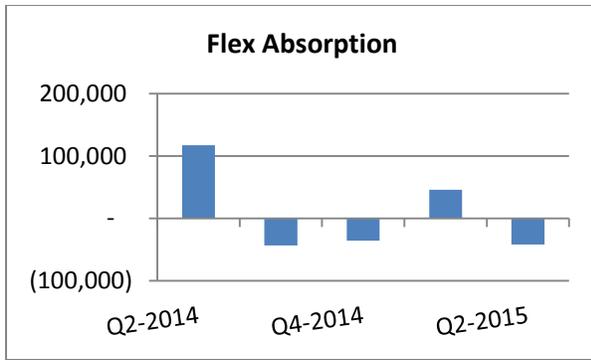
Most recently, there has been lot of activity in warehouse market development along the Route 1 corridor.

In general, the number of commercial permits is up, but the dollar amount of permits is down because contractors are doing shorter term leases and short term extensions.



The vacancy rate for office space in the County is under 8% (strong economy below 10%). These percentages suggest a healthy market, but it is becoming more challenging to find available and desired space for prospective businesses.

Experts share that businesses are seeking new ways of putting more people in less space (i.e. working from home, shared office space). There is an increased interest in developing medical centers in Maple Lawn.



Note (above): The vacancy rate does not reflect pre-leased new construction

On the residential side, housing representatives report that the new home market was relatively slow so far last quarter. There does not seem to be any news that would appear to cause the slow down. This is similar to last year as our sales slowed in the last half of 2014 and picked up dramatically in the first quarter of 2015. Our upper end, one million plus, has been fairly active. We have seen a slight uptick in traffic and qualified buyers for most of our communities.

Contracting

There continues to be an increasingly heavy focus on cybersecurity and IT. On the contrary, a backlog remains on getting clearance for employees, but handling of the issue is moving along quickly. Experts are also observing the extension of contracts to reduce costs when short on funds and to receive a better value. The healthcare industry (i.e. hospitals, health technology) are expressing interest in cyber in order to further protect infrastructure.

Service Industries

Finance

Banking representatives report business owners are feeling a building optimism for 2016. Backlogs and bid activity is continuing to increase, although pricing must remain very competitive. Lower fuel costs continue to help business and consumer psyche. Increased corporate profitability and higher levels of

confidence of both corporations and consumers is expected to lead to job stability and help drive increased spending and debt reduction. The limited construction of warehouse product has led to a shortage of this space, as reflected in the relatively low vacancy rates. Financial institutions seem to continue to relax commercial credit standards and remain very aggressive on the pricing of loans; however, borrowers with credit issues are still having a difficult time refinancing debt and have turned to the secondary markets.

Retail

The wholesale business reports that overall total comp sales for the current and preceding month have been flat compared to last year.

Several retail categories are realizing healthy positive increases such as candy, hardware, toys/seasonal, men’s and women’s apparel, deli, and produce.

The positive increases are being negated primarily due to the price of gasoline. Regular unleaded gasoline comps are: total volume +31%, total sales -3%. Pricing this year is on average \$2.03 compared to last year’s average of \$2.73. Regular unleaded gasoline is \$1.87 as of mid-December.

Other observations include a slight decrease in sales due to online purchasing. Commodity pricing appears stable at this time.

The Committee bids farewell to Anita Gentile-Newcomb, our representative from the Federal Reserve Board of Richmond. We appreciate her ongoing participation and thoughtful contribution to our discussion.

Economic Indicators Review Committee

Janice Bauman, J.M. Bauman Associates	Gov Contracting
William N. Chalfant, Jr., TD Bank	Banking
Nancy Cummins, Long & Foster	Residential Real Estate
Chip Doetsch, Apple Ford	Auto Sales
David Liby, Costco	Retail
Tim Morris, Williamsburg Builders	Residential Builder
Chris Myers, Super Book Deals	Internet Sales
Kirit Parmar, Dunkin Donuts	Retail
Elizabeth Rendon-Sherman, LG-TEK	Government Contracting
Cole Schnorf, Manekin Corporation	Commercial Development
A. Nayab Siddiqui, Scientific Systems Software	Technology
Don Eames	Transportation

HCEDA ~ Ho. Co. Government ~ HCCC

- Jeffrey Bronow, Ho. Co Dept. of Planning & Zoning
- Taylor Kimble, HCEDA
- Leonardo McClarty, HCCC
- Valdis Lazdins, Ho. Co. Dept. of Planning & Zoning
- Stanley Milesky, Ho. Co. Dept. of Finance
- Holly Sun, Ho. Co. Budget Office
- Raul Cruz, Ho. C. Budget Office
- Norman Schnobrich, Ho. Co. Budget Office
- Maureen Thomas, GovConnects
- Mark Thompson, HCEDA
- Vernon Thompson, HCEDA
- Lawrence F. Twele, HCEDA

Questions or suggestions? Telephone: 410-313-6500

Thank you for your review of this publication.

