



Gaithersburg-Germantown
Chamber of Commerce, Inc.

**North I-270 Corridor
Economic Development
Profile**

Submitted by
Gaithersburg-Germantown
Chamber of Commerce

HIGHLIGHTS

TOP TEN THINGS YOU NEED TO KNOW ABOUT THE NORTH I-270 CORRIDOR

- 1.** We are the Bio Capital of Montgomery County, with the highest concentration of bio companies in the county. Our leading industry sectors are life and health sciences, cyber security, and the federal government. We are home to the National Cybersecurity Center of Excellence, the National Institute of Standards and Technology (NIST), and the National Cancer Institute. We are also home to the Germantown Innovation Center, the county's only life sciences incubator.
- 2.** The North I-270 Corridor is served by three major national and international airports within an hour's drive and two additional regional airports within 30 minutes.
- 3.** If Germantown were incorporated, it would be the third largest city in Maryland.
- 4.** The Maryland SoccerPlex hosts 650,000 visitors and through its 12 tournaments, generates \$24 million in positive economic impact per year.
- 5.** The North I-270 Corridor is home to the educational institutions feeding the pipeline of talent and workforce for the county. With Montgomery College Germantown Campus, the Universities at Shady Grove, and Johns Hopkins University, the North I-270 Corridor is the only place in the county where our residents can earn Bachelors as well as advanced degrees.
- 6.** With Shady Grove Adventist Hospital and Holy Cross Germantown Hospital located in the North I-270 Corridor, the area has comprehensive medical resources available. Holy Cross Germantown Hospital is the first hospital in the country to be located on a community college campus.
- 7.** Home of Hughes – the #1 high-speed satellite internet service with more than 1 million HughesNet® subscribers in North America. To date, Hughes has manufactured and shipped more than 4 million terminals to customers in over 100 countries.
- 8.** Home of AstraZeneca/MedImmune with \$1 billion annual investment in research and development and 3,500 employees. Filled with cutting-edge technology, their lab spaces were created to facilitate collaboration, interaction, and cross-functional science.
- 9.** With more flex space than any area in the county, the corridor has many available buildings that will accommodate a multitude of uses, including wet labs at a lower price point providing companies with a variety of options.
- 10.** NIST sets the standards for calibration and measurements nationally and internationally in some cases. For instance, NIST has maintained the nation's primary time standards since 1949. After six generations of fine-tuning, the current accuracy standard is one second in 20 million years.

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PURPOSE

The purpose of this report is to highlight the competitive advantages of locating a business in the North I-270 Corridor. As the newly formed Montgomery County Economic Development Corporation (MCEDC) begins its charge of achieving greater economic competitiveness and prosperity across the county, this economic development profile will provide a firm understanding of the North I-270 Corridor and reinforce the fact that the corridor is an outstanding place to do business. This report will assist in marketing the North I-270 Corridor to attract new high-paying jobs, reduce vacancy rates, and ensure the ultimate goal of creating a thriving commercial hub of business and innovation.

The snapshot of the North I-270 Corridor shows significant economic development potential with many different types of commercial properties currently available as well as significant commercial density approved through the various master plans for each submarket. The North I-270 Corridor is poised to become a major job center for the county and the state. With strong support from the MCEDC, the Corridor can reach its full potential.

Moving Forward Together

The North I-270 Corridor of Montgomery County is of strategic interest to MCEDC for future large-scale investment and employment opportunities. The Gaithersburg-Germantown Chamber of Commerce would like to partner with the MCEDC moving forward. We know our community, and we are a resource to you as you increase the employment base in the county. At your request, the business community principals stand ready to support you in your MCEDC mission.

As the MCEDC moves forward, we encourage you to implement these specific action items:

- Increase the county's external marketing efforts nationally and internationally.
- Assign a senior-level marketing person to the North I-270 Corridor to maintain a consistent focus on the area.
- Implement a mechanism for ongoing communication with the Chamber and business leaders in the corridor.
- Invite the Chamber and/or business leaders from the area to join MCEDC on retention calls to existing employers in the North I-270 Corridor.
- Continue to have geographic representation on your Board of Directors to ensure that the North I-270 Corridor is represented within your leadership.
- Support the Chamber's efforts to ensure that the vision of the master plans in the North I-270 Corridor come to fruition. The Chamber will be asking the county to invest additional staffing to oversee the implementation of our master plans.
- Support county and state incentives for development in the North I-270 Corridor, such as the proposed RISE Zone at the Montgomery College Germantown campus and other mutually beneficial incentives that could lead to more companies considering our area.

INTRODUCTION

Montgomery County is 500 square miles, home to more than 400,000 jobs and 118,000 businesses, with an estimated total population of more than one million people. The county is blessed with many different centers of commercial activity and more than 80 million square feet (sf) of available commercial space. The North I-270 Market is a critical component of the county’s existing business community as well as its future potential.

As the MCEDC begins its charge of bringing jobs to Montgomery County, the Gaithersburg-Germantown Chamber of Commerce would like to introduce the new organization to the North I-270 Corridor. With more than 27% of the available commercial space in the county located in the North I-270 Corridor, the economic development potential of the area is limitless.



As part of the original planning concept of “wedges and corridors” in Montgomery County, I-270 has always been considered to be a primary commercial corridor. The various master plans in the North I-270 Corridor support the concept of commercial density with a balance of residential and retail development. Through the years, the residential and retail components of the various North I-270 Corridor master plans have outpaced the commercial development. The focus now should turn to commercial development and bringing jobs to the area.

The North I-270 Corridor is a vibrant, affordable, commercial market with access to a young, educated workforce. We encourage the MCEDC to take a fresh look at the North I-270 Corridor as a major selling point for bringing jobs to the area and to actively market the area as a great place to locate and grow a business.

North I-270 Corridor Defined

For the purposes of this report, the North I-270 Corridor starts at Shady Grove Road and runs north to the Frederick County line, including the Great Seneca Science Corridor (GSSC), Greater Gaithersburg, Germantown, and Clarksburg.



Overview of Research

To provide a snapshot of the commercial potential in the North I-270 Corridor, we looked at economic data that depicted the commercial real estate market, including:

- Available commercial space
- Potential future development
- Average market rent
- Vacancy rates
- Potential job growth
- Workforce demographics
- Economic demographics
- Quality of life assets



The source of commercial real estate data was CoStar. To provide a snapshot of the existing market, we used a fixed date in time of September 2016. We understand that the market is fluid and may have changed since that time; however to our knowledge, there has been no major shift in the commercial real estate market from the time this data was collected.

The source of the demographic data was the 2010 US Census. While there have been estimated updates for Montgomery County as a whole, there have not been updates for each of the submarkets. Other than an overall increase in the population, we do not anticipate any significant changes in the demographics to date.

In addition to the above data, we also identified the specific strengths that make the North I-270 Corridor an appealing location for business relocation and expansion. The North I-270 market is the most attractive and competitive location for recruiting new business to Montgomery County.

Snapshot of Data

A brief overview of the North I-270 Corridor shows:

- The total population of the area is more than 192,000 people with roughly 77% being in the workforce.
- Census data indicate that the workforce is young, diverse, educated, and bilingual.
- There are more than 21.7 million square feet of existing commercial space in the North I-270 Corridor.
- The vacant commercial space in the corridor equates to roughly 13,000 potential jobs.
- There are an additional 31 million sf of proposed development capacity.
- Using a standard of 175 sf per employee, there is potential for an additional 100,000 jobs that could be created from proposed development capacity.
- The total vacancy rate for both office and flex space in the market is 10.5%. The Germantown submarket has the highest vacancy rate at 14.4%.
- The housing in the North I-270 Corridor is relatively less expensive than in other parts of the county. There is also more open space in the corridor with close proximity to the Agriculture Reserve.
- There are a large number of educational, cultural, and recreational amenities in the corridor.

COMPETITIVE STRENGTH OF THE NORTH I-270 CORRIDOR

The North I-270 Corridor has considerable competitive strength in terms of attracting high-level jobs to the area.

Availability of Office Product

There is a significant amount of commercial space available in the North I-270 Corridor—both existing and planned. Many commercial spaces are located within sought after mixed-use developments, which will help attract the necessary workforce. There are also different types of products, including office and flex, which also include some fairly sophisticated lab space. Unlike higher density areas in other parts of the county, a major advantage of the North I-270 Corridor is the ability to accommodate additional flex space, which has been instrumental for many of our innovative companies.

Opportunity

There is significant opportunity for a business to grow and expand. The North I-270 Corridor, once called “DNA Alley” as home to the successful mapping of the genome, is a biotech hub in the state and the region. It is fast becoming a cybersecurity hub. The proximity to NIST, National Cybersecurity Center of Excellence, National Cancer Institute, and Fort Detrick creates a climate for synergy among high-level partners.

Economics

The North I-270 Corridor offers a very good value on investment. With rents lower than in other parts of the county, businesses can get more space for their money while having similar amenities and ready access to the workforce.

Access to the Workforce

There is a large population of potential employees in the North I-270 Corridor. Every day thousands of employees drive through the Corridor on their way to jobs further south. Based on the demographics of the area, the workforce is young, educated, diverse, and bilingual. There is more affordable housing in the North I-270 Corridor than in other areas of the county.

Major Employers in the North I-210 Corridor

Adventist HealthCare

AECOM

Asbury Methodist Village

Astrazeneca/MedImmune

**Clarksburg Premium Outlets
(opening fall 2016)**

Department of Energy

Digital Receiver Technology, LLC

DRS Signal Solutions, Inc.

Holy Cross Germantown Hospital

Hughes Network Systems

Kaiser Permanente

Lockheed Martin

Montgomery College

National Cancer Institute

**National Institute of Standards and
Technology**

Sodexo

Thales Communications

**The Humane Society of the United
States**

Wabtec Railway Electronics

Mobility

The majority of commercial property in the North I-270 Corridor is located a mile from I-270, which is one of the major transportation arteries in the state. While local transportation can be challenging, being on the I-270 Corridor provides tremendous accessibility to the workforce, customers, and potential partners. Another added benefit in attracting employees is the availability of free employee parking.

The transportation strengths of the corridor include:

- **Airport access:** There are three major airports servicing the North I-270 Corridor; Washington Dulles International Airport (IAD), Baltimore-Washington International Airport (BWI), and Reagan Washington National Airport (DCA). The ICC provides easy access to BWI with shuttle buses running hourly. There are also two local airports in close proximity that allow smaller aircraft easy access to the Corridor.
- **Mass transit access:** With four MARC train stations, express bus access to the Shady Grove Metro Station, a comprehensive Ride-On bus network, and future plans for a Corridor Cities Transitway, the North I-270 Corridor has a fairly strong transit component.
- **Potential for a reverse commute:** As more jobs are established in the North I-270 Corridor, employees will increasingly commute from all areas of the county. Being located in the northern part of the county affords some employees a reverse commute.

Educational Pipeline

The North I-270 Corridor is a strategic location enabling our workforce to develop and enhance their training and education through nationally known educational institutions. Starting with our K-12 school system, consistently ranked in the top tier of Maryland schools, our residents have access to an educational pipeline that can take our secondary students straight through graduate-level programs. Montgomery College is a 2-year community college and anchor institution serving 60,000 residents a year, representing 130 countries, and providing pathways to either employment or transfer to 4-year institutions. The Universities at Shady Grove offers 80 undergraduate and graduate degree programs from nine respected institutions within the University System of Maryland at one central location in the North I-270 Corridor. In addition, internationally recognized Johns Hopkins University offers part-time graduate courses in several disciplines, including education, biotechnology, and liberal arts at its Montgomery County campus.

Entrepreneurial Environment

The North I-270 Corridor is home to a large number of biotech and technology companies with international markets that began as startups in the corridor. Clinical trial companies, such as Amarex, as well as companies that grew out of the Genome Mapping project, got their start in the North I-270 Corridor. GeneDx began with two scientists from the National Institutes of Health and has now grown to 350 employees. MedImmune also started in Gaithersburg and continues to grow and thrive in the corridor. Having a strong base of biotech firms located in close proximity helps spark the entrepreneurial spirit.

Tech/Biotech Cluster

The North I-270 Corridor has two of the three areas in the county that were designed to specifically cluster the life sciences and technology sectors. In the early 2000s, when the Shady Grove Life Science Center was nearing build-out, the Montgomery County Department of Economic Development released a consultant's report that examined 20 sites in the county where high-tech development similar to the Life Sciences Center could be promoted. The Germantown campus of Montgomery College (now known as the Pinkney Innovation Complex for Science and Technology at Montgomery College) and the Great Seneca Science Corridor were two of the top three sites selected.

Quality of Life

In addition to the many competitive business reasons why companies should relocate in the North I-270 Corridor, the corridor is a remarkable place to work and raise a family. It is a safe, clean community with a high quality of life. Being part of the Montgomery County Public School system guarantees a high level of K-12 education for young families. There are also a large number of amenities offered to residents and employees in the corridor:

- Parks and recreation facilities:
 - Black Hill Regional Park
 - Seneca Creek State Park
 - South Germantown Recreational Park
 - Maryland SoccerPlex
 - A large number of community centers, pools, golf courses, tennis courts, summer camps, etc.
 - Close proximity to the C&O Canal and Sugarloaf Mountain
- Nightlife, entertainment, and the arts:
 - Downtown Crown
 - Rio Washingtonian
 - Germantown Town Center
 - BlackRock Center for the Arts
 - The Arts Barn
 - Several movie theaters



Choosing to Locate in the North I-270 Corridor

We know that there are many benefits to locating a business in the North I-270 Corridor—proximity to workforce and talent, a vibrant market, and access to the federal government. This was confirmed through a survey of businesses in the corridor.

We asked local businesses why they chose to locate in the North I-270 Corridor. The number one response was “This is where my market is” (35%), followed by the affordability of commercial space (22%), and commute time (14%). Other reasons include:

- Proximity to the biotech community
- Proximity to the federal government
- Opportunity for growth
- Centrally located to our larger market area
- We’ve been here for 90 years!
- Contracting with local, state, and federal governments
- Availability of suitable lab space
- It allows us to pursue clients along the entire Baltimore-Washington corridor
- This is where I live, and it is a great place to do business



When we asked what the greatest asset of the North I-270 Corridor was, we had a lot of the same responses as above but also heard about:

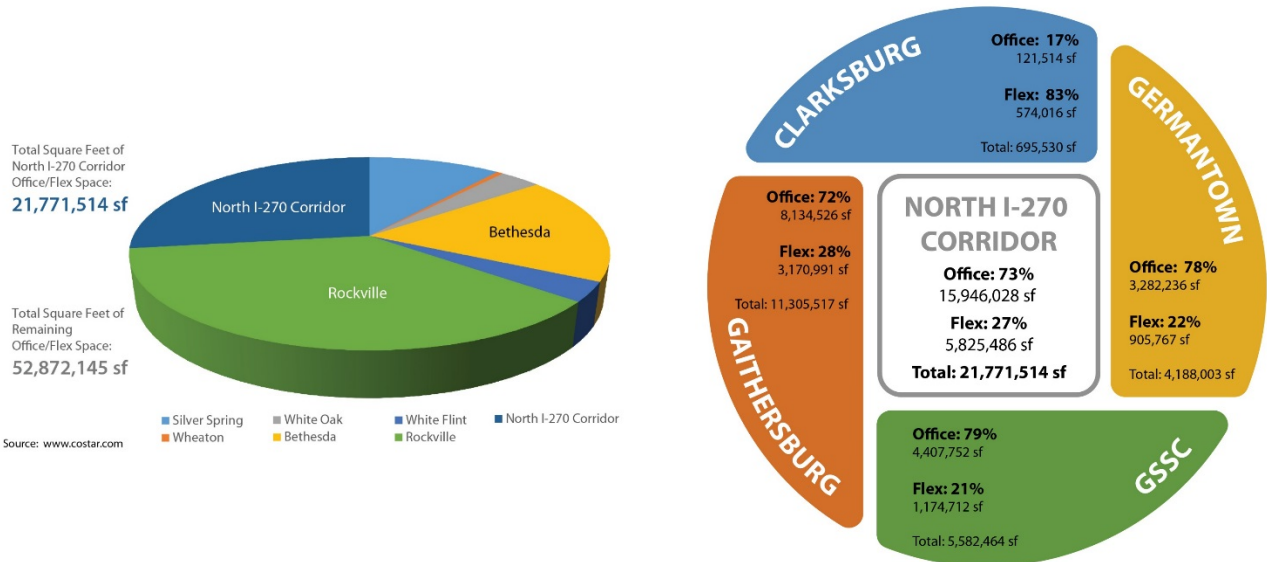
- Highly educated workforce
- Access to talent: high tech, engineering, and language skills
- The number of tech businesses: IT, Biotech, Pharma, Healthcare, etc.
- Accessibility to DC and Baltimore
- Great potential for growth
- Residents with disposable income
- New and expanding communities bring more people, which in turn can bring more businesses
- Proximity to three airports
- Nice communities and neighborhoods and family-oriented amenities
- Lower rents [than other places in the county], and the traffic is not as bad
- Mixed-use development
- The Intercounty Connector (ICC)
- All my vendors are within a three-mile radius which is a huge time-saver

On the flip side we did ask about challenges, and with no surprise, the number-one challenge was transportation (55%). However, the capacity of I-270 has recently been elevated to a more serious discussion with federal, state, and local government officials. Other challenges included tax rates, competition, regulations, and “getting customers through the door.”

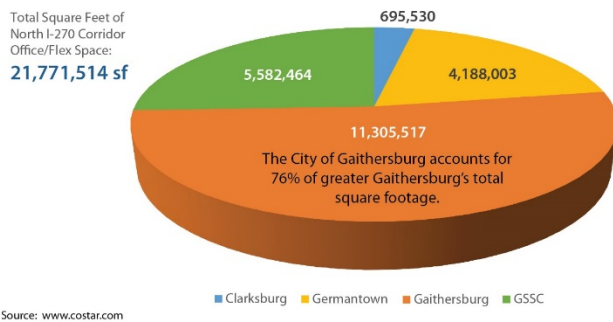
NORTH I-270 REAL ESTATE MARKET OVERVIEW

There is a total of 80 million sf of existing commercial office and flex space in Montgomery County. The North I-270 market makes up more than 27% of the total commercial space in the county.

The North I-270 market has a total of 21.8 million sf of commercial space. Greater Gaithersburg has 11 million sf with the City of Gaithersburg accounting for 76% of the total Greater Gaithersburg area. The Germantown and GSSC each comprise approximately half of the remaining space.

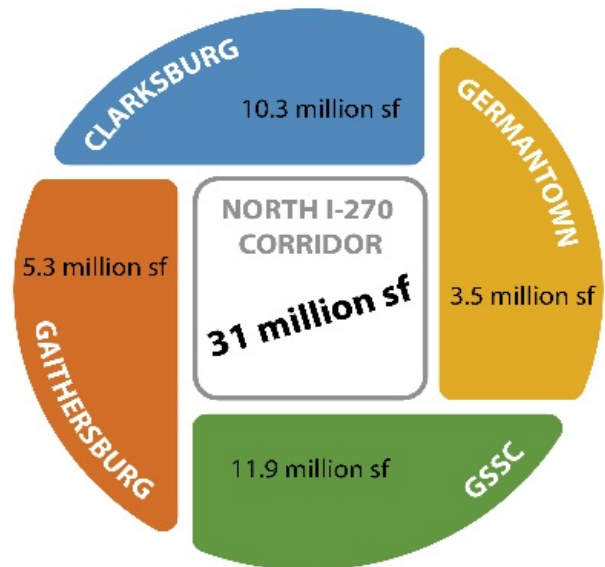


Comparable Markets



Market Overview

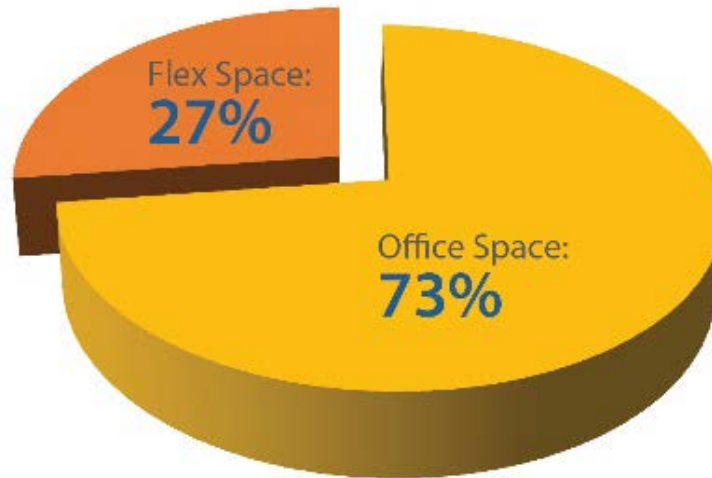
Submarket Analysis: Existing Spaces



Submarket Analysis: Proposed Development

Office vs. Flex

Commercial space is broken down between office space and flex space, which includes the option for light industrial use. This is important for tech/biotech companies that require flexible options. There is roughly 16 million sf of office space (73%) and 5.9 million sf of flex space (27%). For Gaithersburg, Germantown, and the GSSC, the split is predominately office space (78%) vs. flex space (23%). Clarksburg is currently a very small market with predominately flex properties (83%).



Source: www.costar.com

North I-270 Market Overview

Future Development Capacity

In addition to existing commercial space, we identified potential future development based on the master plans for each area. The North I-270 Market has more than 31 million sf of additional approved commercial space. All of the master plans in the area allow for mixed use development so the expectation is that not all of the approved density will be built as commercial space. The important aspect is that there is major potential in the North I-270 Market.



22513–22521 Gateway Center Dr.



22600 Gateway Center Drive



22250 Comsat Drive

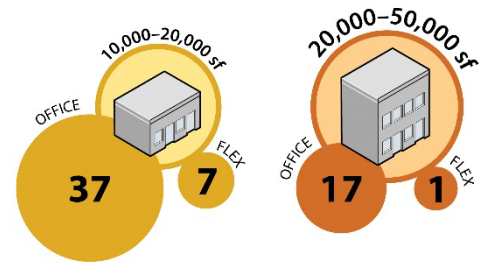
Major employers/assets

- Thales Communications
- Clarksburg Premium Outlets (opening fall 2016)
- COMSAT Redevelopment Site

Submarkets

To further explore the North I-270 Market, we looked at each submarket in detail identifying the commercial space along with the assets of each area. One of the data points important for economic development attraction and recruitment is the number of spaces that might fit a particular need. For that reason, we identified specific properties that meet these parameters:

There are no existing available spaces for leases greater than 50,000 sf in the North I-270 Market. While space that is less than 10,000 sf is important, that was not the focus of this report.



Total Available Space by Size

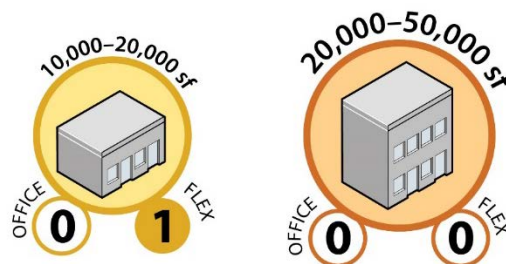
Submarket Reports

Clarksburg

Clarksburg is an up-and-coming suburban area with significant commercial capacity and is home to nearly 14,000 residents. There are several parks and historic sites, including Black Hill Nature Preserve, the old Clarksburg Schoolhouse, and the former headquarters of Comsat Laboratories, which is a major redevelopment site on the east side of I-270. The existing commercial space includes:

- **Office:** 121,514 sf = **17%**
- **Flex:** 574,016 sf = **83%**
- **Total:** 695,530 sf = **100%**

While there are very few commercial spaces currently available in Clarksburg, there is significant density of an additional 10.3 million sf of commercial space approved in the master plan.



Clarksburg Available Spaces by Size

Great Seneca Science Corridor

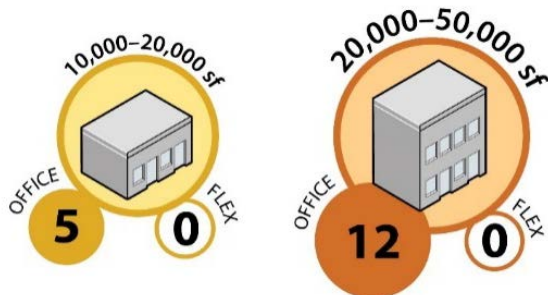
The GSSC master plan was approved and adopted in 2010. The plan “envisions a vibrant Life Sciences Center (LSC) where the foundation of health care, biotechnology, and academic combine to create a dynamic and sustainable science and medical hub.” The GSSC is roughly 4,300 acres in the North I-270 Corridor, neighboring both the City of Gaithersburg and the City of Rockville.

The total approved development for the LSC includes a total of 17.5M sf of commercial space, which equates to 52,500 jobs. The existing base of commercial space includes:

- **Office:** 4,407,752 sf = **79%**
- **Flex:** 1,174,712 sf = **21%**
- **Total:** 5,582,464 sf = **100%**

Future development capacity includes 11.9 million sf of additional commercial space, most of which is contingent on the proposed Corridor Cities Transitway bus rapid transit system.

Johns Hopkins University has 4.6 million sf of potential development on the Belward Research Campus in the GSSC.



GSSC Available Spaces by Size

Of the North I-270 Corridor submarkets, the GSSC has the greatest number of large office spaces available. As of the date of this report, there is no flex space available, but the market is fluid and that could change.



9200 Corporate Boulevard



14200 Shady Grove Road



9601 Blackwell Road

Major employers/assets in the GSSC:

- Johns Hopkins University, Montgomery County Campus
- Universities at Shady Grove
- National Cancer Institute
- Shady Grove Adventist Hospital
- GlaxoSmithKline
- National Cybersecurity Center of Excellence
- Johns Hopkins Belward Farm: 138-acre greenfield site



6 Montgomery Village Avenue



555 Quince Orchard Road



9 West Watkins Mill Road



202 Perry Parkway

Major employers/assets

- National Institute of Standards and Technology
- MedImmune/Astrazeneca
- Asbury Methodist Village
- Lockheed Martin
- Sodexo
- Adventist HealthCare
- Kaiser Permanente

Greater Gaithersburg

The greater Gaithersburg area is predominately composed of the City of Gaithersburg with some adjoining nonmunicipal property. The City of Gaithersburg has roughly 68,000 residents, which makes it one of the largest municipalities in the state.

The existing commercial space includes:

- **Office:** 8,134,526 sf = **72%**
- **Flex:** 3,170,991 sf = **28%**
- **Total:** 11,305,517 sf = **100%**

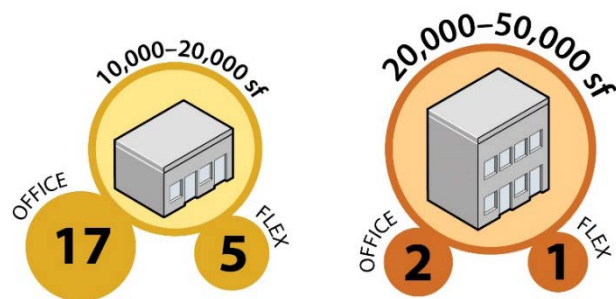
Future development capacity includes 5.3 million sf of commercial space.

Greater Gaithersburg has a large number of existing commercial spaces available as well as available flex spaces.

Potential development includes the Monument Corporate Center that is anchored by Kaiser Permanente in phase 1 (200,000 sf) of a three-phase project, totaling 750,000 sf. Monument Corporate Center will contain 750,000 sf of Class A office space. Lakeforest Mall was purchased by Five Mile Capital Partners in 2013 and continues to develop a master plan for the mall and the overall site. FedEx also recently purchased the former IBM site.

Construction on the new I-270 Watkins Mill Interchange project is scheduled to commence in 2017 and is expected to ease congestion along the I-270 corridor. The Watkins Mill Town Center is underway and is a major driver for future commercial development with 1 million square feet of residential and retail space.

Crown Farm and Downtown Crown total 182 acres, 260,000 sf of commercial retail, and allow up to 2,200 residential units. New retail has created an influx of new residents.



Greater Gaithersburg Available Spaces by Size



20440 Century Blvd.



20201 Century Blvd



12850 Middlebrook Rd

Major employers/assets

- AECOM
- Department of Energy
- Digital Receiver Technology, LLC
- DRS Signal Solutions, Inc.
- Holy Cross Germantown Hospital
- Hughes Network Systems
- Montgomery College
- Wabtec Railway Electronics

Germantown

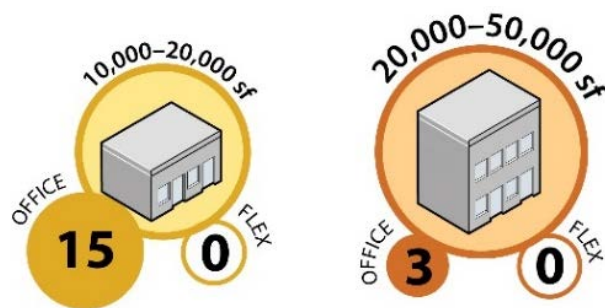
Germantown is roughly 10 square miles with more than 90,000 residents. In 2009, the Germantown Employment Area Sector Plan was approved and adopted, which established a “vision that will transform Germantown’s central employment corridor into a vibrant town center with mixed-use districts surrounding the downtown. Germantown is planned to become the center of business and community life in upper Montgomery County.” Both a census-designated and defined planning area, it is home to BlackRock Center for the Arts, Montgomery College, and the Maryland SoccerPlex, one of the most visited recreational parks in Maryland. The existing commercial space includes:

- **Office:** 3,282,236 sf = **78%**
- **Flex:** 905,767 sf = **22%**
- **Total:** 4,188,003 sf = **100%**

Future development capacity includes 5.3 million sf of commercial space with many commercial spaces currently available.

The Milestone Business Park is creating a town center with four existing office buildings totaling 635,000 sf, 485 apartments, and 38,250 sf of new retail. Notable tenants include DRS, Xerox, AECOM, and Weatherbug. Nearby in the 270 Corporate Center, a 70,000 sf Top Golf Entertainment Venue will be delivered next year.

Seneca Meadows Corporate Center, now boasting a new retail complex anchored by Wegmans, has three additional sites available for commercial development.



Germantown Available Spaces by Size

Germantown (Continued)

The Pinkney Innovation Complex for Science and Technology at Montgomery College (PIC MC) is an integrated, academic business and research campus zoned as a Life Sciences Center. PIC MC is distinctive as the only community college campus in the country having both a hospital and innovation district, providing collision points for medicine, business, entrepreneurs, faculty, and students. Opened in 2014, Holy Cross Germantown Hospital is PIC MC's resident anchor partner, including a 75,000 sf medical office building, currently 45% leased. PIC MC also has the county's incubator for life sciences startups, the Germantown Innovation Center (GIC), with 25 companies. PIC MC will accommodate life sciences, health IT, cybersecurity, and other technology companies, which reflect the college's core curriculum and can deliver nearly 700,000 sf in new space. The first phase of this development is current in the approval process.

Another proposed project in Germantown is Lerner's Black Hill development which is a 75-acre planned mixed-use development that will feature 1.3 million square feet of office, residential and hotel projects.



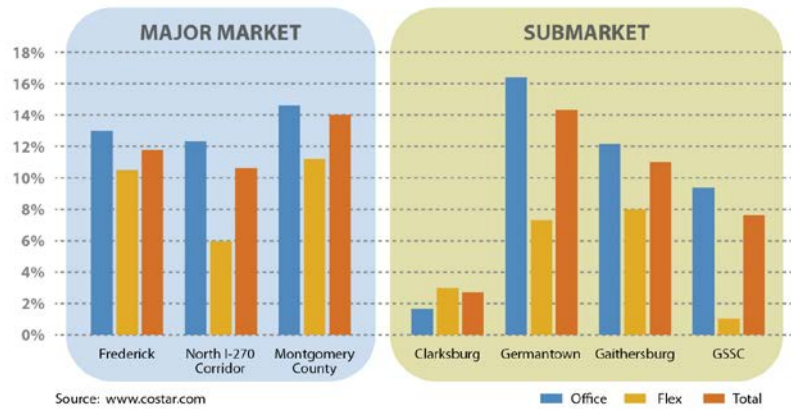
Holy Cross Germantown Hospital

Major assets and amenities

- Germantown Innovation Center: Life sciences incubator
- Maryland SoccerPlex
- BlackRock Center for the Arts
- Mock GMP lab at Montgomery College for industry training
- Cybersecurity lab for industry use and training at Montgomery College

Vacancy Rates

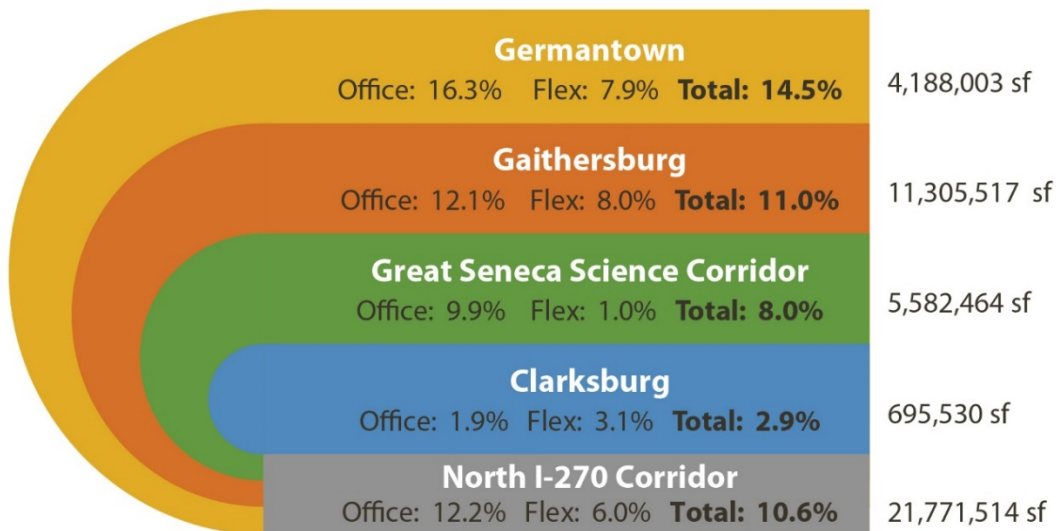
The total vacancy rate for the North I-270 Market is 10.5%. By comparison, the North I-270 Market has a lower vacancy rate than Montgomery County (14.1%) and Frederick County (11.9%). There is a sizeable difference in vacancy rates between office (12.2%) and flex space (6%). There are also some fairly large fluctuations across the submarkets.



Vacancy: Office, Flex & Total

The lowest vacancy rate is Clarksburg at 2.9%, which also has the lowest total space available. Germantown has the highest vacancy rate of the submarkets at 14.4% (Germantown office is 16.3%) due to a few obsolete buildings that will eventually be redeveloped.

In reviewing vacancy rates over time, we see an increase in vacancy rates between 2013 and 2014, but also see more recent decreases in the vacancy rates. As for the submarkets, there is considerable variation among the different locations.

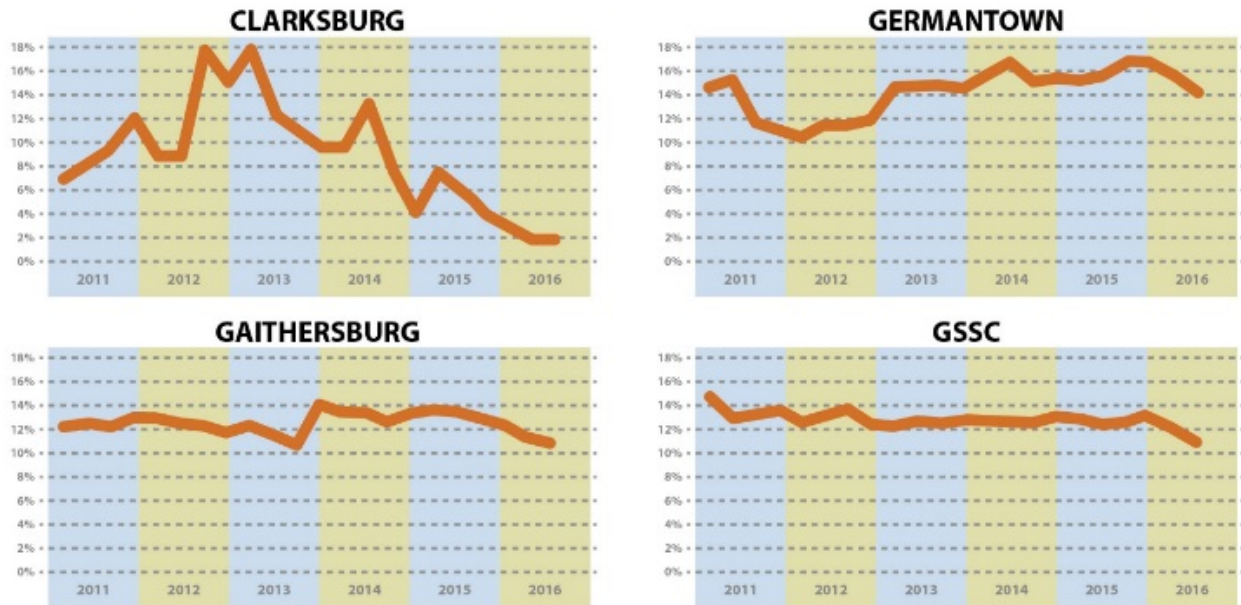


Source: www.costar.com

Vacancy Rate

Vacancy Rates (Continued)

The vacancy data shows that while vacancy rates are trending down, there is still substantial opportunity in the market. The vacancy rates do not address the untapped density allocated to the North I-270 Corridor. There is no substantial new commercial development in the corridor, which impedes reaching the full economic potential envisioned in the various master plans in the North I-270 Corridor.



Source: www.costar.com

Submarkets: Year to Year Vacancy



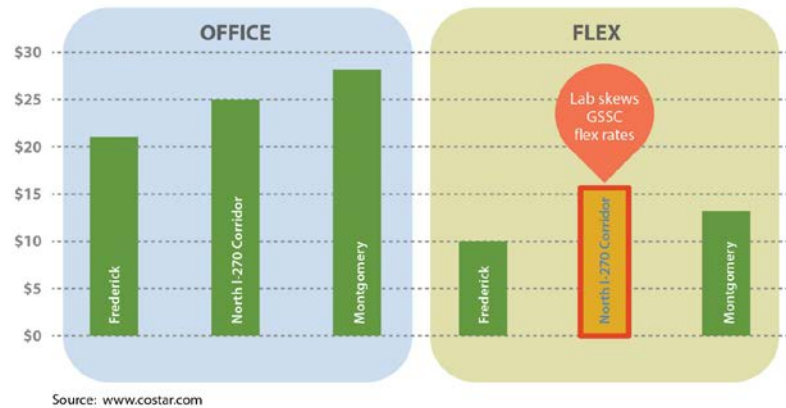
Source: www.costar.com

Montgomery County: Year to Year Vacancy

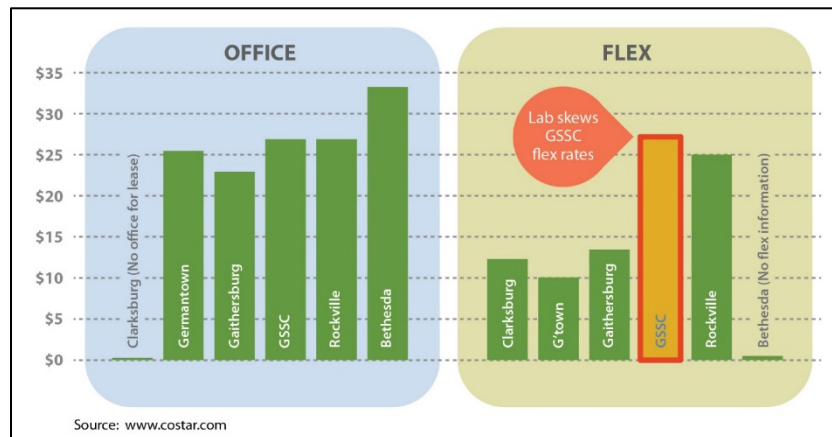
Average Market Rent

When assessing market potential, we looked at market rent for both office and flex space for the North I-270 Market. As expected, asking rent decreases as one goes further north on I-270. For instance, the average rent for Montgomery County is \$26 sf, whereas the average rent for the North I-270 Market is \$19 sf, and for Frederick County, it is just under \$15 sf. However, there is a substantial difference between rental rates for office versus flex space. Office rents follow the geographic trend. Flex rents are somewhat skewed due to a high concentration of lab space in the North I-270 Corridor, which commands a higher rent than other non-lab spaces.

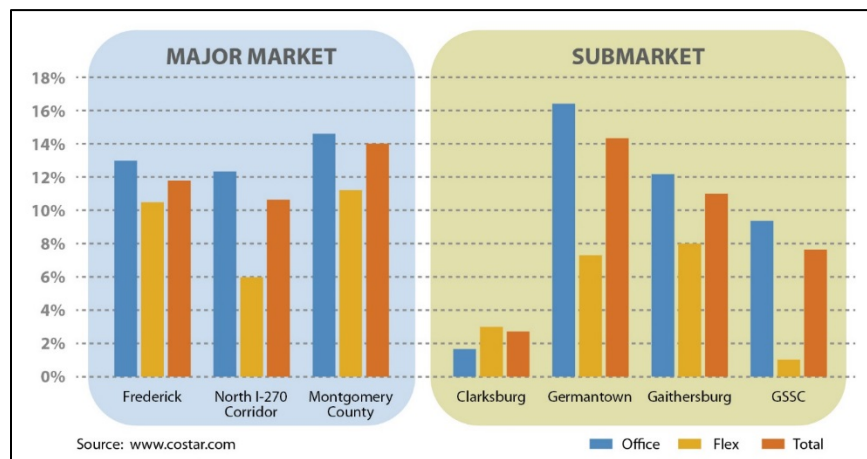
The North I-270 Market provides a cost-effective alternative to higher rents in other parts of Montgomery County.



Average Rent per SF: Major Markets



Average Rent per SF: Submarkets



Vacancy: Office, Flex & Total

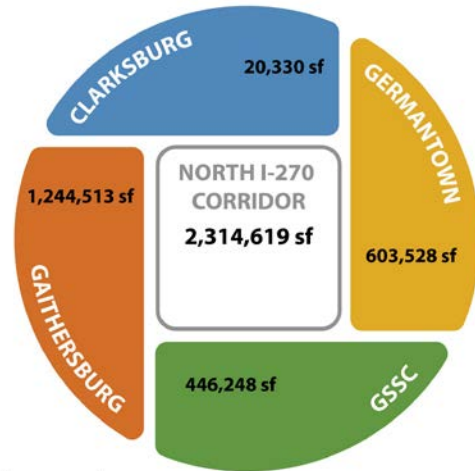
Potential Jobs

The ultimate goal of economic development is to bring jobs to the community. The ultimate goal for the North I-270 Corridor is to have a vibrant balance of jobs and residents. To calculate the number of potential jobs associated with the commercial real estate, we used an estimated 175 sf per employee, which we determined to be an average benchmark in the industry.

With the current vacant space in the North I-270 Corridor at 2.3 million sf, the total number of estimated jobs that could be located in this available space is 13,106. Almost half of those jobs would be located in Greater Gaithersburg, with Germantown and the GSSC receiving the remainder of the jobs.

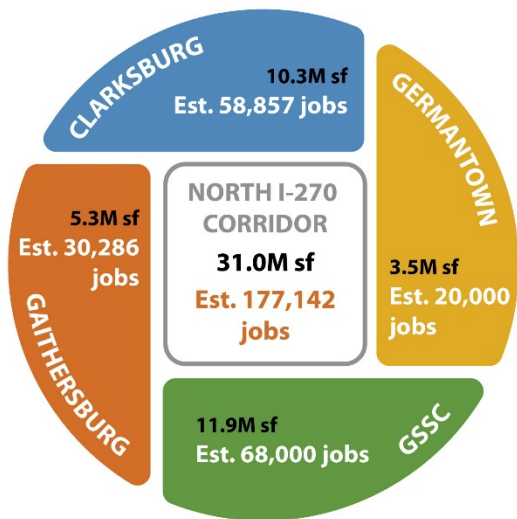
As previously mentioned, the submarkets in the North I-270 Corridor were originally planned to be mixed-use communities with a balance of jobs, residents, and retail. To complete that vision, we must continue to bring new jobs to the area.

When looking at the potential future jobs for the area, the total new jobs could be as high as 177,000. The largest number of jobs would be located in the GSSC (68,000) and Clarksburg (59,000), followed by Gaithersburg (30,000), and Germantown (20,000).



Source: www.costar.com

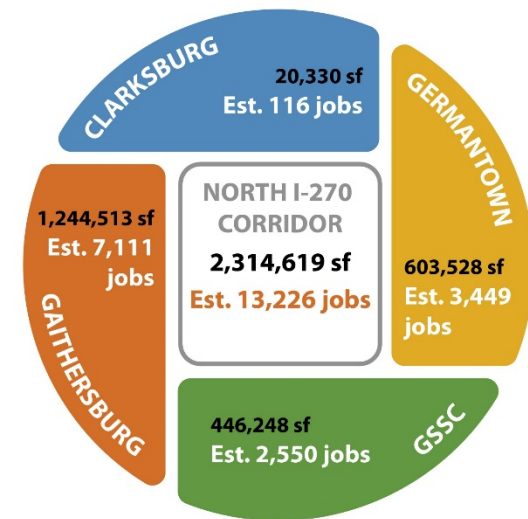
Submarket Analysis: Available Space



Source: www.costar.com & Master Plan

Estimated 175 sf per employee

Jobs Equating to Proposed Space



Source: www.costar.com

Estimated 175 sf per employee

Job Equating to Available Spaces

DEMOGRAPHICS

Workforce Demographics

One of the major assets of the Montgomery County is access to an educated workforce. The North I-270 Corridor is similar to the county as a whole in its access to a large workforce. The workforce in the region is fairly mobile, so it is not unusual for employees to commute across jurisdictions. That said, reducing commute time is a major benefit for both employers and employees.

Using the 2010 US Census, there are more than 192,000 people in the North I-270 Corridor, which is roughly 20% of the population of Montgomery County. Of the total population, there are more than 146,000 considered to be in the labor force (between the ages of 16 and 65). Germantown and Gaithersburg are the most densely populated submarkets in the North I-270 Corridor.

SUBMARKET	TOTAL POPULATION
Germantown	86,395
Gaithersburg City	59,933
Clarksburg	13,766
Montgomery Village	32,032

Note: The GSSC is not a US Census Designated Area, which means that the population data is not readily available. However, Montgomery Village is a CDA, which is meaningful for estimating the workforce in the North I-270 Corridor.

	Population	Montgomery County	North I-270 Corridor
The population in the North I-270 Corridor is relatively young, diverse, educated, and bilingual. Similar to Montgomery County, more than three-quarters of the population are between ages 16 and 65, which is the age range for most of the workforce.	Total Population	971,777	192,126
	Percent between ages 16-65	72%	76%
	Number between ages 16-65	699,679	146,637
The diversity of the county is represented in the diversity of the North I-270 Corridor.	Race and Hispanic Origin	Montgomery County	North I-270 Corridor
	White alone	58%	48%
	White alone, not Hispanic or Latino	49%	38%
	Black or African American alone	17%	20%
	Asian alone	14%	19%
	Two or more races	4%	5%
	Hispanic or Latino	17%	20%
The population in the North I-270 Corridor is also multilingual with almost half of the population speaking a language other than English in the home and an average of 38% of the population being foreign born.	Population Characteristics	Montgomery County	North I-270 Corridor
	Foreign born persons (percent)	32%	38%
	Language other than English spoken at home (percent)	39%	46%
As with Montgomery County as a whole, the workforce in the North I-270 Corridor is well-educated with roughly half the population receiving a Bachelor’s degree or higher.	Education	Montgomery County	North I-270 Corridor
	High school graduate or higher (percent of persons age 25 years+)	91%	91%
	Bachelor’s degree or higher (percent of persons age 25 years+)	57%	50%

Economic Demographics

The demographics for the North I-270 Corridor indicate that median household income in the corridor is slightly less than Montgomery County in general, depending on the submarket. The percentage of owner-occupied housing is similar to that of the County. The primary difference is the median housing values. As previously stated, the North I-270 Corridor has relatively more affordable housing, which is a major selling point for companies that may be relocating their employees.

	Germantown	Gaithersburg City	Clarksburg	Montgomery Village	Montgomery County
Geography					
Population per square mile, 2010	5083	5875	1677	8018	1978
Land area in square miles, 2010	17	10	8	4	491
Income and Poverty					
Median household income (in 2014 dollars), 2010–2014	\$86,472	\$78,441	\$136,748	\$77,537	\$98,704
Per capita income in past 12 months (in 2014 dollars), 2010–2014	\$36,725	\$39,846	\$44,846	\$34,549	\$48,916
Person in poverty, percent	7	10	2	8	7
Businesses					
All firms, 2012	8490	7415	1259	3384	118965
Transportation					
Mean travel time to work (minutes), workers age 16+, 2010–2014	36	32	41	38	34
Housing					
Housing units, April 1, 2010	31807	23337	4352	12471	375905
Owner-occupied housing unit rate, 2010–2014	67.5	55.3	89.2	72.8	66.6
Median value of owner-occupied housing unit, 2010–2014	\$305,200	\$363,800	\$450,200	\$268,400	\$448,700

SUMMARY

The information presented in this report underscores the importance of the North I-270 Corridor in building a strong economic base for the county, the state, and the region. With increased attention, the North I-270 Corridor can reach its full potential.

The North I-270 Corridor is a vibrant, affordable commercial market with access to a young, educated workforce and talent pool. We encourage the MCEDC to take a fresh look at the I-270 Corridor as a major selling point for bringing jobs to the county and to actively market the area as a great place to locate a business.



Gaithersburg-Germantown
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