Reston Citizens Association

July 9, 2013

The Honorable Sharon Bulova, Chairman
Fairfax County Board of Supervisors
12000 Government Center Parkway, Suite 530
Fairfax, Virginia 22035

Dear Chairman Bulova,

I want to acknowledge to you that I received Chief, Department of Planning & Zoning (DPZ), Fred Selden's letter of June 21st on June 28th by e-mail and July 6th by US mail responding to my several requests for an explanation of why Fairfax County insists on using 300 GSF per worker for planning purposes. This letter responds to several of Fred's points and highlights that, as office building construction has grown in Fairfax County since 2000, office space per worker in the new construction has fallen dramatically.

I also want you to know that I have great respect for Fred and the staff at the Department of Planning and Zoning. Fred and Heidi Merkel, Planning Staff, have been provided excellent leadership and support to the Reston Master Plan Special Study Task Force in its nearly four-year effort to re-think the future of Reston. They have been patient, flexible, expert, and open in bringing together the wide variety of perspectives on the task force, and I am glad that I have had the chance to work with them on this important transformation of Reston.

That said, I still find that Fred's response focuses on what has happened in office construction and utilization rather than on the present and future trends in office development and use. My greatest concern is that Fred's letter does not acknowledge, much less examine, a universally acknowledged trend that the space per office worker is declining. No academic source, no commercial real estate source, and no journalistic source that suggests office space per worker is constant or increasing. They all agree that it is decreasing and, to the extent they forecast for how long, probably through the decade and beyond, well within the framework of the current Reston planning effort. For example:

- Fred's letter highlights the recent office space per worker situation in Houston, TX. This energy-industry focused city is neither like what I believe we want Reston or Fairfax County to become, a community and county focused on the high-technology information industry and government support. Moreover, the data focuses on the historic stock of office development and points neither to recent or prospective trends.

- The letter cites two exhibits in Dr. Miller's article (which I highly recommend you read because it is comprehensive, systematic, and unbiased although very academic in style), but does not provide their narrative context. In general, the narrative about these exhibits highlights why they appear to show unusually high office space per worker.
    - Regarding Exhibit 1, he says, "***As of 2013, on leases close to expiration the average space per worker is often double the estimate for new leases.*** *Newer firms and start-ups squeeze more people into the same space while older firms can't downsize until leases expire. This might help to explain why the average square feet per worker shown in Exhibit 1 is so much higher than the figures suggested by corporate real estate executives or facilities managers. We also must keep in mind that* ***Exhibit 1 is based on RBA****, rentable building area, and not the plannable or usable space that is used by the corporate real estate world. This difference in terminology alone explains as much as a 16% upward bias in the figures. Instead of 340 square feet, the corporate real estate person might calculate this as 283 square feet. . . ."*
    - Regarding Exhibit 2, he remarks: "***Exhibit 2*** *is a sample of averages pulled from mid-2010 from a sample of various cities. Note that while we see more space per worker in the larger cities like New York and Boston,* ***these markets also have more shadow space****, as of the point of the survey, compared to smaller markets."* Indeed, "shadow space"—the space leased by a company, but not being used or being sublet—was at a maximum in 2010 as corporations laid off their employees during the Great Recession, but couldn't lay off their long-term leases. This exhibit was not about demand for space per worker; this was about excess supply relative to a shrunken employee base.
- Fred also cites a limited amount of data from FCEDA's database pointing to office space per worker. As it is, his sample size of 23 firms (9 in Tysons and Reston) is far too small to make any significant judgments about current space per worker (especially considering "shadow space"). My own effort to count the number of office leasing deals—small and large—using FCEDA's year-end report indicates that more than 50 office deals were cut in each area in the last six months of 2012 alone, although FCEDA may not know the number of employees involved.

Most worrying, however, is that the information in Fred's letter looks backward rather than forward, and Fred argues that it should be that way: *". . . we think it is best to base our assumptions on present conditions and past experience rather than on predictions of future changes in the office market."* Yet, the fact of the matter is that office space per worker in Fairfax County has dropped dramatically for more than a decade. As shown in the attached table, **the incremental space per office worker in Fairfax County has dropped drastically since 2000 and <u>averaged just over 100 GSF for the last six years</u>, despite large increments of office construction earlier in the decade.** This longitudinal look at Fairfax County's office-related growth highlights that developers have been making major downward adjustments in their office growth expectations in the face of declining office space per worker usage, including negative net absorption in 2012. This has occurred despite the vagaries of the office market displayed in the table and the attached graphic showing the growth in space and changing vacancy rates for office spaces by FCEDA.

Based on this incomplete analysis from limited publicly available sources, it would appear that using 300 GSF as the planning assumption for office space per worker for the County's new urbanizing areas would lead to about half-again as many employees as intended in striving to attain in specific TOD area jobs: housing balance. As I have noted before, if the market permits employment to achieve something near plan limits, the gross imbalances in jobs and housing will lead to massive traffic congestion, greater needed County transportation infrastructure investment, and major deleterious effects on the environment, and other adverse consequences.

My serious hope, and growing expectation, is that the County will see that an assumption of 300 GSF per office worker is not realistic and potentially seriously deleterious to the quality of life in the County's emerging urban centers. I believe the County should take a more thorough look at the issue, possibly by an expert, unbiased, independent consultant on behalf of the County Planning Commission before proceeding further with this erroneous assumption. I am confident that, given full and thoughtful consideration, a much lower planning assumption will be put in place.

Let me thank you again for your attention to this small technical matter with large public policy consequences. I appreciate the effort you, the Board of Supervisors, the Planning Commission, DPZ, and especially Fred and Heidi have devoted to considering the future of the County and Reston. I think with a little more effort, we can make Reston a truly great urban place to live, work, and play.

Sincerely,

Terry Maynard
Board of Directors
Reston Citizens Association
RCA Representative to the Reston Task Force
Co-Chair, RCA Reston 2020 Committee

The views and opinions expressed in this letter are those of the author. They do not necessarily represent those of the Reston Citizens Association (RCA) or its Board of Directors.

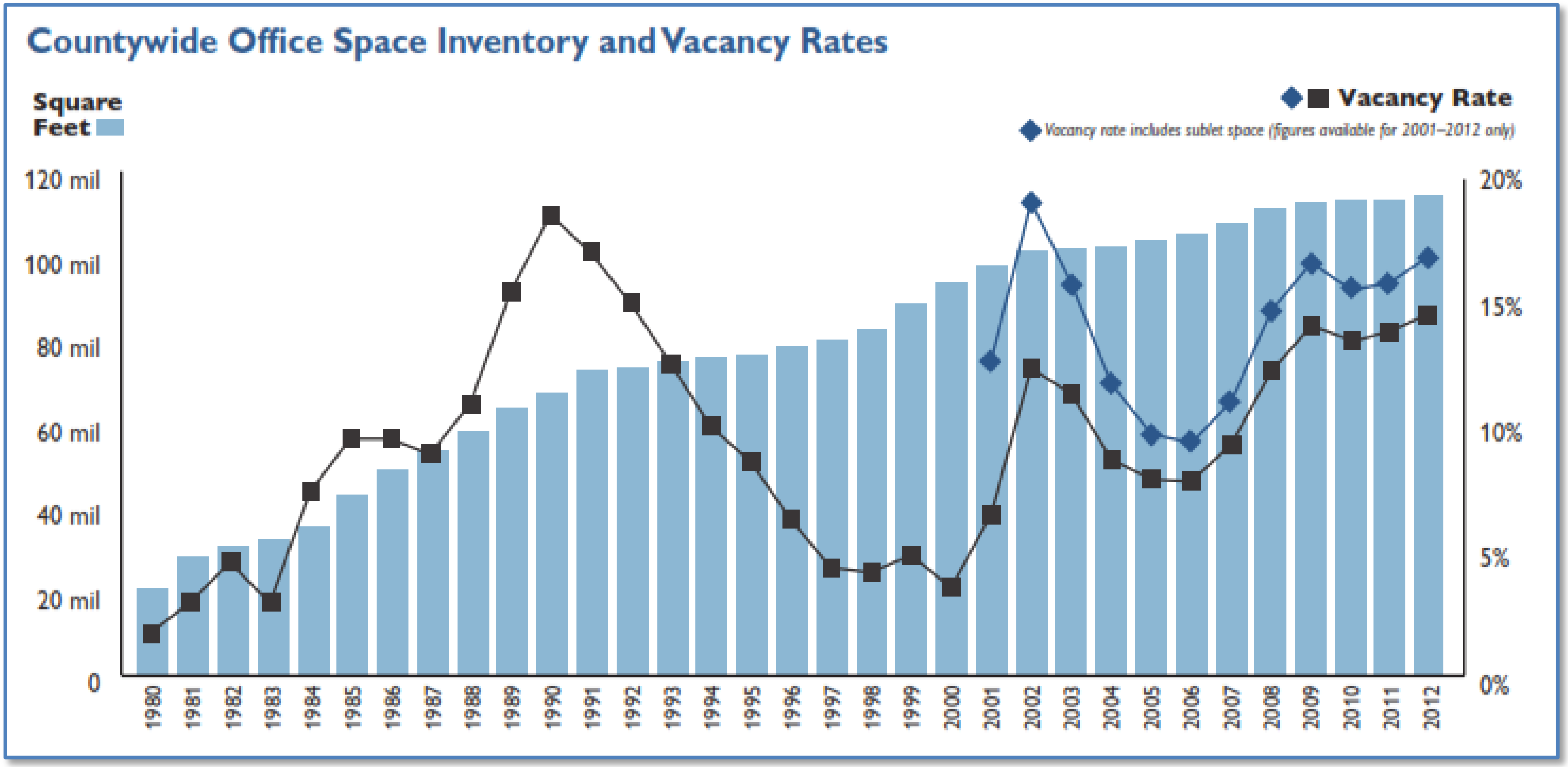
CC:
Fairfax County Board of Supervisors
Fairfax County Planning Commission
Gerald Gordon, President, Fairfax County Economic Development Authority (FCEDA)
Fred Selden, Chief, Department of Planning and Zoning (DPZ)
Heidi Merkel, DPZ Project Manager, Reston Master Plan Task Force
Patty Nicoson, Chairman, Reston Master Plan Task Force
The Reston Master Plan Task Force (via DPZ)
Fairfax County Federation of Civic Associations, Board of Directors
The Reston Citizens Association Board of Directors
The RCA Reston 2020 Committee
Sally Horn, President, McLean Citizens Association
Tom Loftus, President, Equitable Housing Institute

BCC:
Local News Media

Fairfax County-- Office Space Per Worker							
	2011	**2009**	**2006**	**2002***	**2000***	**Overall Growth**	**Source**
Office Market Condition (% Vacant)	**Latest Available**	**Bottom**	**Peak**	**Bottom**	**Peak**		
Space							
Gross Office Space (GFA) (January, Yr+1)	125,400,000	121,627,571	113,895,815	109,939,843	101,933,897	23.0%	FC Annual Demographic Rpt
Incremental Gross Space Growth	*3.1%*	*6.8%*	*3.6%*	*7.9%*			
Rentable Office Space (RSF) (Year-end)	113,624,952	112,556,702	105,054,801	100,912,347	93,563,793	21.4%	FCEDA Year-end Report
GFA:RSF Ratio	1.10	1.08	1.08	1.09	1.09		
Vacancy Rate (inc. sublet)	15.6%	16.4%	9.2%	15.6%	4.2%		FCEDA
Leased Office Space (RSF)	95,899,459	94,097,403	95,389,759	85,170,021	89,634,114	7.0%	
Incremental Leased Space Growth	*1.9%*	*-1.4%*	*12.0%*	*-5.0%*			
Employment							
Total Employment (Year-end)	592,180	564,737	571,651	539,380	550,020	7.7%	VEC
Percent Office Workers**	47.6%	47.1%	48.6%	48.2%	48.2%		ACS (1 yr.) (2000 estd.)
Number of Office Employees	281,878	265,991	277,822	259,981	265,110	6.3%	
Incremental Office Workforce Growth	*6.0%*	*-4.3%*	*6.9%*	*-1.9%*			
Avg. Leased Space/Office Worker (RSF basis)	**340**	**354**	**343**	**328**	**338**	0.6%	
GFA:RSF Ratio	1.10	1.08	1.08	1.09	1.09		
Average GSF per Office Worker	**375**	**382**	**372**	**357**	**368**	1.9%	
Incremental GSF per Office Worker	**113.4**	**109.2**	**572.8**	**870.5**		-87.0%	

*County GFA and RSF data are inconsistent from at least 2003 and earlier timeframes. In most cases, the RSF exceeds the GFA as reported in these older reports, a physical impossibility. For 2000, we used the average of the other two time periods as the GFA:RSF ratio because the demographic report states there was 90,056,026 GFA of office development and FCEDA reported 93,563,753 RSF in inventory.

**Includes civilian workers in Information; FIRE; Professional, scientific, & management, & administrative & waste mangement services; and Public administration industries. It excludes military who may working in a commercial office environment.



Source: FCEDA Year-End Report, 2012.