

# Economic Development Authority



## Mission

To promote the competitive advantage of Fairfax County and influence the growth of a diverse and innovative ecosystem that enhances the tax base, creates demand for commercial space, and supports an extraordinary and equitable quality of life across Fairfax County.

AGENCY DASHBOARD			
Key Data	Year-End 2014	Year-End 2015	Year-End 2016
1. Total Office Space Leased	9,833,053 sq. ft.	10,272,600 sq. ft.	10,712,374 sq. ft.
2. Office Space Inventory	116,238,615 sq. ft.	116,164,112 sq. ft.	116,673,208 sq. ft.
3. County Employment <sup>1</sup>	579,539	586,870	592,542

(1) County Employment is calculated by averaging monthly employment data. The 2016 County Employment data is through September 2016. All other 2016 data is as of year-end.


## Focus

The Fairfax County Economic Development Authority (FCEDA) was created by an act of the Virginia General Assembly in 1964, and the Authority commemorated its 50<sup>th</sup> anniversary in 2014. The Fairfax County Board of Supervisors appoints the seven members of the FCEDA’s Commission, which in turn, appoints the FCEDA’s president and CEO. The Board of Supervisors appropriates funds annually to the FCEDA for its personnel and programs.

The FCEDA accomplishes its objectives through well-established strategic alliances with organizations and institutions throughout Fairfax County, the state and the region.

The FCEDA works to fill office space, thereby creating demand for the new construction that contributes to the real estate tax base and enables the Board of Supervisors to provide high-quality public services while minimizing the burden of the costs for residents. To do so, the FCEDA provides direct assistance to businesses that are considering establishing or expanding their business operations in Fairfax County. It supplies companies with a wide range of information, site location assistance, introductions to needed services and financing sources, and more. The Authority closely tracks the County’s real estate markets to provide new and expanding firms with commercial space options best suited to their needs. The businesses are then fully informed to make the site decision that best suits their needs. All of the services of the FCEDA are provided without charge and in the strictest confidence.

**The Economic Development Authority supports the following County Vision Element:**



***Maintaining Healthy Economies***

## Economic Development Authority

The County's office space inventory exceeded 116.6 million square feet at year-end 2016, an increase of 509,096 square feet from the office space inventory at year-end 2015. Fairfax County is the second largest suburban office market in the United States and has 32 percent of the commercial office space in the Commonwealth of Virginia.

The direct office vacancy rate was 15.8 percent at the end of 2016, down from 16.2 percent at year-end 2015. The overall office vacancy rate, which includes empty sublet space, was 16.8 percent at the end of 2016, down from 17.2 percent recorded at year-end 2015. The amount of empty office space dropped to 19.5 million square feet. Industry experts expect vacancy rates to remain relatively stable through 2017 as tenants monitor economic conditions and the direction of the federal budget.

At the end of 2016, office development continued around Metro stations in the Silver Line corridor and in other areas of the County as well. The amount of new office space that delivered in 2016 – more than 800,000 square feet – exceeded the roughly 370,000 square feet of space delivered in all of 2015. At year-end 2016, nine office buildings totaling more than 3.1 million square feet were underway in seven submarkets. More than 58 percent of the space being built is leased or will be occupied by owners. Fairfax County ranks as the 15th most active office construction market nationally.

Office leasing activity topped 10.7 million square feet in 2016. As has been the case for the past several years, the overwhelming majority of leasing activity in 2016 involved renewals and consolidations. Lease rates for new space are adjusting to market conditions as many tenants are taking advantage of favorable rates, and others are looking to capitalize on market conditions by consolidating operations in newer space near Metro stations. Submarkets along and near the Silver Line – Tysons Corner, Reston and the Herndon area – are especially well-positioned to take advantage of this trend. More than 52 million square feet of new office space is in the development pipeline countywide. This “flight to quality,” however, results in vacancies in office space that is older and often farther from transit and amenities.

In addition to working to attract and retain information technology and professional services that comprise the County's traditional business base, the FCEDA targets strong and comparable U.S. and global markets and industries to accelerate the process of business attraction. The FCEDA also pursues new business sectors including cybersecurity, data analytics and cloud computing, and personalized medicine. This effort reflects the FCEDA's objective to further diversify the County's economic base.

The FCEDA has had recent successes in a wide range of industry sectors (e.g., CustomInk, M.C. Dean, Pentagon Federal Credit Union, ServiceSource), as well as the traditional economic base in the government contractor sector, (e.g., Ampcus, CACI, Carahsoft Technology, Crypsis and Novel Applications). There is continued growth of international businesses (e.g., Plaston Composites (Netherlands), FDM Group (UK) and BizFlow Corporation (Korea)).

The FCEDA's focus on small, minority-owned, woman-owned and veteran-owned businesses has created a strong base of diversely-owned companies (e.g., ABC Imaging, Strategy and Management Services (SAMS), Davis-Paige Management Systems, and the Driver Rehabilitation Center of Excellence (DRCE)). The FCEDA is focused on retaining and attracting companies in those sectors.

# Economic Development Authority

## Budget and Staff Resources

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
<b>FUNDING</b>					
Expenditures:					
Personnel Services	\$3,739,206	\$3,682,548	\$3,682,548	\$3,749,968	\$3,749,968
Operating Expenses	3,714,496	3,888,092	3,888,092	3,888,092	3,888,092
Capital Equipment	5,945	0	0	0	0
<b>Total Expenditures</b>	<b>\$7,459,647</b>	<b>\$7,570,640</b>	<b>\$7,570,640</b>	<b>\$7,638,060</b>	<b>\$7,638,060</b>
<b>AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)</b>					
Exempt	36 / 36	36 / 36	36 / 36	36 / 36	36 / 36
1 President/CEO	1 Business Development Manager II	1 Business Resources Manager			
3 Vice Presidents	1 Business Development Manager I	1 Production/Graphics Manager			
1 Director of National Marketing	1 Director of Administration	1 Procurement Manager			
1 Director of International Marketing	2 Market Researchers III	1 Executive Administrative Assistant			
1 Director, Market Research	1 Market Researcher II	1 Administrative Assistant, International			
1 Director, Business Diversity	1 Market Researcher I	1 Administrative Assistant, National			
1 Director, Real Estate Services	1 Communications Manager	1 Public Information Assistant			
1 Business Development Manager V	1 IT Specialist				
10 Business Development Managers IV					
<b>TOTAL POSITIONS</b>					
<b>36 Positions / 36.0 FTE (All Exempt)</b>					

## FY 2018 Funding Adjustments

The following funding adjustments from the FY 2017 Adopted Budget Plan are necessary to support the FY 2018 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the budget on May 2, 2017.

- ◆ **Employee Compensation** **\$67,420**  
An increase of \$67,420 in Personnel Services is for performance-based and longevity increases for non-uniformed merit employees effective July 2017.

## Changes to FY 2017 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2017 Revised Budget Plan since passage of the FY 2017 Adopted Budget Plan. Included are all adjustments made as part of the FY 2016 Carryover Review, FY 2017 Third Quarter Review, and all other approved changes through April 30, 2017.

- ◆ There have been no adjustments to this agency since approval of the FY 2017 Adopted Budget Plan.

# Economic Development Authority

## Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate/Actual	FY 2017	FY 2018
Jobs created	6,787	7,974	6,425/6,858	6,900	6,960
Retention conversions	245	282	260/272	280	290

A complete list of performance measures can be viewed at [www.fairfaxcounty.gov/dmb/fy2018/adopted/pm/16.pdf](http://www.fairfaxcounty.gov/dmb/fy2018/adopted/pm/16.pdf)

## Performance Measurement Results

The number of new jobs created in FY 2016 declined from the number created in FY 2015. Companies are both decreasing their real estate footprint, and location decisions tend to be smaller and have longer time frames. There is consolidation in information technology and government contracting – industries that generate the primary job numbers – and these firms continue to re-focus their services. Alternatively, new industries such as cybersecurity, cloud computing and data analytics, and translational medicine present future – though perhaps not immediate – opportunities.