

Economic Development Authority

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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 2015	Year-End 2016	Mid-Year 2017
1. Total Office Space Leased	10,272,600 sq. ft.	10,712,374 sq. ft.	5,616,591 sq. ft.
2. Office Space Inventory	116,164,112 sq. ft.	116,673,208 sq. ft.	116,517,059 sq. ft.
3. County Employment ¹	586,870	595,313	598,297

¹ County Employment is calculated by averaging monthly employment data.

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 50th 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. With the exception of fees for revenue bonds, all other 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

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The County's office space inventory exceeded 116.5 million square feet at mid-year 2017, a decrease of 156,149 square feet from the office space inventory at year-end 2016. The decrease is due to the demolition of two office buildings to make way for new developments. 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 at mid-year 2017 was 15.4 percent, down from 15.8 percent at year-end 2016. The overall office vacancy rate, which includes empty sublet space, was 16.2 percent at mid-year 2017, down from 16.8 percent recorded at year-end 2016. The amount of empty office space dropped to 18.9 million square feet. Industry experts expect vacancy rates to remain relatively stable through 2018 as tenants monitor economic conditions and the direction of the federal budget.

Fairfax County ranks as the 17th most active office construction market nationally. At mid-year 2017, office development continued around Metro stations in the Silver Line corridor and in other areas of the County as well. Nine office buildings totaling more than 3.1 million square feet were underway in six submarkets in June 2017. More than 70 percent of the office space being built is leased or will be owner-occupied. The amount of new space delivered in 2016 – more than 800,000 square feet – exceeded the roughly 370,000 square feet delivered in 2015.

Office leasing activity topped 5.6 million square feet in the first half of 2017, and is on pace to exceed 11 million by year-end. As has been the case for the past several years, the overwhelming majority of leasing activity during the first half of 2017 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 54 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., Plasticon 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.

In FY 2018, the FCEDA Commission approved a strategic plan to continue to diversify the County's economy by attracting jobs in technology, financial services, healthcare and headquarters locations, as well as start-up companies.

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Budget and Staff Resources

Category	FY 2017 Actual	FY 2018 Adopted	FY 2018 Revised	FY 2019 Advertised
FUNDING				
Expenditures:				
Personnel Services	\$3,866,325	\$3,749,968	\$3,749,968	\$3,902,523
Operating Expenses	3,698,942	3,888,092	3,888,092	3,938,092
Capital Equipment	5,370	0	0	0
Total Expenditures	\$7,570,637	\$7,638,060	\$7,638,060	\$7,840,615
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Exempt	36 / 36	36 / 36	36 / 36	36 / 36
1 President/CEO	2 Business Development Managers 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 Public Information Assistant		
1 Director, Real Estate Services	1 Communications Manager			
2 Business Development Managers V	1 IT Specialist			
9 Business Development Managers IV				
TOTAL POSITIONS				
36 Positions / 36.0 FTE (All Exempt)				

FY 2019 Funding Adjustments

The following funding adjustments from the FY 2018 Adopted Budget Plan are necessary to support the FY 2019 program.

- ◆ **Employee Compensation**

An increase of \$152,555 in Personnel Services includes \$84,375 for a 2.25 percent market rate adjustment (MRA) for all employees and \$68,180 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2018.

\$152,555
- ◆ **Community Business Partnership**

The Community Business Partnership is funded through the Economic Development Authority. An increase of \$50,000 is included to address a projected budget shortfall in FY 2019 due to increasing personnel and operating budget expenses. The Community Business Partnership is a non-profit, tax exempt organization working in collaboration with local, regional, and national organizations to promote small business growth in Fairfax County.

\$50,000

Changes to FY 2018 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2018 Revised Budget Plan since passage of the FY 2018 Adopted Budget Plan. Included are all adjustments made as part of the FY 2017 Carryover Review, and all other approved changes through December 31, 2017.

- ◆ There have been no adjustments to this agency since approval of the FY 2018 Adopted Budget Plan.

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Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate/Actual	FY 2017	FY 2019
Jobs from announcements	7,974	6,858	6,900/7,639	9,000	9,000
Percent of jobs created in targeted sectors: technology, financial services, healthcare, and headquarters locations	N/A	N/A	N/A	90%	90%

A complete list of performance measures can be viewed at
<https://www.fairfaxcounty.gov/budget/fy-2019-advertised-performance-measures-pm>

Performance Measurement Results

In FY 2018, the FCEDA Commission developed a new strategy that places a primary focus on diversifying the economy in the areas of emerging technologies, financial services, healthcare, hospitality, and headquarters locations. The FCEDA has revised its performance measures to reflect this change and continues to pursue opportunities in industries such as cybersecurity, cloud computing, data analytics, and translational medicine that present future opportunities.