



MONTGOMERY COUNTY ECONOMIC INDICATORS BRIEFING

2021 | Q4



ECONOMIC INDICATORS BRIEFING 2021 Q4

This is the tenth edition of the quarterly joint publication between the Montgomery Economic Development Corporation and Montgomery Planning. Each edition explores a range of indicators, including resident labor force, employment, commercial real estate, and venture capital information. This briefing explores trends observed in Q4 2021.

EMPLOYMENT OVERVIEW

This section focuses on Montgomery County residents' labor force participation and overall unemployment rates in December 2021, comparing both year-over-year change in both 2020 and 2019, prior to the pandemic.

RESIDENT LABOR FORCE¹

	Dec. 2021*	Dec. 2020	Change from Dec. 2020	Dec. 2019	Change from Dec. 2019-2021
Labor Force	537,164	532,257	4,907	565,849	-28,685
Employment	517,824	498,420	19,404	552,310	-34,486
Unemployment	19,340	33,777	-14,437	13,539	5,801
Unemployment Rate	3.6%	6.3%	-2.7%	2.4%	1.2%

Montgomery County unemployment rose sharply beginning with the pandemic, but since summer 2020 has gradually declined to 6.3% in December of 2020 (pre-vaccination) and to 3.6% in December 2021. Although the December 2019 rate (non-seasonally adjusted) was 2.4%, that was an historic low. In that context, the December 2021 number unemployed was 5,800 high than December 2019, but has dropped by more than 14,000 since December 2020.

Unemployment has been most persistent in lower wage occupations. Below are contrasts between higher- and lower-wage occupations in the second quarter of 2021. The occupations in the below chart employ approximately 55,000 residents within Montgomery County, with unemployment persistently around 10-20%.

As is well known at the national level, predominately lower-wage workers have more recently been leaving the labor force in the highest numbers. Additionally, employment and unemployment levels among lower wage sectors during the pandemic—particularly in the food preparation and serving sector, but also in the personal care and service sector—have depended, to a certain extent, on the various approaches that state and local governments have taken during the reopening period. Meanwhile, some of the highest-wage occupations—lawyers, computer technology, engineers, statisticians—have been experiencing shortage and consequently low unemployment.

HIGH UNEMPLOYMENT RATE OCCUPATIONS IN MONTGOMERY COUNTY IN 2021 Q3²

Occupation Group	Employment Q3 2021	Unemployment Q3 2021	Unemployment Rate Q3 2021	Annual Mean 2020 Wage
Retail Salespersons	10,396	1,256	11.1%	\$32,300
Janitors/Cleaners	10,211	863	8.2%	\$33,800
Cashiers	9,290	969	10.0%	\$28,300
Fast Food/Counter Workers	8,756	1,106	11.6%	\$28,900
Maids/Housekeeping	5,001	687	11.8%	\$31,700
Waiters/Waitresses	4,694	1,182	19.3%	\$33,400
Childcare Workers	4,457	504	11.5%	\$32,100
Food Preparation Workers	2,379	307	11.7%	\$29,400
Dishwashers	1,091	365	20.1%	\$27,800

* Preliminary data (non-seasonally adjusted)

1 Bureau of Labor Statistics, Local Area Employment and Unemployment

2 JobsEQ Q3 2021

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LOW UNEMPLOYMENT RATE OCCUPATIONS IN MONTGOMERY COUNTY IN 2021 Q3²

Occupation Group	Employment Q3 2021	Unemployment Q3 2021	Unemployment Rate Q3 2021	Annual Mean 2020 Wage
Lawyers/Judges	3,774	69	0.8%	\$176,200
Computer Systems Analysts	3,066	77	2.0%	\$115,100
Information Security Analysts	1,322	16	1.0%	\$116,100
Computer Network Architects	1,271	12	0.9%	\$134,700
Engineers (All Other)	1,246	41	2.5%	\$135,200
Statisticians	973	17	1.5%	\$111,000

EMPLOYMENT BY MAJOR INDUSTRY SECTOR

This section focuses on Montgomery County employment in significant industry sectors within the county, regardless of employees' county of residence.

Montgomery County has gained about 25,000 jobs since December 2020, at the start of the launch of the national COVID-19 vaccination campaign, but remains about 3% below the pre-pandemic December 2019 figure. Nevertheless, the county's important professional, scientific and technical services sector has seen robust gains from both YOY last year (about 5,000 jobs, or 5.5%) and December 2019 (up 9.1%). An important area of gain has been scientific research and development, which has gained nearly 7% YOY and 12% since December 2019.

Additionally, the leisure and hospitality sector saw a robust YOY gain (20%), although total jobs remain well below December 2019. Much of this sector is comprised of food services and drinking establishments, which gained more than 4,000 jobs YOY but remains about 8,000 below the pre-pandemic comparison.

Retail sector jobs are now close to pre-pandemic levels (less than 1,000 below pre-pandemic).

JOBS BY INDUSTRY IN MONTGOMERY & FREDERICK COUNTIES³

Employment in Select Industries	Dec. 2021*	Dec. 2020	% Change Dec. 2020	Dec. 2019	Percent Change Dec. 2019-2021
Total Labor Force	589,000	564,100	4.4%	605,900	-2.8%
Professional/Scientific/Tech Services	92,500	87,700	5.5%	84,800	9.1%
Systems Design and Services	26,800	26,900	-0.4%	24,900	7.6%
Scientific R&D	20,800	19,500	6.7%	18,500	12.4%
Health Care and Social Assistance	91,400	87,900	4.0%	97,900	-6.6
Retail	58,700	56,400	4.1%	59,300	-1.0
Leisure and Hospitality	46,200	38,500	20.0%	56,000	-17.5
Food Services and Drinking Places	35,200	30,900	13.9%	43,100	-18.3%

Why is Frederick County included in this number? County-level jobs and establishments data have a lag time of six months or more. For this reason, the quarterly briefing uses Current Employment Statistics (CES) data from the US Bureau of Labor Statistics. CES data is available at the metropolitan and metropolitan subdivision level. In the D.C. region, there are four metropolitan subdivisions: Washington, D.C.; Montgomery/Frederick, MD; Prince George's/Charles/Calvert, MD; and Northern Virginia (includes nine counties and six cities). County-level data for 2021 Q1 will not be available until later this year.

* Preliminary, non-seasonally adjusted

² JobsEQ, Q3 2021

³ U.S. Bureau of Labor Statistics, State and Local Area Employment

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REAL ESTATE AND DEVELOPMENT

REAL ESTATE⁴

Office Real Estate	Q4 2021	Q4 2020	YOY Q4 2020	Q4 2019	2-Yr YOY Q4 2019
Gross Rent per sq. ft.	\$30.33	\$29.87	\$0.46	\$29.18	\$1.15
Vacancy	15.7%	14.0%	1.7%	12.1%	3.6%
Availability Rate	19.6%	17.8%	1.8%	16.0%	3.6%

Montgomery County, in line with the national work-at-home trends, continues to experience increasing office vacancy rates, reaching 15.7% in Q4, an increase of 1.7% YOY and a 3.6% increase from Q4 2019, pre-pandemic. However, while the amount of vacant square footage (11.6 million) increased over YOY 2020 and 2019, it declined slightly from Q2 2021, when it peaked at nearly 12.2 million, with no new deliveries since the second quarter.

RETAIL⁴

	Q4 2021	Q4 2020	YOY Q4 2020	Q4 2019	2-Yr YOY Q4 2019
Gross Rent per sq. ft.	\$29.49	\$30.40	-\$0.91	\$31.31	-\$1.82
Vacancy	5.1%	4.3%	0.8%	3.8%	-1.3%
Availability Rate	6.2%	6.5%	-0.3%	5.4%	0.8%

Retail vacancies have increased steadily since pre-pandemic, and accelerated from Q4 2020. Retail rents in the county peaked pre-pandemic in Q4 2019 after mostly increasing in the seven years prior to that. As a result of increasing vacancies, triple net rents have fallen below \$30, and are similar to 2017 levels.

MULTI-FAMILY RENTALS⁴

	Q4 2021	Q4 2020	YOY Q4 2020	Q4 2019	2-Yr YOY Q4 2019
Effective Gross Rent per unit	\$1,877	\$1,710	\$167	\$1,754	\$123
Vacancy	4.8%	6.2%	-1.4%	5.9%	-1.1%

After peaking in 2019 after several years of increases, effective rent per unit had declined to 2018 levels by the end of 2020. However, 2021 saw substantial effective rent per unit increases (nearly ten percentage points from Q4 2020), and these are seven percentage points above Q4 2019. This possibly reflects continued demand for suburban rentals with recent work-at-home trends causing some to seek additional space.

HOME SALES UPDATE⁵

	Dec. 2021	Dec. 2020	YOY Dec. 2020	Dec. 2019	2-Yr YOY Dec. 2019
Median Sold Price	\$519,000	\$480,000	8.1%	\$450,000	15.3%
Closed Home Sales	1,250	1,327	-5.8%	1,033	21.0%
Active Listings	590	865	-31.8%	1,392	-57.6%
Average Sold Price to Listing Price Ratio	99.7%	99.7%	0.0%	97.2%	2.6%

Note: data are for all housing sale types.

⁴ CoStar reports pulled by MCEDC

⁵ GCAAR Monthly Market Reports

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- **Active listings:** Shows the number of homes on the market for sale in the month December 2021, 2020, and 2019. December 2021 had 32% fewer active listings than December 2020, and 58% fewer than December 2019. This is significant, given current demand from prospective home buyers.
- **Average Sales Price to List Price Ratio:** Shows the ratio of the sold price to the listing price. A ratio of 100% means that the price of the home sold for was the same as the listing price. In both December 2021 and December 2020, homes in Montgomery sold for virtually the listing price (99.7%), both 2.6% above the average listing price in December 2019.
- **Closed home sales:** Shows the number of homes sold in the month of December 2021, 2020, and 2019. There were 6% fewer closings in December 2021 than in December 2020, but 21% more than in December 2019. This indicates substantially more sales activity at the end of 2021 than at the end of 2019, pre-pandemic, reflecting the anecdotally higher home demand relative to supply in both the Washington region and other portions of the U.S.

BUILDING PERMITS

After declining in 2020, commercial building permits and square footage surpassed pre-pandemic levels in the fourth quarter of 2021. However, residential unit permits continue to decline, exacerbating the ongoing housing shortage.

One project adding housing is Chevy Chase Lake, which received permits for 162 dwelling units in November of 2020. These units are a portion of a larger project that will add housing and retail at the Connecticut Avenue Purple Line station and along the Capital Crescent Trail.

A notable site plan approval in the fourth quarter of 2021 is Phase 1 of the Johns Hopkins University Medical Office and Surgery Center at Belward Farm (note that this project is not accounted for in permitting data above because no building permits have been issued yet). The project is located within the Life Sciences Center (LSC) of the Great Seneca Science Corridor, and will be a health care and surgery facility containing approximately 126,200 gross square feet, with parking facilities, a private road, public use space, and other pedestrian and bicycle infrastructure.

BUILDING PERMITS ISSUED⁶

	Q4 2021	Q4 2020	YOY Q4 2020	Q4 2019	Change Q4 2019-2021
Residential Unit Permits Issued	489	503	-14	604	-115
Commercial Building Permits Issued	34	23	11	33	1
Commercial Building Permits sq. ft.	512,111	192,164	319,947	293,335	218,776

⁶ Department of Permitting Services, pulled by Montgomery Planning

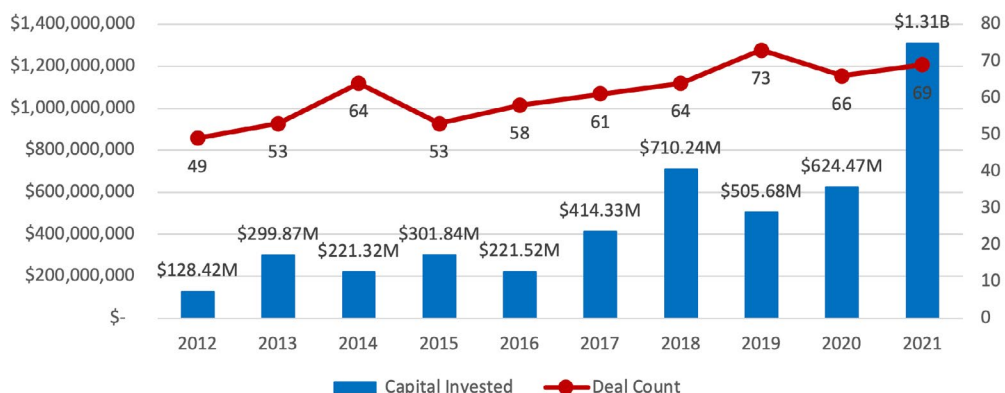
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VENTURE CAPITAL

Investment⁷

Venture capital investment exploded in Montgomery County in 2021, with total investments of \$1.3 billion, more than double the annual 2020 figure and substantially above any prior year. With investor preferences seemingly to shift towards larger deals in existing portfolio companies, and with increased openness to investing in regulated industries (e.g., life sciences), these trends—apparent since 2019—bode well for 2022.

MONTGOMERY COUNTY VENTURE CAPITAL RAISED AND DEALS SINCE 2012



The unprecedented capital invested is largely driven by the life science industry and adjacent sectors (e.g. health tech, managed care). The five largest deals in the county in 2021 account for more than half of the total capital invested.

LARGEST VENTURE CAPITAL DEALS IN MOCO IN 2021⁷

Company	Deal Date	Deal Size (Millions)	Industry
Robotic Research	12/8/2021	\$288.0	Business/Productivity Software
Arcellx	4/9/2021	\$115.0	Drug Discovery
Sirnaomics	7/1/2021	\$105.0	Drug Discovery
Aledade	1/19/2021	\$100.0	Managed Care
ValenzaBio	4/9/2021	\$79.4	Drug Discovery

The fourth quarter was dominated by Robotic Research, an autonomous mobility and robotics solutions firm headquartered in Clarksburg. This is the first outside capital the company has raised, and will drive the expansion of the commercial division, which concentrates on autonomous driving for commercial truck, bus, and logistics vehicles⁸.

Other than the Robotic Research deal, the largest among the top 25 made in 2021 were ten made in the drug discovery sector totaling \$372 million, two totaling \$45 million in other health care technology, and two totaling \$46 million in business/productivity software.

Truebill, in Silver Spring, a financial technology platform, received \$45 million, and Amplio Learning Technologies in Rockville, which develops education software for speech therapy, received \$27 million.

⁷ Pitchbook

⁸ Business Wire release, December 9, 2021

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VENTURE CAPITAL ACTIVITY IN MOCO IN Q4 BY INDUSTRY⁹

Industry	Total Capital Invested (Millions)	Number of Deals
Business/Productivity Software	\$243.5	2
Biotechnology	\$31.0	3
Drug Discovery	\$30.0	2
Other Industries	\$4.7	9
Grand Total	\$311.1	16

Much of the Robotic Research investment occurred in Q4, therefore, the business/productivity software sector represented the bulk of the fourth quarter investment. Five deals in the biotechnology and drug discovery sectors represented nearly all of the rest (more than \$60 million).

⁹ Pitchbook



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ABOUT MONTGOMERY PLANNING

Montgomery Planning helps to improve quality of life by conserving and enhancing the natural and built environments for current and future generations. The Planning Department creates great communities by developing master plans, reviewing applications for development and analyzing various types of information to help public officials plan for Montgomery County's future. Each community within Montgomery County has a master plan that creates a comprehensive view of land use trends and future development.

ABOUT MCEDC

The Montgomery County Economic Development Corporation (MCEDC) is a nonprofit organization created in 2016 to help promote economic development in Montgomery County. A public/private partnership, MCEDC helps to accelerate business growth and retention in Montgomery County. The team connects business decision makers to market intelligence, promotes the County as a prime business location for companies of all sizes to thrive and identifies available incentives and top talent.

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