

# MONTGOMERY COUNTY

## REAL ESTATE OFFICE MARKET OVERVIEW

### A SEAT AT THE TABLE

In 2016 the county's Department of Economic Development (DED) was replaced with a non-profit, public-private partnership named the Montgomery County Economic Development Corporation (MCEDC). The privatization of the county economic development office was a way to streamline the implementation of economic growth in Montgomery County through separating core business development functions such as marketing, attraction, retention, and expansions of companies without being tied to the rest of the economic development functions (agriculture, finance & administration, etc).

Inspired by the private Fairfax County's Economic Development Authority, the start of the privatization was fueled by the private business community wanting a greater voice in the county's initiatives, therefore business executives were placed on the MCEDC board. To quote the then county executive Isiah Leggett: *"Rather than be at the table, I've decided to literally give you the table"*

Although the private agency is a separate entity, the MCEDC initiatives and budget are still approved by the government. Incentives, land use, and policy changes are processed in the same way as before the privatization occurred – with politics still strongly influencing how things are done. Additionally, the MCEDC budget of \$5M is funded by the government and is subject to change through the annual appropriation process. In a June memorandum, Marc Elrich was quoted stating the MCEDC and Worksource Montgomery budget would be funded based on how well 'it is doing its job' finalizing FY20 budget on outcome-based metrics.

As the MCEDC' first CEO, David Petr applied his background in marketing to Montgomery County with a full cosmetic makeover– creating a new website, brochures, newsletters, and presentations, among other items. Through their efforts, Petr and his team trumpeted the county's message to a national audience. In the April MCEDC press release, Petr announced he would be stepping down from his position as CEO after securing \$375M in capital investment for the county and pitching to Amazon in his three years in the position [1]. The MCEDC has yet to find an official replacement. Bill Tompkins who served as the COO for MCEDC since January 2019 was named as the interim CEO while the board continues their search with an outside consulting firm (Greensboro consulting).

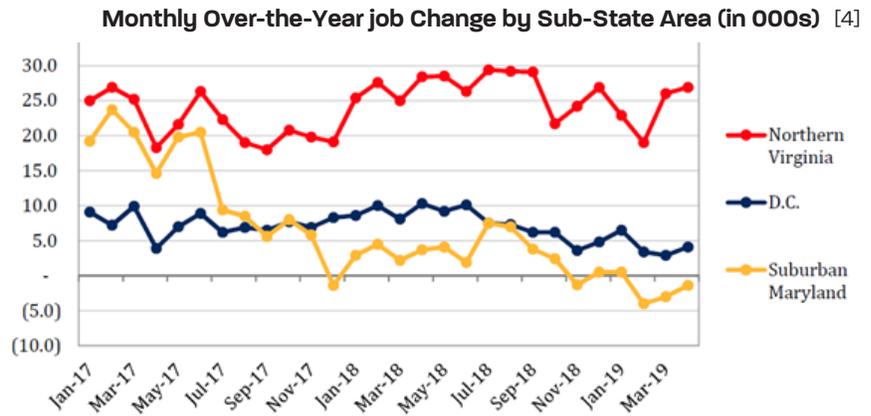
While David Petr has done a commendable job leading, the following questions need to be posed in light of Petr's resignation and the delayed replacement: *how effective is the privatization and what can be done to improve the model? How much will this transition retrograde the department's momentum it gained while Petr was leading it?*

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► “4,700 jobs were created in Montgomery and Frederick counties during fiscal 2018, less than half the amount projected”[2].

► “In 2018, Virginia generated 71% of all new jobs in the Washington region, according to the Fuller Institute. So far, 2019 numbers show Virginia generating an even larger share of the region’s jobs, as high as 90%. This is a huge change from the historical pattern, where Maryland generated about one-third of the jobs. For Montgomery County, it threatens our sustainability.” – Hans Riemer [3].



The MCEDC has only been active for 3 years and much of the numbers cited are historical and not necessarily evidence of the effort made by the MCEDC. With so much changing in the landscape of the DC Metro Region, we need to be able to make Montgomery County competitive. We need more than just effective marketing tactics. Investments made in our County now will pay off in the pipelines of tomorrow. Unlike Leggett’s goals, [the MCEDC does not have the economic table – they are only able facilitate as much as the rest of the governmental arm will allow.](#)

*“I have seen Montgomery County as the state’s economic engine erode over the years but believe it has the intrinsic assets, business community, and location, to be reinstated as the regarded economic leader if the right vision, resources, accountability, and political will are provided as fuel”*  
– **Robert Scheer**

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References

- 1 [ MCEDC (2019, April 8). “David Petr Release”]
- 2 [Schere, Dan. (2019, March 20). “ Scrutiny of Economic Development Efforts Ramped Up Amid Lackluster Jobs Report”, Bethesda Magazine]
- 3 [Riemer, Hans. (2019, Oct 8). “5 Point Plan to Power Up Montgomery County’s Economy.” 5 Point Plan to Power Up Montgomery County’s Economy | Hans Riemer]
- 4 [The Stephen S. Fuller Institute (2019, May 21).“The Washington Region Added 29,800 Jobs between April 2018 & April 2019.” GMU, The Stephen Fuller Institute]