



2010 ANNUAL REPORT

FREDERICK COUNTY, MARYLAND
**OFFICE OF
ECONOMIC
DEVELOPMENT**



LOOKING FORWARD

Thanks in large part to Frederick County's diverse economy, the local business climate in 2010 continued to move forward despite economic instability at the national and state levels. The Frederick County Office of Economic Development (OED), continuing its mission to support existing businesses while attracting new companies, posted numerous successes during the year.



2010 marked the 10-year anniversary of our annual Business Appreciation Week, so we celebrated by visiting companies throughout the entire month of September! During the month, OED visited 201 companies to learn about their business and to say thanks for being a part of Frederick County's business community. Ground was broken in the spring for Banner Life Insurance Company's new headquarters in Urbana, a \$33 million, 115,000 square foot facility that will employ 400 people. An OED partnership initiative, the Frederick Entrepreneur Support Network (ESN), held its first "Experts and Answers" speed business counseling event in 2010 providing concise, results oriented consultations to over 20 companies in less than four hours.

In 2010, OED also conducted its first comprehensive business survey of Frederick County companies, an initiative that will be conducted on an annual basis. With over 200 companies responding, 78% of respondents said their number of employees has increased or remained constant over the previous 12 months. Favorable statistics were also released by state officials in the second half of the year concerning local employment and wage growth. Frederick County was one of only nine Maryland counties that experienced a positive job growth from 2006-2010, adding nearly 500 new jobs. The County had the 6th highest number of new jobs created during the same time frame. Also of positive note, Frederick County had the 2nd highest percentage of increase in average weekly wage per worker, from 2006-2010.

Raw data, however, does not tell the entire story of Frederick County's business economy. It is one of industry diversification, employer investment and private –public sector partnerships to name a few... all striving to enhance an already great quality of life. We look forward to experiencing an even better year in 2011!

A handwritten signature in black ink, reading "Laurie M. Boyer".

Laurie M. Boyer, CECd

Director

In Memoriam



George Dredden

1929-2010

George Dredden was a respected community leader and friend who dedicated much of his free time to projects that enhanced the quality of life in Frederick County. He long served as a trusted advisor and chairman to OED's Business Development Advisory Council (BDAC) and in 2010, he won the Volunteer of the Year award from the Maryland Department of Economic Development (MEDA).

OED Mission Statement

To support, retain and foster the growth of existing businesses in Frederick County and to attract new businesses that bring career opportunities that enable Frederick County citizens to work where they live.



2010 ANNUAL ACHIEVEMENTS

JAN Education Week Magazine named **Maryland Public Schools as number one in the nation** for the second year in a row.

MAR National Cancer Institute/SAIC-Frederick held a Tilt-Up party for their expansion at Riverside Research Park.

Frederick County was named the **3rd healthiest county in Maryland** by www.countyhealthrankings.org. The study ranked life expectancy and how healthy people are.

OED held the first **Farm to Restaurant Expo**, connecting local producers with locally grown product opportunities in Maryland.

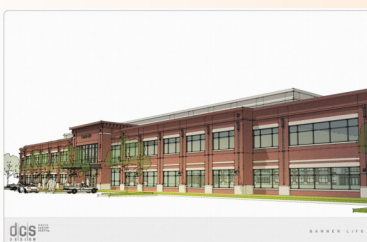
APR OED and the City of Frederick Department of Economic Development hosted the 2nd **Reverse Procurement Fair**, connecting local businesses with local procurement opportunities.

MAY **Banner Life Insurance** broke ground on their new headquarters building located in Urbana.

American Style Magazine named Frederick as one of the **Top 25 Small Art Cities in the United States**.

OED hosted their **Commercial Realtors Bus Tour** for metro area commercial real estate agents to showcase Frederick County properties. The day concluded with a Taste of Frederick sampling of the County's finest food offerings.

OED and partner agencies attended the **International 2010 BIO Convention** in Chicago, the largest bioscience trade show in the world, where they promoted Frederick County as the place to do business.



JUNE All nine Frederick County Public High Schools made Newsweek Magazine's **Top High Schools in America** List.

JUL Frederick County's **Top 5 Family Friendly Businesses-Best Places to Work** were honored by OED and other local partners: Fort Detrick U.S. Army Garrison, Aircraft Owners & Pilots Association (AOPA), Data Management Services (DMS), SAIC-Frederick, and Frederick Memorial Healthcare Systems.

SEPT Celebrating the program's 10th year, OED visited more than 200 companies all month long as part of **Business Appreciation Month** to thank businesses for their contributions to our County.

The International Economic Development Council **awarded OED and the Frederick County Chamber of Commerce Honorable Mention** for their Frederick County Business Roundtable for Education in the category of New Media.

OCT **Downtown Frederick was named one of America's Great Neighborhoods** by the American Planning Association.

Frederick County Public Schools **graduation rates ranked 2nd highest** in Maryland (94.6%) and the **drop out rate ranked 2nd lowest** in Maryland (1.18%).

A groundbreaking was held for Frederick's **first air traffic control tower** at Frederick Municipal Airport. The expansion is expected to improve corporate jet traffic and to play a larger role in homeland security.



OED coordinated **Family Festival at the Farm**, a popular self-guided farm tour at 16 Frederick County farms, allowing families to experience agriculture firsthand.

NOV The Maryland Technology Development Corporation (TEDCO) re-funded the **Joint Technology Transfer Initiative** with the Frederick County Board of County Commissioners and the Office of Economic Development, committing up to \$75K each for local technology transfer projects.

OED's **Annual Business Reception** was held at Dutch's Daughter honoring local companies for outstanding achievements.

DEC The Frederick County Manufacturers Roundtable and OED presented a **Lunch, Learn and Tour event** at Washington Laboratories for the manufacturing industry.



Photo above: Business awarded at Annual Business Reception Awardees (from L to R) Commissioner Jan Gardner, Daryl Boffman-Acela Technologies, Frederick County Creative Firm of the Year; Hilda Staples-Volt Restaurant, Frederick County Innovative Firm of the Year; Joerg Dessler-Stulz ATS, Frederick County Emerging Markets Firm of the Year; Laurie Boyer-Director of OED.

TARGETED INDUSTRY HIGHLIGHTS

OED visited 490 companies and assisted 302 companies in 2010. OED also responded to 4,120 inquiries and worked with 189 prospects looking to locate or expand in Frederick County. Although OED works with all businesses, the following areas are targeted industries: Agriculture, Bioscience, Advanced Technology, Manufacturing and Renewable/Sustainable industries.

Agriculture

- 2010 saw continued growth in the locally grown consumer demand. To help assist in better supply of local product, a Frederick County Farmer to Restaurant Expo was created. The inaugural event had 18 local farms and 22 local restaurants participate.
- Due to excellent December weather and increased demand for fresh cut Christmas trees, the Frederick County Christmas Tree farms had their best year in sales in history in 2010. Many of the farms saw a 20 – 30% increase in sales over 2009.
- The 2010 Equine Census was released and reflected the significant value and size of the equine industry in Frederick County. Frederick County ranked #2 in the number of equine places (1,600) in the state of Maryland. Frederick also ranked #2 in total equine inventory owned (6,000).

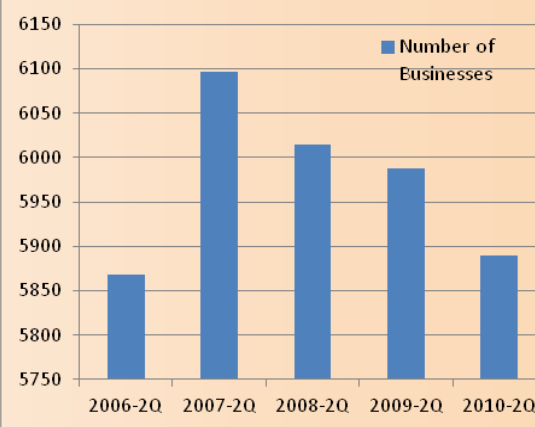
Bioscience

- In 2010, there were 73 bioscience companies in the County, a 52% increase since 2005.
- Fort Detrick, the County's largest employment campus with 9,200 employees, has some \$798 million in construction projects underway and \$2 billion more are planned for the next 3 years. These projects and the effects of Base Realignment and Closure (BRAC) have already brought 1,025 new jobs and will bring another 1,100 through 2018. 2010 saw new jobs and technology from the completion of the National Interagency Bio-defense Campus (NIBC) and the National Institute of Allergy and Infectious Diseases (NIAD) and the start of construction on the new U.S. Army Medical Research Institute of Infectious Diseases (USAMRIID).
- The Frederick Innovative Technology Center, Inc (FITCI) assists start-up companies in the technology industries. FITCI has 10 bioscience companies that include: Foxsprie, GM Biosciences Inc., Innovative BioSolutions, LLC, Kempbio, LavaAmp, Medigen Inc., Meridian BioGroup, Mordechia Global Regulatory Solutions, LLC, Prolas Technologies and Steven Lane Consulting LLC. For more information on these companies, visit www.fitci.org.
- The State of Maryland awarded over \$969,500 in expansion and training assistance to the following biotechnology companies: Akonni Biosystems, Inc., CSC DynPort Vaccines and Life Technologies Corporation.

Advanced Technology

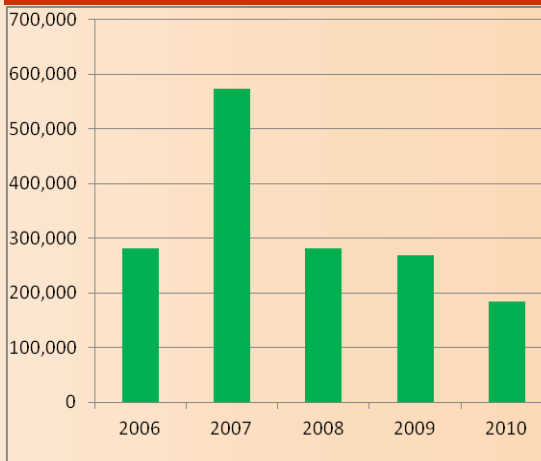
- 2010 ended with success with the completion of the Ft. Detrick Technology Transfer Program. The second round concluded with 15 awards at \$50,000 each for a grand total of \$750,000. All 15 awards were made to Maryland companies. In addition of the 15 awards, 5 were awarded to local Frederick companies bringing \$250,000 in monies and jobs to Frederick County. Those award winners were: BridgePath Scientific, Cynergene, Imagilin Technologies, BioAssay Works and FoxSpire.
- Tech Frederick, a local networking group for Frederick County, was established in 2010 by partners OED, City DED, and FITCI to provide networking and partnering opportunities for local tech companies. The quarterly networking events have been successful with an average of 35-40 attendees.

Annual Business Growth



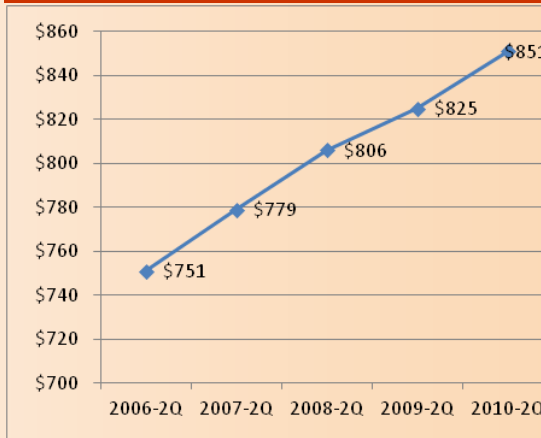
Source: Maryland Dept. of Labor, Licensing and Regulation

Dollar Value of Commercial Permits



Source: Frederick County Division of Planning

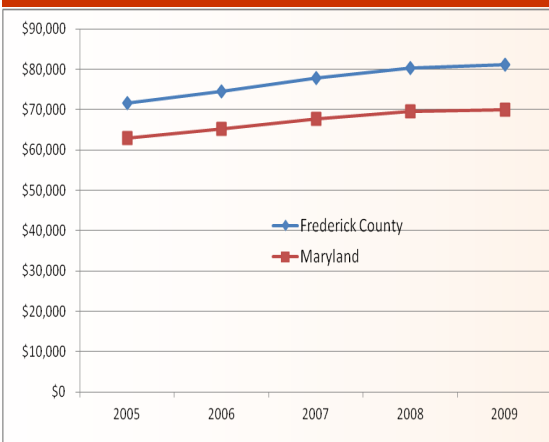
Average Weekly Wage Per Worker



Source: Maryland Dept. of Labor, Licensing and Regulation

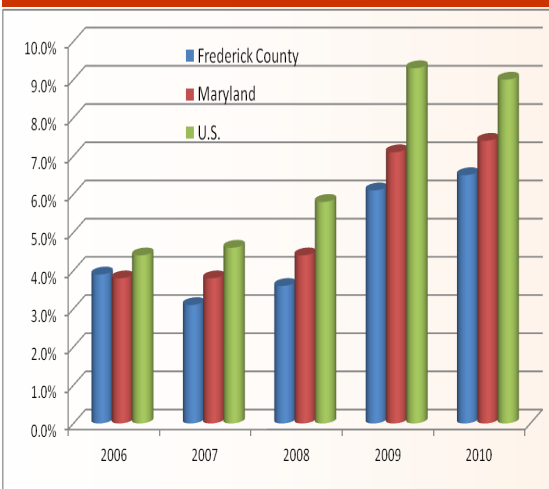
TARGETED INDUSTRY HIGHLIGHTS

Median Household Income



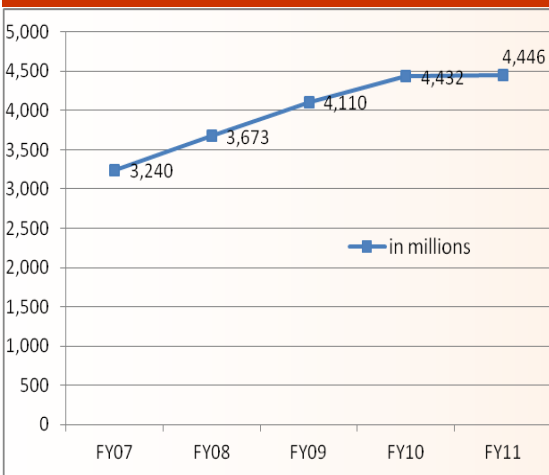
Source: Maryland Department Planning

Unemployment Rates



Source: Maryland Department of Labor, Licensing and Regulation

Commercial Assessable Tax Base



Source: Maryland Dept. Assessments and Taxation

- At the end of 2010, the Frederick Innovative Technology Center Inc (FITCI) was at full capacity with 16 on-site clients and 16 virtual clients. FITCI clients have generated over 200 direct new jobs in Frederick year-to-date since its opening. FITCI clients and graduates have acquired over \$27.8 million in grants and procurements. The total number of FITCI graduates has risen to 13 and FITCI clients have participated in over 18 technology transfer initiatives thus far. WGS and ThoughtQuest were 2010 FITCI graduates.

Manufacturing

- As of June 2010, there were a total of 170 manufacturing establishments employing 4,777 people and paying an average of approximately \$67 million in annual wages in Frederick County. Manufacturing represents approximately 5.1% of the total employment.
 - The average weekly wage per worker in this sector was \$1,079 (or \$56,108 annually), representing a 23% increase over the past five years.
 - Frederick County manufacturing jobs pay 31% more than the average annual wage per worker in the private sector.
 - Frederick County manufacturing jobs pay the 3rd highest weekly wage rate per worker in the private sector. (Professional and Business Services #1, Information #2 with Financial Activities #4).
- Local manufacturer Wright Manufacturing received the prestigious Maryland World Class Consortia's (MWCC) Member Company of the Year award. The MWCC aims to strengthen and grow state and national economies through performance excellence.
- OED continues to work with the Frederick County Manufacturers Roundtable, Maryland World Class Consortium, Maryland Technology Extension Services, Maryland Office of International Trade, Regional Manufacturing Institute, World Trade Center Institute and our local and state partnering agencies to improve the competitiveness of the manufacturing industry in Frederick County.

Renewable/Sustainable Industries

- Frederick County is home to more than 20 "green" companies including: U.S. Department of Agriculture, Potomac Wind Energy, UR Solar, E-END USA and MOM's Organic Market.
- OED works with partners within Frederick County Government including the Frederick County Office of Sustainability, Frederick County Commercial Recycling Programs and Frederick County Workforce Services to further develop green initiatives. In addition, OED promotes the State of Maryland's Green programs to local businesses.
 - In 2010, the Frederick County Office of Sustainability (OES) obtained \$659,800 from the U.S. Department of Energy's Energy Efficiency and Conservation Block Grant (EECBG) program to implement energy and green building programs. Since 2009, the OES has secured more than \$1.2 million in grant funds for the County's sustainability initiatives.
 - OED, OES and the Frederick County Commercial Recycling Program sponsored the Waste Reduction Awards to recognize achievement by employees and local businesses. In 2010, Wells Fargo Home Mortgage and GoodWill Industries of Monocacy Valley won the awards.

Selected New and Expanded Companies

Company	Expansion, Location, Retention	Square Footage	Net New Jobs	Employees Retained	Business Description
U.S. Silica	Location	16,081	20		Producer of industrial minerals
Lonza Bioscience Walkersville	Expansion			400	Bioscience research and development
Stulz Air Technology Systems Inc	Expansion	42,000		380	Manufacturer
Frederick Memorial Healthcare Systems	Expansion		30	2,295	Healthcare
Corporate Exposure	Expansion			10	Advertising products distributor
Rib City	Location		15		Restaurant
Immersion Active	Expansion	3,000		13	IT services
Canam Steel Corporation	Expansion	25,000	20	250	Manufacturer
John Hopkins Community Physicians @ Frederick	Expansion	12,000		25	Healthcare services
Potomac Valley Brick	Location	8-10 acres			Masonry products supplier
Covered Bridge Vineyards	Location	1,500	2		Farm
Buttercup Valley Farm	Expansion	200		2	Farm
Orchid Cellary Winery	Location	100		2	Farm
Sweet Memories	Location	1,000	2		Retail
WGS Systems	Expansion	9,000	10	21	Electronics and defense engineering

Small Business Development

- SBDC continued to help new businesses start and existing businesses survive and grow, even in this challenging economy. SBDC helped an average of at least one business per month get started while working with many more existing businesses to meet and overcome the challenges they've faced. SBDC helped create over 10 new jobs in 2010 and existing business preserve many others.
- SBDC remained active as the hub for Frederick County's small business support community. This included coordinating the Entrepreneur Support Network, a collaboration of more than 20 local small business support organizations. SBDC helped spearhead an 'Experts & Answers' event, providing 'speed counseling' to over 20 small businesses.
- In 2010, SBDC helped Frederick clients obtain nearly \$3 million in capital for their new and expanding companies.

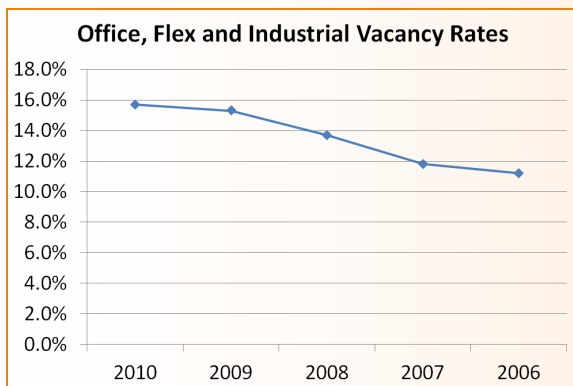


COMMERCIAL REAL ESTATE—YEAR END

Frederick County's Commercial Market

Space	# of Bldgs	SF
Office	557	8,171,629
Flex	182	6,047,971
Industrial	319	11,318,128
Total	1,058	25,537,728

As of 4th Quarter 2010, Frederick County's commercial real estate market including office, flex and industrial properties contained 1,058 buildings totaling over 25.5 million square feet.



Vacancy

The overall vacancy rate for Frederick County for year end 2010 was up slightly to 15.7% compared to 15.3% in 2009. The office and flex vacancy rate increased slightly from 2009 to 2010 while the industrial market vacancy rate decreased from 14.3% to 13.8% in 2010.

Rental Rates

Frederick County's average 2010 asking rental rate for office space was \$23.43/full service and for the non-office market it was \$6.77/triple net. Over the past five years, both the flex and industrial rental rates have been decreasing while the office market for the most part has increased. For office, average asking rates are based on per square foot, full service and for flex and industrial space, the rates are based on per square foot/triple net.

Average Asking Price in Frederick County

Space	2010	2009	2008	2007	2006
Office	\$23.43	\$23.40	\$24.15	\$24.04	\$23.31
Flex	\$10.05	\$9.71	\$10.62	\$12.12	\$12.31
Industrial	\$5.62	\$6.57	\$7.21	\$7.26	\$7.31

Average Asking Price in Washington DC Markets

Location	Office	Non-Office
Frederick	\$23.43	\$6.77
Montgomery	\$28.16	\$12.18
Prince George's	\$20.66	\$7.06
Washington, DC	\$48.45	\$9.36



Leasing Activity

The leasing volume for 2010 totaled just over 629,000 square feet with 34% of the total leasing taking place in 4th quarter 2010. The leasing activity refers to direct sales, subleases and renewals of existing leases. It also includes any pre-leasing activity in under construction, planned buildings or under renovation buildings.

The top ten tenant renewals and move-ins for 2010 include: GSA-Department of Veterans Affairs (Frederick Corporate Park); Battelle (Thomas Johnson Drive); Frederick Community College (200 Monroe Center); Stulz Air Technology Systems (Industrial Center East); Engage Printing (Highland Center); Morgan-Keller (Thomas Johnson Drive); Beckley's Camping Center (Angleberger Rd); US Silica Company (Riverside Five); Door Supply of NJ (Kings Ct) and US Department of Agriculture (Thomas Johnson Drive).

Development

Work continued on the 330,000 square foot build-to-suit for NCI/SAIC-Frederick at Riverside Research Park and for the 115,000 square foot build-to-suit for Banner Life Insurance Company located at the Urbana Corporate Park. In 2010, one building (office) totaling 34,788 square feet was delivered in Frederick County. Looking at the region, the Suburban Maryland (Frederick-Montgomery-Prince George's) market had 7 buildings delivered totaling 257,028 square feet in 2010.

Over 2.9 million square feet has been delivered in Frederick County since 2006. Office buildings represented 42% of the total number of buildings delivered over the past five years while flex buildings represented 25% and industrial buildings represented 33% of the total.

BUSINESS SATISFACTION

Business Appreciation Month—10th Anniversary

In September 2010, OED conducted its 10th Annual Business Appreciation Week program. Approximately 75 Ambassadors from the State, County, Municipalities, Business Development Advisory Council and Chamber of Commerce met with 200 local companies to learn more about the businesses and to personally thank them for their contributions to the Frederick County economy. *27 companies said they had plans for future expansions.*



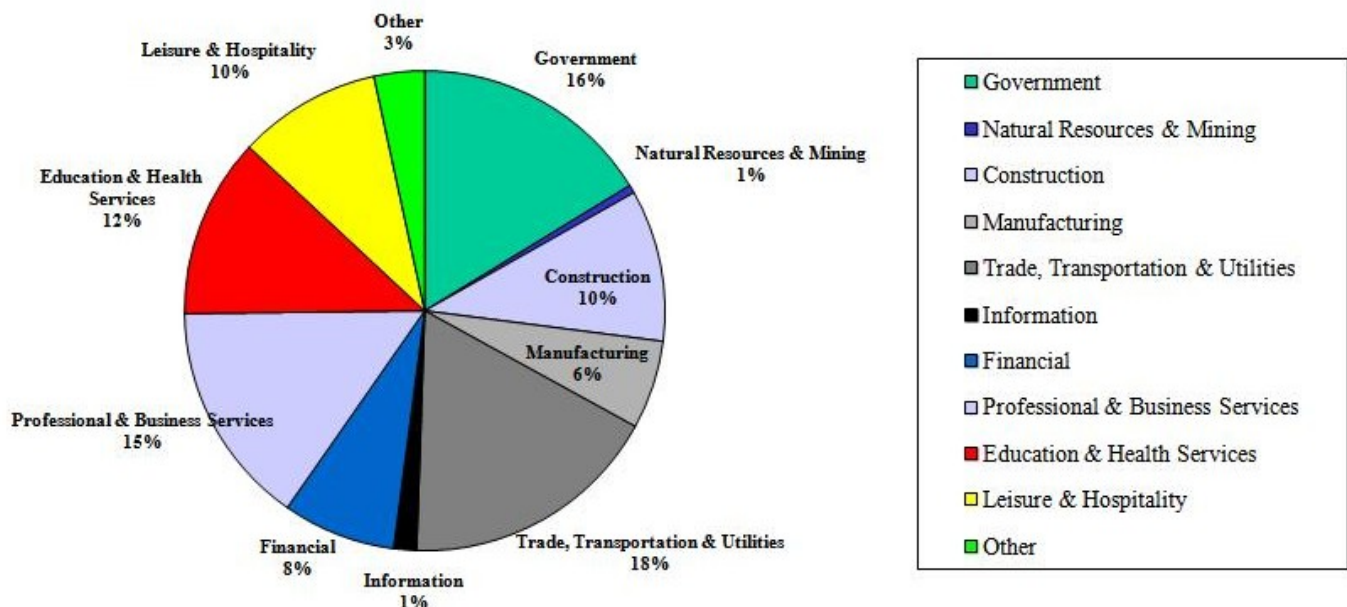
Frederick County Business Survey

OED sought to compile feedback from businesses' on their wants, needs and perceptions with a method that was measurable from year-to-year. The goal was to produce a document that could serve as a stepping stone for future improvements, ways to increase economic development opportunities for businesses and to allow businesses a way to voice their opinions with a collective voice. The campaign took place during June and July of 2010 and 204 responses were received from the first Annual Frederick County Business Survey.

Summary of Frederick County Business Survey Results:

- 70% of companies rate Frederick County as a 7 or higher on a scale of 1-10 of doing business in Frederick County (with 10 being most favorable)
- 87% said Frederick County's overall quality of life is a strength
- 66% of companies said their sales have increased or remained constant over the last 12 months.
- 78% of companies said their number of employees have increased or remained constant over the last 12 months.
- The highest response received when asked what Frederick County's specific WEAKNESSES were: 63% for level of taxation affecting business (relative to other regions)
- The highest response received when asked what Frederick County's specific STRENGTHS were: 64% said overall quality of colleges and universities
- Industries that represented the most number of sale INCREASES over the past 12 months were: Information Technology, Aerospace, and Bioscience
- Industries that represented the most DECREASES in sales over the past 12 months were: Construction, Development and Real Estate, Education, and Hospitality and Tourism

Business Composition- 2010-2Q



Source: Maryland Department of Labor, Licensing and Regulation



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