

# STAFFORD COUNTY ECONOMIC DEVELOPMENT AUTHORITY

## 2011 ANNUAL REPORT

### LETTER FROM THE CHAIRMAN

Last year, I talked about being the eternal optimist when discussing Stafford's economy. Even with escalating fuel prices, unrest in the Middle East, and continued broad concern about deficits at the national level, I cannot help but remain optimistic about Stafford in the coming year and beyond. While we have yet to fully recover from the Great Recession and many of our small businesses are still struggling, there are encouraging signs we are on the rebound.

This fifth annual Economic Development Authority (EDA) Report, produced in partnership with Chmura Economics and Analytics, demonstrates that Stafford again leads the Commonwealth of Virginia, by percentage of growth, in key economic categories. As a result, almost 36,000 people can say "I work in Stafford County." From 2005-2010 Stafford can, again, claim to be leading the State in:

- Business growth – **4th highest growth rate in Virginia; and**
- Job growth – **2nd highest growth rate in Virginia.**

The private sector produced over 400,000 square feet of new commercial space in 2010 and, with 2011 getting off to a stronger start, private commercial development is expected to produce approximately 600,000 square feet!

Since a strong, educated workforce is key to attracting and retaining quality businesses, Stafford continues to make workforce development a high priority. The EDA has committed to continuing its firm support of Germanna Community College by making acquisition of land to build a permanent campus one of its biggest goals. In fact, the EDA has allocated up to \$1 million in community matching funds

### BUSINESS GROWTH

From 2005 to 2010, Stafford County averaged 3.1% annualized growth in its number of businesses, compared to the 1.7% pace of growth in Virginia over the same period. In fact, Stafford County's growth rate was **4th highest among counties and independent cities with more than 2,000 establishments**. The number of businesses in Stafford County grew from 1,919 in 2005 to 2,242 in 2008 before pulling back to 2,217 in 2009 due to the recession. In 2010, with the national economy slowly improving, the number of businesses in Stafford increased to 2,234. The number of establishments in Virginia also contracted from 2008 to 2009 but, unlike Stafford, shrunk again from 2009 to 2010.



*Stafford's Growing Workforce: Increasingly Highly Skilled.*

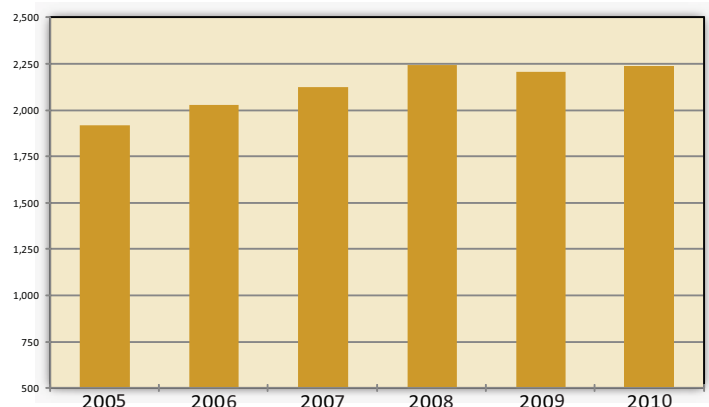
to this important endeavor. With this support, Germanna will be better positioned to serve tomorrow's workforce development needs in Stafford today.

The Board of Supervisors (with EDA support) signed a Memorandum of Understanding last Fall that will facilitate the development of a research and technology park in the County. The agreement was also signed by the Presidents of George Mason University, University of Mary Washington, Germanna Community College, along with ManTech International (formerly MTCSC). While this initiative is intended to support the growing federal high technology cluster that has evolved in and around Quantico, it is widely noted that a strong academic presence can encourage more research and related opportunities in a cluster-based community. Through continued focus on the Board's Economic Development 10 Point Plan, the Redevelopment Master Plan, the creation of the Stafford Opportunity Fund and a Technology Zone, Stafford's leadership is better positioning the community for more diverse, quality commercial development.

Thanks to the collective efforts of our EDA members—Jack Rowley, Joel Griffin, Jo Knight, Eric Cole, Wendy Surman, David Beiler—our Board of Supervisors and, most importantly, our businesses, Stafford is building a brighter, stronger future. If the Economic Development Authority can help to meet your business needs in Stafford, do not hesitate to contact us at (540) 658-8681.

*Don Newlin, Chairman, Economic Development Authority*

### Number of Businesses in Stafford County

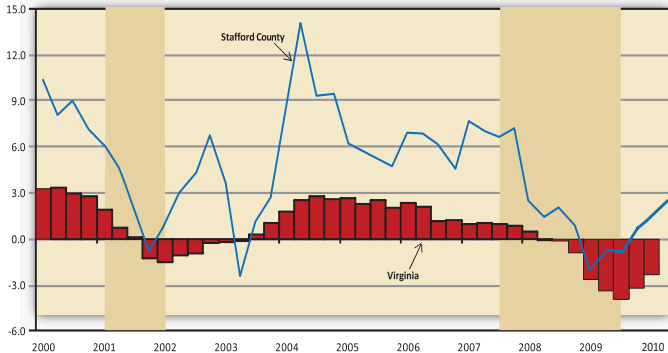


Note: The 2010 figure is a three quarter average ending with 2010 Q3. All other years represent a four quarter average.

**Stafford recognized by Forbes.com as "Best Place to Get Ahead."**

# EMPLOYMENT GROWTH

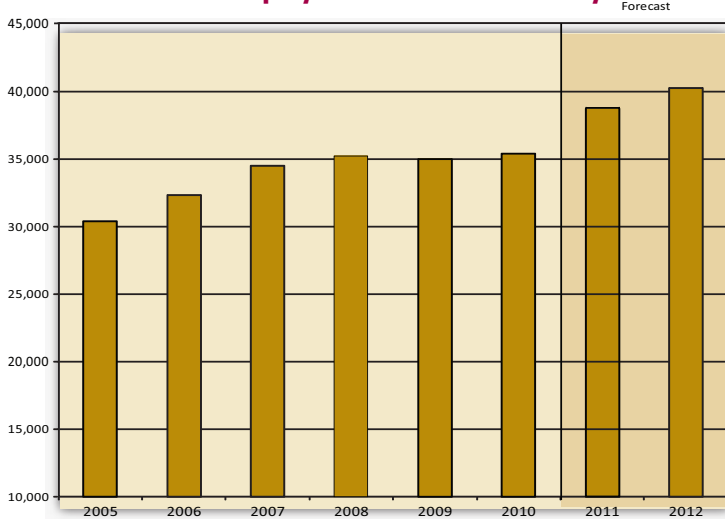
## At Place Employment Percent Change, Year-Over-Year



Source: Chmura Economics & Analytics and Virginia Employment Commission

From 2001 to 2010, Stafford County averaged 4.0% annualized job growth, the **2nd highest growth rate** among the 134 counties and independent cities in Virginia. Following the last recession, employment in Stafford County has grown for five consecutive quarters on a year-over-year basis compared to just two quarters at the State level. Based on preliminary estimates for the year ending with the fourth quarter of 2010, employment increased 1.0% in Stafford County compared to 0.3% in the Commonwealth. (Note: shaded areas in the chart approximately represent the periods of recession; the last recession began in December 2007 and ended in July 2009.)

## Total Employment in Stafford County



Source: Virginia Employment Commission and Chmura Economics & Analytics. 2010 data includes preliminary estimates for the 4th quarter.

Robust growth is forecast for the next two years as the national recovery strengthens. Growth will be supplemented by gains resulting from the expansion at Quantico which will bring 2,767 jobs to the Base by September 2011 due to the 2005 Base Realignment and Closure (BRAC) recommendations. The number of jobs in Stafford County grew from 34,878 in 2009 to 35,484 in 2010 as the County began seeing the effects of the national recovery. Employment is projected to climb 9.3% in Stafford County in 2011 and 3.9% in 2012, reaching 40,299 jobs. By comparison, the Northern Virginia metropolitan area is expected to see job growth (+2.0% in 2011 and +2.7% in 2012), though not as dramatic.

# At Place Employment Annualized Growth

	2005 to 2010		2010 to 2020 Forecast	
	Stafford County	Virginia	Stafford County	Virginia
Construction & Mining	-12.2%	-5.3%	3.9%	1.5%
Manufacturing	5.1%	-4.8%	2.1%	-1.1%
Wholesale Trade	-5.4%	-1.3%	2.9%	0.3%
Retail Trade	5.0%	-1.0%	2.9%	0.2%
Transportation, Warehousing & Utilities	2.0%	-1.4%	2.9%	0.4%
Information	4.3%	-3.7%	3.7%	0.5%
Finance, Insurance & Real Estate	ND	-2.0%	3.7%	0.5%
<b>Professional &amp; Business Services</b>	<b>4.8%</b>	<b>1.3%</b>	<b>5.0%</b>	<b>2.5%</b>
Education & Health	6.3%	2.3%	4.5%	2.2%
Leisure	0.8%	0.5%	3.2%	0.7%
Other Services	-0.4%	0.2%	3.6%	1.1%
Government	39.4%*	2.4%	3.4%	0.9%
<b>Total Nonfarm Employment</b>	<b>3.1%</b>	<b>-0.2%</b>	<b>3.8%</b>	<b>1.3%</b>

ND=nondisclosable  
\*Increase due primarily to growth at Marine Corps Base Quantico  
Source: Chmura Economics & Analytics and Virginia Employment Commission

From 2005 to 2010, employment grew faster in Stafford County than the State in nine of the twelve major sectors. One of the fastest growing sectors in Stafford continues to be the high-wage professional and business services sector which averaged 4.8% annualized growth over the last five years, more than triple the pace in Virginia. Stafford County's growth in this sector was particularly strong in two industries: 1) computer systems design and related services, in which employment grew from 625 to 1,115 for 12.3% annualized growth (4th best among independent counties and cities in Virginia with at least 500 jobs in this industry); and 2) architectural, engineering, and related services, in which jobs grew from 360 to 639 for 12.2% annualized growth (3rd best in Virginia among comparable localities).

For the same five-year period, employment in Stafford County expanded by 5,085. The largest gain by sector was posted in government, which added 2,796 people. The next-largest gains occurred in education and health services (+2,057); retail (+902); and professional and business services (+812).

Future employment growth (2010-2020) in the County is projected at an annualized rate of 3.8%, with the professional and business services sector expected to lead the way with an impressive 5.0% annualized rate and the addition of more than 2,000 high-paying jobs.

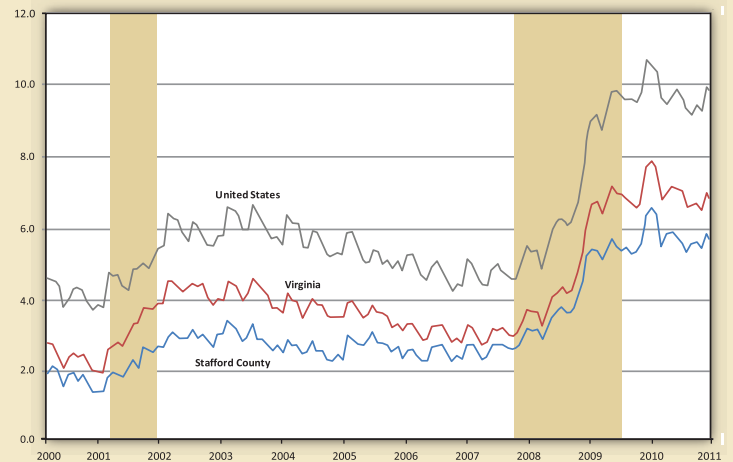
## Some of Stafford's Largest Employers, 3rd Quarter 2010

Legal Name	Employment Greater Than:
GEICO	3,500
Federal Bureau of Investigation	2,000
Wal-Mart Associates Inc.	700
McLane Mid Atlantic Inc.	500
Stafford Hospital	400
Manheim Fredericksburg Auto Auction	300
Intuit	200
ManTech International	200
QinetiQ	200
Hilldrup Moving and Storage	200
Market Fare Foods	150
Northrup Grumman Corp.	150
Genesis Elder Care	100

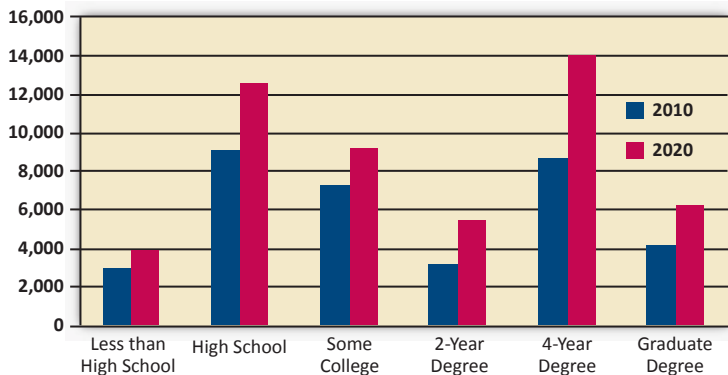
As of the third quarter of 2010, the largest private employer in Stafford County was GEICO with more than 3,500 employees, accounting for nearly 10% of the County's total employment. The Federal Bureau of Investigation employs over 2,000 in Stafford while distributor, McLane Mid Atlantic, and the two-year old Stafford Hospital are also significant employers. Stafford's other top employers include high-tech firms such as Intuit, ManTech International (formerly MTCSC Services), QinetiQ, and Northrup Grumman. The high-technology industry generally creates jobs with wages that are much higher than average, making this an attractive industry sector; employment in this sector is also expected to grow faster compared to non-high-tech industries.

## Unemployment Rate

As of February 2011, the unemployment rate (not seasonally adjusted) in Stafford County was 5.5%, **12th lowest** among Virginia's 134 counties and independent cities. Virginia's unemployment rate was more than a percentage point higher at 6.6% while the national unemployment rate was 9.6% (not seasonally adjusted). Stafford County's unemployment rate peaked in February 2010 at 6.5%, although it has remained well below the State average. Stafford County's six-month moving average of initial unemployment claims peaked in November 2009 but has trended downward since, dropping nearly 20% by February 2011, an indicator of improvement in Stafford County's labor market.



## Stafford County Labor Supply Forecast by Educational Attainment



Source: JobsEQ

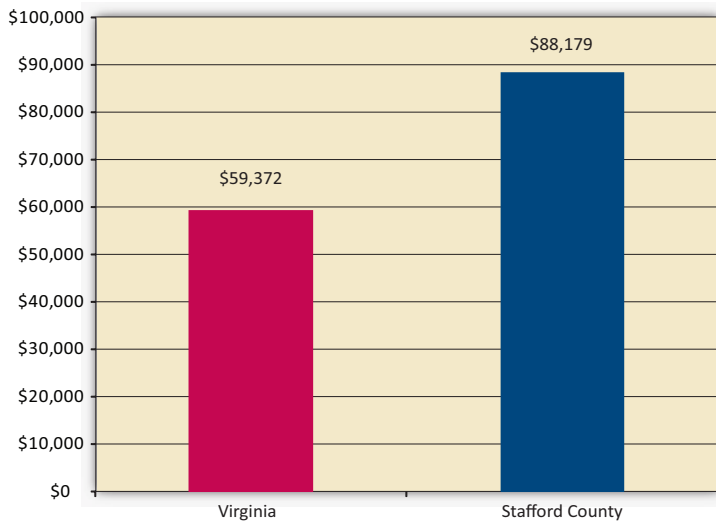
Stafford's highly educated workforce comprises residents as well as commuters from outside the County. In 2010, an estimated 45.1% of Stafford County's at-place workers had a 2-year degree or higher—above-average in Virginia where 43.0% of workers have this level of education. Stafford County's workforce is projected to get even smarter by 2020, when the number of workers with a graduate degree is forecast to expand by 50%. In addition, the number of workers with highest educational attainment of a 2-year degree and a 4-year degree is projected to grow 72% and 62%, respectively.



Learn how to support the local and Virginia business community through Virginia Green and Project 3/50 at [GoStaffordVA.com](http://GoStaffordVA.com)



## Median Household Income 2009



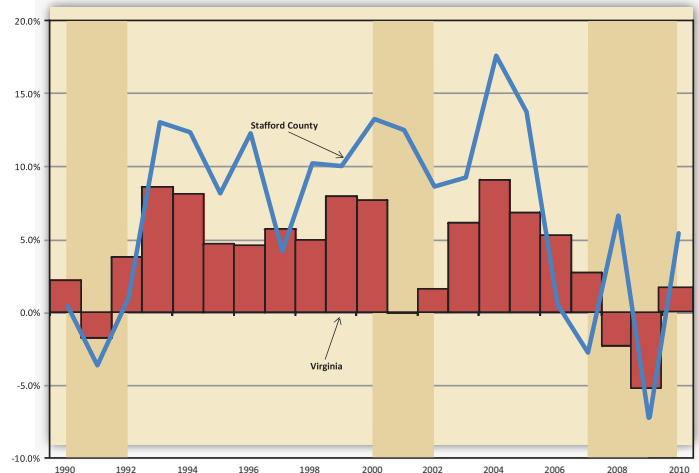
Source: US Census Bureau Small Area Income and Poverty Estimates

Median household income in Stafford County for 2009 is estimated at \$88,179, the **6th highest household income** among Virginia's counties and independent cities. This compares to the State's average of \$59,372. Wages earned at businesses in Stafford County have had tremendous growth, expanding an annualized average 5.5% from 2005 to 2010, the **2nd fastest growth rate** among the State's counties and independent cities. Average annual wages earned by employees at establishments in Stafford reached an estimated \$43,707 in 2010, up 2.2% from a year earlier.

## CONSUMER SPENDING

Annual retail sales grew 5.3% in Stafford County in 2010 while increasing in Virginia at a slower 1.4% pace. Over the past ten years (2000 to 2010), retail sales averaged 6.2% annualized growth in Stafford, the **13th fastest growth rate** among the State's 134 counties and independent cities. Retail sales advanced an average annual 2.5% in Virginia over the same period. Retail sales in Stafford County are expected to follow Virginia's trend of accelerating sales forecast in both 2011 and 2012. The housing downturn and slow building materials sales contributed to dampening retail activity in Stafford during the recession. The six-month moving average of single-family building permits in Stafford County bottomed out in April 2009 and has since expanded 55% as of February 2011.

## Growth in Annual Retail Sales



## REDEVELOPMENT



US Route 1 (looking south)



Telegraph Road (looking southwest)

Due to BRAC-related activity, the Boswell's Corner Redevelopment Area continues to attract new investments. Building on the 280,000 square-feet of Class A office space already occupied, Quantico Corporate Center submitted plans for an additional 310,000 square-feet of office space, retail shops, and a request for commercial zoning of 15 acres. Hilldrup Moving and Storage is constructing a 25,000 square-foot addition, bringing their total space to 425,000 square-feet. Public investments include DOD's completion of the 718,000 square-foot Russell-Knox building on MCB Quantico, the widening of Russell Road between I-95 and the new Russell-Knox building, the award of \$890,000 to begin engineering of US Route 1 improvements, and plans to improve the intersection of US Route 1 and Telegraph Road. The research and technology park proposed for Stafford County will also generate additional investment, and a form-based code ordinance is being developed to help bring the Boswell's Corner Redevelopment Plan to reality.