

STAFFORD COUNTY ECONOMIC DEVELOPMENT AUTHORITY 2012 ANNUAL REPORT



Future Home of Stafford Research and Technology Center

LETTER FROM THE CHAIRMAN

Like most communities, Stafford has felt the pain of the worldwide recession. Real estate values declined, businesses closed, and hiring slowed; those are facts. Stafford chose to face those challenges head-on, and in many important ways the County is now stronger than it was before the recession.

The Board of Supervisors (BOS) led the way, knowing the critical role Stafford's business community plays in maintaining and enhancing the quality of life in our community. Competition to lure new businesses to Stafford, and even to keep existing businesses from leaving, has been more fierce than ever, but as a result of the County's efforts Stafford is a more stable and prosperous business location.

As a result the Economic Development Authority (EDA) can report that 2011 was a good year for Stafford. Encouraging signs that began in 2010 generally continued their positive trends during the year. This was complemented by the fact that Base Realignment and Closure (BRAC) Commission redeployments, that brought almost 3,000 new jobs to the Russell-Knox Building in Stafford, was completed on schedule last Fall.

This sixth annual EDA Report, produced in partnership with Chmura Economics and Analytics, again demonstrates that Stafford leads the State of Virginia, by percentage of growth, in key economic categories. As a result, almost 38,000 people can now say "I work in Stafford County." Since 2001, Stafford has had the 2nd highest job growth rate in Virginia and, since 2006, Stafford has had the 7th highest business growth rate.

BUSINESS GROWTH

From 2006 to 2011, Stafford averaged 1.8% annualized growth in its number of businesses. This growth was above average compared with the 1.2% pace of growth in Virginia over the same period. In fact, Stafford County's growth rate with **7th highest among counties and independent cities with more than 2,000 establishments**. The number of businesses in Stafford County grew from 2,061 in 2006 to 2,256 in 2008 before essentially moving sideways over the past three years. The number of establishments in Stafford County stood at 2,257 in 2011. The number of establishments in Virginia was also little changed from 2008 to 2011, inching up 0.4% from 2008 to 2011.

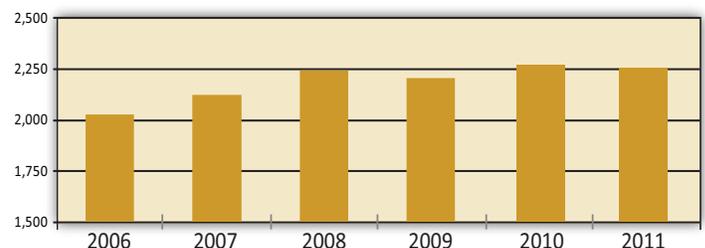
Building upon the Memorandum of Understanding executed in 2010 between the BOS (with EDA support), George Mason University, University of Mary Washington, Germanna Community College, and ManTech International, Stafford now has a Memorandum of Agreement to construct an initial classroom facility in the Quantico Corporate Center. This next step is scheduled to have the classroom facility ready for classes by the Fall of 2012. This critical foundation is a precursor to the envisioned technology and research park atmosphere we are working to create.

Looking to the future and building upon the Board's Economic Development 10 Point Plan, the Redevelopment Master Plan, the creation of the Stafford Opportunity Fund, reduced taxes, and a Technology Zone, Stafford's leadership has better positioned 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 Maurer, and David Beiler – our BOS and, most importantly, our businesses, Stafford is building a brighter, stronger future. If the EDA can help you meet your business needs in Stafford, do not hesitate to contact us at (540)658-8681.

*Don Newlin, Chairman,
Economic Development Authority*

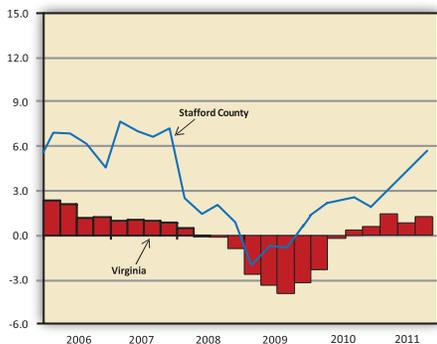
Number of Businesses in Stafford County



Note: The 2011 figure is a three quarter average ending with 2011 Q3.
All other years represent a four quarter average.

EMPLOYMENT GROWTH

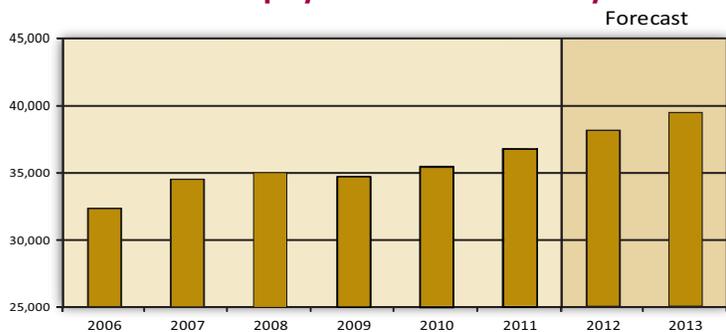
At Place Employment Percent Change, Year-Over-Year



Note: 2011 data are through the third quarter.
Source: Chmura Economics & Analytics and Virginia Employment Commission.

From 2001 to 2011, Stafford County averaged 4.0% annualized job growth, the **2nd highest growth rate** among the 134 counties and independent cities in Virginia. Stafford County has added jobs at a faster pace than the state since the recovery began in the third quarter of 2009; employment increased 8.3% in the county compared with 1.8% growth statewide over this period. Over the year ending with the third quarter of 2011, employment increased 5.5% in Stafford County compared with a 1.4% advance in the state. Based on preliminary data for the fourth quarter, employment continues to expand in Stafford County on a year-over-year basis.

Total Employment in Stafford County



Note: Historical data are through the 3rd quarter of 2011.
Source: Virginia Employment Commission and Chmura Economics & Analytics.

Robust growth is forecast for the next two years as the labor market recovery gains traction in Stafford County. The number of jobs in Stafford County grew from 35,595 in 2010 to 37,056 in 2011 as the county's job recovery gained momentum; job growth in 2011 was supplemented by the gains resulting from the expansion at Quantico which brought 2,767 civilian jobs to the base as of August 2011 due to the 2005 Base Realignment and Closure (BRAC) recommendations. Employment is projected to climb 3.0% in Stafford County in 2012 and 3.5% in 2013, reaching 39,520 jobs. By comparison, the Northern Virginia metropolitan area is also expected to see job growth (+2.2% in 2012 and +2.7% in 2013), though not as fast.

At Place Employment Annualized Growth

	2006 to 2011		2011 to 2021 Forecast	
	Stafford County	Virginia	Stafford County	Virginia
Construction & Mining	-10.8%	-6.1%	5.2%	2.8%
Manufacturing	3.3%	-4.3%	3.1%	0.2%
Wholesale Trade	-7.8%	-1.3%	3.8%	1.5%
Retail Trade	4.7%	-1.0%	3.4%	1.2%
Transportation, Warehousing & Utilities	7.1%	-1.0%	4.0%	1.4%
Information	1.9%	-3.9%	3.2%	0.6%
Finance, Insurance & Real Estate	ND	-2.0%	4.5%	0.5%
Professional & Business Services	4.6%	1.1%	5.2%	1.1%
Education & Health	5.1%	2.1%	4.3%	2.5%
Leisure	2.1%	0.6%	3.6%	2.3%
Other Services	-0.9%	0.3%	4.0%	1.1%
Government	22.1%	1.9%	2.9%	0.2%
Total Nonfarm Employment	2.7%	-0.3%	4.1%	1.7%

ND=nondisclosable
Source: Chmura Economics & Analytics and Virginia Employment Commission

From 2006 to 2011, employment grew faster in Stafford County than the state in nine of the twelve major sectors. One of the fastest growing sectors in Stafford County continues to be the high-wage professional and business services sector which averaged 4.6% annualized growth over the last five years, more than quadruple the pace in Virginia. Stafford County's growth in this sector was particularly strong in two industries: computer systems design and related services, in which employment grew from 839 to 1,274 for 8.7% annualized growth, **2nd best** among independent counties and cities in Virginia with at least 500 jobs in this industry; and architectural, engineering, and related services, in which jobs grew from 388 to 626 for 10.1% annualized growth, also **2nd best** in Virginia among localities with employment of at least 500 in this industry.

From 2006 to 2011, Stafford County added 4,586 jobs. The largest gain by sector was posted in government, which added 2,436 jobs. The next-largest gains occurred in education and health services (+1,732 jobs); retail (+896); and professional and business services (+848).

From 2011 to 2021, employment in the county is projected to grow at an annualized rate of 4.1%. The professional and business services sector is expected to grow at an impressive 5.2% annualized rate, representing the addition of more than 2,500 high-paying jobs to Stafford County.

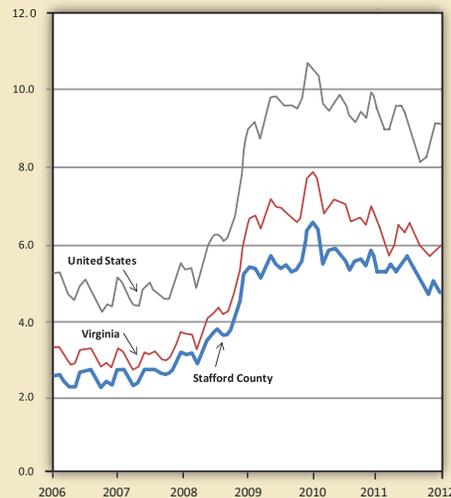
Some of Stafford's Largest Employers, 4th Quarter 2011

Legal Name	Employment Greater Than:
GEICO	3,500
Federal Bureau of Investigation	2,500
Wal-Mart Associates Inc.	800
McLane Mid Atlantic Inc.	500
Stafford Hospital	500
Intuit	300
QinetiQ	250
Manheim Fredericksburg Auto Auction	200
ManTech International	200
Hilldrup Moving and Storage	200
Market Fare Foods	150
Rosner Motors	100

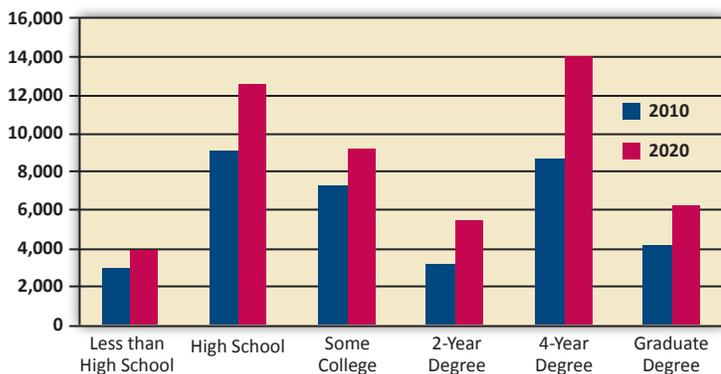
As of the fourth quarter of 2011, the largest private employer in Stafford County was GEICO with more than 4,000 employees, accounting for over 9% of the County's total employment. The Federal Bureau of Investigation employs over 2,500 in the county while Stafford Hospital and the distributor, McLane Mid-Atlantic each employ over 500. Other top employers in Stafford County include high-tech firms such as Intuit, QinetiQ and ManTech International. The high-technology industry generally creates jobs with wages that are much higher than average; employment in this industry is also expected to grow faster compared to non-high-tech industries.

Unemployment Rate

As of January 2012, the unemployment rate (not seasonally adjusted) in Stafford County was 4.8%, **tied for 5th lowest in the state** among Virginia's 134 counties and independent cities. Virginia's unemployment rate was 1.2 percentage points higher at 6.0% while the national unemployment rate was 8.8%. Stafford County's unemployment rate peaked in January and February of 2010 at 6.5%, the highest it has been since 1992. Stafford County's six-month moving average of initial unemployment claims peaked in November 2009 but has trended downward since, dropping more than 25% by February 2012, an indicator of improvement in Stafford County's labor market.



Stafford County Labor Supply Forecast by Educational Attainment

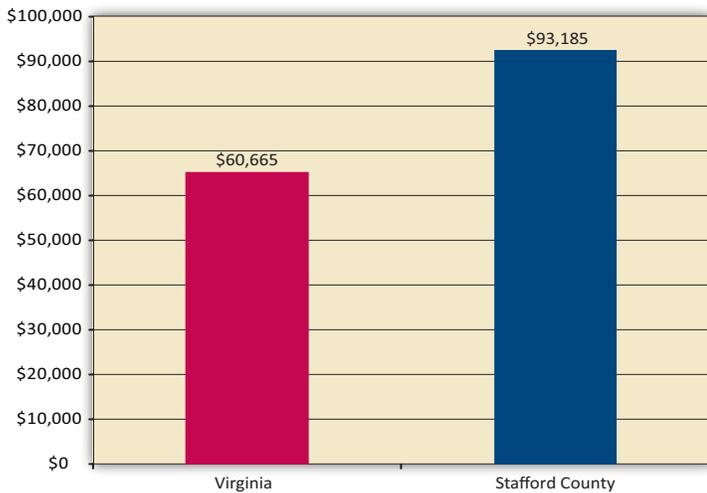


Source: JobsEQ

Stafford County's highly educated workforce is comprised of residents as well as commuters from outside the County. In 2011, an estimated 45.6% of Stafford County's at-place workers had a 2-year degree or higher—above-average in Virginia where 43.2% of workers have this level of education. Stafford County's workforce is projected to get even smarter. By 2021, the number of workers with a graduate degree is forecast to expand 54% in Stafford County. In addition, the number of workers with highest educational attainment of a 2-year degree and a 4-year degree is projected to grow 77% and 65% respectively.

Need a personal business consultant? Learn more about the UMW/Stafford Constellation for Business program by calling 540.658.8681.

Median Household Income 2010



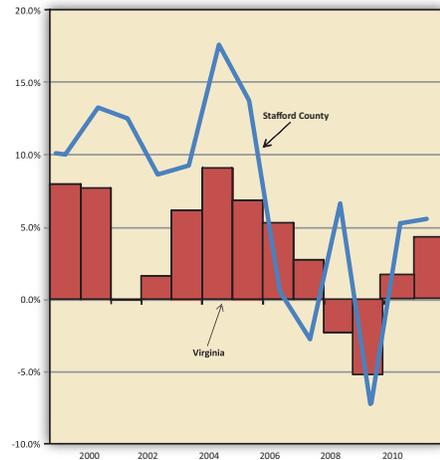
Source: US Census Bureau Small Area Income and Poverty Estimates

Median household income in Stafford County in 2010 is estimated at \$93,185 (Census SAIPE data), **the 5th highest household income** among Virginia's counties and independent cities. This compares to a median \$60,665 household income in Virginia. Wages earned at businesses in Stafford County have had tremendous growth, expanding an annualized average 4.4% from 2006 to 2011, **the 10th fastest growth rate** among the state's counties and independent cities. Average annual wages earned by employees at establishments in Stafford County reached an estimated \$45,496 in 2011, up 4.0% from a year earlier as wage growth is beginning to accelerate after three years of average annual wage growth below 3% due to the recession.

CONSUMER SPENDING

Annual retail sales grew 5.6% in Stafford County in 2011 while increasing in Virginia at a slightly slower 4.3% pace. Over the past ten years (2001 to 2011), retail sales averaged 5.5% annualized growth in Stafford County, **the 17th fastest growth rate** among the state's 134 counties and independent cities. Retail sales advanced at an averaged annual rate of 2.9% in Virginia over the same period. Retail sales in Stafford County are expected to follow the trend of accelerating sales forecasted in the state for both 2012 and 2013; higher gas prices, however, may depress spending in other retail sales sectors. The housing downturn and slow building materials sales contributed to dampening retail sales in Stafford County 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 90% as of January 2012.

Growth in Annual Retail Sales



REDEVELOPMENT



Boswell's Corner, US Route 1 (looking south)



Boswell's Corner, Telegraph Road (looking southwest)

In the **Boswell's Corner Redevelopment Area**, establishment of a local research and technology park continues to move forward. In April, the Association of University Research Parks visited the community to provide their expertise on the formation, marketing, and funding of such projects. The Silver Companies, the Stafford County Board of Supervisors, and the EDA have now finalized a Memorandum of Agreement that confirms the leasing of classroom space at the Quantico Corporate Center. Engineering design work on the US Route 1 widening project in **Boswell's Corner** continues, along with engineering design work on the **Courthouse Streetscape** project. Engineering design work on the I-95/Courthouse Road interchange in the **Courthouse Redevelopment Area** is also progressing. Construction is almost finished on Phases 3 and 5 of the Belmont-Ferry Farm Trail project in **Falmouth** and Virginia Department of Transportation (VDOT) has begun acquiring right-of-way in **Falmouth** for their US Route 1/US Route 17 intersection project. VDOT is also making progress on their widening of US Route 17 in the **Southern Gateway Redevelopment Area**. All of these projects work to build a better atmosphere for quality commercial development.