THE WAY FORWARD
“Make no little plans. They have little magic to stir men’s blood and probably themselves will not be realized.”

-Daniel Burnham
Kevin A. Lynch
Urban Planner/Author/MIT Professor
Economic Development

The sustained, concerted actions of communities and policymakers that promote the standard of living and economic health of a specific locality.
A Brief History

Economic Development

- Venice
- Constantinople
- Illinois
- Mississippi

1200s

1930s
Technology
Is Changing
Economic
Development
Technology is Changing Economic Development

Old

New

Hotel

CHECKER CAB

UBER

Airbnb

Sears, Roebuck and Co.
Forces of Change

- Global Economics
- Demographic Change
- Resilience
- Urbanization
- Technology
Complex Global Macroeconomic Backdrop

DEALING WITH GLOBAL VOLATILITY

- **Europe** still struggling with the consequences of the Global Financial Crisis
- **The US** is finally shaking off the persistent slow growth
- **Emerging markets** were on fire, but now the US market is replacing it
- **Russia and Brazil** are in recession
- Growth is slowing rapidly in **China**
- The Decline in **oil prices** will contribute to heightened geopolitical tension
## Age Comparison

<table>
<thead>
<tr>
<th>INDUSTRIAL AGE</th>
<th>KNOWLEDGE AGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Things”</td>
<td>Accounting</td>
</tr>
<tr>
<td>“Need to Know”</td>
<td>Info</td>
</tr>
<tr>
<td>None - Low</td>
<td>Autonomy</td>
</tr>
<tr>
<td>Low</td>
<td>Creativity</td>
</tr>
<tr>
<td>“Carrot &amp; Stick”</td>
<td>Motivation</td>
</tr>
<tr>
<td>High Structure</td>
<td>Work Place</td>
</tr>
<tr>
<td>One Place</td>
<td>Location</td>
</tr>
<tr>
<td>Linear</td>
<td>Career Path</td>
</tr>
<tr>
<td>Cost</td>
<td>Real Estate</td>
</tr>
</tbody>
</table>

Source: Boston Properties, Executive Presentation, Fall 2014, Boston, MA
Office Market Statistical Overview
Arlington
the Last Five Years

- BRAC
- Sequestration
- Lower per person utilization (primarily as a result of technology)
- Increased competition
- Vacancy rate 21% county wide
Net Absorption Has Declined by 3 million s.f. in the Past 4 Years

Source: CoStar
Each 1% of Current Office Occupancy is Worth $3.4 million in Local Taxes

- **$4.5 M** Local tax revenue for a 100% occupied building
- **$3.3 M** Local tax revenue for a 75% occupied building
- **$2.5 M** Local tax revenue for a 50% occupied building
- **$1.1 M** Local tax revenue for a 0% occupied building

Note: Assumes 100% occupancy = 400,000 SF of RBA in a building in the Crystal City submarket. Based on private sector for-profit tenancy.
At a 70-30 Residential-Commercial Split, the Average Residential Tax Payment would increase by $2,061 (36%)
GOAL: Reduce office vacancy by half and diversify the Arlington economy over the next 75 months.
Competitive Landscape
Competitive Landscape

Share of Economic Development Budget Dedicated to Tax Revenue Generation – FY 16

ANNUAL BUDGET

D.C. $45.7M DEDICATED 81%

Fairfax $7.6M DEDICATED 90%

Prince William $2.5M DEDICATED 90%

Arlington $9M DEDICATED 40%

VS
Competitive Landscape
Selected Economic Development Incentive Fund

Prince George’s: $50M
D.C.: $12M
Loudoun: $1M
Arlington: $0
Competitive Landscape
<table>
<thead>
<tr>
<th></th>
<th>640,000 SF per YEAR</th>
<th>53,000 SF per MONTH</th>
<th>12,000 SF per WEEK</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WorkEffort</strong></td>
<td>Fill 4 million SF in 75 Months</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Challenge

Net absorption
-2.6 million SF
over the last
36 months
45% Solution:
Additional Investment of $1.30 Million
Per Year for Next 6+ Years

ANNUAL RETURN ON INVESTMENT

- 640,000 Square Feet
- 1,800 Jobs
- $9.0M Local Revenue

Marketing Investment
- $300k

Tandem NSI
- $200k

Tourism Promotion
- $200k

Business Development (5 FTE’s)
- $600k
Vision:
To become the Cybersecurity, EdTech, MedTech, Clean Tech, Big Data Center of the World

MAKE NO LITTLE PLANS
Marketing to our Future Customers
What We Market

- Greatest concentration of federal research agencies
- Highly-educated workforce
- Among best schools in the nation
- Globally-attractive location
- High tech/cybersecurity clusters
- Dark fiber network
- Transportation/accessibility/walkability
- Small town charm and big city amenities
Top Ranked

#1 RANKED

- Best D.C. Suburbs for Young Professionals
  Movoto - 2015
- Post-college town
  USA Today – 2014
- Best Cities for Young Entrepreneurs
  Nerdwallet.com – 2014
- Highest Growth of Millennial Population
  RealtyTrac.com – 2014
- Highest Percentage of Highly Educated Millennials
  Redfin.com – 2014
- Coolest City in the U.S.
  Forbes Magazine – 2014
- Best Cities for 20-somethings
  Nerdwallet.com – 2013

TOP 3

- Best Places for Recent Grads to Find Jobs
  Nerdwallet.com – 2015
- Best Place to Retire
  Bankrate.com – 2015
- Best Places to Live
  Livability.com – 2015
- America's Leading Creative Class Counties
  CityLab – 2012
- America's 50 Best Cities
  Bloomberg Businessweek – 2011
Positioning
Blue Ocean Strategy

How to Create Uncontested Market Space and Make the Competition Irrelevant

W. Chan Kim • Renée Mauborgne

Competitive Advantage

Creating and Sustaining Superior Performance

Michael E. Porter

Paradigms

The Business of Discovering the Future

Joel Arthur Barker

Previously published under the title Future Edge
Regionalism – Time to Reinvent

- The Power of Frenemies
- The Power of “Coopetition”
- Position Regionally/Attract Globally
Regionalism –
Time to Reinvent

- New York to Brooklyn
- San Francisco to Palo Alto
- Boston to Cambridge
- Seattle to Bellevue
- DC to Arlington
Regionalism – Time to Reinvent

- Third Places
- Creative Spaces
- Unique Experiences
- Urban Villages
Marketing

March 2015 & 2016

Austin

- Arlington Va.
- Alexandria
- Startups
- Tech Companies
- Venture Funds
TAP
INTO GOVERNMENT

★ $1.5B in VC funding
★ $3.7B in Federal R&D funding

...COME TAP INTO IT.

@AEDBizInvest    @TandemNSI
#TapIntoGovt

TandemNSI
Marketing

March 2015 & 2016

National Harbor

- State of Virginia
- Arlington Va.
- District of Columbia
- GW Board of Trade
- GW China Investment Center
SELECT USA

CHINESE DELEGATION DINNER
Marketing

May 2015 & 2016
Las Vegas

- Arlington County
- BIDs
- Forest City,
  JBG,
  Rappaport Co.,
  Vornado
young

Arlington is home to the fastest growing Millennial population in the nation. And they aren't interested in staying home.

hip

We like what's new and hip – after all, even the Internet was born here.

hungry

Spike, Jose and Mike Isabella. We got 'em. Whether it's great food or cool new toys, Arlingtonians are hungry for the best.

urban villages <uv>

BALLSTON  CLARENDON  COURTHOUSE  COLUMBIA PIKE  CRYSTAL CITY  PENTAGON CITY  ROSSLYN  SHIRLINGTON  VIRGINIA SQUARE

ARLINGTON ECONOMIC DEVELOPMENT
Marketing

October 2015

Los Angeles

- Arlington County
- Alexandria
Marketing

Nov. 2015 & 2016

London

- Arlington County
- Destination DC
- China Tourism Partners
Marketing

$10,000 per location

- Clean & Green
  Portland, OR
- Big Data
  Silicon Valley, CA
- Healthcare IT
  Nashville, TN
- Technology
  Boston, MA
- Education Tech
  New York, NY
- Cyber Security
  Raleigh, NC

Targeted Industry Marketing Missions

Ongoing
Strategy
Corporate Headquarters – Graham Holdings
Strategy: Connecting
Strategy: Convening
• Create an ecosystem to recruit & support millennial workforce and innovative entrepreneurs with needed infrastructure:
  – Access to capital, investors, and venture funds
  – Technical assistance, training, and mentors
  – Networking and convening of peers
Arlington Companies with the Greatest Number of Job Listings

- Deloitte
- Accenture
- Computer Sciences Corporation
- Alion Science
- Booz Allen Hamilton
- CACI
- Leidos
- SRA International, Inc.
- General Dynamics
- Lockheed Martin

Source: Arlington/Alexandria Work Investment Board
Top Job Listings by Occupation

- Management Analysts
- Network and Computer Systems Analysts
- Computer Systems Analysts
- Software Developers, Applications
- Information Security Analysts
- Web Developers
- Computer User Support Specialists
- Computer Systems Analysts
- Information Technology Project...
What We Do

- Analysis of COMPETITIVE COST
- SITE SELECTION Assistance
- PERMITTING Assistance
- SITE REVIEW and PLANNING Process
- Connection to UNIVERSITIES
- Connection to AGENCIES
- LABOR and DEMOGRAPHIC Analysis
BIG FY 2015

- 35 CLOSED and Announced Deals
- 3 of 35 Received Incentives
- 4,798 JOBS New or Retained
- 1,134,877 Occupied SQ FT. of Real Estate
## Dashboard

<table>
<thead>
<tr>
<th>SELECTED NOTABLE PROJECTS</th>
<th>Type</th>
<th>Occupied Sq. Footage</th>
<th>New or Retained Jobs</th>
<th>ROI</th>
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</thead>
<tbody>
<tr>
<td>CEB</td>
<td>Expansion</td>
<td>354,000</td>
<td>2,000</td>
<td>250%</td>
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<tr>
<td>Lidl</td>
<td>New</td>
<td>217,000</td>
<td>800</td>
<td>196%</td>
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<tr>
<td>ADA</td>
<td>New</td>
<td>78,000</td>
<td>250</td>
<td>∞</td>
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<tr>
<td>Politico</td>
<td>Expansion</td>
<td>72,000</td>
<td>320</td>
<td>∞</td>
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<td>Koch</td>
<td>Expansion</td>
<td>70,000</td>
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<td>Promontory Interfinancial Network</td>
<td>Expansion</td>
<td>37,000</td>
<td>200</td>
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<td>Institute for Justice</td>
<td>Retention</td>
<td>29,000</td>
<td>20</td>
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<td>Eastern Foundry</td>
<td>New</td>
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<td>Hanover Research</td>
<td>Expansion</td>
<td>20,000</td>
<td>130</td>
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<td>Segue Technologies</td>
<td>Expansion</td>
<td>19,500</td>
<td>125</td>
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<tr>
<td>1776</td>
<td>New</td>
<td>15,000</td>
<td>10</td>
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<td>Other Projects</td>
<td>24</td>
<td>202,377</td>
<td>668</td>
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<tr>
<td><strong>TOTAL ALL DEALS CLOSED AND ANNOUNCED</strong></td>
<td><strong>35</strong></td>
<td><strong>1,134,877</strong></td>
<td><strong>4,798</strong></td>
<td></td>
</tr>
</tbody>
</table>
CEB Announces 800 New Jobs for Arlington County
Company Invests $149.7 Million in New Headquarters Location
Retention Services – FY 2015

- 25 company visits representing 2,800 jobs
- Hosted Executive Lunches with renowned keynote speakers attended by C-level executives
- Over 1,000 welcome letters to new businesses
- Arlington Premier events for new businesses
- Nominated 30+ businesses for various awards.
- Business recognition by County leadership
- Social Media campaigns
What the Community Can do to Assist

- Flexibility in land use such as retail and ground-level office
- Speed up community review process
- Allow for creativity of architects and developers
- Limit number of site plan conditions
- Understand that 80 to 120 conditions are too many for any particular project
- Resist designing the buildings
- More flexibility in retail operations and signage
- Limit the amount of design changes and levels of redesign
“Ships in harbour are safe, but that’s not what ships are built for.”

-John Shedd