

Crossroads of commerce

Hagerstown Washington County, MD Economic Development Commission

Cutting Ribbons and Shoveling Ground Business in Washington County is Moving Forward

Despite the increased national unemployment rate, Maryland remains competitive in the economic development arena. Furthermore, this Fall proved to be a productive season for business expansion and development in Hagerstown and Washington County. Highlights of this activity include:

- Cinetic Landis Corp. relocating from Pennsylvania to Washington County
- FedEx Freight constructing a new terminal near the intersection of Md. 63 and Interstate 70
- FedEx Ground expanding at their current Newgate Blvd. site
- Unnamed defense contractor constructing a 18,000 sf hangar at Hagerstown Regional Airport
- Unnamed helicopter company leasing 45,000 sf in Top Flight Airpark
- Fort Ritchie opening the doors of their new community center in Cascade

Cinetic Landis Corp. Ceremony



Left to right: Jean-Camille Uring; David Edgerley; Frédéric Sanchez; Daniel Pheil; Julianna Albowicz; James F. Kercheval; and, Timothy R. Troxell.

Cinetic Landis Corp. (CLC), global manufacturer of precision grinding systems, has recently celebrated the opening of their new, state-of-the-art facility (photo below). The facility includes 84,700 sf of manufacturing space and a two-story, 24,000 sf office complex. This estimated \$10.5 million project has brought 150 high paying jobs to Washington County.

FedEx Freight Ceremony



Left to right: Darrin Nardi; Brian Poland; Timothy R. Troxell; Nicholas Hill; Frank L. Hurst; John F. Barr; Ken Williamson; Brad Fulton; and, Don Bumgardner.

Over 60 people attended a groundbreaking ceremony for the new 162,000 sf FedEx Freight service center (photo below). The facility will be four times larger than the existing center on Industry Drive in Hagerstown and is planned to be one of FedEx's largest freight terminals when completed. FedEx Freight expects to open the new Hagerstown service center in the fall of 2009. Current employment with FedEx Freight is 135 full-time jobs. The \$43 million project could add 12 jobs in 2009 and employment could reach 180 full-time jobs by 2013.

FedEx Ground is building a 120,000 sf addition to its existing 360,000 sf hub on Newgate Boulevard in Hagerstown. The \$25 million project is projected to eventually add 250 more people to their current workforce of 600 employees and independent contractors.

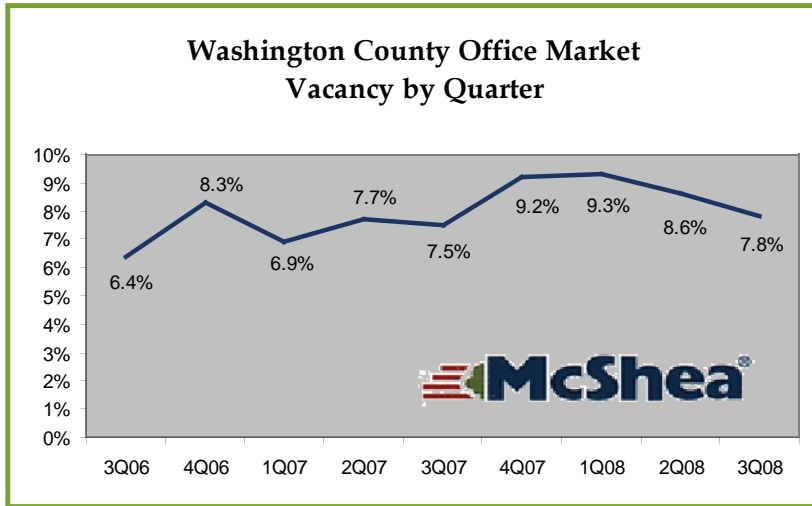
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Leasing, Market Statistics & Activity

Submitted by Julian P. Etches of McShea & Company

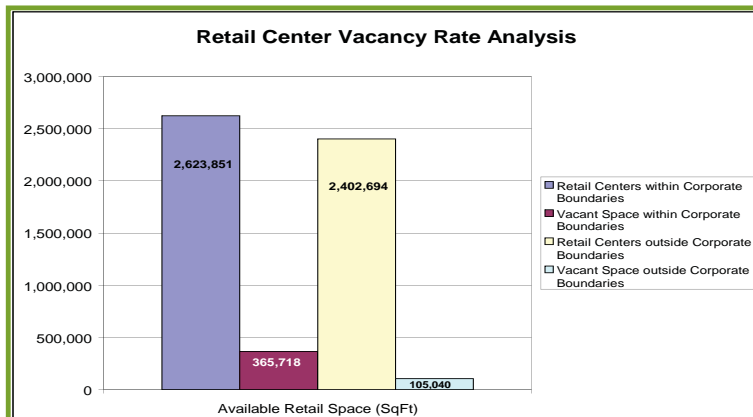


The overall office vacancy rate for Washington County fell to 7.8% from 9% over the third quarter as space was absorbed in the downtown Hagerstown submarket as well as the surrounding areas. Overall vacancy is now only three-tenths higher than it was twelve months ago. Vacancy is lowest in the Greater Washington County market, which

excludes downtown, however this area has felt negative pressure on asking rates in recent months. Downtown average asking rates have remained flat for the year. New office development in Washington County is extremely limited which should help to hold rental rates steady even as the recession begins to make itself felt in Washington County.

Retail Vacancy in the City and County

Submitted by the City of Hagerstown



The above graph shows total and vacant square footage for all retail centers over 40,000 sf in the City of Hagerstown as well as outside city limits. The average vacancy for all retail centers in this analysis area is 9.4% or 470,758 sf. This is significantly lower than the national retail vacancy rate of 12.5% estimated by Property & Portfolio Research, Inc.



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WASHINGTON COUNTY, MD
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The Hagerstown-Washington County Economic Development Commission is a county agency which strives to promote employment and provide assistance to new and existing industries in Washington County, Maryland. The EDC interacts with a vast network of public, private, and nonprofit organizations to address business needs. The *Crossroads* newsletter is produced quarterly by the EDC. For additional information or to submit items for this newsletter, contact:

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Anirban Basu's Five Year Economic Review

Economist Anirban Basu, CEO of Sage Policy Group, a Baltimore economic and policy consulting firm, was again the featured guest speaker at the Sixth Annual Economic Summit. The EDC co-hosted this event with the Hagerstown-Washington County Chamber of Commerce in November.

Since 2003, Basu's economic predictions and information coupled with his humorous insight has kept about 200 attendees returning each year. As the economy is experiencing a downturn, Basu reminded the audience this year of some of the events that may have led to the current economic situation. He indicated the recent financial meltdown was a result of the spending and lending practices that started after the September 11th



Anirban Basu, CEO of Sage Policy Group

terrorist attacks. Basu said increased consumer spending immediately after the terrorist attacks and an abundance of cheap credit and mortgages granted to unqualified applicants helped bring the economy to where it is today. He mentioned other recent economic crisis indicators noting that the Dow Jones is down 34.5 percent for the year, delinquency on subprime mortgages is as high as 20 percent, and new car sales in Maryland are down 15 percent.

So how did we get here again? Utilizing The Herald-Mail newspaper archives as a resource, the EDC revisits Basu's 2003 through 2007 economic summit presentations (see below).

2003

Basu mentioned that in 2001, the U.S. economy beat expectations by emerging from a national recession just two months after the tragic Sept. 11, 2001, terrorist attacks. Washington County had uncommon results as the unemployment rate dropped as the labor force grew. As consumers were filled with angst following September 11th, Basu said, "they dealt with that in their own special way. They shop. They go to Target. They also buy a home."



Left to right: Former Washington County Commissioner Greg Snook networks with Dan Pheil, President of Cinetic Landis Corp. at the 2008 Economic Summit.

2005

Basu said housing appreciation rates in Hagerstown and Washington D.C. were among the highest in the nation. As Washington D.C.'s housing prices increased beyond the means of median-income earners, Basu challenged the notion that Hagerstown's housing market was a bubble set to burst. Basu pointed to some signs of an economic slow-down. He said consumer spending was slowing as "people were spending more money on food and fuel, so there was less to spend at Walmart." Fuel costs, especially heating prices, and damage from Hurricane Katrina contributed to inflation at a time when consumers were spending more than they were earning.

2004

Basu stated homes in Washington County had increased in value more than the statewide average. He attributed this to those who worked in the Baltimore / Washington D.C. Metro Area and preferred living in larger homes they could afford. People were willing to commute further from home to work. Despite this trend, he predicted interest rates would increase and the housing market would slow.



From left to right: Jeff Tedrick of Bowman Development Corporation speaks with EDC Board Chair Timothy Henry of Centra Bank at the 2008 Economic Summit.

2006

An economic "soft landing" was likely in 2007, with the housing market worsening before rebounding, Basu predicted. Consumer spending was tapering off, Basu said, adding, "How many flat-screen televisions do you really need?" In the meantime, what had been a sellers' housing market had shifted toward thbuyer. Basu

See BASU, page 6

Technical Innovation Center - Growth is a Team Effort

Despite the downturn in the economy, Hagerstown and Washington County continue to find entrepreneurs willing to undergo the rigors of creating enterprises, developing new jobs, and providing a wealth of new choices to consumers and producers. In the last six months, the Technical Innovation Center (TIC) has welcomed five new firms to the wetlabs including Ambay Immune Sensors and Controls; Luminescent MD, LLC; Nanolytics; Protein RST; and, Tox Path Specialists.

In addition, one TIC incubator company DXDT Engineering and Research, LLC, received a patent on a technology and method for positive reinforcement of orthodontic elastic band regimes. Research in support of this patent application was carried out at the Hagerstown TIC. DXDT's services include conducting technology assessments, patent searches, and initial patent drafting and filing. Dr. Hekimian of DXDT has also prepared a presentation workshop for inventors interested in filing patents.



From left to right: Ron Kaese of the Maryland Technology Development Corporation (TEDCO), Chris Marschner of the TIC, Robin Ferree and Sarah Lankford of the EDC discuss opportunities for biotech firms in Washington County at the fall SmartProc conference in Frederick, MD.

Technological growth in Washington County is a result of a team effort. Nearly two dozen agencies partner to provide incubator support using their own set of specialized resources.

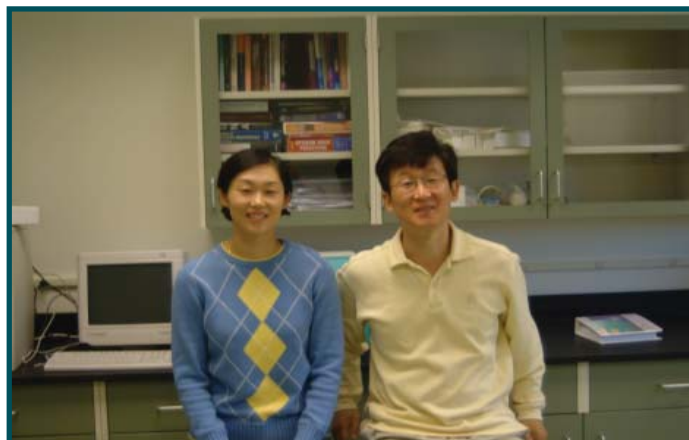
Several business development partners participated in promotional events this fall.

In September, Frostburg University held its third annual conference on entrepreneurship (the Trident Initiative) at the University System of Maryland – Hagerstown (USMH) downtown campus. Supported in part by the Coleman Foundation, the conference was devoted to showcasing entrepreneurs

See TIC, page 6

Luminescent MD, LLC is Newest Wet Lab Tenant

The TIC's newest tenant is Luminescent MD, LLC, a company developing innovative diagnostic equipment and kits. These medical devices are capable of early diagnosis and monitoring of various diseases such as allergies, cancer, cardiac ailments, diabetes, and infectious diseases. Due to the wide applications of 1,1'-oxalyldiimidazole chemiluminescence (ODI CL), fully automated medical devices and diagnostic kits will be applicable in several



From left to right: Choo Young Yoo and Dr. Ji hoon Lee of Luminescent MD, LLC

segments of invitro diagnostics (e.g., clinical chemistry, immunoassay, nucleic acid assays, flow cytometry, point of care testing). The company was founded in 2008 by Dr. Ji Hoon Lee, a former faculty member of the Department of Biological Sciences at Clemson University. Additional information about the company can be obtained at www.luminescentmd.com. The EDC welcomes them to Washington County.

Project Worm Burner 2008

On Thursday, September 18, 2008, the Hagerstown-Washington County Economic Development Commission hosted nearly 60 site selection consultants, real estate brokers, developers, and representatives from the Maryland Department of Business & Economic Development (DBED).

The day began with a bus tour of Washington County's prestigious commercial and industrial properties. The "three-hour tour" included areas surrounding the Hagerstown Regional Airport, Downsville Pike, Hopewell Valley, and downtown Hagerstown. Information on premier properties located in Boonsboro, Cascade, Hancock and Williamsport were also included in the event booklet and discussed during the tour. The day also included a catered luncheon, a fun, yet competitive golf tournament, and concluded with a cocktail reception where tournament prizes were awarded.

Project Worm Burner was made possible through the generosity of local, regional, and state development partners. Many thanks to everyone for their continued support. **Thank you for a great event!**



David Taylor of Bowman Development Coporation (left) and Bryant Jenkins of DBED (right) wait for the tour to begin.



Taking time to pose are Kristin Aleshire, Washington County Commissioners (left), David Beal of Hart Corporation (center), Russ Smitley of CSX Transportation, and Dominick Murray of DBED (right).



Tim Troxell of EDC (center) presents awards to the first place winners of the tournament's "Low Score" category, Ron Bowers of Advantage Realty (left) and Norman Corkhill of Grubb & Ellis Company(right).



Door prize winners are Jeff Savage of Norfolk Southern Corporation (left), Julian Etches of McShea & Company (center), and Helga Weschke of DBED (right).

ONWARD

Besides offering new commercial service to Orlando, Hagerstown Regional Airport (HGR) also has a few economic development projects happening behind the scenes. Aviation and defense companies are expanding and continue to create new jobs. An unnamed defense contractor is constructing an 18,000 sf hangar at HGR and an unnamed helicopter company is leasing 45,000 sf in Top Flight Airpark.

The newly constructed community center on the former Fort Ritchie Army base in Cascade is now open. The 21,000 sf center is the first piece of the base's transformation since its closing in 1998 as part of the Base Realignment and Closure Plan (BRAC). A leader in green development, Corporate Office Properties Trust (COPT) of Columbia, Md., is redeveloping the property with plans to include 673 residential units and 1.7 million sf of office space – all Leadership in Energy and Environmental Design (LEED) certified. COPT estimates that over 4,500 jobs will be created on the property over the next 20 years.

TIC

and community resources. During the two day conference, panelists discussed all facets of building an enterprise. Timothy R. Troxell, executive director of the EDC presented on how the County support system can help advance entrepreneurship. TIC Manager Chris Marschner presented on the business incubation process as well as a biotechnology client's case study.

In October, the EDC and TIC attended the Mid-Atlantic Biotech conference in Chantilly, Virginia. Well over 500 attendees from all over the United States participated in a variety of special topic forums. While some of the forums were devoted entirely to a specific scientific field of study, most panels delivered information that would be most relevant to seed and developing life science firms. Chris Marschner

discussed the merits of the new wet labs with several potential clients and provided attendees with information on the college's biotechnology education programs.

At the end of October, Chris Marschner presented again on the business incubation process at the annual SmartProc conference in Frederick, Maryland. The EDC and TIC (see photo on page 4) spoke with several attendees about the business opportunities in Washington County, including those within the TIC's wet labs. The well-attended day-long conference, sponsored by U.S. Congressman Roscoe Bartlett's office, provided attendees with information on how to win federal government contracts and locate business support resources.

BASU

said interest and mortgage rates were not the driving force; rather, it was a "buyers' psyche," waiting for "fear and panic" in sellers' eyes. Locally, the result was rising inventory, with more existing houses for sale as new construction dropped off.

2007

Basu said the housing market would not recover until 2010, when "people feel good about selling their homes again." However, Basu said Washington County was in a better position than many other Maryland counties because it did not have as much surplus housing and the rise in house prices was not as severe as in other parts of the state. When the market recovers, buyers from the Washington, D.C., metro area would again return to Washington County. The economy as a whole was suffering as gas prices increased, the value of the

dollar weakened, the subprime mortgage industry faltered, and the country's trade deficit continued to rise. He predicted that the United States faced a 20 percent to 40 percent chance of falling into recession in 2008. The unemployment rate was relatively low in Washington County as 3,300 jobs were created in the last five years. He also said commercial construction here had been "as hot as residential construction had been cold."

2008

The EDC and Chamber hope Basu will bring better news in 2009. To listen to the podcast of the 2008 Economic Summit, please visit the Chamber Connect audio podcast at <http://www.hagerstown.org>. To learn more about Anirban Basu and the Sage Policy Group, please visit <http://www.sagepolicy.com>.

Smart Company Magazine Best of the Web Contest

Vote for the EDC website online by December 31, 2008.

Visit: www.smartcompanymag.com/bestofweb.aspx.

January



- 1-2 County offices closed for holiday
- 8 EDC Board meeting, 7:30 a.m. at the EDC
- 15 Maryland Economic Development Association (MEDA) Winter Conference: Legislative Outlook for Economic Development in Annapolis
- 15 Celebration of Business Taskforce meeting, 3:00 p.m. at the EDC
- 16 Washington County Planning Department Outreach meeting, 9:00 a.m. at 80 West Baltimore Street
- 19 County offices closed for holiday

February



- 3 State of the County, 7:30 a.m. at Fountain Head Country Club
- 5 EDC Infrastructure Committee meeting, 8:00 a.m. at the EDC
- 12 EDC Board meeting, 7:30 a.m. at the EDC
- 19 Celebration of Business Taskforce meeting, 3:00 p.m. at the EDC

March



- 3 State of the City, 7:30 a.m. at Duffy's on Potomac
- 4 Washington County Business Awards, 5:30 p.m. at Duffy's on Potomac and The Maryland Theatre
- 5 EDC Infrastructure Committee meeting, 8:00 a.m. at the EDC
- 12 EDC Board meeting, 7:30 a.m. at the EDC
- 19 Celebration of Business Taskforce meeting, 3:00 p.m. at the EDC

MARYLAND TIDBITS

MD Ranks 3rd Overall in 2008 New Economy Index

According to the 2008 State New Economy Index, released by the Ewing Marion Kauffman Foundation and the Information Technology and Innovation Foundation, five states – Massachusetts, Washington, Maryland, Delaware and New Jersey – are leading the U.S. transformation into a global entrepreneurial and knowledge-based New Economy.

The Index builds upon the 1999, 2002 and 2007 reports, using 29 indicators to rank each state on the extent to which its economy is structured and operates to effectively compete nationally and globally. It divides the indicators into five categories that best capture what is current about the New Economy: knowledge jobs, globalization, economic dynamism, transformation to a digital economy, and technological innovation capacity.

Maryland, with its high concentration of knowledge workers, maintains the 3rd place overall rank it held in 2007. Here is how Maryland ranked in other categories: 2nd in workforce education; 2nd in non-industry investments into R&D; 3rd in managerial, professional, and technical jobs; 3rd in migration of US knowledge workers; and, 4th in fastest growing firms and IT professionals.

The following is how Maryland's neighbors ranked overall – Delaware, 4th; Pennsylvania, 22nd; Virginia, 7th; and West Virginia, 49th. To read the entire report, please visit www.kauffman.org.



Survey Reveals Most Marylanders Engaged With the Arts

The Maryland State Arts Council conducted its first-ever statewide survey of the arts to explore the public's connection and value placed on the arts. The final report will be issued in February 2009. The Council's findings shown below correlate with reasons why Hagerstown continues to progress in developing the downtown Arts & Entertainment district.

- 84% are actively creating art, either professionally or in their spare time
- 89% are active observers of art, and attended musical performances, live theater or dance, art festivals or events, museums, and galleries over the past year
- 92% believe that schools should provide more exposure to the arts for young people
- 95% sees a role for the State of Maryland and local communities in encouraging art
- 91% want Maryland to be known as a place where artists can be successful

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