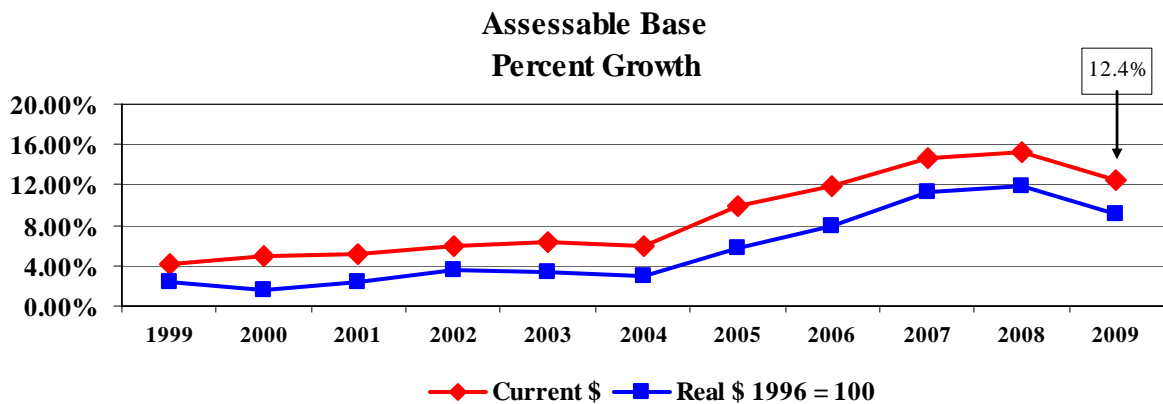
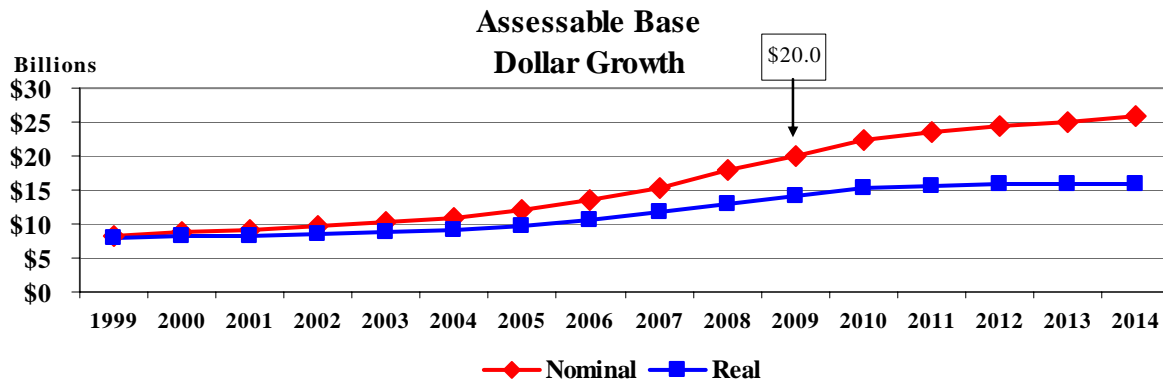


# **Economic Factors**

# Assessable Base

- The housing boom greatly contributed to the assessable base growing 87.6% from FY 04 to FY 09, a compounded average growth rate of 12.8%. In FY 09 the housing market has slowed; however, due to the three-year assessment phase-in we still show an increase of 12.4% from FY 08, and we can expect relatively strong growth in the next two years.
- Carroll has a highly diversified tax base. The top ten taxpayers represent only 2.7% of the total assessable base with the top taxpayer contributing 0.9% and the next highest taxpayer contributing 0.3%. Over the past five years the top two taxpayers have declined as a percent of total from 1.8% to 1.2%



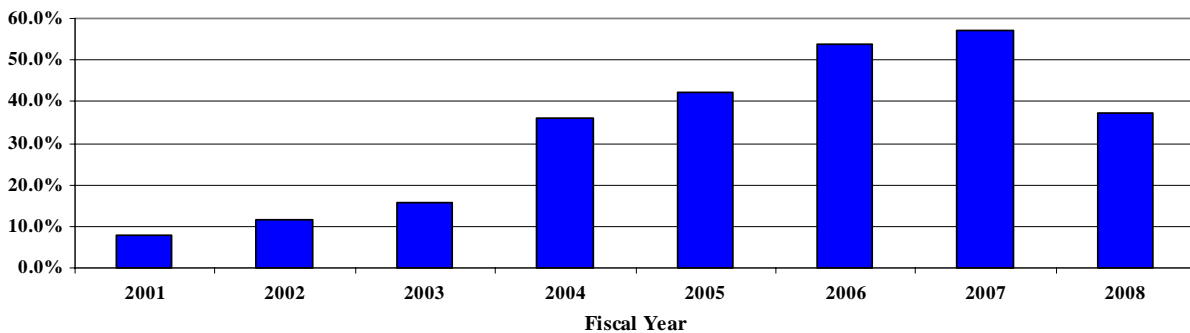
Source: FY 00-FY 08 Carroll County CAFR. FY 09-FY 10 Maryland State Dept of Taxation and Assessments. FY 11-FY 14 projected by the Department of Management and Budget

Notes: Assessable Base in real dollars is adjusted for inflation using the CPI of 1996 = 100. A 3% annual increase in the CPI assumed For FY 11-FY 14 projections of the Assessable Base converted to real dollars. Assessable Base includes real, personal, railroad and public utility property.

# Reassessment History

- ❑ In 2008, real property assessments increased by 37%. This increase is historically strong; however, it is not at the level of recent years, with assessments growing at 54% in FY 06 and 57% in FY 07. This change reflects the impact of the housing market slow down.
- ❑ The Homestead Tax Credit caps taxable assessment increases at 7% annually for the principal residences of property owners.
- ❑ The Homestead Tax Credit effectively defers taxable assessment increases. In FY 10 the credit will account for 20% of the assessable base. If future reassessments were to remain flat, our taxable assessments would still grow by 7% for years to come.

**Average Real Property Assessment Growth**  
By Assessment Group



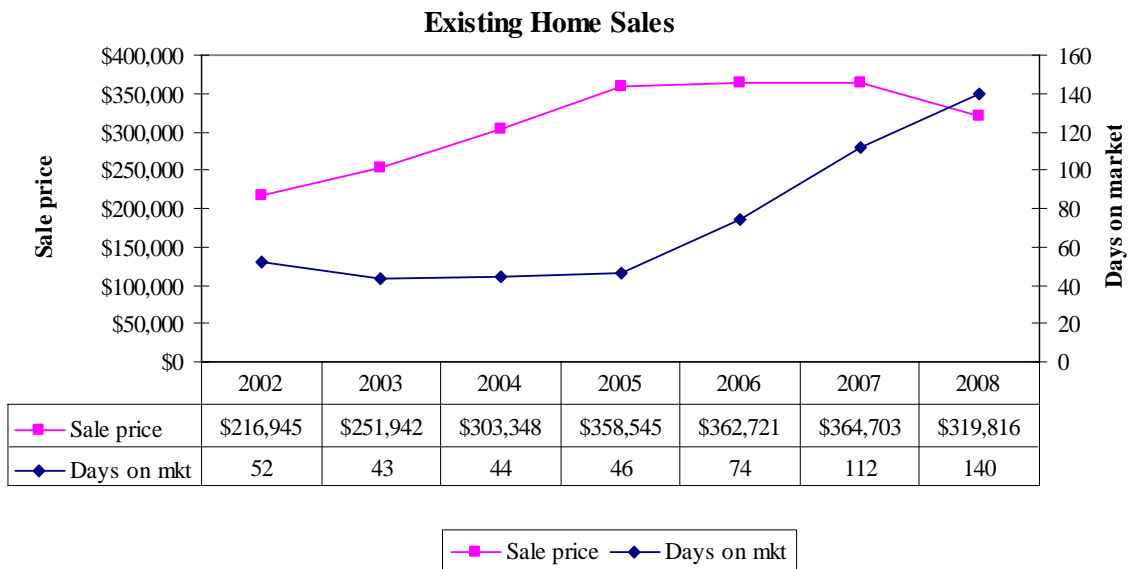
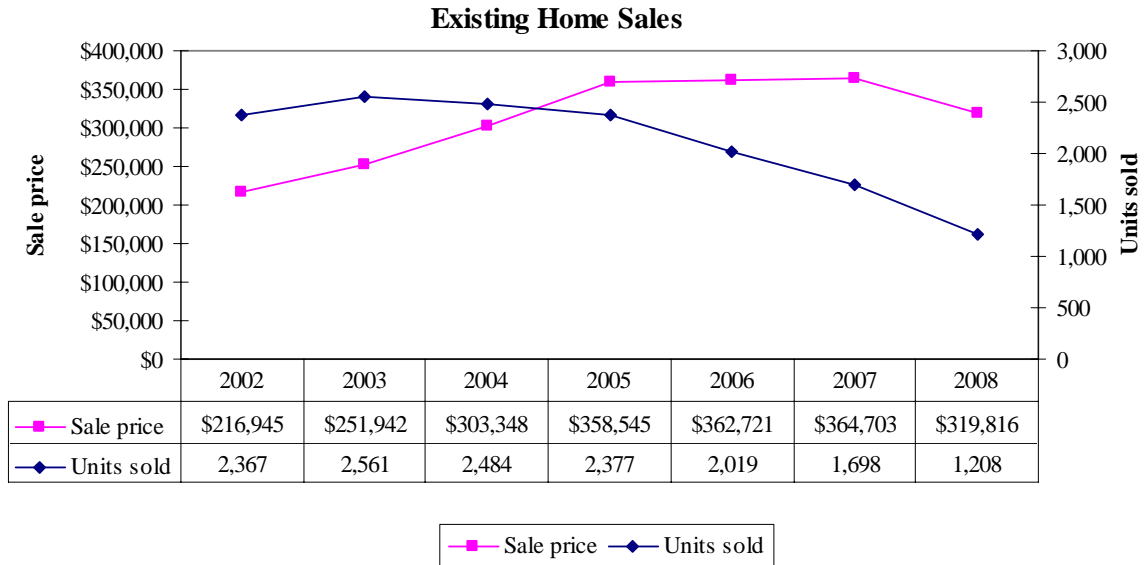
**Deferred Revenue due to the Homestead Tax Credit**



Source: State Department of Assessments and Taxation

# Real Estate Market

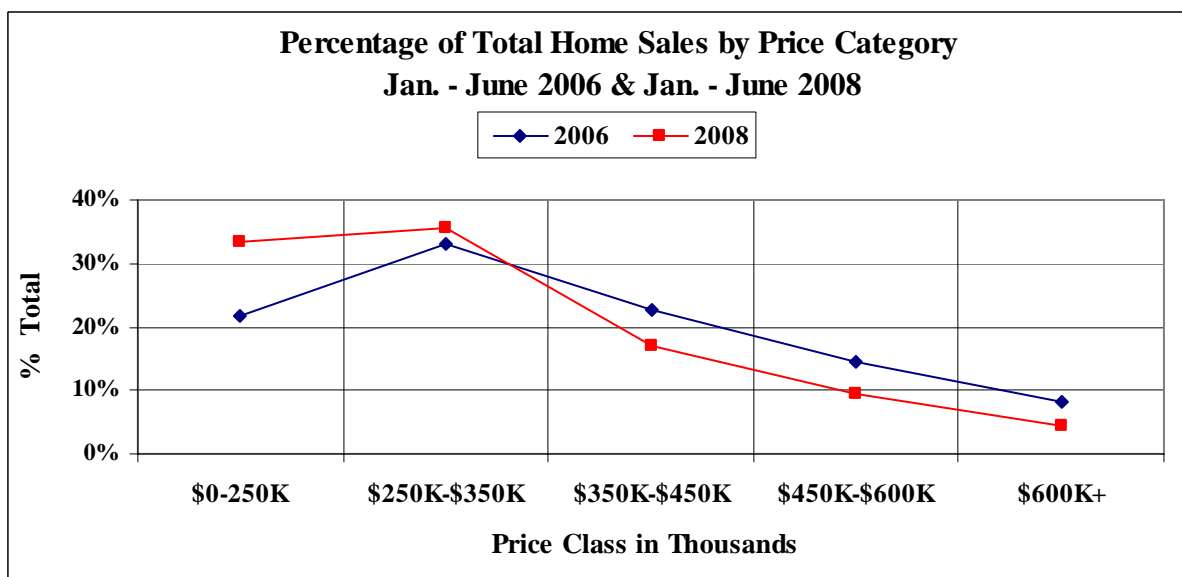
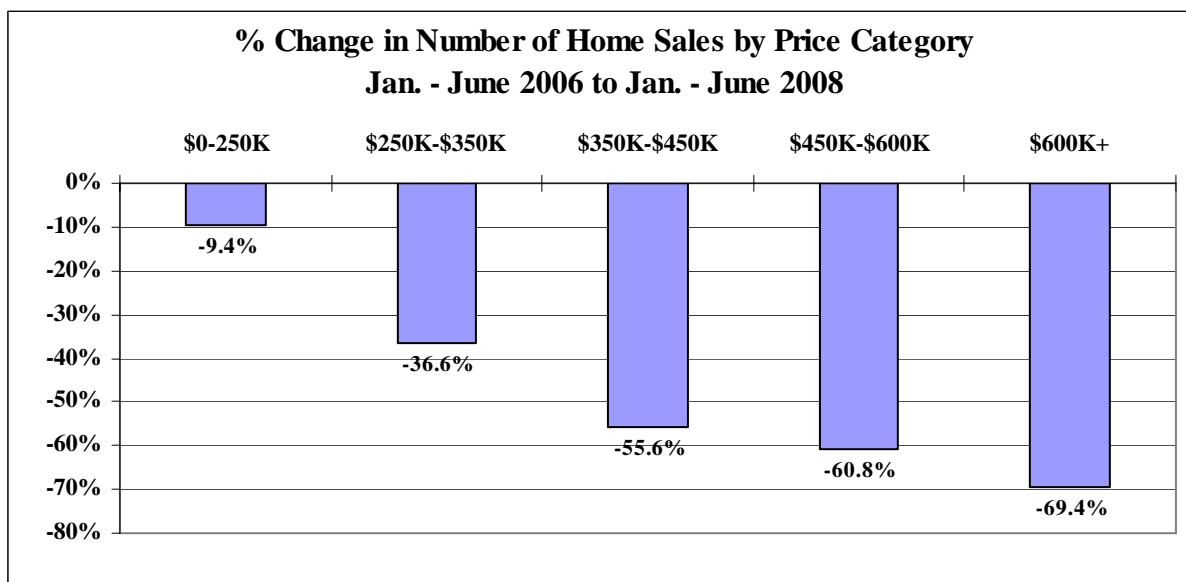
- Average home prices, though declining, are still significantly higher than they were before the housing boom. These values have largely held in spite of a drop in the number of units sold and an increase in average days on the market.



Source: MRIS [Metropolitan Regional Information Systems]. 2008 figures were projected by the Department of Management and Budget, based on the first 6 months activity.

# Real Estate Market continued

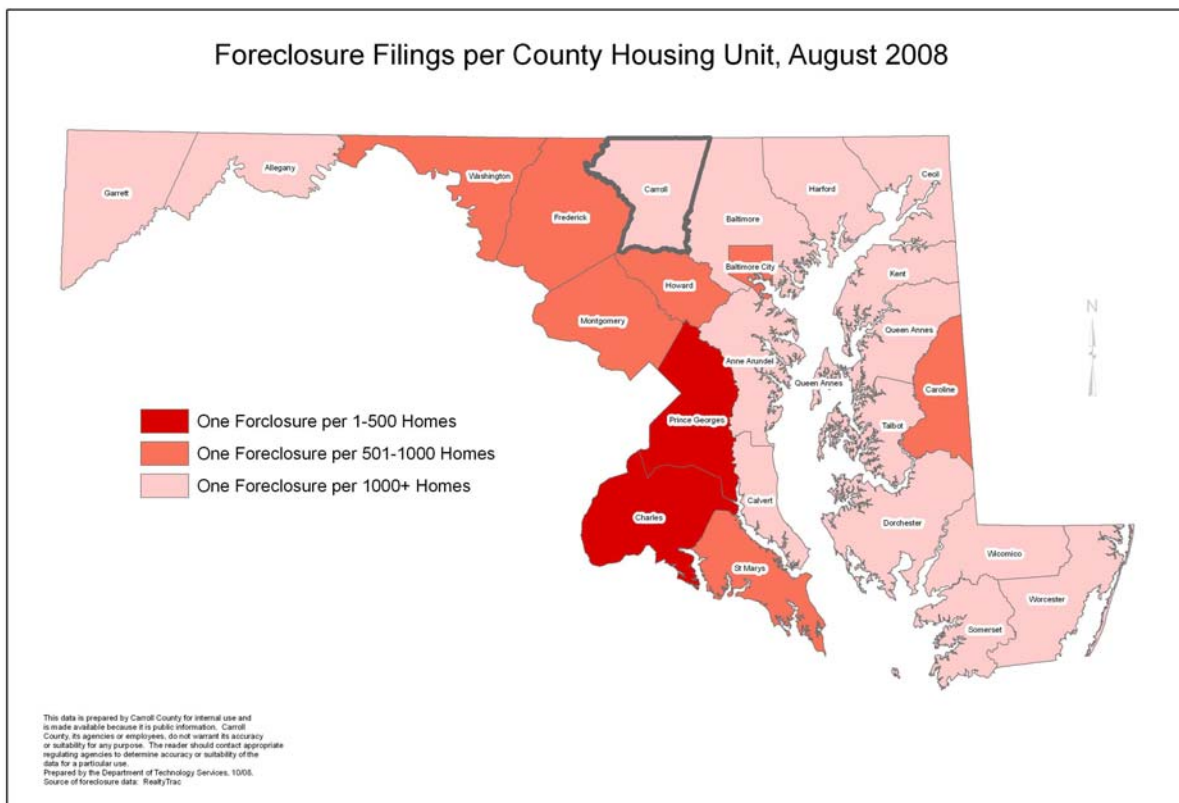
- ❑ Home sales have gradually slowed, but the slowdown is greatest among higher priced homes. The number of home sales under \$250,000 is down less than ten percent from two years ago, while the number of sales for homes priced above \$600,000 is down nearly 70%.
- ❑ Fewer higher priced homes are being sold relative to lower priced homes, which has contributed to the drop in the average home price.



Source: Metropolitan Regional Information Systems

# Foreclosures

- ❑ Carroll County, while experiencing an increase in the number of foreclosures, had only one foreclosure filing per 1,000 homes in August 2008 compared with State of Maryland that had one per 700 homes and the nation that had one per 400 homes in the same time period.
- ❑ Carroll County is not experiencing concentrated foreclosures in any particular community or zip code.
- ❑ Foreclosure filings year-to-date for FY 09 are 86. Foreclosure filings in the last three years were 456 in FY 08, 421 in FY 07, and 231 in FY 06. State law changed in April 2008 to allow homeowners additional time to work out a settlement before a foreclosure is filed.



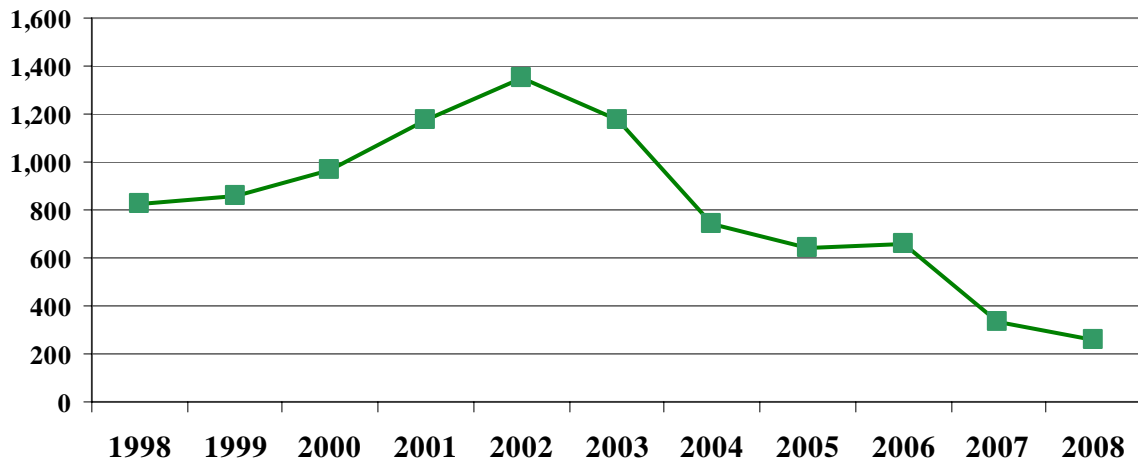
Source: Realty Trac

# Residential Building Permits

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- ❑ Commissioner decisions to tie the pace of growth to adequate facilities, Maryland Department of Environment (MDE) regulatory changes on water supplies in and around some of our towns, and most recently a changing housing and economy have all led to a declining number of residential permits.
- ❑ New schools and additions have reduced the constraints on growth because of capacity. Completion of two projects in the in the current CIP will eliminate any significant capacity concerns.
- ❑ Completion of the water treatment plant expansion will remove water restrictions in the Freedom area.
- ❑ The County is actively working with MDE and our towns to address restrictions on water use.
- ❑ When the market is ready Carroll will be positioned for renewed residential activity.

## Building Permits



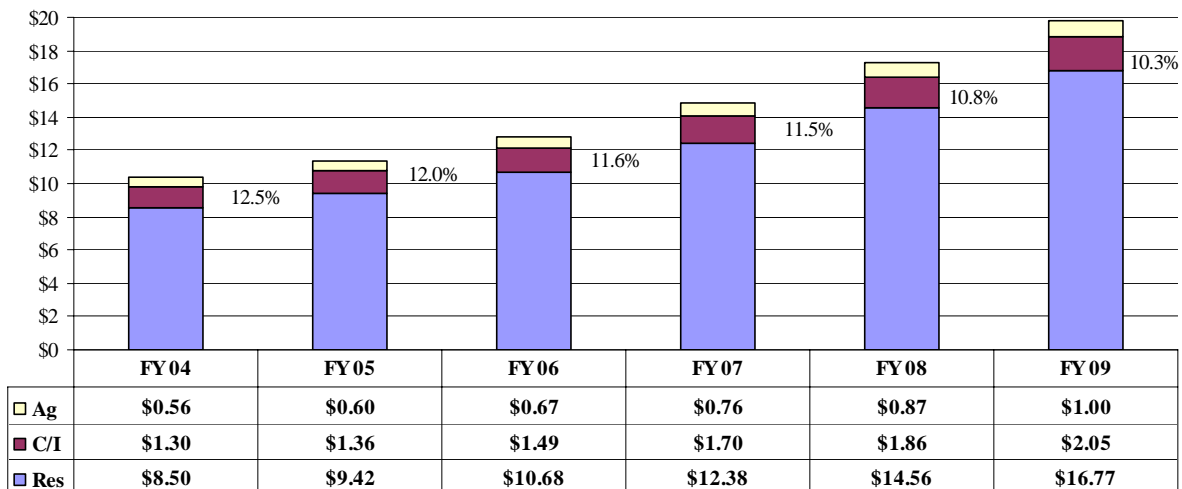
Source: FY 98-FY 08 Carroll County Bureau of Permits and Inspections

Notes: Residential permit issued does not include apartments

# Real Property Assessable Base History

- ❑ Residential property has steadily increased as a percentage of the total assessable base due in large part to significant reassessment increases.
- ❑ The assessed value of commercial and industrial (C/I) real property grew by \$750,000,000 between FY 04 and FY 09, an increase of 58%. However, since residential property grew 97% over the same period, the C/I % of the total assessable base dropped over the same period of time.
- ❑ The commercial and industrial percentage of assessable base is expected to grow in the next few years as a result of planned commercial and industrial development and a return to more typical residential reassessments.

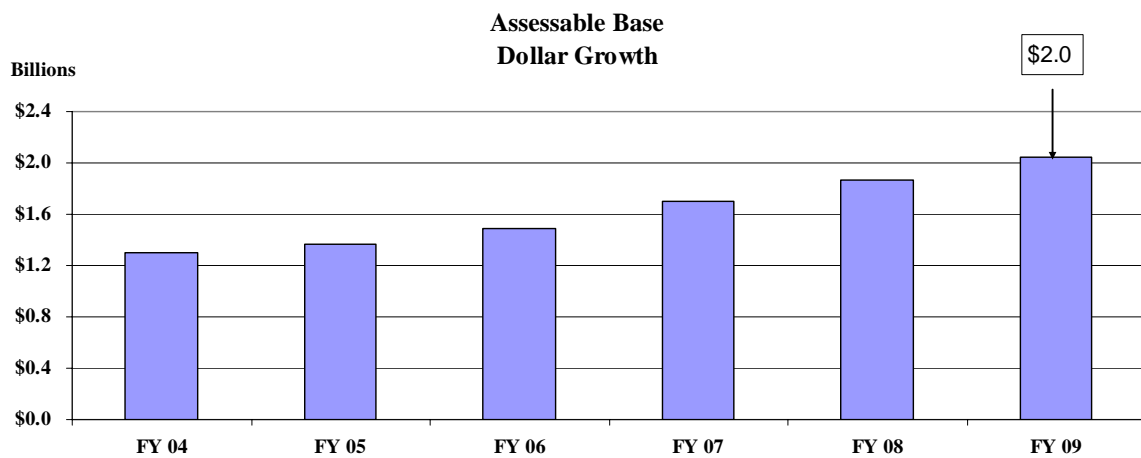
Residential, Commercial / Industrial and Agriculture Assessable Base (Billions)



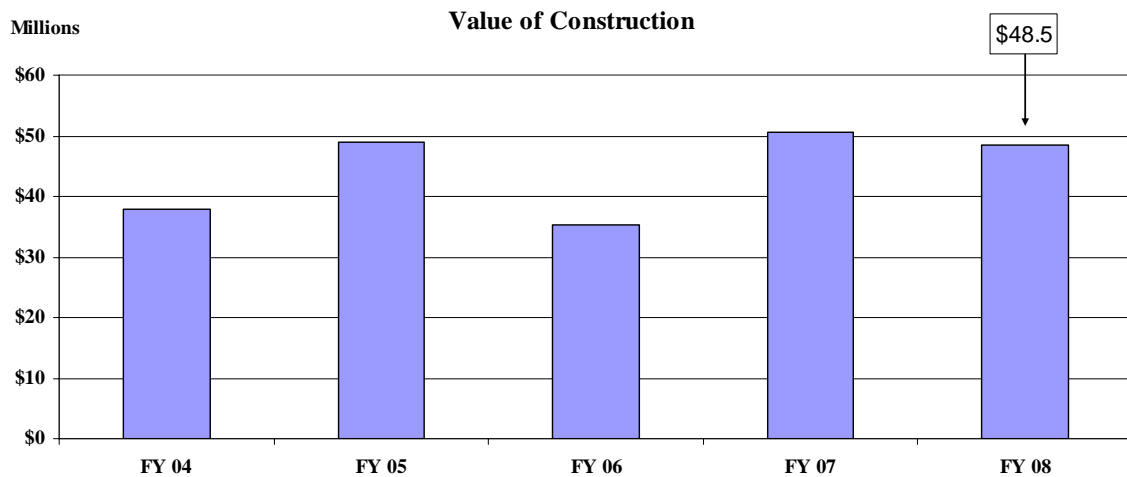
Source: State of MD Aims 2 report.

# Commercial & Industrial Assessable Base

- ❑ The assessed value of commercial and industrial real property for FY 09 grew by 9.8% over FY 08.
- ❑ The total value of commercial and industrial construction for the five year period of FY 04 to FY 08 was nearly \$220 million.



Source: FY 03-FY 09 State of MD Aims 2 Report.



Source: Carroll County Department of Permits & Inspections.

# Development Highlights

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## Business Expansion & Relocation Projects

- ❑ General Dynamics Robotic Systems announced it will expand at the Westminster Technology Park. Conewago Contractors bought 15 acres of the Tech Park and is currently constructing a 40,000' build-to-suit for GDRS valued at \$2.4 million. When completed in December 2008, GDRS' 450 employees will occupy three buildings in over 250,000' of space in the Westminster area.
- ❑ GSE Systems, Inc., a leading global provider of real-time simulation and training solutions to the power, process, manufacturing and government sectors, relocated its corporate offices from Baltimore to Eldersburg. GSE moved into the office space at the former London Fog facility in July. They currently employ 85 professionals with employment growth projected to double in five years.
- ❑ Also at the former London Fog facility, RFID Global Solutions opened a 7,000' "Innovation Center". The company offers a complete range of RFID services and products from product testing to custom RFID solution development.
- ❑ Signature Special Events was bought by TVI Corporation, a global supplier of rapidly deployable first receiver and first responder systems for homeland security, hospitals, the military, police and fire departments and public health agencies. With growing new markets to serve, Signature Special Events will be moving operations into 50,000' at Building B of the former London Fog complex.

# Development Highlights continued

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## Speculative Development

- ❑ St. John Properties, a Baltimore-based full service development company, has submitted concept plans for “Liberty Crossing” in Eldersburg. The business park will be built on 40 acres of industrially-zoned land that is currently being used as a golf driving range. St. John Properties is proposing a 220,000’ mixed-use development with a combination of flex space and retail amenities. The developer would like to break ground in spring 2009, and deliver a fully-built park to the market.
- ❑ The Hampstead Industrial Exchange, just east of the FRP property, will continue to lease the former Black & Decker facility to multi-tenants. With public water now available as a result of annexation, the developer plans to market smaller pad sites to individual owners.
- ❑ The Carroll County Commerce Center has just finished construction on a 25,000’ facility. The developer has expressed an interest in developing the rest of his property, approximately 180,000’, as a business park with service and retail amenities. The City of Westminster has responded positively to this proposal and will consider revising the zoning ordinance to support this concept.
- ❑ West Branch Trade Center is completing a 40,000’ building. The developer is also planning a twin 30,000’ flex building.
- ❑ Merritt Properties has final approval to build a 25,000’ spec building at Eldersburg Business Park.
- ❑ Plans for the David S. Green Professional Center in Westminster, a 60,000’ Class A’ office facility, are being reviewed with construction expected in early 2009.

# Development Highlights continued

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- ❑ Carroll Hospital Center development plans for a 75,000' medical office facility on its campus has been approved.
- ❑ A 100,000' industrial building at the Central Maryland Service and Distribution Center in Eldersburg is waiting final approval on its development plan.

## Retail Development

- ❑ The Shoppes at Meadow Creek have broken ground in Westminster. The first building, with expected delivery in early 2009, offers 45,000' of office/retail space to complement the existing residential neighborhood. Total project investment is estimated at \$2.7 million.
- ❑ The Hampstead Marketplace, brought to market in 2007, is 85% leased. Tenants include Five Guys, CVS, and Snap Fitness.
- ❑ Walnut Park Plaza, in Finksburg, is under construction. The Center offers 30,000' of retail space. Tenants leased to date include a retailer and a restaurant.
- ❑ Carroll Station, a new 7,300' strip center in Eldersburg, is in the review process.
- ❑ Illiano Main Street Plaza in Mt. Airy submitted plans for a 44,500' retail/office complex, representing a \$2.3 million dollar investment.

# Development Highlights continued

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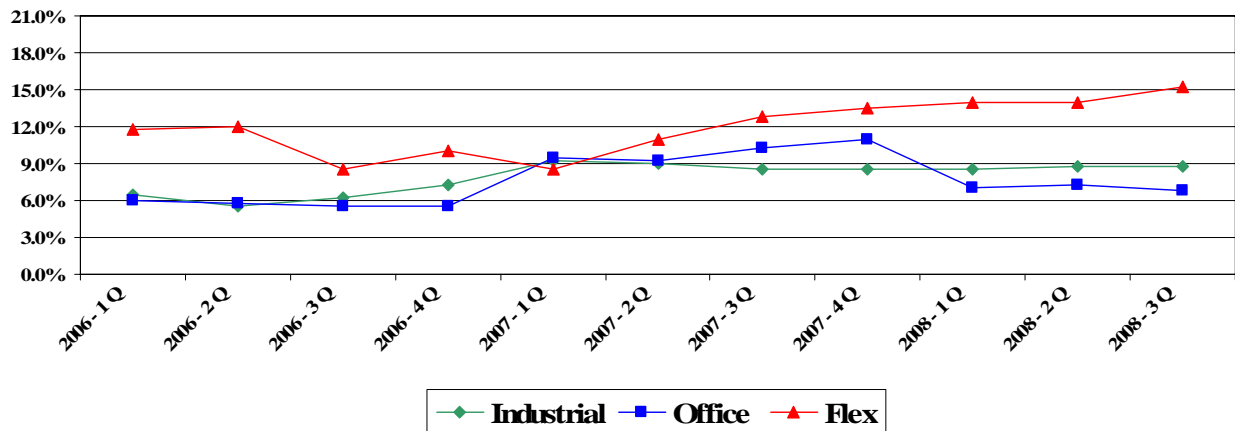
## Other Development

- ❑ The Department is working with two projects on MD140 in Finksburg that would be eligible for the Gateway Tax Credit program, a program designed to encourage investment and redevelopment of properties along this major thoroughfare.
  
- ❑ The Carroll County Incubator Feasibility Study is nearly complete. A \$25,000 grant from TEDCO paid for a study to analyze the feasibility and marketability of a business incubator in Carroll County. Results are expected to include recommendations on issues such as organizational models, target markets, management options, and related costs and resources.

# Vacancy Rates

- ❑ Carroll County’s industrial vacancy rate of 8.7% is below the Baltimore market average of 11.5%. Industrial leasing activity remains strong with redevelopment efforts underway in warehouse buildings that have long remained vacant, such as the former London Fog and Black & Decker facilities.
- ❑ Carroll County’s office vacancy rate of 6.75% is well below the Baltimore market average of 12.4%. Several new office buildings are proposed for Carroll County which could increase the vacancy rate in the next fiscal year.
- ❑ Carroll County’s flex vacancy rate of 15.2% is higher than the Baltimore market average of 10.2%. This higher vacancy rate reflects the new construction activity and deliveries that occurred in 2007 as a result of all-time low vacancy rates in 2006.

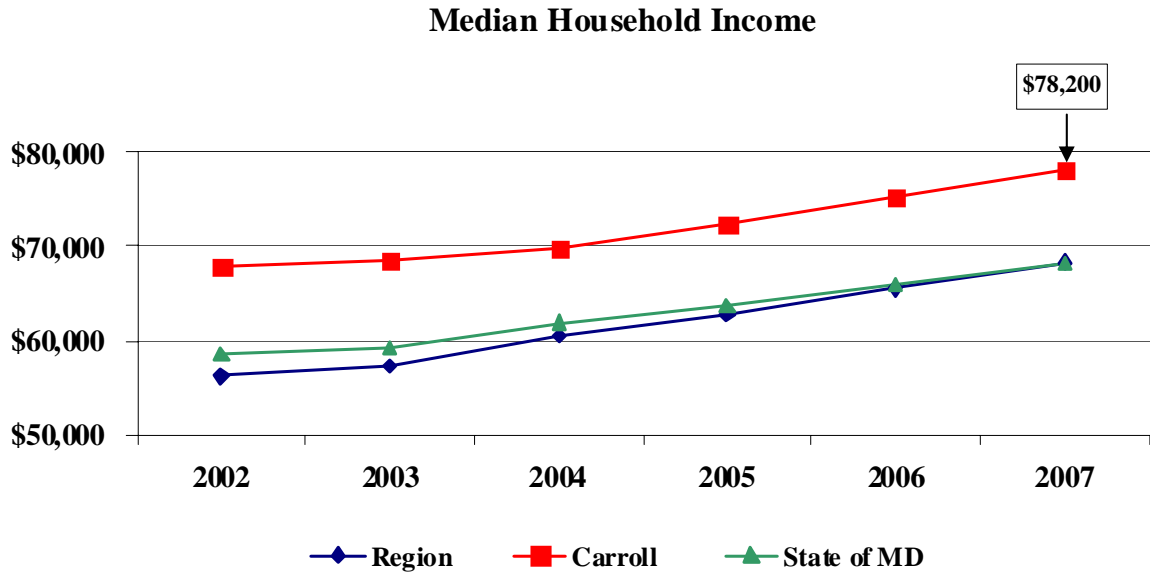
**Vacancy Rates**



Source: CoStar Baltimore Market Reports, 3<sup>rd</sup> Quarter 2008.

# Median Household Income

- Carroll County's median household income of \$78,200 is 14% higher than that of the State and the Baltimore Metropolitan Region.

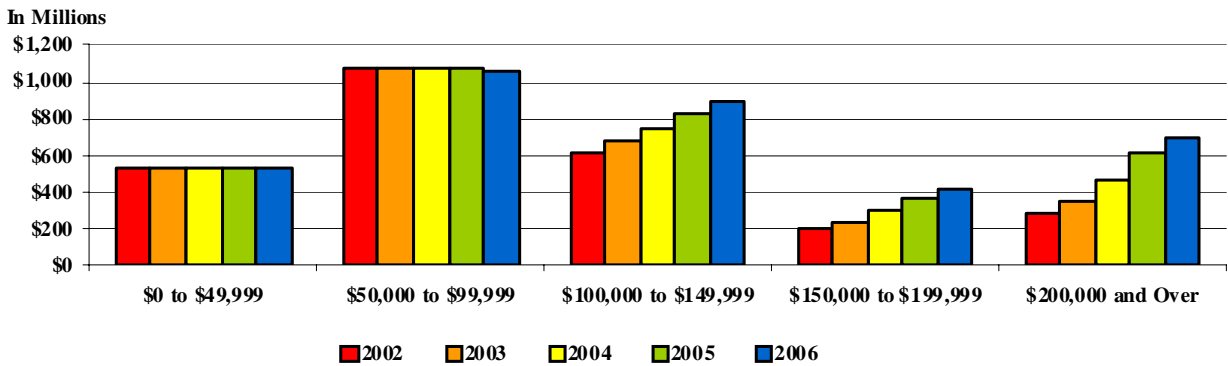


Sources: Maryland Department of Planning, Planning Data Services, June 2008. Baltimore Metropolitan Region consists of Baltimore City, Anne Arundel, Baltimore, Carroll, Harford, and Howard Counties.

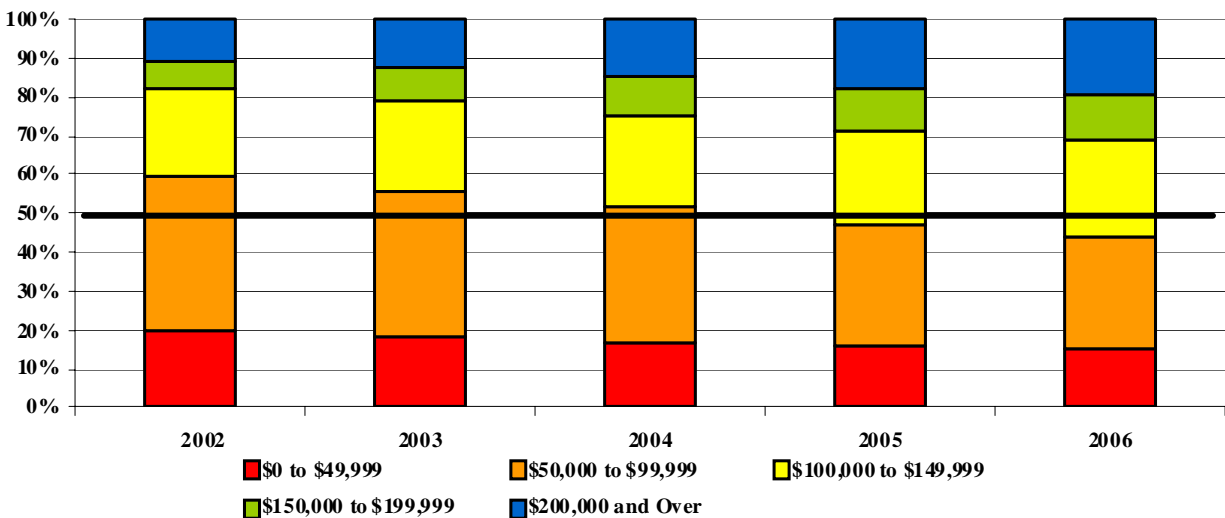
# Net Taxable Income

- Between 2002 and 2006 net taxable income from taxpayers earning over \$100,000 increased more than 80%.
- Nearly 56% of total net taxable income comes from taxpayers with incomes greater than \$100,000.

**Net Taxable Income in Current Dollars**



**Percent of Total Net Taxable Income by Income Bracket in Current Dollars**

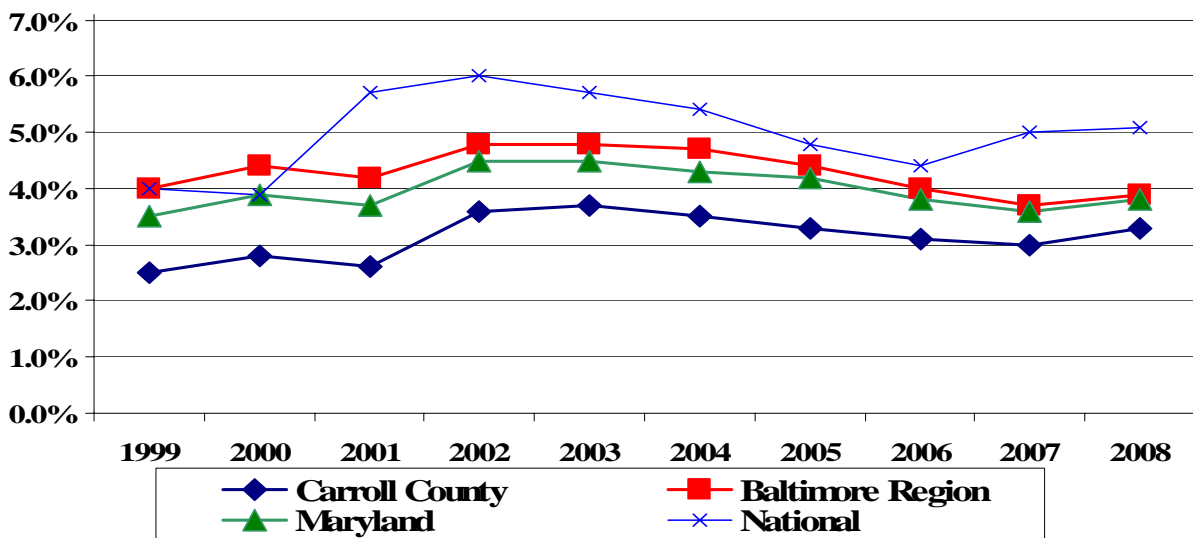


Source: Comptroller of Maryland, Income Tax Summary Report 2001 through 2006 for Carroll County. Based on tax returns filed.

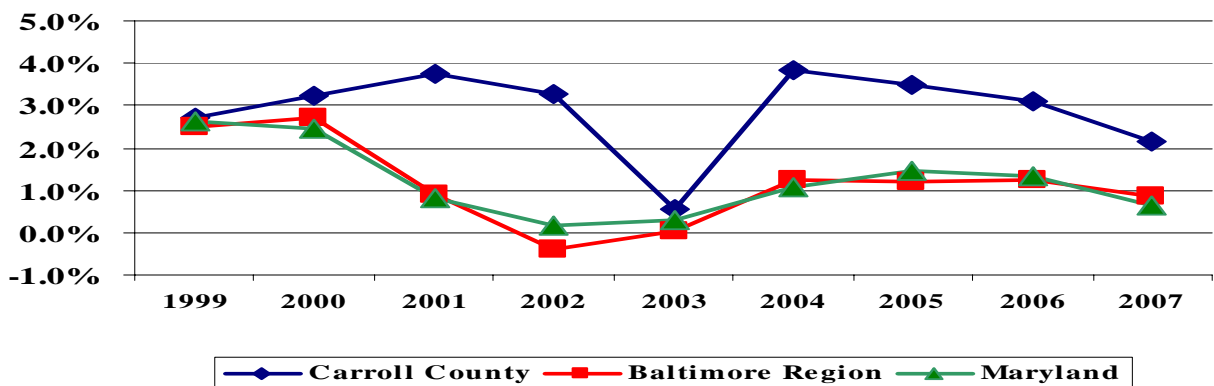
# Unemployment/Labor Force Growth

- Carroll County continues a long history of an unemployment rate that is lower than that of the Baltimore region, the State and the Nation.
- Carroll County's labor force growth rate continues to outpace both the Baltimore Region and the State.

**Average Unemployment**



**Labor Force Growth Rate**

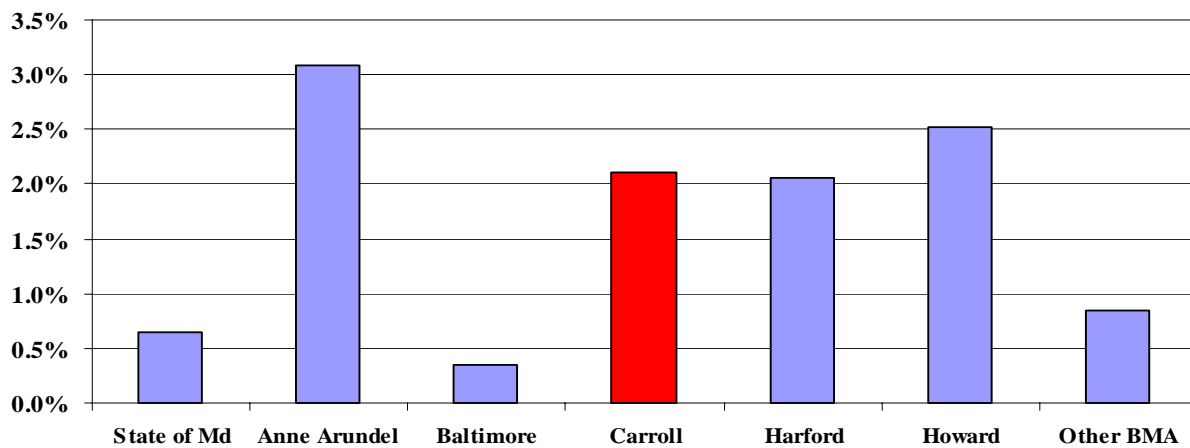


Source: Maryland Department of Labor, Licensing and Regulation. Average unemployment figures for 2008 is the average for the first 6 months.

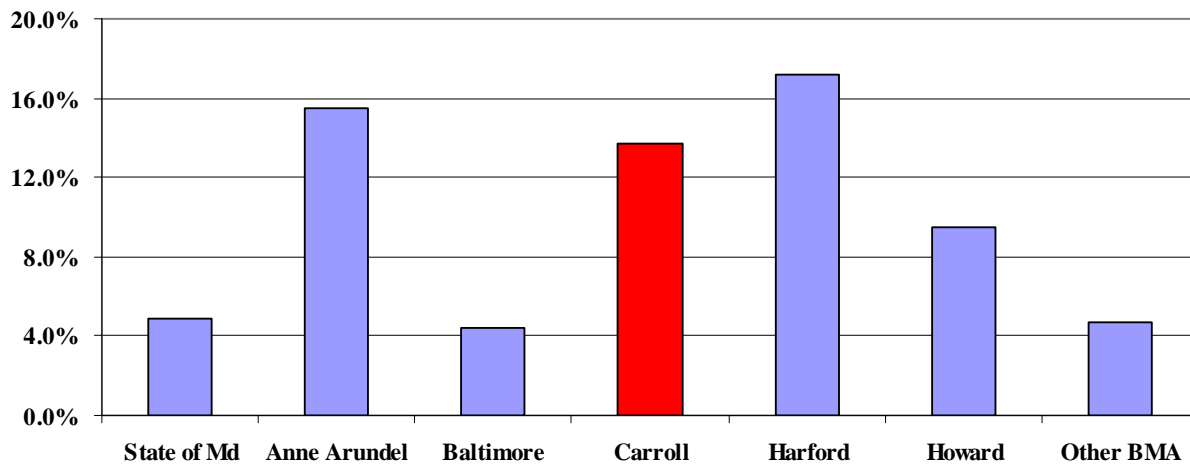
# Job Growth

- ❑ Job growth in Carroll County continues to outpace much of the surrounding area in the both the short-term and the long-term.
- ❑ Carroll had a 2.1% increase in job growth from 2006 to 2007, comparable to surrounding counties, but higher than the Baltimore MSA (0.8%) and the State (0.6%).
- ❑ Carroll has seen job growth 13.7% since 2002. This increase is comparable to the strongest surrounding counties and much higher than the Baltimore MSA (4.7%) and the State (4.9%).

**Job Growth CY 06 to CY 07**



**Job Growth CY 02 to CY 07**



Source: Maryland Department of Labor, Licensing and Regulation