

HISTORIC HEART. MODERN BEAT.

City of Manassas Economic Development



2019 ANNUAL REPORT

Manassas has quickly become one of the Commonwealth's most highly sought after locations for advanced manufacturing and technology companies that are dramatically improving our economy. In Virginia, the City now boasts:



10th
highest weekly
wages in VA



16th
highest per capita
income in VA



4th
highest wages
in professional and
technical services in VA



Net-importer of labor:

18,416
commute into the
City for work



MESSAGE FROM THE DIRECTOR

There was no way we could top 2018, but Micron is now the gift that keeps on giving. This report includes updates on them and two related supplier companies. In 2019, Virginia returned to the top of the CNBC rankings as the best state for business, largely due to the Micron expansion.

Truthfully, we did have another great year. Our Existing Business Visitation Program continues to identify companies that need our help, as well as generally enhance the City's pro-business reputation. One highlight is a family-owned business that was planning a significant expansion, but had ruled out finding a new home in Manassas. The City's intervention saved the deal and resulted in retaining the existing jobs and securing new ones.

Our economy is strong. More residents are working and the City's unemployment rate of 2.1% in December hit its lowest point in 20 years. Income and wages are rising, property values are increasing, vacancy rates are at historic lows, rents are climbing, and retail sales are strong. Our businesses are doing well and their owners and employees are reaping the benefits. Collectively, the City's 10 largest employers added 552 new jobs—of which only 175 were attributable to Micron.

In addition to our work with the City's existing businesses, we have continued to aggressively promote new development Citywide, and at The Landing, that pace is exceeding expectations. We look forward to opening our new hotel this year.

Historic Downtown added a few new businesses and by all accounts the others are doing very well. Last year we welcomed over 450,000 visitors for our events and attractions. In 2020 our goal is 500,000! The new Special Event licenses allowing people to carry their beverages of choice around Downtown has really helped. It's generating tons of buzz and communities across Virginia are turning to Manassas for advice on how they can be as awesome as we are.

Speaking of Buzz...check out the section on our electronic and social media. Manassas is crushing it and people are taking notice. Our goal is to change perceptions and win hearts and minds. Mission accomplished. As always, thanks to our supporters, partners and everyone who helps us. We work for you.

PATRICK SMALL

BY THE NUMBERS

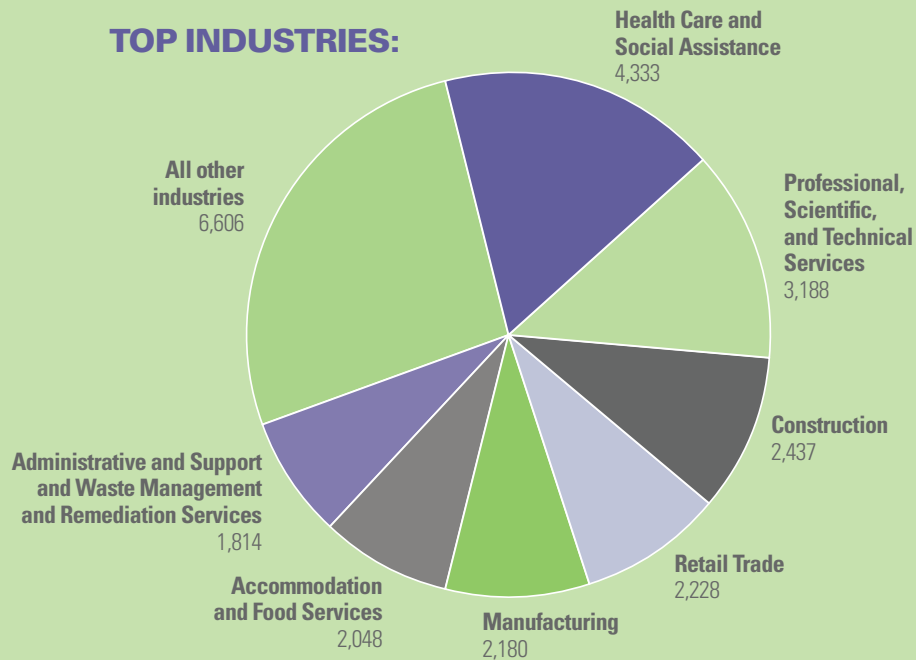


Total Population
41,641



1,550
Total Number of Business Establishments

TOP INDUSTRIES:



97.9%
Employment



21,993
Employed Civilian Labor Force



\$78,462
Median Household Income



\$1,201
Average Weekly Wage



2 PEOPLE touched **234** businesses



Directly supported
129
businesses

Assisted 62
existing businesses
of which **23** made capital
investments or added employees

Worked with
67 prospective
businesses
of which **15** chose to
locate in Manassas



Assistant Director met with
105 BUSINESSES
throughout the City across all sectors and of
all sizes. Notably led to uncovering of High
Purity Systems expansion and imminent
relocation.

NET RESULT:



more than
250 new jobs

and



\$30 MILLION
in cap ex.

BUSINESS DEVELOPMENT

GOAL: Assist 20 new businesses
in locating to Manassas
and 10 existing businesses
to expand

EXISTING BUSINESS VISITATION PROGRAM

The City's Department of Economic Development conducts its Existing Business Visitation Program (EBVP) because we know that business retention and expansion is the cornerstone of any successful economic development program. Additionally, we want to help ensure that businesses survive economic instability, promote job creation and improve competitiveness.

Over the course of the year, the Department met with more than 125 existing businesses to reinforce the City's commitment to fostering a business-friendly environment as part of the program.

These calls enhance the City's pro-business reputation, strengthen community relations, identify companies that are growing or expanding and allow us to support businesses that need assistance. Ninety-one percent of businesses expressed satisfaction with the City's business climate and 95% would select Manassas if making a site-location decision today.

EBVP calls are in addition to the work we do with major employers and businesses that reach out to us directly for help and support. There are no restrictions on the type or size of companies we work with because each and every business is important to the local economy and our Department is charged with supporting them all.

EXPANSION SPOTLIGHTS

High Purity Systems



In September, Governor Ralph Northam announced that High Purity Systems Inc., an industry leader in the fabrication and installation of process piping systems, will invest more than \$8.5 million in the City of Manassas. The investment includes acquisition of a 30,000 square foot facility that will triple current production capacity and create 105 new jobs with average annual salaries in excess of \$100,000.

The City of Manassas successfully competed against the state of Maryland for the company's investment. (Uncovered as a result of EBVP)

“Our company and our employees' families have deep roots in the area, which is why we're thrilled to remain in the City of Manassas and the Commonwealth of Virginia. This expansion significantly increases our capacity to serve our industrial and government client base throughout the Washington, D.C., metropolitan area, as well as our national fabrication customers.”

—Jody Ralston, CEO of High Purity Systems

Chantilly Air



Chantilly Air, the region's most established charter and aviation services provider, broke ground on a new fixed-base operation (FBO) at the Manassas Regional Airport in May. When the \$13 million state-of-the-art facility opens in 2020 it will include more than 60,000 square feet of hangar space and approximately 30,000 square feet of office space. The facility will provide business aviation passengers the amenities they expect while providing pilots the comforts they need. Amenities will include passenger lounge areas, crew fitness center, executive conference rooms and crew planning area.

“We are grateful for the support of the City of Manassas and the Manassas Regional Airport Commission as we enhance an airport that is a hub of economic activity for the area.”

—Tim Sullivan, COO of Chantilly Air

Micron



In 2018, Micron announced the largest capital investment in modern Virginia history. The \$3 billion expansion, which includes two new clean rooms and associated physical plants, is well underway. The company provides annual reports on the progress of their expansion to the Governor’s Office, and as of June 30, 2019 they had invested more than \$315 million and hired 177 new employees at the Manassas plant. Ultimately, Micron will create at least 1,110 new high-wage jobs and will increase exports from Virginia by more than \$1 billion annually. This significant investment was one of the contributing factors in CNBC’s selection of Virginia as the “Top State for Business.”

In addition to High Purity Systems, a second supplier to Micron moved into the City. Applied Materials is a global leader in materials engineering solutions for the semiconductor, flat panel display and solar photovoltaic (PV) industries and brings 25 jobs to Manassas.

Mason SBDC Opens in Manassas



In 2019, the City of Manassas and CenterFuse announced a new partnership with the Mason Small Business Development Center (SBDC) to establish an office at CenterFuse in Historic Downtown Manassas. While SBDC services were always available to local businesses, individuals had to travel to other localities throughout Northern Virginia for assistance. The City’s Economic Development Authority played an instrumental role in this partnership, further reinforcing the City’s commitment to fostering small business growth.

The program provides counseling and training for aspiring or existing small business owners and entrepreneurs. Every business participating in the program receives thorough counseling support for any stage of its life cycle. In addition to its general business guidance and access to capital marketing, programs tailored to the specific needs of small retailers, restaurants and government contractors will be available.



MARKETING AND OUTREACH

This year the Economic Development Department continued to double down on efforts to improve messaging and tell the City’s story across multiple platforms and outlets.



MovetoManassas.org

In the wake of unprecedented job growth in Manassas and in response to the expressed needs of the City’s largest employers, the City launched MovetoManassas.org. The new site is designed to serve as a “one-stop-shop” for prospective residents and employees as they navigate all that Manassas has to offer, including neighborhoods, schools, quality of life and public services.



Newsletter

The newsletter continues to receive positive feedback and has a consistent readership of 30% that exceeds national open-rate averages of 25%. Over the last year the distribution list doubled, reaching more than 2,000 readers.



Facebook

In just over one year, the ED Facebook page is now the third most followed ED page in NOVA, behind only to Arlington County and the City of Fredericksburg with more than 3,000 followers (also on Twitter and Instagram).



Market Updates

Each quarter, the Department releases a Commercial Market Report highlighting trends in office, retail and flex markets. Throughout 2019, we experienced historically low vacancy rates in both the office and flex markets and retail continued to thrive, thanks in part to our pro-business climate and affordability.



GOAL: Conduct an annual business appreciation event

Each year in May, Manassas joins with the Commonwealth of Virginia to recognize the many contributions that private enterprise and entrepreneurs make to enhance the quality of life in our community. In addition to declaring May as “Business Appreciation Month,” the City hosts a breakfast at the Center for the Arts. The fifth annual event in 2019 was attended by over 100 business leaders and included keynote remarks from Jack McDougle, President and CEO of the Greater Washington Board of Trade.



GOAL: Sponsor a “Business of the Year” award and recognize 10 existing businesses for their achievements

The City of Manassas presented its third annual “Business of the Year” award to Northern Virginia Community College during the Prince William Chamber’s Evening of Excellence in February. NVCC is leading the charge to strengthen Northern Virginia’s technology workforce and create a robust talent pipeline to fill the influx of new jobs being created in Manassas by some of our largest employers like Micron, Lockheed Martin and BAE Systems. For almost 50 years, NVCC has been a tremendous partner in the community, continually retooling and aligning its programs and services to meet evolving industry demands.

Additionally, City businesses took home awards in 6 of the 11 Chamber categories:

- Tech Company of the Year: Lockheed Martin
- Excellence in Small Business: Loveless Porter Architects
- Business Excellence Award (11+ Employees): DuvallWheeler, LLP
- Innovative Practice or Partnership of the Year: Leadership Prince William and Comcast
- Community Outreach Award: Apple Federal Credit Union
- Agnes L. Colgan Community Service Award, Health and Human Services: CASA

IMPROVING COMMERCIAL CORRIDORS

GOAL: Complete \$15 million in commercial construction at The Landing



The Landing is becoming a symbol of decades of economic achievement and of the continuing growth and success of Manassas. The largest mixed-use development in Manassas history, The Landing will be a vibrant space for specialty retail, Class-A offices, waterfront dining, hotels, and over 270 new, luxury townhomes and condominiums. But most of all, it will become a significant new addition to the City's regional reputation as an excellent place to live, work and play.

The Landing is located on 40 acres on Gateway Drive, between Prince William Parkway/Va. 234 Bypass and Route 28. The development is expected to generate more than \$250 million in new investment, nearly \$20 million in land sale proceeds for the City of Manassas and \$3 million in annual real estate taxes. The Landing is also expected to generate jobs throughout the Tech Corridor, including at Manassas Regional Airport.



Tru by Hilton breaks ground—a game changer for business travel and tourism in Manassas.

Considering the strategic location of Holladay Properties' \$13.9 million investment, it is easy to see why Tru by Hilton is a game changer. With the hotel's close proximity to many of the fastest-growing companies in Manassas, business travelers and prospective employees for companies such as Micron, Leidos, Lockheed Martin, Novant Health/UVA Health Systems, BAE Systems and Aurora Flight Sciences, will have an incredibly convenient place to stay. Tourists will also find Tru by Hilton convenient as they attend one of the many events and festivals put on by the City of Manassas, explore the local historical sites or shop in Historic Downtown.

As the hotel is only the seventh such project that gained approval and backing by the Virginia Tourism Corporation's (VTC) Tourism Development Financing Program (TDFP), it is clear that the Commonwealth recognizes how beneficial the project will be for the tourism economy in Manassas and Northern Virginia. The presence of a new, quality hotel that mirrors the aspirations of the City is going to have a demonstrably positive impact on both the local and regional economy.

Tru is an answer to a scarcity of lodging within the City and the Godwin Technology Corridor. Offering modern accommodations with a sophisticated touch, the hotel will cater to the "millennial traveler" interested in solutions for both business and leisure travel.



Buchanan Office Building

Construction of a 20,000 square foot office building is underway at The Landing at Cannon Branch, the City's premier 40-acre mixed-use project along Gateway Boulevard. The \$8 million project will include 10,000 square feet of ground floor retail and 10,000 square feet of at-grade Class A office on the second floor. According to Buchanan Partners, office rents are expected to range from \$28–\$30 per square foot and \$32–\$35 NNN for retail.

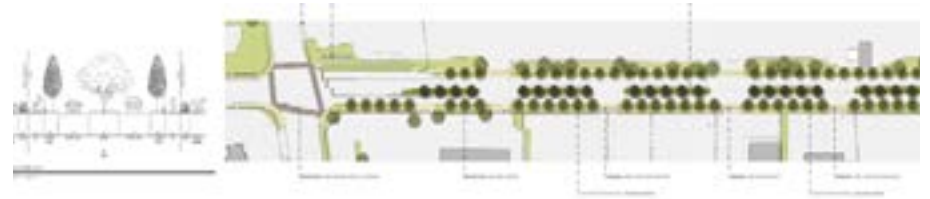
Manassas continues to experience unprecedented growth in technology and advanced manufacturing-based industries. With just over 4% vacancy in the office and retail markets, this new product will allow the City to “get ahead of the game” and potentially land prospects we may have otherwise been unable to accommodate. Occupancy is expected to begin during the second quarter of 2020.

The Landing is located in the City's Godwin Technology Corridor offering easy access to Route 28 and Prince William Parkway. It is adjacent to Manassas Regional Airport and major employers like Micron Technology, and is a short drive to Historic Downtown.

Stanley Martin

When ground was broken on December 13, 2018, The Landing at Cannon Branch became an encouraging sign to prospective residents that new housing is still available in Manassas, unlike many other areas around the greater DC area. The desire among young residents to own a home is indicated by a survey among townhome/condo purchasers at The Landing, revealing that the majority are first-time homebuyers (75%), over half are couples and singles under the age of 34 (56.5%), and over half work for IT (27%) and the Government/Military (24%). New residents are also very diverse (28% African American, 15% Asian, 8% Hispanic/Latino). It's not just about price—there are quite a few reasons young professionals have come to love Manassas.

GOAL: Complete 10% design for the Mathis Avenue Streetscape Project



Revitalization of the Mathis Avenue corridor continues to be a top priority for the City. Mathis was included in the FY 2019 budget as a standalone capital improvement project; a concept plan and ten percent design were completed and federal funding sought for full design and construction. While no projects in Virginia were selected for this cycle of the BUILD grant, staff will continue to seek future funding opportunities and will utilize existing “commercial corridor funds” to complete survey work of the project in 2020.

FAÇADE AND LANDSCAPE IMPROVEMENT GRANTS



The City's Façade and Landscape Improvement Grant programs were designed to enhance commercial properties along major thoroughfares and at gateway entrances into the City. They continue to result in increased private investment in real property.

Over the past three years the program has granted \$255K and leveraged \$2.8 million in capital investment. The City made 10 grant awards totaling \$121,163, leveraging \$698,440 in private investment during 2019.

COMMERCIAL MARKET

Office Spotlight

The City's office market ended 2019 with historically low vacancy of 3.6%. Such a tight market is nearly unheard of in our region, a result of the City's pro-business environment and affordable rental rates. The City's rental rates are 45% lower than the regional average.



Inventory

2M
square feet



Average Rent

\$20.51
per square foot



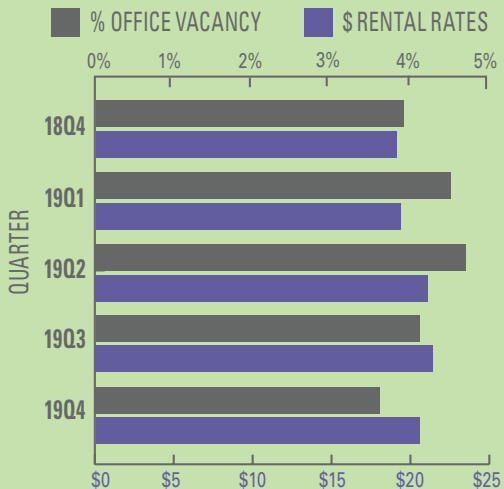
Average Sales

\$197
per square foot



Vacancy Rate

3.6%



Retail Spotlight

While the national retail market experiences instability, the City's continues to thrive. Vacancies remained stable in 2019 as did rents, tracking around \$19-\$22 per square foot.



Inventory

2.7M
square feet



Average Rent

\$20.45
per square foot



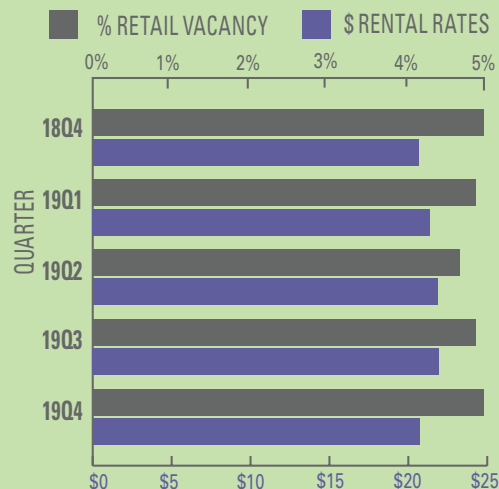
Average Sales

\$258
per square foot



Vacancy Rate

4.9%



Flex Spotlight

Quality flex and industrial space continues to be in high demand. The City's product is nearly fully leased with only 2.5% vacancy. With no new construction anticipated in the immediate future, we are challenged to accommodate new prospects.



Inventory

4.1M
square feet



Average Rent

\$11.96
per square foot



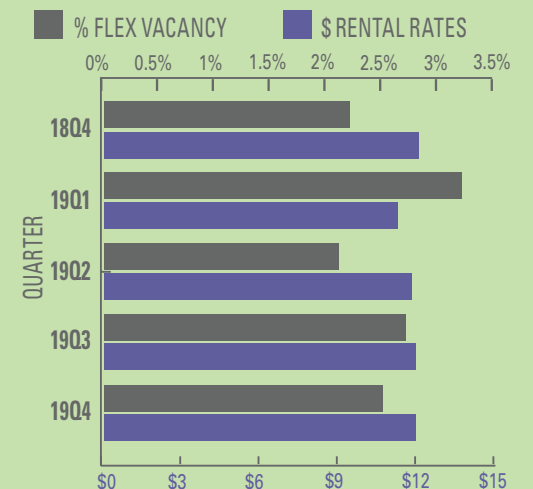
Average Sales

\$131
per square foot



Vacancy Rate

2.5%



TOURISM

GOAL: Increase visitors to Events and Attractions by 5%

Tourism is a critical element of the Manassas economy and our success is only possible because of longstanding partnerships with Historic Manassas Inc. (our Virginia Main Street Program), volunteers and the business community. According to the most recent numbers available from the Virginia Tourism Corporation, the City of Manassas continued its trend of annual gains for the ninth consecutive year with visitor spending reaching \$72.7 million, a 2.3% increase from the previous year. This was directly responsible for 583 jobs with an annual payroll of \$12.3 million and \$1.9 million in local tax receipts.

Efforts by the City benefit local residents as well as visitors. In the last Manassas Citizen Satisfaction Survey 85% of residents loved the events and festivals in Historic Downtown and ranked Manassas 22% higher than the national average as a place to visit. These events drove local and visiting traffic to Downtown helping spur more small business investment and entrepreneurial activity. Over the past five years, confidence in the City's revitalization efforts, ability to attract and retain private sector jobs and availability of employment have all increased.

Last year over 450,000 people came to Manassas for our attractions, festivals, parades, events and markets—



“

From day one, Shining Sol Candle Company has benefited from the tireless and forward thinking work of the City. They continually implement valuable and functional benefits for businesses that allow for growth as well as expansion. Most recently, we have seen a dramatic increase in event-day retail sales (which have resulted in extended store hours) with their implementation of the new Special Events Permitting.”

—Owners, Pete Evick and Deron Blevins

Performance:



450,000+
number of visitors



20%
increase

a 20% increase (70,000 people more than 2018). The greatest change for visitors occurred in September when the City began using its new Special Events License, which allows people to consume alcoholic beverages as they stroll around Downtown. The full impact of this new initiative won't be realized until next year, but visitor counts are already rising and Downtown businesses are reporting increased sales. Municipalities across Virginia are reaching out to model their own programs after ours.

Other significant actions taken in 2019 by the City to drive visitation included:

- Using social media and data analytics to more effectively reach potential visitors
- Refocusing advertising to boost attendance at smaller events
- Releasing a new Visitor Guide and distributing 40,000 copies
- Initiating opt-in text messaging reminders for First Fridays

- Revamping the City's tourism website – VisitManassas.org
- Releasing a new Festival and Events Brochure and distributing 10,000 copies

“

The new special events permit has been game changing for Sinistral Brewing Company's small business. We're seeing so many new customers come out to enjoy all that Manassas has to offer. We love that the City of Manassas continues to be at the forefront of finding ways to increase visitors to our downtown area because this, in turn, helps grow our customer reach.”

—Owners, Blane & Stacey Perry



RESIDENTIAL UPDATE

 **\$307,000**
Average home value

Historic Downtown Manassas is not only drawing new businesses and people seeking to experience its vibrant culture — it is also attracting real estate developers.



Manassas Station
The Christopher Companies recently completed the first of two multi-family redevelopment projects that were announced in 2016 for Historic Downtown. Opened in 2018, the 105 upscale one- and two-bedroom units lease for \$1,300 to \$1,700/month. Assessed for \$12.6 million, the project is fully stabilized with a 95% occupancy rate.



Messenger Place
Weber Rector Commercial Real Estate Services began planning a 94-unit luxury apartment building in the heart of Historic Downtown in 2016. This \$17 million redevelopment project opened for occupancy in Q2 2019 with average rents ranging from \$1,550 to \$1,700/month and is 80% leased. Messenger Place also includes 3,500 square feet of ground floor retail, contributing to revitalization of the City's historic district.



Hastings Marketplace
Just outside of Historic Downtown, Golden Eagle Group began construction and is nearing completion on eight live/work units as part of this phased development anchored by Harris Teeter. The project includes 2,400 square feet of ground floor retail. Average monthly rents for the live-above residential units range from \$2,300 to \$2,500.

OUR TEAM



Patrick Small

Director, CEcD



Nicole Smith

Assistant Director, CEcD

Nicole earned the designation of Certified Economic Developer (CEcD) in April, a national recognition that denotes a mastery of skills in economic development, professional attainment and a commitment to personal and professional growth. Excellence in the economic development profession improves the well-being, quality of life and opportunities for individuals, businesses and communities. There are currently just over 1,100 active CEcDs in the United States.



Heidi Baumstark

Administrative Assistant

About the City of Manassas Department of Economic Development

The City of Manassas fosters economic development through collaborative partnerships, sustainable fiscal management and supportive City services. The Department of Economic Development (DED) is directly responsible for business attraction, retention, expansion and tourism initiatives in the City. As a resourceful and collaborative organization, we work in partnership with our key stakeholders to ensure that we have what businesses need, including a highly educated and technical workforce with access to major universities and first-class training providers. We take an active leadership role in all that we do, serving as a community builder, collaborator and agent of economic growth.



For additional information on our programs visit: <https://choosemanassas.org/> or call **703.257.8882.**





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