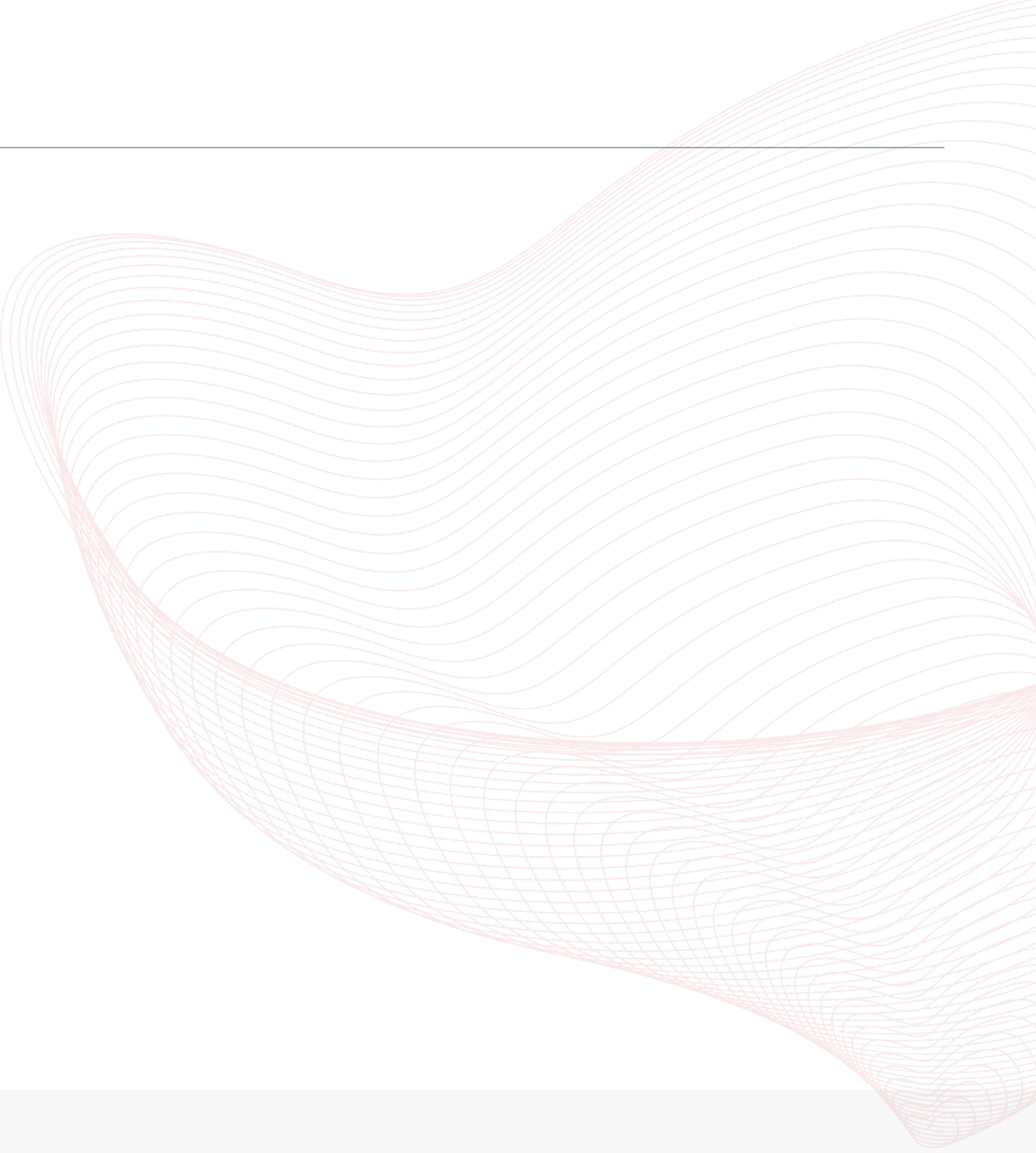


Rockville Economic Development Strategic Plan

Working Group Kickoff Meeting

July 2026

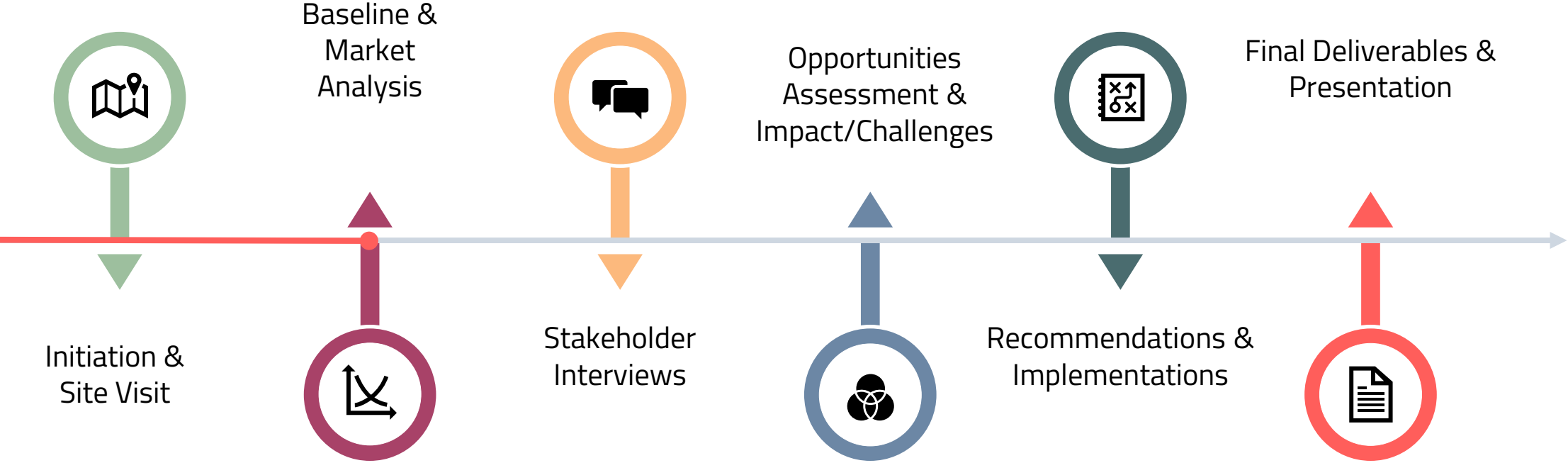
AGENDA

- Meeting Goals
 - Project Schedule
 - Market Observations
 - Discussion
- 
- A decorative graphic on the right side of the slide consisting of numerous thin, overlapping, wavy lines in a light red or pink color, creating a sense of movement and depth.

MEETING GOALS

- Discuss project scope and timeline.
- Provide an overview of existing market conditions and anchor conversation in today's current economic context.
- Answer any questions regarding work thus far and discuss how this analysis will support opportunities assessment and development of strategic framework.
- Discussion and next steps.

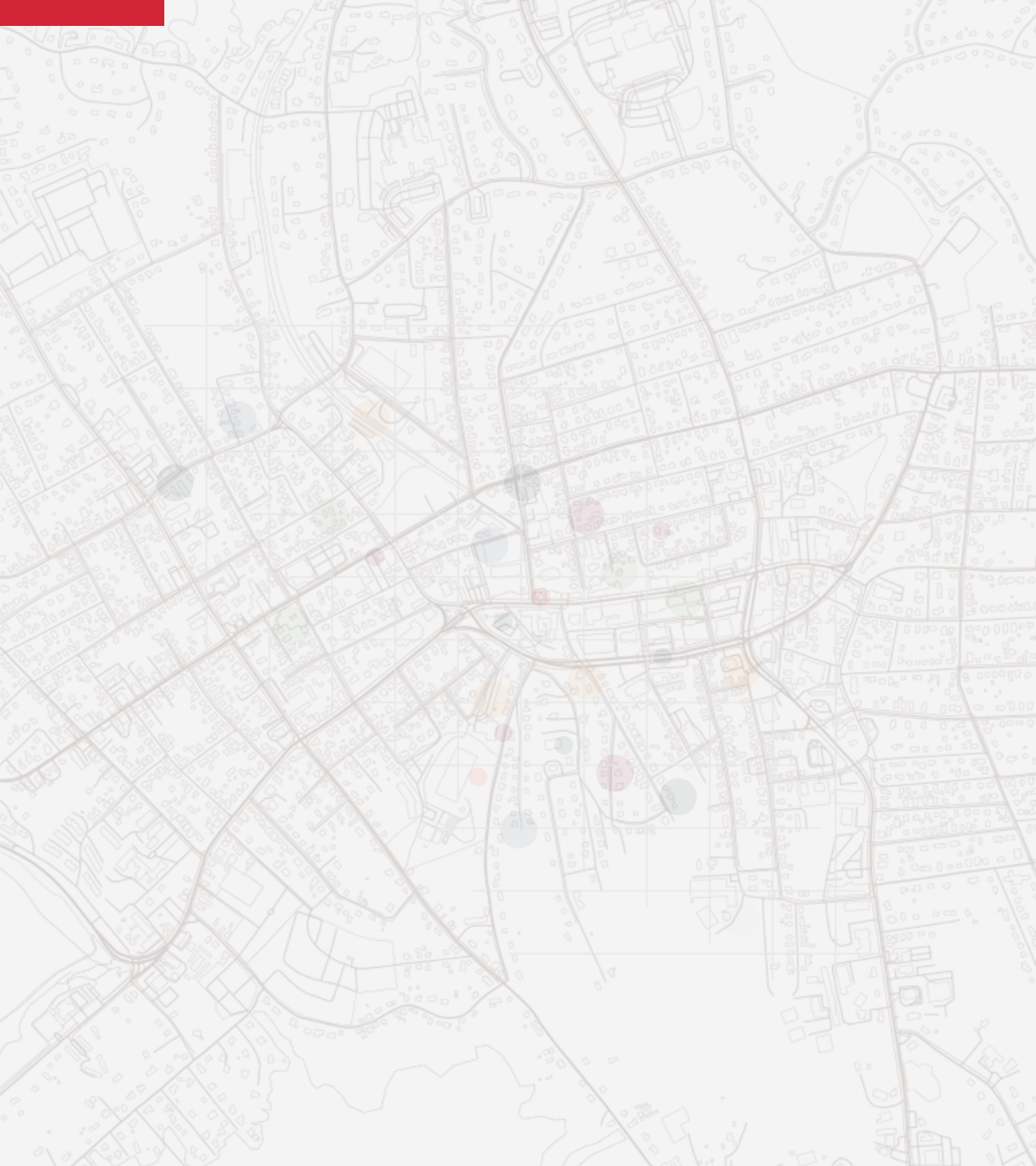
PROJECT SCHEDULE



WORKING GROUP

We will meet a total of 5 times during the project to present milestone analyses and engage in discussions

- **Attend meetings**
 - Successful meetings need participants to have an understanding where we have been and where we are going
- **Participate in discussions**
 - The discussion should focus within the group, and not with staff or the consultants.
- **(Have) Question(s for) everything**
 - If you don't know, understand, or agree with what is being discussed, speak up!
- **Provide solutions with your concerns**
 - No bomb throwing or "gotcha!", please.
- **Make tough decisions**
 - There are no absolute "right or wrong" answers. However, priorities and decisions will be influenced... by you!



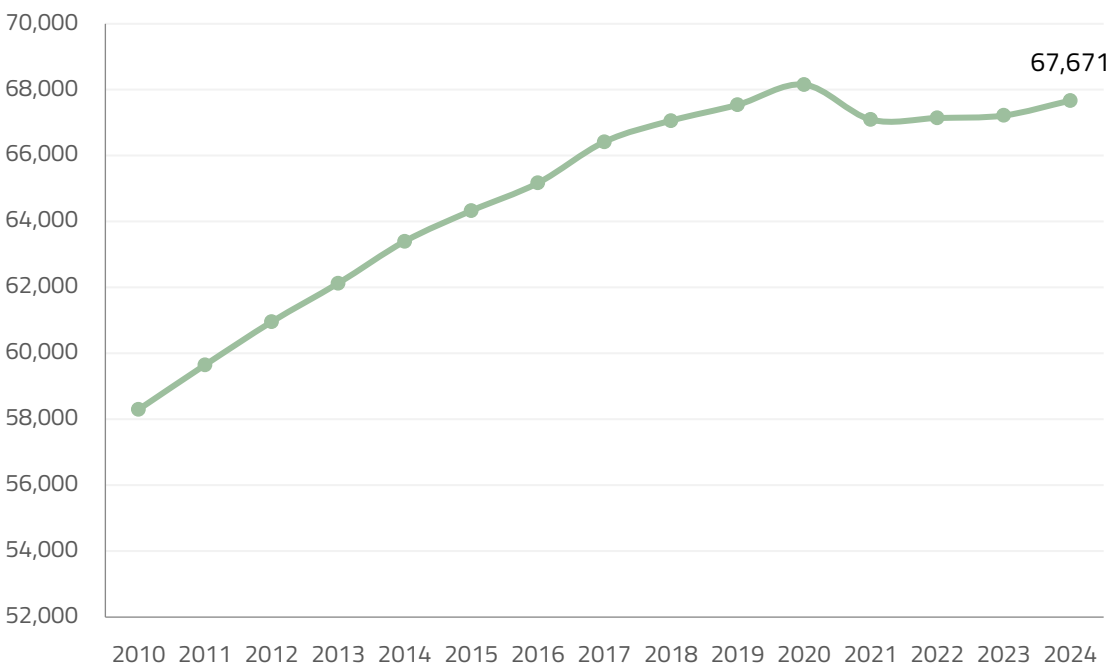
Market Overview

Demographic Baseline

Economic Conditions

POPULATION GROWTH

Rockville Population Trend, 2010-2024



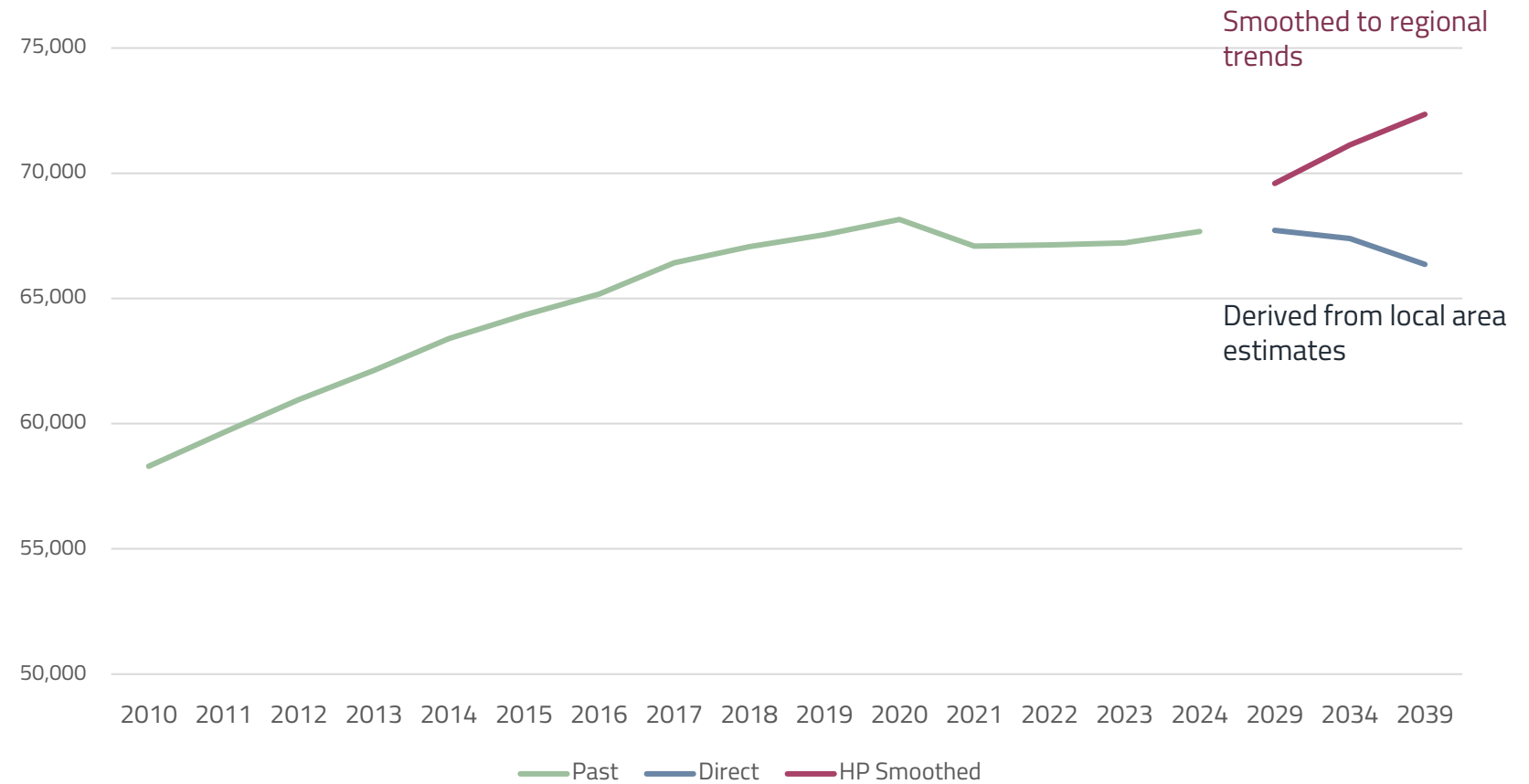
- Rockville’s population grew slightly faster than in the County since 2014 but was lower than major peer communities and the metro area
- Growth has not recovered to the pre-COVID pace

Geography	2014 Estimate	2024 Estimate	Change	% Change
Rockville	63,402	67,671	4,269	6.7%
Montgomery County	1,005,087	1,065,949	60,862	6.1%
Gaithersburg	63,491	69,825	6,334	10.0%
Bethesda	62,024	69,397	7,373	11.9%
North Bethesda	46,738	49,677	2,939	6.3%
Potomac	46,475	45,902	-573	-1.2%
Silver Spring	75,748	81,462	5,714	7.5%
Wheaton	49,831	52,926	3,095	6.2%
Germantown	88,717	90,719	2,002	2.3%
Kensington	1,909	2,369	460	24.1%
Washington, DC	633,736	681,294	47,558	7.5%
Arlington County	220,173	236,254	16,081	7.3%
Alexandria	146,422	156,976	10,554	7.2%
Fairfax County	1,117,072	1,147,837	30,765	2.8%
Fairfax City	23,507	25,026	1,519	6.5%
Falls Church	13,074	14,710	1,636	12.5%
Loudoun County	338,916	432,998	94,082	27.8%
DC Metropolitan Area	5,863,608	6,318,377	454,769	7.8%
United States	314,107,084	334,922,499	20,815,415	6.6%

POPULATION PROJECTIONS

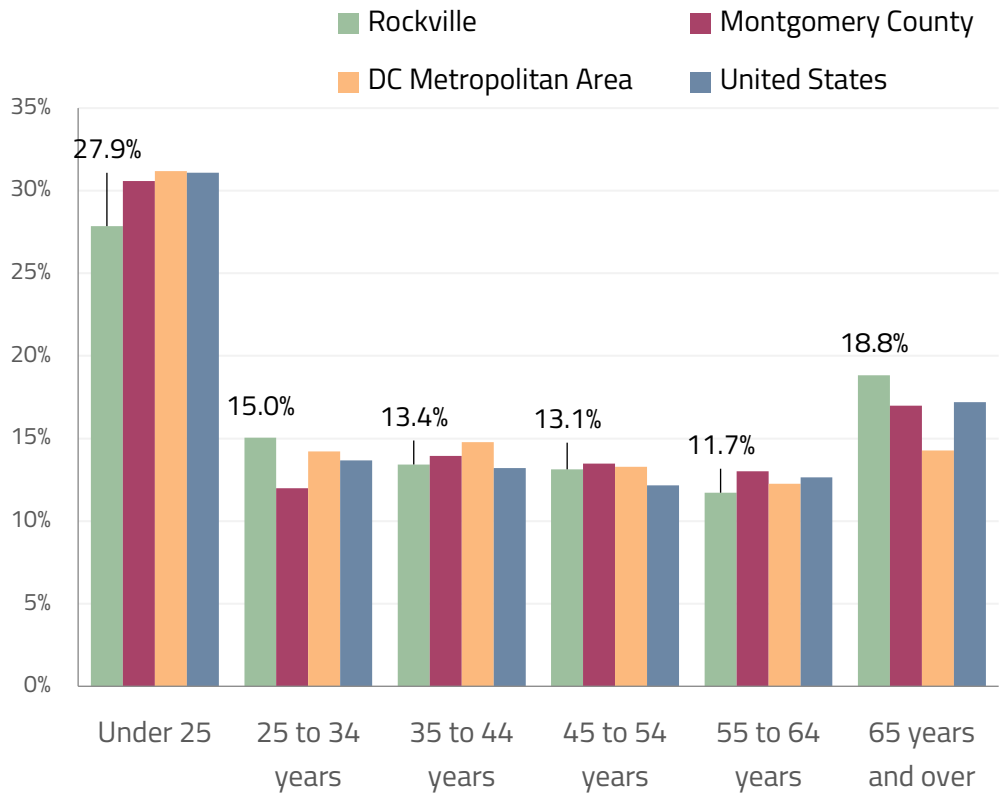
- Population projections vary based on methodology used.
- Built upon regional trends, Rockville's population growth is projected to pick up by 2040
- However, projections indicate population loss based on city-specific trends
 - Aging HHs = smaller HHs
 - Declining family-aged HHs

Rockville Population Projection through 2039
Estimated using data through 2024 ACS 5-year estimates

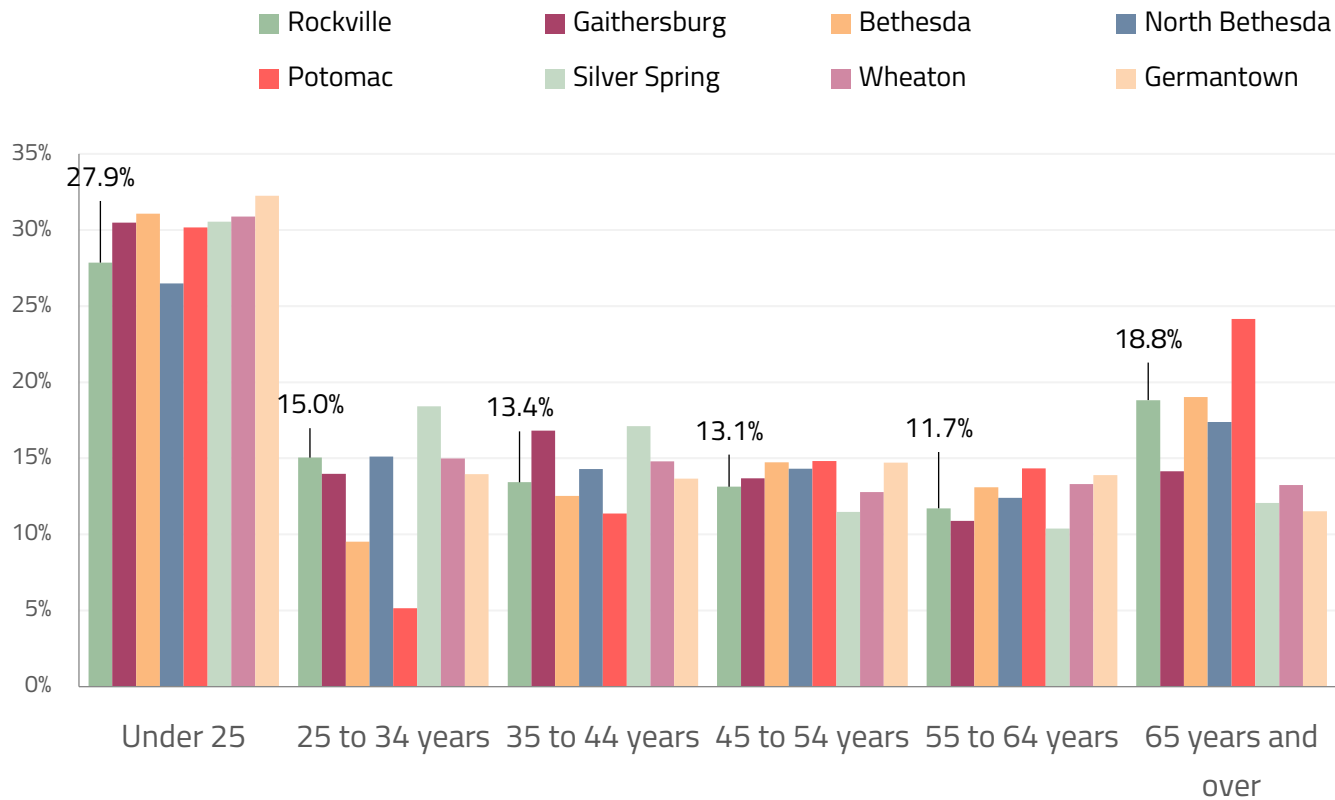


POPULATION BY AGE

Population by Age (Regional & National Benchmark)



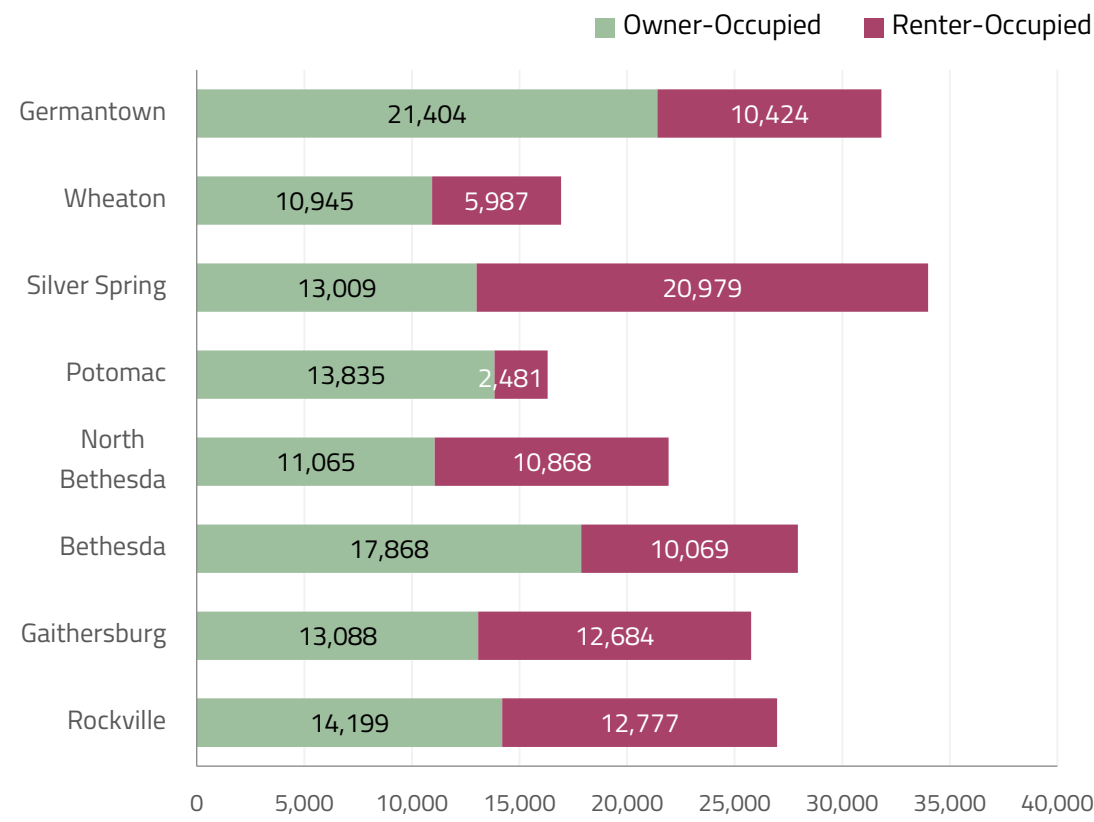
Population by Age (Major Peer Comparison)



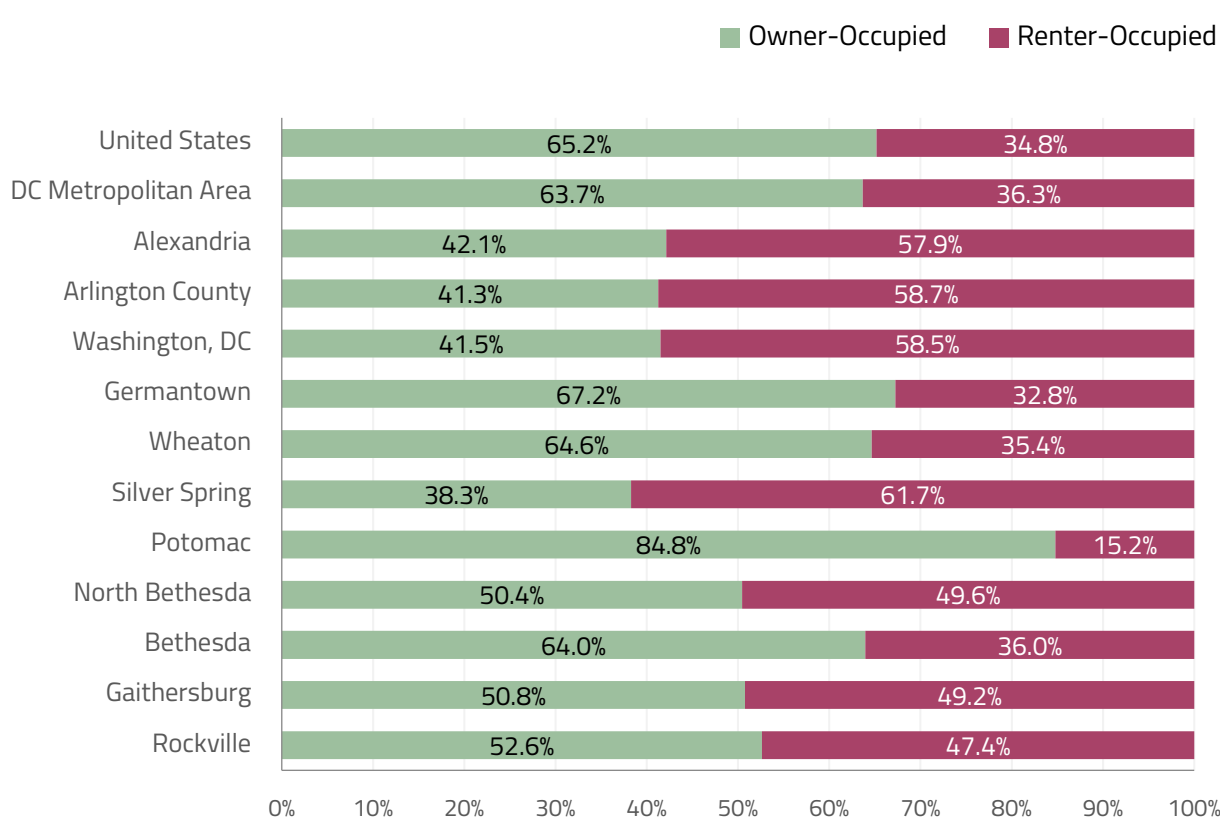
- Rockville has proportionally more senior households and young households than region/state
- Rockville is also older compared to most regional peers
- Rockville has a higher median age (39.6) than most regional peers
- Regional competitors are attracting more family HHs

HOUSING TENURE

Household Tenure: Owner vs. Renter



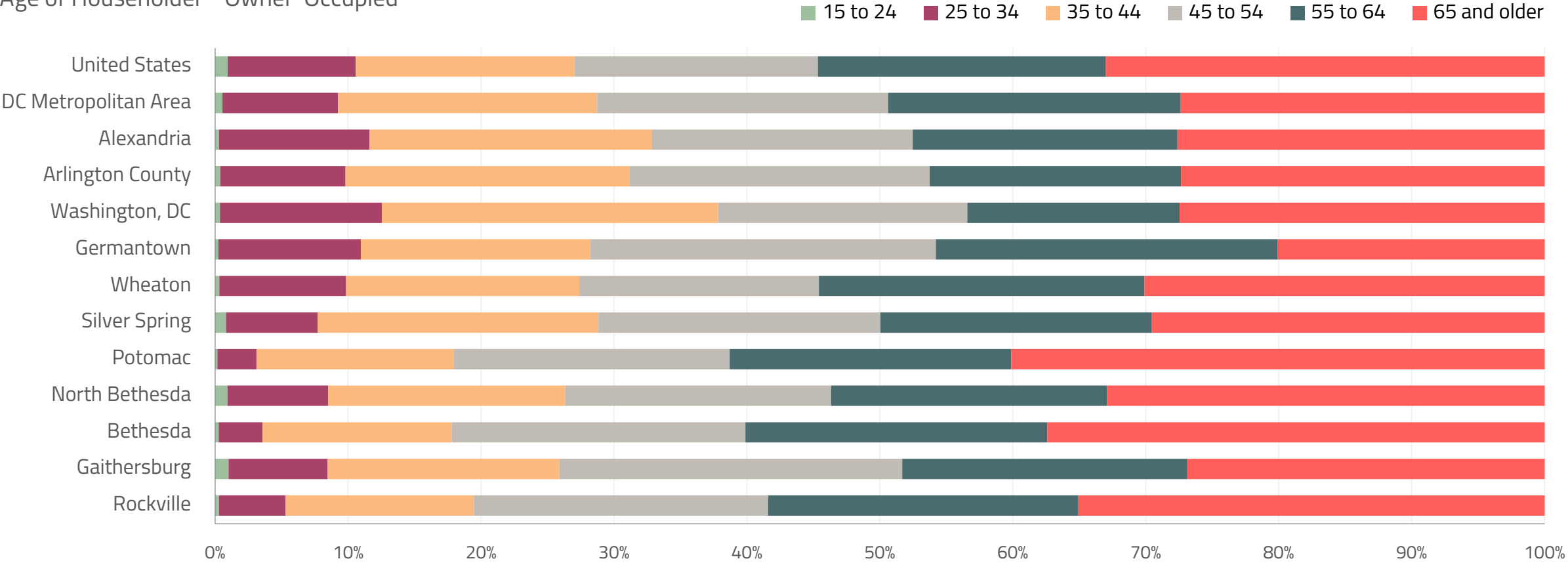
Household Tenure Ratio: Owner vs. Renter



- Rockville’s rental population more concentrated in older HHs compared to neighbors/region
- Communities in the region with higher incidence of renter HHs also seeing higher employment gains

HOUSEHOLDS BY AGE OF HEAD OF HOUSEHOLD | OWNER HOUSEHOLDS

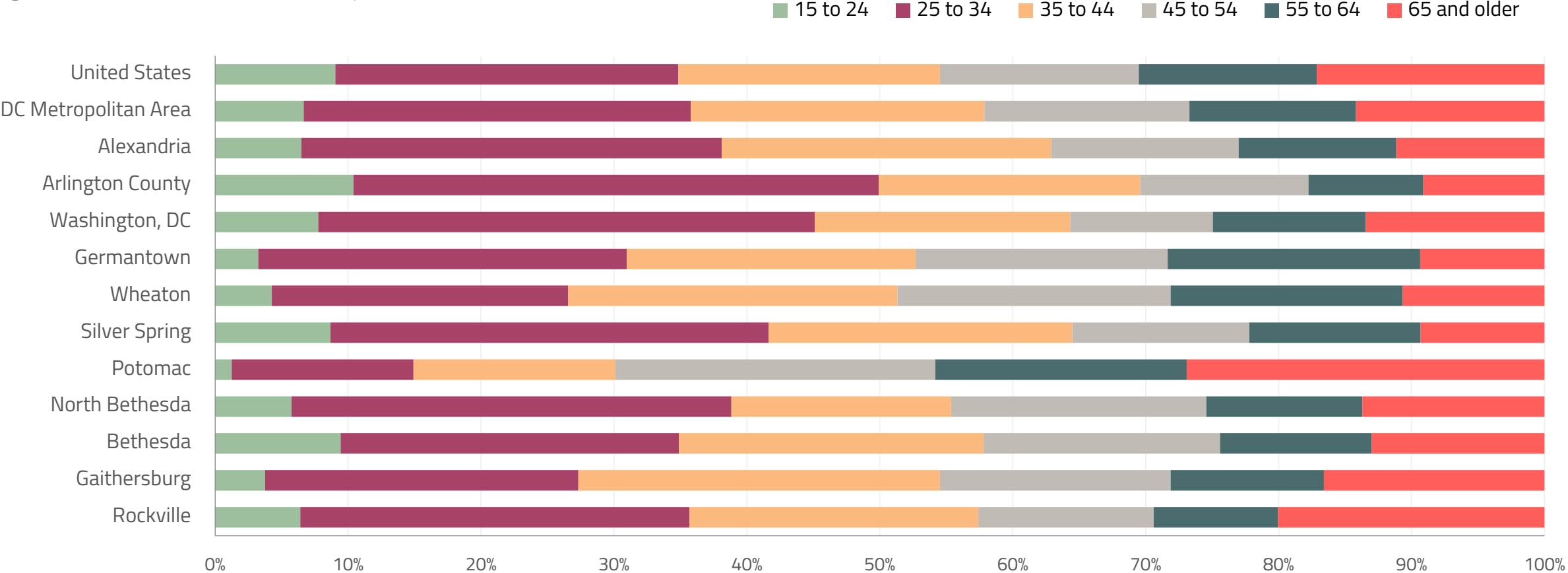
Age of Householder - Owner-Occupied



- Rockville’s owner households predominantly older (55+)
- Only 19% of owner households in Rockville are headed by persons under 45
- Most major regional peers have attracted larger shares of young people to buy homes
- Higher housing purchase prices are limiting younger HHs from establishing in Rockville

HOUSEHOLDS BY AGE OF HEAD OF HOUSEHOLD | RENTER HOUSEHOLDS

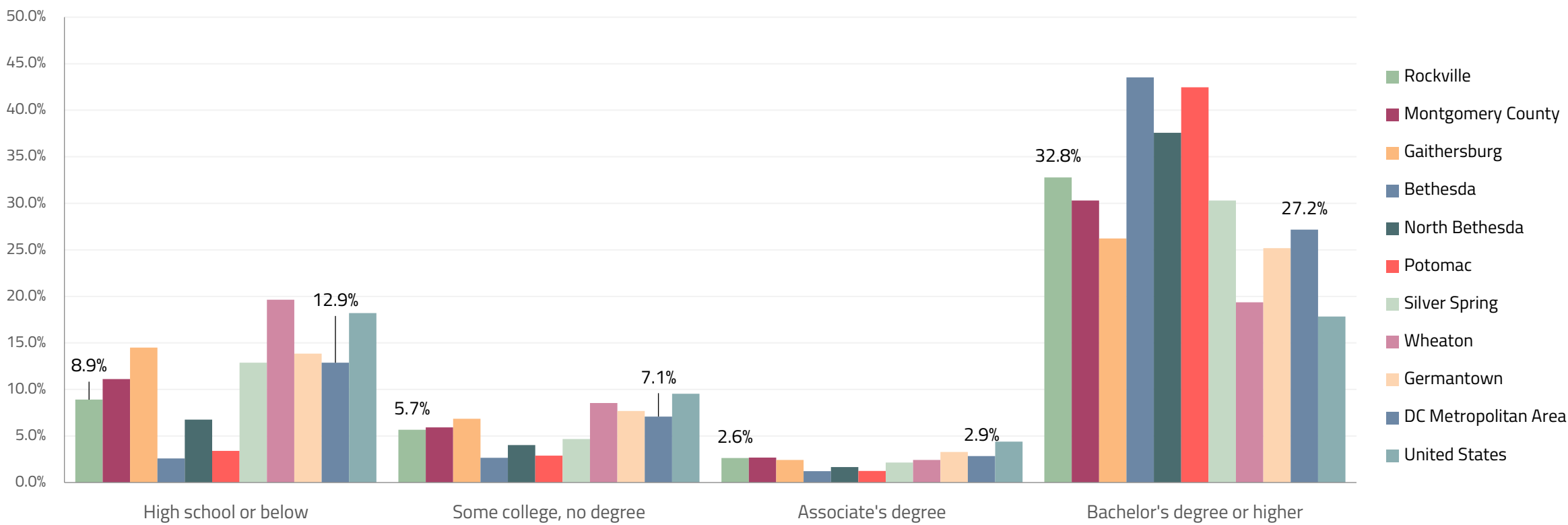
Age of Householder - Renter-Occupied



- Has one of the lowest percentage of working-aged HHs (<65) among peer communities (Potomac)
- Regional peers with higher concentrations of younger renters (<35) have more dynamic employment trends
- Diversity in residents benefits business retention/attraction

EDUCATION ATTAINMENT

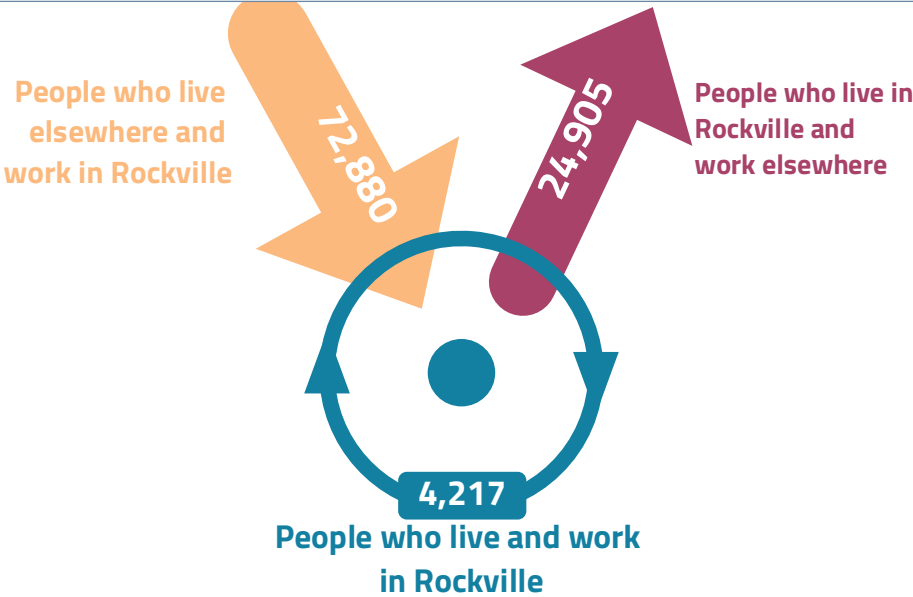
Population (25+) by Completed Education Level



- Rockville has a higher share of people with advanced degrees than many regional peers, correlating with its higher median household incomes
- However, there are regional peers with a stronger base of highly-educated population

COMMUTING PATTERNS

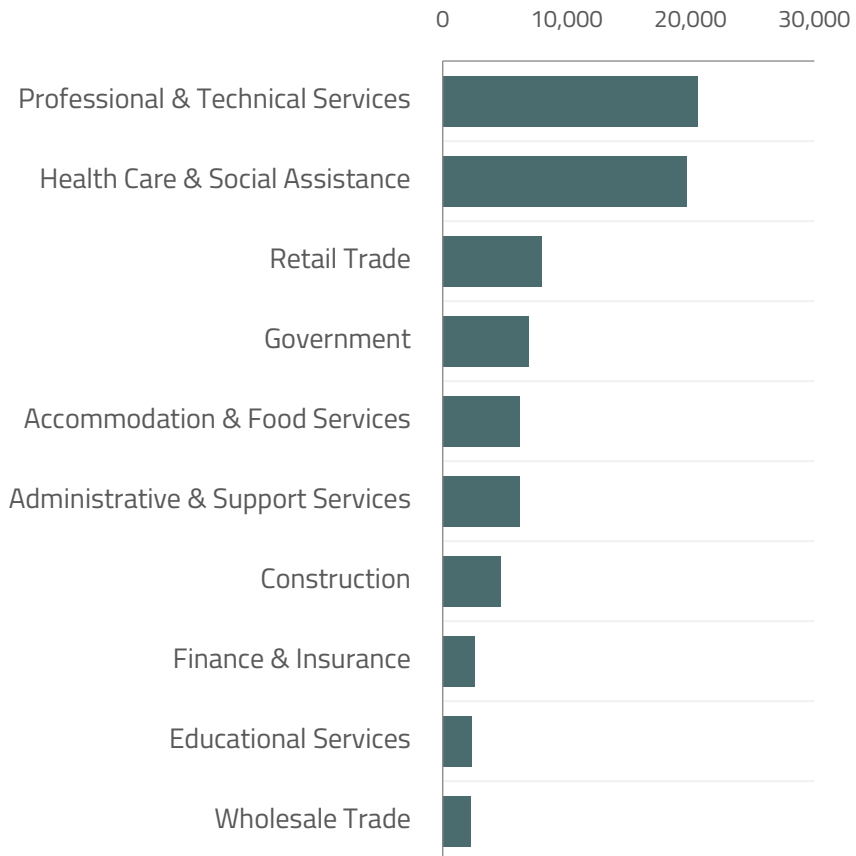
- Rockville remains an employment hub for the I-270 corridor despite the net decline in jobs
- Land use decisions will impact future changes in Rockville’s regional prominence
- Balancing daytime-nighttime population could be stabilizer for retail/service base
- Workers coming to Rockville typically from lower-cost areas or more urban markets
- Influence of Northern Virginia minimal on City employment base



Home Area for Rockville Workers				Work Destination for Rockville Residents			
		Count	Share			Count	Share
Germantown, MD		4,831	6.3%	Rockville, MD		4,217	14.5%
Rockville, MD		4,217	5.5%	Washington, DC		3,258	11.2%
Gaithersburg, MD		3,426	4.4%	Bethesda, MD		2,668	9.2%
Aspen Hill, MD		2,160	2.8%	North Bethesda, MD		1,983	6.8%
Washington, DC		2,108	2.7%	Gaithersburg, MD		1,553	5.3%
Olney, MD		1,947	2.5%	Potomac, MD		1,150	3.9%
Wheaton, MD		1,796	2.3%	Baltimore, MD		659	2.3%
Montgomery Village, MD		1,720	2.2%	Silver Spring, MD		562	1.9%
North Bethesda, MD		1,693	2.2%	Germantown, MD		530	1.8%
Frederick, MD		1,630	2.1%	Tysons, VA		527	1.8%

ROCKVILLE EMPLOYMENT TRENDS

Top 10 Largest Industries in Rockville, 2026

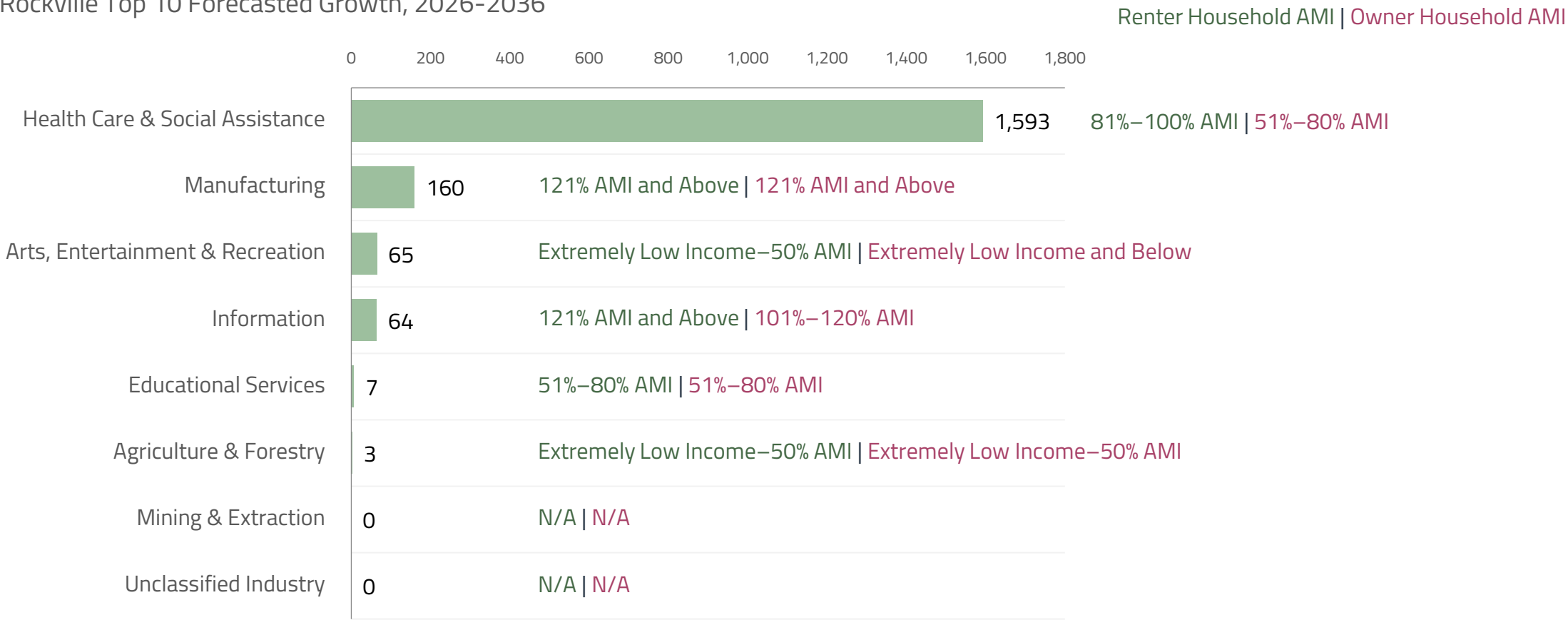


NAICS	Industry	2019 Jobs	2026 Jobs	Change	% Change	Avg. Earnings Per Job
62	Health Care & Social Assistance	17,170	19,719	2,549	14.8%	\$92,483
81	Other Services	1,199	1,603	404	33.7%	\$92,616
55	Management of Companies	891	1,288	397	44.5%	\$235,868
31	Manufacturing	1,584	1,940	356	22.5%	\$181,731
71	Arts, Entertainment & Recreation	1,690	1,940	250	14.8%	\$43,543
61	Educational Services	2,073	2,310	237	11.4%	\$77,732
11	Agriculture & Forestry	19	24	5	23.8%	\$48,003
21	Mining & Extraction	13	0	-13	-100.0%	\$0
22	Utilities	358	274	-84	-23.5%	\$164,629
51	Information	2,358	1,925	-432	-18.3%	\$169,800
42	Wholesale Trade	2,718	2,268	-450	-16.6%	\$135,504
23	Construction	5,153	4,683	-470	-9.1%	\$98,924
48	Transportation & Warehousing	1,763	1,207	-556	-31.5%	\$73,736
56	Administrative & Support Services	6,942	6,222	-720	-10.4%	\$77,747
44	Retail Trade	8,824	8,029	-795	-9.0%	\$62,689
72	Accommodation & Food Services	7,189	6,236	-953	-13.2%	\$44,106
52	Finance & Insurance	3,579	2,620	-959	-26.8%	\$213,421
53	Real Estate & Leasing	3,319	2,170	-1,149	-34.6%	\$127,915
90	Government	8,448	6,908	-1,540	-18.2%	\$161,746
54	Professional & Technical Services	22,893	20,550	-2,342	-10.2%	\$167,900
Total (All Industries)		98,184	91,917	-6,267	-6.4%	\$119,251

- Rockville is still experiencing the employment impacts from the pandemic, not returning to pre-COVID employment levels
- In comparison, the metro area has recovered and continued to grow
- Decline in daytime workforce adversely impacts retail, restaurants, and other commercial businesses that rely on office worker traffic

ROCKVILLE EMPLOYMENT PROJECTIONS

Rockville Top 10 Forecasted Growth, 2026-2036



- Health Care is projected to lead most future job growth in Rockville, with workers’ wages between 51% and 100% of AMI
- Growth in higher-paying industries is projected to be limited, mostly led by manufacturing and information industries
- Whether Rockville can provide appropriate housing options for the future workforce is essential to sustain job growth

LOCAL VS REGIONAL TARGET INDUSTRY EMPLOYMENT GROWTH PERFORMANCE

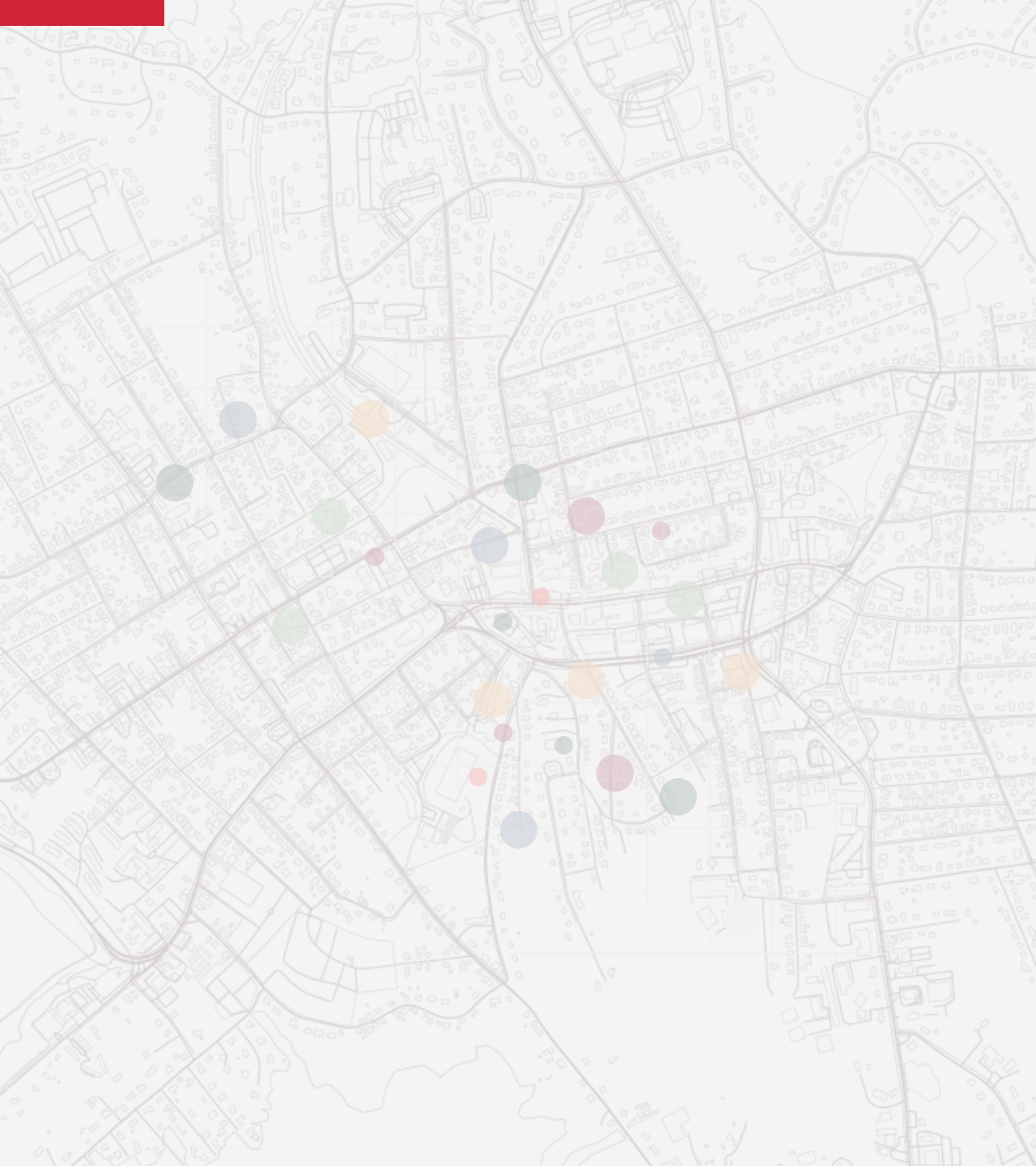
Historic Employment Growth/Decline, 2016-2026

NAICS	Industry	Rockville % Change	DC Metro % Change	Difference
48	Transportation & Warehousing	86.9%	46.8%	40.1%
71	Arts, Entertainment & Recreation	56.1%	17.9%	38.2%
11	Agriculture & Forestry	46.4%	25.8%	20.6%
81	Other Services	15.7%	-4.7%	20.4%
61	Educational Services	17.0%	3.6%	13.5%
31	Manufacturing	15.5%	5.9%	9.6%
42	Wholesale Trade	-7.8%	-3.6%	-4.1%
62	Health Care & Social Assistance	22.3%	26.5%	-4.2%
22	Utilities	6.0%	11.1%	-5.1%
44	Retail Trade	-13.9%	-8.2%	-5.7%
54	Professional & Technical Services	-5.1%	3.2%	-8.3%
72	Accommodation & Food Services	-6.9%	1.7%	-8.6%
53	Real Estate & Leasing	-13.0%	2.8%	-15.8%
56	Administrative & Support Services	-17.8%	0.3%	-18.0%
52	Finance & Insurance	-42.0%	-15.1%	-26.9%
90	Government	-24.1%	4.2%	-28.3%
51	Information	-31.0%	0.0%	-30.9%
23	Construction	-24.6%	12.8%	-37.4%
55	Management of Companies	-31.1%	33.9%	-64.9%
21	Mining & Extraction	-99.9%	19.3%	-119.1%
	Total (All Industries)	-6.2%	5.0%	-11.3%

Projected Employment Growth/Decline, 2026-2036

NAICS	Industry	Rockville % Change	DC Metro % Change	Difference
99	Unclassified Industry	0.0%	-12.7%	12.7%
11	Agriculture & Forestry	11.0%	9.5%	1.5%
31	Manufacturing	8.2%	7.0%	1.2%
61	Educational Services	0.3%	0.3%	0.0%
51	Information	3.3%	4.4%	-1.1%
62	Health Care & Social Assistance	8.1%	11.0%	-2.9%
44	Retail Trade	-6.0%	-1.9%	-4.1%
71	Arts, Entertainment & Recreation	3.4%	8.8%	-5.4%
54	Professional & Technical Services	-6.2%	-0.8%	-5.4%
42	Wholesale Trade	-4.3%	1.9%	-6.2%
72	Accommodation & Food Services	-1.5%	5.1%	-6.5%
90	Government	-8.0%	-0.4%	-7.6%
81	Other Services	-6.5%	1.5%	-8.1%
53	Real Estate & Leasing	-8.0%	0.5%	-8.5%
56	Administrative & Support Services	-8.9%	1.2%	-10.1%
23	Construction	-9.7%	1.0%	-10.6%
48	Transportation & Warehousing	-4.6%	6.5%	-11.2%
22	Utilities	-4.1%	9.3%	-13.4%
55	Management of Companies	-6.4%	7.1%	-13.5%
21	Mining & Extraction	0.0%	15.5%	-15.5%
52	Finance & Insurance	-24.0%	-3.0%	-21.0%
	Total (All Industries)	-2.9%	2.2%	-5.1%

- Rockville's economic development strategy will need to be as much about business retention as it is about recruitment
- Building a competitive business ecosystem will impact potential success



Market Overview

Real Estate Market Trends

ROCKVILLE MARKET OVERVIEW

Vacancy and asking rent by asset class | 2Q 2026

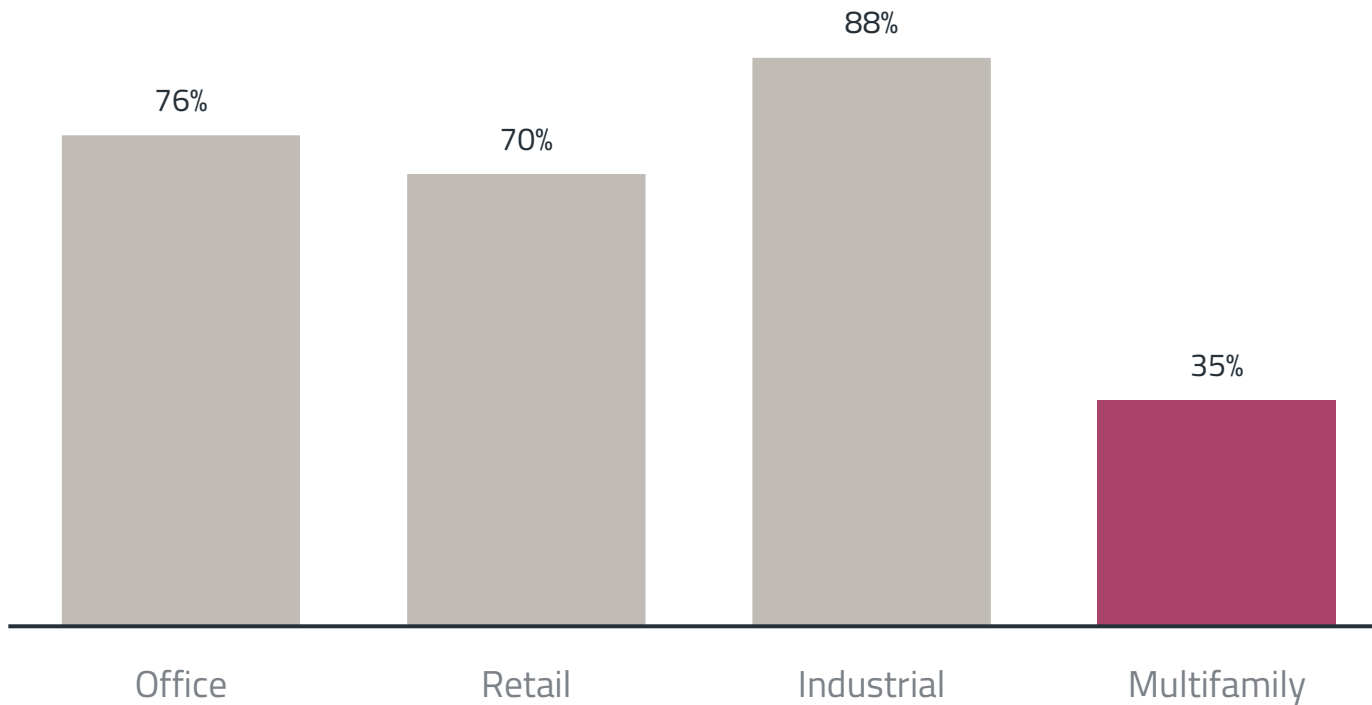
Asset class	Vacancy			Asking rent		
	Rockville	Mont. County	U.S.	Rockville	Mont. County	U.S.
Office	24.3%	18.3%	13.9%	\$30.26	\$32.23	\$37.11
Retail	5.9%	5.1%	4.4%	\$39.68	\$32.14	\$26.01
Industrial	3.4%	4.2%	7.5%	\$16.48	\$18.07	\$12.22
Multifamily	7.4%	7.7%	8.2%	\$2,357	\$2,138	\$1,799
Lab / life science	40.9%	23.4%	23.5%	n/a	n/a	n/a

Order per cell: Rockville / Montgomery County / U.S.

- Industrial and multifamily outperform county and national peers on occupancy
- Multifamily rent is higher than the regional and national levels, suggesting strong demand
- Industrial rent is an advantage compared to competitors in the region
- Office and lab are the exceptions: Rockville carries the highest vacancy in the peer set in both

INVENTORY DEVELOPMENT TRENDS

Share of inventory built before 1990, by asset class

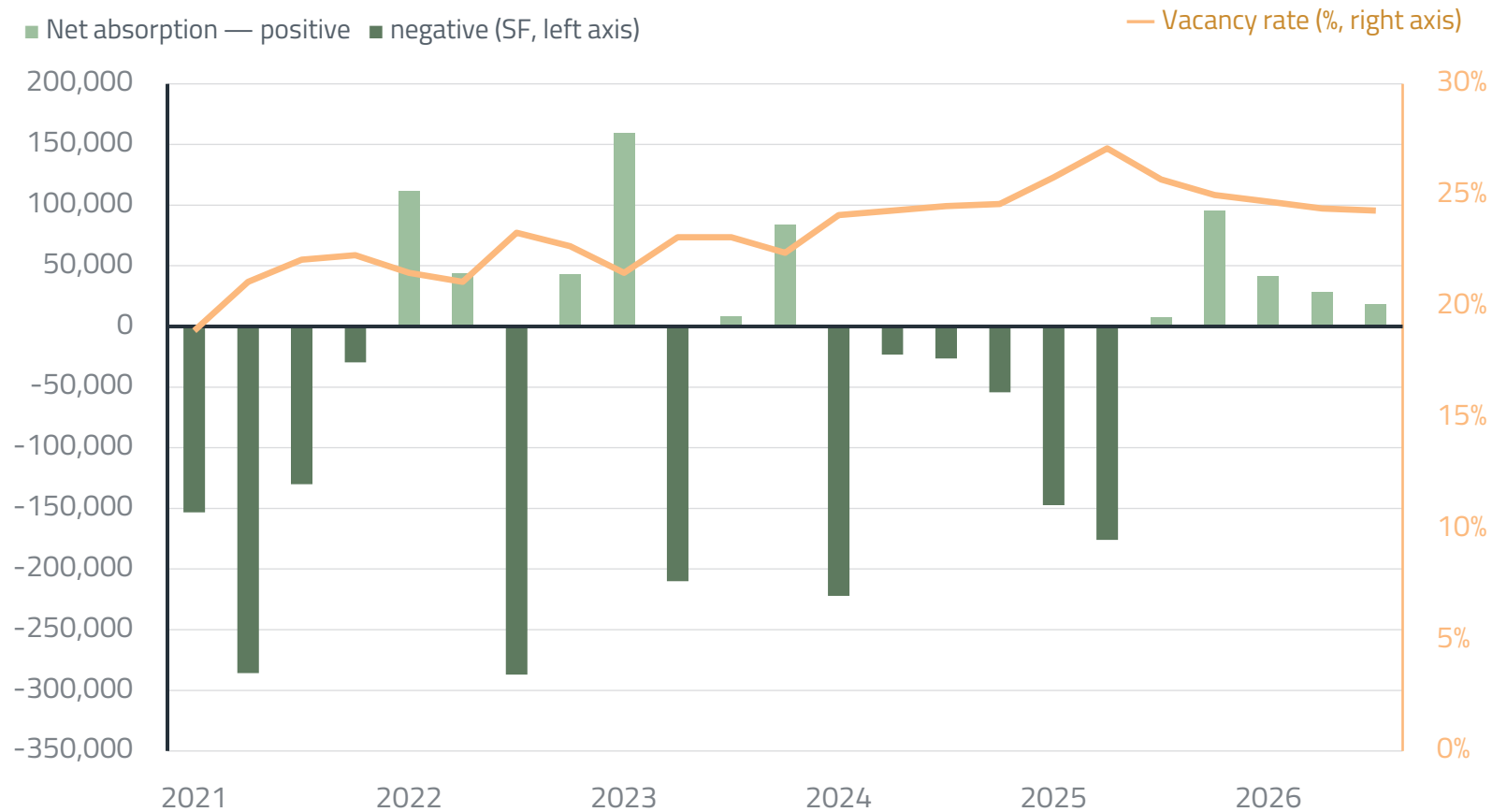


- Rockville's commercial stock is aging – only multifamily development has been robust.
- Office, retail, and industrial buildings are mostly 40-plus years old, creating competitive disadvantages locally and regionally

OFFICE MARKET INDICATORS

- Rockville has the region's largest office base, but stock is shrinking: ~326K SF since 2021 as space is removed or converted
- Office stock is old: 86% of the office stock is older Class B/C (mostly 1970s-80s)
- The vacancy is concentrated in newer, larger Class A (46% of its space available), while small Class C stays about 96% leased
- Net absorption stayed mostly negative, but five straight positive quarters since (2025 Q3–2026 Q3) may mean stabilization

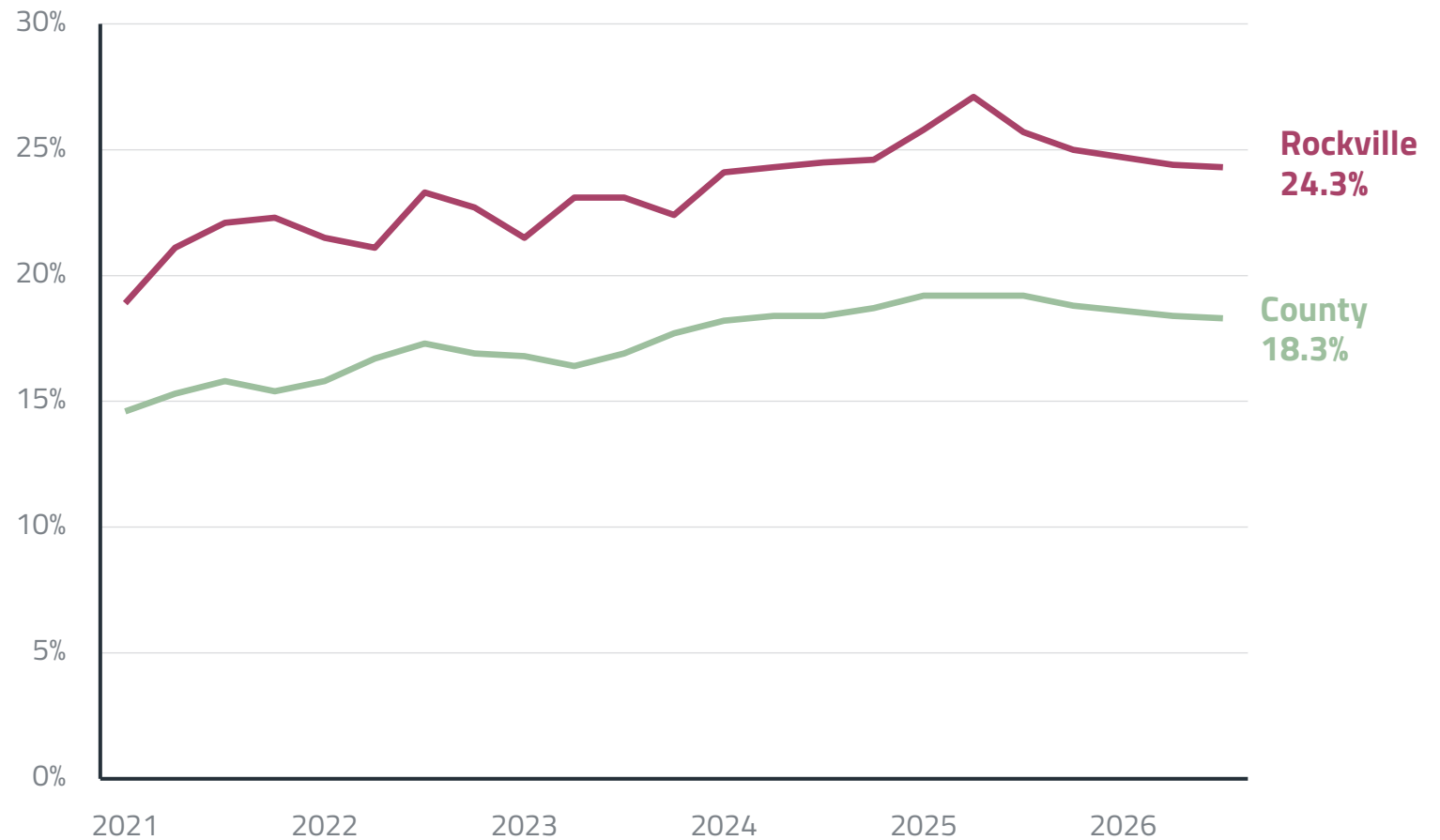
Net absorption (SF) & vacancy rate · 2021 Q1–2026 Q3



OFFICE MARKET INDICATORS

- 24.3% vacancy is the region's highest, but the softened office market not unique to Rockville.
- Current office stock is strongest for value-conscious users with its mid-tier rent advantage
- Traditional suburban office development is less competitive in the region
- Rockville is a mid-tier office price point due to its older stock with asking rent being flat for years and below current Montgomery County and other primary markets (e.g., Bethesda)

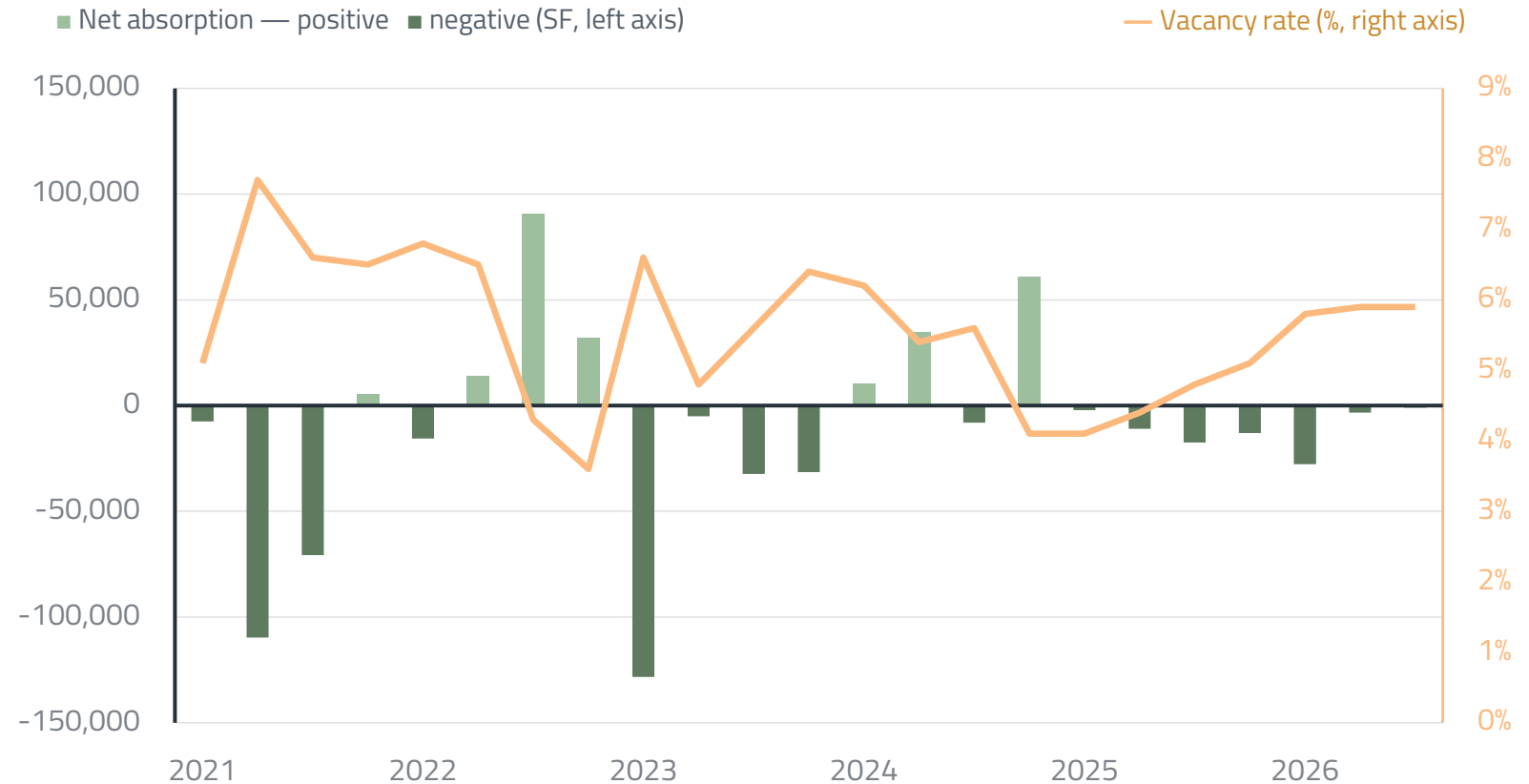
Vacancy rate, Rockville vs Montgomery County



RETAIL MARKET INDICATORS

- Retail development has been minimal in Rockville with inventory increasing 4% in 20 years
- Construction consistent with demand as net absorption keeping pace with supply
- Anecdotally, new retail development has created competition for tenant with existing space, not met growing demand
- 5.9% vacancy is relatively low, though creeping up since 2025, and a touch above Montgomery (5.1%) and the U.S. (4.4%)

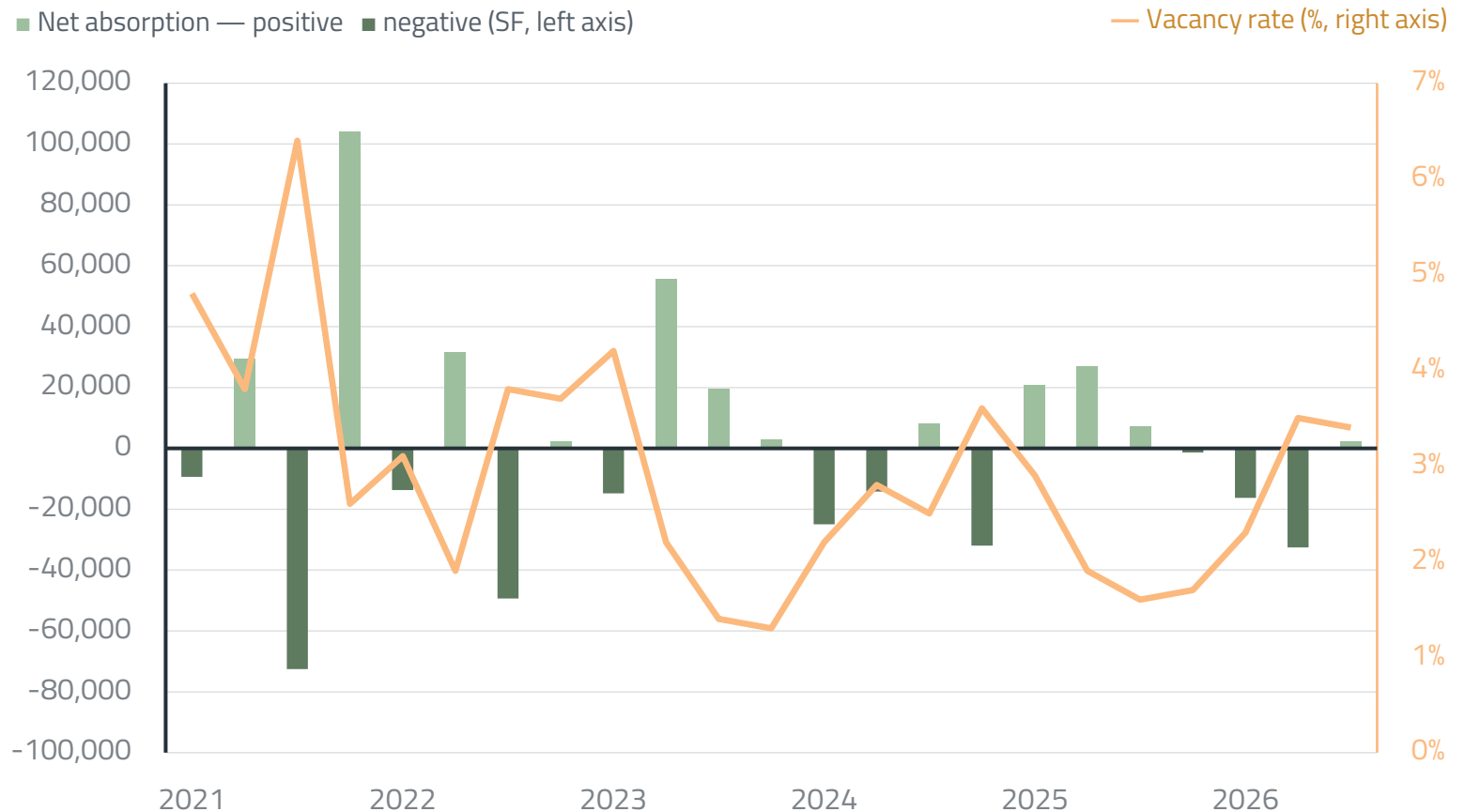
Net absorption (SF) & vacancy rate · 2021 Q1–2026 Q3



INDUSTRIAL MARKET INDICATORS

- Industrial in Rockville is the smallest commercial class with no new growth
- Stock is old and small, with 88% built before 1990 (median 1978), dominated by older buildings
- 3.4% vacancy is among the tightest of any class, in line with Montgomery (4.2%) and far below the U.S. (7.5%) and Frederick (11.2%): a regionally tight market
- Asking rent of \$16.48/SF is lower than the County, reflecting age of supply
- Regional demand for industrial flex unbalanced, creating more opportunity. However, industrial cannot price compete with residential/commercial competition

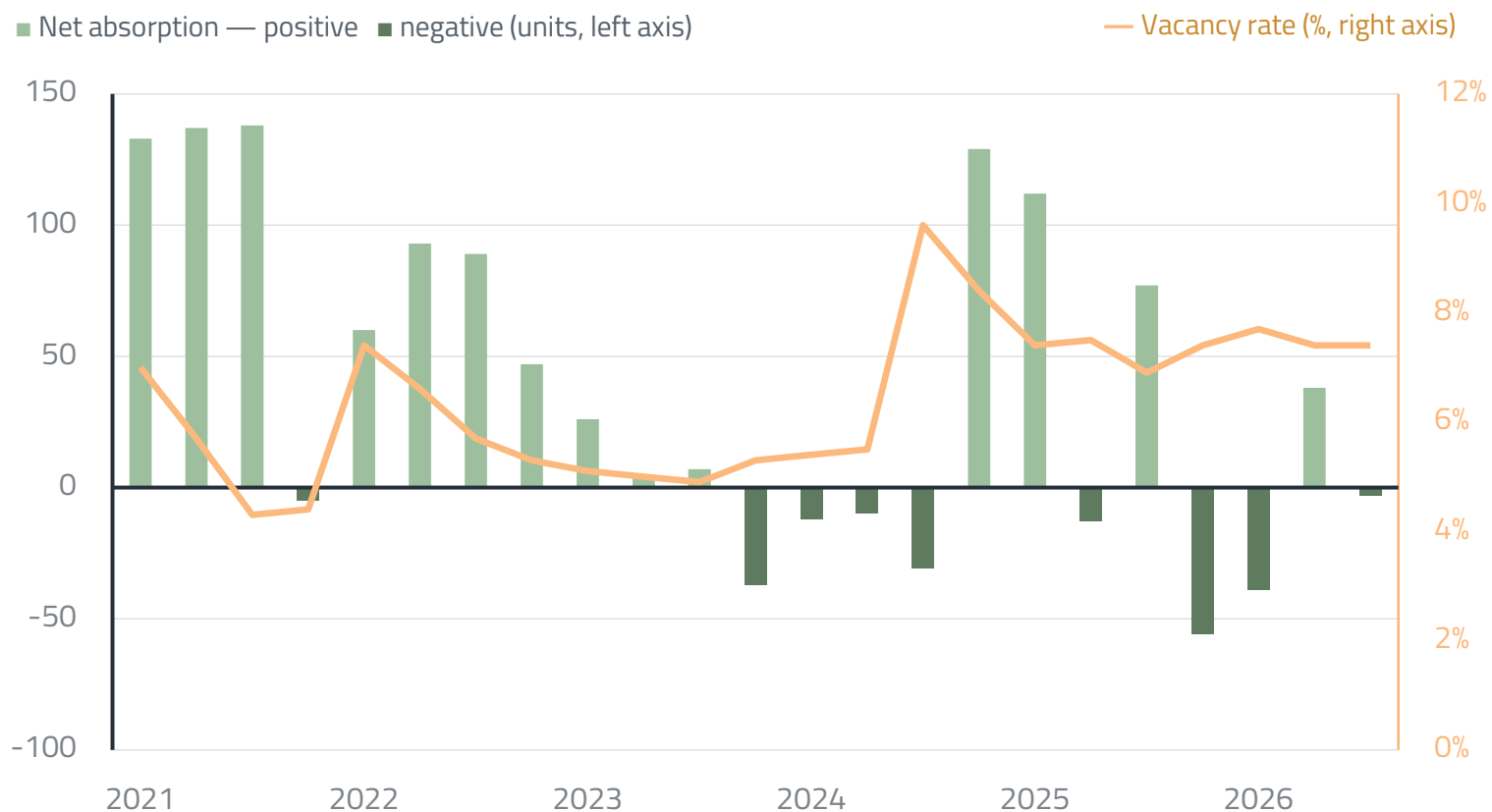
Net absorption (SF) & vacancy rate · 2021 Q1–2026 Q3



RENTAL HOUSING MARKET INDICATORS

- Apartments are the one asset class that kept modernizing, in contrast to the aging office, retail, and industrial base
- Development surges since 2000, with 65% of total units built since then, including 2,400 delivered since 2020
- Despite the growth, vacancy is healthy and in line with Montgomery County
- Only 17 units under construction, a negligible near-term pipeline, a wait-and-see approach after development spike

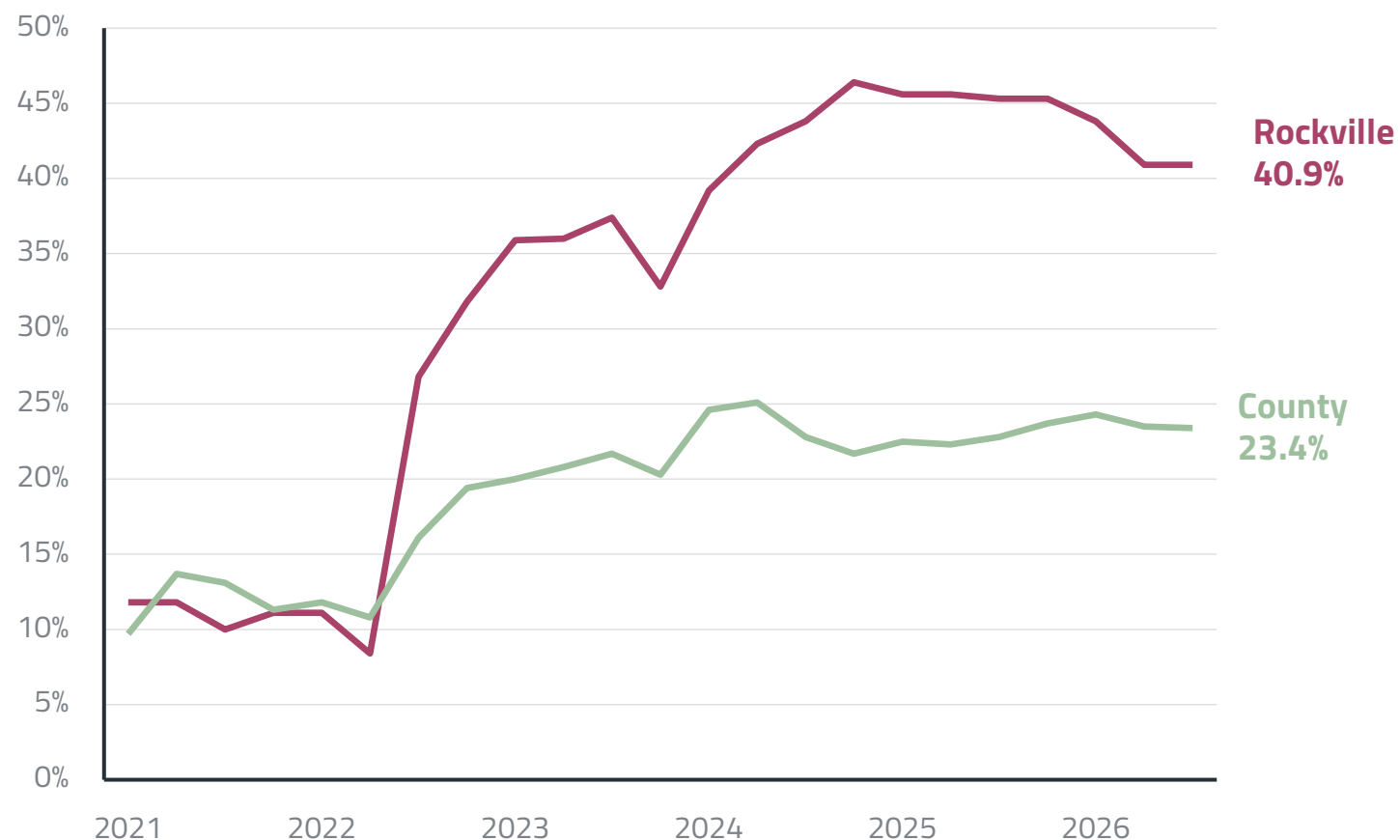
Net absorption (units) & vacancy rate · 2021 Q1–2026 Q3



LIFE SCIENCE MARKET INDICATORS

- Lab / Life Science market is uncertain, with higher vacancy and older stock in the region
- Rockville anchors the I-270 life science corridor, but every corridor submarket is soft
 - Montgomery/I-270 23.5%
 - DMV 20.7% vacancy
- 40.9% vacancy (1.4M SF) is roughly double the corridor peers (Gaithersburg at 20%) and the DMV Region (21%)
- Inventory mostly adaptive reuse and repurposing of older buildings, not modern purpose-built lab
- Recovery is uncertain, with absorption turned marginally positive in 2026 (+40K SF)

Lab vacancy rate, Rockville vs Montgomery County · 2021 Q1–2026 Q3



DISCUSSION

- Are these findings aligned with your knowledge/perception of the market?
 - How? In what way?
- What should be the City's economic development goals?
 - How would you prioritize those goals?
- What do you think are Rockville's comparative advantages?
 - How do we better capitalize on those assets?
- What are the challenges the City must address to maximize success?
 - What potential solutions do you believe exist?



Working Group Kickoff Meeting
July 2026