

**Subject: AED- Leased space as a result of AED's efforts**

**FY 2018 Proposed Budget  
Budget Work Session Follow-up**

**4/5/2017**

The following information is provided in response to a request made by Ms. Katie Cristol at the work session on 3/2/2017, regarding the performance measure on web page 723, "Leased space (square feet) as a result of AED's efforts" and why this measure is declining in FY 2017 and FY 2018, and whether the decline is due to harder-to-fill vacant properties.

FY 2018 projections reflect current observed trends, that FY 2017 performance for this measurement may come in below previous projections for this year, and in order to be conservative in our estimates we should anticipate similar results for FY 2018. However, the reason is not because current vacant spaces are necessarily more difficult to fill than spaces were previously. We are facing a range of "headwinds," and no single factor makes each vacant square foot of office more easy or difficult to fill.

AED's efforts are focused on business attraction, retention and expansion. The Business Investment Group's strategy to do this includes maintaining and leveraging our key federal tenants, non-profits, professional services, defense and aerospace industries. Building from this "base," our team recruits new companies focusing on cybersecurity, education technology, healthcare IT, big data and "clean & green" industries, as well as engages in international marketing to attract companies in markets such as China and Italy.

As described in the budget work session, the County also faces a number of "headwinds". Tenants are reducing their footprint and there are fewer federal leasing opportunities. The FY 2016 actual square feet illustrated in the table below was an anomaly among the last four years and was a result of AED's efforts in retaining a very large federal tenant in Crystal City (Department of Defense). The FY 2017 estimate is slightly higher than FY 2018 based on projections of various deals in the pipeline a year ago. Based on current information the actual FY 2017 efforts will be closer to the FY 2018 projections.

<b>Critical Measures</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Actual</b>	<b>FY 2016 Actual</b>	<b>FY 2017 Estimate</b>	<b>FY 2018 Estimate</b>
Leased space (square feet) as a result of AED's efforts	1,544,846	1,172,107	1,163,379	1,838,247	1,300,000	1,000,000