



ROCKVILLE BUSINESS NEEDS ASSESSMENT OVERVIEW SUMMARY REPORT JANUARY 2023



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EXECUTIVE SUMMARY

ROCKVILLE BUSINESS NEEDS ASSESSMENT

I. INTRODUCTION

The Rockville Business Needs Assessment is a multi-methods needs assessment for REDI focused on business needs and commercial real-estate issues in Rockville conducted in 2021-2022. The project combines three components: 1) a survey of all businesses in the greater Rockville area, 2) broker and developer focus groups assessing office space needs and challenges in Rockville and 3) focus groups with targeted local businesses. This final report includes reports from the business survey and both sets of focus groups in addition to an overview summary and recommendations. As Rockville's nonprofit economic development organization whose goal is to support businesses in the City, REDI commissioned this study in order to:

- Identify current pressing business needs that could be addressed by REDI or the City.
- Understand the desirability of Rockville as a business location versus key competitors.
- Inform businesses about REDI and the resources it provides.
- Facilitate business networking opportunities and create ongoing relationships

The research finds Rockville businesses coming out of the COVID-19 pandemic eager to reconnect with each other through an array of trainings and networking events and other initiatives to develop a community of businesses. The pandemic changed the nature of offices, with businesses of all sizes seeking smaller, hybrid or co-working space that is affordable. Business representatives appreciate REDI's support and look forward to engaging with the organization in multiple ways. Nearly half of Rockville businesses are led by Rockville residents and the majority are small or micro-businesses engaged in professional, life science or technical fields. These businesses value the grant programs and other business supports offered through REDI and MWBC, wanting more networking, small grant opportunities, training, linkages to university resources, and support for retail and the smallest businesses.

Rockville is valued for its diversity, educated, upper-middle class customers/workforce, and the combination of urban density but small-town feel. Many feel that Rockville should do a better job of promoting its diversity. Companies value the proximity to government entities that sponsor their work and clusters of businesses in the same field, as well as the proximity to DC Metro area. However, many business owners who have experienced the growth, urbanization and rising cost of living in both Rockville and Montgomery County express concern about cost of living and the lack of middle-tier amenities.

Rockville business owners generally think Rockville city government is friendly to business. While acknowledging positive changes to permitting through the FAST program, the signage development, inspections and permitting processes are still too slow and cumbersome. Parking is a significant problem in downtown Rockville, with some concerns about business parking regulations elsewhere. However, businesses located in office parks or centers with ample parking have no issues.

II. METHODS

The project commenced in September 2021, with data collection completed in November 2022. Research included initial stakeholder meetings and interviews, a survey of businesses in Rockville and the surrounding area, and focus groups with 1) commercial real estate brokers/developers and large company facilities decision makers and 2) business owners representing mid-size companies, micro-businesses, and retail

The business survey asked local businesses about 1) their experiences, needs and concerns as business owners in Rockville, 2) their experiences with REDI, 3) their assessment of Rockville city government's business policies, supports and general amenities as a place to live and work, 4) how Rockville compared to other localities as a

place to do business, and their office space needs and concerns. In total, 159 businesses completed the survey, representing a response rate of 2% and a credibility interval of +/- 8 percentage points at the 95% confidence level.

TABLE 1: COMPARISON BETWEEN SIC SAMPLE, ROCKVILLE ECONOMIC DEVELOPMENT REPORT 2016 AND REDI SAMPLE

Business Type	SIC %	Rockville EDTR ¹	REDI %
Professional services (Rockville EDTR includes life science and tech)	23.0%	29.0%	32%
Real estate/insurance	6.0%	12.5%	3%
Retail	6.0%	11.0%	8%
Construction	6.0%		3%
Health (Rockville EDTR includes social services)	22.0%	11.5%	8%
Restaurants	4.0%		2%
Personal services	3.0%	8.3%	3%
Education	2.0%	1.4%	8%
Social services and membership orgs (may include nonprofits)	7.0%		6%
Manufacturing	2.0%	2.1%	4%
Chemical and allied product (may include life sciences)	0.4%		8%
Technology (no cat except communications SIC codes)	0.5%		11%
Hospitality (includes restaurants in REDI sample)	0.3%	8.6%	1%

Table 1 compares the REDI survey sample to two recent sources for business statistics in the City. Neither the SIC sample nor Rockville Economic Development Trends (REDT) census statistics are directly comparable to this survey because they place some businesses in different categories. Nevertheless, the three sources confirm that the bulk of Rockville businesses are providing professional services, research and development in life sciences, technology and other fields of interest to government, the primary industry in the DC metropolitan area. In comparison to the SIC sample, the REDI sample is over-represented in professional services, education, manufacturing, life sciences, and technology – all areas of particular interest to the organization.

II. KEY TAKEAWAYS AND RECOMMENDATIONS

A. Rockville Businesses and their Needs

- **Businesses participating in this research are primarily small businesses. Eight in ten (82%) employ less than 20 people, with nearly two out of three (64%) being micro-businesses with less than 5 employees.** Micro-businesses span the age range and are the majority of businesses in most industries. Given their prevalence in Rockville, addressing the needs of micro and small businesses, including virtual, home-based and hybrid businesses, could be an important goal for REDI.
- **Nearly half of the businesses are woman owned (45%).**
 - **The Maryland Women’s Business Center (MWBC) is clearly a resource for WBEs, with nearly three in four (73%) aware of this resource.** The MWBC has the most use of all REDI services, and nearly two-thirds (61%) of those aware of the MWBC view it favorably. But it also drew the most negative responses, with 16% unfavorable and 19% neutral.

¹ Figures computed from *Rockville Economic Development Trends Report for 2016*, City of Rockville, P 10. The Rockville EDR report combines professional services, life sciences and technology companies in one category. Health and social services are also one category, as is real estate, finance and insurance. As such, categories are not completely comparable.

- **Although awareness is high for REDI Small Business Assistance (54%), usage is a distant second to the MWBC (14% vs. 31%).**
- **Micro and small business are eager to learn more about Small Business Assistance and MOVE/Expansion Grants.**
- **Micro and small companies use Market and Demographic Data and would like more access.**
- **Micro-businesses are interested in location and tourism marketing services.**
- **Home-based, virtual and hybrid businesses ask for assistance.**
- **The largest group of organizations includes professional services, life sciences, and technology, together encompassing 51% of the companies responding to the survey.** Nearly one-third (32%) of these businesses are in professional services, including 81% with less than 20 employees, but this industry includes most of the mid-sized and large companies in the survey sample too. Their key concerns are:
 - **Developing a community of businesses.**
 - **Access to data and assistance gaining access to university research resources.**
- **Trouble recruiting staff and retaining workers is a major problem for health/education/nonprofits (63%),** particularly the older and larger organizations that may have a wide range of semi-skilled and low-paid professional staff. In many cases, this appears to be linked to the cost of living.

i. Recommendations: REDI Programs and Services

- **The most frequent request for REDI is to provide more networking and mentoring opportunities (17%), followed by help with funding/grants/incentives (11%), mentoring/training (9%) and promoting local business (7%).**
- **Business development/growth and funding/startup costs are the major concerns for Rockville businesses, particularly micro and small businesses.**

Based on these key findings, we recommend:

- **Expand networking, mentoring, training and introduction to sponsors targeted toward different groups:** A combination of in-person and virtual large group events and either small group or one-on-one mentoring/introduction activities is recommended.
 - **One-on-one networking and featuring particular businesses in the REDI newsletter/social media to introduce them to their community of businesses.**
 - **Develop business mentoring for businesses at various stages of development.**
 - **Sponsor monthly business networking coffee, breakfast or lunch forums both in person and on Zoom.**
 - **Bring together the several Chambers so that members can interact with each other.**
 - **Outreach to new businesses or businesses owned by people new to Rockville and Montgomery County to ensure they know about the services REDI offers.**
 - **Networking events for businesses located in the same area similar to current networking for Town Center businesses.**
- **Foster communities of business:** Develop initiatives to foster communities of businesses, both geographically and by business field, for Rockville businesses through strategic networking activities, fostering collaborative and problem-solving initiatives, and featuring a wide array of businesses in the REDI newsletter, social media and other communication channels.
- **Foster collaborations among businesses:** This includes both networking and offering workspaces for businesses to develop collaborations and new products/lines of service.

- **Sponsor monthly topical events that would involve all participants working together to solve a problem or share their strategies on a topic.**
- **Social media assistance:** Businesses are interested in REDI helping them make connections to other companies that could provide social media services. These business owners are also interested in REDI featuring local businesses on their social media.
- **Target support for micro and small businesses:**
 - **Micro and small businesses are eager to learn more about Small Business Assistance but need help:** Either simplify the application or provide a combination of “how to” instructions for small business owners and active outreach to help them find needed data and fill out the application for SBIF, Move/Expansion grants and other grant programs.
 - **Micro and small companies use Market and Demographic Data and would like more access and assistance gaining access to university research resources.**
 - **Outreach to micro-businesses for Location Intelligence, Rockville Tourism Marketing and Tenant Attraction Assistance.**
 - **Explore programs for home-based, virtual and hybrid businesses.**
 - **Develop a community of businesses for micro and small businesses.**
- **Research how the Maryland Women’s Business Center (MWBC) can best serve the needs of WBEs in Rockville and adjust programs as needed.**
- **Create a small grant program for an array of business-specific needs:** The small grant program would ideally offer one-time grants of between \$100 and \$5,000 and have a simple, one- or two-page application.
- **Research offering micro-loans for micro and small businesses:** A market for micro-loans exists, particularly for working capital, but applications need to be manageable and loan terms favorable for businesses.
- **Develop linkages to Montgomery College, USG and colleges/universities participating in local university centers for businesses:**
 - **Develop cooperative agreements to allow Rockville businesses access to library resources and other data, market research databases and government documents held by local colleges and universities.**
 - **Work with both Montgomery College and four-year/graduate degree programs to foster internships and service-learning opportunities for students with businesses in a wide array of programs with local businesses in those fields.**
 - **Develop contacts with local degree programs to connect faculty to business owners in the same field or working on similar topics for collaborative activities.**
 - **Work with Montgomery College to develop productive ways to encourage College employees and students to patronize businesses throughout Rockville.**
- **Actively market data available through REDI and information on how companies can gain access through the newsletter and perhaps online events/classes.**
- **Expand training offerings:** Business owners suggest a wide array of topics for training. Training should remain virtual and be offered at different times to meet the needs of different businesses.
 - **Regularly poll businesses for new training topics, particularly those for different industries with clusters in Rockville and trainings needed by businesses beyond the startup phase.**
 - **Offer the same training multiple times at different times of the day/days of the week to meet the needs of a wide range of businesses.**
- **Better support retail and hospitality businesses:**
 - **Create incentives, brochures, online directories or other mechanisms to encourage visitors to use Rockville amenities while in the area.**

- **Create a database of retail and hospitality businesses and use this to track these businesses, regularly assess their needs, and develop special programming for them.**

B. Location Assistance and Space Needs

- **All businesses and brokers/developers note the need for co-working and hybrid office space for businesses of all sizes in a wide range of industries.**
- **Affordable real-estate for small and micro-businesses, established health/education/nonprofits, and retail is needed.**
- **Some larger brokers and development firms working in this market have a different vision of space/amenity expectations of local businesses than expressed by business owners and smaller specialty brokers, leading to a disconnect in development focus.** While acknowledging that Rockville demographics do not support high-end retail and restaurants, larger brokers/developers working across the region see Rockville as losing out in the competition for businesses to nearby developments with more in-complex high-end amenities and services. However, only 10% of Rockville businesses report this as a problem.
- **Businesses located in Town Center express concerns over changing management and ask for initiatives to promote the Center and its businesses.**

i. Recommendations: Location and Space Needs

Business owners see REDI and Rockville City working with brokers and developers to improve business real estate through several mechanisms:

- **Promote creation of a wider array of co-working/hybrid spaces for all sizes of business.** This would include:
 - **Creating mechanisms to help larger companies with too much space reconfigure space for co-working and hybrid options.**
 - **Creating systems to match smaller businesses looking for co-working opportunities with larger companies looking for tenants or new general co-working office space.**
 - **Offering incentives and changing permitting regulations as needed to encourage the development of new co-working/hybrid office businesses for a range of industries, including professional services, life science, IT and retail.**
 - **Developing guidelines for businesses developing co-working, hybrid, or other shared office agreements.**
- **Foster different configuration and size office spaces at different price points for lease and purchase in Rockville.**
- **Provide incentives for space conversion for both life science lab uses and other office configurations.**
- **Work with the City and developers to generate more affordable real-estate and co-working spaces for small and micro-businesses, established health/education/nonprofits and retail.**
- **Data suggest exploring recruiting international businesses to locate their U.S. offices in Rockville.**
- **Enhance REDI's existing location assistance programs to better serve as a conduit between businesses and real estate professionals through better marketing of existing services and providing regular updates through its social media:**
 - **Information on locations and what may be coming on the market in the future.**
 - **Information on the general office space situation in Rockville and financing/rent supports available to small businesses.**
 - **Information on how a small business could buy space and/or assistance in buying space.**

- **Provide REDI assistance as a facilitator to help Town Center businesses in the transition to new property management:**
 - **Assistance negotiating lease terms and ensure space for current businesses with the new manager of Town Center.**
 - **Offer incentives from REDI/City of Rockville to encourage new owner to keep existing businesses in Town Center.**

C. City of Rockville

- **Rockville is highly valued for its centrality in Montgomery County and the greater DC metro area with access to major roads and public transportation, small town feel, business friendly environment, and diversity of people, amenities, shops and restaurants.** Yet Rockville's diversity and range of amenities appear to be little known outside the City.
- **Key reasons that Rockville is a desirable location vary depending on the type of business.**
 - **Nearly half (43%) chose Rockville because the owner or key staff lived there.**
 - **Good customer base for the business (39%).**
 - **Near other businesses needed to conduct business (27%) or community of businesses (25%).**
 - **Good labor pool for the business (23%).**
- **Address cost of living and develop workforce housing to make Rockville more affordable and attract employees:** Business owners generally express concern about the rising cost of living in Rockville, citing this as a major drawback for the City. Housing costs are also a major concern often mentioned.
- **The majority of businesses know about and like Rockville city programs and services for the public. Fewer know about Rockville permitting and regulations, but those who have used Fast Track view it positively.**
- **Parking in the City Center is a widely-recognized problem.**

i. Recommendations: City of Rockville

All study participants want City government to better market the City and address parking and cost of living issues, particularly housing:

- **Promote Rockville's diversity, business and community culture, amenities, and educated, affluent population throughout the larger region.**
- **Work with the City and developers to create workforce housing to make Rockville more affordable and attract employees.**
- **Address parking issues in downtown Rockville and Town Center.**
- **Review business parking requirements and adjust as needed given new office configurations and different industry needs.**

D. Next Steps

Additional research is suggested on the following topics to fully understand findings:

- **Retail/Restaurant Gap Analysis:** Study of business needs and their sense of the retail/restaurant offerings in Rockville, including gaps in anchor or complementary stores/restaurants.
- **Exploring Foreign Markets: Study to Assess Potential to Attract International Business**
- **Employee Amenity and Quality of Life Needs Assessment**

ROCKVILLE BUSINESS NEEDS ASSESSMENT

PROJECT OVERVIEW SUMMARY

I. INTRODUCTION

The Rockville Business Needs Assessment is a multi-methods needs assessment for REDI focused on business needs and commercial real-estate issues in Rockville conducted in 2021-2022. The project combines three components: 1) a survey of all businesses in the greater Rockville area, 2) broker and developer focus groups assessing commercial broker, real estate agent, developer and large business perspectives on the office space needs and challenges in Rockville and 3) focus groups with targeted local businesses. This final report includes interim reports from the business survey and both sets of focus groups in addition to an overview summary and recommendations.

As Rockville's nonprofit economic development organization whose goal is to support businesses in the City, REDI commissioned this study in order to:

- Identify current pressing business needs that could be addressed by REDI or the City.
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- Facilitate business networking opportunities and create ongoing relationships

The research finds Rockville businesses coming out of the COVID-19 pandemic eager to reconnect with each other through an array of trainings, networking events and other initiatives to develop a community of businesses. The pandemic changed the nature of offices, with businesses of all sizes seeking smaller, hybrid or co-working space that is affordable. Business representatives appreciate REDI's support and look forward to engaging with the organization in multiple ways. Nearly half of Rockville businesses are led by Rockville residents and the majority are small or micro-businesses engaged in professional, life science or technical fields. These businesses value the grant programs and other business supports offered through REDI and MWBC, wanting more networking, small grant opportunities, training, linkages to university resources, and support for retail and the smallest businesses.

Rockville is valued for its diversity, educated, upper-middle class customers/workforce, and the combination of urban density but small-town feel. Many feel that Rockville should do a better job of promoting its diversity. Companies value the proximity to government entities that sponsor their work and clusters of businesses in the same field, as well as the proximity to the DC Metro area. However, many business owners who have experienced the growth, urbanization and rising cost of living in both Rockville and Montgomery County express concern about cost of living and the lack of middle-tier amenities.

Rockville business owners generally think Rockville city government is friendly to business. While acknowledging positive changes to permitting through the FAST program, the signage development, inspections and permitting processes are still too slow and cumbersome. Parking is a significant problem in downtown Rockville, with some concerns about business parking regulations elsewhere. However, businesses located in office parks or centers with ample parking have no issues.

II. METHODS

The project commenced in September 2021 with conversations with REDI key staff, board, and stakeholders about Rockville business needs and various aspects of the study. Initial focus groups with large brokers/developers were held in order to clarify the topics and issues to be covered in the survey. The survey was then developed, tested and conducted. After completing the survey, an additional broker/commercial real estate focus group with agents working with smaller and ethnic businesses was conducted, along with three business focus groups. While the broker focus group covered many of the same issues as the earlier broker research, the business focus groups included businesses that were hard to reach through the survey or types of businesses REDI hoped to learn more about after analyzing survey responses. Data from all three components of the study were analyzed together to develop a comprehensive understanding of issues examined through this needs assessment.

A. Terms Used in this Report

Throughout the report, specific terms are used to refer to business size, age and ownership. Please note that business size categories differ from those used by the federal government, where anything under 500 employees may be considered a small business. The terms micro-businesses or micro-entrepreneurs are used frequently in the business literature to refer to the smallest businesses, and we use micro-businesses throughout the report:

- **Micro-business:** Company with less than 5 employees.
- **Small business:** Company with 5-99 employees. Given the predominance of businesses with less than 20 employees, in much of the analysis small business primarily means businesses with 5-19 employees.
- **Large business:** Company with 100 employees or more. In some tables and sections of the report, companies with more than 20 employees are called *bigger businesses* because the sample includes so few large companies.
- **Startup company:** Business that is between 0 and 5 years old.
- **Established business:** Business older than 5 years.
- **Woman owned or WBE:** Woman owned business.
- **Minority owned:** Business owned by a person from a racially or ethnically under-represented community.
- **MBE:** Business with at least 51% ownership by a person who is a racial or ethnic minority (minority business enterprise) as designated by MDOT and the federal government.
- **Immigrant owned:** Business owned by a person not born in the United States.
- **None business:** Business that is not woman, minority or immigrant owned, or a corporation with multiple stockholders that is not designated as a WBE or MBE.
- **Veteran owned business:** Business owned by a veteran
- **Person-with-disability owned business:** Business owned by a person with a disability.

B. Business Survey

The business survey asked local businesses about 1) their experiences, needs and concerns as business owners in Rockville, 2) their experiences with REDI, 3) their assessment of Rockville city government's business policies, supports and general amenities as a place to live and work, 4) how Rockville compared to other localities as a place to do business, and 5) their office space needs and concerns. The survey was conducted online between May 5th and July 5th 2022. Survey invitations with passworded links to the survey were broadcast to a sample of 7,985 business owners and key staff drawn from REDI's business list and from Dun & Bradstreet Hoover's

database. A generic link to an identical survey was also shared with REDI allies and partners for distribution. As an incentive, respondents were entered into a random drawing for one of five \$100 prepaid Visa cards and a suite of free REDI services.

In total, 159 businesses completed the survey, representing a response rate of 2% and a credibility interval of +/- 8 percentage points at the 95% confidence level.

i. MaxDiff Analysis

MaxDiff analysis was utilized in order to gain insight into which attributes are most important when considering potential places to start or relocate a business, and to develop a Desirability Index for Rockville versus select competitive markets. Using tradeoff methodology and logit modeling to determine the relative importance of each of 10 attributes, the performance of Rockville and key competitive markets was then rated on each attribute. A Desirability Index using both importance scores and performance scores was then developed for each market.

The findings of the MaxDiff exercise provide insights to aid in strategic decision making, inform messaging to promote Rockville as a desirable choice for businesses to relocate or expand, and measure perceptions of the City against key competitors.

C. Focus Groups

Two sets of focus groups were conducted: one with brokers/developers and leadership staff at large businesses responsible for facilities decisions and a second set with business owners/executives. Initial focus groups conducted at the start of the project provided a framework for development of the survey while focus groups held after the survey offered insights on the experience and perspectives of brokers, developers, real estate agents and businesses in Rockville. These later focus groups filled in the gaps on issues raised by the survey analysis. In both cases, focus group guides were developed in consultation with REDI key staff, with each focus group guide tailored for the specific group.

i. Broker/Developer, Commercial Real Estate Agent, and Large Business Facilities Staff Focus Groups

The broker focus group component of the study addresses the commercial real estate needs of Rockville businesses, helping clarify factors which make Rockville a desirable location for business and identifying other localities that are competitors to Rockville in attracting and retaining businesses. Three focus groups were conducted between December 2021 and July 2022. Participants were recruited by REDI based on consultation with board members. All three focus groups were conducted virtually over Zoom, with results recorded and transcribed for analysis. After the session, participants were sent copies of the questions for further comment.

The first focus group included local and regional developers and large commercial brokers. This focus group provided an overview of commercial real estate as well as the needs of larger businesses, primarily focusing on life sciences, professional services and other technically oriented businesses. The second group included HR staff from large companies involved in decisions about space. The third focus group included smaller real estate brokers and discussed retail and smaller, ethnic/immigrant businesses. This group contrasted with the other two as it reflected the needs of smaller businesses.

ii. Business Focus Groups

Three business focus groups were conducted for this study between September and November 2022: retail businesses; mid-sized businesses and nonprofits; and micro-businesses. Micro-businesses in the focus group are owned by one person or a couple and have less than five employees. The businesses in the mid-sized focus group are either branches of larger businesses or had between 5 and 100 employees. While these businesses

would be considered small businesses in U.S. Federal business categories, they fall in the middle size range of businesses located in Rockville.

Participants were asked about other ways that REDI could support their business. These questions included asking if businesses would be interested in micro-loans or small grants for a specific, one-time activity as well as trainings and other specific resources they hope REDI could provide. They were also asked what an ideal support program looked like for their business.

III. KEY TAKEAWAYS

A. Rockville Business Characteristics and Implications for REDI

- **Businesses participating in this research are primarily small businesses. Eight in ten (82%) employ less than 20 people, with nearly two out of three (64%) being micro-businesses with less than 5 employees.** Micro-businesses span the age range and are the majority of businesses in most industries. Given their prevalence in Rockville, addressing the needs of micro and small businesses, including virtual, home-based and hybrid businesses, could be an important goal for REDI.
 - **Although awareness is high for REDI Small Business Assistance (54%), usage is a distant second to the MWBC (14% vs. 31%).** Retail (75%) and other (70%) businesses are most likely to know about Small Business Assistance, followed by professional services (57%). Awareness is lowest for health/education/nonprofits (28%).
 - **Micro and small business are eager to learn more about Small Business Assistance.** 72% of those interested in knowing more are micro-businesses, with 63% woman owned, 71% minority owned and 75% immigrant owned. However, some businesses suggest simplifying the application process further for micro-businesses.
 - **Micro and small companies use Market and Demographic Data and would like more access.** Two-thirds (67%) have less than 5 employees, 59% are woman owned, 48% minority owned. These would be small companies without access to data through other sources. Businesses with similar profiles also want help from REDI gaining access to university resources.
 - **MOVE/Expansion Grant:** Interest in learning more is spread across all business types, but 73% are startups, 68% woman owned, 61% minority owned.
 - **Micro-businesses are interested in location and tourism marketing services:** The smallest businesses are also interested in Location Intelligence, Rockville Tourism Marketing and Tenant Attraction Assistance.
 - **Home-based, virtual and hybrid businesses ask for assistance.** Requests for assistance for home-based or virtual businesses come from 4% of businesses. This includes financial and business development assistance, co-working space, networking and other assistance.
- **The largest group of organizations includes professional services, life sciences, and technology, together encompassing 51% of the companies responding to the survey.** Nearly one-third (32%) of these businesses are in professional services, including 81% with less than 20 employees, but this industry includes most of the mid-sized and large companies in the survey sample too. These organizations have a different set of needs and concerns than other types of businesses in the survey.
 - **Developing a community of businesses:** Businesses in all industries are interested in networking opportunities and other ways to develop a community of businesses doing similar or complementary

work. Professional, technical and life science businesses are also interested in REDI assistance with marketing and connecting with government sponsors.

- **Access to data and assistance gaining access to university research resources.** These businesses particularly value the demographic and other data available through REDI. In particular, the smaller organizations look for assistance connecting with universities to gain access to library resources and other data held by these institutions. Some also express interest in help facilitating connections for interns, collaborations with faculty, and training.
- **Nearly half of the businesses are woman owned (45%),** with 47% of professional services, 67% of retail, 46% of health/education/nonprofit, and 50% of other being women owned. Technology (33%) and life sciences/biotech (23%) firms are least likely to be owned by women. Woman owned businesses are also heavily Minority owned (71%) and/or immigrant owned (65%).
- **The Maryland Women’s Business Center (MWBC) is clearly a resource for WBEs, with nearly three in four (73%) aware of this resource.** The MWBC has the most use of all REDI services, and nearly two-thirds (61%) of those aware of the MWBC view it favorably. But it also drew the most negative responses, with 16% unfavorable and 19% neutral. These statistics suggest REDI might focus on learning how this resource center can better serve the needs of WBEs in Rockville.

B. Why Choose Rockville?

- **Rockville is highly valued for its centrality in Montgomery County and the greater DC metro area with access to major roads and public transportation, small town feel, business friendly environment, and diversity of people, amenities, shops and restaurants.** Yet Rockville’s diversity and range of amenities appear to be little known outside the City. Business owners and stakeholders both recommend that Rockville better market these features and develop a better/clearer vision of itself and its future.
- **Key reasons that Rockville is a desirable location vary depending on the type of business.**
 - **Key Staff/owner lives in Rockville.** Nearly half (43%) chose Rockville because the owner or key staff lived there.
 - **Good customer base for my business (39%).** This is particularly true for retail (49%) and other businesses (47%). There are no significant differences across any other categories.
 - **Near other businesses needed to conduct my business (27%) or community of businesses located here (25%).** These two reasons represent similar needs – the desire to be near a cluster of similar or complimentary businesses or sponsors to facilitate activities. Being near other businesses is particularly important for professional services (37%) and technology (33%) businesses and those over 20 years old (37%). Communities of similar businesses are particularly important for technology companies (44%), startups (44%) and minority owned businesses (35%).
 - **Good labor pool for my business (23%).** Rockville’s educated workforce provides a good labor pool, particularly for technology (39%) and life sciences (46%).
- **Trouble recruiting staff and retaining workers is a major problem for health/education/nonprofits (63%),** particularly the older and larger organizations that may have a wide range of semi-skilled and low-paid professional staff. In many cases, this appears to be linked to the cost of living.
- **Address cost of living and develop workforce housing to make Rockville more affordable and attract employees:** Business owners generally express concern about the rising cost of living in Rockville, citing this as a major drawback for the City. Housing costs are also a major concern often mentioned. Those seeking

more workers, particularly retail and those in health/education/nonprofits that hire essential workers paid less than the professional services and technical workers in other industries, saw the cost of living and housing costs as a challenge attracting and retaining workers. Working with business owners and the City on programs to develop more workforce housing – targeted for those essential workers in mid-level income positions who work in the City – could improve Rockville’s desirability as a business location and address some of the trouble finding workers.

C. REDI Programs and Services

- **The most frequent request from REDI is for more networking and mentoring opportunities (17%), followed by help with funding/grants/incentives (11%), mentoring/training (9%) and promoting local business (7%).**
- **Business development/growth and funding/startup costs are the major concerns for Rockville businesses, particularly micro and small businesses.** Exploring ways to better serve the smallest businesses appears an important concern.

D. Location and Space Needs

- **All businesses and brokers/developers note the need for co-working and hybrid office space for businesses of all sizes in a wide range of industries.** Larger businesses look to share office space as they move to hybrid office policies while micro and small businesses have discovered the advantages of co-working space in the work environment fostered by the Covid-19 environment. This includes professional services, retail, health/education businesses and non-profits, IT and even smaller life science firms.
- **Affordable real-estate for small and micro-businesses, established health/education/nonprofits, and retail is needed:** Businesses call for both affordable rents and commercial real estate that small businesses could afford to buy. Several had moved out of Rockville to more affordable places north of the City because they could only rent in Rockville. Established retail and health/education/nonprofits of all sizes complain about rising rents. Some ask for more desirable locations they can afford.
- **Some larger brokers and development firms working in this market have a different vision of space/amenity expectations of local businesses than expressed by business owners and smaller specialty brokers, leading to a disconnect in development focus.** While acknowledging that Rockville demographics do not support high-end retail and restaurants, larger brokers/developers working across the region see Rockville as losing out in the competition for businesses to nearby developments with more in-complex high-end amenities and services. However, very few Rockville businesses participating in this research ask for these amenities. This suggests that these brokers may need to shift their focus to less amenity-rich complexes with more middle-income retail and restaurants nearby to meet the needs of Rockville-based businesses. Affordability and serving the space needs of micro and small businesses appears more important in Rockville.
 - **Amenities expected by employees reported as a problem by 10% of businesses.** There are no significant differences across type of business, age, size or ownership type. The most frequently cited amenities requested are ample parking (59%), access to restaurants and shopping (38%) and parks/open spaces (30%).

E. Rockville City Programs and Services

- **The majority of businesses know about and like Rockville city programs and services for the public. Fewer have reason to know about Rockville permitting and regulations, but those who have used Fast Track view it positively.** Nearly three in four (71%) are aware of Rockville public works and park services, parking rules,

and City events and promotional activities, 59% are aware of diversity and inclusion initiatives, and 51% of accessibility for people with disabilities.

- **Parking in the City Center is a widely-recognized problem.** Parking is the major concern of local businesses, with 35% positive, 36% negative and 29% unaware of parking programs and regulations. Business owners located throughout the area comment that parking in downtown Rockville, particularly in Town Center, is difficult, with confusing information on parking costs, times allowed to park too short, and insufficient parking for business employees and customers. Supplier drop-off locations are also problematic given parking regulations and construction. Businesses call for free parking in downtown Rockville's retail/service center for a minimum of 3-4 hours.
- **Businesses located in Town Center express concerns over changing management and ask for initiatives to promote the Center and its businesses.** Businesses located in the complex ask REDI to help broker lease agreements with the new management and suggest a variety of incentives and promotional activities to promote all businesses located in the center and draw customers.

IV. DETAILED FINDINGS

A. Rockville as a Place to Do Business

i. City History, Demographics and Growth

Settled in the first half of the 1700s, Rockville (then known as Hungerford's Tavern and later Montgomery Court House/Williamsburg) became the county seat of newly formed Montgomery County in 1776. Formally incorporated in 1860, Rockville has remained the center of Montgomery County government ever since, with a combination of county, local and federal government serving as major employers in the City.² Several Federal agencies have long called Rockville or its surrounding area home, including NIH, NIST, DOD, and FDA. As an employer and bedroom community for a wide variety of professional and technical government workers, Rockville has benefited from an educated, middle and upper-middle class population base. It is known for excellent schools, parks and leisure appreciated by this population.

Clusters of companies in professional/technical and more recently Life Sciences located in Rockville due to proximity to these government sponsors. This includes Rockville's largest private employer, Westat, founded in 1963, as well as branches of several other major government contractors. Smaller firms started by former government employees or drawn to Rockville by the growing community of businesses in their field increased business clusters. Over time this has created several professional, scientific and technical communities of business ranging in size from single owner home-based businesses to large companies. These companies are the bulk of businesses that participated in this research and their needs shape their expectations of REDI and Rockville's economic development efforts.

Rockville remained a small town until the annexation of Twinbrook in 1949 and development of Congressional Plaza and its surrounding neighborhoods in the 1950s, then experiencing rapid growth in the 1960s and 1970s. Redevelopment of the town center and surrounding areas with more mixed-use housing and the creation of King Farm and Fallsgrove on annexed land led to another population growth spurt after 2000. Rockville

² Wikipedia [Rockville, MD](#) accessed on 1/9/2023. Original Source: [Proctor, John Clagett](#) (May 20, 1934). "[Rockville Among Old Maryland Towns](#)".

Washington Evening Star. p. 76.

population grew 29% between 2000 and 2010 to 61,209 and continued to increase, reaching 67,139 in 2021.³ Today, the City combines urban and suburban feel, with a small district of historic houses.

While considered a homogenous small town outside of Rockville, the City has long attracted diverse residents, particularly Asians and South Asians employed in scientific, professional and technical fields or operating services, restaurants and retail businesses enjoyed by the entire community. The Asian population grew from 5% in 1980 to nearly 21% in 2021. While a small percentage of the city population in 1980, Rockville's Asian population was double the national average of approximately 2% at that time. Rockville's Hispanic/Latino population has also grown exponentially in this time, from nearly 5% in 1980 to over 14% today. Rockville has always had a small African American/Black population which has also increased but at a slower rate, from 7% in 1980 to nearly 10% in 2021. The latest census figures show whites (53%) as a slight majority, with 33% of Rockville residents foreign born and 44% speaking a language other than English at home.⁴

Rockville residents and businesses celebrate this diversity and consider it a major advantage to Rockville. One of our major findings is that Rockville businesses want REDI and Rockville city government to better market the City's diversity. In addition to creating a diverse workplace and community environment, Rockville retail, hospitality and service businesses offer goods and services from across the globe and spanning U.S. ethnic/racial cultures. Professional, technical and service organizations also have diverse workforces, with many smaller companies minority, immigrant or woman owned. Overall, 45% of the businesses in the survey are woman owned, 35% minority owned, and 13% immigrant owned, with much overlap among these categories.

Retail and services are located along major roads like Rockville Pike (Route 355) Gude Drive (with east Gude Drive now branded Rock East), Congressional Plaza, and in town centers for King Farm and other developments as well as in the traditional city center. Downtown Rockville has experienced decline since the 1960s, leading to demolition of much of the older city center during Maryland's first urban renewal project.⁵ Redevelopment of the town center has witnessed several failures, including a now demolished Rockville Mall. Likewise, challenges faced by Town Center in recent years became a focus for retail and other businesses in this research, with businesses of all kinds calling for changes in parking policy as well as raising a number of concerns about its viability and potential changes with new ownership. Rockville retailers and some brokers both call for REDI to pay more attention to retail and hospitality businesses.

ii. Rockville's Strengths and Weaknesses

1. Strengths

Nearly half (43%) of Rockville businesses are locally owned, with the survey and all focus groups noting that many business owners live in Rockville and have chosen to locate their business where they live. Rockville is valued as a diverse community with a wide range of businesses, cultural amenities and green space, yet with a small town, business-friendly, community feel. Fully 13% of Rockville business owners chose Rockville because of its diversity and 11% for its quality of life. The well- educated population, where almost all adults (93%) have a high school diploma and 65% a college degree or better, value its good schools and earn a median income of \$116,031.⁶ The level of education, wealth and diversity provide both a skilled workforce for local employers and

³ Compilation from City of Rockville Community Planning and Development Services (2012) [Census Results for the City of Rockville Comprehensive Plan](#), pp 9-11 and [Census Quick Facts, City of Rockville, MD](#).

⁴ Compilation from City of Rockville Community Planning and Development Services (2012) [Census Results for the City of Rockville Comprehensive Plan](#), pp 12-17 and [Census Quick Facts, City of Rockville, MD](#).

⁵ Wikipedia [Rockville, MD](#) accessed on 1/9/2023.

⁶ [Census Quick Facts, City of Rockville, MD](#).

relatively affluent customer base for retailers. Yet these attributes are not well known outside of Rockville, with many focus group participants calling for better marketing of the community's diversity and cultural attributes.

When asked why they chose Rockville, both survey and focus group participants mentioned the same three attributes:

- **Good customer base for my business**
- **Near other businesses needed to conduct my business or community of businesses located here**
- **Good labor pool for my business**

In addition, survey and focus group participants mentioned the same key attributes for why they chose Rockville to locate their businesses. This included:

- **Business climate/composition**
- **Location/DC Metro area and public transit/highways/airports**
- **Rockville more affordable than other nearby communities yet offers urban density**
- **Amenities and infrastructure and restaurants/shopping/activities**
- **Client/customer base:** For professional services, life sciences and technology companies, Rockville is valued for its proximity to NIH, FDA, other government agencies, Washington DC, and other firms involved in the same industry. For specialty retail, personal services, and organizations offering education, training and health services, Rockville has affluent, educated residents likely to be interested in these products and services.

2. Weaknesses

The major drawback to Rockville is its high cost of living, particularly housing costs. For businesses, rising rents and lack of affordable small or mid-size property to buy is a major concern, leading some long-term companies to move out of Rockville. While most Rockville residents and business owners are solidly middle or upper-middle class, they do not have the levels of wealth found in Bethesda or other wealthier suburbs. The true tension for Rockville centers on its history as a middle-class community, with many of its stable residents aging and middle class, amidst rapidly rising housing costs and general cost of living. This tension appears in calls for more mid-level restaurants and anchor stores like Walmart, while developers and brokers note that nearby competitors such as Pike and Rose feature luxury retail and on-trend restaurants. For smaller businesses and retailers, the rising cost of living makes it hard to find and retain workers they can afford. Housing costs and the cost of commercial real estate impact all companies.

The challenge for Rockville may be maintaining the middle-class amenities and vibe while positioning itself as a desirable, diverse destination amidst both communities with more affluent offerings (for example Bethesda) or affordability (Gaithersburg, Frederick). The key may be highlighting and supporting the many authentic immigrant and ethnic businesses or unique, local retail, while encouraging middle class restaurants, retail and housing options. For larger brokers and developers this means finding a formula that meets the needs of Rockville businesses.

iii. MaxDiff Results

MaxDiff analysis shows that Rockville's key competitor is Northern Virginia, with the two virtually tied as desirable places to locate a business. Frederick is a distant contender, with a desirability score half that of Rockville's. The MaxDiff results from this study show that the overall cost of living is the most important

consideration when choosing a location for a business, followed closely by the availability of a talent pool with a relevant skill set.

Quality of utilities, broadband and public transit also stands out in importance, and ranks third as a factor in the choice of a business location.

Existing commercial real estate, while only about half as important as overall cost of living, easily outranks the rest of the remaining attributes. For instance, it's nearly twice as important as having amenities near the office.

iv. Implications for Rockville and REDI

As the 5th largest City in Rockville and a long history as an incorporated entity with its own unique government and culture, Rockville offers a unique environment well appreciated by its businesses. These businesses wish that those in the surrounding communities and wider area understood its diversity and charm. Developing a campaign to better market Rockville to businesses in the wider community based on these attributes is an important finding from this research. Given the number of international residents, recruiting international businesses to locate their U.S. offices in Rockville may be another strategy.

Given that non-residents regularly come into Rockville to use government services located in this county seat or visit the government offices located nearby, this offers opportunities for retail, hospitality and service businesses. Rockville businesses want REDI and Rockville to do a better job marketing their services to people unfamiliar with the City. This includes creating incentives, brochures, online directories or other mechanisms to encourage visitors to use Rockville amenities while in the area.

The major negative for Rockville is its rising cost of living and housing costs, which create hardships even for its well-educated and relatively affluent population. While neither REDI nor the City can control market forces or address Montgomery County's high taxes that support the excellent schools and other amenities, City government can create programs and tax rebates for workforce housing and to help older or lower income residents afford their homes. For businesses, REDI can work with developers to create more lower cost and shared options to rent or buy office space.

B. Key Needs and Concerns of Rockville Businesses

Given that the majority of Rockville businesses are micro or small businesses, ensuring that REDI programming meets their needs is important. The high percentage of scientific, professional and technical businesses, regardless of size suggests that REDI may consider adding or tailoring programming to address the credentialing, networking and other special business needs of firms in this field. The fact that so many of these businesses or woman, immigrant, minority, or person-with-disability-owned suggests that special supports for these businesses remain important. The high percentages of micro-businesses that are MBE/WBE, LGBTQ+ or person-with-disability-owned businesses may indicate a need for special supports and growth assistance for companies owned by people from under-represented communities.

i. Participating Business Demographics

Businesses responding to the survey are primarily small businesses, with a full 82% employing less than 20 people and 64% less than 5. Our sample echoes census business statistics, which indicate that in 2010, 91% of Rockville businesses had 100 employees or less.⁷ The largest group includes professional services, life sciences, and technology, together encompassing 51% of the companies responding to the survey. While 71% of professional services companies have less than 5 employees, 40% of those with 100 or more (2 companies) are

⁷ Rockville Economic Development Trends Report for 2016, City of Rockville, p 10.

in professional services. The other large companies are one organization each in life sciences, health/education/nonprofits and other. These organizations are equally distributed in age from startups in business less than 5 years to established companies in operation 20 years or more.

Table 1 compares the REDI survey sample to two recent sources for business statistics in the City. The SIC sample comes from [Data Axle's Business Database](#), which is a big-data compilation of businesses from a variety of public sources. Neither the SIC sample nor Rockville Economic Development Trends (REDT) census statistics are directly comparable to this survey because they place some businesses in different categories. For example, the SIC statistics do not have a category for life sciences or technology companies and the REDT statistics lump these three categories together.

TABLE 2: COMPARISON BETWEEN SIC SAMPLE, ROCKVILLE ECONOMIC DEVELOPMENT REPORT 2016 AND REDI SAMPLE

Business Type	SIC %	Rockville EDTR ⁸	REDI %
Professional services (Rockville EDTR includes life science and tech)	23.0%	29.0%	32%
Real estate/insurance	6.0%	12.5%	3%
Retail	6.0%	11.0%	8%
Construction	6.0%		3%
Health (Rockville EDTR includes social services)	22.0%	11.5%	8%
Restaurants	4.0%		2%
Personal services	3.0%	8.3%	3%
Education	2.0%	1.4%	8%
Social services and membership orgs (may include nonprofits)	7.0%		6%
Manufacturing	2.0%	2.1%	4%
Chemical and allied product (may include life sciences)	0.4%		8%
Technology (no category except communications SIC codes)	0.5%		11%
Hospitality (includes restaurants in REDI sample)	0.3%	8.6%	1%

Nevertheless, the three sources confirm that the bulk of Rockville businesses are providing professional services, research and development in life sciences, technology and other fields of interest to government, the primary industry in the DC metropolitan area. In comparison to the SIC sample, the REDI sample is over-represented in professional services, education, manufacturing, life sciences, and technology – all areas of particular interest to the organization.

The REDI sample is under-represented in health, real estate, construction and restaurants. To make up for these deficits, we held a focus group for retail organizations and a broker focus group for small brokers/agent companies representing retail, real estate and other businesses. One of the businesses in the micro-business focus group was a construction business with seasonal labor. We also included one franchise business in the focus groups.

⁸ Figures computed from *Rockville Economic Development Trends Report for 2016*, City of Rockville, P 10. The Rockville EDR report combines professional services, life sciences and technology companies in one category. Health and social services are also one category, as is real estate, finance and insurance. As such, categories are not completely comparable.

1. Industry

- **Nearly 1/3rd of the businesses who responded to the survey are professional business services.**
- **The study sample is evenly distributed by age of company, but professional services, other and health/education/nonprofit have more older companies.**
- **Bigger companies tend to be older.**
- **Arts:** The survey sample includes four arts organizations (3%). In addition, three of the focus group participants are artists or arts organizations.
- **Nearly half of the businesses are woman owned (45%).**

2. Majority Micro or Small Businesses

- **The bulk of the businesses in the survey (64%) are micro-businesses with less than 5 full-time employees**
- **Micro-businesses are not necessarily new businesses:** While 72% of businesses less than 5 years old are micro-businesses, the majority of micro-businesses are older businesses.
- **Micro-businesses are more likely to be woman owned (74%), minority owned (73%), or immigrant owned (80%), but over half of non-minority owned businesses are micro-businesses (52%).** In addition, all of the LGBTBE, 88% of people with disability, and 86% of the veteran-owned businesses are micro-businesses.

ii. Shared Key Issues

Rockville businesses report the following key issues, echoed by focus group respondents:

- **Business development and growth (48%):** This is a key issue for established companies (6-20 years old), with nearly two-thirds of these companies (64-65%) reporting this problem. It is particularly a problem for micro (54%) and small (45%) businesses, with only 21% of those with more than 20 employees reporting this issue. While business development and growth are a particular challenge for retail (67%), other types of businesses report this problem between 40% and 56% of the time.
- **Funding and startup costs (30%):** This is especially an issue for startups (44%), compared to nearly 30% (28-29%) for those 6-20 years old and only 7% for older companies. Micro-businesses (39%) are particularly impacted, compared to less than 10% for larger companies. Minority (47%), woman (35%), and immigrant owned (40%) face more funding challenges than non-minority owned companies (17%).
- **Costs and availability of supplies/materials needed for my business (26%):** Unsurprisingly, given Covid-related supply chain issues, businesses most impacted by supply and material costs are retail (67%), life sciences (46%), and other (33%), with 20% or less in other categories reporting this problem.
- **Trouble recruiting staff (40%) and retaining workers (21%):** The most common labor-related problem is finding qualified workers. Trouble recruiting staff is cited by two in five businesses (40%). A majority of Rockville businesses are locally focused, typically recruiting employees from Rockville and Montgomery County, as well as the surrounding region. This appears to be a major problem for health/education/nonprofits, with 63% reporting trouble hiring staff and 43% having trouble retaining workers. Older (61% of those 11-20 years had trouble recruiting) and larger organizations (63% 20+ employees) that may have a wide range of semi-skilled and low-paid professional staff also report these issues.

- **COVID-19 Impact:**

- **Staffing:** 80% of health/education/nonprofits report a negative impact from Covid-19 as well as hiring problems. These organizations may represent those employing essential workers during the pandemic, a group that have been quitting in high numbers. These organizations may also have difficulty hiring because they can't compete with professional, technology and other companies with better wages and working conditions.
- **Different office configurations:** The other major impact of Covid was the move to virtual and hybrid work and need for smaller offices or co-working spaces to accommodate this change. Businesses of all sizes mention difficulties finding smaller space to lease or the need to share with other businesses.

C. REDI Experience and Needs

i. Overall Perceptions of REDI

Overall, nearly two-thirds of businesses are aware of REDI (62%) and 80% of these have some knowledge of REDI services. Most businesses in the survey and all in the focus groups viewed REDI as a positive support for their businesses and are enthusiastic about REDI and the MWBC.

I just think that, for the groups that I've worked with, REDI has been responsive and great, and I think I've definitely benefited from some of the things you guys have helped me with, and the handholding. (Micro-business owner)

I have to say it has been the nicest thing, even though we're just outside city limits, the folks from REDI pop up frequently to check on us and see what they can do to help. They've connected us with various people at different times and we feel so supported. I am a big fan of REDI. (Mid-size business owner)

Nearly two thirds (61%) of businesses aware of REDI view it favorably. Only 12 businesses who are aware of REDI view it unfavorably (12%), with four of these in the professional services and four in the other category. Nearly three-fourths (71%) of those who have actually used a service are favorable, with 15% negative and 13% neutral. The majority of businesses with negative experience with REDI services have less than five employees (58%) and three-fourths are woman owned. Unfavorable responses to REDI services seem to be tied to lack of resources for the type of business, particularly smaller and newer businesses.

There is a substantial Neutral segment (23%), which may reflect only a general awareness of the organization. Neutral responses often came from nonprofits.

ii. Awareness and Use of REDI Programs and Services

Awareness is highest for the MWBC (61%) and Small Business Assistance (54%). Awareness levels are much lower for the other services, especially Tenant Attraction Assistance and Location Intelligence. Woman owned (63%), minority owned (71%) and immigrant owned (75%) businesses are more interested in learning about REDI services than businesses with no certifications. Collectively, these findings signal an opportunity for more outreach and marketing of the various services that REDI offers.

Overall, nearly one-third (30%) of businesses in this sample have used REDI Services. Among those aware of REDI, one in two have used at least one of the services (48%).

- **The MWBC has both the highest awareness and usage levels of the various services offered by REDI:** Six in ten know about the service (61%), and one in three has used it (31%).
- **Although awareness is also high for Small Business Assistance (54%), few businesses use this service (14%):** Two-thirds (67%) of technology and retail businesses are interested in learning more about small business assistance, with 70% of these startups (1-5 years).

- **The next most-used service is Market Data and Demographic Information, with about one in ten of those aware of REDI availing themselves of this service (9%):** Market and demographic data are used more often by professional services and health/education/nonprofit organizations that would need them for their projects or services.
- **Tourism/marketing:** Surprisingly, professional services (34%), other (30%) and health/education/nonprofits (28%) are more likely to know about tourism marketing.
- **Usage of services:** REDI services are used by established businesses, with 71% of established businesses 11-20 years old who know about REDI services using at least one service. Retail businesses, most of which are established Rockville institutions (75%), and immigrant owned businesses (77%) are most likely to use REDI services, but over half of woman owned (59%) and minority owned (61%) businesses that found out about a service used it. Notably, 58% of the handful of businesses that had a negative response to REDI in general, and 13% with a neutral response, had used REDI services.

1. Grant and Loan Programs

a. Current Programs (SBIF, MOVE/Expansion Grants)

Use of REDI programs appears to depend on business size and stage of development. Newer and smaller businesses use SBIF, while more mid-sized businesses use Move/Expansion Grants. This suggests that different resources are needed depending on the size and stage of business development. The only complaint about REDI programs involves the amount of paperwork necessary to apply for the grants. While REDI has recently modified these programs to create tiered applications, this suggests that REDI might consider simplifying applications further and offering support to all applicants that inquire about services with applications.

Micro-businesses express some concerns about the complexity of the paperwork for the grant programs, noting that some small business owners may not apply because they find the paperwork daunting or do not know how to find statistics and create forecasts for their businesses.

- **Small Business Impact Fund (SBIF):** SBIF grants appear to be most used by smaller businesses, including both retail businesses and micro-businesses. Survey results show that retail (75%) and other (70%) businesses are most likely to know about small business assistance, compared with 57% of professional services, 28% of health/education/nonprofits, and 44% of other categories. Businesses that have used these grants described them as “lifesavers.” That said, the micro-businesses that have successfully received these grants report that the paperwork is challenging and that they needed help from REDI staff to fill it out.

I really would not have made it without the SBIF. It was instrumental in keeping me afloat. I am extremely grateful [for] those grants... (Established Retail Business Owner)

When I did the small business fund, I knew how to navigate it because I have applied for other things. So I could pull reports. But I think that if it is somebody outside of that, like I think about my small business owner friends, having to pull numbers and stats and accurately gauge might be difficult. (Micro-business owner)

- **MOVE/Expansion Grant:** The survey reports that 20% of businesses were aware of this program and 7% have used it. All businesses that have used the program are enthusiastic about it, calling it “great.”

b. Possible New Programs (Small One-Time Grants, Micro-loans)

After survey comments suggested that businesses may want micro-loans or a small grant program, business focus group participants were asked about their interest in this kind of program. Focus group participants expressed enthusiasm for the small grant program, if the application was a simple, maximum one or two pages. Their reaction was more mixed regarding micro-loans.

- **Small grant need:** Organizations have a wide-ranging wish list for small grants, with most activities costing under \$5,000. Business owners were asked if they could use a one-time small grant for something specific to support their business. The types of supports needed vary depending on the business type, but all businesses want help with social media and websites. Organizations ask for small grants for website development/refresh or optimization, decorating, marketing, social media training courses, rebranding services and new business cards/marketing materials, specialized individual technology needed by the business to conduct its programs, funds to cover food and participant stipends for focus groups and community service business development events for students/low-income people.
- **Micro-loans:** While businesses are interested in micro-loans, they are cautious, stating that these loans would need to be large enough to be worth the time filling out the paperwork, applications need to be easy to fill out, and loan terms favorable. Some businesses would like micro-loans for working capital or other expansion projects.

Well, so \$10,000 would be worth going to the well for. For \$5,000, I think that the effort to get the funds might be too much for us. (Micro-business owner)

2. Networking and Connections to Resources

Networking and developing a community of businesses appears important for all of these organizations, regardless of the type or size of business. Fostering a community of business is important to all businesses in the focus groups and was a key attraction of Rockville in the survey. Communities of businesses these organizations envision include other businesses that are similar or complementary to their business or geographically nearby. For most organizations, this combines businesses in their field with other businesses offering services they need (technical support, supplies, business services, or complementary services), as well as other businesses in their locality. The vision of a community of businesses differs significantly for retail and other businesses participating in the focus groups. Retail owners see their community of business as a Merchants Association or Retail Business Forum which brings together retail and related businesses to work together to plan events, network and otherwise cooperate.

When I look at community of businesses, I'm looking at... like-minded businesses that can [promote] each other, businesses that support my operations... banking, marketing, all of that. And community businesses that could help me grow my business through networking and future business development. (Micro-business owner)

All but the newest businesses belong to multiple Chambers of Commerce or other networking groups, usually a combination of Rockville, Montgomery County, ethnic/racial or business specialty Chambers, or Chambers in other communities where they do business. Some businesses also belong to networking organizations specific to their field or online social networking groups like Alignable. Chambers and these other organizations serve as a place to network, a source of news, and sometimes for referrals.

A full 17% of survey participants asked for help with marketing and networking support. Focus group participants see REDI as a resource to facilitate networking or fill in the gaps from activities sponsored by Chambers or the City/County government. Businesses also ask for mentoring and assistance with business development and government proposal writing, presumably from other business owners or retired business owners, as well as REDI staff.

Businesses see REDI as facilitating and supporting this community of businesses both through general networking events and specific forums to address issues or foster collaborations. Many organizations are eager for in-person events, but all also value online forums and networking opportunities. Businesses want these events at a variety of times given their needs. This suggests that REDI creatively schedule a mix of different types

of events at different times, also using its newsletter, social media and other distribution channels to share information on its activities and those of local businesses.

Most of these businesses want opportunities and events that allow business owners to come together to network and get to know other businesses in their community. Some want REDI to sponsor activities that lead to specific collaborative activities.

- **Suggestion:** Provide many more networking events, offering a mix of online and in-person events. Preferred times for in-person events are breakfast or luncheons. Mid-week events are also preferred.

a. Data Resources and Possible Connections to Colleges/Universities

Most businesses in the focus groups are not aware of REDI services to provide marketing and demographic data to businesses and only 9% of survey participants aware of REDI use this service. Market and demographic data are used more often by professional services and health/education/nonprofit organizations that would need them for their projects or services. However, many focus group participants are eager to be connected to data and similar resources through universities. While some services through colleges and universities are unique, this suggests that REDI needs to better market this service.

The businesses that use research or support interns, Life sciences and professional services industries in the survey and a wide range of focus group participants, both micro-businesses and mid-size organizations, are very enthusiastic about REDI facilitating their access to university resources. They want REDI to help them partner with Montgomery College and universities to access supports they need to successfully run for-profit businesses or nonprofits. Organizations saw universities as a resource for research and marketing resources through libraries, data needed for proposals and program planning, interns, and access to expensive market research databases.

I think that having library access is great. I think I've definitely brought on interns and staff that could benefit from being able to go and get materials, check things out. (Micro-business owner)

So I think that anything [that gives us access to data resources]... the paid tools that you can use for market research, having access to that would be huge. ... they're very, very expensive databases. (Micro-business owner)

3. Training

Businesses have a lengthy list of business development trainings they want, many geared toward moving from the startup to more established business stage in their development. Others want training on social media or specific needs for their business.

Almost all want these trainings offered virtually, as interactive webinars through Zoom or a similar platform. Business owners in different fields suggest various times for trainings that work best for their business. Some prefer mid-day (lunch time), with end of the business day also mentioned. For retail, middle of the week in quiet times or late afternoon might work. Some smaller businesses, particularly in the trades, could only take time out during the workday if the weather is bad.

4. Location Assistance and Space Needs

Both large and small businesses want help finding new or additional locations with affordable rent and parking. Larger companies want to downsize because they transitioned to a hybrid format, while smaller businesses that are being displaced or want to grow want help finding new locations. Companies of all sizes want REDI's help working with brokers/developers to find appropriate space they can afford and make them aware of current issues in the business rental market. Town Center occupants are concerned about losing their leases with new management and ask REDI to facilitate conversation with the new company.

Most businesses, regardless of the size and nature of their business, express interest in co-working or hybrid space. Smaller professional businesses that moved into co-working spaces during the pandemic are delighted with these arrangements, while small retail owners want to share store space. Mid-size organizations who have fewer workers due to hybrid work environments or can only find space larger than what they need are looking for organizations to share their offices. Hybrid and co-working space is also mentioned frequently by businesses of all sizes in the survey and noted as a rising concern by brokers and business real estate agents. This suggests that REDI could provide a significant service by working with developers/brokers to foster more co-working environments and helping businesses find these arrangements.

iii. Services Businesses Want REDI to Add or Enhance

Both the survey and focus groups identified services businesses wanted REDI to add or enhance:

- **Marketing support:** Small, micro and retail businesses want help from REDI with general promotion, social media and online marketing.
- **Help with funding/grants/incentives**
- **Mentoring/training:** A number of companies want mentoring and training. These include both startups and more established micro or small businesses that wanted mentoring from a more established company in their field to get to the next level.
- **Promote local business**
- **Support for home-based, virtual or hybrid businesses:** Businesses also want REDI to recognize and support home-based, virtual or hybrid businesses with programs, social networking and other supports.
- **Facilitate access to high schools to develop summer internships in construction for trade jobs**

D. Rockville City Policies and Environment

i. Rockville as a Supportive Environment for Business

The majority of businesses know about Rockville programs and services for the public, with 71% aware of Rockville services in three categories: public works and park services, parking rules, and City events and promotional activities. More than half know about diversity and inclusion initiatives (59%) and accessibility for people with disabilities (51%). Two-thirds of businesses are positive about Rockville public works and park services (67%) and City events and promotional activities (64%). Half are positive about diversity and inclusion initiatives and accessibility for people with disabilities (47%).

ii. Parking

Parking drew the most mixed response in the survey, with 35% positive, 36% negative and 29% unaware of parking programs and regulations. Nearly one in ten identified parking as a problem, with 41% of professional services, 42% retail, and 40% each of health/education/nonprofit and other businesses have negative experiences with parking. Those with less than 5 employees (41%) are more likely to have negative views of parking than are larger businesses. For the retail businesses, particularly those near town center, this seems to be related to parking costs.

The business focus groups uniformly reported that parking was a problem downtown, with Town Center a particular challenge. However, both large and small businesses located in office parks outside of the downtown with parking provided had no issues themselves. Brokers/developers agreed that parking was an issue for businesses, commenting that City parking formulas and rules need to change given hybrid offices and availability of ride-share services like Uber and Lyft.

iii. Permitting and Signage

Fewer businesses have experience with permitting/zoning (46%), City codes (24%) or the Fast Track program (19%) than other City services. Businesses in the Other category (33%) are more likely to have negative experiences with permitting and zoning, compared to 14-25% for others. Those in Life Sciences (46%) report positive experiences with permitting/zoning. Technology companies (33%) report positive experiences with the Fast Track program, compared to 8-20% for other types.

Brokers and developers report that the permitting process can be slow, despite improvements due to Fast Track. Speed to developing business sites is an often-reported problem, with retail business owners reporting businesses that can't get improvements done in time and brokers/developers citing the slow process of permitting and real estate development processes as a deterrent to locate businesses in Rockville and Montgomery County. Fast Track is seen as a success, but it needs to be advertised and Rockville's reputation for slow permitting remains a problem. Everyone reports that the real problem now is a slow process for inspections and other aspects of the approval process, made even slower by the pandemic.

In addition to City government challenges, Montgomery County's high taxes, fees and other costs are reported as a problem for businesses in both the survey and by brokers/developers.

iv. Other Ways Rockville Could Improve

When asked how Rockville could improve, businesses in the survey want the city to address traffic concerns (9%), reduce cost of living (6%) and/or housing costs (9%), lower taxes (6%) improve public transportation (6%), and improve safety and related issues (3%). Businesses also wanted the City to provide business funding, accommodations, networking events (30%) and access to real estate that small businesses could buy/rent at affordable prices (6%). Retail/hospitality businesses (8%) and small business real estate brokers ask both REDI and the city to attract more desirable anchor stores, complementary businesses, or diverse businesses to improve traffic to smaller businesses. Many of these same issues are mentioned in the business focus groups. Both brokers/large businesses and business survey participants think the City or REDI should develop a clearer vision and image for Rockville itself and better market the City to both businesses and potential residents.

v. The Challenges of Town Center

Both the broker/developer and business focus groups note Town Center as a problematic development, with many businesses leaving and customers staying away due to costs and time limits on parking. Businesses complain that the now former management's promotional activities for Town Center favor some businesses over others. Town Center is also mentioned as a problem in survey comments. A number of suggestions seek to make parking free with either no time limit or a minimum of four hours, clarify parking rules, and improve marketing, signage or other mechanisms to encourage people to visit the Center. Current tenants raise concerns about new management ending their leases and want REDI to help talk with them about favorable lease terms and honoring existing leases.

E. Office Space Needs and Future Directions – Two Visions

While businesses and brokers/developers have a unified view of Rockville as a community and share many business needs and concerns, the larger broker and development firms' vision of office space needs differed significantly from all other participants in the project. Large brokers and developers work across the Metropolitan DC region, hearing the desires of companies with a wide range of employee backgrounds and different industries. Comparing Rockville to its competitors, particularly the more affluent areas of North Bethesda, Bethesda and Northern Virginia, they have developed a profile for new office developments that are amenity-rich, either through offices located in multi-use developments with retail or through specialized office

parks. Developers/brokers commented that businesses want fitness centers, restaurants/shops in the business complex, food trucks and other amenities.

However, amenities expected by employees are identified as a challenge by only a small number of businesses in the survey (10%). There are no significant differences across type of business, age, size or ownership type. The most frequently cited amenities requested are ample parking (59%), access to restaurants and shopping (38%) and parks/open spaces (30%). In the focus group with HR professionals at large companies, there is no mention of fitness centers, restaurant/shops, food trucks or other high-value amenities, although many have a gym on location. Smaller businesses in the focus groups speak of rising rent costs, with no mention of amenities other than free, ample parking.

Brokers and business owners of all sizes agree that businesses want free, plentiful parking. Both business owners and brokers note that employees want to be able to walk to shopping and lunch places, as well as have easy access to green spaces. The brokers and HR professionals who are focused on professional services, life sciences and other larger businesses, talk about the changing needs of offices with hybrid workplaces. Companies are eager to do away with open design offices, looking for intentionally designed meeting spaces, enclosed offices and workspaces, and co-working spaces. They also seek open air workspaces and rooftop work and meeting places. These would include areas set up for meetings or working outside and WIFI.

Smaller businesses in both the focus groups and survey raise concerns about rising rents and location costs (28%). This is a particular issue for established businesses which may be in locations with rising costs, impacting roughly half of retail (50%) and health/education/nonprofits (49%), compared to 8-27% for other types of businesses. It is more likely a problem for mid-sized businesses (5-19 employees) (45%) and businesses 6-11 years old (42%). Smaller businesses in the focus groups report mixed experience with office space. Several had recently moved, with a few talking about difficulties finding the right size space at the right price. Others had moved over time as they expanded with no problems. Still others had moved to co-working space or hybrid formats after the pandemic.

Definitely on both ends we struggled in finding adequate space and appropriate space, but also in helping connect as we look towards the future in possibly having shared space connecting with someone who would be interested in that. (Mid-size business owner)

These differences between large brokers/developers and other participants, including smaller brokers/business real estate agents suggests the large brokers are generalizing a trend in the wider region that may not fit the demographics of Rockville. One broker commented that it is hard to sustain high-end retail and restaurants in Rockville. Given the middle-class roots of many Rockville residents/business owners and the prevalence of educated scientific and technical professionals in well-paid jobs, Rockville businesses and their employees may seek a pleasant work environment with easy parking, available food and access to green space, but not the high-end retail and restaurants popular to businesses in other industries. Brokers and developers working in this market may need to shift their focus to less amenity rich complexes with more middle-income retail and restaurants nearby. Affordability and serving the space needs of micro and small businesses appears more important in Rockville.

i. Fostering Hybrid and Co-working Spaces

Both brokers and businesses in all focus groups express interest in co-working spaces or environments, regardless of the size and type of business. Co-working and hybrid space is also requested by survey participants. Several of the mid-size companies have recently leased locations that are too large and are looking for smaller businesses to share. Companies that closed their offices during the pandemic want to share since they have moved to hybrid formats. Small retail businesses and Shop Local owners also are looking for other co-shop spaces.

The trend is for hybrid situations for workers, we would love to be able to share our space with another company that also has a hybrid schedule. We can just work together on which days to be in the office. The idea of sharing rent is very, very appealing considering we've had office space sitting there for 2.5 years now barely being used. It's pretty painful and we can't get out of these leases. (Mid-size business owner)

The co-working space is great, and the services they provide are really super. So right now, that definitely meets my needs... there's a whole new philosophy on working people that show up at the office every day. There's a lot of benefits to it. (Micro-business owner)

ii. Affordable Opportunities to Rent or Buy for Micro or Very Small Businesses

Micro-businesses and small businesses with less than 10 employees express concern about being able to afford office space outside of the home. While some want co-working space, others want to lease or buy desirable space that fits their needs. Others comment that it is hard to find affordable smaller spaces to buy in Rockville, as opposed to Gaithersburg or Frederick. Micro and small business owners seek help from the City and REDI to find more affordable, smaller office space.

iii. Continuing to Grow Space for Life Sciences

Brokers comment that the burgeoning community of life science businesses in Rockville is taking up any space that can be converted for their needs. Additional space will be needed for buildings that meet Life Science lab parameters, including developing co-working or incubator spaces for startups and small businesses in this field. This could require finding locations to build more office/lab space for this industry in future.

V. RECOMMENDATIONS

Based on our analysis of the business survey and results from focus groups, we suggest the following action items for REDI:

A. REDI Programs and Services

- **Expand networking, mentoring, training and introduction to sponsors targeted toward different groups:**
The most frequent request for REDI is to increase networking and mentoring opportunities, followed by help with funding/grants/incentives, mentoring/training and promoting local business. This may be a call for a return to in-person events, but more frequently it involves targeted activities for different types of businesses, startups, and smaller businesses. A combination of large group events and either small group or one-on-one mentoring/introduction activities is recommended.
 - **Develop business mentoring for businesses at various stages of development.**
 - **Outreach to new businesses or businesses owned by people new to Rockville and Montgomery County to ensure they know about the services REDI offers.**
 - **Networking events for businesses located in the same area similar to current networking for Town Center businesses.**
 - **One-on-one networking and featuring particular businesses in the REDI newsletter/social media to introduce them to their community of businesses.**
 - **Sponsor monthly business networking coffee, breakfast or lunch forums both in person and on Zoom.**
 - **Bring together the several Chambers so that members can interact with each other.**

I'd be interested in a business mentor program. When I is a smaller business, it would have been helpful to have a business probably our size to reference and to be able to ask questions. How did you do this and how did you do that? Now that we're [more than 10] people, I'd be interested in having a mentor that has 40-50 people to align with just to be able to not reinvent the wheel every time we're trying to

figure out how to do something. Just to be able to talk to somebody who's done it and has some ideas for direction in certain situations. (Mid-sized business owner)

- **Foster communities of business:** Develop initiatives to foster communities of businesses, both geographically and by business field, for Rockville businesses through strategic networking activities, fostering collaborative and problem-solving initiatives, and featuring a wide array of businesses in the REDI newsletter, social media and other communication channels.
- **Foster collaborations among businesses.** This includes both networking and offering workspaces for businesses to develop collaborations and new products/lines of service.
 - **Sponsor monthly topical events that would involve all participants working together to solve a problem or share their strategies on a topic.**

If we had Zoom meetings but based on maybe one topic. Like how to read a profit and loss or "What are you planning for Black Friday?" or "What could we do to help with when it snows." Just have some specific small business issues that we all face and have a meeting about that one topic so that we can work our way through it. (Retail Business Owner)
 - **Social media assistance:** Businesses are interested in REDI helping them make connections to other companies that could provide social media services. These business owners are also interested in REDI featuring local businesses on their social media.
- **Target support for micro and small businesses:** Given their prevalence in Rockville, addressing the needs of micro and small businesses, including virtual, home-based and hybrid businesses, could be an important goal for REDI.
 - **Micro and small businesses are eager to learn more about Small Business Assistance but need help:** Either simplify the application or provide a combination of "how to" instructions for small business owners and active outreach to help them find needed data and fill out the application for SBIF, Move/Expansion grants and other grant programs.
 - **Micro and small companies use Market and Demographic Data and would like more access and assistance gaining access to university research resources:** Smaller organizations who cannot afford their own subscriptions to library and data resources would appreciate assistance using REDI data and help facilitating partnerships with local colleges and universities from REDI to gain access to university resources like libraries and statistical data. A few also express interest in help facilitating connections for interns and training.
 - **Outreach to micro-businesses for Location Intelligence, Rockville Tourism Marketing and Tenant Attraction Assistance:** Micro-businesses express interest in these services.
 - **Explore programs for home-based, virtual and hybrid businesses:** Requests for assistance for home-based or virtual businesses include financial and business development assistance, co-working space, networking and other assistance.
 - **Develop a community of businesses for micro and small businesses:** Businesses in these categories are particularly interested in networking opportunities and other ways to develop a community of businesses doing similar or complementary work. They are also interested in REDI assistance with marketing and connecting with government sponsors.
- **Research how the Maryland Women's Business Center (MWBC) can best serve the needs of WBEs in Rockville and adjust programs as needed:** The Center is clearly a valued resource for WBEs but also drew the most negative responses.

- **Create a small grant program for an array of business-specific needs:** The small grant program would ideally offer one- time grants of between \$100 and \$5,000 and have a simple, one or two page application.
- **Research offering micro-loans for micro and small businesses:** A market for micro-loans exists, particularly for working capital, but applications need to be manageable and loan terms favorable for businesses. More research is needed into successful program models, and to determine viability, application process and define the terms for a micro-loan program.
- **Develop linkages to Montgomery College, USG and other colleges/universities participating in local university centers for businesses:**
 - **Develop cooperative agreements to allow Rockville businesses access to library resources and other data, market research databases and government documents held by local colleges and universities.**
 - **Work with both Montgomery College and four-year/graduate degree programs to foster internships and service- learning opportunities for students with businesses in a wide array of programs with local businesses in those fields.**
 - **Develop contacts at Montgomery College and colleges/universities with local degree programs to connect faculty to business owners in the same field or working on similar topics for collaborative activities.**
 - **Work with Montgomery College to develop productive ways to encourage College employees and students to patronize businesses throughout Rockville.**
- **Actively market data available through REDI and information on how companies can gain access through the newsletter and perhaps online events/classes.**
- **Expand training offerings:** Business owners suggest a wide array of topics for training. Training should remain virtual and be offered at different times to meet the needs of different types and sizes of businesses.
 - **Regularly poll businesses for new training topics, particularly those for different industries with clusters in Rockville and trainings needed by businesses beyond the startup phase.**
 - **Offer the same training multiple times at different times of the day/days of the week to meet the needs of a wide range of businesses.**
- **Better support retail and hospitality businesses:**
 - **Create incentives, brochures, online directories or other mechanisms to encourage visitors to use Rockville amenities while in the area.**
 - **Create a database of retail and hospitality businesses and use this to track these businesses, regularly assess their needs, and develop special programming for them.**

B. Location Assistance and Space Needs

Business owners see REDI and Rockville City working with brokers and developers to improve business real estate through several mechanisms:

- **Promote creation of a wider array of co-working/hybrid spaces for all sizes of business:** This would include:
 - **Creating mechanisms to help larger companies with too much space reconfigure space for co-working and hybrid options.**
 - **Creating systems to match smaller businesses looking for co-working opportunities with larger companies looking for tenants or new general co-working office space.**

- **Offering incentives and changing permitting regulations as needed to encourage the development of new co-working/hybrid office businesses for a range of industries, including professional services, life science, IT and retail.**
- **Developing guidelines for businesses developing co-working, hybrid, or other shared office agreements.**
- **Foster different configuration and size office spaces for lease and purchase in Rockville:** Encourage a wider variety of space options at different price points for Rockville area businesses and those looking to relocate in Rockville. Encourage purchase options for smaller office spaces.
- **Provide incentives for space conversion for both life science lab uses and other office configurations.**
- **Work with the City and developers to generate more affordable real-estate and co-working spaces for small and micro-businesses, established health/education/nonprofits and retail:** Businesses call for both affordable rents and commercial real estate that small businesses could afford to buy.
- **Data suggest exploring recruiting international businesses to locate their U.S. offices in Rockville.**
- **Enhance REDI's existing location assistance programs to better serve as a conduit between businesses and real estate professionals through better marketing of existing services and providing regular updates through its social media:**
 - **Information on locations and what may be coming on the market in the future.**
 - **Information on the general office space situation in Rockville and financing/rent supports available to small businesses.**
 - **Information on how a small business could buy space and/or assistance in buying space.**
- **Provide REDI assistance as a facilitator to help Town Center businesses in the transition to new property management:**
 - **Assistance negotiating lease terms and ensure space for current businesses with the new manager of Town Center.**
 - **Offer incentives from REDI/City of Rockville to encourage new owner to keep existing businesses in Town Center.**

C. City of Rockville

All study participants want City government to better market the City and address parking and cost of living issues, particularly housing:

- **Promote Rockville's diversity, business and community culture, amenities, and educated, affluent population throughout the larger region:** The diversity and range of amenities of Rockville appear to be little known outside the City. Business owners and stakeholders both recommend that Rockville better market these features and develop a better/clearer vision of itself and its future.
- **Work with the City and developers to create workforce housing to make Rockville more affordable and attract employees:** Business owners generally express concern about the rising cost of living in Rockville, citing this as a major drawback for the City. Housing costs are a major concern often mentioned. Some industries see the cost of living and housing costs as a challenge attracting and retaining workers. Working with business owners and the City on programs to develop more workforce housing – targeted for those essential workers in mid-level income positions who work in the City – could improve Rockville's desirability as a business location and address some of the trouble finding workers.

- **Address parking issues in downtown Rockville and Town Center:** Work with City, Town Center managers and other shopping center managers to address parking availability, cost and time issues.
- **Review business parking requirements and adjust as needed given new office configurations and different industry needs.**

D. Next Steps

Additional research is suggested on the following topics to fully understand findings related to various aspects of this study:

- **Retail/Restaurant Study and Gap analysis:** While this study highlighted the needs of participating Rockville retail businesses, the project included few restaurants, larger retailers, franchises/chains and retail businesses owned by immigrants. Research with both businesses and brokers suggested that retail/restaurant businesses of all kinds needed to be tracked better by the City of Rockville and REDI and targeted services needed to be provided to retailers/restaurateurs in general, with special outreach to the many immigrant business owners. Suggest a multi-methods study to better understand the range of retail businesses in Rockville and their needs.
- **Exploring Foreign Markets: Study to Assess Potential to Attract International Business:** Given the large percentage of highly educated immigrants in Rockville and its burgeoning restaurant and retail sector to support this population, attracting international businesses to locate their U.S. offices in Rockville may be another strategy to build Rockville's business sector. Several businesses participating in the study fit this profile, suggesting that this trend may already be underway. Suggest a feasibility study involving Rockville immigrant and international business owners and residents to explore this avenue to expand Rockville's business community and expand its diversity.
- **Employee Amenity and Quality of Life Needs Assessment:** Our research with businesses and commercial real estate brokers suggests that organization leaders value Rockville as a community to live, work and play, but little is known about their employees' expectations and needs. Suggest multi-methods employee research that would ask about the amenities employees want either at their workplace or nearby, amenities they want in the community where they live, where they live now, and their thoughts about Rockville as a place to live, work and play. Given the diversity of businesses in Rockville, we suggest that this study also examine the different needs of employees in Life Sciences, Professional/technical and retail/hospitality businesses.

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