

MEMORANDUM

TO: Executive Director

FROM: Andrew Kemp

DATE: December 1, 2024

SUBJECT: Economic Characteristics of Loudoun County and Peer County Comparisons

Purpose

This memorandum provides a detailed analysis of Loudoun County's economic characteristics, including employment, business growth, income trends, housing costs, and GDP trends. Additionally, it includes a comparison with peer counties: Fairfax County, VA; Montgomery County, MD; Santa Clara County, CA; Dallas County, TX; Davidson County, TN; and Wake County, NC. The findings highlight implications and opportunities for strategic economic development.

Part 1: Economic Characteristics of Loudoun County

1. Economic Growth (GDP)

Loudoun County's GDP has grown steadily over the past two decades:

- In 2001, the GDP was \$11.78 billion, increasing to \$33.77 billion in 2022, an 186% growth.
- Between 2015 and 2022, GDP grew by 40.8%, reflecting a strong, expanding economy.
- Loudoun's economy is driven by service-providing industries, bolstered by its affluent population and business-friendly policies.

2. Employment and Cost of Labor

Loudoun County's labor market has demonstrated consistent growth:

- Total Employment increased from 652,693 in 2020 to 750,550 in 2023, a 15% rise in just three years.
- Average Annual Pay rose from \$82,216 in 2020 to \$90,602 in 2023, a 10.2% increase. High-paying sectors include:
 - o Professional and Business Services: Average pay of \$110,000 annually.
 - o Education and Health Services: Competitive wages above the county average.

3. Number of Businesses

The total number of businesses in Loudoun County has grown significantly:

- From 12,000 in 2010 to 18,000 in 2023, reflecting a 50% increase.

Business growth highlights the county's favorable conditions for entrepreneurship and corporate expansion.

4. Income Trends

Median household income in Loudoun County has seen rapid growth:

- 2010: \$119,540
- 2023: \$174,148 (a 45.7% increase over 13 years).

5. Housing Costs and Units

The housing market in Loudoun County reflects strong demand and rising costs:

- Median housing cost increased from \$447,100 in 2010 to \$734,700 in 2023, a 64.3% growth.

Housing affordability has become a concern, particularly for middle-income families.

6. Population Growth

Loudoun's population has grown steadily:

- From 315,134 in 2010 to 436,347 in 2023, a 38.4% increase.

This steady growth highlights the county's attractiveness as a place to live and work.

Part 2: Peer County Comparisons

1. GDP Trends

Loudoun County's GDP of \$33.77 billion (2022) is competitive but smaller than:

- Santa Clara, CA: \$151.85 billion
- Wake, NC: \$94.67 billion
- Fairfax, VA: \$62.78 billion

Opportunities exist to diversify and grow Loudoun's economy, particularly in high-value sectors like technology and finance.

2. Employment

Loudoun County's employment reached 750,550 workers (2023):

- Santa Clara, CA: 4.47 million workers
- Wake, NC: 2.56 million workers

Loudoun's smaller employment base reflects its size but suggests room for growth in specific industries.

3. Median Income

Loudoun leads with a median household income of \$174,148 in 2023, higher than:

- Fairfax, VA: \$146,677
- Santa Clara, CA: \$136,918
- Wake, NC: \$102,918

4. Housing Costs

Loudoun's housing costs (\$734,700) are comparable to Fairfax, VA (\$727,200) but remain significantly lower than Santa Clara, CA (Over \$1 million).

Key Observations and Implications

Strengths

1. **High Incomes:** Loudoun's median income leads its peers, making it an attractive destination for high-income professionals.
2. **Economic Growth:** Strong GDP and employment growth demonstrate Loudoun's robust economy.
3. **Business Growth:** Increasing number of businesses highlights a favorable environment for entrepreneurship.

Challenges

1. **Housing Affordability:** Rising housing costs may deter middle-income families and young professionals.

2. **Employment Base:** While growing, Loudoun's employment base is smaller compared to its peers, reflecting an opportunity to attract industries.

Opportunities

1. **Diversify Economy:** Focus on high-value sectors like technology and finance to boost GDP and employment.
2. **Affordable Housing Initiatives:** Address affordability to attract and retain a diverse workforce.

Projections

- Loudoun County's GDP is expected to exceed \$40 billion by 2030, driven by service providing industries.
- Median household income is projected to surpass \$300,000 by 2033, reinforcing its leadership among peer counties.

Recommendations

1. **Attract High-Value Industries:** Develop strategies to attract tech and finance companies to increase GDP and employment.
2. **Support Housing Affordability:** Expand affordable housing programs to balance growth with inclusivity.
3. **Leverage High Income Levels:** Promote Loudoun County as a premier destination for affluent families and professionals.

Conclusion

Loudoun County demonstrates strong economic performance, with high incomes, growing GDP, and increasing employment. Addressing housing affordability and diversifying the economic base will be critical for sustaining this growth. By capitalizing on its strengths and addressing challenges, Loudoun can continue to thrive as a leading economic hub.