

INCENTIVIZING BUSINESS: THE DOLLARS BEHIND THE REAL ESTATE DEALS

The last time Marriott threatened to take its headquarters and 3,500 employees across the Potomac River to Virginia, Maryland and Montgomery County were able to convince it to stay by offering about \$40 million in grants and tax breaks. In return for the incentives package, Marriott promised to expand its corporate headquarters and add an additional 700 employees.

That was in 1999. The company missed the mark, having added only 117 of its promised 700 jobs seven years after the deal was reached. The Maryland Department of Business and

Economic Development and Marriott blamed the shortfall on structural changes at Marriott and the Sept. 11 terrorist attacks. Still, Marriott met enough of its pledged requirements, including investing \$99 million in improvements to its corporate campus, to keep \$9 million from Maryland’s Sunny Day fund and additional tax credits and infrastructure improvements that were part of the deal.

As Marriott again contemplates a move from Bethesda, here is a look back at other notable deals, including what was promised by whom. – *Daniel J. Sernovitz*

Company	Year	Description	New home	Size (SF)	Jobs / investment	Incentive
Bechtel Corp.	2011	Relocation from Frederick, Md., to Virginia	One Reston Overlook and Two Reston Overlook	188,000	625 created, \$18 million	\$1.5 million from the Governor’s Opportunity Fund and \$5 million from the Virginia Economic Development Incentive Grant program. As part of a related deal to keep some of its operations and 1,250 jobs in Frederick through 2018, Bechtel was also awarded a \$9.5 million conditional loan from Maryland’s Sunny Day economic development fund but later said it would shift much of its remaining Maryland workforce to Reston and agreed to pay that back.
Choice Hotels International	2010	Relocation from Silver Spring to Rockville	Rockville Metro Plaza II	138,000	400 retained and commitment to open new Cambria Suites Hotel across from its new headquarters.	\$4.3 million in conditional loans and grants from the state, Montgomery County and Rockville
The Corporate Executive Board Co.	2014	Relocation from two buildings in Rosslyn to a new building there	CEB Tower, 1201 Wilson Blvd.	350,000	800 created, \$149.7 million	\$4.5 million grant from the Governor’s Opportunity Fund; \$5 million from the Virginia Economic Development Incentive Grant program; and matching infrastructure improvements from Arlington County
Hilton Worldwide	2010	Relocation from Beverly Hills, Calif., to Fairfax County	7930 Jones Branch Drive, Tysons Corner	About 110,000	300 created, \$17 million	\$2.5 million from the Virginia Economic Development Incentive Grant program; \$1 million from the Governor’s Opportunity Fund; and about \$1 million in matching public infrastructure improvements from Fairfax County
Intelsat S.A.	2013	Relocation from the District to Fairfax County	Tysons Tower, 7900 Tysons One Place	188,000	432 created, \$24.8 million	\$1.3 million from the Governor’s Opportunity Fund; additional assistance from Fairfax County and the Virginia Department of Business Assistance’s Virginia Jobs Investment Program
Northrop Grumman Corp.	2010	Relocation from Los Angeles and Arlington to Falls Church	2980 Fairview Park Drive	334,000	300 created, \$24 million	About \$3 million from the Governor’s Opportunity Fund; \$10 million from the Virginia Economic Development Incentive Grant
Sodexo Inc.	2012	Lease renewal in Gaithersburg	One Washingtonian Center, 9801 Washingtonian Blvd.	190,000	50 created over three years	\$2 million conditional loan from the Maryland Economic Development Assistance Fund; \$1.5 million from Montgomery County; \$500,000 from Gaithersburg’s Economic Opportunities Fund