



FISCAL IMPACT ANALYSIS

VENTURE BUSINESS PARK STAFFORD, VA



PREPARED BY

MATAN



Contents

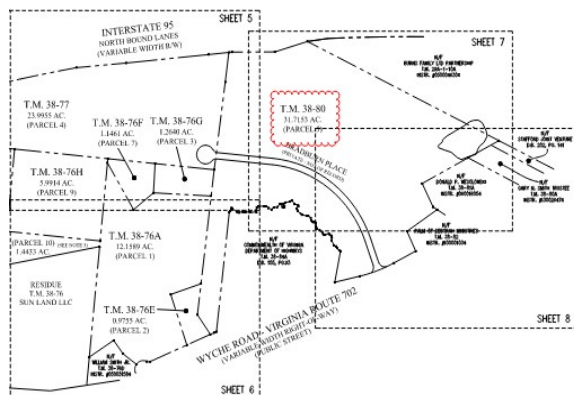
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Executive Summary

Matan Companies is proposing a 250,000 square foot tilt-up shell building known as Venture Business Park on a 32-acre site along Bradburn Place in Stafford County, VA. An M-1 (Industrial Light) zoning designation is required to attract the highest and best use of the site according to our research.

Matan has been in operation since 1976 offering a full range of strategic real estate services. Specializing in speculative industrial development, Matan has historically been focused in the DC region and recently expanded into the surrounding Virginia markets. The proposed project will be a positive financial impact in the County. Once stabilized, Venture Business Park will create \$2.93 million in tax revenue over 10 years, 500 long-term jobs and \$865,000 in annual state income tax.

Plan Area



Venture Business Park is located off Hospital Center Blvd along Bradburn Place (to be realigned) consisting of roughly 32 acres. The site borders the DHL project that is currently under construction.

The site is 40 miles south of Washington, D. C. and

65 miles north of Richmond, VA. The property is currently zoned B-2 – Urban Commercial. Matan is proposing a rezoning to M-1 to fit the needs of the proposed development program, described in a later section. An M1 zoning expands permitted uses, which correlates to the demand currently seen in the market. The rezoning will complement the “533,624-square-foot DHL

distribution facility adjacent to Interstate 95 on Wyche Road” (*Appendix E, Baron, J.*) creating an industrial-use hub for the region.



Development Program

Matan is a family-owned and operated real estate firm that has been active for over 40-years. As a company, Matan offers a full range of strategic real estate services including development, property management, leasing, and asset management. Historically focused in the Washington, D.C. Metro area,

ASSET MANAGEMENT	PROPERTY MANAGEMENT
LEASING	DEVELOPMENT

Matan has recently focused expansion into nearby markets, specifically in Virginia.

Matan has successfully brought to market 5 million square feet of Class-A industrial, bioresearch facilities, and office space, with an additional 15 million in the pipeline.



Matan has found significant success in delivering a speculative (“spec”) industrial product. Spec development grants the greatest amount of tenant flexibility as it allows space to be adjusted quickly to meet tenant’s specific time-sensitive needs. It has

been determined that in the current competitive climate, speed to market is key in drawing prospective tenants and economic growth to the area. This strategy will be employed in the delivery of Venture Business Park. The completed project will offer a 1.42 parking ratio (per 1,000 square feet) and additional trailer drops to accommodate potential end users. The building will offer 32’ clear ceilings and 50’x52’ column spacing with a 60’ speed bay. The provided building parameters are industry standard and determined to be most accommodating to market requirements.

Fiscal Impact of Industrial Development

Matan's proposed development will create tax revenue over a 10-year span that will be approximately \$2,900,000. In terms of today's dollars, that value is equal to \$2,616,782. The

Real Estate Tax Generated	
FV of Total Tax Revenue	\$2,927,264.75
NPV of TTR	\$2,616,781.54
Delta	\$310,483.21
<i>Net Present Value of Total Tax Revenue discounted back by 2%</i>	

assessed value of tax revenue is taking into consideration Stafford County's tax rate of \$0.97 per \$100 of real estate

value. Venture Business Park's real estate value was determined by evaluating the top four valued industrial properties in Stafford County.

	FY2020 Actual	FY2021 Adopted Budget	FY2022 Adopted Budget	Changes '21 to '22	
Personnel	\$368,927,340	\$389,286,772	\$429,022,515	\$39,735,743	10.21%
Operating	109,091,037	129,577,200	128,010,797	(1,566,403)	-1.21%
Capital	56,699,899	63,697,244	85,735,309	22,038,065	34.60%
Debt Service	53,433,128	54,315,439	52,789,788	(1,525,651)	-2.81%
Total Expenditures	\$588,151,404	\$636,876,655	\$695,558,409	\$58,681,754	9.21%

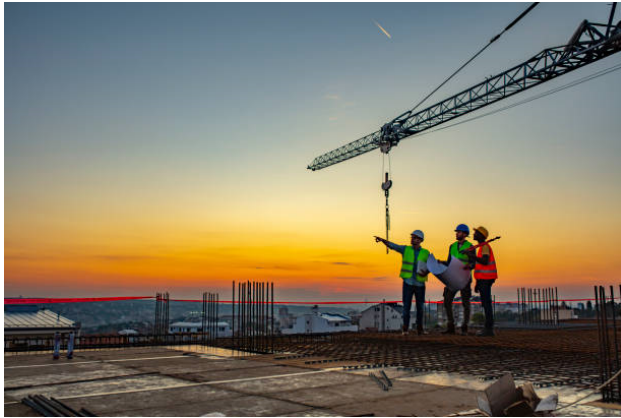
Stafford County saw a 9.21% increase to the General Fund Budget outlined in the CIP in 2022.

This equates to a \$58.7 million requirement. Over the 10-year span forecasted, the tax revenue created by Venture Business Park could be used to combat the growing budget of Stafford County.

Localized Financial Impacts of Construction

The large-scale financial impacts of the project during the development phase are evaluated in two categories, 1) costs that are deployed locally, and 2) construction jobs created. Matan is forecasting nearly \$38 million in hard and soft cost expenses for the various stages of the project.

This represents a financial investment into Stafford's Economy and surrounding areas through



various contractors, governmental departments, utility providers, consultants, and other points of entry. Throughout the life of the project, approximately \$1.7 million will be spent on fees, utility connections,

inspections, and reviews with different parties within Stafford County.

The number of local jobs created during the construction phase will be significant for Stafford County. "According to a model developed by Markstein Advisors to calculate the relationship between the volume of construction spending and demand for private construction employment (excluding the self-employed), every \$1 billion in extra construction spending generates an average of at least 6,300 construction jobs," (*Appendix A. ABC National*). If only hard construction costs are considered, Matan expects \$25.2 million to be spent. In relation to Markstein Advisors, this equates to roughly 160 jobs created in the Stafford market during the life of the construction phase. "The construction industry employs local workers, resulting in an increase in construction-related jobs that are available to the locals. The construction industry provides jobs, wages, and keeps the income in the community. This, in turn, will improve the local economy, as the workers






employed in the project will have wages to pass through to other local businesses,” (*Appedix B, Hogan Homes*).

Long Term Employment Created

Assuming primarily industrial and logistics tenants will occupy the developed space, an S1 use will be employed. Under the S1 use, 1 employee is allowed per 500 square feet of developed space. The 250,000 square feet of developed space anticipated equates to 500 long term employment opportunities for the Stafford County market at Venture Business Park.

“The average Industrial Worker salary in Virginia is \$33,489” and “the average Industrial Manager salary in Virginia is \$86,892” both data points are as of October 29, 2021 (*Appendix C/D. Salary.com*). Roughly 10% of the overall employment will be for managerial positions with higher salary points, raising the average annual pay to roughly \$40,000.

With 500 long-term employees, at the previously stated average annual salary, a successful

Gross Paycheck		\$1,667
 Taxes	14.64%	\$244
<small>DETAILS ▾</small>		
 FICA and State Insurance Taxes	7.65%	\$128
<small>DETAILS ▾</small>		
 Pre-Tax Deductions	0.00%	\$0
<small>DETAILS ▾</small>		
 Post-Tax Deductions	0.00%	\$0
 Take Home Salary	77.71%	\$1,295



development will create an additional \$865,000 in annual state income tax.

Pairing the 500 jobs created by Venture Business Park with the “577 new jobs” (*Appendix E, Baron, J*) created by the

neighboring DHL facility, an employment hotbed within the region will be created. This will attract more long-term residents and more customers and consumers for local and small businesses in the area, ultimately stimulating the region and further contributing to state and local tax revenue.

Key Findings

- Rezone 32 acres from B-2 to M-1
- Develop 250,000 square foot spec building
- Create 500 long term jobs
- 160 Construction Jobs
- \$2.93 million in property tax over a 10-year period
- \$865,000 in annual state income tax revenue

Exhibit 1

Exhibit 2

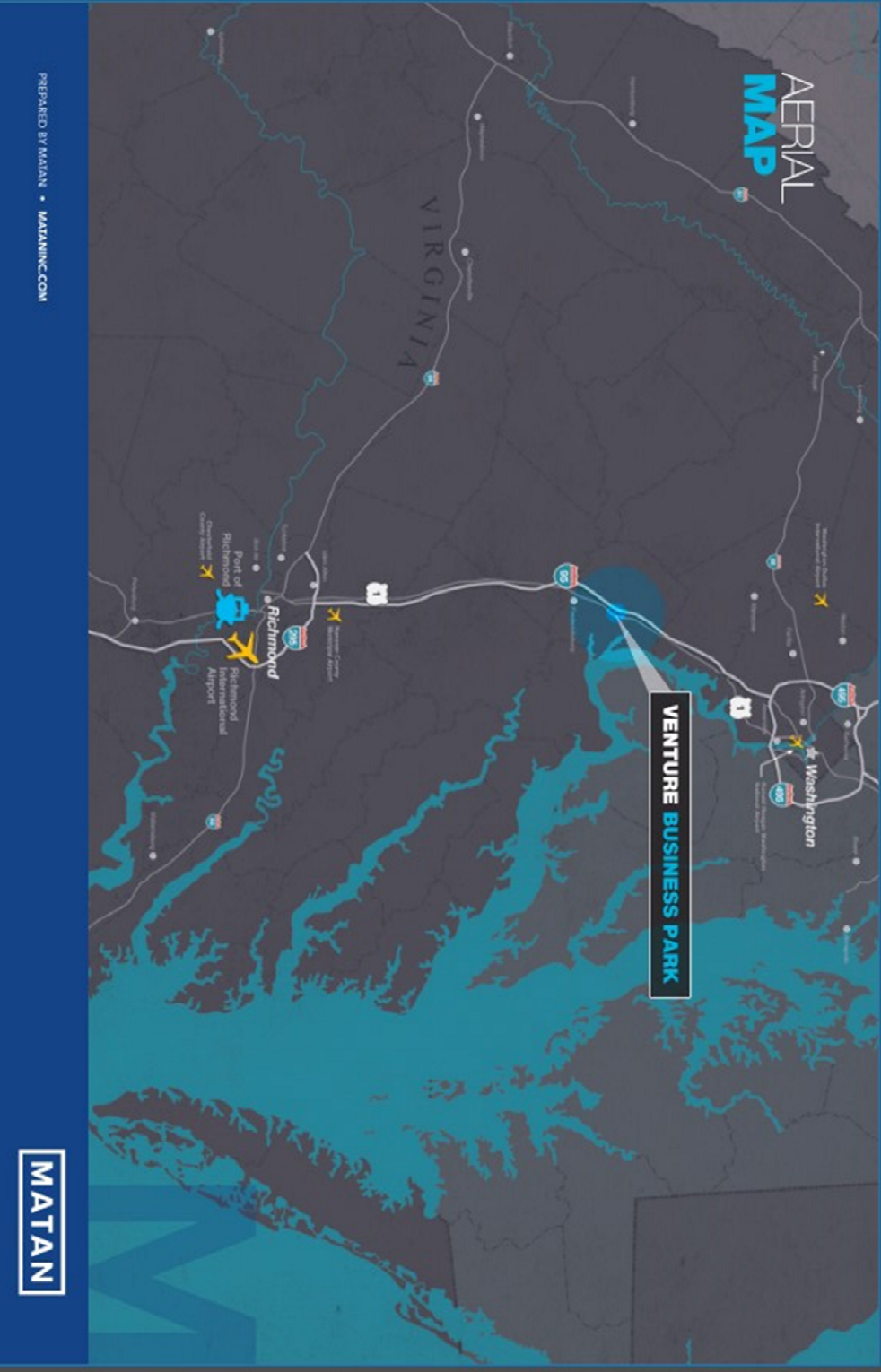


Exhibit 3

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	FY2020 Actual	FY2021 Adopted Budget	FY2022 Adopted Budget	Changes '21 to '22	
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<div></div> Take Home Salary	77.71%	\$1,295



Exhibit 5

APPENDIX - SOURCES

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