

A photograph of the Virginia State Capitol building in Richmond, Virginia. The building is a large, white, neoclassical structure with a prominent portico supported by tall columns. Two flags, the American flag and the Virginia state flag, fly on poles in front of the building. The scene is captured during the day with soft lighting. A dark blue diagonal overlay covers the left side of the image, containing the title text.

VML COMMUNITY AND ECONOMIC DEVELOPMENT POLICY COMMITTEE

Virginia Capitol Building, Richmond

July 28, 2021

VEDP | Virginia
Economic
Development
Partnership
VEDP.org

EXECUTIVE SUMMARY

Where we've been:

- Virginia's economy was significantly impacted by COVID-19, with about a half million jobs lost on net between February and April 2020 (-12%).
- Nearly 1.7 million initial UI claims have been filed since the beginning of the crisis.
- At the peak of the crisis in April 2020, the hardest-hit industries¹ included Leisure and Hospitality (-43.7%), Retail (-12.3%), and Education and Health Services (-12.2%). The hardest-hit regions² included the New River Valley (-14.7%), Greater Richmond (-12.5%), and the Tri-Cities area (-12.3%).

Where we are now:

- Between April and October 2020, the Commonwealth saw sustained moderate growth in payroll, recovering over 50% of the net jobs lost between February and April 2020.

Where we're going:

- Economic fundamentals remain strong, and most forecasters expect the pace of recovery to accelerate during Summer 2021.

¹Measured by change in employment

²Measured by change in the number of employed persons

COVID-19 ECONOMIC RECOVERY UPDATE

Recovery trends

Recovery outlook

Statewide opportunities to accelerate recovery

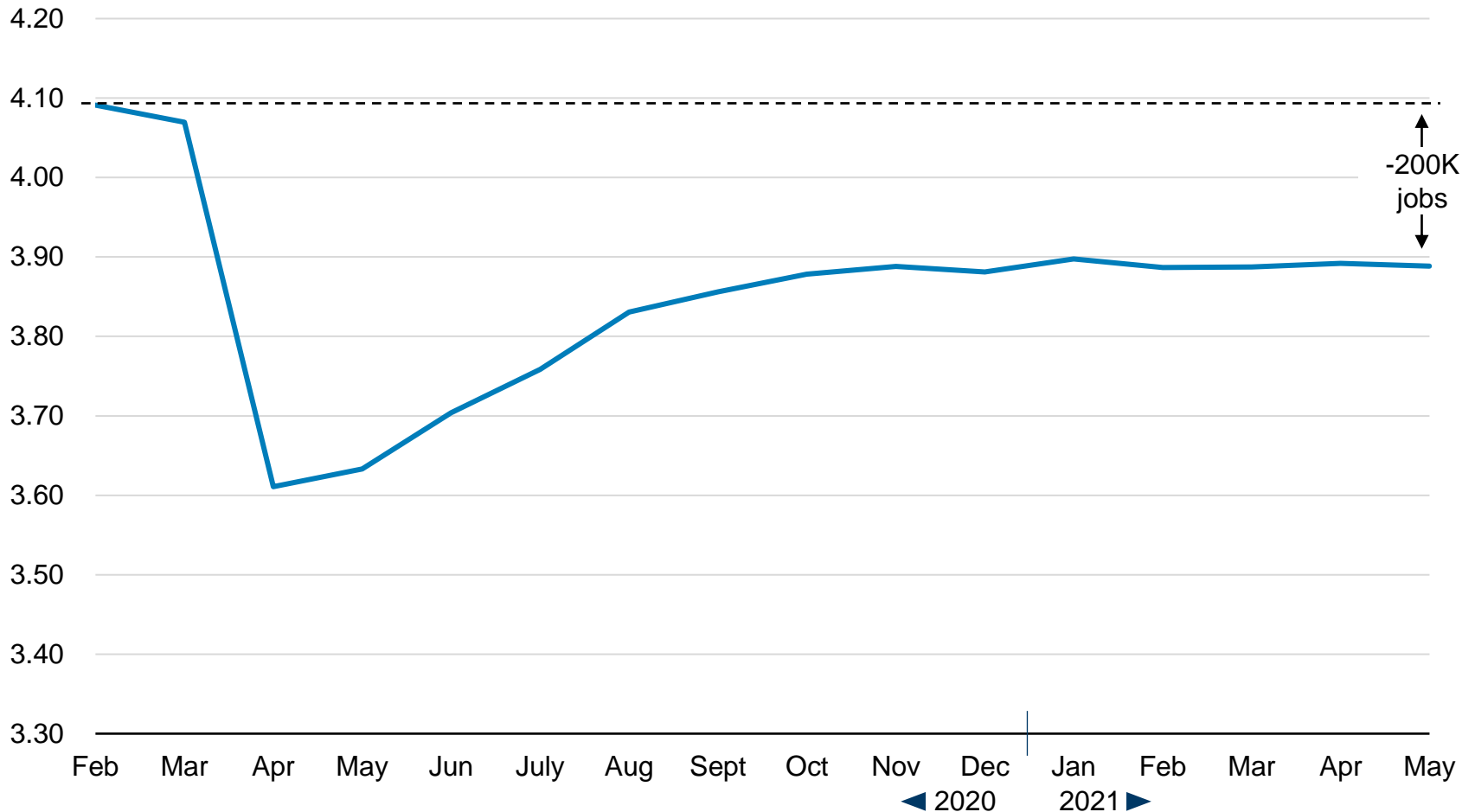
Local opportunities to accelerate recovery



VIRGINIA EMPLOYMENT REMAINS ~200K JOBS BELOW PRE-COVID-19 LEVELS

Virginia non-farm payroll employment

Millions of jobs, Feb '20 – May '21, seasonally adjusted




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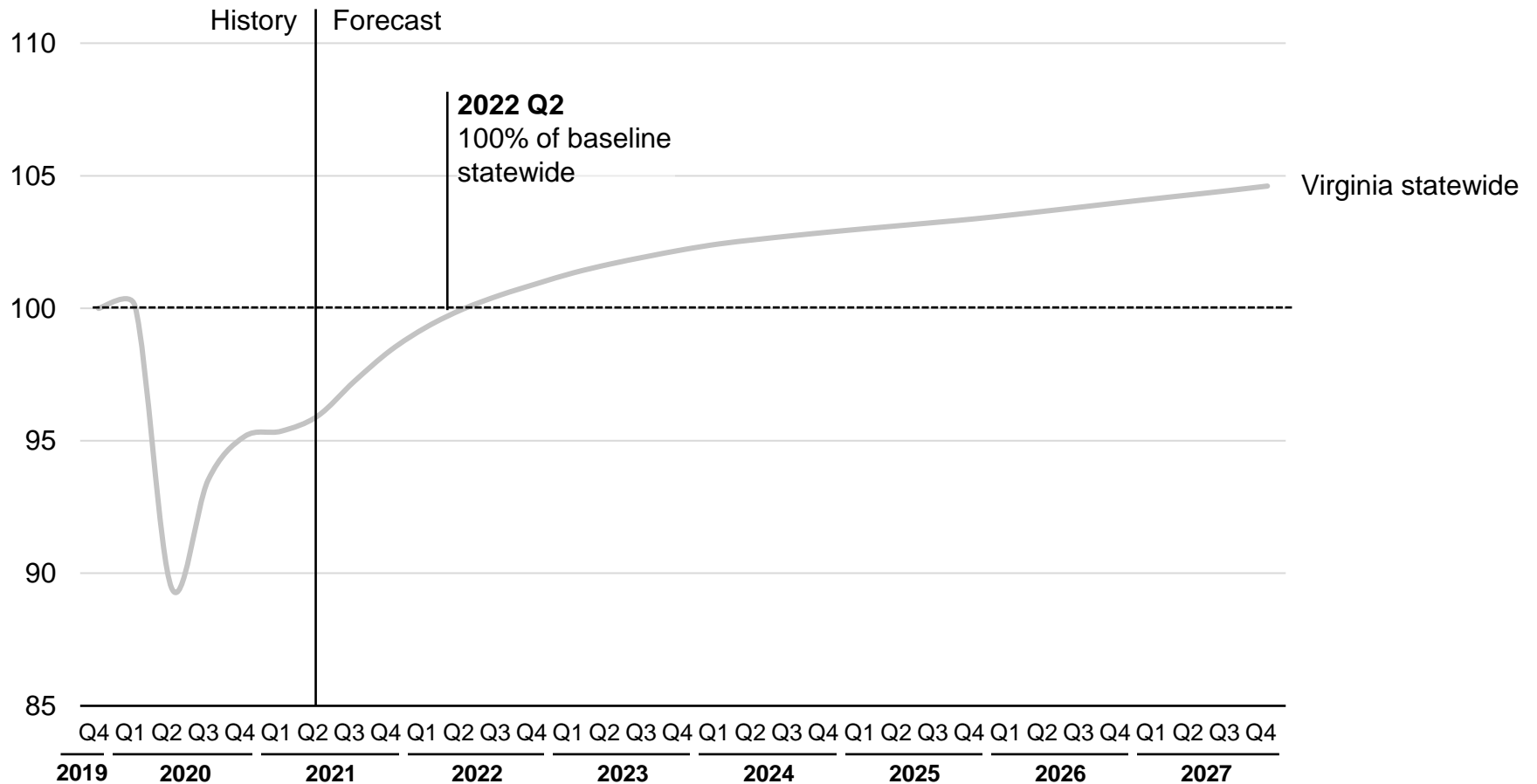
Local opportunities to accelerate recovery



Amazon Fulfillment
Center, Chesterfield
County

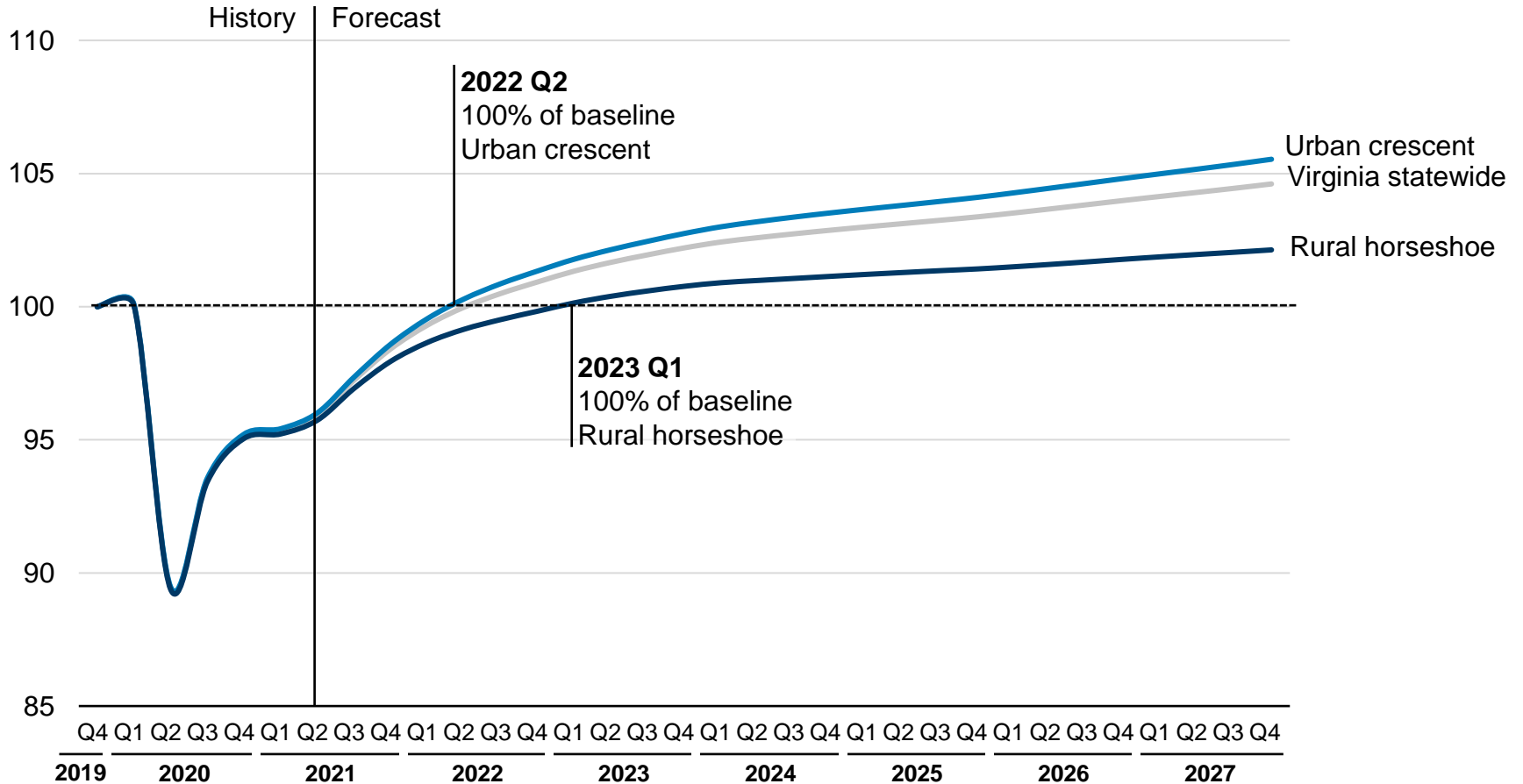
STATEWIDE, EMPLOYMENT IS CURRENTLY PROJECTED TO REACH PRE-COVID-19 LEVELS BY MID-2022

Forecasted quarterly employment as % of pre-COVID-19 baseline
 Total non-farm payroll employment, indexed to actual 2019 Q4 employment



OUTSIDE URBAN CRESCENT, RECOVERY CURRENTLY EXPECTED TO LAG BY ~9 MOS., BUT GAP LIKELY MUCH LARGER IF GROWTH SLOWS

Forecasted quarterly employment as % of pre-COVID-19 baseline
 Total non-farm payroll employment¹, indexed to actual 2019 Q4 employment



¹ Locality forecast data have been corrected to match statewide employment forecasts; data differs slightly due to methodological differences in Moody's state and sub-state models

Source: Moody's Analytics (June baseline forecast); Census Bureau; VEDP analysis


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Governor Ralph
Northam

VIRGINIA WILL BE WELL-POSITIONED FOR HEALTHY GROWTH IN POST-PANDEMIC AMERICA



Cloud Computing • Data Centers • Autonomous Systems • E-Commerce • Food-and-Beverage Processing • Commercial Trucks • Delivery Vehicles • Logistics • Broadband Investments

THE COMMONWEALTH STRATEGIC ECONOMIC RESTORATION ROADMAP IS DESIGNED AROUND FOUR BIG OPPORTUNITIES



Capture manufacturing reshoring and new supply chain opportunities



Accelerate Digital Virginia (cloud computing, software, data centers)



Seize telework transition opportunities, with special focus on rural & small metro regions



Retool and reskill Virginia's (unemployed) workforce for post-COVID career opportunities

BIG DRIVERS OF ECONOMIC GROWTH, ECONOMIC OPPORTUNITY, AND BUSINESS CLIMATE RANKINGS: PAST, PRESENT, FUTURE

TOP OPPORTUNITIES TO IMPROVE



RECENT ADVANCES

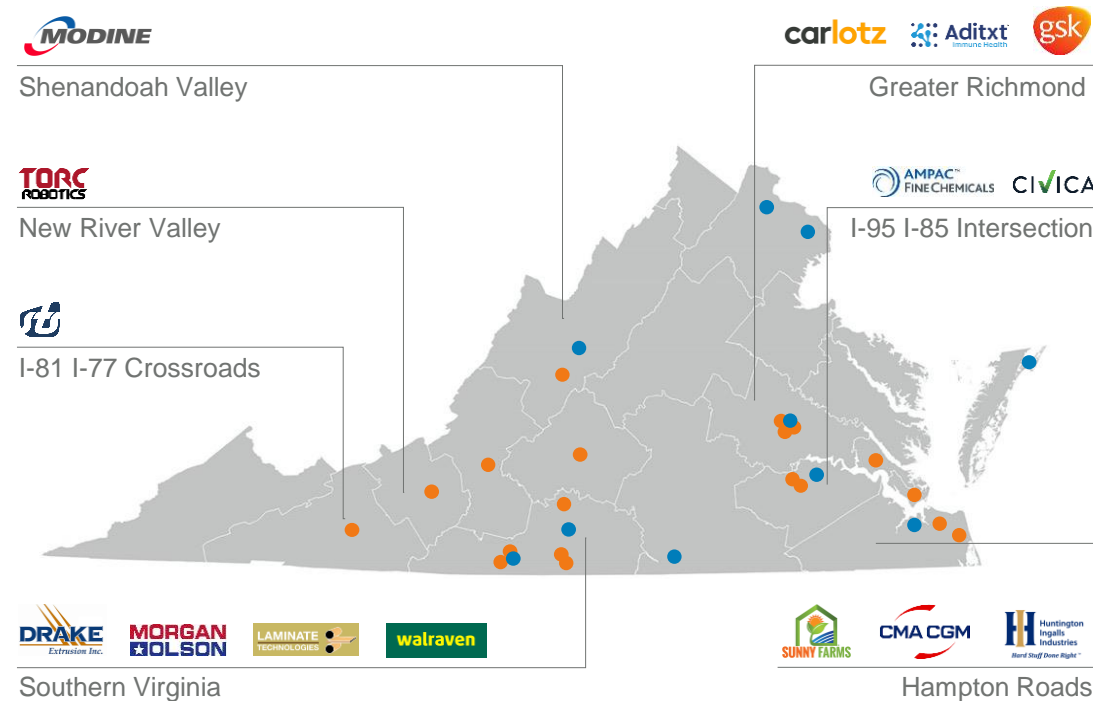


LONGSTANDING STRENGTHS



THE EXPANSION OF THE VIRGINIA TALENT ACCELERATOR PROGRAM IS CRITICAL TO SUPPORT THE POTENTIAL OF NEARLY 7K NEW JOBS

Virginia Talent Accelerator Program Projects Projects underway featured



Virginia Talent Accelerator Program Project Jobs

3,757 jobs

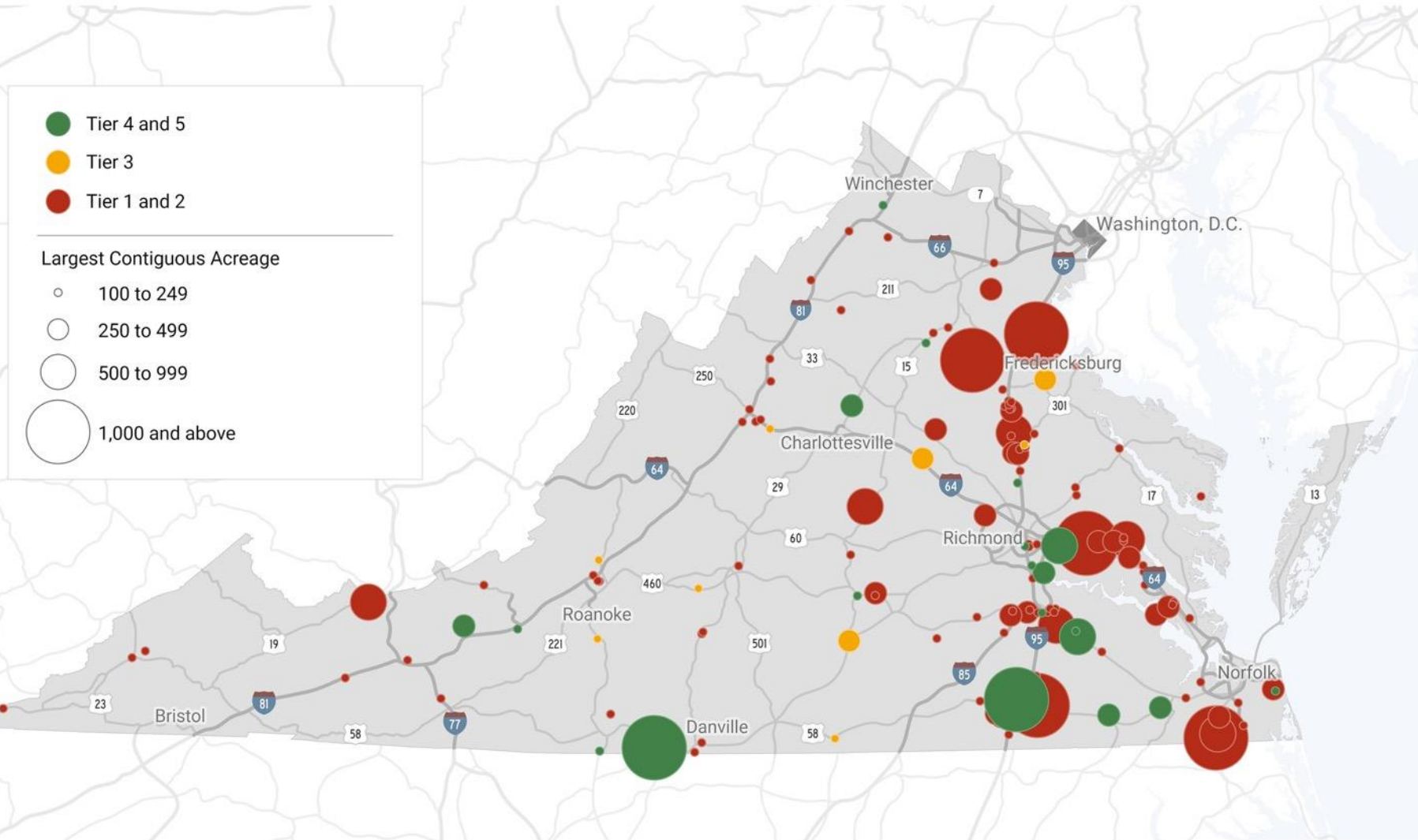
Will be created by projects underway or announced

3,121 additional jobs

Could be created by roughly a dozen promising pipeline projects, considering several regions across Virginia, not including mega-projects

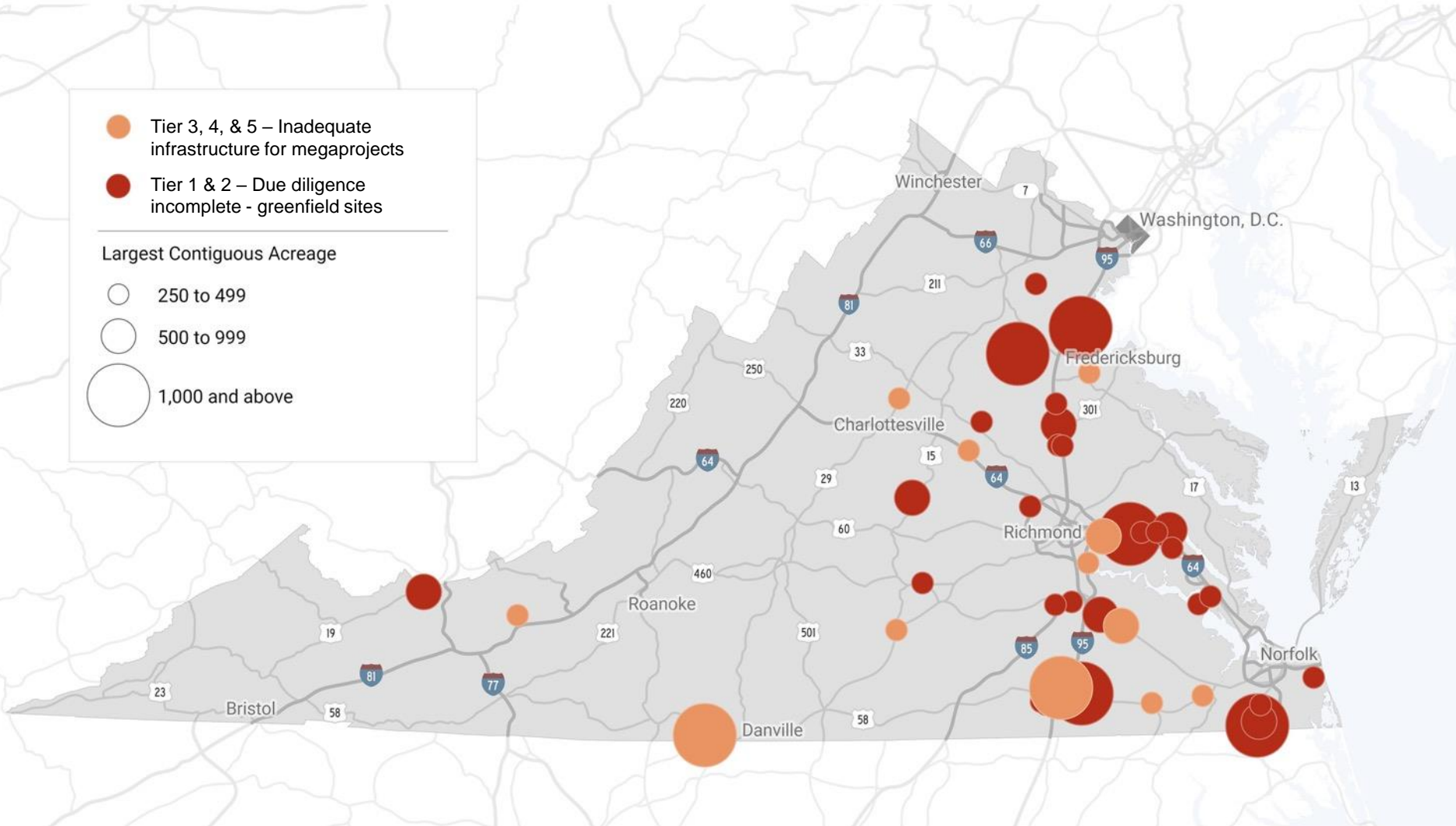
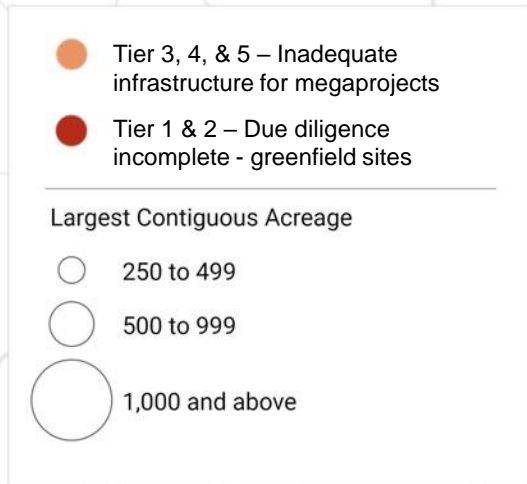
■ Projects Announced or Underway ■ Projects in Pipeline

86% OF SITES >100 ACRES ARE NOT COMPETITIVE FOR STANDARD PROJECTS DUE TO A LACK OF INVESTMENT



Note: VEDP's Sites & Buildings database includes an additional 543 sites with no tier ranking

CURRENT MEGASITE CANDIDATES MAY BE READY FOR STANDARD PROJECTS; MEGA-PROJECTS REQUIRE ADDITIONAL INVESTMENT



VIRGINIA INTERNATIONAL TRADE STRATEGIC PLAN

Why:

- Strengthen Virginia businesses, improve competitiveness in international marketplace
- Attract and expand trade-intensive businesses
- Improve collaboration amongst trade-related agencies in the Commonwealth
- Grow jobs and investment in Virginia, fueled by increased exports and more companies exporting

Goals:

- Increase Virginia exports by 50% by 2035 – additional \$18 billion in export sales, 150,000 jobs
- Push Virginia from 41st in exports per capita to top 20 by 2035
- Double number of companies served by VEDP International Trade

Participating Agencies:



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Downtown Richmond

LOCAL OPPORTUNITIES TO ACCELERATE ECONOMIC RECOVERY

- Dedicating staff to economic development
- Investing in training economic development staff through state, national, or postsecondary courses and seminars
- Joining a regional economic development marketing organization
- Implementing a strategic economic development plan with a targeted industry analysis
- Incorporating the business community into planning efforts, marketing materials, and executing strategies related to workforce, entrepreneurship, or attraction
- Investing in sites and buildings to build a portfolio of product
- Identifying gaps in talent and workforce needs for current businesses and target industries
- Marketing their community and region



LOCAL GOVERNMENT RESOURCES

VEDP's Current initiatives

- *Virginia Economic Review*
- Quarterly Partner Report
- impactED sessions with VEDA
- ED 101 session geared toward Chief Administrative Officers without an ED Director
 - September 8, 2021
 - ED 101 8:30 am – 9:30 am
- Virtual VEDP Orientation
 - September 8, 2021
 - Orientation 9:30 am – 1:30 pm
- Local and Regional Competitiveness Initiative
- EDA Recovery Grant

VIRGINIA ECONOMIC REVIEW

America's Corporate Hometown

Why so many executives choose Virginia for their corporate headquarters

+ Full speed ahead at Amazon's HQ2 | + International companies find a home in Virginia

THANK YOU



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