



PRIOR
Hanover
County
★
VIRGINIA

2016-2017
Economic
Development
ANNUAL REPORT



Innovate. Prosper. Grow.

Our mission is to attract, grow and retain businesses in Hanover County in a manner that contributes to our premier quality of life while fostering a profitable climate for business investment.



In FY17, there were more than 20 expansion

projects, which highlights the importance of our Business First program. Through our business retention and outreach programs, we have been able to assist more than 300 companies. It is imperative we provide support and the necessary tools and resources for our businesses to continue to invest, thrive and grow in Hanover.

Dear Stakeholders,

By all accounts, fiscal year 2017 was very positive for Hanover County from an economic development perspective. Nearly 700 new jobs were created this past year across all industry sectors, and our 3.4% unemployment rate as of the end of FY17 remains well below the State and national average.

The Hanover County Department of Economic Development continues to aggressively market key sites that were rezoned through the Strategic Zoning Initiative (SZI), and there has been significant interest from prospective corporations, site consultants and developers looking at these properties for potential investments. Moving forward, we must continue to add additional, marketable product as it makes sense, and where we see it will provide the best return on investment to the taxpayers of Hanover County long-term.

A critical component of the Economic Development Strategic Plan is the services and resources we provide to retain our existing industries.

Overall, Hanover County is well positioned going into FY18 to take advantage of the groundwork that has already been laid to attract major corporate investments and continue to be a catalyst for our existing industries as they look to expand here in Hanover. New prospect activity is trending in a positive direction, and the increase in commercial real estate opportunities is resulting in more investment activity. Economic Development is a team sport, and I want to personally thank our community, business owners, the Board of Supervisors, and Community Development staff for all you do to support us as we work hard to continue to grow the tax base for the citizens of Hanover County.

Sincerely,

E. Linwood Thomas IV, Director
Hanover County Economic Development

Innovate. Prosper. Grow.

a year of highlights



July 2016

Covenant Woods Expansion
Groundbreaking



November 2016

Origin Beer (COTU)
Ribbon Cutting



January 2017

Enterchange D Spec Building
Breaks Ground



March 2017

Zoom Prospector Launch



April 2017

Fairfield Inn and Suites
Ribbon Cutting Ceremony



June 2017

Kick Off of
Crescent Business Center V

October 2016

IT Collaborative Roundtable



December 2016

Business Walk



February 2017

Pryor Marking Selects
Hanover for US Facility



April 2017

CTDI Announces New
Location in Northlake



May 2017

Export Seminar



Hanover positioned and marketed the sites zoned through the Strategic Zoning Initiative (SZI) to attract more commercial investment into the county.

Product Development

Hanover County continued to strategically enhance and position the sites that were rezoned through the SZI resulting in favorable attention of site selectors, industrial development firms and commercial brokers.

The Baldwin Gilman Site, Holland Cedar Lane and Holland Axelle are three key properties that successfully completed the rezoning process through the Strategic Zoning Initiative and created more investment opportunities for Hanover County. These sites generated new interest and attracted new investment leads and prospect visits into Hanover County, which demonstrates the value of this unique zoning program.

Having real estate product that is ready to develop is critical to the success of Hanover's economic development program, which was a catalyst to the development of the Strategic Zoning Initiative, but available real estate is also a priority statewide.

To assist with product development and site marketing, the Virginia Economic Development Partnership (VEDP) launched the Virginia Business Ready Site Program (VBRSP), which is a discretionary program established to promote

development and characterization of sites containing a minimum of 100 contiguous, developable acres to enhance the Commonwealth's infrastructure and promote the Commonwealth's competitive business environment. In 2016, its first year, sites were required to have a minimum of 250 contiguous and developable acres. The General Assembly amended the legislation allowing sites of 100 or more acres to be eligible, which created more opportunities for Hanover to participate.

The **Site Characterization Grant** is designed to assess the level of existing development at a site and the additional development required to bring the site to a level that will enable it to be marketed for industrial or commercial economic development purposes.

The **Site Development Grant** is designed to bring sites to higher levels of development and readiness for marketing. Site development grants are available to assist with the costs associated with the development required to increase a site's currently designated Site Characterization Tier to the next level.

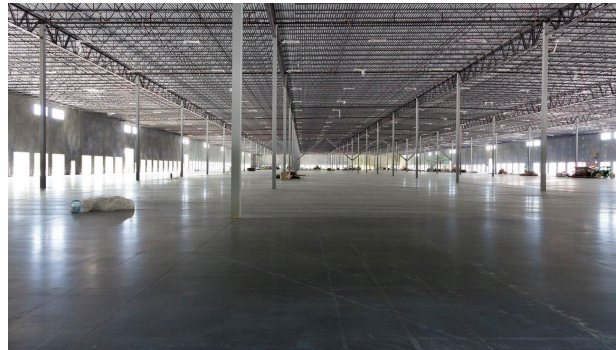
Hanover submitted five sites, to include the three sites that participated in the SZI. Only one met the initial required threshold of 250 acres, so the Holland Axelle site successfully competed for the **Site Characterization Grant**, and was also one of only eight sites in the Commonwealth to be awarded the **Site Development Grant**.

The current project pipeline indicates that Hanover will see some absorption of industrial sites in the coming year. With that in mind, new strategies are being developed to replace the sites that are developed. The goal is to keep at least 450 acres of land or more at a Tier 3 or higher level available for development.

In addition to addressing Hanover's need for available commercial sites, the county's current inventory of commercial and industrial buildings is extremely challenged. Brisk leasing and purchasing activity in 2015, along with the continued interest by companies for an I-95 corridor location, has stressed existing inventory leaving Hanover with industrial vacancy rates of less than two percent. Additionally, rental rates that have been very flat since the recession are now starting to rise slightly.

In the first quarter of 2017, DEVON USA initiated the first high bay speculative building to be developed since 2008. The Enterchange D at Northlake building has been planned for many years, but the post-recession climate did not support the risk associated with speculative development. With pent up demand and other contributing factors, DEVON took a leap of faith and constructed a 330,000 SF Class A, high bay industrial facility, which drew more viable prospects and new project leads.

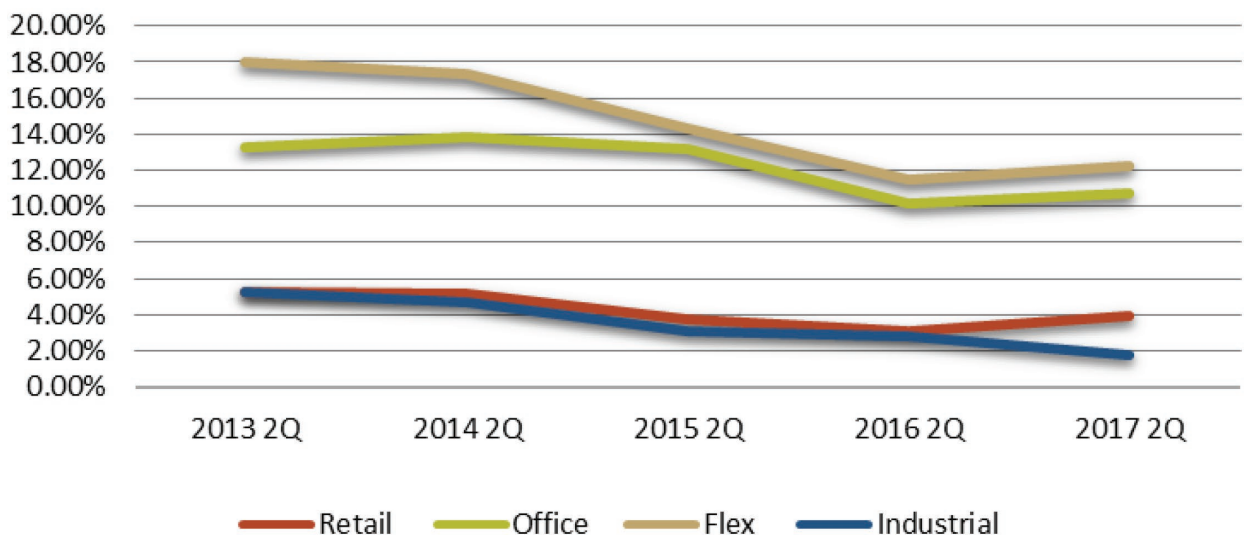
Crescent Business Center also kicked off plans to construct a 51,000 SF flex building that was tenant-driven and speculative. The current tenant



will take half of the building, and the balance of the Class A Flex Building will be available for lease. The building should be delivered in 2018.

Given the most positive climate for development, Economic Development staff has initiated a more structured outreach program to the development community to tout the advantages of investing and developing in Hanover. Trends are showing some positive signs toward future speculative development in the region and the I-95 corridor.

Vacancy Rates by Property Class



Capital investments continued to reveal the overall competitiveness of the community, showing confidence in the community and Hanover's business climate.

Business Investment

This marked a successful year for increased business investment in Hanover County.

Commercial construction permits issued valued \$54,273,646, and commercially assessed land values saw a slight, but steady increase to \$2,778,314,500. All of this positive growth was seen with the corresponding absorption of commercial space noted above, leaving industrial vacancy rates even lower than they were at this time last year.

Pryor Technology Inc., a world leader in the manufacture and design of both traditional and innovative marking, identification and traceability solutions, announced their first U.S. facility in Hanover. The 5,000 square-foot manufacturing facility in the Hanover Business Center will employ 10 people. Founded in 1849 in Sheffield, UK, a hub of manufacturing and the birthplace of stainless steel, the company's success is built on providing solutions for all manufacturing industries, with extensive expertise in aerospace and automotive



standards. Their interest in Hanover and the Greater Richmond region was to serve one of their primary clients, Rolls Royce, to whom Pryor supplies their marking services.

Communications Testing and Design Inc. (CTDI), a global engineering and logistics company headquartered in West Chester, PA, has signed a lease for 83,000 SF in the Enterchange C building at Northlake, which is one of the largest lease transactions in FY17.

Anton Paar USA introduced an innovative way to present their measuring instruments: A recreational vehicle has been converted into a mobile demonstration laboratory.



The Anton Paar Mobile Lab travels across America to exhibitions, conferences, and to visit customers on-site, at no charge. The Mobile Lab is a 34 foot-long recreational vehicle that has been customized and equipped with 200 ft² of interior lab space to create a practical demonstration and learning environment. Measuring instruments from almost all Anton Paar product lines are installed inside the lab. Anton Paar staff members showcase the measuring instruments, conduct live demonstrations, and consult with interested visitors.

The Center of the Universe Brewing Co. (COTU) kicked off a \$550,000 expansion that enables the company to brew 52 percent more beer each year. The expansion was completed in September and includes a new canning line, four additional tanks, the Origins Beer Lab and the remodeling the brewery's tasting room. The project will increase production by 2,500 barrels of beer each year, adding to the 4,800 barrels currently produced at the brewery on Air Park Road in Hanover County. Chris Ray, founder of COTU, says the expansion will allow the brewery to keep pace with demand and expand into more markets.



One exciting experiment already underway through COTU's research and development project, the Origins Beer Lab, is a new partnership with Randolph Macon. The team worked with the

Biology Department to isolate some wild yeast strains collected at Agriberry Farm last fall. They were able to isolate some wild yeast strains that are currently being propagated to a pitchable size. Once ready, the Origin team will be pitching the yeast and putting their first sour beers into barrels.

The **Dominion Resources Innovation Center (DRIC)** continues to provide valuable services in mentoring new companies and has realized tremendous milestones for its resident companies.



The five current tenant companies have more than 13 full time employees and raised more than \$1 million through both investment and grants received. Additionally, these five companies generated nearly \$300k in revenue this year. Further recognition includes the acceptance of two DRIC startups into the nationally ranked Lighthouse Labs Accelerator Program.

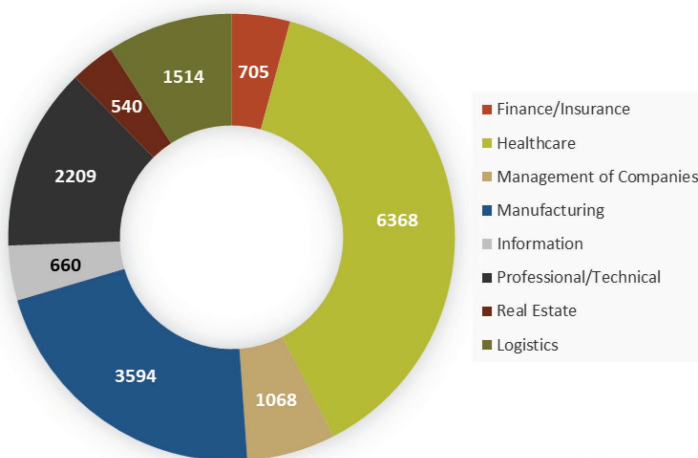
Partnering with Randolph Macon College (RMC) and Virginia Commonwealth University (VCU) has been a focus for DRIC in developing meaningful entrepreneurship programs for current and future tenants.

DRIC was active in the community through its hosting of, and participation in business events throughout the region to include: the Hanover Regional Governor's School Roundtable discussion at the University of Richmond; a Business After Hours event with the Hanover Chamber of Commerce; a 3D Printing seminar presented by 3D Central of Richmond; and a Creative Change Center Education Luncheon featuring Zuula Consulting.

One of DRIC's recent graduates, **Zynnovation LLC**, was recognized by Venture Forum RVA in 2016 as one of three companies to watch in the Emerging Growth category. Founded by Hailing Yang and Wei Zhang, **Zynnovation LLC** is a biotechnology company developing innovative products based on novel recycling technology. One of their recent products, **TreeDiaper™**, is a multifunctional plant protection mat that uses recycled diaper materials.

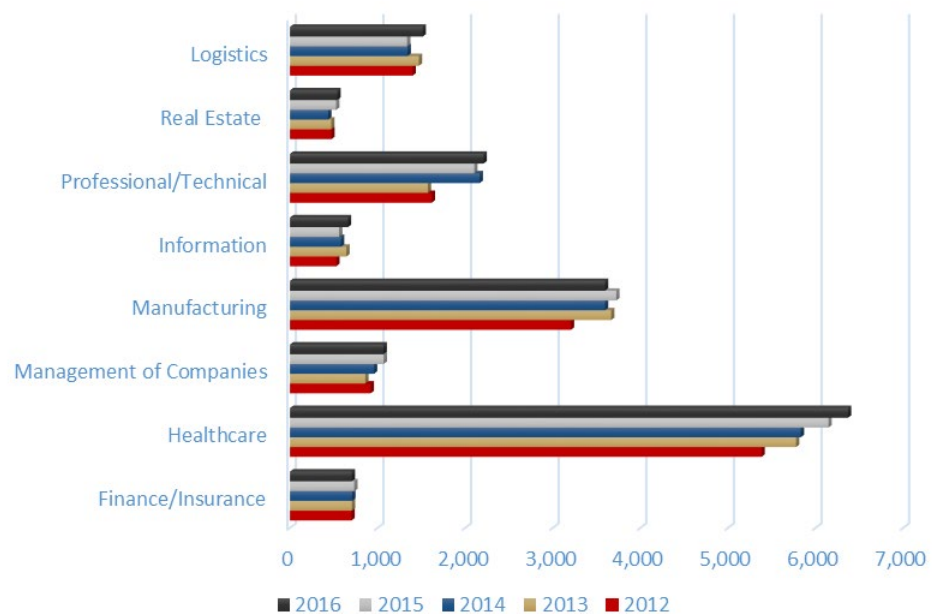


Number of Jobs by Target Industry



Source: VEC. Data based on calendar year.

Number of Jobs by Target Industry



Source: VEC. Data based on calendar year.

The business outreach program continues success in its mission to understand local business issues and promote the County as an ideal place to do business.



Business Engagement

The Hanover Business Outreach program continues in its value and success as an interactive way to understand local business issues and assist with challenges. Staff conducted 198 interviews with Hanover businesses, and the outcomes of these visits included 121 companies assisted, and we learned that 21 business expansions were taking place.

The Business Walk initiative continued in 2016 with four business walks, the first of which occurred in an expanded area of Mechanicsville, two walks were held in the Hanover Industrial Airpark and one in the Washington Highway corridor at Lewistown. Valuable data is collected in the program, and in FY18, a summary report will be provided to the local business community to outline the trends that have been identified. Understanding these trends helps staff to continue to develop programs and services that are relevant to Hanover's business community. Interesting trends that were identified included that 64 percent of the companies

surveyed have been in business in Hanover for 10 or more years. Additionally, 54 percent of the businesses actually started their operations in Hanover, and nearly half of the companies that participated in the surveys note plans to grow and expand in the near future. These are all positive signs of the business vitality in Hanover County.



The Annual Business Appreciation event was held at the beautiful James River Cellars Winery. More than 100 local businesses attended the event in this venue that is in the process of expanding their footprint in Hanover.



The Metro Richmond Exports Initiative has been launched following a nearly two-year program development by Virginia Commonwealth University's Center for Urban and Regional Analysis, the Greater Richmond Partnership, Virginia's Gateway Region, JPMorgan Chase and the Virginia Economic Development Partnership. Input from the business community and local, state and regional officials was solicited in the development of the program. Hanover County was involved in the program since its inception to provide additional services to help our businesses prosper and grow. International trade is a viable strategy to create new jobs and add more sales and profit.

The initiative grew out of the need to explore long-term sustainable economic development strategies to create jobs and new capital investment. The Brookings Institution and its Global Cities Initiative provided technical support, while JPMorgan Chase provided funding in the form of a \$150,000 grant to support implementation of the initiative. This funding includes assistance grants to regional

businesses that need support in their export growth activities.

Seminars have been held in Hanover and even featured local companies like Analytics Corp., who have firsthand experience in participating in local, regional and state export programs. As a result of these programs, the company is actively exporting worldwide, and has seen significant growth in their sales and profits.



Additional programs were hosted to include a variety of topics, and staff coordinated a special program through the Virginia Department of Small

Business and Supplier Diversity to provide Hanover businesses an introduction to procurement opportunities in the Commonwealth.

A new initiative for FY16 was the development of a collaborative program to support the needs and concerns of Hanover's Information Technology businesses. These businesses are one of the department's target sector priorities for business retention and attraction efforts. Companies met with county staff to discuss the need for improved infrastructure and better collaboration with the school system and technical training programs to develop the IT workforce of the future.

The **Ready. Set. Hire.** Program brought together businesses, students, parents, teachers and key workforce stakeholders to highlight the region's



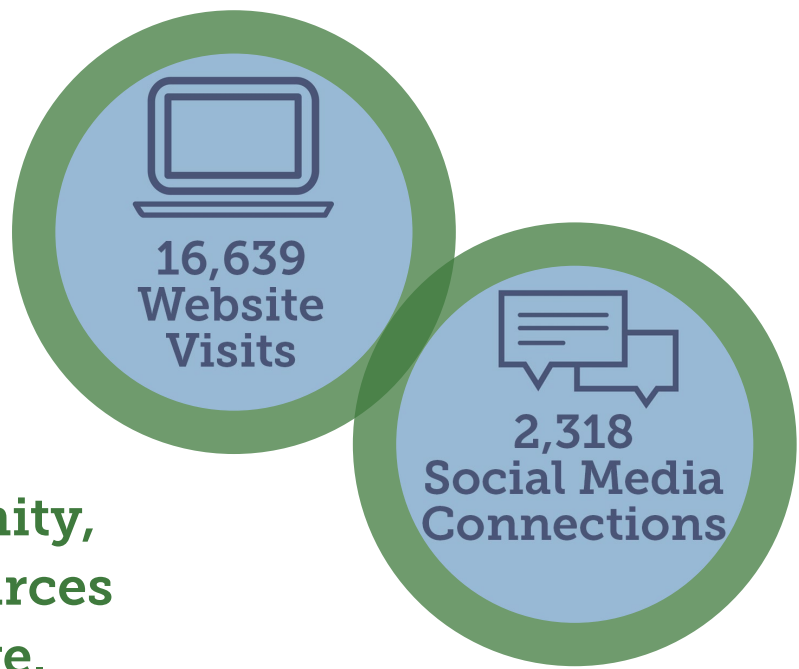
career and technical centers. Students participate in mock interviews with local business people and learn how to prepare for a successful career in their prospective fields. Employers had the opportunity in this program to interact with students who represent their future workers. Unique in the Hanover event this year is that the program saw more businesses participating than students, showing that Hanover's corporate community is

enthusiastic about partnering with the county school system and generating new jobs for our local students. The interviews focused on Automotive Tech, Carpentry, Cosmetology, Culinary Arts, HVAC/R and Small Engine Technology.

As part of both a business and community outreach effort, staff participated with the Hanover Airpark Business Association for a community cleanup. The response from Airpark businesses was very positive, and additional events will be planned for the coming year.



Outreach efforts outline Hanover's strategic advantages to generate quality leads, share the successes of the business community, and provide resources to help them thrive.



Marketing and Prospect Development

A new service in which HCED invested this year in the website is **ZoomProspector**, a business intelligence tool that uses data from hundreds of sources including the Census Bureau, U.S. Patent and Trademark Office, the Bureau of Economic Analysis, and more. Site selectors and investors have always turned to ZoomProspector.com for robust, high-quality data and information that drills all the way down to the zip code level.

Anyone can use the portal to research detailed data about Hanover County, along with available sites and properties. There is no barrier for site selectors, local Hanover businesses and investors seeking information to assist with a location decision or data to support or influence a business plan.

ZoomProspector can be used to support research for small business owners who can input their particular needs—from commute time to the supply of college-educated workers—and get matched to

valuable information and resources. This system can provide quality reports, demographic data, heat maps, company lists sorted by industry and many other features that are useful to small and medium-sized companies.

Hanover County continued to participate in the Commonwealth's and region's worldwide marketing outreach programs through direct company visits with both foreign and domestic companies. Additionally, an emphasis was made to continue to cultivate and create new relationships with U.S.-based site location consultants. Staff takes the Hanover story to these consultants, who are located in major markets across the country. In FY17, a new consultant familiarization tour program was established through GRP and the Greater Richmond Association of Commercial Real Estate (GRACRE). Each of the jurisdictions in the GRP footprint have a seat on the GRACRE board, and senior site location consultants were invited to visit the Greater Richmond area to learn about the business climate and what each jurisdiction has to offer for business investment.

Agriculture and Tourism will continue to be important to Hanover's economic vitality.

Agriculture & Tourism

According to statistics from Weldon Cooper Center for Public Service, Hanover's agriculture industry has contributed substantially to the county's tax base.

In FY17, agricultural businesses generated \$351 million dollars for Hanover County, with more than 6,000 direct jobs. Those direct jobs stimulated 1.7 additional jobs, and there are more than 600 active farms in Hanover County today. Additionally, agriculture and forestry industries' revenues grew 30% from 2013, and statewide, it has become a \$91 billion industry.

Tourism continues to be a valuable revenue source for Hanover. Each year, the county hosts thousands of visitors into the community to enjoy historic attractions, sporting activities, fine dining, special events, outdoor sports, biking, diverse cultural and food festivals, and of course, Kings Dominion. More than \$200 million is generated by travelers participating in these activities each year.



The 103-room Fairfield Inn & Suites by Marriott opened a new, 103-room hotel at Lewistown and I-95. This hospitality project will offer guests convenient access to Richmond International Raceway, James River Cellars Winery, Hanover County Airpark, Harley Davidson, and Bass Pro Shop. It will operate as a Marriott franchise, jointly owned by Holladay Properties of South Bend, Indiana and Guest Services, Inc. of Fairfax, Virginia. Hotel amenities include an inviting living area in the lobby, signature "smart" room décor, a 24/7 Corner Market, an indoor swimming pool, an exercise room, lobby bar, valet laundry service, complimentary Wi-Fi, as well as fax and copy services. The hotel also offers 750 square feet of space to accommodate functions for up to 50 people.

Hanover hosted a growing number of sports-related tournaments and special events. The spin-off investment from these events produces a very positive economic impact for the county and citizens. According to Richmond



Each year, more than 35,000 people visit Pole Green Park for the popular Hanover Tomato Festival.

Regional Tourism, youth sports travel is one of the fastest-growing segments of the travel industry. Sports is the #1 producing market for the region, with 52% of the room nights booked in the fiscal year.

Hanover also hosted a Familiarization Tour with the Richmond Regional Tourism staff to educate and inform our regional partners on all of the tourism assets that the county has to offer, and to continue to build on the positive relationships and impacts the travel industry has within this community.



Richmond Regional Tourism staff tours Hanover County to obtain a first-hand look of all of the interesting opportunities Hanover can offer tourists visiting the Greater Richmond Region.



2016-2017 Economic Development ANNUAL REPORT

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