



**HANOVER COUNTY**  
**DEPARTMENT OF ECONOMIC DEVELOPMENT**  
**ANNUAL REPORT - FY 2013**

HANOVER COUNTY BOARD OF SUPERVISORS

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## EXECUTIVE SUMMARY

Hanover County is positioned for steady economic growth following the recent recession. The overall trend was positive for the fiscal year 2013. Hanover's unemployment rate came down slightly and job growth was steady. Capital investment increased and leasing and sales activity grew, while vacancy rates in industrial, flex, office and retail were mostly flat.

Existing businesses continue to be Hanover's major economic strength. These businesses purchased new equipment and expanded their operations to meet the demands of a more competitive business climate. For example, Tyson Foods, located off Route 33 north of I-295, was selected for expansion among numerous other processing plants. Tyson purchased state-of-the-art equipment to service new customers and expanding markets. Tyson Foods invested over \$14 million in new equipment and hired over 120 new employees at their Hanover facility.

The Business First visitation program reached out to a record number of companies in FY2013 with staff dedicated to providing existing businesses support and service.

The Business Launchpad classes teach business plan development, business marketing via Facebook & LinkedIn, Google Analytics, and other contemporary topics. These classes provide valuable information to Hanoverians starting new ventures or to those wishing to enhance their marketing methods.

The Dominion Resources Innovation Center successfully introduced and launched Tech Challenge Hanover. This business plan competition attracted entrepreneurs from across the state, engaged the local business community, generated significant media exposure, and recruited new tenants to the facility.

Business attraction efforts continue with the Greater Richmond Partnership and the regional commercial brokerage communities. These efforts resulted in major announcements by Vitamin Shoppe and Republic National Distributing Company, among others. The economic development website, [HanoverVirginia.com](http://HanoverVirginia.com), provides the world with business testimonials as well as data and information designed to aid business prospects and/or site selection consultants.

Hanover's competitiveness for new business prospects is severely curtailed by a lack of available pad-ready sites and buildings. This lack of commercial product limits Hanover's ability to attract new investment. Any effective economic development strategy must include the aggressive development of available pad-ready sites and buildings.

The economic future for Hanover County will be brighter as we meet our challenges head-on with effective solutions. Economic development success will be realized by recruiting higher-wage industries, increasing densities in the suburban service area, and proactively converting raw land into pad-ready commercial product. These factors work together to promote business investment opportunities. Let's move forward with these initiatives and bring new business investment to Hanover County and with that higher-wage jobs and a more prosperous future for all of its citizens.

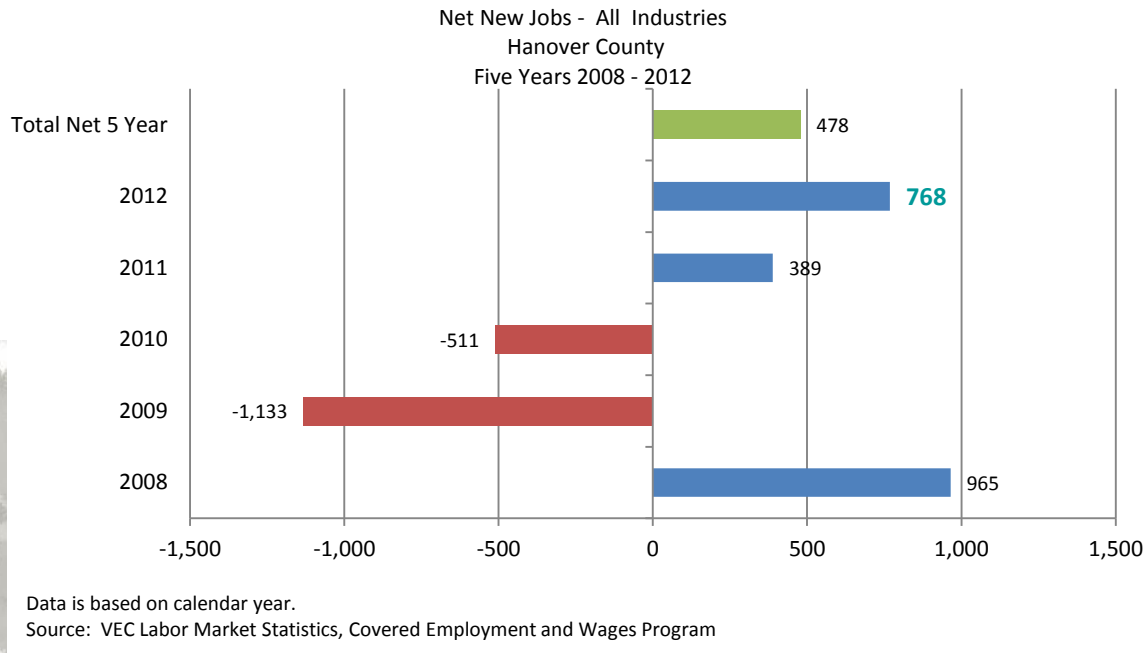


**STRATEGY I: INCREASE JOBS IN TARGETED INDUSTRIES**

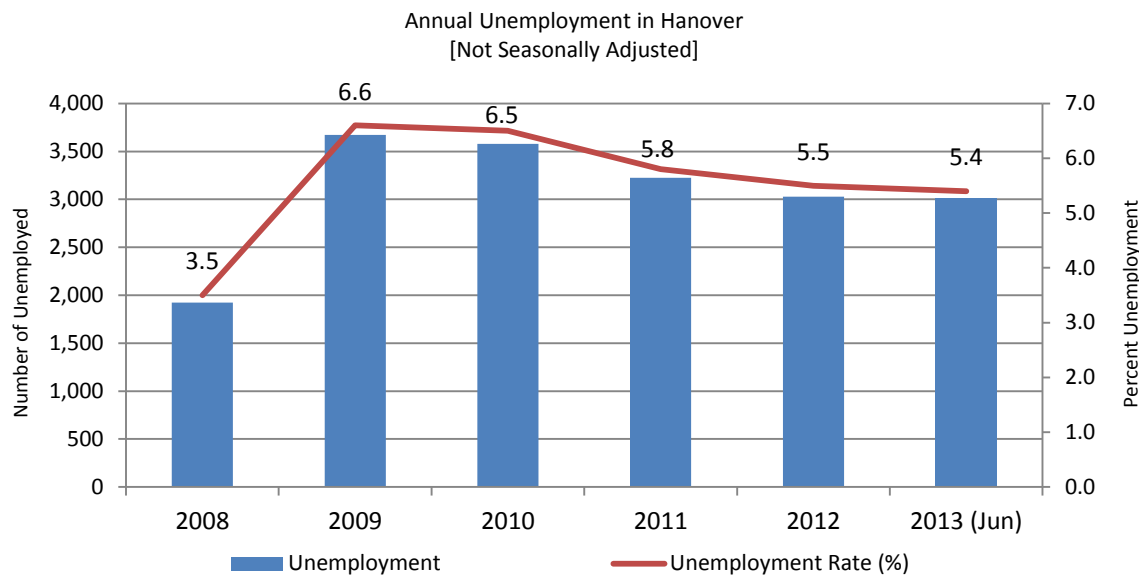
Hanover has an educated and skilled workforce; however many of them “out-commute” to jobs elsewhere. Our goal is to grow high-wage jobs within Hanover so that there is an in-commute of skilled workforce and ample jobs for all qualified job-seekers.

Our economic development efforts specifically target key industries poised for growth including: Professional Services, Advanced Manufacturing, Health Care, Supply Chain & Logistics, and Destination Retail. Within these growth industries, we specifically work to recruit those with higher wage jobs.

## NEW PERMANENT JOBS



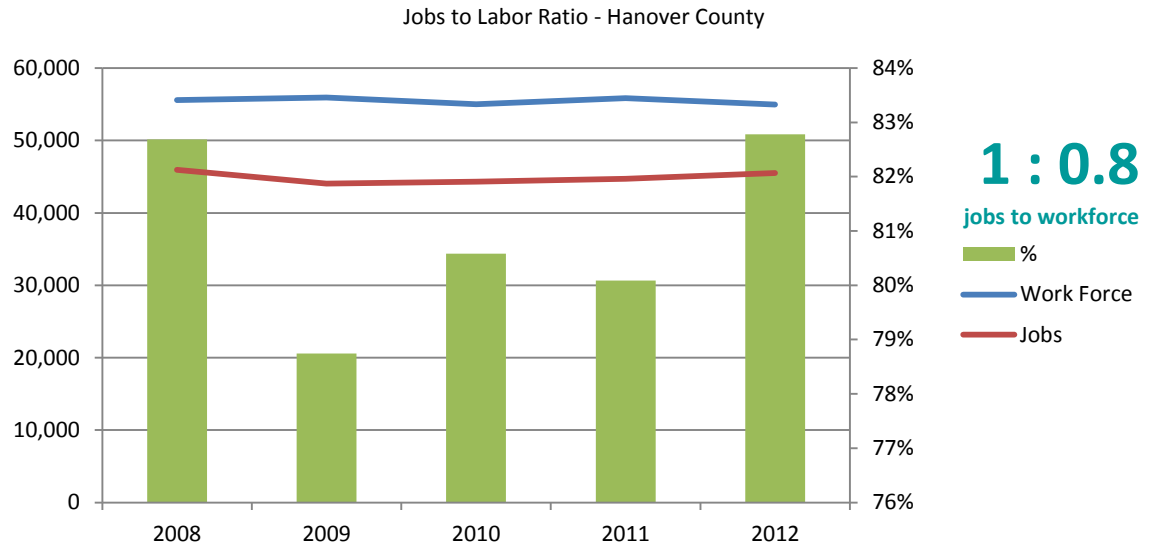
## UNEMPLOYMENT RATE



Data is based on calendar year.  
Source: LAUS Unit and Bureau of Labor Statistics

## RATIO OF JOBS-TO-LABOR FORCE

Hanover's workforce to labor ratio, ideally at a 1:1 ratio, is showing an upward trend from the substantial downturn experienced in 2009.



Data based on calendar year.  
Source: VEC

## TARGET INDUSTRY JOB PERFORMANCE

Job growth occurred over the prior year in Logistics, Professional & Technical Services, Healthcare, and Real Estate. These sectors also saw growth in the number of establishments and wages.

Finance/Insurance, Management of Companies, Manufacturing, and Information saw a loss of jobs over the prior year.

Target Industry	Change in # Jobs in Hanover County			% Chg vs Prior Yr	% Chg vs 5 Yrs Ago
	2008	2011	2012		
Finance/Insurance	776	720	702	(2.50)	(9.54)
Healthcare	4,858	5,249	5,381	2.51	10.77
Management of Companies	964	926	920	(0.65)	(4.56)
Manufacturing	3,471	3,250	3,206	(1.35)	(7.63)
Information	627	554	529	(4.43)	(15.63)
Professional/Technical	1,585	1,574	1,618	2.80	2.08
Real Estate	626	469	472	0.64	(24.60)
Logistics	1,170	1,171	1,399	19.47	19.57
<b>Total Target Industries</b>	<b>14,077</b>	<b>13,913</b>	<b>14,227</b>	<b>2.26</b>	<b>1.07</b>

Data is based on calendar year.

Note: No data was provided for Information Industry - 2009, 2010 & 2011; amount shown is based on a linear interpolation using 2008 & 2012 data.

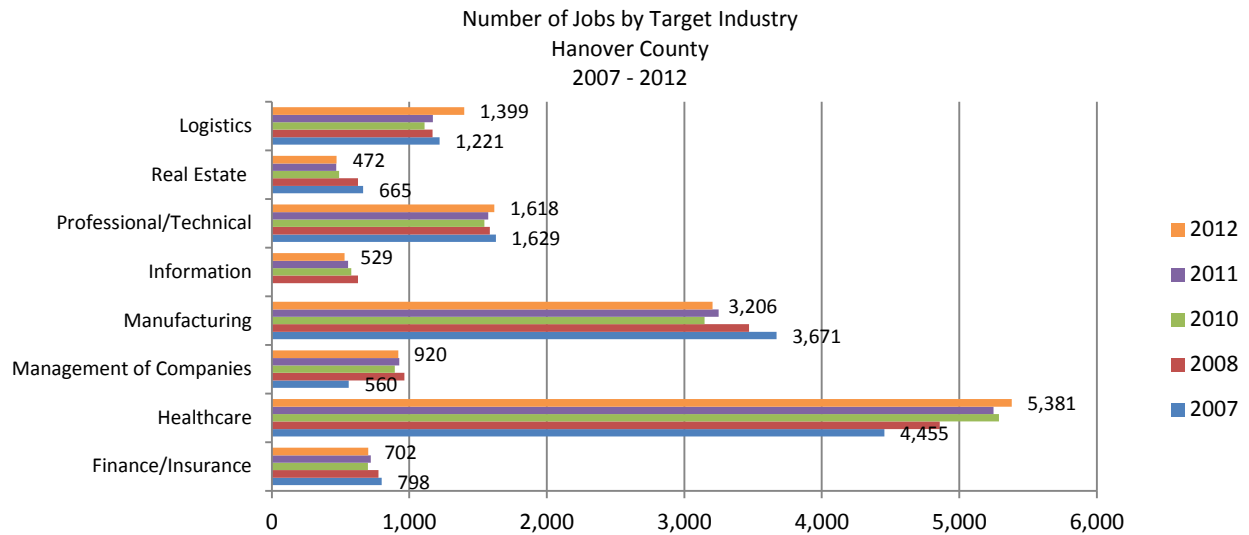
Source: VEC/QCEW

## GROWTH AND DECLINE INDUSTRIES

Within Hanover County's targeted industries, Logistics and Healthcare experienced the greatest increases, adding 228 and 132 new jobs, respectively, over the prior year. Healthcare has enjoyed an overall upward trend in employment. Logistics, which experienced some volatility over the past 5 years, has rebounded strongly.

Other industries showing an increase over last year were Professional/Technical (+44 jobs), Real Estate (+3 jobs). Substantial gains were also seen in employment outside of the targeted industries. Food Service & Accommodations added 323 jobs, up almost 5% from 5 years ago.

The largest job contractions among our target industries were in Manufacturing (-44 jobs), Finance/Insurance (-18 jobs) and Management of Companies (-6 jobs) versus a year ago. Outside of the target industries, decreases in the number of jobs were noted in Retail (-17 jobs), Wholesale (-23 jobs) and Construction (-3 jobs)

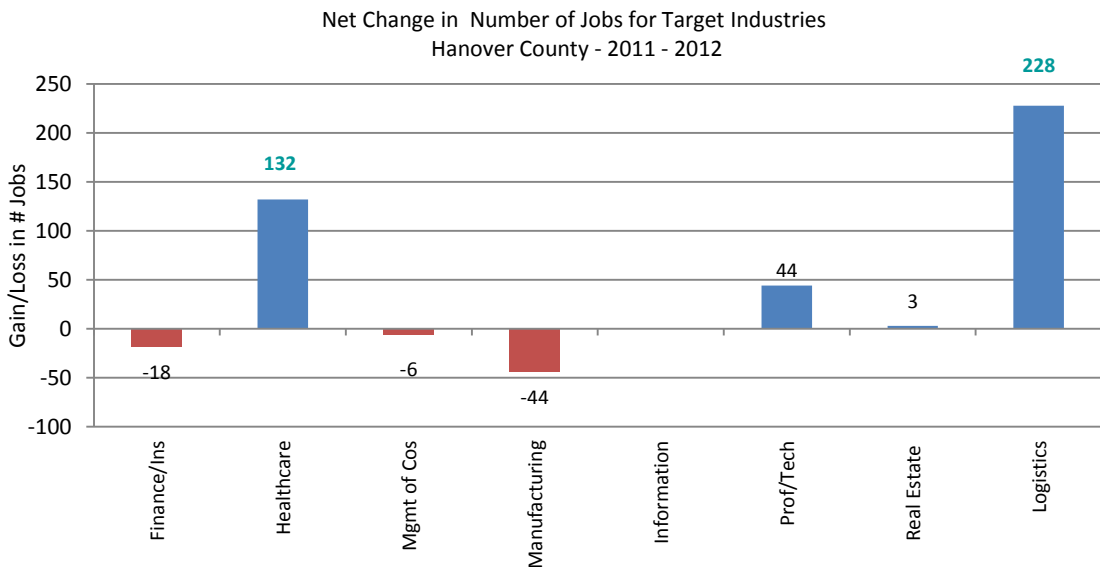
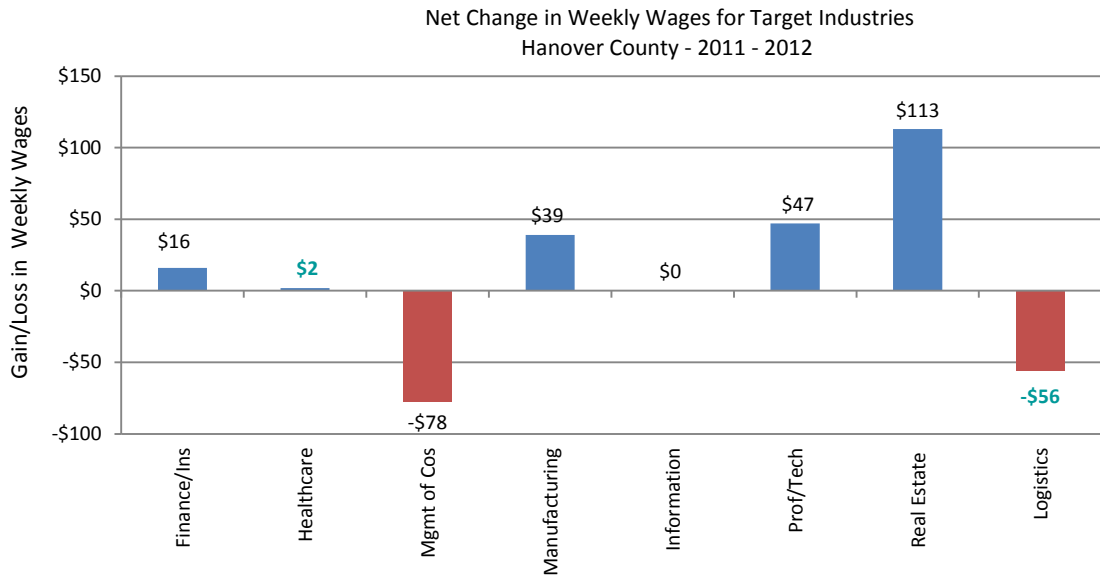


Data based on calendar year. Note: No data was provided for Information Industry - 2007, 2009, 2010 & 2011; amount shown is based on a linear interpolation using 2008 & 2012 data.

Source: VEC/QCEW

## TARGET INDUSTRY PERFORMANCE

Hanover's targeted industry sectors, to include Finance and Insurance, Healthcare, Management of Companies, Manufacturing, Information, Professional and Technical Services, Real Estate, and Logistics showed overall positive trends between 2011 and 2012. However, wage growth was weak in Management of Companies and Logistics. Healthcare, which has been a star performer of Hanover's economy stayed relatively flat in wages but saw strong growth in the number of new jobs and establishments. Hanover saw an uptick in the number of new establishments in all target sectors except Manufacturing. Positive trends are anticipated in most target sectors through 2013, though the Management of Companies sector is still falling behind in wage growth based on 1st Quarter 2013 data.

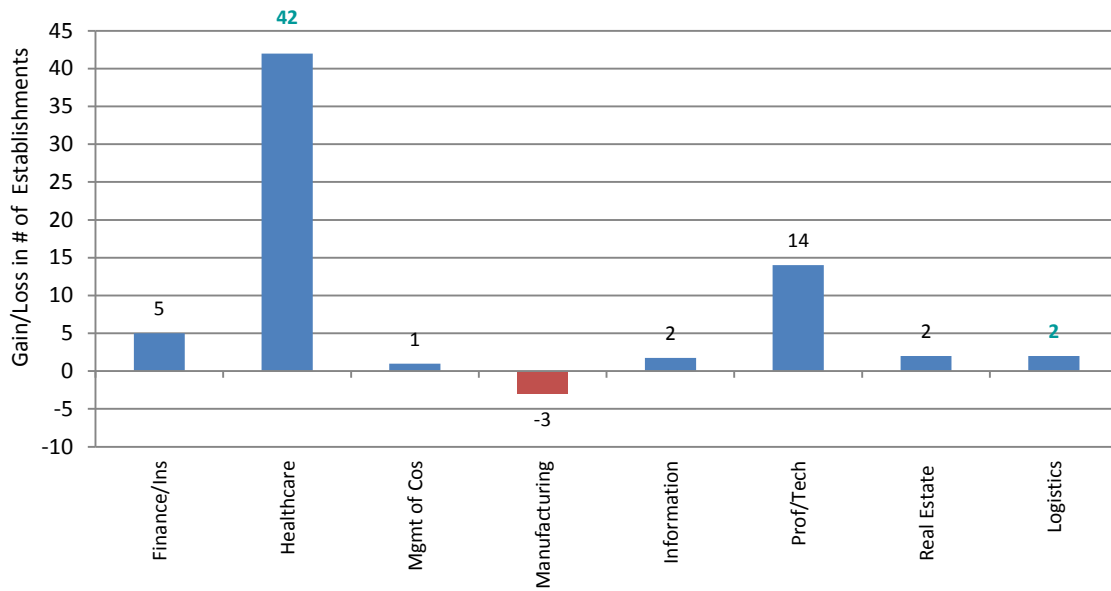


Data based on calendar year. Note: No data was provided for Information Industry - 2007, 2009, 2010 & 2011; amount shown is based on a linear interpolation using 2008 & 2012 data.

Source: VEC/QCEW



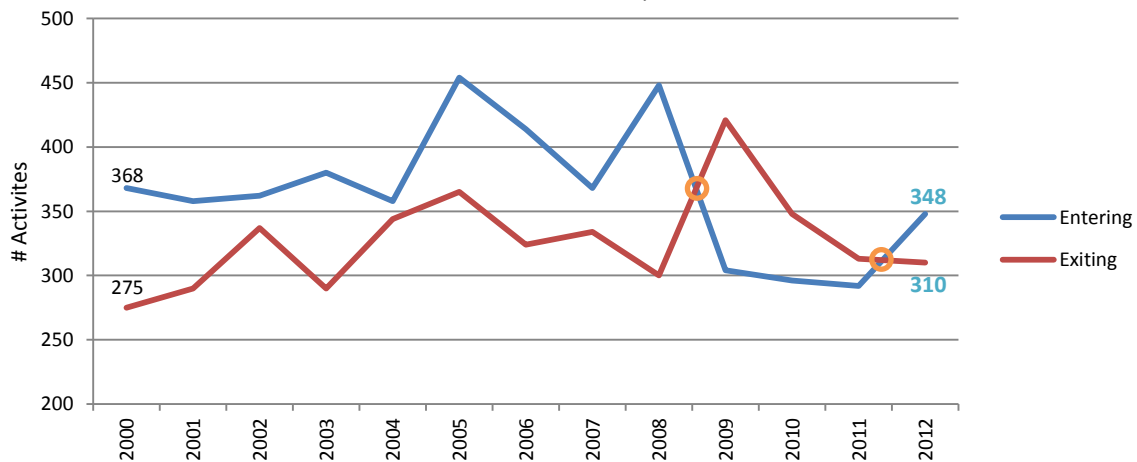
Change in Number of Establishments for Target Industries  
Hanover County - 2011 - 2012



Data based on calendar year. Note: No data was provided for Information Industry - 2007, 2009, 2010 & 2011; amount shown is based on a linear interpretation using 2008 & 2012 data.  
Source: VEC/QCEW

## ENTREPRENEURIAL START UPS

Annual Entrepreneurial Activities  
(Small Businesses ≤ 10 Employees)  
Hanover County



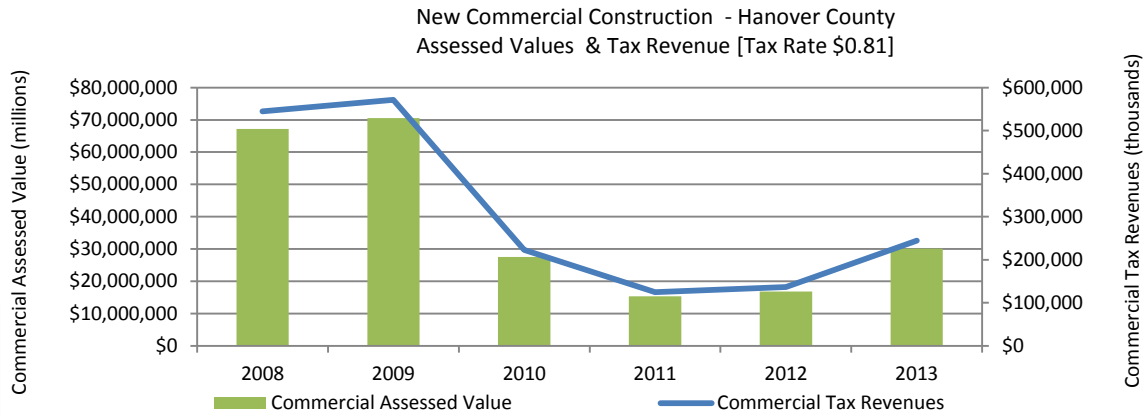
Data is based on calendar year.  
Source: JobsEQ



## STRATEGY II: NEW CAPITAL INVESTMENT

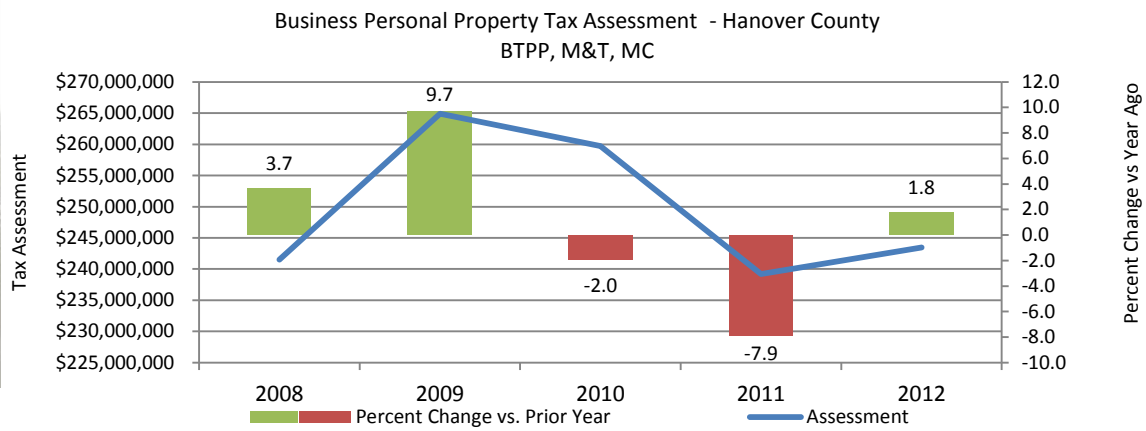
Economic development consists not just of the jobs created; but also, the capital invested to support the business process. Significant capital investments in land development, machinery and tools, and buildings not only bolster the tax base, but also create longevity to that business operation being retained within Hanover County. These capital investments – in terms of frequency and volume – often reflect the psychological outlook of business owners, who are understandably reluctant to invest should their economic prospects appear dim. FY 2013 witnessed improving signals with regard to capital investment, surely a sign of good times up ahead.

## NEW COMMERCIAL CONSTRUCTION TAX COLLECTION



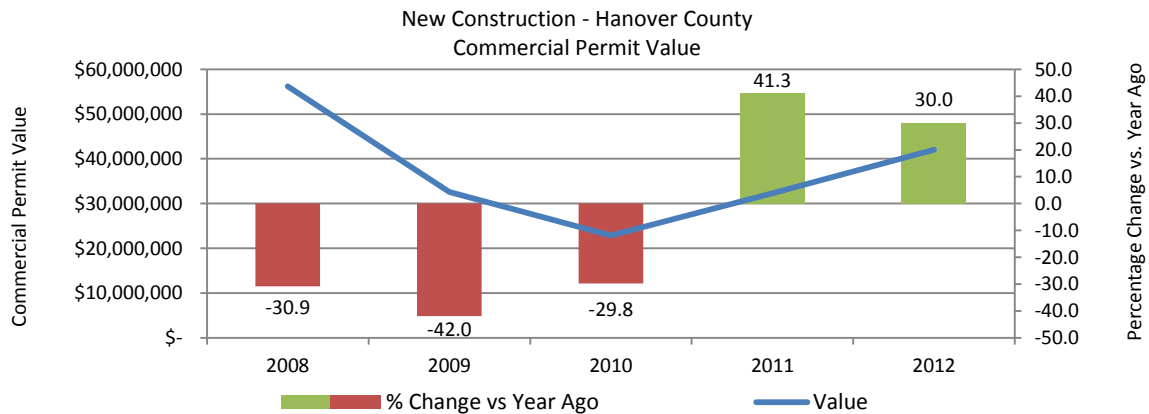
Data based on calendar year. Source: Hanover County Assessor's Office

## BUSINESS TANGIBLE PERSONAL PROPERTY COLLECTIONS



Data based on calendar year. Source: Hanover County Commissioner of Revenue - Personal Property Statistics

## NEW CONSTRUCTION (PERMIT) VALUE



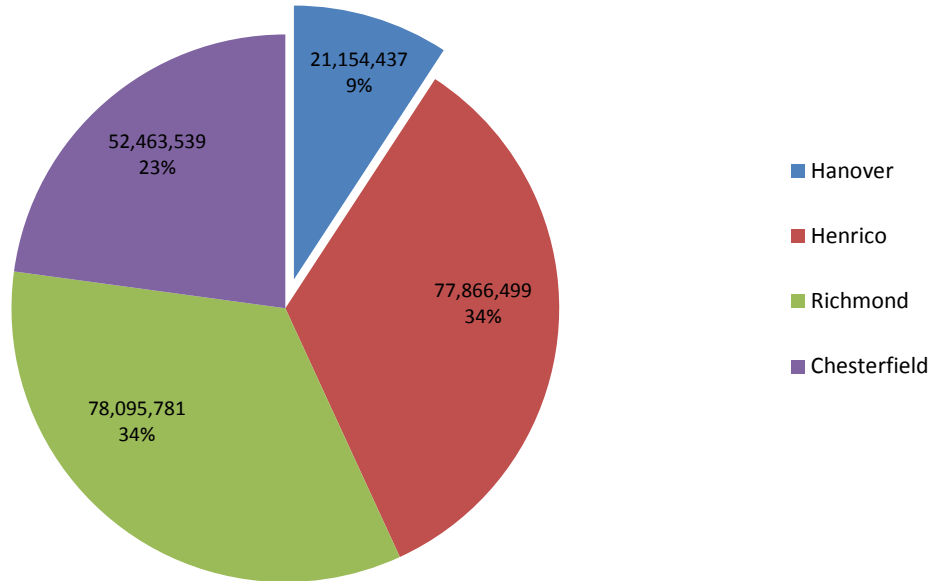
Data is based on calendar year. Source: Hanover County Building Inspector's Office



### STRATEGY III: INCREASE AVAILABLE COMMERCIAL PROPERTY

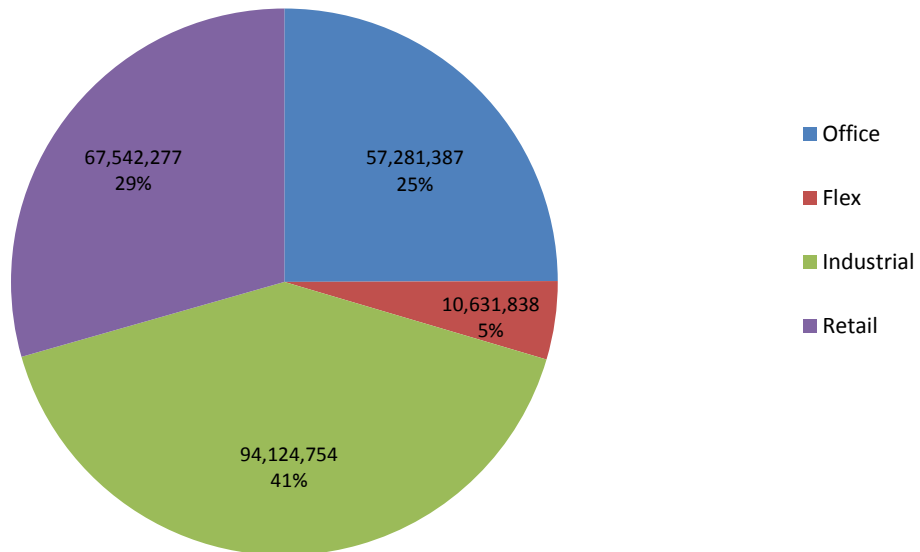
Hanover County competes regionally for new business investment, both from the kind recruited here from out-of-town as well as business investment from the expansion of existing businesses. In either case, that business investment must be housed somewhere – and thus, the stock and quality of available commercial property is vital to Hanover in terms of being able to host new business investment. Hanover’s competitiveness is severely curtailed by a lack of available pad-ready sites and buildings. Regionally (among the four Greater Richmond Partnership localities) Hanover is home to only approximately 9% of the available commercial space; and – relating to this - Hanover enjoys only a small percentage of the regional new business investment. Any effective economic development strategy must include the aggressive development of available pad-ready sites and buildings in Hanover. The amount and quality of available and ready commercial property here must be increased.

Total Rentable Building Area [RBA]  
by Locality in GRP



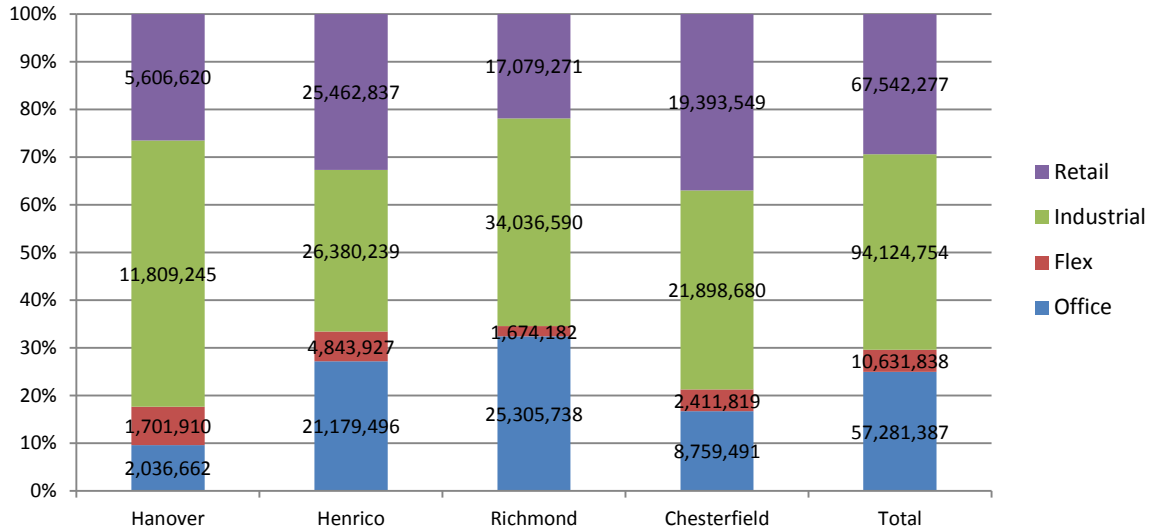
Source: CoStar, data as of 08.22.2013.

Total Rentable Building Area [RBA]  
by Class  
for combined GRP localities (4)



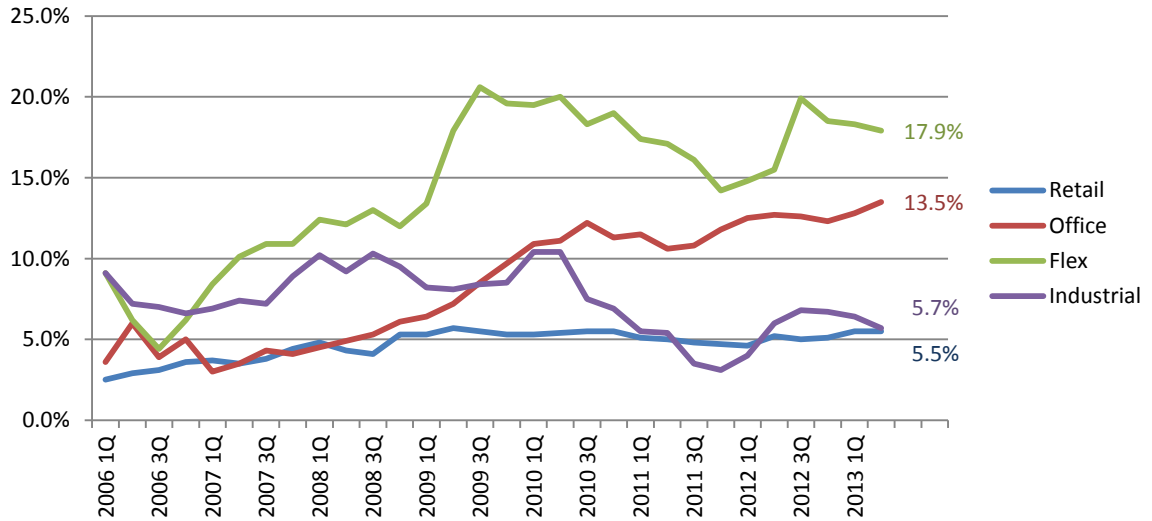
Source: CoStar, data as of 08.22.2013.

Commercial Property - Rentable Building Area [RBA]  
by locality & by class



Source: CoStar, data as of 08.22.2013.

Quarterly Vacancy Rates by Class of Property  
Hanover County



Source: CoStar, Total Vacancy, data as of 08.23.2013.

## BOARD INITIATIVES

The Board has adopted a FY14 initiative to develop strategies for increasing inventory of Tier 3 (pad ready) commercial product sites by at least 100 acres. Current Tier 3 sites include:

Site Name	Acres Available	Zoning	Existing Access?	Listed for Sale/Lease?	Master Plan?	Marketing Materials?	Survey?	Environmental?	Water At Site?	Sewer At Site?	Notes
Atlee Station	40	M1	YES	YES	YES		YES	YES	YES	YES	Two sites of 24 & 16 acres.
Northlake	34	M2	YES	YES	YES	YES	YES	YES	YES	YES	Largest contiguous parcel is 13 ac, & a potential second 13 ac parcel with I-95 frontage. The other parcels are 2 to 3 acres.
SuperValu	65	M2		YES	NO	YES		YES	NO [600 yd. ext.]	YES	Back parcels by the rail are accessed via Erle Road. Any significant traffic will require an upgraded rail crossing. Front parcels will involve crossing wetlands to access. Site will not subdivide to a large, contiguous parcel due to the wetlands.
Bell Creek	60	M1	YES	YES	YES	YES	YES	YES	YES	YES	Property lends itself to medical uses.
Ashland Business Park	14.5	B2	YES	YES	YES	YES			YES	YES	Two parcels of 5.96 and 8.52 acres available.
Cedar Run	25	M1	NO	YES	NO	YES	NO	NO			Site located near airport runway - height restrictions. Access to be addressed. Parcel is pie-shaped.
Atlee Commerce Center	28.6	OS	YES	YES	YES	YES	YES	YES	YES	YES	Site consists of four, 1+ ac parcels is Flex b.
Quarles Road	14	M1	YES	YES	NO	YES	NO	NO	YES	YES	
Crescent Business Center	4	M1	YES	NO	YES	YES	YES	YES	YES	YES	Site isn't available for sale outright but as build to suit w/developer.
VA Trans Park	16	M1	YES	YES	YES		YES	YES	YES	YES	One 16 acre parcel left of 3 created in subdivision. No marketing materials developed.
Enterchange D Pad	16	M2		YES	YES	YES	YES	YES	YES	YES	Owner has approved site plan for 315,000 SF; will sell site &/or build to suit
Atlee Commons	4	M2	YES	YES				YES	YES	YES	Two sites of 7 and 4 acres.
<b>TOTAL ACREAGE</b>	<b>321.1</b>										



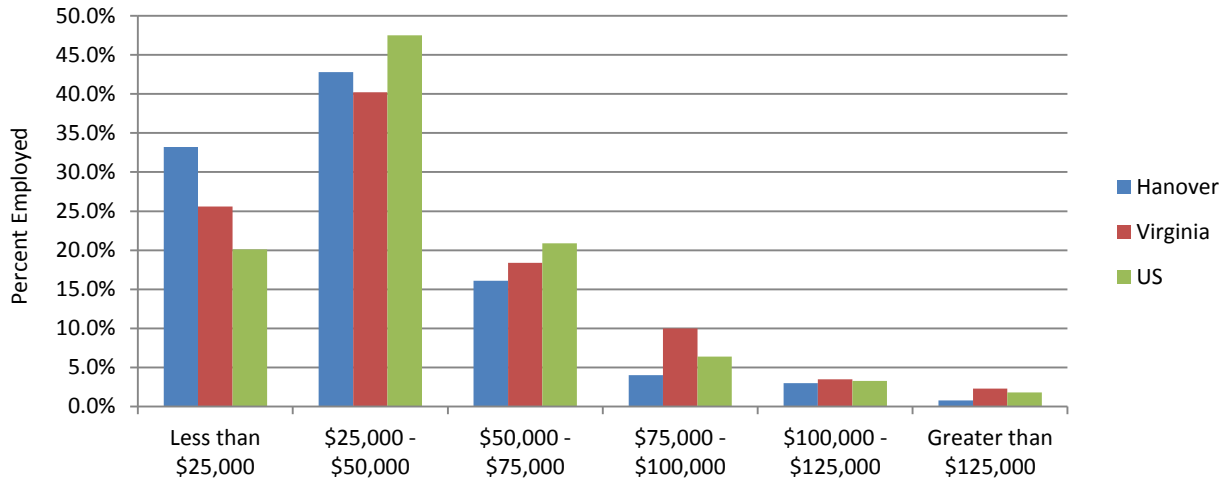
## STRATEGY IV: INCREASE THE AVERAGE WAGE

Hanover seeks job growth; however the long-term goal is to increase higher-wage job growth. This is done by the recruitment of targeted industries, so targeted for their many community benefits (including higher wages). The attainment of higher-wage jobs will increase the overall county “average wage.” When these gains are realized, Hanover will provide more “in-county” job opportunities for its educated and skilled workforce, enjoy a more diverse and stable job base, and be able to offer a wide-range of employment opportunities for all qualified job-seekers.



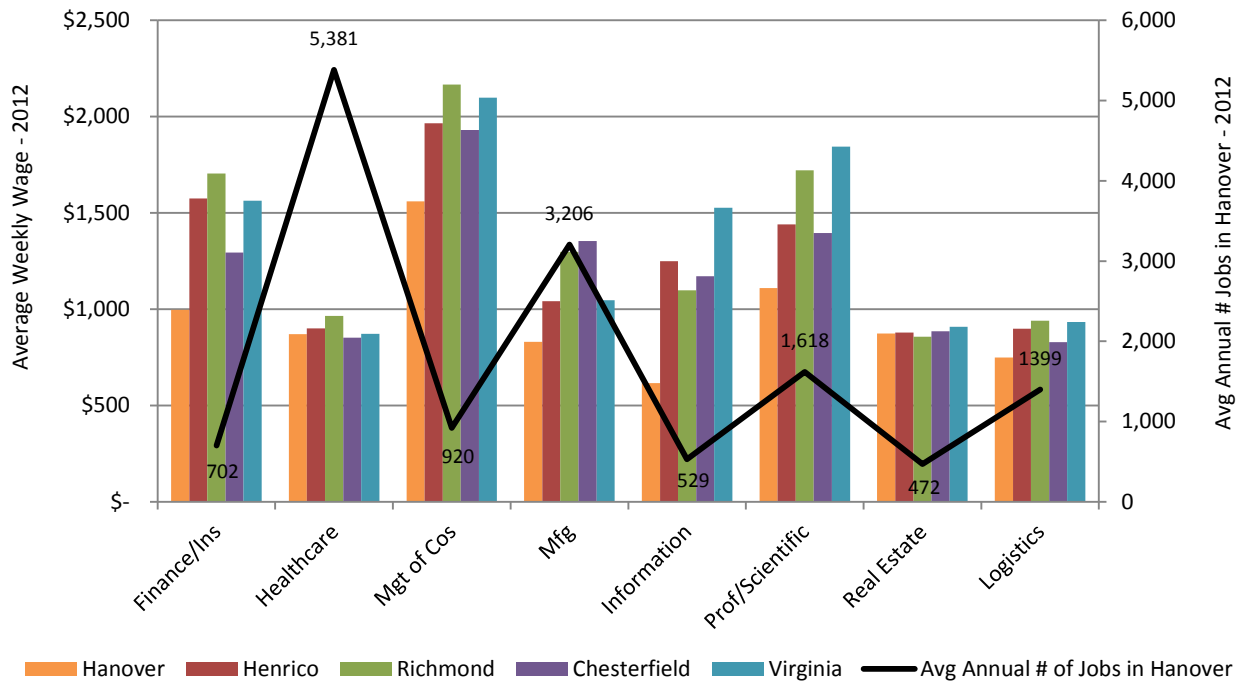
**INCREASE WAGES IN PROFESSIONAL/TECHNICAL JOB BASE**

Distribution of Wages  
Hanover County - 2012



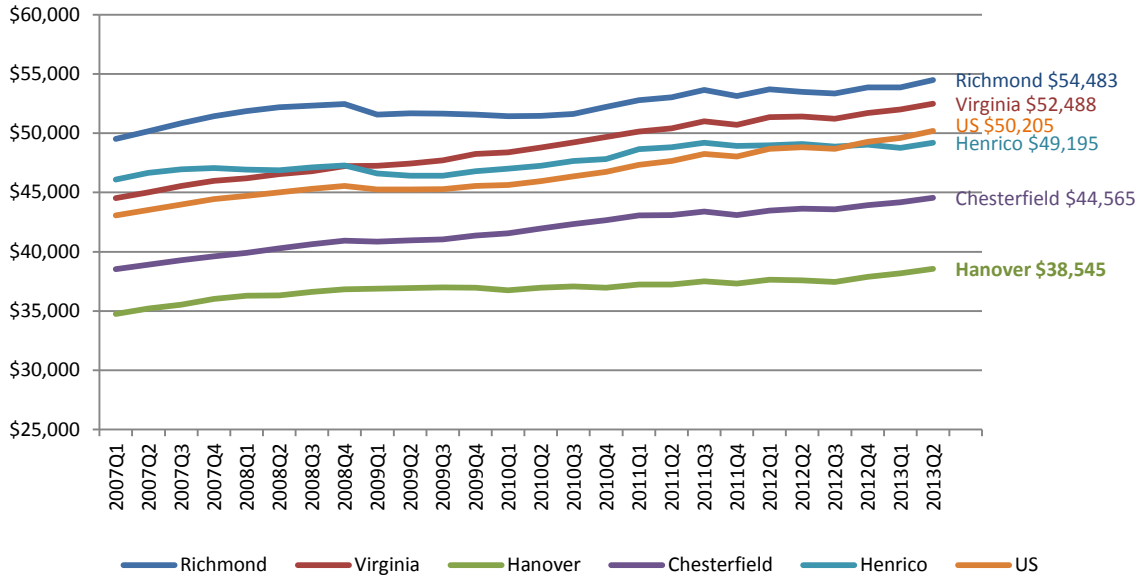
Data based on calendar year.  
Source: JobsEQ

Average Weekly Wage in Target Industries  
Regional Comparison - 2012



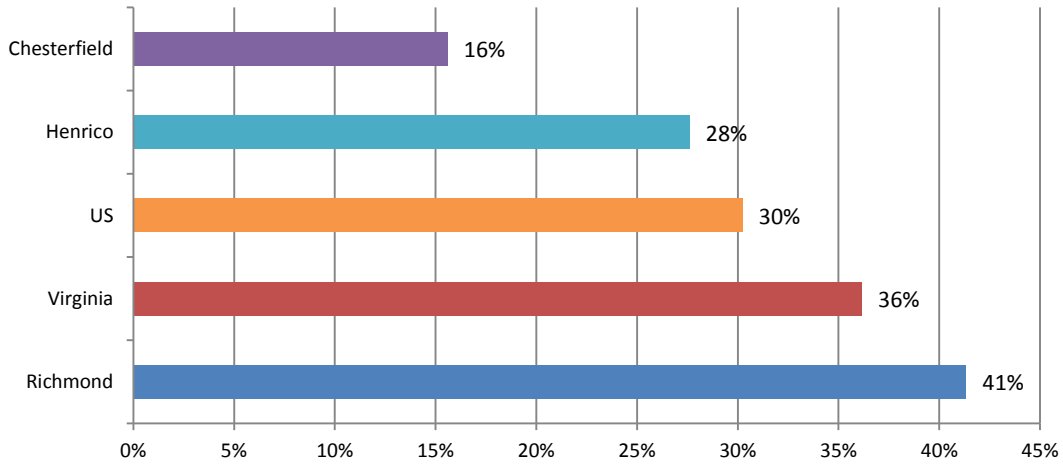
Data based on calendar year.  
Source: VEC/QCEW

Average Annual Wage  
Regional Comparison  
2007 Q1 - 2013 Q2



Data based on calendar year.  
Source: JobsEQ

Average Annual Wage - % Difference vs Hanover  
Regional Comparison  
2013 Q2



Data based on calendar year.  
Source: JobsEQ

## DEPARTMENT METRICS: BEING EFFECTIVE

Hanover taxpayers fund this department with the expectation that we are effective in increasing economic development. All that we do as staff is scrutinized (internally and externally) against the standard of “does this activity help generate economic development in Hanover County?”

We are constantly evaluating and culling less-effective techniques and less-productive demands on staff time in the hopes we can deliver on our mission. What we do, and how we do it, positions Hanover County for economic development success in an ever-changing marketplace.

### EXISTING BUSINESS ASSISTANCE

**102** #of Existing Companies Interviewed **+ 3%** vs. Prior Year [91]

**45** # of Existing Businesses Assisted **-35%** vs. Prior Year [69]

Hanover County’s Business First program year 2012 – 2013 surpassed the number of business interviews accomplished in the prior year, meeting with 102 Hanover businesses. The past year’s snapshot on the local business climate shows a sense of overall optimism, with nearly 80% of businesses anticipating the business climate will improve over the next five years.

There were more concerns in the short term over strategies to handle immediate indicators of the economy and looming healthcare reform. Nearly 90% of companies interviewed rated local government operations as Excellent or Good. Overall government services were given high remarks but not surprisingly taxing remained the least satisfactory with local tax structure, state tax structure and state-controlled worker compensation rates the least popular.



**COMPANIES CONTACTED, VISITS BY NEW COMPANIES & MARKETING TRIPS.**

**59** # of Prospect Leads **+37%** vs. Prior Year [43]

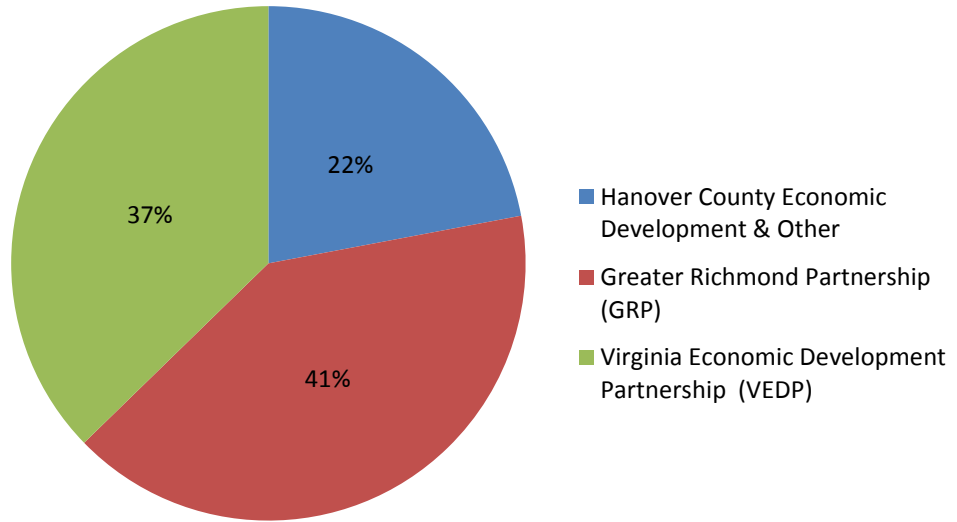
**37** # of Prospect Visits **+ 3%** vs. Prior Year [36]

**6** #of Marketing Trips **+20%** vs. Prior Year [5]

Lead generation is paramount in achieving economic development success with new business recruitment. The volume and quality of leads translate directly into landed investments. For this report, a qualified lead is any company that has received personal or a direct contact or response from Hanover staff. The contact could be in the form of a real estate recommendation, information on business operating costs, or a response to a formal proposal.

**LEAD SOURCE BY ORGANIZATION**

Share of Leads by Organization



Data based on fiscal year.  
Source: Hanover County Economic Department

**BUSINESS LAUNCHPAD CLASSES:**

Starting and running a business can be challenging, and often small-business owners lack easy access to instruction on topics that can aid them in being successful. These classes are taught, via a partnership with the Greater Richmond Chamber of Commerce Small Business Development Center, by experienced professionals.

<b>151</b>	# of Participants	<b>-19%</b>	vs. Prior Year [187]
<b>21</b>	# of Classes	<b>+0%</b>	vs. Prior Year [21]
<b>7</b>	Average # Participants per Class	<b>-22%</b>	vs. Prior Year [8.9]

**MAJOR ANNOUNCEMENTS IN FY 2013**

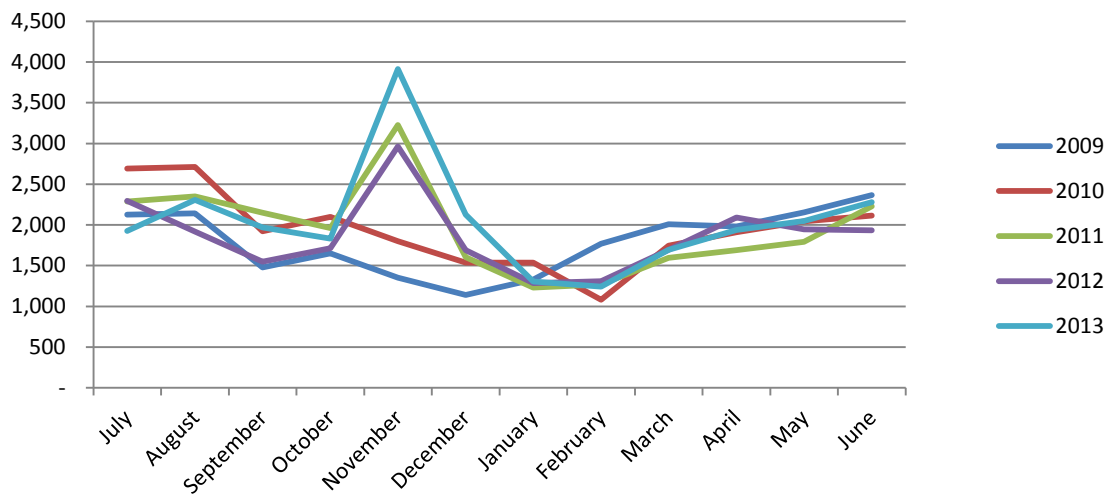
- 7/30/2012 Americast and Hanson Pipe & Precast, LLC announce new joint venture
- 8/31/2012 The Vitamin Shoppe announces their flagship distribution center
- 9/13/2012 Kings Dominion announces multimillion dollar expansion plan for "Planet Snoopy"
- 10/3/2012 NewLine Hardscapes acquires facility in Doswell
- 11/26/2012 EMSCO expands with purchase of building in Hanover's Industrial Air Park
- 12/6/2012 Tech Challenge Hanover inaugural competition awarded
- 12/28/2012 Department of Game and Inland Fisheries announces 45,000 sf HQ project
- 12/31/2012 Craig Realty Group entity closes on Outlet Mall site - 392,000 sf
- 2/5/2013 Tyson Foods completes expansion - 120 new jobs, \$14 million in new equipment
- 3/4/2013 UK-based Integrated Technologies Limited locates its first U.S. office
- 5/10/2013 Republic National Distributing Company, announces new distribution facility



## TOURISM VISITS TO VISITOR CENTERS

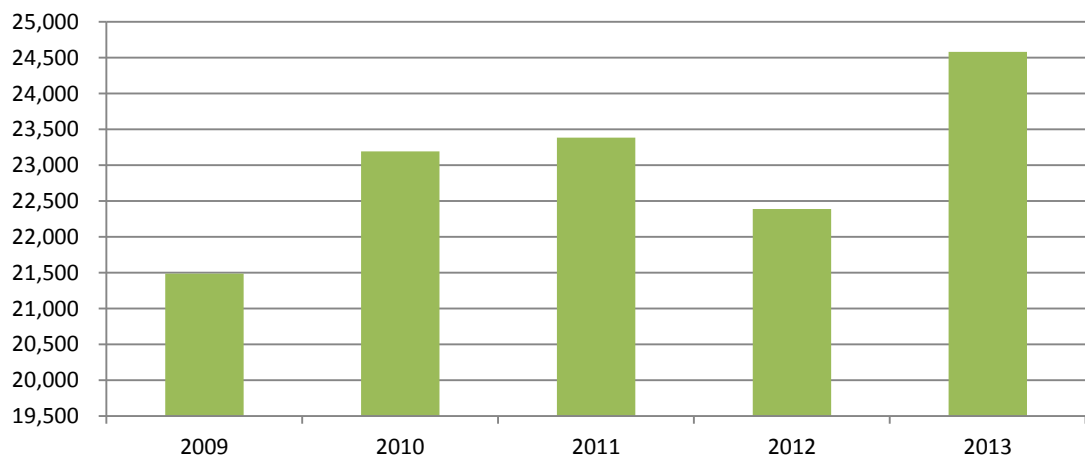
Hanover offers a rich bounty of tourism offerings to a wide variety of interest groups. From pastoral countryside road trips to historic sites to destination shopping to festivals to sporting events to eye-popping thrill rides – there are plenty of reasons to visit Hanover. Tourism is a vital part of the Hanover economy, because its impact does touch such a wide range of business within our community. Millions of tourists visit Hanover County each year, and a very small percentage of those tourists drop by the Visitor Centers in Ashland and Bass Pro Shops. Recorded visits to these Centers increased slightly in FY13.

Tourism - Monthly Visits  
to Visitor Centers in Hanover County



Data is based on fiscal year.  
Source: Hanover County Economic Development

Tourism - Total Annual Visits  
to Visitor Centers in Hanover County



Data is based on fiscal year. Data as of 2013 Q2.  
Source: Hanover County Economic Development

**DOMINION RESOURCES INNOVATION CENTER**

The Dominion Resources Innovation Center provides start-up and early stage companies with mentoring, engaged guidance and business support services with the goal that those ventures can become financially successful, high-growth companies in Hanover. In the fall of 2012, the Dominion Resources Innovation Center created a new website and successfully launched and completed its first business accelerator competition, Tech Challenge Hanover.



The competition, among technology and knowledge-based start-ups, attracted entrepreneurs from across the state, engaged the local business community and generated media exposure throughout its 3 month process. The competition generated a substantial number of qualified tenant leads and recruited new tenants to the facility. Current tenants include:

Company Name	Type of Tenancy	Technology
Duli Technology, LLC	Virtual	Tech Challenge Hanover 2012 winner. Innovative circuit technology and control algorithms to control and manage connection to power grid
Electric Force Motors, LLC	Physical	High efficiency electric motors & generators
Energy Conversion Research Ventures, Inc.	Virtual	Converting organic food waste to gases and food stock
EnviroDock	Physical	Heating, cooling and power to trucks to reduce engine idling
Green Biologics, LLC	Physical	Chemical process producing butyl acids from cellulous
Green Vision Energy, LLC	Virtual	Algae-based bio-reactor CO2 to biodiesel and other products including feedstock
ITL Virginia	Physical	Medical, diagnostic and analytical instrument design and manufacture
PEG, LLC	Physical	Ice-release coatings for aerospace and energy-based applications, biomedical materials, medical devices and therapeutic methods
Virginia Institute of Neuropsychiatry, LLC	Virtual	Development and improvement of algorithms for analysis of brain damage due to Traumatic Brain Injury
Zynnovation	Physical	Conversion of solid waste, specifically baby diapers, to green products

