



Economic Development Annual Report FY2014

Innovate. Prosper. Grow.

Economic Development Metrics

Goal: Create strategic business investment that enhances the quality of life in the county

	Objective	Key Indicator	Data Source/Data Owner	Current Measurement	Hanover Target	Green	Yellow	Red
1.0	Encourage private land owners to ready commercial sites for sale and lease	Acres at stage 3 of readiness for commercial investment	Economic Development Department	321 Acres	Maintain 450 acres of stage 3 ready commercial property inventory	450 acres or more of stage 3 ready commercial property inventory	Between 400 and 450 acres of stage 3 ready commercial property inventory	400 acres or less of stage 3 ready commercial property inventory
2.0	Increase county tax base derived from commercial sources	Real property tax base derived from commercial sources	Assessor's Office	2013 new commercial assessed value \$48,508,600 (added in annual year)- total assessments of \$9,739,586,000 of residential property and \$2,442,066,000 of commercial property	\$50M of new commercial investments based on assessed value	Commercial property investments in excess of \$50M based on assessed value	Commercial property investments of \$40M - \$50M dollars based on assessed value	Commercial property investments of \$39.999M dollars or less based on assessed value
2.1		Ratio of commercial to residential property assessments	Assessor's Office	80% residential 20% commercial (apartments are included in residential totals)	Incremental goal of attaining a minimum property base ratio of 25% commercial to 75% residential by 2017 with a long term goal of 30%	25% of the total county property assessments are derived from commercial property and 75% is residential	Between 20% and 25% of the total county property assessments are derived from commercial property and between 75% and 77.5 % is residential	20% or less of the total county property assessments are derived from commercial property
3.0	Expand stakeholder involvement with regards to economic development through engagement	Implement a business survey to engage current businesses in future economic development	Economic Development Department	Currently implementing	To be completed by June 30, 2015	Survey completed	n/a	Survey not completed
4.0		Number of jobs supported by Hanover County workforce	Virginia Employment Commission	47,298 Jobs (FY2013 baseline - rate will be determined after 12 months)	3% growth	3% or more	Between 1% and 3%	1% or less
4.1	Expand the number of jobs to available workforce	Ratio of jobs to labor force	Virginia Employment Commission	0.8:1 (2013 data)	0.9:1 (long term 1:1)	0.9:1 or more	Between 0.8:1 and 0.9:1	Less than 0.8:1
4.2		Unemployment rate	Virginia Employment Commission	4.50%	4% or less	4% or less	Between 4% and 5%	5% or more
5.0	Increase the number of jobs that have above average wages	Average annual wage	Virginia Employment Commission	\$40,352 average annual wage (2014 baseline)	\$46,000 or more annual average wage	\$46,000 or more annual average wage	Between \$40,000 and \$46,000 average annual wage	\$40,000 or less average annual wage



Goal: Create strategic business investment that enhances the quality of life in Hanover County.

Objectives

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Executive Summary

For Fiscal Year 2014, small business expansion mitigated the loss of some sought-after new business. Unemployment decreased slightly and job growth was mixed with losses in the higher-wage sectors and gains in the lower-wage sectors. Capital investment increased and leasing and sales activity grew, while vacancy rates in industrial, flex, office and retail remained flat.

Several existing businesses expanded. The Pixel Factory Data Center recently completed construction of a state-of-the-art, 6,000-square-foot building. OrthoVirginia and Bon Secours Richmond Health System has broken ground on a \$20 million medical facility. Richmond Harley-Davidson began construction on a \$6.5 million relocation to Northlake. HCA opened the \$10 million Hanover Emergency Center in the Rutland development.

Business attraction efforts continue with the Greater Richmond Partnership

and the regional commercial brokerage communities. Several prospects closely evaluated Hanover but then chose competitors due to lack of ready sites.

In December 2013, the Land Use Program was expanded to include manufacturing, transportation and warehousing, professional scientific and technical services, hotels, motels and professional offices as qualified uses.

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 our ability to attract new investment. Any effective economic development strategy must include the aggressive development of available pad-ready sites and buildings.

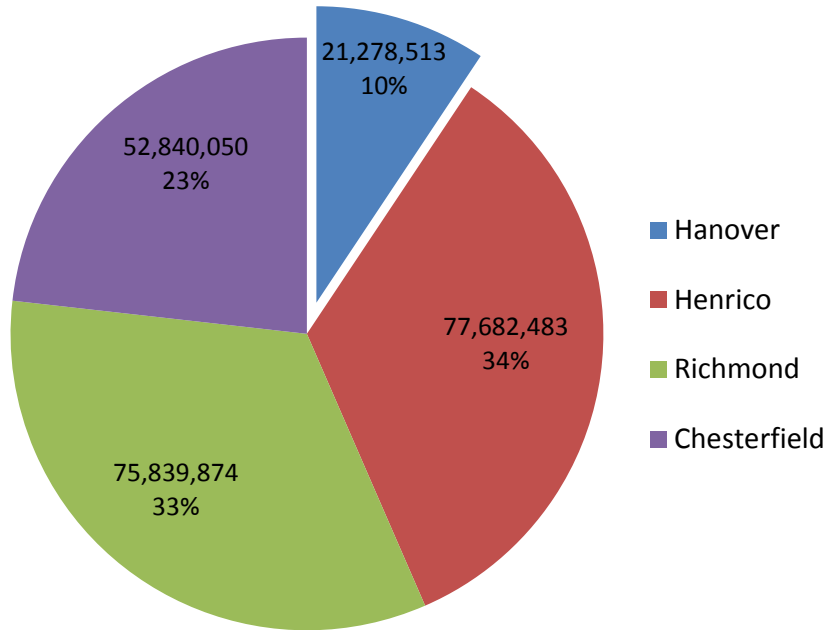
Economic development success can be realized by recruiting higher-wage industries, increasing densities in the suburban service area, and proactively converting raw land into pad-ready commercial product.

Objective 1: Encourage private land owners to ready commercial sites for sale and lease

Hanover competes regionally for new business investment, both from those recruited here from out-of-town as well as from the expansion of existing businesses. In either case, that investment must be housed somewhere so the stock and quality of available commercial property is critical for new business investment.

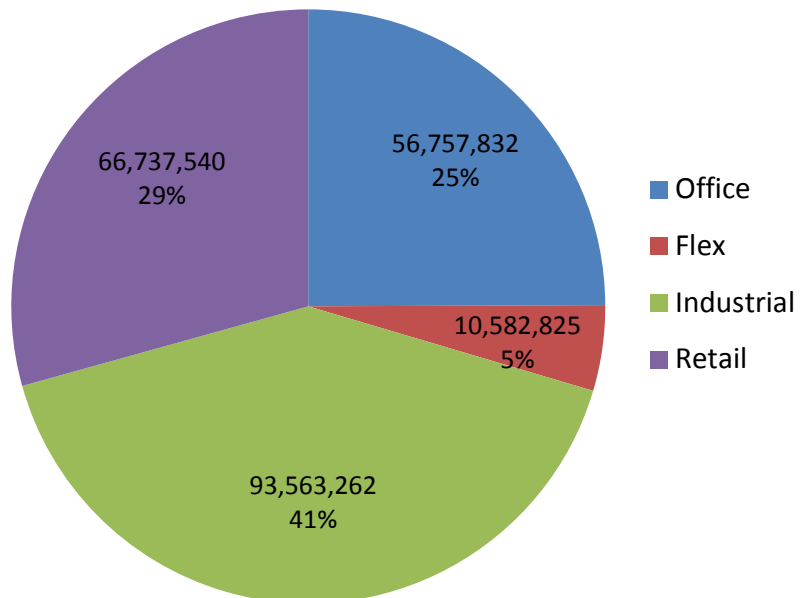
Hanover's competitiveness is severely curtailed by a lack of available pad-ready sites and buildings. Among the four Greater Richmond Partnership localities, Hanover is home to only approximately 10% of the available commercial space. As a result, Hanover is limited to a small percentage of the regional 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 by Locality



Source: CoStar, Data as of September 10, 2014

Total Rentable Building Area by Class (total GRPY)



Source: CoStar, Data as of September 10, 2014

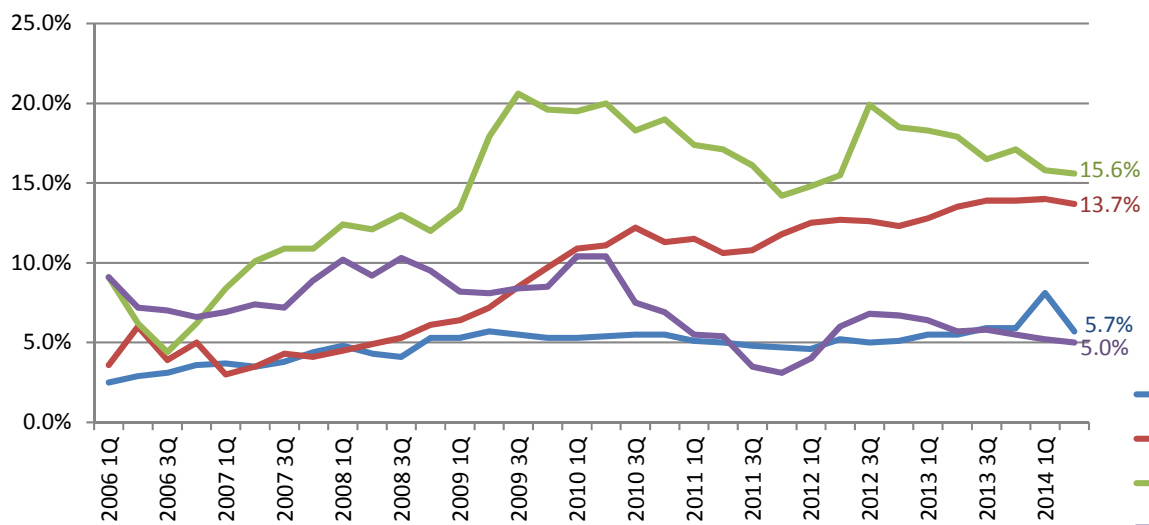
Annual Report FY 2014



Commercial Property – Rentable Building Area by Locality and Class					
	Hanover	Henrico	Richmond	Chesterfield	Total
Office	2,077,192	46,378,087	24,717,201	8,911,980	82,084,460
Flex	1,725,714	4,884,206	1,664,917	2,307,988	10,582,825
Industrial	11,766,765	26,420,190	33,007,846	22,368,461	93,563,262
Retail	5,708,842	25,327,167	16,449,910	19,251,621	66,737,540
Total	21,278,513	103,009,650	75,839,874	52,840,050	252,968,087

Source: CoStar, Data as of September 10, 2014

Quarterly Vacancy Rates by Class of Property
Hanover County



Source: CoStar, Total Vacancy, data as of 09.10.2014.

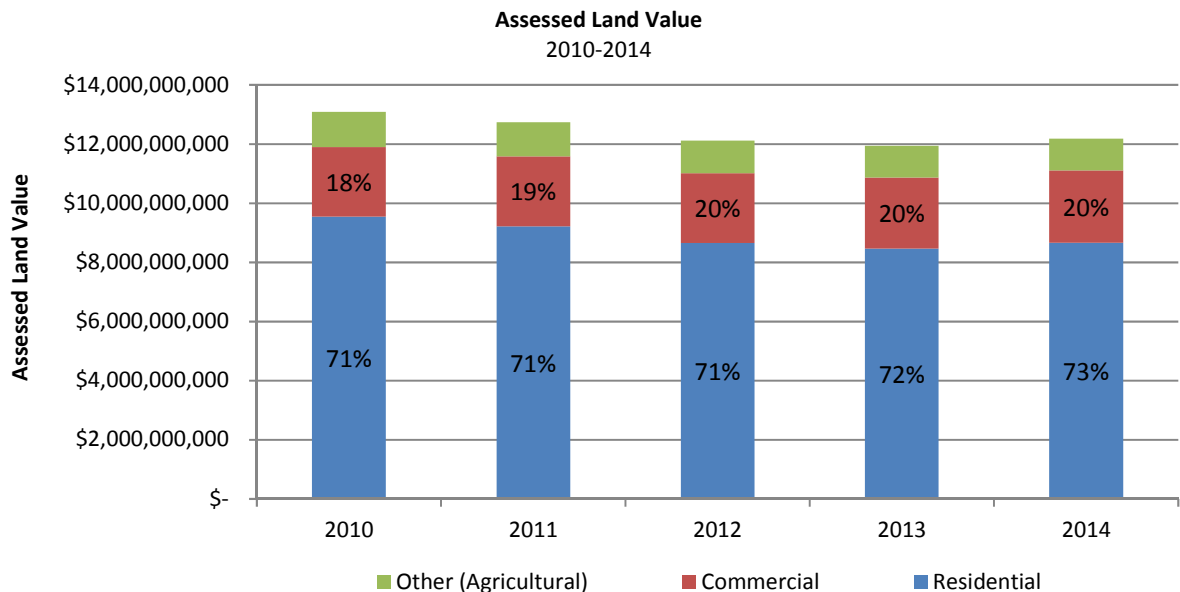
Current Tier Three Sites

The Board has adopted an initiative to develop strategies for increasing inventory of Tier Three pad-ready commercial product sites by at least 100 acres. Fiscal Year 2014 produced no new Tier Three sites. Current Tier Three 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
10300 Washington Hwy	7.6	M2							✓	✓	Route 1 frontage.
Atlee Station	40	M1	✓	✓	✓		✓	✓	✓	✓	Two sites of 24 and 16 acres.
Northlake	32	M2	✓	✓	✓	✓	✓	✓	✓	✓	Largest parcel is 13 ac. Potential second 13 ac parcel with I-95 frontage. Other parcels are 2-3 ac.
SuperValu	65	M2		✓		✓		✓		✓	Back parcels accessed by Erle Road. Upgraded rail crossing needed. Front parcels' access cross wetlands. No subdivide.
Bell Creek	60	M1	✓	✓	✓	✓	✓	✓	✓	✓	Property lends itself to medical uses.
Ashland Business Park	14.5	B2	✓	✓	✓	✓			✓	✓	Two parcels of 5.96 and 8.52 ac.
Cedar Run	25	M1		✓		✓					Airport / height restrictions. Access to be addressed. Parcel is pie-shaped.
Atlee Commerce Center	28.6	OS	✓	✓	✓	✓	✓	✓	✓	✓	Site consists of four, 1+ ac parcels is Flex b.
Quarles Road	14	M1	✓	✓		✓		✓	✓	✓	Rectangular site.
Crescent Business Center	4	M1	✓		✓	✓	✓	✓	✓	✓	Site isn't available for sale outright but as build to suit with developer.
VA Trans Park	16	M1	✓	✓	✓		✓	✓	✓	✓	One parcel remaining. No marketing materials developed.
Enterchange D Pad	16	M2		✓	✓	✓	✓	✓	✓	✓	Approved site plan for 315,000 sf; owner will sell site and/or build to suit
Atlee Commons	4	M2	✓	✓				✓	✓	✓	Two sites of 7 and 4 ac.

TOTAL ACREAGE: 326.7

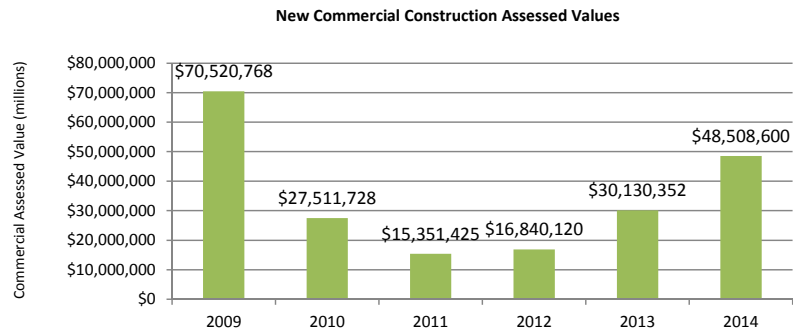
Objective 2: Increase county tax base derived from commercial sources



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

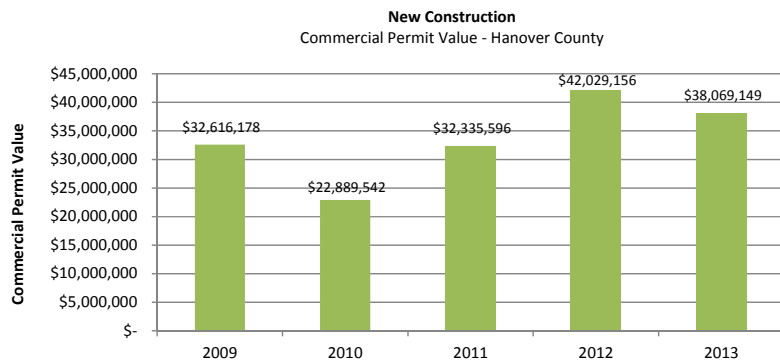
Significant capital investments in land development, machinery and tools, and buildings not only bolster the tax base, but also create permanence to retaining business operations within Hanover County. The frequency and volume of these capital investments often reflect the psychological outlook of business owners, who are understandably reluctant to invest should their economic prospects appear dim. FY 2014 increased capital investment by business owners.

New Commercial Construction Tax Collection



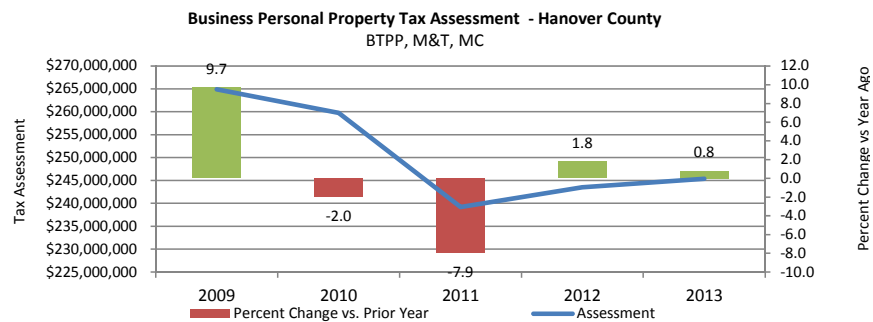
Source: Hanover County Assessor's Office. Data based on calendar year.

New Construction (Permit) Value



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

Business Tangible Personal Property Collections



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



89 Interviews

Objective 3: Expand stakeholder involvement with regards to economic development through engagement



72 Businesses Assisted

Existing Business Assistance

Retaining and — where appropriate — expanding existing businesses is key to Hanover’s economic development. Also vital is nurturing an entrepreneurial environment where existing businesses have growth opportunities and startups can thrive.



80 New Jobs

Hanover manages outreach efforts to local businesses principally through the BusinessFirst program. This outreach aims to provide resources and technical support to existing businesses. Trained business volunteers conducted 89 interviews with business officials. This was a 13% reduction in the number of interviews from the previous year, a result of a decrease in the number of active volunteers and an increase in time spent actually assisting existing businesses.

The overall feedback from interviews was positive with most businesses beginning to see sales increase and approach pre-recession levels. Most immediate concerns are still looming over the additional cost burdens associated with the Affordable Care Act and



62 Prospect Leads



29 Prospect Visits



12 Marketing Trips



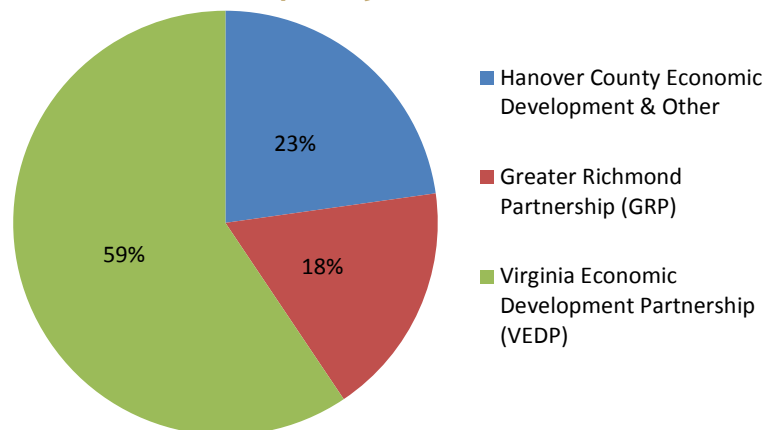
**First-Ever
Business Survey
Sent June 2014**

other government regulations (federal, state and local). While many companies are seeing increased sales, their margins, compensation and employee numbers have not risen to pre-recession levels. However, 16 companies reported plans for expansion through new investment of equipment, software, and/or building expansion along with the addition of 80 new jobs.

Lead Generation

Business attraction is another vital component to a healthy economy. 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 receiving personal or a direct contact 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 proposal.

Lead Source By Organization



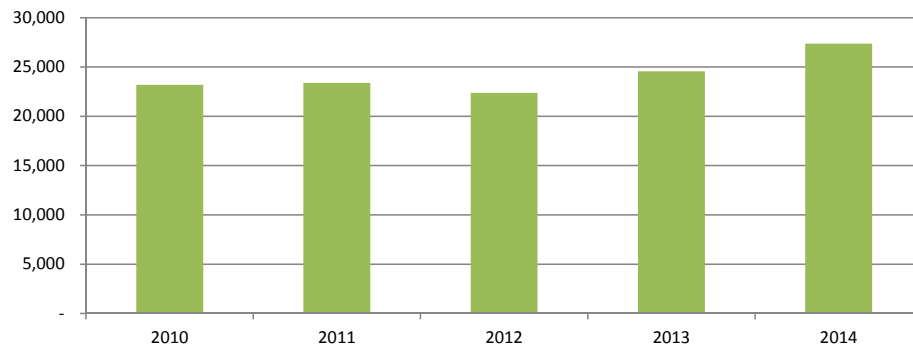
Source: Hanover County Economic Development. Data based on fiscal year.



Tourism in Hanover

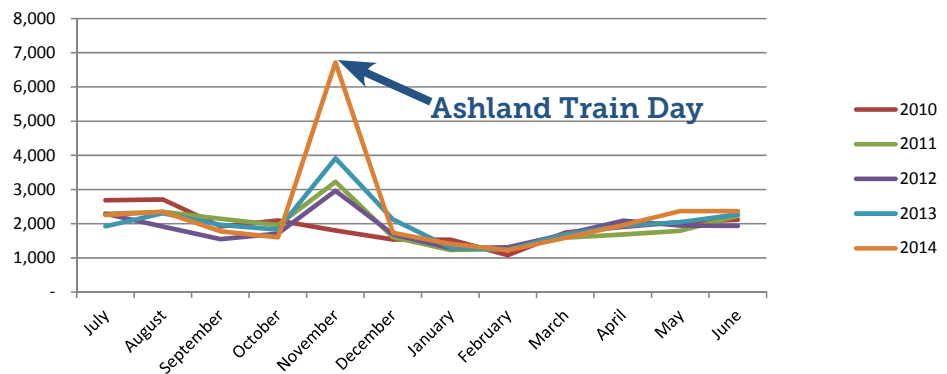
From historic sites to thrill rides — there are many reasons to visit Hanover. Tourism has a huge impact on a wide range of businesses within our community. Millions of tourists visit each year, and a very small percentage drop by the visitor centers in Ashland and Bass Pro Shops. Recorded visits rose above 25,000 this year which is the largest increase in the past five years.

Total Annual Visits
to Visitor Centers in Hanover County



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

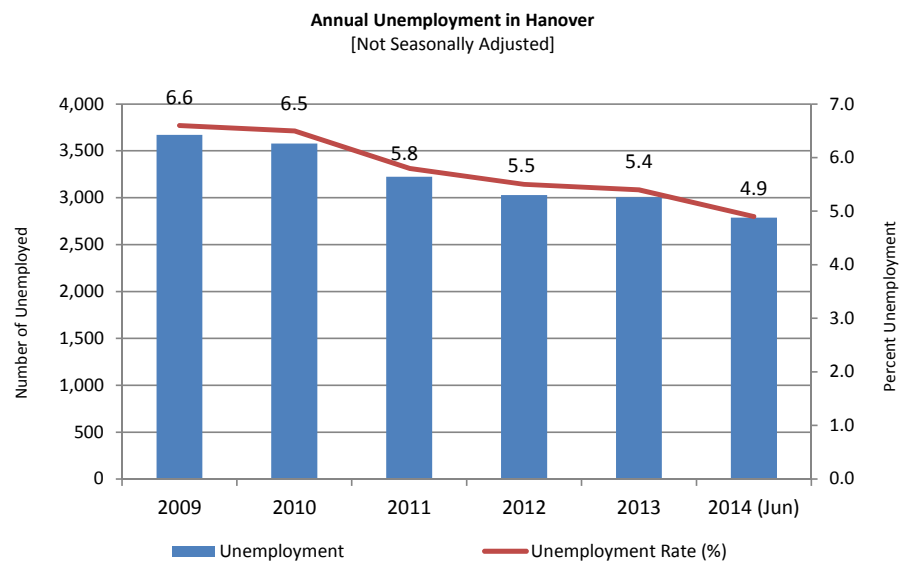
Monthly Visits
to Visitor Centers in Hanover County



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

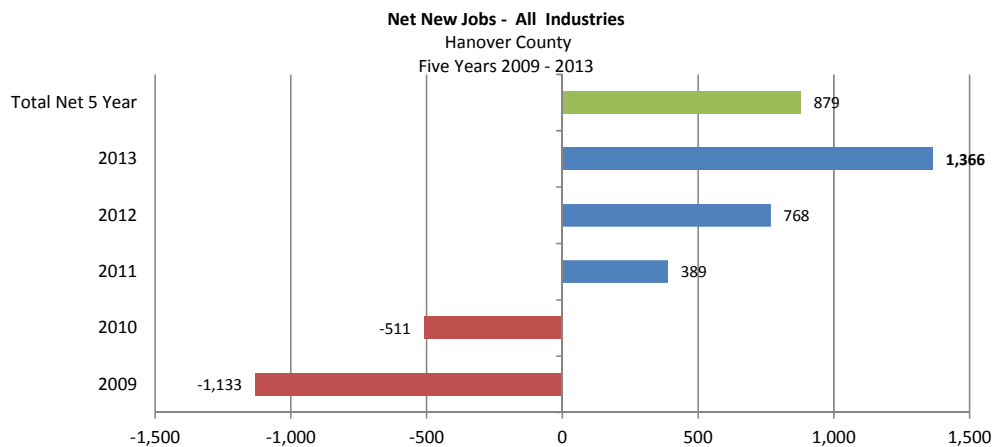
Objective 4: Expand the number of jobs to available workforce

Unemployment Rate



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

New Permanent Jobs



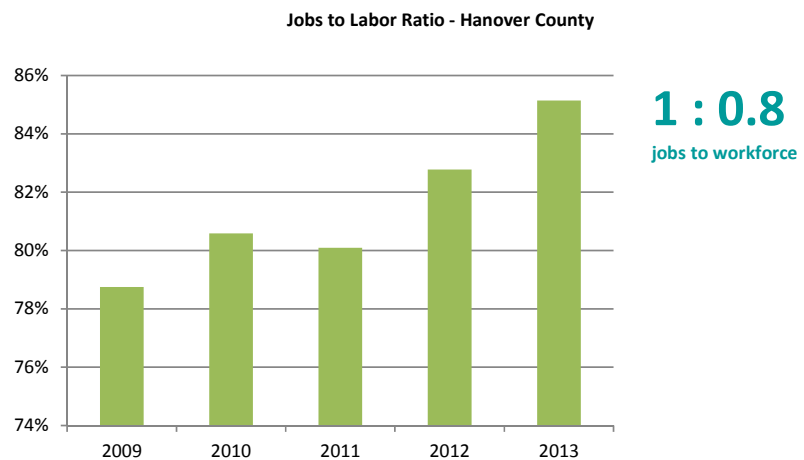
Data based on calendar year.
Source: VEC Labor Market Statistics, Covered Employment and Wages Program

Hanover has an educated and skilled workforce; however, many out-commute to jobs in neighboring localities. Our goal is to grow high-wage jobs here creating an in-commute of skilled workers.

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

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.



Source: VEC. Data based on calendar year.

Target Industry Job Performance

Job growth occurred over the previous year in Information, Manufacturing, Healthcare and Logistics.

These sectors also saw growth in the number of establishments and wages. Management of Companies, Professional / Technical and Real Estate saw a loss of jobs over the previous year.

Change in Number of Jobs in Hanover County

Target Industry	2008	2012	2013	% Chg vs. Prior Yr	% Chg vs. 6 Yrs Ago
Finance / Insurance	776	702	707	0.71	(8.89)
Healthcare	4,858	5,381	5,775	7.32	18.88
Management of Companies	964	920	859	(6.63)	(10.89)
Manufacturing	3,471	3,206	3,665	14.32	5.59
Information	627	529	643	21.55	2.55
Professional / Technical	1,585	1,618	1,573	(2.78)	(0.76)
Real Estate	626	472	470	(0.42)	(24.92)
Logistics	1,170	1,399	1,470	5.08	25.64
Total Target Industries	14,077	15,138	15,162	0.16	7.71

Source: VEC/QCEW. Data is based on calendar year.

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

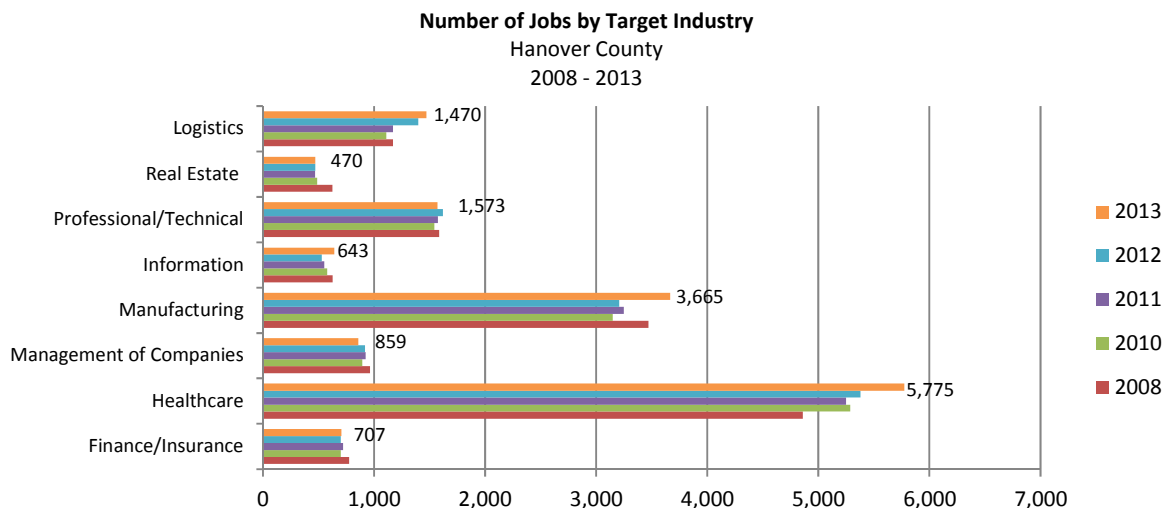
Growth and Decline Industries

Within Hanover County's targeted industries, Healthcare and Manufacturing experienced the increases, adding

394 and 459 new jobs, respectively, over the previous year. Healthcare has enjoyed an overall upward trend in employment. Manufacturing has rebounded strongly over the past five years.

Other industries showing an increase over last year were Information (+114 jobs), Logistics (+71 jobs), Retail (+449 jobs), Wholesale (+327 jobs) and Construction (+299 jobs).

The largest job contractions among our target industries were in Management of Companies (-61 jobs) and Professional / Technical (-24 jobs) versus a year ago.

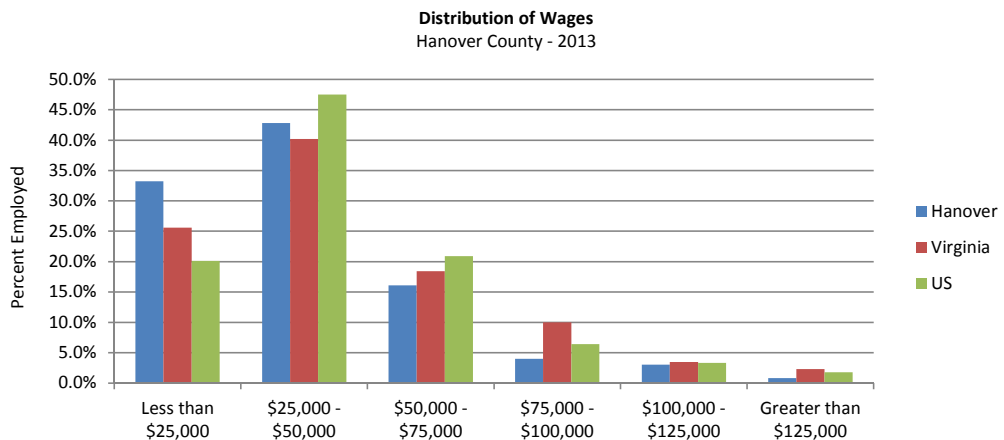


Data based on calendar year. Note: No data was provided for Information Industry - 2007, 2009, 2010 and 2011; amount shown is based on a linear interpolation using 2008 and 2012 data.
Source: VEC/QCEW

Objective 5: Increase the number of jobs that have above average wages

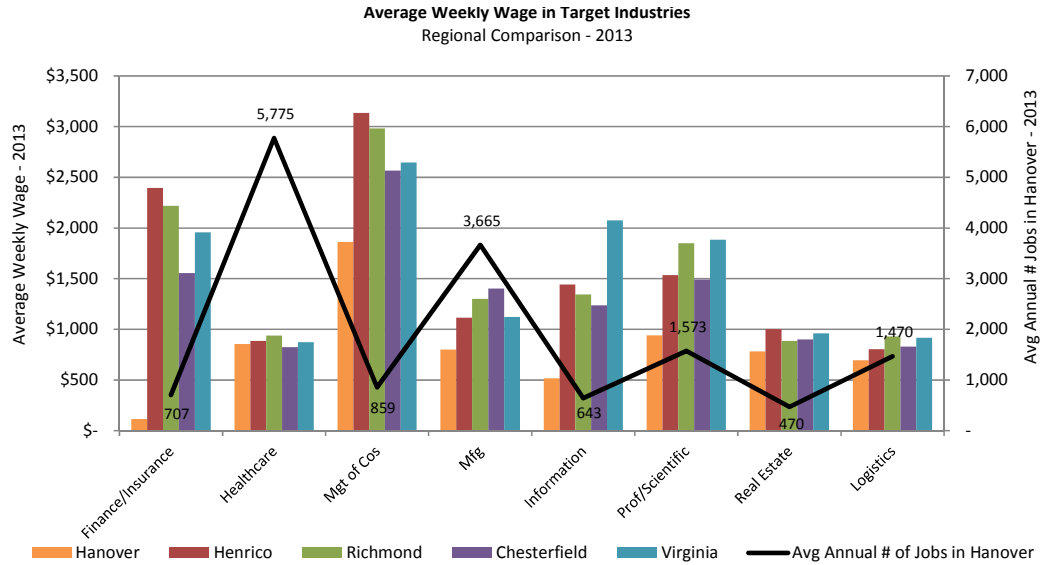
Hanover seeks job growth; however, the long-term goal is to increase higher-wage job growth. This is done by the recruitment of targeted industries offering higher wages. The attainment of higher-wage jobs will increase the overall average wage. When these gains are realized, Hanover will provide more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

Increase Wages in Professional / Technical Job Base

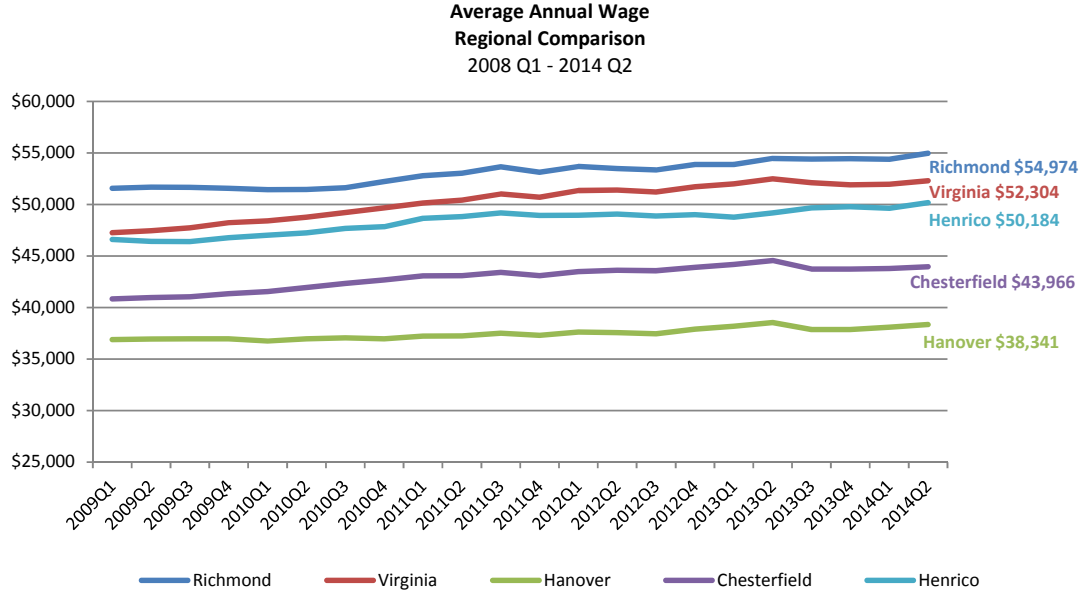


Source: JobsEQ. Data based on calendar year.

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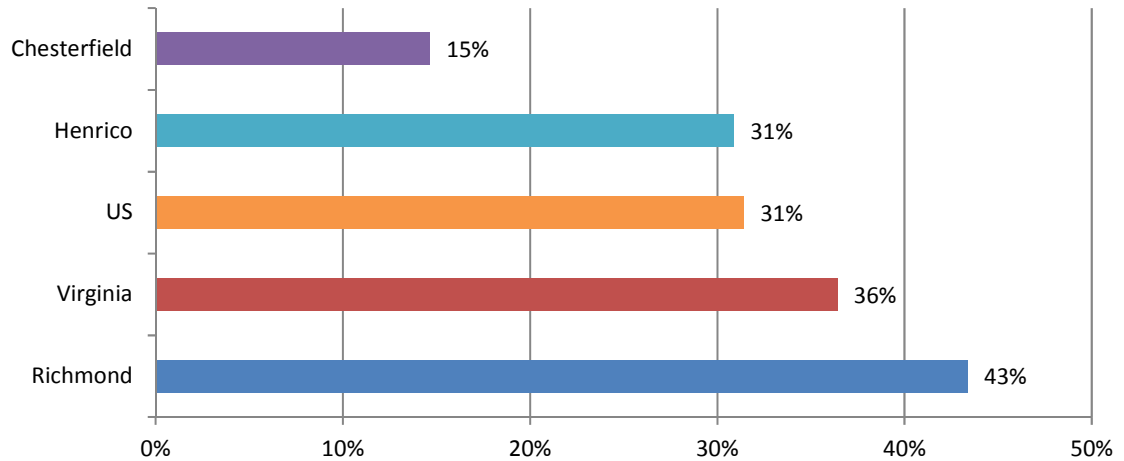


Source: VEC/QCEW. Data based on calendar year.



Source: JobsEQ. Data based on calendar year.

Average Annual Wage - % Difference vs Hanover
Regional Comparison
2014 Q2



Source: JobsEQ. Data based on calendar year.



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Hanover County Economic Development **Innovate. Prosper. Grow.**

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