



Hanover County Economic Development

2017-2018 Annual Report



Innovate. Prosper. Grow.

Message from the Director

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.

Dear Stakeholders,

For fiscal year 2018, the economy in Hanover County continued to perform at a very strong level. Nearly 945 net new jobs were created this past year across all industry sectors, and our unemployment rate of 2.9% ending June 2018 was the lowest since 2008 which remains well below the State and national average. Capital investment has remained consistently strong over the last two years with vacancy rates, specifically in industrial product, at all-time lows.

A major component of our economic development strategy is to provide the necessary tools and resources for our existing industries to grow and expand. This past year, flourish they did, as there were over 40 new expansion projects which more than doubled what we saw in the previous year. Our existing industries are the backbone of our local tax base, and one strong indicator of a locality's success is the performance of its current businesses. Through our business retention and expansion programs including Business First, we have been able to assist over 400 companies since its inception.



Amazon's new 330,000 SF sortation center along North Lakeridge Parkway led the way for new announcements this year. The name alone will help solidify Hanover as a destination for major corporate

investments when marketing the county to Fortune 500 Companies who are looking at our strategic location and lower cost to do business. Other new announcements included: ABC Warehouse, Blue Bell, Blue Grace Logistics, General RV, Hartfiel Automation, Lansing Building Products and Werres Corporation to name a few.

Building off of the Strategic Rezoning Initiative, the Hanover County Department of Economic Development has continued to look for ways to partner with developers and landowners to eliminate barriers to development. Investments in new studies on existing properties are helping to create a more site ready product, while new drone videos are providing a more advanced way for the county to markets its most competitive sites to brokers and consultants.

As we move into 2019, Hanover County is well positioned to take advantage of our stable business climate, low tax rates and strategic location to continue to attract major corporate investments both nationally and internationally. I would like to once again thank our local Hanover businesses, citizens, board of supervisors and community leaders for your support of economic development.

Sincerely,

E. Linwood Thomas IV, Director
Hanover County Economic Development

The Year in Review



July 2017

Amazon announces Enterchange D location



September 2017

Old Church Creamery begins operations



January 2018

Delta Pure expansion



March 2018

ABC Warehouse announces Pole Green location



April 2018

Pattons Inc. announces CBCV location



May 2018

Hartfiel Automation leases in Northlake I



June 2018

James River Cellars Winery expansion ribbon cutting

August 2017

Kings Dominion announces Twisted Timbers & WinterFest



November 2017

Crescent Business Center V (CBCV) groundbreaking



February 2018

Werres Corporation announces CBCV location



March 2018

Hanover receives VA Business Ready Site Program Grants



April 2018

Moore Products expands to Enterchange C (Service Partners)



June 2018

Lansing Building Supply ribbon cutting, Northlake

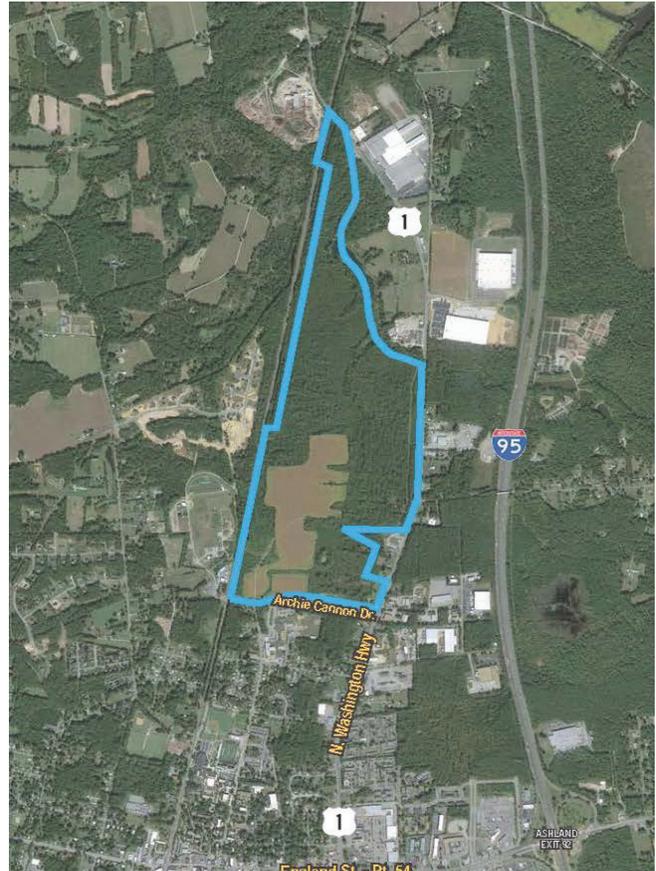


Product Development

Hanover continues to focus on delivering commercial product to attract more business investment into the county.

Hanover County, in following up on the early successes of the Strategic Zoning Initiative (SZI), submitted more industrial and commercial sites to the Virginia Business Ready Sites Program (VBRSP), which is a discretionary program established in 2016 to promote the development and characterization of sites containing a minimum of 100 contiguous, developable acres to enhance the Commonwealth's infrastructure and promote a more competitive business environment. This process creates a more objective and criteria-based method for truly evaluating sites and characterizing them based on their readiness.

Six sites, representing nearly 1,000 acres, have been submitted and characterized for development for economic development projects, but the work is not yet done. The sites are characterized from a Tier 1, which is the lowest rating, to a Tier 5, which is a shovel-ready sites. The Holland Axselle Tract in Ashland has received a Tier 4 characterization, and the other five sites have been characterized as Tier 2 or 3. By participating in VBRSP and obtaining this characterization, Hanover is now eligible to apply for state development grant funds to move the sites to a more shovel-ready status. In addition, direct investments were made by the county in the form of geotech, topographic and environmental analyses for some of the sites in the program in an effort to bring more product to market to meet the demand.



Holland Axselle Tract

According to Hanover County's overall Strategic Plan, the Economic Development office has a goal to keep at least 450 acres of land or more at a Tier 3 or higher level available for development.

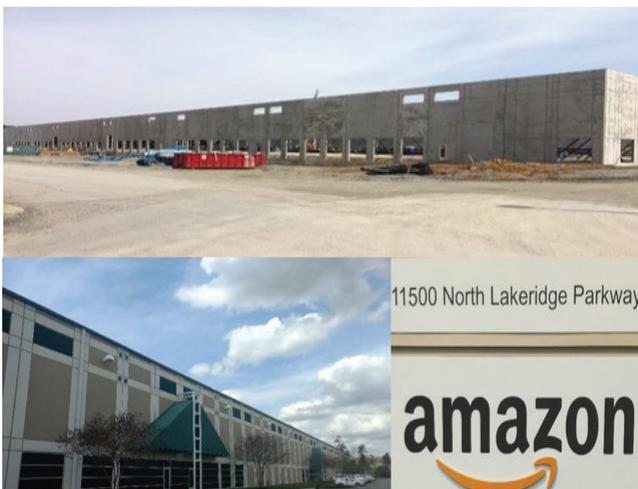
In addition, staff had as a priority to meet with local land owners in the Suburban Services Area (SSA) and their representatives to discuss the SZI and other programs to assist them in getting their sites ready to market.

Hanover's commercial real estate continued to be absorbed in 2017-18 with the vacancy rate at the end of the fiscal year at 0.7% in the industrial category. Office, retail and flex were also being absorbed at a brisk rate. As a result of the low inventory and high demand, lease rates are rising for the first time in years.

Amazon was welcomed into Hanover this year with a new, 330,000 SF facility that was developed by DEVON USA in the Northlake Business Park. This is the first speculative development that Hanover has seen in the industrial market since the recession, and the pent up demand for this quality space brought many prospects to the community. With outstanding teamwork between the developer and Hanover's Community Development staff, the building was delivered to Amazon in time to meet their September 1 deadline. Crescent Business Center V was also completed this year with two tenants signing leases prior to the completion of construction.

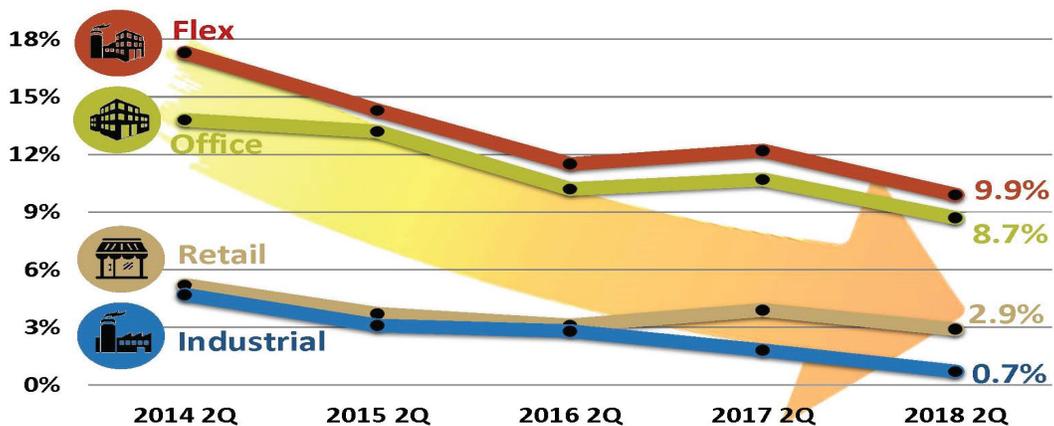
The future looks bright for Hanover County as new initiatives are being discussed that will support speculative development to alleviate some of the risks while creating a quality environment for new and existing companies.

Hanover's strategic location in the Mid-Atlantic and on I-95 will continue to make this community attractive for business investment. E-commerce has created new demands in supply chain management and packaging, and Hanover is well-positioned to take advantage of this trend to create more wealth for the community and its citizens.



Crescent Business Center V

Vacancy Rates by Property Class



Source: CoStar, 2nd Qtr (2Q) Data as of July 2018

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

The lack of available inventory has created some challenges for new investment from Hanover's existing businesses and those outside of the county seeking a new location. Despite the previous absorption of space, Hanover still saw positive gains in commercial land values. Commercial construction permits issued in this fiscal year were comparable with last year, but the value of commercially assessed land showed an increase over last year. Hanover should expect to see an increase in permit values as new buildings are delivered to relieve the strain on the current inventory.



Hartfiel Automation was welcomed into Hanover and resides in Northlake I at Lewistown Road. Hartfiel Automation specializes in delivering pneumatic automation and motion control products and solutions to its customers. Operating for more than 50 years, Hartfiel Automation and its subsidiaries are devoted to strengthening American manufacturing through innovative automated solutions.



Old Church Creamery, a high-quality, local dairy producer moved into the former Mrs. Fearnow's facility to produce products, such as kefir and yogurt, that Hanoverians can find in local grocery stores.



Republic National Distributing Company (RNDC), a distributor and broker of premium wine and spirits, and Breakthru Beverage Group, LLC (BBG), a distributor and broker of beer, wine and spirits in the U.S. and Canada—both members of the Forbes list of “America’s Largest Private Companies”—announced their intent to combine their assets and operations. The merger will create strategic opportunities that will benefit RNDC’s associates and business partners and will also facilitate investments in technology that will enhance all aspects of their business, from supply chain management, customer and supplier connectivity, e-commerce, predictive analytics, digital marketing, data transparency, consumer experience and operational efficiency.



The **ABC Warehouse** project selected the Polegreen Commerce Center as their new location. The project will involve the development and construction of a 315,000 SF warehouse facility and a 95,000 SF office. Design for the project will begin in July and will continue through April 2019, with construction beginning in late 2019. A move to the new facility is anticipated in the spring of 2021.



Blue Bell announced in April, 2018 their imminent construction of a new 14,000 square foot distribution center in the Northlake Business Park. The center is slated to open in early 2019.



General RV Center, a Michigan-based company, opened their first Virginia dealership in Northlake Industrial Park with plans to build a new 70,000 square foot facility with 40 service bays.

Other New Businesses



The **Dominion Energy Innovation Center (DEIC)**, renovated from an old firehouse in the heart of downtown Ashland, offers a unique space for startups, early stage businesses, and creatives alike. This year, DEIC rebranded itself from the Dominion Resources Innovation Center to reopen with its new name. Home to six startup companies, DEIC sponsored a Business Pitch Competition this year that awarded a \$10,000 grant to the winning idea. Randolph-Macon College hosted the competition at Birdsong Hall, and two student teams from the college also pitched their business ideas to the judges for a smaller prize.



In June, 2018, Hanover County Economic Development partnered with Virginia BioTech to host a free on-site cybersecurity lunch-and-learn delivered by one of DEIC's tenants, ARX|Cyber. This partnership will continue to seek opportunities to provide informational and networking events to the business community.

Business Engagement

The existing business outreach program's priority was to honor Hanover's Legacy Businesses and their contributions to the community.



This year, the **Annual Business Appreciation** event recognized businesses that have been operating in Hanover for 50 years or more. The event, held at James River Cellars Winery in May, included the inaugural **Legacy Business** ceremony during which 30 companies were honored for their commitment to the county. It is nearly impossible to overstate the importance of Hanover County's small businesses. In addition to supporting the local economy and creating jobs, they are also supporting the community by sponsoring charities, school activities and local events.

Longevity of a business is a benchmark of success and proof that a business is viable and well-managed. The fact that the county has so many firms in operation for 50 or more years is a testament to the strength of the business community and the positive climate which has been created here.

The Business Appreciation Event also created the opportunity to revamp the **Marc S. Weiss Award**, which was originally founded and cosponsored with Chamber RVA in 2012. This year, the Award was redeveloped to recognize growth and innovation in Hanover's business community, and the inaugural recipient was **Analytics Corporation**.





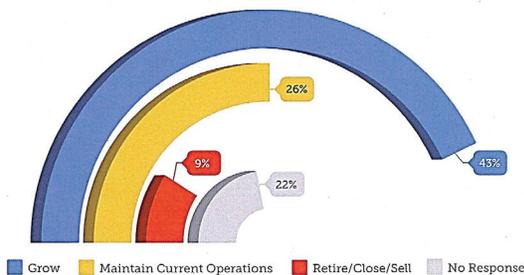
The Hanover Business Outreach program continues in its value and success as an interactive way to understand local business issues and assist with challenges. Staff conducted 162 interviews with Hanover businesses in FY18 which resulted in 120 companies assisted and more than 40 business expansions, which is nearly double the number of expansion projects from last year.

The Business Walk initiative continued this past fiscal year, which involves staff and local business leaders meeting with companies in specific, geographic areas of Hanover. This venture allows for local businesses to meet with and interact with county staff and volunteers in an informal setting to exchange information, create new contacts and share concerns. The data from these discussions is collected, and results detailing identified trends were shared with participating businesses. Understanding these trends helps staff to continue to develop programs and services that

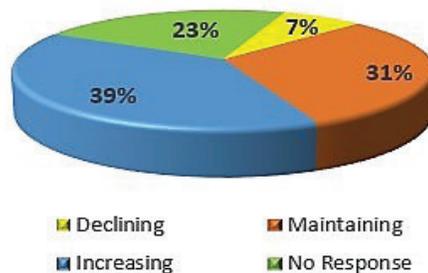
are relevant to Hanover’s business community. The feedback from the business visits has been positive, with most of the companies seeing growth in the future, and a stable and supportive business climate in Hanover.

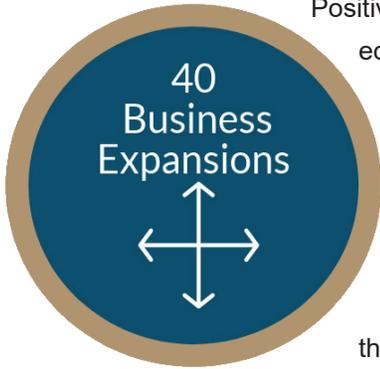


What is the plan for the business moving forward?



What is your projection for future sales?





Positive growth in the national economy has had an equally positive effect on the local business community. Hanover's corporate community harnessed itself to the positive gains in the business climate to invest in their facilities and equipment and attract new customers. Here

are some examples of Hanover companies that announced expansion projects this fiscal year.



Remedi Senior Care expanded their operations in Hanover County by adding another 12,000 SF to their space in Northridge. They also added additional equipment for the processing of pharmaceutical packets.

Pixel Factory continues to add value and enhance Hanover's technology sector by providing quality data center services. They have expanded their operations to add even more server capacity.

Delta Pure announced their expansion plans and will be adding 16,000 SF and 18 new jobs to their existing facility in the Hanover Airpark.

Analytics Corp fully expanded into their building on Lakeridge Parkway with renovation of an additional 10,000 SF to add more lab services to their growing customer base. They continue to manage and offer the Analytics Innovation Center to step-up companies in the biotech industry.

The Vitamin Shoppe distribution center in Ashland is updating their facility and conveyor lines to further enhance their distribution network to retail stores. This expansion will also add more jobs to the center.



Ditch Witch commenced construction of a new facility on Washington Highway that supplies equipment for underground construction, earth-moving, along with compact utility equipment such as trenchers, vibratory plows, horizontal directional drills, mini skid steers, and trailers.



Virginia Artesian started expansion of their production capacity this year with a 10,000 SF addition to their facility. Their water is derived from a deep, stone-protected aquifer located directly beneath the facility. This enables the company to bottle directly from the source, and retain its purity and clean, crisp taste.



James River Cellars Winery, the Richmond area's oldest winery, expanded again this year by adding a spacious tasting room, meeting space, outdoor deck and storage. Their quality operation provides not only a wide selection of wines, but a beautiful venue in which to host various events.

Other Business Expansions



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

The best salesmen to pitch the value of a Hanover business location are the companies that have successful operations here. Having Hanover's CEO's share the virtues of the county's business climate with other company leaders is a very effective strategy to attract new investment, and studies show the senior executives glean information about a community's corporate climate through their peers. This year, staff worked with Rick Whittington Consulting, a newly based Hanover business, to feature our dynamic companies as they discuss their business models, how they are adapting to market changes, and most importantly, how locating in Hanover County has

helped them reach their business goals. These testimonial videos are featured as **Business Success Stories** on the website at www.hanovervirginia.com.

In addition to the business testimonials, the department developed a **Why Hanover** series of videos that promoted the business climate and location through interviews with local, small businesses. These were distributed through the social media network, and the feedback from these clips has been positive. More videos will be planned for the coming year to promote the advantages of locating to Hanover.



 **ADVANCED MANUFACTURING:
HANOVER FOILS**

"We've been very successful and grown exponentially each year. There are so many opportunities here."

- Howard Hager, President & Owner

FULL STORY





Why Hanover? 2:33

Why Hanover? Specialty's Our Name
Hanover County Economic Development



WorkPlace
Why Hanover? 2:42

Why Hanover? WorkPlace
Hanover County Economic Development



Why Hanover? 2:38

Why Hanover? For Posh Sake
Hanover County Economic Development

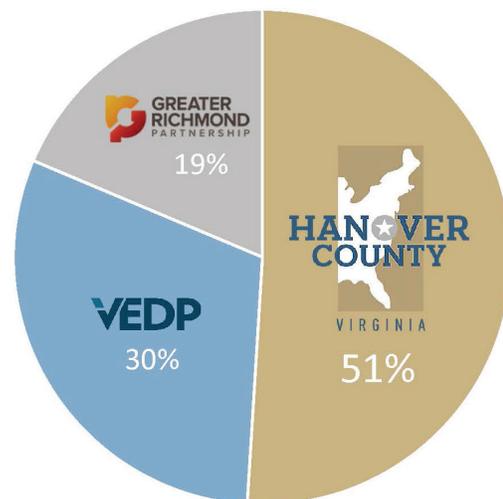
Incorporating technology in presenting Hanover's location assets creates many new opportunities in which to tell the county's story. This year, Hanover entered the world of unmanned systems utilizing drone videos to feature site assets that Hanover has submitted to the Virginia Business Readiness Sites Program. This technology offers prospects a bird's eye view of the county's best sites for investment, and is also a valuable service that can be offered to land owners in preparation for future development.



Face-to-face interaction and relationship development will always be a priority in generating new leads in business attraction, and Hanover County continued participation in the Virginia Economic Development Partnership (VEDP) and the Greater Richmond Partnership (GRP) worldwide marketing outreach programs through direct company visits with both foreign and domestic companies.

Continuing this fiscal year was the emphasis on visiting with U.S.-based site location consultants since more companies are using consultants for expansion initiatives. The Hanover story is taken on the road, and customized familiarization tours are arranged locally through a joint consultant program with the Greater Richmond Association of Commercial Real Estate (GRACRE). Between the outreach travel and local tours, more than 50 consultants were reached this year.

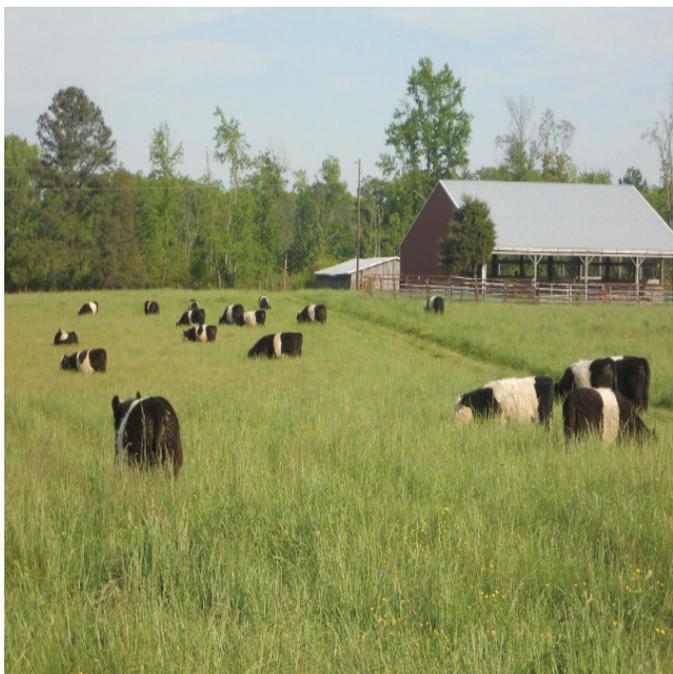
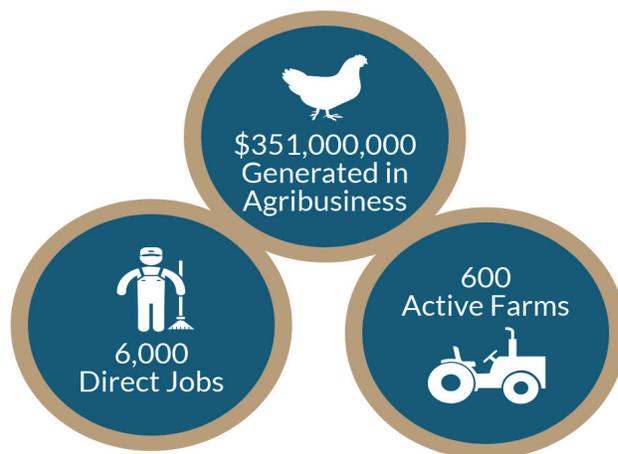
Lead Source By Organization



- Hanover County Economic Development & Other
- Virginia Economic Development Partnership (VEDP)
- Greater Richmond Partnership (GRP)

Source: Hanover County Economic Development

Agriculture and tourism continue to contribute to Hanover's economic vitality.



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

According to the most recent survey, agricultural businesses generated \$351 million dollars for Hanover County, with more than 6,000 direct jobs. Each of those jobs directly stimulated 1.7 additional jobs, and there are more than 600 active farms in the county. Additionally, agriculture and forestry industries' revenues grew 30% from 2013, and statewide, it has become a \$91 billion industry.

To recognize and promote the value of this industry to the Hanover economy, the 2019 Business Appreciation Event will endeavor to honor the county's Legacy Farm operations.

The Virginia Century Farm Program recognizes and honors those farms that have been in operation for at least 100 consecutive years and the generations of Virginia farm families whose diligent and dedicated efforts have maintained these farms, provided nourishment to their fellow citizens and contributed so greatly to the economy of the Commonwealth. This program is administered by the Virginia Department of Agriculture and Consumer Services.

With 1,425 century farms spanning across 106 localities in Virginia, Hanover is #7 with 34 working farms more than 100 years old.



Tourism continues to be a valuable revenue resource for Hanover. Each year, the county hosts thousands of visitors into the community to enjoy historic attractions, sporting activities, fine dining, breweries and wineries, special events, outdoor sports, biking, festivals, and of course, Kings Dominion. According to the Virginia Tourism Corporation, more than \$246 million was spent by visitors in Hanover in calendar year 2017, an 8.2% increase from the prior year. Employment from tourism activities rose 3.3% and local tax receipts increased by 6.3%.



Sports tourism is the fastest-growing market segment in the Richmond Region. This year, Hanover hosted the nation's premiere Teen Masters High School Bowling Championship event in July, 2017 at AMF Hanover Lanes with 350 youth bowlers and 1500 attendees. In August, 2017, numerous games of the International Senior Softball Association World Championships were held at Pole Green and Poor Farm Parks. This event, brought to the area for this first time by Richmond Region Tourism, was jointly hosted by Hanover, Richmond and Henrico. The region welcomed 103 teams with over 2,500 attendees including athletes, coaches and fans.



Twisted Timbers, the first roller coaster of its kind in the Mid-Atlantic, debuted on March 24, 2018. This innovative hybrid coaster uses the latest technology to combine wood supports with a steel track.

WinterFest, announced in August, 2017, will transform the park into a winter wonderland starting in November, 2018 complete with uniquely themed areas, festively adorned trees, falling snow, millions of lights, ice-skating, entertainment, food, crafts and hands-on activities.



To celebrate 70 years of ardent customer loyalty, Green Top said "thank you" by hosting the largest outdoor expo in company history on October 7-8, 2017. The free event hosted more than 120 of the biggest manufacturers and welcomed approximately 10,000 attendees.

Green Top was awarded a coveted matching grant through the Virginia Tourism Corporation's Marketing Leverage Program to assist with marketing the Outdoor Expo.



HANOVER COUNTY BOARD OF SUPERVISORS

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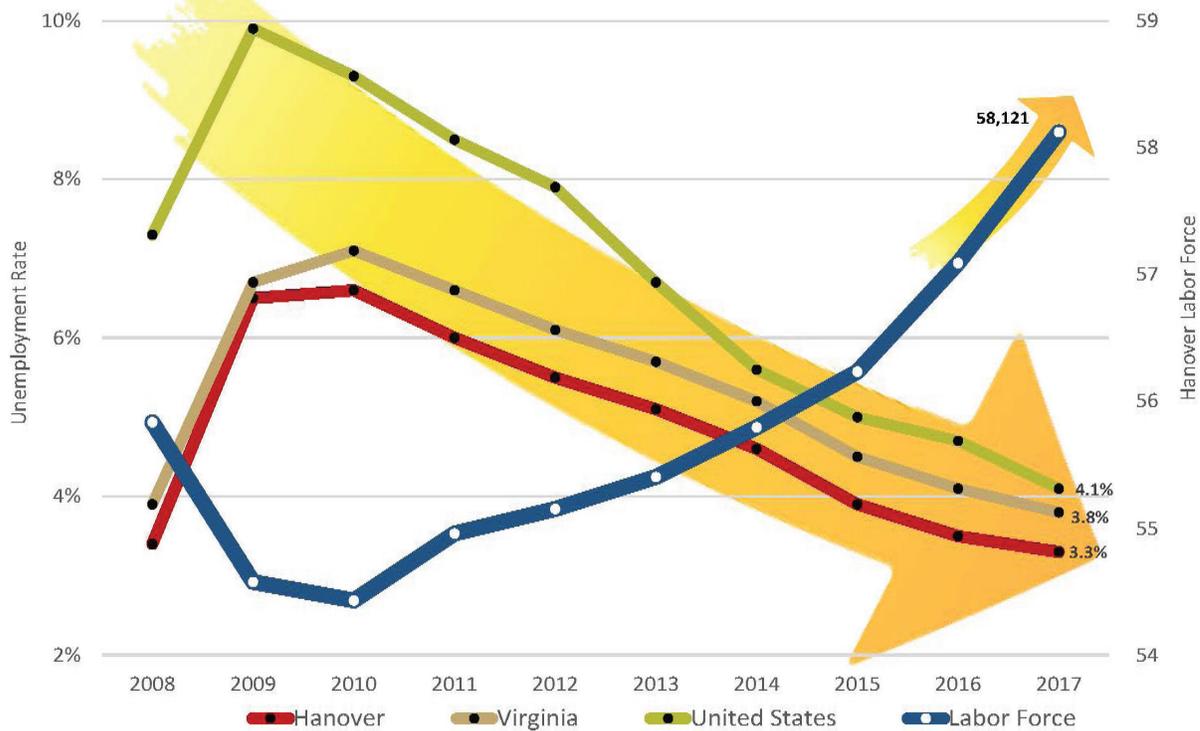
Scott A. Wyatt, Cold Harbor District

Wayne T. Hazzard, South Anna District

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

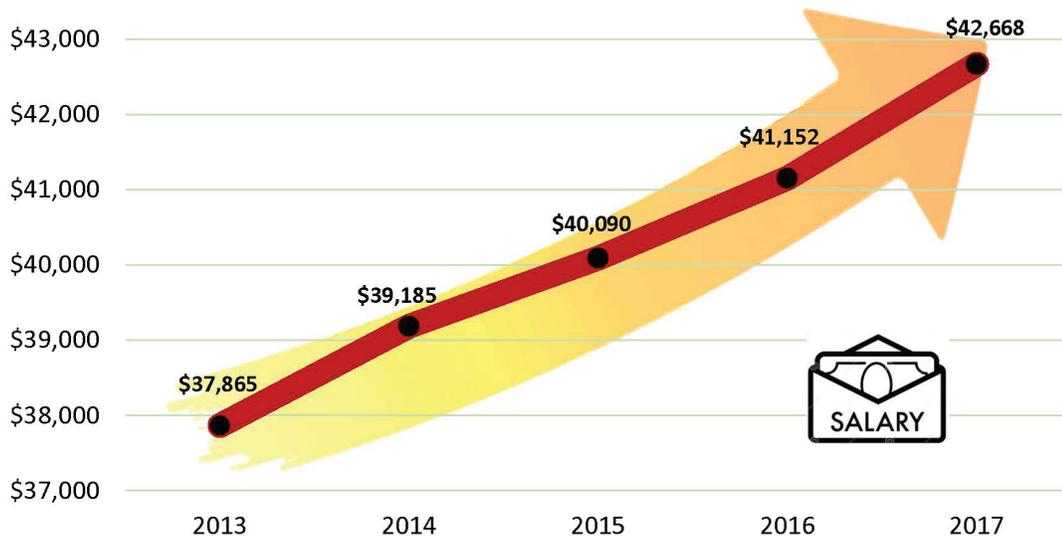
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Unemployment & Labor Force



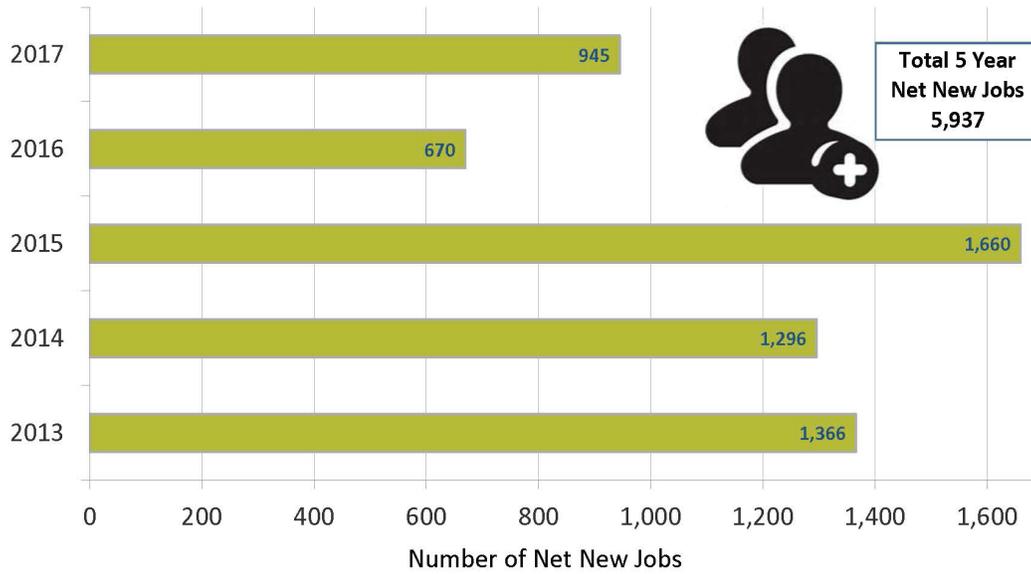
Source: VEC/LAUS - Based on CY

Average Annual Wages



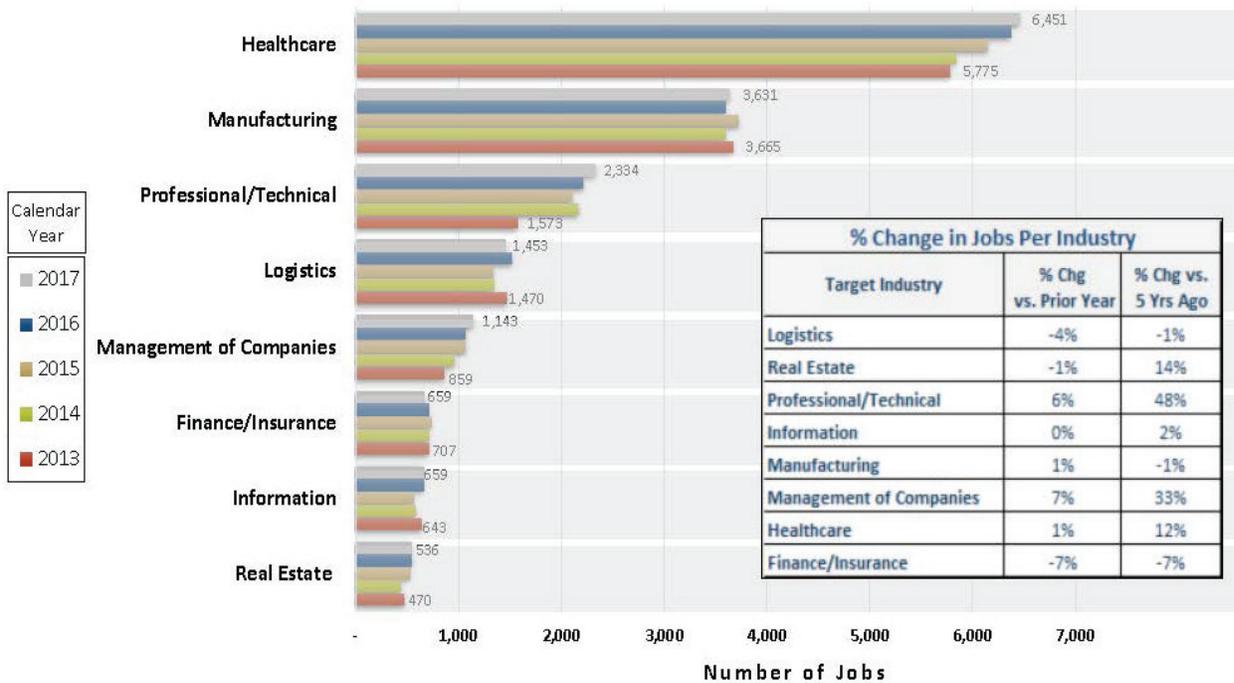
Source: JobsEQ. Data based on calendar year.
Data points reflect last quarter of each calendar year.

Net New Jobs in All Industries



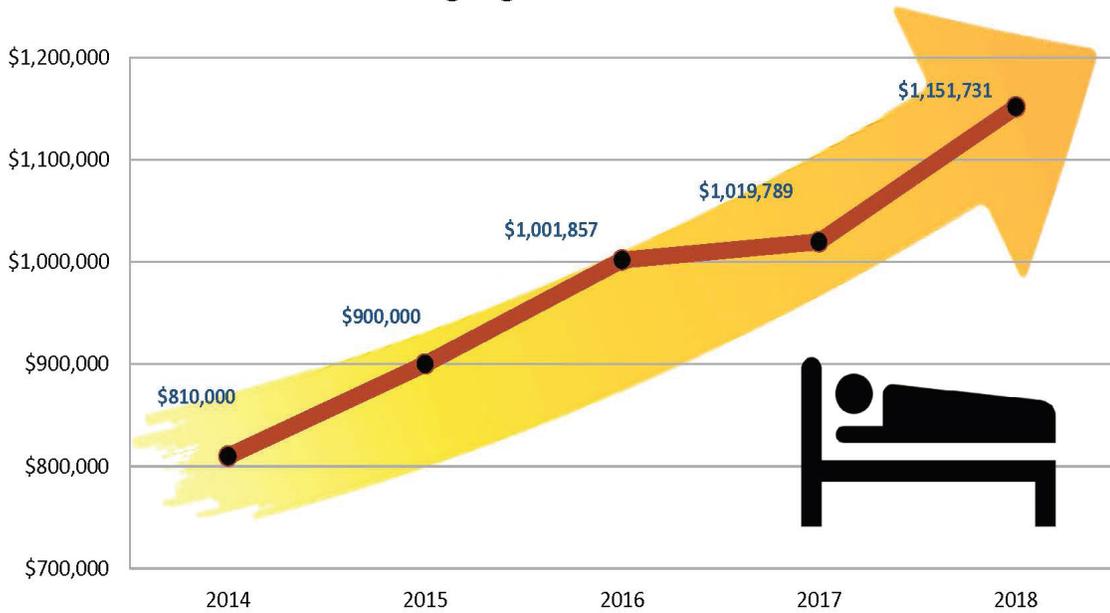
Source: VEC Local Area Unemployment Statistics.
Data based on calendar year.

Net Change in Number of Jobs Per Industry



Source: Virginia Employment Commission/QCEV

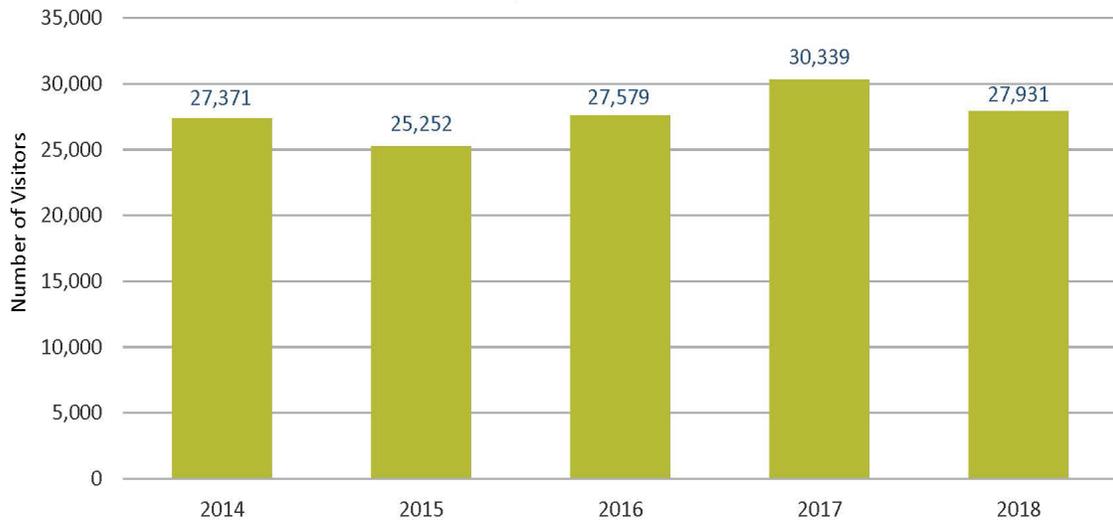
Lodging Tax Revenue



Source: Richmond Region Tourism.
Data is based on fiscal year.

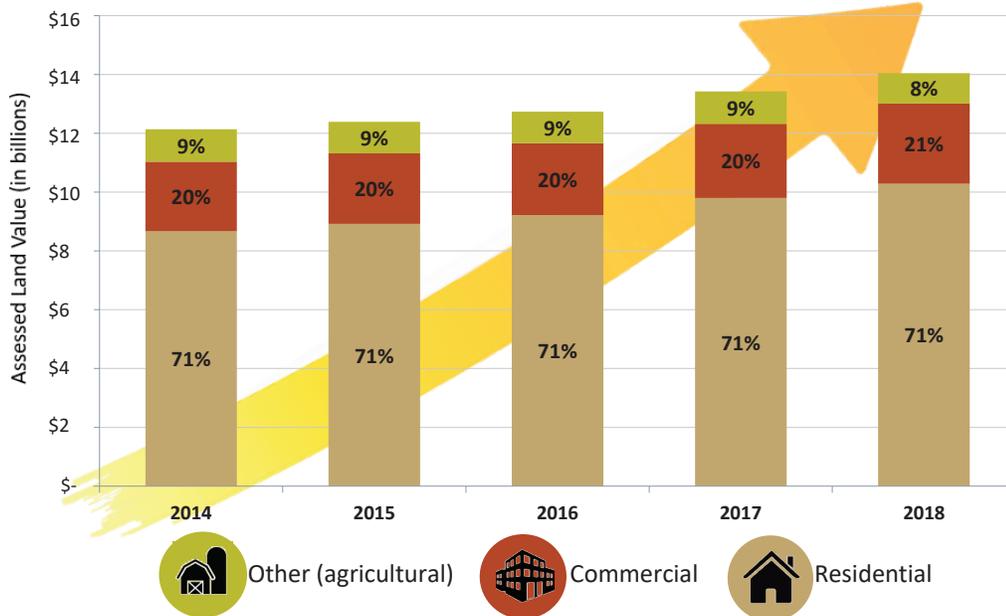
Visits to Visitor Centers

Bass Pro Shops and Ashland Visitor Center



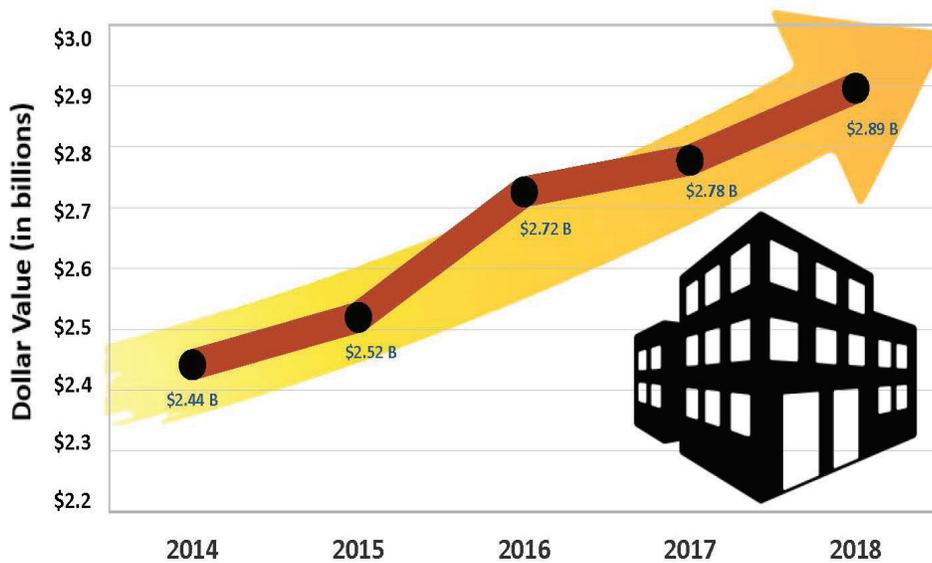
Source: Hanover County Economic Development.
Data is based on fiscal year.

Percentage of Property Type Values of Total Taxable Land Values



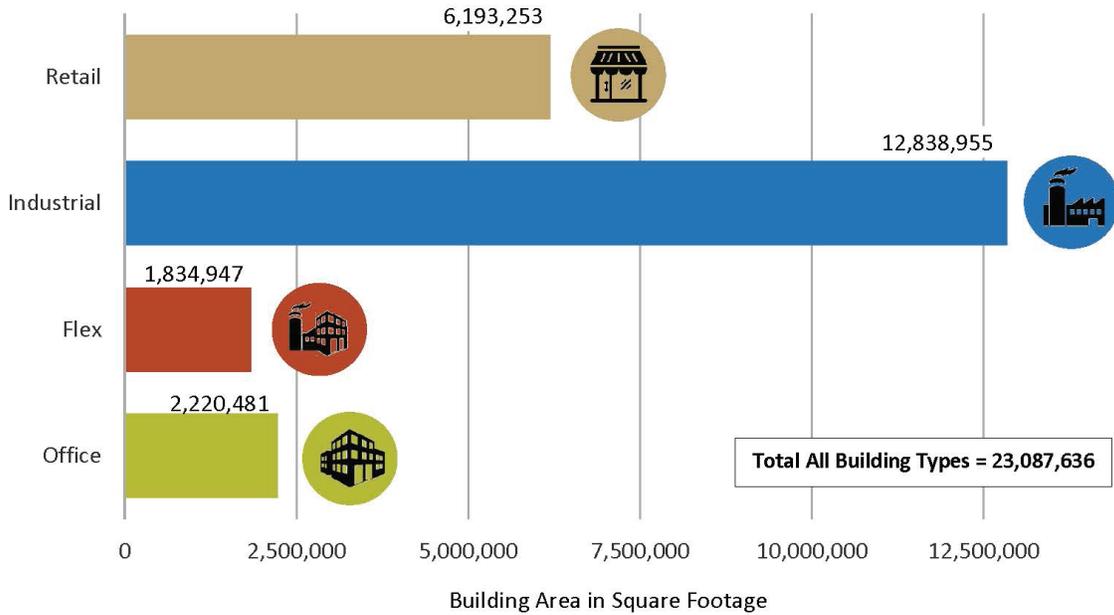
Source: Hanover County Assessor's Office.
Data based on calendar year.

Total Taxable Value of Commercial Property



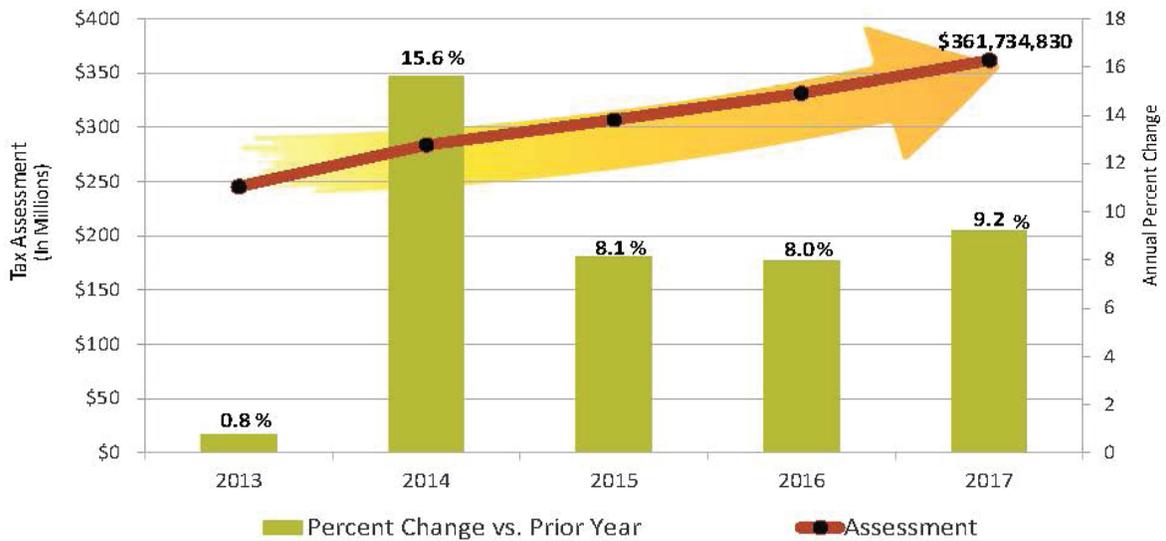
Source: Hanover County Building Assessor's Office.
Data based Jan. 1, 2018.

Commercial Building Area (SF)



Source: CoStar, Data Annual 2017

Business Personal Property Tax Assessment



Source: Hanover County Commissioner of Revenue - Personal Property Statistics. Data based on calendar year 2017.