



2021 Strategic Plan Update



Shenandoah Valley Partnership 2021 Economic Development Strategic Plan

Executive Summary

The 2019 version of the Shenandoah Valley Partnership (SVP) Economic Development Strategic Plan began with this statement, “The stark reality of economic development is that it is a global affair.” Little did we realize that a year later these words would resonate in a manner that none of us could foretell. A corona virus variant would plunge the world into economic chaos and expose deficiencies in manufacturing, medical technologies and the global supply chain. All societal norms were disrupted. The U.S. in particular woke up to the fact that much of our manufacturing base had moved to other countries and that our ability to obtain medical supplies, electronics, and even food and beverage ingredients, created shortages in the U.S. (Manufacturing Tomorrow). To further exemplify the impact, U.S. automotive manufacturers’ assembly line production are limited due to lack of computer chips as of this writing in April 2021 (USA Today). This awakening of globalization’s impacts is new, as is the underlying impact on our global economy. As stated in a Brookings report, “COVID-19 has damaged the nation’s industrial production.”

Conversely, the economy of the Shenandoah Valley during 2020 was anything but the dire predictions for many U.S. regions. While the SVP region reached an unemployment rate of over 8% in June 2020, the latest Virginia Employment Commission data reports the SVP region’s unemployment figure is under 4% (VEC data for December 2020). No doubt this unemployment figure is influenced by people leaving the workforce (labor force participation rate going down), but it also sends a strong message about the strength and diversity of the Valley’s regional economy, owing a lot to manufacturing.

While we collectively embrace our quality of life, this does not directly translate into profits. Companies will follow where there are markets for their products, and policies where capital is both appreciated and rewarded. Pharmaceuticals are made in India and China. Countries and city-states as diverse as Ireland and Singapore compete for the capital of many of the same companies as do we in the U.S. The factors in business location decisions are as they were more than 30 years ago in the ascendancy of the majority of U.S. states and localities entering the business of economic development:

- Proximity to markets and transportation
- Workforce
- Quality of life
- Business climate

- Sites and buildings

However, there are changes occurring in demographics of the workforce, technological change across all business sectors, global market sophistication, transportation, energy costs and resource availability. These changes are driving a reordering of the location factors in a manner that is conducive to the Shenandoah Valley.

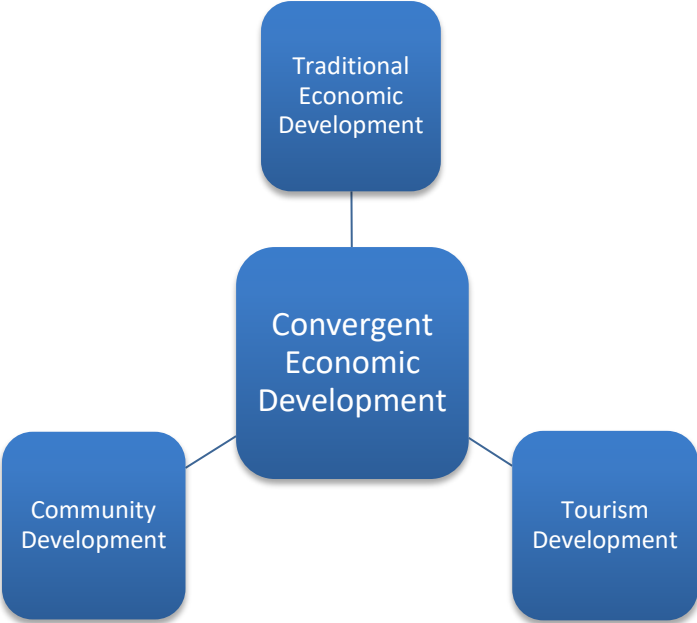
The Shenandoah Valley is renowned for its beauty and quality of life. For more than three hundred years, the Shenandoah Valley has attracted immigrants searching for a higher quality of living. Their hard work and the bounty of the land imbued residents with a deep appreciation for their environment and instilled a strong work ethic among the workforce whose reputation transcends far beyond the region. These attributes are becoming the most important for companies, both existing and new, in location decisions. Workforce and quality of life factors are on the ascendency. Companies are now in the unenviable position of competing for workers, and younger workers are more likely to choose where they live before choosing their occupation. The Shenandoah Valley not only embraces its quality of life and work ethic, it is part of the regional ethos. There is an entrepreneurial spirit and appreciation of the outdoors that characterizes the region, but neither the SVP nor our partners, are doing enough to promote these attributes and retain the young talent in the region. Doing so is a must for the region to be successful.

The Valley is poised as a region to take advantage of our assets and put them to use. The workforce and its attributes is the key to prosperity for both our citizens and our companies, and is essential for our existing companies and especially the recruitment of new companies. Enabling smaller growth companies via economic gardening and entrepreneurship programs will provide the business owners the skills to accelerate their growth. International presence through growth in international trade is often overlooked as economic growth, but is exceedingly helpful in business diversification. Diversification in economic growth is also necessary to equitably benefit the region's localities. There exists very divergent conditions within the SVP footprint and each locality deserves to benefit from growth in the region. Strategies to assist with basic community development must come first to retain the workforce before traditional economic development can begin. Finally, businesses need a place to expand as they grow. For the Valley to be successful, we must develop a regional program, working with partners like GO Virginia Region 8, to create regional parks where localities can share in the benefits of economic growth.

While the region has a diverse business environment, from the perspective of SVP's return on investment (ROI), there are strengths that the Shenandoah Valley should utilize and promote. The strategy to maximize the partners' investment is to continue to pursue agribusiness, manufacturing, information technology, pharmaceuticals/medical, food and beverage, and logistics and transportation. These will be enhanced with efforts to convene and guide workforce development and education, talent retention, adventure tourism manufacturing and marketing, economic gardening, international trade growth and community development/nontraditional economic development initiatives. And for

the first time, we are talking about housing. The term used for the union of activities combining traditional and nontraditional economic development as set forth in this strategic plan is called Convergent Economic Development and guides SVP's future operating principles. These efforts will set the Shenandoah Valley apart.

Convergent Economic Development



SVP 2021 Strategic Plan

Current

As noted in the 2019 Strategic Plan, the Shenandoah Valley has strong economic development partners, is perceived as a region with a great quality of life, has an extremely good workforce, and is collaborative with a can-do spirit. With historical success in context, arguably, significant changes are not warranted. But as with all things, nothing is static. In March 2020 the COVID-19 virus forced the U.S. into quarantine and essentially shut down the world economy. The U.S. in particular woke up to the fact that much of our manufacturing base has moved to other countries and that our ability to obtain medical supplies, electronics, and even food and beverage ingredients, created shortages in the U.S.¹ Moreover, the shutdown also exposed the fragility of certain segments of U.S. society; people without skills, whose livelihood evaporated instantly. Lingering into 2021, U.S. automotive manufacturers' assembly line production were limited due to lack of computer chips.² This awakening of globalization's impacts is new, as is the underlying impact of our global economy. As stated in a Brookings report, "COVID-19 has damaged the nation's industrial production."³ In order for SVP to deliver the best return on behalf of our partners, we must respond to changes in the workforce, the marketplace and increased competition.

However, the diverse economy of the Shenandoah Valley during 2020 proved to be strong. With the SVP region's unemployment figure under 4% (VEC data for December 2020), it sends a strong message about the depth and diversification of the industry sectors in the Valley. Unfortunately, these numbers delineate an inherent weakness of our region: the workforce, both the skillsets and availability of workers.

There are major shifts occurring in demographics of the workforce, technological change across all business sectors, global market sophistication, transportation, energy costs and resource availability. The changes in the population demographics are driving a reordering of the location factors in a manner that is conducive to the Shenandoah Valley. The attraction of workers is becoming the dominant factor, if not now tied with sites as the most important factor in expansion decisions. This is inclusive of existing or new investment.

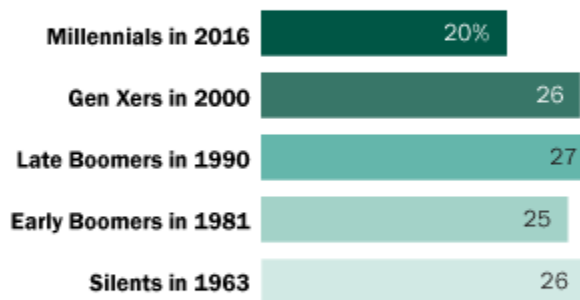
The major demographic shift is taking place with the Baby Boomers, those born from 1945 to 1964, who are retiring from the workforce, and COVID pandemic accelerated this trend. The Pew Research Center predicted that millennials will outnumber the baby boomers in 2019⁴ and indeed they have (2018).⁵ In December 2020, as employment exceeded 96% in the Shenandoah Valley, businesses were being buffeted by increasing productivity requirements and the increasingly difficult task of finding workers to fill jobs. This requires a complete rethinking of economic development priorities for SVP. As this strategic plan is written, it is easy to name almost any five of the Valley's top employers and the cumulative jobs unfilled in these companies will exceed 1,000. SVP is now equally engaged in the talent and retention business as we are in creating new sites to retain our existing business. Workforce talent retention and attraction will be a mainstay of our efforts henceforth if we are to be successful. Fortunately, we have

generational decision-making priorities and geographic assets that are in our favor.

Newer generations of the population are motivated by different factors for choosing where to live. While the Shenandoah Valley is fortunate to be growing in population as a whole, sustaining this trend must be a regional focus. Fortunately, according to the Pew Research Center, “Millennials are also moving significantly less than earlier generations of young adults. About one-in-six Millennials ages 25 to 37 (16%) have moved in the past year. For previous generations at the same age, roughly a quarter had (2018).⁶

Millennials are less likely to move than prior generations of young adults

% of 25- to 35-year-olds who moved in the previous year



Note: The migration rate refers to the share living at a different address one year earlier.

Source: Pew Research Center analysis of Current Population Survey, Annual Social and Economic Supplements (IPUMS).

PEW RESEARCH CENTER

Likewise, the pandemic has heightened the beauty and opportunities in the Valley that were somewhat taken for granted; 2020 proved to be a record-breaking year for the Shenandoah National Park with close to 300,000 additional visitors in 2020 than in 2019.⁷ Thus SVP has set about creating programs that tell our story. A new companion website, www.shenandoahvalleyliving.com, was launched. Shenandoah Valley Life, a new podcast emphasizing entrepreneurship and quality of place, is being recorded monthly. A new quarterly cooking show is being produced to promote the food and beverage sector. And finally, numerous virtual economic development forums conducted across the SVP footprint have been created and incorporated into our outreach strategy. SVP not only transitioned quickly in 2020, but we have ingrained the operations as a core part of our mission.

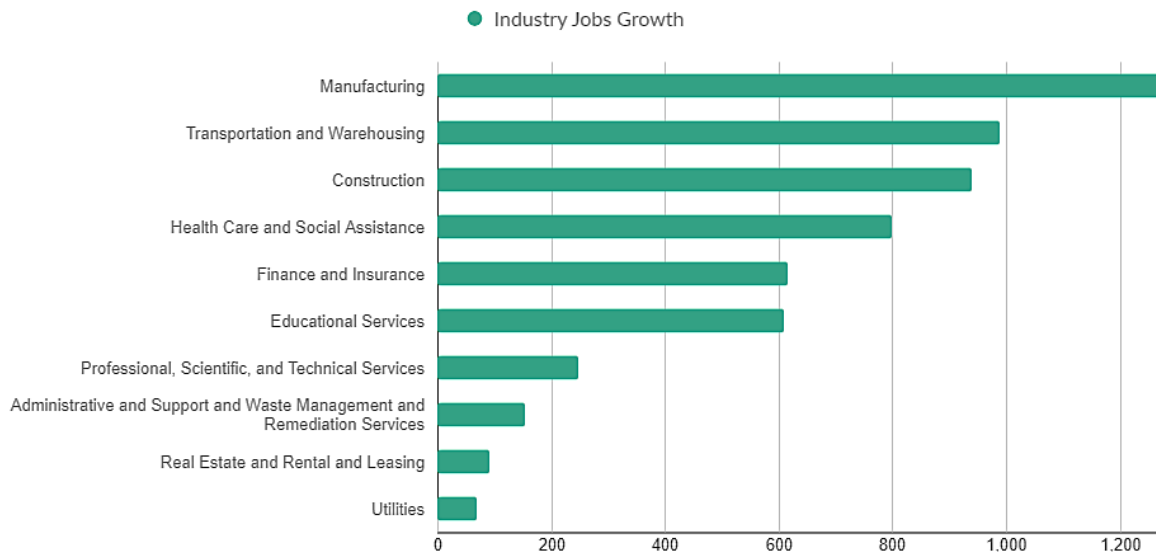
Target Sectors - A More Focused Approach

A popular anecdote is that the only kind of manufacturing is advanced manufacturing; essentially advanced manufacturing has become a redundant phrase and will hereafter

in this document be referred to as manufacturing.⁸ The Shenandoah Valley has attracted numerous such companies, to wit, we have attracted approximately \$1.5 billion in expansions and new companies since the 2019 SVP Strategic Plan was completed. And while food and beverage is dominant, corporations apportion capital expenditures judiciously and our operations compete for these dollars on a global scale.

Implications for SVP given the increasingly competitive global market is that the organization should focus on the region’s inherent strengths with our limited marketing funds. Much of this will focus on workforce initiatives that address are most important need. SVP must develop initiatives that directly impact the factors in companies’ location decision-making and then promote them heavily. The foremost of these is the Merck Model developed by BRCC, JMU and Merck in collaboration with a grant from the Commonwealth to offer a manufacturing liaison to translate Merck’s skill requirements into educational programs developed in a unique collaboration by the two higher education institutions. In talking with our existing companies, this model resonates and interest is extremely high for its expansion.⁹ Particularly since manufacturing remains our single largest private sector for targets, prospect interests and job growth.

Top Growing Industries



Source: Emsi Industry Characteristics, Top Growing Industries, Shenandoah Valley Partnership, April 6, 2021.

In terms of the types of manufacturing, we will continue to focus on those sectors in which the region excels: food and beverage, agribusiness, manufacturing/ pharmaceuticals, logistics and professional services/information technologies. This assessment of the region’s strengths was supported by the Central Shenandoah Planning District Commission’s Comprehensive Economic Development Strategy, August 2018 (CSPDC CEDS, 2018). By enhancing the programs that directly benefit these companies, SVP will continue to heighten our success in these sectors, thus likely

attracting their supply-chain and ancillary companies. It is important to note that other business sectors are not being excluded. Instead, the focus is merely on those that have the highest probability of success in the Shenandoah Valley.

Agribusiness

Agribusiness is intentionally mentioned apart from the food and beverage manufacturing sector in this strategic plan due to its breadth and incorporation of non-traded sectors. Agriculture and agribusiness are very strong in the region and represent a broad range of companies from forestry operations, farm dependent operations, such as dairy manufacturers, to local craft brewers and distilleries (Rephann, 2017).¹⁰ According to the 2021 Virginia Farm Bureau website, Rockingham, Augusta, Page and Shenandoah Counties are ranked number 1, 2, 4 and 5 respectively as the largest agriculture localities in Virginia (2021)¹¹. In addition, the presence of companies such as Shamrock Farms, Speyside Bourbon Stave Mill, DanoneWave, Cargill, Virginia Poultry Growers Cooperative, Pilgrim's, the numerous breweries, and the supporting businesses such as Houff Corporation, InterChange Group, and Poultry Specialties, speaks to the importance of agribusiness to the Shenandoah Valley economy. Complimentary, the food and beverage sector promises to continue to be a strong contributor and is essentially recession-proof. As technology advances, companies' innovation keeps pace with the workforce constraints. The SVP will continue to pursue and support this sector.

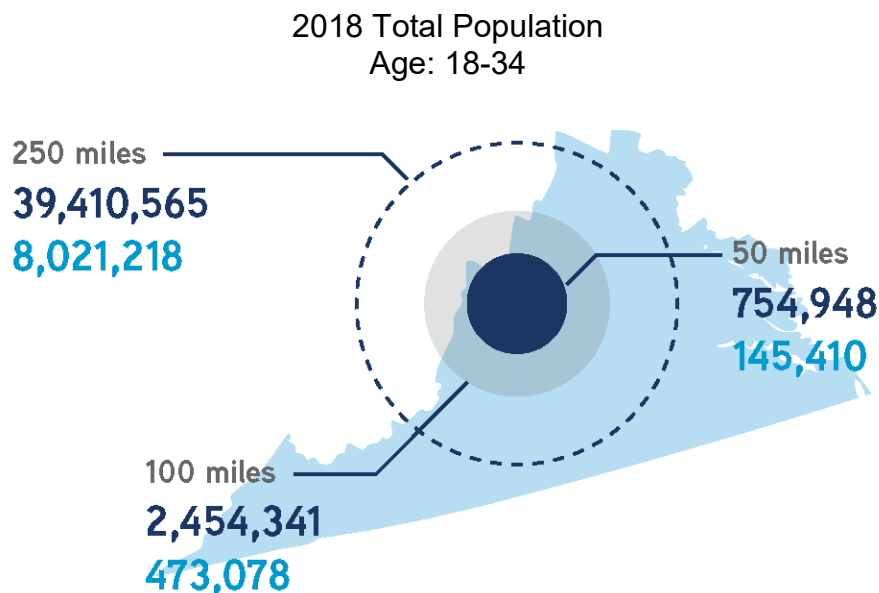
Manufacturing

The manufacturing sector remains a bedrock component of the U.S. and Virginia economies. Although it is not the dominant employer it was a generation ago, manufacturing drives technology, productivity, and innovation across all industry sectors. Within Virginia, 240,000 workers (Virginia Employment Commission, 2020) are employed in the manufacturing sector and contribute more than \$38.8 billion (2021, Emsi) to the state's economy through payroll taxes, purchases, and significant multiplier impacts through other down-stream industries.¹² Wage levels and the overall industry multipliers are generally higher for the manufacturing sector than most industry sectors, contributing to overall state income and economic stability. Moreover, manufacturing has a heavier concentration in the Shenandoah Valley than in most regions of Virginia and according to the Emsi's Economy Overview report of the SVP footprint manufacturing constitutes the largest private sector employment, 24,500 versus nearly 18,500 for health services.¹³

Transportation and Logistics

Logistics is crucial to the manufacturing and retail sectors and is becoming more important as ecommerce increases as evidenced by the COVID pandemic. It should be noted that ecommerce is embedded in this strategic plan's discussion of logistics; the subjects are nearly synonymous. Market proximity and the flow of resources is the lifeblood of their existence. As quoted by John Lesinski in Colliers International 2019 U.S. Research Report, *10 Emerging U.S. Industrial Markets to Watch in 2019*, that included the Shenandoah Valley/I-81 Corridor, "The Shenandoah Valley region offers a plethora of advantages including land available for development and proximity to the

metro Washington, D.C., Baltimore and Ohio Valley population bases. The market can reach one of the largest population concentrations in the country, as nearly 40 million people live within 250 miles of the market's core."¹⁴ I-81 is considered by many as the major East Coast transportation artery connecting the Southeast to the Northeast, with I-64 serving as both ingress and egress to the East and West. The region also has easy access to the Virginia Inland Port at Front Royal via I-66, rail connections direct to the Port of Virginia and close major markets, and connectivity to the world through non-stop jet service from Shenandoah Valley Regional Airport to Chicago O'Hare and Washington-Dulles international airports. The Shenandoah Valley has the attributes for workforce, land availability and cost, market proximity and transportation assets that make it an advantageous location for logistics reaching into the Northeast, Southeast and Midwest.



Source: Colliers International, 10 Emerging U.S. Industrial Markets to Watch in 2019

The region has been successful in attracting major distribution operations, and has the land to attract more. While at one time distribution was not considered desirable, due to both the investment per square foot and the wages associated with the required technical sophistication of logistics operations, this sector has become increasingly attractive. It also has the distinct attribute of not requiring major infrastructure expenditures from localities. Moreover, the assets of the region provide an advantageous cost/benefit ratio for outreach: not as much effort in direct marketing is required to achieve positive results.

Information Technology and Professional Services

It is increasingly difficult to separate information technology (IT) from manufacturing and professional services. By their very nature, manufacturing and professional services rely upon information technology to function: it is a prerequisite, not an option.

Notwithstanding, for the purposes of this strategic plan, the identification is used to

denote computer science and engineering, data centers and data processing, professional firms that design software, and firms that loosely fall under the category of consultants, whether it be consulting engineers, cyber security or management consultants.

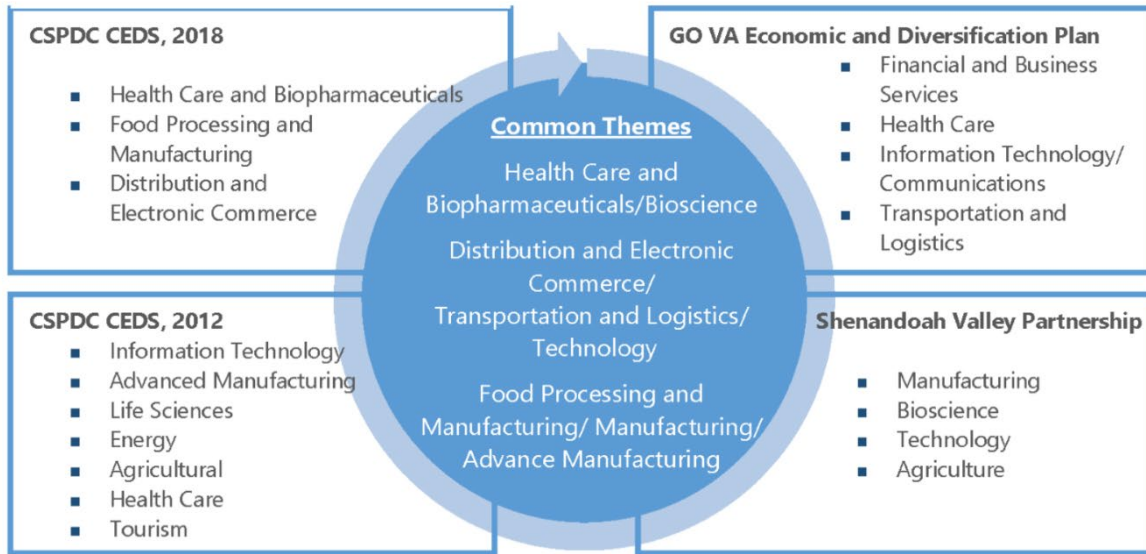
Perhaps the foremost advantage the Shenandoah Valley region has over many of our peers is the number of community colleges, 4-year colleges, and universities in the region. Due to the demands of IT in the marketplace, every secondary higher education institution has a focus on providing IT training, whether it is through certifications or graduate degrees. For example, James Madison University's (JMU) Center for Forensics and Information Security, Virginia Military Institute's (VMI) Computer and Information Sciences with a minor in Cyber Security, Bridgewater College's degree in Computer Science and Blue Ridge Community College's (BRCC) Cyber Security classes convey a strong message about computer skills availability. Proximity to the northern Virginia market, however, is both a benefit and a threat. Proximity poses a benefit because the Shenandoah Valley is a much less expensive region in which to locate and live than is northern Virginia, and is within short driving distance. Many IT companies can locate anywhere as long as there is good broadband connectivity and an available workforce. Conversely, the threat exists because of these same attributes; companies in northern Virginia can recruit the workforce talent to their locations. And that is indeed a major threat due to the location of Amazon HQ2 and Virginia's boosting of IT degrees to serve Amazon and northern Virginia, including JMU's program.

Analogous to the IT sector is the professional business service sector. While utilizing many of the same skillsets as computer science, this sector also seeks broader certifications and degrees. The abundance of higher education programs are a tremendous asset in the region. A message crafted around these capabilities as well as stories about home-grown successes can help recruit and retain these high-wage paying companies.

Nontraditional Economic Development

The current economic development environment in which SVP competes has rapidly changed. While market needs will drive the location factors for a company's location, the prioritization of the factors is changing. Workforce and quality of life/place are competing as the most important factors, and there is an argument to be made that they are in fact synonymous when considering demographic changes. This scenario presents SVP with an opportunity, through Convergent Economic Development, to develop a message, convene interested parties, facilitate programs and provide more equitable services to our constituents. The CSPDC CEDS developed, in conjunction with Camoin Associates and the CEDS Committee, a graphic that perfectly illustrates the principle in detail.¹⁵

Targeted Industries of Existing Reports



Source: Central Shenandoah Planning District Commission, Comprehensive Economic Development Strategy

The proposal in this plan is slightly different than represented in the graphic above, however, the SVP must be engaged in these different spheres of commerce. The last two years have shown that we must be holistic in our approach if we hope to maintain and accelerate our growth. SVP must be engaged and a partner in helping shape policy, e.g., the I-81 Federation; enhancing the quality of place through community development assistance; working on tourism opportunities both as SVP initiatives and with our local partners, e.g., agritourism, adventure tourism manufacturing; and even more proactive efforts addressing talent retention and attraction opportunities and housing. The Shenandoah Valley nor SVP can reach its potential if we do not. These issues undergird success in economic development for the foreseeable future.

Workforce

The basis of focusing on workforce stems from prior experience running the Business Retention Expansion (BRE) team at the Virginia Economic Development Partnership (VEDP) in which more than 400 companies were interviewed within a 10-month timeframe in 2018. The VEDP BRE team came away with an exceedingly deep understanding of how important the workforce is to economic growth. This situation has become abundantly apparent during 2020 in which our manufacturers have been running at 100% and are desperate for workers; with the priorities for workers first, and skillsets second. The Shenandoah Valley has a three-fold problem in this regard: the labor market is not as big as some regions in Virginia, those individuals with the skillsets are recruited by companies in other regions, and no one has been messaging about career opportunities in the Valley. Not the higher education institutions, not parents, nor the companies. Herein lies SVP's opportunity.

SVP does not need nor should it be the owner of the workforce solution but we should be a facilitator and messenger of one. There are numerous workforce assets within the

region, but by the inherent process of funding and regulatory constraints, the programs are isolated. While the Commonwealth is attempting to brand Virginia Career Works as a program, it does not eliminate the multitude of organizations playing in the workforce training space. The Shenandoah Valley is small enough that the leaders of our various workforce groups, from the Shenandoah Valley Workforce Development Board to the community colleges and universities, know one another, yet we are big enough to have robust programs. SVP is taking a leadership role in convening regional education and workforce leaders to expand a program that can address skills provisions for those graduating from high school, reentering the workforce, or those seeking to improve their employment position. This will be submitted in a GO Virginia grant for greatly expanding the Merck and Hershey Boot Camp models to encompass many manufacturers. The concept is that the Shenandoah Valley will continue on the path of creating a regional version of VEDP's Talent Accelerator Program; a turn-key workforce program in which a company can make one call and receive facilitated services. A concept paper has been submitted to Senator Mark Warner at his request for potential funding from the America Rescue and Recovery Act. Two years into our 2019 strategic plan proves that addressing workforce concerns is the single-most important undertaking for our region that will set us apart, and ahead, of every other region.

Talent Attraction and Retention

Since quality of life is key to the retention and attraction of workers, the question becomes do our younger workers know what jobs are available in the Valley? While it is true that there are many employment opportunities in northern or eastern central Virginia, there are many unfilled employment opportunities in the Shenandoah Valley.

SVP will continue and improve a messaging/marketing campaign analogous to the InDemand program in which the audience is the recent or pending degree, certification and diploma recipients. This effort can be combined with utilizing a platform like CUED-In that brings together job seekers, employers and skills provision assets. Simply put, the region has people looking for jobs, employers looking for employees, and the education system in place that can match training with skill requirements – if we work together.

We must extol the message of the Shenandoah Valley's potential jobs, average salaries, cost of living savings (and what this translates to in housing and personal property), and quality of life. The Shenandoah Valley graduates approximately 9,000 per year (2019) from our higher education institutions.¹⁶ Even a 10%-30% retention rate would provide a significant workforce for companies in the region. SVP will continue to explore new ways to share our message.

Economic Gardening and Entrepreneurship

An essential component of economic development is community development, the difference being that localities are the primary groups working on capacity building. Capacity building takes many forms, among them is nurturing and growing existing companies. While entrepreneurship programs are beyond the scope of SVP's mission, we will collaborate with efforts like the Valley Business Start Up program, the

Shenandoah Valley Small Business Development Center and the Staunton Community Capital Fund (now SCCF). However, economic gardening is a growth enhancement program and transcends locality boundaries and certainly supports entrepreneurship efforts. SVP submitted and was awarded a GO Virginia grant for the Valley Business Scale Up program. Working with the National Center for Economic Gardening, this program is a means of adding employment and tax base by more economical means via assisting those successful small companies that are growing. The program also delivers a benefit to urban and rural localities that are challenged with traditional economic development projects. It is much easier to work with an existing company that exhibits growth characteristics, or has the potential for growth in a niche market.

Quality of Life/Place

Heretofore, economic developers praised quality of life for the locality, region or state represented. Aside from recruiting new business to the area, actively seeking to improve the quality of life was either treated dismissively as a tourism function or considered a function of “others” such as developers, entrepreneurs, local civic-minded individuals or local community development specialists. Times have changed within the last five years: quality of life has ascended as a priority location consideration due to the demographic changes in the workforce. As generation Y (the millennials) continue entering the workforce, their predisposition as a population is to choose a location to live before considering employment. Even the oldest of the millennials in their late 30s are following this pattern. This process is in direct opposition to multiple generations before and changes companies’ location decision methodology.¹⁷

What this means for SVP is the opportunity to leverage both the reality and perception of the Shenandoah Valley. Not only can SVP tout the region’s quality of life, but we can also seek to directly improve it. As an example, the rise of the craft beer business is often treated with derision or humor as an anomaly or fad by many. In reality, the craft beer industry is but one very visible example of entrepreneurship at its best, and conveys a spirit of adventure, dynamism and progress. Craft brewers are moving into what had been otherwise unused storefront space and attracting customers to areas previously avoided. This translates directly into the quality of life that attracts a younger workforce. No better example is that of Danville which is transforming itself from a “stogy old textile town” as described by one prominent business leader, into a place that citizens are drawn to patronize with pride. In terms of selling quality of place, the Shenandoah Valley has a larger basis from which to work, plus the benefits of tremendous outdoor recreational assets.¹⁸

From a marketing and recruitment perspective, SVP should consider expanding outreach beyond traditional economic development projects. For example, this means recruitment of destination and experiential projects more closely related to tourism projects. Since tourism does not recruit projects, there is a void in the marketplace. An example of this type of recruitment is to imagine attracting a resort-like attraction as a project as it currently exists. A project of this nature can be transformative to the region’s more rural counties. In addition, SVP will collaborate with our tourism partners to share messaging, branding and marketing efforts.

Sites and Buildings

Product development is critical for the Shenandoah Valley. Virginia as a whole has a shortage of sites and buildings. While this is a detriment to recruitment, it is even more so for the expansion of existing business. Generally, existing companies comprise 70% to 80% of annual business growth. While there is a place for publicly-owned parks, appropriate planning and consideration of shared rewards enables successful public-private partnerships to flourish. An excellent example of such is the work performed by InterChange in Rockingham County. The Shenandoah Valley has a selection of sites and buildings, but the inventory is unevenly spread across localities. Further, some localities simply do not have the transportation assets and/or fiscal means to attract private investment for development.

Unfortunately, the Shenandoah Valley is at risk in regards to existing sites due to the current interest in developing solar energy projects, the potential for increased environmental regulations, continued escalation in development costs, and economic success in the two years since the 2019 SVP Strategic Plan was created. Within this short time frame, a number of announcements, pending transactions, and purchases of business sites have occurred. Acorn Business Park, the North Shenandoah Valley Industrial Park/Windcrest Site, and Innovation Village at Rockingham are either off the market or have substantial pending transactions that are greatly reducing total available acreage.

SVP was successful in receiving a GO Virginia grant for the Shenandoah Valley Site Enhancement project, but due to GO Virginia's delay, we have three of the six sites potentially encumbered in part or entirety. Therefore, SVP will promote the study and potential development of a regional business park, in conjunction with GO Virginia Region 8. Only a few regional parks are under consideration in Virginia and the development process is slow and costly. The time to develop is now before the inventory shrinks to zero. As of this writing, Virginia has seven projects of \$5 billion or greater investment with few sites to offer.¹⁹ An unprecedented number and a sad situation for the Commonwealth. Having available sites is crucial to the region's long-term viability to attract and retain companies.

Broadband

A major deficiency in our modern infrastructure became highly visible during the pandemic. If the public was not aware of the importance of broadband before the U.S. COVID pandemic quarantine, it was brought to attention quickly in 2020 and the deficiencies of connectivity can no longer be ignored. The need for broadband connectivity is universal and not only as part of the business infrastructure to all sites and buildings, but to all homes. The broadband situation in the U.S. is inferior to that of many other countries. For example, the Federal Communications Commission (FCC) estimates that 21 million Americans do not have broadband access, but other sources place the number as high as 162 million.²⁰ The reason for such a broad discrepancy is due to definitions of broadband access. According to the FCC, if a block contains one home with broadband access, then the entire block is considered connected, while in reality, only one home has access. Conversely Commonwealth Connect indicates that

500,000 Virginians are unconnected. How does this compare to the rest of the world? According to the FCC, in their International Broadband Data Report, the U.S. finishes middle pack among most of the developed world.²¹ Bottom line, until we have ubiquitous broadband, the Valley will struggle to retain talent and business just as all other rural regions. While the provision of broadband is beyond SVP's scope of work, SVP will be a voice and collaborator for widespread broadband services. To compete in today's global marketplace, broadband is essential.

Supply Chain

Supply chain recruitment is one of those amorphous terms that defines working with companies that can benefit from, or are dependent upon, certain business sectors. Mapping out connections is somewhat analogous to an organizational chart defining the linkages across sectors. Business linkages transcend any one sector, whether it is medical, finance or retail, but its essence is logistics based upon product and service needs and market proximity. Therefore, this effort is considered a subset of SVP's Transportation and Logistics target. SVP is identifying these opportunities for the region and will engage both our partners, our companies, and perhaps, leverage our investors to pursue identified companies.

International Trade

Introducing International Trade to our corporate citizens can be leveraged through VEDP's International Trade program and will cost SVP very little time and money to do so. Further, VEDP is enhancing the program and it has proven results ranging from diversifying companies dependent upon government contracts to taking various business service companies global. Moreover, the VEDP BRE team identified numerous international supply chain opportunities for existing companies that were recommended to the International Trade team for potential expansions.

Workforce Housing

Never could it be imagined that economic development and housing development would be associated in the same sentence, but the fact is clear in the Shenandoah Valley, we have a lack of housing for first time buyers and solid middle-class home purchasers. In a report from Housing Virginia, the Valley has seen an increase of 81% for the housing cost of burden.²² Based upon the Virginia Realtors Median Home Price by County and Independent City report, the average of the median cost of housing across the SVP footprint in February 2021 was more than \$240,000.²³ The pressure of a very strong housing market throughout Virginia along with a shortage of building materials is pushing costs higher. Moreover, rural Virginia sales are up 17.9% in 2020. These trends, along with a diminishing housing supply and a Virginia median price of \$325,000, up 10.2% from 2019, are causing a faster rise of prices and shortages in rural markets.²⁴ The bottom line for SVP, is we need to think about our community in a holistic manner. In order for businesses to grow, we must retain and attract talent, and in order to retain and attract talent, we must have a great quality of life and this includes the need for workforce housing. Once again, housing is beyond the scope of SVP's direct mission, but we will be a collaborator and voice for housing for all.

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Summary

This summary remains the same as was written in 2019. Communities either grow or they die and now, affordable housing must be wrapped into this philosophy. SVP has a unique opportunity to not only craft a message that sets the Shenandoah Valley apart, but to perform truly meaningful work that can be a legacy for years to come. We have proven over the last two years that we can set ourselves apart by changing to meet the demands of a dynamic marketplace. The proposals in this strategic plan update are not revolutionary, but are continuations on the theme set in 2019, and tweaked to emphasize the accelerated changes in 2020. The emphasis in the recommendations are identifying what we consider most important, putting a name on our vision and then continuing to equitably execute them to benefit our partners. SVP will return the investment made by all of our contributors and will compete with the best. We have proven we can. The region's future is bright and is an exciting place to live, work and recreate. It is who we are.

Annotations and Notes

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- ¹ Manufacturing Tomorrow, December 30, 2020, <https://www.manufacturingtomorrow.com/article/2020/06/readers-choice-2020-impact-of-covid-19-on-the-process-manufacturing-industry-2020/15487>).
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