



2024 Strategic Plan Update



Shenandoah Valley Partnership 2024 Economic Development Strategic Plan

Executive Summary

In 2021 when this strategic plan was updated, U.S. automotive manufacturers' assembly line production were limited due to lack of computer chips (USA Today). Now in 2024, we are experiencing supply chain disruption due to factors such as geopolitical conflicts [Russian invasion of Ukraine], inflation [a high of 9% in July 2022, back down to 3.2% in February 2024], and everything from climate change [record setting temperatures across the U.S. in July and August 2023] to effective optimization through AI (artificial intelligence) and the worries about the electrical power grid. In 2024, globalization's impacts are no longer new as an underlying impact on our global economy. And as noted above, artificial intelligence has not only been unveiled since 2021, it has hit the mainstream.

Conversely, the economy of the Shenandoah Valley since the beginning of the COVID pandemic in 2020 has been anything but dire. 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 2.7% (EMSI Lightcast, SVP Regional Report, April 1, 2024) – a staggeringly low number when our labor participation rate has increased to 62.3%. These numbers convey a strong message about the strength and diversity of the Valley's regional economy, owing a lot to manufacturing, yet there is concern about our continued growth with the number of unfilled jobs in the region. Fortunately, the crunch for skilled workers is easing somewhat with the differential of our population growth of 2.7% compared to job growth of 2.5%.

While we collectively embrace our quality of life, this does not directly translate into profits. Companies will locate where there are markets for their products, and policies where capital is both appreciated and rewarded. 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, the changes occurring in demographics of the workforce, technological change across all business sectors, AI, global market sophistication, transportation, energy costs and resource availability 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 better quality of life. 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, and SVP and our partners are actively engaging in promoting these attributes and retaining the young talent in the region. Continuing and improving on this work is a must for the region to be successful. To that end, SVP began a digital talent marketing campaign in 2023 to rectify this situation and we are evolving the campaign so that the Shenandoah Valley Living website can be more effective.

The Valley is poised as a region to take advantage of our assets. The workforce, and its attributes of technical skills, reliability, and collaboration, is the key to prosperity for our companies and thus our citizens. This is essential for our existing companies, and especially important for the recruitment of new companies. Enabling smaller growth companies via 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 exist 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 be successful. 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 and the Virginia Business Ready Site Program, 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. Housing has become a major topic, so much so that SVP has been approached by the private sector to become engaged in housing development. 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 operating principles. We have used this principle the last five years and the effort has set the Shenandoah Valley apart.

Convergent Economic Development



SVP 2024 Strategic Plan

Current

The Shenandoah Valley has strong economic development partners, is perceived as a region with a great quality of life, has an extremely strong workforce, is collaborative with a can-do spirit and is a tourism destination. With SVP's historical success in context, 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, i.e., people without skills, whose livelihood evaporated instantly. Moving into 2024, U.S. manufacturing is growing with worker shortages as the major hindrance, albeit less than in 2021 and 2022.² In 2021, the impact of the global supply chain was an awakening for the U.S. As of this update in 2024, there remain some challenges with supply chain disruptions, but many of these are minor in comparison to the U.S. experience in 2020 and are related to lack of available space and geopolitical factors.³ While SVP must retain awareness of the global marketplace, in order to best deliver a return on behalf of our partners, we must respond to the factors that we can control; namely the regional workforce, the marketplace's need for good sites, and increased competition.

The diverse economy of the Shenandoah Valley since 2020 proved to be strong. With the SVP region's unemployment figure at 2.7%, it sends a strong message about the demand, depth and diversification of the industry sectors in the Valley. Unfortunately, these numbers also are impacted by a lower labor participation rate, that although has risen to 62.3% since 2021, is still inadequate to supply our business sector with the people to fill the jobs available.⁴

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 have driven a reordering of the location factors in a manner that is challenging to all regions. The attraction of workers has become as important as sites, if not more, in expansion decisions. This is inclusive of existing or new investment. Moreover, housing, childcare and transportation are now inextricably linked to workforce availability.

A major demographic shift is taking place with the Baby Boomers, those born from 1945 to 1964, who are retiring from the workforce, and the COVID pandemic accelerated this trend. The Pew Research Center predicted that millennials will outnumber the baby boomers in 2019⁵ and indeed they have (2018).⁶ As of February 2024, Generation Z, those born between 1997 and 2012, represent almost 20% of the U.S. population according to the U.S. Census.⁷ 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

scenario has not lessened in the intervening three years and remains a challenge. The demographic trends require a complete rethinking of economic development priorities for SVP. As this strategic plan update is written, many of the Valley’s top employers are as engaged in the talent and retention business as we are in creating new sites to retain our existing business. Moreover, the employers are facing challenges in recruiting professional positions. Talent retention and attraction is a mainstay of SVP’s economic development efforts and will be henceforth if we are to be successful.

In previous iterations of the SVP Strategic Plan, there was as focus on Millennials and younger generations, but more than five years has passed since the first strategic plan. Millennials are aging and comfortably in their 40s and have largely made their major life decisions – not exclusively, but enough to ascertain their overriding directions. Therefore, the talent focus for SVP is Generation Z primarily, and Millennials (Generation Y) secondarily. These two generation blocks are motivated similarly but are influenced by dissimilar economic conditions during their formative year. Gen Z were coming of age during the Great Recession and one in four lived in poverty during 2011 and 2012. This group is also the most racially diverse of any generation with 51% white, 25% Latino or Hispanic, 15% black, 6% Asian or Pacific Islander, 5% mixed race and 2% First Peoples.⁸ Gen Z is also the most educated, they are more progressive – even those on the right, pragmatic and financially minded, and seek government programs to solve problems. They are also called our first “Digital Natives”. In choosing where to live, factors like social justice, sustainability and inclusion and other factors that aren’t necessarily popular with older generations but are mitigating factors for quality of life for this generation.⁹ Fortunately, as reported by *PR Newswire*, a recent Zillow analysis of the U.S. Census American Community Survey (ACS) shows that Virginia is in the top 10 states to which Gen Z is moving.¹⁰

Top 10 States for Gen Z Out-of-State Movers (2022)		Top 10 States for all Out-of-State Movers (2022)	
State	Net Migration	State	Net Migration
1. Texas	76,805	1. Florida	187,848
2. California	43,913	2. Texas	123,886
3. Florida	41,394	3. Georgia	57,888
4. North Carolina	33,690	4. South Carolina	54,678
5. Washington	33,534	5. Arizona	53,520
6. Colorado	39,797	6. North Carolina	46,852
7. Virginia	26,418	7. Connecticut	39,877
8. Illinois	25,890	8. Tennessee	33,112
9. Georgia	24,788	9. Oklahoma	21,431
10. Arizona	21,418	10. Nevada	15,853

Zillow’s analysis of ACS data, Gen Z is defined as those born between 1996 and 2004 to avoid capturing the temporary moves of college students.

While the Shenandoah Valley is fortunate to be growing in population, sustaining this trend for Gen Z must become a regional focus. Likewise, the opportunity for attracting and retaining Millennials is still valid because their locations for housing have changed

as they are aging. A study published by the Joint Center for Housing Studies of Harvard University has found that the last decade has shown that millennials are moving farther out from the cities that they previously immigrated to and want to be on peripheries of metropolitan areas.¹¹ There is much to be stated for the commonality in the generations born from 1981 to 2012 and quality of life are important to both. To keep attracting these audiences SVP will continue to elevate the phenomenal quality of life story we have here in the Valley.

Owing to our successful Forward 2028 fundraising campaign, we now have a five-year plan for 1) Talent Retention and Attraction, 2) working with our existing businesses and recruiting new business to the region, and 3) site development. We are continuing to build on our companion website, www.shenandoahvalleyliving.com, with new quality of life features, showcasing job opportunities, providing more interactive content, and continuing our podcast, Shenandoah Valley Life. We have also aggressively implemented a digital talent retention and attraction program. We continue producing our quarterly cooking shows that began in 2021. They not only promote the food and beverage sector, but also many other attributes of the Shenandoah Valley. SVP has heard directly from site consultants participating in the cooking show that many consider this a best practice for promoting a region. Our outreach also continues to include virtual economic development forums, participating in consultant outreach trips and incorporating specific outreach strategies for brokers and site location consultants.

Target Sectors – Building Upon Success

Corporations apportion capital expenditures judiciously and make their decisions to expand based upon market proximity, availability of resources, talent, quality of life and site and/or buildings. Moreover, those companies not headquartered in the Shenandoah Valley, use those parameters as equally as those companies we are trying to attract. We must never forget that our existing business be first and foremost in our economic development efforts.

Manufacturing is dominant in the Shenandoah Valley; it has been so for many decades and appears this will continue for the future. As evidence, the Shenandoah Valley has attracted more than \$2 billion in expansions and new companies since the 2019 SVP Strategic Plan was completed (See Appendix A). Most of these expansions were manufacturing. While manufacturing, particularly food and beverage, is dominant in our success, we are now focusing on more than just manufacturing for our long-term prosperity. This outlook is predicated on the history of prospects for SVP, new technologies and demands in the market place, and the transition of many manufacturing jobs incorporating knowledge work, as has been reported by Virginia Economic Development Partnership (VEDP) in their *An Innovative Framework for Economic Growth*.¹² Under VEDP's framework, Virginia is focusing on the three major growth sectors in the U.S. that will make up 66% of business growth: the knowledge work sector, manufacturing and logistics. SVP will do likewise as we are the only region that aligns with all of VEDP's targets.¹³

TOP Business Sector Cluster Rankings For SVP Region	
Sector	Ranking
Education and Knowledge Creation	71
Livestock Processing	60
Food Processing and Manufacturing	41
Biopharmaceuticals	40
Distribution and Electronic Commerce	33
Upstream Metal Manufacturing	33
Local Health Services	33

Source: Emsi using U.S. Cluster Mapping, Institute for Strategy and Competitiveness, Harvard Business School. The input-output model is Emsi's gravitational flows multi-regional social account matrix model (MR-SAM) based upon U.S. Census Bureau's Current Population Survey, American Community Survey and Economic Analysis' National Income and Product Accounts.

In late 2022 and the first two quarters of 2023, SVP successfully completed its first five-year capital campaign. By all measures it was a successful campaign with pledges exceeding \$1.7 million. The work plan for the Forward 2028 campaign came directly from the 68 companies interviewed to develop the narrative of the campaign. The priorities are, 1) talent retention and attraction, 2) working with existing and new business, and 3) site development. As we enter the 3rd quarter of 2024, all SVP attention is directed into these three priorities.

SVP has developed initiatives that directly impact the factors considered in companies' location decision-making specifically as it relates to talent. We continue to promote the Merck Model developed by BRCC, JMU and Merck in collaboration with a grant from the Commonwealth. This grant offers 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 however its importance has waned to some degree as the intense pressures for skilled workers has lessened, and the recruitment of professionals has risen in importance.¹⁴

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 (See Table A). This assessment of the region's strengths was additionally supported by the Central Shenandoah Planning District Commission's Comprehensive Economic Development Strategy Update (CSPDC CEDS, 2023). 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, SVP is merely focusing on those that have the highest probability of success.

TALBE A

SECTOR	Number in Sector	Investment (millions)	Jobs
AG	1	11	22
BUILDING PRODUCTS MFG.	1	32	0
DISTRIBUTION	3	121	517
ELECTRONIC COMPONENT MFG.	2	201	381
ENGINEERED SYSTEMS MFG.	2	48	238
FABRICATION	2	9	102
FOOD & BEVERAGE	15	552	926
INDUSTRIAL DESIGN MFG.	2	10	237
MANUFACTURED COMPONENT MFG.	1	5	47
MATERIALS	1	1	45
PACKAGING	5	15	105
PHARMACEUTICALS	1	1,000	152
PLASTICS	2	7	103
PRECISION MFG.	1	7	13
PRINTING	1	2	0
SEMI-PERMANENT STRUCTURES MFG.	2	7	104

Agribusiness

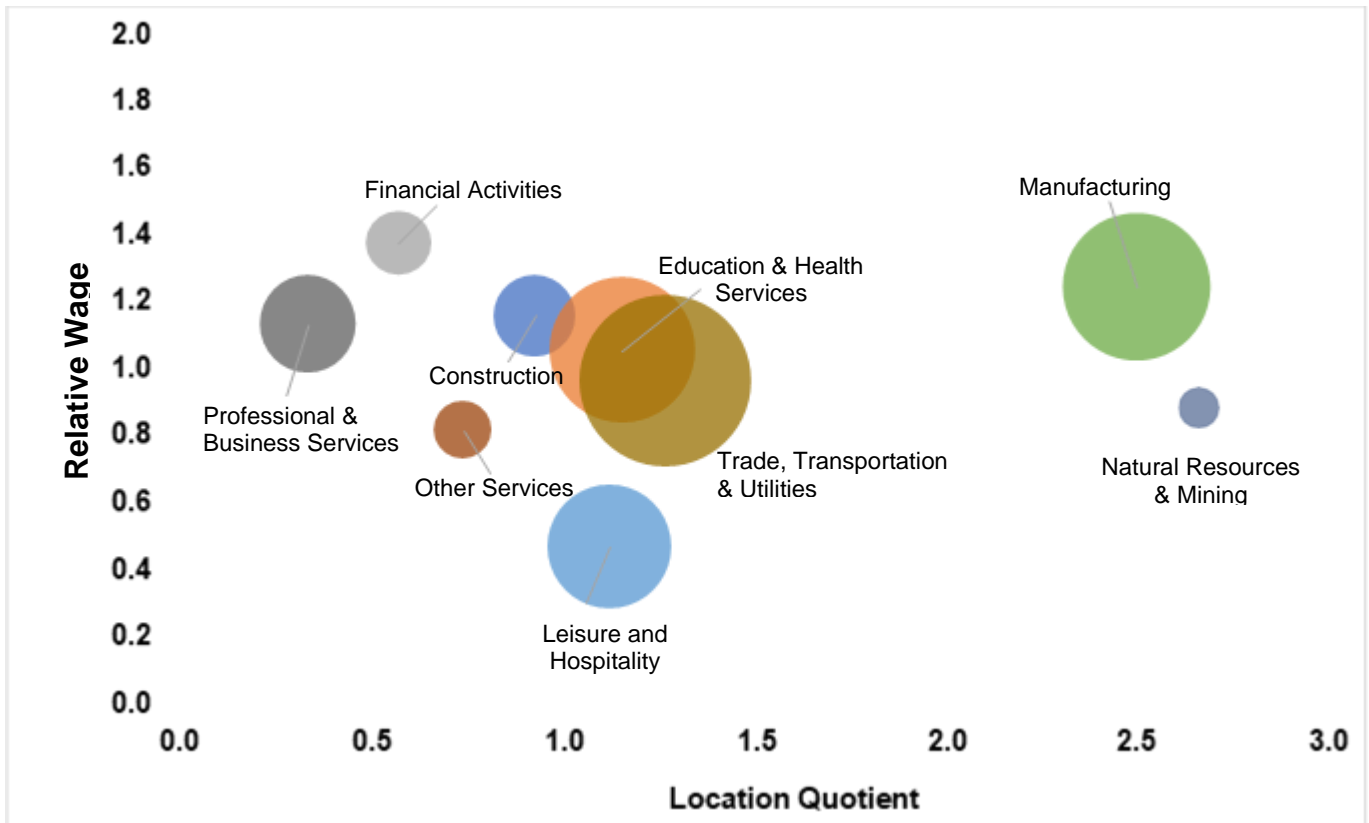
Agribusiness is intentionally mentioned apart from the food and beverage manufacturing sector in this strategic plan due to its breadth and incorporation of non-traded sectors. Agriculture and agribusiness are very strong in the region and represent a broad range of companies from forestry operations, farm dependent operations, such as dairy manufacturers, to local craft brewers and distilleries (Rephann, 2022).¹⁵ According to the Virginia Farm Bureau, Rockingham, Augusta, Shenandoah and Page are first, second, fourth and fifth respectively as the largest agriculture localities in Virginia, with value of production of \$1.2 billion, \$448 million, \$225 million and \$205 million respectively (2022)¹⁶. In addition, the presence of companies such as Shamrock Farms, Speyside Bourbon Stave Mill, DanoneWave, Cargill, Virginia Poultry Growers Cooperative, Farmer Focus, numerous breweries, and the supporting businesses such as Houff Corporation, InterChange Group, and Poultry Specialties, speaks to the importance of agribusiness in the Shenandoah Valley economy. Complimentary, the food and beverage sector promises to continue as a strong economic 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

Manufacturing remains fundamental to 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, 246,000 workers are employed in the manufacturing sector and contribute almost \$46 billion to the state's economy through payroll taxes, purchases, and significant multiplier impacts through other down-stream industries (2024, Emsi).¹⁷ 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 Lightcast's Regional Economy Overview report of the SVP footprint, manufacturing constitutes the largest private sector employment, 24,600 versus nearly 19,000 for the second largest employment sector, health services.¹⁸

Location Quotient and Relative Wage in the CSPDC Region in 2022



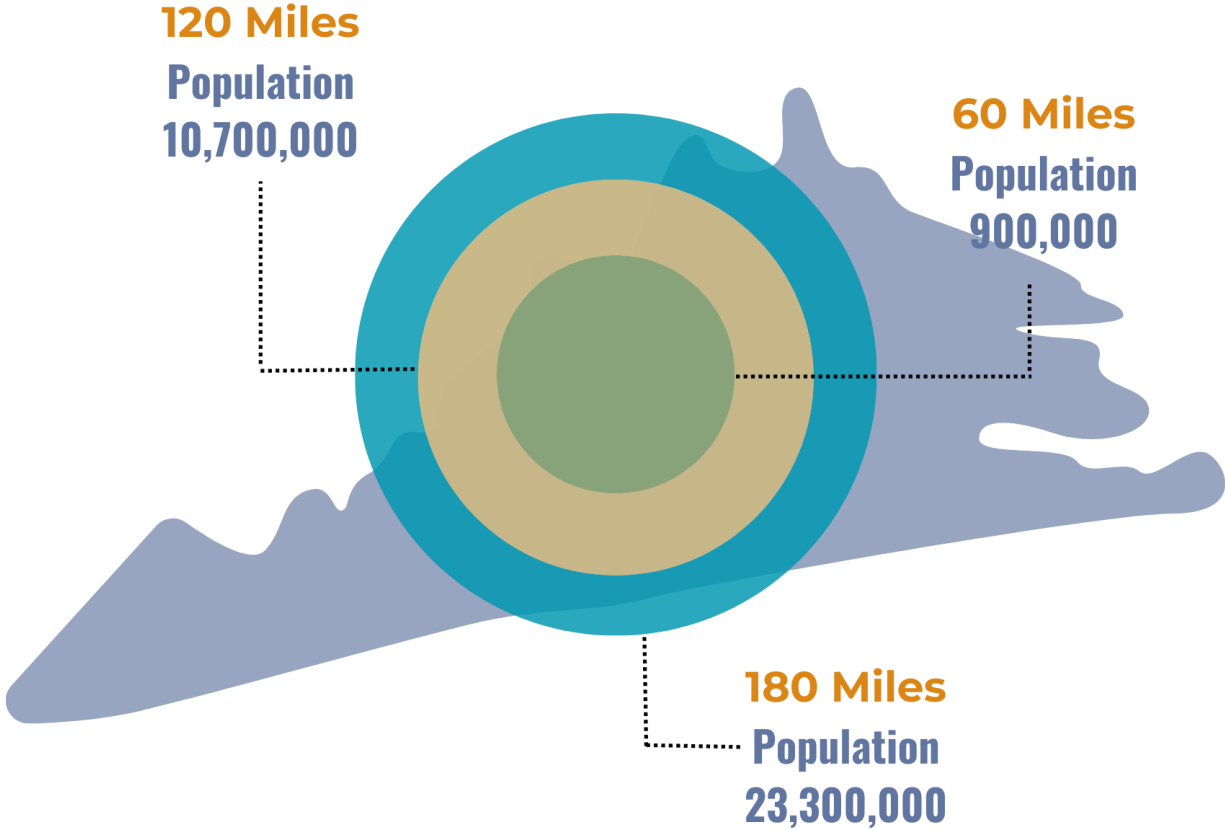
Source: Central Shenandoah Planning District Commission, Comprehensive Economic Development Strategy Update 2023

Transportation and Logistics

Logistics is crucial to the manufacturing, retail and agricultural sectors, and is becoming more important as ecommerce continues to increase. It should be noted that ecommerce is embedded in this strategic plan's discussion of logistics; the subjects are nearly synonymous. The Shenandoah Valley region offers a plethora of advantages including developable land and proximity to the metro Washington, D.C., Baltimore, the Lehigh Valley and the Ohio Valley population bases. The region accesses one of the largest population concentrations in the country, as nearly 40 million people live within 250 miles of the market's core.¹⁹ 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 the Charlotte International Airport. 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.

2024 Population by Distance



At one time the distribution sector was not considered desirable, due to the lower investment per square foot and the wages associated with the lower technical sophistication of logistics operations. However, due to the greatly enhanced technical sophistication, this sector has become increasingly attractive. As an example, the Amazon large product distribution center in Fishersville exceeded \$120 million. This sector also has the distinct attribute of not requiring major local infrastructure expenditures.

Information Technology and Professional Services

It is increasingly difficult to separate information technology (IT) from manufacturing and professional services. Inherently, 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, financial and technical service centers, and firms that loosely fall under the category of consultants, whether it be consulting engineers, cyber security or management consultants.

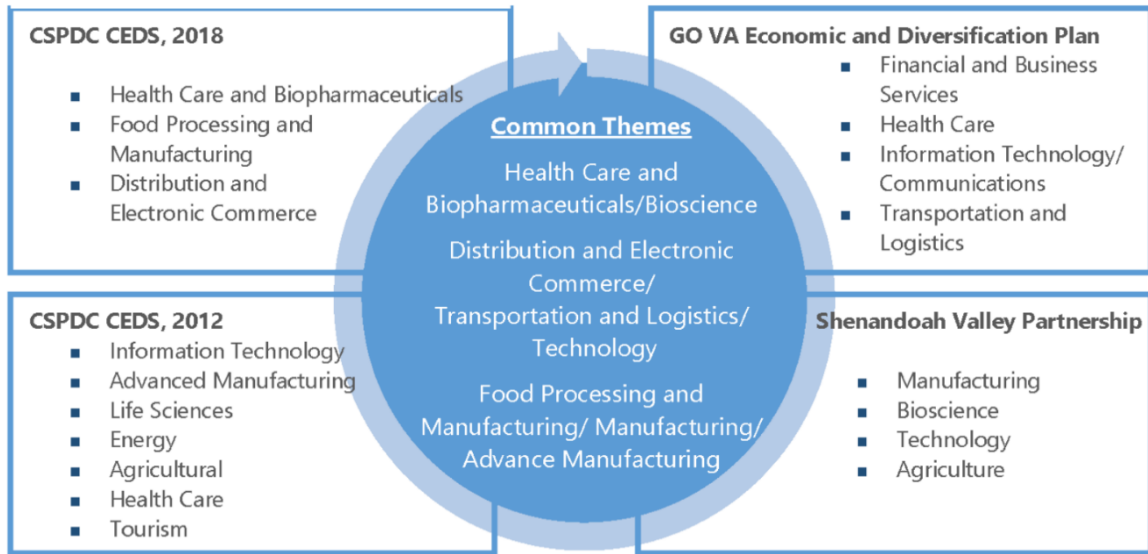
Perhaps the foremost advantage the Shenandoah Valley region has over many of our peers is the number of community colleges, 4-year colleges, and universities in the region. Due to the demands of IT in the marketplace, every secondary higher education institution has a focus on providing IT training, whether it is through certifications or graduate degrees. For example, James Madison University's (JMU) new IT degree and the 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 provided 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. This is in fact happening due to Virginia's focus on increasing IT graduates to serve numerous IT companies in northern Virginia.

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 business degrees. The abundance of higher education programs is 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.²⁰ While there is a 2023 CEDS Strategic Plan update, the target sectors remain the same.

Targeted Industries of Existing Reports



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

The proposal in this SVP update 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 and were identified by stakeholders in the 2023 CEDS Strategic Plan Update.²¹

Workforce

Workforce continues to be an issue in the SVP region owing to three factors: 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 very few have 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 due to the inherent process of funding and regulatory constraints, the programs are isolated. The Commonwealth, under the Gov. Youngkin Administration has jettisoned the Virginia Career Works brand and consolidated the multitude of workforce programs under one program named Virginia Works. While previous efforts to obtain GO Virginia funding for career path storytelling and a Congressional Directed

Spending grant failed to materialize, SVP remains at the center of working with institutions to provide relevant content to citizens seeking career path opportunities in the 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.

We must share 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 11,000 per year (2024) from our higher education institutions.²² Even a 10%-30% retention rate will 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 Shenandoah Community Capital Fund. Economic gardening is a growth enhancement program and transcends locality boundaries and certainly supports entrepreneurship efforts. It is much easier to work with an existing company that exhibits growth characteristics, or has the potential for growth in a niche market than recruiting companies to challenging locations.

Quality of Life/Place

Heretofore, economic developers praised quality of life of 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, main street programs, local civic-minded individuals or local community development specialists. Times have changed within the last five to ten years: quality of life has ascended as a priority location consideration due to the demographic changes in the workforce. As generation Z begins 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.²³

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 local spirit of adventure, dynamism and progress. Craft brewers are moving into spaces that had been otherwise been unused and attract 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, VA which is transforming itself from a “stogy old textile town” as described by one prominent business leader, into a place that citizens are proud to patronize. 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.²⁴

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. A project of this nature can be transformative to the region’s more rural counties. As an example, The Omni Homestead Resort has spent more than \$140 million on a renovation of its facilities in Bath County that has revitalized both the resort and is helping the town.²⁵ 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 also presents an obstacle 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 business 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 the InterChange Group 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.

SVP was successful in receiving a GO Virginia grant for the Shenandoah Valley Site Enhancement project, which was completed in early 2023. The results of this work validate the need for ready-to-go sites. We were successful in increasing the Tier level of six sites to Tier 4 Business Ready Site level, and have located more than \$300 million and almost 500 new jobs on two of the sites. As a subsequent effort, SVP sought and received planning money to perform a feasibility study to create a Regional Industrial Development Authority on the Weyers Cave property adjacent to the Shenandoah Regional Airport. This study is underway as of this update. SVP will continue to promote the study and potential development of additional properties, with the initial focus on performing an analysis on critical infrastructure and possible large plats of property across the SVP footprint. This effort would identify and protect potential

sites to preserve the region's site inventory to attract and retain companies.

Broadband

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 Organisation for Economic Co-operation and Development (OECD) found that the U.S. lagged South Korea and several European countries for broadband connectivity, and the U.S. ranked 6th in internet speeds.²⁶ Fiber Internet is only available to 47.8% of the population.²⁷ The result is, 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 is 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, with the assistance of VEDP, is identifying these opportunities for the region under the new VEDP Innovative Framework initiative 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. The VEDP Regional Talent Solutions and Business Outreach team continues to identify international supply chain opportunities for existing companies.

Workforce Accessible 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 the 3rd quarter of 2023, the nation has experienced a 33% increase in housing price when measured against income. There is no reason to believe that the Shenandoah Valley's experience is different.²⁸ Based upon the Virginia Realtors Median Home Price by County and Independent City report, the average across the SVP footprint in May 2024 of the median cost of housing was more than \$340,000.²⁹ This price is 40% higher than in 2021 due to the pressure of a very strong housing market throughout Virginia and low supply. Moreover, inflation and higher interest rates slowed housing permits,

further restricting supply. These trends, along with a diminishing housing supply and a Virginia median price of \$425,000, up 3.7% from 2023, are causing a faster rise of prices and shortages in rural markets. Fortunately, the fastest growth in new listings in May 2024 were in the smaller markets of Lynchburg, Roanoke and the Shenandoah Valley.³⁰ This means that at SVP 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. While housing was once thought to be beyond the scope of SVP's direct mission, we have of this year created a foundation of which housing is one of its purposes. SVP will continue being a collaborator and voice for housing for all.

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Summary

This summary remains similar to the update in 2021, but the workplan takes into account that our region and the SVP organization are different than three years ago. The fact remains that communities either grow or they die, and now affordable housing must be wrapped into this philosophy. SVP is embracing the opportunity to craft a message that sets the Shenandoah Valley apart, and to perform truly meaningful work that can be a legacy for years to come. We have proven over the last five years that we can set ourselves apart by changing our operations to meet the demands of a dynamic marketplace. The previous strategic plans were evolutionary based upon the market conditions at that time. Three years later, we find ourselves in a very different operating environment. The work streams delineated in this strategic plan might not be considered revolutionary, but some are departures from anything SVP has undertaken in the past. The emphasis is on foundational work that is driving corporate decision makers and influencers in their choice of regions to consider for new capital expenditures. We have identified what we consider most important, gave our vision the name of Forward 2028, were successful in our first capital campaign, and are executing our work streams to benefit our partners. SVP is returning the investment made by all of our contributors and are competing, and winning, against the best. We have proven we can. The region's future is bright and is an exciting place to live, work, recreate and serve. This is who we are.

Annotations and Notes

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²² EMSI, Economy Overview, *Shenandoah Valley Partnership Region*, https://a.economicmodeling.com/analyst/?t=3HrQ5#h=Tylz5&page=edo_economy_overview (June 6, 2024).

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