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2024



Greater Richmond, Va.

ECONOMIC REVIEW



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Introduction



Economic development research's big picture statistics are stable, but the drop off in companies announcing new and expanding facilities has raised concern despite a full pipeline. Several projects have moved to a hold status in recent months.

POPULATION

This is an area of good news for Richmond as our growth rate is similar to the cities we refer to as our "comparison communities" but is well above the national rate of 1 percent. And nearly 60 percent of our population growth came from immigration from other parts of Virginia and the US into the Richmond metro.

LABOR FORCE

The data trends we see here look like what's happening across the country – slow increases in the size of the labor force, slowly rising wages and declining rates for wage increases.



Chuck Peterson
Vice President
of Research

The direction, except for wages, is what we want but the speed isn't.

TRANSPORTATION

The volume of passengers and cargo moving through the Richmond International Airport is growing at a healthy rate, but the volume of containers moving through the Richmond Marine Terminal is only 75 percent of what it was a year ago.

REAL ESTATE

This is another area where the trends are mostly in a favorable direction. While existing home sales are flat,

the median selling price is up by 10 percent. We continue to have a healthy amount of industrial space under construction, and thanks to CoStar our office space construction is healthy as well. But office vacancies are moving up and rents are falling.

ECONOMIC DEVELOPMENT ANNOUNCEMENTS

Greater Richmond and the entire Commonwealth of Virginia experienced a banner year in 2022 when the LEGO Group announced its new facility with 1,700+ jobs and \$1 billion investment. However, Announced Jobs and Capital Investment slowed down significantly in 2023, even with the LEGO project removed from the analysis. Between 2022 and 2023, Announced Projects (excluding LEGO) slowed by 35 percent (26 to 17), New Jobs fell by 34 percent (3,566 to 2,344) and Capital Investment fell by 78 percent (\$1.2 billion to \$270 million).

Additional Contributors

Kassidy Francis
Director of Market Research
+ Business Analytics

Dhruvam Desai
Intern
University of Richmond

Anthony Rosales-Garcia
Intern
Va. Commonwealth University

Leading Economic Indicators

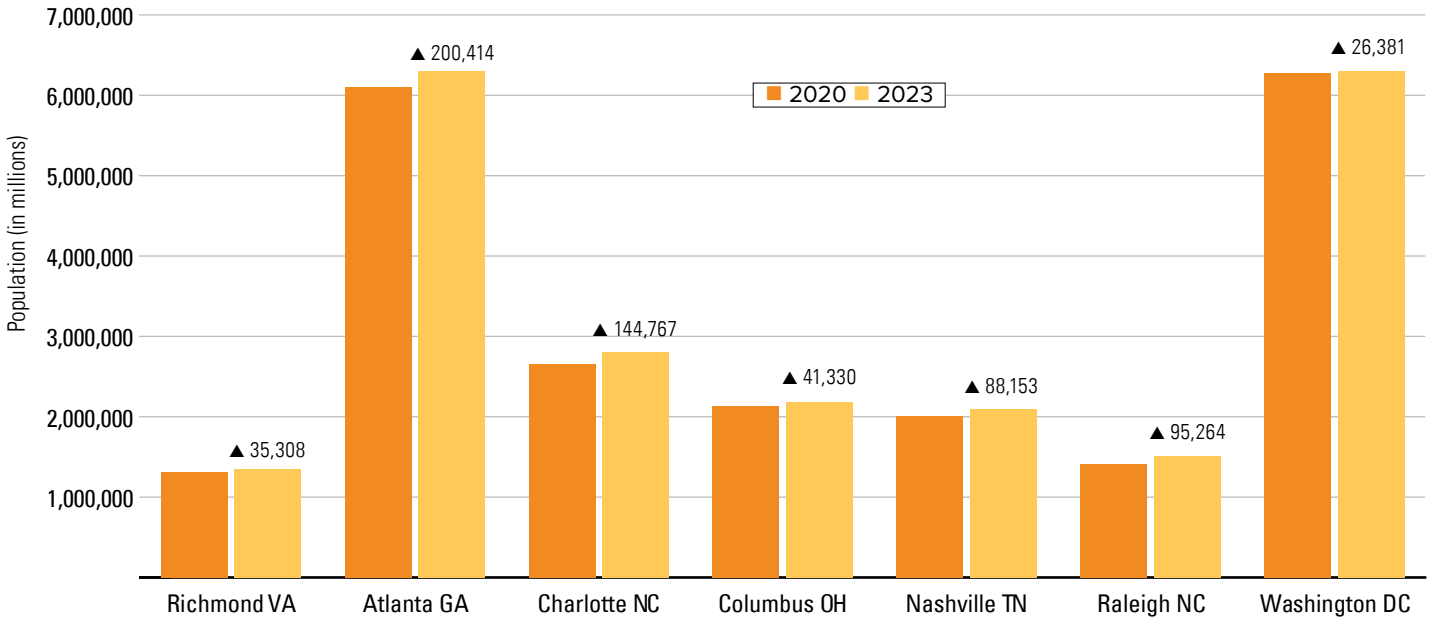
- ▲ Population (+2.7% 2020 to 2023)
- ▲ Labor Force (+0.12%)
- ▼ Unemployment Rate (-0.2%)
- ▲ Payroll Employment (+1.8%)
- ▲ Class A Office Vacancy (+0.3%)
- ▼ Class A Office Asking Rent (-0.4%)
- ▲ Industrial Vacancy (+1.4%)
- ▲ Industrial Asking Rent (+9.0%)
- Existing Home Sales (0.0%)
- ▲ Median Home Sales Price (+9.9%)
- ▲ RIC Passengers (+5.5%)
- ▲ RIC Cargo Volume (+10.0%)
- ▲ Hotel Occupancy (+1.2%)
- ▼ Containers Through RMT (-24.7%)

Population



Richmond and Comparison Communities Populations, 2020 and 2023

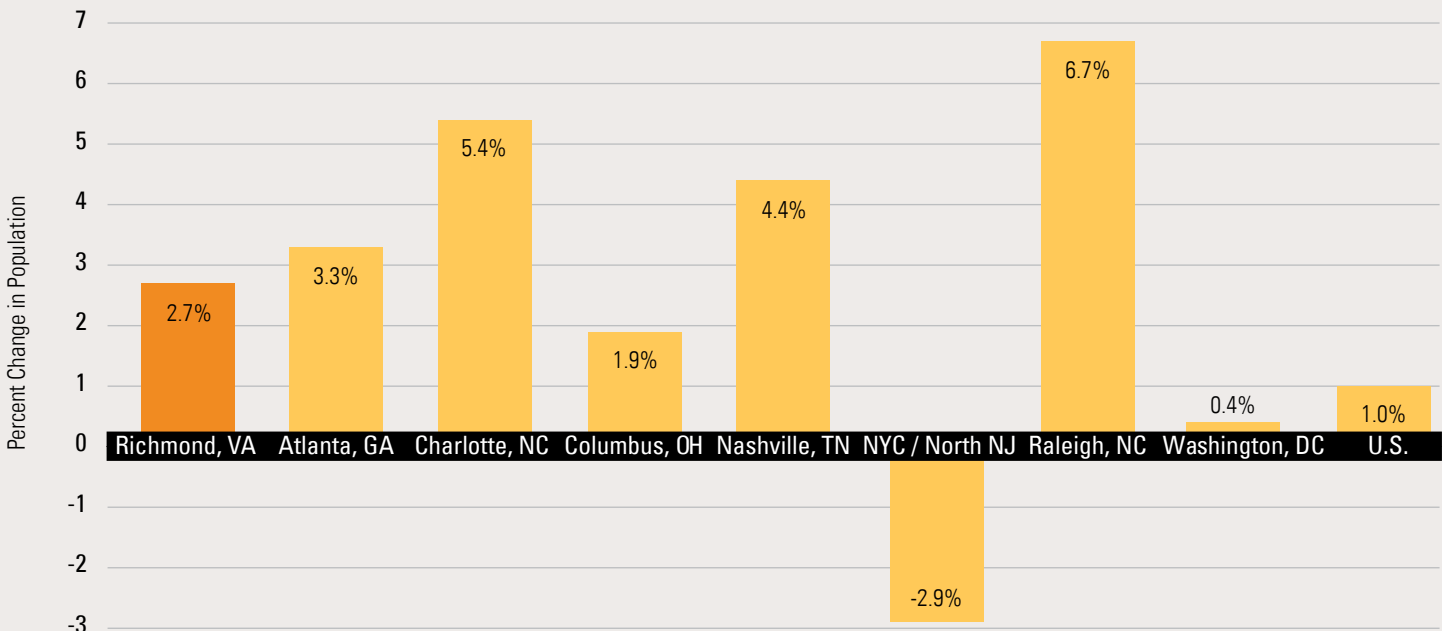
Greater Richmond has the smallest metro population among its comparison communities. The Richmond MSA's population grew 33,086 between 2020 and 2023. Only the New York City metro (not shown) lost population during this time frame with a decrease of over 583,000.



Source: US Census Bureau, Metropolitan and Micropolitan Statistical Areas Population Totals: 2020-2023.

Percent Population Change, 2020 to 2023

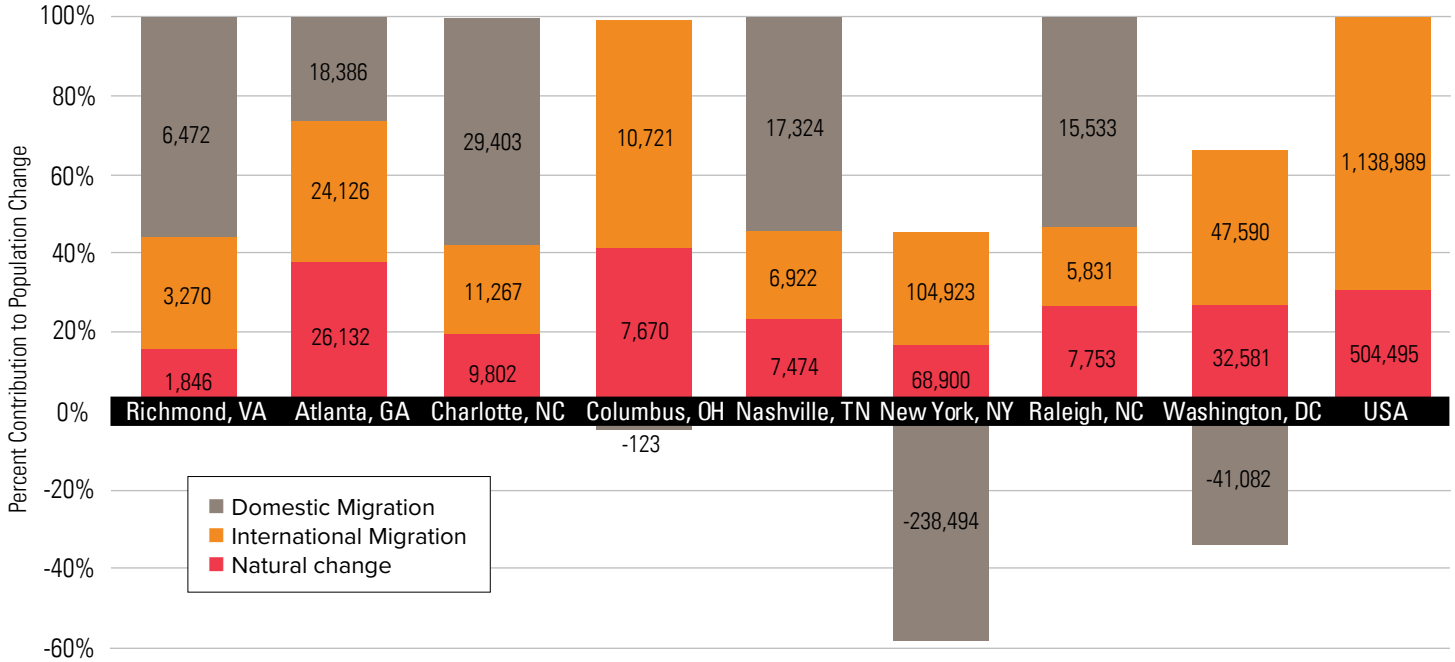
Richmond's 2.7 percent population increase between 2020 and 2023 far outpaced the national growth rate of 1.0 percent.



Source: US Census Bureau, Metropolitan and Micropolitan Statistical Areas Population Totals: 2020-2023.

Population Change by Cause, 2020 to 2023

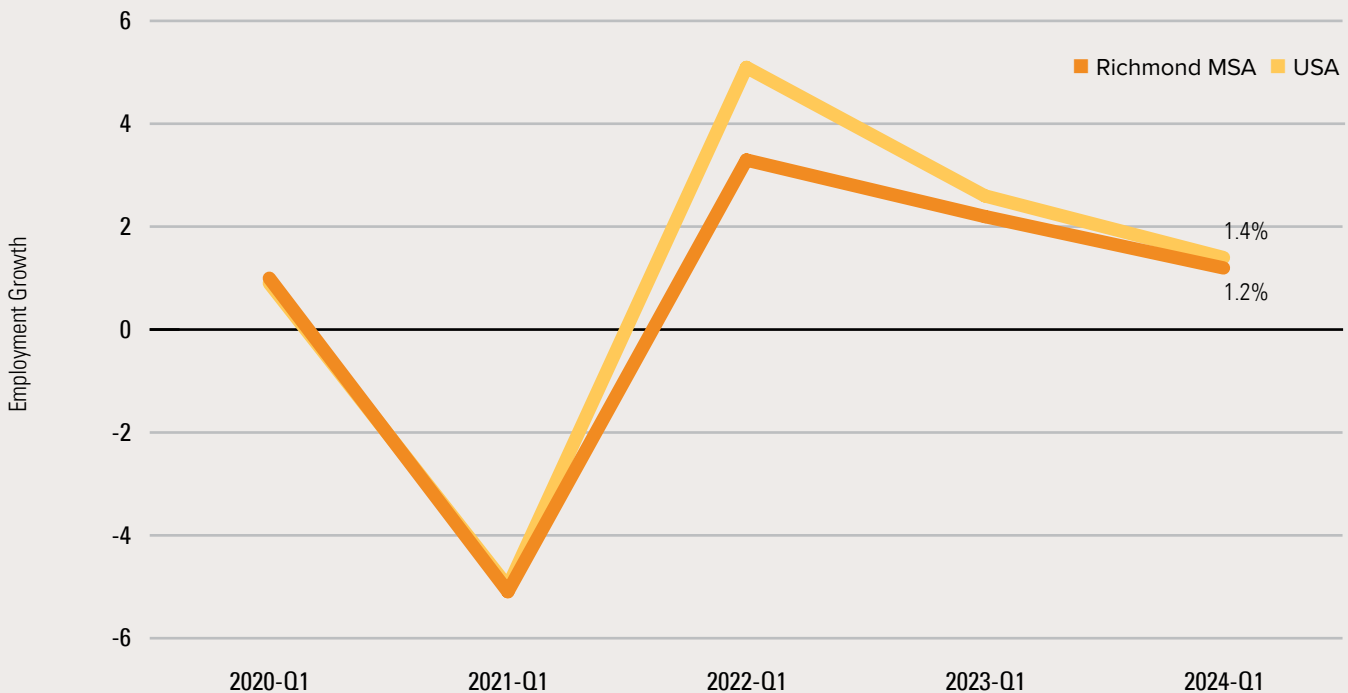
The Richmond MSA's recent population growth is driven by domestic migration (56 percent), then international migration (28 percent) and natural change (16 percent).



Source: US Census Bureau, Metropolitan and Micropolitan Statistical Areas Population Totals: 2020-2023.

Percent Change in Employment, 2019 to 2024

Richmond first-quarter employment growth has mirrored US, with slowing rates after the pandemic recovery. First quarter growth rates remain slightly below the national average.

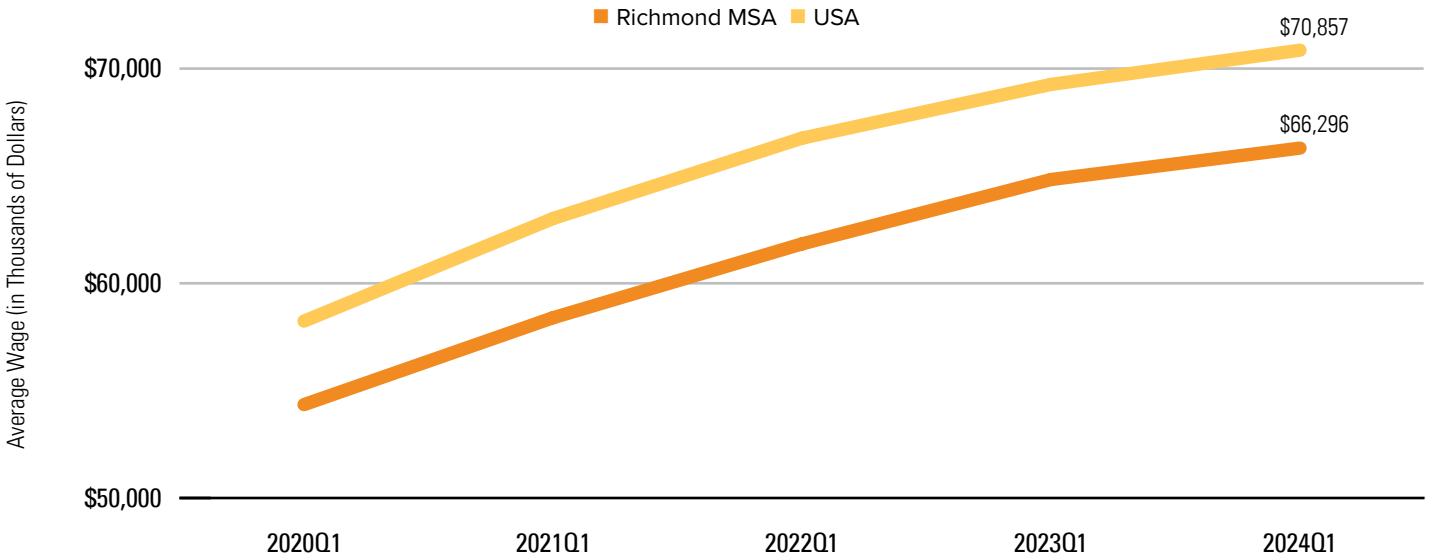


Source: Chmura Economics & Analytics, JobsEQ. Data is based on a four-quarter moving average.



Growth in Average Wage, 2020 to 2024

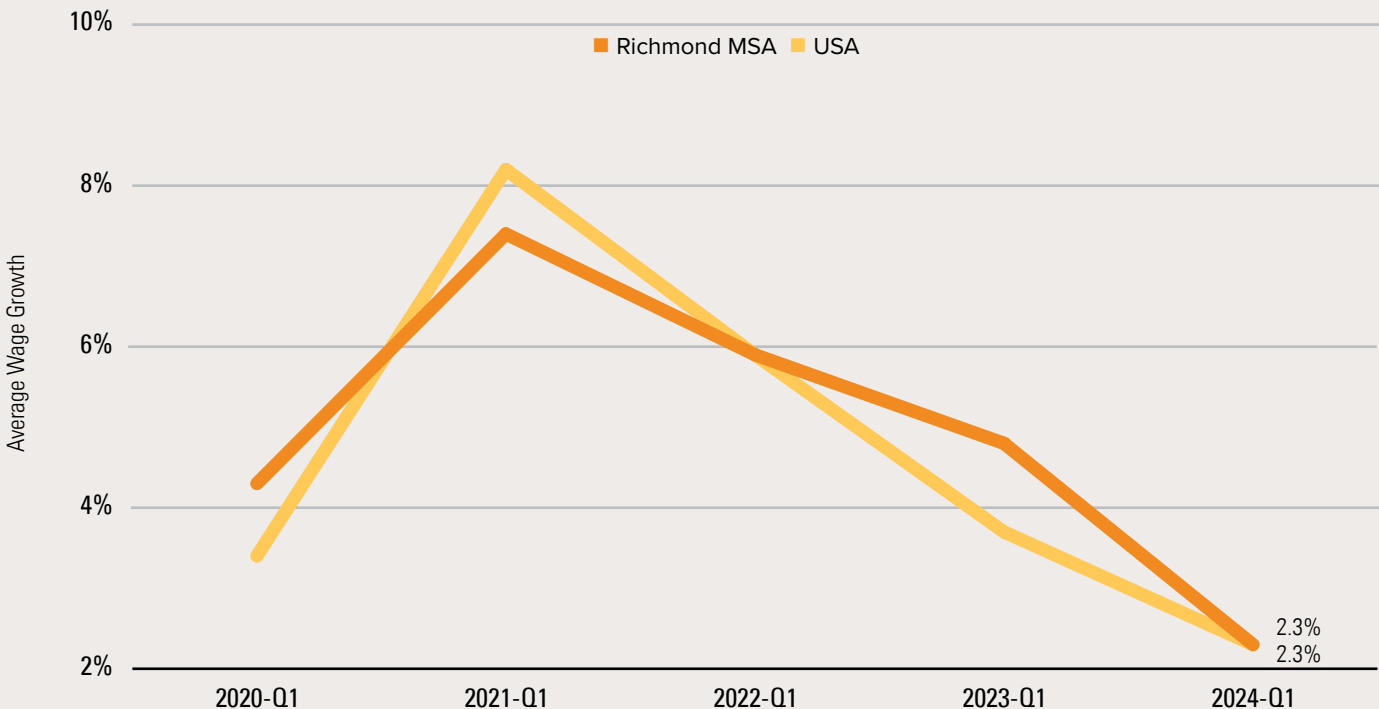
As of 2024 Q1, Richmond's annual wage per worker was \$66,296 — 6.7 percent less than the national annual of \$70,857. Richmond's annual wage growth over time mirrors the wage growth of the US.



Source: Chmura Economics & Analytics, JobsEQ. Data is based on a four-quarter moving average.

Percent Growth in Average Wage, 2020 to 2024

Richmond's current wage growth rate mirrors the USA's at 2.3 percent. Over the past few years, Richmond's wage growth rate has fluctuated, but overall has outpaced the national growth rate.

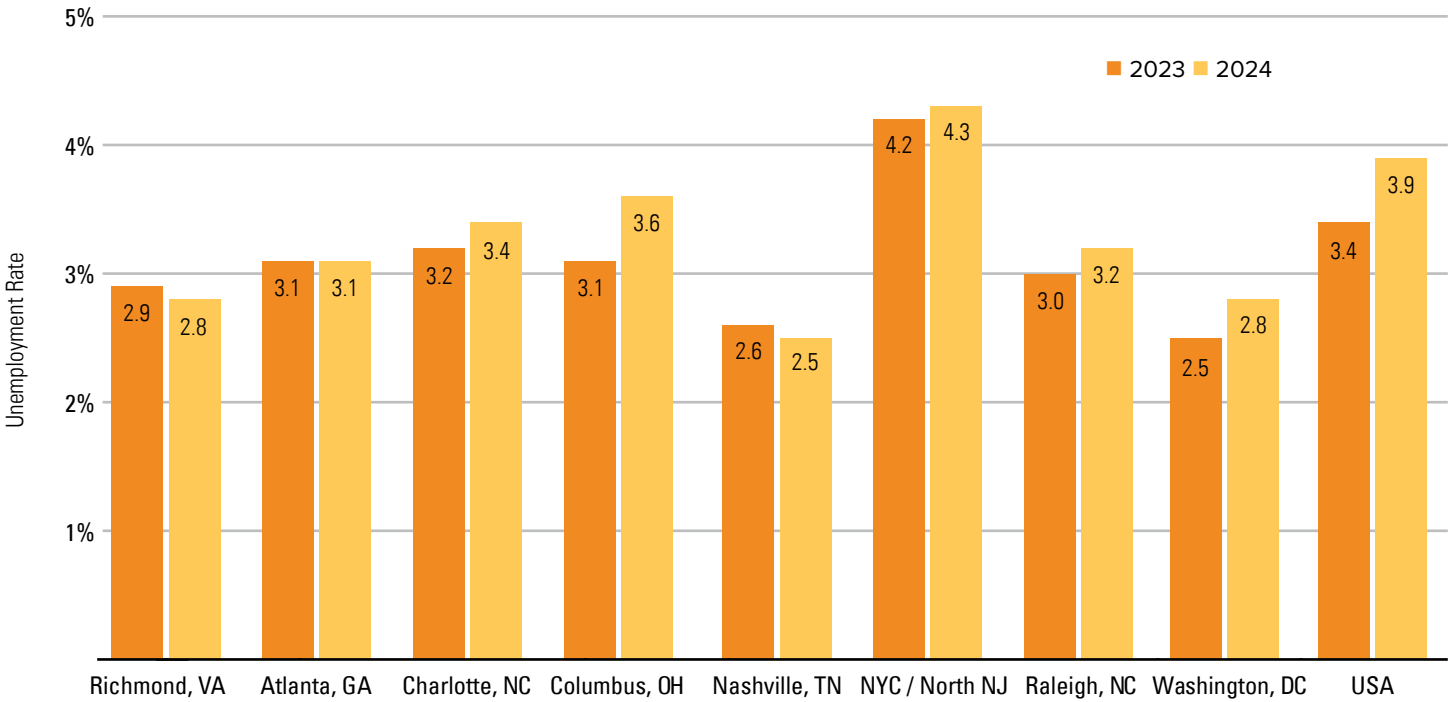


Source: Chmura Economics & Analytics, JobsEQ. Data is based on a four-quarter moving average.

Unemployment Rate, April 2023 and April 2024

The Richmond MSA and its comparison communities remain at “full employment” (considered 5 percent or less) as of April 2024. Compared to one year ago, Richmond had a

slight decrease of unemployment rate to 2.8 percent. Most of the comparison communities witnessed increases in unemployment as US unemployment went up 0.5 percent.



Source: US Bureau of Labor Statistics.

Occupational Changes in Employment, Richmond MSA

The region added 7,988 net jobs between 2023-Q1 and 2024-Q1. Most new jobs were in the Construction, Transportation, Food, Education and Social Service sectors, with many in higher paying occupations within business and health care.

The typical pay for a newly added job was \$65,910, below the overall average pay of \$66,296. A total of 14,740 jobs were added across 468 growing occupations and 6,752 jobs were lost across 275 declining occupations.

Top Occupation Gains	Change 2023Q1 to 2024Q1
Material Moving Workers	1,284
Healthcare Diagnosing or Treating Practitioners	963
Home Health Aides; Nursing Assistants, etc.	647
Business Operations Specialists	644
Top Executives	574
Counselors, Social Service Specialists, etc.	574
Food & Beverage Serving Workers	546
Cooks and Food Prep	525

Top Occupation Losses	Change 2023Q1 to 2024Q1
Financial Clerks	-772
Information and Record Clerks	-679
Financial Specialists	-489
Retail Sales Workers	-316
Other Sales and Related Workers	-247
Computer Occupations	-244
Construction Trades Workers	-212
Other Production Occupations	-202

Source: Chmura Economics & Analytics, JobsEQ. Data is based on a four-quarter moving average.

Company Announcements in Greater Richmond, Jan. 2020 to June 2024

Nearly 80 percent of the companies recently announcing new projects, jobs and investment were in industries targeted for growth by the Greater Richmond Partnership. Manufacturing and Logistics led overall growth, followed by Life Sciences and Corporate Services.

Cluster	Projects	Announced Jobs	Announced Investment
Advanced Manufacturing	31	4,233	\$2,142,000,000
Logistics & E-commerce	21	4,245	\$1,179,000,000
Life Science	14	4,076	\$516,000,000
Corporate Services	14	1,961	\$347,000,000
Information Technology	2	0	\$199,000,000
All Other	23	1,722	\$638,000,000
TOTAL	105	16,237	\$5,021,000,000

New & Expanding Companies, July 2022 to July 2024

Cluster	Firm	New/ Expansion	Announced Jobs	Announced Investment	Locality
Advanced Manufacturing	PGT Innovations	New	659	\$54 million	Prince George
Advanced Manufacturing	Lutron Electronics Co.	Expansion	200	\$28 million	Hanover
Advanced Manufacturing	Condair	New	180	\$57 million	Chesterfield
Corporate Services	Sands Anderson	Expansion	0	\$1 million	Richmond
Finance & Insurance	Koalifi	Expansion	274	n/a	Richmond
Finance & Insurance	Richmond National Group	Expansion	103	n/a	Henrico
Finance & Insurance	Berkley Mid-Atlantic Group	Expansion	72	\$6 million	Henrico
Food & Beverage	Plenty Inc	New	300	\$300 million	Chesterfield
Food & Beverage	Sapporo	New	68	\$16 million	Richmond
Food & Beverage	Coca-Cola Consolidated	Expansion	40	\$50 million	Henrico
Information Technology	VPM	Expansion	0	\$55 million	Richmond
Information Technology	QTS Data Centers	Expansion	0	\$144 million	Henrico
Life Sciences	DroneUp	Expansion	145	\$20 million	Dinwiddie
Life Sciences	Civica Rx	Expansion	51	\$28 million	Chesterfield
Life Sciences	Phlow	Expansion	25	n/a	Richmond
Logistics & E-commerce	SanMar	New	1,000	\$50 million	Hanover
Logistics & E-commerce	World Class Distribution	New	745	\$275 million	Caroline
Logistics & E-commerce	Republic National Distributing Company	Expansion	150	\$3 million	Hanover

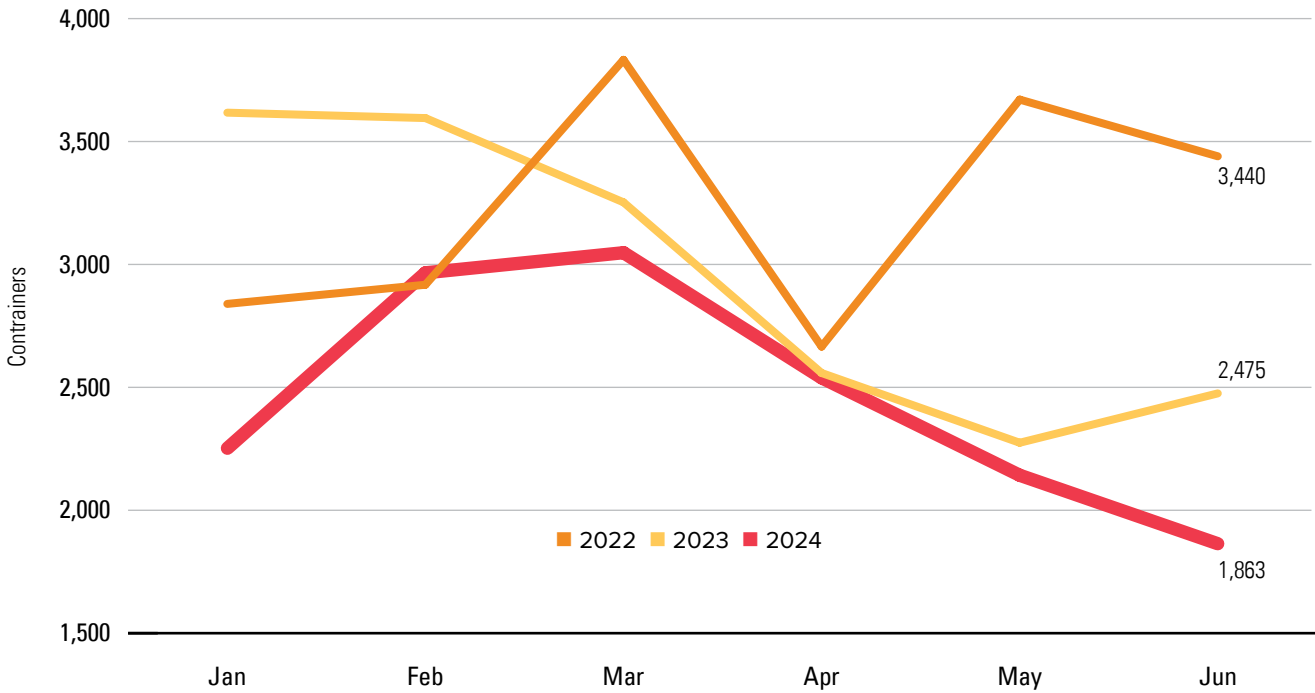
Source: Virginia Economic Development Partnership, Announcements Database, June 2024. Additional analysis by the Greater Richmond Partnership.



Richmond Marine Terminal Containers Over First Six Months, 2022-2024

Compared to 2023, the first half of 2024 saw 2,962 fewer containers moving through the Richmond Marine Terminal, a decline of 16.7 percent. The amount of containers in April were similar to those in 2023, but they decreased over

May and June. Overall, 2024 Q2 container levels were 10.4 percent lower than 2023 Q2. RMT has also been investing \$6.1 million throughout 2024 to upgrade the terminal's main gate and drop-lot for motor carriers.

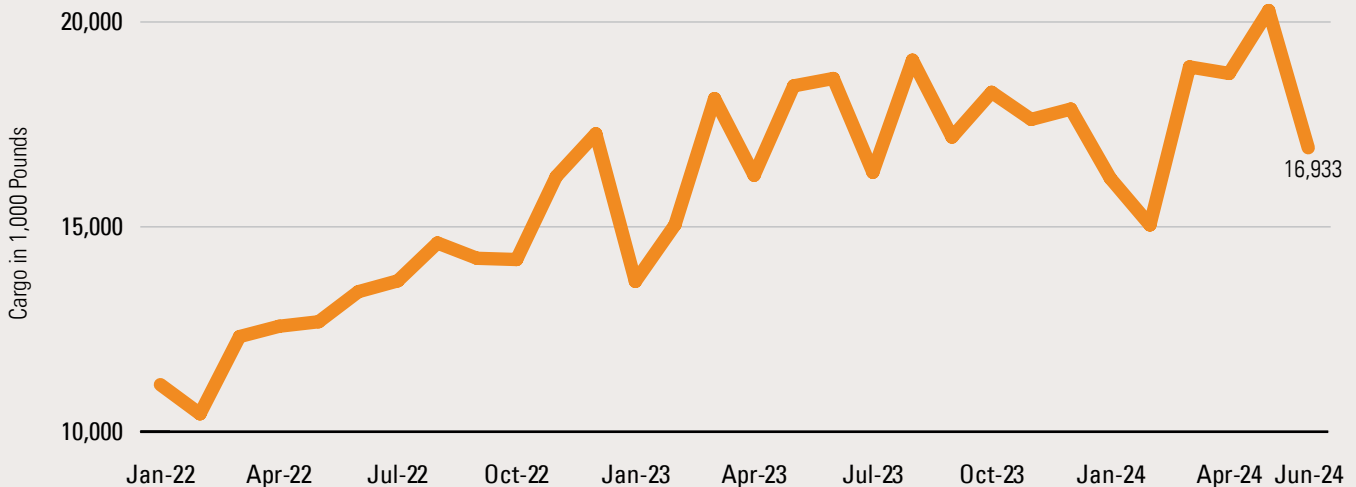


Source: Virginia Port Authority Data as of July 2024.

Richmond International Airport Cargo, 2022-2024 YTD

Over the past two and a half years, an average of 16 million pounds of cargo has moved through Richmond International Airport each month. May 2024's 20.3 million pounds was the

most cargo through the facility since at least January 2014. Since January 2022, cargo moving through the airport has increased an average of 1 percent per month.



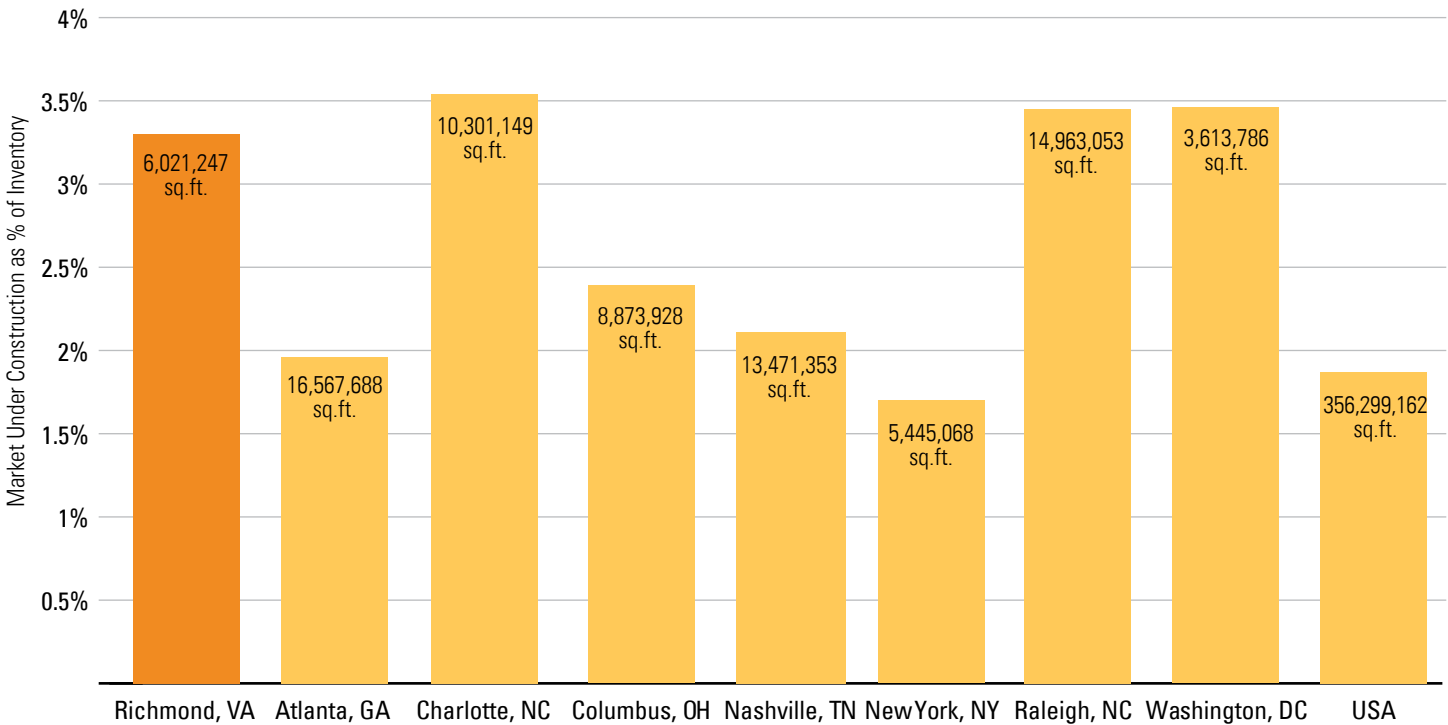
Source: Richmond International Airport, July 2024.



Industrial Real Estate Under Construction

Richmond maintains a high amount of construction in the industrial market — 3.3 percent of its existing inventory. Over last 12 months, Richmond exceeded in meeting its demand by delivering 4.0 percent of the inventory square feet, which is 1.6 percent higher than the net absorption of 2.4 percent. Despite also having the lowest vacancy rate of 4.3 percent compared to comparison markets and

US vacancy rate of 6.5 percent, Richmond maintains a low asking rent of \$9.52, keeping the region competitive. However, Richmond also displays the highest rent growth of 9.7 percent compared to its comparison markets though this may slow down with the supply of delivered square feet exceeding the demand of net absorption.



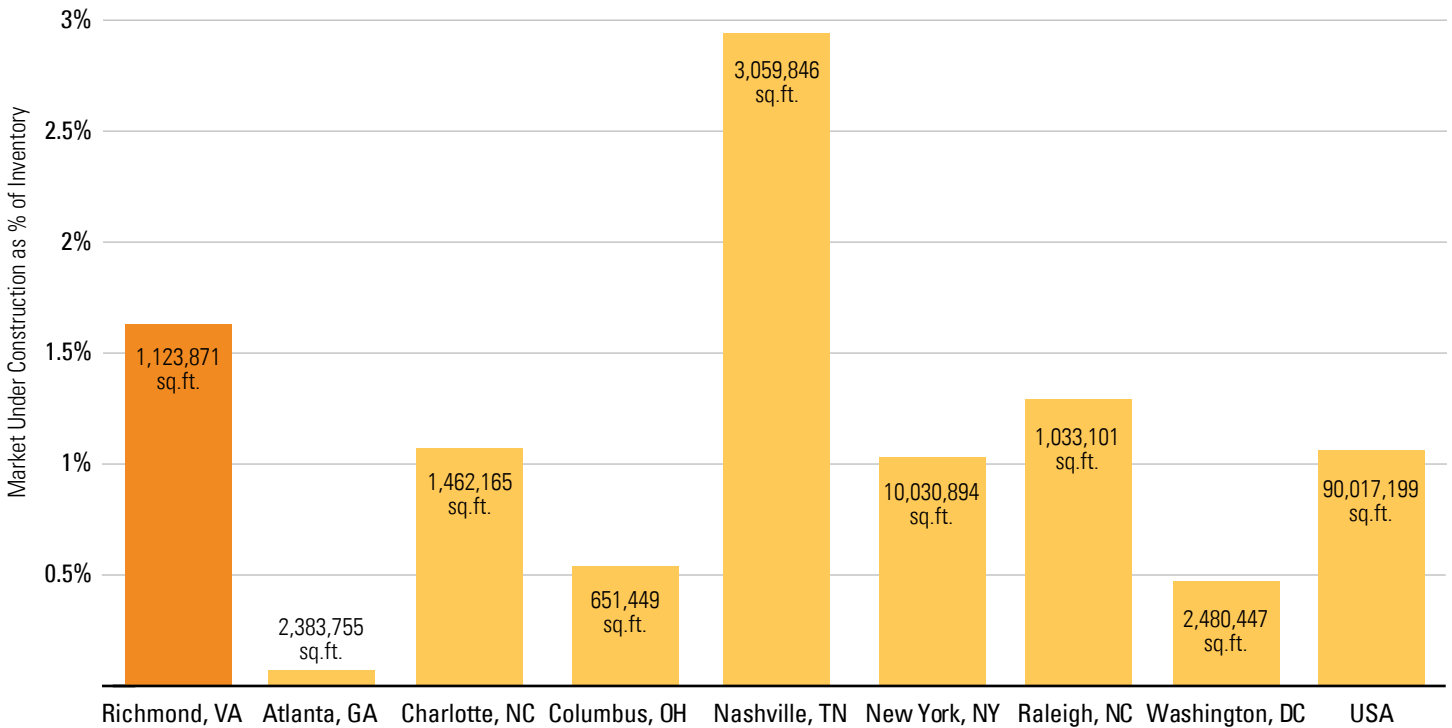
Market	Under Construction Square Feet	Under Construction as % of Inventory
Richmond, VA	6,021,247	3.3%
Atlanta, GA	16,567,688	2.0%
Charlotte, NC	10,301,149	3.5%
Columbus, OH	8,873,928	2.4%
Nashville, TN	13,471,353	2.1%
New York, NY	5,445,068	1.7%
Raleigh, NC	14,963,053	3.5%
Washington, DC	3,613,786	3.5%
USA	356,299,162	1.9%

Source: CoStar Market Data as of June 27, 2024

Office Real Estate Under Construction

Greater Richmond maintains a high rate of office construction versus its comparison markets. Richmond also has the lowest market asking office rent of \$22.45 per sq.ft. and lowest vacancy rate of 8.8 percent compared to its comparison markets and national average of \$35.42

and 13.8 percent respectively. Richmond displayed modest office rent growth of 1.1 percent which is accompanied by lowering occupancy of the office over past 12 months at a net absorption of -0.3 percent.



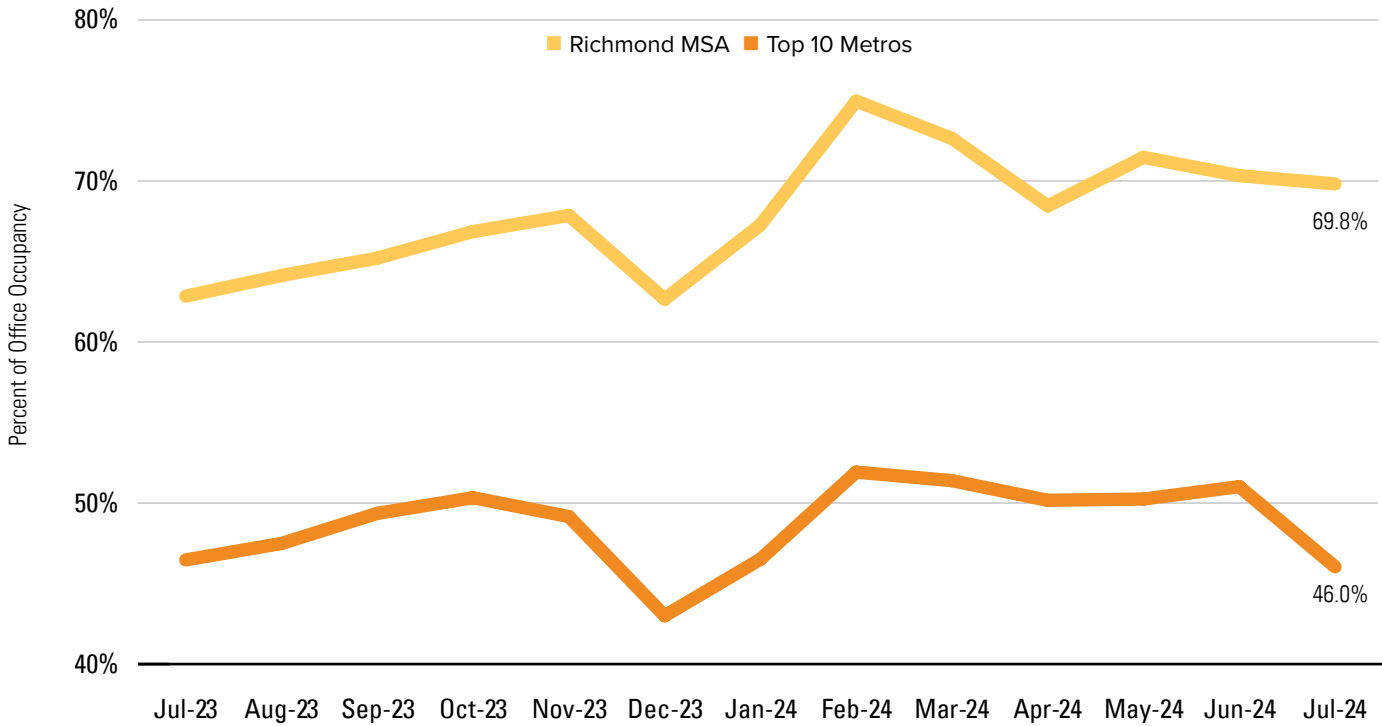
Market	Under Construction Square Feet	Under Construction as % of Inventory
Richmond, VA	1,123,871	1.6%
Atlanta, GA	2,383,755	0.7%
Charlotte, NC	1,462,165	1.1%
Columbus, OH	651,449	0.5%
Nashville, TN	3,059,846	2.9%
New York, NY	10,030,894	1.0%
Raleigh, NC	1,033,101	1.3%
Washington, DC	2,480,447	0.5%
USA	90,017,199	1.1%

Source: CoStar Market Data as of June 27, 2024.

Back to Work Office Occupancy

Compared to other metro areas, Richmond’s 70 percent in-office rate is much higher than Kastle’s 10-City Barometer of 46 percent. Over the last year, Richmond’s rate of workers coming in to office each day has increased from

about 63 percent to 70 percent. Kastle’s Top 10 Metros for their occupancy report includes Washington, D.C., New York, Chicago, Houston, Philadelphia, San Francisco, Los Angeles, Dallas, San Jose, and Austin.



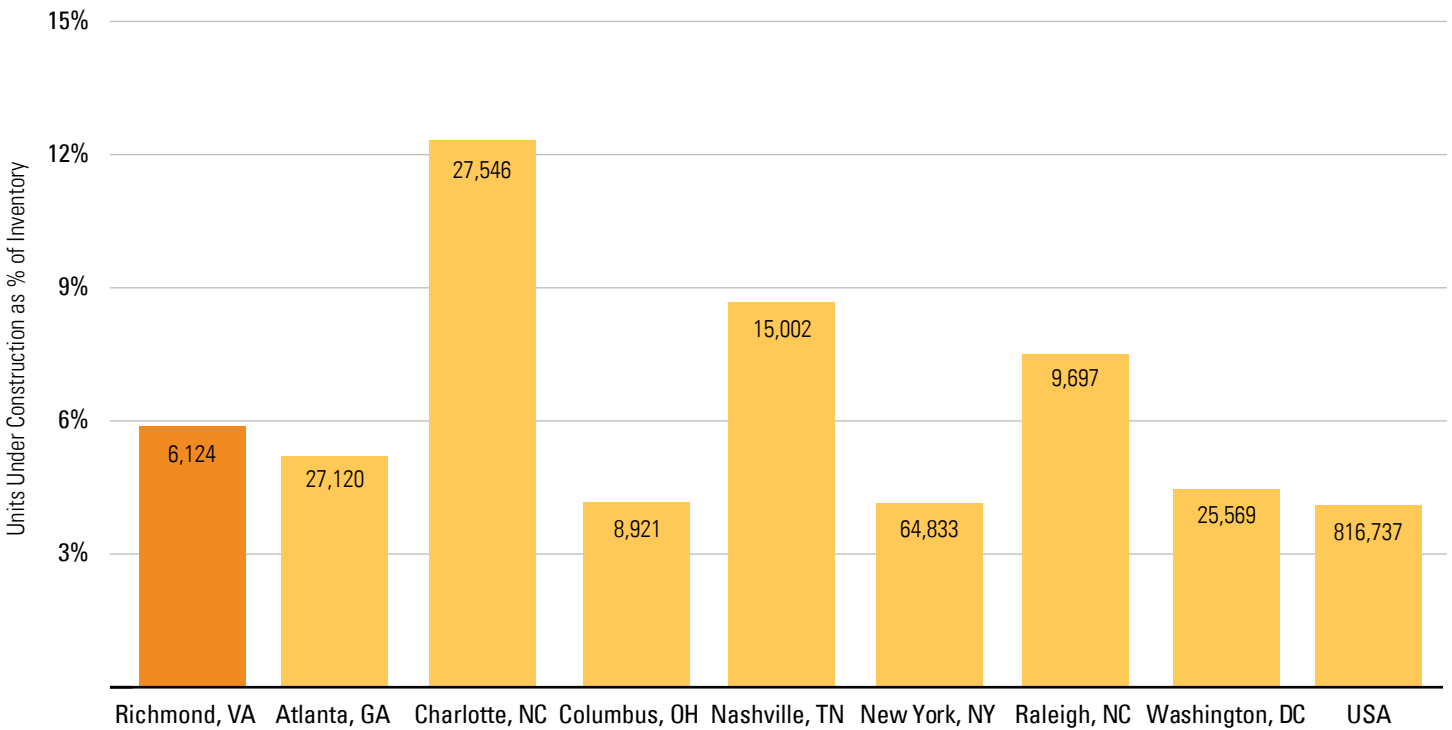
Month	Top 10 Kastle Metros Average	Richmond, VA
Jul-23	46.47%	62.85%
Aug-23	47.49%	64.13%
Sep-23	49.36%	65.21%
Oct-23	50.33%	66.86%
Nov-23	49.16%	67.86%
Dec-23	43.00%	62.66%
Jan-24	46.51%	67.27%
Feb-24	51.92%	74.96%
Mar-24	51.39%	72.64%
Apr-24	50.17%	68.45%
May-24	50.25%	71.47%
Jun-24	51.02%	70.33%
Jul-24	46.04%	69.82%

Source: Kastle data; July 2024.

Multi-Family Housing Under Construction

After Columbus, Ohio, Richmond has the second lowest asking rent and market sale price per unit of \$1,509 and \$188,974 versus its comparison markets. The region however also displays the second highest rent growth of 3.2 percent accompanied by net absorption of 4.0 percent which is 0.4 percent higher than previous 12 month delivery

of 3.6 percent. The higher absorption points to a lowering vacancy rate and higher rents as demand outgrows supply. Richmond currently has 104,176 units in inventory and 6,124 under construction, which is similar to its comparison markets when accounting for Richmond's population and population growth.



Market	Units Under Construction	Under Construction as % of Inventory
Richmond, VA	6,124	5.88%
Atlanta, GA	27,120	5.21%
Charlotte, NC	27,546	12.33%
Columbus, OH	8,921	4.16%
Nashville, TN	15,002	8.68%
New York, NY	64,833	4.15%
Raleigh, NC	9,697	7.51%
Washington, DC	25,569	4.47%
USA	816,737	4.11%

Source: CoStar Market Data as of June 27, 2024.

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Contact

Chuck Peterson
cpeterson@grpva.com
tel. 804 503 5748