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Ninth Annual **SWVA ECONOMIC FORUM**



Ninth Annual
**SWVA
ECONOMIC
FORUM**

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State of the Region

Christine Chmura, Ph.D.

Founder & Chief Executive Officer,
Chmura Economics & Analytics





SWVA Economic Forum: State of the Region

May 23, 2024



State of The Region

- **National Overview**
Economy slowing
Inflation above Fed target



- **Go Virginia Region 1**
Employment is growing
In-migration is positive

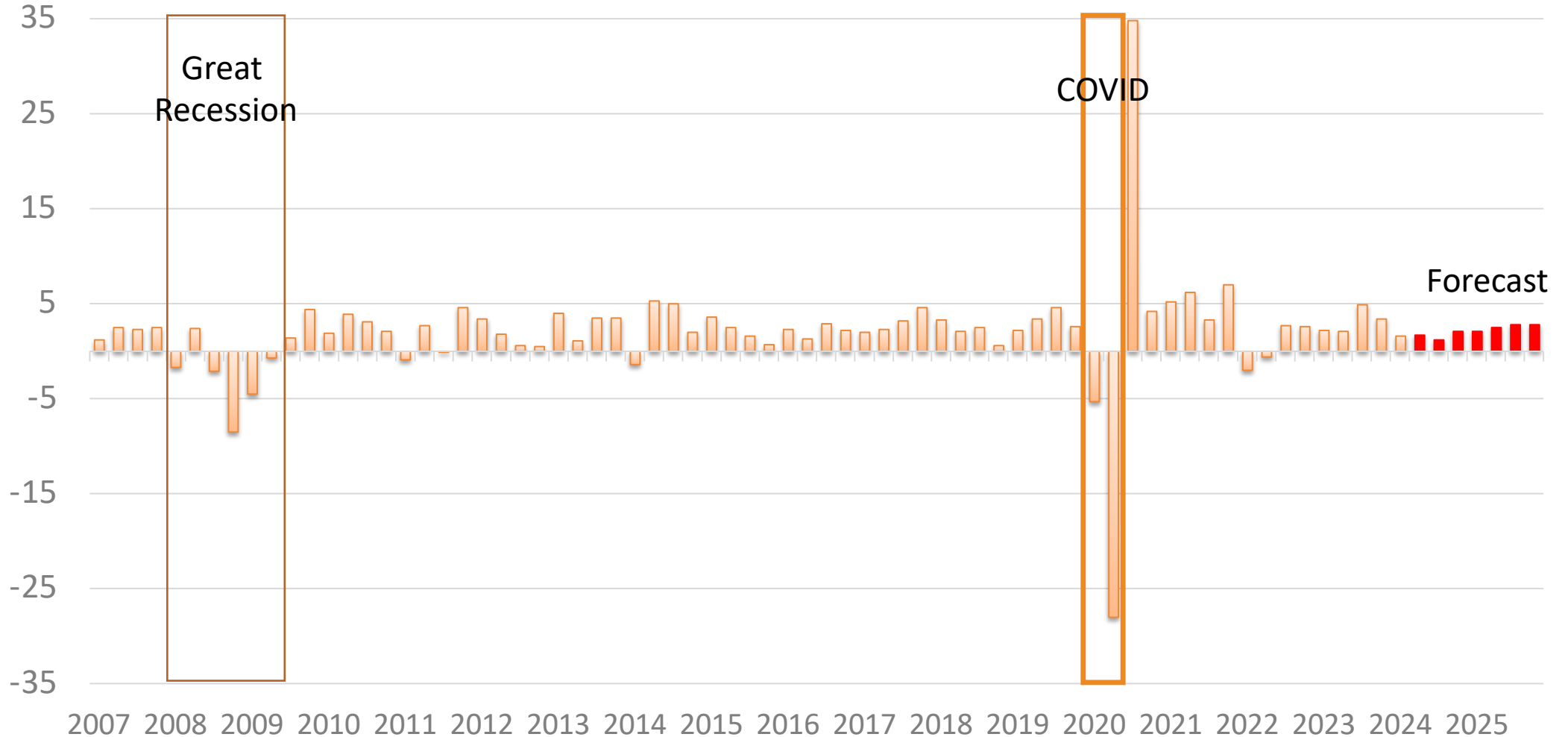


- **Housing**
Importance in economic development
Prices and lack of supply are issues



Real GDP Growth Has Been Stronger Than Expected

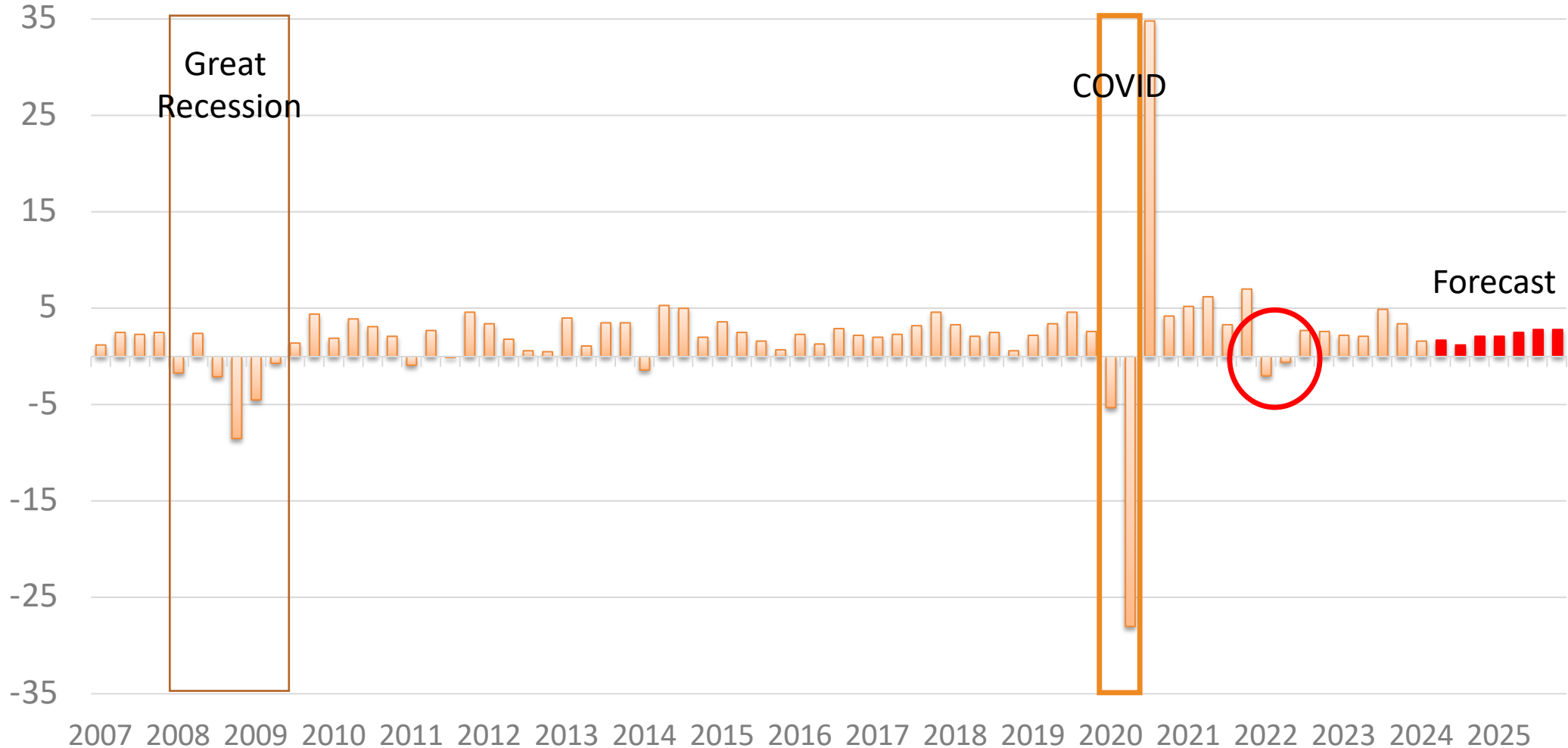
Quarterly Annualized



Source: BEA

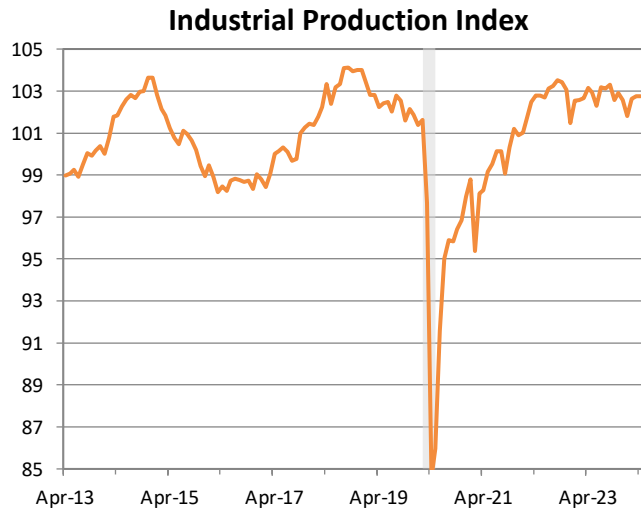
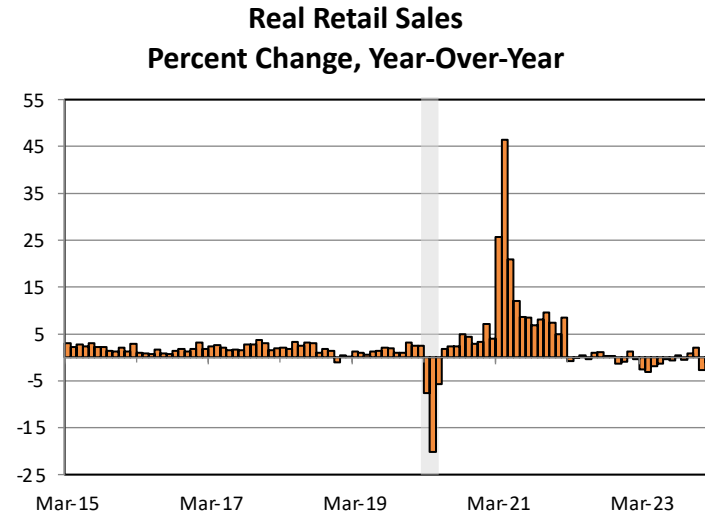
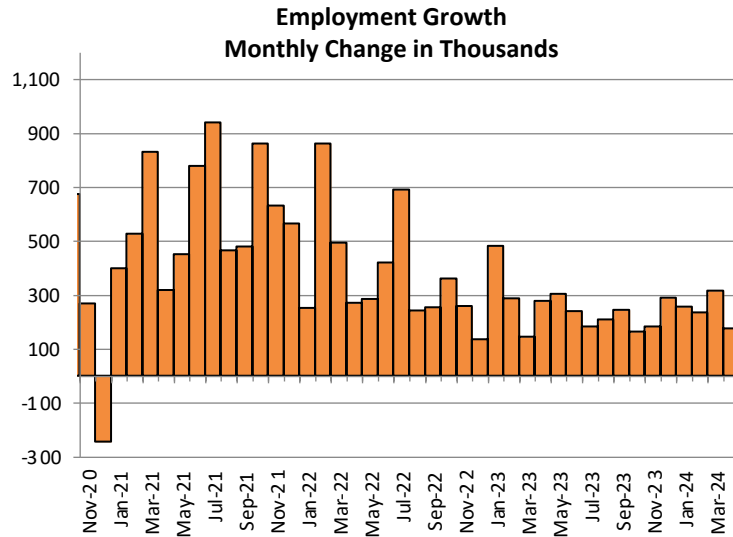
Doesn't Two Consecutive Declines in Real GDP Qualify As Recession?

Quarterly Annualized



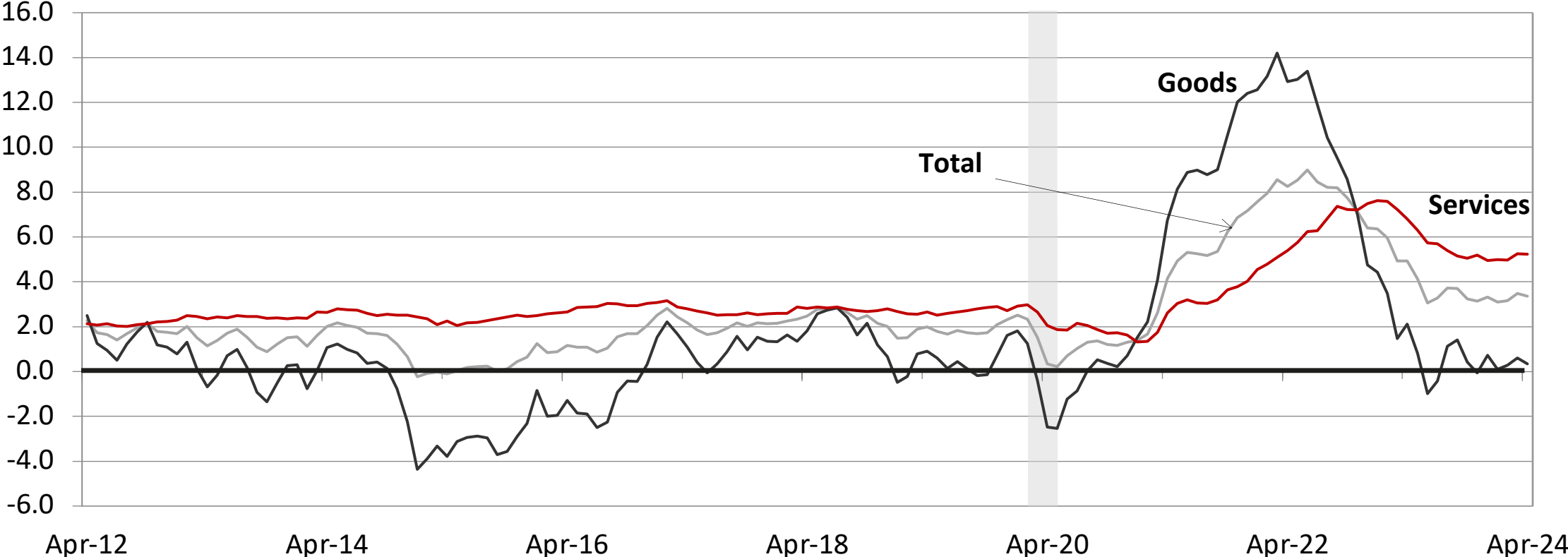
Source: BEA

National Bureau of Economic Research Arbiter of Recession In U.S. ...



Service Prices Rising 5.2% From Year Ago in April

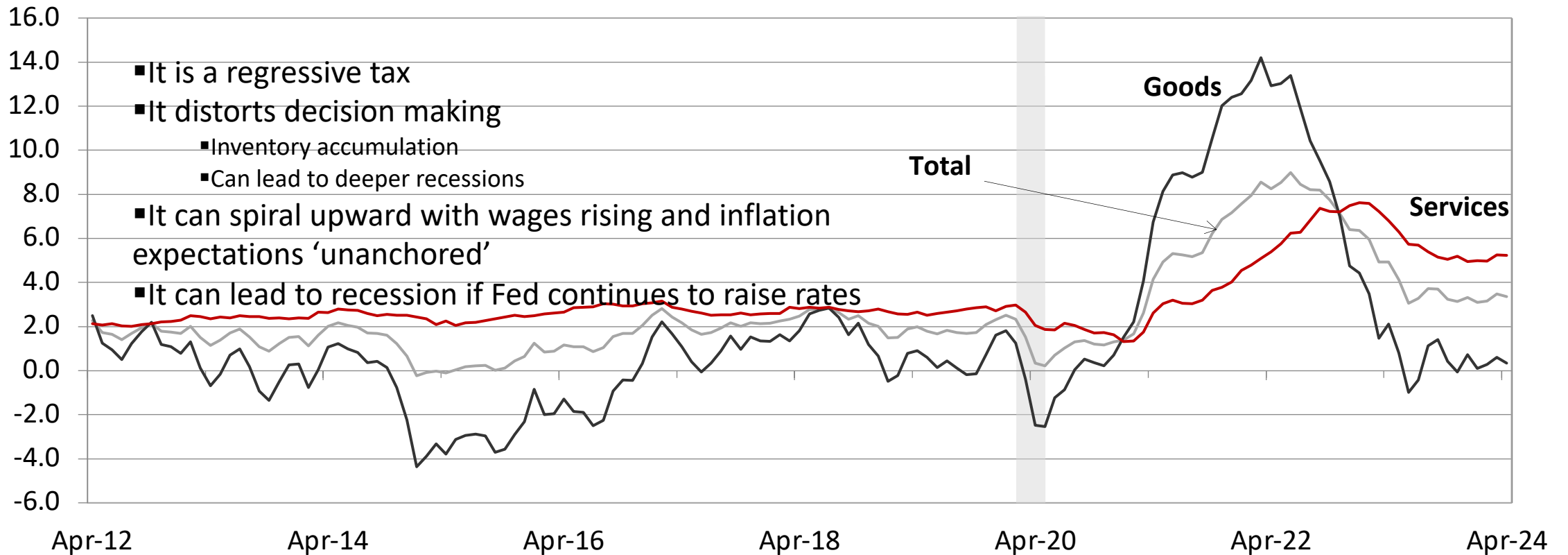
Consumer Price Index Percent Change, Year-Over-Year



Source: Bureau of Labor Statistics. Data through April 2024.

Why is Inflation Bad for the Economy?

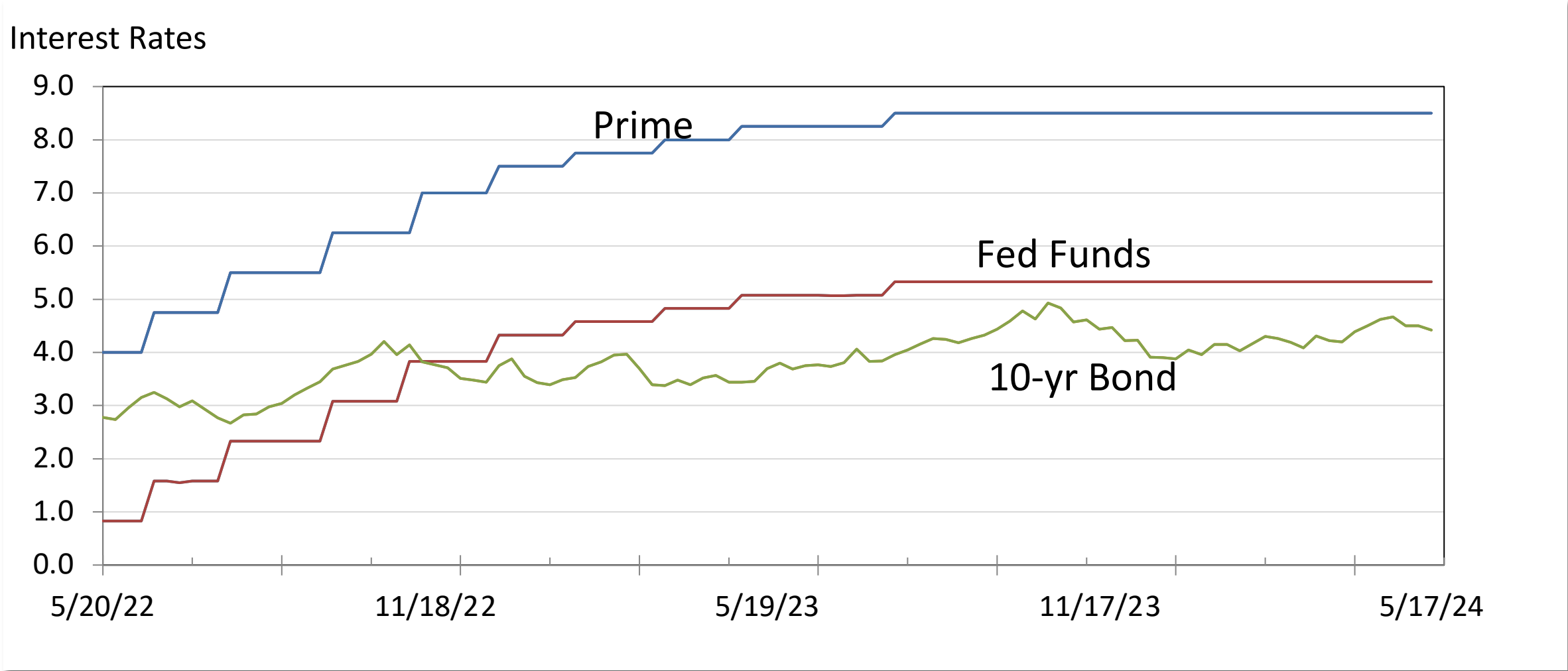
**Consumer Price Index
Percent Change, Year-Over-Year**



- It is a regressive tax
- It distorts decision making
 - Inventory accumulation
 - Can lead to deeper recessions
- It can spiral upward with wages rising and inflation expectations 'unanchored'
- It can lead to recession if Fed continues to raise rates

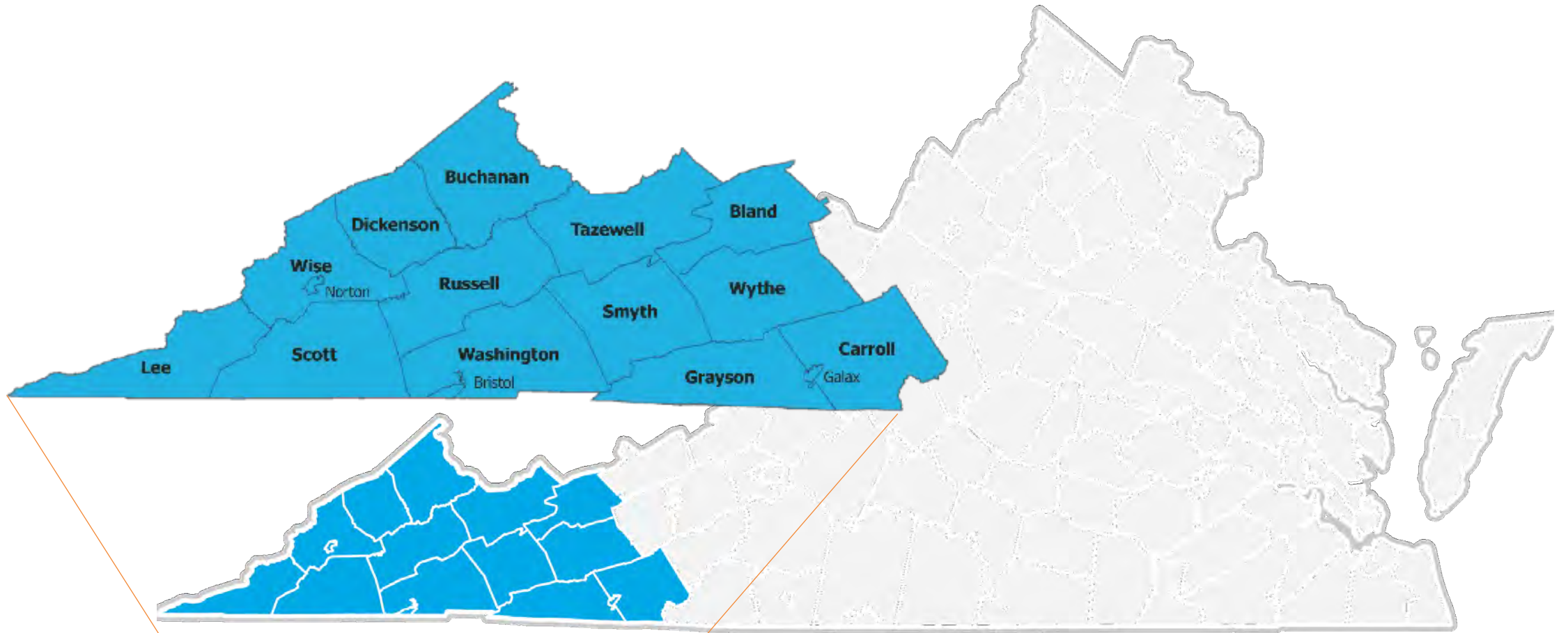
Source: Bureau of Labor Statistics. Data through April 2024.

Federal Reserve is Not Expected to Lower Federal Funds Rate Target Until Later This Year



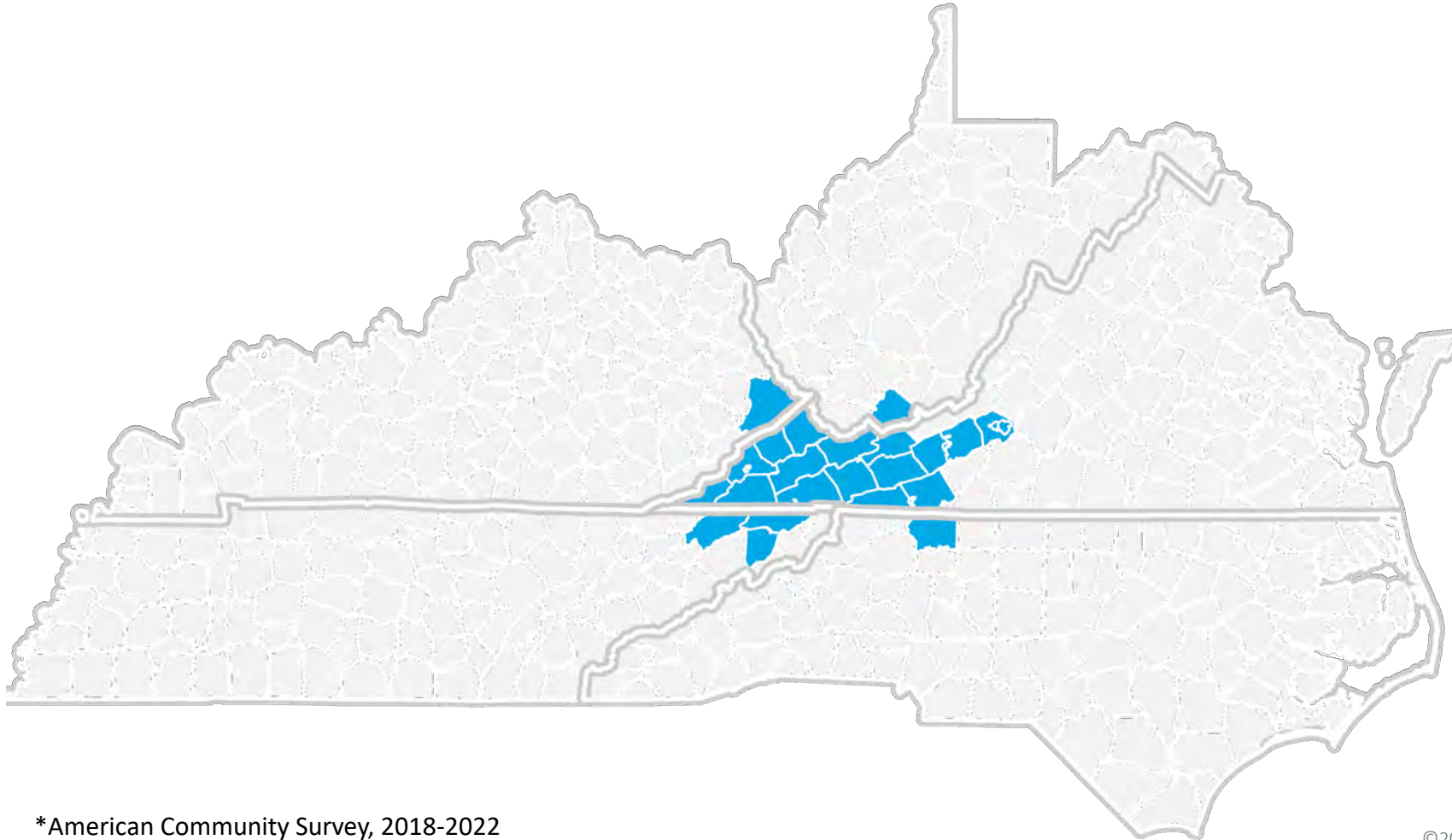
Go Virginia Region 1

13 Counties and 3 Cities Make Up Go Virginia 1 with a Population of 370,591*



*American Community Survey, 2018-2022

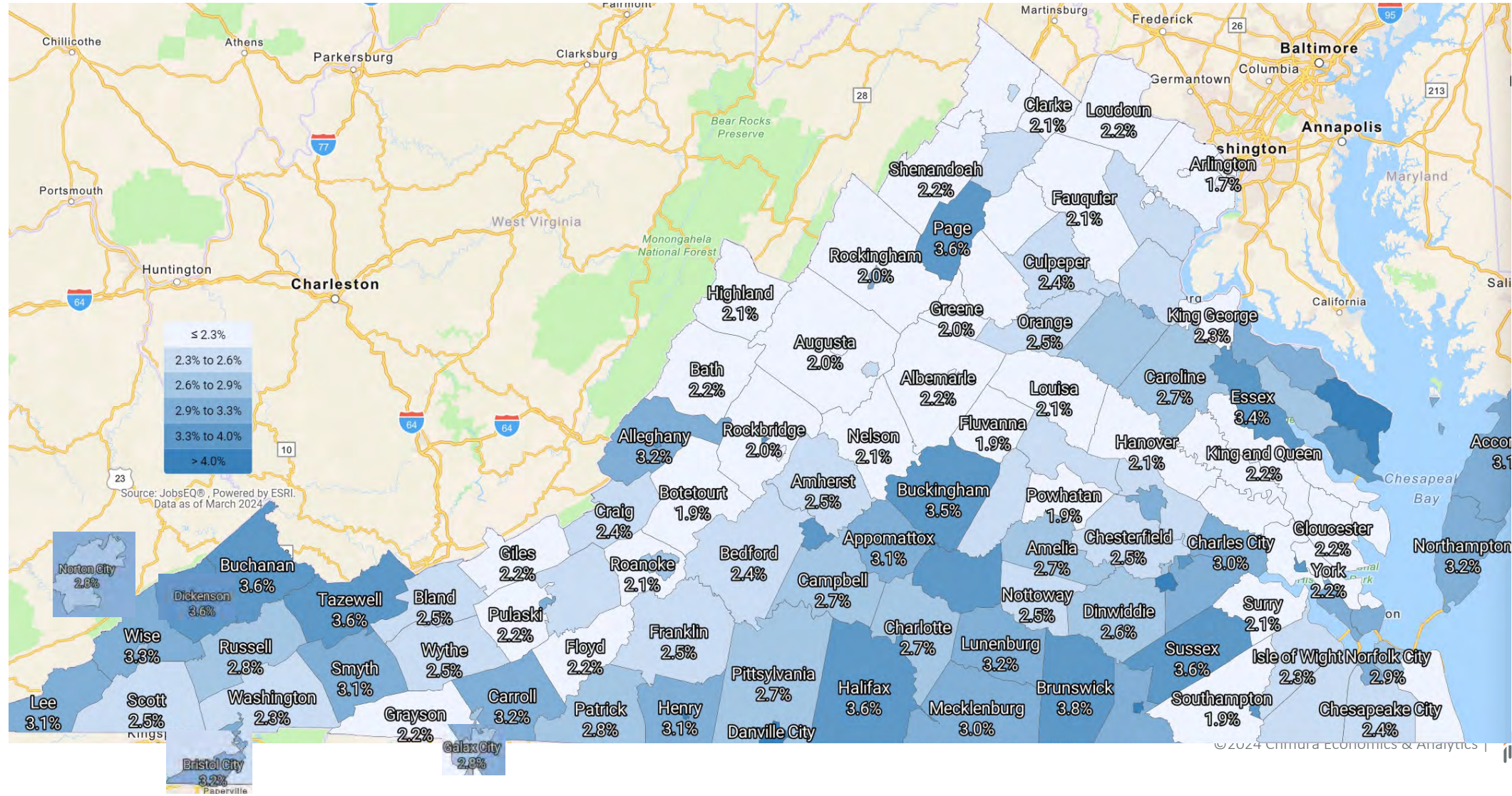
The Labor Shed is Much Larger With a Population of 1,279,688*



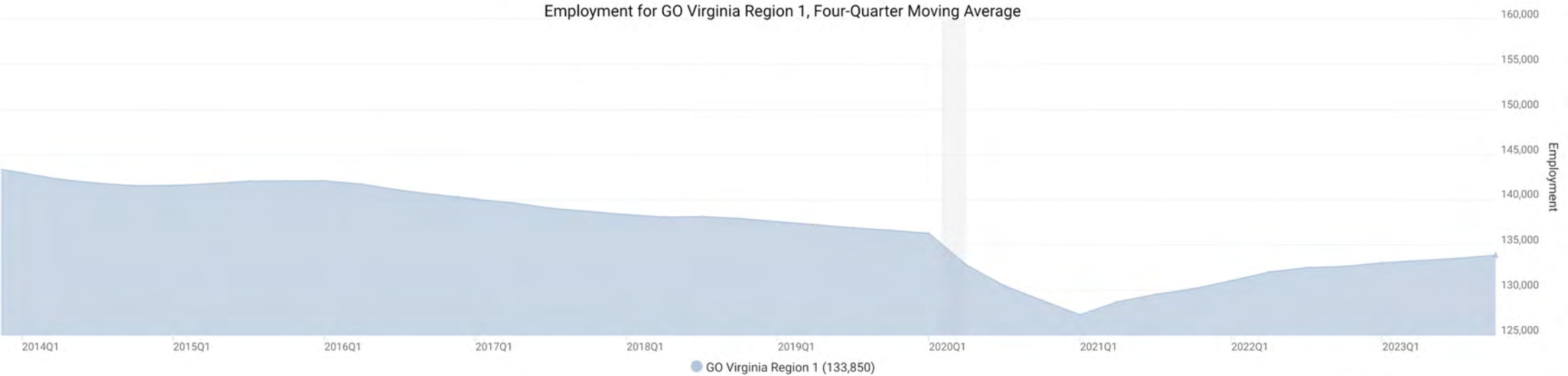
- City of Roanoke, Virginia
- City of Salem, Virginia
- Hawkins County, Tennessee
- Mercer County, West Virginia
- Montgomery County, Virginia
- Pike County, Kentucky
- Pulaski County, Virginia
- Radford City, Virginia
- Roanoke County, Virginia
- Sullivan County, Tennessee
- Surry County, North Carolina
- Washington County, Tennessee

*American Community Survey, 2018-2022

Unemployment Rate in GO Virginia Region 1 Localities Generally Above 2.4% State Average in March 2024

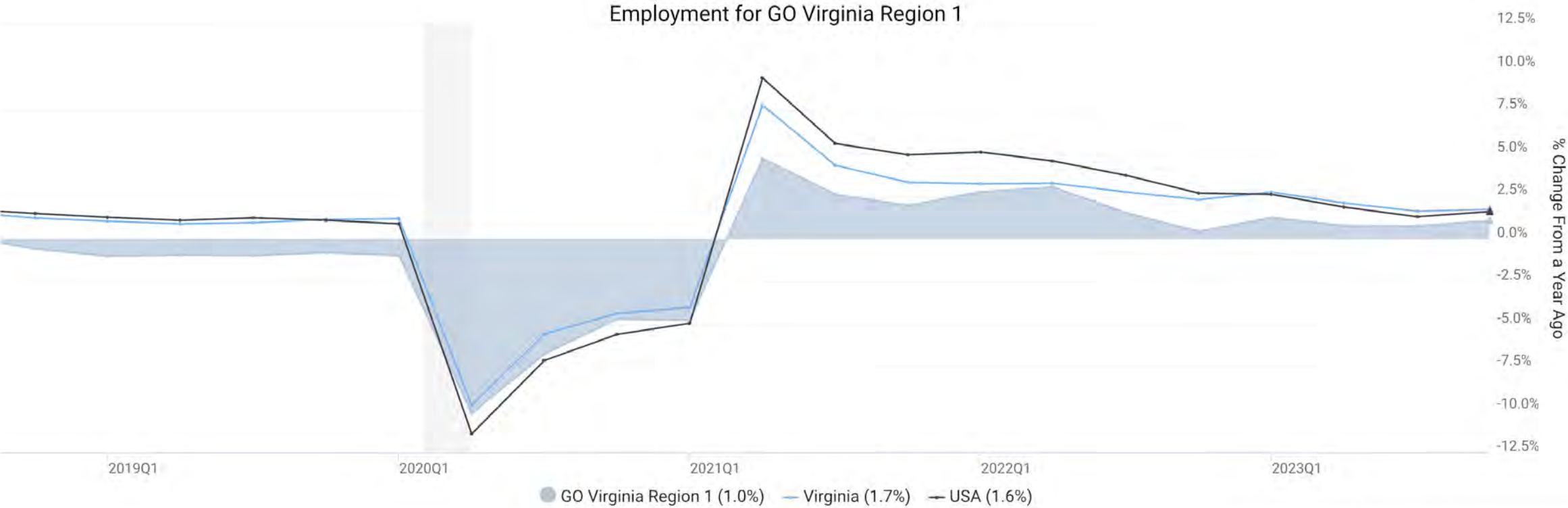


Employment Has Been Growing Since 2021 in GO Virginia Region 1 But Remains 2,423 Below Pre-Covid Level



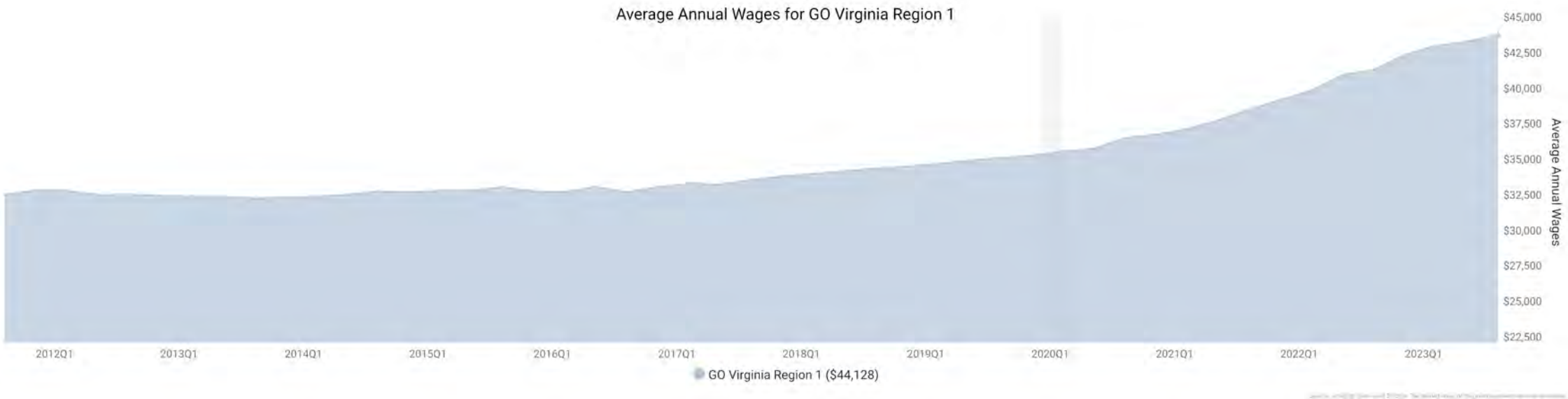
Source: JobViz DB. Data as of 2023Q4. The shaded areas of the graph represent national recessions.

Year-Over-Year Employment in Go Virginia Region 1 Has Been Positive Since 2021



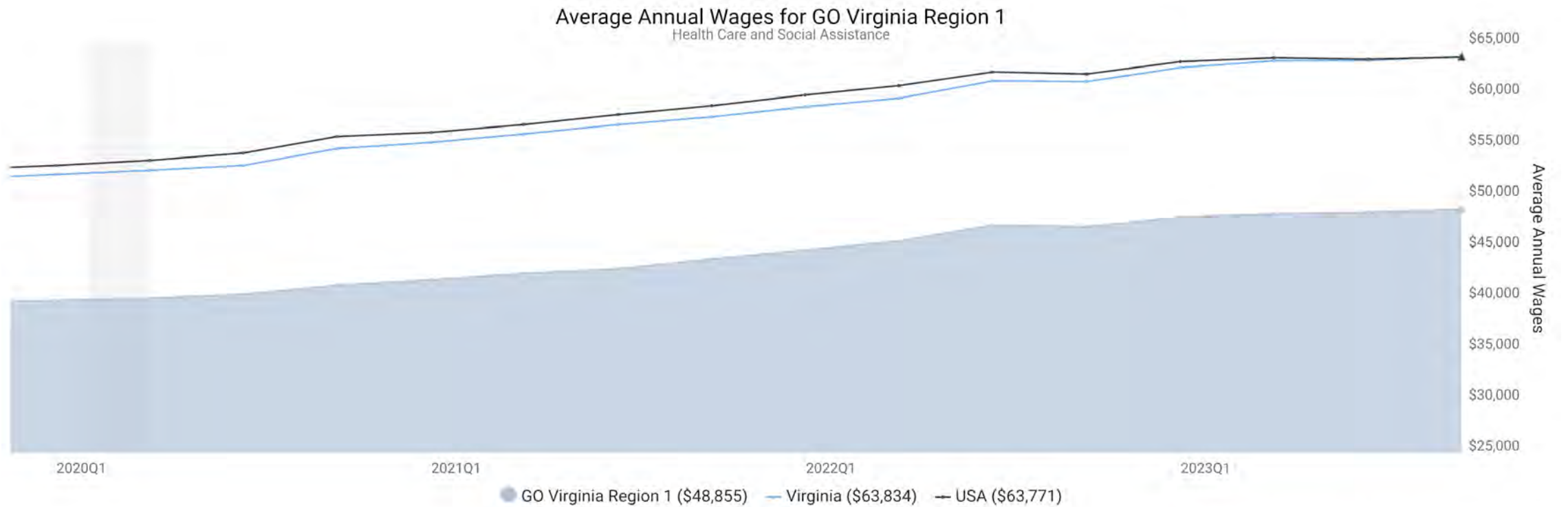
Source: JoltsEQ® Data as of 2023Q4. The shaded areas of the graph represent national recession.

Average Wages Have Risen to \$44,128* From \$32,618 Ten Years Ago



*Inflation adjusted wages are \$43,449 compared with 10 years ago.

Annual Average Wages are About 33% Lower Than Virginia and Nation



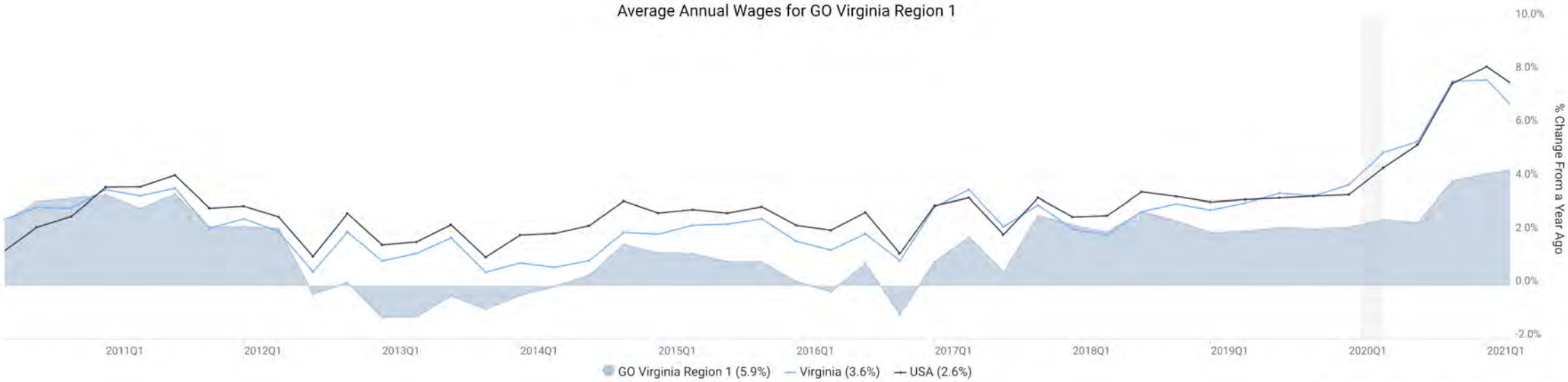
Cost of Living is 15.7% Less Than That of the Nation

Cost of Living

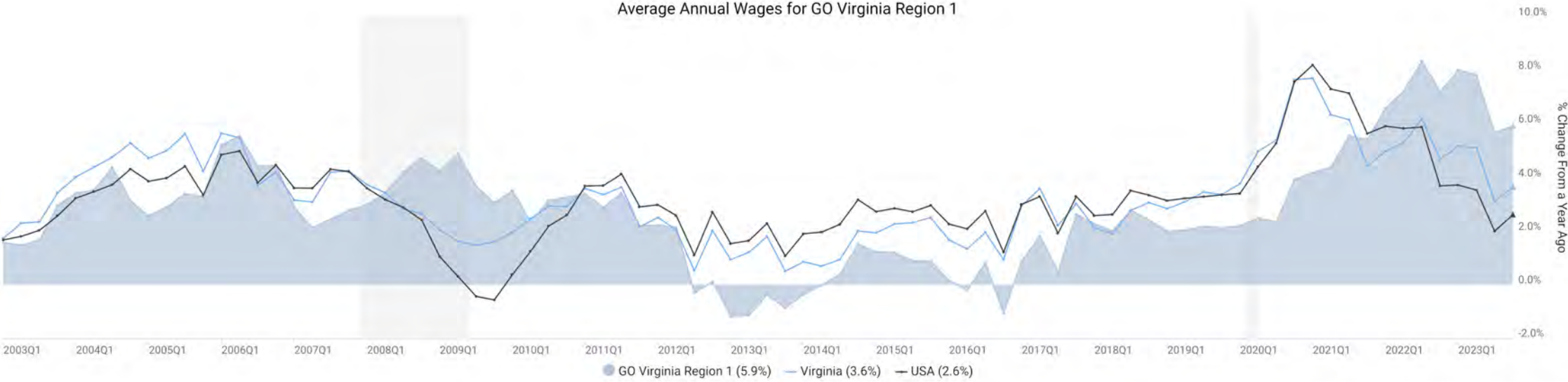
	Annual Average Salary	Cost of Living Index (Base US)	US Purchasing Power	Cost of Living Index (Base GO Virginia Region 1)	GO Virginia Region 1 Purchasing Power
GO Virginia Region 1	\$44,128	84.3	\$52,343	100.0	\$44,128
Virginia	\$71,461	109.1	\$65,479	129.5	\$55,203
USA	\$69,861	100.0	\$69,861	118.6	\$58,897

Source: JobsEQ®
 Cost of Living per COLI, data as of 2023Q4, imputed by Chmura where necessary.
 Total - All Industries, Total Employment, GO Virginia Region 1

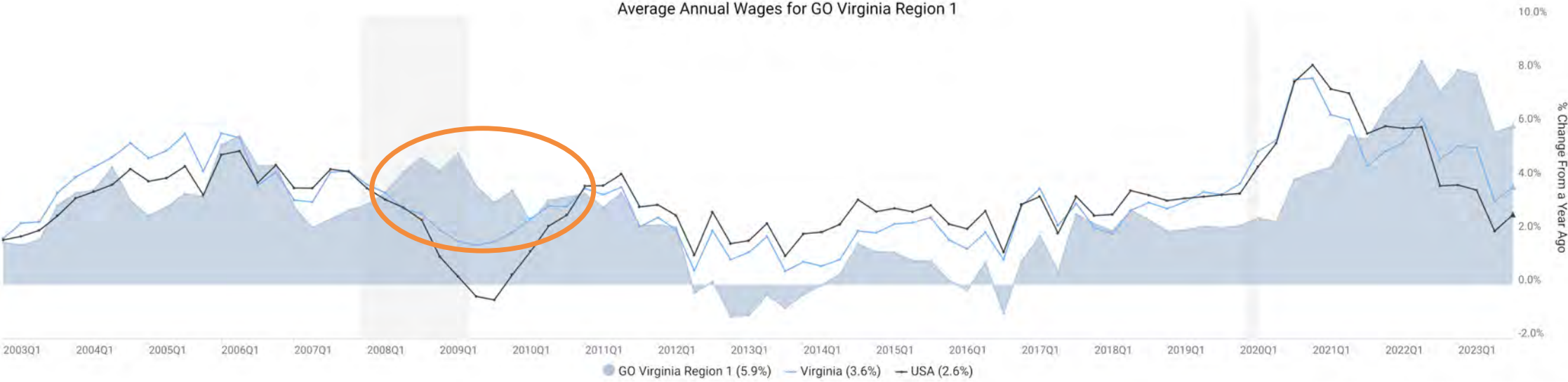
Annual Average Wage Increase in Go Virginia Region 1 is Typically Less than in Virginia or U.S. (Data Through 2021Q1)



Wages in Go Virginia Region 1 Have Been Growing Faster than Virginia and U.S. Since 2022



Go Virginia Region 1 Wages Outpaced Virginia and U.S. From 2008 Through 2010



Health Care +400 jobs \$32,000 wages
 Coal Mining +350 jobs \$67,000 wages
 Average wages for all industries \$30,000

Favorable Shift in Industry Mix: Industries in Go Virginia Region 1 Adding the Most Jobs (2,853) Pay Higher Than Average Wages

Industry	Current, 2023Q4			3-Year History	
	Empl	Avg Ann Wages	LQ	Empl Change	Ann %
Manufacturing	16,906	\$53,745	1.57	1,367	2.8%
Educational Services	13,137	\$41,807	1.23	1,149	3.1%
Accommodation and Food Services	10,732	\$21,440	0.92	1,052	3.5%
Arts, Entertainment, and Recreation	1,890	\$33,082	0.71	823	21.0%
Construction	6,599	\$49,847	0.82	412	2.2%
Mining, Quarrying, and Oil and Gas Extraction	3,257	\$83,229	6.66	366	4.1%
Transportation and Warehousing	4,333	\$54,332	0.65	308	2.5%
Wholesale Trade	3,093	\$60,057	0.61	213	2.4%
Retail Trade	18,453	\$30,457	1.39	197	0.4%
Public Administration	10,263	\$51,462	1.66	197	0.6%
Utilities	917	\$77,767	1.34	130	5.2%
Health Care and Social Assistance	19,069	\$48,855	0.97	57	0.1%
Professional, Scientific, and Technical Services	3,733	\$58,514	0.38	-37	-0.3%
Finance and Insurance	2,486	\$61,065	0.47	-51	-0.7%
Real Estate and Rental and Leasing	905	\$47,614	0.38	-59	-2.1%
Other Services (except Public Administration)	5,322	\$32,982	0.94	-91	-0.6%
Information	1,117	\$48,328	0.42	-176	-4.7%
Management of Companies and Enterprises	1,204	\$71,163	0.58	-196	-4.9%
Agriculture, Forestry, Fishing and Hunting	3,847	\$14,477	2.32	-208	-1.7%
Administrative and Support and Waste Management and Remediation Services	6,071	\$35,221	0.72	-562	-2.9%
Total - All Industries	133,850	\$44,128	1.00	5,010	1.3%

Source: Chmura's JobsEQ

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Looking to the Future: Key Targets for Go Virginia Region One

All Pay Above Average Wages

Key Targets for GO Virginia Region One					
	Advanced Manufacturing	Food and Beverage Manufacturing	Energy and Minerals	Information Technology	Logistics, Transportation, and Warehousing
Location Quotient	1.57	0.90	3.58	0.62	0.65
Average Annual Wage	\$53,745	\$53,581	\$91,960	\$90,800	\$53,590
Employment	16,906	1,452	3,890	2,465	3,795
Export Sector	✓	✓	✓	✓	✓
	The region possesses above-average wages and competitive advantages in many manufacturing industries.	Prominence of agriculture in the region creates a fertile environment to attract food and beverage manufacturers to the area.	High wages and competitive advantages showcase the importance of energy to the region.	Defined at an occupation level due to their importance across many industries. CGI, DP Facilities South, and Northrop Grumman are examples of this emerging cluster.	Above-average wages and rapid expansion of e-commerce over the pandemic support this emerging cluster.

Source: Chmura's [JobsEQ](#), 2023Q1.

Industry that Includes Data Centers Has Been Growing Fast (Included in IT Cluster)

Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services in GO Virginia Region 1, 2023Q4¹

NAICS	Industry	CURRENT		5-YEAR HISTORY			Ann %
		Empl	Avg Ann Wages	LQ	Empl Change	Trend	
5182	Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services	111	\$62,415	0.27	71		22.6%
-	Total - All Industries	133,850	\$44,128	1.00	-4,069		-0.6%

Source: JobsEQ®
 Data as of 2023Q4
 Note: Figures may not sum due to rounding.
 1. All data based upon a four-quarter moving average
 Exits and transfers are approximate estimates based upon occupation separation rates.

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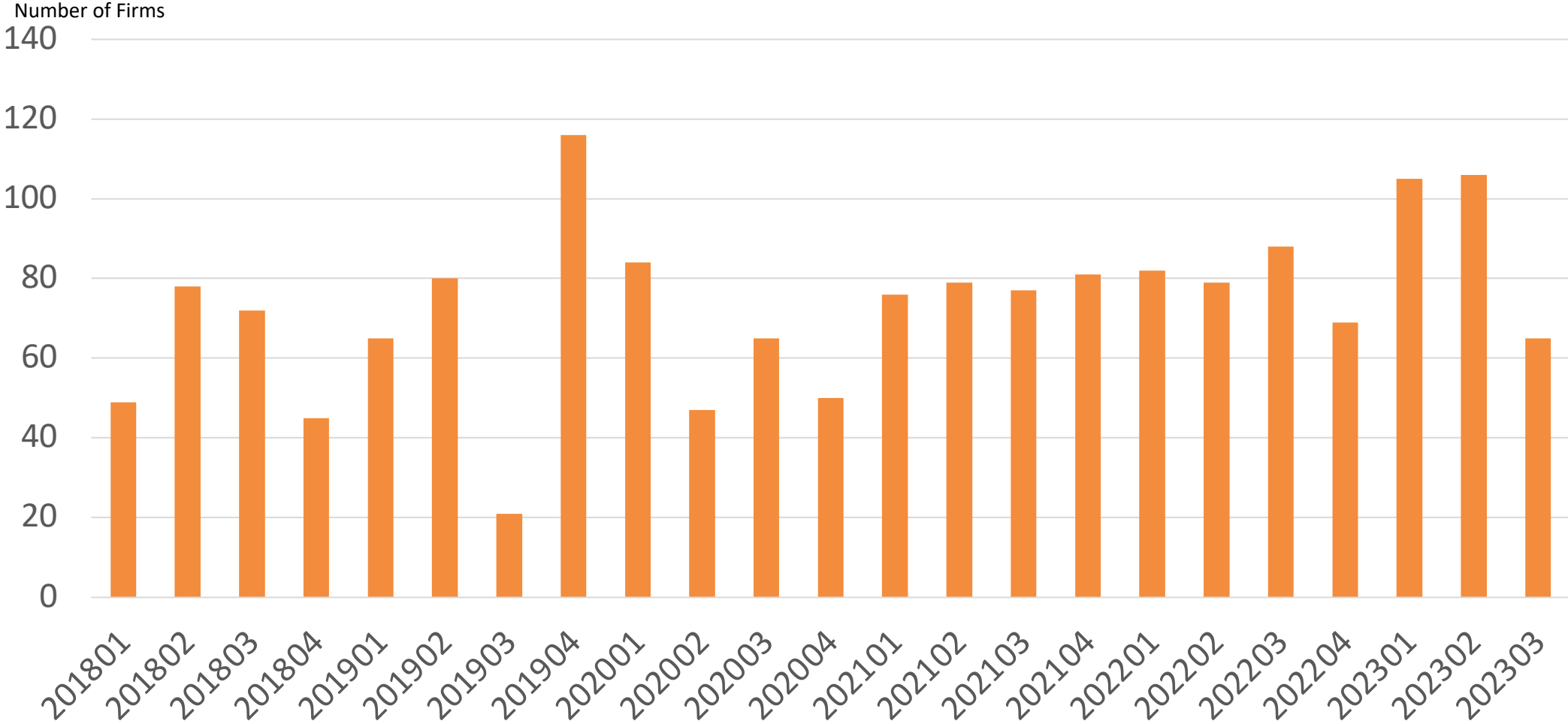
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- Outside 100-mile blast zone of DC
- Free of major natural disasters
- Significant redundant broadband

New Start Ups (Less Than 20 Employees) Have Added 5,320 Jobs in GO Virginia Region 1 Since 2018



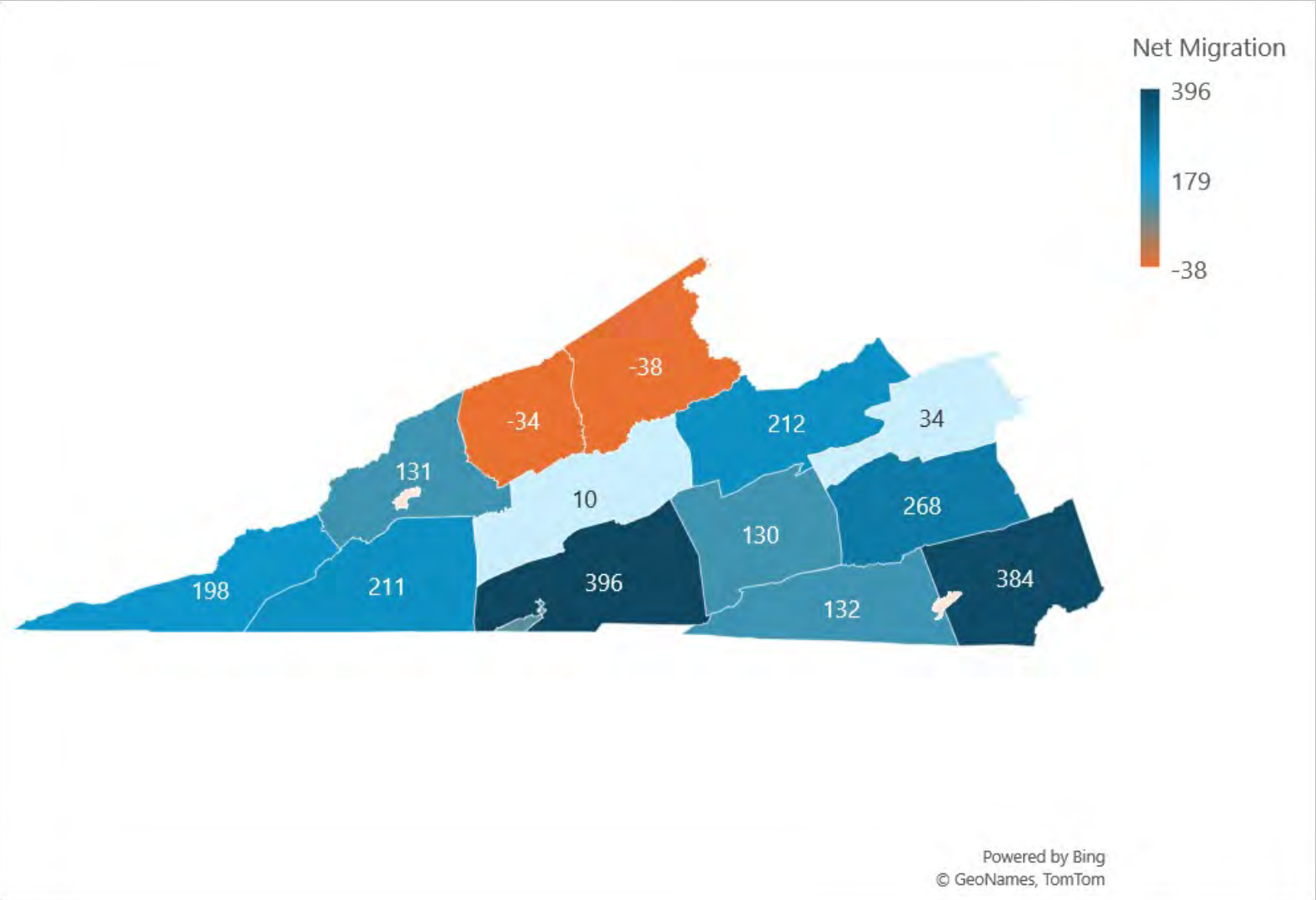
Source: Virginia Innovation Partnership Corporation.

62 High Wage, High Growth Firms Opened In Go Virginia Region 1 in 1st Quarter of 2022

New Startups with 20 Employees or Fewer, GO Virginia Region 1, 2022Q1 and Forward - High Wage, High Growth						
NAICS	Title	Number of New	New Startup Empl	Avg Empl	Avg WPE	% New Startups in High-Wage, High-Growth
621111	Offices of Physicians (except Mental Health Specialists)	8	15	1.9	\$50,000	12.9%
524210	Insurance Agencies and Brokerages	7	12	1.7	\$47,000	11.3%
541512	Computer Systems Design Services	6	6	0.9	\$61,000	9.7%
541511	Custom Computer Programming Services	6	9	1.5	\$62,000	9.7%
541611	Administrative Management and General Management Consulting Services	5	5	1.1	\$92,000	8.1%
236220	Commercial and Institutional Building Construction	5	28	5.6	\$39,000	8.1%
524292	Third Party Administration of Insurance and Pension Funds	3	4	1.3	\$36,000	4.8%
423860	Transportation Equipment and Supplies (except Motor Vehicle)	2	nd	nd	nd	3.2%
561110	Office Administrative Services	2	nd	nd	nd	3.2%
621999	All Other Miscellaneous Ambulatory Health Care Services	2	nd	nd	nd	3.2%
541613	Marketing Consulting Services	1	nd	nd	nd	1.6%
512110	Motion Picture and Video Production	1	nd	nd	nd	1.6%
441110	New Car Dealers	1	nd	nd	nd	1.6%
524126	Direct Property and Casualty Insurance Carriers	1	nd	nd	nd	1.6%
541620	Environmental Consulting Services	1	nd	nd	nd	1.6%
621410	Family Planning Centers	1	nd	nd	nd	1.6%
622110	General Medical and Surgical Hospitals	1	nd	nd	nd	1.6%
236210	Industrial Building Construction	1	nd	nd	nd	1.6%
423830	Industrial Machinery and Equipment Merchant Wholesalers	1	nd	nd	nd	1.6%
519290	Web Search Portals and All Other Information Services	1	nd	nd	nd	1.6%
	Total	62	166	2.7	\$47,348	100.0%

Source: Virginia Innovation Partnership Corporation.

2020-2021 Net Migration Growth in Many Go Virginia 1 Localities Was Positive



Net Migration Has Been Increasing in Go Virginia Region 1

Year	Population	Births	Deaths	Net International Migration	Net Domestic Migration
2020	370,630				
2021	367,933	3,185	6,629	75	497
2022	365,960	3,285	6,877	113	1,638
2023	364,765	3,293	6,407	51	1,889

Source: Chmura's JobsEQ

Population Decline Has Slowed in Go Virginia Region 1

Year	Population	Births	Deaths	Net International Migration	Net Domestic Migration		Year-Over-Year Change
2020	370,630						
2021	367,933	3,185	6,629	75	497		-0.7%
2022	365,960	3,285	6,877	113	1,638		-0.5%
2023	364,765	3,293	6,407	51	1,889		-0.3%

Source: Chmura's JobsEQ

The background features three wooden blocks of varying heights and colors (light wood, medium wood, and dark blue) stacked to resemble houses. The blocks are set against a warm, orange-to-white gradient background. A white wavy shape separates the top image from the text below.

Housing and Economic Development in Virginia

November 2023

Download a copy here: <https://www.virginiahousing.com/about/housing-economic-development-report>





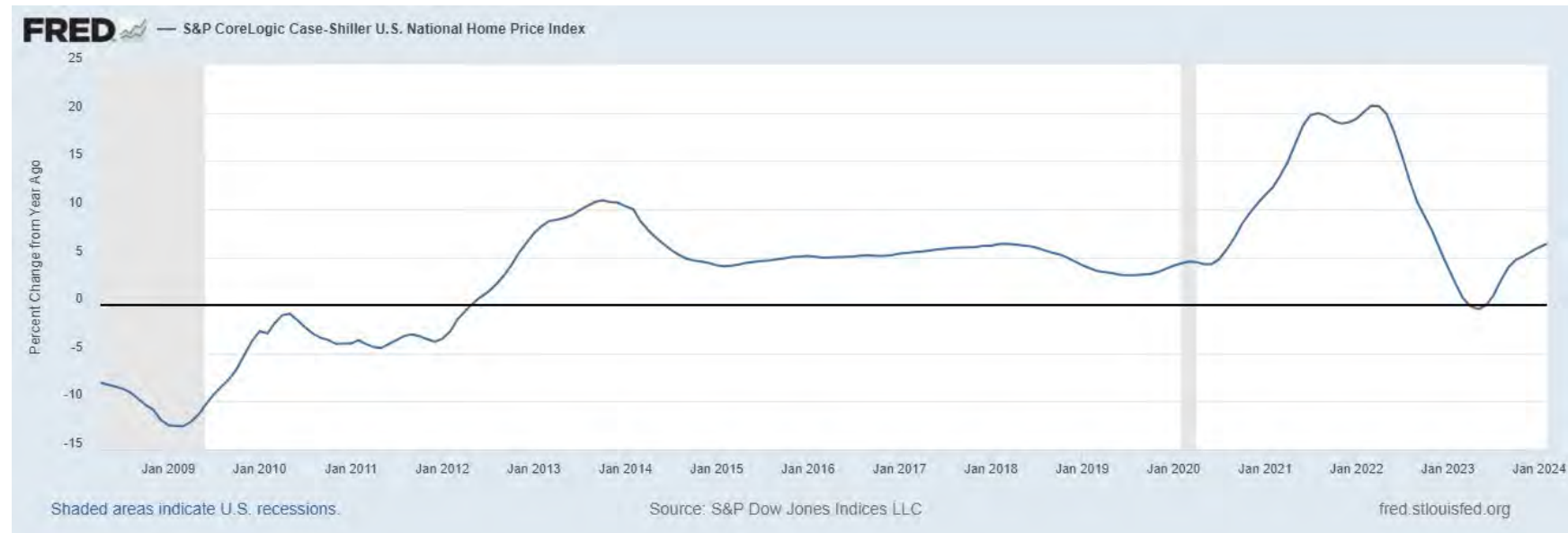
Primary Goals

- 1. To understand the role of housing in local and state economic competitiveness through interviews and focus groups.**
- 2. To document examples of other regions or states integrating housing and economic development strategies.**
- 3. To identify next steps in aligning economic development and housing needs and goals.**

Housing Issues Decrease Economic Competitiveness

Current housing issues:

- High prices
- High borrowing costs
- Low supply



Housing Issues Decrease Economic Competitiveness

Current housing issues:

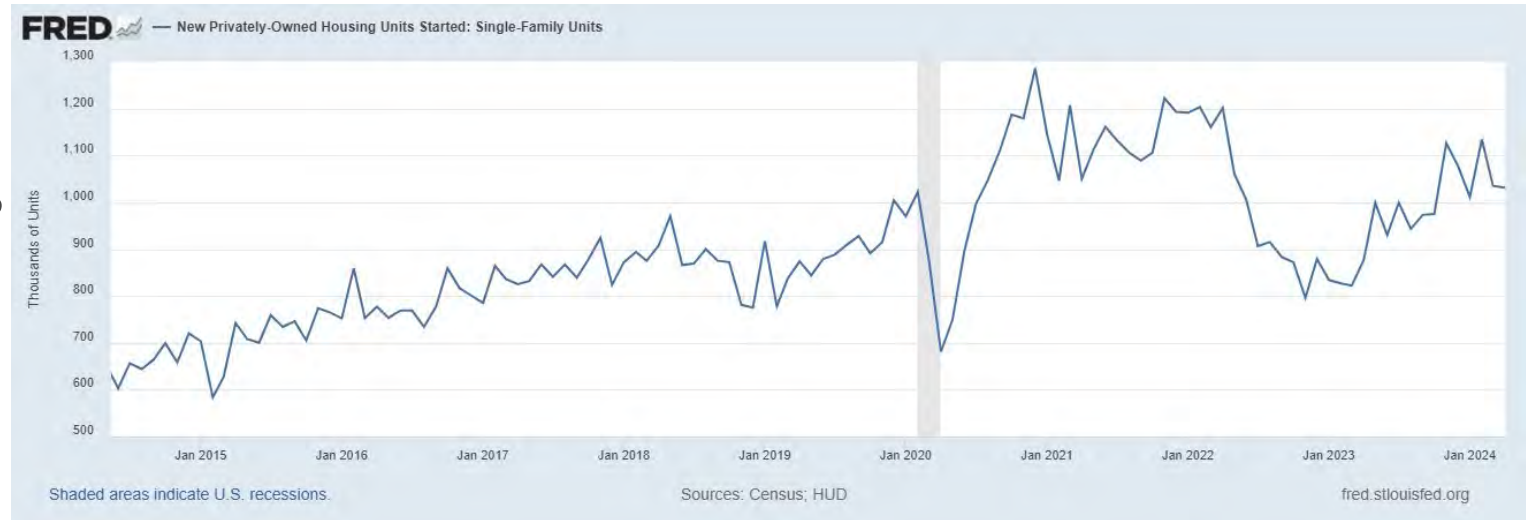
- High prices
- **High borrowing costs**
- Low supply



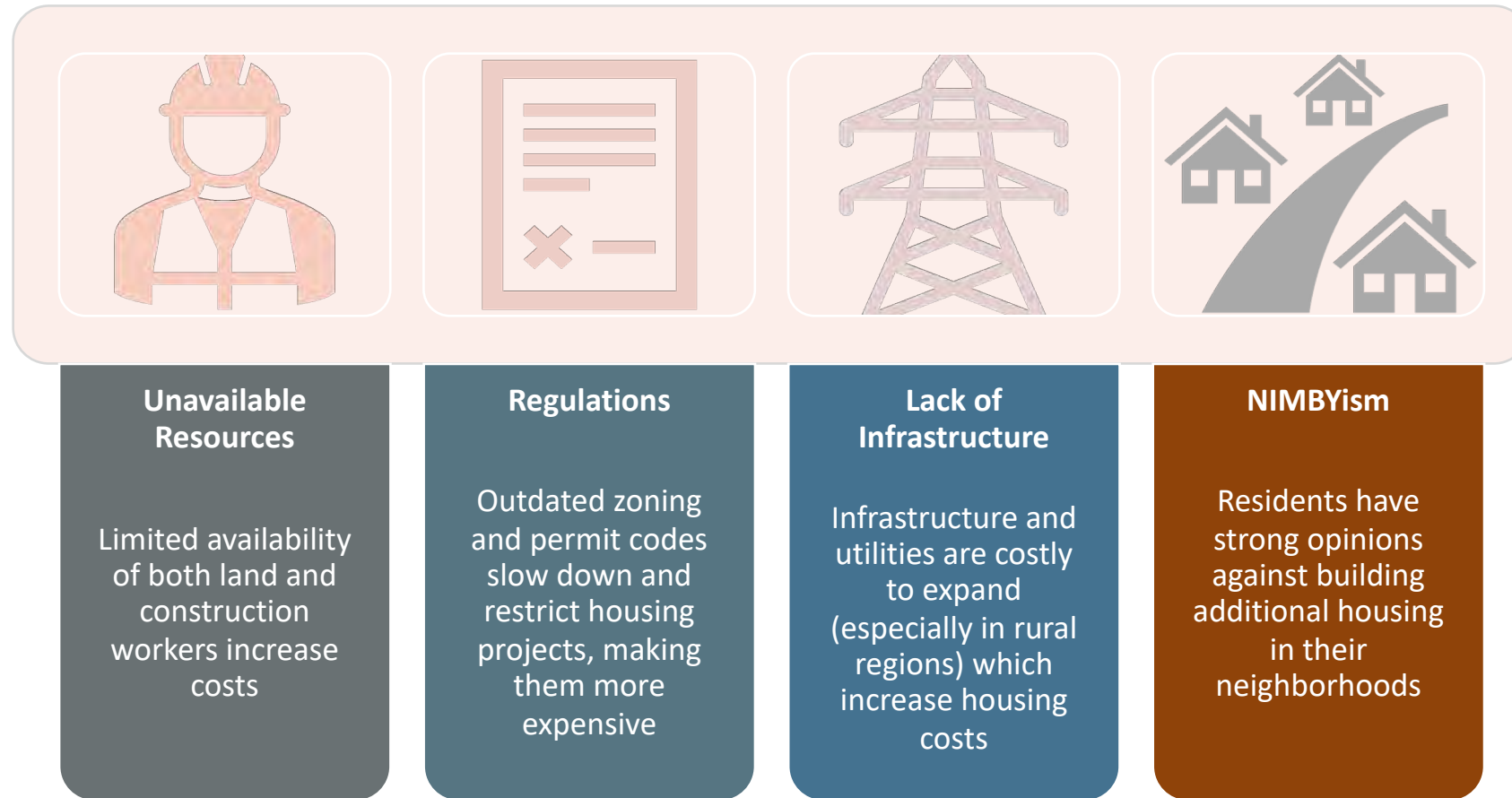
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- High prices
- High borrowing costs
- **Low supply**



Regions Share Common Barriers to Increasing Housing Supply



Download full report here: <https://www.virginiahousing.com/about/housing-economic-development-report>

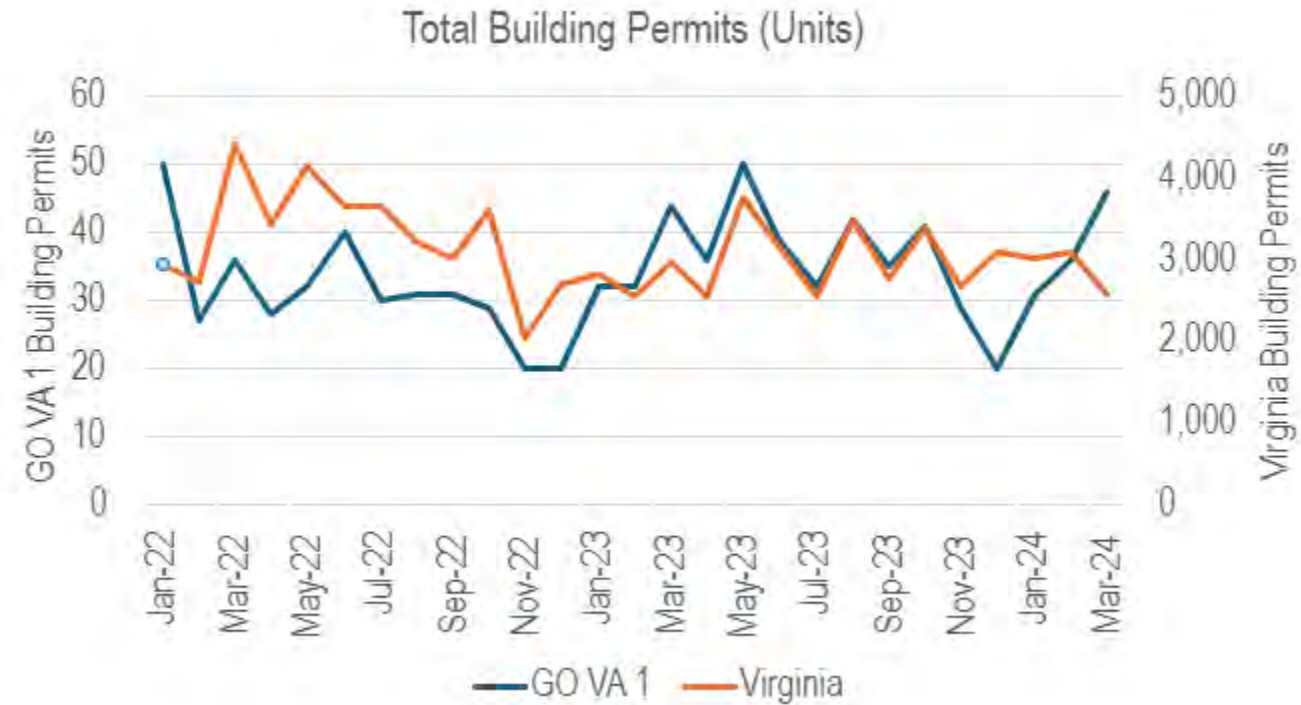
Home Prices in Go Virginia Region 1 Have Been Rising Faster Than in the State in Many Localities

	Avg. Home Value	1-year Growth
Virginia	\$389,502	6.1%
Washington County, Virginia	\$246,370	12.2%
Wythe County, Virginia	\$194,576	8.6%
Grayson County, Virginia	\$187,963	10.2%
Bristol City, Virginia	\$181,000	11.7%
Carroll County, Virginia	\$173,457	7.2%
Bland County, Virginia	\$169,383	4.9%
Scott County, Virginia	\$166,698	14.4%
Galax City, Virginia	\$156,799	2.1%
Smyth County, Virginia	\$148,873	7.6%
Tazewell County, Virginia	\$132,153	8.1%
Russell County, Virginia	\$132,085	6.2%
Norton City, Virginia	\$119,455	12.6%
Wise County, Virginia	\$117,760	2.9%
Dickenson County, Virginia	\$94,868	7.7%
Lee County, Virginia	\$92,897	4.2%
Buchanan County, Virginia	\$79,589	3.1%
Source: Zillow.com, April 2024		

Builders Have Responded with Getting Permits for 919 Residential Units Since January 2022

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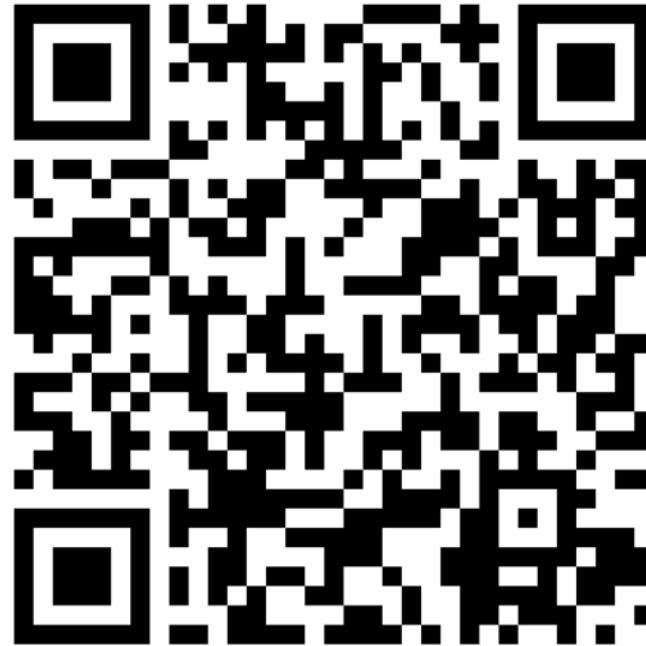


Concluding Thoughts

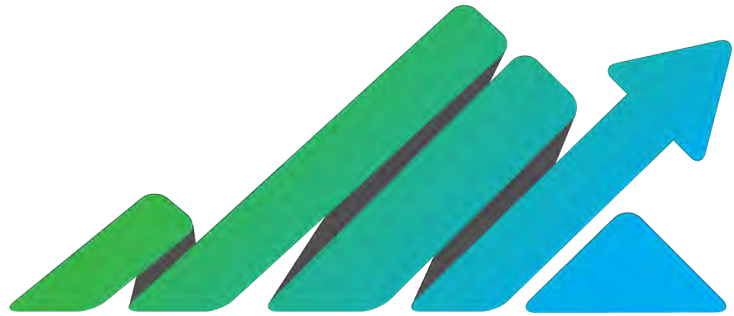
- **FOMC starts cutting Federal Target Funds Rate in the second half of 2024**
- **Economic growth slows in 2024; We're not ruling out recession**
- **Go Virginia Region 1**
 - Positive net in-migration
 - Favorable shift in industry mix
 - Moderate employment growth
 - High paying industries
 - Progress on target sectors
 - Increasing supply of houses
- **High cost of education/defaults/shortage for some skills**
 - Important for businesses/economic development to partner with educators
 - Boot camps
 - Internal training/upskilling

Weekly Economic Update

Scan the QR code to sign up for complimentary updates:



<https://www.chmura.com/weekly-economic-update>



VIRGINIA
**TALENT +
OPPORTUNITY
PARTNERSHIP**



Full Speed Ahead: Overcoming Barriers to Systemic Change



Randall Rose

Economic &
Community Development
UVA Wise



Dana Cronhite

Economic
Development Director
Dickenson County, VA



John Wilson

Market President
Addiction Recovery Care





WILDWOOD RECOVERY CENTER
PROGRESS PHOTOS
MAY 20 2024



DICKENSON COUNTY
VIRGINIA



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**LEARN MORE
ABOUT PROJECT**

**SCAN
ME**



Reaching the Destination: Community-Based Funding Solutions



Cindy Green
Relationship
Manager
Locus



Sydney England
VP, Director, Place-
Based Investment
Strategy
Locus



Holly Hatcher
President & CEO
*Anne & Gene
Worrell
Foundation*



Sean McMurray
Executive Director
*Wellspring
Foundation
of Southwest
Virginia*

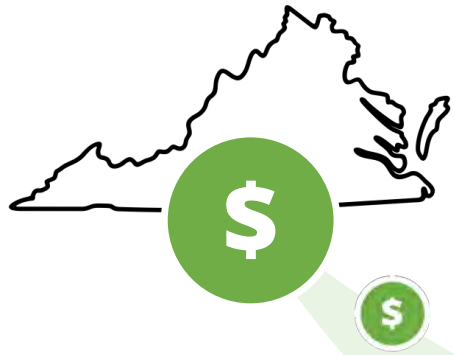


Mark Vanover
Executive Director
Rapha Foundation



Most communities across Virginia have some **localized sources of philanthropy** – whether those are held in private foundations or public charities. These foundations bring essential grant resources to our communities and our economies.





As important as these grants are, they are **only a fraction** of the dollars held by these institutions. Collectively, VA foundations control nearly **\$65 Billion**.

However, most of these dollars are invested in traditional capital markets – think Wall Street. This means that communities all over the world benefit more from Virginia’s wealth than our residents, workers, neighborhoods, and communities do.



However, philanthropy **is changing.**

Traditional Philanthropic Model

Grants

Investments

Focused on impact and accomplishing the mission of the foundation **in the community**.
Does not generate a financial return.

Invested **globally** to generate financial return and, in most cases, maintain or grow the foundation's assets.

Emerging Philanthropic Model

Grants

Local Impact Investments

Traditional Investments



Local Impact Investments are an additional tool (on top of grantmaking) for foundations to mobilize dollars for mission



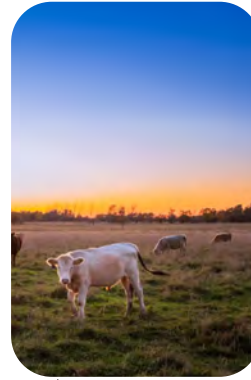
Local impact investing brings investment dollars back home. It is defined as investing in local developments, companies, organizations, or funds to generate measurable community benefit and financial returns.

- In 2020, the City of Martinsville & Henry County completed a housing study that identified the **workforce housing gap**.
- A local manufactured housing developer, the City & County governments, United Way, USDA, and The Harvest Foundation agreed to partner to create a **townhome neighborhood** in the Uptown area targeted for revitalization (starting with 5 homes and expanding to 27 units).
- Harvest used investment capital to help fill financing gaps needed to begin construction.

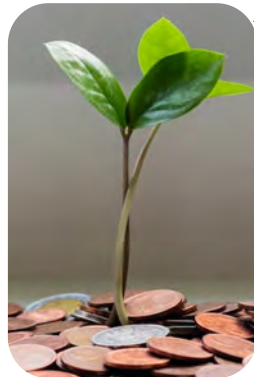
There are **powerful motivators** driving foundations to add local investing to their impact toolkits!



Scale of Community Need: Our communities have needs and opportunities that surpass what is available annually in grants.



New Tool, New Solutions: Some community challenges like housing, food security, and growing local businesses are better suited for investing than grantmaking.



High Leverage \$: Billions of public and private dollars can move into communities, but not all communities are drawing in these resources. Often, local impact investing by foundations can help other sources of capital “fall into place” to make deals happen locally.



Anne & Gene
Worrell
Foundation

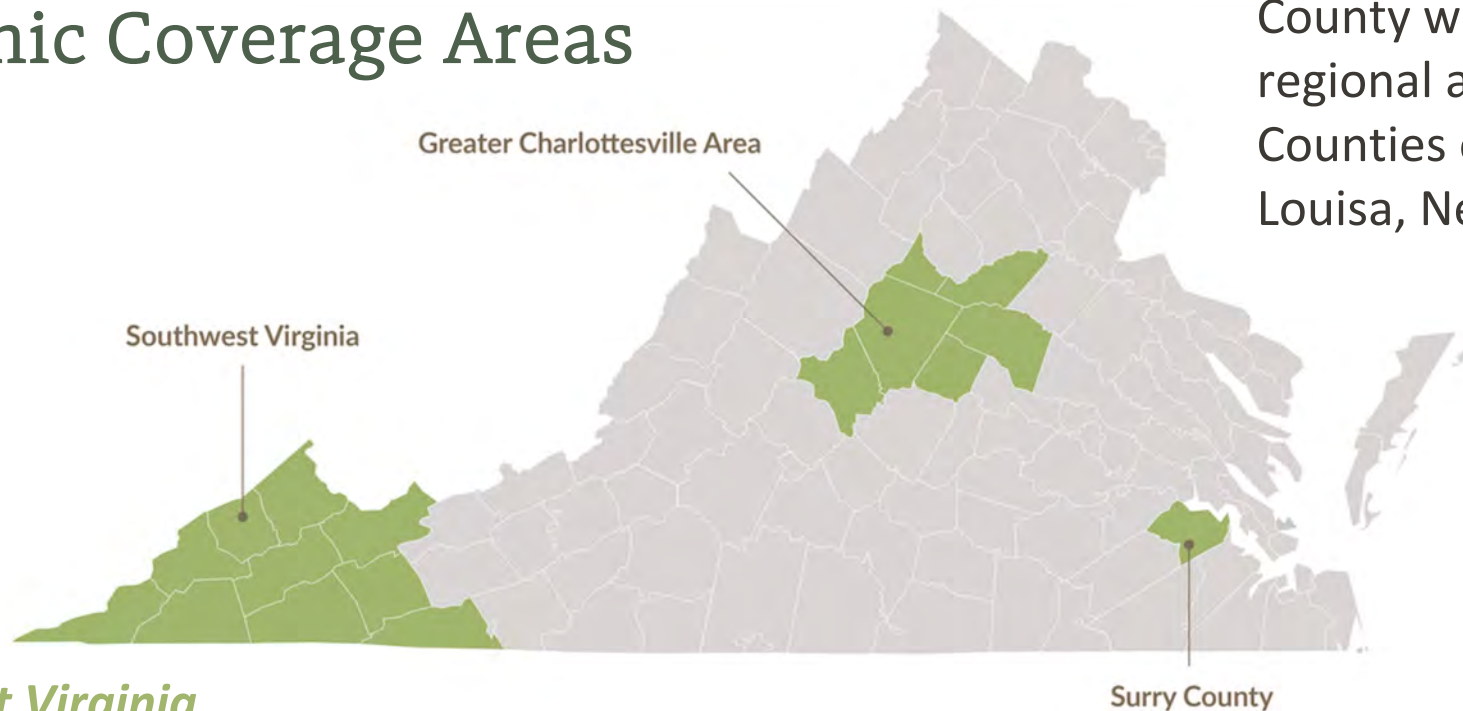
Mission

Working together to cultivate resilient communities and ecosystems in the places the Worrells called home.



Anne & Gene
Worrell
Foundation

Geographic Coverage Areas



Greater Charlottesville Area
Funding focused in the City of Charlottesville and Albemarle County with some support for regional approaches in the Counties of Fluvanna, Greene, Louisa, Nelson, and Orange.

Southwest Virginia

Funding focused on regional approaches for the Cities of Bristol and Norton and the Counties of Buchanan, Dickenson, Grayson, Lee, Russell, Scott, Smyth, Tazewell, Washington, and Wise

Surry County

Limited to historic and natural asset preservation

Grantmaking assets = Approx. \$10 million until 2054



Anne & Gene
Worrell
Foundation

Economic Mobility & Wellbeing

Education

Early childhood

K-12 support
services

Community college

Health

Mental & behavioral
health

Community-based care

Healthy food access

Housing

Asset preservation

Construction of
community service
facilities

Workforce Training, Economic Development, & Entrepreneurship

Job training

Entrepreneurship &
small business

Preserving Natural Assets

Expanding Conservation Initiatives

Plant and animal conservation

Land management

Sustainable energy

Outdoor Access & Recreational Opportunities

Outdoor access

Urban and rural green spaces

Environmental education

Rivers (James, Rivanna, Clinch)

River health

Family Legacy

Historic Preservation

Adaptive reuse

Telling the complete story

Place making

Arts and Culture

Community-based arts
organizations

Creative economy

Local News

Effective news
organizations

Mission-aligned
reporters and projects

Grantmaking in Southwest Virginia Since 2020



Anne & Gene
Worrell
Foundation

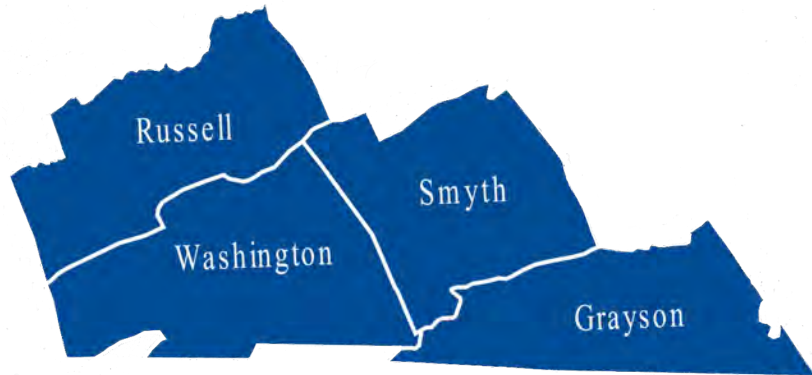
- American Climate Partners
- American Red Cross
- Appalachian Sustainable Development
- Appalachian Voices
- Ballad Health Foundation
- Barter Theater
- Big Stone Gap Pump Track
- Birthplace of Country Music
- Blue Ridge Discovery Center
- Boys and Girls Club of the Mountain Empire
- Breaks Interstate Park
- Bristol Virginia Public Schools
- Cardinal News
- Clinch River Valley Initiative
- Communities in Schools
- Dante Campground
- Dickenson County IDA
- Dolly Parton's Imagination Library EO
- Feeding Southwest Virginia
- Lyric Theater
- Mended Women Recovery
- Mendota Trail Conservancy
- Mission Dental Virginia Inc.
- Mountain Empire Community College
- People Incorporated of Virginia
- Russell County
- Southern Environmental Law Center
- SW Virginia Community College
- The Crooked Road
- The Nature Conservancy in Virginia
- The Origin Project
- United Way of Southwest Virginia
- University of Virginia School of Medicine
- Virginia Highlands Community College
- William King Museum of Art

\$9,600,000
Dollars Committed

63
Grants Made

WELLSPRING FOUNDATION

OF SOUTHWEST VIRGINIA



- We are an independent, not-for-profit private foundation established in November 2021.
- **Vision:** Leveraging collaborative partnerships to promote a healthy, thriving region.
- **Mission:** To enhance the health and wellbeing for the Virginia residents of Washington, Grayson, Russell and Smyth counties by cultivating goal-oriented partnerships.

WELLSPRING FOUNDATION

OF SOUTHWEST VIRGINIA



Our Areas of Interest

We have completed a community health needs assessment and strategic plan that informed our areas of interest which include:

- Health
- Children & Families
- Workforce Development
- Education
- Economic Development

WELLSPRING FOUNDATION

OF SOUTHWEST VIRGINIA



Partnering



Grantmaking



Transforming



The Rapha Foundation

*Empowering Health and Education
in Southwest Virginia*



The Rapha Foundation

- Health legacy foundation created in 2019 through the sale of Norton and Dickenson Community Hospitals to Ballad Health
- Mission of improving access to education and population health
- Service Area of Wise County, Dickenson County and the City of Norton
- Currently two grant cycles – April and October
- Website: rapha.foundation



The Rapha Foundation

Granted and Committed Since Inception:

Total	\$5,982,573	
Education	\$3,806,498	(63.6%)
Population Health	\$2,176,075	(36.4%)

10TH ANNUAL SWVA ECONOMIC FORUM



SAVE
THE
DATE **5.22.25**