

Feb. 2024

# Greater Richmond Economic Analysis





# Table of Contents



**3** Executive Summary

**4** US Population Trends

**5** Va. Population

**6** Richmond MSA Population Trends

**7** Employment Rates

**8** Average Wage

**9** Unemployment Rate

**10** Seasonal Job Growth

**11** Job Recovery Since COVID

**12** Job Increases in Employment

**13** Job Decreases in Employment

**14** New + Expanding Industries

**15** New + Expanding Companies

**16** Containers at RMT

# Executive Summary

From Chuck Peterson, VP of Research



Greater Richmond's economy is in a good place in early 2024 with many economic statistics followed by development organizations trending in a positive direction. There are a few negative trends, but these are reflective of conditions across the country.

## Positives

- Population is increasing (we're the fastest growing region in the state and driving statewide growth)
- The workforce is growing (but at a rate slower than the national average)
- The average wage is increasing (recently exceeding the national growth rate)
- Industries whose workers typically work from offices are adding large number of new jobs
- Asking rents for Class A office space and industrial space are rising
- Several new and expanding companies are using the Richmond Marine Terminal

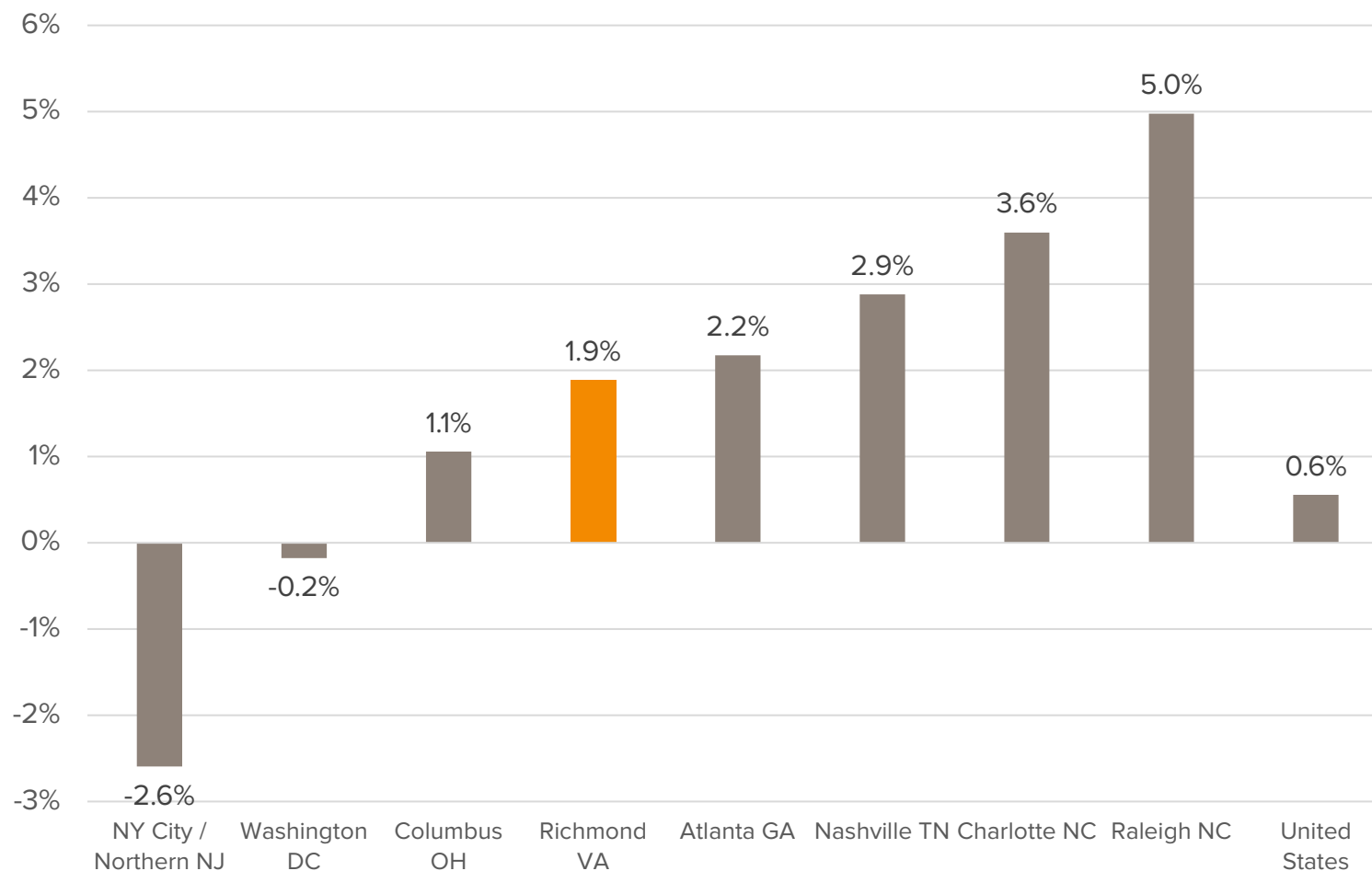
## Negatives

- Our labor force is at full employment, a status shared by the 7 comparison communities used here and the nation. "Full employment" is often considered 5% unemployment rate and Richmond's rate was 3.1% in Nov. '23.
- Richmond's low unemployment rate might impact a company consideration decision. Projects requiring larger numbers of workers might look for communities with similar unemployment rates but more sizable labor pools.
- Demand for Class A office space and industrial space has been flat over the past year. While Richmond had led the nation in new construction starts for industrial property, these starts have slowed significantly.
- The number of containers moving through the Richmond Marine Terminal is down nearly 9% from 2022, but this is reflective of trends at ports across the country.

- ▲ Population (+3.1% 2020 to 2023)
- ▲ Labor Force (+4.8%)
- ▼ Unemployment Rate (-1/10<sup>th</sup> percent)
- ▲ Payroll Employment (+4.9%)
- ▲ Class A Office Vacancy (+0.4%)
- ▲ Office Asking Rent (+3.2%)
- ▲ Industrial Vacancy (+0.1%)
- ▲ Industrial Asking Rent (+7.1%)
- ▲ Existing Home Sales (+6.0%)
- ▲ Median Home Sales Price (+8.7%)
- ▲ RIC Passengers (+12.7%)
- ▲ RIC Cargo Volume (+3.5%)
- ▼ Hotel Occupancy (-0.2%)
- ▼ Containers Through RMT (-8.6%)

# US Population Trends

## 2020-2022



The Richmond MSA's population increased by over 22,600 between 2020 and 2022, which was the 17<sup>th</sup> best net increase among all the nation's large metro areas (those with 1+ million people).

Richmond's 1.9 percent population increase was also ranked 17<sup>th</sup> best among the large metro areas.

In 2020, Richmond was the 44<sup>th</sup> most populous MSA and by 2022 had moved up to 43<sup>rd</sup>.

# Virginia Population

## 2020-2023

Metro Area	April 1, 2020 Census	July 1, 2023 Estimate	Numeric Change 2020 to 2023	Percent Change 2020 to 2023
<b>Richmond</b>	<b>1,314,434</b>	<b>1,354,620</b>	<b>40,186</b>	<b>3.1%</b>
Northern Virginia	3,077,537	3,113,080	35,543	1.2%
Charlottesville	226,021	231,577	5,556	2.5%
Winchester	119,539	125,093	5,554	4.6%
Virginia Beach	1,751,333	1,755,091	3,758	0.2%
Harrisonburg	138,567	141,498	2,931	2.1%
Lynchburg	262,979	265,474	2,495	0.9%
Staunton	125,433	126,233	800	0.6%
Blacksburg	169,514	168,561	-953	-0.6%
Bristol VA & TN	92,730	91,650	-1,080	-1.2%
Roanoke	315,251	313,052	-2,199	-0.7%

In January 2024, the University of Virginia's Weldon Cooper Center for Public Service released their 2023 population estimates for Virginia. No other states' data was included.

The Richmond MSA led the state in actual population increase and its 3.1% increase was 2<sup>nd</sup> behind Winchester's 4.6% increase.

The Richmond metro drove Virginia's population growth over the past three years. While the State gained 84,305 residents, 40,186 of this increase, 48%, was from Richmond.

# MSA Population Trends

## 2020-2023

Chesterfield led Virginia's 133 counties and independent cities in total population growth with 23,155 additional residents.

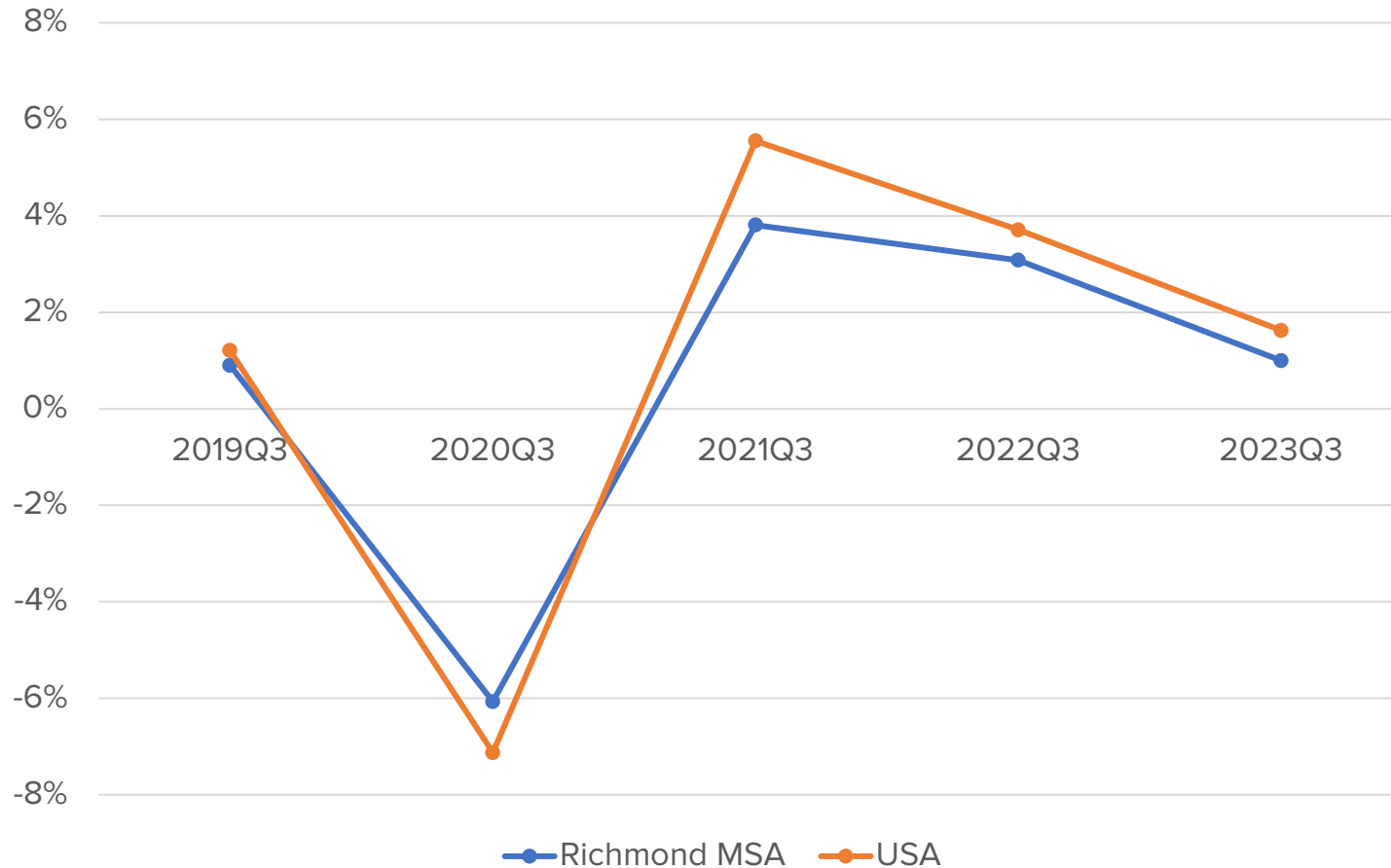
Rural localities New Kent and Goochland led the state in terms of percent growth during the three years.

County or City	2020 Population	2023 Population	Numeric Change	Percent Change
<b>Chesterfield</b>	<b>364,548</b>	<b>387,703</b>	<b>23,155</b>	<b>6.4%</b>
<b>Henrico</b>	<b>334,389</b>	<b>339,918</b>	<b>5,529</b>	<b>1.7%</b>
<b>Hanover</b>	<b>109,979</b>	<b>113,026</b>	<b>3,047</b>	<b>2.8%</b>
New Kent	22,945	25,675	2,730	11.9%
<b>Richmond City</b>	<b>226,610</b>	<b>229,035</b>	<b>2,425</b>	<b>1.1%</b>
Goochland	24,727	26,629	1,902	7.7%
Powhatan	30,333	31,766	1,433	4.7%
Petersburg	33,458	34,157	699	2.1%
King William	17,810	18,365	555	3.1%
Amelia	13,265	13,513	248	1.9%
Dinwiddie	27,947	28,177	230	0.8%
King and Queen	6,608	6,675	67	1.0%
Colonial Heights	18,170	18,041	-129	-0.7%
Prince George	43,010	42,743	-267	-0.6%
Charles City	6,773	6,428	-345	-5.1%
Hopewell	23,033	22,494	-539	-2.3%
Sussex	10,829	10,275	-554	-5.1%
GRP Localities	1,035,526	1,069,682	34,156	3.3%
<b>Richmond MSA</b>	<b>1,314,434</b>	<b>1,354,620</b>	<b>40,186</b>	<b>3.1%</b>



# Employment Rates

Richmond MSA and the US; Percentage

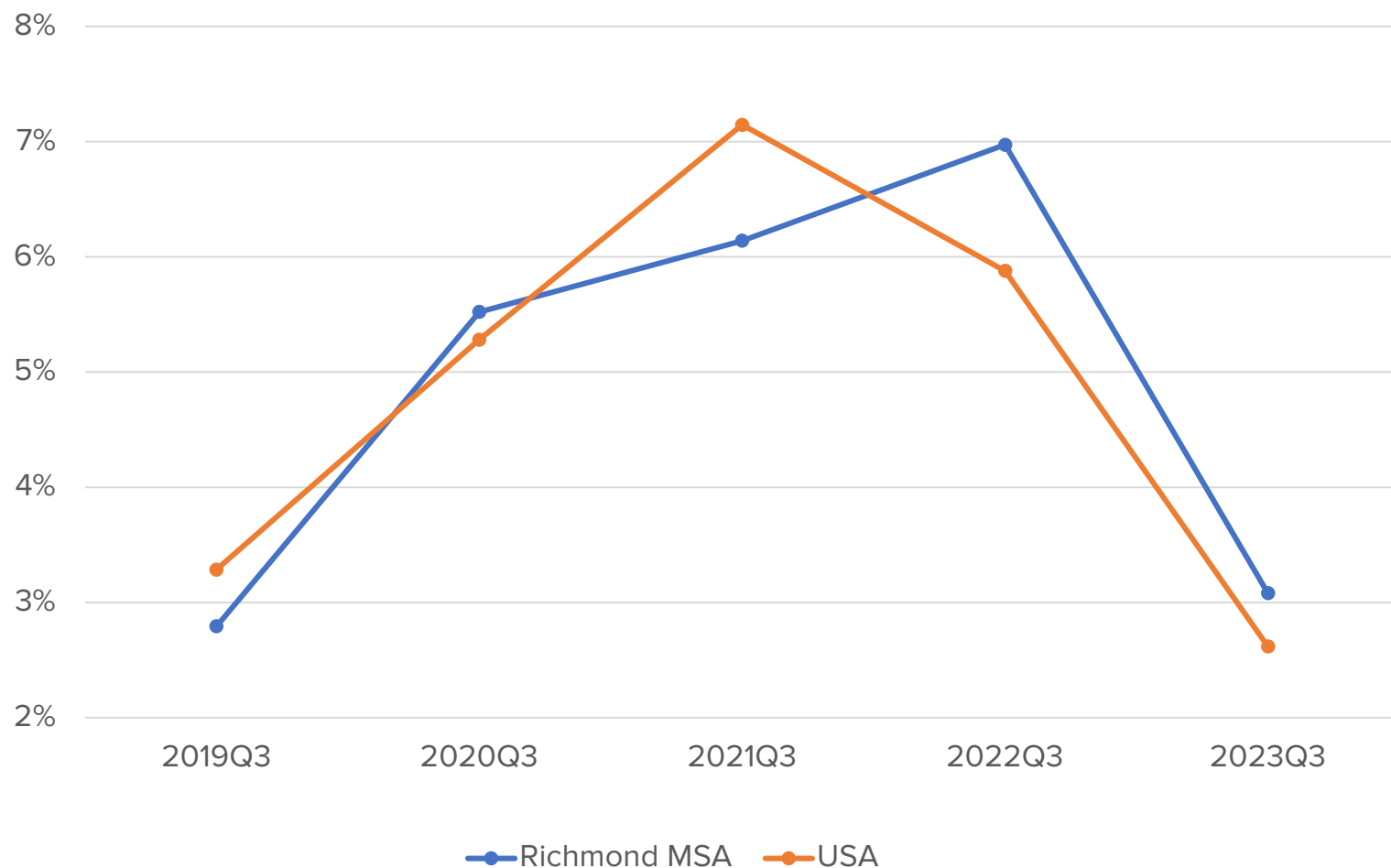


Growth in the size of Richmond's labor force (percent growth compared to the previous quarter) has mirrored the nation's, but at slightly lower percentage rates when compared to the growth rate one year ago.

Using the most current data, Richmond's labor force expanded by 1.0% over the last year, compared to a national increase of 1.6%.

# Average Wage

## Richmond MSA, Nov. 2023



Similar to the labor force growth rate, Richmond's year-over-year trend in how the overall average wage changed followed the nation's, except Richmond's growth rate outpaced the nation's during 2022 and 2023.

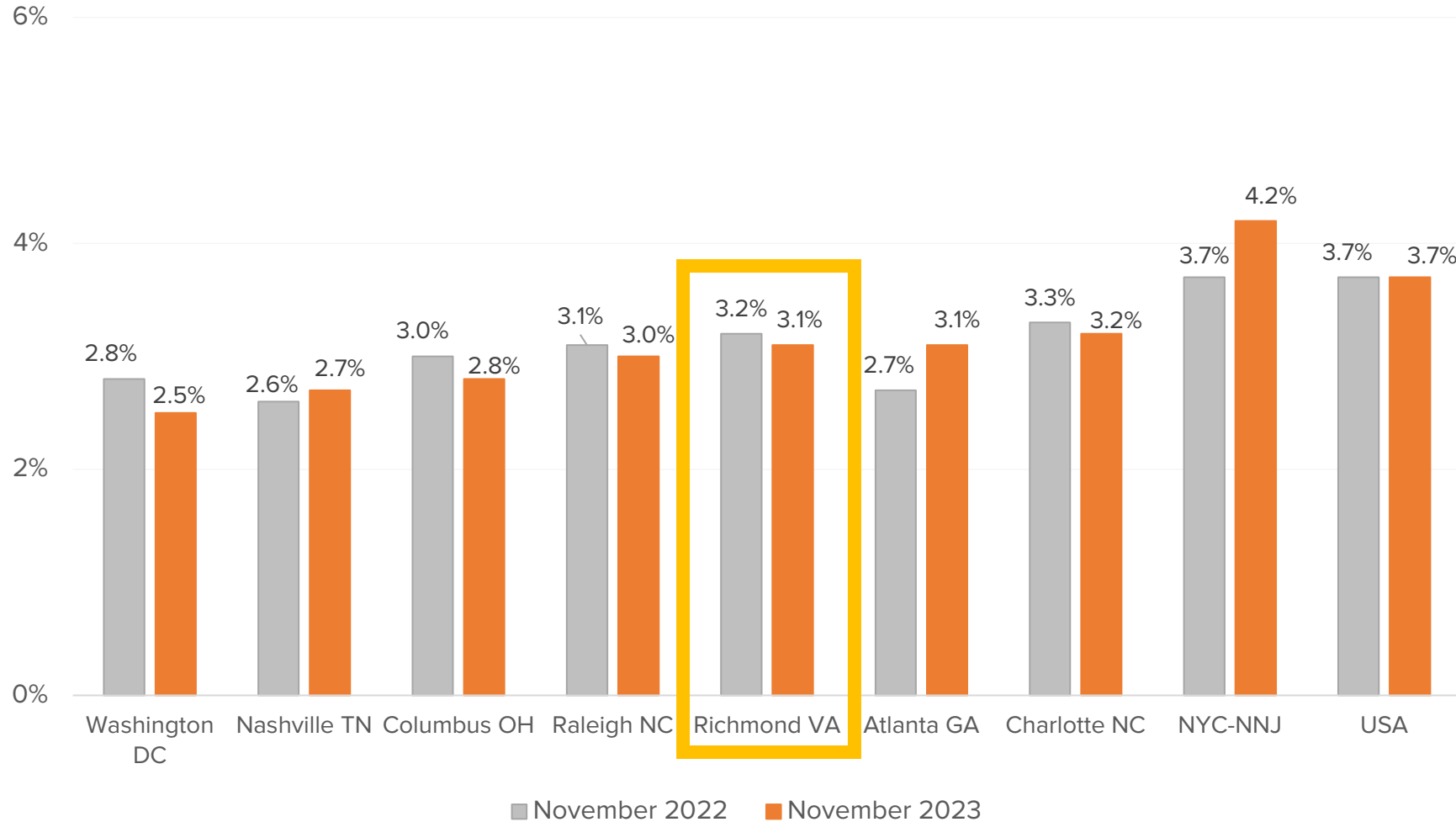
In the most recent quarter where data are available, Richmond's year-over-year average wage growth rate was 3.1% compared to the nation's 2.6%.

As of 2023Q3 Richmond's annual average wage was \$63,400 and the nation's was 2.8% higher at \$65,200.



# Unemployment Rate

Year-over-year, Nov. 2023



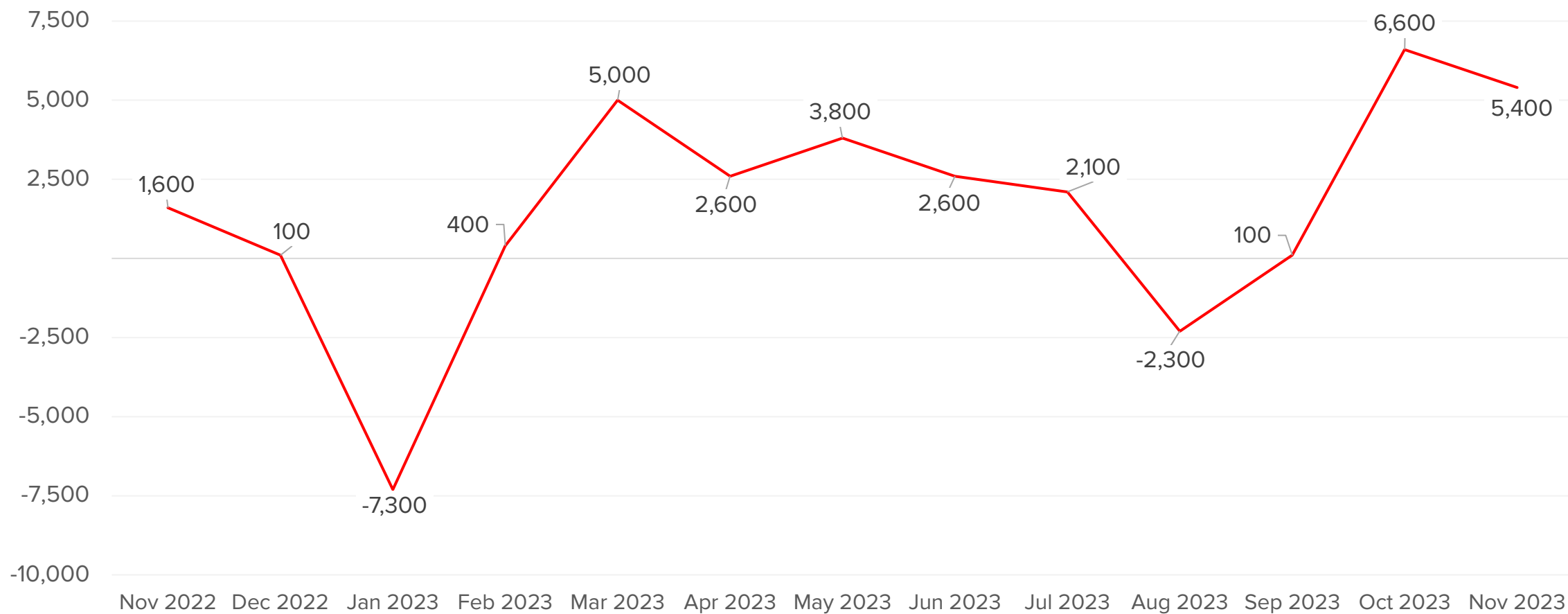
Richmond and its seven comparison communities were at “full employment” – considered 5% or less – in November 2022 and 2023. The impact this low rate has on a company’s ability to recruit is an open question.

One year ago in November 2022, Richmond's unemployment rate was 0.5 percentage points below the national average. By November 2023, Richmond's rate was 0.6 percentage point below the national average.

# Seasonal Job Growth

Richmond MSA, Nov. 2023

Over the past year, the Richmond metro area has had a net gain of 19,100 jobs, but growth was not steady. These figures are not adjusted for seasonal fluctuations.



# Job Recovery Since COVID

Nov. 2023

	Difference Nov 2023 to Feb 2020	Percent of Feb 2020 Jobs Recovered
Raleigh, NC	93,600	14.3%
Nashville, TN	121,100	11.5%
Charlotte, NC	111,200	8.8%
Atlanta, GA	236,800	8.2%
► Richmond, VA	37,900	5.5%
NY City, NY-Northern, NJ	51,800	4.2%
Columbus, OH	44,700	4.0%
Washington, DC	41,800	1.4%
<b>USA</b>	<b>2,737,000</b>	<b>1.7%</b>

As of January 2024, Richmond, its comparison communities and the nation had exceeded their pre-COVID employment levels.

The southern-most comparison communities experienced the highest recovery rates, while the most populous metros, New York and Washington DC, had minimal job gains.

Richmond's rate of recovery exceeded the nation's as well as the average for its comparison communities.



# Jobs with Increases in Employment

Second Quarter, 2023

Top Job Gaining Occupation	Employment Change 2023Q2 to 2022Q2
Material Moving Workers	1,569
Business Operations Specialists	1,521
Top Executives	857
Motor Vehicle Operators	852
Food and Beverage Serving Workers	848
Cooks and Food Preparation Workers	657
Financial Specialists	599
Computer Occupations	589

79 of 95 broad occupations (83%) had more workers in 2023Q2 than they had in 2022Q2.

The 79 job-gaining occupations had an increase of 17,355 jobs, with 10% (2,047) in 5 food-related occupations.

Business Operation Specialists, including Project Management and Market Research Analysts, accounted for 7% of the new jobs.

# Jobs with Decreases in Employment

Second Quarter, 2023

Top Job Losing Occupations	Employment Change 2023Q2 to 2022Q2
Financial Clerks	-232
Construction-related jobs	-213
Other Sales and Related Workers	-79
Communications Equipment Operators	-28
Extraction Workers	-17
Plant and System Operators	-8
Media and Communication Workers	-7

15 of the 95 broad occupations (16%) had fewer workers during 2023Q2 than they had in 2022Q2.

The job-losing occupations had a total decrease of 612 jobs.

Financial Clerks accounted for 38% of the loss (232 jobs); Construction-related jobs accounted for 35% of the losses (213 jobs).

# New + Expanding Industries

Jan. 2020-Jan. 2024

Over the past two-plus years, companies have continued to locate and expand in Greater Richmond. The Virginia Economic Development Partnership tracked 100 projects, summarized below by how they align with GRP's target industry clusters (though the GRP did not assist all these companies).

Manufacturing and supply chain companies, led by The Lego Group

(plastic toys) and Amazon (robotics fulfillment center), had the highest jobs and capital investment numbers.

Announcements from companies that need office space were led by The CoStar Group (real estate analytics), SimpliSafe (customer support for security systems) and T-Mobile (telecommunications customer support).

Cluster	Projects	Announced Jobs	Announced Investment
Advanced Manufacturing	31	4,255	\$1,689,000,000
Logistics & E-commerce	21	4,164	\$ 1,212,000,000
Corporate Services	18	4,325	\$546,000,000
Life Science	11	1,826	\$314,000,000
Food & Beverage	10	704	\$489,000,000
Finance & Technology	4	522	\$6,000,000
Information Technology	4	46	\$148,000,000
Other	1	6	n/a
<b>Grand Total</b>	<b>100</b>	<b>15,848</b>	<b>\$4,404,000,000</b>



# New + Expanding Companies

Jan. 2020-Jan. 2024

These are the leading corporate expansions in the Richmond MSA since Jan. 2020. Jobs and investment from newly-locating companies account for 48.1% of jobs and 53.7% of capital investment.

◆ = New-to-market Company

## Corp. Services

CoStar, 1984 jobs, \$461m

◆SimpliSafe, 572 jobs, \$5m

T-Mobile USA, 500 jobs

SimpliSafe, 264 jobs

## Logistics + E-Commerce

Amazon, 1,000 jobs, \$340m

◆SanMar, 1,000 jobs, \$50m

◆World Class Distribution, 745 jobs, \$275m

◆AutoZone, 352 jobs, \$185m

## IT

◆iFit Health & Fitness, 40 jobs, \$3m

◆Pulse, 6 jobs

QTS Data Centers, \$144m

CapTech Ventures, \$1m

## Adv. Manufacturing

◆LEGO Group, 1761 jobs, \$1,043m

◆PGT Innovations, 659 jobs, \$54m

◆Carvana, 400 Jobs, \$25m

◆Starplast USA LLC, 300 jobs, \$18m

## Life Sciences

PPD, 458 jobs, \$92m

◆Aditxt, 347 jobs, \$32m

Grenova, 250 jobs, \$11m

Blackbriar Regulatory Svcs, 195 jobs, \$1m

## Food + Beverage

◆Plenty Unlimited, 300 jobs, \$300m

Republic National Distributing, 150 jobs, \$3m

Mondelez International, 80 jobs, \$123m

◆Sapporo, 68 jobs

## Finance + Insurance

Koalifi, 274 jobs

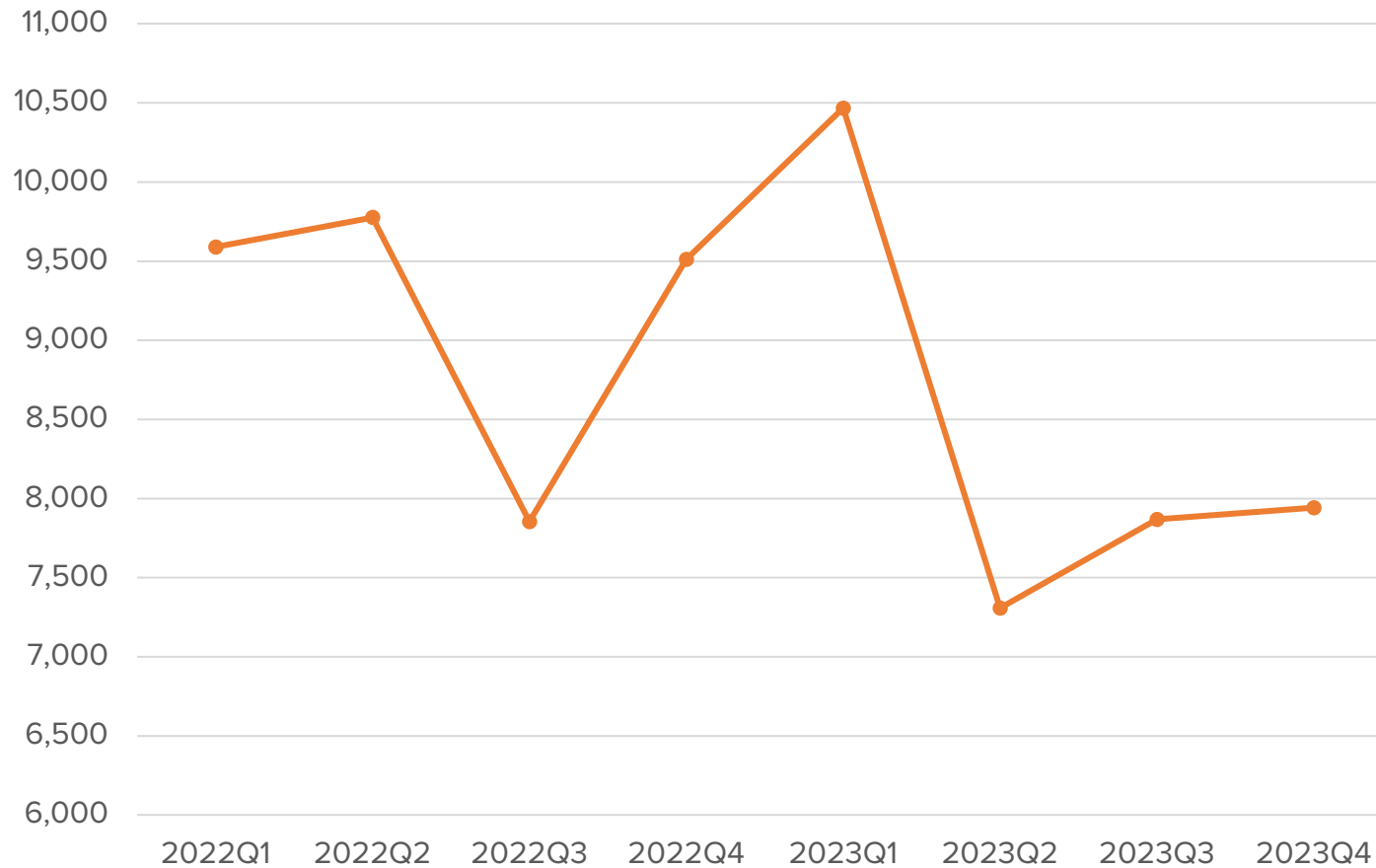
Richmond National Group, 103 jobs

◆Richmond National Group, 73 jobs

Berkley Mid-Atlantic Group, 72 jobs, \$6m

# Containers at RMT

2022 and 2023



During 2022, 36,730 containers moved through the Richmond Marine Terminal (RMT), but during 2023 that number declined by nearly 9% to 33,584.

According to the Virginia Port Authority, the RMT's decrease was the result of weaker demand for goods and destocking initiatives negatively impacted imports across U.S. ports last year.

Several new and expanding companies use the RMT:

- Sapporo (brewery)
- Republic National (wine distributor)
- Church & Dwight (mfg. personal prod)
- Weidmuller (electrical components)
- SanMar (clothing distributor)
- Plenty Unlimited (indoor farming)
- LEGO (mfg. LEGO brand toys)

# Greater Richmond Research Committee

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