



TRANSITIONING TO 2022 - ECONOMIC SHIFTS AND OPPORTUNITIES TO WATCH

Tysons,
Fairfax County

November 16, 2021

VEDP | Virginia
Economic
Development
Partnership
VEDP.org

TRANSITIONING TO 2022

Recovery trends

Recovery outlook

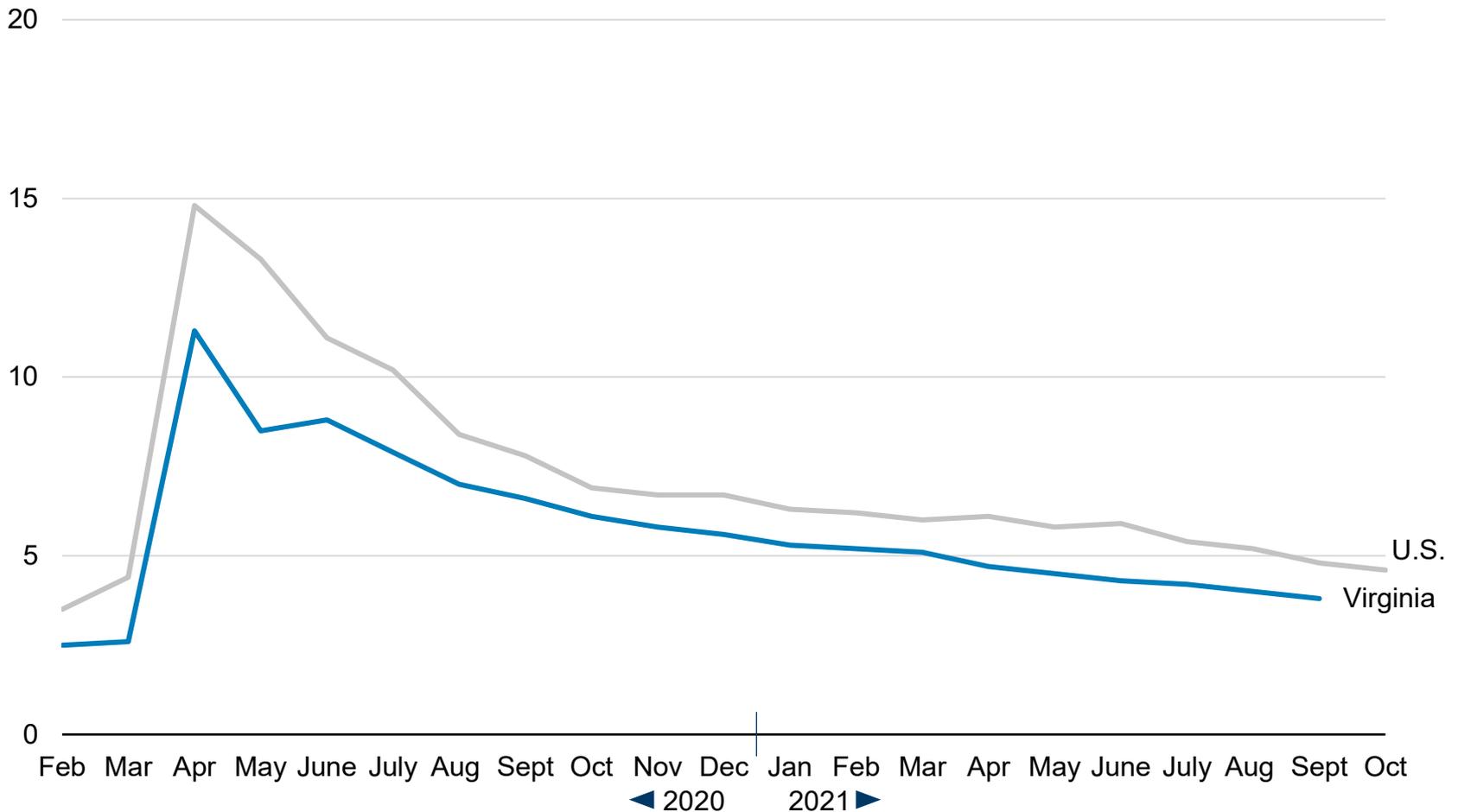
Opportunities to accelerate recovery



VIRGINIA UNEMPLOYMENT RATE CONSISTENTLY BETTER THAN U.S. WITH STEADY IMPROVEMENT SINCE PEAKING AT ~11% IN APRIL 2020

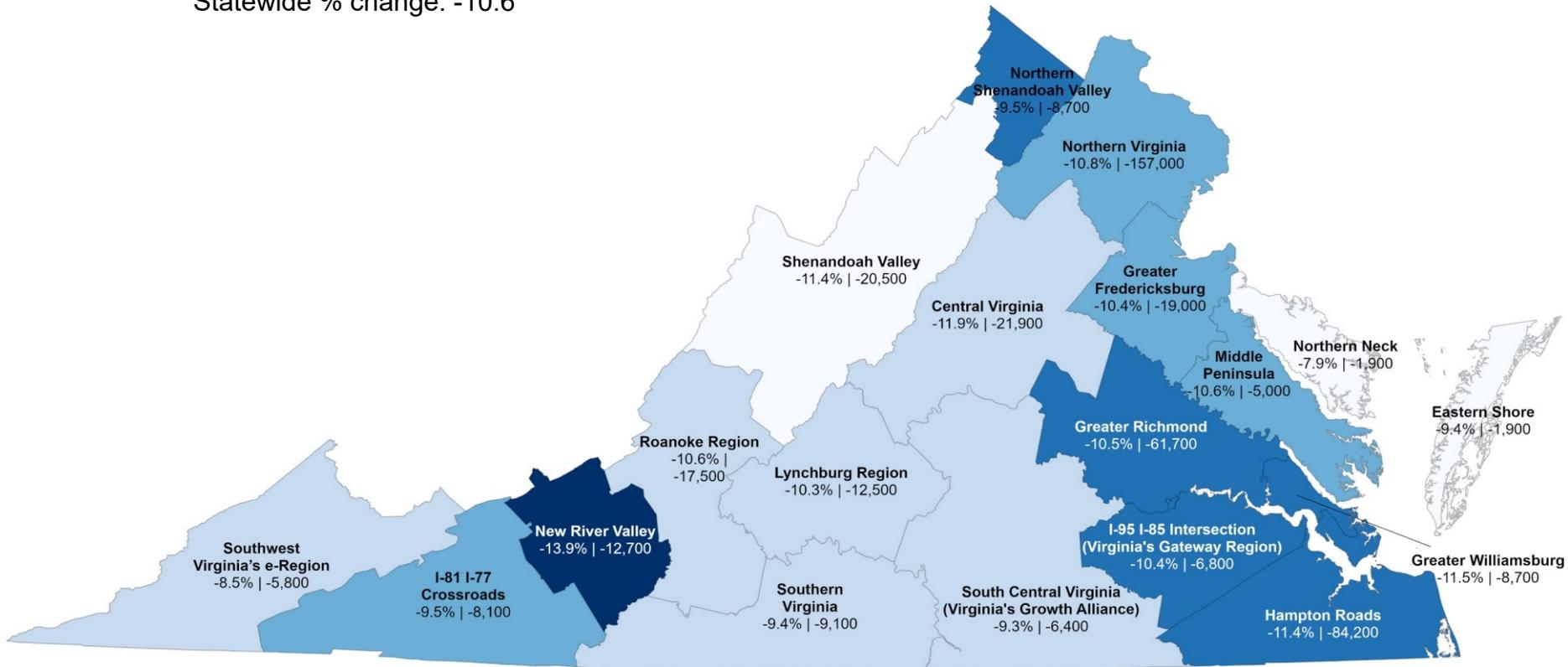
Monthly unemployment rate for the U.S. and Virginia

Percent labor force unemployed, Feb '20 – Sept / Oct '21, seasonally adjusted



EMPLOYMENT LOSSES PEAKED IN APRIL / MAY 2020, IMPACTING REGIONS TO DIFFERENT DEGREES

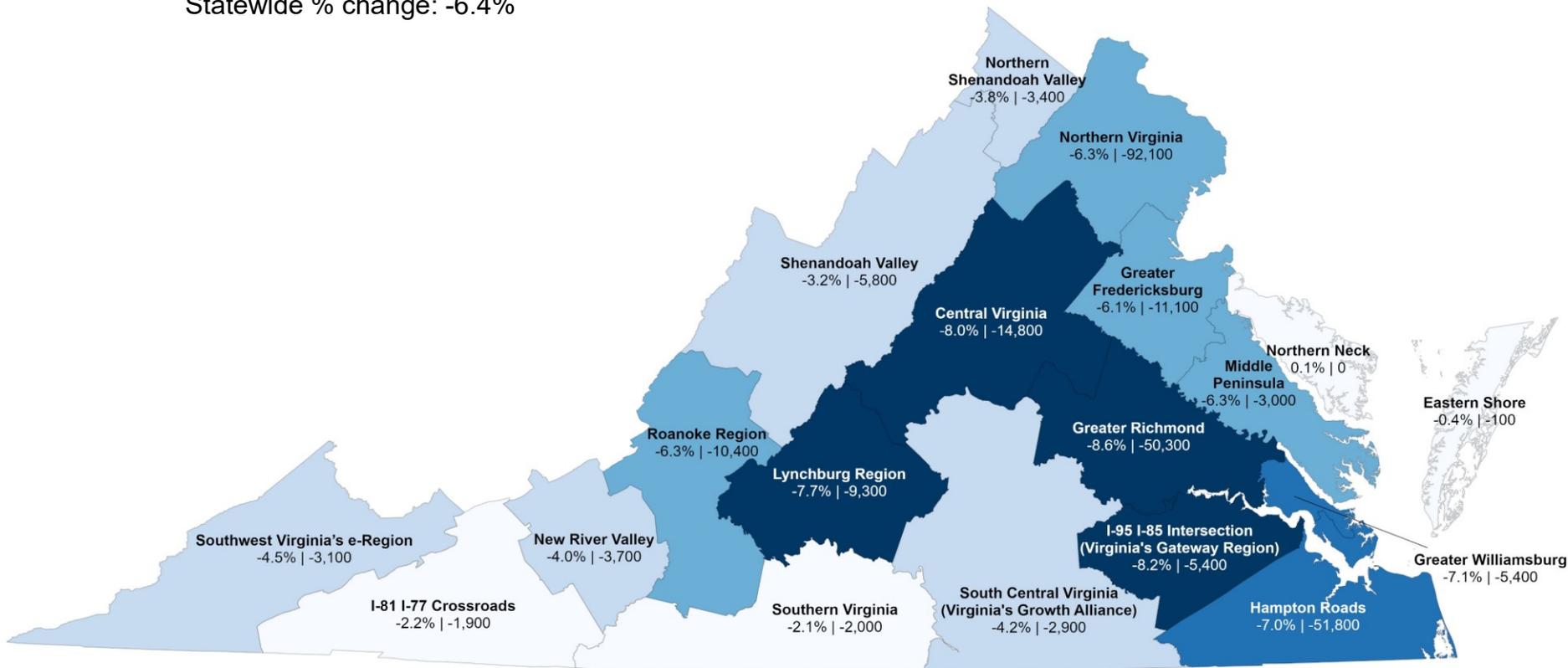
Employment change from Feb '20 – Apr / May '20¹
 % | absolute employment change, not seasonally adjusted



¹April/May depending on when employment reached lowest level in region
 Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

VIRGINIA HAS SEEN PROGRESSIVE RECOVERY OF JOBS LOST, BUT NOT ALL REGIONS HAVE RECOVERED TO THE SAME EXTENT

Employment change from Feb '20 – Sept '21
 % | absolute employment change, not seasonally adjusted

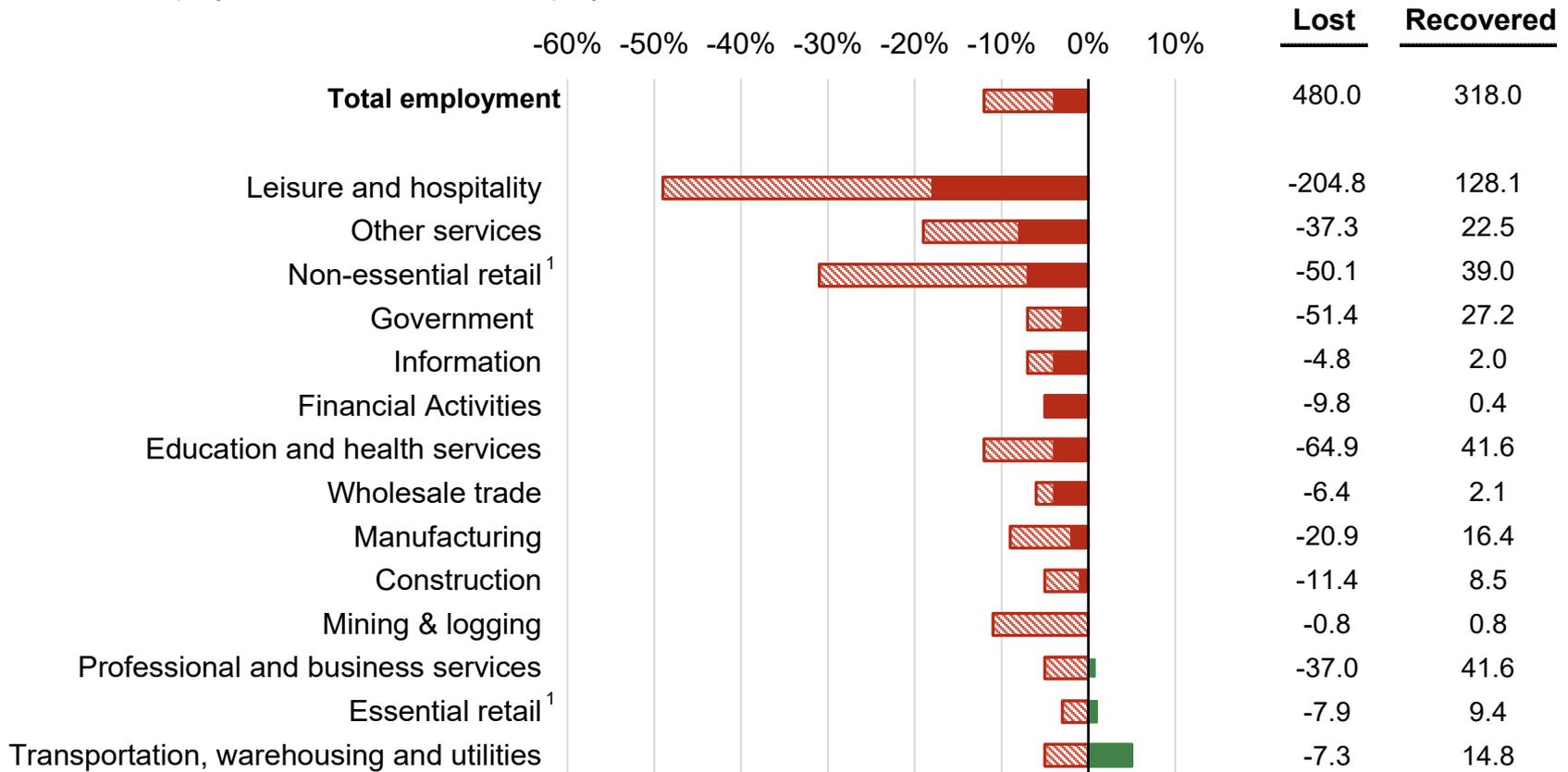


DESPITE IMPROVEMENTS SINCE APRIL 2020, VA EMPLOYMENT REMAINS BELOW FEBRUARY 2020 LEVELS IN MOST SUPERSECTORS

Virginia employment change since Jan '20 by supersector
 % non-farm payroll employment change from Jan '20 – Sept '21, seasonally adjusted

Change in # jobs since Jan²
 Thousands of jobs

▨ Lowest employment level ■ Current employment level



¹Essential / non-essential retail employment change based on assumptions from national trends

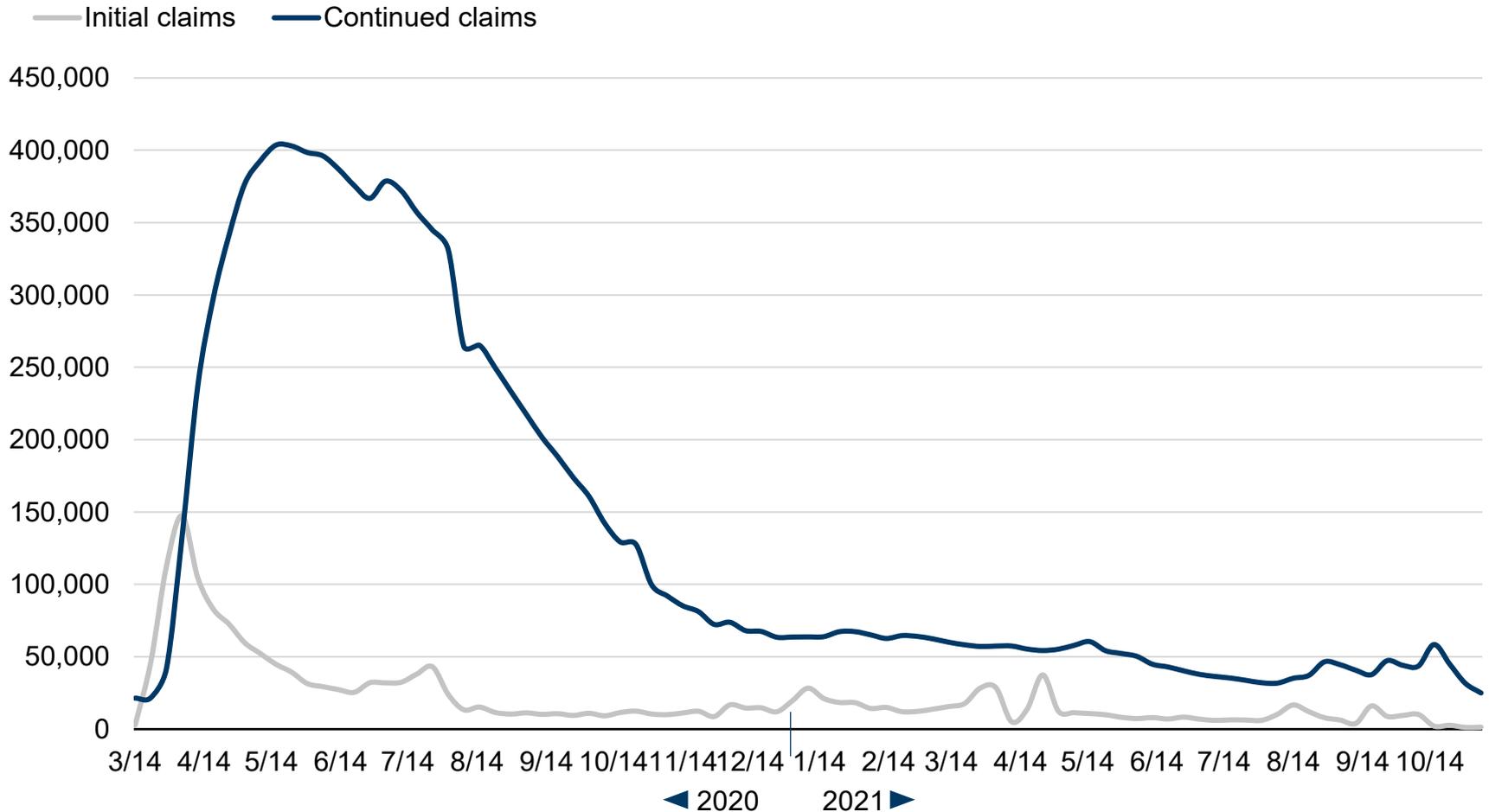
²Jobs lost at / recovered since lowest employment level for industry. Industry sub-totals do not equal state total due to differing time frames

Source: Current Employment Statistics

WEEKLY INITIAL UI CLAIMS AND CONTINUED CLAIMS ARE SLOWLY RETURNING TO PRE-PANDEMIC LEVELS

Unemployment Insurance (UI) claims

Weekly claims, Mar '20 – Oct '21, not seasonally adjusted



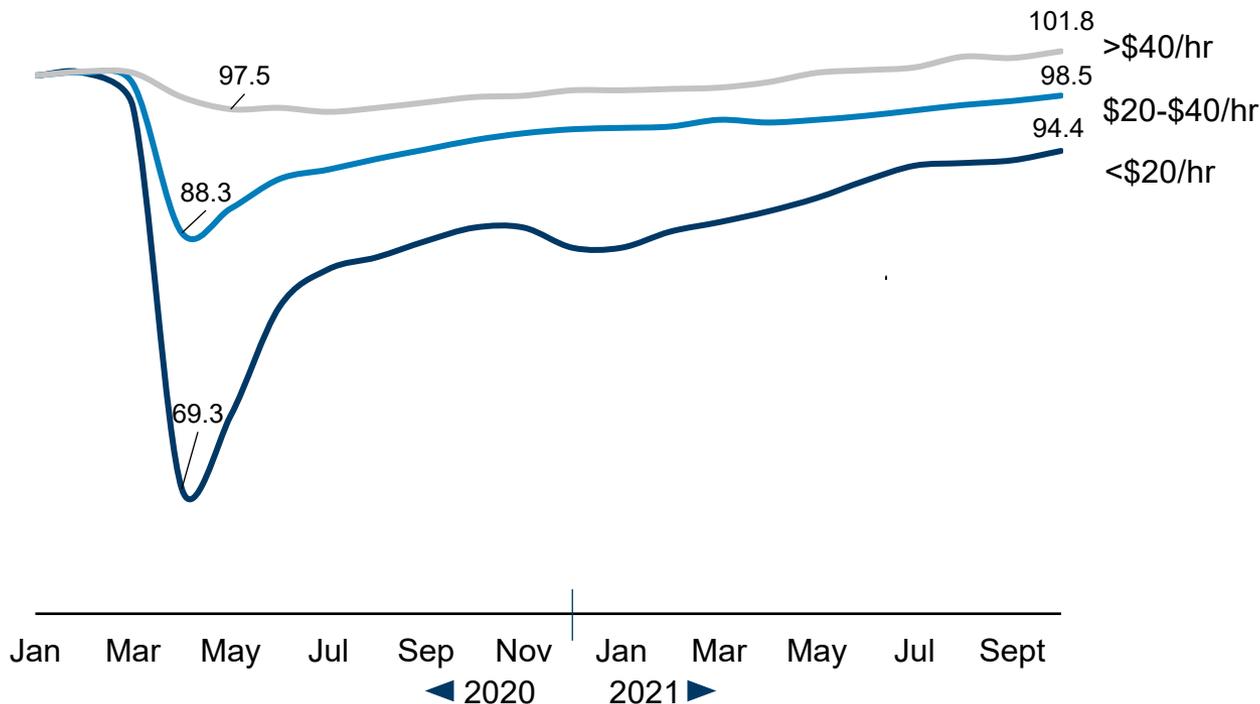
COVID-19 IMPACT IN VIRGINIA GOES BEYOND THE UNEMPLOYED POPULATION

Impacted populations	Jan '20 – Sep '21 change (absolute)	Jan '20 – Sep '21 % change
Lost primary job – actively looking	+49,797	45%
Lost secondary job,	+174,192	53%
Involuntary reduction of hours	-9,805	-15%
Not actively looking, but want a job	-5,782	-5%
Total impacted population	+208,402	72%

COVID-19 ECONOMIC SHOCK HAS DISPROPORTIONATELY IMPACTED LESS EDUCATED, MINORITIES, WOMEN, LOWER WAGE EARNERS

Change in U.S. employment by average industry earnings

Non-farm payroll jobs, Jan '20 – Oct '21, indexed to Jan. '20 employment levels



Virginia workers earning less than \$20/hour¹

22%

Have a Bachelor's degree or higher (vs. 77% of workers earning >\$40/hr)

45%

Are non-white / Hispanic (vs. 30% of workers earning >\$40/hr)

55%

Are women (vs. 35% of workers earning >\$40/hr)

¹Employed persons in 2019, based on wages income earned in previous 12 months

TRANSITIONING TO 2022

Recovery trends

Recovery outlook

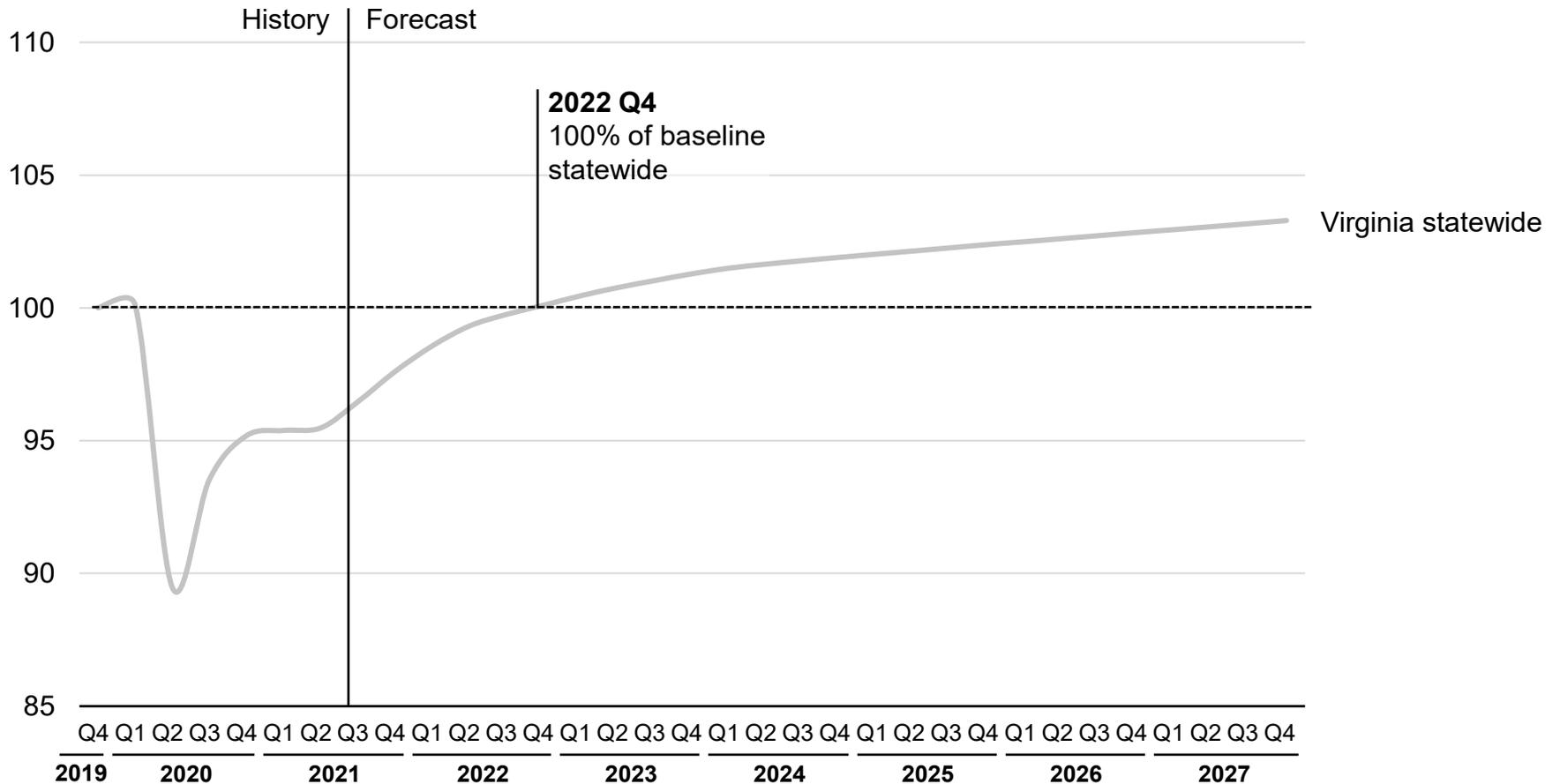
Opportunities to accelerate recovery



CACI International,
Fairfax County

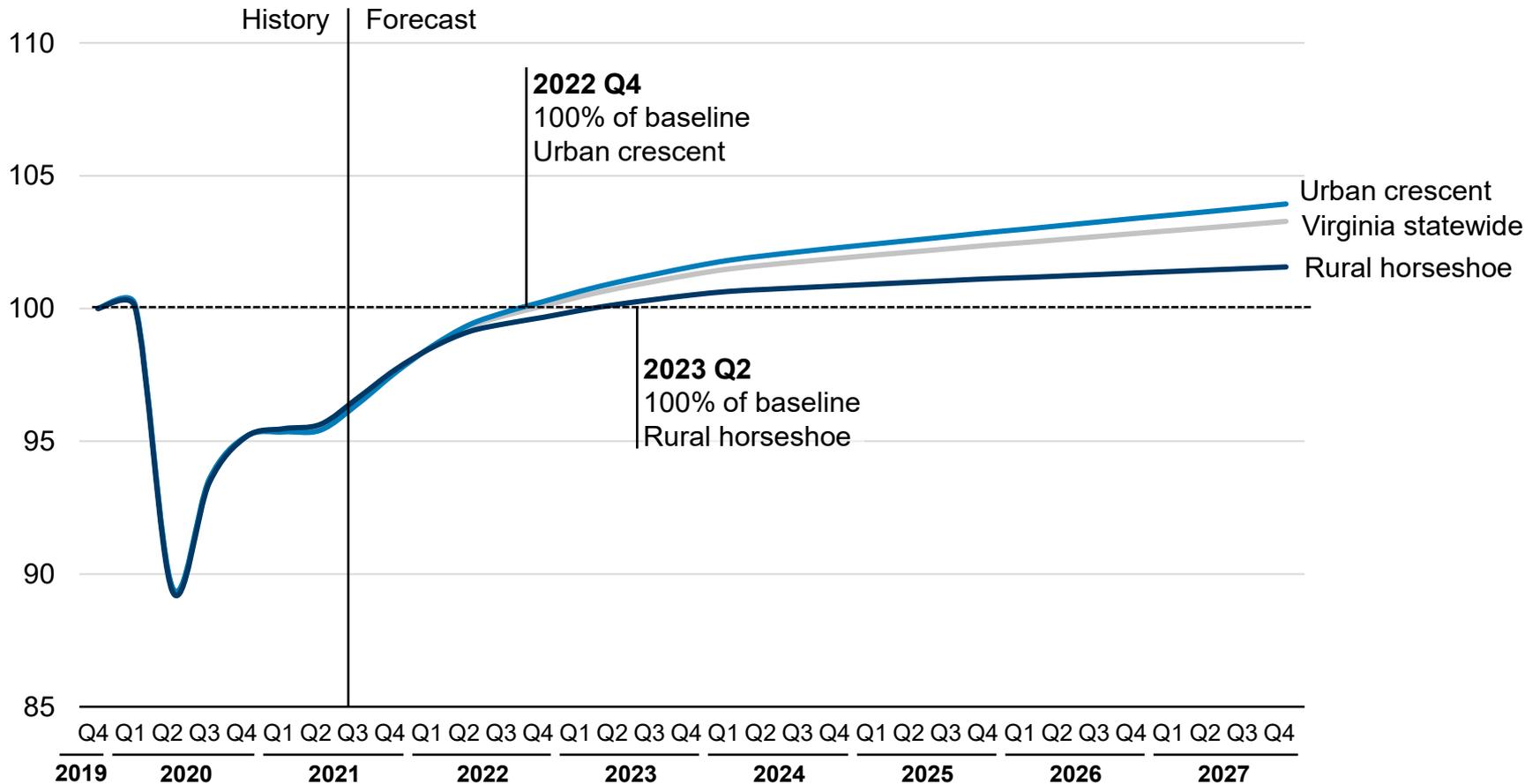
STATEWIDE, EMPLOYMENT IS CURRENTLY PROJECTED TO REACH PRE-COVID-19 LEVELS BY THE FOURTH QUARTER OF 2022

Forecasted quarterly employment as % of pre-COVID-19 baseline
 Total non-farm payroll employment, indexed to actual 2019 Q4 employment



OUTSIDE URBAN CRESCENT, RECOVERY CURRENTLY EXPECTED TO LAG ~6 MONTHS, BUT GAP LIKELY MUCH LARGER IF GROWTH SLOWS

Forecasted quarterly employment as % of pre-COVID-19 baseline
 Total non-farm payroll employment¹, indexed to actual 2019 Q4 employment



¹ Locality forecast data have been corrected to match statewide employment forecasts; data differs slightly due to methodological differences in Moody's state and sub-state models

Source: Moody's Analytics (October baseline forecast); Census Bureau; VEDP analysis

TRANSITIONING TO 2022

Recovery trends

Recovery outlook

Opportunities to accelerate recovery



Microsoft Rendering,
Fairfax County

VIRGINIA WILL BE WELL-POSITIONED FOR HEALTHY GROWTH IN POST-PANDEMIC AMERICA



Cloud Computing • Data Centers • Autonomous Systems • E-Commerce • Food-and-Beverage Processing • Commercial Trucks • Delivery Vehicles • Logistics • Broadband Investments

THE COMMONWEALTH STRATEGIC ECONOMIC RESTORATION ROADMAP IS DESIGNED AROUND FOUR BIG OPPORTUNITIES



Capture manufacturing reshoring and new supply chain opportunities



Accelerate Digital Virginia (cloud computing, software, data centers)



Seize telework transition opportunities, with special focus on rural & small metro regions



Retool and reskill Virginia's (unemployed) workforce for post-COVID career opportunities

BIG DRIVERS OF ECONOMIC GROWTH, ECONOMIC OPPORTUNITY, AND BUSINESS CLIMATE RANKINGS: PAST, PRESENT, FUTURE

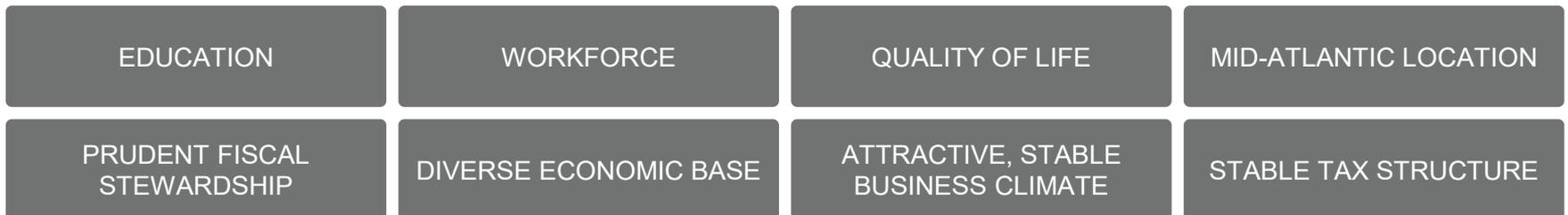
TOP OPPORTUNITIES TO IMPROVE



RECENT ADVANCES



LONGSTANDING STRENGTHS



LABS



**GLIMPSES OF THE
FUTURE: SOME
DEFINITE, OTHERS
LIKELY WITH THE
RIGHT ACTIONS**



**Nearly
ubiquitous
broadband**



Bucking America's rural decline trend



University of Virginia's College at Wise

Growing commercial space sector on the Eastern Shore



Gigawatts of solar power



Facebook's Solar Site, Gloucester

Gigawatts of offshore wind



**> \$10 billion
per year in data
center
investment**



Leading America in container port capabilities



Virginia International Gateway, Portsmouth

Leading
America in
export-oriented
manufacturing
wins



**Leading
America in
unmanned
systems**



Leading America in rural and small metro tech centers



**Leading
America in
computer
science:**

**\$1.1B
Tech Talent
Investment
Program**



Rendering of the Virginia Tech Innovation Campus

Leading America in data science



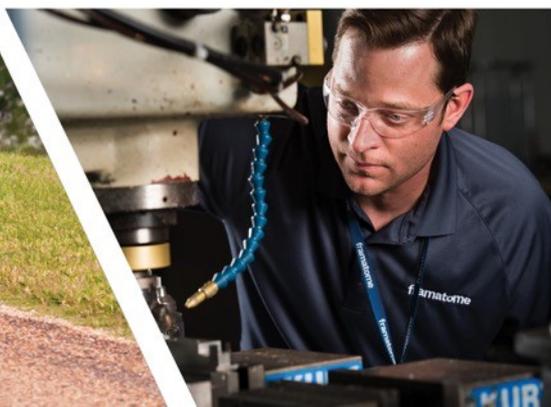
**Leading
America in
human capital
development**



Northern Virginia Community College



MUVE FORWARD WITH PURPOSE



THANK YOU

Jason El Koubi
Executive Vice President
804.219.6232
jelkoubi@vedp.org

