

# The Evolving Lynchburg MSA Economy

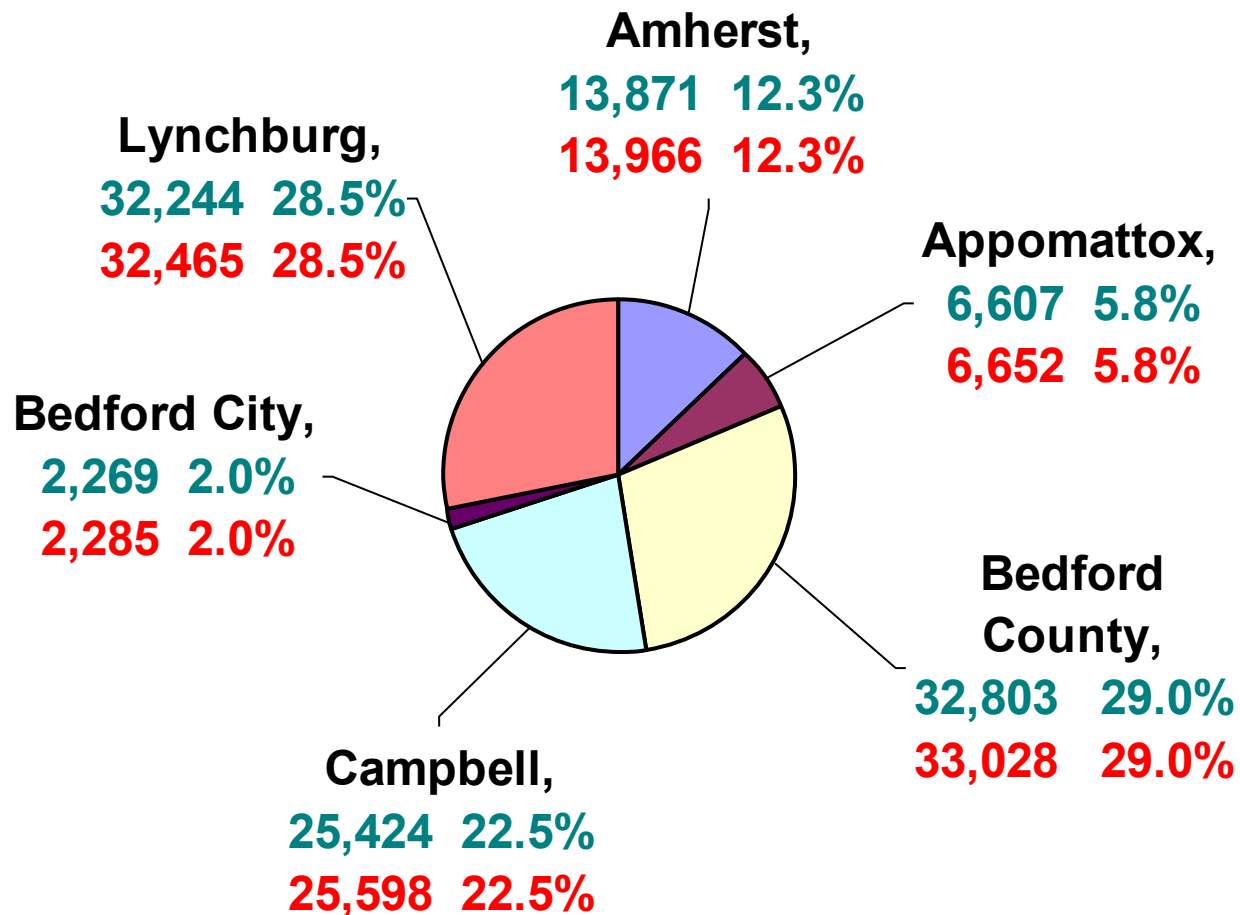
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**October 9, 2013**  
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Above & Beyond



**LYNCHBURG**  
COLLEGE EST. 1903

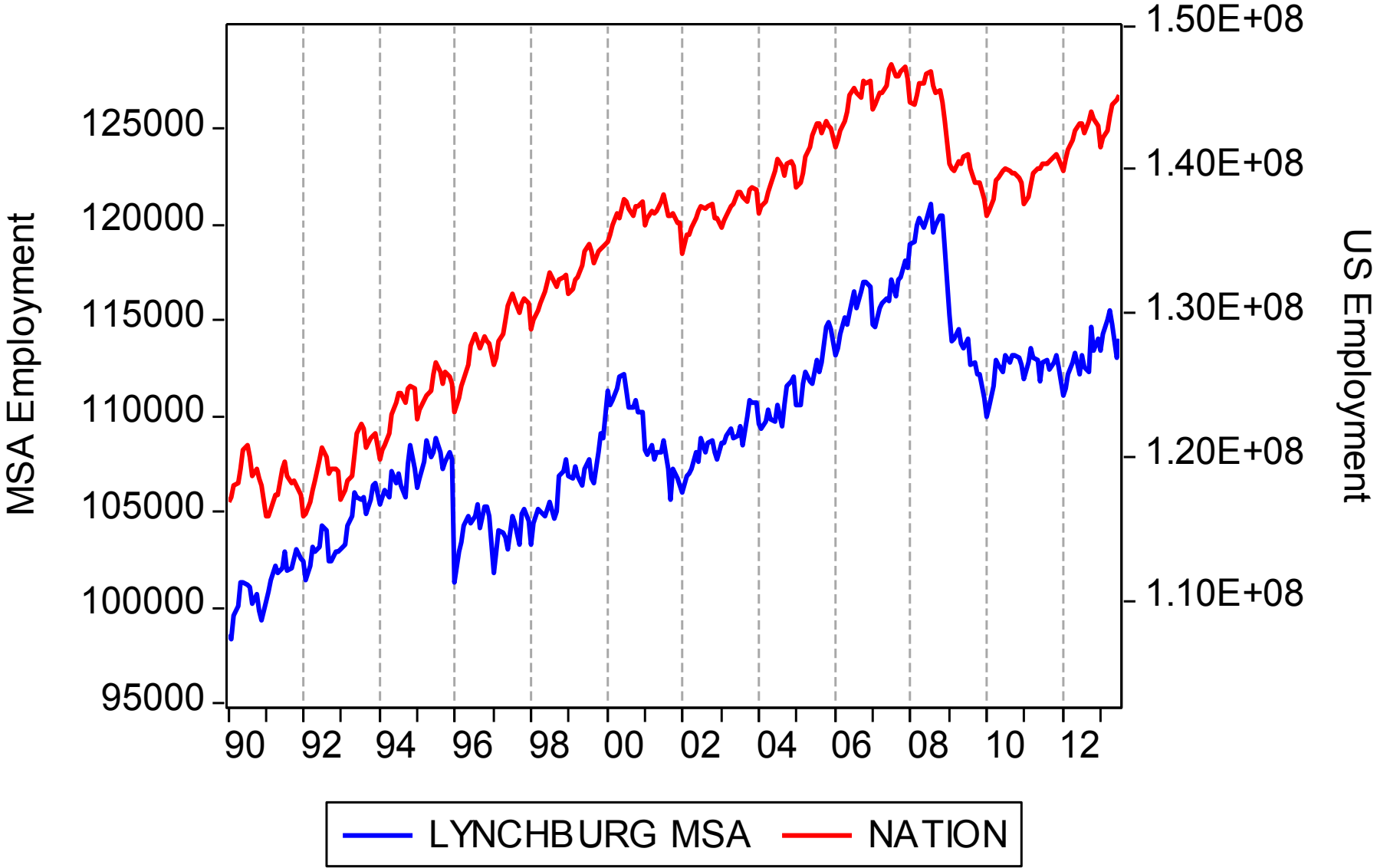
# Distribution of Regional Employment, July 2012 vs. July 2013



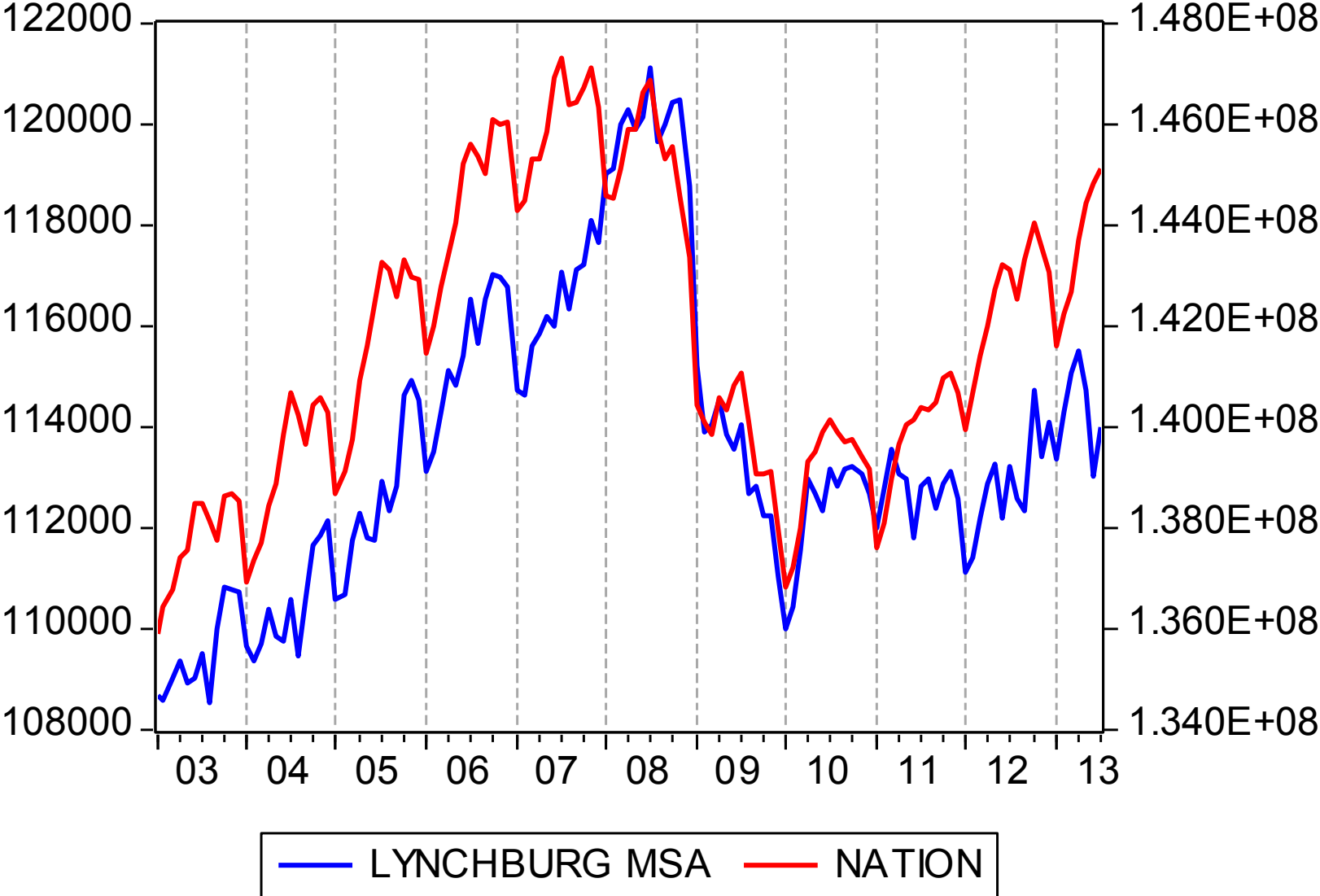
| <b>Resident<br/>Employment</b> | <b>% Change (7/12 – 7/13)</b> |                   |                     | <b>Change<br/>(7/12 – 7/13)</b> | <b>Unemployment<br/>Rate</b> |                      |
|--------------------------------|-------------------------------|-------------------|---------------------|---------------------------------|------------------------------|----------------------|
|                                | <b>Labor<br/>Force</b>        | <b>Employment</b> | <b>Unemployment</b> | <b>Unemployment</b>             | <b>July<br/>2012</b>         | <b>July<br/>2013</b> |
| <b>Amherst</b>                 | <b>0.1</b>                    | <b>0.7</b>        | <b>-7.6</b>         | <b>-0.5</b>                     | <b>7.4</b>                   | <b>6.9</b>           |
| <b>Appomattox</b>              | <b>-0.5</b>                   | <b>0.7</b>        | <b>-18.0</b>        | <b>-1.1</b>                     | <b>7.3</b>                   | <b>6.2</b>           |
| <b>Bedford County</b>          | <b>0.3</b>                    | <b>0.7</b>        | <b>-5.9</b>         | <b>-0.3</b>                     | <b>6.0</b>                   | <b>5.7</b>           |
| <b>Campbell</b>                | <b>0.6</b>                    | <b>0.7</b>        | <b>-0.5</b>         | <b>-0.1</b>                     | <b>6.3</b>                   | <b>6.2</b>           |
| <b>Bedford City</b>            | <b>0.0</b>                    | <b>0.7</b>        | <b>-8.0</b>         | <b>-0.6</b>                     | <b>8.2</b>                   | <b>7.6</b>           |
| <b>Lynchburg</b>               | <b>0.0</b>                    | <b>0.7</b>        | <b>-6.9</b>         | <b>-0.6</b>                     | <b>9.0</b>                   | <b>8.4</b>           |
| <b>Lynchburg<br/>MSA</b>       | <b>0.2</b>                    | <b>0.7</b>        | <b>-6.0</b>         | <b>-0.4</b>                     | <b>7.2</b>                   | <b>6.8</b>           |
| <b>Virginia</b>                | <b>-0.9</b>                   | <b>-0.2</b>       | <b>-12.3</b>        | <b>-0.6</b>                     | <b>6.2</b>                   | <b>5.6</b>           |
| <b>US (1000s)</b>              | <b>-0.4</b>                   | <b>1.0</b>        | <b>-16.9</b>        | <b>-1.3</b>                     | <b>8.6</b>                   | <b>7.3</b>           |

| Metropolitan<br>Statistical Areas       | % Change (July 2012 – July 2013) |            |              | Change<br>(July 2013 – July 2013) |
|---|----------------------------------|------------|--------------|-----------------------------------|
|   | Labor Force                      | Employment | Unemployment | Unemployment                      |
| Winchester                              | 5.4                              | 6.2        | -7.8         | -0.7                              |
| Harrisonburg                            | 2.5                              | 3.4        | -9.0         | -0.8                              |
| Blacksburg-<br>Christiansburg-Radford   | 2.2                              | 3.1        | -9.2         | -0.9                              |
| Virginia Beach-Norfolk-<br>Newport News | 2.0                              | 2.7        | -8.0         | -0.7                              |
| Danville                                | 0.6                              | 1.6        | -8.8         | -0.8                              |
| Washington-Arlington-<br>Alexandria     | 1.4                              | 1.5        | -0.3         | -0.1                              |
| Roanoke                                 | 0.8                              | 1.2        | -4.7         | -0.3                              |
| Kingsport-Bristol                       | 0.3                              | 1.0        | -7.1         | -0.6                              |
| Richmond                                | 0.3                              | 0.8        | -7.0         | -0.5                              |
| <b>Lynchburg</b>                        | <b>0.2</b>                       | <b>0.7</b> | <b>-5.7</b>  | <b>-0.4</b>                       |
| Charlottesville                         | - 2.7                            | -2.5       | -5.9         | -0.2                              |

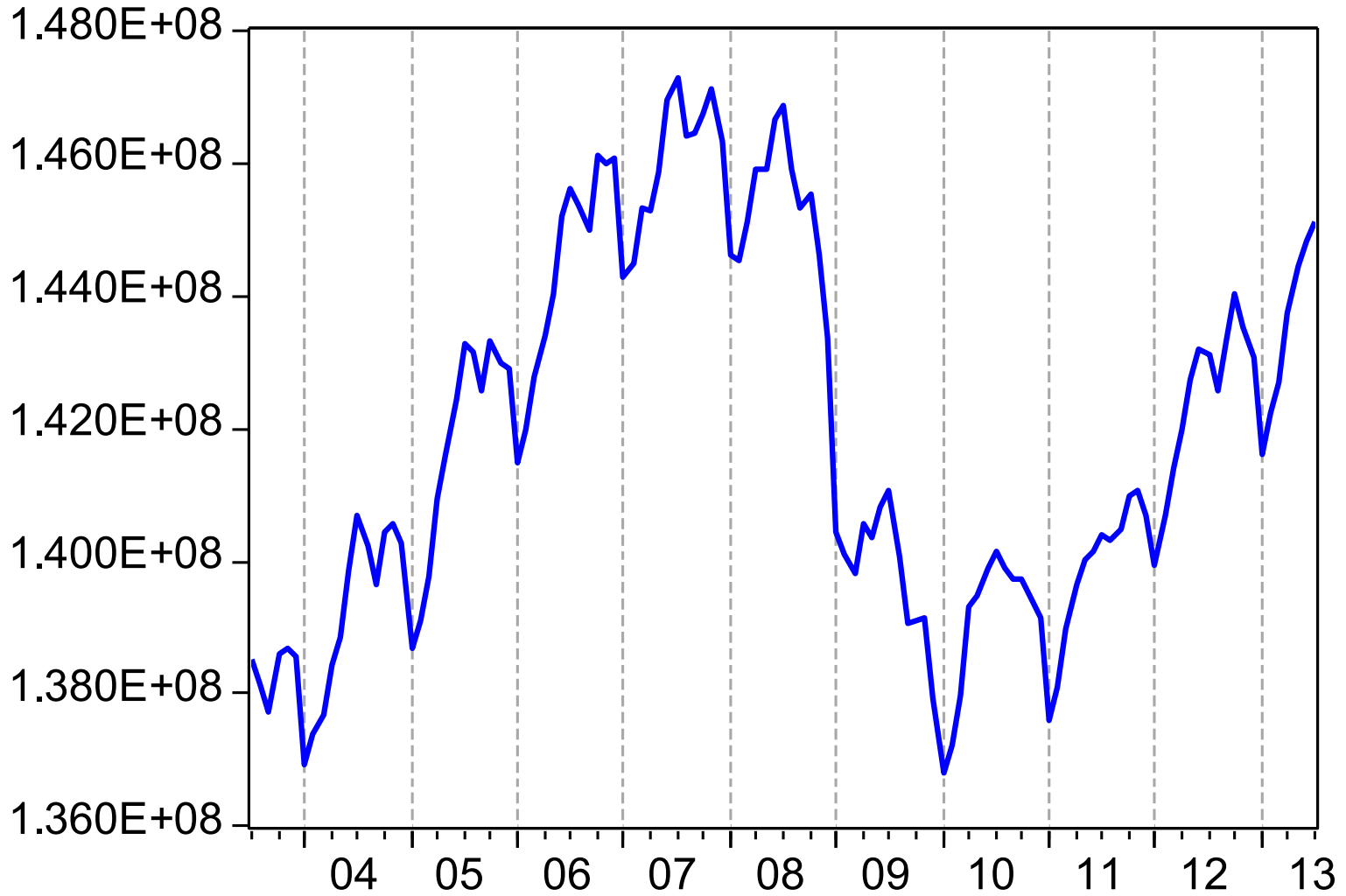
# EMPLOYMENT BY PLACE OF RESIDENCE



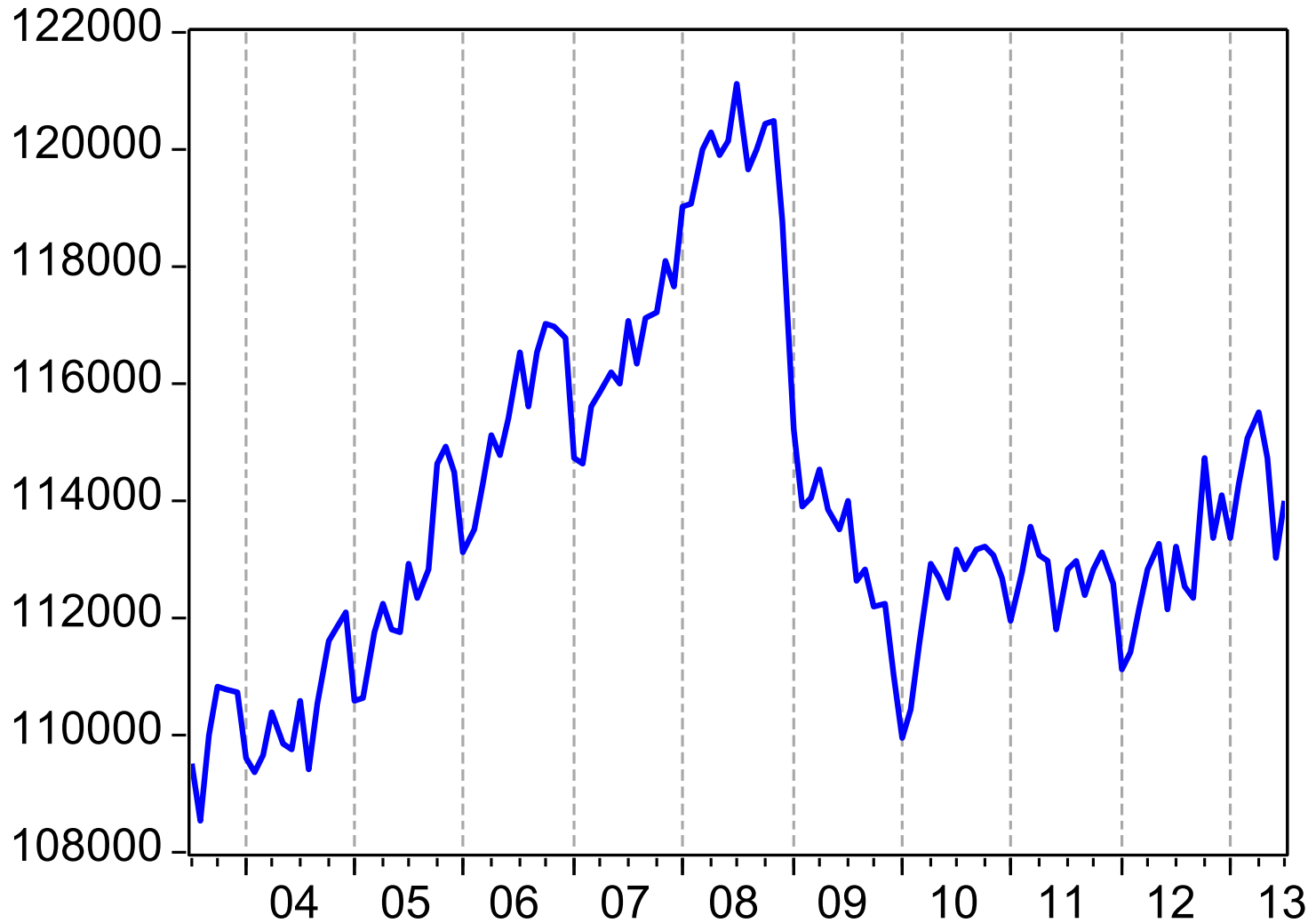
# EMPLOYMENT BY PLACE OF RESIDENCE



# NATIONAL EMPLOYMENT, 2003:07 – 2013:07

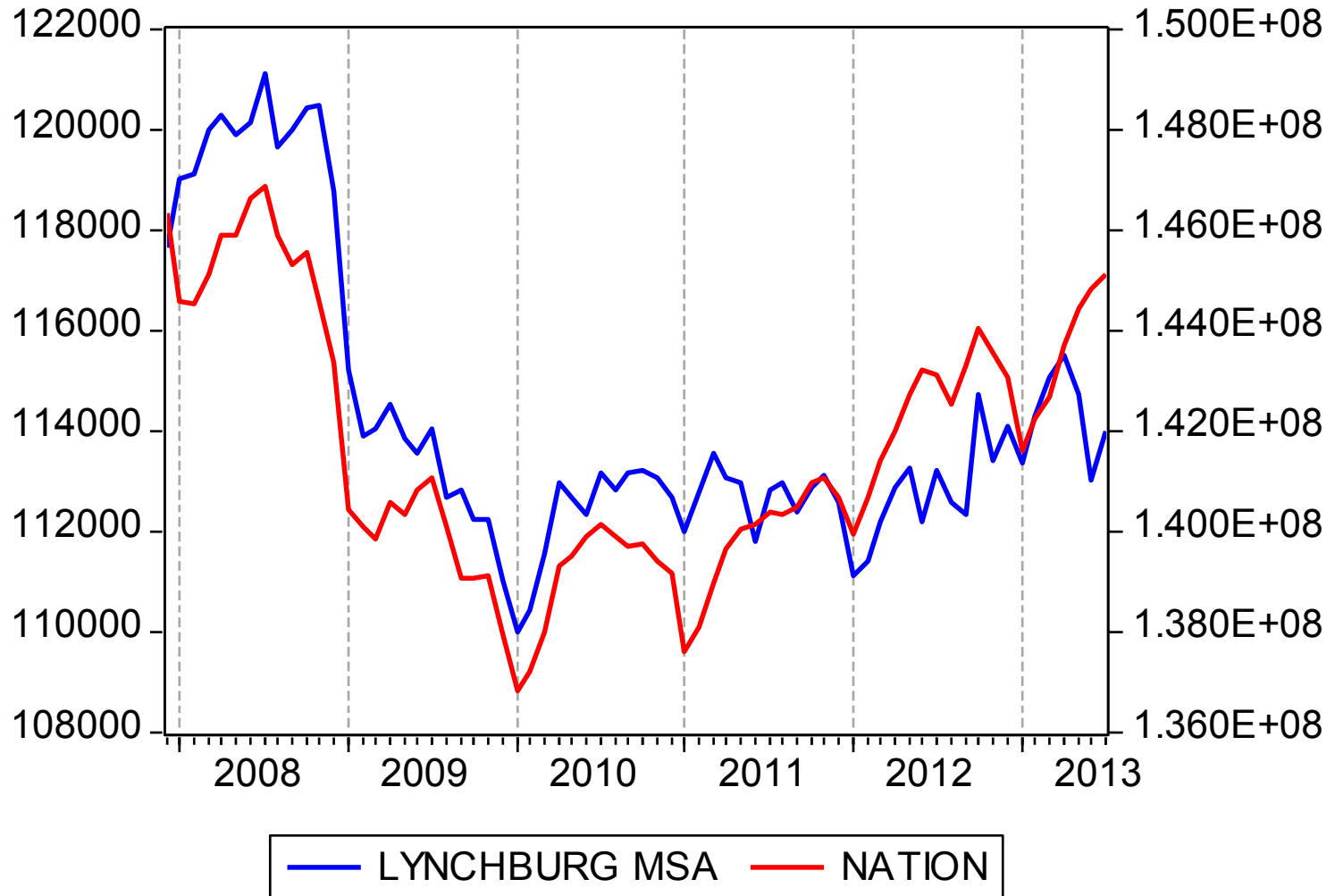


# LYNCHBURG MSA EMPLOYMENT, 2003:07 – 2013:07

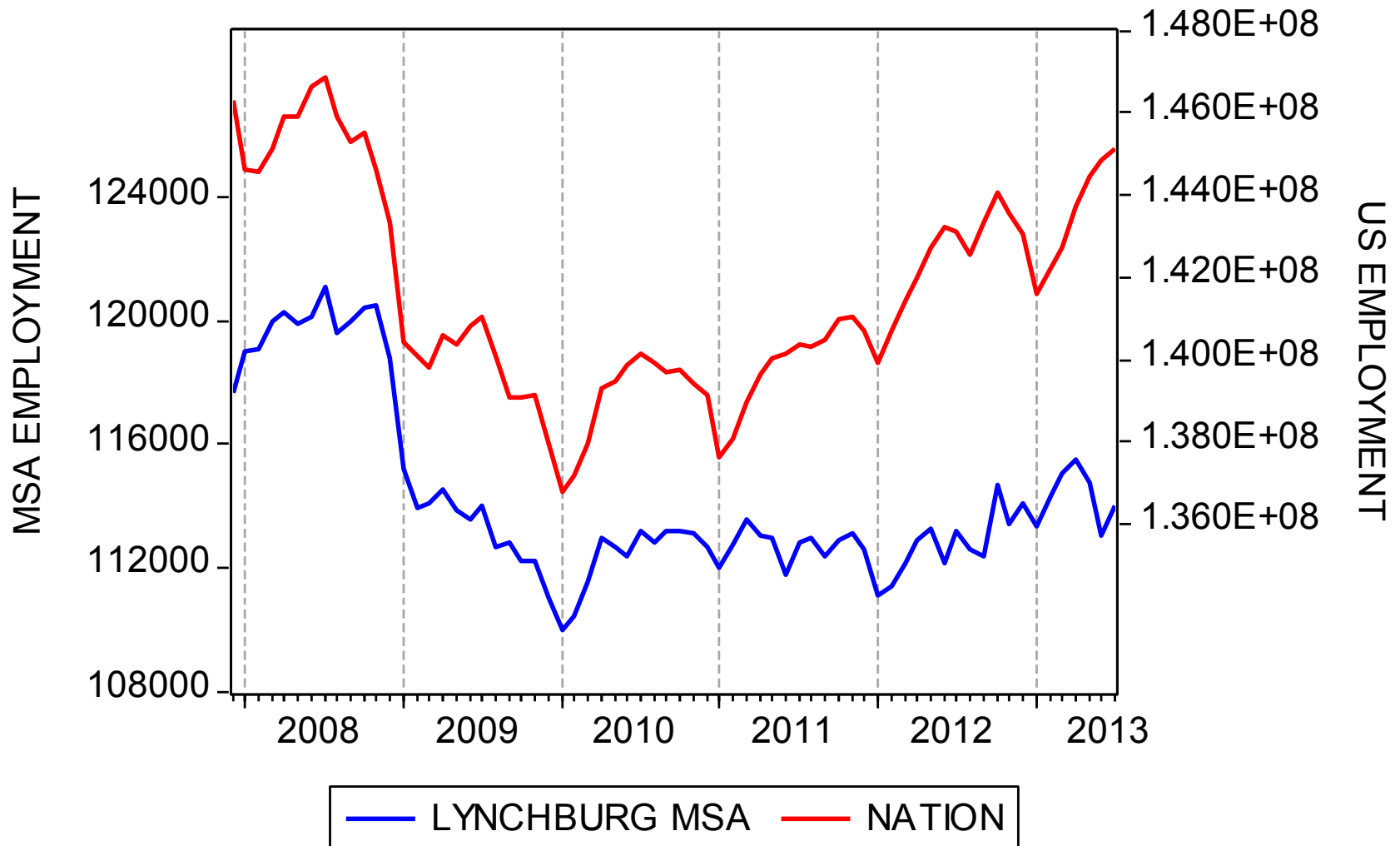




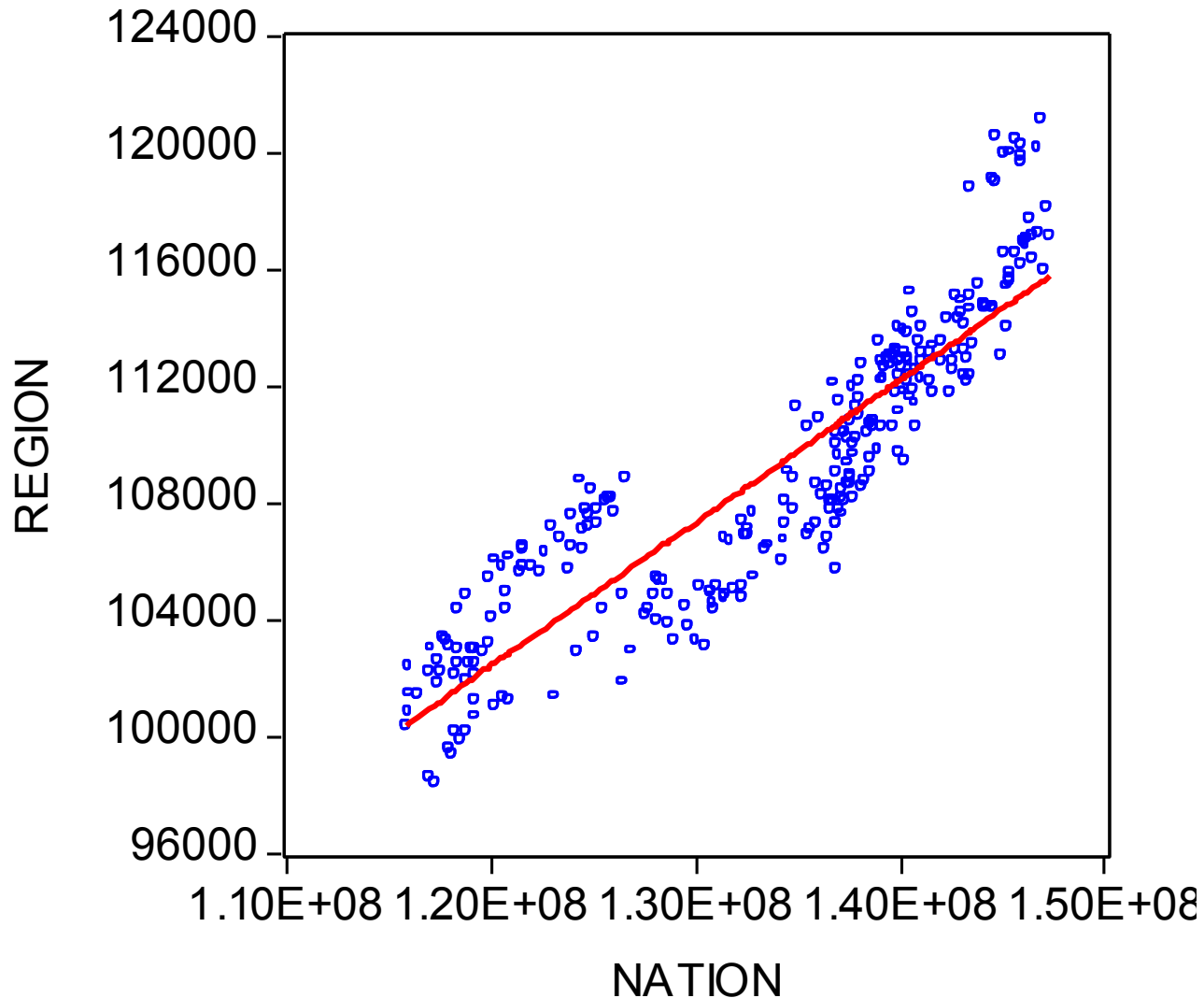
# Climbing Out of Recession I



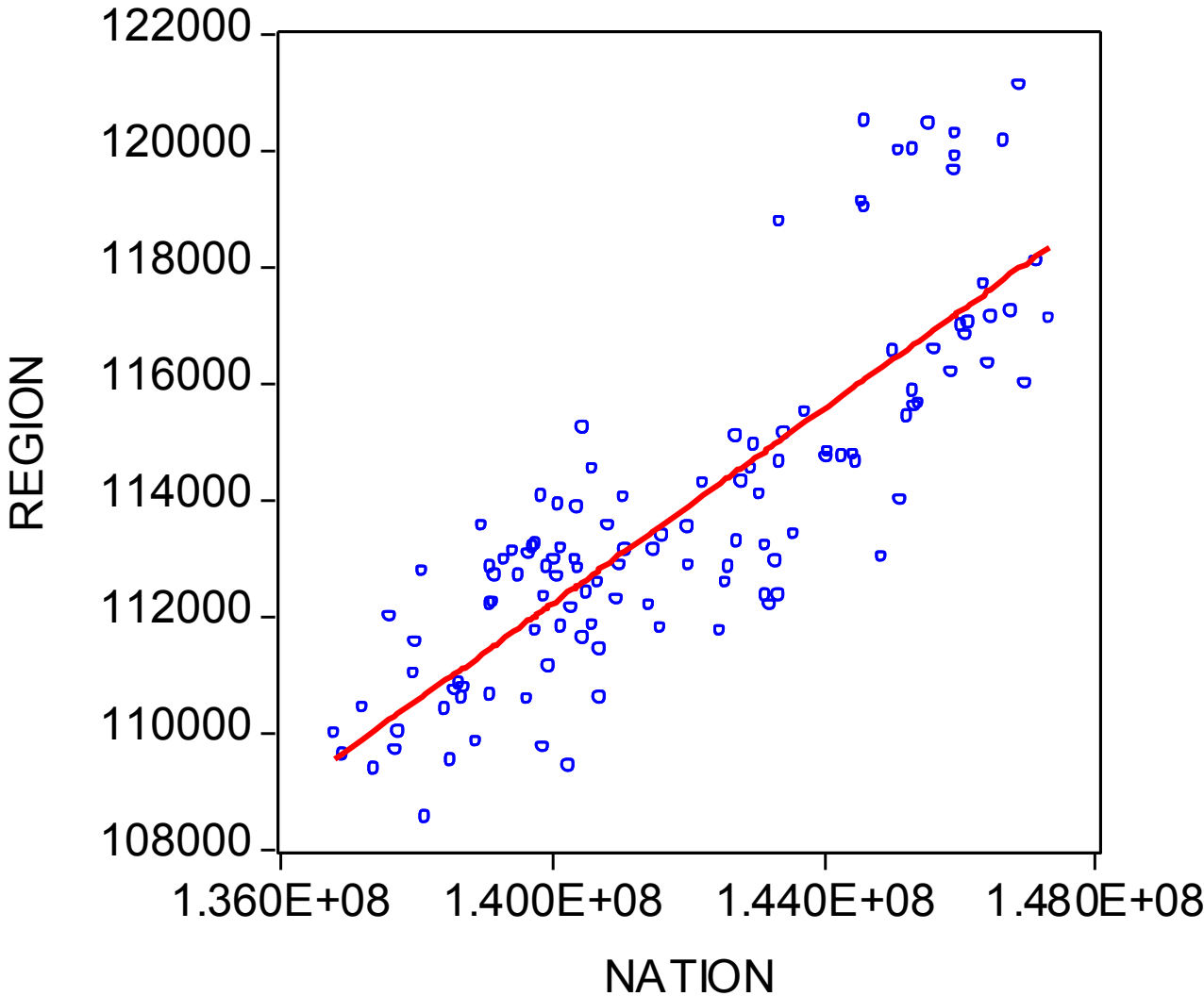
# Climbing Out of Recession II



# Regional Dependence on the National Economy, 1990:01–2013:07

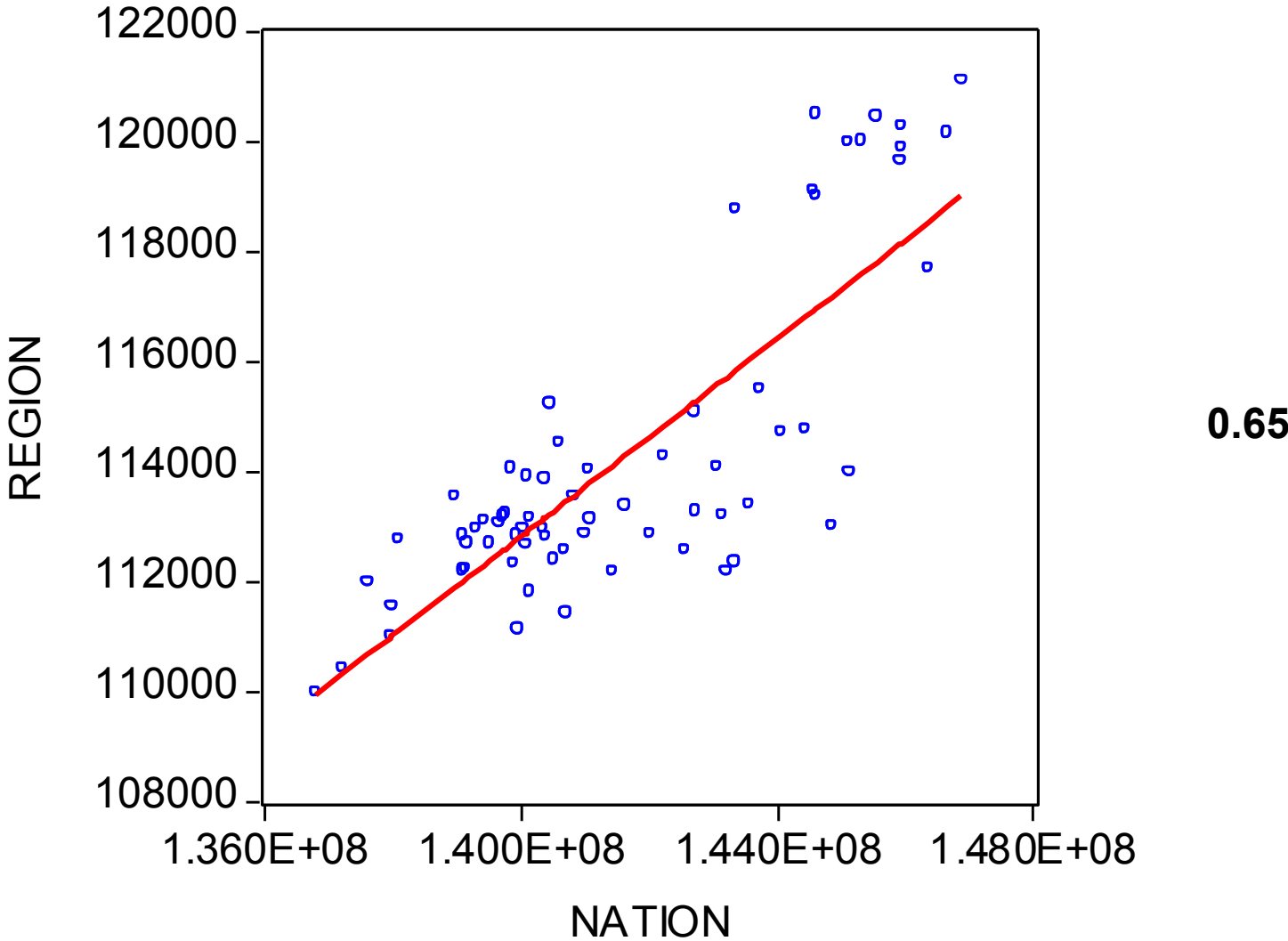


# Regional Dependence on the National Economy, 2003:07– 2013:07

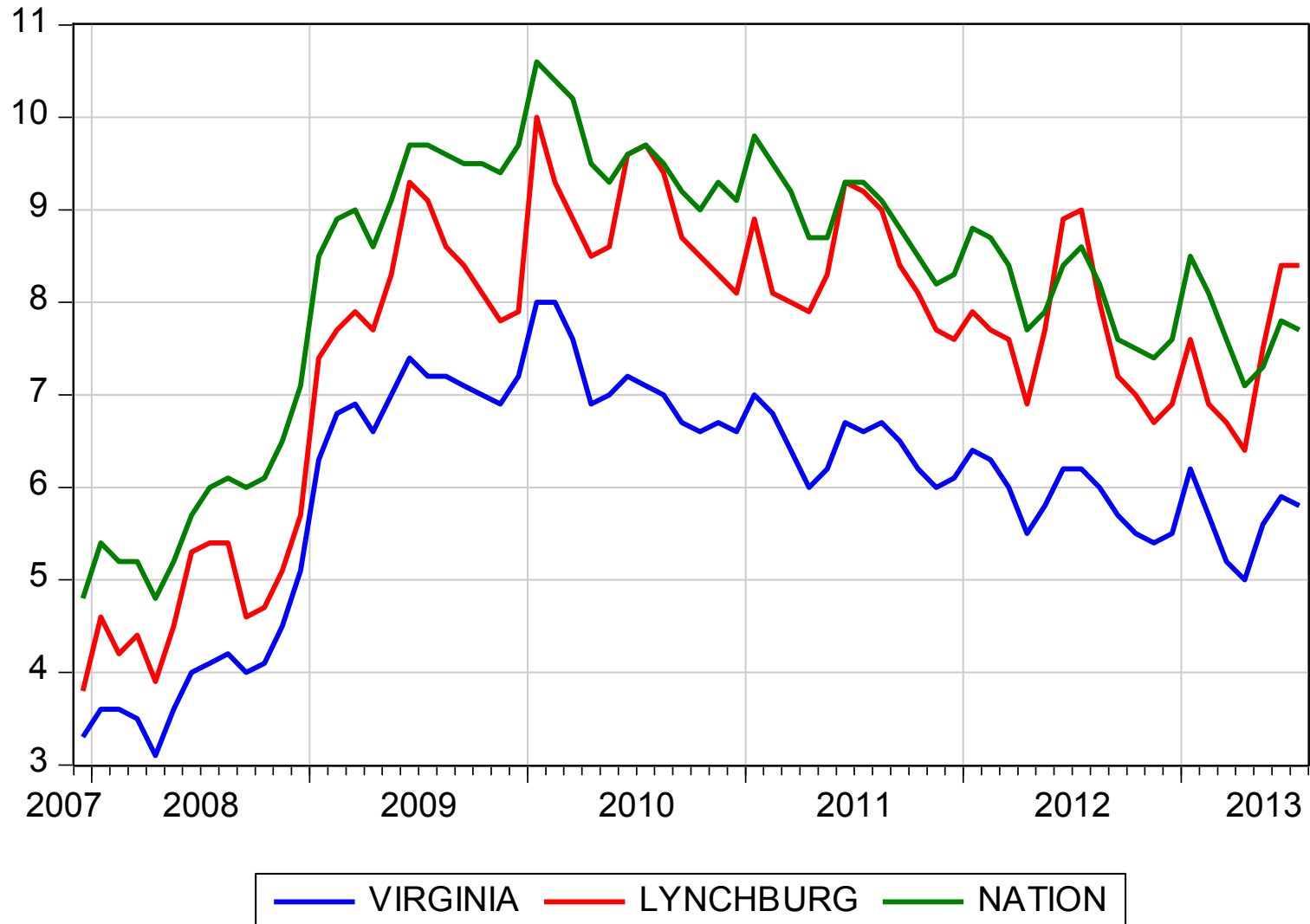


0.69

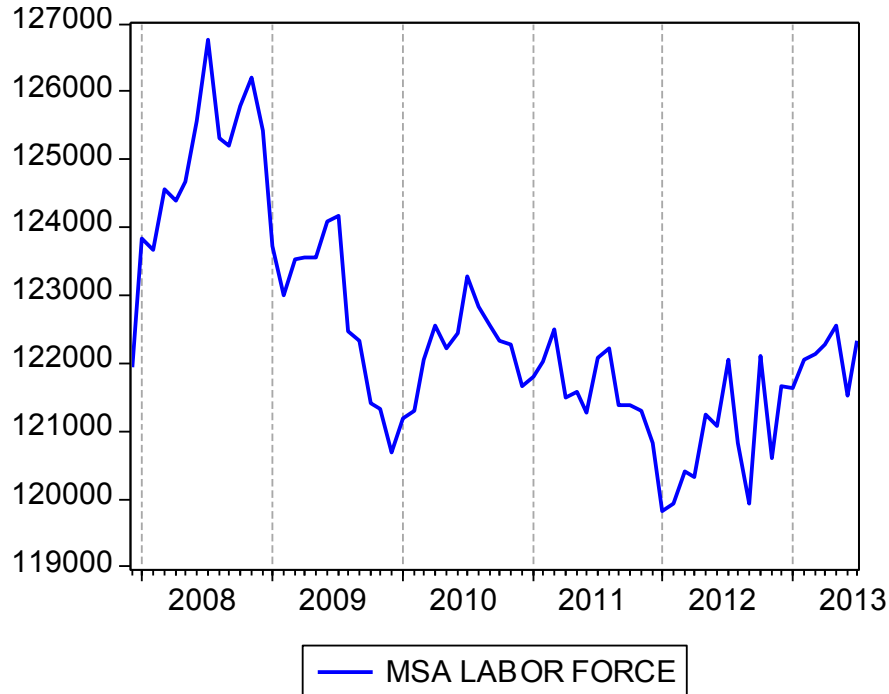
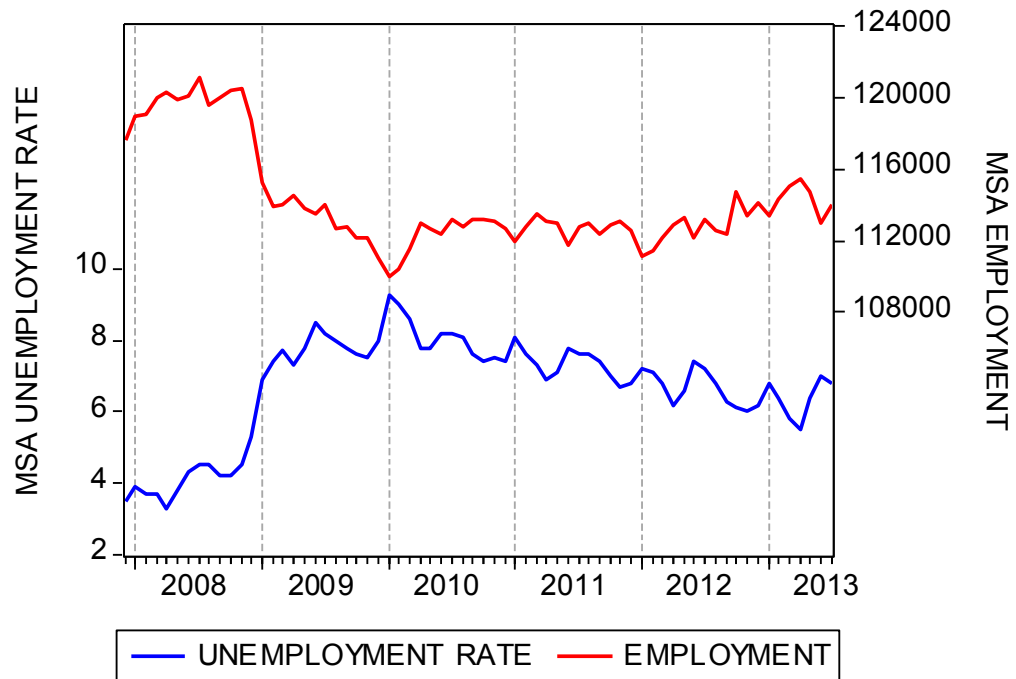
# Regional Dependence on the National Economy, 2007:12 – 2013:07



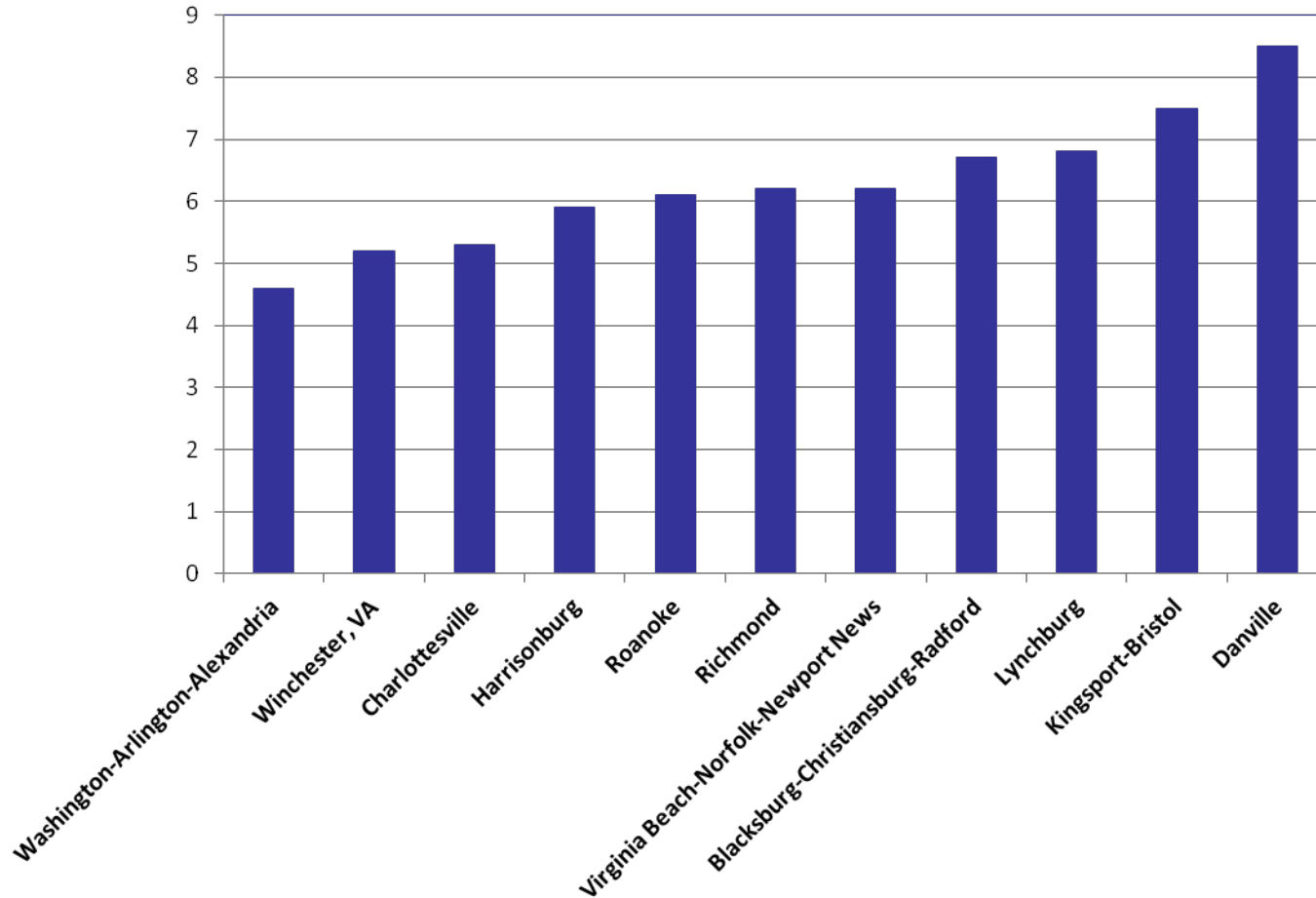
# Unemployment Rates Dec 2007 – July 2013



# The Lynchburg MSA Labor Market



# MSA Unemployment Rates July 2013





# Number of Unemployed per Advertised Job Opening\*

|  | July-12     | June-13     | July-13     |
|--|-------------|-------------|-------------|
| <b>Blacksburg-Christiansburg-Radford MSA</b>   | <b>1.40</b> | <b>1.25</b> | <b>1.13</b> |
| <b>Charlottesville MSA</b>                     | <b>0.79</b> | <b>0.88</b> | <b>0.78</b> |
| <b>Danville MSA</b>                            | <b>2.44</b> | <b>2.26</b> | <b>2.15</b> |
| <b>Harrisonburg MSA</b>                        | <b>1.56</b> | <b>1.55</b> | <b>1.35</b> |
| <b>Lynchburg MSA</b>                           | <b>1.89</b> | <b>1.72</b> | <b>1.48</b> |
| <b>Richmond MSA</b>                            | <b>1.03</b> | <b>0.97</b> | <b>0.73</b> |
| <b>Roanoke MSA</b>                             | <b>1.20</b> | <b>1.17</b> | <b>0.92</b> |
| <b>Virginia Beach-Norfolk-Newport News MSA</b> | <b>1.36</b> | <b>1.35</b> | <b>1.11</b> |
| <b>Winchester, VA-WV MSA</b>                   | <b>1.63</b> | <b>1.43</b> | <b>1.22</b> |

\* Advertised online

# Number of Unemployed per Advertised Job Opening\*

|                          | <b>July-12</b> | <b>June-13</b> | <b>July-13</b> |
|--------------------------|----------------|----------------|----------------|
| <b>Amherst County</b>    | <b>3.85</b>    | <b>4.02</b>    | <b>3.14</b>    |
| <b>Appomattox County</b> | <b>8.21</b>    | <b>5.60</b>    | <b>4.66</b>    |
| <b>Bedford City</b>      | <b>33.67</b>   | <b>53.50</b>   | <b>37.40</b>   |
| <b>Bedford County</b>    | <b>4.33</b>    | <b>3.21</b>    | <b>2.82</b>    |
| <b>Campbell County</b>   | <b>6.46</b>    | <b>5.82</b>    | <b>5.91</b>    |
| <b>Lynchburg City</b>    | <b>0.89</b>    | <b>0.81</b>    | <b>0.71</b>    |
| <b>REGION</b>            | <b>1.89</b>    | <b>1.72</b>    | <b>1.48</b>    |

\* Advertised online

# ACCRA Cost of Living Index (2013 Q2)

| MSA             | Composite | Grocery | Housing | Utilities | Transport | Health | Misc  |
|-----------------|-----------|---------|---------|-----------|-----------|--------|-------|
| Charlottesville | 103.2     | 94.2    | 115.1   | 89.0      | 94.5      | 100.6  | 105.4 |
| Richmond        | 101.5     | 96.7    | 88.2    | 106.7     | 100.2     | 104.2  | 113.1 |
| Winchester      | 100.9     | 98.9    | 94.5    | 98.7      | 95.2      | 101.7  | 109.9 |
| Hampton Roads   | 99.9      | 93.2    | 92.6    | 108.0     | 98.6      | 102.7  | 106.4 |
| Harrisonburg    | 99.8      | 94.0    | 106.4   | 100.4     | 89.7      | 103.4  | 99.9  |
| Blacksburg      | 96.3      | 92.3    | 92.4    | 97.7      | 94.5      | 104.5  | 100.5 |
| Lexington       | 94.4      | 93.6    | 96.5    | 98.6      | 95.7      | 89.0   | 91.8  |
| Staunton        | 94.1      | 89.3    | 94.5    | 102.3     | 91.7      | 94.7   | 94.0  |
| Danville        | 93.9      | 93.8    | 91.9    | 109.3     | 93.7      | 88.2   | 91.6  |
| Roanoke         | 89.9      | 89.3    | 85.5    | 97.9      | 89.8      | 94.8   | 90.7  |
| Lynchburg       | 89.3      | 85.7    | 77.0    | 108.9     | 88.0      | 96.7   | 94.1  |

# Percent by which cost of living exceeds Lynchburg MSA in 2013 Q2

|                 | Composite | Grocery | Housing | Utilities | Transport | Health | Misc  |
|-----------------|-----------|---------|---------|-----------|-----------|--------|-------|
| Charlottesville | 115.6     | 109.9   | 149.5   | 81.7      | 107.4     | 104.0  | 111.8 |
| Richmond        | 113.7     | 112.8   | 114.5   | 98.0      | 113.9     | 107.8  | 119.9 |
| Winchester      | 113.0     | 115.4   | 122.7   | 90.6      | 108.2     | 105.2  | 116.5 |
| Hampton Roads   | 111.9     | 108.8   | 120.3   | 99.2      | 112.0     | 106.2  | 112.8 |
| Harrisonburg    | 111.8     | 109.7   | 138.2   | 92.2      | 101.9     | 106.9  | 105.9 |
| Blacksburg      | 107.8     | 107.7   | 120.0   | 89.7      | 107.4     | 108.1  | 106.6 |
| Lexington       | 105.7     | 109.2   | 125.3   | 90.5      | 108.8     | 92.0   | 97.3  |
| Staunton        | 105.4     | 104.2   | 122.7   | 93.9      | 104.2     | 97.9   | 99.7  |
| Danville        | 105.2     | 109.5   | 119.4   | 100.4     | 106.5     | 91.2   | 97.1  |
| Roanoke         | 100.7     | 104.2   | 111.0   | 89.9      | 102.0     | 98.0   | 96.2  |

Relative labor cost in Lynchburg  
MSA needed to provide the same  
purchasing power to employees in:

|                        |             |
|------------------------|-------------|
| <b>Charlottesville</b> | <b>86.5</b> |
| <b>Richmond</b>        | <b>88.0</b> |
| <b>Winchester</b>      | <b>88.5</b> |
| <b>Hampton Roads</b>   | <b>89.4</b> |
| <b>Harrisonburg</b>    | <b>89.5</b> |
| <b>Blacksburg</b>      | <b>92.7</b> |
| <b>Lexington</b>       | <b>94.6</b> |
| <b>Staunton</b>        | <b>94.9</b> |
| <b>Danville</b>        | <b>95.1</b> |
| <b>Roanoke</b>         | <b>99.3</b> |

# Housing Market Conditions

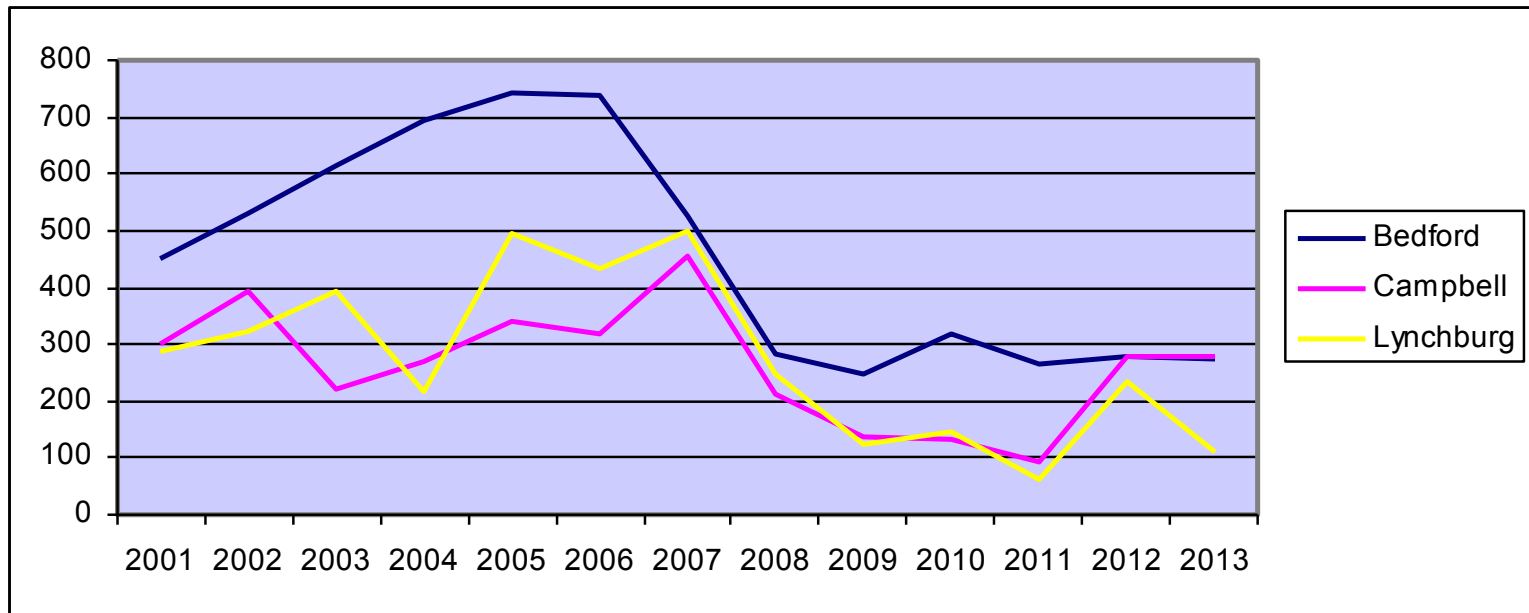
## 2012:2 – 2013:2

|  | <b>% Change<br/>Median Sales Price</b> | <b>% Change<br/>Sales</b> |
|--|--|---------------------------|
| <b>Roanoke/Lynchburg/Blacksburg</b>        | <b>5.1</b>                             | <b>16.2</b>               |
| <b>Central Virginia (Greater Richmond)</b> | <b>7.8</b>                             | <b>9.0</b>                |
| <b>Northern Virginia</b>                   | <b>8.5</b>                             | <b>12.4</b>               |
| <b>Hampton Roads</b>                       | <b>3.4</b>                             | <b>9.0</b>                |
| <b>Southside Virginia</b>                  | <b>-6.8</b>                            | <b>7.8</b>                |
| <b>Southwest Virginia</b>                  | <b>-0.9</b>                            | <b>15.6</b>               |
| <b>All of Virginia</b>                     | <b>7.8</b>                             | <b>11.0</b>               |

# Foreclosures

|                                     | <b>2013:1</b> | <b>2013:2</b> | <b>% Change</b> |
|-------------------------------------|---------------|---------------|-----------------|
| <b>Roanoke/Lynchburg/Blacksburg</b> | <b>67</b>     | <b>65</b>     | <b>-3.0</b>     |
| <b>Greater Richmond</b>             | <b>302</b>    | <b>377</b>    | <b>24.8</b>     |
| <b>Northern Virginia</b>            | <b>650</b>    | <b>595</b>    | <b>-8.5</b>     |
| <b>Hampton Roads</b>                | <b>498</b>    | <b>494</b>    | <b>-0.8</b>     |
| <b>Southside Virginia</b>           | <b>37</b>     | <b>27</b>     | <b>-27.0</b>    |
| <b>Southwest Virginia</b>           | <b>24</b>     | <b>16</b>     | <b>-33.3</b>    |
| <b>All of Virginia</b>              | <b>1,640</b>  | <b>1,632</b>  | <b>-0.5</b>     |

# Number of Building Permits (annual totals, 2001 through Aug 2013)



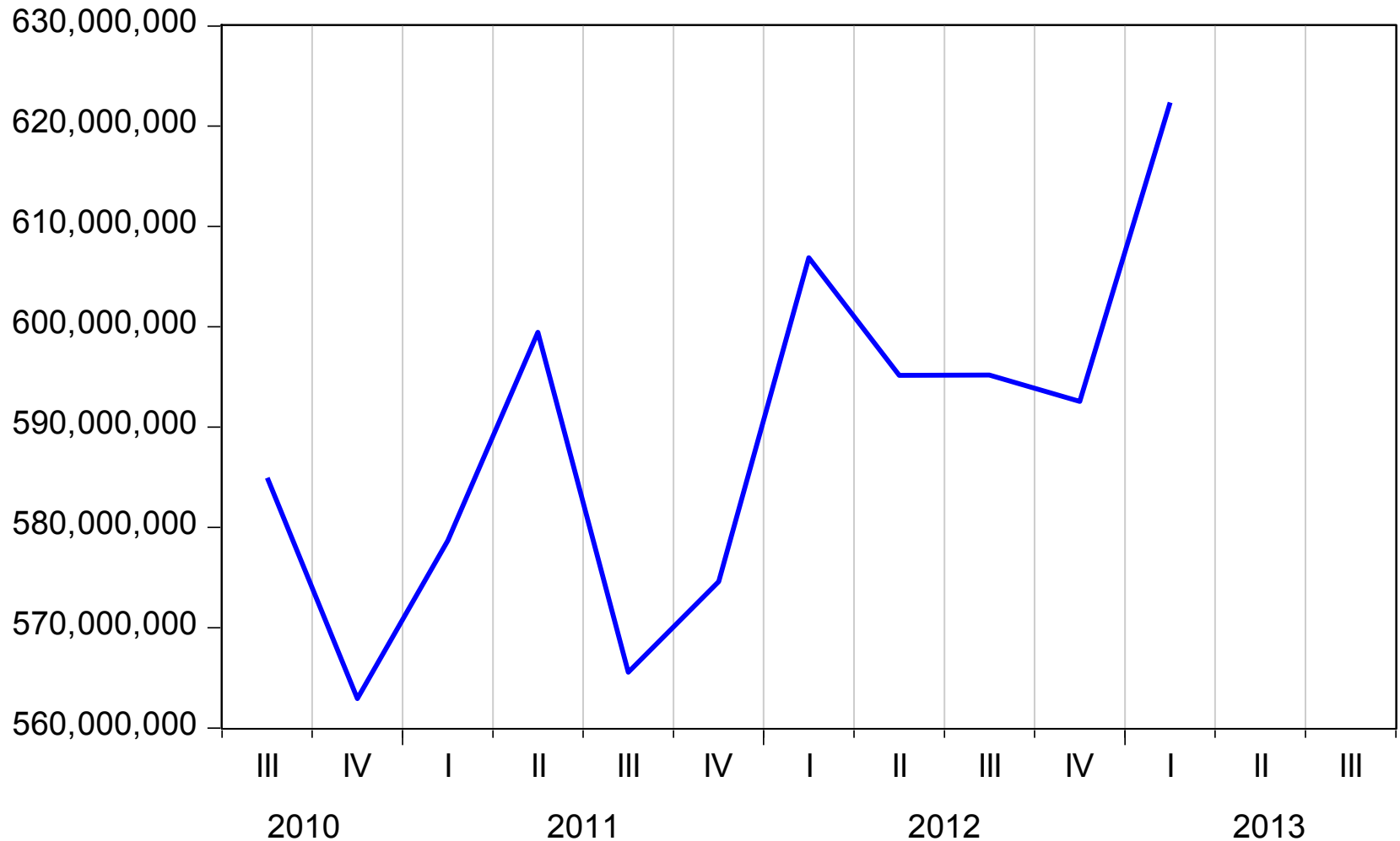
| <b>% Change</b>              | <b>Bedford County</b> | <b>Campbell</b> | <b>Lynchburg</b> |
|------------------------------|-----------------------|-----------------|------------------|
| Jan-Aug 2012 to Jan-Aug 2013 | 75.0                  | 15.4            | -0.9             |



## Taxable Retail Sales

|                | 2012-Q1            | 2013:Q1            | % Change   |
|----------------|--------------------|--------------------|------------|
| Amherst        | 52,574,585         | 61,413,744         | 16.8       |
| Appomattox     | 29,560,358         | 28,680,125         | -3.0       |
| Bedford County | 87,006,285         | 81,528,259         | -6.3       |
| Campbell       | 100,764,950        | 105,105,434        | 4.3        |
| Bedford City   | 18,460,624         | 18,470,186         | 0.1        |
| Lynchburg      | 318,529,485        | 327,154,416        | 2.7        |
| <b>REGION</b>  | <b>606,896,286</b> | <b>622,352,164</b> | <b>2.5</b> |
| Virginia       | 22,586,198,769     | 22,839,125,640     | 1.1        |

# LYNCHBURG MSA TAXABLE RETAIL SALES, 2010:4 – 2013:1



# Shift-Share Analysis

| Industry (NAICS Code)                           | LYNCHBURG MSA |              | MSA % chg  | VA % chg   | Actual Change | State Growth | Industry Mix | Shift       |
|---|---------------|--------------|------------|------------|---------------|--------------|--------------|-------------|
|   | 2002          | 2012         |            |            |               |              |              |             |
| Agriculture, Forestry, Fishing and Hunting      | 250           | 333          | 33.2       | -9.3       | 83            | 16           | -39          | 106         |
| Mining, Quarrying, and Oil and Gas Extraction   | 66            | 65           | -1.5       | 5.5        | -1            | 4            | 0            | -5          |
| Utilities                                       | 393           | 311          | -20.9      | -1.8       | -82           | 25           | -31          | -75         |
| Construction                                    | 7340          | 5558         | -24.3      | -18.4      | -1782         | 458          | -1811        | -429        |
| Manufacturing                                   | 19812         | 14629        | -26.2      | -26.3      | -5183         | 1236         | -6446        | 26          |
| Wholesale Trade                                 | 2805          | 3669         | 30.8       | -2.4       | 864           | 175          | -242         | 931         |
| Retail Trade                                    | 13346         | 12918        | -3.2       | 0.0        | -428          | 833          | -829         | -431        |
| Transportation and Warehousing                  | 2944          | 2463         | -16.3      | -5.3       | -481          | 184          | -339         | -326        |
| Information                                     | 1116          | 1109         | -0.6       | -30.2      | -7            | 70           | -407         | 330         |
| Finance and Insurance                           | 3192          | 3228         | 1.1        | -0.5       | 36            | 199          | -215         | 52          |
| Real Estate and Rental and Leasing              | 973           | 1003         | 3.1        | -5.4       | 30            | 61           | -114         | 83          |
| Professional, Scientific, and Technical Service | 3014          | 5164         | 71.3       | 38.4       | 2150          | 188          | 971          | 991         |
| Management of Companies and Enterprises         | 1575          | 1881         | 19.4       | 12.6       | 306           | 98           | 100          | 108         |
| Administrative and Support and Waste Mgmt       | 4319          | 4240         | -1.8       | 4.2        | -79           | 270          | -87          | -262        |
| Educational Services                            | 8547          | 9321         | 9.1        | 19.1       | 774           | 533          | 1103         | -863        |
| Health Care and Social Assistance               | 12711         | 15738        | 23.8       | 30.2       | 3027          | 793          | 3040         | -806        |
| Arts, Entertainment, and Recreation             | 1091          | 1149         | 5.3        | 11.3       | 58            | 68           | 55           | -65         |
| Accommodation and Food Services                 | 6502          | 8186         | 25.9       | 19.2       | 1684          | 406          | 843          | 435         |
| Other Services (except Public Administration)   | 3229          | 2975         | -7.9       | 7.2        | -254          | 201          | 32           | -488        |
| Public Administration                           | 2819          | 3268         | 15.9       | 15.2       | 449           | 176          | 253          | 20          |
| Unclassified establishments                     | 1             | 0            | -100.0     | -7.1       | -1            | 0            | 0            | -1          |
| <b>Total, All Industries</b>                    | <b>96043</b>  | <b>97208</b> | <b>1.2</b> | <b>6.2</b> | <b>1165</b>   | <b>5993</b>  | <b>-4162</b> | <b>-666</b> |

# 2020 MSA PROJECTIONS

## Population, Labor Force, and Jobs

|                                     | Census<br>2010 Pop | State Demog.<br>2020 Pop | % chg | Census<br>2012 pop | BLS<br>2012 LF | 2012 LFPR |
|-------------------------------------|--------------------|--------------------------|-------|--------------------|----------------|-----------|
| Winchester                          | 104,508            | 125,159                  | 19.76 | 107,198            | 57,861         | 54.0      |
| Washington-Arlington-Alexandria     | 2,623,079          | 3,017,815                | 15.05 | 2,752,499          | 1,534,096      | 55.7      |
| Richmond                            | 1,258,251          | 1,422,719                | 13.07 | 1,282,305          | 665,397        | 51.9      |
| Harrisonburg                        | 125,228            | 140,545                  | 12.23 | 128,372            | 67,013         | 52.2      |
| Charlottesville                     | 201,559            | 225,775                  | 12.01 | 205,772            | 108,921        | 52.9      |
| Blacksburg-Christiansburg-Radford   | 162,958            | 176,161                  | 8.10  | 163,543            | 81,949         | 50.1      |
| Lynchburg                           | 252,634            | 271,131                  | 7.32  | 255,342            | 120,835        | 47.3      |
| Virginia Beach-Norfolk-Newport News | 1,648,136          | 1,746,577                | 5.97  | 1,670,823          | 813,086        | 48.7      |
| Roanoke                             | 308,707            | 326,759                  | 5.85  | 310,118            | 158,173        | 51.0      |
| Kingsport-Bristol                   | 95,888             | 98,771                   | 3.01  | 95,633             | 45,883         | 48.0      |
| Danville                            | 106,561            | 106,306                  | -0.24 | 105,803            | 51,064         | 48.3      |

# 2020 MSA PROJECTIONS

## Population, Labor Force, and Jobs

|                 | 2012 LFPR | 2020 LF   | 6% RU<br>2020 Emp | 2012 Emp  | New jobs<br>needed | Needed<br>job growth | Jobs<br>Needed<br>Per Year | 2004<br>Emp | Job<br>Added |
|-----------------|-----------|-----------|-------------------|-----------|--------------------|----------------------|----------------------------|-------------|--------------|
| Winchester      | 54.0      | 67,556    | 63,502            | 54,571    | 8,931              | 16.4                 | 1,116                      | 49,820      | 4,751        |
| Washington, DC  | 55.7      | 1,681,969 | 1,581,051         | 1,465,317 | 115,734            | 7.9                  | 14,467                     | 1,291,804   | 173,513      |
| Richmond        | 51.9      | 738,259   | 693,963           | 622,968   | 70,995             | 11.4                 | 8,874                      | 585,981     | 36,987       |
| Harrisonburg    | 52.2      | 73,368    | 68,966            | 63,070    | 5,896              | 9.3                  | 737                        | 59,711      | 3,359        |
| Charlottesville | 52.9      | 119,509   | 112,339           | 103,410   | 8,929              | 8.6                  | 1,116                      | 92,155      | 11,255       |
| Blacksburg      | 50.1      | 88,272    | 82,975            | 76,672    | 6,303              | 8.2                  | 788                        | 73,637      | 3,035        |
| Lynchburg       | 47.3      | 128,307   | 120,608           | 112,783   | 7,825              | 6.9                  | 978                        | 110,408     | 2,375        |
| Virginia Beach  | 48.7      | 849,951   | 798,954           | 759,840   | 39,114             | 5.1                  | 4,889                      | 744,415     | 15,425       |
| Roanoke         | 51.0      | 166,661   | 156,661           | 148,560   | 8,101              | 5.5                  | 1,013                      | 143,511     | 5,049        |
| Kingsport       | 48.0      | 47,389    | 44,545            | 42,429    | 2,116              | 5.0                  | 265                        | 41,442      | 987          |
| Danville        | 48.3      | 51,307    | 48,228            | 46,710    | 1,518              | 3.3                  | 190                        | 49,340      | -2,630       |

# Summary

- Employment growth in the Lynchburg MSA slowed to 0.7 percent during the period July 2012 to July 2013. This is above the average for the state but below the national average.
- Our 0.7 percent employment growth is slower than the employment growth of all other MSAs in the state except for Charlottesville (-2.5 percent).
- The extent to which the Lynchburg MSA economy follows the national economy appears to be weakening. Since emerging from the recession, we have regained jobs at a far slower rate than has the national economy.
- We are less dependent on the national economy than in the past, probably as a result of structural changes in the regional economy.

# Summary

- In July 2013, the Lynchburg MSA unemployment rate of 6.8 percent was higher than in all other Virginia MSAs except for Kingsport-Bristol and Danville.
- The cost-of-living (COL) in the Lynchburg MSA is 89.3 percent of the average COL of all communities participating in the ACCRA COL project, placing us 10.7 percent below average. Our COL was the lowest of all Virginia MSAs in the second quarter of 2013. Locally, the cost of housing was 23 percent below average and the cost of utilities was 8.9 percent above average.
- The relatively low COL in the Lynchburg MSA means that area businesses can compete more successfully with other MSAs. A low COL translates into lower production costs, not only in terms of direct expenses (such as health and transportation costs) but also in terms of labor costs.

# Summary

- The housing market is showing signs of improvement, with both median sales price and sales on the rise. Foreclosures are down in our region and building permits in Bedford and Campbell counties are on the rise.
- Shift-share analysis shows that an unfavorable industry mix (an employment base more heavily weighted toward slow-growing industries) has contributed to slower job growth during the last decade. A negative shift effect indicates that a decline in relative regional attractiveness has also contributed to slower job growth.
- Between 2012 and 2020, approximately 7,800 new jobs will need to be created to push the Lynchburg MSA unemployment rate down to 6 percent. Given the rate of job creation during the period 2004 – 2012, this seems unlikely to happen. If insufficient new jobs are created, the MSA unemployment rate will remain above 6 percent.