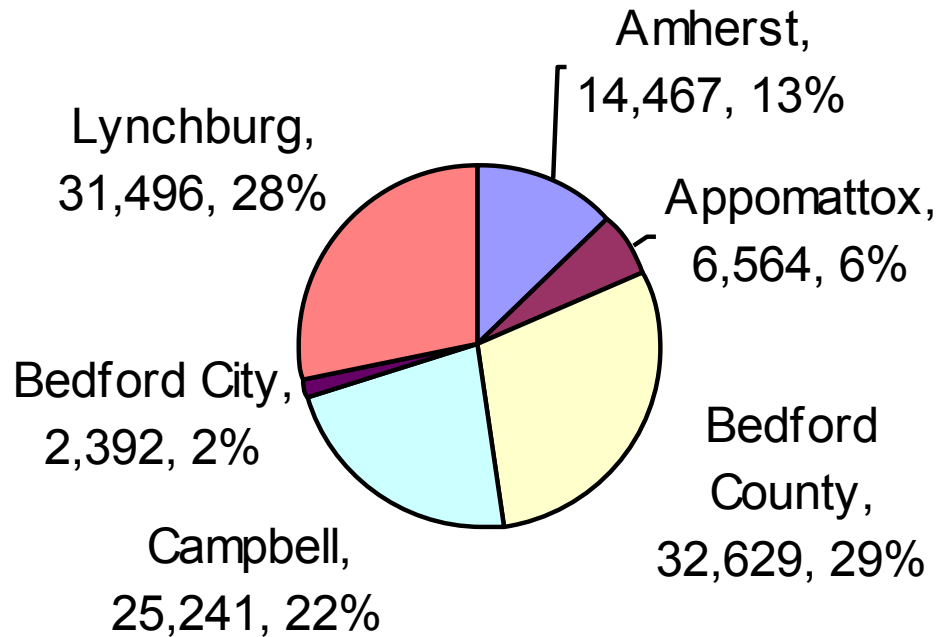


# Recession and Recovery in the Lynchburg MSA

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March 3, 2011  
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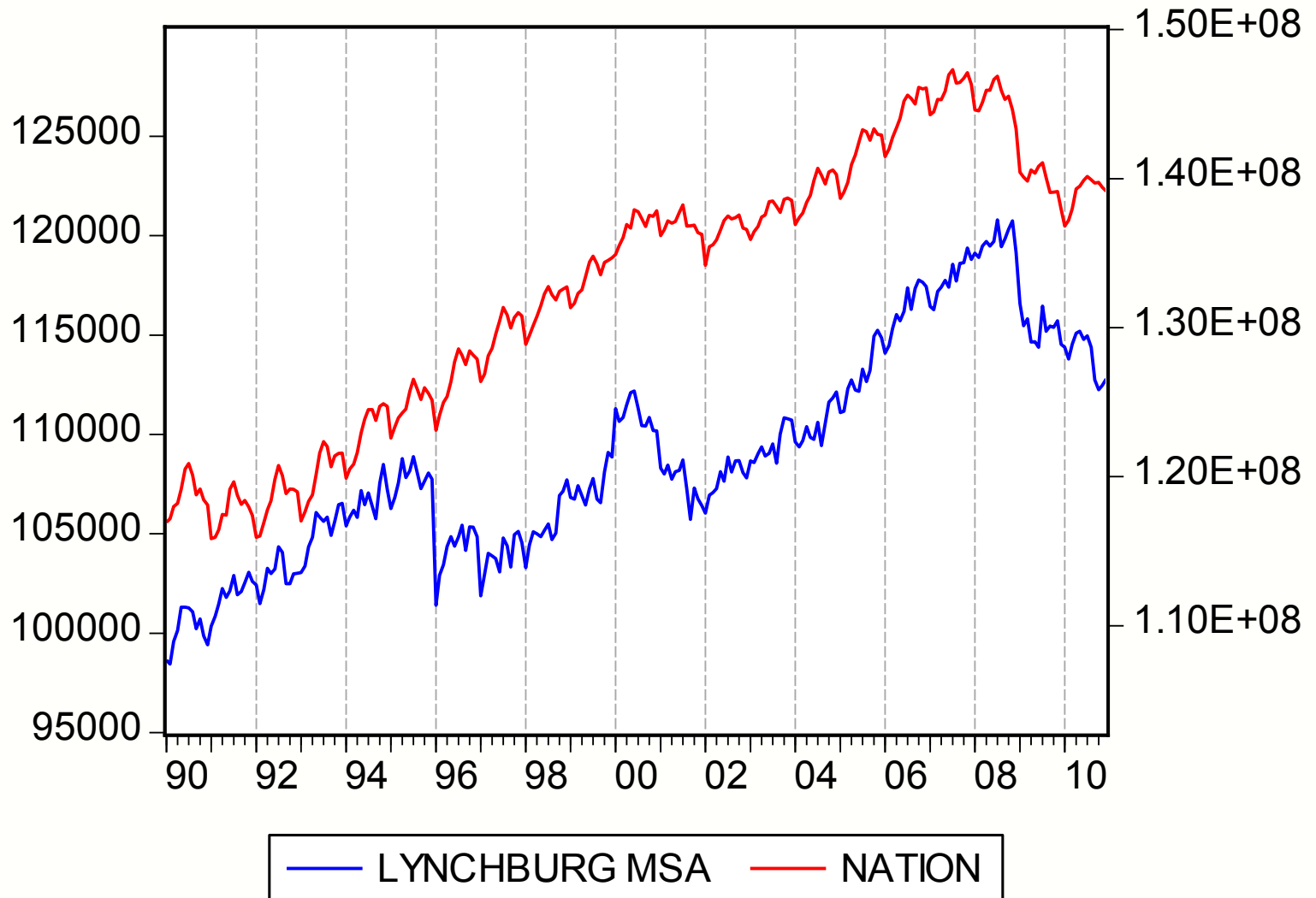
# Distribution of Regional Employment, December 2010



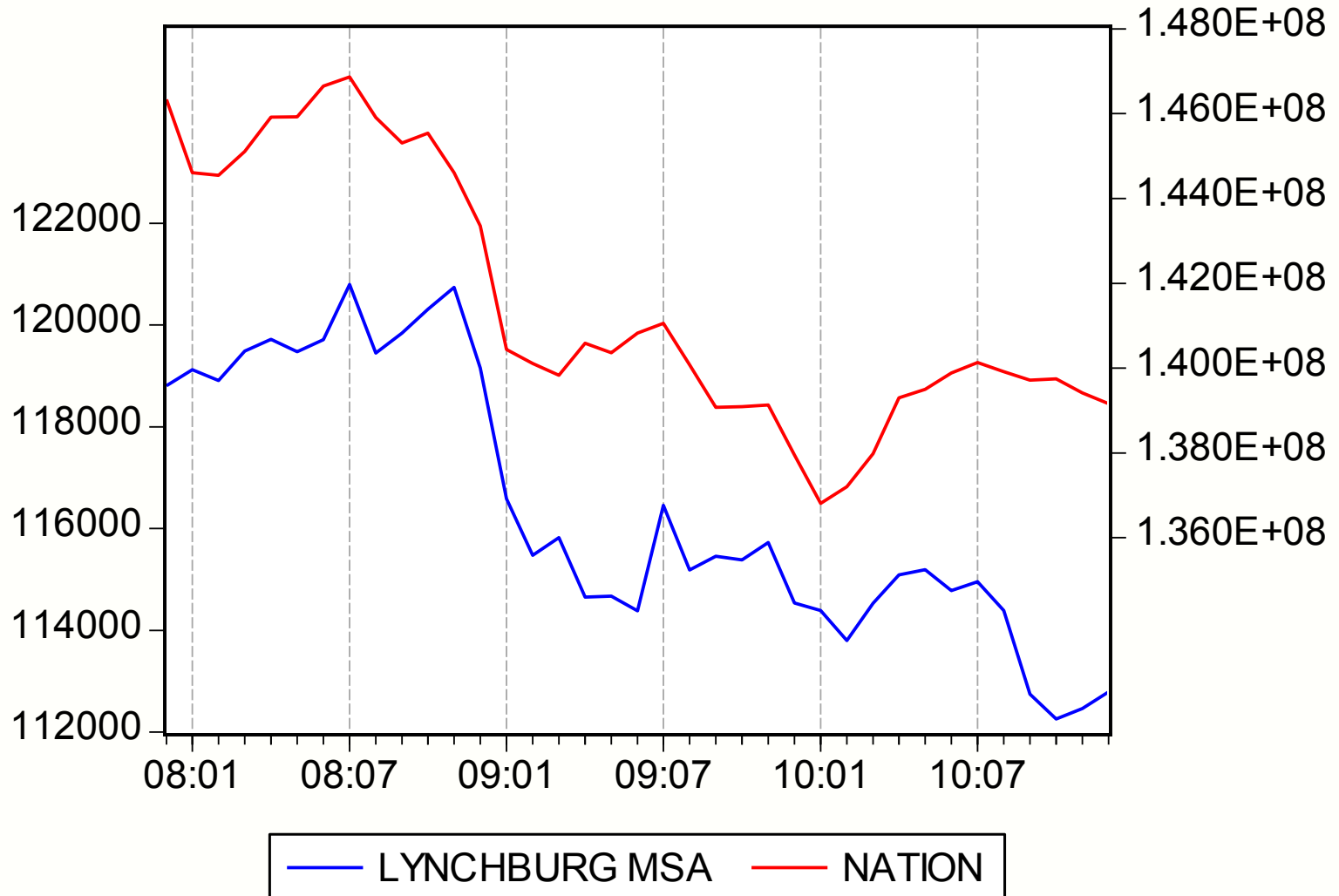
	Labor Force		Employment		Unemployment		Unemployment Rate	
	Dec-09	Dec-10	Dec-09	Dec-10	Dec-09	Dec-10	Dec-09	Dec-10
<b>Amherst</b>	15,894	15,614	14,691	14,467	1,203	1,147	7.6	7.3
<b>Appomattox</b>	7,496	7,143	6,666	6,564	830	579	11.1	8.1
<b>Bedford County</b>	35,469	34,962	33,134	32,629	2,335	2,333	6.6	6.7
<b>Campbell</b>	27,533	26,984	25,633	25,241	1,900	1,743	6.9	6.5
<b>Bedford City</b>	2,674	2,637	2,429	2,392	245	245	9.2	9.3
<b>Lynchburg</b>	34,575	34,157	31,985	31,496	2,590	2,661	7.5	7.8
<b>REGION</b>	123,641	121,497	114,537	112,789	9,104	8,708	7.4	7.2
<b>Virginia</b>	4,109,309	4,157,362	3,834,021	3,890,714	275,288	266,648	6.7	6.4
<b>US (1000s)</b>	152,693	153,156	137,953	139,159	14,740	13,997	9.7	9.1

	% Change (Dec 2009 - Dec 2010)			Change	Unemployment Rate	
	Labor Force	Employment	Unemployment		Unemployment	Dec 2009
<b>Amherst</b>	<b>-1.8</b>	<b>-1.5</b>	<b>-4.7</b>	<b>-0.3</b>	<b>7.6</b>	<b>7.3</b>
<b>Appomattox</b>	<b>-4.7</b>	<b>-1.5</b>	<b>-30.2</b>	<b>-3.0</b>	<b>11.1</b>	<b>8.1</b>
<b>Bedford County</b>	<b>-1.4</b>	<b>-1.5</b>	<b>-0.1</b>	<b>0.1</b>	<b>6.6</b>	<b>6.7</b>
<b>Campbell</b>	<b>-2.0</b>	<b>-1.5</b>	<b>-8.3</b>	<b>-0.4</b>	<b>6.9</b>	<b>6.5</b>
<b>Bedford City</b>	<b>-1.4</b>	<b>-1.5</b>	<b>0.0</b>	<b>0.1</b>	<b>9.2</b>	<b>9.3</b>
<b>Lynchburg</b>	<b>-1.2</b>	<b>-1.5</b>	<b>2.7</b>	<b>0.3</b>	<b>7.5</b>	<b>7.8</b>
<b>REGION</b>	<b>-1.7</b>	<b>-1.5</b>	<b>-4.3</b>	<b>-0.2</b>	<b>7.4</b>	<b>7.2</b>
<b>Virginia</b>	<b>1.2</b>	<b>1.5</b>	<b>-3.1</b>	<b>-0.3</b>	<b>6.7</b>	<b>6.4</b>
<b>US (1000s)</b>	<b>0.3</b>	<b>0.9</b>	<b>-5.0</b>	<b>-0.6</b>	<b>9.7</b>	<b>9.1</b>

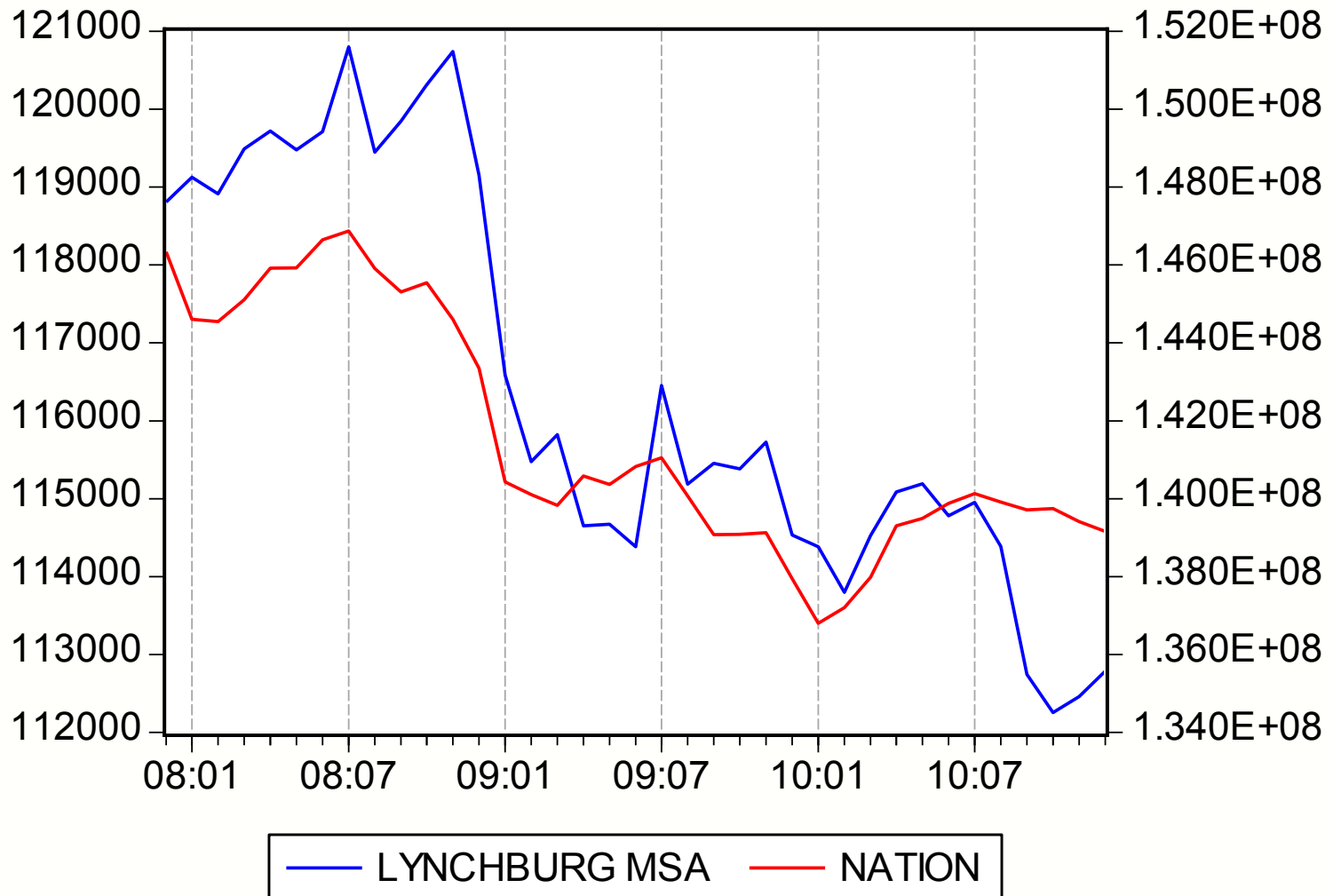
# EMPLOYMENT BY PLACE OF RESIDENCE



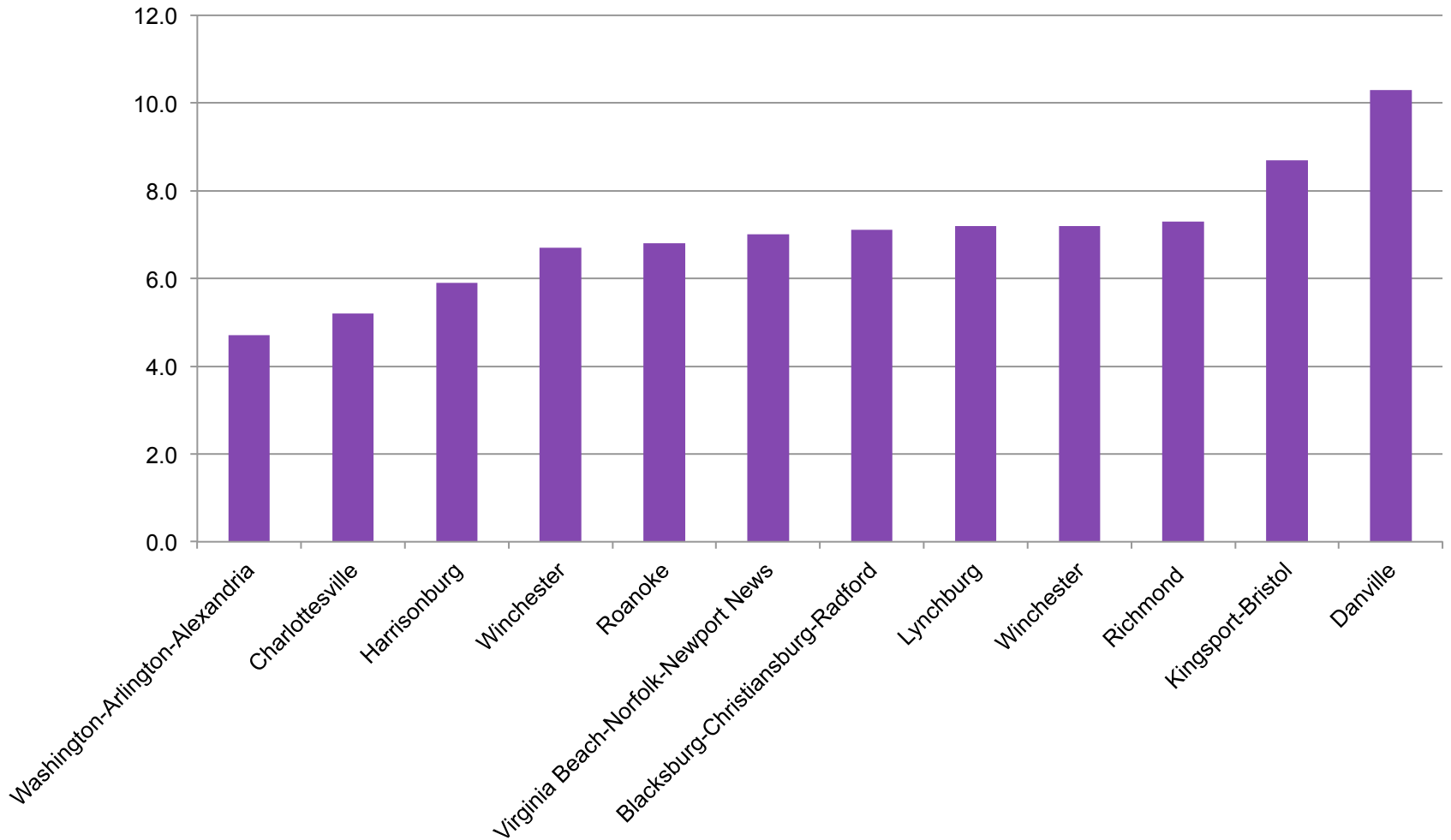
# Comparing employment in the Lynchburg MSA and the nation



# Comparing employment in the Lynchburg MSA and the nation

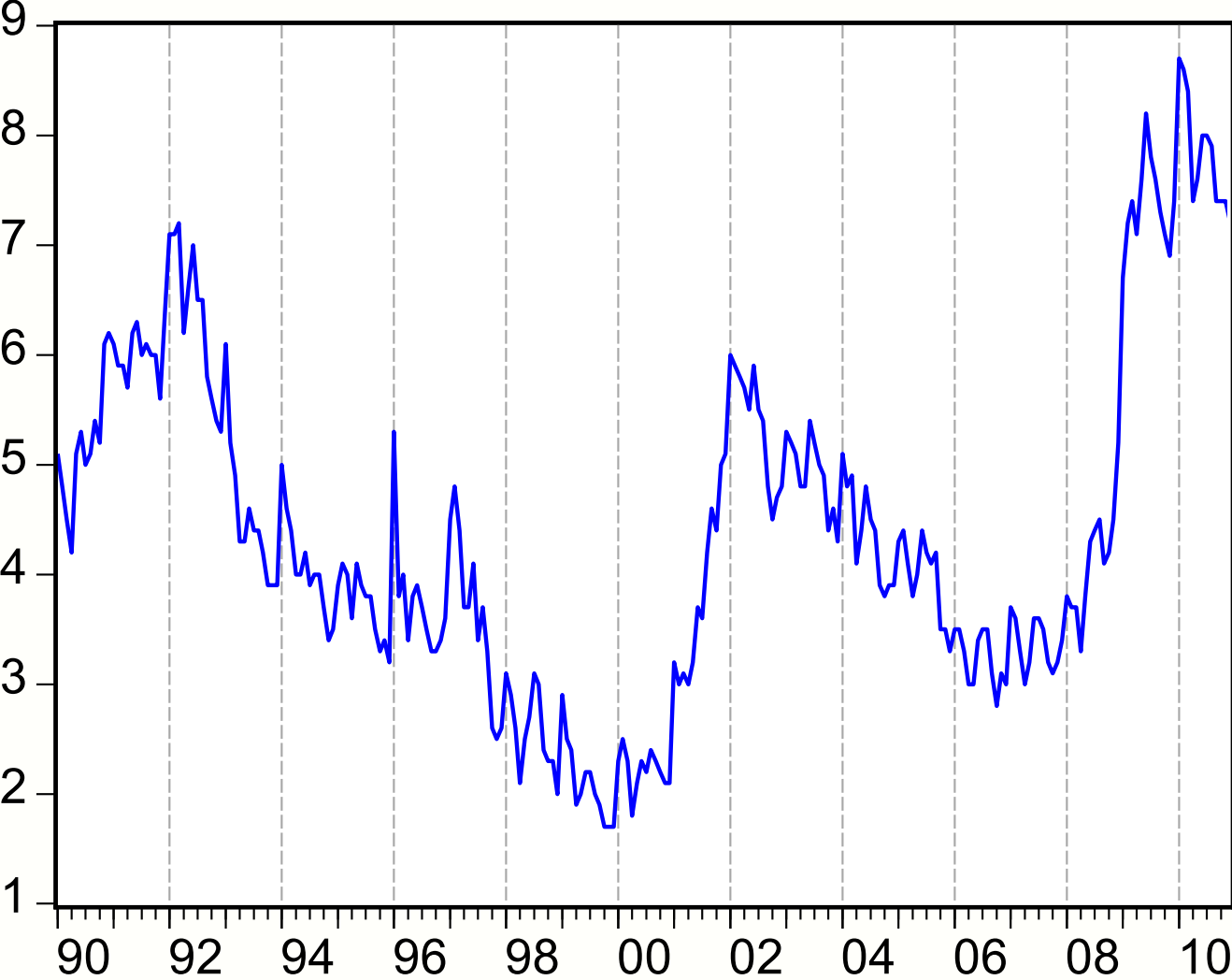


# MSA Unemployment Rates Dec. 2010



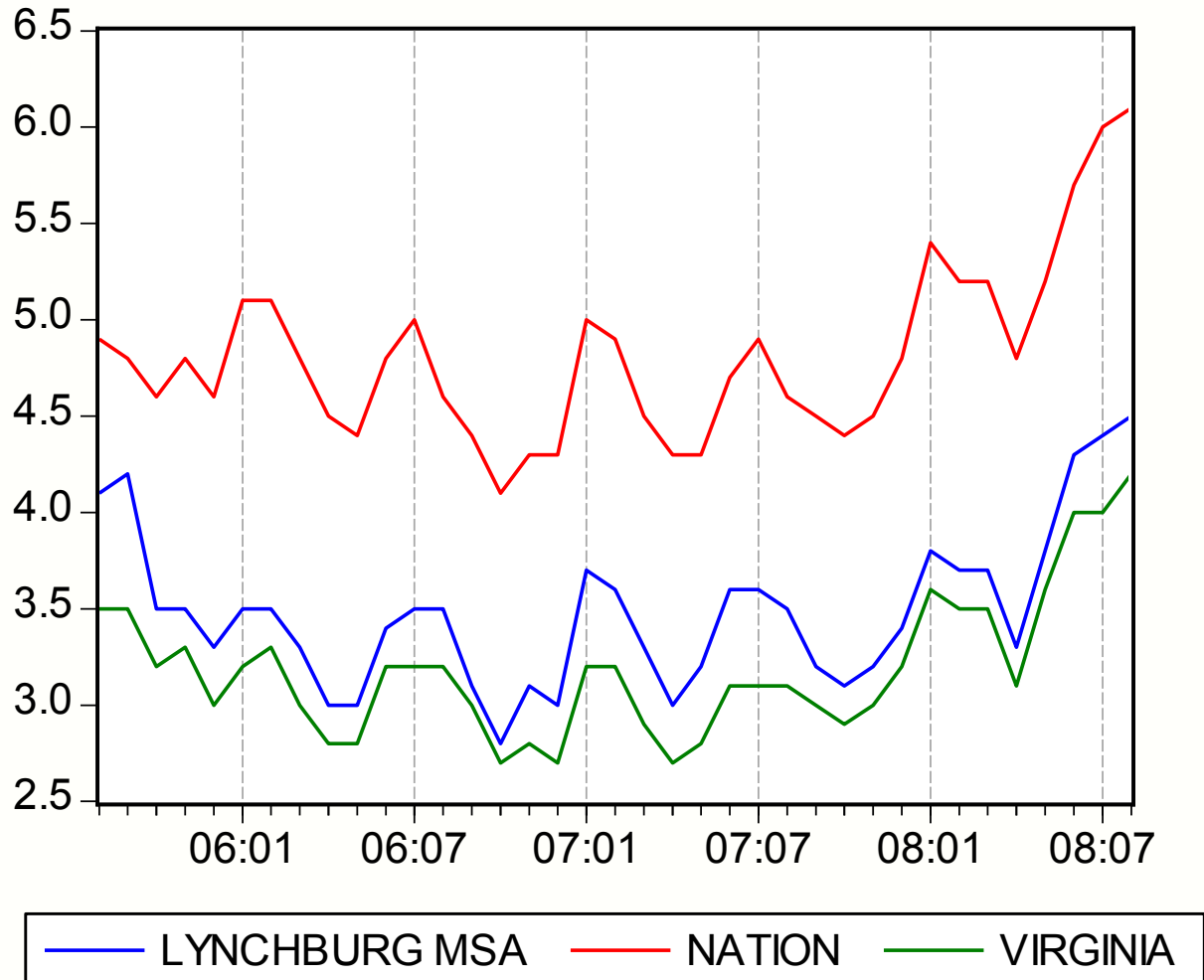


# LYNCHBURG MSA UNEMPLOYMENT RATE



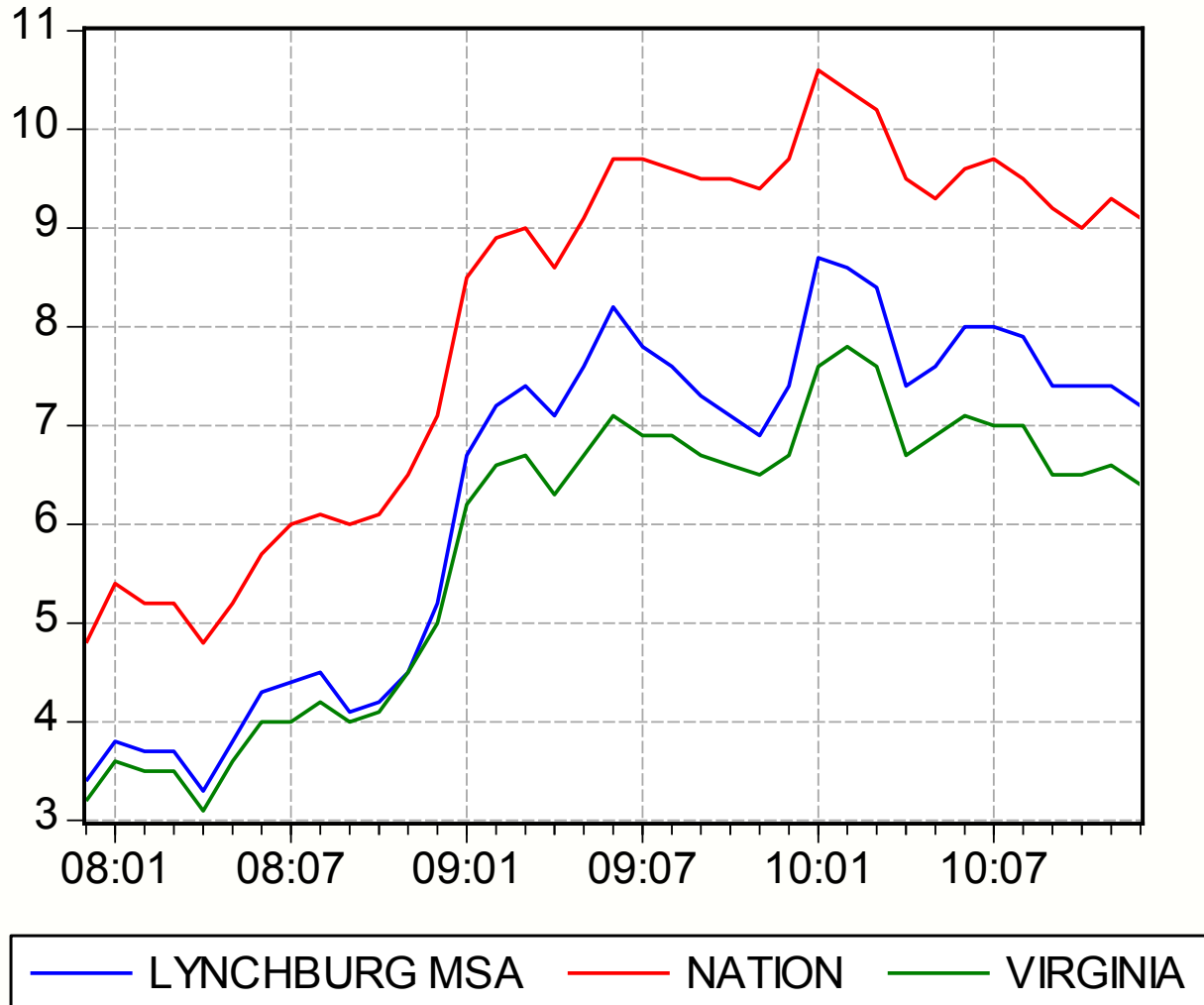
# Unemployment Rates

## Aug 05 – Aug 08

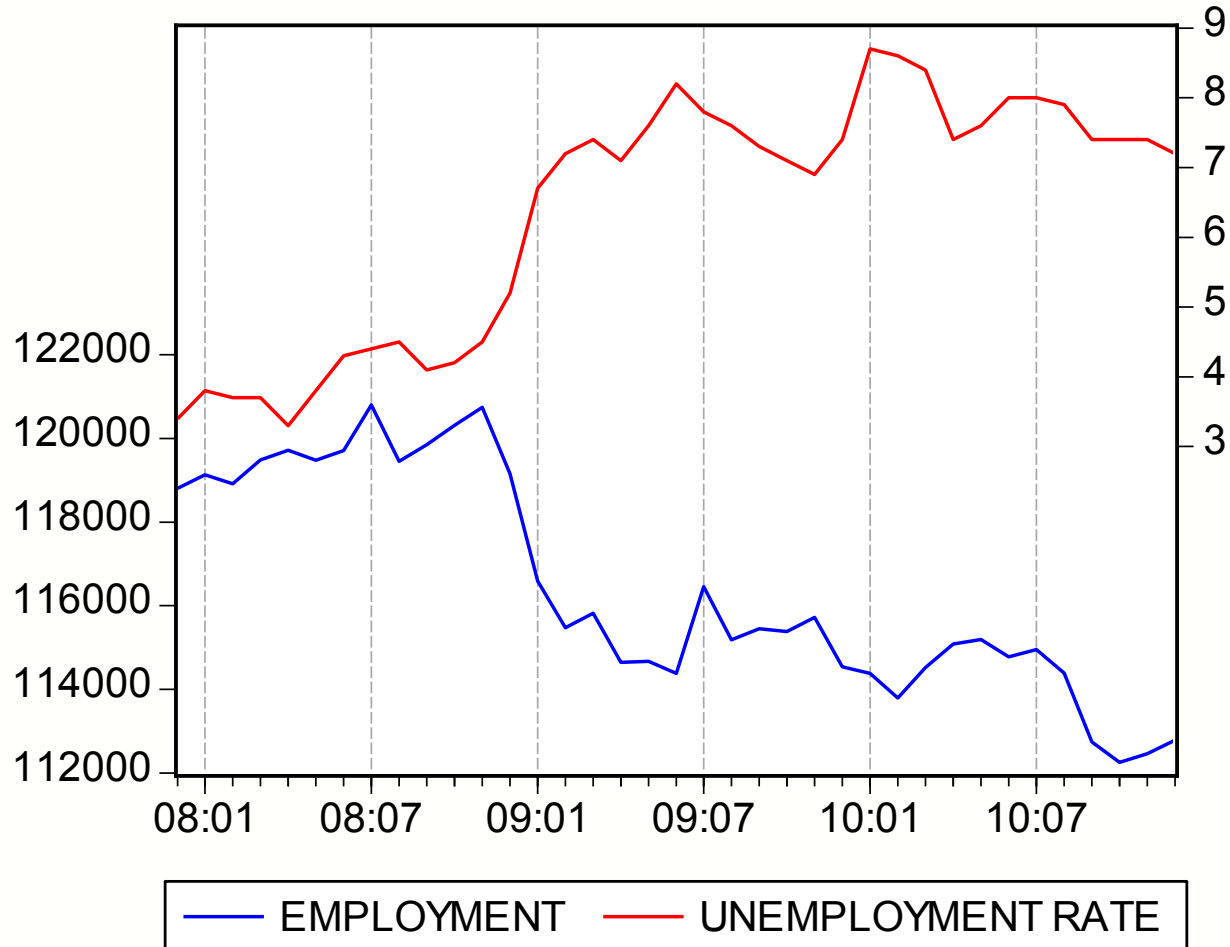


# Unemployment Rates

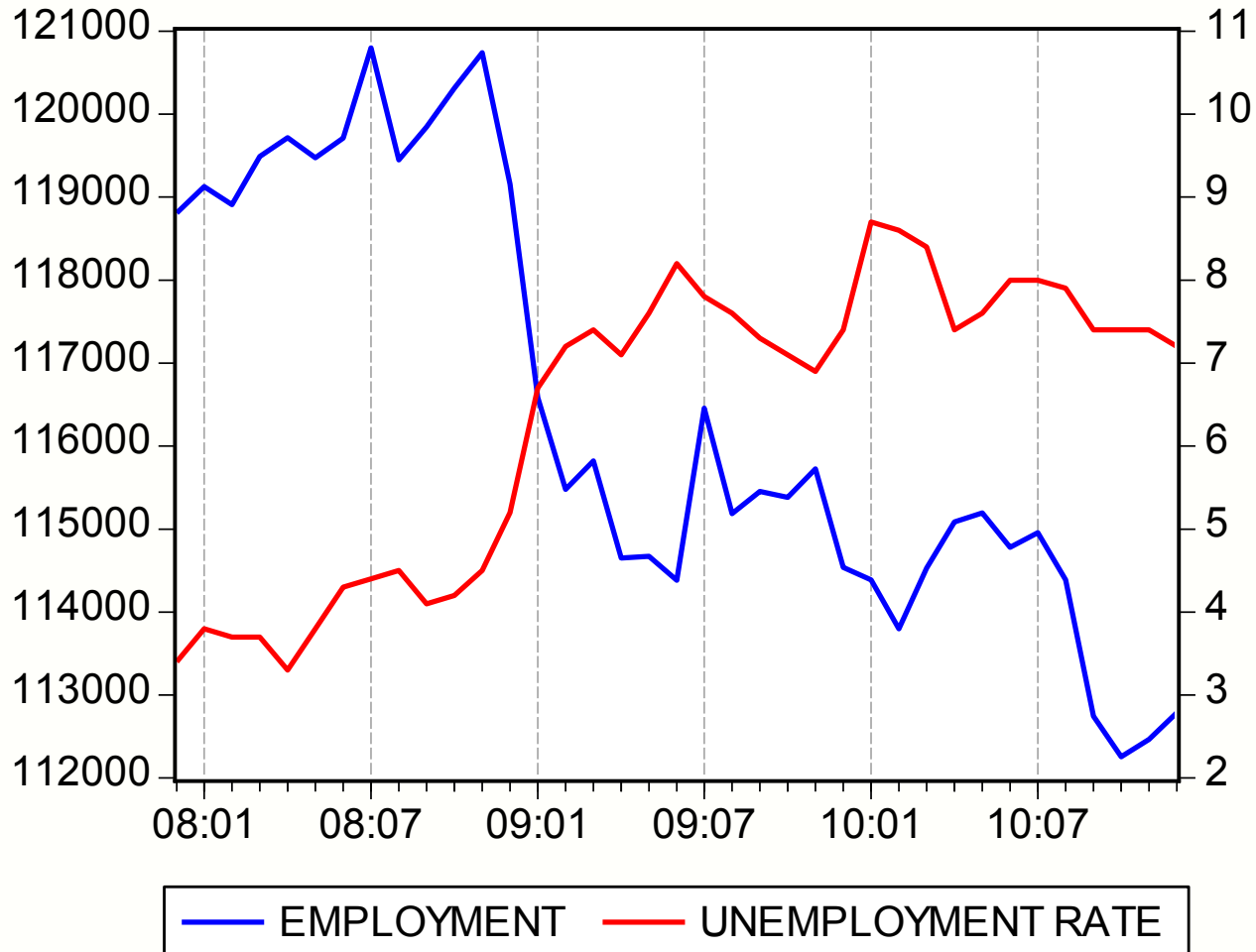
## Dec 07 – Dec 10

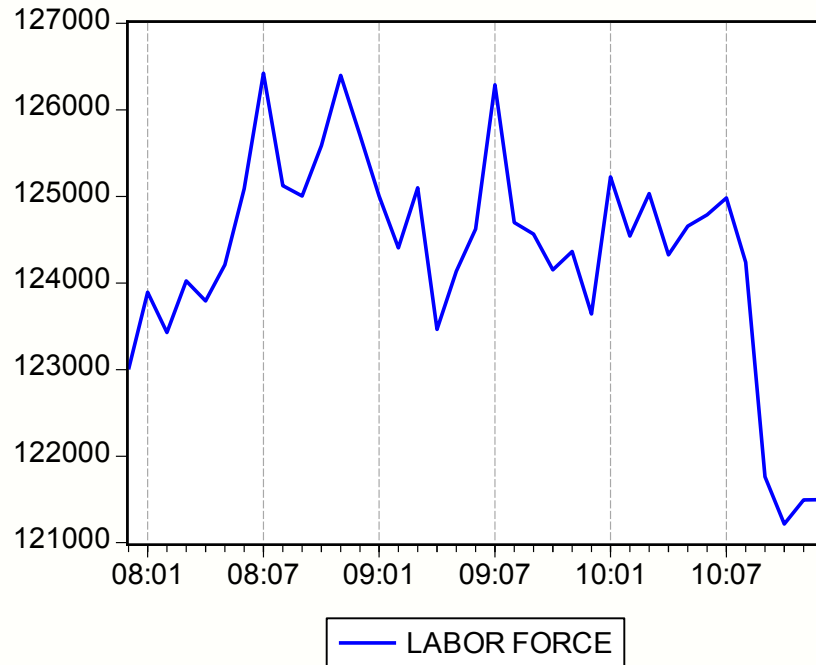
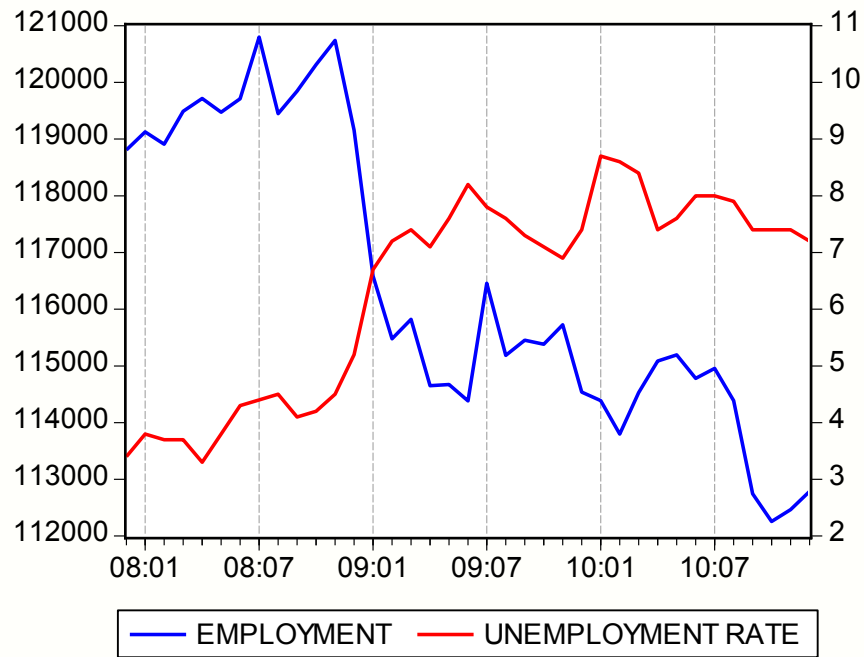


# WHERE HAVE ALL THE WORKERS GONE?



# WHERE HAVE ALL THE WORKERS GONE?





# Number of Unemployed per Advertised Job Opening

	<b>Dec-09</b>	<b>Jul-09</b>	<b>Dec-10</b>
<b>Blacksburg-Christiansburg-Radford MSA</b>	<b>2.32</b>	<b>2.47</b>	<b>1.99</b>
<b>Charlottesville MSA</b>	<b>1.16</b>	<b>0.99</b>	<b>0.85</b>
<b>Danville MSA</b>	<b>2.57</b>	<b>2.58</b>	<b>2.15</b>
<b>Harrisonburg MSA</b>	<b>2.14</b>	<b>2.11</b>	<b>1.65</b>
<b>Lynchburg MSA</b>	<b>1.94</b>	<b>2.17</b>	<b>2.06</b>
<b>Richmond MSA</b>	<b>2.11</b>	<b>1.61</b>	<b>1.30</b>
<b>Roanoke MSA</b>	<b>2.37</b>	<b>1.76</b>	<b>1.45</b>
<b>Virginia Beach-Norfolk-Newport News MSA</b>	<b>1.93</b>	<b>1.60</b>	<b>1.50</b>
<b>Winchester, VA-WV MSA</b>	<b>2.97</b>	<b>1.98</b>	<b>1.96</b>

# Number of Unemployed per Advertised Job Opening

	<b>Dec-09</b>	<b>Jul-09</b>	<b>Dec-10</b>
<b>Amherst County</b>	<b>5.90</b>	<b>4.65</b>	<b>4.22</b>
<b>Appomattox County</b>	<b>11.37</b>	<b>7.17</b>	<b>4.67</b>
<b>Bedford City</b>	<b>245</b>	<b>61</b>	<b>245</b>
<b>Bedford County</b>	<b>8.65</b>	<b>4.23</b>	<b>4.6</b>
<b>Campbell County</b>	<b>17.43</b>	<b>8.5</b>	<b>7.32</b>
<b>Lynchburg City</b>	<b>0.64</b>	<b>0.86</b>	<b>0.86</b>
<b>REGION</b>	<b>1.94</b>	<b>2.17</b>	<b>2.06</b>

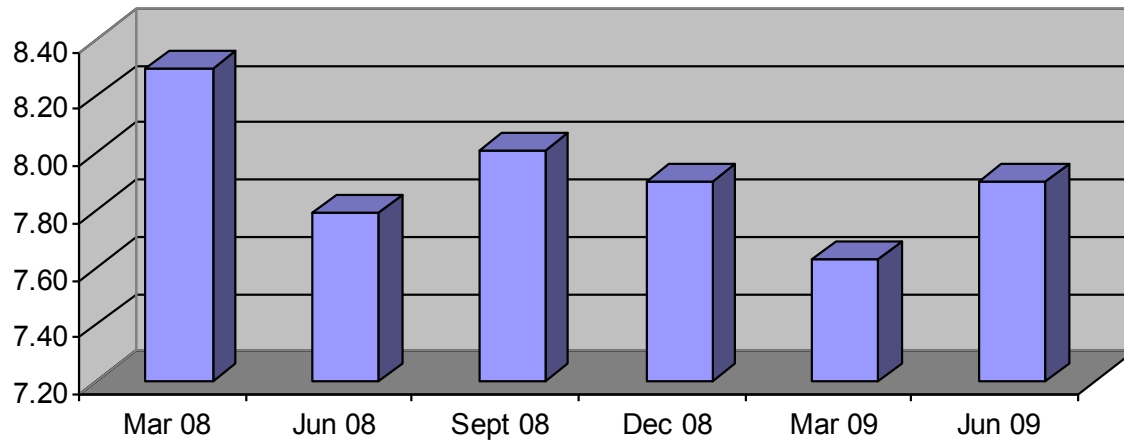


# Business Vacancy Rates

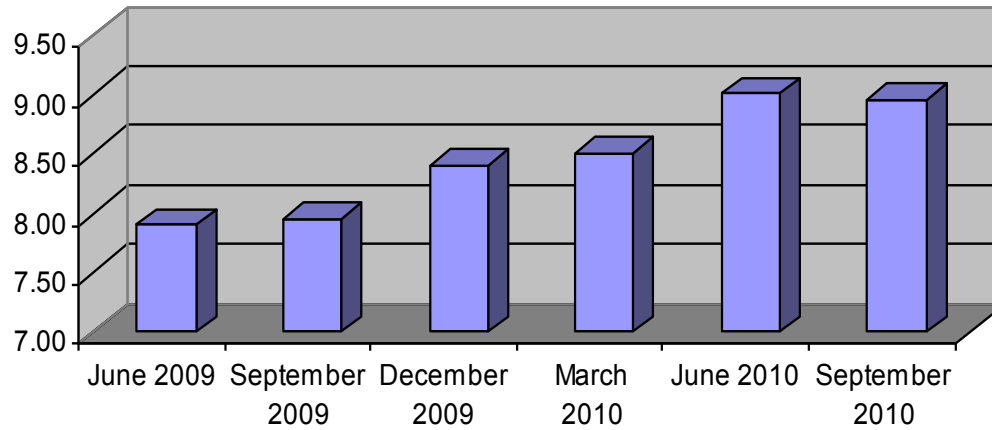
## Sept 2010

<b>Harrisonburg, VA</b>	<b>5.69</b>
<b>Charlottesville, VA</b>	<b>6.46</b>
<b>Washington-Arlington-Alexandria, DC-VA-MD-WV</b>	<b>7.96</b>
<b>Virginia Beach-Norfolk-Newport News, VA-NC</b>	<b>8.24</b>
<b>Winchester, VA-WV</b>	<b>8.49</b>
<b>Lynchburg, VA</b>	<b>8.96</b>
<b>Blacksburg-Christiansburg-Radford, VA</b>	<b>9.11</b>
<b>Richmond, VA</b>	<b>9.24</b>
<b>Kingsport-Bristol-Bristol, TN-VA</b>	<b>10.49</b>
<b>Roanoke, VA</b>	<b>11.77</b>
<b>Danville, VA</b>	<b>17.00</b>

Lynchburg MSA

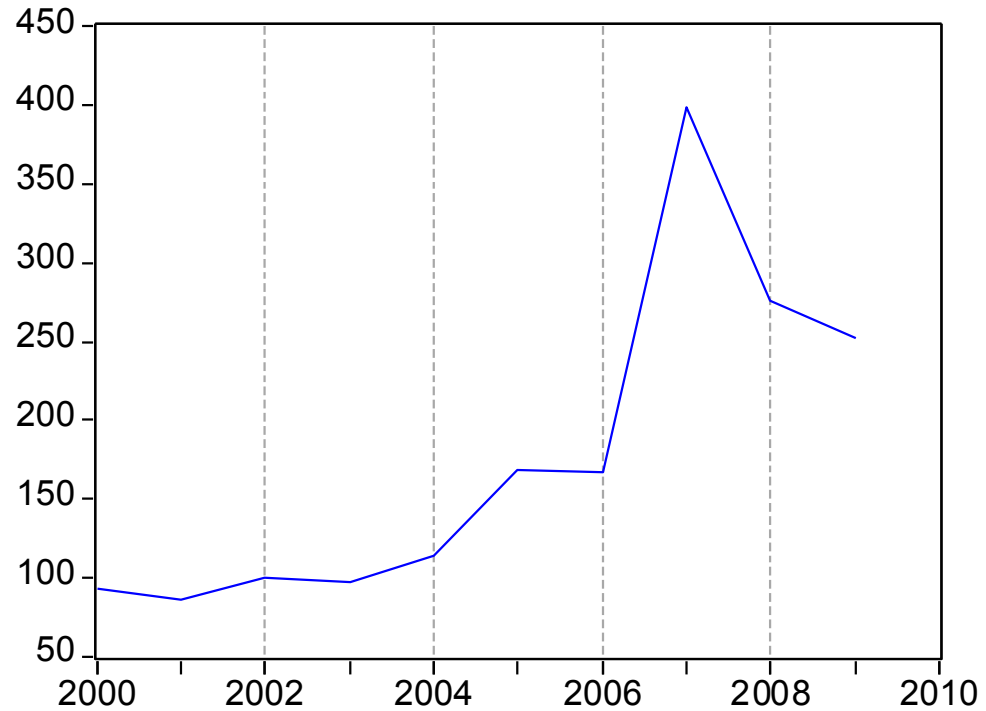


Lynchburg MSA

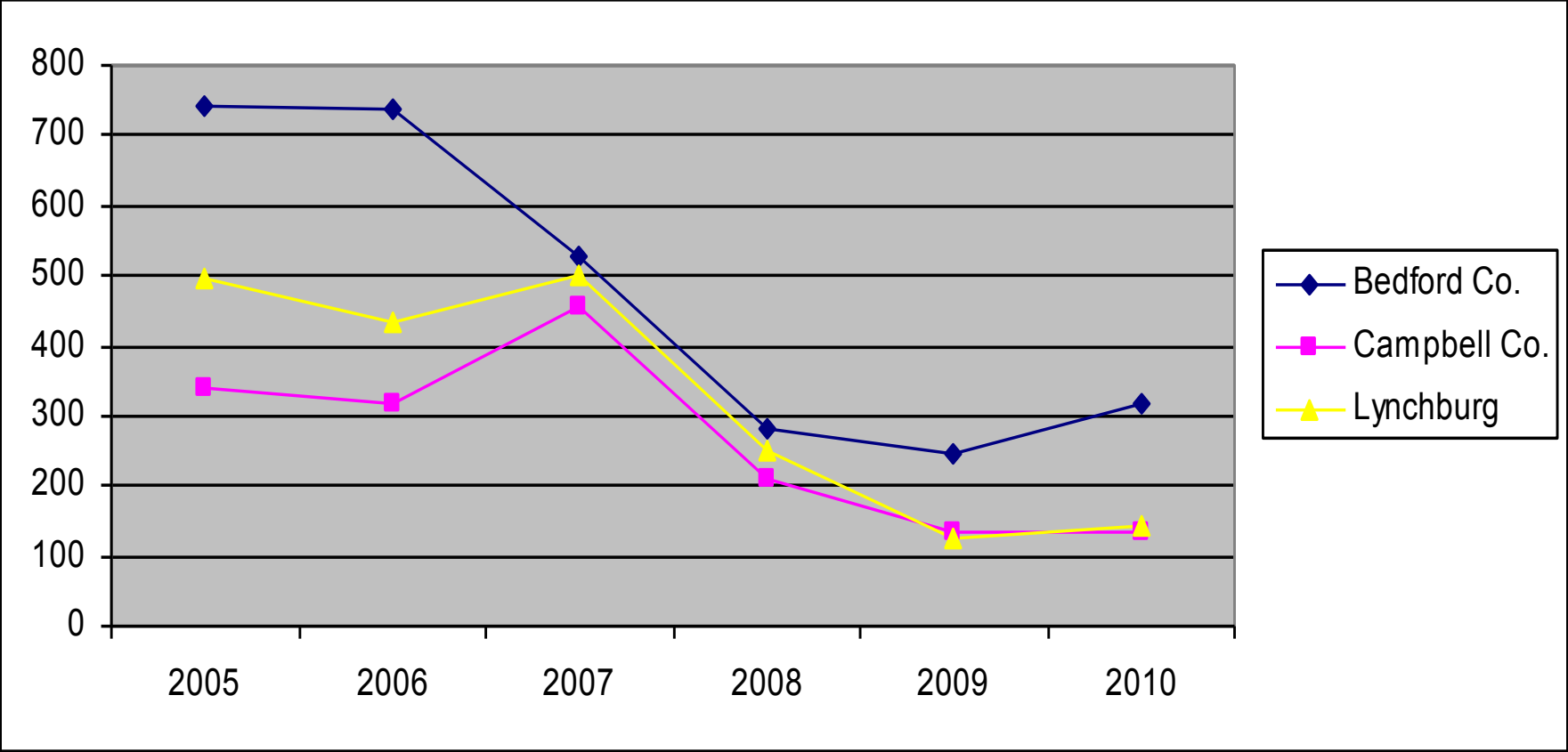


# Lynchburg MSA Business Startups

Year	Q1	Q2	Q3	Q4	Total
2000	33	21	24	15	93
2001	18	31	22	15	86
2002	30	14	36	20	100
2003	31	29	26	11	97
2004	23	25	32	34	114
2005	44	37	58	29	168
2006	50	53	41	23	167
2007	237	77	71	13	398
2008	106	57	52	61	276
2009	58	68	74	52	252
2010	68	70			



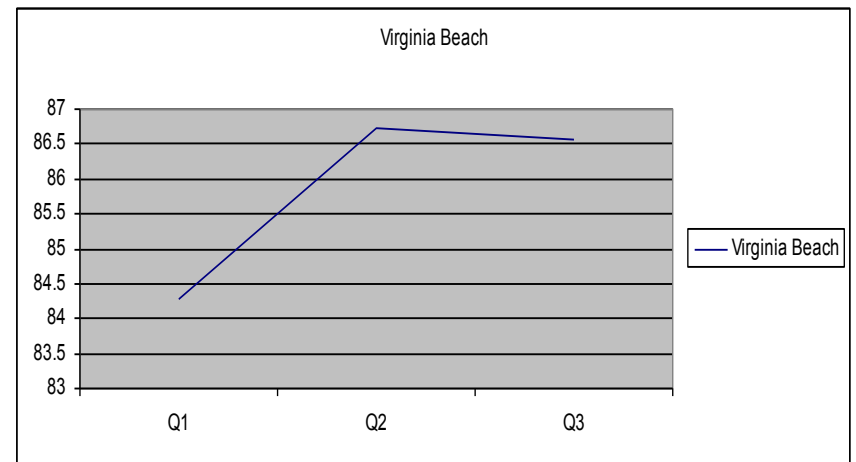
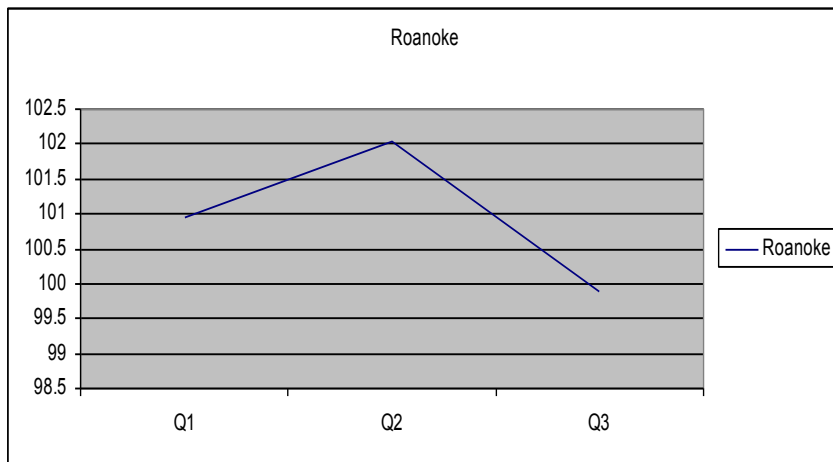
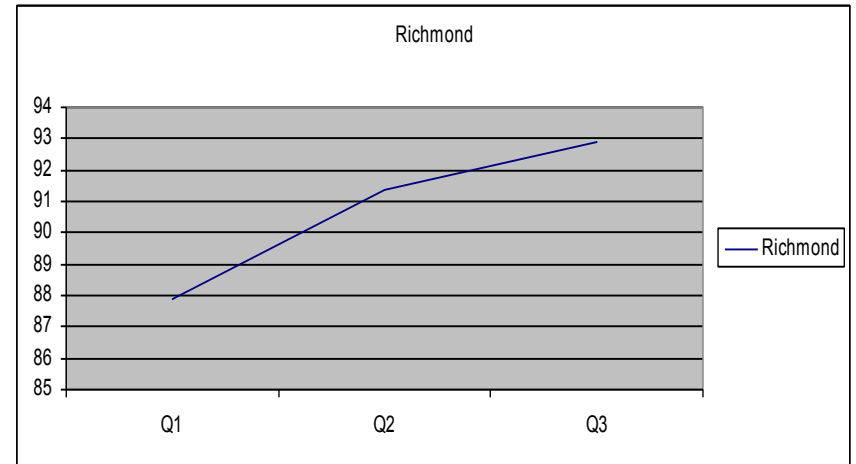
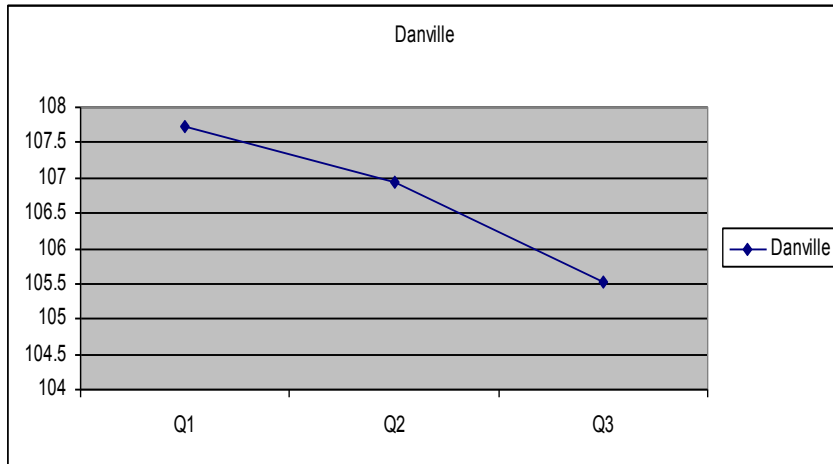
# Number of Building Permits (annual totals)



# ACCRA Cost of Living Index (2010 Q3)

<b>MSA</b>	<b>Composite</b>	<b>Grocery</b>	<b>Housing</b>	<b>Utilities</b>	<b>Transport</b>	<b>Health</b>	<b>Misc</b>
Virginia Beach	110.1	111.8	118.0	109.6	104.2	107.9	105.1
Charlottesville	108.2	100.1	121.1	106.2	89.8	93.4	102.9
Winchester	103.4	104.5	95.6	98.9	97.1	104.9	113.5
Richmond	102.6	101.7	102.7	110.5	96.6	109.9	101.7
Staunton	98.8	101.7	94.3	98.5	91.7	100.0	98.0
Harrisonburg	96.6	98.4	98.3	96.9	90.3	101.5	95.9
Blacksburg	95.7	91.0	94.8	103.6	92.4	99.0	96.7
Roanoke	95.4	90.7	94.8	106.0	90.7	97.6	96.0
Lynchburg	95.3	92.3	91.8	111.3	87.9	99.3	97.0
Danville	90.3	94.5	80.4	91.2	89.9	106.0	95.4
Martinsville	86.8	93.5	78.8	88.1	84.5	88.8	91.8

# How the Cost of Living in the Lynchburg MSA is changing relative to:



# Roanoke/Lynchburg/Blacksburg Housing Market

	<b>2009</b>	<b>2010</b>	<b>% Change</b>
<b>Sales</b>	<b>6,697</b>	<b>5,900</b>	<b>-11.9</b>
<b>Median Price</b>	<b>\$157,500</b>	<b>\$155,000</b>	<b>-1.6</b>

Industry	% Change employment	2007 Q2 Employment Share	2010 Q2 Employment Share	% Change average weekly wage	2007 Q2 Average Weekly Wage Index
Total, All Industries	-4.7	100.0	100.0	7.7	100.0
Agriculture, Forestry, Fishing & Hunting	-5.1	0.3	0.3	0.8	82.8
Mining	-31.6	0.1	0.1	29.3	112.7
Utilities	-16.4	0.4	0.3	5.6	141.3
Construction	-22.6	7.7	6.2	4.5	103.9
Manufacturing	-20.9	18.2	15.2	3.8	150.3
Wholesale Trade	-8.5	3.9	3.7	8.6	137.5
Retail Trade	-3.8	12.6	12.8	3.1	61.1
Transportation and Warehousing	-15.6	2.9	2.6	5.0	118.4
Information	-6.6	1.2	1.2	12.2	102.5
Finance and Insurance	-15.6	3.5	3.1	-4.4	164.5
Real Estate and Rental and Leasing	-10.5	1.2	1.1	16.4	76.1
Professional and Technical Services	50.7	3.3	5.2	66.8	112.0
Management of Companies & Enterprises	1.9	1.8	1.9	13.6	121.9
Administrative and Waste Services	3.9	5.0	5.5	0.6	55.8
Educational Services	2.2	9.2	9.9	5.9	86.7
Health Care and Social Assistance	4.6	13.9	15.3	15.4	103.4
Arts, Entertainment, and Recreation	0.4	1.3	1.4	4.7	42.8
Accommodation and Food Services	-2.4	7.6	7.8	10.1	35.5
Other Services, Ex. Public Admin	-1.8	2.9	3.0	10.0	63.9
Public Administration	13.5	2.9	3.5	-1.2	108.6



# Recap

- The terms Lynchburg MSA, Region 2000, and the region were used interchangeably in this presentation.
- The Lynchburg MSA follows the national economy, but occasionally deviates ... especially with respect to turning points. Such differences are largely attributable to differences in the employment base of the region relative to the nation. The region often “lags” the nation over the course of the business cycle.

- This last year, the region lost employment (-1.5%) while the state (+1.5%) and the nation (+0.9%) started to climb out of the recession.
- In normal times, the rate of unemployment and the level of employment will move in opposite directions. In other words, when employment rises, the unemployment rate usually falls, and vice versa. Lately, this hasn't been the case in the region.

- In bad economic times, some workers are unable to find jobs and decide to “detach” from the workforce because they become discouraged. The current unemployment rate in the region understates the extent of unemployment due to this phenomenon.
- The number of unemployed persons per advertised job openings (including online advertisements) in the region rose from 1.94 in Dec. 2009 to 2.06 in Dec. 2010, indicating a (growing) excess supply of labor.

- The City of Lynchburg is the only area in the region where the demand for labor exceeds the supply of labor (the number of unemployed persons per job opening was 0.64 in Dec. 2009 and 0.86 in Dec. 2010).
- The vacancy rate of business property in the region declined through much of 2008 and increased through much of 2009. This is what we'd expect to see if local recessions and recoveries lag national recessions and recoveries.

- New business startups are still depressed relative to pre-recession levels. The number of building permits has started to rise, especially in Bedford County.
- Our cost of living remains relatively low (with respect to other Virginia MSAs), an important factor in the locational decision making of both firms and households.
- The housing market in 2010 showed lingering weakness, with sales and median prices both down from one year ago.

- Between 2007 and 2010, the regional share of manufacturing jobs declined (from 18.2% of total employment to 15.2%); during this same period, we registered gains in the areas of health and professional services.
- During this same 3-year period, the share of regional jobs in high-paying industries (e.g., manufacturing, finance and insurance, and utilities) declined. This exerts downward pressure on the average regional wage.

- The region's dependence on a relatively small number of industries/employers increases our vulnerability to cyclical fluctuations in the economy.
- **CONCLUSION:** The regional recovery will continue, but at a slower pace than the national economy. Anything that poses a threat to the national recovery, including rising oil prices, will jeopardize the region's recovery.