

Richmond's job market
has made a strong
rebound from the
COVID-19 pandemic,
but there's work to be
done if the city is to
maintain its progress.

NOW & LATER

EXPANDING THE RICHMOND LABOR MARKET OVER THE LONG RUN

By Emily McCrary-Ruiz-Esparza



TIMOTHY COOK

RICHMONDMAG.COM 71



Kelli Lemon, owner of downtown coffee shop Urban Hang Suite, says she needs experienced employees who can run the shop. Without them, Lemon says she's had to reduce operating hours.

As of November 2022, the Richmond metro area has regained the jobs it had lost since February 2020. Its unemployment rate in January was 3%, half a percentage point below the national average. And there are a host of projects that promise to expand the job market: The CoStar expansion, the arrival of LEGO, a new Walgreens distribution center and growth of educational technology company EAB will, in concert, add more than 4,000 jobs to the Richmond area, not counting the construction projects required to bring the plans to fruition. Manchester and Scott's Addition continue to overflow with commercial and residential development, and the GreenCity project in Henrico County and Diamond District project in the city of Richmond are aimed at reviving long-atrophied areas.

And it's not just jobs that are drawing new residents to Richmond. Jess Keefe, who relocated here from Los Angeles last year, said the city reminded her of the Northeastern towns she grew up in, "but it felt a little smaller in a good way. It felt more relaxed. It felt more

approachable, and immediately I saw more diversity than I would see up there, and it was cool to see such lively, artsy museum and food scenes as well."

Richmond's economic outlook is promising. Under the "Economy Forward Framework," which evaluates the inclusive economic growth of midsize U.S. cities, Richmond is classified as Tier 1, or "Forward Ready." This puts the city in the same strata as economic competitors Raleigh and Charlotte in North Carolina and Charleston, South Carolina.

Designed by economists and academics at Tulsa Innovation Labs, the Aspen Institute and Heartland Forward, the

framework measures cities against nine economic metrics, including the accessibility of career opportunities to underserved populations, the diversity of students enrolled in science, technology, engineering and math programs and the share of minority- and women-owned businesses.

Richmond's post-pandemic recovery has outpaced that of the state as a whole, which has returned 71% of jobs lost since 2020 and ranks 45th among the states for this benchmark. Virginia has struggled with the national labor shortage, which is caused by myriad factors. Exacerbating the labor shortage in the commonwealth are a high number of retirements and out-migration that has limited population growth, according to the Virginia Economic Development Partnership.

To maintain its upward trajectory and continue cultivating a healthy labor market, Richmond is up against formidable competition. Cities like Raleigh, Charlotte and Charleston and Nashville, Tennessee, consistently out-jockey the River City for economic development projects that create new jobs. If Richmond is to keep pace, experts say,

Richmond has a dearth of midcareer workers. Local business owners are feeling the pain of this missing demographic.

JAY PAUL

the city must become a top-of-mind business destination, accelerate its population growth and ensure its workforce is trained and qualified.

MARKETING THE CITY AS A PLACE TO DO BUSINESS

"If you look at how much money the different states and the different regions spend to market themselves to business decision-makers, ours pales in comparison," says Jennifer Wakefield, president and CEO of the Greater Richmond Partnership, which markets Richmond and Chesterfield, Hanover and Henrico counties to major businesses.

Until two or three years ago, the Richmond metropolitan area was doing little to market itself as a place to do business. Funds for marketing fell off during the Great Recession of 2008 and failed to bounce back and keep up with inflation. Currently, GRP's operating budget for the entire organization is \$2.7 million. For comparison, when Wakefield served as vice president of marketing for the Orlando Economic Partnership, which is to the Florida city what GRP is to Richmond, her annual budget for marketing alone was \$3 million.

Other cities predate Richmond in aggressive marketing. Raleigh, for example, has the advantage of North Carolina's 70-year campaign to promote its Research Triangle Park to the STEM industries. Raleigh and the surrounding areas enjoy a snowballing effect as a result of the long-term generous investment. This shows up in the job market. In 2022, North Carolina gained almost twice the number of jobs that Virginia did as a result of new economic development projects.

GRP is funded by a public-private partnership, and Wakefield says she needs more help from the private side. "We're not up to par with where others are around the country," she says. More money in the marketing budget could broaden the reach of campaigns, put Richmond on the trade show floor at

major STEM industry conferences and allow for the courting of executives that often precedes enterprise-level deals.

ACCELERATING POPULATION GROWTH

Richmond's stunted population growth also prevents the city from winning economic growth projects, Wakefield says. Since 2011, the greater Richmond area has netted about 75,000 new residents, according to VEDP. Compare that to Raleigh, where the metropolitan population grew by almost 150,000 from 2016 to 2021 alone.

There are indications that Richmond's growth may have accelerated slightly since 2020. Recent estimates by the Weldon Cooper Center for Public Service at the University of Virginia suggest that the population has grown by 2.7% in that time. This could be driven by out-migration from more expensive metro areas. That Richmond ranked third on LinkedIn's list of top cities for pandemic movers in 2021 corroborates this estimate. Even so, the city's growth remains woefully behind that of its out-of-state competitors.

Richmond does lose projects due to the size of its workforce, says Wakefield. When employers want better numbers, they can simply select a more populous competitor.

"What we hear from companies when they locate here in Raleigh is that they can access the talent that they need," says Kyle Touchstone, director of Raleigh Economic Development. "There's a continuous pipeline of talent, talent that wants to stay here once they graduate, and great quality of life, low cost of living, comparably, with looking at other large municipalities."

Retaining students who graduate from Richmond-area colleges and universities — and attracting graduates from schools across the state — is one way the city can grow its working population, experts say.

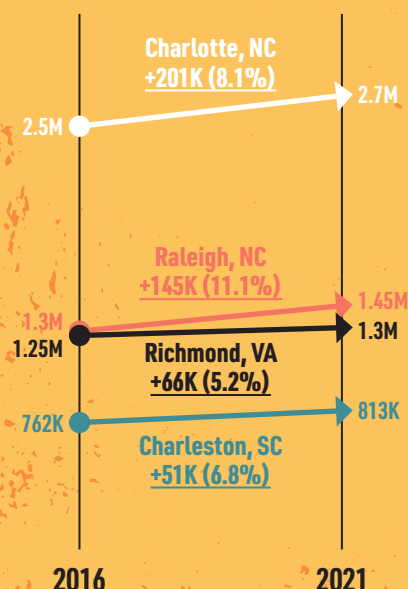
"Keeping talent in the region is a competitive business," says Beth Weisbrod, >

RICHMOND'S ECONOMIC COMPETITORS



GROWING UP

Population growth comparison



SOURCE: INSPECTION SUPPORT NETWORK, "THE FASTEST-GROWING METROPOLITAN AREAS IN THE U.S."

3

Richmond ranked **THIRD** on LinkedIn's list of **TOP CITIES FOR PANDEMIC MOVERS IN 2021**

3.5%

National average

UNEMPLOYMENT RATE IN JANUARY 2023

3%

Richmond metro area

JOBS REGAINED SINCE 2020

Richmond

100%

Virginia

71%

vice president of talent and workforce at ChamberRVA. The organization's Richmond Now campaign, which is aimed at keeping students in the area after graduation, has two messages. The first is that there are jobs to be had. "All the Fortune 500s we have and the robust startup community, these are assets that are real," says Weisbrod.

The second is that the quality of life in Richmond is high, and its cost of living is significantly lower than that of New York City, Northern Virginia and Washington, D.C., places where the area's college graduates often move. Weisbrod's message to students is this: "Before you decide where to move, make sure you understand what you have right here."

FILLING EMPLOYMENT GAPS

Still, the city needs more than entry-level workers. GRP hears from employers that Richmond has a dearth of mid-career workers, or those with about 10 to 15 years of experience. "We have people graduate college, then they move away. We need to get them to boomerang back," Wakefield says.

Local business owners are feeling the pain of this missing demographic. Kelli Lemon, owner of downtown coffee shop Urban Hang Suite and co-founder of the JWC Foundation, which helps Black business owners establish and grow businesses in the area, says she desperately needs midcareer talent.

There is no shortage of college students who want to pick up part-time work, Lemon says, but she needs experienced employees who can run the shop. Business is strong, but without qualified workers, Lemon says she's had to reduce operating hours.

"I need another manager. And catering is starting to pick up, so I need a

catering squad along with a team that can make sure that the restaurant is operational on a day-to-day basis," says Lemon. "I want to open back up on the weekends, but I can't because I can't find anybody to work on the weekends."

The lack of applicants is the result of more than a small labor force. Many hospitality workers left the industry during the pandemic and have not returned, and experienced workers are often parents who need access to affordable child care and a living wage. Lemon does her best to offer all of the above, allowing employees bring their children to the shop, for example.

Perhaps Richmond's most valuable asset for attracting midcareer workers to the area is its competitive cost of living compared to Northern Virginia.

Over the last three years, Richmond Region Tourism, ChamberRVA and GRP have formed a close-knit coalition to boost the city's reputation nationwide. Jack Berry, president and CEO of Richmond Region Tourism, says the goal is a "halo effect campaign" that makes the region attractive to leisure and sports tourists and, of course, business travelers.

The tourism industry may be up to the task of capturing boomerang residents and attracting first-time arrivals to the city. Today's tourists can be tomorrow's residents, and as area tourism continues to spring back from the COVID-19 crush, the influx of potential Richmonders can rebound as well.

Keefe, the Los Angeles transplant, and her husband, Corey Beasley, first arrived in the city as tourists in 2017 while visiting family in the Lynchburg area. Right away, they liked Richmond's feel. "We had always said that once we get exhausted from hemorrhaging all our resources to live in the biggest, most

Jess Keefe and Corey Beasley walk their dog, Eddie, on Arthur Ashe Boulevard. The couple, who moved from Los Angeles to Richmond in July 2022, say coming here has made their dream of homeownership a real possibility.



expensive cities in America, Richmond would be a good option,” says Keefe.

They planned for a year and, once Beasley got a job offer to teach high school English in Chesterfield County, the couple relocated to Richmond in July 2022. Keefe continued her work as an author and freelance writer. “We wanted to live somewhere where we could have more space and more breathing room but not sacrifice some of those lifestyle elements that we had enjoyed in the bigger cities,” she says.

In Richmond, Keefe says, homeownership no longer feels like a pipe dream. “It’s something we could actually achieve. We’re going to start looking for a house, and we’re very much trying to make roots here.”

EQUIPPING RICHMOND’S WORKFORCE

Before breaking ground, employers want to know that they will find plentiful high-quality workers now and in the future. Local organizations including the Community College Workforce Alliance are making sure Richmonders have the skills the area’s new employers need.

CCWA works with incoming employers to design training programs for new hires. For example, the organization partnered with recent arrivals Civica Rx and AMPAC, both pharmaceutical companies, to train technicians and operators, and they’re already working with VEDP on programs to train workers for the new LEGO manufacturing plant.

CCWA has trained about 2,500 students each year for the last three years, but the program still can’t crank out workers fast enough. “We could increase capacity in every sector we’re working with and still have employers needing workers,” says CCWA Vice President Elizabeth Creamer.

When the Greater Richmond Transit Company found itself facing a workforce skills gap recently, the company brought the skills to the workers.

“Operations-wise, we’re trying to get back to our pre-pandemic numbers,” says Ashley Mason, manager of organizational advancement at GRTC. “We had a number of retirees, and we had people who decided to move on to other industries, so we’re just trying to get back to the numbers that we had before.” The company needs to hire about 50 bus operators to meet pre-pandemic levels, and another 20 to expand operations.

Prior to the pandemic, applicants for bus operator positions needed to arrive with a commercial driver’s permit, but to close the skill gap, GRTC partnered with the Department of Motor Vehicles to offer those tests on-site. “You can come in right off the street, and we’ll help you get your CDL permit and, of course, your license, and then transition on to become an operator,” says Mason.

Richmond’s propensity for community collaboration is one of its great



Today’s
tourists can
be tomorrow’s
residents.

advantages. Creamer at the CCWA says the Richmond area’s workforce partnerships are appealing to employers scoping out the city for new development projects. They like the strength of the collaboration that has started to develop between economic development, community colleges and universities in initiatives such as pharmaceutical manufacturing and advanced manufacturing, she says. “We’re showing that we can partner together very well to get it done.” ■

JAY PAUL