

MARKET AND ECONOMIC TRENDS ANALYSIS



prepared for: FAUQUIER COUNTY

in collaboration with: Engineering & Planning Resources

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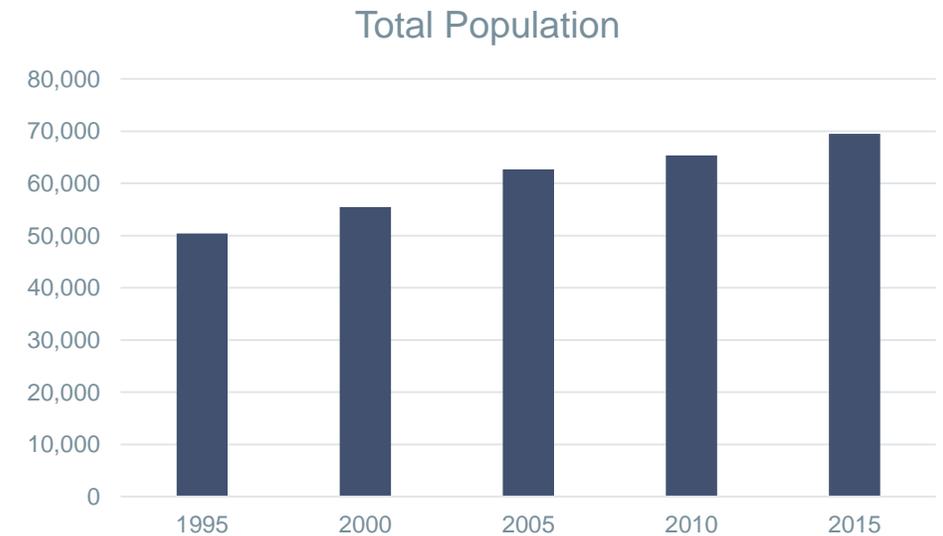
FORECASTS

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DEMOGRAPHICS

COUNTY POPULATION

- Fauquier County's population has steadily grown over the past 20 years, from 50,418 people in 1995 to 69,521 people in 2015
- The County has added 19,103 people since 1995, an increase of 38%
 - Translates to an average of 955 new people per year
- On a compound annual basis the growth rate has been 1.6% per year



Source: Woods & Poole Economics

AGE CHARACTERISTICS

- Fauquier County's median age has increased significantly since 2000, from 37.8 years to 42.5 years
 - In parallel, the share of the population over age 65 has also increased significantly
- The County's age profile is older than the DC Metro Area's and the state's
 - Smaller share of 25-34 year olds (the Millennial generation)
 - Larger share of seniors (65+ years old)

	Fauquier County 2000	Fauquier County Current Year	DC Metro Area Current Year	Virginia Current Year
Median age	37.8	42.5	37.0	38.2
Pct in 25-34 age group	11.5%	10.3%	15.0%	13.8%
Pct in 65+ age group	10.5%	15.2%	12.0%	14.2%

Source: 2000 Census, ESRI Business Analyst 2015 estimates

HOUSEHOLD CHARACTERISTICS

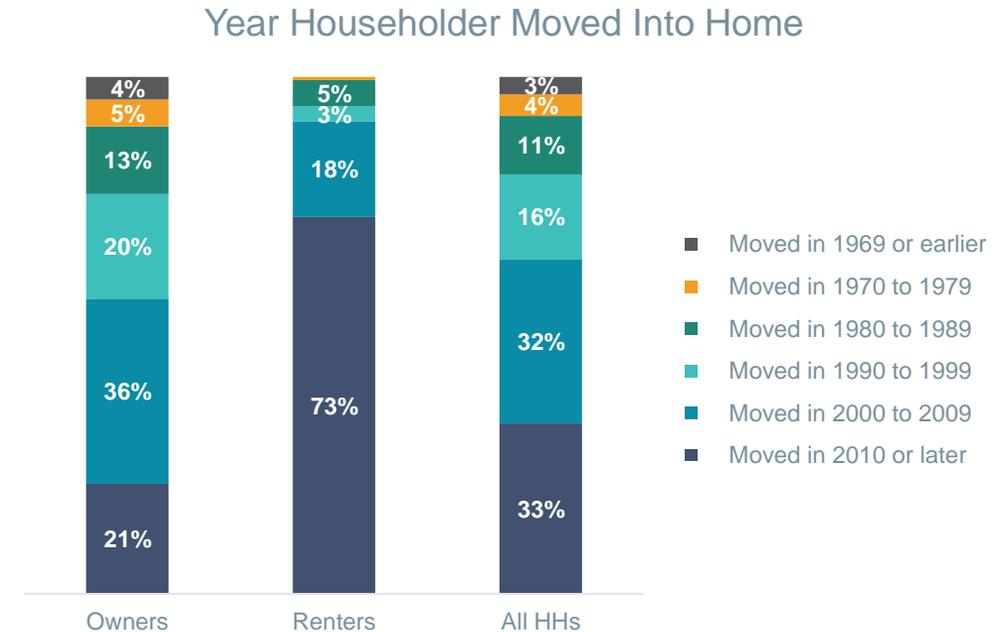
- Fauquier County's average household size has remained generally the same since 2000, and is currently slightly larger than the DC Metro Area's and the state's
- The County's share of 1-person households is somewhat smaller than the DC Metro Area and the state
 - Over 1 in 4 households in the region and the state have only one person in them
- The percentage of families in the County has decreased slightly, but the share is still significantly larger than in the DC Metro Area and state
- A smaller share of households in the County now have children living in them, and the percentage is roughly similar to that in the DC Metro Area
- Fauquier County has a larger share of households that are married-couple families

	Fauquier County 2000	Fauquier County Current Year	DC Metro Area Current Year	Virginia Current Year
Average household size (persons)	2.75	2.73	2.64	2.54
Pct that are 1-person households	18.7%	22.4%	27.4%	27.0%
Pct that are family households	76.3%	74.0%	64.7%	66.6%
Pct of households with children under 18	39.7%	35.3%	34.2%	32.6%
Pct of households that are married-couple families	63.8%	60.4%	48.3%	50.1%

Source: 2000 Census, 2014 American Community Survey, ESRI Business Analyst 2015 estimates

HOUSEHOLD TENURE

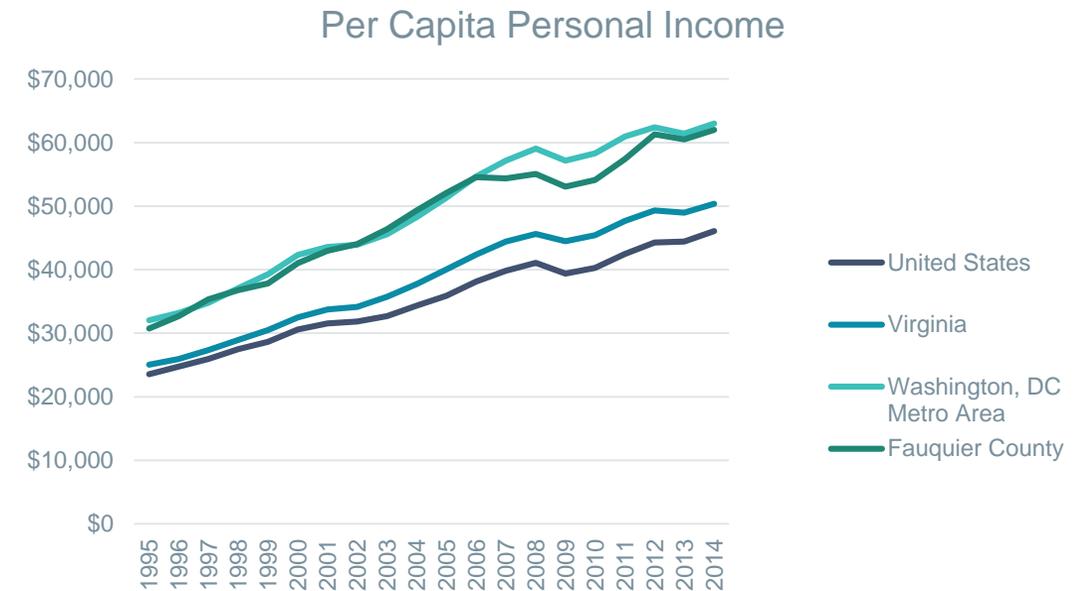
- 75.6% of current Fauquier County households own their homes, compared to 76.1% in 2000
 - This compares to current ownership rates of 62.3% in the DC Metro Area and 64.9% in the state
- One-third of all households in the County have moved into their current home in the past 5 years, and two-thirds have moved in since 2000
- Renters are much more recent movers – almost three-fourths have moved into their current home since 2010
- 18% of County households have lived in their current home since before 1990



Source: ESRI Business Analyst 2015 estimates, 2014 American Community Survey

INCOME AND POVERTY

- Per capita personal income in the County paralleled that of the DC Metro Area until the housing bust and recession, but has returned to parity in recent years
- Fauquier County and the region are both significantly wealthier than the state and nation on a per capita basis
- Median household incomes:
 - Fauquier County in 2000 (expressed in inflation-adjusted 2015 dollars): \$88,204
 - Fauquier County currently: \$94,561 (a 7.2% real purchasing power increase from 2000)
 - DC Metro Area currently: \$91,943
 - State currently: \$62,786
- Percentage of persons below poverty level:
 - Fauquier County in 2000: 5.4%
 - Fauquier County currently: 7.7%
 - DC Metro Area currently: 8.7%
 - State currently: 11.8%



Source: 2000 Census, 2014 American Community Survey, ESRI Business Analyst 2015 estimates, U.S. Bureau of Economic Analysis

EDUCATION AND OCCUPATION

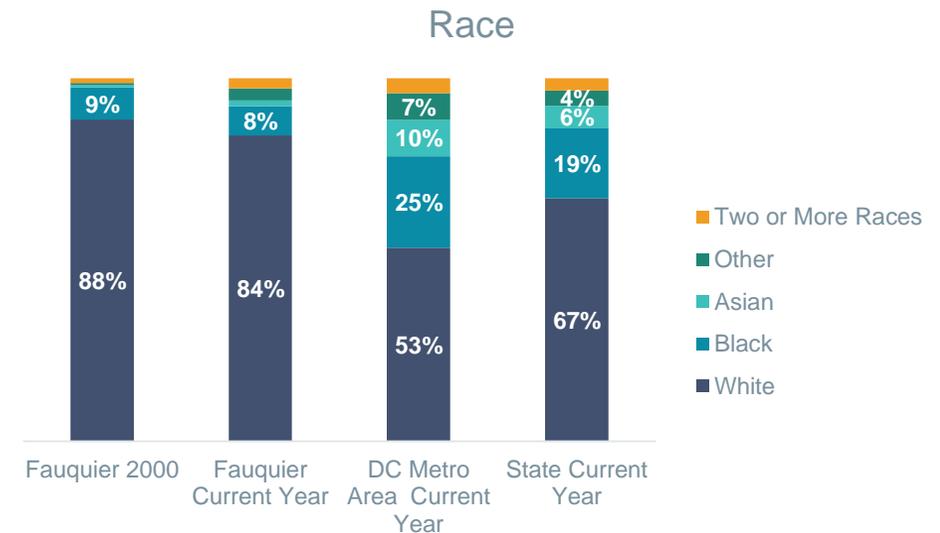
- Share of adult population with a high school diploma/GED or higher:
 - Fauquier County in 2000: 84.5%
 - Fauquier County currently: 92.2%
 - DC Metro Area currently: 91.2%
 - State currently: 88.7%
- Share of adult population with a bachelor's degree or higher:
 - Fauquier County in 2000: 27.1%
 - Fauquier County currently: 34.8%
 - DC Metro Area currently: 49.5%
 - State currently: 36.7%
- The County population has become better educated, but it still trails the DC Metro Area and state in its percentage of college-educated people
- Fauquier County residents primarily work in white collar jobs, similar to the DC Metro Area and the state
 - The primary change since 2000 has been a decrease in the share of blue collar workers and an increase in services workers
 - Fauquier's share of blue collar workers is significantly higher than the DC Metro Area's

Occupational Category	Fauquier County 2000	Fauquier County Current Year	DC Metro Area Current Year	Virginia Current Year
White Collar Subtotal	64.8%	66.7%	71.4%	64.8%
Management/Financial/Professional	39.5%	43.5%	50.7%	41.7%
Sales and Admin Support	25.4%	23.2%	20.7%	23.1%
Services Subtotal	13.0%	15.7%	16.2%	17.2%
Blue Collar Subtotal	22.2%	17.6%	12.4%	18.0%
Farming/Forestry/Fishing	1.3%	0.9%	0.1%	0.4%
Construction/Extraction/Maintenance	12.6%	10.4%	6.7%	8.3%
Production/Transportation/Material Moving	8.3%	6.4%	5.5%	9.3%

Source: 2000 Census, ESRI Business Analyst 2015 estimates

RACE, HISPANIC ORIGIN, AND PLACE OF BIRTH

- Fauquier County's population is strongly majority White, in contrast to the DC Metro Area and the state
- Share of the population that is of Hispanic origin (may be any race):
 - Fauquier County in 2000: 2.0%
 - Fauquier County currently: 7.6%
 - DC Metro Area currently: 15.6%
 - State currently: 9.2%
- The County's Hispanic population has increased significantly since 2000, but still trails the region's and the state's shares
- The share of Fauquier County's population that are native Virginians has held relatively steady from 2000 to 2015, at just over 50%
- Over that time period the foreign-born share of the County population has doubled, from 3.6% to 7.2%



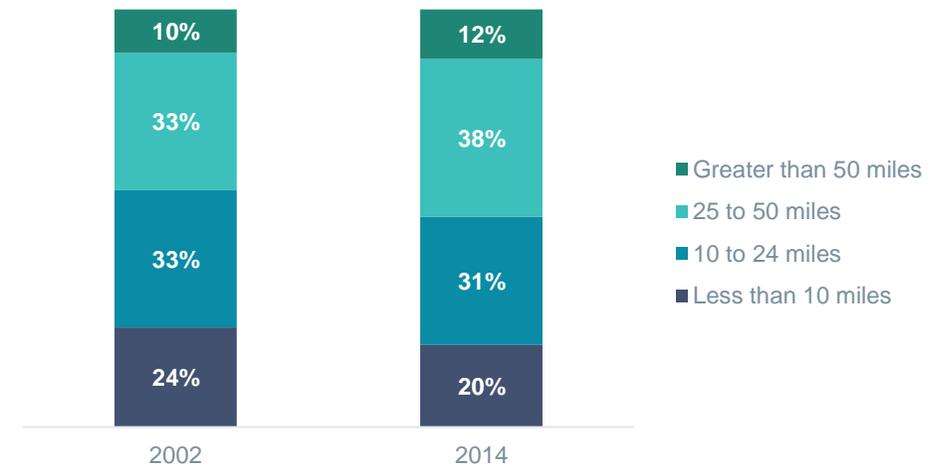
Source: 2000 Census, 2014 American Community Survey, ESRI Business Analyst 2015 estimates

COMMUTING TIME AND DISTANCE

- Commutes have gotten worse for Fauquier County residents since 2000
- County residents spend an average of 5 minutes longer on their commutes than the region average, and the rate of 45+ minute commutes is 12 percentage points higher
- From 2002 to 2014:
 - The share of County resident commutes under 25 miles has decreased (from 57% to 51%)
 - The share of commutes above 25 miles has increased (from 43% to 50%)

	Fauquier County 2000	Fauquier County Current Year	DC Metro Area Current Year	Virginia Current Year
Average travel time to work (minutes)	36.8	39.6	34.5	28.1
Pct of commutes that are 45+ minutes	37.3%	42.7%	30.8%	19.4%

Fauquier County Commute Distances

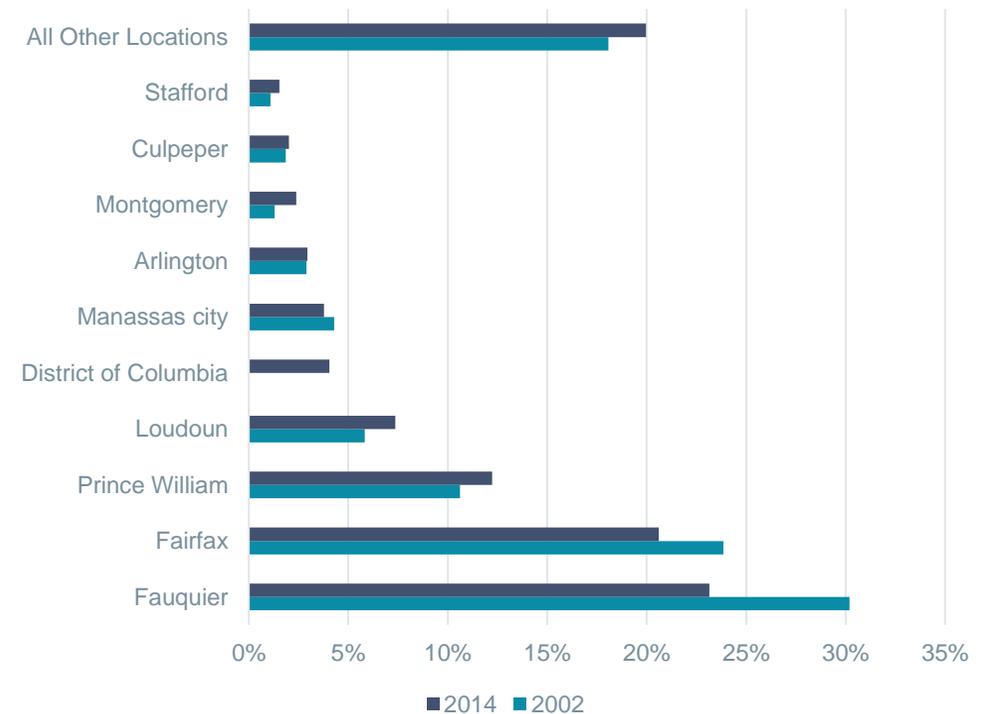


Source: 2000 Census, 2014 American Community Survey, Census-LEHD Program

COMMUTER DESTINATIONS

- The three primary commuter destinations make up 56% of the total: Fauquier, Fairfax, and Prince William Counties
- Other destinations with at least 200 commuters in 2014 are: Alexandria, Prince George's, Henrico, Fairfax city, Spotsylvania, Fredericksburg city, Richmond city, Frederick County (VA), Winchester city, and Chesterfield
- Over the past 10 years, the share of Fauquier residents who commute within the County has dropped from 30% to 23%
- The share commuting to Fairfax County has also dropped, but by a smaller amount (from 24% to 21%)
- The shares of workers commuting to Prince William, Loudoun, and Montgomery have increased the most, but only around 1-1.5 percentage points each
- Note: District of Columbia data were not available in 2002, which is why it shows zero on the chart

Share of Fauquier Commuter Destinations



Source: Census-LEHD Program

MIGRATION

- Definitions and general notes:
 - Net Migration is Inflow *minus* Outflow of persons per year
 - Gross Migration is Inflow *plus* Outflow – represents the level of “churn” in a county’s population separate from natural births and deaths
 - Migration is a smaller component of overall population growth than births and deaths, which is why a county can still be growing overall while having negative net migration
- Of the Virginia counties in the D.C. metro area, Fauquier has among the lowest gross migration rates
 - Inflows and outflows are nearly in balance, with a modest positive net migration
- Fairfax and Prince William Counties have by far the largest churn rates, with Arlington, Alexandria, and Loudoun following
 - These counties have the highest levels of migration activity in Northern Virginia, which some researchers think can help stimulate economic and entrepreneurial activity

Average Annual Migration of Persons

County	Inflow	Outflow	Net Migration	Gross Migration
Alexandria	18,984	19,765	-781	38,749
Arlington	25,275	25,414	-139	50,689
Culpeper	3,057	3,239	-182	6,296
Fairfax [1]	70,730	80,506	-9,776	151,236
Fauquier	4,129	3,520	609	7,649
Loudoun	19,185	19,034	151	38,219
Prince William [2]	38,862	36,600	2,262	75,462
Spotsylvania [3]	13,779	11,449	2,330	25,228
Stafford	13,873	11,558	2,315	25,431
Warren	2,428	1,823	605	4,251

[1] Includes Fairfax city and Falls Church city

[2] Includes Manassas city and Manassas Park city

[3] Includes Fredericksburg city

Note: figures include domestic migration only

Source: 2009-2013 American Community Survey

CONSUMER SEGMENTATION (BY ESRI)

These top 6 segments together account for 76% of Fauquier County households

“Savvy Suburbanites” – 29% of County households

- Well-educated, well-read, and well-capitalized
- Empty-nesters and empty-nester wannabes, who still have adult children at home
- Located in older neighborhoods outside the urban core
- Suburban lifestyle but enjoys the city’s cultural events



“Pleasantville” – 12% of County households

- Prosperous domesticity
- Lives in older housing in suburban areas in the Northeast and West
- Older couples, many are empty-nesters
- Higher than average incomes, home values, and net worth



“Exurbanites” – 12% of County households

- Approaching retirement, but showing few signs of slowing down
- Take advantage of proximity to large metro centers to support the arts, but prefer a more expansive home style in less crowded neighborhoods



“Soccer Moms” – 11% of County households

- Affluent, family-oriented with a country flavor
- Partial to new housing away from the bustle of the city but close enough to commute to professional job centers
- Hectic pace of two working parents with growing children



“Middleburg”* – 8% of County households

- Neighborhoods transformed from the easy pace of country living to semirural subdivisions when the housing boom reached out
- Conservative, family-oriented consumers
- Younger market, but growing in size and assets



“Golden Years” – 6% of County households

- Independent, active seniors nearing the end of their careers or already in retirement
- Primarily singles living alone or empty-nesters
- Those still working are employed in professional occupations
- Smaller market, but growing, and financially secure



* “Middleburg” does not refer to the geographic location of the same name

DEMOGRAPHICS SUMMARY

- Steady population growth
- Aging population
- Household characteristics fairly stable over past 15 years
- More family-oriented than the region as a whole
- Primarily homeowners, many newer residents
- Wealthier than the state and nation, but on par with DC Metro Area
- College degree attainment trails DC Metro Area and state
- Primarily a white collar workforce, but larger share of blue collar than DC Metro Area
- Majority white population, but minority share has increased; Hispanic and foreign born shares are increasing
- Commutes are getting longer and farther
- Gross migration activity level is low compared to the counties closer to D.C.

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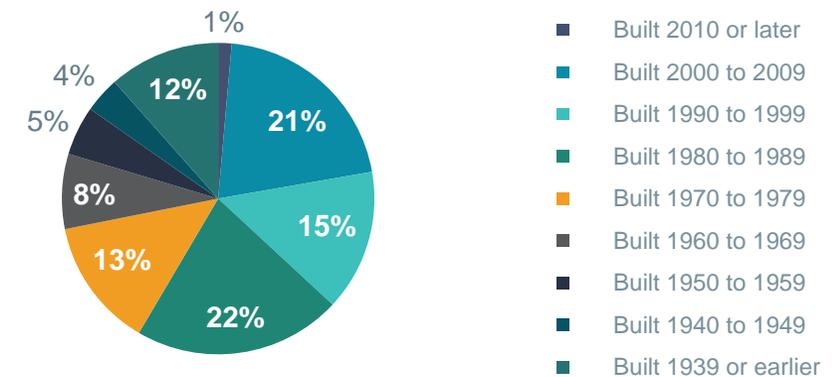
HOUSING

HOUSING TYPE AND AGE

- Fauquier County's housing stock is primarily composed of single-family detached homes
 - Similar to most of the neighboring counties except for Prince William, where the attached and multifamily shares are significantly higher
 - The composition of Fauquier's housing stock has not changed much since 2000
- 57% of the housing stock was built between 1980 and 2010
- Only 1% of the housing stock has been built since 2010, reflecting the impact of the market downturn and recession
- Not much housing was built between 1940 and 1970, but there is a significant stock of pre-WWII housing

	Fauquier	Clarke	Culpeper	Prince William	Warren
SF detached	82.9%	88.6%	76.5%	55.9%	81.6%
SF attached	7.2%	2.0%	8.4%	26.5%	5.8%
MF 2-4 units	2.8%	2.6%	2.9%	1.6%	5.0%
MF 5+ units	5.1%	6.6%	7.6%	14.9%	5.4%
Mobile home	1.9%	0.2%	4.3%	1.0%	2.2%
Other	0.0%	0.0%	0.2%	0.0%	0.0%

Year Home Built, Fauquier County



Source: 2010-2014 and 2014 American Community Surveys

RESIDENTIAL BUILDING PERMITS

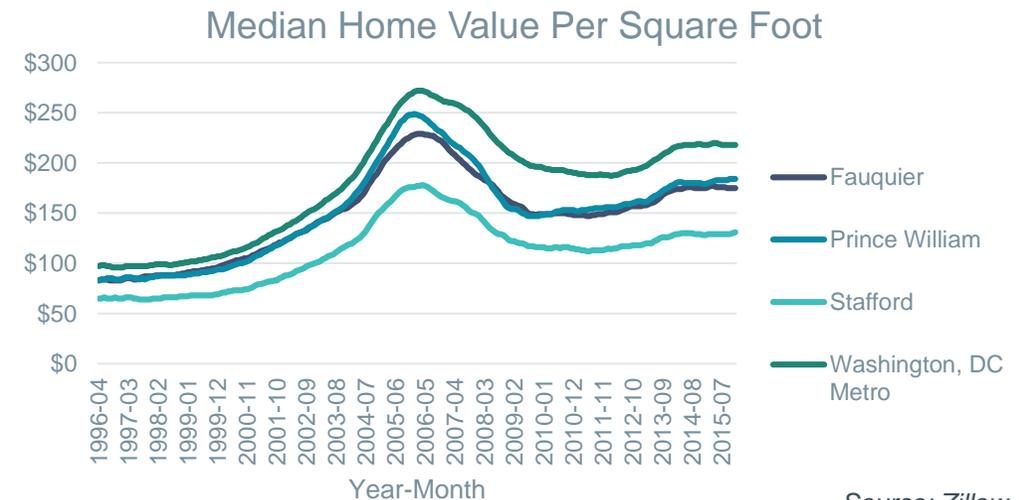
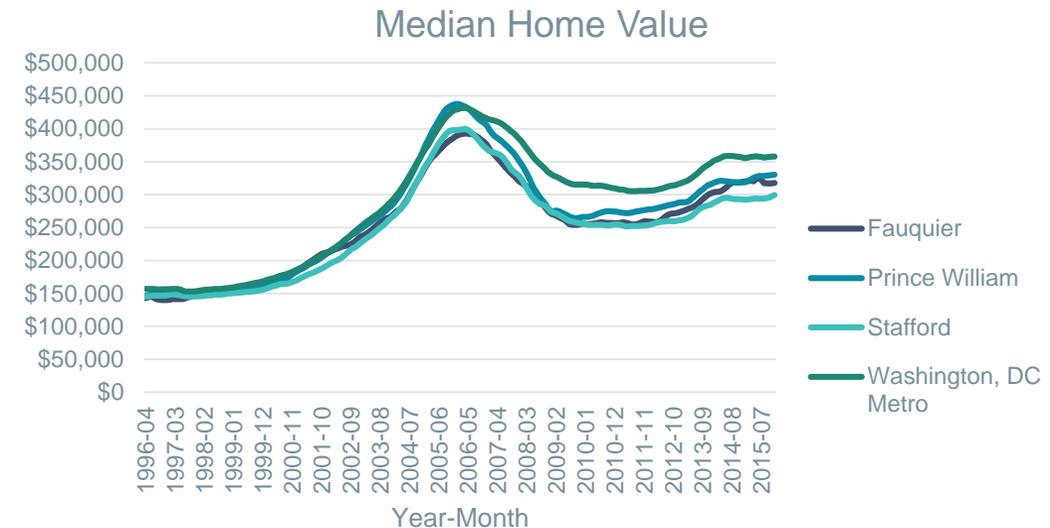
- Nearly all permits issued have been for single-family units (includes both detached and attached)
 - Most single-family permits in Fauquier are for detached units
- County building permits trends clearly show the impact of the housing bust in 2007-2008
- The past two years have seen increased activity, with permit issuance approaching the 10-year average
- Average annual permit issuance by time period:
 - 1995-2014: 416 permits
 - 2005-2014: 294 permits
 - 2009-2014: 188 permits



Source: U.S. Census Bureau

HOME VALUES

- Fauquier County home values rose and fell in parallel with neighboring counties and the region, but the regional median did not decline as much and has stayed above the three counties being compared
- 2015 median home values:
 - Fauquier: \$320,000
 - Prince William: \$326,600
 - Stafford: \$294,700
 - Washington, DC metro: \$357,200
- On a per-square-foot basis, the gap between the metro median and the counties is noticeably higher, and there is a significant gap between Stafford and the other two counties
 - This metric controls for house size, so it shows the value placed on each unit of space in an area

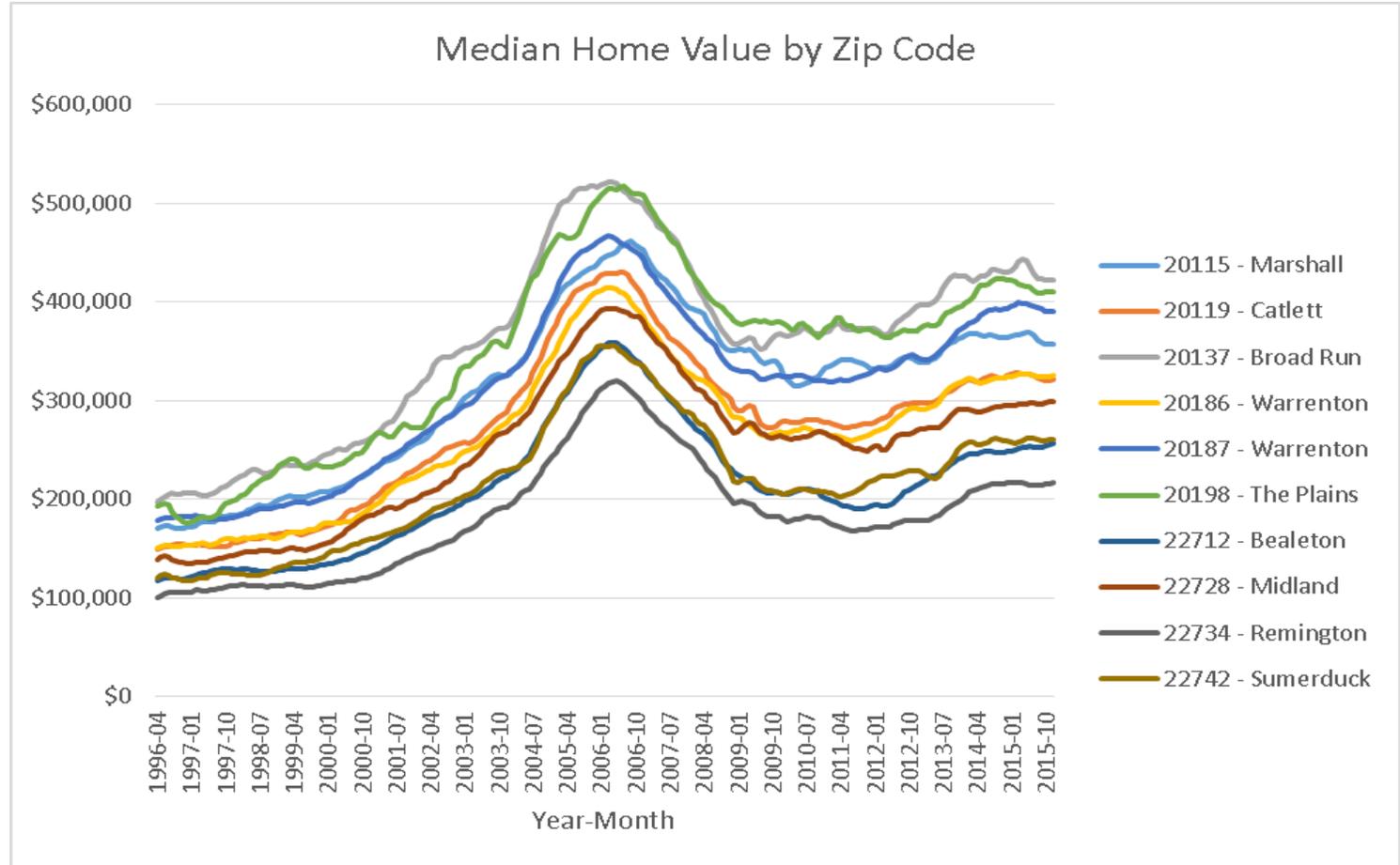


Source: Zillow

HOME VALUE BY ZIP CODE

Zip Code	2015 Median Home Value	2015 Median Home Value PSF
20115 - Marshall	\$363,600	\$193
20119 - Catlett	\$324,700	\$180
20137 - Broad Run	\$431,200	\$196
20186 - Warrenton	\$325,300	\$169
20187 - Warrenton	\$395,100	\$176
20198 - The Plains	\$414,200	\$222
22712 - Bealeton	\$252,800	\$160
22728 - Midland	\$296,900	\$177
22734 - Remington	\$215,600	\$142
22742 - Sumerduck	\$259,800	\$174

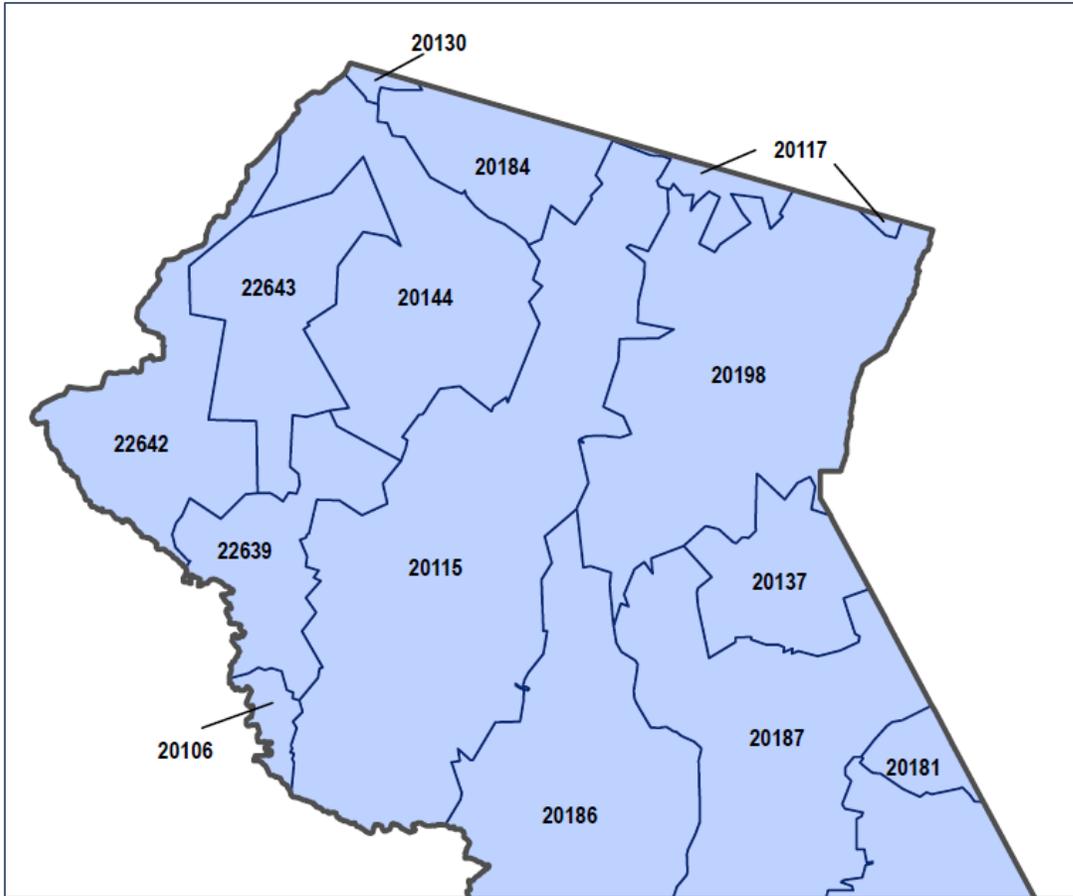
Note: Zip code map for reference provided on next slide



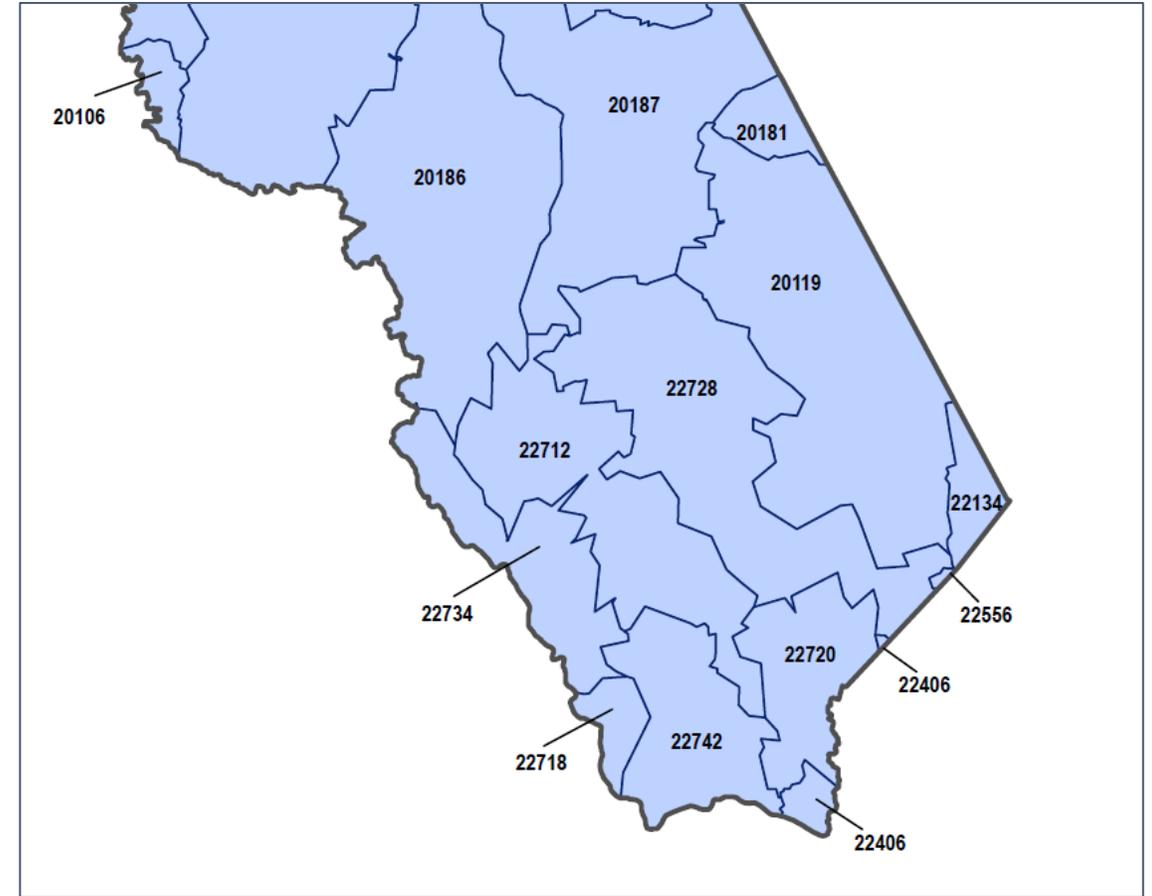
Source: Zillow

ZIP CODE MAPS FOR REFERENCE

North half of county



South half of county

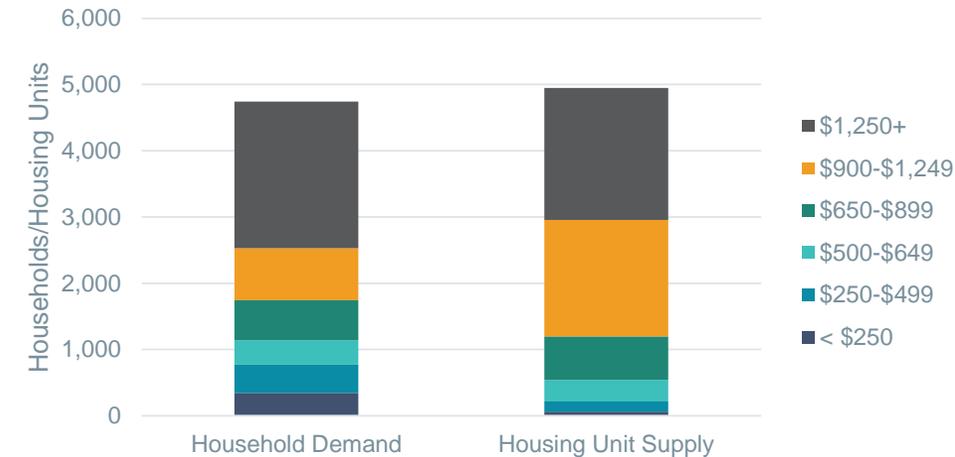


Source: Fauquier County

HOUSING AFFORDABILITY

- By comparing the supply of homes in the County by price/rent level with what existing households could theoretically afford according to their income level, we can see where there are mismatches between the supply and demand by general price point
- Rental housing:
 - Not enough units renting for under \$500 per month; this is the most challenging price point because the market has difficulty delivering such low-cost units
 - Large supply of units renting for \$900-\$1,249 per month; this is the most common price point for newer development; it is usually difficult to develop apartments below this price point without subsidies
- For-sale housing:
 - Supply mismatch of almost 1,000 units at the \$80,000-\$124,999 price point; entry-level new construction cannot usually hit this price point unless land is cheap
 - Large supply of units from \$200,000 to \$399,999; this is generally the “move up buyer” price range for new construction
 - The supply/demand mismatch for units at \$400,000+ indicates that there are more households with the ability to pay for such housing than there are homes at that price point – some high-income households are not “maxxing out” their possible spending on housing

Rental Housing Demand/Supply by Rent Level



For-Sale Housing Demand/Supply by Home Value

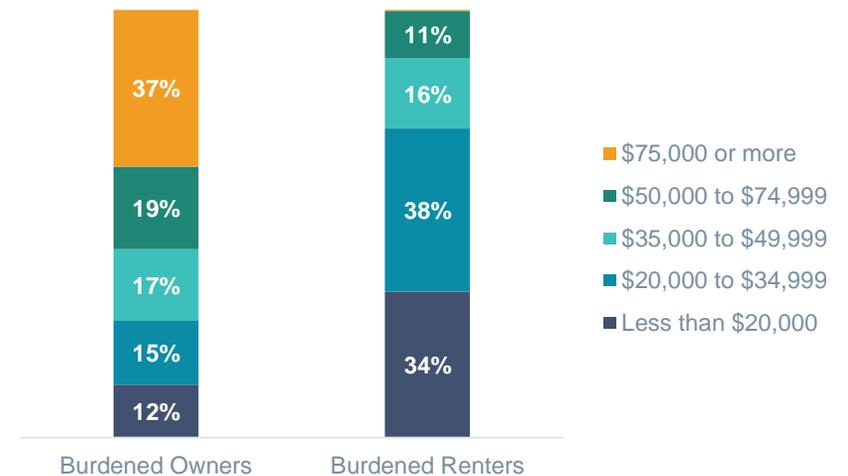
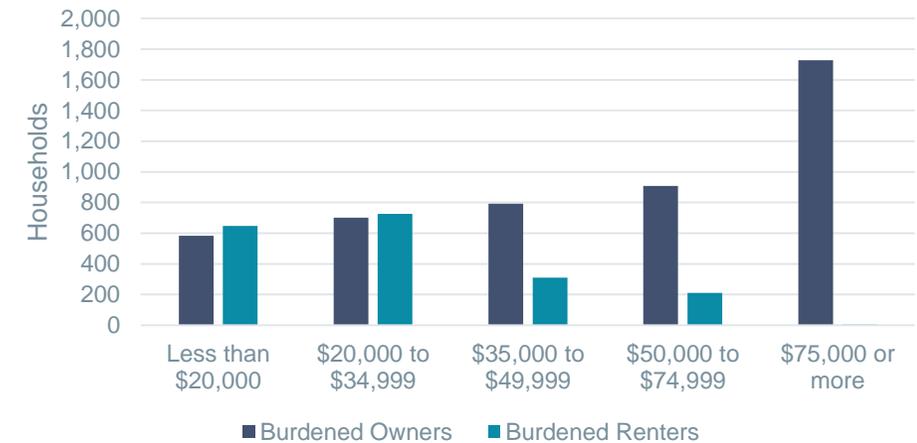


Source: 2010-2014 American Community Survey, Renaissance Planning

HOUSING AFFORDABILITY (cont.)

- The supply and demand dynamics shown in the previous slide lead to some households being burdened by their housing costs
 - “Burdened” is defined as paying more than 30% of your income on housing costs
- In Fauquier County, 26% of owners and 45% of renters are burdened by their housing costs
- Most cost-burdened households typically have low incomes, but in Fauquier County a significant share of them are moderate or higher income homeowners
 - More than one-third of the burdened owner households earn more than \$75,000 per year

Cost-Burdened Households by Income Level



Source: 2010-2014 American Community Survey

HOUSING SUMMARY

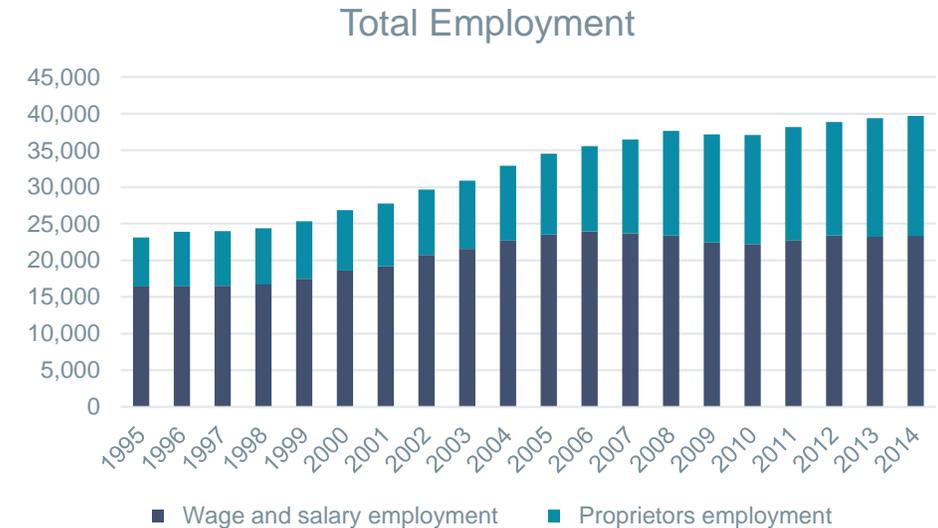
- The County housing stock is primarily made up of single-family detached homes
- Over half of the housing stock was built in the past 35 years, but little has been built since 2010
- Building permit activity dropped dramatically with the housing bust, and is only starting to recover
- Home values are generally comparable to neighboring counties, but the median value trails the regional median
 - On a per-square-foot basis the gap between the County median and the regional median is larger
- There is a shortage of rental housing affordable to very low-income households, and also of entry-level for-sale housing
- More than one-third of the homeowners that may be struggling to afford their housing earn more than \$75,000 per year

3

ECONOMY

COUNTY EMPLOYMENT BASE

- Fauquier County's employment base has steadily grown over the past 19 years, from 23,105 total jobs in 1995 to 39,678 total jobs in 2014
 - The County has added 16,573 total jobs since 1995, an increase of 72%
 - Translates to an average of 872 new jobs per year
 - On a compound annual basis the growth rate has been 2.9% per year
 - Comparable U.S. growth rate: 1.2%, state growth rate: 1.3%
- Employment can be separated into wage and salary jobs and proprietors (business owners, partnerships, etc.)
 - Wage and salary employment:
 - 6,882 new jobs since 1995, an increase of 42%
 - Translates to an average of 362 new jobs per year
 - Compound annual growth rate: 1.9%
 - Proprietors employment (typically small businesses):
 - 9,691 new jobs since 1995, an increase of 146%
 - Translates to an average of 510 new jobs per year
 - Compound annual growth rate: 4.8%
 - In 1995 wage and salary jobs made up 71% of the County employment base, in 2014 they were 59%



Source: U.S. Bureau of Economic Analysis

PERFORMANCE: GDP PER CAPITA

- Fauquier County's gross domestic product (GDP) per capita is below the national average
- But over the past 15 years, the County's GDP per capita has increased at three times the annual rate of the nation's
- Fauquier compared to selected comparable counties:
 - Similar or higher GDP per capita than most, with Albemarle much higher (likely due to UVA)
 - Growth rate is faster than all
- Fauquier compared to RRRC counties:
 - Highest GDP per capita
 - Substantially higher growth rate – the other counties had little or no growth in GDP per capita

County	2013 GDP Per Capita	1998-2013 Annual Growth Rate
<i>Selected Comparable Counties</i>		
Albemarle, VA	\$79,129	1.13%
Calvert, MD	\$29,178	1.98%
Clarke, VA	\$27,424	0.90%
Hanover, VA	\$41,818	1.77%
Harford, MD	\$38,687	2.78%
<i>Rappahannock-Rapidan Regional Commission Counties</i>		
Culpeper	\$28,713	-0.58%
Madison	\$21,001	0.37%
Orange	\$30,291	-0.24%
Rappahannock	\$19,689	0.05%
Fauquier	\$33,389	3.02%
United States	\$43,536	1.04%

Source: U.S. Cluster Mapping Project

PERFORMANCE: AVERAGE WAGE

- Fauquier County’s average private sector annual wage is below the national average
- Over the past 15 years, the County’s average wage has increased slightly faster than the nation’s annual growth rate
- Fauquier compared to selected comparable counties:
 - Slightly higher average wage is middle of the pack, with Albemarle the highest
 - Similar standing for the growth rate
- Fauquier compared to RRRC counties:
 - Highest average wage
 - Higher growth rate in average wage than all except Madison

County	2013 Average Wage	1998-2013 Annual Growth Rate
<i>Selected Comparable Counties</i>		
Albemarle, VA	\$46,885	5.00%
Calvert, MD	\$41,025	2.92%
Clarke, VA	\$43,229	3.75%
Hanover, VA	\$36,009	2.24%
Harford, MD	\$39,359	3.20%
<i>Rappahannock-Rapidan Regional Commission Counties</i>		
Culpeper	\$39,711	2.95%
Madison	\$30,693	3.92%
Orange	\$34,379	2.32%
Rappahannock	\$30,960	2.54%
Fauquier	\$41,021	3.40%
United States	\$47,534	2.98%

Source: U.S. Cluster Mapping Project

PERFORMANCE: EMPLOYMENT GROWTH

- Over the past 15 years, the County’s employment base has grown over three times faster than the nation’s annual growth rate
- Fauquier compared to selected comparable counties:
 - Smaller employment base than all but one county, and similar to another
 - Growth rate higher than all but Albemarle
- Fauquier compared to RRRC counties:
 - Largest employment base
 - Higher growth rate in employment than all; two counties had negative growth

County	2013 Employment	1998-2013 Annual Growth Rate
<i>Selected Comparable Counties</i>		
Albemarle, VA	37,158	3.97%
Calvert, MD	17,437	1.65%
Clarke, VA	2,981	0.26%
Hanover, VA	42,300	2.13%
Harford, MD	69,217	1.75%
<i>Rappahannock-Rapidan Regional Commission Counties</i>		
Culpeper	11,884	1.35%
Madison	2,640	0.91%
Orange	5,984	-0.40%
Rappahannock	1,012	-0.98%
Fauquier	17,008	2.15%
United States	n/a	0.60%

Source: U.S. Cluster Mapping Project

TRADED VS. LOCAL CLUSTERS

- The Fauquier County economy can be separated into two sets of industry clusters:
 - *Traded* clusters produce goods and services for external consumption, so they bring new dollars into the local economy – primarily manufacturing and business/financial services that are “exported” out of the County
 - *Local* clusters produce goods and services for internal consumption, so they generally recirculate existing dollars – primarily retailers, restaurants, and services for County residents/businesses
- Traded clusters are the engines of local economic development, and tend to pay higher wages because they are driven by national and global market forces and generate more economic value (GDP) per worker
- Local clusters are linked to the size and growth of the local population and business market, and tend to pay lower wages
- The average wage of the County’s traded clusters is significantly lower than the national average, primarily because its traded economy is small, and clusters such as Financial Services, Distribution, and Food Processing pay significantly lower average wages in Fauquier County than the national average:
 - Financial Services: \$57,200 locally versus \$128,237 nationally
 - Distribution: \$40,120 locally versus \$64,644 nationally
 - Food Processing: \$18,512 locally versus \$46,955 nationally
- The state average wages for traded and local clusters are similar to the national averages

Employment by Cluster Type



Cluster Type	Fauquier Avg. Wage	U.S. Avg. Wage	Difference
Traded	\$44,445	\$60,147	-26%
Local	\$37,293	\$37,538	-1%

Source: U.S. Cluster Mapping Project

KEY CLUSTERS

- Key Clusters should be target industries for economic development efforts
- Key Clusters are defined as:
 - Traded clusters
 - At least 100 employees in the County
 - Are industries that the County specializes in when compared to the national employment mix
- Other Important Traded Clusters have more than 100 employees, but Fauquier County is not specialized in them
- Of the current Key Clusters, only Business Services was a Key Cluster 15 years ago; its county average wage is healthy and higher than the state average

Cluster	Fauquier Jobs	Fauquier Avg. Wage	Virginia Avg. Wage	Major Subclusters
<i>Key Clusters</i>				
Business Services	1,638	\$94,549	\$89,464	Computer Services, Engineering Services
Hospitality and Tourism	476	\$29,101	\$24,160	Hotels
Food Processing and Manufacturing	322	\$18,512	\$49,569	Dairy Products, Wineries
Marketing, Design, and Publishing	240	n/a	\$76,758	Marketing Consulting, Advertising
<i>Other Important Traded Clusters</i>				
Distribution and Electronic Commerce	485	\$40,120	\$57,669	Wholesaling of Prof. Equipment
Transportation and Logistics	196	\$51,391	\$41,394	
Financial Services	195	\$57,200	\$102,179	
Construction Products and Services	130	n/a	\$61,809	

Source: U.S. Cluster Mapping Project

JOB GROWTH IN KEY CLUSTERS

- Business Services has been the key driver of traded employment growth, both over the pre-recession (1998-2009) and post-recession (2009-2013) periods
- Food Processing & Manufacturing has also grown significantly post-recession
 - The Dairy Products subcluster went from zero to 175 jobs
 - The Wineries subcluster went from 38 to 127 jobs
 - Other subclusters have zero or minimal employment in the County
- The other two Key Clusters grew pre-recession, but have not been leading the way post-recession
- Distribution & Electronic Commerce is the only Other Important Traded Cluster to have grown post-recession

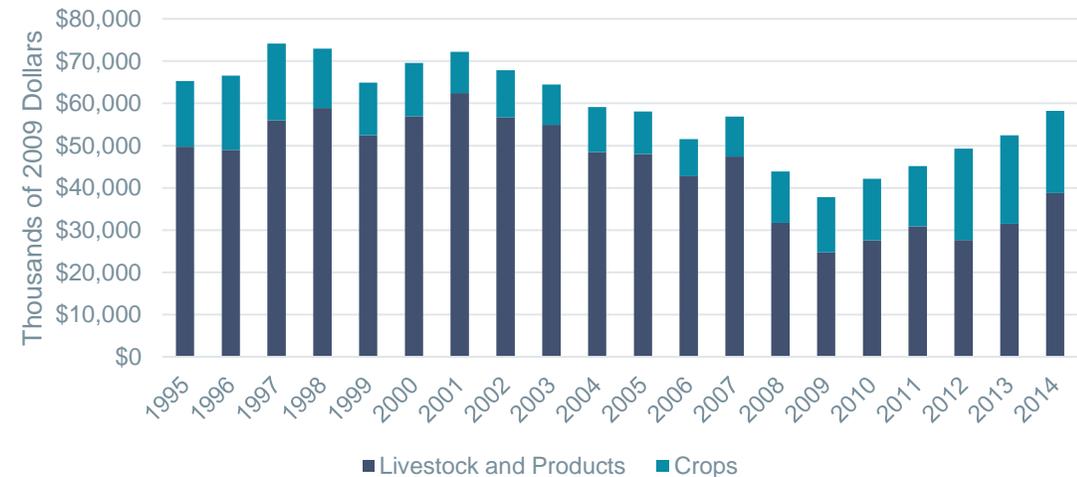
Cluster	Job Growth 1998-2009	Job Growth 2009-2013	Major Subclusters
Key Clusters			
Business Services	666	304	Computer Services, Engineering Services
Hospitality and Tourism	306	-56	Hotels
Food Processing and Manufacturing	-22	284	Dairy Products, Wineries
Marketing, Design, and Publishing	147	19	Marketing Consulting, Advertising
Other Important Traded Clusters			
Distribution and Electronic Commerce	-63	111	Wholesaling of Prof. Equipment
Transportation and Logistics	109	-114	
Financial Services	-31	-48	
Construction Products and Services	40	-60	

Source: U.S. Cluster Mapping Project

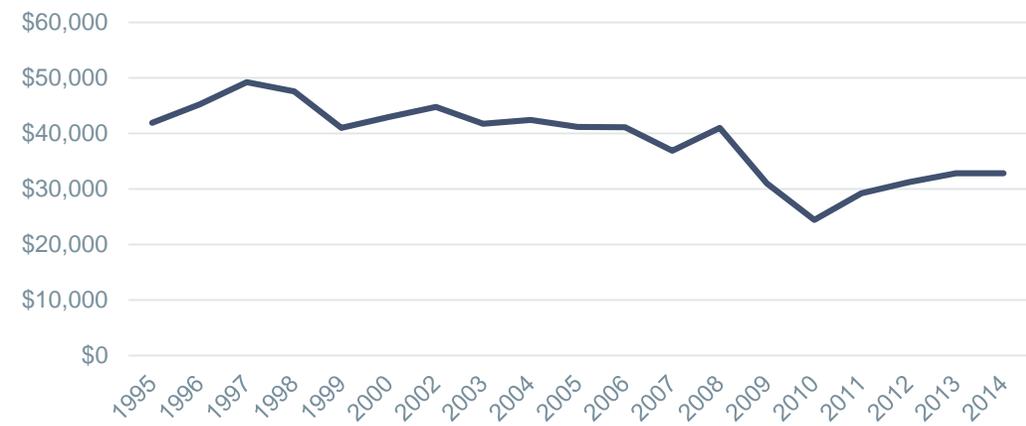
FARM SECTOR

- Farm employment in Fauquier County has fluctuated with the economy, but remained between 1,400 and 1,600 workers
- Similarly, the revenue split between livestock and crops has also fluctuated; in 2014 the crops share was 33%, but it has been as high as 44% and as low as 14% since 1995
 - But the highest shares for crops have all been post-recession: between 32% and 44%
- Revenue productivity per worker has been flat or falling since 1997; though it has increased some from its post-recession low point, it is not back to the pre-recession level
- The total cattle inventory has declined significantly, from almost 65,000 in 1995 to 45,000 in 2015

Farm Receipts by Source, Adjusted for Inflation



Inflation-Adjusted Receipts per Worker



Source: U.S. Department of Agriculture, U.S. Bureau of Economic Analysis

FARM SECTOR

EQUINE

- Rapid increase in farms with horses and ponies in the '90s.
- Slight decline over the last decade.
- Ranks 3rd among VA counties for revenue from sale of horses (\$2.1 million in 2012)

Year	Farms with Horses and Ponies	Horse and Pony Inventory
2012	569	5,282
2007	585	5,941
2002	684	6,231
1997	385	4,195
1992	367	3,542

Source: U.S. Department of Agriculture. Census of Agriculture

FARM SECTOR

LOCAL FOODS

- 143 farms sold \$1.4 million of food directly to consumers.
- This is a 51% increase in the number of farms selling direct (95 in 2007)
- But a 21% decrease in direct sales, from 2007 sales of \$1.7 million.
- Direct sales were 2.6% of farm product sales, more than 8 times the national average (0.3%).

AGRITOURISM

- 36 farms engaged in agritourism and recreational services in 2012
- Generated about \$200K in sales

WINE

- Produced 539 tons of grapes in 2015 (up 30% while state total was up 8%)

Sources: U.S. Department of Agriculture. Census of Agriculture, Rappahannock-Rapidan Regional Food System Asset Assessment, and 2015 Commercial Grape Report

RETAIL SECTOR

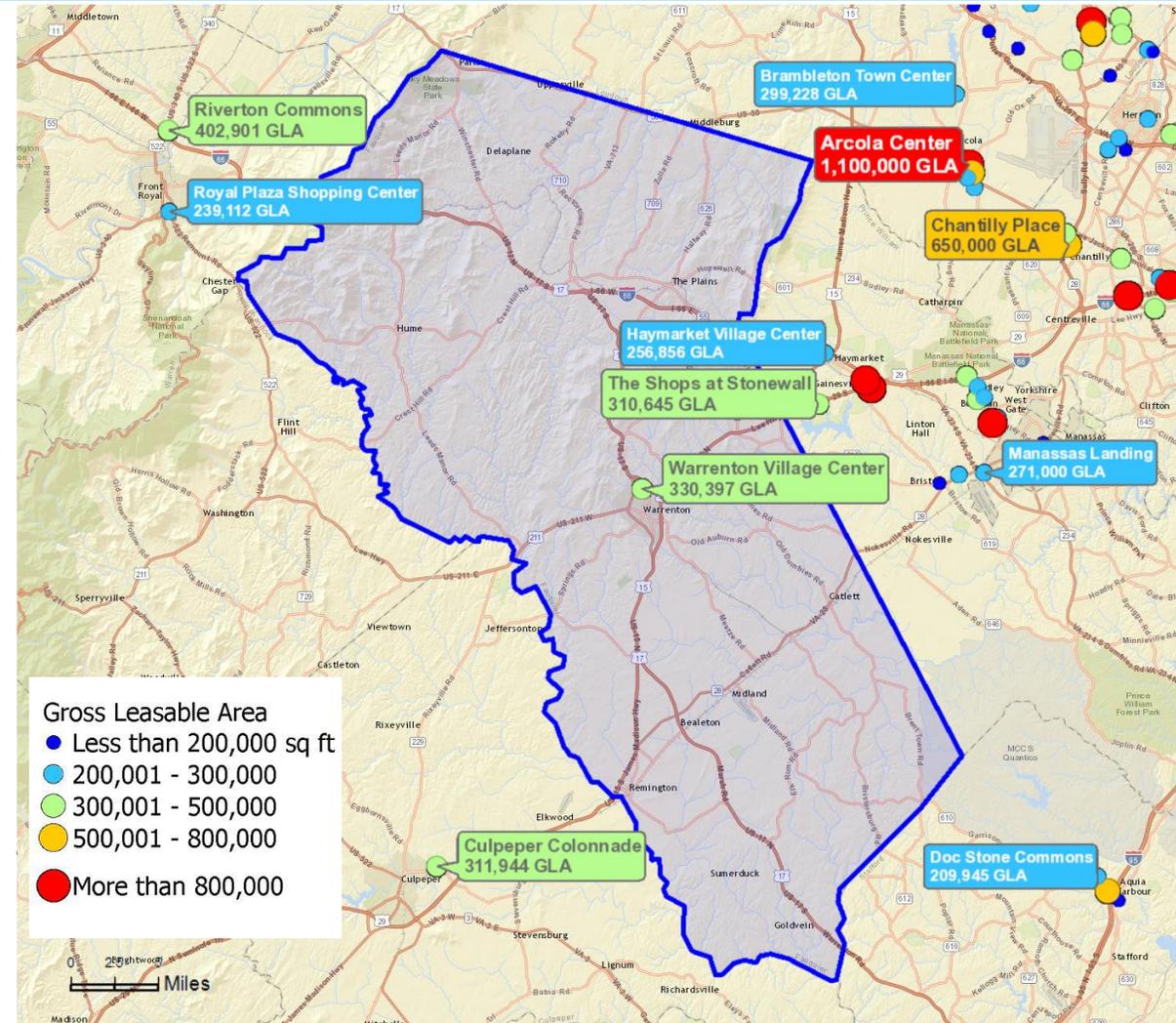
- Taxable retail sales in Fauquier County have recovered to their prerecession level, according to the Virginia Department of Taxation
- But a comparison of the retail spending potential of County households (demand) to the retail sales occurring in the County (supply) indicates that much of the spending by residents is “leaking” to stores outside of the County
- ESRI calculates a Leakage Factor for the major retail categories, which describes the level of retail opportunity to capture local spending
 - +100 means total leakage out of the area, while -100 means total surplus of sales (i.e. spending from outside the area is being drawn in)
- The categories with the largest Leakage Factors are shown at right
 - Because county lines do not constrain actual shopping patterns, only categories with a factor of at least 50 are shown (rounded)
 - All retail categories have a positive Leakage Factor except for Lawn & Garden Equipment & Supply Stores, whose factor is -25.9

Retail Category	Leakage Factor	Leakage Amount (Retail Spending)
Book, Periodical & Music Stores	87.6	\$7,066,454
Drinking Places - Alcoholic Beverages	77.9	\$1,013,029
Supercenters, Warehouse Clubs & Dollar Stores	77.1	\$53,492,946
Shoe Stores	76.1	\$6,905,484
Clothing Stores	73.7	\$43,945,714
RV, Motorcycle, Boat, ATV & Other Motor Vehicle Dealers	72.7	\$29,474,990
Furniture Stores	72.7	\$21,880,440
Home Furnishings Stores	57.1	\$12,788,253
Building Material & Supplies Dealers	49.9	\$45,332,711
Department Stores	49.7	\$136,665,437

Source: ESRI Business Analyst

MAJOR SHOPPING CENTERS

- The map at right shows how major shopping centers surround the County along major transportation routes
 - Major shopping centers are identified by the Directory of Major Malls
- These centers are likely the primary recipients of the spending that is leaking out of the County
- Only one major center is located within Fauquier County
- Not all retailers are located in shopping centers, and some frequently visited store types that generate significant tax revenue may be stand-alones outside of centers.
 - Grocery stores and drugstores tend to locate along the US 15/US 17 spine of the County
 - Restaurants, equally split in number between fast food and sit-down restaurants, are concentrated around Bealeton



Source: Directory of Major Malls via ESRI Business Analyst

ECONOMY SUMMARY

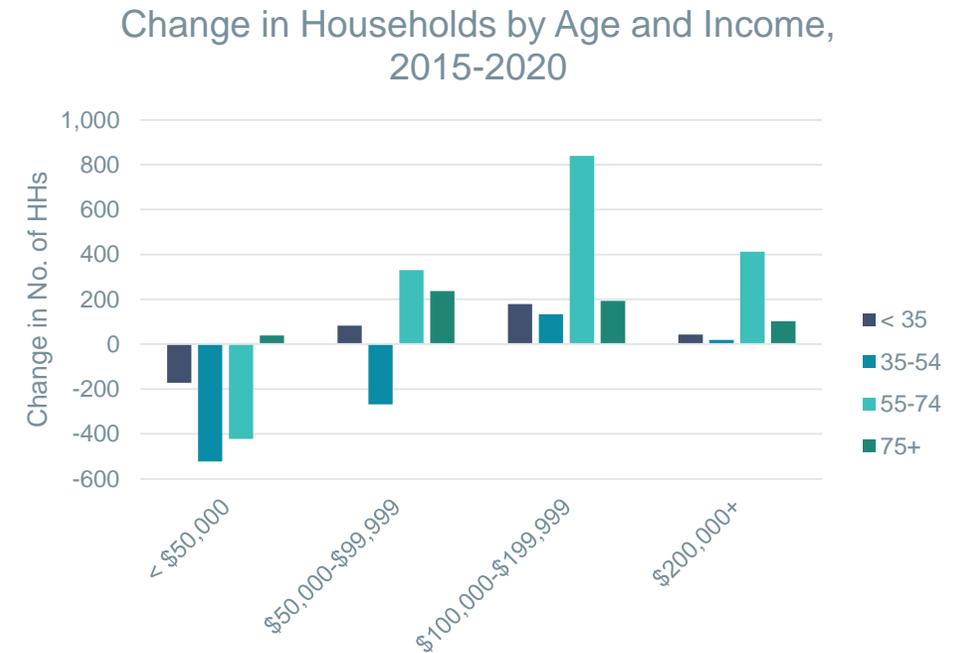
- Employment has been growing faster than population
- Growth in business proprietors has exceeded growth in wage and salary jobs, and these small business owners now make up 41% of the employment base
- GDP per capita and average annual wage are below the national averages, but both have been growing faster in recent years than the national average and most of the nearby counties
- The portion of the local economy that “exports” outside of the County is fairly small, and its average wage is 26% lower than the national average wage for industry clusters that are driven by outside economic forces (the “traded” economy)
- Business Services is the leading exporting cluster in the County and a potential driver for economic development efforts, with other key clusters being Food Processing & Manufacturing, Hospitality, and Marketing Services
- The local farm sector seems to be recovering from the recession, but revenue productivity per worker is declining; crops are responsible for a larger share of farm receipts than in the past (rather than livestock)
- Much of County residents’ retail dollars are being spent outside of the County

4

FORECASTS

SHORT TERM FORECAST: HOUSEHOLDS BY AGE AND INCOME

- Fauquier County is projected to add an average of 245 net new households per year from 2015-2020, but the age and income profile of its household mix will change
- Key changes:
 - 1,252 new empty-nester households (age 55-74) earning more than \$100,000 per year
 - Loss of 1,070 households of all ages earning less than \$50,000 per year
 - Only 179 net new Millennial households (under age 35), even though this generation is now larger than the Baby Boomers

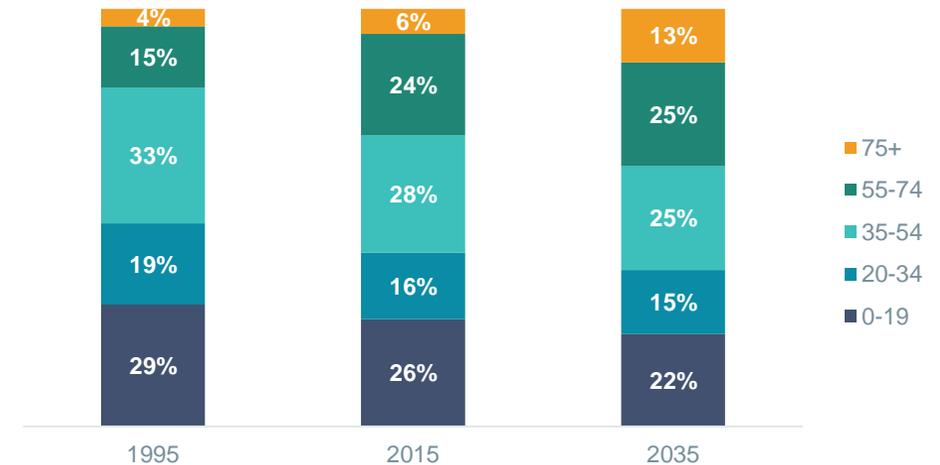


Source: ESRI Business Analyst

LONG TERM FORECAST: HOUSEHOLDS AND AGE PROFILE

- Fauquier County is forecasted to add 9,651 new households from 2015-2035 for a total of 36,254 people, a 36% increase
 - Average annual change: 483 new households per year
 - Compound annual growth rate: 1.6%
- The forecasted growth trajectory is slightly slower than what occurred from 1995-2015, when the annual growth rate was 2.1%
 - The previous rate was higher because the County was growing from a smaller base – the average growth per year was similar, at 453 new households per year
- The County's age profile is forecasted to continue to get older
 - People age 55+ will go from 30% of the population to 38% of the total, and most of the growth will be in the 75+ age group
 - All of the younger age groups will have smaller shares
- The ratios of jobs to population and households will continue to increase

Population by Age Group



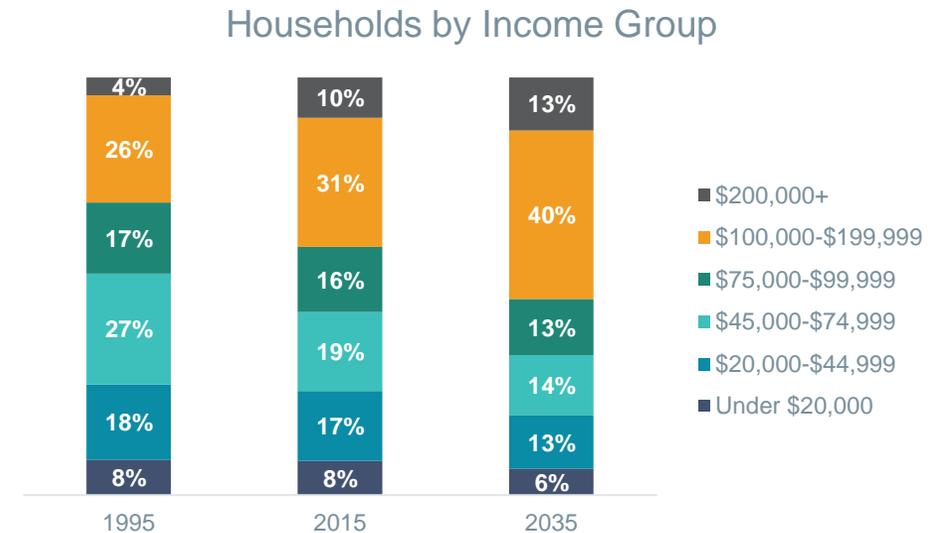
Ratio	1995	2015	2035
Jobs/Population	0.46	0.59	0.62
Jobs/Households	1.32	1.53	1.67

Note: Woods & Poole uses the most broad definition of employment that includes proprietors and partnerships, so these ratios may be larger than ratios constructed using other employment data sources

Source: Woods & Poole Economics

LONG TERM FORECAST: HOUSEHOLD INCOMES

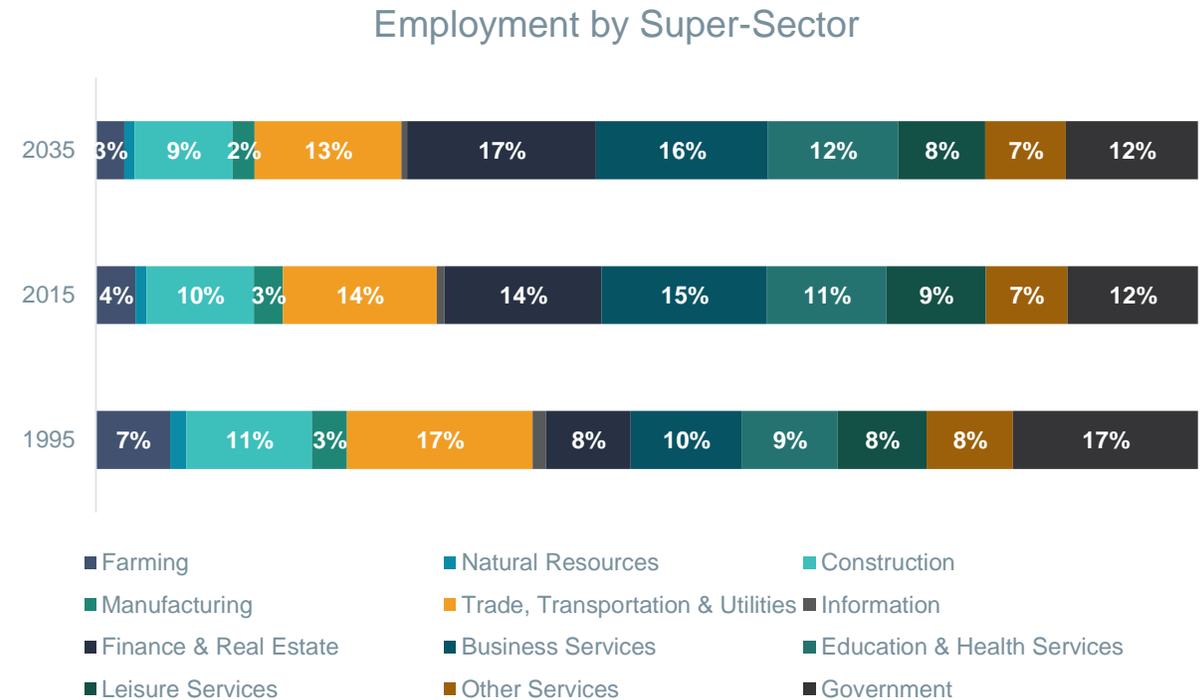
- The household income forecast uses income brackets that are held constant for inflation (in 2009 dollars), so the purchasing power is comparable between the time periods
- Fauquier County is forecasted to become wealthier over time
 - Households earning over \$100,000 per year will go from 41% of the total in 2015 to 53% of the total in 2035
 - The share of households earning less than \$100,000 will decrease
 - Fully 40% of County households will be earning \$100,000-\$199,999 per year in 2035
 - The trajectory of the forecasted changes is similar to the changes from 1995-2015



Source: Woods & Poole Economics

LONG TERM FORECAST: EMPLOYMENT BASE

- Fauquier County is forecasted to add 19,782 new jobs from 2015-2035 for a total of 60,549 jobs, a 49% increase
 - Average annual change: 989 new jobs per year
 - Compound annual growth rate: 2.0%
- The forecasted growth trajectory is slower than what occurred from 1995-2015
 - Around 100 fewer jobs per year on average
- The industry composition of the County employment base is forecasted to remain fairly stable
 - More notable shifts occurred from 1995-2015, with the increases in Business Services and Finance, and the decreases in Trade and Government



Source: Woods & Poole Economics

FORECASTS SUMMARY

- Short term:
 - Growth in wealthy empty-nester households, decrease in low/moderate income households of all ages
 - Not much growth in Millennial households
- Long term:
 - Household growth rate slightly slower than 1995-2015, but similar number of new households added per year
 - Larger share of the population will be over age 55, with most growth in the 75+ age group
 - Over half of County households will be earning over \$100,000 per year (current dollar value) in 2035
 - Income growth trajectory similar to 1995-2015
 - Employment growth will be slower than 1995-2015, but still at a healthy rate
 - Not much change forecasted in the composition of the employment base