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Portsmouth



Nestlé USA, Arlington County



Perrone Robotics, Albemarle County

FY25–FY29

Executive Summary of the Five-Year Strategic Plan for Economic Development of the Commonwealth of Virginia

With unparalleled natural beauty, a rich history, and a wealth of strategic advantages, Virginia has been continually recognized as one of America’s top states for business. For decades, the Commonwealth’s talented workforce and top-tier education system have been key drivers of the state’s continued success in an ever-changing economic development landscape. While the state has made strong improvements to solidify its leading business climate in recent years, key trends in a post-COVID economy have created new challenges for Virginia and its regions that increase the urgency for advancing creative solutions to drive economic growth. With an intensified competitive landscape and new drivers of company location decisions, Virginia requires bold solutions to consistently be a leading state for economic growth and sustain its competitive position.

Working with state, regional, and local partners, leaders of the Virginia General Assembly and the Administration, national economic development experts, and many businesspeople and other stakeholders, the Virginia Economic Development Partnership (VEDP) crafted a five-year Strategic Plan in 2017 to bring Virginia and VEDP to the forefront of economic development excellence. Since this original Strategic Plan, Virginia has achieved landmark economic development accomplishments, prompting a renewed approach to unlocking future growth.

In partnership with a range of key stakeholders, VEDP updates the Strategic Plan every two years in alignment with the state’s biennial budget cycle. The FY25–29 update to the Strategic Plan for Economic Development of the Commonwealth of Virginia, adopted by the VEDP Board in June 2024, is a five-year plan informed by a robust 12-month stakeholder engagement process. The updated Strategic Plan outlines an ambitious economic growth vision for Virginia and VEDP, establishing a refreshed set of five transformational goals and the specific actions required to bring that vision to life.

VEDP's Role in the Economic Development Ecosystem

VEDP's purpose is to enrich lives, communities, and the Commonwealth through economic development excellence. Essential to Virginia's overall growth and competitiveness, economic development delivers new job creation and investment, promoting a high quality of life for all residents of the Commonwealth. To fulfill its statutory duty of encouraging, stimulating, and supporting the development and expansion of the Commonwealth's economy, VEDP executes the following core functions:

- Marketing Virginia to raise awareness of the Commonwealth's advantages for business
- Encouraging and assisting the retention and expansion of existing Virginia firms
- Engaging in lead generation and recruiting out-of-state firms to select Virginia for new job-creating projects
- Conducting research to understand and effectively present Virginia's competitive advantages
- Providing grants or custom workforce solutions to address recruitment and training needs, and analysis and insight on education and labor market alignment
- Assisting Virginia companies to establish and/or expand international sales
- Developing recommended policies and strategies to position Virginia for growth
- Collaborating with localities to develop project-ready sites for manufacturing and supply chain projects

Each day, hundreds of organizations across the Commonwealth engage in economic development activities to generate economic growth and opportunities for Virginians. The Administration, 17 regional economic development organizations, over 100 local economic development partners, the Virginia General Assembly, colleges and universities, the Port of Virginia, utilities, railroads, chambers of commerce, trade associations, and many others comprise Virginia's diverse economic development partner network. Each of these entities play a key role in bringing jobs and capital investment to Virginia.

VEDP and its partners place special emphasis on attracting and retaining traded-sector businesses to the state to drive economic growth and maximize the flow of benefits to the state. Traded-sector businesses generate most of their sales from out-of-state customers, resulting in new jobs, wages, and tax revenues for Virginia. Out-of-state and international sales enable traded sector business establishments to employ Virginia residents, typically paying them more than non-traded-sector firms, such as retailers and local service providers. Three core traded sectors – Knowledge Work, Manufacturing, and Logistics – represent the strongest

growth opportunity for the Commonwealth over the next decade. Virginia also has unique assets that make it competitive in specialized sectors like data centers, offshore wind, and controlled environment agriculture. Competing for and cultivating these high-paying, high-opportunity traded sectors will enable Virginia to accelerate its economic growth potential.

Progress from the FY21–FY25 Strategic Plan

The Strategic Plan establishes a road map for enhancing the Commonwealth’s ability to attract and grow its target traded sectors. Since the last Strategic Plan update in 2021 (FY21–25), support from multiple Administrations, the General Assembly, and numerous partners has helped implement many initiatives, allowing Virginia to make progress toward its goals. Underpinning this success has been a bipartisan commitment and consistent, long-term vision by leaders across the Commonwealth. With this tremendous investment and support entrusted to VEDP and its partners, we have delivered the following results (not comprehensive):

Competitive Enhancements

- With continued state funding and support, VEDP solidified the Virginia Talent Accelerator Program as the nation’s #1 customized workforce training program (*Business Facilities*, 2023 and 2024)
- With state funding and support, VEDP scaled the Virginia Business Ready Sites Program, securing more than \$300 million in state funding since Fiscal Year 2022
- With continued state funding and support, VEDP expanded and solidified its best-in-class International Trade program offerings to help businesses increase exports to foreign markets
- With an over \$7 million investment from the state, VEDP launched the Virginia Office of Education Economics (VOEE) to drive innovative research related to education and labor market alignment
- The port completed a \$450 million effort to deepen and widen the Norfolk Harbor, making it the widest and deepest harbor along the U.S. East Coast
- The Commonwealth has strengthened Virginia’s workforce by launching G3, FastForward, and Virginia Works, and making significant investments in early childhood care and education
- With support from the Administration and General Assembly, VEDP launched the Innovative Framework for Economic Growth, a new operating model for economic development in Virginia, prioritizing cross-government collaboration and deep sector expertise; this effort established three new core sector teams at VEDP to drive growth in the Knowledge Work, Manufacturing, and Logistics sectors

Economic Outcomes

- Virginia has experienced accelerated job growth, becoming the 16th fastest-growing state in 2024, an improvement from its 28th-place ranking in 2017
- 17 of 18 marketing regions have seen net-positive job growth since 2017
- Virginia secured over 620 VEDP-assisted project wins since 2018, bringing over 100,000 jobs and \$103 billion in capital investment to the state
- Major project wins include Amazon’s HQ2, the largest competitive economic development project by jobs in U.S. history; LEGO, one of the top five manufacturing projects in Virginia history; and Wells Fargo, the largest service-sector project west of the Blue Ridge in Virginia history

Business Climate Recognition

- For a record sixth time, Virginia obtained the No. 1 spot in CNBC’s 2024 Top States for Business ranking, highlighting the Commonwealth’s many recent business climate improvements
- In 2022, *Site Selection* magazine named Virginia the Top Business Climate in the U.S., rising from 10th place in 2021
- For the first time, Development Counsellors International’s (DCI) 2023 “Winning Strategies in Economic Development Marketing” report recognized the Virginia Economic Development Partnership as a best-in-class economic development organization (top five in the nation)

Partner Engagement to Develop the FY25–FY29 Strategic Plan

With strong support from its partner network, VEDP led a 12-month stakeholder engagement process to drive the FY25–29 update to the Strategic Plan. Through a series of surveys, focus groups, and roundtables, VEDP leveraged key partner priorities and insights to craft an updated Strategic Plan. VEDP also integrated elements of adjacent strategic efforts, including the Governor’s Comprehensive Economic Development Policy and Virginia’s International Trade Plan, to develop this plan’s five updated transformational goals, 12 strategies, and 37 initiatives that will guide economic development in the state. Key audiences engaged during the strategic planning process include more than 50 local and regional economic developers, state government officials, higher education institutions, private sector businesses, international trade partners, a Rural Task Force of over 20 stakeholders, and statewide associations such as the Virginia Chamber and Virginia Maritime Association. Across a variety of partner engagements, the following emerged as key themes:

- Place a renewed emphasis on talent retention, attraction, development, and alignment
- Sustain high levels of investment in strategic sites throughout the Commonwealth
- Expand capacity and resources to drive rural economic growth
- Increase Virginia’s housing supply through the reduction of development barriers
- Develop and strengthen key infrastructure, workforce, and innovation assets for core sectors
- Enhance Virginia’s marketing efforts to raise awareness of Virginia’s business advantages
- Streamline regulatory/permitting processes to promote certainty for businesses
- Prioritize international trade funding and trade-related resources for existing Virginia businesses

Adapting to a Changing Global Economy

While Virginia has experienced improved economic performance in recent years, shifts in economic development and corporate location decisions present new challenges and opportunities to sustain Virginia's competitive position. An intensified competitive landscape, a shift to talent-first location decisions, and a continued scarcity of project-ready sites are key factors driving the need for innovative solutions at economic development organizations across the nation.

In response to the need to innovate in a modern economic development world, VEDP launched the Innovative Framework for Economic Growth in 2023, establishing new core sectors and placing heavy emphasis on sector depth, building thriving sector ecosystems, and harnessing unprecedented levels of cross-government collaboration. Virginia's core sectors (Knowledge Work, Manufacturing, and Logistics) present incredible opportunities for growth; they also highlight opportunities for improvement.

Additionally, Virginia made profound strides in improving its business climate relative to peers but has flattened as the state continues to lag those peers in perception-based business climate rankings. In a crowded, competitive environment, Virginia must do more to communicate its strengths through robust marketing efforts to the national business community. Further, as companies increasingly prioritize access to quality talent, Virginia saw net losses in domestic migration for nearly a decade. At the same time, key competitors such as North Carolina have experienced significant gains in inter-state movers. Collectively, these challenges highlight opportunities to drive new strategic priorities, enabling Virginia to compete more effectively in today's economic development landscape.

Virginia's Economic Competitiveness: Abundant Strengths Partially Offset by a Few Key Weaknesses

Virginia's growth is influenced by its economic competitiveness. With an abundance of human capital, geographic and infrastructure assets, an attractive, stable business climate, and a tradition of effective governance, the Commonwealth has long been considered a highly attractive business location. However, despite its many strengths, the Commonwealth has weaknesses in a few key areas that constrain its growth potential. These weaknesses include a lack of consistent site development funding for manufacturing and supply chain projects (despite recent advancements in this area), challenges to retaining, attracting, and developing critical talent for core sectors, barriers to meeting the intensive energy needs of critical industries, a higher cost of doing business and a high cost of living relative to peer states, and insufficient marketing funding to communicate Virginia's many advantages to corporate executives. The Strategic Plan casts a vision to outline how the Commonwealth and VEDP can close these and other economic competitiveness gaps, positioning Virginia to achieve its updated five transformational goals for economic development.

Transformational Goals for the Commonwealth

In response to the shifting nature of the post-COVID economic development landscape and key partner priorities, Virginia updated its five transformational goals for economic development in the Commonwealth as part of the FY25–29 Strategic Plan refresh. Updated for the first time since the development of the original 2017 Strategic Plan, these five goals will serve as a beacon to guide Virginia’s economic development activity over the next five years. The most prominent change to the transformational goals is the establishment of a “Top State for Talent” goal to place an intensified focus on Virginia’s talent competitiveness. Goal #5, “Most Innovative, Collaborative, and Effective State Economic Development Organization,” represents the modification of a previous transformational goal to challenge VEDP to remain on the cutting edge of how it operates as an economic development organization while continuing to prioritize collaboration with the statewide economic development partner network. Transformational goals to position the Commonwealth as a leading state for job growth, ensure every region participates in Virginia’s growth, and build a leading state business climate are maintained as priorities from previous iterations of the Strategic Plan.

1

Robust State Growth

Position Virginia to achieve a growth rate among that of the top 10 states in the U.S.

2

Every Region Wins

Ensure that every region participates in the growth of the Commonwealth

3

Best State Business Climate

Cultivate a leading business climate and sector-specific ecosystems

4

Top State for Talent

Establish Virginia as a top state for talent retention, attraction, development, and alignment

5

Most Innovative, Collaborative, and Effective State EDO

Solidify VEDP’s position as one of America’s top state EDOs through an innovative strategy, collaborative approach, and effective outcomes

Fulfilling these transformational goals will require VEDP and its economic development partners to implement bold new strategies and initiatives articulated in the FY25–29 Strategic Plan.

Strategies and Initiatives

The Strategic Plan identifies 12 strategies to be implemented over a five-year period, subject to funding. These 12 strategies are organized into three focus areas: enhance Virginia’s human capital development engine, strengthen Virginia’s economic competitiveness, and build VEDP’s capabilities. Collectively, these strategies highlight areas critical to achieving Virginia’s transformational goals for economic development.

Enhance Virginia’s human capital development engine	Strengthen Virginia’s economic competitiveness	Build VEDP’s capabilities
<p><i>By improving the Commonwealth’s human capital attractiveness and readiness, Virginia will position itself for growth in key sectors</i></p> <p>Specific strategies:</p> <ol style="list-style-type: none"> 1. Retain and attract talent to drive growth in target industries and key demographic groups 2. Align and promote K-12 and higher-ed career programs that develop skills for and exposure to core sectors 3. Support the workforce through targeted talent solutions and improved access to childcare and housing 	<p><i>By improving its “product” – its physical capital – Virginia will continue to be the top state for business and a top place to call home</i></p> <p>Specific strategies:</p> <ol style="list-style-type: none"> 4. Improve Virginia’s infrastructure assets to accelerate industry and international trade growth 5. Reduce Virginia’s cost of doing business by streamlining taxes, incentives, and regulatory burdens 6. Enhance Virginia’s innovation ecosystem and living environment to cultivate key industries and attract talent 7. Increase economic development capacity and investment in rural regions and small metros 	<p><i>By improving VEDP’s abilities to develop and execute economic development strategies and programs, Virginia will be well-positioned to compete now and in the future</i></p> <p>Specific strategies:</p> <ol style="list-style-type: none"> 8. Cultivate world-class talent development and knowledge management at VEDP 9. Leverage Sector Teams to strengthen ecosystem development and attraction efforts 10. Deepen alignment with strategic partners to deliver on shared goals 11. Deliver programs and services that support existing businesses and grow international trade 12. Maintain best-in-class marketing, branding, lead generation, and project management functions

The strategies and initiatives contained in the Strategic Plan are modular – the success of any single initiative is not contingent upon the implementation of others. Nevertheless, the initiatives reinforce each other, such that their impact will be amplified if complementary initiatives are implemented. Many of these Strategic plan initiatives would require new funding to execute. Importantly, the transformational goals are unlikely to be fully accomplished without implementing most of the strategies and initiatives described in the Strategic Plan.

The FY25–29 Strategic Plan outlines 37 initiatives to drive progress toward Virginia’s transformational goals. Highlighted below is a selection of initiative themes included in the plan:

- Enhance Virginia’s human capital development engine
 - Expand work-based learning and career navigation within higher education
 - Promote alignment between academia and employers to strengthen Virginia’s talent development pathways
 - Sustain Virginia’s progress in delivering customized workforce training
 - Attract and retain talent through enhanced marketing efforts, focusing on Virginia’s talent competitiveness in core sectors
 - Support initiatives to expand worker access to critical living environment assets such as childcare and housing
- Strengthen Virginia’s economic competitiveness
 - Enhance Virginia’s portfolio of project-ready sites and infrastructure advantages
 - Expand port, road, rail, and airport logistics assets
 - Increase the competitiveness of Virginia’s taxes and incentives
 - Support efforts to increase permitting efficiency
 - Improve living environment assets and statewide innovation resources
 - Provide capacity and federal grant support to rural localities and regions
- Build VEDP capabilities
 - Support the growth and development of VEDP’s internal talent
 - Execute the Innovative Framework by fully leveraging a collaborative sector-focused lead generation and ecosystem-building model
 - Drive international trade growth through the implementation of the International Trade Plan
 - Solidify best-in-class approaches to marketing, project management, business engagement, and lead generation
 - Continue to foster strong relationships with state, regional, and local partners

An Integrated International Trade Plan

For this update, VEDP and partners took this opportunity to more fully integrate Virginia’s International Trade Plan into the strategies and initiatives of the FY25-FY29 Strategic Plan. Virginia’s International Trade Plan was first developed in 2019, outlining goals and initiatives for increasing the Commonwealth’s exports. Since then, many of the initiatives outlined in the plan have been realized, while at the same time major economic shifts in international trade have occurred. An updated 2024 International Trade Plan provides an aligned vision to leverage key assets and programs across VEDP and with partners, enabling the Commonwealth to continue growing exports and remain competitive in attracting export-oriented companies. The FY25–29 Strategic Plan shares strategies #4, 5, 6, 9, and 11 with the 2024 International Trade Plan. It also shares eight initiatives with the Strategic Plan that focus on sustaining Virginia’s best-in-class International Trade programs, improving the

Commonwealth’s sites and logistics infrastructure, and strengthening VEDP’s business attraction efforts in core sectors. Other trade-focused state organizations, including the Virginia Tourism Corporation, the Port of Virginia, and the Virginia Department of Agriculture and Consumer Services will lead additional initiatives included in the 2024 International Trade Plan.

Performance Monitoring and Accountability

The Strategic Plan includes detailed metrics that VEDP tracks and reports each year to measure success against each transformational goal. These metrics track Virginia’s economic performance, employment growth in core sectors, economic progress across Virginia’s diverse regions, key components of talent competitiveness, and internal VEDP performance.

Transformational Goal	Description	Metrics (Target)
1. Robust state job growth	Position Virginia to achieve a growth rate among that of the top 10 states in the U.S.	<ul style="list-style-type: none"> ▪ Five-year historic employment growth rate rank (Top ten) ▪ Five-year forecast employment growth rate rank (Top ten) ▪ Five-year historic inflation-adjusted Median Household Income (MHI) growth rate rank (Top ten)
2. Every region wins	Ensure that every region participates in the growth of the Commonwealth	<ul style="list-style-type: none"> ▪ Count of marketing regions with positive five-year historic employment growth (All positive) ▪ Count of marketing regions with positive five-year forecast employment growth (All positive) ▪ Count of marketing regions with positive five-year historic inflation-adjusted MHI growth (All positive)
3. Best state business climate	Cultivate a leading business climate and sector-specific ecosystems	<ul style="list-style-type: none"> ▪ Average rank in the state business climate rankings (Top five) ▪ Five-year historic core sector growth rate ranks (Top ten)
4. Top state for talent	Establish Virginia as a top state for talent retention, attraction, development, and alignment	<ul style="list-style-type: none"> ▪ Rank of net in-migration as a % of population (Top ten) ▪ Rank of credential and degree attainment rate (Top five) ▪ Strada Education Foundation State Opportunity Index <ul style="list-style-type: none"> – Ten-year Bachelor’s and Associates ROI (Top ten) – Employer Alignment (Leading category) ▪ Labor force participation rate rank (Top five)
5. Most innovative, collaborative, and effective state EDO	Solidify VEDP’s position as one of America’s top state EDOs through an innovative strategy, collaborative approach, and effective outcomes	<ul style="list-style-type: none"> ▪ Client satisfaction surveys (95% target) ▪ VEDP employee satisfaction (90% target) ▪ VEDP partner satisfaction (80% target) ▪ DCI Best in Class: State Economic Development Organizations (Top three)



Innovating into the Future

Through a combination of leadership, dedicated staff work, and active support from our partners, Virginia and VEDP have made substantial progress toward achieving each of our original five transformational goals. Indeed, we are farther along than any of us could have imagined when we began implementing the original Strategic Plan in 2017.

Despite this progress, much work remains to fully achieve Virginia's updated transformational goals for economic development. New challenges and an intensified competitive landscape require creative solutions to deepen and sustain Virginia's competitive position. Under VEDP's new Innovative Framework operating model, the Commonwealth is uniquely positioned to accelerate its growth, but collaboration is key. Economic development in Virginia has always been a team effort, with the greatest success achieved when regions, government, higher education, and the private sector work together. We invite stakeholders from across Virginia to join in this pursuit of a state-of-the-art approach to solidifying our leading business climate and unlocking future economic growth. Together, we can enrich lives, communities, and the Commonwealth through economic development excellence.

