

Come here.
Start here.
Grow here.

www.lehighvalley.org





The mission of the Lehigh Valley Economic Development Corporation is to market the economic assets of the Lehigh Valley and to create partnerships to lead the recruitment, growth, and retention of employers.

I'm pleased to report that the Lehigh Valley continued its pattern of record economic growth in 2018. Our gross domestic product reached a record-high \$40.1 billion, an increase of about 5 percent over the previous year, and marking the first time our regional economy has surpassed \$40 billion. That's more economic output than the entire states of Vermont (\$27.4 billion) and Wyoming (\$34 billion), as well as 112 other countries in the world.

We've tracked 33 business attraction/expansion projects either announced, under construction, or completed in the Lehigh Valley in 2018, creating more than 4,400 jobs and retaining more than 2,300. And for the third consecutive year, *Site Selection* magazine has ranked the Lehigh Valley the top region of its population size in the Northeast for economic development, and one of the top five of its size in the entire country.

I'd like to thank the LVEDC Board of Directors and everyone who has played a part in helping LVEDC deliver on its mission of growing opportunity and creating jobs in the Lehigh Valley.



Don Cunningham
President & CEO

A handwritten signature in black ink, appearing to read "Don Cunningham".

It's a very exciting time for both LVEDC and the Lehigh Valley. Our organization is undertaking several new initiatives that will place the region in an excellent position to continue its record growth and prepare for the economic challenges and opportunities of the future.

This past year saw the conclusion of a year-long study of the Lehigh Valley talent market, which has identified a series of strategies and initiatives that will help us attract, develop, and retain talent. The availability of skilled labor has increasingly become one of the most important factors driving company locations, and this study's findings and the work of the LVEDC Education and Talent Supply Council will place us ahead of the curve compared to other regions when it comes to tackling this challenge.

Those of us living here in the Lehigh Valley already know what a special place it is, and how robust, modern, and multifaceted our regional economy has become. LVEDC is making sure the rest of the world knows as well, thanks to a radical new and versatile marketing campaign that will shatter old conceptions outsiders have of our region and draw attention to the wide-ranging possibilities offered by the Lehigh Valley.

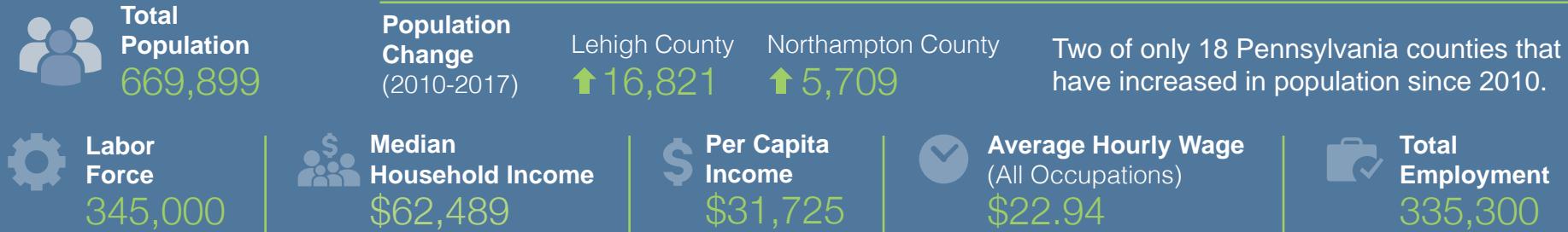
I'd like to say a special thank you to LVEDC's Board for their dedication and engagement. It's been a privilege and a pleasure to work with so many talented professionals in both the public and private sectors, all with the same goal of growing our region. I'd also like to thank LVEDC's stakeholders for their continued support, and especially our many investors for making this a great year.



Jane P. Long
Board Chair

A handwritten signature in black ink, appearing to read "Jane P. Long".

Lehigh Valley Demographic Snapshot



Sources: Census Bureau, 2013-17 American Community Survey 5-Year Estimates, JobsEQ, Pennsylvania Department of Labor and Industry, and Pennsylvania State Data Center.

Commuting Patterns

91,230 Work in Lehigh Valley, Live Elsewhere	186,170 Live & Work in Lehigh Valley	99,138 Live in Lehigh Valley, Work Elsewhere	
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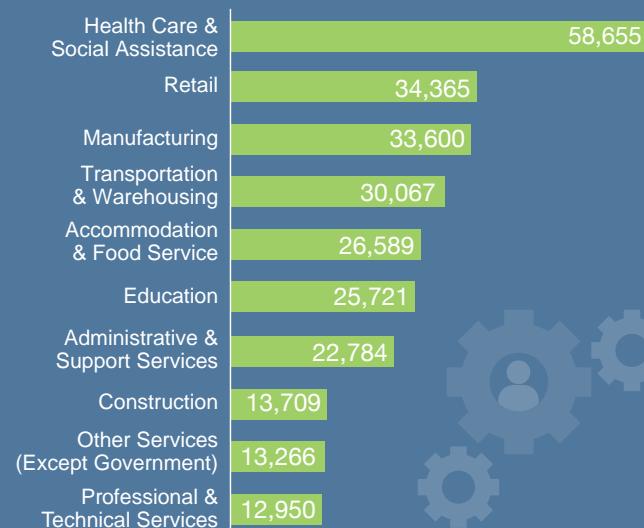
Source: U.S. Census Bureau, Center for Economic Studies, based on primary jobs

Higher Education

10,328 Degrees Awarded by Lehigh Valley Colleges & Universities (2016-17 Academic Year)	
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Source: LVEDC Research Department

Employment by Industry (Top 10):



5-Year Job Growth

(Annualized) by Industry*

Transportation & Warehousing	9.5%
Accommodation & Food Services	2.5%
Arts, Entertainment & Recreation	2.2%
Health Care & Social Assistance	2.2%
Manufacturing	2.1%



4,419
Jobs Created by 2018
Business Development Projects

3,006
Jobs Retained by 2018
Business Development Projects

Source: LVEDC Research Department.
These job figures are projections, and
some jobs will be created over the course
of multiple years.

Source: JobsEQ. *Includes industrial sectors employing more than 5,000 people in the Lehigh Valley

Lehigh Valley GDP Reaches Record Heights

The Lehigh Valley's gross domestic product (GDP) has **risen to \$40.1 billion for 2017***, marking the first time it has surpassed the \$40 billion mark. That is a more than 5 percent increase over the previous year, which itself had been a record-high number. Much of that economic growth has been driven by manufacturing, which was responsible for about 36 percent of that year-over-year growth. The Lehigh Valley's private sector GDP is now **larger than that of Vermont (\$27.4 billion) and Wyoming (\$34 billion)**, as well as 112 countries.

If the **Lehigh Valley** were a country, it would be the **88th largest economy in the world** in terms of economic output.



Lehigh Valley GDP by Industry Sector:



*Data comes from the U.S. Department of Commerce's Bureau of Economic Analysis (BEA). Gross domestic product (GDP) is the measurement of a country's economic output. It is the total market value of all finished goods and services produced within a country's borders in a given year. It includes all consumer, investment and government spending and exports, minus the value of imports. The \$40.1 billion figure is for 2017, the most recent year for which data is available, and includes only private sector input, excluding government spending. Data on the GDP of other countries comes from the World Bank.



LEHIGH VALLEY VOICES

Check out all the testimonials at lehighvalley.org/voices

“My family and I initially moved to the Lehigh Valley looking for a more balanced work and home life. At the time, we were living in central New Jersey and found that there was no sense of community. At first, we weren’t sure if the Valley was the right place for us, but fourteen years later, we are still here and don’t see ourselves living anywhere else.”

Ayesha Herrera
Human Resources
OraSure Technologies



Made Possible in Lehigh Valley

Those of us who live and work in the Lehigh Valley every day already know what a special place it is. Now we want to make sure the rest of the world knows as well.

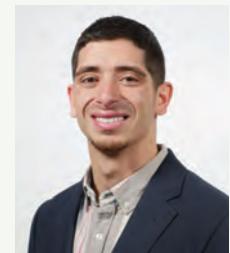
That's why LVEDC has commissioned a new marketing campaign unlike anything our organization has ever done before, one that will tell the stories of Lehigh Valley companies and residents alike, increase outside awareness of our region, and let everyone know the amazing things made possible here.

Anchored by the phrase **“Made Possible in Lehigh Valley,”** this exciting and dynamic marketing campaign conveys both the history and deep roots of the Lehigh Valley, as well as the forward-thinking evolution of the region. By sharing our stories, we will showcase a positive image of the region, attract people and employers, and let everyone know this is a community rich with opportunity and driven by hard work, resourcefulness, and reinvention.

None of this was done in a vacuum. We worked closely with our stakeholders and regional companies to ensure we're all working from the same playbook. The result is a campaign that Lehigh Valley businesses can make their own, using our success stories to attract new talent to the region. **“Made Possible in Lehigh Valley”** will let the world know we are a region that has something for everyone, with small-town charm and big-city amenities, where people can create the life they want, on their terms.



LEHIGH VALLEY VOICES



Alex Rivera

*Agile Project Coordinator
St. Luke's University
Health Network*

“The Lehigh Valley offers the ultimate balance. The fact that I can hike some of the most beautiful trials, have a blast at Dorney Park, hit up a concert/comedy show, go to a IronPigs game for some baseball and fireworks, then finally cap the night off with either a jumping hip-hop club or a alternative rock/EDM club all in one day makes me love the place that I grew up.”

Check out all the testimonials at lehighvalley.org/voices



LEHIGH VALLEY VOICES



Rachel Smith
Rotational Engineer
Victaulic

“After growing up in the Lehigh Valley, I left for college in Pittsburgh to pursue my engineering undergraduate degree. I decided to return here to start my career because of its proximity to major cities, wealth of job opportunities in my field, and ultimately because I loved growing up here. I can absolutely see myself raising my own family here in the next decade.”

*Check out all the testimonials
at lehighvalley.org/voices*

Increased Focus on Skilled Labor

LVEDC wrapped up a year-long study of the Lehigh Valley talent market in 2018, which sought to identify wide-ranging strategies to grow, recruit, develop, and retain talent in the Lehigh Valley. The availability of skilled labor is a challenge not just in this region, but in every major market across the United States, and access to trained workers is now the single biggest factor driving company locations across the nation, according to the Site Selectors Guild.

That’s why the LVEDC Education and Talent Supply Council has taken a proactive and forward-thinking approach to this challenge. With the findings of this study in hand, the council has broken into work groups dedicated to prioritizing the study’s recommendations and developing strategies for execution. Bringing professionals and experts to the table and taking a deep dive to look for a solution has placed the Lehigh Valley ahead of other markets who are experiencing the same challenge.

This issue is such an important focus of our efforts that, in December 2018, LVEDC tapped Karianne Gelinas, former Director of Talent Supply, to become Vice President overseeing the organization’s new Strategic Initiatives and Research work group. This five-person team is responsible for research and analysis, outreach to Lehigh Valley businesses and local governments, and initiatives to support retention and growth of companies in the region.

Select Recommendations from the LVEDC Talent Supply Study

- Increase collaboration on workplace opportunities like internships and apprenticeships
- Uncover migratory patterns of residents who leave for postsecondary education
- Promote the Lehigh Valley as a “place of choice” to work, live, and raise a family
- Expand targeted job profiles to increase student awareness of local opportunities
- Research skills and occupations of residents who leave for employment outside the region

Visit lehighvalley.org/talentreport to download the report.





Downtown Development in the Lehigh Valley

Thanks in part to changing demographic trends and preferences, the cities of the Lehigh Valley have increasingly become a symbol of the overall region's strength. The Lehigh Valley has thriving downtown neighborhoods in each of its three cities, placing the region in a perfect position to capitalize on the growing trend of millennials and workers seeking a live-work urban environment.



Bethlehem

Bethlehem is fortunate enough to have two downtown districts, and both continued to flourish in 2018. The Hotel Bethlehem opened a new executive conference center, the Moravian Bookshop announced plans for a major transformation, and a 626-spot parking garage was opened on New Street. The new Gateway Building on Greenway Park at Third and New streets welcomed multiple tenants, including offices for Lehigh University, St. Luke's University Health Network, and Vita Medical Associates, as well as restaurants like Taza, Sagra Beans, and Zest. The Southside also saw the opening of Five10Flats, a five-floor luxury apartment complex with an El Heffe and Starbucks, as well as the grand opening of Northampton Community College's new Follett Family Center for Innovation and Entrepreneurship. Lehigh University also announced it will redevelop a former cold storage facility into a 30-unit apartment complex, and plans were unveiled to turn an old Casilio Concrete storage facility on Union Blvd. into an upscale apartment complex called The Bungalow.

**These figures were identified by the city of Bethlehem through building permits.*



Easton

Easton has continued to emerge as growing downtown and foodie destination in recent years. The city in 2018 saw a total of 33 new business openings, 43 building rehabilitation projects, and a net total of 190 new full- or part-time jobs gained in the downtown neighborhood.* The new arts center smARTtivities opened in a highly visible vacant commercial spot in the city's Centre Square, and once dilapidated properties at 118-120 Northampton Street have been transformed into two commercial spaces and 14 apartments. Cake & Corolla, a bakery and flower shop, opened at 125 N. Third Street, providing significant investment in a long vacant spot. That was just one of several exciting projects along Third Street, which also included a new Northampton Community College satellite, an LM International site with nearly 100 new employees, and the long-awaited opening of Billy's Downtown Diner in Easton.

**These figures were provided by the Greater Easton Development Partnership.*

Allentown

Downtown Allentown has experienced a remarkable transformation over the past six years, and that continued in 2018. In addition to ADP's plans to occupy the top 10 floors of Five City Center (see page 15), this year saw the opening of Tower 6, a 12-story office and retail building by City Center Investment Corp that embodies the best in modern design. Tenants already include Bank of America, Merrill Lynch, Avantor, CAPTRUST, CrossAmerica Partners, ESSA Bank & Trust, and more. City Center also began accepting deposits for the 68-unit 520 Lofts residential building, began construction on the 61-unit Walnut Street Commons, and announced plans for SVN Square, which will include another 217 premier apartments. Elsewhere in the city, brothers Alex and Al Ruozzi continued their \$2.3 million renovation of the former Klein Building at West Hamilton and Front streets, which sits across the street from the America on Wheels Museum.



LEHIGH VALLEY VOICES



Stephanie Yachim
Talent Acquisition Manager
Crayola

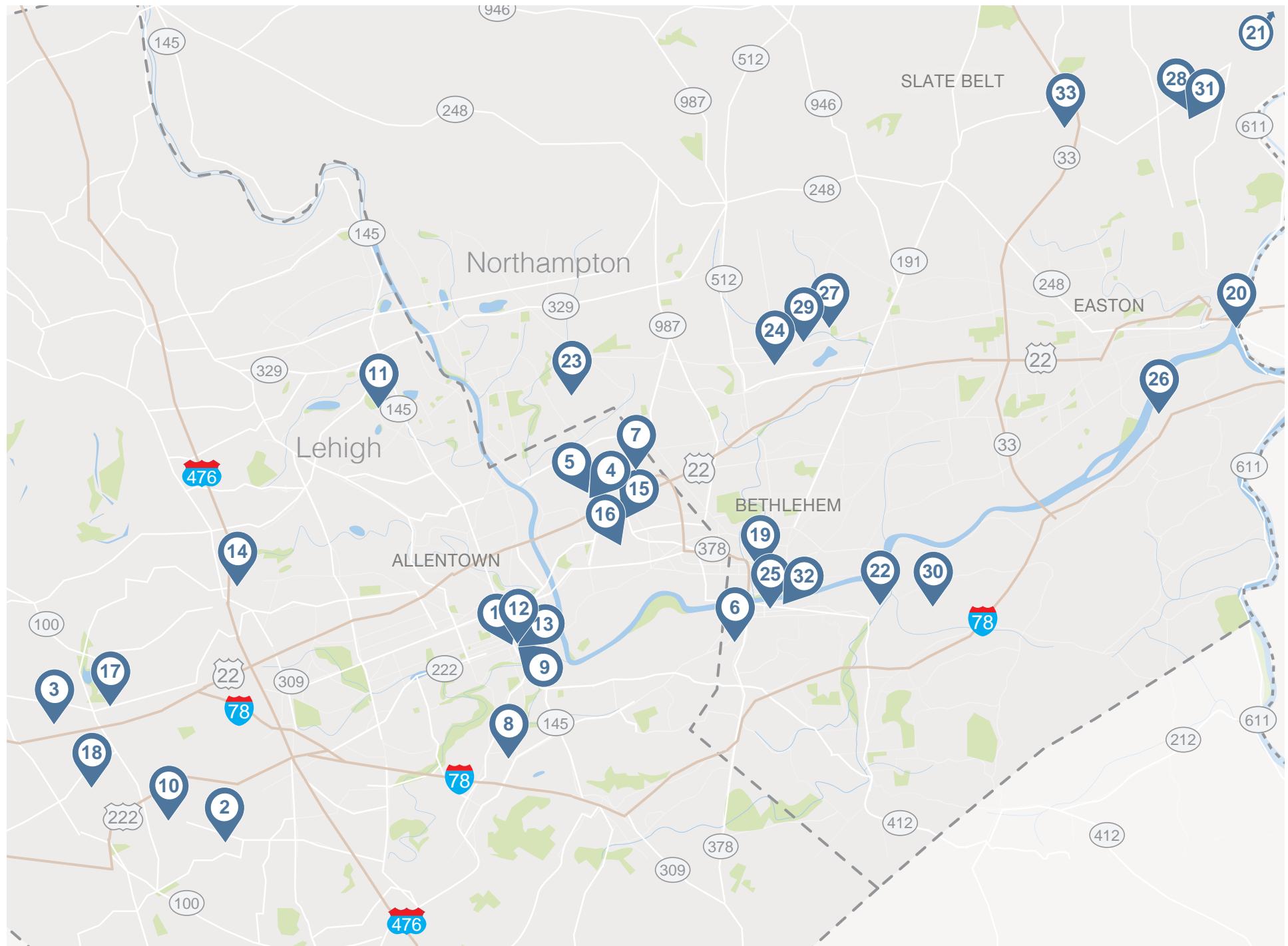
"It's truly the best of all worlds packed into one area. It's close to major cities, airports, beaches, and mountains. There are 3 distinct downtowns that each have their own 'flare.' You can feel that sense of pride in those who live here; that we can set ourselves apart as a region whose culture and community have been engrained and infused deep into our roots."

*Check out all the testimonials
at lehighvalley.org/voices*

Company	Municipality	Product	New or Expansion	Stage	Type	Investment (Millions)*	New Jobs Created*	Jobs Retained*	SF (Thousands)
Lehigh County									
1 ADP	Allentown	Data Processing	New	Construction	Office		750	700	243
2 Air Products	Upper Macungie	Industrial Gases	New	Announced	HQ			2000	660
3 ATAS International	Upper Macungie	Sheet Metal Work Mfg.	New	Announced	MFG	\$30	50		496
4 B Braun	Hanover Twp	Medical Equipment	Expansion	Construction	MFG		250		320
5 Bioscience Management Inc.	Hanover Twp.	Microbiological Products	New	Completed	MFG			13	20
6 Campbell and Strasser	Fountain Hill	Wood Product Mfg.	New	Completed	MFG	<\$1		6	15
7 Chan and Chan	Bethlehem	Food Mfg.	New	Construction	MFG	\$8	175		82
8 CoreTech International	Allentown	Machinery Mfg.	New	Completed	MFG	<\$1	9		12
9 CrossAmerica Partners	Allentown	Petroleum Distribution	New	Completed	Office	<\$1			22
10 Evonik	Upper Macungie	Paint And Coating Mfg.	Expansion	Announced	Office	\$50	50	277	429
11 Gooch Thermal Systems	Whitehall	HVAC Equipment Mfg.	New	Completed	MFG	\$2.5	15		28
12 IBEW Local 375	Allentown	Union Hall And Training Center	New	Completed	Office	\$2.1			30
13 Merrill Lynch	Allentown	Securities And Investments	New	Completed	Office	<\$1	10		27.5
14 Nestle Purina	South Whitehall	Pet Food Mfg.	Expansion	Construction	Distribution		35		53
15 Primo Produce	Hanover Twp.	Grocery Wholesale	Expansion	Construction	Distribution	\$12	30		49
16 Royal Industries	Allentown	Vinyl Products Mfg.	New	Construction	MFG	\$4.7	80		85
17 RSC Solutions	Upper Macungie	Computer Services	New	Completed	Office	\$2	30		10
18 Silgan Containers	Upper Macungie	Metal Food Containers	New	Completed	MFG	\$15	29		188
Northampton County									
19 AblePay Health	Bethlehem	Financial Transaction Processing	New	Completed	Office			10	
20 Access Networks	Easton	Computer Systems Design	New	Completed	Office	\$1	12		10
21 Air Liquide	Upper Mt Bethel	Industrial Gases	New	Completed	MFG	\$45	188		105
22 Alpla	Bethlehem	Plastics Packaging Mfg.	New	Completed	MFG	\$15	59		160
23 FedEx Ground	Allen Twp.	Express Delivery Services	New	Completed	Distribution	\$335			800
24 Freshpet	Hanover Twp.	Pet Food Mfg.	Expansion	Announced	MFG	\$100	200		140
25 Gateway at Greenway Park	Bethlehem	Multi-Tenant Office Building	New	Completed	Office	\$24			128
26 Hearst Publishing	Easton	Publishing	New	Construction	Office		75		29
27 Innovative Control Projects	Lower Nazareth	Commercial & Service Machinery	New	Announced	MFG		65		183
28 Norac	Forks Twp.	Food Mfg.	New	Completed	MFG	\$25	50		79
29 PAC Worldwide	Lower Nazareth	Protective Packaging	New	Completed	MFG	\$28	132		420
30 Qurate Retail Group (QVC)	Bethlehem	Nonstore Retail	New	Announced	Distribution		1,200		1,000
31 Silbrico Corp.	Forks Twp.	Non-Metallic Mineral Products	New	Construction	MFG	\$13	25		30
32 The Factory LLC	Bethlehem	Food And Beverage Mfg.	New	Completed	MFG	\$2			40
33 UPS	Palmer Twp.	Express Delivery Services	New	Completed	Distribution		900		1,000

*For privacy reasons, some companies declined to provide data for its development project. These job figures are projections.





Featured Economic Development Projects



Air Products

In July 2018, Air Products announced that its new global headquarters will remain in the Lehigh Valley, in a new spot in Upper Macungie Township not far from its existing location. The decision was a testament to the Fortune 500 company's unwavering commitment to the Lehigh Valley. The new location will be the base for approximately 2,000 Air Products employees. A groundbreaking is expected in some time this year, with occupancy targeted for the summer of 2021.



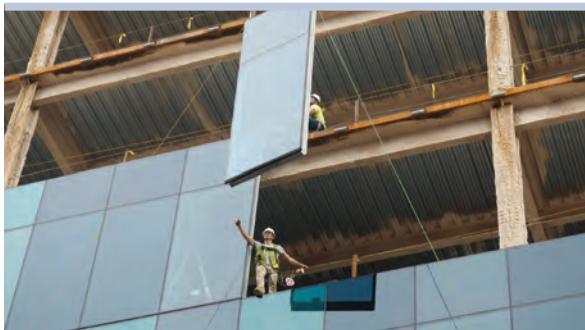
Air Liquide

A manufacturer of specialty chemicals in the semi-conductor business and the world's largest industrial gas company by revenue, Air Liquide announced in 2018 that it has expanded its operations in the Lehigh Valley. It expanded into a new 105,000-square-foot facility in Upper Mount Bethel Township, located less than three miles from its already existing operation in the region. The move that will create and retain nearly 290 high-quality manufacturing jobs in the region's growing technology sector.



B. Braun Medical

B. Braun, one of the world's leading developers and manufacturers of innovative medical products and services to the healthcare industry, is adding an estimated 250 new workers to the company's already existing regional workforce of 2,000 employees. In 2018, the company announced plans for a 192,000 square-foot expansion at Lehigh Valley Industrial Park III in Hanover Township, Lehigh County, next to the company's manufacturing plant.



ADP

Since first moving to Allentown in 2006, ADP has grown to 850 employees, and in 2018 the Fortune 500 company doubled down on its presence in the Lehigh Valley. The payroll processing giant will occupy the top 10 floors of the 13-story Five City Center in downtown Allentown. The move combines multiple locations in this City Center campus and further solidifies ADP's continued investment and commitment across the region.



Photos courtesy of Evonik Industries.

Evonik Corporation

This German specialty chemicals company considered potential locations in other states for a major expansion, but ultimately decided the Lehigh Valley was the best place for its operations. As a result, Evonik announced in November 2018 plans to expand its existing Upper Macungie Township location, investing at least \$50 million into a project expected to create 50 new high-paying jobs and retain 277 existing jobs across the region and state.



Photo courtesy of FedEx Ground.

FedEx Ground

The grand opening for FedEx Ground's long-awaited Lehigh Valley distribution hub was held in November 2018, welcoming hundreds of visitors to the 850,000 square-foot facility in Allen Township. Employing 1,000 people, the \$335 million facility can process up to 45,000 packages per hour. Future expansions are also planned, and at full build-out in 2030, the megahub is expected to encompass 1.1 million square-feet and employ more than 3,000 people.

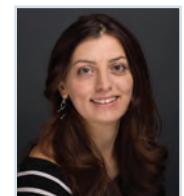


LEHIGH VALLEY VOICES

Check out all the testimonials at lehighvalley.org/voices

"The Lehigh Valley was the first place I lived after coming from my home country of Syria. Over the last 11 years, this place has made it possible for me to achieve many of my personal and career goals. I started my educational journey here, bought my second house, joined a nonprofit board, and started a great career at a well-respected company."

Jusline Sayegh
IT Business System Analyst
Air Products



Freshpet



Freshpet, which has experienced a pattern of rapid growth since first coming to the Lehigh Valley five years ago, has announced plans to expand its manufacturing capacity in the region. The company, which makes fresh refrigerated food for cats and dogs, announced it will renovate an existing 50,000 square foot building and build a 90,000 square-foot addition at its campus at Hanover Township, Northampton County. The project is expected to create 100 new jobs over the next three years, and up to a total of 200 new jobs once running at full capacity.

This project was discussed at the fourth annual LVEDC Fall Signature Event, held at the blue grillhouse in Bethlehem on November 1, 2018. Each year, this event spotlights an existing company in the Lehigh Valley that exemplifies a target sector of the regional economy, in this case food & beverage processing.

Other Projects from 2018

AblePay Health

A company that helps customers save money on out-of-pocket deductibles and co-insurance opened a new headquarters in downtown Bethlehem.

Access Networks

Described by Inc. as “one of the fastest-growing U.S. private companies,” this California tech company opened an East Coast office in Easton.

Campbell and Strasser

This producer of crafted fine architectural woodwork and cabinetry announced plans to relocate into a 15,000 square-foot site in Fountain Hill.

NAURA Akron

Akron Systems, a maker of semiconductor manufacturing equipment in Upper Macungie, merged with Beijing-based NAURA Microelectronics.

Norac

One of France’s largest manufacturers of natural bakery snacks held a ribbon-cutting this summer for its new 79,160 square-foot facility in Forks Township.

PAC Worldwide

This manufacturer of packaging solutions announced plans to lease a more than 420,000 square-foot facility in Lower Nazareth Township.

Silbrico Corporation

The Illinois-based maker of perlite products broke ground in April 2018 on a 30,000 square-foot specialized manufacturing facility in Forks Township.

Silgan Containers

One of North America’s largest manufacturers of metal food packaging products announced plans to expand its operations into the Lehigh Valley.



Lehigh Valley Ranks Among Top Five in *Site Selection* Magazine

The Lehigh Valley has been ranked one of the top five regions of its size in the United States in terms of economic development, and for the third consecutive year is the highest-ranked region of its population size in the Northeast, according to *Site Selection*. Each year the magazine announces the best-performing metropolitan areas in the country as part of its prestigious Governor's Cup Awards. *Site Selection* boasts a readership of power brokers who make major economic development decisions, and for the magazine to once again recognize the Lehigh Valley's growth is a remarkable accomplishment.

Site Selection is one of the highest-read and most well-respected economic development publications in the United States.

2018 Top Metros Population Range Between 200,000 & 1 Million (Total Projects by Region)

1. Omaha, NE	46
2. Des Moines, IA	34
3. Toledo, OH	30
4. Lincoln, NE	29
5T. Lehigh Valley, PA	25
5T. Tulsa, OK	25
7. Greensboro, NC	24
8T. Lexington, KY	23
8T. Reno, NV	23
8T. Savannah, GA	23

*The number of projects listed is determined by *Site Selection* for its rankings. The magazine does not disclose which projects it has identified, nor how the magazine reached that figure. LVEDC previously tracked 33 business attraction, expansion and retention projects for the year 2018. Published by Conway Data, *Site Selection* is the oldest publication in the corporate real estate and economic development field. It is the official publication of the Industrial Asset Management Council, and has circulation base of about 44,000 executives involved in corporate site selection decisions.

External Affairs & Community Outreach



LVEDC is engaged in a permanent and sustained campaign of visitation, connection, and conversation with all 62 of the sovereign municipalities in Lehigh and Northampton counties. With much of the Lehigh Valley's regional development occurring in some of our smaller townships and boroughs, it is critical that the organization be engaged with the policy-makers and administrators in all the municipalities across the Lehigh Valley.

To that end, LVEDC Director of Community Outreach & Redevelopment Andrew Kleiner made in-person visits with about four dozen municipalities throughout 2018, from Lynn Township in Lehigh County to Portland in Northampton, and LVEDC participates in numerous regional and sub-regional organizations as well. The objective is to understand the goals, needs, challenges, and opportunities our public sector partners face and to provide whatever assistance we can.

While the growth in the Lehigh Valley's three cities often gets more attention, the region's boroughs and townships have seen a tremendous amount of growth and downtown life in recent years as well. From the new restaurants and breweries in Hellertown, to the success of the downtown in Emmaus, to the opening of Bangor Trust Brewing and other new Main Street businesses in Bangor, the municipalities of the Lehigh Valley are in the midst of a cultural and economic development resurgence.

LEHIGH VALLEY VOICES

Check out all the testimonials at lehighvalley.org/voices

"My wife and I grew up in Michigan, and we moved to the Lehigh Valley in 1990. We've met good friends who made us feel welcome, had interesting work that kept us challenged, and we appreciate the educational opportunities for our son. We can also access the big lights of the big city when we choose, but don't have to live there."

Scott Hanton
General Manager
Intertek Allentown

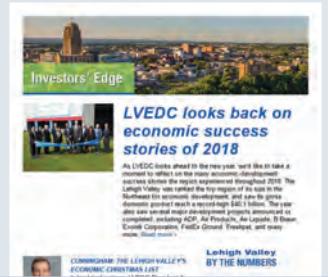


LVEDC Publications

Commercial & Industrial Real Estate Reports

Each quarter, LVEDC prepares a digital and hard copy report with information about the region's office, industrial, and flex markets. Among the findings from LVEDC Commercial & Industrial Real Estate Reports released in 2018:

- The Lehigh Valley is experiencing a shortage of small-footprint industrial buildings in the 40,000 to 80,000 square foot range.
- More than 80% of industrial buildings greater than 300,000 square feet in the region are used for manufacturing, distribution or fulfillment; only 12% are used for traditional warehousing.
- The Lehigh Valley is 127% more affordable than Manhattan, 69% more than Brooklyn, 43% more than Boston, and 18% more affordable than North Jersey.



Weekly e-newsletter

Each Tuesday, LVEDC releases a newsletter with economic development events, information, and news stories cultivated from lehighvalley.org/blog



LVstartup

Released the first Thursday of the month, LVstartup is a monthly e-newsletter about entrepreneurs and startups in the Lehigh Valley.



LV Connections

Launched for the first time in 2018, this quarterly e-newsletter is distributed to our partners in each of the Lehigh Valley's 62 municipalities.

LEHIGH VALLEY VOICES



Eric Luftig

*Vice President
Victaulic*

"I relocated my family from the Atlanta area to take a job with Victaulic. This was a very challenging decision as we had moved several times and we really thought we had made our final move. But since making that decision, we have never looked back. We have everything we need right here in the Lehigh Valley, as well as proximity to other great Northeast destinations."

Check out all the testimonials at lehighvalley.org/voices



Lehigh Valley Commercial Real Estate

Each quarter, LVEDC prepares and distributes a Lehigh Valley Commercial Real Estate Report, which provides information about the region's office, industrial, and flex markets. For Q4 2018, the report has been included with the LVEDC 2018 Annual Report, providing a year-end outlook of the real estate climate in the Lehigh Valley.

SNAPSHOT: INDUSTRIAL MARKET

MARKET SUMMARY

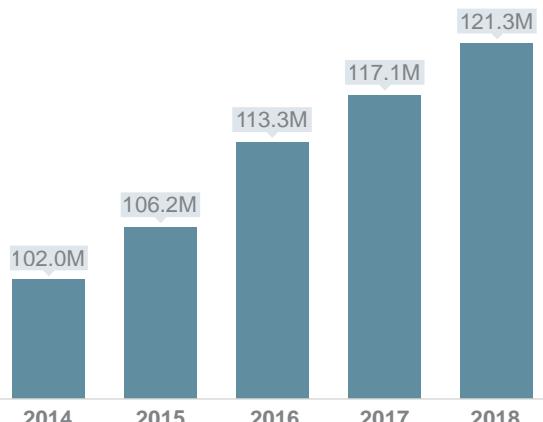
For five years in a row the Lehigh Valley has added 4 million square feet or more of industrial space.



121.3 Million Total Inventory (SF)	3.5 Million Q4 Net Absorption (SF)	4.3 Million Deliveries (SF)	6.6 Million Total Under Construction (SF)
4.1% Vacancy Rate	6.5 Million 2018 Net Absorption (SF)	\$5.55 Average Asking Rent	-1.4% YOY Rent Growth

Source: CoStar, LVEDC Research

Growth in Industrial & Flex Space (SF at Year-End)



Source: CoStar

Small-Footprint Industrial Buildings (40,000 to 80,000 SF)

Total Inventory	244 Buildings	13 million SF
Built Within Last 40 Years	114 Buildings	6 million SF
Added in 2018	1 Buildings	48,600 SF
Added in the Last 5 Years	3 Buildings	171,000 SF
Under Construction in 2018	0 Buildings	0 SF

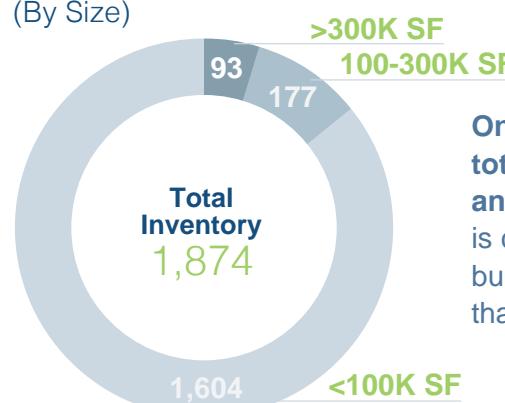
The Lehigh Valley has not added many buildings in the small-footprint market: only three in the last five years.

Source: CoStar, LVEDC Research

Market Spotlight on Large Industrial Buildings

Buildings >300,000 SF

Industrial & Flex Buildings (By Size)



Only 5% of the total industrial and flex market is comprised of buildings larger than 300,000 SF.

Source: CoStar

Buildings >300K SF (Added by Year)

Year	Added Buildings
2018	4
2017	4
2016	8
2015	6
2014	4

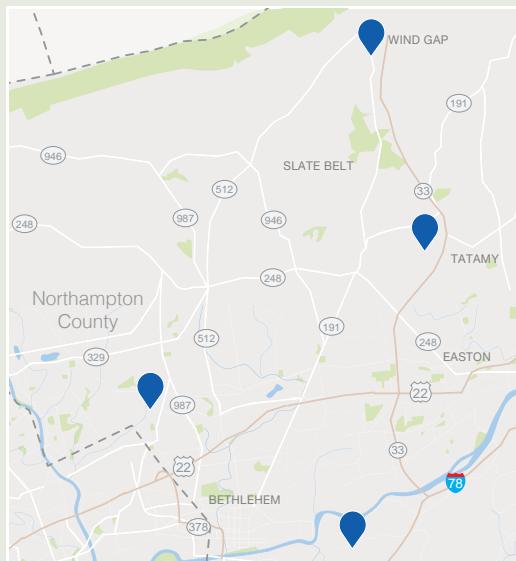
The Lehigh Valley added 18.4 million SF in the last five years.

Source: CoStar

Buildings Under Construction

> 300,000 SF = 7
100,000 - 300,000 SF = 9
< 100,000 SF = 3

Source: CoStar



2018 Additions >300K SF

Wind Gap Logistics

1380 Jacobsburg Road, Wind Gap

Majestic

Bethlehem Center 3,
3419 Commerce Center Boulevard,
Bethlehem

UPS Hub

1620 Van Buren Road, Easton

FedEx Hub

1000 Willowbrook Road, Northampton

Real Estate Tax Revenue Potential (Buildings >300K SF)

\$48.3 Million*

Municipalities
\$3 Million

School Districts
\$45.3 Million

*Based on assessed values of land and buildings, excluding effects of tax-abatement programs

Source: Lehigh and Northampton County Assessment Offices,
LVEDC Research

SNAPSHOT: OFFICE MARKET

MARKET SUMMARY

Three-quarters of the office space added in the last five years has been in the Lehigh Valley's cities.



27.2 Million Total Inventory (SF)	-38.8K Q4 Net Absorption (SF)	332K 2018 Deliveries (SF)	523K Total Under Construction (SF)
7% Vacancy Rate (7%)	278.9K 2018 Net Absorption (SF)	\$14.78 Average Asking Rent	-6.5% YOY Rent Growth

Source: CoStar, LVEDC Research

Urban Core Office Development (Class A Office Space)

Added in Last Five Years

1.1 Million SF



Added in Urban Centers

851,000 SF

75%

Source: CoStar, LVEDC Research

Lehigh Valley Office Space Asking Rent (Per Square Foot)



Source: CoStar

Average Asking Rent for Class A Office Space (\$/SF)

New York City Metro	\$77.63
Washington, D.C.	\$60.17
Northern Virginia	\$36.32
Philadelphia	\$32.85
Northern New Jersey	\$30.75
Pittsburgh	\$30.67
Central New Jersey	\$27.94
Philadelphia Suburbs	\$27.57
Lehigh Valley	\$18.61

Compared with other metropolitan areas in the Northeast, the cost of office space in the Lehigh Valley is significantly lower.

Source: Colliers International Q3 2018 Office Market Outlook, CoStar

Business Outreach Program



LVEDC's Business Outreach Program (BOP) aims to better understand the needs of regional businesses in our growing and changing Lehigh Valley economy. By meeting with company representatives and collecting information, we seek to understand your challenges, uncover trends affecting local businesses, and use that information to create actionable strategies and solutions for the region moving forward.

In 2018, the BOP participated in the statewide Engage! program, along with a consortium of economic development and business organizations across the Lehigh Valley. The initiative seeks to meet with regional businesses and proactively identify their opportunities and challenges. The program is funded by the Pennsylvania Department of Community and Economic Development.

Visit lehighvalley.org/bop to learn more.

“The Engage! program was a natural fit with our ongoing efforts because of its systematic and proactive approach to business engagement. By utilizing all our regional partners, we were able to cast a wide net in contacting and engaging employers and channeling information into a single system.” - *Don Cunningham, LVEDC President & CEO* **”**

Redevelopment

LVEDC's redevelopment efforts were once again touted as a best practice at the state of Pennsylvania's largest and most prestigious conference about environmental revitalization and economic redevelopment. The Pennsylvania Brownfields Conference was held in the Lehigh Valley this year, at the Sands Casino Resort Bethlehem in early October, and both LVEDC and the Lehigh Valley's redevelopment success stories were on prominent display.

LVEDC's program, the Lehigh Valley Land Recycling Initiative (LVLRI), is an advisory group focused on promoting economic redevelopment through the reuse of abandoned and underutilized commercial and industrial properties, also known as brownfields. It also assists with environmental assessment and remediation work, as well as other areas.

The Green Knight Industrial Park in Wind Gap, which held its groundbreaking in June 2018, was just one example of a project for which LVLRI provided assistance. The future industrial park, located along Route 33 near the Route 512 interchange, is estimated to create about 280 jobs and generate \$300,000 annually in additional tax revenue at full buildout.



LVEDC Financing Projects

LVEDC provides administrative support and staffing to several economic development organizations in the Lehigh Valley, such as the Lehigh Valley Economic Investment Corporation, and both the Northampton County and Lehigh County Industrial Development Authorities. Through those organizations – along with the Lehigh Valley Lending Network, a nationally recognized unique partnership of local financial institutions – we provide access to credit and incentives available through the economic development community.

The Finance Department helped several companies obtain financing and secure loans through the Pennsylvania Industrial Development Authority (PIDA) program. Below are just a few examples:



Coretech International, Inc.

Coretech, a manufacturer of core cutting equipment and systems, is relocating from a rented facility in New Jersey to an 11,800 square-foot Allentown property the company purchased on South 12th Street. The relocation was assisted by a \$252,000 10-year PIDA loan at a 2 percent fixed rate, and the company expects to add six jobs immediately and three more over the next three years.



Gooch Thermal Systems

This manufacturer and supplier of heat transfer systems, was approved for a \$1.1 million, 15-year loan at a 2 percent fixed rate for the acquisition of a Whitehall Township building, which will lead to the creation or retention of 25 jobs. Hank Shamsi, the company's President & CEO, credited LVEDC with "smoothing out the PIDA process and minimizing the burden on us so we could focus on our day-to-day business."



Michelman Steel Enterprises

A structural steel fabrication company that manufactures steel for large building projects, Michelman Steel Enterprises recently purchased and renovated a facility in Bethlehem. With LVEDC's help, the company was approved for \$1.95 million in PIDA funding for the project, which will create 17 new jobs and help retain 27 more. This marks the company's second location in the Lehigh Valley, along with another facility in Allentown, which was also financed by a prior PIDA loan.

Population Growth in 18-34 Age Demographic

Access to talent is one of the top factors that influence where employers locate new operations or expand existing ones. In the competition for new jobs and economic expansion, the Lehigh Valley's advantages include its growing workforce and the increasing population in an important age demographic: 18- to 34-year-olds.

The Lehigh Valley's labor force grew by 3.3 percent during the five-year period ending with 2017. In that same period, the region's population between ages 18 and 34 grew by 5.1 percent in that same time. Additionally, the Lehigh Valley's three cities of Allentown, Bethlehem and Easton have a considerably higher percentage of residents aged 18 to 34 than Pennsylvania overall.*

Percentage of Population Ages 18 to 34*

Pennsylvania	22.4%
Allentown	28.2%
Bethlehem	31.1%
Easton	30.5%

*Source: Census Bureau, American Community Survey 2017 Population Estimates. 2017 is the most recent year for which Census Bureau data is available.

Marketing the Lehigh Valley Economy



For a second consecutive year, LVEDC hosted a visit and tour of the Lehigh Valley for site selectors, commercial real estate brokers, and other business location decision-makers. The sold-out bus tour, included about four dozen registrants from "I.CON '18: The Industrial Conference," a conference for the industrial real estate sector hosted by NAIOP, the Commercial Real Estate Development Association.

The tour provided a rare opportunity to showcase the economic assets of the Lehigh Valley to people directly involved in business location decisions.

LVEDC also represented the region at several high-profile events for site selectors and economic development professionals, including the Site Selectors Guild Annual Conference, SelectUSA Investment Summit, Industrial Asset Management Council, and World Forum for Foreign Direct Investment.



LEHIGH VALLEY VOICES

Check out all the testimonials at lehighvalley.org/voices

"The Lehigh Valley is very special to me. This is the place where I've found a passion that I'm proudly pursuing, and friendships that will last a lifetime. It's where I want to raise my son and grow old. I love the friendly community, healthy environment, reasonable cost of living, and great neighborhoods here."

Khine Alkhal

Founder

Khineder Creations



LVEDC Events

In addition to the LVEDC Fall Signature Event (page 16), LVEDC hosted several events in 2018, including:



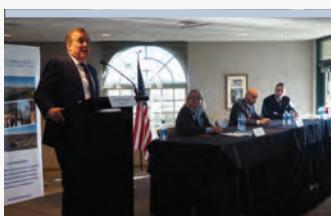
Legislative Delegation

On a bi-annual basis, LVEDC hosts a gathering of the region's legislators to discuss pertinent issues and strategies related to economic development in the region.



State of the County

LVEDC organized State of the County events for both Northampton County Executive Lamont McClure and Lehigh County Executive Phillips Armstrong.



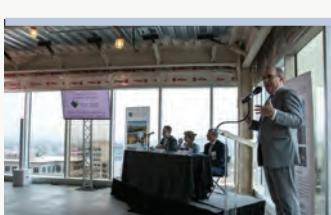
Congressional Forum

Weeks before the election, LVEDC hosted a forum featuring candidates for U.S. Congress seeking to represent Pennsylvania's new 7th district.



Supplier Diversity Roundtable

Representatives from the Lehigh Valley's small business community discussed supplier diversity and various certification programs available.



Urban Update

This Brokers & Developers Council event highlighted regional urban growth and the factors attracting companies to downtown locations.

Awards

LVEDC received two awards from prestigious organizations in 2018:

International Economic Development Council (IEDC)



LVEDC's 2017 Annual Report received an Excellence in Economic Development Award for Best Annual Report (Population Greater Than 500,000) for the world's largest organization serving economic developers.

Association for Talent Development (ATD)



LVEDC's education and talent supply initiative received an Excellence Award from the Eastern Pennsylvania chapter of the world's largest association dedicated to those who develop talent in organizations.

2018 LVEDC Board of Directors

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Chair, Corporate, Business and Banking Group
Fitzpatrick Lentz & Bubba, P.C.

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Secretary
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President & CEO
Lehigh Valley Economic Development Corporation

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IBEW 375

Hon. Phillips Armstrong
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Lehigh County

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Lehigh Valley Executive and VP, Distribution Channels & Labor Relations
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Discover Lehigh Valley

R. Scott Unger
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Lehigh Valley Land Recycling Initiative

Barry Wentzel
Director, East Region
UGI Utilities, Inc.

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Vice President
Strategic Initiatives and Research

Matthew Tuerk
Vice President
Economic Development & Marketing

Jaime Whalen
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Doug Warfel
Director, Business Recruitment & Lending

Jennifer Weighknecht
Director, Economic Development Finance

Jarrett Witt
Director, Economic Development Projects

Frank Alvarado
Assistant Director, Outreach

Diane Milia
Executive Assistant

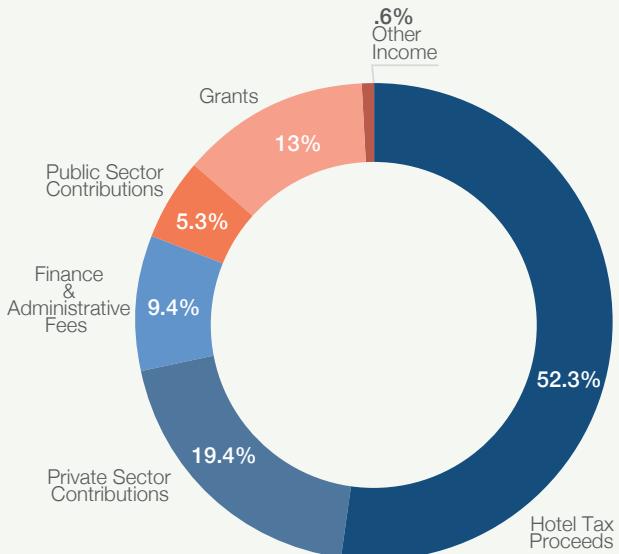
Kat Schneider
Office Administrator

Stephanie Wean
Program Administrator

2018 Income & Expenses*

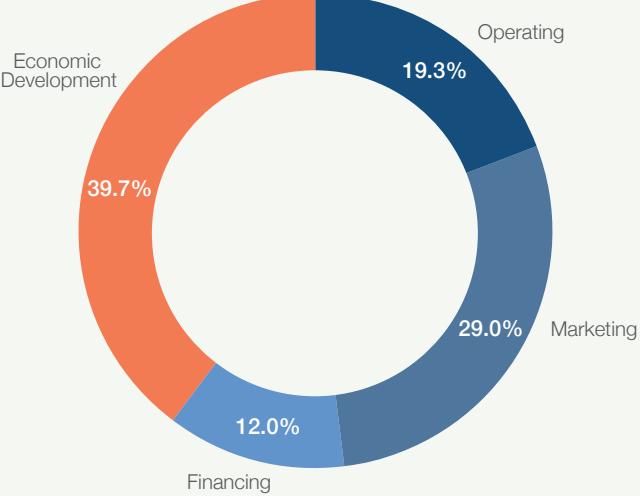
2018 Unaudited Revenue

Hotel Tax Proceeds	\$1,523,801
Private Sector Contributions	\$565,415
Finance & Administration Fees	\$274,323
Public Sector Contributions	\$155,000
Grants	\$376,679
Other Income	\$16,679
Total Revenue	\$2,911,896



2018 Unaudited Expenses

Operating	\$540,300
Marketing	\$810,603
Financing	\$336,178
Economic Development	\$1,108,006
Total Expense	\$2,795,088



*These figures do not include pass-through grant funds managed by LVEDC



2018 Investors

The investment of these companies and organizations in 2018 helped make it possible for LVEDC to market the economic assets of the Lehigh Valley throughout the United States and the world. LVEDC had a record-breaking year of investment and sponsorships from private sector companies and organizations, totaling more than \$665,000. Thank you for your commitment to regional economic growth.



Lehigh
County



Northampton
County



W **WorkforceBoard**
Lehigh Valley

AIR
PRODUCTS



FULING



LUTRON



GREEN KNIGHT
ECONOMIC DEVELOPMENT CORPORATION



Freshpet

A&H Sportswear

AblePay Health

Adams Outdoor
Advertising

Alvin H Butz

ArtsQuest

Borton-Lawson

Computer Aid

Crayola

DeSales University

Duke Realty

Embassy Bank for the
Lehigh Valley

ESSA Bank & Trust

Feinberg Real Estate
Advisors

First Commonwealth
Federal Credit Union

First Keystone
Community Bank

FNCB Bancorp

Follett Corporation

Gross McGinley

Haines & Kibblehouse

Hillwood Investment
Properties

Hospital Central Services

Jaindl Land Development

JLL

JM Uliana & Associates

Lafayette College

Lee & Associates of
Eastern PA

Merchants Bank of Bangor

MKSD architects

Moravian College

Northampton Community
College

OraSure Technologies

People's Security Bank
& Trust

Provident Bank

QNB Bank

Quandel Construction
Group

Raymond G. Lahoud,
Immigration Attorney,
Norris McLaughlin | P.A.

Service Electric

The Waterfront

Unity Bank

Univest Bank

Mericle Commercial Real Estate Services	Easton Area Industrial Land Development Corporation	King Spry Herman Freund & Faul	SVN Imperial Realty
Orbel	Emerald Realty Group	Kitchen Magic	Synergy Environmental
SEEDCOPA	Express Employment Professionals of Northampton County	Klunk & Millan Advertising	T&M Associates
Life Sciences Pennsylvania	FastSigns of Allentown	Lehigh Carbon Community College	Terraform Engineering
44 Business Capital	Fedetz & Martin Associates	Lehigh Career & Technical Institute	The Pidcock Company
Albarell Electric	Good Shepherd Rehabilitation Network	Lehigh County Authority	TWG Security
Allied Building Corporation	Graybar Electric	Lehigh Valley Industrial Park	Ultra-Poly Corporation
AmericaVen	Griffin Industrial Realty	Lehigh Valley Rail Management	Wacker Polymers
Barry Isett & Associates	Handlon Business Resources	Lesavoy Butz & Seitz	Wind Gap Electric
BerkOne	HDR Engineering	Lightweight Manufacturing	Hanover Township - Lehigh County
Blue Rock Construction	Highland Associates	Manufacturers Resource Center	Allied Personnel Services
Bohler Engineering	HMK Insurance	Michael Baker International	Baker Tilly
Broughal & Devito	Horwith Trucks	Moonstone Environmental	Berger-Epstein Associates
Buckno Lisicky & Company	Hotel Bethlehem	Nacci Printing	Express Employment Professionals of Lehigh County
Cedar Crest College	Howard Hanna The Frederick Group	NAI Summit	Fishburn Realty Company
CF Martin & Company	IMC Construction	New Tripoli Bank	Gelcor Realty
Communication Systems	Ironton Telephone Company	North Star Construction Management	Kressler Wolff & Miller
Compass Point	JCS Professional Staffing, Inc.	O'Brien's Moving & Storage	Maser Consulting
Corporate Environments	Joshi Hotel Group	Pennoni	Ott Consulting
Cutler Associates	Just Born	Regan Levin Bloss Brown & Savchak	Reimer Real Estate
D'Huy Engineering	JVI	Rettew Associates	SAGE Design-Build
Dutch Springs	Kelly Automotive Group	Spillman Farmer Architects	Veraxia Commercial Real Estate Solutions
EarthRes Group		Stevens & Lee	
		Superior Quartz Products	

Lehigh Valley

Come here. Start here. Grow here.

Our Mission

The mission of the Lehigh Valley Economic Development Corporation is to market the economic assets of the Lehigh Valley and to create partnerships to lead the recruitment, growth, and retention of employers.

Our Vision

Our vision is of a diverse Lehigh Valley economy that provides economic growth and opportunity for people of all skills and education and strengthens all our cities, boroughs, and townships.

Our Priorities

- Market the economic assets of the Lehigh Valley
- Recruit companies in targeted economic sectors
- Support the growth and retention of new and existing employers
- Promote and coordinate a skilled and prepared workforce
- Provide intelligence and data on the Lehigh Valley economy
- Expand public and private LVEDC investment and build partnerships for economic growth



LEHIGH VALLEY
economic development

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