

ISLE of WIGHT

COUNTY IN VIRGINIA

A N N U A L

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Single, constructed building seeks occupant that understands their potential of economic growth. Over 329,000 square feet of space complete with utilities that is expandable up to 802,000 square feet. Convenient rail and port access.

Available for immediate relationship.



**Johnson Development Associates Building 1
Shirley T. Holland Commerce Park**

Available for immediate lease

Department of Economic Development

Steven Wright
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Johnson Development Associates, Inc.

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ISLE of WIGHT

COUNTY IN VIRGINIA

T O M
W R I G H T

C H A I R M A N

May 1, 2007

Dear Friends & Neighbors,

Having served as Chairman of the Board of Supervisors in 2006, I am proud to report that Isle of Wight County continues to make significant economic progress and is widely viewed as a crucial component to the continued growth of the Hampton Roads Region.

Real estate available within the Shirley T. Holland Commerce Park, located on U.S. Route 460 near Windsor, continues to draw attention from distribution and manufacturing-related entities. Johnson Development Associates (JDA) completed their first speculative building in 2006, which is a 329,766 square foot industrial facility. They plan to begin a second building in the Park in 2007-2008. As the Port of Virginia continues to grow, we anticipate increased interest in the Park from private developers and commercial corporations.

As a direct result of increased revenue and practical financial management, the County boasts a significantly lower real estate tax rate than any other locality in the Region. At only \$0.52 per \$100, we are well-positioned to attract new business, extend our relationship with the companies currently located in the County, and maintain the quality of life our citizens deserve.

In December, the Board participated in a Strategic Planning Retreat, where we had discussion regarding a new Strategic Plan for 2007-2009 and other community issues. The Board adopted the new Plan, which prioritizes the activities of the Board, ensures continued focus on our smart-growth development process, and outlines a process to fund the future of the County.

On the following pages, you will find detailed information regarding the fiscal success of the County, and information on the most significant economic development events of 2006. I am pleased to deliver this year's report, and thank you for your interest in our community. I encourage you all to continue tracking our accomplishments as big things are on the horizon for Isle of Wight County.

Sincerely,

Thomas J. Wright, III
Chairman, 2006
Isle of Wight County Board of Supervisors

Economic Highlights 2006

Logistics and Distribution Growth Expected in Hampton Roads Region

Moffatt and Nichol, an internationally recognized engineering firm that specializes in port design as well as the transportation complexities associated with freight movement, has completed a study that outlines the future growth of logistics and distribution in Hampton Roads.

The Port of Virginia has experienced tremendous growth in containerized cargo in recent years, and the trend is expected to continue. In 2005, the Port handled over 1 million containers and is projected to handle over 3 million containers by the year 2030. Since much of the cargo is comprised of imports from the Far East, there will be a significant need for new distribution space in the region. Potentially, distribution and logistics activity could create 9,000 new jobs as well as a regional economic impact of over \$2.5 billion annually.



Shirley T. Holland Commerce Park

The Shirley T. Holland Commerce Park, located outside of the Town of Windsor, Virginia, has become a popular destination for visiting site selection professional and developers from across the nation. As the Port of Virginia continues to grow, the Hampton Roads Region has seen an increased interest from companies looking to expand or relocate their facilities to the area. The Commerce Park, with over 300 acres available for purchase, and over 329,000 square feet of industrial space available for lease, is in prime position to attract major distribution and manufacturing companies.

The Johnson Development Associates, Inc. (JDA) building was completed in the fall of 2006. The building boasts 329,766 square feet of state-of-the-art industrial space, which is expandable to over 800,000 square feet. The facility was designed to take advantage of the exploding distribution marketplace in Hampton Roads. With 76 truck docks, 32-foot ceilings, 50-foot column spacing, ESFR sprinkler system, and 6-inch reinforced 4,000 PSI concrete floors, the facility is ready for nearly any occupant. The facility is ready for leasing and immediate occupancy.



Isle of Wight Honors Entrepreneur of the Year

The Department of Economic Development presented the 2006 Entrepreneur of the Year Award to Gary Adolph, owner of Custom Tops and Towers located in the Isle of Wight Industrial Park. The company services the maritime industry and also focuses on specialty fabrication. The award was given at the annual Business Appreciation Golf Tournament in May and recognizes innovation in Isle of Wight businesses.

Rural Economic Development Update

PACE Program

Agriculture and forestry are the leading industries in the County, and a critical mass of farm and forest land is necessary for the continued vitality of the farm and forest businesses here. In May of 2005, the Board of Supervisors adopted the Purchase of Agricultural Conservation Easements (PACE) Program. In 2006, after the PACE Committee was selected and appointed by the Board, Program goals were established, targeted areas were chosen, and ranking criteria were adopted.

Program Goals:

- Utilizing an Installment Purchase Agreement (IPA) as the financing tool in an effort to maximize purchases.
- Partner with other agencies, businesses, and agribusinesses, to advertise the application period of March 1, 2007—May 15, 2007.
- Hold community meeting(s) to educate the citizens and landowners about the Program.
- Have 25 applications in the 2007 application period.
- Close on all 2007 applications within six (6) to nine (9) months after the Board of Supervisors' individual offers to landowners are accepted.
- In year one (1), preserve 500 acres.
- By 2010, have 2,000 acres enrolled in the Program.

Targeted Areas:

- Any property currently in an Agricultural and Forestal District.
- Northernmost Boundary Line – properties South of the Boundary Line
- ½ mile west of Route 10 North from Route 258 in Smithfield to the Surry County line.
- 1 mile west of Route 10 South from Route 258 in Smithfield to the Suffolk City line.
- Southernmost Boundary Line – properties North of the Boundary Line
- Properties located outside the existing and Proposed Camptown/Carrsville Development Service District Boundary.
- Properties located outside the Development Service Districts (Newport, Windsor, and Camptown).

Ranking Criteria:

- Size of parcel
- Whether it joins a permanently protected area
- Percentage of acreage in cropland/farmland/pastureland/working forestland
- Implementation of Soil & Water/Forestry Conservation Strategies
- Class I and some Class II soils or prime farmland as designated by NRCS
- Historical or cultural resources
- Working family farm
- Road frontage
- Located within an agricultural and forestal district

Montague Farms, Inc.

Montague Farms, Inc., of Essex County, Virginia, chose to expand their food-grade soybean business through the development of a new soybean grading and processing complex in Isle of Wight County.

The Hampton Roads region competed for this \$2Million-plus agribusiness investment, and the company chose Isle of Wight for its proven commitment to the agriculture industry.



Montague Farms produces high quality soybeans for natto, tofu, sprouts and soy sauce in Japan and for other edible soybean markets in the Far East. Montague plans to contract with more than 100 farmers in Southeastern Virginia, Eastern Shore, and Eastern North Carolina for several thousand acres of high value, food-grade soybeans. Bill Taliaferro, President, Montague Farms, describes the facility which will be located off of Cut Thru Road, Windsor, as "...the centerpiece of our processing and export operations." The new facility opened in the fall to accept beans, and will be a state-of-the-art showcase operation that will produce the high-quality product their export customers expect.



Agriculture First Website

Rural Economic Development unveiled the Isle of Wight County Agriculture First website (www.iwus.net/agriculture). This site focuses specifically on putting the local agriculture and forest industries First by

highlighting the programs offered to assist these businesses. The website provides a free outlet for farmers to directly market their farm products to consumers, provides educational information on business planning/retirement planning and information on other aspects of agriculture such as value added agriculture, and lists events that the public and farmers may be interested in attending, among many other things.

Measurements of Economic Activity 2006

POPULATION

Provisional estimate for the preceding years and the growth (decline) in that number relative to the year before as a real number and as a percentage.

Calendar Year	Population Estimate	Growth (Decline)	Percentage + / -
2006	33,065	648	2.00%
2005	32,417	817	2.59%
2004	31,600	700	2.27%
2003	30,900	500	1.64%
2002	30,400	300	1.00%
2001	30,100	372	1.25%

Source: Weldon Cooper Center

EMPLOYMENT AND WAGES

Statistics detailing the annual not seasonally adjusted labor force, employment and unemployment data.

Labor Force and Unemployment

Calendar Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate %
2006	17,685	17,142	543	2.7%
2005	17,225	16,628	597	2.0%
2004	16,886	16,342	544	2.6%
2003	16,459	15,895	564	3.5%
2002	15,906	15,369	537	1.6%
2001	15,658			

Source: U.S. Department of Labor, Bureau of Labor Statistics

Employment and Wages

Quarter	Average Employment	Total Wages (in thousands)	Avg. Weekly Wage
July-September 2006	11,412	\$109,775	\$740
April-June 2006	11,808	\$120,974	\$788
January-March 2006	11,913	\$102,934	\$663
October-December 2005	12,279	\$107,533	\$673
July-September 2005	12,272	\$107,000	\$671
April-June 2005	12,818	\$139,648	\$838
January-March 2005	12,643	\$99,427	\$605

4th Quarter 2006 data available after June 2007. All 2006 data is preliminary. Source: Virginia Employment Commission and U.S. Department of Labor, Bureau of Labor Statistics

TAXES

Real Estate, Personal Property and Machinery and Tools tax receipts and assessed values for the preceding year. Growth (Decline) in those receipts as a real number and as a percentage.

REAL ESTATE

Fiscal Year	Assessed Value	Growth (Decline)	Percentage + / -
2006	\$3,854,958,000	\$1,374,290,175	55.00%
2005	\$2,480,667,825	\$433,301,337	21.16%
2004	\$2,047,366,488	\$129,348,490	6.74%
2003	\$1,918,017,998	\$202,874,506	11.83%
2002	\$1,715,143,492	\$169,451,166	10.96%
2001	\$1,545,692,326		

Fiscal Year	Tax Receipts (Actual)	Growth (Decline)	Percentage + / -
2006	\$17,870,791	\$689,270	4.01%
2005	\$17,181,521	\$1,874,380	12.25%
2004	\$15,307,141	\$1,332,891	9.54%
2003	\$13,974,250	\$2,215,774	18.84%
2002	\$11,758,476	\$1,143,031	10.77%
2001	\$10,615,445		

Source: Isle of Wight County Commissioner of the Revenue and Isle of Wight County Treasurer.

PERSONAL PROPERTY

Fiscal Year	Assessed Value	Growth (Decline)	Percentage + / -
2006	\$265,909,545	\$29,359,660	12.41%
2005	\$236,549,885	\$23,194,713	10.87%
2004	\$213,355,172	\$32,031,766	17.67%
2003	\$181,323,406	\$13,413,621	7.90%
2002	\$167,909,785	(\$7,754,204)	-4.41%
2001	\$175,663,989		

Fiscal Year	Tax Receipts (Actual)	Growth (Decline)	Percentage + / -
2006	\$5,490,415	\$757,902	16.01%
2005	\$4,732,513	\$401,048	9.26%
2004	\$4,331,456	\$1,108,260	34.38%
2003	\$3,223,205	\$39,273	1.23%
2002	\$3,183,932	(\$1,221,574)	-27.73%
2001	\$4,405,506		

Reflects all personal property tax abatement and supplements. Year 2002 does not reflect abatement and supplements. Source: Isle of Wight County Commissioner of the Revenue and Isle of Wight County Treasurer.

MACHINERY AND TOOLS

Fiscal Year	Assessed Value	Growth (Decline)	Percentage + / -
2006	\$688,410,264	\$47,326,298	7.38%
2005	\$641,083,966	\$45,049,194	7.56%
2004	\$596,034,772	\$15,509,873	2.67%
2003	\$580,524,899	(\$69,586,318)	-10.70%
2002	\$650,111,217	(\$20,792,098)	-3.10%
2001	\$670,903,315		

Fiscal Year	Tax Receipts (Actual)	Growth (Decline)	Percentage + / -
2006	\$6,372,676	\$263,676	4.31%
2005	\$6,109,000	\$447,692	7.91%
2004	\$5,661,308	\$149,529	2.71%
2003	\$5,511,779		
2002	\$6,783,493		
2001	\$6,261,881		

2003 reflects International Paper reclassification. 2002 does not reflect delinquent accounts in this collection. Source: Isle of Wight County Commissioner of the Revenue, and annual audit by Goodman and Company and Isle of Wight County Treasurer.

Measurements of Economic Activity 2006

BUILDING PERMITS

Residential and commercial/industrial permits issued during the preceding year and the growth (decline) in the number and value of those permits relative to the year before as a real number and as a percentage.

Residential Building Permits

Calendar Year	Number	Growth (Decline)	Percentage + / -
2006	432	(102)	- 19.10%
2005	534	105	24.48%
*2004	429	63	16.39%
2003	366	35	10.57%
2002	331	71	27.31%
2001	260		

**2004 includes 12 multi-family units*

Calendar Year	Value	Growth (Decline)	Percentage + / -
2006	\$86,591,315	(\$27,210,679)	-23.91%
2005	\$113,801,994	\$37,637,398	49.42%
2004	\$76,164,596	\$28,410,674	59.49%
2003	\$47,753,922	\$1,645,275	357.00%
2002	\$46,108,647	\$12,017,414	35.25%
2001	\$34,091,233		

Commercial Building Permits

Calendar Year	Number	Growth (Decline)	Percentage + / -
2006	24	5	26.32%
2005	19	(4)	-17.39%
2004	23	1	4.55%
2003	22	2	10.00%
2002	20	10	100.00%
2001	10		

Calendar Year	Value	Growth (Decline)	Percentage + / -
2006	\$15,118,261	\$10,873,799	256.19%
2005	\$4,244,462	(\$15,729,003)	-78.75%
2004	\$19,973,465	\$13,792,014	223.12%
2003	\$6,181,451	(\$1,358,927)	-18.02%
2002	\$7,540,378	(\$5,151,061)	-40.45%
2001	\$12,661,439		

New Residential Construction

Calendar Year	Hardy	Newport	Windsor	Town of Windsor	Town of Smithfield
2006	59	243	16	18	96
2005	40	288	17	57	132
2004	30	270	18	11	100
2003	58	172	17	12	107
2002	39	156	26	7	103
2001	32	104	13	11	100

New Commercial Construction

Calendar Year	Hardy	Newport	Windsor	Town of Windsor	Town of Smithfield
2006	3	4	1	0	11
2005	1	4	0	3	8
2004	1	7	0	2	4
2003	2	3	0	6	3
2002	0	6	0	1	8
2001	0	2	1	0	2

	Windsor Non-Tax	Newport Non-Tax	Hardy Non-Tax	Town of Windsor Non-Tax	Town of Smithfield Non-Tax
2006	2	1	0	0	2
2005	0	2	0	0	0
2004	2	3	2	1	0
2003	3	1	0	0	0
2002	2	1	0	0	0
2001	2	3	0	0	0

Source: Isle of Wight County Department of Building and Inspections

BUSINESS AND PROFESSIONAL LICENSES

Number of licenses issued in the preceding year and the growth (decline) in that number as a real percentage. Taxes collected from licenses issued in the preceding year and the growth (decline) in that number as a real number and as a percentage.

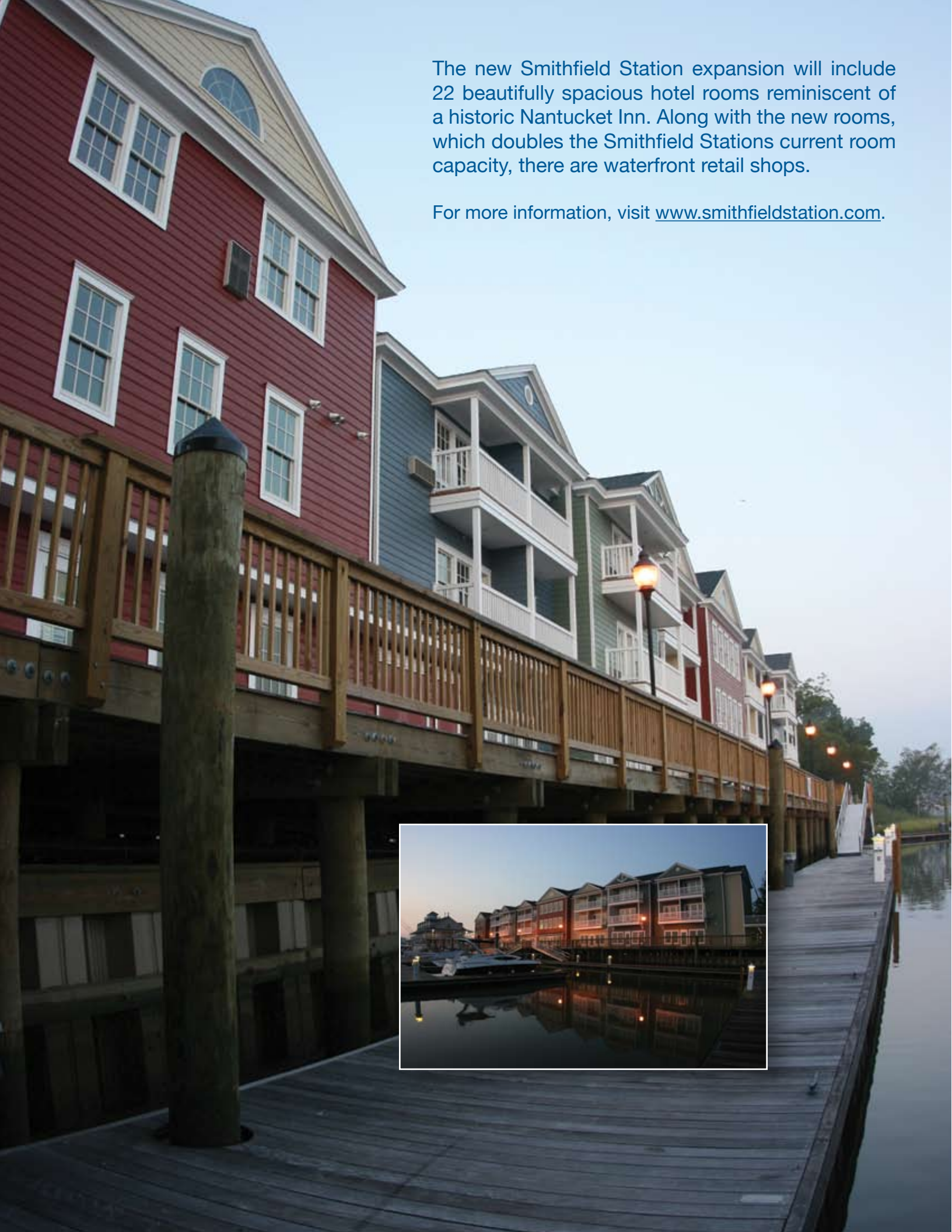
Fiscal Year	Number Issued	Growth (Decline)	Percentage + / -
2006	1,714	250	17.08%
2005	1,464	44	3.10%
2004	1,420	128	9.91%
2003	1,292	43	3.04%
2002	1,249	(74)	-5.92%
2001	1,323		

Fiscal Year	Tax Revenue	Growth (Decline)	Percentage + / -
2006	\$451,607	\$56,962	14.43%
2005	\$394,645	\$41,497	11.75%
2004	\$353,148	\$68,791	24.19%
2003	\$284,357	(\$9,567)	-3.25%
2002	\$293,924	(\$71,073)	-24.18%
2001	\$364,997		

2006 numbers indicate the actual number of licenses, not the number of active accounts. 2003 decline reflects discontinued peddler's license issuance. Source: Isle of Wight County Commissioner of the Revenue and Isle of Wight County Treasurer.

The new Smithfield Station expansion will include 22 beautifully spacious hotel rooms reminiscent of a historic Nantucket Inn. Along with the new rooms, which doubles the Smithfield Stations current room capacity, there are waterfront retail shops.

For more information, visit www.smithfieldstation.com.



Gently rolling, 350 acres of top subdividable property seeks occupant that understands economic potential. Utilities are in place, and over 250 acres are cleared and ready for construction; just minutes for interstate, rail and port access. Corporate vision a plus.

Available for immediate relationship.



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A community of choice committed to excellence

