CHAPTER IV:

ECONOMY

Chapter IV: ECONOMY

Characteristics

The prevailing economic conditions within Smithfield and the surrounding region of influence will shape the development opportunities and constraints facing future growth in the Town. Gaining a thorough understanding of the existing marketplace is another important component in developing a comprehensive and implementable land use plan that will successfully guide future growth in the Town. To that end, this section provides an analysis of past trends in economic growth, employment and retail sales.

As the largest urban center in Isle of Wight County, Smithfield serves as the major economic hub for the surrounding area. Its main economic functions are twofold: it provides area residents with numerous job opportunities and it serves as the center for commercial activity in the northern half of the County.

The Town of Smithfield has historically functioned as a regional employment center due largely to the major local presence of the meat packing/meat processing industry. This still holds true today, as four of the five largest employers in Smithfield continue to operate within this industry. As the major trade center for the northern portion of the County, the Town also provides numerous employment opportunities in the service and wholesale/retail trade sectors. Many residents of Smithfield and the surrounding rural areas rely on local merchants for their basic staple goods. The Town is also the principle site for medical, professional and legal services in the area. In addition, the Town has a significant number of food and specialty retail establishments that are convenient for residents of both the Town and the northern end of the County, as well as for visitors from throughout the region.

From an economic market analysis perspective, the Town of Smithfield is situated within a unique geographical trade area which circumscribes components of its primary, secondary and tertiary competitive marketplace. Within this context, the County of Isle of Wight represents the primary market area for Town residents and those living in the northern half of Isle of Wight County. While Smithfield is located within the periphery of the expansive Norfolk-Virginia Beach-Newport News Metropolitan Statistical Area (MSA), it is aligned more specifically within the marketplace defined by the cities of Newport News, Chesapeake, Hampton and Suffolk. These four localities combine with Isle of Wight County to form a larger “region of influence” or “regional trade area.” This region of influence incorporates the primary, secondary and tertiary markets into one larger market model used to describe existing regional shopping patterns.

While boundaries of the various trade areas are typically defined in terms of driving time from the central shopping area, they are extremely fluid due to the fact that consumers are often willing to travel farther for specialty items or to shop at a particular retail establishment where a greater variety is available and a strong sense of customer loyalty and/or preferences have been established. Consumers are also usually willing to make several shopping trips to compare items before purchasing “shopper’s goods,” which include durable items representing more expensive purchases. On the other hand, customers seek convenience and staple goods almost exclusively at the most accessible locations. Following this theory, residents of the primary marketplace (Isle of Wight County) rely most heavily on the Town of Smithfield for convenience and staple goods and often travel to one or more of the four adjacent urban areas in the region of influence to shop for specialty or "big ticket" items in order to take advantage of the greater variety and price competition offered in these larger shopping environments.

An acknowledgement of this regional shopping alignment is necessary in order to properly analyze both the demographic and the economic trends exhibited in the Smithfield region. While slightly more geographically remote, the influence of the residents of Franklin and Williamsburg and Surry County should not be ignored either. For the purposes of simplicity, the Comprehensive Plan's economic analysis will focus on the growth trends reflected in the identified region of influence. However, the influence of these outlying localities, especially that of Williamsburg, on regional shopping patterns is significant and will necessarily be factored into the future development equation.

Economic Growth

The Town of Smithfield has exhibited steady economic growth in recent years. One of the best indicators of change in a local economy is employment. Town-specific information provided by the Virginia Employment Commission is limited, therefore, Isle of Wight County figures will be used to track recent employment trends in the Smithfield area. It is assumed that such an analysis will serve as an accurate and relevant description of the Town's employment market since the Town serves as the chief employment center for Isle of Wight County. As suggested in Table IV-1 on the following page, the County has added a significant number of jobs since the last Comprehensive Plan was adopted. In fact, employment in the County expanded by 23.8 percent from 1991 to 1996 (the most recent year for which data is provided by the Virginia Employment Commission). This rate of growth is competitive among the other localities in the region of influence and the overall regional planning district. These increases in employment outdistanced national employment growth levels as U.S. total employment increased by less than 15 percent over the same time period.

Job growth has been particularly strong in the local and State government, construction, manufacturing and service sectors. Each of these industries have experienced employment growth exceeding 30% since 1991, with the construction sector leading the way with an increase of over 73%. The local manufacturing industry has remained strong, as indicated by the net gain of over 1650 new jobs since 1991. These substantial increases offset employment losses in the agriculture, forestry and fishing and transportation, communications and utilities sectors. Both of these industry groupings suffered decreases in employment exceeding 18% since 1991. However, in terms of total net jobs, these relatively small sectors have experienced a net loss of only a little over 190 jobs during this time period.

Table IV-1

Isle of Wight County:
Annual Average Employment
By Industry

	1991 Average Employment	1996 Average Employment	Change in Average Employment	Percent Change in Average Employment
Agriculture, Forestry, and Fishing	327	189	-138	-42.2%
Mining	-	D	-	-
Construction	288	499	211	73.3%
Manufacturing	5,468	7,120	1,652	30.2%
Transportation, Communications, and Utiliti	316	258	-58	-18.4%
Wholesale Trade	250	288	38	15.2%
Retail Trade	1,150	1,183	33	2.9%
Finance, Insurance, and Real Estate	310	356	46	14.8%
Services	720	937	217	30.1%
Government	938	1,204	266	28.4%
State	66	92	26	39.4%
Local	774	1,010	236	30.5%
Federal	98	102	4	4.1%
Total	**9,720**	**12,035**	**2,315**	**23.8%**

Note: "D" in table indicates the data has been suppressed.
These data have been included in subtotals and totals.

Source: Virginia Employment Commission, Covered Employment Series & Quarterly Employment and Wage Data Report

Smithfield Employment

As is reinforced by the analysis of the most recent data available for the employment composition of the County, (reported for the Third Quarter of 1996 as described in Table IV-2 on the following page), Smithfield has maintained its stature as a major economic hub within the region of influence. This data, as reported by the Virginia Employment Commission, lists the number of employees by industry group for establishments which are covered by the Virginia Unemployment Compensation Act. Each firm's employment, as reported to the VEC, is classified in "sectors" according to the major type of economic activity in which it is engaged.

Tables IV-2 and IV-3 (see page 6) present the 1991 and 1996 average employment and wage data by major industry/employment groups for Isle of Wight County, respectively. Once again, in the absence of Town-specific information, it is assumed that the County figures effectively describe the Smithfield employment environment since the Town is home to the vast majority of employers located within Isle of Wight County. To maintain the confidential nature of the data submitted by employers, data for industry groups have not been shown separately where there are (1) fewer than three reporting units or (2) one or two firms combine to constitute 80 percent or more of total employment in the industry. These omissions are denoted by a "D" in the tables. However, data omitted from single sectors are included in the "bottom line" totals for all industries.

Table IV-2

Isle of Wight County :
1996 Employment and Wage Data
By Industry Group

	Number of Establishments	Employment: Average Employment	Employment: Percent of Total	Third Quarter Average Weekly Wage
Agriculture, Forestry, and Fishing	28	216	1.9%	$316
Mining	D	D	D	D
Construction	77	445	3.9%	$329
Manufacturing	28	6,734	58.6%	$619
Transportation, Communications, and Utilities	35	247	2.2%	$493
Wholesale Trade	36	275	2.4%	$470
Retail Trade	111	1,202	10.5%	$207
Finance, Insurance, and Real Estate	40	357	3.1%	$760
Services	136	878	7.6%	$332
Government	25	1,129	9.8%	$475
Total	**517**	**11,483**	**100.0%**	**$506**

Note: "D" in table indicates the data has been suppressed.
These data have been included in subtotals and totals

Source: Virginia Employment Commission
ES-202 Quarterly Employment and Wage Data Report

Table IV-3

Isle of Wight County :
1991 Employment and Wage Data
By Industry Group

	Number of Establishments	Employment: Average Employment	Employment: Percent of Total	Third Quarter Average Weekly Wage
Agriculture, Forestry, and Fishing	22	418	4.4%	$305
Mining	D	D	D	D
Construction	63	298	3.1%	$349
Manufacturing	21	5,450	57.5%	$548
Transportation, Communications, and Utilities	23	313	3.3%	$427
Wholesale Trade	26	243	2.6%	$437
Retail Trade	105	1,106	11.7%	$200
Finance, Insurance, and Real Estate	35	304	3.2%	$1,828
Services	109	700	7.4%	$263
Government	26	717	7.6%	$394
Total	**422**	**9,486**	**100.0%**	**$494**

Note: "D" in table indicates the data has been suppressed.
These data have been included in subtotals and totals

Source: Virginia Employment Commission
ES-202 Quarterly Employment and Wage Data Report

As illustrated in both of the preceding tables, residents of Smithfield and Isle of Wight County rely heavily on the manufacturing sector as the major source of employment. In 1996, 58.6% of all jobs in the County were in manufacturing. Employment in retail trade is the second leading source of employment for residents constituting 10.5% of the total employment. Between 1991 and 1996, employment among all sectors has remained steady. The greatest employment decline during this period was in the agricultural sector which fell from 4.4% of all jobs in 1991 to only 1.9% in 1996.

The employment and wage data reveal a local economy heavily dependent on a single industry: meat production and packaging. Economic case history shows that difficulties often arise for similarly constructed local economies when that industry falls victim to cycles in the economy and is forced to reduce its output or ceases operations altogether. If this were to occur, a locality with a diversified economy could rely on the strength of the other sectors to absorb displaced workers. Smithfield, by relying so heavily upon one industry sector, is positioned for severe economic challenges should a sudden change occur in the strength of that sector. Fortunately, the meat processing industry has remained strong over the past decade as demand for meat products has been steady. The outlook continues to be bright for this industry in the short term.

Future economic development efforts in the Town should be aimed at strengthening those employment sectors which are currently relatively weaker in order to diversify its economy. For instance, employment in the Finance, Insurance and Real Estate sector supports the highest weekly wage, yet accounts for only 3.1% of the total employment base. Opportunities exist to attract more white-collar professionals thereby increasing this sector's share of overall employment in the area. The Transportation, Communications and Utilities sectors, while growing at a rapid pace nationwide, constitute only 2.2% of the overall employment in Isle of Wight County. Strengthening these sectors, particularly by attracting new high tech industry, has the potential to bring better paying, higher skilled jobs to Smithfield, and will significantly impact other sectors of the economy which are becoming increasingly dependent on high-tech service. Niche opportunities exist to import technological innovations, especially those in the communications industry into the local economy in order to bring it into the 21st Century. Advances in this industry would promote economic linkages into other sectors of the economy, and as the economy continues to grow stronger and more diverse, the demand for services in the Financial, Insurance and Real Estate sectors will increase, thereby providing more professional employment opportunities in the area.

Major Employers

A list of the major employers in Smithfield shows the prominence of the meat packing industry in the local economy. Of the five top employers in Town, four are manufactures of meat products. The top five Smithfield employers ranked according to the total people employed are:

1. Smithfield Packing
2. Gwaltney Foods of Smithfield
3. Smithfield Ham and Products Company
4. United Parcel Service (UPS)
5. V.W. Joyner Ham Company

Smithfield's meat packing plants have traditionally drawn much of their labor from the Town and the adjoining counties. It is estimated that approximately 15 to 20 percent of the processing and packaging plants' employees work in white-collar, clerical or administrative positions. The balance of the employees work in direct production posts. Turnover among these positions is relatively high, and as a result, the plants must continually compete with the shipyards and other manufacturing centers in nearby Newport News, Hampton and Norfolk for labor.

Retail Sales

Retail spending, which is subject to the Virginia sales and use tax is reported monthly by all State jurisdictions to the Virginia Department of Taxation. These sales include hotel/motel receipts and all retail sales (except sales of certain motor vehicle fuels, motor vehicles and trailers, as well as alcoholic beverage sales by A.B.C. stores). Calculated as such, retail sales serve as a significant contributor to Smithfield's economy and as a significant source of local tax revenue. The Virginia Department of Taxation provides this retail sales data only for cities and counties in the Commonwealth. Therefore, taxable sales data is unavailable at the Town level. Figures are provided for Isle of Wight County, inclusive of Smithfield. Past Comprehensive Plans have estimated Smithfield's share of Isle of Wight County's retail trade at approximately 68 percent. In the absence of better available data, the current Plan will assume that this share is still roughly accurate.

In order to provide a comprehensive snapshot of the current local retail marketplace and a better understanding of past trends in this important sector, a detailed analysis of retail sales is presented in the following section. Much of this analysis is based on the data exhibited within the series of tables included in this section. These tables provide the following information:

Table IV-4 compares the total retail sales figures by sales category for Isle of Wight County for the years 1990 and 1996. The 1990 figures are presented for the purpose of providing a direct comparison to the market conditions that existed at the time of the most recent Comprehensive Plan Update. Table IV-5 and IV-6 compare the constant dollar changes in total retail sales and per capita retail sales, respectively for each of the major store groupings over the same period of time. Table IV-7 provides an extensive summary of the 1996 retail sales performance by category for the County. A similar table for the cities of Newport News, Hampton, Suffolk and Chesapeake, the overall "Region of Influence" and the Commonwealth of Virginia can be found in the Appendix. In addition, a comparison of per capita retail sales figures across all retail categories to regional and State totals are included in Tables IV-8 and IV-9, respectively.

Table IV-4
RETAIL SALES SUMMARY
County of Isle of Wight

Retail Store Grouping	1990 Retail Sales	1996 Retail Sales	1996 Sales +/-	1990 Number of Dealers	1996 Number of Dealers	1996 Dealer +/-
Apparel Group	330,544	139,107	-191,437	5	5	0
01. Clothing	330,544	139,107	-191,437	5	5	0
02. Furriers	0	0				
03. Millinery	0	0	0			
04. Shoes	0	0	0			0
09. Other	0	***				
Automotive Group	5,648,230	10,252,475	4,604,245	56	58	2
10. Accessories	1,138,260	2,189,298		17	15	-2
11. Aircraft	***	***				
12. Boats	***	666,509			4	
13. Vehicle & Cycle Dealers	***	***				
14. Service & Repair	4,509,970	7,396,668	2,886,698	39	39	0
19. Other	***	***				
Food Group	50,876,627	60,686,366	9,809,739	96	87	-9
20. Bakery Products	0	***				
21. Candy & Confetions	0	***				
22. Dairy Products	0	0				
23. Fruit & Vegetable Stands	1,847,680	163,442		5	4	-1
24. Groceries - Chain	21,738,087	28,511,105	6,773,018	8	9	1
25. Groceries - Non-Chain	16,585,934	15,273,942	-1,311,992	32	25	-7
26. Private Clubs	0	0	0			
27. Restaurants	9,038,127	11,640,210	2,602,083	40	40	0
28. Taverns	0	0	0			
29. Other	1,666,799	5,097,667	3,430,868	11	9	-2
Furniture, Home Furnishing and Equipment Group	1,928,835	3,229,953	1,301,118	33	25	-8
30. Furniture, Household	1,571,817	2,861,150	1,289,333	16	17	1
31. Household Appliances	124,941	***		7		
32. Office Furniture, Equip.	***	39,912			4	
33. Radio, T.V.'s, Musical	182,345	328,891	146,546	5	4	-1
39. Other	49,732	***		5		
General Merchandise Group	12,574,673	9,273,853	-3,300,820	43	36	-7
40. Department & Discount	2,482,570	2,040,397	-442,173	6	4	-2
41. Dry Goods, Variety	4,683,303	***		6		
42. Drug Stores	2,788,802	2,108,516	-680,286	4	4	0
49. Other	2,619,998	5,124,940	2,504,942	27	28	1
Lumber, Building Materials and Supply Group	4,061,598	7,400,799	3,339,201	7	19	12
50. Building Materials	4,061,598	5,807,943		7	11	4
51. Millwork, Lumber Stock	***	***				
52. Electrical Supplies	***	***				
53. Hardware, Locksmiths	***	1,566,220			4	
54. Paint, Wallpaper, Glass	0	0				
55. Plumbing,Heating, AC	***	26,636			4	
59. Other	***	***				
Fuel Group	0	0				
60. Fuel Oil	***	***				
61. Bottle Gas	0	0				
62. Wood	0	0				
69. Coal, Other Fuels	***	***				
Machinery, Equipment and Supplies Group	2,368,730	4,102,814	1,734,084	24	30	6
70. Road Const. & Maint.	***	***				
71. Professional Equip.	0	***				
72. Service Equip.	381,718	659,582	277,864	4	6	2
79. Other	1,987,012	3,443,232	1,456,220	20	24	4
Miscellaneous Group	12,011,253	16,373,640	4,362,387	141	230	89
80. Antiques	145,557	371,396	225,839	15	34	19
81. Books, Stationery	389,681	124,702	-264,979	7	17	10
82. Cigar Stores, Newsstand	***	***				
83. Florists, Garden, Ferti.	1,226,303	1,538,376	312,073	11	9	-2
84. Gifts & Novelties	175,110	784,865	609,755	25	27	2
85. Jewelry, Leather	***	***				
86. Salvage, Surplus	***	36,670			8	
87. Sport, Photo, Hobby, Toy	1,086,097	706,841	-379,256	18	24	6
88. Vending Machines	134,688	220,599	85,911	13	21	8
89. Sale/Rental Per. Prop.	8,853,817	12,590,191	3,736,374	52	90	38
Hotels, Motels, Tourist Camps, etc.	2,155,196	3,809,368	1,654,172	5	6	1
90	2,155,196	3,809,368	1,654,172	5	6	1
Alcoholic Beverage	0	1,010,251	1,010,251		1	1
91	n/a	1,010,251			1	1
Other Miscellaneous and Unidentifiable	12,133,419	20,139,560	8,006,141	35	37	2
0	12,133,419	20,139,560	8,006,141	35	37	2
Total	**104,089,105**	**136,418,186**	**32,329,081**	**445**	**534**	**89**

Table IV-5

Isle of Wight Retail Sales
Adjusted for Inflation

Retail Store Grouping	Retail Sales (000s) 1990	1996	Constant Dollar Retail Sales (000s) 1990	1996	Constant Dollar Sales Change (000s) 1990-1996	Percent Change 1990-1996
Apparel	$330	$139	$406	$139	($267)	-65.8%
Automotive	$5,648	$10,252	$6,947	$10,252	$3,305	47.6%
Food	$50,876	$60,686	$62,577	$60,686	($1,891)	-3.0%
Eating Establishments	$9,038	$11,640	$11,117	$11,640	$523	4.7%
Furniture, Home Furnishing and Equipment	$1,928	$3,229	$2,371	$3,229	$858	36.2%
General Merchandise	$12,574	$9,273	$15,466	$9,273	($6,193)	-40.0%
Lumber and Building Materials	$4,061	$7,400	$4,995	$7,400	$2,405	48.1%
Fuel Group	$0	$0	$0	$0	$0	0.0%
Machinery, Equipment and Supplies	$2,368	$4,102	$2,913	$4,102	$1,189	40.8%
Miscellaneous	$12,011	$16,373	$14,774	$16,373	$1,599	10.8%
Hotels, Motels, Tourist Camps	$2,155	$3,809	$2,651	$3,809	$1,158	43.7%
Alcoholic Beverage	NR*	$1,010	NR*	$1,010	NR*	100.0%
Other Misc. & Unidentifiables	$12,133	$20,139	$14,924	$20,139	$5,215	34.9%
Total	**$104,089**	**$136,418**	**$128,029**	**$136,418**	**$8,389**	**6.6%**

NR*- Alcoholic beverage sales were not reported by the State in 1991.
1996 CPI Value=156.9
1990 CPI Value=127.9
Adjustment for Inflation=1996 CPI Value/1990 CPI Value
Adjustment for Inflation=1.23

Table IV-6

Isle of Wight Per Capita Retail Sales
Adjusted for Inflation

Retail Store Grouping	Per Capita Retail Sales 1990	1996	Constant Dollar Per Capita Retail Sales 1990	1996	Adjusted Per Capita Sales Total Change 1990-1996	% Change 1990-1996
Apparel	$13	$5	$16	$5	($11)	-68.6%
Automotive	$225	$364	$276	$364	$88	31.9%
Food	$2,030	$2,152	$2,490	$2,152	($338)	-13.6%
Eating Establishments	$361	$413	$443	$413	($30)	-6.7%
Furniture, Home Furnishing and Equipment	$78	$115	$96	$115	$19	20.2%
General Merchandise	$502	$329	$616	$329	($287)	-46.6%
Lumber and Building Materials	$162	$262	$199	$262	$63	0.0%
Fuel Group	$0	$0	$0	$0	$0	0.0%
Machinery, Equipment and Supplies	$95	$145	$117	$145	$28	24.4%
Miscellaneous	$479	$581	$588	$581	($7)	-1.1%
Hotels, Motels, Tourist Camps	$86	$135	$105	$135	$30	28.0%
Alcoholic Beverage	NR*	$36	NR*	$36	$44	0.0%
Other Misc. & Unidentifiables	$484	$714	$594	$714	$120	20.3%
Total	**$4,155**	**$4,838**	**$5,110**	**$4,838**	**($272)**	**-5.3%**

1996 CPI Value=156.9
1990 CPI Value=127.9
Adjustment for Inflation=1996 CPI Value/1900 CPI Value
Adjustment for Inflation=1.23

Table IV-7
1996 RETAIL SALES SUMMARY
ISLE OF WIGHT COUNTY

Retail Store Grouping	Retail Sales	% of Total	Number of Dealers	Sales per Dealer	Sales per Capita	Sales per Household
Apparel Group	139,107	0.1%	5	27,821	5	70
01. Clothing	139,107	0.1%	5	27,821	5	70
02. Furriers	0					
03. Millinery	0					
04. Shoes	0					
09. Other	***					
Automotive Group	10,252,475	7.5%	58	176,767	364	5,175
10. Accessories	2,189,298	1.6%	15	145,953	78	1,105
11. Aircraft	***					
12. Boats	666,509		4		24	
13. Vehicle & Cycle Dealers	***					
14. Service & Repair	7,396,668	5.4%	39	189,658	262	3,734
19. Other	***					
Food Group	60,686,366	44.5%	87	697,544	2,152	30,634
20. Bakery Products	***					
21. Candy & Confetions	***					
22. Dairy Products	0					
23. Fruit & Vegetable Stands	163,442	0.1%	4	40,861	6	83
24. Groceries - Chain	28,511,105	20.9%	9	3,167,901	1,011	14,392
25. Groceries - Non-Chain	15,273,942	11.2%	25	610,958	542	7,710
26. Private Clubs	0					
27. Restaurants	11,640,210	8.5%	40	291,005	413	5,876
28. Taverns	0					
29. Other	5,097,667		9			
Furniture, Home Furnishing and Equipment Group	3,229,953	2.4%	25	129,198	115	1,630
30. Furniture, Household	2,861,150	2.1%	17	168,303	101	1,444
31. Household Appliances	***					
32. Office Furniture, Equip.	39,912	0.0%	4	9,978	1	20
33. Radio, T.V.'s, Musical	328,891	0.2%	4	82,223	12	166
39. Other	***					
General Merchandise Group	9,273,853	6.8%	36	257,607	329	4,681
40. Department & Discount	2,040,397		4			
41. Dry Goods, Variety	***					
42. Drug Stores	2,108,516	1.5%	4	527,129	75	1,064
49. Other	5,124,940	3.8%	28	183,034	182	2,587
Lumber, Building Materials and Supply Group	7,400,799	5.4%	19	389,516	262	3,736
50. Building Materials	5,807,943	4.3%	11	527,995	206	2,932
51. Millwork, Lumber Stock	***					
52. Electrical Supplies	***					
53. Hardware, Locksmiths	1,566,220	1.1%	4	391,555	56	791
54. Paint, Wallpaper, Glass	0	0.0%			0	0
55. Plumbing,Heating, AC	26,636	0.0%	4	6,659	1	13
59. Other	***					
Fuel Group	0	0.0%	0		0	0
60. Fuel Oil	***					
61. Bottle Gas	0					
62. Wood	0					
69. Coal, Other Fuels	***					
Machinery, Equipment and Supplies Group	4,102,814	3.0%	30	136,760	145	2,071
70. Road Const. & Maint.	***					
71. Professional Equip.	***					
72. Service Equip.	659,582		6			
79. Other	3,443,232	2.5%	24	143,468	122	1,738
Miscellaneous Group	16,373,640	12.0%	230	71,190	581	8,265
80. Antiques	371,396	0.3%	34	10,923	13	187
81. Books, Stationery	124,702	0.1%	17	7,335	4	63
82. Cigar Stores, Newsstand	***					
83. Florists, Garden, Ferti.	1,538,376	1.1%	9	170,931	55	777
84. Gifts & Novelties	784,865	0.6%	27	29,069	28	396
85. Jewelry, Leather	***					
86. Salvage, Surplus	36,670	0.0%	8	4,584	1	19
87. Sport, Photo, Hobby, Toy	706,841	0.5%	24	29,452	25	357
88. Vending Machines	220,599	0.2%	21	10,505	8	111
89. Sale/Rental Per. Prop.	12,590,191	9.2%	90	139,891	446	6,355
Hotels, Motels, Tourist Camps, etc.	3,809,368	2.8%	6	634,895	135	1,923
90	3,809,368	2.8%	6	634,895	135	1,923
Alcoholic Beverage	1,010,251	0.7%	1	1,010,251	36	510
91	1,010,251	0.7%	1	1,010,251	36	510
Other Miscellaneous and Unidentifiable	20,139,560	14.8%	37	544,312	714	10,166
0.0	20,139,560	14.8%	37	544,312	714	10,166
Total	**136,418,186**	**100.0%**	**534**	**255,465**	**4,838**	**68,863**

Source: Virginia Department of Taxation
The Cox Company

Table IV-8
ISLE OF WIGHT MARKET AREA vs. REGION
PER CAPITA COMPARISON: 1996

Retail Store Grouping	Isle of Wight Market Per Capita Sales	Regional Market Per Capita Sales	Isle of Wight Market/Region	Market Leakage
Apparel Group	$5	$665	0.01	$660
01. Clothing	$5	$581	0.01	$577
02. Furriers	***	$0		
03. Millinery	$0	$0		$0
04. Shoes	$0	$78	0.00	$78
09. Other	$0	$5	0.00	$5
Automotive Group	$364	$393	0.93	$29
10. Accessories	$78	$149	0.52	$72
11. Aircraft	***	$7		
12. Boats	$24	$18	1.53	($8)
13. Vehicle & Cycle Dealers	***	$59		
14. Service & Repair	$262	$143	1.83	($119)
19. Other	***	$18		
Food Group	$2,152	$2,006	1.07	($146)
20. Bakery Products	***	$9		
21. Candy & Confetions	***	$16		
22. Dairy Products	$0	$3	0.00	$3
23. Fruit & Vegetable Stands	$6	$5	1.15	($1)
24. Groceries - Chain	$1,011	$1,022	0.99	$11
25. Groceries - Non-Chain	$542	$116	4.67	($426)
26. Private Clubs	$0	$5	0.00	$5
27. Restaurants	$413	$752	0.55	$339
28. Taverns	***	$0		
29. Other	$0	$78	0.00	$78
Furniture, Home Furnishing and Equipment Group	$115	$356	0.32	$241
30. Furniture, Household	$101	$158	0.64	$58
31. Household Appliances	***	$87		
32. Office Furniture, Equip.	$1	$61	0.02	$59
33. Radio, T.V.'s, Musical	$12	$32	0.36	$21
39. Other	***	$16		
General Merchandise Group	$329	$1,315	0.25	$986
40. Department & Discount	$0	$901	0.00	$901
41. Dry Goods, Variety	***	$144		
42. Drug Stores	$75	$121	0.62	$47
49. Other	$182	$148	1.23	($33)
Lumber, Building Materials and Supply Group	$262	$1,007	0.26	$744
50. Building Materials	$206	$571	0.36	$365
51. Millwork, Lumber Stock	***	$33		
52. Electrical Supplies	***	$18		
53. Hardware, Locksmiths	$56	$178	0.31	$122
54. Paint, Wallpaper, Glass	$0	$28	0.00	$28
55. Plumbing,Heating, AC	$1	$124	0.01	$123
59. Other	***	$55		
Fuel Group	$0	$45	0.00	$45
60. Fuel Oil	***	$27		
61. Bottle Gas	$0	$2	0.00	$2
62. Wood	$0	$0		
69. Coal, Other Fuels	***	$16		
Machinery, Equipment and Supplies Group	$145	$324	0.45	$179
70. Road Const. & Maint.	***	$34		
71. Professional Equip.	***	$12		
72. Service Equip.	$0	$30	0.00	$30
79. Other	$122	$248	0.49	$126
Miscellaneous Group	$581	$845	0.69	$264
80. Antiques	$13	$4	3.63	($10)
81. Books, Stationery	$4	$141	0.03	$136
82. Cigar Stores, Newsstand	***	$0		
83. Florists, Garden, Ferti.	$55	$48	1.14	($7)
84. Gifts & Novelties	$28	$74	0.38	$46
85. Jewelry, Leather	***	$59		
86. Salvage, Surplus	$1	$17	0.08	$15
87. Sport, Photo, Hobby, Toy	$25	$161	0.16	$136
88. Vending Machines	$8	$15	0.52	$7
89. Sale/Rental Per. Prop.	$446	$327	1.36	($119)
Hotels, Motels, Tourist Camps, etc.	$135	$138	0.98	$3
90	$135	$138	0.98	$3
Alcoholic Beverage	$36	$32	1.13	($4)
91	$36	$32	1.13	($4)
Other Miscellaneous and Unidentifiable	$714	$128	5.56	($586)
0.0	$714	$128	5.56	($586)
Total	**$4,838**	**$7,253**	**0.67**	**$2,415**

Source: Virginia Department of Taxation
The Cox Company

Table IV-9
ISLE OF WIGHT MARKET AREA vs. VIRGINIA
PER CAPITA COMPARISON: 1996

Retail Store Grouping	Isle of Wight Market Per Capita Sales	Virginia Per Capita Sales	Isle of Wight Market/Region	Market Leakage
Apparel Group	$5	$679	0.01	$674
01. Clothing	$5	$590	0.01	$585
02. Furriers	***	$0		
03. Millinery	$0	$0	0.00	$0
04. Shoes	$0	$78	0.00	$78
09. Other	$0	$10	0.00	$10
Automotive Group	$384	$441	0.82	$77
10. Accessories	$78	$168	0.46	$90
11. Aircraft	***	$2		
12. Boats	***	$8		
13. Vehicle & Cycle Dealers	***	$65	0.00	$65
14. Service & Repair	$262	$170	1.55	($93)
19. Other	$0	$28	0.00	$28
Food Group	$2,152	$2,484	0.87	$332
20. Bakery Products	***	$16	0.00	$16
21. Candy & Confetions	***	$6		
22. Dairy Products	$0	$3		
23. Fruit & Vegetable Stands	$6	$9	0.65	$3
24. Groceries - Chain	$1,011	$1,120	0.90	$109
25. Groceries - Non-Chain	$542	$294	1.84	($247)
26. Private Clubs	$0	$13	0.00	$13
27. Restaurants	$413	$940	0.44	$527
28. Taverns	***	$1		
29. Other	$0	$82	0.00	$82
Furniture, Home Furnishing and Equipment Group	$115	$572	0.20	$457
30. Furniture, Household	$101	$246	0.41	$145
31. Household Appliances	***	$74	0.00	$74
32. Office Furniture, Equip.	$1	$177	0.01	$175
33. Radio, T.V.'s, Musical	$12	$36	0.32	$25
39. Other	***	$38		
General Merchandise Group	$329	$1,103	0.30	$774
40. Department & Discount	$0	$616	0.00	$616
41. Dry Goods, Variety	***	$193	0.00	$193
42. Drug Stores	$75	$108	0.69	$33
49. Other	$182	$186	0.97	$5
Lumber, Building Materials and Supply Group	$262	$815	0.32	$553
50. Building Materials	$206	$382	0.54	$176
51. Millwork, Lumber Stock	***	$50	0.00	$50
52. Electrical Supplies	***	$47	0.00	$47
53. Hardware, Locksmiths	$56	$143	0.39	$88
54. Paint, Wallpaper, Glass	$0	$32	0.00	$32
55. Plumbing,Heating, AC	$1	$93	0.01	$92
59. Other	***	$68	0.00	$88
Fuel Group	$0	$71	0.00	$71
60. Fuel Oil	$0	$35	0.00	$35
61. Bottle Gas	***	$10		
62. Wood	$0	$0	0.00	$0
69. Coal, Other Fuels	$0	$25	0.00	$25
Machinery, Equipment and Supplies Group	$145	$385	0.38	$240
70. Road Const. & Maint.	***	$22		
71. Professional Equip.	$0	$20	0.00	$20
72. Service Equip.	$0	$50	0.00	$50
79. Other	$122	$293	0.42	$171
Miscellaneous Group	$581	$1,189	0.49	$609
80. Antiques	$13	$11	1.19	($2)
81. Books, Stationery	$4	$190	0.02	$185
82. Cigar Stores, Newsstand	***	$6		
83. Florists, Garden, Ferti.	$55	$58	0.98	$1
84. Gifts & Novelties	$28	$99	0.28	$71
85. Jewelry, Leather	***	$62	0.00	$62
86. Salvage, Surplus	$1	$16	0.08	$14
87. Sport, Photo, Hobby, Toy	$25	$183	0.14	$158
88. Vending Machines	$8	$15	0.52	$7
89. Sale/Rental Per. Prop.	$446	$552	0.81	$108
Hotels, Motels, Tourist Camps, etc.	$135	$277	0.49	$142
90	$135	$277	0.49	$142
Alcoholic Beverage	$36	$37	0.97	$1
91	$36	$37	0.97	$1
Other Miscellaneous and Unidentifiable	$714	$21	33.85	($693)
0.0	$714	$21	33.85	($693)
Total	**$4,838**	**$8,076**	**0.60**	**$3,238**

Source: Virginia Department of Taxation
The Cox Company

The importance of retail sales volumes lies in the fact that they serve as a valuable indicator of the relative strength of a local economy, in addition to generating a significant share of the Town's tax revenues received from the State. A brief comparison of the County's sales figures to those of other localities within the Commonwealth point to the relative weakness in the local retail economy. As is reflected in Table IV-10 on the following page, the County's $4,838 per capita sales falls far below the State average. This relatively poor performance in per capita retail sales indicates that the County and the Town show large potential for capturing a greater percentage of regional retail sales dollars and the accompanying tax revenue.

As was the case in 1990, analysis of the most recent County Taxable Sales figures provides statistical support that the County's sales revenues are highly dependent on food sales and other basic staple goods and services. The County's sales totals are concentrated most heavily within the grocery categories. As reflected in Table IV-7, chain grocery receipts comprise 20.9% of the City's total sales volume, while non-chain groceries are responsible for an additional 11.2% of the total sales. This strong reliance on the grocery sales sector is reinforced by comparing it to the State as a whole, as grocery sales make up only 17.5% of sales statewide. Other retail sectors in which the local retail economy performs relatively well include automobile service and repair and in the sale and rental of personal property. Both of these sectors are heavily dependent on accessibility, thereby explaining the County's relative strength in these areas in relation to the sale of more durable goods and services.

The County exhibits a marked disadvantage in a number of retail sectors relative to its more urban neighbors within the region of influence. The most glaring weaknesses in the local retail economy are in the apparel, general merchandise, furniture, home furnishing and equipment and restaurant sectors, as exhibited in the "market leakage" column included in Tables IV-8 and IV-9. Market leakage represents the per capita share of retail sales in each sales category that are "escaping" the primary marketplace and are being captured elsewhere within the region of influence or the Commonwealth, depending upon the table. This trend echoes the sentiment expressed by respondents to the Town's recent Citizen Survey (see the Appendix for a detailed summary of the survey responses). Both the region of trade and the Commonwealth retail figures support the notion that Town and County residents prefer to travel to neighboring communities in order to take advantage of larger shopping malls, more competitive prices and a wider variety of goods and services. Smithfield's existing shopping opportunities center mostly around neighborhood and community level commercial centers and stores. The majority of this commercial development is located primarily along the Route 10 commercial corridor and in the small shops lining Main Street in the Downtown area. Currently, no retail shopping centers are sufficiently large to support or attract, a high-quality, full-line anchor department store(s) that would help to strengthen the area's performance in the retail categories mentioned above. In essence, the critical population mass required to support regional-level shopping facilities does not exist within the Smithfield region's primary market area.

Table IV-10
1996 RETAIL SALES COMPARISON
VIRGINIA LOCALITIES

Jurisdiction	Sales Volume	% of Region	Population 1996 Estimate	% of Region	Sales per Capita
Isle of Wight County	$136,418,186	3.19%	28,200	4.78%	$4,838
Newport News	$1,169,574,103	27.36%	177,500	30.12%	$6,589
Hampton	$1,007,922,417	23.58%	137,700	23.36%	$7,320
Suffolk	$280,327,640	6.56%	57,600	9.77%	$4,867
Chesapeake	$1,680,390,727	39.31%	188,400	31.96%	$8,919
Region	$4,274,633,073	100.00%	589,400	100.00%	$7,253
Fredericksburg	$423,795,559	29.72%	20,800	11.63%	$20,375
Spotsylvania County	$642,137,968	45.03%	74,400	41.61%	$8,631
Stafford County	$360,168,252	25.26%	83,600	46.76%	$4,308
Region	$1,426,101,779	100.00%	178,800	100.00%	$7,976
Staunton	$279,802,562	36.47%	24,100	23.22%	$11,610
Waynesboro	$223,621,957	29.14%	18,900	18.21%	$11,832
Augusta County	$263,866,237	34.39%	60,800	58.57%	$4,340
Region	$767,290,756	100.00%	103,800	100.00%	$7,392
Harrisonburg	$668,489,404	73.49%	33,700	34.64%	$19,836
Rockingham County	$241,148,125	26.51%	63,600	65.36%	$3,792
Region	$909,637,529	100.00%	97,300	100.00%	$9,349
Winchester	$528,779,612	63.31%	23,000	30.18%	$22,990
Frederick County	$306,451,778	36.69%	53,200	69.82%	$5,760
Region	$835,231,390	100.00%	76,200	100.00%	$10,961
Charlottesville	$536,558,111	42.67%	39,700	34.02%	$13,515
Albemarle County	$720,813,040	57.33%	77,000	65.98%	$9,361
Region	$1,257,371,151	100.00%	116,700	100.00%	$10,774
Richmond	$1,877,931,181	24.03%	194,100	25.79%	$9,675
Henrico County	$3,104,942,795	39.74%	238,900	31.74%	$12,997
Chesterfield County	$2,051,750,201	26.26%	243,000	32.28%	$8,443
Hanover County	$779,246,969	9.97%	76,700	10.19%	$10,160
Region	$7,813,871,146	100.00%	752,700	100.00%	$10,381
New Kent County	$30,227,898	71.05%	12,100	64.36%	$2,498
Charles City County	$12,319,472	28.95%	6,700	35.64%	$1,839
Region	$42,547,370	100.00%	18,800	100.00%	$2,263
Roanoke	$1,399,471,748	48.37%	95,700	34.35%	$14,624
Roanoke County	$559,444,227	19.34%	82,000	29.43%	$6,822
Salem	$379,426,071	13.11%	24,600	8.83%	$15,424
Montgomery County	$554,948,518	19.18%	76,300	27.39%	$7,273
Region	$2,893,290,564	100.00%	278,600	100.00%	$10,385
Commonwealth of Virginia	$53,923,259,963		6677200		$8,076

Sources:
Retail Figures: 1996 Virginia Annual Taxable Sales Report-VA Department of Taxation
Population Estimates: The Weldon Cooper Center for Public Service, University of Virginia (July 1996)

Historically, Smithfield area residents generally travel either to one of the more urban localities within the region of influence or to points beyond to obtain these types of shopping goods. Shopping malls such as Chesapeake Square capture a great deal of local spending dollars, particularly in the apparel and specialty goods sectors. Other regional shopping centers within the region of trade, including the shopping areas along Mercury Boulevard in nearby Newport News capture a large share of the local demand for general merchandise and furniture. With its wide variety of outlet and specialty stores, Williamsburg also captures a sizable portion of local retail spending, particularly within the specialty goods, gift and apparel sectors.

While Smithfield will continue to grow as a regional trade center, it remains limited by the relative accessibility of these larger and more diverse regional shopping centers. Eventually, population growth in the Smithfield area will provide sufficient incentive to attract larger and more diverse retail complexes to locate in or around the Town. Thus, increased competition with the other localities within the region of trade for retail spending will eventually occur. This emerging trend should be considered in future land use decision-making as sites suitable for quality commercial shopping centers will be held in high demand. Until population growth in Smithfield provides this required incentive, however, future retail growth in Smithfield may have to rely entirely upon incremental growth in its present base of community-level and neighborhood-level retail trade, as well as in the growth of specialty goods (tourism-oriented) sales.

A simple exercise allows one to view changes in Smithfield's retail spending over time. By comparing the County's retail sales in 1996 to those seen during the time of the last Comprehensive Plan Update, one can get an idea of how the regional economy is changing. As reflected in Table IV-4, the decade of the 1990's has brought prosperity to the local economy in terms of gross retail growth. Total retail sales in the County are up by more than $32,000,000 since 1990. The County has also witnessed an infusion of new merchants during the decade, as the area has had a net gain of 89 new dealers during the six year period. This growth is important because it shows that there is a positive outlook for the local retail economy as evidenced by the large number of new merchants entering the marketplace.

In order to account for inflation over the six year period, one can use the Consumer Price Index (CPI), to compare sales from each year in constant dollars (see Tables IV-5, IV-6, IV-11 and IV-12). The CPI tracks average prices for a mixed bag of goods across the nation in an attempt to gauge price fluctuations. This index is the most commonly accepted means of measuring inflation over time. Using the CPI figures for 1996 (156.9) and 1990 (127.9), one can determine that the adjustment for inflation between 1990 and 1996 is 1.23. Using this adjustment rate, one can calculate the value of 1990 retail sales in terms of 1996 constant dollars, thereby allowing a fair comparison between sales performances in each year (see Tables IV-11 and IV-12 on the following page).

Table IV-11
Retail Sales Comparison
Smithfield Region of Influence

1990

Jurisdiction	Sales Vol.	% of Region	Population	% of Region	Sls. Per Capita
Isle of Wight	**104,089,10**	**3%**	**25,053**	**5%**	**$4,155**
Newport News	873,027,681	29%	171,439	32%	$5,092
Hampton	937,681,704	31%	133,811	25%	$7,008
Suffolk	208,783,337	7%	52,143	10%	$4,004
Chesapeake	921,726,65	30%	151,982	28%	$6,065
Region	3,045,308,48	100%	534,428	100%	$5,698
State	42,001,439,73	------	6,189,197	------	$6,786

1996

Jurisdiction	Sales Vol.	% of Region	Population	% of Region	Sls. Per Capita
Isle of Wight	**136,418,18**	**3%**	**28,200**	**5%**	**$4,838**
Suffolk	280,327,64	7%	57,600	10%	$4,867
Newport News	1,169,574,10	27%	177,500	30%	$6,589
Hampton	1,007,922,417	24%	137,700	23%	$7,320
Chesapeake	1,680,390,727	39%	188,400	32%	$8,919
Region	4,274,633,07	100%	589,400	100%	$7,253
State	53,923,259,96	------	6,677,200	------	$8,076

Source: Sales Figures, Virginia Department of Taxation
Population Statistics, Weldon Cooper Center

Table IV-12
Smithfield Region of Influence
Retail Sales
Adjusted for Inflation (In 1996 Dollars)

1990

Jurisdiction	Sales Volume (In '90 Dollars)	Adjustment For Inflation	Sales Volume (In '96 Dollars)	Sales Per Capita
Isle of Wight	**104,089,105**	**1.23**	**128,029,599**	**$5,110**
Newport News	873,027,681	1.23	1,073,824,048	$6,264
Hampton	937,681,704	1.23	1,153,348,496	$8,619
Suffolk	208,783,337	1.23	256,803,505	$4,925
Chesapeake	921,726,653	1.23	1,133,723,783	$7,460
Region	3,045,308,480	1.23	3,745,729,430	$7,009
State	42,001,439,739	1.23	51,661,770,879	$8,347

1996

Jurisdiction	Sales Volume	Adjustment For Inflation	Sales Volume (In '96 Dollars)	Sales Per Capita
Isle of Wight	**136,418,186**	**N/A**	**136,418,186**	**$4,838**
Newport News	1,169,574,103	N/A	1,169,574,103	$6,589
Hampton	1,007,922,417	N/A	1,007,922,417	$7,320
Suffolk	280,327,640	N/A	280,327,640	$4,867
Chesapeake	1,680,390,727	N/A	1,680,390,727	$8,919
Region	4,274,633,073	N/A	4,274,633,073	$7,253
State	53,923,259,963	N/A	53,923,259,963	$8,076

1996 CPI Value=156.9
1990 CPI Value=127.9
Adjustment For Inflation=1996 CPI Value/1990 CPI Value

Once the total sales figures are put into comparable dollar terms, one can then calculate the real sales growth rate of the retail economy since the last Comprehensive Plan Update. Retail sales, expressed in constant dollars, have increased slightly (by 6.6%) in Isle of Wight County during the nineties as is reflected in Table IV-5. This largely mirrors the statewide trend in retail spending, which shows a 4.3% increase in consumer spending during the same time period. Isle of Wight is trailing its competitors within the region of influence, however, as indicated by the overall region's 14% increase in retail sales since 1990. The area's increase in retail sales has been driven to a large degree by population growth. In fact, the sales per capita in Isle of Wight County has decreased by $272 (5.3%) between 1990 and 1996 when adjusted for inflation (see Table IV-6). Once again this County phenomenon mirrors the statewide trend, as inflation-adjusted sales per capita in the Commonwealth have decreased by $271 during the same time period. Regional sales per capita has climbed by over $250 between 1990 and 1996, indicating that the Smithfield primary trade area continues to trail its more urban neighbors in capturing retail trade.

Tables IV-5 and IV-6 provide a breakdown of constant dollar retail growth by retail sector. This breakdown indicates that the automotive, lumber and building materials and machinery and equipment sectors have experienced the strongest levels of growth during the 1990's. At the same time, the apparel and general merchandise sectors have experienced significant declines during this time. This statistical trend further supports the theory that local residents are traveling outside the primary market area to obtain non-staple goods and services.

Despite the relative lack of diversity in the local retail economy, Smithfield and Isle of Wight County have maintained their limited share of the regional market since the last Comprehensive Plan was adopted. As is reflected in Table IV-11, Isle of Wight County captured 3% of the total retail sales volume in the region of influence in 1996, just as it did in 1990. Although Isle of Wight County and Smithfield have but a fraction of the population that its urban neighbors maintain (5% of the total region of influence), they compete with these larger localities for the retail spending of Town and regional residents. Per capita sales figures indicate that Isle of Wight County and the Town of Smithfield have tremendous potential to capture additional retail sales within the region of influence, particularly as the area continues to grow. The Town cannot successfully compete for the escaping retail spending with its existing retail assets, however. New retail establishments and shopping centers catering to the local shopper's demand for increased variety and competitive pricing will be needed to capture an increased percentage of this demand. As a part of the Future Land Use Plan, suitable commercial sites will be identified and proactively marketed for such uses.