ACROSS **NORTHEAST OHIO:**

Food and Beverage Manufacturing:

GRP **GREW 85%** from 2007–2018

$3.02 Billion Industry in 2018

23,000+ Workers in 2018

370+ Food Processing & Manufacturing Operations in 2018

JobsOhio | TeamNEO

Quarterly Economic Review
JUNE 2019

Quarterly Economic Indicators
18 Counties of Northeast Ohio

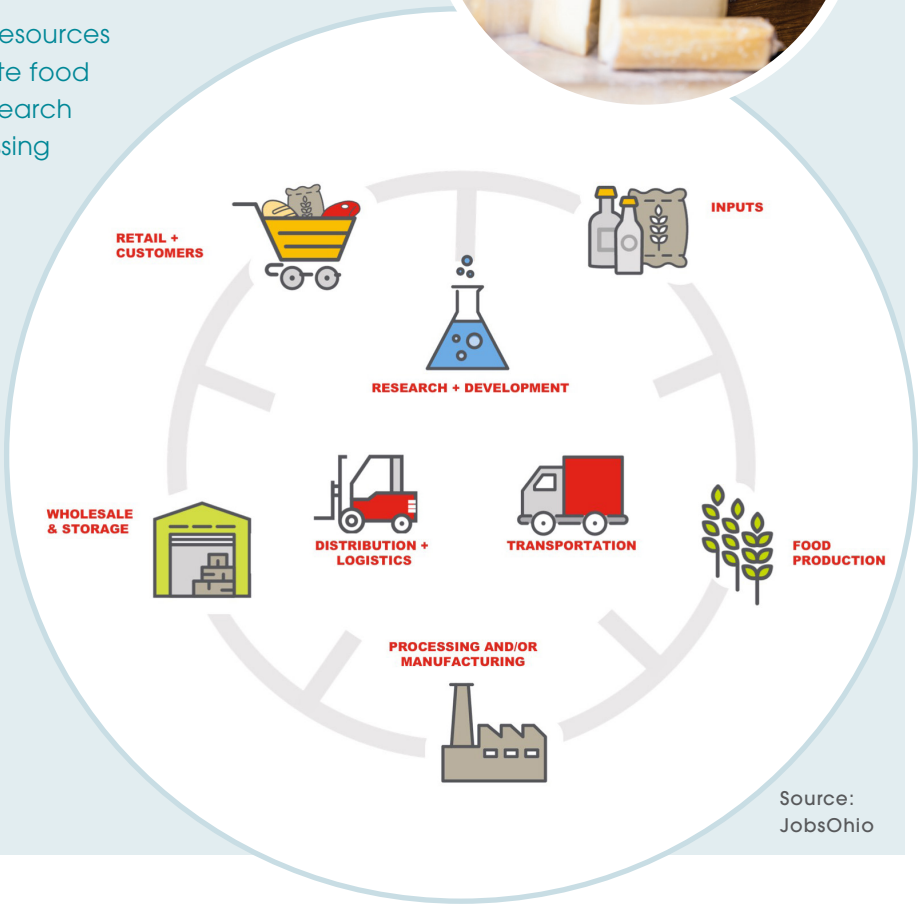
Food manufacturing is a thriving cluster in Northeast Ohio, with more than 370 food processing and manufacturing establishments – including big names like H.J. Heinz, Nestlé USA, J.M. Smucker and Pillsbury, as well as many smaller firms – supplying food and beverage products to consumers worldwide. This report will explore employment growth, gross regional product (GRP) and productivity over the past decade, and share employment projections for the next five years.

Access Drives Success in the Food Industry

A trained talent pool of more than 23,000 food manufacturing and production workers, easy access to raw materials and suppliers, and an abundant supply of fresh water from Lake Erie make Northeast Ohio an idea location for food processing businesses.

The region gains additional strength from resources across Ohio, which is home to the complete food value chain, including industry-leading research and development, essential inputs, processing and manufacturing, warehousing, distribution and transportation. With partners throughout the state, Northeast Ohio is able to bring food and beverage products to market efficiently and cost-effectively.

These factors continue to attract food and beverage manufacturers to this region. Even as the industry has faced challenging times nationwide, Northeast Ohio has been able to add net new jobs consistently.



Source: JobsOhio

Ohio is One of the Top Agribusiness States in the Nation

Contributes $124 Billion to the State's Economy

Nearly $16.4 Billion in GSP is from Food Manufacturing

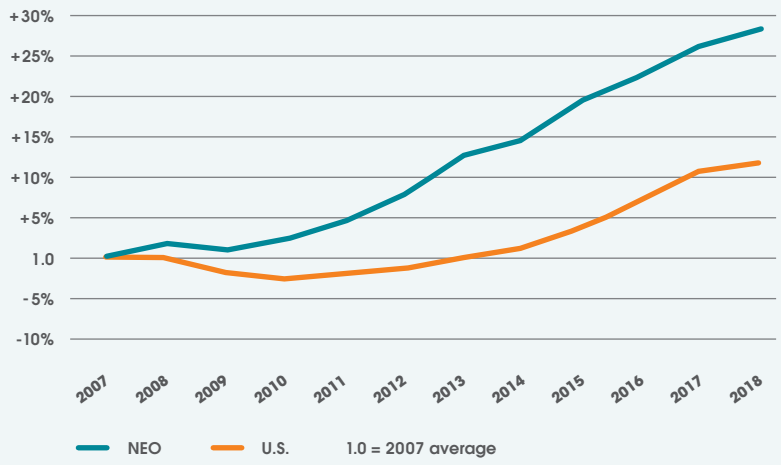
#1 State in Swiss Cheese Production

#2 State in Egg Production

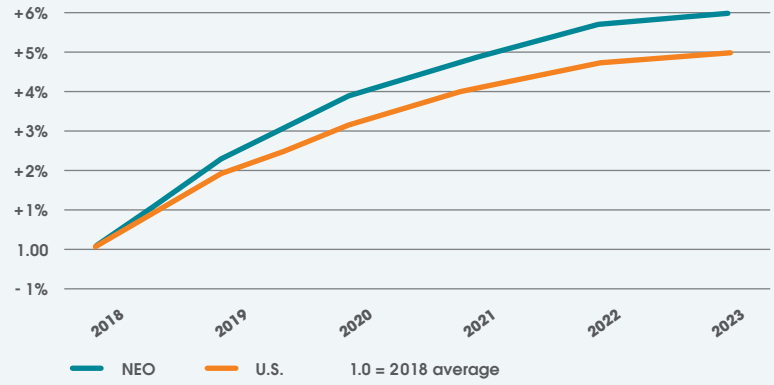
#3 State for Tomato Processing

14 Million Acres of Farmland

Food & Beverage Manufacturing Employment: 2007 - 2018



Food & Beverage Manufacturing Employment: Projected 2018 - 2023

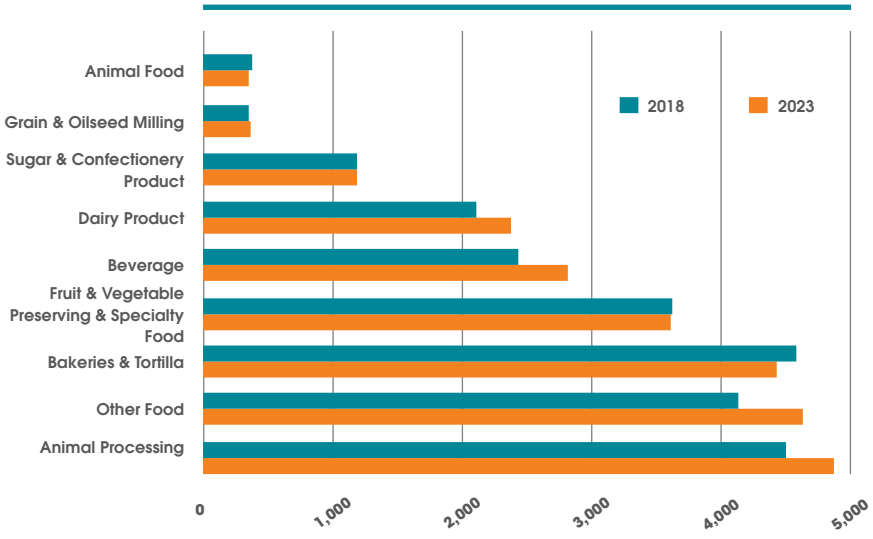


NEO Outpaces U.S. in Employment Growth

From 2007 to 2018, food and beverage manufacturing employment **grew 29%**, adding more than 5,000 jobs to reach 23,300. For this same time period, U.S. food and beverage manufacturing employment grew 12%. Further, employment is projected to **grow another 6%** from 2018 to 2023, compared with U.S. growth of 5%.

Source: Economic Modeling Specialists International (EMSI)

Food & Beverage Manufacturing Subsector Employment: 2018 & 2023

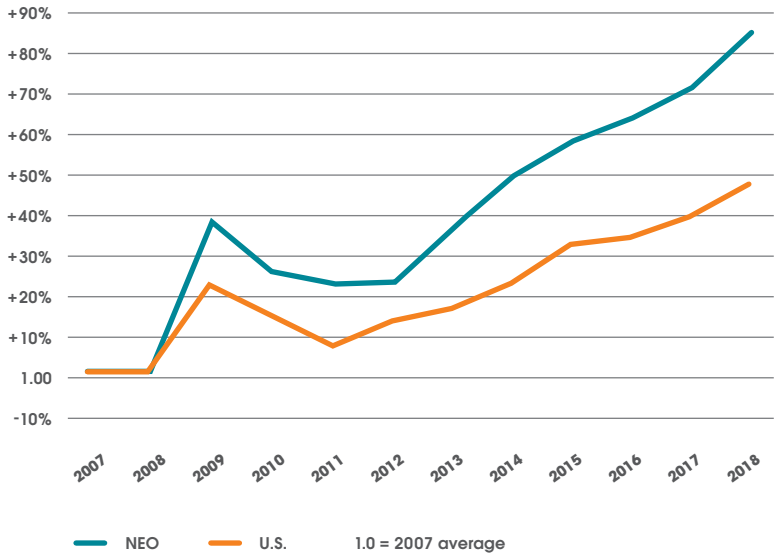


Dairy and Beverage Sectors Among Those Poised for Employment Growth

Several sectors of the food industry are projected to increase their employment from 2018 to 2023. Notably, the beverage sector is projected to grow by 16%, with employment nearing 3,000 – understandable given the momentum of companies such as Fat Head's Brewery in the region. In addition, the dairy product sector is projected to grow 12%, with companies such as Daisy Brand growing in the region.

Source: EMSI

% Change in Food & Beverage Manufacturing Gross Product: 2007 - 2018

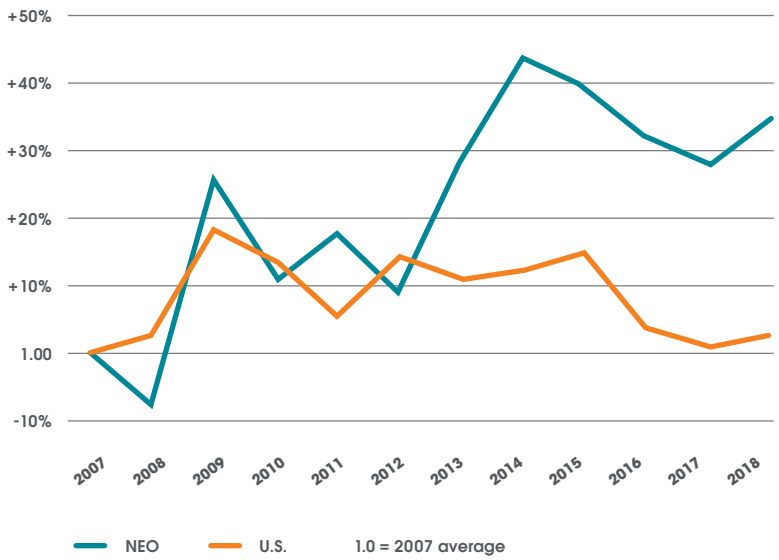


NEO Food and Beverage Manufacturing GRP Grows 85%

Food and beverage manufacturing maintained a strong upward trajectory in Northeast Ohio from 2007 to 2018, as GRP grew 85% – to $3.02 billion. The U.S. as a whole saw GDP increase 46% for this same time period.

Source: EMSI

Food & Beverage Manufacturing Productivity: 2007 - 2018



Technology Powers Productivity

The impact of technological advances, including the internet of things (IoT), which is a major economic driver in Northeast Ohio, will continue to help increase manufacturing productivity across industries, including in the food and beverage industry. Technology is already playing a role in productivity's upward momentum, as indicated by Northeast Ohio's 34% increase from 2007 to 2018. This compares to a nationwide increase of only 2% for this same time period.

Source: EMSI

DEVELOPMENT ACTIVITY

Over the past five years, Northeast Ohio has seen 31 food-related company expansions. Below is a sampling of development projects across the region in this industry.

GREAT LAKES CHEESE TO BUILD NEW CORPORATE HEADQUARTERS IN NORTHEAST OHIO

Earlier this year, Great Lakes Cheese, an award-winning, premier manufacturer and packer of natural and processed bulk, shredded and sliced cheeses, announced plans to expand existing manufacturing operations and build a new corporate headquarters in Geauga County. The plant expansion will include an additional 290,000 square feet of manufacturing and warehouse space. The company currently employs more than 650 employees in Ohio and expects to hire an additional 400 over the coming years as a direct result of these projects.

SHEARER'S CONTINUES TO EXPAND IN NORTHEAST OHIO

Shearer's, an award-winning snack food manufacturer and distributor, has called Northeast Ohio home since the family launched their business in 1979. They continue to grow at their Massillon headquarters, most recently committing to a project that includes the construction of a new 750,000-square-foot distribution center. The company now employs more than 1,000 people in the region.

INTERNATIONAL PRODUCE COMPANY SELECTS NORTHEAST OHIO FOR U.S. OPERATIONS

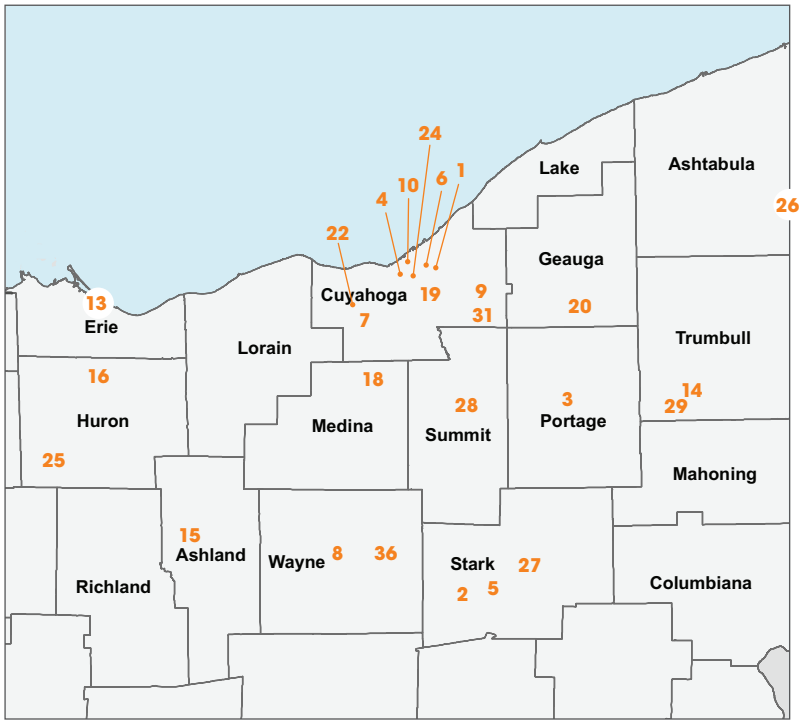
Mucci Farms, an international produce company specializing in hydroponic vegetable production and sales, invested more than $65 million and created 200 new jobs in Huron after deciding it would be the ideal site for their expansion into the U.S. market. Looking to build 30 acres of year-round greenhouses, the company acquired 150 acres of land to implement the first phase of this project.

NESTLÉ GROWS – *AGAIN* – IN SOLON

With a portfolio that covers almost every food and beverage category for all stages of life, Nestlé continues to consolidate and transform its U.S. operations. The company has undertaken a number of expansions over the past few years, including the move of its technical and production organization to its Solon campus. Most recently, with the objective of consolidating 115 supply chain customer service positions outside Ohio, company decision-makers considered several of its existing facilities. They sought to identify a single location that could offer an optimized cost structure and improved operational efficiency while maintaining the high level of talent and expertise. They chose to continue growing Solon as a Center of Excellence, adding the 115 employees to Nestlé's Northeast Ohio headquarters.

NORTHEAST OHIO FOOD-RELATED WINS 2014 THROUGH Q1 2019

1	Hillcrest Egg & Cheese Co.	Cleveland
2	Shearer's Foods, LLC	Massillon
3	Sirna & Sons, Inc.	Ravenna
4	Saucy Brew Works LLC	Cleveland
5	Superior Dairy, Inc.	Canton
6	The Sanson Company	Cleveland
7	Fat Head's Brewing, L.P.	Middleburg Heights
8	Daisy Brand, LLC	Wooster
9	Nestle USA, Inc.	Solon
10	Tenk Center, LLC	Cleveland
11	Gorbett Enterprises of Solon, Inc.	Solon
12	New Horizons Baking Company, Inc.	Norwalk
13	MIMI Farms Inc	Huron
14	Anderson and DuBose, Inc.	Warren
15	Feed Fat Company, LLC	Ashland
16	New Horizons Baking Company, Inc.	Norwalk
17	Nestle USA, Inc.	Solon
18	Aldi Inc. (Ohio)	Hinckley
19	Kurtz Bros., Inc.	Garfield Heights
20	Great Lakes Cheese Co., Inc.	Hiram
21	Shearer's Foods, LLC	Massillon
22	Boom Nutrition, Inc.	Middleburg Heights
23	The J M Smucker Company	Orrville
24	The Great Lakes Brewing Co	Cleveland
25	Star of the West Milling Co	Willard
26	Aloterra Packaging LLC	Andover
27	Fresh Mark, Inc.	Canton
28	Main Street Gourmet, LLC	Akron
29	Johnvince Foods	Lordstown
30	Big Heart Pet Brands	Orrville
31	Gorbett Enterprises of Solon, Inc.	Solon



Rethinking Economic Vibrancy

As discussed in previous economic review reports, viewing manufacturing solely through the lens of traditional economic measures like employment and output is no longer enough. To fully appreciate what characterizes a thriving manufacturing sector, we must also consider the growth of subsectors within manufacturing — food and beverage, for example — that, in addition to being highly productive and growing, continue to add net new jobs t o the overall economy.

Additionally, we must take into account the support system backing Northeast Ohio's competitive advantages. Our region possesses tremendous geographic, talent and supply-chain advantages. From our agricultural assets and robust transportation and logistics networks to skilled-labor access, a strong consumer base and enviable market proximity, it is easy to see why food and beverage production has emerged as one of the most powerful subsectors of manufacturing — one that is projected to continue growing into the future.

Access the **Right Site** for your Food and Beverage Manufacturing Company

Finding the right site is vital to your operation's success. Northeast Ohio boasts a variety of sites ideal for food/beverage manufacturing or processing. And because many of these sites are former production facilities, you could have your business up and running quickly.

Here is a sampling of available sites. To view more options, or for more information, visit **rightsites.teamneo.org**

Riverbend Commerce Park - Refrigerated Processing & Distribution

Address:
2299 Colorado Ave., Lorain, Lorain County

Size:
100,000 sf - 411,880 sf or BTS

Clear Height:
48' max or BTS

For Lease:
Depends on the BTS options

Type:
Build-To-Suit. Food Warehousing, Distribution, Production, Cold Storage, Freezer Space.

Incentives:
Opportunity Zone

Former Fresh Produce Warehouse/Distribution Center

Address:
500 Enterprise Drive, Newcomerstown, Tuscarawas County

Size:
103,838 sf (plus land to expand)

Clear Height:
24' – 29'

For Sale:
$5,100,000

Type: Food Grade Warehousing and Distribution Center, Cold Storage with Multi-temperature and Humidity-controlled Warehouse

Solon-6575 Davis Industrial Parkway

Address:
6575 Davis Industrial Parkway, Solon, Cuyahoga County

Size: 54,000 sf (currently under expansion to 100,000 sf – to be completed late 2019)

Clear Height:
24'

For Lease:
$5.50/sf

Type:
Food Grade Warehousing, Cold Storage and Freezer Space

Austintown Acme

Address:
340 Victoria, Austintown, Mahoning County

Size:
67,000 sf

Clear Height:
32'

For Sale:
$3,800,000

For Lease:
$2.25/sf NNN

Type:
Food Grade Warehousing and Distribution Facility with Cold Storage and Freezer Space

In an effort to showcase our most competitive properties, we are launching **NEO Right Sites.** These properties have been thoroughly vetted to mitigate risk and increase your speed to market.

NEO RIGHTSITES
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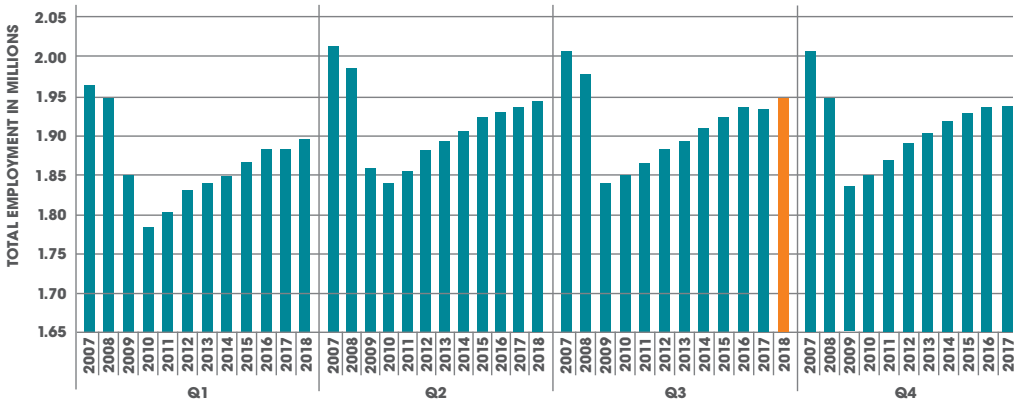
NORTHEAST OHIO TOTAL EMPLOYMENT (NOT SEASONALLY ADJUSTED)

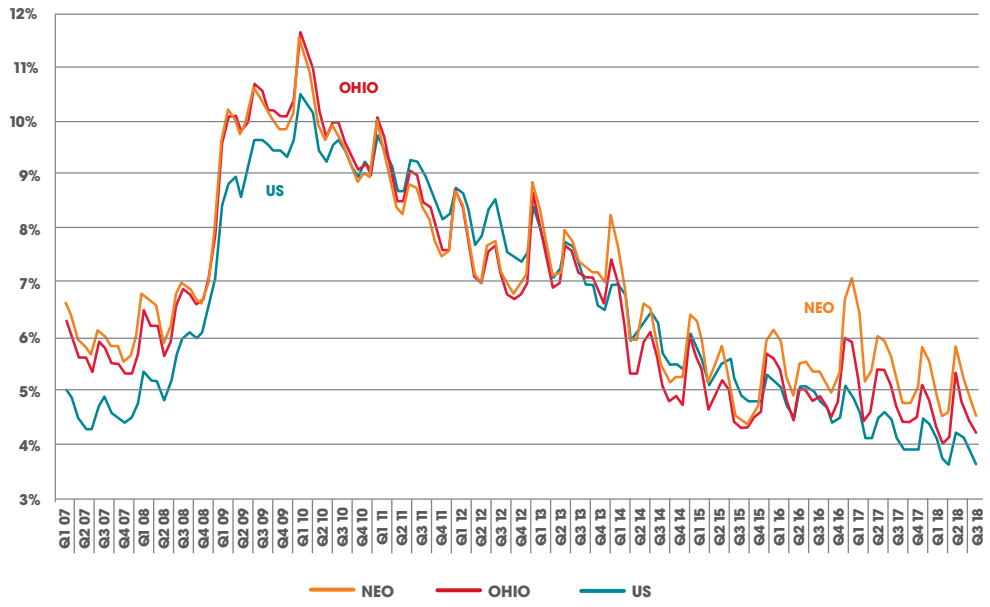


TOTAL EMPLOYMENT GROWS YEAR-OVER-YEAR

Total employment averaged 1.950 million in Q3 2018, an increase of more than 12,600 jobs year-over-year.

Source: Quarterly Census of Employment and Wages (QCEW). This is the most current reliable data available for total jobs in Northeast Ohio.

NORTHEAST OHIO UNEMPLOYMENT RATES THROUGH JUNE 2018

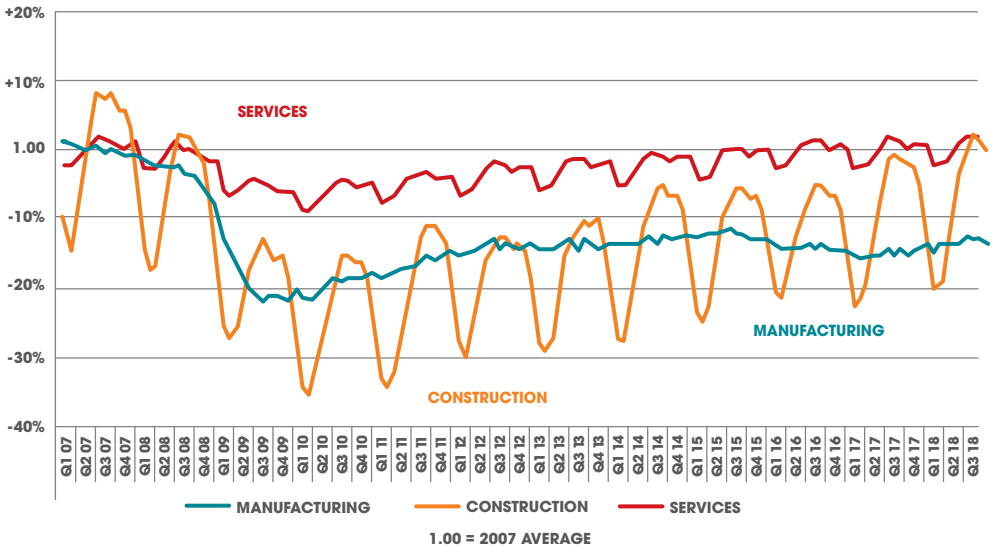


NEO YEAR-OVER-YEAR UNEMPLOYMENT RATE SEES DECREASE

The unemployment rate for Northeast Ohio averaged 4.9% in Q3 2018, down from 5.6% for the same quarter in 2017. The state of Ohio averaged 4.4% while the U.S. averaged 3.9%.

Source: Current Population Survey (CPS), a survey of 60,000 households nationwide.

CHANGE IN EMPLOYMENT BY SECTOR THROUGH JUNE 2018

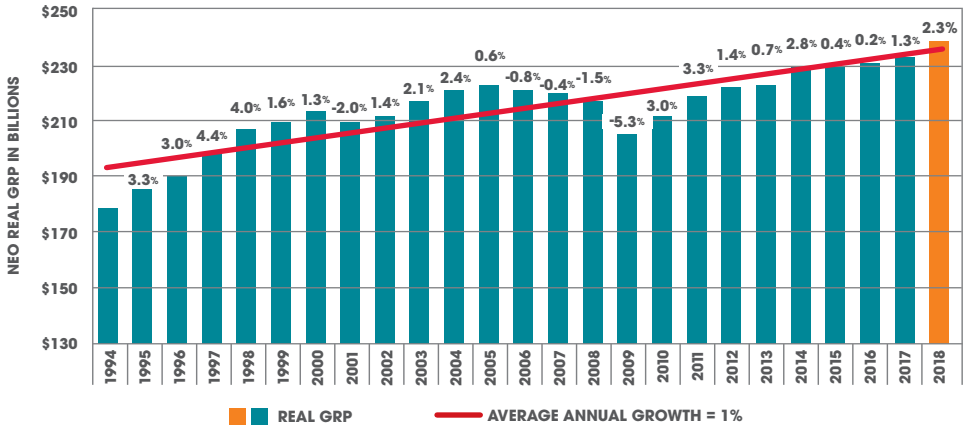


ALL SECTORS SEE YEAR-OVER-YEAR GROWTH

Manufacturing employment was up 5,600 jobs year-over-year in Q3 2018. The service sector added 4,700 workers, and construction grew by nearly 2,200 jobs.

Source: Quarterly Census of Employment and Wages (QCEW). This is the most currentreliable data available for total jobs in Northeast Ohio.

NEO REAL GROSS REGIONAL PRODUCT (GRP) IN BILLIONS

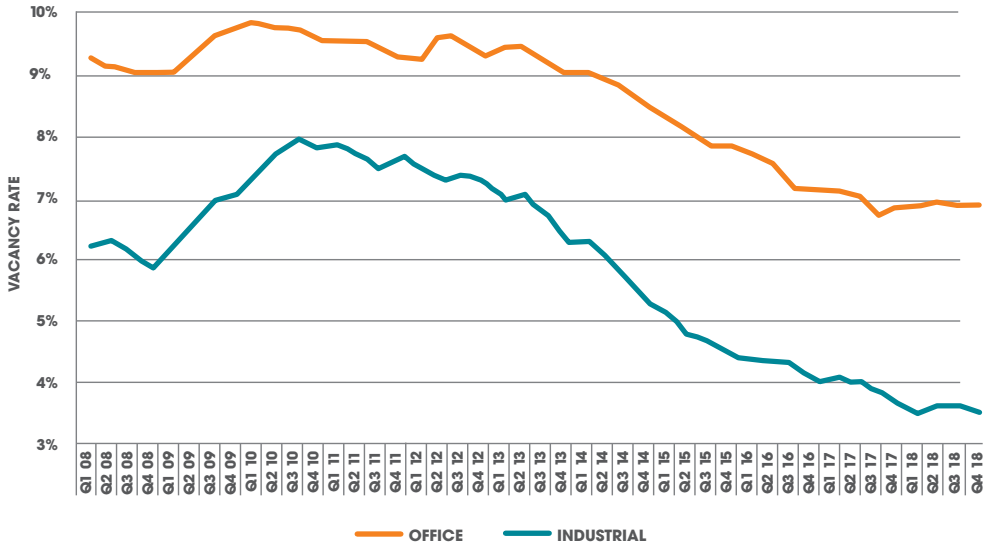


GRP PROJECTED TO REACH $238.5 BILLION

Moody's Economy.com is projecting Northeast Ohio's GRP to grow 2.3% in 2018 to reach $238.5 billion. Projections are continuously updated and subject to change for up to 18 months.

Source: Moody's Economy.com

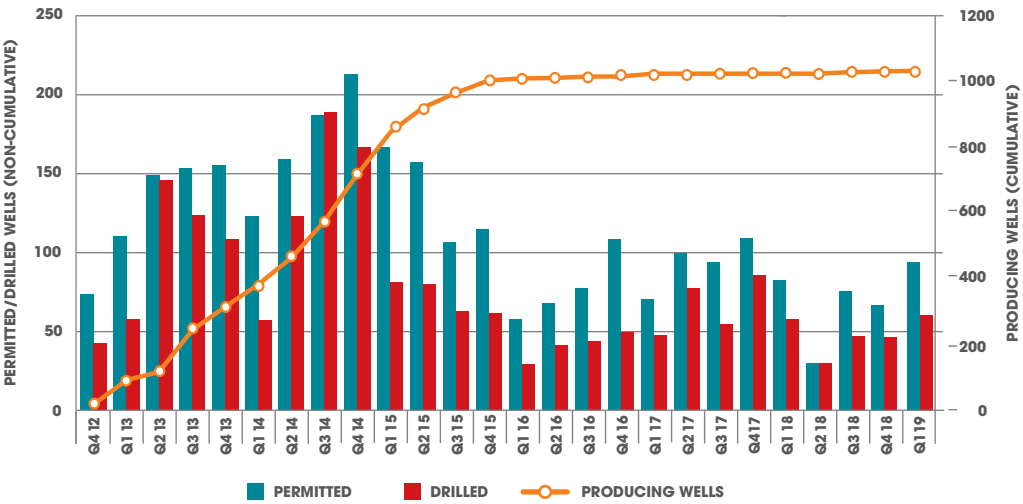
NORTHEAST OHIO INDUSTRIAL AND OFFICE VACANCY



INDUSTRIAL AND OFFICE VACANCY AT LOWEST RATES SINCE Q1 2008

In Q4 2018, the vacancy rate for industrial space is at 3.5%, while the vacancy rate for office space is at 6.9% – both at their lowest rates since Team NEO began tracking in Q1 2008.

OHIO UTICA WELL ACTIVITY (NONCUMULATIVE)



OHIO UTICA WELL ACTIVITY (NONCUMULATIVE)

This graph shows the status of Utica shale wells originally permitted, drilled and in production for each quarter. Since Q4 2012, when tracking began, 2,883 total permits have been issued, of which 1,954 have been drilled. Of those drilled, 1,037 are currently in production in the state.

Source: Ohio Department of Natural Resources

SPECIAL THANKS FROM TEAM NEO TO OUR INVESTORS

For a complete list of funders, visit clevelandplus.com/teamneo/invest-in-us/funders.

DATA SOURCES

Team Northeast Ohio uses a number of data sources for the Regional Economic Review. One of the primary sources is Moody's Economy.com (economy.com) data for Northeast Ohio.

Moody's Economy.com county-level output, employment and payroll historical data are estimated from several publicly available sources and are summarized into the Team NEO regional footprint. It is important to understand data provided by Economy.com are estimates of economic activity.

Team NEO also uses data from federal and state sources as part of this report. We rely heavily on data from the U.S. Bureau of Labor Statistics (bls.gov) and Ohio's Labor Market Information (lmi.state.oh.us) for information on wages, unemployment and both general and industry-specific employment.

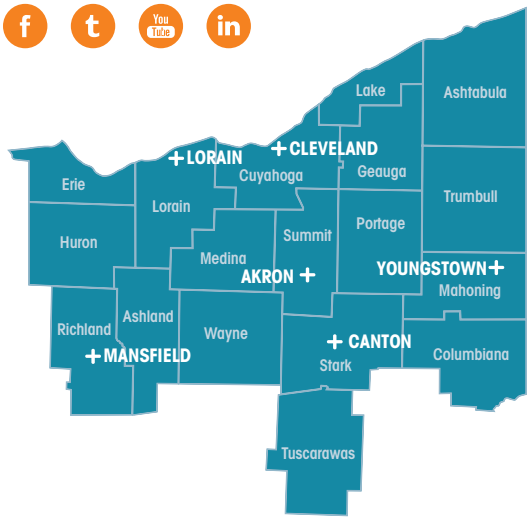
Industrial and office real estate data for this edition were derived from the CoStar Group. Due to market limits within the CoStar database, historic trend data for the Team NEO region are reflective of 14 of the 18 counties forming the regional footprint. These counties include: Ashtabula, Cuyahoga, Erie, Geauga, Huron, Lake, Lorain, Mahoning, Medina, Portage, Richland, Stark, Summit and Trumbull.

ECONOMIC DEVELOPMENT PARTNERS ACROSS 18 COUNTIES OF NORTHEAST OHIO

Ashland Area Economic Development
Columbiana County Port Authority
Erie County Economic Development Corporation
Geauga Growth Partnership, Inc.
Greater Akron Chamber
Greater Cleveland Partnership
Growth Partnership for Ashtabula County
Huron County Development Council
Lake County Ohio Port & Economic Development Authority
Medina County Economic Development Corporation
Portage Development Board
Richland Community Development Group
Stark Economic Development Board, Inc.
Tuscarawas County Economic Development Corporation
Youngstown/Warren Regional Chamber
Wayne Economic Development Council

ABOUT TEAM NEO AND THE CLEVELAND PLUS 18-COUNTY REGION

Team NEO is a business development organization focused on creating jobs for Northeast Ohio's residents. In collaboration with our partners, it leads the region's business attraction efforts, supports business retention and expansion work as Northeast Ohio's JobsOhio affiliate, accelerates the impact of innovation in the region, and aligns strategies and resources within the economic development network to maximize its impact. In addition, Team NEO provides tools to assist employers in attracting talent to the region.

Team NEO is part of the Northeast Ohio Economic Development network, providing business decision-makers with access to customized solutions that accelerate growth, foster innovation and mitigate risk through a connected and collaborative ecosystem.

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