

Hampton Roads 2015 Economic Forecast

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Each January, the Hampton Roads Planning District Commission's economists release a regional economic forecast for the year ahead. The primary purpose of the forecast is to evaluate the region's current economic condition and provide an assessment of how we expect the region's economy to fare in the coming year.

The Hampton Roads economy has been struggling to recover from the great recession, a struggle which started over seven years ago. Over the past year, the region has managed to make some headway fighting against the current of federal dollars that have been pulled from the region's economy. During the recession Hampton Roads lost over 50,000 jobs. Since that time, the region has added some 30,000 jobs, but it remains 20,000 jobs below the pre-recession peak. Federal budget pressure, reduced Department of Defense spending, the loss of military personnel, and an atmosphere of general uncertainty have hampered the region's recovery efforts, and will continue to do so well into 2015. In spite of the strain that reduced federal spending has had on the economy, the region was able to add almost 9,000 payroll jobs in the past year, with large gains in the retail, hospitality, and construction sectors.

For the coming year, we expect that strained federal budgets and the relocation of some local Navy personnel will continue to hinder the region's recovery efforts. Recovery in the region's other sectors will benefit from low energy costs, low inflation, low interest rates, and a strengthening national economy. The strength of the region's recovery will be significantly tempered by the reduced federal presence, resulting in another year of tepid growth in Hampton Roads. Strong growth in the national economy this year should help to alleviate some of the federal budget pressure in future years, which would be a welcome relief for our region's economy.

2015 Forecast

| | 2014 (Year to Date) | 2015 Forecast |
|------------------------------------------------------------|------------------------|------------------|
| U.S. | | |
| Real GDP | 2.4% | 3.2% |
| Interest Rates | | |
| Short Government Rates | 0.1% | 0.4% |
| Long Government Rates | 2.7% | 2.7% |
| Hampton Roads | | |
| Gross Product | NA | 1.1% |
| Civilian Employment | 0.1% | 0.9% |
| Unemployment Rate | 5.6% | 5.2% |
| Retail Sales | 2.2% | 2.6% |
| Auto and Truck Sales | 3.8% | 3.3% |
| Value of Single-Family Residential Building Permits | -3.9% | 3.5% |

