

Not All Industries—or Metro Areas—Are Created Equal

It is no surprise that different metro areas are well known for specific industries—Hampton Roads is recognized for its defense, tourism, and shipping industries, while Charlotte is known as a financial center, San Jose its tech industry, Orlando and Las Vegas for their hospitality industries, and so on. As the coronavirus pandemic has spread across the country, industry employment within metropolitan areas have had vastly different experiences.

By analyzing data from the Bureau of Labor Statistics (BLS) top-level monthly industry employment (2-digit NAICS codes), we can begin to understand how workers in various metro areas with sizes comparable to Hampton Roads have fared over the past two years.

Figure 1 shows total civilian employment levels in Hampton Roads since January 2019 across 13 major industries. The most obvious impacts are steep drops in the trade, transportation, and utilities as well as leisure and hospitality and professional and business services industries in April 2020, at the very onset of the pandemic. These three industries have since begun to recover, but still rest below pre-pandemic levels. Other industries saw little to no impact, while government jobs recognized a loss later in the summer of 2020.

Comparing industry employment over metro areas becomes quite noisy, but there are some industry impacts that stand out. Figure 2 compares the year-over-year (Nov '19 – Nov '20) percent change in industry employment across metro areas with between 1-4 million residents. The blue bars represent the highest to lowest YoY percent change, red dots represent where Hampton Roads falls on that scale, and the grey box represents the metro area average. Most metro areas were able to keep positive employment growth in federal

government jobs, while no metro areas have seen full recovery in either the information or leisure and hospitality industries Hampton Roads is seeing a more successful recovery in those two industries that are struggling across the country, very close to the high range for information and the top region when it comes to leisure and hospitality jobs at -2.4% growth YoY, much higher than the MSA average of -18.7%. The only two industries where Hampton Roads has shown positive YoY growth are the federal government and mining, logging, and construction industries –

the same two industries with the highest average growth across all similar size metro areas.

When comparing year-over-year total employment growth for metropolitan areas between one and four million, all 39 metro areas experienced a decline in jobs. Hampton Roads' year-over-year decline was only 3.4%, which was the 6th lowest decline among competitor metro areas. Austin (-1.1), Salt Lake City (-1.8), and Indianapolis (-2.2) realized the smallest declines while Las Vegas (-10.1), Rochester (-9.3), and Orlando (-9.3) experienced the largest declines.

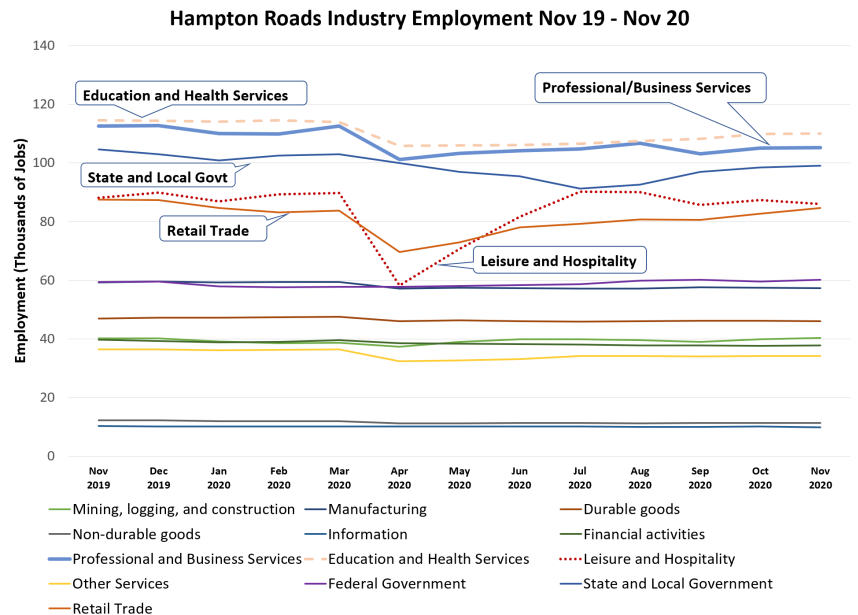


Figure 1: YoY civilian employment by industry in Hampton Roads. Source: Bureau of Labor Statistics, HRPDC.

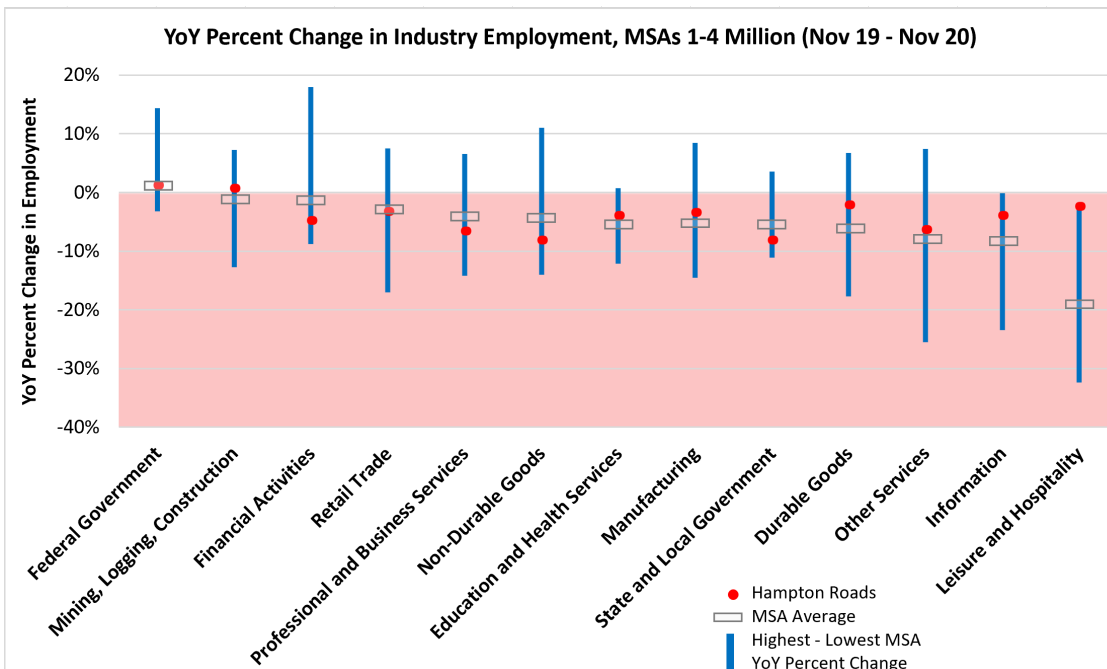
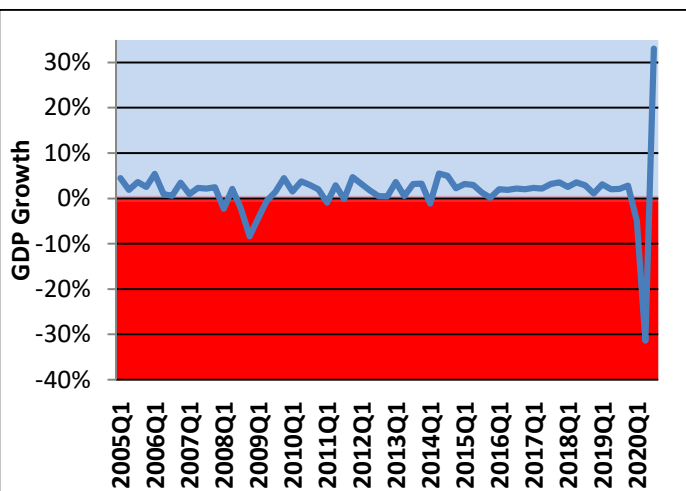


Figure 2: YoY Percent change in industry jobs in Metro Areas with 1-4 million residents. Source: BLS, HRPDC.

GDP, Annualized Growth Rate

United States, 2005Q1 – 2020Q3, Quarterly

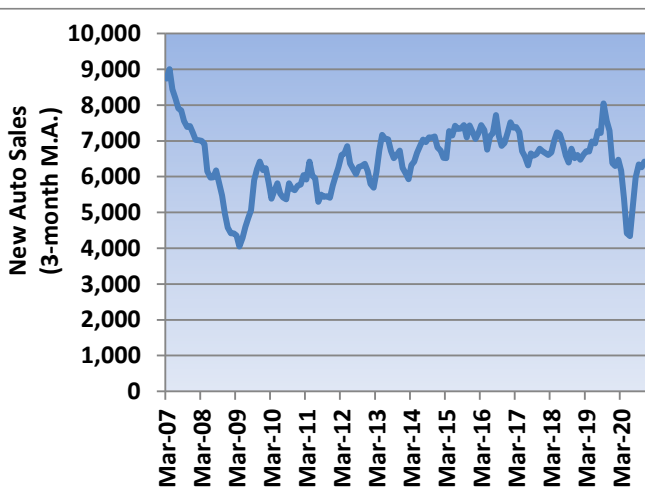


Source: Bureau of Economic Analysis, HRPDC

GDP: Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. Real GDP increased 33.1% in Q3 2020, reflecting the impact of widespread re-openings of businesses closed down due to COVID-19 in the summer months. As depicted above, this unprecedented increase is the largest on record, directly following the largest contraction on record. As the virus continues to spread yet again, the potential for a quick, V-shaped economic recovery hangs in the balance.

New Car Sales, Seasonally Adjusted

Hampton Roads, Mar 2007 – Nov 2020, Monthly

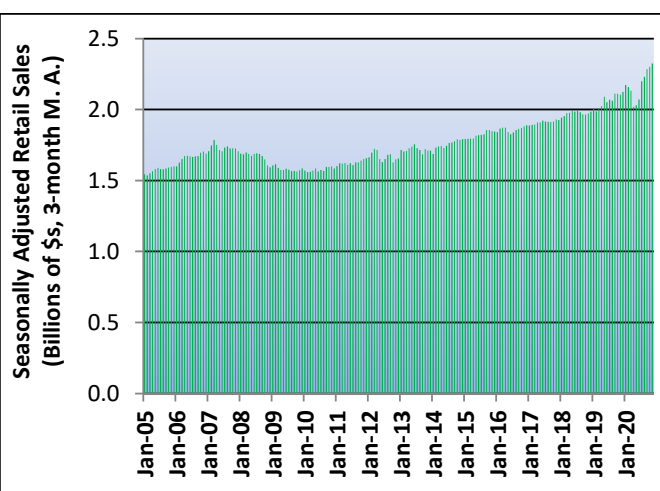


Source: Virginia Automobile Dealers Association, HRPDC

New Car Sales: Car sales, as a durable good, may be put off until an individual's economic prospects improve; thus, the number of new car sales indicates the level of confidence that households in Hampton Roads have in their financial future. Car sales this November were up compared to the previous month, representing the first month of positive YOY growth since February. November 2020 showed a 9% increase from November 2019.

Hampton Roads Retail Sales, Seasonally Adjusted

Hampton Roads, Jan 2005– Nov 2020, Monthly

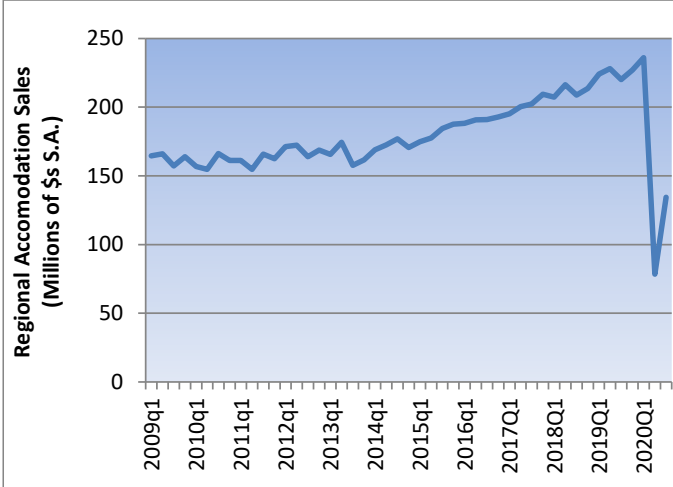


Source: Virginia Department of Taxation, HRPDC

Retail Sales: Retail sales in Hampton Roads, as measured by the 1% local option sales tax, serve as an indicator for consumption in the region. When smoothed and averaged over 3 months, November represents the largest total retail sales recorded, continued confirmation of pent-up demand after re-opening much of the Hampton Roads retail economy and pre-holiday spending. It does seem that retail sales are starting to slow, as November's retail sales represented the lowest total since June. However, November 2020 posted a 7.3% increase over November 2019, healthy YOY growth.

Estimated Hotel Revenue, Seasonally Adjusted

Hampton Roads, 2009Q1 – 2020Q3, Quarterly

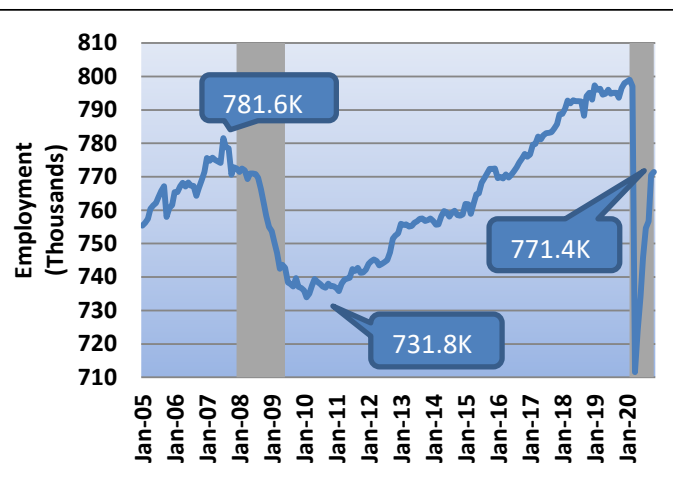


Source: Virginia Department of Taxation, HRPDC

Estimated Hotel Revenue: Hotel sales indicate the performance of the region's tourism sector. When seasonally adjusted, Q3 2020 hotel revenue saw improvement from the historic lows realized in Q2 due to pandemic-related closures. While there was a 71% increase in revenue from Q2 to Q3, this still represents a nearly 40% decline in year-over-year revenue.

Civilian Employment, Seasonally Adjusted

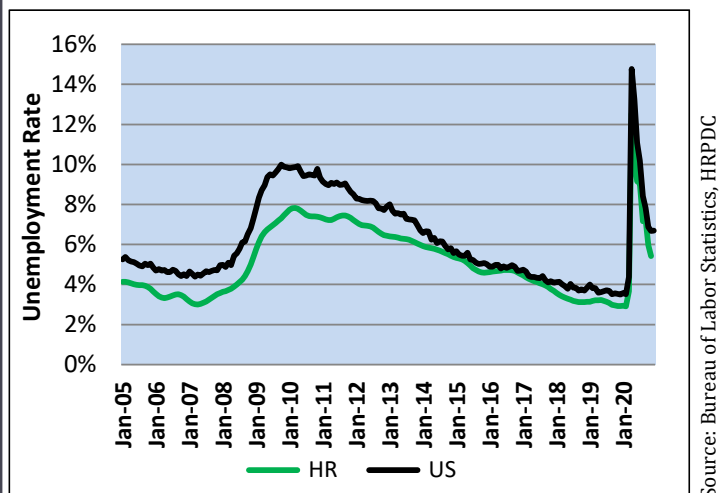
Hampton Roads, Jan 2005 – Nov 2020, Monthly



Employment: Non-agricultural civilian employment figures are considered the best estimate of labor market activity by the National Bureau of Economic Research. According to data from the Bureau of Labor Statistics, Hampton Roads employment increased by just .12% from October to November 2020, suggesting the economic recovery is stalling as the winter months started and COVID cases rose sharply. Virginia and the United States both also saw minimal jobs growth, .21% and .17% respectively.

Unemployment Rate, Seasonally Adjusted

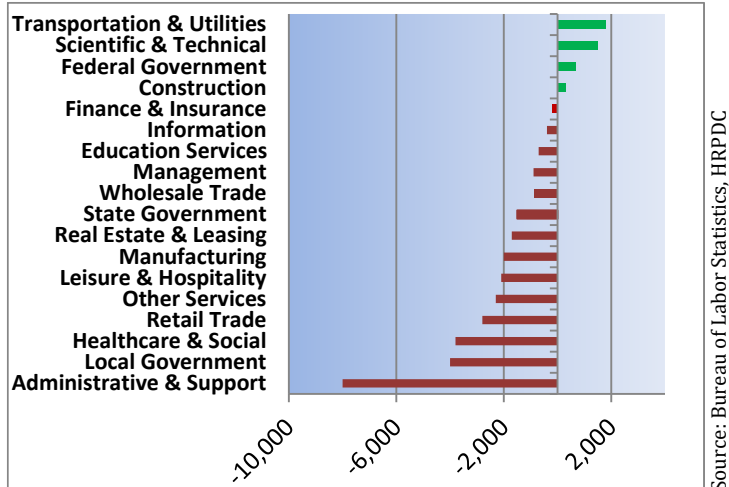
U.S. & Hampton Roads, Jan 2005 – Nov 2020, Monthly



Unemployment Rate: The unemployment rate is the percentage of the population actively seeking work but unable to obtain a position. Hampton Roads' unemployment rate decreased from 5.97% in October to 5.42% in November, reflecting a decline in the number of unemployed residents coupled with a decrease in the region's labor force. The unemployment rate in Hampton Roads continues to sit below the US rate, but above that of the Commonwealth.

Employment Growth by Industry

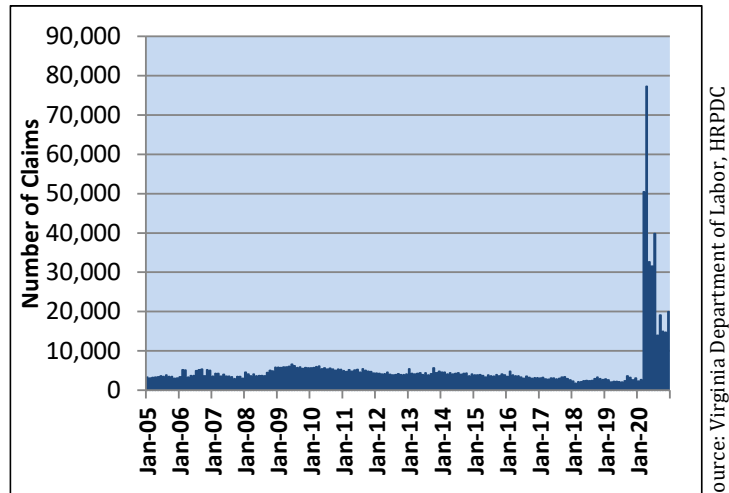
Hampton Roads, Nov-19 to Nov-20, Year-over-Year



Employment Growth by Industry: As the job market grows or declines, there will be some industries whose experience does not resemble the regional trend. In November, almost every Hampton Roads industry experienced a decrease in year-over-year employment. Most significant was Administrative & Support, which continued to show an especially large decrease of 8,000 employees. The Healthcare industry lost 3,800 jobs compared to last year, while Local Government and Retail Trade lost 4,000 and 2,800 respectively.

Initial Unemployment Claims, Seasonally Adjusted

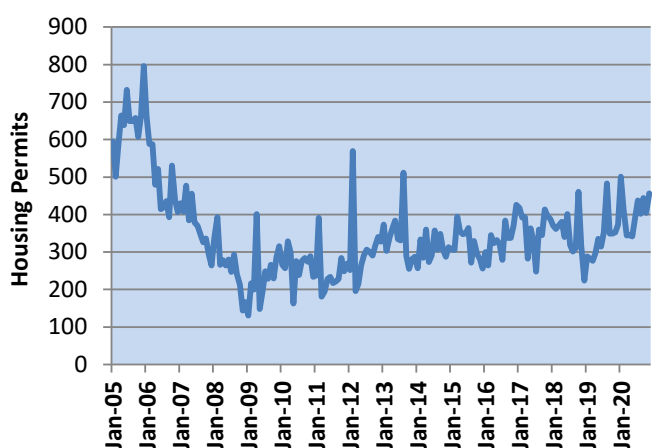
Hampton Roads, Jan 2005 – Dec 2020, Monthly



Initial Unemployment Claims: The number of initial unemployment claims is a leading economic indicator reflecting those who are forced to leave work unexpectedly, thus revealing the strength of the job market with little lag time. Seasonally adjusted unemployment claims in December of 2020 were nearly 20,000—a 36% increase from the previous month—unadjusted claims represented over 6,000 new claims from November to December.

Single Family Housing Permits, Seasonally Adjusted

Hampton Roads, Jan 2005 – Nov 2020, Monthly

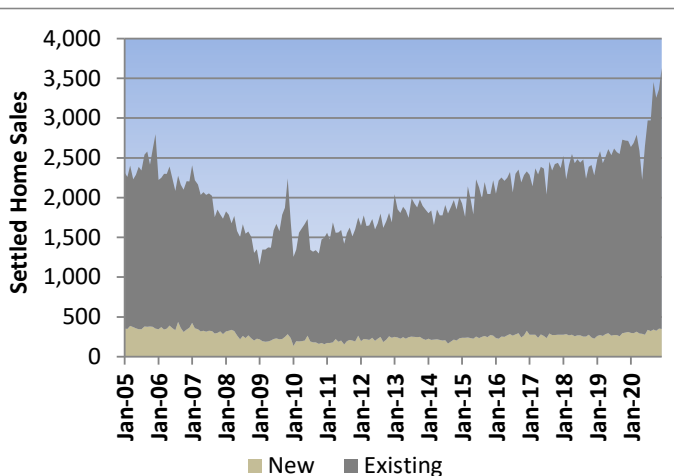


Source: U.S. Census Bureau, HRPDC

Single Family Housing Permits: Permit data signals the level of construction employment and confidence regarding the future trajectory of the local economy. The level of new construction permitting for single family homes in November 2020 increased to 403. When seasonally adjusted, the data shows a significant increase from November 2019. As the market continues to respond to COVID-19, this indicator will be watched closely.

Number of Homes Sold, Seasonally Adjusted

Hampton Roads, Jan 2005 – Dec 2020, Monthly

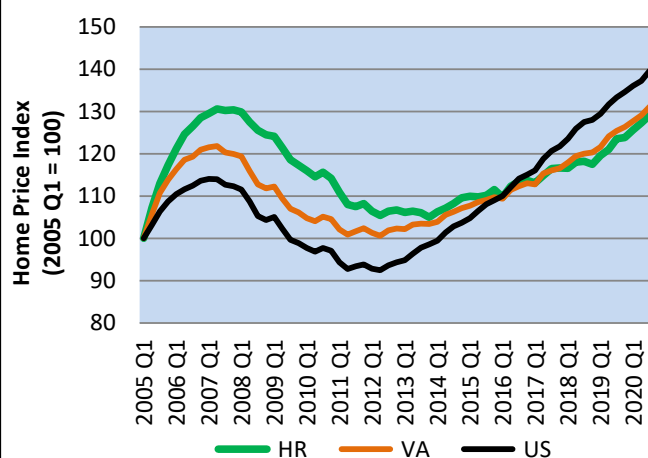


Source: REIN, HRPDC

Home Sales: Settled home sales measure the level of transactions on the real estate market over time, and a healthy real estate market should have a consistent level of activity. Seasonally adjusted, the levels of existing home and total settled sales in December were very strong, the highest recorded since 2005, 33% greater than the same month in 2019. New construction sales for December represented roughly 10% of all sales.

Home Price Index, All Transactions

Hampton Roads, 2005Q1 – 2020Q3 Quarterly

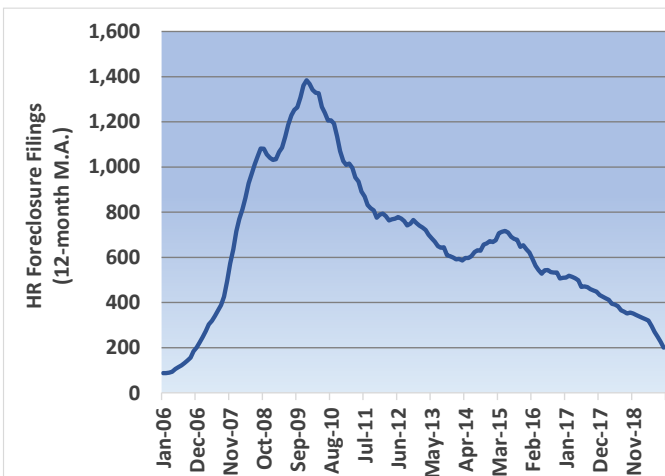


Source: Federal Housing Finance Agency, HRPDC

Home Price Index: The home price index measures the value of homes by evaluating changing price levels through repeated sales of properties. The index provides the highest quality data available on the trends in the real estate market. Hampton Roads' home prices increased, yet again, by 4.5% over the previous year in Q3 2020, on par with both the state and the nation. Regional housing values remain slightly more than 1% below those experienced during the peak of the housing boom, but that gap continues to shrink rapidly.

Foreclosure Filings

Hampton Roads, Jan 2005 – Sep 2020 Monthly



Source: ATTOM, HRPDC

Foreclosures: Foreclosures have a significant impact on the real estate market and community, depressing home values on a neighborhood and regional level. Zillow recently stopped providing data on distressed sales as a percentage of total sales in the region, so HRPDC has shifted to reporting on total monthly foreclosure filings in Hampton Roads. Total foreclosures in recent months have experienced a steep decline, likely due to the moratorium in Virginia.