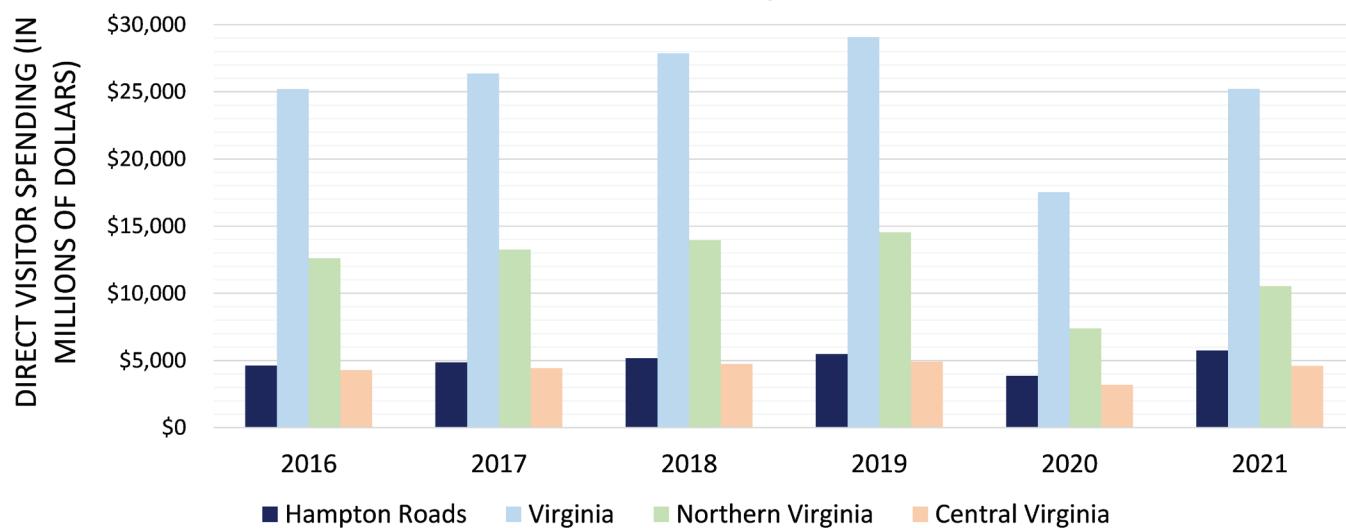


TOURISM ROARS BACK IN HAMPTON ROADS

It has officially been nearly three years since the COVID-19 pandemic rocked the world, causing many to change travel plans for most of 2020. The typical tourism statistics like direct visitor spending and estimated hotel revenue showed appropriate declines for 2020, but as pandemic restrictions have been completely lifted and it's more or less back to business as usual, how has the tourism industry in Hampton Roads, and the rest of Virginia, fared over the past two years of recovery?

According to data reported by the Virginia Tourism Corporation (VTC) and shown in the chart below, direct visitor spending in Hampton Roads in 2021 was over \$5.7 trillion, nearly 50% greater than the previous year, and nearly 5% greater than 2019. The Commonwealth of Virginia overall saw over \$25 trillion of direct visitor spending, 44% higher than 2020, but still 13% lower than two years prior. The same trend held true in Central and Northern Virginia – showing roughly 40% higher direct visitor spending when compared to 2020, but still sitting about 6% lower when compared to pre-COVID spending of 2019.

Direct Visitor Spending in Virginia, Hampton Roads, Central Virginia, Northern Virginia



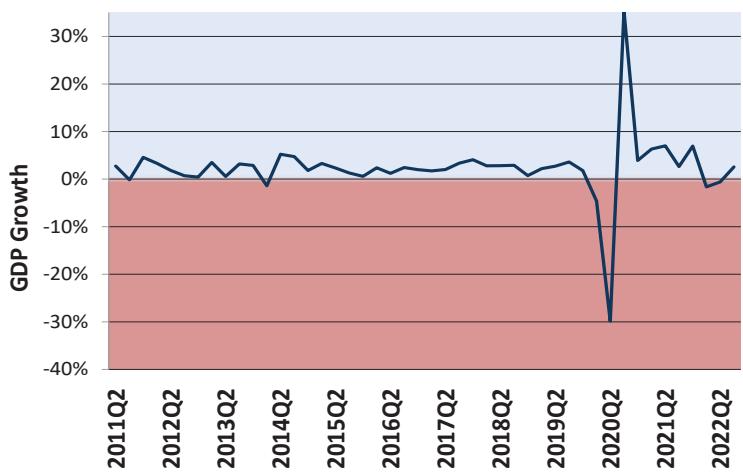
Data source: Virginia Tourism Corporation, HRPDC

While data from 2022 is not yet available from VTC, we can look to other sources to get an idea of how tourism fared during the second full year post-pandemic. One of the datapoints reported on regularly in this report is estimated hotel revenue, which comes from the quarterly taxable sales report at the Virginia Department of Taxation. This statistic is the amount of taxable sales reported as "Accommodations" and is seasonally adjusted. By the third quarter of 2021, estimated hotel revenue in Hampton Roads had surpassed pre-pandemic levels and has been on a steady incline for all of 2022. The most recent data from third quarter of 2022 showed revenues sitting nearly 20% higher than the same quarter in 2021, and 33% higher than the same quarter three years prior (2019). For comparison's sake, hotel revenues in the Commonwealth in the third quarter of 2022 are 22% higher than the same quarter in 2021, but only roughly 7% higher than the same quarter of 2019. While it took a bit longer for Virginia hotel revenue to recover overall than it did in Hampton Roads, it has done so and visitor spending for 2022 will likely show a similar trend. The same can likely be said for Hampton Roads – with strong estimated hotel revenue for the first three quarters of 2022, direct visitor spending in the region for 2022 will likely follow suit.

GDP, ANNUALIZED GROWTH RATE (Q) SOURCE: BUREAU OF ECONOMIC ANALYSIS, HRPDC

	Q3 2021	Q3 2022	Trend
United States	2.7%	2.6%	▲

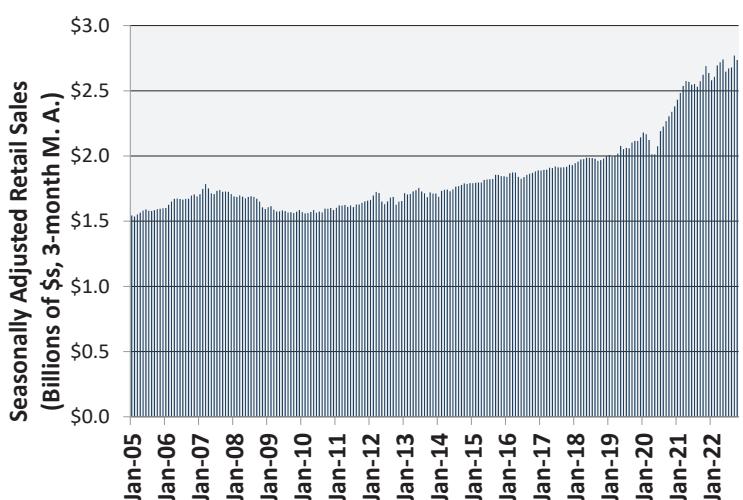
GDP: Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. Real GDP increased by 2.6% in Q3 2022, the first quarter of increases after two quarters in a row of declines. Q3 increases were driven strongly by net exports of goods and services (mostly in the goods category), the second quarter in a row of increases after seven consecutive quarters of declines. Personal consumption expenditures also increased by 1%, driven solely by increases in spending on services.



RETAIL SALES, SEASONALLY ADJUSTED (3 MONTH M.A.) SOURCE: VIRGINIA DEPARTMENT OF TAXATION, HRPDC

	Sep '22	Oct '22	Trend
Hampton Roads	\$2.77B	\$2.74B	▼
Virginia	\$14.83B	\$14.67B	▼

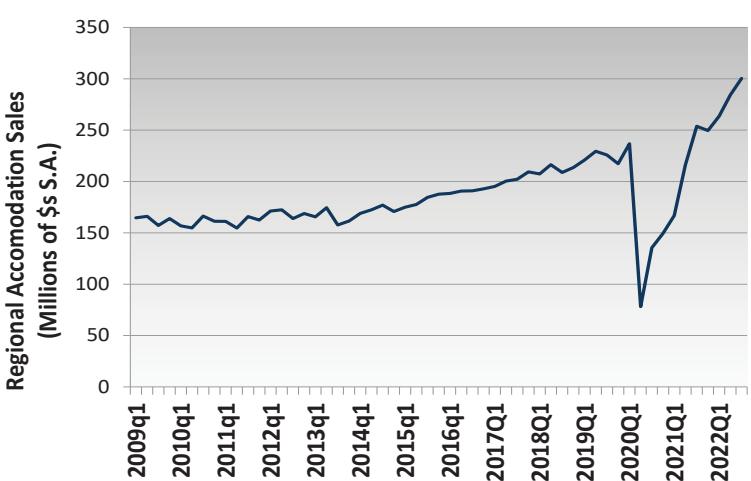
Retail Sales: Retail sales in Hampton Roads, as measured by the 1% local option sales tax, serve as an indicator for consumption in the region. When seasonally adjusted and averaged over 3 months, October shows decreased sales for the first month after several months of increases after a slight decline in June. Unadjusted, Oct 2022 shows a 5.4% decrease over Oct 2021, one of just two year-over-year declines since the onset of the pandemic, further proof that the pace of retail sales continues to slow.



ESTIMATED HOTEL REVENUE, SEASONALLY ADJUSTED (Q) SOURCE: VIRGINIA DEPARTMENT OF TAXATION, HRPDC

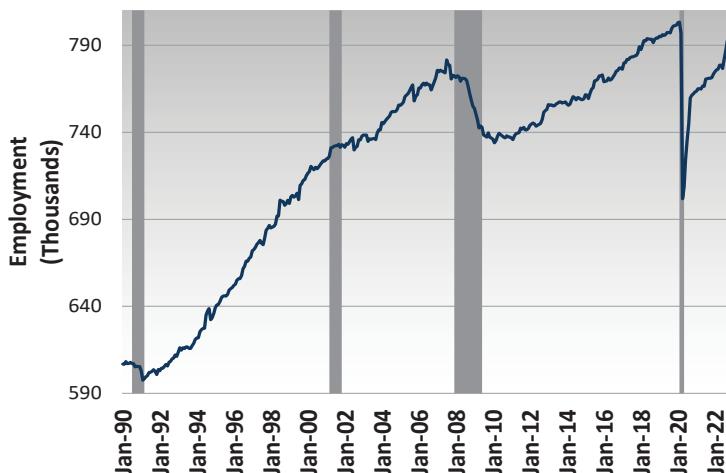
	Q3 2021	Q3 2022	Trend
Hampton Roads	\$254M	\$300M	▲
Virginia	\$1.06T	\$1.08T	▲

Estimated Hotel Revenue: Hotel sales indicate the performance of the region's tourism sector. When seasonally adjusted, Q3 2022 hotel revenue once again saw significant improvement from the historic lows realized in Q2 2020 due to pandemic-related closures, increasing over the preceding quarter by nearly 6%. Hotel revenue in Q3 2022 represented over 18% increase over the previous year, and roughly 33% increase from Q3 2019.

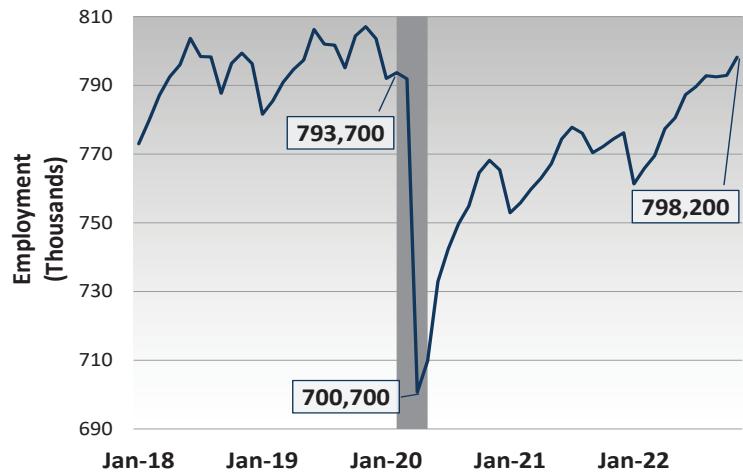


CIVILIAN PAYROLL EMPLOYMENT (M) SOURCE: BUREAU OF LABOR STATISTICS, HRPDC

HISTORICAL TREND, SEASONALLY ADJUSTED



3-YEAR, NOT SEASONALLY ADJUSTED



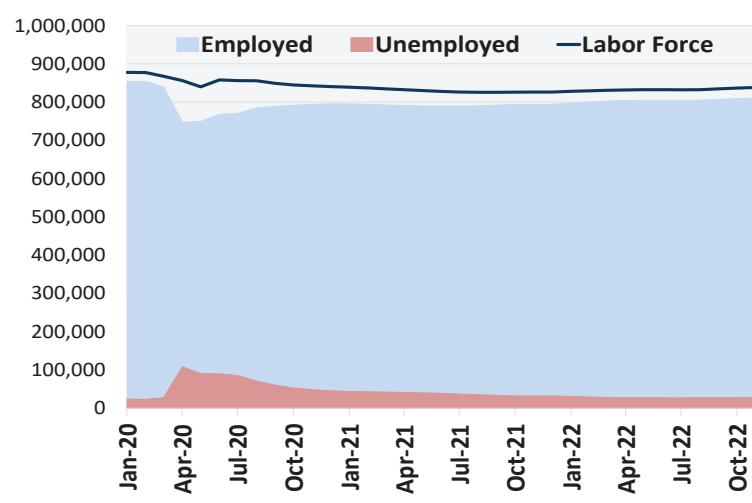
(seasonally adjusted)	Nov 2021	Oct 2022	Nov 2022	YoY % Change	MoM Trend
Hampton Roads	771,400	791,500	794,300	2.97%	▲
Virginia	3,987,000	4,097,000	4,095,000	2.72%	▼
United States	148,652,000	153,285,000	153,548,000	3.29%	▲

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 (seasonally adjusted) increased by 0.35% from October to November 2022, an increase after a decrease the prior month. Unadjusted employment levels increased significantly after several months of sluggishness. In Hampton Roads, year-over-year growth is recorded at 2.97%, continuing to signal that overall the workforce is recovering from COVID losses, but the recent slowdown may be a sign of stagnation. It is notable that the Commonwealth of Virginia saw a monthly decline in employment in November, while Hampton Roads saw an increase. Total adjusted payroll employment in the region remains roughly 1.08% below pre-COVID highs, with the gap continuing to shrink.

LABOR FORCE, SEASONALLY ADJUSTED (M) SOURCE: BUREAU OF LABOR STATISTICS, HRPDC

	Labor Force	Emp	Unemp	LF Trend
Oct 2022	836,560	809,136	27,424	▲
Nov 2022	838,383	810,334	28,049	▲

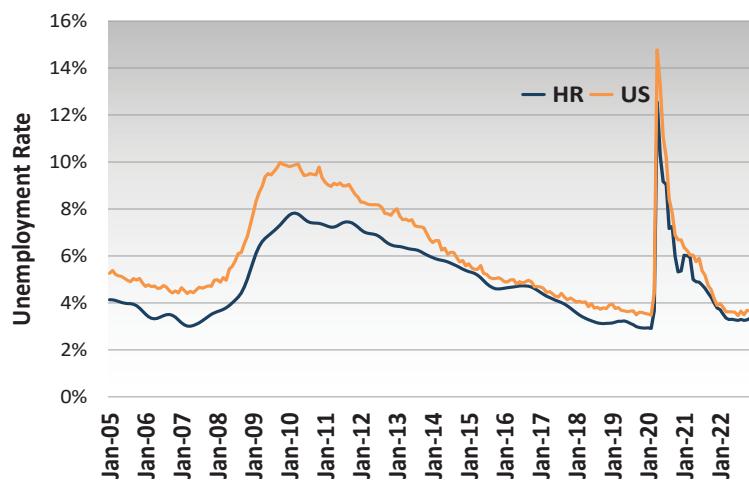
Labor Force: An economy's labor force is defined as those who are either employed or actively seeking work, and the breakdown of the labor force is often used in conjunction with the unemployment rate to offer some perspective into the true state of the economy. The region's labor force was slowly declining since the onset of the pandemic, but began increasing roughly one year ago. Since the low in August 2021, the Labor Force has grown 1.55%, but levels still sit roughly 4.5% below January 2020 levels.



UNEMPLOYMENT RATE, SEASONALLY ADJUSTED (M) SOURCE: BUREAU OF LABOR STATISTICS, HRPDC

	Nov '21	Oct '22	Nov '22	Trend
Hampton Roads	3.86%	3.28%	3.35%	▲
Virginia	3.32%	2.69%	2.85%	▲
United States	4.20%	3.68%	3.65%	▼

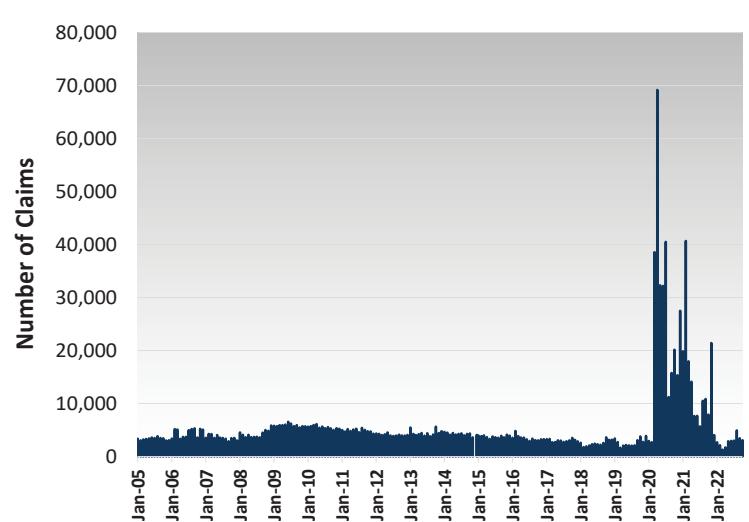
Unemployment Rate: The unemployment rate is the percentage of the population actively seeking work but unable to obtain a position. Hampton Roads' unemployment rate increased for the second month in a row to 3.35% in November 2022, reflected by an increase in the labor force, the number of employed persons and unemployed persons (all seasonally adjusted).



INITIAL UNEMPLOYMENT CLAIMS, SEASONALLY ADJUSTED (M) SOURCE: VIRGINIA DEPT OF LABOR, HRPDC

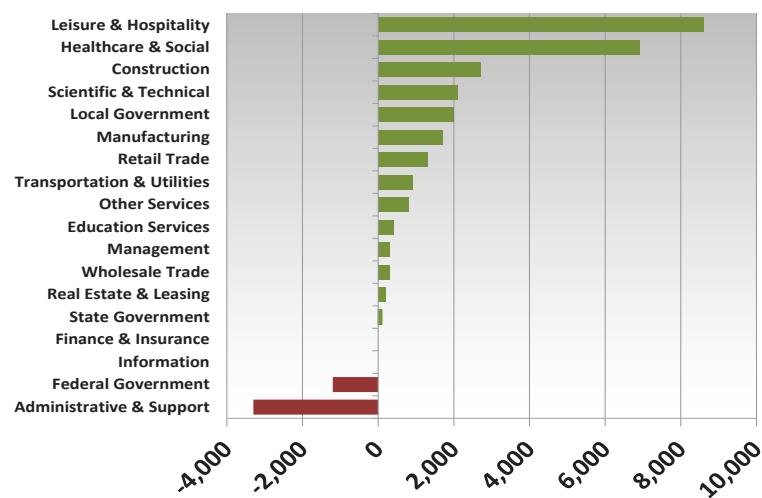
	Sep '22	Oct '22	Trend
Hampton Roads	3,440	3,072	▼
Virginia	16,224	13,602	▼

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. In October 2022, initial unemployment claims decreased by 10%, the second month in a row of declines after five months of increases. As talk of a possible recession continues, this indicator will be one to watch closely, as it is the first one to show movement in the data.



EMPLOYMENT GROWTH BY INDUSTRY (NOV, YEAR-OVER-YEAR) SOURCE: BUREAU OF LABOR STATISTICS, HRPDC

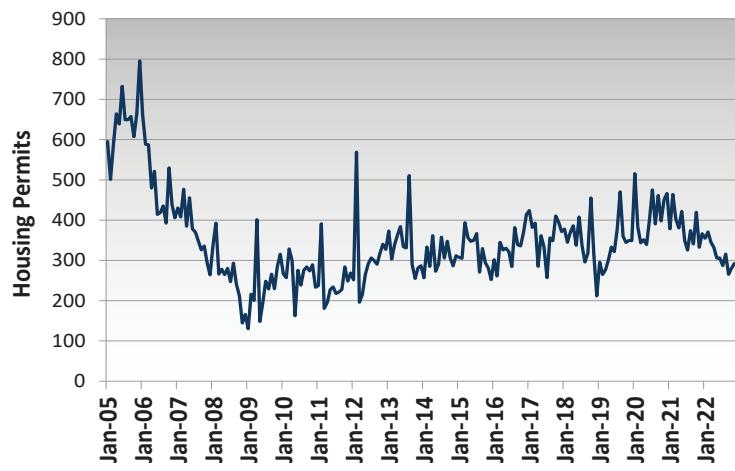
Employment Growth by Industry: As the job market grows or contracts, there will be some industries whose experience does not resemble the regional trend. In November, the majority of Hampton Roads industries experienced a decrease in year-over-year employment compared to November 2021. Most significant gains were Leisure & Hospitality, which added 8,600 jobs compared to November 2021, followed by Healthcare & Social and Construction. Federal Government and Administrative & Support realized the highest losses compared to 2021.



SINGLE FAMILY HOUSING PERMITS, SEASONALLY ADJUSTED (M) SOURCE: US CENSUS BUREAU, HRPDC

	Nov '21	Oct '22	Nov '22	Trend
Hampton Roads	333	281	292	▲

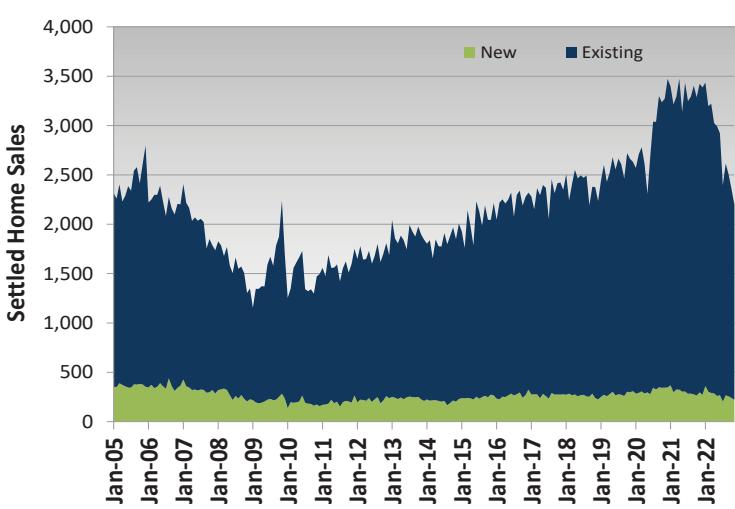
Single Family Housing Permits: Permit data signals the level of construction employment and confidence regarding the future trajectory of the local economy. When seasonally adjusted, there were 292 new construction permits issued for single family homes in November 2022 - two months of slight increases in a row. After about a year of plateauing data, the trend is still pointing towards steady declines. As interest rates and materials prices continue to rise, construction may decline due to rising costs of borrowing money to build.



NUMBER OF HOMES SOLD, SEASONALLY ADJUSTED (M) SOURCE: REIN, HRPDC

	Nov '21	Oct '22	Nov '22	Trend
Hampton Roads	3,423	2,355	2,197	▼

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, total settled home sales in November decreased yet again from October with 2,197 homes sold, the lowest monthly total sales since the onset of the pandemic. The sale of new homes in November represented 10% of total sales, reaching back into the double digits after averaging the majority of 2021 and 2022 at 9%.



HOME PRICE INDEX, ALL TRANSACTIONS (Q) SOURCE: FEDERAL HOUSING FINANCING AGENCY, HRPDC

	Q3 2021	Q3 2022	Trend
Hampton Roads	146.3	165.2	▲
Virginia	147.9	169.1	▲
United States	161.6	188.4	▲

Home Price Index: The home price index measures the value of homes by evaluating changing price levels through repeated sales of properties. Hampton Roads' home prices increased by 13% over the previous year in Q3 2022, a lower rate than both the state and the nation—still a record high. While the HPI increased across the board, the rate of growth has decreased, reflecting a slowdown in the real estate market.

