

Will Park Time Become Full Time?

When the COVID-19 pandemic hit the United States in early 2020, so much of how Americans lived their daily lives changed very quickly in order to stay safe and healthy. As movie theaters, restaurants, bars, and other indoor activities began closing, outdoor recreation emerged as a safe way to get out of the house. While some national, state, and local parks were closed, one result of business closures and stay-at-home orders was a surge in park visitation for those parks that remained open.

Quality of life is an important economic theme to track, and access to green space and quality outdoor recreation is a big factor to many people looking to move to a new region, and an incentive to stay where they currently live. Experts say that spending time outdoors is critical for health and wellness, and all the more necessary during a public health emergency. Hampton Roads has abundant outdoor resources, in addition to local parks, our region has seven state parks within its bounds: Belle Isle, Chippokes, False Cape, First Landing, Kiptopeke, York River, and brand-new Machicomoco.

According to data from the Virginia Department of Conservation and Recreation (DCR), total 2020 visitors to state parks in Hampton Roads were up by nearly 20% when compared to 2019. As shown in Figure 1, nine out of the twelve months of 2020 showed a higher number of visitors to state parks in the region than the same month in 2019. While 2021 data is only available through the end of May, the first five months of 2021 show a 5% increase in total visitors over the first five months of 2020, and 19% over the first five months of 2019 (these numbers exclude visits to Machicomoco because it opened in April, including those visitors would show an even larger 2021 increase in total visitors).

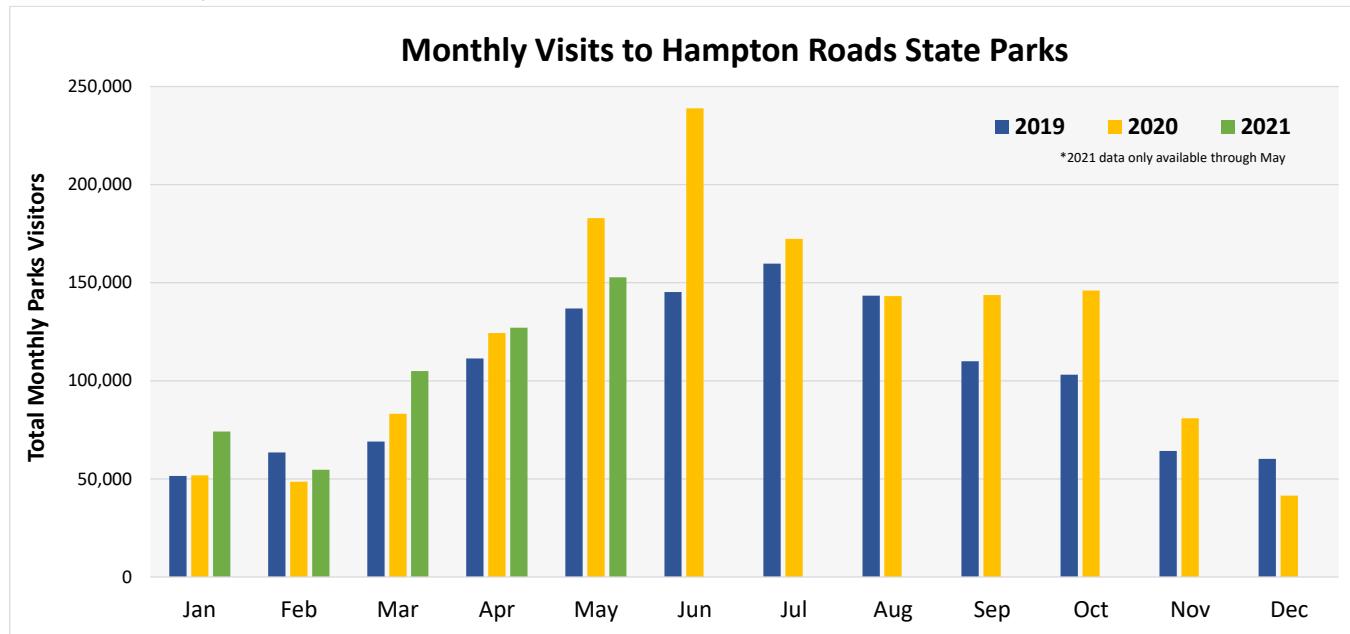


Figure 1: Monthly visits to Hampton Roads state parks, 2019—2021 (excludes Machicomoco). Source: Virginia Department of Conservation and Recreation, HRPDC

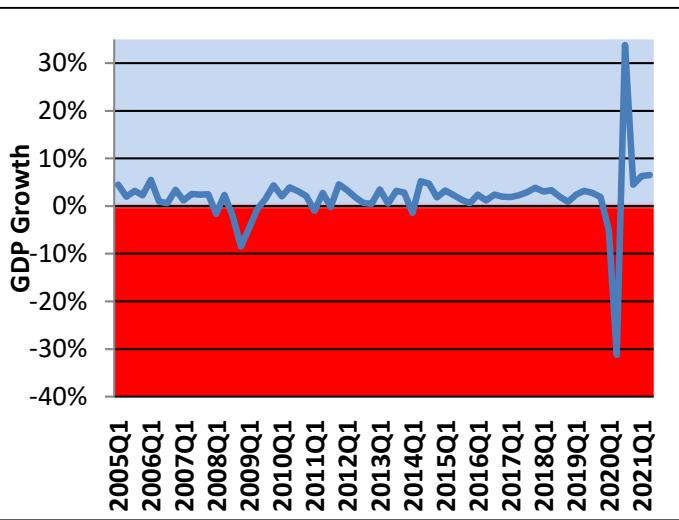
While the data for this article used state parks in the Hampton Roads region, there are a plethora of local parks that likely experienced similar increased traffic during the height of the pandemic, and understanding how those parks are used is also important to the health of the Hampton Roads economy. Due to the smaller local nature of these parks, it's difficult to track monthly visitors in the same way DCR tracks visits to state parks, but in a 2020 survey of 130 U.S. city mayors about resident behavior post-COVID, 76% believed that residents in their city are more likely to visit parks and greenspaces than pre-COVID.

During a pandemic when many camping areas were closed and programs and events canceled, revenues were impacted. In July of 2020, Virginia State Parks faced a budget cut due to loss of tax revenue brought on by the onset of the pandemic, and a recent report released by the Trust for Public Land states that 63 park agencies in the 100 largest U.S. cities reported budget cuts due to COVID-19. If the expectations of local leadership hold and new park visitors are here to stay, investments in parks and open spaces will become critical as a foundation for healthy, inviting, and inclusive localities and regions. For those investments to happen, revenue and budget allocation are needed.

Given the DCR state parks visitor data is currently only available through May 2021, the question remains: did the pandemic convert nature-lovers into more full-time park-goers? Vaccination rates were high this summer, leading business and vacation travel to resume to some sense of normalcy. Since Hampton Roads has some of the most beautiful parks in the Commonwealth (perhaps we are biased), we sure hope there are many new converts to soaking up all the nature our region has to offer.

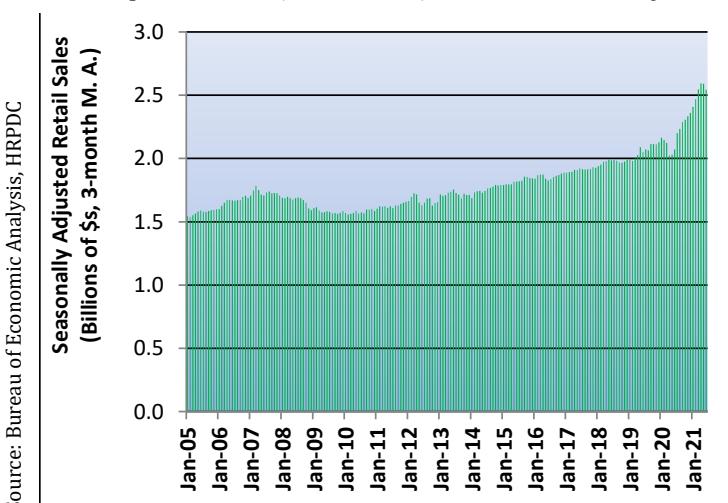
GDP, Annualized Growth Rate

United States, 2005Q1 – 2021Q2 Quarterly



Hampton Roads Retail Sales, Seasonally Adjusted

Hampton Roads, Jan 2005 – June 2021, Monthly

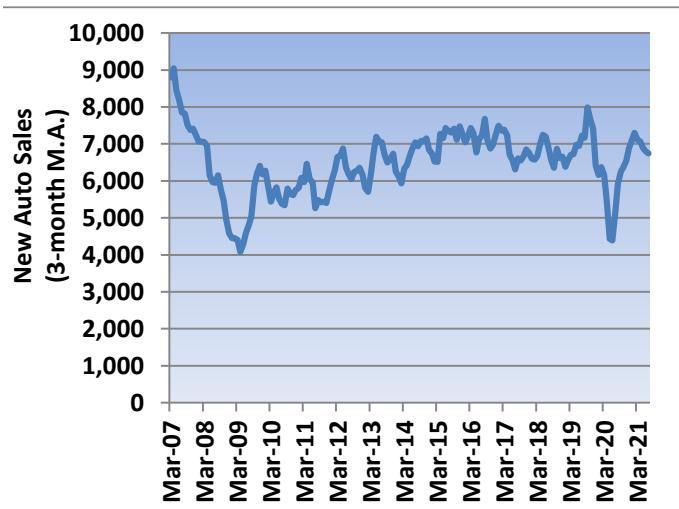


GDP: Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. Real GDP increased 6.5% in Q2 2021, reflecting the continued economic recovery from early 2020 losses as well as the ongoing impact of COVID-19. Once again, Q2 growth was largely driven by increases in PCE (2.7% increase in goods, over 5% increase in services), causing real GDP levels to finally surpass pre-pandemic levels of Q4 2019.

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, June numbers continue the previous month's signal that retail sales are starting to cool down, with a lower three-month moving average for the second month in a row. Unadjusted, June 2021 posted a 15.6% increase from June 2020 (when the rise in retail sales began after the initial shock of the pandemic wore off), and a 31% increase from June 2019.

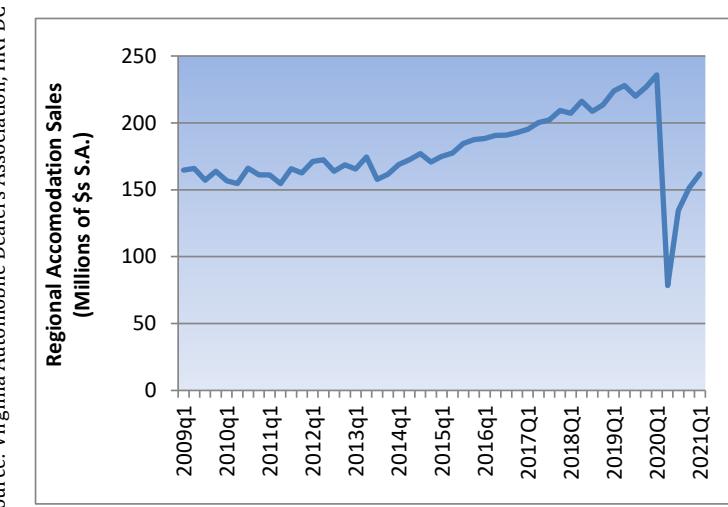
New Car Sales, Seasonally Adjusted

Hampton Roads, Mar 2007 – July 2021, Monthly



Estimated Hotel Revenue, Seasonally Adjusted

Hampton Roads, 2009Q1 – 2021Q1, Quarterly



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 July were still down slightly compared to Winter highs, but represents significant YoY growth—July 2021 showed a 12% increase from July 2020, when spending was on the rise after the initial pandemic shock. For pre-pandemic comparison, July 2021 represents an 11 decrease from July 2019 car sales, the third month in a row for declines over 2019.

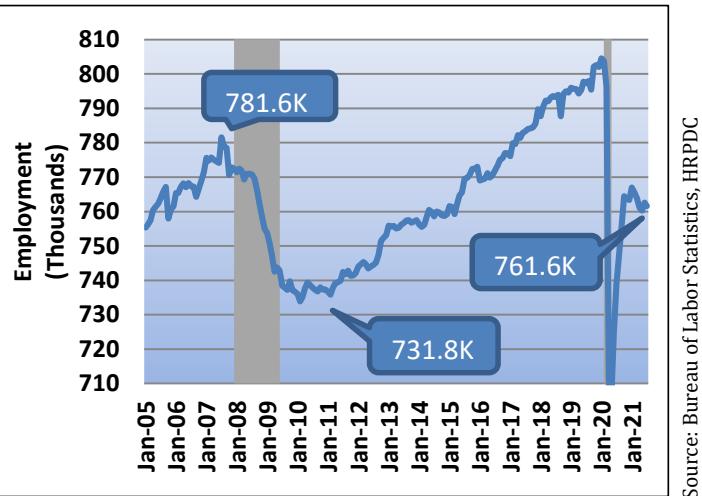
Estimated Hotel Revenue: Hotel sales indicate the performance of the region's tourism sector. When seasonally adjusted, Q1 2021 hotel revenue once again saw improvement from the historic lows realized in Q2 due to pandemic-related closures, albeit at a lower rate of recovery. While there was a roughly 7% increase in revenue from Q4 2020 to Q1 2021, this still represents a 31% decline in year-over-year revenue.

Source: Bureau of Economic Analysis, HRPDC

Source: Virginia Department of Taxation, HRPDC

Civilian Employment, Seasonally Adjusted

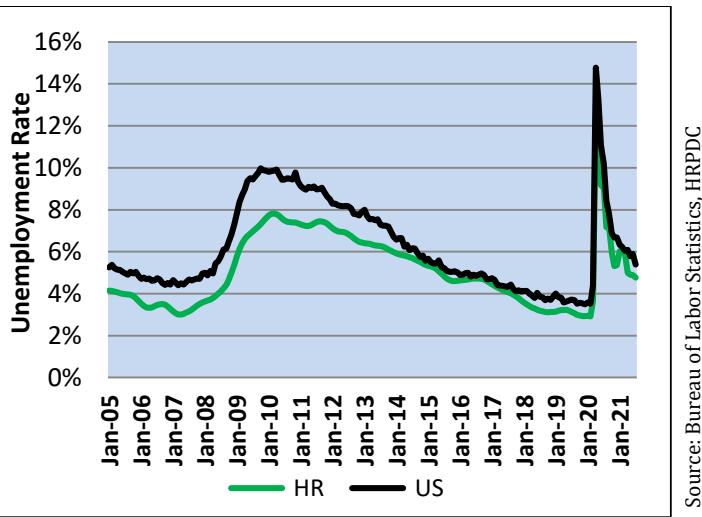
Hampton Roads, Jan 2005 – July 2021, Monthly



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 (seasonally adjusted) decreased by 0.13% from June to July 2021. Unadjusted employment levels decreased from the previous month after its largest increase in a year in June, likely due to the adjustments in leisure and hospitality jobs supporting the summer tourism industry. Total payroll employment remains 5.3% below pre-COVID highs.

Unemployment Rate, Seasonally Adjusted

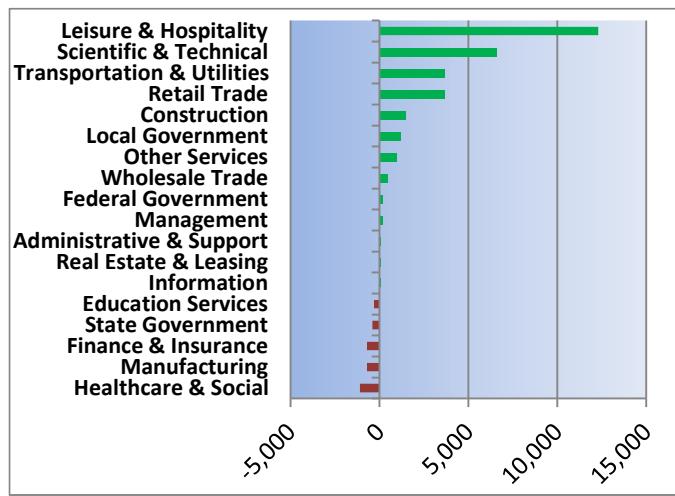
U.S. & Hampton Roads, Jan 2005 – July 2021, Monthly



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 again to 4.76% in July 2021, reflecting increases in both the labor force and employment, coupled with a slight decrease in the number of unemployed persons. The unemployment rate in Hampton Roads continues to sit below the US rate, roughly 0.63% lower.

Employment Growth by Industry

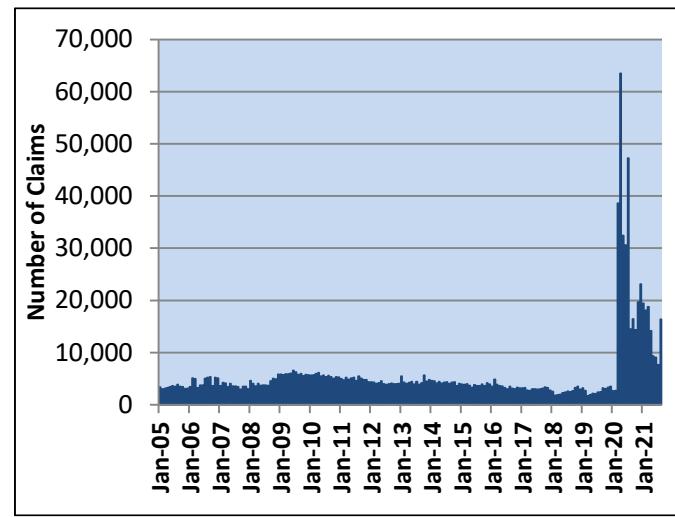
Hampton Roads, July-20 to July-21, Year-over-Year



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 July, almost every Hampton Roads industry experienced an increase in year-over-year employment when compared to July 2020—when impacts of COVID-19 were felt strongly. Most significant was Leisure & Hospitality, which added over 10,000 jobs compared to July 2020, followed by Scientific & Technical, Transportation, and Retail, other heavily impacted industries. The Healthcare industry realized the highest losses when compared to 2020.

Initial Unemployment Claims, Seasonally Adjusted

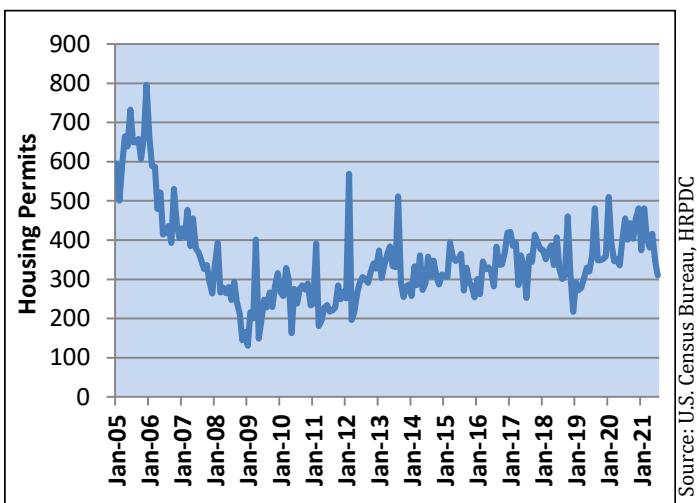
Hampton Roads, Jan 2005 – Aug 2021, Monthly



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. In August 2021, initial unemployment claims increased significantly from the previous months, the highest in four months and comparable to levels seen last summer. Seasonally adjusted unemployment claims in August were over 16,000, a 113% increase from the previous month, potentially showing the grip the Delta variant currently has on the job market.

Single Family Housing Permits, Seasonally Adjusted

Hampton Roads, Jan 2005 – July 2021, Monthly

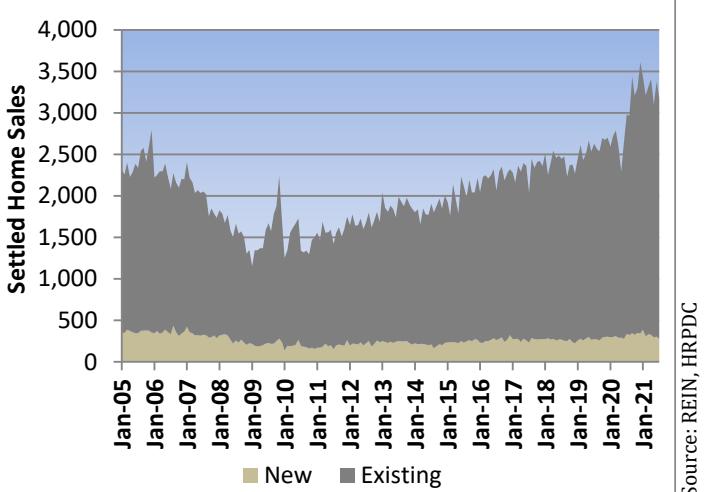


Source: U.S. Census Bureau, HRPDC

Single Family Housing Permits: Permit data signals the level of construction employment and confidence regarding the future trajectory of the local economy. There were 330 new construction permits issued for single family homes in July 2021. When seasonally adjusted, the data shows small variances month to month over the past year, but as the market continues to respond to labor and materials shortages, the trend is likely to stay constant until the industry can increase capacity in response to increased demand. July numbers do show declines compared to both 2020 and 2019.

Number of Homes Sold, Seasonally Adjusted

Hampton Roads, Jan 2005 – July 2021, Monthly

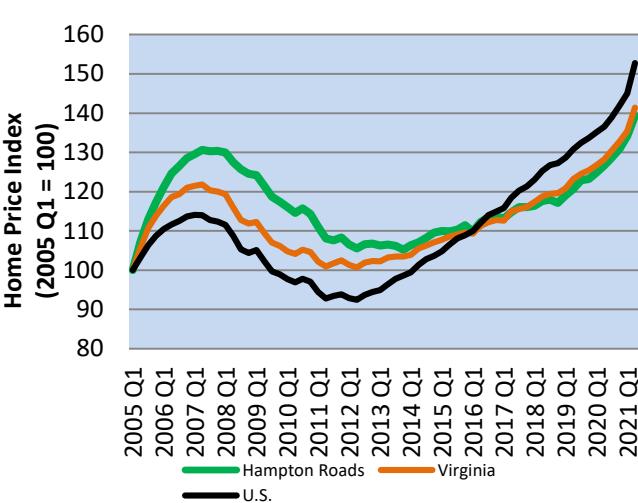


Source: REIN, HRPDC

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, existing home and total settled sales in July decreased slightly, remaining elevated with just under 3,000 homes sold in July. Unadjusted, total home sales in July were the second highest on record. Pandemic impacts were first felt in Spring 2020 with declining sales, so while July posted a 6% YoY increase, it's important to note that July sales realized a 21% increase from 2019 to 2021.

Home Price Index, All Transactions

Hampton Roads, 2005Q1 – 2021Q2 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 10% over the previous year in Q2 2021, slightly lower rates than both the state and the nation, but still a record high. Regional housing values are now 6.8% higher than the peak of the housing boom—four points higher than the previous quarter when the gap closed for the first time as home prices have been rapidly increasing.

Note: The format of this monthly economic report will be getting an update in the coming months. We welcome any input about what you find useful in this report. Please email Katherine Rainone at krainone@hrpdcva.gov with any suggested changes or improvements for future economic monthly updates.