

April 2021

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Employment Revisions Are In

Monthly estimates for overall and industry employment are derived from the Current Employment Statistics (CES) program. Also known as the payroll survey, the CES is a federal and state cooperative program that provides timely estimates of civilian payroll employment by sampling the population of employers. These estimates are subject to both sampling and non-sampling error, so each year they are benchmarked to employment counts from a census of the employer population, derived primarily from data provided by companies in their unemployment insurance reports. They use this data to revise prior estimates and improve the quality of future estimates and are released each March.

Unlike the massive employment revisions released in 2019, the recently released revisions do not change the overall narrative of job growth in Hampton Roads over the past few years – slowly but steadily increasing, with a dramatic drop in April, followed by a steep recovery. As shown in figure 1, the seasonally adjusted employment numbers for the second half of 2019 and first few months of 2020 were revised upward, implying that there were more jobs in the Hampton Roads economy than previously reported. From April through December 2020, the figures were revised downward by roughly 1.5% each month (some months higher, some lower), implying that the pandemic had a greater impact on overall employment levels than previously reported. With pre-pandemic employment levels nudged upwards and current levels adjusted downward, the overall recovery has been slower than previous estimates showed. Pre-revision, the Hampton Roads adjusted employment levels from January 2020 to December 2020 show a 3.4% decrease, while the revised data from the same period shows a 5.1% decrease.

Estimates for industry employment were also adjusted. The most dramatic adjustments were in the Administrative & Support and Leisure & Hospitality industries. While nearly all industries still maintained a loss of employment from December 2019 to 2020, the Administrative & Support industry was adjusted heavily upwards (by 7,500 jobs in December 2020), minimizing some of the loss caused by the pandemic. On the complete opposite end, Leisure & Hospitality industry employment was adjusted down (by nearly 8,000 jobs in December 2020), implying that this sector was hit even harder than previously thought.

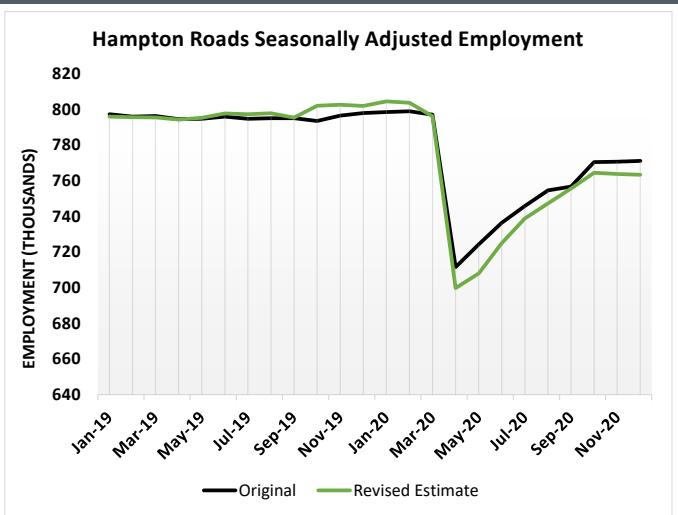


Figure 1: Hampton Roads Employment revisions, seasonally adjusted. Source: BLS, HRPDC.

Revision to Industry Employment in Hampton Roads

(February 2021 industry employment with December 2020 revision applied)

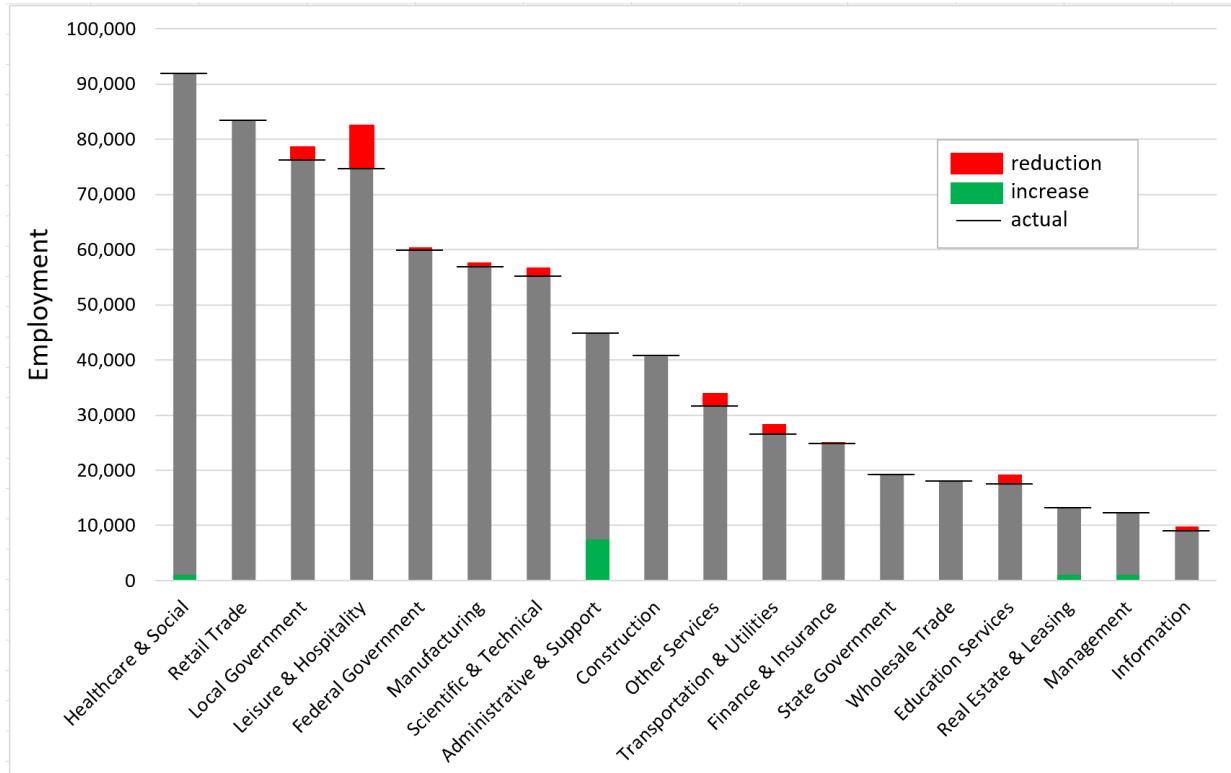
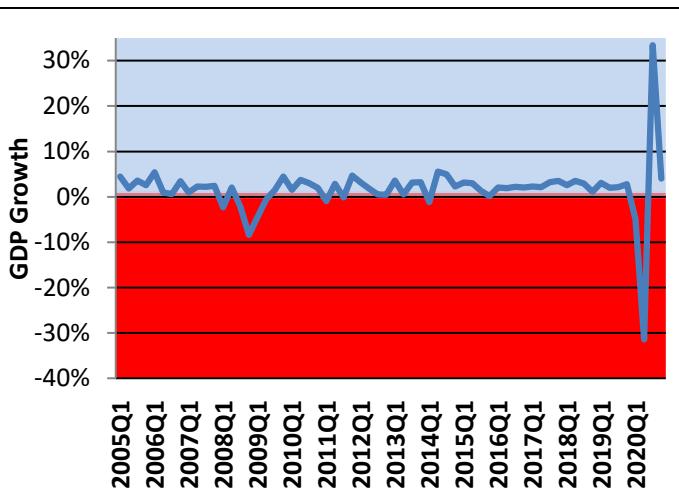


Figure 2: Hampton Roads Industry Employment revisions. Source: BLS, HRPDC.

GDP, Annualized Growth Rate

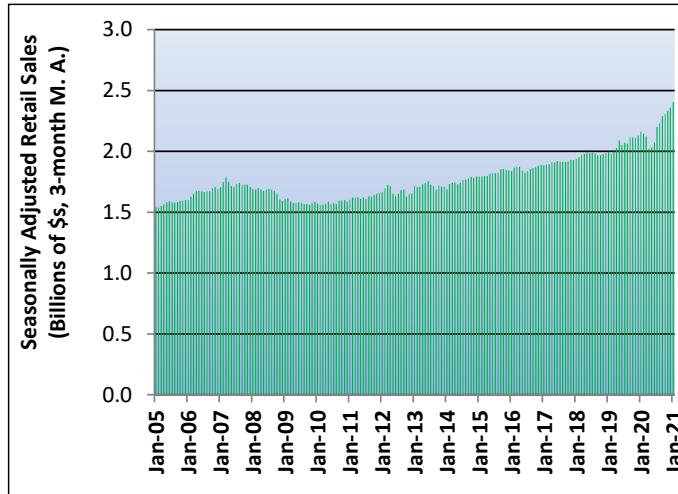
United States, 2005Q1 – 2020Q4, Quarterly



Source: Bureau of Economic Analysis, HRPDC

Hampton Roads Retail Sales, Seasonally Adjusted

Hampton Roads, Jan 2005– Jan 2021, Monthly

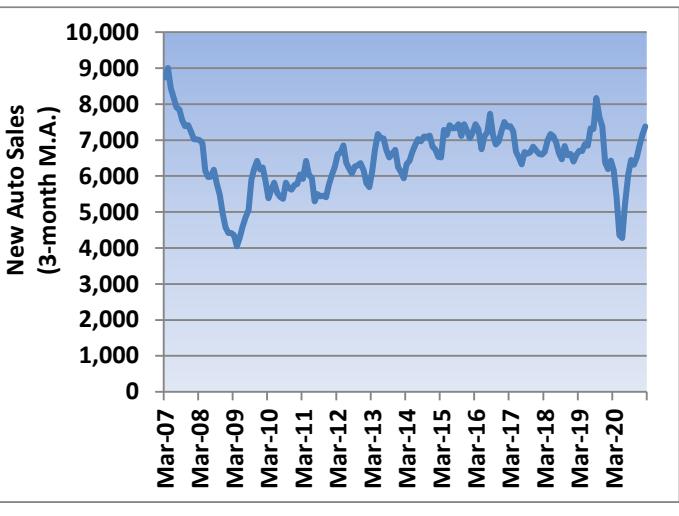


Source: Virginia Department of Taxation, HRPDC

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 4% in Q4 2020, reflecting the continued economic recovery from Q1 and Q2 losses as well as the ongoing impact of COVID-19 as new restrictions and closures took effect in some areas of the country. While growth this quarter came from increases in exports, private domestic investments, and PCE, real GDP levels are still roughly 2.5% lower than at the end of 2019.

New Car Sales, Seasonally Adjusted

Hampton Roads, Mar 2007 – Feb 2021, 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 February were up compared to the previous month, representing modest YoY growth—February 2021 showed a 7% increase from February 2020, the last month of pre-COVID sales.

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 averaged over 3 months, January once again represents the largest total retail sales recorded, continued confirmation of structural changes to expenditure patterns. Unadjusted, Jan 2021 posted a 13% increase from Jan 2020. As another round of stimulus checks are distributed to eligible Americans and subsiding COVID-19 fears allow the services sector to gain momentum, retail sales may see short-term growth before long-term stagnation.

Estimated Hotel Revenue, Seasonally Adjusted

Hampton Roads, 2009Q1 – 2020Q4, Quarterly

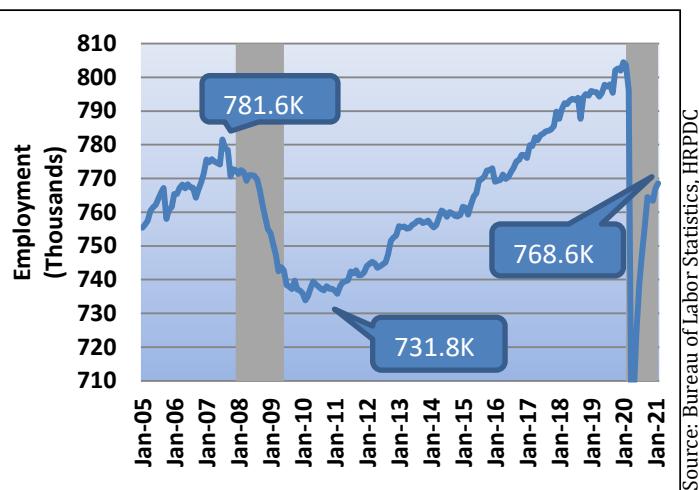


Source: Virginia Department of Taxation, HRPDC

Estimated Hotel Revenue: Hotel sales indicate the performance of the region's tourism sector. When seasonally adjusted, Q4 2020 hotel revenue ones 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 13% increase in revenue from Q3 to Q4, this still represents a 33% decline in year-over-year revenue.

Civilian Employment, Seasonally Adjusted

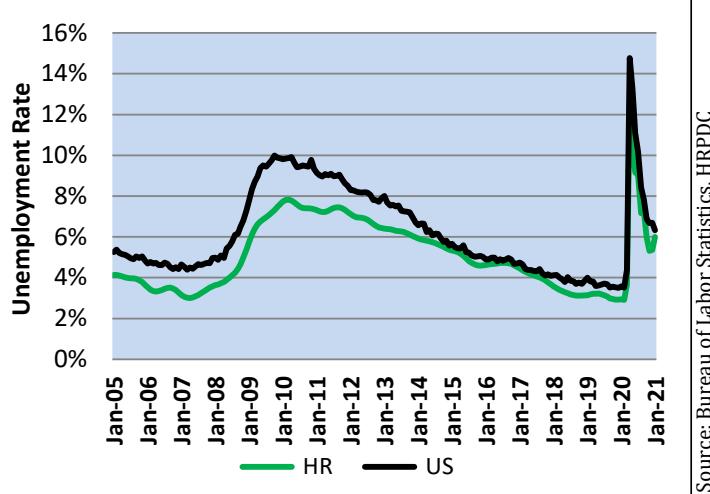
Hampton Roads, Jan 2005 – Feb 2021, Monthly



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 increased by 0.47% from December 2020 to January 2021, and 0.21% from January to February 2021, after declining slightly at the end of 2020. Total employment levels in Hampton Roads still sit 4.5% below pre-COVID highs of January 2020, but as vaccination rates continue to increase, businesses may begin hiring again in earnest.

Unemployment Rate, Seasonally Adjusted

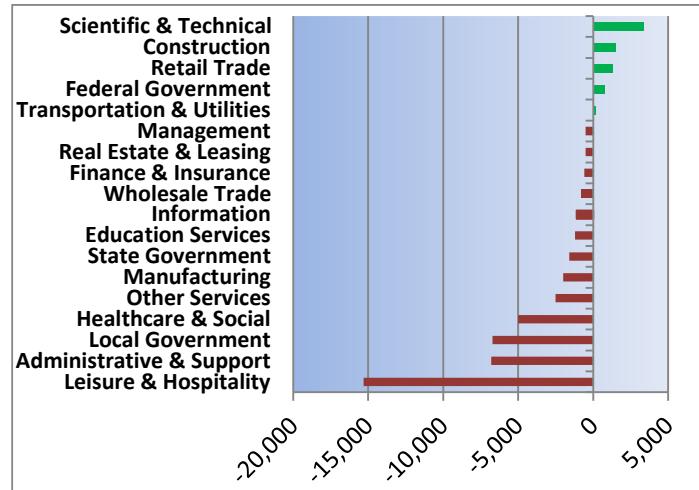
U.S. & Hampton Roads, Jan 2005 – Jan 2021, Monthly



Unemployment Rate: The unemployment rate is the percentage of the population actively seeking work but unable to obtain a position. Hampton Roads' unemployment rate increased for the second month in a row from 5.36% in December 2020 to 6% in January 2021, reflecting an increase 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, which has decreased for several months in a row.

Employment Growth by Industry

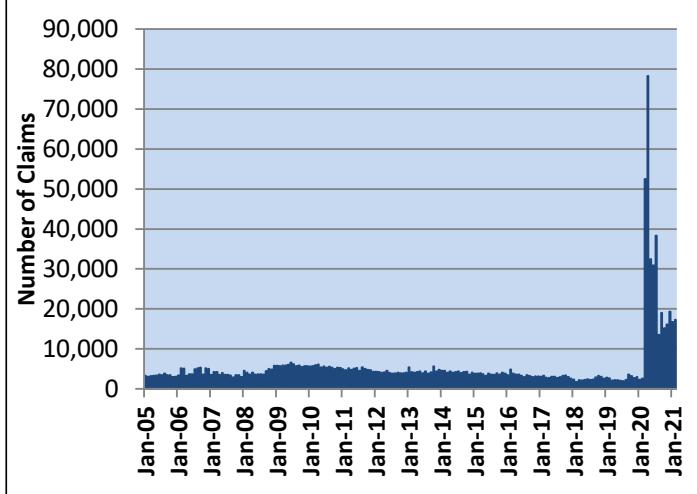
Hampton Roads, Feb-20 to Feb-21, Year-over-Year



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 February, almost every Hampton Roads industry experienced a decrease in year-over-year employment. Most significant was Leisure & Hospitality, which continued to show an especially large decrease of 15,000 employees. The Local Government and Administrative & Support industries lost nearly 7,000 jobs compared to last year, while Scientific & Technical gained 3,400 jobs.

Initial Unemployment Claims, Seasonally Adjusted

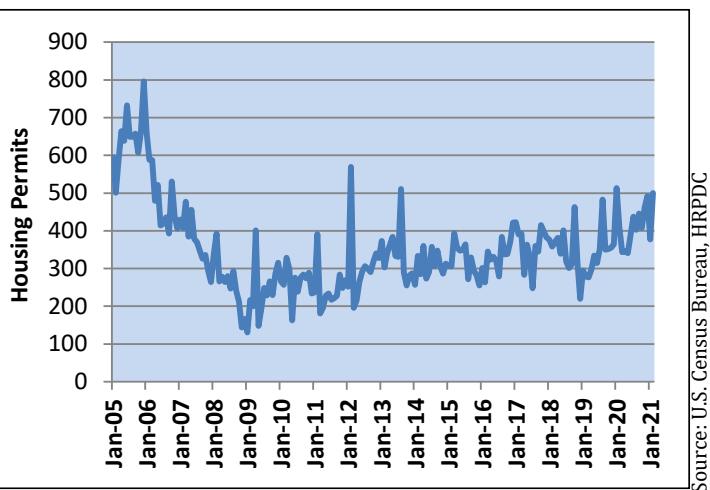
Hampton Roads, Jan 2005 – Feb 2021, Monthly



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. Seasonally adjusted unemployment claims in February of 2021 were roughly 17,300—a 3% increase from the previous month—however, unadjusted claims represented nearly 9,000 fewer claims from January to February.

Single Family Housing Permits, Seasonally Adjusted

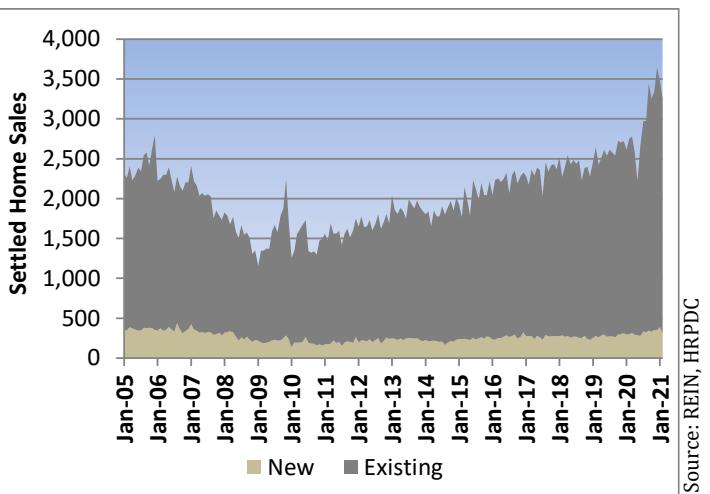
Hampton Roads, Jan 2005 – Feb 2021, Monthly



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 February 2021 increased to 465. When seasonally adjusted, the data shows an increase of 23% from February 2020. As the market continues to respond to COVID-19 and the recent news that interest rates will remain at near-zero levels, this indicator will be watched closely.

Number of Homes Sold, Seasonally Adjusted

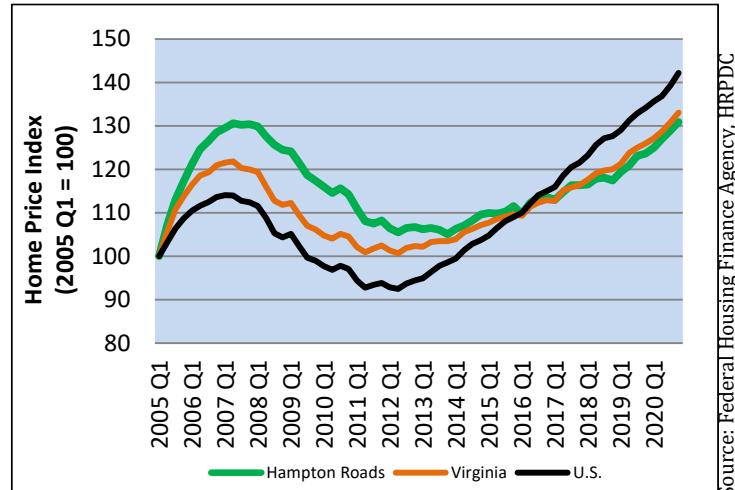
Hampton Roads, Jan 2005 – Feb 2021, Monthly



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 February decreased for the second month in a row, but still remain at record highs at 18% greater than the same month in 2020. New construction sales for February represented roughly 9% of all sales, the first month since 2014 it dipped below 10%.

Home Price Index, All Transactions

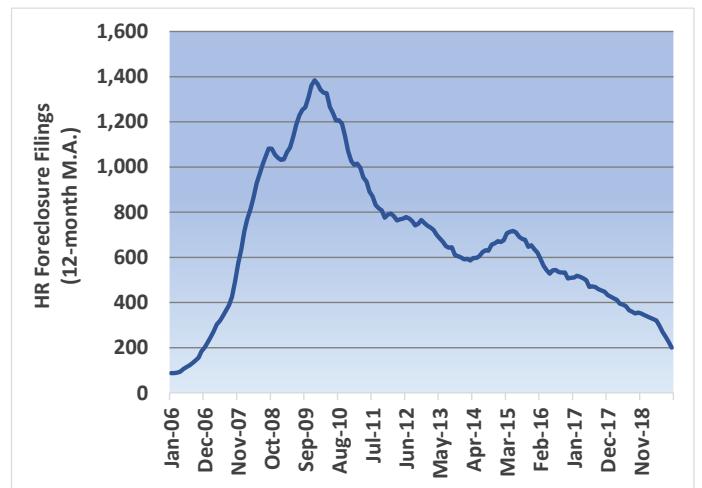
Hampton Roads, 2005Q1 – 2020Q4 Quarterly



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 5.9% over the previous year in Q4 2020, on par with both the state and the nation. Regional housing values remain less than 0.5% below the peak of the housing boom—the gap continues to shrink rapidly as the pandemic is causing home prices to increase drastically.

Foreclosure Filings

Hampton Roads, Jan 2005 – Sep 2020 Monthly



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.