

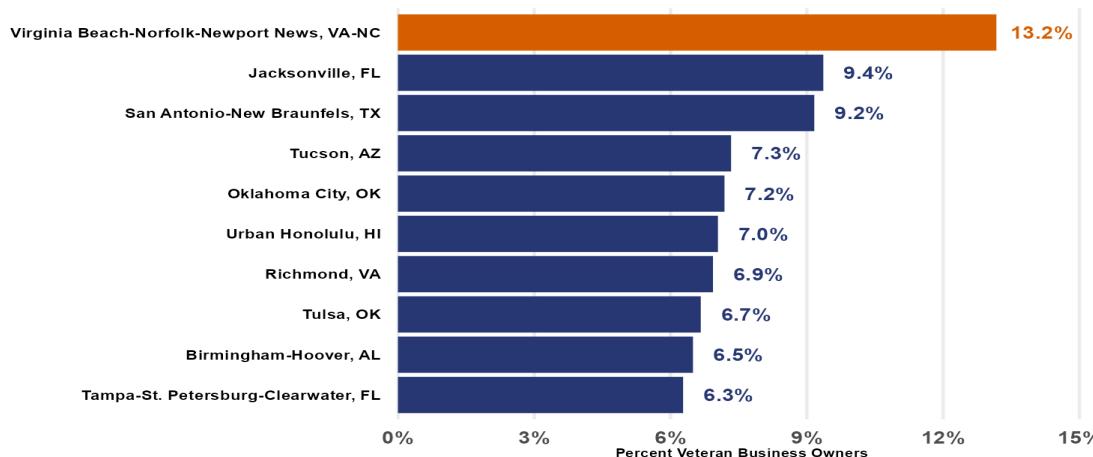
DATA SPOTLIGHT: VETERAN BUSINESS OWNERS

The Hampton Roads metro area is home to the 12th largest veteran population in the nation. Among metro areas with more than a million people, Hampton Roads also has the highest concentration of veteran residents, representing more than one in seven adults in the region. While much of the focus is on the military's current and future spending within the region, former service members continue to play a pivotal role in the region's economy. While most veterans transition into the civilian workforce, many also choose a path of entrepreneurship.

To better understand the role of veteran entrepreneurship on the region's economy, we can examine data on the demographic characteristics of business owners from the U.S. Census Bureau. The Nonemployer Statistics Series collects tax and other administrative filings by business owners who do not employ workers (nonemployer firms). The latest estimates for 2019 were released in May of this year. Nationally, veterans represented 5.1% of nonemployer business owners. In Hampton Roads, 13.7% of business owners of nonemployer firms were veteran owned. To capture a more complete picture of business owners, the Census Bureau combines the Nonemployer Statistics with the Annual Business Survey, a survey capturing the characteristics of business owners of firms with employees (employer firms). In 2019, veterans accounted for an estimated 5.7% of employer firms nationwide, compared to 10.9% in the region. Additionally, the survey estimates employees of veteran-owned firms represented 7.0% all employees in the region. The role of veteran business owners on the local economy becomes more apparent when we examine employee salaries. Approximately 7.6% of annual payroll distributed to employees are from veteran owned businesses.

Across both employer and nonemployers firms, approximately 13.2% or more than one in six Hampton Roads businesses were veteran-owned. The relatively high concentration of veteran business owners in the region becomes more apparent when compared to other metro areas in the country. As illustrated in the graph below, among metro areas with more than a million people, Hampton Roads has the highest concentration of veteran-owned businesses.

Figure 1: Percent of Veteran-Owned Firms, Top 10 Metropolitan Areas



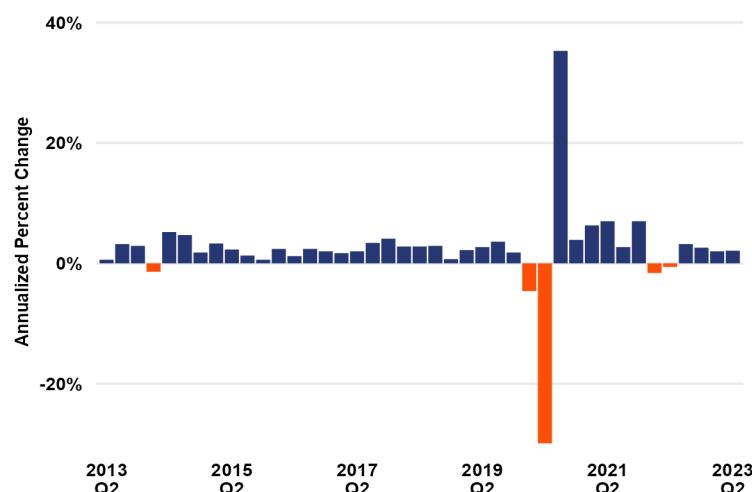
Data source: U.S. Census Bureau 2019 Nonemployer and Employer Statistics, HRPDC. Excludes metro areas with fewer than a million residents.

The U.S. Census Bureau does not provide sales receipts of veteran owned firms. Thus, we are unable to capture the true contribution of veteran-owned businesses on the Hampton Roads economy. These estimates do, however, shed light on the role of veteran entrepreneurship in the region.

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

	Q2 2022	Q2 2023	Trend
United States	-0.6%	2.1%	▲

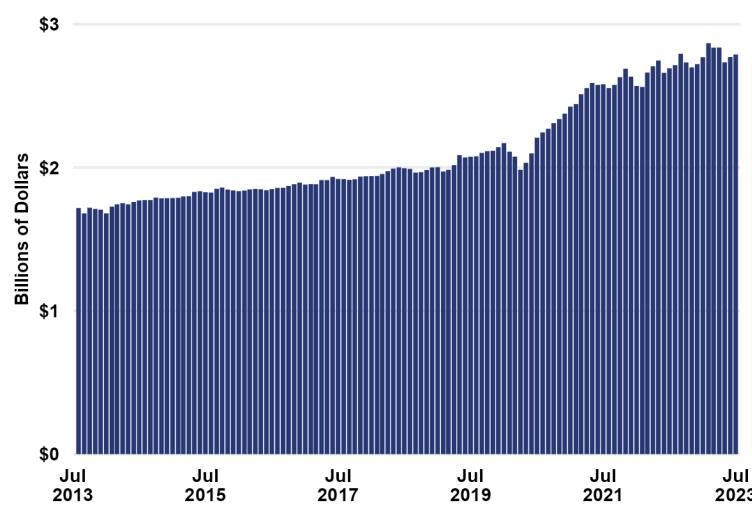
GDP: Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. Adjusted for inflation, GDP increased 2.1% in Q2 2023, the fourth straight quarter of increases after two quarters of declines in early 2022. Personal consumption accounted for 1.4 percentage points of the 2.1% increase in Q2. Investment and Government spending contributed 0.57 and 0.58 percentage points respectively. Net exports accounted for a 0.2 percentage point decline in GDP.



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

	Jun '23	Jul '23	Trend
Hampton Roads	\$2.77B	\$2.79B	▲
Virginia	\$14.91B	\$15.04B	▲

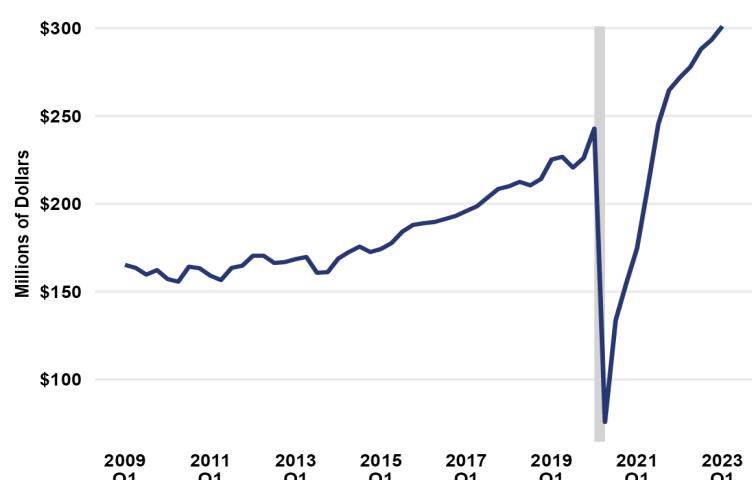
Retail Sales: Retail sales in Hampton Roads, as measured by the 1% local option sales tax, serve as an indicator for consumption in the region. When seasonally adjusted and averaged over 3 months, July retail sales reflect a 0.6% increase from the previous month. A second straight month of increasing retail sales is positive news following the decline in sales observed in the spring. Unadjusted, retail sales in July 2023 reflect a 0.69% increase from the previous year.



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

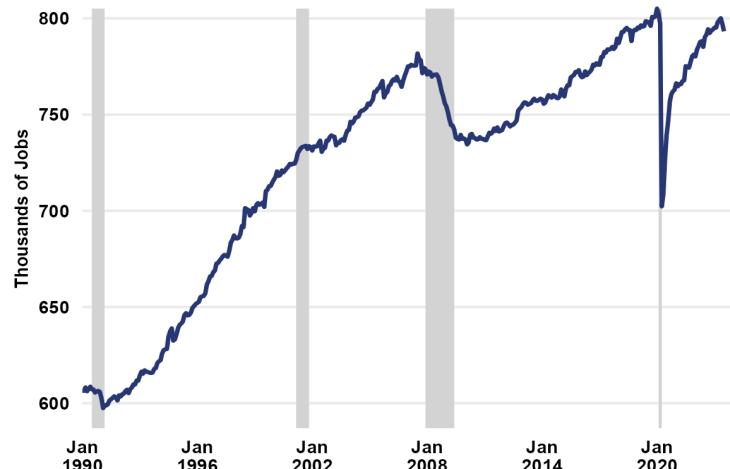
	Q1 2022	Q1 2023	Trend
Hampton Roads	\$272M	\$301M	▲
Virginia	\$1.0B	\$1.1B	▲

Estimated Hotel Revenue: Hotel sales indicate the performance of the region's tourism sector. When seasonally adjusted, Q1 2023 hotel revenue once again saw significant improvement from COVID-related closures, and a quarter-over-quarter increase after the first quarterly decline since the pandemic in Q4 2022. Hotel revenue in Q1 2023 represented an 11% increase over the previous year.

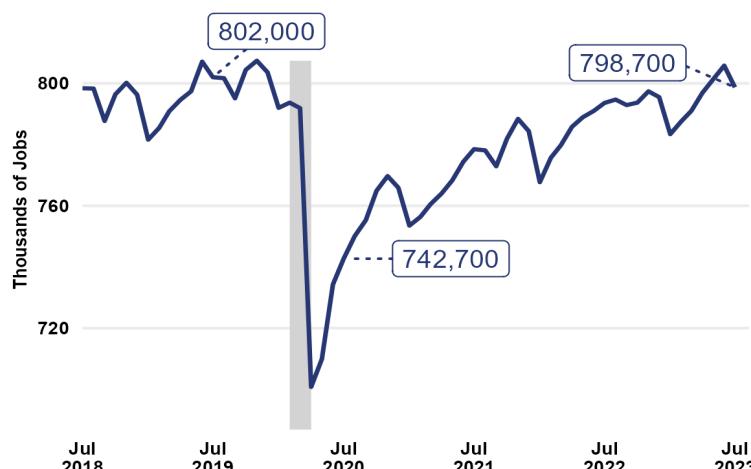


CIVILIAN PAYROLL EMPLOYMENT (M) SOURCE: BUREAU OF LABOR STATISTICS, HRPDC

HISTORICAL TREND, SEASONALLY ADJUSTED



3-YEAR, NOT SEASONALLY ADJUSTED



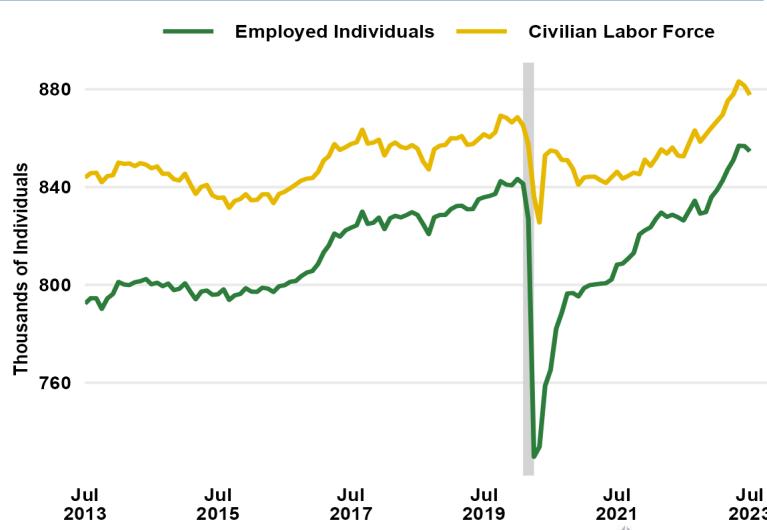
(seasonally adjusted)	July 2022	June 2023	July 2023	YoY % Change	MoM Trend
Hampton Roads	790,300	797,000	793,300	0.38%	▼
Virginia	4,082,700	4,145,700	4,147,100	1.58%	▲
United States	152,980,000	156,075,000	156,232,000	2.13%	▲

Employment: A leading indicator of labor market activity, the Bureau of Labor Statistics's payroll survey of businesses and government establishments measures the number of nonfarm civilian jobs. Seasonally adjusted, the number of jobs in July decreased 0.5% from the previous month. July marked the second straight month of negative job growth, a reversal from the steady growth experienced over the past year. Both the nation and the state added jobs in July, but have also experienced a slowdown in growth since May. Both the U.S. and Virginia have recovered all the jobs lost during the pandemic. On a seasonally adjusted basis, jobs in Hampton Roads remained 1.1% below the pre-pandemic peak observed in February 2020. Unadjusted, jobs in July remained 0.4% below levels observed in July 2019.

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

	Labor Force	Emp	Unemp	LF Trend
June 2023	881,425	856,776	25,196	▼
July 2023	877,674	854,650	23,746	

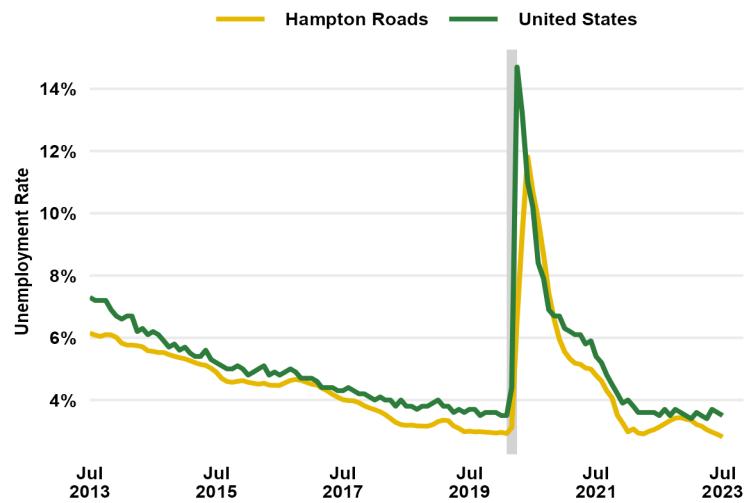
Labor Force: The Bureau of Labor Statistics's household survey measures the employment status of the civilian population 16 years and older. An area's labor force is comprised of the number of people working (employed) and those actively seeking work (unemployed). Seasonally adjusted, the Hampton Roads labor force declined 0.43% in July compared to the previous month, the second straight month of negative labor force growth. As of July 2023, the region's labor force is 1.1% above its' pre-pandemic peak observed in February 2020.



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

	Jul '22	Jun '23	Jul '23	Trend
Hampton Roads	3.1%	2.9%	2.8%	▼
Virginia	2.6%	2.7%	2.5%	▼
United States	3.5%	3.6%	3.5%	▼

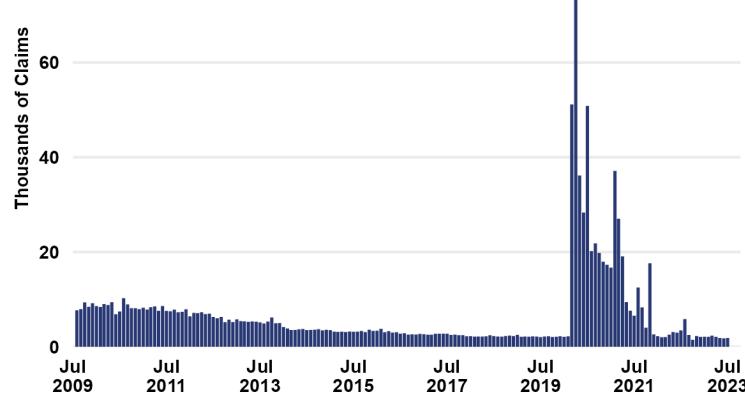
Unemployment Rate: The unemployment rate is the percentage of the labor force actively seeking work but unable to obtain a position. In July 2023, Hampton Roads' unemployment rate decreased from the previous month to 2.8%. The unemployment rate continues to fall to historically low rates not seen since 2000, showing continued signs of a tight labor market.



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

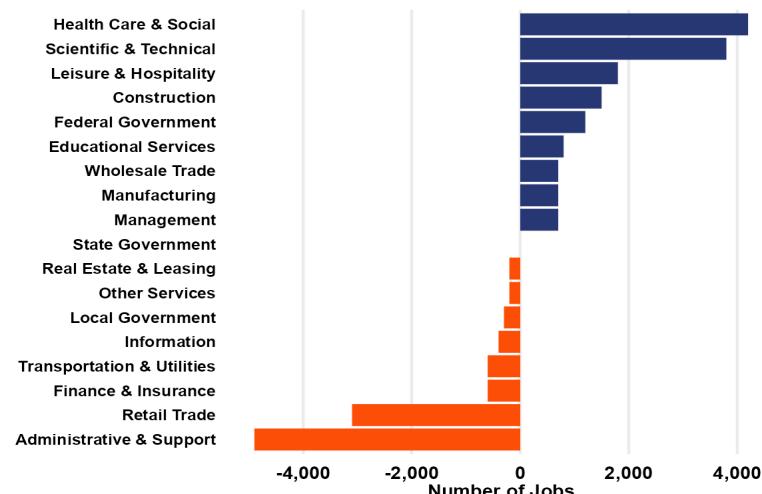
	Jun '23	Jul '23	Trend
Hampton Roads	1,782	1,860	▲
Virginia	8,676	9,027	▲

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 July 2023, the number of initial claims filed for unemployment increased from the previous month. While these estimates could indicate a possible rise in unemployment, another month of data will provide a clearer picture.



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

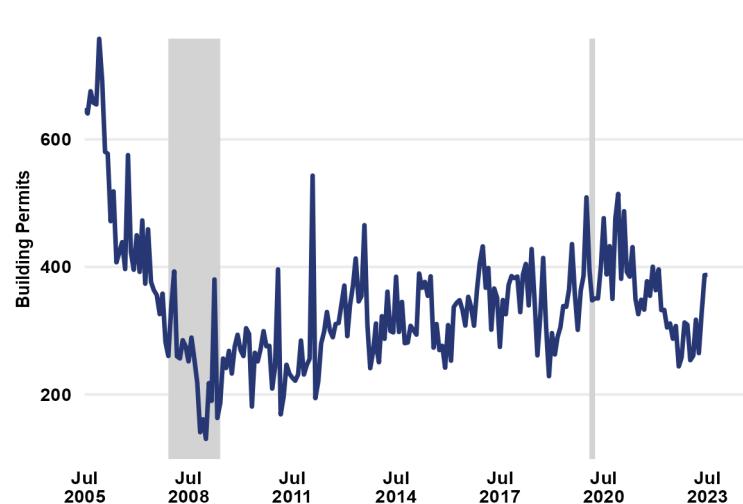
Employment Growth by Industry: As the job market grows or contracts, there will be some industries whose experience does not resemble the regional trend. In July, the majority of Hampton Roads industries experienced an increase in year-over-year employment compared to July 2022. The most significant gains were in Healthcare and Social Assistance, which added nearly 4,200 jobs compared to July 2022, followed by Scientific & Technical and the Leisure and Hospitality industries. The Administrative & Support industry lost 4,900 year over year, followed Retail Trade (-3,100) and Finance and Insurance (-600).



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

	Jul '22	Jun '23	Jul '23	Trend
Hampton Roads	287	387	388	▲

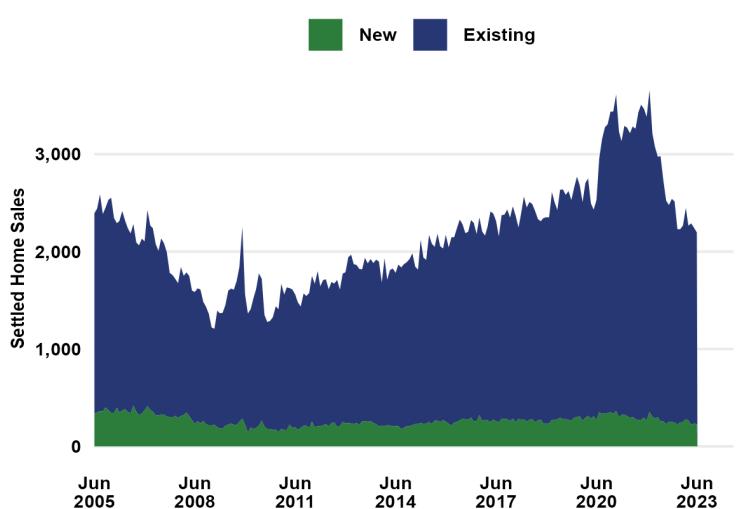
Single Family Housing Permits: Permit data signals the level of construction employment and confidence regarding the future trajectory of the local economy. When seasonally adjusted, there were 388 new construction permits issued for single family homes in July 2023. After over a year of plateauing data in 2020/2021, the trend steadily declined for the entirety of 2022. So far in 2023, permits have steadily increased. As interest rates and materials prices settle, this indicator will be one to watch for potential upward movement.



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

	Jun '22	May '23	Jun '23	Trend
Hampton Roads	2,729	2,245	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 June decreased again from May with 2,197 homes sold, after a few months of increasing sales during the winter months as mortgage rates stabilized. The sale of new homes in June represented 10.4% of total sales, moving back up to double digits after averaging 9% for most of 2022 and early 2023.



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

	Q2 2022	Q2 2023	Trend
Hampton Roads	163.4	174.1	▲
Virginia	166.8	177.0	▲
United States	185.0	193.2	▲

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 6.5% in Q2 2023 when compared to the same quarter last year, a faster rate than both the state and nation and the fourth straight quarter year-over-year growth has slowed, indicating a slowdown in the real estate market.

