

ON THE MOVE: HAMPTON ROADS MIGRATION INSIGHTS

Population growth is indicative of a healthy economy. A consistent rise in a region's population signifies that an area can retain and attract a strong workforce, which provides the ability to make new investments in the community and provide for sustained growth in the economy. However, both nationally and regionally, population growth has decelerated in recent decades. From 2010 to 2019, the population of Hampton Roads grew at an average annual rate of 0.3%, lagging behind the state (0.7%) and nation (0.7%).

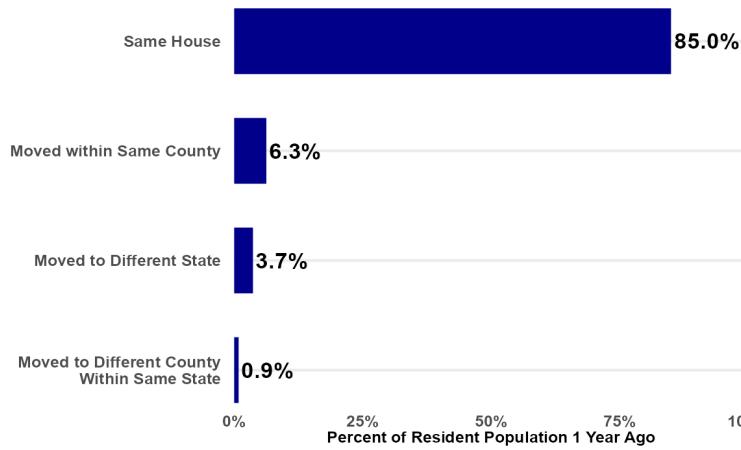
In our August article we discussed a significant driver of the region's slower population growth, negative net domestic migration. Over the last decade, Hampton Roads has consistently lost residents to net domestic out-migration, more people moving out than in over the year. To better understand domestic out-migration in the region, the U.S. Census Bureau's American Community Survey, asks where respondents lived one year ago.

As illustrated in Graph 1, 85% of those who lived in the Hampton Roads metro area one year ago had not moved, the remaining 15% of residents changed their residence in the prior year. Approximately 6.3% moved to different house in the same county, 3.7% moved to a different state, and another 0.9% moved to a different county in the same state. The domestic out-migration of Hampton Roads residents stands out among metro areas with more than one million residents. Of the 54 metro areas with more than a million residents, Hampton Roads had the 3rd highest share residents who moved to a different state, and the 3rd highest share of residents who moved to different county in the same state. On the other hand, the region has the 46th highest share of residents who had moved within the same county.

Military personnel are an important factor in understanding the region's migration patterns. According to the U.S. Census Bureau, in 2022 approximately 6.3% of the Hampton Roads MSA population 16 years and older was a member of the armed forces, more than 12 times the national average of 0.5%. If we examine where out-migrants are moving to, the role of the military in the region's migration patterns becomes apparent.

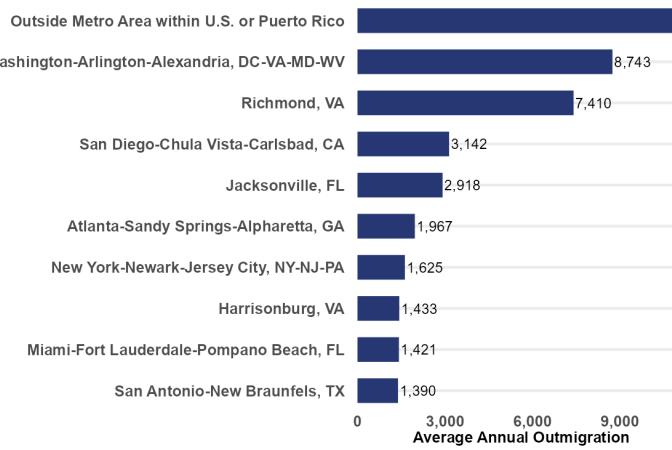
Graph 1: Residence One Year Ago

Hampton Roads MSA, 2021



Graph 2: Average Annual Migration out of Hampton Roads

Top 10 Destinations, 2020



Data source: U.S. Census Bureau American Community Survey ACS 5-Year 2017-2021, and ACS 5-Year Migration Flows 2016-2020.

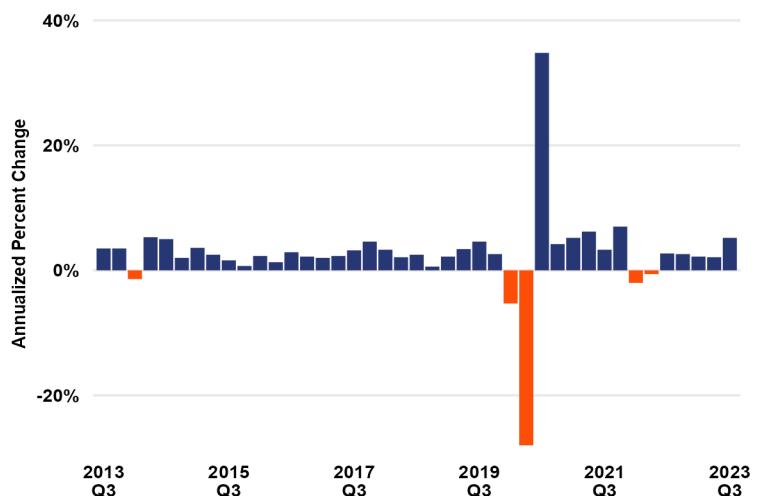
The U.S. Census Bureau estimates the average annual flow of migrants between geographic areas over a 5 year period. The latest 2020 estimates reflect the average annual migration flows between 2016 and 2020. As illustrated in Graph 2, several of the top destinations of former Hampton Roads residents, such as Washington D.C., San Diego, and Jacksonville FL, are also metro areas with a significant military presence.

In future articles, we will attempt to parse out the out-migration of military servicemembers from civilian out-migrants, examine historical trends, and dive into other socioeconomic characteristics of migrants moving in and out of Hampton Roads. Stay tuned!

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

	Q3 2022	Q3 2023	Trend
United States	2.7%	5.2%	▲

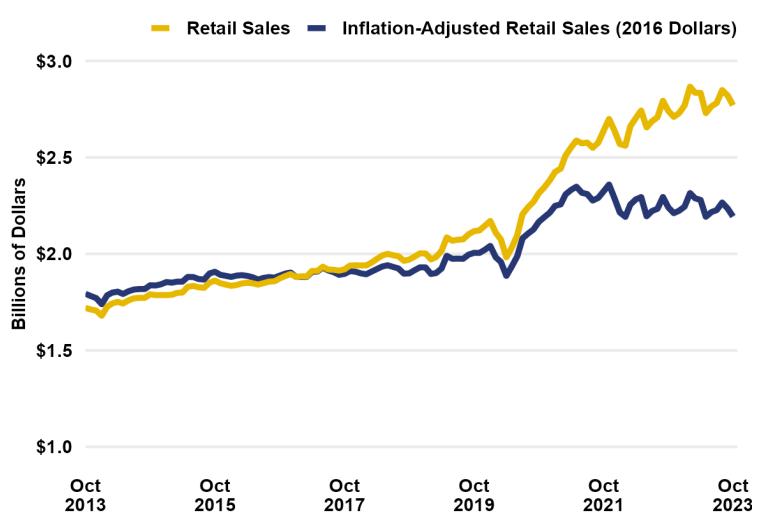
GDP: Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. Adjusted for inflation, GDP rose 5.2% in Q3 2023, the largest rate of growth since 2021. Personal consumption accounted for 2.44 percentage points of the 5.2% increase in Q3. Investment and Government spending contributed 1.82 and 0.94 percentage points respectively. Net exports accounted for a 0.04 percentage point decline in GDP.



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

	Sep '23	Oct '23	Trend
Hampton Roads	\$2.82B	\$2.77B	▼
Virginia	\$15.33B	\$15.11B	▼

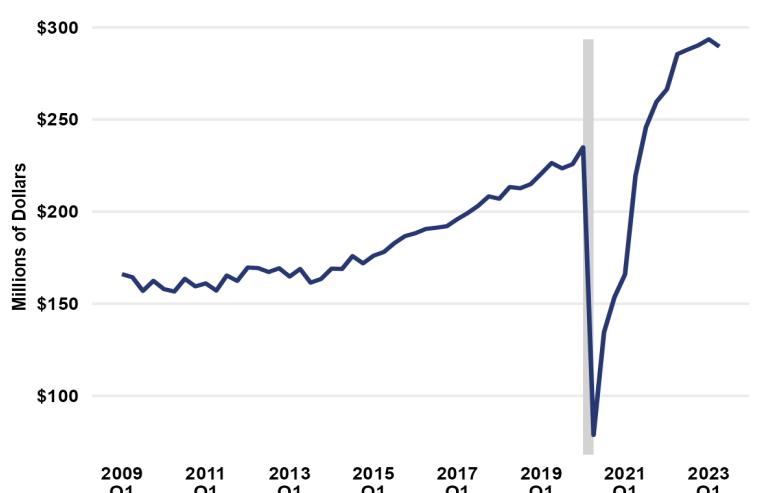
Retail Sales: Retail sales in Hampton Roads, as measured by the 1% local option sales tax, serve as an indicator for consumption in the region. When seasonally adjusted, October shows a decrease in sales. Unadjusted, October 2023 shows a 4.2% decrease from the previous month, and a 1.9% decrease from the previous year. The recent surge in inflation has contributed to the nominal growth in retail sales. Adjusted for inflation, the growth in retail sales has slowed since late 2021.



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

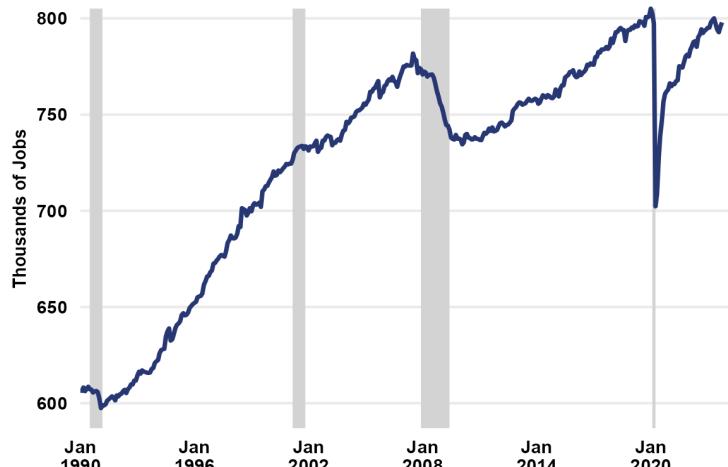
	Q2 2022	Q2 2023	Trend
Hampton Roads	\$286M	\$290M	▲
Virginia	\$1.0B	\$1.1B	▲

Estimated Hotel Revenue: Hotel sales indicate the performance of the region's tourism sector. When seasonally adjusted, Q2 2023 hotel revenues increased 1.4% from the previous year. Hotel revenues declined 1.4% from the previous month, the first month-over-month decline in more than a year. Despite early signs of a cooling, hotel revenues remain 27.9% above pre-pandemic levels observed in Q2 2019.

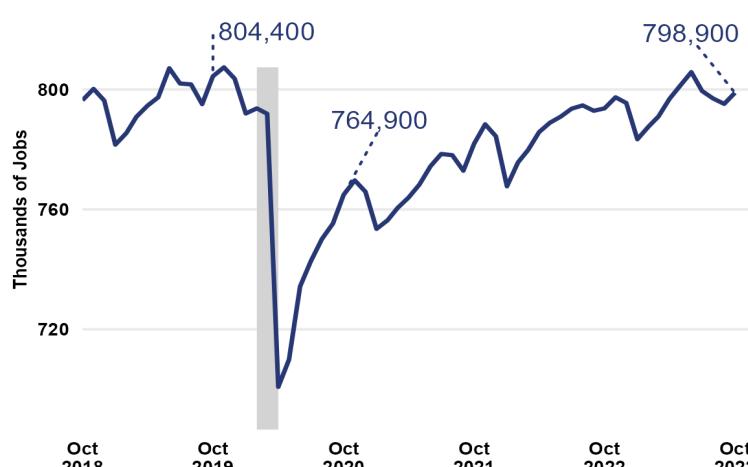


CIVILIAN PAYROLL EMPLOYMENT (M) SOURCE: BUREAU OF LABOR STATISTICS, HRPDC

HISTORICAL TREND, SEASONALLY ADJUSTED



3-YEAR, NOT SEASONALLY ADJUSTED



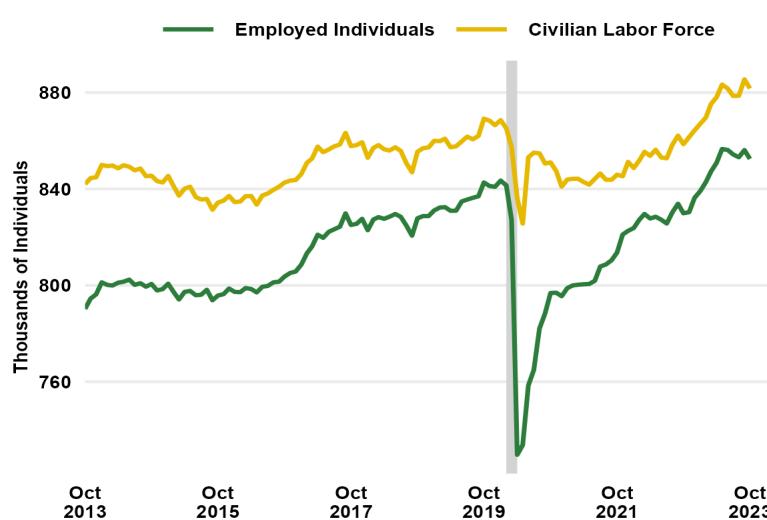
(seasonally adjusted)	Oct 2022	Sept 2023	Oct 2023	YoY % Change	MoM Trend
Hampton Roads	792,400	795,800	797,900	0.7%	▲
Virginia	4,106,100	4,164,500	4,164,500	1.4%	▲
United States	154,006,000	156,738,000	156,888,000	1.9%	▲

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 October rose 0.3% from the previous month. This marks the second straight month of job growth in the region, a positive sign after three straight months of negative growth. For both the region and the nation, job growth in October slowed from the previous month. In the Commonwealth, the number of civilian jobs were relatively unchanged from the previous month. When seasonally adjusted, both the U.S. and Virginia have recovered all the jobs lost during the pandemic. Jobs in Hampton Roads remain 0.9% below the pre-pandemic peak observed in February 2020. Unadjusted, jobs in October 2023 remained 0.7% below levels observed in October 2019.

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

	Labor Force	Emp	Unemp	LF Trend
Sep 2023	885,450	856,117	30,087	
Oct 2023	881,679	852,450	30,039	▼

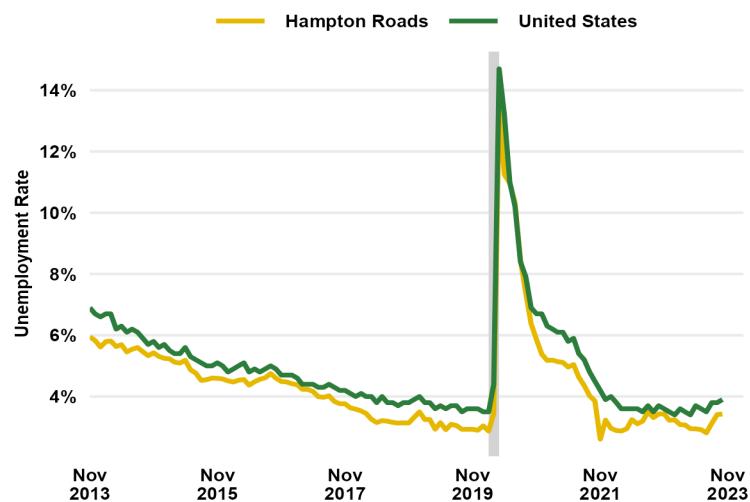
Labor Force: The Bureau of Labor Statistic's household survey measures the employment status of the civilian population 16 years and older. An area's labor force is comprised of the number of people working (employed) and those actively seeking work (unemployed). Seasonally adjusted, the Hampton Roads labor force decreased 0.4% in October from the previous month. A decline in the labor force combined with a slowdown in job growth in October may be an early sign the labor market is beginning to cool.



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

	Oct '22	Sep '23	Oct '23	Trend
Hampton Roads	3.4%	3.4%	3.4%	▼
Virginia	3.1%	2.5%	2.7%	▲
United States	3.7%	3.8%	3.9%	▲

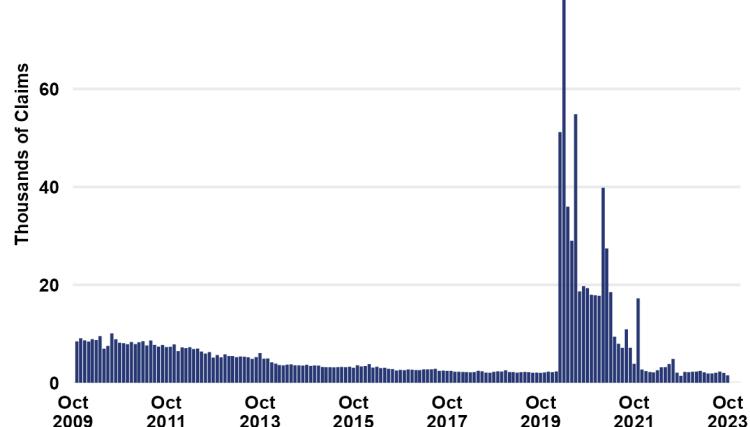
Unemployment Rate: The unemployment rate reflects the percentage of the labor force actively seeking work but unable to obtain a position. In October 2023, the Hampton Roads unemployment rate remained unchanged from the previous month at 3.4%. The region's unemployment rate remains at historically low levels, but is slightly above pre-pandemic levels observed in February 2020.



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

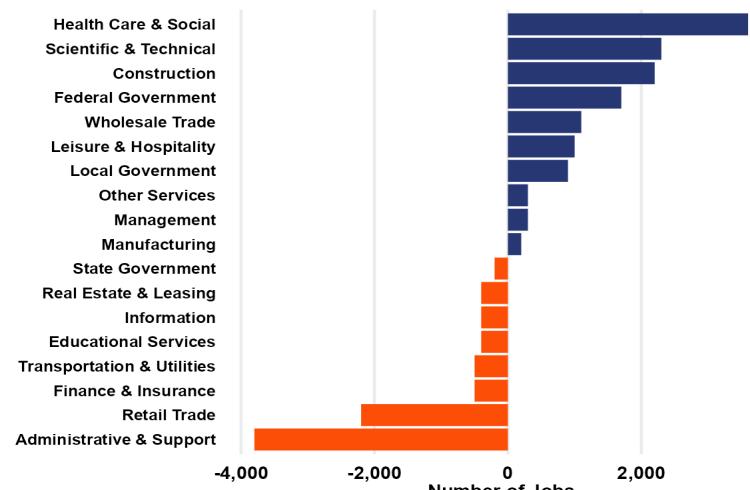
	Sep '23	Oct '23	Trend
Hampton Roads	2,022	1,525	▼
Virginia	9,507	8,003	▼

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 2023, the number of initial claims filed for unemployment decreased from the previous month. October marks the second straight month of declining initial claims for unemployment insurance, a signal the region's labor market remains tight.



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

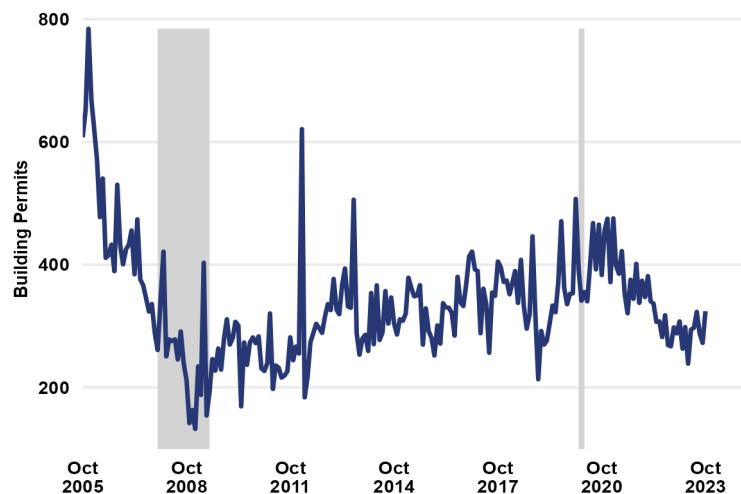
Civilian Job Growth by Industry: As the job market grows or contracts, there will be some industries whose experience does not resemble the regional trend. In October, more than half of industries experienced an increase in payroll employment (jobs) compared to October 2022. The largest gains were in Healthcare and Social Assistance, which added 3,600 jobs when compared to October 2022. Scientific & Technical (+2,300) and Construction (+2,200) recorded the second and third largest gains. The Administrative & Support industry was down 3,800 jobs year over year, followed by Retail Trade (-2,200) and the Finance and Insurance (-500) sectors.



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

	Oct '22	Sep '23	Oct '23	Trend
Hampton Roads	267	272	324	▲

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 324 new construction permits issued for single family homes in October 2023, a 19.1% increase from the previous month. The number of permits issued in October were % below the pre-pandemic levels observed in February 2020. A higher interest rate environment will continue to pose challenges to this indicator in the short term.



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

	Oct '22	Sep '23	Oct '23	Trend
Hampton Roads	2,515	2,131	2,016	▼

Home Sales: Settled home sales measure the level of transactions in 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 totaled 2,016 in October, a decrease of 5.4% from the previous month. New home sales, representing 10.3% of total sales, fell 0.6% from September. The sale of existing homes, the remaining 89.7% of total home sales, fell 6.1% month-over-month. Compared to the same month last year, total sales in October had decreased 19.8%.



30-YEAR FIXED RATE MORTGAGE AVERAGE (M) SOURCE: FREDDIE MAC, HRPDC

	Nov '22	Oct '23	Nov '23	Trend
United States	6.8%	7.6%	7.4%	▲

30-Year Mortgage Rate: The 30-year fixed-rate mortgage represents the average interest rate paid by borrowers on newly issued mortgage loans, and these rates typically fluctuate in tandem with interest rate cycles. Shifts in the cost of borrowing for housing have a substantial influence on housing market trends. The average 30-year fixed-rate mortgage rate has surged, rising by more than four percentage points over the last two years. The decline in November marks the first month-over-month decrease in the mortgage rate since April.

