

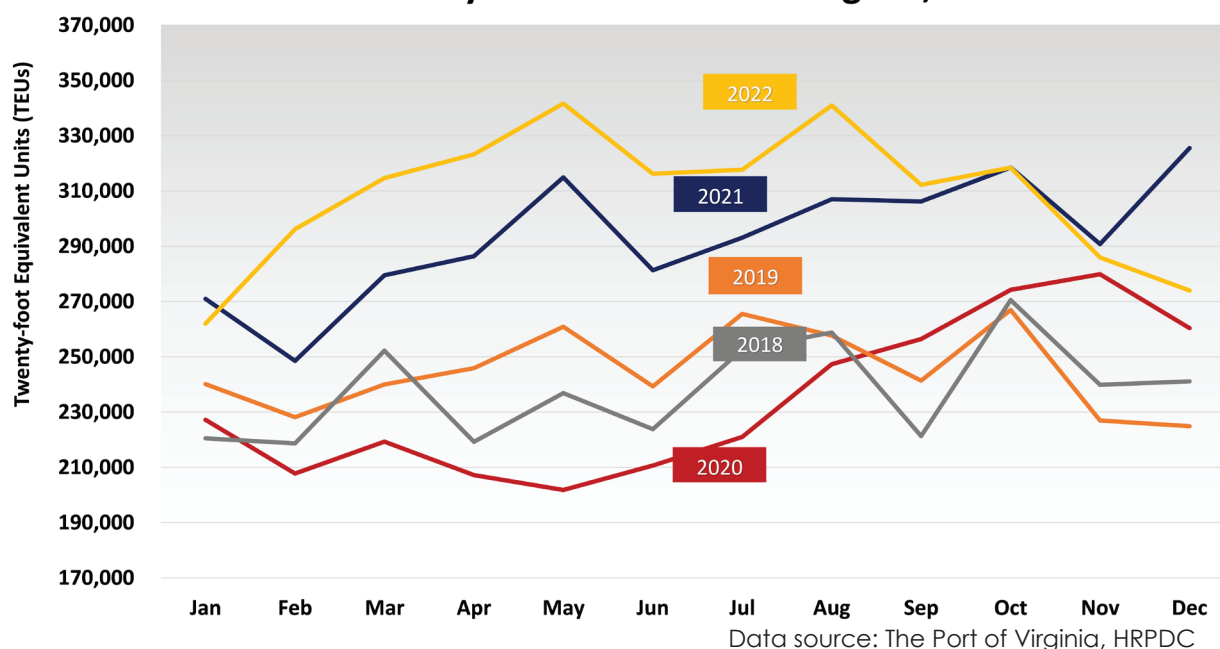
## FIVE YEARS OF VOLUME AT THE PORT OF VIRGINIA

After the onset of the COVID-19 pandemic in early 2020, the term “supply chain logistics” became ubiquitous seemingly overnight, and news stories of container ships floating outside ports waiting for weeks to dock flooded the headlines. But the Port of Virginia recorded their two best calendar years on record for volume in 2021 and 2022, due in large part to what Virginia Port Authority CEO and Executive Director Stephen A. Edwards has termed “the Virginia model.”

What is the Virginia model? The Port of Virginia owns and operates its terminals as well as the “Hampton Roads Chassis Pool” — the truck carriages on which containers are mounted. This arrangement, unlike some other large ports where private, competing entities can own and operate terminals and key assets, allows for quicker decisions that ensure greater efficiency rather than losing time while competing financial interests are resolved.

Since the Port of Virginia is one of the main drivers of economic activity in Hampton Roads, when the Port wins, Hampton Roads wins. Recently, the Port of Virginia was recognized as the most productive port in North America for calendar year 2021, as measured by The Container Port Performance Index 2021. While at the time, the volume of cargo that went through the Port in 2021 was a record high, as shown in the chart below, total TEUs (twenty-foot equivalents, the measurement unit for cargo capacity) recorded was 5% higher in 2022 than in 2021. Even though the final few months of 2022 recorded lower volume than in 2021, they were still elevated over all previous years, closing out another extremely productive year of cargo movement and economic activity in the region.

**Total Monthly Volume at Port of Virginia, 2018 - 2022**

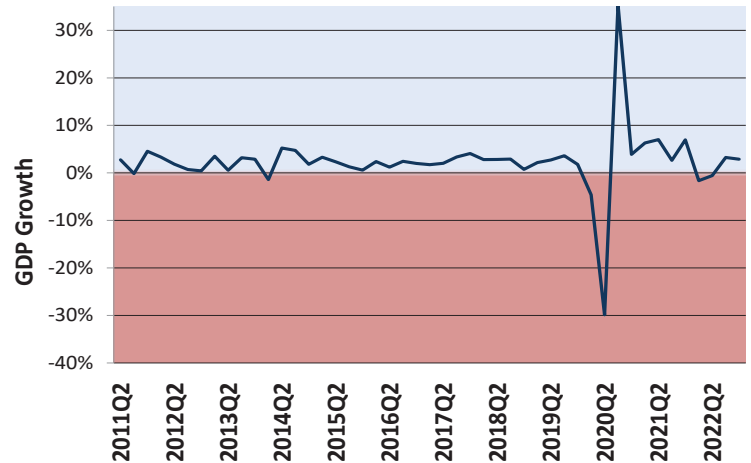


The Port is continuing to build upon the success of the past few years with improvements and advancements that will continue to pay dividends well into the future. The Norfolk Harbor deepening and widening project that began in December 2019 is slated for completion in 2024, allowing the harbor to simultaneously accommodate two ultra-large container vessels, which will fuel cargo growth, job creation and economic investment across the region and Commonwealth. And finally, the Port has announced plans to fulfill all of its operational electricity needs from clean-energy resources by 2024 and in doing so, moves forward with its goal of becoming completely carbon-neutral by 2040 in effort to maintain its world-class operation with a twenty-first-century approach to sustainability.

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

|               | Q4 2021 | Q4 2022 | Trend |
|---------------|---------|---------|-------|
| United States | 7.0%    | 2.9%    | ▼     |

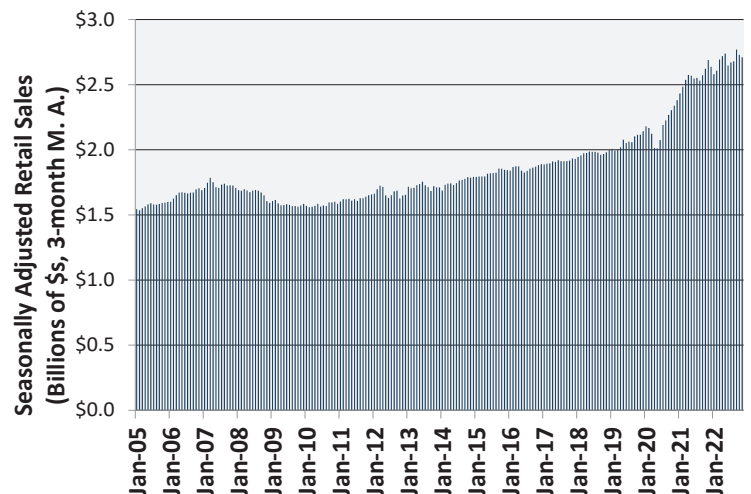
**GDP:** Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. Real GDP increased by 2.9% in Q4 2022, the second quarter of increases after two quarters in a row of declines. Q4 increases were driven by an increase in personal consumption expenditures, mostly due to spending on services but a slight increase in goods as well. Q4 also saw a third quarter in a row of increased expenditures in net exports, and another quarter of increases in government expenditures and investments.



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

|               | Oct '22  | Nov '22  | Trend |
|---------------|----------|----------|-------|
| Hampton Roads | \$2.73B  | \$2.71B  | ▼     |
| Virginia      | \$14.65B | \$14.48B | ▼     |

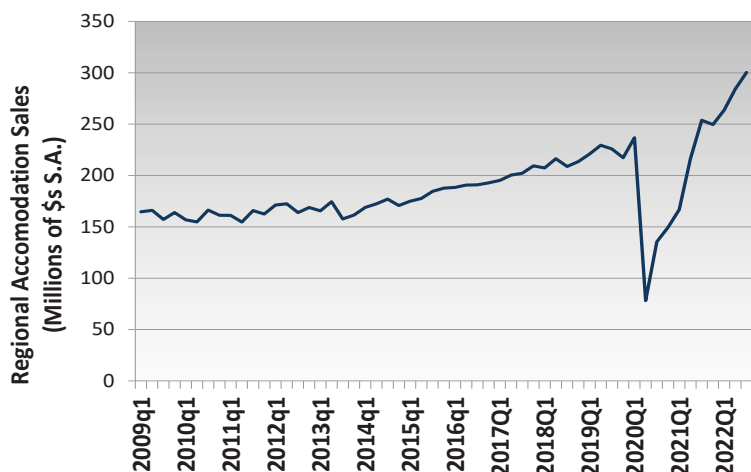
**Retail Sales:** Retail sales in Hampton Roads, as measured by the 1% local option sales tax, serve as an indicator for consumption in the region. When seasonally adjusted and averaged over 3 months, November shows decreased sales for the second month after several months of increases over the summer months. Unadjusted, Nov 2022 shows a 2.2% increase over Nov 2021, the smallest year over year increase since March of 2020, further proof that the pace of retail sales continues to slow.



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

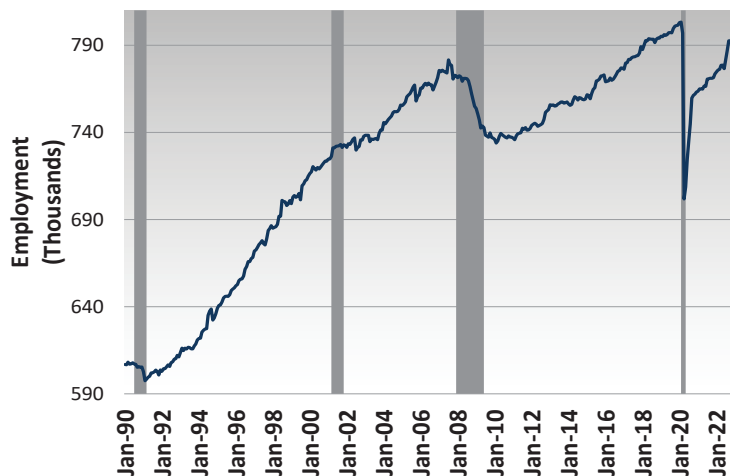
|               | Q3 2021 | Q3 2022 | Trend |
|---------------|---------|---------|-------|
| Hampton Roads | \$254M  | \$300M  | ▲     |
| Virginia      | \$1.06T | \$1.08T | ▲     |

**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.

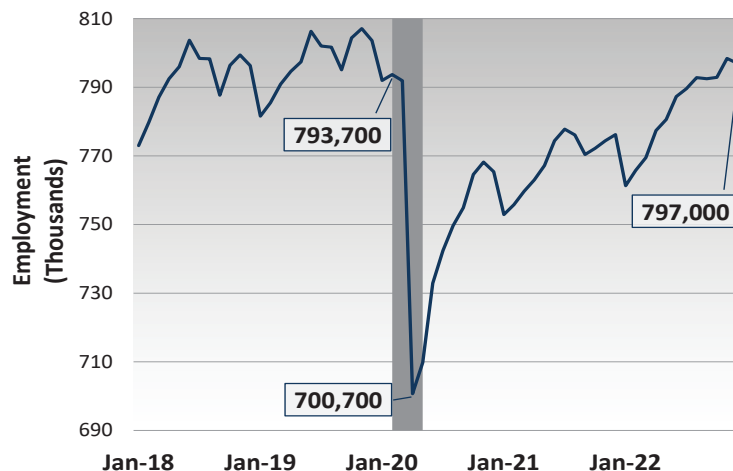


## CIVILIAN PAYROLL EMPLOYMENT (M) SOURCE: BUREAU OF LABOR STATISTICS, HRPDC

## HISTORICAL TREND, SEASONALLY ADJUSTED



## 3-YEAR, NOT SEASONALLY ADJUSTED



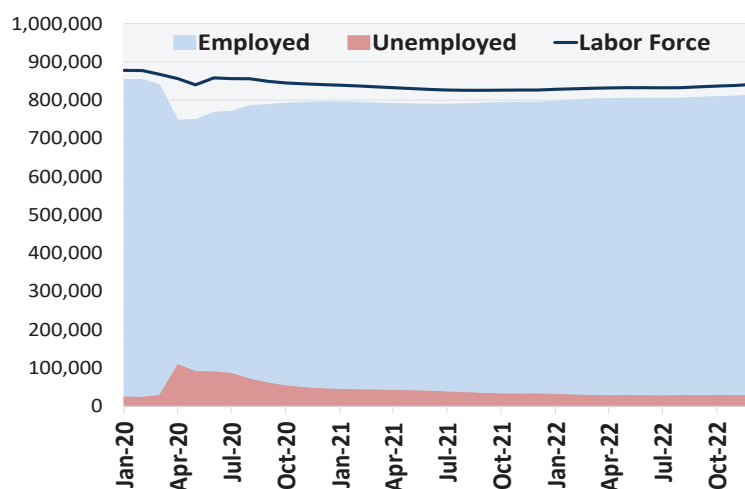
| (seasonally adjusted) | Dec 2021    | Nov 2022    | Dec 2022    | YoY % Change | MoM Trend |
|-----------------------|-------------|-------------|-------------|--------------|-----------|
| Hampton Roads         | 773,500     | 794,200     | 793,700     | 2.61%        | ▼         |
| Virginia              | 3,994,000   | 4,097,800   | 4,097,900   | 2.59%        | ▲         |
| United States         | 149,742,000 | 154,296,000 | 154,556,000 | 3.21%        | ▲         |

**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 0.06% from November to December 2022, ending the year at the second highest monthly levels since the onset of the pandemic. Unadjusted employment levels decreased from the prior month. In Hampton Roads, year-over-year growth is recorded at 2.61%, continuing to signal that overall the workforce is recovering from COVID losses, but the recent slowdown may be a sign of stagnation. The Commonwealth of Virginia recorded an increase, but only of 100 jobs, pointing towards a statewide stagnation as well. Total adjusted payroll employment in the region remains roughly 1.16% below pre-COVID highs, with the gap continuing to shrink on average.

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

|          | Labor Force | Emp     | Unemp  | LF Trend |
|----------|-------------|---------|--------|----------|
| Nov 2022 | 838,337     | 810,305 | 28,032 |          |
| Dec 2022 | 841,199     | 813,219 | 27,980 | ▲        |

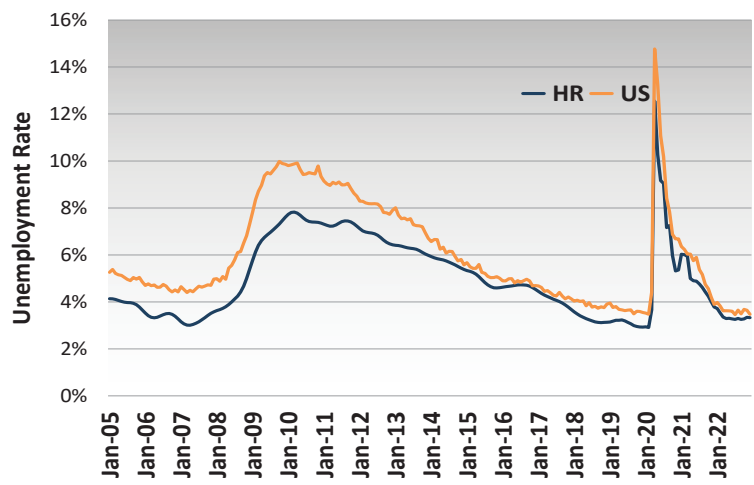
**Labor Force:** An economy's labor force is defined as those who are either employed or actively seeking work, and the breakdown of the labor force is often used in conjunction with the unemployment rate to offer some perspective into the true state of the economy. The region's labor force was slowly 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, but levels still sit roughly 4.2% below January 2020 levels.



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

|               | Dec '21 | Nov '22 | Dec '22 | Trend |
|---------------|---------|---------|---------|-------|
| Hampton Roads | 3.87%   | 3.34%   | 3.33%   | ▼     |
| Virginia      | 3.31%   | 2.85%   | 2.96%   | ▲     |
| United States | 3.90%   | 3.65%   | 3.47%   | ▼     |

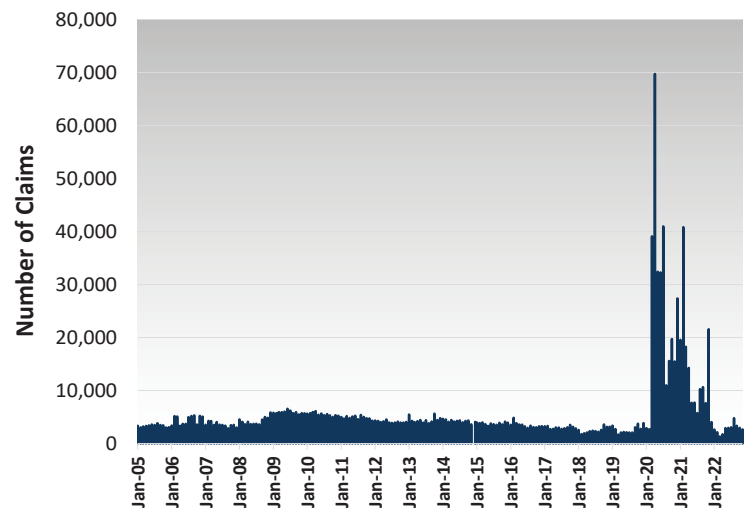
**Unemployment Rate:** The unemployment rate is the percentage of the population actively seeking work but unable to obtain a position. Hampton Roads' unemployment rate decreased after two months of increases to 3.33% in December 2022, reflected by an increase in the labor force and the number of employed persons and a slight decrease in total unemployed persons (all seasonally adjusted).



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

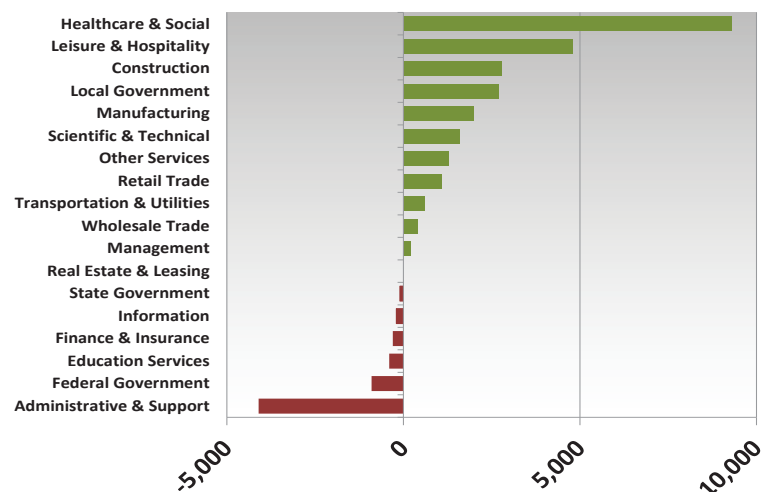
|               | Oct '22 | Nov '22 | Trend |
|---------------|---------|---------|-------|
| Hampton Roads | 2,949   | 2,664   | ▼     |
| Virginia      | 13,245  | 12,081  | ▼     |

**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 November 2022, initial unemployment claims decreased by 10%, the third 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 (DEC, YEAR-OVER-YEAR) SOURCE: BUREAU OF LABOR STATISTICS, HRPDC

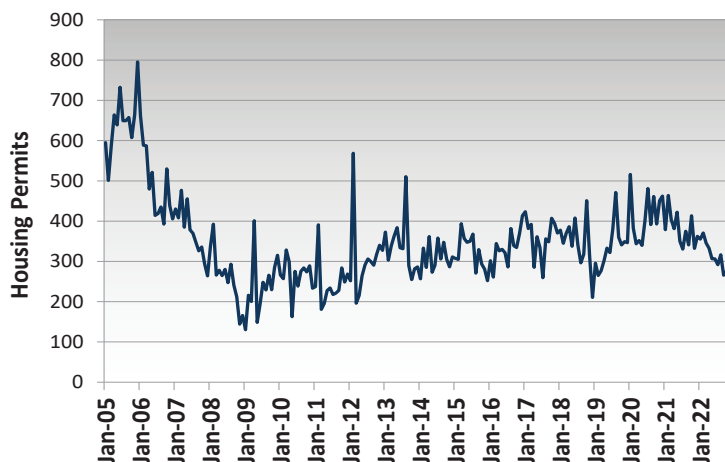
**Employment Growth by Industry:** As the job market grows or contracts, there will be some industries whose experience does not resemble the regional trend. In December, the majority of Hampton Roads industries experienced a decrease in year-over-year employment compared to December 2021. Most significant gains were Healthcare & Social, which added nearly 10,000 jobs compared to December 2021, followed by Leisure & Hospitality 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

|               | Dec '21 | Nov '22 | Dec '22 | Trend |
|---------------|---------|---------|---------|-------|
| Hampton Roads | 363     | 292     | 276     | ▼     |

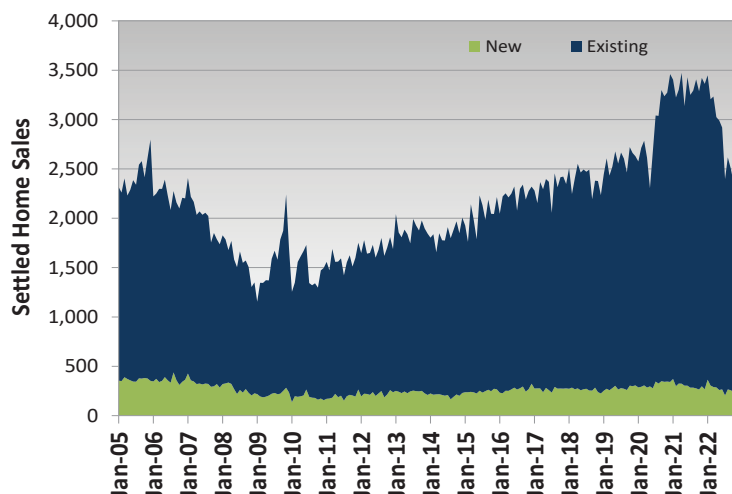
**Single Family Housing Permits:** Permit data signals the level of construction employment and confidence regarding the future trajectory of the local economy. When seasonally adjusted, there were 276 new construction permits issued for single family homes in December 2022 - a decrease after two months of increases. After over a year of plateauing data in 2020/2021, the trend is pointing towards steady declines for the entirety of 2022. 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

|               | Dec '21 | Nov '22 | Dec '22 | Trend |
|---------------|---------|---------|---------|-------|
| Hampton Roads | 3,361   | 2,196   | 2,111   | ▼     |

**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 December decreased yet again from November with 2,111 homes sold, the lowest monthly total sales since the onset of the pandemic. The sale of new homes in December represented 11% of total sales, reaching back into the double digits after averaging 9% for the majority of 2021 and 2022.



## 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.

