

NEW CENSUS DATA: POPULATION GROWTH REBOUNDS

Last month the U.S. Census Bureau released annual (intercensal) population estimates for 2023. The Hampton Roads metro area's population rose to 1,787,169, an increase of 1,779 residents from the previous year. The latest estimates indicate a positive shift toward pre-pandemic population trends for both the region and the nation as deaths slowed and net migration increased, a sign the pandemic's impact is diminishing. However, some lingering effects of the pandemic continue to shape demographic trends as population growth rates remain well below pre-pandemic levels, illustrating the ongoing nature of the recovery.

As shown in Figure 1, population growth in 2023 increased from the prior year in the United States, Virginia and Hampton Roads. Nationally, the total population increased 0.5% in 2023, a continued rebound from the record low rate of 0.1% recorded in 2021. Since the U.S. Census Bureau estimates the population as of July 1st, 2021 marks the first full year of the pandemic's impact on population growth. In Virginia, population growth edged up from a pandemic low of 0.2% in 2021 to 0.4% in 2023. In Hampton Roads the total population increased 0.1% in 2023, a rebound from a pandemic low in 2022 when the population declined by 0.01%.

While the 2023 estimates show improvement, population growth rates remain below pre-pandemic levels for all three areas. For context, from 2010 to 2019, the population increased at an average annual rate of 0.6% in the United States, 0.7% in Virginia, and 0.3% in Hampton Roads.

Population change in a region can be attributed to three components: the natural change (births minus deaths), net domestic migration (migration between the region and other parts of the country), and net international migration (migration between the region and outside the U.S.). As shown in Figure 2, in 2022, net international migration became the largest contributor to population growth in the region, as deaths and net domestic out-migration increased. The rebound in 2023 was mainly driven by fewer deaths, increasing the natural change in the population, and a decline in net domestic out-migration.

Figure 1: Population Change: U.S., Virginia, and Hampton Roads

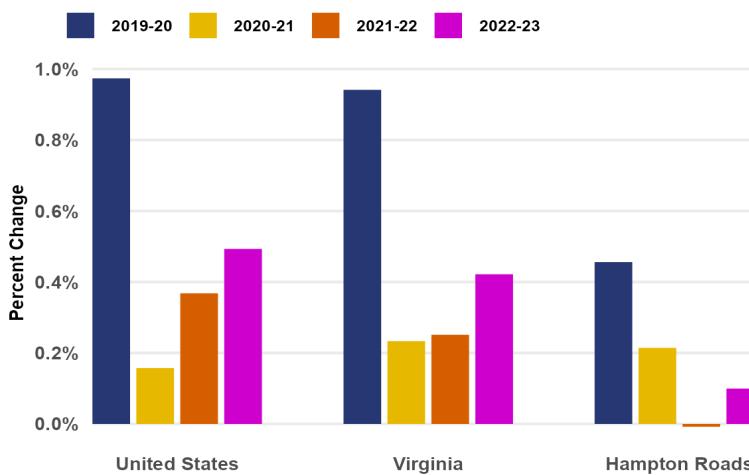
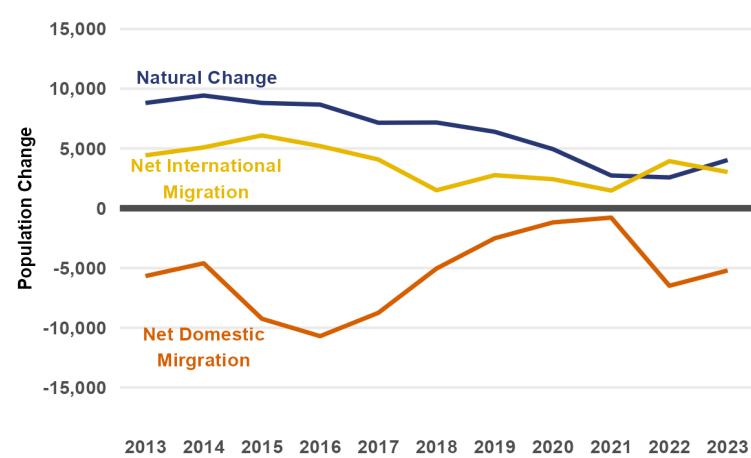


Figure 2: Components of Population Change, Hampton Roads



Data source: U.S. Census Bureau Population Estimates Program (PEP). Hampton Roads reflects the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA.

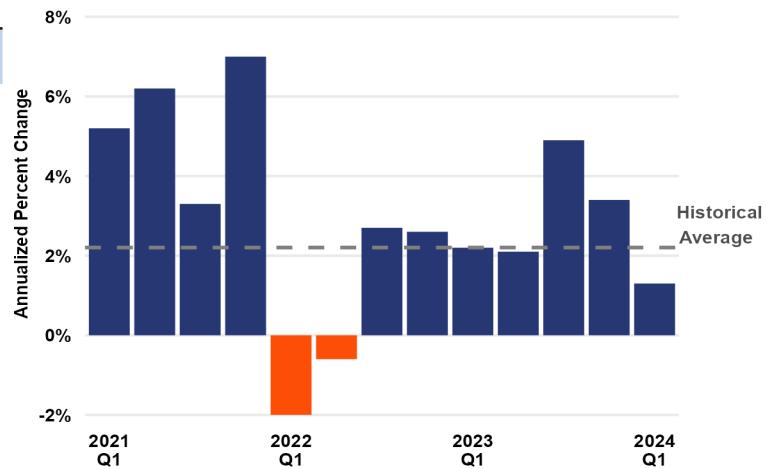
The new census data suggests a gradual return to pre-pandemic population growth trends, though the recovery remains on-going.

* Please note the estimates presented here reflect a potential undercount of the region's population estimates from 2020 forward due to a misreporting of military personnel in the 2020 census count. The HRPDC is currently assisting in a challenge of these census estimates, proceed with caution when analyzing the metro area and local population totals until this issue is resolved.

GDP, ANNUALIZED GROWTH RATE (Q)

	Q1 2023	Q1 2024	Trend
United States	2.2%	1.3%	▼

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 1.3% in Q1 2024, a decline from the previous quarter and marks the slowest rate of growth since 2022 Q2. Personal consumption accounted for 1.3 percentage points of the 1.3% increase in Q1, followed by gross private domestic investment (0.57) and government spending (0.23). Net Exports, however, accounted for 0.89 percentage point decline in GDP growth.



Source: Bureau of Economic Analysis, HRPDC

RETAIL SALES (M)

(not seasonally adjusted)	Mar '23	Mar '24	Trend
Hampton Roads	\$2.84B	\$2.82B	▼
Virginia	\$15.32B	\$15.08B	▼

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, retail sales in March declined 4.7% from the previous month. Unadjusted, sales in March 2024 were down 0.6% year over year. Inflation has contributed to surge in nominal retail sales over the last two years, inflation-adjusted retail sales in Hampton Roads in March 2024 were down 4.0% year over year.

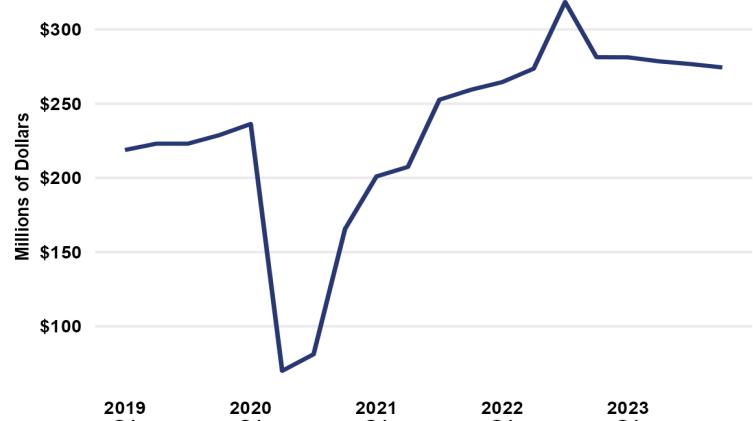


Source: Virginia Department of Taxation, HRPDC. Seasonally adjusted 5-month moving-average. Inflation-adjusted sales in 2022 dollars

ESTIMATED HOTEL REVENUE (Q)

	Q4 2022	Q4 2023	Trend
Hampton Roads	\$281M	\$274M	▼
Virginia	\$1.1B	\$1.1B	▲

Estimated Hotel Revenue: Hotel sales indicate the performance of the region's tourism sector. When seasonally adjusted, hotel revenues in Q4 2023 decreased 2.4% from the previous year. In Q4 2023 revenues were down 0.8% from the previous quarter. Hotel revenues have steadily declined over the last year, but remain highly elevated from pre-pandemic levels.



Source: Virginia Department of Taxation, HRPDC. Seasonally adjusted data.

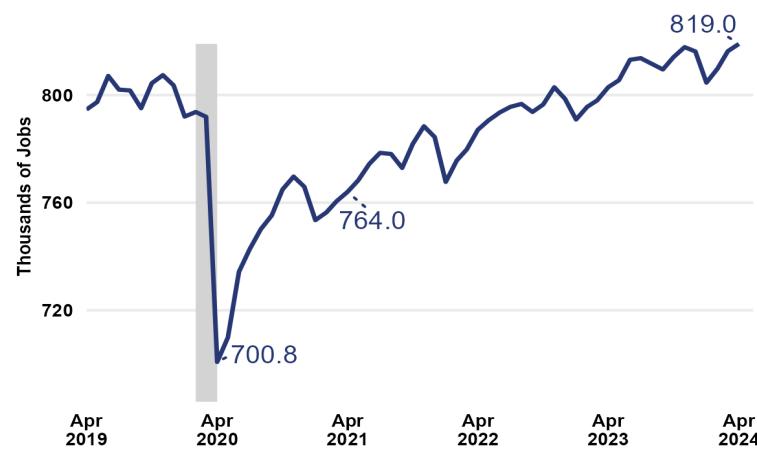
CIVILIAN PAYROLL EMPLOYMENT (M)

HISTORICAL TREND, SEASONALLY ADJUSTED



Source: Bureau of Labor Statistics, HRPDC

5-YEAR, NOT SEASONALLY ADJUSTED



Source: Bureau of Labor Statistics, HRPDC

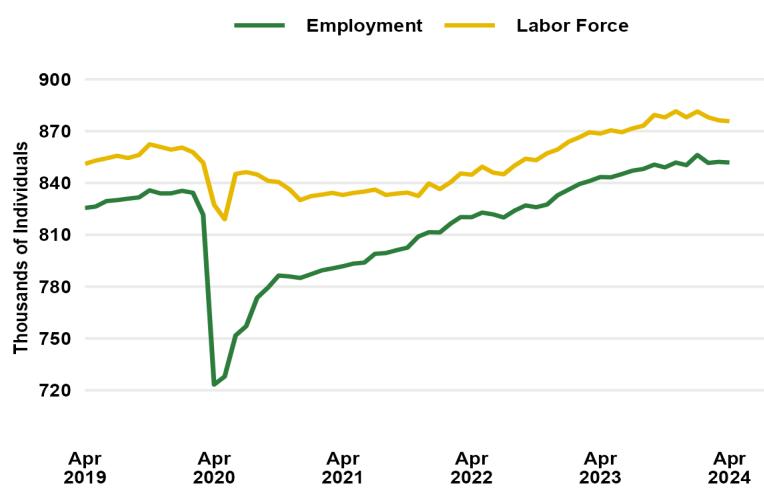
(seasonally adjusted)	April 2023	March 2024	April 2024	YoY % Change	MoM Trend
Hampton Roads	804,600	822,000	820,200	1.9%	▼
Virginia	4,156,600	4,230,000	4,233,400	1.8%	▲
United States	155,484,000	158,111,000	158,286,000	1.8%	▲

Employment: A leading indicator of labor market activity, the Bureau of Labor Statistics' payroll survey of businesses and government establishments measures the number of nonfarm civilian jobs. Seasonally adjusted civilian jobs in April declined 0.2% from the previous month in the region. Unadjusted, civilian jobs were up 2.01% year over year. Both Virginia and the nation added jobs in April when compared to the previous month while the Hampton Roads lost jobs. Job growth in the region, Virginia, and the nation however, remains strong. All three areas have recovered all the jobs during the pandemic. Compared to February 2020, jobs in the region are up 2.3% while jobs in the Commonwealth and nation are up 3.5% and 3.9% respectively.

CIVILIAN LABOR FORCE (M)

	Labor Force	Emp	Unemp	LF Trend
Mar 2024	876,271	852,192	23,748	▼
Apr 2024	875,715	851,818	23,841	

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). Labor market activity has slightly cooled since the second half of 2023. The HRPDC's civilian labor force in April fell 0.1% from the prior month. Year over year, the region's labor force has increased 0.8%.

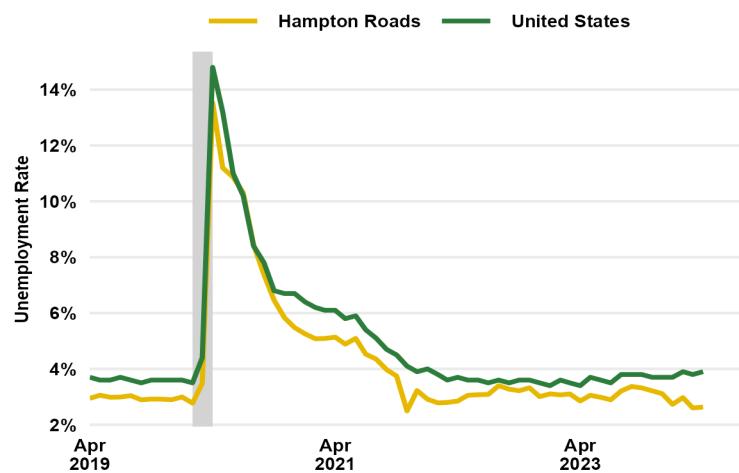


Source: Bureau of Labor Statistics, HRPDC. Seasonally adjusted data

UNEMPLOYMENT RATE (M)

	Apr '23	Mar '24	Apr '24	Trend
Hampton Roads	2.9%	2.6%	2.6%	-
Virginia	2.7%	2.9%	2.8%	▼
United States	3.4%	3.8%	3.9%	▲

Unemployment Rate: The unemployment rate reflects the percentage of the labor force unemployed and actively seeking work. Hampton Roads' unemployment rate in April 2024 was unchanged from the prior month. While the nation's unemployment rate has increased over the prior year, the region's unemployment rate has continued to decline.

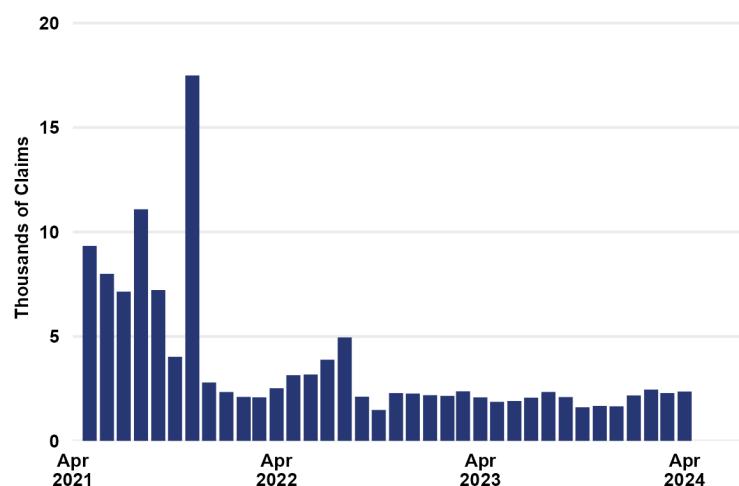


Source: Bureau of Labor Statistics, HRPDC. Seasonally adjusted data

INITIAL UNEMPLOYMENT CLAIMS (M)

	Mar '24	Apr '24	Trend
Hampton Roads	2,290	2,362	▲
Virginia	9,988	10,045	▲

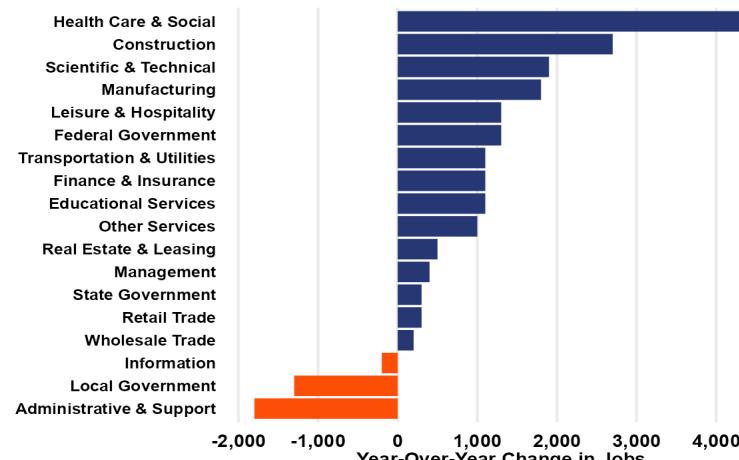
Initial Unemployment Claims: The number of initial unemployment claims is a leading economic indicator reflecting those who are forced to leave work unexpectedly, thus revealing the strength of the job market with little lag time. The number of initial claims for unemployment benefits filed in April in the region increased 3.1% from the previous month. Despite the latest increase, initial claims filed in the region remain at levels observed prior to the pandemic in 2019.



Source: Virginia Employment Commission, HRPDC. Seasonally adjusted data

JOB GROWTH BY INDUSTRY (APRIL, YEAR-OVER-YEAR CHANGE)

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. Most of the region's industry sectors added jobs in April when compared to the prior year. The largest gains were in Healthcare & Social Assistance, which added 4,400 jobs year over year. Construction (+2,700) and Scientific & Technical (+1,900) recorded the second and third largest gains. The Administrative & Support industry was down 1,800 jobs year-over-year, followed by Local Government (-1,300) and the Information Services (-200) sectors.

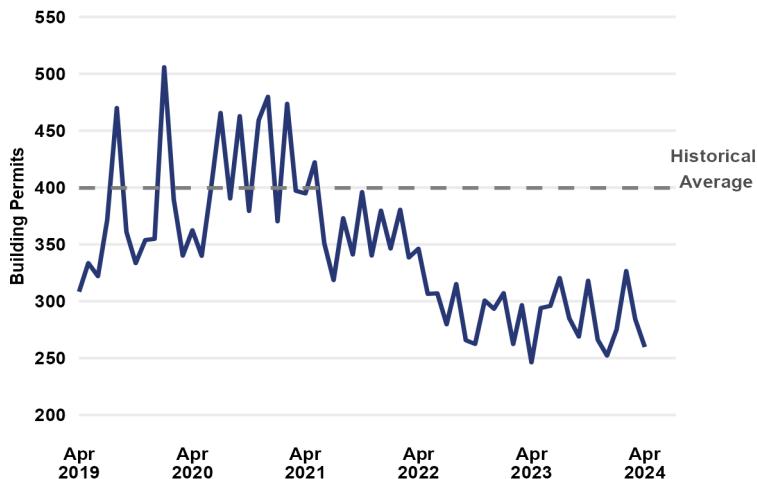


Source: Bureau of Labor Statistics, HRPDC

SINGLE FAMILY HOUSING PERMITS (M)

	Apr '23	Mar '24	Apr '24	Trend
Hampton Roads	246	284	259	▼

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 259 new construction permits issued for single family homes in April 2024, a 8.6% decrease from the previous month. The number of permits issued in 2023 were down 8.7% year over year and remain 15.6% below the number of permits issued in 2019. A higher interest rate environment will continue to pose challenges in the short term.



NUMBER OF HOMES SOLD (M)

	Mar '23	Feb '24	Mar '24	Trend
Hampton Roads	2,291	2,391	2,268	▼

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 declined to 2,268 in March, a decrease of 5.1% from the previous month. New home sales, representing 10.2% of total sales, fell 9.0% from February. The sale of existing homes, the remaining 89.8% of total home sales, fell 7.4% month-over-month. Compared to the same month last year, total sales in March were down 8.7%.



30-YEAR FIXED RATE MORTGAGE AVERAGE (M)

	May '23	Apr '24	May '24	Trend
United States	6.4%	6.9%	7.1%	▲

30-Year Mortgage Rate: Shifts in the cost of borrowing for housing have a substantial impact on housing market trends. 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. The mortgage rate has declined from the peak in the Summer of 2023, but the downward trend has started to reverse in early 2024 as stubbornly high inflation continues to threaten the Federal Reserve's plans for cutting interest rates this year.

