

DEMOGRAPHIC SHIFTS: RISING DIVERSITY

The United States is in the midst of a significant demographic shift as the population is becoming increasingly more diverse. In 2020, Hispanic and non-white residents represented 42.2% of the nation's total population, up from 36.3% in 2010 and 30.5% in 2000. This growing diversity is most evident in the nation's largest metropolitan areas, including Hampton Roads, where Hispanic and non-white residents have become the majority. Across metro areas with more than one million residents, Hispanic and non-white populations accounted for over half (50.3%) of the total population in 2020.

Major metropolitan areas have long been hubs for minority populations, shaped by the early waves of immigration and the Great Migration of Black Americans to northern cities. In 2020, 20 of the 56 largest metros were majority-minority, up from nine in 2000. From 2010 to 2020, the white population declined nationwide, a trend that is expected to continue as birth rates decline and deaths rise due to an aging population. Over the same period, Hispanic and Asian Americans were the fastest growing racial and ethnic groups.

Figure 1 shows each racial and ethnic group's share of the Hampton Roads population between 1980 and 2020. Since the turn of the century, the share of non-Hispanic white residents decreased from 61.1% in 2000 to 52.1% in 2020. Over the same period, the region's share of residents who identify as Black slightly decreased. In 2020, Hispanic and non-white residents accounted for 47.9% of the population, up from 31.6% in 1980. In the most recent 2010s decade, the most significant gains were among residents of mixed and other race, whose share more than doubled from 3.0% in 2010 to 6.1% in 2020. A critical aspect of this demographic shift is the growing racial generation gap, where younger populations are more diverse than older ones.

In 1980, Hispanic and non-white residents made up 37.3% of the youth population and 28.7% of the region's senior population, a racial generation gap of 8.6 percentage points (Figure 2). By 2020, the gap had increased to 21.8 percentage points.

Figure 1: Population by Race and Ethnicity

Hampton Roads 1980-2020

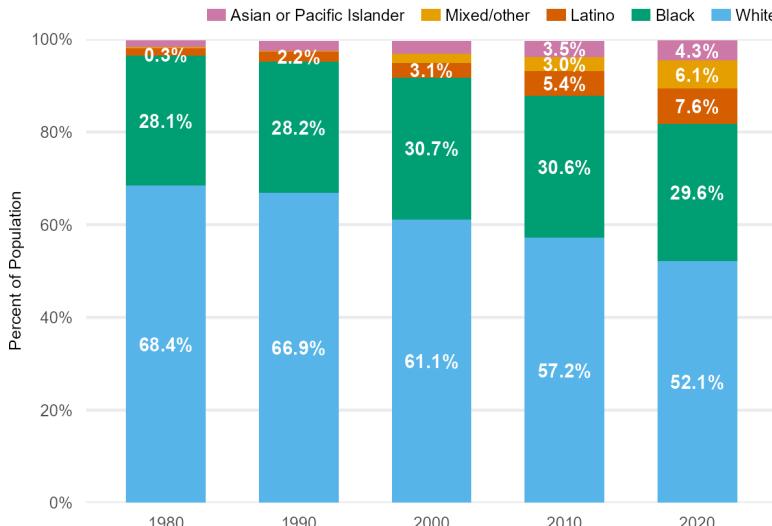
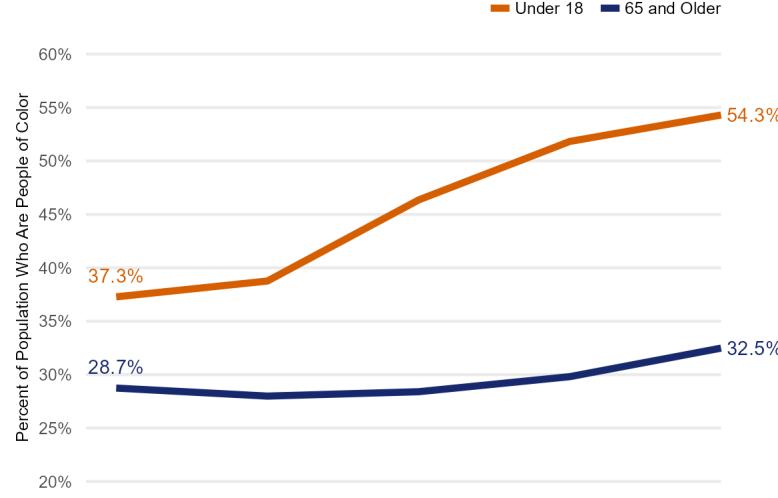


Figure 2: Percent People of Color by Age Group

Hampton Roads, 1980-2020



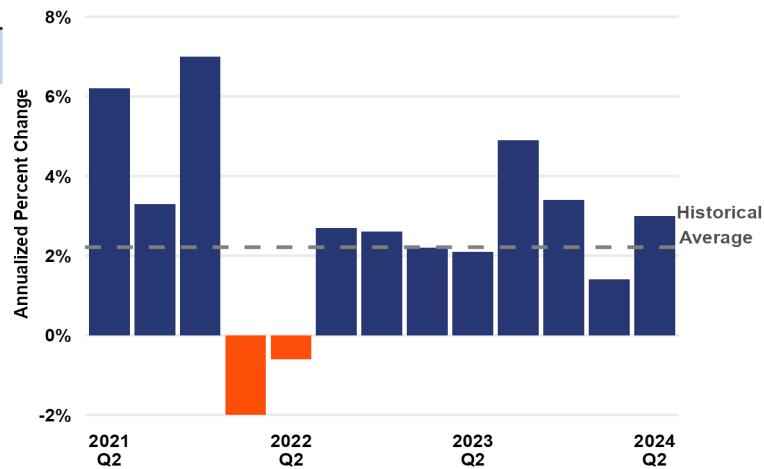
Data source: U.S. Census Bureau | National Equity Atlas and HRPDC. *Latino includes respondents of any race. All race categories are respondents of non-Hispanic origin.

The rising diversity among the nation's future workforce highlights the increasing importance of strategies to reduce persistent disparities. Reducing disparities that limit an individual's ability to reach their full economic potential can lead to more widespread economic gains.

GDP, ANNUALIZED GROWTH RATE (Q)

	Q2 2023	Q2 2024	Trend
United States	2.1%	3.0%	▲

GDP: Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. Inflation-adjusted GDP rose 3.0% in Q2 2024, a positive uptick from the previous quarter. Personal consumption accounted for 1.95 percentage points of the 3.0% increase in Q2, followed by gross private domestic investment (1.31) and government spending (0.46). Net Exports accounted for a 0.77 percentage point decline in GDP growth.

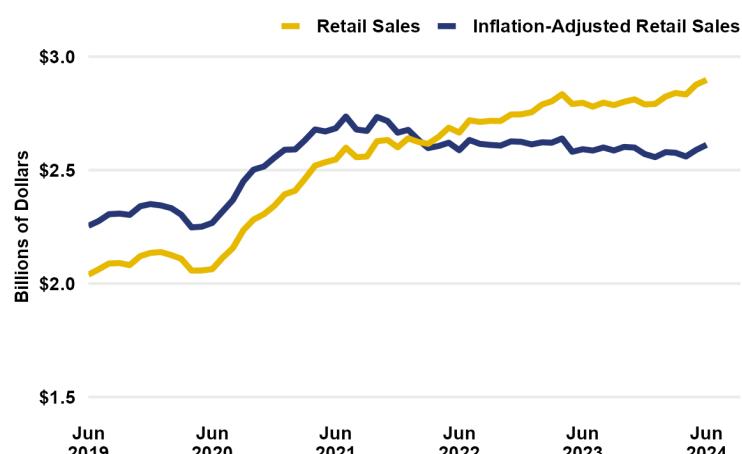


Source: Bureau of Economic Analysis, HRPDC

RETAIL SALES (M)

(not seasonally adjusted)	Jun '23	Jun '24	Trend
Hampton Roads	\$3.03B	\$3.11B	▲
Virginia	\$15.70B	\$16.15B	▲

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 June decreased 0.3% from the previous month. Unadjusted, sales in June 2024 were up 2.8% year over year. Inflation has contributed to a surge in nominal retail sales over the last two years, inflation-adjusted retail sales in Hampton Roads in June 2024 were down 0.1% year over year.

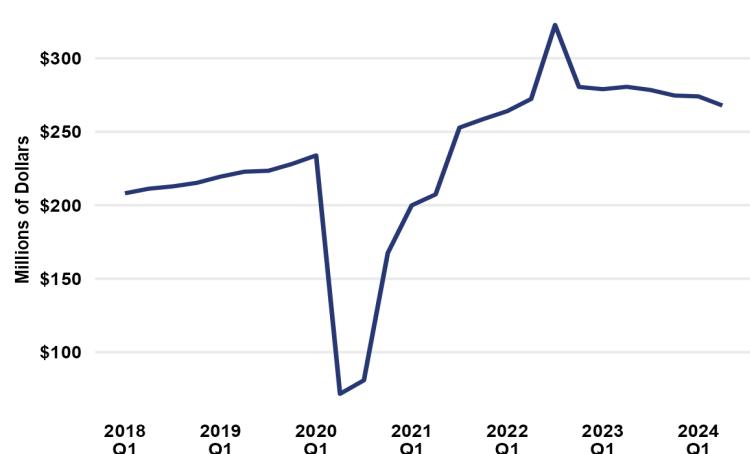


Source: Virginia Department of Taxation, HRPDC. Seasonally adjusted 5-month moving-average. Inflation-adjusted sales in 2022 dollars

ESTIMATED HOTEL REVENUE (Q)

	2023 Q2	2024 Q2	Trend
Hampton Roads	\$281M	\$268M	▼
Virginia	\$1.1B	\$1.1B	▲

Estimated Hotel Revenue: Hotel revenues indicate the performance of the region's tourism sector. Hotel revenues in Q2 2024 were down 4.5% year over year. Seasonally adjusted hotel revenues in 2024 Q2 decreased 2.3% from the previous quarter. Hotel revenues have declined for the fourth consecutive quarter, signaling a slowdown from the post-pandemic boom observed over the prior two years.



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

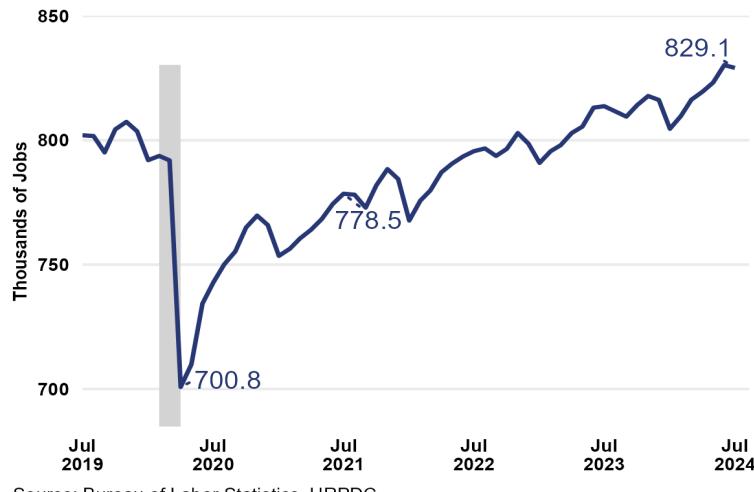
CIVILIAN PAYROLL EMPLOYMENT (M)

HISTORICAL TREND, SEASONALLY ADJUSTED



Source: Bureau of Labor Statistics, HRPDC

5-YEAR, NOT SEASONALLY ADJUSTED



Source: Bureau of Labor Statistics, HRPDC

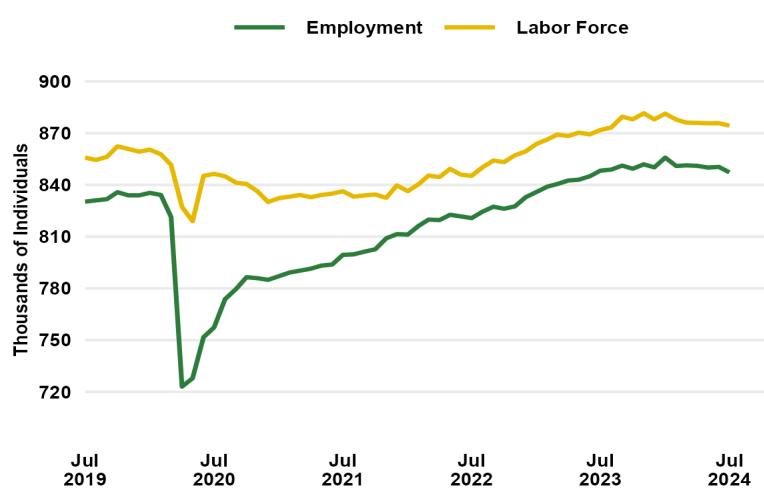
(seasonally adjusted)	July 2023	June 2024	July 2024	YoY % Change	MoM Trend
Hampton Roads	808,400	821,600	824,900	2.0%	▲
Virginia	4,171,800	4,251,400	4,256,200	1.6%	▲
United States	156,211,000	158,609,000	158,723,000	2.0%	▲

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 July increased by 0.4% from the previous month in the region. On an unadjusted basis, civilian jobs were up 1.9% year over year. Hampton Roads, Virginia, and the nation all added jobs in July compared to the previous month. However, Hampton Roads saw job gains in July following a decline in June, while job growth in both Virginia and the United States has steadily slowed over the last three months. The latest trends continue to indicate labor market activity in the United States and Hampton Roads is cooling.

CIVILIAN LABOR FORCE (M)

	Labor Force	Emp	Unemp	LF Trend
June 2024	875,754	850,436	26,542	
July 2024	874,377	847,263	28,679	▼

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 July fell by 0.2% from the previous month. Year over year, the region's labor force increased 0.3%.

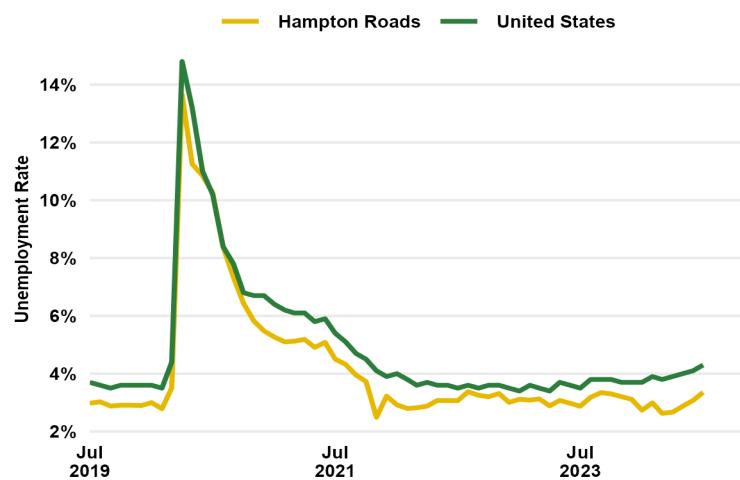


Source: Bureau of Labor Statistics, HRPDC. Seasonally adjusted data

UNEMPLOYMENT RATE (M)

	July '23	Jun '24	July '24	Trend
Hampton Roads	2.9%	3.1%	3.4%	▲
Virginia	2.6%	2.7%	2.7%	▼
United States	3.5%	4.1%	4.3%	▲

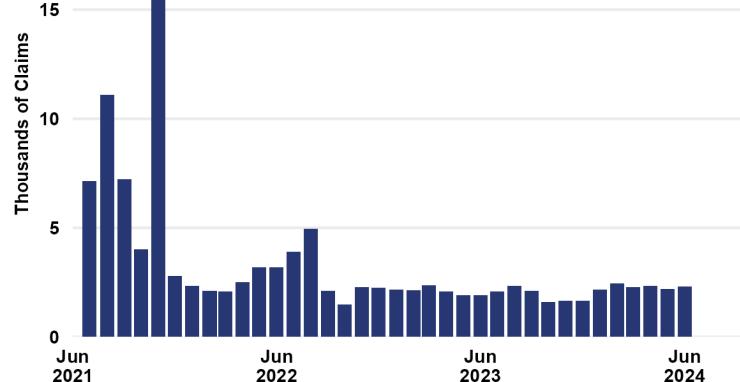
Unemployment Rate: The unemployment rate reflects the percentage of the labor force unemployed and actively seeking work. Hampton Roads' unemployment rate in July 2024 increased 0.3 percentage points from the prior month. Unemployment rates are gradually rising as labor market activity continues to slow down.



INITIAL UNEMPLOYMENT CLAIMS (M)

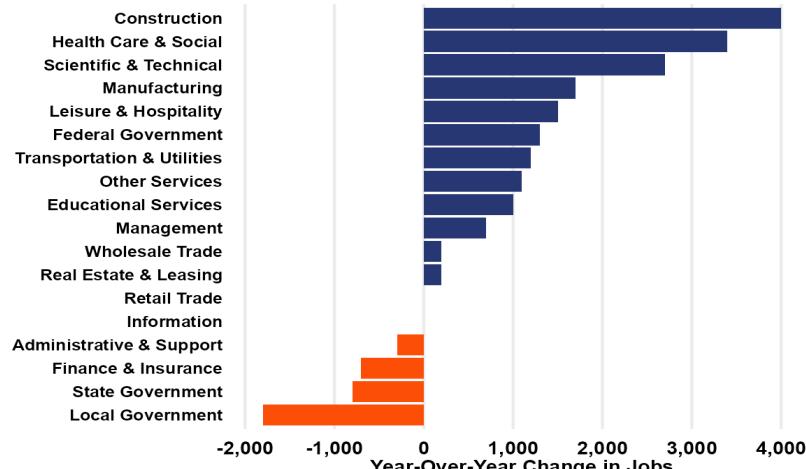
(seasonally adjusted)	May '24	Jun '24	Trend
Hampton Roads	2,192	2,307	▲
Virginia	9,782	9,550	▼

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 June in the region increased 5.3% from the previous month. Claims have risen slightly when compared to the prior year but remain near historical lows.



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

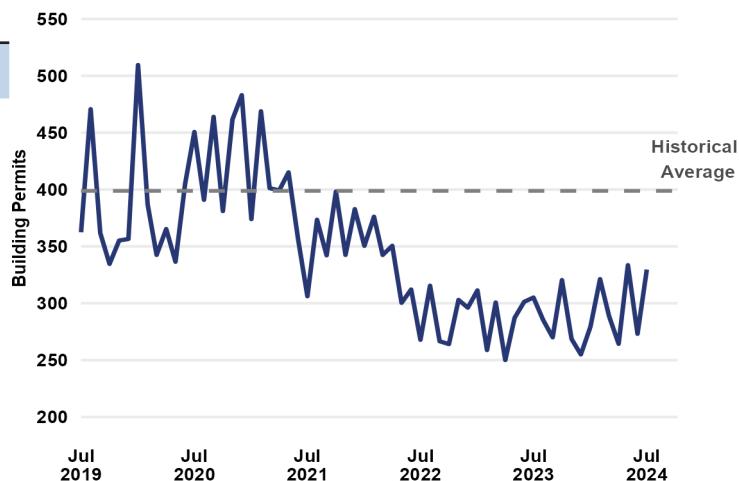
Civilian Job Growth by Industry: As the job market grows or contracts, there will be some industries whose experience does not resemble the regional trend. Most of the region's industry sectors added jobs in May when compared to the prior year. The largest gains were in Construction which added 4,000 jobs year over year. Healthcare & Social Assistance (+3,400) and Scientific & Technical Services (+2,700) recorded the second and third largest gains. The largest year-over-year declines were in Local Government (-1,800), followed by State Government (-800) and the Finance & Insurance (-700) sectors.



SINGLE FAMILY HOUSING PERMITS (M)

	July '23	Jun '24	July '24	Trend
Hampton Roads	305	273	330	▲

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 330 new construction permits issued for single-family homes in July 2024, a 20.7% increase from the previous month. Year to date, building permits issued in Hampton Roads in 2024 have increased by 3.7% from the previous year, marking a positive turnaround from the slowdown experienced in the prior two years.

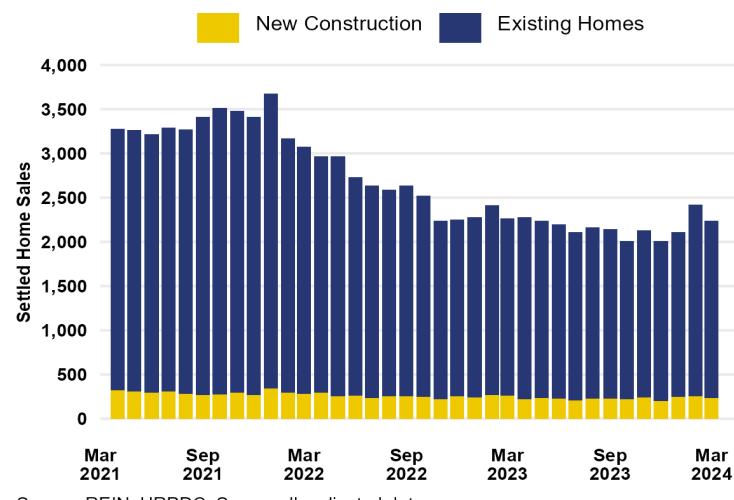


Source: US Census Bureau, HRPDC. Seasonally adjusted data

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%.

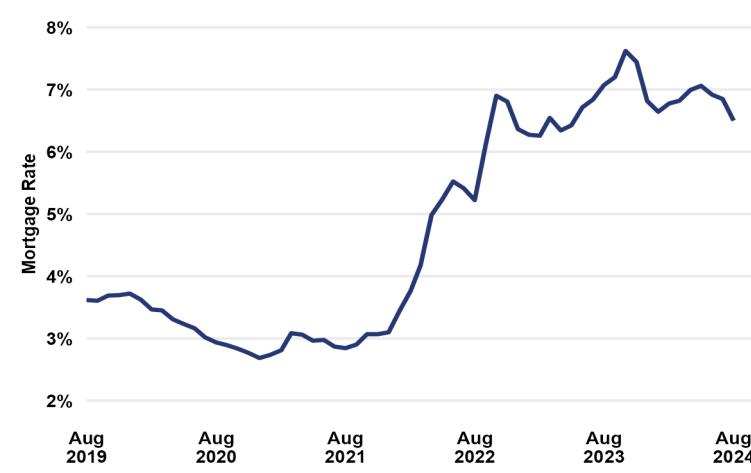


Source: REIN, HRPDC. Seasonally adjusted data

30-YEAR FIXED RATE MORTGAGE AVERAGE (M)

	Aug '23	July '24	Aug '24	Trend
United States	6.7%	6.8%	6.5%	▼

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. August marks the third consecutive month of declining mortgage rates. With the Federal Reserve expected to implement its first rate cut in four years this month, the downward trend in mortgage rates is likely to continue in the short term.



Source: Freddie Mac, HRPDC. Seasonally adjusted data