

FEDERAL WORKFORCE IN HAMPTON ROADS

While the federal workforce spans the nation, some regions have a greater concentration of federal employees than others. In this article we explore the distribution and relative concentration of the federal workforce in the Commonwealth and Hampton Roads.

A recent Congressional Budget Office report estimated that the federal workforce consisted of approximately 5.1 million employees in 2022. This includes 2.1 million uniformed military personnel, 2.3 million federal civilian workers, and 700,000 government enterprise employees. The latter group, which includes agencies such as the U.S. Postal Service, the largest share of government enterprise employees, operate on a self-financing model. Among the 2.3 million federal civilian workers, more than half are employed in defense related agencies including the Departments of Defense, Veterans Affairs, and Homeland Security.

Virginia is home to one of the largest concentrations of federal employees in the country. The state has over 120,000 active-duty military personnel, making it the second-largest home for active-duty service members. According to the latest U.S. Office of Personnel Management (OPM) data, as of September 2024, there were approximately 139,244 federal civilian workers in Virginia, the third-highest state total in the nation. These estimates, however, reflect the lower bound of the total federal workforce, as employees in certain national security roles are not included in publicly available data at the state and local level. Figure 1 provides a breakdown of federal civilian employment in Virginia by agency. Mirroring the nation, a significant majority of these workers are tied to defense-related agencies.

Hampton Roads has one of the highest concentrations of federal workers in the country, largely due to its military presence. The region is home to more than 88,000 active-duty military personnel, making it a central component of Virginia's defense infrastructure. In addition, OPM estimates indicate that as of March 2024, there were 51,769 federal civilian employees working in Hampton Roads.

Figure 1: Federal Civilian Employment by Agency
Virginia, September 2024

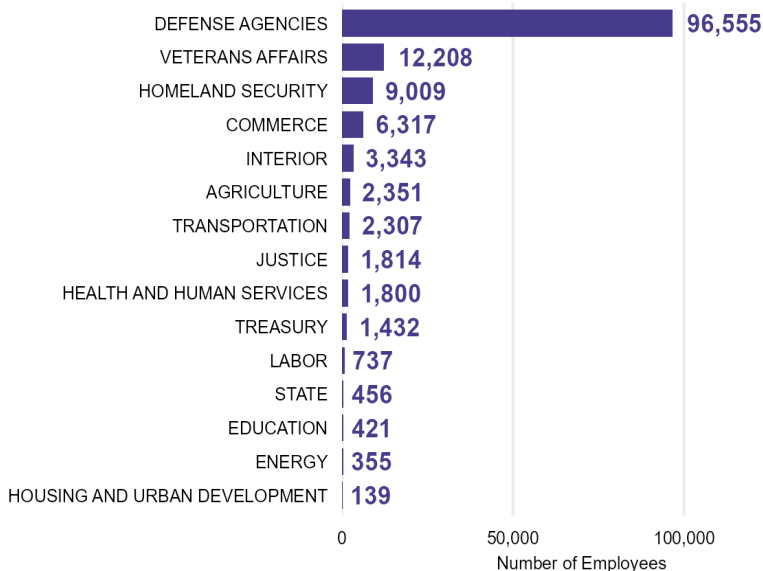
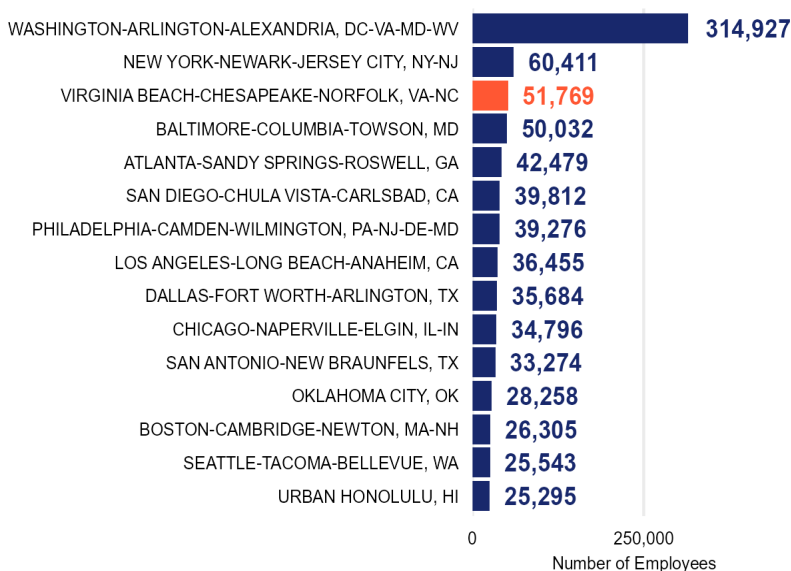


Figure 2: Federal Civilian Employment
Top 15 Metro Areas, March 2024



Data sources: Congressional Budget Office, Office of Personnel Management and Budget, and HRPDC.

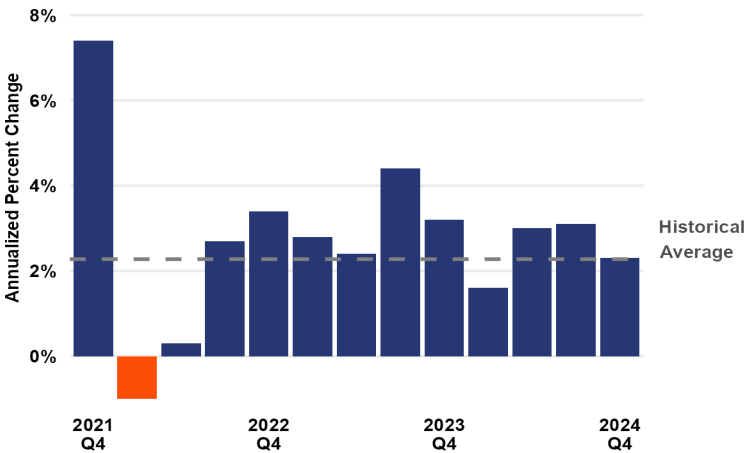
While agency-specific data is unavailable at the metro level, many of these civilian positions are likely tied to defense given the region's military footprint. Figure 2 illustrates how Hampton Roads compares to other metro areas in terms of federal civilian employment. Among U.S. metros, Hampton Roads had the third-highest number of federal civilian workers.

The federal workforce plays a foundational role in both the Virginia and Hampton Roads economy. However, the reliance on federal employment can also present risks. Policy changes and shifts in federal priorities can have an outsized impact on employment and economic activity in the area. Understanding these dynamics is essential as we continue to navigate the evolving federal employment landscape.

GDP, ANNUALIZED GROWTH RATE (Q)

	Q4 2023	Q4 2024	Trend
United States	3.2%	2.3%	▼

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 2.3% in Q4 2024, a slight decrease from the previous quarter. Personal consumption accounted for 2.82 percentage points of the 2.3% increase in Q3, followed by government spending (0.42) and net exports (0.04). Gross private domestic investment accounted for a 1.03 percentage point decline in GDP growth.

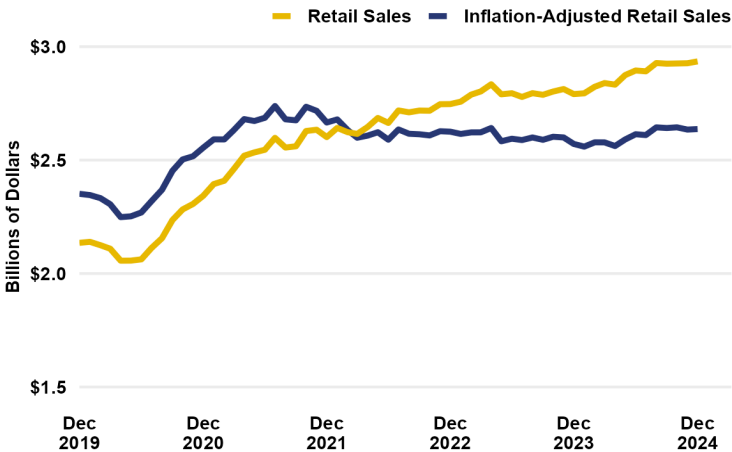


Source: Bureau of Economic Analysis, HRPDC

RETAIL SALES (M)

(not seasonally adjusted)	Dec '23	Dec '24	Trend
Hampton Roads	\$2.52B	\$2.64B	▲
Virginia	\$13.19B	\$14.09B	▲

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. Retail sales in December 2024 were up 4.7% year over year. When seasonally adjusted, retail sales in December increased 0.2% from the previous month. Inflation-adjusted retail sales have slowed from the post-pandemic surge in spending seen in the summer of 2021, but remain 19.1% above pre-pandemic levels observed in February 2020.

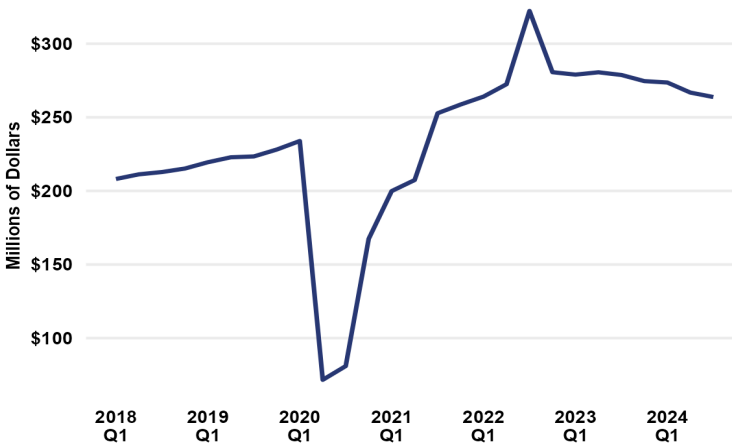


Source: Virginia Department of Taxation, HRPDC. Seasonally adjusted 5-month moving-average. Inflation-adjusted sales in 2022 dollars

ESTIMATED HOTEL REVENUE (Q)

	2023 Q3	2024 Q3	Trend
Hampton Roads	\$279M	\$264M	▼
Virginia	\$1.1B	\$1.1B	▲

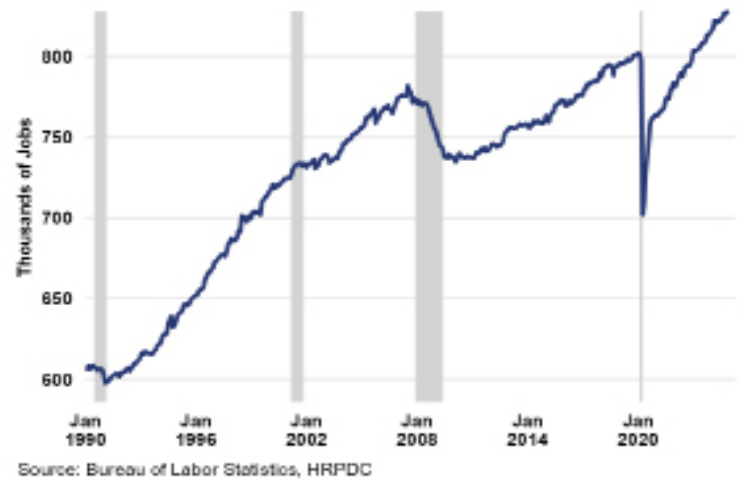
Estimated Hotel Revenue: Hotel revenues indicate the performance of the region's tourism sector. Hotel revenues in Q3 2024 were down 3.9% year over year. Seasonally adjusted hotel revenues in 2024 Q3 decreased 1.1% from the previous quarter. Hotel revenues have declined for the fifth consecutive quarter, signaling a slowdown from the post-pandemic boom observed over the prior two years.



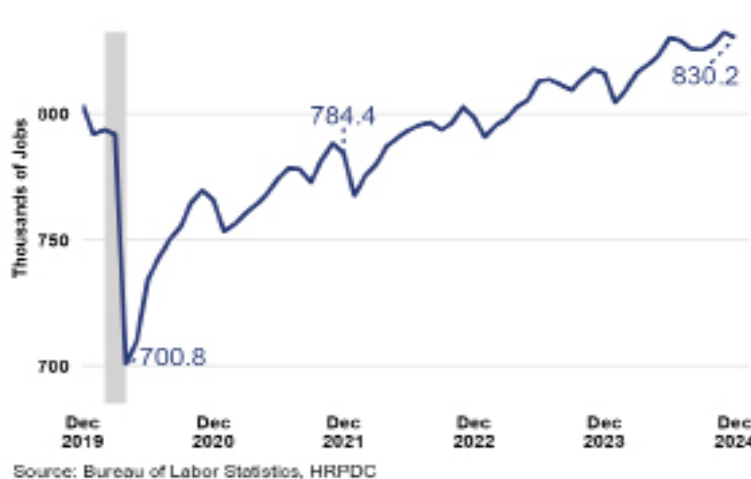
Source: Virginia Department of Taxation, HRPDC. Seasonally adjusted data.

CIVILIAN PAYROLL EMPLOYMENT (M)

HISTORICAL TREND, SEASONALLY ADJUSTED



5-YEAR, NOT SEASONALLY ADJUSTED



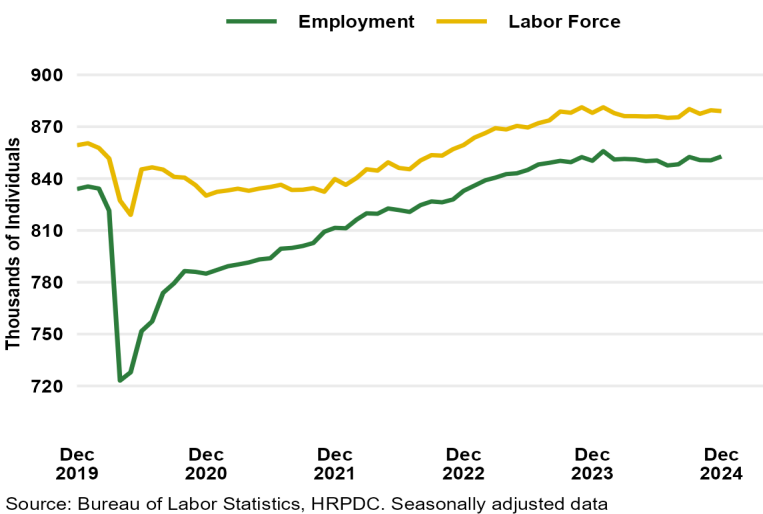
(seasonally adjusted)	Dec 2023	Nov 2024	Dec 2024	YoY % Change	MoM Trend
Hampton Roads	814,400	827,600	828,200	1.7%	▲
Virginia	4,191,300	4,263,300	4,268,200	1.7%	▲
United States	157,304,000	159,280,000	159,536,000	1.4%	▲

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. In Hampton Roads, non-seasonally adjusted civilian jobs in December were up 1.7% year over year. Seasonally adjusted civilian jobs in December increased by 0.07% from the previous month. Jobs in the United States, Virginia, and Hampton Roads each experienced job growth from the previous month, though all three regions are showing signs of a gradual slowdown compared to the accelerated gains of recent years. This trend aligns with an overall cooling in labor market conditions, suggesting that the rapid expansion seen over the last two years may be leveling off.

CIVILIAN LABOR FORCE (M)

	Labor Force	Emp	Unemp	LF Trend
Nov 2024	879,512	850,544	28,418	▼
Dec 2024	879,020	852,754	25,873	

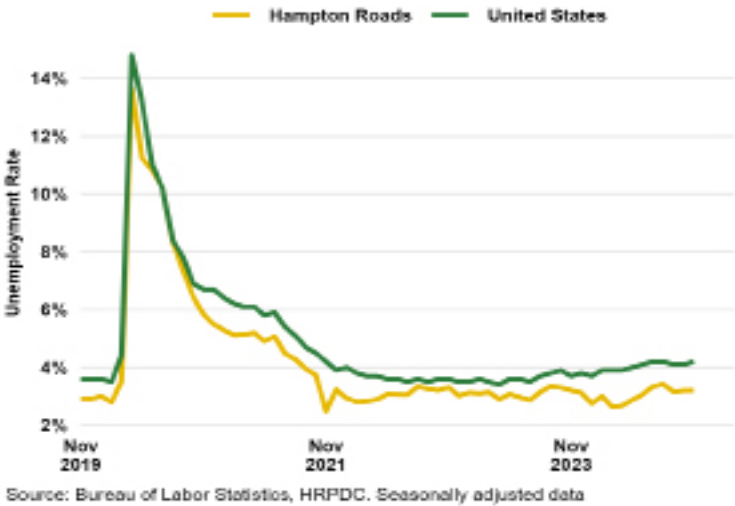
Labor Force: The Bureau of Labor Statistic's household survey measures the employment status of the civilian population 16 years and older. An area's labor force is comprised of the number of people working (employed) and those actively seeking work (unemployed). The HRPDC's civilian labor force in December fell by 0.1% from the previous month. Year over year, the region's labor force was up 0.1%. The overall trend continues to signal a cooling of labor market activity since the second half of 2023.



UNEMPLOYMENT RATE (M)

	Dec '23	Nov '24	Dec '24	Trend
Hampton Roads	3.1%	3.2%	2.9%	▼
Virginia	2.9%	2.9%	2.9%	-
United States	3.8%	4.2%	4.1%	▼

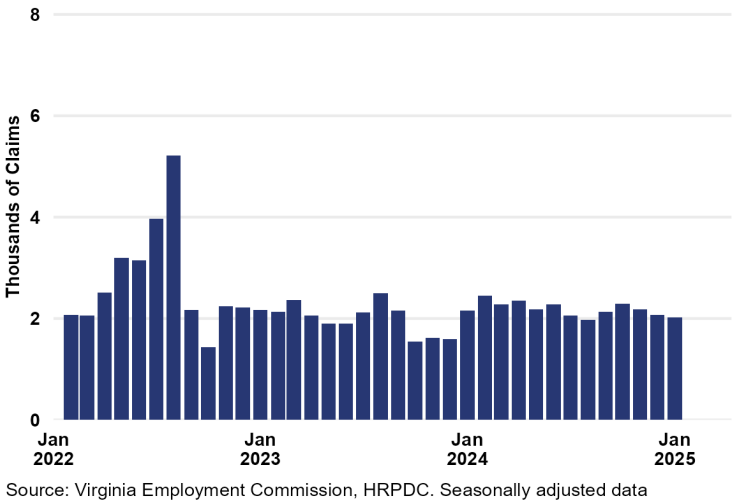
Unemployment Rate: The unemployment rate reflects the percentage of the labor force unemployed and actively seeking work. Hampton Roads' unemployment rate in December 2024 decreased from the prior month. The latest estimates are a positive sign after several months of rising unemployment rates both nationally and in the region.



INITIAL UNEMPLOYMENT CLAIMS (M)

(seasonally adjusted)	Dec '24	Jan '25	Trend
Hampton Roads	2,073	2,019	▼
Virginia	9,218	9,329	▲

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 January in the region decreased 2.6% from the previous month and are down 6.4% year over year. Claims continue to hover around below pre-pandemic levels.



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

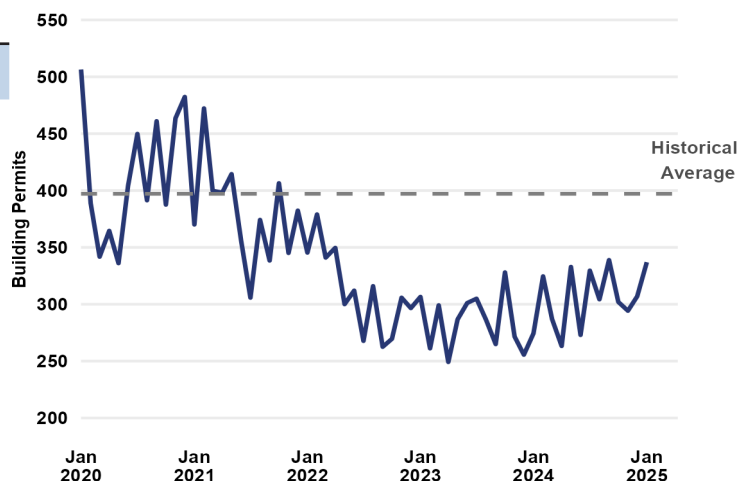
Civilian Job Growth by Industry: As the job market grows or contracts, there will be some industries whose experience does not resemble the regional trend. A majority of the region's industry sectors added jobs in December when compared to the prior year. The largest gains were in Professional & Business Services, which added 4,200 jobs year over year. Education, Healthcare, & Social Assistance (+2,900) and Construction (+2,700) recorded the second and third largest gains. The largest year-over-year declines were in Financial Activities (-700), Wholesale Trade (-400) and the Retail Trade (-400) industry sectors.



SINGLE FAMILY HOUSING PERMITS (M)

	Jan '24	Dec '24	Jan '25	Trend
Hampton Roads	274	306	336	▲

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 336 new construction permits issued for single-family homes in January 2025, a 9.8% increase from the previous month. In 2024, building permits issued in Hampton Roads increased by 6.3% from the previous year, marking a positive turnaround from the slowdown experienced in the prior three years.

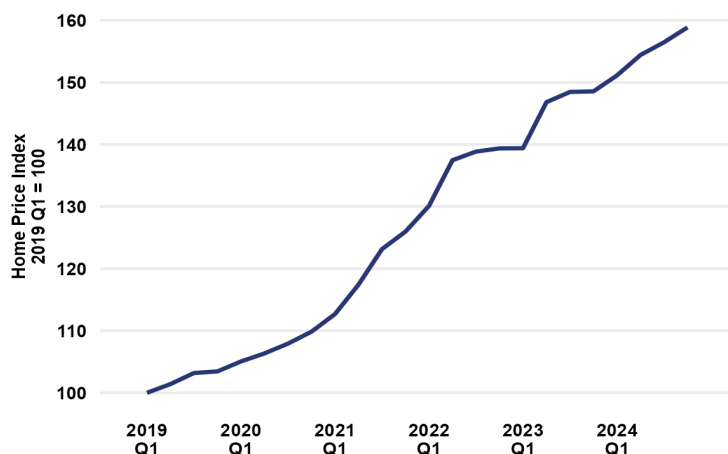


Source: US Census Bureau, HRPDC. Seasonally adjusted data

HOME PRICE INDEX, ALL TRANSACTIONS (M)

	Q2 24'	Q3 24'	Q4 24'	Trend
Hampton Roads	154.4	156.4	158.9	▲

Home Price Index: The Home Price Index tracks changes in home values by measuring price shifts through repeated sales of properties. In Hampton Roads, home prices increased by 6.9% year-over-year in Q4 2024, a slightly faster pace than the state's 6.8% and above the national rate of 5.4%. Home price growth accelerated in Q4 2024 when compared to previous quarter, but remains below the accelerated pace of the prior few years.

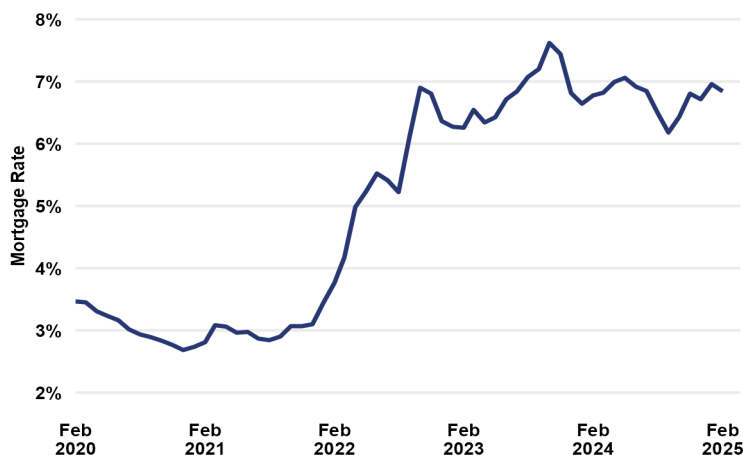


Source: U.S. Federal Housing Finance Agency, All-Transactions House Price Index

30-YEAR FIXED RATE MORTGAGE AVERAGE (M)

	Feb '24	Jan '24	Feb '25	Trend
United States	6.7%	6.9%	6.8%	▼

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. In February 2025, mortgage rates increased from the prior month. Year-over-year, the mortgage rate in February was up 0.1 percentage points. The latest pause in Fed rate cuts signals a higher for longer interest rate environment in the short term.



Source: Freddie Mac, HRPDC. Seasonally adjusted data