

TOURISM SECTOR UPDATE: JOBS STEADY, HOTELS MIXED

In July, overseas arrivals to the United States declined 3.1% from the prior year, the third consecutive monthly drop. Even with softer international travel and easing consumer confidence, the leisure and hospitality sector has remained resilient. Nationally and in Hampton Roads, employment continues to gain ground, and while hotel indicators are cooling at the national level, local performance remains firm.

The leisure and hospitality sector was among the hardest hit during the pandemic and one of the slowest to recover. Figure 1 tracks sector employment since February 2020. At the national level, jobs in this sector finally surpassed their pre-pandemic mark in late 2024, nearly four years after the initial shutdowns. As of August 2025, national leisure and hospitality employment stands 1.0% above February 2020 levels. Job growth has moderated from the sharp rebound of 2022 and 2023 but is now pacing in line with the levels seen prior to the pandemic.

In Hampton Roads, the recovery has been slower. The region rebounded quickly after the summer of 2020 as leisure travel surged back, but since 2023 the pace of job gains has lagged behind the nation. As of July 2025, Hampton Roads leisure and hospitality employment remains 1.1% below pre-pandemic levels observed in February 2020. Still, momentum in 2025 has been positive: the region has added jobs year-over-year every month through July, with employment up 0.3 percent so far this year. While jobs remain steady, hotel performance offers a more nuanced picture. STR data show that the national hotel market has softened in recent months. In July 2025, occupancy rates slipped 1.0 percent from the prior year to 68.2 percent. The average daily rate (ADR) edged down 0.1 percent to \$161.90, while revenue per available room (RevPAR) declined 1.1 percent to \$110.37. Year-to-date results are somewhat firmer, with RevPAR up slightly, but the July numbers underscore a cooling trend.

Figure 1: Leisure & Hospitality Jobs  
Percent Change from Feb. 2020

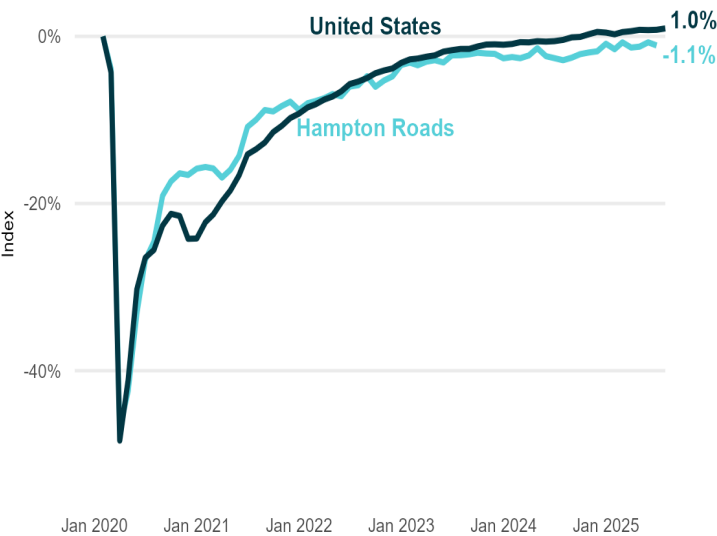


Figure 2: Hotel Performance

July 2025 Year-Over-Year Percent Change		
	Hampton Roads	United States
Average Daily Rate (ADR)	0.0%	-0.1%
Occupancy	2.5%	-1.0%
Revenue Per Available Room (RevPAR)	2.4%	-1.1%

Data Sources: Bureau of Labor Statistics, Costar, Hampton Roads Alliance and HRPDC. Hampton Roads reflects the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA.

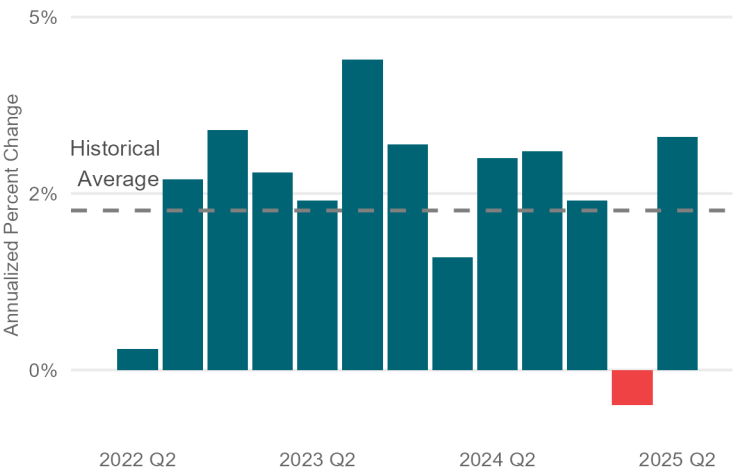
Hampton Roads hotels have fared better. As shown in the table above, regional hotel performance indicators were positive in July relative to the prior year. Occupancy rose 2.5%, ADR was steady, and RevPAR increased 2.4%. This stands in contrast to the national declines across all three measures. Compared with Virginia as a whole, Hampton Roads posted stronger occupancy gains, reflecting continued resilience in leisure demand.

International arrivals have been constrained by macro-policy changes, slowing inbound tourism to the nation. Hampton Roads, by contrast, relies more on domestic leisure travelers. As a result, the region has experienced less drag from the international slowdown. Tourism remains an important contributor to the Hampton Roads economy, and the latest data show a sector holding steady.

GDP, ANNUALIZED GROWTH RATE (Q)

	Q1 2025	Q2 2025	Trend
United States	-0.5%	3.3%	<div></div>

**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 3.2% in Q2 2025. Net exports accounted for 4.9 percentage points of GDP growth, followed by personal consumption expenditures (0.98) and government spending (1.07). Gross private domestic investment accounted for a 2.70 percentage point decline in GDP growth in Q2 2025. In the first half of 2025 GDP growth averaged 1.3%, compared to 2.3% in 2024.

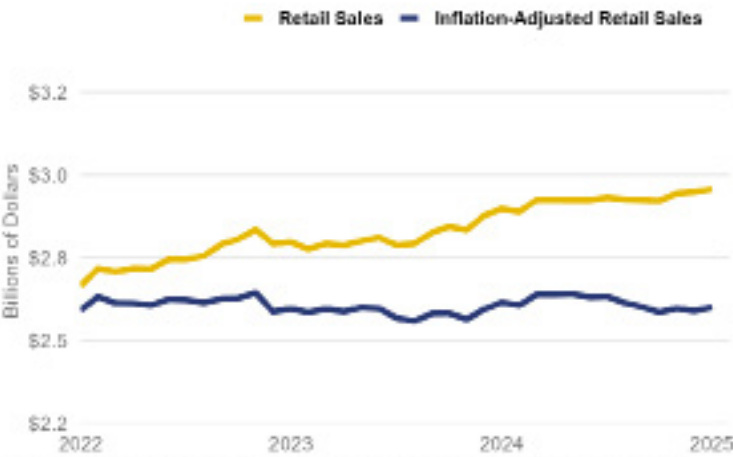


Source: Bureau of Economic Analysis, HRPDC

RETAIL SALES (M)

	Jun-24	Jun-25	Trend
Hampton Roads	\$3.11B	\$3.16B	<div></div>
Virginia	\$16.15B	\$16.73B	<div></div>

**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 June 2025 were up 1.6% year over year. When seasonally adjusted, retail sales in June increased 0.7% from the previous month. Year to date retail sales have increased 1.6% when compared to the same period in 2024. When adjusted for inflation, retail sales in June are up 18.4% when compared to levels observed prior to the pandemic in February 2020.



Source: Virginia Department of Taxation, HRPDC. Seasonally adjusted 6-month moving average. Inflation-adjusted sales in 2022 dollars

ESTIMATED HOTEL REVENUE (Q)

	Q2 2024	Q2 2025	Trend
Hampton Roads	\$265.7M	\$279.1M	<div></div>
Virginia	\$1,194.0M	\$1,203.8M	<div></div>

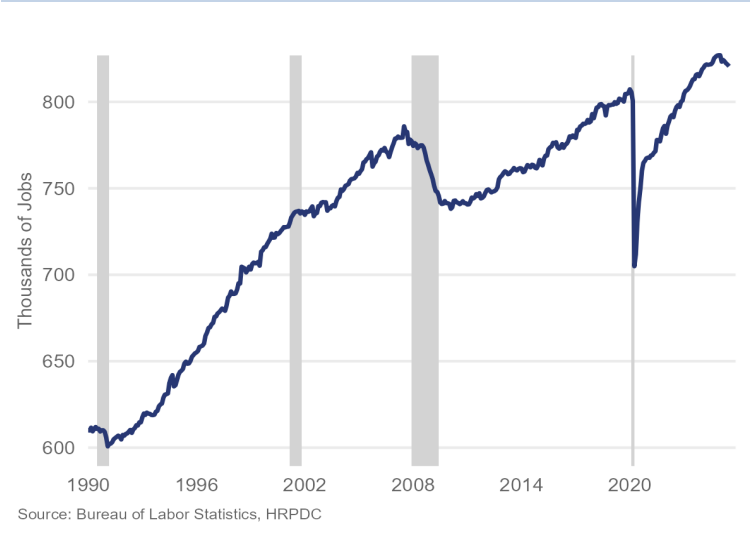
**Estimated Hotel Revenue:** Hotel revenues indicate the performance of the region's tourism sector. Hotel revenues in Q2 2025 were up 5.0% year over year. Seasonally adjusted revenues in 2025 Q2 increased 1.5% from the previous quarter. On a inflation-adjusted basis, hotel revenues showed a marked turnaround in Q2 2025 after declining year-over-year for more than seventh consecutive quarters.



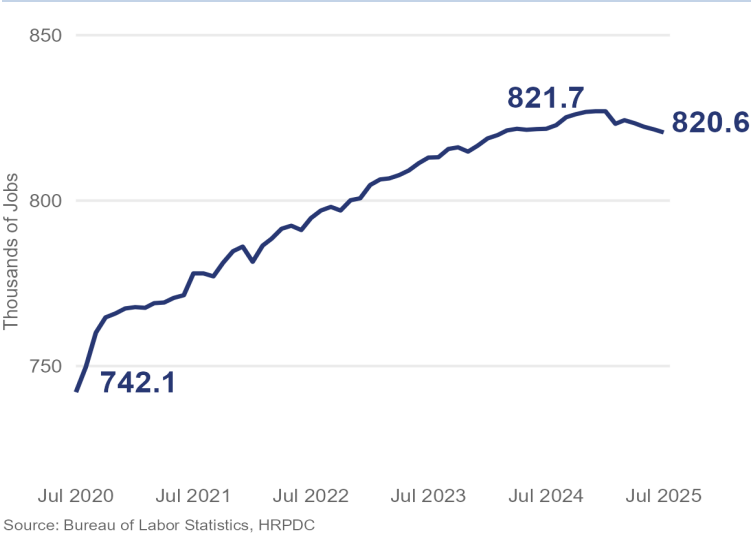
Source: Virginia Department of Taxation, BLS CPI-U, HRPDC. Seasonally adjusted data.

CIVILIAN PAYROLL EMPLOYMENT (M)

HISTORICAL TREND, SEASONALLY ADJUSTED



5-YEAR, SEASONALLY ADJUSTED



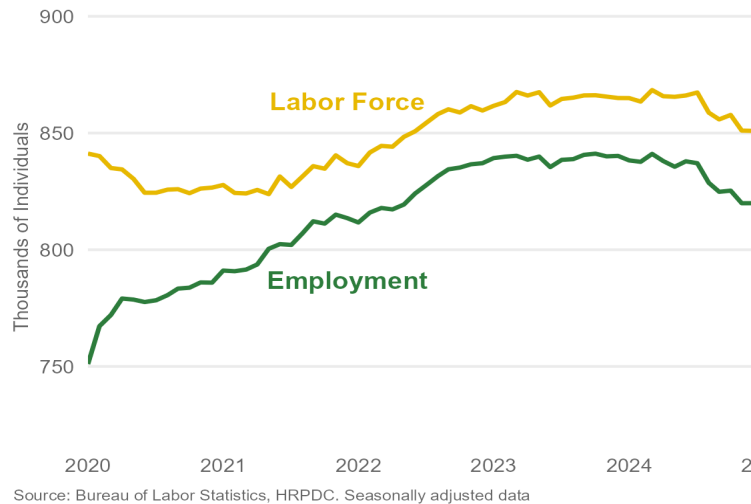
	Jul 2024	Jun 2025	Jul 2025	MoM Trend	YoY % Change
Hampton Roads	821,700	821,500	820,600	↘	-0.1%
Virginia	4,236,300	4,271,100	4,271,700	↗	0.8%
United States	158,003,000	159,439,000	159,518,000	↗	1.0%

**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. In Hampton Roads, non-seasonally adjusted civilian jobs in July were down 0.06% year over year. Seasonally adjusted civilian jobs in July were down 0.1% from the previous month. In July both Virginia and the United States added job from the previous month, while Hampton Roads lost jobs. For Hampton Roads, July marked the fourth straight month of job losses. Year to date, civilian jobs in Hampton Roads are up 0.4% when compared to same period in 2024, a slower pace than the Virginia (1.14%) and the United States (1.15%). The latest estimates continue to highlight the outsized impact of federal cuts on labor market conditions in the Hampton Roads region.




CIVILIAN LABOR FORCE (M)

	Jul 24	Jul 25	Trend
Labor Force	878,634	863,722	↘
Employed	848,576	829,214	↘
Unemployed	30,058	34,508	↗

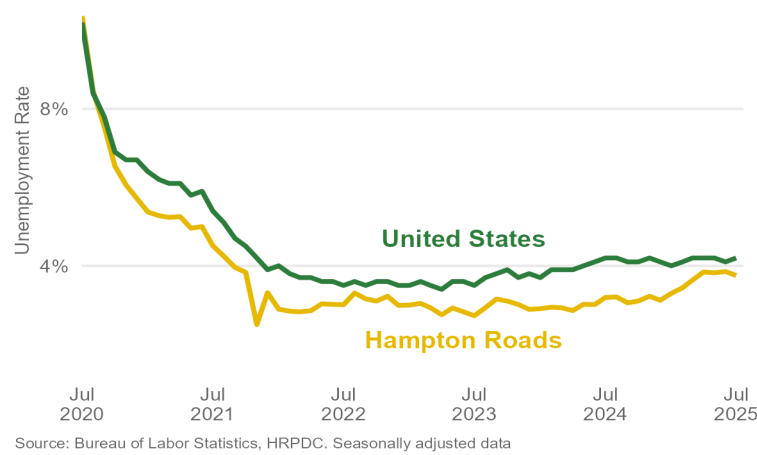
**Labor Force:** The Bureau of Labor Statistic's household survey measures the employment status of the civilian population 16 years and older. An area's labor force is comprised of the number of people working (employed) and those actively seeking work (unemployed). In July the HRPDC's civilian labor force declined by 0.1% from the previous month. On a year-over-year basis, the labor force was 1.7% lower. July marked the sixth consecutive month of annual declines in the region's labor force.





UNEMPLOYMENT RATE (M)

	Jul 24	Jun 25	Jul 25	MoM Trend
Hampton Roads	3.2%	3.9%	3.8%	
Virginia	2.8%	3.5%	3.6%	
United States	4.2%	4.1%	4.2%	

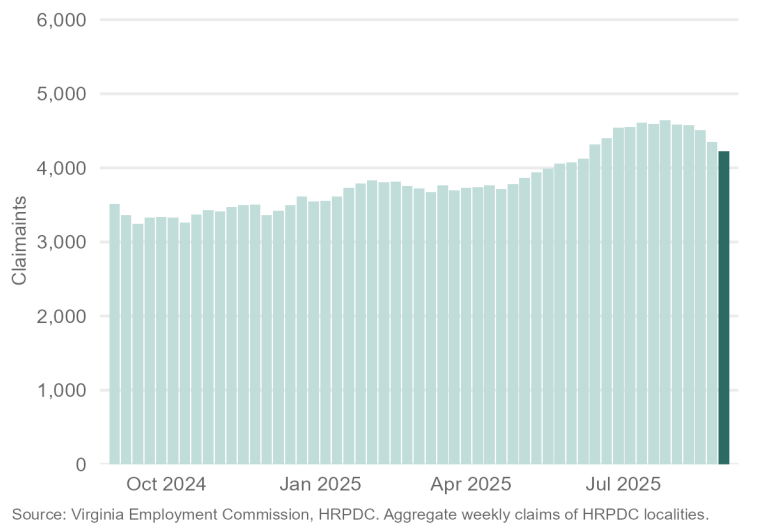
**Unemployment Rate:** The unemployment rate reflects the percentage of the labor force unemployed and actively seeking work. Hampton Roads' unemployment rate in July 2025 decreased from the prior month. Since January, Hampton Roads unemployment rate has risen 0.4 percentage points, compared to a 0.2 percentage point increase observed for the nation.



UNEMPLOYMENT CLAIMS (W)

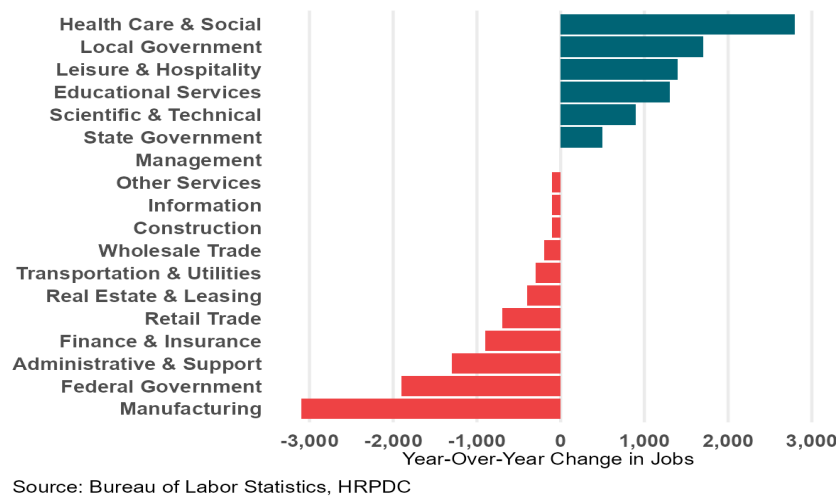
Week Ending	Aug 31, 2024	Aug 30, 2025	YoY Trend
Hampton Roads	3,511	4,225	
Virginia	14,875	18,681	

**Continuing Unemployment Claims:** The number of continuing unemployment claims is a coincident indicator reflecting those who remain unemployed after filing an initial claim, thus showing ongoing labor market weakness with minimal delay. In Hampton Roads, the number of continuing claims for unemployment benefits filed for the week ending August 30, 2025 are up 20.3% from the comparable week in 2024.



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

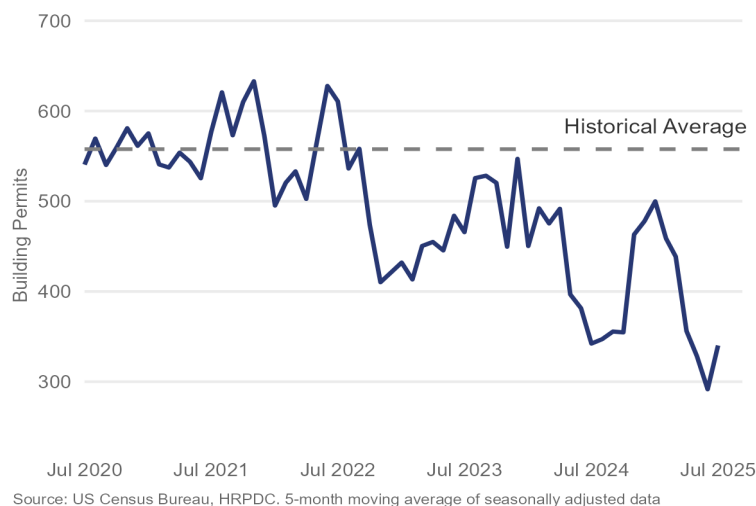
**Civilian Job Growth by Industry:** As the job market grows or contracts, there will be some industries whose experience does not resemble the regional trend. Less than half of the region's selected industry sectors added jobs in June when compared to the prior year. The largest gains were in Healthcare, & Social Assistance, which added 2,800 jobs year over year. Local Government (+1,700) and Leisure & Hospitality (+1,400) recorded the second and third largest gains. The largest year-over-year declines were in Manufacturing (-3,000), the Federal Government (-1,900) and Administrative & Support (-1,300)




## BUILDING PERMITS (M)

	Jul 2024	Jun 2025	Jul 2025	MoM Trend
Hampton Roads	347	280	438	

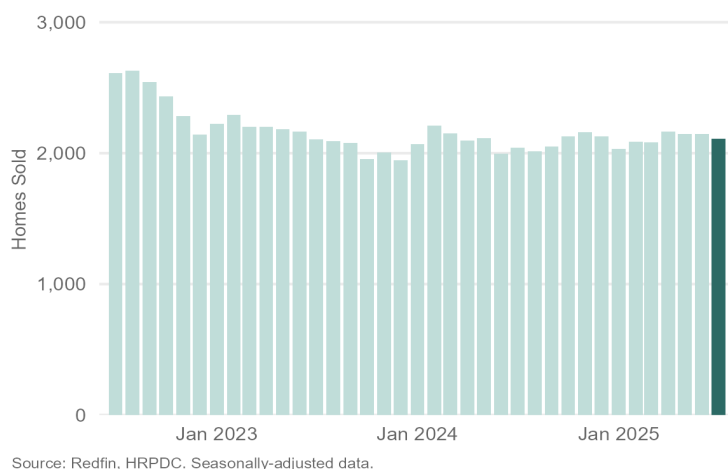
**Building Permits:** Permits issued across all unit types offers a snapshot of construction activity, housing demand, and trends in construction employment. In July 2025 local governments issued 438 new construction permits for both single and multi-unit structures, a sharp rebound from the decline in June. Despite the rebound, residential construction has remained below the historical average since mid-2022. Year-to-date totals remain well below last year's pace, down 14.5% compared with the same period in 2024.




## RESIDENTIAL HOMES SOLD (M)

	Jul 2024	Jun 2025	Jul 2025	MoM Trend
Hampton Roads	2,044	2,144	2,111	

**Homes Sold:** 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 home sales in July 2025 fell 1.5% from June, the third straight month of monthly declines. Sales were 3.6% higher than in July 2024, and year-to-date totals through July 2025 were 0.5% above the same period last year. Despite this increase, activity remains below the pre-pandemic levels of 2019.



## 30-YEAR FIXED RATE MORTGAGE AVERAGE (M)

	Aug 2024	Jul 2025	Aug 2025	MoM Trend
United States	6.5%	6.7%	6.6%	

**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 August 2025, mortgage rates declined slightly from the prior month. Year-over-year, the average rate was up 0.1 percentage points. While a rate cut is expected this year, the higher-for-longer interest rate environment remains, creating ongoing strain.

