

Industry Spotlight - Defense

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Note: The Bureau of Economic Analysis recently changed data providers for estimating military employment and compensation. The revised estimates from 2016 onward reflect underreported personnel counts in Hampton Roads due to an error in the new provider’s data. The military employment and compensation statistics presented in this section are based on the current estimates. The HRPDC is actively working to correct these discrepancies.

Defense Spending

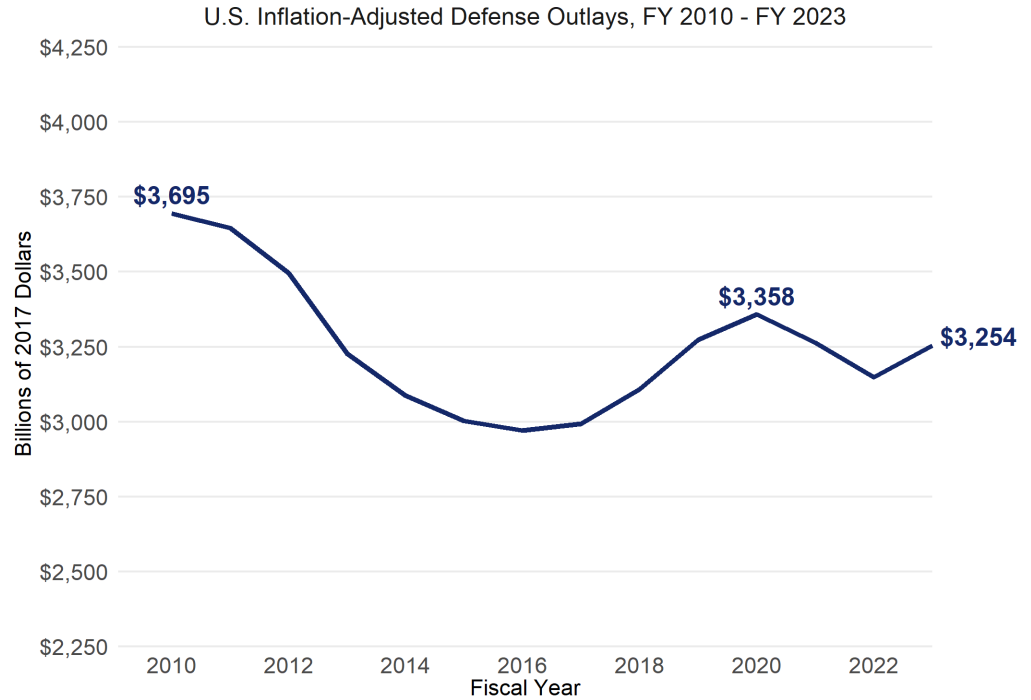
National Defense Spending

Why is it important?

Defense expenditures in Hampton Roads are closely tied to federal defense outlays. Fluctuations in national defense spending can therefore have a direct impact on the regional economy.

How are we doing?

National defense outlays in 2023 increased 3.4% from the prior year, a positive turnaround after two straight years of decreases in spending. When compared to pre-pandemic levels in 2019, national defense spending in 2023 was down 0.6%.



Source: Bureau of Economic Analysis and HRPDC

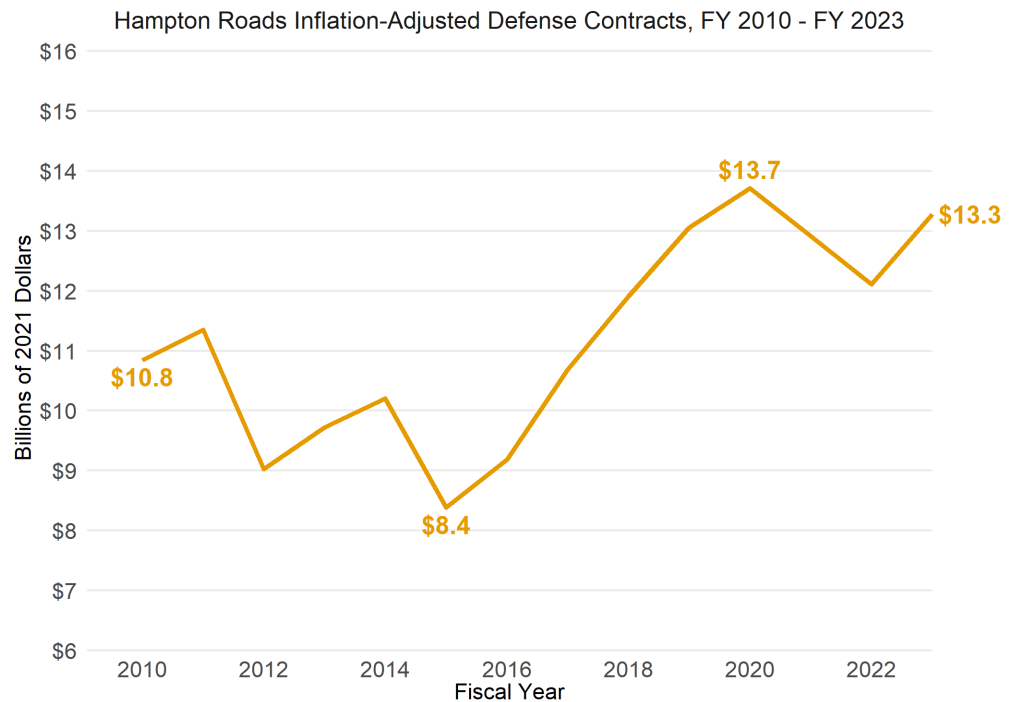
Defense Spending, Hampton Roads

Why is it important?

Direct defense spending reflects contracts awarded by the Department of Defense to be performed within Hampton Roads and can be used to track the level of defense spending occurring within the region.

How are we doing?

Direct defense spending in the region declined in the early 2010s in the aftermath of the Great Recession and sequestration, but rose steadily between 2013 and 2020. After declining in 2021 and 2022 spending rebound in 2023, rising 9.7% from the prior year.



Source: USASpending and HRPDC. Hampton Roads reflects HRPDC localities

Military Employment

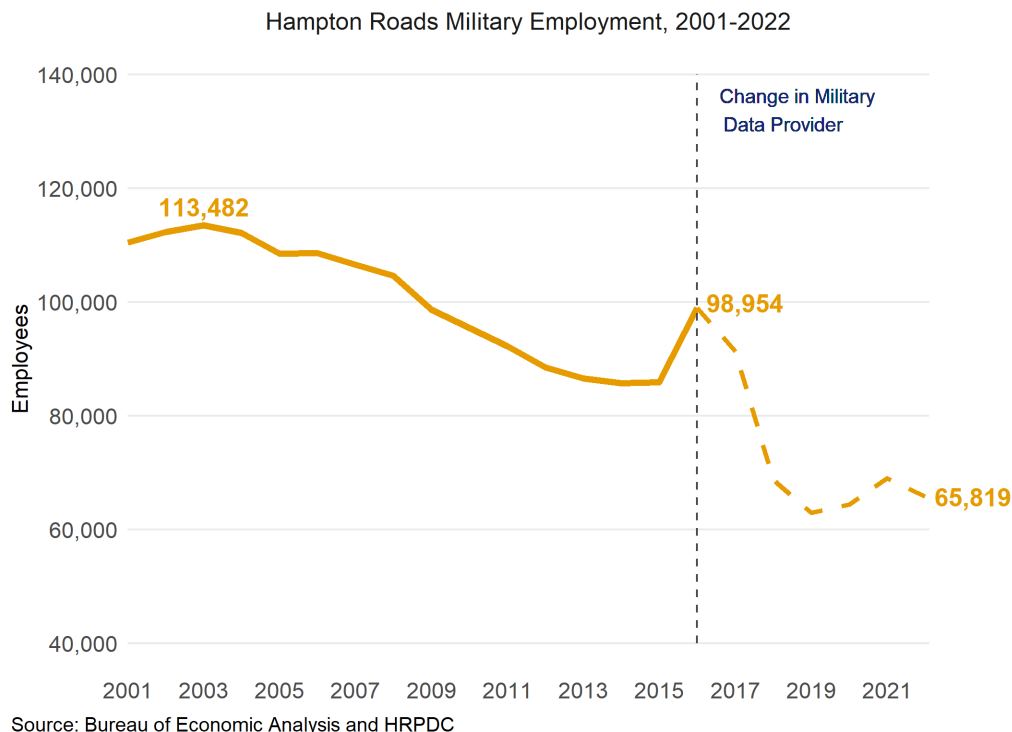
Military Employment, Hampton Roads

Why is it important?

Hampton Roads has one of the nation's largest concentrations of military personnel. As a significant component of the region's workforce, changes in military personnel levels can greatly influence the region's demand for schools, housing, and support services.

How are we doing?

While the revised BEA estimates from 2016 onward reflect underreported personnel levels in the region, the downward trend in military employment in 2022 is consistent with the decline in defense spending in the region in FY 2022.



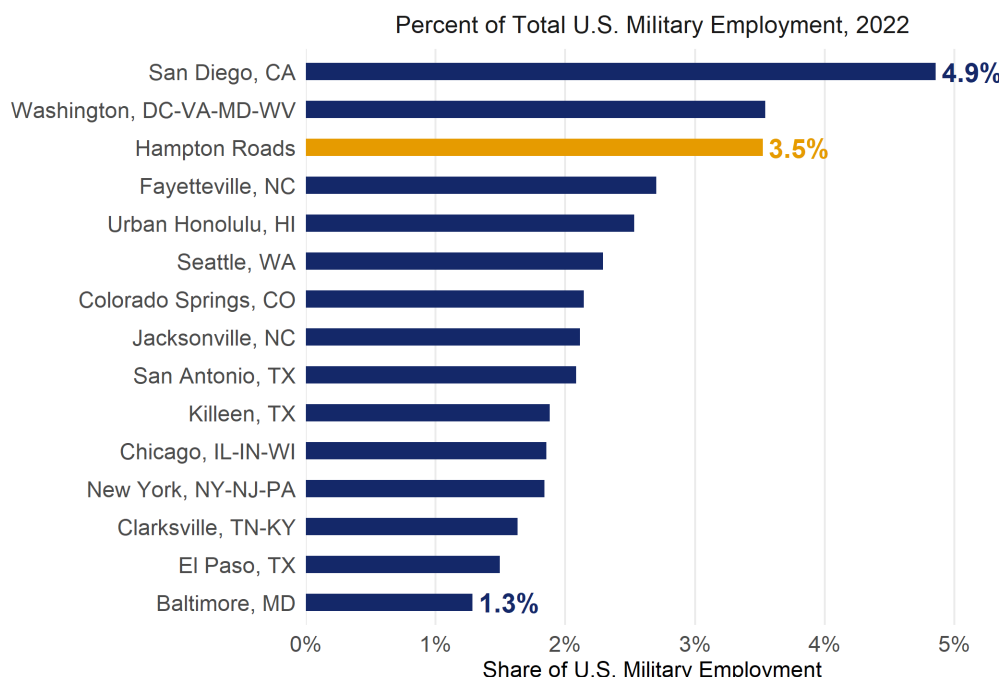
Share of U.S. Military Employment, 15 Largest Military MSAs

Why is it important?

Comparing Hampton Roads' share of total U.S. military employment to the largest military metro areas helps benchmark the region's role in supporting national security.

How are we doing?

Out of 382 metro areas, Hampton Roads had the 3rd largest share of military employees in 2022. The region fell from 2nd in 2021 to 3rd place in 2022.



Military Compensation

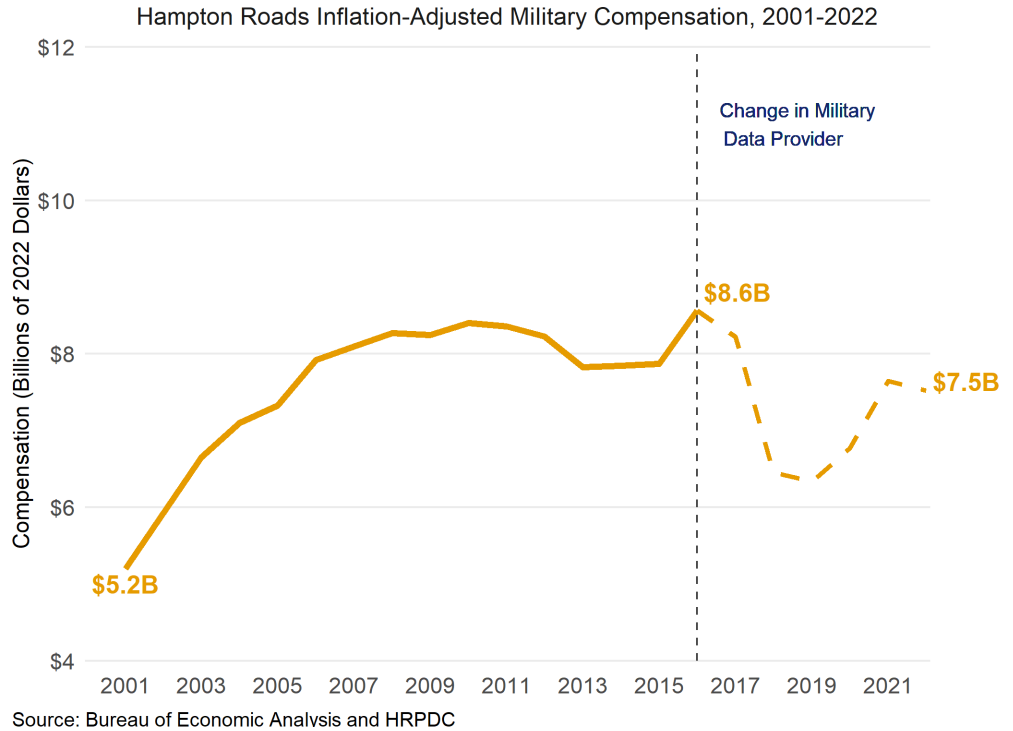
Total Compensation of Military Employees, Hampton Roads

Why is it important?

How well-compensated military personnel are in this region has important impacts on military families' well-being, their ability to participate in the labor market, and their economic impact on the region.

How are we doing?

The Bureau of Economic Analysis (BEA) revised estimates from 2016 onward to incorporate a new data provider. Historical estimates prior to 2016 are no longer directly comparable. Revised estimates reflect underreported personnel and compensation levels in the region.



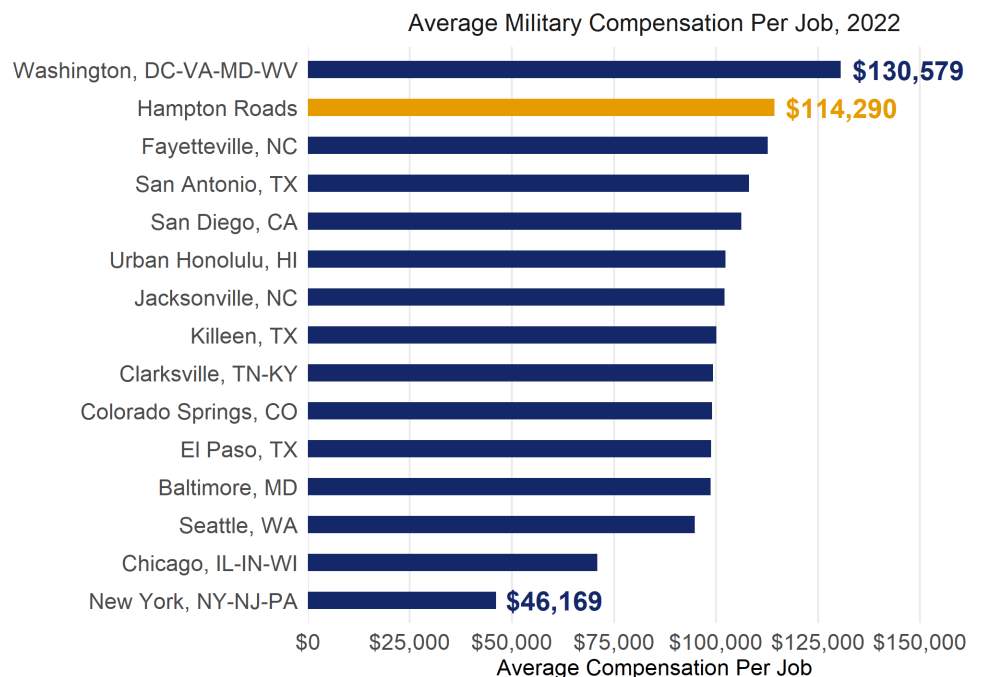
Average Compensation Per Military Employee, 15 Largest Military MSAs

Why is it important?

The average compensation per military job allows us to examine the relative compensation of personnel compared to other large military metro areas.

How are we doing?

The average compensation per military employee in Hampton Roads ranked second among the largest metro areas for military personnel, indicating a relatively high compensation for personnel in the region.



Shipbuilding and Ship Repair

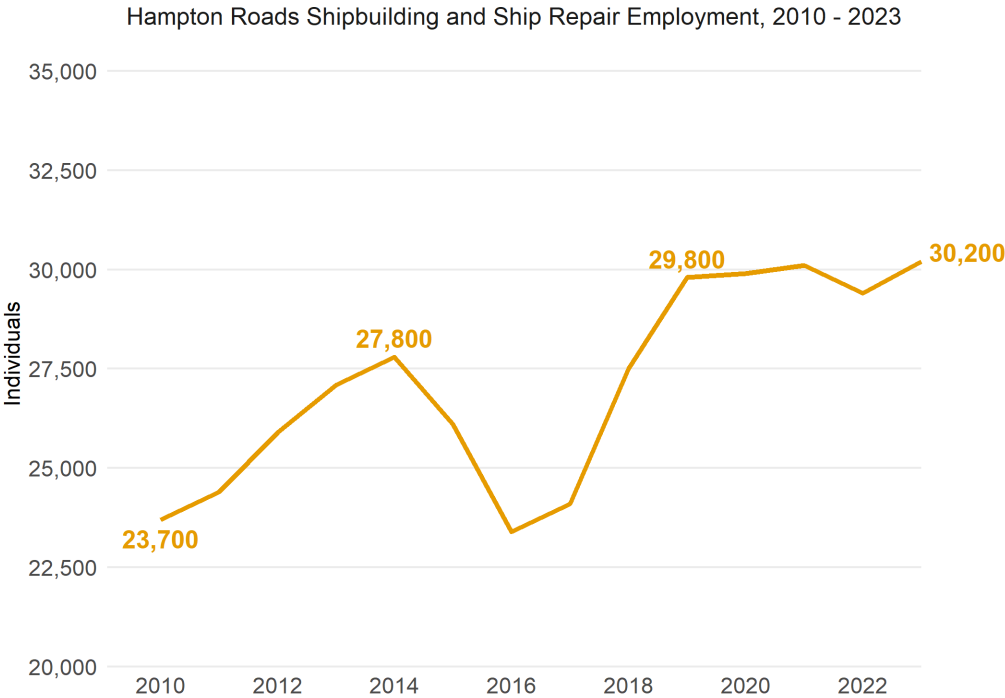
Shipbuilding and Ship Repair Employment, Hampton Roads

Why is it important?

The shipbuilding and ship repair industry serves as a sub-cluster within the region's defense industry, providing well-compensated jobs for individuals across the education spectrum.

How are we doing?

Shipbuilding and ship repair employment in Hampton Roads declined in 2022, but rebound in 2023 to 30,200, the highest level of employment since the turn of century.



Hampton Roads Share U.S. of Shipbuilding and Ship Repair Employment

Why is it important?

The region's share of national shipbuilding and ship repair employment indicates the strength of this regional cluster.

How are we doing?

In 2020, more than one in five employees in the shipbuilding and ship repair industry were employed in Hampton Roads, the highest share since 2000. The region's share of U.S. employment declined in 2021 and 2022 but remained steady in 2023.

