

Employment Data Revisions

HAMPTON ROADS ECONOMICS BRIEF



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Each month, the Bureau of Labor Statistics (BLS) publishes non-farm civilian employment estimates at the national, state, and regional levels. These employment estimates are widely considered to be the best estimate of regional labor market activity, serving as a barometer for the economic condition of the region. Every March, BLS revises its employment estimates, and this year's revision resulted in a significant increase for estimates in Hampton Roads.

The revised estimates from BLS increased the December employment figures in Hampton Roads by 14,800 jobs, which was the largest positive percentage revision among all MSAs with populations over 1 million people. While this does not mean Hampton Roads has had strong job growth over the past year, it does paint a different picture of the current economic condition than previously understood.

Economics staff at the HRPDC began noticing discrepancies between the employment reports and other economic data during the Summer of 2017, particularly with retail trade as well as leisure and hospitality (the two industries which experienced the largest revisions). Reports from the region's retail and tourism industry, coupled with retail and tourism expenditures, stood in stark contrast to the declining employment figures previously reported by the BLS.

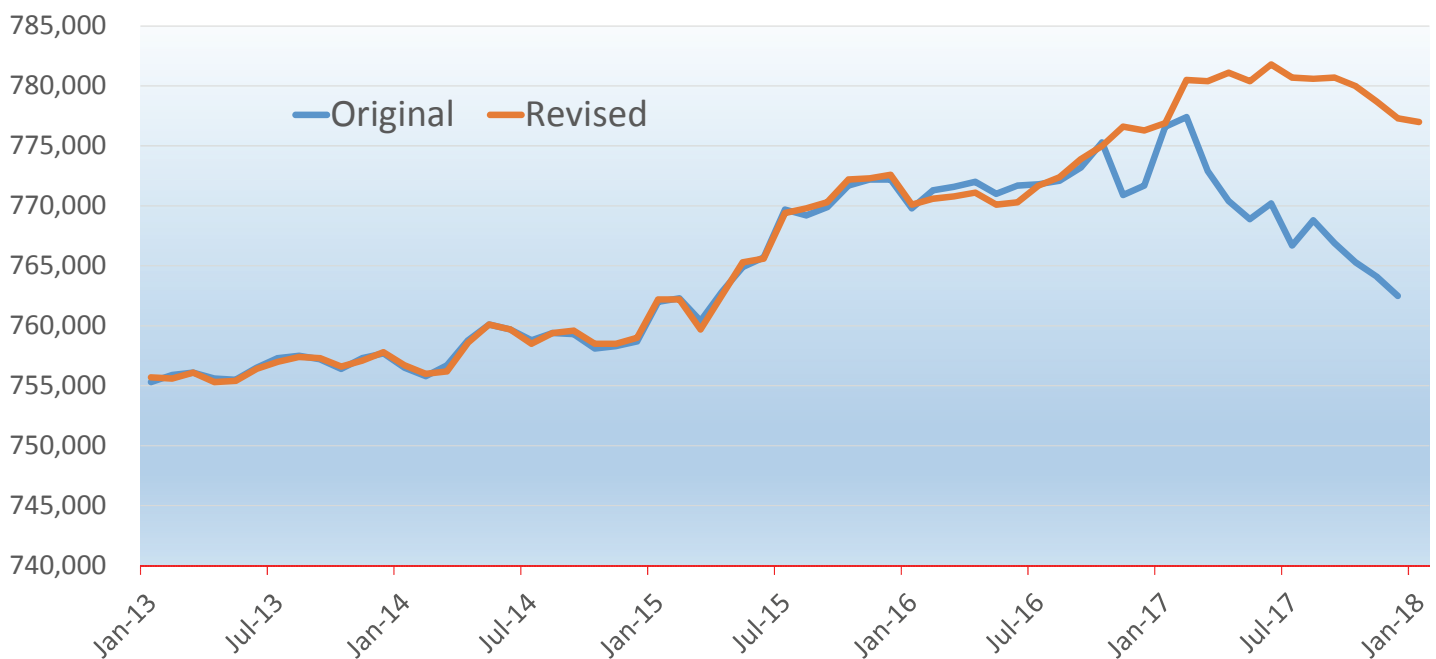
By the Numbers

Hampton Roads' December 2017 Employment revised up by **14,800 jobs (+1.9%)**, to a total of **777,300**.

The largest revisions were in Leisure and Hospitality (**+6,100**) and Retail Trade (**+5,500**). Three other industries added **1,000** jobs.

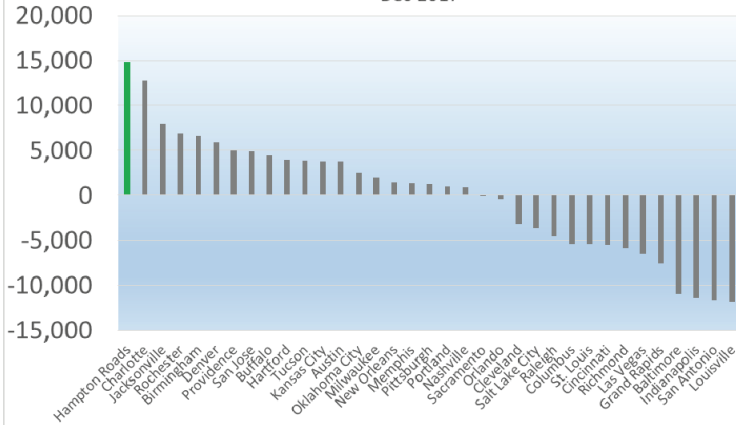
The only industry with a significant negative revision was Healthcare (**-3,200**).

Hampton Roads Total Employment Seasonally Adjusted



MSA Total Employment Revision

Dec 2017



Why were the employment estimates so far off?

While revisions, even significant ones, are not atypical, this revision strikes a peculiar chord both because of the magnitude and the particular focus on the region's Retail and Leisure industries. Periods of rapid economic change, with lots of small business activity, are typically ripe for significant revisions, but Hampton Roads did not experience any significant change.

Other explanations, such as issues with the seasonal adjustment process, also fall short in explaining the revision, as both the non-seasonal data and the seasonal data experienced adjustments of similar magnitudes.

While economics staff continues to work on the problem, this reaffirms the HRPDC's approach to evaluate a variety of indicators when making economic assessments.

While most of the industries in the region realized an increase in employment with this revision, by far the most substantial revisions were in Leisure and Hospitality (i.e. tourism, +6,100) and Retail Trade (+5,500). This fits with other data as regional retail sales have been strong throughout the summer and through November. Real estate, Rentals, and Leasing was also revised up by 1,100, which was another area that contrasted with housing activity and tourism activity data. The only industry with a notable negative revision was Healthcare and Social Assistance (-3,200), which marks the first loss of employment in the industry year-over-year (-1,200).

Hampton Roads Industry Employment Revision

2017 Employment Revision vs 2018 Employment Revision

