

2018 Regional Economic Forecast

Presented to the Hampton Roads Planning District Commission

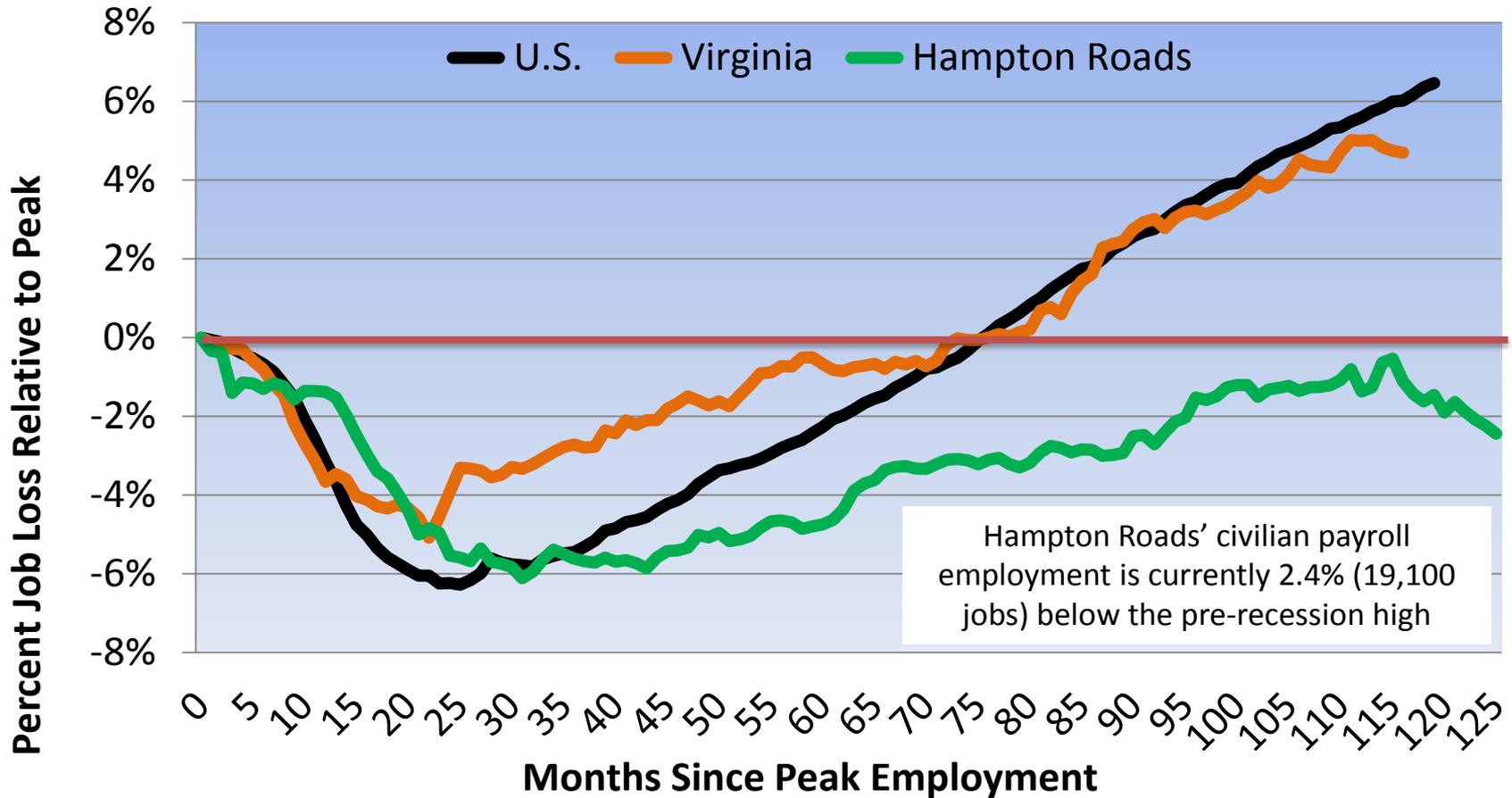
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Chief Economist
February 15, 2018



National Indicators

- **Gross Regional Product**
 - Strong and sustained growth since 2009
- **Employment**
 - 9 million above prerecession high
- **Unemployment Rate**
 - Lowest rate since December 2000
- **Stock Market**
 - The S&P has averaged over 15% growth since '08

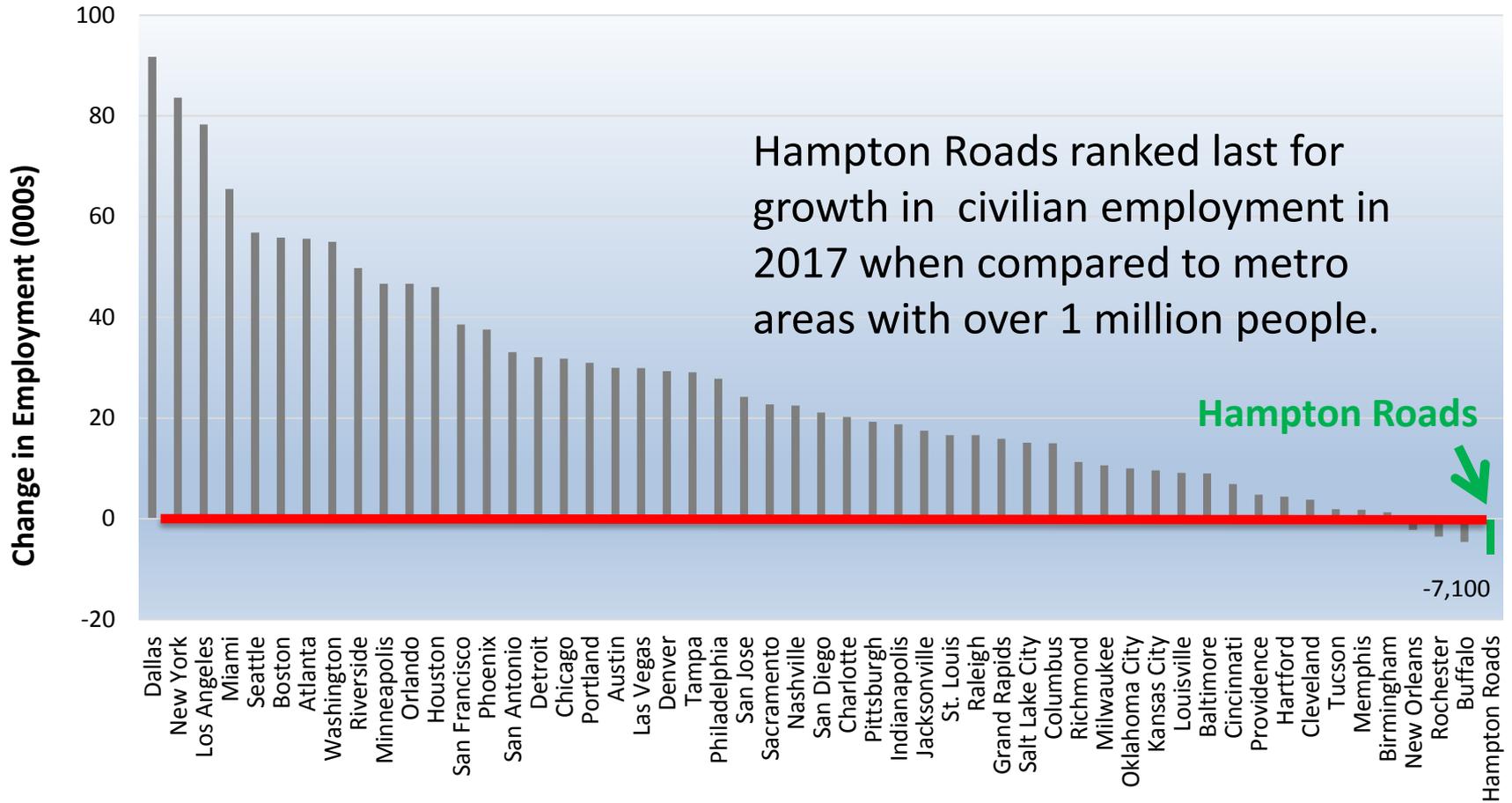
Civilian Employment Decline and Recovery



Source: Bureau of Labor Statistics, HRPDC

Year-Over-Year Employment

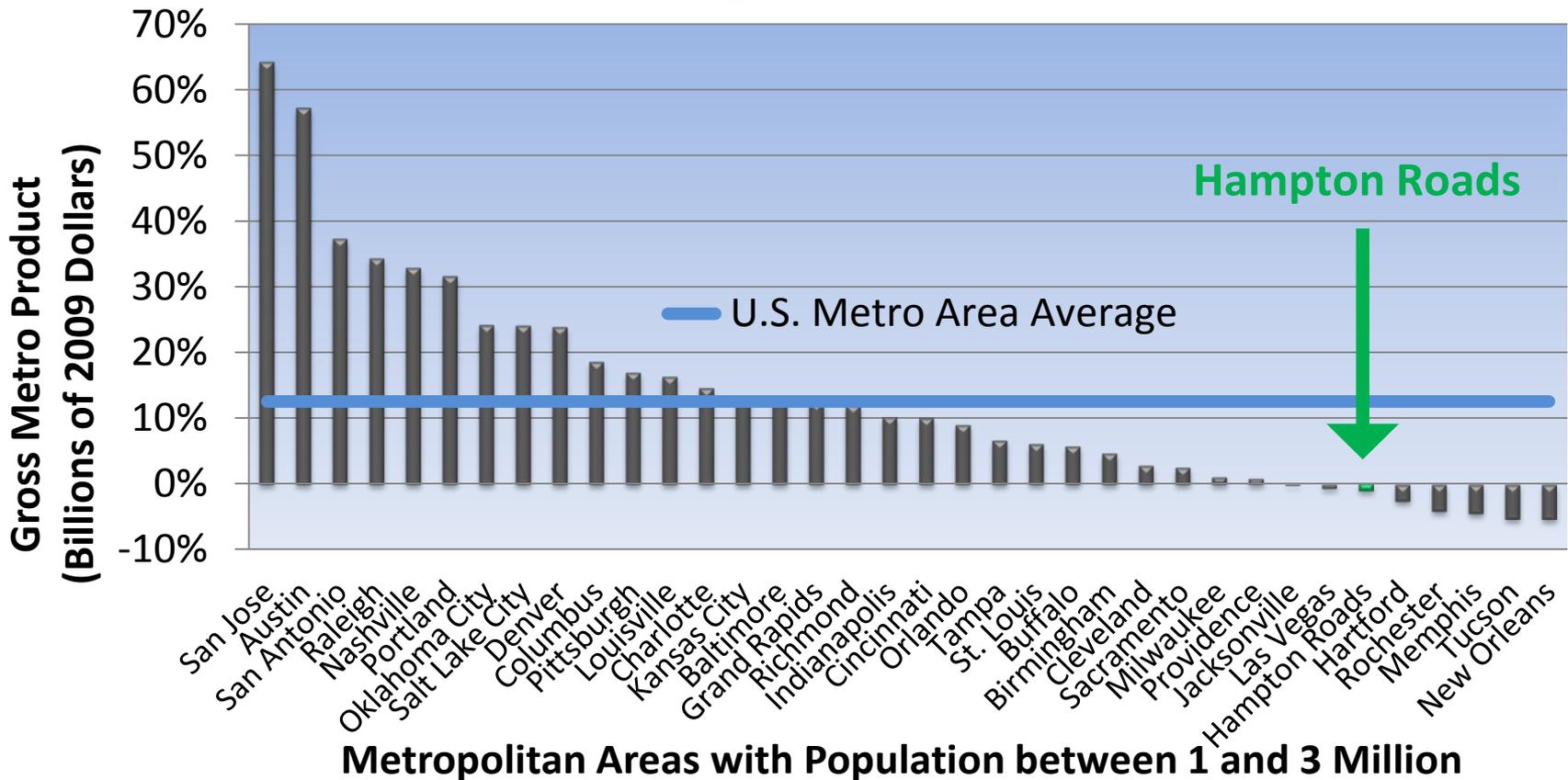
December 2016 – December 2017



Source: Bureau of Labor Statistics, HRPDC

Change in Gross Product (Inflation-Adjusted 2009 Dollars)

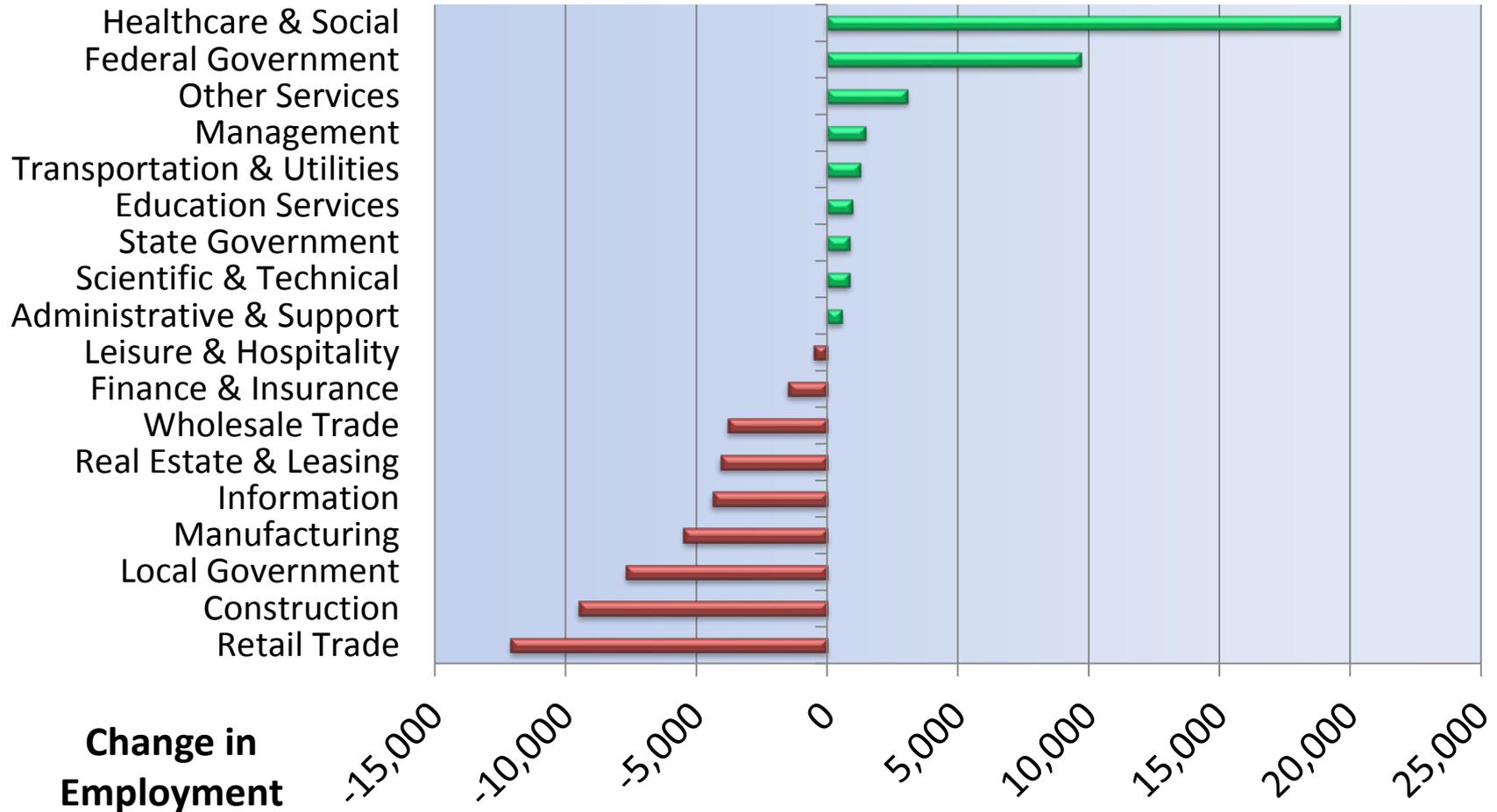
10 Year Change in Gross Product



Metropolitan Areas with Population between 1 and 3 Million

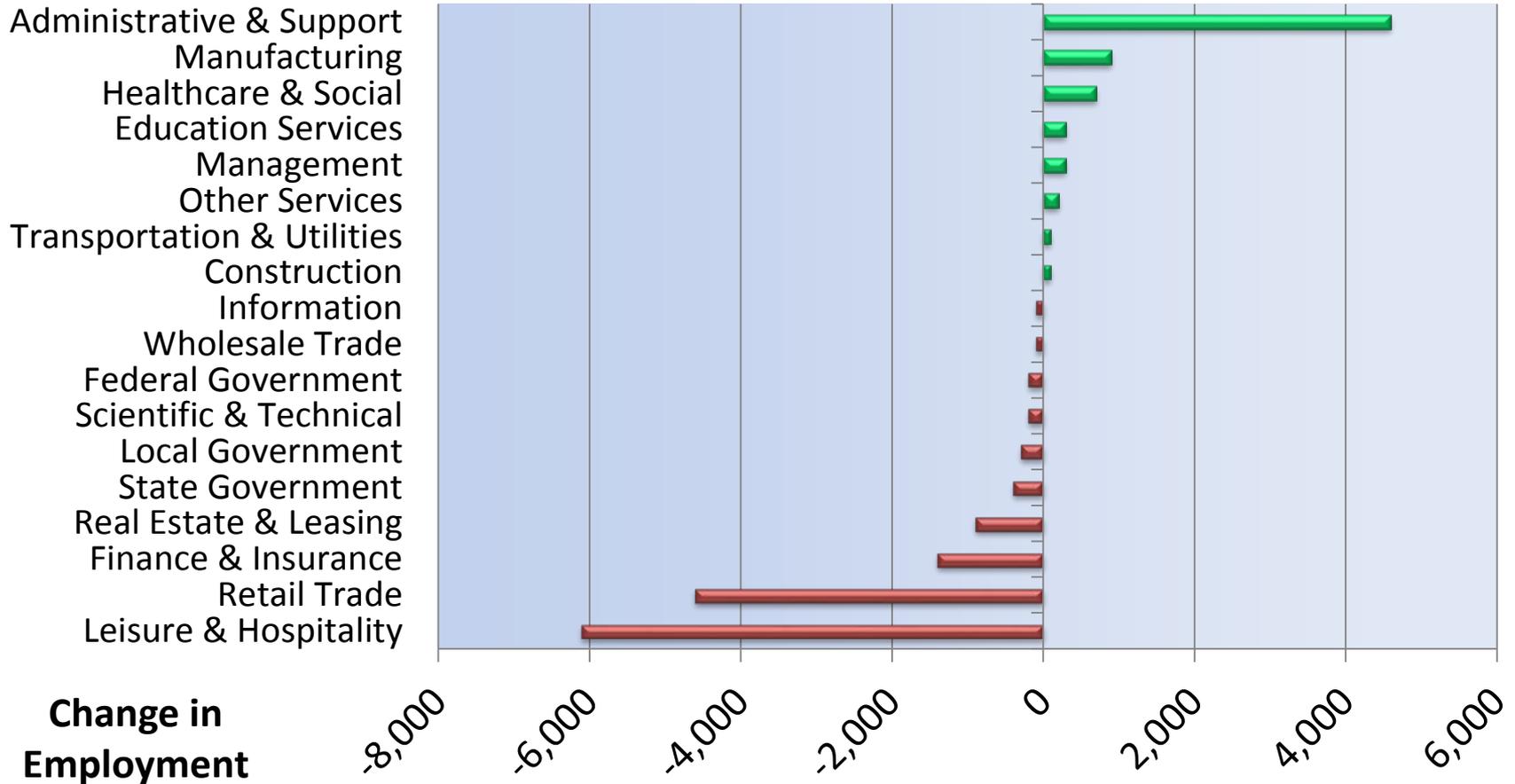
Source: Bureau of Economic Analysis, HRPDC

Hampton Roads Employment Change: Dec '07 – Dec '17



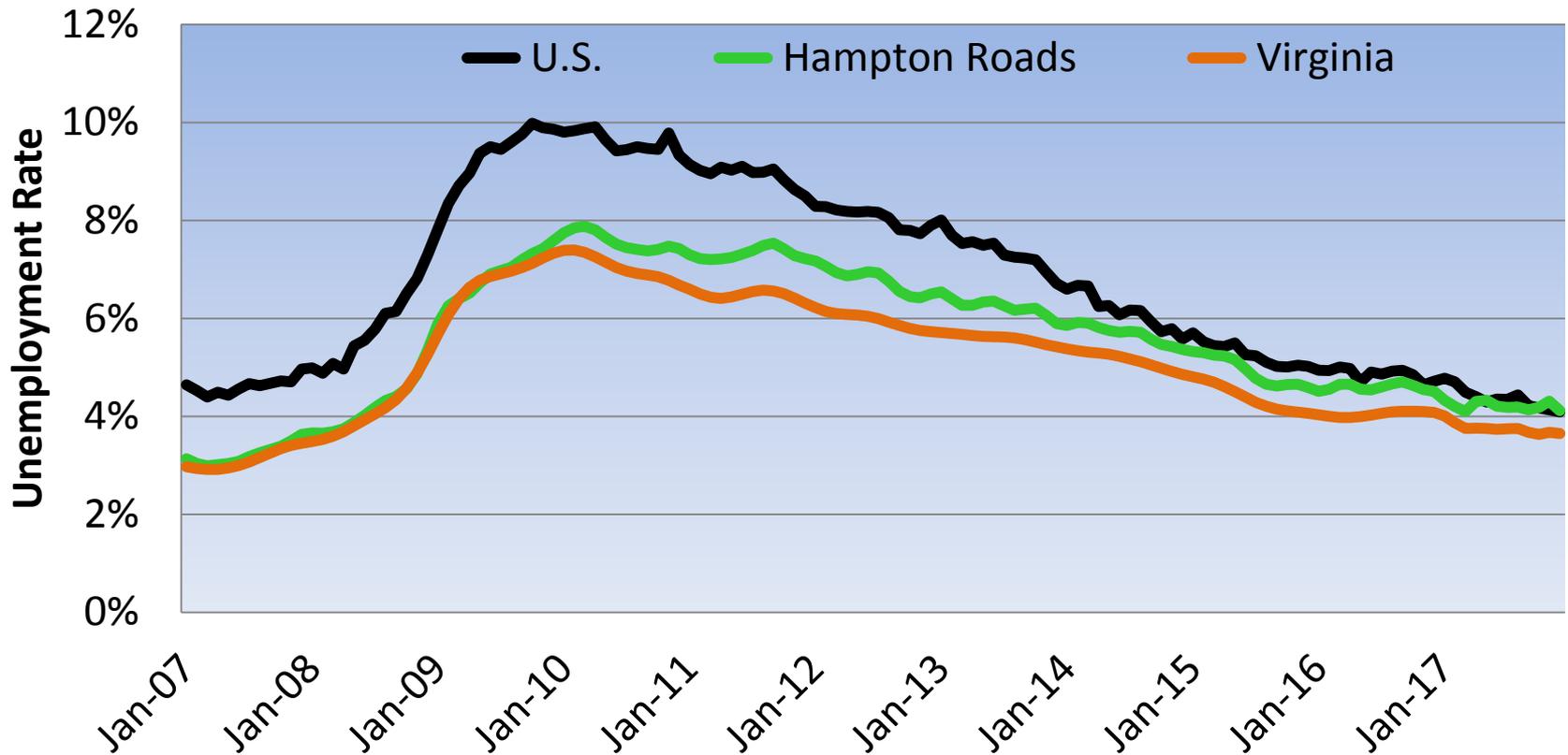
Source: Bureau of Labor Statistics, HRPDC

Hampton Roads Employment Change: Dec '16 - Dec '17



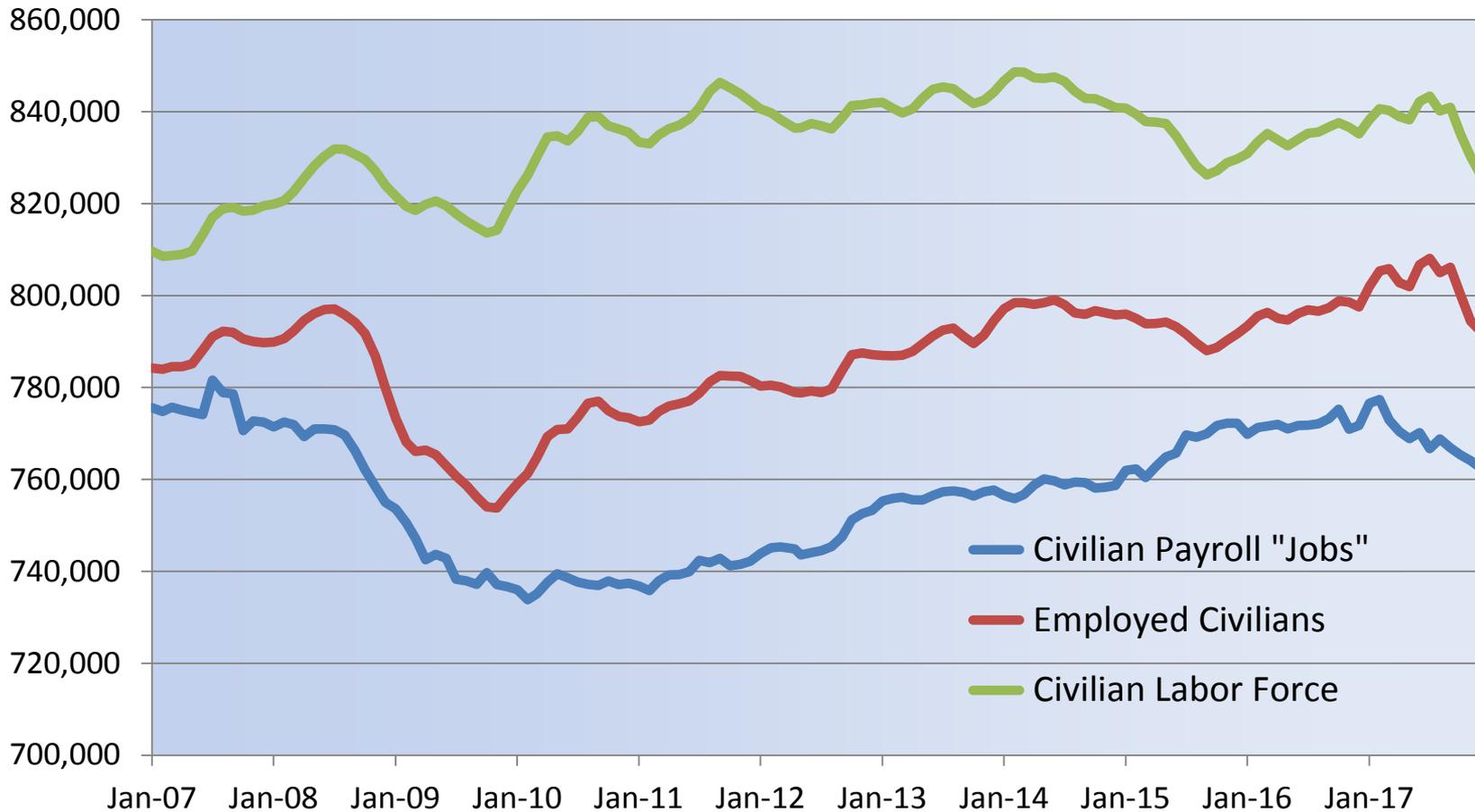
Source: Bureau of Labor Statistics, HRPDC

U.S., Virginia, & Hampton Roads Unemployment Rate (Seasonally Adjusted)



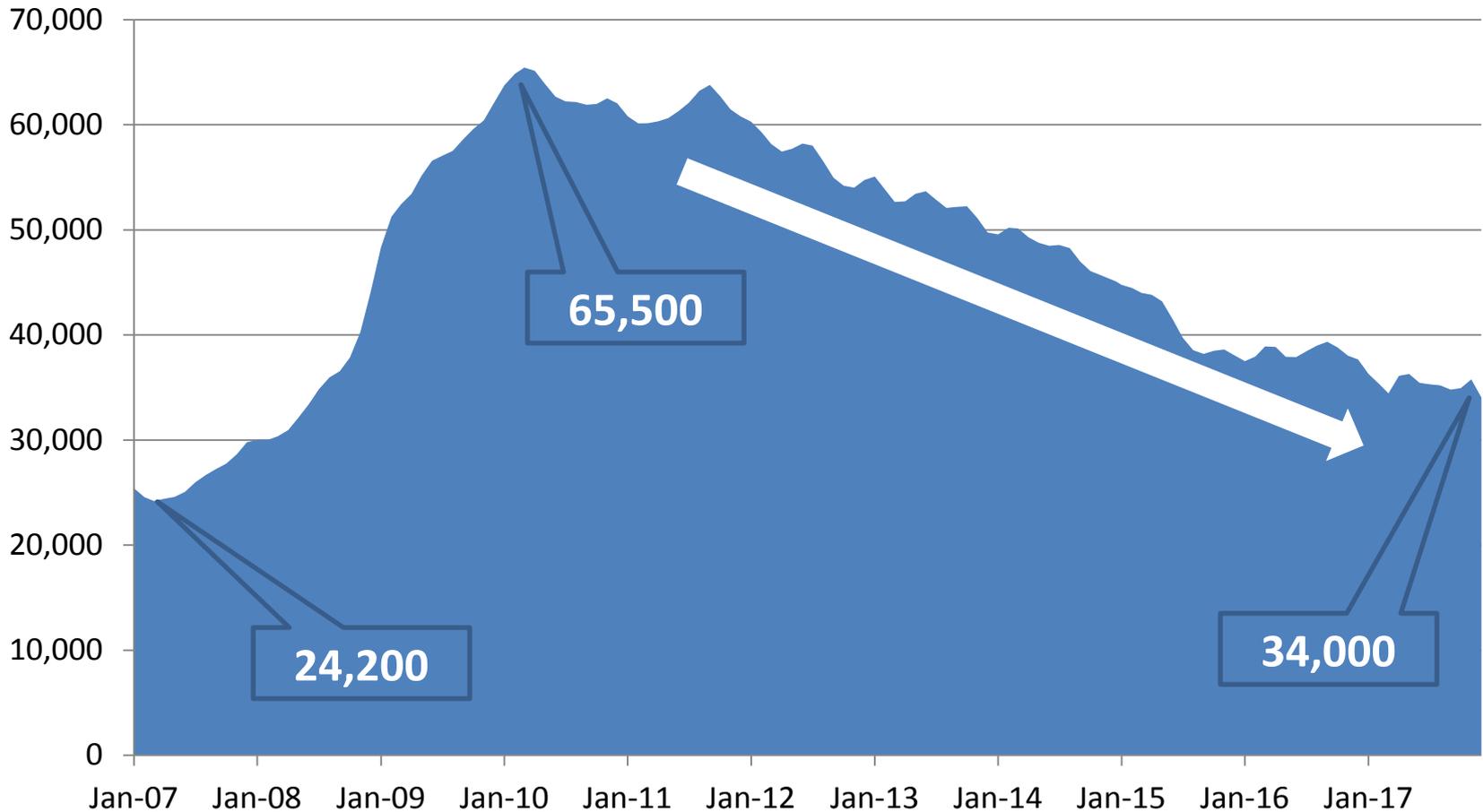
Source: Bureau of Labor Statistics, HRPDC

Jobs & Employment



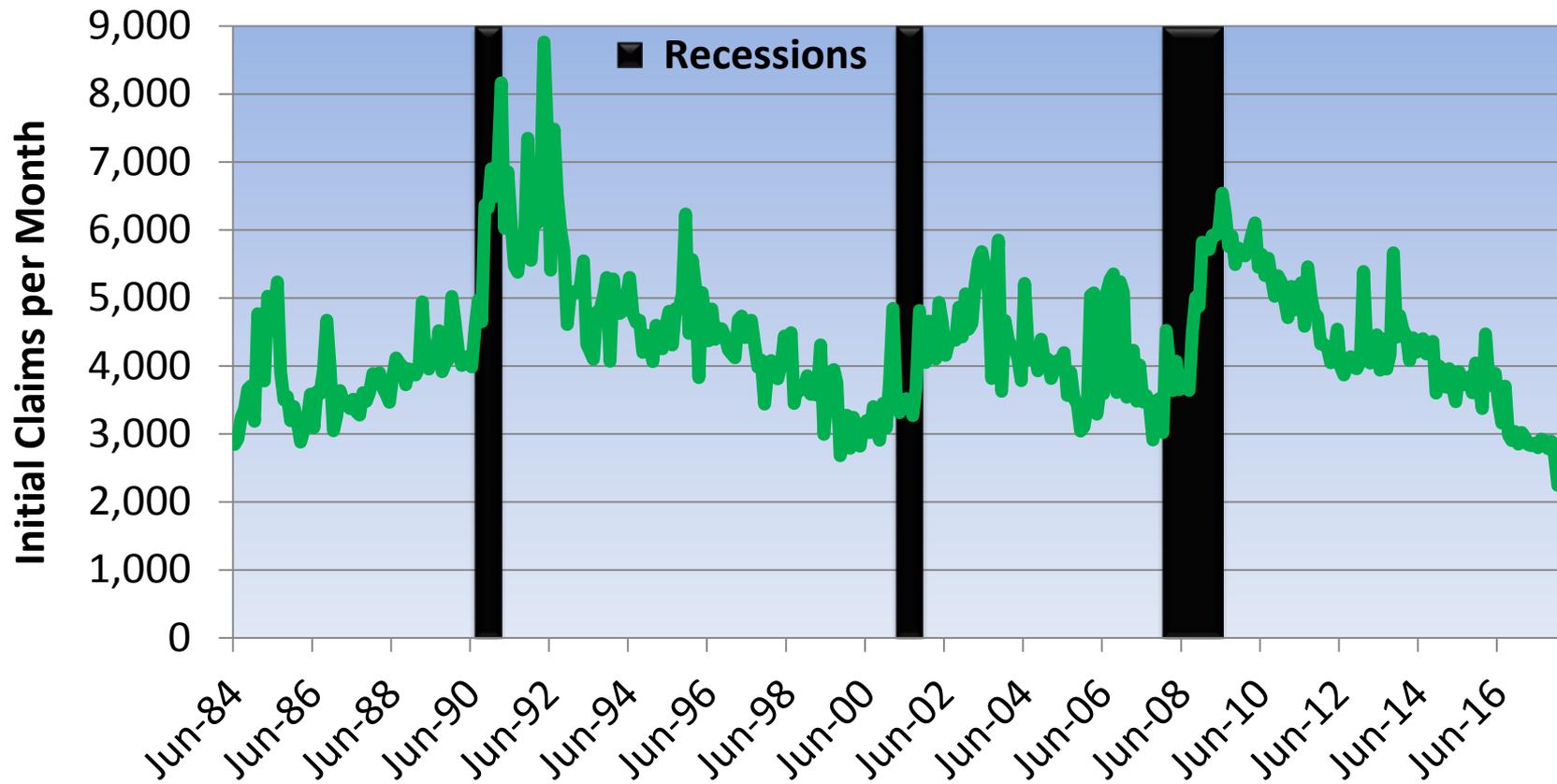
Source: Bureau of Labor Statistics, HRPDC

Unemployed in Hampton Roads



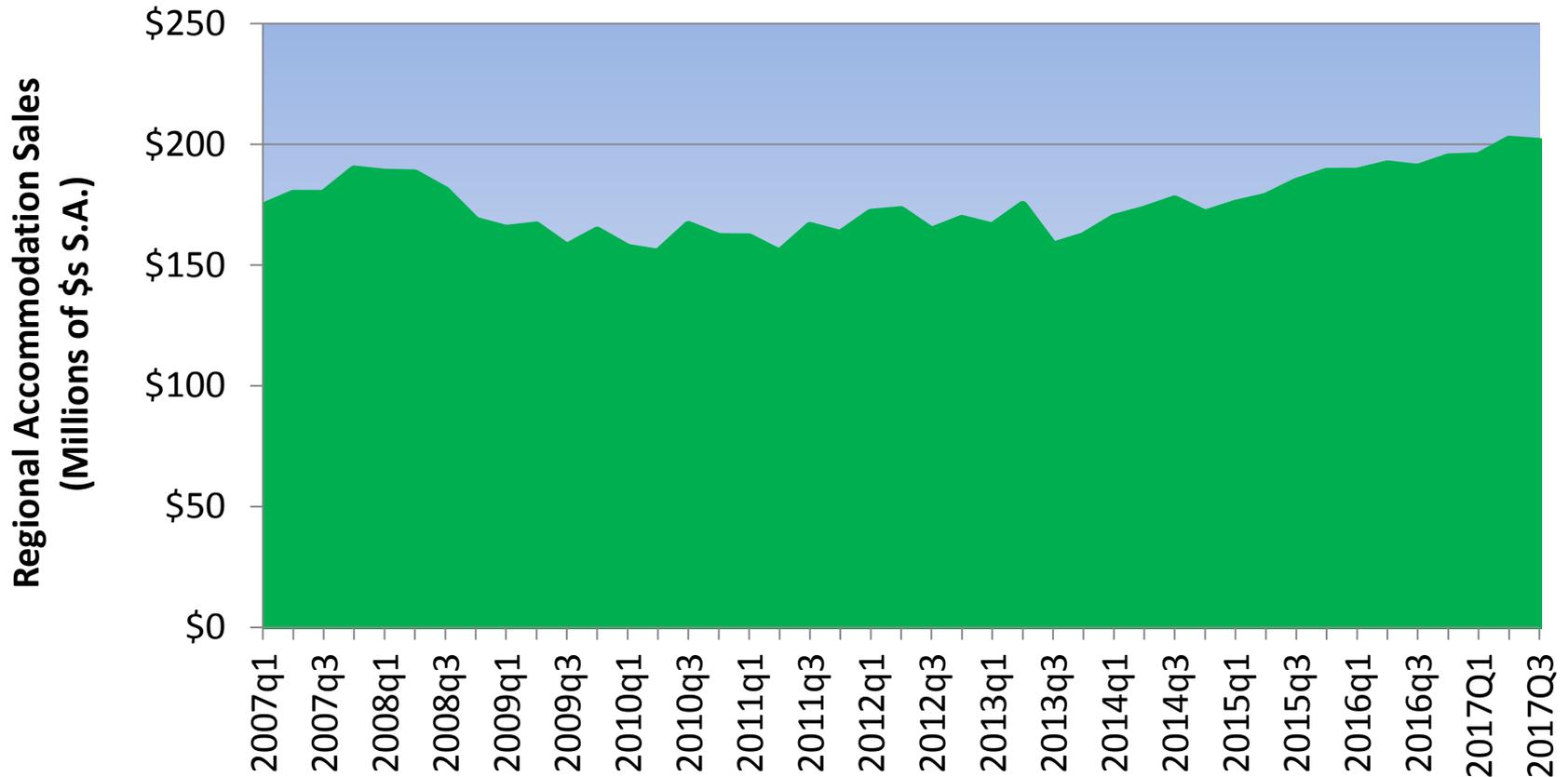
Sources: Bureau of Labor Statistics and HRPDC

Initial Unemployment Claims in Hampton Roads (Seasonally Adjusted)



Source: Virginia Employment Commission, HRPDC

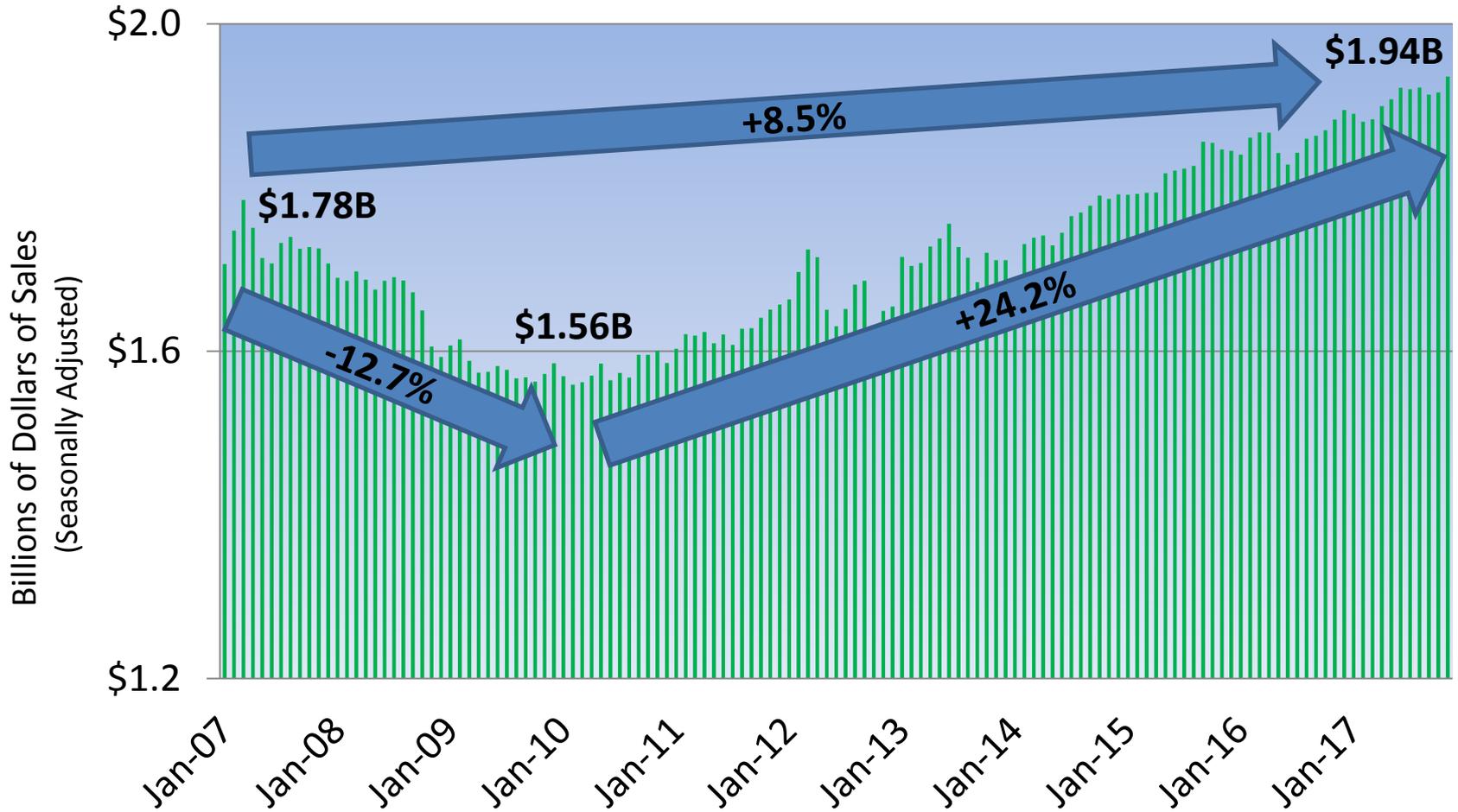
Taxable Accommodations in HR



Source: Virginia Department of Taxation and HRPDC

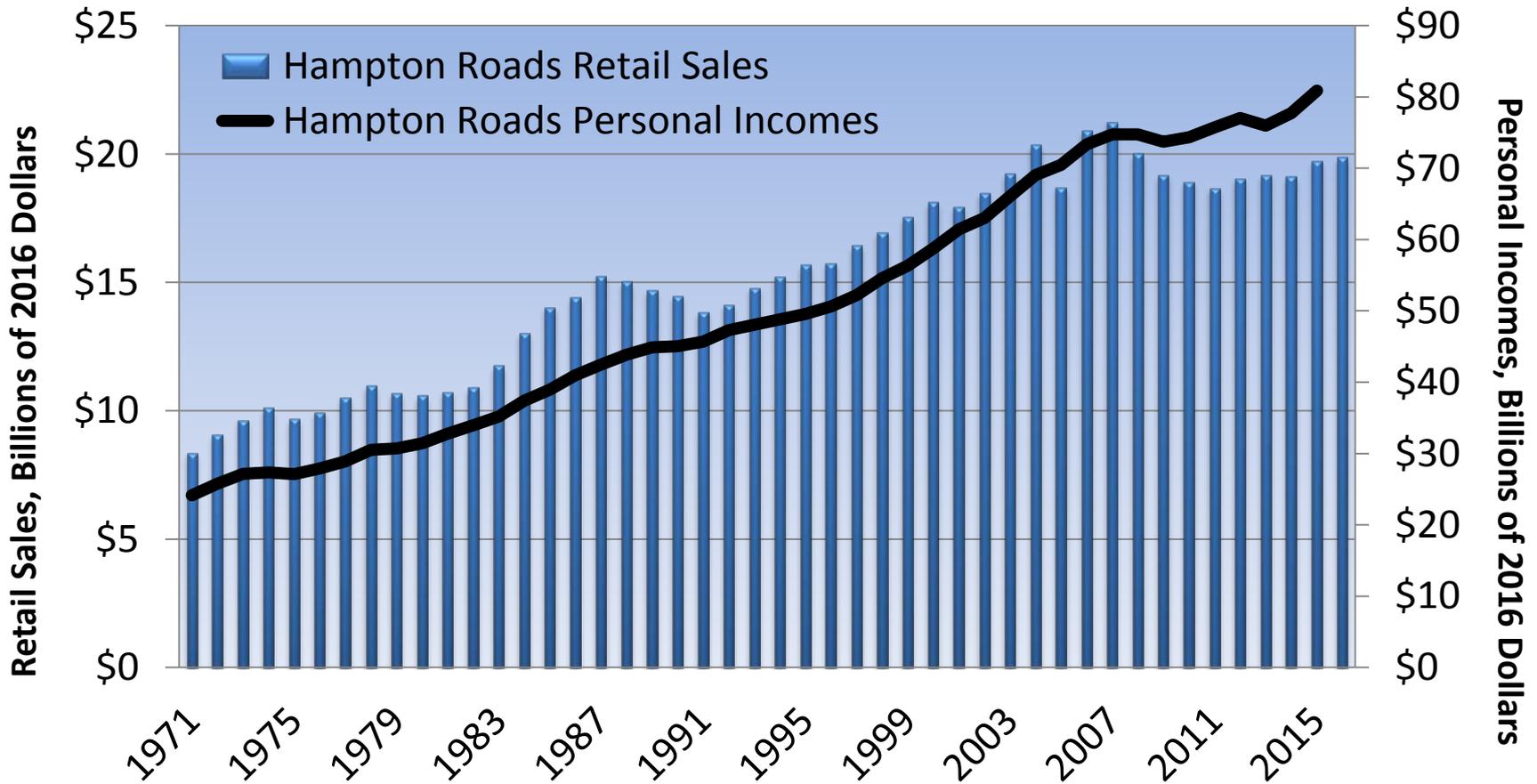
Hampton Roads Retail Sales

3 Month Moving Average



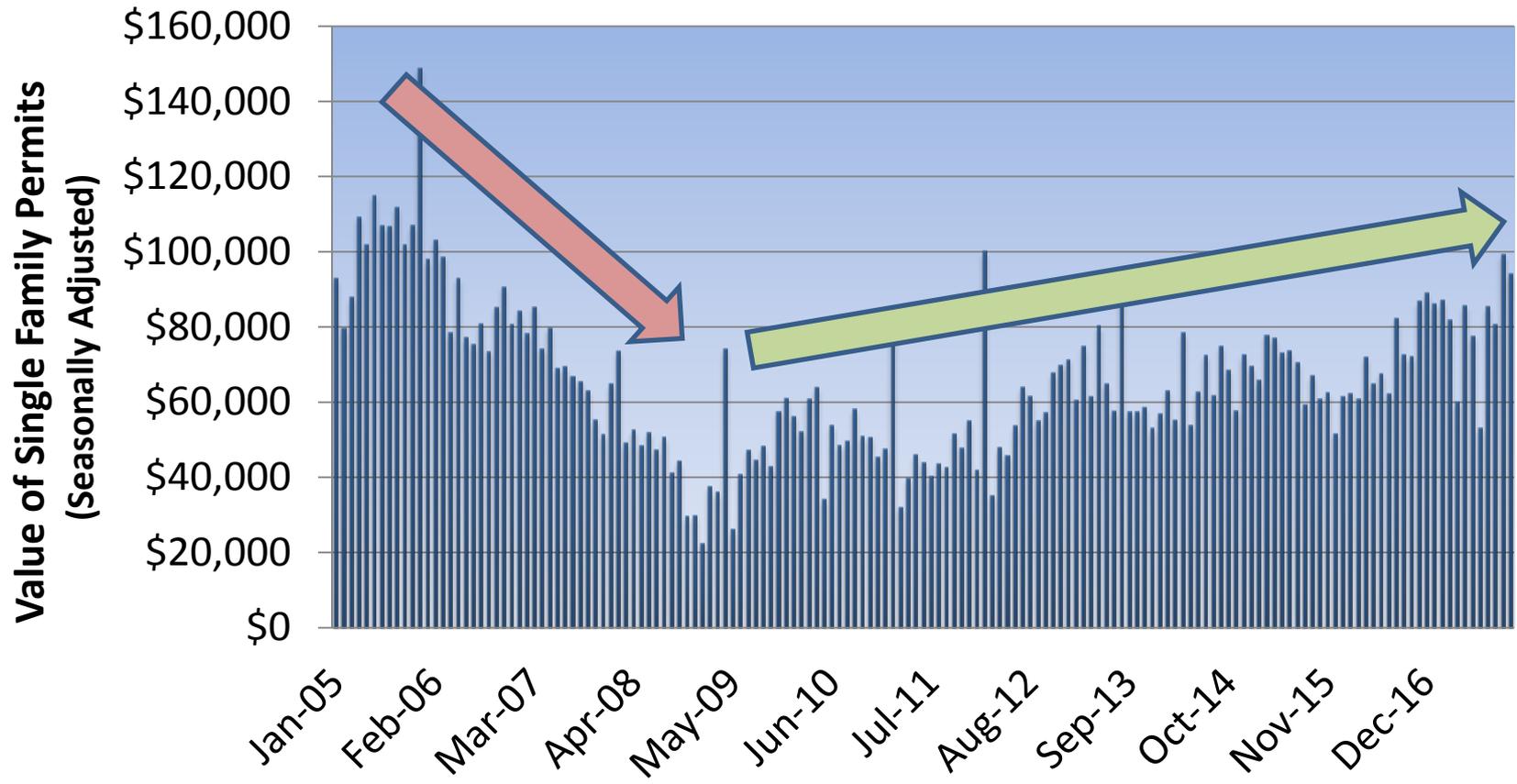
Source: Virginia Department of Taxation, HRPDC

Hampton Roads Retail Sales and Incomes (Inflation-Adjusted)



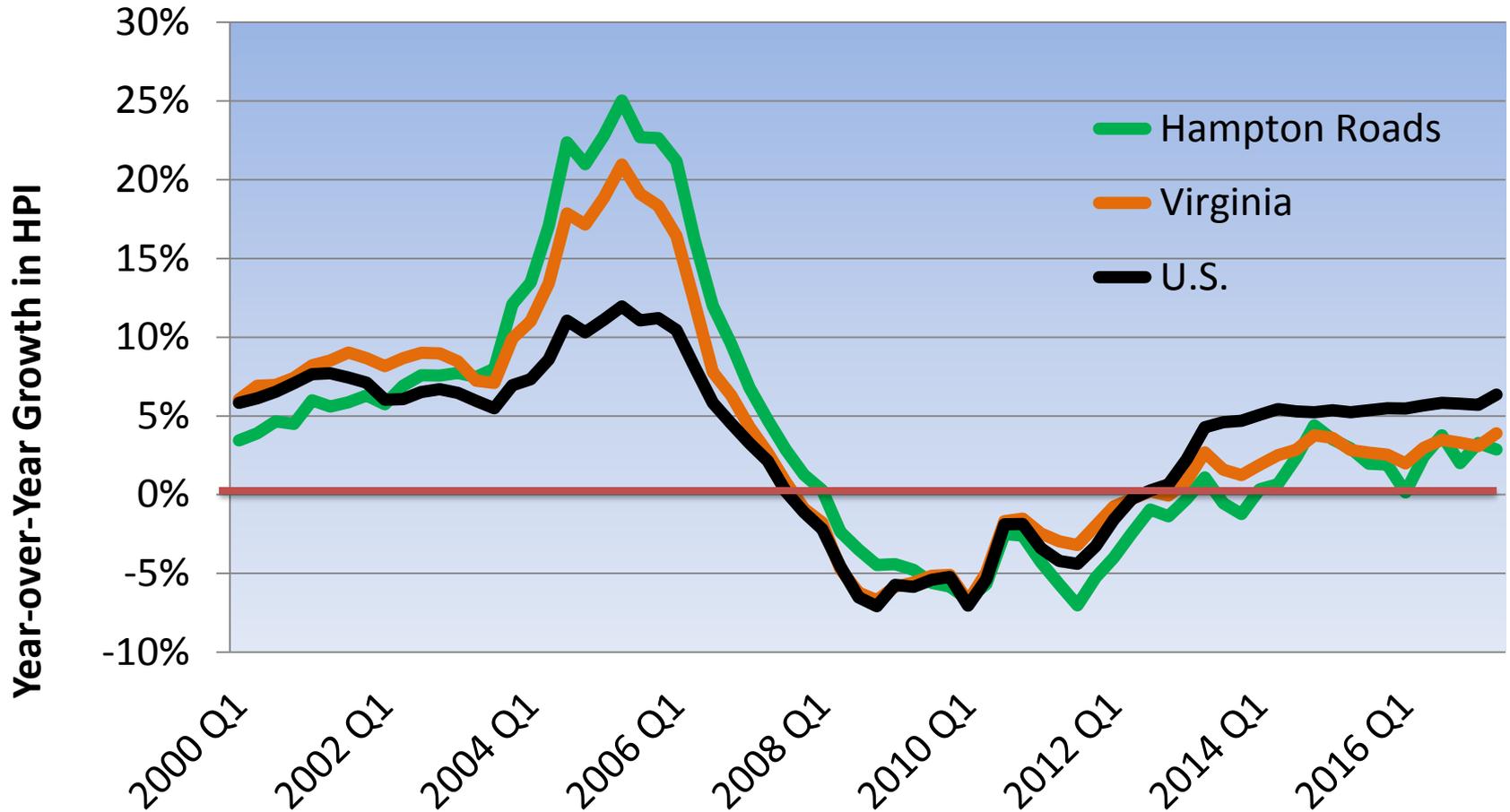
Source: Virginia Department of Taxation, Bureau of Economic Analysis and HRPDC

Value of Single Family Building Permits in Hampton Roads



Source: U.S. Census Bureau and HRPDC

Home Price Index Year-over-Year

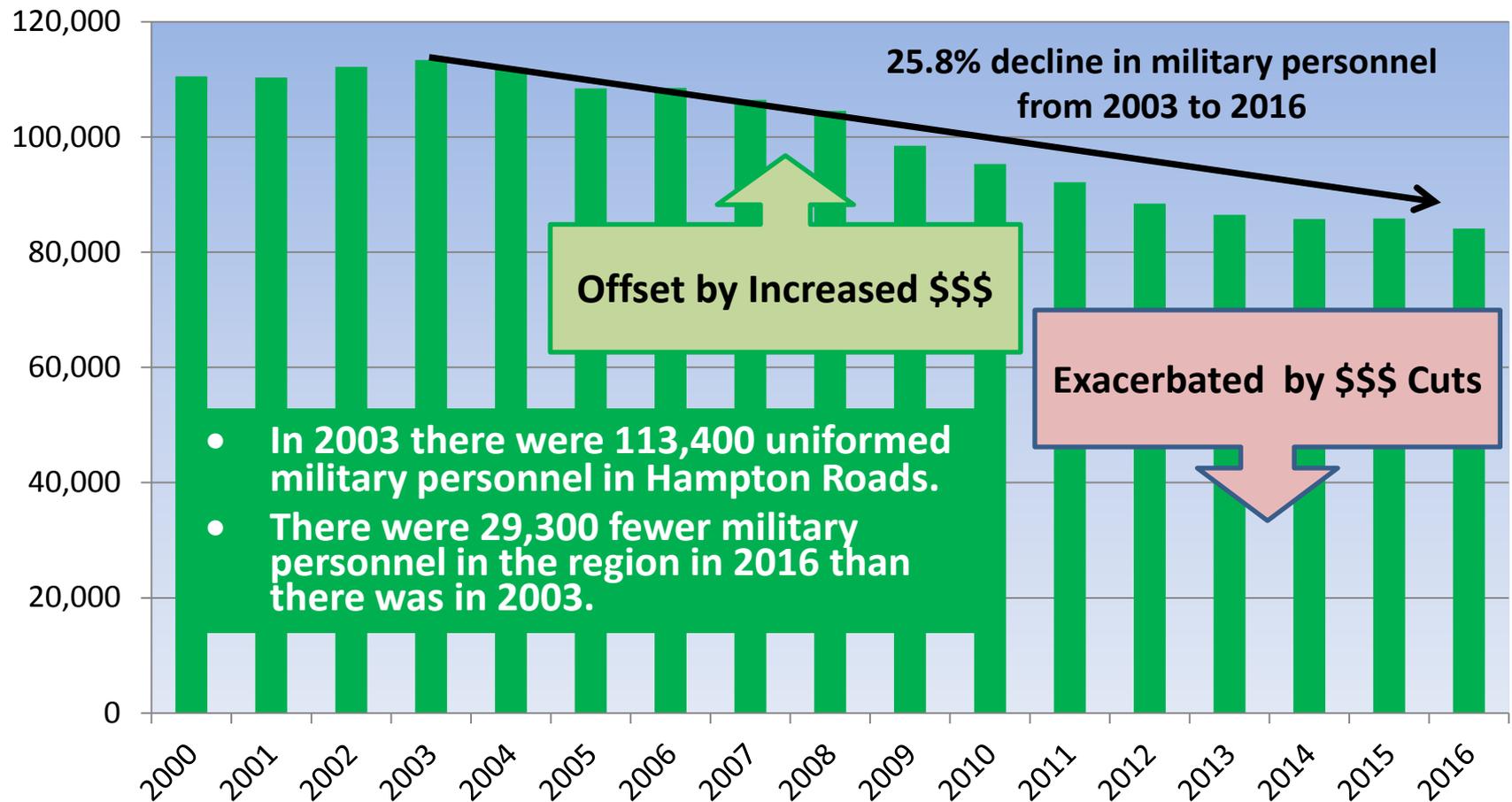


Source: Federal Housing Finance Agency, HRPDC

On Hampton Roads' Housing...

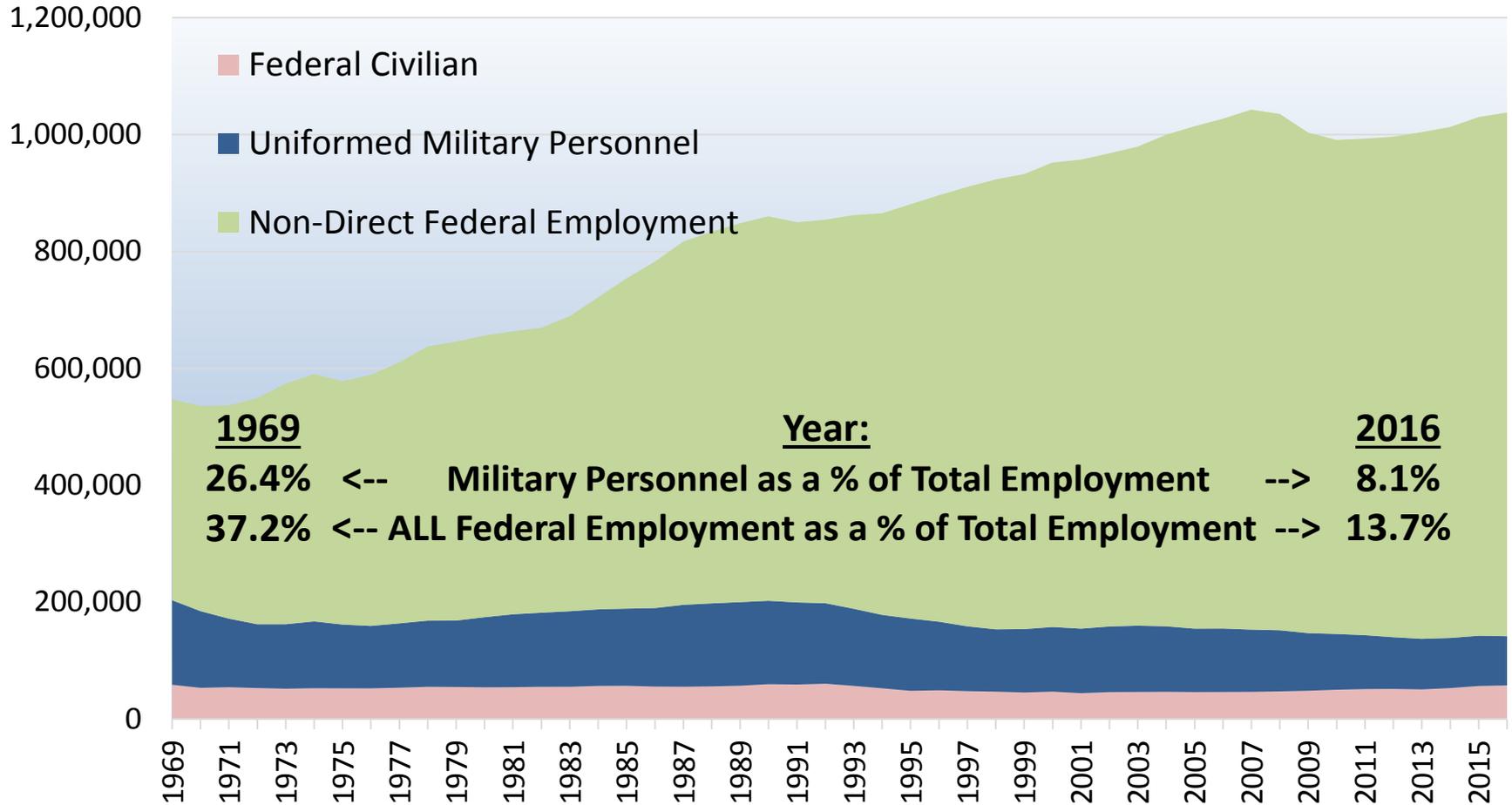
- **Housing Sales Market – HEALTHY!**
- **Number of Existing Homes up 4.6%**
- **New Construction Highest Sales Since 2007**
- **Existing Homes Highest Sales Since 2005**
- **Relatively Low Inventories**
- **Average Days on Market 71 (Healthy)**
- **SF Building Permits up 7%; value up 8.5%**
- **Median Sales Price Highest Since 2007**
- **Distressed Homes Remain a Problem**

Military Personnel in Hampton Roads



Sources: Bureau of Economic Analysis and HRPDC

Hampton Roads Employment by Type



Sources: Bureau of Economic Analysis and HRPDC

The Year Ahead...

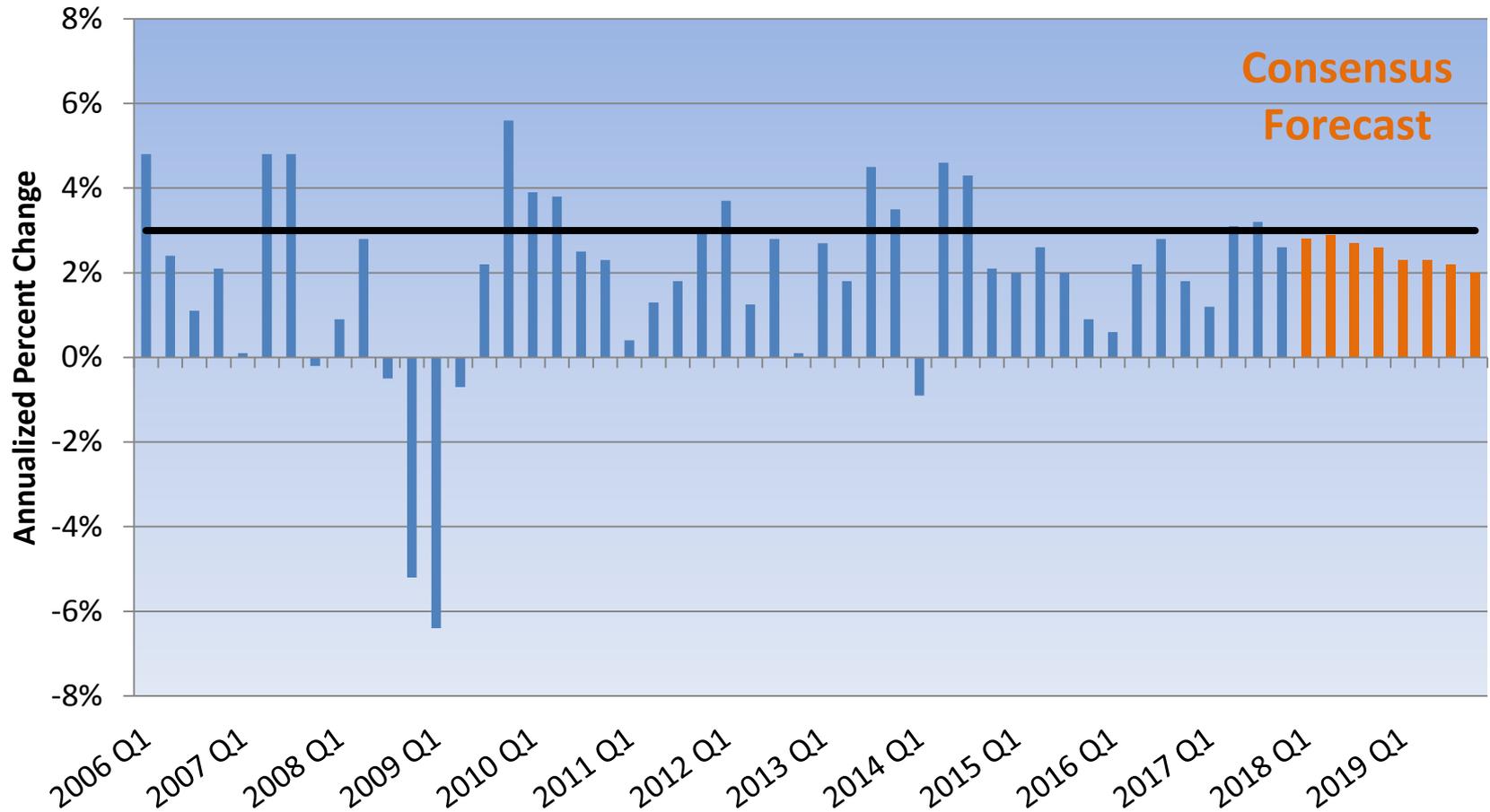
The Good:

- DoD pay increase planned
- Continued growth in the national economy
- Consumer spending
- Continued low energy prices
- Corporate investment is up
- Interest rates remain relatively low
- Healthier global economy

The Bad:

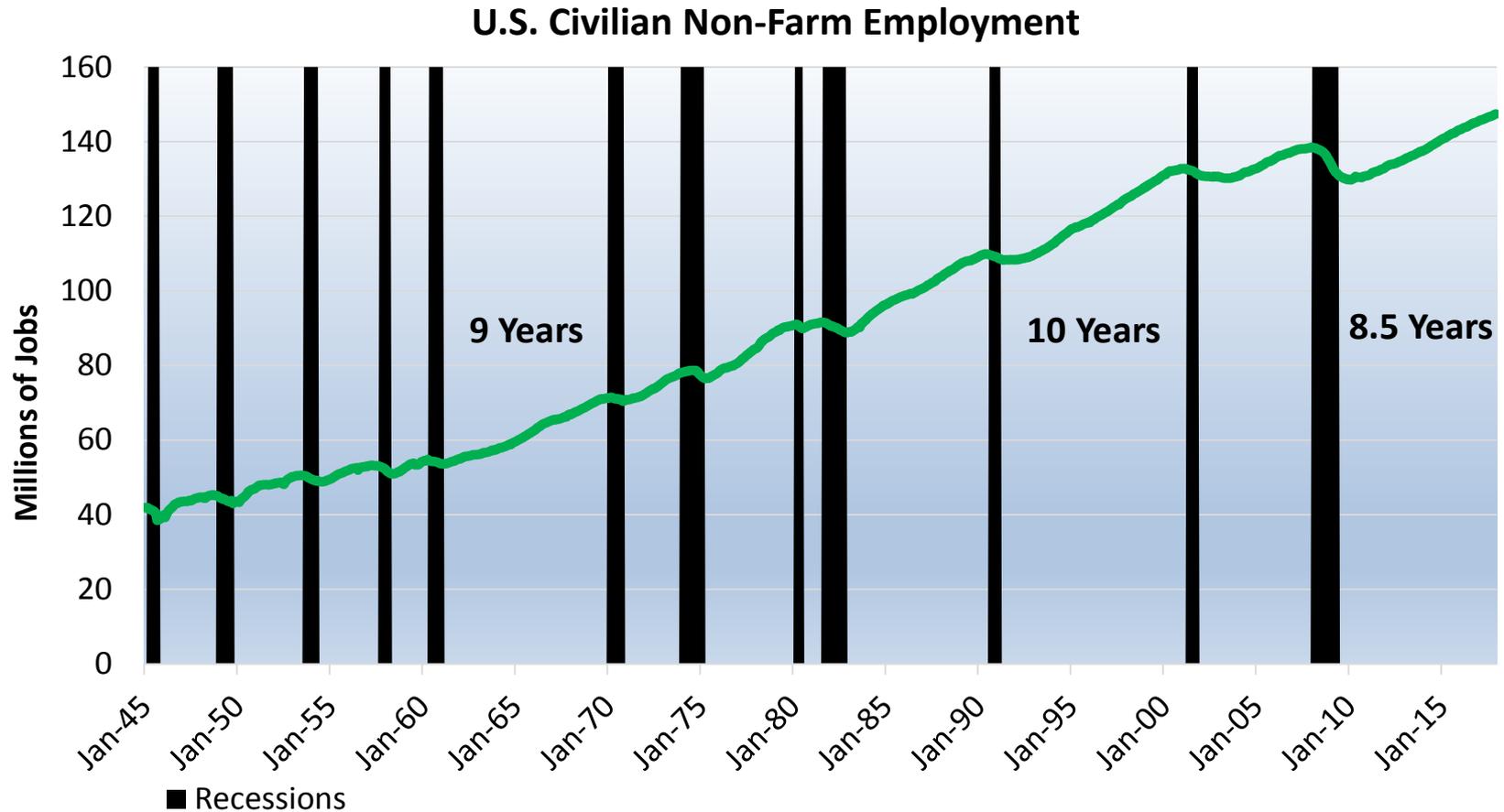
- Continued uncertainty in Washington
- Regional employment figures remain troubling
- Interest rates are edging up
- Very limited upward potential in regional housing market
- Weak productivity growth
- Increased risk of global conflicts

Annualized Percent Change in Gross Domestic Product



Source: Blue Chip Economic Indicators and HRPDC

Employment & Recessions in the U.S.



Source: Federal Reserve Bank, Bureau of Labor Statistics and HRPDC

2018 HRPDC Forecast

	2017 (Year to Date)	2018 Forecast
U.S.		
Real GDP	2.5%	2.8%
Interest Rates		
Short Government Rates	1.0%	1.8%
Long Government Rates	2.3%	2.8%
Hampton Roads		
Gross Product	NA	1.3%
Civilian Employment	-0.3%	1.0%
Unemployment Rate	4.2%	4.2%
Retail Sales	2.8%	2.7%
Auto and Truck Sales	-5.1%	-1.8%
Value of Single-Family Residential Building Permits	8.5%	2.0%

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