

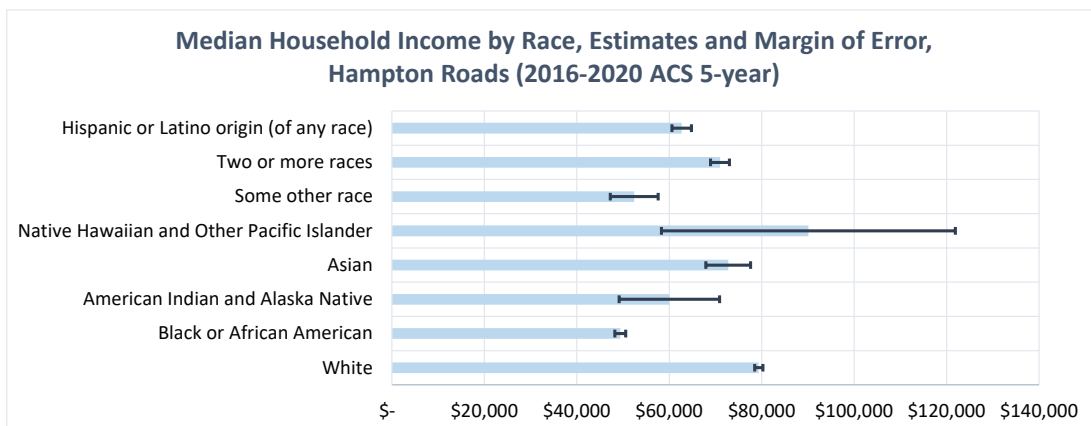
AMERICAN COMMUNITY SURVEY - WHAT TO KNOW

After many delays and much fanfare, the U.S. Census Bureau has begun releasing their ever-important counts for 2020. Beginning in 1790, every ten years the Constitution requires that a census counting the population of the country be completed so the House of Representatives can be apportioned appropriately across the states. This is known as the Decennial Census, and the first wave of those results – apportionment and redistricting – were made available mid to late 2021. This data provided general information about resident and overseas population numbers, as well as voting age, Hispanic or Latino origin, housing occupancy and group occupancy status.

Over the years, Congress was interested in learning more about the country’s population, so additional questions were added to the census about race, age, gender, occupation, and much more – data which became so useful for driving public policy and allocation of federal funding that Congress decided to ask these questions every year instead of once every ten years. So, in 2005, the American Community Survey (ACS) was born. This long-form census is an annual survey of roughly 3.5 million US households, covering topics of acute interest that are not covered in the decennial survey, like income, education, language, housing characteristics, and more.

On March 17, 2022, the results of the 2016-2020 ACS were released. These annual estimates usually come out in early December, but due to pandemic-related difficulties collecting and analyzing data, they weren't released until the middle of March. The Census Bureau wanted to be confident that they were producing estimates users could rely on, so they took extra time analyzing the results. The issue was that, unsurprisingly, 2020 was a year unlike any other. The response rate declined significantly due to the pandemic, and while the decennial census was able to recover by extending the collection period, the ACS was unable to do that. When there is a low response rate, the ACS usually sends data collectors to knock on doors in person, but in 2020 people weren't answering as they usually did, with counts roughly two-thirds of a normal year. As a result, and for the first time in history, the ACS's 1-year estimates released are considered “experimental.”

Since ACS data is based on a survey and comes from a sample of US population, the results are delivered as estimates and not true counts and are characterized with a margin of error. This margin of error allows users to quantify uncertainty around those estimates. When collecting data, a smaller sample size usually leads to a larger margin of error, and with the lower response rates for the 2020 ACS, it becomes more important to pay close attention to the margins of error, especially when using the 1-year estimates. For example, displayed below is just one of the indicators tracked by the ACS, median household income by race, from the 2016-2020 5-year estimates. The light blue bars represent the estimates for median household income for each race data was collected for, while the black lines represent the margin of error for those estimates. For Native Hawaiian and Other Pacific Islanders and American Indian and Alaska Natives, groups that are historically undercounted, the margins of error are large, likely due to the low sample size. In order to reduce the impact of the nonresponse bias, the Census Bureau revised their estimation methodology to improve the 2020 portion of the 2016-2020 ACS 5-year data. By delaying the data release to refine the methodology, this data better represents the US population and are considered fit for public release and government and business use.

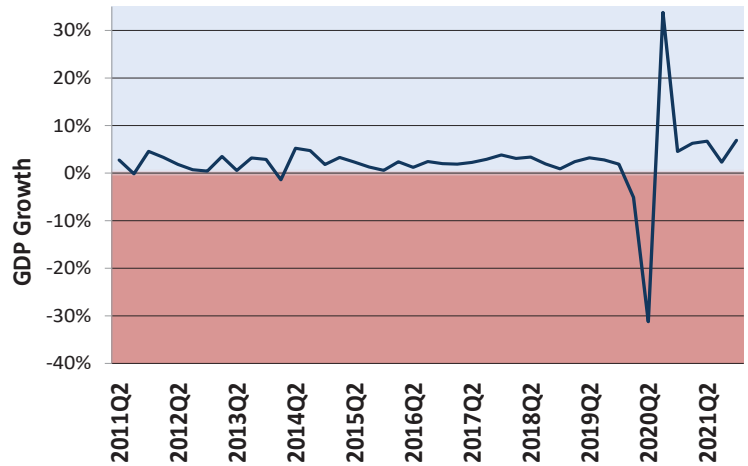


The pandemic displayed the importance of flexibility with work arrangements, leading many to embrace working from home and increasing their reliance on technology. This shift forced many companies to adjust how they do business, something the Census Bureau is beginning to embrace as well. For the first time, there was an option to complete the 2020 decennial census online. As this shift is embraced by both respondents and the administrators of the survey, response rate and quality of future data may improve. This data is extremely important to get right: each year, Census data informs federal funding for over 100 programs, including school lunches, highway construction, fire departments, education, Medicaid, Supplemental Nutrition Assistance Program (SNAP), Head Start, block grants for community mental health services, and other critical programs and services. The more accurate the data, the greater the ability governments have to provide necessary services for their constituents.

GDP, ANNUALIZED GROWTH RATE (Q) SOURCE: BUREAU OF ECONOMIC ANALYSIS, HRPDC

	Q4 2020	Q4 2021	Trend
United States	4.5%	6.9%	▲

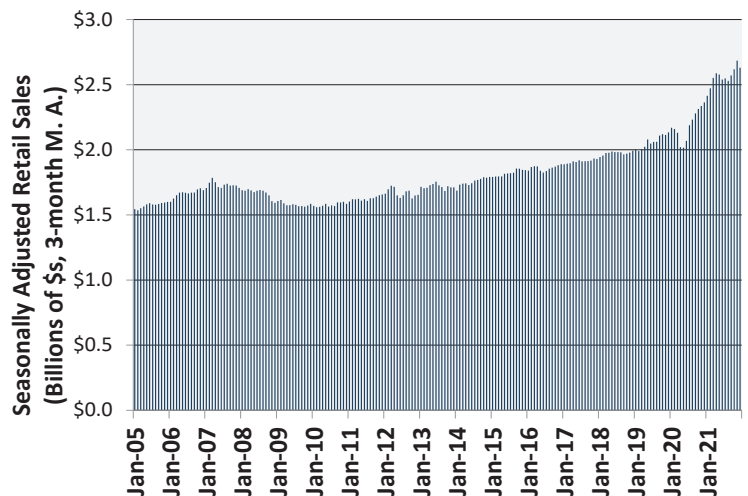
GDP: Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. Real GDP increased 6.9% in Q4 2021, reflecting a strong holiday season despite supply chain issues. Q4 growth was driven strongly by a 5% increase in inventory investment. This is a promising sign, indicating confidence among businesses that they will be able to sell their stock as they rebuild their inventory. This is the second-largest quarterly contribution to GDP from private inventory since 1987.



RETAIL SALES, SEASONALLY ADJUSTED (3 MONTH M.A) SOURCE: VIRGINIA DEPARTMENT OF TAXATION, HRPDC

	Dec '21	Jan '22	Trend
Hampton Roads	\$2.63B	\$2.57B	▼
Virginia	\$13.95B	\$13.98B	▲

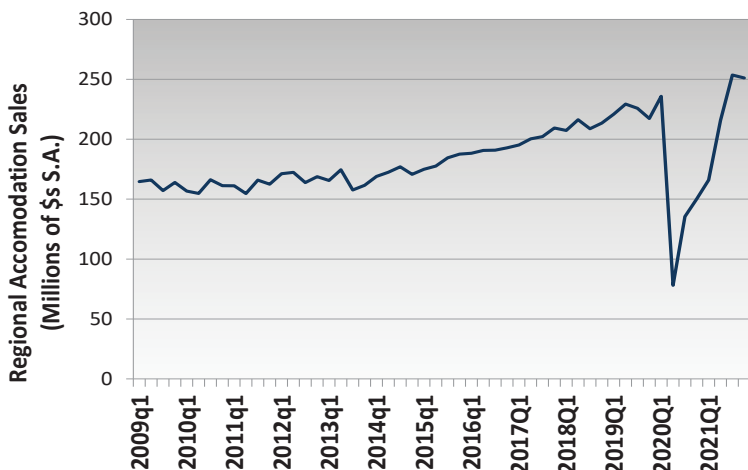
Retail Sales: Retail sales in Hampton Roads, as measured by the 1% local option sales tax, serve as an indicator for consumption in the region. When seasonally adjusted and averaged over 3 months, January shows the second month in a row of declining sales since the summer months. Unadjusted, Jan 2022 shows only a 4% increase over Jan 2021, but a nearly 18% increase over Jan 2020. Retail sales are continuing to rise long-term as consumers spend more on goods and inflation drives up prices.



ESTIMATED HOTEL REVENUE, SEASONALLY ADJUSTED (Q) SOURCE: VIRGINIA DEPARTMENT OF TAXATION, HRPDC

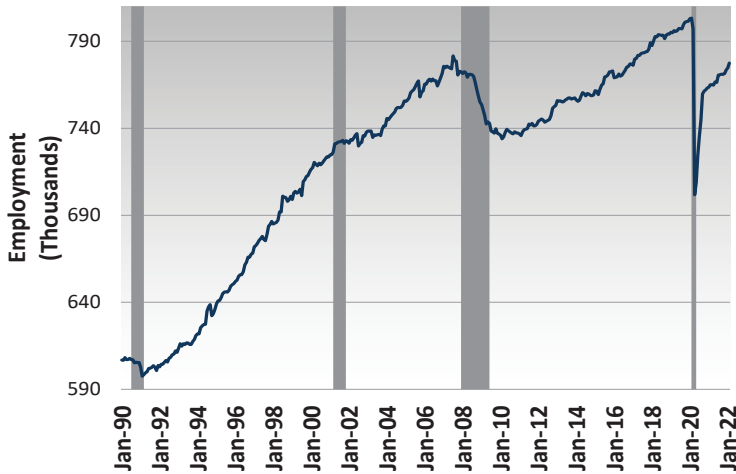
	Q4 2020	Q4 2021	Trend
Hampton Roads	\$150M	\$251M	▲
Virginia	\$490M	\$870M	▲

Estimated Hotel Revenue: Hotel sales indicate the performance of the region's tourism sector. When seasonally adjusted, Q4 2021 hotel revenue once again saw improvement from the historic lows realized in Q2 2020 due to pandemic-related closures, however at lower levels than the preceding quarter. Hotel revenue in Q4 2021 represented nearly 70% increase over the previous year, but a roughly 1% decrease from Q3 2021.

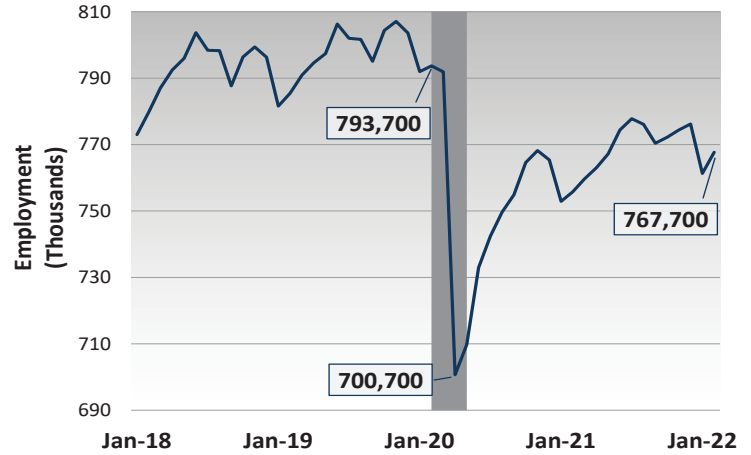


CIVILIAN PAYROLL EMPLOYMENT (M) SOURCE: BUREAU OF LABOR STATISTICS, HRPDC

HISTORICAL TREND, SEASONALLY ADJUSTED



3-YEAR, NOT SEASONALLY ADJUSTED



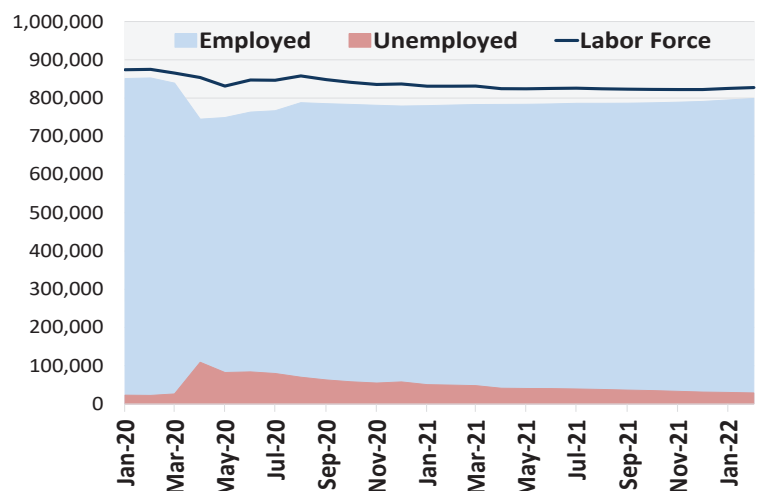
(seasonally adjusted)	Feb 2021	Jan 2022	Feb 2022	YoY % Change	MoM Trend
Hampton Roads	765,000	774,700	777,500	1.63%	▲
Virginia	3,903,000	3,994,000	4,015,000	2.87%	▲
United States	143,727,000	149,744,000	150,494,000	4.71%	▲

Employment: Non-agricultural civilian employment figures are considered the best estimate of labor market activity by the National Bureau of Economic Research. According to data from the Bureau of Labor Statistics, Hampton Roads employment (seasonally adjusted) increased by 0.36% from January to February 2022, the fourth month in a row of increases. Unadjusted employment levels also increased from the previous month after a steep drop from December to January. In Hampton Roads, year-over-year growth is recorded at 1.57%, continuing to signal that winter of 2021-22 fared much better than 2020-21, despite COVID surges both years. Compared to the rest of Virginia and the US however, Hampton Roads is lagging in annual employment growth. Total payroll employment in the region remains roughly 3.2% below pre-COVID highs, with the gap continuing to shrink.

LABOR FORCE, SEASONALLY ADJUSTED (M) SOURCE: BUREAU OF LABOR STATISTICS, HRPDC

	Labor Force	Emp	Unemp	LF Trend
Jan 2022	824,989	794,928	30,061	▲
Feb 2022	827,500	798,744	28,756	

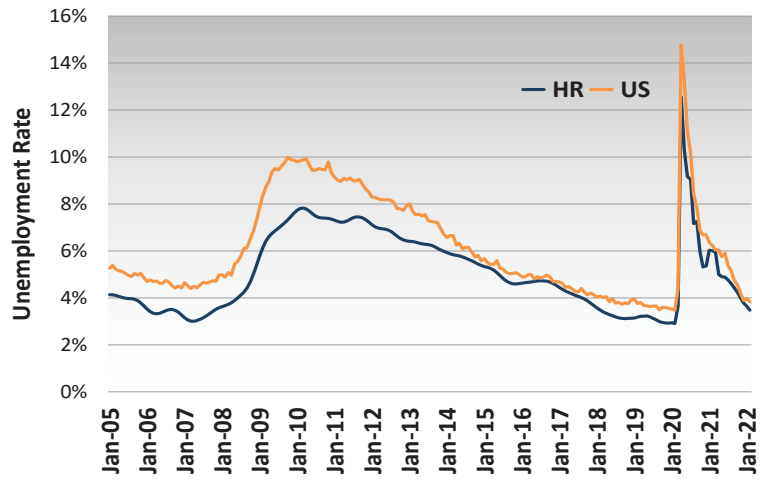
Labor Force: An economy's labor force is defined as those who are either employed or actively seeking work, and the breakdown of the labor force is often used in conjunction with the unemployment rate to offer some perspective into the true state of the economy. The region's labor force has been slowly declining since the onset of the pandemic, but has been on the rise - increasing by 0.6% in the past two months, but still sitting over 5% below January 2020 levels.



UNEMPLOYMENT RATE, SEASONALLY ADJUSTED (M) SOURCE: BUREAU OF LABOR STATISTICS, HRPDC

	Feb '21	Jan '22	Feb '22	Trend
Hampton Roads	5.92%	3.64%	3.48%	▼
Virginia	4.62%	3.26%	3.17%	▼
United States	6.23%	3.98%	3.82%	▼

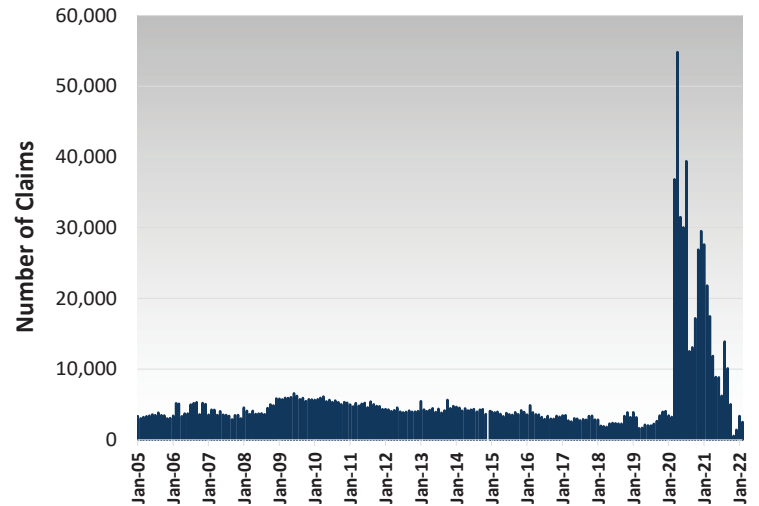
Unemployment Rate: The unemployment rate is the percentage of the population actively seeking work but unable to obtain a position. Hampton Roads' unemployment rate decreased again to 3.48% in February 2022, reflected by an increase in the labor force, increase in employment, and a decrease in the number of unemployed persons (all seasonally adjusted).



INITIAL UNEMPLOYMENT CLAIMS, SEASONALLY ADJUSTED (M) SOURCE: VIRGINIA DEPT OF LABOR, HRPDC

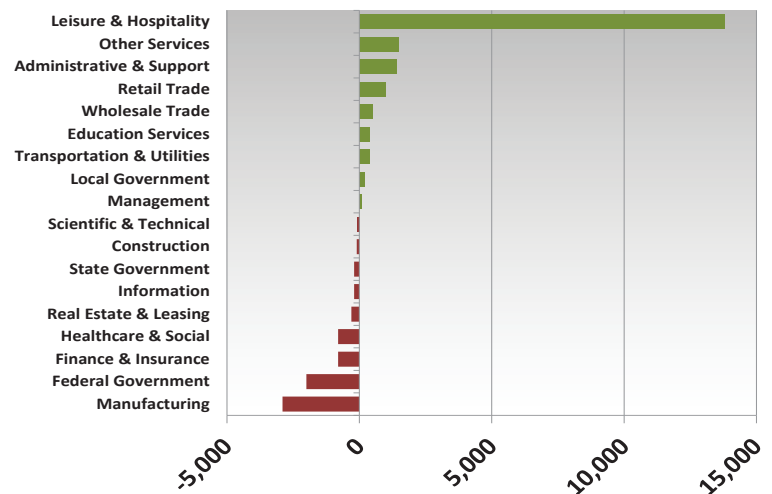
	Jan '22	Feb '22	Trend
Hampton Roads	3,360	2,525	▼
Virginia	10,226	6,493	▼

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. In February 2022, initial unemployment claims decreased from the previous month, and for the first time since the onset of the pandemic, represent numbers on par with pre-COVID claims.



EMPLOYMENT GROWTH BY INDUSTRY (FEB, YEAR-OVER-YEAR) SOURCE: BUREAU OF LABOR STATISTICS, HRPDC

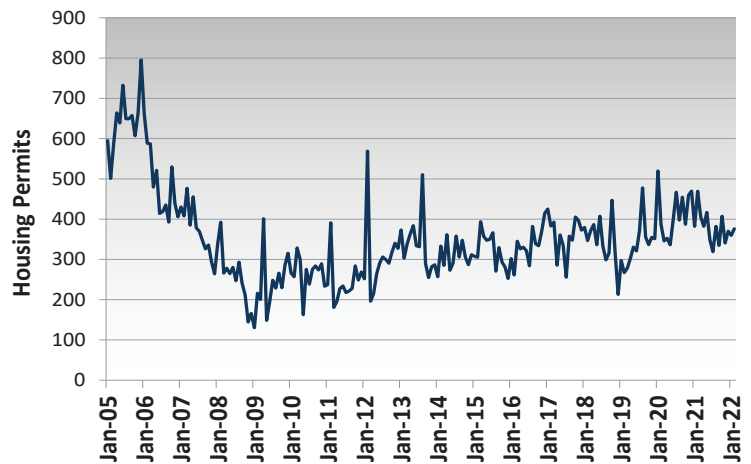
Employment Growth by Industry: As the job market grows or contracts, there will be some industries whose experience does not resemble the regional trend. In December, the majority of Hampton Roads industries experienced a decrease in year-over-year employment compared to December 2020, when the economy was beginning to experience a winter surge of COVID. Most significant gains were Scientific & Technical, which added nearly 2,000 jobs compared to December 2020, followed by Construction and Wholesale Trade. Retail, Administrative & Support and Leisure & Hospitality realized the highest losses compared to 2020.



SINGLE FAMILY HOUSING PERMITS, SEASONALLY ADJUSTED (M) SOURCE: US CENSUS BUREAU, HRPDC

	Feb '21	Jan '22	Feb '22	Trend
Hampton Roads	470	358	376	▲

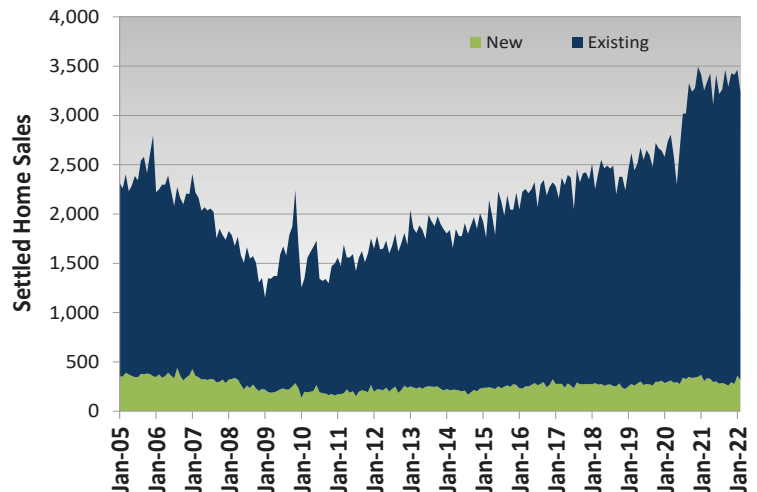
Single Family Housing Permits: Permit data signals the level of construction employment and confidence regarding the future trajectory of the local economy. When seasonally adjusted, there were 376 new construction permits issued for single family homes in February 2022. The data continues to show small variances month to month over the past year, but the trend is continuing to plateau. As the market continues to respond, the flattening trend may remain until the industry can increase capacity in response to increased demand.



NUMBER OF HOMES SOLD, SEASONALLY ADJUSTED (M) SOURCE: REIN, HRPDC

	Feb '21	Jan '22	Feb '22	Trend
Hampton Roads	3,253	3,462	3,240	▼

Home Sales: Settled home sales measure the level of transactions on the real estate market over time, and a healthy real estate market should have a consistent level of activity. Seasonally adjusted, existing home and total settled sales in February decreased from January, remaining elevated with over 3,200 homes sold, but certainly the trend is showing a plateau. Unadjusted, total home sales have been declining for the past five months as the winter season is usually slow for home sales, but as Spring data begins to come in this is likely to change.



HOME PRICE INDEX, ALL TRANSACTIONS (Q) SOURCE: FEDERAL HOUSING FINANCING AGENCY, HRPDC

	Q4 2020	Q4 2021	Trend
Hampton Roads	130.7	149.6	▲
Virginia	132.6	151.4	▲
United States	141.8	167.1	▲

Home Price Index: The home price index measures the value of homes by evaluating changing price levels through repeated sales of properties. Hampton Roads' home prices increased, yet again, by 14.5% over the previous year in Q4 2021, slightly higher rate than the state and about 3.5 percentage points lower than the nation—still a record high. Regional housing values are now nearly 15% higher than the peak of the 2007 housing boom, but looks to be cresting ever so slowly.

