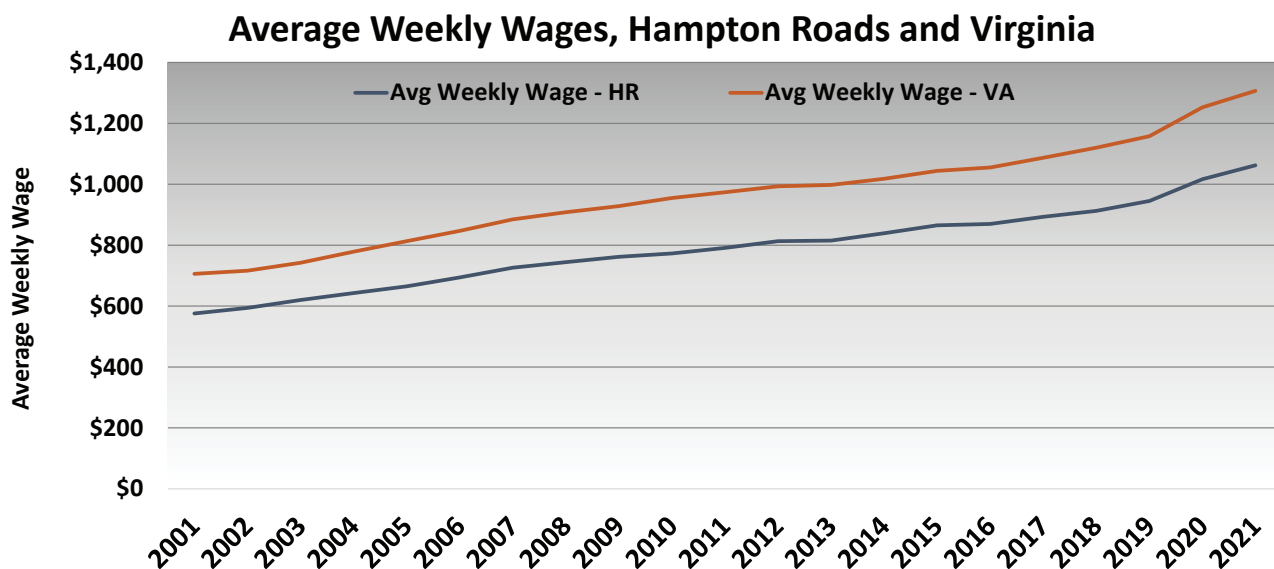


## WAGE GROWTH - ARE ALL INDUSTRIES EQUAL?

The past two years have shown historical growth in wages, after over a decade of relatively slow wage growth in both Hampton Roads and the Commonwealth of Virginia. These historic increases in wages are due to a combination of factors – stiff competition for workers, both to retain and hire, and rapidly rising costs due to inflation. A closer look at data reported by the Bureau of Labor Statistics (BLS) in Hampton Roads and Virginia outlines both the magnitude of the recent increases, and how different industries fared.

From 2019 to 2020, average weekly wages in Hampton Roads increased by 8.2%, and from 2020 to 2021, they increased by 4.4%, nearly half of the increase from the previous year, but still well above the annual average increase (between 2001 and 2018) of 2.8%. Across the Commonwealth, the story was similar, with average weekly wages increasing by 7.6% from 2019 to 2020, and by 4.3% from 2020 to 2021.



In Hampton Roads from 2019 to 2020, the Information industry saw the largest increases in average weekly wages (11.4%), followed by Retail Trade (9.6% increase) and Finance & Insurance industry (9.4% increase). During the same year, only the Utilities industry saw a decline in wages, -0.2%. The following year (from 2020 to 2021), the Accommodation & Food Services industry saw the largest increase in wages, growing by 14.4%, followed by Leisure & Hospitality industry with wages growing by 12.6%. This variance in wage increases by industry tracks closely to consumer behaviors during the course of the pandemic. As consumers were spending more time at home due to lockdowns in 2020, they spent more money on goods, driving up demand for retail workers during 2020, and therefore driving up wages in the retail industry. And in 2021 as vaccines became readily available and restrictions were lifted, consumers were shifting their spending back towards things like vacations and eating out, driving up wages in the food services and leisure and hospitality industries.

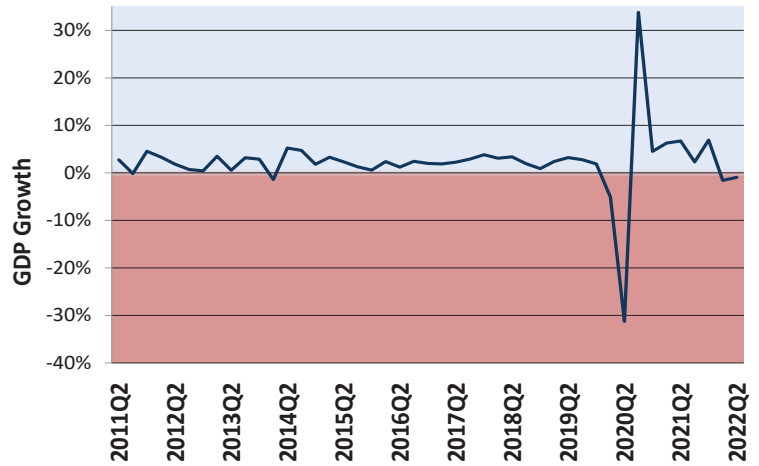
In Virginia from 2019 to 2020, the Arts, Entertainment & Recreation industry saw the largest increase in wages, 18.5%, and was the only industry in Virginia to see average weekly wages decline the following year, by 2.5%. Education Services saw the second largest increase in 2020 at 11.9%, followed by Finance & Insurance at 10.6%, Information at 9.2%, and Retail wages growing by 8.9%. Similar to wage growth in Hampton Roads, statewide wages in both the Accommodation & Food Services and Leisure & Hospitality industries also saw the largest year-over-year wage increases in 2021 with a 12.4% and 9.9% increase respectively, while the Information industry also saw a large increase of 10.1%.

While overall average weekly wages in both Hampton Roads and Virginia rose at roughly 4.4% in 2021, due to rapidly rising inflation, real wages (wage adjusted for the impact of inflation) grew by less than 0.5%, meaning that taking into account the increased prices of everyday goods, relative wages in 2021 have increased only slightly.

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

	Q2 2021	Q2 2022	Trend
United States	6.7%	-0.9%	▼

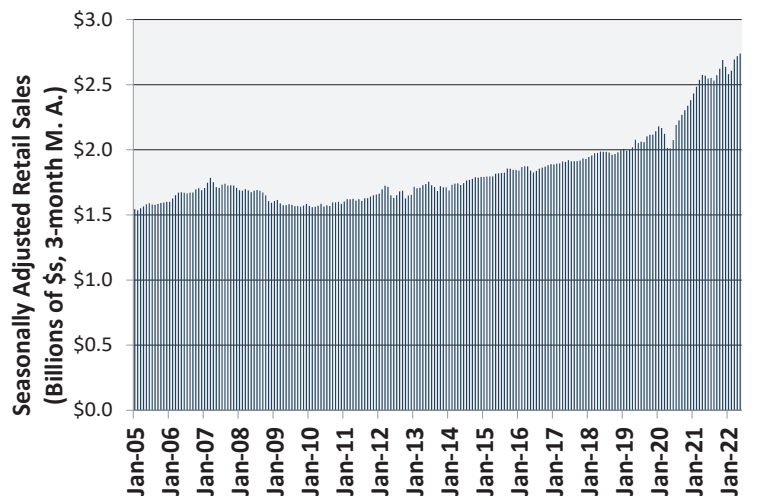
**GDP:** Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. Real GDP decreased 0.9% in Q2 2022, declining for the second quarter in a row. Q2 declines were driven strongly by a 2.73% decrease in private domestic investment, the largest quarterly decline since Q3 2020. Consumer spending still displayed growth, however at 0.7%, the smallest growth rate since the onset of COVID. Net exports grew for the first quarter since mid-2020, helping keep GDP shrinkage low.



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

	Apr '22	May '22	Trend
Hampton Roads	\$2.72B	\$2.74B	▲
Virginia	\$14.49B	\$14.69B	▲

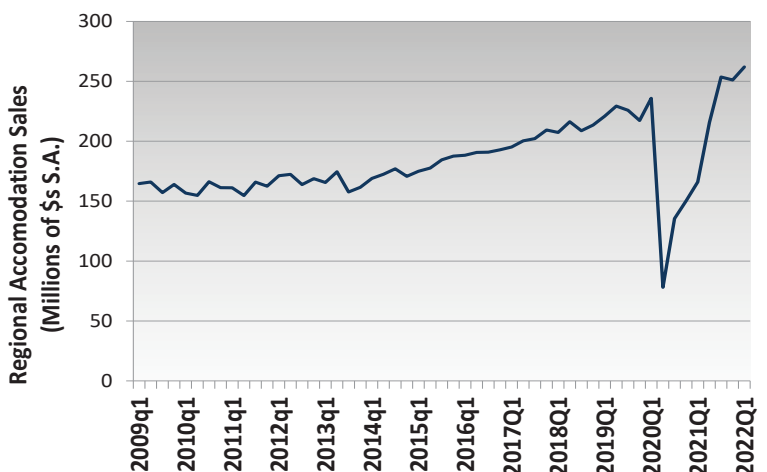
**Retail Sales:** Retail sales in Hampton Roads, as measured by the 1% local option sales tax, serve as an indicator for consumption in the region. When seasonally adjusted and averaged over 3 months, May shows increased sales for the fourth month in a row. Unadjusted, May 2022 shows a slight 0.4% increase over April 2021, but a 25% increase over May 2020. Retail sales are continuing to rise long-term as consumers spend more on goods and inflation drives up prices, but the pace is beginning to slow.



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

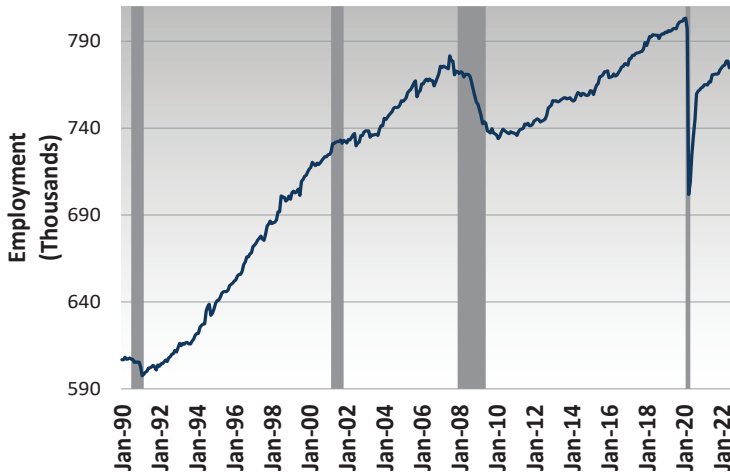
	Q1 2021	Q1 2022	Trend
Hampton Roads	\$166M	\$262M	▲
Virginia	\$553M	\$887M	▲

**Estimated Hotel Revenue:** Hotel sales indicate the performance of the region's tourism sector. When seasonally adjusted, Q1 2022 hotel revenue once again saw improvement from the historic lows realized in Q2 2020 due to pandemic-related closures, increasing over the preceding quarter after a quarter of winter declines. Hotel revenue in Q1 2022 represented nearly 60% increase over the previous year, and roughly 4% increase from Q4 2021.

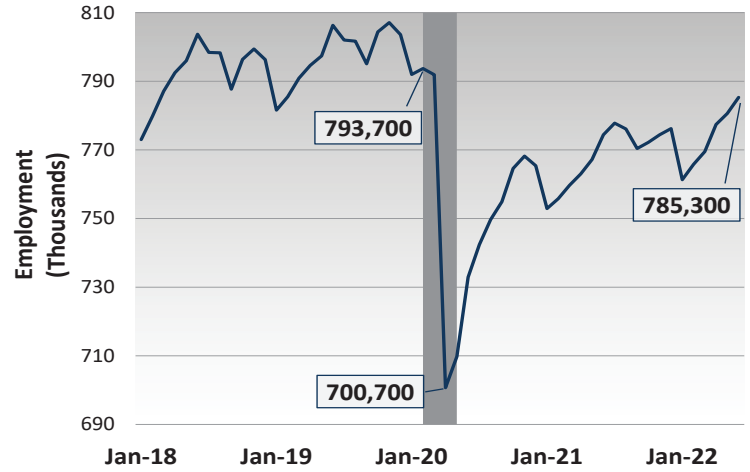


CIVILIAN PAYROLL EMPLOYMENT (M) SOURCE: BUREAU OF LABOR STATISTICS, HRPDC

HISTORICAL TREND, SEASONALLY ADJUSTED



3-YEAR, NOT SEASONALLY ADJUSTED



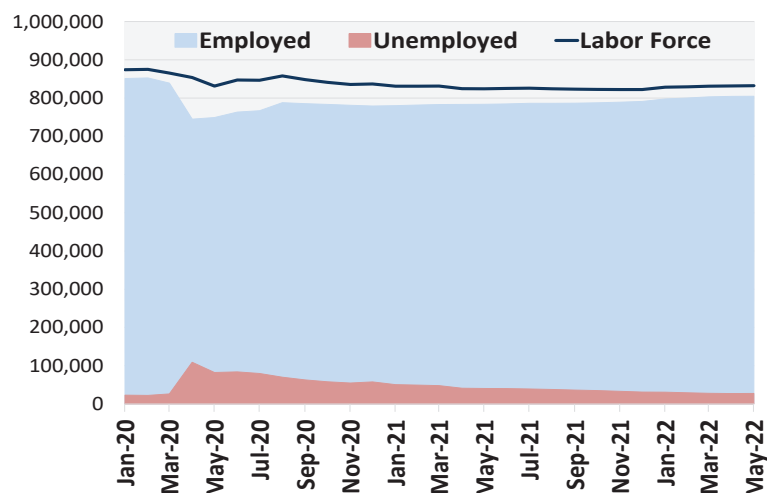
(seasonally adjusted)	Jun 2021	May 2022	Jun 2022	YoY % Change	MoM Trend
Hampton Roads	766,400	778,600	774,700	1.08%	▼
Virginia	3,922,000	4,048,000	4,045,000	3.15%	▼
United States	145,698,000	151,608,000	151,980,000	4.31%	▲

**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) declined by 0.5% from May to June 2022, the first month of declines after seven months of increases. Unadjusted employment levels increased for the fifth month in a row after a steep drop in January. In Hampton Roads, year-over-year growth is recorded at 1.03%, continuing to signal that overall the workforce is continuing to recover from COVID losses, but the recent slowdown may be a sign of stagnation. Compared to the rest of Virginia and the US, Hampton Roads is lagging significantly in annual employment growth. Total payroll employment in the region remains roughly 3% below pre-COVID highs, with the gap continuing to shrink, but at a very slow pace.

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

	Labor Force	Emp	Unemp	LF Trend
May 2022	832,306	804,824	27,482	▼
Jun 2022	831,826	804,684	27,142	

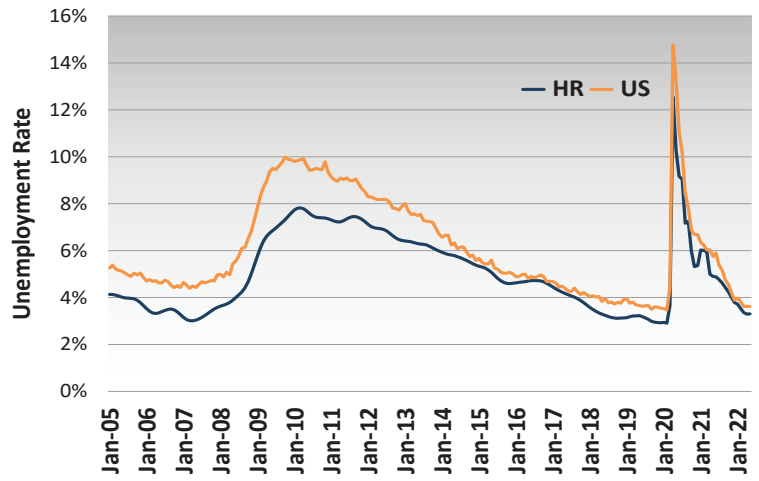
**Labor Force:** An economy's labor force is defined as those who are either employed or actively seeking work, and the breakdown of the labor force is often used in conjunction with the unemployment rate to offer some perspective into the true state of the economy. The region's labor force was slowly declining since the onset of the pandemic, but saw seven months of increases until June 2022, which realized a slight decrease from the previous month. Labor Force levels still sit 4.8% below January 2020 levels.



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

	Jun '21	May '22	Jun '22	Trend
Hampton Roads	4.88%	3.30%	3.26%	▼
Virginia	3.97%	2.96%	2.79%	▼
United States	5.90%	3.62%	3.60%	▼

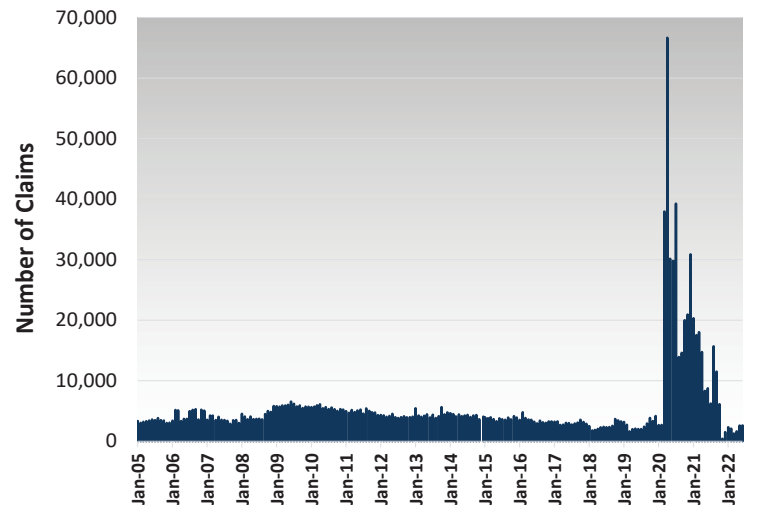
**Unemployment Rate:** The unemployment rate is the percentage of the population actively seeking work but unable to obtain a position. Hampton Roads' unemployment rate decreased again to 3.26% in June 2022, reflected by a decrease in the labor force, coupled with a (slight) decrease in both employment and number of unemployed persons (all seasonally adjusted).



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

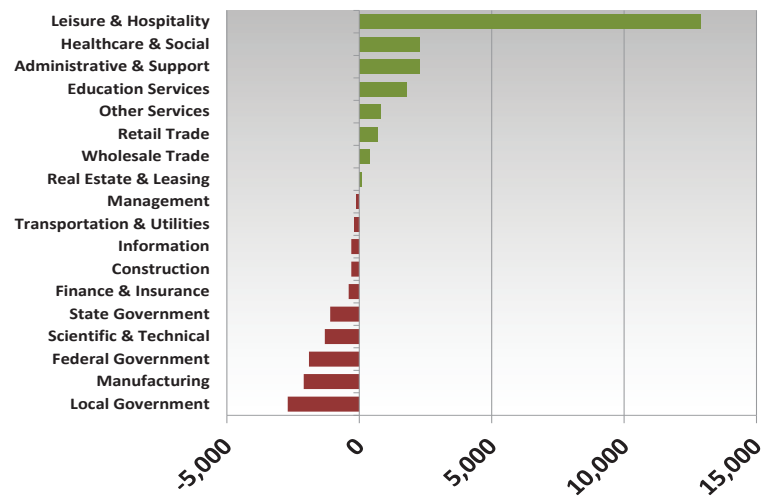
	May '22	Jun '22	Trend
Hampton Roads	2,599	2,610	▲
Virginia	10,584	11,527	▲

**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 June 2022, initial unemployment claims increased very slightly (0.43%) from the previous month, after a significant increase of 53% from April to May 2022. This may reflect a start of labor market tightening.



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

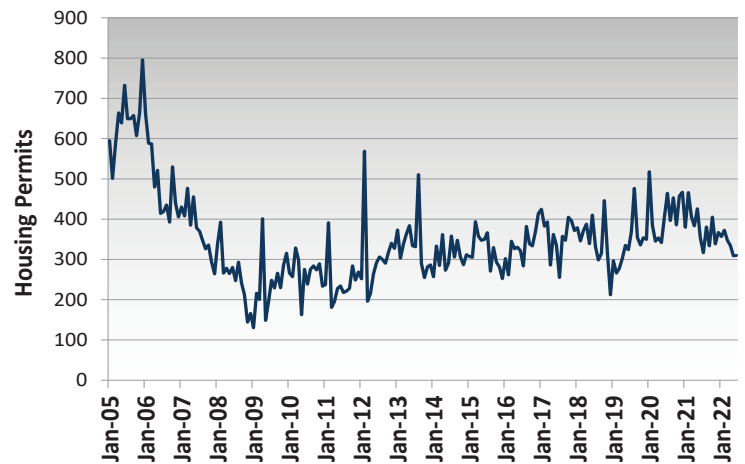
**Employment Growth by Industry:** As the job market grows or contracts, there will be some industries whose experience does not resemble the regional trend. In June, roughly half of Hampton Roads industries experienced a decrease in year-over-year employment compared to June 2021. Most significant gains were Leisure & Hospitality, which added nearly 15,000 jobs compared to June 2021, followed by Healthcare & Social and Administrative & Support. Local Government, Manufacturing, and Federal Government realized the highest losses compared to 2021.



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

	Jun '21	May '22	Jun '22	Trend
Hampton Roads	353	309	309	---

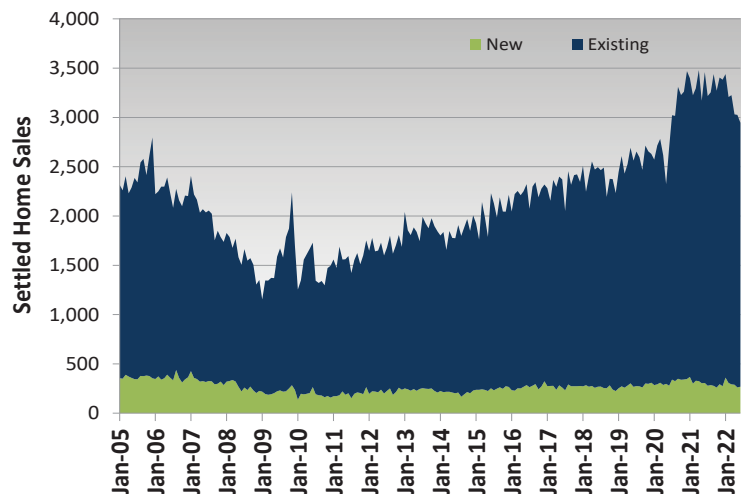
**Single Family Housing Permits:** Permit data signals the level of construction employment and confidence regarding the future trajectory of the local economy. When seasonally adjusted, there were 309 new construction permits issued for single family homes in June 2022. After roughly a year of plateauing data, the trend is pointing towards steady declines. As interest rates and materials prices continue to rise, construction may decline due to rising costs of borrowing money to build.



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

	Jun '21	May '22	Jun '22	Trend
Hampton Roads	3,459	3,026	2,946	▼

**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 Jun decreased from April and May with 2,946 homes sold, the first month in two years the adjusted total homes sold has dipped below 3,000 per month. Unadjusted, total home sales rose from May to June due to peak season, but as interest rates rise the time for a seller's market might be coming to a close for now.



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

	Q1 2021	Q1 2022	Trend
Hampton Roads	133.9	154.7	▲
Virginia	135.2	156.1	▲
United States	145.1	173.2	▲

**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 15.5% over the previous year in Q1 2022, slightly higher rate than the state and about 4 percentage points lower than the nation—still a record high.

