

ROAD TO RECOVERY - INDUSTRY EMPLOYMENT

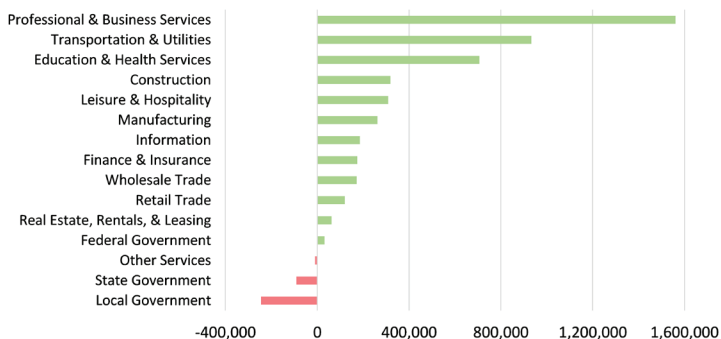
It has been three full years of monthly employment data since the onset of the COVID-19 pandemic. March 2020 was the last month of “pre-pandemic” employment data and labor force levels in the region have nearly returned to normal and total jobs have been closing in on pre-pandemic levels, so this month we analyzed the employment recoveries of various industries in Hampton Roads and the United States.

From March 2020 to March 2023, the Scientific & Technical, Transportation & Utilities, Leisure & Hospitality, Healthcare & Social, and Construction industries in Hampton Roads all saw an increase in over 1,000 jobs (shown below on the right). In fact, of the top five gaining industries in the region, only Leisure & Hospitality and Healthcare & Social realized any annual declines year-over-year as the two most severely affected industries from the pandemic. While the Scientific & Technical industry saw the largest increase in total number of jobs from March 2020 to March 2023, the Transportation & Utilities industry saw the greatest rate of increase, over 13%. The industries that experienced the largest decline in jobs post-pandemic were Local Government, Administrative & Support, Retail, Information, and State Government – all seeing over 1,000 jobs lost from March 2020 to March 2023.

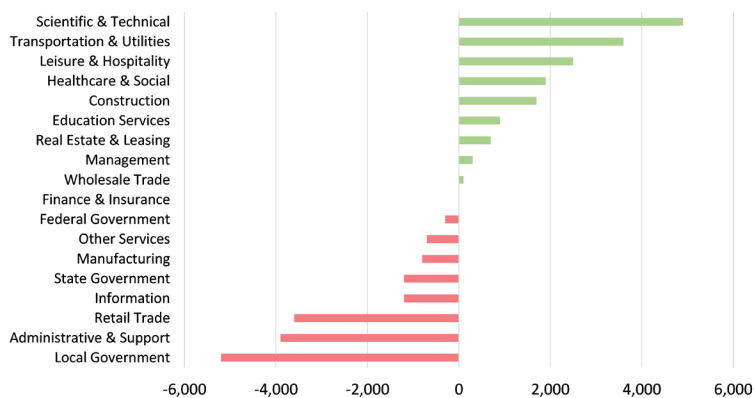
Shown in the chart below on the left, the nation has fewer industries that are still recovering between March 2020 and March 2023 – only Local and State Government and Other industries are showing fewer jobs three years post-pandemic. At a national scale, the industries with the largest increases in jobs from March 2020 to March 2023 is similar than those in Hampton Roads, the top five being Professional & Business Services, Transportation & Utilities, Education & Health Services, Construction, and Leisure & Hospitality. Similar to Hampton Roads, the Transportation & Utilities industry saw the greatest rate of increase in jobs – nearly 15%.

Change in Industry Employment March 2020 - March 2023

United States



Change in Industry Employment March 2020 - March 2023
Hampton Roads



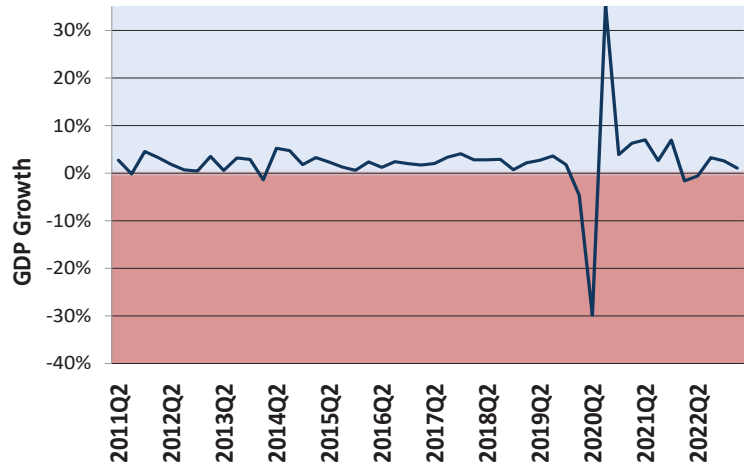
Data source: Bureau of Labor Statistics, HRPDC

One datapoint that should not be ignored that is similar in both Hampton Roads and national industry employment data is that the largest decline in jobs has been in local government – 6.2% decline regionally and 1.6% decline nationally from March 2020 to March 2023. When the pandemic hit, public sector hiring was only just recovering from massive declines following the Great Recession. It was not until 2019 that the state and local government workforce returned to its 2008 employment levels at the national level — five years slower than the private sector. While some of the jobs were eliminated by the public agencies, much of the deficit reflects their difficulty filling open positions in a hot job market since they usually post significantly slower wage growth and have a less nimble hiring process than private employers.

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

	Q1 2022	Q1 2023	Trend
United States	-1.6%	1.1%	▲

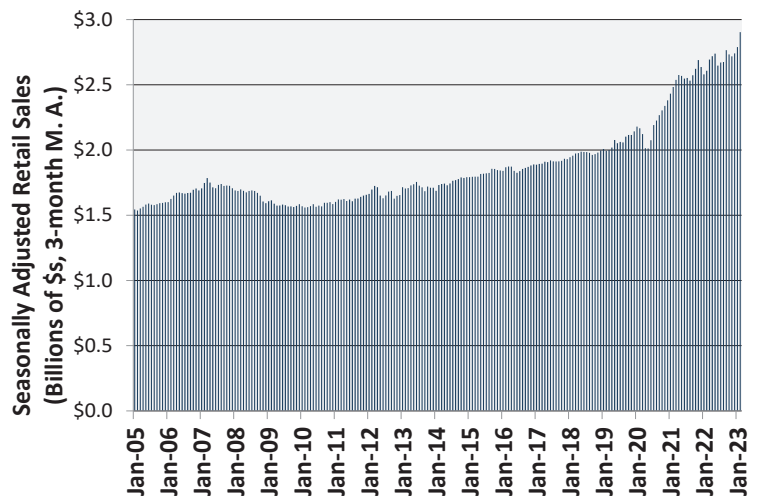
GDP: Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. Real GDP increased by 1.1% in Q1 2023, the third quarter of increases after two quarters of declines in early 2022. Q1 2023 increases were driven by a significant increase in personal consumption expenditures in both goods and services, and government consumption expenditures. Alternatively, Q1 also saw a large decline in private domestic investment, outweighed by the increases in personal spending.



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

	Jan '23	Feb '23	Trend
Hampton Roads	\$2.79B	\$2.90B	▲
Virginia	\$14.82B	\$15.33B	▲

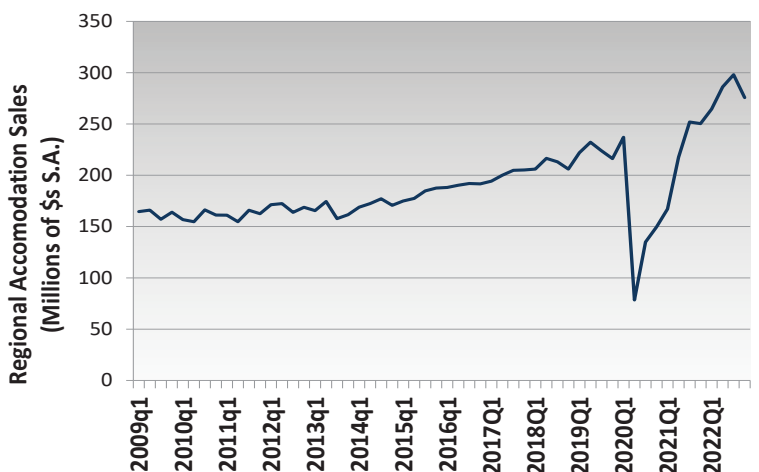
Retail Sales: Retail sales in Hampton Roads, as measured by the 1% local option sales tax, serve as an indicator for consumption in the region. When seasonally adjusted and averaged over 3 months, February shows increased sales. After a year of plateaued growth, retail sales finally seem to be picking up, in line with increased personal consumption expenditures shown in GDP numbers. Unadjusted, February 2023 shows a 15% increase from the previous year.



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

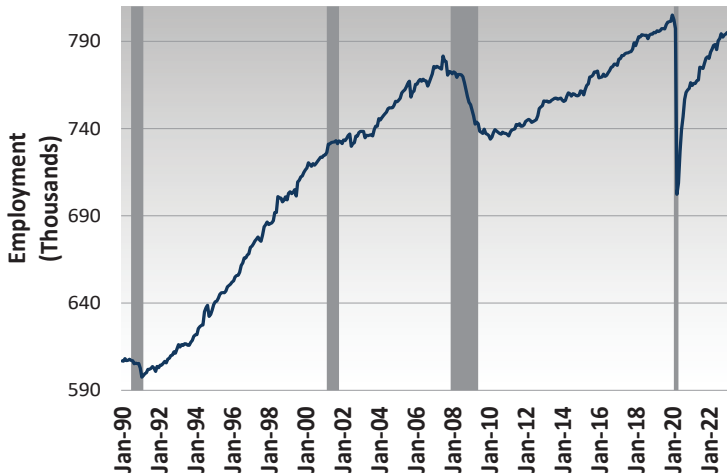
	Q4 2021	Q4 2022	Trend
Hampton Roads	\$250M	\$276M	▲
Virginia	\$872M	\$1.04T	▲

Estimated Hotel Revenue: Hotel sales indicate the performance of the region's tourism sector. When seasonally adjusted, Q4 2022 hotel revenue once again saw significant improvement from COVID-related closures, but saw a significant quarter-over-quarter decline for the first quarter since the pandemic. Hotel revenue in Q4 2022 represented a 10% increase over the previous year, but a 7.5% decrease from Q3 2022.

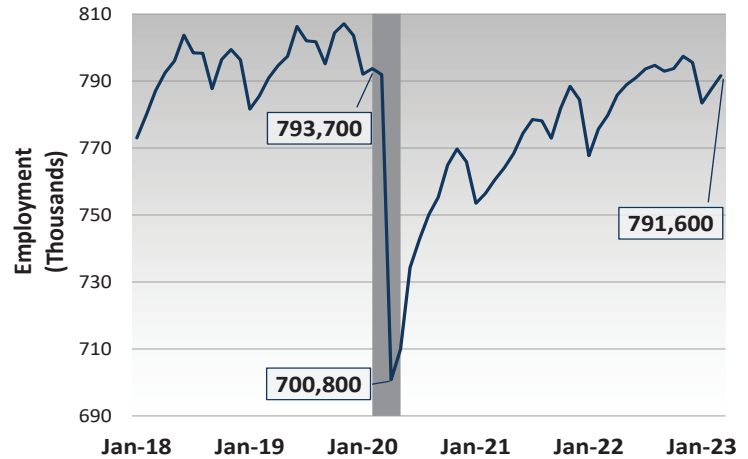


CIVILIAN PAYROLL EMPLOYMENT (M) SOURCE: BUREAU OF LABOR STATISTICS, HRPDC

HISTORICAL TREND, SEASONALLY ADJUSTED



3-YEAR, NOT SEASONALLY ADJUSTED



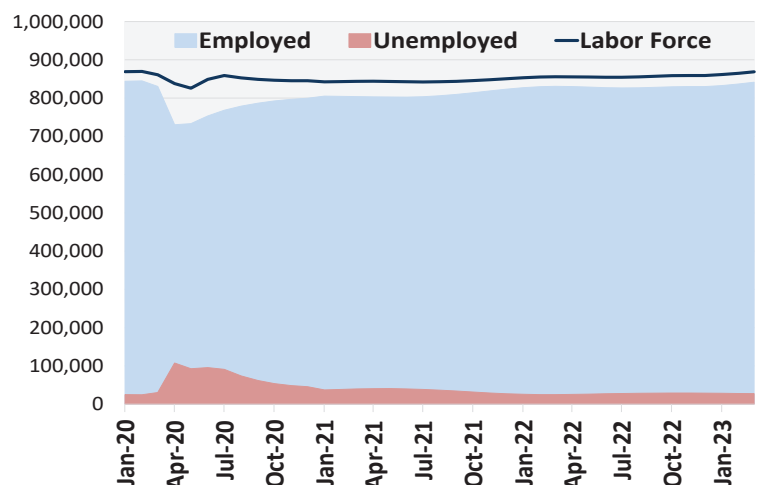
(seasonally adjusted)	Mar 2022	Feb 2023	Mar 2023	YoY % Change	MoM Trend
Hampton Roads	785,400	795,200	797,900	1.59%	▲
Virginia	4,039,500	4,133,100	4,138,400	2.47%	▲
United States	151,424,000	155,255,000	155,420,000	2.64%	▲

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 0.34% from February to March 2023, starting the year at the highest monthly levels since the onset of the pandemic. Unadjusted employment levels also increased from the prior month. In Hampton Roads, year-over-year growth is recorded at 1.59%, continuing to signal that overall the workforce is recovering from COVID losses, but the recent slowdown may be a sign of stagnation. The Commonwealth of Virginia and the U.S. are both experiencing YoY growth at a full percentage point over Hampton Roads, further data showing that Hampton Roads is not recovering as quickly at the rest of the country, still 0.9% below pre-COVID highs.

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

	Labor Force	Emp	Unemp	LF Trend
Feb 2023	864,786	836,799	27,987	
Mar 2023	868,834	841,391	27,443	▲

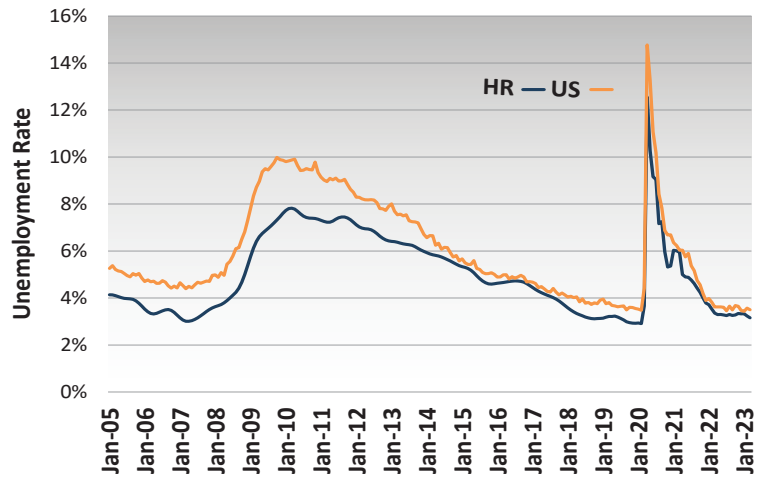
Labor Force: An economy's labor force is defined as those who are either employed or actively seeking work, and the breakdown of the labor force is often used in conjunction with the unemployment rate to offer some perspective into the true state of the economy. The region's labor force was slowly declining since the onset of the pandemic, but began increasing roughly one year ago. Since the low in the summer of 2021, the Labor Force has grown and is sitting back at pre-pandemic levels.



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

	Mar '22	Feb '23	Mar '23	Trend
Hampton Roads	2.92%	3.24%	3.16%	▼
Virginia	2.75%	3.17%	3.17%	—
United States	3.63%	3.50%	3.39%	▼

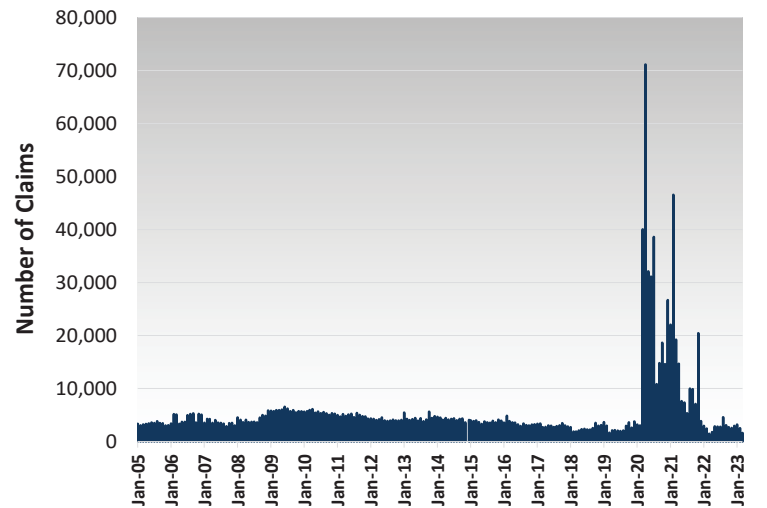
Unemployment Rate: The unemployment rate is the percentage of the population actively seeking work but unable to obtain a position. Hampton Roads' unemployment rate decreased again to 3.16% in March 2023, reflected by an increase in the labor force and the number of employed persons and a slight decrease in total unemployed persons (all seasonally adjusted).



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

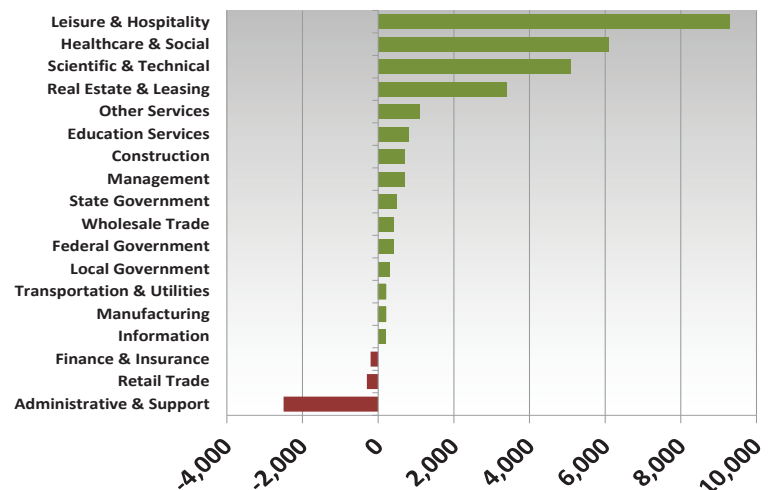
	Feb '23	Mar '23	Trend
Hampton Roads	2,525	1,626	▼
Virginia	9,720	6,177	▼

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 March 2023, initial unemployment claims decreased by 35%, the second month in a row of declines. As talk of a possible recession continues, this indicator will be one to watch closely, as it is the first one to show movement in the data.



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

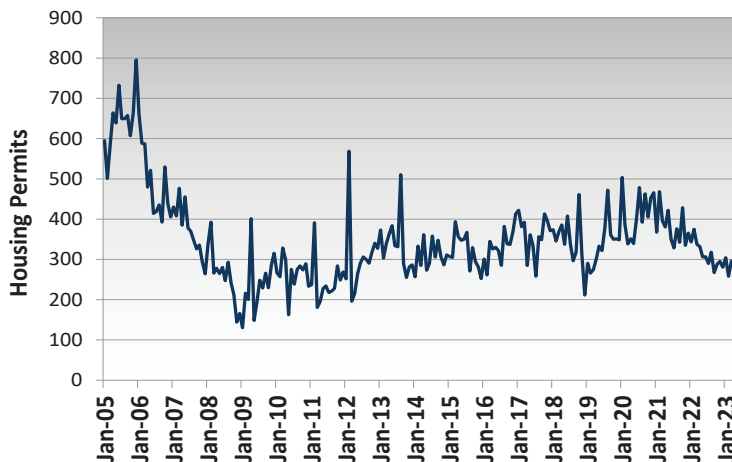
Employment Growth by Industry: As the job market grows or contracts, there will be some industries whose experience does not resemble the regional trend. In March, the majority of Hampton Roads industries experienced a decrease in year-over-year employment compared to March 2022. Most significant gains were Leisure & Hospitality, which added nearly 10,000 jobs compared to March 2022, followed by Healthcare & Social and Scientific & Technical. Administrative & Support realized by far the highest losses compared to 2022, followed by Retail Trade and Finance & Insurance.



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

	Mar '22	Feb '23	Mar '23	Trend
Hampton Roads	337	258	296	▲

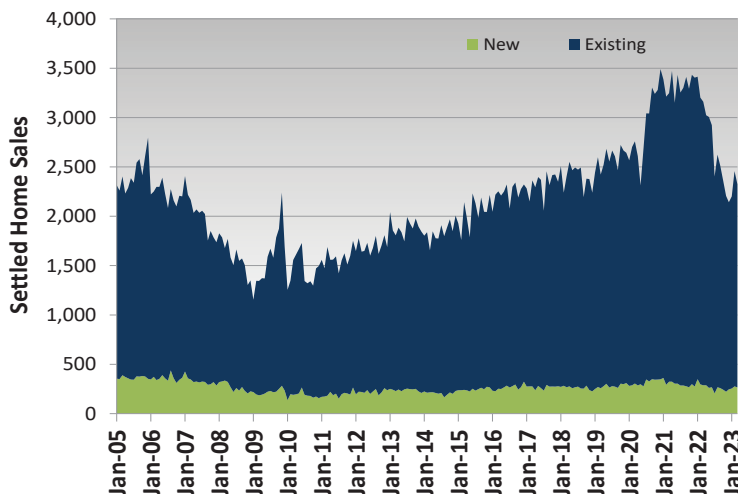
Single Family Housing Permits: Permit data signals the level of construction employment and confidence regarding the future trajectory of the local economy. When seasonally adjusted, there were 296 new construction permits issued for single family homes in March 2023. After over a year of plateauing data in 2020/2021, the trend is pointing towards steady declines for the entirety of 2022. So far in 2023, the data is pointing towards plateauing again. As interest rates and materials prices settle, this indicator will be one to watch for potential upward movement.



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

	Mar '22	Feb '23	Mar '23	Trend
Hampton Roads	3,160	2,457	2,324	▼

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, total settled home sales in March decreased from February with 2,324 homes sold, after a few months of increasing sales during the winter months as mortgage rates stabilized. The sale of new homes in February represented 11% of total sales, reaching back into the double digits after averaging 9% for the majority of 2021 and 2022.



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

	Q4 2021	Q4 2022	Trend
Hampton Roads	149.8	166.5	▲
Virginia	151.6	169.2	▲
United States	167.2	186.9	▲

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 by 11% over the previous year in Q4 2022, a lower rate than both the state and the nation and the second quarter in a row the year-over-year rate of increase has declined, continuing to reflect a slowdown in the real estate market.

