

## COVID-19 Claims Thousands of Jobs in Hampton Roads

Each week, more data is released that begins to tell the story of how the Hampton Roads economy is being impacted by the COVID-19 pandemic. Initial unemployment claims reflect those who are forced to leave work unexpectedly, thus revealing the strength of the job market with little lag time. This leading economic indicator has been making headlines at a national scale for weeks as businesses across the country are closed to help reduce the spread of the coronavirus, forcing over 26 million employees out of work in the past five weeks.

Unsurprisingly, this national trend is mirrored in our region, with initial unemployment claims in Hampton Roads reaching an unprecedented 53,137 in March. For comparison's sake, even during the Global Financial Crisis, the highest number of regional monthly claims (seasonally adjusted) hovered near 6,500 in the Summer of 2009. That means initial unemployment claims in March were nearly 600% higher than the highest in recent history, and a shocking 2,416% higher than the same month in 2019. As displayed in Figure 1, this data was literally off the charts, and required a six-fold increase in the scale of the usual monthly graph.

While Figure 1 shows how extraordinary this past month has been compared to recent history, taking a closer look at the past five weeks of initial claims in Hampton Roads helps to complete the picture, as shown in Figure 2. When businesses began to close during the middle of March, each week from March 14 through April 4 saw more claims than the week before. However, the weeks ending April 11 and April 18 reported fewer claims than the previous week, suggesting that if the trend continues downward, while cumulative unemployment claims will continue to increase and unemployment rates will almost surely surge, the initial wave of job loss may have peaked.

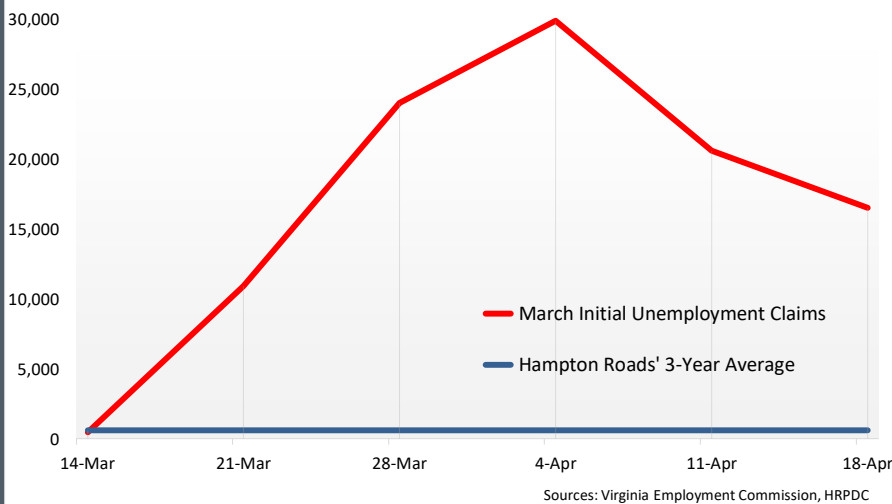
Deseasonalized Initial Unemployment Claims in Hampton Roads Monthly, 2008 - 2020



Source: Virginia Employment Commission, HRPDC

Figure 1: Monthly Initial Unemployment Claims in Hampton Roads, 2008-2020

Impacts of COVID-19: Hampton Roads Initial Unemployment Claims Weekly, March-April 2020



Sources: Virginia Employment Commission, HRPDC

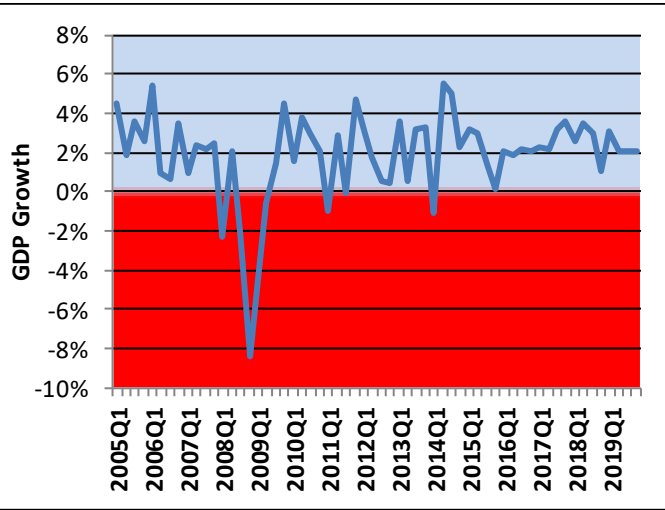
Figure 2: Weekly Initial Unemployment Claims in Hampton Roads, March-April 2020

Relief seems to be coming, but will it be enough to keep the trend moving downward? The Commonwealth of Virginia has paid over \$328 million in unemployment benefits since the start of the pandemic, and before the Small Business Administration's (SBA) \$349 billion Paycheck Protection Program (PPP) relief fund ran out last week, Virginia banks processed more than 40,000 applications totaling nearly \$9 billion, according to the Virginia Bankers Association. The PPP allows small businesses to continue to keep their employees on payroll during this pandemic, but \$349 billion ran out in less than two weeks. Congress is working to pass a second relief package that will likely replenish this program, and it cannot come soon enough.

**Please note: The indicators included in this monthly report are generally on a one- to three-month lag, which means the following graphs are only just beginning to reveal some of the economic impacts of COVID-19.**

### GDP, Annualized Growth Rate

United States, 2005Q1 – 2019Q4, Quarterly

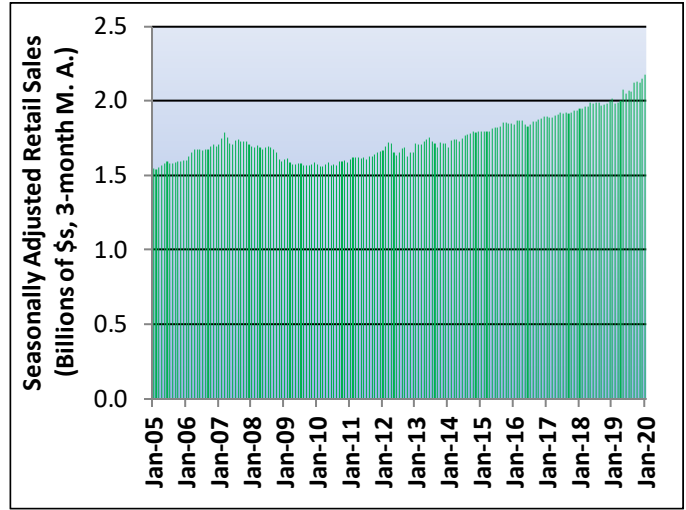


Source: Bureau of Economic Analysis, HRPDC

**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 2.1% in Q4 2019 (GDP also grew by 2.1% in Q3 2019). This data does not reflect the expected impact that COVID-19 may have on national GDP growth. It is expected that Q1 will be slightly impacted and Q2 will bear the brunt of the impact, depending on how long businesses remain closed and how the global supply chain is impacted.

### Hampton Roads Retail Sales, Seasonally Adjusted

Hampton Roads, Jan 2005– Jan 2020, Monthly

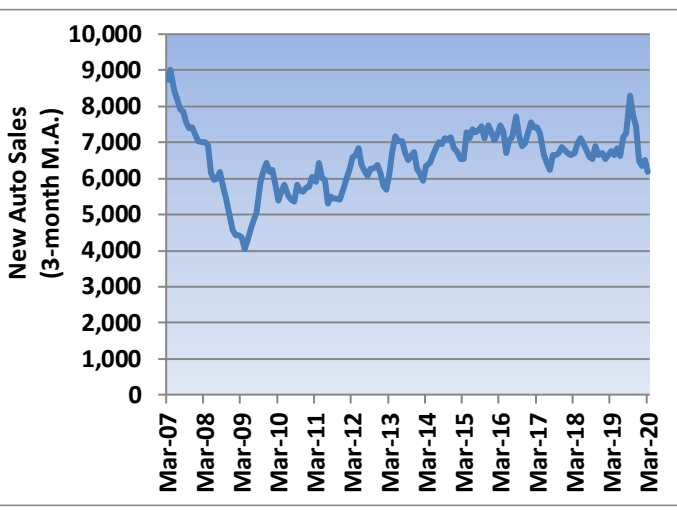


Source: Virginia Department of Taxation, HRPDC

**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. While data for Hampton Roads is only available through January, national numbers show retail sales in February were down for the first time in 12 months, the first month that takes the national coronavirus pandemic into account. Regionally, retail sales in January reached an all time high, but the next few months will be ones to watch as the impact of coronavirus begins to appear in this monthly indicator.

### New Car Sales, Seasonally Adjusted

Hampton Roads, Mar 2007 – Mar 2020, Monthly

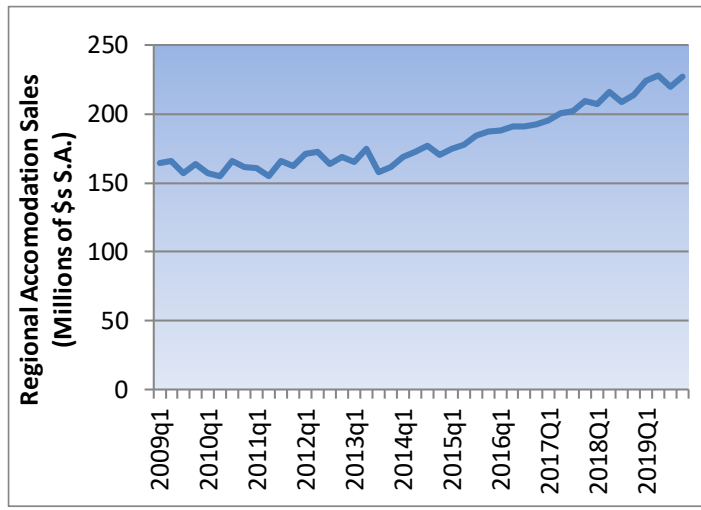


Source: Virginia Automobile Dealers Association, HRPDC

**New Car Sales:** Car sales, as a durable good, may be put off until an individual’s economic prospects improve; thus, the number of new car sales indicates the level of confidence that households in Hampton Roads have in their financial future. Car sales have decreased and stabilized after an unusually strong September, hovering near the averages that have been observed over the past few years. Somewhat surprisingly, March data did not show a marked decrease in car sales in reaction to the coronavirus.

### Estimated Hotel Revenue, Seasonally Adjusted

Hampton Roads, 2009Q1 – 2019Q4, Quarterly

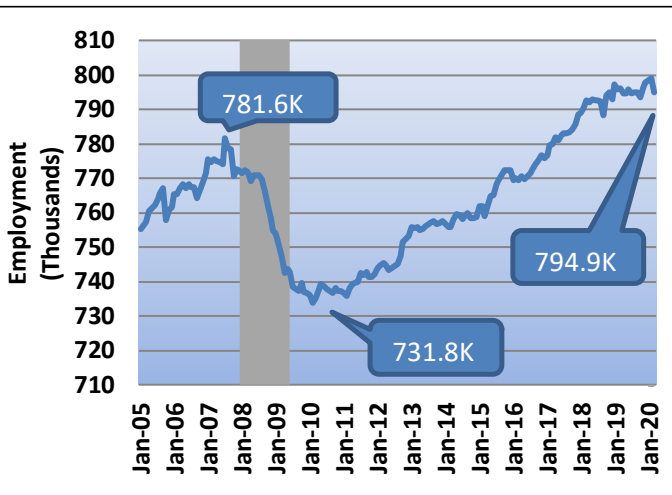


Source: Virginia Department of Taxation, HRPDC

**Estimated Hotel Revenue:** Hotel sales indicate the performance of the region’s tourism sector. While 2019 ended on a high note, once Q1 2020 data is available, hotel revenue is likely to be significantly impacted by COVID-19 as events are canceled, beaches are closed, and restaurants are unable to stay open for patrons. Preliminary data from Smith Travel Research (STR) paints a dim picture for the hotel industry, with revenue per available room (RevPAR) down over 80% across the entire national market, and occupancy rates in Hampton Roads sit below 30% (compared to over 65% in the same week last year).

### Civilian Employment, Seasonally Adjusted

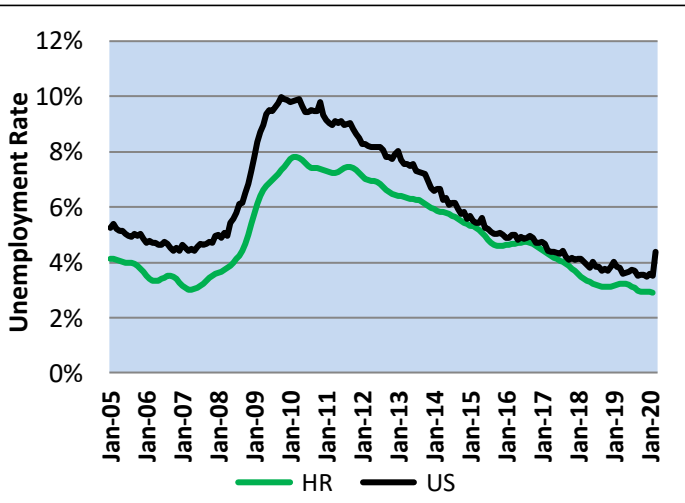
Hampton Roads, Jan 2005 – Mar 2020, Monthly



**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 declined significantly in March 2020, a direct result of the coronavirus pandemic as many businesses have had to temporarily close or scale back due to budget cuts. This decline represents a 0.5% decrease from the previous month, and 0.43% from the previous year, both the sharpest month-over-month and year-over-year declines since 2010.

### Unemployment Rate, Seasonally Adjusted

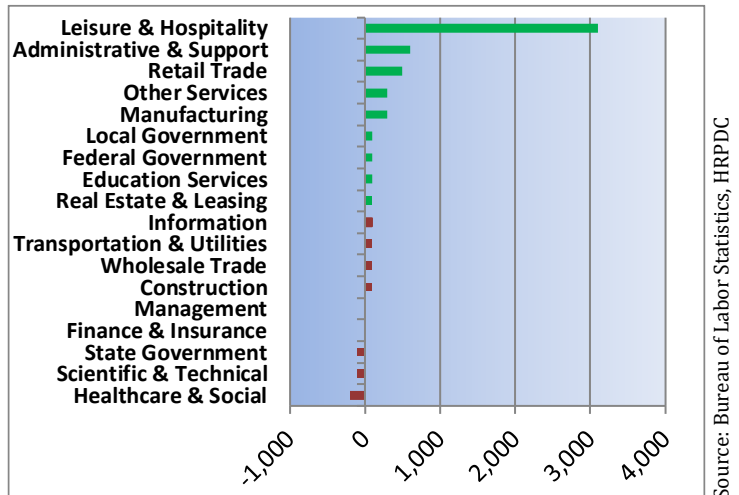
U.S. & Hampton Roads, Jan 2005 – Feb 2020, Monthly



**Unemployment Rate:** The unemployment rate is the percentage of the population actively seeking work but unable to obtain a position. Hampton Roads' unemployment rate came down in February 2020 to 2.91%, but March data is not yet available. Comparatively, the national unemployment rate increased significantly, from 3.5% to 4.4% in March. As the economy continues to respond to the COVID-19 pandemic and unemployment claims continue to rise, Hampton Roads unemployment rates will begin to trend upwards in the next few months.

### Employment Growth by Industry

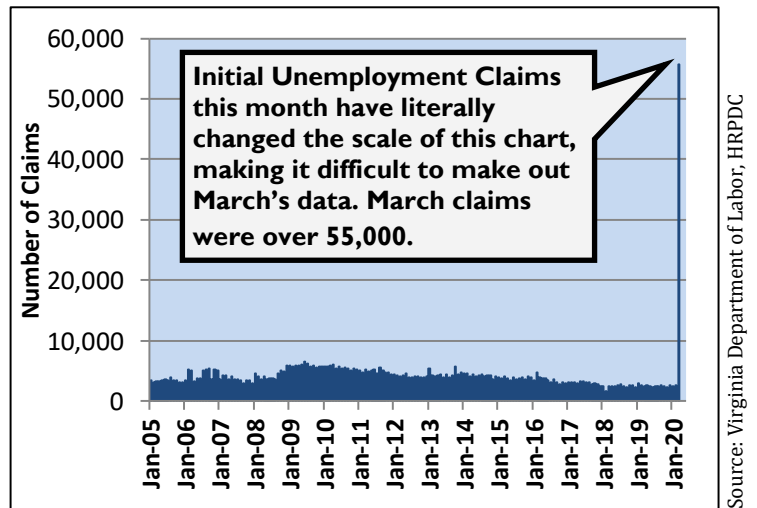
Hampton Roads, Feb-19 to Feb-20, Year-over-Year



**Employment Growth by Industry:** As the job market grows or declines, there will be some industries whose experience does not resemble the regional trend. Several industries have experienced increases in year-over-year employment, including Leisure & Hospitality, which showed an especially large increase in February 2020. Starting in March, the impacts of coronavirus will begin to become apparent in this indicator, providing information on which industries are suffering the most in the aftermath.

### Initial Unemployment Claims, Seasonally Adjusted

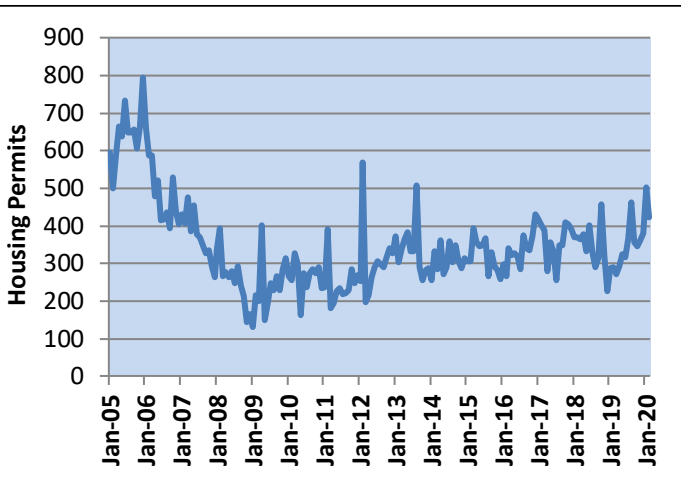
Hampton Roads, Jan 2005 – Mar 2020, Monthly



**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. Seasonal adjusted unemployment claims increased in March 2020 to over 55,000, an unprecedented number which has completely changed the scale of this indicator chart. This monthly increase represents an increase of nearly 600% from recent highs in 2009, and over 2,300% increase from the previous month.

### Single Family Housing Permits, Seasonally Adjusted

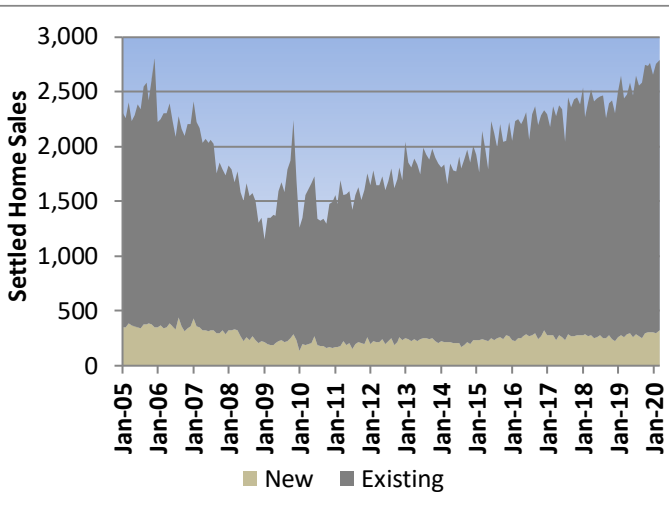
Hampton Roads, Jan 2005 – Feb 2020, Monthly



**Single Family Housing Permits:** Permit data signals the level of construction employment and confidence regarding the future trajectory of the local economy. The level of new construction permitting for single family homes in February 2020 declined to 379 permits, still representing a significant increase when seasonally adjusted relative to recent lows at the end of 2019. As the market continues to respond to both COVID-19 as well as the recently lowered federal interest rates (currently 0%), this indicator will be watched closely.

### Number of Homes Sold, Seasonally Adjusted

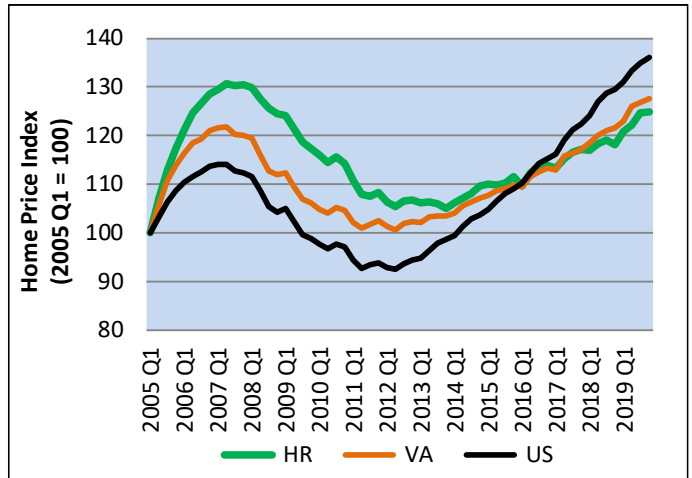
Hampton Roads, Jan 2005 – Mar 2020, Monthly



**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. The levels of existing home sales have been strong recently, with sales maintaining the same average level as during the housing boom in 2005. New construction sales in March were up from the previous month, representing the highest number in over ten years, and continuing to represent roughly 11% of all sales.

### Home Price Index, All Transactions

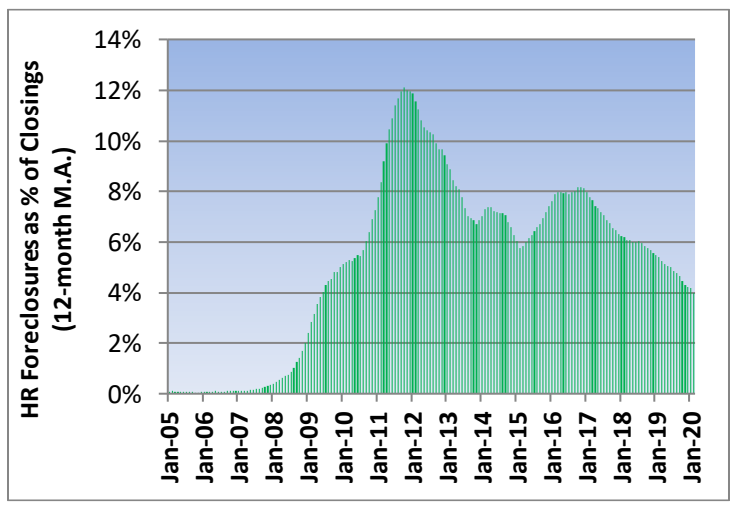
Hampton Roads, 2005Q1 – 2019Q4 Quarterly



**Home Price Index:** The home price index measures the value of homes by evaluating changing price levels through repeated sales of properties. The index provides the highest quality data available on the trends in the real estate market. Hampton Roads' home prices increased, yet again, by 5.7% over the previous year in Q4 2019, rising above both the state and the nation. Regional housing values remain 4.3% below those seen during the peak of the housing boom.

### Foreclosures and Distressed Sales

Hampton Roads, Jan 2005 – Jan 2020 Monthly



**Foreclosures:** Foreclosures have a significant impact on the real estate market and community, depressing home values on a neighborhood and regional level. Distressed homes' share of total sales has particularly been shown to impact the sale price of existing homes. The foreclosure level is still elevated from the housing boom, but has been steadily declining, showing some of the lowest rates since 2009. Foreclosures constituted 4% of all home resales in January of 2020, down from a recent high of 8.1% in April of 2016 (12-month average).