

Trade Volume Picks Up, Strongest September Ever at Port

The harbors of Hampton Roads have a long history of laying the bedrock for our region’s economy. Today, The Port of Virginia continues to be an economic pillar for the region. Our naturally deep, ice-free harbor, modern terminals, and world-class service attract huge ships and millions of cargo containers filled with goods valued in the billions each year. The management and movement of these containers and their contents are crucial drivers of jobs and business investment across the region and the Commonwealth.

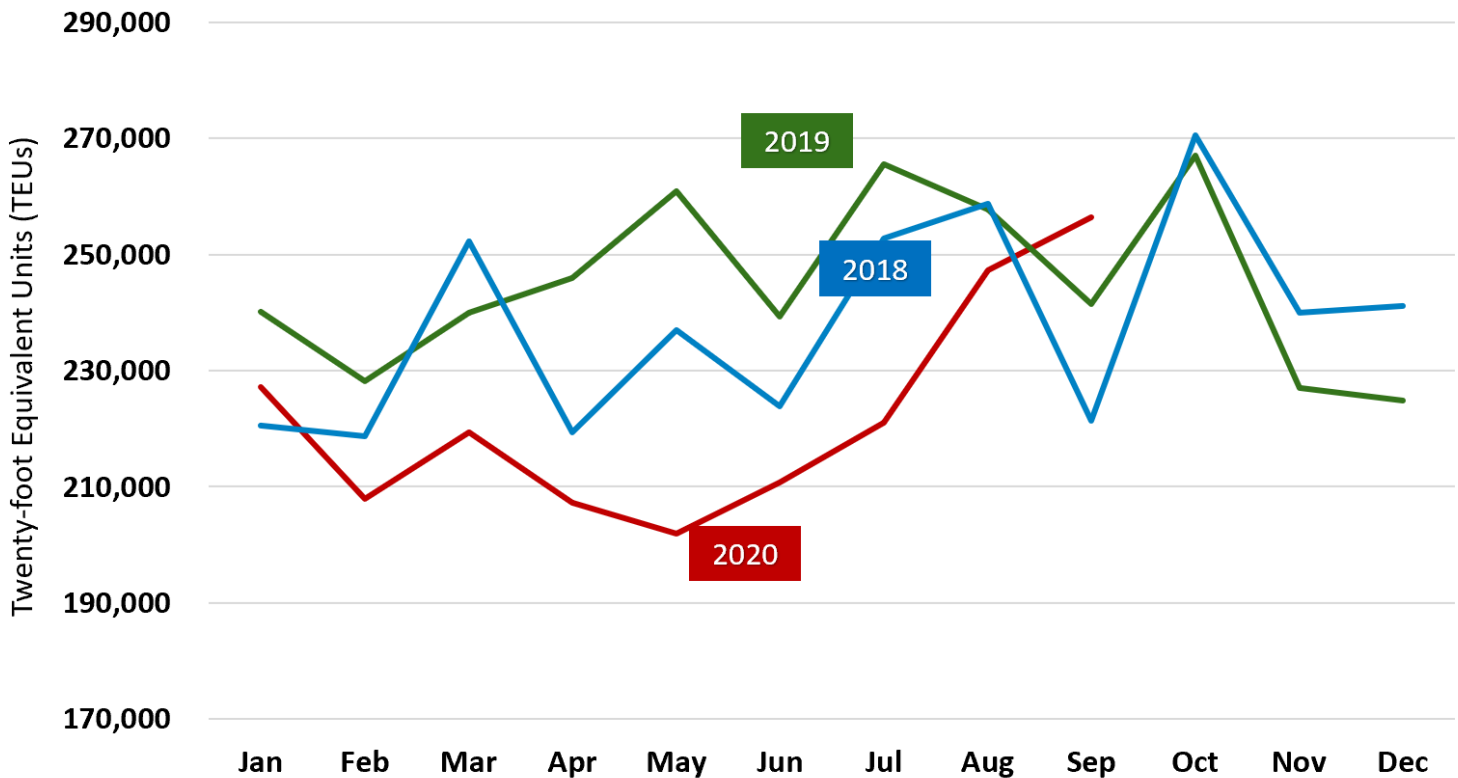
As the global economy expanded over the past decade, cargo has increased in tandem. With increased global trade came the need for increased efficiency at The Port of Virginia. The port recently completed an \$800 million effort to expand capacity, is preparing to receive two new ship-to-shore cranes this fall, and is welcoming the dredging of the shipping lanes into the port up to 55 feet deep by 2024. These unique aspects make for an incredibly competitive port-of-call, but more importantly, having these improvements in the works already has made the Hampton Roads economy more resilient to the impacts of the pandemic.

The port has not been immune to the impacts of COVID-19, with trade for 2020 falling behind the year to date total trade when compared to the past three years, each of which trade surpassed the prior year since 2017 (see table). However, since hitting a recent low in total monthly trade volumes this May, traffic at the port has been steadily increasing. This August saw trade volume surpass levels from the same month in 2017, and The Virginia Port Authority’s CEO John Reinhart recently announced that September 2020 has posted a record for any September month in the port’s history, surpassing 2019’s September volumes.

Year	Total TEUs
2017	2,841,016
2018	2,855,904
2019	2,937,962
2020 (to-date)	1,998,931

During the port’s virtual event last week, Mr. Reinhart applauded the port’s staff for their efforts in working together at the start of the COVID-19 pandemic to expedite certain types of cargo under their Critical Cargo Initiative, the first program of its kind that allowed PPE and other medical supplies to be delivered in record speed to first responders. Staff also excelled in working with their customers to understand unique needs early on in the pandemic, like last-minute extended storage requests as demand decreased during the early Spring, and expanded gate hours and Saturday openings as demand picked back up. As trade continues to increase, Mr. Reinhart concluded that “the state of the port is strong.” A strong port contributes to the economic resiliency of our region, and will assist us as we move into a period of recovery.

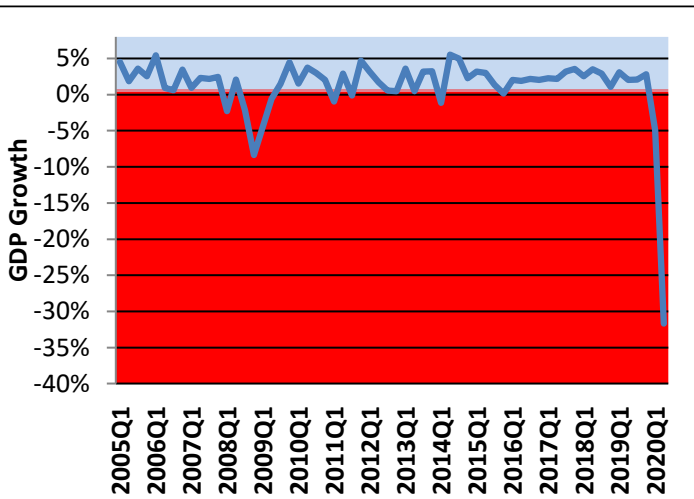
Total TEUs at Port of Virginia, 2018-2020



Source: The Port of Virginia, Hampton Roads Planning District Commission

GDP, Annualized Growth Rate

United States, 2005Q1 – 2020Q2, Quarterly

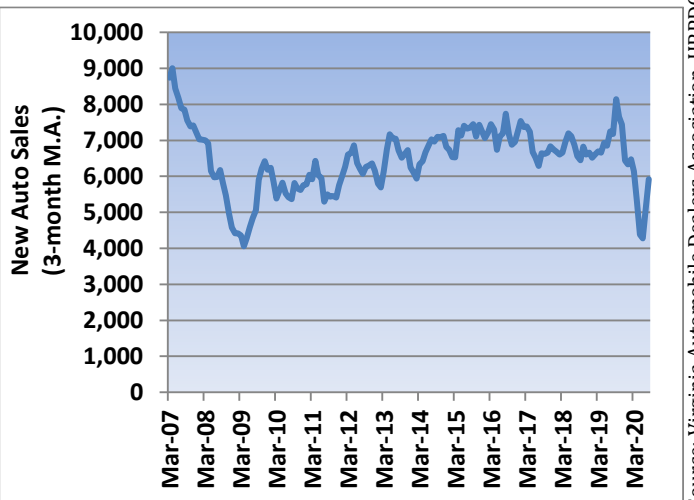


Source: Bureau of Economic Analysis, HRPDC

GDP: Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. Real GDP decreased 31.7% in Q2 2020, reflecting the impact COVID-19 had on the national economy during the widespread business shutdowns in April and May. As depicted above, this unprecedented contraction is the largest decrease on record. As the virus continues to spread, businesses in some states and regions are beginning to close again, reducing the potential for a quick, V-shaped economic recovery.

New Car Sales, Seasonally Adjusted

Hampton Roads, Mar 2007 – Aug 2020, Monthly

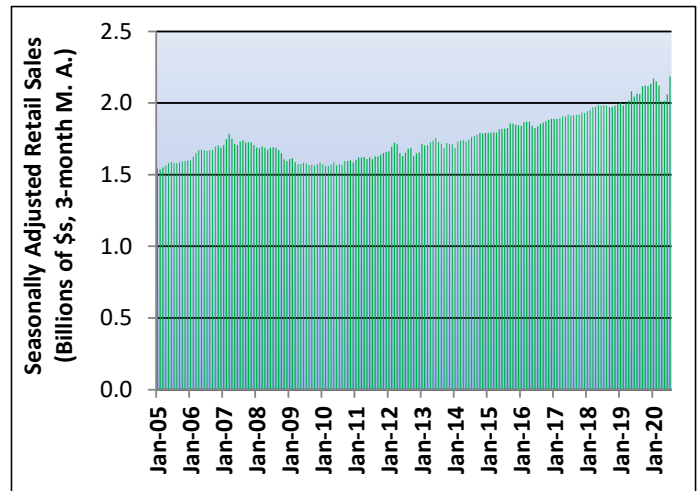


Source: Virginia Automobile Dealers Association, HRPDC

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 this August decreased compared to the previous month, with year-over-year growth remaining negative, 13% lower than August 2019. The steady month-over-month improvement is continuing to increase the 3-month average out of record lows.

Hampton Roads Retail Sales, Seasonally Adjusted

Hampton Roads, Jan 2005– July 2020, Monthly

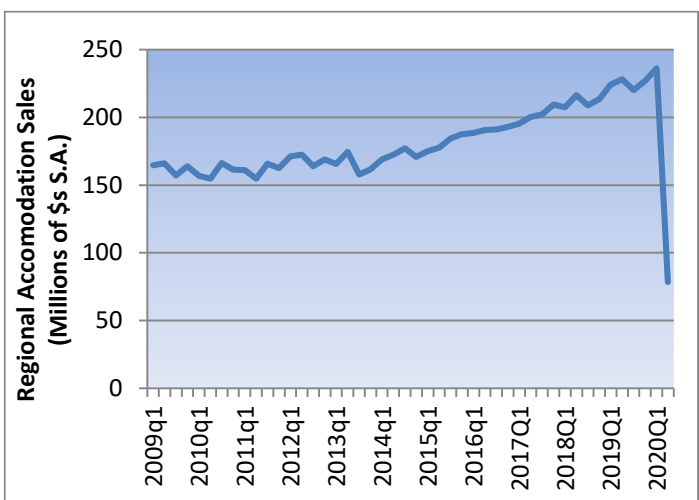


Source: Virginia Department of Taxation, HRPDC

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. Retail sales for July increased 1.7% from the previous month, representing an increase of 8.9% from June 2019 and the second-highest month on record, behind only December 2019. When smoothed and averaged over 3 months, July represents the largest total retail sales recorded, early indication of pent-up demand post re-opening of much of the Hampton Roads retail economy.

Estimated Hotel Revenue, Seasonally Adjusted

Hampton Roads, 2009Q1 – 2020Q2, Quarterly

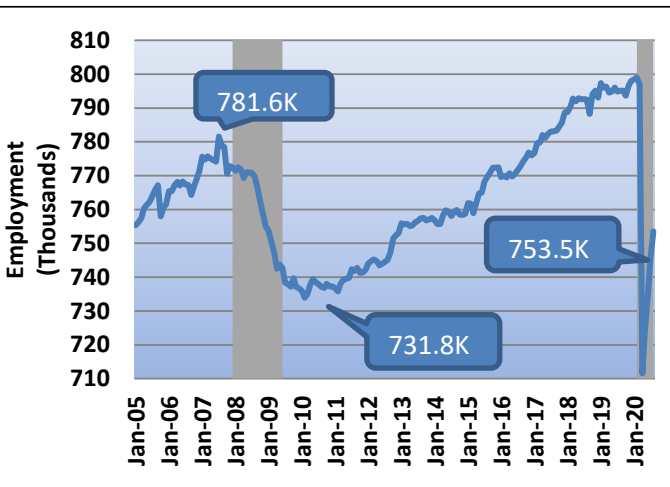


Source: Virginia Department of Taxation, HRPDC

Estimated Hotel Revenue: Hotel sales indicate the performance of the region’s tourism sector. When seasonally adjusted, Q2 2020 hotel revenue saw historic lows in response to closures, event and conference cancellations, and travel restrictions at the start of the COVID-19 at the beginning of Q2. This 66% decline in year-over-year revenue was to be expected, as hotel occupancy data had been available in real-time throughout the pandemic. Tourism has realized an up-tick over the summer, which will make for an interesting Q3.

Civilian Employment, Seasonally Adjusted

Hampton Roads, Jan 2005 – Aug 2020, Monthly

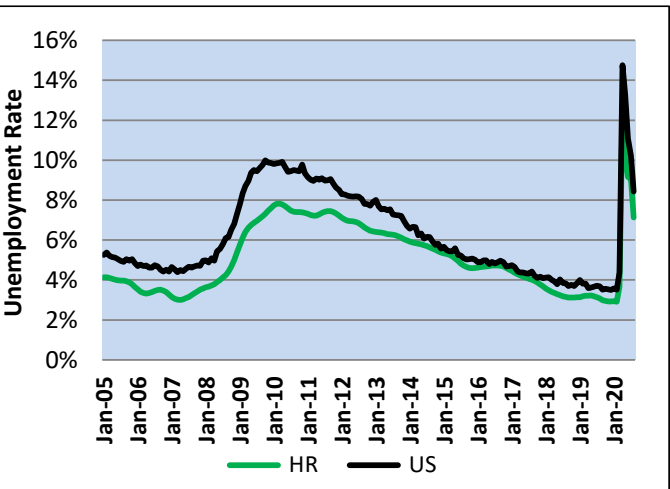


Source: Bureau of Labor Statistics, HRPDC

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 once again increased from July to August 2020. This data represents a 1.03% increase from the previous month, but employment remains 5.2% below the previous year. It should be noted that the increase in employment from July to August was half a percentage point slower than the previous month, pointing to a potential stall in the recovery.

Unemployment Rate, Seasonally Adjusted

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

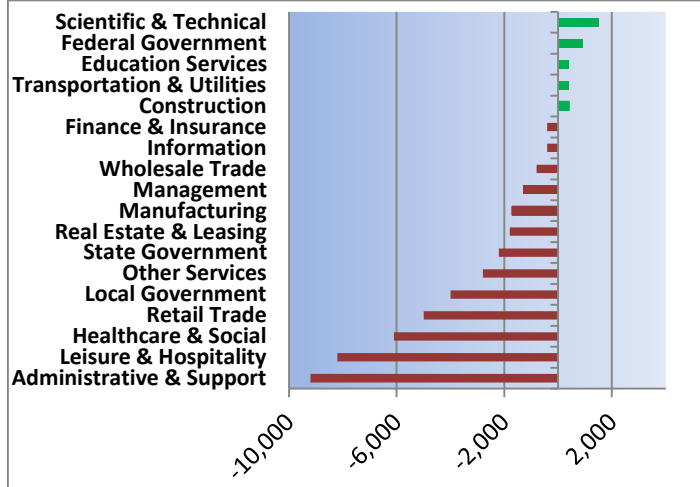


Source: Bureau of Labor Statistics, HRPDC

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 slightly from 9.05% in July to 7.14% in August as coronavirus cases spiked in the region, while the national unemployment rate dropped slightly from 10.22% in July to 8.42% in August as the country continued to reopen. Hampton Roads' unemployment rate continues to remain below that of the national average, signaling that our region may have been less impacted than other regions.

Employment Growth by Industry

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

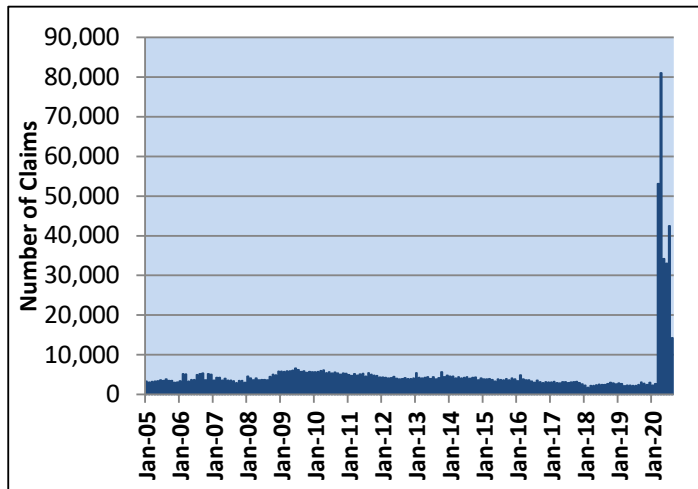


Source: Bureau of Labor Statistics, HRPDC

Employment Growth by Industry: As the job market grows or declines, there will be some industries whose experience does not resemble the regional trend. In August, almost every Hampton Roads industry experienced a decrease in year-over-year employment. Most significant was Administrative & Support, which continued to show an especially large decrease of nearly 10,000 employees. Leisure & Hospitality industry lost over 8,000 jobs compared to last year, while Retail Trade and Healthcare lost over 5,000 jobs each in August.

Initial Unemployment Claims, Seasonally Adjusted

Hampton Roads, Jan 2005 – Aug 2020, Monthly

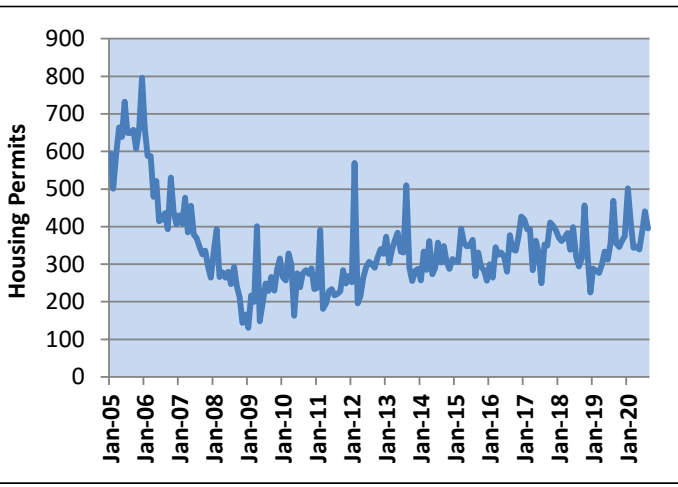


Source: Virginia Department of Labor, HRPDC

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 in August 2020 were over 14,000, a 66% decrease from the previous month—nearly 30,000 fewer initial claims. Continued unemployment claims are continuing to come down as well, hovering near 40,000 in mid-September.

Single Family Housing Permits, Seasonally Adjusted

Hampton Roads, Jan 2005 – Aug 2020, Monthly

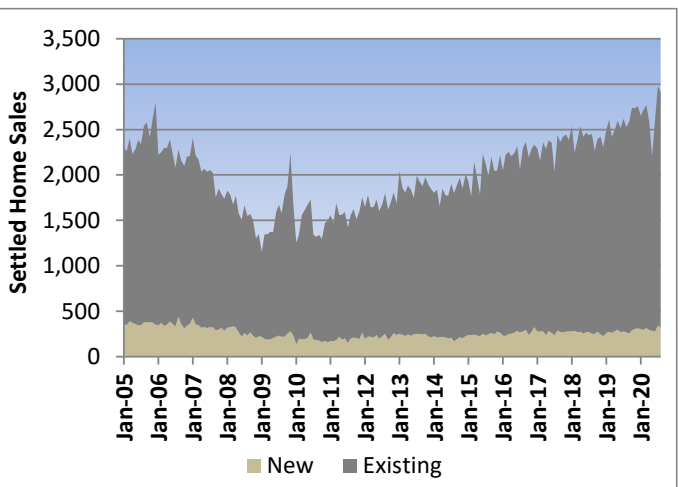


Source: U.S. Census Bureau, HRPDC

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 August 2020 decreased to 394. When seasonally adjusted, the data shows a decrease from August 2019. As the market continues to respond to COVID-19, this indicator will be watched closely.

Number of Homes Sold, Seasonally Adjusted

Hampton Roads, Jan 2005 – Aug 2020, Monthly

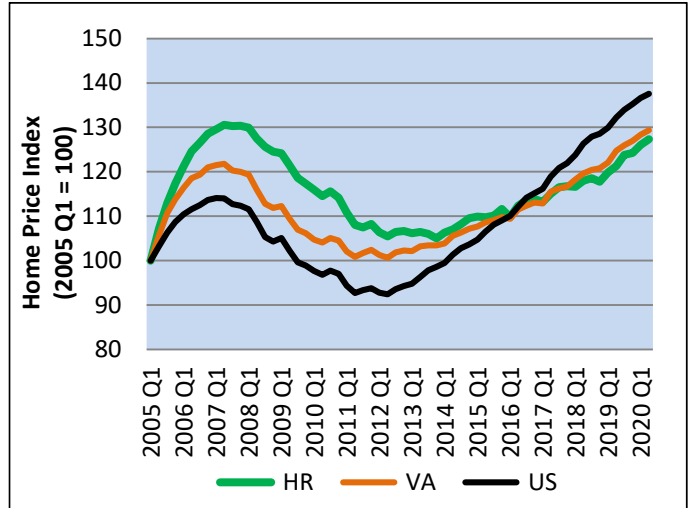


Source: REIN, HRPDC

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 and total settled sales in August were very strong, the second-highest recorded since 2005. New construction sales in August were also up from recent months, albeit lower than the record high of July. New construction sales for August represented roughly 11% of all sales.

Home Price Index, All Transactions

Hampton Roads, 2005Q1 – 2020Q2 Quarterly

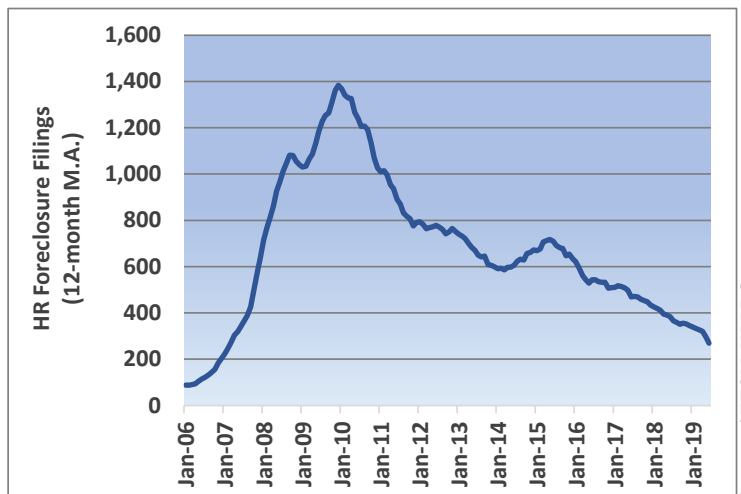


Source: Federal Housing Finance Agency, HRPDC

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% over the previous year in Q2 2020, at a quicker pace than both the state and the nation. Regional housing values remain 2.4% below those seen during the peak of the housing boom, but that gap is rapidly shrinking.

Foreclosure Filings

Hampton Roads, Jan 2005 – Jun 2020 Monthly



Source: ATTOM, HRPDC

Foreclosures: Foreclosures have a significant impact on the real estate market and community, depressing home values on a neighborhood and regional level. Zillow recently stopped providing data on distressed sales as a percentage of total sales in the region, so HRPDC has shifted to reporting on total monthly foreclosure filings in Hampton Roads. Total foreclosures continue to trend downwards as the market continues to recover from the burst of the housing bubble and subsequent Great Recession, but as our nation enters a potential new housing crisis, this will be an important indicator to follow.