

Hampton Roads 2014 Economic Forecast

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Each January, the Hampton Roads Planning District Commission Economists release a regional economic forecast for the year ahead. The primary purpose of the forecast is to evaluate the region's current economic condition and provide an assessment of how we expect the region's economy to fare in the coming year.

In the past few years, the Hampton Roads economy has faced a fair amount of headwind. The "Great Recession," which began over six years ago, resulted in the loss of almost 50,000 civilian jobs in the region; a 6% decline in civilian employment. In addition to the civilian employment loss, the region has struggled with falling home values, cuts to military personnel, a slumping national and global economy, and a great deal of economic uncertainty brought about by federal budget woes.

After some tough years, the economy is slowly starting to improve. Over the past three years, the region has managed to recapture many of the jobs lost during the recession and is now only 20,000 jobs below peak employment. After hitting bottom, the housing market has turned the corner, housing values are now slowly beginning to increase, and building permit and construction activity are on the rise. The heavy burden of uncertainty brought about by the Sequester and budget crisis has begun to dissipate, as Congress works to resolve budget issues and provide clarity on federal expenditures. In addition, the national and global economic outlook is positive, with strong corporate balance sheets, strength in emerging markets, and a recovering Eurozone.

For 2014, the HRPDC Economists expect to see the region's economy grow at a rate of 1.9%. Expected gains in the Retail and Construction industries will assist in adding roughly 14,500 jobs to civilian employment in Hampton Roads. The unemployment rate is likely to continue its slow decline, while increased budget certainty will help propel retail sales. Building permit activity and motor vehicle sales are expected to continue to experience strong growth in the coming year.

HRPDC 2014 Regional Economic Forecast

	2013 (Year to Date)	2014 Forecast
U.S.		
Real GDP	1.7%	2.6%
Interest Rates		
Short Government Rates	0.1%	0.2%
Long Government Rates	2.4%	3.1%
Hampton Roads		
Gross Product	NA	1.9%
Civilian Employment	1.4%	1.9%
Unemployment Rate	5.8%	5.4%
Retail Sales	2.9%	3.4%
Auto and Truck Sales	4.9%	3.9%
Value of Single-Family Residential Building Permits	18.9%	8.4%

This document available for download at: http://www.hrpdcva.gov/uploads/docs/SR22_2014_Forecast.pdf

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