



# Economic Forecasting Project

## **2016 Economic Outlook for Hampton Roads**

**Prepared for the Virginia Senate Finance Committee  
Annual Retreat**

**November 19, 2015**

Larry “Chip” Filer, Ph.D.  
[www.odu.edu/forecasting](http://www.odu.edu/forecasting)

## Overview

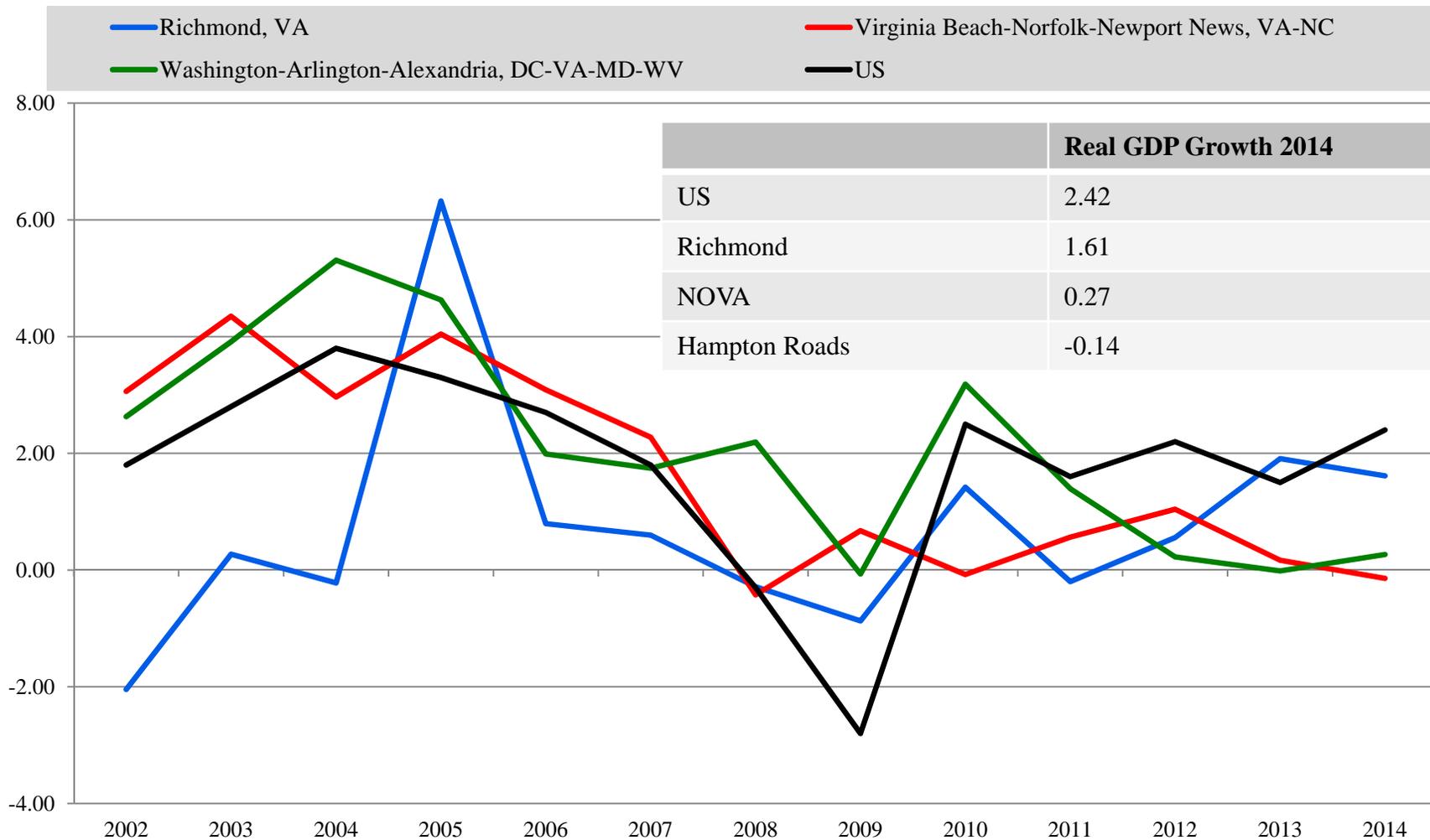
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- The Hampton Roads economy has been particularly stagnant during the post-recession time period.
- The overwhelming force behind this is the contraction of federal spending.
- Private sector industries are NOT necessarily private sector.
  - Ship Repair
  - Mod/Sim
  - IT

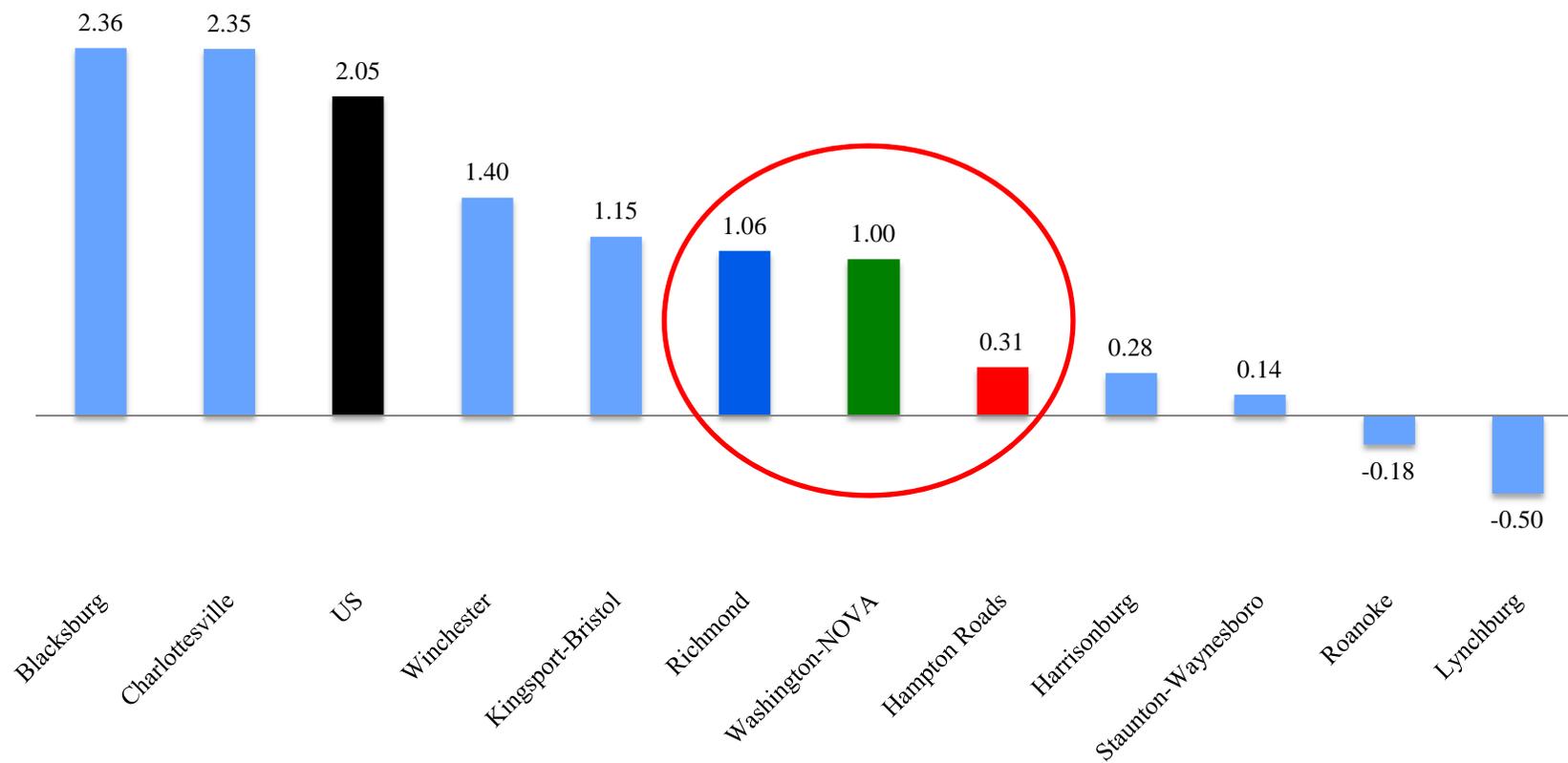
## Federal Spending Trends in Virginia (In Billions)

	Virginia	US	VA Share
<b>FY 2010</b>	\$100.4	\$2,483.5	4%
<b>FY 2011</b>	\$117.7	\$3,291.1	4%
<b>FY 2012</b>	\$114.4	\$3,707.7	3%
<b>FY 2013</b>	\$92.8	\$2,917.4	3%
<b>FY 2014</b>	\$91.8	\$2,763.8	3%
<b>FY 2015</b>	\$67.2	\$2,214.7	3%
<b>FY2012-FY2015</b>	<b>-33%</b>	<b>-11%</b>	

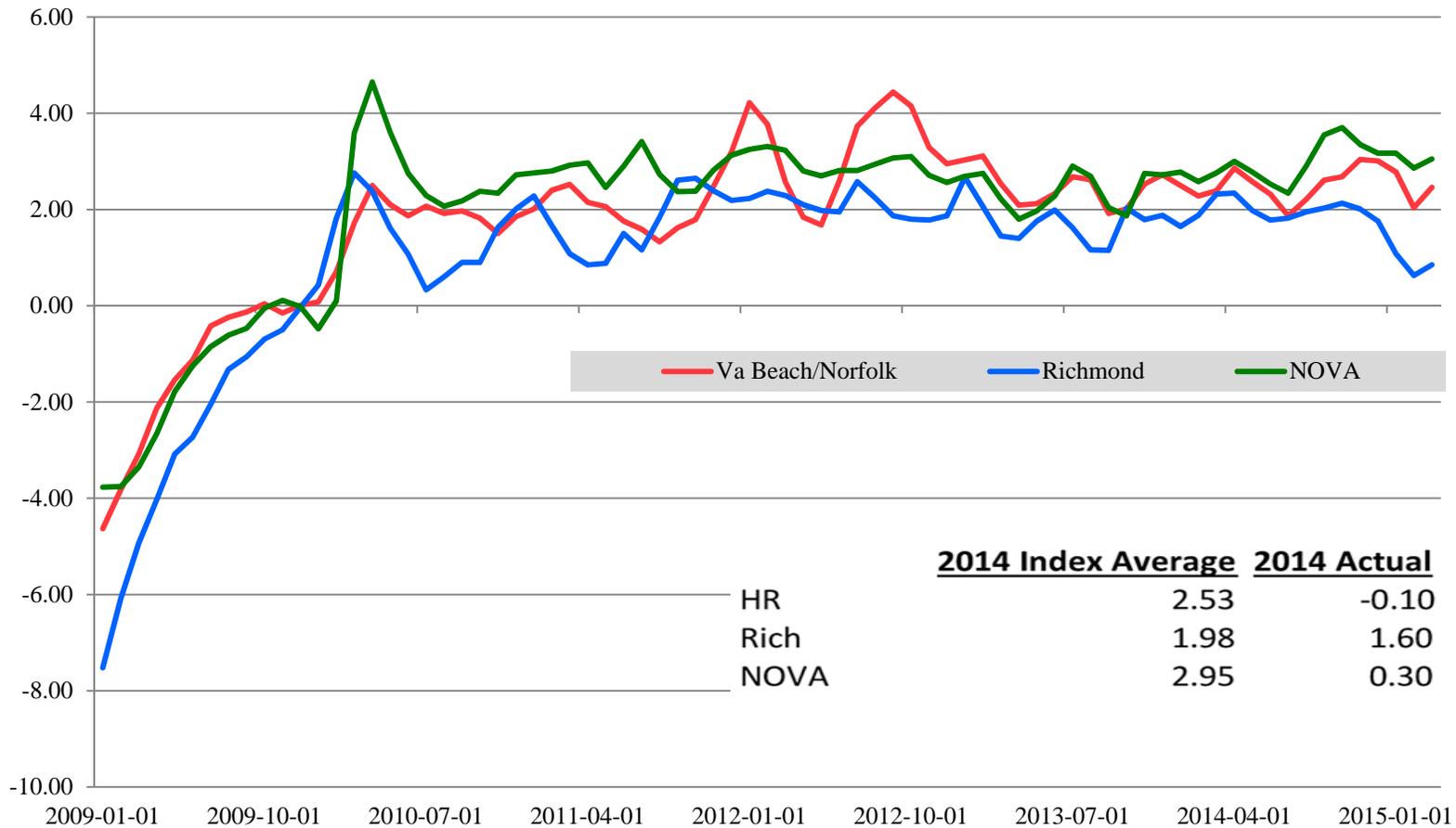
## Metro Real GDP Growth



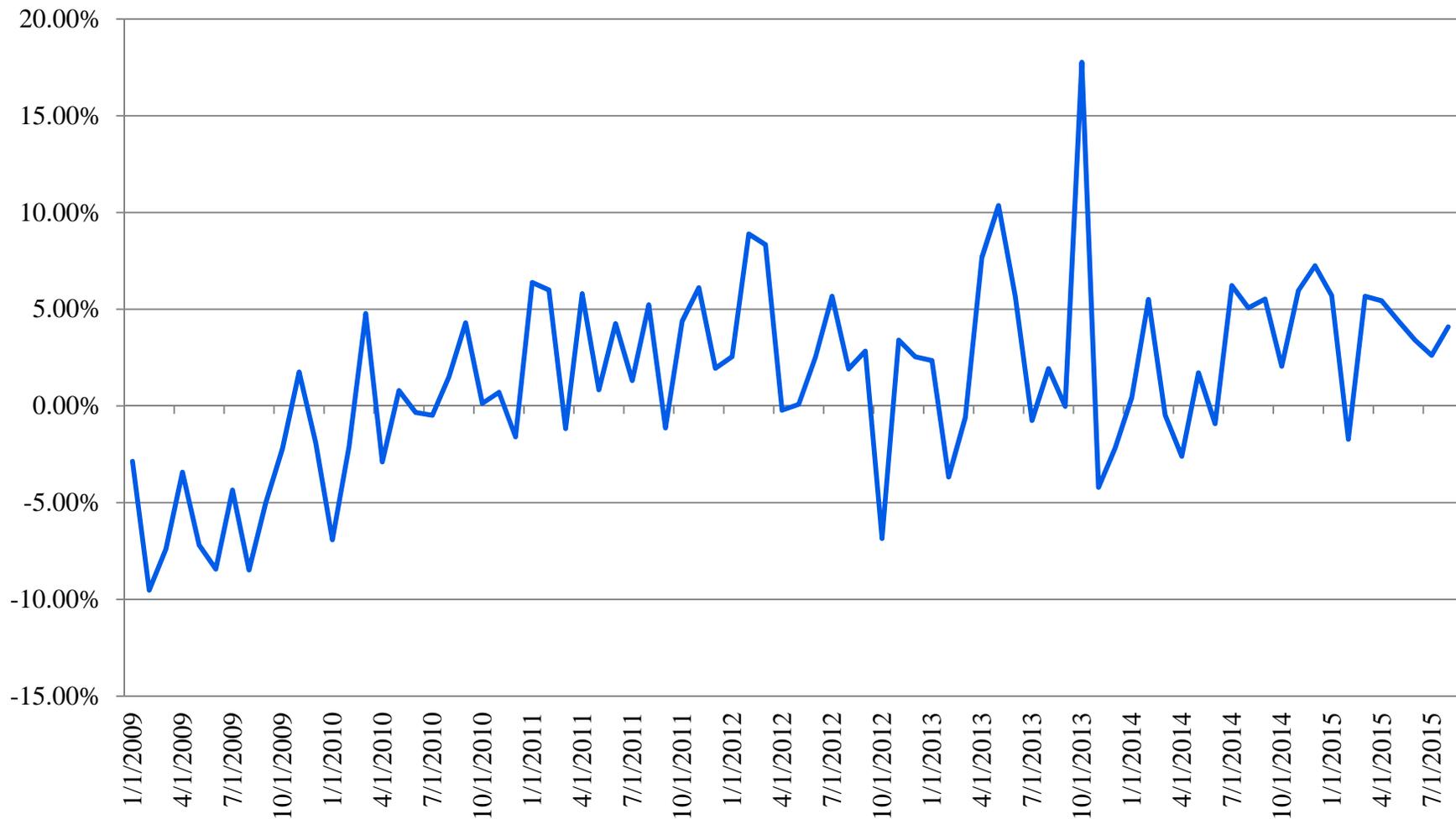
## Post-Recession Real GDP Growth (2009-2014)



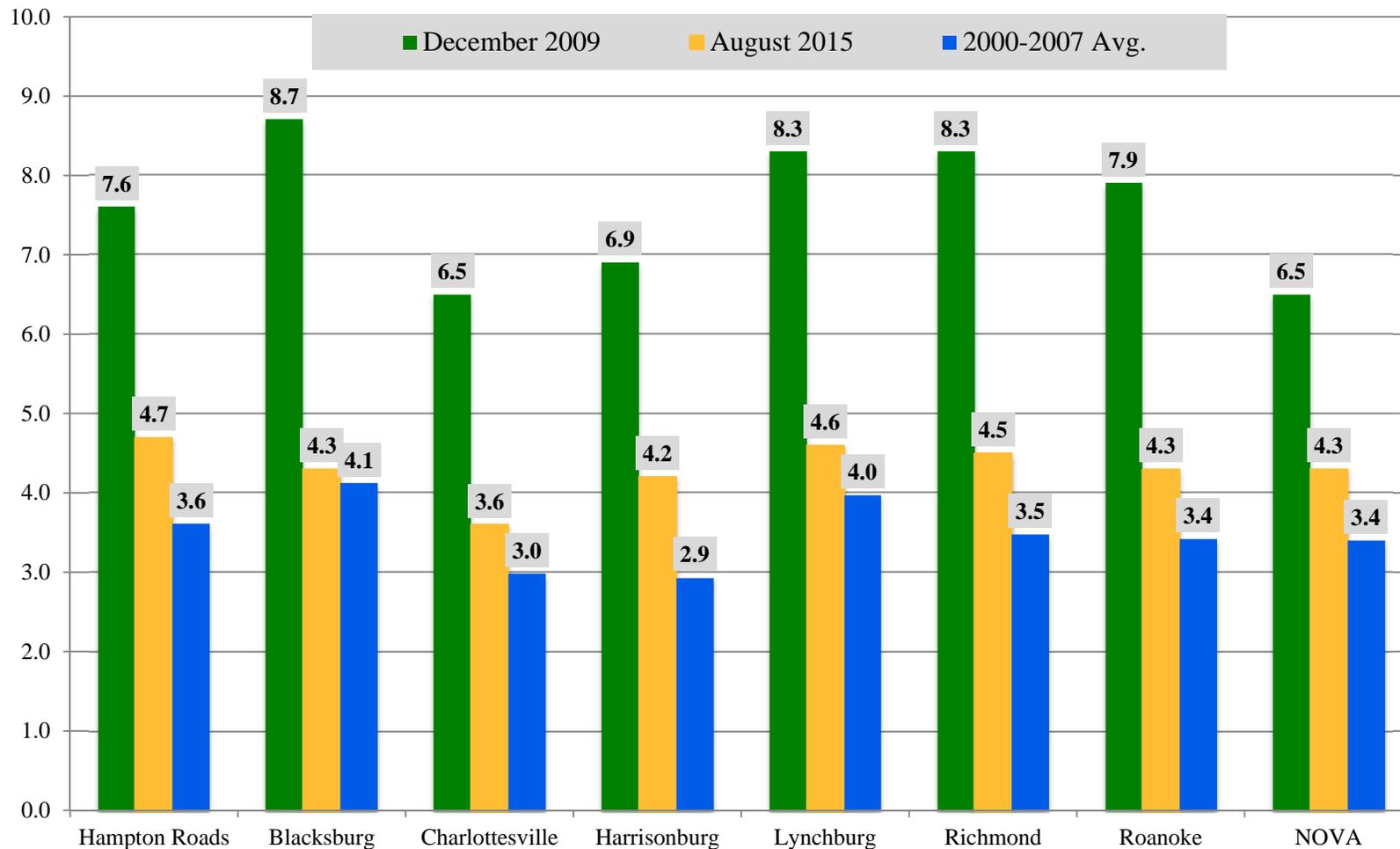
## Metro Area Economic Conditions Indexes



## Hampton Roads Local Option Sales Tax Revenue Percentage Change from Year Ago

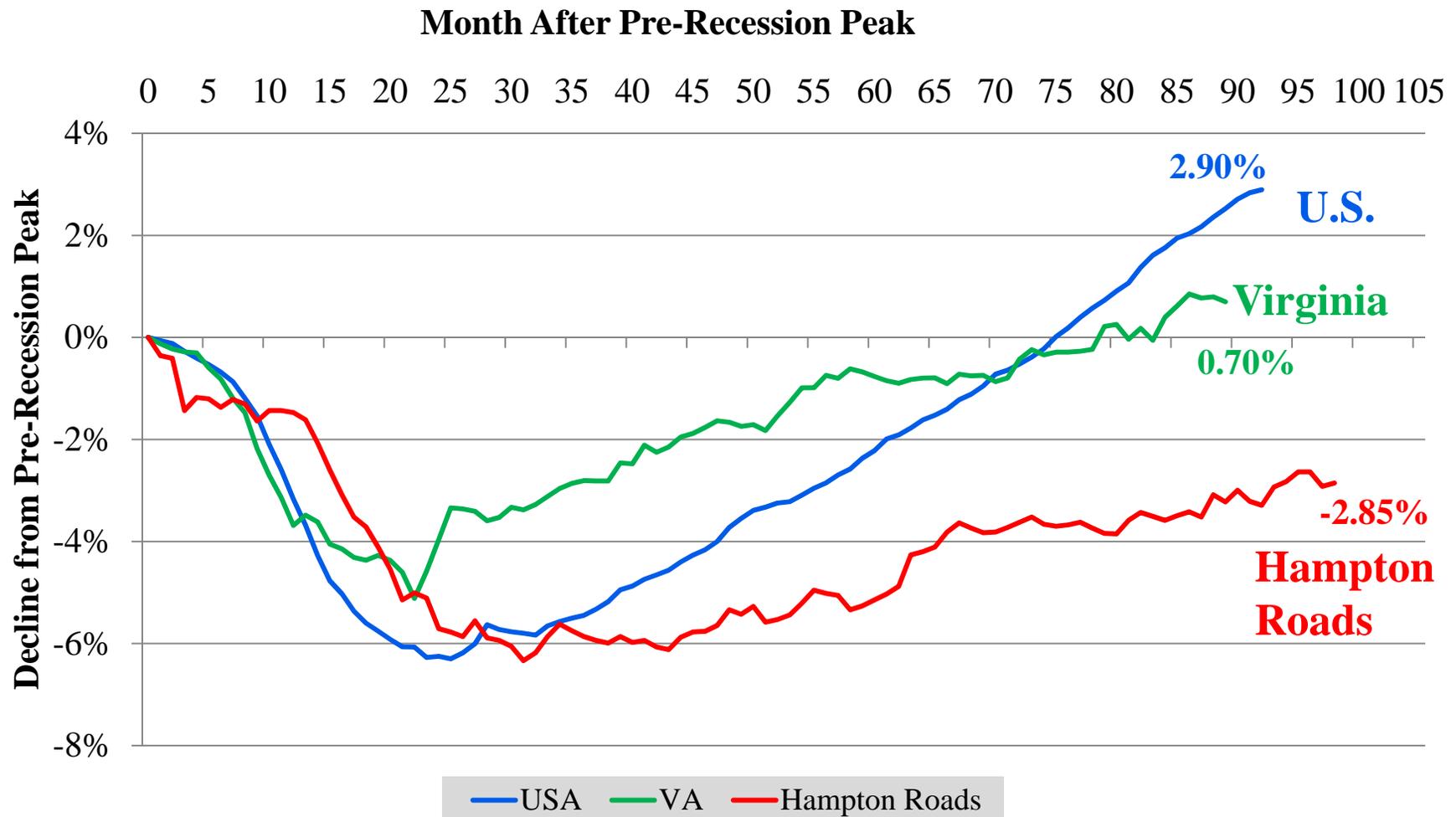


## Comparison of Unemployment Rates by Metro

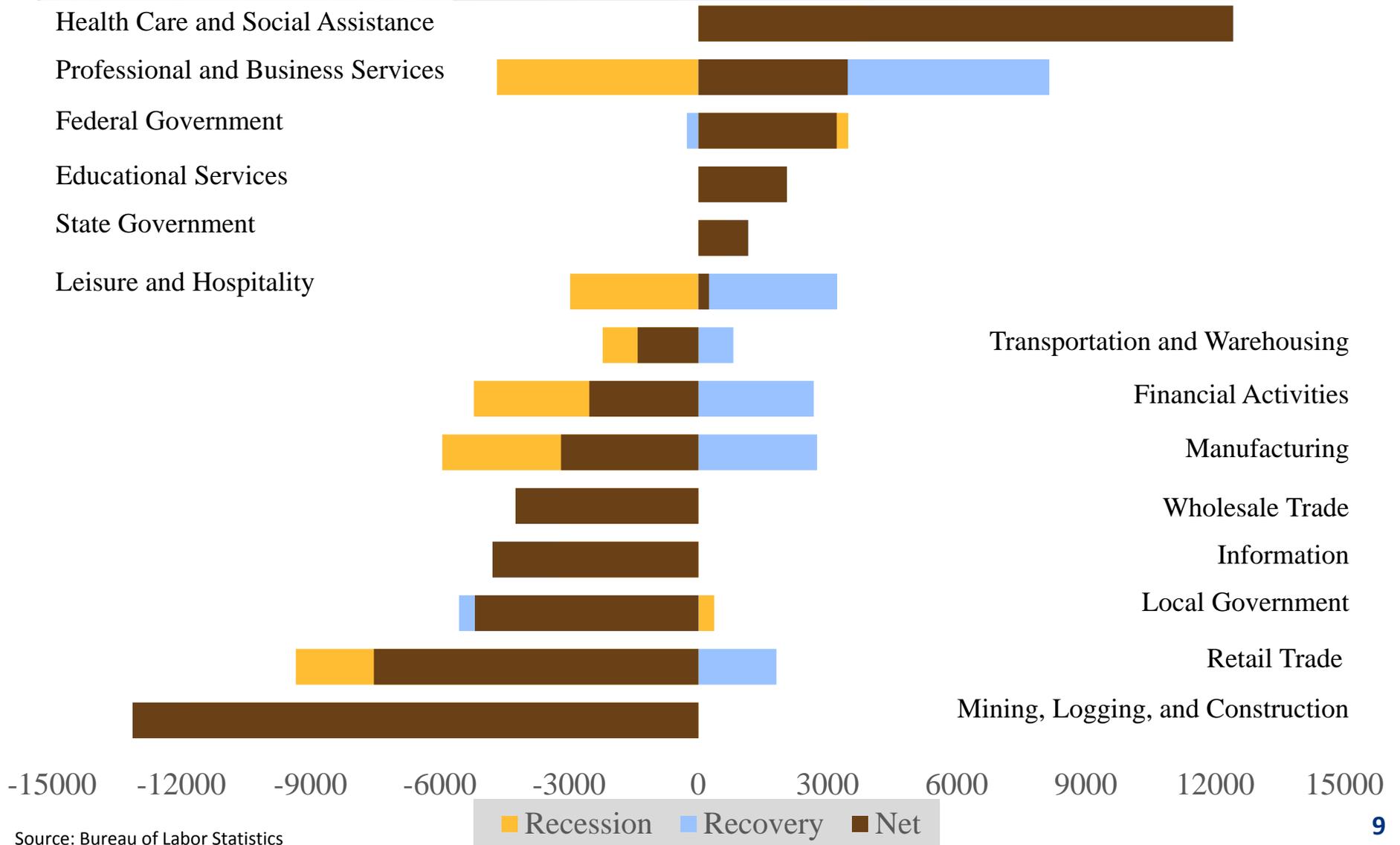


## The 2007-2009 Recession Including Virginia and Hampton Roads

### % Decline in Total US Non-farm Payroll Employment from Pre-Recession Peak

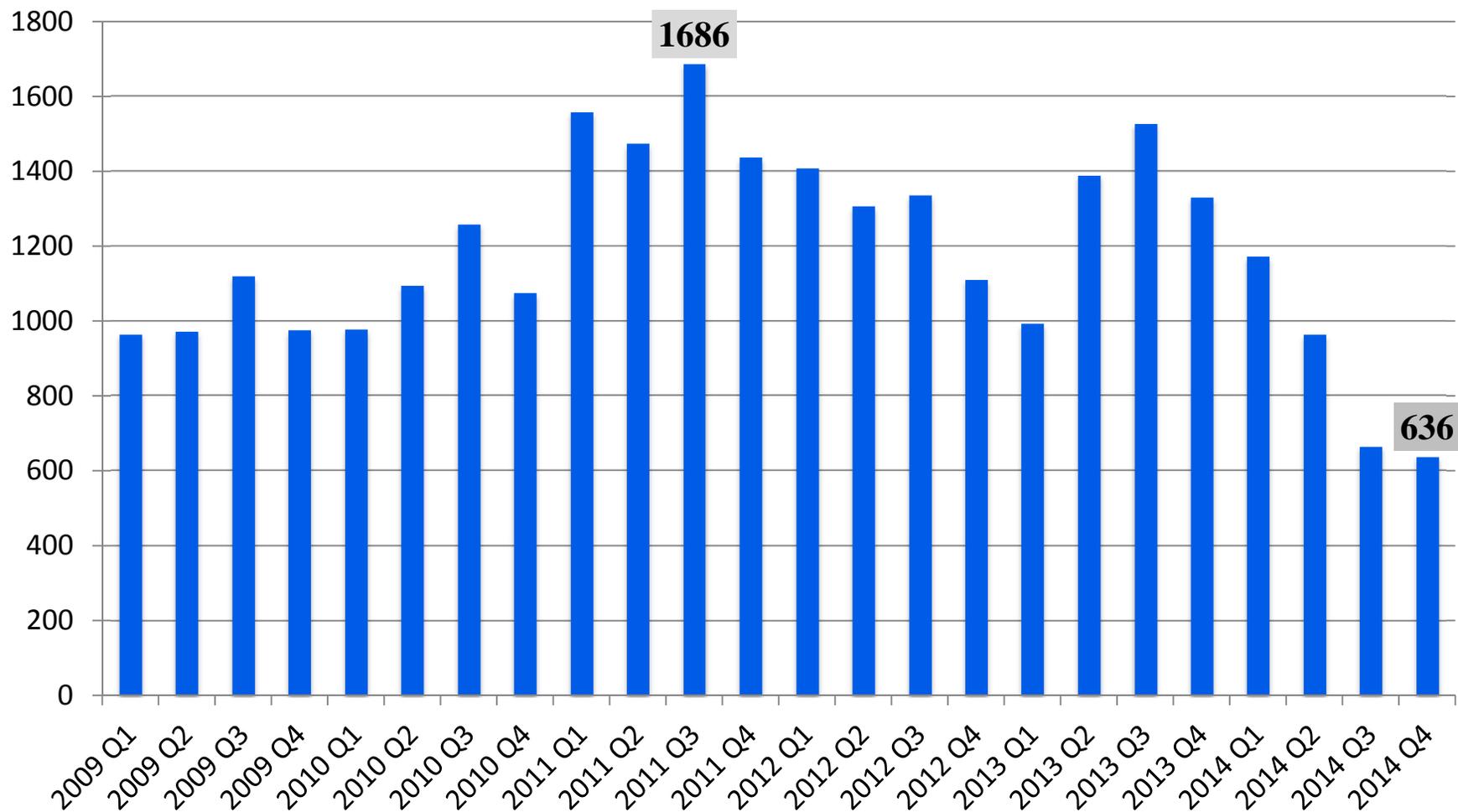


## Hampton Roads Average Job Gains and Losses (2007-present)



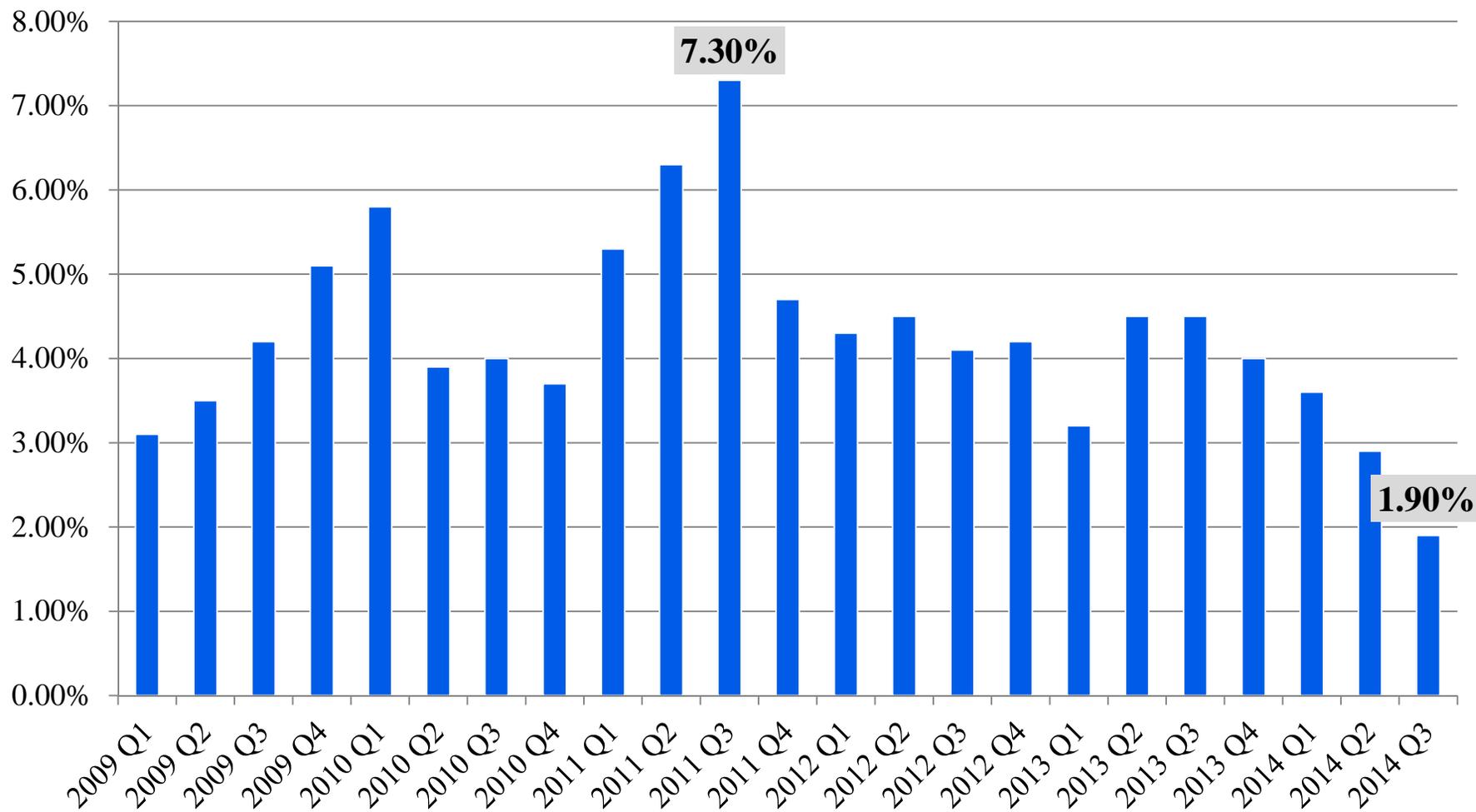
Source: Bureau of Labor Statistics

## Ship Repair and Ship Building New Hires



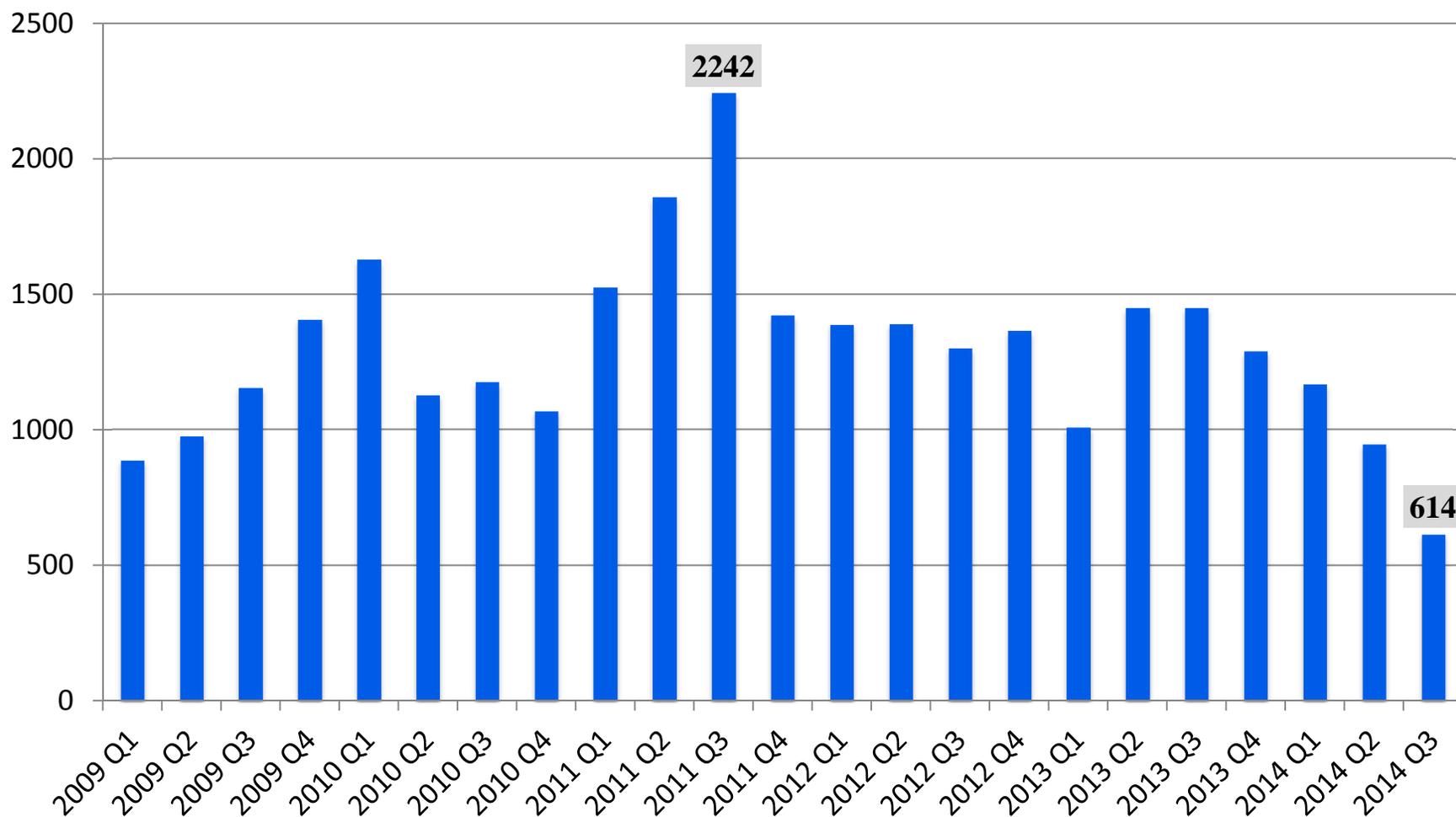
## Ship Repair and Ship Building

### New Hires as a Percent of Average Employment

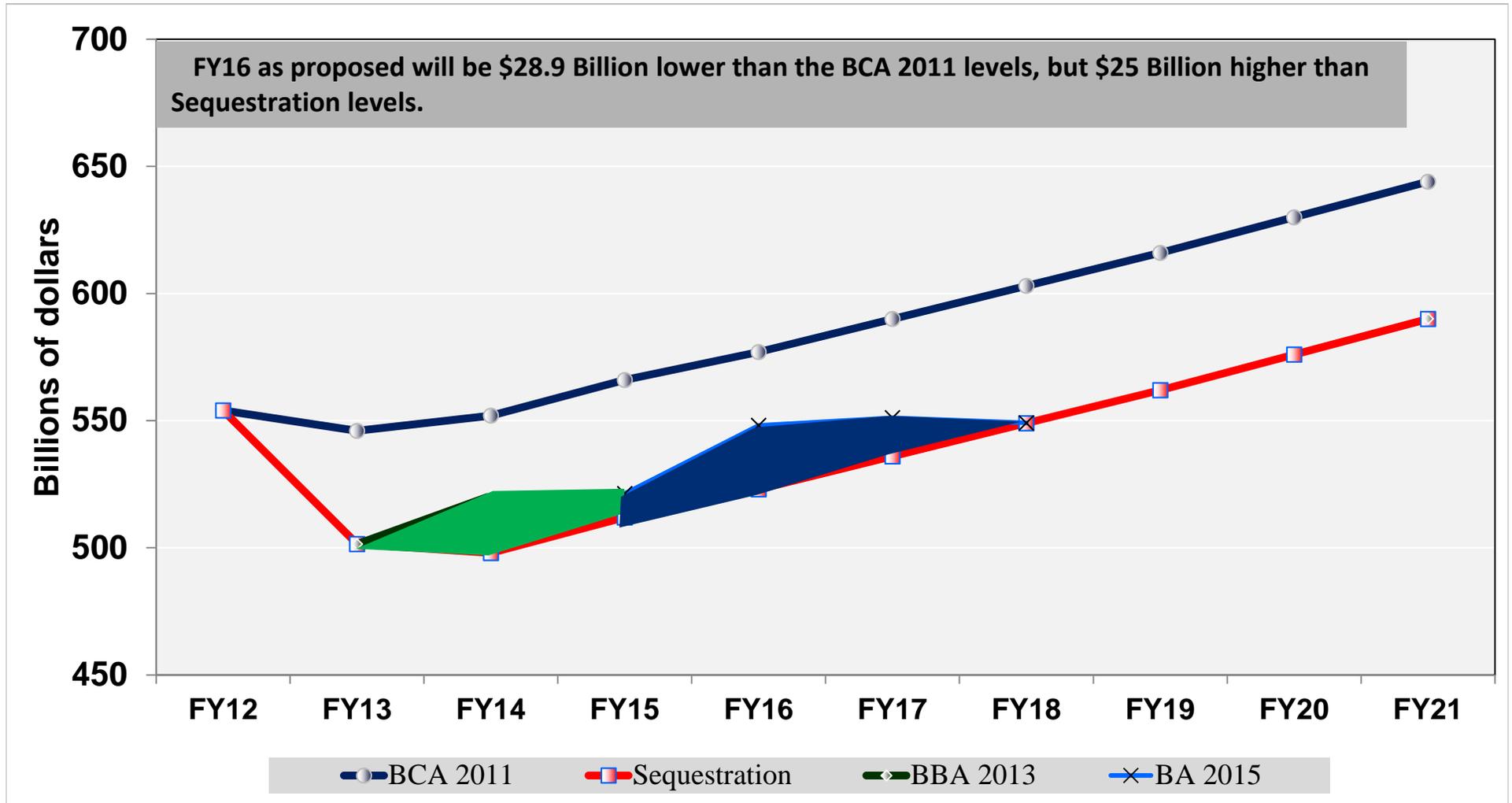


## Ship Repair and Ship Building

End of Quarter Hires (worker started in given quarter and continued to next quarter)

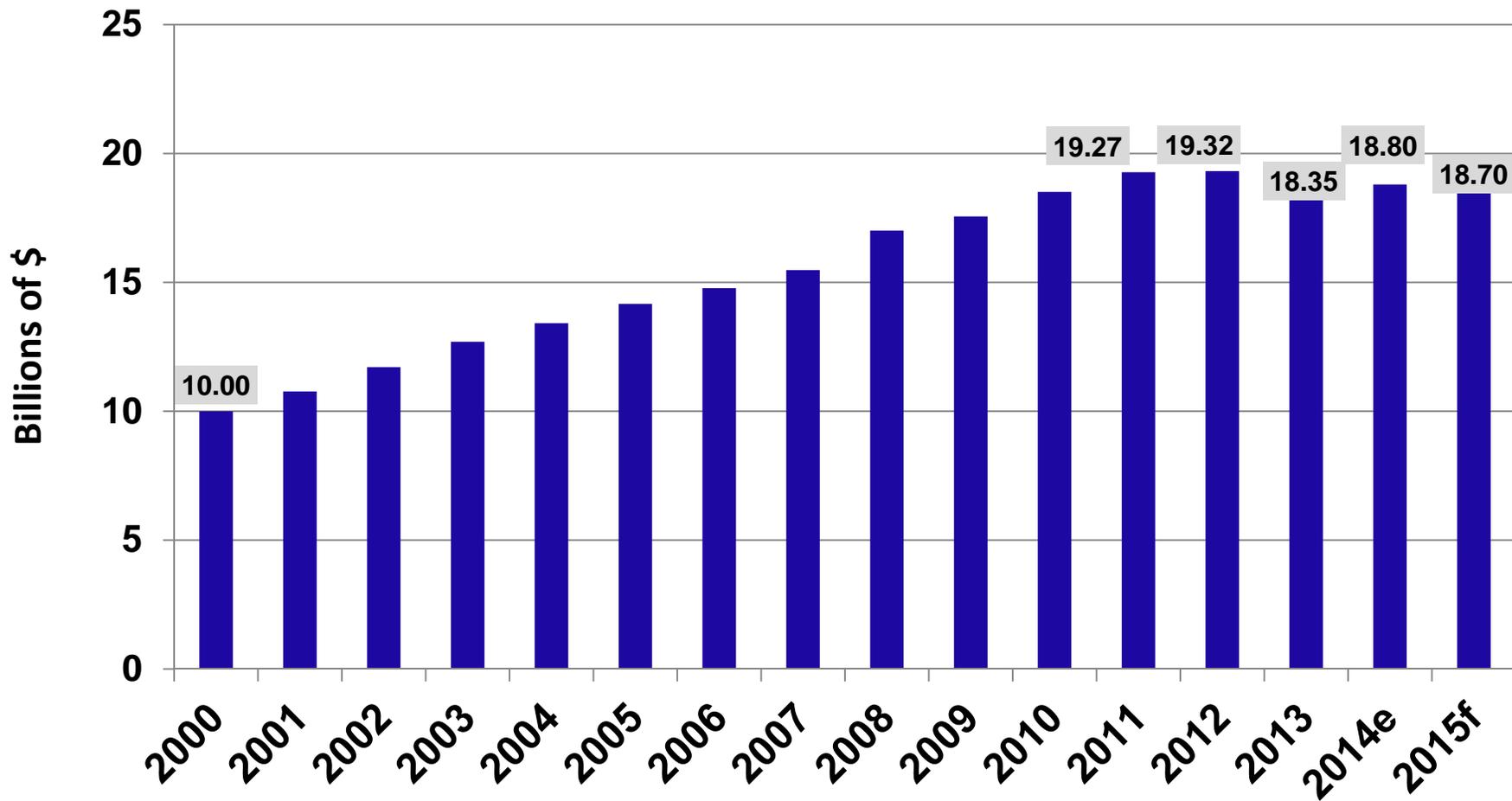


## Caps on Department of Defense Discretionary Spending FY 2012 to FY 2021



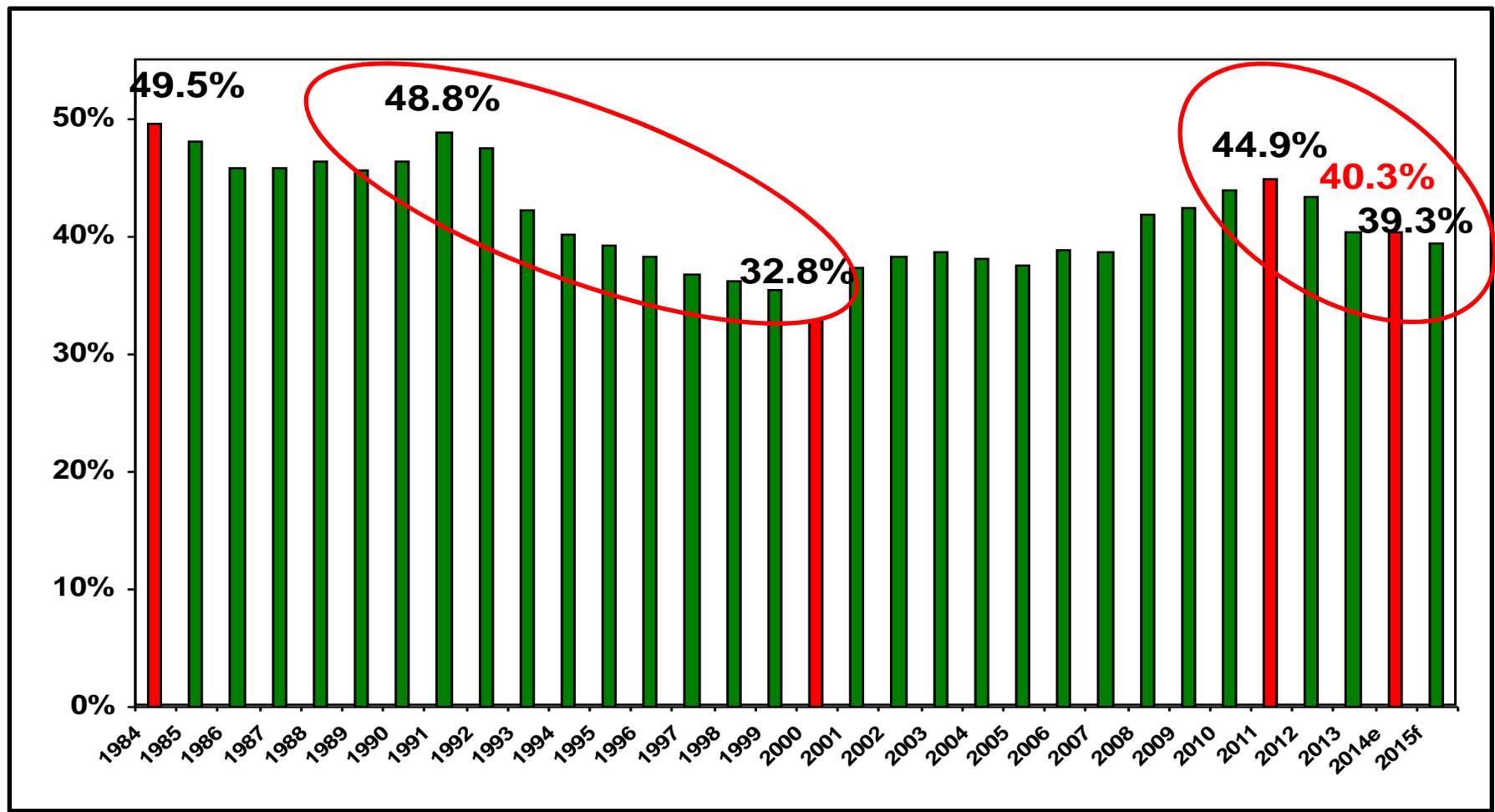
## Estimated Direct DOD Spending in Hampton Roads

2000 to 2015

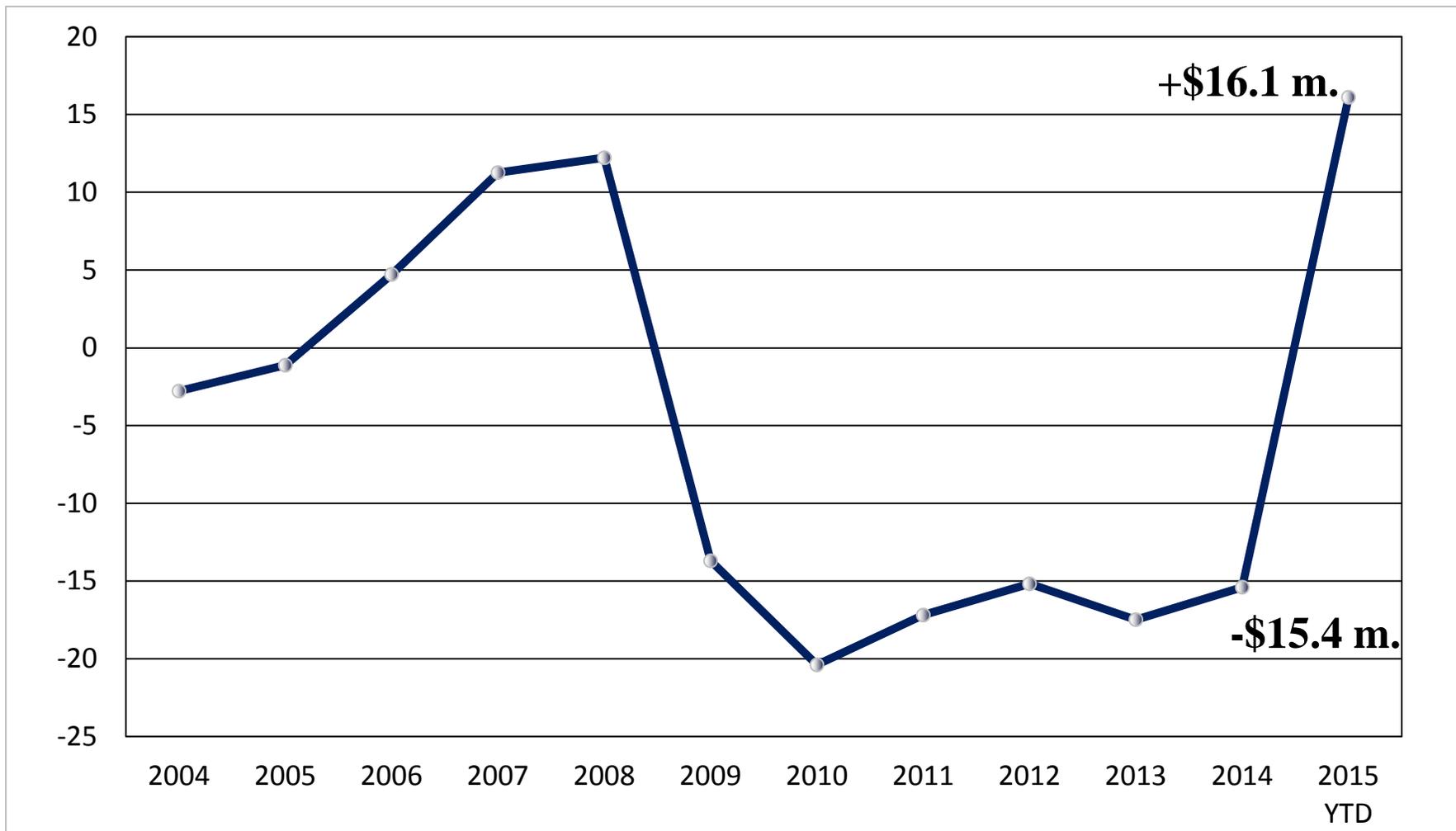


## Hampton Roads Gross Regional Product Attributable to DOD Spending

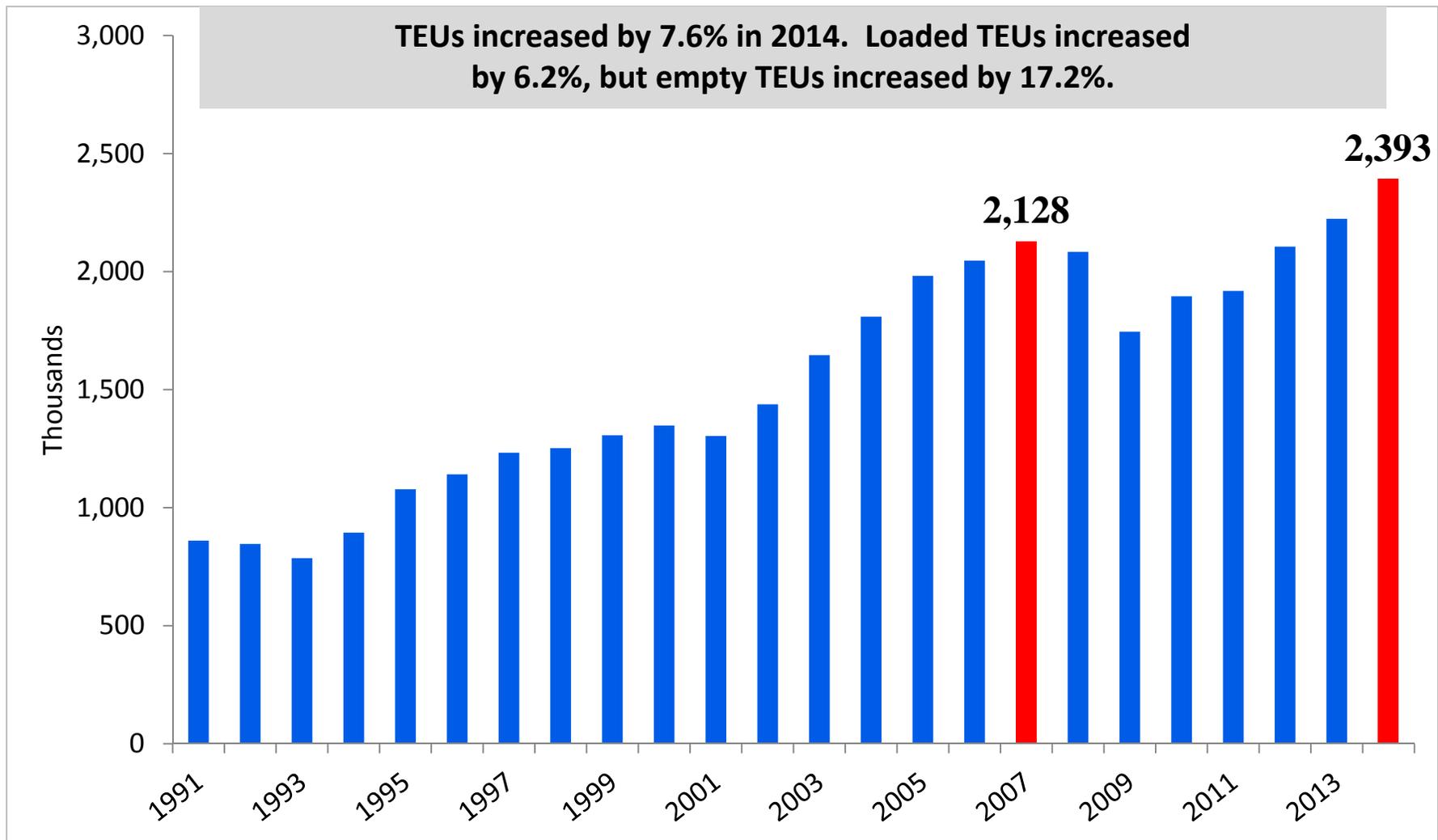
1984-2015



## Net Operating Income for the Port of Virginia



## Port of Virginia TEUs



## Number of Existing Short Sale and REOs Residential Homes Sold

### Hampton Roads: 2006- 2015\*

Year	All Sales	Short Sales	Percent Short Sales	REO Sales	Percent REO Sales
2006	22,405	3	<1%	56	<1%
2007	19,152	40	<1%	223	1.2
2008	15,047	217	1.4	833	5.5
2009	15,849	598	3.8	2,271	14.3
2010	14,696	784	5.3	3,021	20.6
2011	15,817	1,127	7.1	<b>4,213</b>	<b>26.6</b>
2012	16,856	1,644	9.8	3,337	19.8
2013	18,791	1,769	9.4	3,178	16.9
2014	18,700	1,347	7.2	2,744	14.7
2015*	15,731	959	6.1	1,970	12.5

Source: Real Estate Information Network and Old Dominion University Economic Forecasting Project. Information Deemed Reliable But not Guaranteed.

\* Data for 2015 is through September 2015.

## Median Sale Price of Existing Residential Homes

### Hampton Roads: 2002-2015\*

Year	Median Price	Percent change year to year
2002	\$116,900	7.3%
2003	\$130,000	<b>11.2%</b>
2004	\$156,500	<b>20.4%</b>
2005	\$192,000	<b>22.7%</b>
2006	\$214,900	<b>11.9%</b>
2007	<b>\$223,000</b>	3.8%
2008	\$219,000	<b>-1.8%</b>
2009	\$207,000	<b>-5.5%</b>
2010	\$203,900	<b>-1.5%</b>
2011	\$180,000	<b>-11.7%</b>
2012	<b>\$185,000</b>	<b>+2.78%</b>
2013	<b>\$190,000</b>	<b>+2.70%</b>
2014	<b>\$193,205</b>	<b>+1.70%</b>
2015*	<b>\$204,900</b>	<b>+5.13%*</b>

**90% increase  
from 2002-07**

**19% decrease  
From 2007-11**

Source: Real Estate Information Network and Old Dominion University Economic Forecasting Project. Information deemed reliable but not guaranteed.

\* Data for 2015 are through September 2015 and are compared to median price (\$194,900) through September 2014

## Performance of the Hampton Roads Economy YTD September 2014 and YTD September 2015

	<u>YTD Sep</u> <u>2014</u>	<u>YTD Sep</u> <u>2015</u>	<u>% Change</u>
Civilian Labor Force	847,542	841,042	-0.77
Employment	798,191	797,099	-0.14
Unemployment	49,351	43,942	-10.96
Unemployment Rate	5.82%	5.22%	
Civilian Non-Farm Jobs	752,089	757,956	+0.78
Number of Jobs added since previous December	1,600	2,900	
New Auto Registrations (Aug-Aug)	55,106	57,709	+4.72
Taxable Sales (Aug-Aug)	\$13.72B	\$14.22B	+3.60

## Performance of the Hampton Roads Economy YTD September 2014 and YTD September 2015

	<u>YTD Sep</u> <u>2014</u>	<u>YTD Sep</u> <u>2015</u>	<u>% Change</u>
Hotel Revenue	\$572.30M	\$606.72M	+6.01
General Cargo Tonnage	13.75M	15.12M	+9.93
TEU Containers	1,759,894	1,915,293	+8.83
Number of 1 Unit Housing Permits	2,949	3,198	+8.44
Value of 1 Unit Housing Permits	\$612.44M	\$678.49M	+10.79
Number of Existing Homes Sold	14,077	15,733	+11.76
Distressed Homes as a percentage of all Existing Homes Sold	22.31	18.62	
Median Price of Existing Homes Sold	\$194,900	\$204,900	+5.13

## National and State Forecast for Real GDP Growth 2015 and 2016

	2015 Forecast			2016 Forecast		
	US	VA	HR	US	VA	HR
Real GDP Growth	2.39%	1.33%	1.10%	2.98%	1.98%	1.27%

