



# Economic Forecasting Project

## Status of the Hampton Roads Economy

August 1, 2012

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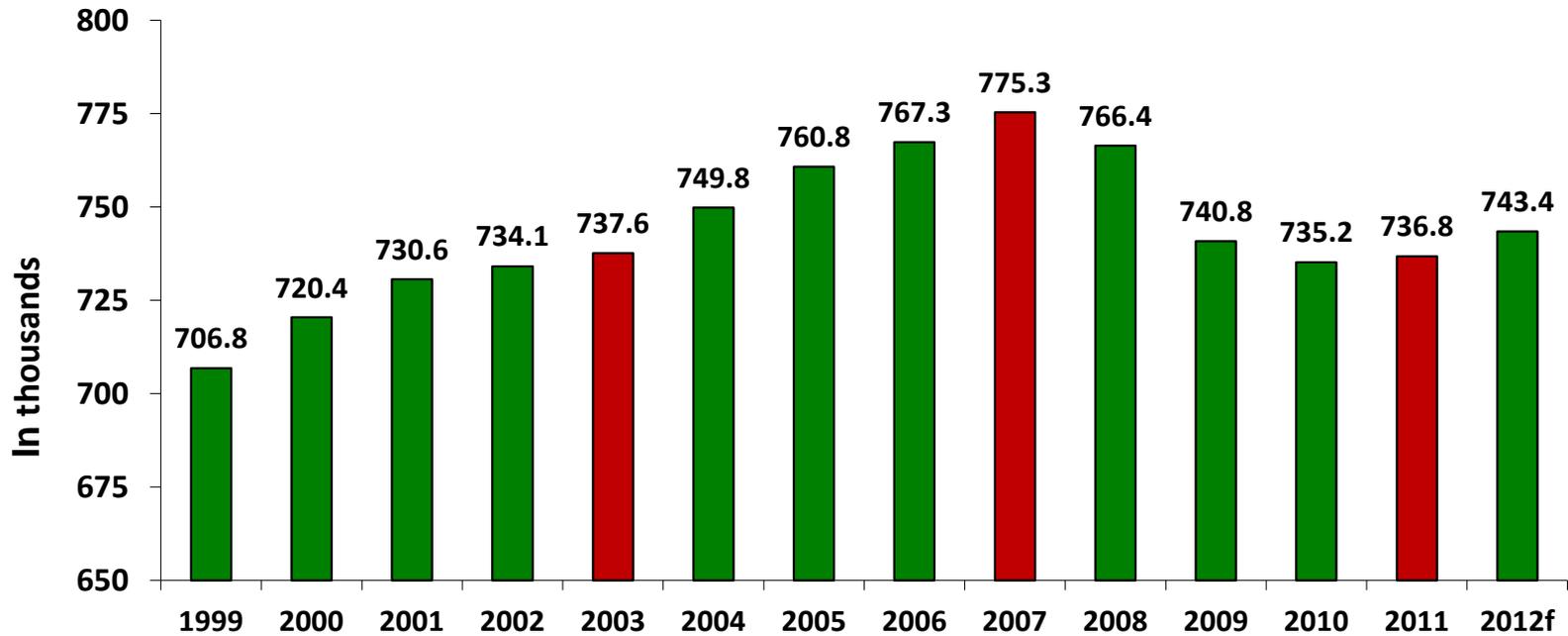
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## Presentation outline

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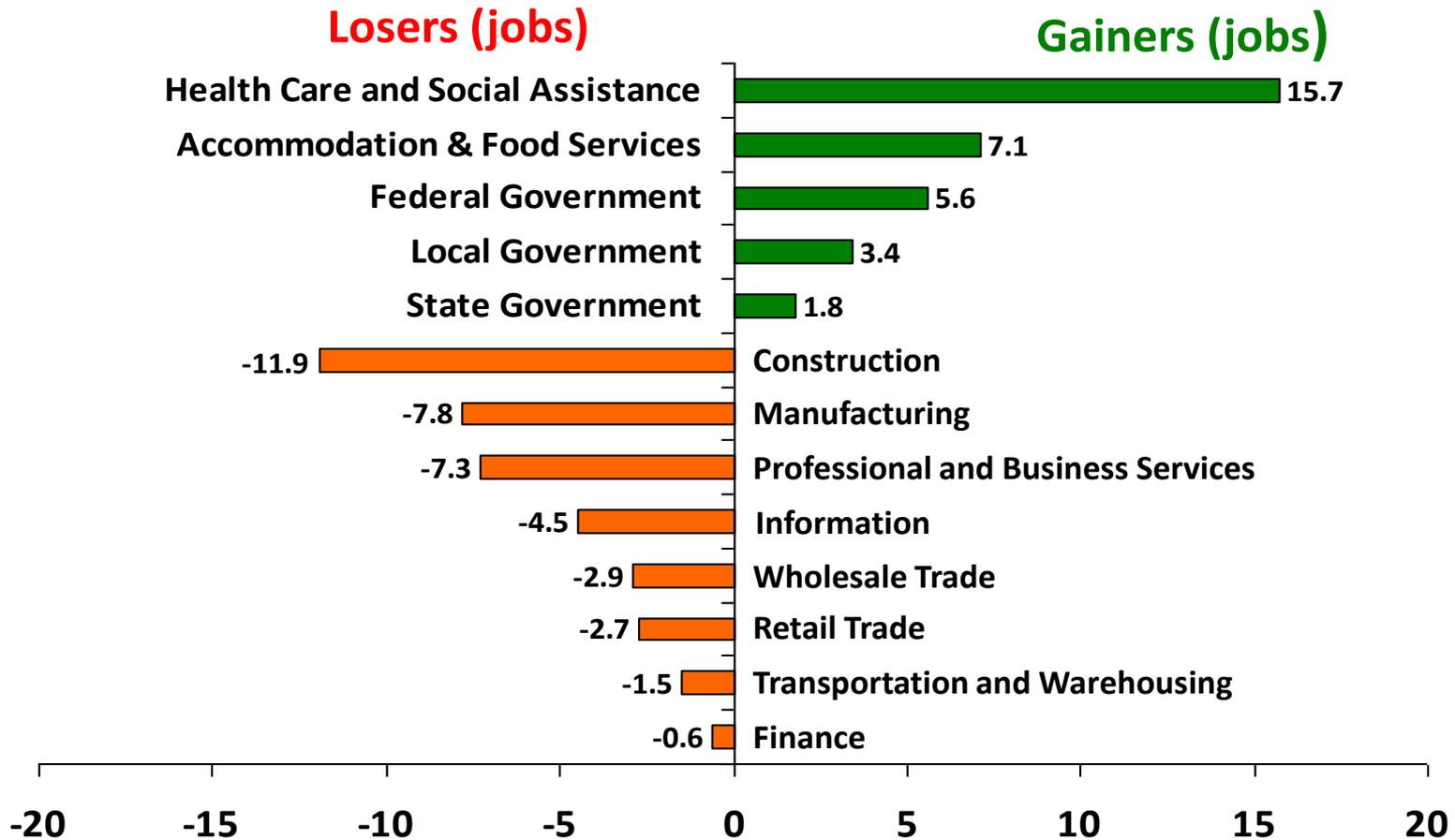
- A. Jobs, Employment, and Unemployment Rate
- B. Defense
- C. Residential Housing Market
- D. Performance of the Hampton Roads Economy during the first six months of 2012

## Civilian Employment (Jobs) in Hampton Roads: 1999-2012



## Job Gains and Losses in Hampton Roads in 2003-2011

(in thousands)



## Average Private Sector Weekly Wages in Selected Industries

### Hampton Roads: 2003 and 2011

INDUSTRY	4 <sup>th</sup> Quarter 2003	4 <sup>th</sup> Quarter 2011	change
Construction	\$709	\$930	\$221
Manufacturing	\$908	\$1,093	\$185
Wholesale Trade	\$947	\$1,129	\$182
Retail Trade	<b>\$405</b>	<b>\$452</b>	<b>\$47</b>
Transportation & Warehousing	\$790*	\$1,012	\$222
Information	\$795*	\$1,001	\$206
Finance & Insurance	\$867	\$1,210	\$343
Professional & Business Services	\$1,075	\$1,374	\$299
Health Care & Social Assistance	<b>\$696*</b>	<b>\$841</b>	<b>\$145</b>
Accommodation & Food Services	<b>\$242</b>	<b>\$294</b>	<b>\$52</b>

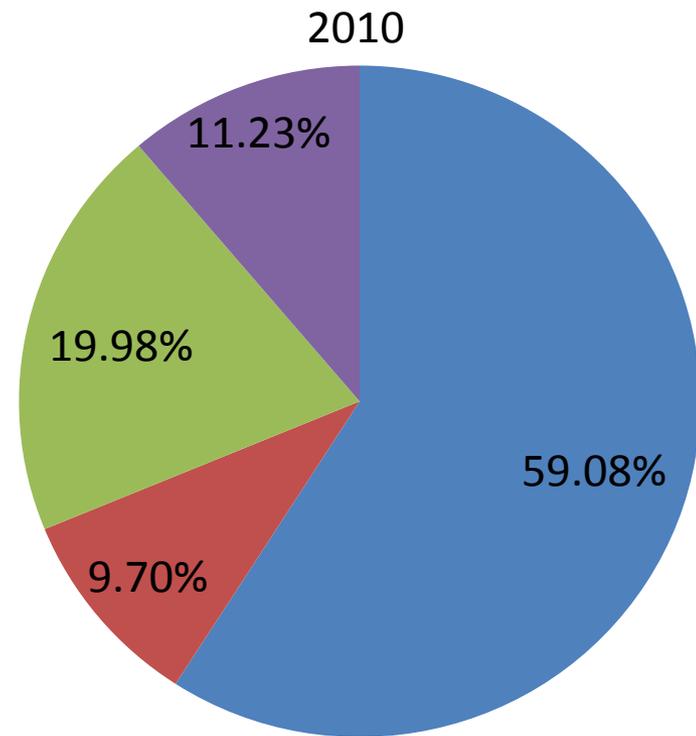
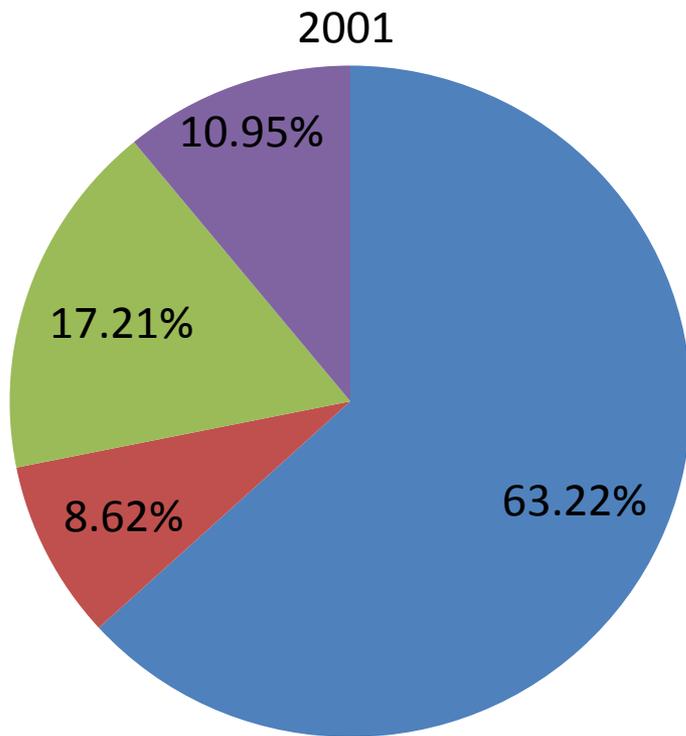
## Estimated Average Total Compensation (Wages, Salaries & Benefits)

### Selected Categories (2001 to 2010)

	Earnings in 2001	Earnings in 2010	Percent Increase
Hampton Roads Military	\$56,811	\$109,766	93.2%
Hampton Roads Federal Civilian Govt. Employees	\$70,742	\$101,018	42.8%
Hampton Roads State and Local Govt. Employees	\$38,730	\$52,924	36.7%
Hampton Roads Private Sector	\$32,988	\$41,917	27.1%
U.S. Private Sector	\$41,103	\$49,626	20.7%

## Shares of Selected Sectors as Measured by Total Compensation

### Hampton Roads: 2001 and 2010



- Share of private sector
- Share of Federal Civilian Government

- Share of Military
- Share of State & Local Government

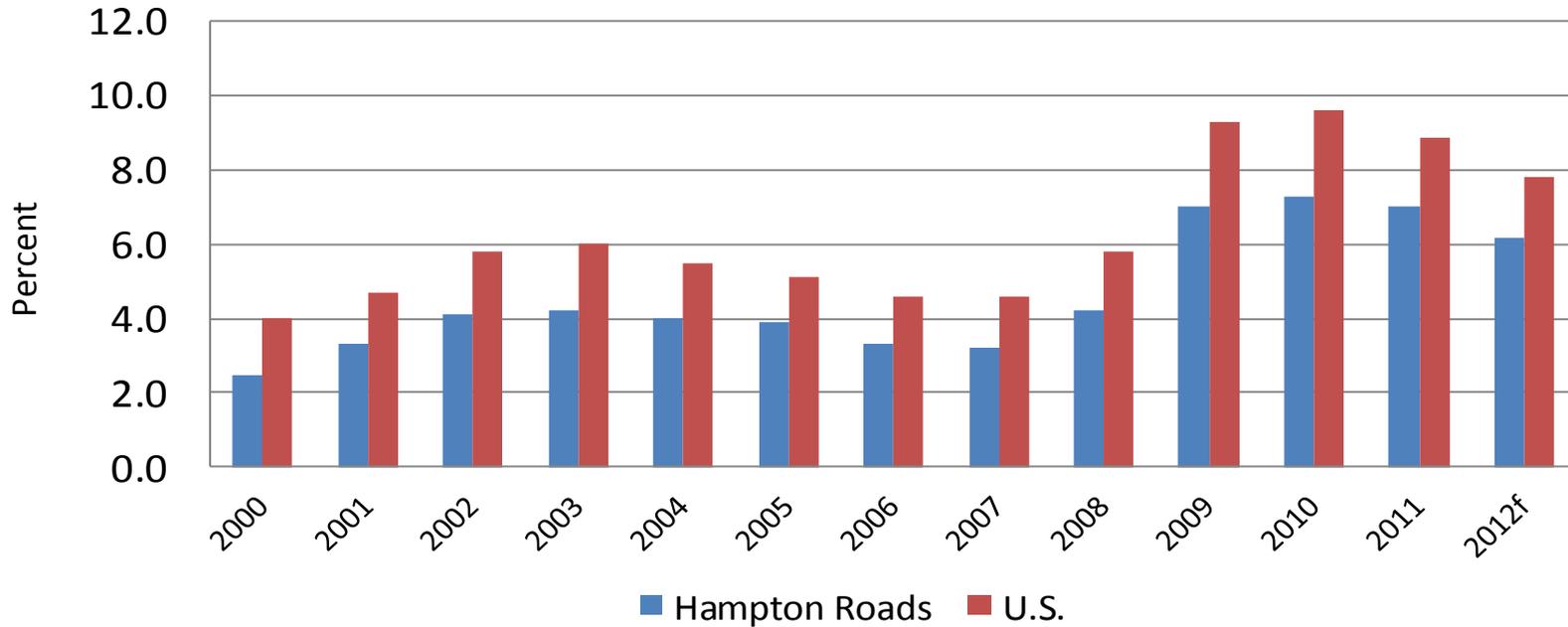
## Civilian Job Gains or Losses in Thousands in Selected Areas

2003 to 2010

AREA	2003-07	2007-10	2003-2010
Hampton Roads	37.7	-40.1	-2.4
Charlotte*	96.0	-53.7	42.3
Jacksonville	70.7	-50.8	19.9
Raleigh-Durham*	116.1	-43.0	73.1
Richmond	45.4	-30.9	14.5
USA	7,599.0	-7,724.0	-125.0
Virginia	263.9	-123.3	140.6

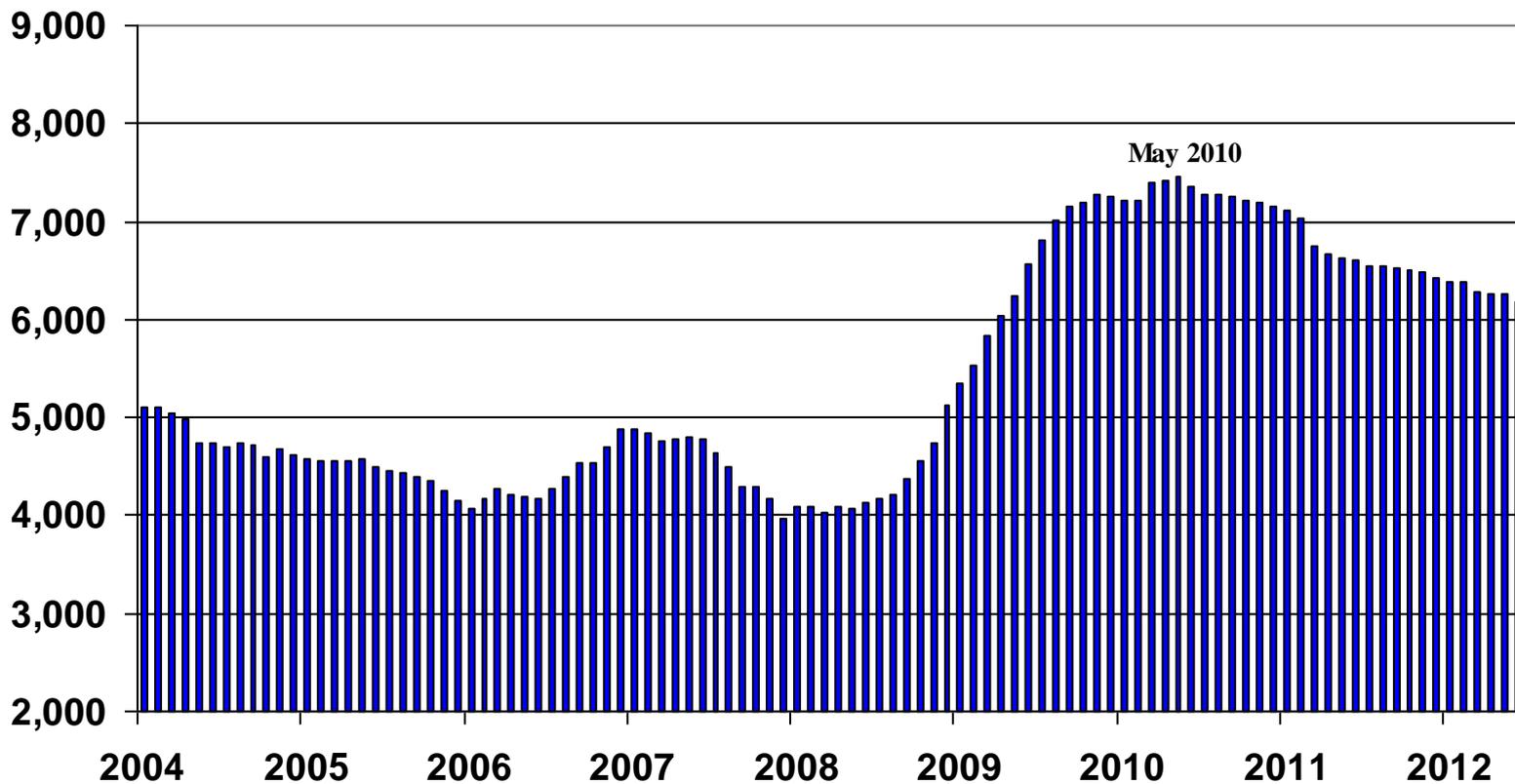
## Hampton Roads and US Annual Unemployment Rate

2000 to 2012



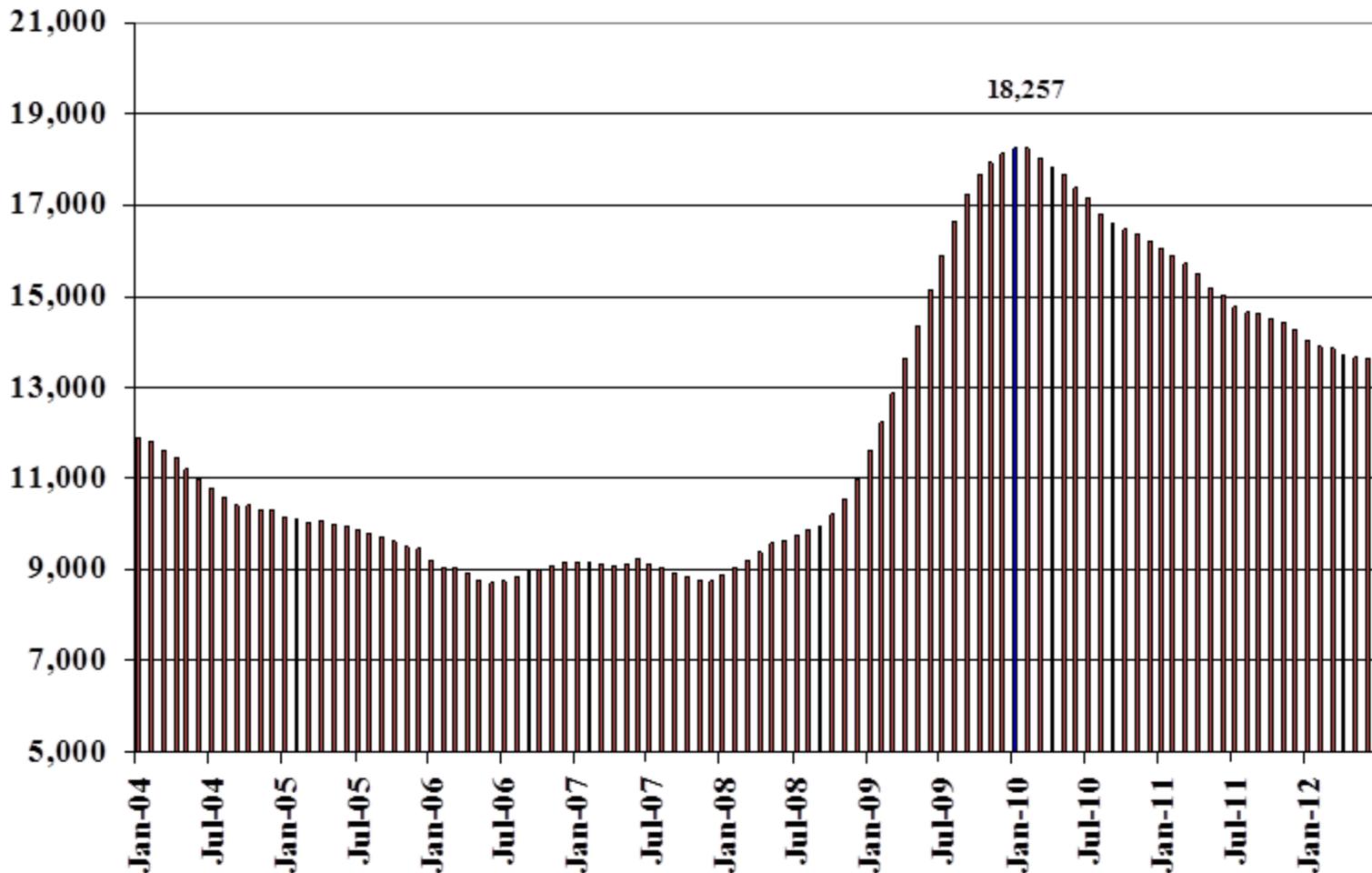
## Monthly Initial Unemployment Claims for Hampton Roads

January 2004 through June 2012 (12 Month Moving Average)



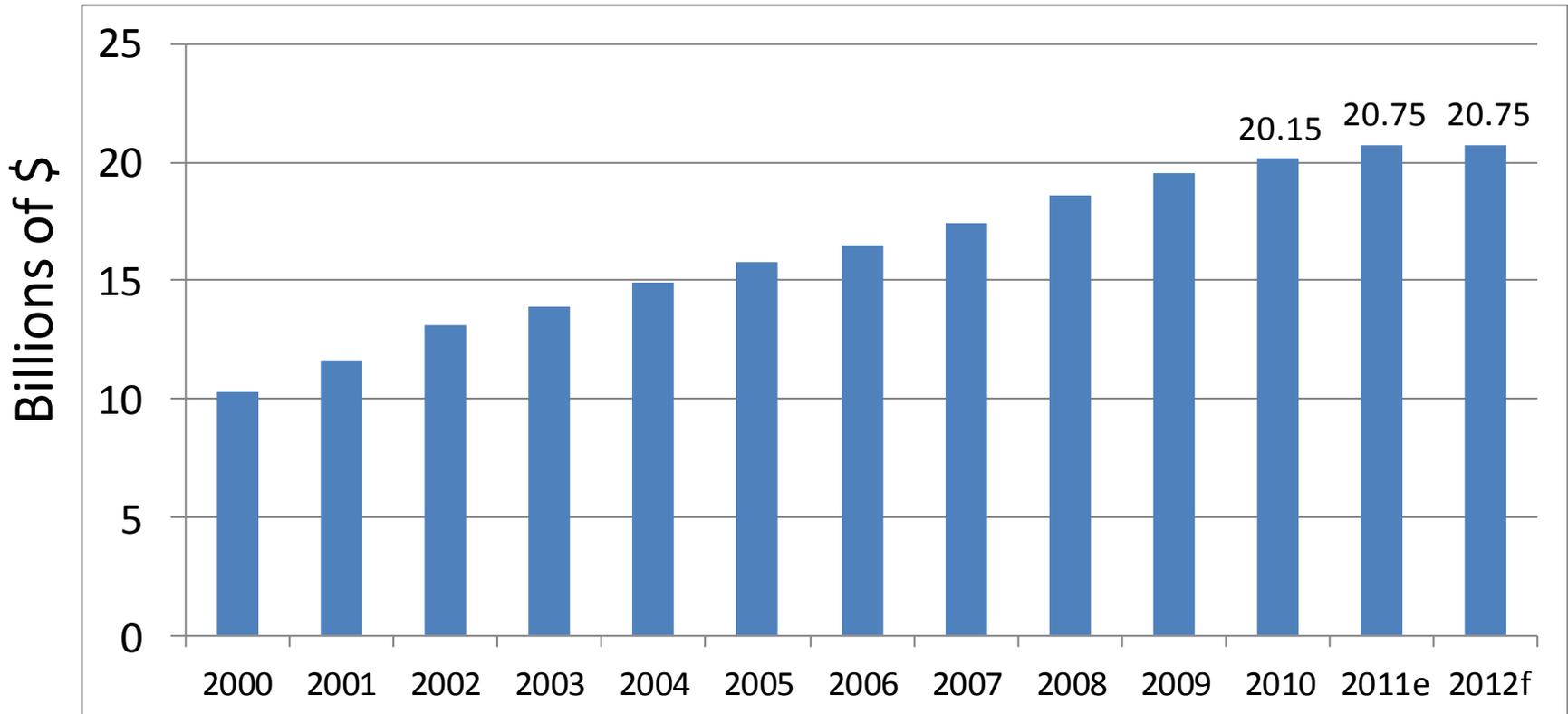
## Total Unemployment Insurance Claims for Hampton Roads

January 2004 through June 2012 (12 Month Moving Average)



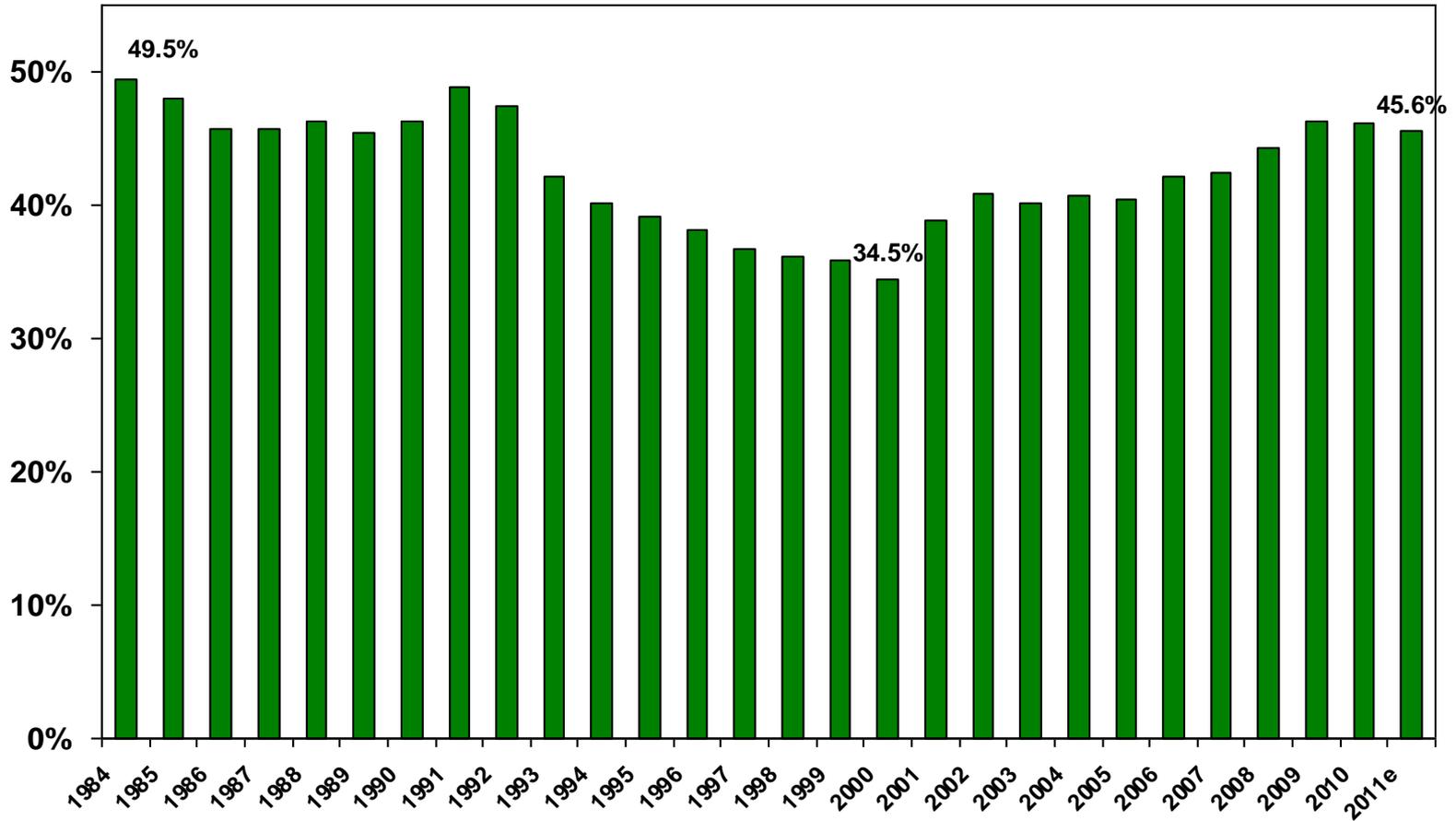
## Estimated Direct DOD Spending in Hampton Roads\*

2000 to 2012



## Hampton Road's GRP Attributable to DOD Spending

1984 to 2011



## Intermediate Threats to DOD Spending in Hampton Roads

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- Time horizon of 1-10 years
- **General Defense Spending Cuts** already are in place for about \$487 billion over next 10 years (\$259 billion over first five years).
- In addition, since the Super Committee failed to act, \$1.2 trillion in automatic cuts are likely to be imposed — and apparently \$500+ billion will come from defense effective January 2013 (Sequestration).
- We also appear to be in store for one round of Base Realignment and Closure Commissions (BRAC) –2015

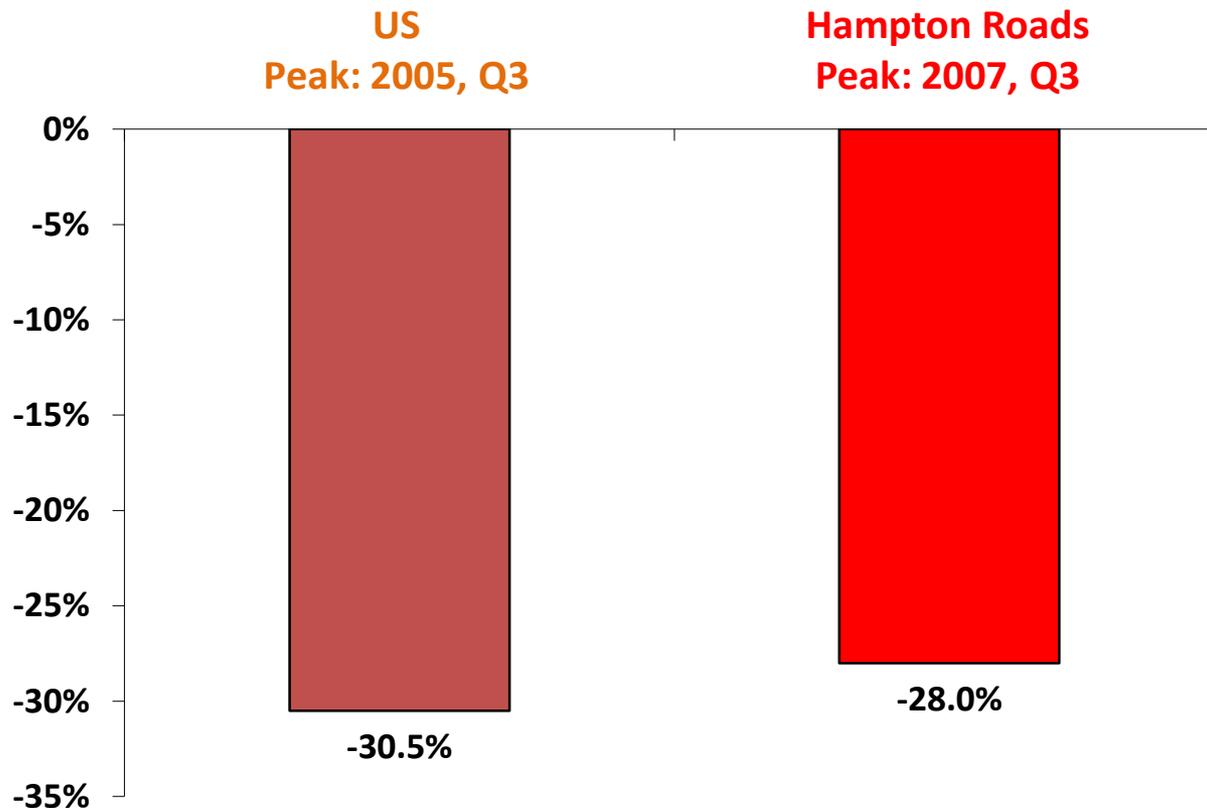
## Estimated Effect of Potential Additional Reduction in DOD Spending

Beginning in January 2013 in Hampton Roads

	Reduction in DOD Spending	GRP Loss	Job Loss	Jobs as a Percent of MSA Total	Percent GRP Loss
CBO Estimate (7 percent)	\$1.45 billion	\$2.64 billion	26,900	2.69%	3.19%
Center for Strategic and Budgetary Assessment (11 percent )	\$2.28 billion	\$4.16 billion	42,450	4.24%	5.02%

## Cumulative Decline in Median Single Family House Prices

Quarter Peak\* to 1<sup>st</sup> Quarter 2012 for Existing Homes, excluding condominiums



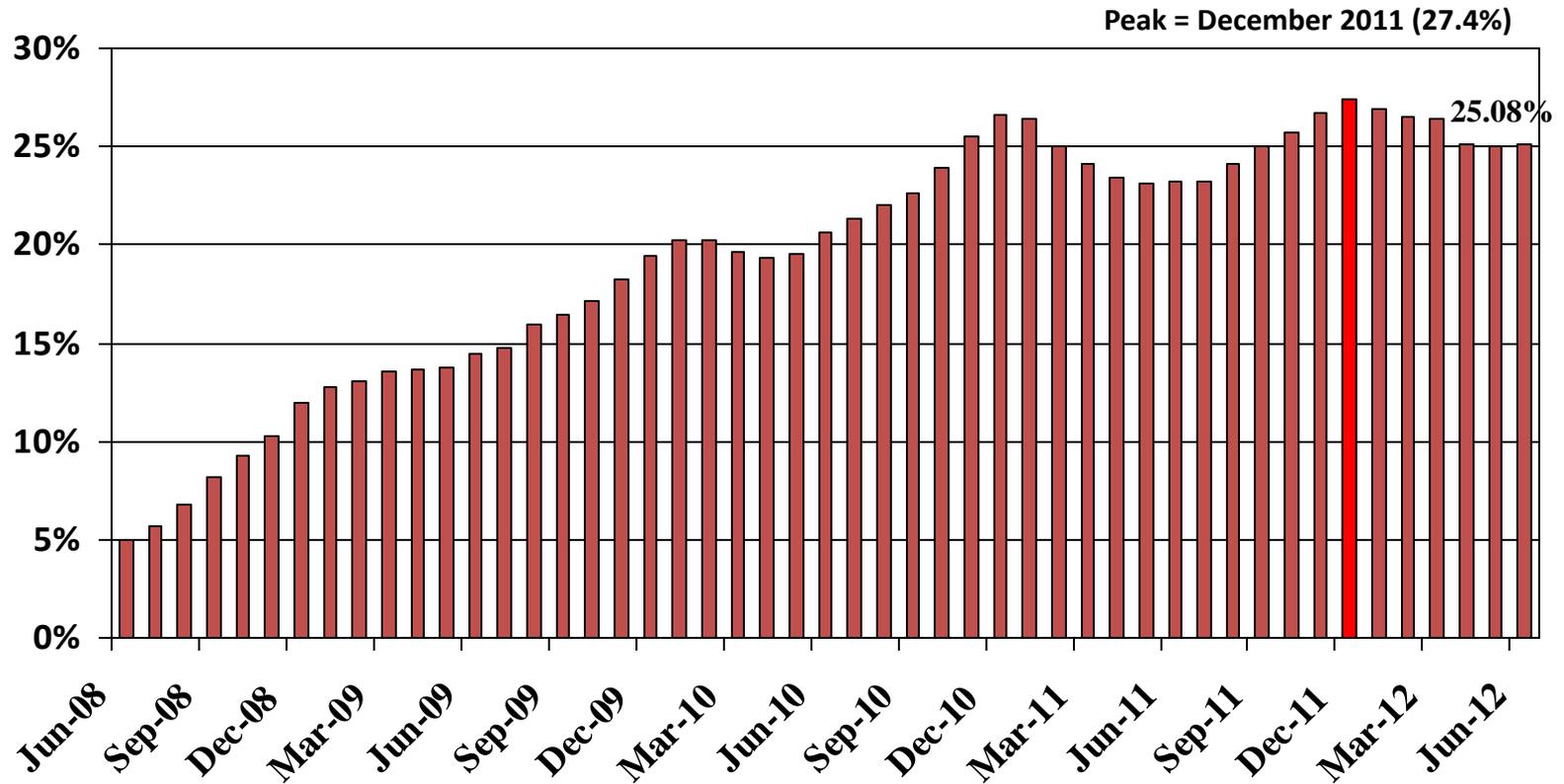
## Median Sale Price of Existing Residential Homes in Hampton Roads

2000 to 2012

Year	Median Price	Percent change year to year
2000	\$99,900	
2001	\$109,000	9.1%
2002	\$116,900	7.2%
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	\$223,000	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*	\$180,000	<b>+0.06%</b>
<b>2002-06</b>		<b>83.8%</b>

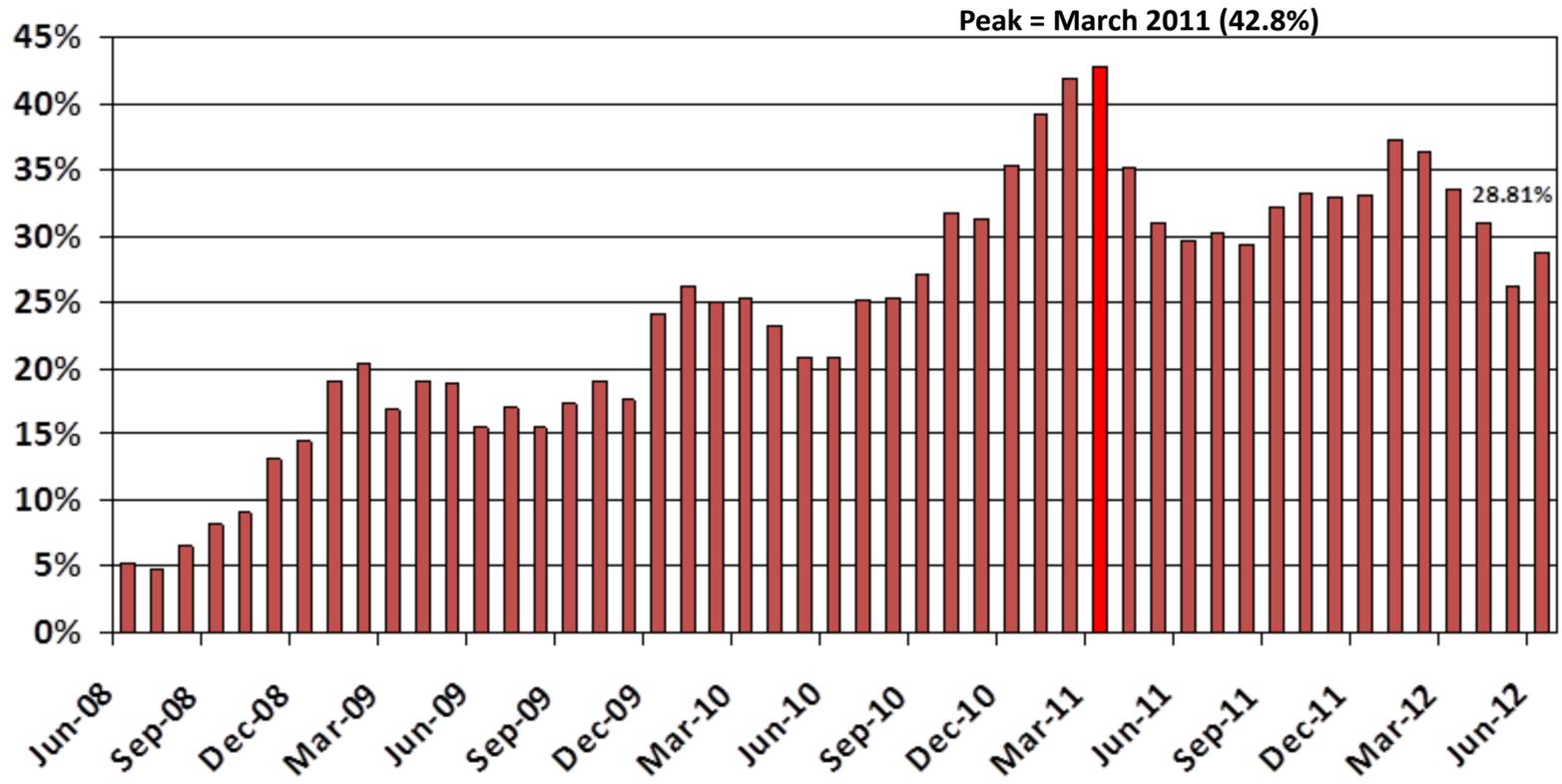
## Active Listing of Distressed Homes (REO & Short Sales)

As a Percentage of Total Existing Residential Homes Listings in Hampton Roads



## Sales of Distressed Homes (REO & Short Sales)

As a Percentage of Total Existing Residential Homes Sold in Hampton Roads



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

Hampton Roads: 2006 to 2012\*

Year	All Sales	Short Sales	REO Sales	Percent Short Sales	Percent REO Sales
2006	22,405	3	56	<1%	<1%
2007	19,152	40	223	<1%	1.2
2008	15,047	217	833	1.4	5.5
2009	15,849	598	2,271	3.8	14.3
2010	14,696	784	3,021	5.3	20.6
2011	15,817	1,127	4,213	7.1	26.6
2012*	8,147	791	1,773	9.7	21.8

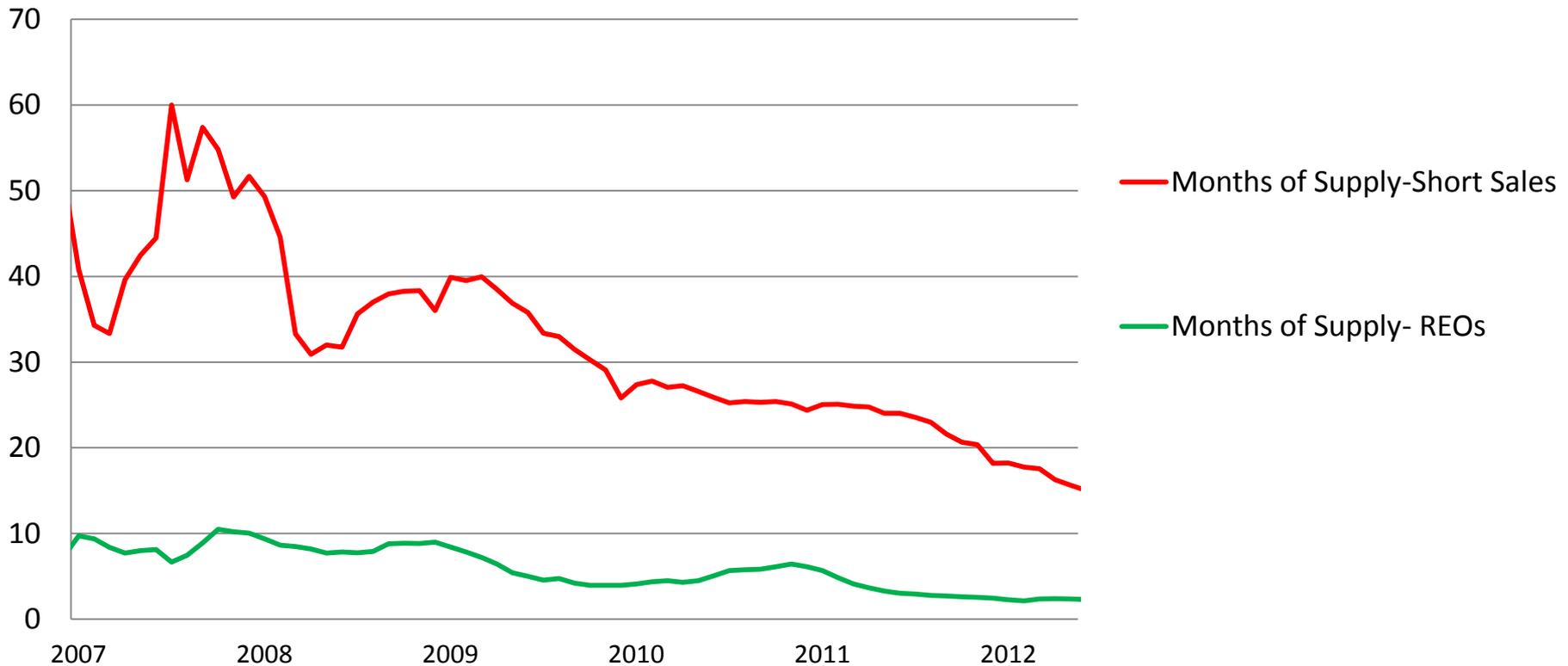
## Average Price of Existing Homes Sold by Selected Categories

Hampton Roads: 2006 to 2012\*

Year	Non-Distressed Sales	Short Sales	REO Sales	Short Sale price as a Percent of Price of Non-Distressed Sales	REO Price as a Percent of Price of Non-Distressed Sales
2006	\$250,254	\$241,666	\$120,817	96.6	48.3
2007	\$261,723	\$237,897	\$163,421	90.9	62.4
2008	\$255,852	\$239,110	\$184,462	93.5	72.1
2009	\$243,902	\$239,913	\$164,229	98.4	67.3
2010	\$251,572	\$231,211	\$151,612	91.9	60.3
2011	\$236,358	\$212,967	\$135,304	90.1	57.3
2012*	\$234,745	\$190,253	\$132,948	81.1	56.6

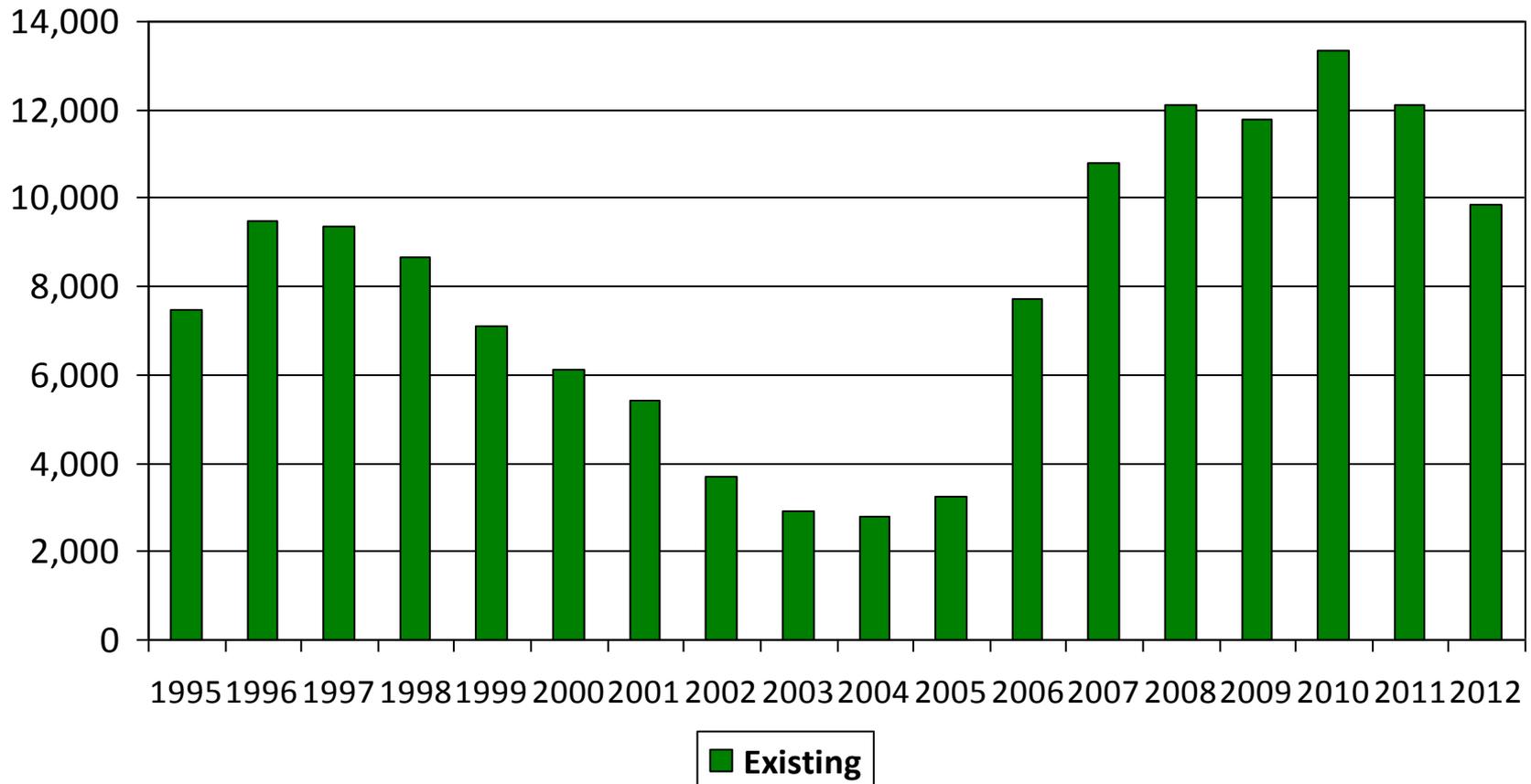
## Estimated Months of Supply of Short Sales & REOs Existing Homes

Based on Average Sales in Hampton Roads in the Last 12 Months: 2007-2012\*



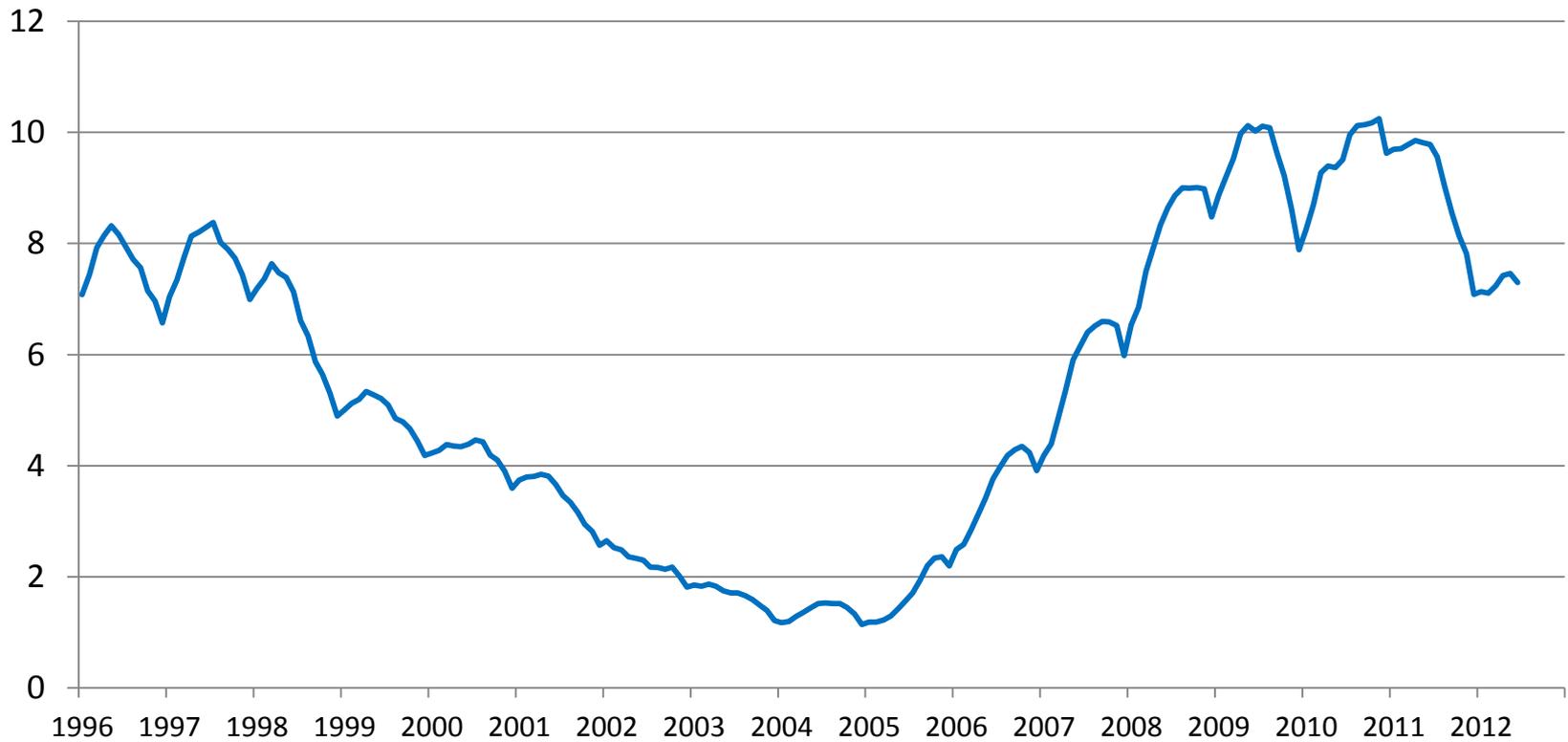
## Estimated Inventory of Existing Residential Homes

Measured by Active Listings on June 30 of Each Year in Hampton Roads



## Estimated Months of Supply of All Existing Homes

Based on Average Sales in Hampton Roads in the Last 12 Months: 1996-2012\*



## Performance of Hampton Roads Economy: First Six Months of 2012

	YTD June 2011	YTD June 2012	% Change
Civilian Labor Force*	838,835	843,184	+0.52
Employment*	780,513	788,131	+0.98
Unemployment*	58,322	55,053	-5.61
Unemployment Rate*	6.98%	6.54%	
Civilian Non-Farm Jobs	733,230	736,500	+0.47
New Auto Registrations	36,290	40,270	+10.97
Taxable Sales*	\$7.58B	\$7.88B	+3.97

\*These figures are for YTD May 2011 and YTD May 2012 respectively.

## Performance of Hampton Roads Economy: First Six Months of 2012

	YTD June 2011	YTD June 2012	% Change
Hotel Revenue	\$289.2M	\$306.4M	+5.96
General Cargo Tonnage	7.83M	8.49M	+8.38
TEU Containers	943,905	994,727	+5.38
Number of 1 Unit Housing Permits	1,541	1,854	+20.31
Value of 1 Unit Housing Permits	\$309.9M	\$334.3M	+7.90
Number of Existing Homes Sold	7,862	8,147	+3.63
Number of Distressed Homes Sold	2,818	2,564	-9.01
Median Price of Existing Homes Sold	\$180,000	\$179,900	+0.06



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