

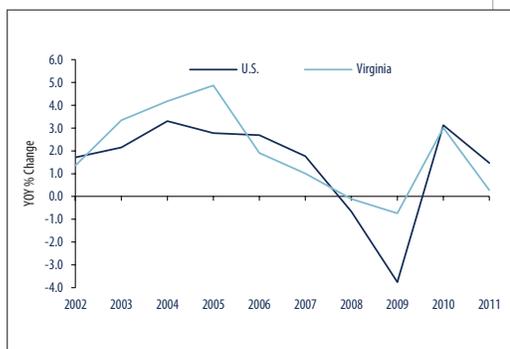
Regional Profiles



Economic Profile - Virginia

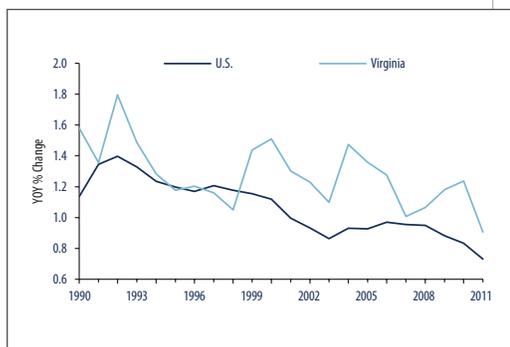
Virginia saw moderate improvement in 2011. The state yielded the lowest real output growth of any jurisdiction in the Fifth Federal Reserve District. Employment increased and unemployment decreased, both at a slow but steady pace. Real estate reports in Virginia were positive, with new building permits and housing starts increasing for the first time in almost a decade and mortgage delinquency and foreclosure inventory rates decreasing in 2011.

Figure 1: Real GDP



SOURCE: Bureau of Economic Analysis/Haver Analytics

Figure 2: Population



SOURCE: U.S. Census Bureau/Haver Analytics

Economic Contribution

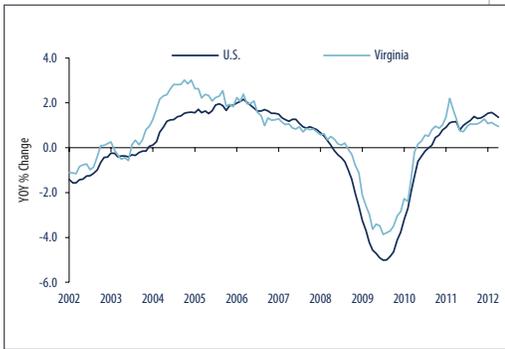
- Virginia's gross state product (GSP) was nominally valued at \$428.9 billion in 2011 and grew at a real rate of only 0.3 percent. The GSP growth rate was notably less than the national rate (1.5 percent) and was the lowest real growth rate of all jurisdictions in the Fifth District.
- Virginia accounted for 28.4 percent of Fifth District output and 2.9 percent of national output in 2011.
- In 2010, the most recent year for which data are available, real output increased in 10 of Virginia's 11 metro areas. The highest growth was in the Winchester MSA (4.0 percent), while the only decrease was in the Roanoke MSA (0.3 percent).
- Among MSAs, the Washington, D.C. MSA yielded the highest output in 2010—an output level even higher than that of Virginia. Danville yielded the lowest output, which it has done since 2001, when the data first became available.

Population

- Virginia's population grew 0.9 percent (72,651 people) in 2011, reaching nearly 8.1 million residents. It was the lowest growth in the state's population since 1982.
- Virginia includes 26.3 percent of the Fifth District's population and 2.6 percent of the national population.
- Among Virginia's counties and independent cities, Fredericksburg City saw the largest increase in population (5.2 percent) and Highland County saw the largest decrease (1.9 percent).

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Figure 3: Payroll Employment



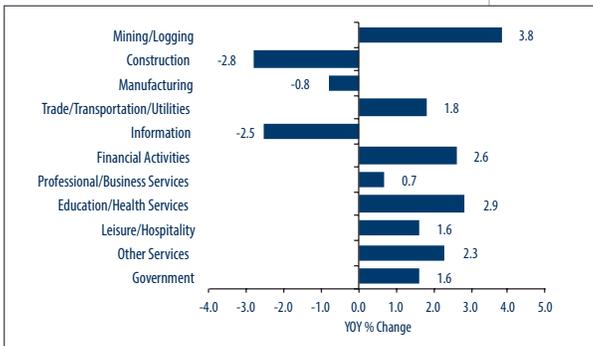
SOURCE: Bureau of Labor Statistics/Haver Analytics

Figure 4: Employment Share by Industry



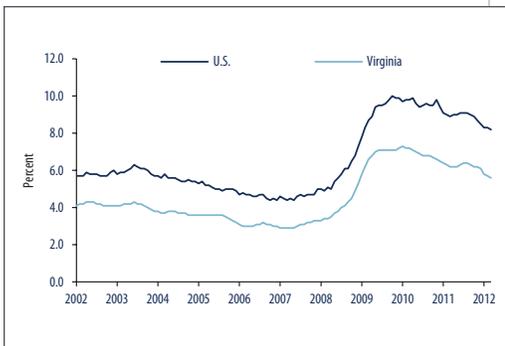
SOURCE: Bureau of Labor Statistics/Haver Analytics

Figure 5: Change in Employment by Industry (December 2011)



SOURCE: Bureau of Labor Statistics/Haver Analytics

Figure 6: Unemployment Rate



SOURCE: Bureau of Labor Statistics/Haver Analytics

Labor Market Conditions

- Other than in May and June, Virginia employment increased throughout 2011. By the end of the year, employment had grown 1.3 percent (46,500 jobs) – the largest year-over-year job increase since 2005.
- Virginia employment continued to grow modestly in early 2012, with firms adding 20,100 jobs (0.5 percent) by May.
- Goods-producing industries cut payroll employment throughout 2011—which has been the trend since March 2006—losing 6,600 jobs (1.6 percent) by the end of the year.
 - Construction companies shed 5,100 jobs (2.8 percent) during 2011, while manufacturing firms cut payrolls 0.8 percent (1,900 jobs).
 - The mining and logging industry was the only goods-producing industry to record an increase in employment (3.8 percent or 400 jobs).
 - Employment in goods-producing industries recovered slightly in early 2012, adding 4,300 jobs (1.0 percent) by May. This growth was carried by manufacturing firms, which added 3,300 jobs (1.5 percent) from December 2011 to May 2012.
- Private service-providers accounted for, on average, 69.5 percent of Virginia payroll employment in 2011. This portion has gradually increased since 1990, the earliest year that data are available.
- The education and health services industry added the most jobs (13,200) during 2011, whereas the information sector was the only service-providing industry to lose jobs (1,900).
- Although government employment has increased every year since 1997, the government’s share of total job gains in 2011 (24.5 percent) was the largest since 2006. Government payrolls comprised 19.3 percent of Virginia’s nonfarm employment in 2011.

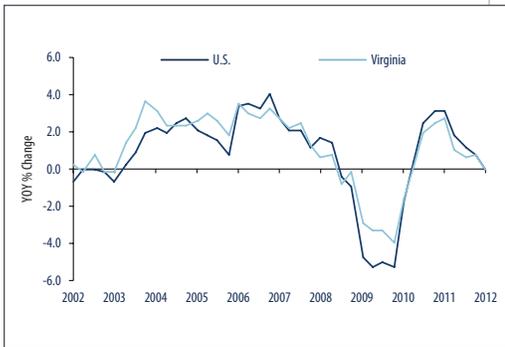
- Nine of the 11 metro areas in Virginia increased payroll employment in 2011. The Blacksburg MSA saw the largest percentage increase in jobs, growing 5.9 percent (4,100 jobs).

Household Conditions

- Virginia’s unemployment rate decreased slowly throughout 2011, edging

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Figure 7: Real Per Capita Income



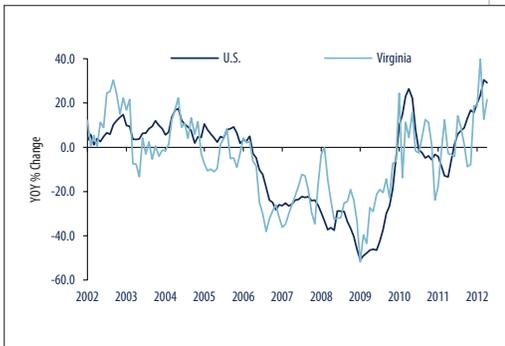
SOURCE: Bureau of Economic Analysis/Haver Analytics

Figure 8: Nominal Per Capita Income (2010)

Top 5 Counties			Bottom 5 Counties		
County	Per Capita Income (\$)	YoY % Change	County	Per Capita Income (\$)	YoY % Change
Arlington	79,967	2.9	Prince Edward	22,084	3.8
Alexandria City	76,362	2.4	Buckingham	23,967	5.0
Goochland	61,598	3.6	Grayson	24,574	2.6
Loudoun	53,085	4.7	Patrick	25,690	3.2
Fauquier	51,454	2.2	Lunenburg	25,837	2.1

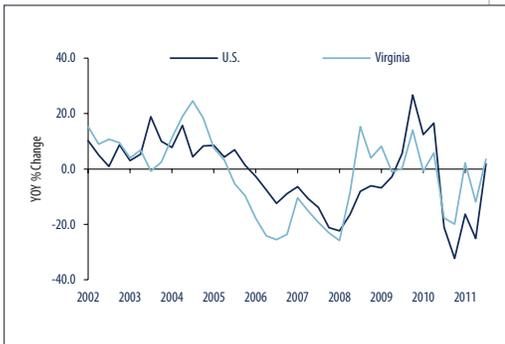
SOURCE: Bureau of Economic Analysis/Haver Analytics

Figure 9: Building Permits Issued (3-month moving average)



SOURCE: U.S. Census Bureau/Haver Analytics

Figure 10: Existing Home Sales



SOURCE: National Association of Realtors/Haver Analytics

down from 6.5 percent in December 2010 to 6.1 percent in December 2011, which was significantly lower than the national 8.5 percent unemployment rate. Virginia's unemployment rate continued to drop in early 2012, reaching 5.6 percent in May.

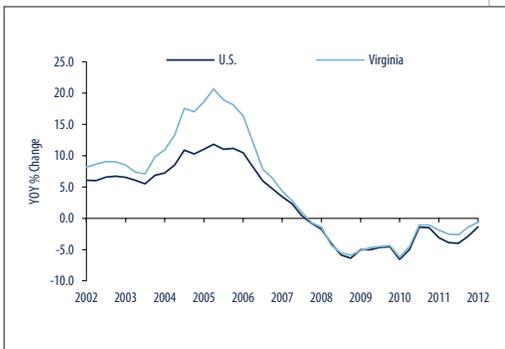
- Virginia had the lowest unemployment rate of all jurisdictions in the Fifth District, both at the end of 2011 and in May 2012.
- Although the Danville metro area experienced the largest decline in the unemployment rate (1.3 percentage points), it still posted the highest rate of any of Virginia's metro areas in December 2011 (9.2 percent). Danville has consistently posted the highest jobless rate in Virginia since January 2001.
- In May 2012, for the 66th month in a row, the Charlottesville MSA reported the lowest unemployment rate (4.8 percent) of all Virginia MSAs.
- Nominal per capita income in Virginia rose to \$45,920 by the fourth quarter of 2011, while nominal per capita income in the nation rose to \$41,663.
- Per capita income in Virginia increased at a real rate of 1.2 percent in 2011, which was below the growth rate of the nation (1.8 percent).
- In 2010—the latest year that data are available at the county level—Prince Edward County posted the lowest nominal per capita income (\$22,084) for the tenth year in a row, while Arlington County posted the highest nominal per capita income (\$79,967) for the fourth year in a row.
- Although Virginia's per capita income range (the largest county's per capita income minus the smallest county's per capita income) was marginally smaller than that in 2008, it was still over 13 times that in 1969, the earliest year that data are available. This range has increased in every year except 2009.

Real Estate Conditions

- In 2011, the number of new residential building permits increased for the first time since 2002, rising 11.0 percent to 23,297 new building permits.
- The number of housing starts increased for the second consecutive year in 2011, growing 2.0 percent (425 units). The number of housing starts in Virginia had not increased for two years in a row since 2002.
- Virginia home values continued to depreciate for the fifth consecutive year in 2011, decreasing 1.4 percent by the end of the year.
- The Danville MSA was the only Virginia metro area that did not see home prices fall in 2011; home prices in Danville essentially held steady.
- The Richmond MSA saw the largest drop in home prices (5.0 percent).

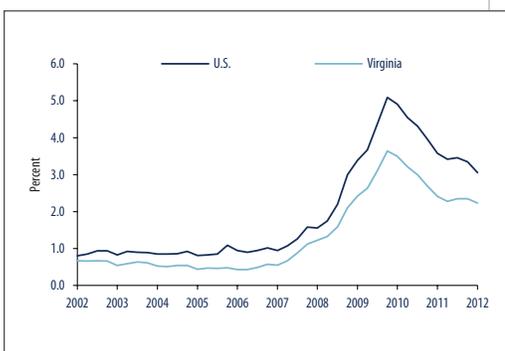
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Figure 11: House Price Index



SOURCE: Federal Housing Finance Agency/HAVAR Analytics

Figure 12: 90+ Day Mortgage Delinquency Rate



SOURCE: Mortgage Bankers Association/HAVAR Analytics

Figure 13: Foreclosure Starts Rate



SOURCE: Mortgage Bankers Association/HAVAR Analytics

- The portion of mortgages with payments 90 days or more overdue in Virginia decreased every quarter in 2011, marking the first year of consecutive declines since 2005. It continued to decline in the first quarter of 2012, reaching 2.2 percent.
- The share of Virginia mortgages with payments 90 days or more past due has consistently been below the share in the nation as a whole since 2000.
- The 90+ day prime delinquency rate declined 0.4 percentage point to 1.2 percent, while the 90+ day subprime delinquency rate declined 2.2 percentage points to 9.7 percent.
- The share of mortgages in foreclosure decreased by 0.2 percentage point, reaching 1.8 percent, which is less than half of the share of mortgages in foreclosure in the nation (4.4 percent).
- The share of prime mortgages in foreclosure decreased by 0.3 percentage point, falling to 1.3 percent. The share of subprime mortgages in foreclosure decreased by 0.8 percentage point, dropping to 7.7 percent.

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