Overview

- National Economic Trends
  - Gross Domestic Output
  - Housing Sector
  - Labor Markets
  - Inflation
  - Monetary Policy

- Regional Economic Trends
  - Labor Market
  - Regional Variation in Job Growth
  - Industry Sector Growth
  - Unemployment
  - Housing
  - Federal Government Contracting
Real Gross Domestic Product

% Change, SAAR

Q2: 2015
US: 3.9%

Source: Bureau of Economic Analysis/Haver Analytics
Real Gross Domestic Product

Source: Bureau of Economic Analysis/Haver Analytics
August 2015
Permits: .699 million
Starts: .739 million

90's Average Permits: 1.010
90's Average Starts: 1.105

Source: Census Bureau/Haver Analytics
Employment Growth

Average Monthly Change, Thous.

Source: Bureau of Labor Statistics/Haver Analytics
Civilian Unemployment Rate

August 2015:
US: 5.1%

Source: Bureau of Labor Statistics/Haver Analytics
Labor Force Participation Rate

August 2015: US: 62.6%

Source: Bureau of Labor Statistics/Haver Analytics
Consumer Price Index

Source: Bureau of Labor Statistics/Haver Analytics
Interest Rate Projections

Source: Federal Open Market Committee
Virginia Payroll Employment

Source: Bureau of Labor Statistics/Haver Analytics

August 2015
US: 2.1%
VA: 1.1%
MSA Payroll Growth

August 2015

<table>
<thead>
<tr>
<th>MSA</th>
<th>YoY Percent Change (SA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winchester</td>
<td>3.4</td>
</tr>
<tr>
<td>Northern Virginia</td>
<td>2.6</td>
</tr>
<tr>
<td>US</td>
<td>2.1</td>
</tr>
<tr>
<td>Blacksburg</td>
<td>2.0</td>
</tr>
<tr>
<td>Charlottesville</td>
<td>1.5</td>
</tr>
<tr>
<td>Virginia</td>
<td>1.1</td>
</tr>
<tr>
<td>Harrisonburg</td>
<td>0.8</td>
</tr>
<tr>
<td>Virginia Beach</td>
<td>0.6</td>
</tr>
<tr>
<td>Lynchburg</td>
<td>0.5</td>
</tr>
<tr>
<td>Roanoke</td>
<td>0.4</td>
</tr>
<tr>
<td>Richmond</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics/Haver Analytics
Employment Growth in VA Counties

Percent Change in Total Employment from 2014:Q1 to 2015:Q1

-12.9 -1.6
-1.5 - 0.0
0.1 - 1.4
1.5 - 3.9
4.0 - 16.9

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages
Virginia Industry Composition

<table>
<thead>
<tr>
<th>Industry</th>
<th>U.S.</th>
<th>Virginia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Resources &amp; Mining</td>
<td>0.6</td>
<td>0.3</td>
</tr>
<tr>
<td>Construction</td>
<td>4.4</td>
<td>4.7</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6.1</td>
<td>8.8</td>
</tr>
<tr>
<td>Trade, Transportation &amp; Utilities</td>
<td>17.0</td>
<td>19.0</td>
</tr>
<tr>
<td>Information</td>
<td>2.0</td>
<td>1.9</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>5.7</td>
<td>5.1</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>13.7</td>
<td>18.0</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>13.2</td>
<td>15.4</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>10.6</td>
<td>9.8</td>
</tr>
<tr>
<td>Other Services</td>
<td>5.2</td>
<td>4.0</td>
</tr>
<tr>
<td>Government</td>
<td>15.7</td>
<td>18.7</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics/Haver Analytics
Virginia Industry Composition

- Natural Resources & Mining: 0.6% (U.S.), 0.3% (Virginia)
- Construction: 4.4% (U.S.), 4.7% (Virginia)
- Manufacturing: 8.8% (U.S.), 6.1% (Virginia)
- Trade, Transportation & Utilities: 19.0% (U.S.), 17.0% (Virginia)
- Information: 2.0% (U.S.), 1.9% (Virginia)
- Financial Activities: 13.7% (U.S.), 5.7% (Virginia)
- Professional & Business Services: 15.4% (U.S.), 13.7% (Virginia)
- Education & Health Services: 18.0% (U.S.), 18.0% (Virginia)
- Leisure & Hospitality: 10.6% (U.S.), 9.8% (Virginia)
- Other Services: 4.0% (U.S.), 5.2% (Virginia)
- Government: 15.7% (U.S.), 18.7% (Virginia)

Source: Bureau of Labor Statistics/Haver Analytics
Virginia Industry Growth

August 2015

Source: Bureau of Labor Statistics/Haver Analytics
Virginia Unemployment Rate

Source: Bureau of Labor Statistics/Haver Analytics

August 2015
US: 5.1%
VA: 4.5%
Unemployment Across VA’s MSAs

<table>
<thead>
<tr>
<th>City</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blacksburg</td>
<td>4.8</td>
</tr>
<tr>
<td>Charlottesville</td>
<td>3.9</td>
</tr>
<tr>
<td>Danville (NSA)</td>
<td>6.8</td>
</tr>
<tr>
<td>Harrisonburg</td>
<td>4.6</td>
</tr>
<tr>
<td>Lynchburg</td>
<td>5.2</td>
</tr>
<tr>
<td>Northern VA (NSA)</td>
<td>3.8</td>
</tr>
<tr>
<td>Richmond</td>
<td>5.0</td>
</tr>
<tr>
<td>Roanoke</td>
<td>4.7</td>
</tr>
<tr>
<td>VA Beach</td>
<td>5.1</td>
</tr>
<tr>
<td>Winchester</td>
<td>4.3</td>
</tr>
</tbody>
</table>

July 2015

Source: Bureau of Labor Statistics/Haver Analytics
Virginia Housing Starts

Source: Bank of Tokyo-Mitsubishi UFJ/Haver Analytics
Virginia Home Prices

YoY % Chg

July 2015
US: 6.9%
VA: 2.0%

Source: CoreLogic Information Solutions, Inc.
Virginia Home Prices - MSAs


-3.0 - 0.0
0.1 - 1.9
2.0 - 2.9
3.0 - 3.9
4.0 - 5.1

Source: CoreLogic Information Solutions, Inc.

- Military Installations
- GSA Owned or Leased Properties

Action Obligation ($)
- $0.00 - $100,000.00
- $100,000.01 - $500,000.00
- $500,000.01 - $1,000,000.00
- $1,000,000.01 - $2,500,000.00
- $2,500,000.01 - $5,000,000.00
- $5,000,000.01 - $10,000,000.00
- $10,000,000.01 - $50,000,000.00
- $50,000,000.01 - $150,000,000.00
- $150,000,000.01 - $500,000,000.00
- $500,000,000.01 - $23,811,676,804.63

Note: Military Installations include installations for Army, Marine Corps, Navy, Air Force, Coast Guard, and Defense Logistics Agency.
Source: Federal Procurement Data System (FPDS);
Department of Defense; U.S. General Services Administration.

Source: USASpending.gov
Summary

• National economy remains on a stable growth path
• Transitory effects from energy prices and slower growth in China, along with value of dollar
• Virginia lagging the nation in employment growth
• Slower growth in VA home prices relative to the US, with regional variation
• Cutbacks in federal government contracting and continued uncertainty has negative impact
The views expressed here are those of the author, and do not necessarily represent those of the Federal Reserve Bank of Richmond or the Federal Reserve System.