Economic Profile – Virginia

The Virginia economy grew moderately in 2017. Virginia’s real GDP and real per capita income growth closely mirrored the nation’s. Labor conditions improved as payroll employment grew and unemployment decreased from the previous year. Nominal per capita income remained high and unemployment remained low, compared to the nation and other jurisdictions. Residential real estate conditions also improved with increases in home values, housing starts, and low foreclosure rates.

Economic Contribution

- Virginia had a nominal GDP of $508.7 billion in 2017, accounting for 2.6 percent of national output and 27.2 percent of Fifth District output.
- Real GDP grew 2.0 percent in 2017 in Virginia, equaling the Fifth District rate and 0.1 percentage point below the national rate.
- The professional and business services and financial services industries produced the largest shares of Virginia’s real GDP, making up 19.9 percent and 18.9 percent, respectively, and growing by 3.2 percent and 2.7 percent, respectively.
- The sector with the fastest growth in 2017 was natural resources and mining, expanding 24.4 percent; however, the industry only accounted for 0.8 percent of output. The information industry and the government sector were the only ones to contract.
- The only MSAs in Virginia to see GDP growth in 2016, the latest year of data available, were Richmond at 2.6 percent and the Washington, D.C., metro area at 1.1 percent. Output declined in all other MSAs.

Population

- Virginia’s population in 2017 was 8.5 million individuals; the state contained 26.2 percent of the Fifth District population and 2.6 percent of the national population.
The population of Virginia grew 0.7 percent in 2017, matching the national rate but slightly below the Fifth District rate of 0.8 percent.

Net migration to Virginia was estimated to be 20,970 people, with negative domestic migration of 12,395 persons and positive international migration of 33,365.

The most populous MSA in Virginia was the Washington, D.C., metro area with 6.2 million residents and it was also the fastest growing, at a rate of 1.7 percent. No MSA experienced a population decline in 2017.

Among Virginia’s counties and independent cities, Fairfax County was the most populous with 1.1 million residents. Falls Church City grew the fastest at 5.2 percent while Buchanan County experienced the largest decline of 2.7 percent.

In 2017 the working-age population of Virginia (16 to 64 years old) grew by 0.3 percent while the retirement-age population, persons 65 and above, grew 3.4 percent.

**Labor Market Conditions**

Virginia had 4.0 million workers in December 2017. This accounted for 26.8 percent of the Fifth District’s payroll employment and 2.7 percent of national payroll employment.

On a year-over-year basis in December 2017, total nonfarm payroll employment increased 0.5 percent (20,200 jobs), which was below the national rate of 1.5 percent.

The professional and business services industry was the largest employer in 2017, supporting 18.4 percent of total employment; the government sector was the second largest at 18.1 percent. The smallest industry was natural resources and mining, accounting for 0.2 percent.

The construction industry added jobs at the fastest pace in 2017, with a rate of 3.4 percent. The information and leisure and hospitality industries contracted the most with a 1.2 percent decrease, each.

Among the Virginia MSAs, Charlottesville grew the most in employment on a year-over-year basis in December 2017 with a 3.1 percent increase, while Roanoke experienced the largest contraction of 0.9 percent.
Household Conditions

- Virginia’s 2017 nominal per capita income was $54,244, which was above both the national and Fifth District levels. Virginia had the 13th highest per capita income in the country.
- Real per capita income growth in Virginia matched the Fifth District rate of 0.8 percent and outpaced the national rate by 0.1 percentage point.
- The Washington, D.C., metro area reported the highest nominal per capita income in the nation, seeing a level of $66,733 in 2016, the latest available year of data. The Blacksburg metro area had the lowest nominal per capita income in the state at $34,706.
- In the most recent year of data, 2016, per capita nominal income ranged widely among Virginia’s counties; Arlington County had the highest nominal per capita income at $87,986 and Lee County had the lowest at $28,013.
- Virginia reported an unemployment rate of 3.6 percent in December 2017, which was below the national and Fifth District averages and was a 0.5 percentage point lower than the previous year. The number of people unemployed decreased 10.9 percent on a year-over-year basis in December 2017, a smaller decrease than the national decline of 12.3 percent.
- In December 2017, the Lynchburg MSA had the highest unemployment rate at 4.2 percent. Charlottesville and Winchester had the lowest unemployment rates at 3.2 percent, each. All the metro areas experienced decreases in unemployment.
- Virginia’s labor force participation rate was 65.1 percent in December 2017, above both the national and Fifth District rates.
- Non-business bankruptcy filings decreased by 1.1 percent in 2017.
- A total of 9.2 percent of Virginia’s population (775,548 individuals) participated in the Supplemental Nutritional Assistance Program on average every month in Fiscal Year 2017. This rate was a decrease of 0.7 percentage points from 2016.
- In 2016, the most recent year of data available, 11.4 percent of Virginia residents lived below the poverty level.
Real Estate Conditions

- In Virginia, 33,417 new residential building permits were issued in 2017, which was a 7.6 percent annual increase, and outpaced the national increase of 6.2 percent.

- Home values appreciated 3.7 percent in Virginia on a year-over-year basis in the fourth quarter of 2017, trailing the national appreciation rate of 6.4 percent.

- The Richmond MSA experienced the greatest appreciation in home values on a year-over-year basis in the fourth quarter of 2017, rising 6.1 percent. All of the state’s MSAs saw home price growth.

- Housing starts in Virginia rose 5.2 percent in 2017, which outpaced the national increase of 2.5 percent.

- The share of mortgages with payments more than 90 days past due in Virginia declined 0.2 percentage point from the previous year ending at 1.1 percent in the final quarter of 2017.

- In the fourth quarter of 2017, the share of mortgages in foreclosure in Virginia was 0.6 percent, which was lower than the national rate of 1.2 percent.