

## Employment Continues to Decline, Unless it is Growing

Two of the surveys that are used to measure employment for the nation, state, and region are the Current Employment Statistics (CES) and the Current Population Survey (CPS).

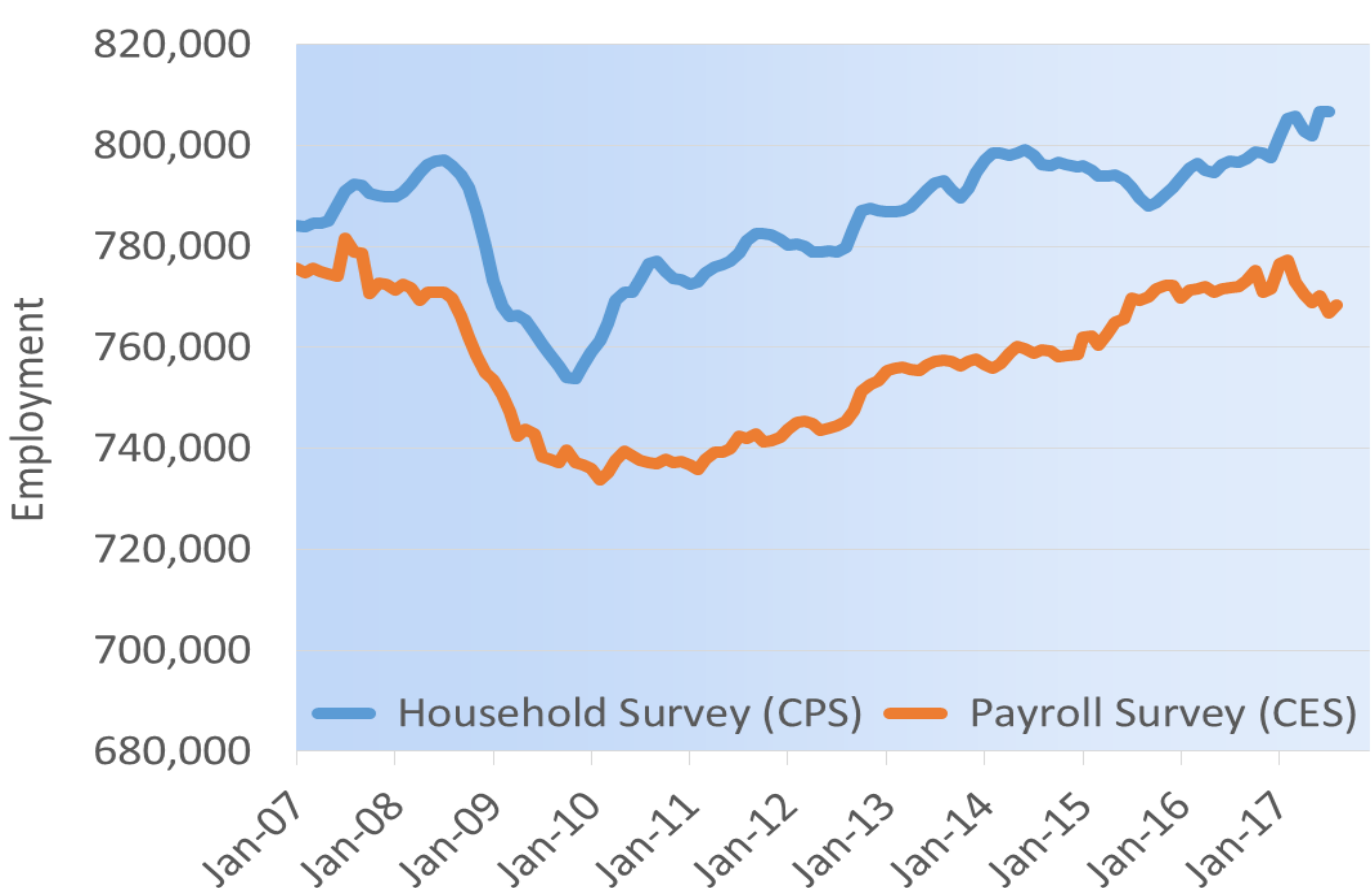
The CES survey, often called the payroll survey, or simply employment, utilizes payroll records and surveys of businesses to determine the number of jobs businesses provide within a region. The region has seen significant declines in civilian non-farm employment since the beginning of the year (see the orange line below).

The CPS, often called the household survey, reviews a sample of households to calculate local area unemployment statistics, which includes the number of persons who indicate they are employed. In Hampton Roads, the number of persons who have jobs has been increasing steadily over the past two years, as indicated by the blue line in the graph.

While both surveys are measuring employment, their different methodologies can yield different results. For instance, the CPS report will count one person who has multiple jobs only once, while the CES would count each job offered by businesses. More importantly, payrolls do not cover the self-employed or those who work on a contractual basis. These individuals might consider themselves employed full-time, but would not be counted in the payroll survey. Lastly, the population within the CPS is well-defined, but rapid creation or destruction of new businesses could skew the CES.

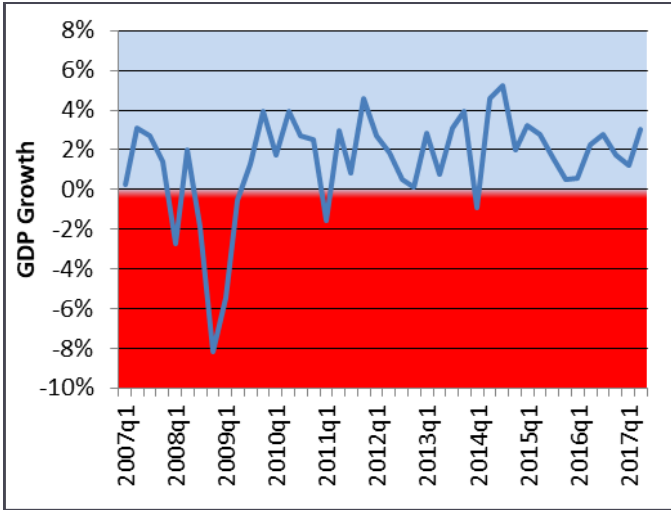
Over the past 6 months, the CES data has shown a decline of 9,000 jobs in Hampton Roads, while the CPS has shown an employment increase of 4,500.

## Hampton Roads Employment– Payrolls vs Population Survey



### GDP, Annualized Growth Rate

United States, 2007Q1 – 2017Q2, Quarterly

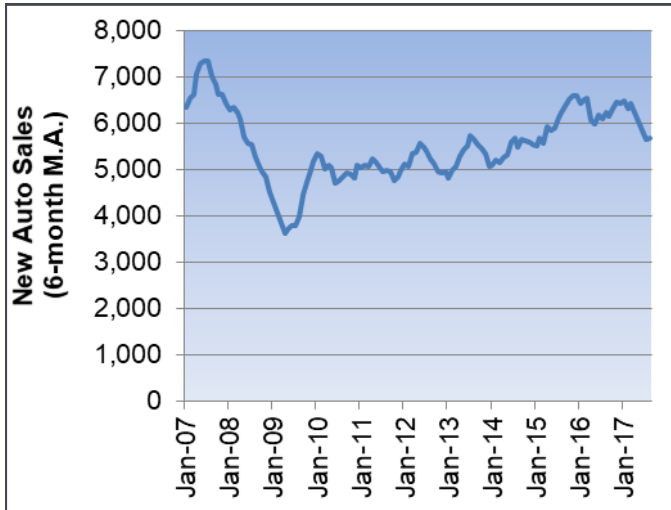


Source: Bureau of Economic Analysis, HRPDC

**GDP:** Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. GDP growth increased in the second quarter to 3.0%, from 1.7% in the first quarter of 2017. Hampton Roads saw a 4.7% expansion in national defense expenditures between the first and second quarter, and personal consumption expenditures continued to expand.

### New Car Sales, Seasonally Adjusted

Hampton Roads, Jan 2007 – Aug 2017, Monthly

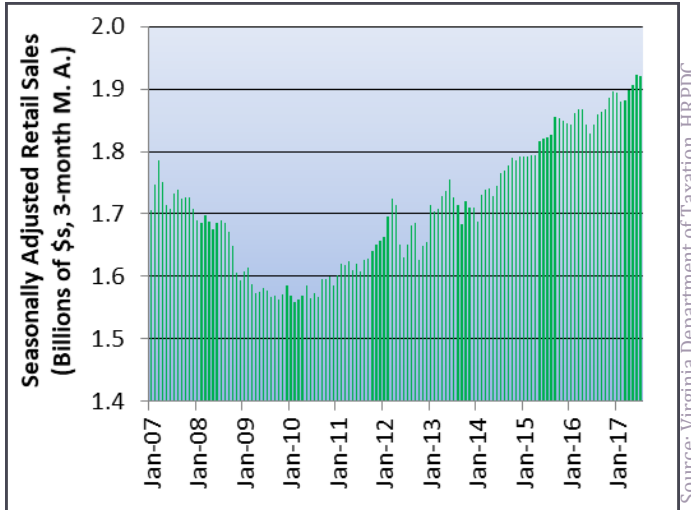


Source: Virginia Automobile Dealers Association, HRPDC

**New Car Sales:** Car sales, as a durable good, may be put off until such time as an individual’s economic prospects improve; thus, the number of new car sales indicate the level of confidence that households in Hampton Roads have in their financial future. Car sales have bounced around, increasing by 1,391 in August after a decline of 458 sales in July. Car sales have also slowed down at the national level.

### Hampton Roads Retail Sales, Seasonally Adjusted

Hampton Roads, Jan 2007– Jul 2017, Monthly

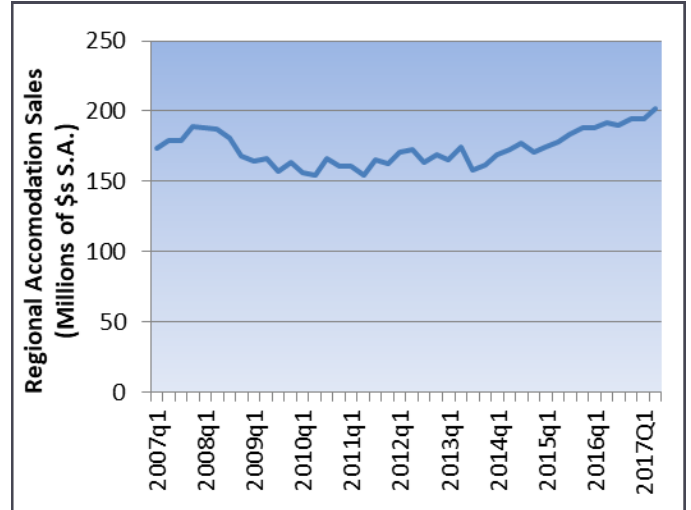


Source: Virginia Department of Taxation, HRPDC

**Retail Sales:** Retail Sales in Hampton Roads, as measured by the 1% local option sales tax, serve as an indicator for consumption in the region. Hampton Roads’ taxable monthly sales totaled \$1.92B in June 2017 (seasonally adjusted), This is a 4.2% increase over sales in June 2016 and represents a strong expansion of retail sales.

### Estimated Hotel Revenue, Seasonally Adjusted

Hampton Roads, 2007Q1 – 2017Q1, Quarterly

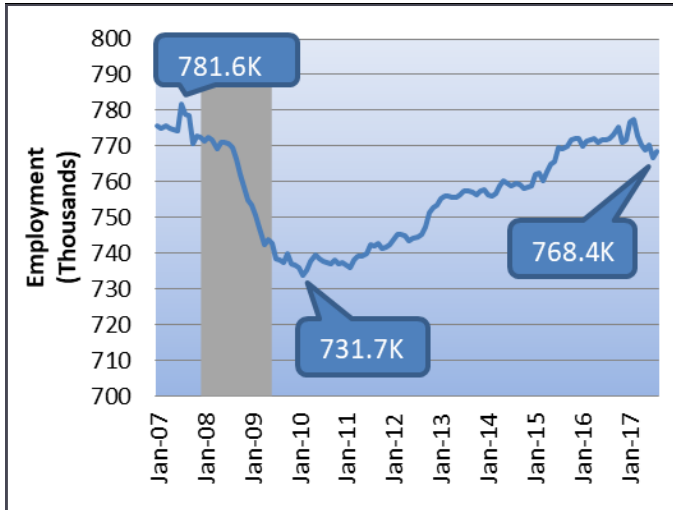


Source: HRPDC

**Estimated Hotel Revenue:** Hotel sales indicate the performance of the region’s tourism sector. Tourism significantly contracted during the Great Recession and has been following a slow but steady growth trend ever since. Seasonally adjusted hotel sales fell slightly in the first quarter of the year, falling to \$194M (-0.22%). This strong performance stands in contrast to recent weakness in leisure and hospitality employment.

### Civilian Employment, Seasonally Adjusted

Hampton Roads, Jan 2007 – Aug 2017, Monthly

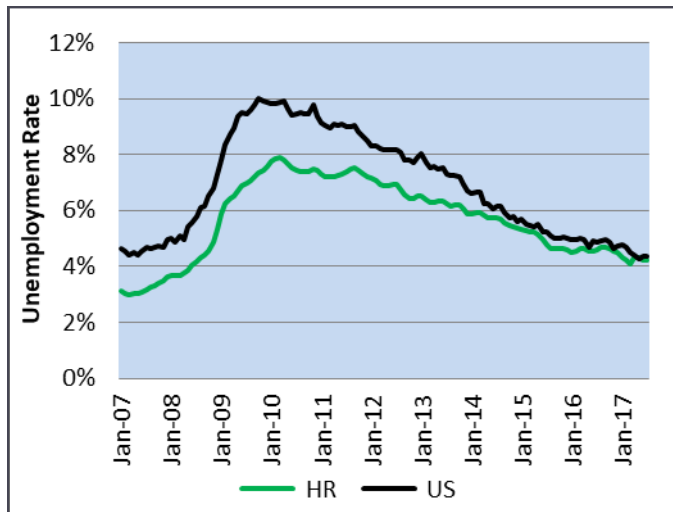


Source: Bureau of Labor Statistics, HRPDC

**Employment:** Non-agricultural civilian employment figures are considered the best estimate of labor market activity by the National Bureau of Economic Research. Regional civilian employment sits at 768,400 in August 2017, continuing a period of volatility in payrolls over the past five months.

### Unemployment Rate, Seasonally Adjusted

Hampton Roads, Jan 2007 – Jul 2017, Monthly

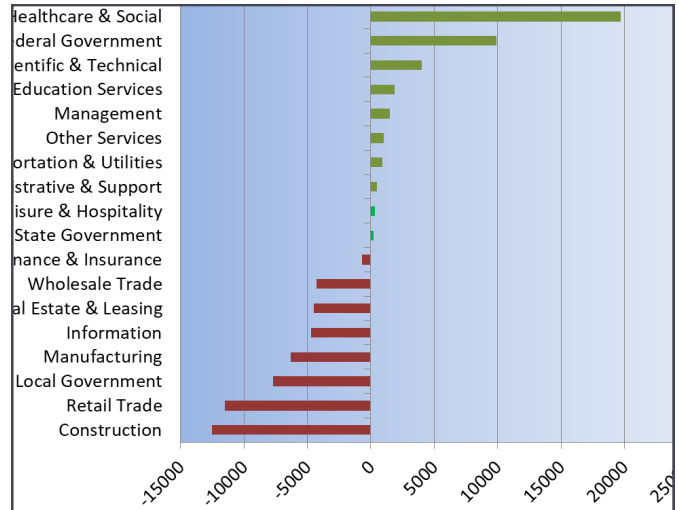


Source: Bureau of Labor Statistics, HRPDC

**Unemployment Rate:** The unemployment rate is the percentage of the population actively seeking work, but unable to obtain a position. Hampton Roads' unemployment rate remained at 4.21% for the second month in a row, and the underlying data did not shift significantly either.

### Employment Growth by Industry

Hampton Roads, Aug 2016 – Aug 2017, Year-over-Year

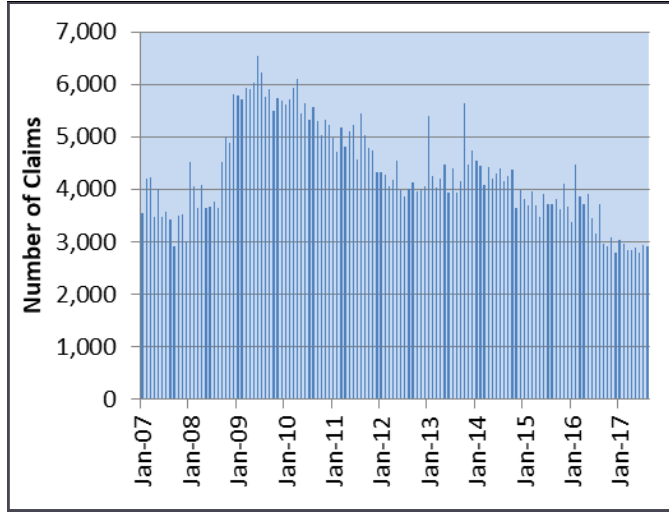


Source: Bureau of Labor Statistics, HRPDC

**Employment Growth by Industry:** Even as the job market grows or declines, there will be some industries whose experience does not resemble the regional trend. Retail trade employment declines accelerated, falling by 5,900 year-over-year, and leisure & hospitality employment has also declined by 2,700 positions. These numbers are difficult to reconcile with higher taxable retail trade levels in June/July 2017 as well as strong accommodation sales in the second quarter.

### Initial Unemployment Claims, Seasonally Adjusted

Hampton Roads, Jan 2007 – Aug 2017, Monthly

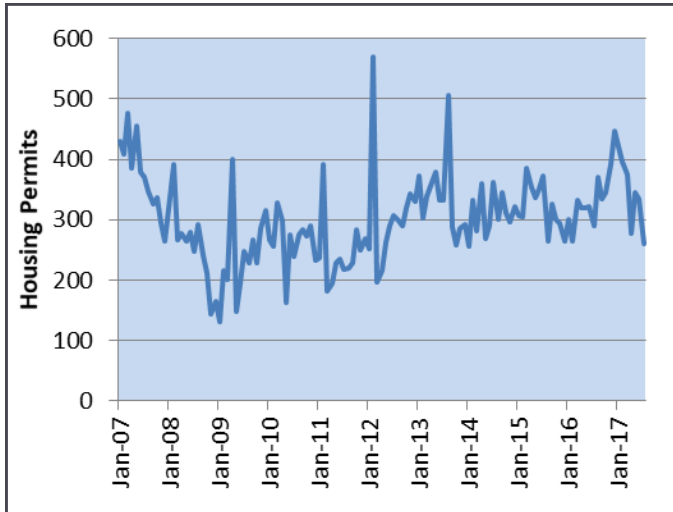


Source: Virginia Department of Labor, HRPDC

**Initial Unemployment Claims:** The number of Initial Unemployment Claims is a leading economic indicator, reflecting those who are forced to leave work unexpectedly, and thus revealing the strength of the job market with little lag time. The region's initial unemployment claims inched down to 2,915 in August 2017. The level continues to remain low on both a short-term and long-term time horizon, and is inconsistent with the declines in the payroll employment figures the region had been experiencing this year.

### Single Family Housing Permits, Seasonally Adjusted

Hampton Roads, Jan 2007 – Jun 2017, Monthly

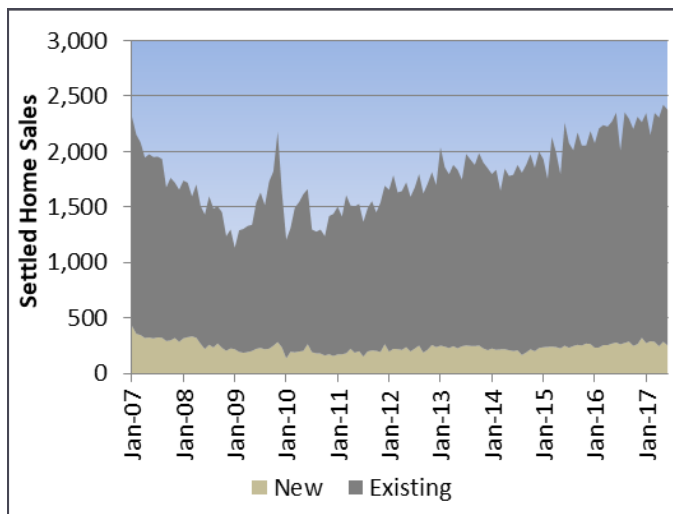


Source: U.S. Census Bureau, HRPDC

**Single Family Housing Permits:** Permit data signals the level of construction employment and confidence regarding the future trajectory of the local economy. Single family permits fell precipitously in July, declining to 260 on a seasonally adjusted basis. The region continues to lag below the long-term average of 455 single family permits per month, but this more recent decline calls for additional attention on the housing market.

### Number of Homes Sold, Seasonally Adjusted

Hampton Roads, Jan 2007 – Jun 2017, Monthly

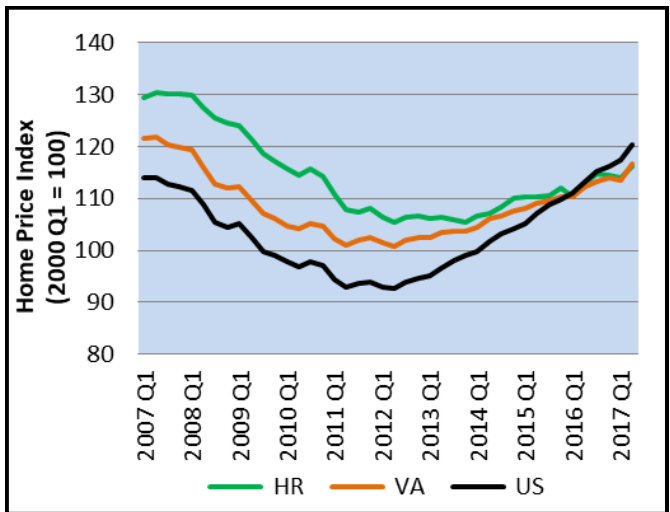


Source: REIN, HRPDC

**Home Sales:** Settled home sales measure the level of transactions on the real estate market over time, and a healthy real estate market should have a consistent level of activity. Existing home sales decreased slightly to 2,125 in June 2017, remaining above the recent trend of approximately 2,000 per month. New home sales bounced back down to 253 per month from 286 in May, displaying the high degree of volatility in new construction sales.

### Home Price Index, All Transactions

Hampton Roads, 2007Q1 – 2017Q1, Quarterly

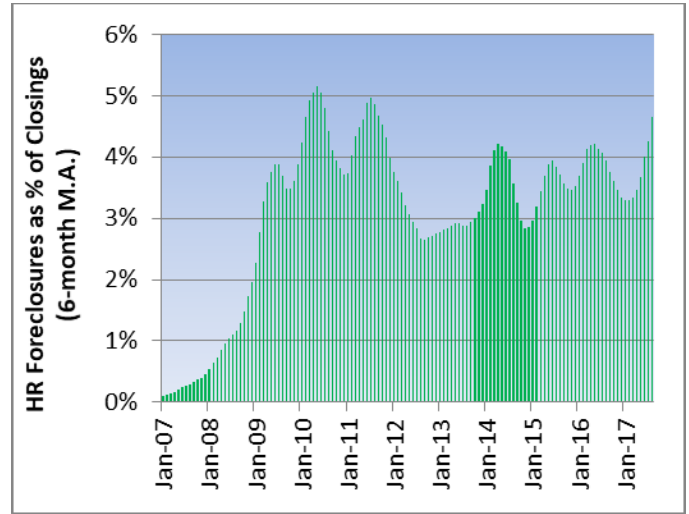


Source: Federal Housing Finance Agency, HRPDC

**Home Price Index:** The home price index measures the value of homes by evaluating changing price levels through repeated sales of properties. The index provides the highest quality data available on the trends in the real estate market. Hampton Roads' home prices increased in the second quarter of 2017, and are 2.86% above the price levels last year, though this growth rate was below that of the nation and the state.

### Foreclosures

Hampton Roads, Jan 2007 – Aug 2017, Monthly



Source: RealtyTrac, HRPDC

**Foreclosures:** Foreclosures have a significant impact on the real estate market and the community, and depress home values on both a neighborhood and regional level. Distressed homes' share of total sales has particularly been shown to have an impact on the sale price of existing homes. During the housing boom, foreclosures were a negligible part of the local real estate market, but rose to 5.0% of all sales in July 2011. Distressed sales increased significantly to 4.7% of all Hampton Roads existing home sales in August 2017 from 3.3% in March.