



CENTER FOR ECONOMIC ANALYSIS AND POLICY

Contact Dr. Robert M. McNab
Telephone 757 683 3153
Email rmcnab@odu.edu
Website <http://www.ceapodu.com>

FOR IMMEDIATE RELEASE
August 3, 2017

HAMPTON ROADS LABOR MARKET UPDATE

Unemployment Increases to 4.4% as Labor Force Increases by 1.21% in June 2017

Norfolk, VA, August 3, 2017 – Recently released non-seasonally adjusted data from the Bureau of Labor Statistics show that the overall size of the civilian labor force in the Hampton Roads region increased by 10,218 workers, or 1.21%, in June 2017 when compared to June 2016. The overall size of the civilian labor force rose from 842,727 workers in June 2016 to 852,945 workers in June 2017. This represents the twelfth month of over-the-year labor force growth in Hampton Roads, a clear signal of economic expansion.

The June 2017 unemployment rate of 4.4% for the Hampton Roads region represents a decrease of 0.4% from the unemployment rate of 4.8% observed in June 2016. The number of unemployed workers decreased from 40,107 in June 2016 to 37,421 in June 2017. The unemployment rate did rise from 4.2% in May 2017 to 4.4% in June 2017; however, this increase also represents an improving labor market. Individuals who had previously exited the labor force now appear to be returning in search of employment.

Data on the number of jobs also released earlier by the Bureau of Labor Statistics, however, highlight a continued struggle to recover jobs in Hampton Roads. Total non-seasonally adjusted nonfarm employee payrolls, or the number of jobs, in Hampton Roads in June 2017 were estimated to be 780,400 compared to 781,300 in June 2016. This represents a decrease of 900 jobs or a yearly decline of 0.1% in total nonfarm payrolls from June 2016 to June 2017. The number of jobs increased from 772,400 in May 2017 to 780,400 in June 2017. We suspect that as the labor market improves that part-time jobs are being converted to full-time jobs, explaining why the labor force is increasing and job creation remains relatively sluggish in 2017.

Overall, we are increasingly optimistic about the prospects for robust economic growth in Hampton Roads in 2017. While consumer and business confidence continues to increase at the national level,

significant uncertainty remains with regards to policymaking at the federal level of government. We are encouraged by efforts to move towards a bipartisan compromise on health insurance reform and eagerly await the specifics of corporate and income tax reform. While no significant progress has been made with respect to infrastructure investment, the recently passed national defense authorization and appropriations bills by the House of Representatives are a positive development. These bills, if passed by the Senate in their current form, would result in a significant increase in defense expenditures that would undoubtedly have a positive impact on the Hampton Roads economy.

We caution, however, that the federal government is likely to enter the new fiscal year under a continuing resolution. As such, increases in defense spending may not materialize until the 2nd or 3rd quarter of 2018. Congress must also act in a bipartisan manner to pass revisions of the Budget Control Act of 2011 or the federal government will face another round of sequestration. Of increasing concern is the lack of progress by Congress in raising the federal debt ceiling. While political uncertainty has yet to affect equity markets, Congress and the Administration must act on these important legislative items or else increase the prospects for a market correction.

For 2017, we continue to forecast real GDP growth of 1.41% for the Hampton Roads region and a moderate increase in total nonfarm employment of 0.5%.

###

The Center for Economic Analysis and Policy in the Strome College of Business at Old Dominion University undertakes a wide range of economic, demographic, transportation and defense-oriented studies. For sixteen years, the Center and its predecessors have produced the highly regarded State of the Region Report for Hampton Roads and economic forecasts for the region. If you would like more information about this topic, please contact Dr. Robert M. McNab at 757 683 3153 or email at rmcnab@odu.edu. You may also contact Dr. Vinod Agarwal at 757 683 3526 or email at vagarwal@odu.edu.