



# The State of the Region

HAMPTON ROADS 2024

DRAGAS CENTER FOR ECONOMIC ANALYSIS AND POLICY | STROME COLLEGE OF BUSINESS | OLD DOMINION UNIVERSITY

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I will discuss labor markets in Hampton Roads, the impact of inflation, and the prospects for growth in 2025 and beyond.

Vinod Agarwal will highlight the contributions of defense spending, the Port of Virginia, and the hotel industry to the economy of Hampton Roads.

I will then dive into housing markets in Hampton Roads, how zoning impacts housing supply, and what we can do locally to spur housing development across the region.

All our presentation materials can be found at our website: [www.ceapodu.com](http://www.ceapodu.com)

The Strome College of Business and Old Dominion University continue to provide important support for the State of the Region report. However, the report would not appear without the vital backing of these donors, who believe in the power of rational discourse to improve our circumstances.

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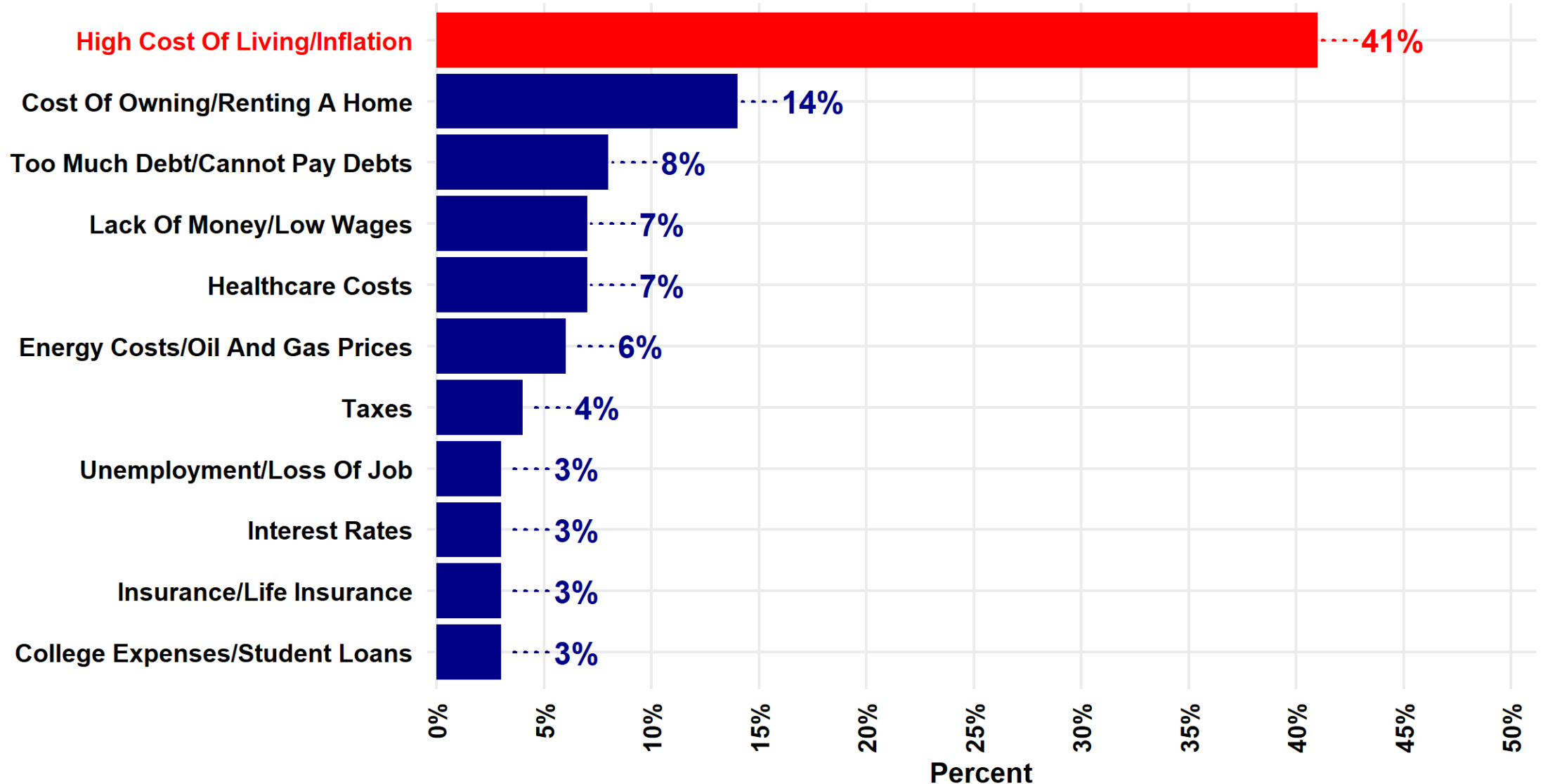


# Sentiment and Inflation

A woman with reddish-brown hair and a young girl with long blonde hair are standing in a grocery store. The woman is wearing a light-colored jacket over a dark top and is holding a smartphone. The girl is wearing a blue denim jacket and is pointing at the phone. They are both looking at the screen. The woman is also holding a green plastic bag. In the foreground, there is a blue shopping basket. The background shows shelves of groceries, including bananas and apples, and a man in a dark suit is visible in the distance. The store has a modern, bright atmosphere with green plants hanging from the ceiling.

# The Most Important Financial Problem Facing U.S. Families

## 2024 Gallup Survey

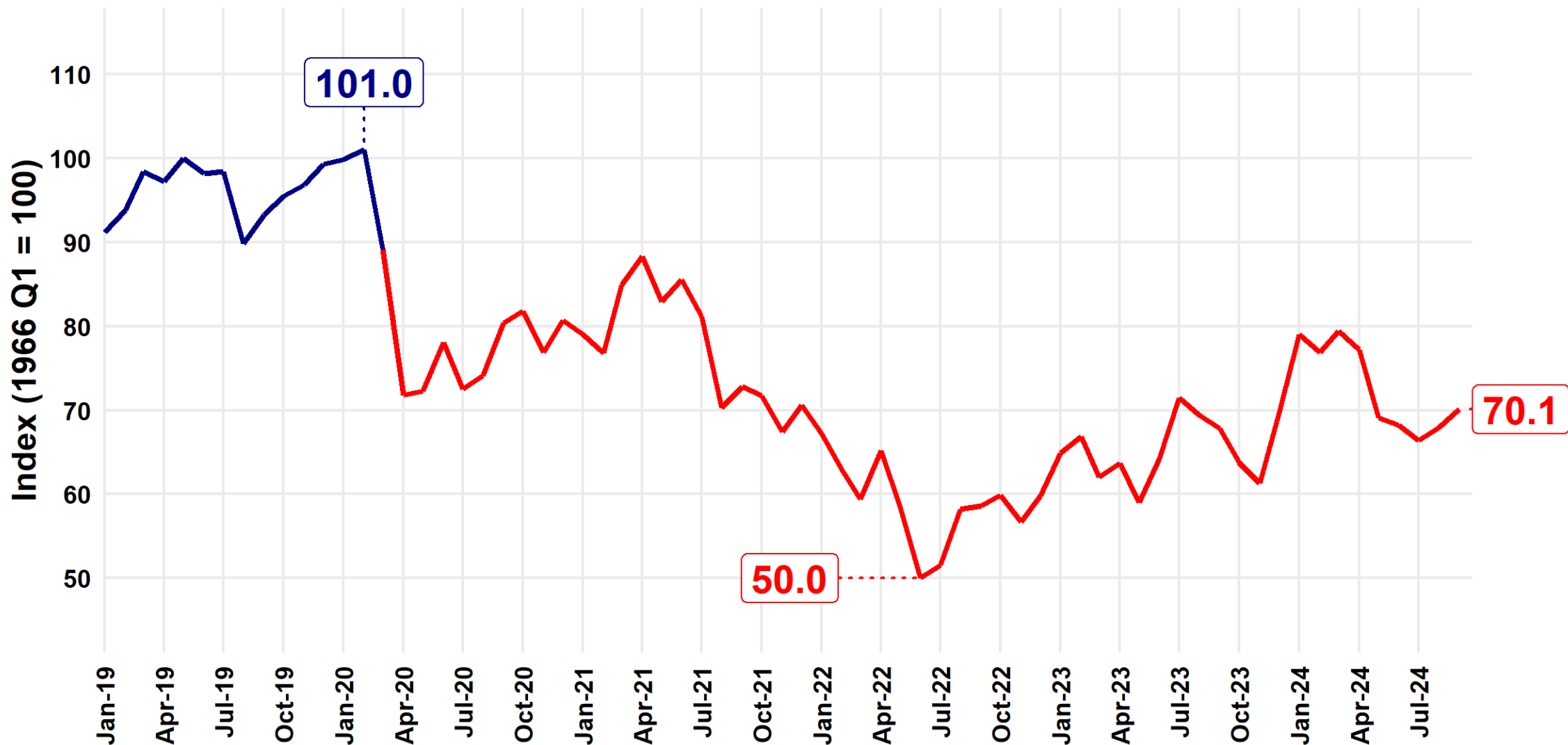


Source: Gallup, 2024. Responses are to open-ended survey question.



# University of Michigan: Consumer Sentiment

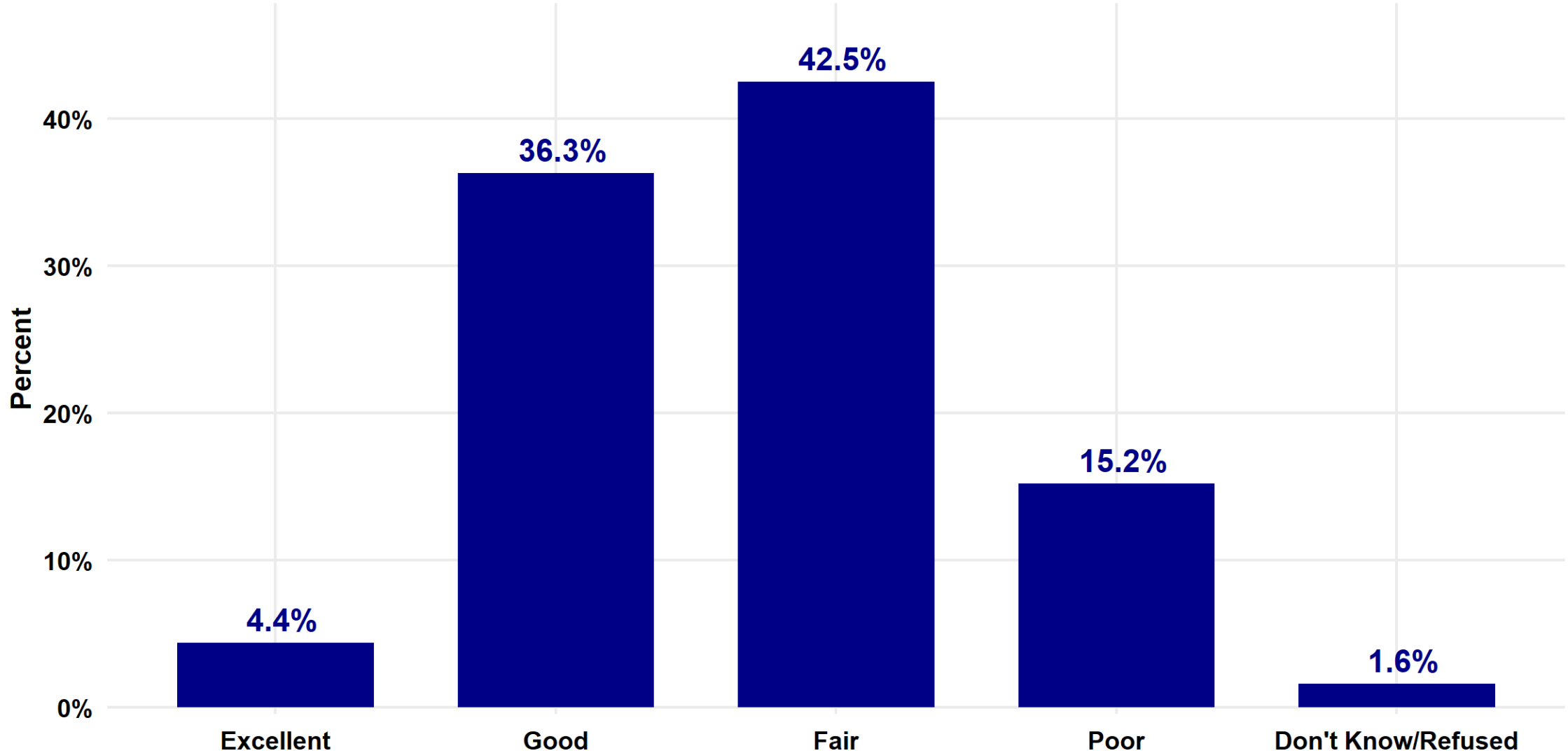
## United States, January 2019 - September 2024



Source: University of Michigan, Surveys of Consumers, non-seasonally adjusted data.

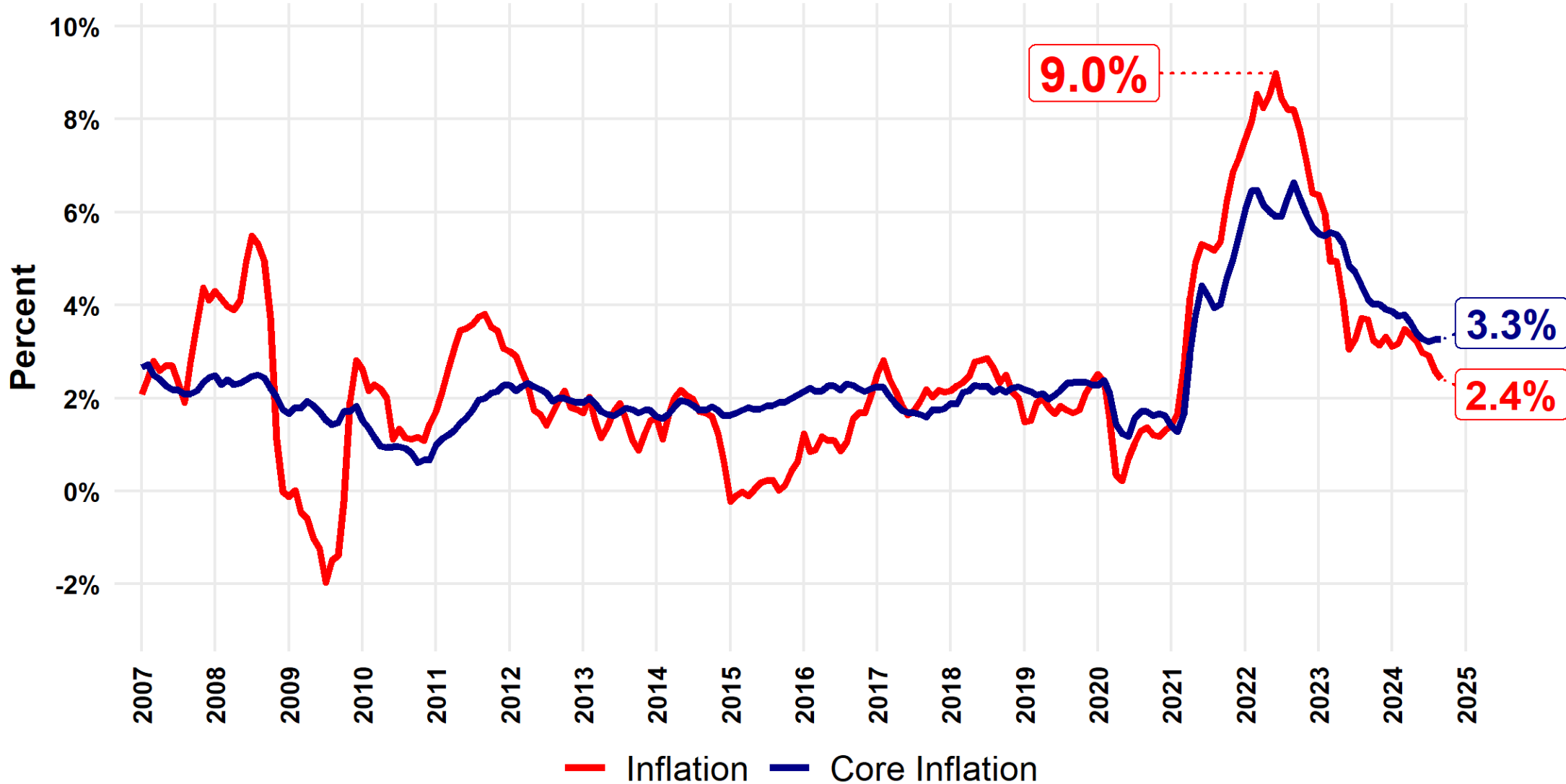
# 2024 Life in Hampton Roads Survey

## How Would You Rate Economic Conditions In Hampton Roads Today?



# Monthly Inflation

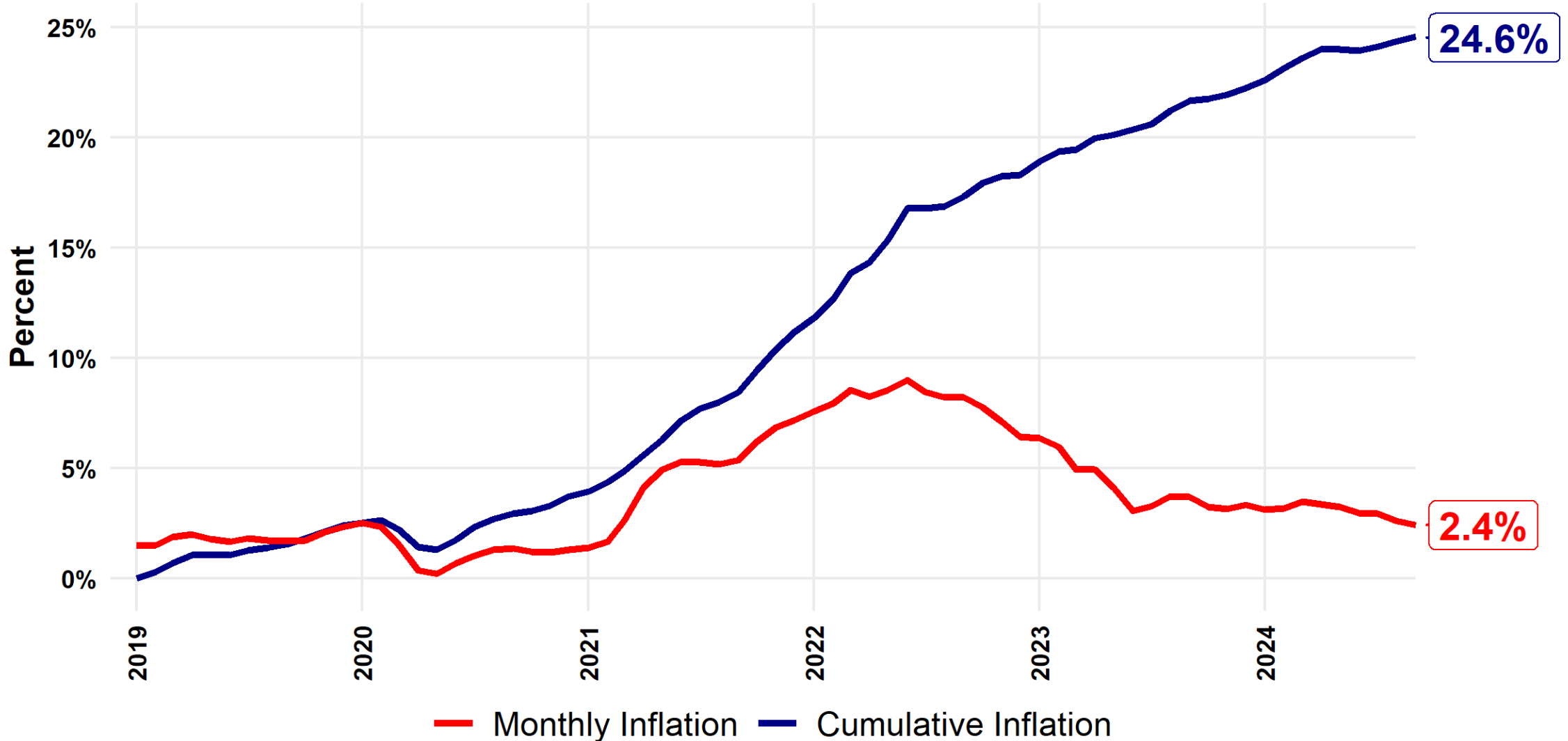
## United States, January 2007 - September 2024



Source: Bureau of Labor Statistics, seasonally adjusted data. Core inflation does not include the food and energy sectors.



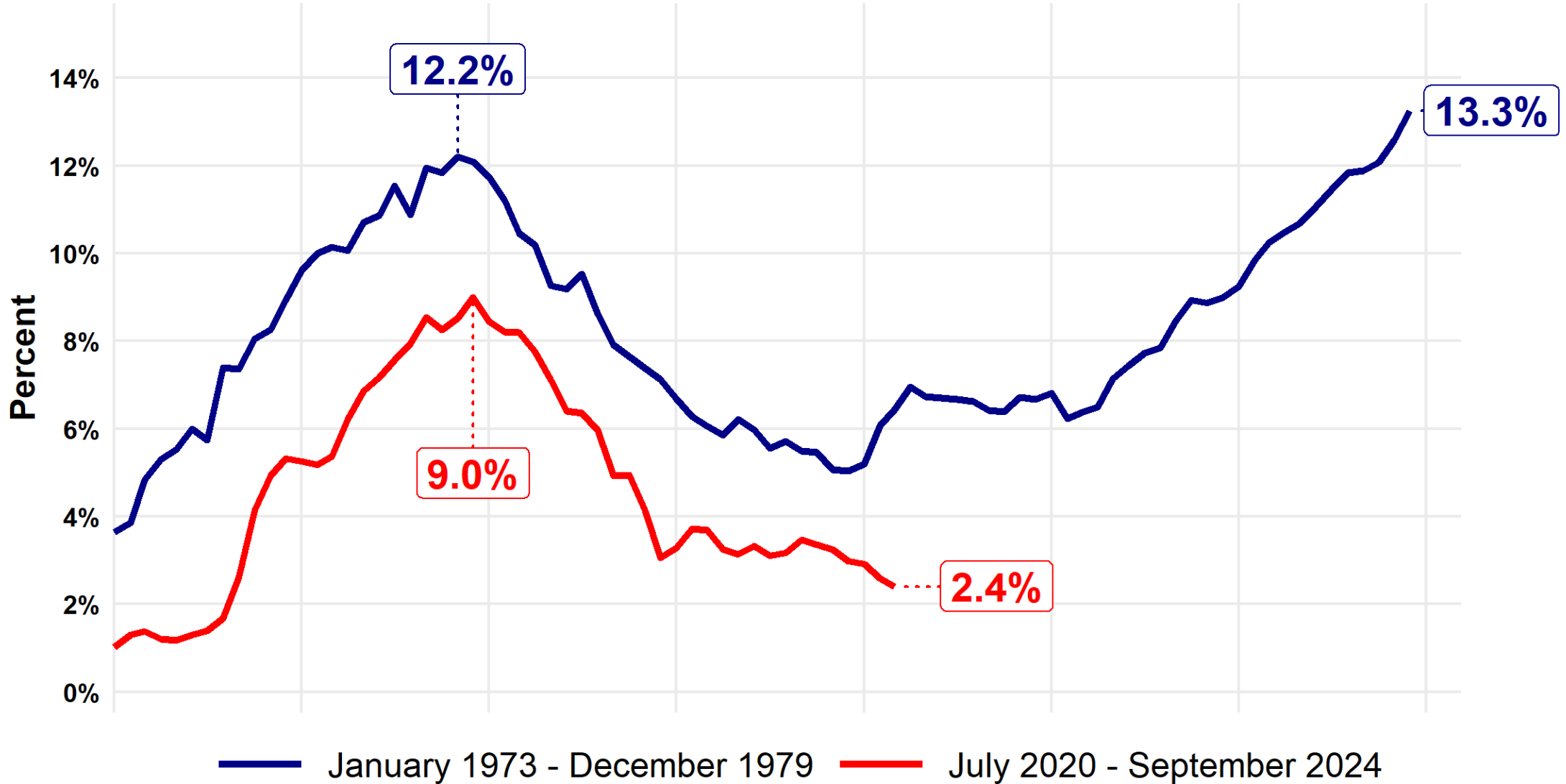
# Monthly Inflation and Cumulative Inflation United States, January 2019 - September 2024



Source: Bureau of Labor Statistics, seasonally adjusted data. Monthly inflation is the year-over-year change in the Consumer Price Index. Cumulative inflation is equal to the percentage change in the Consumer Price Index from January 2019 to present.

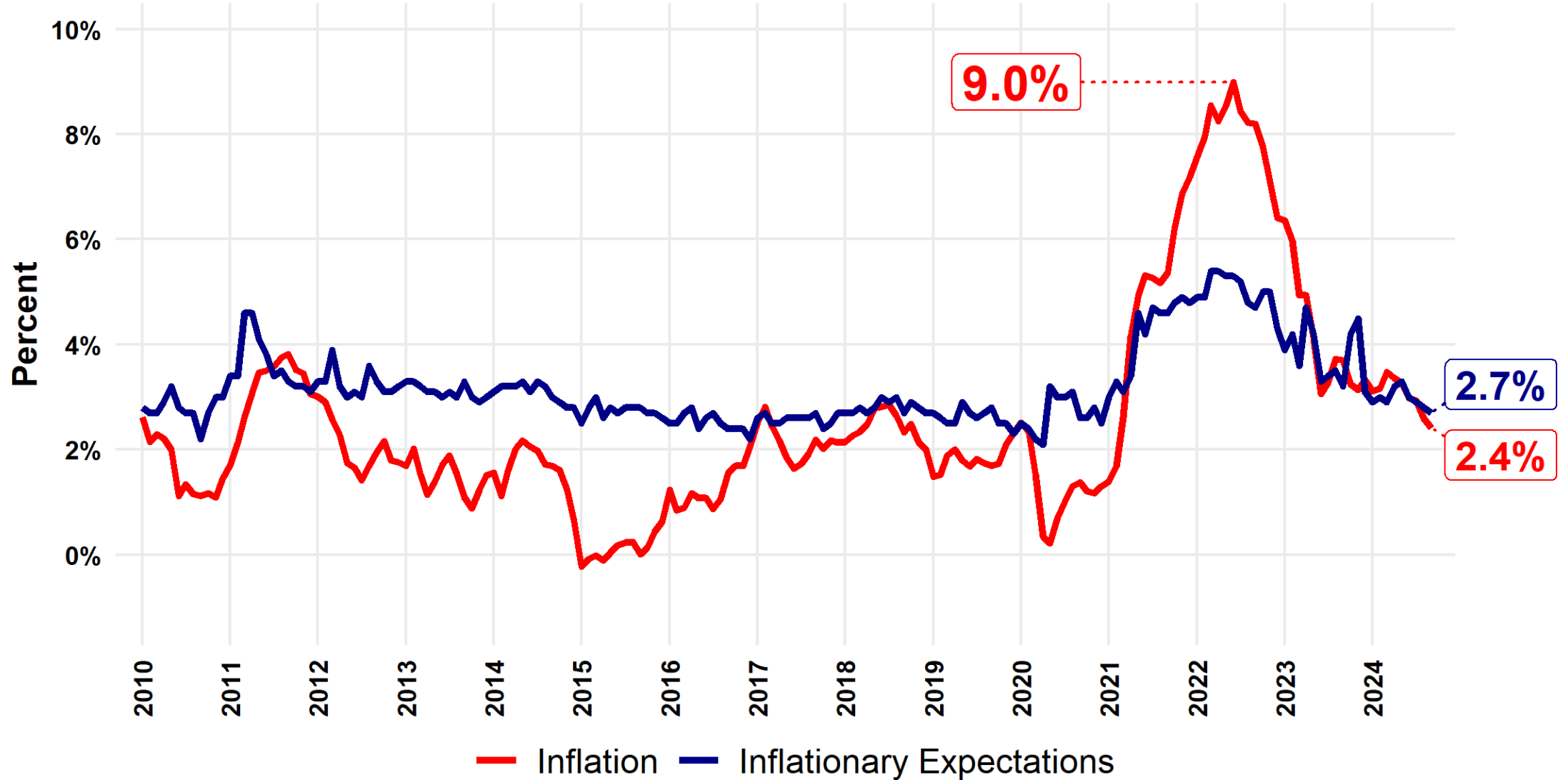
# Monthly Inflation

United States, January 1973 - December 1979 and July 2020 - September 2024



Source: Bureau of Labor Statistics, seasonally adjusted data.

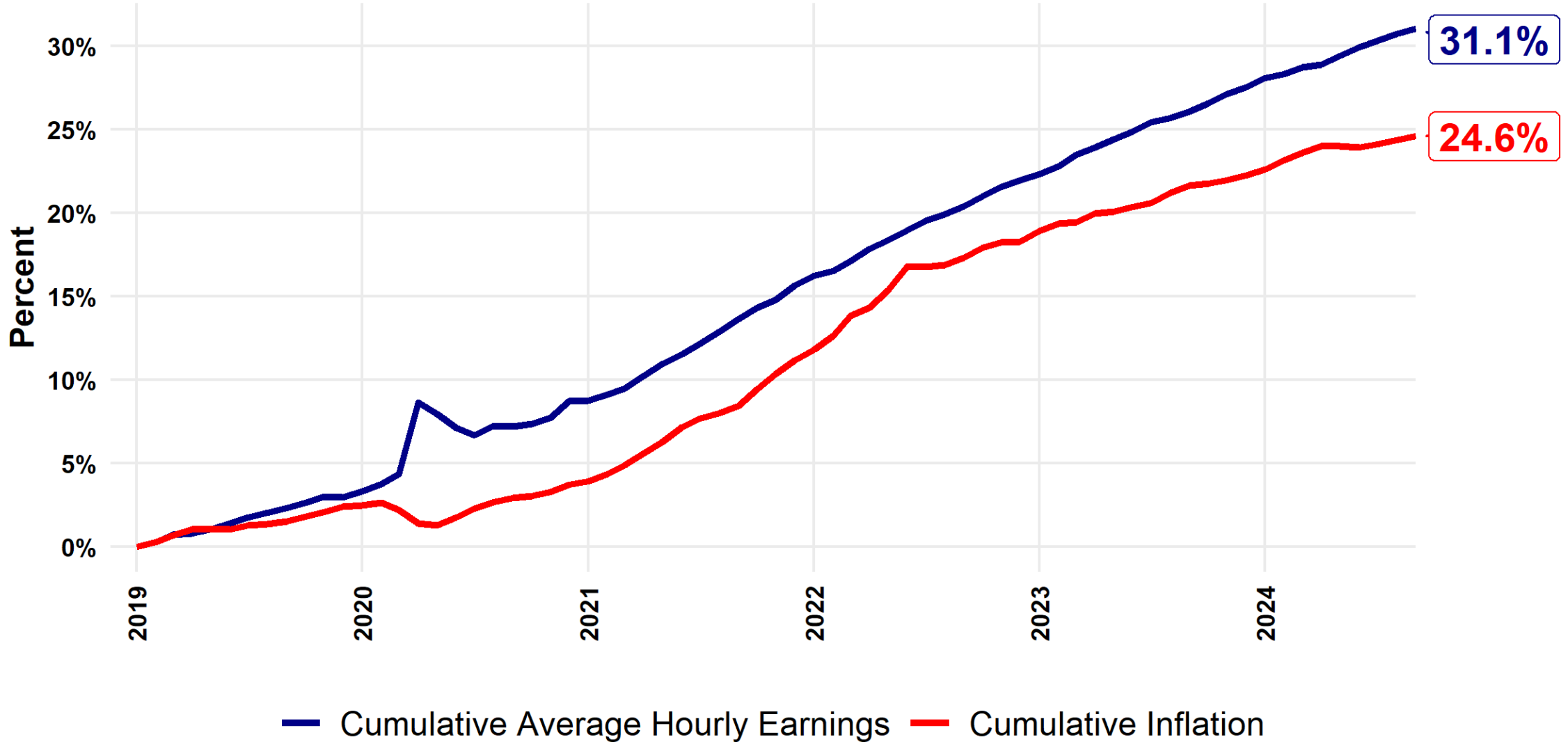
# Monthly Inflation and Inflationary Expectations United States, January 2010 - September 2024



Sources: Bureau of Labor Statistics, seasonally adjusted data; University of Michigan, Inflationary Expectations, non-seasonally adjusted data.



# Cumulative Inflation and Cumulative Change in Average Hourly Earnings United States, January 2019 - September 2024



Source: Bureau of Labor Statistics, seasonally adjusted data. Average Hourly Earnings of Production and Nonsupervisory Employees. Cumulative estimates are equal to the percentage change in the series from January 2019 to present.

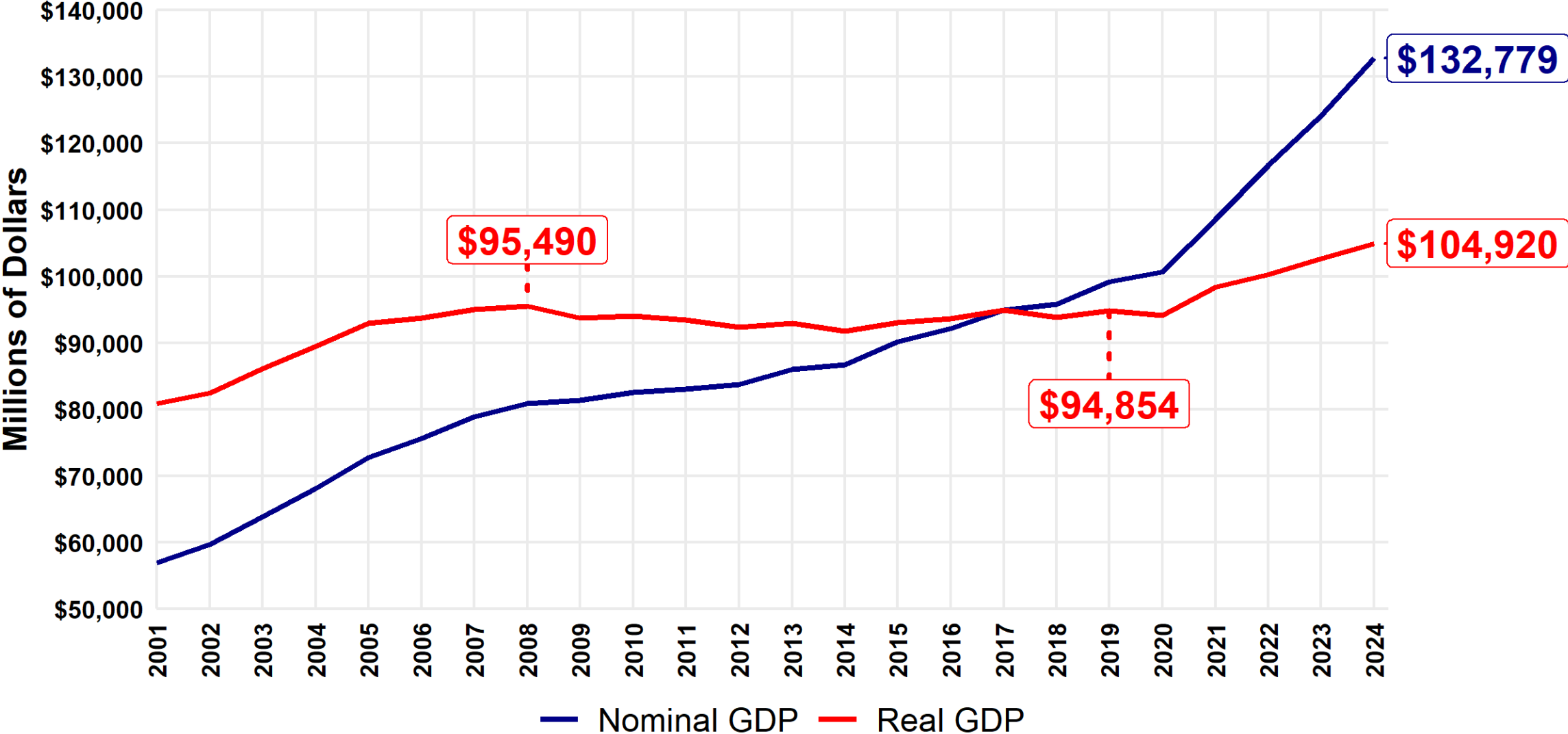




# Economic Conditions in Hampton Roads

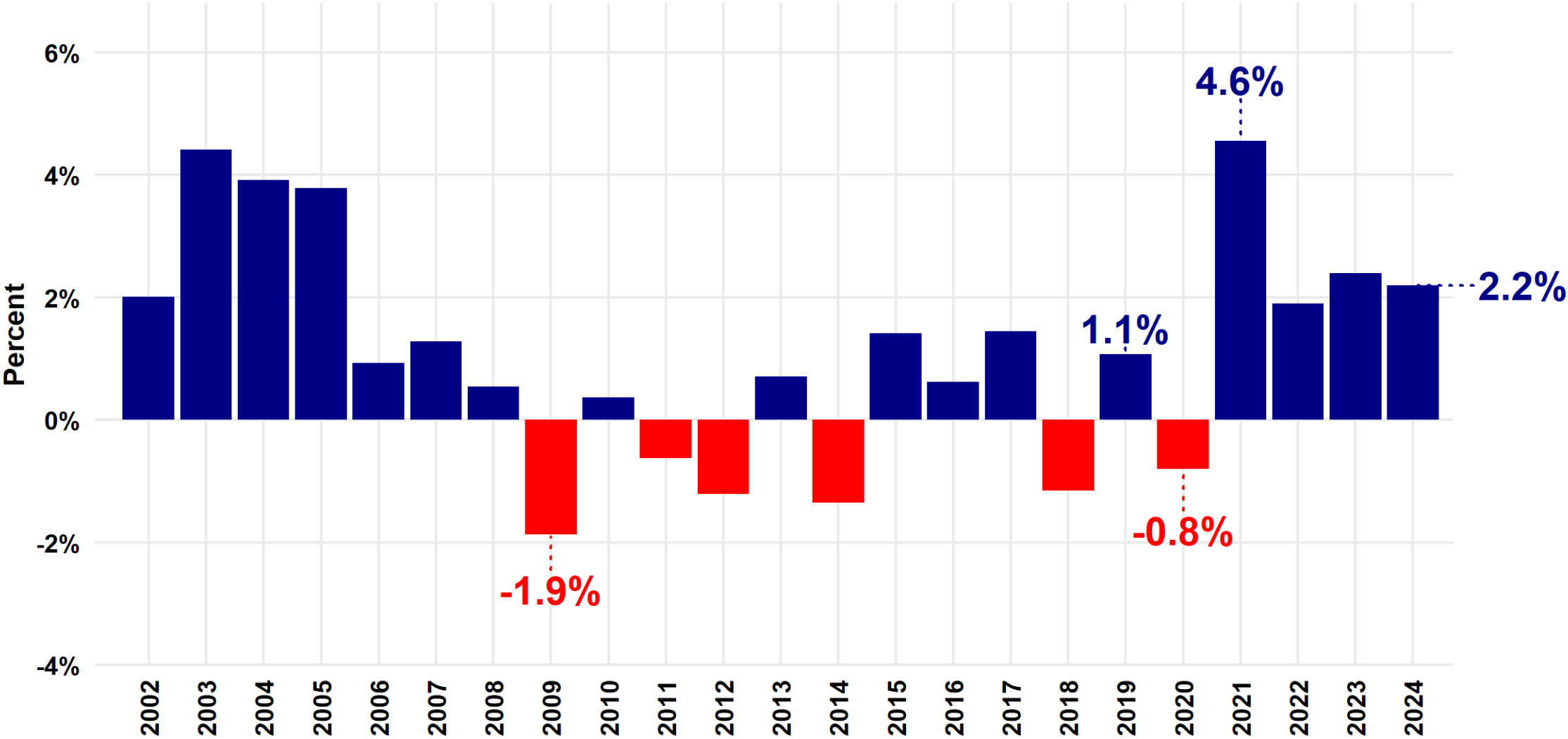


# Nominal and Real Gross Domestic Product Hampton Roads, 2001 - 2024



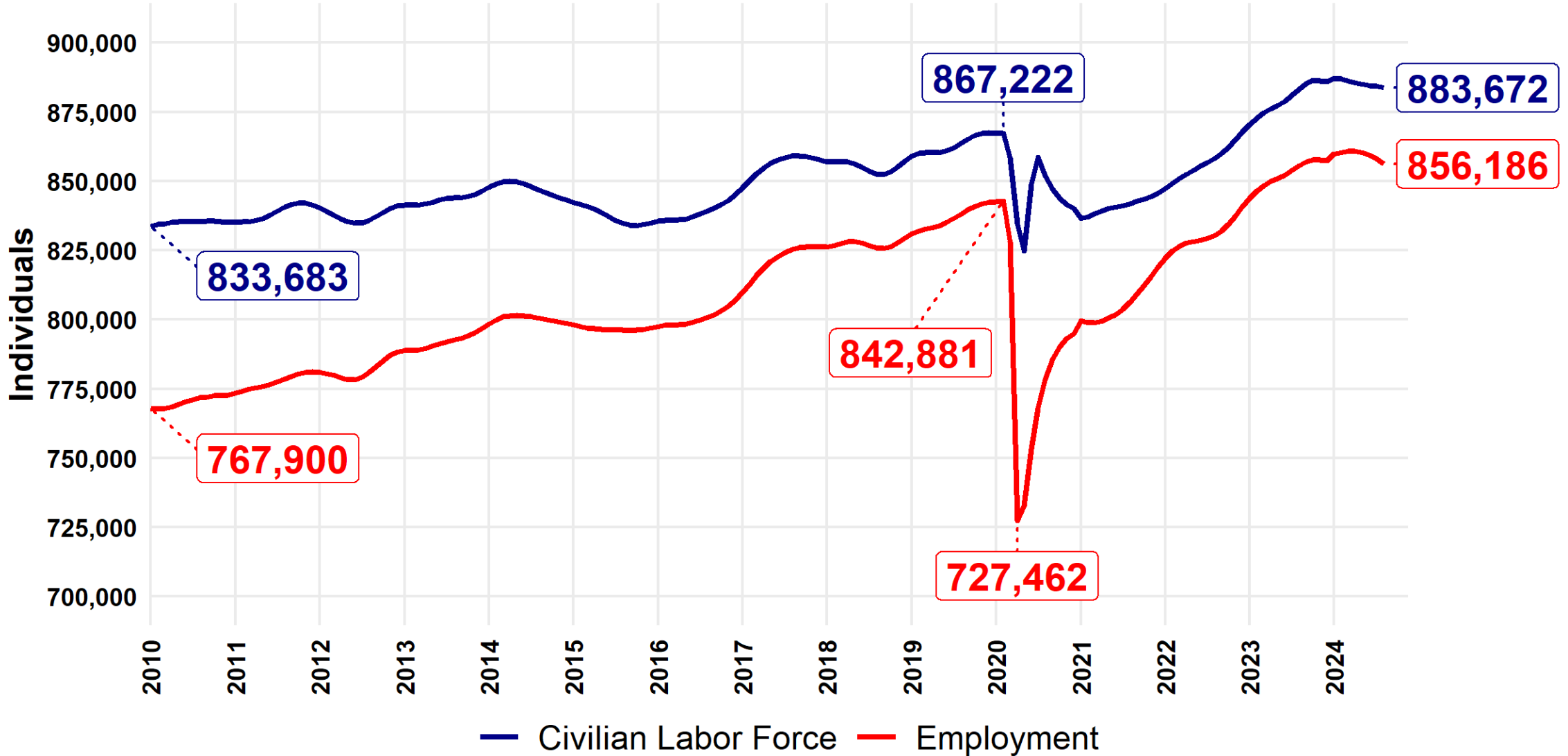
Sources: Bureau of Economic Analysis and Dragas Center for Economic Analysis and Policy. Data on GDP incorporates latest BEA revisions in December 2023. Millions of chained 2017 dollars for real GDP. Data for 2001 to 2016 has not yet been revised. 2022 represents advance estimate and 2023 is our estimate. 2024 is our forecast.

# Percent Change in Real Gross Domestic Product Hampton Roads, 2002 - 2024



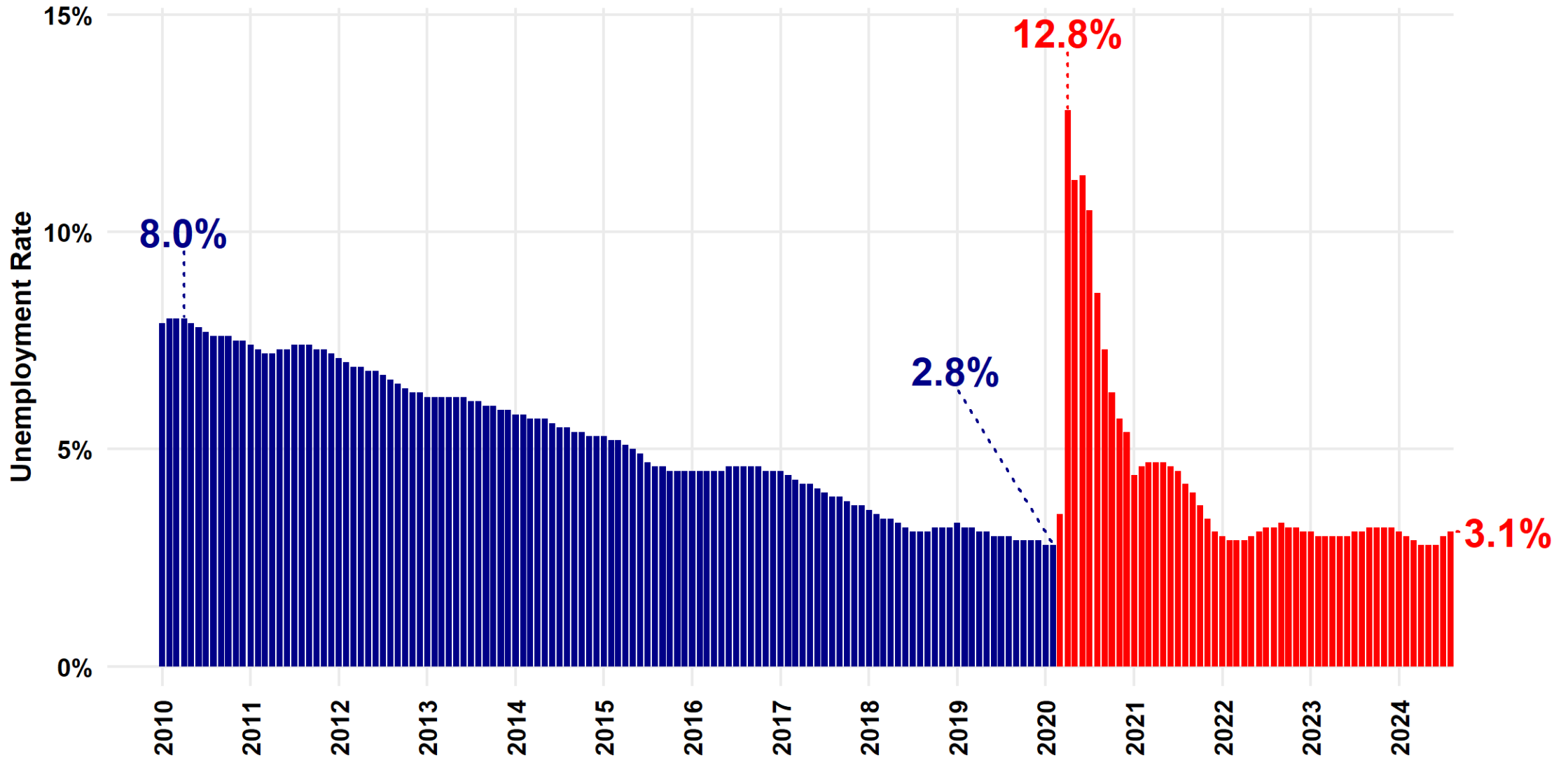
Sources: Bureau of Economic Analysis and Dragas Center for Economic Analysis and Policy. Data on GDP incorporates latest BEA revisions in December 2023. Millions of chained 2017 dollars for real GDP. Data for 2001 to 2016 has not yet been revised. 2022 represents advance estimate and 2023 is our estimate. 2024 is our forecast.

# Civilian Labor Force and Individual Employment Hampton Roads, January 2010 - August 2024



Source: Bureau of Labor Statistics, seasonally adjusted data.

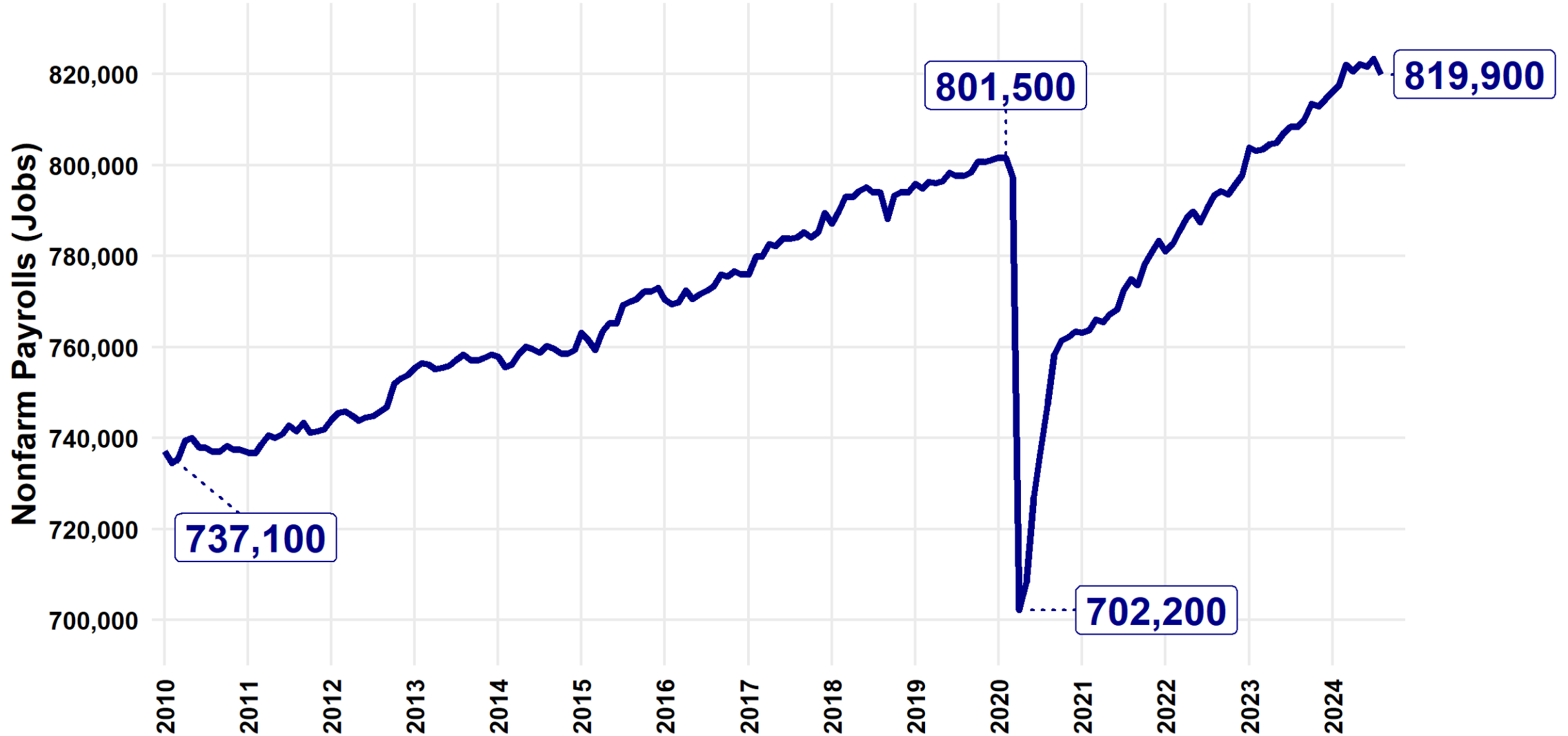
# Headline Unemployment Rate (U3) Hampton Roads, January 2010 - August 2024



Source: Bureau of Labor Statistics, seasonally adjusted data.

# Nonfarm Payrolls

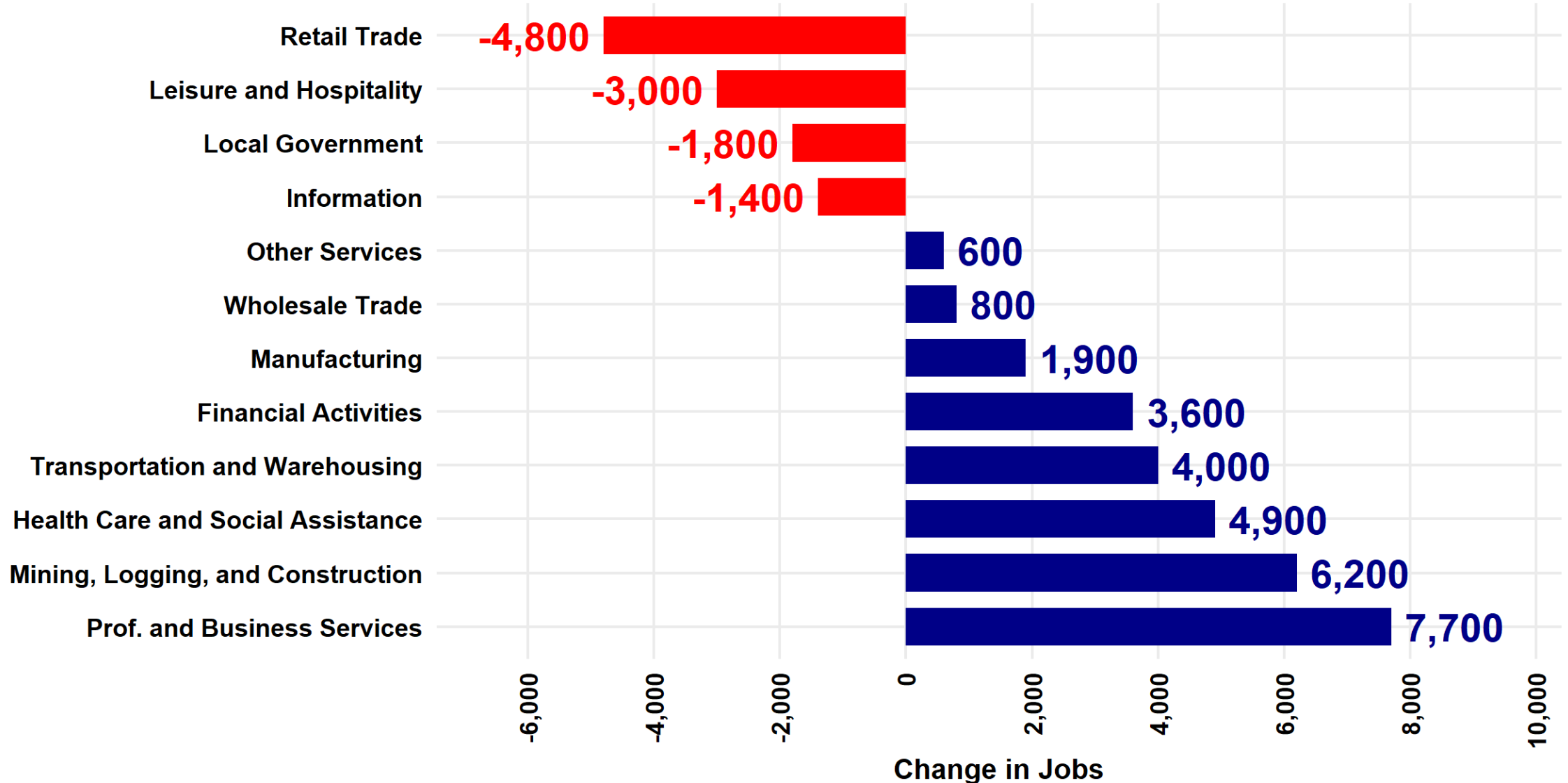
## Hampton Roads, January 2010 - August 2024



Source: Bureau of Labor Statistics, seasonally adjusted data.

# Nonfarm Jobs Gained/Lost

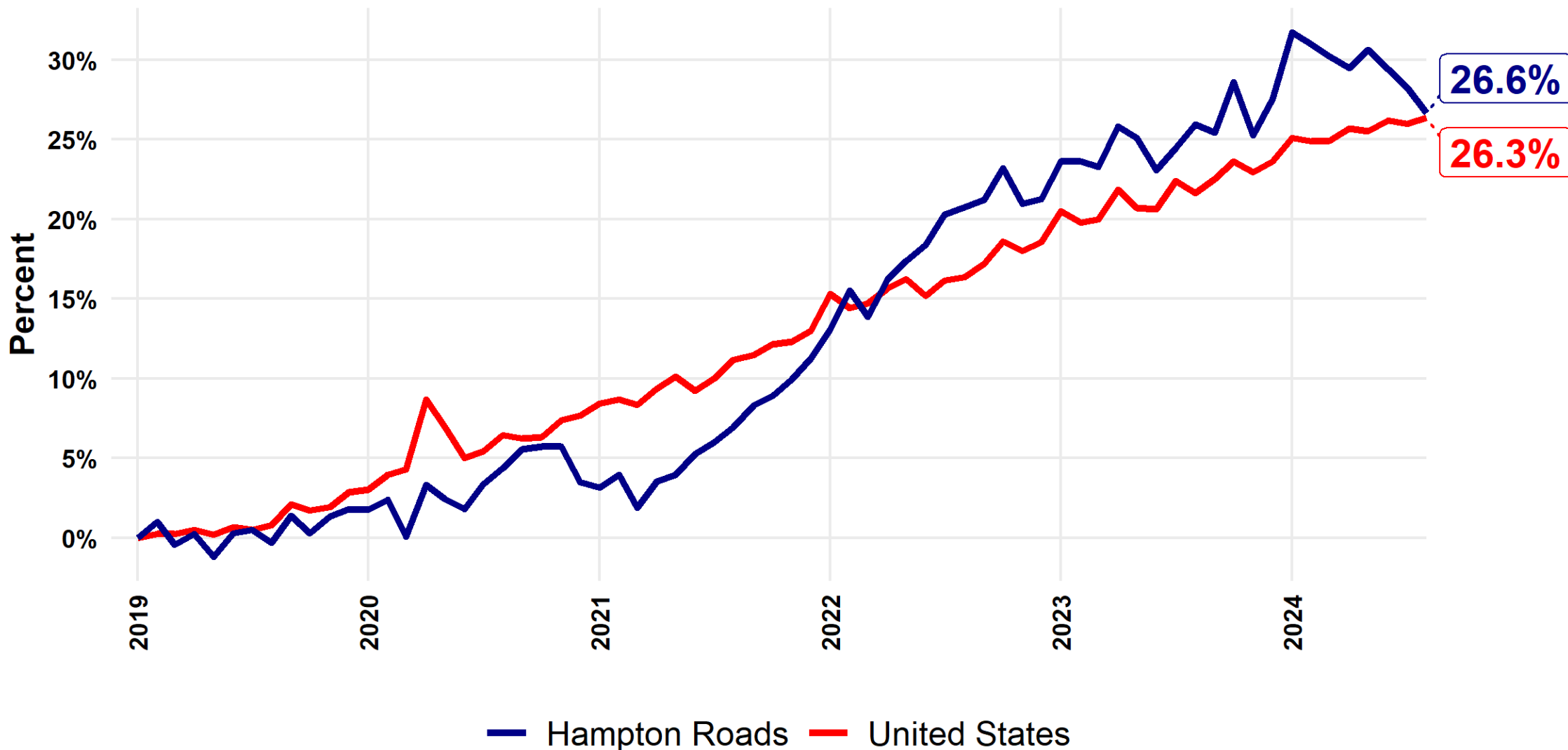
## Selected Sectors in Hampton Roads, August 2019 - August 2024



Source: Bureau of Labor Statistics, non-seasonally adjusted data.



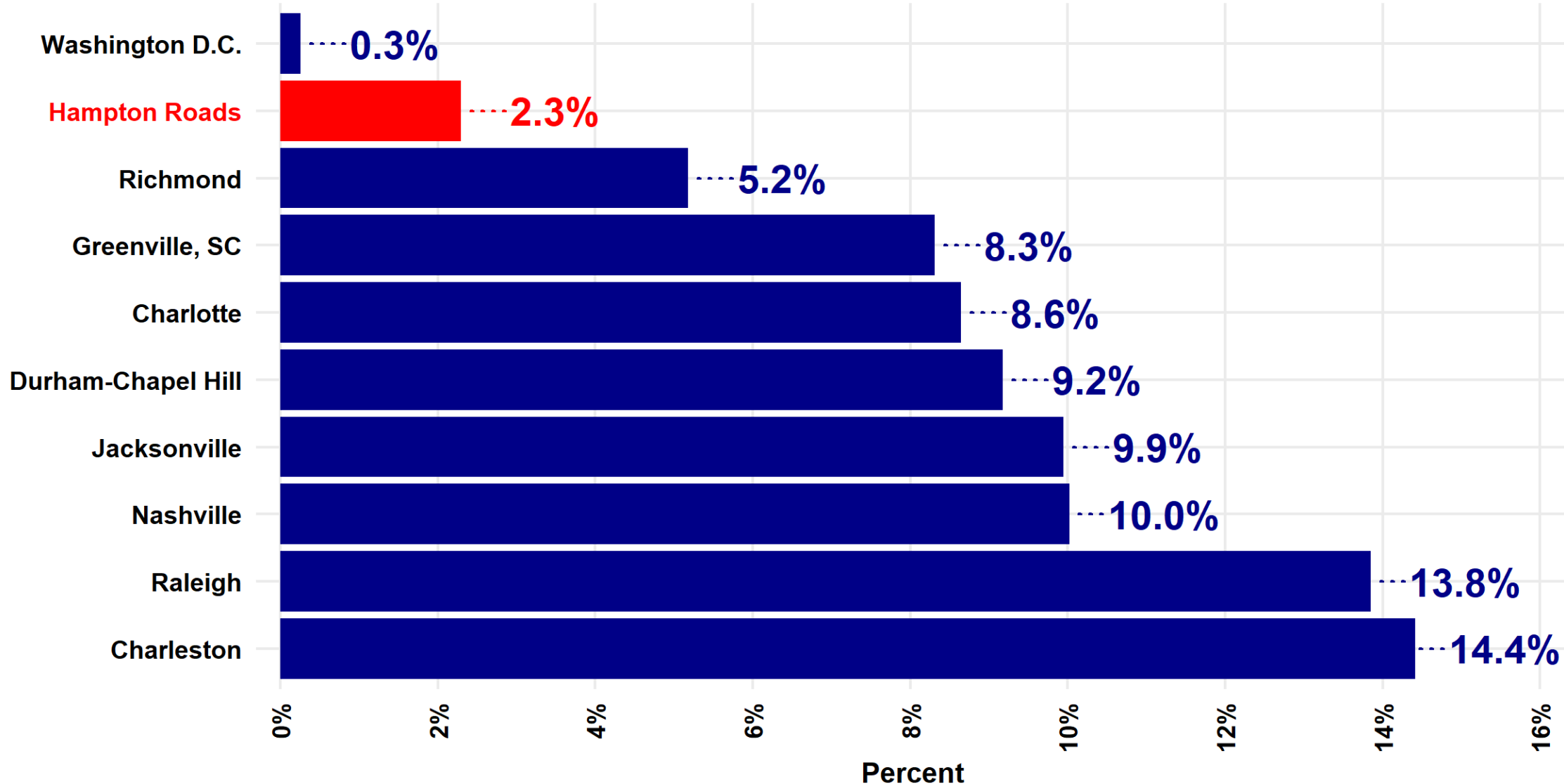
# Cumulative Change in Average Hourly Earnings Hampton Roads and the United States, January 2019 - August 2024



Source: Bureau of Labor Statistics, non-seasonally adjusted data. Average Hourly Earnings of Total Private Employees. Cumulative estimates are equal to the percentage change in the series from January 2019 to present.

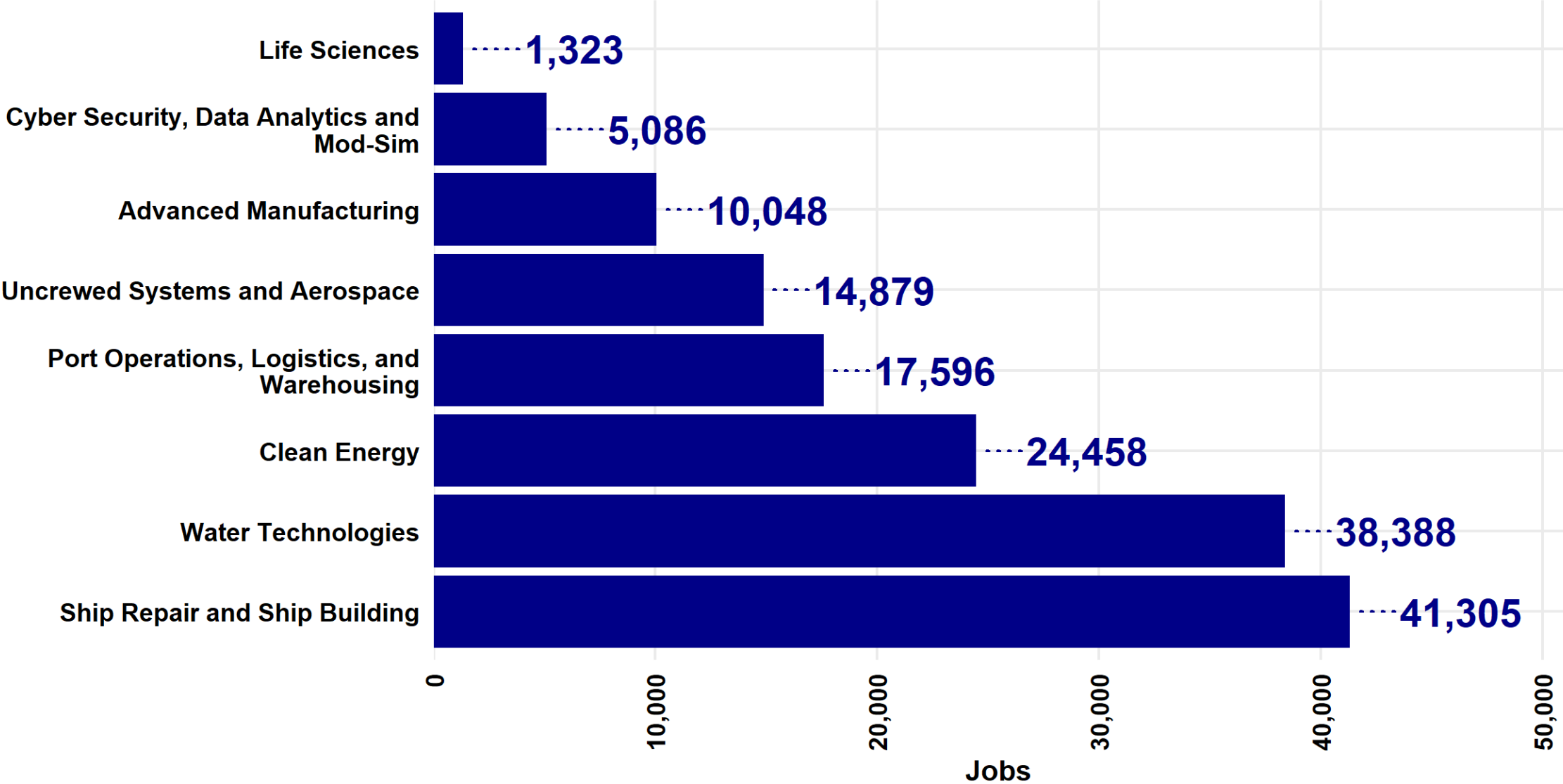
# Growth in Nonfarm Payrolls

## Selected Metropolitan Areas, February 2020 - August 2024



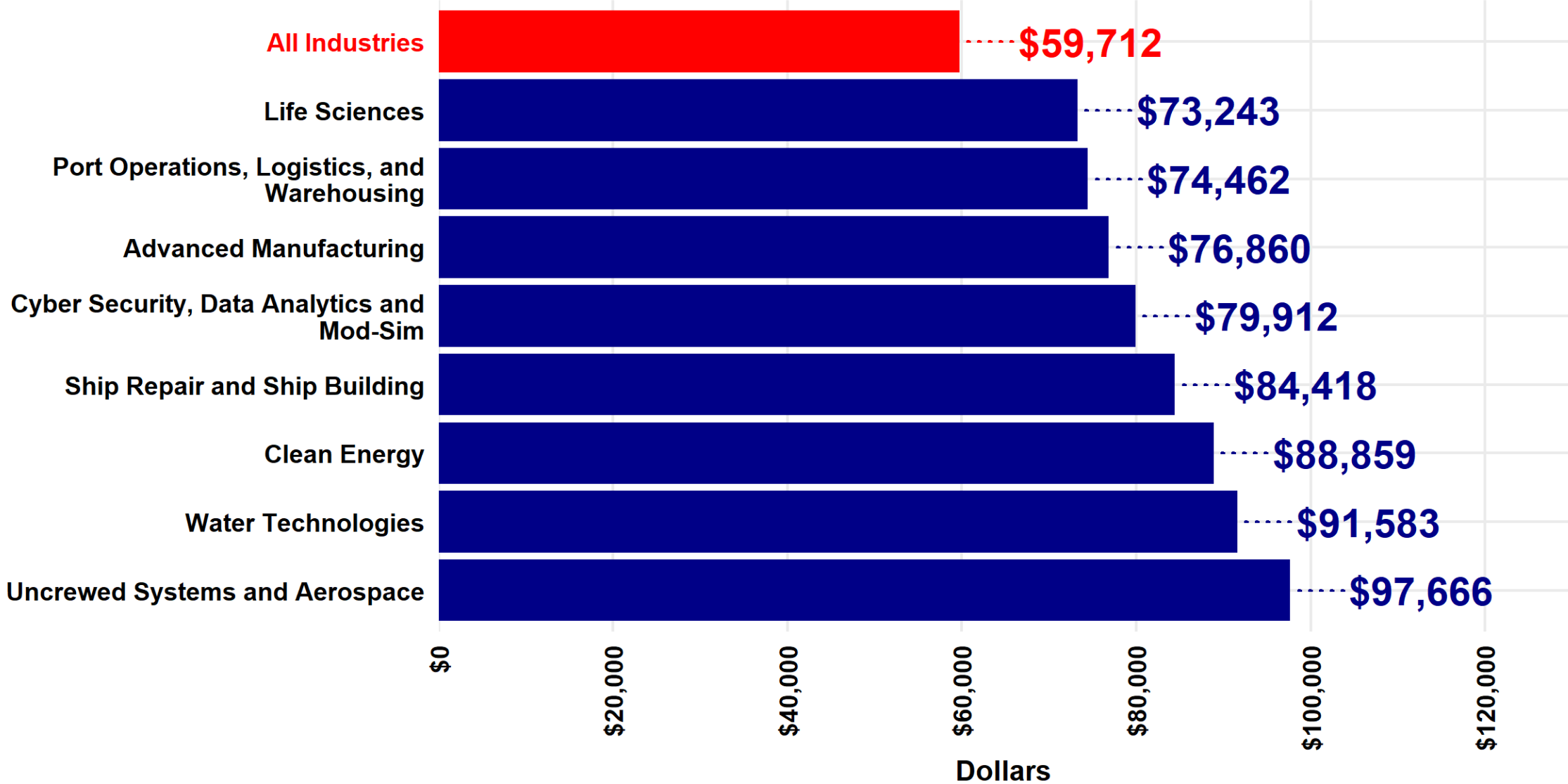
Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. Seasonally adjusted data.

# Employment for Priority Clusters Hampton Roads, Q1 2024



Source: JobsEq and Dragas Center for Economic Analysis and Policy. Data as of 2024 Q1 and based on a four-quarter moving average.

# Average Annual Wages for Priority Clusters Hampton Roads, Q1 2024



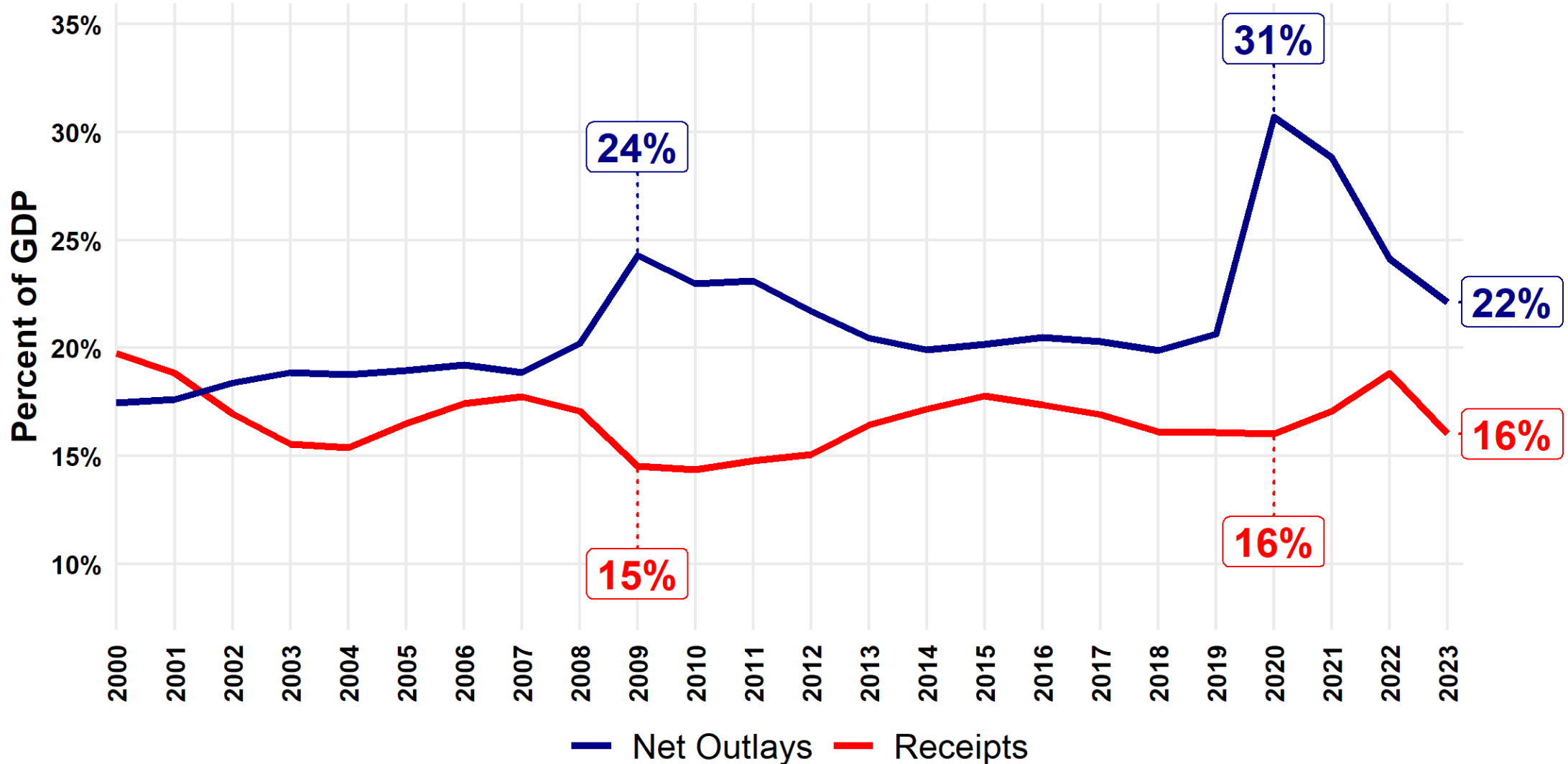
Source: JobsEq and Dragas Center for Economic Analysis and Policy. Data as of 2024 Q1 and based on a four-quarter moving average.

# Federal Spending and Debt



# Federal Net Outlays and Receipts as a Percent of GDP

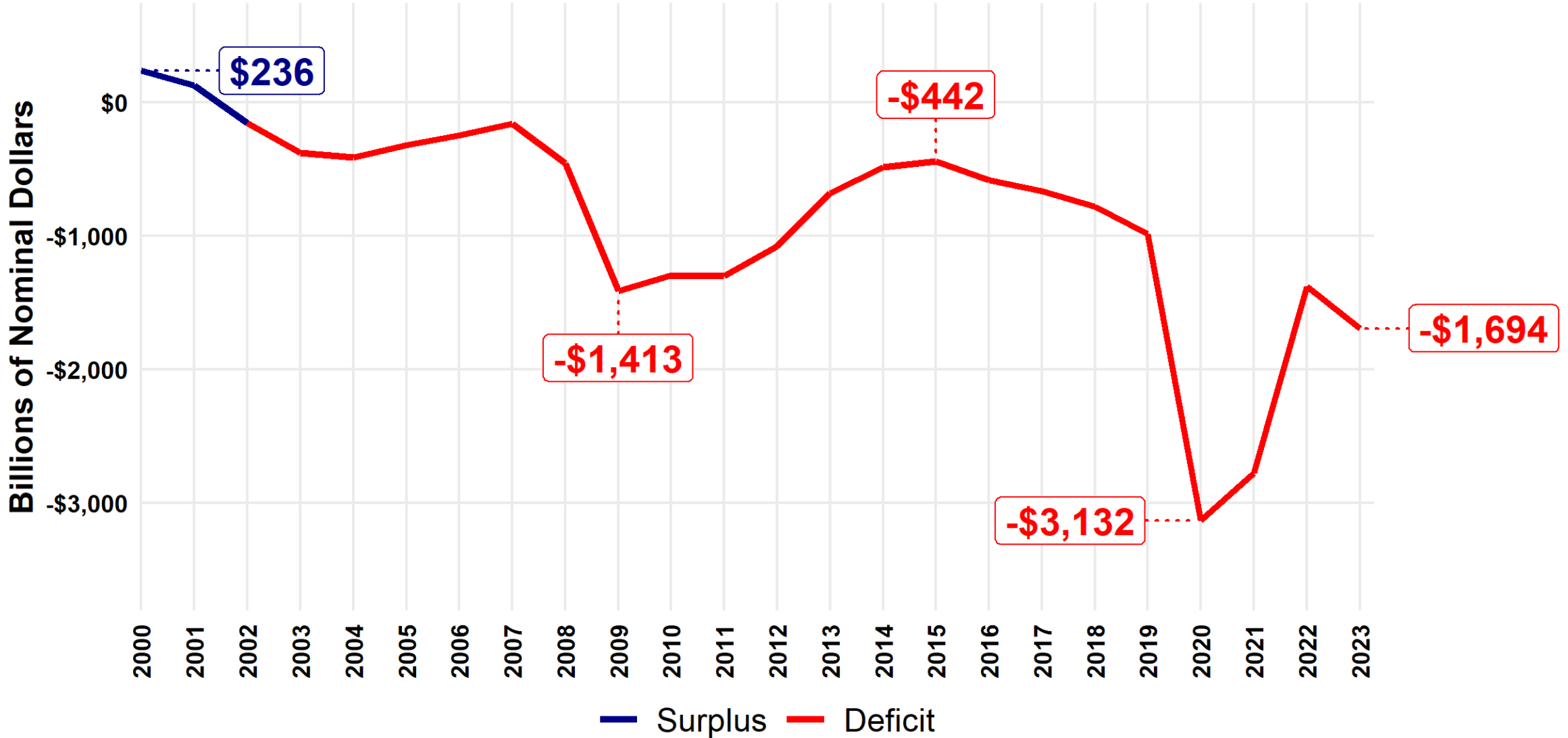
## United States, 2000 - 2023



Source: U.S. Office of Management and Budget. Net outlays are outlays net of amounts that are adjustments to obligational authority. Net outlays are considered disbursements net of refunds and reimbursements collected.

# Federal Surplus or Deficit

## United States, FY 2000 - FY 2023

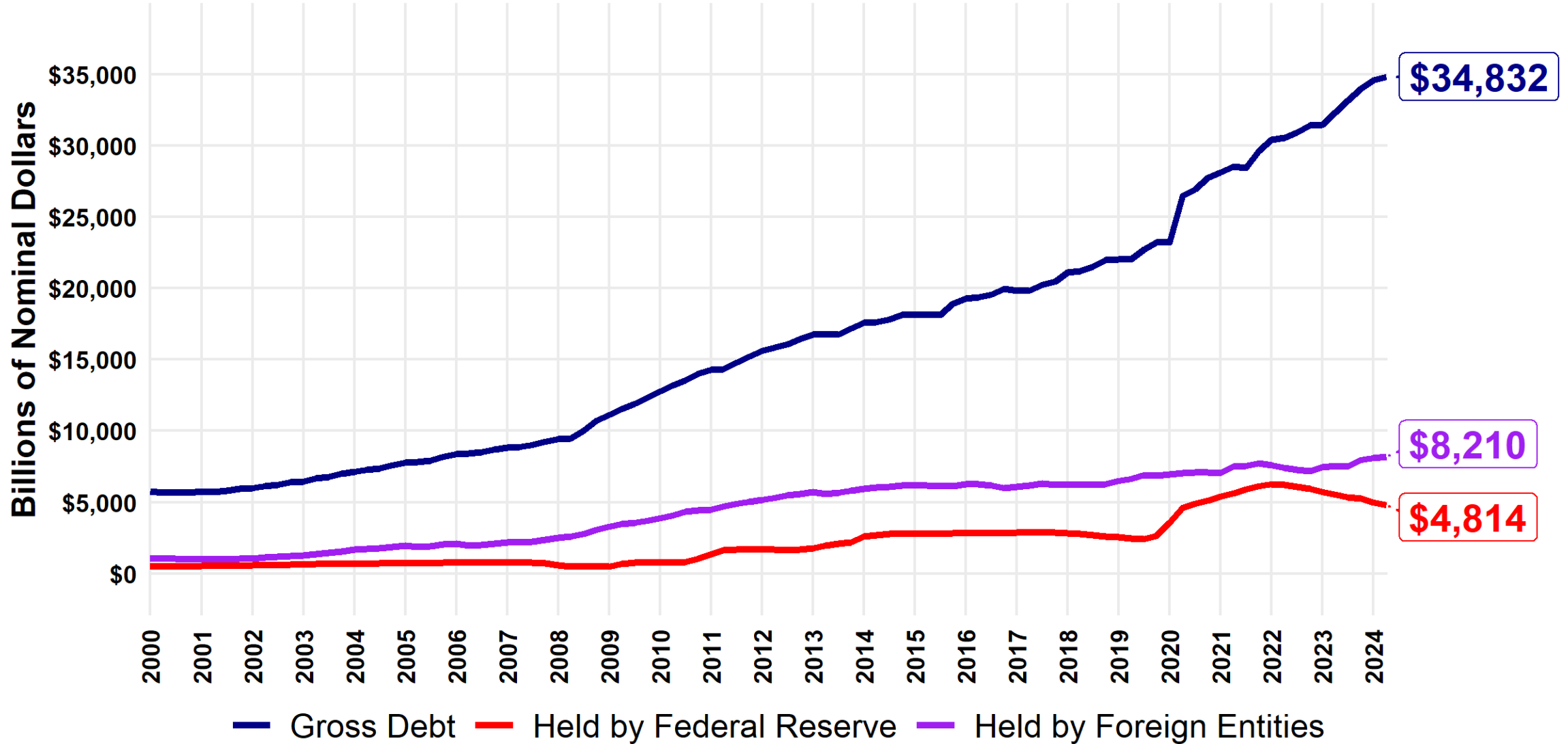


Source: U.S. Office of Management and Budget. Fiscal Year.



# Federal Debt

## United States, Q1 2000 - Q2 2024

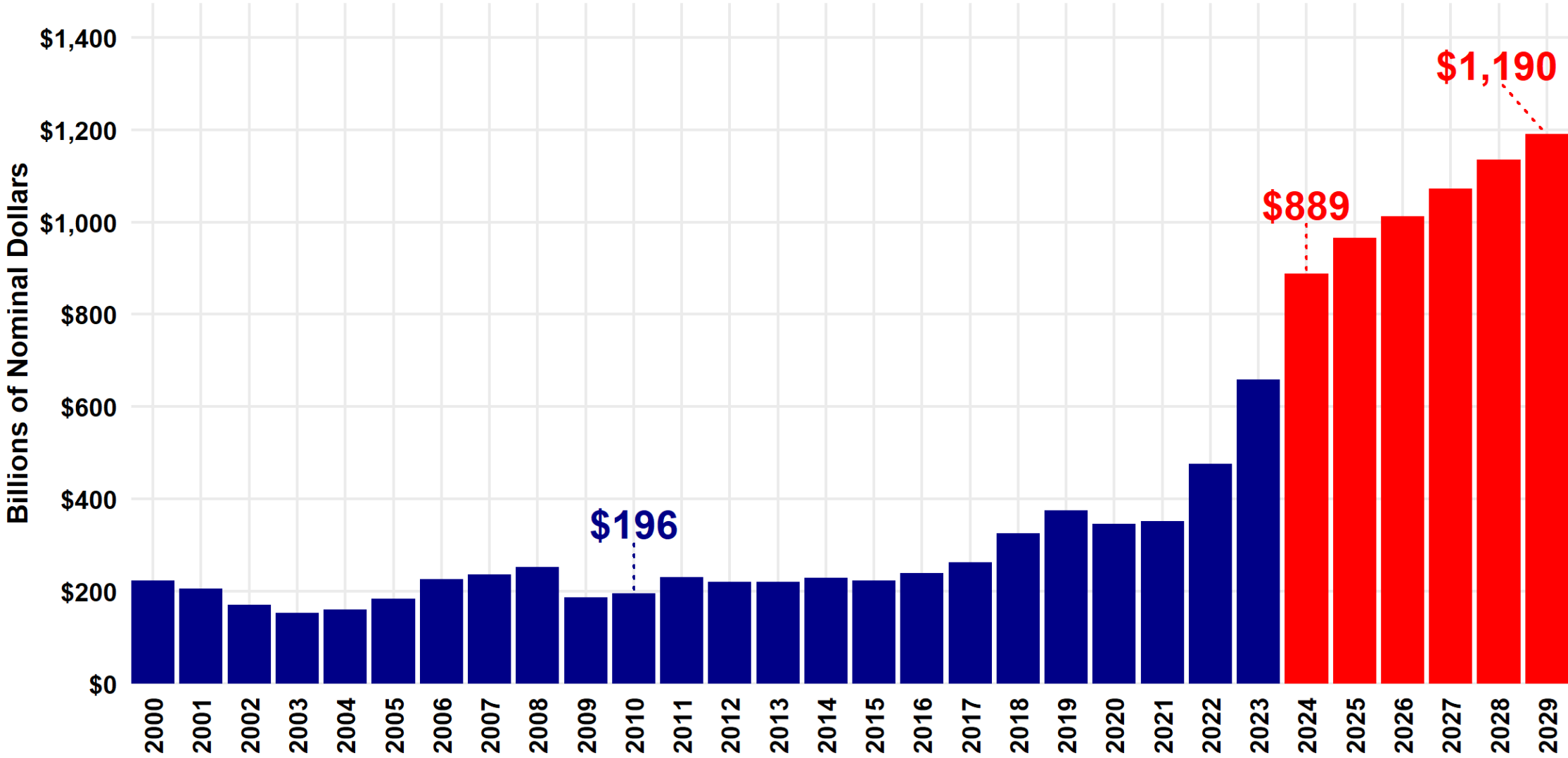


Source: U.S. Department of the Treasury.



# Federal Government: Net Interest Outlays

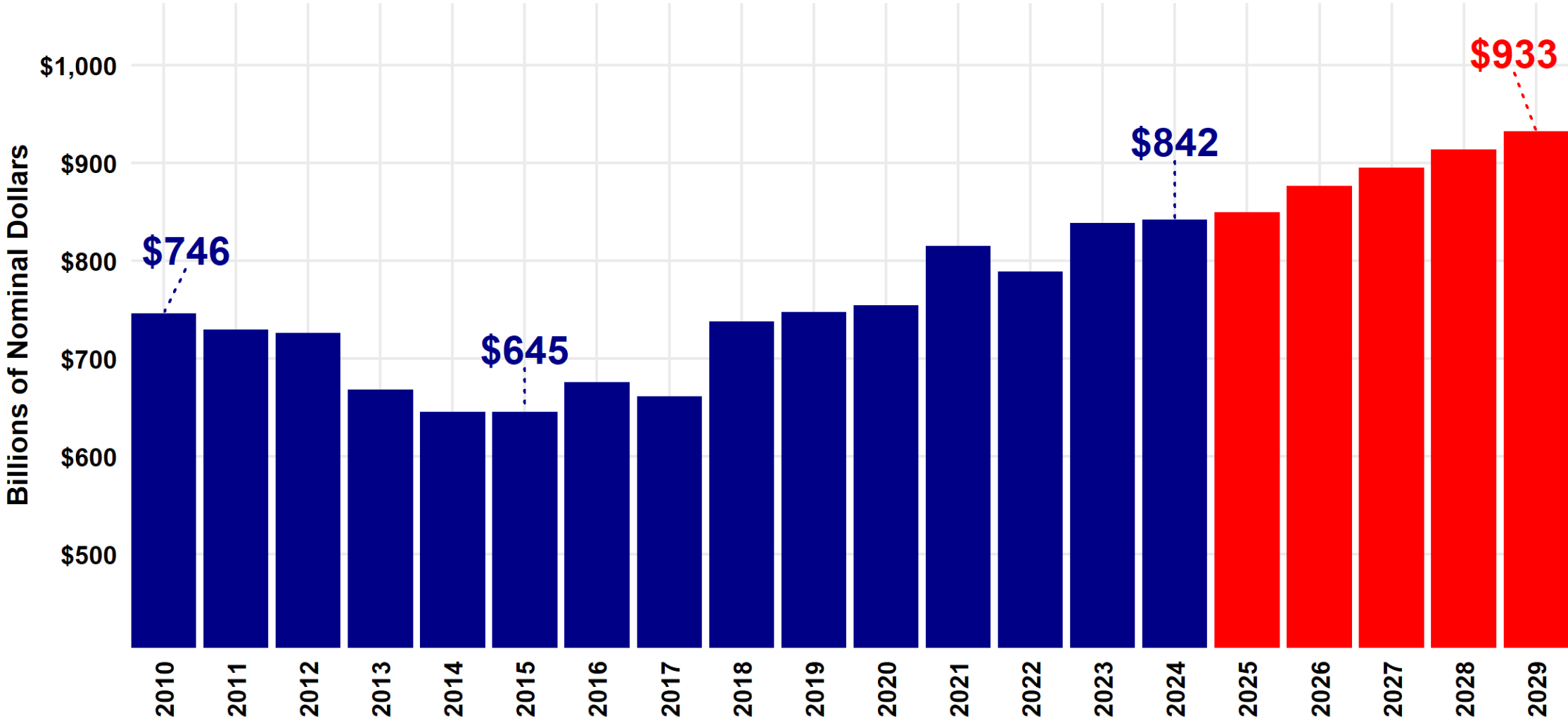
Fiscal Year, 2000 - 2029\*



Sources: Office of Management and Budget, Congressional Budget Office, and Dragas Center for Economic Analysis and Policy. \*OMB projections for FY 2024 to FY 2029.

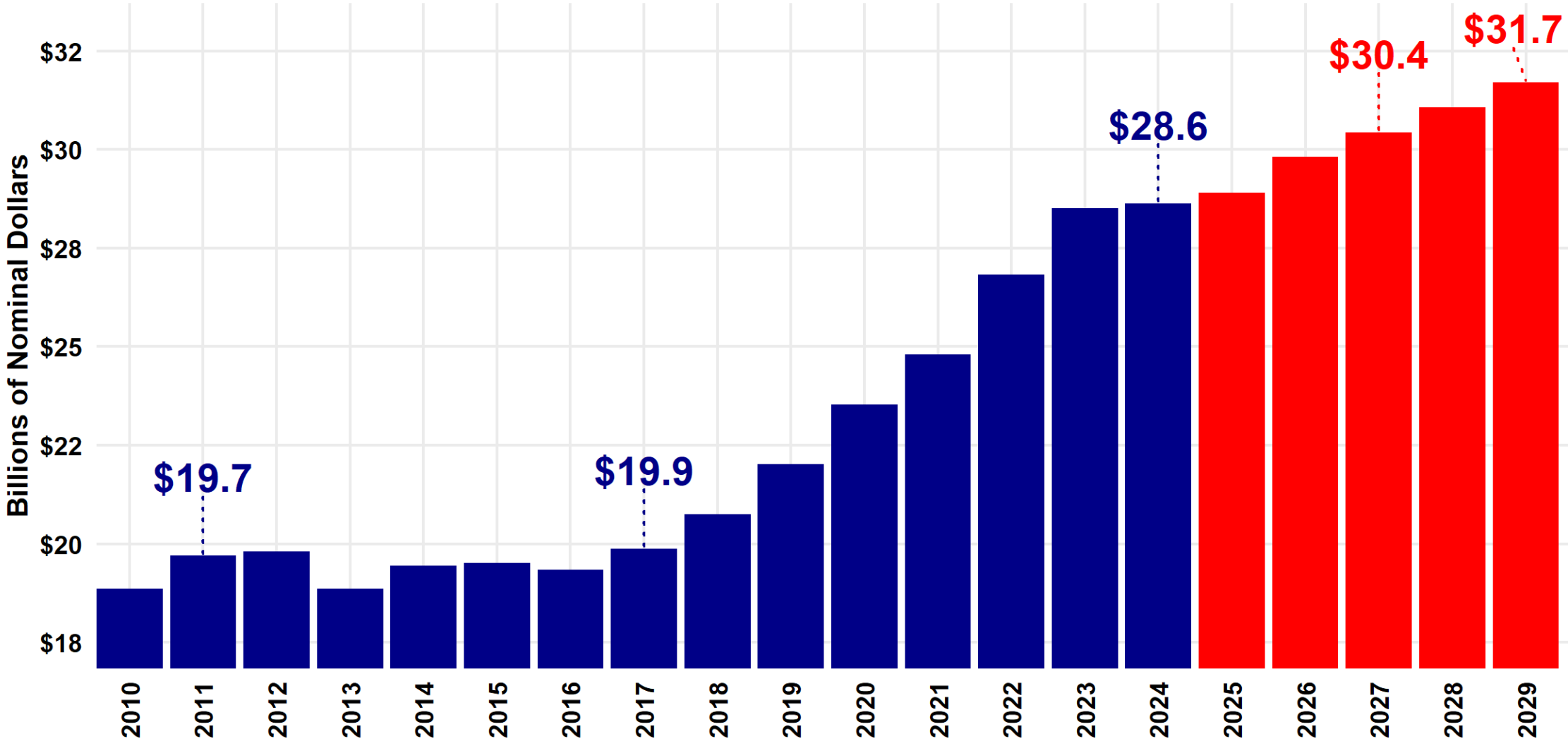
# Department of Defense Total Budget

## Fiscal Year, 2010 - 2029\*



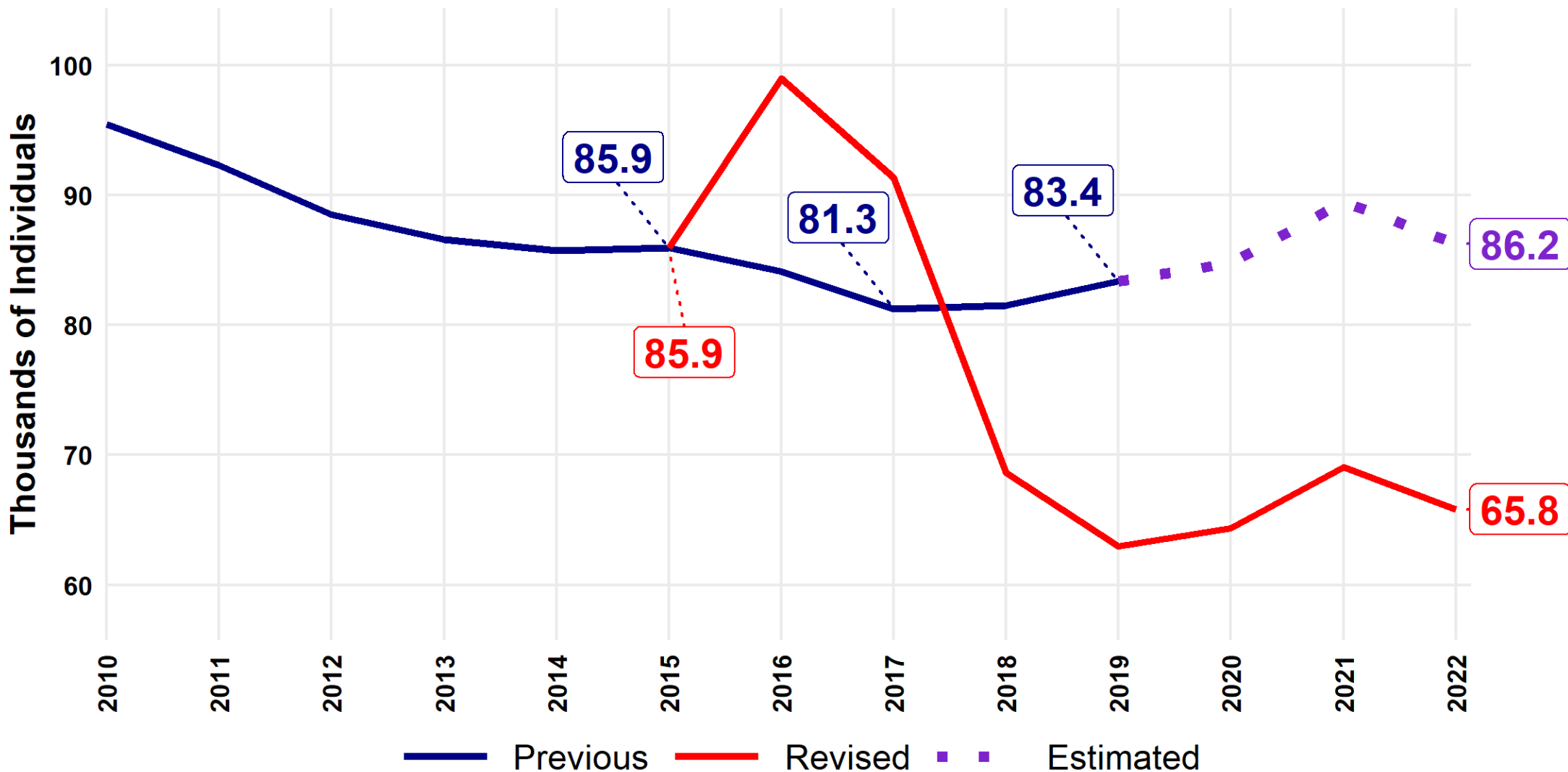
Sources: Office of Management and Budget, Congressional Budget Office, and Dragas Center for Economic Analysis and Policy. Total budget includes base-budget funding and supplemental funding. Current budget dollars. \*Data for 2024 are estimates while data for 2025 to 2029 are projections based on national DoD spending estimates. Projections do not contain possible supplemental appropriations.

# Estimated Department of Defense Direct Spending Hampton Roads, 2010 - 2029\*



Sources: Department of Defense and the Dragas Center for Economic Analysis and Policy, Old Dominion University. Includes federal civilian and military personnel and procurement.  
\* FY 2010 – 2023 are actual expenditures, 2024 is our estimate, and 2025 – 2029 are our forecasts.

# Military Employment Hampton Roads, 2010 - 2022



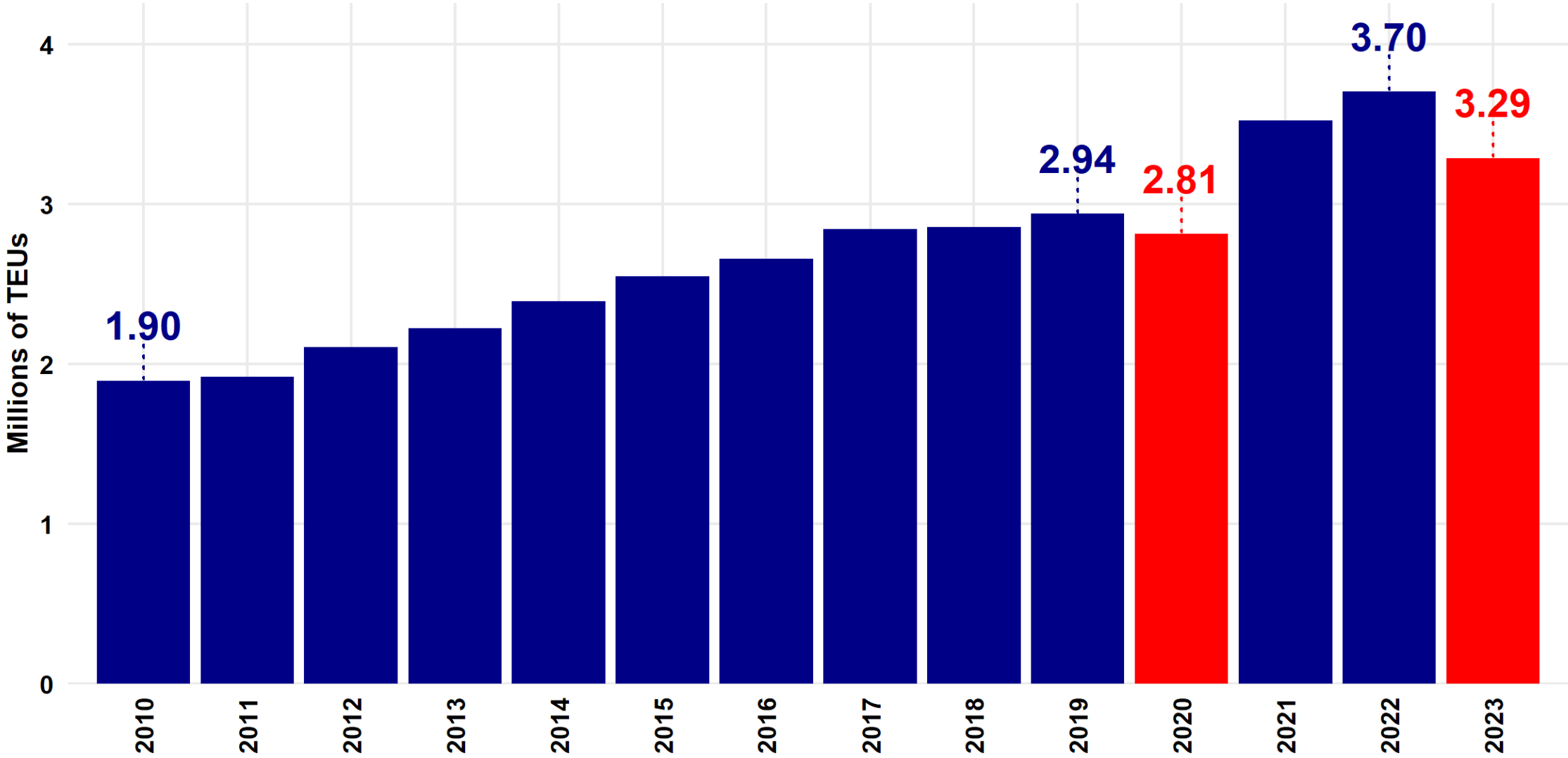
Sources: U.S. Bureau of Economic Analysis and Dragas Center for Economic Analysis and Policy. Previous series updated by BEA on November 17, 2020, and revised series released on November 16, 2023.

# The Port of Virginia



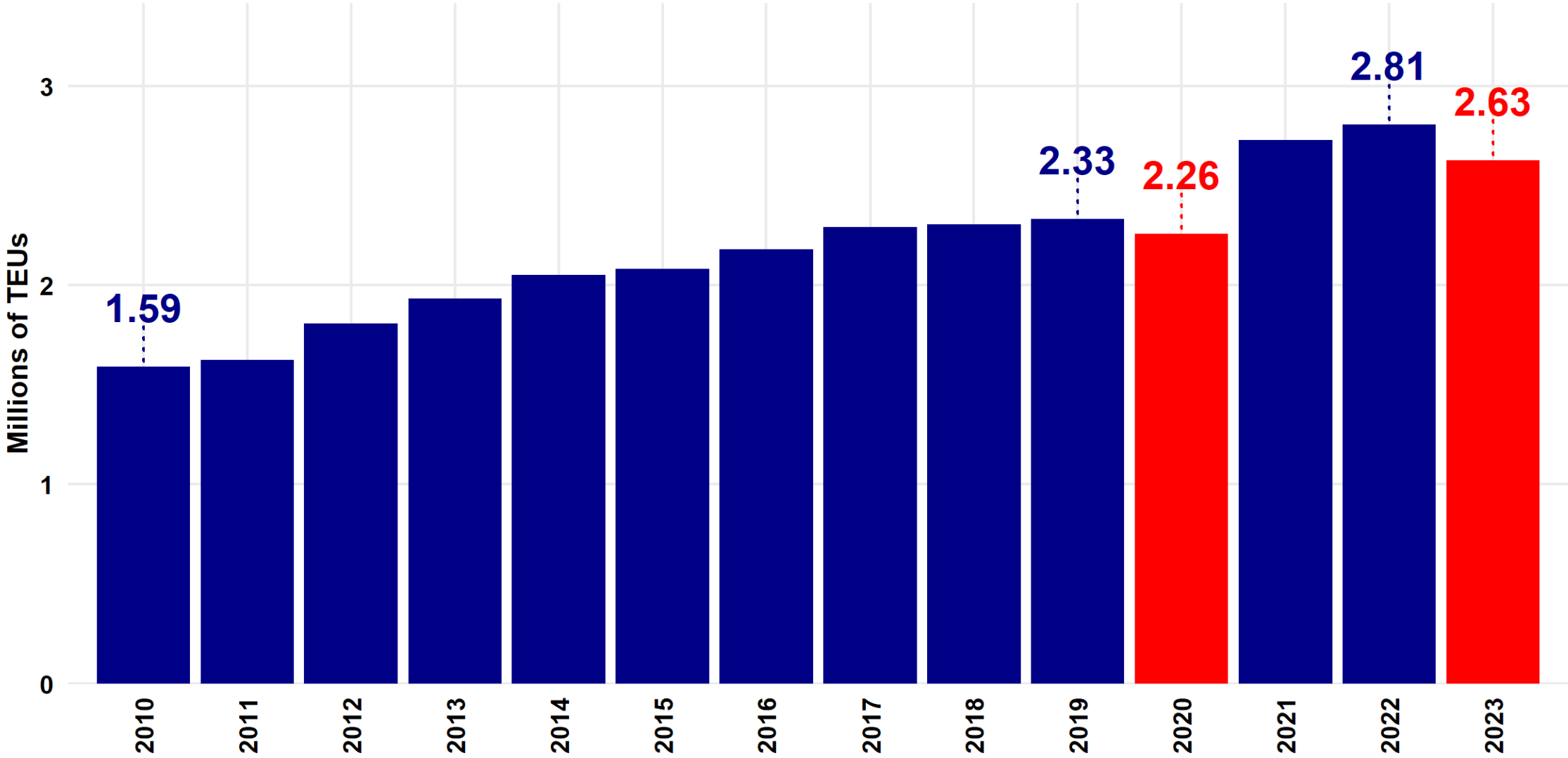


# Twenty-Foot Equivalent Container Units (TEUs) Port of Virginia, 2010 - 2023



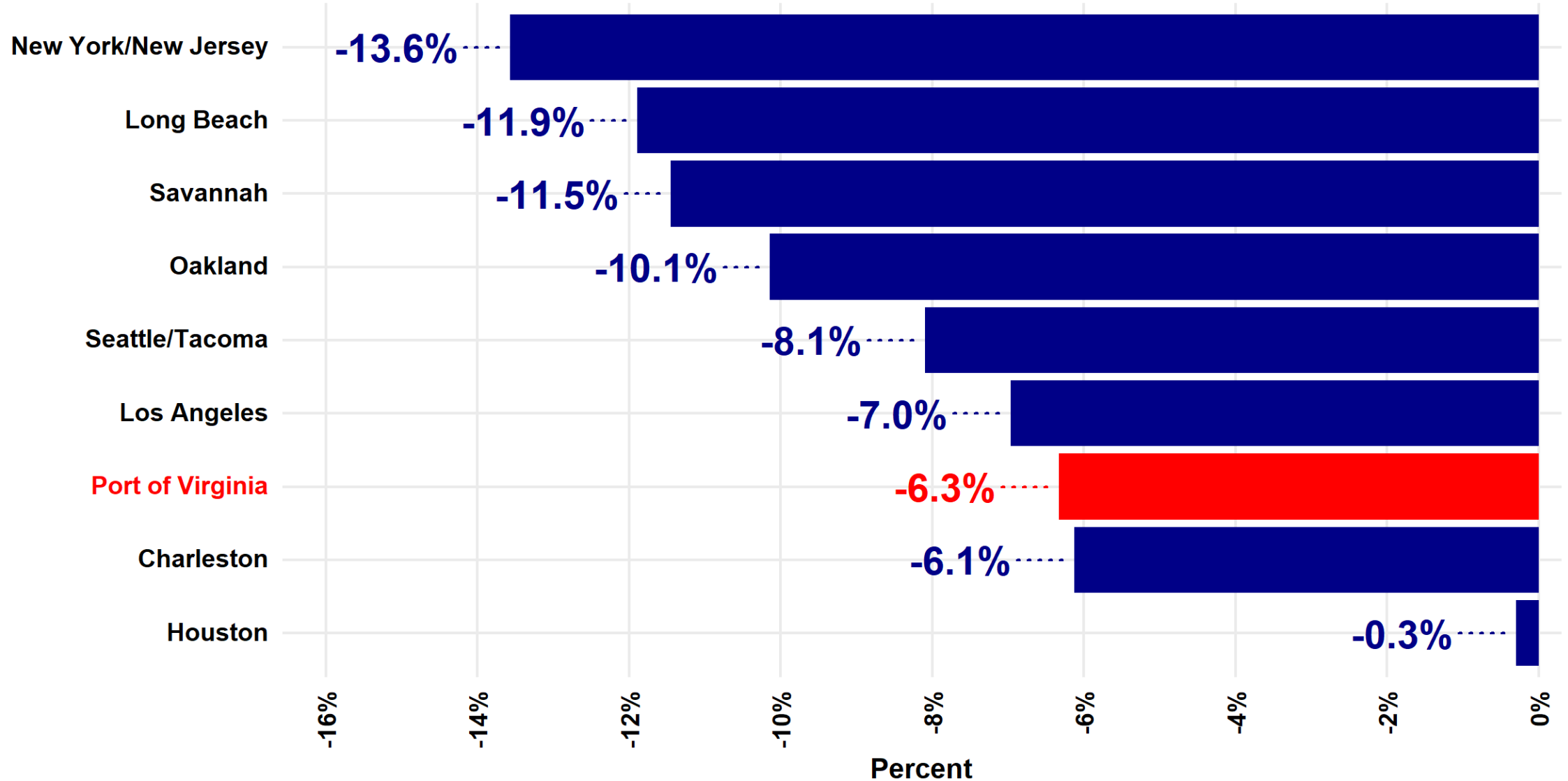
Sources: Virginia Port Authority and Dragas Center for Economic Analysis and Policy.

# Total Loaded Twenty-Foot Equivalent Container Units (TEUs) Port of Virginia, 2010 - 2023



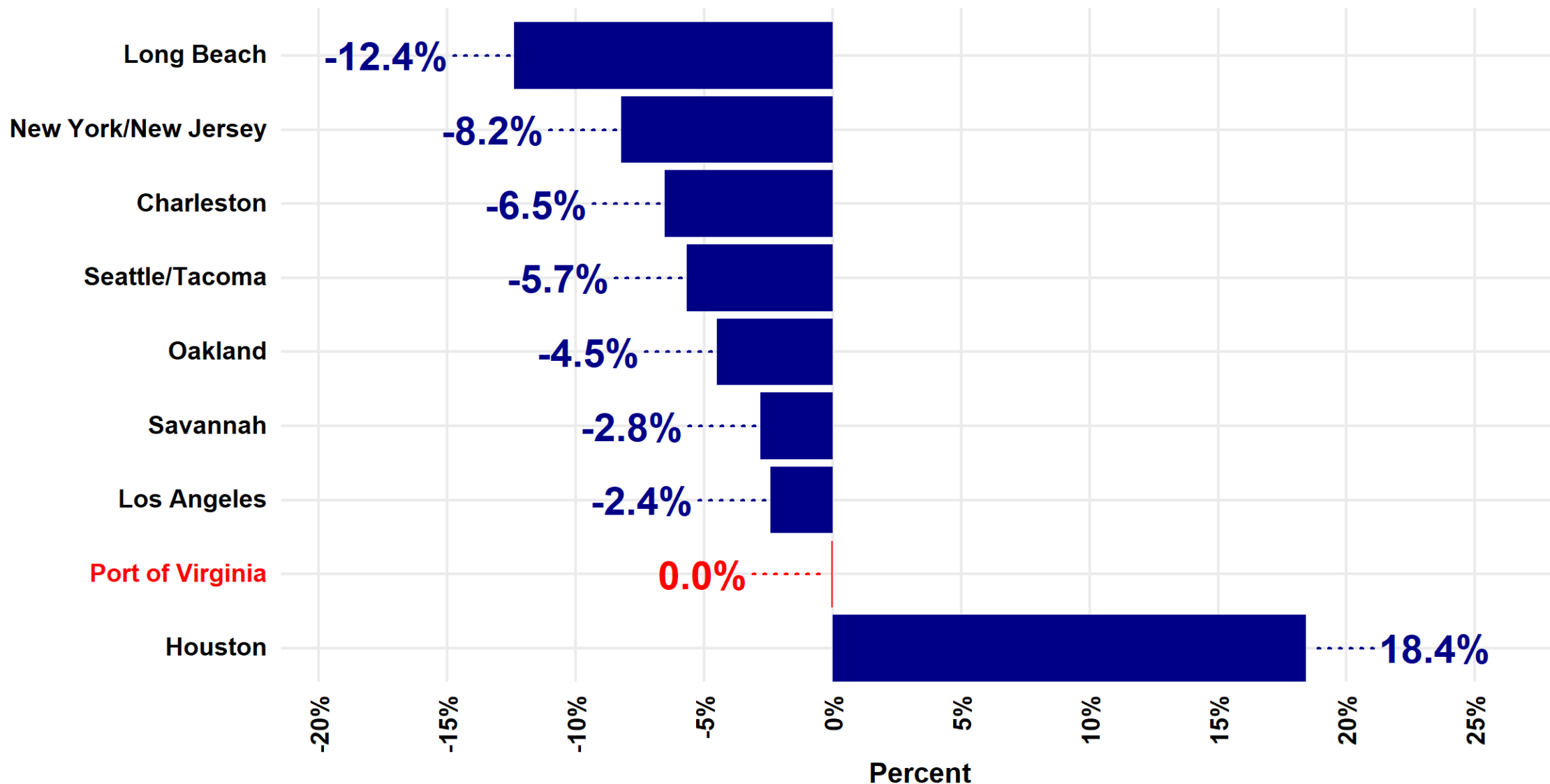
Sources: Virginia Port Authority and Dragas Center for Economic Analysis and Policy.

## Percent Change in Total Loaded TEUs Selected U.S. Ports, 2022 - 2023



Sources: Websites of ports and the Old Dominion University Economic Forecasting Project.

# Percent Change in Total Loaded TEUs Selected U.S. Ports, YTD July 2022 - YTD July 2024

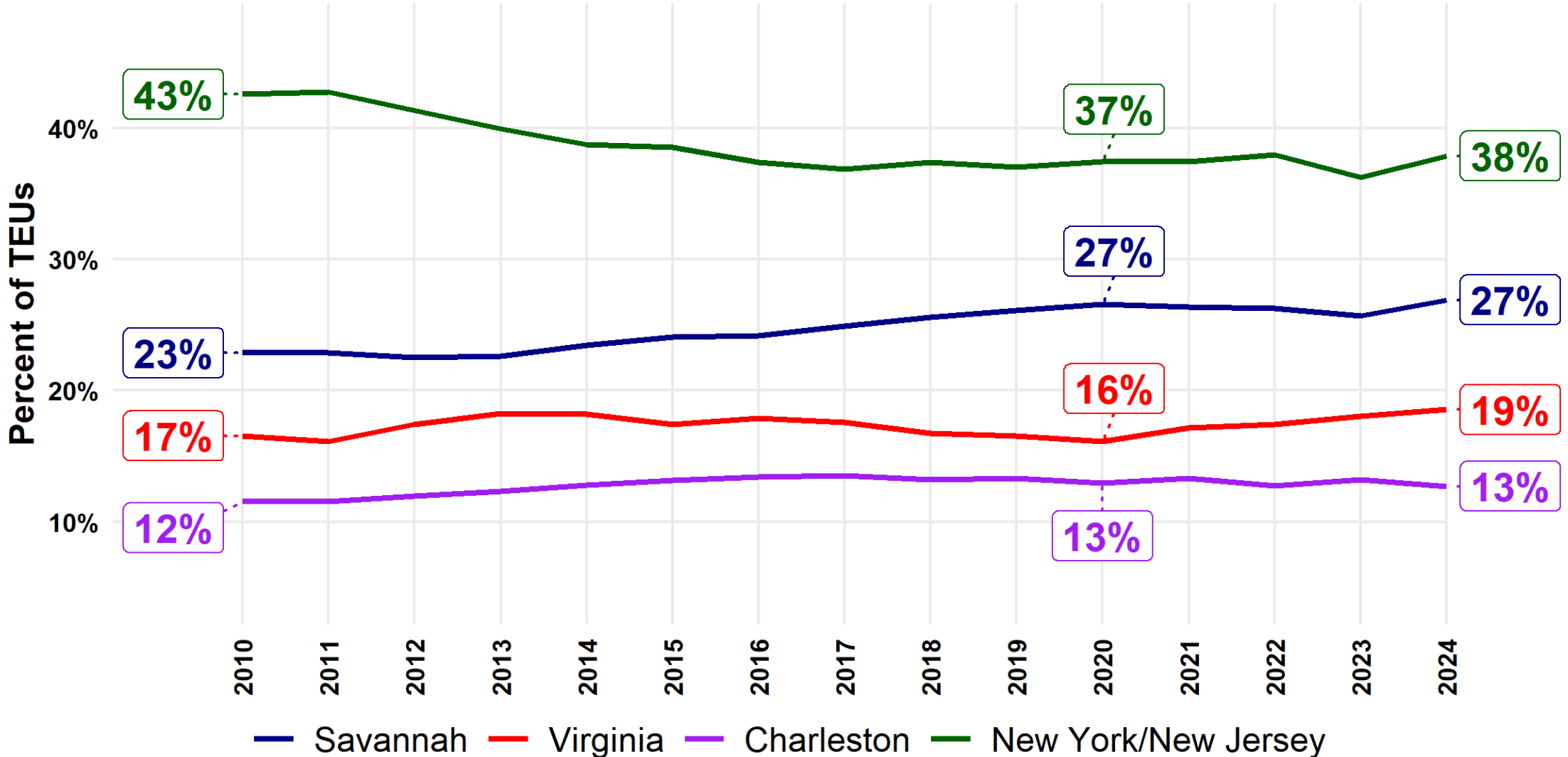


Sources: Websites of ports and the Old Dominion University Economic Forecasting Project.



# Shares of Total Loaded TEUs

## Selected East Coast Ports, 2010 - 2024



Sources: American Association of Port Authorities, websites of ports and the Old Dominion University Economic Forecasting Project. Market shares are based on TEUs for Baltimore, Boston, Charleston, Virginia, New York/New Jersey, and Savannah. Data for 2024 is through July 2024.

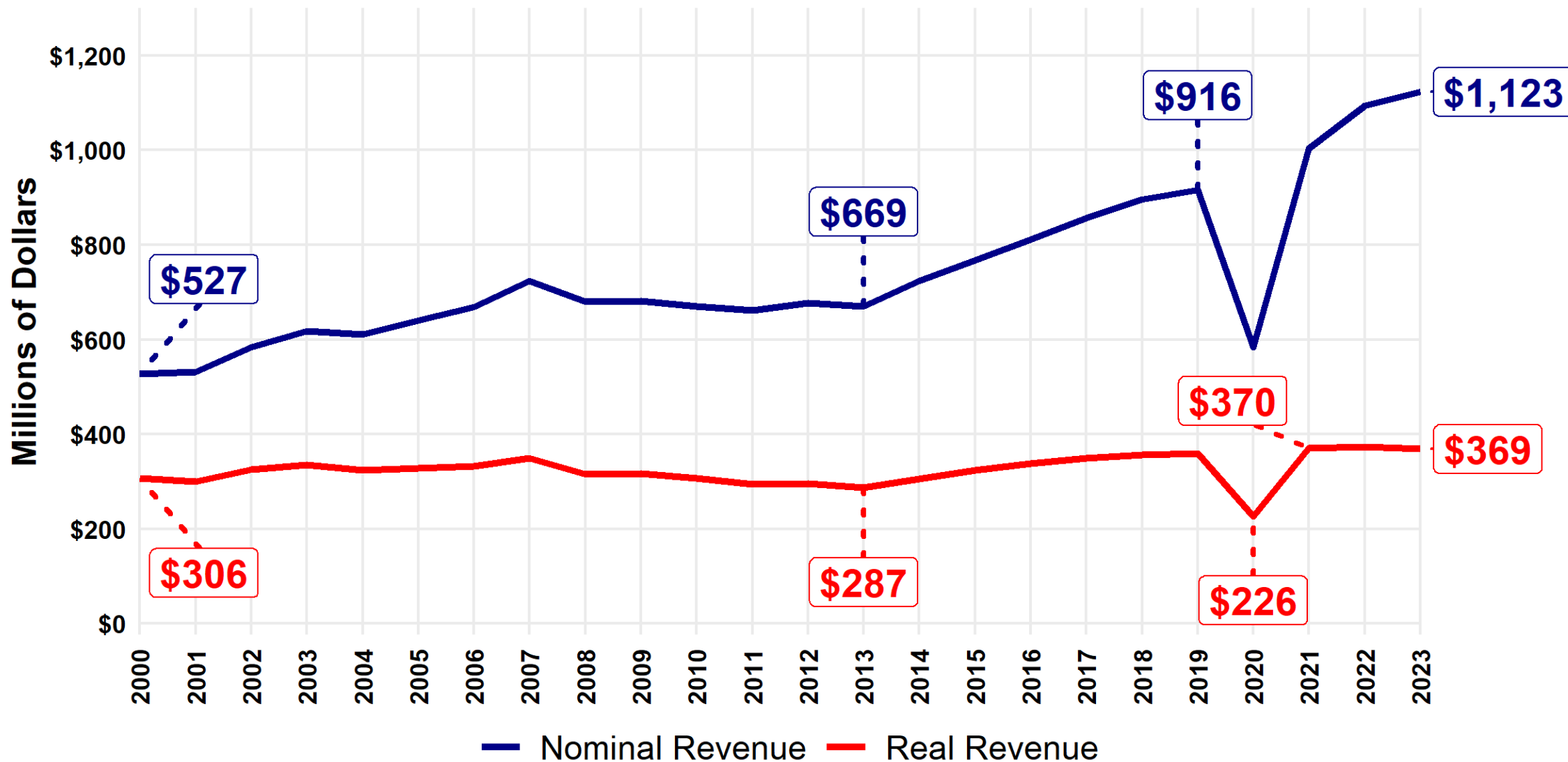


# Hotels Rebound but Challenges Remain



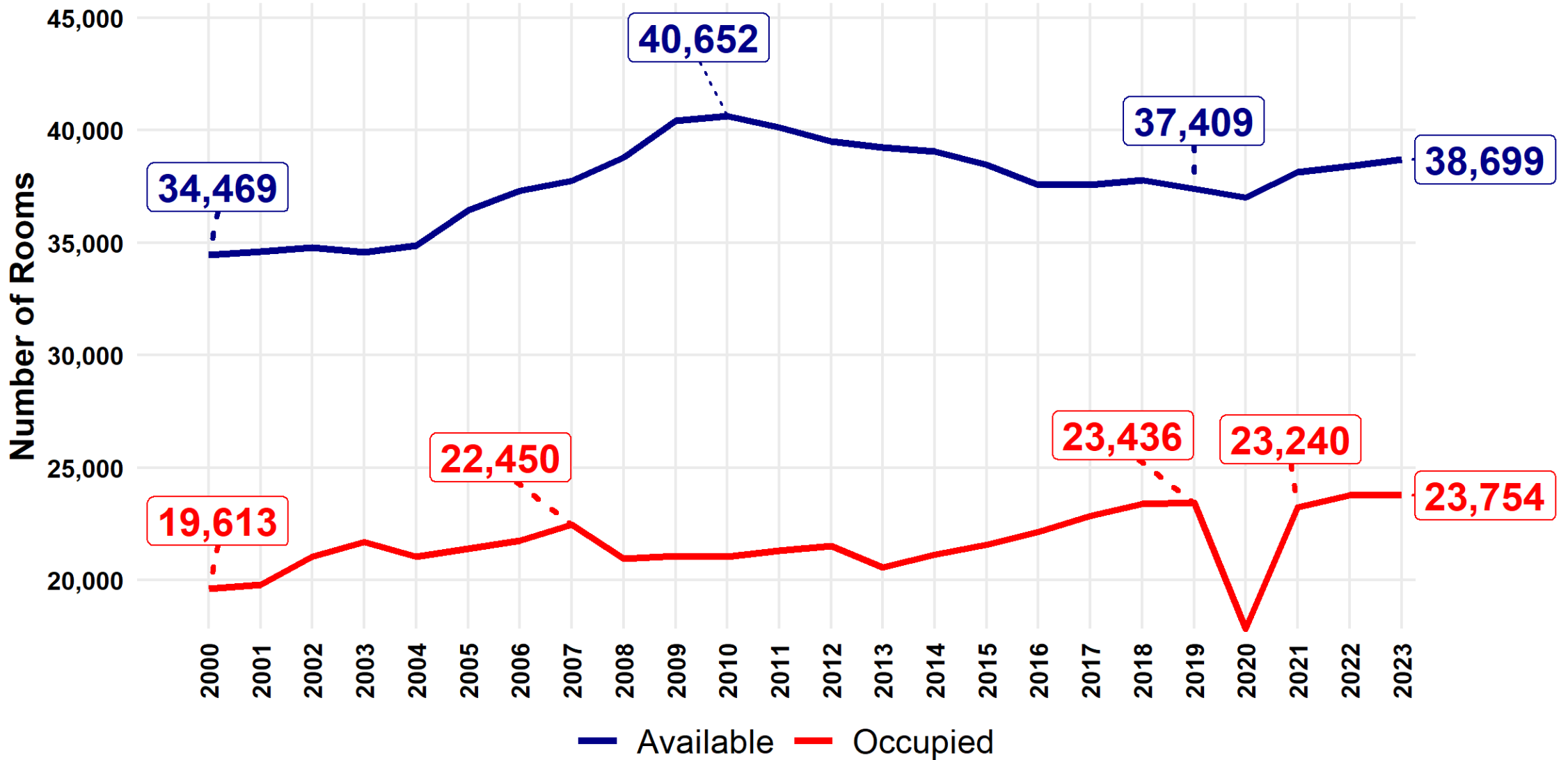


# Nominal and Real (Inflation-Adjusted) Hotel Revenue Hampton Roads, 2000 - 2023



Sources: STR Trend Report January 2024, Bureau of Labor Statistics (base year is chained; 2000=100), and Dragas Center for Economic Analysis and Policy.

# Number of Available and Occupied Hotel Rooms Hampton Roads, 2000 - 2023



Sources: STR Trend Report January 2024, and the Dragas Center for Economic Analysis and Policy.

## Percent Change in Hotel Revenue in United States, Virginia, Northern Virginia, and Hampton Roads, 2019 to 2023

	<u>2019 to 2020</u>	<u>2020 to 2021</u>	<u>2021 to 2022</u>	<u>2022 to 2023</u>	<u>2019 to 2023</u>
<b>United States</b>	<b>-49.9%</b>	<b>66.0%</b>	<b>32.9%</b>	<b>5.2%</b>	<b>16.4%</b>
<b>Virginia</b>	<b>-48.1%</b>	<b>58.2%</b>	<b>26.2%</b>	<b>9.1%</b>	<b>13.0%</b>
<b>Northern Virginia</b>	<b>-62.3%</b>	<b>40.8%</b>	<b>56.4%</b>	<b>2.7%</b>	<b>-2.3%</b>
<b>Hampton Roads</b>	<b>-36.2%</b>	<b>71.8%</b>	<b>8.9%</b>	<b>2.7%</b>	<b>22.6%</b>
<b>Chesapeake/Suffolk</b>	<b>-22.1%</b>	<b>43.1%</b>	<b>9.5%</b>	<b>3.5%</b>	<b>26.4%</b>
<b>Newport News/Hampton</b>	<b>-29.0%</b>	<b>43.7%</b>	<b>13.6%</b>	<b>2.3%</b>	<b>18.5%</b>
<b>Norfolk/Portsmouth</b>	<b>-32.9%</b>	<b>56.9%</b>	<b>13.9%</b>	<b>4.8%</b>	<b>25.7%</b>
<b>Virginia Beach</b>	<b>-31.0%</b>	<b>72.9%</b>	<b>4.6%</b>	<b>3.6%</b>	<b>29.2%</b>
<b>Williamsburg*</b>	<b>-62.3%</b>	<b>161.2%</b>	<b>11.2%</b>	<b>-0.7%</b>	<b>8.7%</b>

<sup>a</sup> Sources: STR Trend Report January 2024, and Dragas Center for Economic Analysis and Policy.

\*Williamsburg market includes City of Williamsburg and James City County.



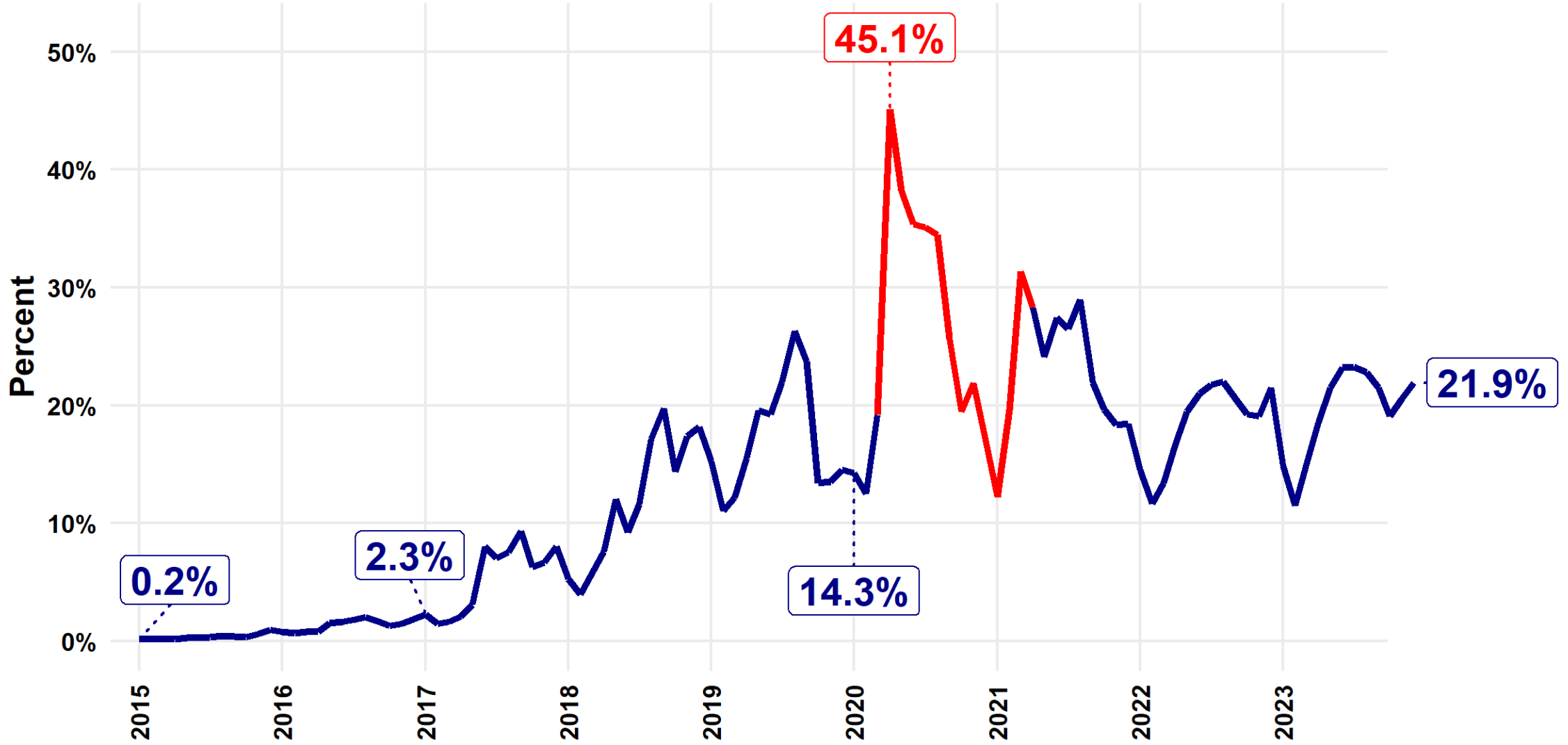
**Percent Change in Selected Key Performance Indicators of Hotels  
United States, Virginia, Northern Virginia, and Hampton Roads,  
YTD August 2023 to YTD August 2024**

	<u>Hotel Revenue</u>	<u>RevPAR</u>	<u>ADR</u>	<u>Hotel Rooms Sold</u>
<b>United States</b>	<b>2.0%</b>	<b>1.5%</b>	<b>1.7%</b>	<b>0.3%</b>
<b>Virginia</b>	<b>3.4%</b>	<b>2.7%</b>	<b>2.4%</b>	<b>1.0%</b>
<b>Northern Virginia</b>	<b>5.9%</b>	<b>5.3%</b>	<b>3.7%</b>	<b>2.1%</b>
<b>Hampton Roads</b>	<b>0.1%</b>	<b>-0.5%</b>	<b>0.1%</b>	<b>0.0%</b>
<b>Chesapeake/Suffolk</b>	<b>-0.7%</b>	<b>-2.2%</b>	<b>1.5%</b>	<b>-2.2%</b>
<b>Newport News/Hampton</b>	<b>3.7%</b>	<b>2.3%</b>	<b>2.6%</b>	<b>1.0%</b>
<b>Norfolk/Portsmouth</b>	<b>0.5%</b>	<b>0.5%</b>	<b>4.6%</b>	<b>-3.9%</b>
<b>Virginia Beach</b>	<b>1.7%</b>	<b>0.8%</b>	<b>-1.9%</b>	<b>3.7%</b>
<b>Williamsburg*</b>	<b>-6.3%</b>	<b>-5.4%</b>	<b>-4.0%</b>	<b>-2.3%</b>

<sup>a</sup> Sources: STR Trend Report for August 2024 and Dragas Center for Economic Analysis and Policy.

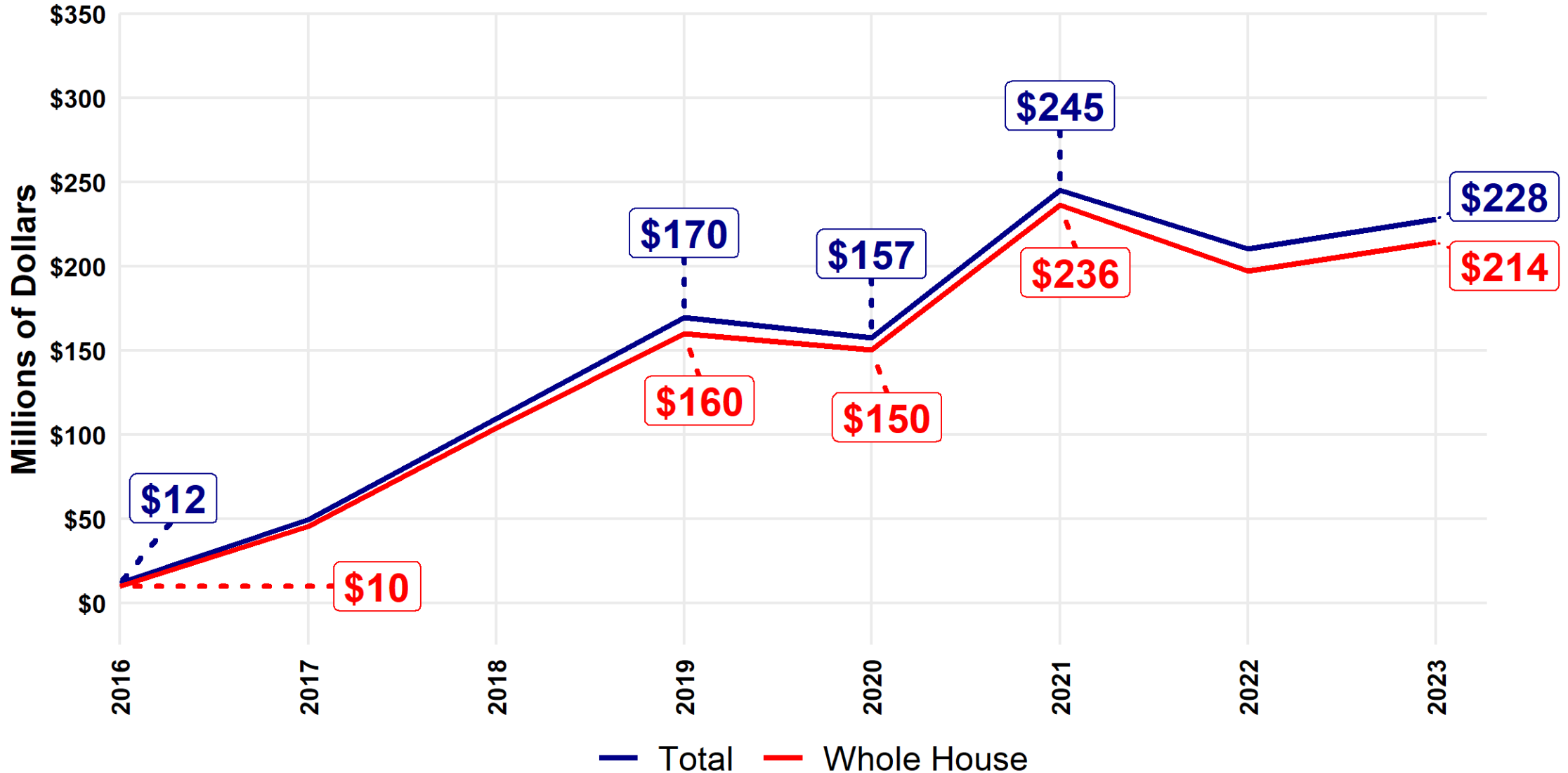
\*Williamsburg market includes City of Williamsburg and James City County.

# Airbnb and Vrbo Revenue as a Percent of Hotel Revenue Hampton Roads, January 2015 - December 2023



Sources: STR Trend Report January 2024, and AirDNA data received in March 2024. AirDNA data exclude shared rooms.

# Total and Whole House Rental Revenues of Airbnb and Vrbo Properties Hampton Roads, 2016 - 2023



Source: AirDNA data received in March 2024; excludes shared rooms.



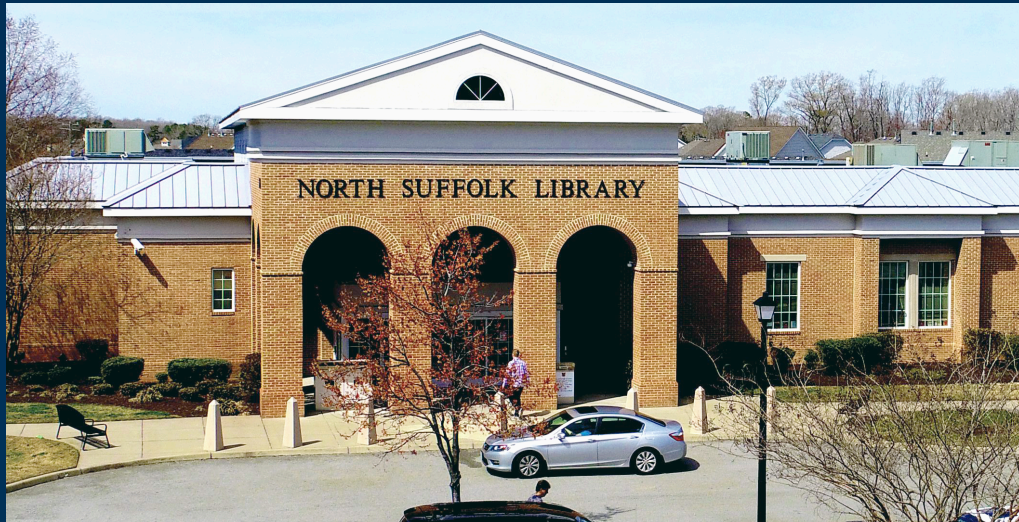
# The State of the Region

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# Public Libraries in Hampton Roads



Hampton Roads is home to 63 public libraries across 13 library systems. These libraries do much more than simply lend out books.

Public libraries provide people with access to information, the internet, as well as career development services. Access is free.

Public libraries have become a focal point of arguments in limiting access to materials. Hampton Roads is no exception.

Surveys have found that public libraries are among the most valued of public services. Library systems in Hampton Roads should work to improve public outreach as they continue to evolve to meet the needs of their clients.



# Disabilities in Hampton Roads



This chapter focuses on those residents of Hampton Roads with a work history and who seek to receive income from the Social Security Administration because of their disability.

Public perceptions aside, we find that the number of applications for worker disability and rates of approval of those applications have declined in recent years.

About 14.5% of individuals in Hampton Roads identified as disabled in 2022. We estimate that Hampton Roads may have spent up to \$4.5 billion annually to care for those with disabilities.

Disability rates vary, with disability rates being higher in less fortunate cities and counties in Hampton Roads.

# Hampton Roads is Getting Older



The United States, Virginia, and Hampton Roads are getting older and this chapter explores the aged 65 and above population in Hampton Roads.

In 2022, there were 292,903 residents in Hampton Roads that were aged 65 and above. From 2005 to 2022, the aged 65 and older population in Hampton Roads increased by 74.1% compared to 14.0% for the entire population.

The female population aged 65 and older increased by 52.1% from 2005 to 2022. Over the same period, the male population aged 65 and older increased by 164.7%.

Residents aged 85 and above are the fastest growing part of the aged 65 and older population in the region.

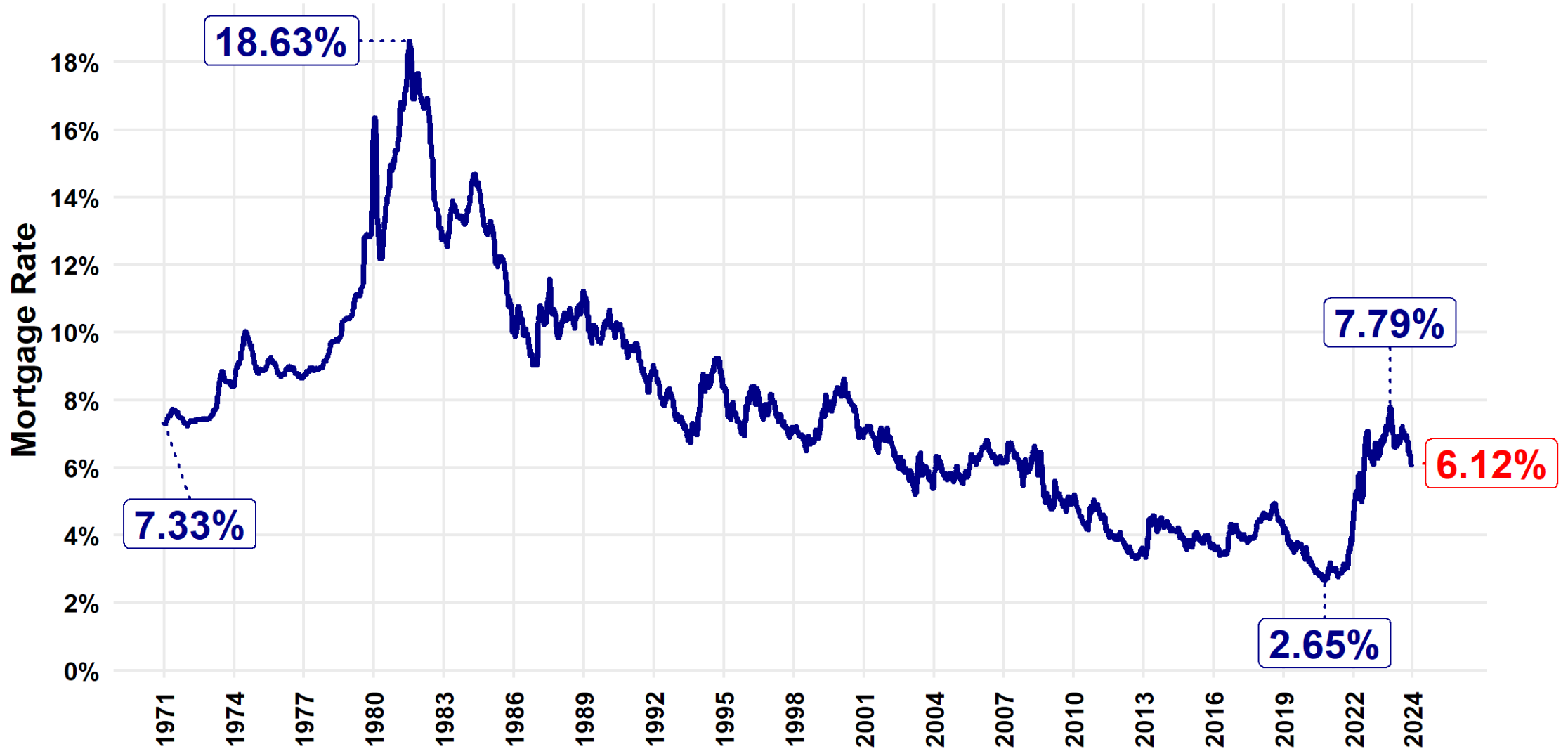


# Housing Sales Decline but Prices Rise



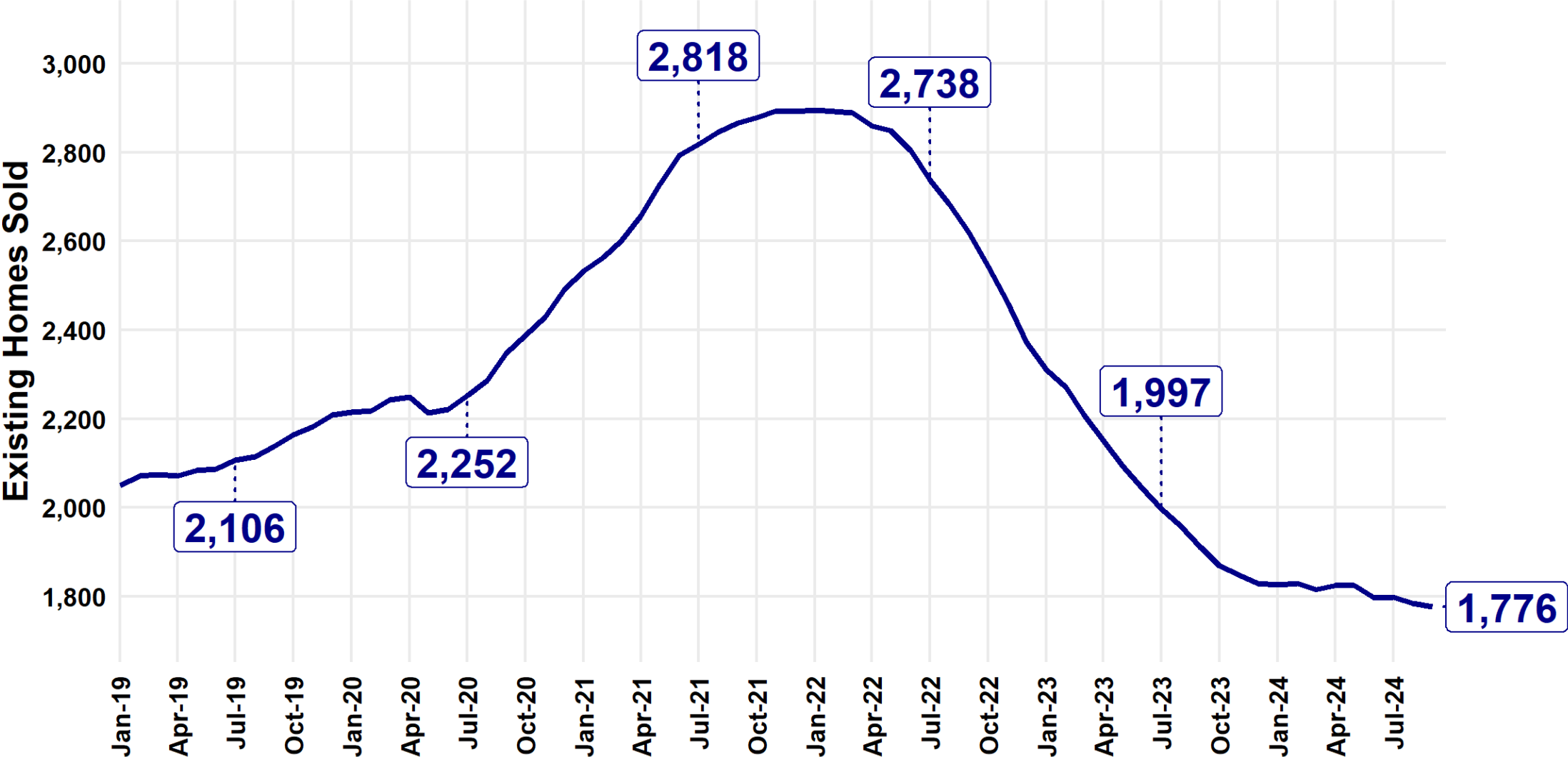
# Weekly 30-Year Fixed Mortgage Rate

## United States, April 2, 1971 - October 3, 2024



Sources: Freddie Mac and Federal Reserve Bank of St. Louis. Weekly rate ending Thursday of each week.

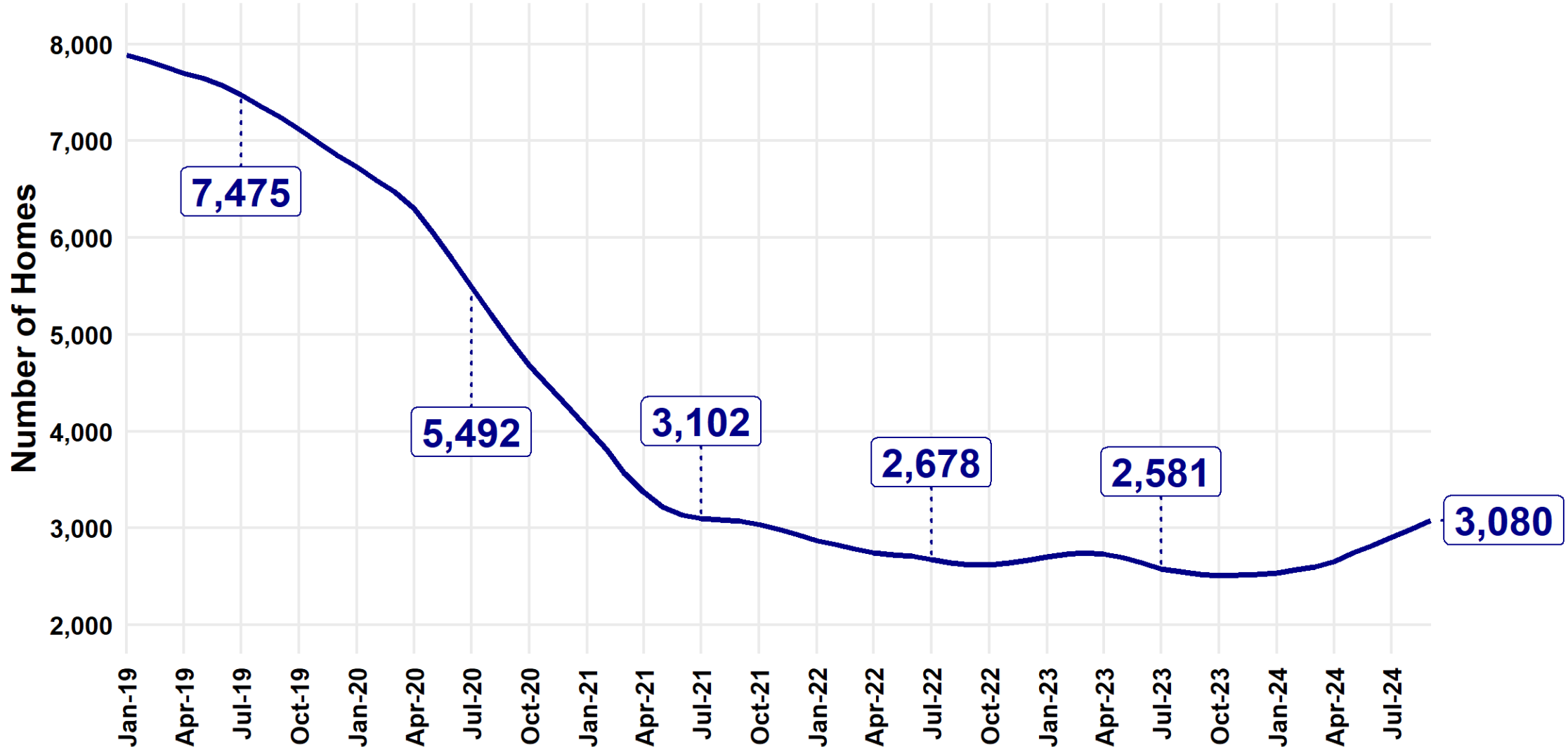
# Number of Existing Residential Homes Sold, 12-month Moving Average Hampton Roads, January 2019 - September 2024



Sources: Real Estate Information Network Inc. and the Dragas Center for Economic Analysis and Policy.

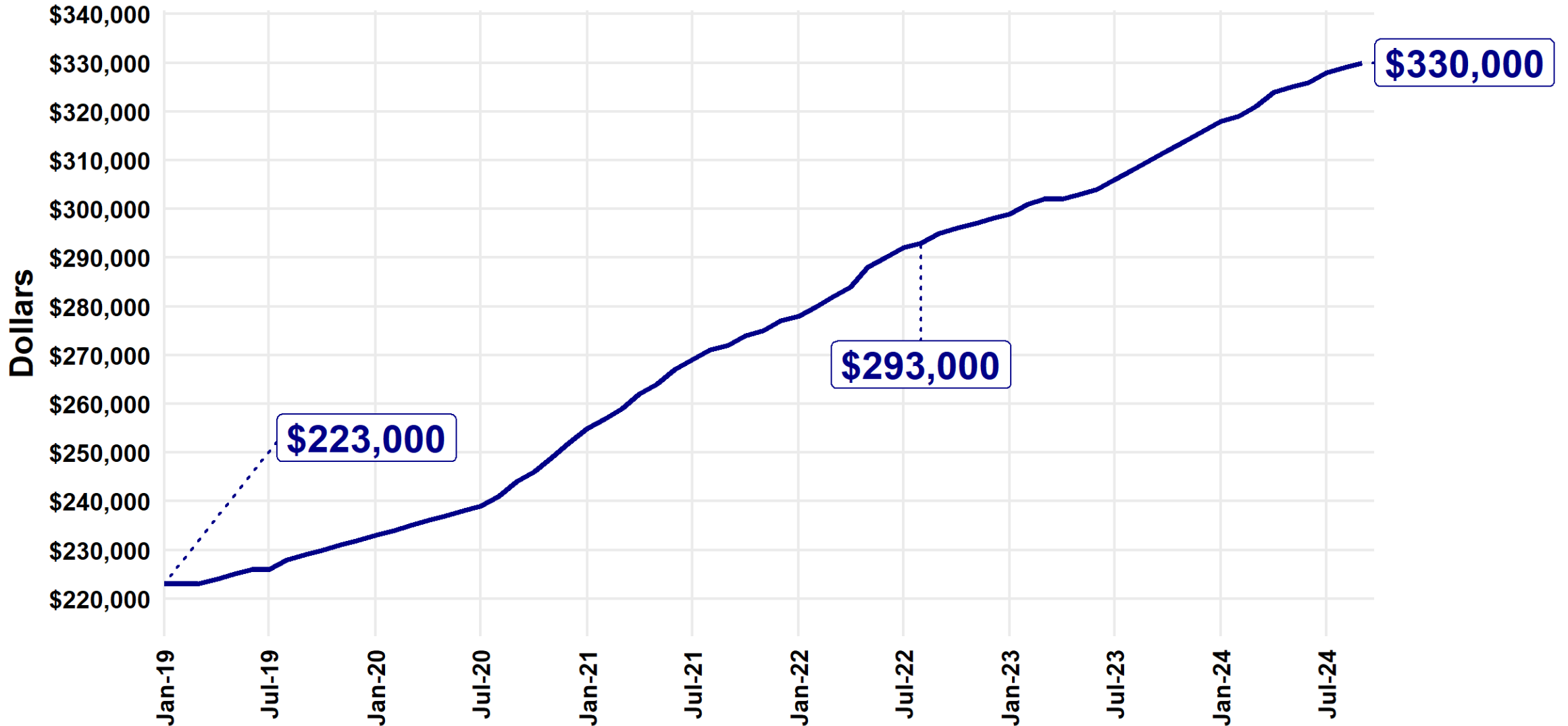


# Inventory of Existing Residential Homes, 12-month Moving Average Hampton Roads, January 2019 - September 2024



Sources: Real Estate Information Network Inc. and the Dragas Center for Economic Analysis and Policy.

# Median Sales Price of Existing Residential Homes, 12-month Moving Average Hampton Roads, January 2019 - September 2024

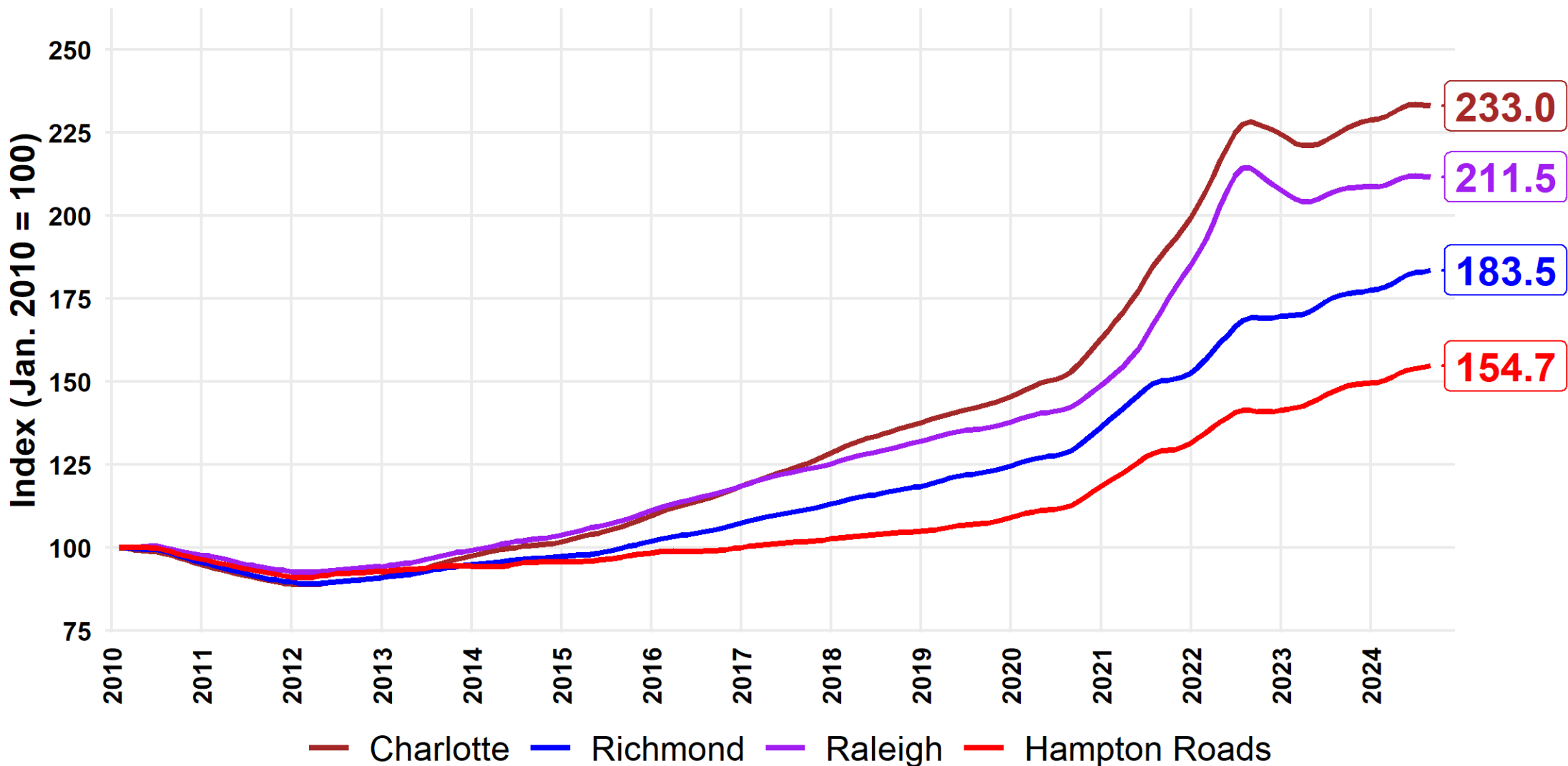


**Percent Change in Median Price of Existing Residential Homes  
Selected Cities in Hampton Roads, 2019 - 2023**

<b><u>City</u></b>	<b><u>2019 to 2020</u></b>	<b><u>2020 to 2021</u></b>	<b><u>2021 to 2022</u></b>	<b><u>2022 to 2023</u></b>
<b>Chesapeake</b>	<b>6.4%</b>	<b>11.7%</b>	<b>7.9%</b>	<b>3.6%</b>
<b>Norfolk</b>	<b>11.4%</b>	<b>12.7%</b>	<b>6.6%</b>	<b>6.0%</b>
<b>Portsmouth</b>	<b>13.0%</b>	<b>15.2%</b>	<b>9.5%</b>	<b>6.5%</b>
<b>Suffolk</b>	<b>10.1%</b>	<b>13.6%</b>	<b>9.9%</b>	<b>1.2%</b>
<b>Virginia Beach</b>	<b>9.8%</b>	<b>8.8%</b>	<b>8.1%</b>	<b>7.5%</b>
<b>Hampton</b>	<b>8.8%</b>	<b>16.6%</b>	<b>6.7%</b>	<b>6.3%</b>
<b>Newport News</b>	<b>8.4%</b>	<b>10.0%</b>	<b>8.7%</b>	<b>6.0%</b>
<b>Williamsburg*</b>	<b>9.5%</b>	<b>8.4%</b>	<b>10.3%</b>	<b>4.9%</b>
<b>Hampton Roads</b>	<b>9.0%</b>	<b>9.4%</b>	<b>7.5%</b>	<b>5.8%</b>

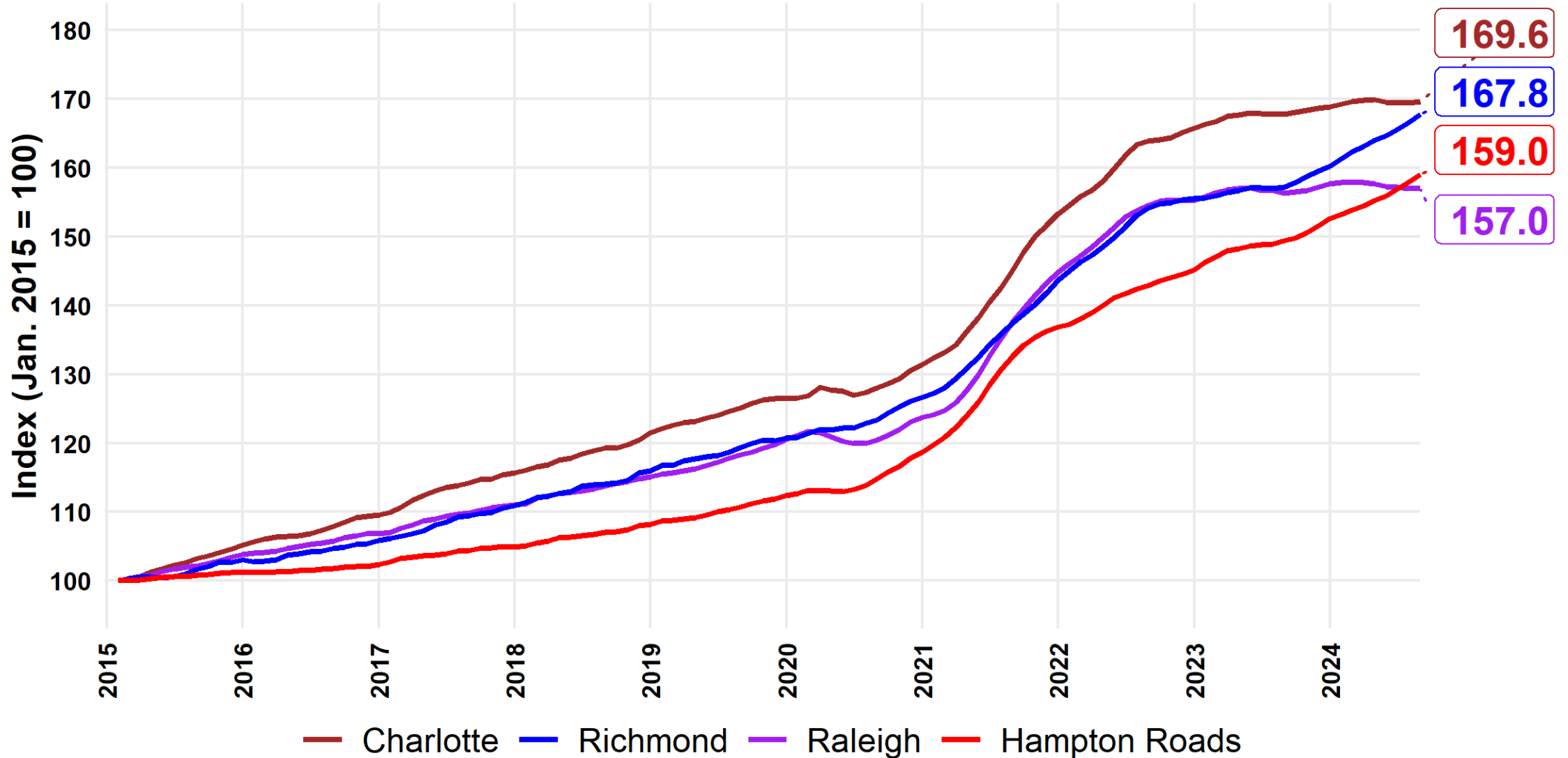
\* Sources: Real Estate Information Network and Dragas Center for Economic Analysis and Policy. Williamsburg includes City of Williamsburg, James City County, York County, and Gloucester County.

# Growth in Zillow Home Value Index (ZHVI) Selected Metro Areas, January 2010 - August 2024



Source: Zillow (2024), All Homes Plus Multifamily Time Series, smoothed seasonally adjusted data. ZHVI measures typical home values across region and housing type and reflects the value for homes in the 35th to 65th percentile range.

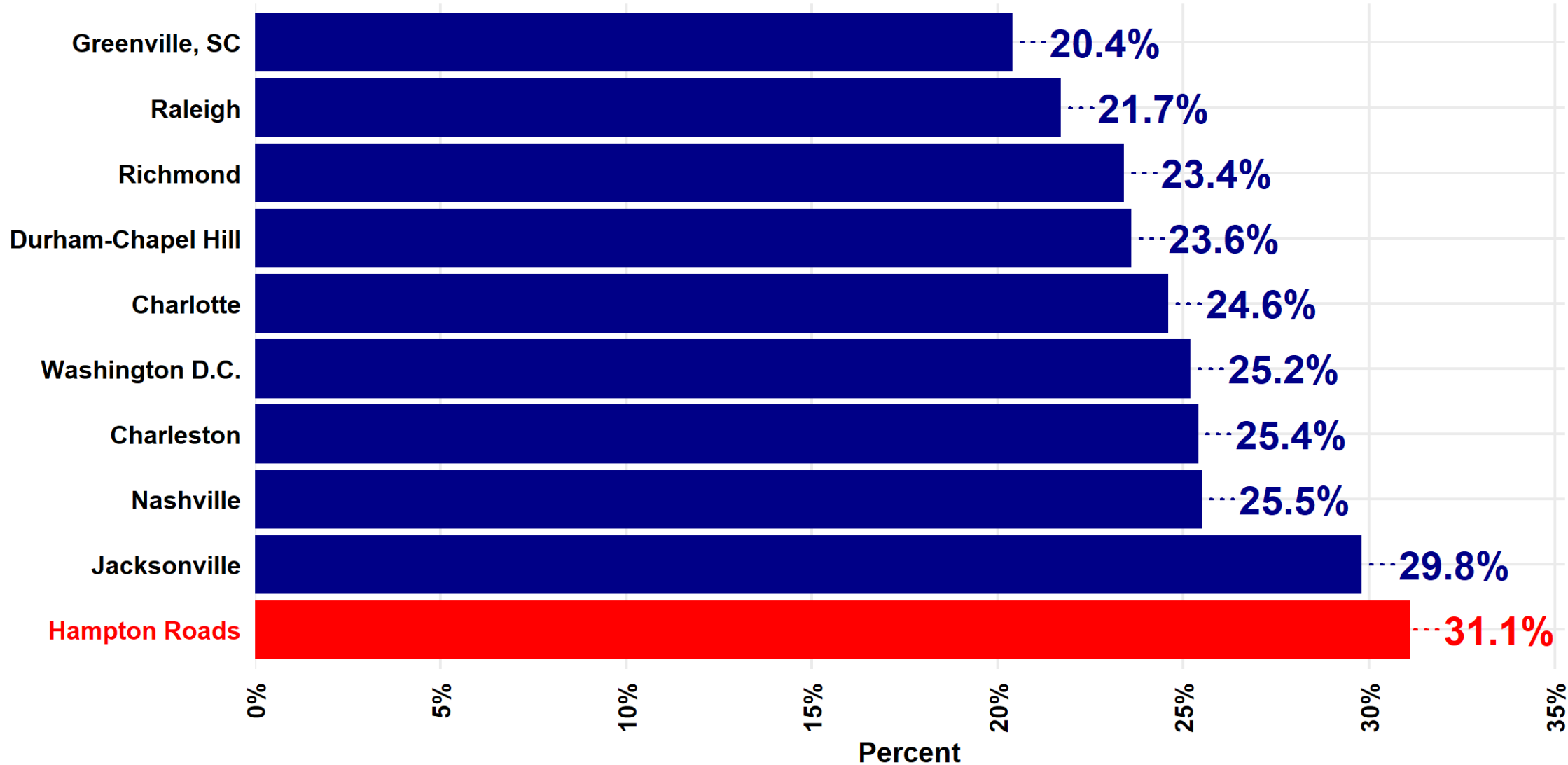
# Zillow Observed Rent Index (ZORI) Selected Metropolitan Areas, January 2015 - August 2024



Source: Zillow (2024), All Homes Plus Multifamily Time Series, smoothed seasonally adjusted data. ZORI measures typical observed market rate rent across region and housing type and computes the mean of listed rents that fall into the 35th to 65th percentile range.

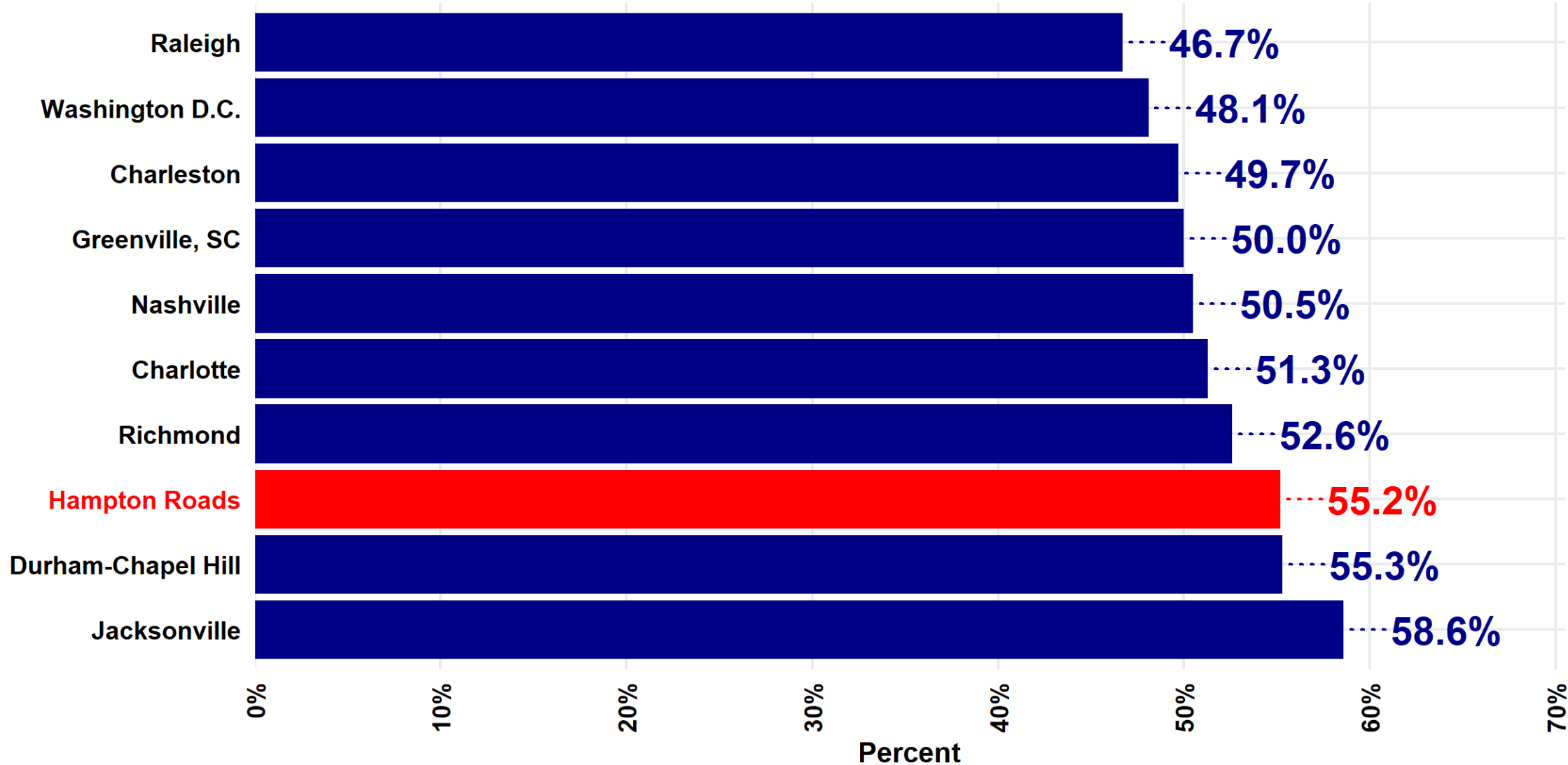


## Cost-Burdened Mortgage-Holding Households Selected Metro Areas, 2023



Source: United States Census Bureau, American Community Survey 1-Year estimates for 2023. Households are considered cost-burdened when they spend more than 30% of their income on rent, mortgage payments, and other housing cost, according to the U.S. Department of Housing and Urban Development (HUD).

## Cost-Burdened Rental Households Selected Metro Areas, 2023

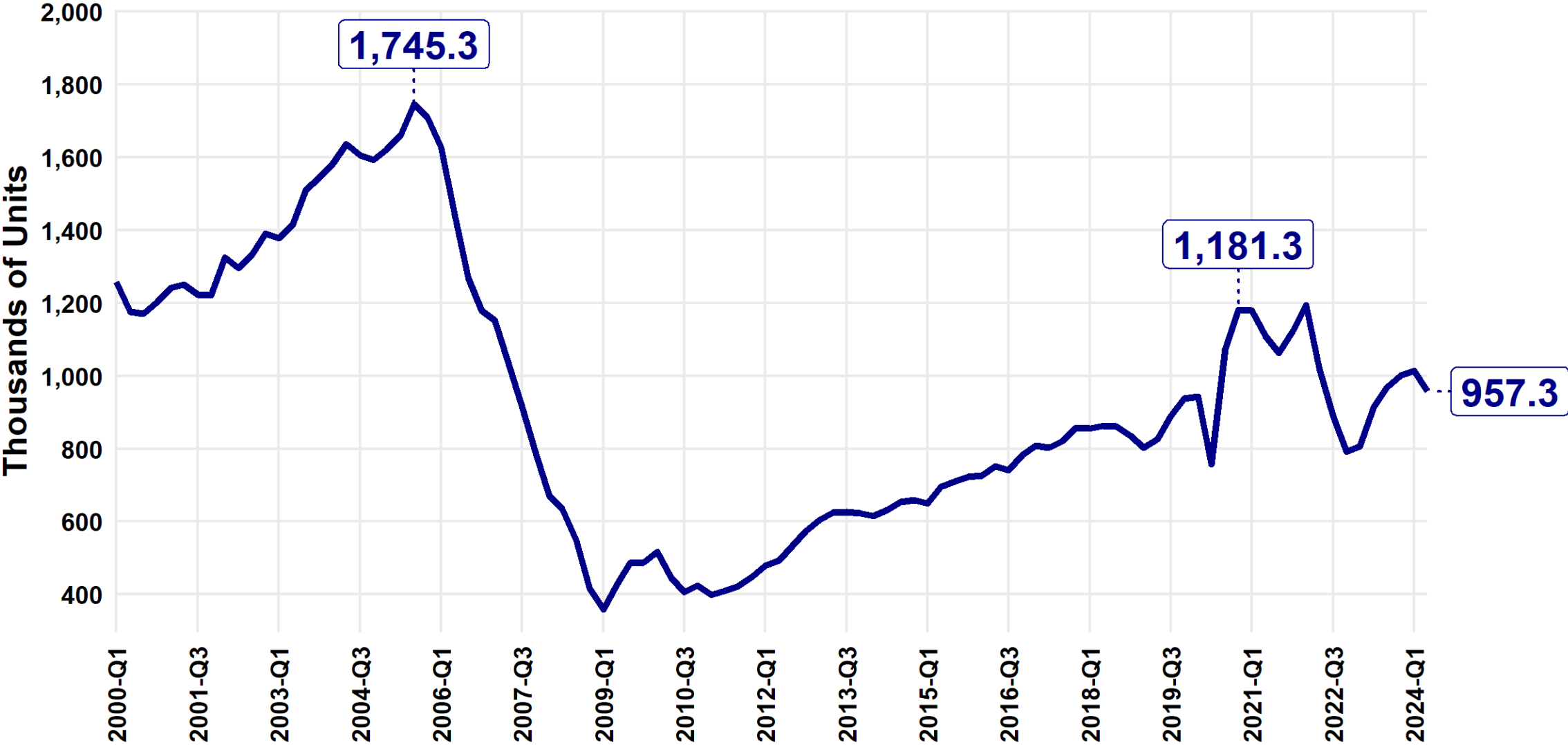


Source: United States Census Bureau, American Community Survey 1-Year estimates for 2023. Households are considered cost-burdened when they spend more than 30% of their income on rent, mortgage payments, and other housing cost, according to the U.S. Department of Housing and Urban Development (HUD).

# Increasing Housing Supply in Hampton Roads

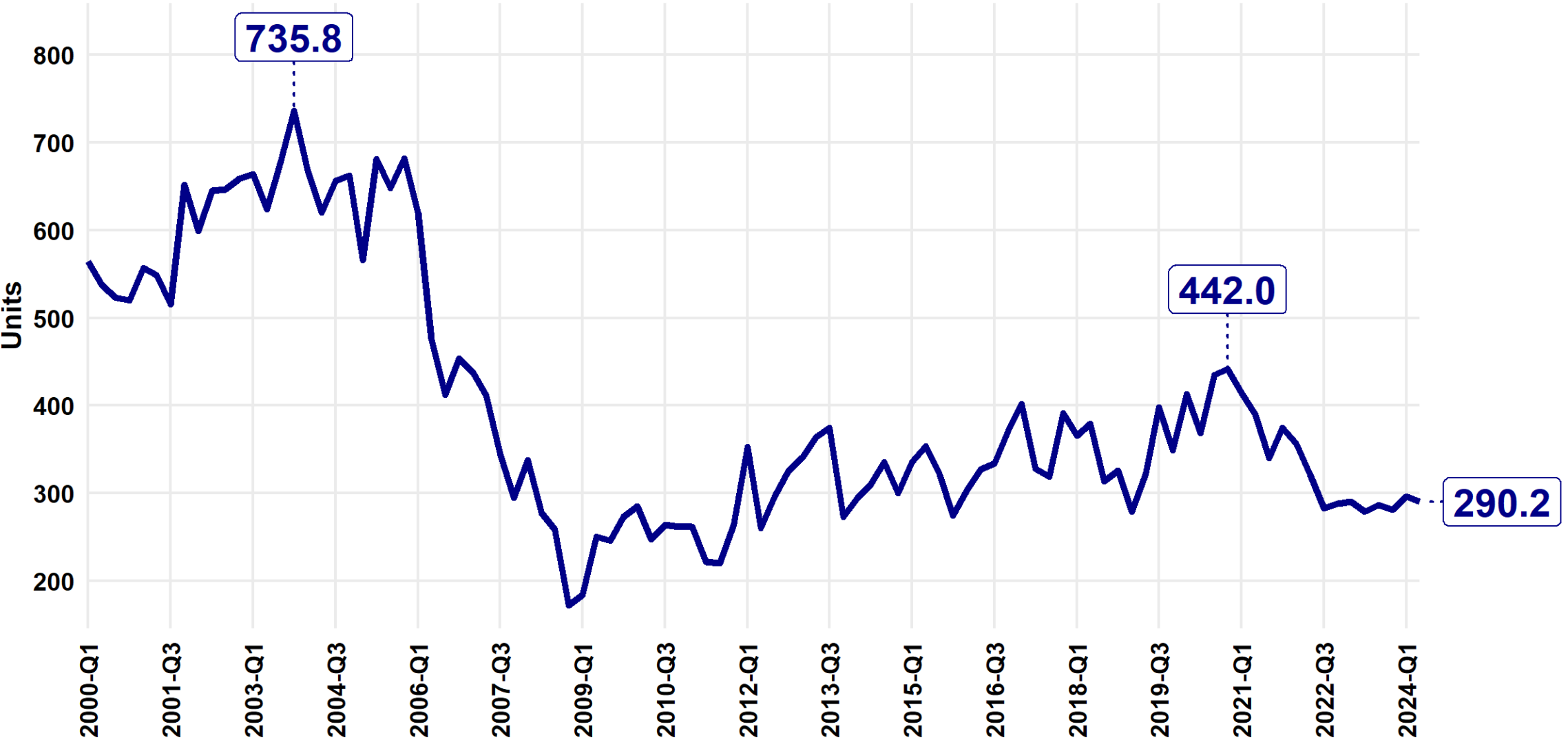


# New Privately-Owned Housing Permits of Single-Family Units United States, Q1 2000 - Q2 2024



Source: U.S. Bureau of the Census. Data are seasonally adjusted. Annualized Quarterly Average.

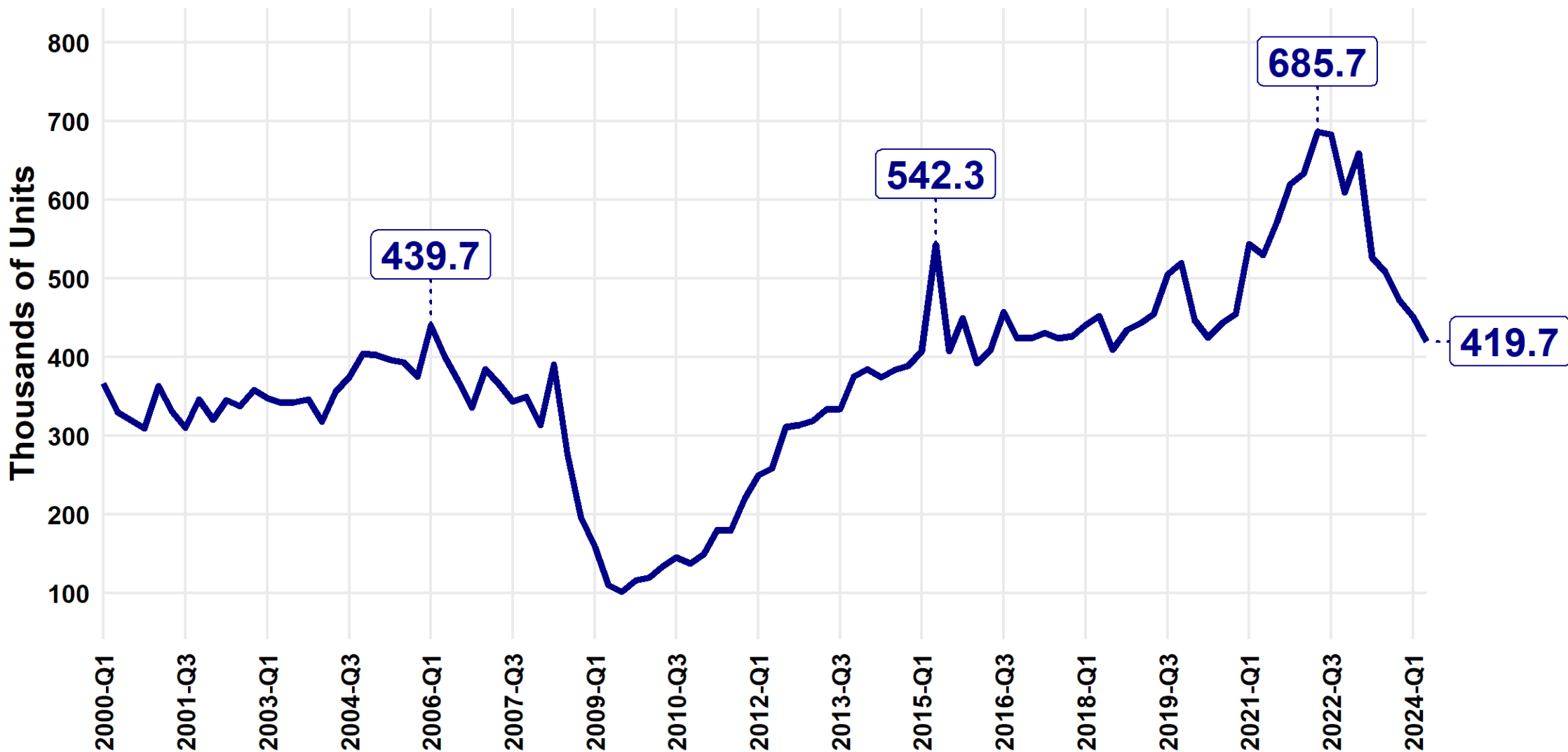
# New Privately-Owned Housing Permits of Single-Family Units Hampton Roads, Q1 2000 - Q2 2024



Source: U.S. Bureau of the Census. Data are seasonally adjusted. Annualized Quarterly Average.

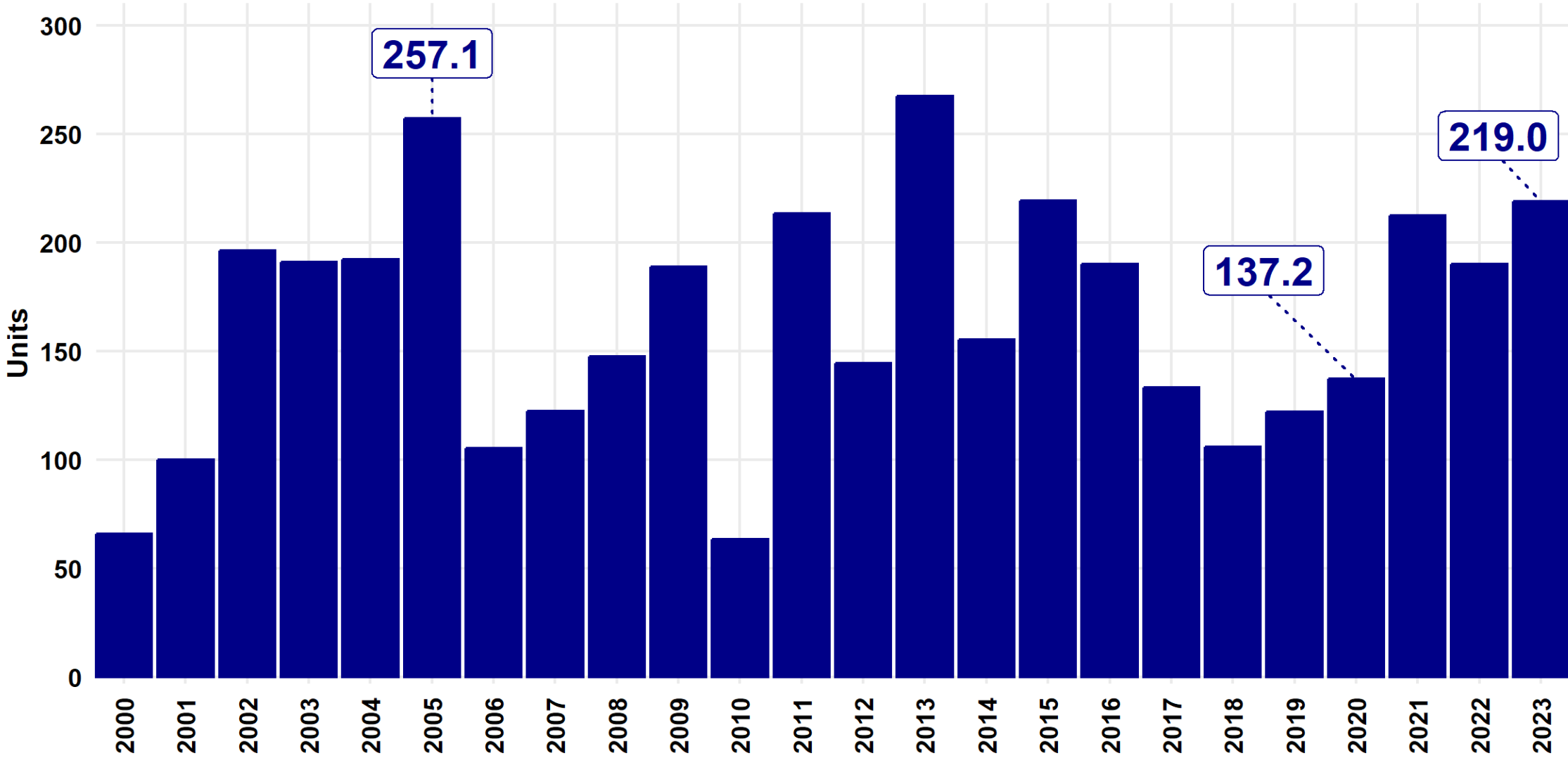


# New Privately-Owned Housing Permits of 5 or More Units United States, Q1 2000 - Q2 2024



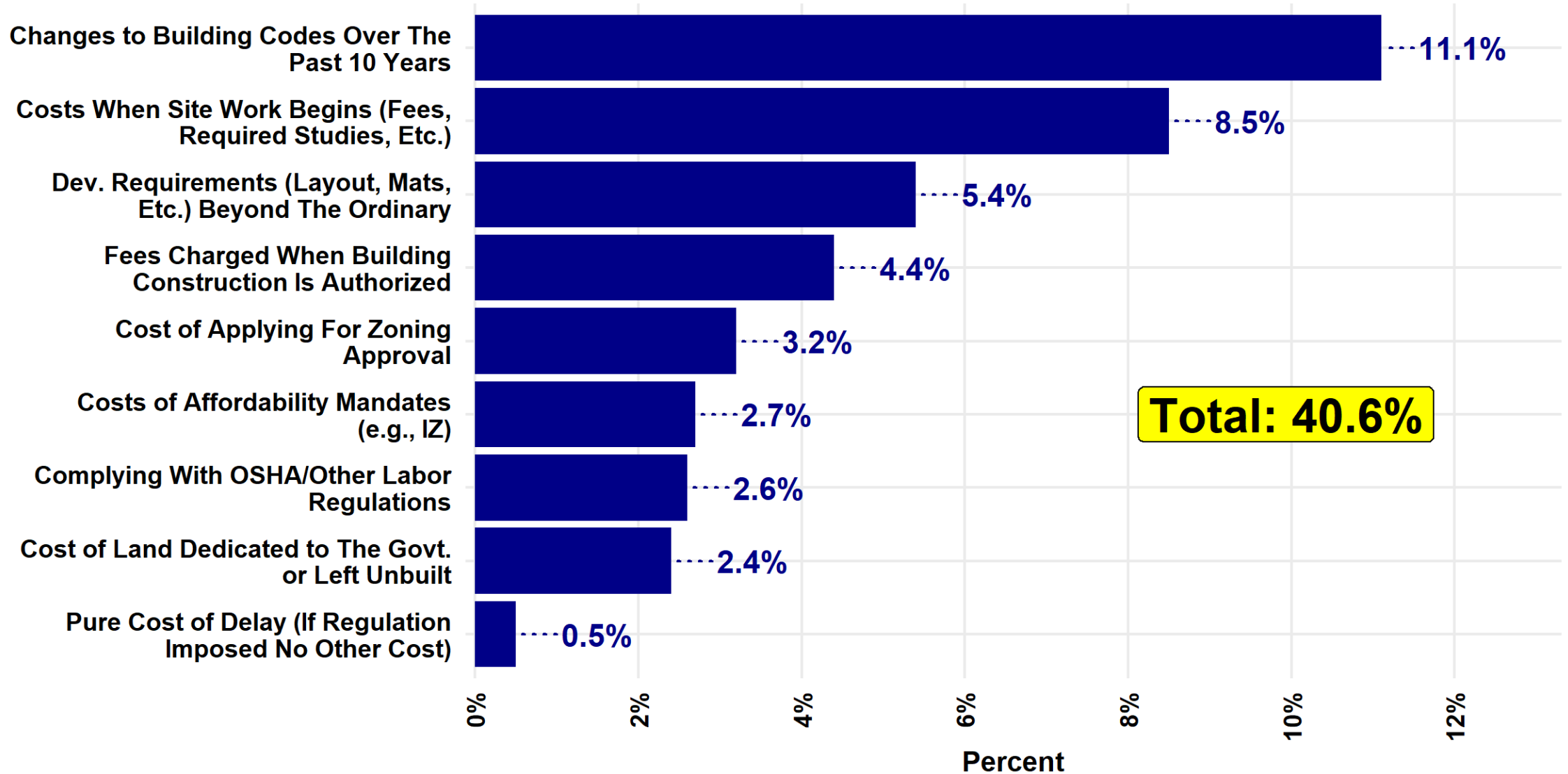
Source: U.S. Bureau of the Census. Data are seasonally adjusted. Annualized Quarterly Average.

# New Privately-Owned Housing Permits of 5 or More Units Hampton Roads, 2000 - 2023



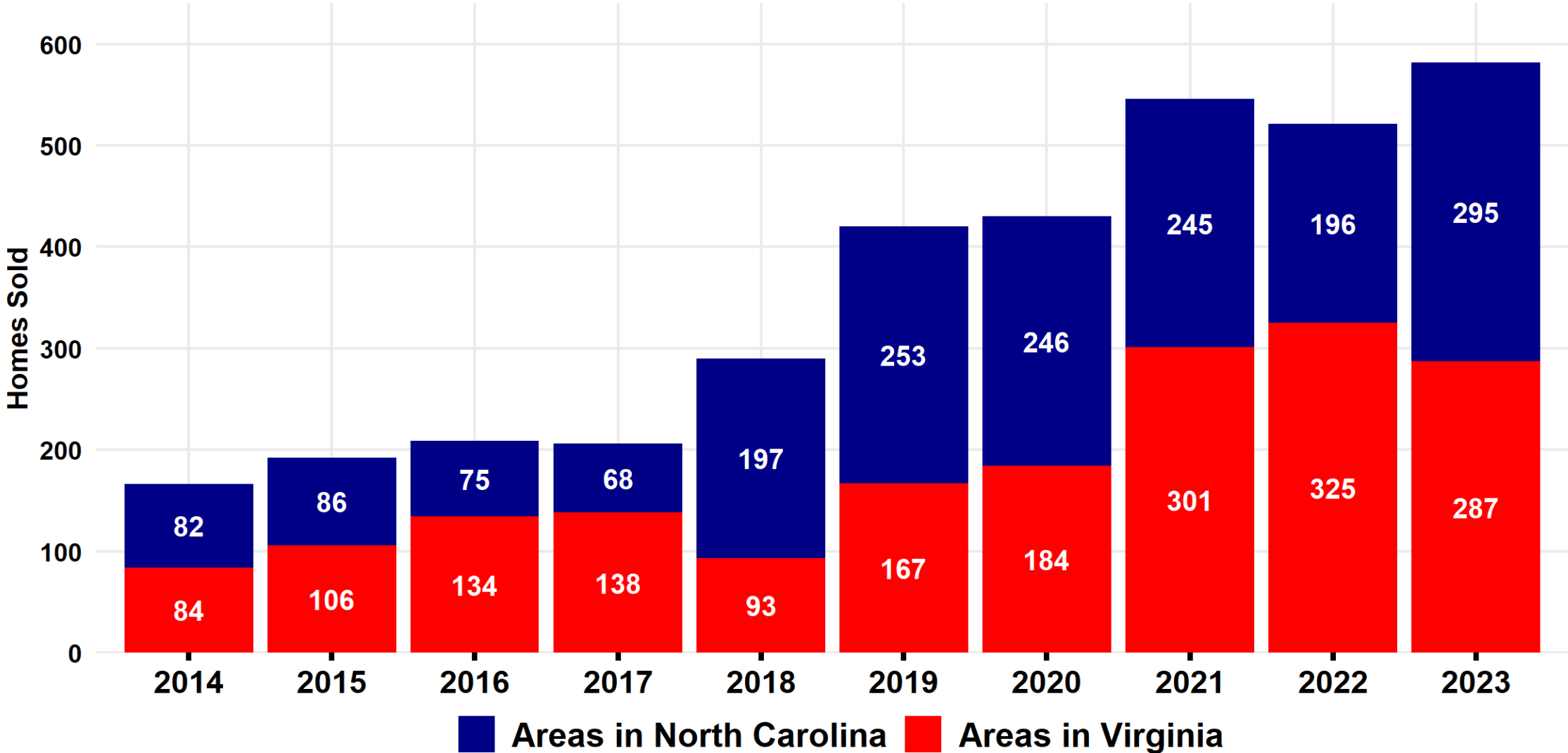
Source: U.S. Bureau of the Census. Data are non-seasonally adjusted. Annualized Monthly Average.

# Average Regulatory Costs as a Share of Total Multifamily Development Cost, 2022 NAHB-NMHC Survey



Source: National Association of Home Builders (NAHB) and National Multifamily Housing Council (NMHC). Averages are across all multifamily properties, even those not subject to a particular type of regulation. Those are factored in as "0" when calculating.

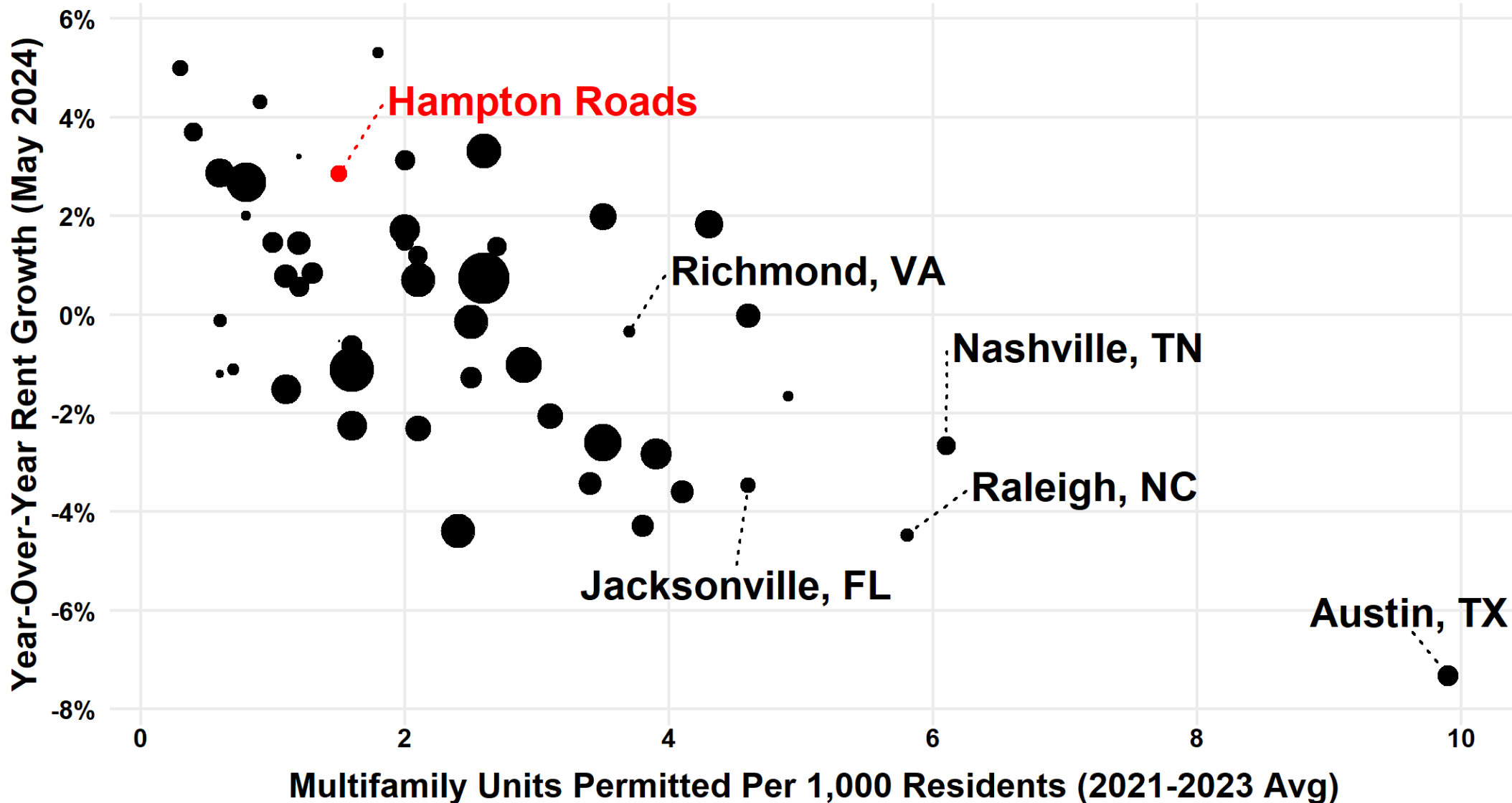
# New Construction Home Sales Excluding Core Cities and Counties Hampton Roads, 2014 - 2023



Source: Real Estate Information Network and Old Dominion University Economic Forecasting Project. NC sales represent sales in Moyock, Currituck County, Camden County, Pasquotank County and Elizabeth City. Areas in VA include Northampton County, Smithfield, Isle of Wight County, Franklin, Southampton County, New Kent County and King William County.

# New Supply Driving Cooling Rents

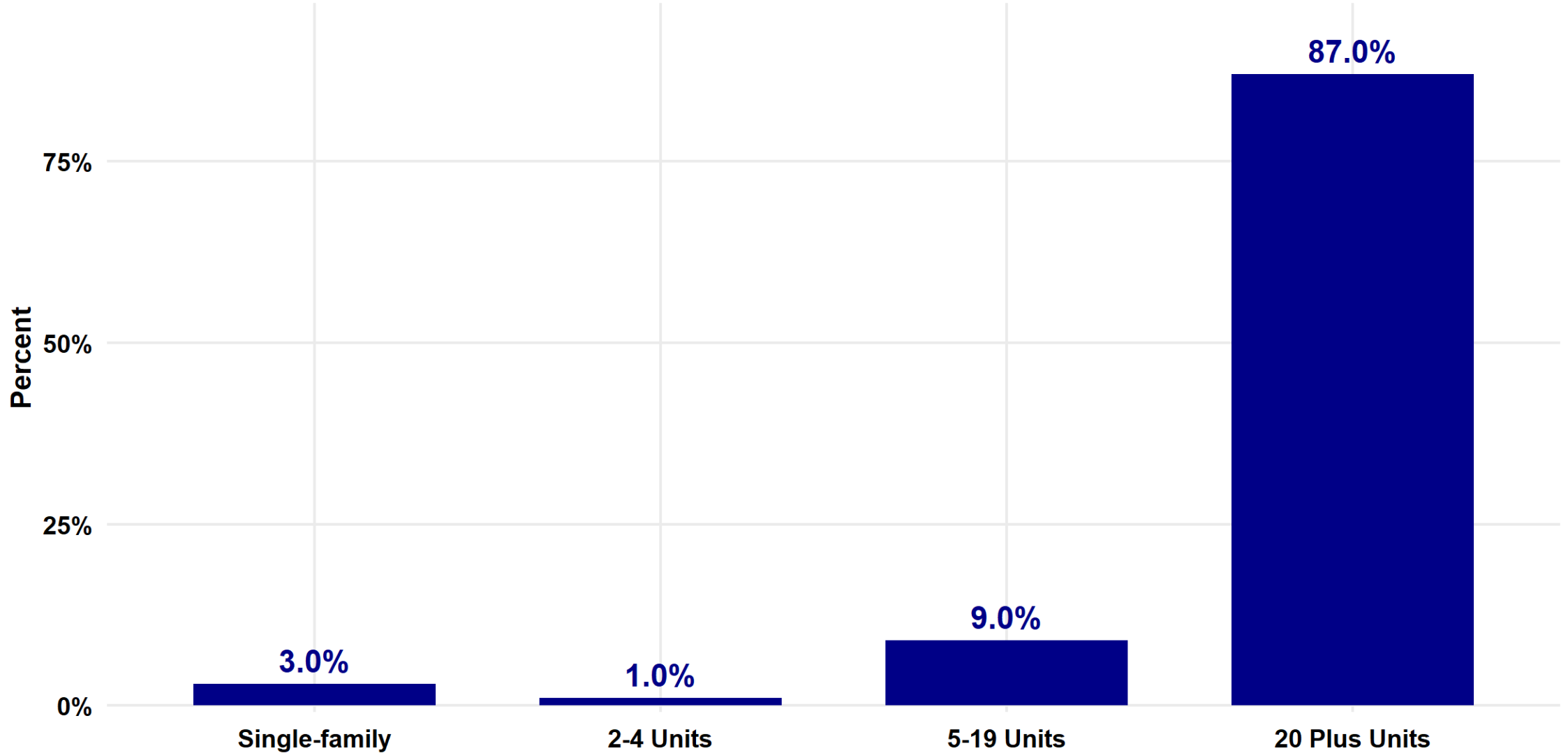
## Top 50 Major MSAs in the United States, 2024



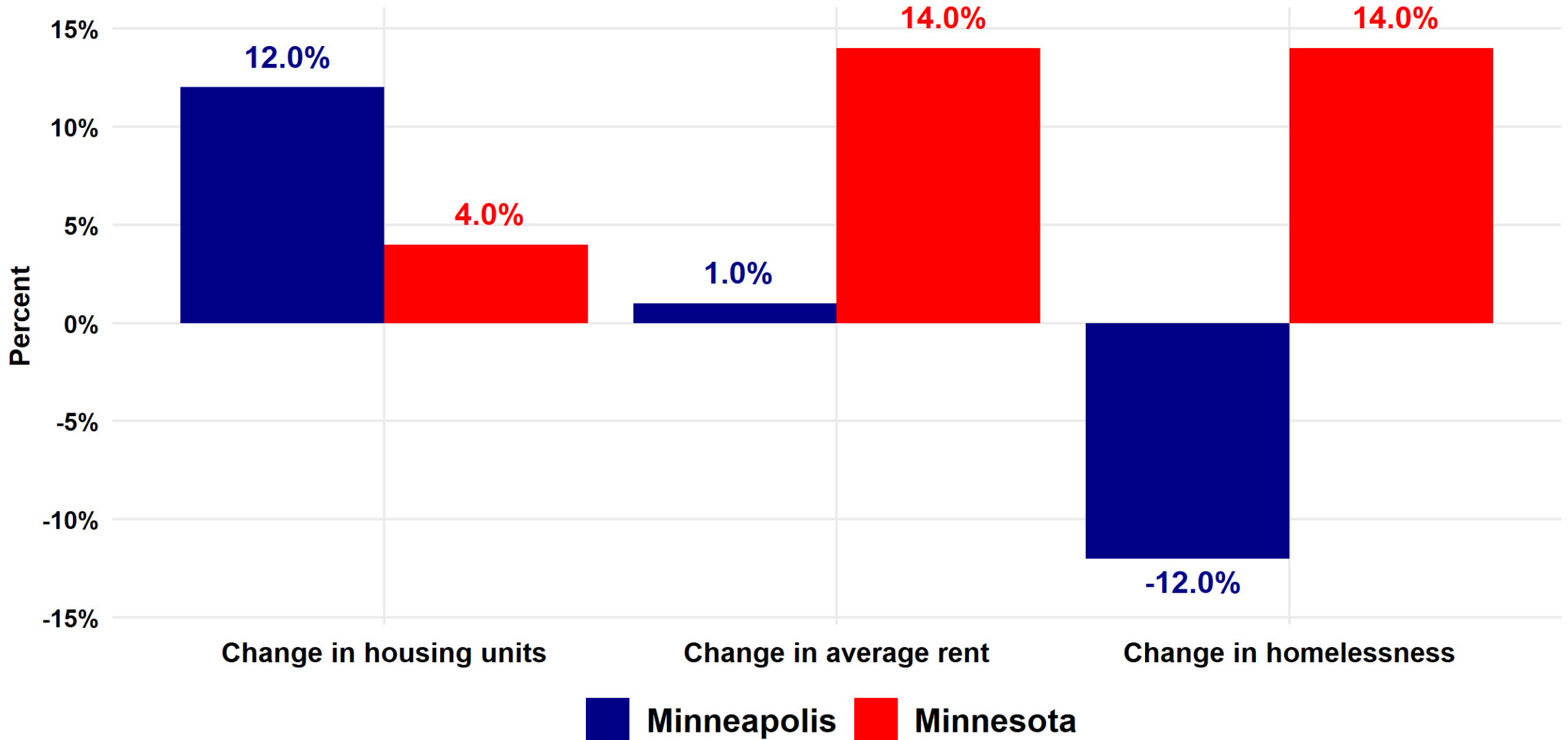
Source: Salviati, C. (2024). Cooling rent growth demonstrates the impact of new supply. Apartment List.



# Share of Total Housing Units Added As an Effect of Land Use Reforms Minneapolis, 2017 - 2022



# Percentage Change in Housing Stock, Average Rent, And Homelessness Minneapolis and Minnesota, 2017 - 2022



Source: Liang, L., Staveski, A., & Horowitz, A. (2024, January 4). Minneapolis Land Use Reforms Offer a Blueprint for Housing Affordability. Housing Policy.

# What can be done?

- Metro areas that have expanded housing supply have observed relatively slower increases in housing prices and rents.
- Local governments play a significant role in the supply of housing. We can choose to adopt policies that restrict or expand housing development.
- Locally, we need to move towards increased density, mixed-use developments, and reduced regulatory burdens that increase the cost of housing.
- Hampton Roads needs to develop a regional housing strategy and work towards uniformity in zoning regulations across cities and counties.
- Unlike federal spending, international trade, or immigration policy, we control our own housing fate. We can act now to create the conditions to build more housing in Hampton Roads. Doing so will not only increase housing supply, it will stabilize housing prices, and spur economic growth.

# Upcoming Publications and Events

- State of the Commonwealth Report (December 2024)
- Annual Economic Forecast (January 2025)
- Mid-year Economic Forecast (May-June 2025)
- State of the Region Report (October 2025)
- Text **CEAPODU** to **66866** to join our email list.
- Follow **DragasCenterODU** on Facebook and LinkedIn.
- All our presentation materials can be found at our website: **[www.ceapodu.com](http://www.ceapodu.com)**