



The State of the Region

HAMPTON ROADS 2025

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

THE 2025 REPORT IS MADE POSSIBLE BY TOWNEBANK



TOWNE BANK



Jim Koch will highlight the contributions of the first 25 years of the State of the Region report.

I will then discuss labor markets, tariffs and the Port of Virginia, and federal spending in Hampton Roads.

Vinod Agarwal will examine migration trends, the performance of the hotel industry, and regional housing markets.

I will conclude with a discussion of the economic impact of Norfolk International Airport.

Our public presentation materials can be found at our website: 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.

Richard F. Barry III

Jane Batten

The Aimee and Frank Batten Jr. Foundation

R. Bruce Bradley

Lucy and Ramon Breeden Foundation

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Dragas Family Foundation

Helen Dragas

David and Susan Goode

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Dr. Jitendra Swarup



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Dragas Center for Economic Analysis and Policy



25
YEARS

Thank You...



Richard F. Barry III



**George Dragas
(1933-2019)**



Helen Dragas



Hampton Roads, they argued, needed to view and think about itself as a unified region rather than functioning as a disparate collection of more than a dozen cities and counties that just happened to be located next to each other.

And, they said, the region needed competent, impartial analyses of important issues so that it could represent itself capably in the General Assembly, attract new business investment, and, in general, make intelligent decisions.

“The Big Three”

Since its inception, the three topics that are always covered in detail are the military, the Port of Virginia, and tourism.

We do this every year, without fail.

We do this whether the news is good or bad.





We are very much like the home team television and radio announcers who view and report a game. We root for the home team (in our case, the Hampton Roads region) but are duty-bound to report the score. If the home team is behind 10-0, we have to report that 10-0 score even though we don't like it. Even Harry Caray had to report the score accurately when the Cardinals or Cubs were losing.

More Than Just Economics

African-American Legislators

African-American Men

Apprentice School

Asian-Americans

Beach Replenishment

Chrysler Museum

Cinema in Hampton Roads

Circuit Courts

Craft Brewing

Death and Dying

Disabilities

EVMS

Filipino-Americans

Food Insecurity

Foreign Language Instruction

Home Schooling

If It Bleeds, Does It Lead?

Immigrants

Independent K-12 Schools

Jefferson Laboratory

Lawyers

LGBTQ+

Libraries

Light Rail

Marijuana

Megachurches

Mental Health

Military Retirees

Northern North Carolina

Nurses and Nursing

Opioids

Performing Arts Groups

Prisons, Prisoners and Bail

Private K-12 Education

Regional Cinema

Richard Florida's Creative Class

The Silver Tsunami

Soccer

Swimming

The Eastern Shore

Traffic Congestion

The United Way

Virginia Aquarium

Virginia Museum of Contemporary Art

Virginia Symphony Orchestra

WHRO

Women Leaders

Regional
Interdependence

Airbnb

Casinos

The Dillon Rule

The Tunnel Deal

“Bauble” Construction
Projects by Cities

Sea Level Rise and Global
Warming



Hits,
Strikeouts,
and Foul Tips

EVMS/ODU

The Tide

Young Black Men

“If It Bleeds,
Does It Lead?”



Bob McNab

Whatever things I accomplished for the *State of the Region Report*, Bob McNab has improved on that performance.

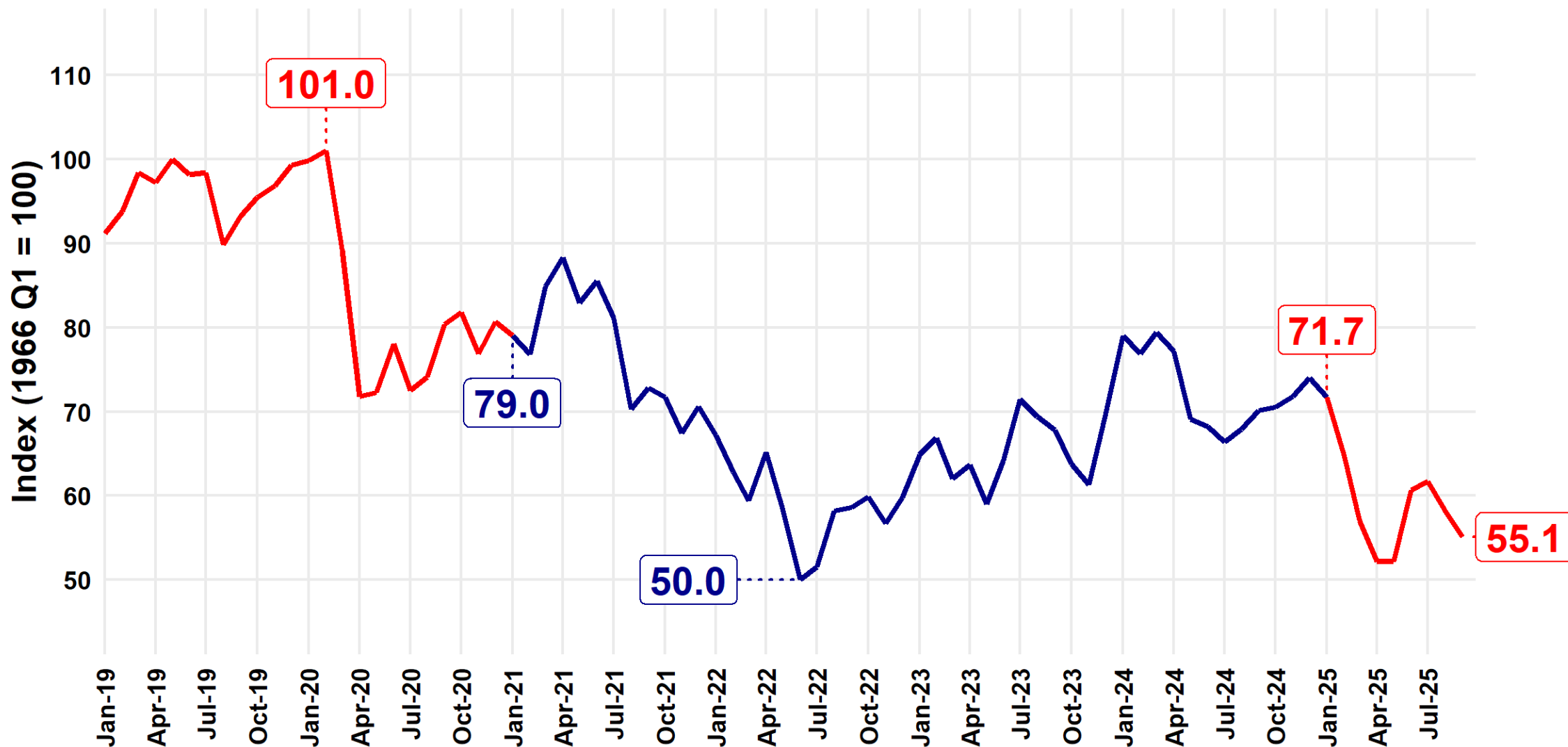
He is highly knowledgeable, organized, detail-oriented, and exhibits a remarkably huge capacity for work. The *Report* is in very good hands.

A person wearing a dark blue coat is holding a metal shopping basket in a grocery store aisle. The shelves are filled with various products, and the background is blurred. The text "Sentiment and Inflation" is overlaid in white.

Sentiment and Inflation

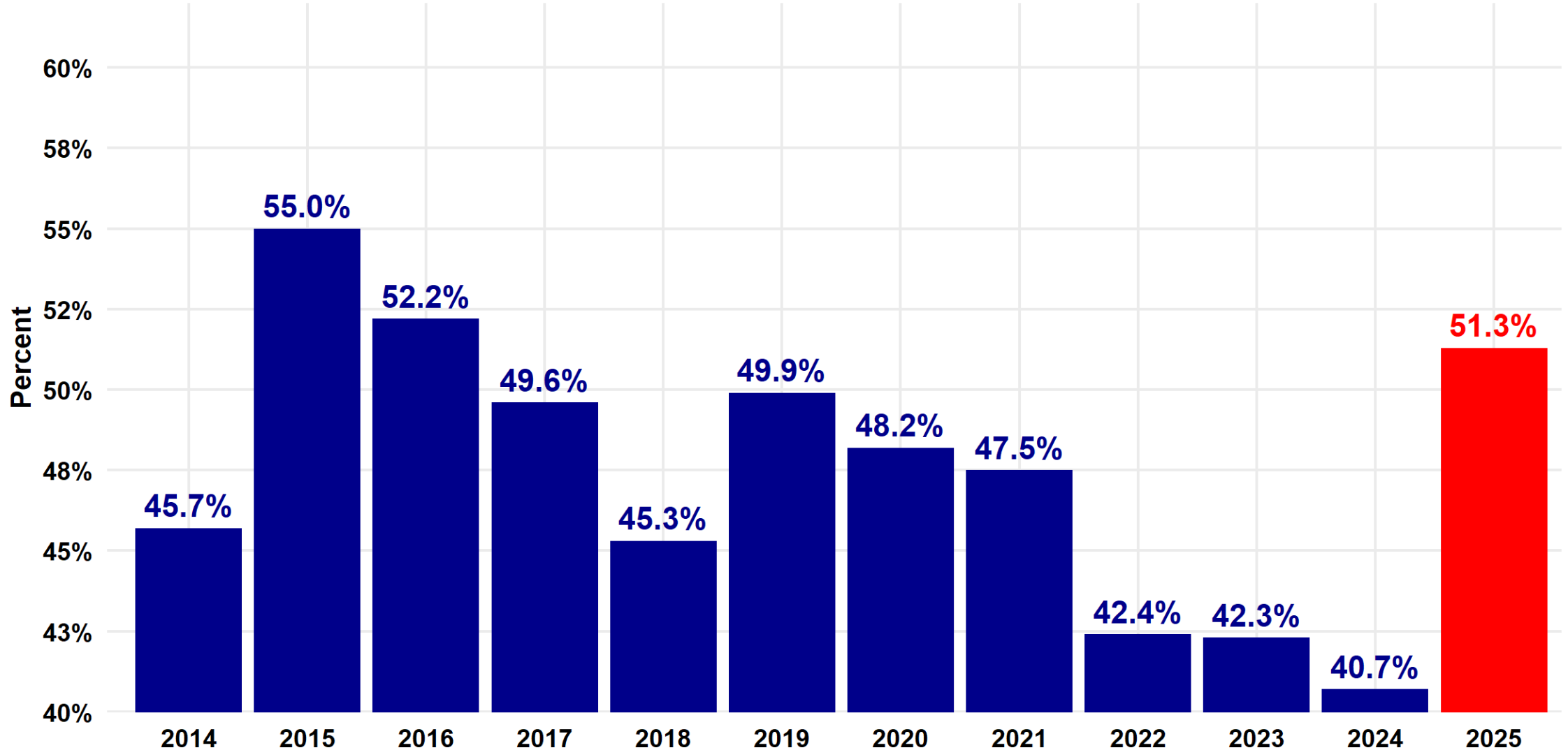
University of Michigan: Consumer Sentiment

United States, January 2019 - September 2025



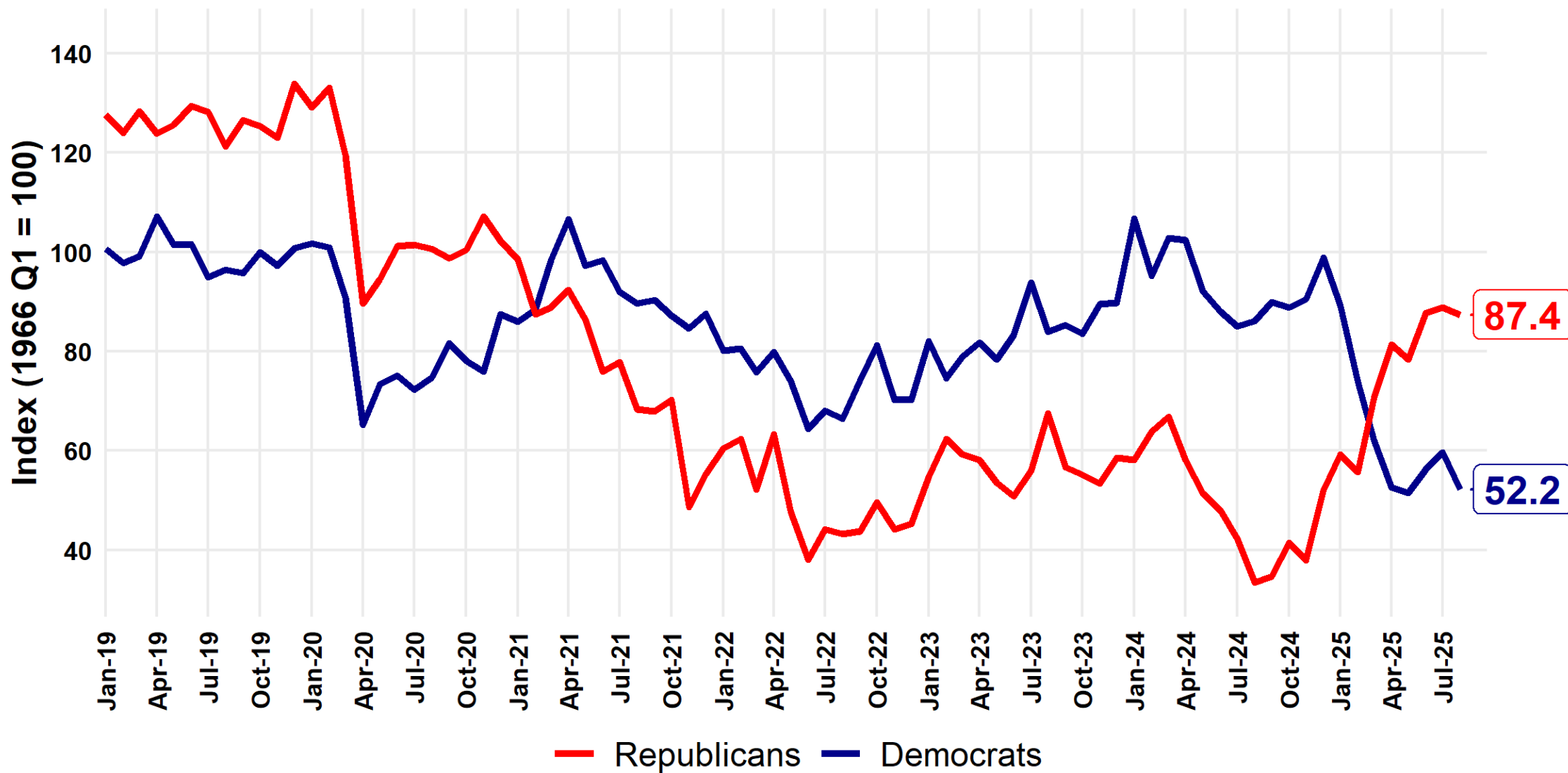
How Would You Rate Economic Conditions in Hampton Roads?

Respondents Rating Conditions as Excellent or Good, 2014 - 2025



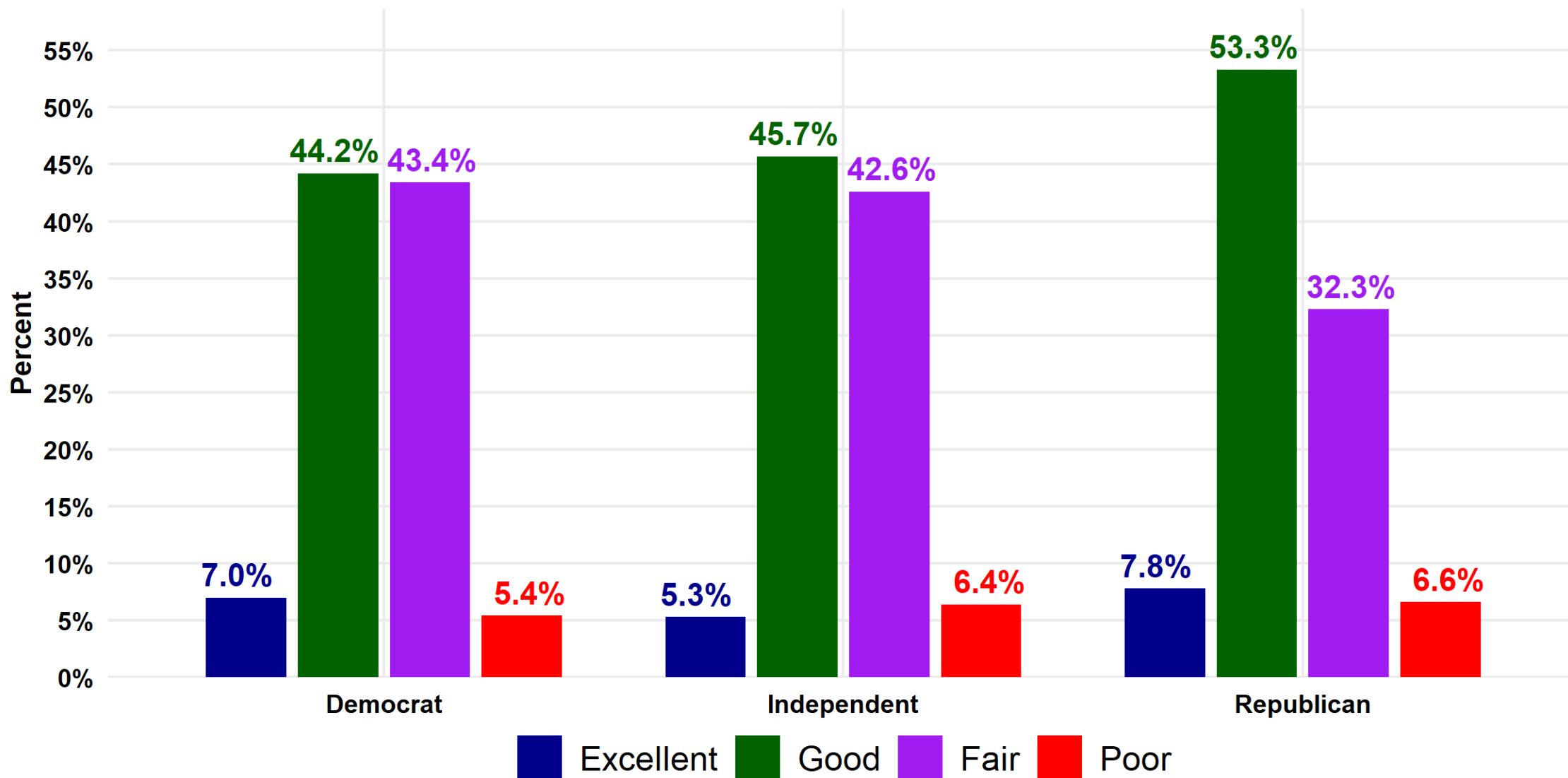
Political Party Affiliation: Current Economic Conditions

United States, January 2019 - August 2025



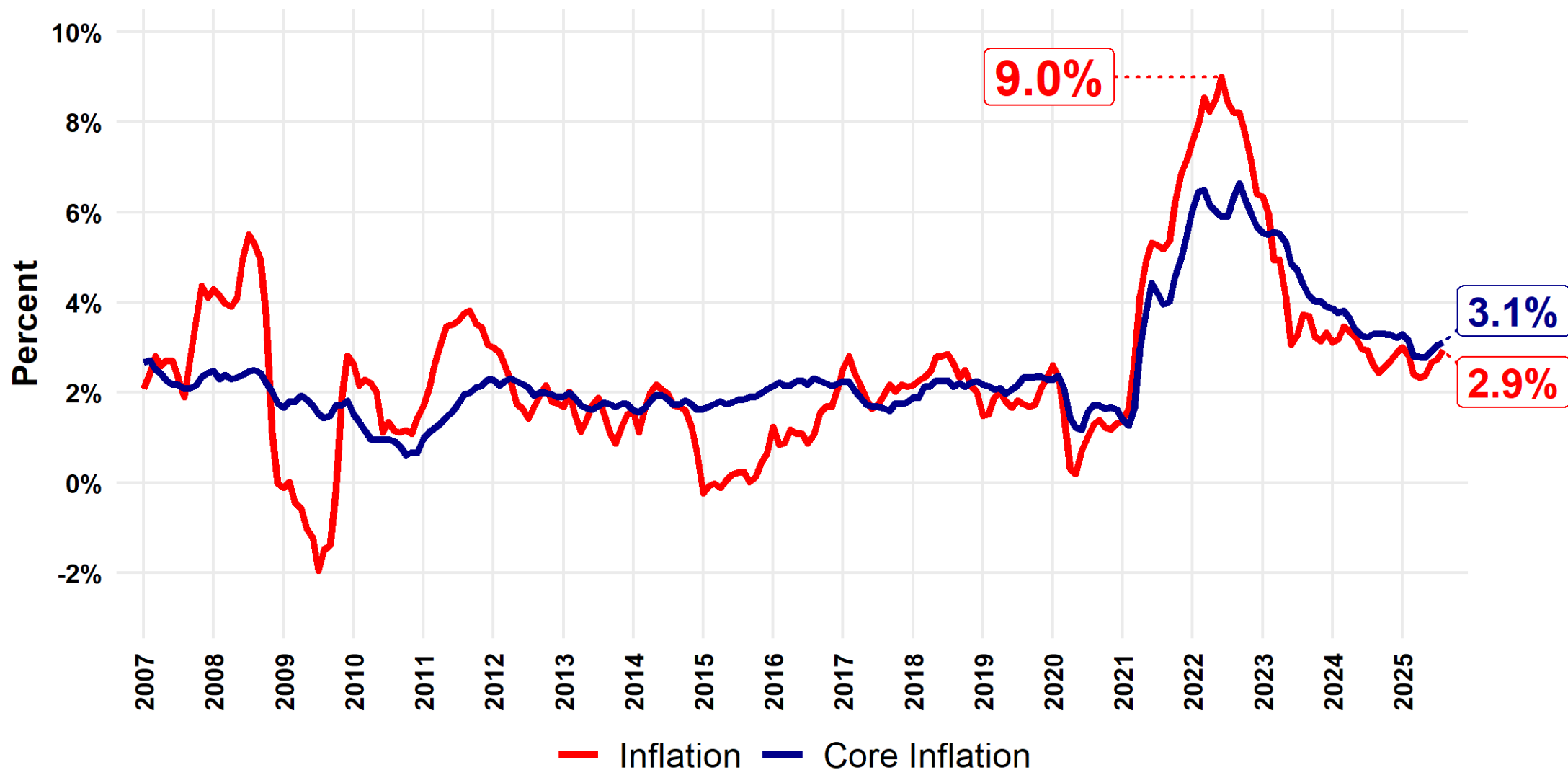
2025 Life in Hampton Roads Survey

How Would You Rate Economic Conditions In Hampton Roads Today?



Monthly Inflation

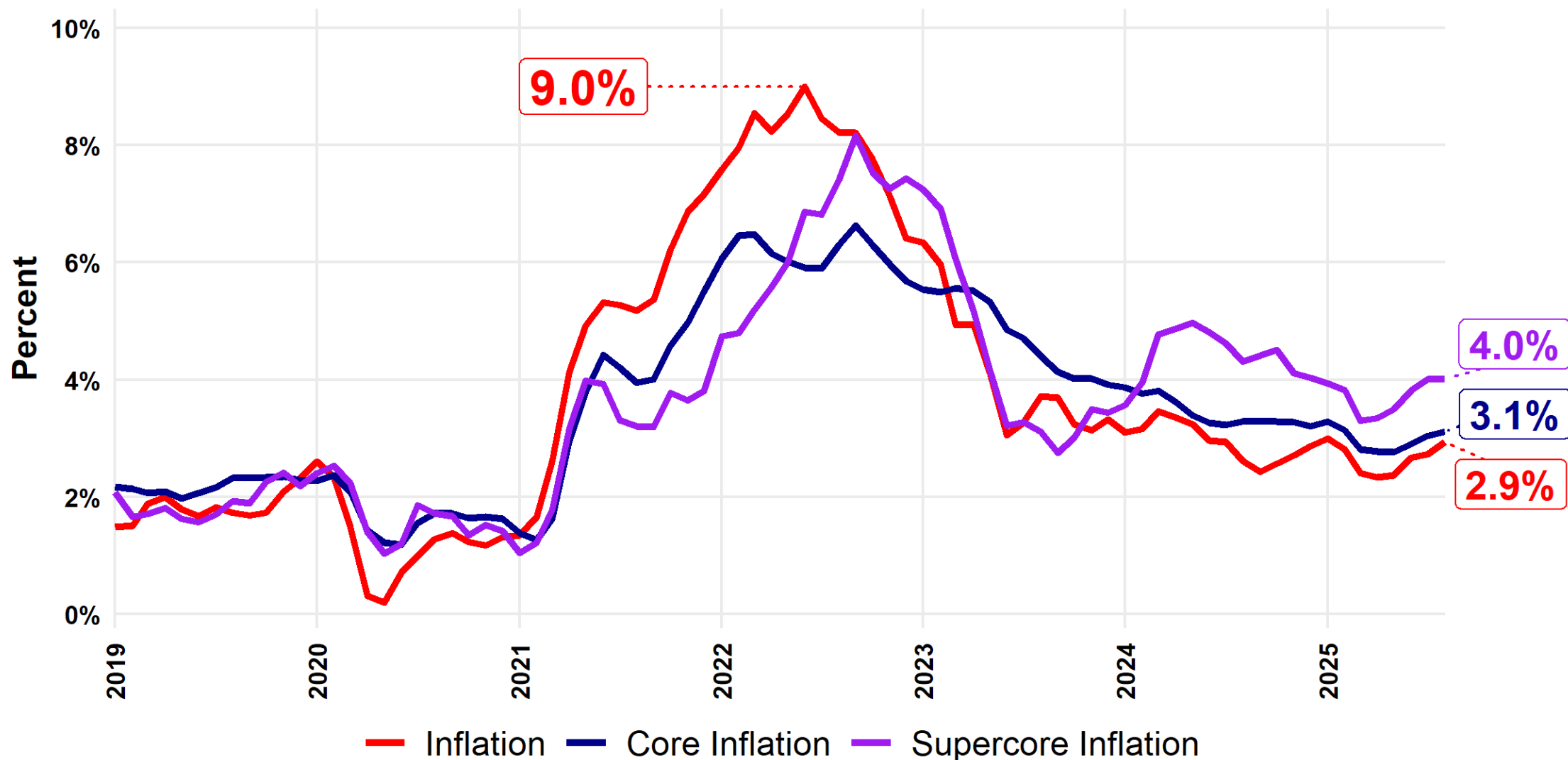
United States, January 2007 - August 2025



Source: Bureau of Labor Statistics, seasonally adjusted data. Monthly inflation is equal to the monthly year-over-year change in the Consumer Price Index (CPI). Core inflation does not include the food and energy sectors.

Monthly Inflation, Core Inflation, and Supercore Inflation

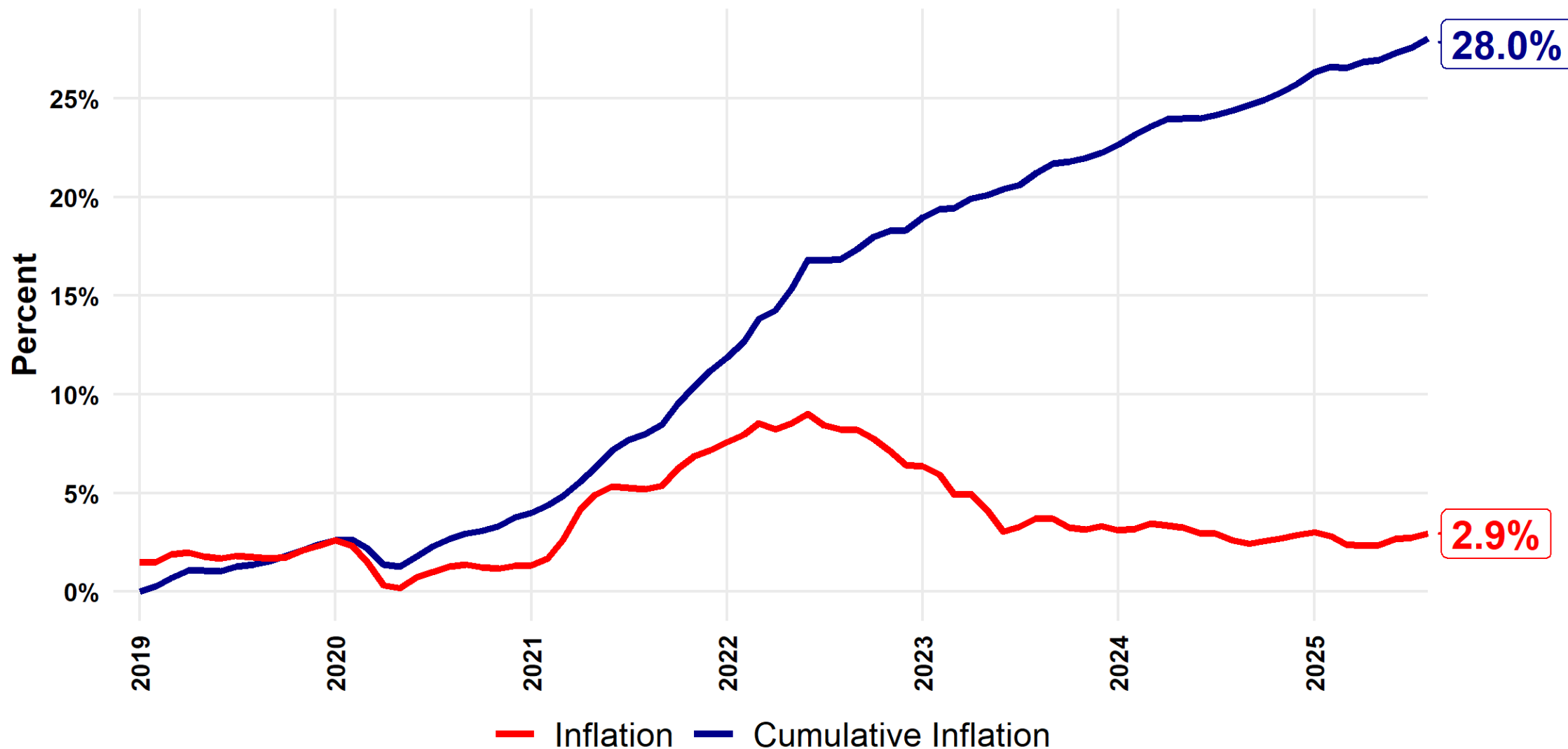
United States, January 2019 - August 2025



Source: Bureau of Labor Statistics, seasonally adjusted data. Monthly inflation is equal to the monthly year-over-year change in the Consumer Price Index (CPI). Core CPI excludes food and energy prices. Supercore CPI excludes food, energy, and shelter prices.

Monthly Inflation and Cumulative Inflation

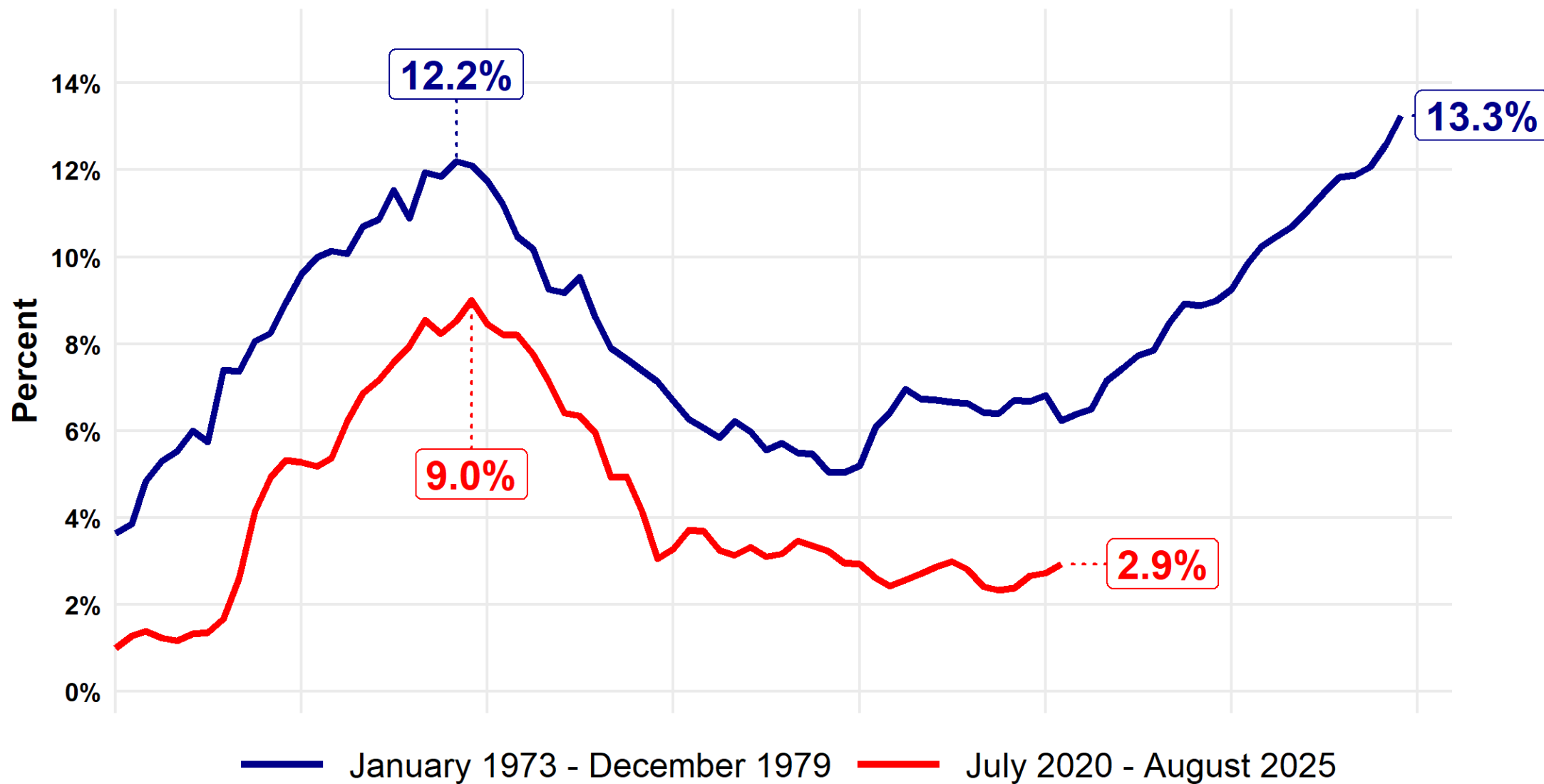
United States, January 2019 - August 2025



Source: Bureau of Labor Statistics, seasonally adjusted data. Monthly inflation is the monthly 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 - August 2025

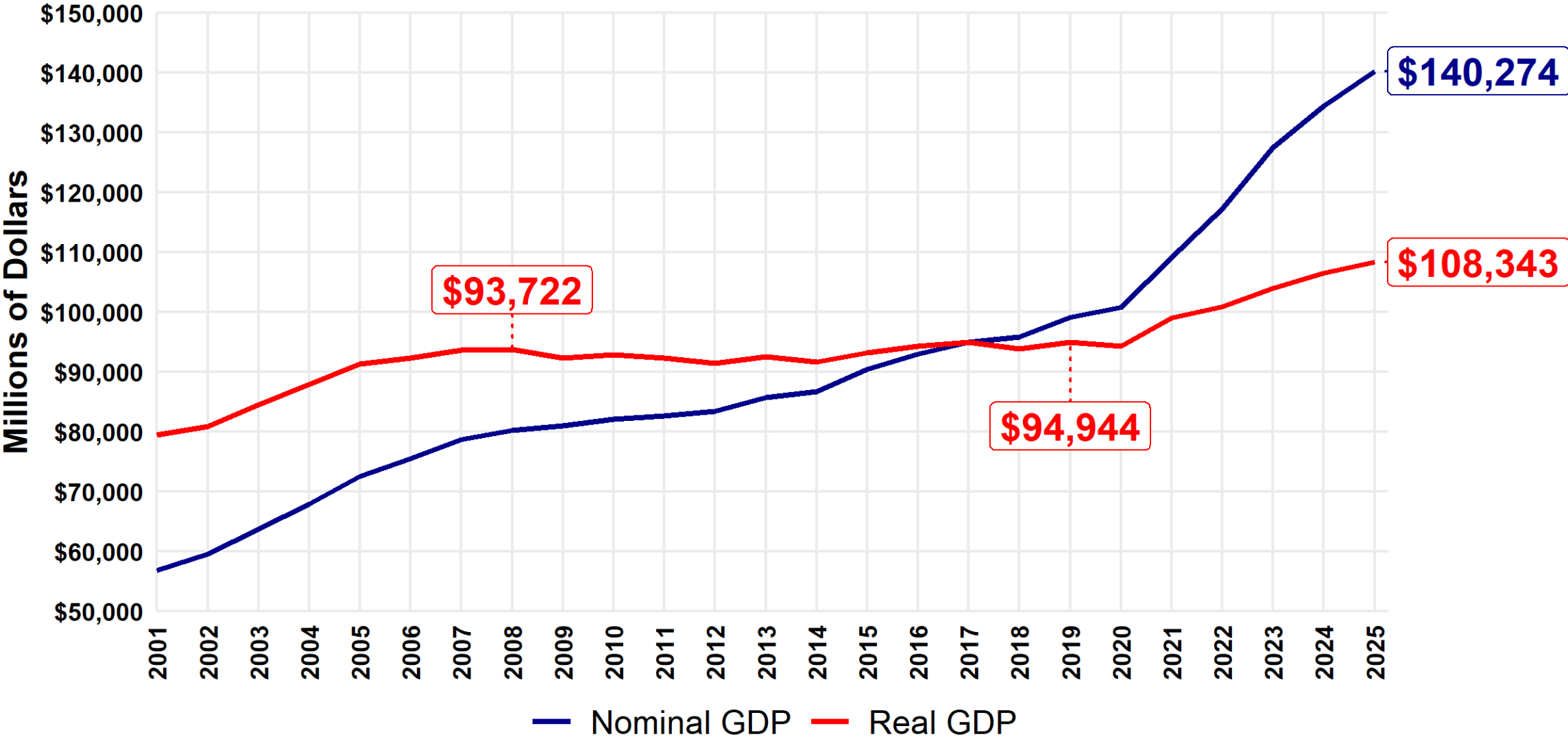


Economic Conditions in Hampton Roads



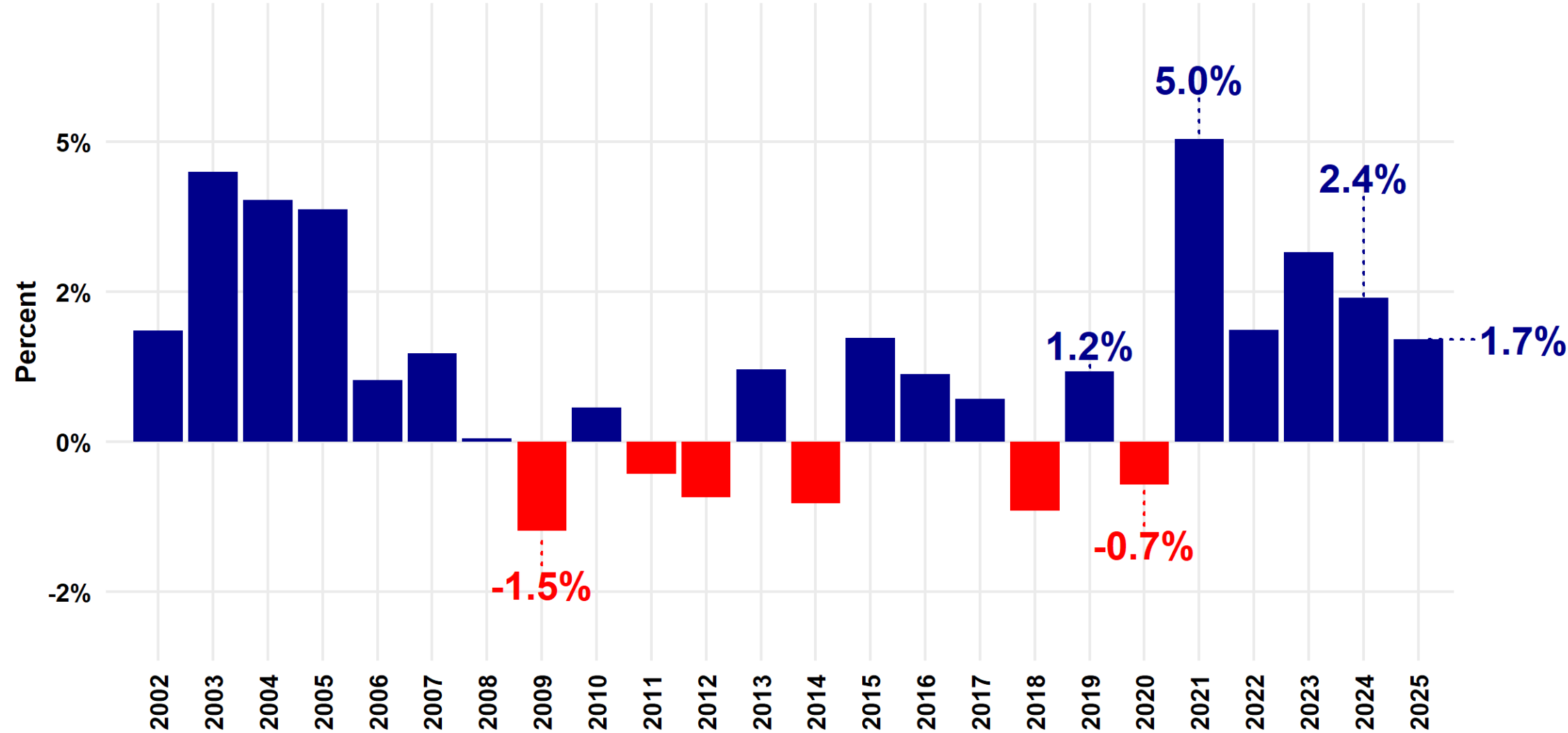
Nominal and Real Gross Domestic Product (GDP)

Hampton Roads, 2001 - 2025



Sources: Bureau of Economic Analysis (BEA) and Dragas Center for Economic Analysis and Policy. Data on GDP incorporates latest BEA revisions in December 2024. Millions of chained 2017 dollars for real GDP. 2023 represents the advance estimate, 2024 is our estimate, and 2025 is our forecast.

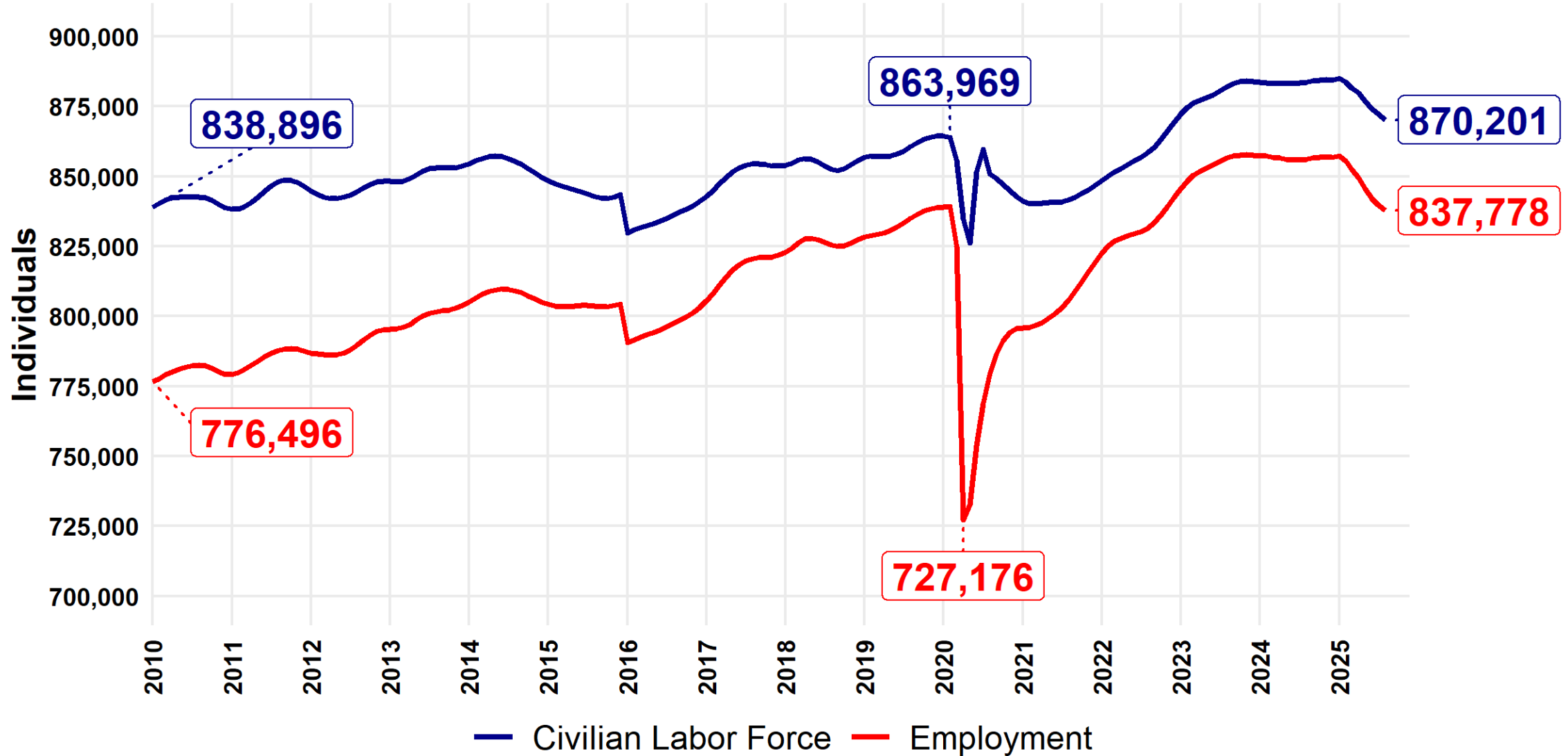
Percent Change in Real Gross Domestic Product (GDP) Hampton Roads, 2002 - 2025



Sources: Bureau of Economic Analysis (BEA) and Dragas Center for Economic Analysis and Policy. Data on GDP incorporates latest BEA revisions in December 2024. Millions of chained 2017 dollars for real GDP. 2023 represents the advance estimate, 2024 is our estimate, and 2025 is our forecast.

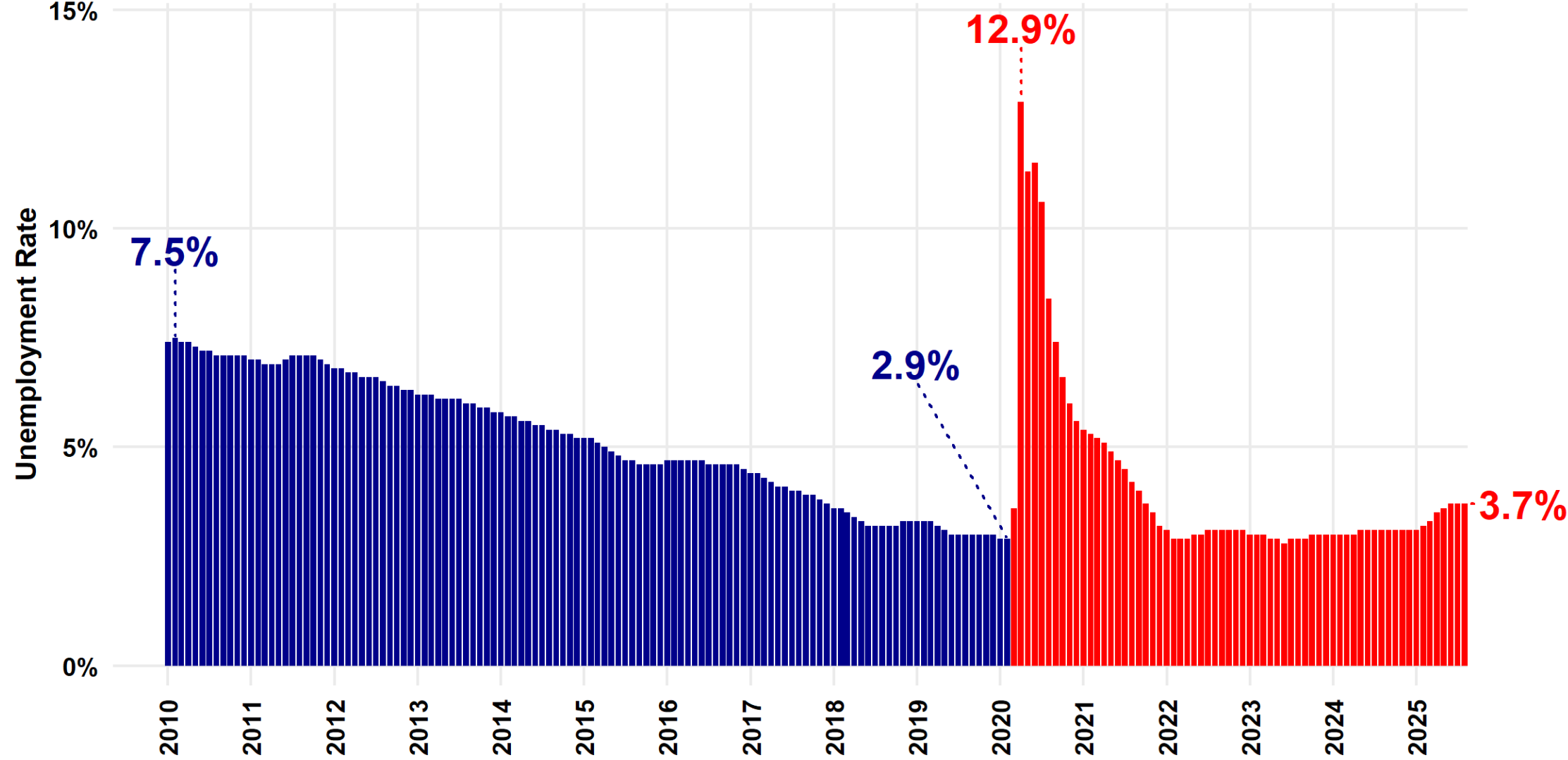
Civilian Labor Force and Individual Employment

Hampton Roads, January 2010 - August 2025



Headline Unemployment Rate (U3)

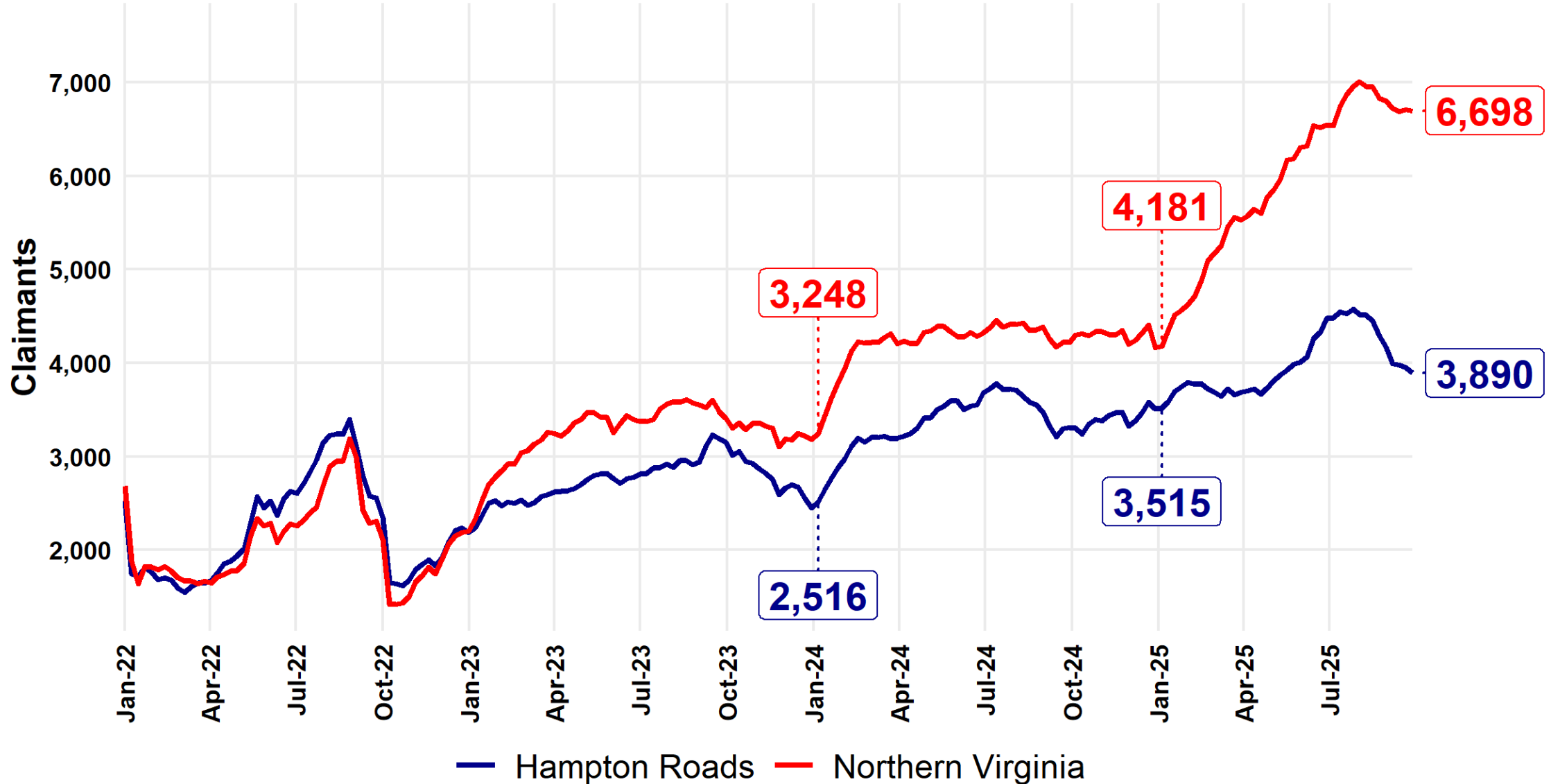
Hampton Roads, January 2010 - August 2025



Source: Bureau of Labor Statistics, seasonally adjusted data.

Weekly Unemployment Continued Claims

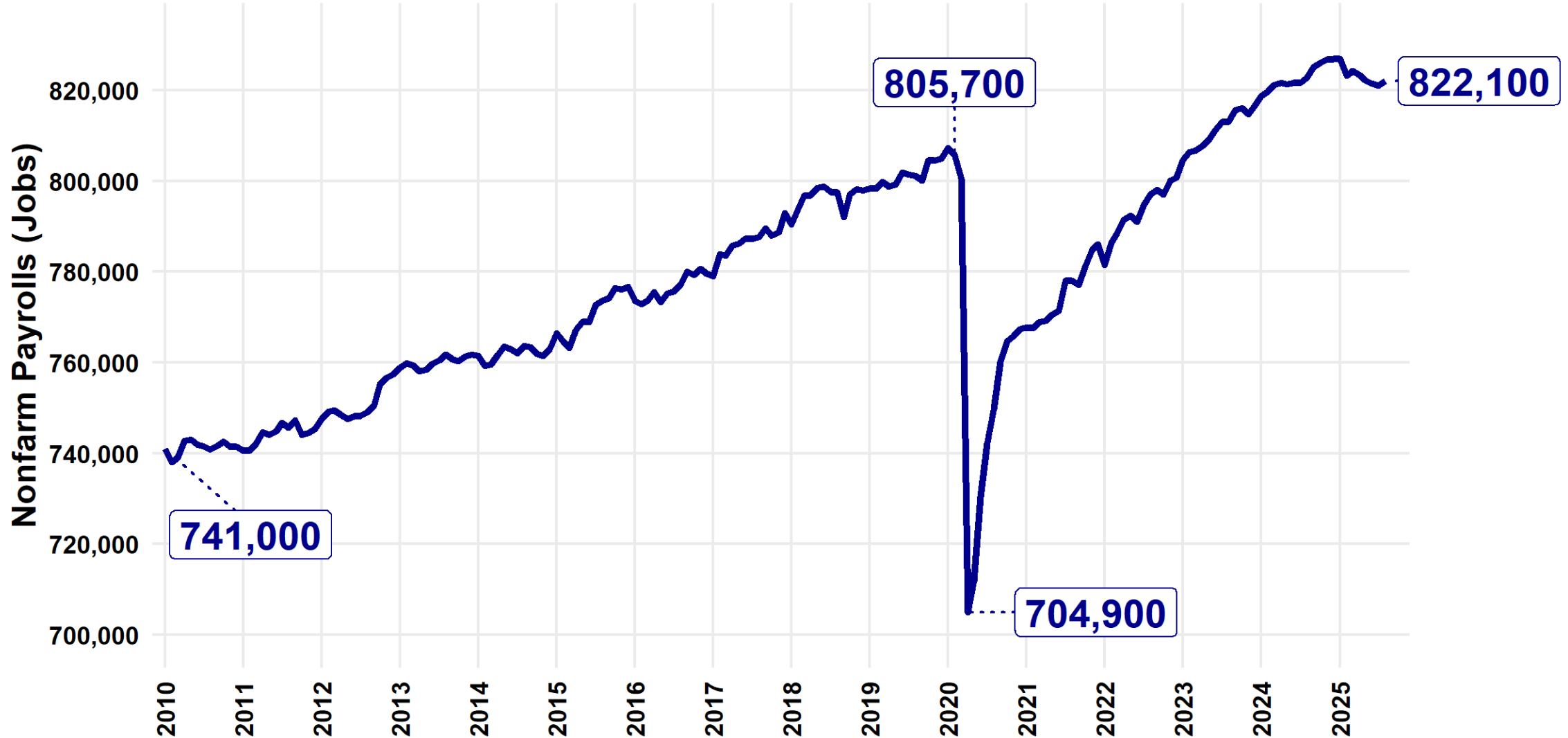
Hampton Roads and Northern Virginia, January 1, 2022 - September 27, 2025



Source: Virginia Works, non-seasonally adjusted data.

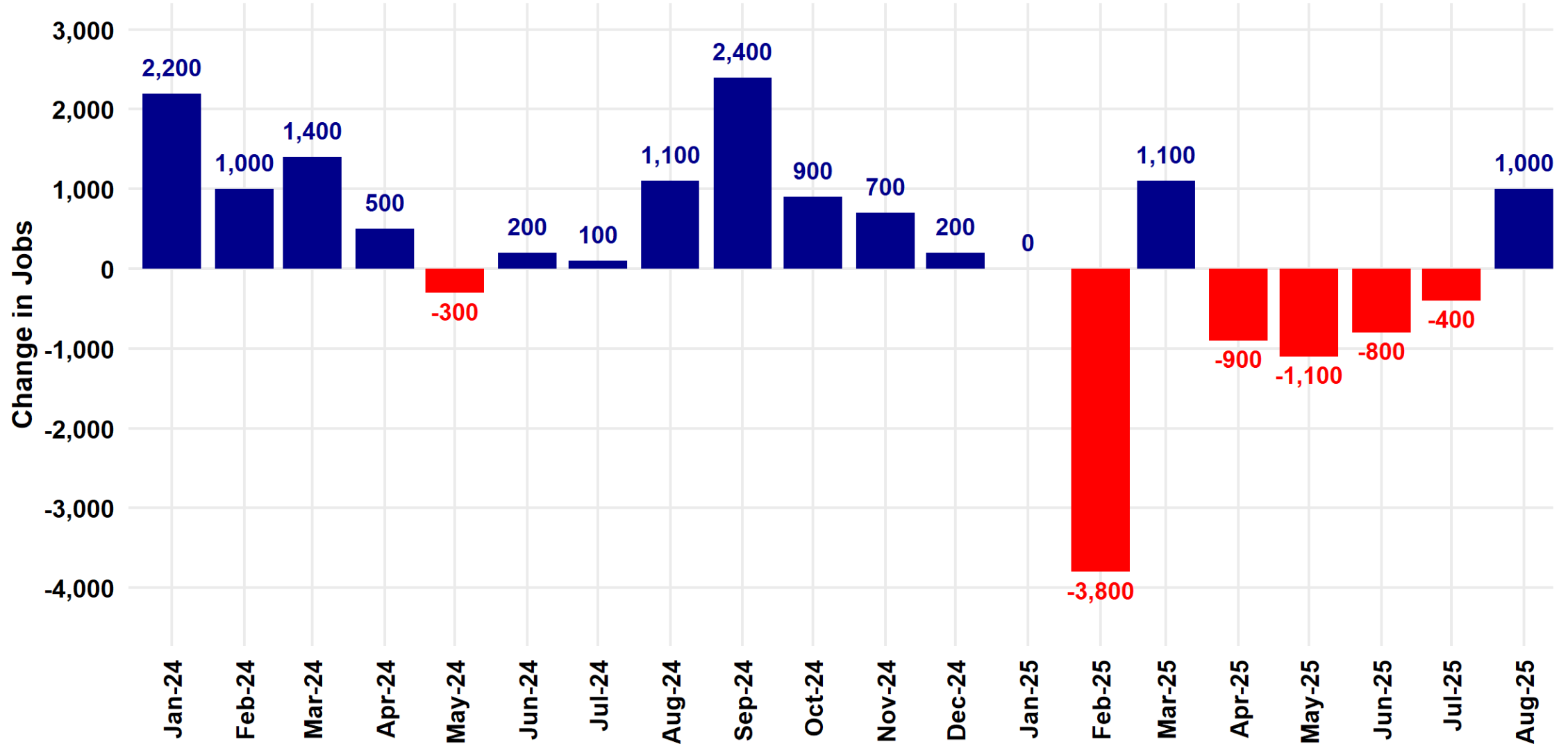
Nonfarm Payrolls

Hampton Roads, January 2010 - August 2025



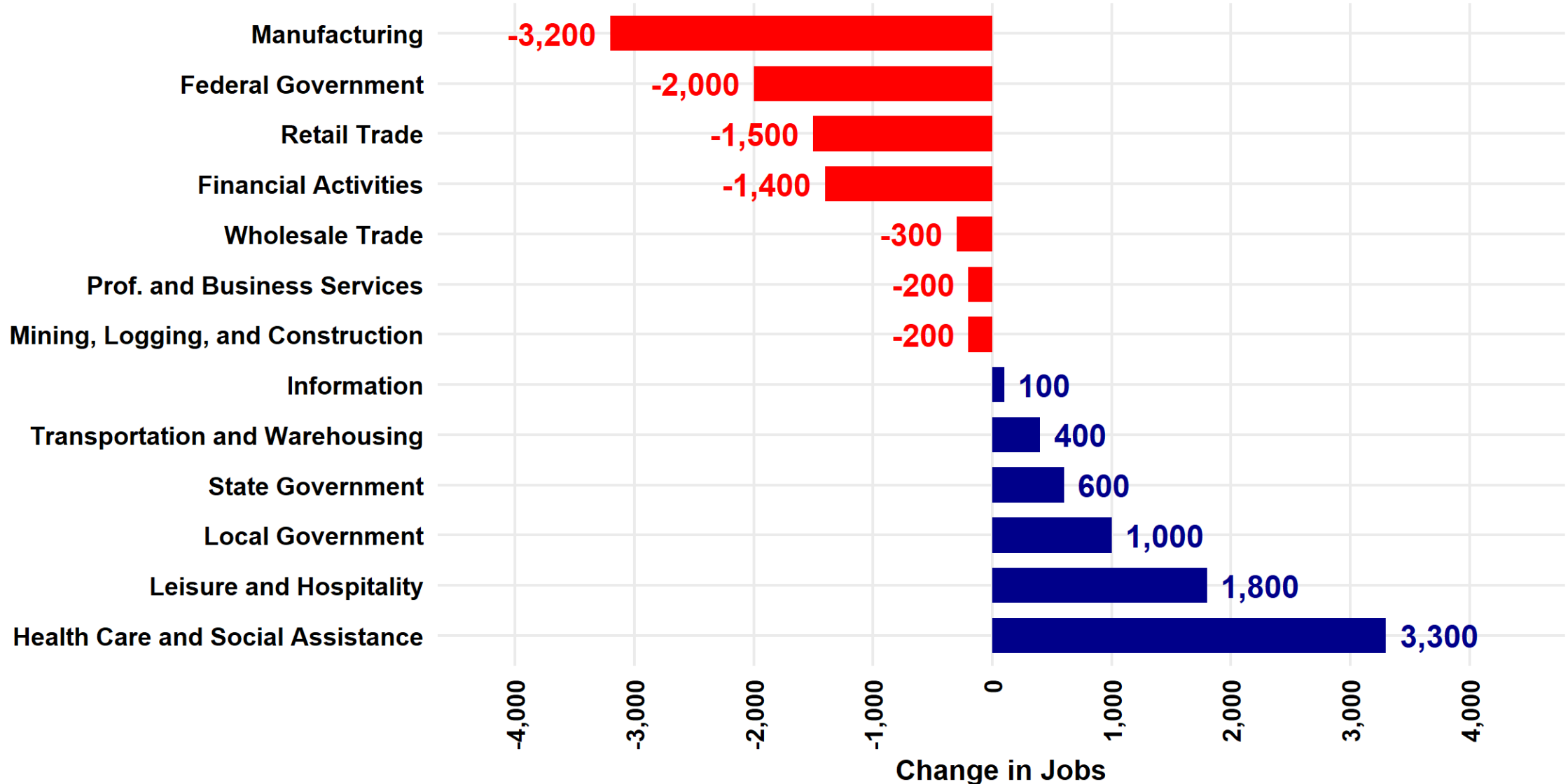
Change in Nonfarm Payrolls

Hampton Roads, January 2024 - August 2025



Nonfarm Jobs Gained/Lost

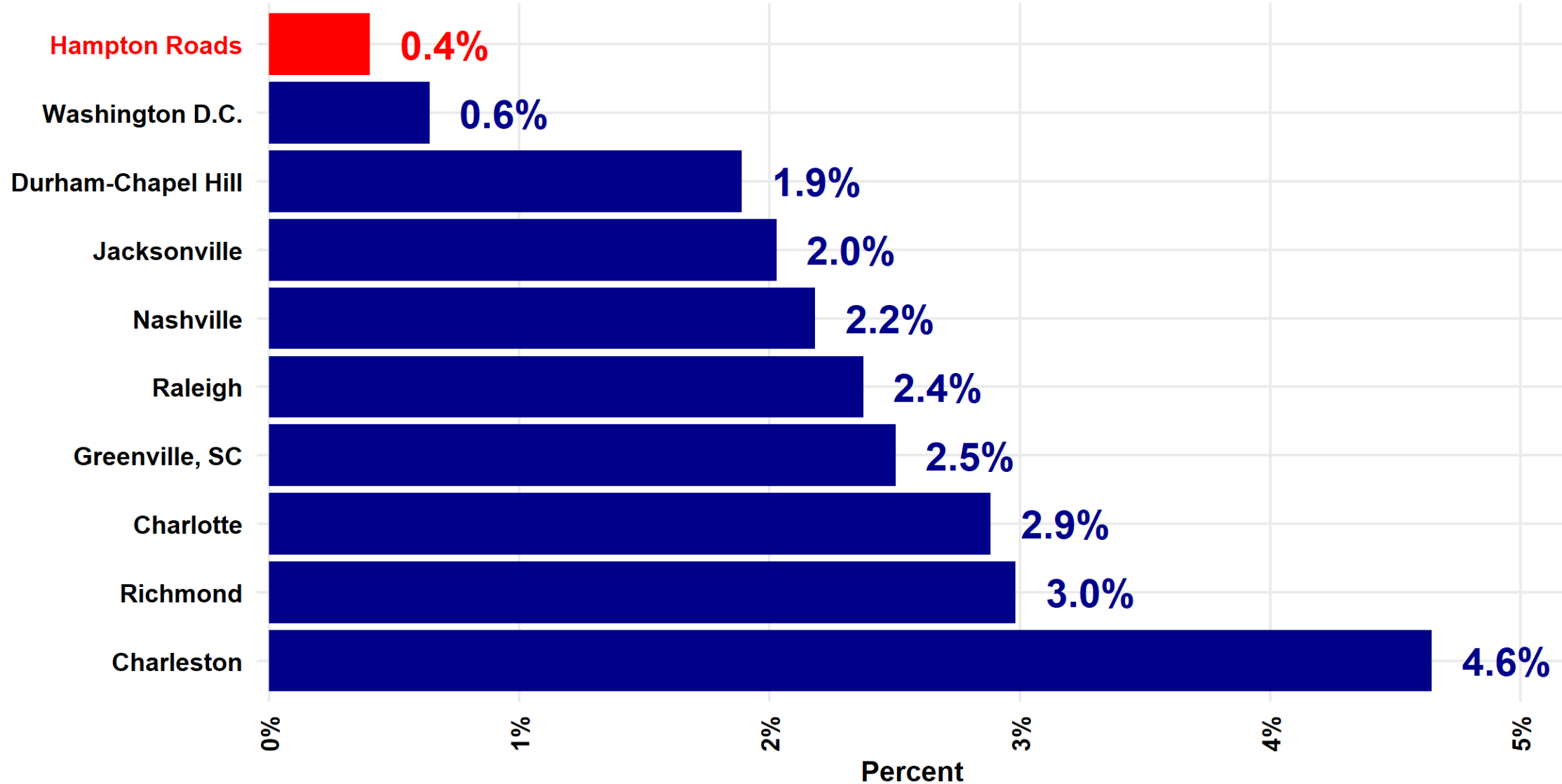
Selected Sectors in Hampton Roads, August 2024 - August 2025



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

Growth in Nonfarm Payrolls

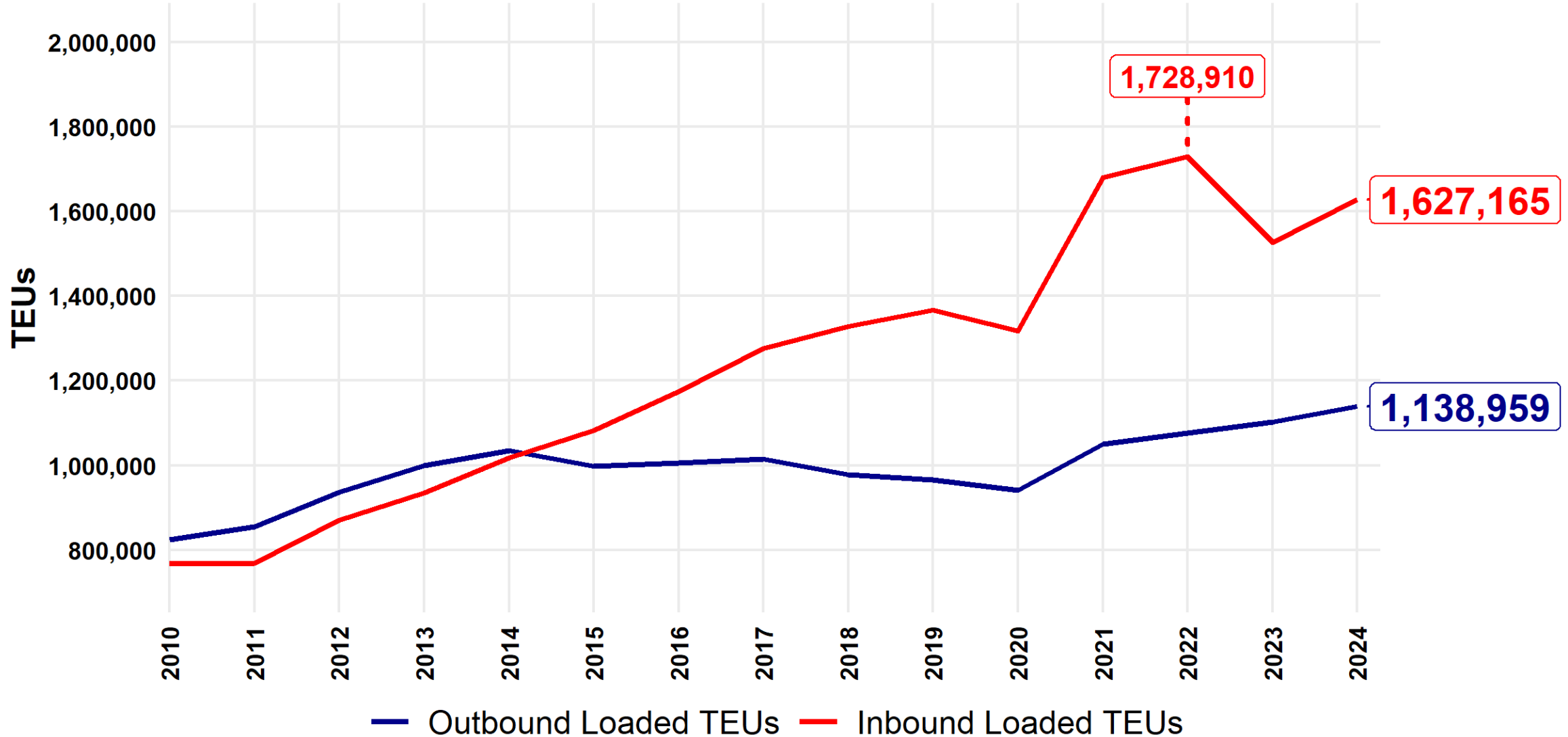
Selected Metropolitan Areas, January 2024 - August 2025



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

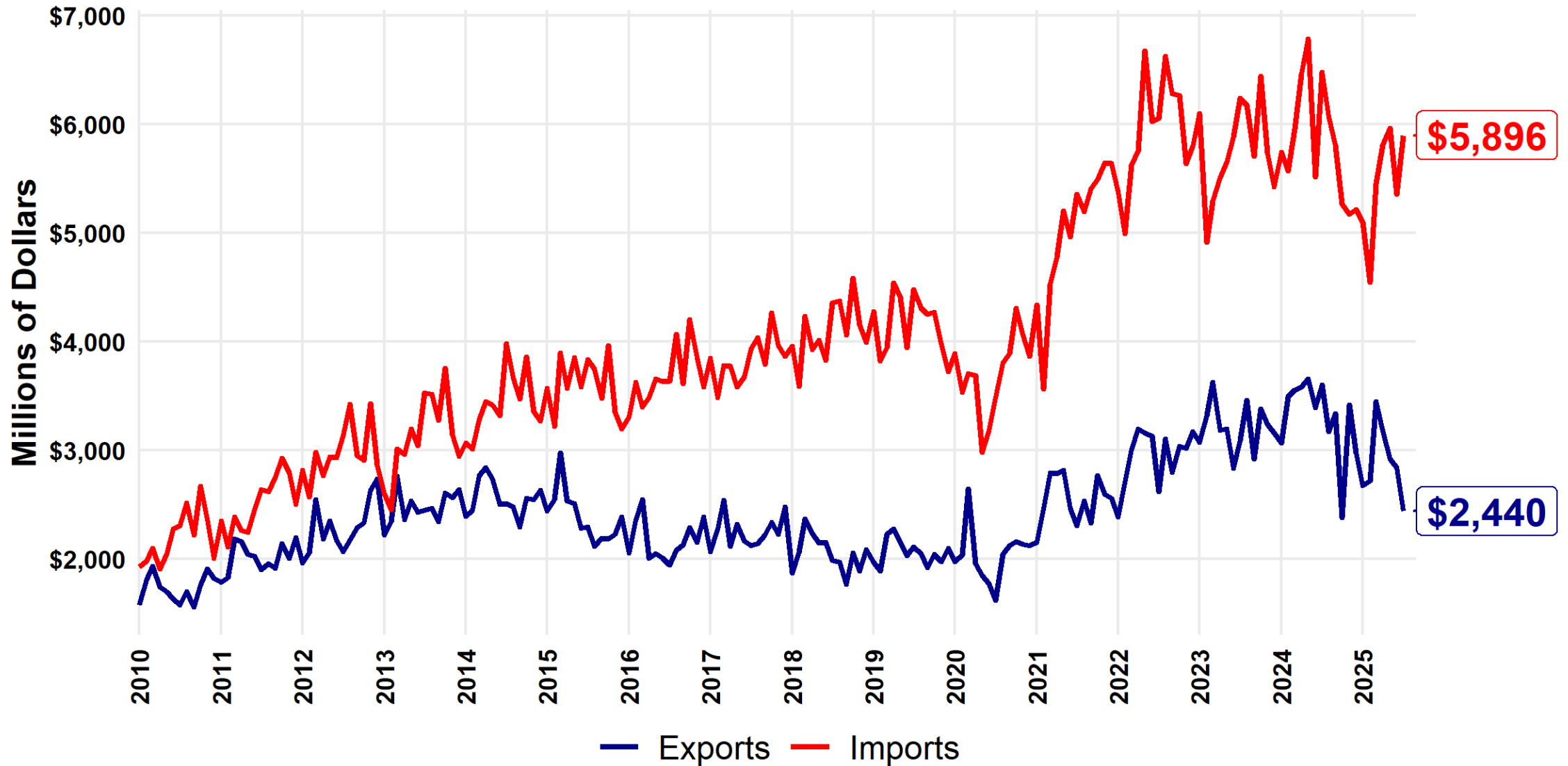


Loaded Inbound and Outbound TEUs Port of Virginia, 2010 - 2024

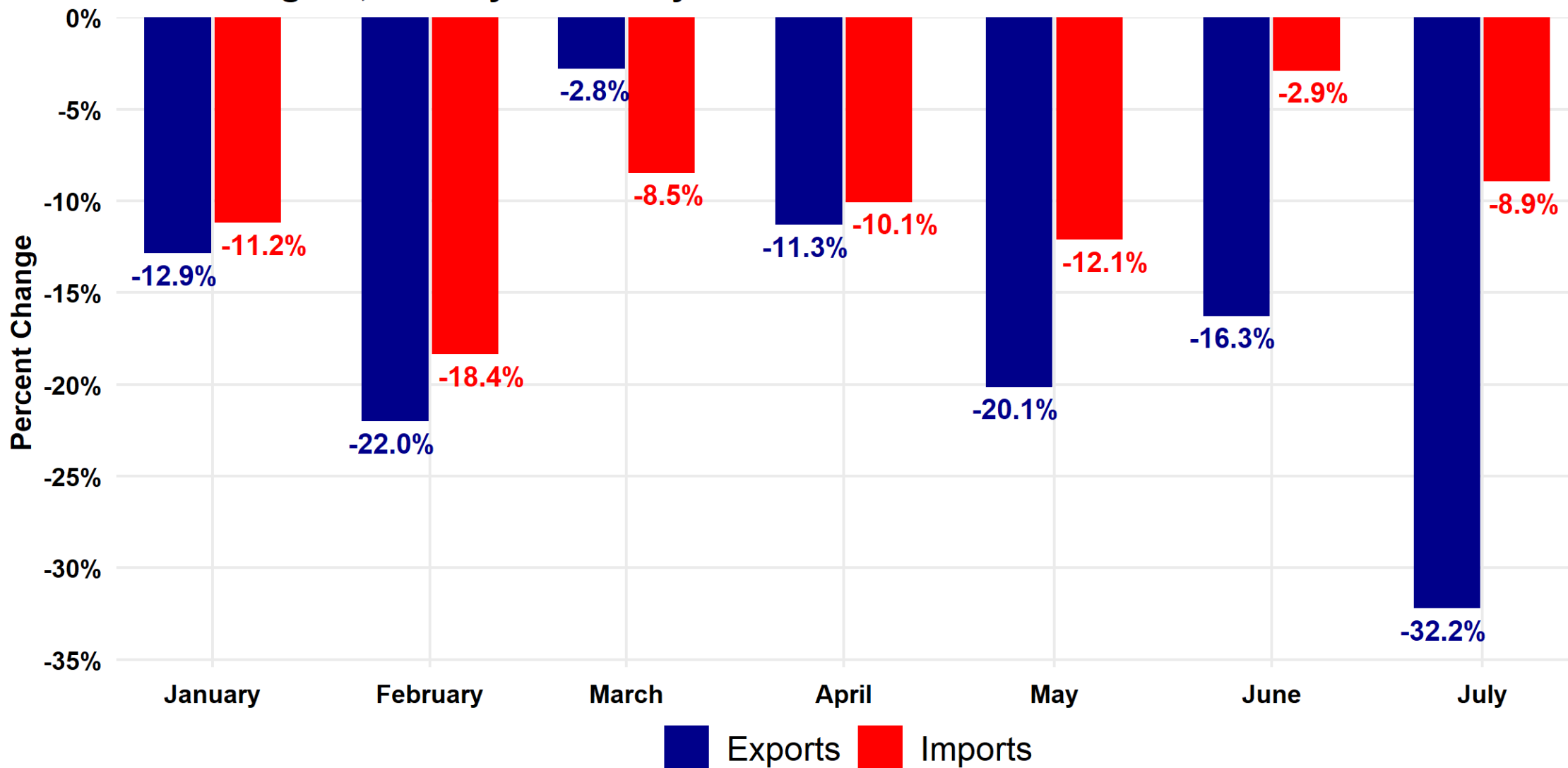


Total Dollar Value of Exports and Imports

Port of Virginia, January 2010 - July 2025

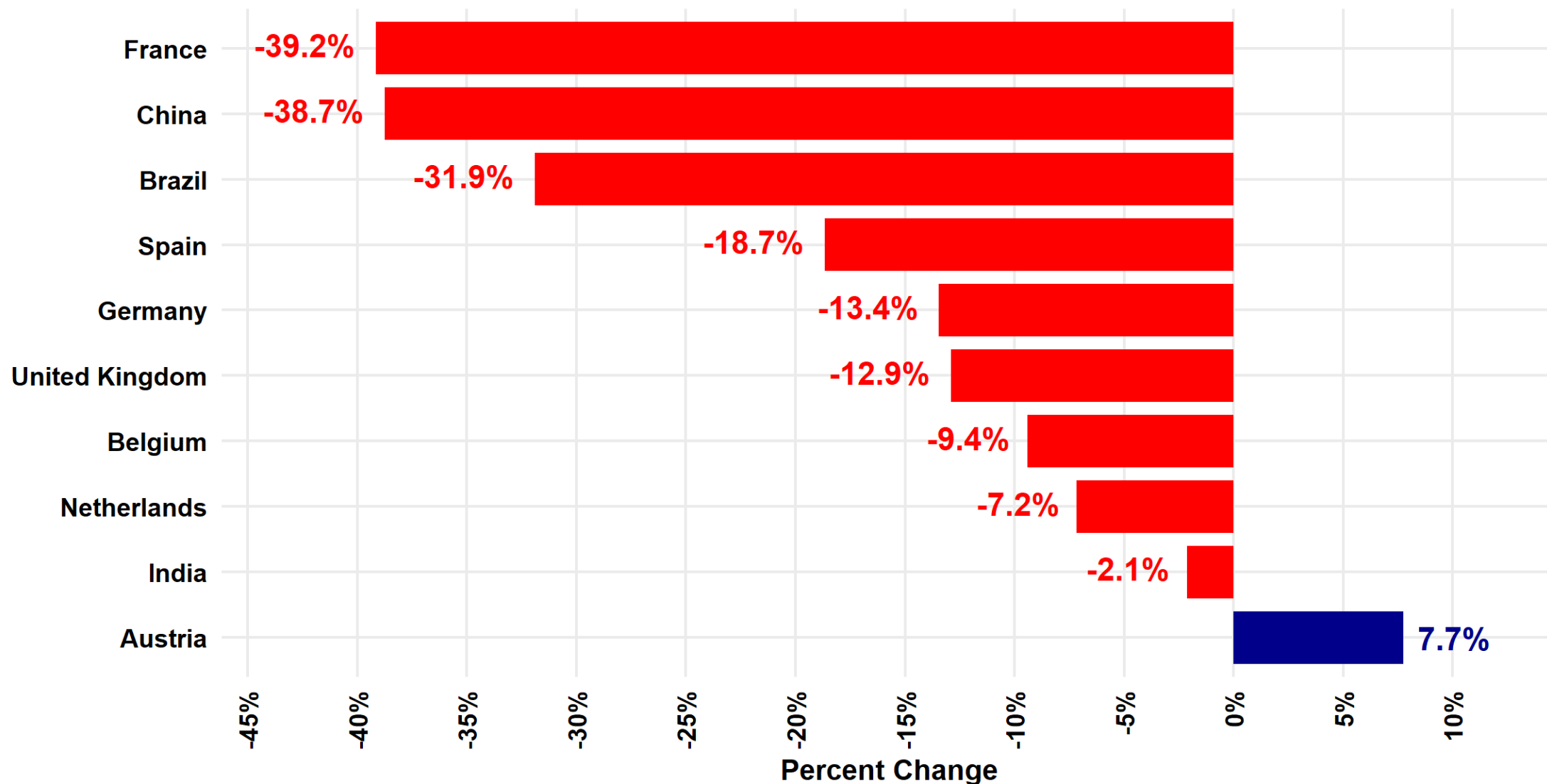


Percent Change in Dollar Value Exports and Imports Port of Virginia, January 2025 - July 2025



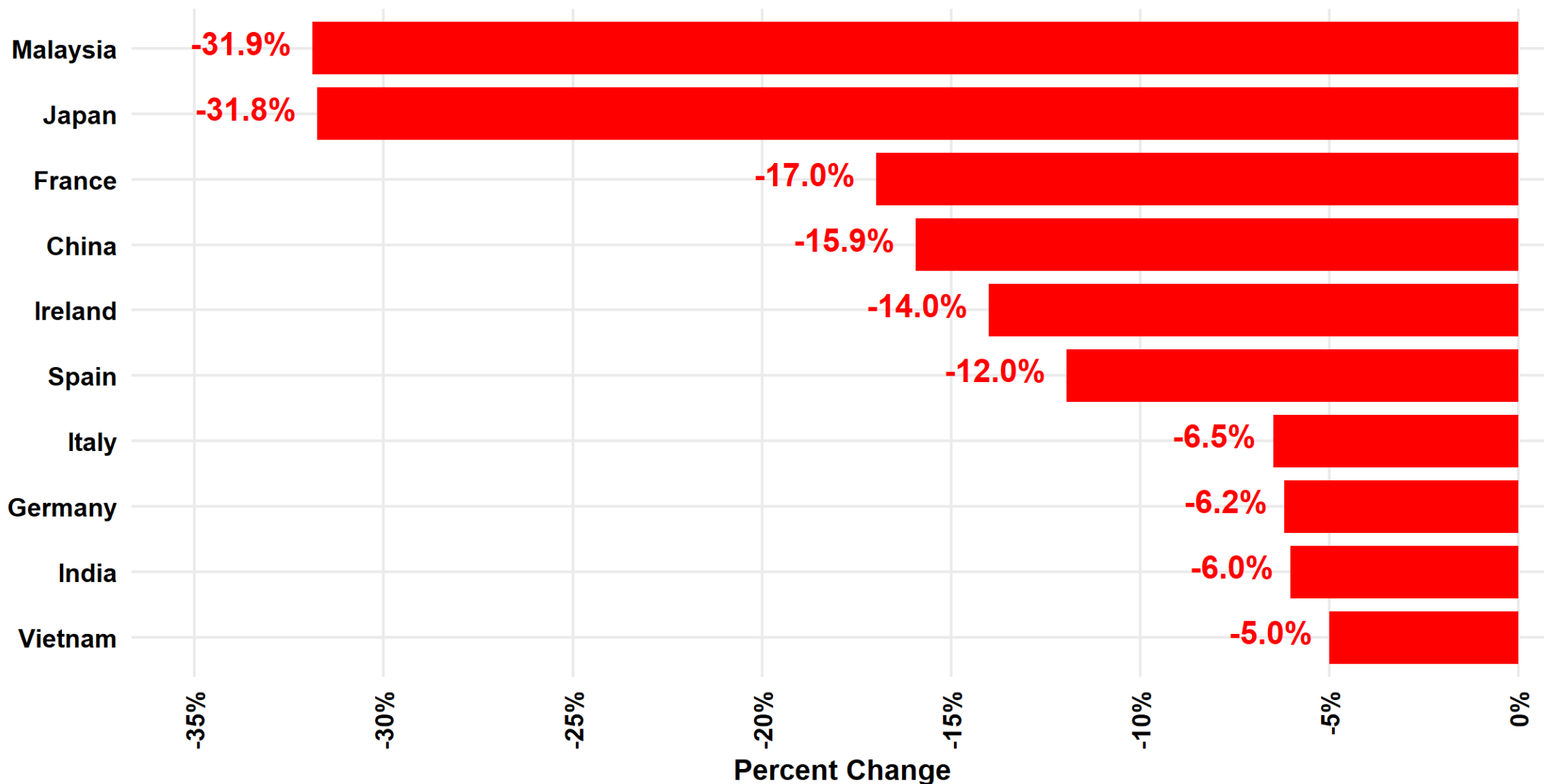
Sources: U.S. Census Bureau and Dragas Center for Economic Analysis and Policy. Non-seasonally adjusted data.
Percent change is the monthly year-over-year change in dollar value of imports and exports.

Percent Change in Dollar Value of Exports Port of Virginia, July 2024 and July 2025



Sources: U.S. Census Bureau and Dragas Center for Economic Analysis and Policy. Non-seasonally adjusted data. Selected countries represent the Port of Virginia's top 10 export destinations by dollar volume in 2024. Percent change is the YTD year-over-year change in dollar value of exports.

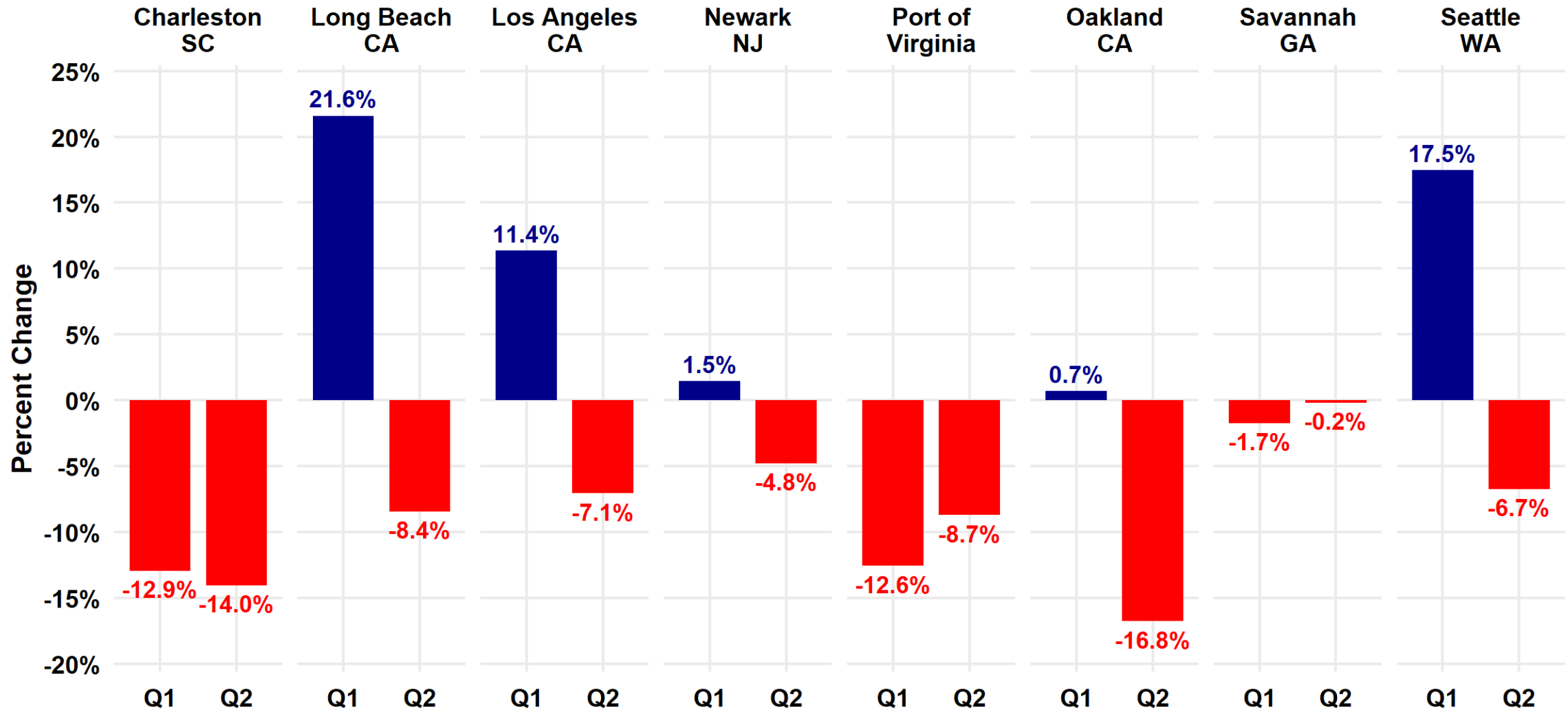
Percent Change in Dollar Value of Imports Port of Virginia, July 2024 and July 2025



Sources: U.S. Census Bureau and Dragas Center for Economic Analysis and Policy. Non-seasonally adjusted data. Selected countries represent the Port of Virginia's top 10 countries from which imports arrived by dollar volume in 2024. Percent change is the YTD year-over-year change in dollar value of imports.

Percent Change in Dollar Value of Imports by Quarter

Selected Major Ports in the United States, Q1 - Q2 2025



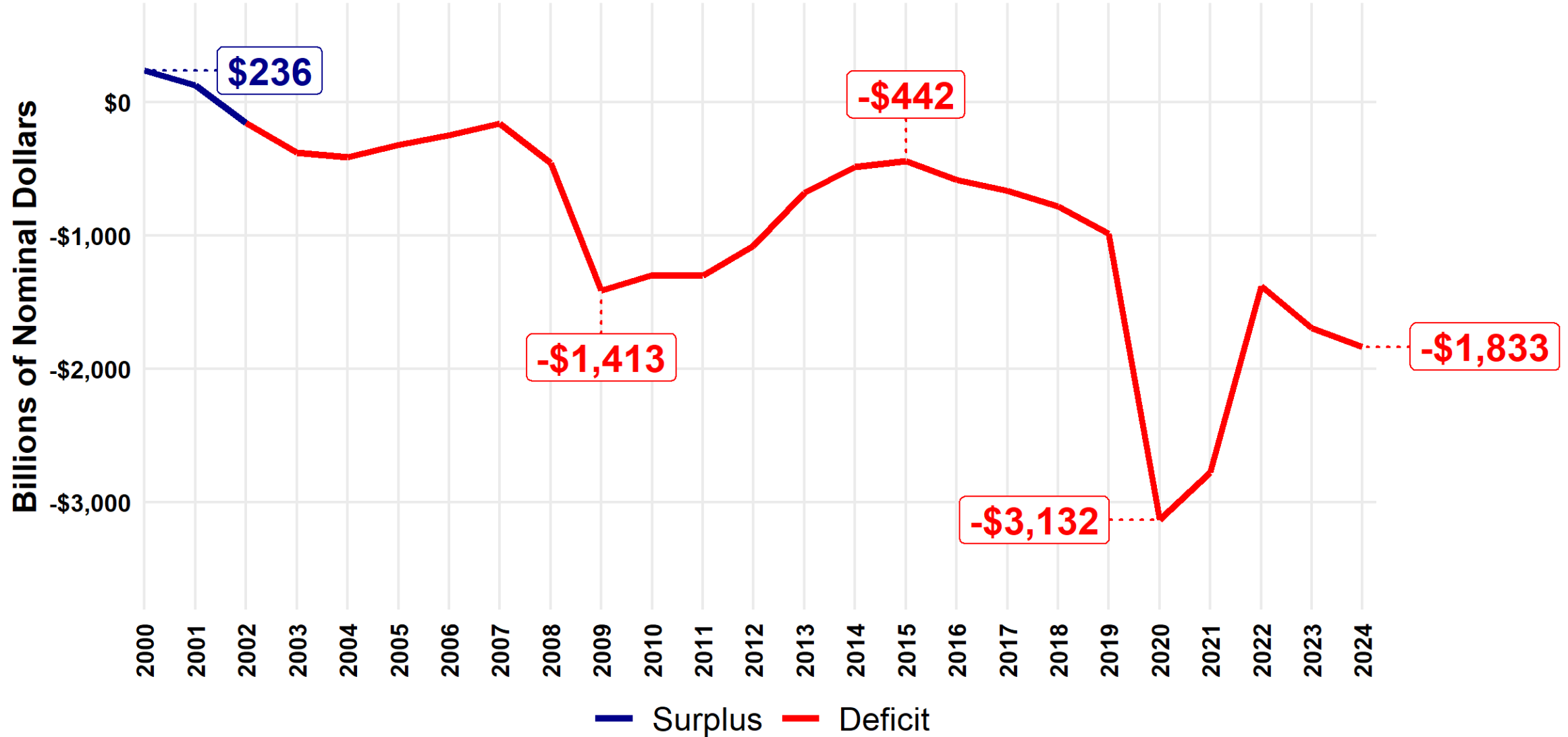
Sources: U.S. Census Bureau and Dragas Center for Economic Analysis and Policy. Non-seasonally adjusted data.
Percent change is the quarterly year-over-year change in dollar value of imports.

Federal Spending



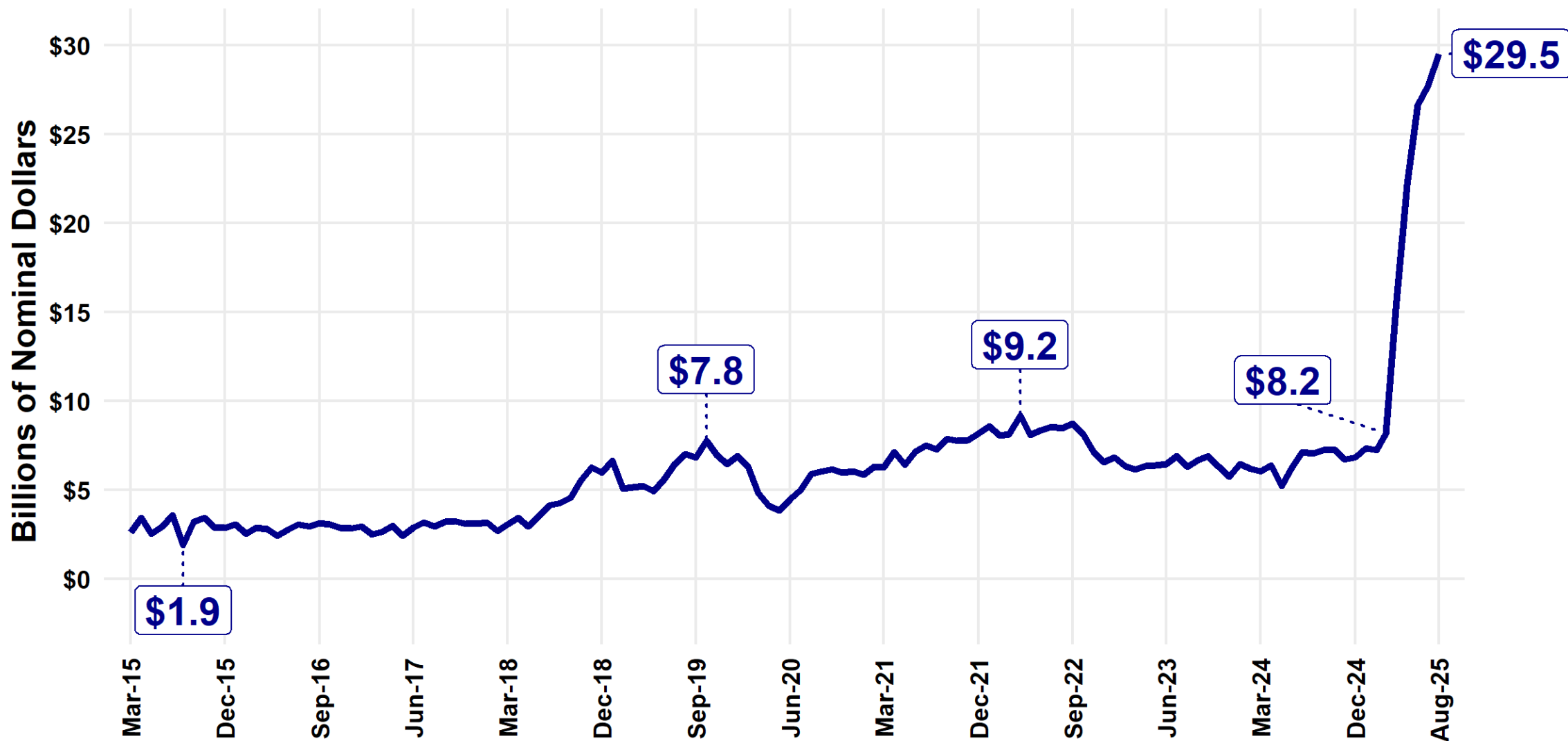
Federal Surplus or Deficit

United States, Fiscal Year 2000 - 2024



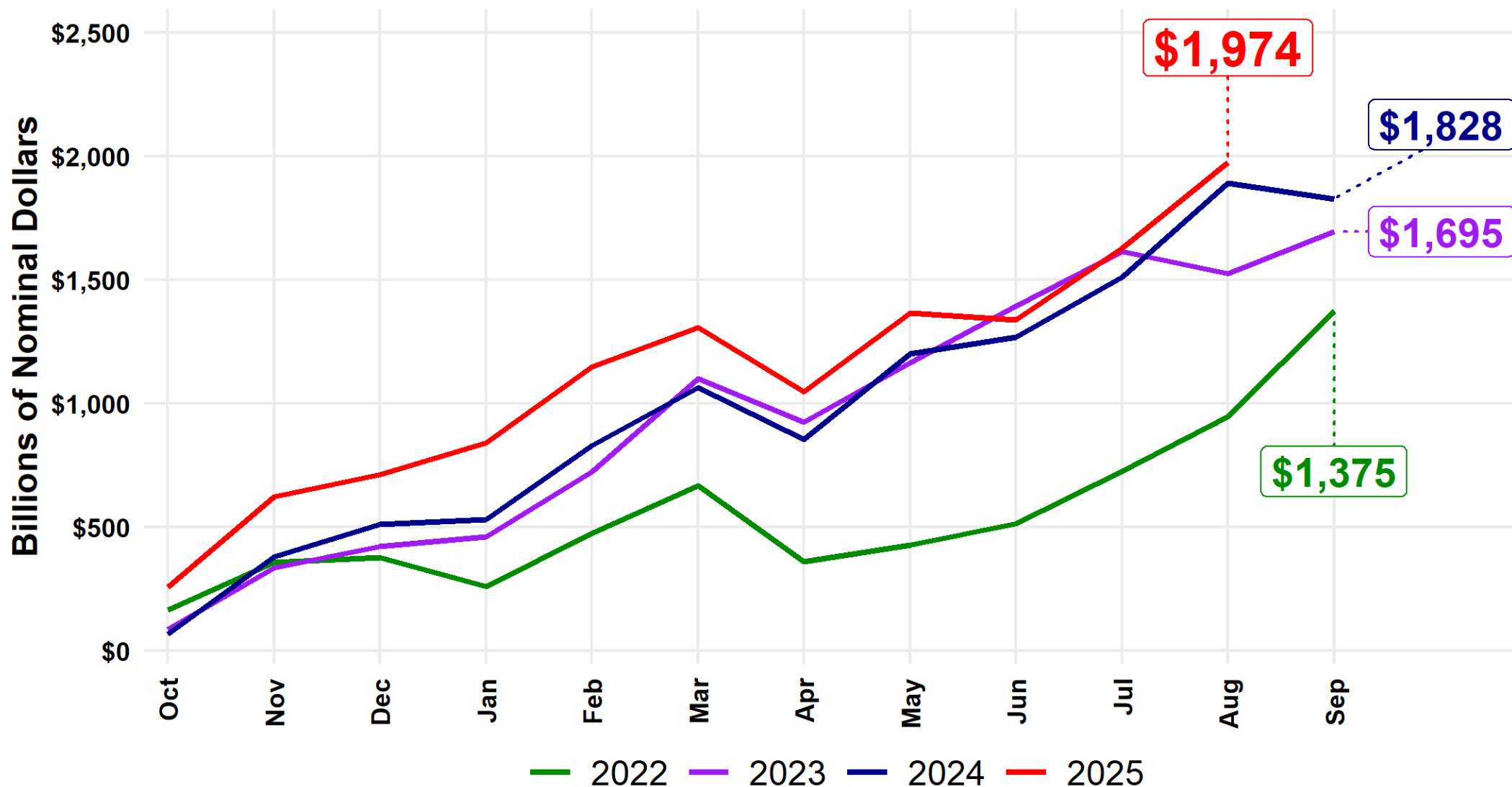
Monthly Net Customs Duties

United States, March 2015 - August 2025

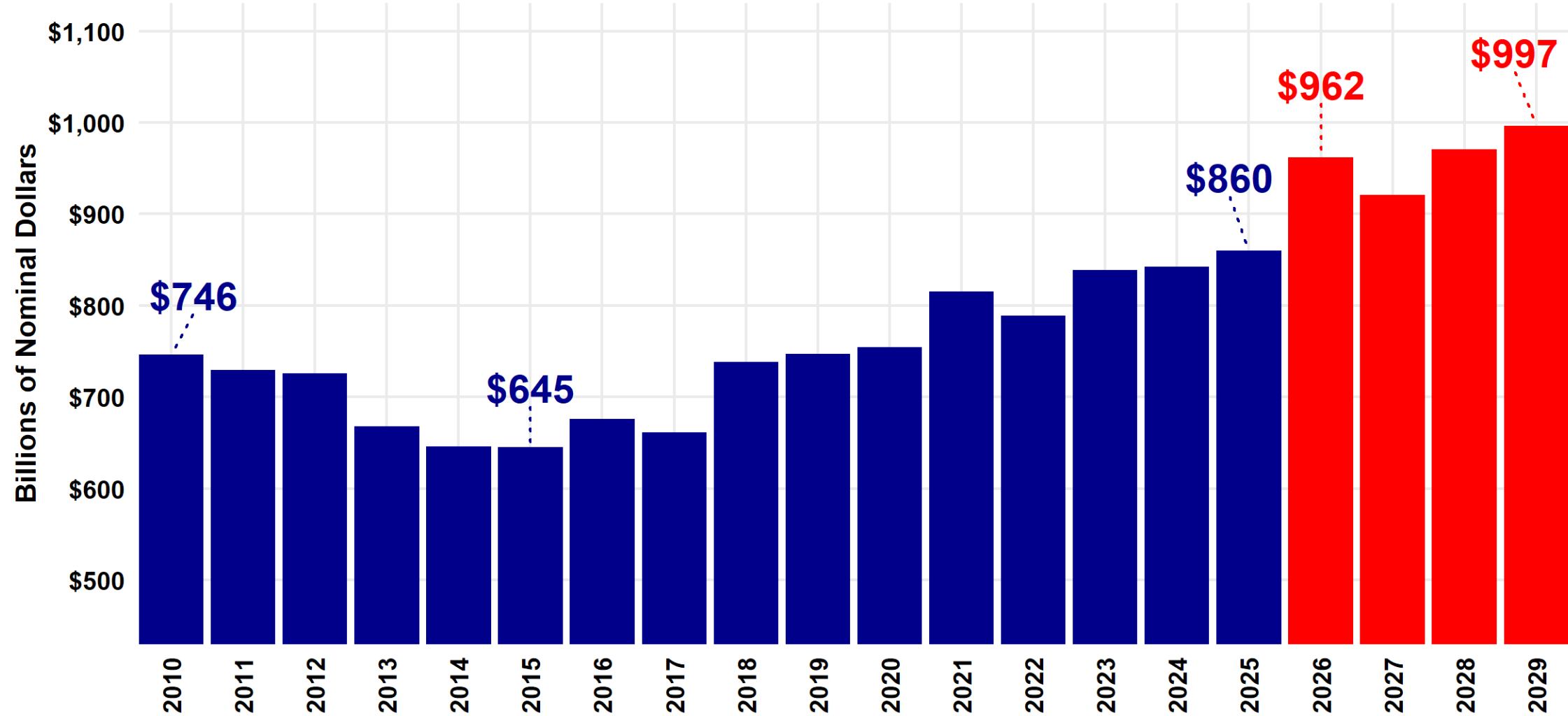


Cumulative U.S. Federal Government Deficit by Month

Fiscal Year October 2021 - August 2025

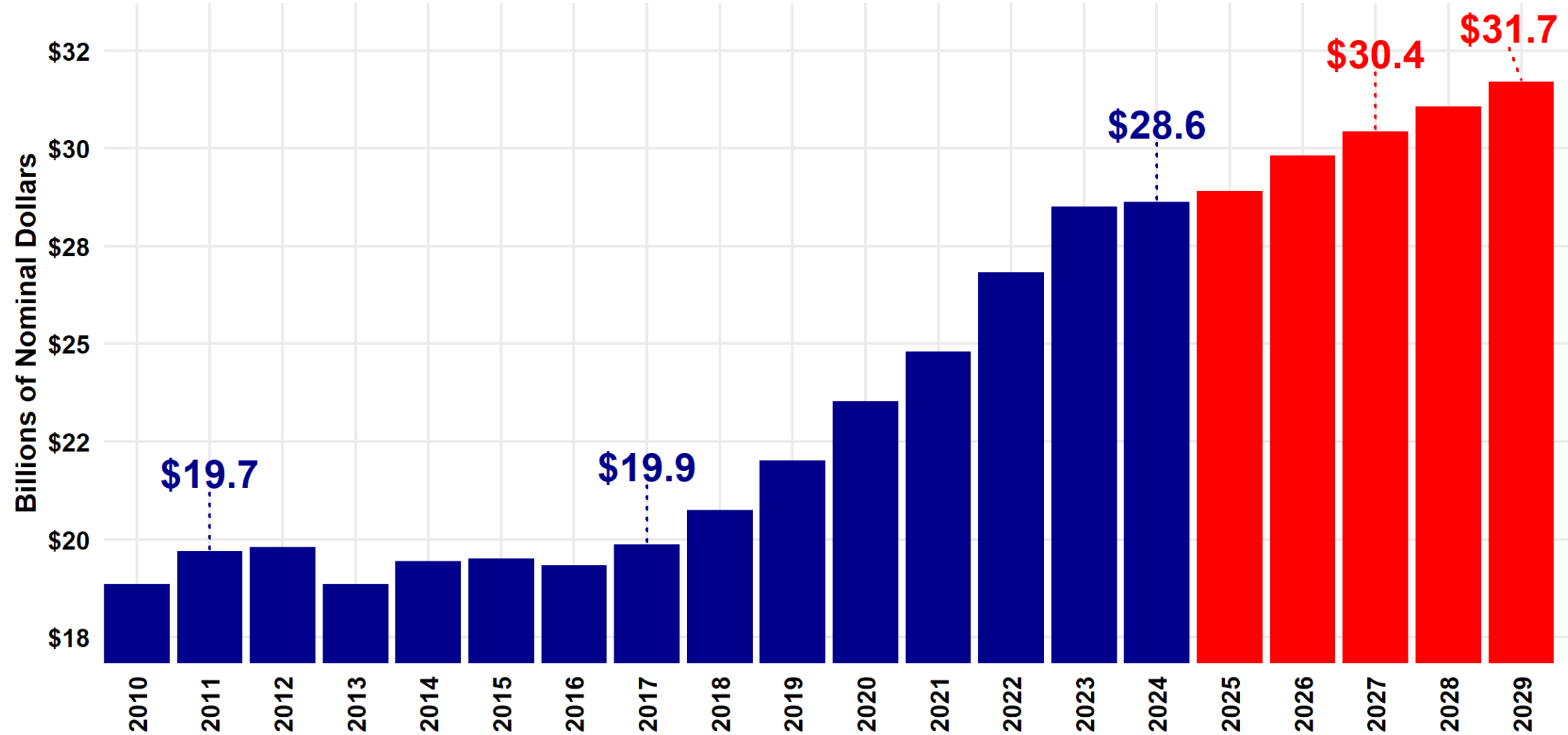


Department of Defense (DoD) Total Budget
United States, Fiscal Year 2010 - 2029*



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 2025 are estimates while data for 2026 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, Fiscal Year 2010 - 2029*



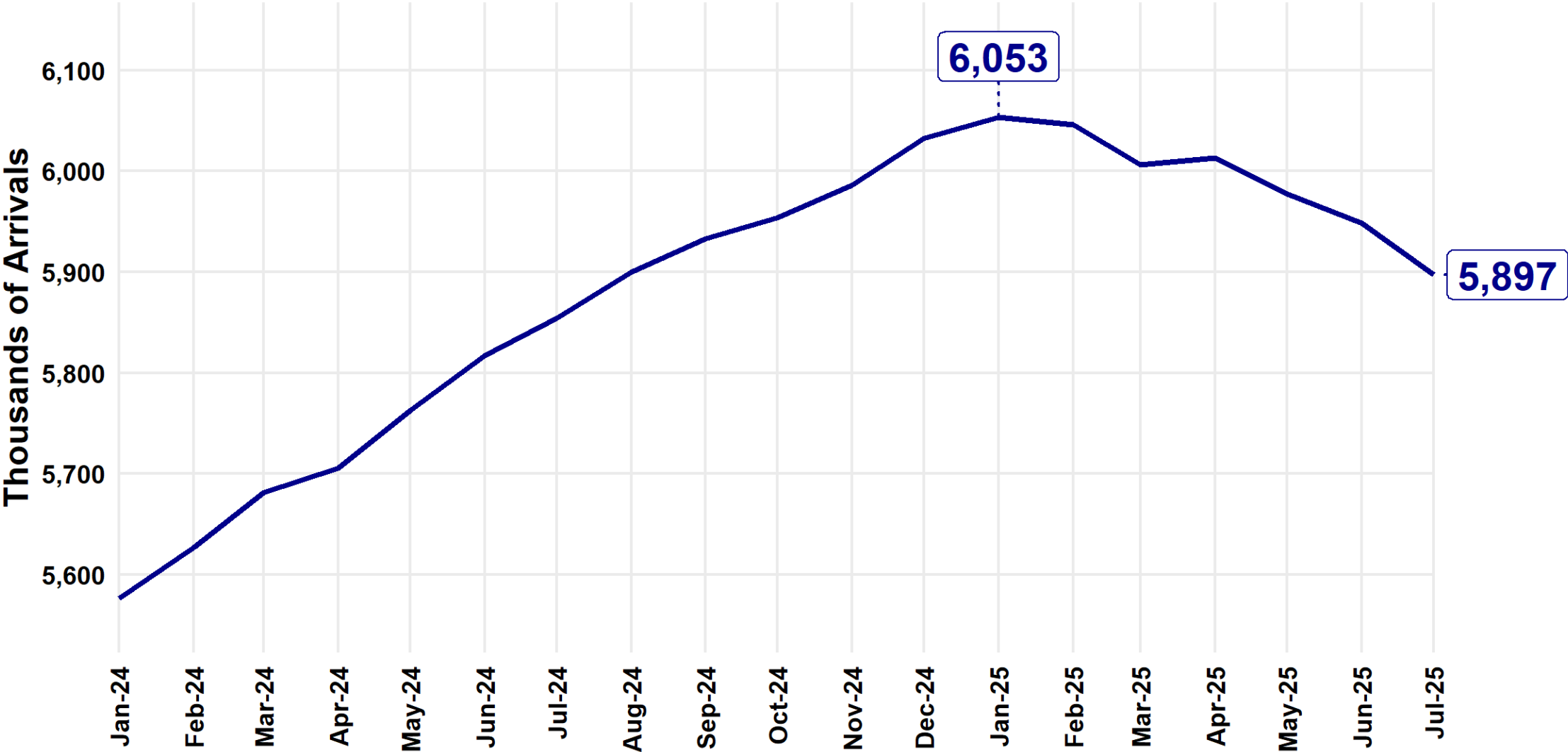
Sources: Department of Defense and Dragas Center for Economic Analysis and Policy. Includes federal civilian and military personnel and procurement.
* FY 2010 – 2023 are actual expenditures, 2024 is our estimate, and 2025 – 2029 are our forecasts.



International Migration

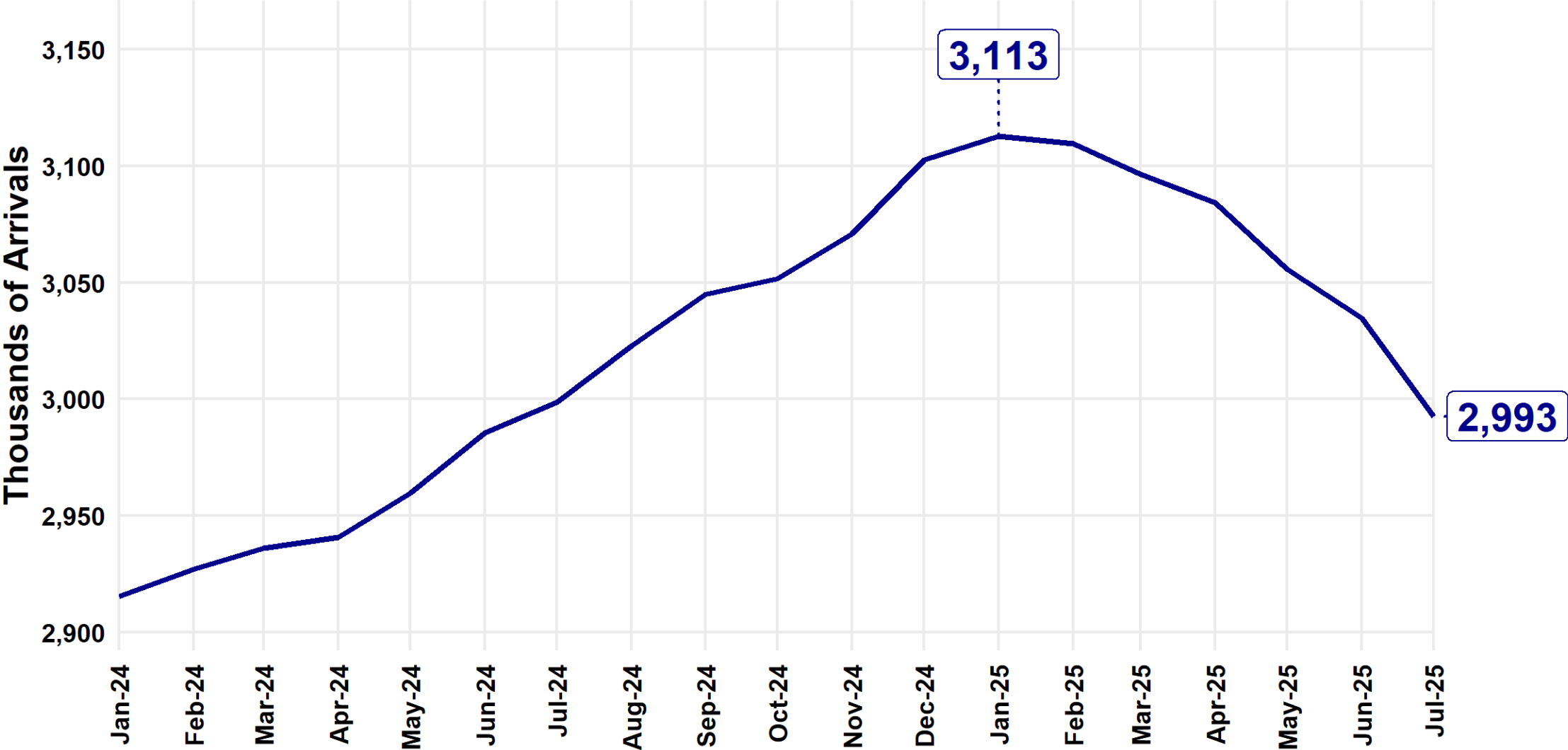
Numbers of Total International Arrivals, 12-Month Moving Average

United States, January 2024 - July 2025



Sources: U.S. Department of Commerce, NTTO, International Trade Administration, and Dragas Center for Economic Analysis and Policy.

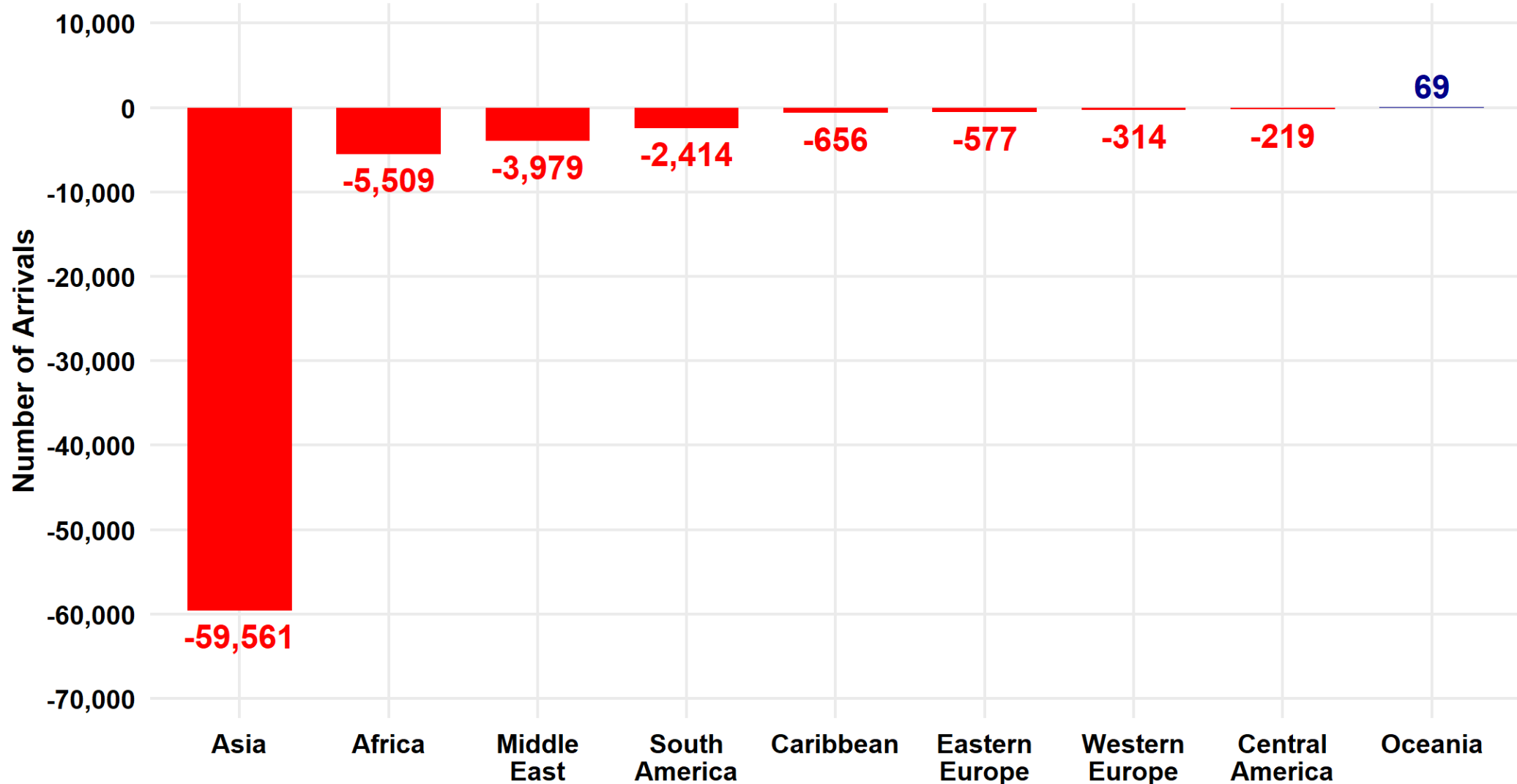
Numbers of Arrivals from Canada and Mexico, 12-Month Moving Average United States, January 2024 - July 2025



Sources: U.S. Department of Commerce, NTTO, International Trade Administration, and Dragas Center for Economic Analysis and Policy.

Change in International Student Arrivals

United States, August 2025 Compared to August 2024



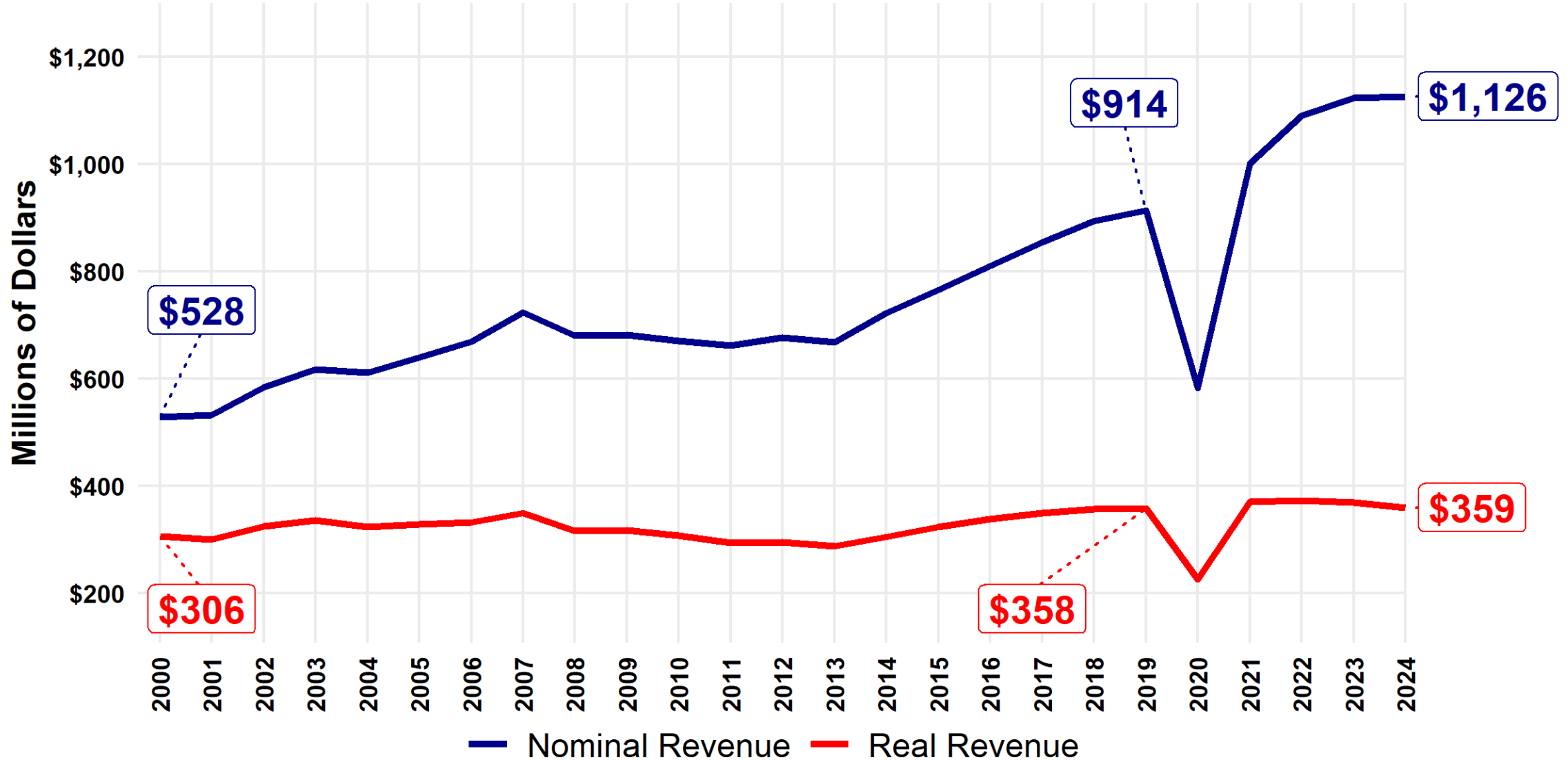
H-1B Visa (Non-immigrant)

- President Trump signed a proclamation on Friday, September 19 that would require a \$100,000 fee for an H-1B visa petition for new applicants.
- The H-1B visa allows employers to petition for highly educated foreign professionals to temporarily work in 'specialty occupations.' These jobs require at least a bachelor's degree or its equivalent.
- H-1B workers are often in Science, Technology, Engineering, and Mathematics fields, and are employed, among others, as software engineers, doctors, researchers, architects, and financial analysts. The majority in 2024 had computer-related jobs.
- Of the 141,000 new employment beneficiaries in FY 2024, about 54% were already in the United States on other non-immigrant visas, and, of those, about 70% were international students.



Hotels Amidst Uncertainty and Slow Growth

Nominal and Real (Inflation-Adjusted) Hotel Revenue Hampton Roads, 2000 - 2024



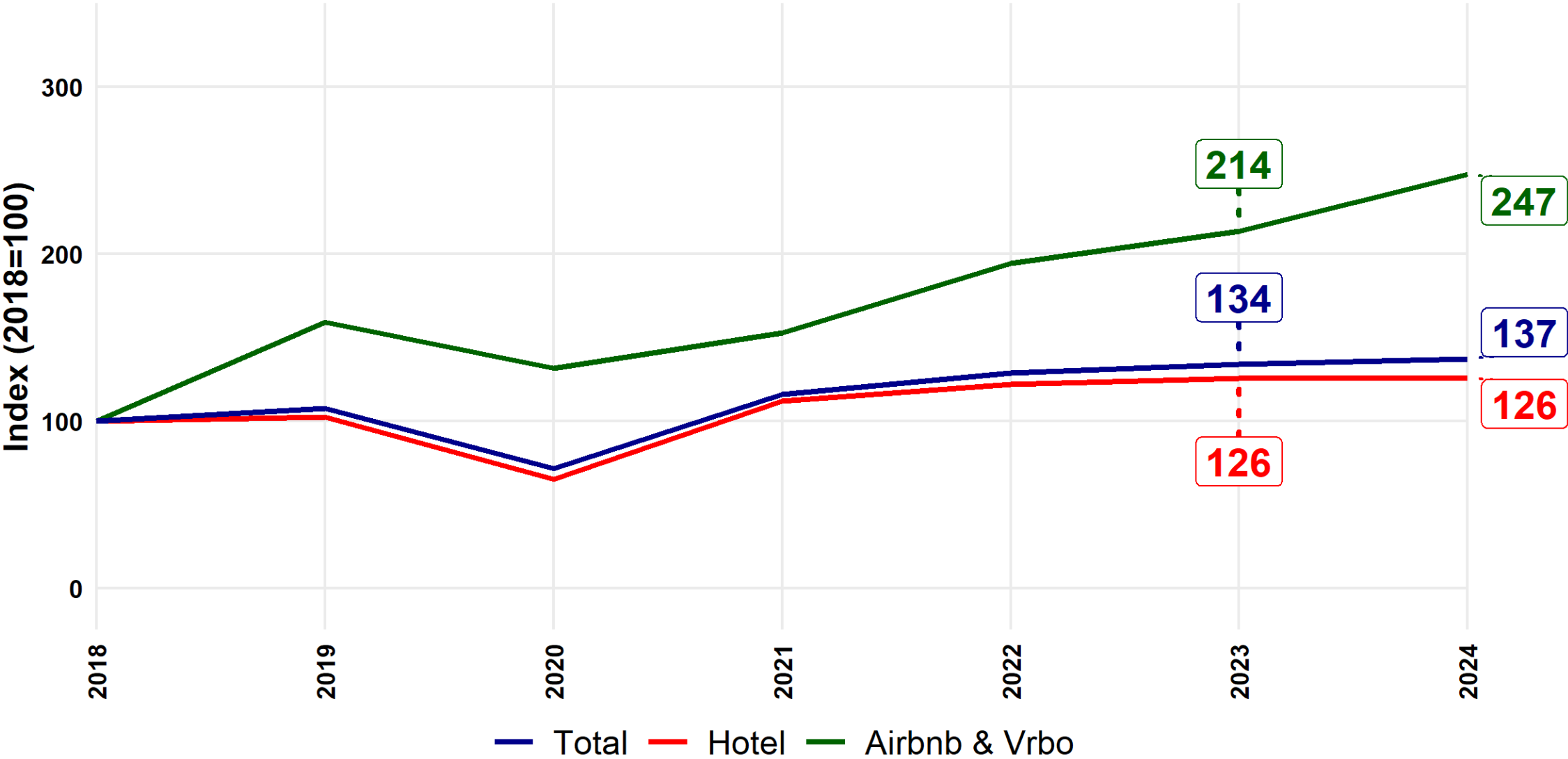
Percent Change in Hotel Revenue in United States, Virginia, Northern Virginia, and Hampton Roads, 2019 to 2024

	<u>2019 to</u> <u>2020</u>	<u>2020 to</u> <u>2021</u>	<u>2021 to</u> <u>2022</u>	<u>2022 to</u> <u>2023</u>	<u>2023 to</u> <u>2024</u>	<u>2019 to</u> <u>2024</u>
United States	-49.7%	65.9%	32.6%	5.3%	2.3%	19.1%
Virginia	-48.0%	58.0%	26.2%	9.1%	3.6%	17.1%
Northern Virginia	-61.1%	47.1%	59.0%	18.9%	7.1%	15.8%
Hampton Roads	-36.2%	71.8%	8.9%	3.0%	0.2%	23.2%
Chesapeake/Suffolk	-22.1%	43.1%	9.5%	3.6%	-0.5%	25.8%
Newport News/Hampton	-29.0%	43.7%	13.5%	2.5%	2.2%	21.4%
Norfolk/Portsmouth	-32.9%	56.9%	13.9%	4.8%	1.7%	27.9%
Virginia Beach	-30.9%	72.9%	4.6%	3.7%	1.4%	31.3%
Williamsburg*	-62.1%	159.7%	11.1%	0.1%	-4.3%	4.7%

^a Sources: STR Trend Report February 2025 and Dragas Center for Economic Analysis and Policy.

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

Indices of Total, Hotel, and Airbnb & Vrbo Lodging Revenues Hampton Roads, 2018 - 2024

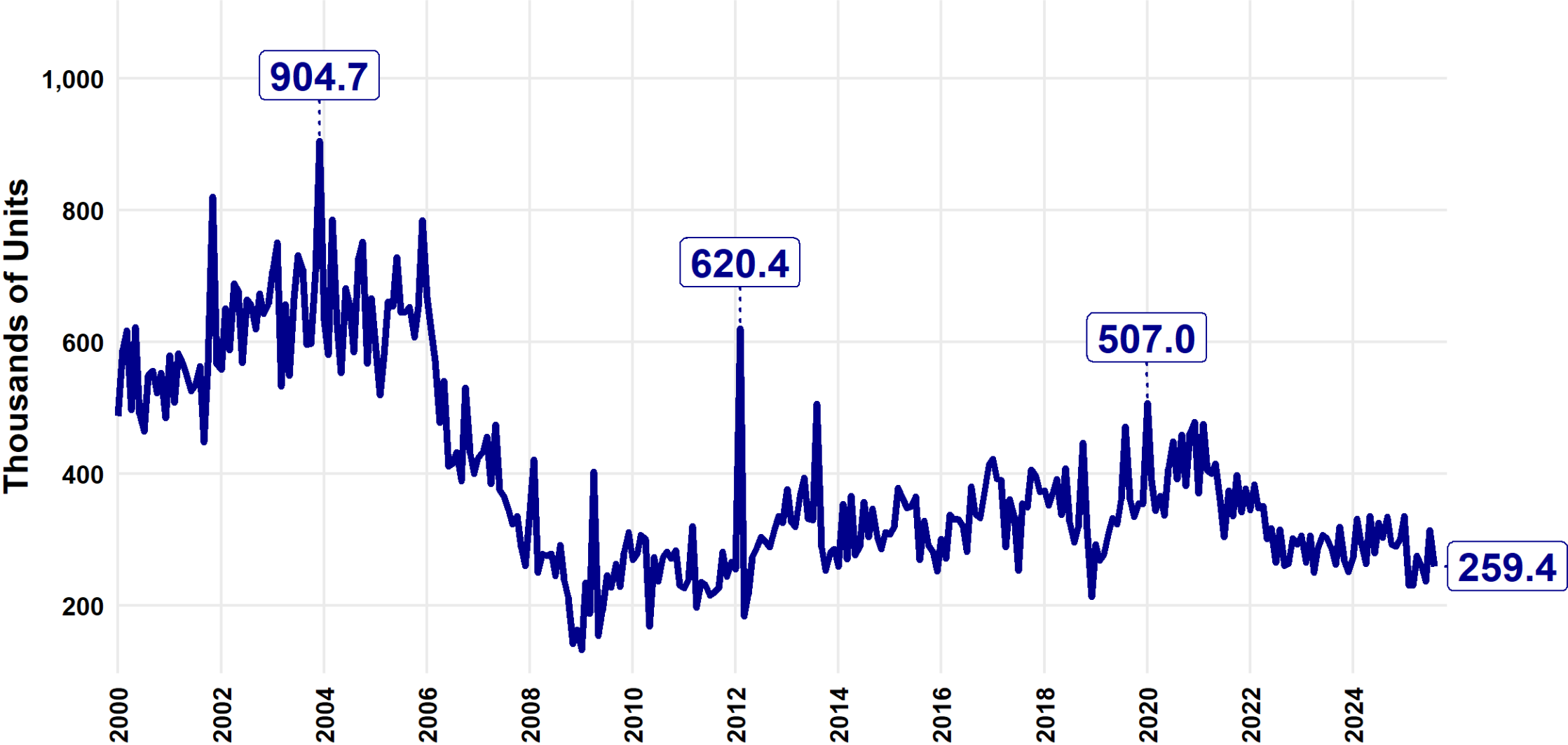


Sources: STR Trend Report February 2025, and AirDNA data received in May 2025.



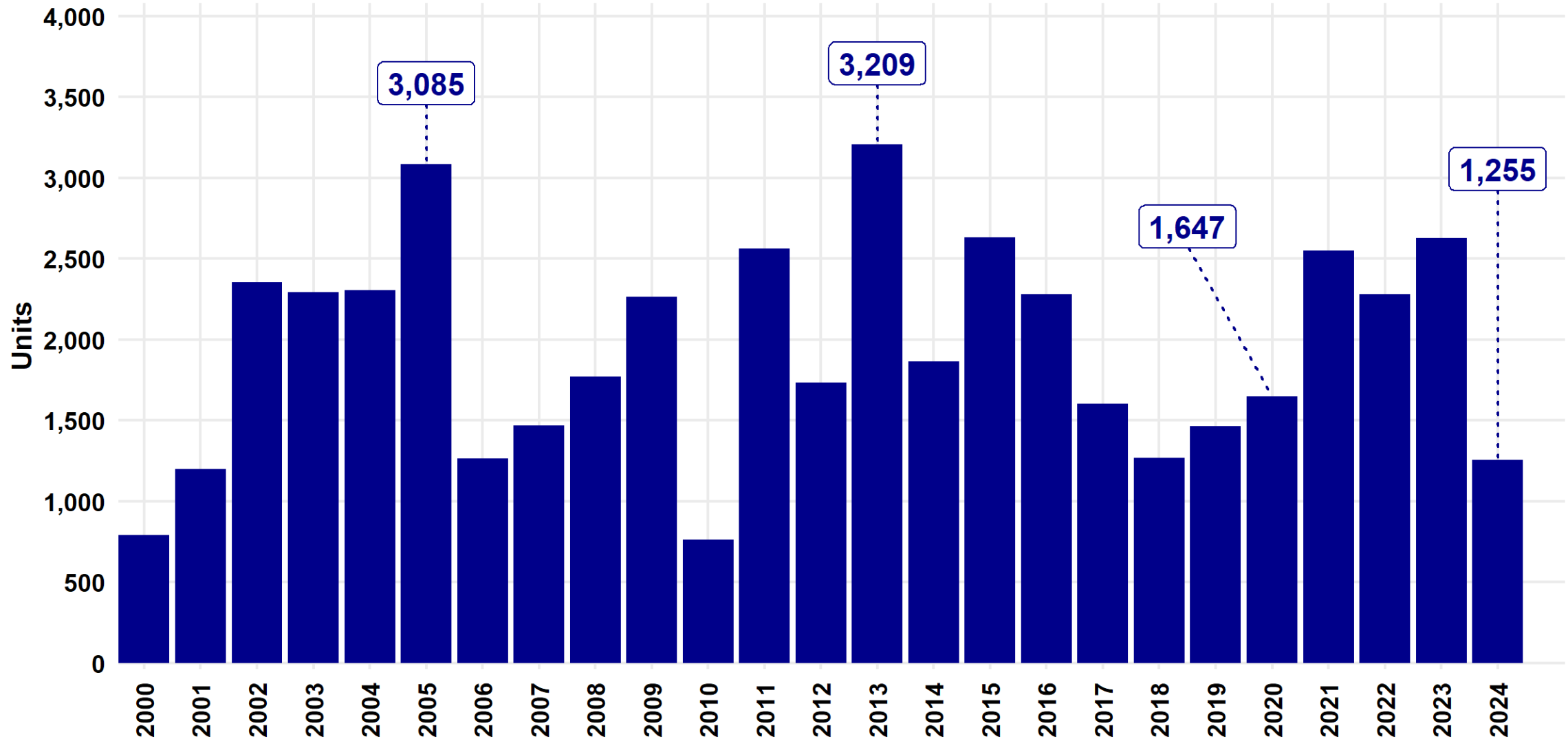
Home Sales Stabilize, Yet Prices Rise

New Privately-Owned Housing Permits of Single-Family Units Hampton Roads, January 2000 - August 2025

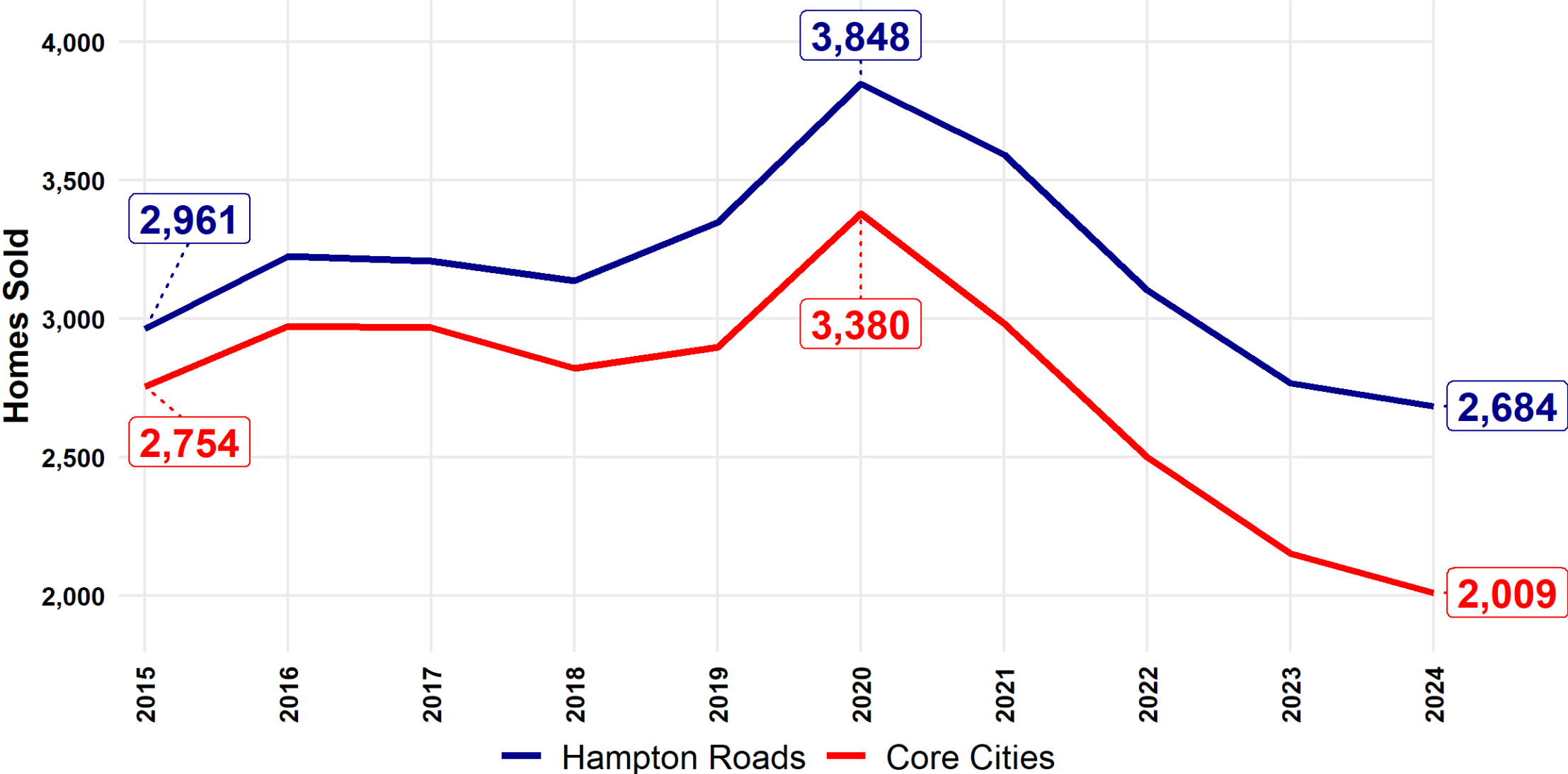


Source: U.S. Census Bureau. Data are seasonally adjusted.

New Privately-Owned Housing Permits of 5 or More Units Hampton Roads, 2000 - 2024



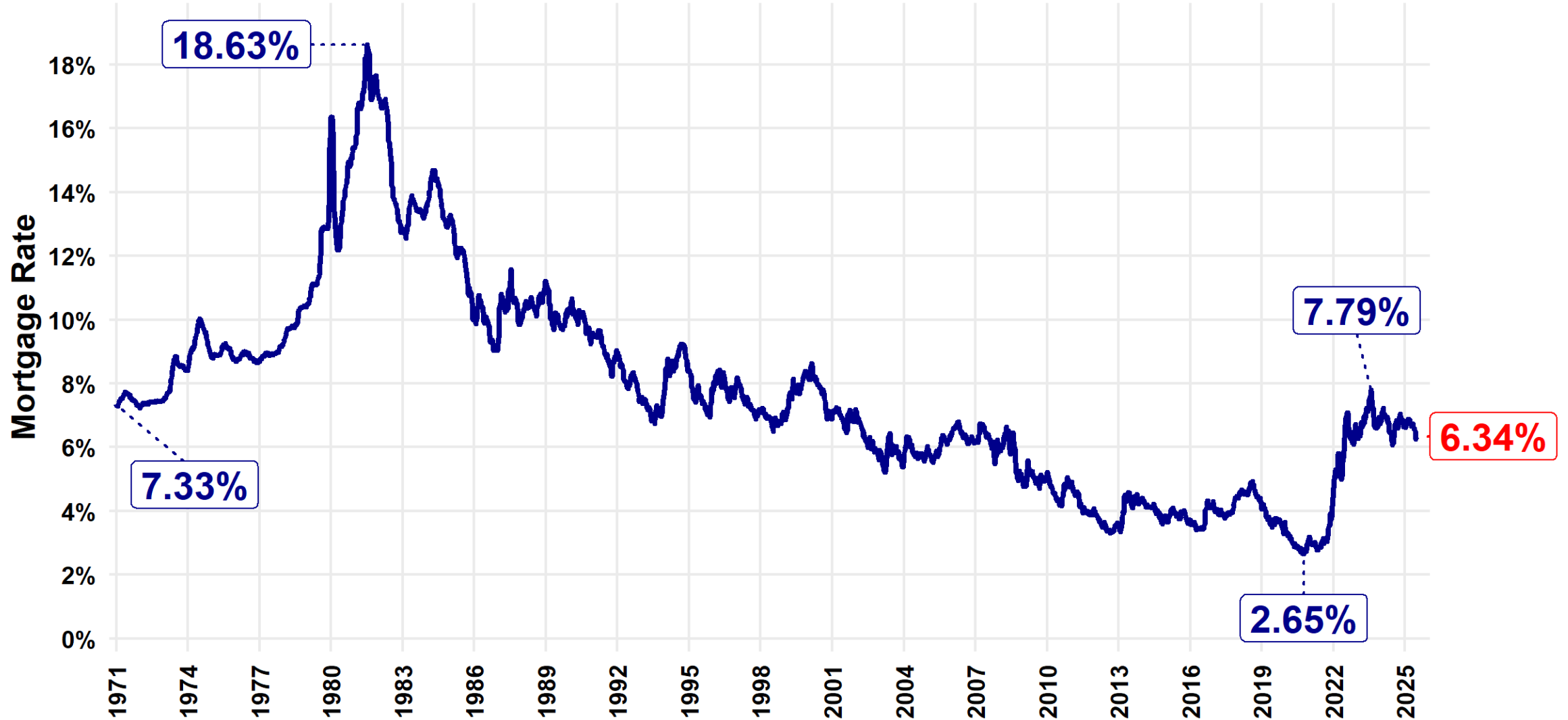
New Construction Home Sales
Hampton Roads and Its Core Cities, 2015 - 2024



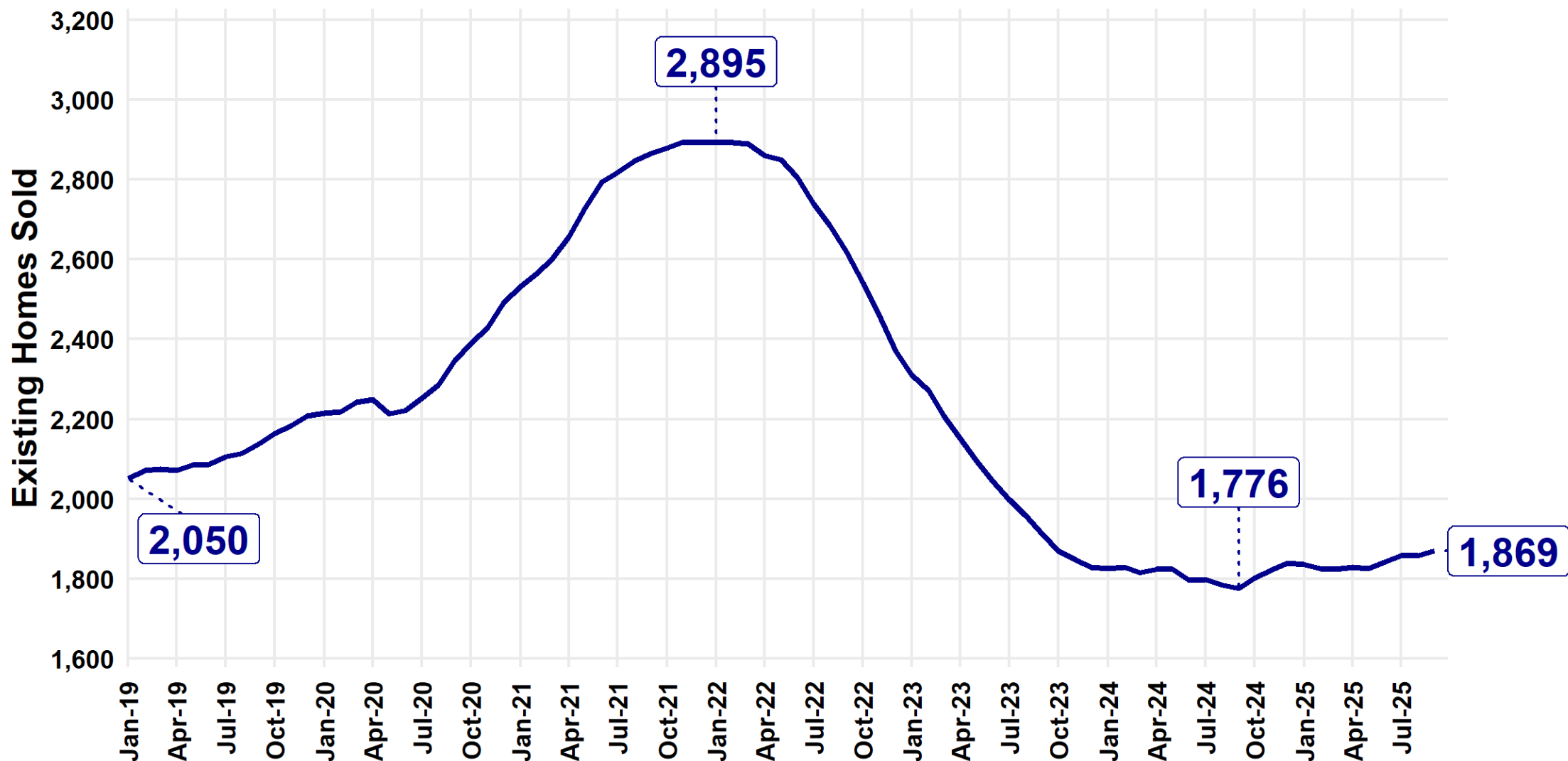
Sources: Real Estate Information Network and Dragas Center for Economic Analysis and Policy. Core cities are Chesapeake, Norfolk, Portsmouth, Suffolk, Virginia Beach, Hampton, Newport News, and Williamsburg. In this context, Williamsburg represents Williamsburg, James City County, Poquoson, York County and Gloucester County.

Weekly 30-Year Fixed Mortgage Rate

United States, April 2, 1971 - October 2, 2025

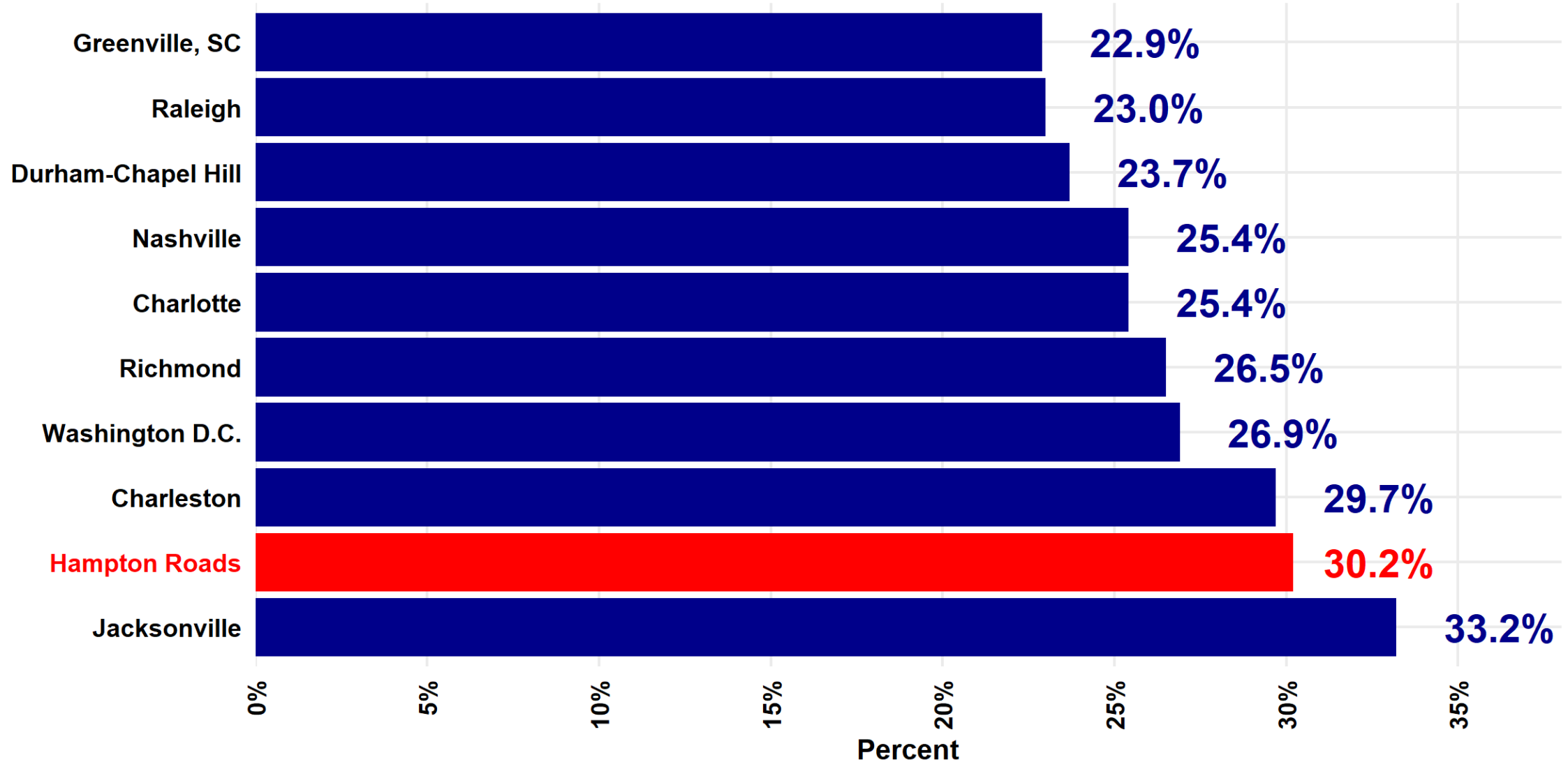


Number of Existing Residential Homes Sold, 12-Month Moving Average Hampton Roads, January 2019 - September 2025



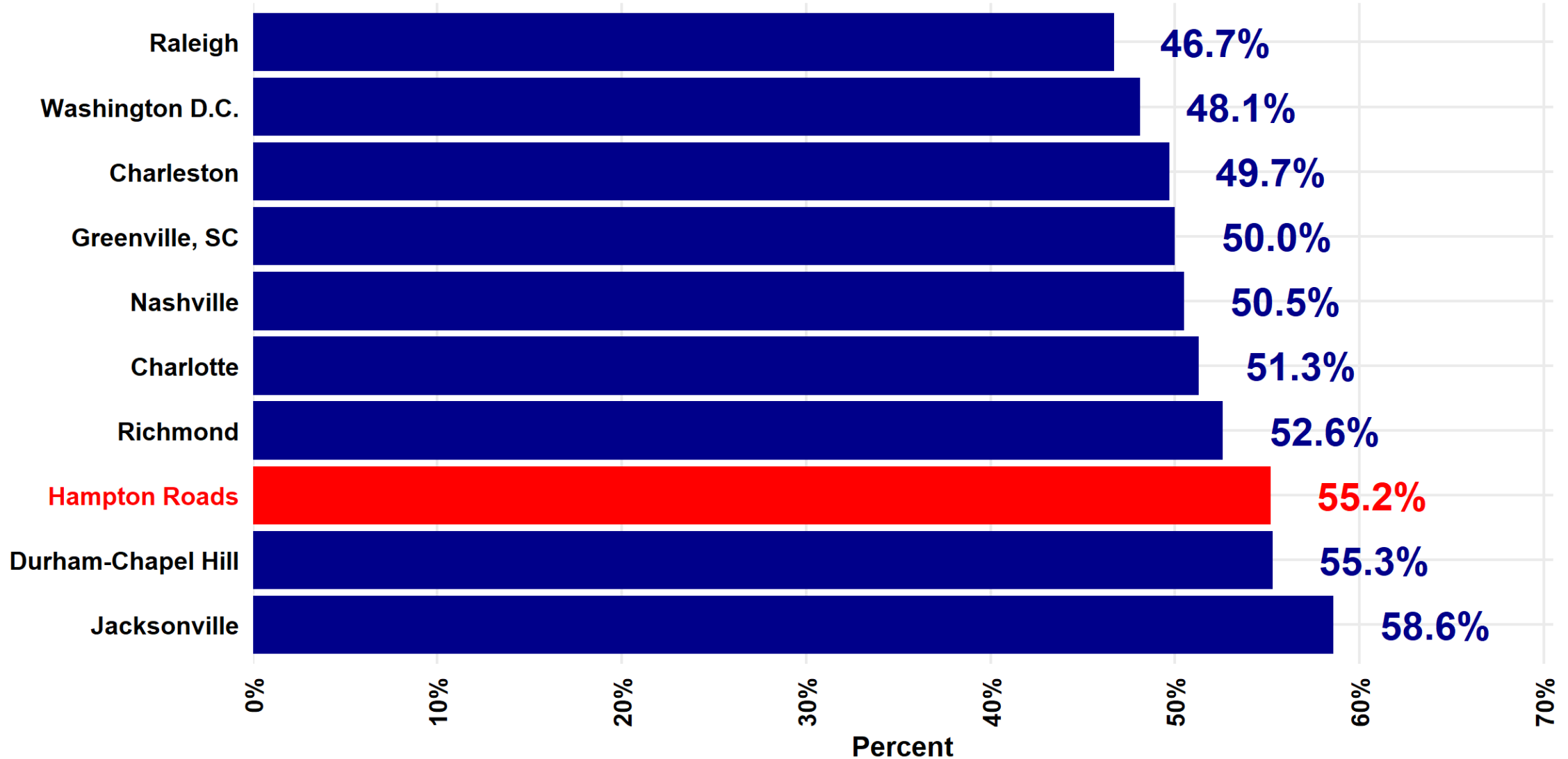
Percent Change in Median Price of Existing Residential Homes Selected Cities in Hampton Roads, 2019 - 2024					
City	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024
Chesapeake	6.4%	11.7%	7.9%	3.6%	6.8%
Norfolk	11.4%	12.7%	6.6%	6.0%	3.9%
Portsmouth	13.0%	15.2%	9.5%	6.5%	4.1%
Suffolk	10.1%	13.6%	9.9%	1.2%	4.9%
Virginia Beach	9.8%	8.8%	8.1%	7.5%	5.0%
Hampton	8.8%	16.6%	6.7%	6.3%	7.8%
Newport News	8.4%	10.0%	8.7%	6.0%	7.5%
Williamsburg*	9.5%	8.4%	10.3%	4.9%	4.9%
Hampton Roads	9.0%	9.4%	7.5%	5.8%	5.8%
* 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.					

Cost-Burdened Mortgage-Holding Households Selected Metro Areas, 2024



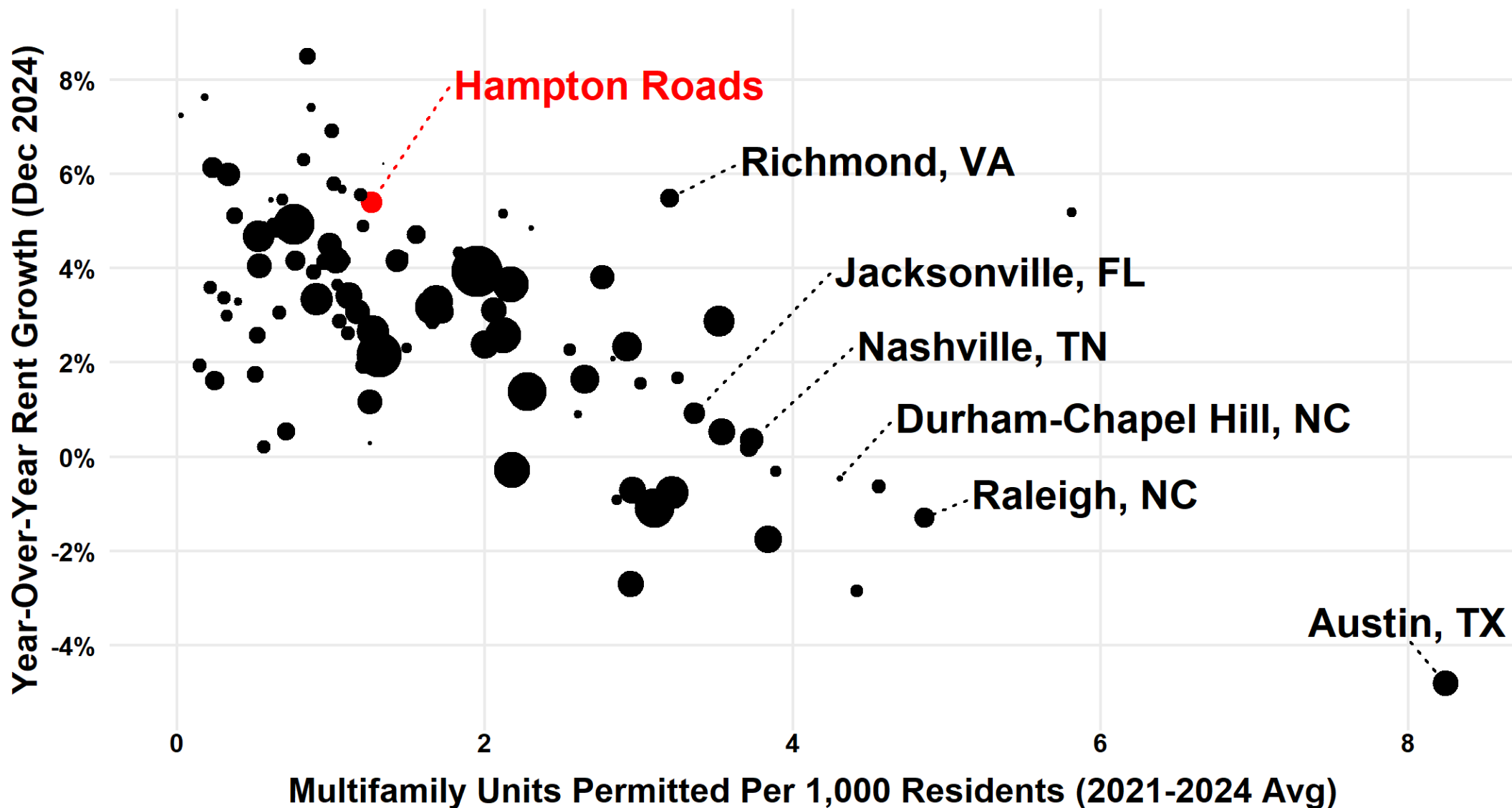
Source: U.S. Census Bureau, American Community Survey 1-Year estimates for 2024. Households are considered cost-burdened when they spend more than 30% of their income on rent, mortgage payments, and other housing cost, according to the U.S. Department of Housing and Urban Development (HUD).

Cost-Burdened Rental Households Selected Metro Areas, 2024



Source: U.S. Census Bureau, American Community Survey 1-Year estimates for 2024. 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).

New Supply Driving Cooling Rents Top 100 MSAs in the United States, 2024





The State of the Region

HAMPTON ROADS 2025

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

THE 2025 REPORT IS MADE POSSIBLE BY TOWNEBANK

Silver Tsunami for the Third Sector



Hampton Roads is younger than Virginia or the United States. The population aged 65 and older in the region, however, is growing faster than the Commonwealth or the nation.

Nonprofits across Hampton Roads reported over \$19 billion in revenues and \$16 billion in expenses in 2021. Nonprofits focus on health services accounted for 1 out of every 3 dollars of spending across the region.

Over the coming decade, nonprofits will face two concurrent challenges: the demand for services will increase, but the number of volunteers is likely to decline as existing volunteers transition to needing, not providing, services.

This chapter surveys the landscape of nonprofits in Hampton Roads and asks what can be done to address these challenges.

Hampton Roads' Collaborative Spirit Produces Regional Results



Elected officials, business leaders, and regional organizations are collaborating more effectively to address regional challenges.

Examples of regional collaboration include Hampton Roads Transportation Accountability Commission (HRTAC), GO Virginia Region 5 (economic development), and the Regional Organizations Presidents Council.

HRTAC is funding the construction of \$5.3 billion in regional transportation projects. These projects include the widening of I-64, the expansion of the HRBT, and several interchange improvements.

Regional collaboration is needed to diversify the economy, improve economic resilience to changes in federal government policies, and to achieve consensus on regional investment priorities.



Bag Claim



Ground Transport



Parking Garages



Rental Cars



USO

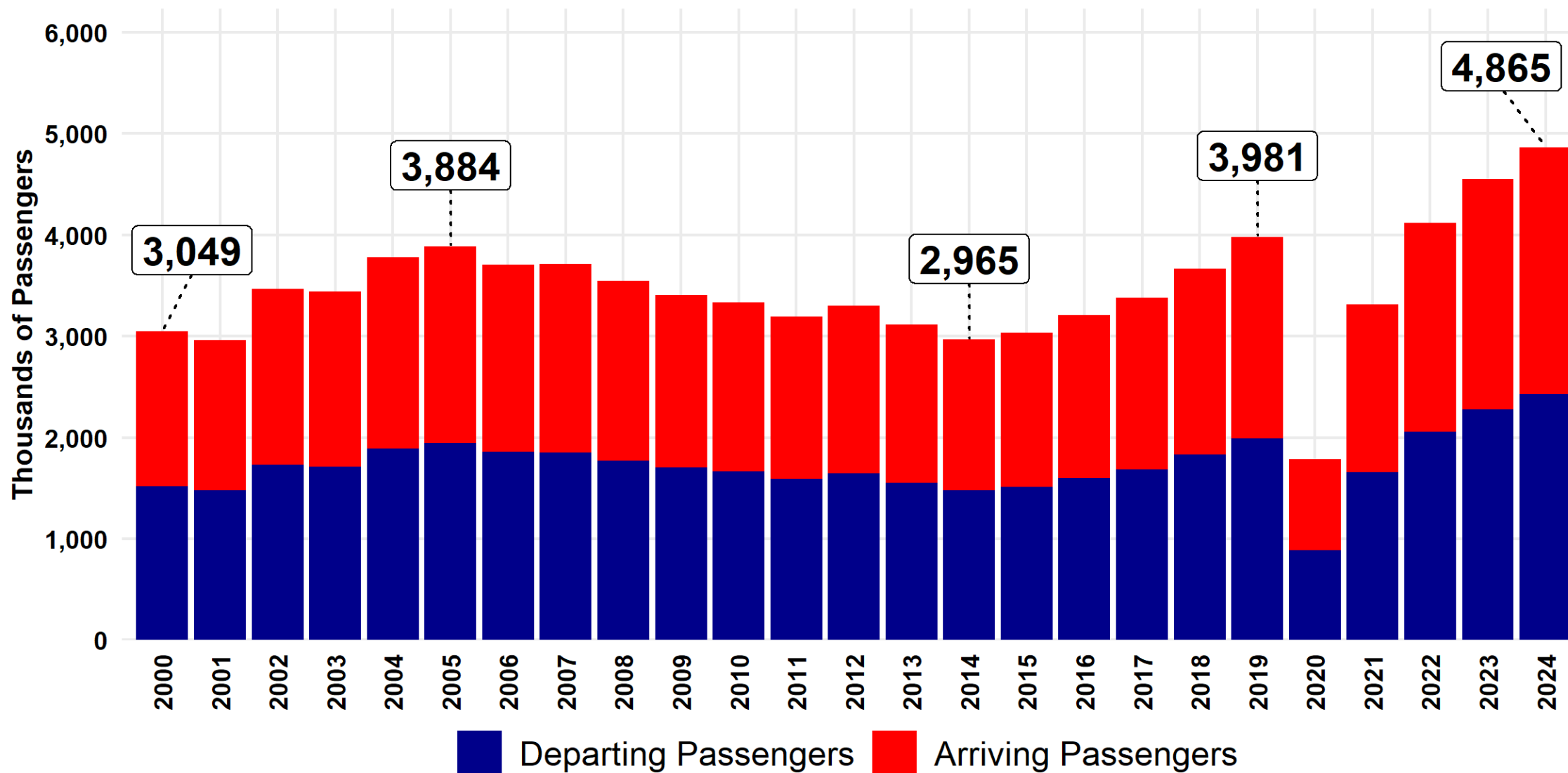
INFORMATION

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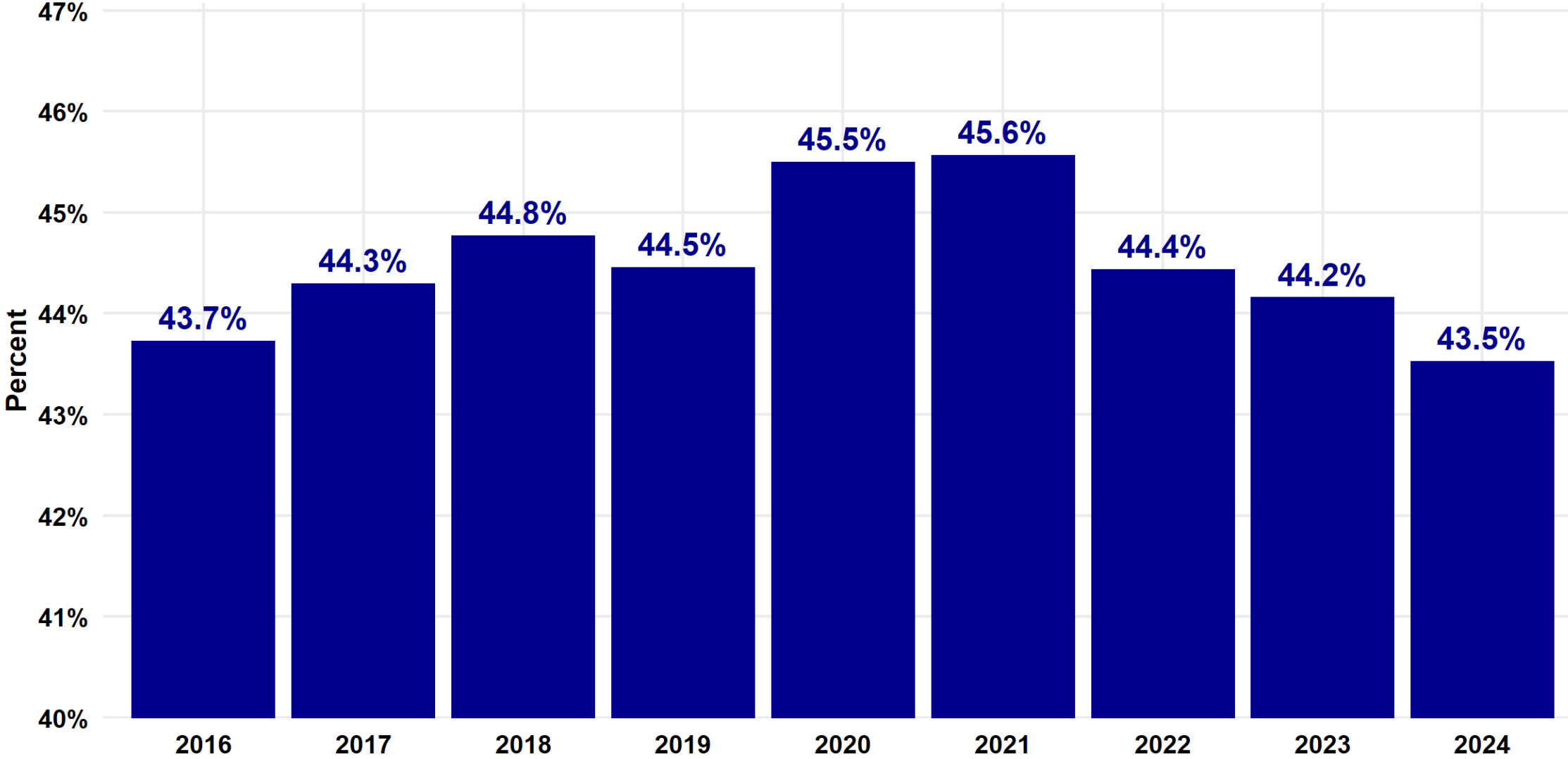
Norfolk International Airport

Arriving and Departing Commercial Service Passengers Norfolk International Airport, 2000 - 2024



Share of Non-Resident Commercial Service Passengers

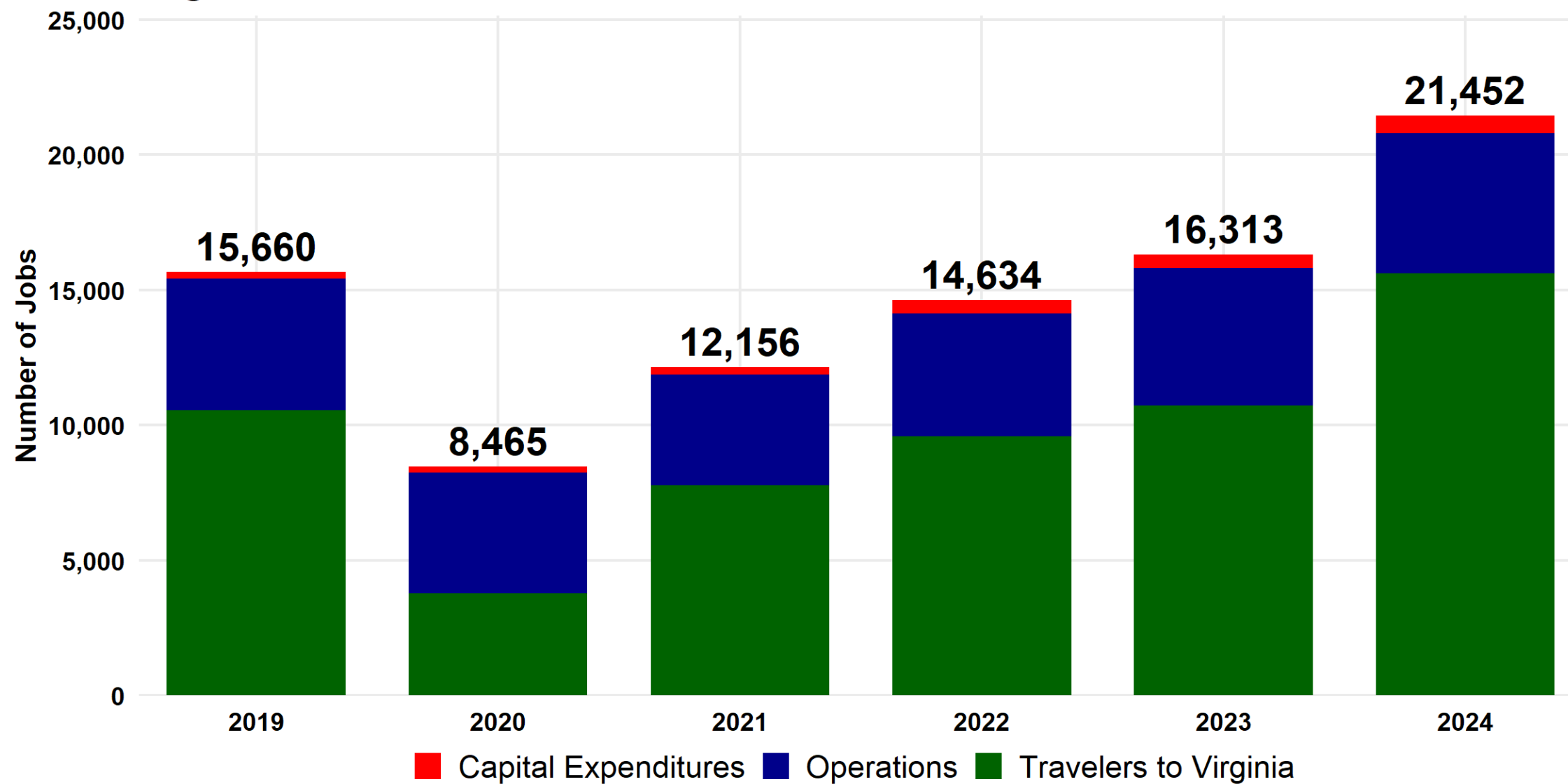
Norfolk International Airport, 2016 - 2024



Sources: Norfolk Airport Authority and Dragas Center for Economic Analysis and Policy.

Norfolk International Airport: Economic Impact on Nonfarm Payrolls

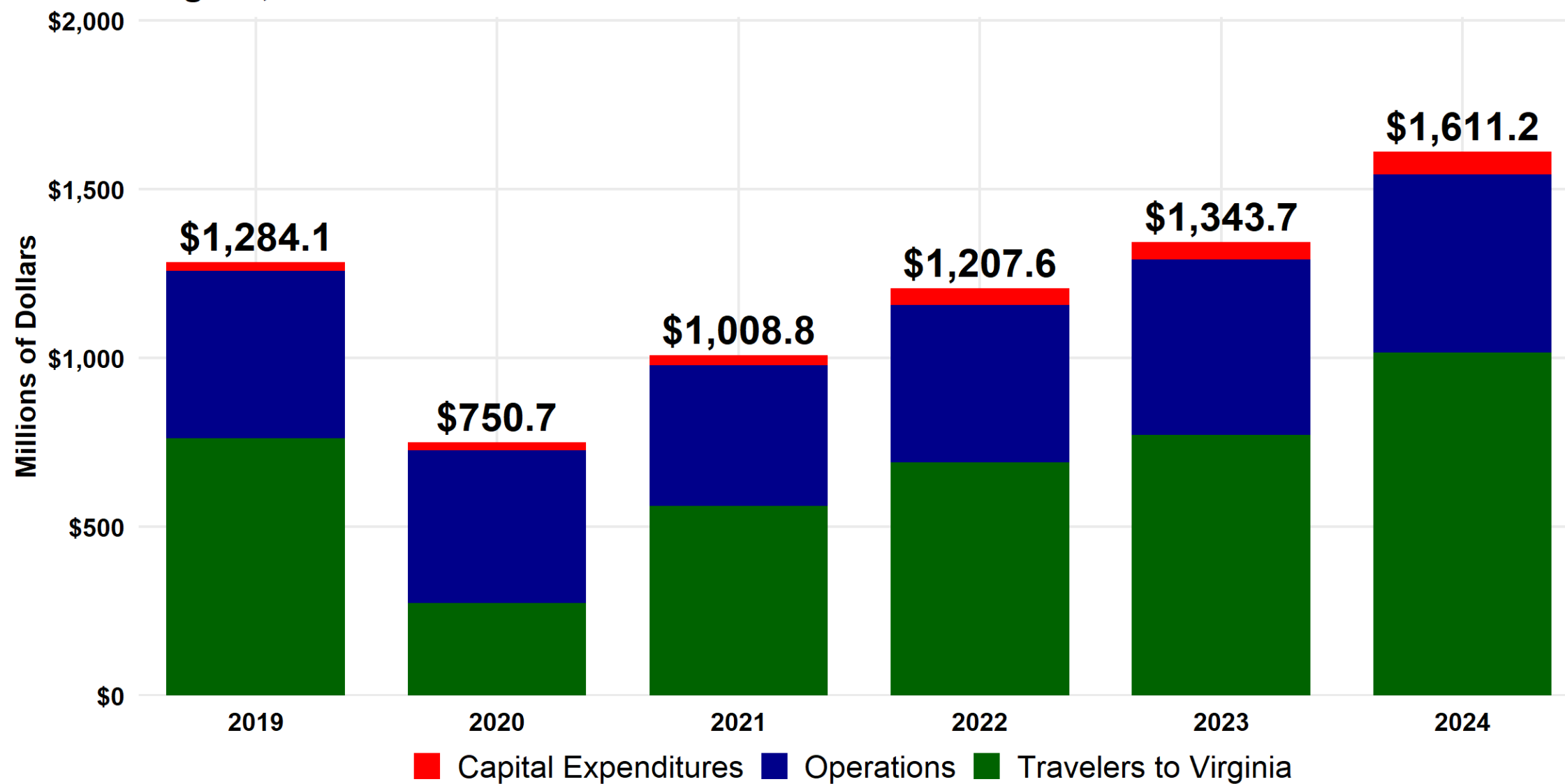
Virginia, 2019 - 2024



Sources: Norfolk Airport Authority and Dragas Center for Economic Analysis and Policy.

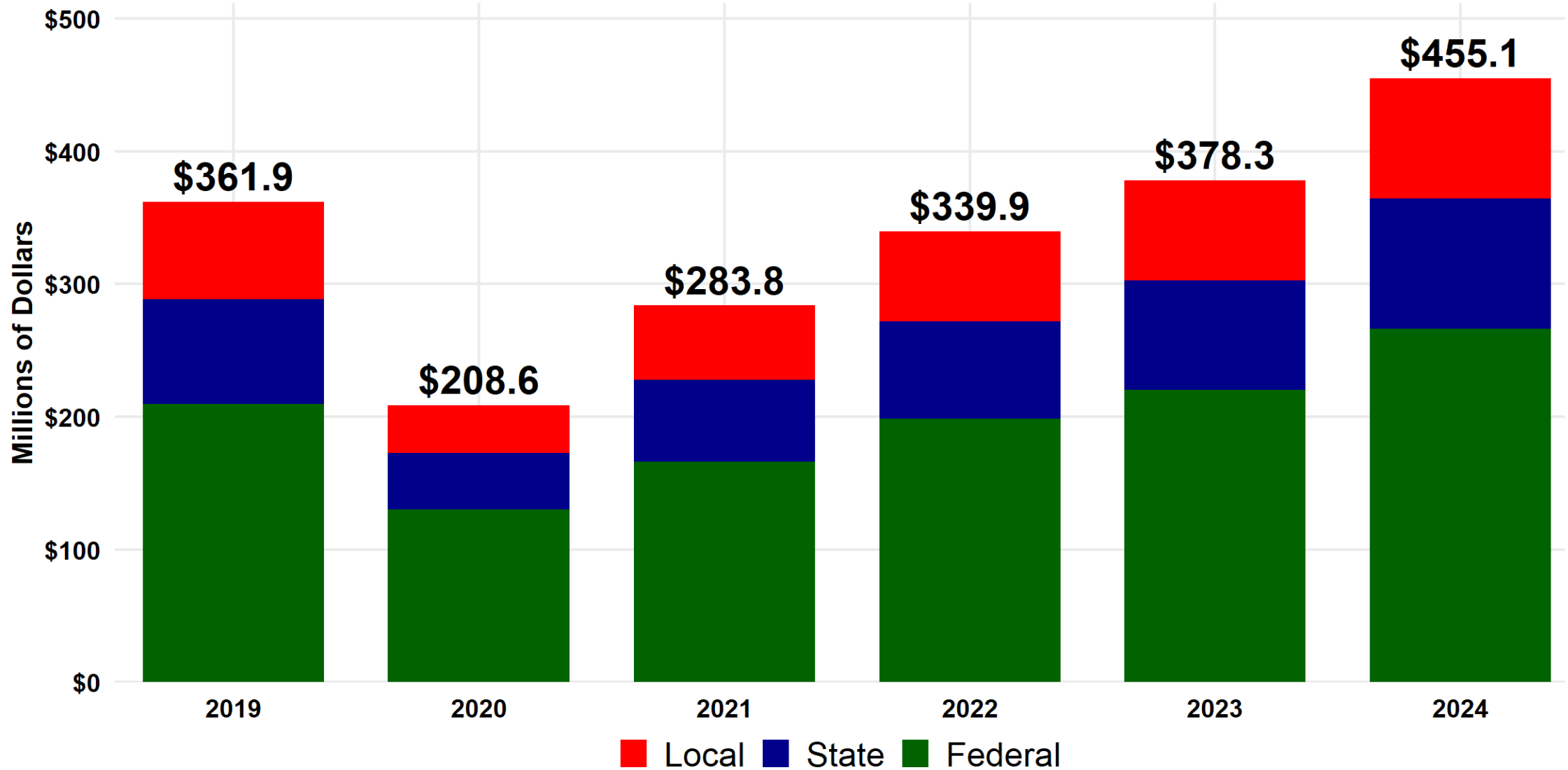
Norfolk International Airport: Economic Impact on Gross Domestic Product

Virginia, 2019 - 2024



Sources: Norfolk Airport Authority and Dragas Center for Economic Analysis and Policy.

Norfolk International Airport: Estimated Impact on Taxes Virginia, 2019 - 2024



Challenges Abound for Growth in 2026

- Economic data continues to lag policy, however, there is strong evidence that the Hampton Roads, Virginia, and national economies have slowed and will continue to slow in the second half of 2025.
- While record-setting tariff revenues may appear to be positive news, these revenues are the result of higher import taxes on American consumers and businesses. If sustained, these tariffs would represent the largest increase in federal taxes in revenue and percentage of GDP in over 50 years.
- Hampton Roads is relatively vulnerable to changes in federal policy. While increases in defense spending may lessen some of the economic pain from the reduction in federal employment and higher tariffs, our dependence on defense spending is both a strength and a weakness.
- Working together regionally is now more important than ever to foster private sector growth and diversify the region's economic base. To do otherwise is to put our collective fate in the hands of policymakers in Richmond and Washington, D.C.

Upcoming Publications and Events

- State of the Commonwealth Report (December 2025)
- Annual Economic Forecast (January 2026)
- Mid-year Economic Forecast (June 2026)
- State of the Region Report (October 2026)
- Text **CEAPODU** to **66866** to join our email list.
- Our public presentation materials can be found at our website: www.ceapodu.com