The State of the Region

HAMPTON ROADS 2025

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

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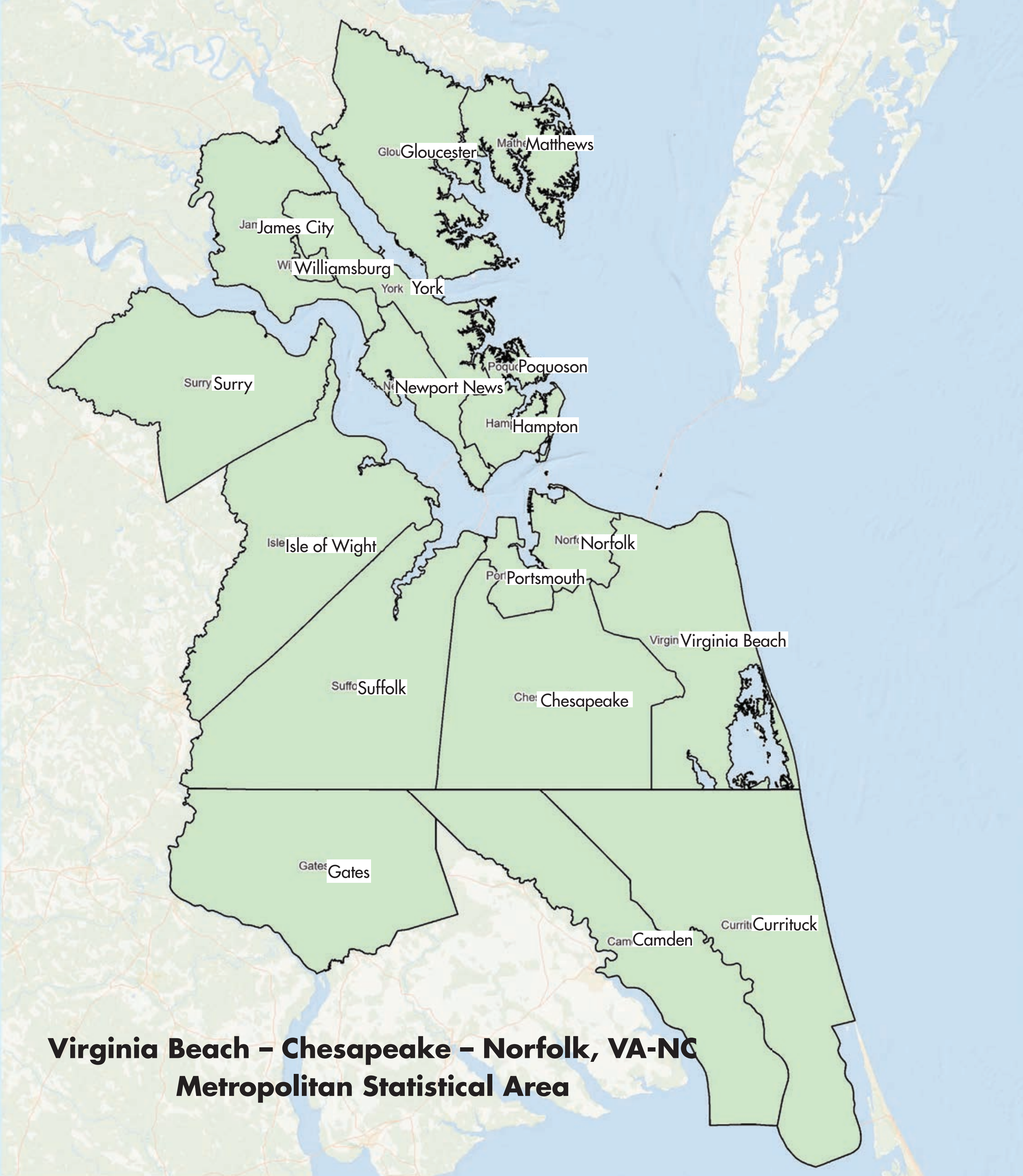

Virginia Beach – Chesapeake – Norfolk, VA-NC Metropolitan Statistical Area

October 2025

Dear Reader:

This is Old Dominion University's 26th annual *State of the Region: Hampton Roads* report. While it represents the work of many people connected in various ways to the university, the report does not constitute an official viewpoint of Old Dominion University, its president, Brian Hemphill, Ph.D., the Board of Visitors, the Strome College of Business, or the generous donors who support the activities of the Dragas Center for Economic Analysis and Policy.

This year's report provides an opportunity to reflect on the region's economic performance since the COVID-19 pandemic and ask how changes in federal trade, immigration, civilian employment, and spending policy may impact Hampton Roads. The region's economy grew in 2024 and will likely grow for a fifth consecutive year in 2025. Whether the good news will last in an era of increasing deficits and debt remains an open question.

We break with tradition in this year's report with two named chapters. Over the first 25 years of the report, the only named contributor has been the editor. A policy of non-attribution has provided authors space to explore complex and, sometimes, controversial topics. This year, Dr. James V. Koch, the founding Director of the Dragas Center for Economic Analysis and Policy, provides a retrospective of the first quarter-century of the report. A second chapter, led by Mr. Drew Lumpkin of the Hampton Roads Executive Roundtable, explores progress in regional collaboration, a topic we have long championed in previous reports.

Since its inception in 1999, the *State of the Region: Hampton Roads* report has sought to inform without minimizing the challenges facing the region or downplaying the opportunities that could spur economic growth. We opine that now is the time to increase efforts to diversify the region's economic base to bolster private sector growth over the remainder of the decade.

The 2025 State of the Region Report is divided into seven parts.

Change is the Only Constant: The Economy of Hampton Roads
We discuss how the region's economy performed in 2024 and provide an assessment of the prospects for growth in 2025 and beyond. Rapid and significant changes in trade, immigration, tax, and expenditure policies will impact the economy of the region, state, and the nation in the coming years in unforeseen ways. We can, however, leverage historical data and experience to make informed judgements about the state of the regional economy and how it may fare over the coming year.

Defense, the Port, and Tourism: The Pillars of the Economy
There was (mostly) good news to report about the pillars of the Hampton Roads economy in 2024. More defense spending flowed into the region in 2024, and defense spending is likely to increase in 2025 and 2026. The Port of Virginia experienced gains in traffic in 2024, but tariffs has created headwinds in 2025. The hotel industry's growth has slowed, and increasing uncertainty may undermine prospects for growth in 2025 and 2026.

Heads Carolina, Tails Somewhere Else
From 2021 to 2024, Hampton Roads grew more quickly and created jobs at a faster pace than the previous decade. Even after accounting for the impacts of inflation, real Gross Domestic Product (GDP), wages, and incomes were higher than 2019. The region's economic performance relative to other metropolitan areas, however, has left much to be desired. One reflection of Hampton Roads economic performance has been the continued outmigration of residents to other locales in the Commonwealth and, in some cases, other states.

The Economic Impact of Norfolk International Airport
Airports such as Norfolk International Airport (ORF) serve as economic engines connecting cities and regions to other localities and generate economic activity that would not otherwise occur in their absence. ORF set a record for commercial service passengers in 2019 before witnessing a dramatic fall in traffic in 2020 due to the COVID-19 pandemic. Arrivals and departures quickly recovered, and ORF set a new passenger traffic record in 2024. This chapter explores the economic impact of ORF on the economy of Virginia.

Silver Tsunami for the Third Sector

Affordable housing is only one of several societal stressors predicted to have nationwide impacts in conjunction with what has been dubbed the "Silver Tsunami," a significant demographic shift occurring in the United States. According to Pew Research, every day, 10,000 members of the baby boomer generation—born between 1946 and 1964—reach retirement age. The implications of this demographic shift will impact every facet of life in Hampton Roads. This chapter explores how an aging population impacts nonprofits in Hampton Roads.

Reflections on the State of the Region Report

In this chapter, Dr. James V. Koch, founding Director of the Dragas Center for Economic Analysis and Policy, reflects on the first 25 years of the *State of the Region: Hampton Roads* report. Dr. Koch provides insights on where the report has impacted the region. He also asks what the future may hold for the report.

Hampton Roads' Collaborative Spirit Produces Regional Results

In this chapter, Drew Lumpkin, lead author, examines how collaboration has improved in Hampton Roads over the last two decades. He highlights specific examples of regional collaboration and how these efforts have changed the conversation in Hampton Roads.

The Strome College of Business and Old Dominion University continue to provide support for the *State of the Region: Hampton Roads* report. However, it would not appear without the vital backing of the private donors whose names appear below. They believe in Hampton Roads and the power of rational discussion to improve our circumstances but are not responsible for the views expressed in the report.

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All 26 State of the Region Reports are available at www.ceapodu.com. A limited number of printed copies of the 2025 *State of the Region Report* are available for purchase for $50 each. If you have comments or suggestions, please email us at rmcnab@odu.edu.

Sincerely,

Robert M. McNab, Ph.D.
Professor and Chair, Department of Economics
Director, Dragas Center for Economic Analysis and Policy
Strome College of Business
Old Dominion University

ABOUT TOWNEBANK

Founded in 1999, TowneBank is a Virginia-based community bank focused on serving others and enriching lives. Today, the bank has more than 55 locations throughout Hampton Roads and Central Virginia as well as Northeastern and Central North Carolina. TowneBank is a local leader in promoting the social, cultural, and economic growth in the communities it serves. Striving to serve as a community asset, TowneBank and the TowneBank Foundation have contributed more than $126 million by supporting hundreds of charitable organizations through donations, scholarships, grants, and volunteering. Recognized as one of Forbes Best Banks in America for seven consecutive years and by American Banker as a Best Bank to Work For, TowneBank has maintained a personal style of community banking as one of the largest banks headquartered in Virginia.

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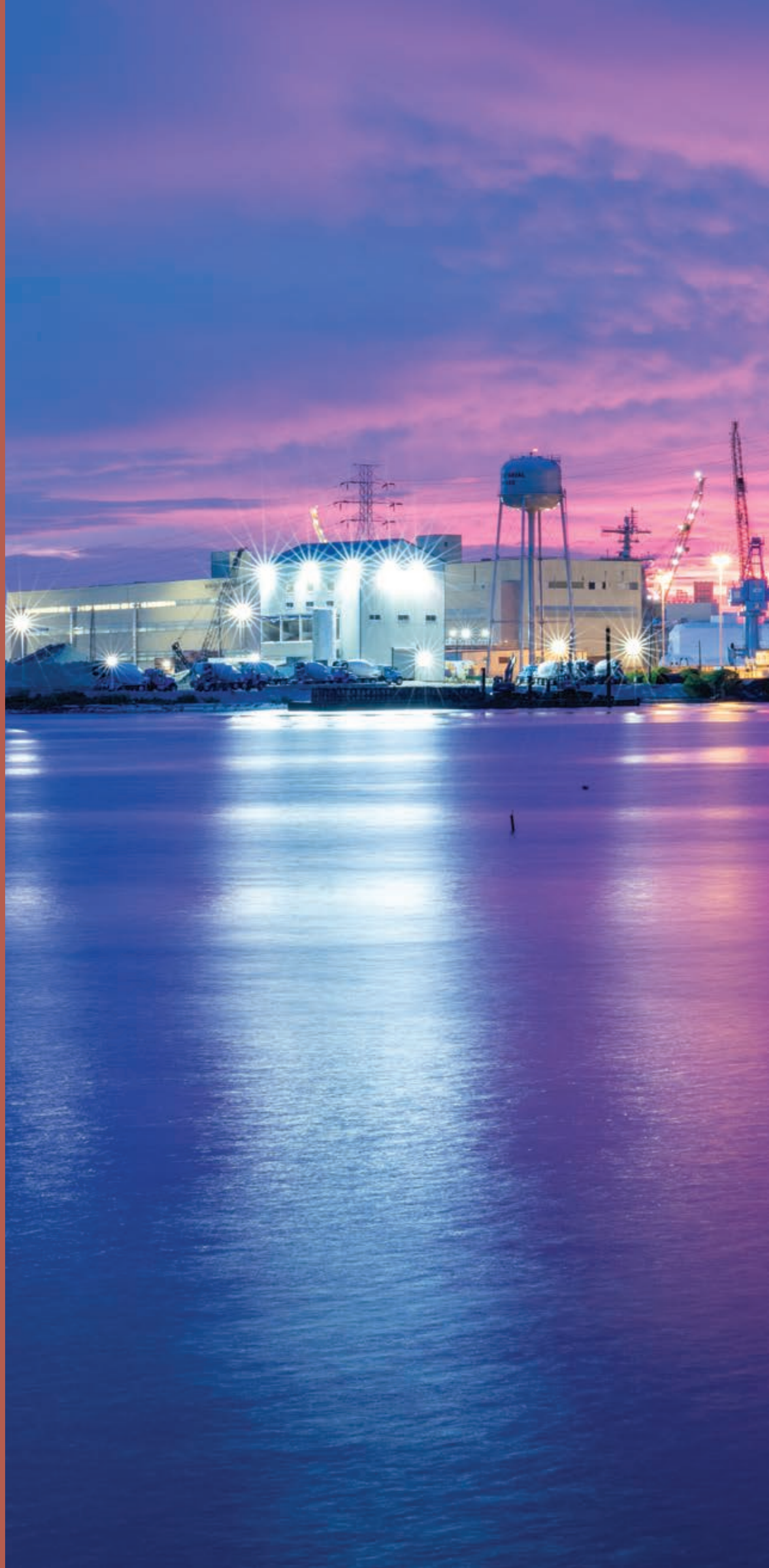


Change is the Only Constant: The Economy of Hampton Roads

CHANGE IS THE ONLY CONSTANT: THE ECONOMY OF HAMPTON ROADS

"Everything we hear is opinion, not a fact.
Everything we see is perspective, not the truth."
Marcus Aurelius, 121 – 180 AD

Projecting how the economy of the Virginia Beach – Chesapeake – Norfolk Metropolitan Statistical Area (MSA) will perform in 2025 and beyond is an exercise fraught with uncertainty. The region, more commonly known as 'Hampton Roads,' occupies a crucial space in the national security of the nation. The region is home to more than 80,000 active duty servicemembers, and its defense industrial base builds and maintains a significant portion of the United States Navy's fleet. In 2024, there were approximately 60,000 federal civilian jobs in Hampton Roads, and federal expenditures flow into colleges, universities, hospitals, and other organizations. Decisions in the Pentagon, Congress, and the White House shape activity in Hampton Roads.

As we near the end of 2025, we can discuss the region's economic performance in 2024 and provide an assessment of the prospects for growth. We freely admit that projecting economic growth is an exercise fraught with uncertainty and uncertainty has only increased in 2025. Rapid and significant changes in trade, immigration, tax, and expenditure policies will impact the economy of the region, state, and nation in the coming years in unforeseen ways. We can, however, leverage historical data and experience to make informed judgements about the state of the regional economy and how it may fare in 2026 and beyond.

There is, as the saying goes, good news and bad news. The economy of Hampton Roads grew for the fourth consecutive year in 2024, and we project a fifth consecutive year of growth in 2025, even in the face of slowing growth nationally. More residents reported they were at work or looking for work in 2024. Employers added jobs in 2024, and the number of jobs regionally set a record. Single-family home values continued to rise, although not at the same pace in recent years. Rents also continued to rise across the region, leading to an increasing number of cost-burdened households across Hampton Roads.

The positive economic data, however, need to be placed in context. Relative to the region's peer and aspirant metropolitan areas, there is work to be done. The region's economy is overly reliant on federal spending, and the federal deficit will only increase in the coming years. Changes in tariffs have buffeted trade nationally, however, the Port of Virginia appears (for now) to be insulated to some degree from these shocks. Shifts in federal civilian employment have impacted Northern Virginia more significantly than Hampton Roads, but regional leaders should be acutely aware of the region's exposure and how reductions in federal civilian employment would negatively impact the Hampton Roads economy.

In this chapter, we review Hampton Roads' economic fortunes in 2024. We look at measures of economic growth and ask how the region may fare in 2025. We examine the region's performance with respect to its civilian labor force, individual employment, and jobs. Economic conditions in 2025, however, were more challenging, although we project continued growth. How the nation, state, and region will fare in 2026 remains an open and uncertain question.

The Virginia Beach – Chesapeake – Norfolk MSA

The Office of Management and Budget (OMB) defines a Core-Based Statistical Area (CBSA) as a geographical region anchored by an urban center of at least 10,000 residents plus adjacent counties that have socioeconomically integrated with the urban center through commuting ties.[1] The OMB has two categories of CBSAs: Metropolitan Statistical Areas and Micropolitan Statistical Areas. Metropolitan Statistical Areas (MSAs) have at least one urbanized area with a population of 50,000 or more residents.

In July 2023, the OMB revised the delineations for the nation's MSAs.[2] As part of this revision, the Virginia Beach – Norfolk – Newport News MSA became the Virginia Beach – Chesapeake – Norfolk MSA. The change in nomenclature reflects how population and commuting patterns have changed over time. Franklin city and Southampton County, Virginia, were removed from the metro area while Surry County, Virginia, was added to the MSA as part of the July 2023 change. There are 387 MSAs in the United States and six in Puerto Rico.

The Virginia Beach – Chesapeake – Norfolk MSA now consists of the independent cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg. The counties included in the MSA are Camden County (North Carolina), Currituck County (North Carolina), Gates County (North Carolina), Gloucester County, Isle of Wight County, James City County, Mathews County, Surry County, and York County. Where possible, we will present data using the new definition of the Virginia Beach – Chesapeake – Norfolk MSA; however, some agencies and departments continue to use older delineations of metropolitan and micropolitan areas.

Growth Continues: Will it Last?

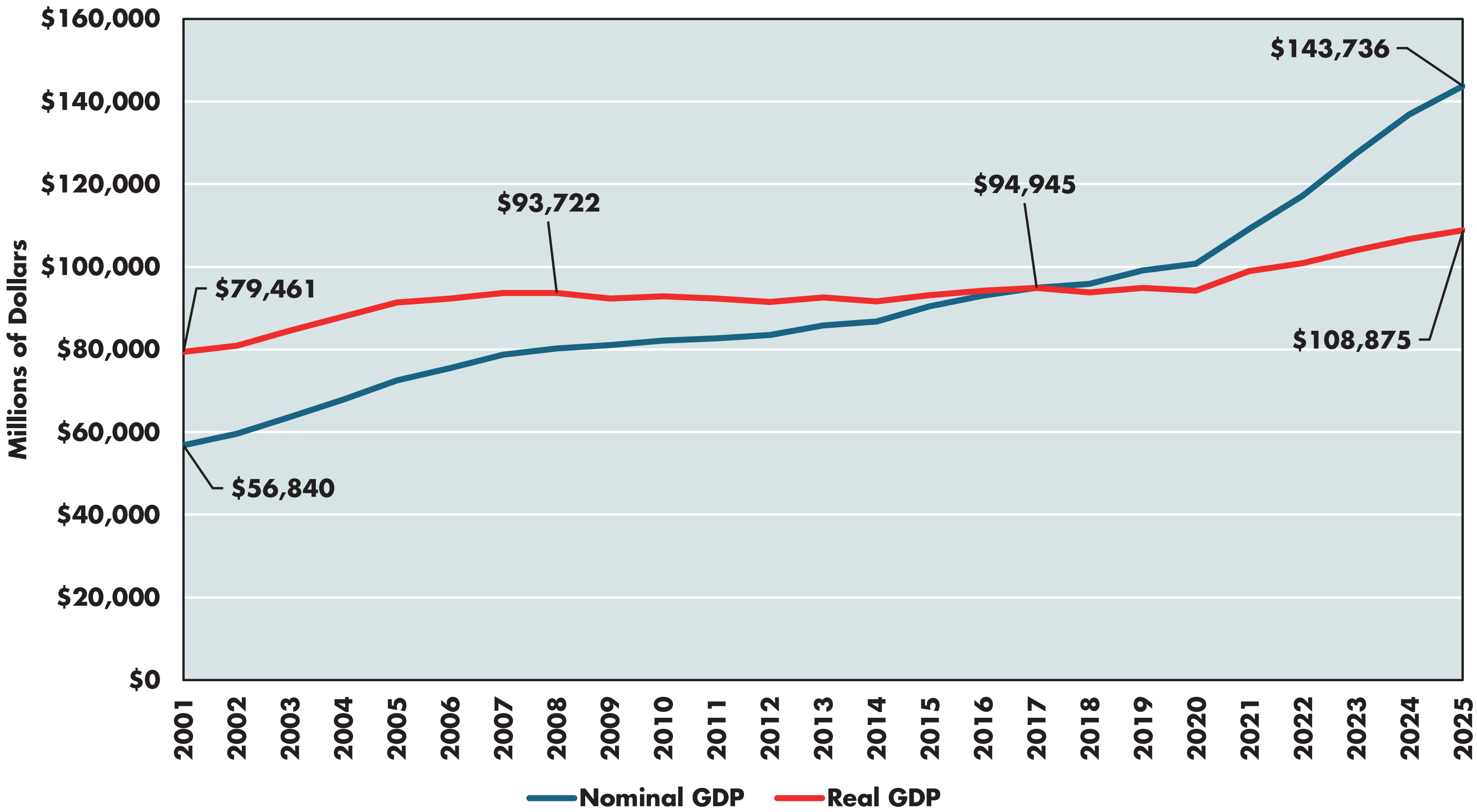
The Bureau of Economic Analysis (BEA) produces regular estimates of economic activity at the national, state, and local levels. Gross Domestic Product (GDP) measures the value of final goods and services produced within a geographic area by private industry and the government. GDP subtracts the value of goods and services used in production. GDP is also equal to the sum of personal consumption expenditures, gross private direct investment, government consumption and gross investment, and net exports of goods and services. GDP does not capture non-market activities (volunteer work, childcare, housework), leisure and quality of life, environmental quality, or illicit activities. GDP is a useful measure of economic activity but should not be confused with the quality of life, distribution of income or wealth, or overall happiness.[3]

Graph 1 illustrates the evolution of nominal (current prices) and real (constant prices) GDP for Hampton Roads from 2001 to 2025 while Table 1 provides the detailed estimates of nominal and real GDP for the same period. At the beginning of the century, the regional economy grew for six consecutive years, with real GDP increasing from \$79.5 billion in 2001 to \$93.7 billion in 2007. After 2005, however, real GDP growth tapered considerably, falling from 3.9% in 2005 to 1.5% in 2007 and, for all intents and purposes, 0.0% in 2008. In the aftermath of the Great Recession of 2007 – 2009 and budget sequestration and restraints on federal spending from 2011 to 2015, the regional economy was stagnant. In 2015, real GDP for Hampton Roads was \$93.2 billion, slightly less than 2008. What growth occurred at the end of the last decade was lackluster. In 2019, real GDP was \$94.9 billion, only 1.3% larger than 2007.

1 https://www.govinfo.gov/content/pkg/FR-2010-06-28/pdf/2010-15605.pdf
2 https://www.whitehouse.gov/wp-content/uploads/2023/07/OMB-Bulletin-23-01.pdf
3 As we have noted in previous reports, substate GDP estimates should be viewed with caution. The BEA estimates at the metropolitan statistical area and county level are significantly lagged and subject to frequent revision. The BEA released the advanced estimates for 2023 in December 2024 and will revise these estimates with the release of the 2024 advance estimates in December 2025.

GRAPH 1

NOMINAL AND REAL GROSS DOMESTIC PRODUCT
HAMPTON ROADS, 2001 – 2025*



Sources: Bureau of Economic Analysis and Dragas Center for Economic Analysis and Policy. Data on GDP incorporate BEA revisions in December 2024. Real GDP is in 2017 Chained Dollars.
*2024 represents our estimate and 2025 represents our forecast.

TABLE 1

NOMINAL AND REAL (INFLATION-ADJUSTED) GROSS DOMESTIC PRODUCT IN MILLIONS OF DOLLARS HAMPTON ROADS, 2001 – 2025*

Year	Nominal GDP	Real GDP (Base Year – 2017)	Year-over-Year Change in Real GDP
2001	$56,840	$79,461	--
2002	$59,562	$80,934	1.9%
2003	$63,731	$84,574	4.5%
2004	$67,889	$87,980	4.0%
2005	$72,563	$91,384	3.9%
2006	$75,552	$92,318	1.0%
2007	$78,719	$93,677	1.5%
2008	$80,245	$93,722	0.0%
2009	$81,059	$92,332	-1.5%
2010	$82,160	$92,857	0.6%
2011	$82,694	$92,356	-0.5%
2012	$83,468	$91,496	-0.9%
2013	$85,796	$92,597	1.2%
2014	$86,780	$91,641	-1.0%
2015	$90,520	$93,227	1.7%
2016	$93,007	$94,274	1.1%
2017	$94,945	$94,945	0.7%
2018	$95,828	$93,852	-1.2%
2019	$99,161	$94,944	1.2%
2020	$100,747	$94,260	-0.7%
2021	$109,150	$99,011	5.0%
2022	$117,274	$100,855	1.9%
2023	$127,459	$104,035	3.2%
2024*	$136,891	$106,740	2.6%
2025*	$143,736	$108,875	2.0%

Sources: Bureau of Economic Analysis and Dragas Center for Economic Analysis and Policy. Data on GDP incorporate BEA revisions in December 2024. Real GDP is in 2017 Chained Dollars.
*2024 represents our estimate and 2025 represents our forecast.

The most recent estimates from the BEA suggest that Hampton Roads fared much better than the Commonwealth or nation in 2020. The regional economy contracted by approximately 0.7% in 2020, less than Virginia (-1.2%) and the United States (-2.2%). In 2021, the regional economy expanded by 5.0%, followed by 1.9% in 2022, and 3.2% in 2023. We estimate that real GDP increased by 2.6% in 2024 and project it will rise by 2.0% in 2025. We forecast that 2025 will be the fifth consecutive year of real GDP growth. The average rate of growth this decade will also surpass that observed in the previous two decades.

In Graph 2, we compare the rate of real GDP growth for Hampton Roads with its peer and aspirant metropolitan areas with the latest data available from the BEA for 2023. In 2023, unlike previous years, Hampton Roads economic performance was nearer to the middle of the pack rather than at the bottom of the selected metropolitan areas. This is a marked improvement relative to the previous decade. The question is whether this performance can be sustained over the coming years.

If we draw back to compare Hampton Roads' economic performance in terms of real GDP annual growth with all metropolitan areas, a similar story emerges from the data. In 2021, Hampton Roads ranked 195th out of 384 metro areas. In 2022, Hampton Roads ranked 201st out of 384 metro areas. In 2023, Hampton Roads' economic performance rose, and it ranked 146th. The 'middle of the pack' performance is an improvement, but work remains to be done.

Graph 3 compares real GDP growth in Hampton Roads with Virginia and the United States from 2020 to 2024 and our projections for growth in 2025. One observation is that real GDP growth in Hampton Roads lagged the Commonwealth and nation in 2021 and 2022 but surpassed both in 2023. In 2024, our estimate suggests that the region grew approximately at the same pace as the nation but lagged the state.

Our projections for 2025 in Graph 3 highlight the potential impact of changes in trade, immigration, federal spending, and federal employment policies. We expect real GDP growth nationally to slow significantly due to a combination of higher tariffs, increased bond yields, declining consumer and business sentiment, diminished expectations, and policy uncertainty. Virginia is a focal point of these impacts, given the presence of over 194,000 federal civilian jobs in the state in 2024. In Fiscal Year 2024, the federal government obligated $270.9 billion for transfer payments, grants, contracts, awards, and other functions in Virginia. Given the Rockefeller Institute estimated that, in 2022, Virginia received $1.8 in federal expenditures for every $1 it sent the federal government in taxes; reductions in employment or spending are likely to disproportionately impact the Commonwealth.

Graph 4 displays the distribution of economic activity across the Commonwealth in 2023. Using county-level data, we estimate that the counties in Northern Virginia generated approximately 47.3% of Virginia's real GDP in 2023. Virginia counties in the Hampton Roads MSA accounted for about 17.2% of Virginia's GDP in 2023. The Richmond metro area was responsible for approximately 15.8% of Virginia's real GDP in 2023. The counties in Virginia's 'urban crescent' produced 8 out of every 10 dollars of the Commonwealth's economic activity in 2023.

It should be no surprise that shifts in Virginia's population have mirrored the shifts in economic activity. Not only has real GDP become increasingly concentrated in the urban crescent, it has shifted within the urban crescent as well. Over the last two decades, the Northern Virginia and Richmond regions have grown faster than Hampton Roads, that is, the urban crescent has become 'top heavy' with population and economic activity shifting toward the I-95 corridor between Richmond and Northern Virginia.

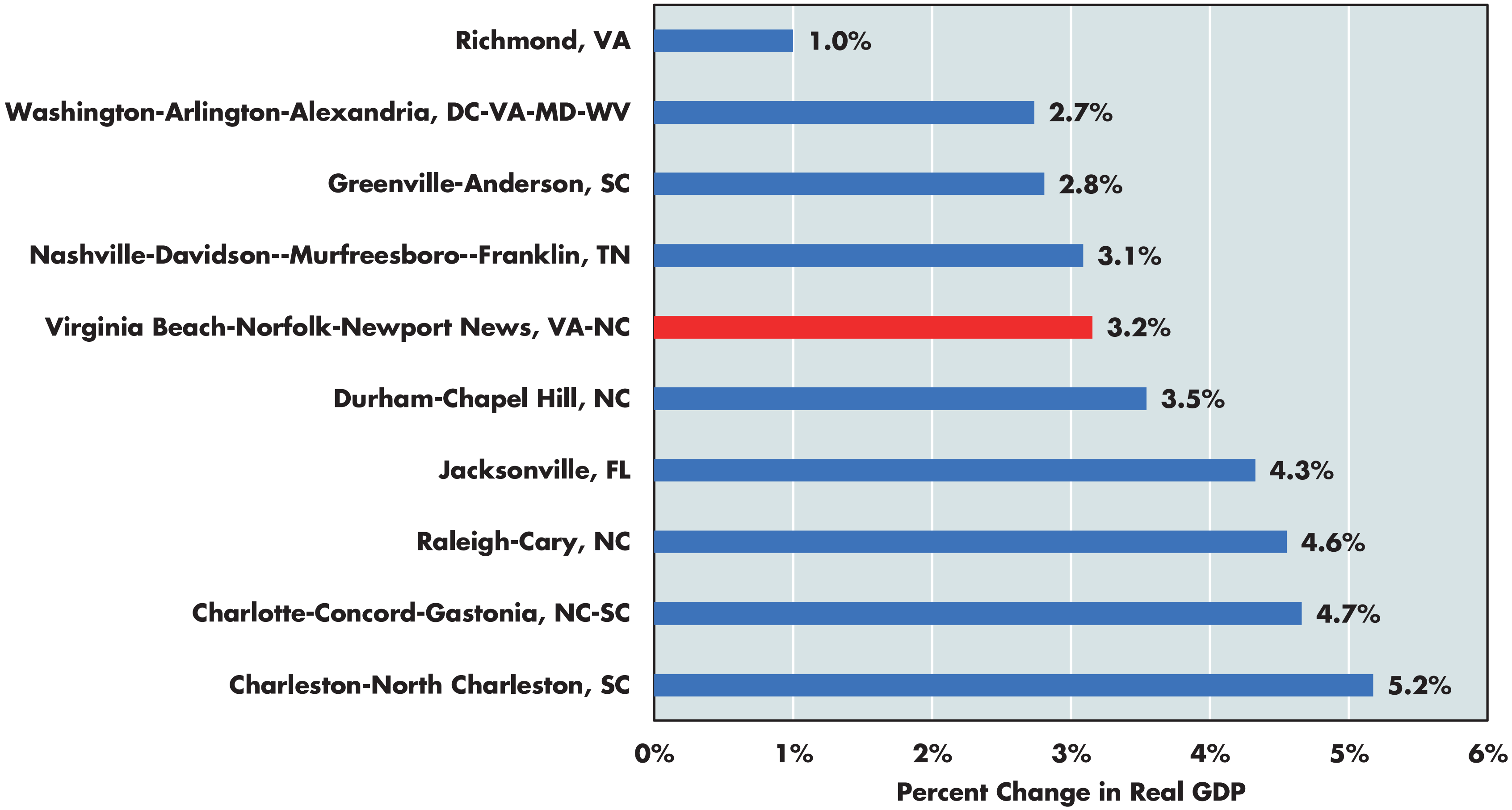
Federal civilian employment is an area that Virginia is particularly vulnerable to changes in federal policy. Graph 5 presents federal civilian employment by metropolitan statistical areas in Virginia in 2024. Northern Virginia, not surprisingly, led the way with 94,000 federal civilian jobs, with Hampton Roads (60,700) and Richmond (18,600) following. The estimates in Graph 5 do not include federal civilian employees who work in Washington, D.C., and live in Northern Virginia.

If there are sustained and significant declines in federal civilian employment, the impacts will likely be first concentrated in Northern Virginia. Graph 6 highlights the challenge facing Virginia as the federal government reduces civilian employment. In 2024, on average, the ratio of federal civilian wages to private sector wages was 1.6 for the Commonwealth. Federal civilian workers typically have higher levels of education and experience than their private sector counterparts. This means that for every job shed by the federal government, the private sector in Virginia would need to generate 1.6 jobs to make up for the lost federal wages. In other words, it is not enough to replace every federal job lost with a corresponding private sector job as wages in the private sector tend to be lower than wages across the federal government.

How will Hampton Roads fare in the remainder of 2025 and into 2026? Projected increases in defense spending will have a positive impact on the region's economy. On the other hand, sustained tariffs will undermine international trade, decreasing traffic through the Port of Virginia. Decreases in federal civilian employment and spending by non-defense agencies and departments will also act as a drag on growth regionally. If policy uncertainty continues at the same levels evidenced in the first half of 2025, consumer and business sentiment will decline, further undermining the prospects for growth in the second half of 2025 and into 2026. Perhaps the only constant is change and we need to continue working towards increasing private sector growth to improve the resiliency of the regional economy.

GRAPH 2

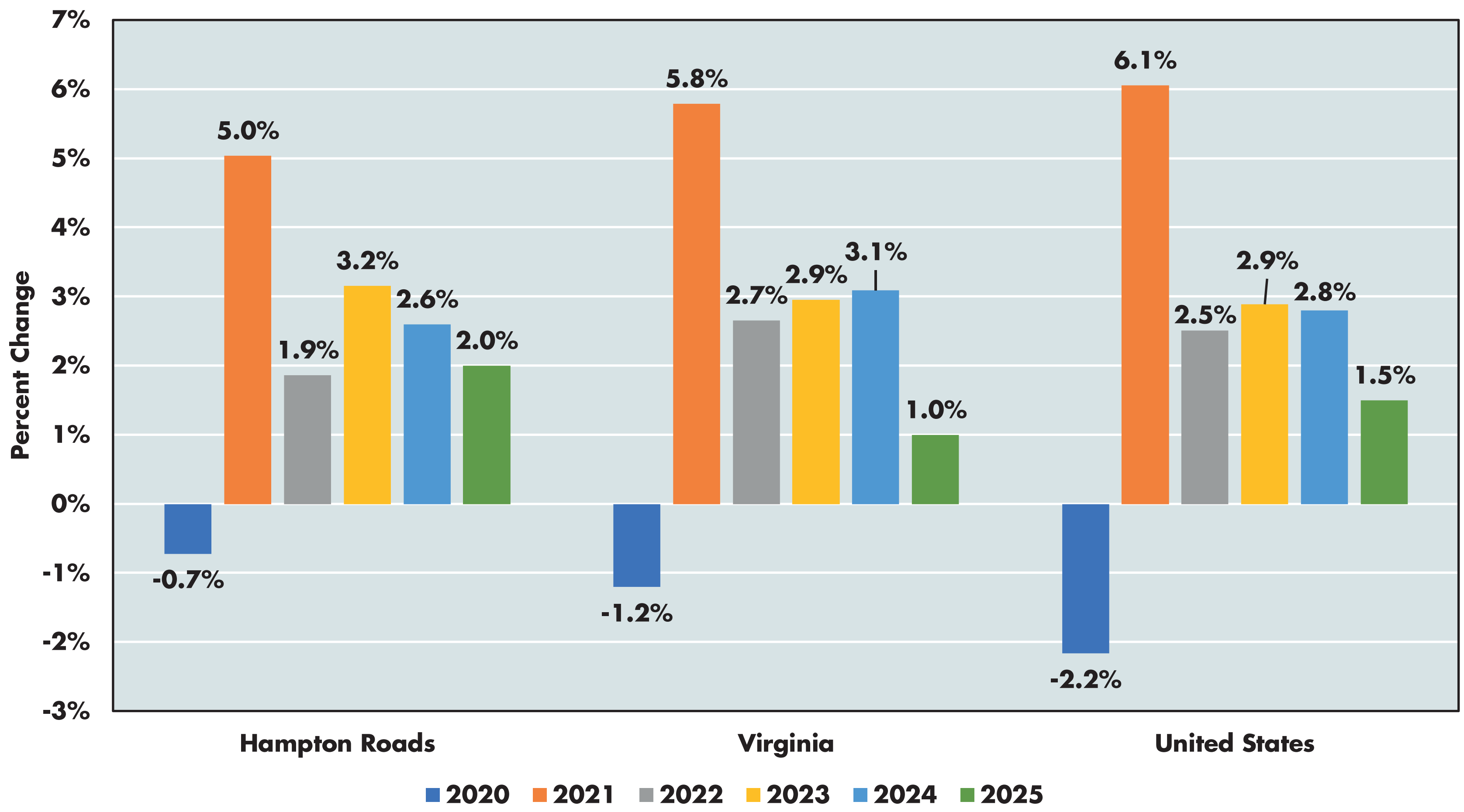
PERCENT CHANGE IN REAL GDP
SELECTED METROPOLITAN STATISTICAL AREAS, 2022 – 2023



Source: Bureau of Economic Analysis (2025).

GRAPH 3

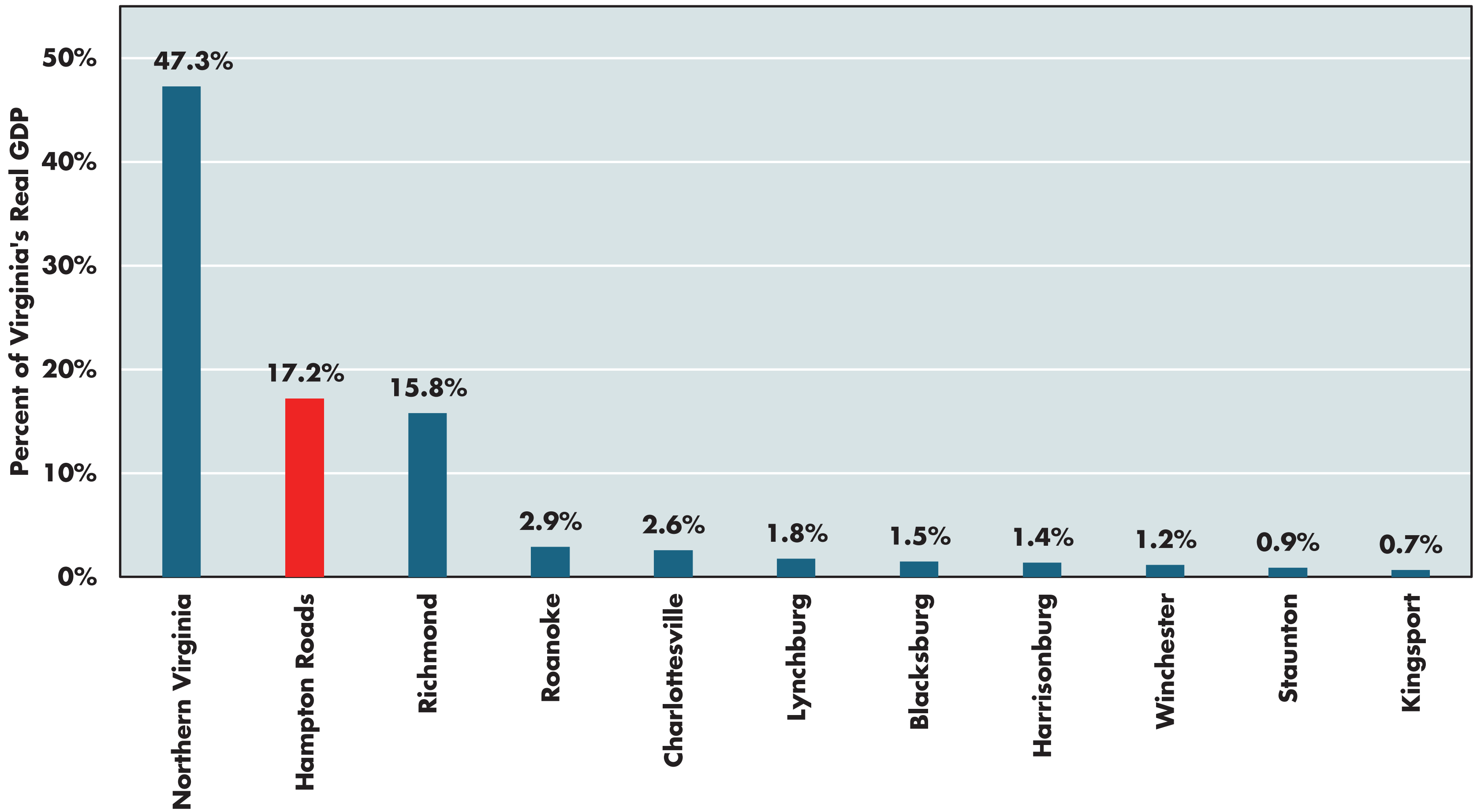
PERCENT CHANGE IN REAL GROSS DOMESTIC PRODUCT HAMPTON ROADS, VIRGINIA, AND THE UNITED STATES, 2020 – 2025*



Sources: Bureau of Economic Analysis and Dragas Center for Economic Analysis and Policy. Data on GDP incorporates latest BEA revisions in December 2024. Real GDP is in 2017 Chained Dollars.
*2024 represents our estimate for Hampton Roads, and 2025 represents our forecast for Hampton Roads, Virginia, and the United States.

GRAPH 4

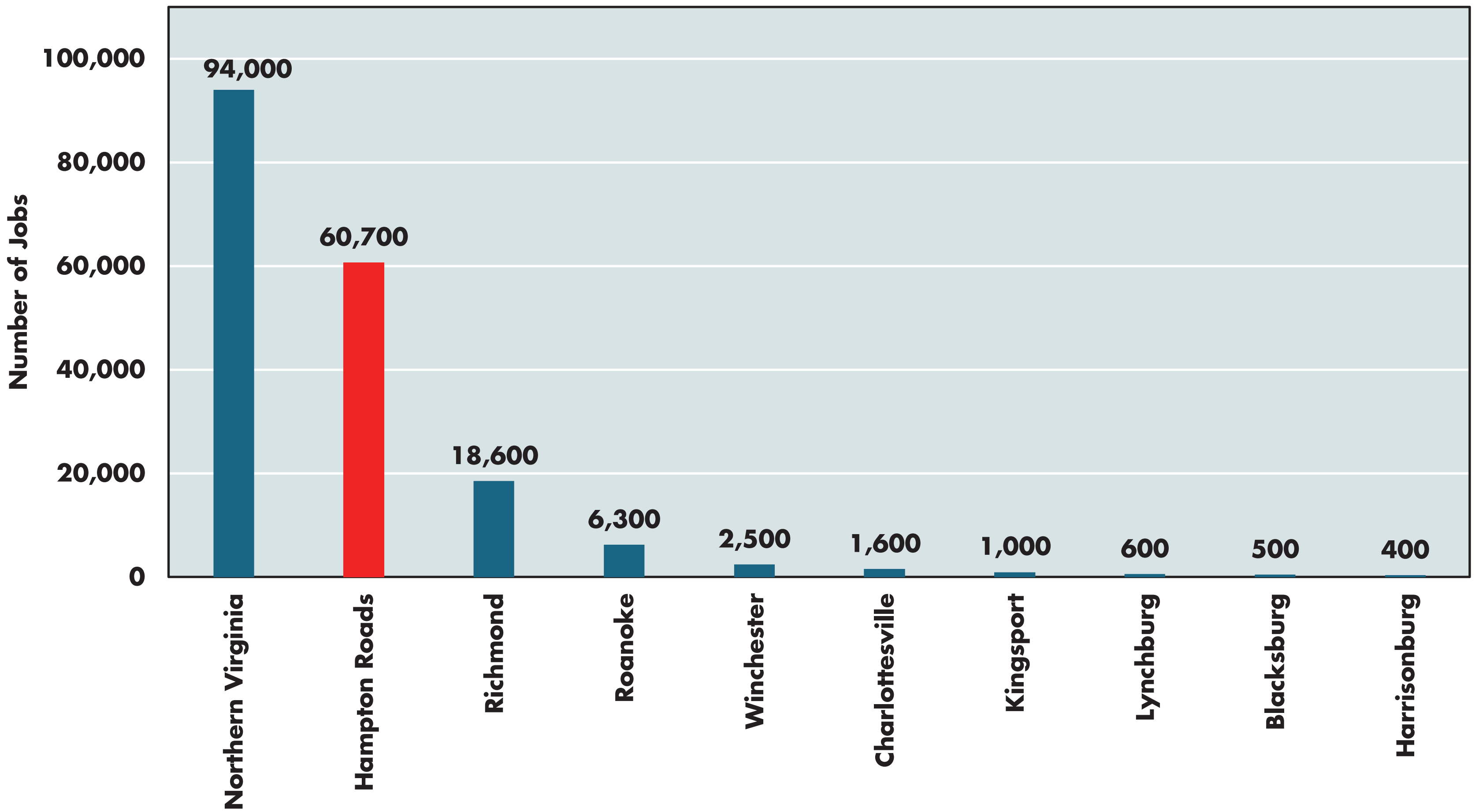
SHARE OF VIRGINIA'S REAL GROSS DOMESTIC PRODUCT
METROPOLITAN AREAS IN VIRGINIA, 2023



Sources: Bureau of Economic Analysis and Dragas Center for Economic Analysis and Policy. Real GDP is in 2017 Chained Dollars. Metropolitan estimates aggregated from county-level estimates and only include Virginia portions of metropolitan areas. Non-metropolitans comprise approximately 6.7% of Virginia's real GDP.

GRAPH 5

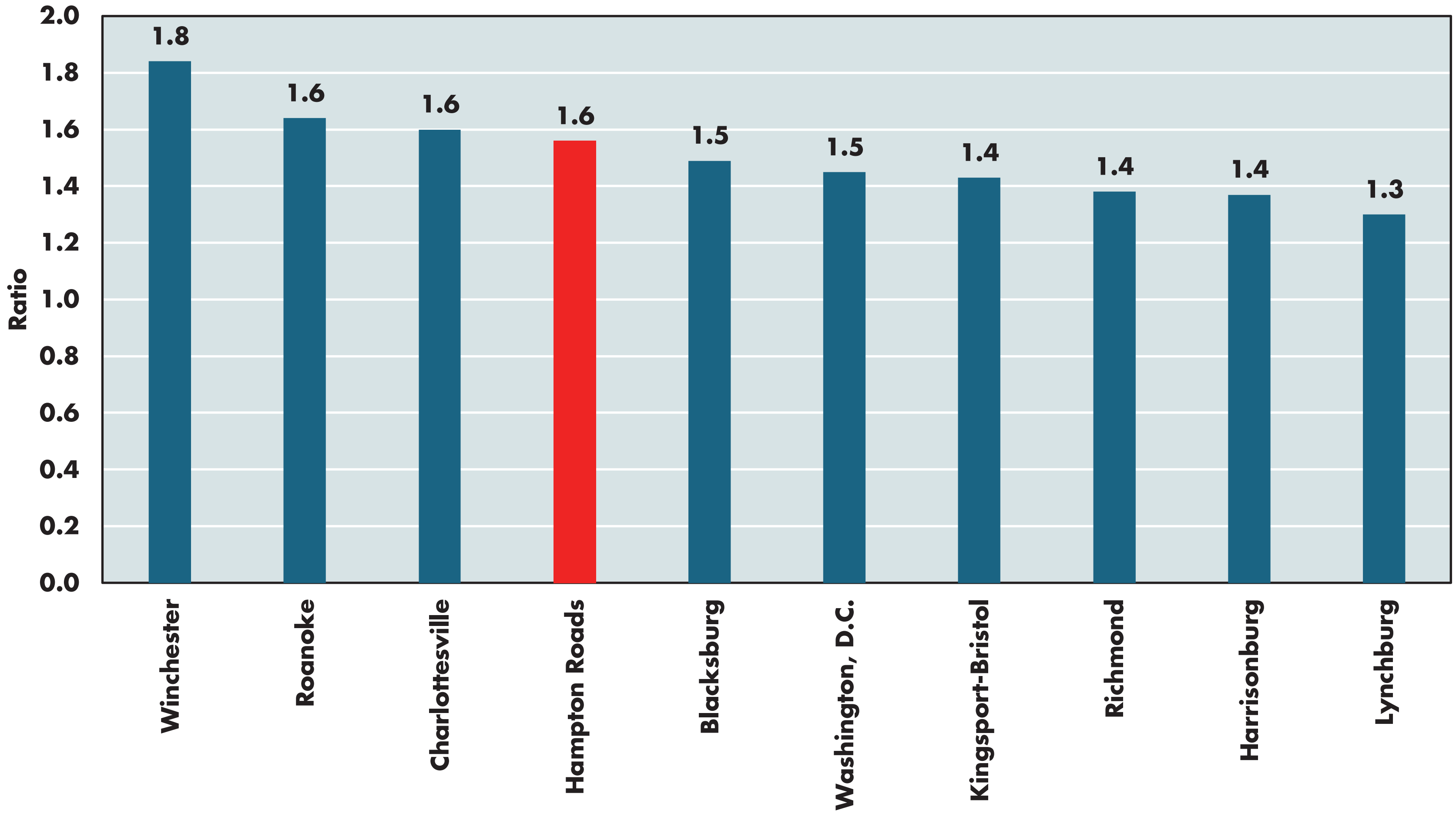
FEDERAL CIVILIAN EMPLOYMENT
METROPOLITAN STATISTICAL AREAS IN VIRGINIA, 2024



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

GRAPH 6

RATIO OF FEDERAL CIVILIAN WAGES TO PRIVATE SECTOR WAGES
METROPOLITAN STATISTICAL AREAS IN VIRGINIA, 2024



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

Per Capita Personal Income

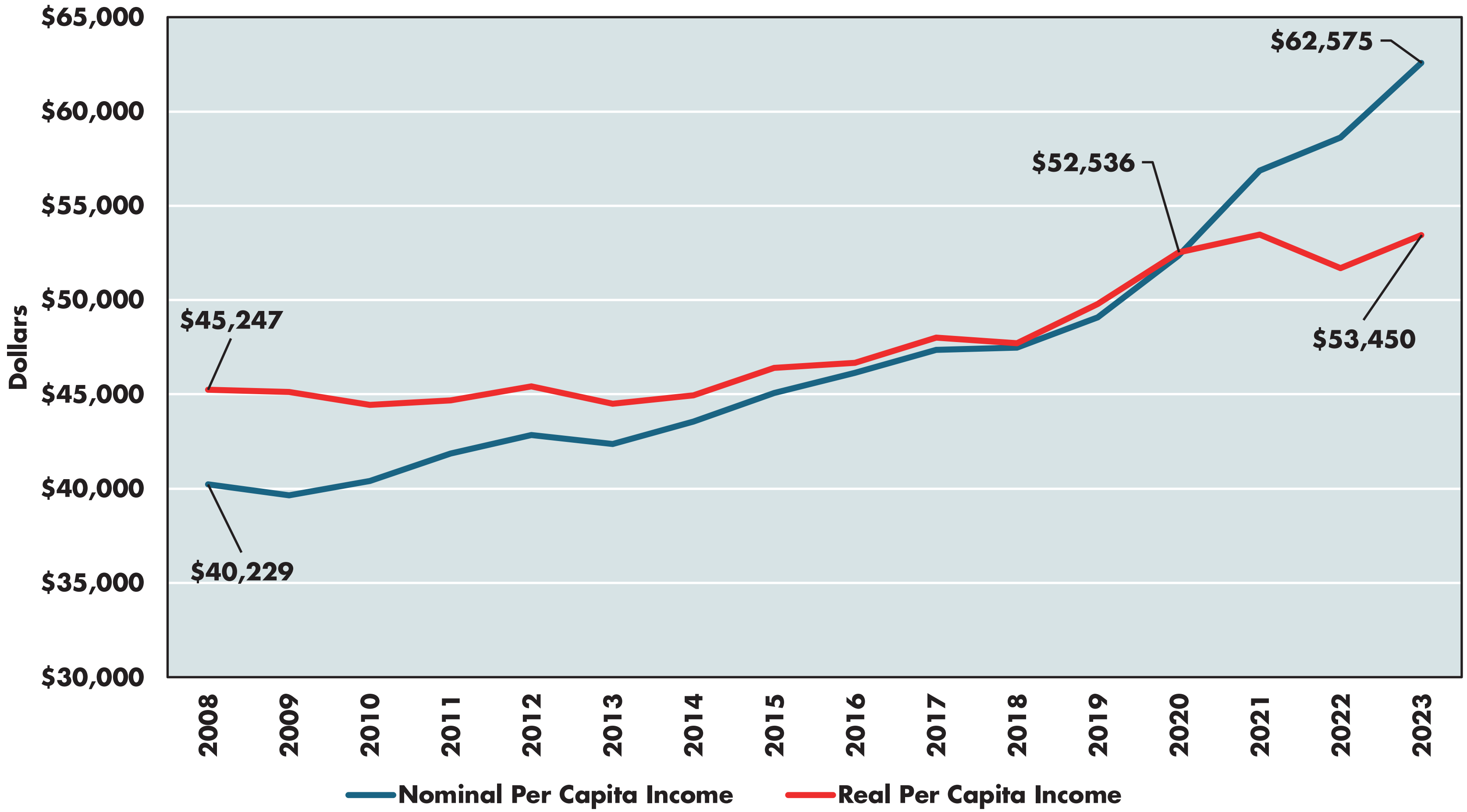
People earn personal income from wages, their own businesses, dividends, interest, rents and government benefits. Rising personal income is typically a signal of improving economic conditions and a predictor of rising consumer spending. Examining longer-term trends in personal income can help us determine whether a region is picking up pace or slowing down. Graph 7 displays nominal and real per capita personal income for Hampton Roads from 2008 to 2023.

In 2008, real per capita personal income in Hampton Roads was $45,247, then remained stagnant until 2015, when it started to rise and continued to do so for the remainder of the decade. It reached $49,807 in 2019, a 10.1% increase from its 2008 level. This growth accelerated with the COVID-19 economic shock, peaking at $53,475 in 2021, about 18% higher than its 2008 level. Real per capita income then stagnated over the next two years as inflation offset spending power.

How has Hampton Roads fared relative to Virginia and the United States? Graph 8 illustrates the growth in real per capita personal income from 2008 to 2023 for the region, state, and nation. In the intermediate aftermath of the Great Recession of 2007 – 2009, there were no significant differences between the three geographical areas. By 2013, however, real per capita personal income was higher than in 2008 nationally but still below 2008 levels for the region and Commonwealth. After 2013, real per capita personal income grew in Hampton Roads, Virginia, and the United States, although growth was slower regionally than across the state or nation. Each area experienced a decline in real per capita personal income in 2022 relative to 2021 and a recovery in 2023. In 2023, real per capita personal income was 26.5% higher nationally than 2008 and 23.3% higher statewide. In other words, real per capita personal income grew in Hampton Roads, but much like other economic indicators, growth was slower than that of Virginia or the United States.

GRAPH 7

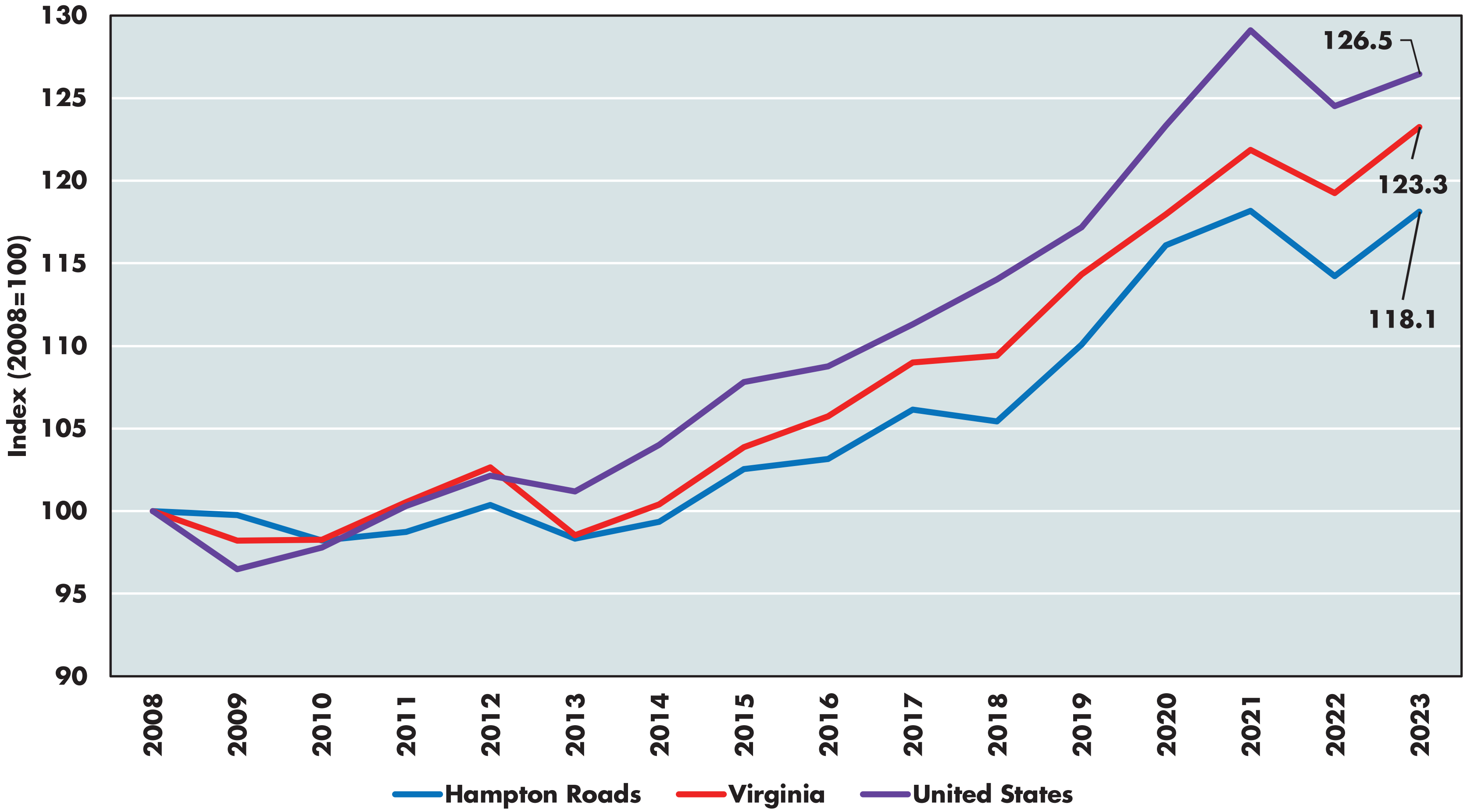
NOMINAL AND REAL PER CAPITA PERSONAL INCOME
HAMPTON ROADS, 2008 – 2023



Sources: Bureau of Economic Analysis and Dragas Center for Economic Analysis and Policy. Real per capita income in chained 2017 dollars and is equal to nominal per capita income adjusted by the ratio of regional prices to national personal consumer expenditure prices.

GRAPH 8

INDEX OF REAL PER CAPITA PERSONAL INCOME
HAMPTON ROADS, VIRGINIA, AND THE UNITED STATES, 2008 – 2023



Sources: Bureau of Economic Analysis and Dragas Center for Economic Analysis and Policy. Real per capita income in chained 2017 dollars. Hampton Roads and Virginia are equal to nominal per capita income adjusted by the ratio of regional prices to national personal consumer expenditure prices.

Labor Force and Employment: New Records but Headwinds Emerge

Every month, the Bureau of Labor Statistics (BLS) surveys approximately 60,000 eligible households regarding their employment status. The BLS asks respondents in the surveyed households whether they are employed or unemployed and actively looking for work. The civilian labor force includes all people aged 16 and older who respond in the affirmative to this question. Respondents who are unemployed and not actively looking for work are not considered as part of the civilian labor force.[4] **These results are known as the household survey.**

Graph 9 illustrates the annual levels of the civilian labor force and individual employment in Hampton Roads from 2000 to 2024. The number of people actively looking for work or working in Hampton Roads set a record in 2024 with the civilian labor force rising to 883,768 individuals. Individual employment also set a record, rising to 856,716 individuals. Hampton Roads ended 2024 with a third consecutive year of civilian labor force and individual employment growth.

The headline unemployment rate is equal to the ratio of the number of unemployed people to the number of individuals in the civilian labor force. Graph 10 displays the annual unemployment rate in Hampton Roads from 2000 through 2024. In the aftermath of the Great Recession of 2007 – 2009, the unemployment rate in the region did not return to pre-recessionary levels until 2018. In 2019, the unemployment rate declined to 3.1%.

In 2020, as a result of the COIVD-19 pandemic related economic shock, the region's unemployment rate increased to 7.4%, then rapidly declined, reaching 2.9% in 2022. After the pandemic in 2024, people re-entered the labor market to seek jobs and the civilian labor force increased faster than individual employment, causing the regional unemployment rate to tick up to 3.1%.

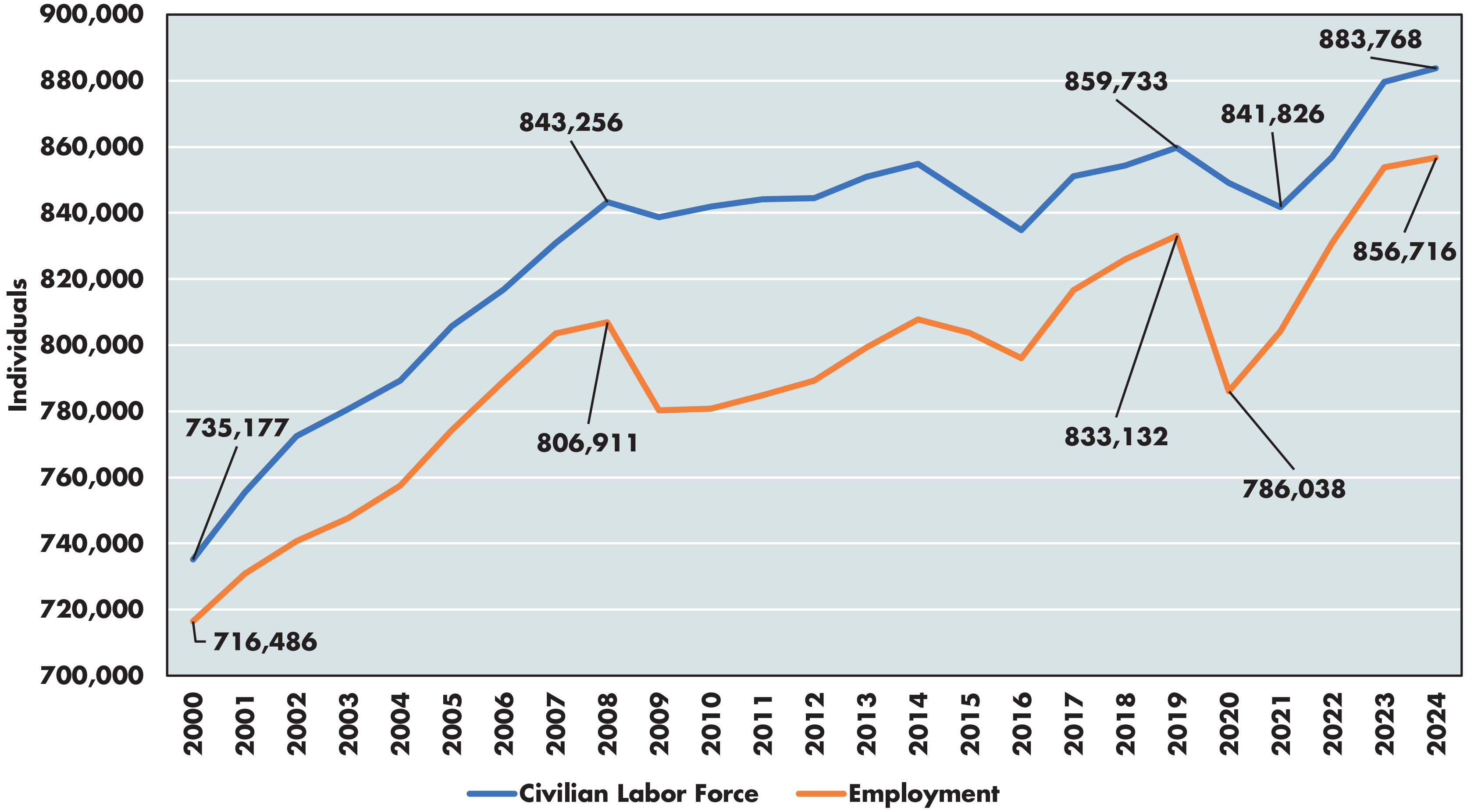
However, we should dive into the numbers to gain more insight on how labor markets fared in Hampton Roads. In 2021, the civilian labor force declined by 7,316 individuals while individual employment increased by 18,273. In 2022, the civilian labor force grew by 15,034 while individual employment increased 26,526. In 2023, the growth in the civilian labor force (22,823) almost equaled the growth in individual employment (22,968). In 2024, however, the civilian labor force increased by 4,085 individuals while individual employment growth slowed to 2,910 individuals. As more people entered the labor force than reported that they were employed, the number of unemployed increased, and the unemployment rate moved upward.

How does Hampton Roads fare when compared to its peer and aspirant metros? Graph 11 displays the percent change in the civilian labor force from 2019 to 2024, and Graph 12 illustrates the percent change in individual employment for the same period. The same story emerges from the civilian labor force and individual employment data that were illustrated with the GDP data: Hampton Roads has grown, but the pace of growth has lagged many of its peers.

4 According to the BLS, individuals who are self-employed, unpaid family workers in family businesses, agriculture and related workers, workers in private households, and workers on unpaid leave are included in the employment estimates. The BLS excludes individuals who are on furlough the entire reference week, even if they received pay for the furlough week. These individuals are considered unemployed for the purposes of the household survey.

GRAPH 9

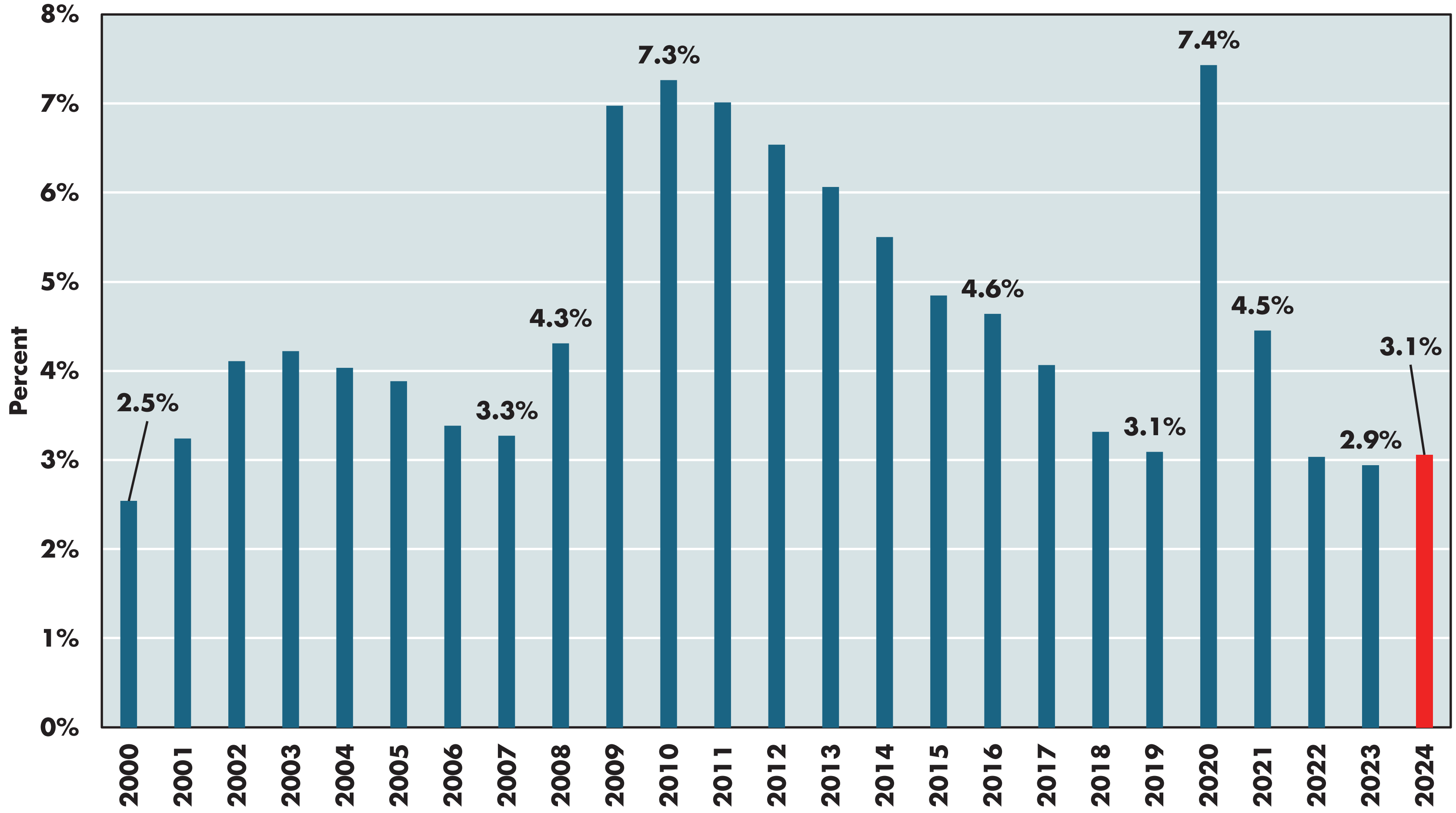
ANNUAL CIVILIAN LABOR FORCE AND INDIVIDUAL EMPLOYMENT
HAMPTON ROADS, 2000 – 2024



Sources: Bureau of Labor Statistics and the Dragas Center for Economic Analysis and Policy. Annual averages of non-seasonally adjusted data.

GRAPH 10

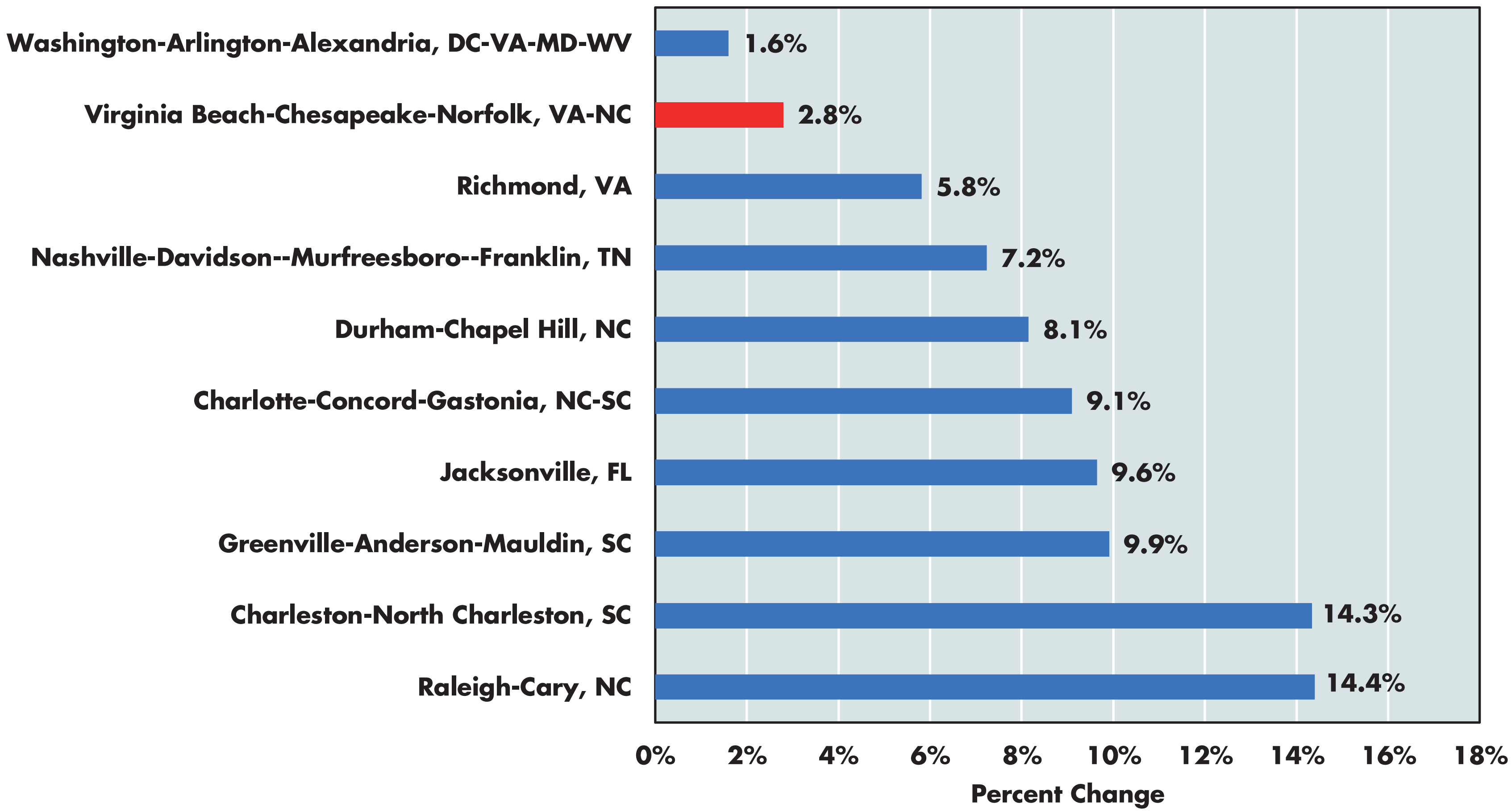
UNEMPLOYMENT RATE
HAMPTON ROADS, 2000 – 2024



Sources: Bureau of Labor Statistics and the Dragas Center for Economic Analysis and Policy. Annual averages of non-seasonally adjusted data.

GRAPH 11

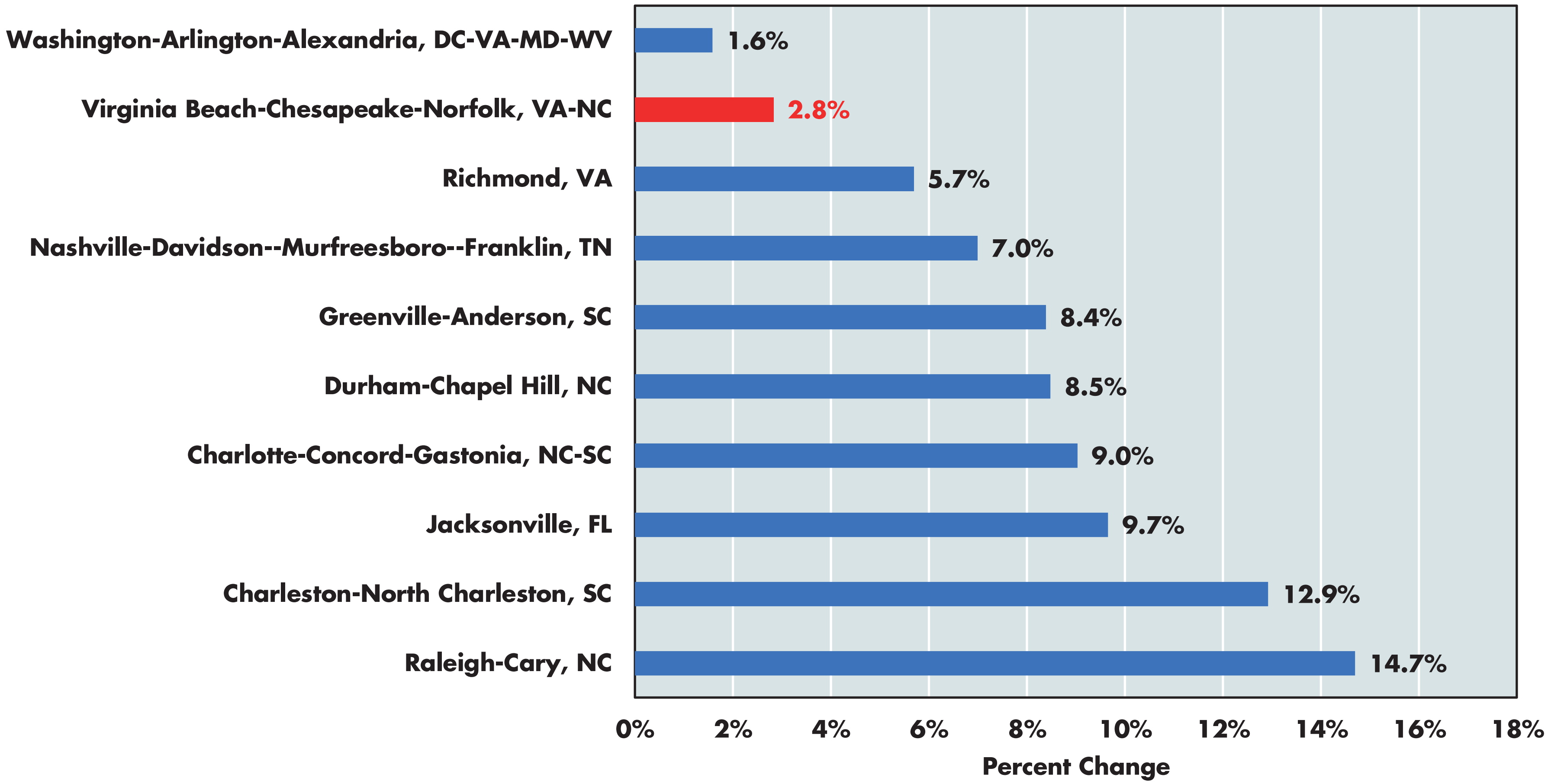
PERCENT CHANGE IN CIVILIAN LABOR FORCE
SELECTED METROPOLITAN STATISTICAL AREAS, 2019 AND 2024



Sources: Bureau of Labor Statistics and the Dragas Center for Economic Analysis and Policy. Annual averages of non-seasonally adjusted data.

GRAPH 12

PERCENT CHANGE IN INDIVIDUAL EMPLOYMENT
SELECTED METROPOLITAN STATISTICAL AREAS, 2019 AND 2024



Sources: Bureau of Labor Statistics and the Dragas Center for Economic Analysis and Policy. Annual averages of non-seasonally adjusted data.

More Jobs but Uncertainty Clouds the Outlook

If one side of labor markets is the supply of available labor (the civilian labor force) and its utilization (individual employment), the other side is the demand for labor by employers. Each month, the BLS surveys employers on their payrolls, and the results form what is referred to as the **establishment survey.**[5] Every year, the BLS releases annual revisions to these estimates to incorporate data from Unemployment Insurance (UI) programs and the Quarterly Census of Employment and Wages.

Graph 13 illustrates annual nonfarm payrolls from 2000 to 2024. By now, our tale is familiar. The region observed sustained job growth from 2000 to 2007, peaking at 779,775 jobs. The intertwined impacts of the Great Recession of 2007 – 2009 and federal budget sequestration and subsequent caps on discretionary federal spending led to a slow recovery in nonfarm payrolls. Hampton Roads did not exceed the pre-recessionary peak in the number of jobs until 2017 (786,625). Even then, from the pre-recessionary peak of 2007 to the pre-recession peak of 2019, employers in Hampton Roads only created 21,308 jobs, an increase of only 2.7% over 12 years.

Graph 14 illustrates the change in average annual nonfarm payrolls (jobs) by industry in Hampton Roads from 2019 to 2024. Over this period, the largest decline in jobs occurred in the Retail Trade (-4,833), Information Technology (-2,133) and Leisure and Hospitality (-1,042) industries. The decline in Retail Trade jobs coincides with the rise of online retail.

Job gains have been led by the Education and Health Services (9,483) and Professional and Business Services (8,133) industries. Transportation, Warehouse, and Utilities (3,475), Mining, Logging, and Construction (2,925), Financial Activities (2,400), Federal Government (2,092), and Wholesale Trade (1,117) also gained jobs from 2019 to 2024.

Are jobs paying more in Hampton Roads? Graph 15 compares nominal and real average weekly wages for establishments in Hampton Roads from 2000 to 2024. If one were merely to look at nominal average weekly wages, the answer to the previous question would be a resounding 'yes,' as average weekly wages have risen from approximately $945 a week in 2019 to $1,207 in 2024.

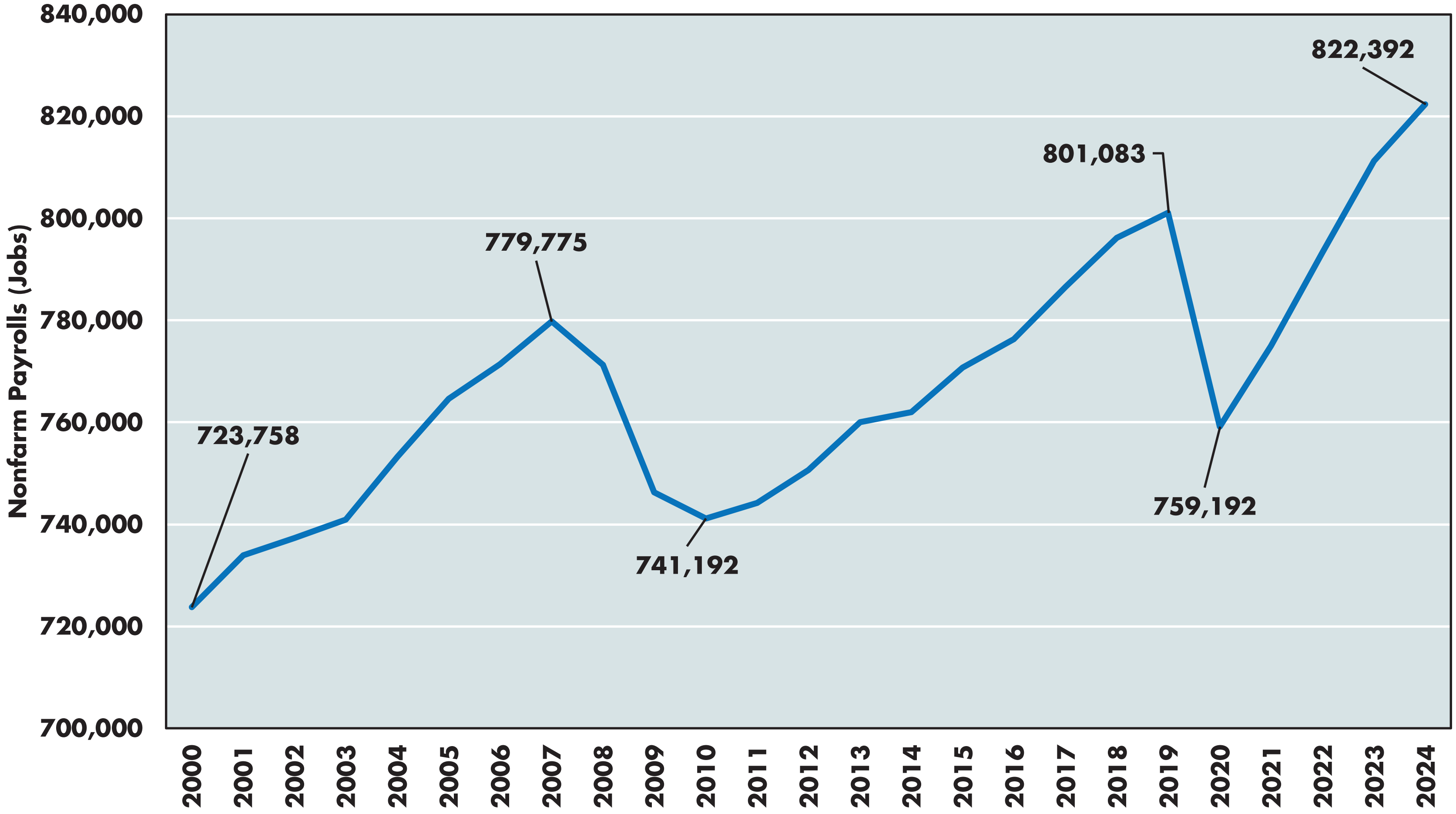
However, we need to consider the impact of inflation on average weekly wages. Real average weekly wages in 2017 constant dollars were $906 in 2019. Real average weekly wages rose to $963 in 2020, but this rise was driven by significant layoffs concentrated in lower wage industries. Average weekly wages were $960 in 2021, but we remind the reader that the region's unemployment rate was 4.4% in 2021. In 2022, real average weekly wages fell to $932, an increase relative to 2019 but a decline relative to 2020 and 2021 (when economic conditions were worse than 2022). Real average weekly wages rose in 2023 ($936) and set a record in 2024 ($943). From 2019 to 2024, real average weekly wages increased by 4.0%. While gains in average weekly wages outpaced inflation from 2019 to 2024, consumers did not perceive these gains as beneficial as post-COVID consumer sentiment remained well below levels observed in 2019.

Graph 16 presents the percent change in monthly, seasonally adjusted nonfarm payrolls for Hampton Roads and a selection of metropolitan areas from February 2020 to April 2025. The Raleigh, North Carolina, metro area had 15.9% more jobs in April 2025 than February 2020, followed by the Charleston, South Carolina, metro area (15.0%), and the Nashville, Tennessee, metro area (12.7%). While Hampton Roads (2.3%) fared better than the Washington, D.C., metropolitan area (1.7%), it performed markedly worse than Richmond (6.1%) or Durham-Chapel Hill, North Carolina, (9.4%). The overarching story remains the same: Hampton Roads has grown, but its growth has left much to be desired.

5 The Current Employment Statistics Program surveys approximately 119,000 businesses and government agencies representing almost 630,000 worksites across the United States.

GRAPH 13

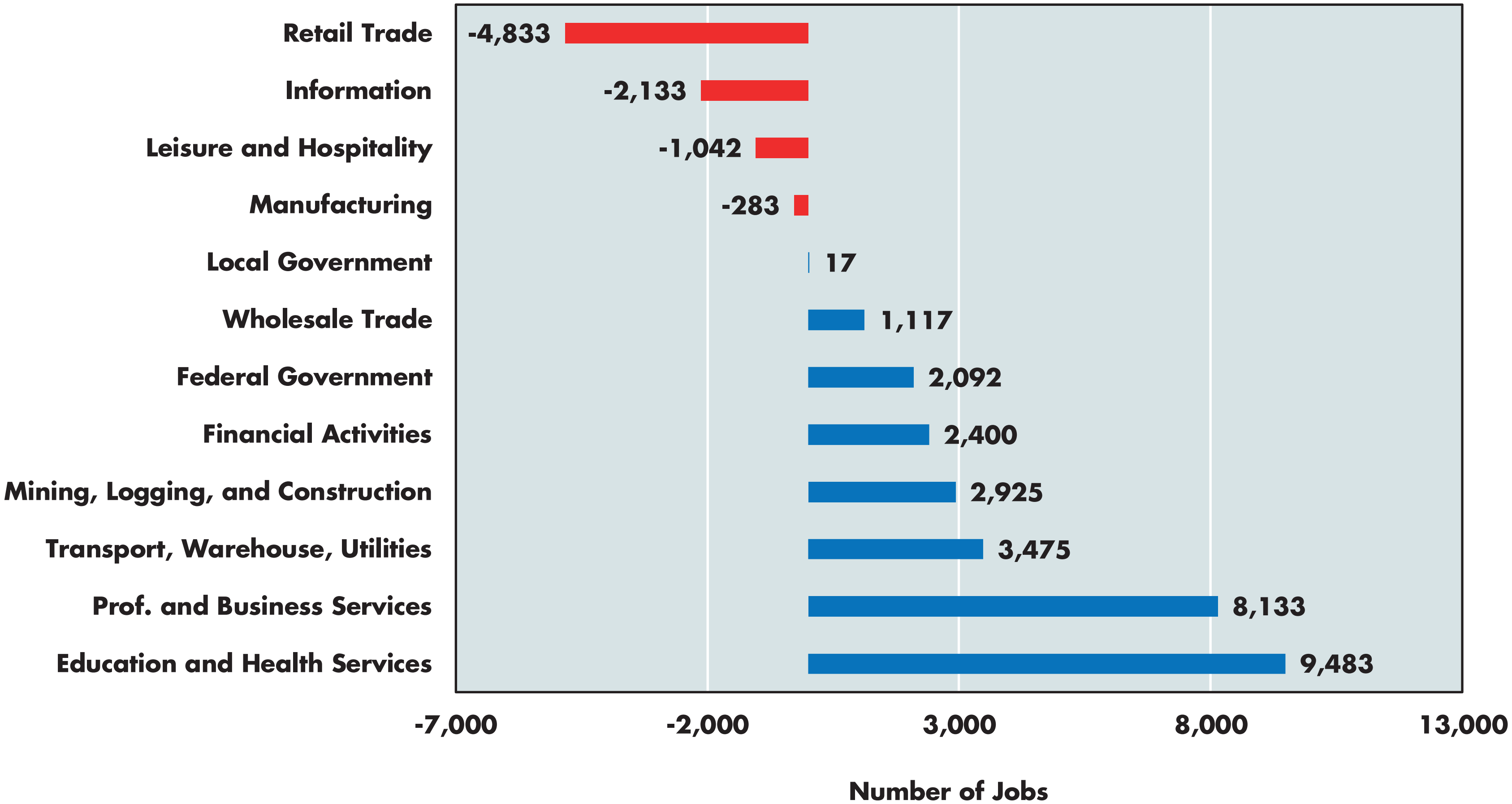
ANNUAL NONFARM PAYROLLS (JOBS)
HAMPTON ROADS, 2000 – 2024



Sources: Bureau of Labor Statistics and the Dragas Center for Economic Analysis and Policy. Annual averages of non-seasonally adjusted data.

GRAPH 14

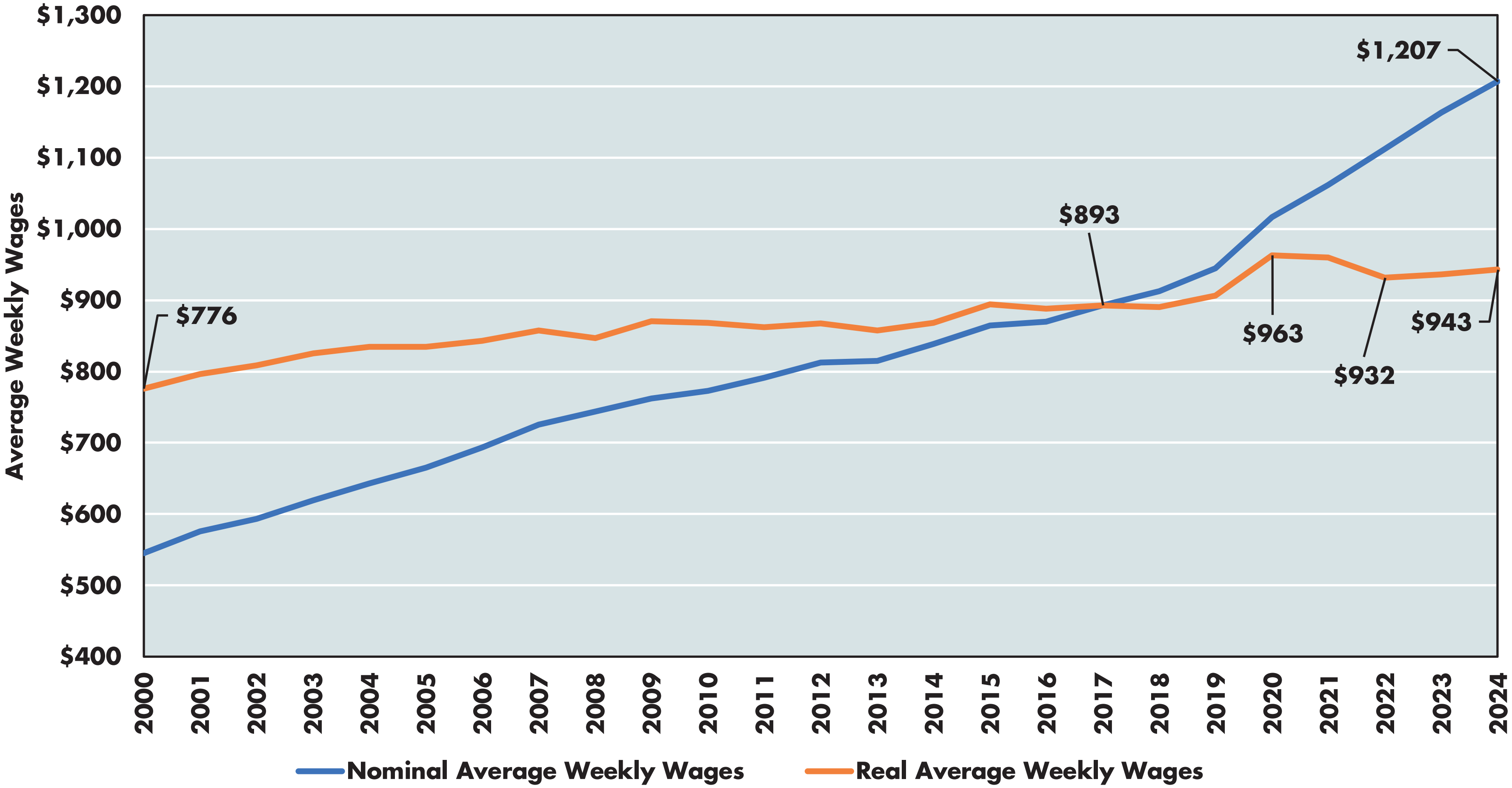
CHANGE IN AVERAGE ANNUAL NONFARM PAYROLLS
HAMPTON ROADS, 2019 – 2024



Sources: Bureau of Labor Statistics, Federal Reserve Bank of St. Louis, and the Dragas Center for Economic Analysis and Policy. Annual averages of non-seasonally adjusted data.

GRAPH 15

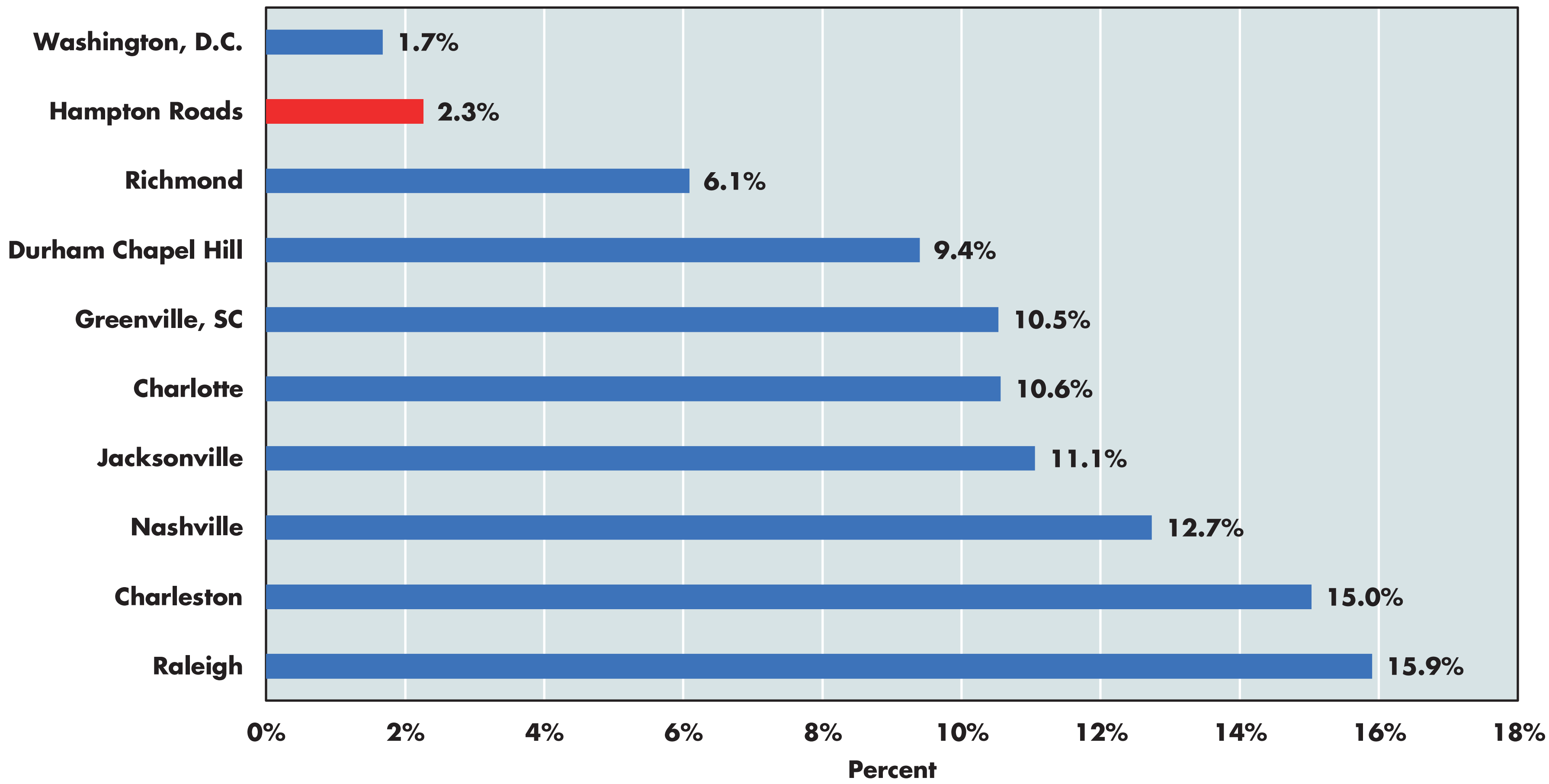
NOMINAL AND REAL AVERAGE WEEKLY WAGES
HAMPTON ROADS, 2000 – 2024



Sources: Bureau of Labor Statistics and the Dragas Center for Economic Analysis and Policy. Annual averages of non-seasonally adjusted data. Average weekly wages are the wages paid by unemployment insurance-covered employers during the calendar quarter, regardless of when the services were performed. Included in wages are pay for vacation and other paid leave, bonuses, stock options, tips, the cash value of meals and lodging, and in some cases, contributions to deferred compensation plans (such as 401(k) plans). Real wages are estimated using the Consumer Price Index for All Urban Consumers with a base year of 2017.

GRAPH 16

CUMULATIVE GROWTH IN NONFARM PAYROLLS (JOBS) SELECTED METROPOLITAN STATISTICAL AREAS, FEBRUARY 2020 – APRIL 2025



Sources: U.S. Bureau of Labor Statistics and the Dragas Center for Economic Analysis and Policy. Data are seasonally adjusted.

Housing Markets in Hampton Roads

Graph 17 presents the average number of new private housing unit permits issued in Hampton Roads from 2000 to 2024. New single-family housing permits in the region reached their highest level in 2003. Total permits also reached their highest level in 2004. Permits fell during the Great Recession of 2007 – 2009 and have never recovered to the pre-recessionary peak. In 2024, housing permits were 54.3% lower than the previous peak in 2004. Single-family permits in 2024 were 54.7% lower than the peak observed in 2003.

Graph 18 contains the Zillow Home Value Index (ZHVI) for Hampton Roads from January 2000 to April 2025. From January 2000 to June 2007, the ZHVI increased from $120,271 to $257,708. The 114.3% jump in the ZHVI was larger than that of the United States over a similar period. As housing demand weakened during the Great Recession of 2007 – 2009, the ZHVI fell to $211,980 in February 2012, a decline of 17.7%. From February 2012 to February 2020, the ZHVI increased by 21.8% and then price growth accelerated in the aftermath of the COVID-19 pandemic. From February 2020 to April 2025, the ZHVI jumped 42.5%, that is, single-family home values increased more in 4 years this decade than the decade prior to the pandemic. Why have home values continued to rise? The answer is straightforward: Hampton Roads has not built sufficient housing over the last two decades.

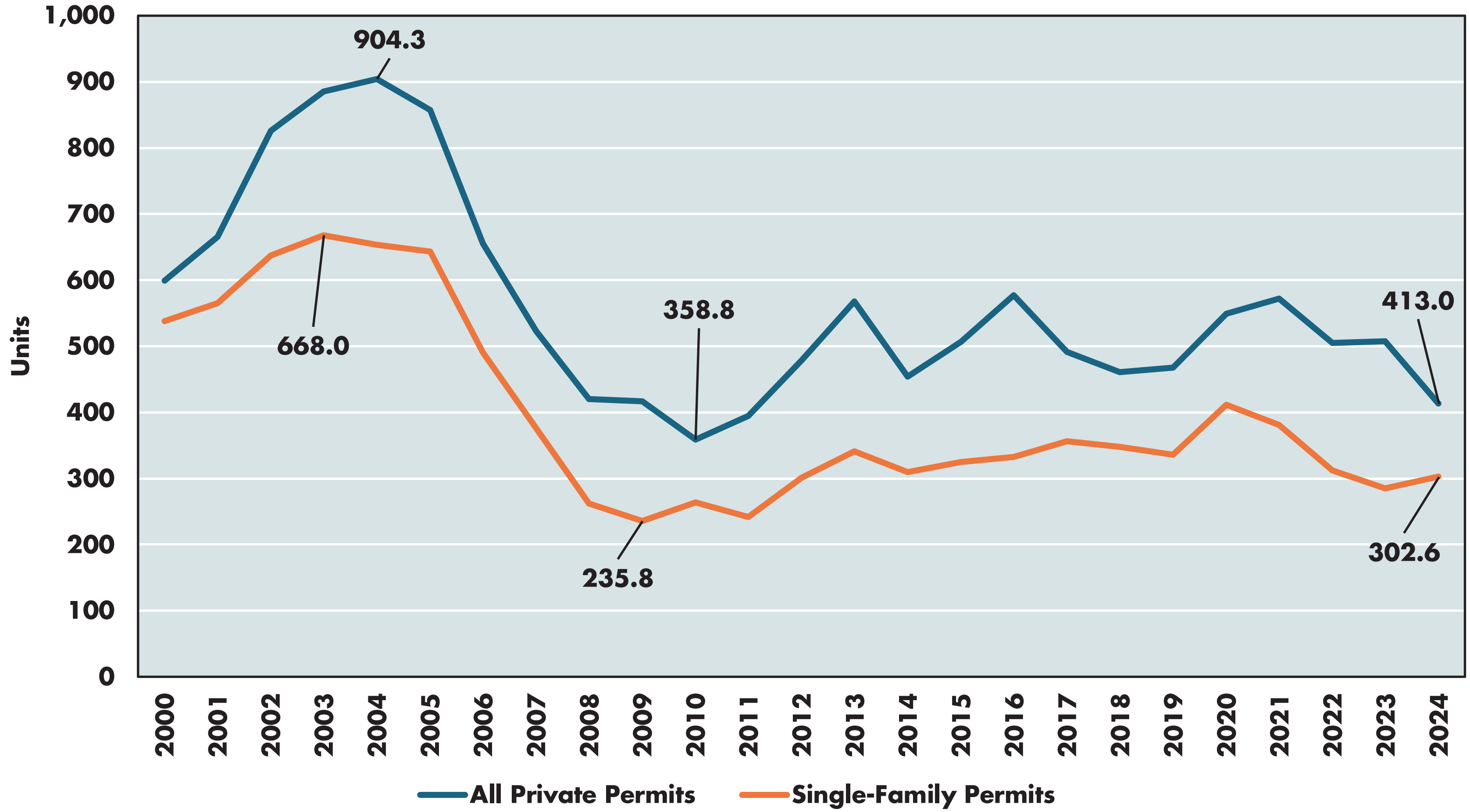
Graph 19 illustrates how the rise in typical home values was reflected in the median mortgage value for Hampton Roads from 2010 to 2023. Compared to the nation, Hampton Roads recovered relatively slowly from the Great Recession of 2007 – 2009 and budget sequestration in the early part of the 2010s. The median mortgage value in the region fell by 6.7% from 2010 to 2013 and then rose by 11.3% from 2013 to 2019. In 2019, the median mortgage value was $261,200. By 2023, the median mortgage value was $349,200, an increase of 33.7% from 2019. In other words, while the median mortgage valued increased by an average of 0.4% the previous decade, it has increased by 6.5% a year from 2021 to 2023 in Hampton Roads.

Graph 20 illustrates the change in the Zillow Observed Rent Index (ZORI) for multifamily residences in Hampton Roads from January 2015 to April 2025. From January 2015 to February 2020, the typical rent in the region increased from $1,015 a month to $1,170 a month or by 15.3%. Rent growth accelerated sharply in the post-pandemic recovery. By April 2025, the ZORI had increased to $1,624, a jump of 38.8% when compared to rent in February 2020.

Graph 21 shows that the recent increases in observed rents in Hampton Roads outpaced the nation. Prior to September 2020, rent growth in the region was slower than the nation. By January 2025, rents in Hampton Roads were 60.3% higher than in January 2015 compared to 54.3% nationally. Rent growth in the region relative to the nation slowed through April 2025, though we must note that rents in April 2025 were still increasing, although at a slower rate. Slower rent growth may be a very weak silver lining in the cloud of increasing rents across the region.

GRAPH 17

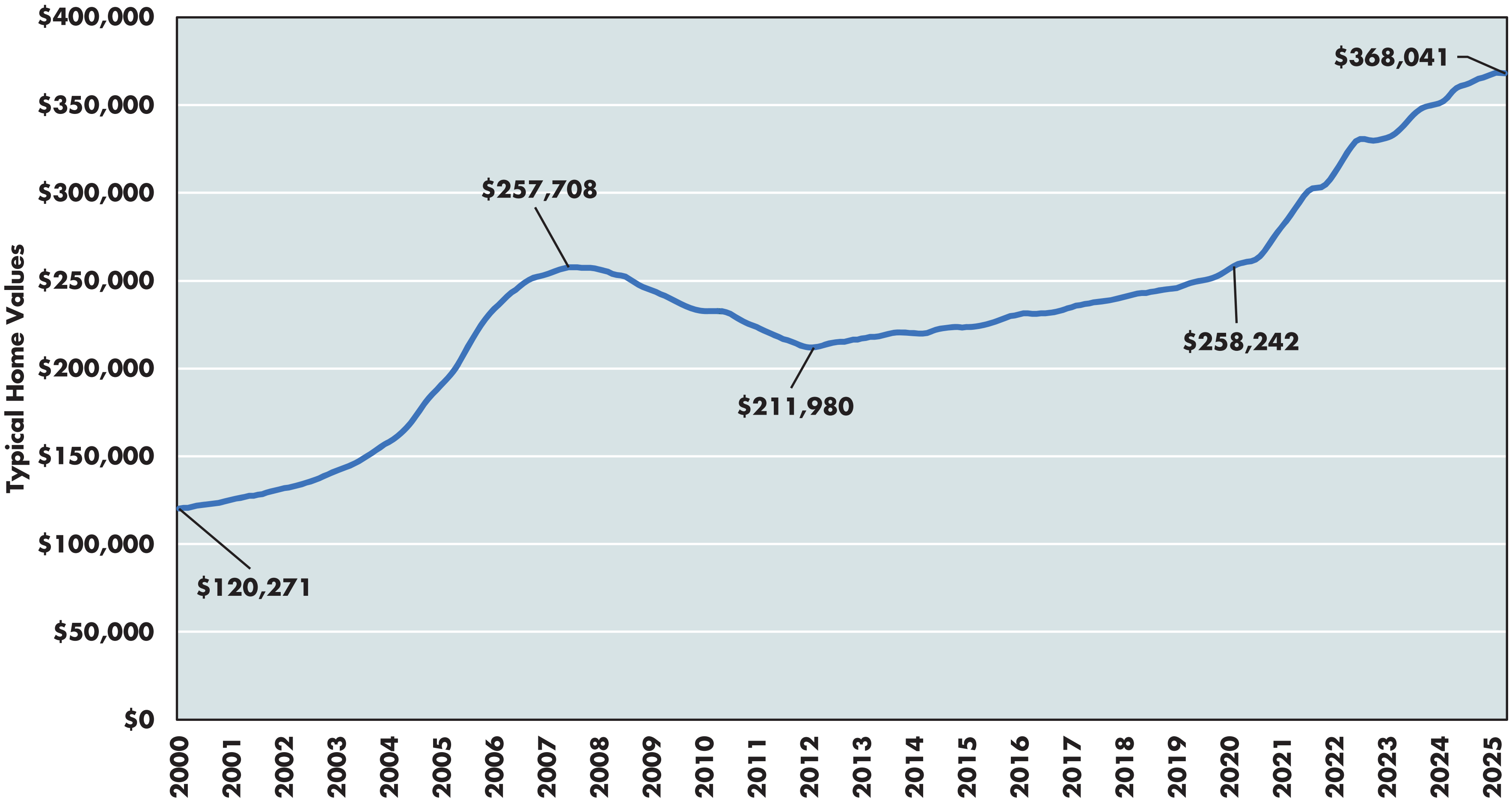
AVERAGE MONTHLY NEW PRIVATE HOUSING UNITS AUTHORIZED BY BUILDING PERMITS
ALL PRIVATE PERMITS AND SINGLE-FAMILY PERMITS
HAMPTON ROADS, 2000 – 2024



Source: U.S. Census Bureau, Housing Units Authorized by Building Permits. Annual averages of non-seasonally adjusted data.

GRAPH 18

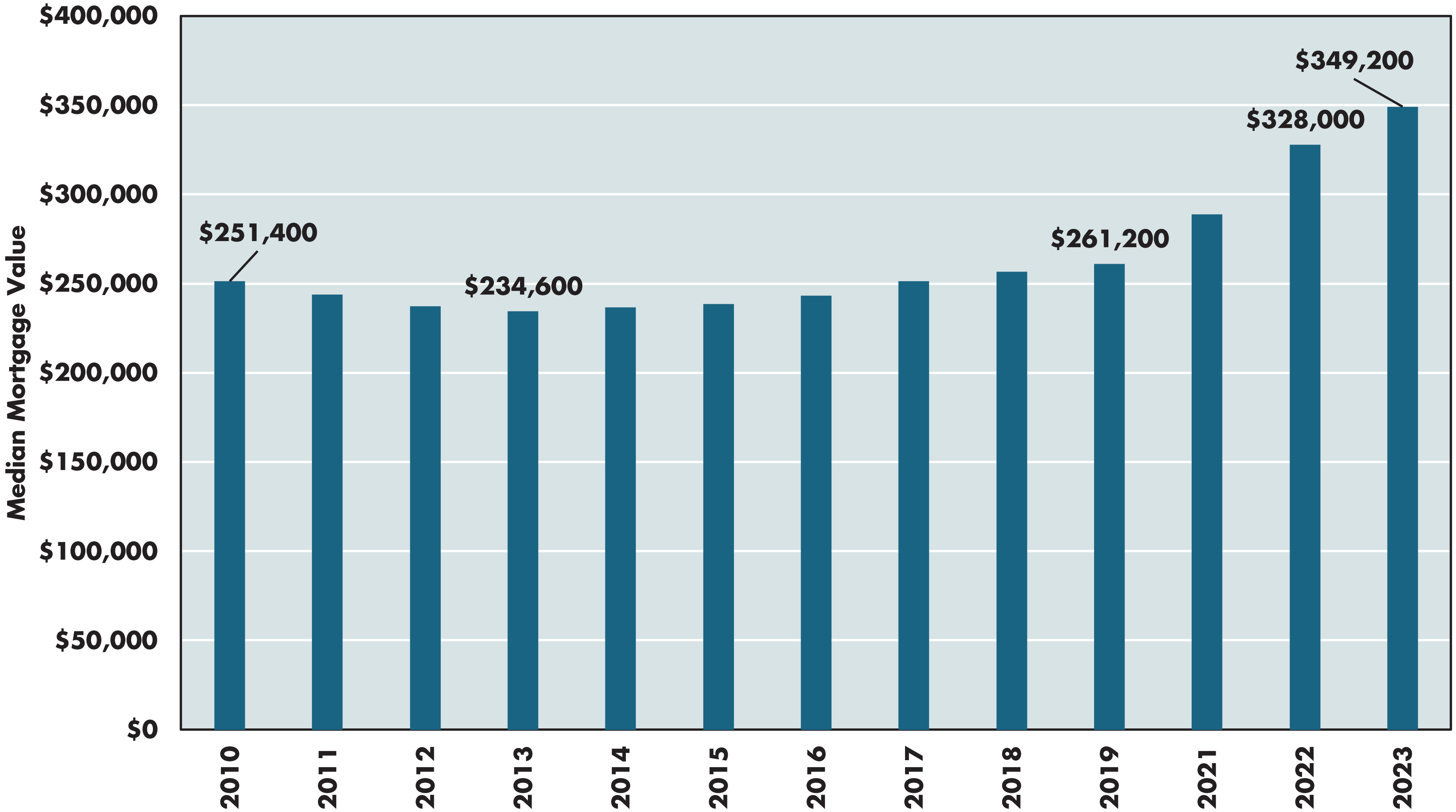
ZILLOW HOME VALUE INDEX (ZHVI) FOR SINGLE-FAMILY HOMES
HAMPTON ROADS, JANUARY 2000 – APRIL 2025



Source: Zillow (2025). The Zillow Home Value Index (ZHVI) is a measure of the typical home value in the 35th to 65th percentile range. Smoothed, seasonally adjusted data.

GRAPH 19

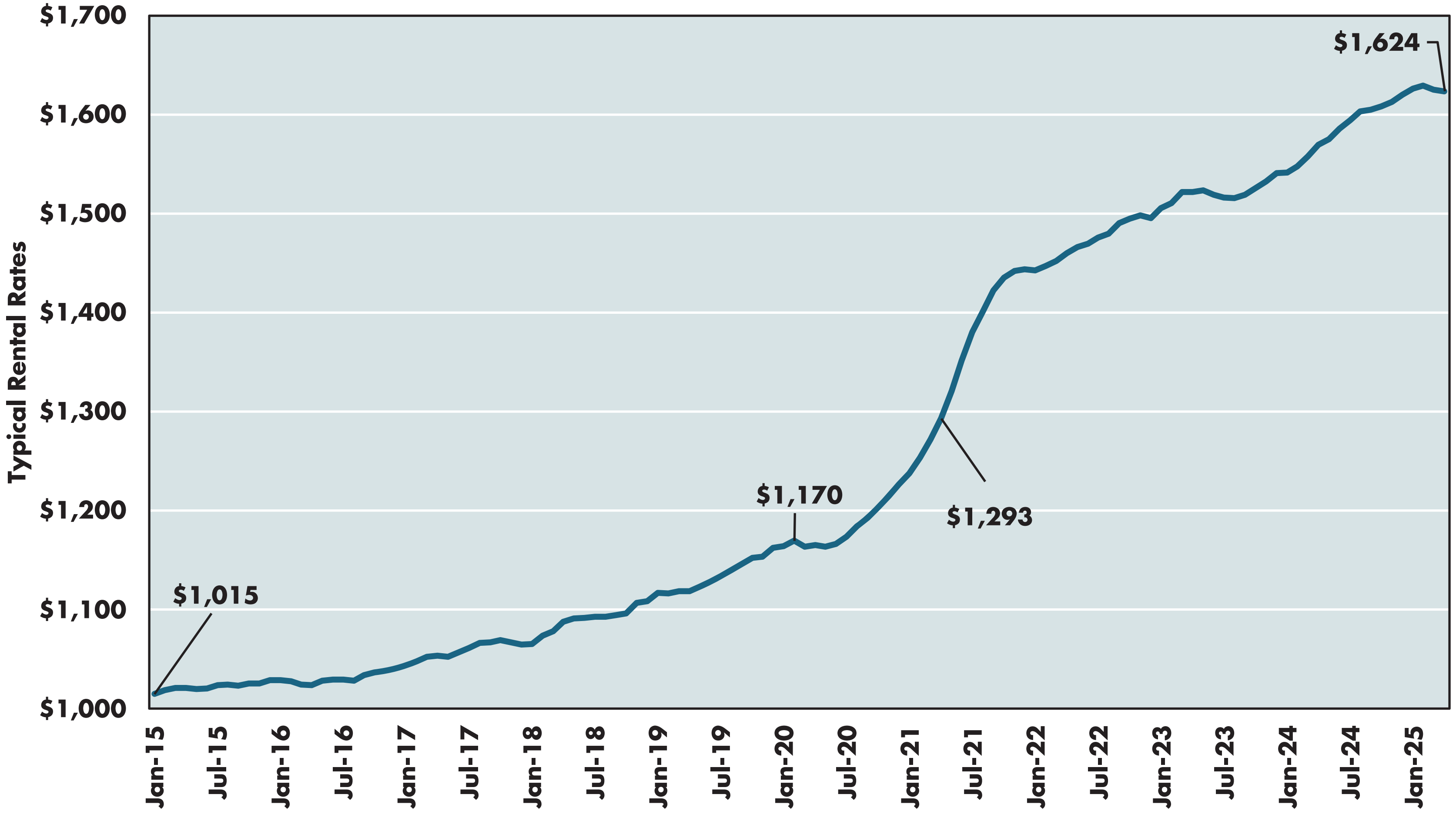
MEDIAN MORTGAGE VALUE FOR OWNER-OCCUPIED UNITS WITH A MORTGAGE
HAMPTON ROADS, 2010 – 2023*



Source: United States Census Bureau, American Community Survey 1-Year estimates, various years.
*2020 estimates are not available for metropolitan areas and are experimental for the state and nation. We exclude these experimental estimates from the graph and our discussion.

GRAPH 20

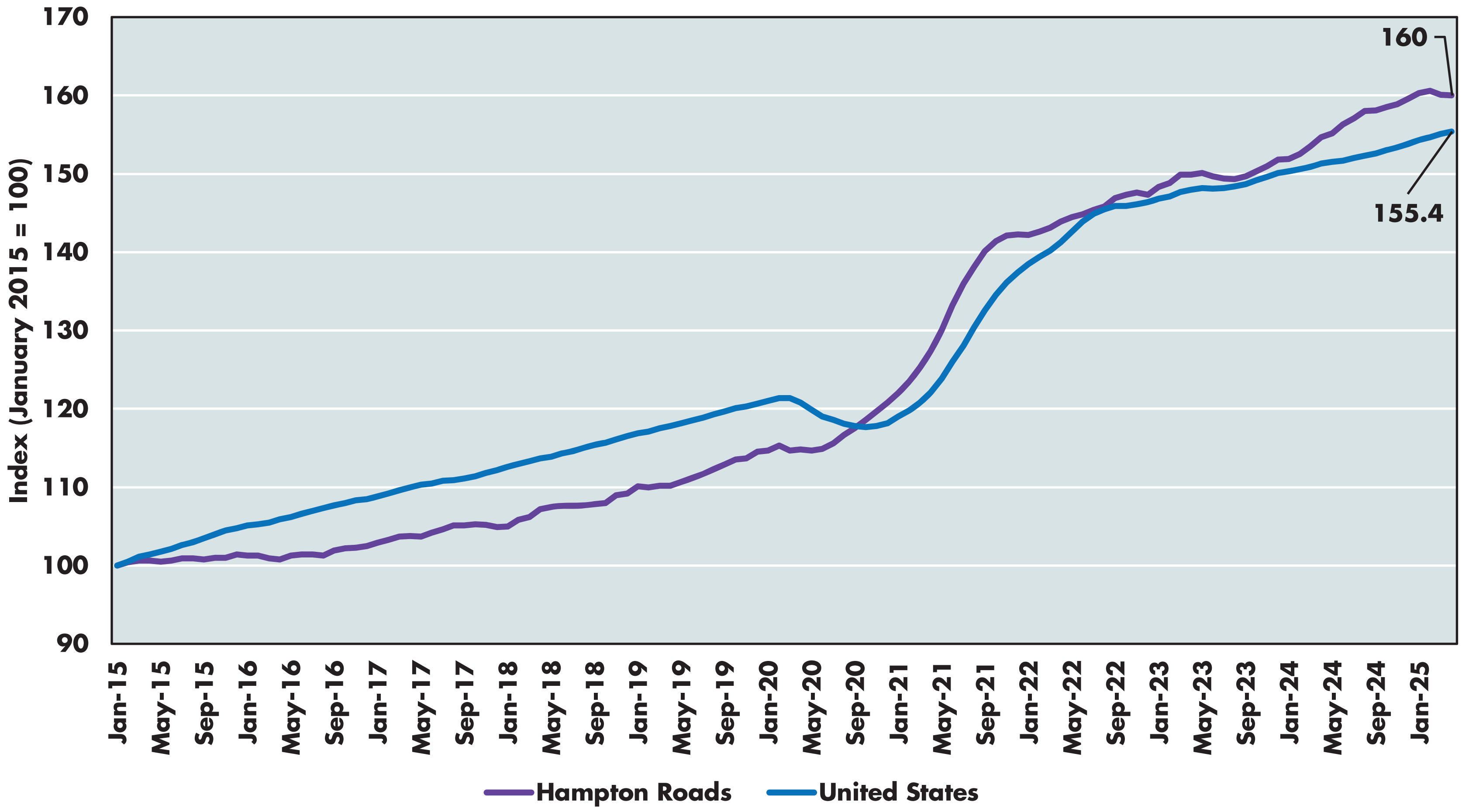
ZILLOW OBSERVED RENT INDEX (ZORI) FOR MULTIFAMILY RESIDENCES
HAMPTON ROADS, JANUARY 2015 – APRIL 2025



Source: Zillow (2025). The Zillow Observed Rent Index (ZORI) is a smoothed measure of the typical market rent and is constructed by computing mean listed rents in the 40th to 60th percentiles which is weighted to reflect rental housing stock. Smoothed, seasonally adjusted data.

GRAPH 21

INDEX OF ZILLOW OBSERVED RENT INDEX (ZORI) FOR MULTIFAMILY RESIDENCES HAMPTON ROADS AND THE UNITED STATES, JANUARY 2015 – APRIL 2025



Source: Zillow (2025). The Zillow Observed Rent Index (ZORI) is a smoothed measure of the typical market rent and is constructed by computing mean listed rents in the 40th to 60th percentiles which is weighted to reflect rental housing stock. Smoothed, seasonally adjusted data.

Final Thoughts

As we approach the end of 2025, we can step back and reflect on the performance of the Hampton Roads economy this decade. In 2024, the regional economy continued to move forward, with a record number of residents in the labor force and at work. Regional economic activity continued apace, wages rose, and the foundation for growth in 2025 was securely laid. In 2025, policy uncertainty moved to the forefront of economic discussions, yet, for now, it seems that Hampton Roads will grow in 2025, although at a slower pace than in recent years.

For now, projected increases in defense spending should be sufficient to offset uncertainty surrounding federal employment. Reductions to non-defense spending in Hampton Roads, however, will reduce growth in 2026 and beyond. The Port of Virginia continued to perform well in 2024 though it faced headwinds in 2025 due to ongoing changes to tariffs. There are broad expectations that the tariffs, if sustained, will lead to higher prices late in 2025 and into 2026 and likely reduced cargo volumes through the Port as well. How much of an impact will materialize is an open question.

If the uncertainties in 2025 have done anything, it has been to shine a stark light on the region's dependence on federal government spending and employment. For now, the region is likely to fare better than Northern Virginia, but, as we discuss in the next chapter, the fiscal path of the federal government is not sustainable. When bond yields remain high and federal spending is curtailed, defense spending, as the largest discretionary program, will be a target. We continue to warn of the need to broaden the base of the regional economy. In the worst-case scenario, diversification partially insulates the region to shifts in policy and spending in the halls of Congress or the White House. In the best case, diversification complements federal government spending and boosts growth and incomes. Yes, the work ahead is hard, but we should not shy away from the difficult task at hand.


AI

Defense, the Port, and Tourism: The Pillars of the Economy

DEFENSE, THE PORT, AND TOURISM: THE PILLARS OF THE ECONOMY

"People often say there is lots of uncertainty, but when was there ever certainty in the markets, the economy, or the future? I am just trying to understand the present."

Bill Miller, investor, fund manager, and philanthropist

The economy of the Virginia Beach – Chesapeake – Norfolk, VA-NC ("Hampton Roads") Metropolitan Statistical Area (MSA) has typically rested on three pillars: the Department of Defense (DoD), the Port of Virginia, and the hospitality and tourism industry. The DoD occupies a central role in the regional economy, employing tens of thousands of active-duty service members and federal civilian employees. The Port of Virginia fuels economic activity through the movement of cargo and creating employments for the residents across Hampton Roads and Virginia. The hospitality and tourism industry attracts millions of visitors annually and brought more than $1.1 billion in tourism revenue in 2024.

In 2024, defense dollars continued to flow into Hampton Roads and these flows will likely increase in 2025 and 2026. Increases in defense spending fuel the regional economy but it appears that the increase for every new defense dollar was less in 2024 than at the turn of the century. Given federal deficits are likely to approach $2 trillion in Fiscal Year (FY) 2026 and net interest on the debt will near $1 trillion annually, it is uncertain how long the defense budget can continue to increase at its current pace.

The Port of Virginia experienced growth in cargo traffic in 2024, with increases in imports and exports. The Port's competitiveness rose as well in 2024. However, higher tariffs and uncertainty about tariffs resulted in year-over-year declines in cargo traffic in the spring of 2025. If there is a modicum of good news, it is that the Port of Virginia is less dependent on trade with China, so its exposure has not been as significant as many ports on the west coast of the United States.

The hotel industry in Hampton Roads performed well in 2024. At the end of 2024, revenue growth in the hotel industry surpassed that of the Commonwealth or the nation. A decline in international tourism, however, may bite into the fortunes of this industry in 2025 and beyond.

In the next section, we will discuss the level of defense spending in the region and how it reverberates through the regional economy. We then turn to the Port of Virginia and evaluate its performance relative to other major ports on the East and West coasts of the United States. The succeeding section examines the hotel industry and how it has fared when compared to state and national markets. We then wrap up with final thoughts about the prospects for growth in 2025 and beyond.

Defense Spending Increases

Graph 1 displays Department of Defense (DoD) funding in nominal dollars from Fiscal Year (FY) 2000 to FY 2026, based on historical spending levels and the DoD's budget estimates for FY 2025 and FY 2026. The DoD's base budget represents funds appropriated for normal, peacetime operations and other operations that are anticipated during the regular budget process. The total budget includes base budget funding and supplemental funding for overseas contingency operations.

As shown in Graph 1, DoD total budget funding for FY 2024 was $909.6 billion, an increase of $9.2 billion from FY 2023. The total budget of $909.6 billion included $842.3 billion in discretionary or base budget funding and $67.3 billion in supplemental appropriations. In FY 2025, the DoD base budget increased to $848.3 billion while supplemental funding declined to $11.8 billion. Therefore, the total budget funding fell to $860.1 billion.

While DoD base budget funding is expected to remain flat at $848.3 billion in FY 26 according to DoD budget materials, the DoD also expected additional funds through the budget reconciliation process. The "One Big Beautiful Bill" contained approximately $150 billion for the DoD, to be obligated through FY 2029. The DoD planned in June 2025 to obligate more than $100 billion of these funds in FY 2026, although the appropriations process will determine the final amount of the DoD budget for FY 2026. If the DoD adheres to these plans, total DoD budget spending will jump to $961.6 billion in FY 2026. We note that the Office of Management and Budget (OMB) and DoD have not released estimates for defense outlays for the remainder of the decade, thus our discussion is limited to what is likely to occur through FY 2026.

Measured in 2017 dollars, Graph 2 shows that the real (inflation-adjusted) DoD total budget declined from $724.3 billion in FY 2023 to $652.5 billion in FY 2025. Similarly, DoD base budget funding fell from $689.7 billion in FY 2023 to $643.5 billion in FY 2025. Using DoD budget estimates for FY 2026, we note that the real value of the DoD base budget will continue to decline, falling to $624.8 billion.

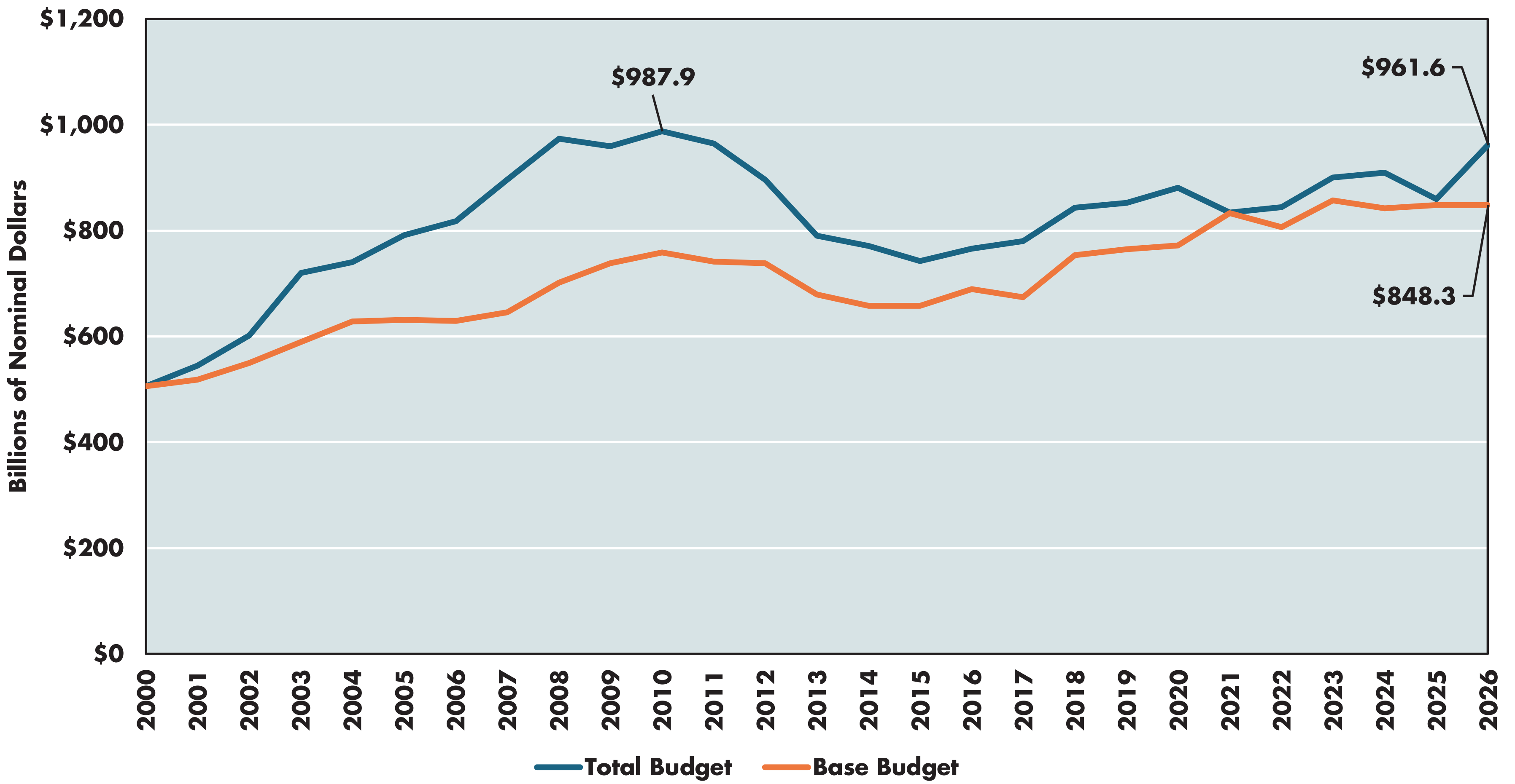
On the other hand, if the DoD receives and obligates the $110.3 billion in supplemental funding, the real value of its total budget will rise to $708.3 billion. However, the impact of inflation remains stark. Even with additional supplemental funds in FY 2026, the real total defense budget will not reach the levels observed in 2023. If weapons systems and personnel costs rise faster than the pace of inflation (which they have done in the past), then each new dollar appropriated will purchase even less in inflation-adjusted terms. Simply put, the purchasing power of the DoD continues to erode over time.

Graph 3 displays nominal DoD direct spending in Hampton Roads from 2000 to 2027. Nominal DoD direct spending almost doubled from 2000 ($10.0 billion) to 2012 ($19.8 billion). Following budget sequestration and caps on discretionary spending, DoD direct spending in Hampton Roads stagnated through 2017 and subsequently increased from $19.9 billion in 2017 to $28.6 billion in 2024. We project, assuming DoD receives the additional funding allocated through the reconciliation process, that DoD direct spending in Hampton Roads will rise to approximately $30.4 billion in 2027.

We caution, however, that these increases are only in the short term. If DoD spending priorities shift to the United States – Mexico border or research and development of a 'Golden Dome,' these changes may lead to a lower DoD direct spending level in the region. On the other hand, if there is an effort to address ship maintenance backlogs and increase the pace of the nation's shipbuilding, direct DoD spending in Hampton Roads could rise. Indications are that DoD spending on facilities and ships will rise in FY 2026, so there is good news on the horizon for Hampton Roads.

GRAPH 1

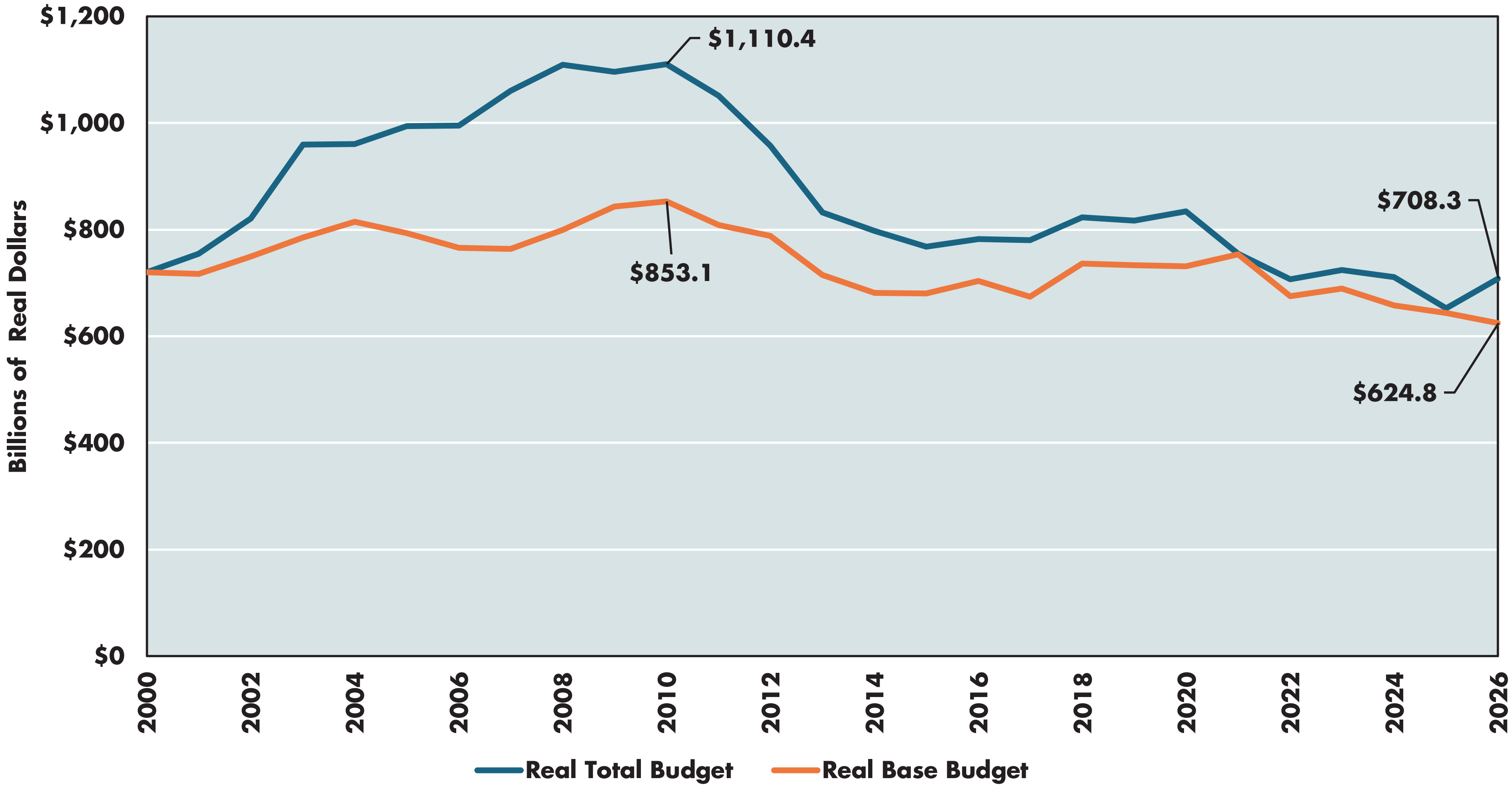
NOMINAL DEPARTMENT OF DEFENSE TOTAL AND BASE BUDGET FUNDING
UNITED STATES, FISCAL YEAR 2000 – FISCAL YEAR 2026



Sources: Congressional Budget Office (2024), Long-Term Implications of the 2025 Future Years Defense Program, FY 2026 Budget Briefing, Under Secretary of Defense (Comptroller), and Dragas Center for Economic Analysis and Policy. Possible funding over the Future Years Defense Program (FYDP) are DoD estimates. DoD's total budget includes base-budget funding and supplemental funding.

GRAPH 2

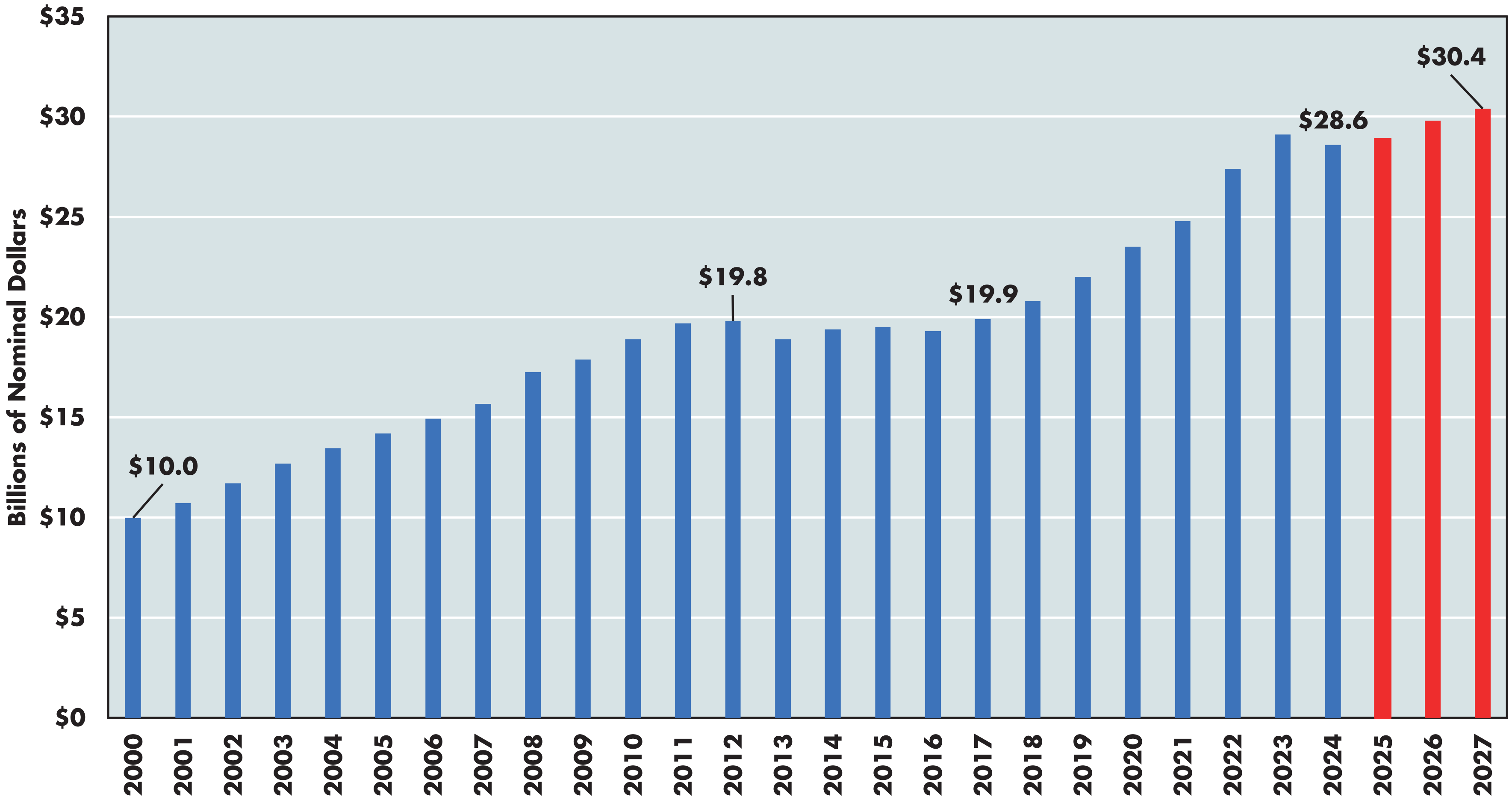
REAL DEPARTMENT OF DEFENSE TOTAL AND BASE BUDGET FUNDING
UNITED STATES, FISCAL YEAR 2000 – FISCAL YEAR 2026



Sources: Congressional Budget Office (2024), Long-Term Implications of the 2025 Future Years Defense Program (FYDP), FY 2026 Budget Briefing, Under Secretary of Defense (Comptroller), U.S. Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (Base Year = 2017), and Dragas Center for Economic Analysis and Policy. DoD's total budget includes base-budget funding and supplemental funding.

GRAPH 3

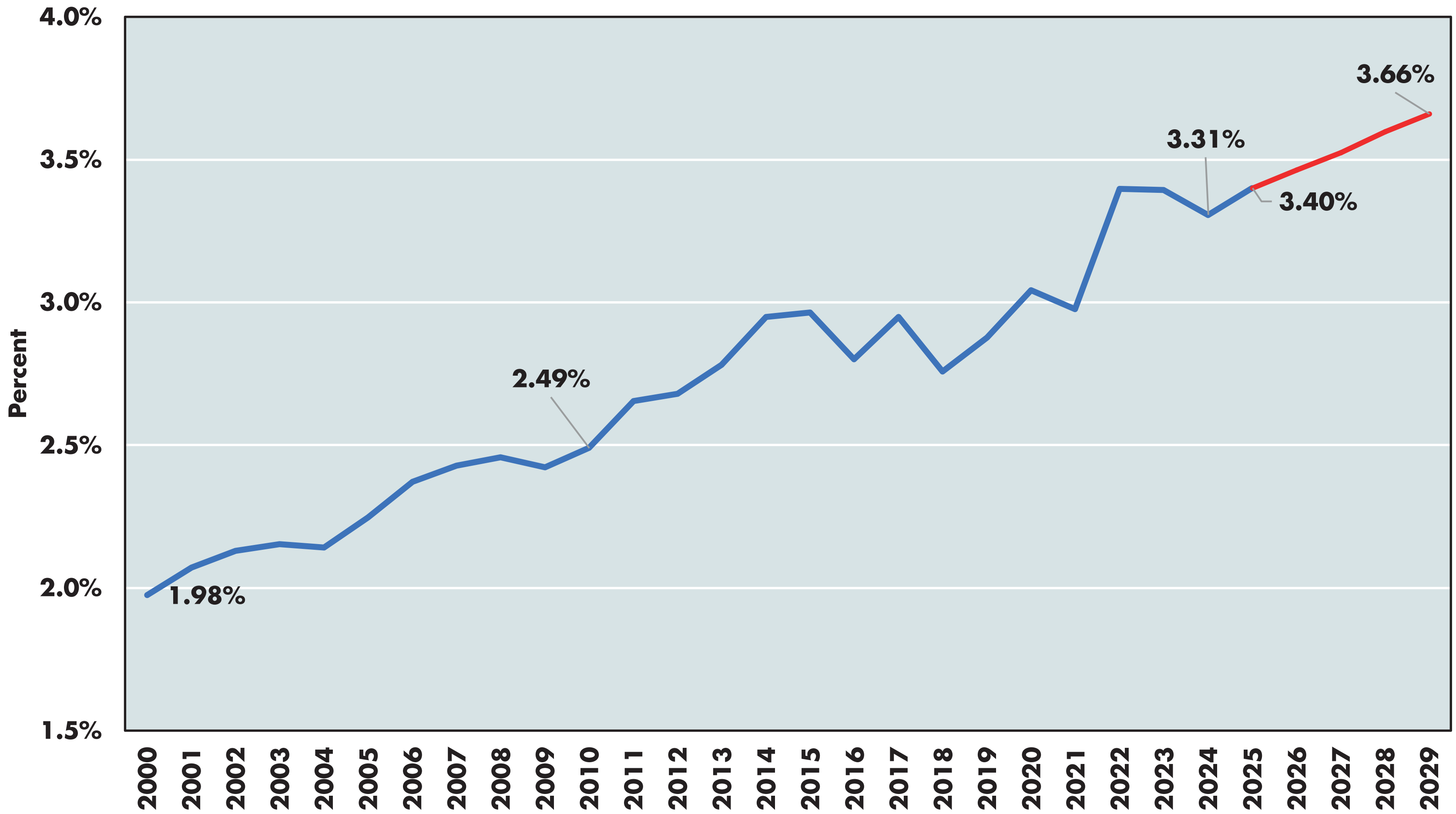
NOMINAL DEPARTMENT OF DEFENSE DIRECT SPENDING
HAMPTON ROADS, 2000 – 2027*



Sources: Congressional Budget Office (2024), Long-Term Implications of the 2025 Future Years Defense Program and Dragas Center for Economic Analysis and Policy.
*Possible funding over the FYDP are DoD estimates and are used to project direct DoD spending in Hampton Roads from 2025 to 2027.

GRAPH 4

PERCENTAGE OF DEPARTMENT OF DEFENSE BASE BUDGET SPENDING
HAMPTON ROADS, 2000 – 2029*



Sources: Congressional Budget Office (2025), Long-Term Implications of the 2025 Future Years Defense Program and Dragas Center for Economic Analysis and Policy.
*Possible funding over the FYDP are DoD estimates and are used to project direct DoD spending in Hampton Roads from 2025 to 2029.

The Port of Virginia

In 2008, general cargo traffic at the Port of Virginia reached a record of 17.8 million tons (Graph 5). Global trade volumes and traffic at the Port of Virginia declined in 2009 due to the impact of a synchronized global financial crisis (known in the United States as the Great Recession of 2007 – 2009). After falling to 14.9 million tons in 2009, traffic rebounded and had completely recovered by 2013 (18.8 million tons). In 2019, following the peak at 21.9 million tons, traffic dipped to 21.1 million tons in 2020 (-3.9%) due to the pandemic and then set records in 2021 (25.4 million tons) and 2022 (26.2 million tons). In 2023, however, general cargo traffic at the port declined by approximately 5.2% to 24.8 million tons before bouncing back to an all-time high in 2024 with 26.7 million tons or an increase of 7.5%. The Port of Virginia's performance in 2024 represents an astonishing 74.3% increase in cargo tonnage from a decade and a half ago in 2010.

Graph 6 displays the total number of Twenty-Foot Equivalent Container Units (TEUs) moved through the Port of Virginia from 2000 to 2024. In 2000, the port moved approximately 1.35 million TEUs. In 2007, TEU movement through the Port peaked at about 2.13 million before falling to 1.75 million in 2009. By 2012, total TEUs had recovered from the Great Recession and continued to grow, reaching 2.94 million in 2019. After falling slightly to 2.81 million (-4.2%) in 2020 due to the pandemic, total TEUs set records in 2021 (3.52 million) and 2022 (3.70 million). However, as consumers began to switch back their spending to services, TEU volume declined in 2023 to 3.29 million or a decrease of 11.2%. The port recovered from this decline in 2024, and the volume of TEUs increased to 3.52 million, an increase of 7.2% from 2023 but still 4.9% lower than the peak observed in 2022.

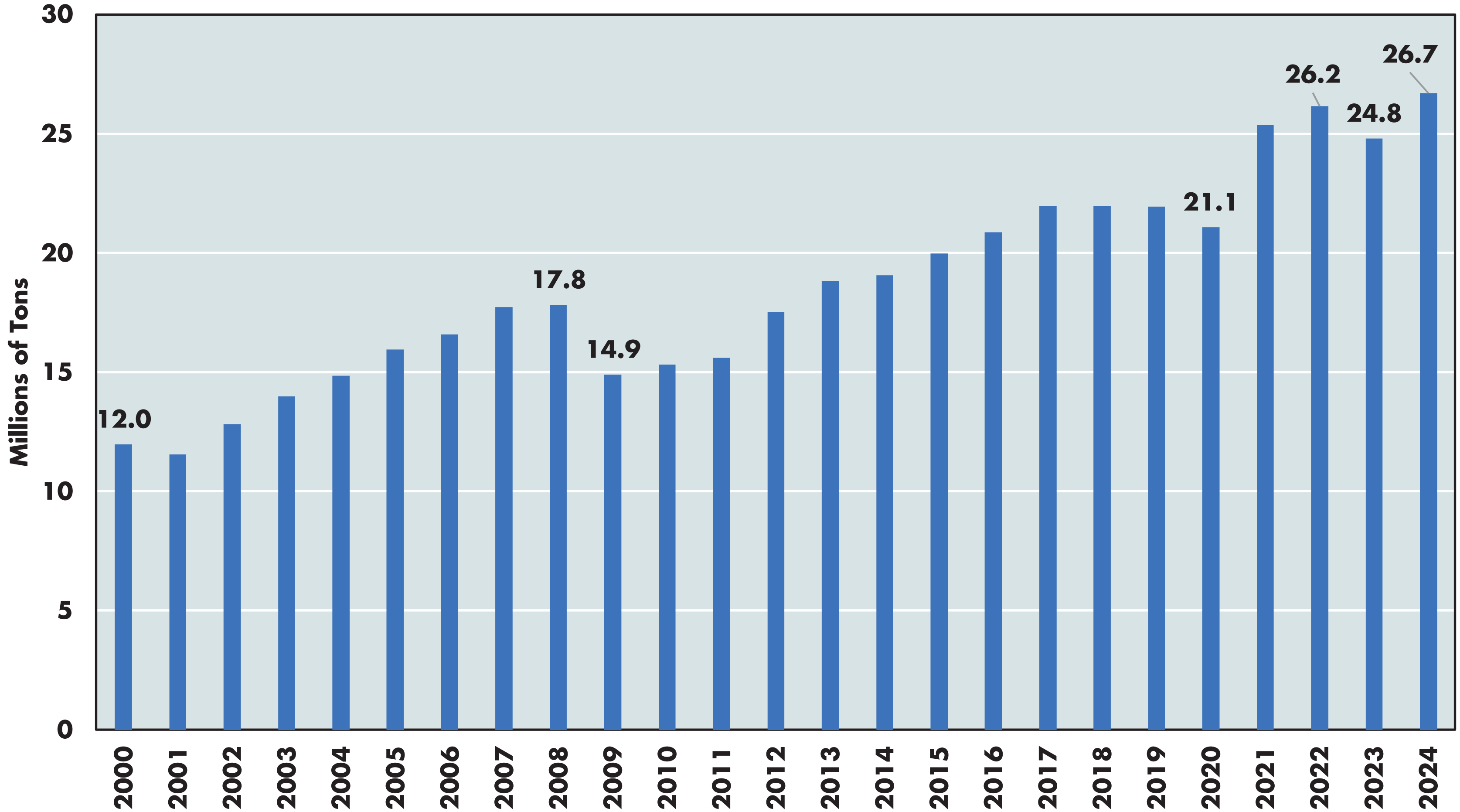
Graph 7 sheds light on the sources of TEUs growth in 2024 by illustrating trends in inbound and outbound loaded containers from 2010 through 2024. Prior to 2015, the volume of inbound and outbound loaded TEUs remained relatively balanced. However, between 2015 and 2022, inbound loaded TEUs surged by 59.7%, from 1.08 million to 1.73 million, while outbound loaded TEUs saw only a modest 7.8% increase, rising from 1.00 million to 1.08 million. In 2023, inbound loaded TEUs declined to 1.53 million, while outbound loaded TEUs edged up slightly to 1.10 million. Compared to 2022, this is a decrease of 11.7% inbound and a slight increase of 2.4% outbound. In other words, the decline in total TEUs, observed in Graph 6, was majorly driven by a decline in empty TEU traffic reflected in a fall in loaded inbound TEUs. The trend reversed in 2024, with inbound loaded TEUs increasing by 6.6% to 1.63 million and outbound loaded TEUs also rising by 3.4% to 1.14 million. These gains at the Port of Virginia indicate that the overall growth in TEU volume during 2024 was supported by both increased exports and imports.

While we cannot argue that total cargo traffic and total TEU traffic declined in 2023 at the port, there is an additional observation to be made: the Port of Virginia outperformed most other major ports across the United States. Graph 8 displays the percent change in total loaded TEUs from 2022 to 2023. While total TEU traffic declined by 6.3% from 2022 to 2023 for the Port of Virginia, this decline was less than Los Angeles (-7.0%), Savannah (-11.5%), and New York/ New Jersey (-13.6%), among others. We note that Charleston experienced a similar decline (-6.1%) while Houston (-0.3%) appears to have weathered the decline in TEUs.

The decreases in loaded cargo in 2023 were followed by an increase in loaded cargo traffic in 2024, not only at the port of Virginia but also at almost all other major ports in the United States. Therefore, it is much more meaningful to compare the 2024 performance of ports to their performance in 2022 instead of 2023. Graph 9 compares the percent change in total loaded TEUs across major United States ports from 2022 to 2024. The data clearly show regional divide with West Coast ports rebounding strongly, led by Los Angeles (11.2%), followed closely by Houston (10.4%), Seattle/Tacoma (6.2%), and Long Beach with 2.8%. In contrast, East Coast ports had not fully recovered from their losses in 2023, with Charleston posting the sharpest drop (–7.2%), followed by New York/New Jersey (–5.1%), Savannah (–2.5%), and the Port of Virginia with only (–1.4%). These shifts suggest a rebalancing of shipping routes, possibly driven by easing congestion on the West Coast, and changing trade patterns in the post-pandemic period.

GRAPH 5

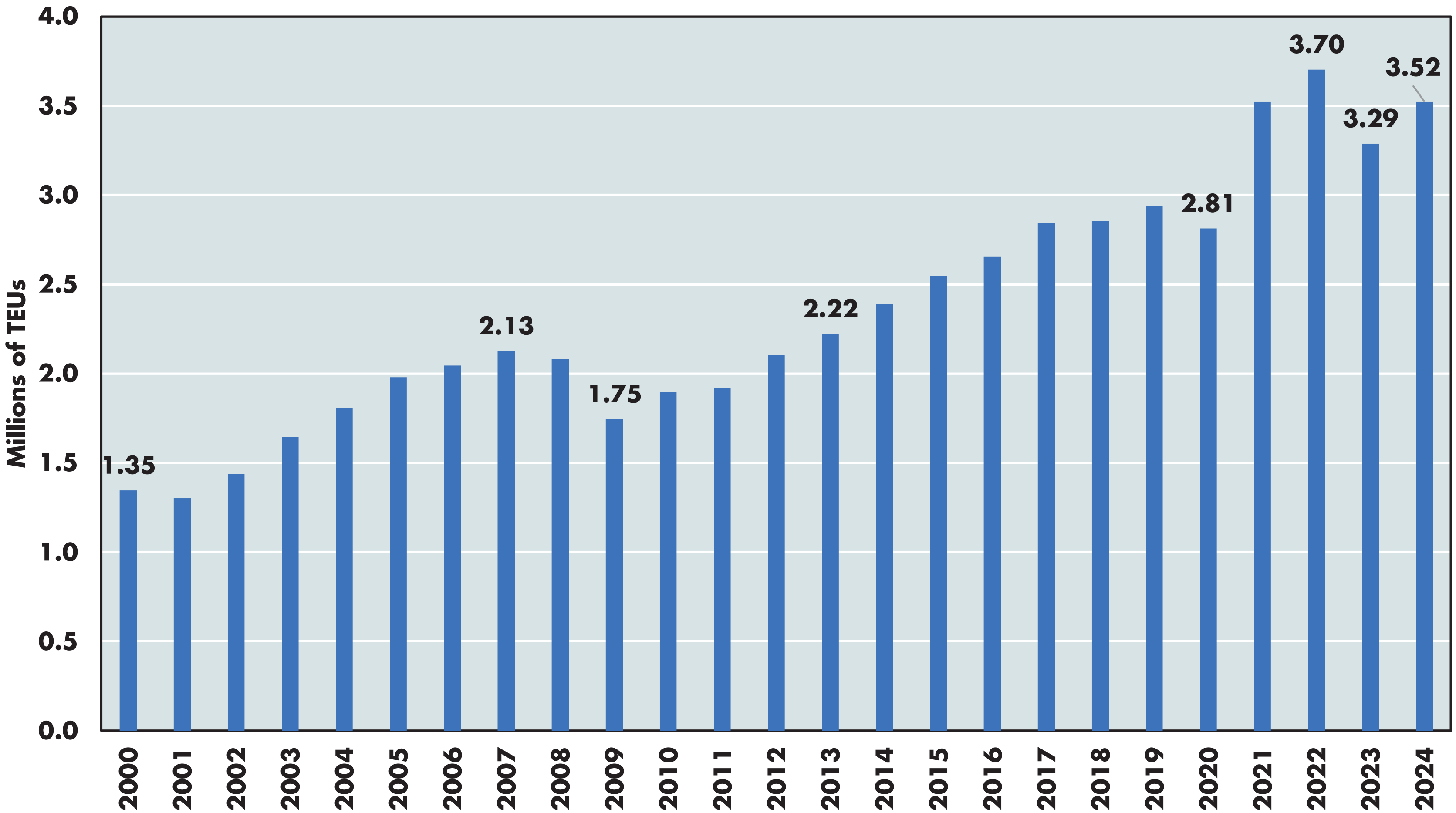
GENERAL CARGO TONNAGE
PORT OF VIRGINIA, 2000 – 2024



Sources: Virginia Port Authority (2025) and the Dragas Center for Economic Analysis and Policy.

GRAPH 6

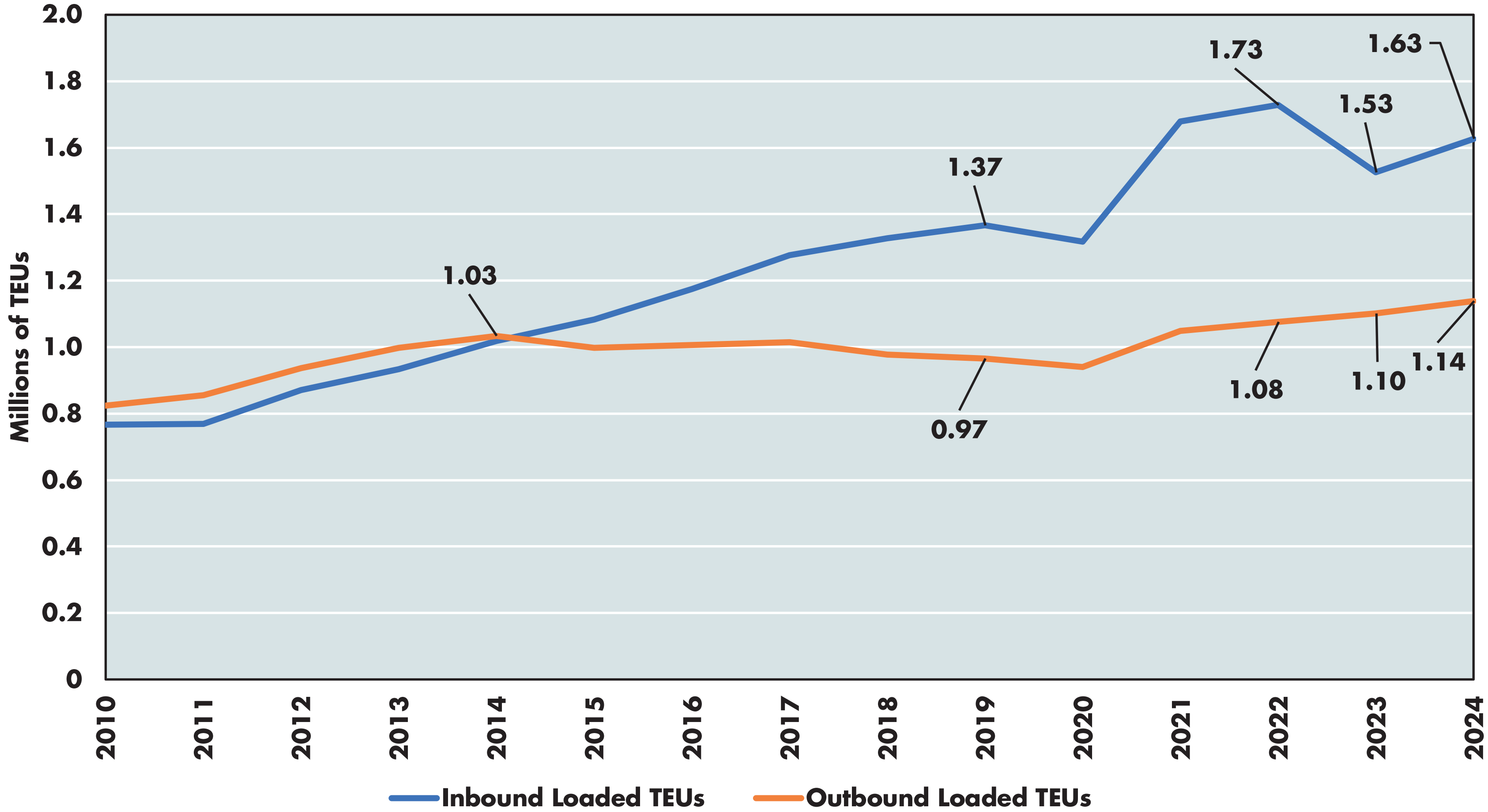
TWENTY-FOOT EQUIVALENT CONTAINER UNITS (TEUS)
PORT OF VIRGINIA, 2000 – 2024



Sources: Virginia Port Authority (2025) and the Dragas Center for Economic Analysis and Policy.

GRAPH 7

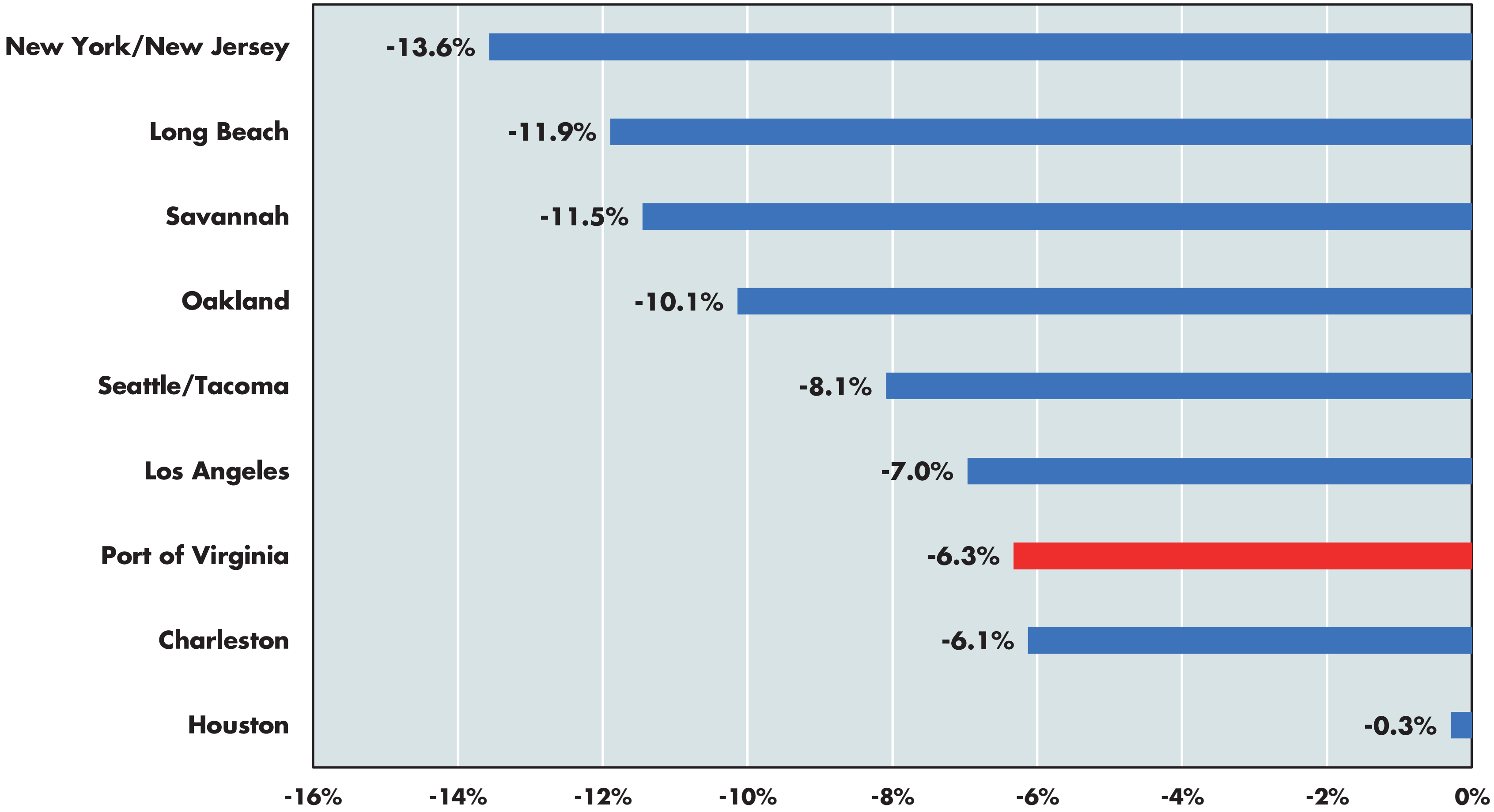
LOADED TWENTY-FOOT EQUIVALENT CONTAINER UNITS (TEUS)
PORT OF VIRGINIA, 2010 – 2024



Sources: Virginia Port Authority (2025) and the Dragas Center for Economic Analysis and Policy.

GRAPH 8

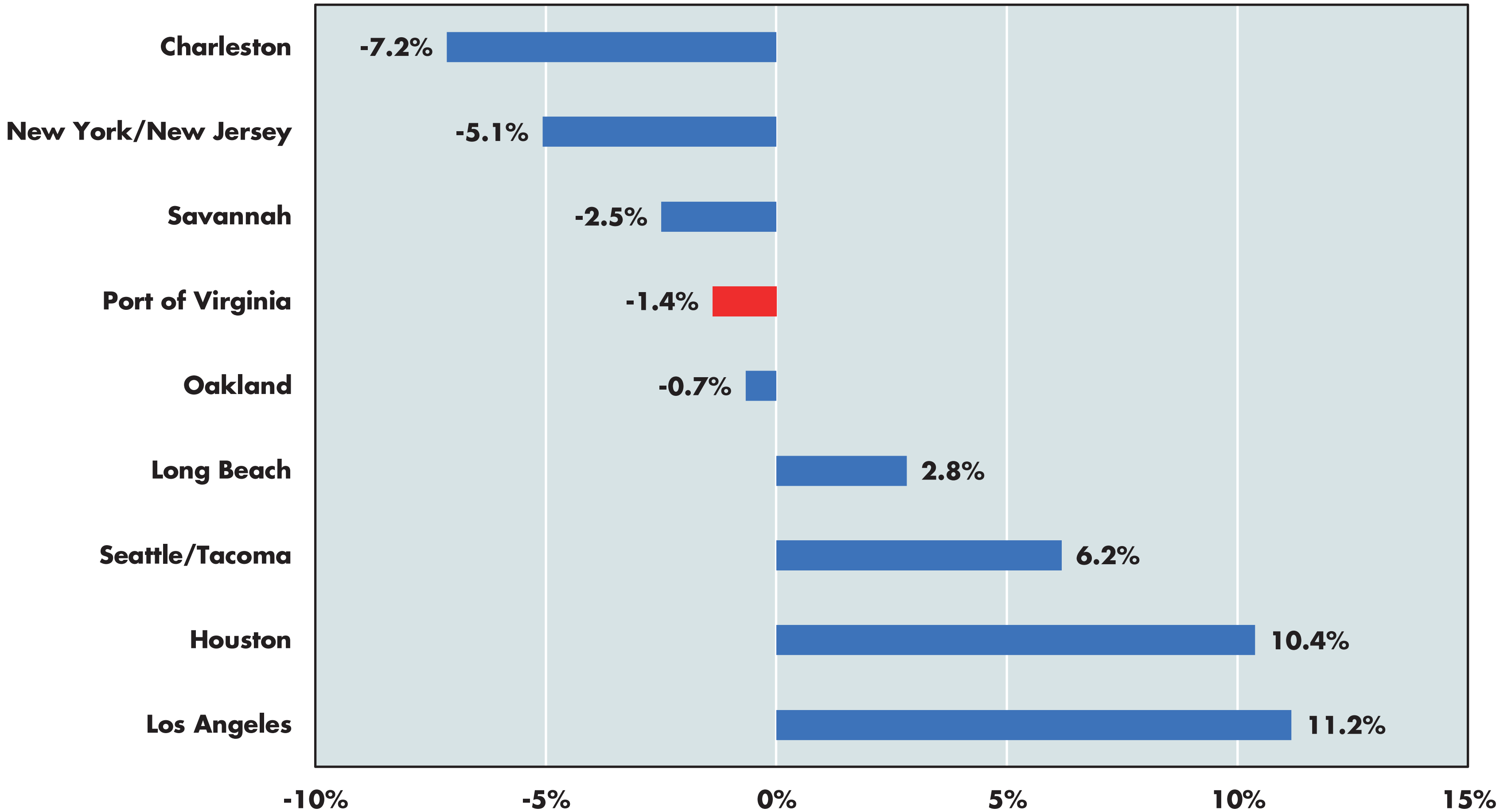
PERCENT CHANGE IN TOTAL LOADED TEUS
SELECTED MAJOR PORTS IN THE UNITED STATES, 2022 – 2023



Sources: Port websites (2025) and the Dragas Center for Economic Analysis and Policy.

GRAPH 9

PERCENT CHANGE IN TOTAL LOADED TEUS
SELECTED MAJOR PORTS IN THE UNITED STATES, 2022 – 2024



Sources: Port websites (2025) and the Dragas Center for Economic Analysis and Policy.

The resurgence of West Coast ports' performance relative to the East Coast ports is also evident in Graph 10 which displays the change in inbound loaded TEUs from 2022 to 2024. The ports of Long Beach and Los Angeles led the gains on the West Coast with 8.5% and 7.7% increases, respectively, probably signaling that cargo once diverted due to pandemic-related causes is returning. The Port of Seattle/Tacoma experienced an increase of 2.4%, while the Port of Houston saw a modest gain of 0.9%. On the East Coast, the Port of Charleston's inbound loaded TEUs decreased by -9.9%, followed by the Port of New York/New Jersey (-7.6%), and the Port of Virginia (- 5.9%). Among the major East Coast ports, Savannah observed the smallest decline of only 4.6%. While the West Coast ports' inbound loaded TEUs performance highlights their role as the primary gateway for U.S. imports from Asia, the Port of Virginia outperformed most other ports on the East Coast.

Graph 11 maps the performance of the ports related to outbound loaded TEUs from 2022 to 2024. Apart from the Port of Long Beach experiencing a drop of 14.7%, West Coast Ports saw an increase in number of outbound loaded TEUs. The Los Angeles and Houston ports led the performance with a notable growth of 25.9% and 24.7%, respectively, while the Port of Seattle/Tacoma posted a solid two-digit growth of 14.7%. On the East Coast, most of the major ports experienced growth with the Port of Virginia leading the performance with 5.8% increase, followed by New York/New Jersey at 4.3%, Savannah at 2.1%, and Oakland at 2.0%. In contrast, Charleston experienced a decline of 1.5%.

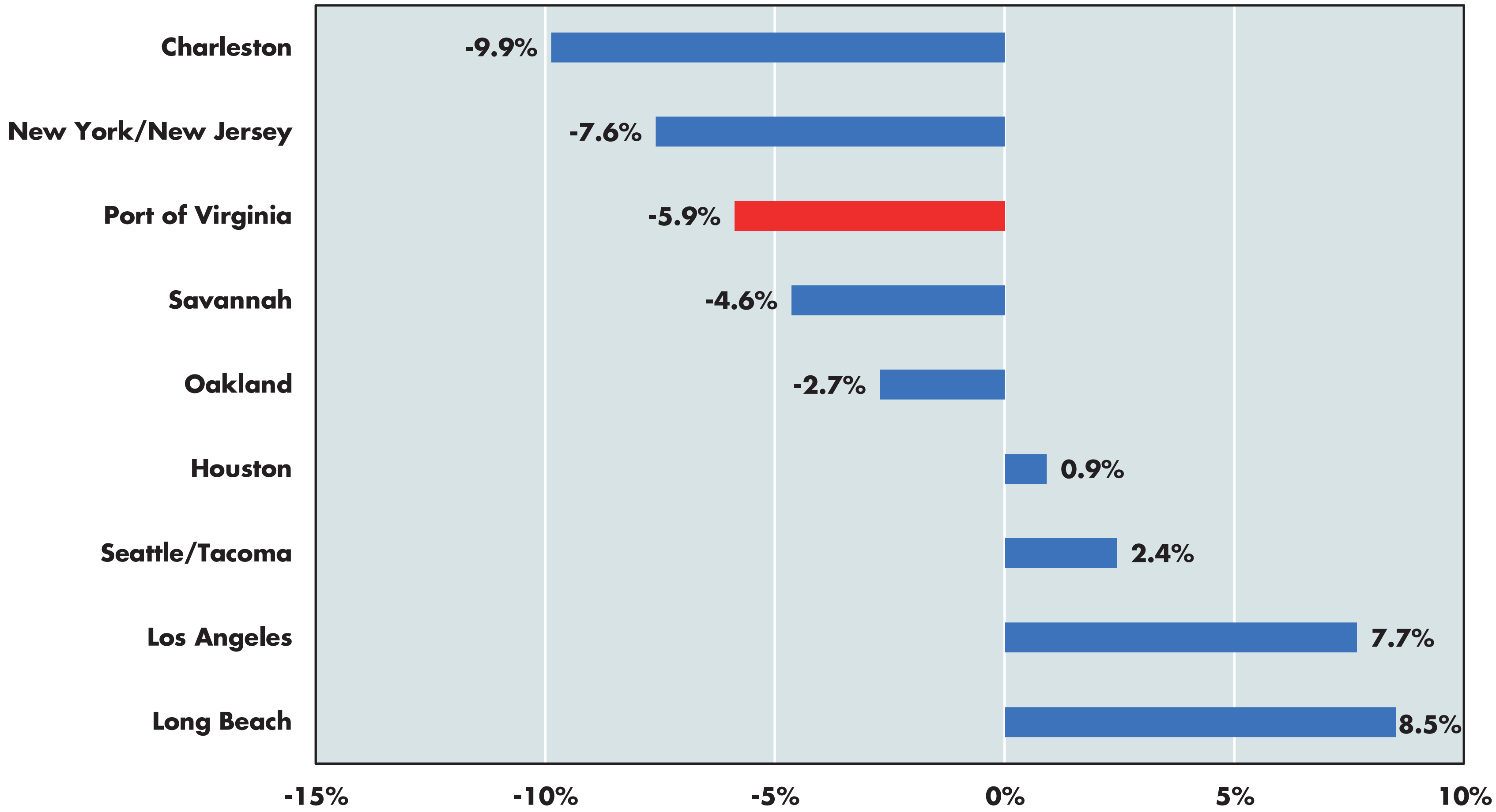
Graph 12 shows that between 2019 and 2024, the total loaded TEUs increased across most major U.S. ports, except Seattle/Tacoma and Oakland, reflecting both a recovery from the COVID-19 pandemic disruptions and increased trade. The Port of Houston led the nation with a remarkable 40% growth, followed by the Port of Virginia with a 19% growth in total loaded TEUs. Long Beach, Savannah, and New York /New Jersey followed closely with 14%, 12%, and 11% growth, respectively. Overall, the post-pandemic performance of the Port of Virginia demonstrates that strategic investments in infrastructure, increased shipping services, and improved inland connectivity are starting to bear fruit for both the Port and the Hampton Roads region.

Graph 13 displays the share of total loaded TEUs for four major East Coast ports from 2006 through 2024. After peaking at 18.3% of total loaded TEU traffic in 2013, the Port of Virginia's market share declined to a low of 16.1% in 2020. In other words, while total loaded TEU traffic increased during this period, it also grew faster for the Port of Savannah and the Port of Charleston (and slower for New York/New Jersey). Since 2020, the Port of Virginia's share of total loaded TEUs has increased, climbing to 18.1% in 2024. It would appear that these increases in the share of total loaded TEUs are persistent, and this bodes well for the competitiveness of the Port of Virginia in 2024 and beyond.

In 2023 cargo traffic declined from its peak in 2022 due to a decline in consumer and producer demand for imports. In 2024 the Port of Virginia experienced a partial recovery in TEU traffic, and continued to outperform many of its peers. This has led to gains in market share relative to its competitors on the Eastern Seaboard. These indicators suggest that investments made over the last decade have borne fruit, and the port is well positioned for expansion in the future. However, as we have noted in previous reports, the port is also dependent on actions outside its gates. It is time for the Commonwealth to move forward with the construction of I-87, which would connect Hampton Roads and the Raleigh-Durham metro areas. These other infrastructure improvements would not only benefit the Port but also boost the broader regional economy.

GRAPH 10

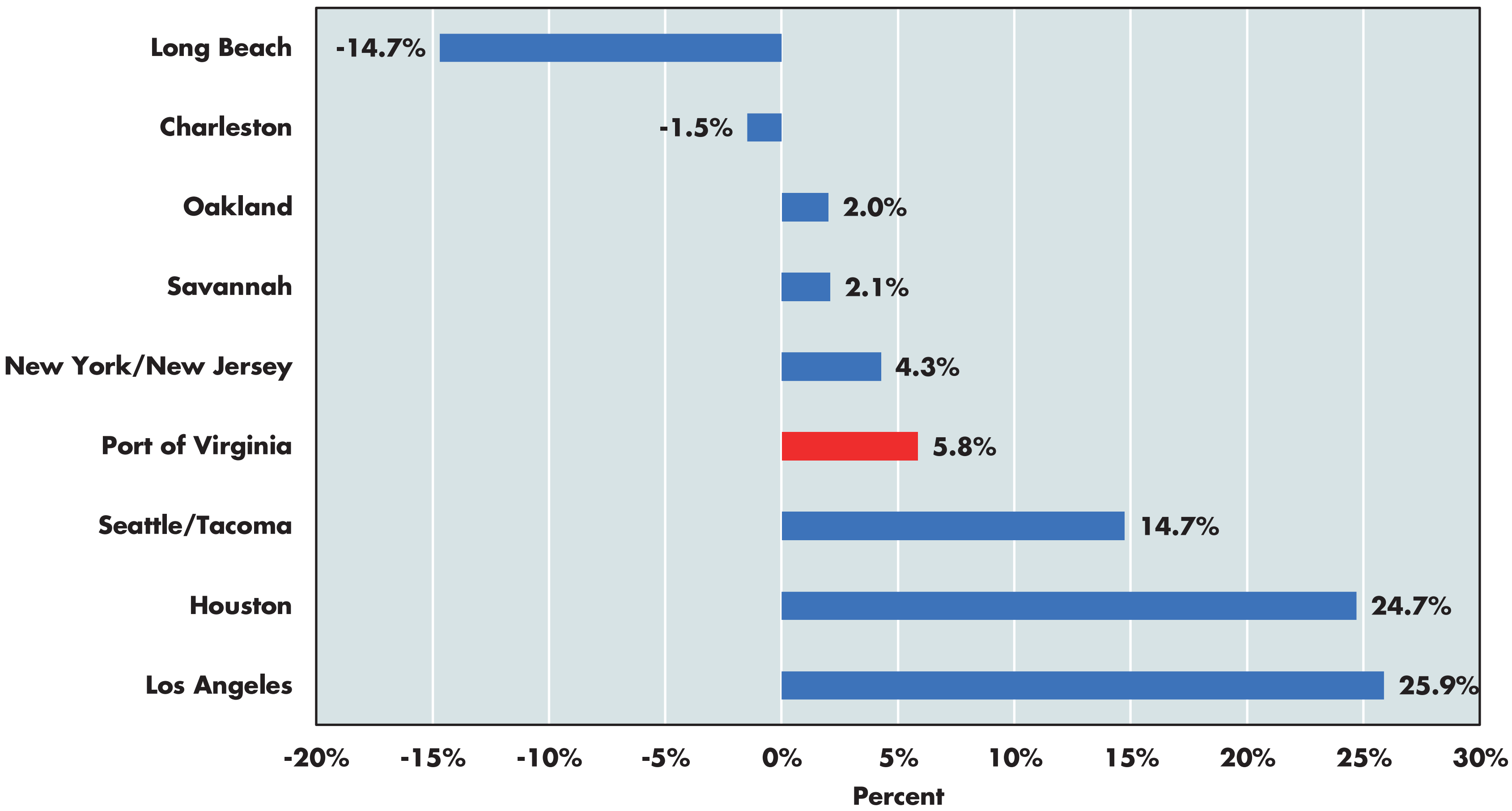
PERCENT CHANGE IN INBOUND LOADED TEUS
SELECTED MAJOR PORTS IN THE UNITED STATES, 2022 – 2024



Sources: Port websites (2025) and the Dragas Center for Economic Analysis and Policy.

GRAPH 11

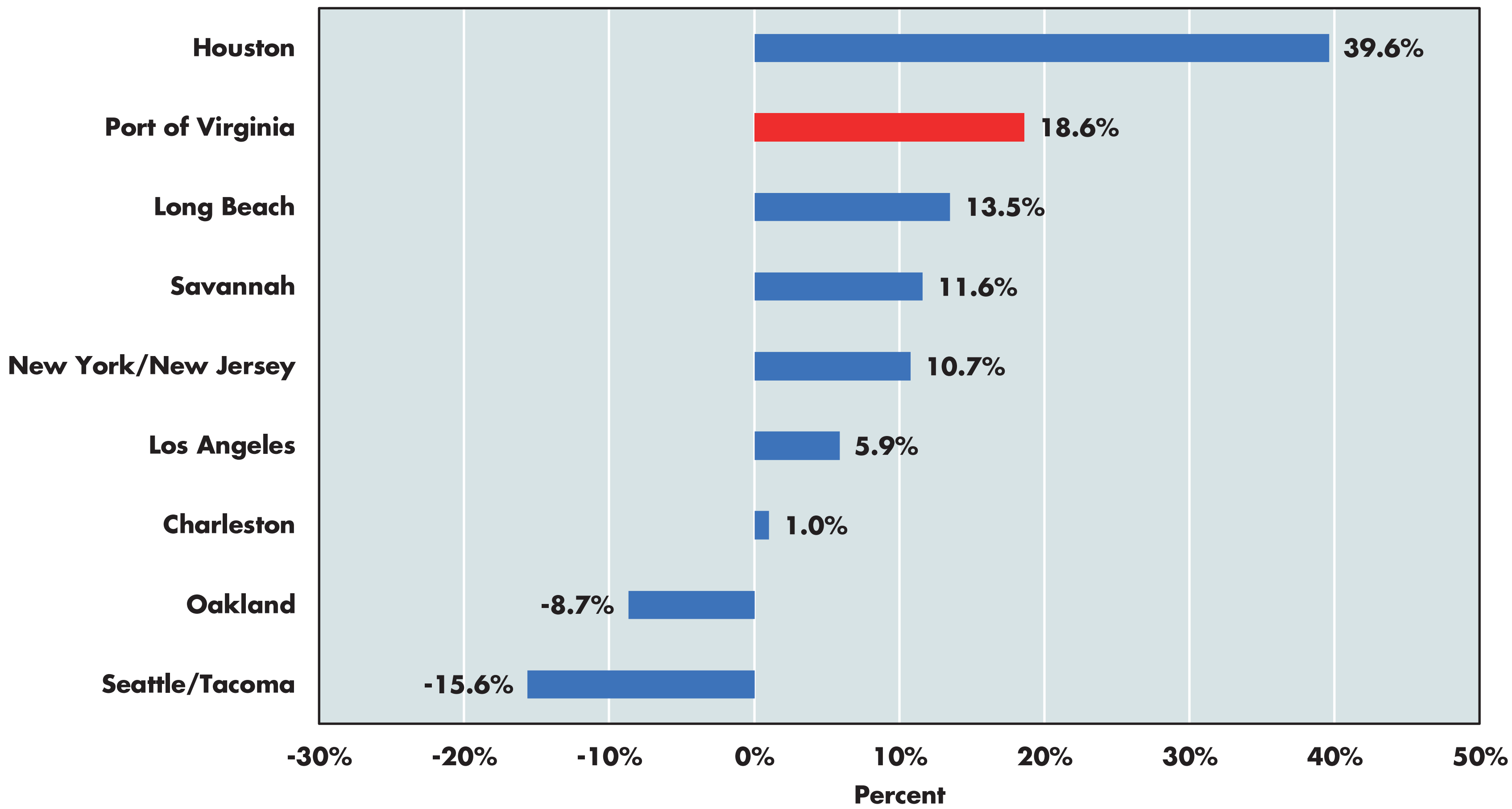
PERCENT CHANGE IN OUTBOUND LOADED TEUS
SELECTED MAJOR PORTS IN THE UNITED STATES, 2022 – 2024



Sources: Port websites (2025) and the Dragas Center for Economic Analysis and Policy.

GRAPH 12

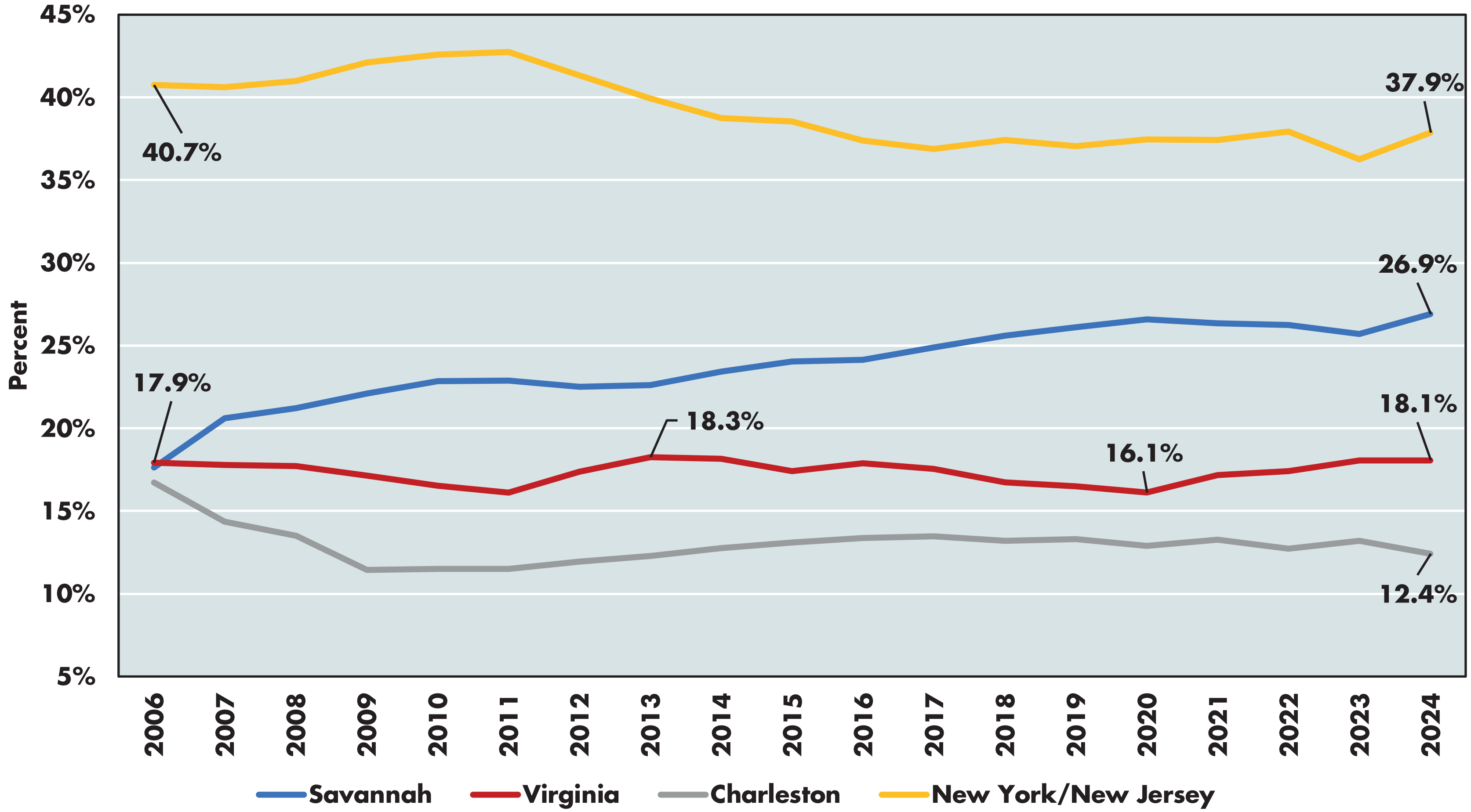
PERCENT CHANGE IN TOTAL LOADED TEUS
SELECTED MAJOR PORTS IN THE UNITED STATES, 2019 – 2024



Sources: Port websites (2025) and the Dragas Center for Economic Analysis and Policy.

GRAPH 13

SHARE OF TOTAL LOADED TEUs
SELECTED EAST COAST PORTS, 2006 – 2024



Sources: American Association of Port Authorities, port websites (2025) and the Dragas Center for Economic Analysis and Policy. Market shares are based on loaded TEUs for Baltimore, Boston, Charleston, Virginia, New York/New Jersey and Savannah.

The Hotel Industry: Good News Continues

The hotel industry represents the third pillar in our analysis of Hampton Roads' economic performance in 2024. The industry is a fundamental component of the region's broader travel and tourism sector. It not only generates significant employment and tax revenues for the region but also serves as a reliable indicator of visitor activity, corporate travel trends, and seasonal tourism flows. Unlike many tourism metrics that rely on lagged or survey-based data, the hotel industry performance is assessed using indicators that offer timely insights into the regional hotel industry dynamics in Hampton Roads.

The data for the hotel industry are based on available rooms, room nights sold, and the rate at which rooms were sold. Since the demand for hotel rooms in Hampton Roads is tightly correlated with how many tourists (and business visitors) visit the region, the health of the hotel industry is a key indicator of the health of the travel and tourism pillar. Graph 14 illustrates the average annual supply of hotel rooms in Hampton Roads from 2000 to 2024. The number of hotel rooms in the region increased by 121 rooms from 2023 to 2024, yet remained at about 1,834 rooms below the peak observed in 2010. The year 2024 represented the fourth consecutive year of expanding room supply in the Hampton Roads hotel industry, with more than 1,800 rooms added since 2020. This is a signal that investment money continues to pour in and that investors are optimistic about the future of the hotel industry in the area.

While there were about 4.8% fewer hotel rooms in 2023 than 2010, this did not mean that the demand for rooms was weakened. Graph 15 displays the average number of hotel rooms sold in Hampton Roads from 2000 to 2024. Post-COVID demand for hotel rooms since 2021 has remained above the previous peak observed in 2019. In other words, despite inflationary pressure and increased labor costs,[1] the Hampton Roads hotel industry demonstrated resilience since 2022 by being able to sell more rooms compared to the pre-pandemic peak in 2019. This is another significant sign that the Hampton Roads region continues to be a prime destination for travelers, especially with the uptick in 'bleisure' (a blend of business and leisure travel), a trend that has been gaining popularity over the last few years.[2]

Graph 16 displays nominal and real (inflation-adjusted) hotel revenues for Hampton Roads from 2000 to 2024. At first glance, it would appear that 2024 was a record year, with nominal hotel revenues exceeding $1.125 billion dollars. However, we must account for the impact of inflation and turn our discussion to real revenues. After the 37.0% decline in real revenues in 2020, hoteliers enjoyed a 64.1% increase in real revenues in 2021, surpassing the levels achieved in 2019. Real revenues increased by only 0.9% in 2022, fell by 1.1% in 2023, then by another 2.6% in 2024. The small increase in rooms sold since 2022 means that hoteliers' pricing power waned relative to 2022, which, in turn, indicates that they could not increase room rates sufficiently to account for inflation.

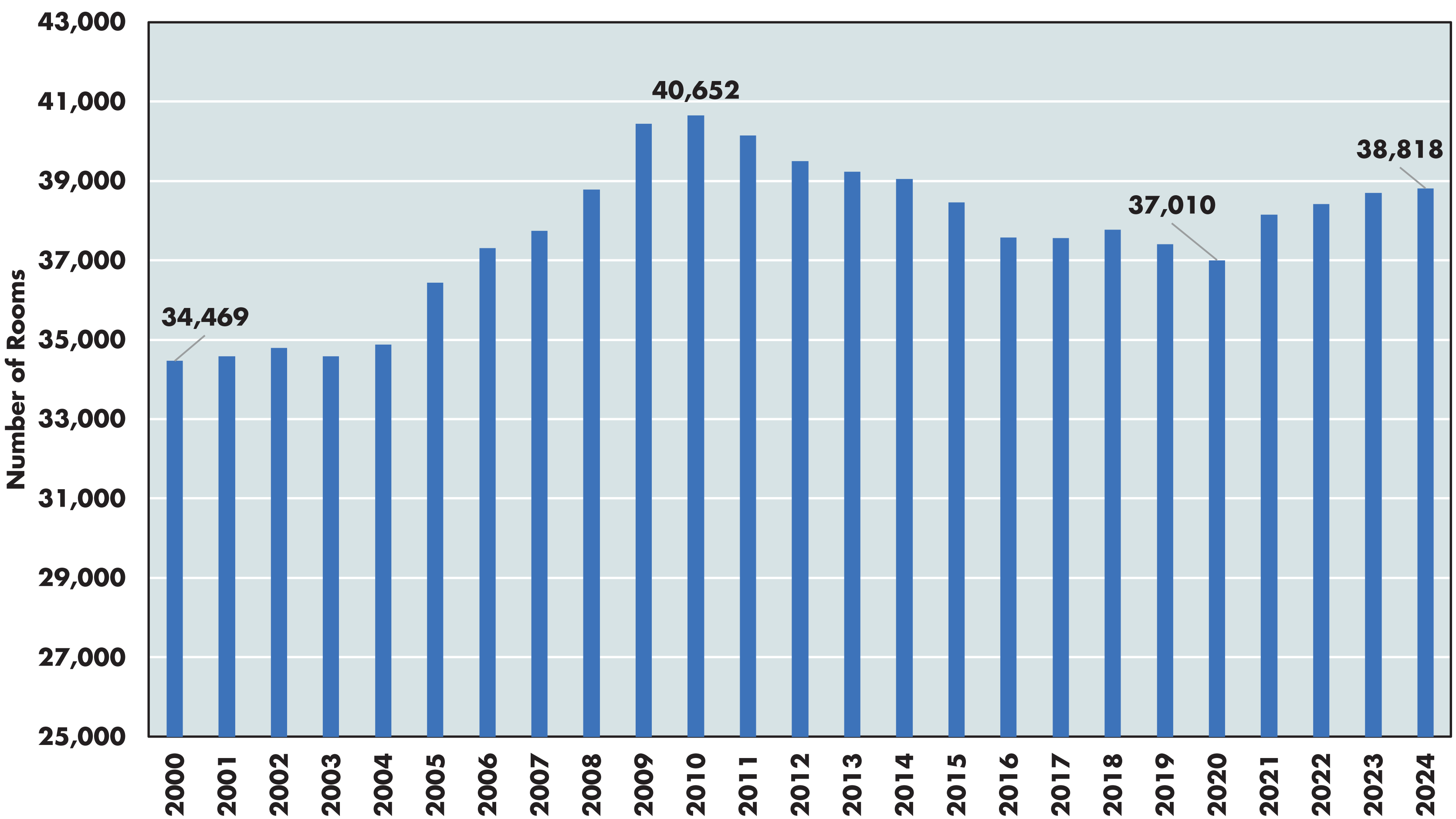
To assess whether the hotel industry is experiencing growth or contraction, we need to use a comprehensive performance metric known as Revenue per Available Room (RevPAR). This industry-standard measure is calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate, or alternatively, by dividing total room revenue by the number of available rooms over a given period.

An increase in RevPAR signifies improved hotel performance. This can occur either because more rooms are being sold (higher occupancy), room rates have increased, or a combination of both, provided that the supply of rooms remains stable. On the other hand, RevPAR can still decrease even when total revenue rises if the supply of rooms grows at a faster pace than demand. This is particularly relevant in markets undergoing rapid expansion or new hotel construction, where the influx of new rooms can dilute per-room revenue performance. For business leaders, investors, and policymakers, tracking RevPAR provides thorough insight into the performance of the hotel industry and helps guide strategic decisions about pricing, expansion, and resource allocation.

1 In 2024 labor costs per available room (LPAR) were up 11%. https://str.com/data-insights-blog/hotel-fb-driving-labor-cost-growth-2024
2 The 'bleisure' travel market size has grown strongly in recent years. It will grow from $430.86 billion in 2024 to $472.31 billion in 2025 at a compound annual growth rate (CAGR) of 9.6%. https://www.thebusinessresearchcompany.com/report/bleisure-travel-global-market-report

GRAPH 14

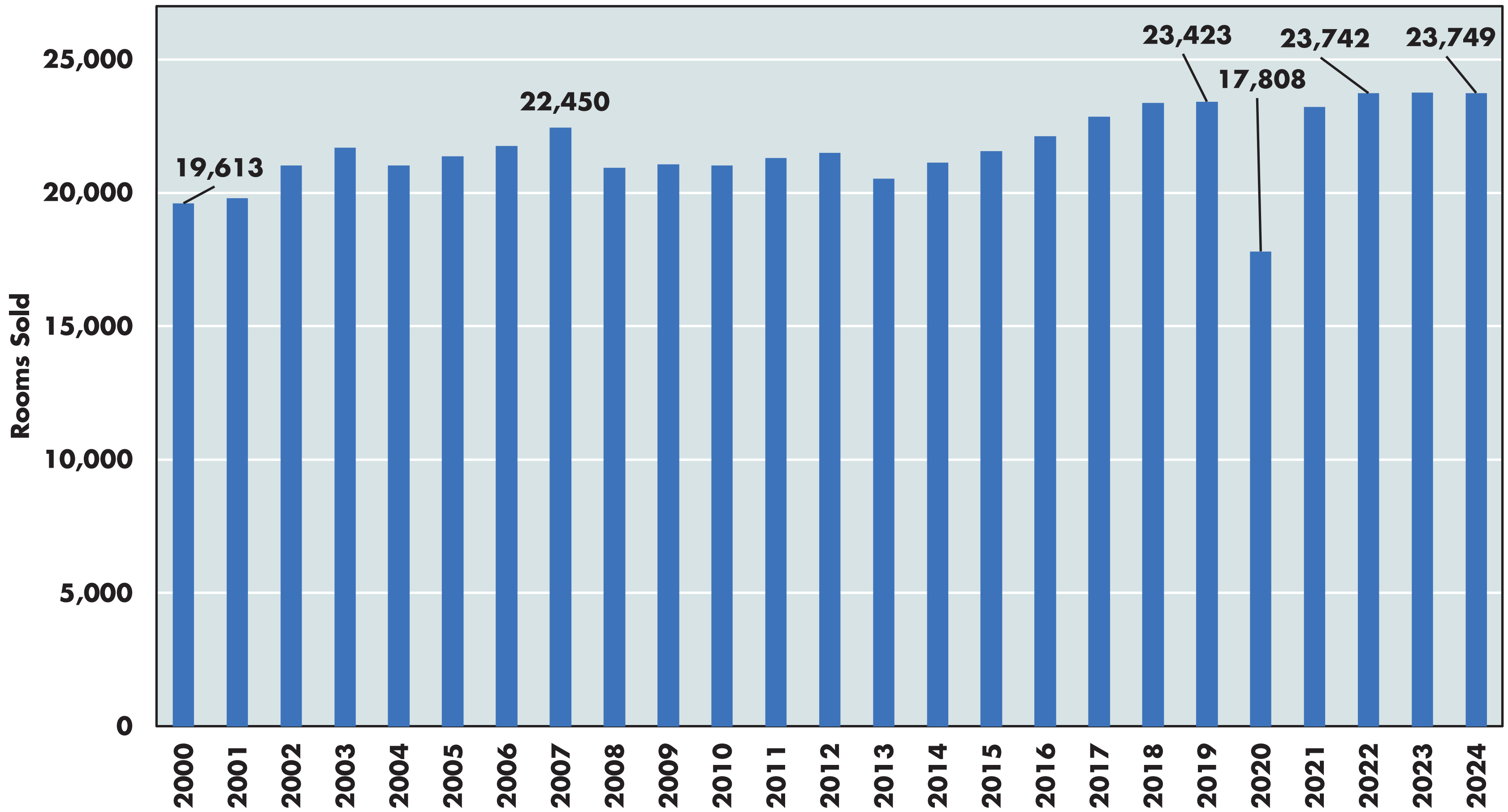
AVERAGE ANNUAL SUPPLY OF HOTEL ROOMS
HAMPTON ROADS, 2000 – 2024



Source: STR Trend Report, February 2025.

GRAPH 15

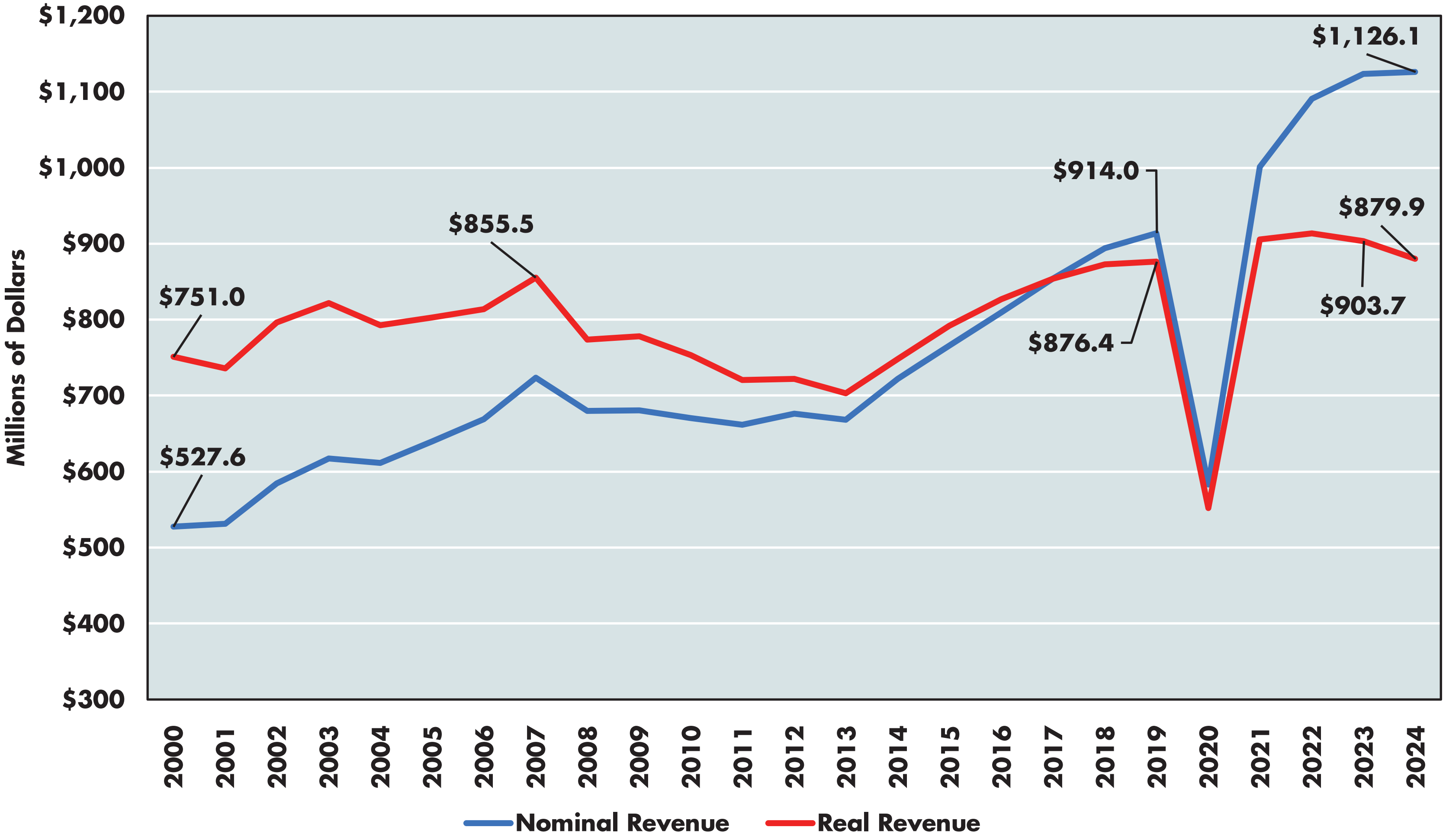
AVERAGE ANNUAL HOTEL ROOMS SOLD
HAMPTON ROADS, 2000 – 2024



Source: STR Trend Report, February 2025.

GRAPH 16

NOMINAL AND REAL HOTEL REVENUE
HAMPTON ROADS, 2000 – 2024



Sources: STR Trend Report, February 2025, U.S. Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (Base Year = 2017), and the Dragas Center for Economic Analysis and Policy.

How has Hampton Roads fared relative to the Commonwealth and the nation? Graph 17 summarizes widely used performance indicators for the hotel industry. From 2019 to 2024, the hotel industry in Hampton Roads outperformed the state and the nation. Over this period, the region saw a higher growth in supply of rooms, in demand for rooms, in Average Daily Rate (ADR), and in Revenue per Available Room (RevPAR) compared to the Commonwealth and the nation.

Let's turn to how the local sub-markets are faring in Hampton Roads relative to Virginia and the nation (Table 1). Our first observation is that every sub-market in Hampton Roads, with the exception of the Williamsburg sub-market, experienced higher hotel revenue growth than the state or the nation from 2019 to 2024. The Virginia Beach sub-market experienced the highest rate of revenue growth (31.3%) and highest growth in supply of rooms (11.4%). The Norfolk-Portsmouth sub-market experienced the second highest growth in hotel revenue and supply of rooms over this period. The Chesapeake-Suffolk sub-market had the highest RevPAR and a robust growth in revenue as well.

Examining the performance of the hotel industry in Hampton Roads area or any market, for that matter, without accounting for the impact of the short-term rental industry on hotel revenue and market share is incomplete and potentially misleading. The rapid expansion of short-term rental platforms like Airbnb (Air Bed and Breakfast) and Vrbo (Vacation Rentals by Owner) has introduced significant new competitors into the accommodations industry, altering demand patterns, pricing models, and consumer expectations. One study estimated that a 10% increase in the size of the Airbnb market resulted in a 2-3 % decrease in hotel revenue.[3] Others have found that higher listing prices on Airbnb are associated with higher RevPAR of hotels and the higher the average satisfaction score of Airbnb properties, the lower the RevPAR is for the hotels.[4] Others concluded that between 42% to 63% percent of Airbnb bookings would not have resulted in hotel reservations if Airbnb did not exist.[5] This phenomenon presents both challenges and opportunities for the hotel industry.

Graph 18 displays nominal and real Airbnb and Vrbo revenues for Hampton Roads from 2016 to 2024. In 2016, nominal revenues were merely $11.8 million, climbing to $147.3 million in 2019, reflecting explosive demand and platform expansion across the Hampton Roads region. Nominal revenue of both platforms, due to the pandemic, dipped to $121.9 million in 2020. Just after exiting the pandemic-induced recession period, total nominal Airbnb and Vrbo revenues increased by 61.9% from $141.5 million in 2021 to $229.0 million in 2024.

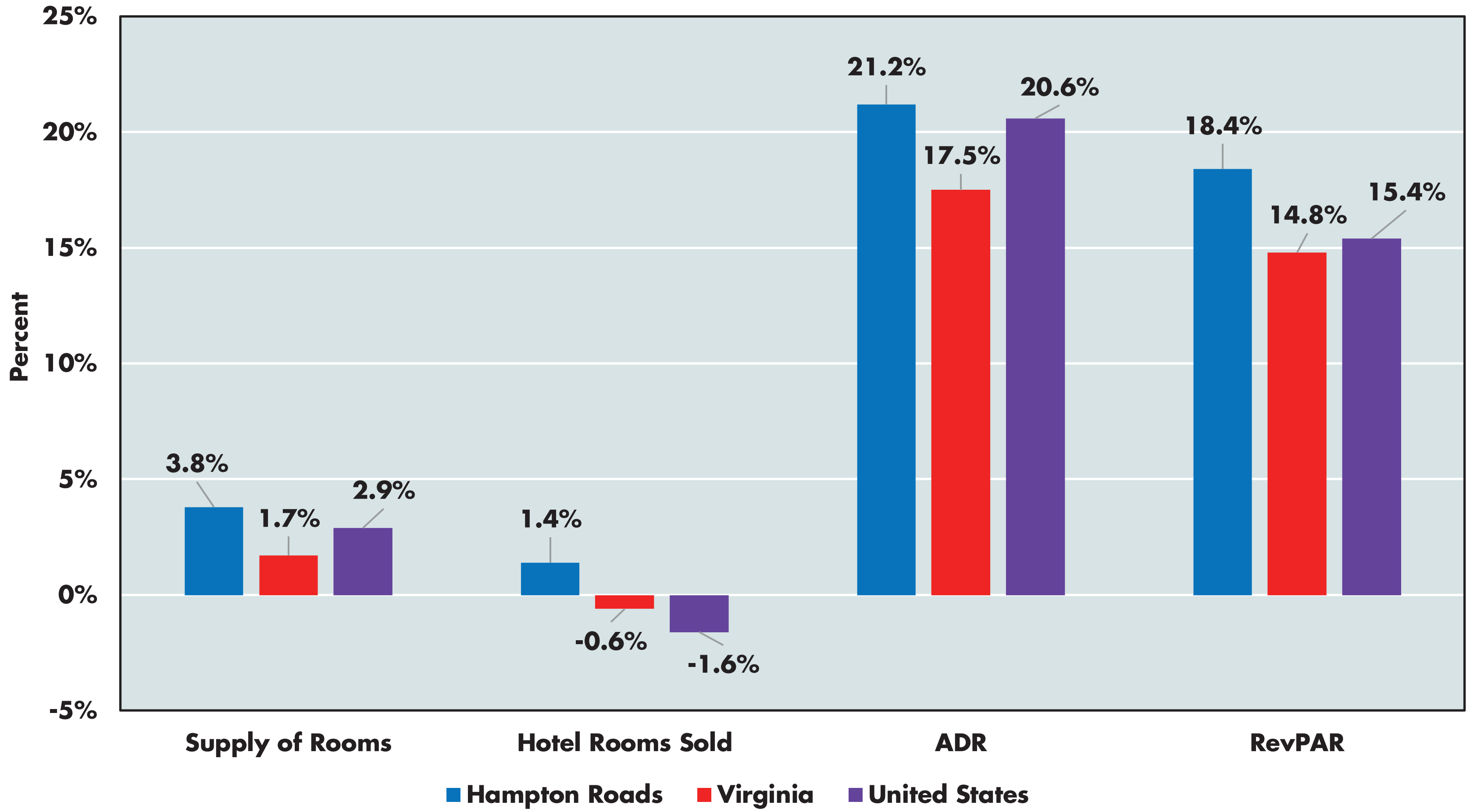
However, the rise (and fall) of short-term rental nominal revenues may be misleading since it does not account for inflation. Real revenues in 2017 dollars increased by nearly 226% in 2016 – 2017, about 130% in 2017 – 2018, and then around 56% in 2018 – 2019. In 2020, not surprisingly, real revenues declined by 18% before jumping 11% in 2021. Real revenues then recovered and increased by 18% in 2022, enjoyed a modest increase of 6% in 2023, and then another increase of 12% in 2024. This sustained upward trend highlights not just the short-term rental market resilience but also its increasingly significant role in the Hampton Roads regional accommodation market.

The question is whether we have seen 'peak Airbnb' and 'peak Vrbo.' As rental pricing for short-term lodgings has neared (if not passed) traditional hotels, the open question is what is the advantage of short-term rentals, especially if you have to pay a cleaning fee and clean the property before departure? Perhaps there is an equilibrium that is emerging, where short-term rentals and traditional hotels operate in somewhat peaceful co-existence. Time will tell.

3 Ahmed Mahmoud. The Impact of Airbnb on Hotels and Hospitality Industry, 2016. https://revenueyourhotel.com/blog/the-impact-of-airbnb-on-hotels-and-hospitality-industry
4 Blal, I., Singal, M., & Templin, J. (2018). Airbnb's effect on hotel sales growth. International Journal of Hospitality Management, 73, 85–92. Airbnb's effect on hotel sales growth - ScienceDirect
5 Farronato, C., & Fradkin, A. (2022). The welfare effects of peer entry: The case of Airbnb and the accommodation industry. American Economic Review, 112(6), 1782–1817. The Welfare Effects of Peer Entry: The Case of Airbnb and the Accommodation Industry - American Economic Association (aeaweb.org)

GRAPH 17

PERCENT CHANGE IN SELECTED HOTEL INDUSTRY INDICATORS
HAMPTON ROADS, VIRGINIA, AND THE UNITED STATES, 2019 – 2024



Source: STR Trend Report, February 2025.

TABLE 1

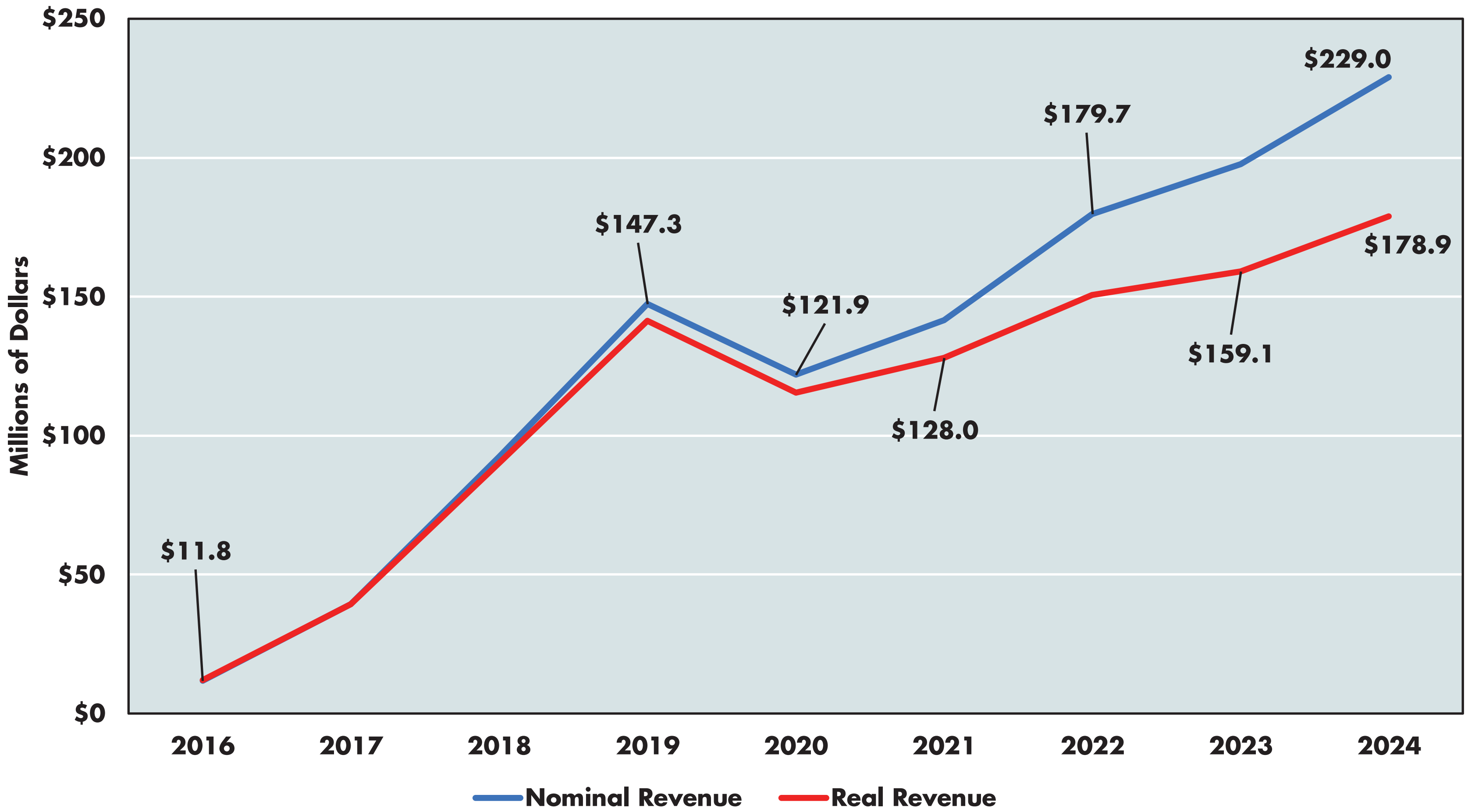
**PERCENT CHANGE IN SELECTED HOTEL PERFORMANCE INDICATORS
HAMPTON ROADS, VIRGINIA, AND THE UNITED STATES
2019 TO 2024**

Sub-markets	Hotel Revenue	Revenue per Available Room	Supply of Rooms	Hotel Rooms Sold
Chesapeake/Suffolk	25.8%	23.3%	1.7%	-0.5%
Newport News/Hampton	21.4%	21.8%	-0.6%	-1.6%
Norfolk/Portsmouth	27.9%	20.9%	5.5%	3.2%
Virginia Beach	31.3%	17.6%	11.4%	7.3%
Williamsburg*	4.7%	7.7%	-3.0%	-5.4%
Hampton Roads	**23.2%**	**18.4%**	**3.8%**	**1.4%**
Virginia	17.1%	14.8%	1.7%	-0.6%
USA	19.1%	15.4%	2.9%	-1.6%

Sources: STR Trend Report February 2025 and the Dragas Center for Economic Analysis and Policy. *Williamsburg market includes the City of Williamsburg and James City County.

GRAPH 18

NOMINAL AND REAL AIRBNB AND VRBO REVENUES
HAMPTON ROADS, 2016 – 2024



Sources: AirDNA data received in May 2025, U.S. Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (Base Year = 2017) and the Dragas Center for Economic Policy and Analysis.

Department of Defense Spending: Near-Term Prospects and Risks

As the DoD budget continues to grow, so will its direct spending in the Hampton Roads area. For example, the National Defense Authorization Act for FY 2025 allocated over $3.6 billion for one Virginia-class submarine and $357 million in incremental funding for a second Virginia-class submarine directly strengthening the shipbuilding industry in Hampton Roads, particularly benefiting Newport News Shipbuilding.[6] Under the Australia, United Kingdom, and United States (AUKUS) partnership agreement signed in 2021, Australia plans to purchase up to five Virginia-class submarines from the United States. This deal is expected to increase demand for submarine production and maintenance.[7]

On September 17, 2024, Governor Glenn Youngkin announced that Kongsberg Defence and Aerospace, a Norwegian defense and aerospace company, is investing $71 million to establish a 150,000 square foot facility in James City County, creating over 180 jobs.[8] Similarly, on March 7, 2025, he announced that ViDARR Inc., a manufacturer of defense optical equipment, will invest $2.69 million over the next three years to open a new manufacturing facility in the City of Virginia Beach. The project will create 40 new jobs.[9] On January 13, 2025, Hunt Military Communities (HMC), the nation's largest provider of military housing, announced that it has acquired full ownership of Homeport Hampton Roads, a high-performing privatized housing development supporting unaccompanied Navy personnel for $336 million[10].

While the DoD budget may increase in FY 2026, we must also recognize that the fiscal position of the federal government is not sustainable. The gross federal debt is nearing $37 trillion and net interest outlays on the debt are approaching $1 trillion annually. In all likelihood, the federal government deficit for FY 2026 will approach $2 trillion. Increasing deficits and debts push up yields on long-term US government debt, increasing net interest outlays and also interest in private markets for American consumers and businesses. A significant risk to the DoD is that an economic downturn or bond market panic will lead to reductions in the base budget which, in turn, will reduce the flow of DoD funds into Hampton Roads..

Another long-term risk to DoD spending in Hampton Roads is the rising importance of uncrewed weapons systems. Ukraine has demonstrated that relatively inexpensive uncrewed weapons, including sea drones, can inflict damage on strategic bombers and maritime assets. How US national security strategy, policy, and procurement will change in the face of these evolving threats is an ongoing debate. If spending shifts away from larger platforms (carriers, for example) to small platforms (small ships carrying hundreds, if not thousands of drones), then DoD spending may shift away from Hampton Roads.

6 Navy Virginia-Class Submarine Program and AUKUS Submarine (Pillar 1) Project: Background and Issues for Congress, February 11, 2025. https://sgp.fas.org/crs/weapons/RL32418.pdf
7 A Security Boost in Hampton Roads. https://www.vedp.org/news/security-boost-hampton-roads
8 Kongsberg Defence & Aerospace to Establish Facility in James City County. https://www.governor.virginia.gov/newsroom/news-releases/2024/september/name-1033447-en.html
9 ViDARR Inc. to Open New Manufacturing Facility in Virginia Beach. https://www.governor.virginia.gov/newsroom/news-releases/2025/march/name-1042428-en.html
10 Hunt Military Communities Acquires Full Ownership of Homeport Hampton Roads. https://www.robinsfamilyhousing.com/news/hunt-military-communities-acquires-full-ownership-of-homeport-hampton-roads

Port of Virginia

In retrospect, 2024 was a good year for the Port of Virginia. The port reinforced its role as a key player among the other ports nationwide. Its healthy growth in both inbound and outbound TEU volumes, and its balance between imports and exports, solidify its role not just as a point of entry but also as a vital export corridor for the East Coast maritime channels. While the Port of Virginia did not grow as rapidly as some of its East and West Coast competitors, particularly Savannah and major California ports, The Port of Virginia continued to outperform others in terms of reliability and operational efficiency, while maintaining its market share in spite of a slight decline.

Despite the Port of Virginia's good performance in 2024, 2025 has ushered in an unforeseen level of heightened economic uncertainty that could impact port activity. If newly imposed tariffs on exports from major trading partners remain in place, if tariff rates are not scaled down, or if trade negotiations continue to stall over the remaining period of the current year, the port is likely to experience a decline in total TEU volume. The good news, however, is that among the nation's major ports, the Port of Virginia is particularly well-positioned to weather short-term trade disruptions, thanks to its modern infrastructure, ongoing capital investments, and diversified cargo base.

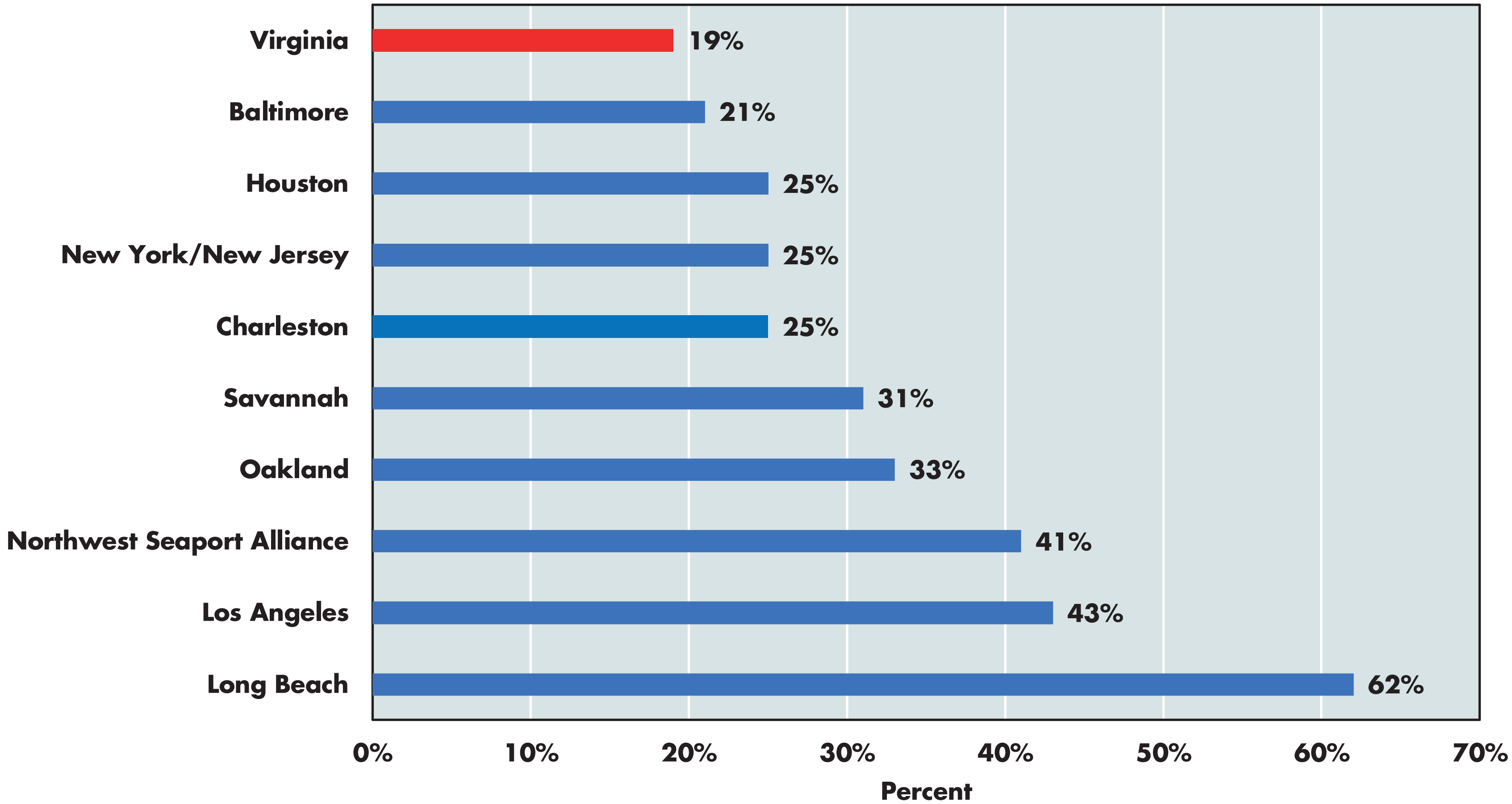
Graph 19 displays the percentage of total trade of major ports with the Republic of China in 2024. Long Beach led the pack with China comprising 62% of their entire trade, followed by Los Angeles (43%), Northwest Seaport Alliance (41%) and Oakland (33%). Among the East Coast ports, Savanah's dependence on Chinese trade was 31%, followed by New York/New Jersey, and Charleston at 25%. The Port of Virginia ranked last with China accounting for only 19% of total port trade.

Graph 20 shows the Port of Virginia's major trading partners in 2024. As stated earlier, China accounted for 19% of the total trade, followed by India with 10% and Vietnam with 8%. Members of the European Union Combined comprised 26% of trade with the Port of Virginia. The remainder of the of the world made up 37% of the total trade.

The Port of Virginia trade diversification partners, its strong fundamentals, including investment in infrastructure readiness and long-term sustainability, will continue to enhance its efficiency and capabilities and help it remain competitive in the short and medium term, even with the level of uncertainty discussed above. Nevertheless, in the face of these new challenges, especially with shippers increasingly prioritizing reliability and inland connectivity in their routing decisions, it is imperative that the Commonwealth of Virginia move forward with the construction of I-87, which would connect Hampton Roads and the Raleigh-Durham metro areas. This improved infrastructure will boost the broader regional economy and further solidify the Port position.

GRAPH 19

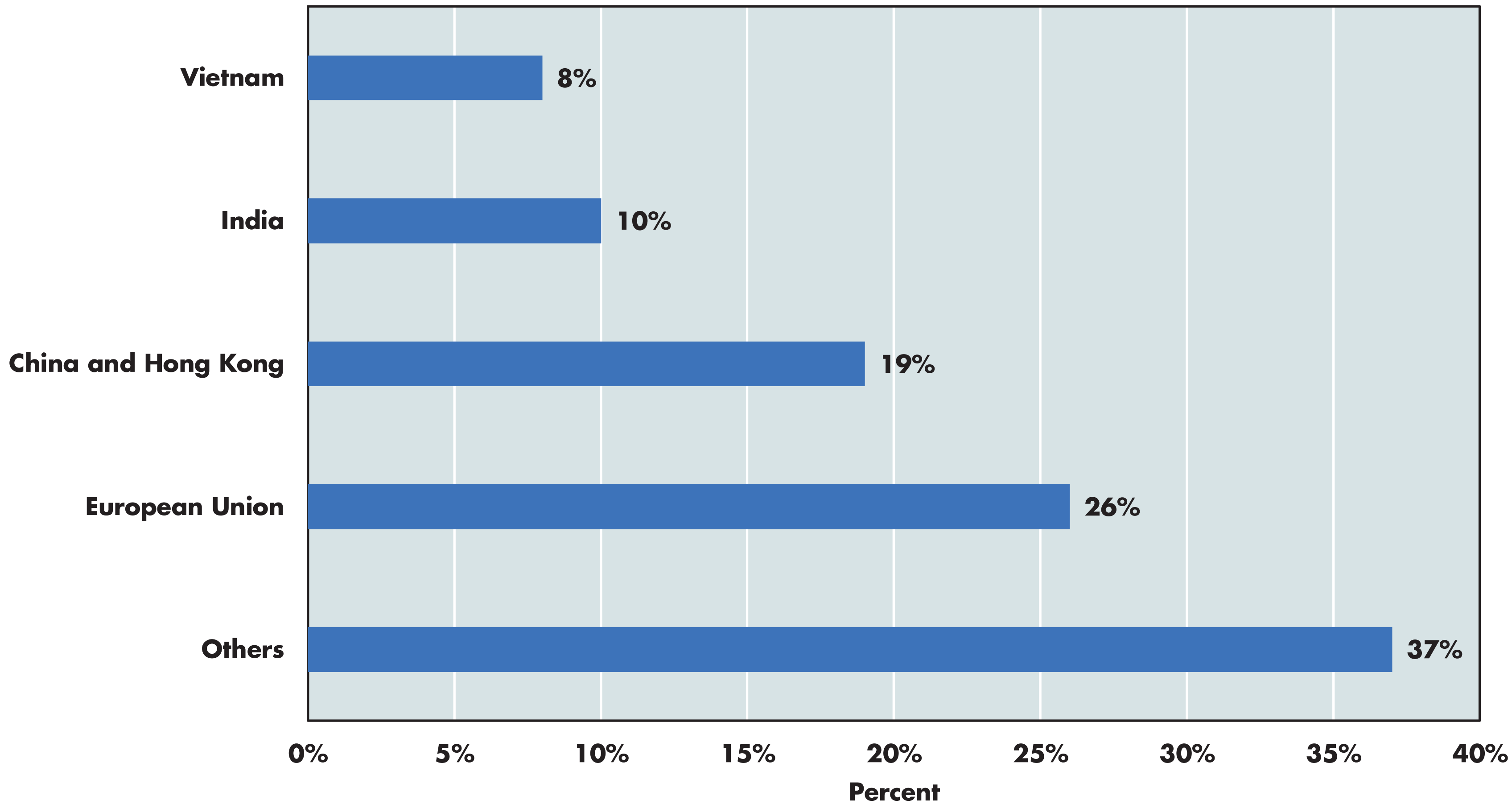
CHINESE SHARE OF TRADE AT MAJOR PORTS IN UNITED STATES
2024



Sources: PIERS, individual Port Websites obtained from The Port of Virginia, State of the Port address, May 2025. Shares are based on TEUs handled at each port.

GRAPH 20

SHARE OF TOTAL LOADED IMPORTS AND EXPORTS BY TRADING PARTNERS
PORT OF VIRGINIA, 2024



Sources: PIERS, Loaded TEUs, 2024 obtained from The Port of Virginia, State of the Port address, May 2025.

Hotel Industry

Hampton Roads' hotel industry had a good performance in 2024; however, current market conditions bring a new set of challenges and opportunities. One challenge, outlined in a May 2025 report by CBRE group (an American commercial real estate services and investment firm), is that the combined costs of salaries, wages, and employee benefits increased by 4.8%, while average hourly wages increased by 4.0%. Insurance expenses surged 17.4%, and utility costs, including electricity, water, sewer, and gas, increased by 2.0%.[11] Another challenge is property taxes. Although most cities in Hampton Roads, including Virginia Beach, Hampton, Norfolk, Portsmouth, and Suffolk, adopted budgets with reduced real-estate tax rates, and others, such as Chesapeake and Newport News, kept their real-estate tax rates unchanged, all Hampton Roads cities are expected to collect higher property tax revenues due to increased assessment values.[12] These trends are expected to continue into 2025, further adding to the financial burden on hotel operators.

Opportunities in the hotel sector may exist as competition from the short-term rental industry is leveling out. Traditionally, investors in the short-term rental market had a key comparative advantage over traditional hotels investors, namely, flexibility and adaptability. Short-term rental investors can respond more rapidly to shifts in local cities' regulations and evolving consumer preferences, largely because the entry and operation costs are significantly lower than those of hotels. This adaptability allows investors to scale quickly into emerging markets and tailor offerings to specific area dynamics. Nevertheless, the good news for the hotel industry is that cities across Hampton Roads are implementing regulations on existing and new short-term rentals.

On June 12, 2024, Hampton City Council adopted a resolution capping short-term rentals to 1% of residences within each of the city's 51 zones.[13] Newport News leaders decided not to allow short-term rental in residential areas unless the property was a part of the owner's residence.[14] The City of Norfolk regulated short-term rentals via zoning and neighborhood characteristics.[15] Meanwhile, Williamsburg allowed short-term rental for rooms only.[16] In addition, the supply growth of short-term rental is projected to decelerate further in 2025 before stabilizing in 2026, due to the impact of high interest rates and high home prices.[17] We can infer that the Hampton Roads hotel industry will not only weather the competition from the short-term rental sector, but is also poised to gain further market share in the future.

11 All Eyes on Operating Costs in 2025: Lessons Learned in 2024. https://www.cbre.com/insights/articles/all-eyes-on-operating-costs-in-2025-lessons-learned-in-2024
12 Hampton Roads tax rates: Several cities have changes that took effect in July. https://www.pilotonline.com/2024/07/08/hampton-roads-tax-rates-several-cities-have-changes-that-took-effect-in-july
13 The number of Airbnb or Vrbo rentals will be capped by neighborhood under new rules. https://www.whro.org/local-government/2024-06-13/hampton-approves-new-restrictions-on-short-term-rentals
14 Understanding the City's Approach to Short-Term Rentals. https://www.nnva.gov/3116/Short-Term-Rentals
15 Short Term Rentals. https://www.norfolk.gov/4295/Short-Term-Rentals
16 Short-Term Rentals/Airbnb. https://www.williamsburgva.gov/506/Short-Term-Rentals-Airbnb
17 The 2025 Outlook Report for the short-term rental (STR). https://www.airdna.co/outlook-report

Final Thoughts

The Hampton Roads economy saw much needed good news in 2024. The defense sector continues to be the main cornerstone of the region's economy. With its concentration on military installations, federal facilities, and private contractors, Hampton Roads remains well positioned to continue benefiting from increased DoD spending. Increasing levels of spending will fuel regional economic growth, yet the question remains: how long can this last? Increasing deficits and debt will, at some point, come due, and we must work to diversify the economy before the proverbial butcher's bill arrives.

For the Port of Virginia, the story is one of relative competitiveness and performance. Cargo traffic, as measured in loaded TEUs, after declining in 2023, increased in 2024 but was still below the peak observed in 2022. However, compared to other East Coast ports, the Port of Virginia suffered the smallest decline. Strategic investments in dredging, automation, and clean energy infrastructure will allow the port to continue to accommodate larger vessels, thus gaining in both loaded inbound and outbound TEUs. As we have noted here and in previous reports, increasing investments in both port and regional transportation infrastructure is a smart bet that is likely to pay significant dividends to the port and the economy as a whole.

The hotel industry in Hampton Roads has performed well, especially when compared to the industry in Virginia and the United States across several key performance metrics including RevPAR, Rooms Sold, and ADR. Unlike many peer markets, Hampton Roads achieved growth in both hotel room supply and rooms sold, a signal of the region's perceived demand strength across leisure, business, and 'bleisure' travelers. Occupancy rates were lower in 2024 than 2023, and real revenues declined slightly in 2024. However, when compared to pre-pandemic peaks, the hotel industry remains more robust in 2024 than in 2019. While short-term rentals grew significantly pre-pandemic, this growth appears to have moderated remarkedly in 2023 and 2024.

As we prepare to enter 2026, the pillars of the Hampton Roads economy remain strong. We can build upon these pillars to spur growth in the key industry clusters to diversify the economy of the region and to bolster private sector job growth. Doing so will require investments in the port, improving transportation in and around the region, and addressing challenges related to workforce housing. These are not easy tasks, but if every journey begins with a first step, now is the time to put that foot forward.

Photo: Navy.mil

Heads Carolina, Tails Somewhere Else

HEADS CAROLINA, TAILS SOMEWHERE ELSE

"I walk a lonely road, the only one that I have ever known."
Green Day, Boulevard of Broken Dreams, 2004

In 1956, economist Charles Tiebout argued that a consumer will pick a community that best satisfies their preferences for local public goods.[1] Given that local governments vary in the taxation and expenditure patterns, Tiebout argued that the dissatisfied consumer will 'vote with their feet' and move to another community that better matches their tax and expenditure preferences. Over the intervening years, a wide range of studies has found evidence that consumers do sort themselves in response to a number of factors, including taxes, local public spending, economic growth, and environmental conditions.[2]

The Virginia Beach – Chesapeake – Norfolk Metropolitan Statistical Area ("Hampton Roads") was home to approximately 1.8 million residents in 2024. For Hampton Roads, the questions of whether the population is growing and what components of the population are driving population change is not merely an academic pursuit. An increasing population is a signal of the relative attractiveness of a region. Economically vibrant regions observe inflows of new residents from other locations in the United States. Less vibrant regions, on the other hand, will see their populations stagnate, if not decline outright, as residents 'vote with the feet' about current and future economic conditions. Population, and how it changes over time, is a simple, yet powerful measure of how a region is performing relative to its peers. Regions that ignore population trends do so at their own peril.

While Hampton Roads economic performance this decade has been superior to that of the previous decade, its relative performance has left much to be desired. Its peer and aspirant regions are growing more quickly, and residents of Hampton Roads continue to 'vote with their feet' about economic conditions in the region. In the end, these 'votes' are a strong signal of the attractiveness of a region and its ability to grow robustly over time.

When residents leave a region, their incomes travel with them. Likewise, when people move into an area, their incomes typically move with them. In the best case scenario, a region attracts more individuals with higher incomes, fueling additional growth. In the worst case scenario, a region experiences outmigration of residents and incomes, so there are fewer people and dollars in the economy. We find that, from 2012 to 2022, in many years, that Hampton Roads has experienced outflows of residents and incomes. Reversing these flows will be difficult but is a necessary component of improving long-term economic growth in the region.

This chapter examines how the population of Hampton Roads has changed over time and the factors that are driving the region's growth (or lack thereof). We first examine the region's total population and how its population change compares to a selection of metropolitan areas across the southeastern United States. We then dive into the topic of domestic migration and discuss factors that influence a resident's decision to stay or 'vote with their feet.' We then discuss what might be done to turn the tide on domestic outmigration and offer final thoughts about population growth in Hampton Roads.

1 Tiebout, C. M. (1956). A pure theory of local expenditures. *Journal of Political Economy*, 64(5), 416-424.
2 See, among many others, Cebula, R.J. (2009), Migration and the Tiebout-Tullock Hypothesis Revisited. *American Journal of Economics and Sociology*, 68: 541-551. https://doi.org/10.1111/j.1536-7150.2009.00638.x and Banzhaf, H. Spencer, and Randall P. Walsh. 2008. "Do People Vote with Their Feet? An Empirical Test of Tiebout." American Economic Review 98 (3): 843–63.

Total Population in Hampton Roads

The United States Census Bureau Population Estimates Program (PEP) produces estimates of the resident population of the nation, states, metropolitan and micropolitical statistical areas, cities and towns.[3] The PEP utilizes information on births, deaths, and migration to generate annual estimates of intercensal population change. The PEP's annual estimates begin with the most recent decennial census and extend to the most recent year available. Estimates are provided for July 1st of the corresponding year, except for the decennial census year, where estimates are provided on April 1st and July 1st. Each decennial census 'resets' the population estimates to the new population base, thus care must be taken when comparing population levels prior to and during a census year.

Graph 1 illustrates the total resident population of the Hampton Roads metropolitan area from 2000 to 2024. In 2000, the resident population of the region was 1.58 million, increasing to 1.67 million by 2009. In 2010, after the decennial Census 'reset' the population estimates, the resident population of the region was 1.72 million, increasing again to 1.77 million in 2019. The 2020 Census again reset the population estimates, and on July 1, 2020, the resident population of Hampton Roads was 1.78 million, increasing to 1.80 million in 2024.

We draw the reader's attention to the shifts in the resident population estimates after each decennial Census. From July 1, 2009 to July 1, 2010, the population estimate increased by 42,538, about twice the highest increase in the resident population (21,596) observed in 2003. We observe this 'spike' again between 2019 and 2020 where the population estimate increased by 12,872, almost 3.6 times the average annual increase in the resident population from 2015 to 2019. In other words, we should pay less attention to the increase in the resident population in any specific year and focus instead on the trends across decades.

While the resident population of Hampton Roads has increased each decade in Graph 1, the rate of increase has slowed with each decade. From 2000 to 2009, the average annual increase in the resident population was 0.6% per year. From 2010 to 2019, the average annual growth rate of the resident population fell to 0.3% per year. In the current decade, between 2020 and 2024, the average annual growth rate of the resident population was 0.2%. The population of Hampton Roads has increased, but the pace of increase has slowed each decade this century.

We can compare the increase in the resident population of Hampton Roads to that of the Commonwealth and nation to gain perspective. In Graph 2, we use 2000 as the base year for the construction of an index where the index measures the percentage change in the resident population relative to 2000. In 2024, for example, the resident population of Hampton Roads was 13.5% larger than 2000. The resident population of the nation, on the other hand, increased by 20.5% over the same period. Virginia's resident population increased by 24.0% from 2000 to 2024. In other words, Hampton Roads did not match the national average for population growth and lagged even more relative to the rest of Virginia.

Given that Hampton Roads' population has grown slower than Virginia as a whole, it should be no surprise that Hampton Roads' share of Virginia's resident population has declined over the last two-and-a-half decades (Graph 3). In 2000, 22.2% of Virginians lived in the Virginia portion of the Hampton Roads metropolitan area. By 2010, this share had shrunk to 21.4%. In 2020, slightly more than 1 in 5 residents (20.6%) of Virginians called Hampton Roads home. In 2024, this ratio fell to 20.4%. It is entirely possible that, by the end of the current decade, the share of Virginians living in Hampton Roads will fall below 20%.

3 For more information on the Population Estimates Program, see https://www.census.gov/programs-surveys/popest/about.html.

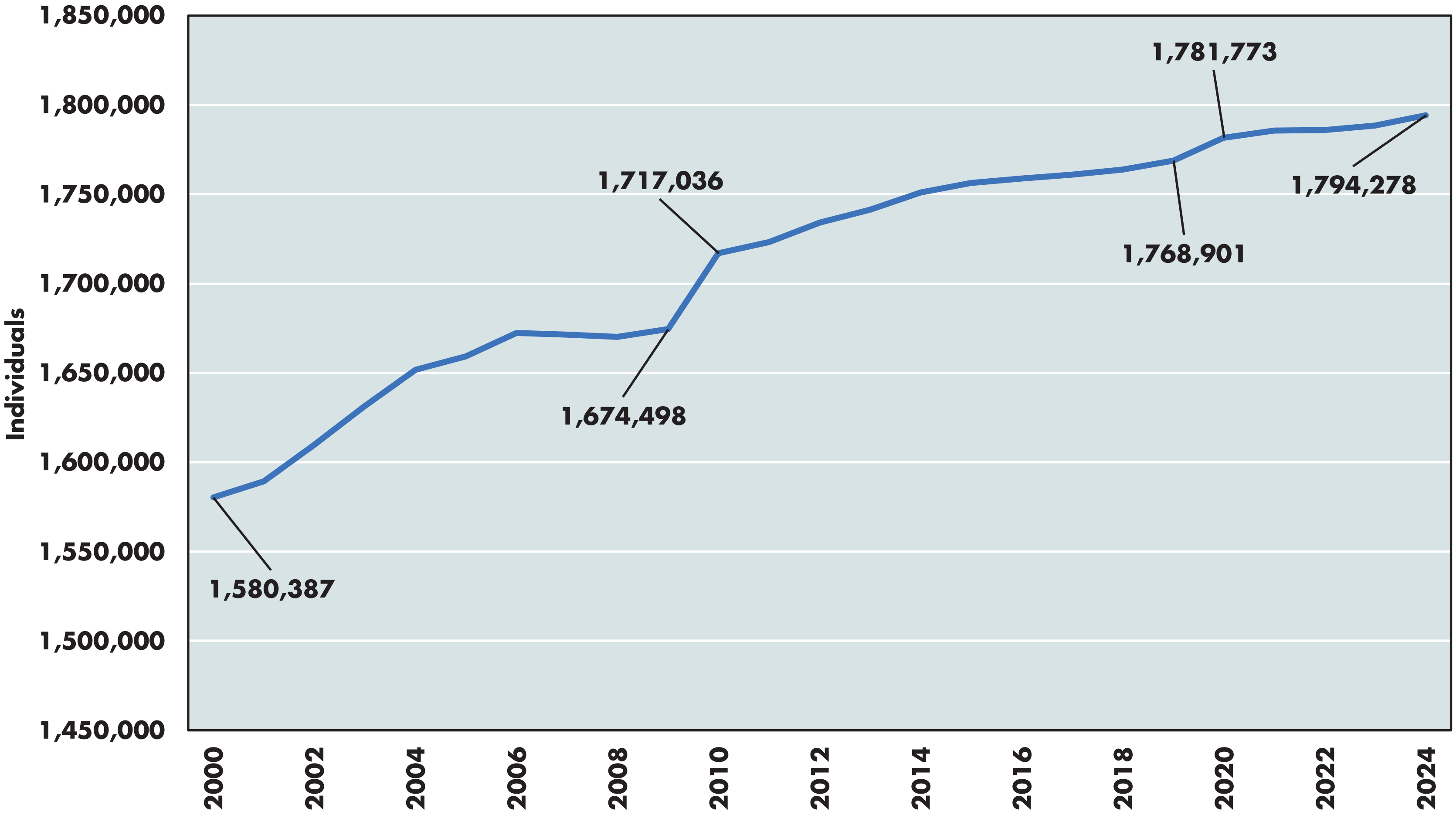
Tables 1 and 2 compare population growth in Hampton Roads with other metropolitan areas in Virginia and a selection of peer and aspirant regions across the southeastern United States. From 2010 to 2019, the annual average growth rate of the population of Hampton Roads was 0.3%, higher than two of these metro areas (Kingsport-Bristol and Roanoke) and equal to that of Blacksburg-Christiansburg-Radford. From 2020 to 2024, the resident population of Hampton Roads increased at an annual rate of 0.2%. This rate of growth was only superior to two metropolitan areas in Virginia: Blacksburg-Christiansburg-Radford and Roanoke. In other words, Hampton Roads ranks among the bottom of metropolitan areas in Virginia with respect to population growth.

Turning to the selection of peer and aspirant metropolitan statistical areas, a now familiar story plays out in Table 2. Over the last two-and-a-half decades, Hampton Roads ranks last in terms of population growth. From 2020 to 2024, the only other metropolitan area whose population grew slower than 1% per year was the Washington – Arlington – Alexandria metropolitan area (0.7%), and its average annual growth rate was almost four times that of Hampton Roads from 2020 to 2024.

In an era of increasing uncertainty and economic headwinds, staying the course is unlikely to produce different results. While the resident population of Hampton Roads has increased over time, the region's growth has slowed, especially relative to its peer and aspirant metropolitan areas. To understand how growth is slowing, we examine the components of population change in the next section.

GRAPH 1

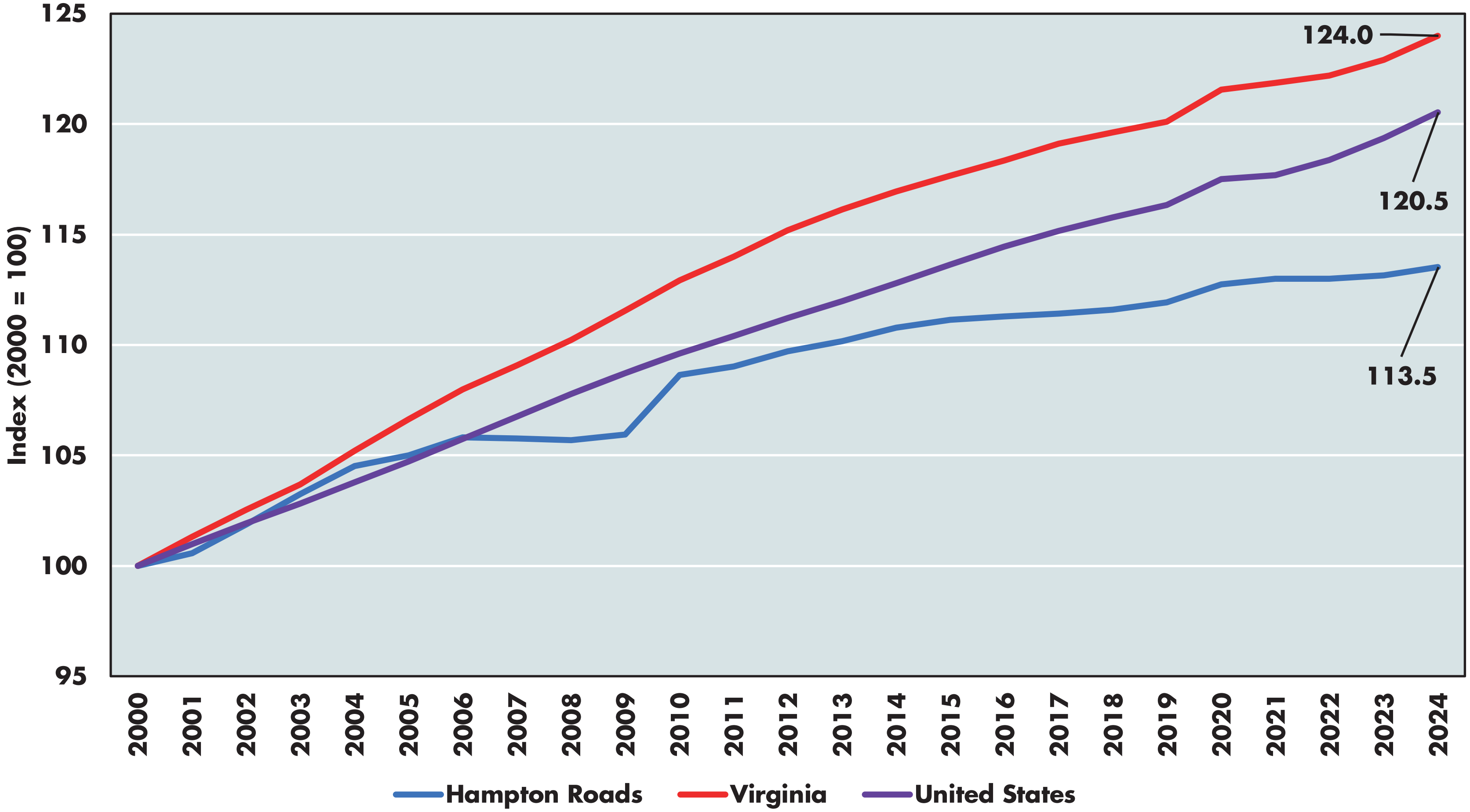
TOTAL POPULATION
HAMPTON ROADS, 2000 – 2024



Source: United States Census Bureau, Population Estimates, various years. Population estimates as of July 1st of the corresponding year. Each decennial census 'resets' the population estimates.

GRAPH 2

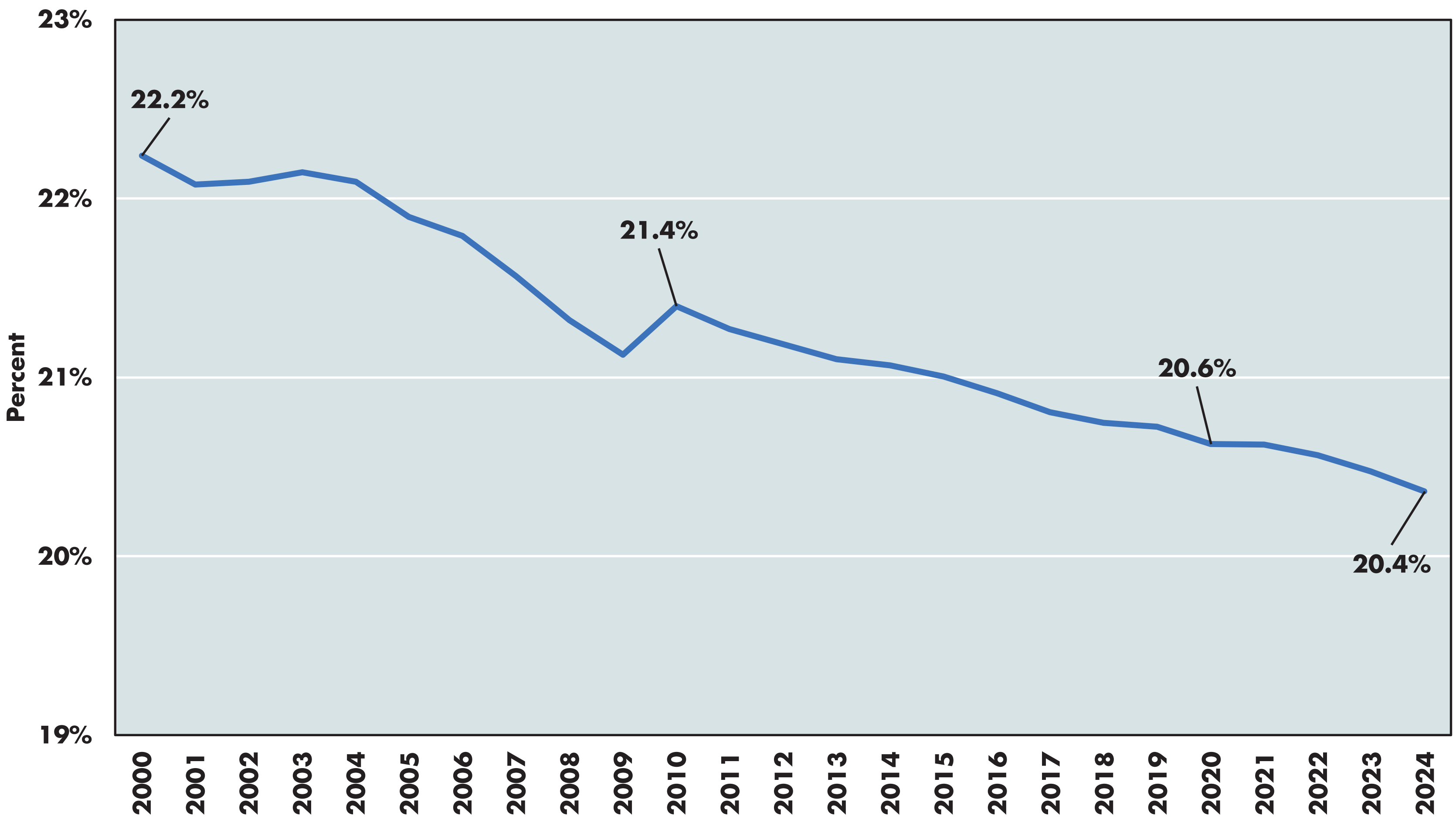
INDEX OF RESIDENT POPULATION
HAMPTON ROADS, VIRGINIA AND THE UNITED STATES
2000 – 2024



Sources: U.S. Census Bureau, Population Estimates Program, various years, and Dragas Center for Economic Analysis and Policy. Estimates, where possible, are for July 1st for comparison purposes.

GRAPH 3

SHARE OF VIRGINIA'S RESIDENT POPULATION
HAMPTON ROADS, 2000 – 2024



Sources: U.S. Census Bureau, Population Estimates Program, various years, and Dragas Center for Economic Analysis and Policy. Estimates, where possible, are for July 1st for comparison purposes.

TABLE 1

POPULATION AND POPULATION GROWTH
VIRGINIA'S METROPOLITAN STATISTICAL AREAS, VIRGINIA, AND THE UNITED STATES
2000, 2010, 2020, AND 2024

Name	2000	2010	2020	2024	2000-2009 Annual Growth	2010-2019 Annual Growth	2020-2024 Annual Growth
Blacksburg-Christiansburg-Radford	151,479	163,131	181,758	182,041	0.6%	0.3%	0.0%
Charlottesville	174,784	201,891	221,635	227,336	1.3%	0.9%	0.6%
Harrisonburg	108,285	125,401	135,484	138,838	1.2%	0.8%	0.6%
Kingsport-Bristol	298,438	309,480	307,757	313,876	0.3%	-0.1%	0.5%
Lynchburg	228,918	252,969	261,655	266,432	0.9%	0.5%	0.5%
Richmond	1,100,196	1,188,246	1,316,742	1,370,165	1.3%	0.9%	1.0%
Roanoke	288,503	308,589	315,242	315,749	0.4%	0.2%	0.0%
Staunton-Waynesboro	109,216	118,314	125,675	128,481	0.9%	0.4%	0.5%
Virginia Beach-Chesapeake-Norfolk	**1,580,387**	**1,717,036**	**1,781,773**	**1,794,278**	**0.6%**	**0.3%**	**0.2%**
Washington-Arlington-Alexandria	4,821,031	5,678,491	6,260,475	6,436,489	1.4%	1.1%	0.7%
Winchester	103,566	128,652	142,995	149,702	2.0%	1.0%	1.2%
Virginia	**7,105,817**	**8,023,699**	**8,637,615**	**8,811,195**	**1.2%**	**0.7%**	**0.5%**
United States	**282,162,411**	**309,321,666**	**331,577,720**	**340,110,988**	**0.9%**	**0.7%**	**0.6%**

Source: U.S. Census Bureau, Population Estimates Program, various years. Percentages may not sum to 100 percent due to rounding. Estimated annual growth is the Compound Annual Growth Rate. Estimates, where possible, are for July 1st for comparison purposes. The Kingsport-Bristol MSA includes counties in Tennessee. The Virginia Beach – Chesapeake -Norfolk MSA includes counties in North Carolina. The Washington-Arlington-Alexandria includes cities and counties in Washington, DC, Virginia, Maryland, and West Virginia. The Winchester MSA include counties in West Virginia.

TABLE 2

POPULATION AND POPULATION GROWTH
SELECTED METROPOLITAN STATISTICAL AREAS, VIRGINIA, THE UNITED STATES
2000, 2010, 2020, AND 2024

Name	2000	2010	2020	2024	2000-2009 Annual Growth	2010-2019 Annual Growth	2020-2024 Annual Growth
Charleston-North Charleston, SC	550,875	667,450	803,525	869,940	2.0%	2.1%	2.0%
Charlotte-Concord-Gastonia, NC-SC	1,340,417	2,250,121	2,668,364	2,883,370	3.0%	1.8%	2.0%
Durham-Chapel Hill, NC	426,151	566,267	582,086	620,522	1.8%	1.4%	1.6%
Greenville-Anderson-Greer, SC	561,900	825,625	930,775	996,680	1.4%	1.2%	1.7%
Jacksonville, FL	1,126,224	1,348,907	1,613,045	1,760,548	1.8%	1.6%	2.2%
Nashville-Davidson-Murfreesboro-Franklin, TN	1,317,580	1,650,831	2,021,825	2,150,553	2.1%	1.8%	1.6%
Raleigh-Cary, NC	804,436	1,137,383	1,417,148	1,562,009	3.8%	2.3%	2.5%
Richmond, VA	1,100,196	1,188,246	1,316,742	1,370,165	1.3%	0.9%	1.0%
Virginia Beach-Chesapeake-Norfolk	**1,580,387**	**1,717,036**	**1,781,773**	**1,794,278**	**0.6%**	**0.3%**	**0.2%**
Washington-Arlington-Alexandria	4,821,031	5,678,491	6,260,475	6,436,489	1.4%	1.1%	0.7%
Virginia	**7,105,817**	**8,023,699**	**8,637,615**	**8,811,195**	**1.2%**	**0.7%**	**0.5%**
United States	**282,162,411**	**309,321,666**	**331,577,720**	**340,110,988**	**0.9%**	**0.7%**	**0.6%**

Source: U.S. Census Bureau, Population Estimates Program, various years, and Dragas Center for Economic Analysis and Policy. Percentages may not sum to 100 percent due to rounding. Estimated annual growth is the Compound Annual Growth Rate. Estimates, where possible, are for July 1st for comparison purposes. The Virginia Beach – Chesapeake -Norfolk MSA includes counties in North Carolina. The Washington-Arlington-Alexandria includes cities and counties in Washington, DC, Virginia, Maryland, and West Virginia.

Components of Population Change in Hampton Roads

Population change is driven by three components: the natural increase in the population (births minus deaths), net domestic migration (domestic arrivals minus domestic departures), and net international migration (international arrivals minus international departures). Metropolitan Statistical Areas that are growing typically have more births than deaths and inflows of new residents that are greater than outflows of current residents. As population change evolves over time, we compare how the components of the resident population in Hampton Roads have shifted over the last two-and-a-half decades.

Graph 4 illustrates the components of population change for the Hampton Roads metro area from April 1, 2000 to July 1, 2009. Graph 5 illustrates the same components from April 1, 2010 to July 1, 2019, and Graph 6 displays the components from April 1, 2020 to July 1, 2024. Let's turn our attention first to the natural change in the population. In the first decade of this century, there were, on average, 10,704 more births than deaths in the region. In the second decade, the average number of births fell from 22,016 to 20,962 while the average number of deaths increased from 11,313 to 13,107. As a result, the average increase in the resident population slowed to 5,495 from 2010 to 2019. In the current decade, the average number of births fell again to 17,542 while deaths increased to an average of 14,673. From April 1, 2020 to July 1, 2024, the average annual natural increase in the population was 2,869, only 36.5% of the average observed in the previous decade. Slowing population growth has been driven, in part, by the decline in the natural increase of the population.

How has international migration contributed to population growth in Hampton Roads? In the first decade of the century, there were, on average, 201 more international arrivals than departures to the region. Care must be taken, however, to note the large outflow of residents (12,781) in 2003 and a relatively large inflow from overseas locations (7,693) in 2004. On the other hand, international migration was positive for each year of the previous decade. On average, there were 3,632 more arrivals from overseas locations than departures to overseas locations over this period. We observe a similar positive inflow of international arrivals this decade, with an average of 3,164 more new residents coming from international locations than existing residents departing to international destinations.

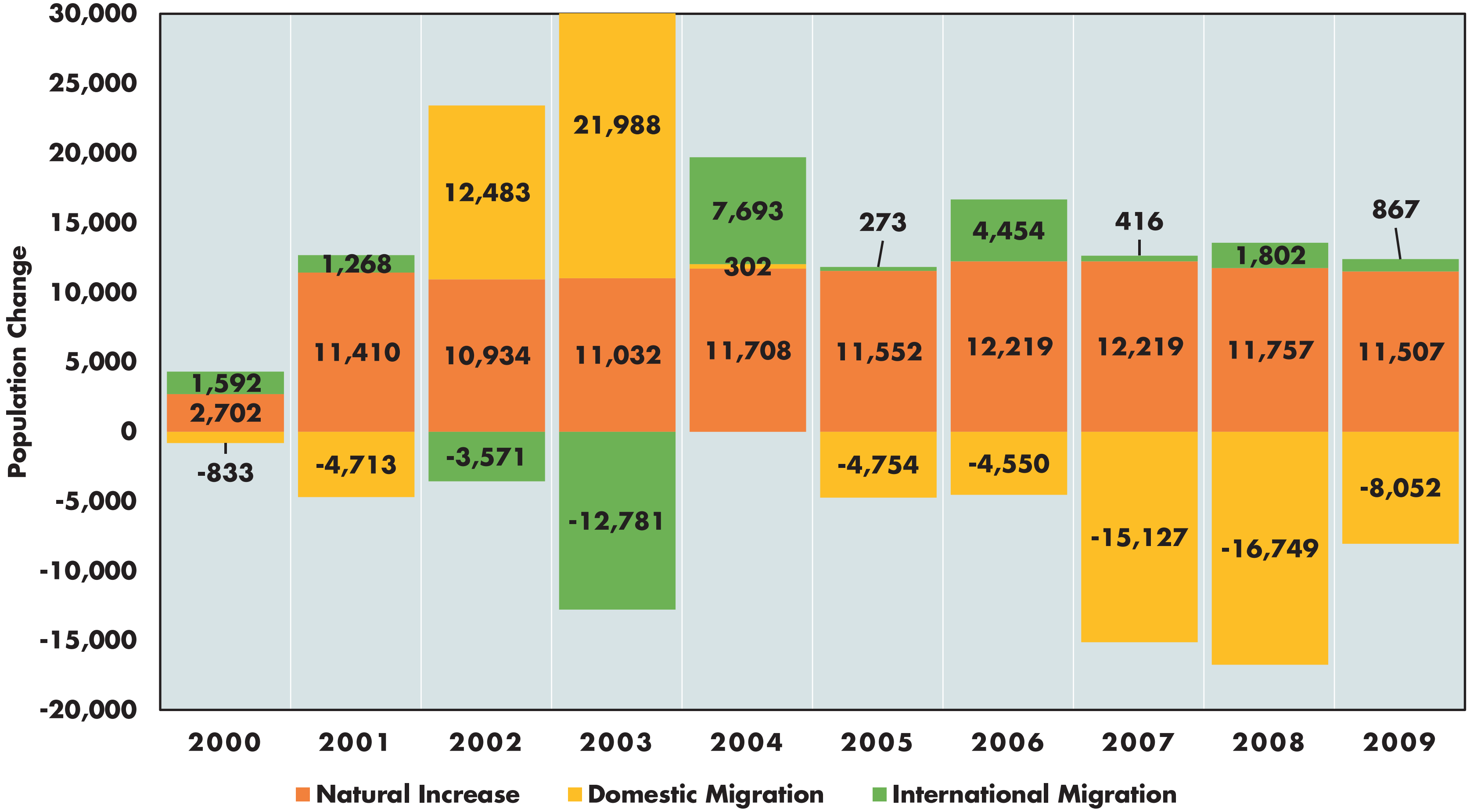
The arrival from new residents to the region is a sign of the attractiveness of the region, however, it has been insufficient to offset the outflow of residents to domestic locations outside of Hampton Roads. Net domestic migration has been negative for the region since 2005 with the exception of 2020 (which was a 'reset' year for the PEP, the height of the COVID-19 pandemic, and was only a positive inflow of 78 residents). From April 1, 2000 to July 1, 2009, an average of 2,001 more residents left Hampton Roads for other domestic locations than arrived in the region from other areas in the United States. From April 1, 2010 to July 1, 2019, average annual net domestic migration increased to -5,973. If there is a modicum of good news, it is that this average net domestic migration was -3,300 from April 1, 2020 to July 1, 2024. While this is an improvement of the previous decade, net negative domestic migration remains a strong signal of how residents perceive economic conditions in the Hampton Roads region. If the natural change in the population continues to slow and international migration is adversely impacted by changes in federal immigration policy, the likelihood exists that the population of Hampton Roads will start to decline as the end of the current decade approaches.

Table 3 highlights the components of population change for metropolitan areas in the Commonwealth from April 1, 2020 to July 1, 2024. Unlike Hampton Roads, several metropolitan areas across the state have experienced more deaths than births this decade. In absolute terms, Hampton Roads had the second largest natural increase in the population among Virginia's metro areas, second only to (and far behind) the Washington – Arlington – Alexandria metro area. International migration, on the other hand, was positive across Virginia's metros, and Hampton Roads ranked third in terms of the absolute number of net international arrivals. Turning to domestic migration, four metro areas experienced net negative domestic migration this decade. The Washington-Arlington-Alexandria metro area experienced the largest outflow (-204,749), followed by Hampton Roads (-16,501), Blacksburg-Christiansburg-Radford (-690), and Harrisonburg (-669). Virginia's overall population increased this decade by 179,807 as international migration (158,813) and the natural change in the population (53,818) completely offset negative domestic migration (-34,497).

Table 4 illustrates the same components for Hampton Roads and its peer and aspirant metropolitan areas. Hampton Roads and Washington – Arlington – Alexandria stand out as the only metropolitan statistical areas that has experienced negative domestic migration this decade. If we draw back to all the metropolitan areas in the United States, we can estimate the simple correlation between population growth and growth in nonfarm payrolls (jobs) 2019 to 2024. Not surprisingly, the partial correlation coefficient is 0.6, suggesting a positive correlation between population growth and job growth. Simply put, people follow jobs and jobs follow people. Hampton Roads, to stem the outflow of residents, must invigorate job growth, or else the trend of domestic outmigration will only continue over the remainder of the decade.

GRAPH 4

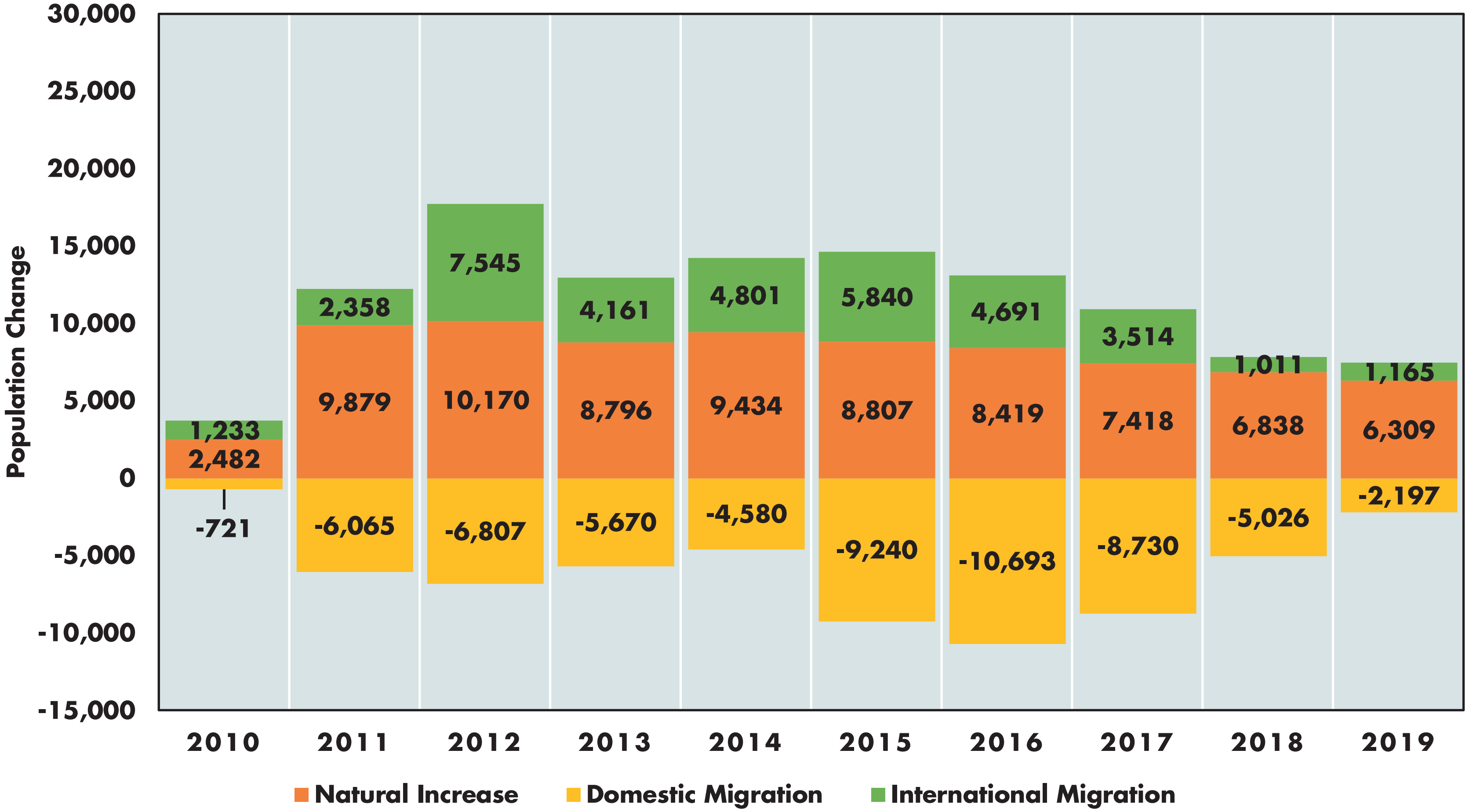
COMPONENTS OF POPULATION CHANGE
HAMPTON ROADS, APRIL 1, 2000 – JULY 1, 2009



Sources: U.S. Census Bureau, various years, and Dragas Center for Economic Analysis and Policy. The data represent the change from July 1 of the preceding year to July 1 of the current year with the exception of the decennial census year where the data represent the change from April 1 to July 1 of the decennial census year. Population residual estimates not included.

GRAPH 5

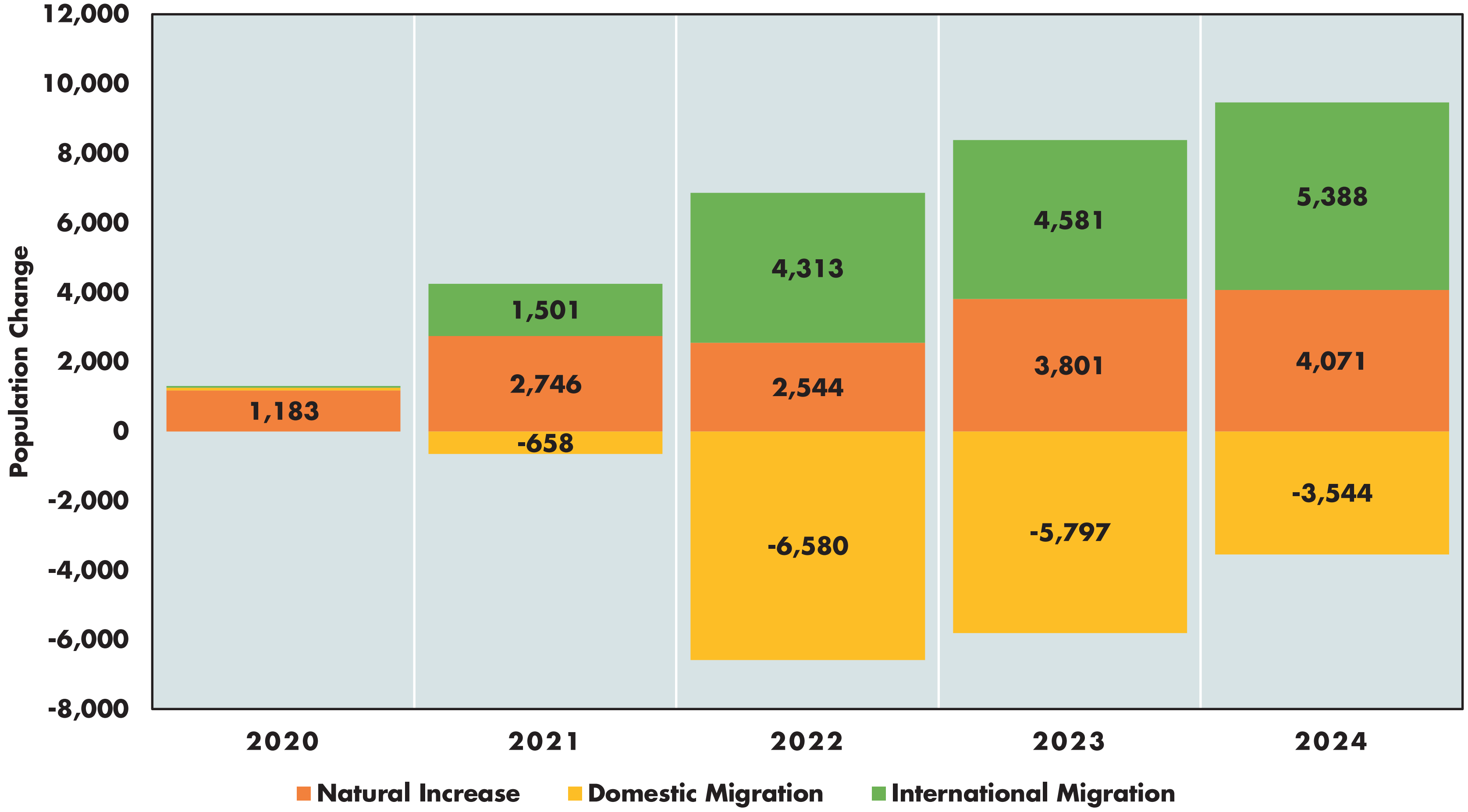
COMPONENTS OF POPULATION CHANGE
HAMPTON ROADS, APRIL 1, 2010 – JULY 1, 2019



Sources: U.S. Census Bureau, various years, and Dragas Center for Economic Analysis and Policy. The data represent the change from July 1 of the preceding year to July 1 of the current year with the exception of the decennial census year where the data represent the change from April 1 to July 1 of the decennial census year. Population residual estimates not included.

GRAPH 6

COMPONENTS OF POPULATION CHANGE
HAMPTON ROADS, APRIL 1, 2020 – JULY 1, 2024



Sources: U.S. Census Bureau, various years, and Dragas Center for Economic Analysis and Policy. The data represent the change from July 1 of the preceding year to July 1 of the current year with the exception of the decennial census year where the data represent the change from April 1 to July 1 of the decennial census year. Population residual estimates not included. From April 1, 2020 to July 1, 2020, net domestic migration was 78 and international migration was 38. These estimates are not labeled as they are too small to be displayed.

TABLE 3

**COMPONENTS OF POPULATION CHANGE
VIRGINIA'S METROPOLITAN STATISTICAL AREAS AND VIRGINIA
APRIL 1, 2020 – JULY 1, 2024**

Name	Natural Increase	Domestic Migration	International Migration	Population Residual	Population Change
Blacksburg-Christiansburg-Radford	-2,414	-690	3,282	19	197
Charlottesville	642	1,500	3,708	-39	5,811
Harrisonburg	800	-669	3,057	74	3,262
Kingsport-Bristol	-10,012	15,720	347	209	6,264
Lynchburg	-2,291	5,831	1,275	22	4,837
Richmond	6,117	29,213	20,112	266	55,708
Roanoke	-5,133	2,610	3,018	-4	491
Staunton-Waynesboro	-1,872	4,202	694	21	3,045
Virginia Beach-Chesapeake-Norfolk	**14,345**	**-16,501**	**15,821**	**567**	**14,232**
Washington-Arlington-Alexandria	124,874	-204,749	240,052	-2,283	157,894
Winchester	-156	6,295	1,011	-91	7,059
Virginia	**53,818**	**-34,497**	**158,813**	**1,673**	**179,807**

Source: U.S. Census Bureau, Population Estimates Program, 2024 Vintage Estimates. The Kingsport-Bristol MSA includes counties in Tennessee. The Virginia Beach – Chesapeake – Norfolk MSA includes counties in North Carolina. The Washington-Arlington-Alexandria includes cities and counties in Washington, DC, Virginia, Maryland, and West Virginia. The Winchester MSA include counties in West Virginia.

TABLE 4

COMPONENTS OF POPULATION CHANGE SELECTED METROPOLITAN AREAS APRIL 1, 2020 TO JULY 1, 2024

Name	Natural Increase	Domestic Migration	International Migration	Population Residual	Population Change
Charleston-North Charleston, SC	10,784	47,141	11,805	568	70,298
Charlotte-Concord-Gastonia, NC-SC	34,638	117,342	70,443	785	223,208
Durham-Chapel Hill, NC	7,102	6,437	20,334	-2,261	31,612
Greenville-Anderson-Greer, SC	-714	54,646	13,530	1,010	68,472
Jacksonville, FL	6,752	108,815	38,597	535	154,699
Nashville-Davidson-Murfreesboro-Franklin, TN	27,257	71,628	37,566	-323	136,128
Raleigh-Cary, NC	30,103	81,532	36,487	-88	148,034
Richmond, VA	6,117	29,213	20,112	266	55,708
Virginia Beach-Chesapeake-Norfolk, VA-NC	**14,345**	**-16,501**	**15,821**	**567**	**14,232**
Washington-Arlington-Alexandria, DC-VA-MD-WV	124,874	-204,749	240,052	-2,283	157,894

Source: U.S. Census Bureau, Population Estimates Program, 2024 Vintage Estimates.

Measuring Migration Using Tax Data

The Internal Revenue Service (IRS) Statistics of Income (SOI) program publishes statistics on individuals, businesses, estates, nonprofit organizations, trusts, and investments abroad and foreign investments in the United States.[4] As individual taxpayers report their addresses when they file their taxes, the SOI program is able to estimate migration data for the United States based on year-to-year address changes of taxpayers. The tax return data used to produce the SOI migration data come from individual income tax returns filed prior to late September each year and capture between 95% and 98% of total annual filings. The migration data, reported at the state and county level, captures inflows (the number of residents who move to a state or county and where they moved from) and outflows (the number of residents who left a state or country and where they moved to).

The SOI migration data not only provides estimates on the number of taxpayers that move in and out of a county or state in a given year, it also provides insight into the incomes and exemptions of these taxpayers. The SOI migration data contains yearly estimates on inflows of Adjusted Gross Income (AGI) and outflows of AGI.[5] The number of returns filed, according to the IRS, approximates the number of migrating households while the number of personal exemptions approximates the number of individuals who have moved during a given year. At the state level, the SOI migration data provides aggregate migration flows by size of AGI and the age of the primary taxpayer.

The IRS differentiates between what is meant by tax year, filing or calendar year, and migration year. The tax year is the year in which income is earned while the filing year is the year in which the taxpayer files their individual income tax return. The filing year is almost always one calendar year after the tax year. The taxpayer's residence, for the purposes of migration, is determined at the time of filing. The 2022 migration data, for example, report the taxpayers' place of residence for their 2021 returns in 2022. Since the migration data show year-to-year movement, the data are expressed in two-year increments, that is, 2021 – 2022 migration data. The SOI estimates for 2021 – 2022, for example, show the changes in residence from calendar year 2021 to 2022.

The SOI data, however, does not capture all residents in a county, state, or the United States. Individuals who do not file an individual income tax return are not observed by the IRS and not included in the data. The elderly and poor are underrepresented in the data, as some proportions are not required to file as their incomes fall below the filing threshold. High-income taxpayers with complex returns may also be underrepresented, as these taxpayers may not file their returns in time to be included in the SOI data estimates. Lastly, we note that data are appreciably lagged when compared to the Census Bureau Population Estimates Program estimates. The latest SOI data are available is for the 2021 – 2022 calendar year.

4 For more information, see https://www.irs.gov/statistics/soi-tax-stats-purpose-and-function-of-statistics-of-income-soi-program.
5 According to the IRS, adjusted gross income (AGI) is total gross income from all sources minus adjustments listed on Schedule 1 for Form 1040. AGI is calculated before standard or itemized deductions. For more information on AGI, see https://www.irs.gov/e-file-providers/definition-of-adjusted-gross-income.

Migration at the State Level

Hampton Roads does not exist in a vacuum. To understand how the region influences the state, we first examine migration trends for the Commonwealth. Graph 7 illustrates total net migration for Virginia from 2012 to 2022 using IRS SOI migration data, where total net migration includes domestic and foreign migration. The data suggest that Virginia has seen an outflow of residents to domestic and foreign locations in recent years.

Table 5 reveals why net total migration has been negative in recent years for Virginia. With the exception of 2017, net foreign migration has been positive every year from 2012 to 2022. On the other hand, net domestic migration has been negative from 2013 to 2023. In other words, while Virginia continues to attract more individuals to the state from foreign locations than those who move overseas, the reverse has been true for domestic locations. Since 2013, more Virginians have left for other states than arrived from those states.

Domestic outmigration is not merely the movement of Virginians to other states and jurisdictions in the United States. When Virginians leave, they take their income with them. When people migrate to Virginia from other states, they bring their income with them. The question is, on balance, what are the incomes of those leaving the state relative to those moving into the state? Graph 8 reveals that, between 2012 and 2022, more Adjusted Gross Income flowed out of Virginia than arrived from other domestic and foreign locations. In 2022, for example, approximately $2 billion more in AGI moved out of Virginia than moved into the state. Table 5 displays the net inflows and outflows of AGI for domestic and foreign locations.

In 2022, the average AGI per inbound return was $87,376 while the average AGI per outbound return was $100,559. In other words, Virginia is not only seeing residents leave, the residents who are leaving have higher incomes, on average, than individuals moving into the state. Even though total state AGI has grown, the outflow of relatively higher income filers is a warning sign about the relative attractiveness of the state.

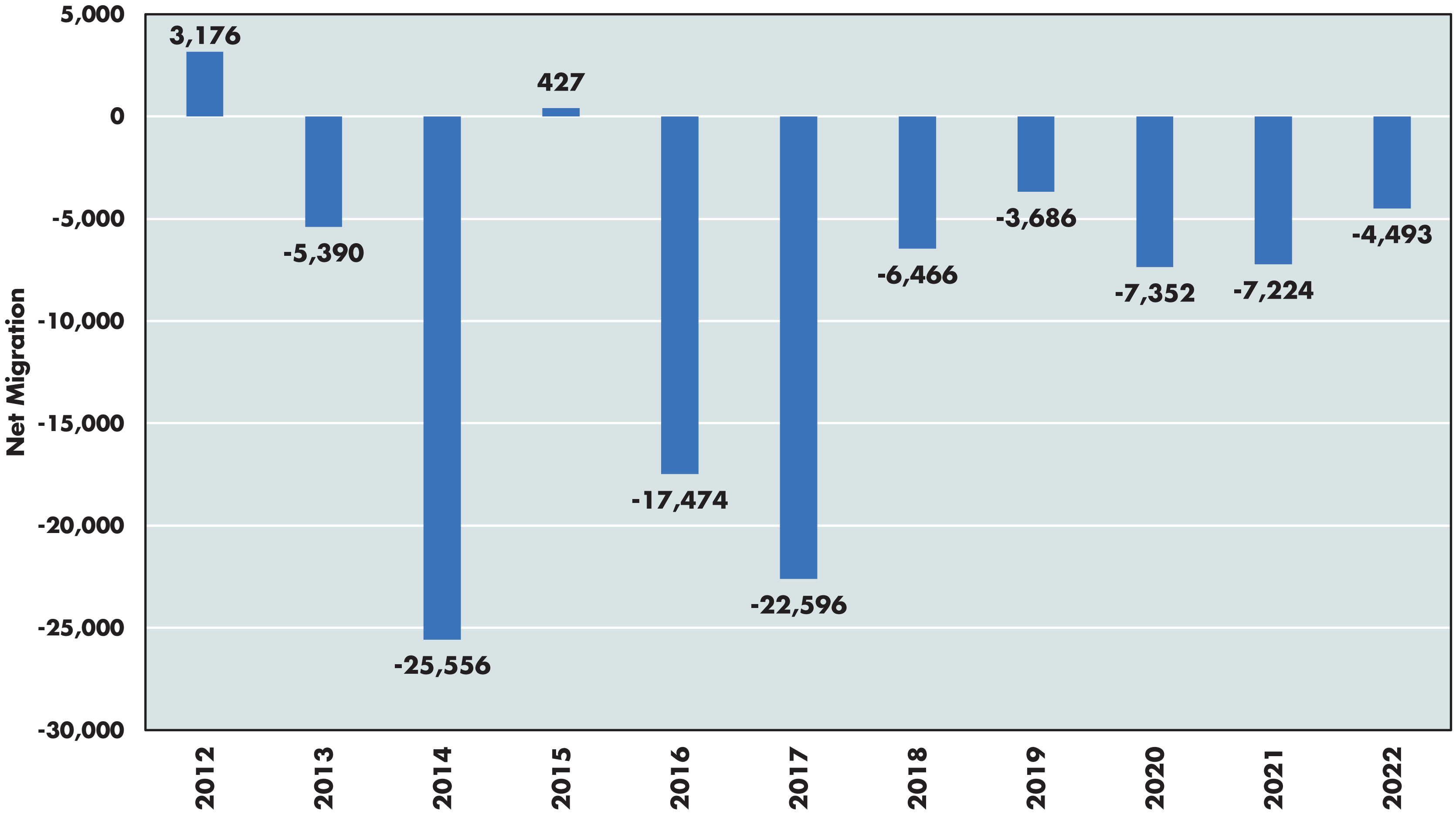
Table 7 breaks down migration flows for returns, individuals, and AGI for 2022 for Virginia by AGI brackets. In 2022, approximately 4,600 Virginians moved out of the state for other locations than new residents arrived from other locations. Net migration inflows were positive for individuals earning less than $75,000, leading to positive AGI inflows for these brackets. However, net migration was negative for those earning $75,000 and above, and the loss of AGI from the $75,000 - $99,999 income bracket was almost equal to all the gains from the lower AGI brackets.

As seen in Table 6, Virginia's AGI losses in 2022 were driven by the outmigration of higher-income taxpayers. Almost 3,900 more filers earning between $100,000 and $199,999 left Virginia in 2022 than arrived in Virginia from other locations. The net loss of almost 3,900 filers in this AGI bracket led to a net reduction of state AGI by $556.3 million. For those earning $200,000 or more, the net outflows of filers were smaller, with a net loss of almost 2,400 filers in this bracket. The loss of AGI, however, from the $200,000 AGI or more bracket, was almost three times that of the $100,000 to $199,999 bracket. In 2022, the loss of almost 2,400 filers with AGI of $200,000 or more reduced Virginia's AGI by approximately $1.6 billion. Virginia not only lost residents due to outmigration, it lost residents with significantly higher incomes.

From a policy perspective, the loss of relatively higher income households is concerning as higher income households generate higher levels of tax revenue when compared to lower income households. Why higher income households are leaving Virginia remains a matter of debate. One argument is that these individuals are leaving for lower tax states and that Virginia should modernize its tax system to "compete" for higher income households. Another argument is that Virginia, especially its urban areas, has been relatively more expensive, and higher income individuals are seeking out lower cost states. While relatively poorer households face similar costs, higher income households may be more responsive to tax rates and the cost of living with respect to their residence decisions. The reality is likely a mixture of these and other explanations and a challenge for the next General Assembly and Governor to address.

GRAPH 7

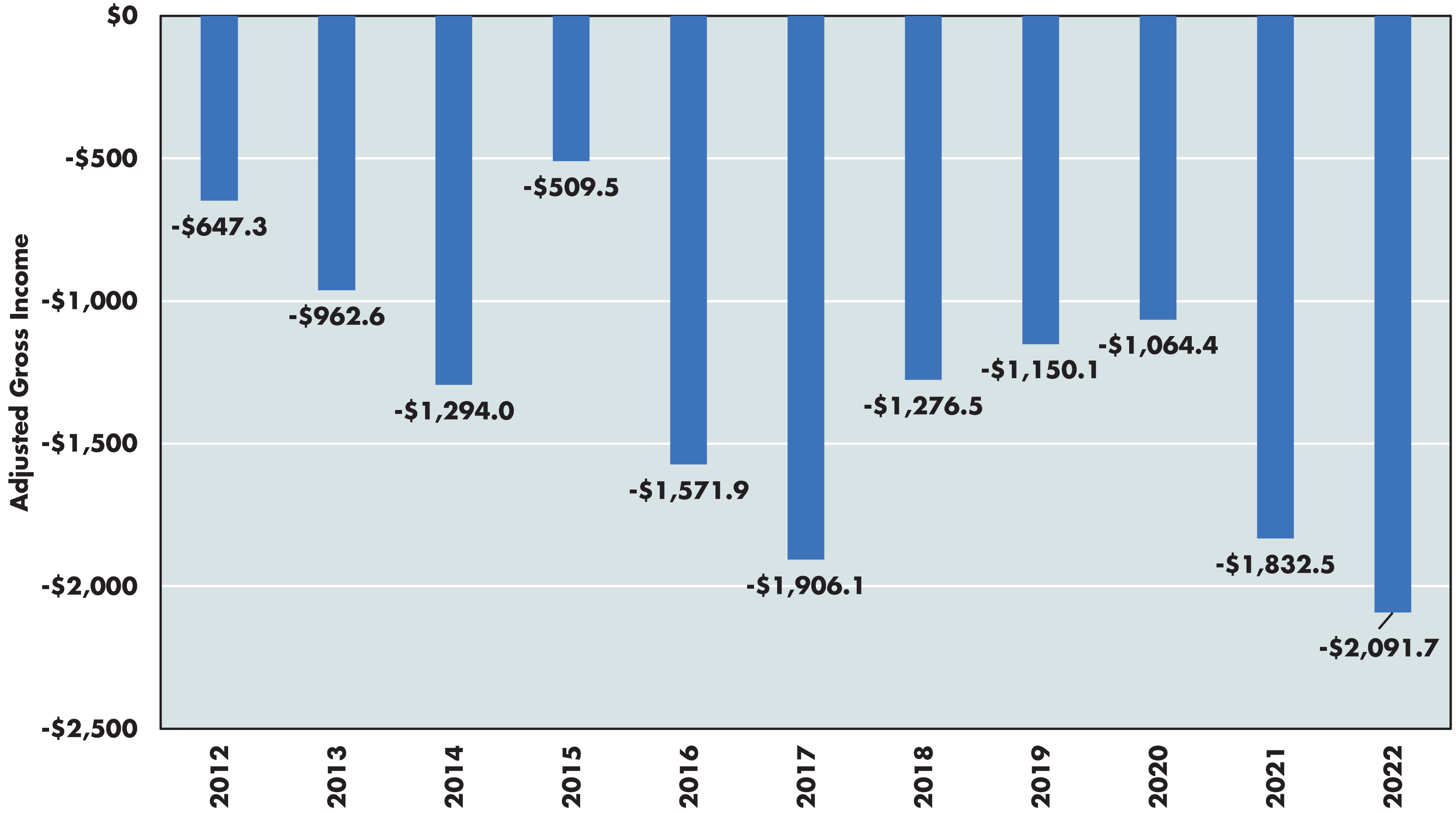
TOTAL NET MIGRATION
COMMONWEALTH OF VIRGINIA, 2012 – 2022



Source: Internal Revenue Service, Statistics of Income Program, various years (2025). Years represent year-to-year movement of taxpayers, that is, 2022 represents migration from 2021 to 2022. Data do not include non-filers and may underestimate the number of elderly, poor, or high-income taxpayers. Data represent the number of exemptions which is equal to the number of filers plus dependents.

GRAPH 8

NET FLOW OF ADJUSTED GROSS INCOME FROM DOMESTIC AND FOREIGN MIGRATION
COMMONWEALTH OF VIRIGINIA, 2012 – 2022
MILLIONS OF DOLLARS



Source: Internal Revenue Service, Statistics of Income Program, various years. Years represent year-to-year movement of taxpayers, that is, 2022 represents migration from 2021 to 2022. Data do not include non-filers and may underestimate the number of elderly, poor, or high-income taxpayers. Data represent the number of exemptions which is equal to the number of filers plus dependents.

TABLE 5

COMPONENTS OF MIGRATION
COMMONWEALTH OF VIRGINIA, 2012 – 2022

Calendar Year	Net Domestic Migration	Net Foreign Migration	Net Total Migration	Net Domestic AGI Flow	Net Foreign AGI Flows	Net AGI Flows
2012	1,164	2,012	3,176	-$656.8	$9.5	-$647.3
2013	-8,238	2,848	-5,390	-$1,029.5	$67.0	-$962.6
2014	-28,398	2,842	-25,556	-$1,355.8	$61.8	-$1,294.0
2015	-5,009	5,436	427	-$692.6	$183.1	-$509.5
2016	-19,230	1,756	-17,474	-$1,610.2	$38.3	-$1,571.9
2017	-19,193	-3,403	-22,596	-$1,749.7	-$156.4	-$1,906.1
2018	-8,193	1,727	-6,466	-$1,282.9	$6.4	-$1,276.5
2019	-6,261	2,575	-3,686	-$1,208.2	$58.2	-$1,150.1
2020	-9,549	2,197	-7,352	-$1,094.1	$29.6	-$1,064.4
2021	-9,293	2,069	-7,224	-$1,857.9	$25.4	-$1,832.5
2022	-6,843	2,350	-4,493	-$2,166.9	$75.1	-$2,091.7

Source: Internal Revenue Service, Statistics of Income Program, various years. Years represent year-to-year movement of taxpayers, that is, 2022 represents migration from 2021 to 2022. Data do not include non-filers and may underestimate the number of elderly, poor, or high-income taxpayers. Data represent the number of exemptions which is equal to the number of filers plus dependents.

TABLE 6

COMPONENTS OF MIGRATION, ADJUSTED GROSS INCOME BY INCOME BRACKETS COMMONWEALTH OF VIRGINIA, 2022

Adjusted Gross Income	Net Returns	Net Individuals	Net AGI Flows (Millions)
$ 1 - $9,999	760	1,160	$3.0
$10,000 - $24,999	1,617	2,176	$29.6
$25,000 - $49,999	1,950	2,982	$71.6
$50,000 - $74,999	242	1,115	$9.4
$75,000 - $99,999	-1,200	-569	-$106.5
$100,000 - $199,999	-3,859	-5,813	-$556.3
$200,000 or more	-2,375	-5,705	-$1,570.1
Totals	**-2,865**	**-4,654**	**-$2,119.2**

Source: Internal Revenue Service, Statistics of Income Program, various years. Years represent year-to-year movement of taxpayers, that is, 2022 represents migration from 2021 to 2022. Data do not include non-filers and may underestimate the number of elderly, poor, or high-income taxpayers. Data represent the number of exemptions which is equal to the number of filers plus dependents. Due to the omission of returns with adjusted gross deficit, the totals will not match the state-to-state totals previously presented in this chapter.

Migration in Hampton Roads: The SOI Perspective

Graph 9 displays the net migration of individuals for the Hampton Roads metropolitan area from 2012 to 2022. From 2012 to 2022, 21,041 more individuals left Hampton Roads than moved into the region. The largest outflow occurred in 2017, when 8,491 more residents left the region for other domestic and foreign locations than arrived in the region from those locations. The SOI data does show that net migration from Hampton Roads slowed after 2017 and was positive in 2020 and 2021. The gains in 2020 and 2021, however, were completely offset by net migration being -1,069 individuals in 2022.

Table 7 contains estimates of net domestic migration, net foreign migration, and net total migration for Hampton Roads from 2012 to 2022. Net domestic migration represents the net flow of individuals for the metropolitan area. If an individual moves from Chesapeake to Richmond or from Newport News to Charlotte, North Carolina, for example, they would be counted as leaving the metropolitan area in each case. Net foreign migration represents the movement of residents to overseas locations and the arrival of new residents from international locations.

The estimates in Table 7 reveal that net domestic arrival was negative each year from 2012 to 2022. In other words, more residents left Hampton Roads for other locations in the United States than arrived in the region. On the other hand, net international migration has, with the exception of 2016 and 2017, been positive. In 2015, 2020, and 2021, net foreign migration was sufficiently large to offset negative net domestic migration. We would note, however, that international migration may be influenced by changes in federal immigration policy, and relying on international migration to offset the flow of residents leaving the region is not a tenable policy choice.

Graph 10 illustrates the net flow of Adjusted Gross Income (AGI) for Hampton Roads from 2012 to 2022. From 2012 to 2022, only two years, 2020 and 2021, observed positive net inflows of AGI to Hampton Roads. In other years, including the most recent data in 2022, net AGI flows for Hampton Roads have been negative. In other words, with the exception of 2020 and 2021, the incomes of households arriving in Hampton Roads have been insufficient to offset the incomes of households leaving Hampton Roads.

Table 7 breaks down the net flows of AGI by location. Net domestic AGI flows represent the net of inflows and outflows of AGI from Hampton Roads to other domestic locations and to Hampton Roads from domestic locations. Table 8 compares Hampton Roads with other metro regions. In 2022, the region experienced a net loss of $97 million in AGI to domestic locations. This pales in comparison to the Washington – Arlington – Alexandria metropolitan area which experienced a -$3,677.4 million loss in AGI to other domestic locations. At the other end of the spectrum was the Jacksonville, Florida metropolitan region which observed a net positive inflow of $1,594.9 million from domestic migration. Areas that were economically more attractive gained AGI while regions that appeared to be economically less vibrant lost AGI.

Another perspective is to examine average AGI per return. In 2022, the average AGI per return for households leaving Hampton Roads for domestic locations was $67,730. In the same year, the average AGI for households moving to Hampton Roads from domestic locations was $66,442. The difference of $1,288 per return represents the loss of AGI for the region from domestic migration. On the other hand, however, the AGI of households leaving Hampton Roads for foreign locations was $61,180 while the AGI of households moving into Hampton Roads from foreign locations was $72,390. The difference of $9,209 highlights how international migration can offset domestic migration.

TABLE 7

COMPONENTS OF MIGRATION
HAMPTON ROADS, 2012 – 2022

Calendar Year	Net Domestic Migration	Net Foreign Migration	Net Total Migration	Net Domestic AGI Flows	Net Foreign AGI Flows	Net AGI Flows
2012	-2,982	1,864	-1,118	-$48.9	$28.5	-$20.4
2013	-4,001	2,616	-1,385	-$126.6	$40.4	-$86.1
2014	-4,504	1,309	-3,195	-$100.6	$18.8	-$81.8
2015	-1,539	2,130	591	-$44.6	$41.6	-$3.0
2016	-5,314	-464	-5,778	-$128.8	-$20.9	-$149.7
2017	-6,758	-1,733	-8,491	-$175.6	-$52.6	-$228.2
2018	-1,535	732	-803	-$41.8	$14.8	-$27.1
2019	-1,380	1,261	-119	-$84.5	$26.2	-$58.3
2020	-1,478	1,540	62	-$0.3	$32.1	$31.8
2021	-1,053	1,317	264	-$12.1	$30.2	$18.2
2022	-2,008	939	-1,069	-$97.0	$18.0	-$79.0

Source: Internal Revenue Service, Statistics of Income Program, various years (2025). Years represent year-to-year movement of taxpayers, that is, 2022 represents migration from 2021 to 2022. Data do not include non-filers and may underestimate the number of elderly, poor, or high-income taxpayers. Data represent the number of exemptions which is equal to the number of filers plus dependents.

TABLE 8

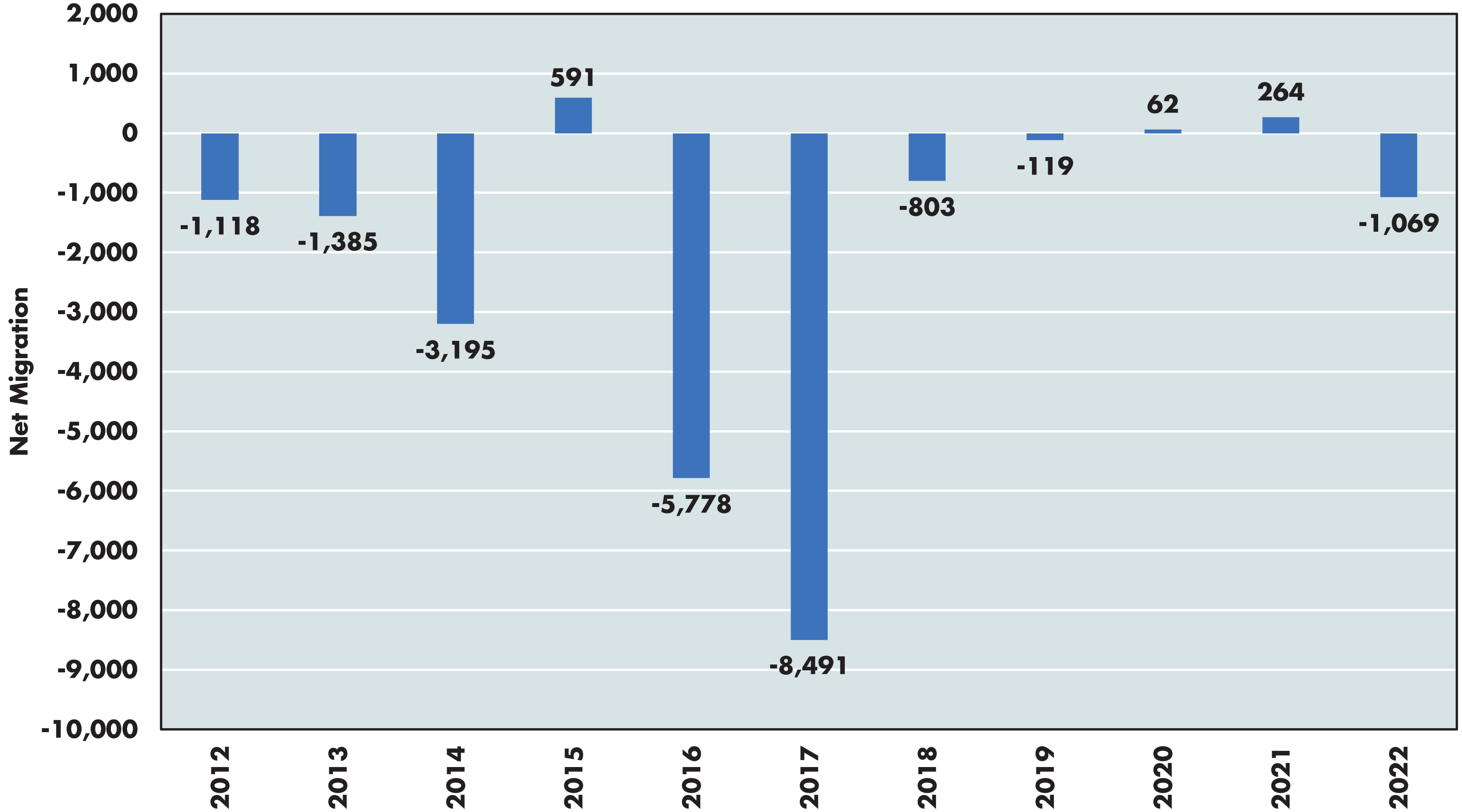
COMPONENTS OF MIGRATION, ADJUSTED GROSS INCOME
HAMPTON ROADS AND SELECTED METROPOLITAN STATISTICAL AREAS, 2022
MILLIONS OF DOLLARS

Metro Areas	Net Domestic AGI Flows	Net Foreign AGI Flows	Net AGI Flows
Charleston-North Charleston, SC	$789.6	$1.1	$790.8
Charlotte-Concord-Gastonia, NC-SC	$759.4	$2.0	$761.4
Durham-Chapel Hill, NC	$49.0	$1.3	$50.3
Greenville-Anderson-Greer, SC	$348.2	$0.2	$348.4
Jacksonville, FL	$1,594.9	$15.3	$1,610.2
Nashville-Davidson--Murfreesboro--Franklin, TN	$1,372.2	-$0.7	$1,371.5
Raleigh-Cary, NC	$607.1	$2.9	$610.1
Richmond, VA	$214.5	$3.6	$218.0
Virginia Beach-Chesapeake-Norfolk, VA-NC	**-$97.0**	**$18.0**	**-$79.0**
Washington-Arlington-Alexandria, DC-VA-MD-WV	-$3,677.4	$38.4	-$3,639.0

Source: Internal Revenue Service, Statistics of Income Program, various years (2025). Years represent year-to-year movement of taxpayers, that is, 2022 represents migration from 2021 to 2022. Data do not include non-filers and may underestimate the number of elderly, poor, or high-income taxpayers. Data represent the number of exemptions which is equal to the number of filers plus dependents.

GRAPH 9

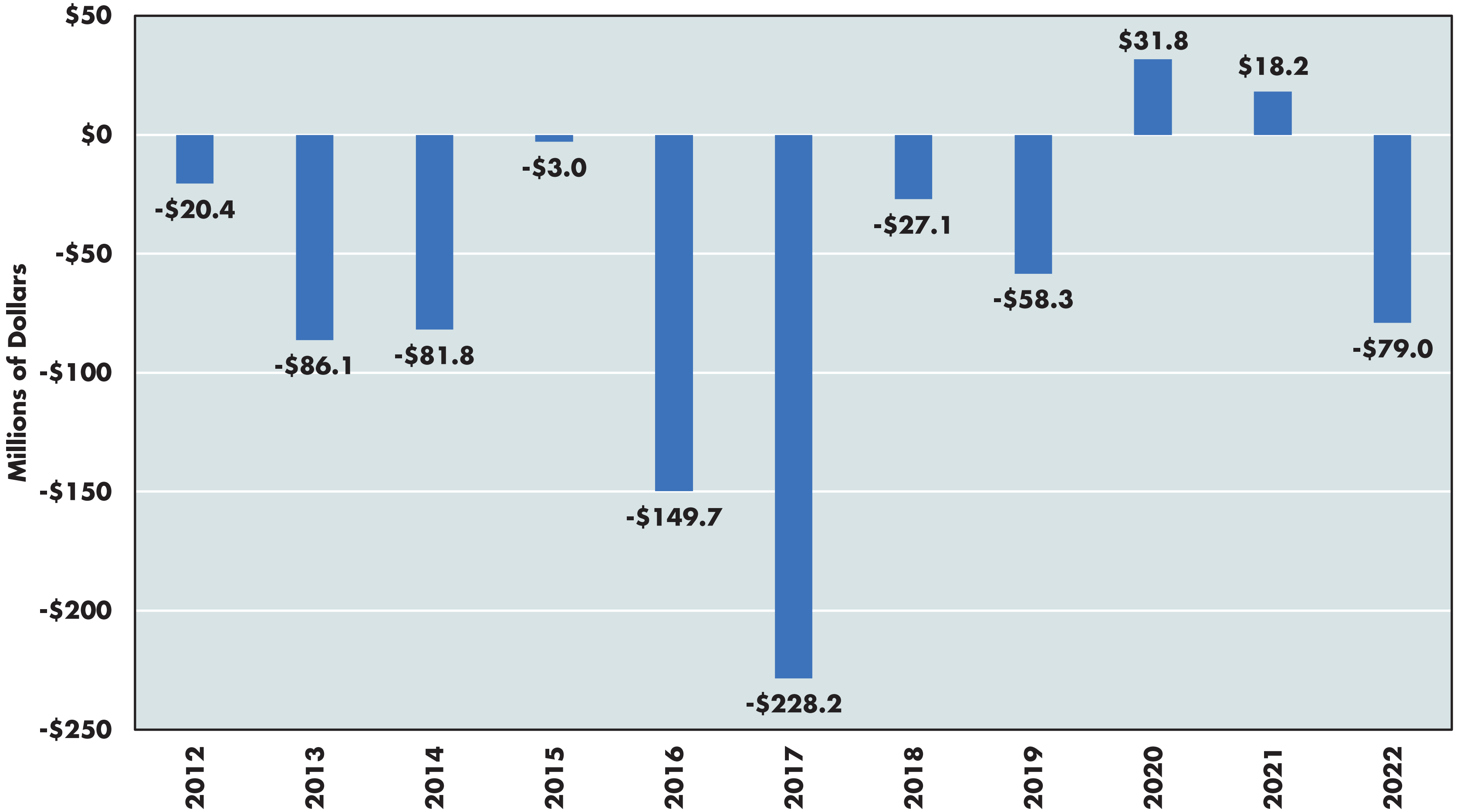
TOTAL NET MIGRATION
HAMPTON ROADS, 2012 – 2022



Source: Internal Revenue Service, Statistics of Income Program, various years (2025). Years represent year-to-year movement of taxpayers, that is, 2022 represents migration from 2021 to 2022. Data do not include non-filers and may underestimate the number of elderly, poor, or high-income taxpayers. Data represent the number of exemptions which is equal to the number of filers plus dependents.

GRAPH 10

NET FLOW OF ADJUSTED GROSS INCOME FROM DOMESTIC AND FOREIGN MIGRATION HAMPTON ROADS, 2012 – 2022



Source: Internal Revenue Service, Statistics of Income Program, various years. Years represent year-to-year movement of taxpayers, that is, 2022 represents migration from 2021 to 2022. Data do not include non-filers and may underestimate the number of elderly, poor, or high-income taxpayers. Data represent the number of exemptions which is equal to the number of filers plus dependents.

Final Thoughts

The data on migration reveal the challenge facing economic development efforts in Hampton Roads: people will vote with their feet about economic conditions. While Hampton Roads has improved its economic performance relative to that of the previous decade, it is not running an economic development race by itself. Its peer and aspirant metro areas have also experienced post-pandemic economic expansions. If the region moves to address its limited housing stock and invests in its key industry clusters, it can address some of the most influential conditions that influence residents' perceptions about growth and opportunity.

While Hampton Roads has benefited from the inflow of individuals from foreign locations, domestic outmigration has remained a persistent concern. Relying on international migration to offset domestic outmigration may not be a sustainable strategy due to changes in federal immigration policy. While increases to Department of Defense (DoD) budgets may translate to increases in direct DoD spending in Hampton Roads, we caution that the return to such increases appears to be decreasing over time. The law of diminishing returns, a core principle in economics, suggests that higher returns can be found by encouraging private-sector growth instead of relying on increases in discretionary federal spending. We do not argue that Hampton Roads should attempt to divorce itself from its role in the national security, but rather seek to complement this role by continuing to do the hard work of improving private-sector growth in the region. To do otherwise is to pin our economic hopes on the fast-changing priorities of the federal government. Now, we argue, is time to seize our economic destiny so residents do not decide to flip a coin on where, not whether, to move.

The Economic Impact of Norfolk International Airport

THE ECONOMIC IMPACT OF NORFOLK INTERNATIONAL AIRPORT

"A world with a sudden limit on air travel would be tremendously different from the one we live in now."
Charles C. Mann, American Journalist

In 2024, approximately 4.9 million passengers traveled through Norfolk International Airport (ORF) as it served more than 75,000 commercial and general aviation flights. As the Norfolk Airport Authority (NAA) embarks on an expansion of capital facilities at ORF, understanding how the airport contributes to the economy of the Commonwealth of Virginia provides insight into how air travel, in part, fuels the economy of Hampton Roads and Virginia.

Airports such as ORF serve as economic engines connecting cities and regions to other localities and generate economic activity that would not occur in their absence. Over the last decade, ORF has experienced turbulence, setting a record for commercial service passengers in 2019 before witnessing a dramatic fall in traffic in 2020 due to the COVID-19 pandemic. Arrivals and departures recovered in 2021, and, by 2022, commercial service passenger traffic eclipsed the pre-pandemic high observed in 2019. Passenger traffic continued to increase in 2023 and set another record in 2024.

Travelers through ORF do more than arrive, pick up their luggage, and leave the airport. Many of these passengers stay in Hampton Roads or travel throughout the Commonwealth. As these passengers stay in Virginia, they spend money on goods and services, spending which then ripples through the regional and state economies. In a very simple sense, ORF attracts money to Hampton Roads and Virginia, which, in turn, creates jobs for Virginians and generates increased incomes. A successful commercial airport is not only a destination, it is a vital part of the regional and state economies.

This chapter estimates the economic impacts of Norfolk International Airport on the Commonwealth of Virginia. After reviewing operations at ORF, we examine the components of economic impact. First, we explore how travelers through ORF contribute to the economy of the state. We then dive into how capital improvements at ORF add economic activity in the Commonwealth. Next, we explore how NAA operations generate economic impacts. Finally, we summarize the economic impacts and discuss how ORF contributes to the economy of Virginia.

A Brief History of Norfolk International Airport

Norfolk International Airport (ORF) is a commercial service airport located in Norfolk, Virginia, and is one of two commercial service airports in the Hampton Roads metropolitan area. The Norfolk Airport Authority (NAA) owns and operates ORF. The NAA is primarily responsible for the safe, efficient, and effective operation of the airport and for ORF's long-term growth. As such, the NAA is responsible for the management of airport facilities, collaborating with passenger and cargo service providers, complying with local, state, and federal regulations, and implementing capital improvement projects to increase ORF's capacity.

ORF has a rich history dating back to the early 20th century. In 1926, Norfolk citizens experienced their first commercial flights on the Mitten Line, operated by Philadelphia Rapid Transit Air Service, Inc. The service offered round-trip flights to Washington and Philadelphia for a brief period before high costs led to its discontinuation. In 1929, Ben Epstein, a World War I veteran pilot, established an air taxi service between Norfolk and Richmond from his airfield on Granby Street. The Ludington Line commenced the first daily scheduled service from Epstein's field to Washington, D.C. However, commercial air travel faced challenges in 1932 when the Navy objected to the expansion of the Granby Street field due to its proximity to Norfolk Naval Air Station. Operations moved to Glenrock Airport, but the Great Depression caused all commercial flights to be suspended indefinitely, grounding Norfolk for five years. In 1938, Norfolk Municipal Airport was established on the site of the former Truxton Manor Golf Course, featuring a 3,500-foot runway and a passenger terminal, which was completed in 1940.

During World War II, the airport played a crucial role in the war effort. The Army Air Corps took over operations from 1942 to 1947, expanding the runway and adding two more to accommodate additional flights. After the war, the airport returned to city control, and commercial travel resumed with the introduction of new airlines. In 1948, Piedmont Airlines began operations, coinciding with the groundbreaking of a modern terminal building. By the early 1950s, Norfolk had more daily flights than New York's La Guardia Airport. In 1950, the Norfolk Port and Industrial Authority (NPIA) took over airport management, boasting Norfolk Municipal Airport as one of the nation's finest and busiest. The new terminal was officially dedicated in 1951. The 1960s witnessed the transition from propeller-driven aircraft to jets. Norfolk Municipal Airport adapted to demands for longer runways and taxiways, with jetliners becoming the norm. In 1968, the airport was officially recognized as the air transportation center for the entire region and was renamed Norfolk Regional Airport. In 1974, Norfolk Regional Airport dedicated its new terminal, expanding further with additional land acquisition and the addition of Federal Customs facilities in 1976. The airport's name was also changed from Norfolk Regional Airport to the modern name, Norfolk International Airport. In 1988, Norfolk Port and Industrial Authority became Norfolk Airport Authority.

Passengers and Spending

Graph 1 illustrates the flow of commercial service passenger traffic arriving and departing ORF from 2000 to 2024. Not surprisingly, passenger traffic is highly correlated with economic conditions in the Hampton Roads metropolitan area. Prior to the Great Recession of 2007 - 2009, commercial passenger traffic peaked at 3.88 million in 2005. Following the Great Recession and coinciding with the impacts of federal budget sequestration, passenger traffic reached a nadir in 2014, with only 2.97 million passengers transiting through ORF. Traffic rebounded in subsequent years, reaching a record 3.98 million passengers in 2019.

Passenger traffic dropped 55.2% in 2020 to 1.8 million passengers due to the COVID-19 pandemic. Traffic rebounded sharply in 2021, reaching 3.3 million, exceeding pre-pandemic levels in 2022 (4.1 million), and increasing again to about 4.6 million in 2023. In 2024, approximately 4.9 million commercial service passengers transited through ORF, a 6.9% increase from 2023 and a 22.2% increase from 2019. In other words, almost 1 million more passengers transited through ORF in 2024 compared to the pre-COVID peak in 2019.

As illustrated in Graph 2, the proportion of commercial service non-resident passenger traffic at ORF has been consistent from 2016 to 2024. On average, from 2016 to 2024, 44.5% of arriving passengers at ORF would be considered visitors to the metropolitan area based on origin-destination data. From an economic impact perspective, out-of-state passengers deliver the largest 'bang for the buck' when transiting through ORF. A local resident who travels through ORF may spend money at the airport but, since they are local, much of their airport-related spending would likely occur with or without the airport. In other words, a resident of Norfolk could travel through ORF or drive to Richmond or Northern Virginia. An out-of-state passenger, on the other hand, is likely transiting through ORF because of its geographical location in the Hampton Roads metropolitan area and its proximity to northeastern North Carolina.

While approximately 4 in 10 commercial service passengers from 2016 to 2024 were not residents of Hampton Roads, we also need to separate these passengers by type of travel. Some passengers transit through ORF to engage in leisure activities, while others move through ORF on business. Some passengers combine leisure and business. The type of travel is important because it influences where the passenger stays after arriving at ORF and how much money they spend during their stay.

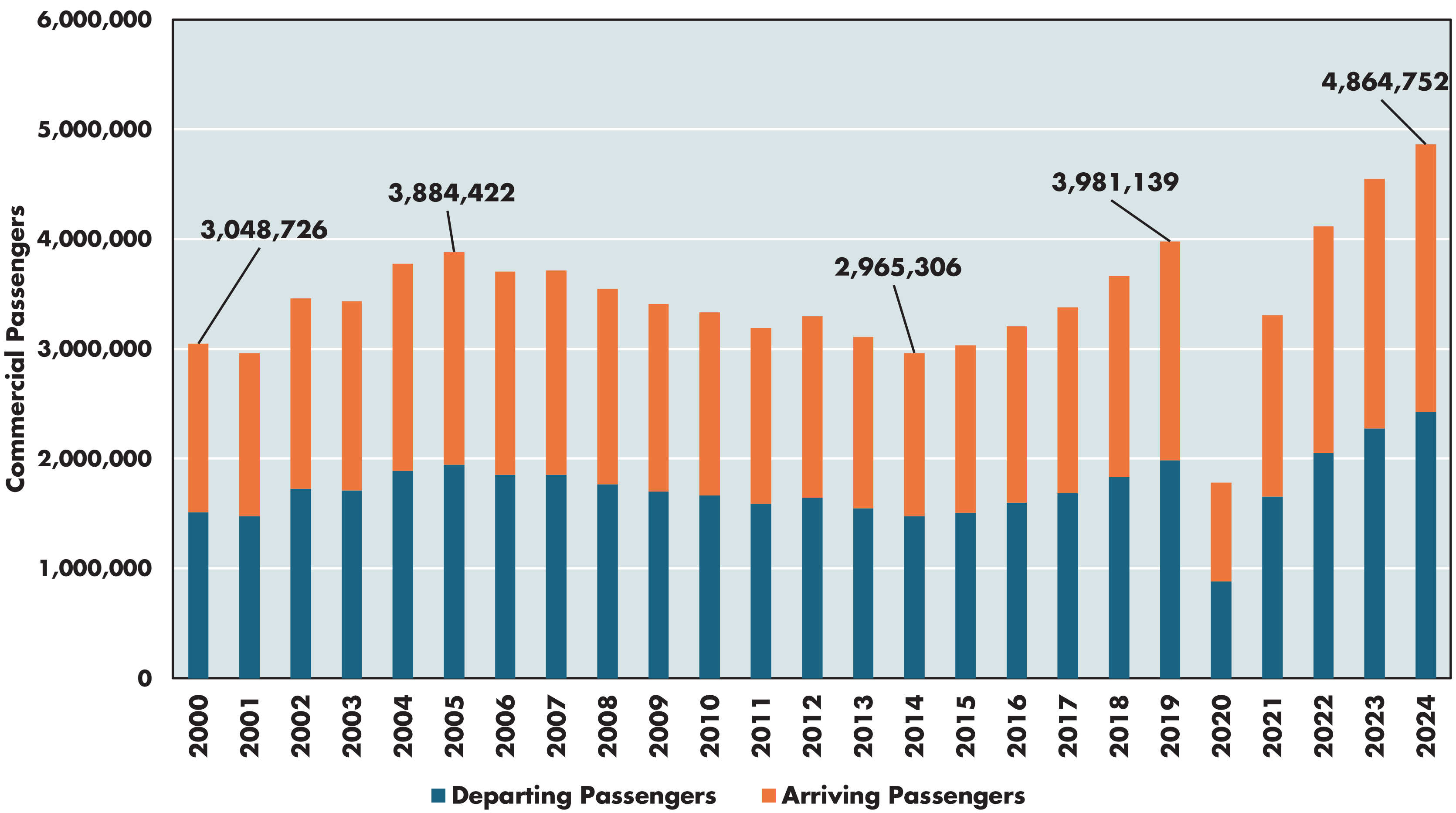
We use data from Bonney & Company to estimate the shares of arriving out-of-state business and leisure travelers from 2019 to 2024.[1] Table 1 provides estimates of out-of-state visitors arriving at ORF from 2019 to 2024 as well as how many of these visitors remained in Virginia. This table also provides estimates of out-of-state business and leisure travelers from 2019 to 2024 that stayed in the Commonwealth.

Table 2 provides estimates of non-airport spending by out-of-state commercial service travelers from 2019 to 2024. These expenditures per person include spending on hotels, restaurants, entertainment, and other expenditures including car rentals, Uber, Lyft, and taxis. We convert the nominal estimates to constant dollar price estimates using the Bureau of Labor Statistics (BLS) Consumer Price Index. The real (inflation-adjusted) spending estimates are expressed in 2024 dollars.

1 For example, see Bonney & Company (2025). "Characteristics of Passengers Using Norfolk International Airport: 2024." Virginia Beach, VA. Since we do not have detailed information on the purpose of visitation of "other passengers," we apply the proportion of visitors for business or pleasure only to "other visitors" to get an estimate of business and leisure passengers.

GRAPH 1

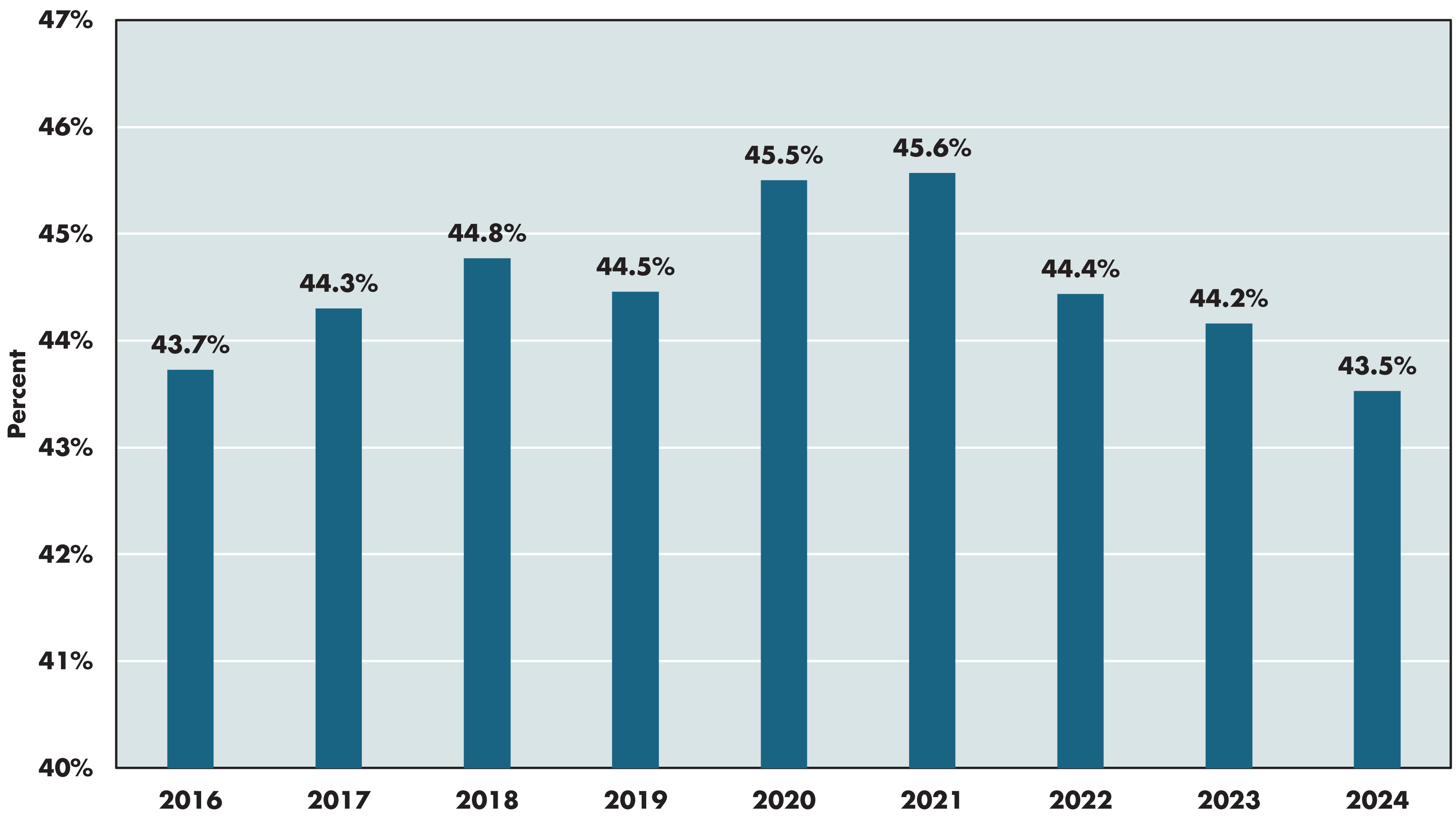
ARRIVING AND DEPARTING COMMERCIAL SERVICE PASSENGERS
NORFOLK INTERNATIONAL AIRPORT, 2000 – 2024



Source: Norfolk Airport Authority (2025).

GRAPH 2

SHARE OF NON-RESIDENT COMMERCIAL SERVICE PASSENGERS
NORFOLK INTERNATIONAL AIRPORT, 2016 — 2024



Source: U.S. Department of Transportation and Norfolk Airport Authority (2025).

TABLE 1

OUT-OF-STATE BUSINESS AND LEISURE PASSENGERS STAYING IN VIRGINIA 2019 – 2024

Year	Out-of-State Visitors	Out-of-State Visitors Staying in Virginia	Out-of-State Business Travelers Staying in Virginia	Out-of-State Leisure Travelers Staying in Virginia
2019	886,527	854,789	417,299	437,490
2020	409,224	389,941	186,006	203,935
2021	754,515	725,666	365,174	360,492
2022	915,617	843,259	437,678	405,581
2023	1,005,627	924,788	450,450	474,338
2024	1,058,983	981,324	515,676	465,648

Source: Norfolk Airport Authority (2025) and authors' calculations. Numbers may not sum to totals due to rounding.

TABLE 2

NON-AIRPORT SPENDING BY OUT-OF-STATE VISITORS STAYING IN VIRGINIA IN 2024 DOLLARS 2019 – 2024

Year	Out-of-State Business Travelers Staying in Virginia	Out-of-State Leisure Travelers Staying in Virginia	Real Business Travel Spending (Millions)	Real Leisure Travel Spending (Millions)
2019	417,299	437,490	$468.5	$267.3
2020	186,006	203,935	$140.9	$113.9
2021	365,174	360,492	$317.1	$225.4
2022	437,678	405,581	$387.1	$280.4
2023	450,450	474,338	$408.6	$345.7
2024	515,676	465,648	$523.4	$351.6

Sources: Norfolk Airport Authority (various years) for the passenger data, Bonney & Company (various years) for the spending data, and Bureau of Labor Statistics (various years) (2025) for the Consumer Price Index (CPI).

Spending at ORF by Residents and Visitors

NAA provided information on revenue collected by businesses or expenditures incurred by travelers at the airport from 2019 to 2024. These revenues included car rentals, Turo, food and beverages, retail sales, ATMs, Fuel ROD, Wi-Fi and Smarte Carte. NAA also provided data on numbers of Uber/Lyft rides used by travelers; we assume an average of $20 per Uber/Lyft ride. We assume that airport employees account for 10% of all spending on food and beverages at the airport.

We utilize estimated proportions of state and local travelers from origin and destination surveys to estimate out-of-state and resident traveler spending at the airport, excluding some spending categories. For resident travelers, we exclude car rental expenditures, including Turo. For out-of-state travelers staying in Virginia, we exclude expenditures on car rentals, Turo, Uber, and Lyft as these are most likely already included expenses during their stay.

We provide the aggregate estimates of resident and visitor spending at ORF in Table 3. Total visitor spending at ORF was $8.0 million in 2019 and fell to $4.3 million in 2020. This spending rebounded in subsequent years and reached $11.2 million in 2024. Total resident spending at ORF was $15.4 million in 2019 and fell to $7.2 million in 2020. This spending also rebounded in 2021 and 2022 and reached $19.6 million in 2023. In 2024, resident spending at ORF was $20.6 million.

NAA provided data on actual number of departing and arriving flights from 2019 to 2024. NAA also provided information on median number of commercial planes on the ground each night and number of pilots and flight attendants per plane for 2024. This information implied that pilots and attendants occupied 90 hotel rooms each night in 2024. We estimate the number of rooms occupied each night by pilots and flight attendants by proportionate changes in number of flights for each of the years from 2019 through 2023 relative to 2024. These expenditures, shown in Table 4, were then adjusted for changes in Consumer Price Index to obtain real airline hotel expenditures incurred in 2024 dollars.

Table 5 provides estimates of the total commercial traveler spending via ORF from 2019 to 2024 in 2024 dollars. Prior to the onset of the COVID-19 pandemic, the direct commercial traveler spending of at ORF was approximately $762.7 million. Out-of-state visitors accounted for 97.5% of total traveler spending. Resident spending accounted for only 2.0% of commercial visitor spending, and airline hotel spending comprised only 0.5% of all visitor spending in Virginia. Unlike out-of-state travelers, residents would spend on housing, food, and other goods and services with or without ORF.

The direct economic impact of visitors and airline crews using commercial airlines to ORF equals out-of-state visitor spending in Virginia, airline hotel spending, and out-of-state visitor and resident spending at ORF. In 2019, the estimated total commercial service passenger spending was $762.7 million. The onset of the COVID-19 pandemic and reductions in commercial service travel led to a decline in total commercial service passenger spending to $267.7 million in 2020. After the 64.9% fall in total spending by 2020, direct economic impact rebounded in 2021 to $564.1 million (110.7%) and increased again in 2022 to $697.4 million (23.6%). Direct economic impact did not exceed pre-pandemic levels until 2023 as total spending increased to $788.4 million (13.1%). The direct economic impact increased to $910.1 million (15.4%) in 2024. This record level of spending by out-of-state visitors in Virginia and visitors at ORF highlights the recovery from the economic shock of 2020 and the potential for future growth.

General Aviation (GA) passengers also spend money across Virginia and at the airport. We obtained data on 2019 GA arrivals from previous reports. We have landing data (Graph 3) and information on GA activities and operations for this period from NAA (Graph 4). We apply the percentage changes in GA activities at ORF from 2019 through 2024 to estimate changes in GA visitors from 2020 through 2024 given the baseline estimate of 37,000 GA visitors in 2019. Graph 4 presents GA visitor spending estimates for ORF from 2019 to 2024 in 2024 constant dollars.

TABLE 3

RESIDENT AND VISITOR SPENDING AT ORF IN MILLIONS OF 2024 DOLLARS 2019 – 2024

Year	Food and Beverage Visitor Spending	Other Visitor Spending	Food and Beverage Resident Spending	Other Resident Spending
2019	$4.1	$3.9	$5.1	$10.3
2020	$2.1	$2.2	$2.5	$4.7
2021	$3.5	$4.0	$4.2	$7.7
2022	$5.9	$4.1	$7.4	$9.5
2023	$6.8	$4.5	$8.6	$11.0
2024	$6.7	$4.5	$8.7	$11.9

Sources: Norfolk Airport Authority (various years) for the expenditure data and Bureau of Labor Statistics (various years) for the Consumer Price Index (CPI). Detailed estimates of spending by function are available upon request.

TABLE 4

ESTIMATED NOMINAL AND REAL AIRLINE HOTEL EXPENDITURE VIA ORF IN 2024 DOLLARS 2019 – 2024

Year	Estimated Rooms Nights Occupied by Pilots and Attendants	Average Daily Contract Rates for Hotels	Estimated Nominal Airline Hotel Spending (Millions)	Estimated Real Airline Hotel Spending (Millions)
2019	35,371	$79	$2.8	$3.4
2020	19,167	$59	$1.1	$1.4
2021	25,696	$79	$2.0	$2.4
2022	30,729	$89	$2.7	$2.9
2023	31,096	$99	$3.1	$3.2
2024	32,940	$99	$3.3	$3.3

Sources: Norfolk Airport Authority (various years) for expenditure data and Bureau of Labor Statistics (various years) for the Consumer Price Index (CPI).

TABLE 5

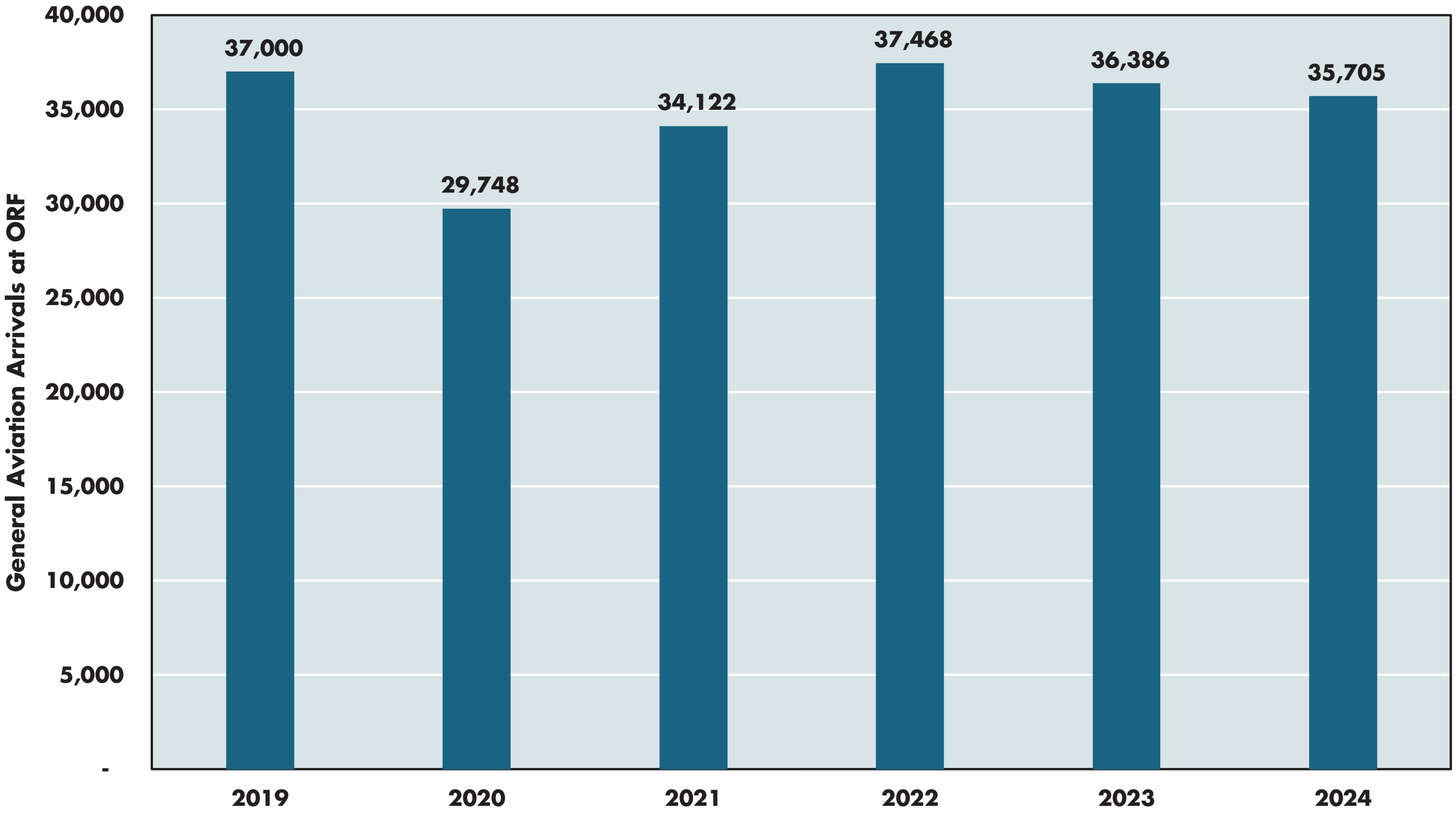
**TOTAL COMMERCIAL TRAVELER REAL SPENDING VIA ORF
IN MILLIONS OF 2024 DOLLARS
VIRGINIA, 2019 – 2024**

Year	Out-of-State Visitor Spending in Virginia (Millions)	Airline Hotel Spending (Millions)	Out-of-State Visitor Spending at ORF (Millions)	Resident Spending at ORF (Millions)	Total Commercial Traveler Spending (Millions)
2019	$735.9	$3.4	$8.0	$15.4	$762.7
2020	$254.8	$1.4	$4.3	$7.2	$267.7
2021	$542.4	$2.4	$7.4	$11.8	$564.1
2022	$667.5	$2.9	$10.0	$16.9	$697.4
2023	$754.3	$3.2	$11.3	$19.6	$788.4
2024	$875.0	$3.3	$11.2	$20.6	$910.1

Sources: Norfolk Airport Authority (various years) for the expenditure data and Bureau of Labor Statistics for the Consumer Price Index (CPI). Detailed estimates of spending by function are available upon request. Sum may not equal total due to rounding.

GRAPH 3

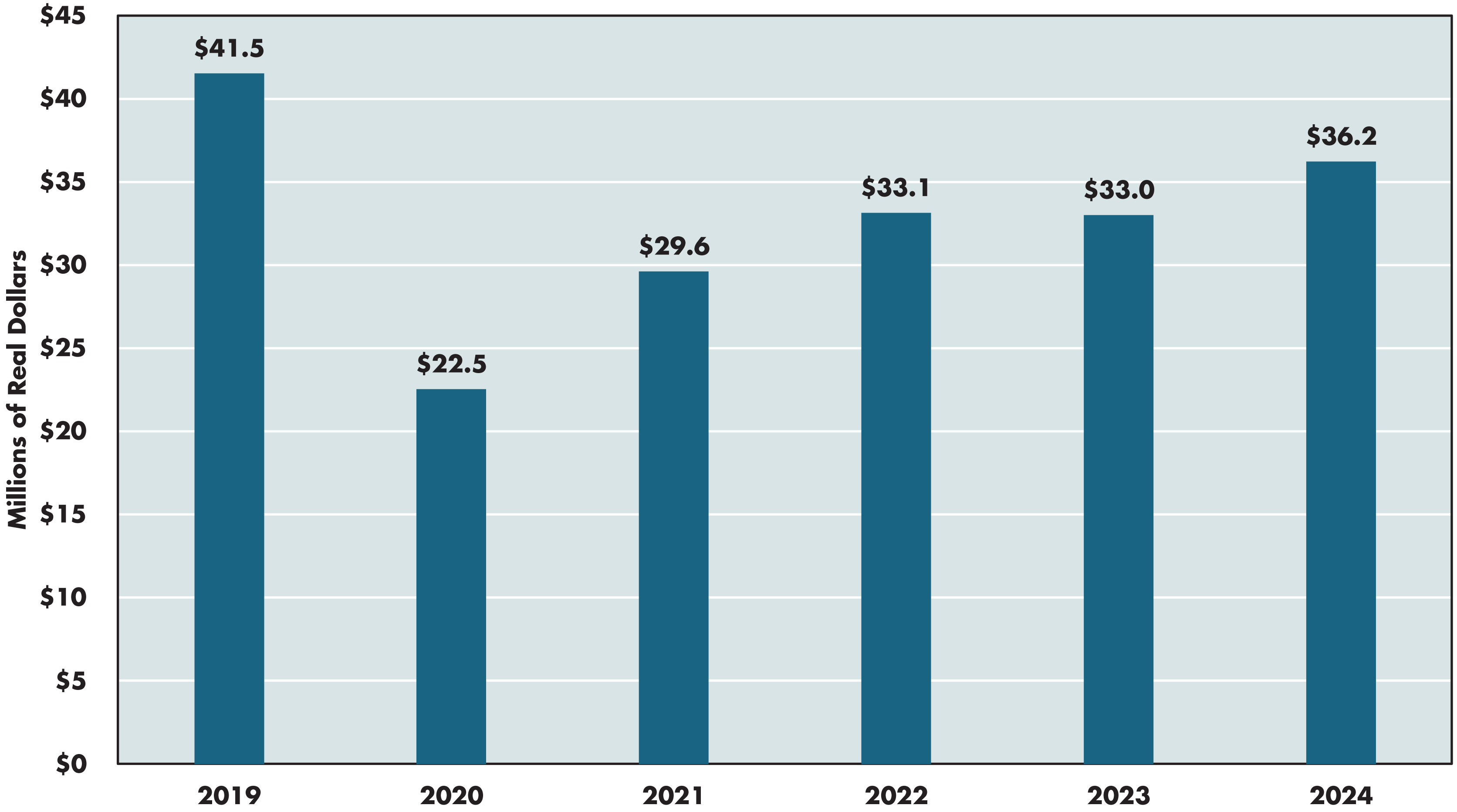
GENERAL AVIATION ARRIVALS AT ORF
2019 – 2024



Sources: InterVISTAS (2020), Norfolk Airport Authority (2024), and the Dragas Center for Economic Analysis and Policy.

GRAPH 4

SPENDING BY GENERAL AVIATION ARRIVALS AT ORF
2019 — 2024



Sources: InterVISTAS (2020), Norfolk Airport Authority (2024) and Bureau of Labor Statistics for the Consumer Price Index (CPI). Dollar values expressed in 2024 dollars.

Economic Impact of Out-of-State Visitors on Virginia

We can now estimate the total direct economic impact of commercial and general aviation visitors as well as local residents. As illustrated in Table 6, in 2019, total direct spending by out-of-state visitors in Virginia, general aviation visitors, and out-of-state visitors and residents at ORF was approximately $804.2 million in 2024 dollars. In 2020, the total direct economic impact declined to $290.2 million. Direct spending rebounded in 2021 ($593.7 million) and 2022 ($730.5 million). In 2023, the total direct economic impact reached $821.4 million and increased to $946.3 million in 2024. Relative to pre-COVID levels, total spending by visitors in Virginia and residents at ORF was 17.7% higher in 2024 than 2019.

One important caveat is that direct resident spending at ORF does not have a multiplier effect like out-of-state visitor spending. We assume that resident spending at ORF would occur elsewhere in Virginia if it did not occur at ORF. Residents would either drive to another Viriginia airport or take another form of transportation. In other words, residents have a transportation and entertainment budget for their travel, and ORF does not induce 'new' spending in Virginia. On the other hand, out-of-state visitor spending is incurred due to the presence of ORF and thus 'ripples' through the Virginia economy, such that each new dollar of spending creates more than a one dollar increase in economic activity. We use IMPLAN, a commercially available economic impact software, to generate estimates of economic impact and our study region is the Commonwealth of Virginia. We present the economic impacts of out-of-state visitors who used air travel through ORF in Table 7.

In 2019, out-of-state visitor spending associated with travel through ORF supported 10,470 jobs that paid $449 million in wages. These visitors increased Virginia's GDP by $758 million and industry output by $1,250 million in 2019. The impact of the COVID-19 pandemic is apparent with jobs, wages, GDP, and output all falling significantly in 2020. The rebound from the pandemic is apparent in the estimates for 2021 and continuing into 2022 and 2023. In 2024, out-of-state visitor travel through ORF increased the number of jobs in Virginia by 15,495. Wages and GDP in the Commonwealth were $628 million and $1,010 million higher, respectively, in 2024 as the result of out-of-state travelers transiting through ORF. In 2024, industry output across the state was $1,651 million higher.

TABLE 6 ESTIMATED TOTAL DIRECT ECONOMIC IMPACT OF VISITORS AND RESIDENTS VIRGINIA, 2019 – 2024					
Year	**Out-of-State Commercial Visitor Spending (Millions)**	**Out-of-State General Aviation Visitor Spending (Millions)**	**Total Out-of-State Visitor Spending (Millions)**	**Resident Spending at ORF (Millions)**	**Total Direct Economic Impact (Millions)**
2019	$747.3	$41.5	**$788.8**	$15.4	**$804.2**
2020	$260.5	$22.5	**$283.0**	$7.2	**$290.2**
2021	$552.2	$29.6	**$581.8**	$11.8	**$593.7**
2022	$680.5	$33.1	**$713.6**	$16.9	**$730.5**
2023	$768.8	$33.0	**$801.8**	$19.6	**$821.4**
2024	$889.4	$36.2	**$925.7**	$20.6	**$946.3**

Sources: Norfolk Airport Authority (various years) for the expenditure data and Bureau of Labor Statistics (various years) for the Consumer Price Index (CPI). Bonney & Company for the survey data and InterVISTAS (2020) for the 2019 general aviation data. Detailed estimates of spending by function are available upon request. Sum may not equal total due to rounding.

TABLE 7 ECONOMIC IMPACT OF OUT-OF-STATE VISITORS VIA ORF VIRGINIA, 2019 – 2024						
	2019	**2020**	**2021**	**2022**	**2023**	**2024**
Jobs	10,470	3,750	7,714	9,470	10,596	15,495
Earnings (Millions of Dollars)	$448.8	$160.8	$330.7	$405.9	$453.9	$628.3
GDP (Millions of Dollars)	$758.4	$271.6	$558.7	$685.8	$766.4	$1,009.6
Output (Millions of Dollars)	$1,249.5	$447.7	$920.7	$1,130.4	$1,263.4	$1,651.1

Notes: Dollar values expressed in 2024 dollars. Total economic impact estimates include estimates of direct, indirect, and induced economic impact of out-of-state visitor spending in Virginia associated with ORF.

Economic Impact of Residents

In 2019, direct spending by residents at ORF was approximately $15.4 million in 2024 dollars. In 2020, their spending declined to $7.2 million (Table 6). Direct spending by residents rebounded in 2021 to $11.8 million and to $16.9 million in 2022. In 2023, resident spending reached $19.6 million and then increased again to $20.6 million. Relative to pre-COVID levels, total resident spending at ORF was 33.8% higher in 2024 than 2019. In Table 8, we present the estimates of the economic impact for local residents traveling via ORF. The direct spending by these residents does not have a multiplier effect like out-of-state visitor spending.

In 2019, local residents' spending associated with travel through ORF supported 85 more jobs across Virginia that paid $3 million more in wages. This spending by local residents increased Virginia's GDP by $5 million and industry output by $9 million in 2019. Economic impact of local resident spending fits a familiar pattern: a significant decline in 2020 followed by a rebound in 2021, 2022, 2023, and 2024. By 2024, local resident travel through ORF increased the number of jobs in Virginia by 129. Wages and GDP in the Commonwealth were $4 million and $7 million higher, respectively, in 2024 as the result of these travelers transiting through ORF. In 2024, industry output across the state was $13 million higher.

TABLE 8

**ECONOMIC IMPACT OF LOCAL RESIDENTS VIA ORF
VIRGINIA, 2019 — 2024**

	2019	2020	2021	2022	2023	2024
Jobs	85	41	67	107	125	129
Earnings (Millions of Dollars)	$2.9	$1.4	$2.3	$3.7	$4.2	$4.4
GDP (Millions of Dollars)	$4.8	$2.3	$3.8	$5.9	$6.8	$7.1
Output (Millions of Dollars)	$8.5	$4.1	$6.7	$10.5	$12.2	$12.7

Notes: Dollar values expressed in 2024 dollars. Economic impact estimates include impacts of direct spending of local residents associated with ORF.

Putting It All Together: The Economic Impact of Travelers via ORF

The total economic impacts of travelers via ORF on Virginia's economy, shown in Table 9, is equal to the sum of the economic impacts associated with out-of-state visitors who remain in Virginia and local residents who travel via ORF. In 2019, traveler spending associated with travel through ORF supported 10,555 jobs that paid $452 million in wages. In 2019, these travelers increased Virginia's GDP by $763 million and industry output by $1,258 million. In 2020, the number of jobs supported by travelers via ORF declined to 3,791 while state GDP and industry output declined to $274 million and $452 million, respectively. In other words, travelers' contributions to jobs, state GDP, and industry output declined by approximately 64% as the pandemic disrupted travel and spending throughout the United States.

After falling by approximately 64% in 2020, travelers' contributions to Virginia's jobs, earnings, GDP, and industry output more than doubled in 2021. The recovery continued in 2022 and 2023 as contributions to jobs, earnings, GDP, and industry output rose by approximately 23% and 12% respectively. In 2024, as passenger traffic set a record at ORF, it should be no surprise that travelers' contributions also achieved a new record. In 2024, traveler spending supported 15,624 jobs across the Commonwealth and generated $632.7 million in employee compensation. In the same year, traveler spending increased Virginia's GDP by $1,016.7 million and industry output by $1,663.8 million.

These findings illustrate the importance of traveler spending to the overall economic impact of ORF and to the economy of the Commonwealth of Virginia. By attracting out-of-state visitors and serving as a major local airport for residents, ORF attracts new economic activity to the metropolitan area and the state. As ORF invests in new facilities, it is likely these impacts will continue to grow.

TABLE 9

ECONOMIC IMPACT OF TRAVELERS VIA ORF
VIRGINIA, 2019 – 2024

	2019	2020	2021	2022	2023	2024
Jobs	10,555	3,791	7,781	9,577	10,721	15,624
Earnings (Millions of Dollars)	$451.8	$162.2	$333.0	$409.6	$458.1	$632.7
GDP (Millions of Dollars)	$763.2	$273.9	$562.5	$691.7	$773.3	$1,016.7
Output (Millions of Dollars)	$1,258.0	$451.7	$927.3	$1,140.9	$1,275.6	$1,663.8

Notes: Dollar values expressed in 2024 dollars. Total economic impact estimates include estimates of direct impact of local residents and direct, indirect, and induced economic impact of out-of-state visitor spending in Virginia associated with ORF.

The Economic Impact of Capital Improvements

Capital improvement programs at airports can generate significant bursts of economic activity for the duration of the project and, if capacity enhancing, have longer-term impacts on airport operations. Capital operations can range from investments in plant and equipment to the construction of new facilities. Capital expenditures vary significantly by year, and we have obtained capital expenditure data from NAA for 2019 to 2024. Graph 5 presents real annual capital expenditures for ORF in 2024 dollars.

Capital expenditures vary significantly year-to-year. Given the timing and variability issues associated with actual spending, it was determined that it would be more appropriate to utilize a 'normal' or average level of capital expenditure. Thus, we utilize a rolling five-year average of capital expenditure across this period. Graph 6 presents rolling average real capital expenditures at ORF from 2019 to 2024 in 2024 dollars.

We present the economic impacts of capital expenditures at ORF from 2019 to 2024 in Table 10. The number of jobs increased from 252 in 2019 to 653 in 2024 as average real capital expenditures increased significantly in 2022 and again in 2024. Employee compensation increased as employment increased, rising from $23 million in 2019 to $59 million in 2024. Economic activity across the Commonwealth, as measured by GDP, increased from $26 million in 2019 to $67 million in 2024. Given the number and scope of announced projects at ORF in the second half of the current decade, it would be reasonable to expect that the economic impact of capital expenditures will rise as these projects come to fruition.

TABLE 10

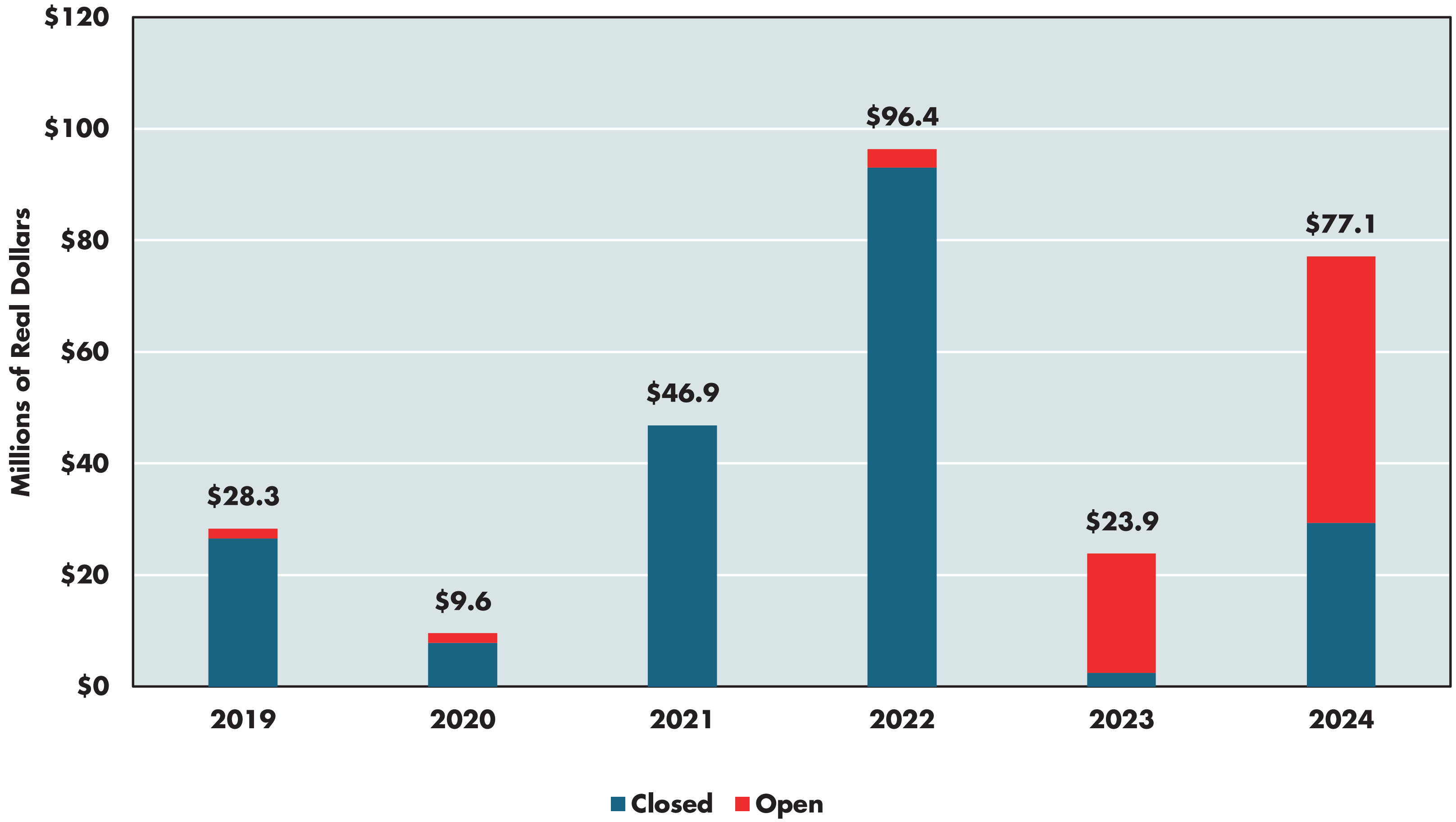
ECONOMIC IMPACT OF CAPITAL EXPENDITURES AT ORF
VIRGINIA, 2019 – 2024

	2019	2020	2021	2022	2023	2024
Jobs	252	227	297	494	505	653
Earnings (Millions of Dollars)	$22.7	$20.4	$26.7	$44.5	$45.5	$58.8
GDP (Millions of Dollars)	$25.8	$23.1	$30.3	$50.4	$51.5	$66.6
Output (Millions of Dollars)	$39.4	$35.3	$46.3	$77.0	$78.7	$101.8

Notes: Dollar values expressed in 2024 dollars. Total economic impact includes estimates of direct, indirect, and induced economic impact for capital spending associated with ORF.

GRAPH 5

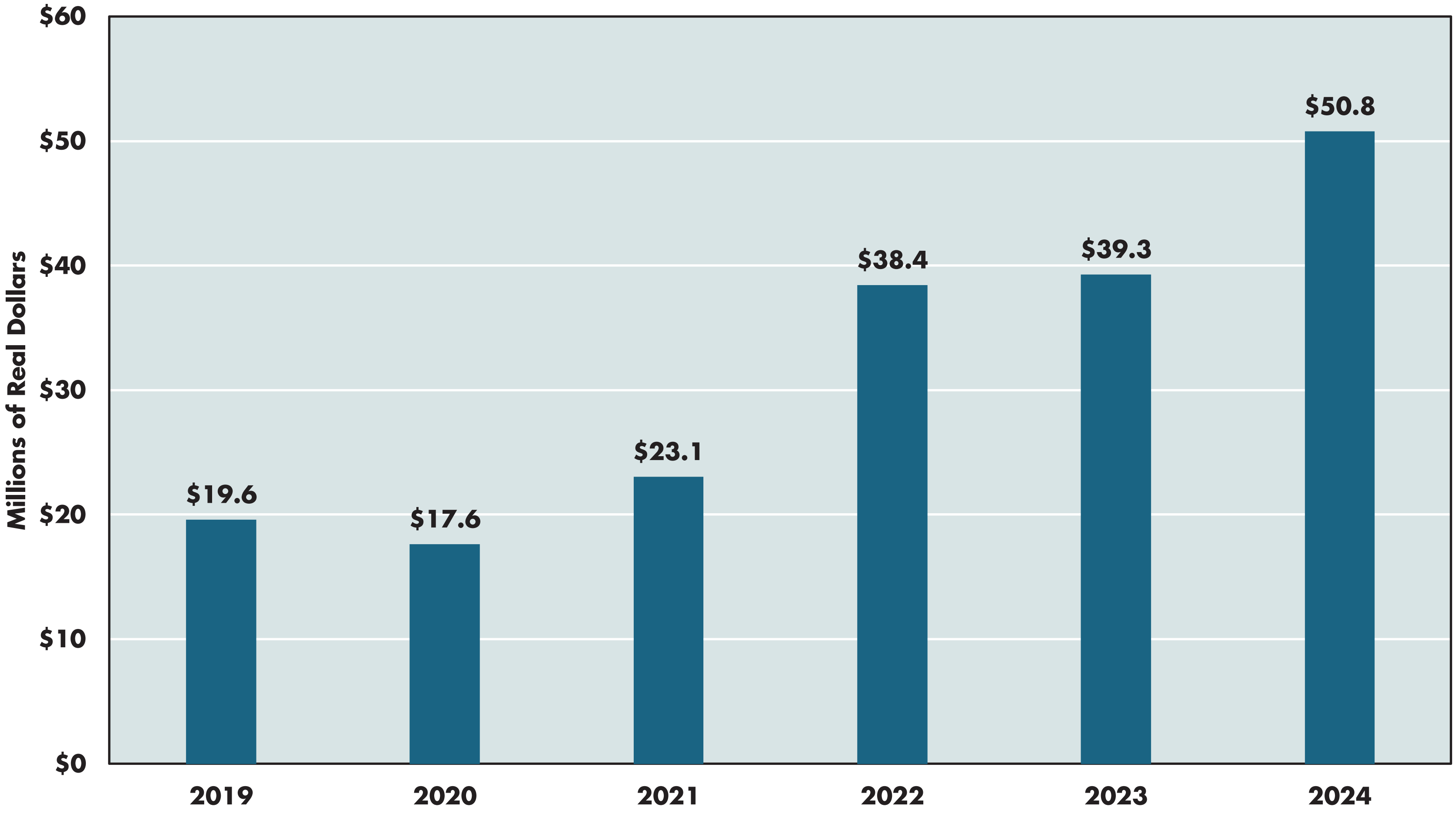
REAL EXPENDITURES ON CAPITAL PROJECTS AT ORF 2019 — 2024



Source: Norfolk Airport Authority (2025). Dollar values expressed in 2024 dollars.

GRAPH 6

5-YEAR AVERAGE REAL EXPENDITURES ON CAPITAL PROJECTS AT ORF
2019 — 2024



Source: Norfolk Airport Authority (2025). Dollar values expressed in 2024 dollars. 2019 estimates are based on a 4-year average.

The Economic Impact of Airport Operations

The third part of the triad of ORF economic impacts consists of estimating the impact of airport operations. Economic impacts are often estimated using inputs either in the form of expenditures or direct employment, depending on data availability. In previous sections, we employ the expenditure approach to estimate the economic impact of visitor spending and the impact of capital expenditures. As spending data were not available from the tenants at the airport, we use a direct employment approach to estimate the impact of airport operations.

To estimate the number of jobs directly connected with ORF, we obtained data from the NAA on employee counts and badge counts (a badge allows access to secure areas of the facility). Graph 7 presents employee badge counts at ORF from 2019 to 2024. The badge count data suggest that the number of individuals needing access to secure areas at ORF declined significantly in 2020 and then again in 2021. While one might reasonably expect that badge counts might decline during 2020 at the height of the COVID-19 pandemic, the most significant decline in badge counts occurred in 2021. As badge counts appear to be highly correlated with employment at ORF, the 8.3% decline in badges in 2020 and 22.3% decline in 2021 might lead one to conclude that employment also dropped over this period. From 2019 to 2024, the number of reported badges declined by 19.6%, however, over the same period, passenger traffic increased, and interviews with NAA personnel highlighted the increases in economic activity at ORF.

NAA provided employment estimates for tenants at ORF as of June 2024. NAA noted that some car rental companies may not procure badges for all their employees, and the employment estimates were adjusted to reflect this behavior. Estimated tenant employment for June 2024, along with employees of NAA, was 2,219 individuals. Unfortunately, historical employment data were not available, and discussions with NAA suggested that the correlation between badge counts and employment at ORF was stable over the 2019 to 2024 period. Given the high observed correlation between badge counts and employment counts at ORF, this report uses badge counts as the basis for the estimation of base employment counts.

Graph 8 provides the estimated base employment counts from 2019 to 2024. In June 2024, NAA reported that 2,219 individuals were employed at ORF. The 2,219 individuals accounted for 97.6% of badges. Using historical badge counts and this proportion, we generate estimates of base employment at ORF from 2019 to 2023. However, given the estimated base employment is derived from badge counts, and badge counts declined in 2020 and 2021, Graph 8 would suggest that employment at ORF remained considerably lower in 2024 than 2019.

While there was consensus that the badge counts may have reflected employment trends in 2019 and 2020, additional discussions with NAA revealed a change in the treatment of non-domiciled employees in 2021. A non-domiciled employee is an individual who resides in the local area by choice and uses ORF to commute to their duty station. For example, an airline pilot who works for a passenger carrier may live in Virginia Beach but is based out of Atlanta or Charlotte. The individual, in the absence of ORF, would not be able to live in the local area and maintain employment for the passenger carrier without significant difficulty. Excluding non-domiciled employees from the employment estimates would understate the contribution of ORF to the Virginia economy.

Graph 9 illustrates the additional non-domiciled employee estimates for 2019 to 2024. The badge data captured these employees in 2019 and 2020. Based on discussions with NAA, there were an estimated 353 additional non-domiciled employees not captured by the badge data in 2021, rising to 477 in 2022. For 2023 and 2024, there were, on average, 606 and 725 non-domiciled employees, respectively, that were not captured by the badge data.

Graph 10 presents the base employment estimate (derived from badge counts), additional non-domiciled employee estimate, and total employment estimates for ORF from 2019 to 2024. Including the additional non-domiciled employees yields a starkly different picture than one derived solely from badge count estimates. Total employment (base + non-domicile) was 2,761 employees in 2019. In 2020, total employment declined by 8.3% and by another 8.3%

in 2021. These declines are more in line with industry experience than the declines based solely on badge counts. Employment then increased from 2,320 in 2021 to 2,596 in 2022, an increase of 11.9%. In 2023, estimated total employment was 2,894, an increase of 11.5% from 2022, increasing to 2,944 or by only 1.7% in 2024 relative to 2023 but an increase of 6.6% from 2019.

We present the economic impacts of operations associated with ORF from 2019 to 2024 in Table 11. In 2019, approximately 4,850 jobs were associated with operations at ORF, increasing compensation in Virginia by almost $437 million. In 2019, state GDP was $495 million higher, and industry output increased by $757 million due to operations at ORF facilities. In 2020, earnings declined to $400 million while contributions to GDP and industry output fell to $454 million and $693 million, respectively.

The number of jobs in Virginia resulting from the presence of ORF declined to a low of 4,078 in 2021, illustrating the lingering impacts of the pandemic. In 2022, the recovery began in earnest, with the number of jobs, earnings, contribution to GDP and industry output all increasing relative to 2021 levels.

By 2023, the recovery was complete, and a new expansion was underway at ORF in 2024. The number of jobs in Virginia due to ORF's presence (5,175) was 6.6% higher in 2024 than 2019. Employee earnings reached $466 million, and economic activity across the state was $528 million higher due to operations at ORF. Industry output also reached a high of $807 million, illustrating the resiliency of ORF in the aftermath of the COVID-19 pandemic. Given rising levels of commercial passenger traffic, it is likely, barring an unexpected economic shock, that the economic impacts associated with operations at ORF will continue to rise in the near-term.

TABLE 11

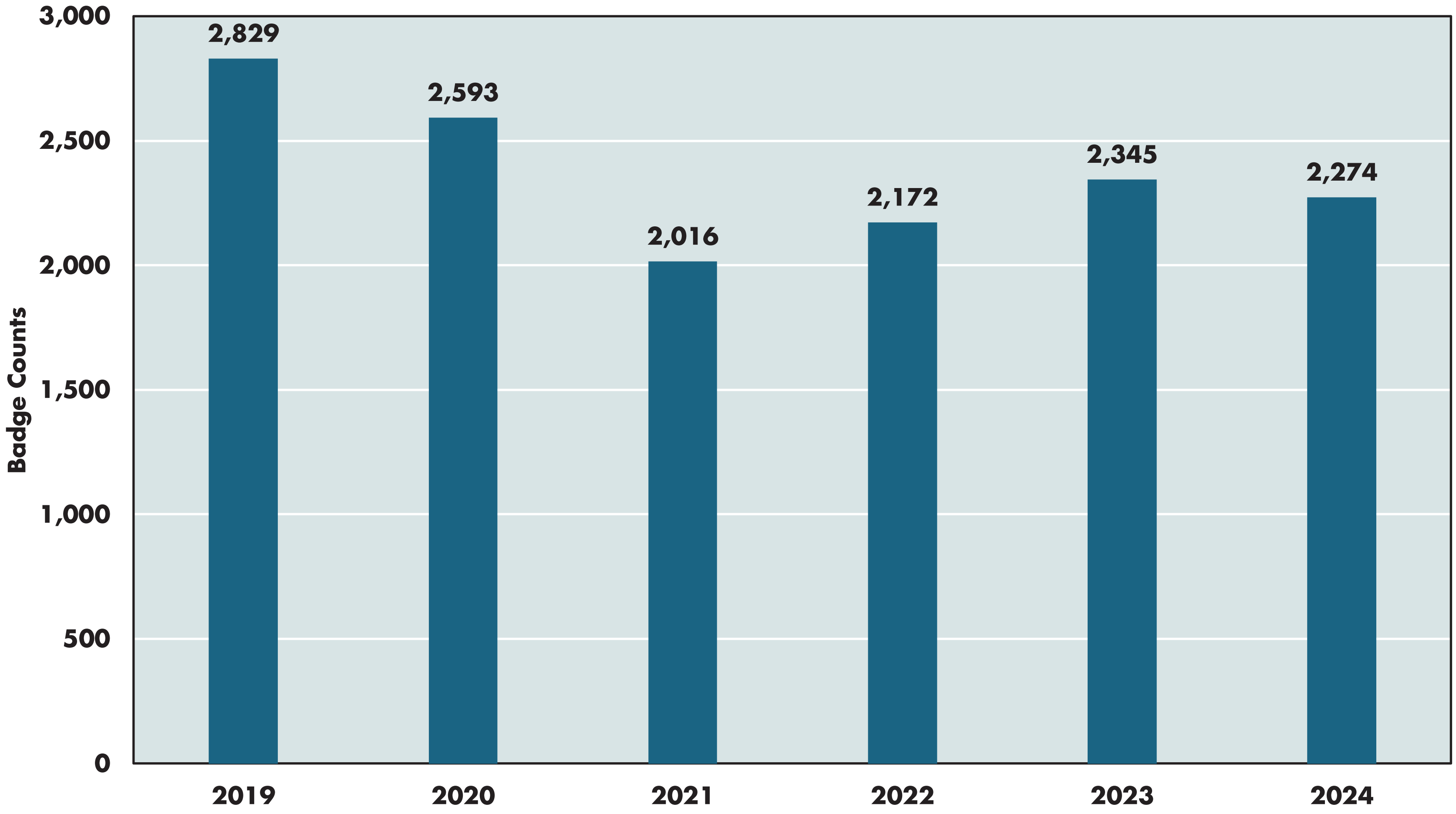
**ECONOMIC IMPACT OF OPERATIONS AT ORF
VIRGINIA, 2019 - 2024**

	2019	2020	2021	2022	2023	2024
Jobs	4,853	4,447	4,078	4,563	5,087	5,175
Earnings (Millions of Dollars)	$437.0	$400.4	$367.2	$410.9	$458.0	$465.9
GDP (Millions of Dollars)	$495.1	$453.7	$416.0	$465.5	$518.9	$527.9
Output (Millions of Dollars)	$756.7	$693.4	$635.8	$711.5	$793.1	$806.8

Notes: Dollar values expressed in 2024 dollars. Total economic impact includes estimates of direct, indirect, and induced economic impact for operations at ORF.

GRAPH 7

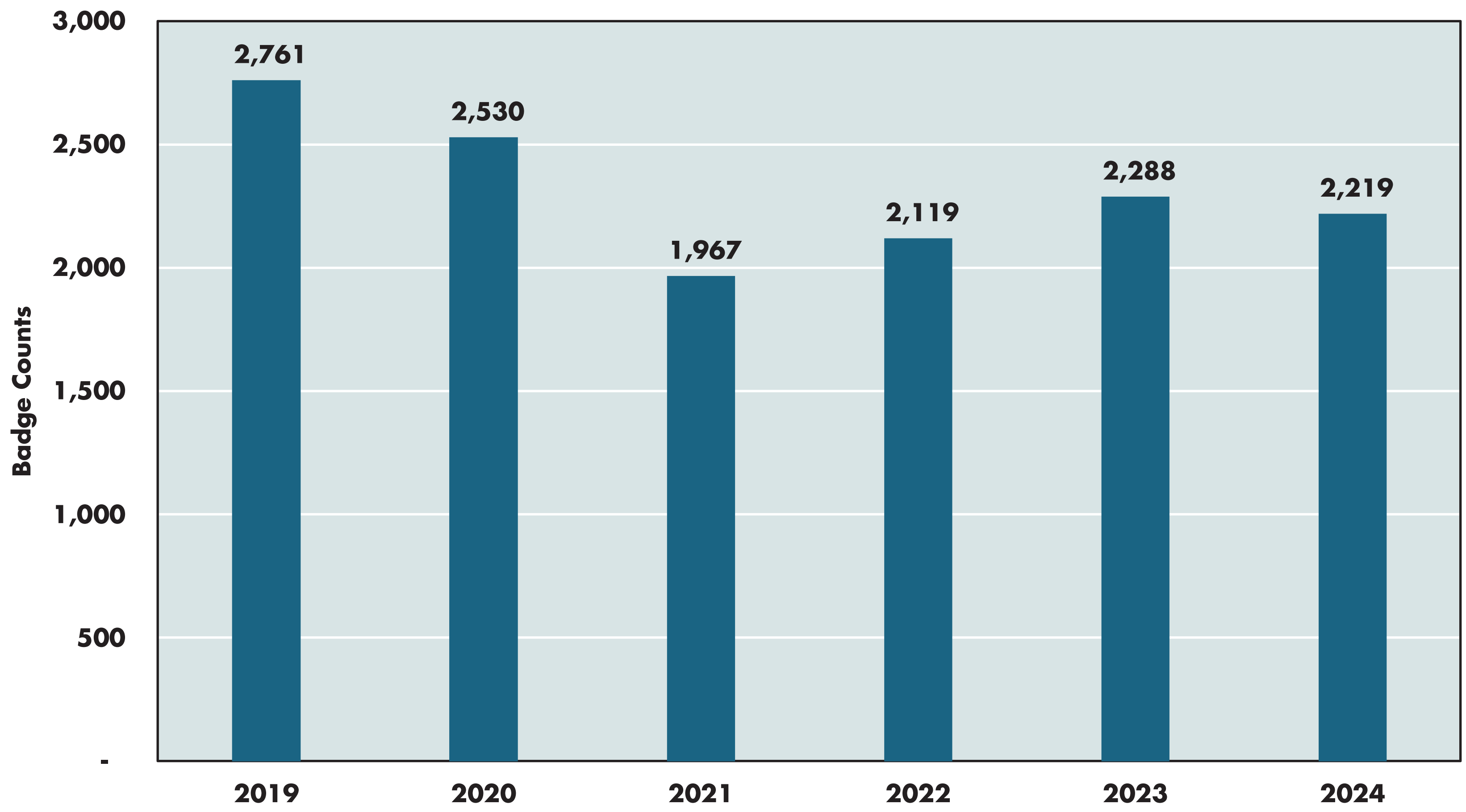
BADGE COUNTS AT ORF
2019 — 2024



Source: Norfolk Airport Authority (various years).

GRAPH 8

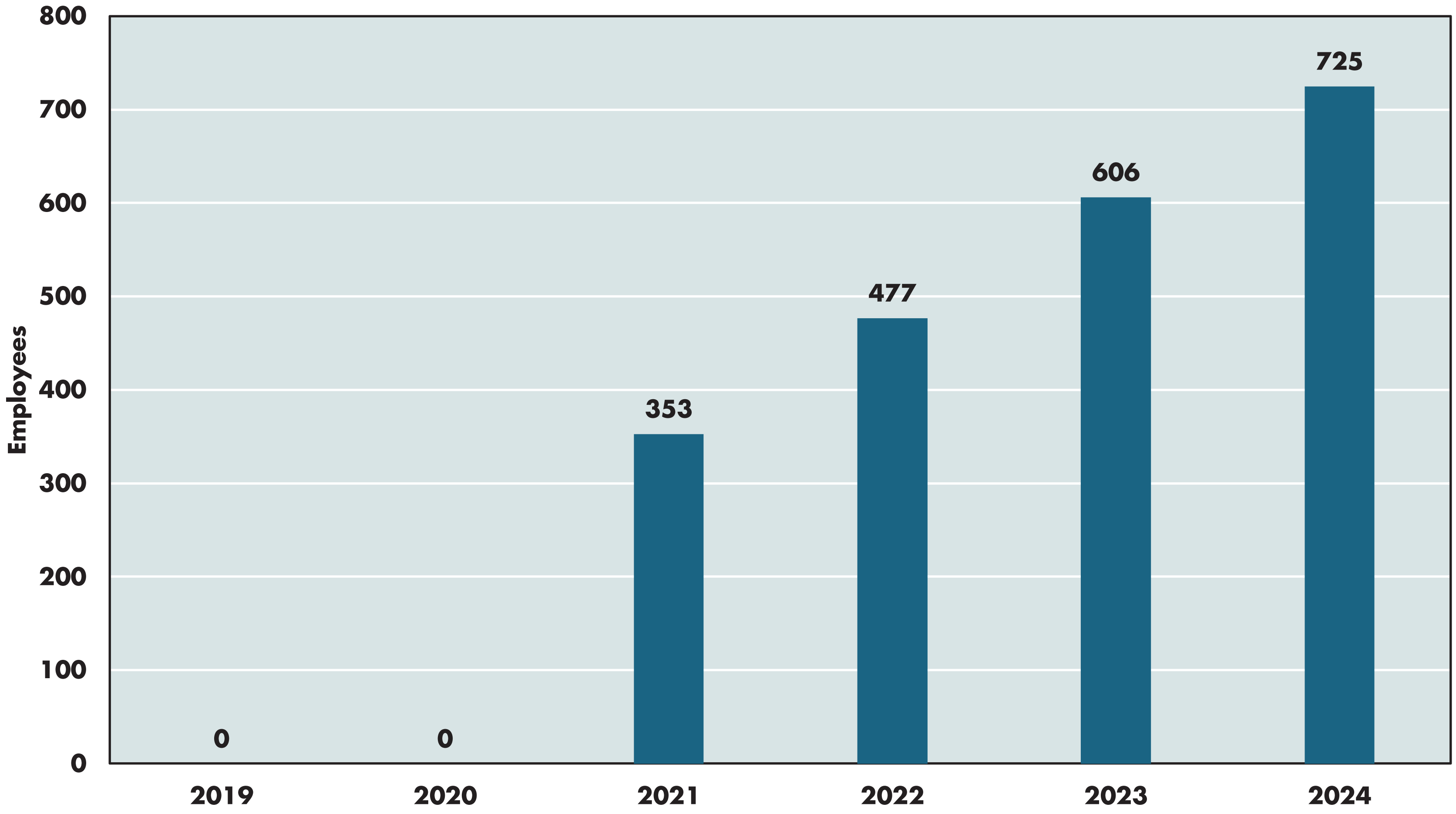
ESTIMATED BASE EMPLOYMENT AT ORF
2019 — 2024



Source: Dragas Center for Economic Analysis and Policy (various years).

GRAPH 9

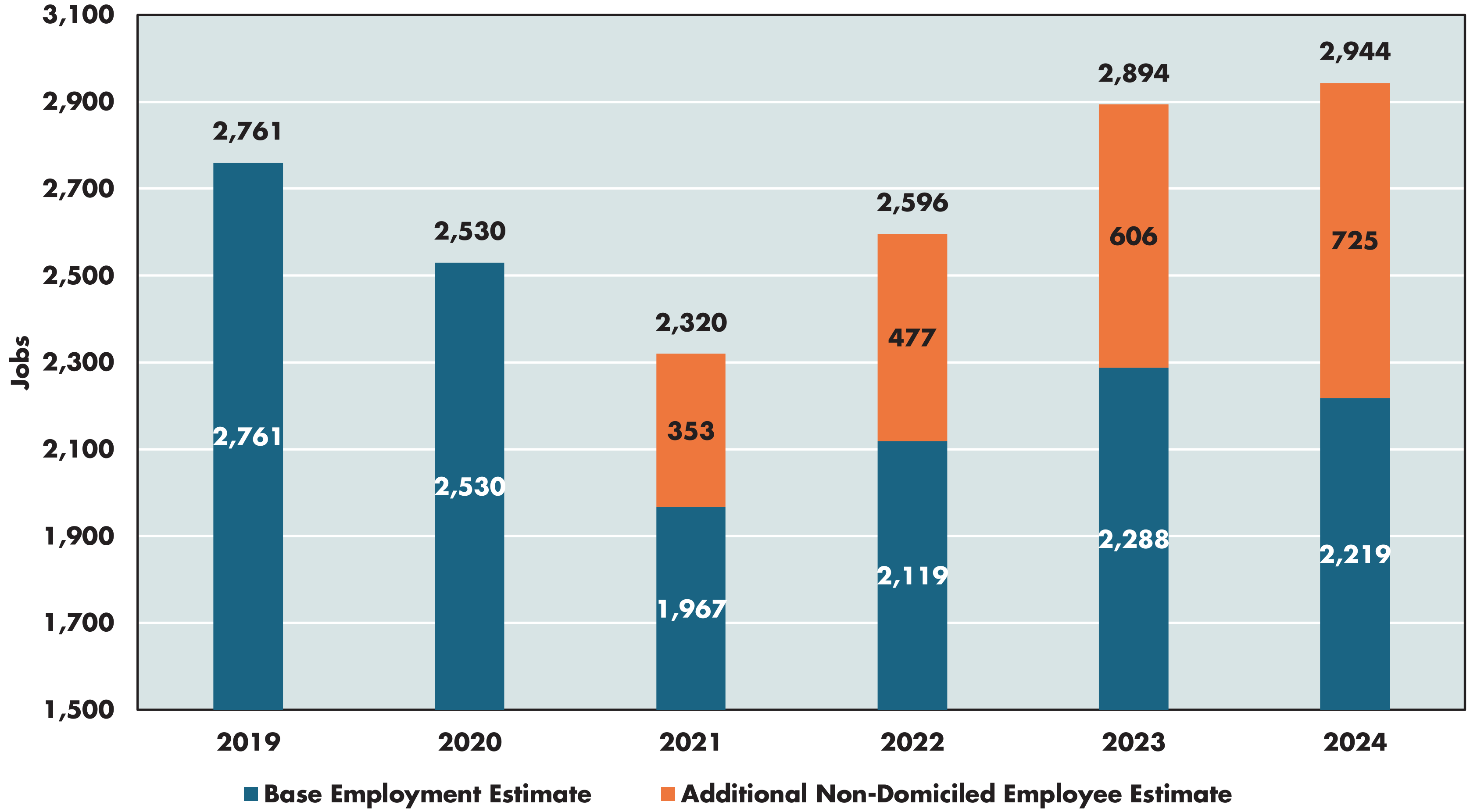
ADDITIONAL NON-DOMICILED EMPLOYEE ESTIMATES AT ORF
2019 — 2024



Source: Norfolk Airport Authority and the Dragas Center for Economic Analysis and Policy (various years).

GRAPH 10

TOTAL EMPLOYMENT ESTIMATES AT ORF
2019 — 2024



Source: Norfolk Airport Authority (various years) and the Dragas Center for Economic Analysis and Policy.

Summing it Up: The Total Economic Impact of ORF

We now turn to the question of the total economic impact of ORF. We model the economic impacts in aggregate, that is, we use the direct spending of visitors and residents, rolling average real expenditures for capital improvements, and direct jobs for operations as inputs to generate estimates of economic impacts on the Commonwealth of Virginia. The estimates in Table 12 illustrate the importance of estimating economic impact across a span of several years. These estimates also provide insight into how the various elements of ORF's contributions come together such that ORF's recovery and expansion contributes to the overall health of the economy of the region and the state.

Graph 11 illustrates the total economic impact of ORF on nonfarm payrolls (jobs) in Virginia from 2019 to 2024. In 2019, the presence of ORF contributed more than 15,600 jobs to the Virginia economy. In 2020, declines in passenger traffic and employment at the airport reduced the contribution of jobs due to ORF by 45.9%. In 2021, the contribution of jobs due to ORF increased by 43.6% and another 20.4% in 2022. By 2023, the presence of ORF increased nonfarm payrolls across the Commonwealth by 16,313, an increase of 11.5%, and these jobs surpassed the levels seen in 2019. In 2024, the number of jobs created due to the airport reached a record level of 21,452, and these jobs were 37.0% higher than in 2019. The number of jobs associated with the presence of ORF illustrates how the airport is a 'job generator' by attracting visitors to the state.

In Graph 12, we focus on the contributions of ORF to employee compensation across the Commonwealth. It should be no surprise that employee compensation follows the same pattern as nonfarm payrolls. In 2019, employee compensation was $911 million before declining to $583 million in 2020. Employee compensation then rose as passenger traffic and other spending recovered at ORF. In 2024, employee compensation reached $1,157 million, 27% higher than 2019.

In Graph 13, we focus on the contributions of ORF to Virginia's GDP. We note for the reader that GDP includes employee compensation, and GDP is a part of industry output. GDP, however, is a measure of the final value added for goods and services produced in the Virginia economy and represents a measure of the overall increase in economy activity associated with ORF's presence. If one is interested in knowing the contribution of ORF to the economy of Virginia, GDP would be the preferred measure. If one is inquiring about the impact of ORF on industry activity, industry output would be a useful measure.

In 2019, prior to the onset of the COVID-19 pandemic, the economic impact of ORF on Virginia's real GDP was approximately $1,284 million. As with employment, this contribution declined in 2020 to $751 million before increasing to $1,009 million in 2021 and $1,208 million in 2022. In 2023, the economic impact of ORF was $1,344 million or about $60 million greater than 2019. In 2024, we estimate the economic impact of ORF on Virginia's real GDP was $1,611 million.

The estimates provided in this chapter illustrate how the economic impacts associated with ORF have increased since 2019. Without ORF, economic activity in the Commonwealth would have declined by more than $1.6 billion in 2024. These estimates do not include the impact of visitors through ORF on the economy of North Carolina.

While many residents may not think about ORF as a key component of the economy of Hampton Roads and Virginia, its impact on the economy of the Commonwealth is not trivial. Although the International Air Transportation Association (IATA) code "ORF" might intuitively seem like it should be "NRF" for Norfolk, the U.S. Navy reserves all airport codes beginning with "N." This subtle detail reflects the broader truth about the influence of federal defense priorities on the region's economy. This distinction importantly highlights the role of ORF in shaping and growing the Hampton Roads economy.

TABLE 12

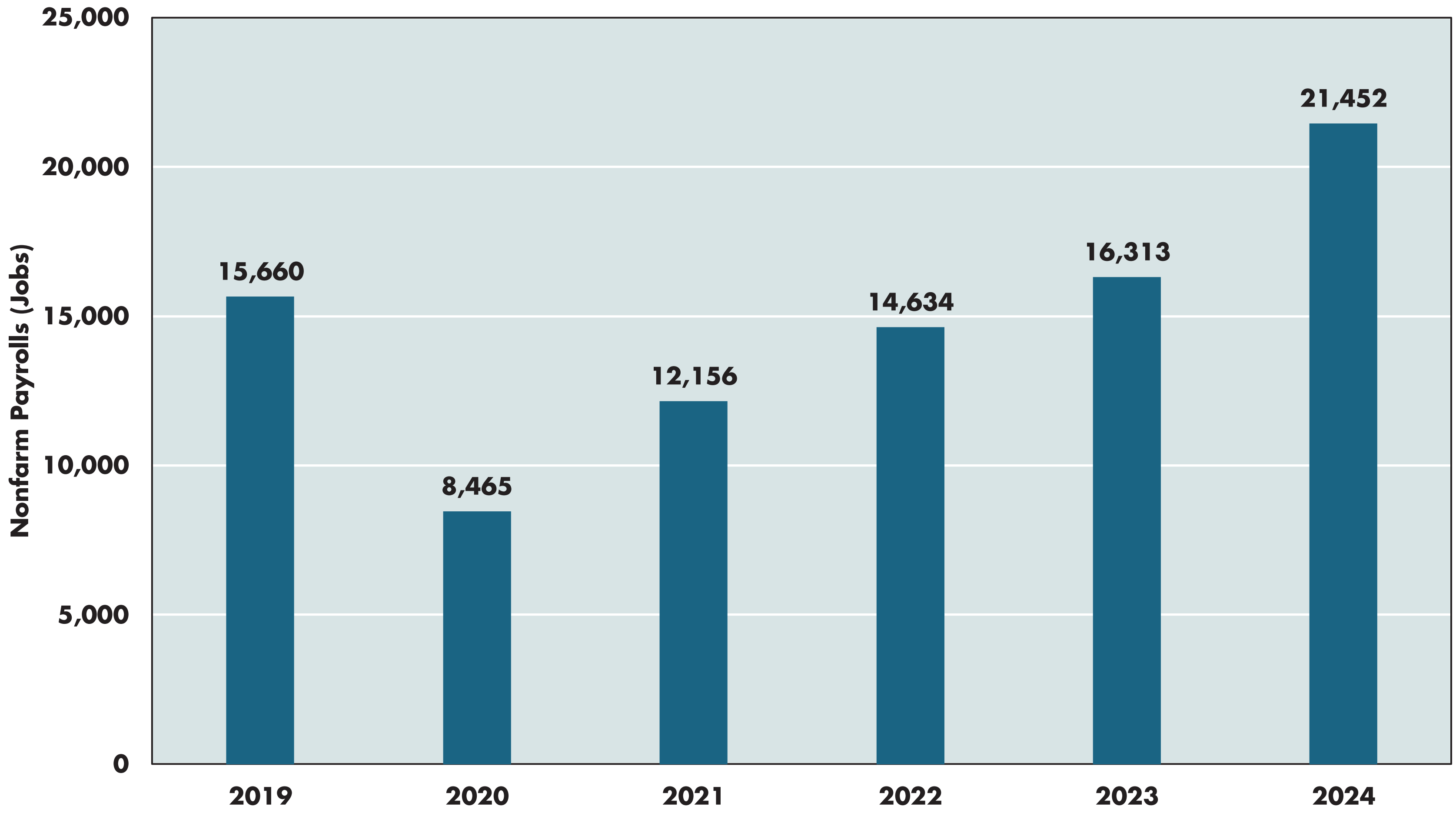
TOTAL ECONOMIC IMPACT OF ORF ON VIRGINIA
2019 - 2024

	2019	2020	2021	2022	2023	2024
Jobs	15,660	8,465	12,156	14,634	16,313	21,452
Earnings (Millions of Dollars)	$911.5	$583.0	$726.9	$864.9	$961.6	$1,157.4
GDP (Millions of Dollars)	$1,284.0	$750.7	$1,008.8	$1,207.6	$1,343.7	$1,611.2
Output (Millions of Dollars)	$2,054.0	$1,180.4	$1,609.4	$1,929.4	$2,147.5	$2,572.4

Notes: Dollar values expressed in 2024 dollars. Total economic impact includes estimates of direct impact of local residents and direct, indirect, and induced impact of out-of-state visitor spending in Virginia associated with ORF as well as impact of capital expenditures and operations at ORF.

GRAPH 11

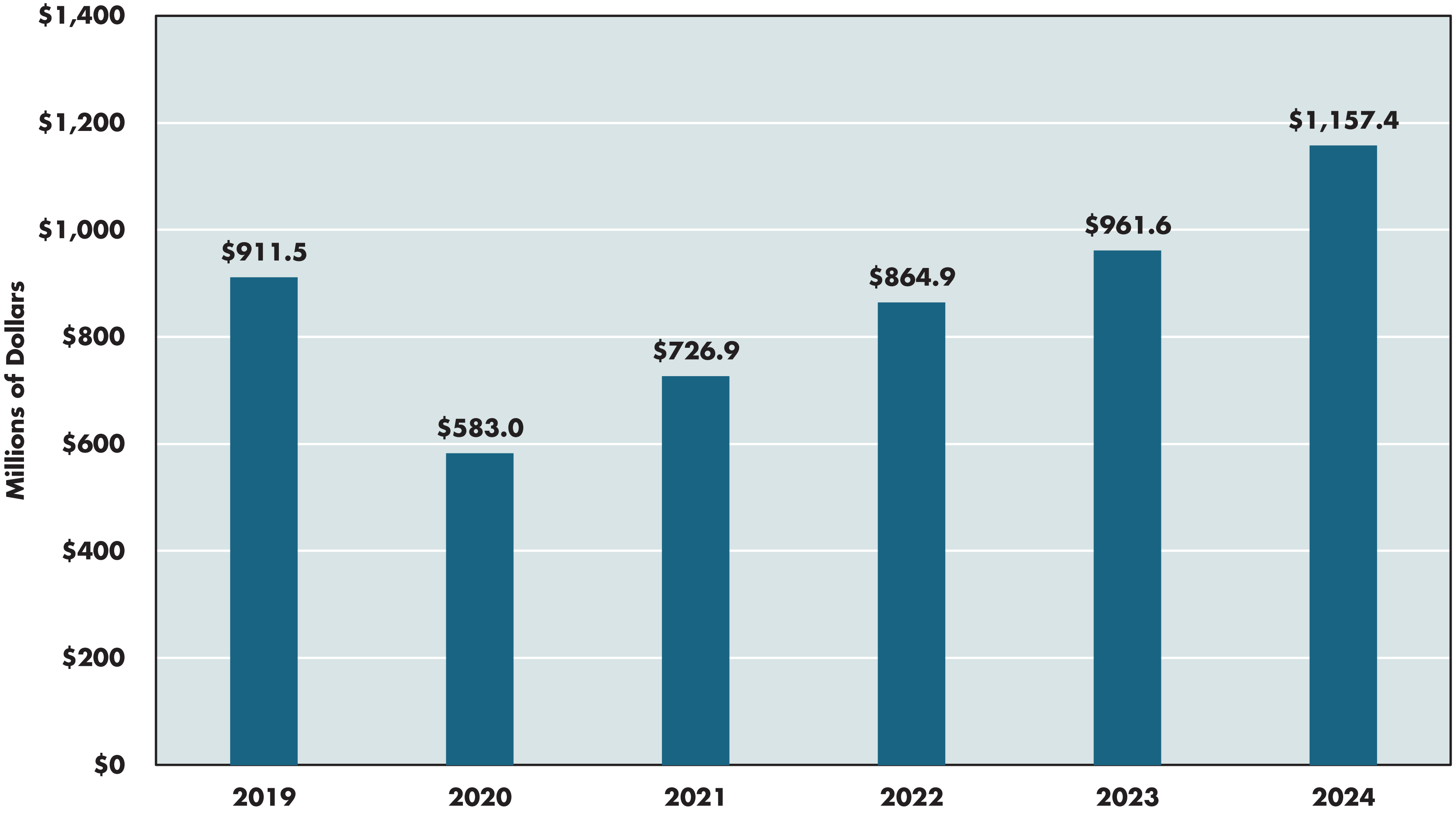
ECONOMIC IMPACT OF ORF ON VIRGINIA'S NONFARM PAYROLLS 2019 – 2024



Source: Dragas Center for Economic Analysis and Policy (various years).

GRAPH 12

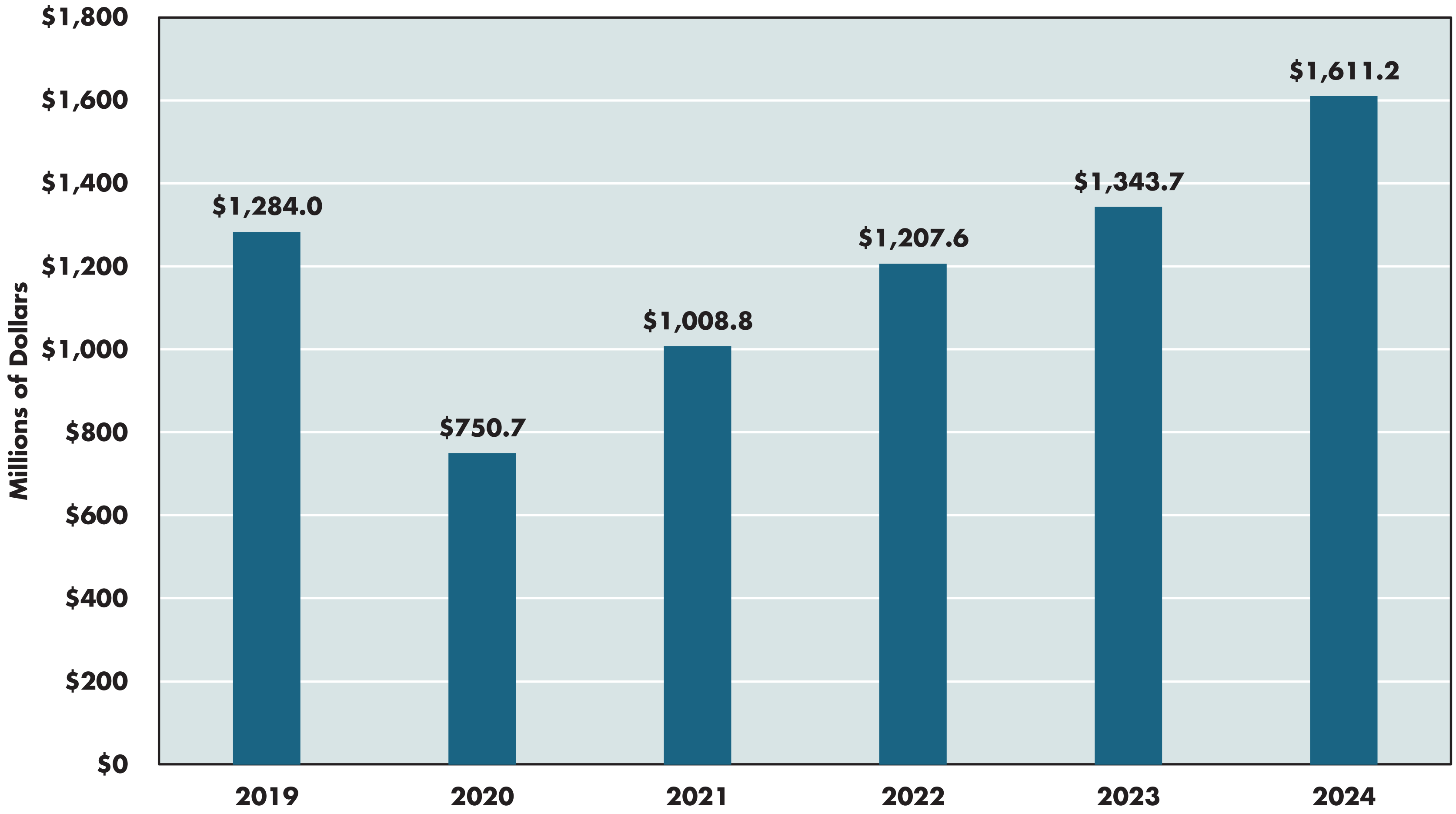
ECONOMIC IMPACT OF ORF ON VIRGINIA'S EMPLOYEE EARNINGS
2019 – 2024



Source: Dragas Center for Economic Analysis and Policy (various years). Dollar values are expressed in 2024 dollars.

GRAPH 13

ECONOMIC IMPACT OF ORF ON VIRGINIA'S REAL GDP
2019 – 2024



Source: Dragas Center for Economic Analysis and Policy (various years). Dollar values are expressed in 2024 dollars

Silver Tsunami for the Third Sector

SILVER TSUNAMI FOR THE THIRD SECTOR

"We're going to have to pivot, like we always do"
Tracy Fick, CEO of Catholic Charities

Born into slavery, Della Irving Hayden became a champion of access to education in her beloved Franklin, Virginia, founding a small private boarding school for African American girls in 1904. The facility morphed into a public high school, then a middle school, before closing in 1986, a fate that has befallen many rural places of learning. After sitting empty for 35 years, Hayden's namesake school has been reborn—this time providing access to affordable housing for seniors in the impoverished community, while also serving as an important community hub. "This is a unique community collaboration," said Steve Zollos, Chief Executive Officer of Senior Services of Southeastern Virginia.[1]

Senior Services partnered with Luna Development and several community-based organizations, accessing state historic structure tax credits, to turn the abandoned school into Hayden Village Center, an innovative assisted-care facility with 26 affordable housing units for seniors. Senior Services plans to double the number of units in the next five years. This facility maintains the unique character of the historic school, right down to lockers in the hallway, while adjusting to meet the needs of the neighborhood—turning the school gymnasium into a community center. Hayden Village Center stands as a model for how collaboration and ingenuity can address a vexing (and growing) problem: The shortage of affordable housing units for seniors. "We've been through this," Zollos said. "We stepped in all the potholes. We figured out how to make it work. Use us."

Affordable housing is only one of several societal stressors predicted to have nationwide impacts in conjunction with what has been dubbed the "Silver Tsunami," a significant demographic shift occurring in the United States. According to Pew Research, every day, 10,000 members of the baby boomer generation—born between 1946 and 1964—reach retirement age.[2] The issues that arrive connected to this graying of our communities will fall disproportionately to the so-called 'third sector' (nonprofits, charities, and faith-based organizations) in what has been termed a defining challenge for the sector. "We're still talking about 'Oh, it's coming.' And it's here," Zollos said. "This is going to change the way we budget. It's going to change the way we provide services. And it's an exponential growth in needs."

The challenge to nonprofits is clear: how do they increase services at the same time their volunteer base is aging? This chapter explores how demographic change will challenge the nonprofit section in Hampton Roads.

1 The Virginian-Pilot, "Opinion: Seniors deserve an equitable share of respect, support." March 20, 2023. https://www.pilotonline.com/2023/03/20/opinion-seniors-deserve-an-equitable-share-of-respect-support/
2 Pew Research (2010). Baby Boomers approach 65—glumly. https://www.pewresearch.org/social-trends/2010/12/20/baby-boomers-approach-65-glumly/

Aging, Nonprofits, and Charitable Giving

In 2010, there were 194,883 Hampton Roads residents that were aged 65 and older or 11.6% of the resident population. By 2023, this population had increased to 297,284 or 16.7% of the resident population. The region's resident population aged 65 and older increased by 52.6% from 2010 to 2023, compared to 52.9% for the Commonwealth and 46.7% (Table 1) for the nation. If we focus on the period from 2019 to 2023, the population aged 65 and over increased more rapidly in Hampton Roads (10.5%) than the state (10.4%) or nation (9.7%). In other words, the population aged 65 and older has not only grown in Hampton Roads, but its recent growth has also outpaced the Commonwealth and the United States.

The aging population is mostly graphically illustrated by the 'baby boomer' generation; still, the second-largest generation by population, despite more than 6,000 deaths per day. The entire cohort of Americans born between 1946 and 1964 will reach traditional retirement age by 2030. Intuitively, as they transition to retirement and into old age, baby boomers (and older Gen-Xers) will contribute less labor and financial support to the nonprofit sector while accessing its services more.[3]

Nonprofits and charities function in the United States in part because of the generosity of everyday Americans. A ranking of the largest 100 nonprofit and charitable organizations in the United States by revenue is dominated by investment trusts such as the Fidelity Investments Charitable Gift Fund and Bill & Melinda Gates Foundation, as well as healthcare organizations such as the Mayo Clinic and Cleveland Clinic Foundation.[4] This suggests the charitable and nonprofit sector provides significant income tax advantages for large investment trusts, and the provision of healthcare is, by far, the most profitable slice of the nonprofit pie.

The National Council on Aging (NCOA) has worked to define aging on a wider spectrum. Dianne Stone, Associate Director of NCOA's Community Partnerships and Network Activation, said that is in part because the effects of our nation's demographic shift are being felt profoundly. "We're into the pig and the python now, seeing older adults in unprecedented numbers," Stone said, referencing a popular allegory of the baby boomer demographic becoming a bulge, as if a python has swallowed a pig. "But it's not just the number of older adults; we're talking people 65 to over 100. We're really looking across this wide age group." That will place additional strain on the nonprofit sector, to help meet the needs of seniors living completely different lives. "Even GenX is starting to turn 60. So, we really have to change how we view older adults and how we view aging and what most boomers want, especially that the trailing end of boomers is vastly different than what their parents wanted and needed."

According to the U.S. Census Bureau, more than 28.3% of the U.S. population 16 and above volunteered with an organization in the year ending September 2023, representing 75.7 million American residents.[5] Every two years, the Census Bureau and AmeriCorps jointly produce a comprehensive survey and analysis of civic engagement. Their most recent report, in September 2023, found that in addition to formal volunteerism with existing organizations, more than 54% of Americans participate in informal help or exchange of favors with neighbors and acquaintances. This recent survey found two conflicting trends as the nation normalizes its post-pandemic rhythms: more Americans volunteer every year, and the number of hours they volunteer is dropping. This is due, in part, to the age of the volunteer corps itself.

3 Within the scope of the chapter, we limit the analysis to tax-exempt entities or nonprofit organizations who satisfy the criteria to be classified as such under Internal Revenue Code Section 501(c)(3) only.
4 Nonprofit News Feed, nonprofits by revenue: https://nonprofitnewsfeed.com/resource/top-100-nonprofits/; Statista, charities by revenue: https://www.statista.com/statistics/238289/us-charities-with-the-highest-total-revenue/
5 The United States Census Bureau (2024). Volunteerism rebounding after Covid-19 pandemic. https://www.census.gov/library/stories/2024/11/civic-engagement-and-volunteerism.html

TABLE 1

**RESIDENT POPULATION AGED 65 AND ABOVE
HAMPTON ROADS, VIRGINIA, AND THE UNITED STATES
2010 – 2023***

Year	Hampton Roads	Virginia	United States	Share of Hampton Roads Population	Share of Virginia Population	Share of United States Population
2010	194,883	980,275	40,433,525	11.6%	12.2%	13.1%
2011	197,858	1,010,335	41,385,026	11.8%	12.5%	13.3%
2012	206,842	1,062,133	43,140,477	12.2%	13.0%	13.7%
2013	214,215	1,104,809	44,663,990	12.6%	13.4%	14.1%
2014	222,256	1,146,846	46,214,893	12.9%	13.8%	14.5%
2015	233,441	1,187,444	47,732,480	13.5%	14.2%	14.9%
2016	238,892	1,228,045	49,215,165	13.8%	14.6%	15.2%
2017	245,350	1,271,604	50,815,712	14.2%	15.0%	15.6%
2018	253,198	1,318,225	52,423,114	14.6%	15.5%	16.0%
2019	268,958	1,358,336	54,074,028	15.2%	15.9%	16.5%
2021	279,946	1,406,480	55,892,014	15.5%	16.3%	16.8%
2022	292,903	1,462,042	57,822,315	16.2%	16.8%	17.3%
2023	297,284	1,498,931	59,307,056	16.7%	17.2%	17.7%

Source: United States Census Bureau, American Community Survey 1-Year estimates, various years.
*2020 estimates are not available for metropolitan areas and are experimental for the state and nation. We exclude these experimental estimates from our discussion.

Aging and Nonprofits in Hampton Roads

In 2010, the resident population of Hampton Roads was approximately 1.72 million, increasing to about 1.8 million in 2024 (Graph 1). In other words, from 2010 to 2024, the resident population of the region increased by 77,242 individuals. The 4.5% increase in the population from 2010 to 2024 could, at best, be considered modest, especially when compared to the state (9.8%) and the nation (10.0%).

Graph 2 illustrates the median age of the resident population for Hampton Roads, Virginia, and the United States from 2010 to 2023. In 2010, the median age of a Hampton Roads resident was 35.7 years. The median age for the region dropped to 35.2 years in 2012 and then increased steadily from 2013 to 2023. In 2023, the median age of the resident population of Hampton Roads was 37.7 years, 1.5 years younger than the nation and 1.6 years younger than the state. Hampton Roads has remained 'younger' than Virginia or the nation, in part, due to the presence of tens of thousands of active-duty military personnel as well as tens of thousands of college and university students.

The footprint of nonprofits in the region gives an impression of the scope of work on areas of common need such as health care, human services, and education. Yet, despite the sheer size of the sector, its story appears to be poorly publicized. That's due, in part, to the challenges of identifying all the 'players' in providing health and human services to Hampton Roads residents in need. Local nonprofit leaders believe the sector needs a high-profile champion to make the case for support from governments, educational institutions, media partners, and potential donors. "I don't know if it's lack of respect, lack of identity, lack of recognition of the nonprofit sector," said Mark Carlson, who moved to Hampton Roads from New England in 2024 to serve as CEO of Eggleston Services, a disability employment services provider. "From my perspective, … there is an opportunity to create a more cohesive nonprofit voice, and no one's doing it."

Table 2 attempts to quantify the footprint and impact of nonprofits in Hampton Roads. This task is challenging because not all nonprofits are required to file an annual return with the IRS. In 2024, for example, nonprofits with gross receipts less than $50,000 were not required to file an informational return with the IRS. With this caveat in mind, we identified a total of 7,586 active non-profit organizations in 2024. Hospitals (26) and universities (18), however, are clearly different in terms of mission, scope, and resources than many nonprofits.

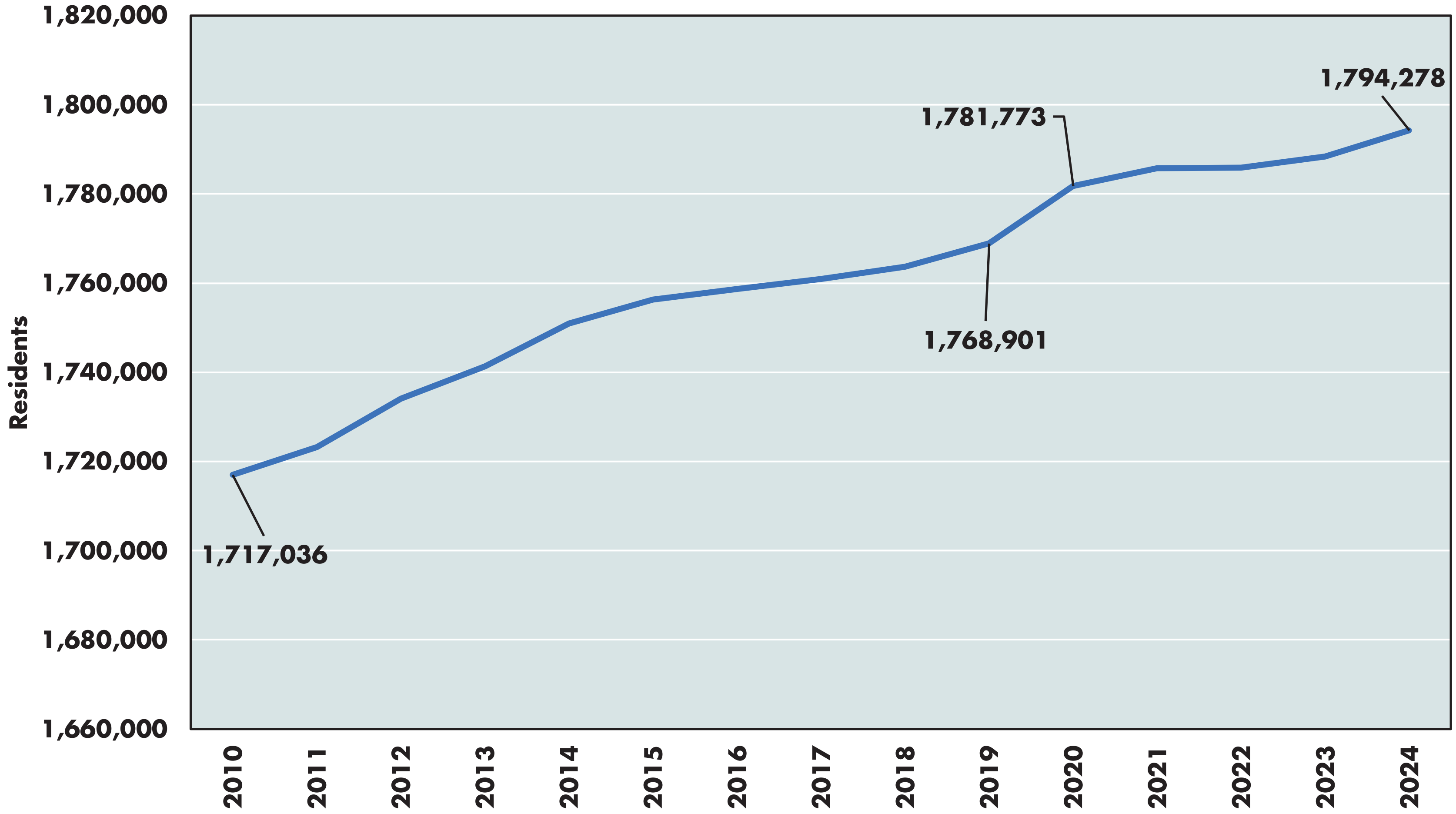
Table 3 presents estimates of 2021 revenues and expenses for nonprofit organizations in Hampton Roads. In 2021, the organizations that filed with the IRS reported over $19.0 billion in revenues and about $16.2 billion in expenses. The largest reporting nonprofit sector consisted of organizations focused on health services, with about 1 in every 3 dollars of revenues and expenses falling in this sector.

The United Way of South Hampton Roads (UWSHR), one of the largest, most visible nonprofits in the region, provides a snapshot of the sector. During the 2023 – 2024 fiscal year, UWSHR sent $16.8 million to over 84 certified agencies, which supported more than 300,000 residents of Hampton Roads. Chief Executive Officer Mark Uren said demand for United Way-affiliated programs and needs continues to grow. "As you've got seniors aging in, they're living on fixed incomes. Their earning potential is going down. As that group begins accessing more services, it's going to be a huge challenge," Uren said.

With nonprofit needs poised to spike as baby boomers access more and more services, funds from government and donors harder to access, and recruitment and retention of the volunteer and paid workforce trending downward—the clock is ticking.

GRAPH 1

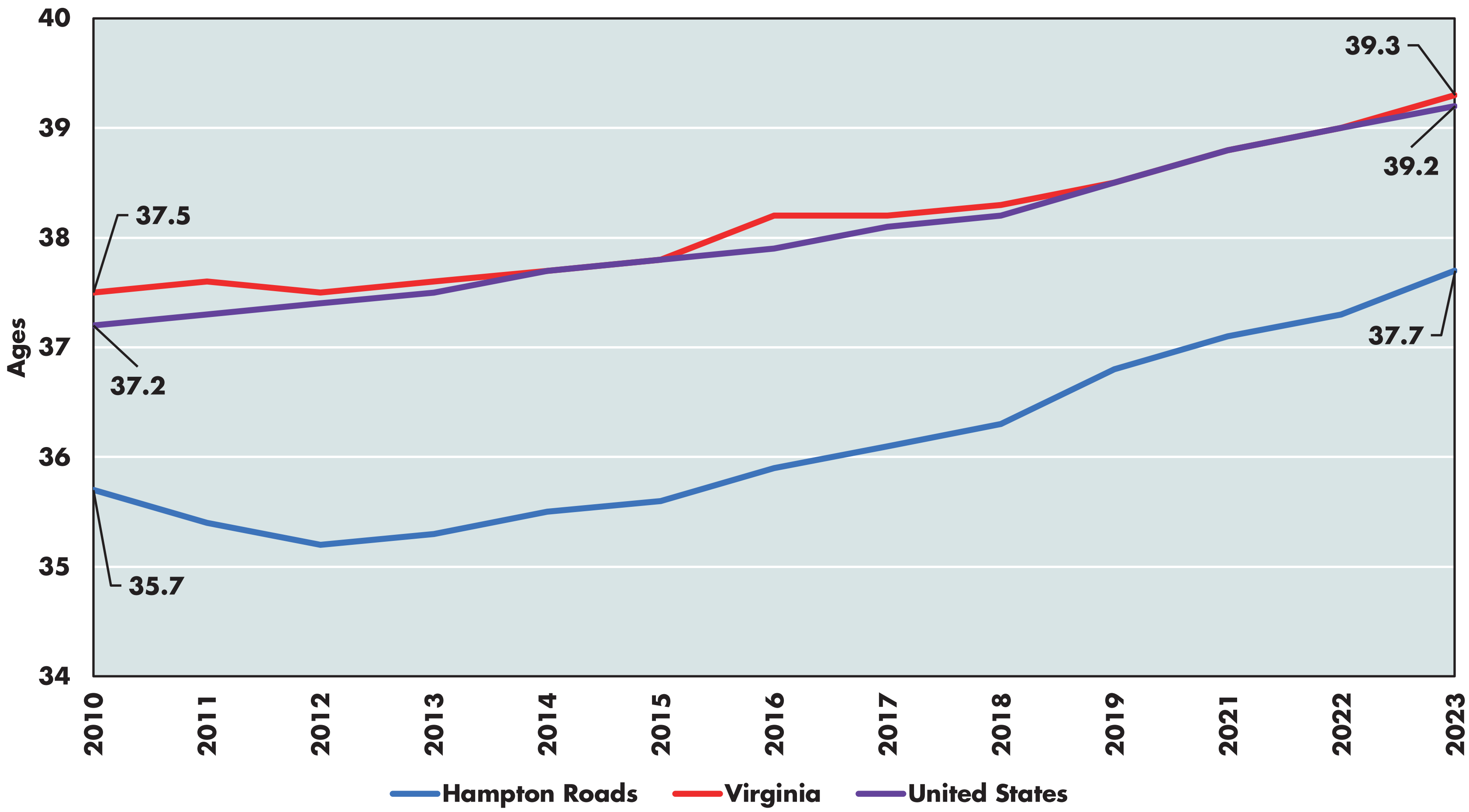
RESIDENT POPULATION
HAMPTON ROADS, 2010 — 2024



Source: United States Census Bureau, Population Estimates Program, various years. Population estimates as of July 1st of the corresponding year. Each decennial census 'resets' the population estimates.

GRAPH 2

MEDIAN AGE OF THE RESIDENT POPULATION
HAMPTON ROADS, VIRGINIA, AND THE UNITED STATES, 2010 — 2023*



Source: United States Census Bureau, American Community Survey 1-Year estimates, various years.
*2020 estimates are not available for metropolitan areas and are experimental for the state and nation. We exclude these experimental estimates from the graph and our discussion.

TABLE 2

**NONPROFIT ORGANIZATIONS BY SECTOR
HAMPTON ROADS, 2024**

Subsector	Nonprofits	Share
Arts, Culture, and Humanities	549	7.2%
Education (minus Universities)	999	13.2%
Environment and Animals	314	4.1%
Health (minus Hospitals)	423	5.5%
Hospitals	26	0.3%
Human Services	2,207	29.1%
International, Foreign Affairs	72	0.9%
Mutual/Membership Benefit	14	0.1%
Other	485	6.3%
Public, Societal Benefit	930	12.3%
Religion Related	1,549	20.4%
Universities	18	0.2%
Total	**7,586**	-

Source: National Center for Charitable Statistics, 2025.

TABLE 3

REVENUES AND EXPENSES OF NONPROFIT ORGANIZATIONS BY SECTOR HAMPTON ROADS, 2021

Subsector	Total Revenues	Total Expenses
Arts, Culture, and Humanities	$63,361,8134	$495,769,029
Education (minus Universities)	$760,161,769	$579,527,746
Environment and Animals	$689,639,859	$569,249,647
Health (minus Hospitals)	$6,204,928,407	$5,989,889,766
Hospitals	$3,504,155,813	$2,568,656,579
Human Services	$557,949,581	$499,926,499
International, Foreign Affairs	$182,703,060	$155,377,222
Mutual/Membership Benefit	$211,196	$79,543
Other	$5,342,219,917	$4,622,522,174
Public, Societal Benefit	$470,193,811	$277,855,666
Religion Related	$118,452,322	$113,691,780
Universities	$557,481,734	$374,892,506
Total	**$19,021,715,603**	**$16,197,438,157**

Source: National Center for Charitable Statistics, 2025. 2021 data may not include all organizations filing a return and do not include organizations not required to file a return with the IRS.

Forming Alliances

It started with informal conversations between leaders of local 'third sector' organizations. These private interactions revealed common frustrations and a repeated desire to collaborate on solutions to these challenges. Out of these meetings, the Hampton Roads Nonprofit Collective emerged—an informal, monthly gathering of leaders for about a dozen local charities, nonprofits, and other nongovernmental organizations. In a noteworthy reminder of the informality of these gatherings, leaders of the organization referred to the group by several different names—or did not know the name at all. But members of the group spoke with one voice of the value of this emerging network. "We came together for exactly that reason—we need a village," said Jo Ann Short, President and CEO of the Planning Council. "We need somebody to kind of vomit our frustrations, and to pick them up and validate them. Regardless of what the shingle out front says, our work is so similar, whether we're tackling Alzheimer's, or Catholic Charities, or the United Way."

Katie McDonough, Community Executive for the Alzheimer's Association, Southeastern Virginia Chapter, said this desire to team up is wired into many in the nonprofit community. "We don't solve problems unless we collaborate, right? We can't solve people's problems if we're trying to do it on an island." In interviews, these local nonprofit leaders identified common nonprofit sector challenges as our population ages. Beyond financial concerns (universal) and health care needs (a byproduct of age for any citizen), this group identified four other challenges or stressors: housing, transportation, food insecurity, and social isolation.

HOUSING

Seemingly every *State of the Region* chapter which examines quality of life issues in Hampton Roads includes real concern about access to housing, the cost of housing, and the slow pace of housing construction. This is also true in the nonprofit sector. Needs are poised to both change (as seniors leave their homes) and grow (as wages fall behind cost-of-living increases). Tracy Fick, CEO of Catholic Charities of Southeastern Virginia, said about 50% of the region's population is spending more than 30% of their income on housing, a figure that is poised to soar. "From our budget, almost half a million dollars goes directly to preventing eviction. I don't think people realize the services that are being provided to their workforce. We are keeping people from becoming homeless, so they can get to work," Fick noted.

TRANSPORTATION

The inability of seniors to leave their residence, to provide for their own basic needs, or to simply socialize, is a challenge for the nonprofit community. Senior Services of Southeastern Virginia is one of several local nonprofits that operate fleets of free or low-cost transportation for seniors, allowing them to maintain some sense of community as they age. Shannon Edsall, CEO of St. Mary's Home, said housing needs become attached to other needs, such as transportation. "If people are in their own homes being supported by their community, what resources are available for them? What transportation is available for them to and from their own housing?"

FOOD INSECURITY

The regional network of food banks speaks to Hampton Roads' generosity and the needs of many residents confronting food insecurity. The Foodbank of Southeastern Virginia reports that in 2022, 132,000 Hampton Roads residents are classified as food insecure,[6] that is, an uncertain ability to acquire adequate and safe food. In some parts of the community, one in four children go without adequate food. The Foodbank provided approximately 21 million meals in 2024. Sandy Etheridge speaks about what drew her to volunteer with the Foodbank of Southeastern Virginia more than 15 years ago.

SOCIAL ISOLATION

A byproduct of stressors two and three, many aging residents of Hampton Roads feel alone—a phenomenon that correlates strongly, and sadly, with poor nutrition, mental health struggles, and poor health outcomes. A novel collaboration between Sentara Health, Senior Services, the Foodbank, and Norfolk State University has resulted in a Norfolk pilot program which seeks to tackle these two issues simultaneously.

Nonprofit Volunteers and Employees

Sandy Etheridge began volunteering at the Foodbank of Southeastern Virginia through a community service outreach program at her former employer, Beneficial Finance (now a division of HSBC). Etheridge retired 12 years ago, but her connection to the Foodbank has only strengthened. "I think it stems back to a guest minister at my church (New Hope Baptist Church in Virginia Beach) who spoke about witnessing people eating out of trash cans," she said. "You can see the importance of what the Foodbank does." The connection helped Etheridge launch an effort to prepare meals for the Oasis Soup Kitchen in Portsmouth. Now 68, Etheridge has been a Foodbank volunteer for nearly two decades, coordinating teams of volunteers to lead community outreach programs such as the Foodbank's mobile pantry. "I always say that without volunteers (the Foodbank) wouldn't be able to do their mission," Etheridge said.

Foodbank President and CEO Christopher Tan interacted with Etheridge for months before realizing she wasn't a staff member, but a community volunteer. "Ms. Sandy is truly the heart of our volunteer team, demonstrating an unwavering passion for service over the past 13 years. As a Volunteer Team Leader, she not only dedicates countless hours but also inspires those around her, setting a remarkable example of care and commitment," Tan said.

Many volunteer organizations in Hampton Roads have a Sandy Etheridge. And they worry about where they'll find the next one. The median age of a volunteer in Virginia is 48 years old, 10 years higher than the median age of the Commonwealth's population. Tracy Fick of Catholic Charities said while its services are increasingly oriented to seniors, renewed focus will have to be placed in recruiting the next generation of volunteers to help meet their needs. "We're going to have to start really developing new lines of volunteers and even workers. Most of our volunteer force is either very young or quite a bit older."

6 https://map.feedingamerica.org/county/2022/overall/virginia/organization/foodbank-of-southeastern-virginia-and-the-eastern-shore

If the graying of its volunteer corps worries the nonprofit sector, its growing shortage of paid employees is a problem that could accelerate into a crisis. As the size and reach of the nonprofit sector would suggest, it is a significant employer in Hampton Roads. According to the most recent data update from the Quarterly Census of Employment and Wages program by the Bureau of Labor Statistics, classified under the 3-digit NAICS industry codes,[7] a total of 1,065 nonprofit organizations provided 54,615 salaried jobs, with annual wages totaling more than $3.6 billion (See Table 4). In other words, the average annual wage per employee is around $66,317. A total of 4,716 jobs are unclassified within the same system.

Finding workers to replace those who leave employment in the nonprofit sector is a growing challenge for these organizations. A 2023 survey of 1,600 nonprofit leaders by the National Council of Nonprofits found increased demand for services, longer wait times, and sometimes elimination of services from employment pressures. According to the National Council of Nonprofits, three out of four of these organizations (74.6%) report job vacancies, and more than half (51.7%) say their vacancies have increased since the COVID-19 pandemic. Nearly three quarters of nonprofits (72.2%) report their inability to compete on wages with the private and governmental sectors affects their ability to attract and retain workers. Burnout is reported in more than half (50.2%) of workers in the nonprofit sector, and seven of 10 nonprofits (70.5%) predict charitable giving—the source of funds to retain the best workers—will remain flat or decline in the next few years.[8]

Meanwhile, more than one in four (26.6%) nonprofit sector employees are older than 55 with fewer than one in 10 (9.5%) being new to the labor market, figures both higher and lower than the national average, respectively. The nonprofit sector is also 66.1% female compared to 46.8% across the national labor force.[9] The sector also is less representative of the broader U.S. population, with the largest, fastest-growing, youngest minority group, Latinos, comprising only 11% of the nonprofit labor force, compared to 19% of the total labor market.[10] These factors suggest nonprofit workforce challenges could accelerate as the nation's demographics continue to change. "We've seen it already from a staffing level," Mark Carlson of Eggleston Services said. "We just had two professional positions open for six months, because we couldn't find someone. So, the labor pool has already been impacted by baby boomers who have retired. It's tough to find help."

7 https://www.bls.gov/bls/naics.htm
8 National Council of Nonprofits (2023). The nonprofit workforce shortage crisis. https://www.councilofnonprofits.org/nonprofit-workforce-shortage-crisis
9 U.S. Bureau of Labor Statistics (2022). For profit, nonprofit, government sector jobs in 2022. https://www.bls.gov/spotlight/2023/for-profit-nonprofit-and-government-sector-jobs-in-2022/home.htm
10 Independent Sector (2024). Health of the U.S. nonprofit sector. https://independentsector.org/resource/health-of-the-u-s-nonprofit-sector

TABLE 4 A BREAKDOWN OF NONPROFIT EMPLOYMENT HAMPTON ROADS, 2022				
Industry Title	**Average Establishments**	**Total Employment**	**Total Wages (in thousands)**	**Annual Wages per Employee**
Real Estate	24	77	$3,427	$44,506
Professional, Scientific, and Technical Services	29	1,753	$111,953	$63,864
Management of Companies and Enterprises	31	2,200	$247,184	$112,356
Educational Services	126	7,685	$383,075	$49,847
Ambulatory Health Care Services	336	9,031	$801,931	$88,798
Hospitals	30	20,305	$1,558,355	$76,747
Nursing and Residential Care Facilities	70	5,063	$225,786	$44,595
Social Assistance	202	4,497	$170,211	$37,850
Amusement, Gambling, and Recreation Industries	45	1,931	$32,400	$16,779
Religious, Grantmaking, Civic, Professional, and Similar Organizations	172	2,073	$87,595	$42,255
Total	**1,065**	**54,615**	**$3,621,917**	**-**
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages for Nonprofit Organizations in calendar year 2022 (2025).				

Collaboration in Action

An innovative, multi-organization partnership in the pilot stage this fall is attempting to address two of the significant stressors identified by nonprofit leaders as particular challenges in 2024 and beyond. Food is Medicine is a collective impact partnership between Senior Services of Southeastern Virginia, Sentara Health, Norfolk State University, and the Foodbank of Southeastern Virginia that seeks to use multigenerational volunteerism and fellowship to tackle food insecurity among the homebound elderly and the negative effects of social isolation on both young and older populations.

The U.S. Census Bureau estimates that in 2020, about 11.1% of older adults live alone,[11] up from 9.4% the year before, and thus increasing the risk of social isolation. Former U.S. Surgeon General Dr. Vivek H. Murthy argues this is "more than just a bad feeling—it harms both individual and societal health." Loneliness not only leads to a higher incidence of depression, but it is also linked with increases in physical ailments such as heart disease and stroke. It also affects young people as well as seniors. Because of this, it underlines the value of Food is Medicine.

For this program, 10 homebound older adults in Norfolk have been matched with Norfolk State students for weekly meetings in the senior's home, helping mitigate food insecurity and foster social connections. During the Saturday late afternoon and early evening meetings, the students share a family-style meal they have helped prepare in conjunction with staff and volunteers from Senior Services or the Foodbank. If this pilot and an expansion of the program's second iteration are deemed successful, the Food is Medicine initiative will be rolled out citywide.

Sherry Norquist, executive director for Sentara's Community Engagement Impact Team, which is underwriting much of the program's cost, said the health organization has been invested in the issue of food insecurity for nearly 10 years. The outreach started with supporting food banks but has expanded in scope. "Once we started getting really strategic about it, we focused on this 'food is medicine' concept," Norquist said, noting that many positive societal outcomes—including outside of health care—depend on a healthy diet. "Why am I excited about this? My gosh, there's so many reasons. Hunger is really at the root of a lot of traumatic experiences," she said. "I do believe that we could better control the cost of poor health outcomes if we really did some strategic work in education and outreach around food."

The collaborative nature of the project is particularly appealing from Sentara's perspective, Norquist added. "That's one of the things I have found most inspiring is the leaders of local nonprofits not only understand the value of collaboration, but they're also excited by it. They're going through the same things, and they share and help each other. It's been really neat to hear."

11 https://www.census.gov/library/stories/2023/06/more-than-a-quarter-all-households-have-one-person.html

What Can Be Done

More than 50 years ago, Horst Rittel and Melvin Webber coined the term "wicked problems" to describe the grand challenges facing society.[12] A wicked problem is one with broad societal effects and no easy solutions. It is reasonable to consider the challenge an aging population poses to the nonprofit sector as a wicked problem. So, no silver bullet will be contained within the pages of this report to remedy what is already being termed a crisis on multiple fronts. However, the views of front-line officials in the nonprofit sector yield clues about some best practices that could provide dikes to protect societal structures from the rising tides of a huge spike in demand for nonprofit services, questions about future sustainability of funds, and sources for paid and volunteer workers.

Adding to these pressing questions is the uncertainty of our present political climate. In the first few months of the current White House administration, as the newly created Department of Government Efficiency (DOGE) made rapid cuts to federal programs and services in the name of cost savings, the degree to which federal funding underwrites the stability of many nonprofit organizations became clearer. Advocacy in the political sphere is an indispensable element of nonprofit work, and the more unified the effort, the better.

The monthly, informal meetings of the Hampton Roads Nonprofit Collective are an excellent starting point to finding sustainable solutions. As Jo Ann Short of the Planning Council notes, "Regardless of what our shingle out front (of their office) says, our work is so similar, whether we're tackling Alzheimer's or Catholic charities, or the Planning Council. We all have the same frustrations. We all have the same pain points. We're all serving the region."

Finding areas of common needs and resources is imperative, especially in an era of unstable state and federal support. The United Way's Mark Uren states, "Nonprofits in general have to be able to say, 'Let's put our agendas aside and figure out how we can work together.'" Collaboration can also lead to the nonprofit sector speaking with one voice, seeking to stress the importance of these programs and services to meet the needs of our aging population.

That leads to the other common refrain of the local nonprofit leaders interviewed for this report—the belief that the public is unaware of the breadth of local programs that are supported by the third sector. "I think the nonprofit sector is responding, has been responding, and will continue to respond," said Shannon Edsall of St. Mary's Home. "The conversations I've had with other organizations that support our aging population are about how they need a voice at the table. They need the community to acknowledge the impact that nonprofits have and that we need resources to be able to help."

The popular image of a successful nonprofit is a cash-strapped, community-connected organization staffed by idealistic workers forgoing a larger salary to make a difference in the world. As this chapter has shown, that mythology runs into the reality that the need for services, and the cost to deliver them, have skyrocketed. Nonprofits need to be fundraisers, publicists, and lobbyists to achieve their mission. Working collaboratively to achieve goals can help, but so can concrete investments that make the community stronger. Imagine the model of Hayden Village Center being replicated across Hampton Roads. Ingenuity, entrepreneurship, and regulatory changes that promote more investment in housing can benefit the entire community, including the nonprofit sector.

12 Rittel, H. W., & Webber, M. M. (1973). Dilemmas in a general theory of planning. Policy Sciences, 4(2), 155-169.

THE STATE OF THE REGION REPORT: HAMPTON ROADS breaks with tradition this year with two named chapters. Over the past two-plus decades, the State of the Region has published without attribution, that is, the editor has been the only identified contributor and responsible for the contents of each report. This tradition allows contributors to explore topics in detail with the editor being responsible for the final product.

In this year's report, we invited a reflection on the first 25 years of the State of the Region from Dr. James V. Koch, President Emeritus of Old Dominion University and the Founding Director of the Dragas Center for Economic Analysis and Policy. This chapter reviews the significant contributions of the report, evaluates where we were successful (or not) in identifying challenges and opportunities for the region, and asks what the future holds for the *State of the Region: Hampton Roads* report. Now, we argue, is not the time to shy away from the difficult conversations about how we can change the economic trajectory of the region.

The second invited and named chapter focuses on the topic of regional collaboration. A thread linking our reports across time has been the call for increasing regional collaboration. To paraphrase Abraham Lincoln, a region divided against itself cannot stand. Hampton Roads, in order to develop at the same pace as its peer and aspirant regions, must continue to seek out opportunities to improve regional collaboration. We invited the Hampton Roads Executive Roundtable to take the lead on this chapter, and they graciously agreed to contribute to this year's report.

The Hampton Roads Executive Roundtable authored the chapter on regional collaboration, with editorial participation from key Regional Organizations Presidents Council (ROPC) members, the Virginia Maritime Association, and the Hampton Roads Transportation Accountability Commission (HRTAC). Drew Lumpkin, the Roundtable's Vice President, External Affairs & Strategic Initiatives, served as primary author and collaborator.

The views expressed in these chapters reflect those of the authors and may not reflect the official positions or policies of the contributing organizations, the Commonwealth of Virginia, Old Dominion University, or the donors to the Dragas Center for Economic Analysis and Policy. Each chapter has benefited from editorial suggestions, but we have strived to leave the major contributions of the authors intact. Lastly, we would like to thank Dr. Koch and the Hampton Roads Executive Roundtable for their valuable contributions to this year's report.

Reflections On The State Of The Region Report

■ 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? The State of Local News
■ Immigrants ■ Independent K-12 schools ■ Jefferson Laboratory ■ Lawyers ■ LGBTQ+
■ Libraries ■ Light Rail ■ Marijuana ■ Megachurches ■ Mental Health ■ Military Retirees
■ Newspapers ■ Northern North Carolina ■ Nurses and Nursing ■ Opioids
■ Performing Arts Companies ■ Prisons, Prisoners and Bail ■ Private K-12 Education
■ Regional Cinema ■ Religion ■ Richard Florida and the Creative Class ■ Silver Tsunami and Aging
■ Soccer ■ Swimming ■ The Eastern Shore ■ Traffic Congestion ■ United Way
■ Virginia Aquarium and Marine Science Center ■ Virginia Museum of Contemporary Art
■ Virginia Symphony Orchestra ■ WHRO ■ Women's Leadership

REFLECTIONS ON THE STATE OF THE REGION REPORT ON ITS 25TH BIRTHDAY: JAMES V. KOCH

"In God we trust, but everyone else needs to bring data."
Author Unknown, but probably an empirical economist

Ah, I note with a sense of pride and achievement that the *State of the Region Report* celebrated its 25th birthday this past year. Metaphorically, the *Report* is old enough to drink, and, on occasion, events in Hampton Roads have precisely encouraged this. Experience usually is a great teacher, but at times the pathways of experience can be harsh. Those of us connected to the *Report* have become accustomed to supplying analyses of issues that nearly always are perceived to be high quality but nonetheless frequently are ignored or discarded. Many have been the occasions when Bob McNab or I have been told *sotto voce* that "You're probably right, but..." What usually followed such a confiding whisper was an explanation why what we had suggested made sense but was not going to occur. We soon learned this came with the territory.

An important reason why the *Report* has lasted so long and flourished is that it is the product of a distinctive public/private partnership. Sometime in late 1999, George Dragas and Dick Barry came into my presidential office at Old Dominion University (ODU). Both were prominent business leaders and former Rectors of the ODU Board of Visitors. They boldly told me what I needed to do after I stepped down as president (which I did in 2001). Hampton Roads, they said, badly needed high quality, but independent analyses of its activities that would identify plausible future courses of action. And they told me that I was the person that should do this.

George Dragas and Dick Berry were surely correct about the need for regional analysis because Hampton Roads (or Coastal Virginia, as some prefer) consists of a sometimes-divisive collection of seven major cities plus a half-dozen other meaningful jurisdictions. Each of these political units, as I suspect you already know, boasts its own politics, pressure points, demographics, and agenda.

I was a bit surprised, upon coming to Virginia, to find that regions such as Northern Virginia and Richmond developed their own action agendas that carried some weight with the public and legislators. By contrast, the Hampton Roads approach to the tug and pull of legislative deliberations boiled down to each city essentially proceeding on its own. There was an informal Hampton Roads caucus, but it seldom met and carried no heft. As a consequence, legislators were unlikely to spend any of their political capital on regional issues unless they could see that their host city clearly would benefit.

One former regional mayor, who will remain unnamed, neatly summarized it to me this way: "Jim, how many votes did I get in the last election from Suffolk?" The nature of this question tells you that it was not the Mayor of Suffolk who made this comment, but that leaves open a host of other city possibilities. The mayor's observation gives credence to the time-worn observation that 'all politics, ultimately, is local.'

Another example of this fractious mentality in action has touched me personally because it relates to Old Dominion University, whose home campus, of course, is in Norfolk, but has regional sites in Virginia Beach, Chesapeake/Portsmouth, and on the Peninsula. I well remember early on visiting with a legislator from Virginia Beach who told me that ODU was a Norfolk institution and hence not really his concern. But I hastened to point out to him that ODU enrolled more students from Virginia Beach than it did from Norfolk and later was able to tell him that ODU had more than 300 students from his own district. The quality of our conversations improved after that.

Nearly everyone reading this knows that Hampton Roads lacks a dominant central city like New York City, Chicago, or Seattle whose interests and agenda effectively call the regional tune. Knowing this to be the case, George Dragas and Dick Berry advocated that there was an urgent need to analyze the region as whole. They also outlined that the organization they had in mind to sponsor these analyses should not be a wholly owned subsidiary of Old Dominion University. They envisioned something very much like the public-private funding and support partnership that today is the Dragas Center for Economic Analysis and Policy in the Strome College of Business at Old Dominion University. The University supplies significant funding (for which we are very thankful) and private donors such as the Dragas family, Dick and Carolyn Berry, Bruce Bradley, Frank and Jane Batten, Arthur Diamonstein, David and Susan Goode, Patricia and Douglas Perry, and Dr. Jitendra Swarup have been generous in establishing a credible endowment that enabled the Center to weather most state funding reductions without going belly-up.

My thoughts on the potential for productive regional relationships were very similar to those of George Dragas and Dick Berry, and I committed to doing three years of annual reports. And, like Topsy, the report simply grew and flourished. About 60 people attended the first *State of Region Report* presentation at the Town Point Club, but favorable word spread. By the end of the first decade, the number of attendees had reached 800, and we were turning away people who wished to attend.

To Whom Does The State Of Region Report Listen?

The answer to this question is both 'everyone and no one.' To remain in touch and generate a credible report, those connected to the *Report* must circulate widely and keep their eyes and ears open. One must be ready to receive suggestions coming from any quarter, ask questions, and receive criticism. In this vein, I gave presentations based upon the *State of the Region Report* to the Norfolk Rotary Club for 18 years in a row. Yes, I was distributing information, but at the same time acquiring it. The question-and-answer sessions always are revealing. Yes, some questions are off the wall, but most of the queries from audiences zero in on what the group really wants to know and reveals what was bothering them.

From public presentations such as these, Bob McNab and I have received dozens of good ideas for topics we should cover in the *Reports*. And public presentations such as these also taught us a different, but also important, lesson. When someone such as Andy Fox of WAVY News 10 puts you on camera, you had better be prepared.

We also learned that being able to place local and regional data into a state or national context could be very instructive. Connected to this, Vinod Agarwal and Bob McNab have served as members of a variety of state-level economic advisory and forecast panels, and Old Dominion University is one of a select group of about 40 universities whose forecasts are used by the Philadelphia Federal Reserve Bank as an important basis for its widely utilized national economic forecasts. Reflect upon this for a moment. There was no *State of the Region Report* until 2000 and, within a few years, its forecasts and analysis had joined the economic big leagues. The appointments of these individuals to prestigious forecasting boards were signal recognitions that the *Report* had garnered respect.

Regarding the *Reports*, it is fair to say that Bob McNab and I have been leaned on by individuals who have wanted us to present their point of view or (more critically) to not present something that, however well it might have been researched, they did not like. A case in point: one of our major sponsors was insistent that we should not devote any time or attention to several specific topics in any of our presentations or in the *Report*. We found this unacceptable, and we summarily dropped that group as a supporter even though that relationship was financially very significant. Interestingly, this former sponsor then proceeded to secure another analyst who would, for a fee, provide it with the censored versions it desired. Some economists are for sale. That is not our game.

More commonly, however, parties that do not like our analyses commission their own studies or stimulate op-eds that present their point of view. Then, they distribute these views widely. We have never objected to any of these reactions on the part of those whose work we examine. Indeed, we use these instances as a means to evaluate our own results compared to the newly presented work. Regardless, if one ventures into the kitchen, then one must be willing to take some heat. This includes a readiness to listen to critiques and to see possible legitimacy in differing approaches to answering questions. And, almost needless to say, when the facts change, we must change our views accordingly.

As time passed, both Bob and I gradually acquired the reputation that even though we would listen carefully to comments and criticism, and were willing to amend our work, ultimately, we would not alter reports or chapters where the numbers and basic economics firmly told us otherwise. We could take the heat.

On occasion (and almost humorously), Bob and I have been the object of what I will term 'Soviet Union Non-Person' treatment. Those who are unhappy with us not only ignore us but also expunge any mention of our names and work from their publications and web sites (which they have a right to do). This is the intellectual equivalent of deleting someone's image from a photograph. McNab? Who's he? Koch? Never heard of him!

It is worth noting that over the quarter century that the *Report* has appeared, a variety of Old Dominion University administrators have fielded concerns or complaints about the *Report*. But whatever their unease, none has ever told us that we should not print something, that we had to issue a different take on a subject, or, most importantly, informed us that they thought we were simply wrong. At most, and only on occasion, after hearing both sides, they have suggested that it would be lovely if we moved on to other topics.

Thus, when in the 2007 *Report* the first chapter was entitled "The Regional Economy Downshifts," or in the 2009 *Report* when the first chapter was entitled "The Regional Economy Contracts," some regional leaders were not thrilled. In 2011, when the *Report* pungently observed that the regional economy was "stuck in neutral," this impressed some as over-emphasizing the negative.

Similarly, when we have reported more recently that Hampton Roads often has suffered from net domestic out-migration, this did not make some individuals happy. What does net domestic out-migration mean? It signifies us that a greater number of already established residents are leaving our region annually than are moving into it from other parts of the United States. Alas, this usually has held true for our region in recent years. However, Hampton Roads has not been the 'Lone Ranger' in this regard. In recent years, Fairfax County in Northern Virginia and the entire Commonwealth of Virginia have experienced net domestic out-migration. These are economic signals we should not ignore because they tell us something important about citizens' perceptions of our economy's strength and the opportunities it offers them. Those who move to another state are 'voting with their feet.' Therefore, our reaction to these negative net domestic out-migration data has been 'It is what it is.' We deal with facts.

Neither Bob McNab nor I have ever viewed the *State of the Region Report* as a cheerleader attempting to inspire the home team even when it trails 40-0. Instead, we have viewed our remit as one of providing factual information and analysis that hopefully can lead us to better times. In this respect, the *Report* occupies a role that is closer to that of a sports announcer who may be loyal to the home team and wishes it the greatest success, but nonetheless is obligated to report the score and the flow of the game accurately. Analogously, this implies that the *Report* must let the chips fall where they may, even though we are pleased, even thrilled, when we are able to present positive news and analyses of our situation.

The *Report* Deals With Much More Than Economics

The *State of the Region Report* is widely considered to be an economic report. And there is ample reason to consider it in this context because every report predictably will focus on what we term the region's 'Big Three' economic sectors: defense spending, the Port of Virginia, and tourism. Without fail, every report also focuses on regional housing markets. Coverage of these topics is as predictable as the sun rising in the east every morning.

A healthy proportion of each *State of the Region* report is devoted to topics that may only touch on economics. Consider this list of topics from past reports:

- 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? The State of Local News
- Immigrants
- Independent K-12 schools
- Jefferson Laboratory
- Lawyers
- LGBTQ+
- Libraries
- Light Rail
- Marijuana
- Megachurches
- Mental Health
- Military Retirees
- Newspapers
- Northern North Carolina
- Nurses and Nursing
- Opioids
- Performing Arts Companies
- Prisons, Prisoners and Bail
- Private K-12 Education
- Regional Cinema
- Religion
- Richard Florida and the Creative Class
- Silver Tsunami and Aging
- Soccer
- Swimming
- The Eastern Shore
- Traffic Congestion
- United Way
- Virginia Aquarium and Marine Science Center
- Virginia Museum of Contemporary Art
- Virginia Symphony Orchestra
- WHRO
- Women's Leadership

By all odds, this is a diverse list of topics. Yes, there is economic content in most of them, but that has not been their primary focus. Thus, when we talk about the "state of the region," this refers is to many things other than economics and business. From the very beginning of the reports, we have engaged the services of non-economists to broaden the scope and reach of our efforts. The range and diversity of the chapters suggest that we have achieved some considerable success in doing so, but we recognize lesser success in this diversity of topics.

Media coverage of *State of the Region* presentations nearly always focuses on things economic in character. Media outlets face understandable time and space constraints and they end up summarizing 200-page reports with one or two headlines they hope will catch the attention of their viewers and readers. On occasion, these headlines have made us cringe because they are off target. However, we have some sympathy for the journalists who go astray in such situations, however, because they face deadlines and may never have taken so much as a single economics course in college. However, they are tasked with consuming a complex report and reducing it to a digestible 20-second video spot or 100 words of prose. This is further complicated with newspapers, as the people who author the stories usually are not the same people who write the headlines or ledes, meaning they may not match the contents of the story. But our sympathy goes out to the media who cover us. They are a vanishing breed.

Multiple times, the *Report* has bemoaned the contraction of local journalism. Today, there are fewer reporters, fewer issues, and fewer subscribers associated with virtually every local newspaper than there were a quarter century ago. In fact, 180 daily newspapers shuttered their operations between 2023 and 2024 alone.[1] This has increased the utility of the *Report,* which covers in depth a range of regional topics that local journalism now does not have the resources to do.

Differences In Approach: Koch And McNab

I steered the *Report* from 2000 to 2016; Bob McNab has assumed those duties since then. If anything, the quality and standing of the *Report* have increased since Bob McNab took charge. Bob is a stickler for detail and for providing specific sources for any data utilized or opinions presented. I was more likely than Bob to express a point of view or to make an interpretation based upon my own knowledge and experience. For many individuals, if Jim Koch or the *Report* said something was so, then it was. No documentation was required because he and the *Report* were trusted.

Having spent more than a decade lurking around the halls of the General Assembly on behalf of Old Dominion University, I was attuned to political winds and personalities and my service as president gave me access to meetings, groups, clubs, and organizations that subsequently proved useful for the *State of the Region Report.* These contacts proved valuable in generating topics, obtaining data, and forming opinions.

Bob McNab came to Hampton Roads from California, is a military veteran, and brought with him invaluable knowledge of the Department of Defense establishment. He is a quick study. He also has greater mastery of the econometric tools that economists and forecasters utilize than did I, who primarily relied on colleagues such as Gil Yochum and Vinod Agarwal to undertake those tasks for the *Report.*

Nonetheless, and overall, there has been a remarkable degree of continuity in the *State of the Region Report*, despite the change in leadership. Regardless of the year, or who was leading the *Report*, one could count on it to reprise what has happened in the region's economic 'Big Three': defense, the Port, and tourism. One also can expect to find considerable space being devoted to housing markets in every *Report.* Attention to these topics, year in and year out, made the *Report* a valuable and consistent chronicle of the region. Anyone who wants to know the circumstances, prospects, and problems of Hampton Roads over time need only go to the State of the Region web site to gain

1 "Number of local daily and non-daily newspapers in publication in the United States from 2004 to 2024," Statistica, www.statista.com/statistics/944134/number-closed-merged-newspapers/.

knowledge and perspective. We know of several political candidates and new business executives who have done exactly this in order to bring themselves up to speed.

Toting Up Successes — And Failures To Convince

We think we have made a difference, though not as often as we would prefer. On occasion, we have been the first to bring an important topic to public attention. For example, the *State of the Region* effectively introduced into widespread public discussion the topic of rising sea levels. Our initial presentations in this regard were met by a combination of 'You are disloyal,' and outright scoffing. No more. One can see sea-level rise happening. All but a few now recognize that rising sea levels constitute an existential threat to Hampton Roads.

Similarly, we were the first group to give public emphasis to global warming, and we predicted its likely impact on Hampton Roads. All but a small few now accept the reality of global warming. However, some labeled us crackpots when we put forward the scientific consensus on this topic, and we were subject to attacks from those whose businesses might be affected.

Once again, in the 'made a difference' category, the *State of the Region* reports consistently have noted the need to diversify the regional economy as well as the somewhat precarious nature of our dependence on federal budgetary whims. Twenty-five years ago, this was not a popular message, and we were told that we should not bite the hand that was feeding us. But the advent of President Donald Trump's administration and his drive to reduce the size of the federal government has newly reemphasized the vulnerability of our region to reductions in federal spending.

How much and how often should our analysis be bound by 'this is the way we always have done these things' and admonitions that we should give deference to 'the Virginia Way?' An example that sticks out like a sore thumb is our coverage of the Dillon Rule, to which we first devoted a chapter in 2001. The Dillon Rule effectively tells cities and counties that they cannot do anything of consequence that has not been previously mandated by the Virginia General Assembly. This places strong limits on what local governments can do, and, of course, more than a few people have some reason to believe this is a good thing. But the Dillon Rule carries with it a variety of perhaps unintended side effects. Legislators generally like the Dillon Rule because it enhances their power (everything must go through Richmond) and virtually ensures that they will receive political contributions from many different individuals and organizations. In this regard, Virginia historically has stood out among the states because it has had no limitations on how much money candidates for state and local offices may receive in campaign donations (even from political action committees, or PACS) and has few effective limitations on how legislators may use the political contributions they do receive.[2] Thus, some legislators use these funds to pay for their personal expenses, including meals, clothing, travel, and automobiles under the guise that these are campaign-related expenses. Further, even after they leave office, former elected officials can continue to control these funds. Plus, penalties for non-compliance are minimal.

Should such things be unmentionable? We think not, but we must confess that our presentations have hardly made a dent in these matters. We are left with two impressions. First, only a minority of the region's residents fully understand the limitations that the Dillon Rule places on their local and regional units of government. Second, few Virginians understand the loose rules that have applied to the acquisition and use of political contributions in the Commonwealth.

Ours has been a regional report, and we have observed small increments of progress in terms of the regionalism advocated by the *Report*. There now are regional approaches being implemented in areas such transportation and library services that did not exist years previous. The *State of the Region Report* has been a persistent advocate of such developments where the evidence dictates, but it is unclear that its advocacy has been critical in these situations.

2 See Legal Clarity, Administrative and Government Law (March 7, 2025), https://legalclarity.org/virginia-campaign-finance-laws-and-regulations-explained/.

Taking a regional view, we predicted the need for and the eventual merger of Eastern Virginia Medical School and Old Dominion University. Those who doubt the wisdom of this move should harken to Richmond, where the half-century-old merger of the Medical College of Virginia (MCV) into Virginia Commonwealth University (VCU) has been a resounding success even though 50 years ago, MCV personnel went to the courts and the General Assembly in an attempt to derail it.

Another area we were among the first to spotlight was the rise of non-denominational religious groups and the gradual decline of conventional religious denominations. We went out on a limb more than a decade ago and predicted that by 2050, most conventional, traditional religious denominations will have been seriously atrophied or disappeared. Recent developments have not discouraged that view.

Health-related issues and medical costs always have occupied our attention and, in particular, the supply and demand for nurses. The shortage of nurses, we found, occurred substantially because nurses as a group chose to retire years before physicians as a group did so. Their earlier retirement ages reflect a combination of burnout, inadequate compensation, and how they are treated as employees and colleagues. The solution, economically speaking, was rather obvious. Pay nurses more and treat them better. But these prescriptions have failed to take root, and the shortages persist. Some argue that the lack of competition in regional health markets is one of the reasons why this holds true.

We always have spent time examining regional transportation issues, including analyses of the startlingly uneconomic deal the Commonwealth forged as its means to finance the expansion of the Midtown and Downtown tunnels. We labeled this one of the worst agreements ever made by the Commonwealth and this message resonated because our work in this area has been frequently cited since.

The region's success in the transportation arena has been mixed. Yes, the Hampton Roads Bridge Tunnel expansion project is coming along nicely, but the Tide continues to limp along. The Tide can (still) serve as a major building block in a regional transportation system. But this worthy goal seems much farther away today than it did a decade ago, and it would take regionally-minded mayors and city councilors to resurrect it.

We are forced to confess that we are batting close to .000 with respect to our analyses of what we will cyncially term economic development 'bauble' projects. Cities, led by their mayors, city managers, and councilors, frequently fall in love with large, costly projects that unfortunately often do not compute economically. These initiatives may involve sports teams, entertainment venues, entertainment series, and similar endeavors, all costly. In the usual case, we are assured enthusiastically by supporters of 'bauble' projects that this one will be a 'game changer' and that it 'will pay for itself. Hardly ever have those predictions been on target, and our studies predicted such.

Candidly speaking, we observe that cities that have not liked out analyses of 'bauble' projects often have hired other outside analysts who gave them the numbers and forecasts they needed to justify proceeding. But this did not alter fundamental financial realities, and cities and counties repetitively have followed a series of 'Pied Pipers' and invested in low or even negative rate of return 'bauble' projects. In one of our reports, to illustrate the cost of this behavior, we computed the substantial salary raise that could be granted public school teachers in Virginia Beach if a certain 'bauble' project were set aside.

An important reason why the 'baubles' do not pay off is that the responsible parties ignore an economic phenomenon known as 'displacement.' This is straightforward — one cannot spend the same dollar in two places. Hence, if John Q. Public, a resident of, say, Newport News, spends $50 at a new stadium, gambling casino, or entertainment venue in Newport News, then that $50 cannot be spent elsewhere at restaurants and shops in that city. This means that one needs to attract outsiders if a new facility or venue is to have a *net* positive economic impact upon a city. Otherwise, the expenditures represent nothing more than moving money from one pocket and tucking it into another. There is no economic growth in such situations. Casinos provide an obvious example. While the city hosting the casino may 'win,' these winnings are mostly the result of the shuffling of dollars within the region. Once we step back to the regional or state level, the economic impacts of casinos diminish considerably in magnitude.

The preceding displacement analysis is less confining when one takes the view of the entire region of Hampton Roads. Then, the costs and benefits are spread over a much larger territory and there is reduced displacement. But convincing a resident of, say, Virginia Beach, to pay for facilities in Chesapeake seems a Herculean task. There is some irony attached to this attitude. In 2020, only 45.63% of jobs located in the City of Norfolk were filled by its residents, and approximately two in every five workers in Hampton Roads crossed a city or county line going to work.[3] Our jobs and economies are interconnected but our decision-making (especially with respect to the 'baubles' and venues) is not.

There is an interesting final point that needs to be made with respect to 'bauble' projects. Public investments that often do pay off involve sponsoring sports competitions that bring in teams, parents, and fans from *outside* the region. These events compete on fields that already exist, participants stay in hotels and motels, and they patronize restaurants, shops, and malls. Hosting the AAU Junior Olympics may not be as exciting as a 'bauble,' but it is an economic winner.

It would be correct to say that media coverage of *State of the Region* reports has been fair, but given the nature of the demands on the time of a diminishing pool of reporters, it is often superficial. Subsequent editorials or commentaries sometimes add details and clarity. The media have been known to have love affairs with the 'bauble' proposals mentioned above. They sometime simply repeat the assertions of city officials who assert that the XYZ Project is the best thing since sliced bread.

When recounting hits and misses, another miss on the part of the reports has been their inability to convince journalists and citizens that the person who pays a tax or fee to the government may not be the party who ultimately bears the burden of that tax or fee. Of course, some portions of taxes and fees imposed on a party can be passed on by that party, especially by business firms selling products and sometimes by landlords who are renting properties. As a consequence, well-intentioned efforts to force a target to 'pay his fair share' via a higher tax are a bit naïve and may not succeed. This means that cities and counties that impose taxes may be disappointed with the amounts they eventually collect from those taxes. Citizens adjust their behavior when they have the option to do so. This is another reason why 'bauble' project projections may fall short.

We also can report only partial success with respect to our analyses of temporary rental housing phenomena such as Airbnb. We have presented well-sourced data to city officials demonstrating that temporary and vacation rental housing organizations such as Airbnb have made major inroads inside Hampton Roads and that the cities' regulatory schemes, whatever their supposed aims and virtues, often have been ignored by those who make rentals. In this area, cities must make hard choices about which of their regulations actually are both enforceable and desirable.

Final Thoughts

Only a brief glance at the rapidly evolving world around us is needed to conclude that attempts to predict the future often prove futile. But we are not helpless; we can learn from the past and utilize rational, logical thinking to narrow and clarify our choices. This is especially true in the realm of economics where one can utilize both empirical evidence and logic to understand what is at stake.

This is the spirit that motivates the production of the annual *State of the Region Report* as well as its companion, the *State of the Commonwealth Report*. It has been an exhilarating 25 years. Will the *Report* still be around a decade from now? Who knows? Regardless, it has been a good run.

3 United States Census, Metro-Micro Commuting Flows, 2020, www.census.gov/data/tables/2020/demo/metro-micro/commuting-flows-2020.html.

Hampton Roads' Collaborative Spirit Produces Regional Results

HAMPTON ROADS' COLLABORATIVE SPIRIT PRODUCES REGIONAL RESULTS

The waterways connecting Hampton Roads to the rest of the world are our most unique asset. They are home to the largest naval base in the world, the second-largest commercial port on the U.S. East Coast by tonnage and third largest by container volume, the nation's largest shipbuilding and ship repair industrial base, the nation's largest offshore wind project, and a growing passenger cruise industry. These assets have long been the foundation of our regional economy, and their prominence is the result of a culture of collaboration among our maritime community.

The benefits and importance of collaboration have become clear to regional leaders beyond the maritime community. More than any time in the modern history of our region, there exists an understanding that collaboration is a strength that can be a competitive advantage for all of Hampton Roads. Our elected officials, business leaders, education partners, and regional organizations frequently work together, and as a result, the region has organized to both address large challenges and take advantage of cross-jurisdictional opportunities.

Today, collaboration is the *de facto* starting point for solving problems and seizing opportunities in Hampton Roads. This collaborative spirit now operates as muscle memory, allowing regional leadership – elected, business, educational, and community – to quickly align and tackle larger and more complex issues affecting our regional economy.

Yet, this collaborative spirit didn't happen overnight.

This chapter will highlight several important developments within our regional organizational structure, each building off the success of the last. With these moments in mind, the body of evidence for regional collaboration – and its results – becomes increasingly significant, allowing the region to collectively chart its future economic course. Two real-time examples are highlighted in our discussion.

History of Regional Collaboration

Over the last decade, there were four seminal moments that established a culture of collaboration, each building off the other:

- Creation of the Hampton Roads Transportation Accountability Commission (HRTAC);
- Establishment of GO Virginia (GO VA) and Region 5 for Hampton Roads;
- COVID-19 Response and the *Hampton Roads Recovery and Resilience Action Framework*; and
- Establishment of the Regional Organizations Presidents Council (ROPC).

These developments required our elected officials and business leaders to work together to overcome urgent regional challenges, and through the problem-solving process, chemistry and trust developed.

Creation of Hampton Roads Transportation Accountability Commission (HRTAC)

Hampton Roads has long had a traffic congestion problem. According to data from the Hampton Roads Transportation Planning Organization, Hampton Roads ranks 13th among the largest U.S. metropolitan areas for time to travel 10km, and 17th on average annual time spent driving. The bridges and tunnels that define our region are a daily source of bumper-to-bumper-induced frustration. Regional leaders, however, are working together to alleviate traffic bottlenecks throughout our transportation network, and every day you can see the results: ongoing road, bridge, and tunnel construction, most visible at the Hampton Roads Bridge Tunnel (HRBT).

The creation of a dedicated regional fund for transportation infrastructure was not easy. In 2002, a statewide referendum creating regional transportation funds failed, and in 2007, legislation creating similar regional transportation funds was invalidated by the Supreme Court of Virginia. Our local elected officials and legislators, however, with the support of the business community, remained undeterred and continued to find a solution.

In 2013, the General Assembly passed transportation legislation, signed by Governor Bob McDonnell, which provided regions in the Commonwealth the ability to self-finance transportation projects. With the regional transportation fund established, the successive General Assembly established HRTAC to finance and manage the region's projects. To ensure oversight, the legislation required HRTAC's membership to include local General Assembly members, appointees from the governor, and regional localities' mayors and boards of supervisors chairs.

HRTAC works in tandem with the Hampton Roads Transportation Planning Organization (HRTPO), which studies the region's transportation needs and prioritizes regional infrastructure projects. With HRTPO's direction, HRTAC finances, procures, and builds these identified projects.

With an additional sales and fuels tax of 0.7%, generating nearly $263.6 million in FY24, HRTAC has currently obligated $7.26 billion in the region's transportation network, of which $6.24 billion has come from regional taxpayers. The state's contribution to these projects is $758 million (10%), while the federal government has invested $258 million (4%). Current and generational projects include adding lanes on I-64 from the Peninsula to beyond Williamsburg (combined $515 million), constructing the High-Rise Bridge in Chesapeake ($527 million), creating the Hampton Roads Express Lane Network (HRELN, $1.29 billion), and doubling the capacity of the HRBT ($3.76 billion), the largest transportation project in Virginia's history, to open in 2027.

Hampton Roads is no longer solely dependent upon state and federal transportation funding to develop and execute large transportation projects. This persistence and foresight from our elected officials and the business community helped shape the future of Hampton Roads. The creation of HRTAC unlocked a level of trust and cooperation among our regional elected leadership that put regional interests ahead of parochial ones.

Establishment of GO Virginia (GO VA) and Region 5 for Hampton Roads

Economic studies show geographic regions are the key organizing unit for prosperity and growth. In 2015, Growth and Opportunity Virginia (GO VA) was established as a bipartisan, business-led economic development initiative. The late regional business leader John O. "Dubby" Wynne was the primary champion of the initiative at both the state and regional levels. GO VA supports programs by incentivizing collaboration among business, education, and government to diversify and strengthen regional economies in the Commonwealth. This program encourages regional collaboration to grow high paying jobs in key regionally defined industry clusters and requires two or more jurisdictions to partner for a project to receive funding. GO VA supports a Growth and Diversification Plan every two years, and funds can be used for workforce development, entrepreneurship, industry scale-up, and sites initiatives that grow these key industries.

GO VA is comprised of nine Regional Councils, and Hampton Roads is Region 5, geographically defined to include the 16 localities from the City of Franklin and Southampton County then eastward, the Peninsula up to and including the City of Williamsburg and James City County, the Southside cities, and the Eastern Shore. The Hampton Roads Executive Roundtable serves as the support organization for Region 5 by design, directly aligning the Roundtable's strategic role in the region with GO VA's resources.

Since inception, GO VA Region 5 has invested over $85 million to grow the region's workforce, entrepreneurial ecosystem, key industries, and site development, and these grants have benefited the region. For example, a $530,000 planning grant to the Hampton Roads Alliance on offshore wind supply chains, led to the $681 million investment by LS Greenklink, a subsea cable manufacturing facility, in Chesapeake. By knowing the intricate supply chains of the offshore wind industry, the Alliance was able to attract manufacturers to the region. Similarly, the Hampton Roads Workforce Council leveraged a $663,000 Maritime Talent Pipeline grant into over $73 million from philanthropic, local, state, and federal investments – the latter notably from the Department of Defense and U.S. Navy – to build and scale the Regional Maritime Training System, a system of businesses and educational institutions training a qualified maritime workforce.

The Growth and Diversification Plan guides investments and serves as a foundation for the initiatives also described below. Equally important, GO VA has a significant impact in providing regional leaders with the mindset and tools to approach problems and opportunities as a region, bringing together cities, the business community, and other partners unlike before.

COVID-19 Response and the *Hampton Roads Recovery and Resilience Action Framework*

The COVID-19 pandemic upended our lives and threatened the economic stability of Hampton Roads.

A regional business-led response to the pandemic required 'all hands-on deck,' to ensure that our workforce and businesses could overcome the pandemic disruption. Led by the Hampton Roads Alliance, over 200 business leaders and volunteers developed the *Hampton Roads Recovery and Resilience Action Framework*, hereafter the *Framework*, a playbook designed to best position residents and businesses post-COVID and against any future economic shocks to the region.

Based off previous studies in the region, the *Framework* outlined our common values: inclusion & equity, military presence, welcoming community spirit, innovation & creativity, and coastal lifestyle, one region – stronger together. Inspired by these values, the *Framework* identified five strategic focus areas: (1) build regional unity; (2) grow new jobs; (3) grow, retain, and attract talent; (4) build resiliency; and (5) advance regional infrastructure. Regional business organizations were tasked with leading these focus areas, with clearly defined tasks to accomplish.

While the *Framework* committees concluded their work and presented their findings on an interactive website, no longer accessible, individual assignments transferred to respective stakeholders to continue. The collaborative efforts, however, endure to this day, and the structure devised during the *Framework* is now being used to implement the *Regional Investment Playbook*, to be discussed further below. In this light, the *Framework* has had a lasting impact, not only in helping the region navigate a once-in-a-century pandemic, but in bringing together business and regional leaders to articulate a common value set and to define strategic focus areas to orient our regional business organizations.

Establishment of Regional Organizations Presidents Council (ROPC)

Prior to and during COVID, key business leaders, such as the late Dubby Wynne, encouraged the region to develop and mentor the next generation of leaders, a succession plan for the current generation of business leaders. This group also surveyed regional economic development organizations, to ensure that there were not overlapping or duplicative portfolios (i.e., merging Reinvent Hampton Roads and the Hampton Roads Business Roundtable into the Hampton Roads Executive Roundtable).

From this work, the ROPC was established in 2022, a group of CEOs from 11 regional organizations committed to promoting regional economic growth. The purpose of the ROPC is to facilitate a deliberate and collaborative approach to address issues that impact regional economic growth. Among other priorities, ROPC collaborates to identify and prioritize initiatives that will help strengthen the economy of the region and to create alignment around specific state and federal legislative items that would impact Hampton Roads.

The CEOs of the Hampton Roads and Peninsula Chambers of Commerce co-convene this group, and its membership also includes the CEOs of the Hampton Roads Alliance, Hampton Roads Executive Roundtable, Hampton Roads Workforce Council, Hampton Roads Planning District Commission, Hampton Roads Military and Federal Facilities Alliance, Hampton Roads Urban League, CIVIC Leadership Institute, Black BRAND, and 757 Collab.

The ROPC meets bi-monthly, providing a regular cadence in which regional leaders can identify, discuss, and prioritize initiatives to help grow the region. Through these conversations, these groups manage and overcome service gaps and achieve a greater level of synchronicity, with examples discussed below.

CURRENT REGIONAL INITIATIVES – BUILDING ON THE COLLABORATION

Hampton Roads' culture of collaboration allows elected and business leaders to respond quickly to regional challenges and to proactively pursue opportunities that could help grow our economy. The following two examples highlight how regional leaders understand the current economic and political environments and are positioning the region accordingly.

REGIONAL INVESTMENT PLAYBOOK

Based off the organizing principles of the *Framework*, Hampton Roads leaders are currently developing a regional list of transformative projects based on our authentic strengths to capitalize on, and position ourselves favorably within, current national and global economic trends. Prior to creating the list, however, one must understand how the Hampton Roads economy is positioned within the larger national and global economic trends.

Bruce Katz, Distinguished Fellow at the Lindy Institute for Urban Innovation at Drexel University and advisor for the Hampton Roads Alliance, argues that we are living in an era of unprecedented national and global shifts, and, as such, Hampton Roads is uniquely positioned to thrive. Further, our national economy is amid a profound restructuring, beyond cyclical ebbs and flows, driven by large federal and private investments in three key areas: (1) the reconstitution and strengthening of our military, (2) the re-onshoring of vulnerable supply chains and critical technologies, and (3) the need for diverse energy sources and resilient infrastructure. Put another way, in a time of increased global conflicts and escalating near-peer tensions, our country is prioritizing military, economic, technological, and energy security. Regions that recognize their position within these areas and leverage their innate strengths will prevail in this new economy. Hampton Roads is poised for growth since the central pillars of our regional economy and our unique array of assets positively reflect these economic shifts.

The Hampton Roads Alliance, in partnership with other regional organizations, is developing a *Regional Investment Playbook* that aims to bolster the holistic growth of our region during this period of industrial/energy restructuring and unprecedented federal investment. The *Regional Investment Playbook* will identify, in close collaboration with local stakeholders, a set of concrete, highly transformative project proposals that leverage the metro's economic strengths, harness the full potential of federal, state, and private sector investments, and establish a strong foundation for the next phase of Hampton Roads' growth and development. The end goal will be to transition Hampton Roads from a metropolis focused on the final assembly of sophisticated products (e.g., nuclear-powered submarines and aircraft carriers, offshore wind turbines) to one that participates more extensively in technological innovation and 'upstream activities' in the supply chain.

Grounded in the understanding of the larger national and global economic trends, the *Regional Investment Playbook* sets a clear direction for the region, maximizing our economic potential and leveraging our authentic strengths. The *Regional Investment Playbook* will have an organizational structure like the *Framework*, with regional leaders guiding the identified initiatives and investment.

As of this writing, the *Regional Investment Playbook* will be launched in the second half of 2025.

Hampton Roads Federal Funding and Policy Initiative

Within the first 45 days of the current Trump administration, seven regional groups crafted a memo highlighting the areas of opportunities for and risks to the regional economy from the administration's policies. This memo was sent to the regional congressional delegation, the governor, the Hampton Roads General Assembly delegation, and the mayors and chairs. Led by the Hampton Roads Executive Roundtable, other signatories of the memo included the Hampton Roads Alliance, the Hampton Roads Chamber, the Hampton Roads Military and Federal Facilities Alliance, the Hampton Roads Workforce Council, the Virginia Maritime Association, and the Virginia Peninsula Chamber.

Building off the economic background undergirding the *Hampton Roads Regional Investment Playbook* – the economic development direction of the region – the memo outlines four areas of opportunities and four areas of risk to our regional economy. Areas of opportunity include investments in defense and AUKUS, space, energy, and artificial intelligence and digital infrastructure. Areas of risk to our regional economy include tariffs, reductions in the federal workforce and defense spending, offshore wind, and any clawback of previously awarded federal funding. Together, these areas of opportunity and risk provide a comprehensive view of our regional economy, and how the region's authentic talent and assets provide a clear direction for potential industry growth.

This memo was not the end of the conversation, but, instead, the beginning. These regional leaders called our United States senators to discuss the memo, as well as met with our members of Congress.

Similarly, these groups meet on a weekly basis to monitor current policies and executive orders and have meetings with the congressional offices' chiefs of staff and, where applicable, meetings with the governor's office. These leaders track policies, identify research required for more information, and create action plans on how to take advantage of or mitigate against changing federal policies. These leaders have a regular audience with our elected officials and their staffs to identify relevant opportunities and risks.

As a noteworthy example, the presidential Executive Order, *Restoring America's Maritime Dominance*, could be a boon for our region, already home to the largest shipbuilding and repair industrial base in the nation and 20% of the maritime industrial workforce. Our regional leadership is analyzing parallel legislation, including the Reconciliation bill and the SHIPS for America Act, to find opportunities for regional leaders to advocate for potential investment, such as the creation and implementation of maritime prosperity zones. Regional leaders are also monitoring how the pay-fors (including tariffs and fees) intended to increase the capacity of military and commercial shipbuilding and ship repair do not negatively affect the regional economy.

Hampton Roads was the first region in Virgina to have assessed its exposure to the federal government. Those that have recently started the process are not surveying opportunities for their regions. While others are beginning – and looking to us for leadership – we are in communication with our lawmakers to ensure that Hampton Roads' economy remains strong and vibrant.

Conclusion

Over the course of the last decade, there has been strategic and deliberate emphasis on Hampton Roads localities and entities working together. This collaborative nature is now the operating default position, a long-established habit built upon years of intentionality and trust.

Our regional collaboration took time to develop, but these four example developments in our regional history solidified our collaborative spirit. With the creation of HRTAC, our elected officials worked together to overcome the lack of transportation infrastructure funding, creating an organization that oversees the finances, procurement, and buildout of our metro transportation system. With GO VA support, Region 5 had the organization, financial incentives, and strategy to facilitate regional collaboration. During the COVID-19 pandemic, business organizations developed the *Hampton Roads Recovery and Resilience Action Framework*, which identified strategic areas to help the region both to overcome the pandemic and to be resilient against any future shocks to our regional economy. While the creation of HRTAC unlocked a level of trust and collaboration between our elected officials and localities, the development of the *Framework* unlocked similar trust and collaboration within the business community and regional organizations. The development of the ROPC, a group of the presidents and CEOs of these organizations, created the forum and opportunity for continual dialogue between regional leaders.

This collaboration is bearing fruit. The Hampton Roads Alliance, in partnership with other regional organizations and business leaders, is developing the *Regional Investment Playbook*, detailing stakeholder-defined and consensus-driven priorities with an emphasis on defense and energy supply chains. Similarly, led by the Hampton Roads Executive Roundtable, the region assessed areas of risk to and opportunities for our economy, and our leaders are in frequent communication with federal and state lawmakers to ensure that Hampton Roads' economy continues to prosper.

Contrary to old narratives of lack of regional cohesion, a new, transcendent narrative has emerged. Grounded in examples of urgency and common purpose, this narrative highlights the collaborative spirit of our localities, regional organizations, elected officials, and business leaders. Hampton Roads has identified its common direction, and our leaders are working together to ensure our continued success. Other regions have noticed our cohesion and are trying to replicate our successes around the Commonwealth.

Let's tell this new story. It has the added benefit of being true.

Cover: US marine corps soldiers participating in landing operation exercise. Shutterstock
Passengers - Norfolk International Airport

Inside Front Cover: Dragas Center for Economic Analysis and Policy

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