The State of the Region

HAMPTON ROADS 2025

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

THE 2025 REPORT IS MADE POSSIBLE BY TOWNEBANK

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

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

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

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

Our public presentation materials can be found at our website: **www.ceapodu.com**

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

Richard F. Barry III

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Dragas Center for Economic Analysis and Policy

25
YEARS

Thank You...

Richard F. Barry III

George Dragas
(1933–2019)

Helen Dragas

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

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

“The Big Three”

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

We do this every year, without fail.

We do this whether the news is good or bad.

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

More Than Just Economics

African-American Legislators
African-American Men
Apprentice School
Asian-Americans
Beach Replenishment
Chrysler Museum
Cinema in Hampton Roads
Circuit Courts
Craft Brewing
Death and Dying
Disabilities
EVMS
Filipino-Americans
Food Insecurity
Foreign Language Instruction
Home Schooling

If It Bleeds, Does It Lead?
Immigrants
Independent K-12 Schools
Jefferson Laboratory
Lawyers
LGBTQ+
Libraries
Light Rail
Marijuana
Megachurches
Mental Health
Military Retirees
Northern North Carolina
Nurses and Nursing
Opioids
Performing Arts Groups

Prisons, Prisoners and Bail
Private K-12 Education
Regional Cinema
Richard Florida's Creative Class
The Silver Tsunami
Soccer
Swimming
The Eastern Shore
Traffic Congestion
The United Way
Virginia Aquarium
Virginia Museum of Contemporary Art
Virginia Symphony Orchestra
WHRO
Women Leaders

Hits, Strikeouts, and Foul Tips

Regional Interdependence

Airbnb

Casinos

The Dillon Rule

The Tunnel Deal

“Bauble” Construction Projects by Cities

Sea Level Rise and Global Warming

The Tide

EVMS/ODU

“If It Bleeds, Does It Lead?”

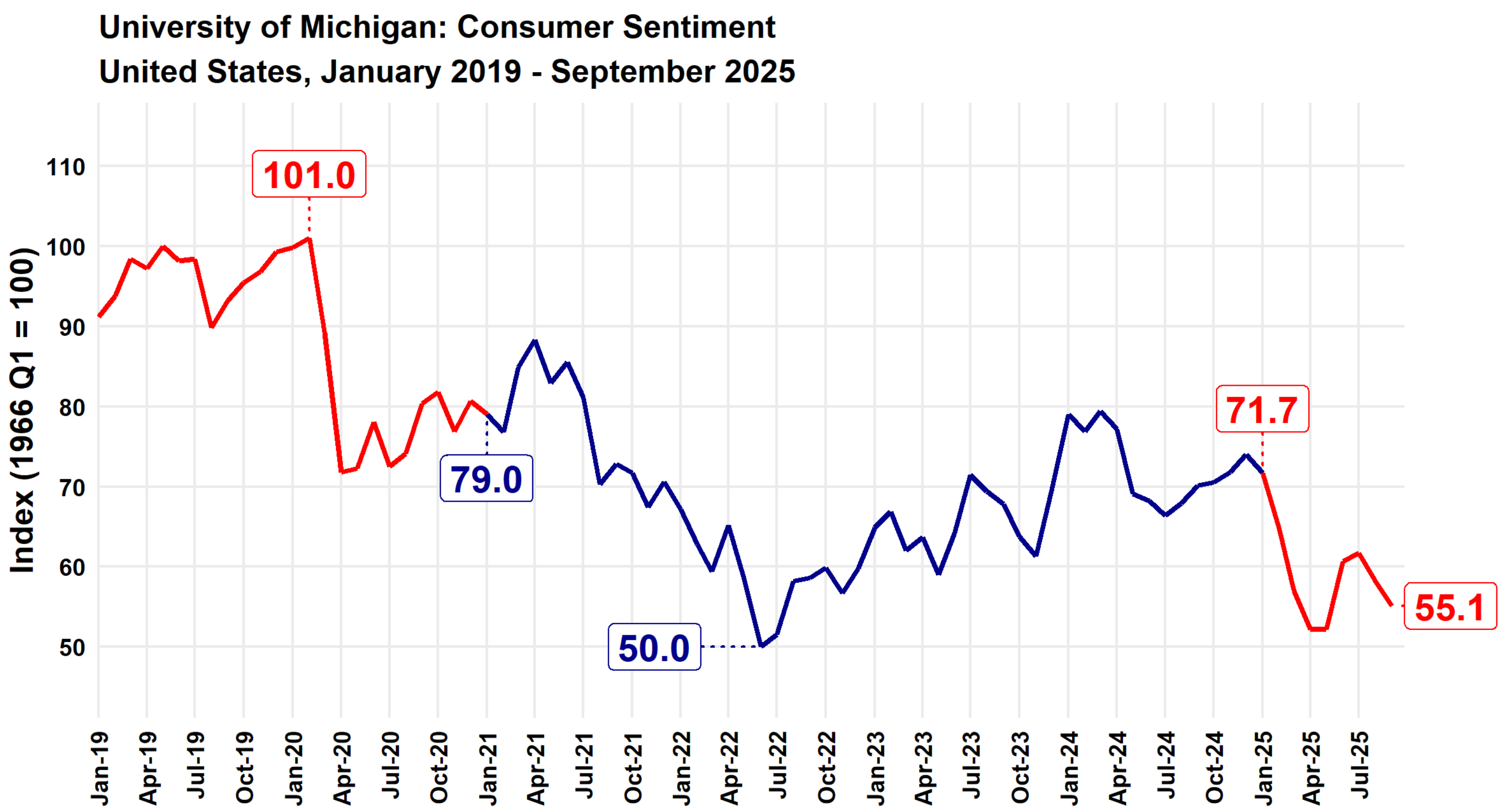
Young Black Men

Bob McNab

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

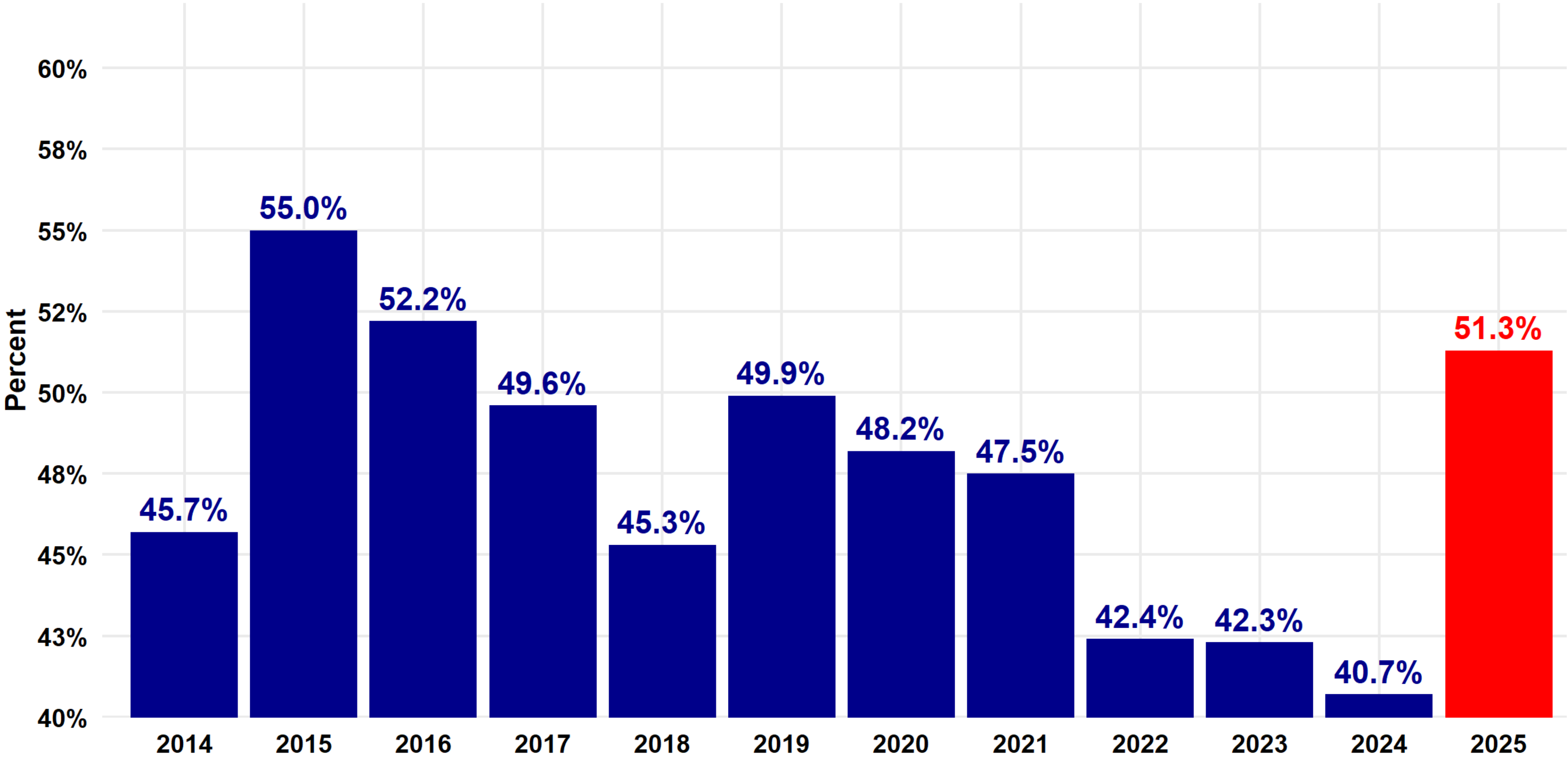
He is highly knowledgeable, organized, detail-oriented, and exhibits a remarkably huge capacity for work. The *Report* is in very good hands.

Sentiment and Inflation



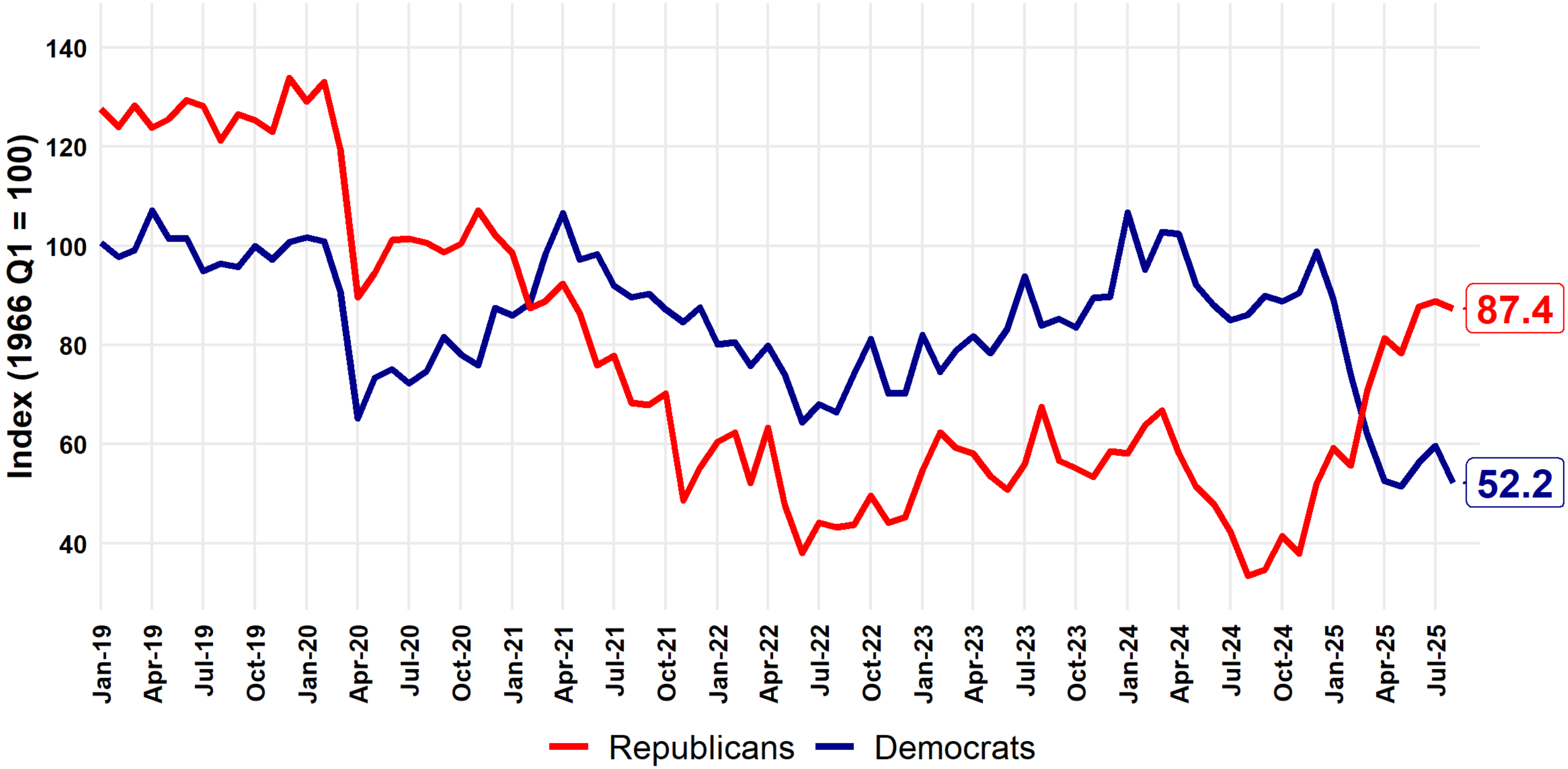
Source: University of Michigan, Surveys of Consumers, non-seasonally adjusted data.

How Would You Rate Economic Conditions in Hampton Roads?
Respondents Rating Conditions as Excellent or Good, 2014 - 2025



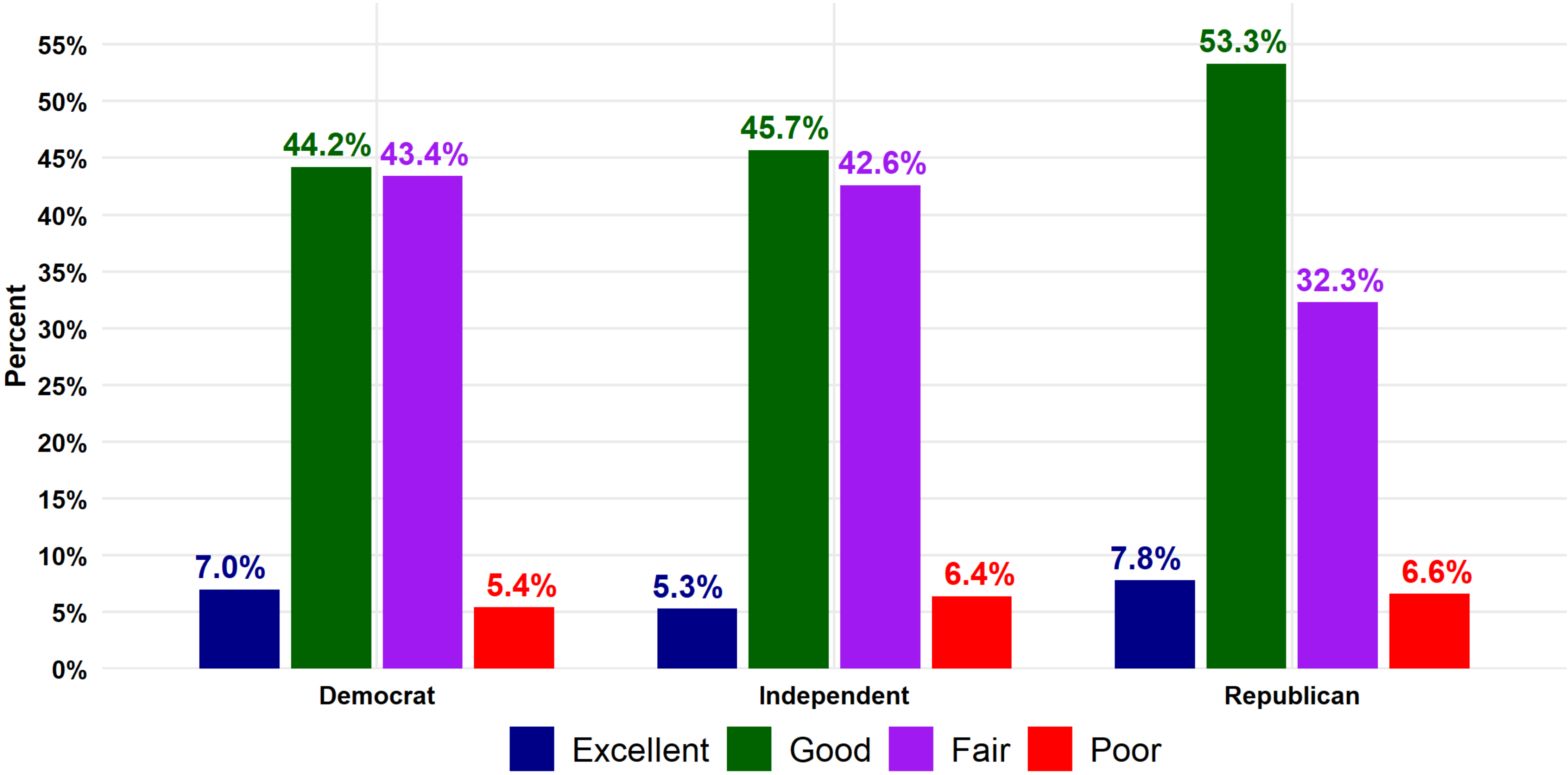
Source: Life in Hampton Roads Survey, 2014 - 2025, Social Science Research Center, Old Dominion University.

Political Party Affiliation: Current Economic Conditions
United States, January 2019 - August 2025

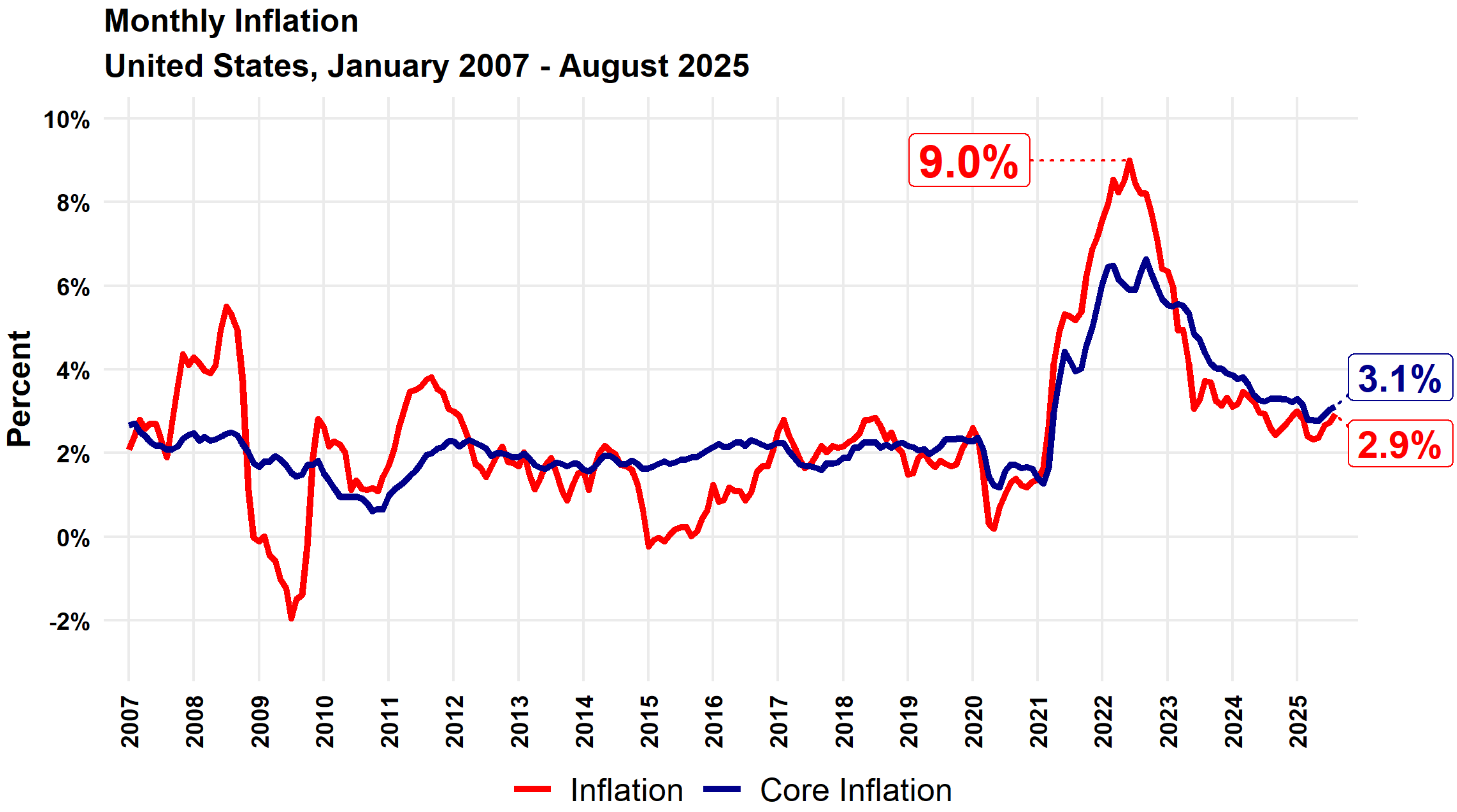


Source: University of Michigan, Surveys of Consumers, non-seasonally adjusted data.

2025 Life in Hampton Roads Survey
How Would You Rate Economic Conditions In Hampton Roads Today?

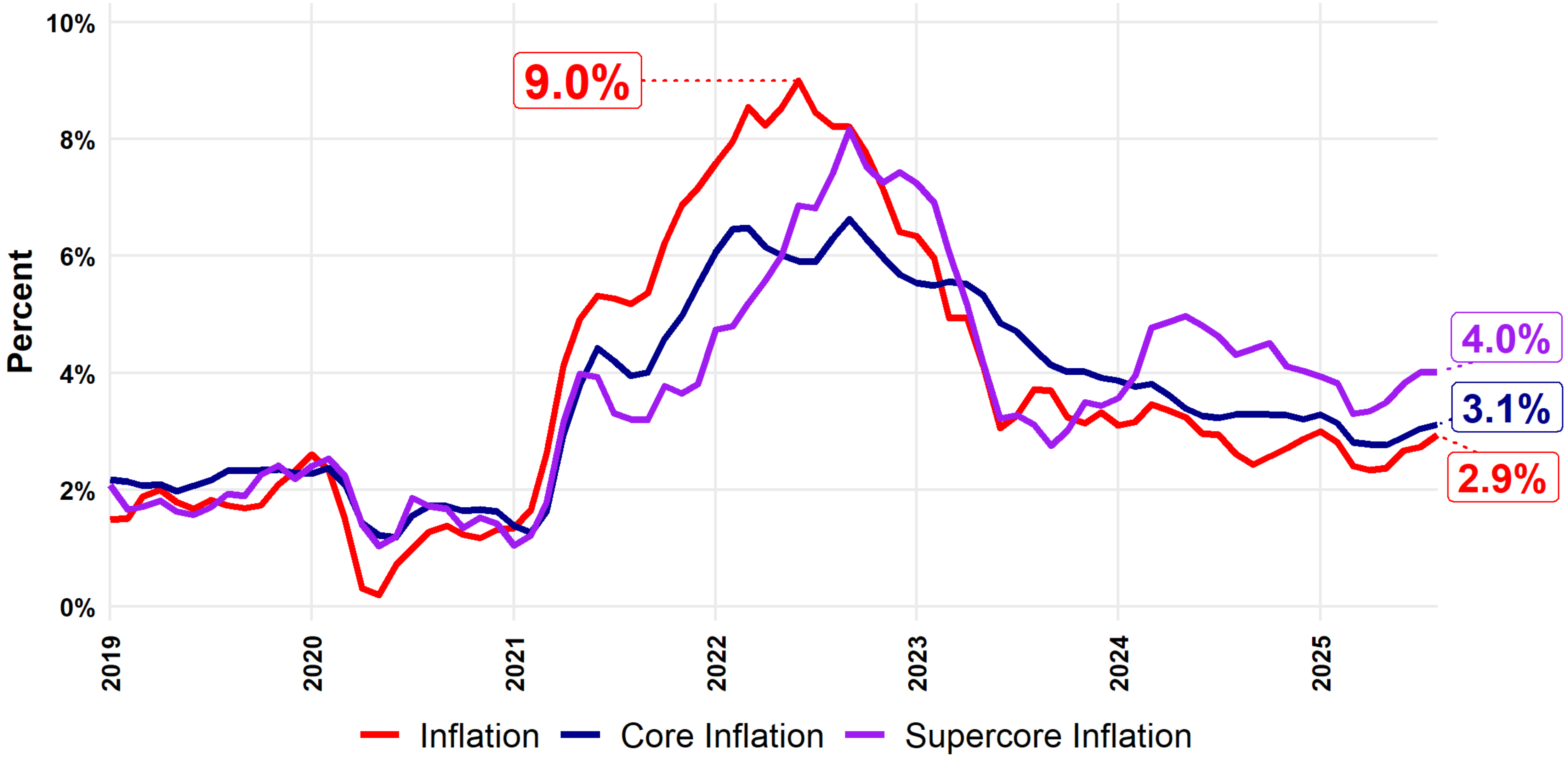


Source: 2025 Life in Hampton Roads Survey, Social Science Research Center, Old Dominion University.



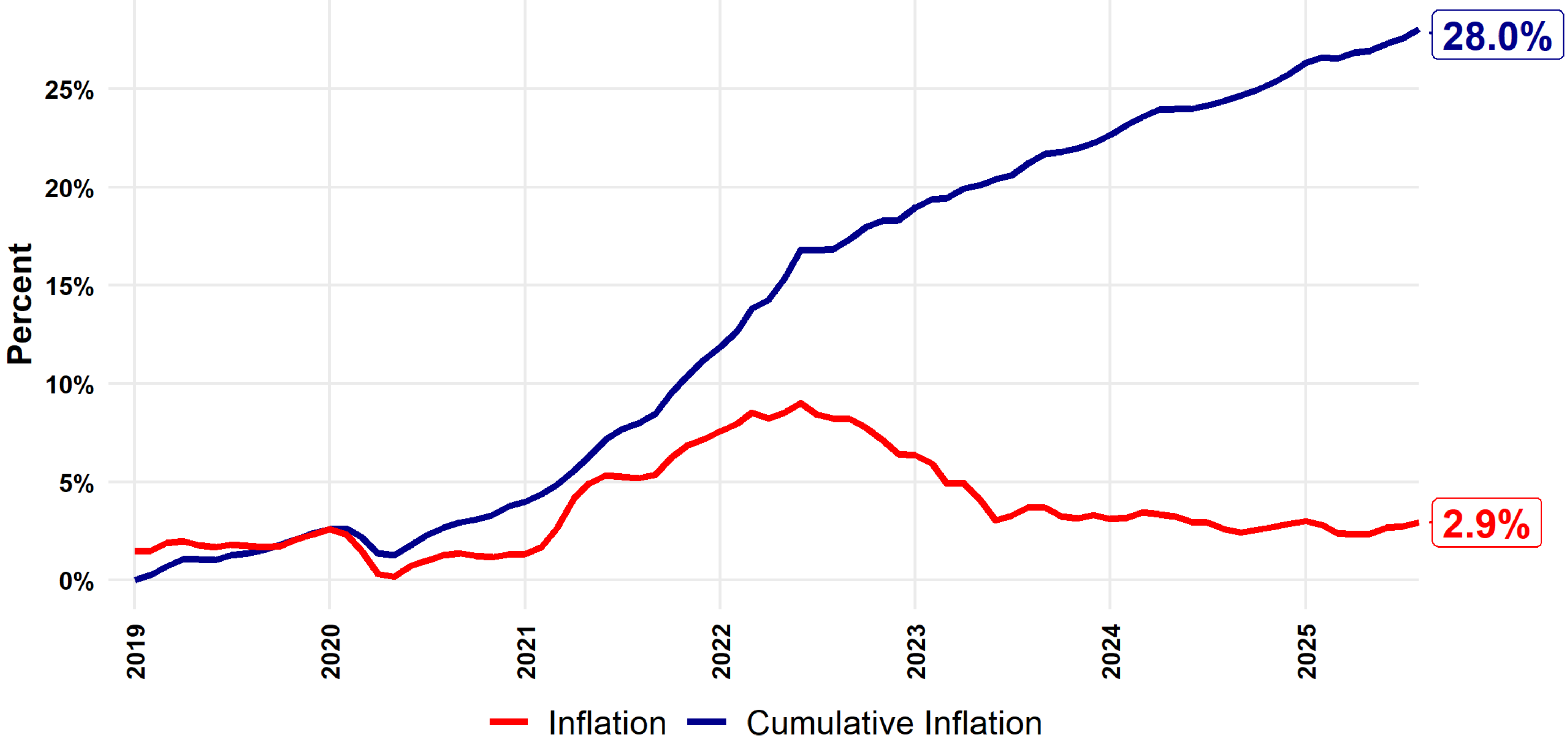
Source: Bureau of Labor Statistics, seasonally adjusted data. Monthly inflation is equal to the monthly year-over-year change in the Consumer Price Index (CPI).
Core inflation does not include the food and energy sectors.

Monthly Inflation, Core Inflation, and Supercore Inflation
United States, January 2019 - August 2025

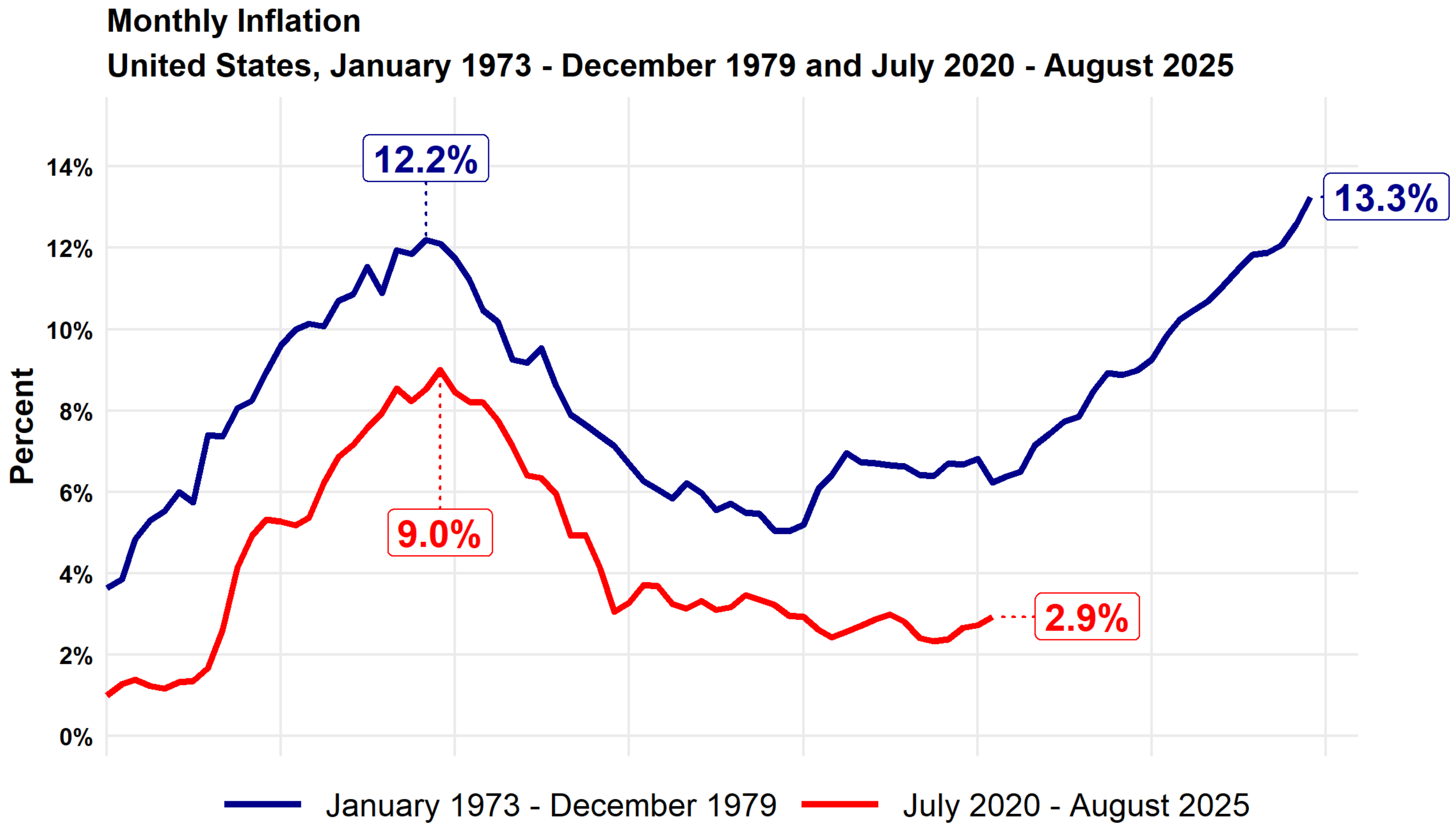


Source: Bureau of Labor Statistics, seasonally adjusted data. Monthly inflation is equal to the monthly year-over-year change in the Consumer Price Index (CPI).
Core CPI excludes food and energy prices. Supercore CPI excludes food, energy, and shelter prices.

Monthly Inflation and Cumulative Inflation
United States, January 2019 - August 2025

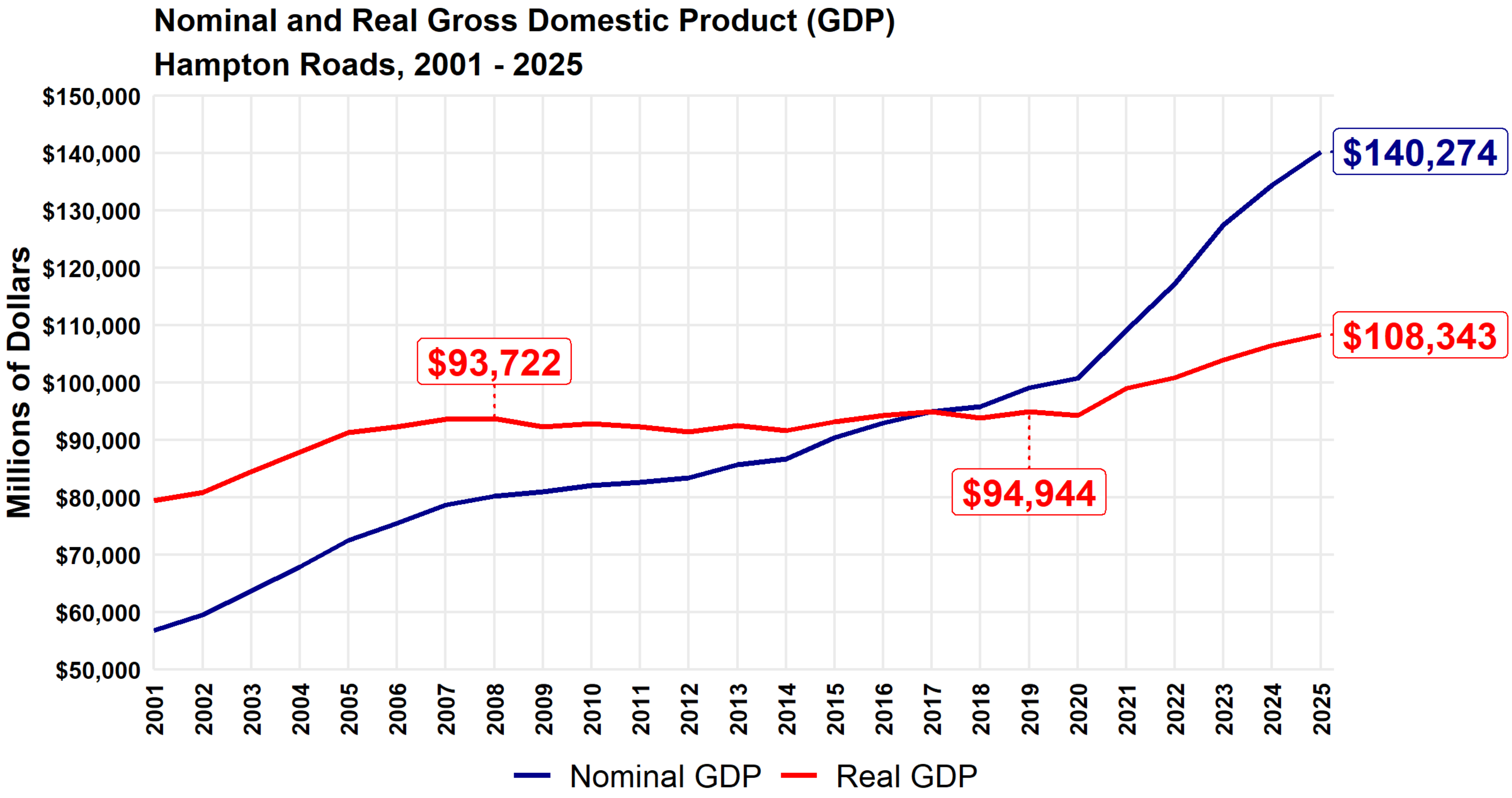


Source: Bureau of Labor Statistics, seasonally adjusted data. Monthly inflation is the monthly year-over-year change in the Consumer Price Index.
Cumulative inflation is equal to the percentage change in the Consumer Price Index from January 2019 to present.



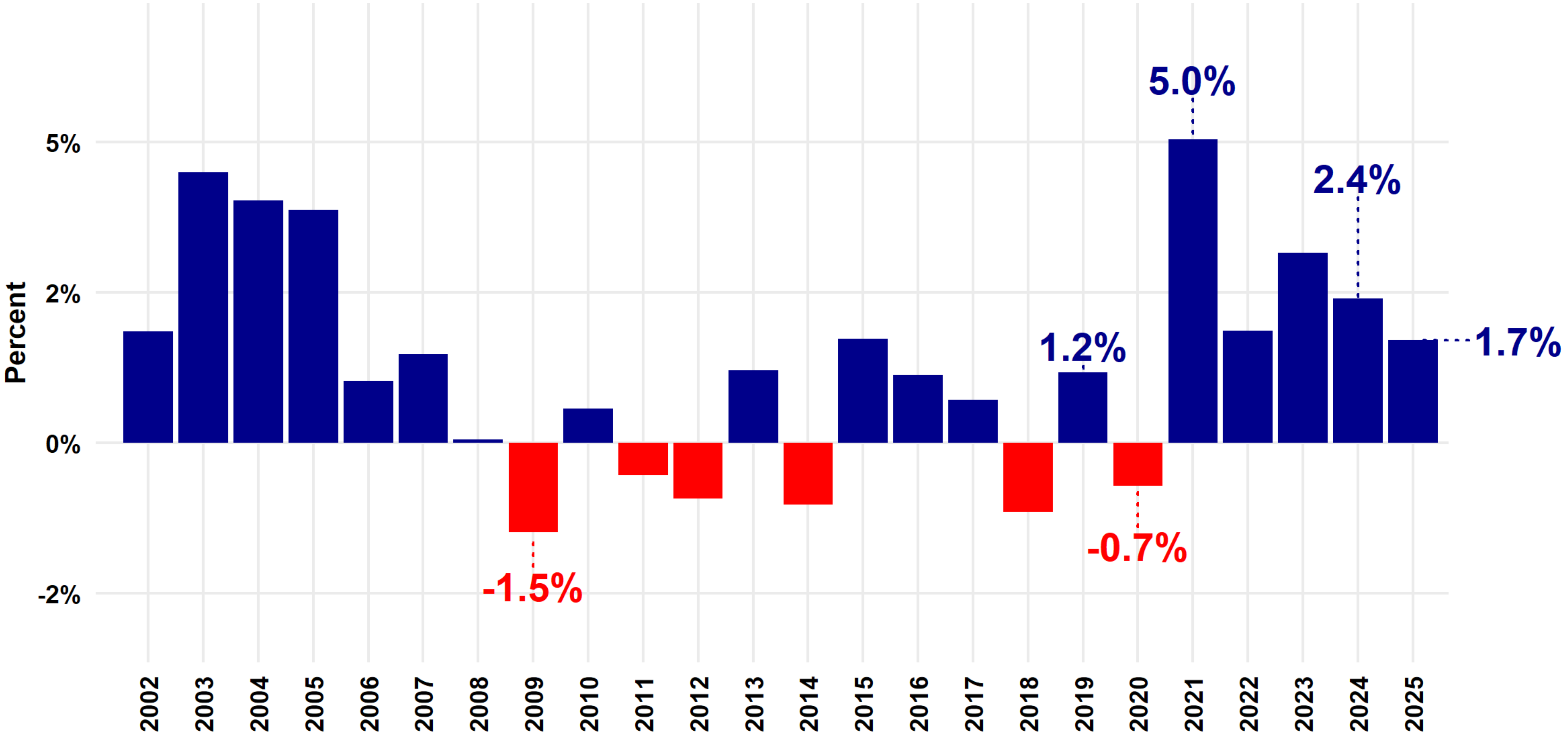
Source: Bureau of Labor Statistics, seasonally adjusted data. Monthly inflation is the monthly year-over-year change in the Consumer Price Index.

Economic Conditions in Hampton Roads



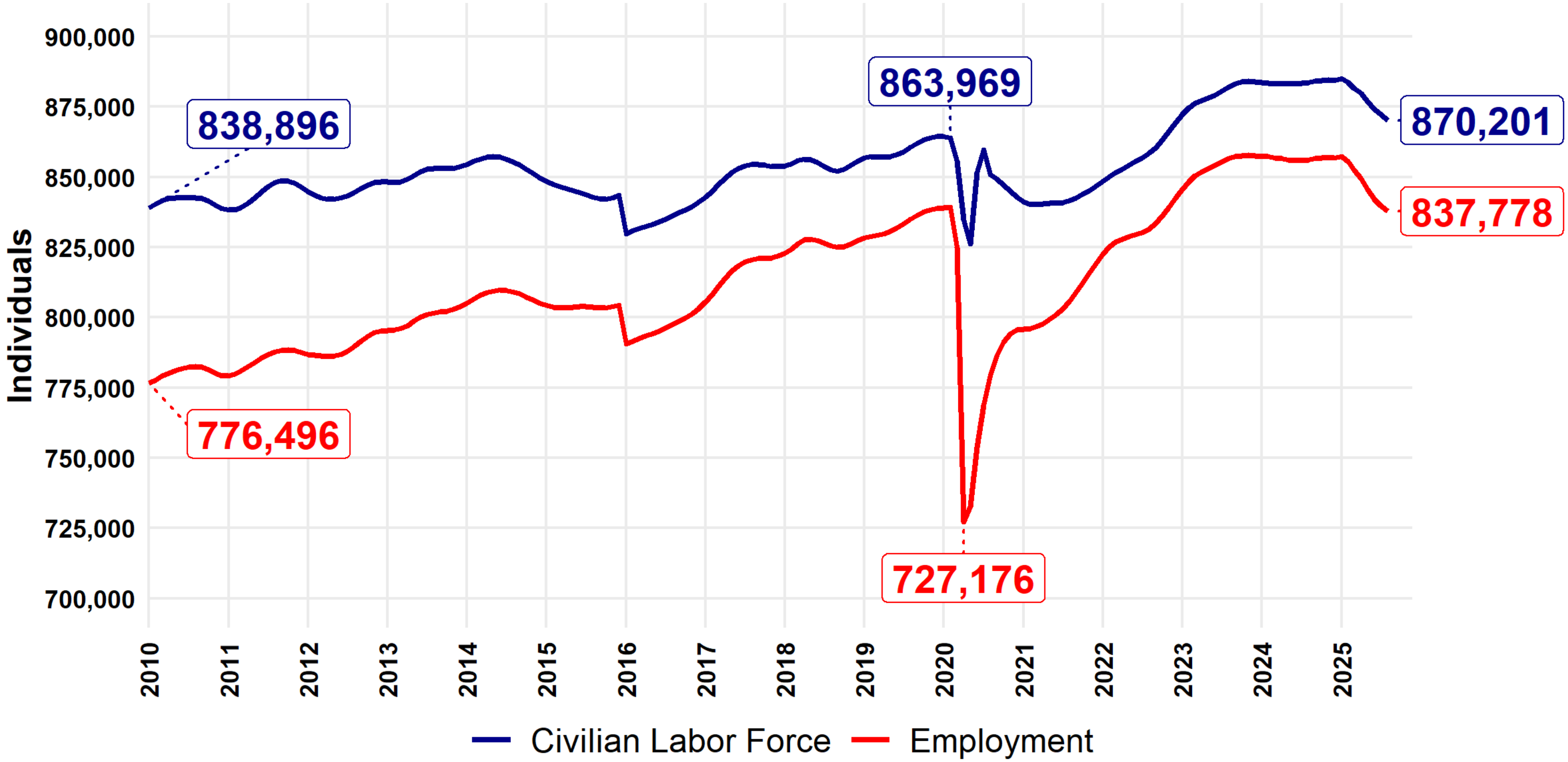
Sources: Bureau of Economic Analysis (BEA) and Dragas Center for Economic Analysis and Policy. Data on GDP incorporates latest BEA revisions in December 2024. Millions of chained 2017 dollars for real GDP. 2023 represents the advance estimate, 2024 is our estimate, and 2025 is our forecast.

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

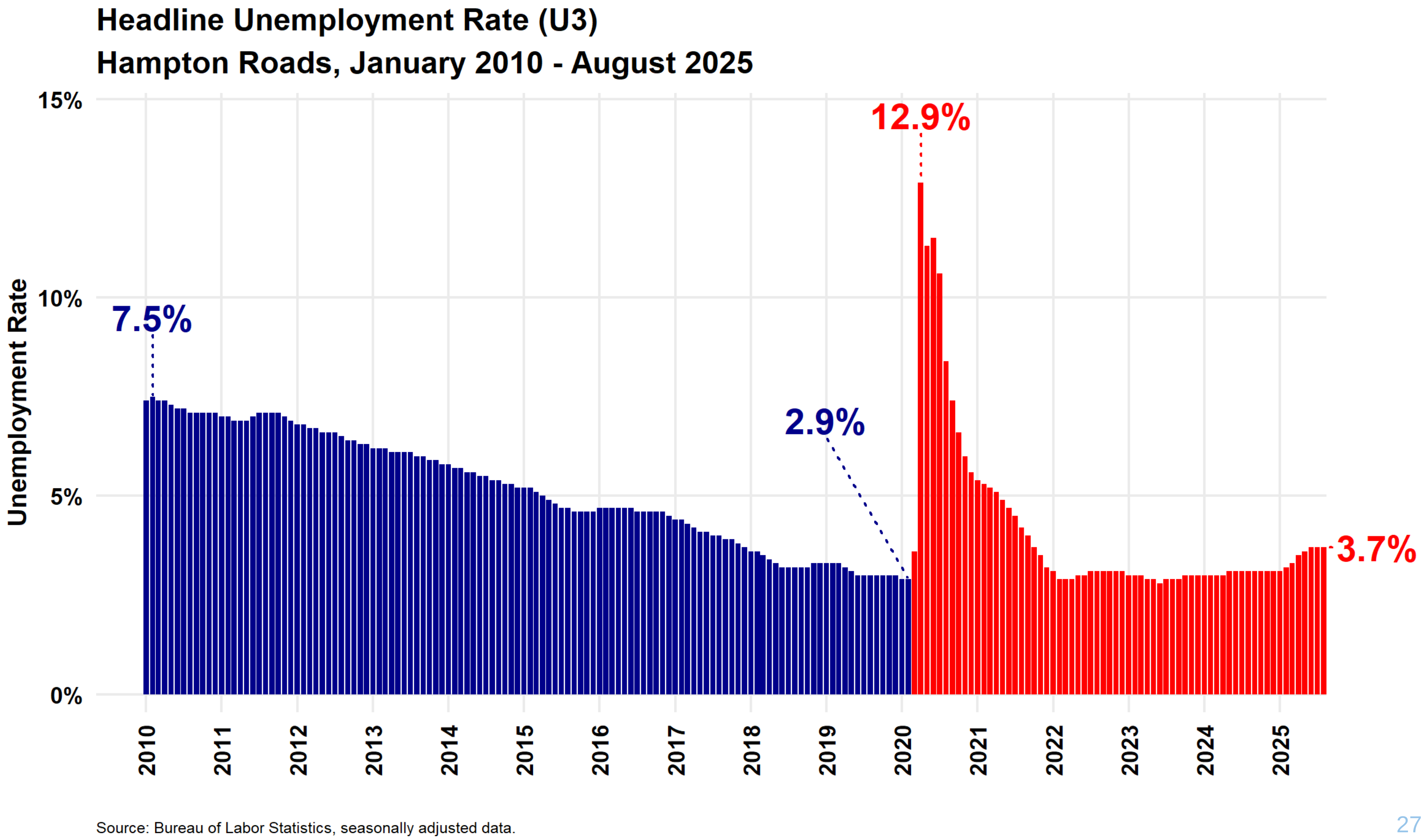


Sources: Bureau of Economic Analysis (BEA) and Dragas Center for Economic Analysis and Policy. Data on GDP incorporates latest BEA revisions in December 2024. Millions of chained 2017 dollars for real GDP. 2023 represents the advance estimate, 2024 is our estimate, and 2025 is our forecast.

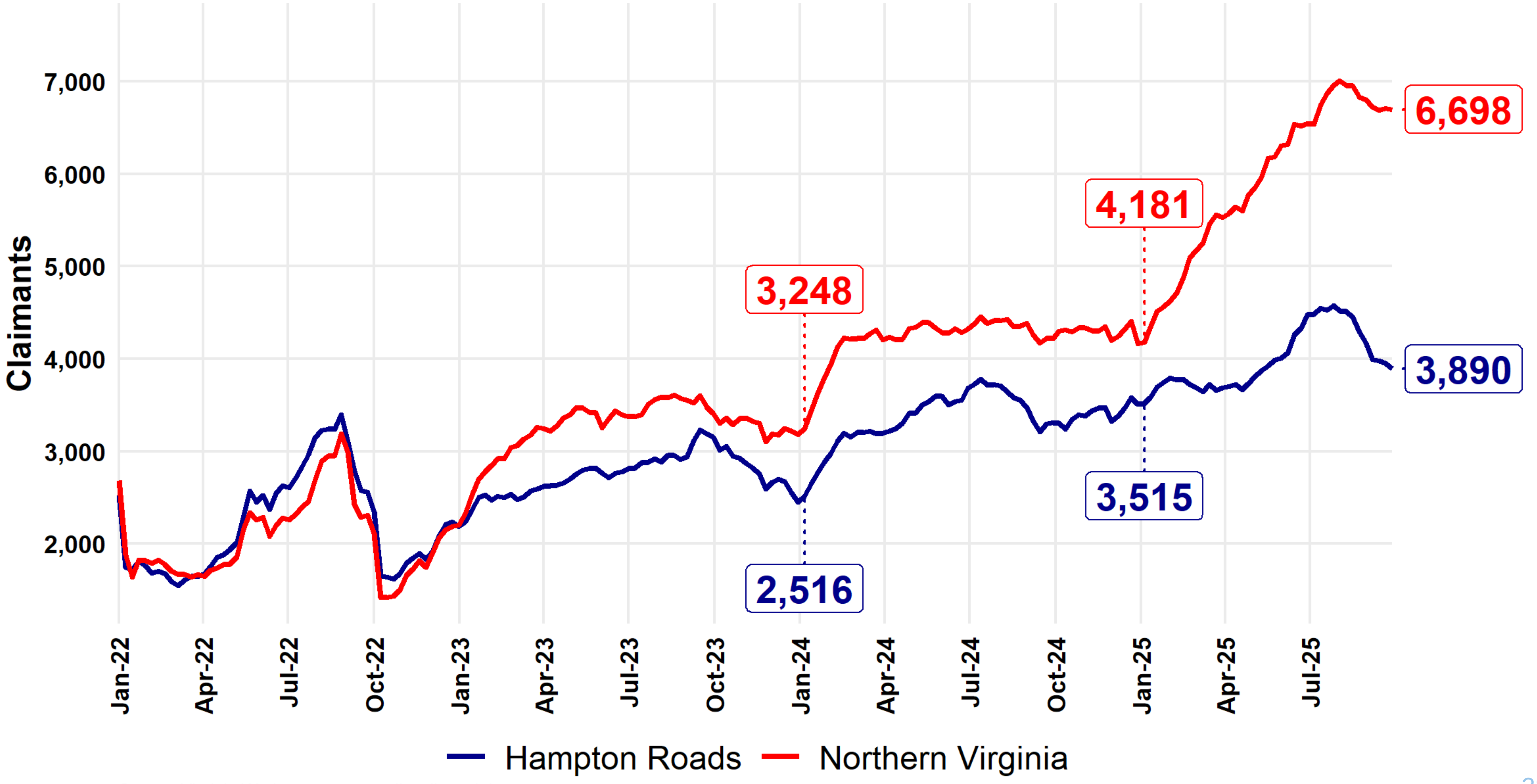
Civilian Labor Force and Individual Employment
Hampton Roads, January 2010 - August 2025



Source: Bureau of Labor Statistics, seasonally adjusted data.

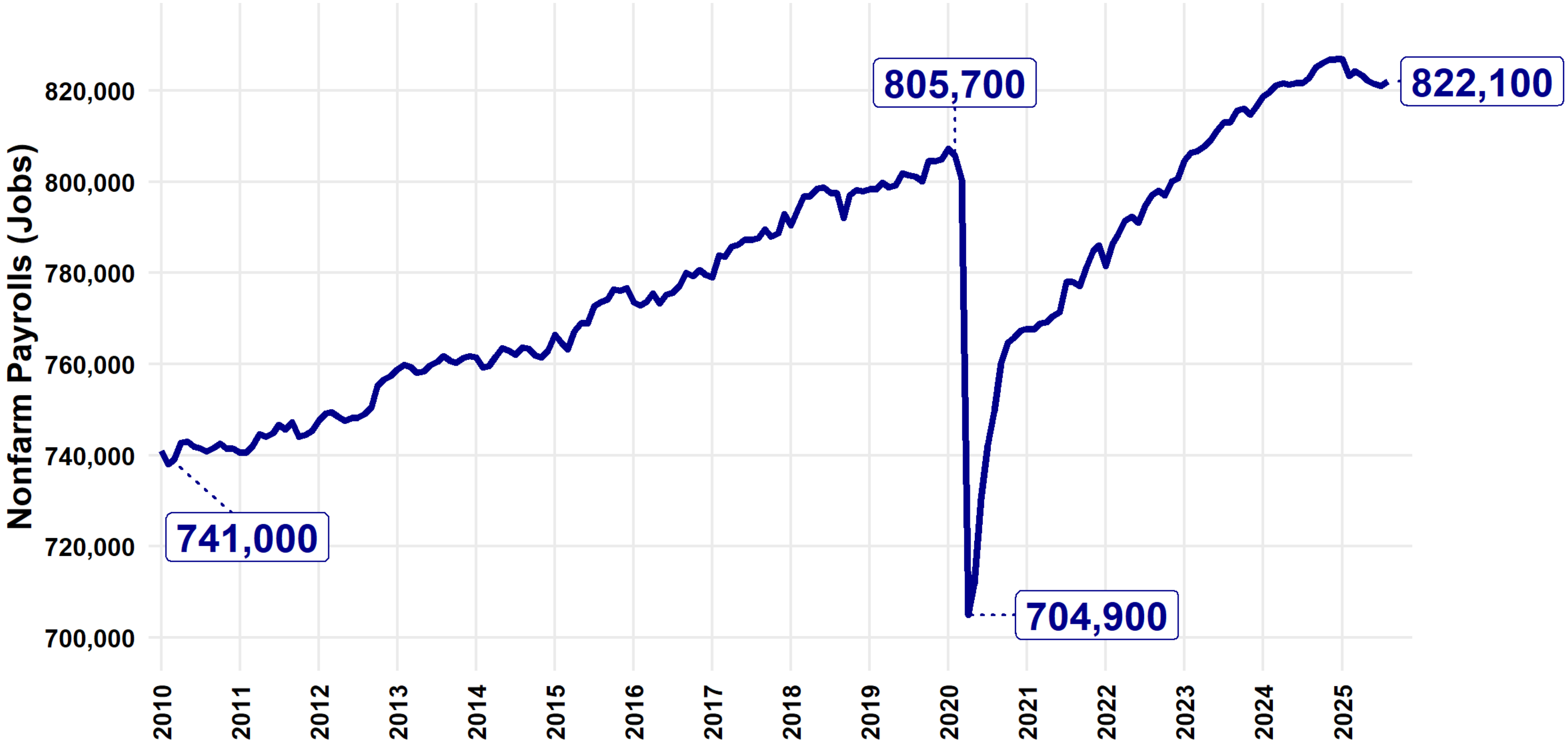

Headline Unemployment Rate (U3)
Hampton Roads, January 2010 - August 2025
Unemployment Rate
15%
10%
5%
0%
7.5%
2.9%
12.9%
3.7%
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Source: Bureau of Labor Statistics, seasonally adjusted data.

Weekly Unemployment Continued Claims
Hampton Roads and Northern Virginia, January 1, 2022 - September 27, 2025



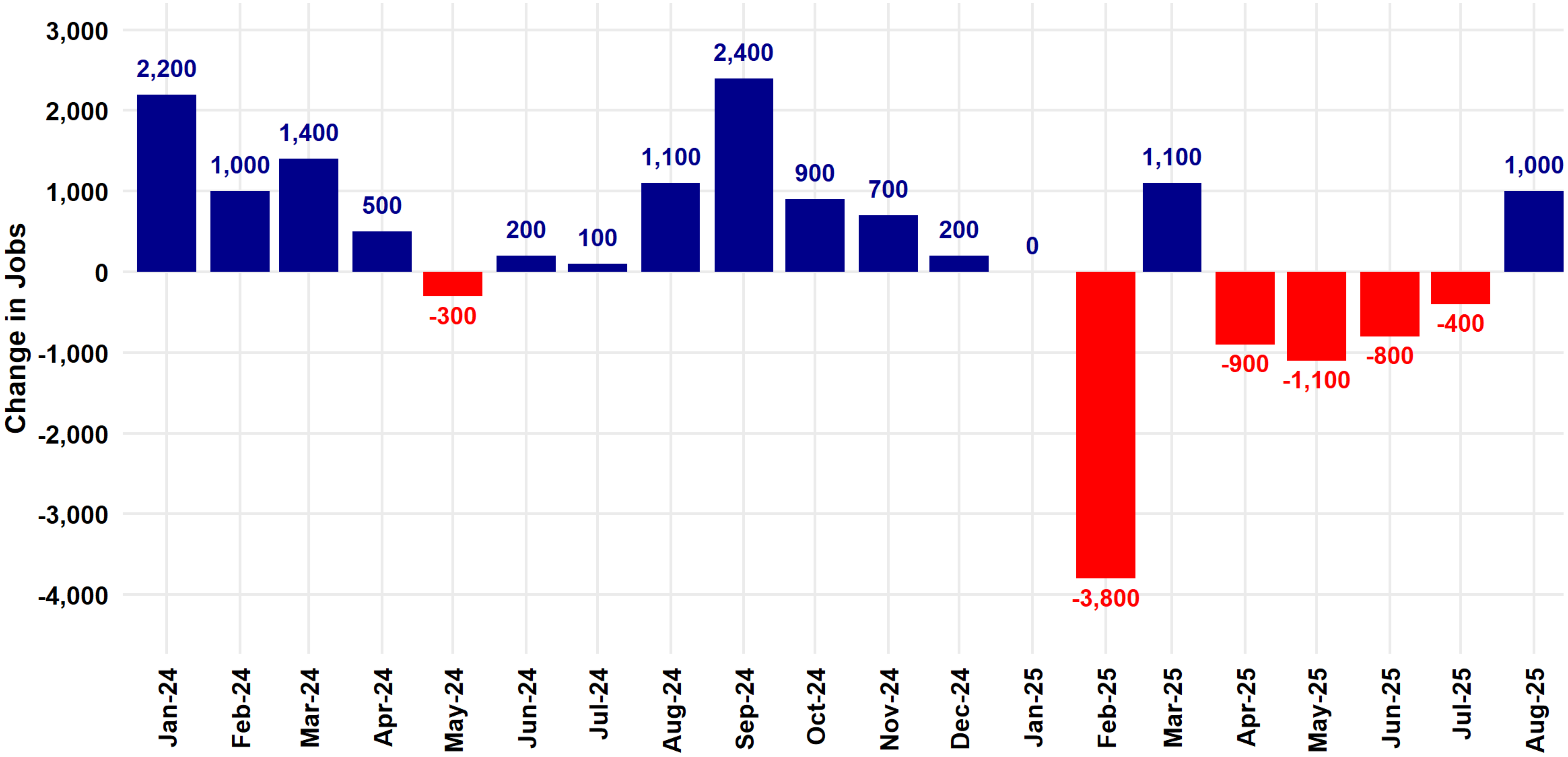
Source: Virginia Works, non-seasonally adjusted data.

Nonfarm Payrolls
Hampton Roads, January 2010 - August 2025

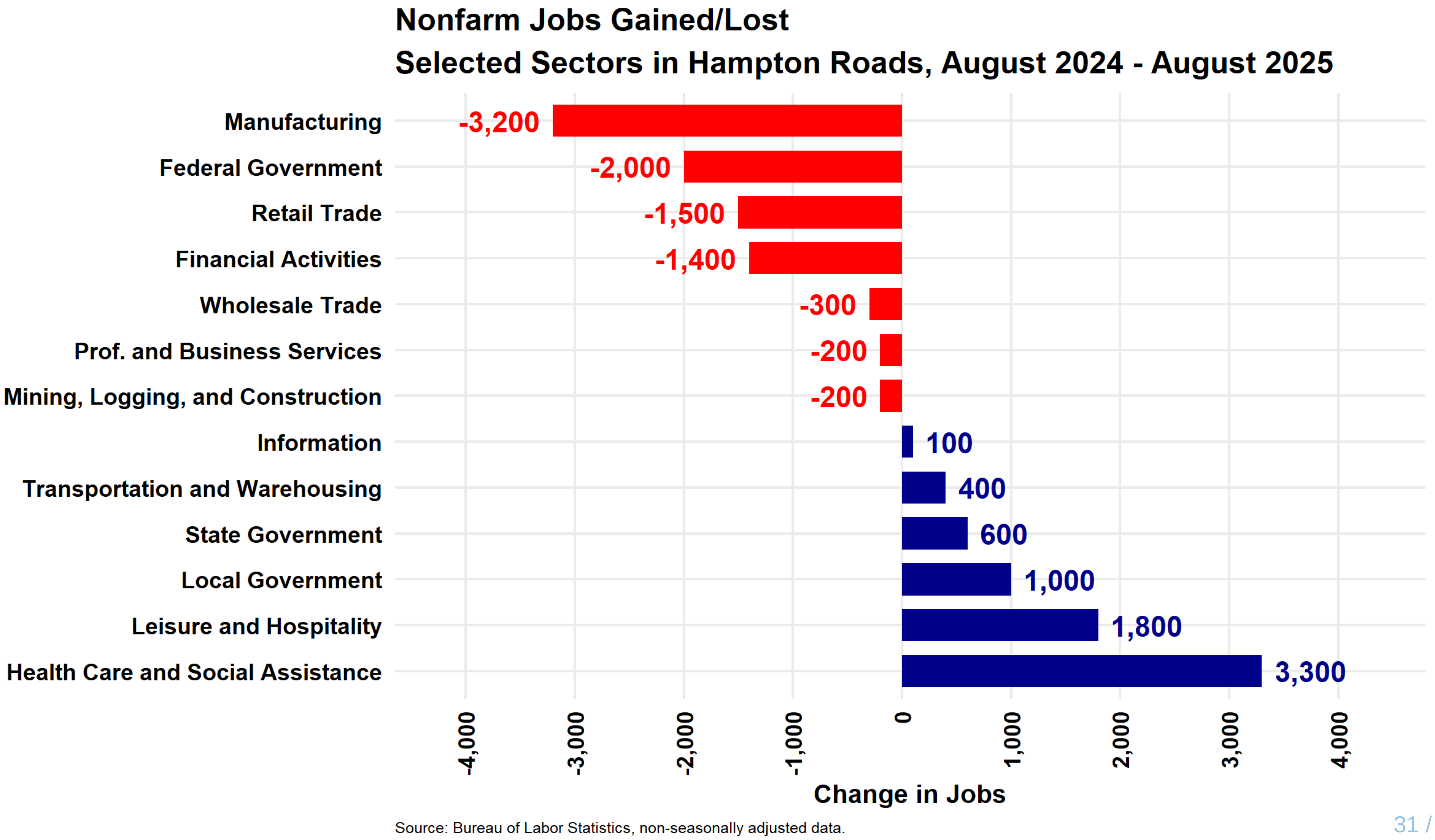


Source: Bureau of Labor Statistics, seasonally adjusted data.

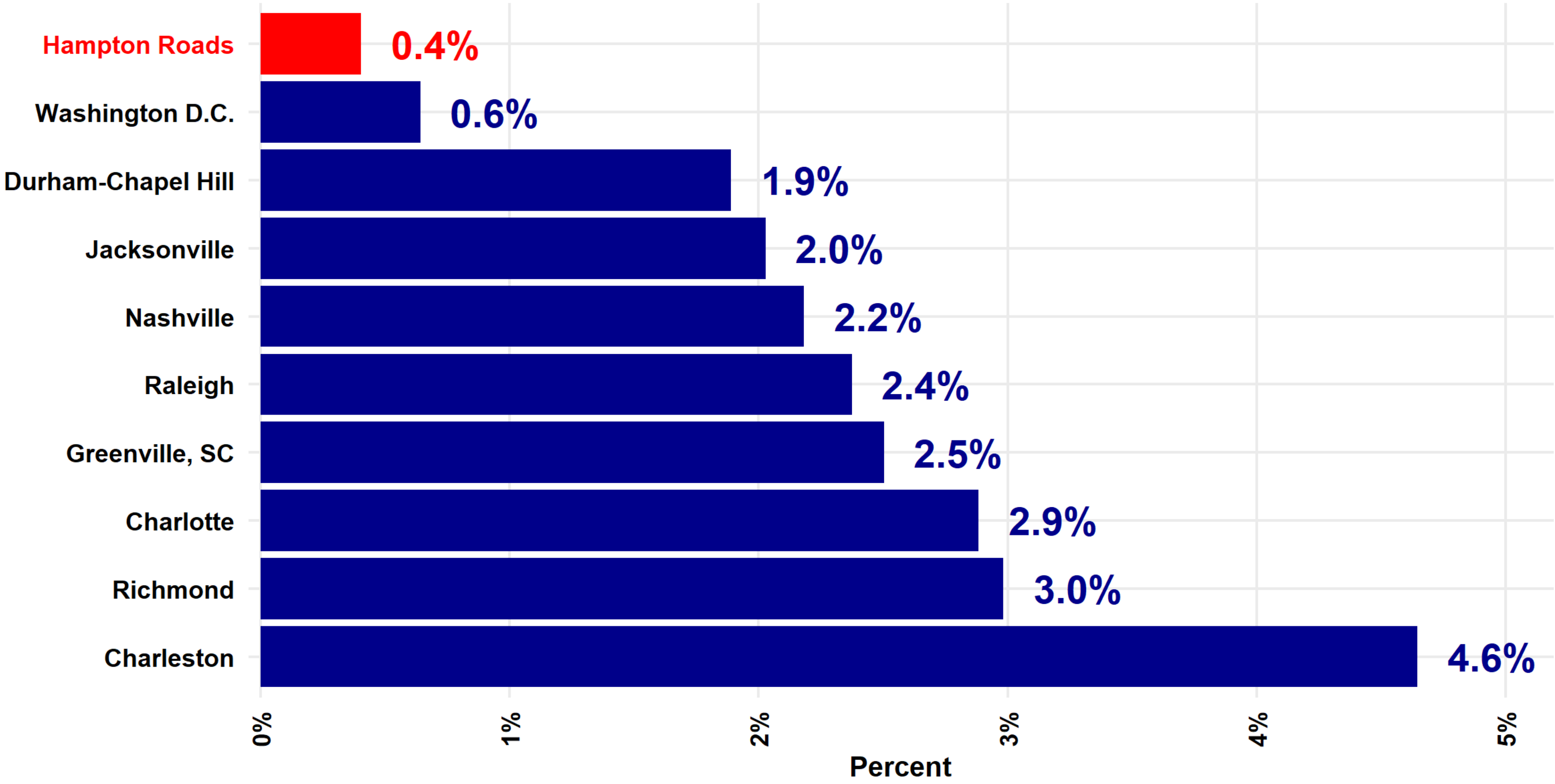
Change in Nonfarm Payrolls
Hampton Roads, January 2024 - August 2025



Source: Bureau of Labor Statistics, seasonally adjusted data.

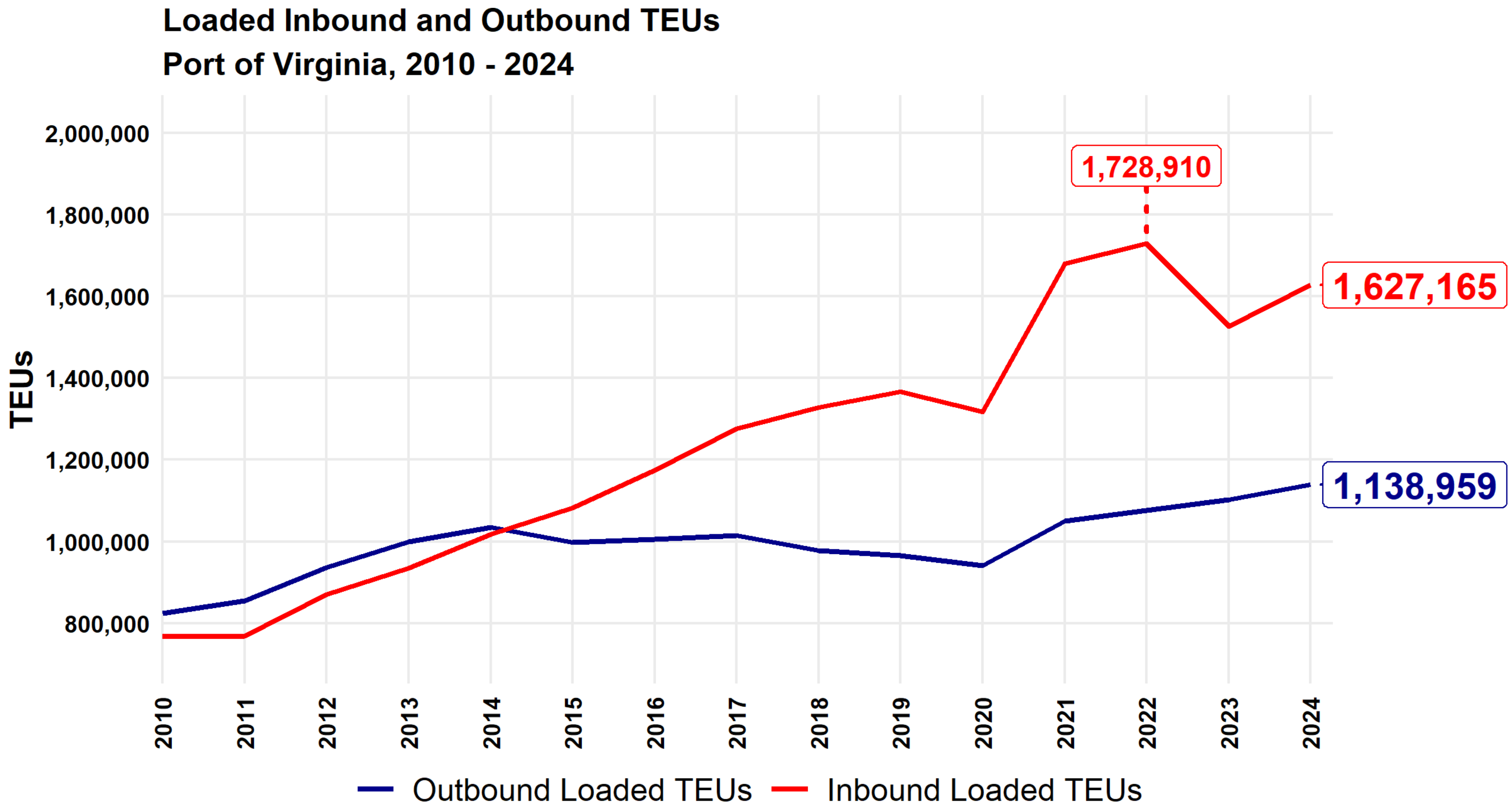

Nonfarm Jobs Gained/Lost
Selected Sectors in Hampton Roads, August 2024 - August 2025
Manufacturing
Federal Government
Retail Trade
Financial Activities
Wholesale Trade
Prof. and Business Services
Mining, Logging, and Construction
Information
Transportation and Warehousing
State Government
Local Government
Leisure and Hospitality
Health Care and Social Assistance
-3,200
-2,000
-1,500
-1,400
-300
-200
-200
100
400
600
1,000
1,800
3,300
-4,000
-3,000
-2,000
-1,000
0
1,000
2,000
3,000
4,000
Change in Jobs
Source: Bureau of Labor Statistics, non-seasonally adjusted data.

Growth in Nonfarm Payrolls
Selected Metropolitan Areas, January 2024 - August 2025

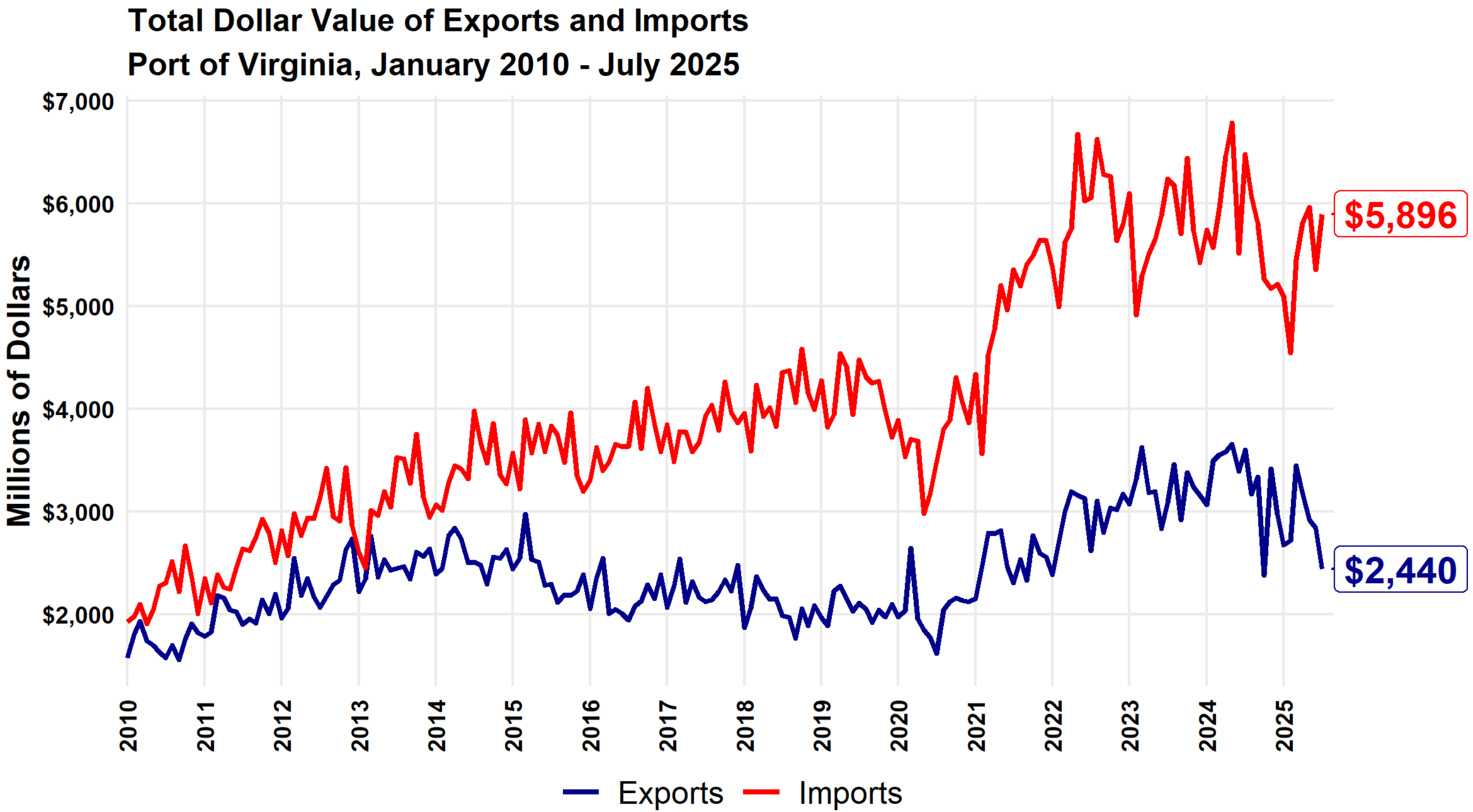


Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. Seasonally adjusted data.

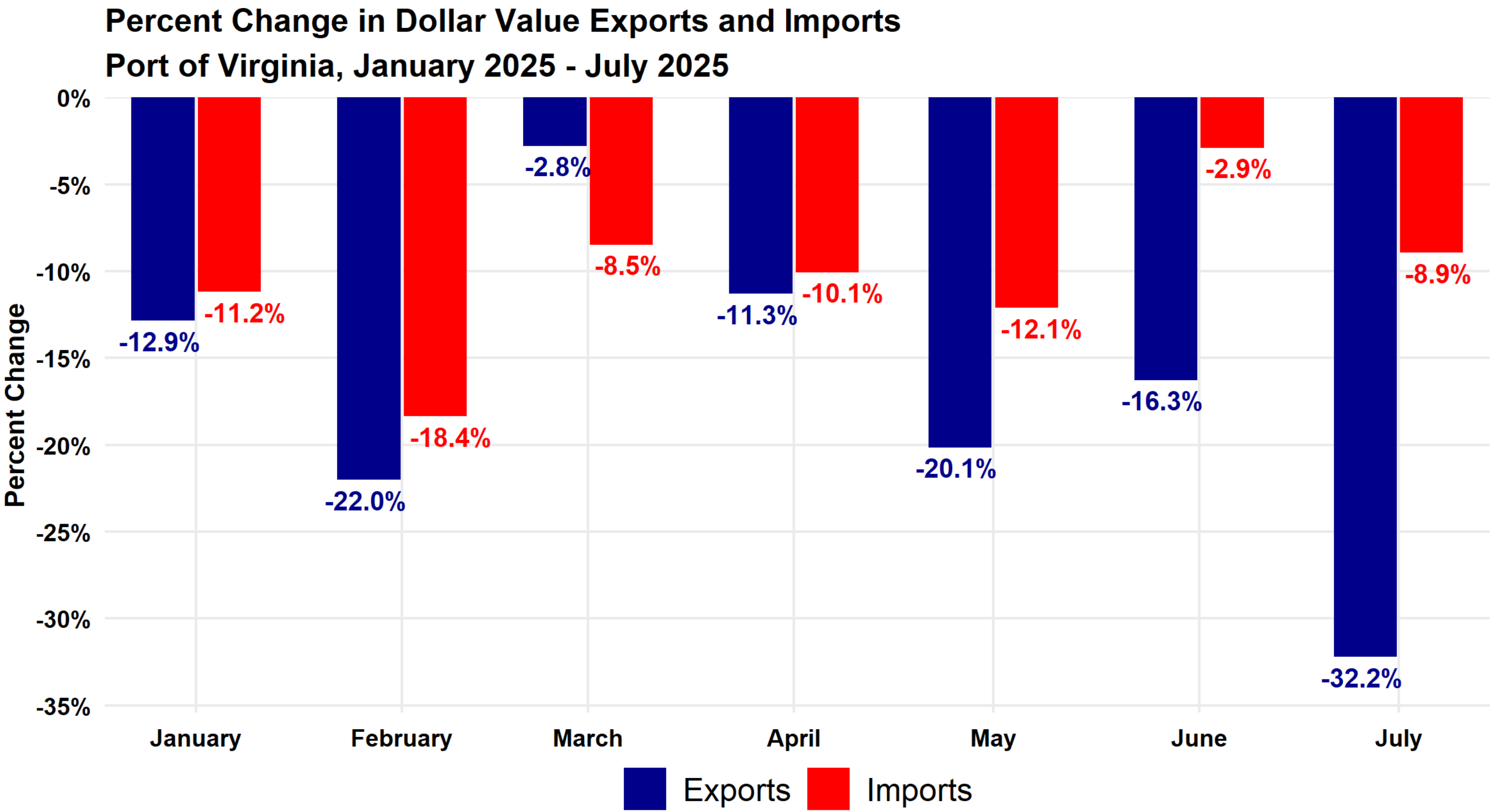

SWL 40LT
KONECRANES
THE PORT OF VIRGINIA
2
STOP



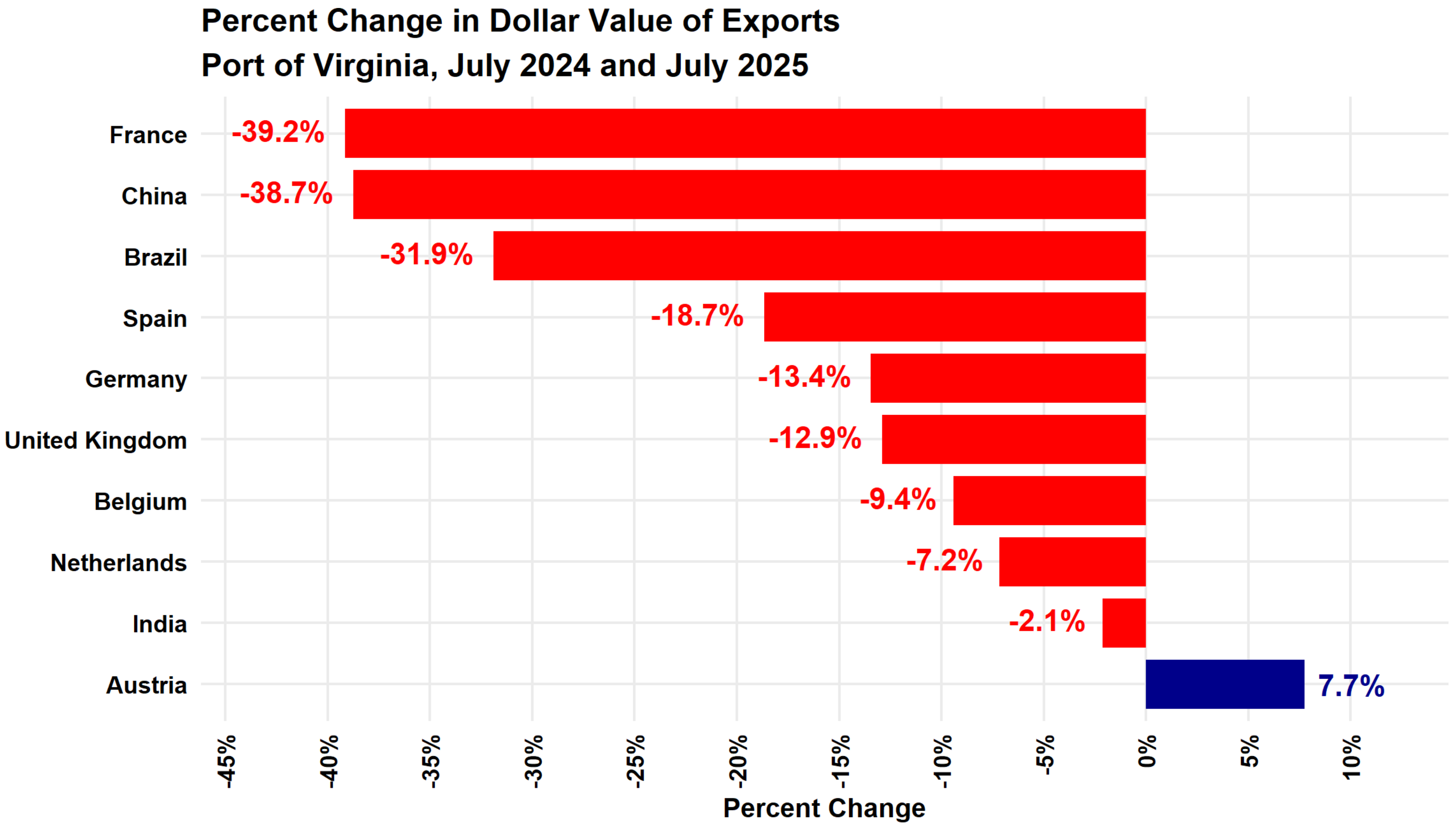
Sources: Port of Virginia and Dragas Center for Economic Analysis and Policy.



Sources: U.S. Census Bureau and Dragas Center for Economic Analysis and Policy. Non-seasonally adjusted data.

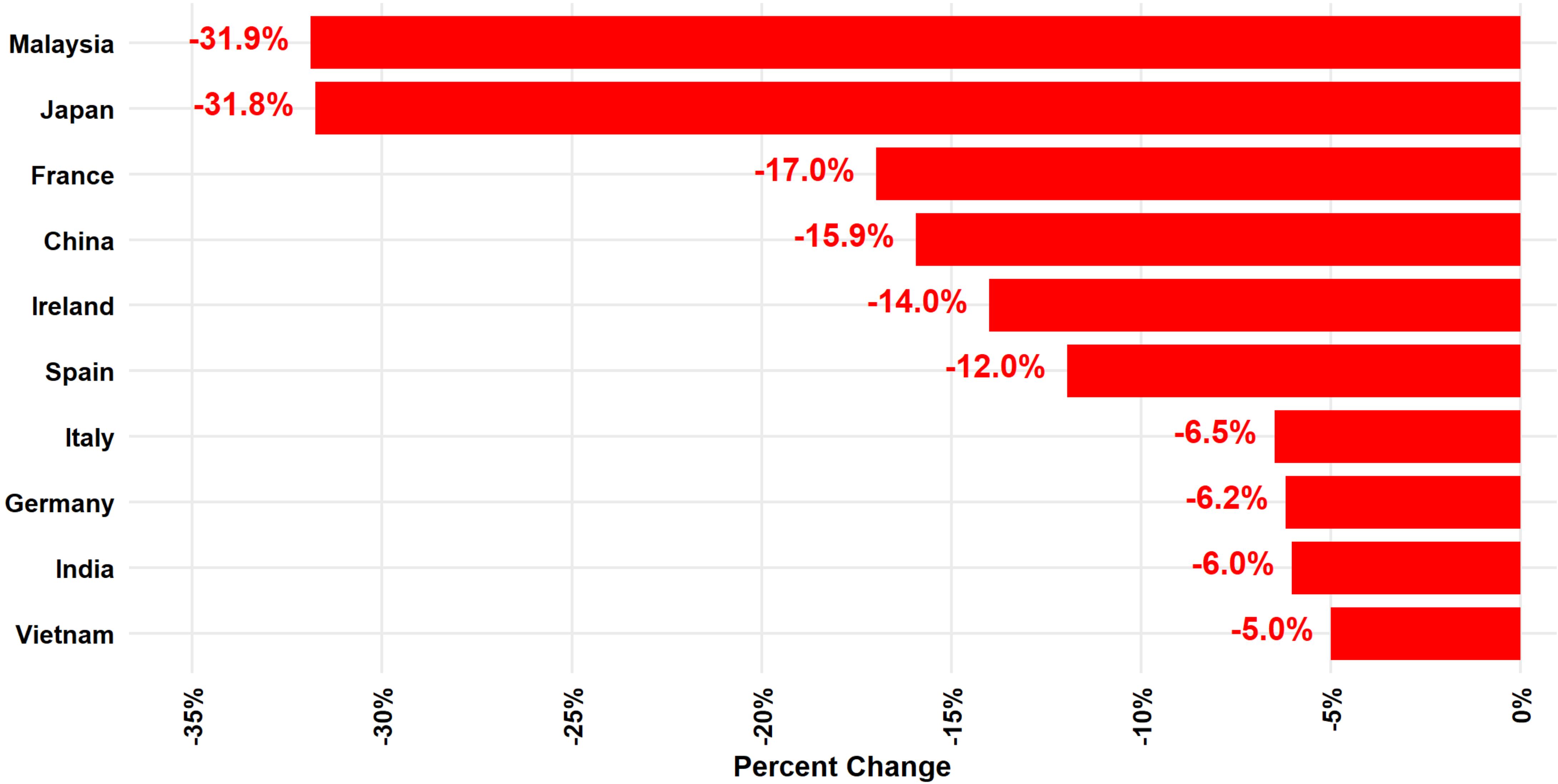


Sources: U.S. Census Bureau and Dragas Center for Economic Analysis and Policy. Non-seasonally adjusted data.
Percent change is the monthly year-over-year change in dollar value of imports and exports.



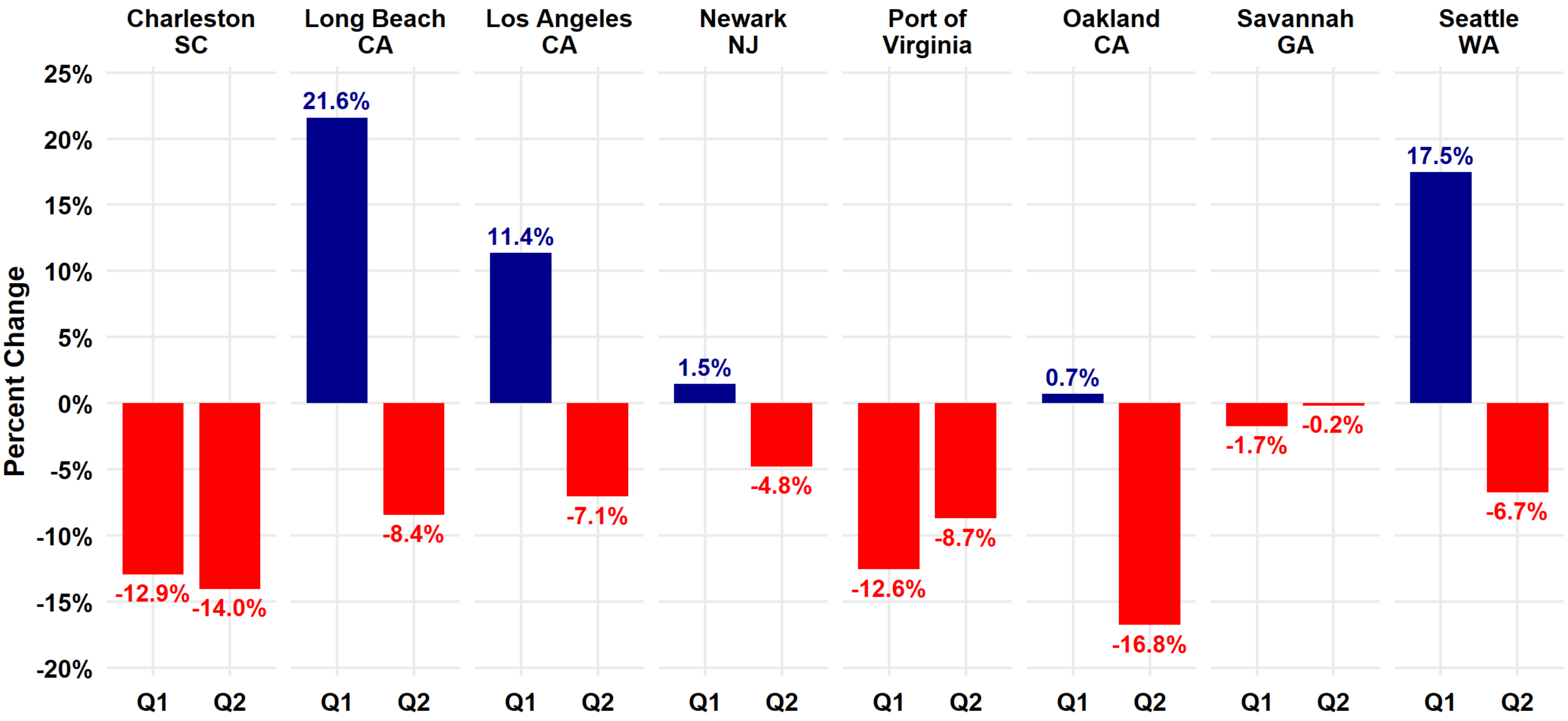
Sources: U.S. Census Bureau and Dragas Center for Economic Analysis and Policy. Non-seasonally adjusted data. Selected countries represent the Port of Virginia's top 10 export destinations by dollar volume in 2024. Percent change is the YTD year-over-year change in dollar value of exports.

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



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

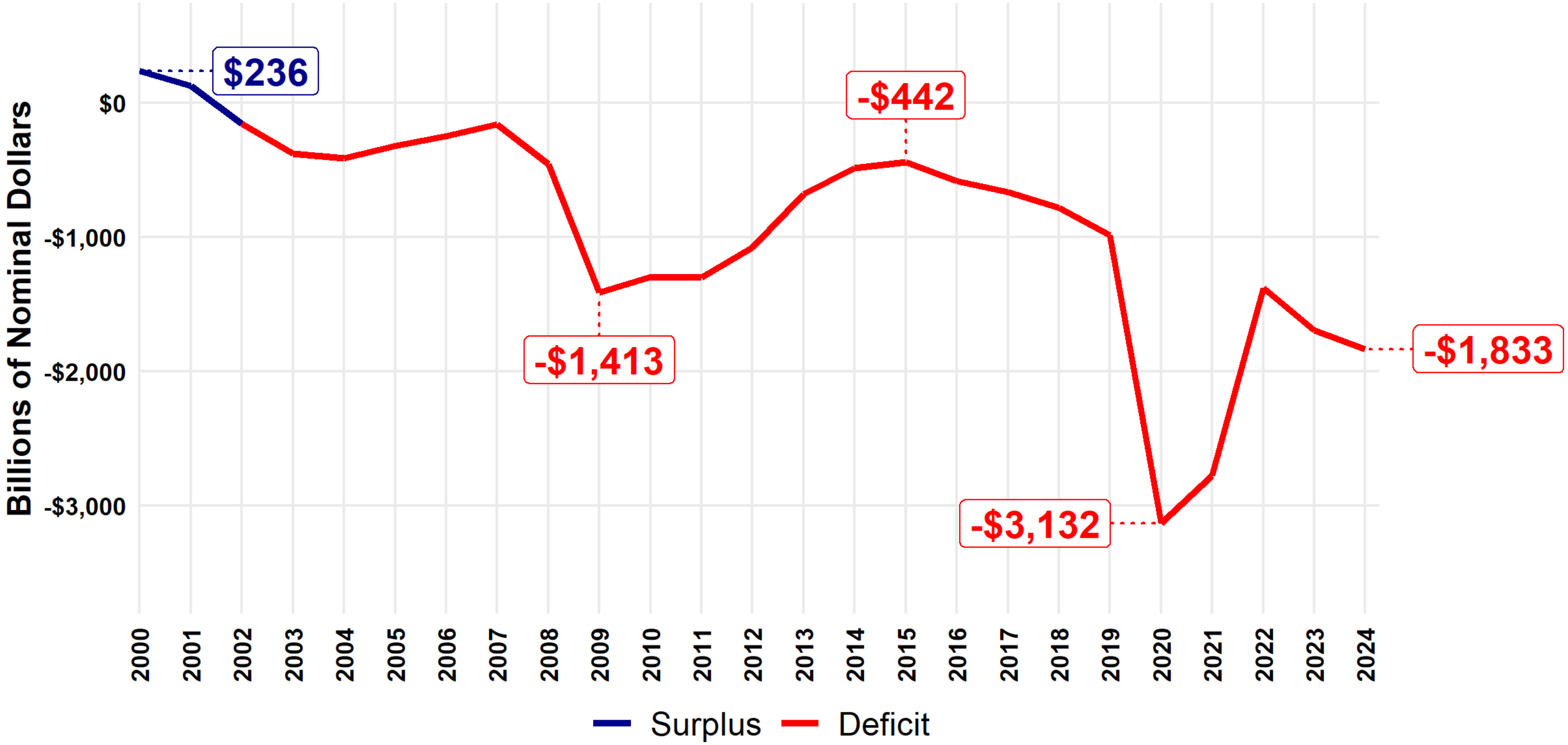
Percent Change in Dollar Value of Imports by Quarter
Selected Major Ports in the United States, Q1 - Q2 2025



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

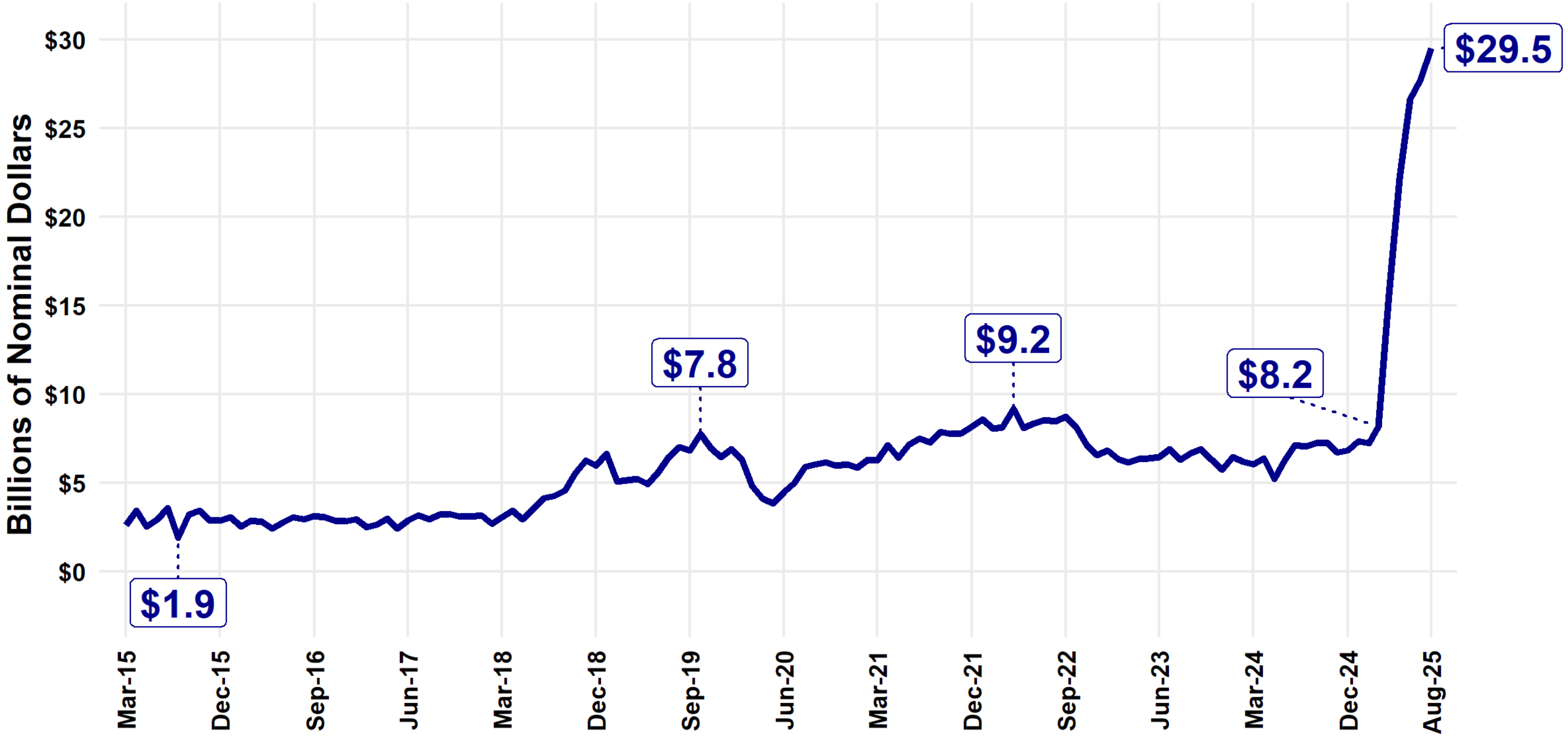
Federal Spending

Federal Surplus or Deficit
United States, Fiscal Year 2000 - 2024



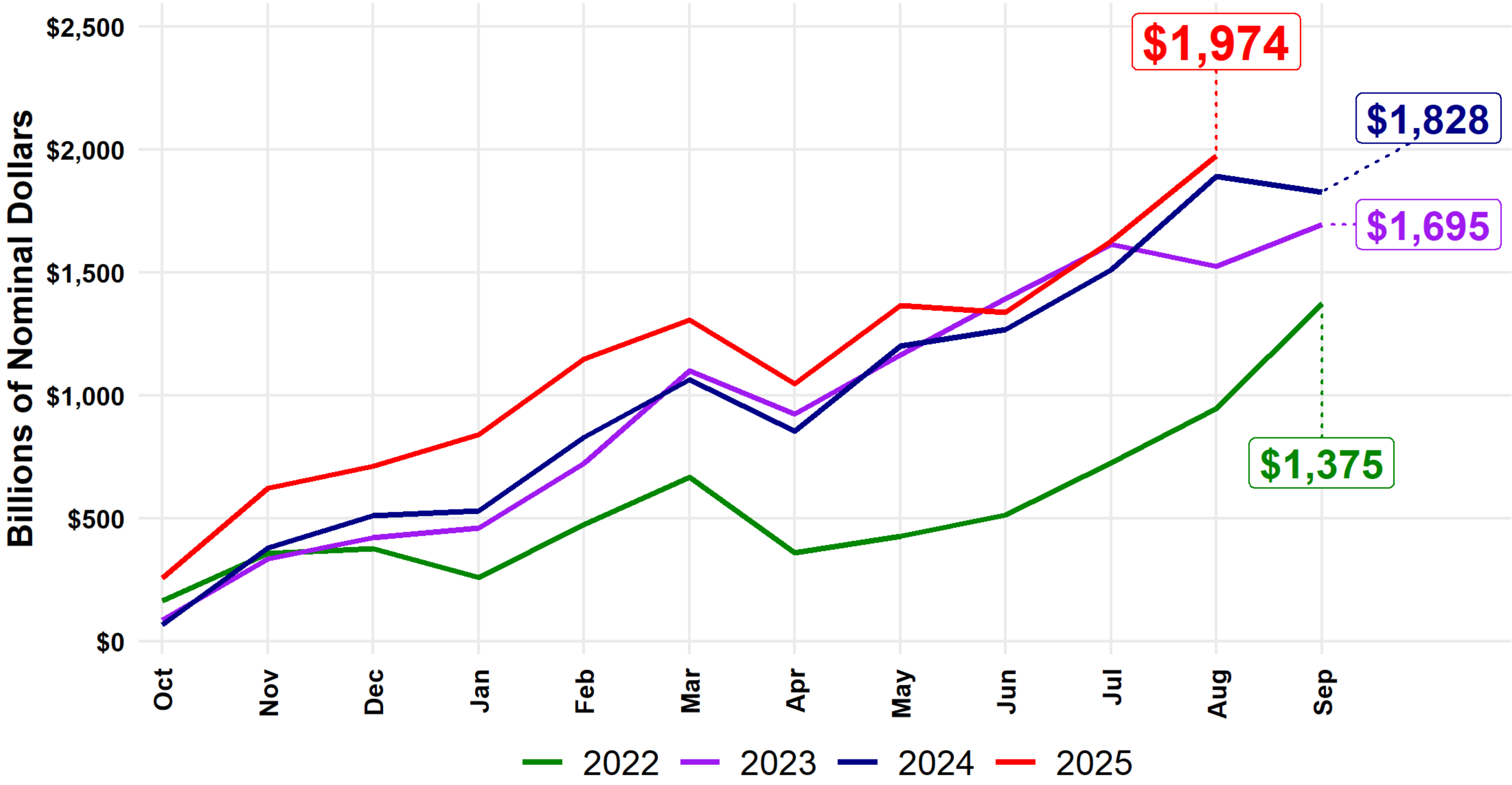
Source: U.S. Office of Management and Budget.

Monthly Net Customs Duties
United States, March 2015 - August 2025



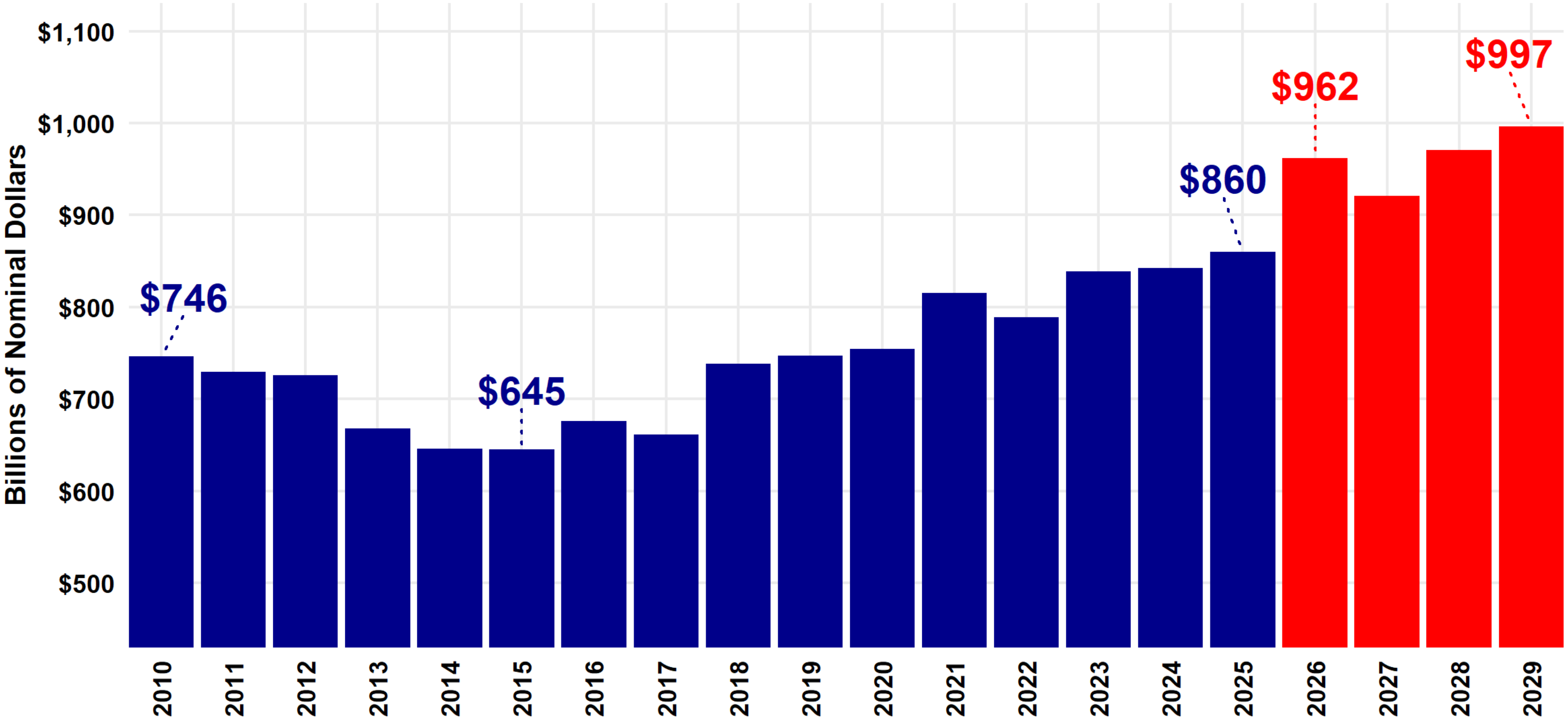
Sources: Bureau of the Fiscal Service, Monthly Treasury Statement (various years) and Dragas Center for Economic Analysis and Policy.

Cumulative U.S. Federal Government Deficit by Month
Fiscal Year October 2021 - August 2025



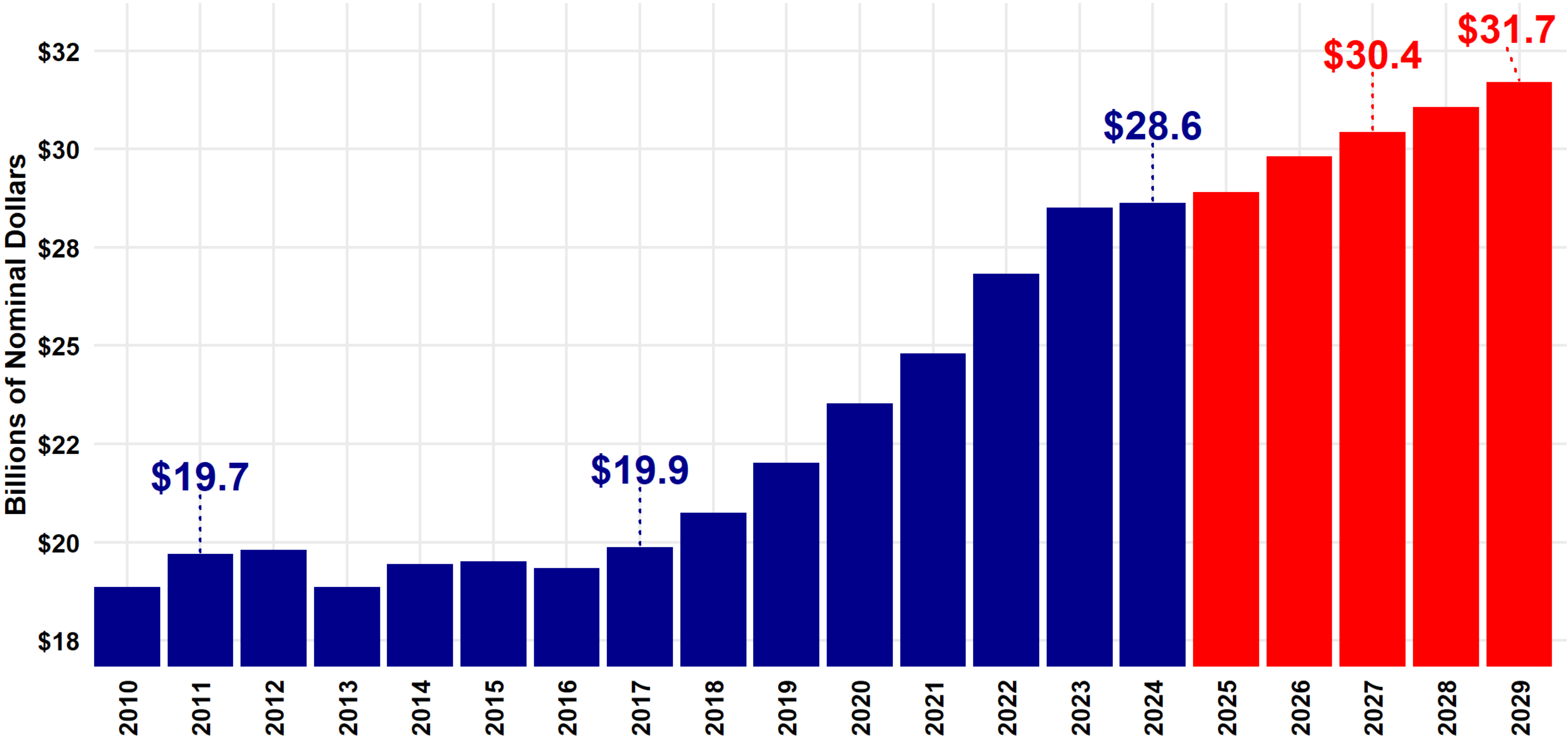
Sources: Congressional Budget Office, U.S. Department of the Treasury. Fiscal year runs from October of the preceding year to September of the current year.

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



Sources: Office of Management and Budget, Congressional Budget Office, and Dragas Center for Economic Analysis and Policy. Total budget includes base-budget funding and supplemental funding. Current budget dollars. *Data for 2025 are estimates while data for 2026 to 2029 are projections based on national DoD spending estimates. Projections do not contain possible supplemental appropriations.

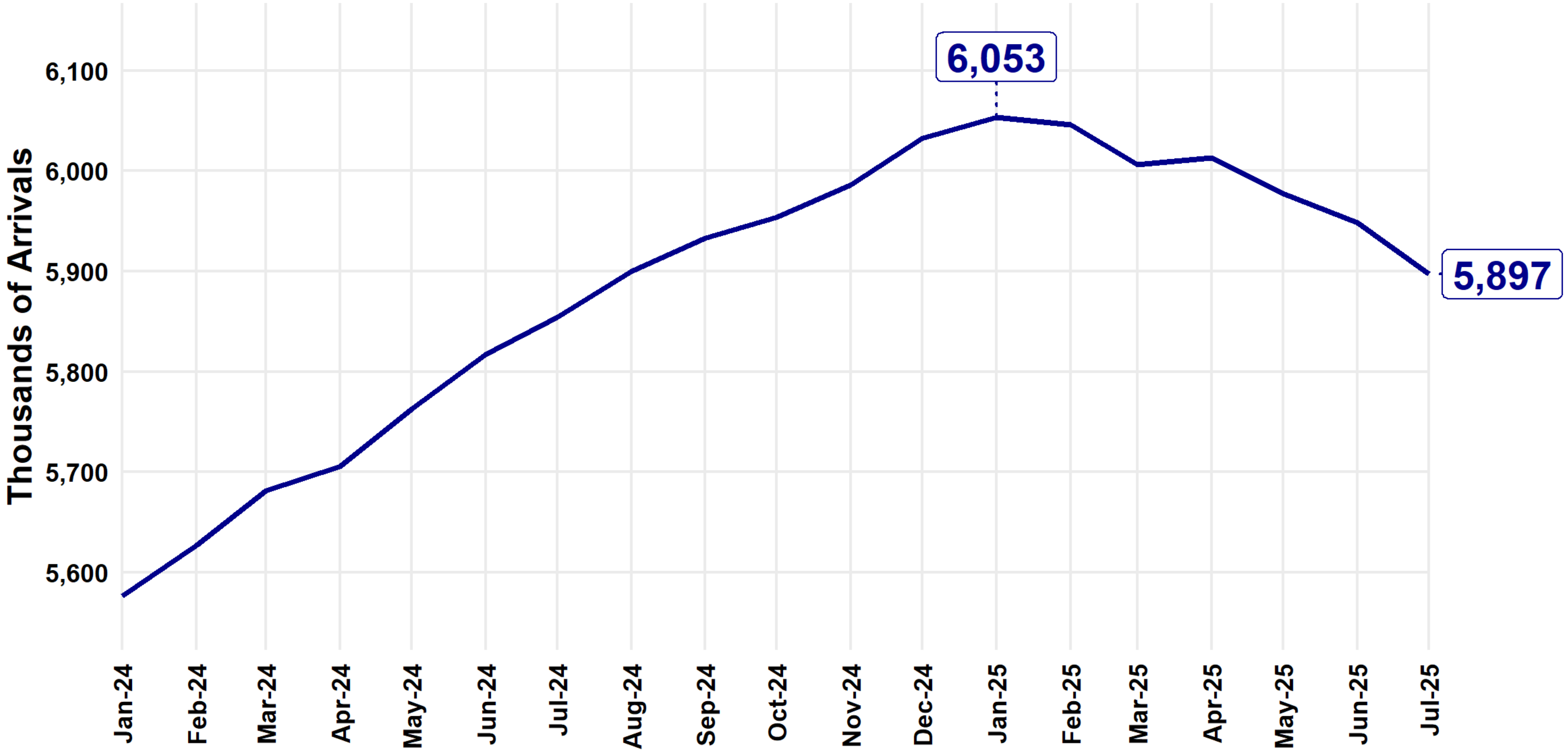
Estimated Department of Defense Direct Spending
Hampton Roads, Fiscal Year 2010 - 2029*



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

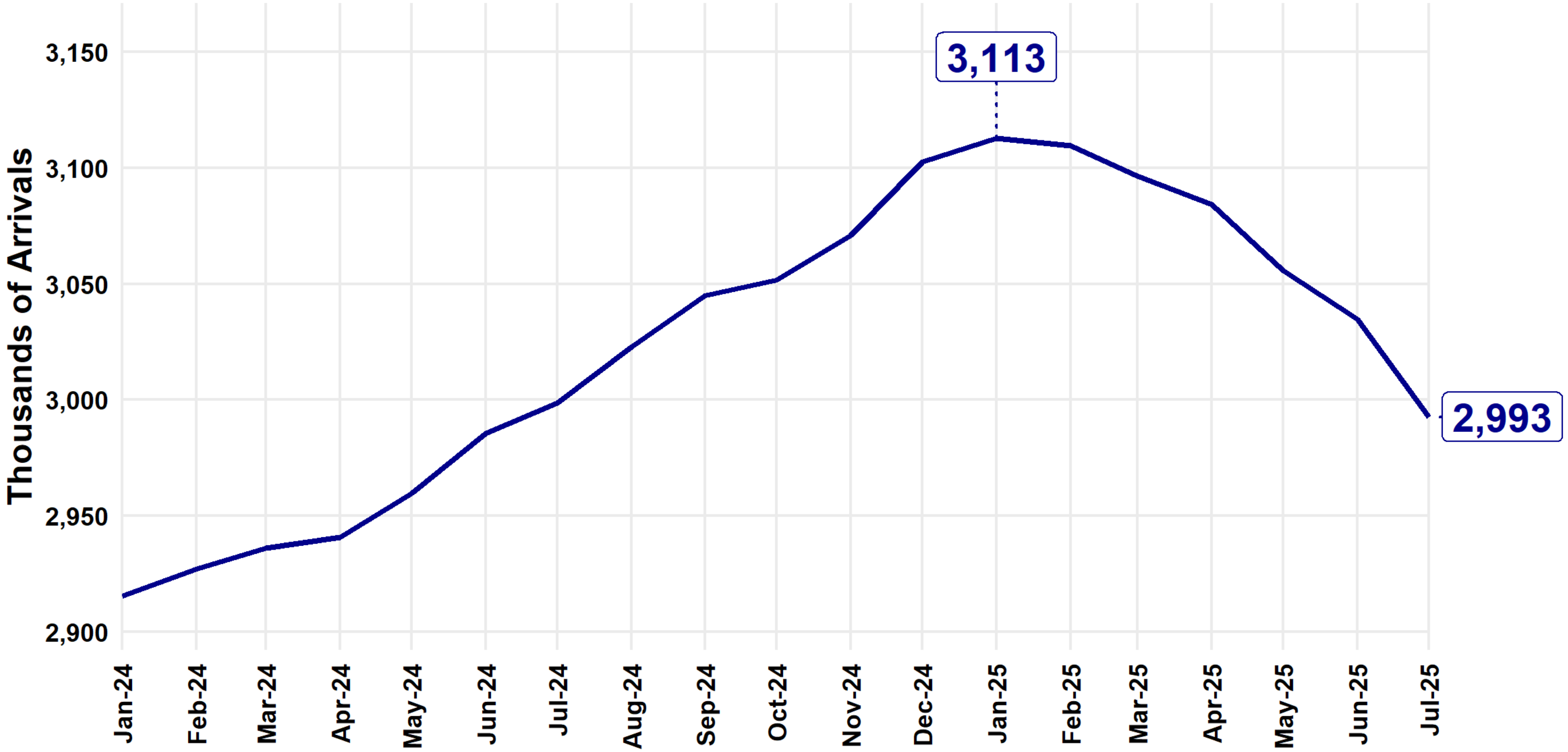
International Migration

Numbers of Total International Arrivals, 12-Month Moving Average
United States, January 2024 - July 2025



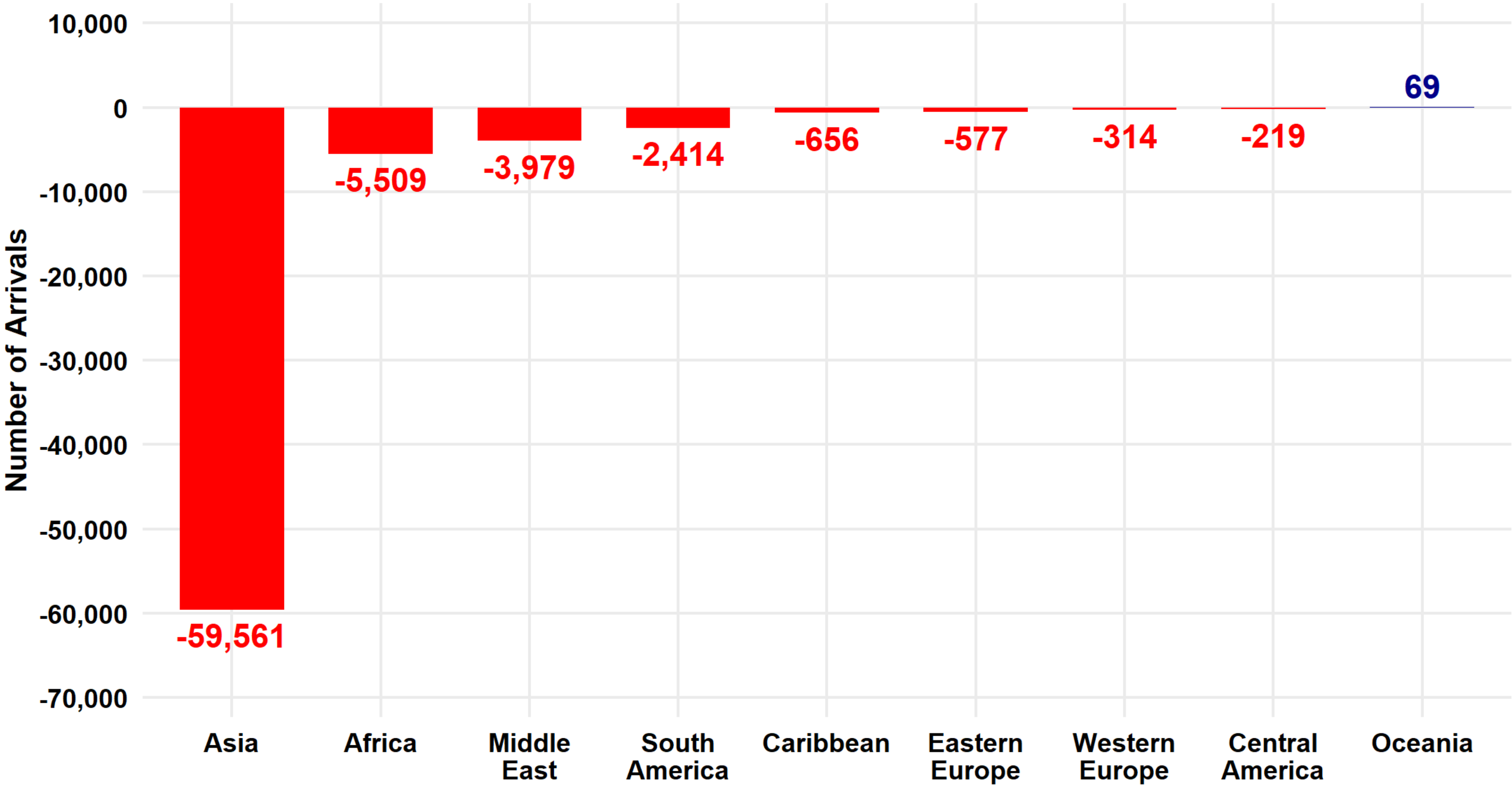
Sources: U.S. Department of Commerce, NTTO, International Trade Administration, and Dragas Center for Economic Analysis and Policy.

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



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

Change in International Student Arrivals
United States, August 2025 Compared to August 2024



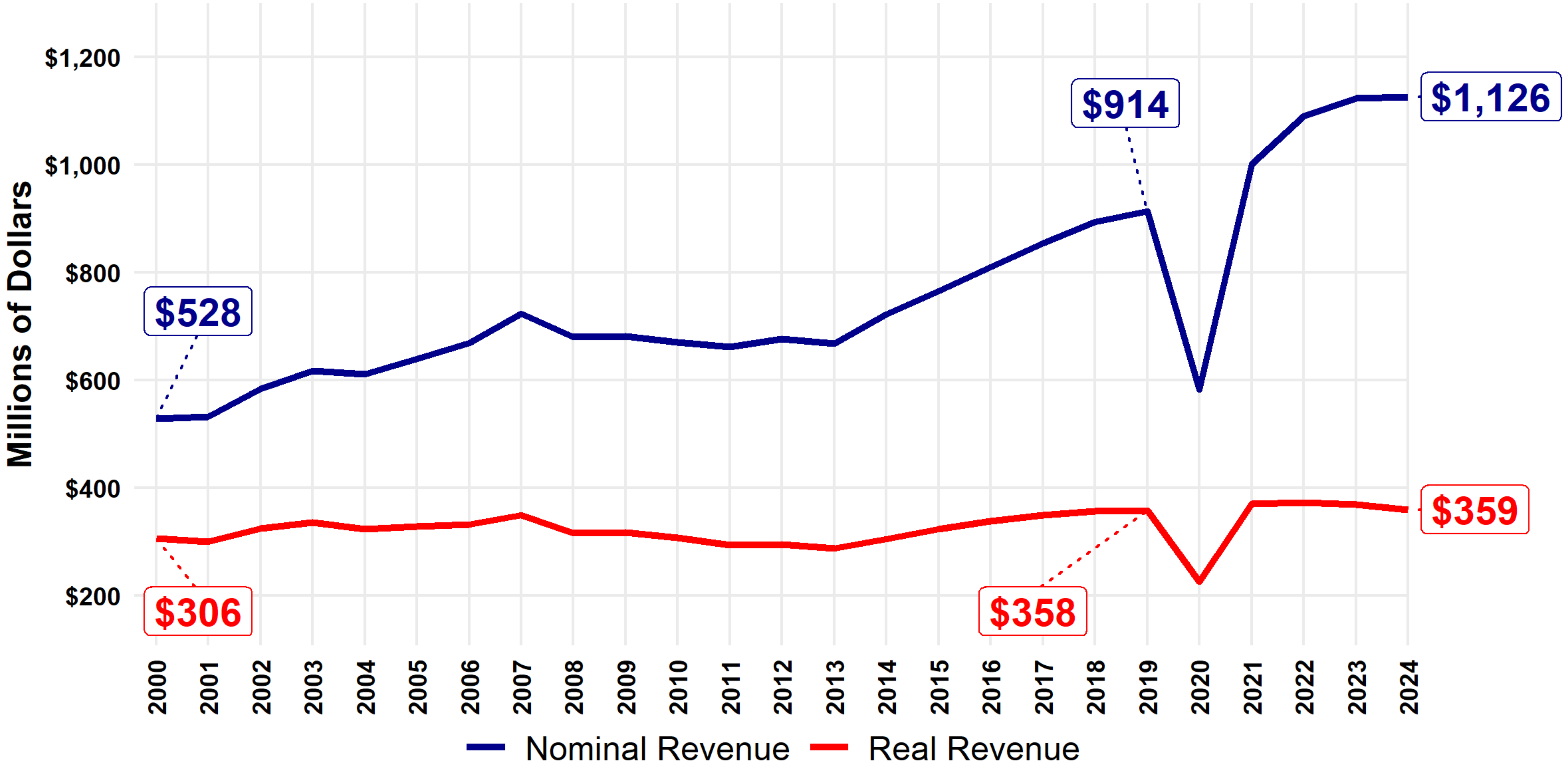
Sources: U.S. Department of Commerce, NTTO, International Trade Administration and Dragas Center for Economic Analysis and Policy.

H-1B Visa (Non-immigrant)

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

Hotels Amidst Uncertainty and Slow Growth

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



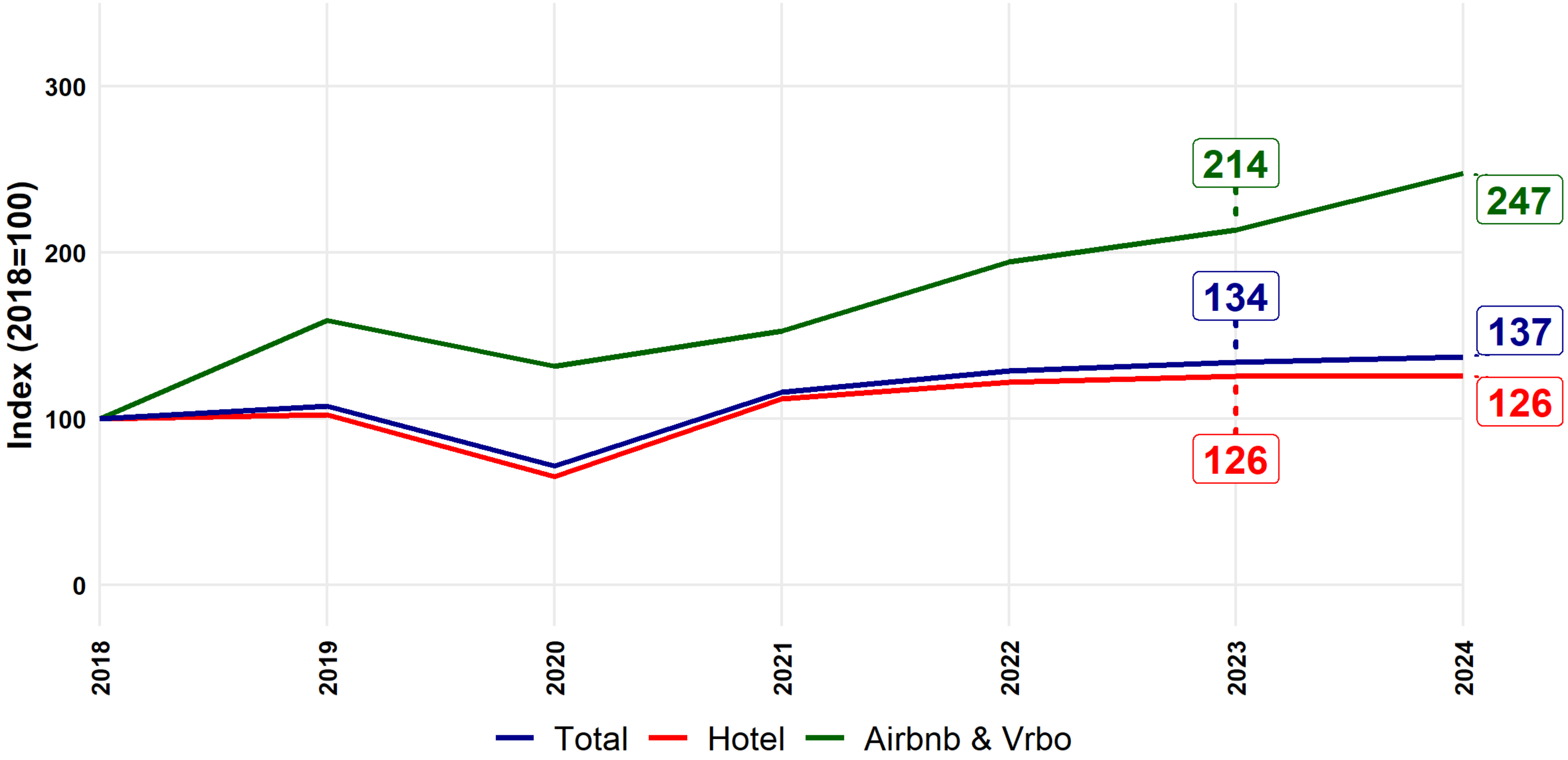
Sources: STR Trend Report February 2025, Bureau of Labor Statistics (1982-84=100), and Dragas Center for Economic Analysis and Policy.

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

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

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

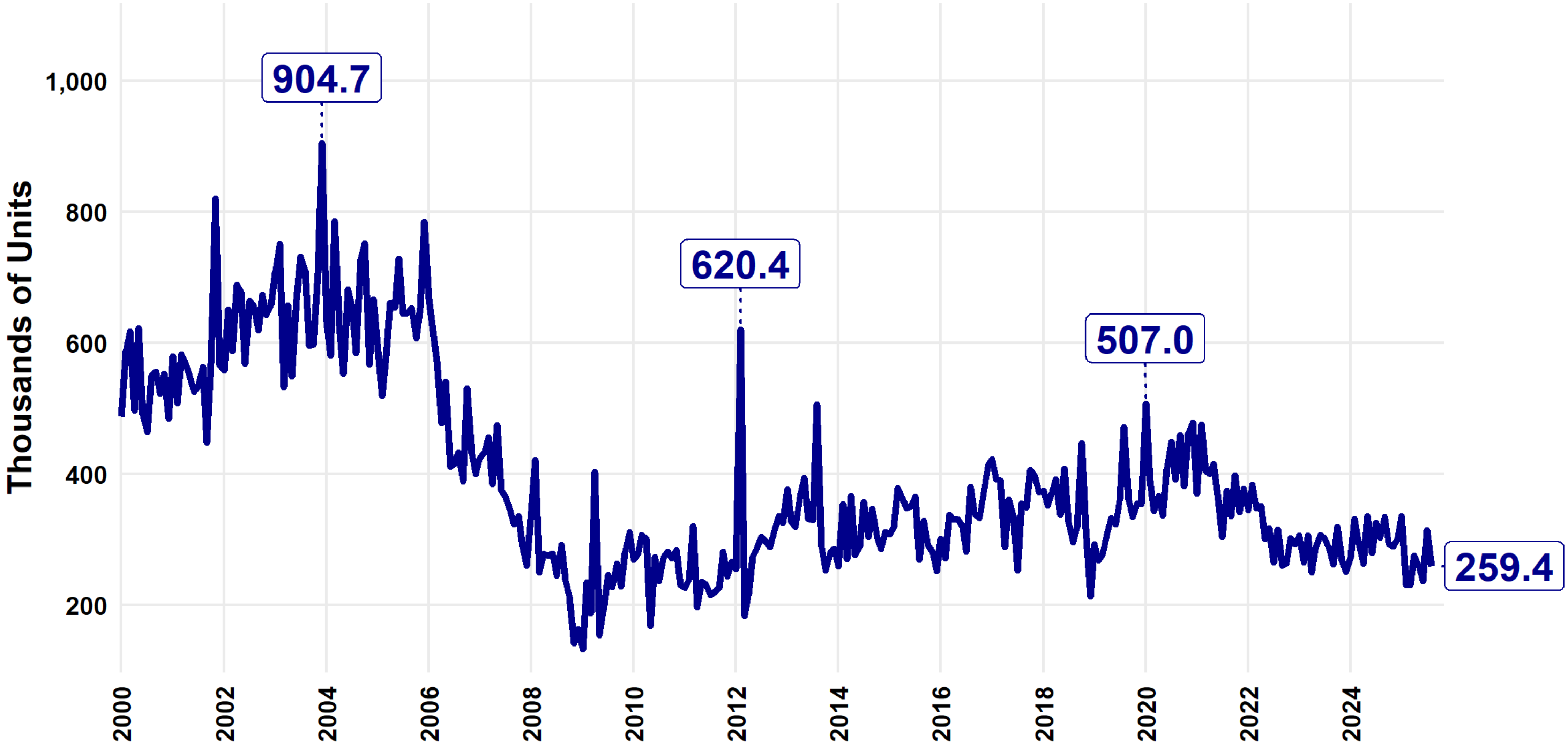
Indices of Total, Hotel, and Airbnb & Vrbo Lodging Revenues
Hampton Roads, 2018 - 2024



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

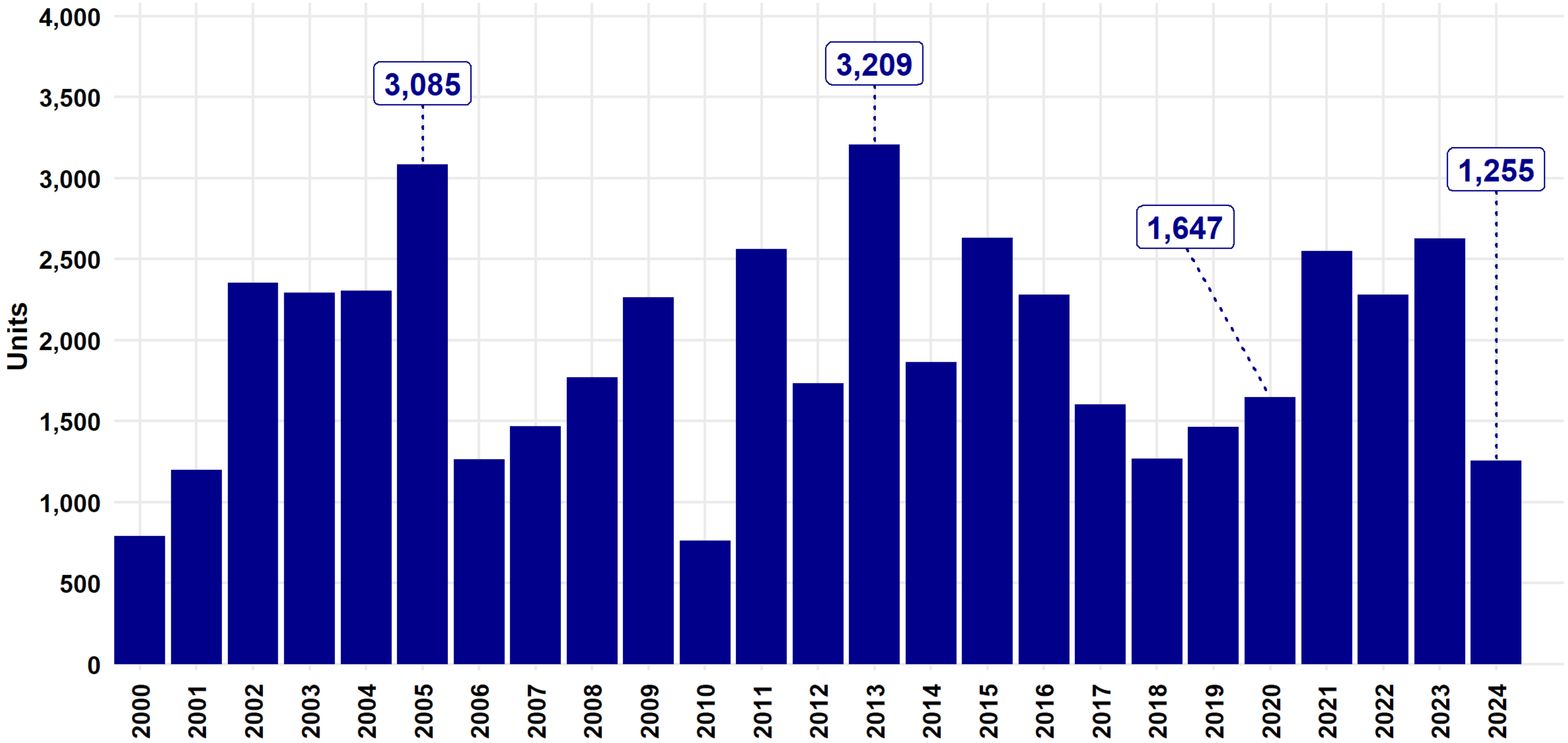
Home Sales Stabilize, Yet Prices Rise

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



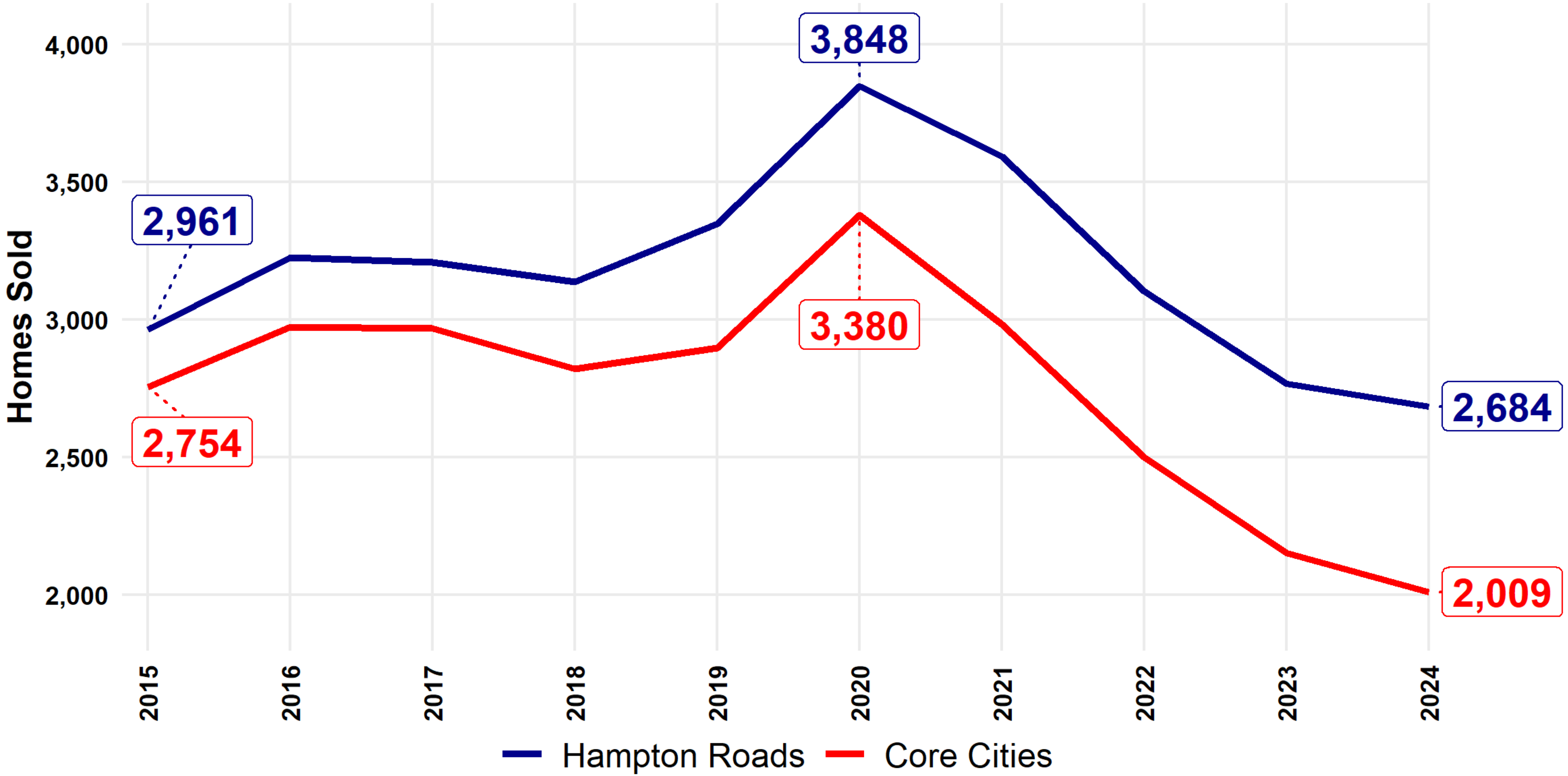
Source: U.S. Census Bureau. Data are seasonally adjusted.

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



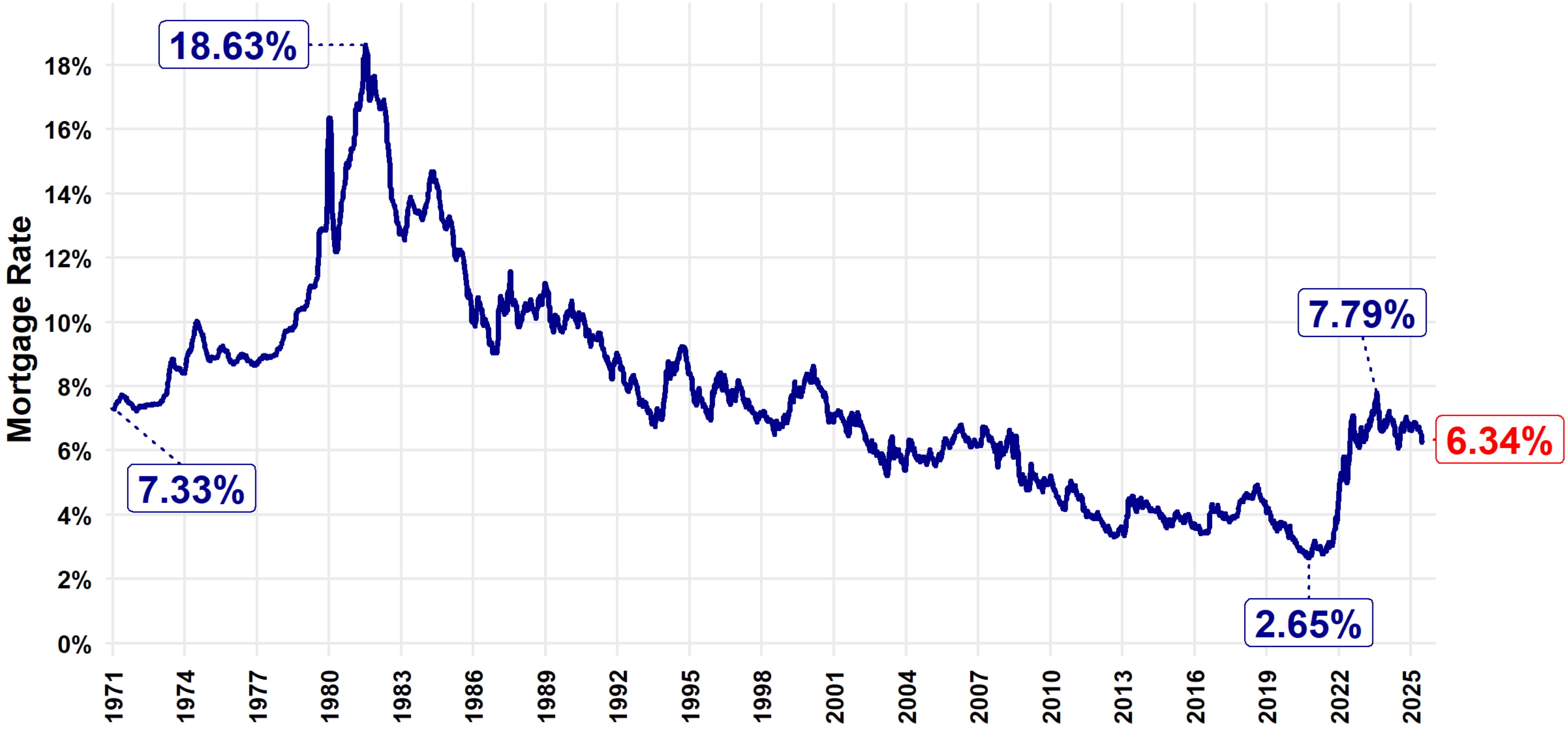
Source: U.S. Census Bureau. Data are non-seasonally adjusted.

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



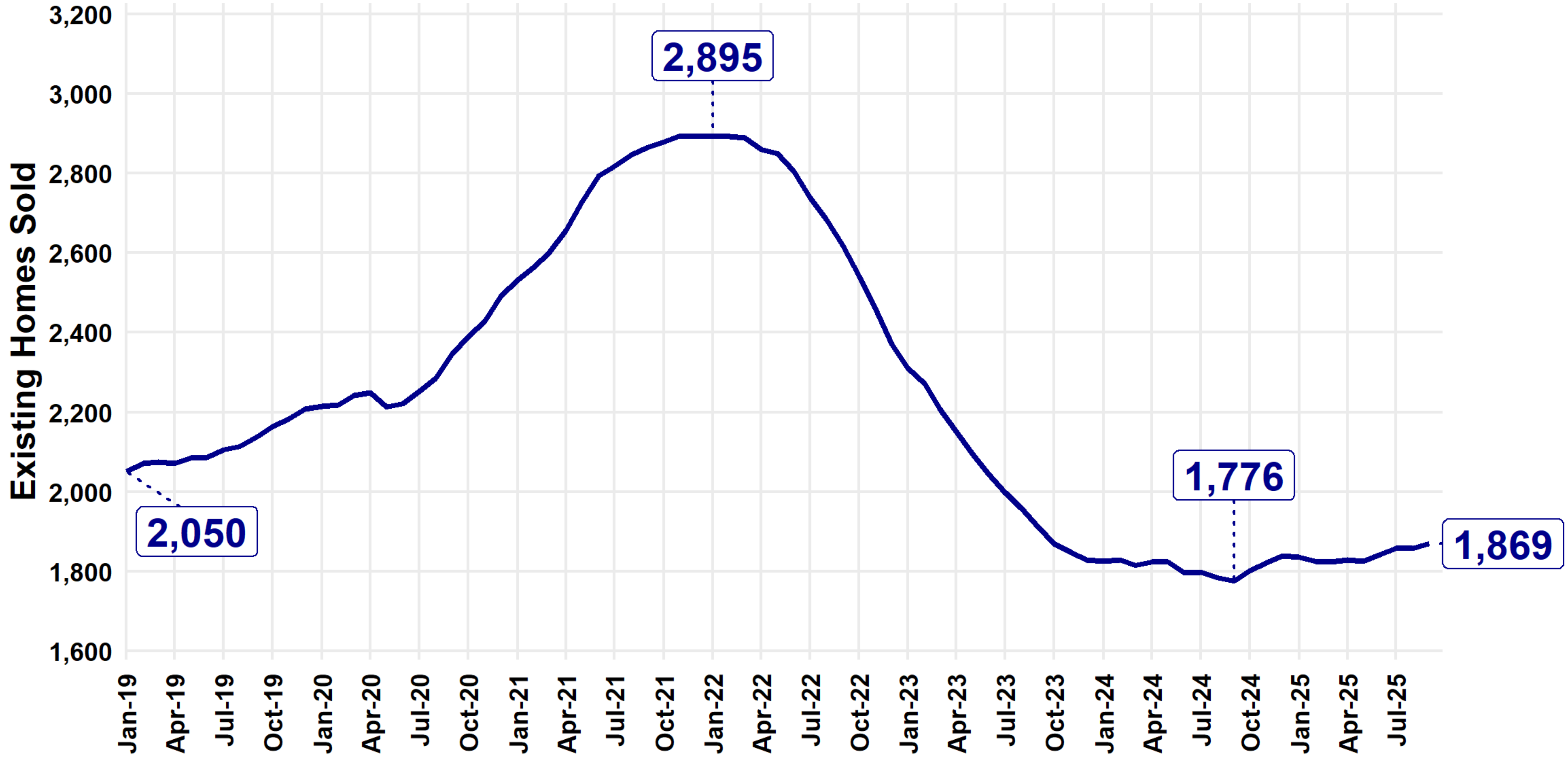
Sources: Real Estate Information Network and Dragas Center for Economic Analysis and Policy. Core cities are Chesapeake, Norfolk, Portsmouth, Suffolk, Virginia Beach, Hampton, Newport News, and Williamsburg. In this context, Williamsburg represents Williamsburg, James City County, Poquoson, York County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

Weekly 30-Year Fixed Mortgage Rate
United States, April 2, 1971 - October 2, 2025



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

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

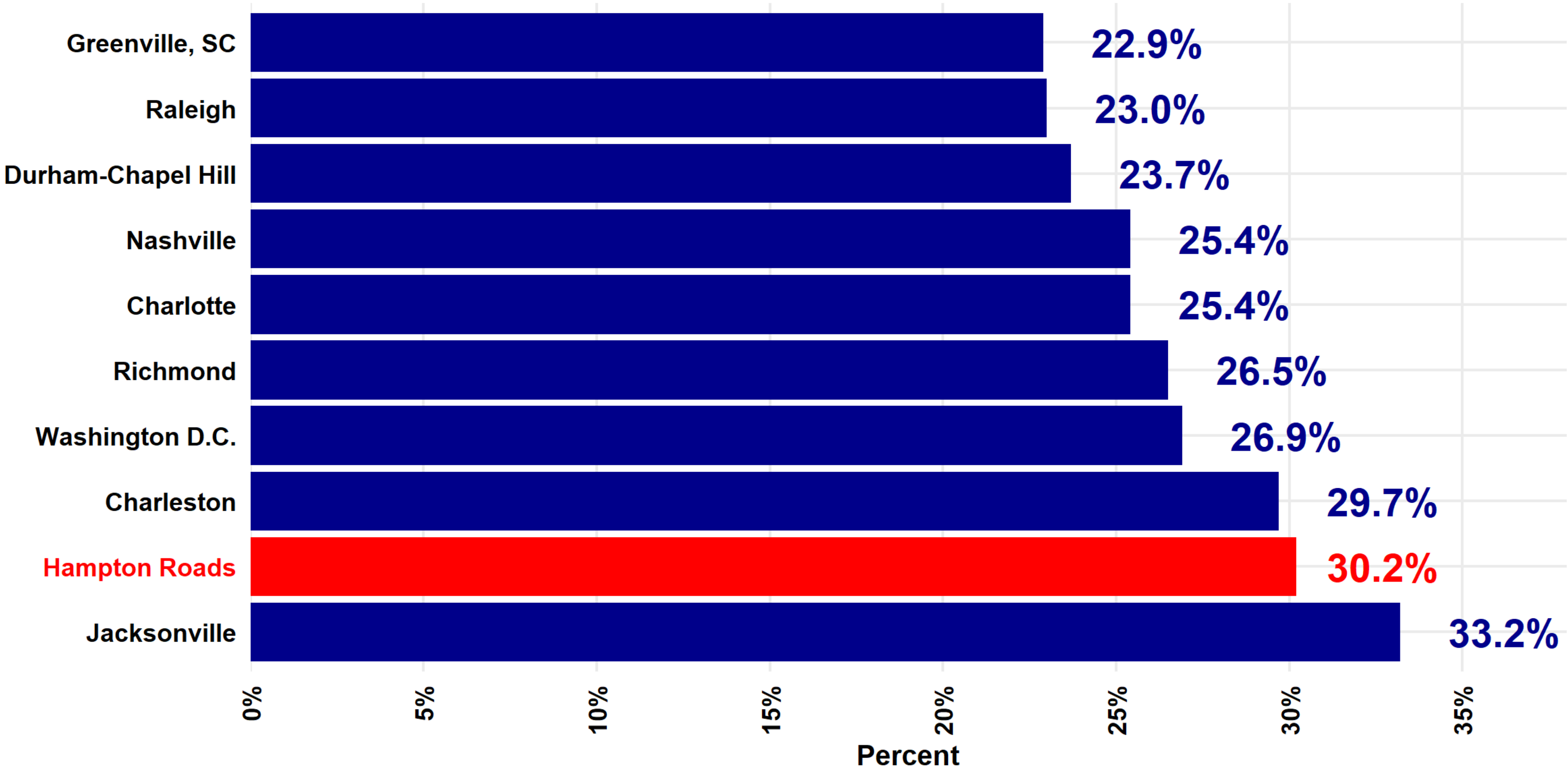


Sources: Real Estate Information Network Inc. and Dragas Center for Economic Analysis and Policy.

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

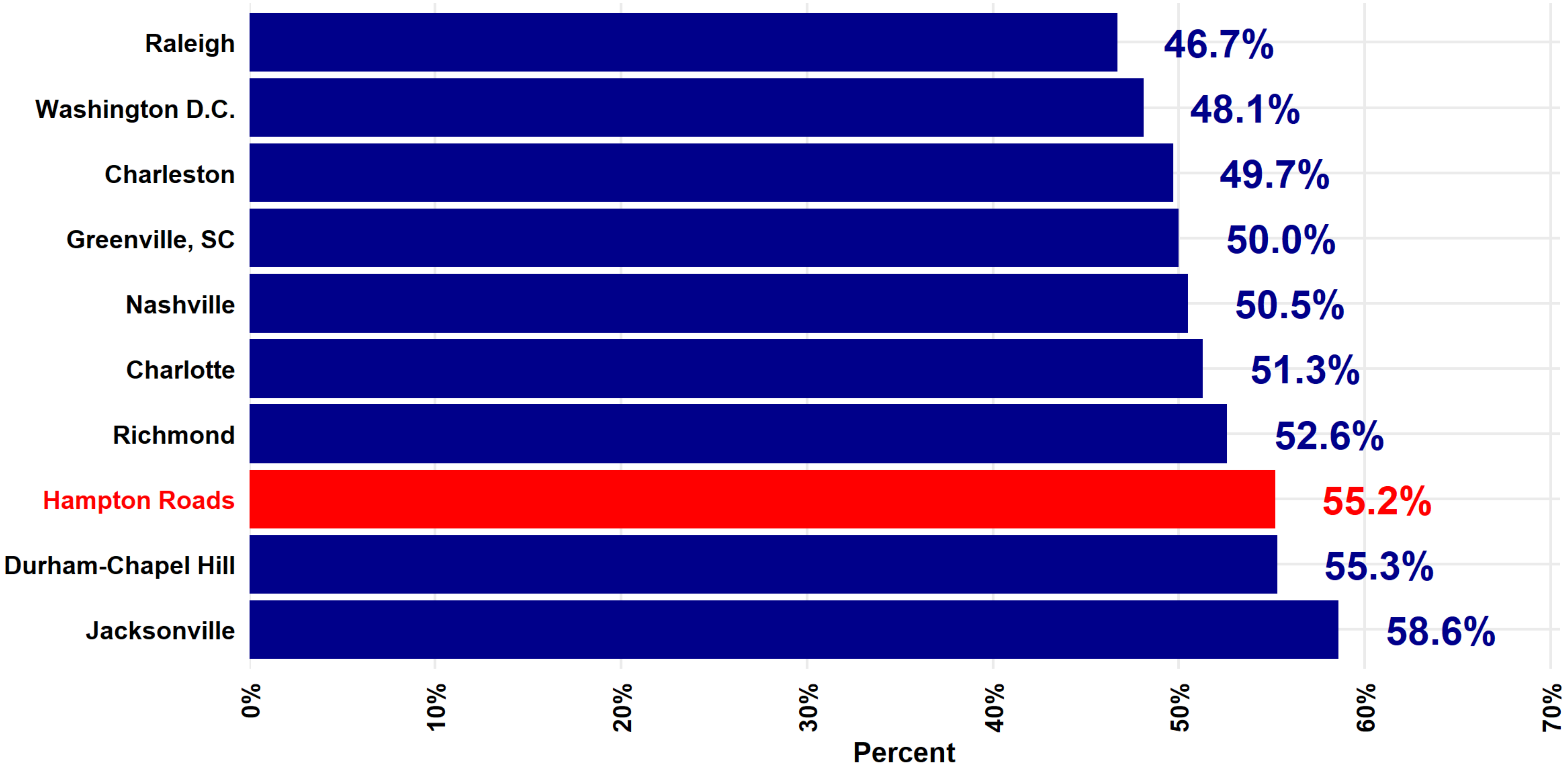
* Sources: Real Estate Information Network and Dragas Center for Economic Analysis and Policy. Williamsburg includes City of Williamsburg, James City County, York County, and Gloucester County.

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

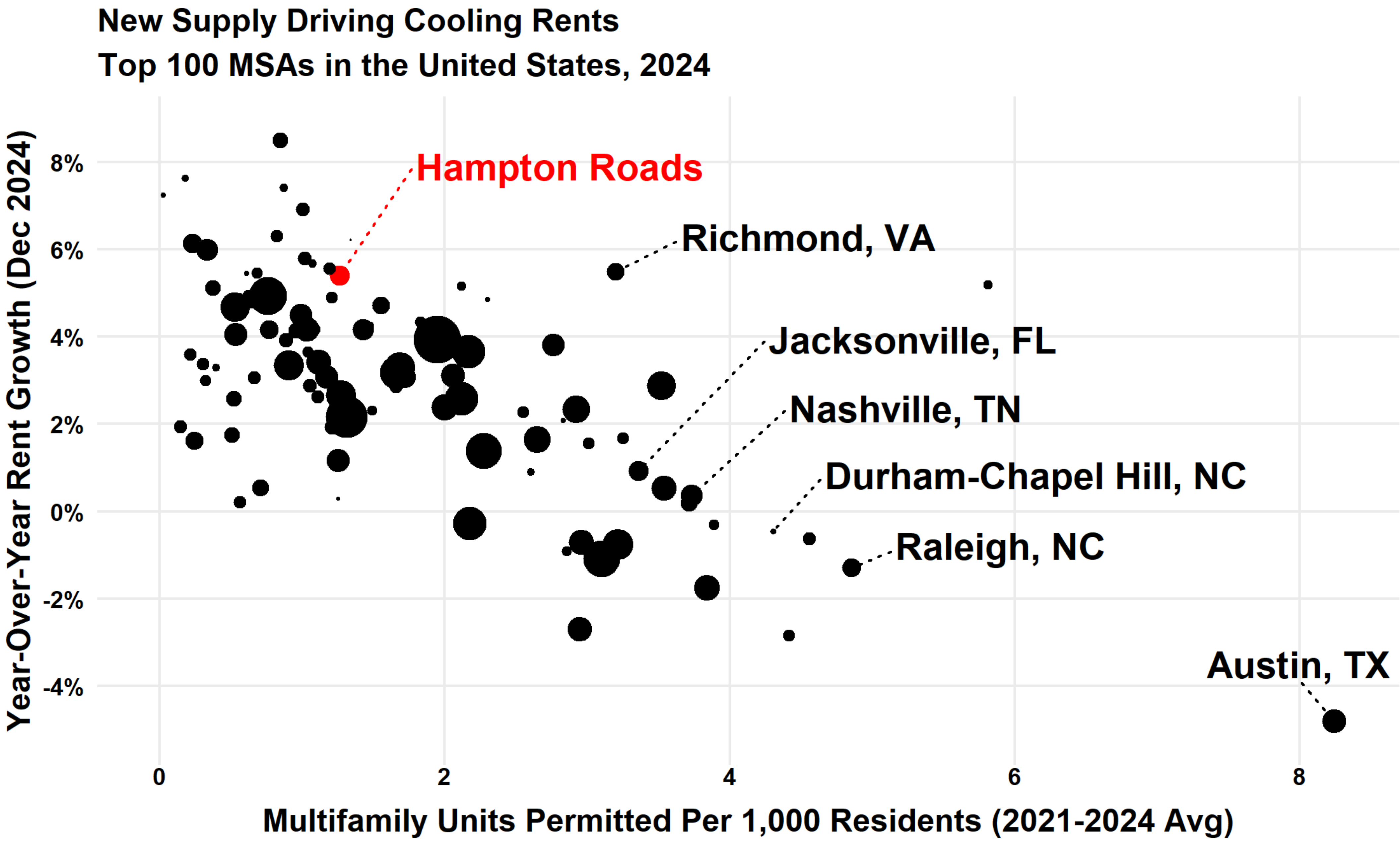


Source: U.S. Census Bureau, American Community Survey 1-Year estimates for 2024. Households are considered cost-burdened when they spend more than 30% of their income on rent, mortgage payments, and other housing cost, according to the U.S. Department of Housing and Urban Development (HUD).

Cost-Burdened Rental Households
Selected Metro Areas, 2024



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



Sources: U.S. Census Bureau ACS 1-year estimates, Dragas Center for Economic Analysis and Policy, Zillow (2025) and Salviati, C. (2024). Top 100 MSAs determined by 2024 population.

The State of the Region

HAMPTON ROADS 2025

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

THE 2025 REPORT IS MADE POSSIBLE BY TOWNEBANK

Silver Tsunami for the Third Sector

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

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

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

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

Hampton Roads' Collaborative Spirit Produces Regional Results

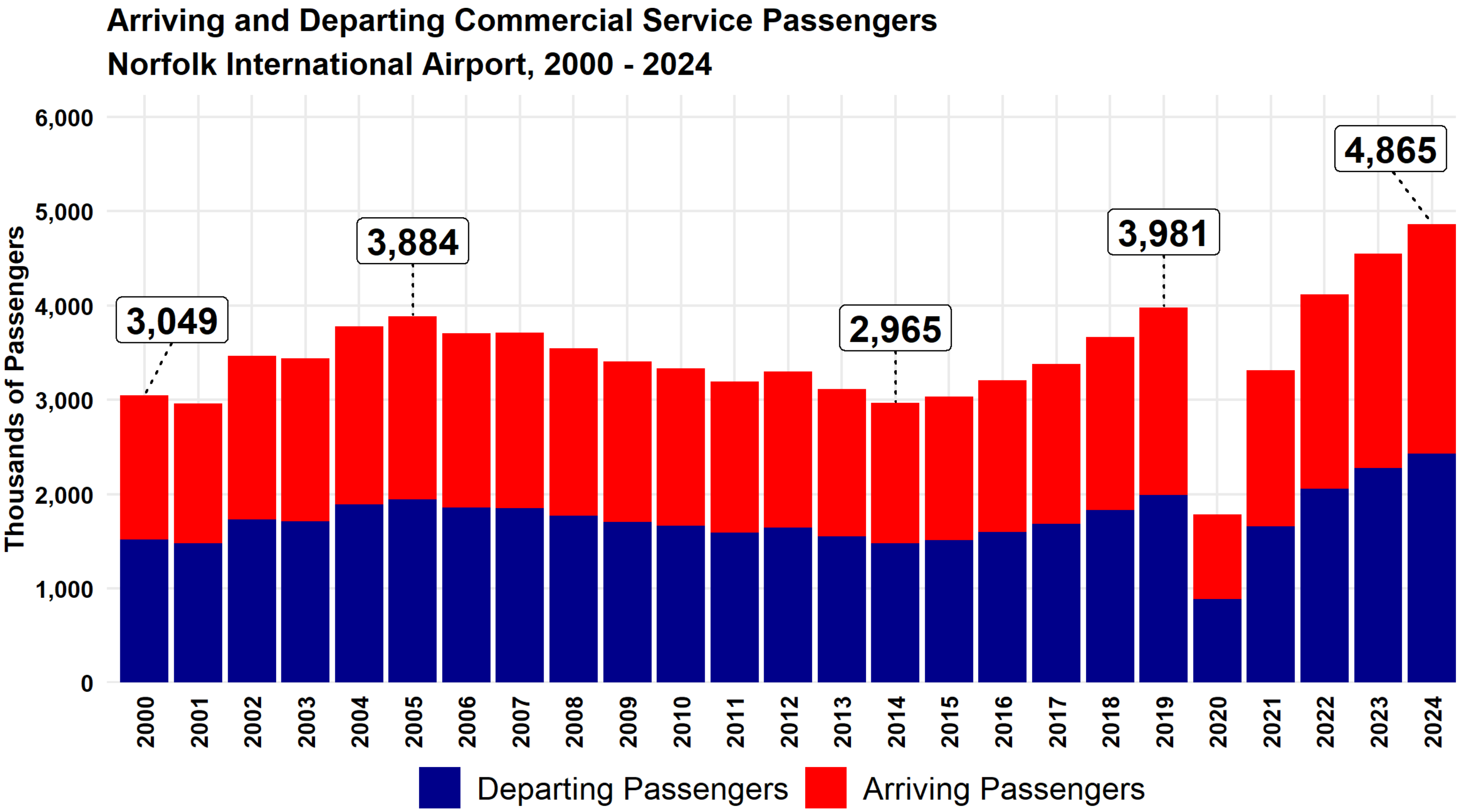
Elected officials, business leaders, and regional organizations are collaborating more effectively to address regional challenges.

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

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

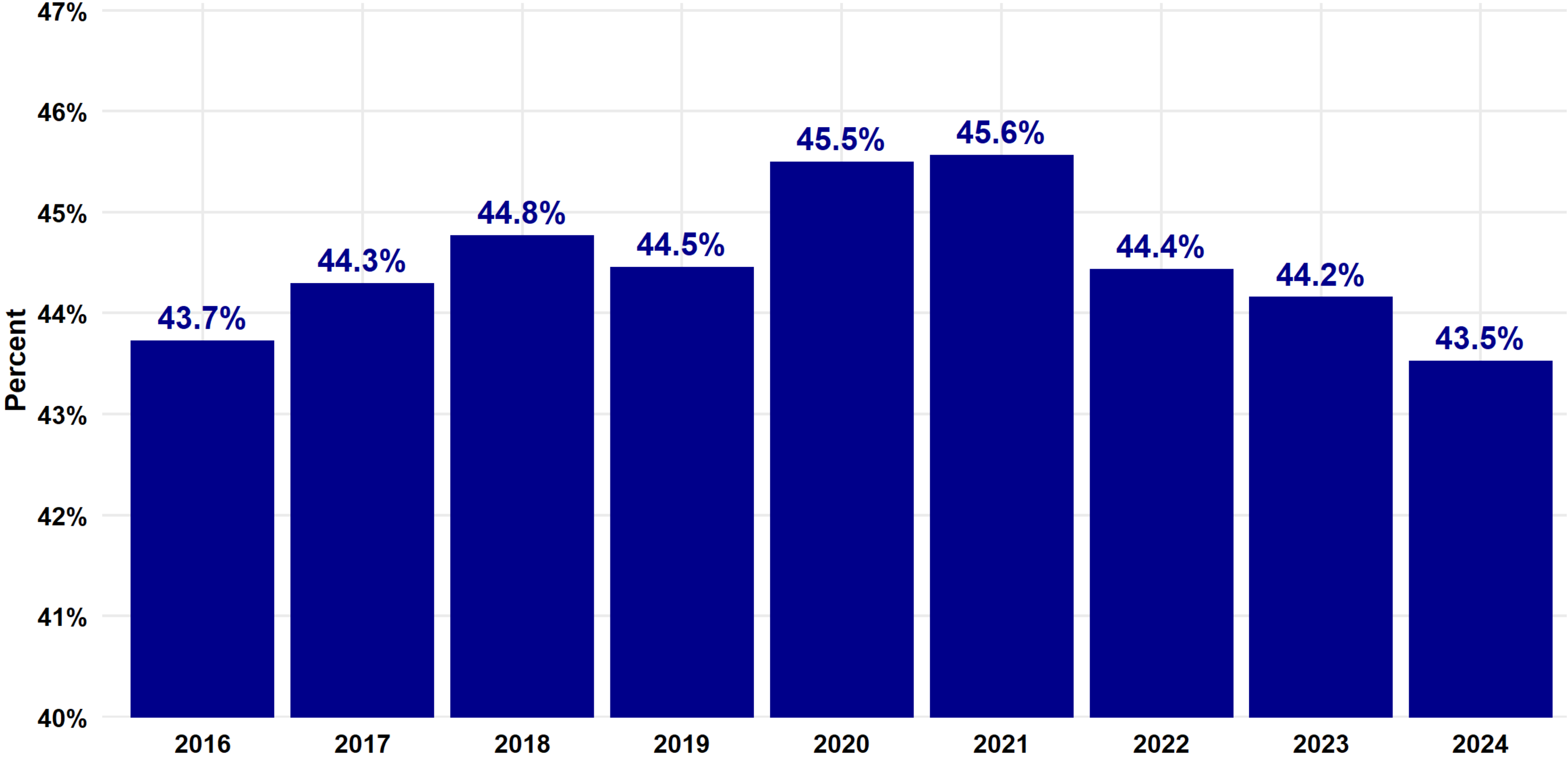
Regional collaboration is needed to diversify the economy, improve economic resilience to changes in federal government policies, and to achieve consensus on regional investment priorities.

Norfolk International Airport



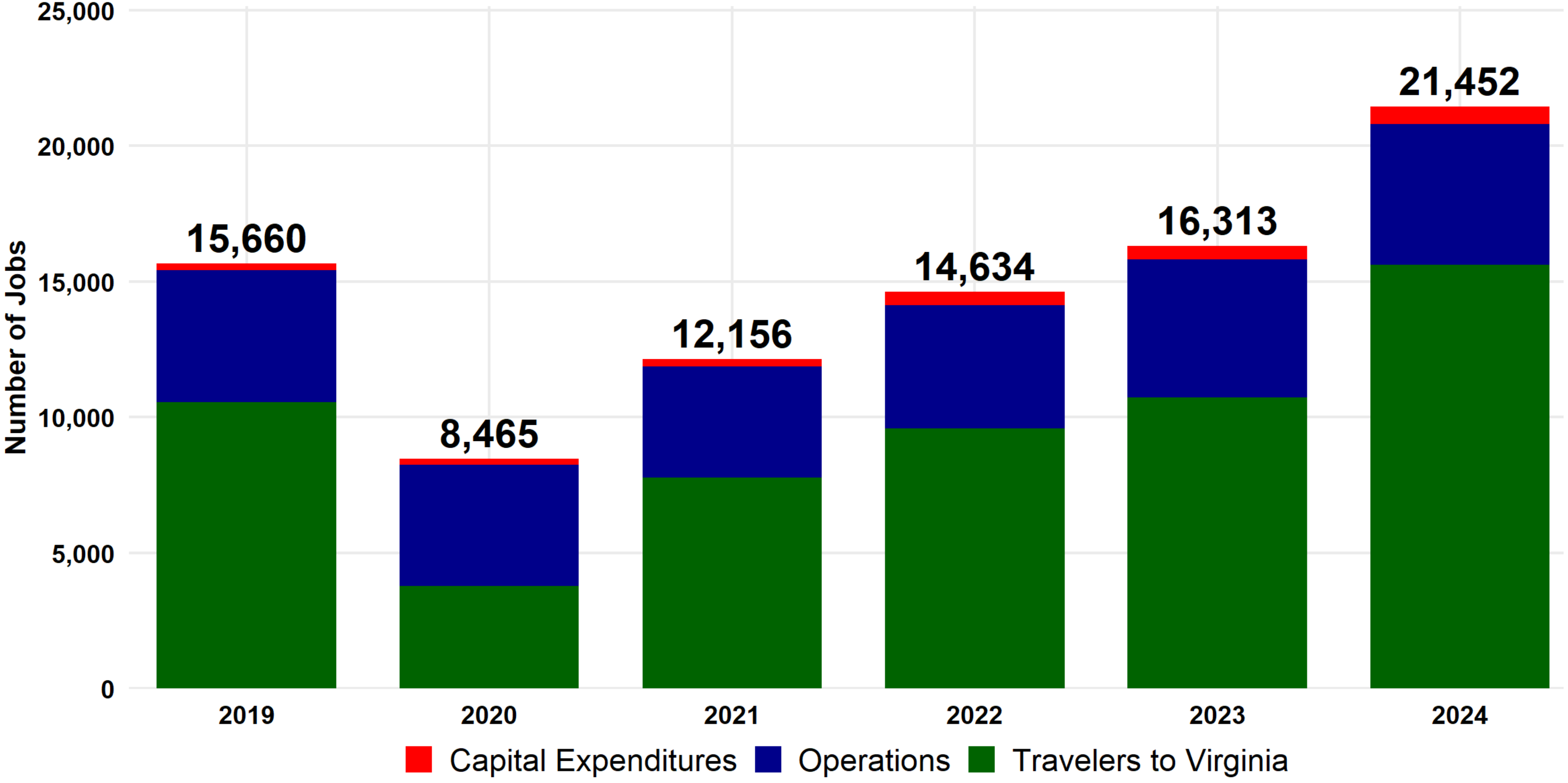
Sources: Norfolk Airport Authority and Dragas Center for Economic Analysis and Policy.

Share of Non-Resident Commercial Service Passengers
Norfolk International Airport, 2016 - 2024

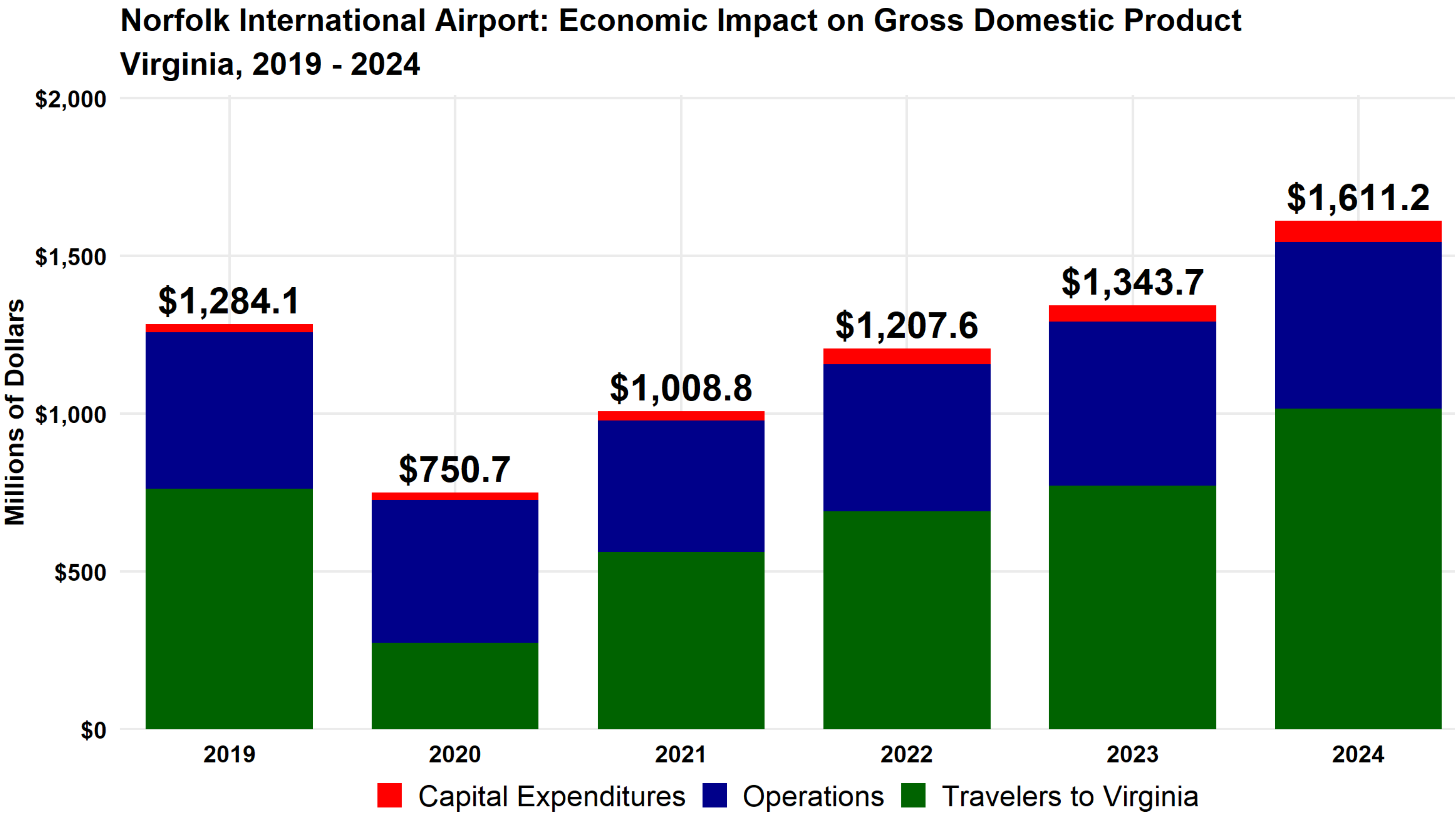


Sources: Norfolk Airport Authority and Dragas Center for Economic Analysis and Policy.

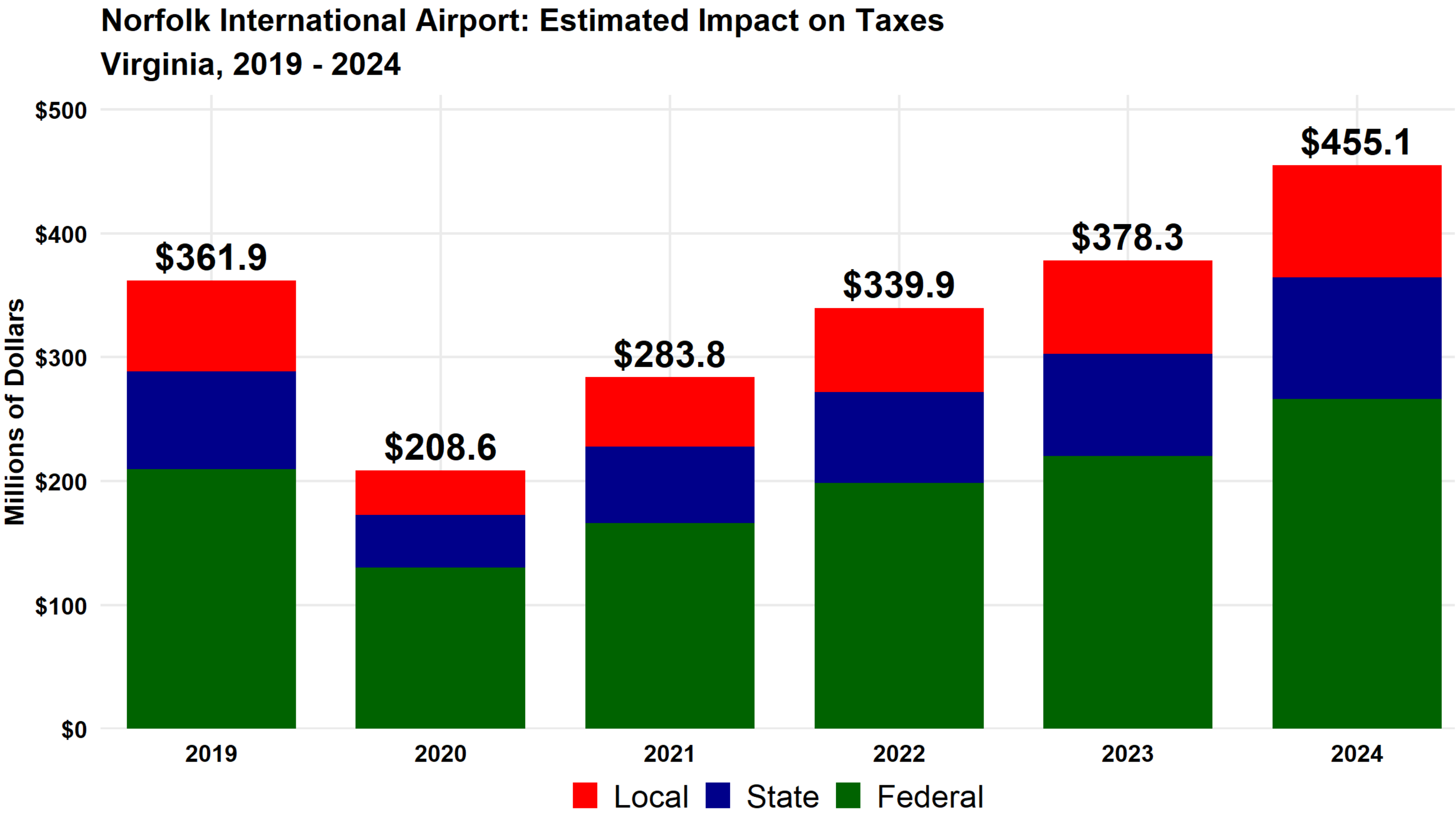
Norfolk International Airport: Economic Impact on Nonfarm Payrolls
Virginia, 2019 - 2024



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



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



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

Challenges Abound for Growth in 2026

- Economic data continues to lag policy, however, there is strong evidence that the Hampton Roads, Virginia, and national economies have slowed and will continue to slow in the second half of 2025.

- While record-setting tariff revenues may appear to be positive news, these revenues are the result of higher import taxes on American consumers and businesses. If sustained, these tariffs would represent the largest increase in federal taxes in revenue and percentage of GDP in over 50 years.

- Hampton Roads is relatively vulnerable to changes in federal policy. While increases in defense spending may lessen some of the economic pain from the reduction in federal employment and higher tariffs, our dependence on defense spending is both a strength and a weakness.

- Working together regionally is now more important than ever to foster private sector growth and diversify the region’s economic base. To do otherwise is to put our collective fate in the hands of policymakers in Richmond and Washington, D.C.

Upcoming Publications and Events

-- State of the Commonwealth Report (December 2025)

-- Annual Economic Forecast (January 2026)

-- Mid-year Economic Forecast (June 2026)

-- State of the Region Report (October 2026)

-- Text **CEAPODU** to **66866** to join our email list.

-- Our public presentation materials can be found at our website: **www.ceapodu.com**