



2021 Mid-Year Economic Forecast

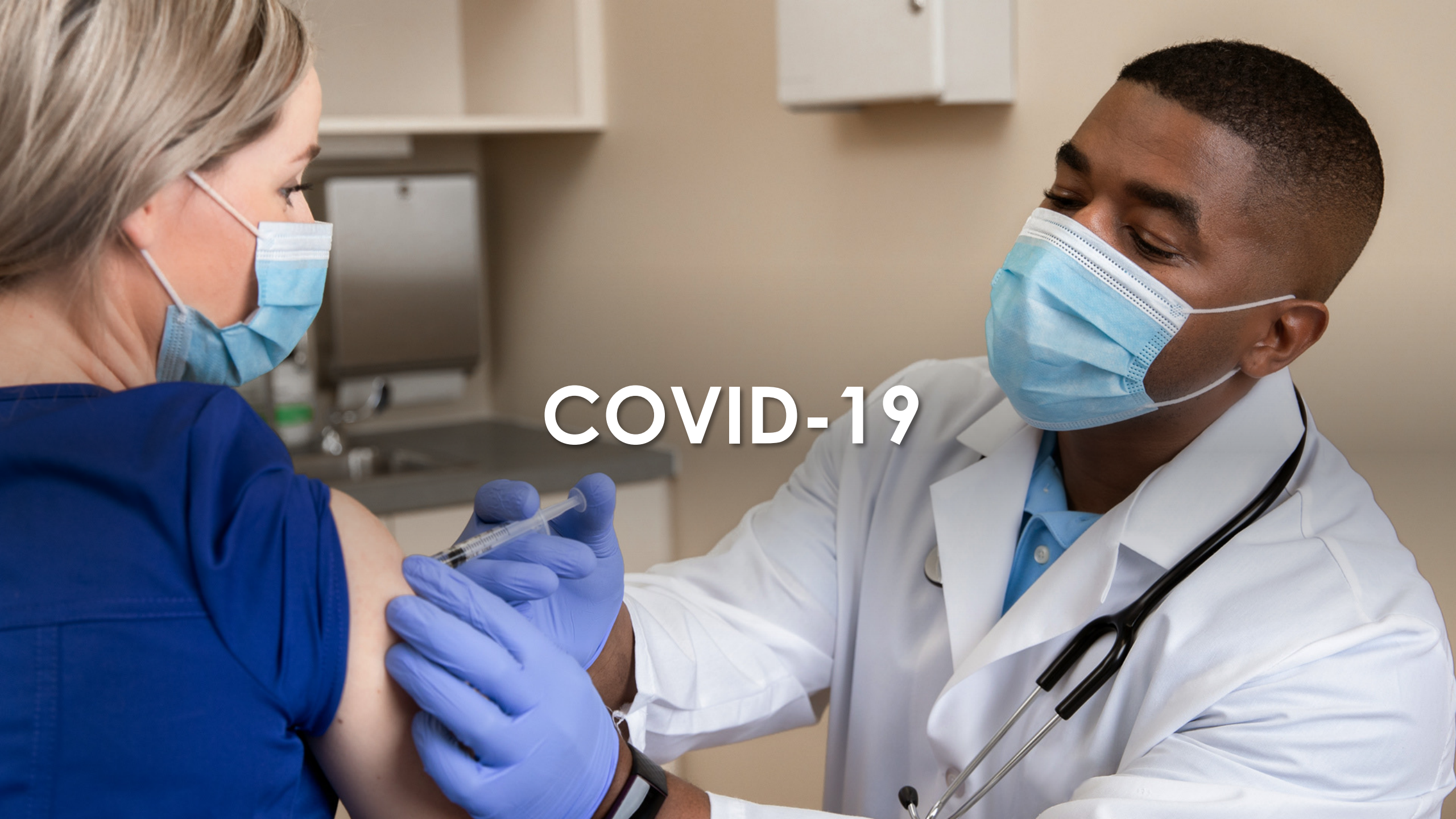
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Dragas Center for Economic Analysis and Policy
Strome College of Business
Old Dominion University

June 17, 2021





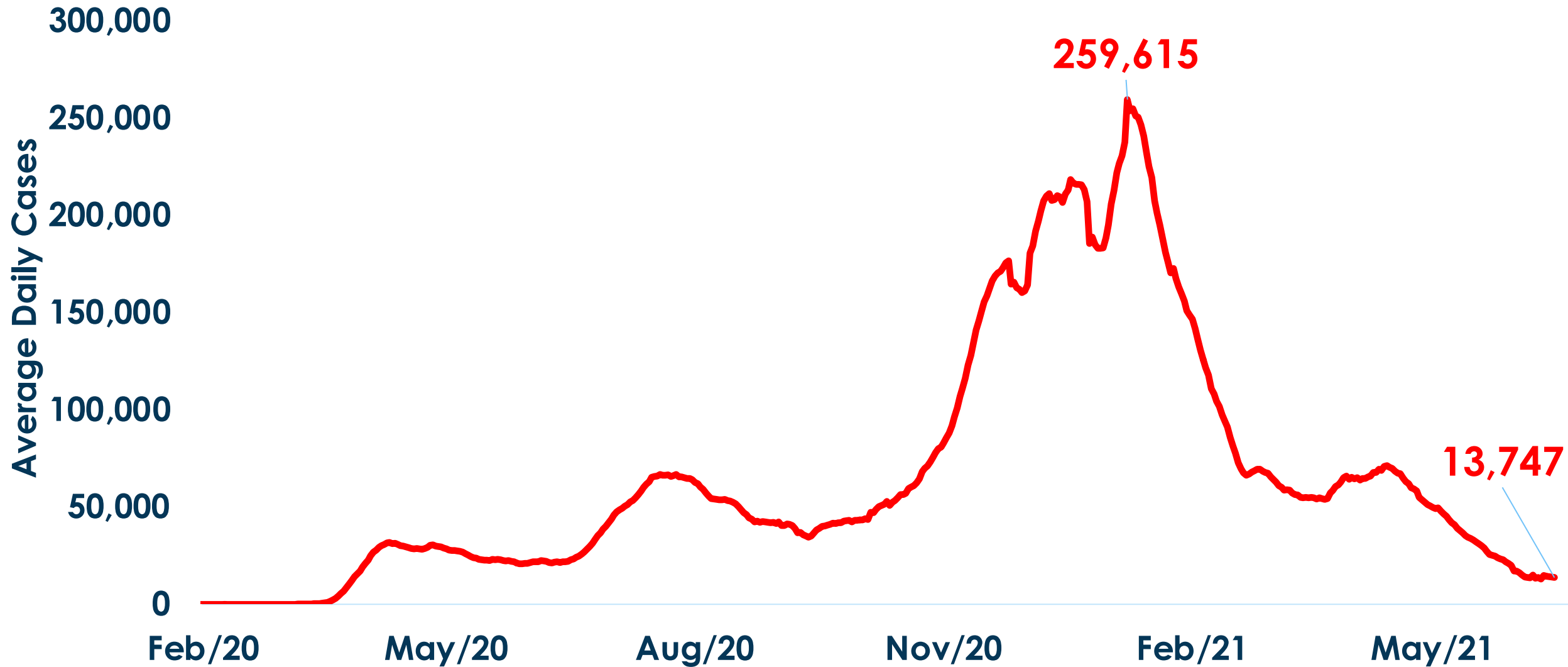
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COVID-19

7-Day Moving Average of Daily COVID-19 Infections

United States, January 21, 2020 – June 15, 2021



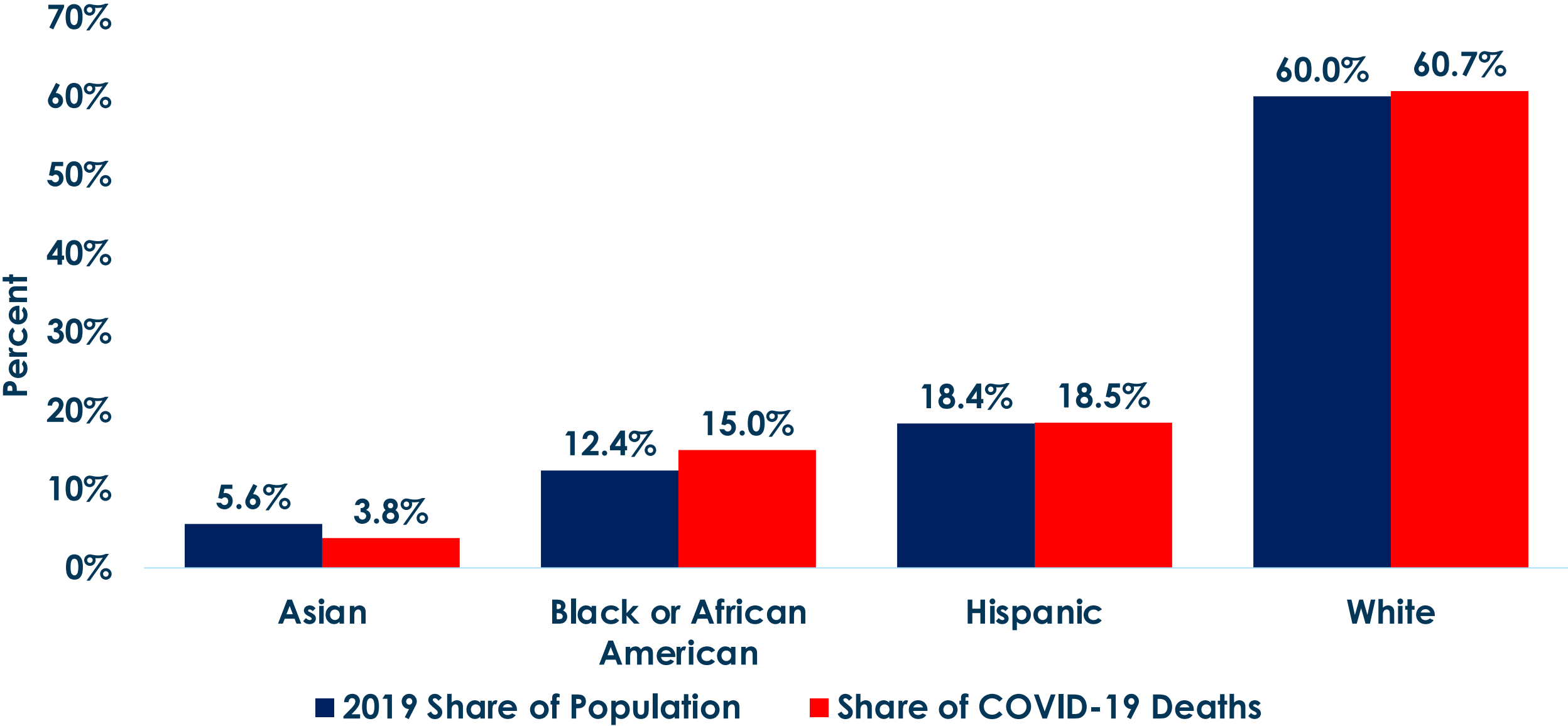
7-Day Moving Average of COVID-19 Deaths

United States, January 21, 2020 – June 15, 2021



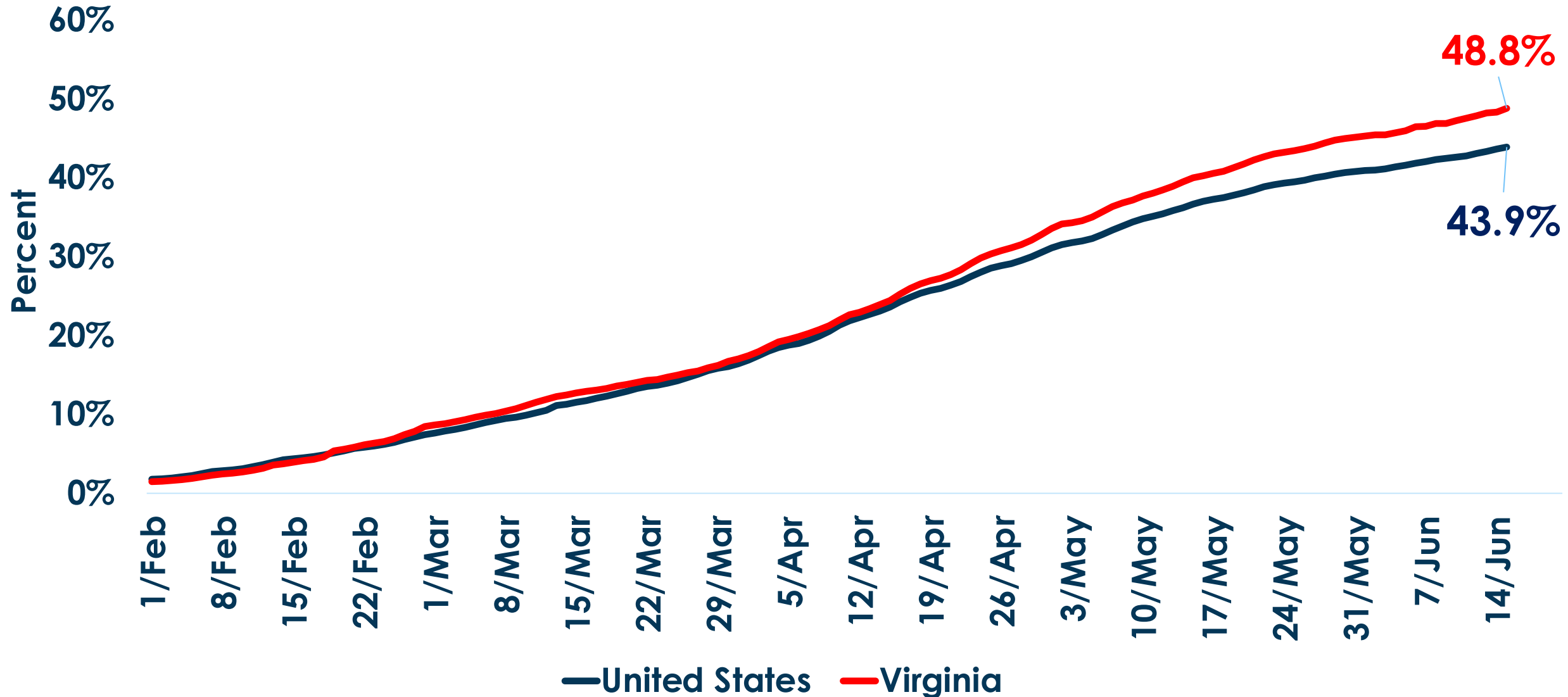
SARS-COV-2 (COVID-19) Deaths By Race, United States

January 1, 2020 – June 5, 2021



Percent of Population Fully Vaccinated Against COVID-19

United States and Virginia, February 1, 2021 – June 15, 2021

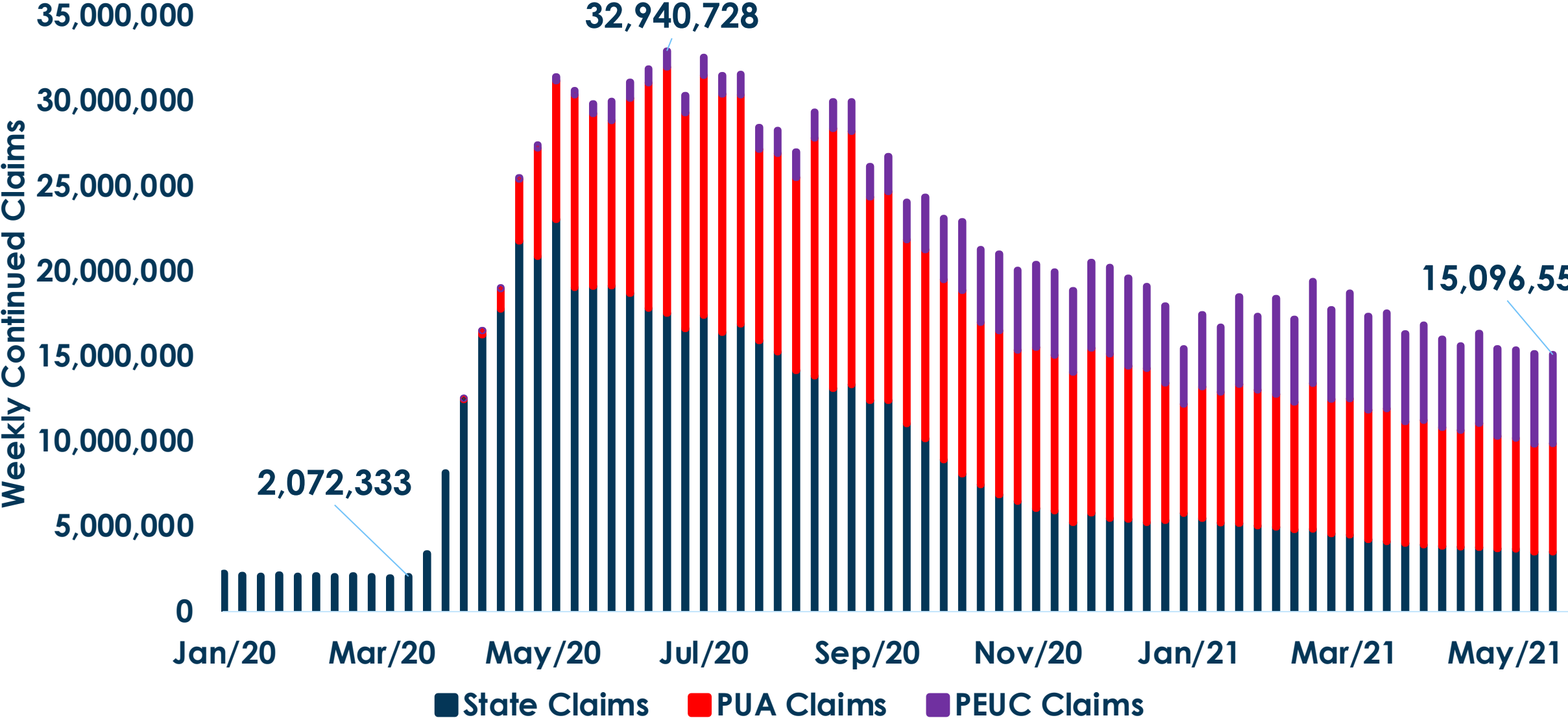




**Shock,
Rebound,
Recovery**

Continued Claims for Unemployment Insurance

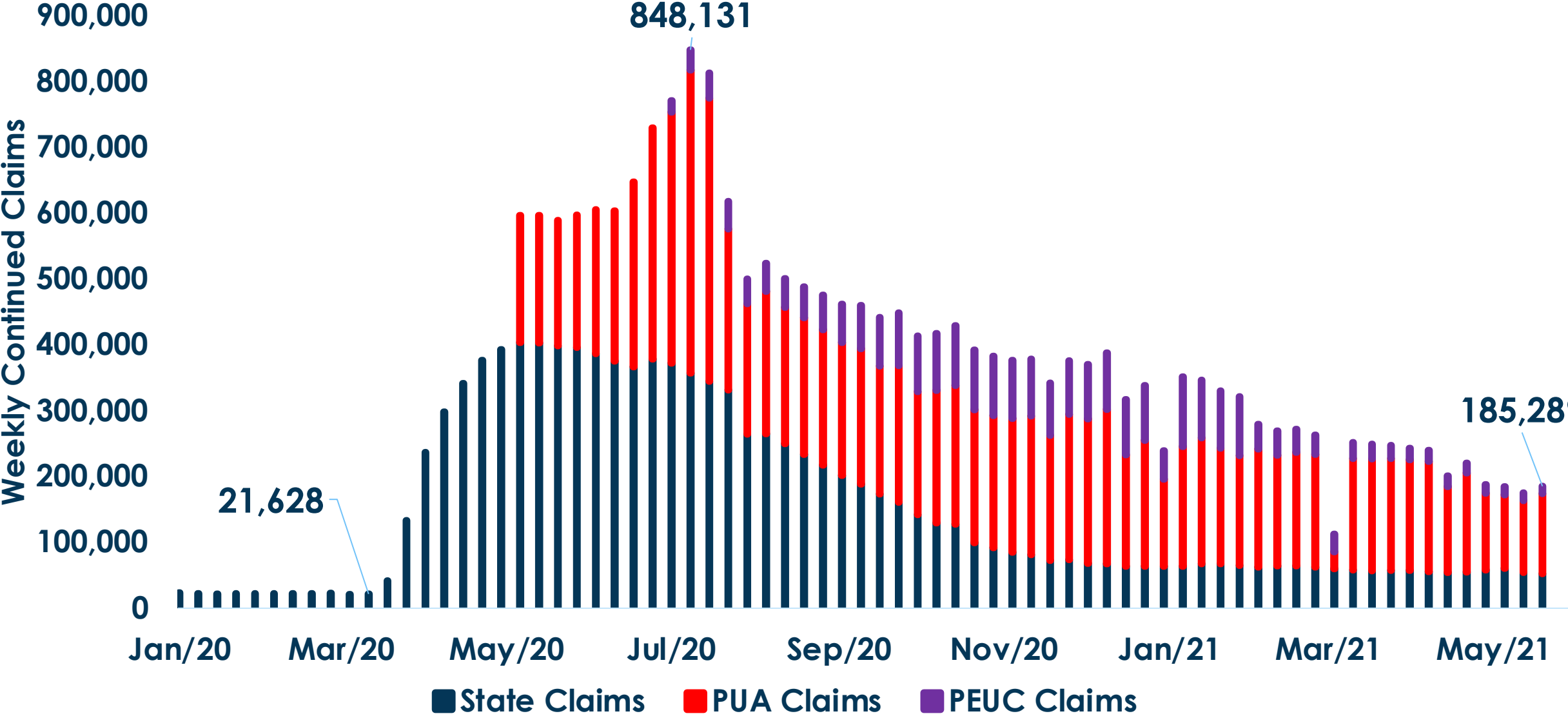
United States, January 4, 2020 – May 22, 2021



Sources: Department of Labor and Dragas Center for Economic Analysis and Policy. Non-seasonally adjusted initial claims for state UI, PUA, and PEUC continued claims which account for approximately 99% of all continuing unemployment claims. UI claims for the week ending on the horizontal axis.

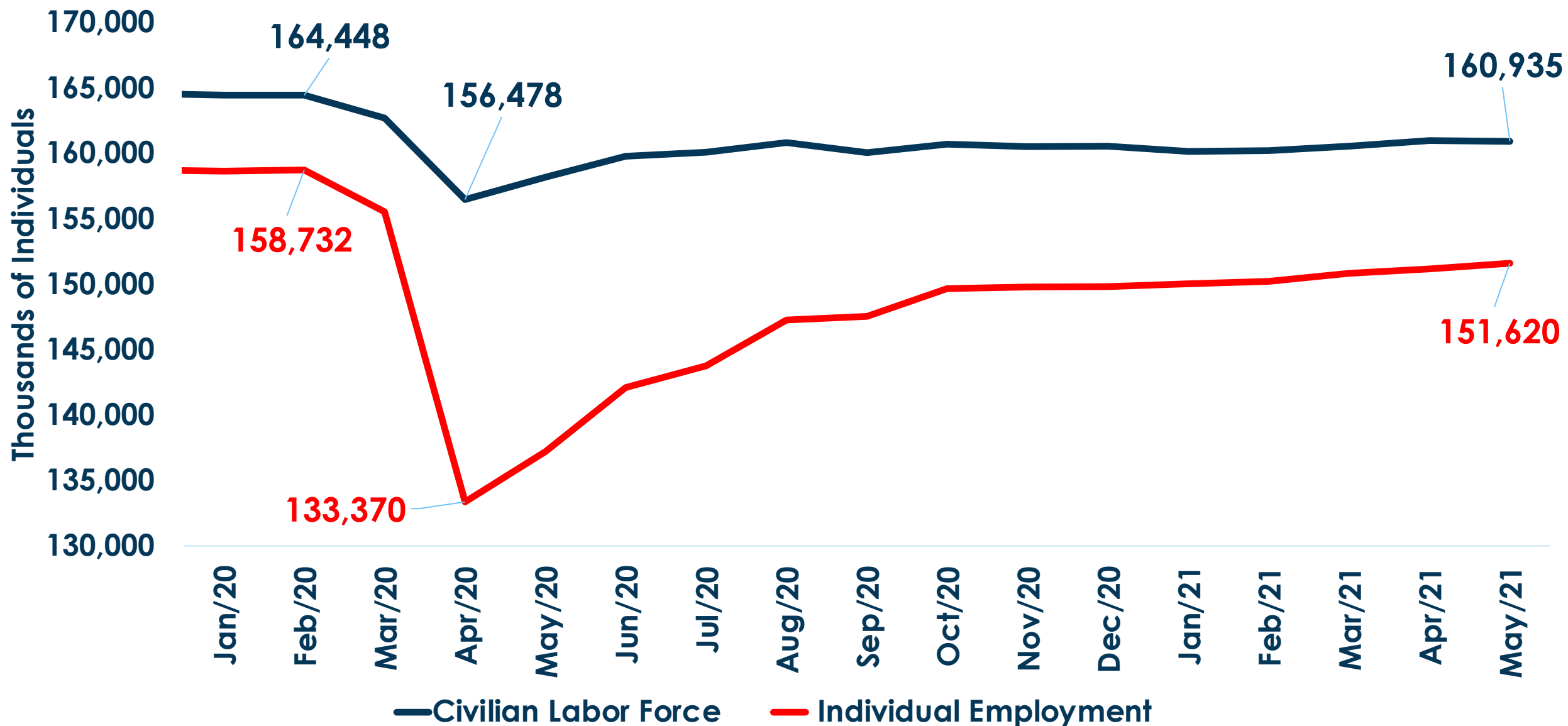
Continued Claims for Unemployment Insurance

Virginia, January 4, 2020 – May 22, 2021

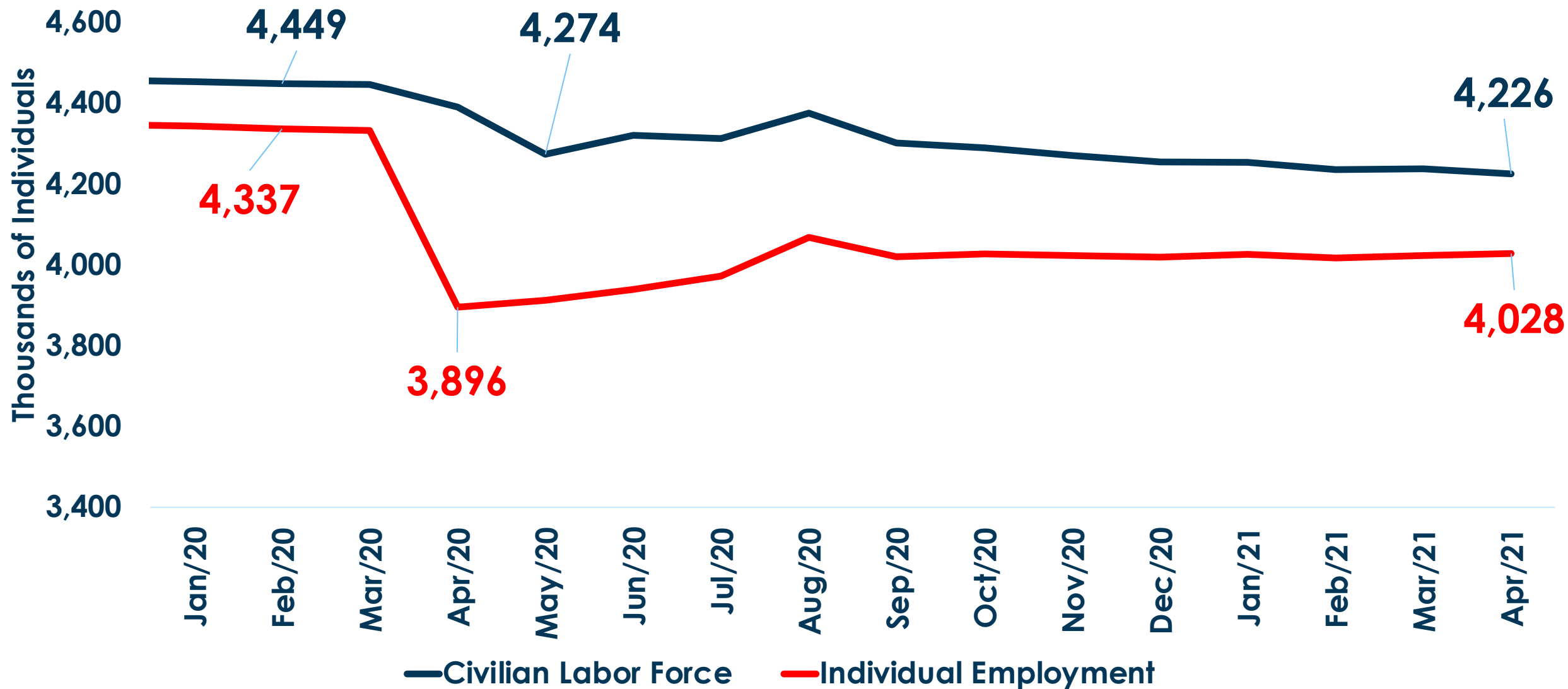


Sources: Department of Labor and Dragas Center for Economic Analysis and Policy. Non-seasonally adjusted initial claims for state UI, PUA, and PEUC continued claims which account for approximately 99% of all continuing unemployment claims. UI claims for the week ending on the horizontal axis.

Civilian Labor Force and Individual Employment United States, January 2020 – May 2021

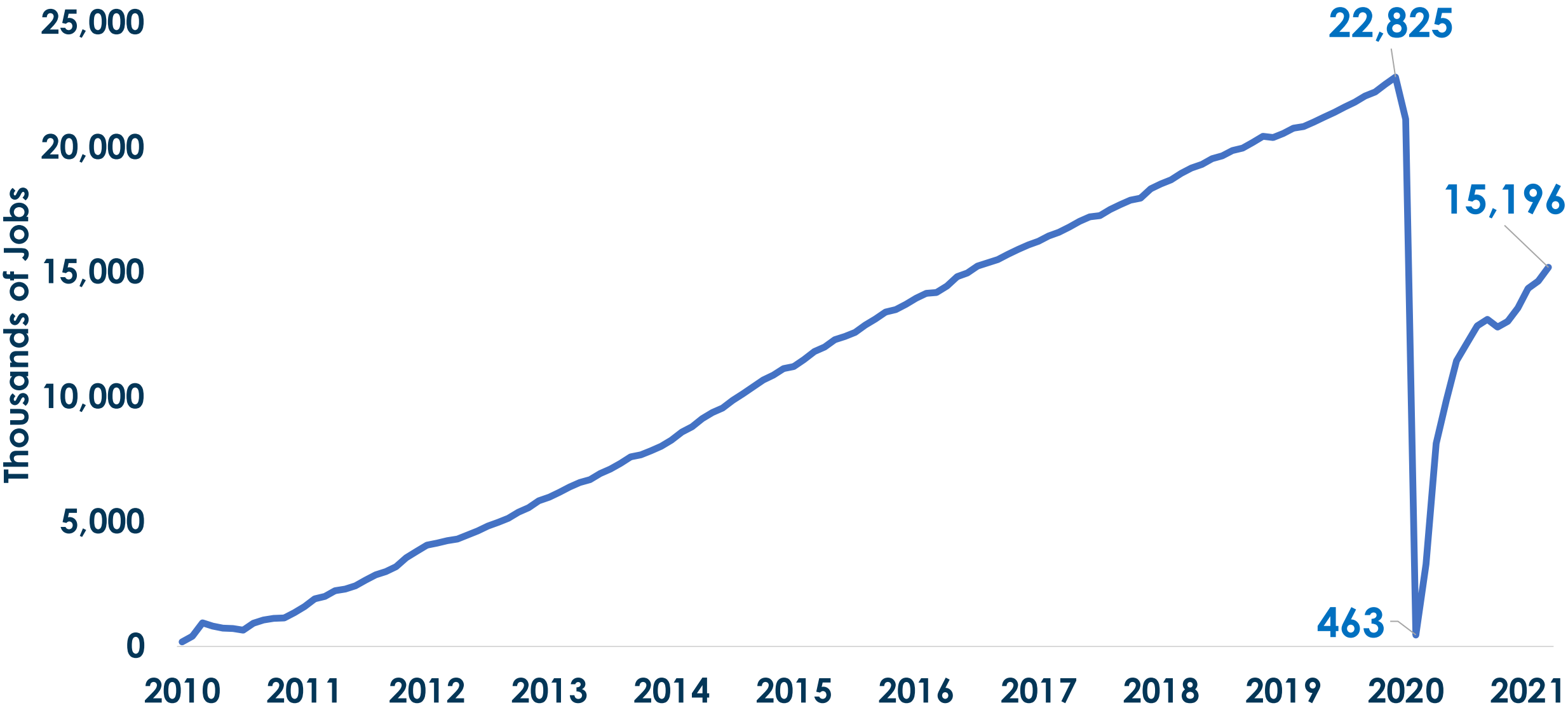


Civilian Labor Force and Individual Employment Virginia, January 2020 – April 2021



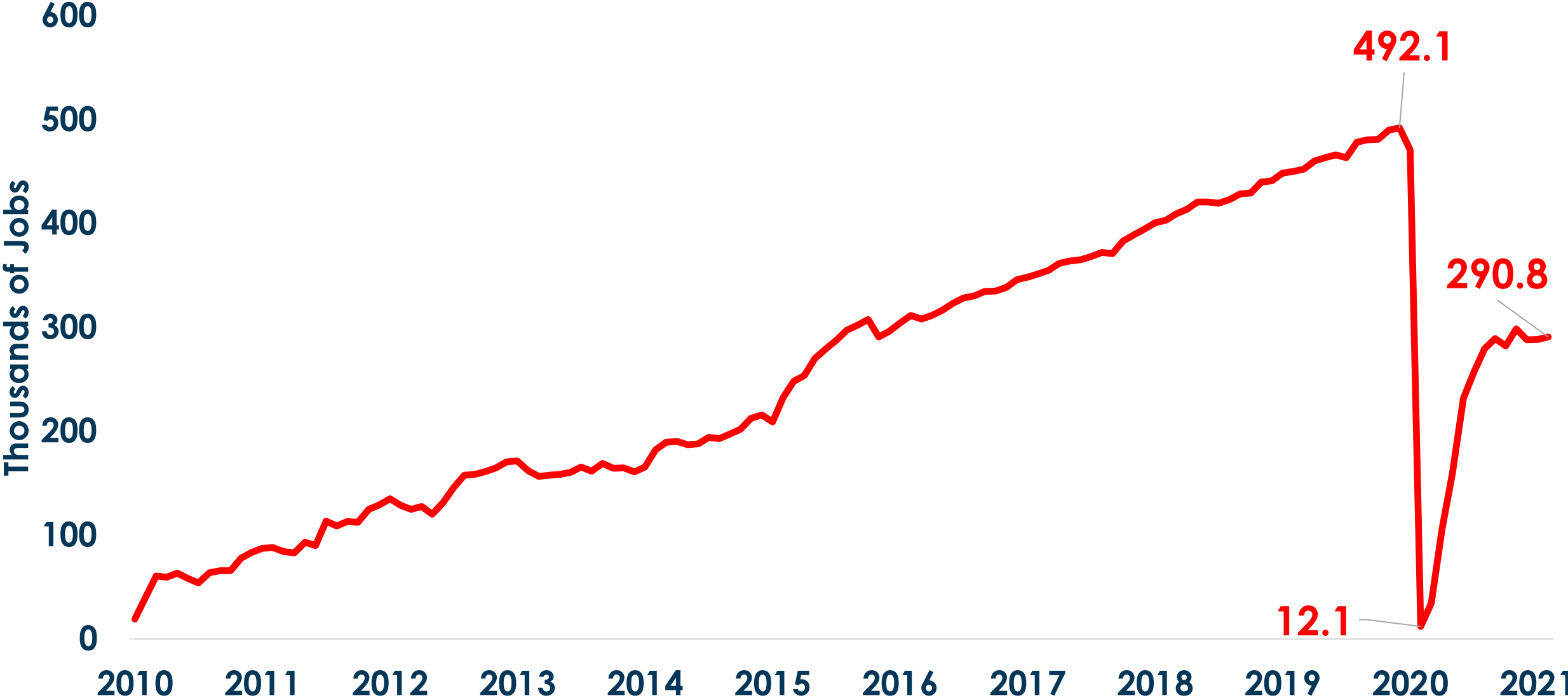
Cumulative Growth in Nonfarm Payrolls

United States, February 2010 – May 2021



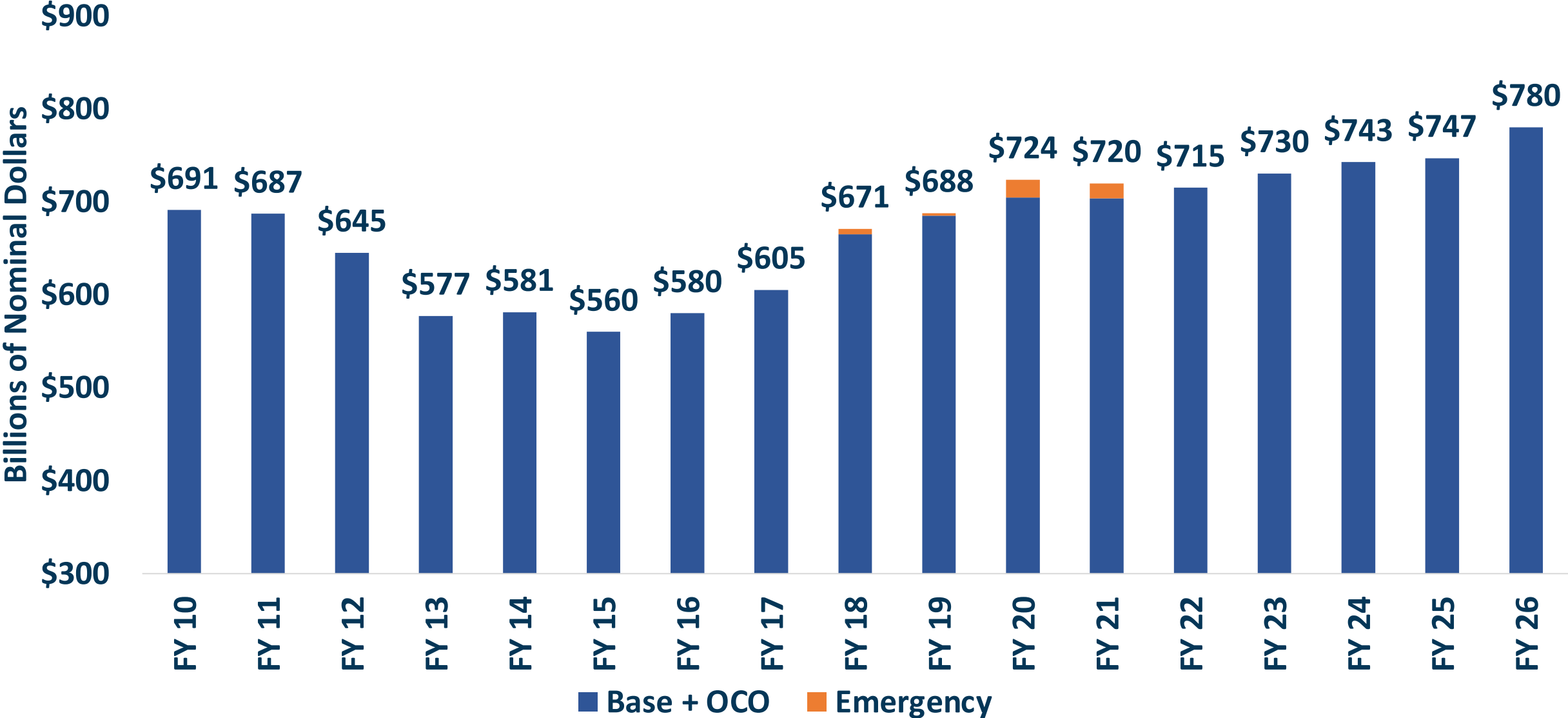
Cumulative Growth in Nonfarm Payrolls

Virginia, February 2010 – April 2021



Department of Defense Discretionary Budget Authority

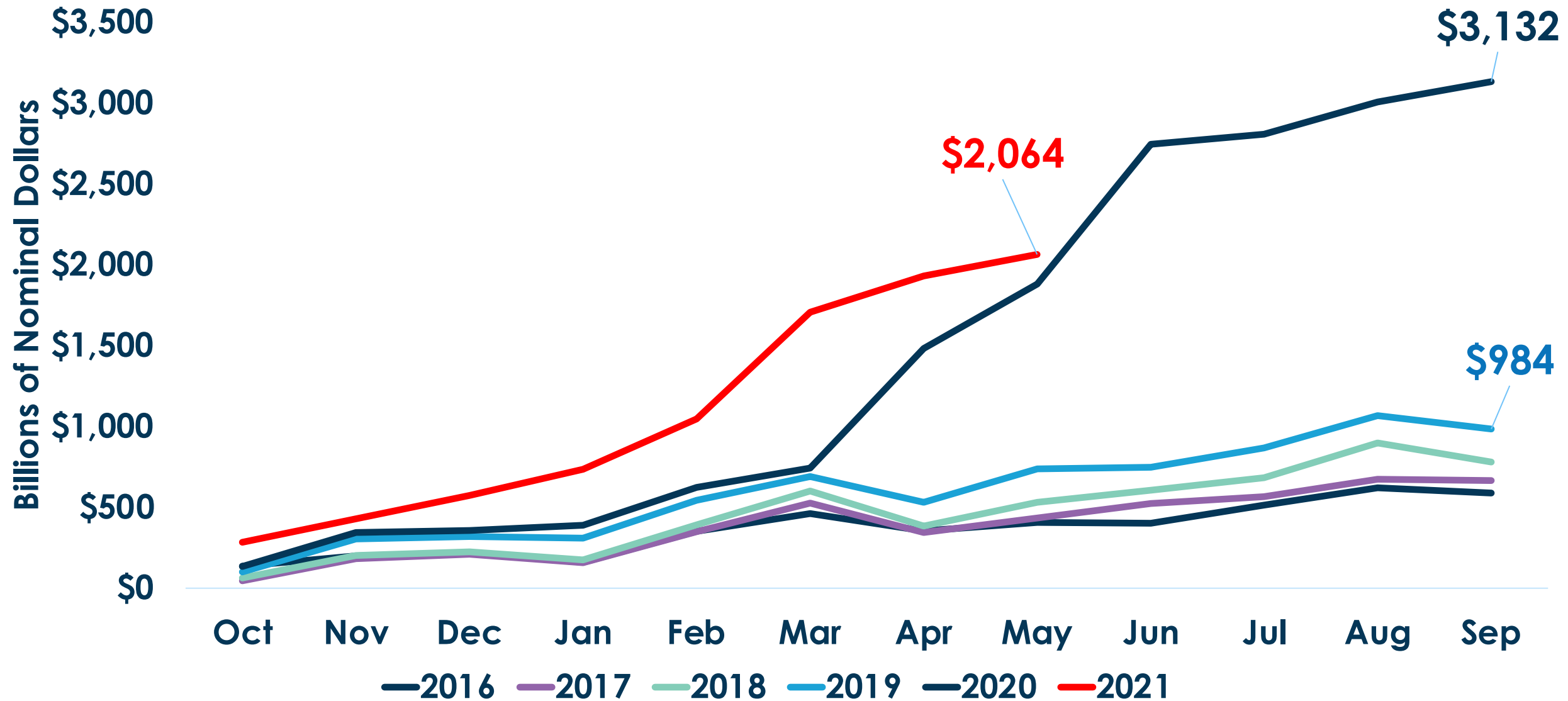
Fiscal Year 2010 – Fiscal Year 2026



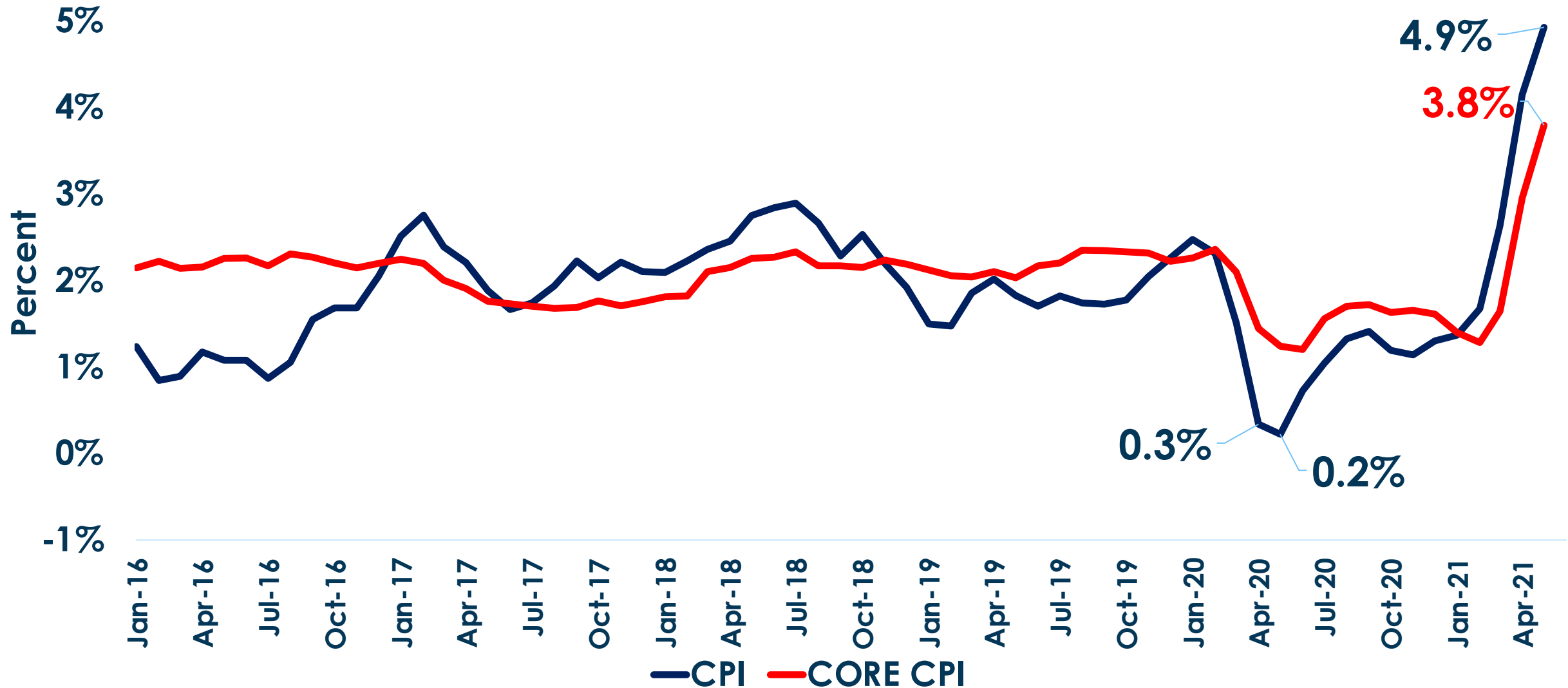
Sources: Dragas Center for Economic Analysis and Policy, OMB FY 2022 Presidential Budget and OSD (Comptroller) National Defense Budget Estimates for FY 22. The FY 22 Budget presentation includes OCO in the DoD base budget. For backwards comparison, we present the DoD base as the sum of base funding and OCO funding.

Cumulative U.S. Federal Government Deficit by Month

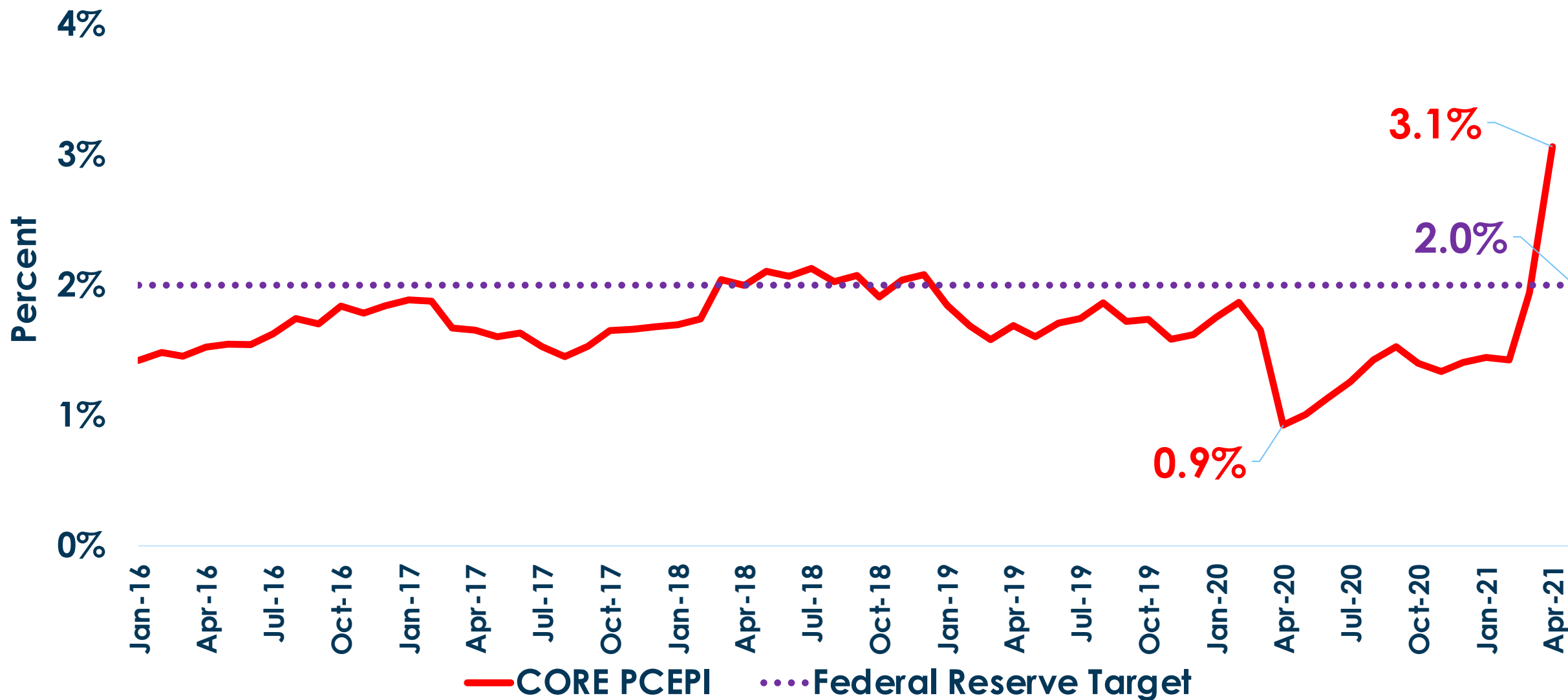
January 2016 – May 2021



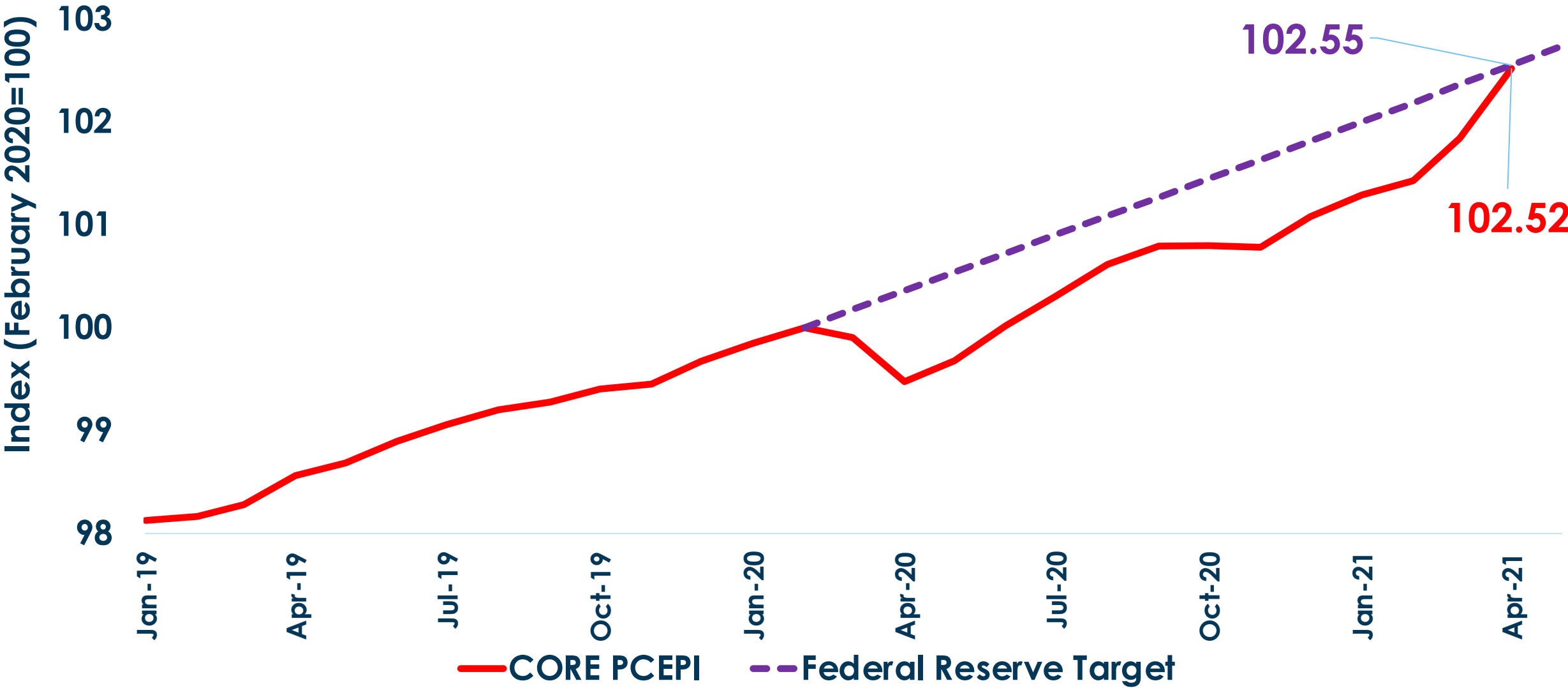
Year-Over-Year Change in Consumer Prices United States, January 2016 - May 2021



Year-Over-Year Change in Core Personal Consumption Expenditure Index: United States, January 2016 - April 2021



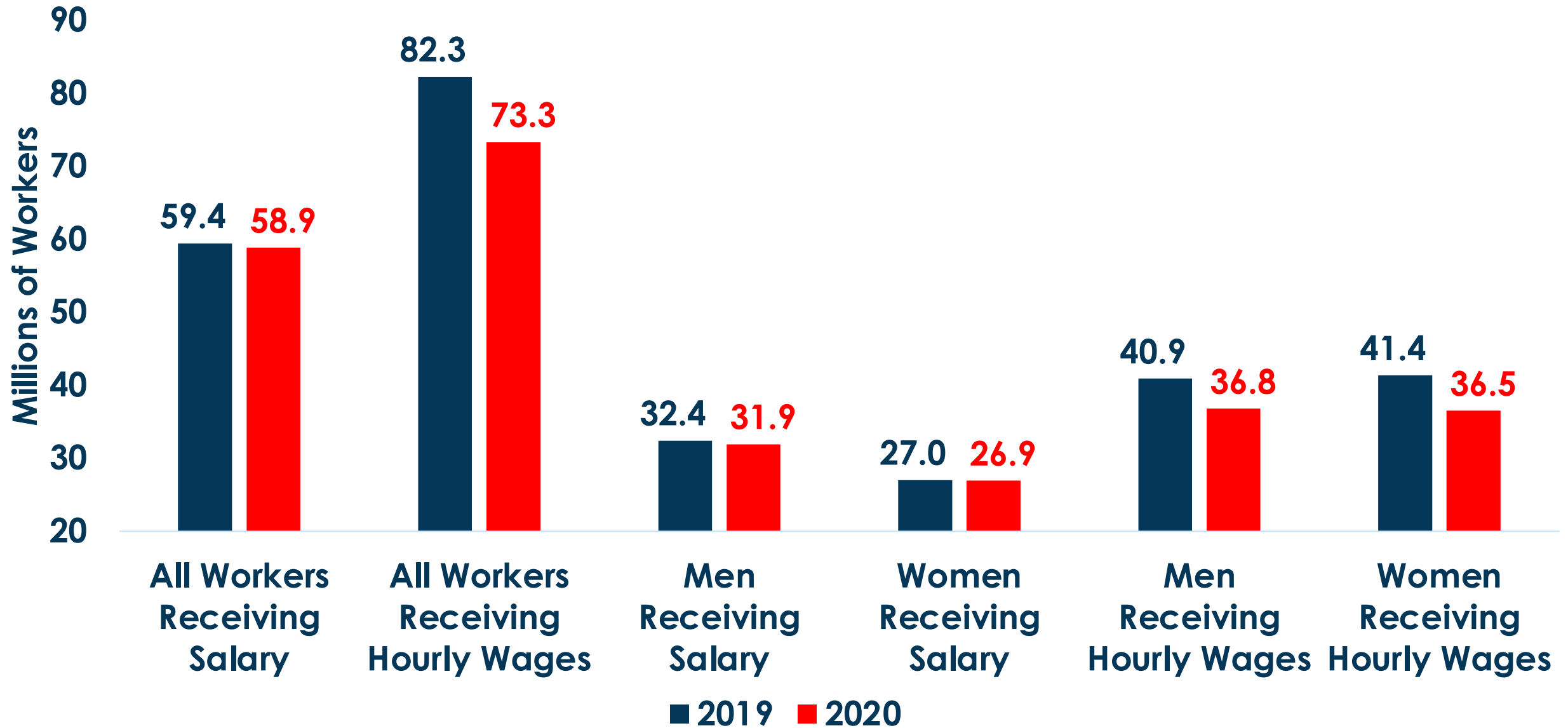
Personal Consumption Expenditure Core Price Index, United States, January 2019 - April 2021





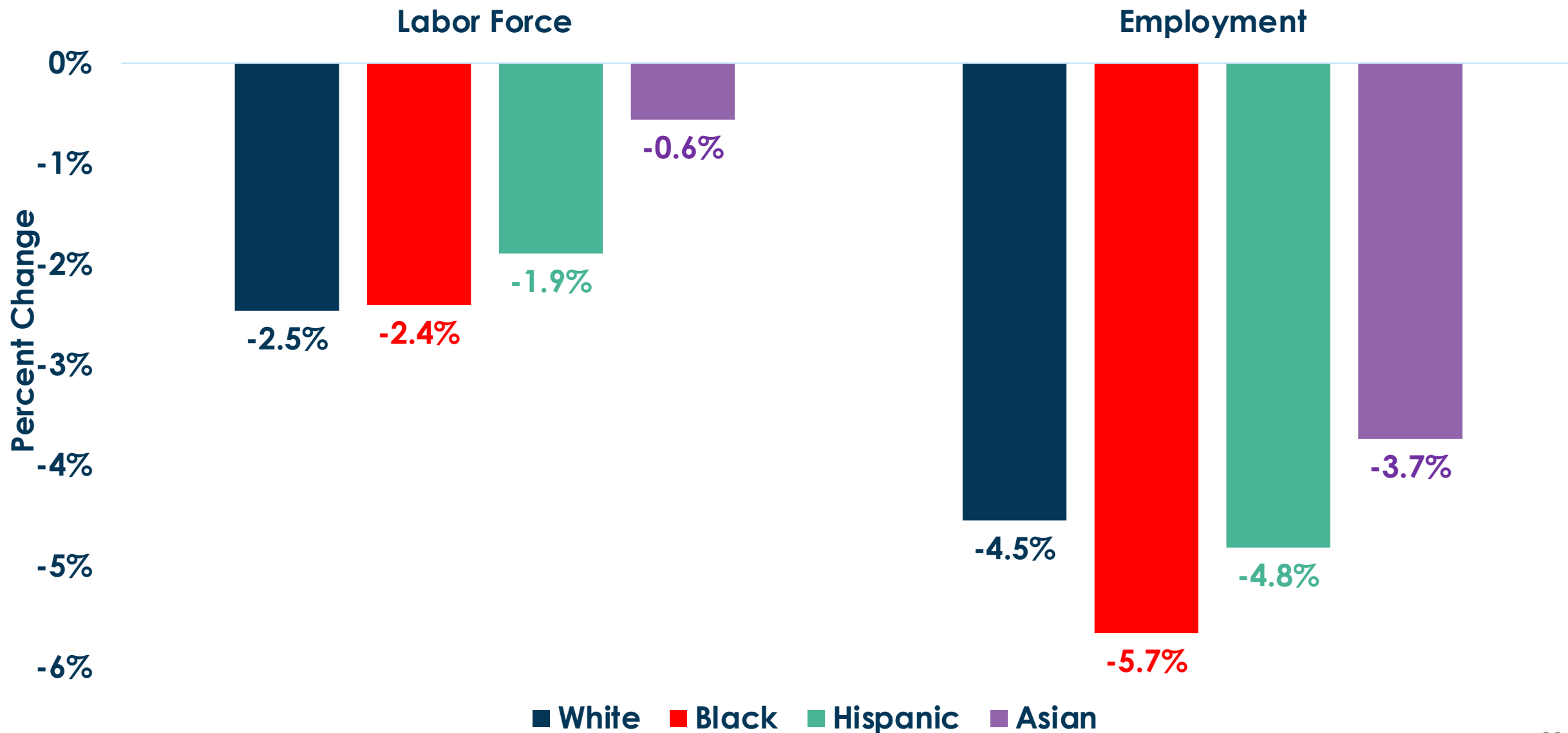
A K-Shaped Recovery

Wage and Salary Workers United States, 2019 and 2020

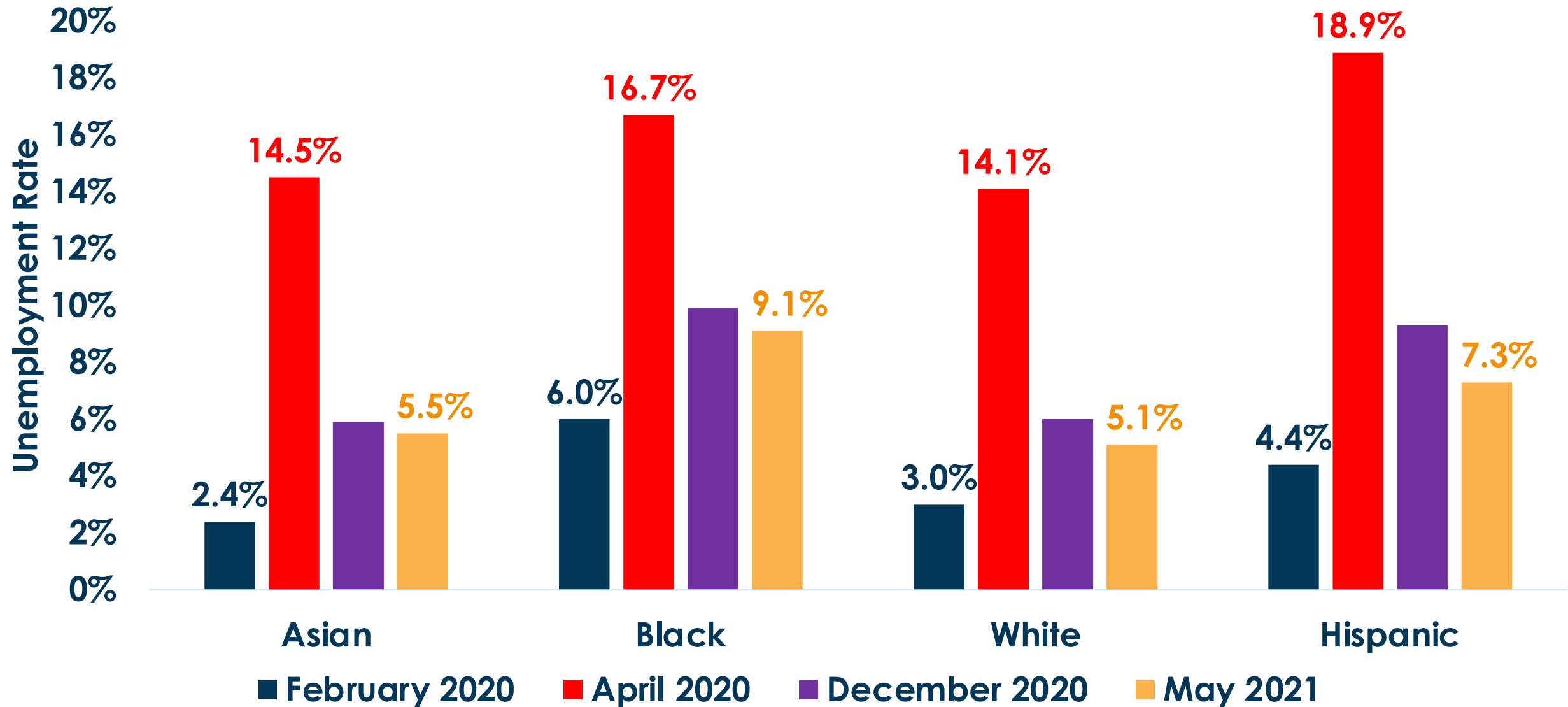


Decline in Civilian Labor Force and Employment by Race

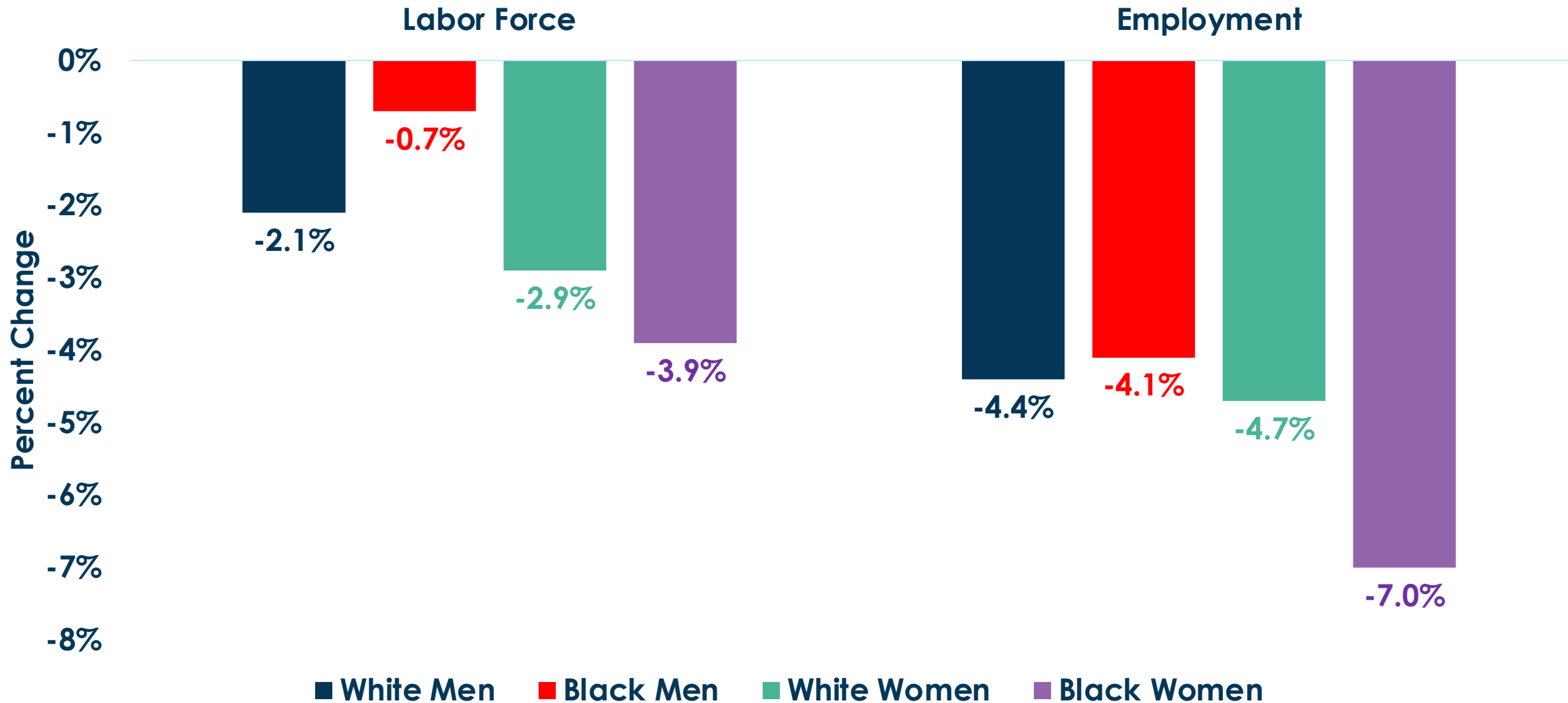
United States, February 2020 to May 2021



Unemployment Rate by Race United States

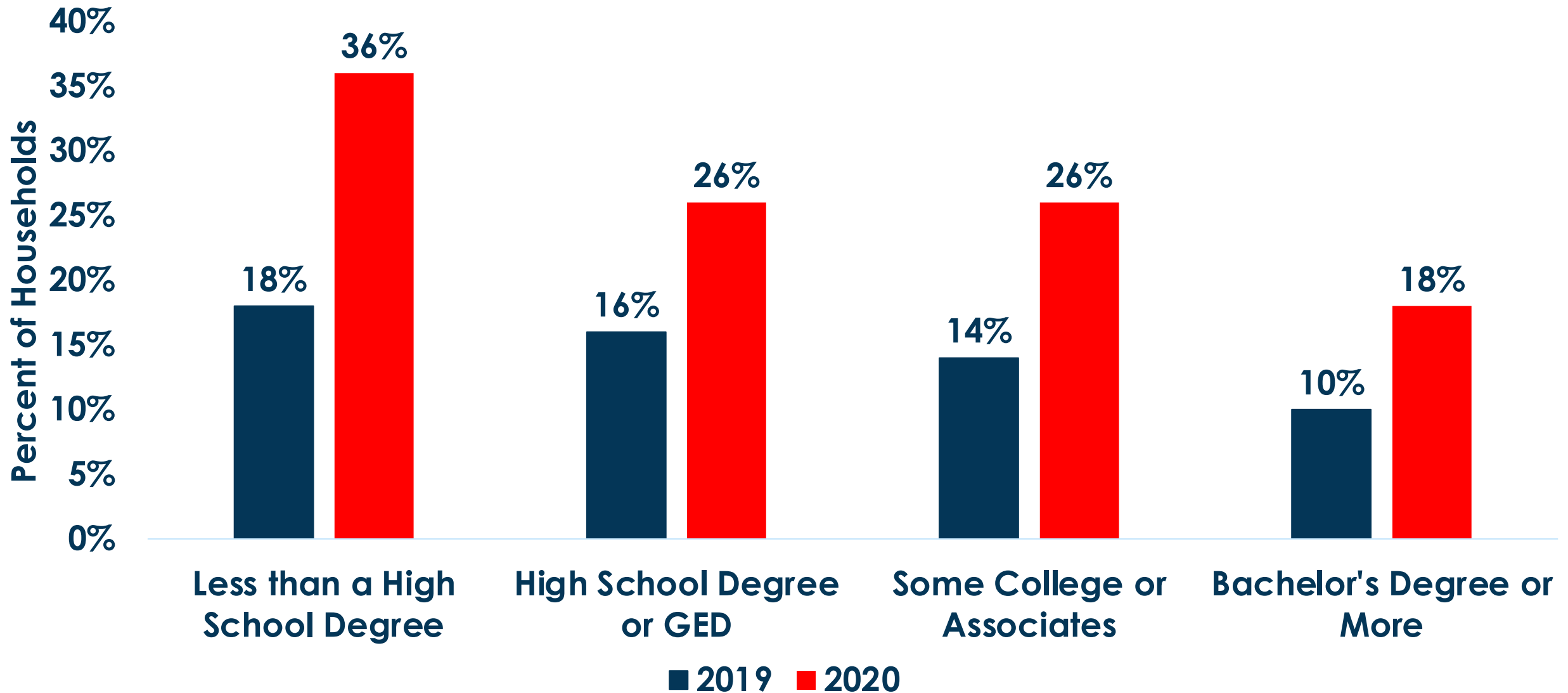


Decline in Civilian Labor Force and Employment by Race and Gender United States, February 2020 to May 2021



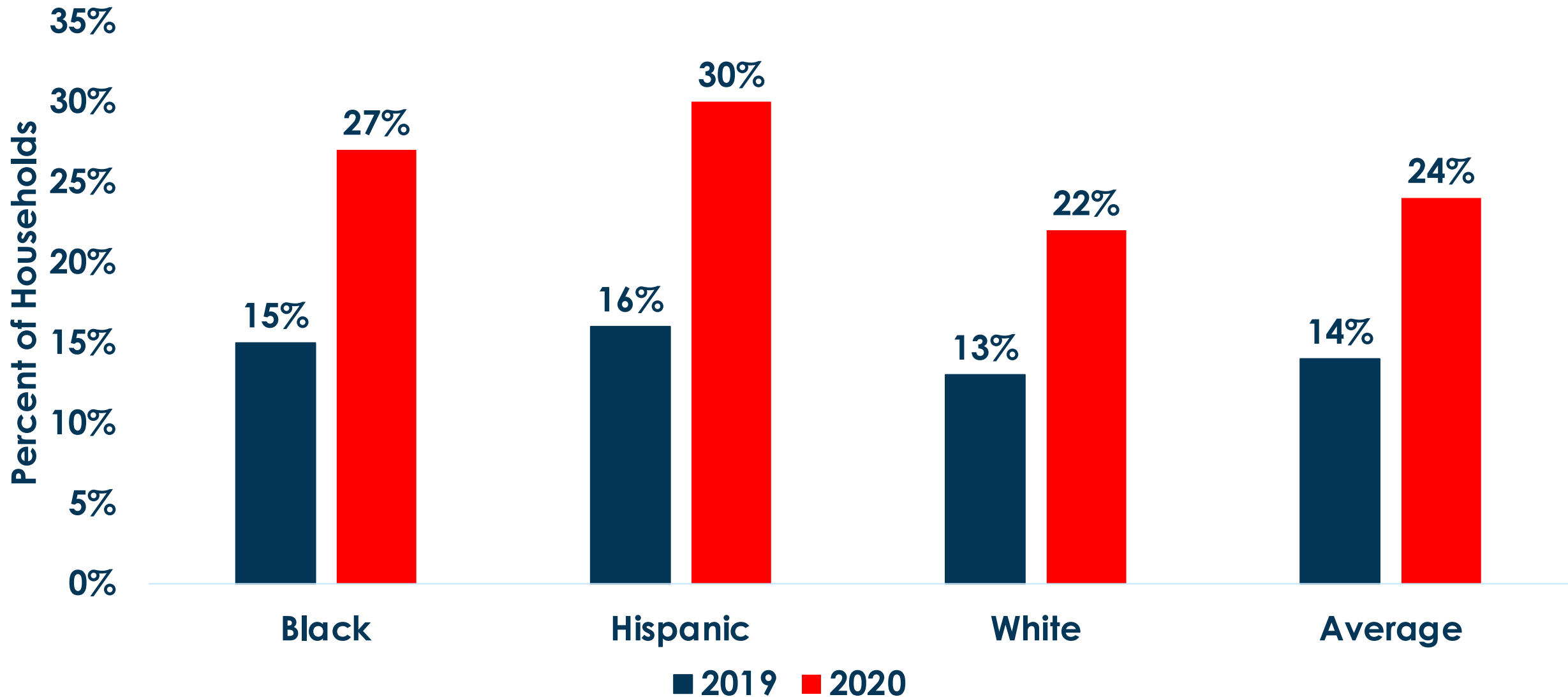
Adults Doing Worse Financially Than 12 Months Ago

United States, 2019 - 2020



Adults Doing Worse Financially Than 12 Months Ago

United States, 2019 - 2020



A Disproportionate Shock

- Relative to the share of the population, Black individuals were more likely to be hospitalized and die from COVID-19.
- The economic shock disproportionately impacted Black and Hispanic workers relative to Asian and White workers. Women exited the labor force and their employment declined at higher rates than men.
- Salaried workers were largely shielded from job losses and hence losses in income and wealth.
- Workers in relatively labor-intensive industries were largely unable to work remotely and experienced higher rates of furlough and job loss.
- Increases in median housing values and rental prices coupled with increasing gas and food prices continue to undermine income gains of the past decade for many groups.



The Outlook

Improving Growth, Challenges Remain

- COVID-19 vaccines continue to drive improvements in business and consumer sentiment.
- Vaccine hesitancy and resistance will lead to local outbreaks of COVID-19.
- Supply-chain constraints will challenge sectoral growth through 2021.
- A 'relief cliff' is coming in September as many COVID emergency programs expire.
- Additional stimulus is unnecessary and would increase inflationary expectations.
- Disinformation and media-driven politics have created enclaves of Americans with separate worldviews. Can American democracy survive tribalism?
- Even with these challenges, the United States and Virginia will experience a robust expansion in economic activity and jobs in 2021.

	2019 Actual	2020 Mid-Year Forecast	2020 Actual	2021 Forecast
U.S. Real Gross Domestic Product	2.2%	-5.5%	-3.5%	5.5%
Civilian Job Growth	1.4%	-4.0%	-5.7%	5.2%
Unemployment Rate	3.5%	9.1%	6.7%	5.0%
Consumer Price Index	2.3%	0.8%	1.2%	3.4%
Core Consumer Price Index	2.3%	1.4%	1.7%	2.4%
3-month Treasury Bill	1.6%	0.4%	0.1%	0.2%
10-year Treasury Bill	1.9%	0.8%	0.9%	1.7%
30-year Treasury Bill	2.3%	1.0%	1.6%	2.5%
30-year Conventional Mortgage	3.8%	3.0%	3.1%	3.0%
Federal Deficit	-\$984 Billion	-\$4.0 Trillion	-3.13 Trillion	-4.0 Trillion
Virginia Real GDP	2.2%	-4.0%	-2.5%	4.5%
Virginia Employment Growth	1.1%	-3.0%	-4.3%	4.5%

Notes: Data reflect the annual rate of growth, last month, or business day of the year where appropriate. U.S. Treasuries are constant maturities, annual averages.

2021 Hampton Roads Midyear Economic Forecast

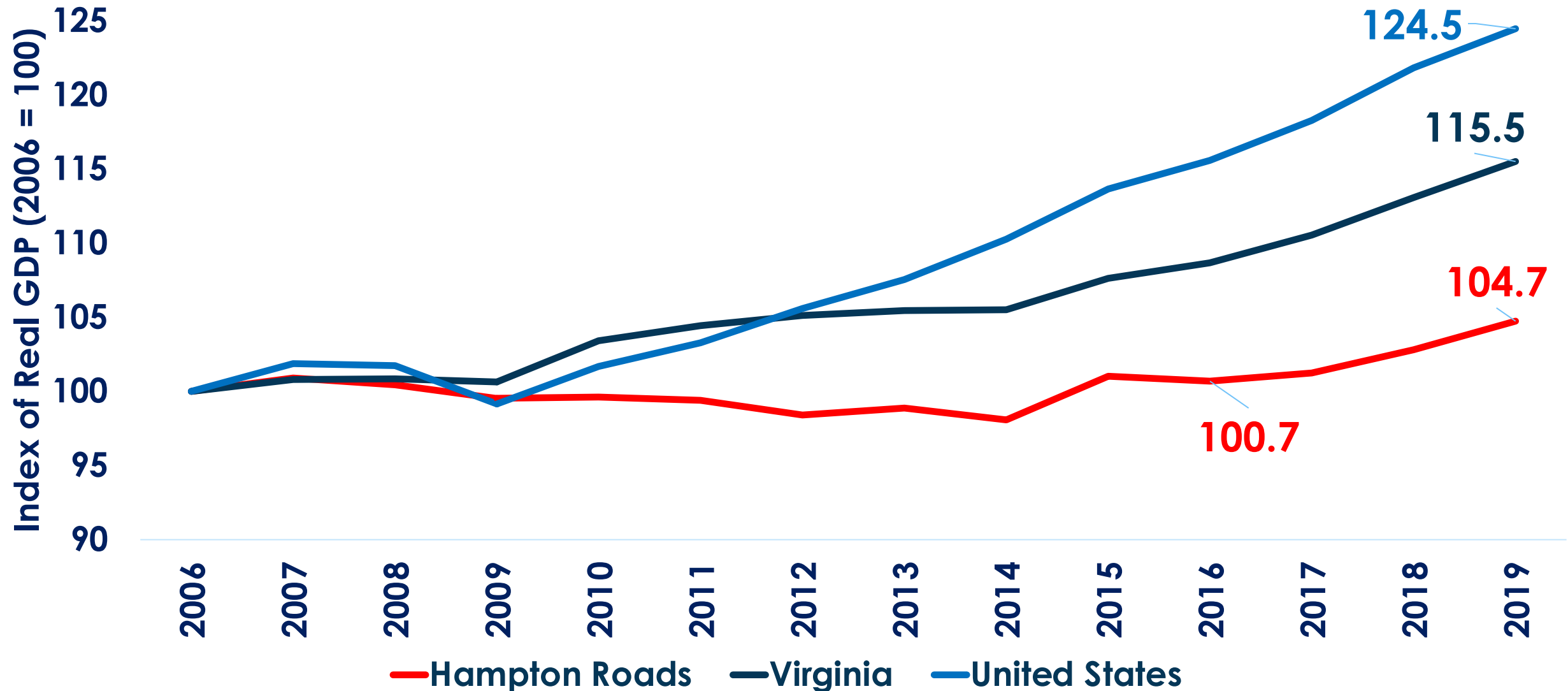
**COVID-19, New
Normal, and the
Regional Economy**





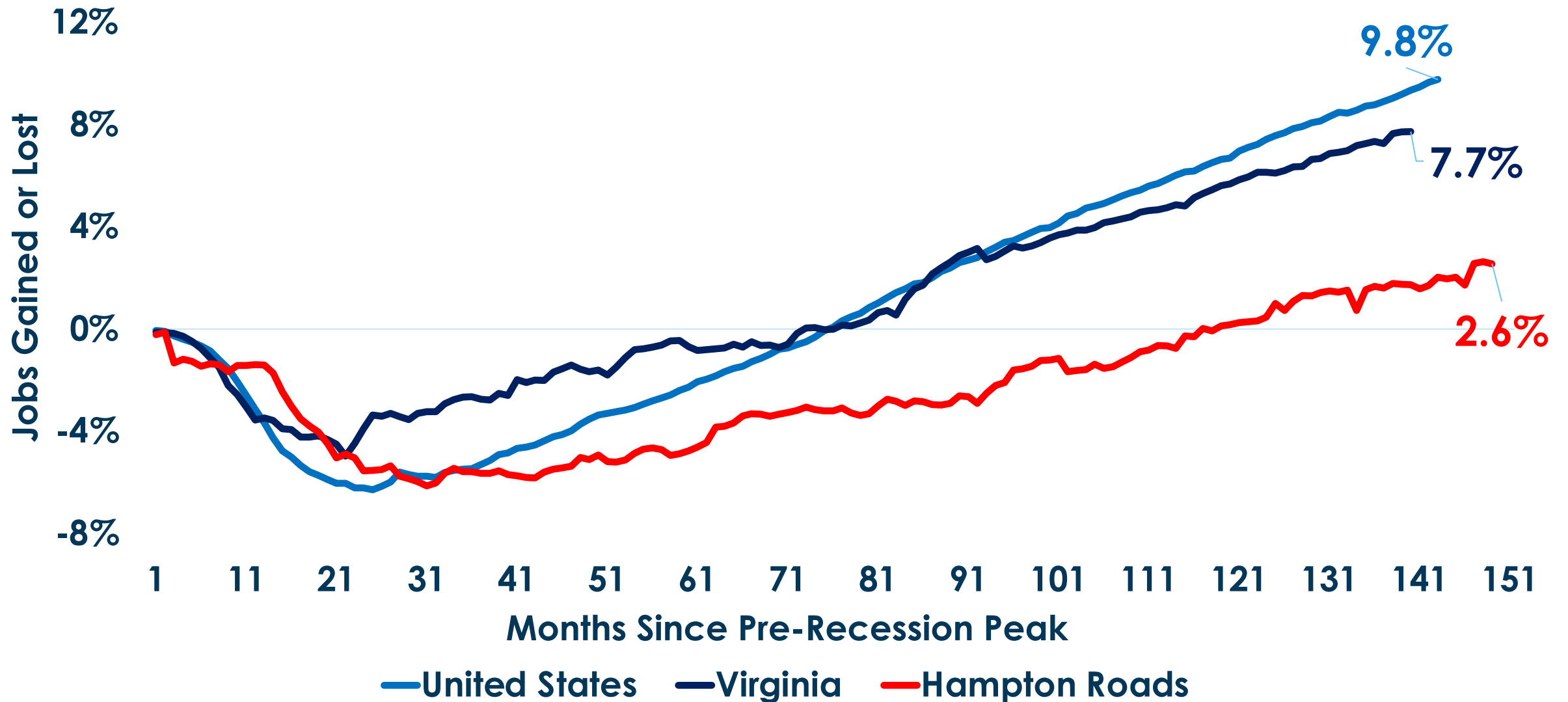
The Expansion Through 2019

Index of Annual Real GDP, 2006 – 2019: Hampton Roads, Virginia, and the United States



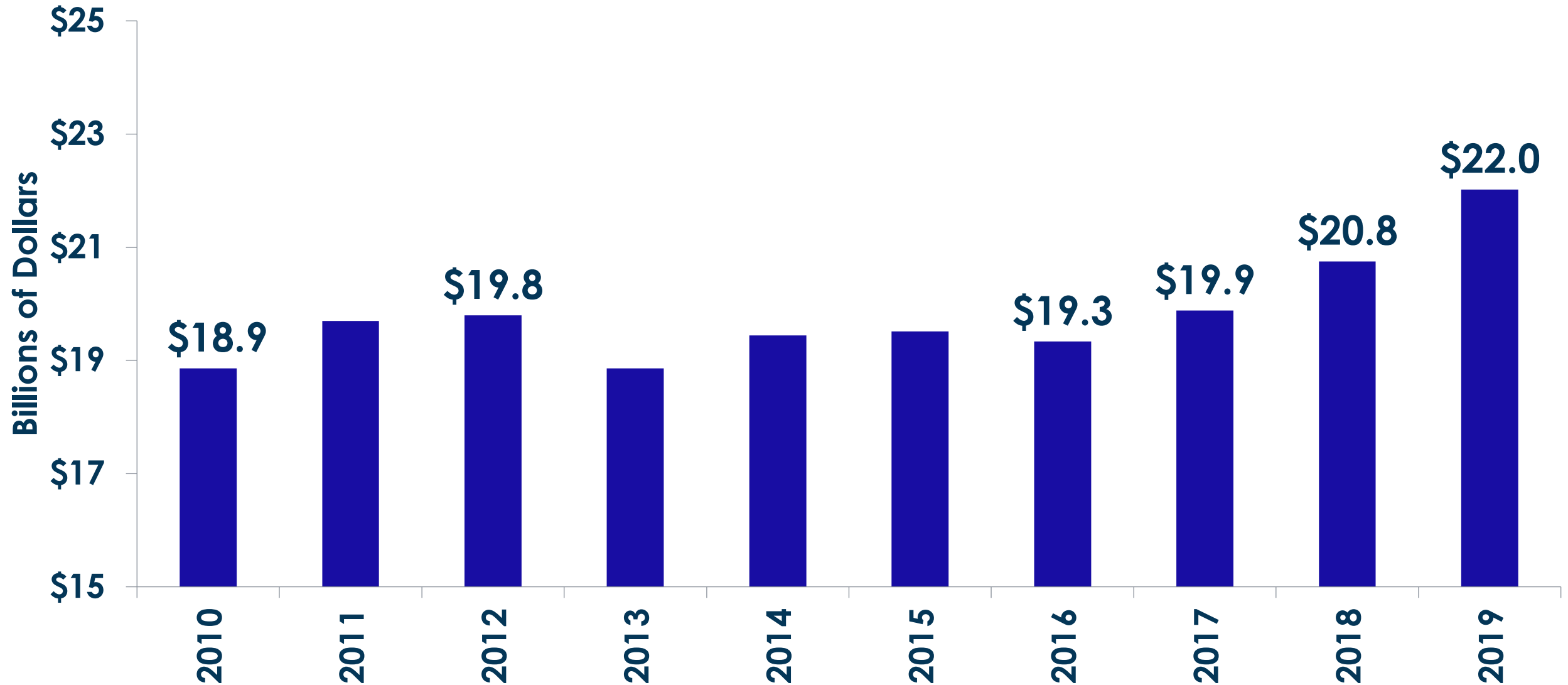
Sources: Bureau of Economic Analysis and Dragas Center for Economic Analysis and Policy. Data on GDP incorporates latest BEA revision -- US data was updated on October 29, 2020, Virginia data was updated on October 2, 2020, and Hampton Roads was updated on December 9, 2020. Data for 2019 for Hampton Roads are the advance estimates. Index is equal to 100 in 2006.

Recovery from the Great Recession Measured in Total Jobs Restored, 2008-2019



Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. Peak Pre-Recession dates are January 2008 (United States), April 2008 (Virginia), and July 2007 (Hampton Roads). Seasonally adjusted data.

Estimated Direct Department of Defense Spending Hampton Roads, 2010 to 2019





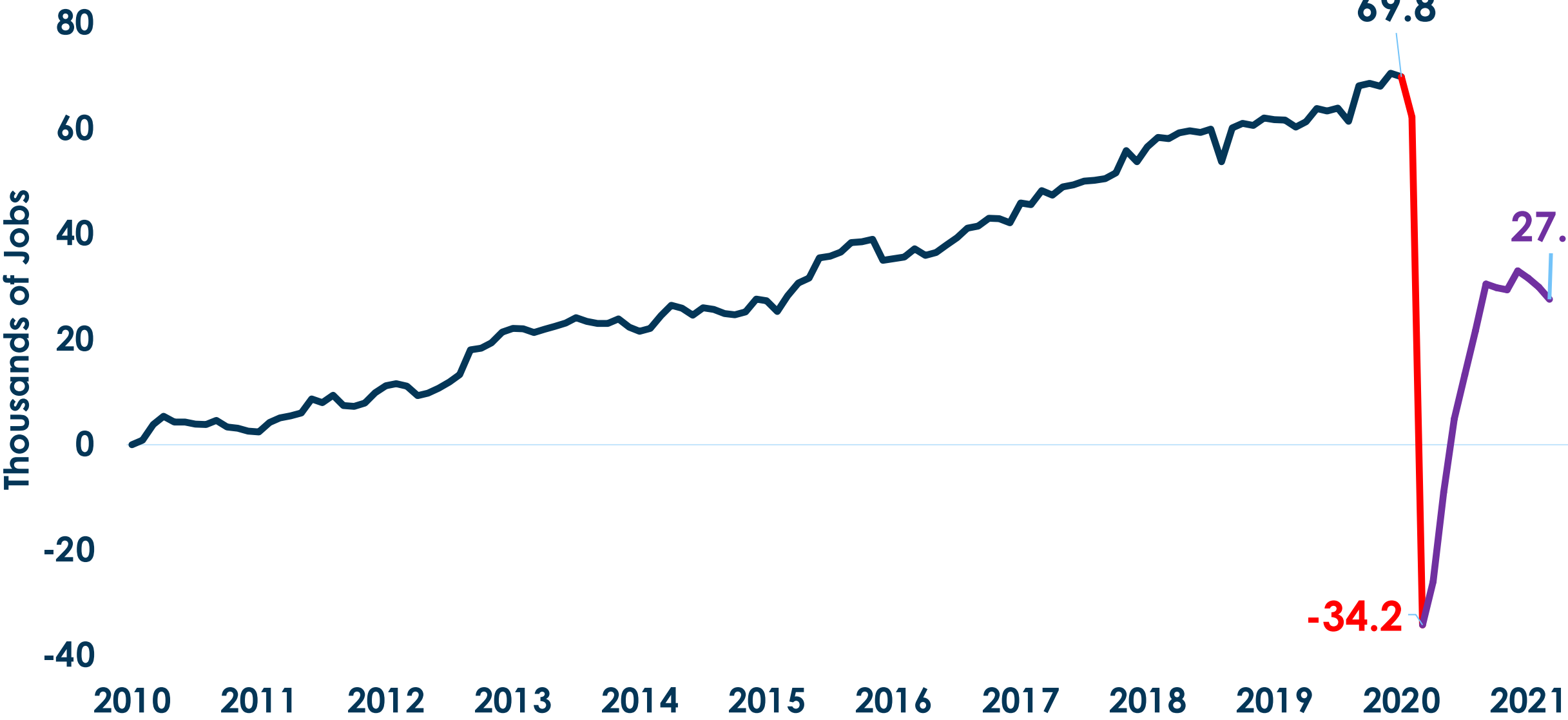
2020-2021: Shock and Recovery



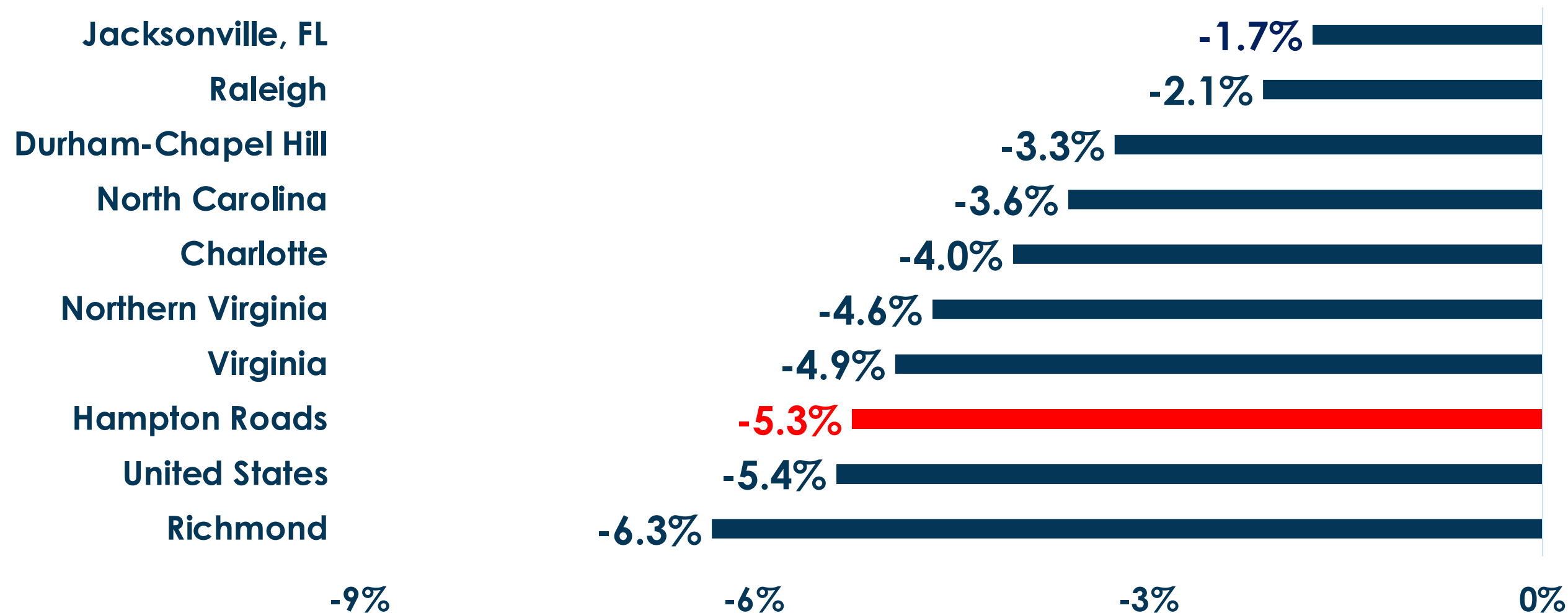
Jobs and Employment

Cumulative Growth in Nonfarm Payrolls

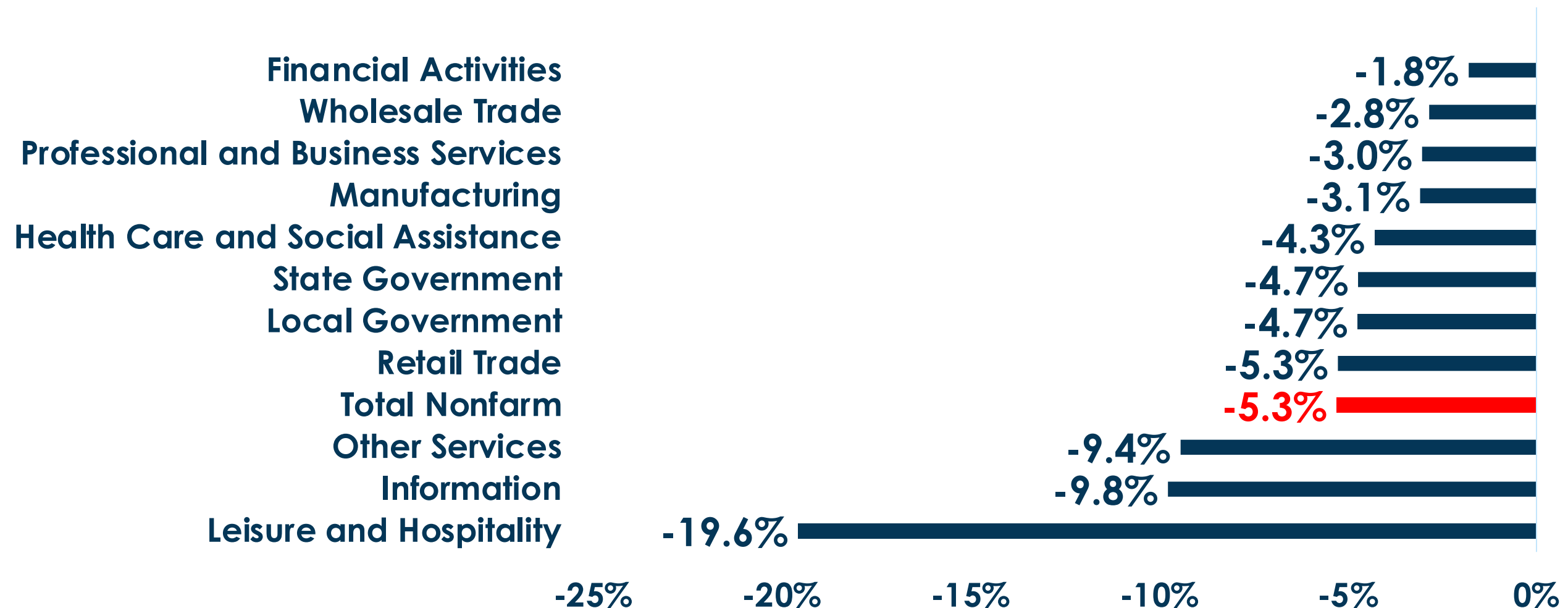
Hampton Roads, February 2010 – April 2021



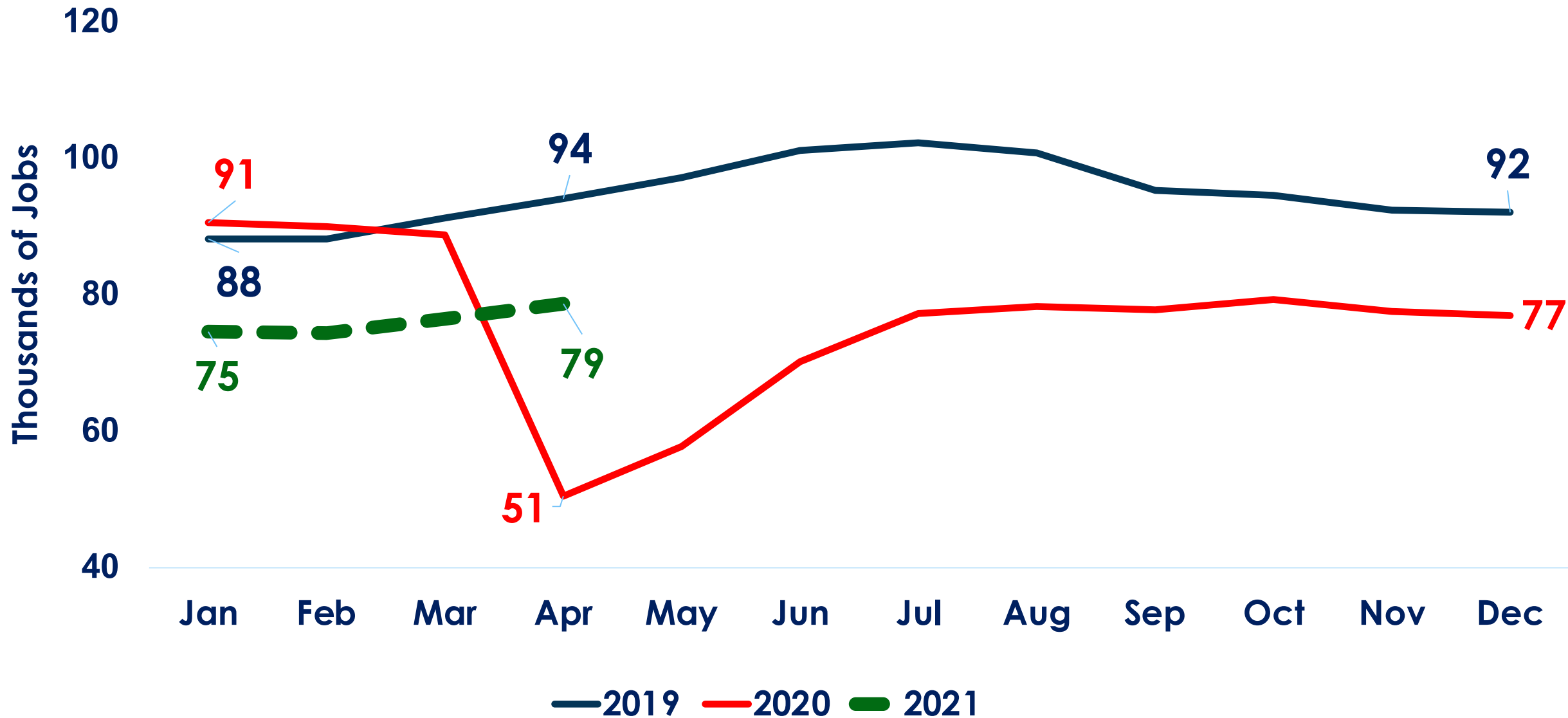
Percent of Net New Civilian Jobs Lost: Selected Metropolitan Areas, Virginia, North Carolina, and United States: February 2020 to April 2021



Percent of Civilian Jobs Lost in Selected Sectors in Hampton Roads 2019 to 2020

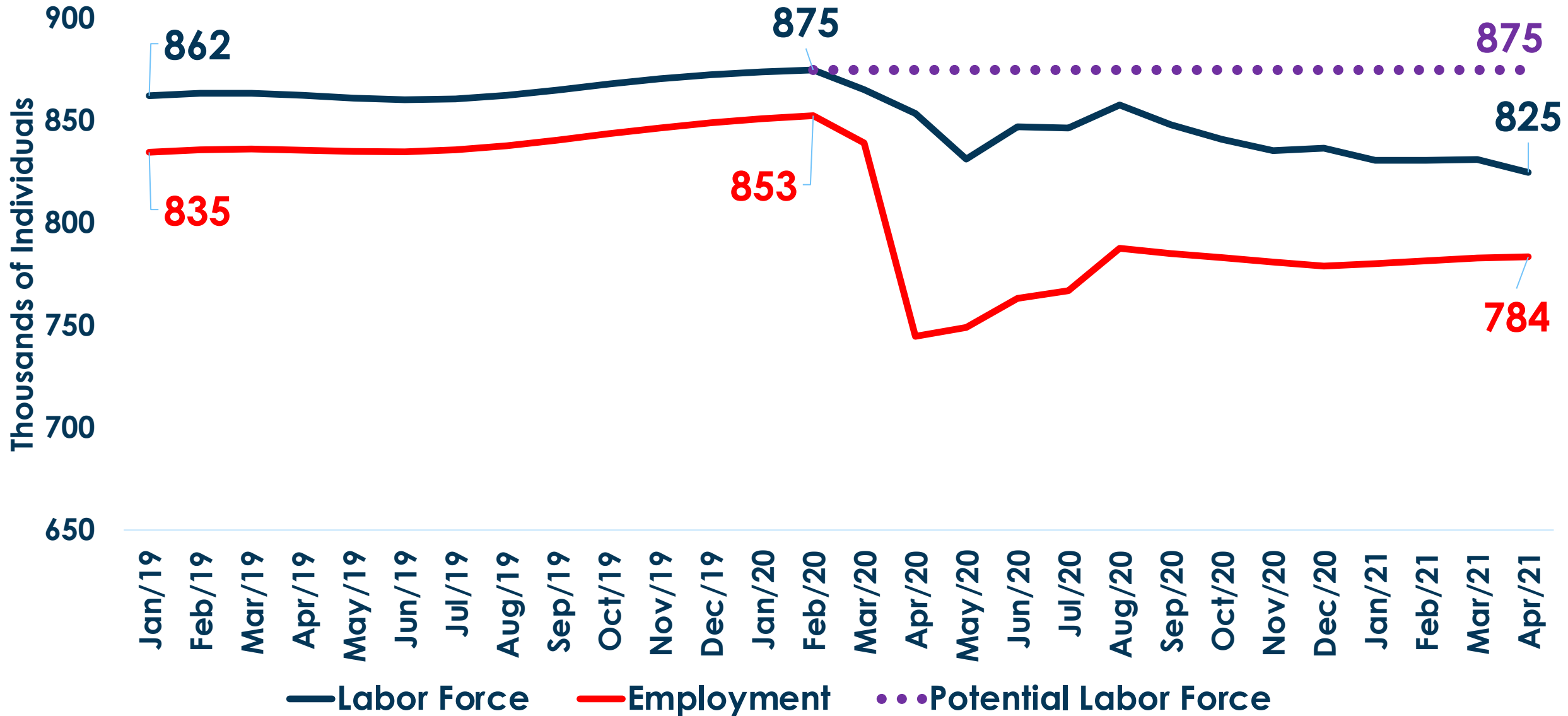


Leisure and Hospitality Jobs in Hampton Roads: 2019, 2020, and 2021

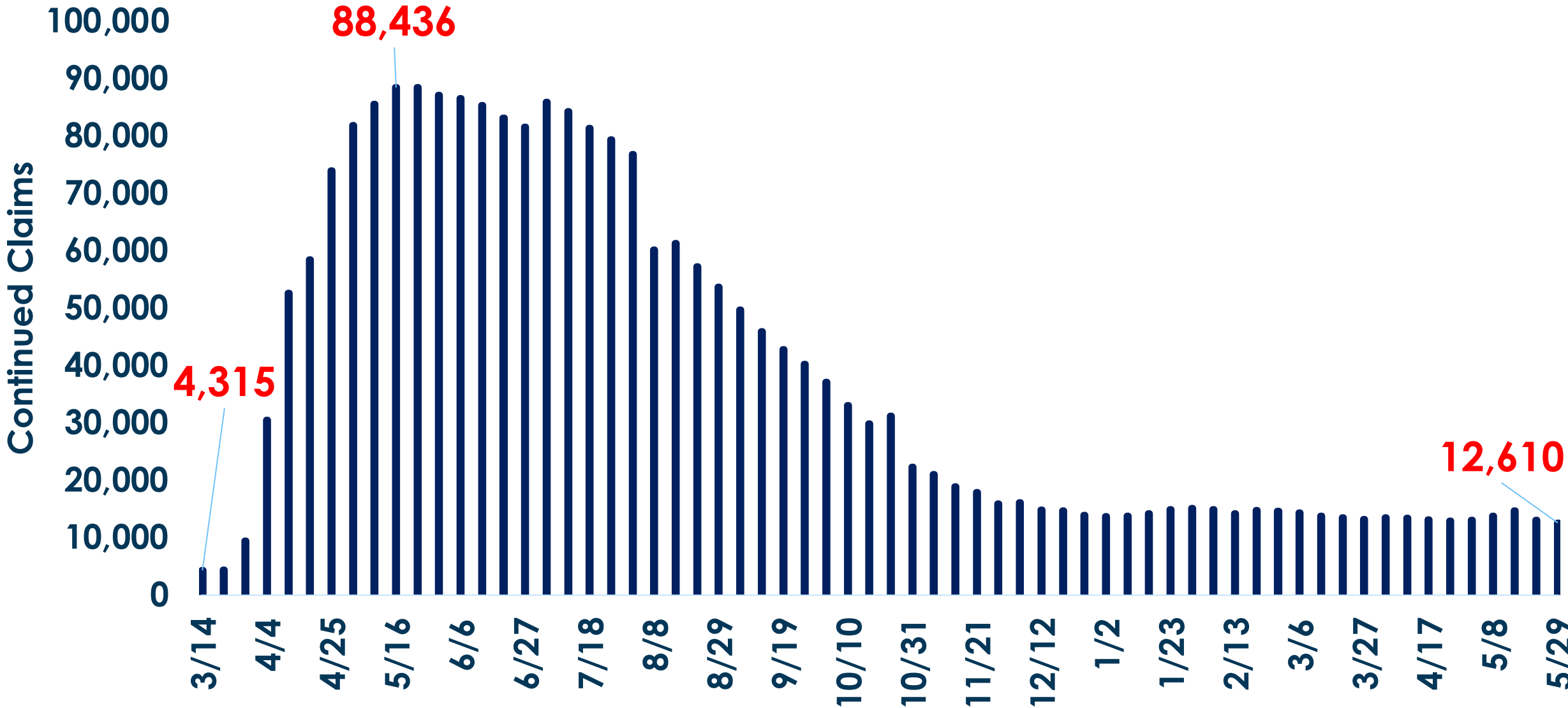


Sources: Bureau of Labor Statistics and Old Dominion University Economic Forecasting Project. Non-seasonally adjusted data. Data for April 2021 are preliminary.
Next update June 23, 2021.

Civilian Labor Force and Individual Employment Hampton Roads, January 2019 – April 2021



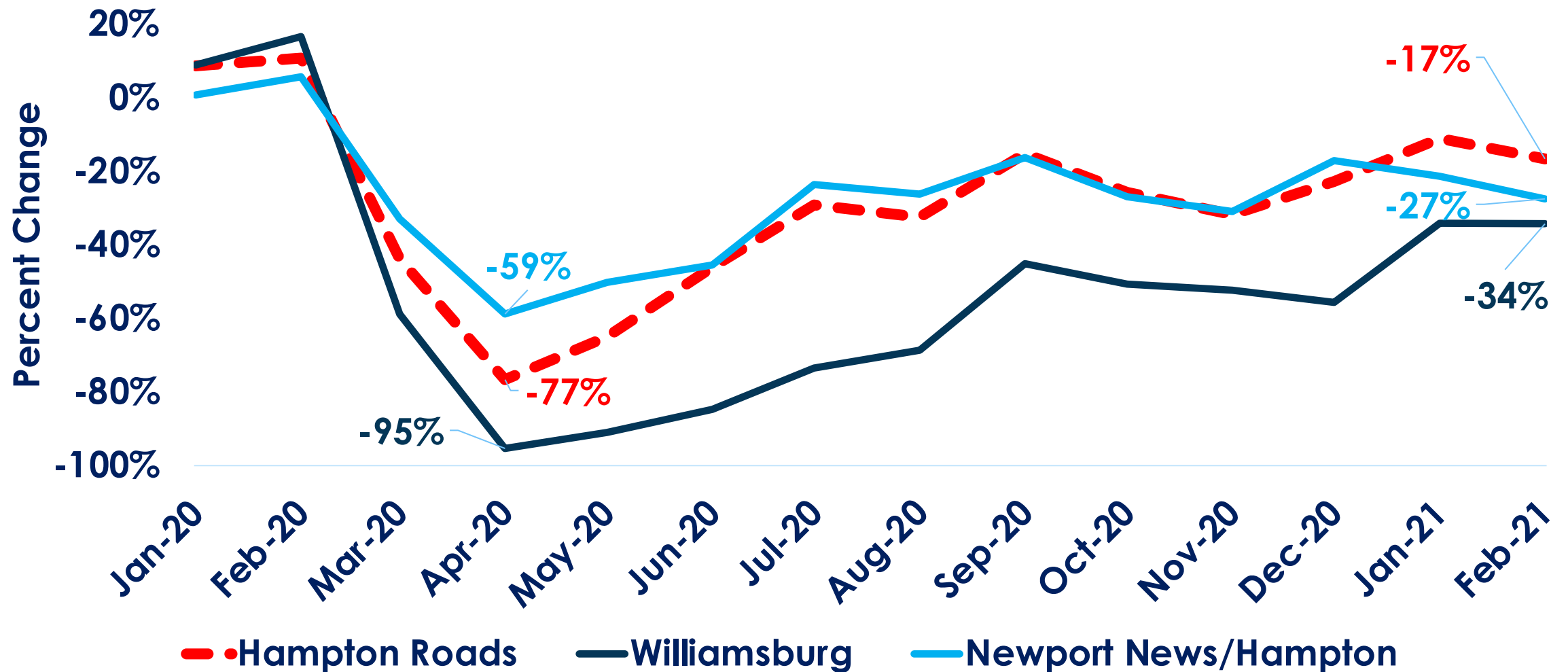
Continued Claims for Regular State Unemployment Insurance Hampton Roads, March 14, 2020 – May 29, 2021



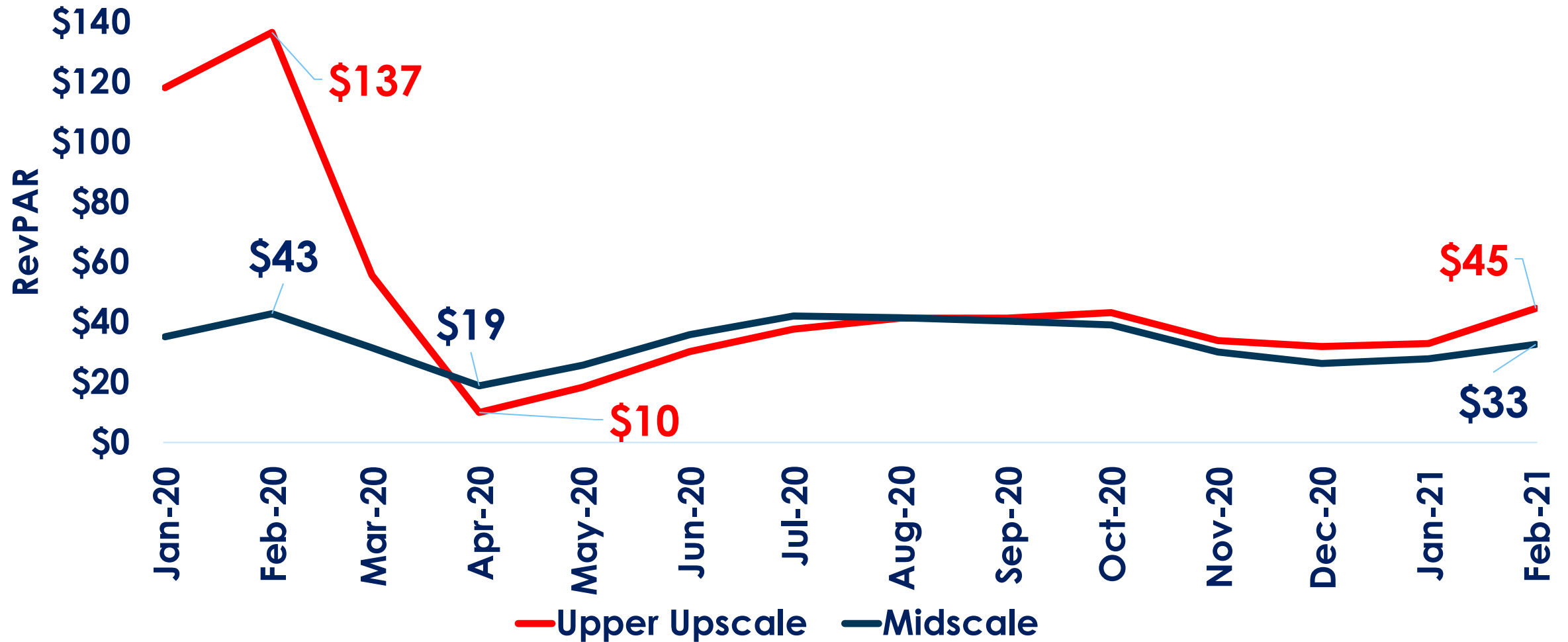


Hotel Industry

Year-over-Year Percent Change in Hotel Revenue in Hampton Roads, Williamsburg, and Newport News/Hampton: January 2020 to February 2021



Comparison of Monthly RevPAR in Upper Upscale and Midscale Chain Hotels in the United States: January 2020 to February 2021



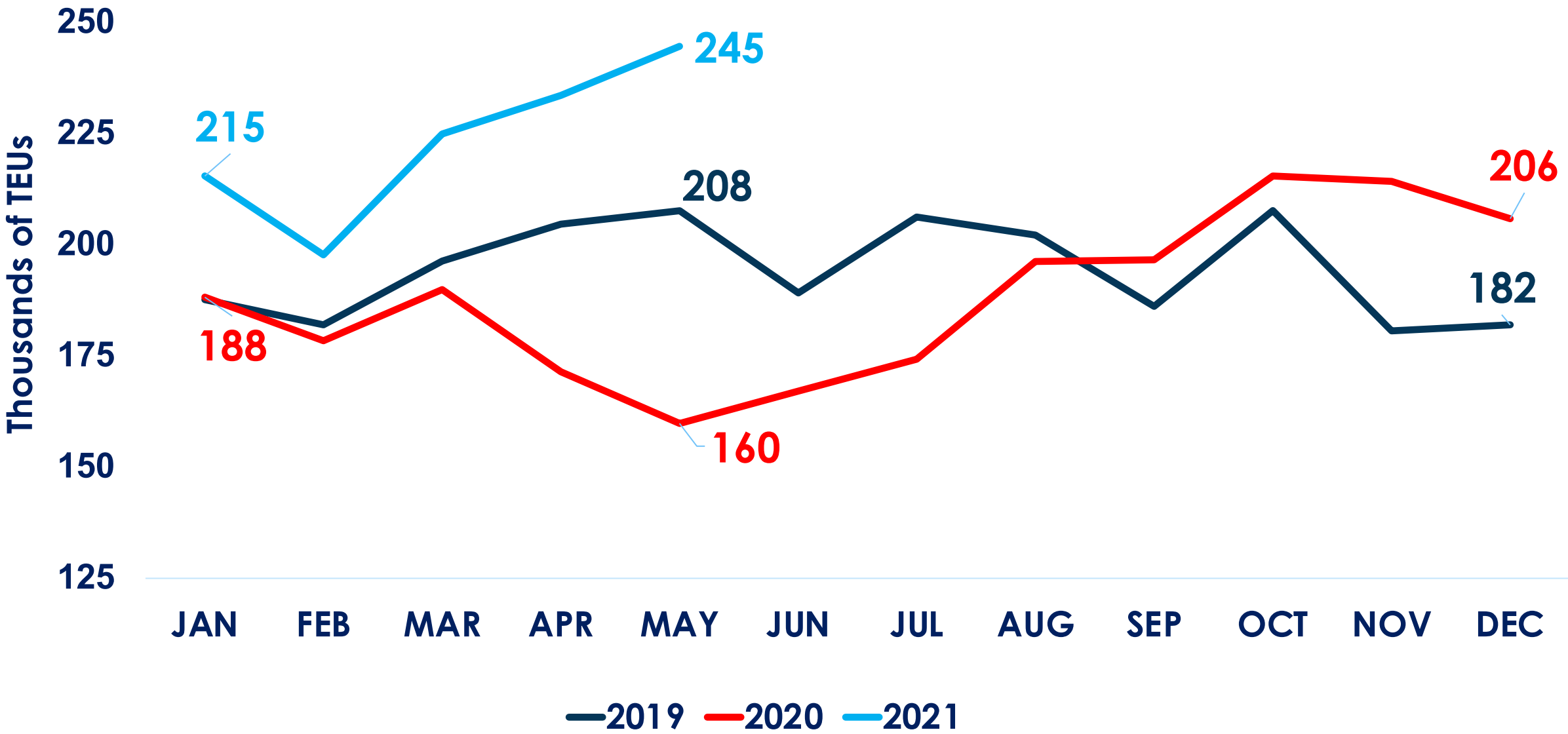
RevPAR and Revenue in US, Virginia, and Hampton Roads: YTD April 2019 and YTD April 2021

	<u>YTD April 2019</u>	<u>YTD April 2021</u>	<u>Percent Change in RevPAR</u>	<u>Percent Change in Revenue</u>
USA	\$81.64	\$50.45	-38.2%	-38.3%
Virginia	\$62.89	\$41.27	-34.4%	-34.3%
Hampton Roads	\$50.34	\$45.95	-8.7%	-7.1%
Chesapeake/Suffolk	\$48.88	\$50.56	+3.4%	+3.0%
Newport News/ Hampton	\$45.02	\$37.55	-16.6%	-15.6%
Norfolk/Portsmouth	\$56.73	\$48.58	-14.4%	-9.3%
Virginia Beach	\$53.90	\$54.15	+0.5%	+6.7%
Williamsburg	\$46.71	\$35.59	-23.8%	-27.1%

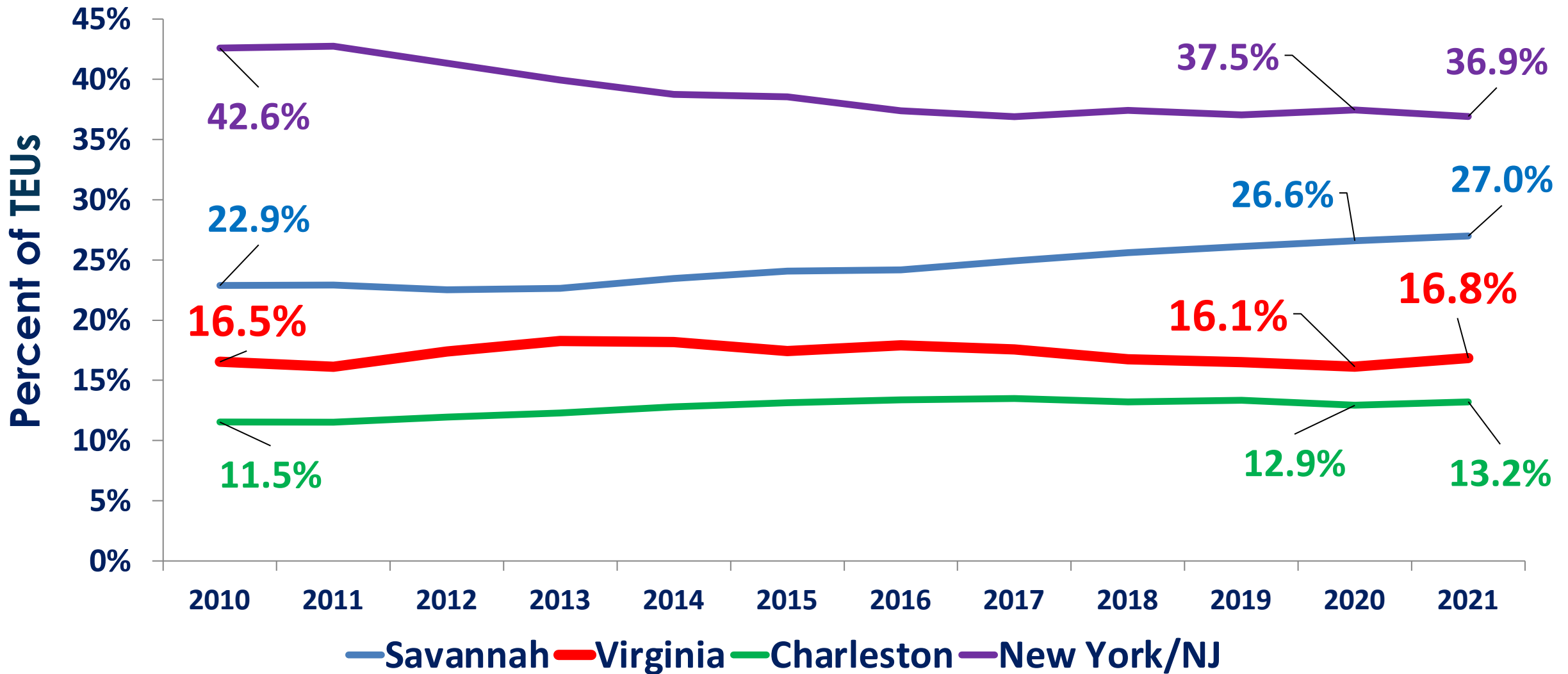


Port and Cargo

Total Loaded Twenty-Foot Equivalent Container Units (TEUs): Port of Virginia, 2019, 2020, and 2021



Shares of Total Loaded TEUs for Selected East Coast Ports, 2010-2021*



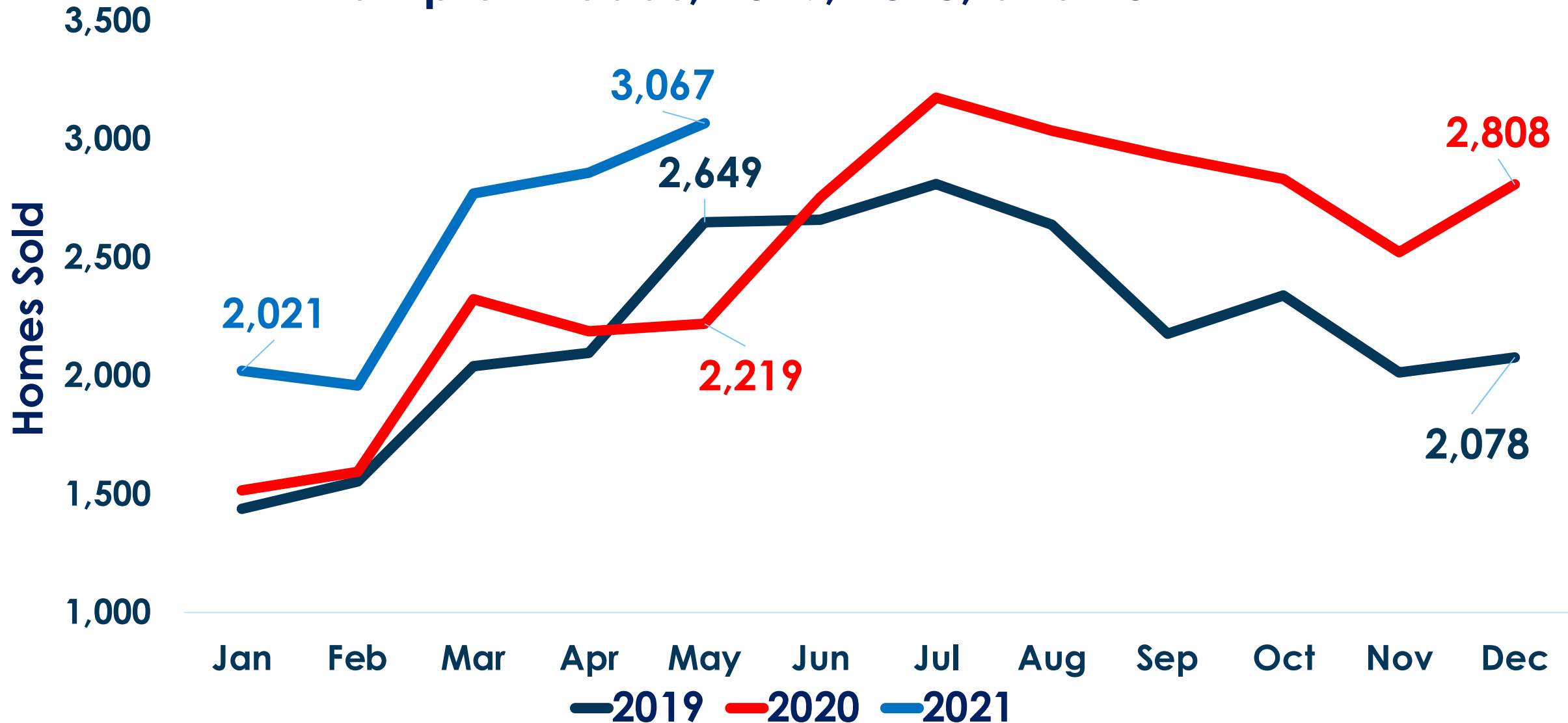


Residential Housing and COVID-19

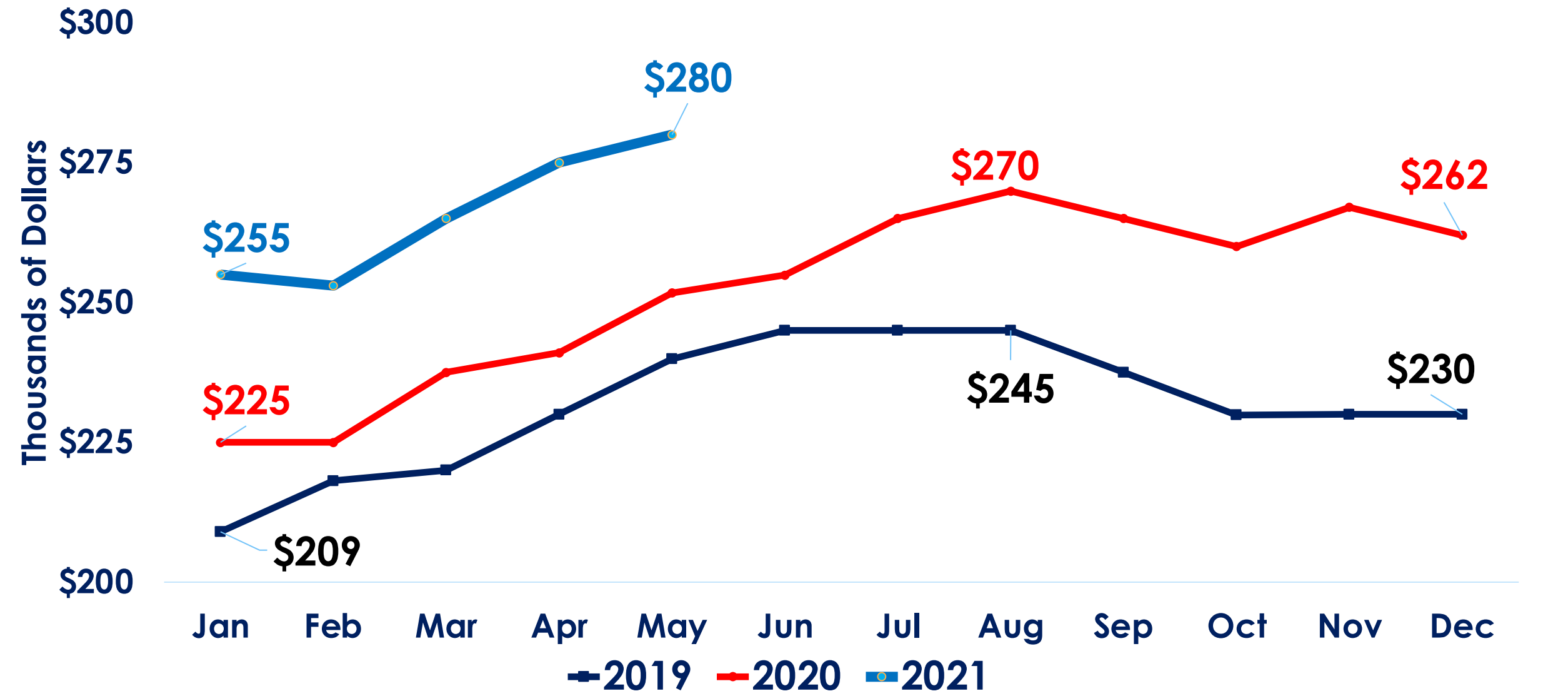
Market Performance of Existing Homes Since 2011

- Inventories, days on market, and estimated months of supply continue to decline.
- Number of existing homes sold has steadily increased over time.
- 30-Year Fixed Mortgage Rates have been less than 4.55%, and in 2020, annual rates were at their lowest level since 1971 (3.11%).
- Distressed Sales Market appears to be clearing. In 2020, distressed sales represented only 4% of all sales – lowest rate since 2008.
- All indicators point to continued increases in the median price of existing homes.

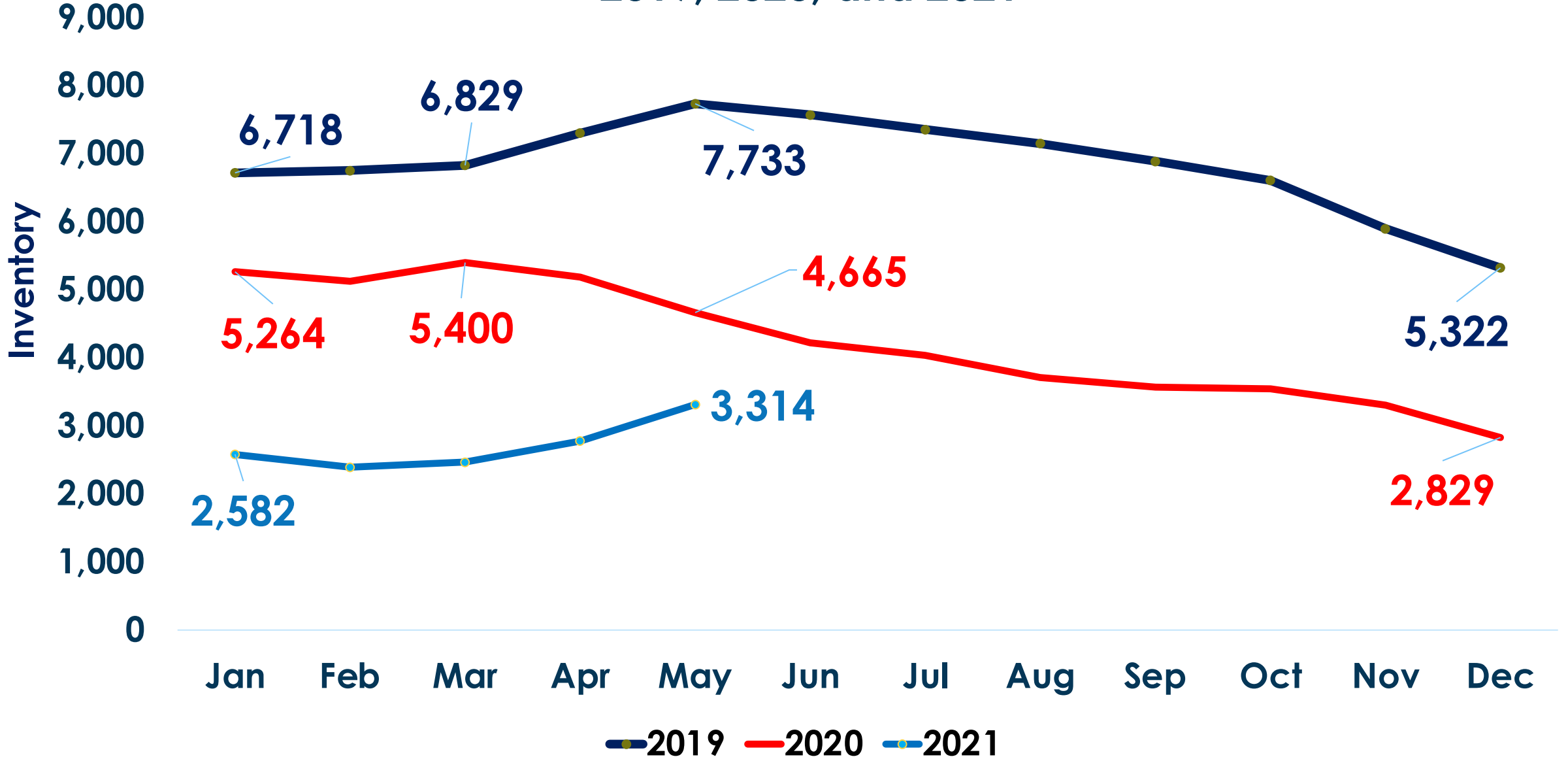
Number of Existing Residential Homes Sold Hampton Roads, 2019, 2020, and 2021



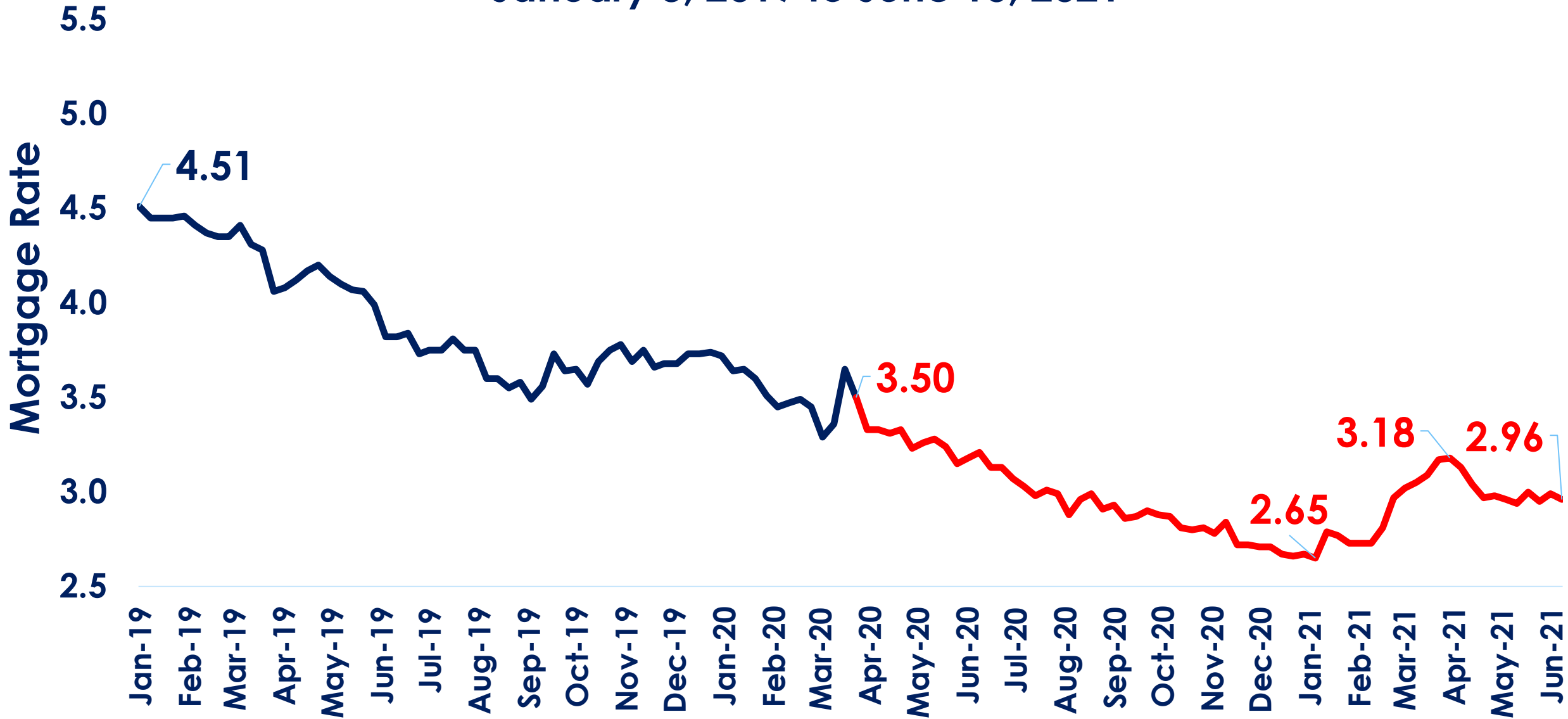
Median Price of Existing Residential Homes in Hampton Roads: 2019, 2020, and 2021



Inventory of Existing Residential Homes in Hampton Roads: 2019, 2020, and 2021



30-Year Fixed Mortgage Rate (Weekly, ending Thursday), January 3, 2019 to June 10, 2021



Median Sale Price of Existing Residential Homes for Selected Cities: Hampton Roads, 2019 and 2020

<u>City</u>	<u>2019</u>	<u>2020</u>	<u>Percent Change</u>
Chesapeake	\$265,000	\$282,000	6.4%
Hampton	\$173,250	\$193,000	11.4%
Newport News	\$185,000	\$209,000	13.0%
Norfolk	\$208,000	\$229,000	10.1%
Portsmouth	\$166,000	\$182,250	9.8%
Suffolk	\$252,750	\$275,000	8.8%
Virginia Beach	\$263,000	\$285,000	8.4%
Williamsburg*	\$295,000	\$323,000	9.5%
Hampton Roads	\$234,000	\$255,000	9.0%

Sources: Real Estate Information Network and Dragas Center Economic Forecasting Project. Information deemed reliable but not guaranteed.

* Williamsburg represents Williamsburg, James City County, York County and Gloucester County.

Median Sale Price of Existing Residential Homes for Selected Cities: Hampton Roads, YTD May 2020 and YTD May 2021

<u>City</u>	<u>2020</u>	<u>2021</u>	<u>Percent Change</u>
Chesapeake	\$264,900	\$304,000	14.8%
Norfolk	\$215,000	\$245,000	14.0%
Portsmouth	\$168,000	\$200,000	19.0%
Suffolk	\$262,750	\$299,450	14.0%
Virginia Beach	\$270,000	\$300,000	11.1%
Hampton	\$183,200	\$218,000	19.0%
Newport News	\$192,500	\$222,000	15.3%
Williamsburg*	\$300,000	\$340,000	13.3%
Hampton Roads	\$238,000	\$267,000	12.2%

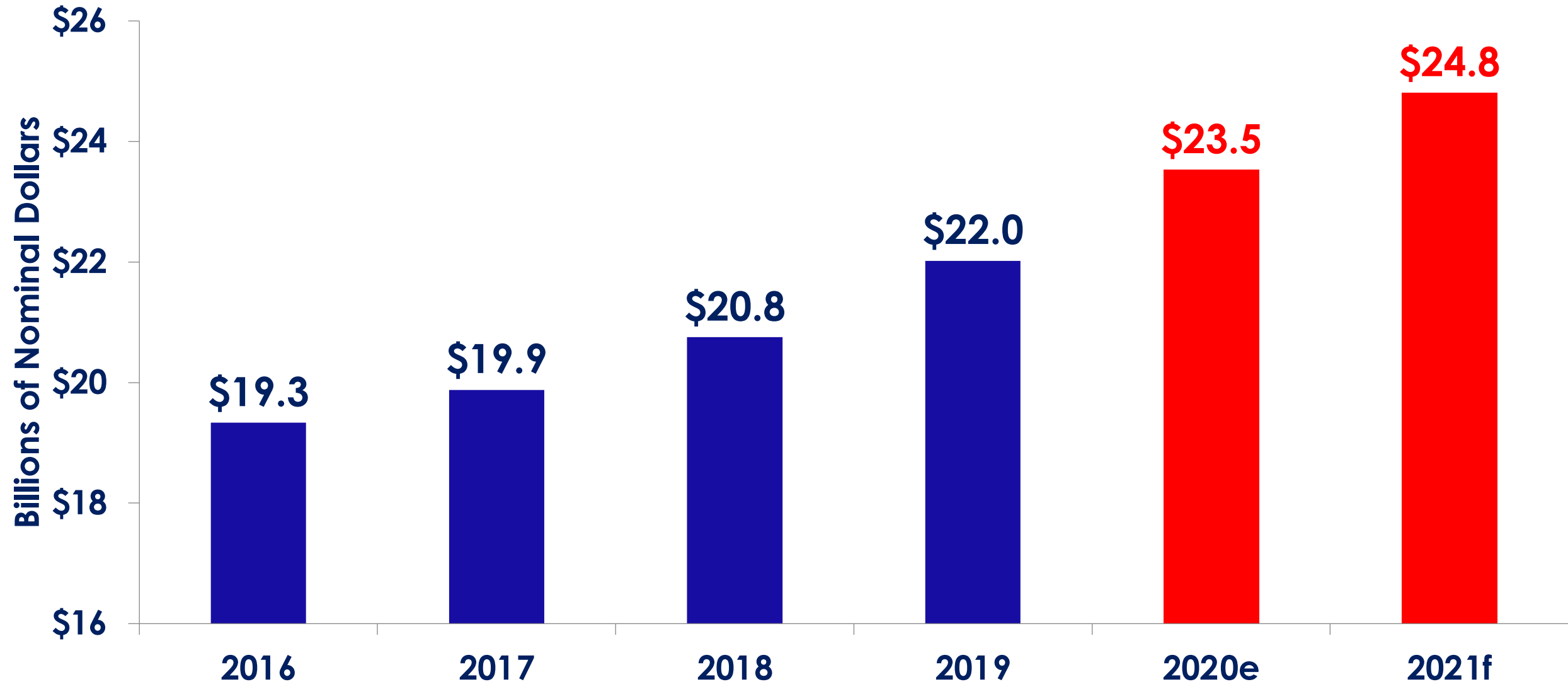
Sources: Real Estate Information Network and Dragas Center Economic Forecasting Project. Information deemed reliable but not guaranteed.

* Williamsburg represents Williamsburg, James City County, York County and Gloucester County.



The Outlook

Estimated Direct Department of Defense Spending Hampton Roads, 2016 to 2021



	2019 Actual	2020 January Forecast	2020 Estimated /Actual	2021 Mid-Year Forecast
Hampton Roads Real Gross Domestic Product	1.9%	2.6%	-2.5%	4.8%
Civilian Job Growth	0.6%	0.7%	-5.3%	2.3%
Unemployment Rate	3.1%	3.0%	7.1%	4.6%
Taxable Sales	4.9%	4.2%	6.7%	6.6%
Hotel Revenue	1.8%	2.7%	-35.3%	43.6%
General Cargo Tonnage	-0.2%	1.0%	-3.9%	12.9%
General Cargo TEUs	2.9%	3.9%	-4.2%	16.8%
One-Unit Housing Permit Value	3.5%	2.0%	10.9%	7.4%

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