



The State of the Region

HAMPTON ROADS 2026

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

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I will discuss consumer sentiment, labor markets, federal spending, the Port of Virginia, the tourism industry, and housing in Hampton Roads.

Barbara Blake will then examine the state of childcare in Hampton Roads and how childcare availability and affordability impact workforce development in Hampton Roads.

Vinod Agarwal will discuss the Hampton Roads Sanitation District and how it has saved ratepayers billions of dollars.

I will conclude with a discussion of the Arts economy in Hampton Roads.

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



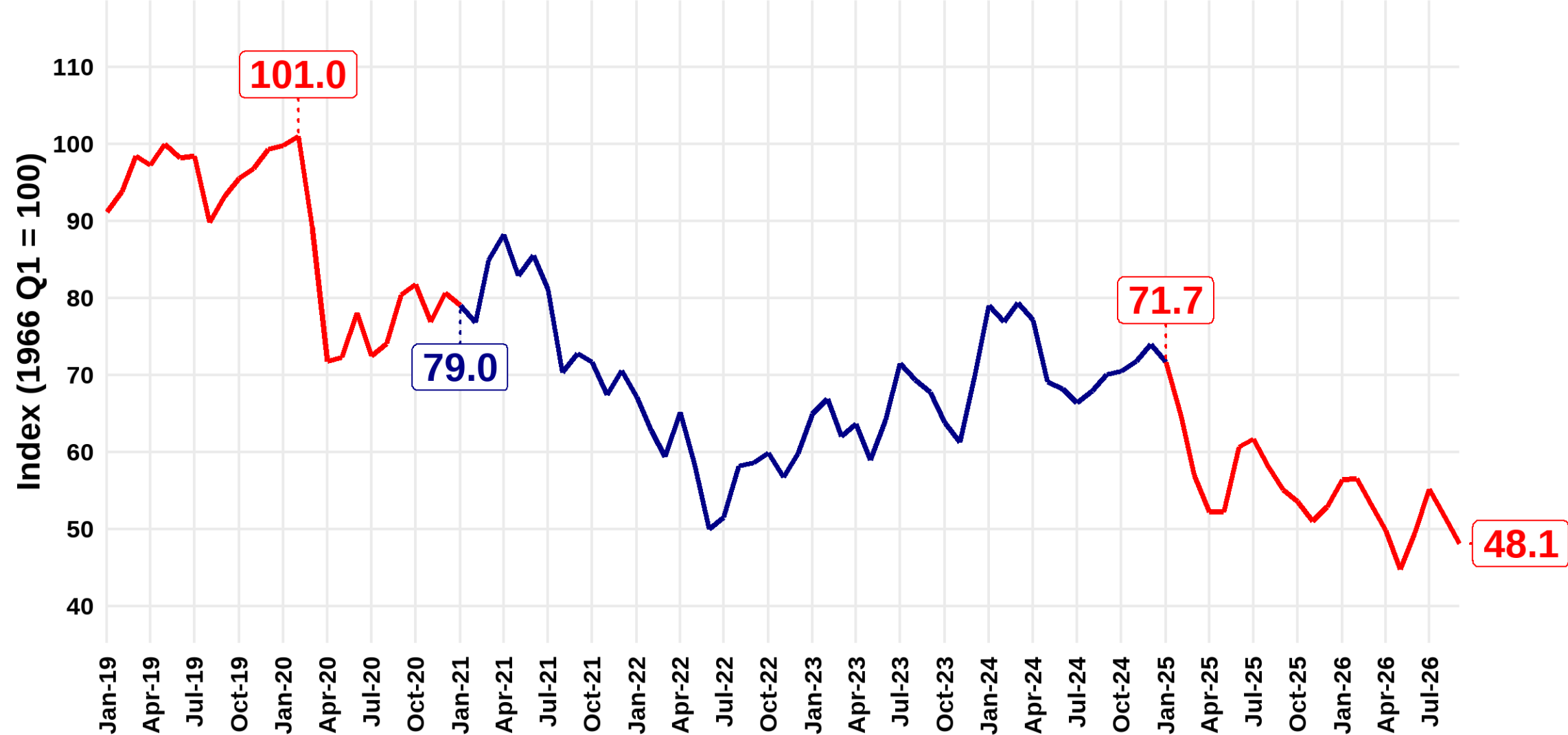
Our commentary and projections do not constitute official viewpoints of the Commonwealth of Virginia, Old Dominion University, its President, Brian O. Hemphill, Ph.D., the Board of Visitors, the Strome College of Business, or the generous donors who support the activities of the Dragas Center for Economic Analysis and Policy.

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REGULAR	TRUCK DIESEL
4.59 ⁹	6.39 ⁹



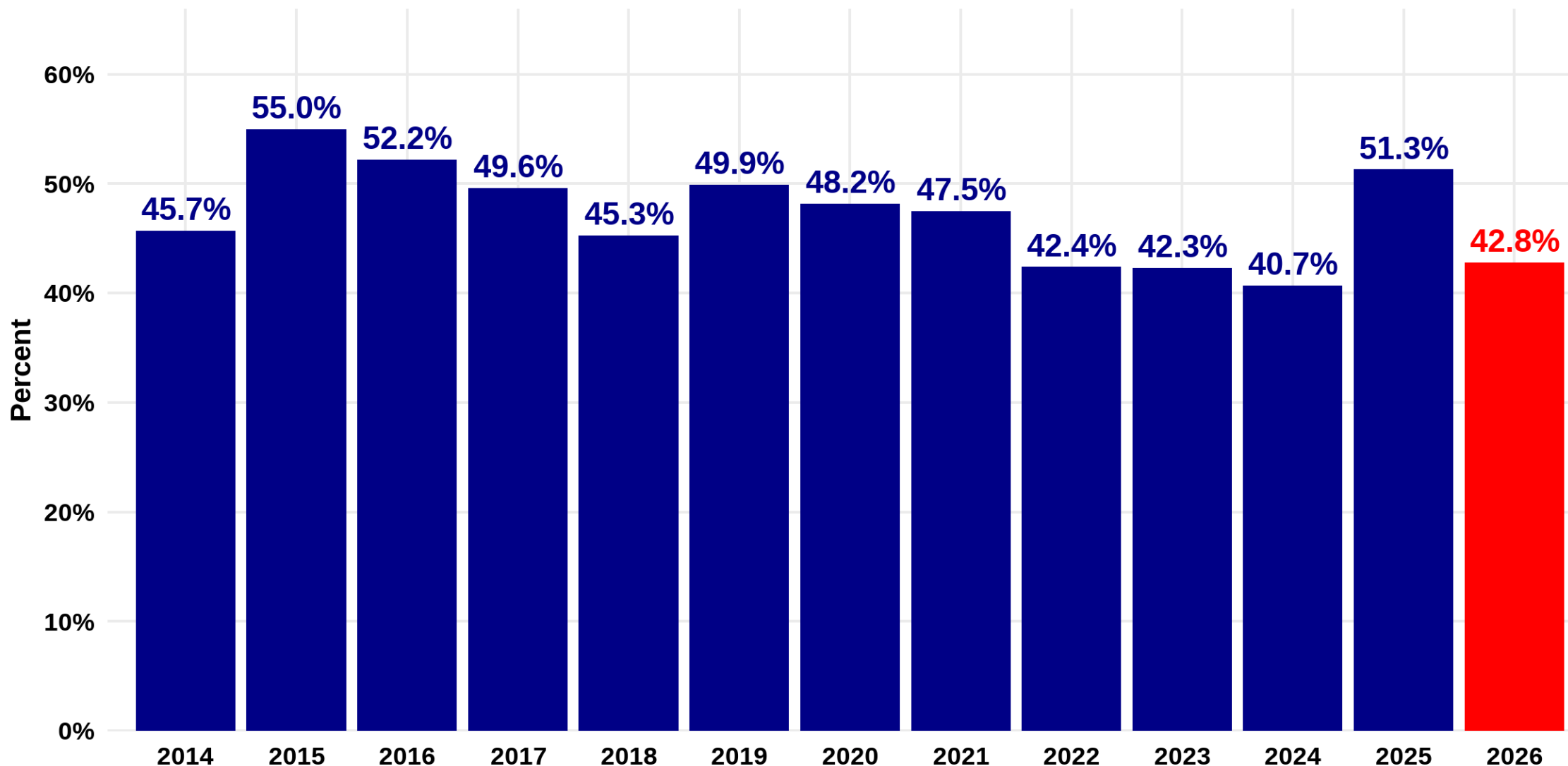
University of Michigan: Consumer Sentiment
United States, January 2019 - September 2026



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

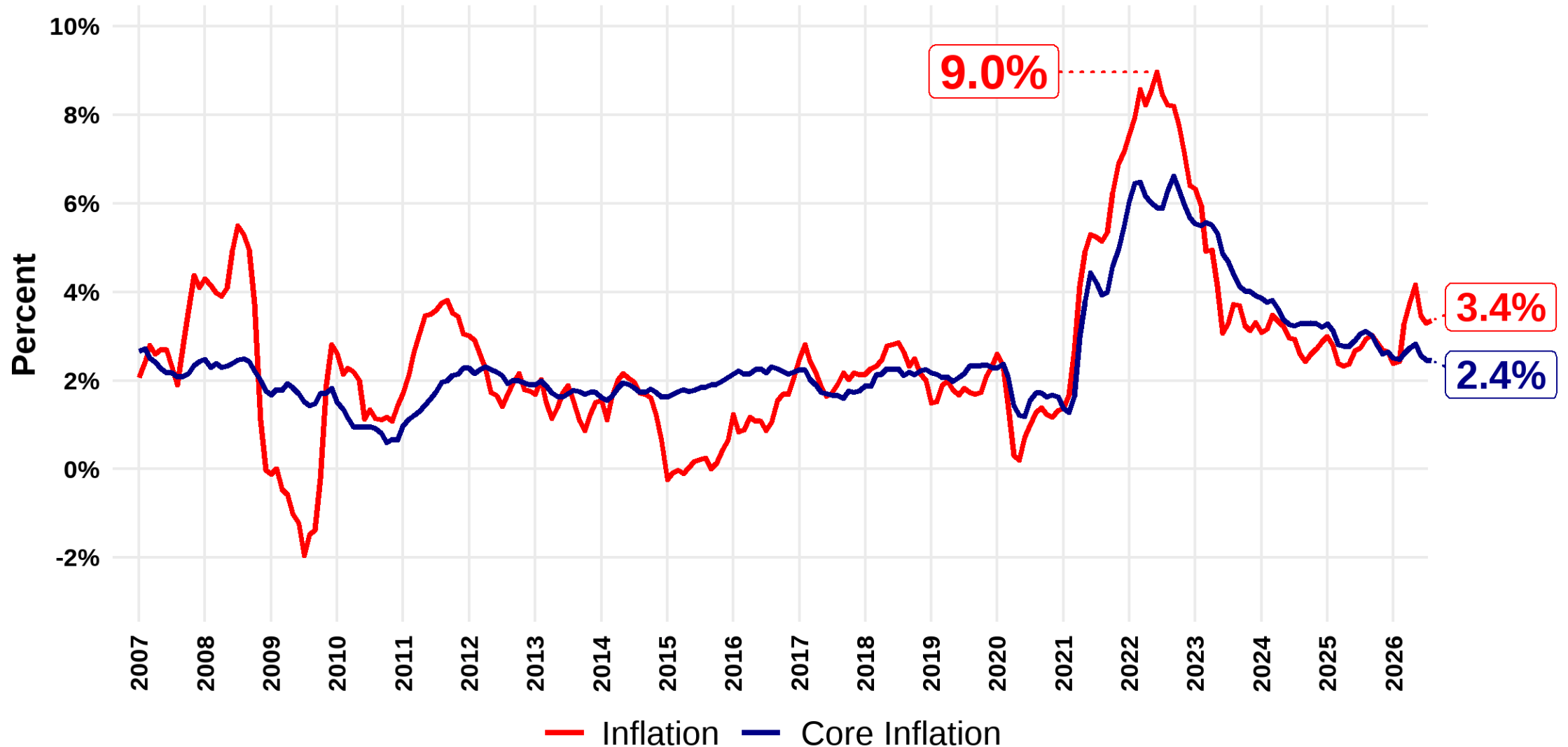
How Would You Rate Economic Conditions in Hampton Roads?

Respondents Rating Conditions as Excellent or Good, 2014 - 2026



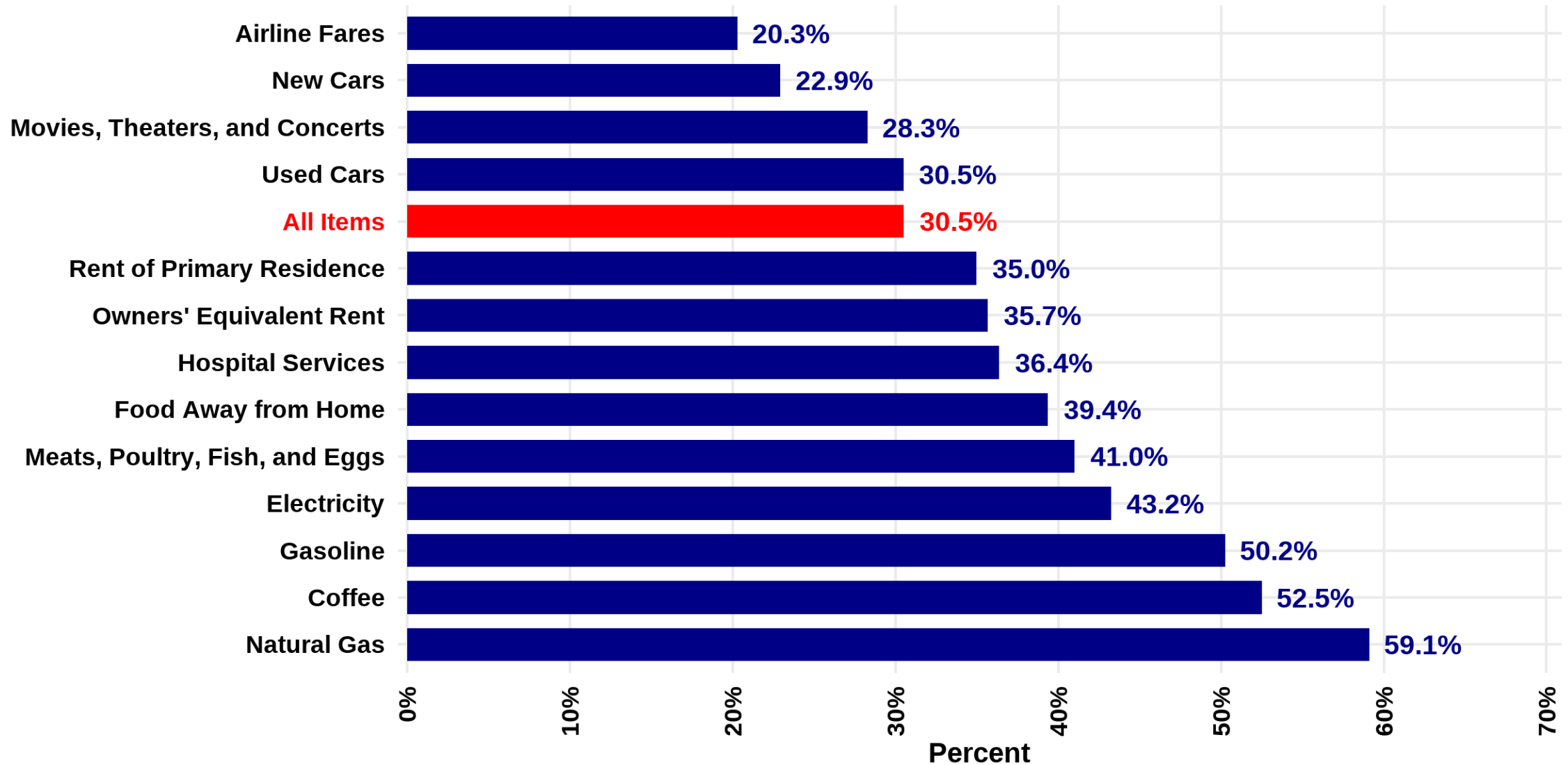
Inflation

United States, January 2007 - August 2026



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. Missing data for October 2025 are linearly interpolated.

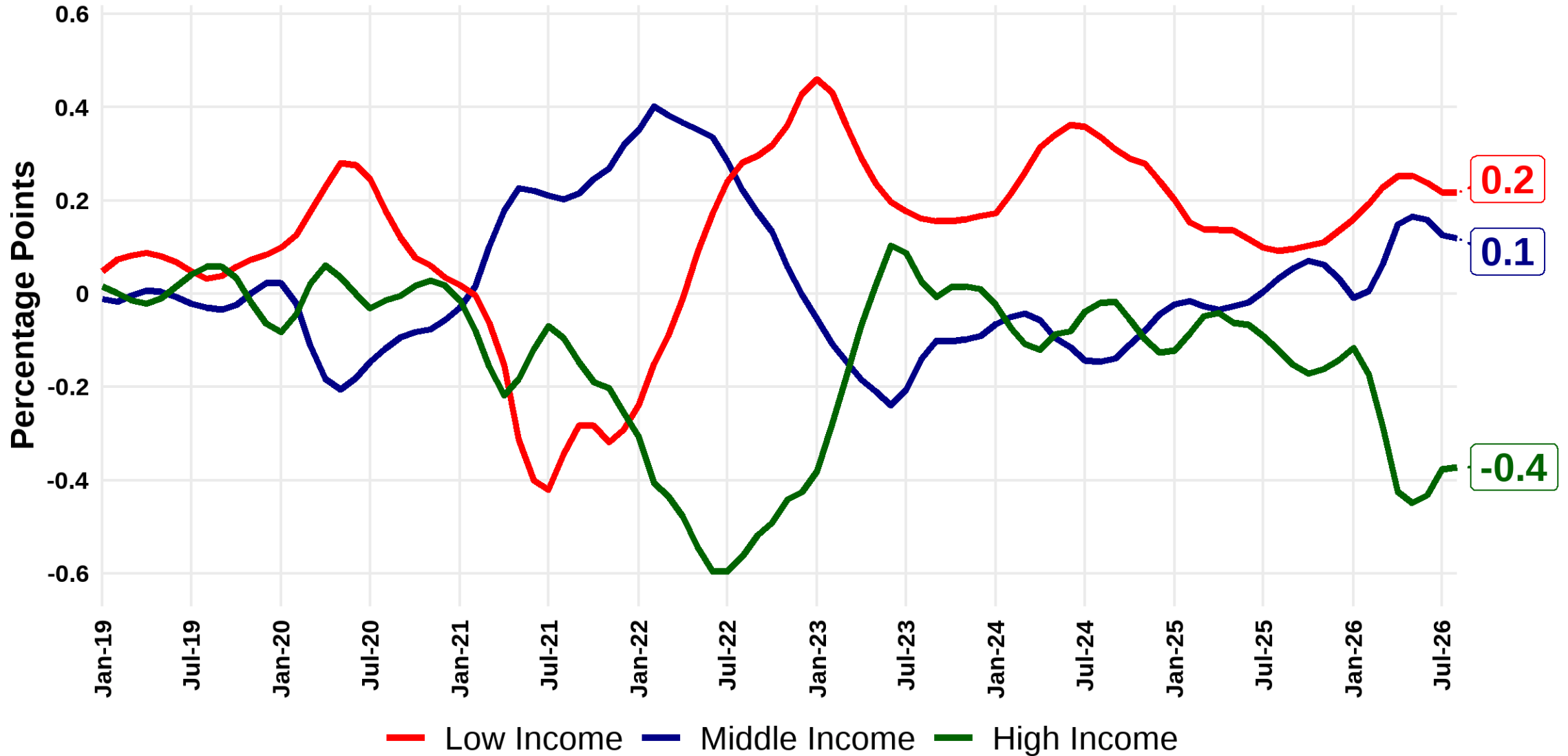
Change in the Consumer Price Index for Selected Categories United States, August 2019 - August 2026



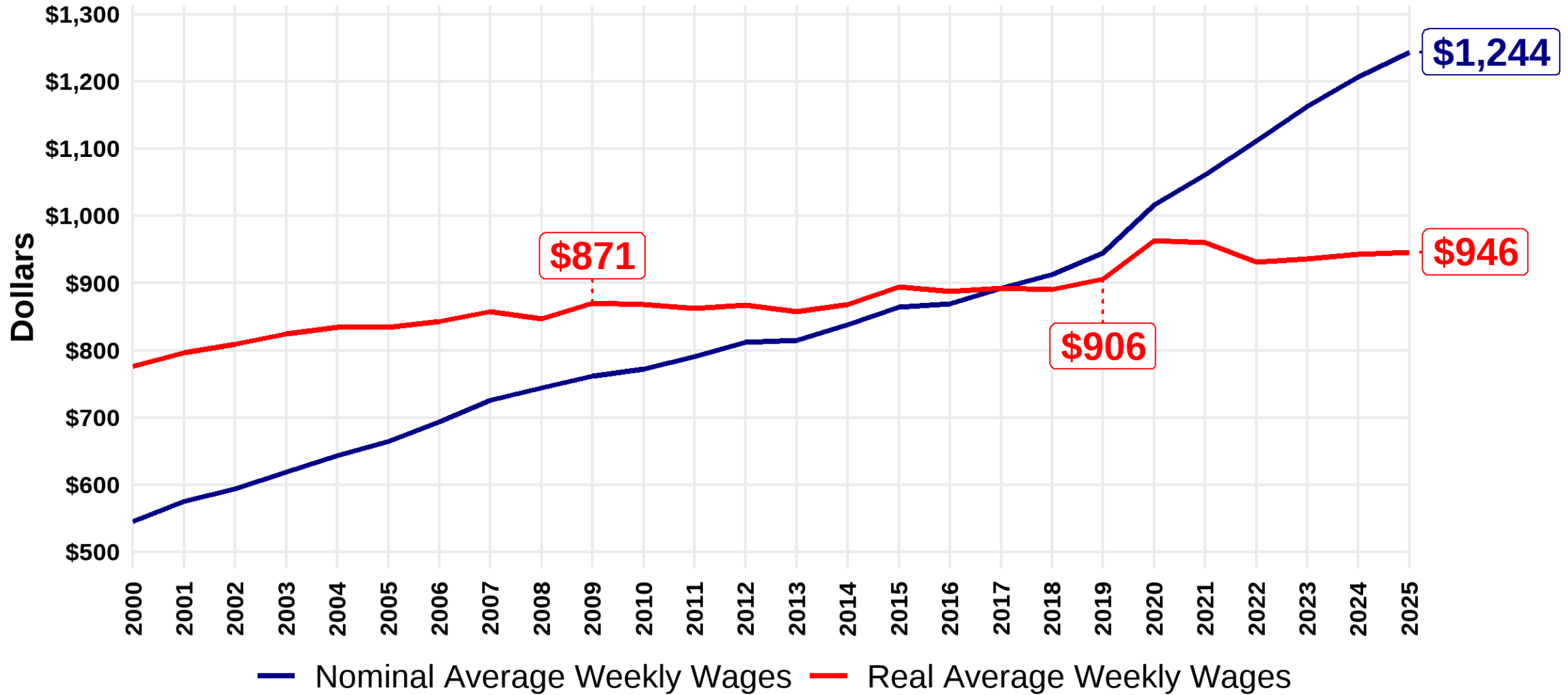
Source: Bureau of Labor Statistics, seasonally adjusted data. The percentages represent the change in the Consumer Price Index over the analyzed period.

Inflation Gap Between Income Groups

United States, January 2019 - August 2026



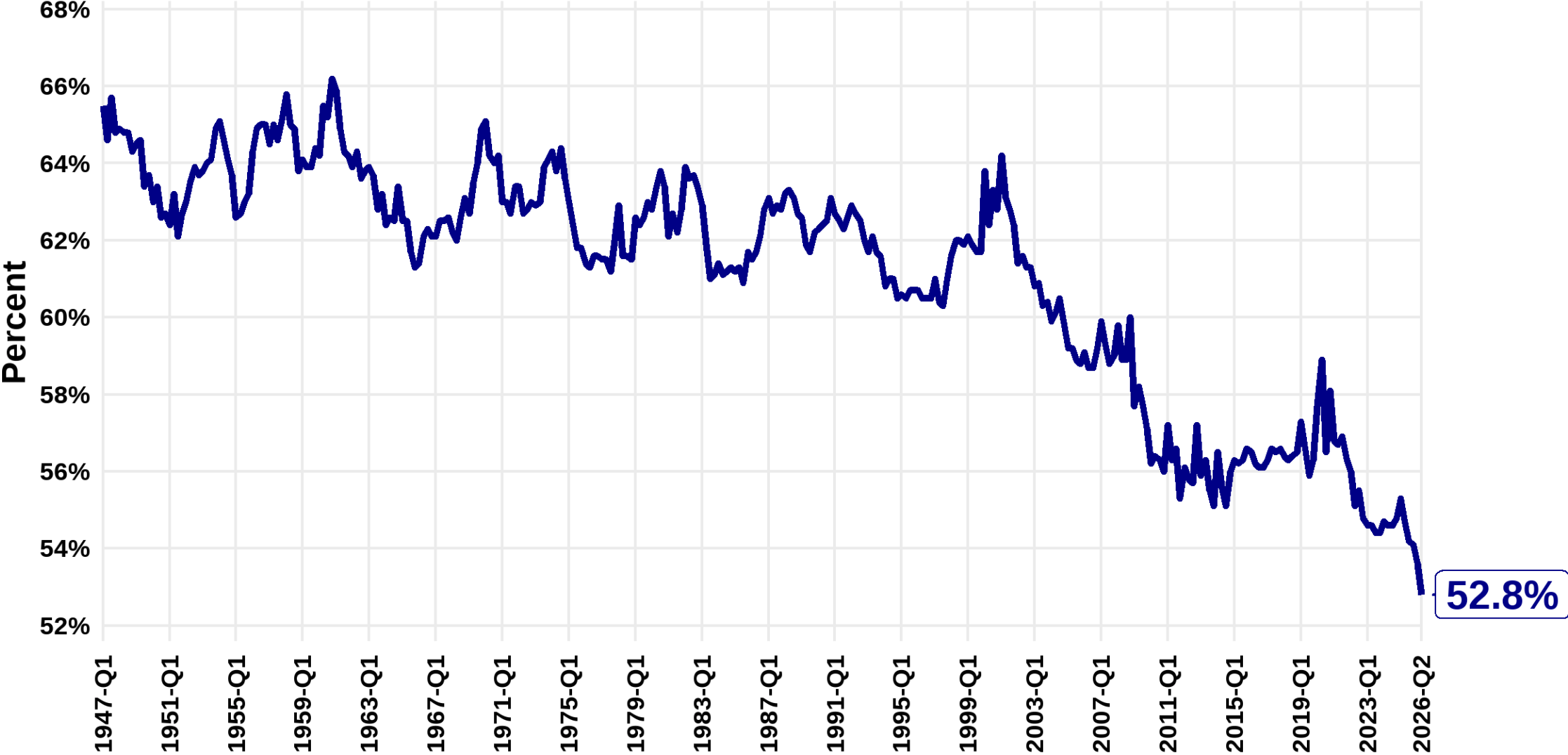
Nominal and Real Average Weekly Wages Hampton Roads, 2000 - 2025



Sources: Bureau of Labor Statistics and 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.

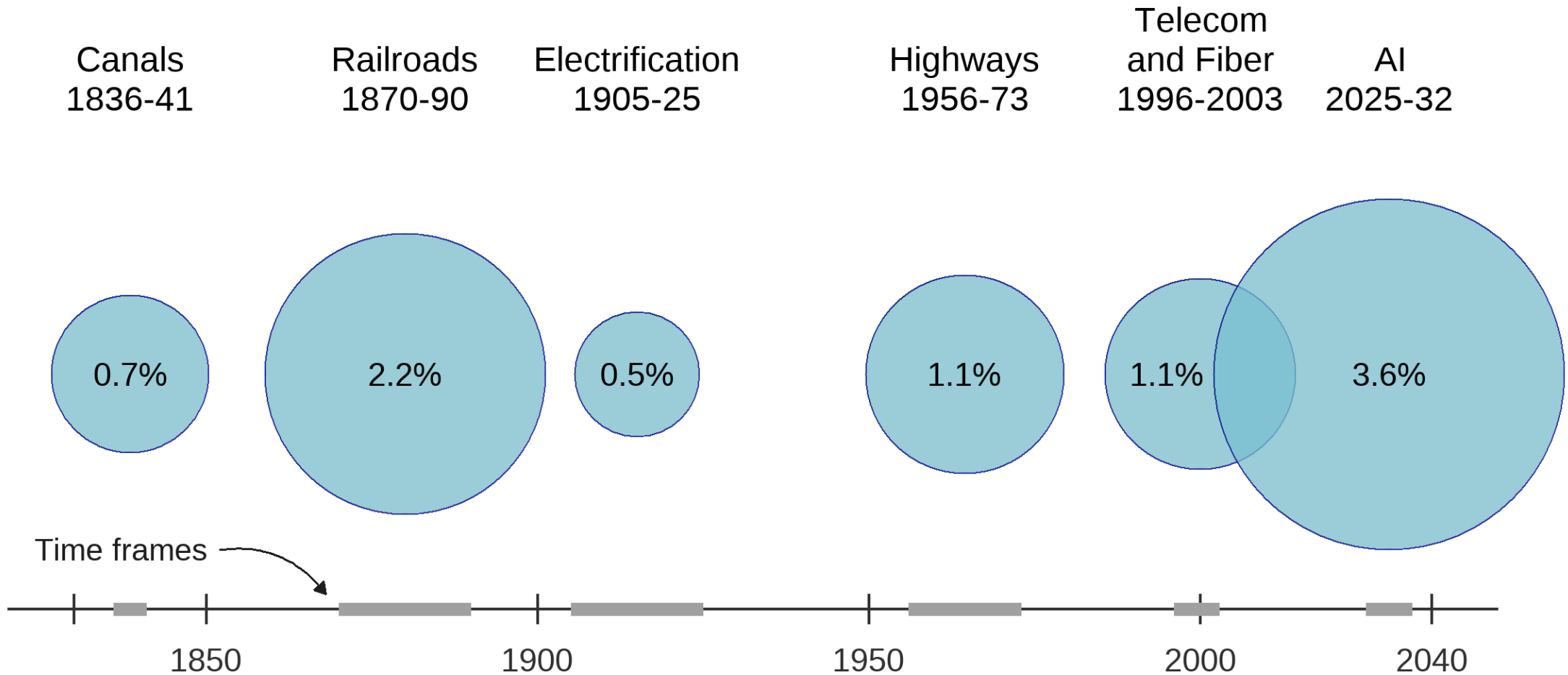
Labor Compensation as a Share of GDP

United States, Q1 1947 - Q2 2026



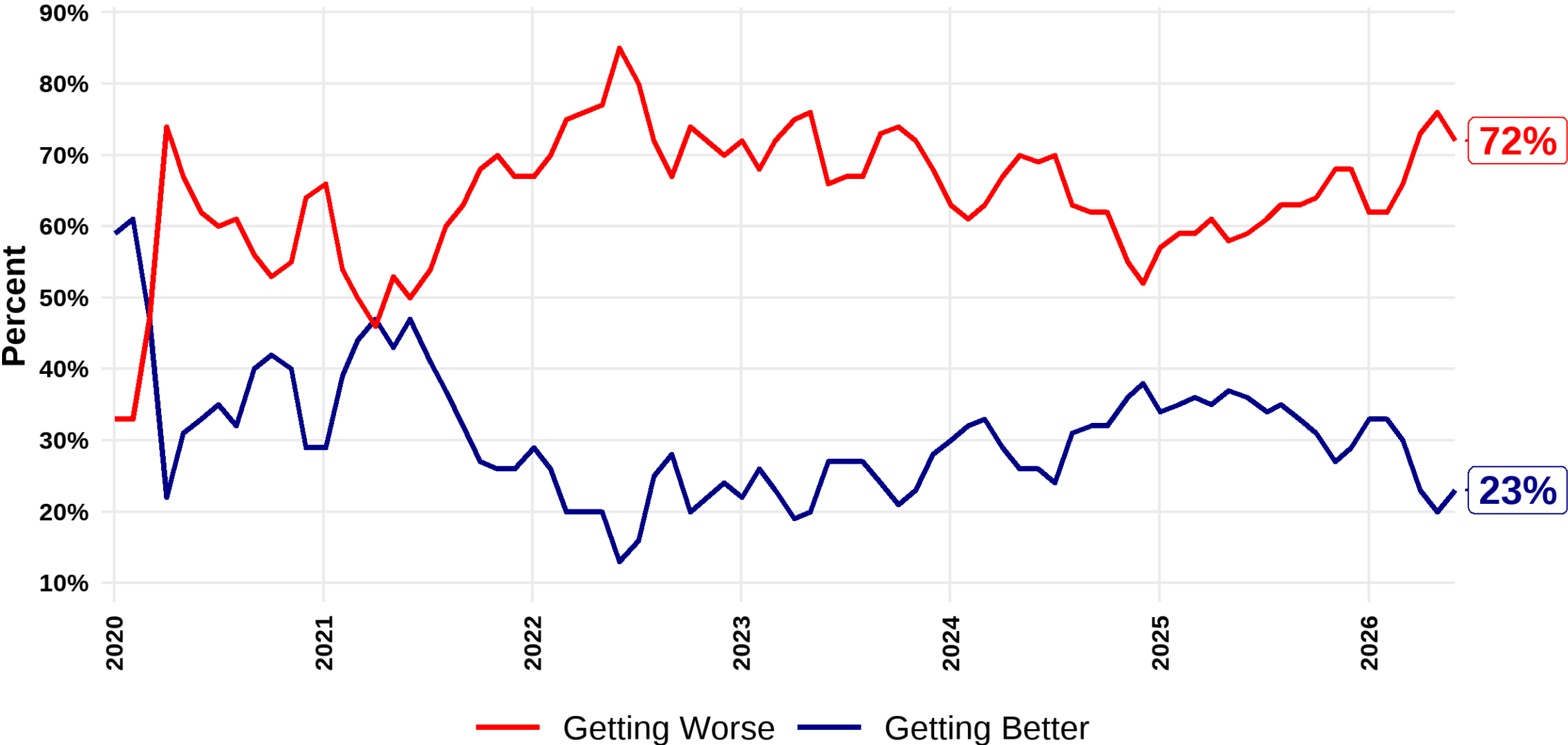
Sources: Bureau of Labor Statistics, and Dragas Center for Economic Analysis and Policy. Data are seasonally adjusted.

Average Annual Infrastructure Spending as a Percentage of GDP



Americans' Views of Economic Outlook

Gallup Survey, January 2020 - June 2026

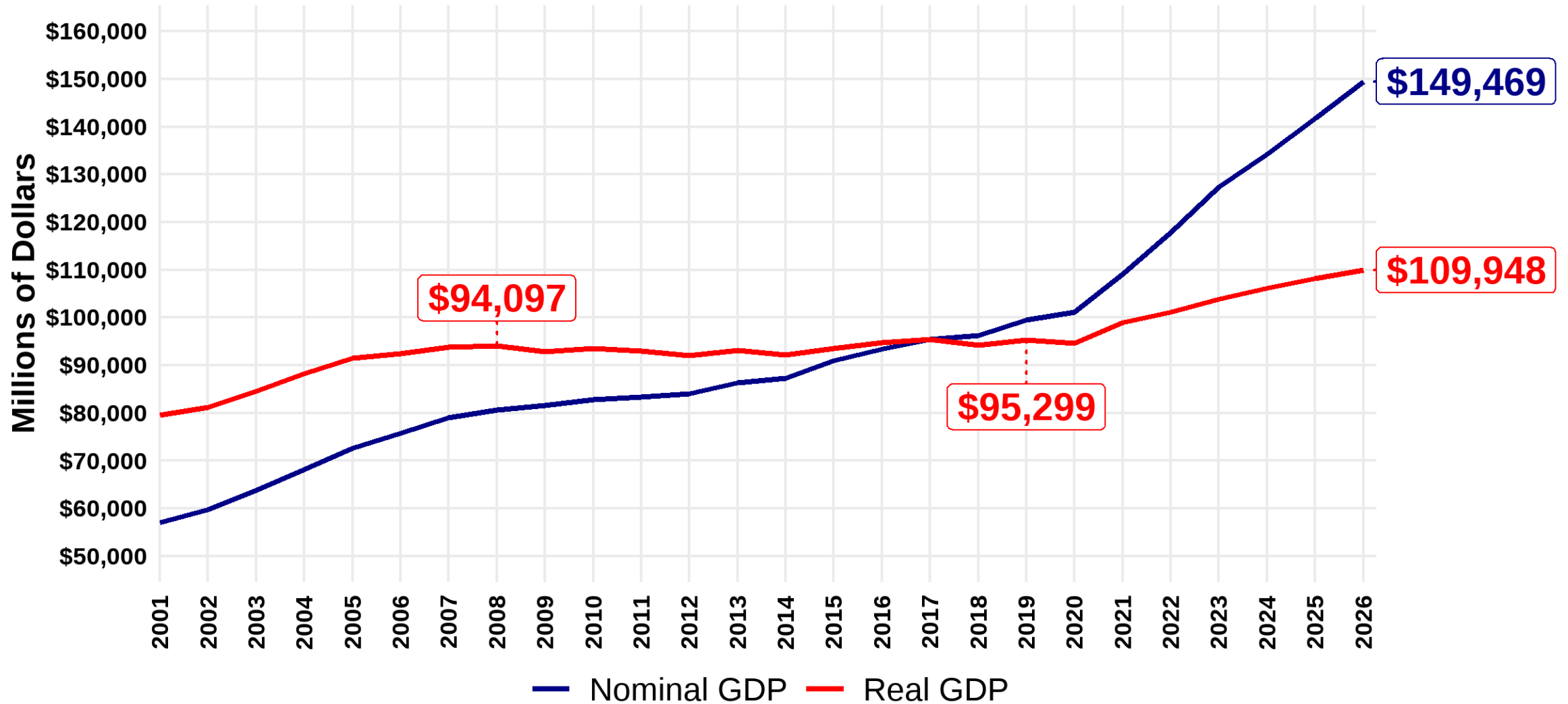


Source: Gallup (2026). Volunteered responses of "staying the same" are not shown.



Nominal and Real Gross Domestic Product (GDP)

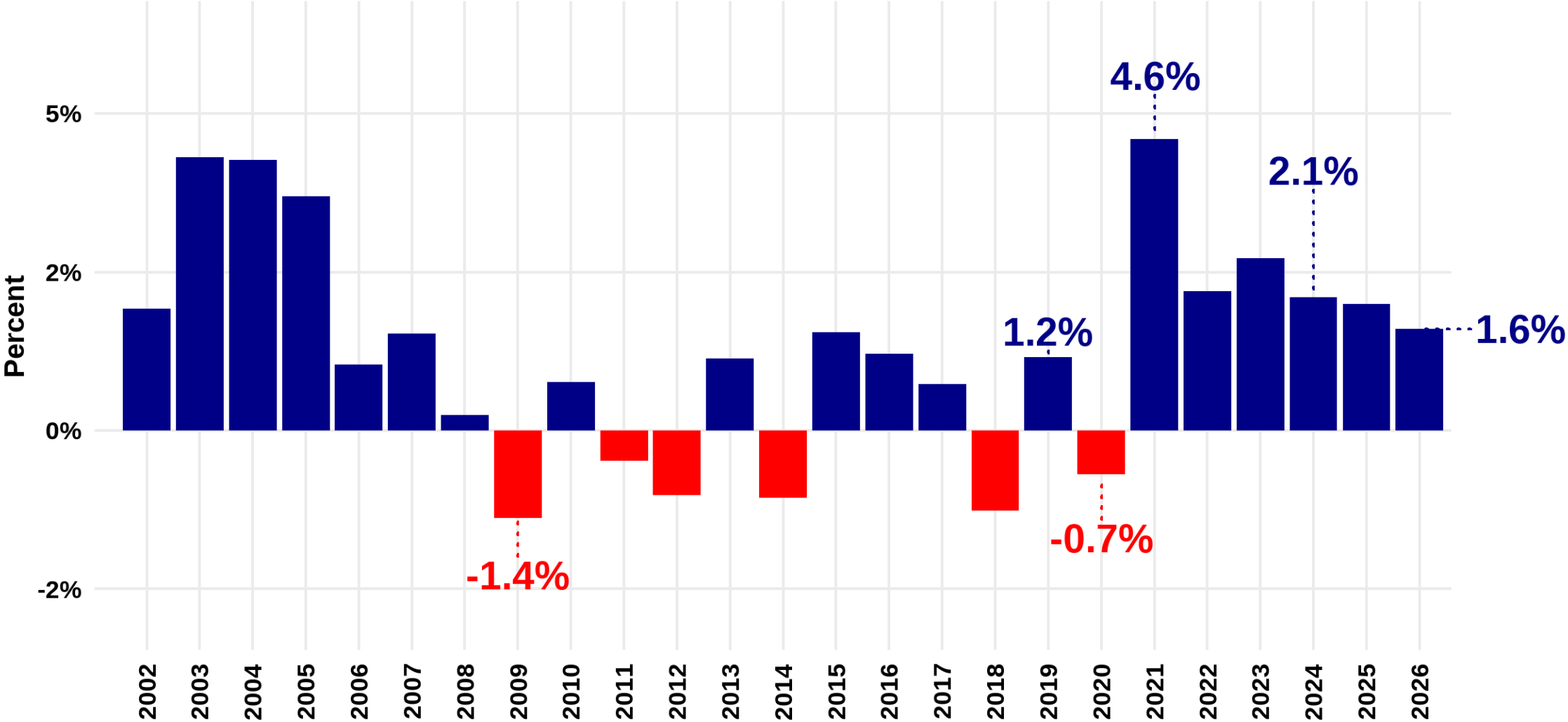
Hampton Roads, 2001 - 2026*



Sources: Bureau of Economic Analysis (BEA) and Dragas Center for Economic Analysis and Policy. Data on GDP incorporates latest BEA revisions in December 2025. Real GDP is in 2017 Chained Dollars. *2025 represents our estimate and 2026 represents our forecast. Metropolitan-level estimates are equal to the sum of county-level estimates and use the U.S. Census 2023 delineation file to assign counties to metropolitan areas. Historical definitions of metropolitan areas are not captured by these estimates.

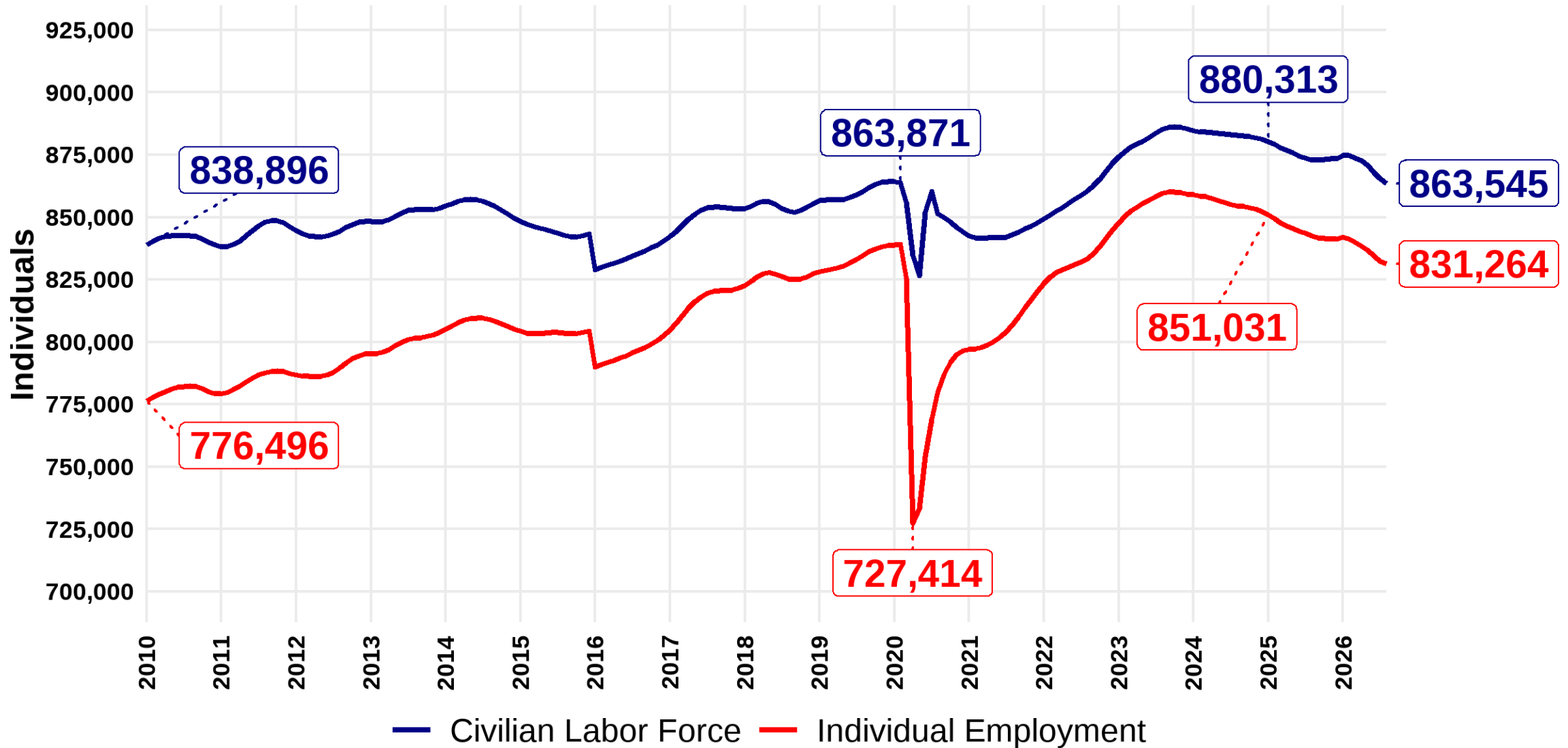
Percent Change in Real Gross Domestic Product (GDP)

Hampton Roads, 2002 - 2026*



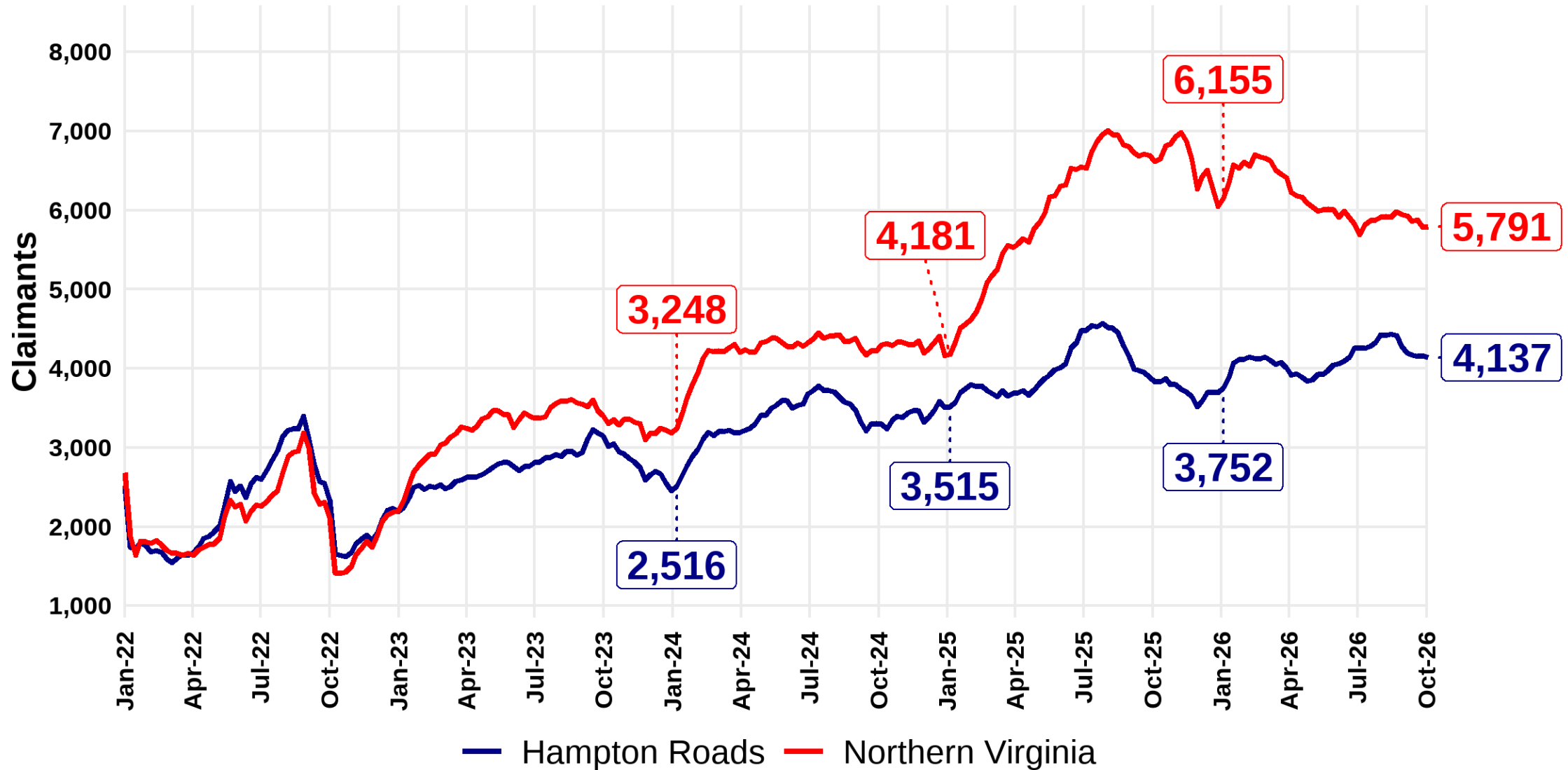
Sources: Bureau of Economic Analysis (BEA) and Dragas Center for Economic Analysis and Policy. Data on GDP incorporates latest BEA revisions in December 2025. Real GDP is in 2017 Chained Dollars. *2025 represents our estimate and 2026 represents our forecast. Metropolitan-level estimates are equal to the sum of county-level estimates and use the U.S. Census 2023 delineation file to assign counties to metropolitan areas. Historical definitions of metropolitan areas are not captured by these estimates.

Civilian Labor Force and Individual Employment Hampton Roads, January 2010 - August 2026



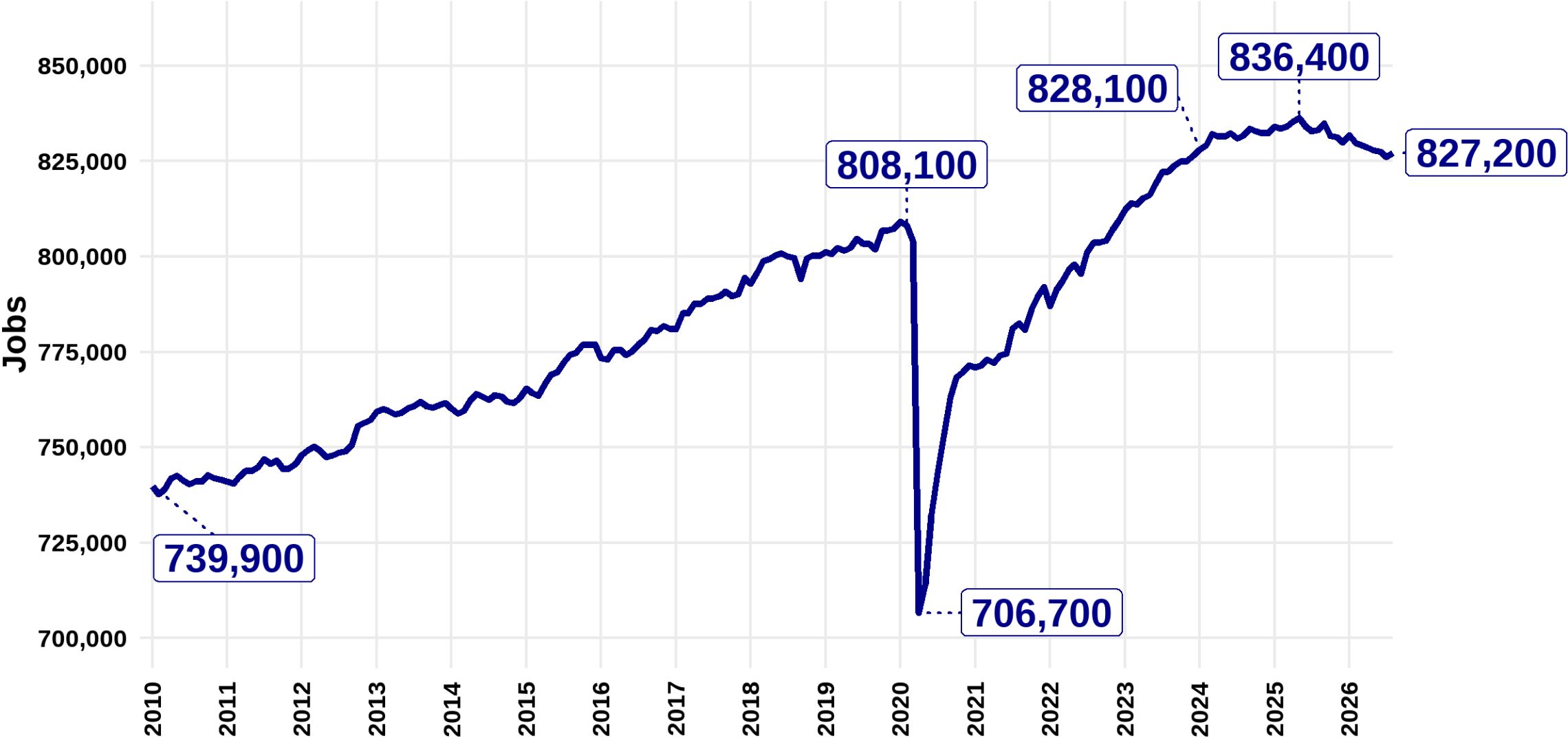
Weekly Unemployment Continued Claims

Hampton Roads and Northern Virginia, January 1, 2022 - October 3, 2026



Nonfarm Payrolls

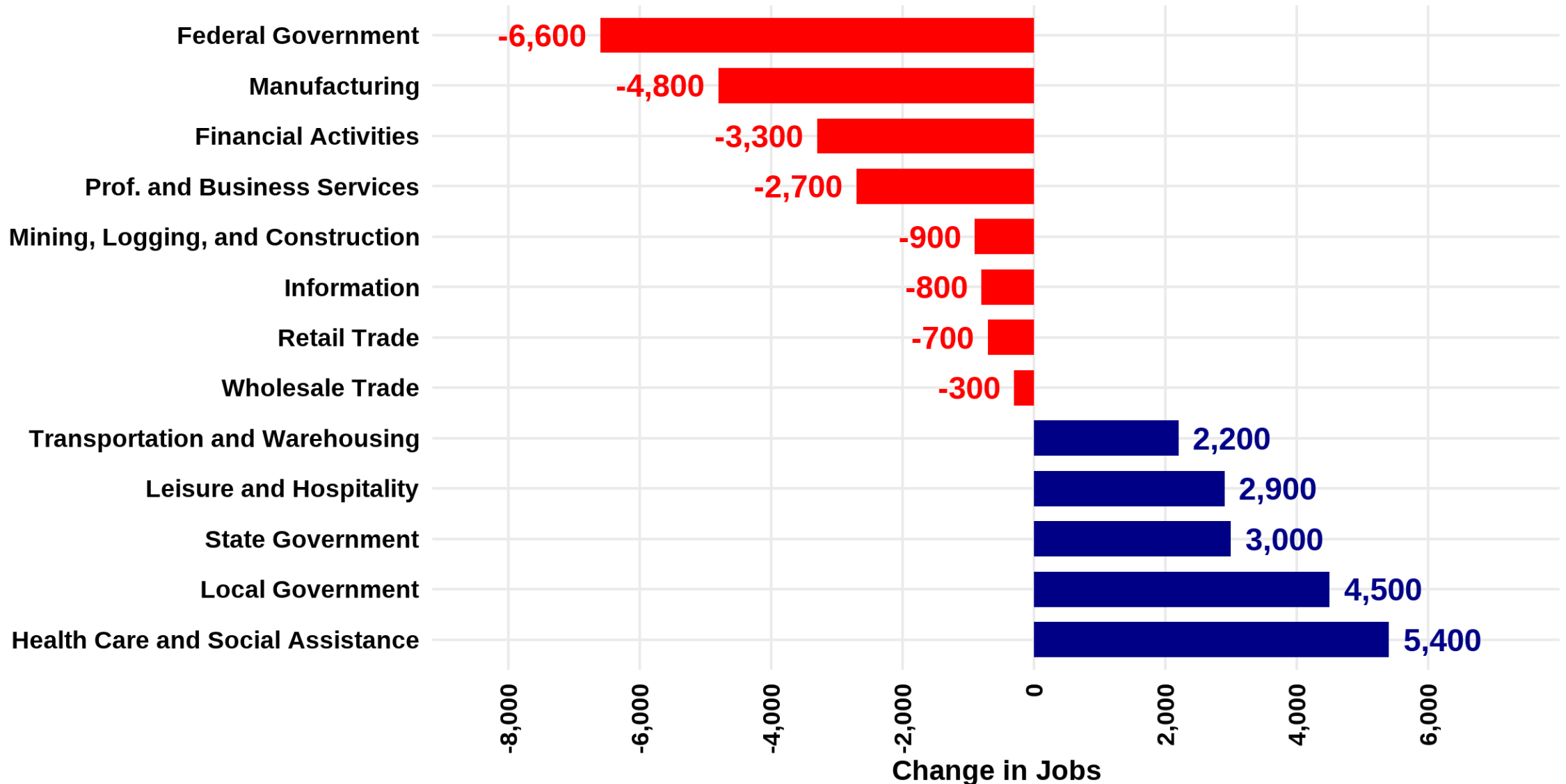
Hampton Roads, January 2010 - August 2026



Source: Bureau of Labor Statistics, seasonally adjusted data. Data for August 2026 are preliminary.

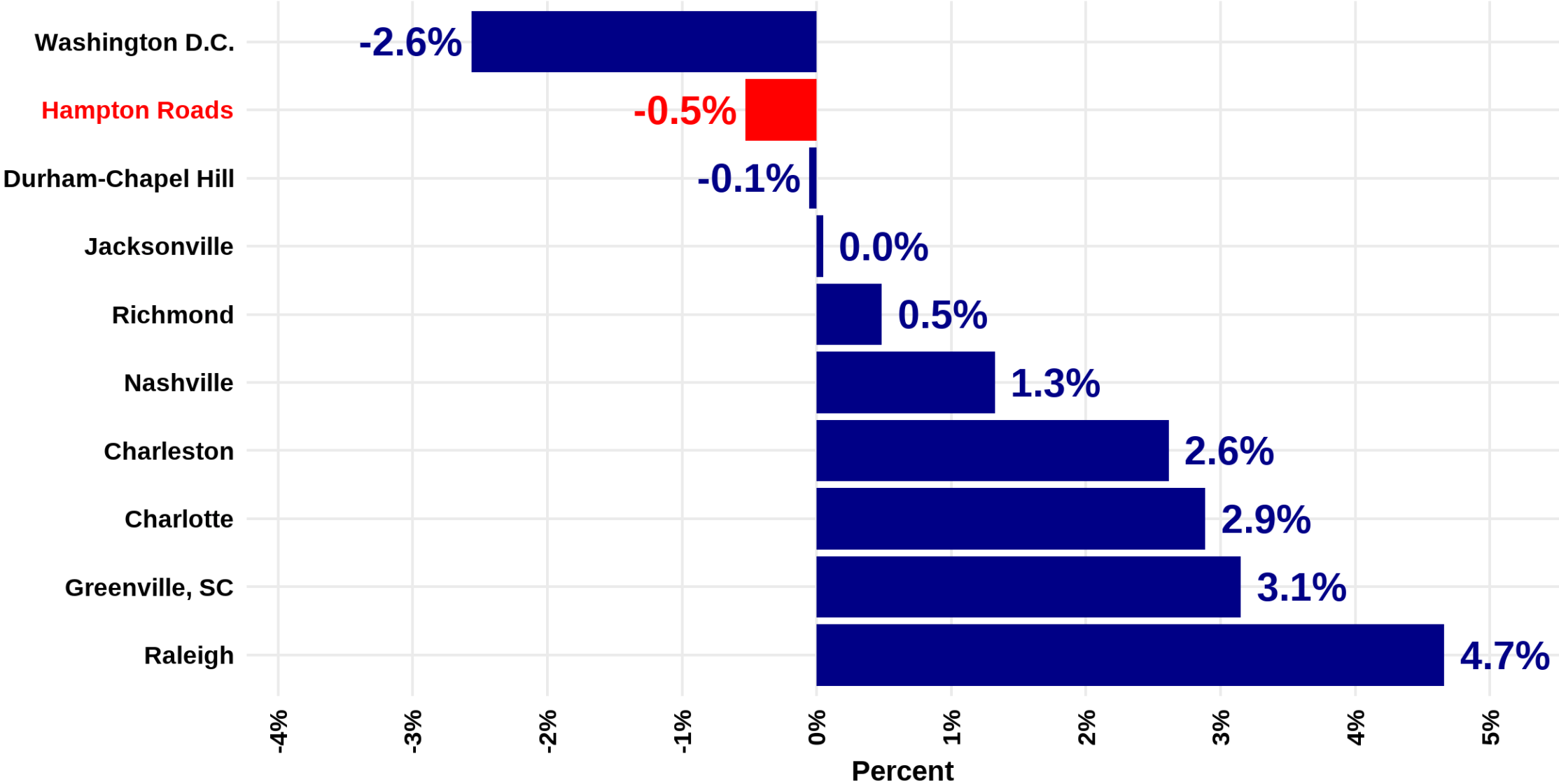
Nonfarm Jobs Gained/Lost

Selected Sectors in Hampton Roads, August 2024 - August 2026



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

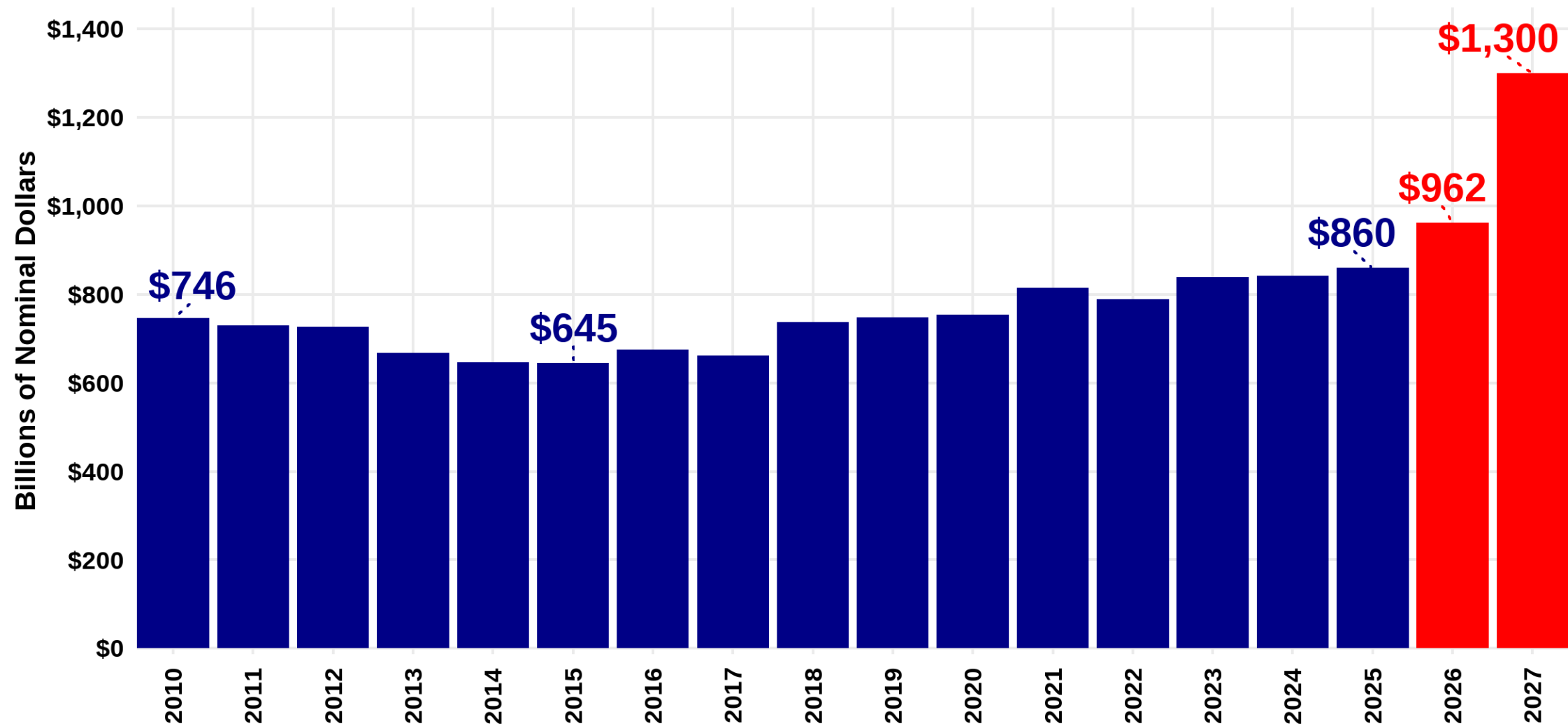
Growth in Nonfarm Payrolls
Selected Metropolitan Areas, August 2024 - August 2026



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

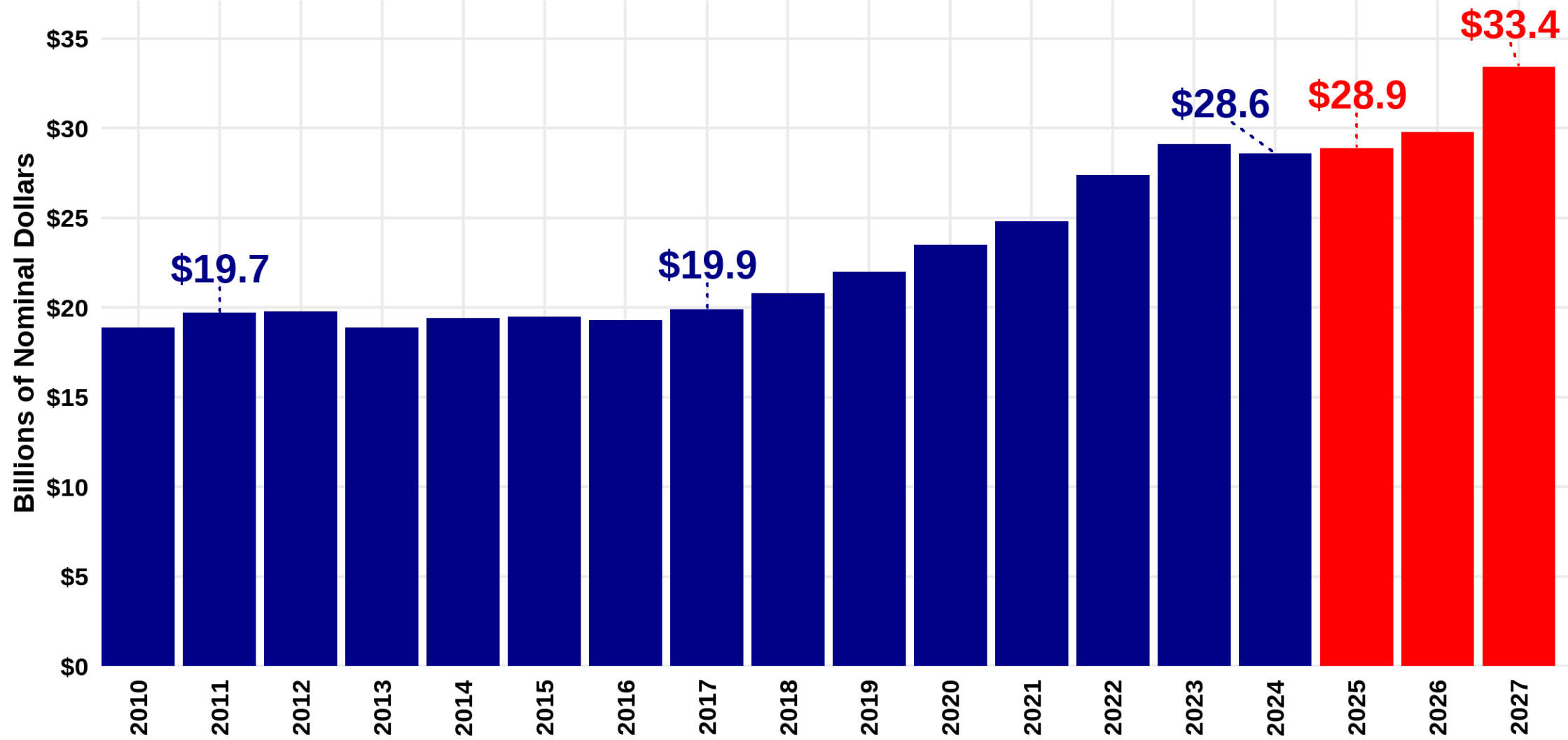


Department of Defense (DoD) Total Budget
United States, Fiscal Year 2010 - 2027*



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 2027 are projections based on national DoD spending estimates. Projections do not contain possible supplemental appropriations.

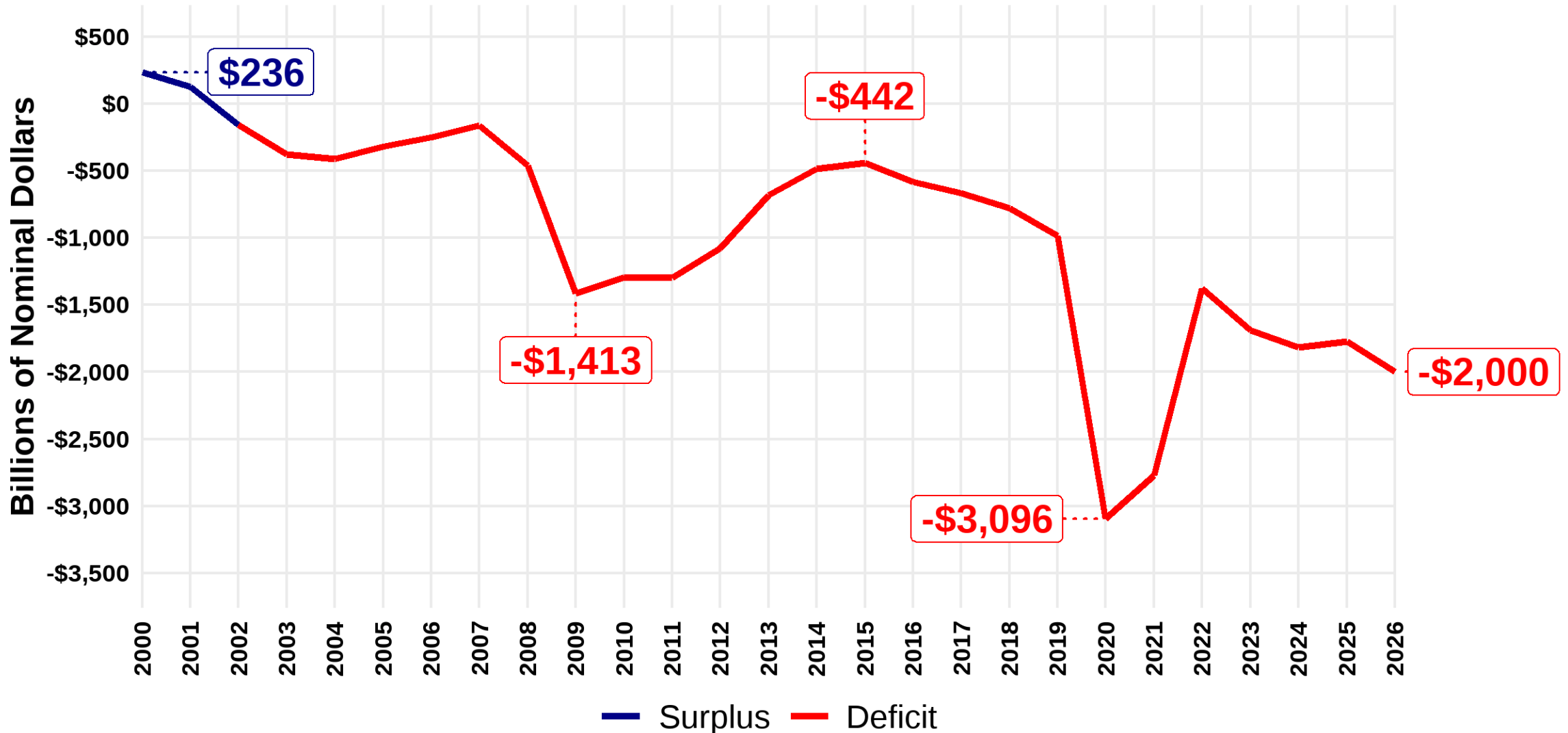
Estimated Department of Defense Direct Spending Hampton Roads, Fiscal Year 2010 - 2027*



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 – 2027 are our forecasts.

Federal Surplus or Deficit

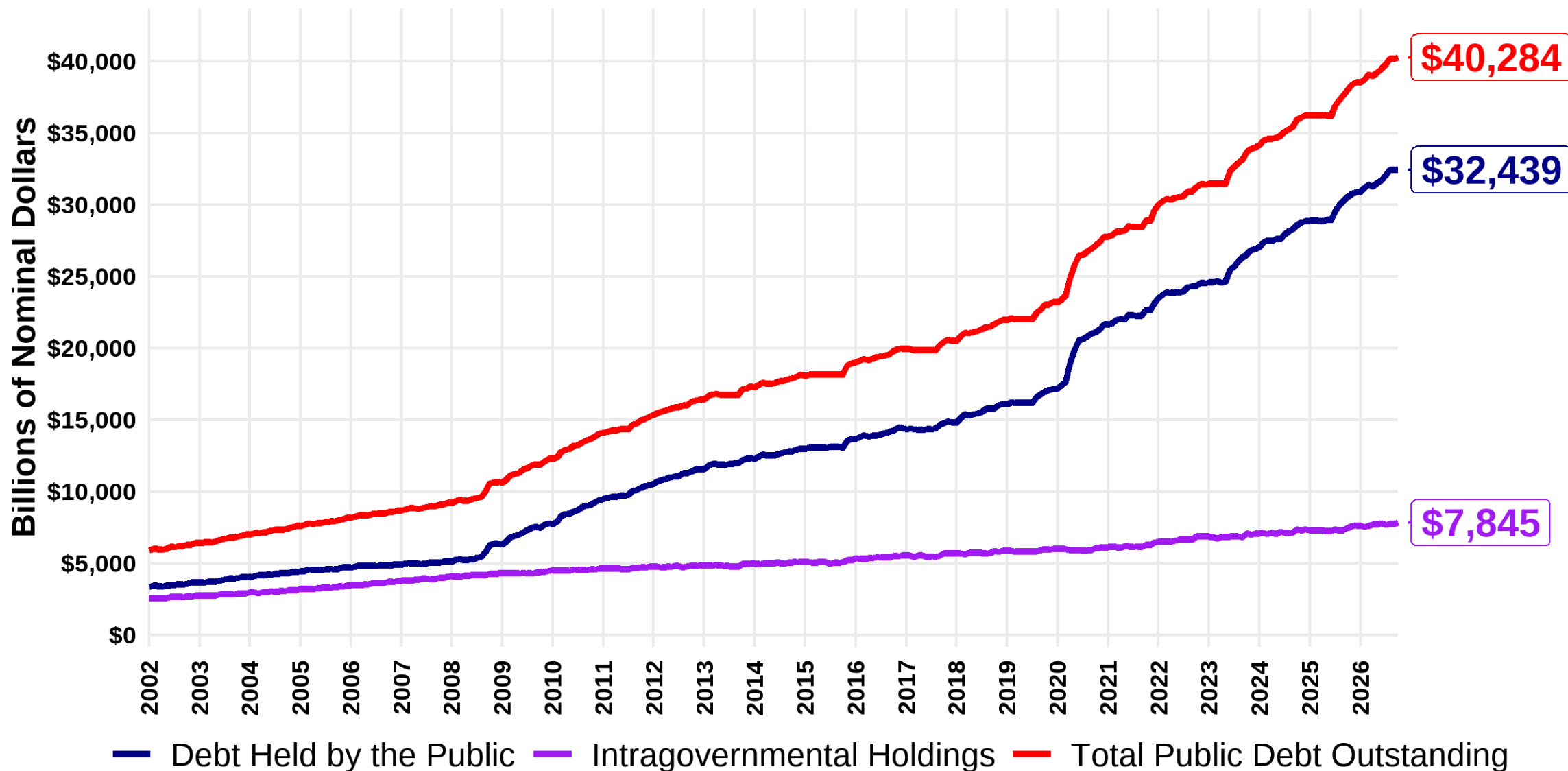
United States, Fiscal Year 2000 - 2026*



Sources: U.S. Office of Management and Budget and Federal Reserve Bank of St. Louis. *Estimate for 2026 is provided by Congressional Budget Office in September 2026 for the first 11 months of fiscal year 2026.

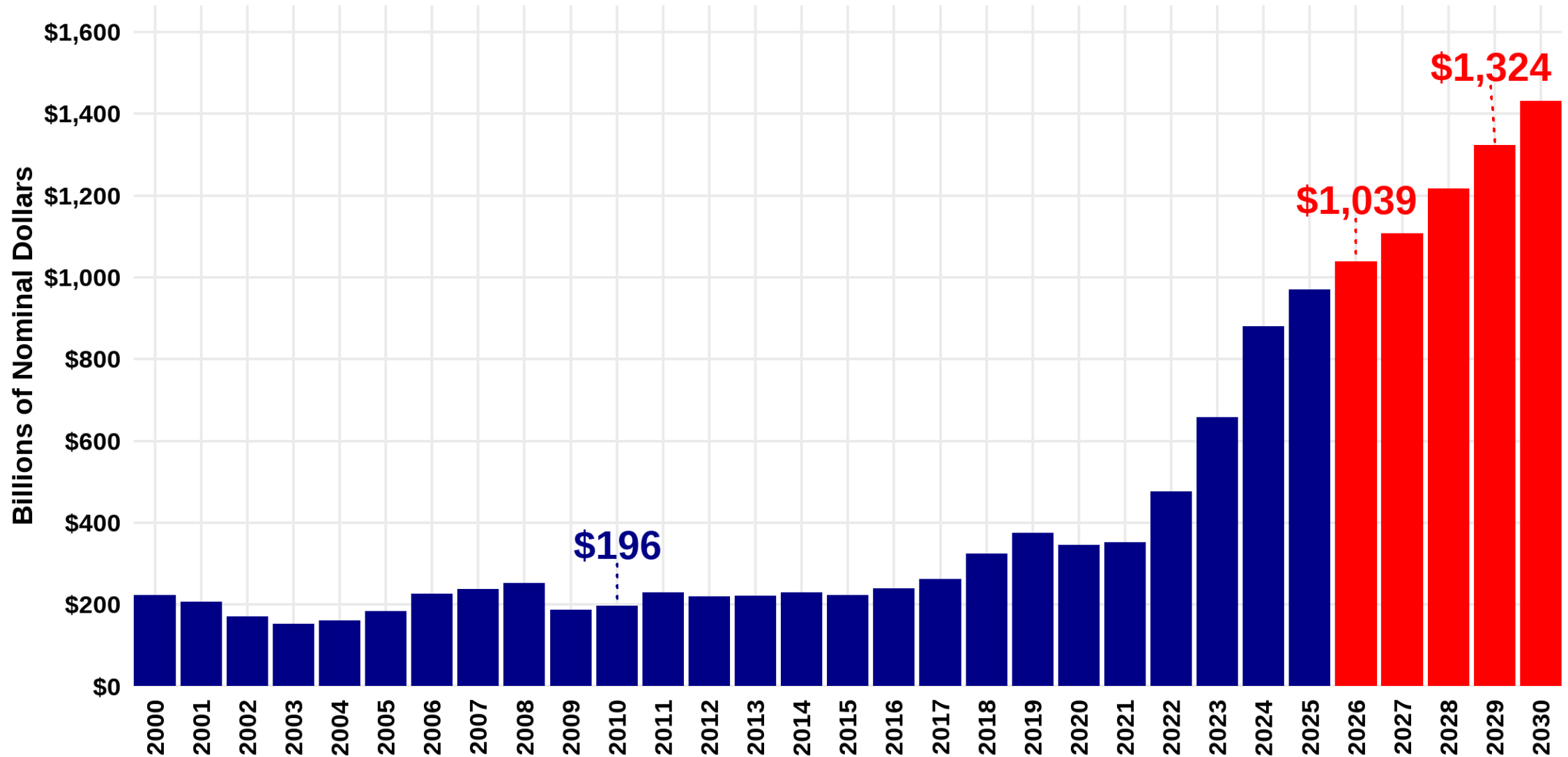
Federal Debt

United States, January 2002 - October 2026



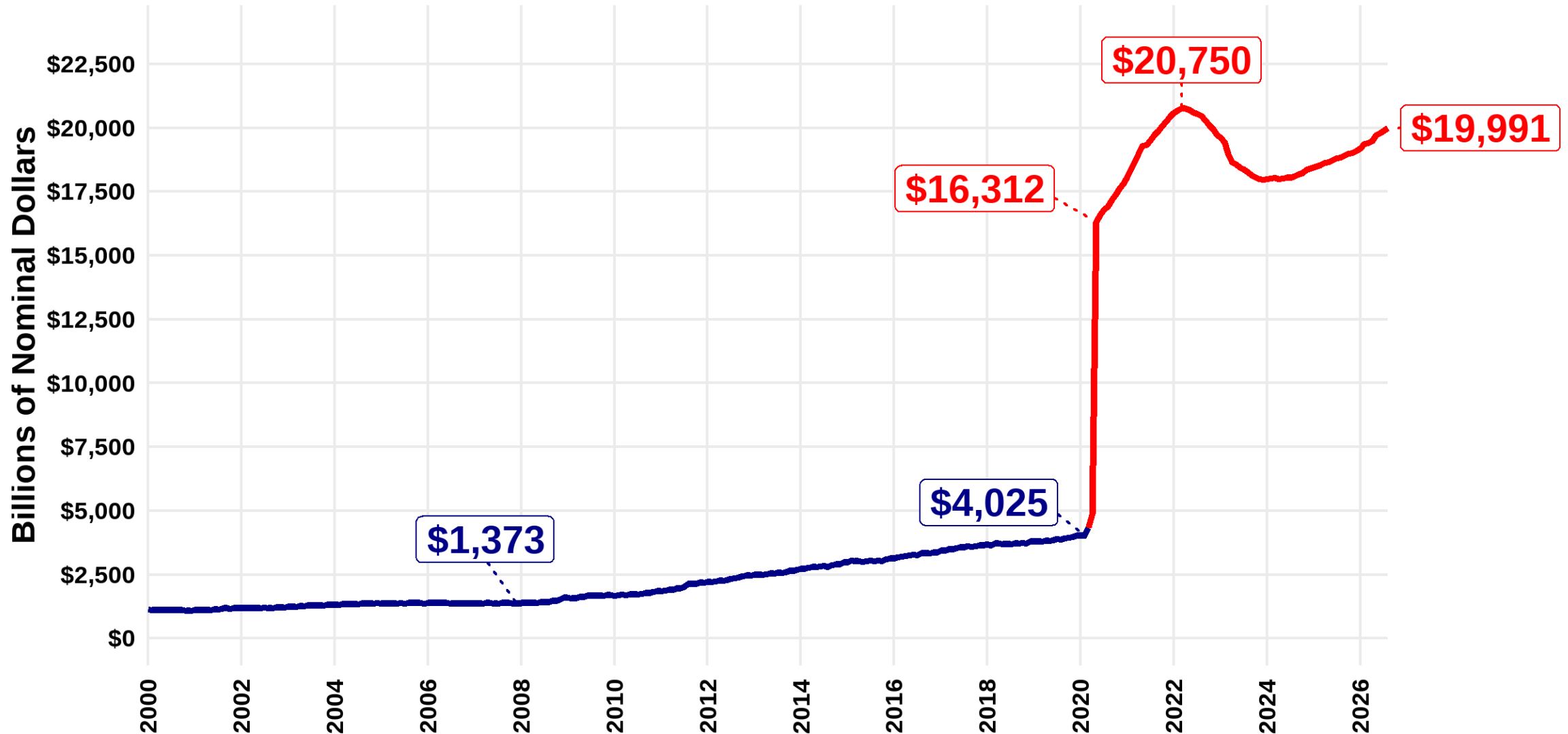
Federal Government: Net Interest Outlays

United States, Fiscal Year 2000 - 2030*



Nominal M1 Money Stock

United States, January 2000 - August 2026



U.S. 10-Year and 30-Year Treasury Yield

United States, January 2016 - October 2026





SWL 40LT
KONECRANES

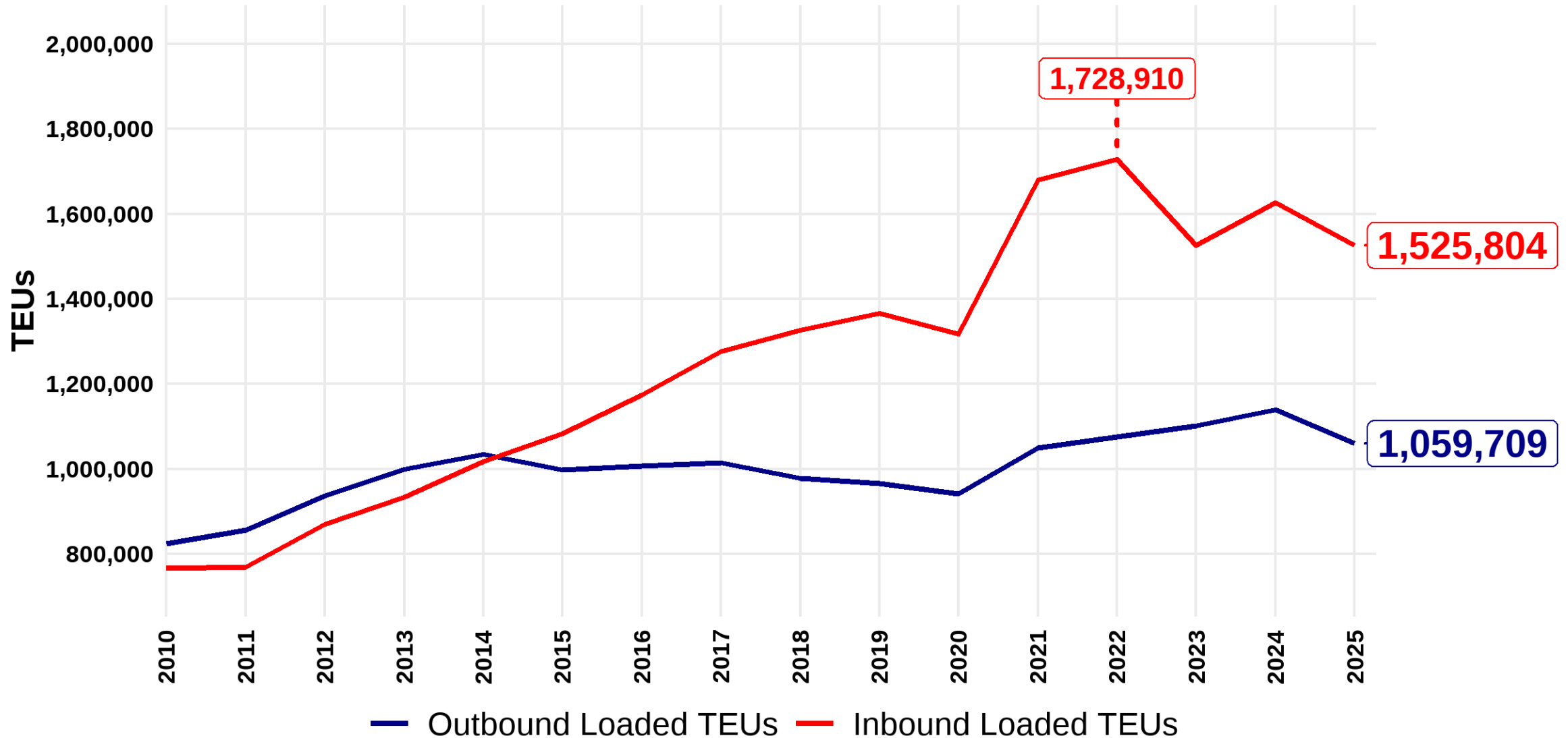


THE PORT OF VIRGINIA

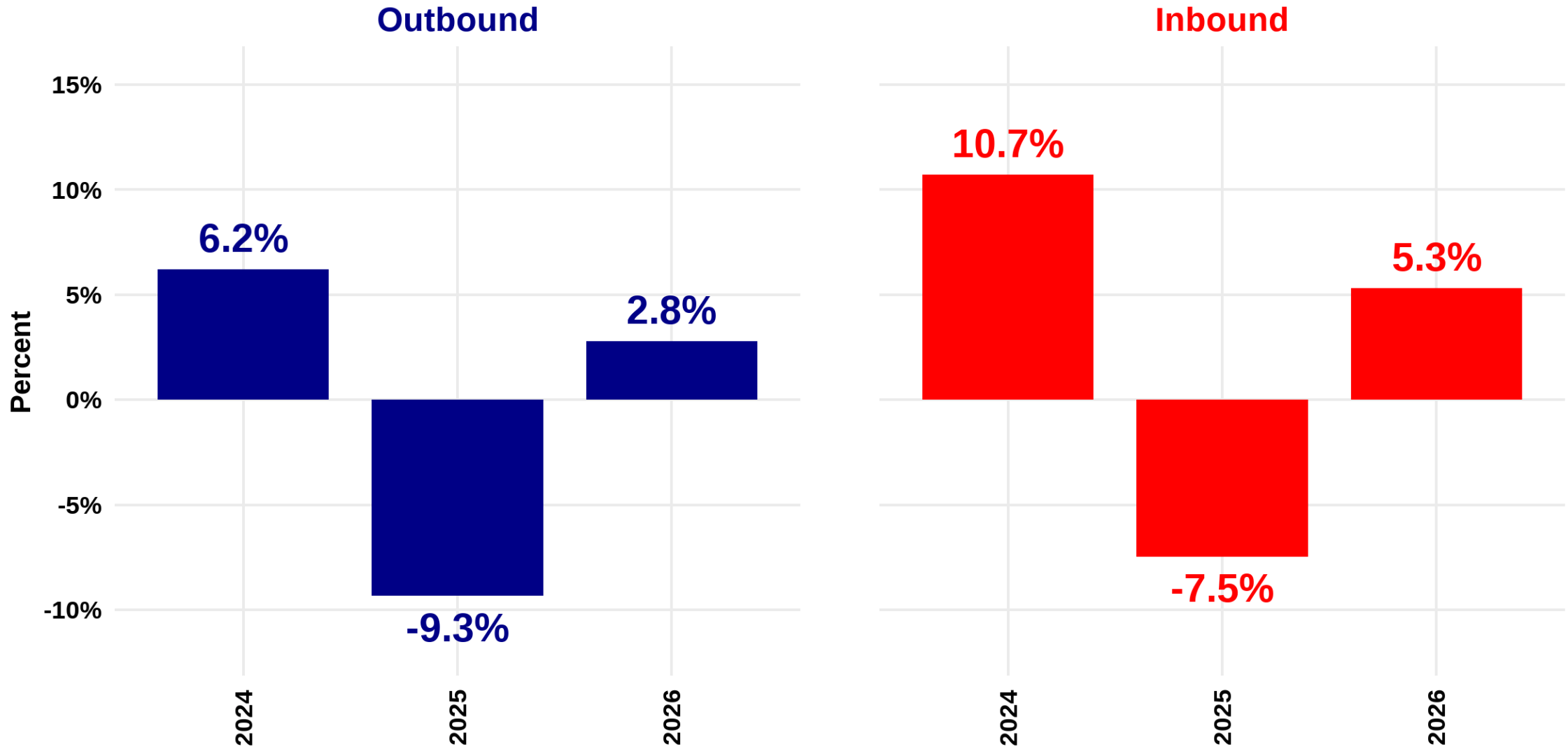
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STOP

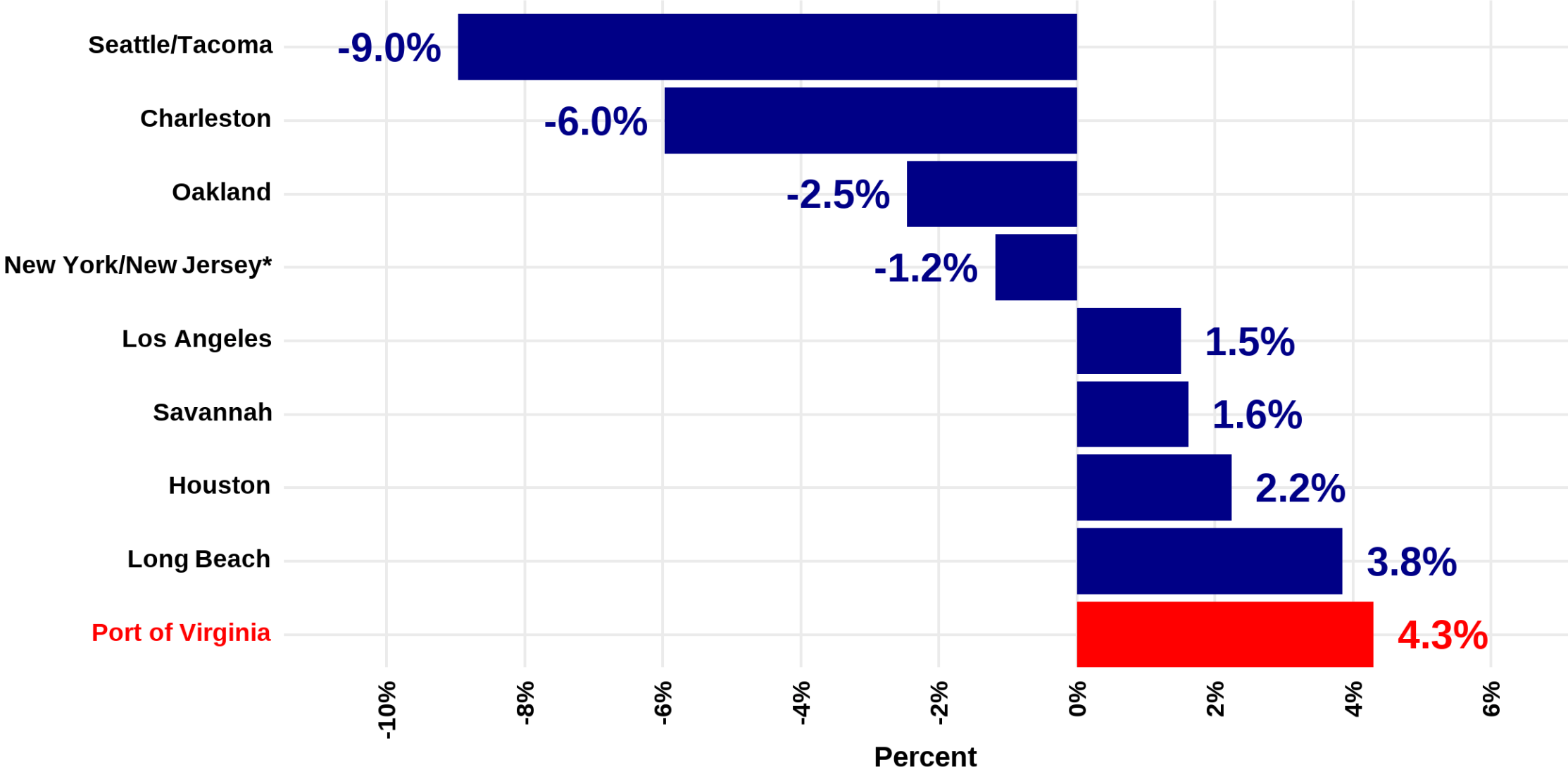
Loaded Inbound and Outbound TEUs Port of Virginia, 2010 - 2025



Percent Change in Loaded TEUs Port of Virginia, YTD August 2024 - YTD August 2026

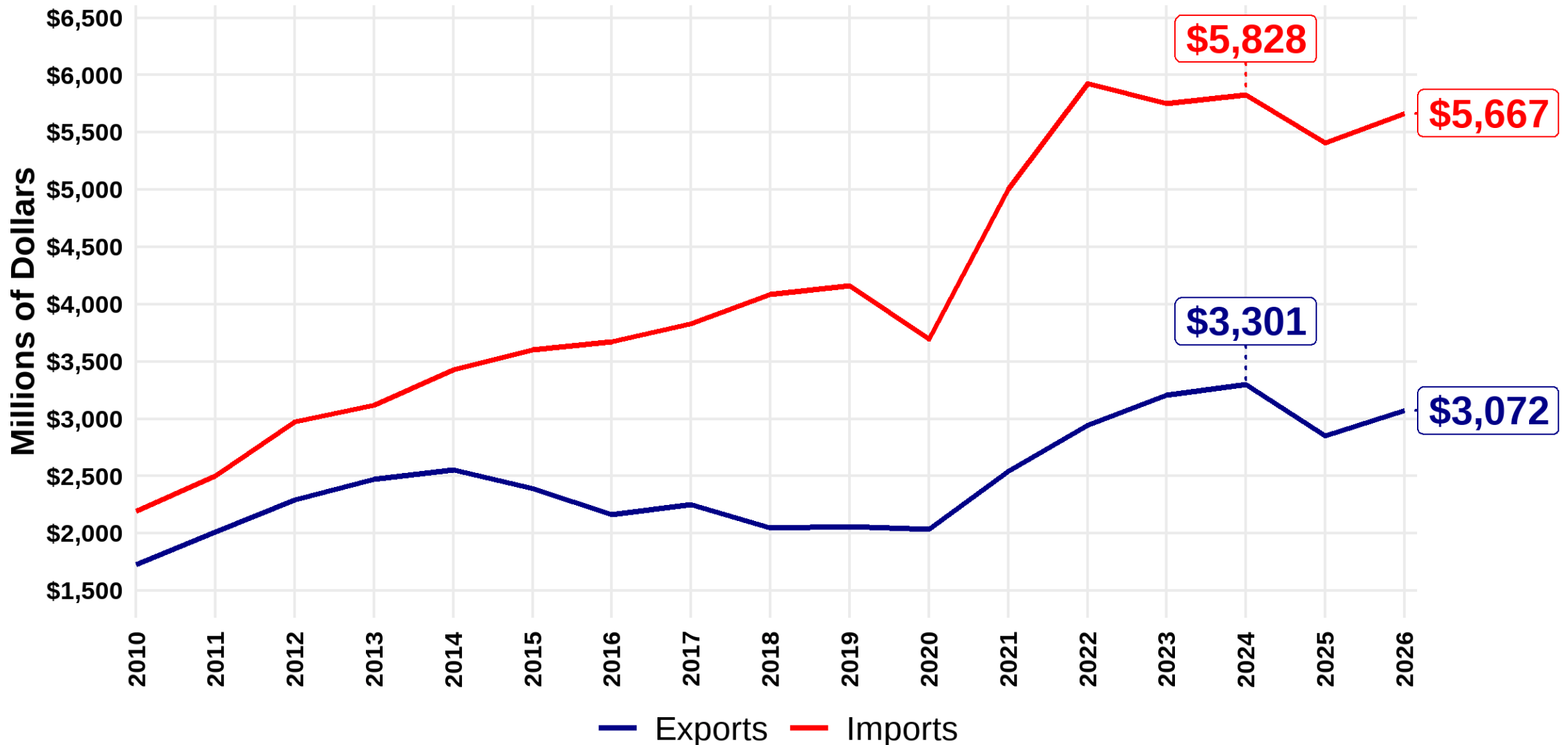


Percent Change in Total Loaded TEUs
Selected U.S. Ports, YTD August 2025 - YTD August 2026



Sources: Websites of ports and Dragas Center for Economic Analysis and Policy. Percent change is the year-to-date change from the current year to the preceding year. *Data for New York/New Jersey port are from YTD July 2025 to YTD July 2026.

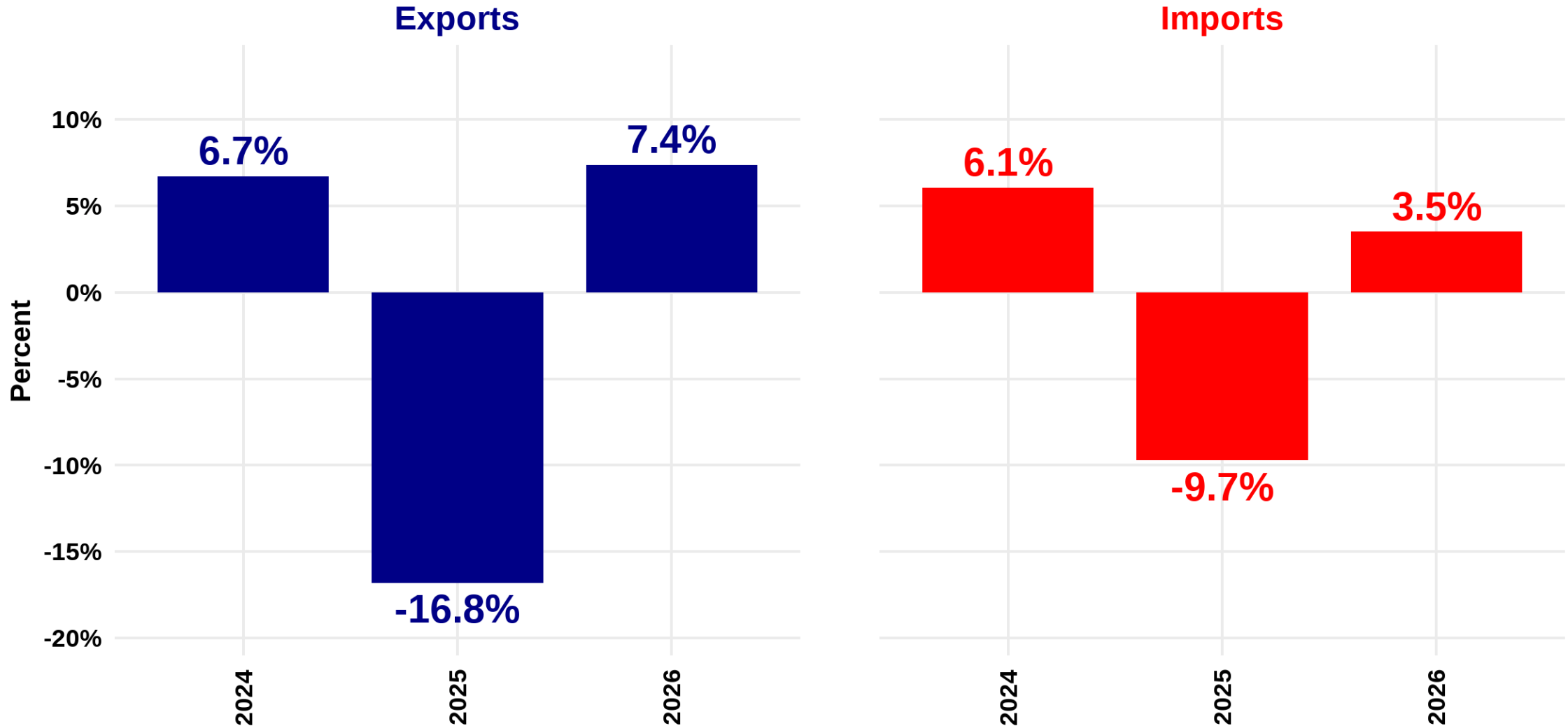
Average Monthly Dollar Value of Exports and Imports Port of Virginia, 2010 - 2026*



Sources: U.S. Census Bureau, USA Trade Online, and Dragas Center for Economic Analysis and Policy. *Average monthly imports and exports for 2026 represent the average of January through August 2026.

Percent Change in Dollar Volume of Exports and Imports

Port of Virginia, YTD August 2024 - YTD August 2026

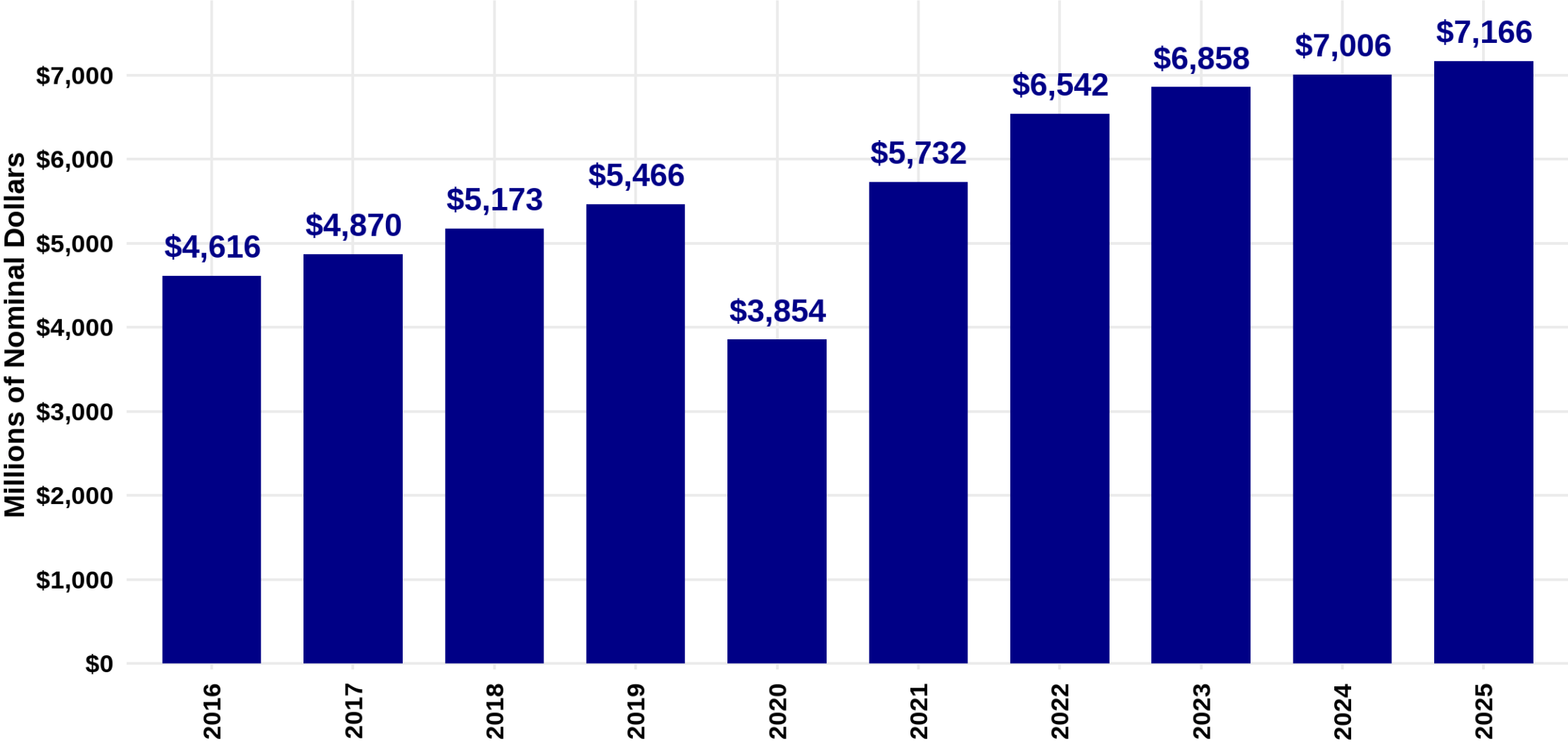


Sources: U.S. Census Bureau and Dragas Center for Economic Analysis and Policy. Non-seasonally adjusted data. Percent change is the year-to-date change from the current year to the preceding year.



R
RENAISSANCE
HOTEL

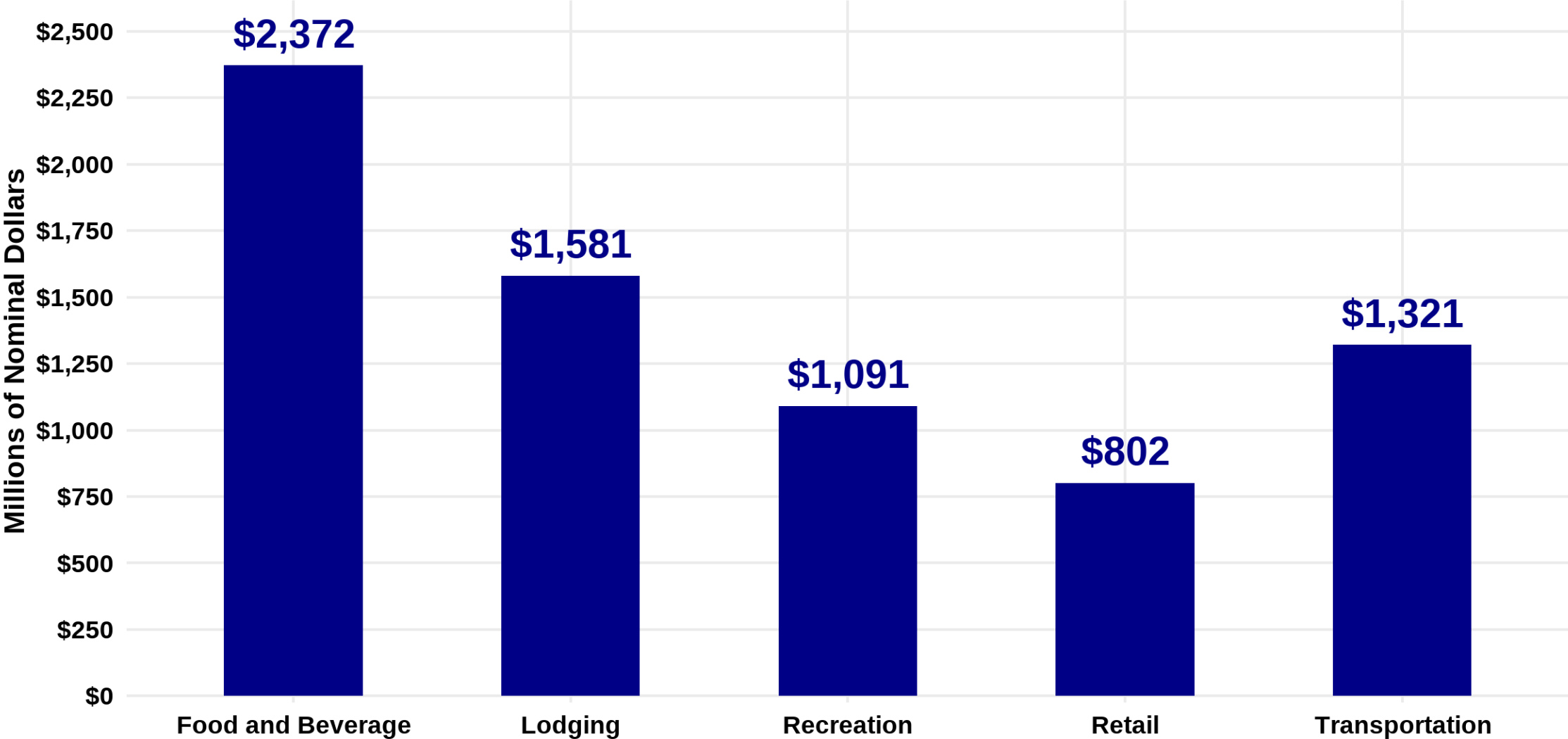
Direct Visitor Spending
Coastal Virginia, 2016 - 2025



Source: Virginia Tourism Corporation and Tourism Economics. VTC's Coastal Virginia: Hampton Roads region includes the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg, as well as Charles City, Isle of Wight, James City, New Kent, Southampton, Surry, and York counties.

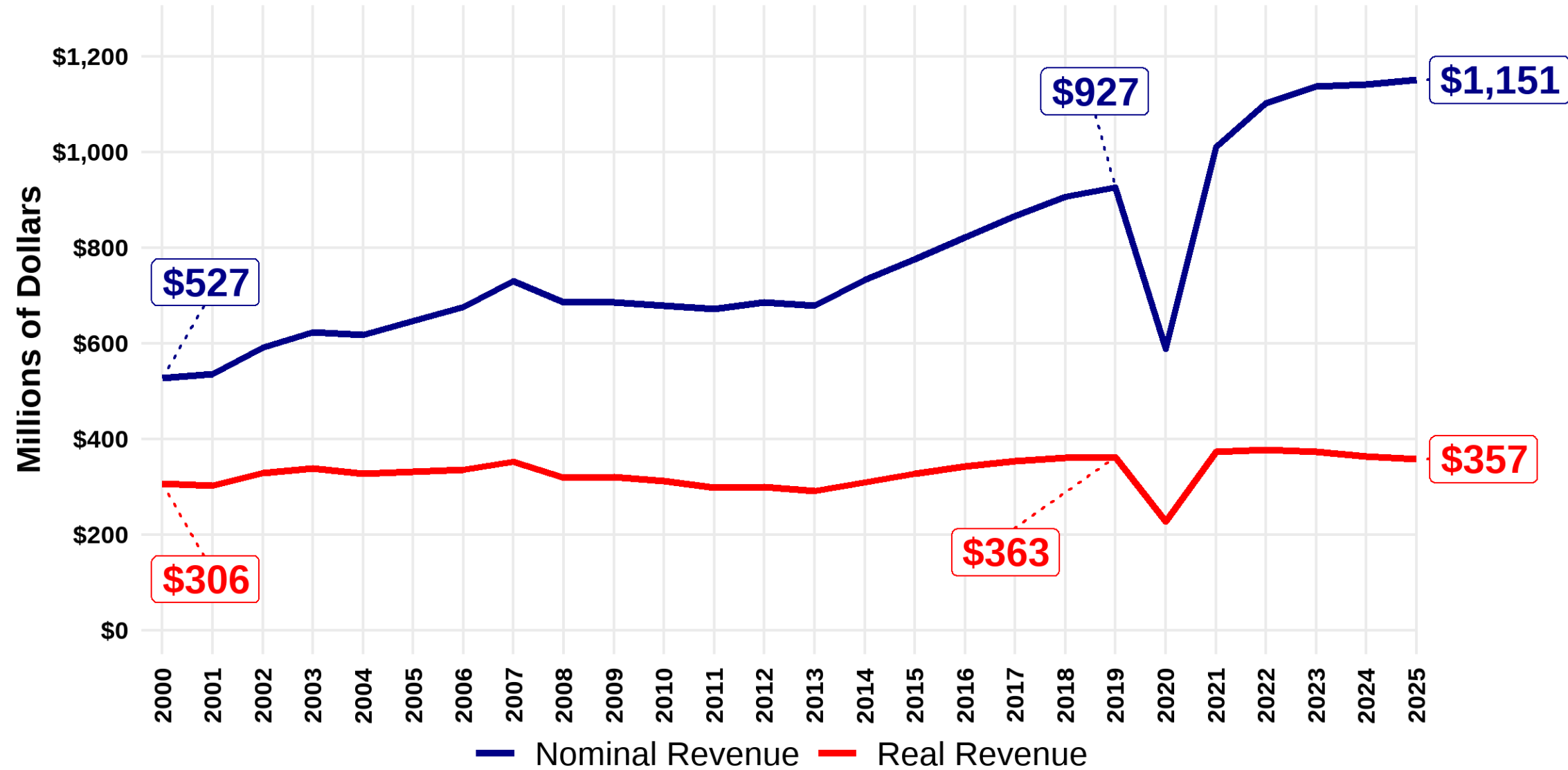
Composition of Direct Visitor Spending

Coastal Virginia, 2025



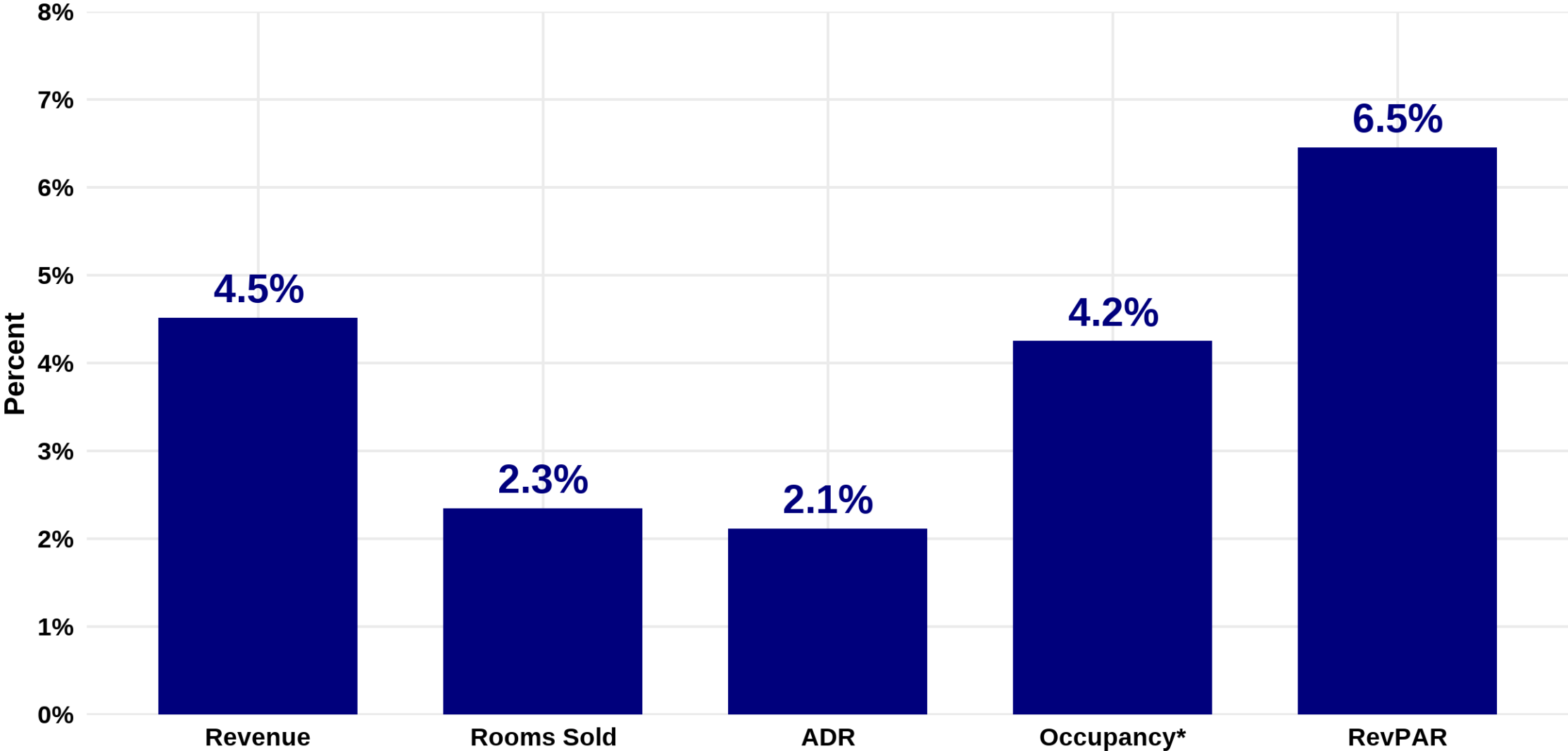
Nominal and Real (Inflation-Adjusted) Hotel Revenue

Hampton Roads, 2000 - 2025



Sources: STR Trend Report February 2026, Bureau of Labor Statistics (1982-84=100), and Dragas Center for Economic Analysis and Policy.

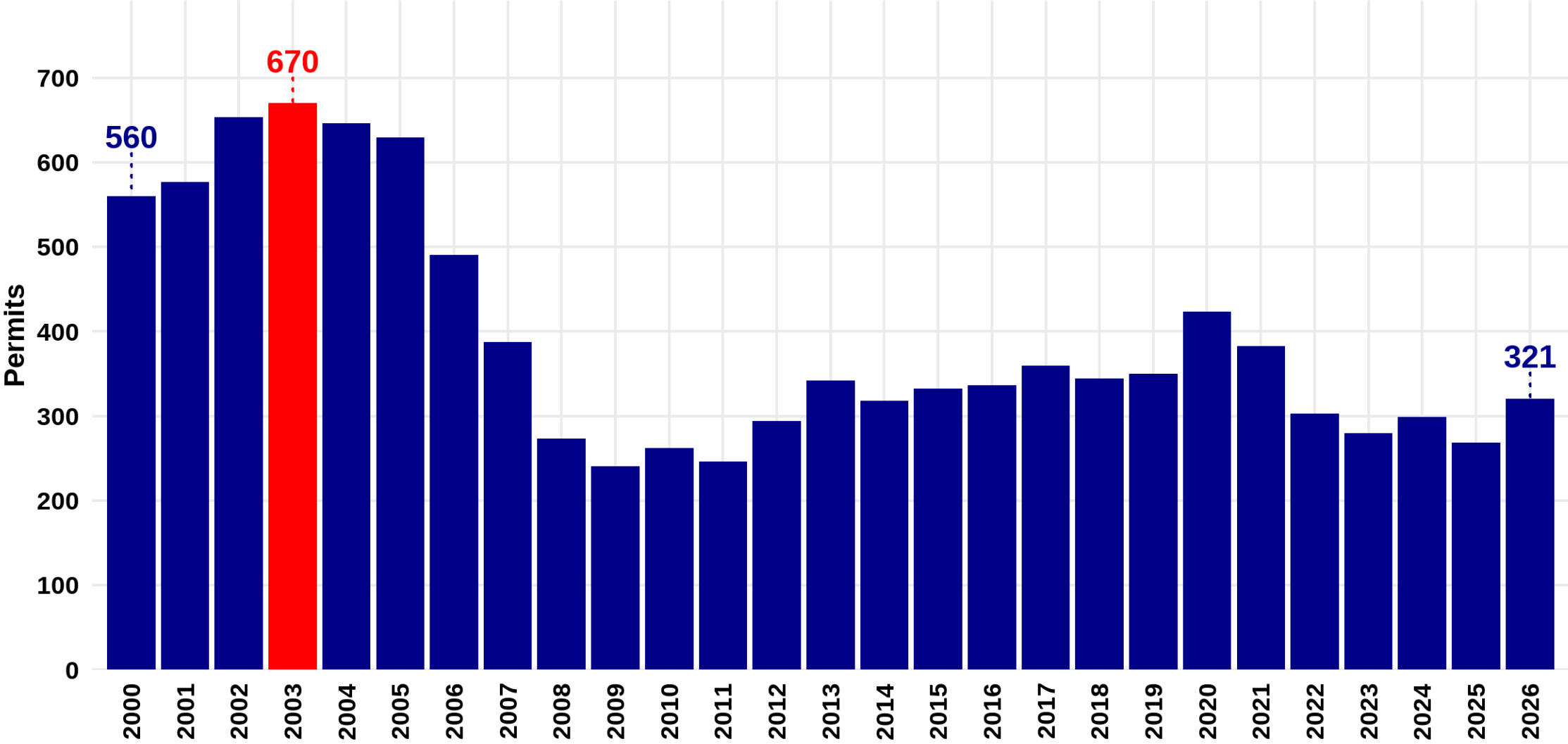
Percent Change in Hotel Performance Metrics
Hampton Roads, YTD August 2025 - YTD August 2026



Sources: STR Monthly Trend Report for August 2026 and Dragas Center for Economic Analysis and Policy. Percent change is the year-to-date change from the current year to the preceding year.*Occupancy rate change is in percentage points. RevPAR is Revenue Per Available Room. ADR is the Average Daily Rate.

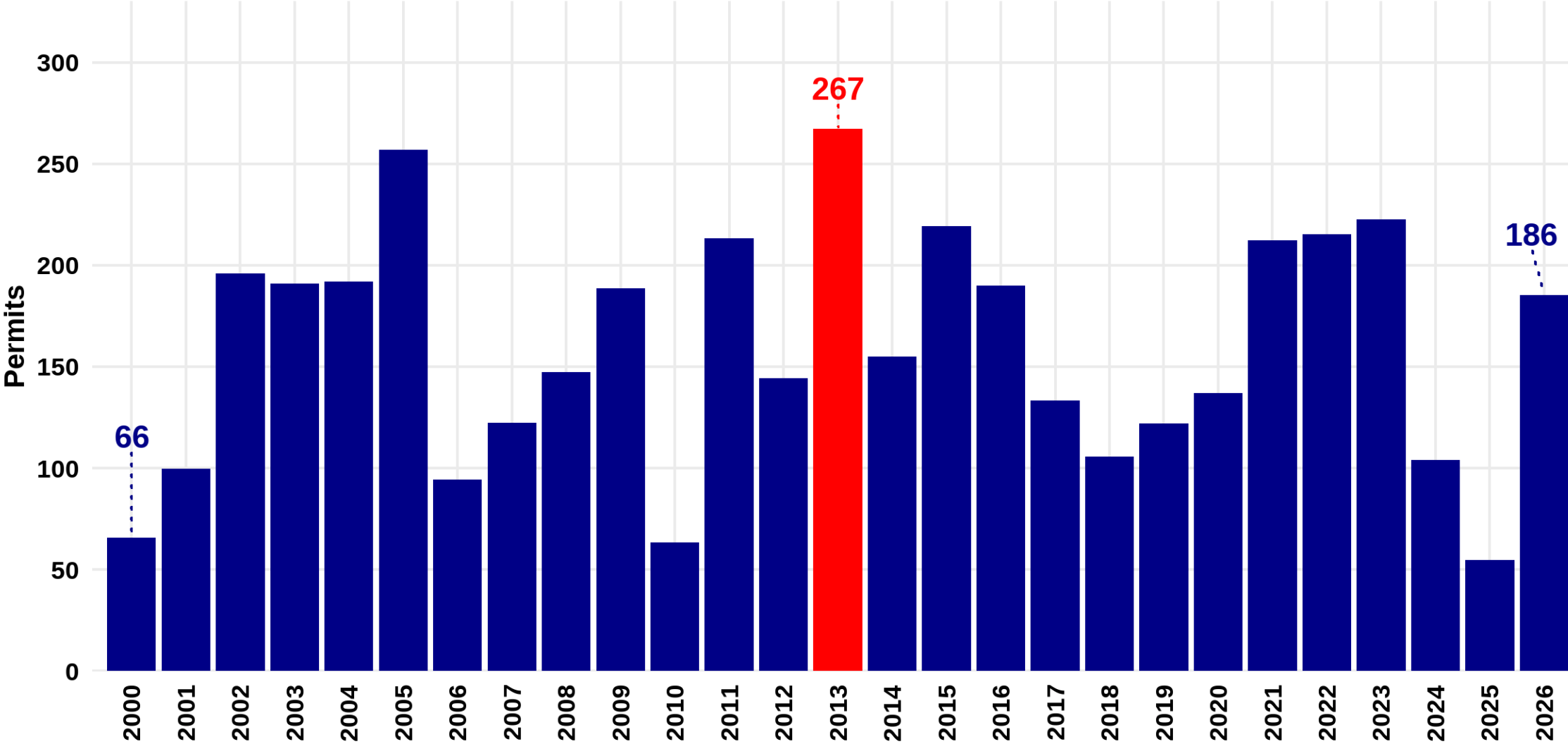


Monthly Average of New Privately-Owned Housing Permits of Single-Family Units Hampton Roads, 2000 - 2026*



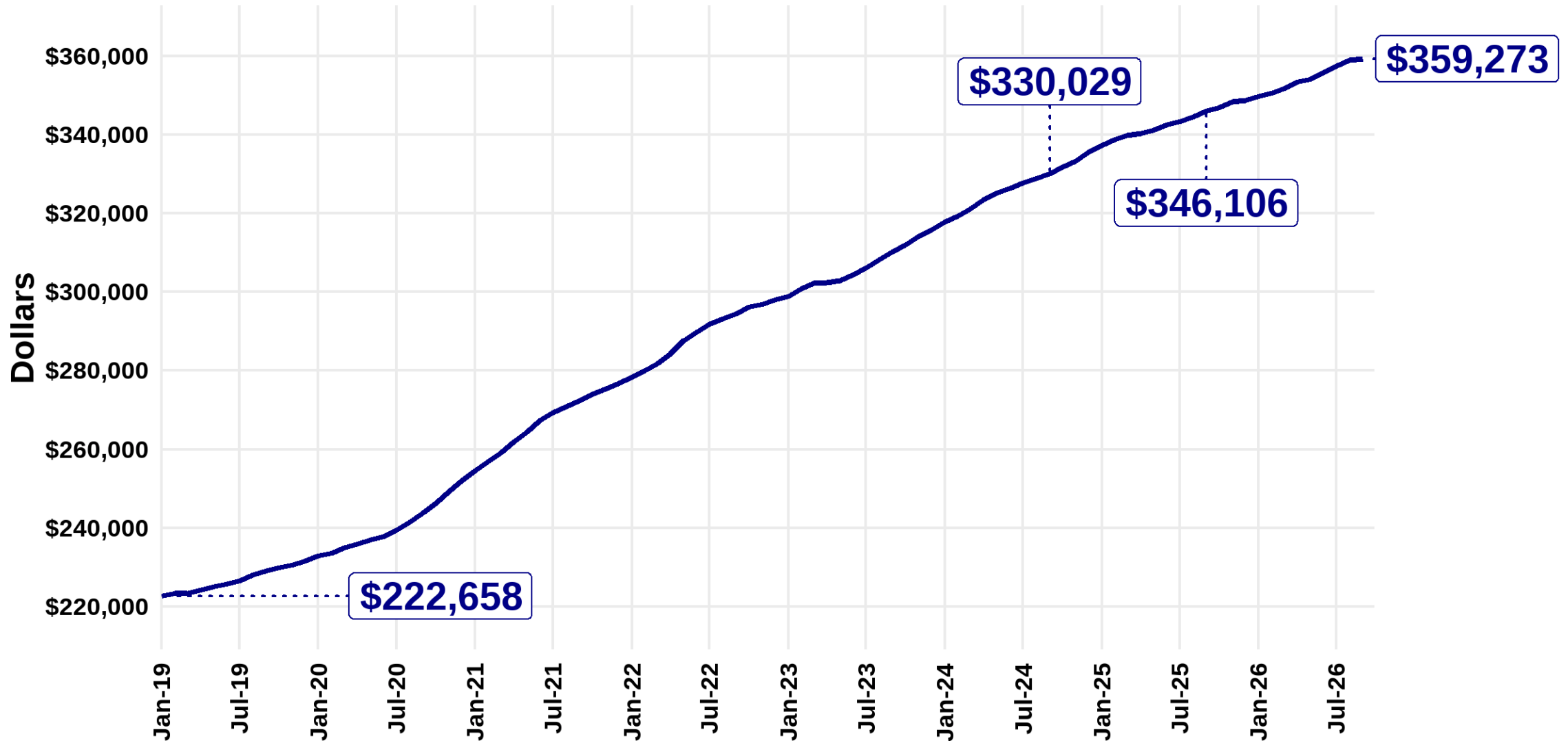
Sources: U.S. Census Bureau and Dragas Center Economic Analysis and Policy. Data are from Detailed Revised Monthly by Census Regions and non-seasonally adjusted.
*Data for 2026 are through August.

Monthly Average of Number of Building Permits in Buildings of 5 or More Units
Hampton Roads, 2000 - 2026*

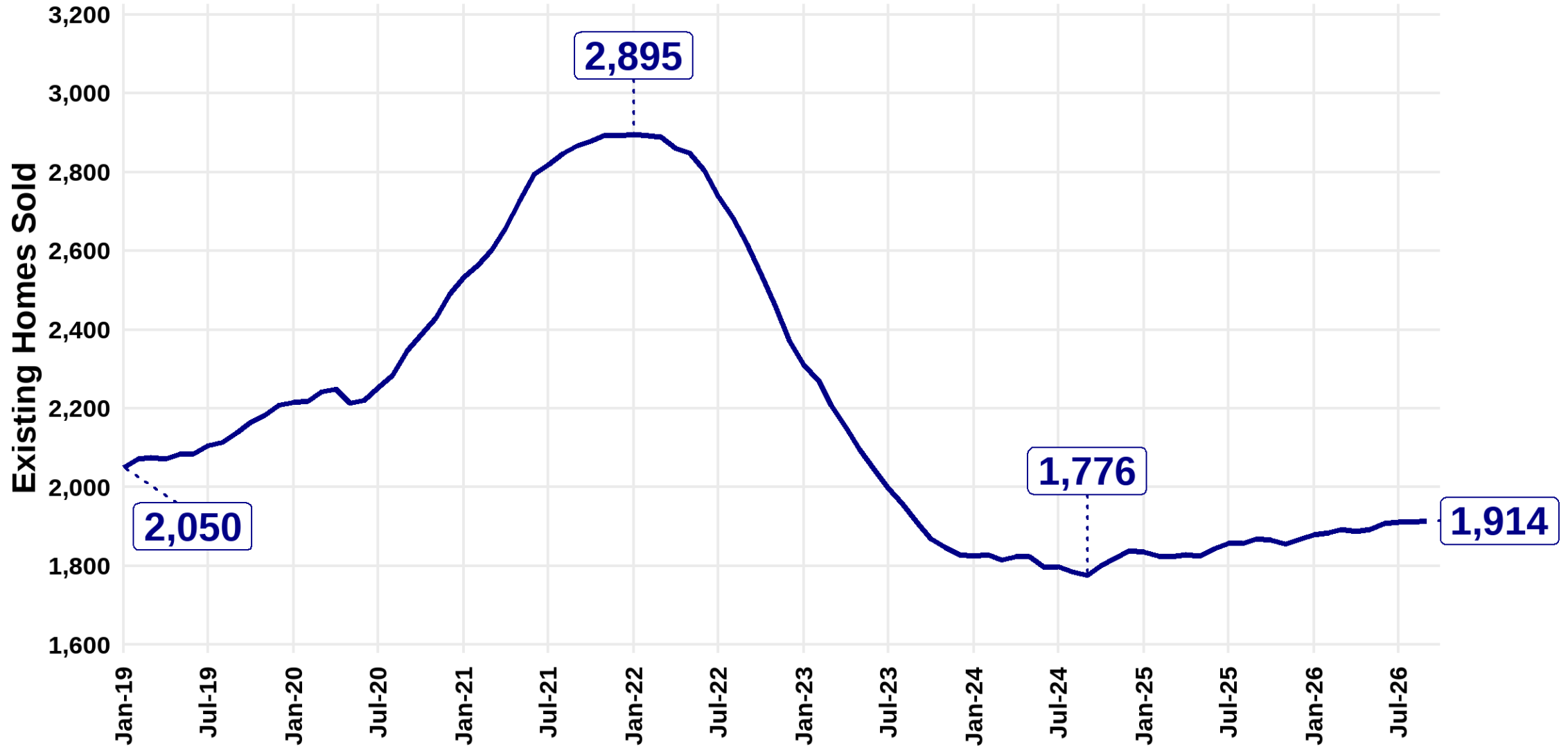


Sources: U.S. Census Bureau and Dragas Center Economic Analysis and Policy. Data are from Detailed Revised Monthly by Census Regions and non-seasonally adjusted.
*Data for 2026 are through August.

Median Sale Price of Existing Homes, 12-Month Moving Average Hampton Roads, January 2019 - September 2026

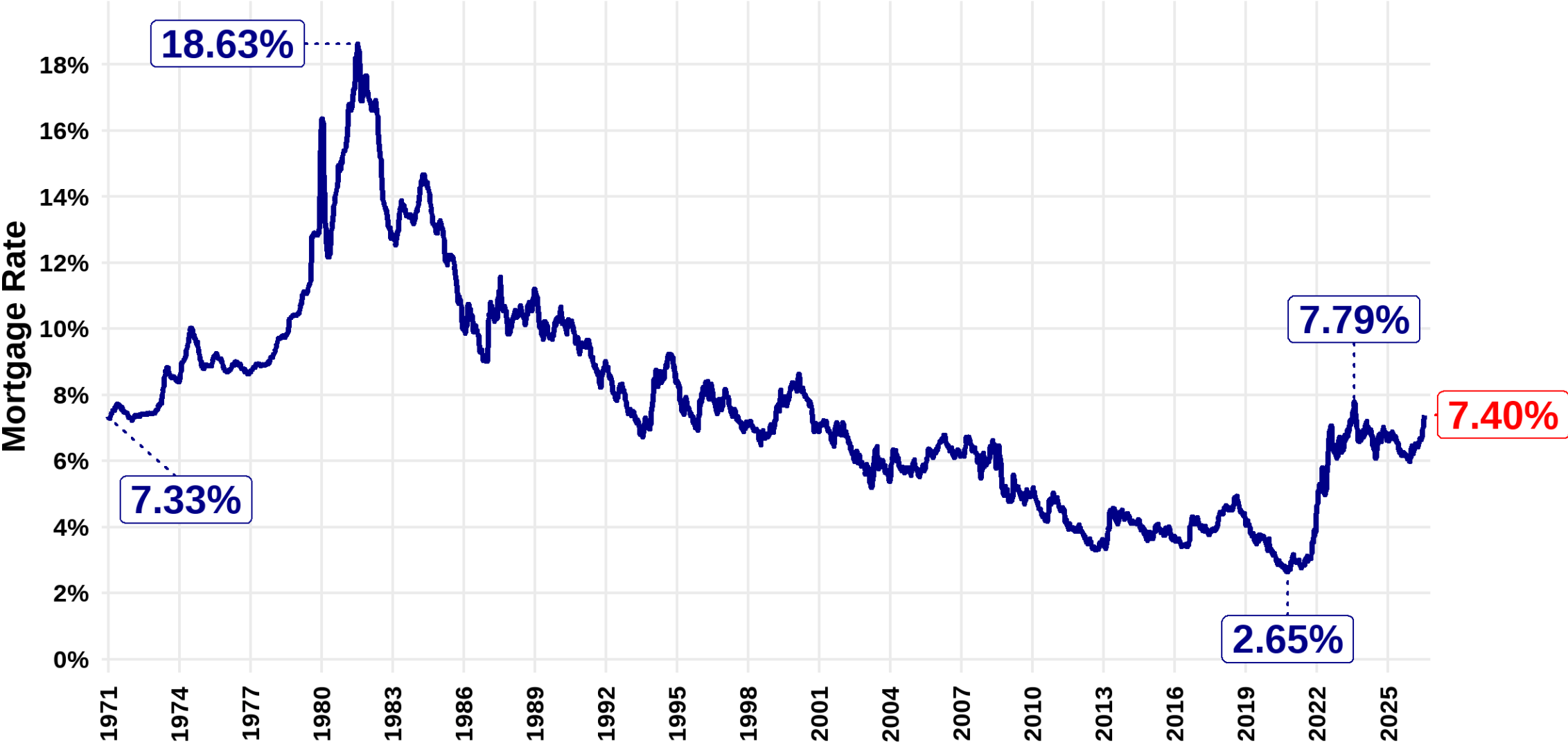


Sales of Existing Homes, 12-Month Moving Average Hampton Roads, January 2019 - September 2026



Weekly 30-Year Fixed Mortgage Rate

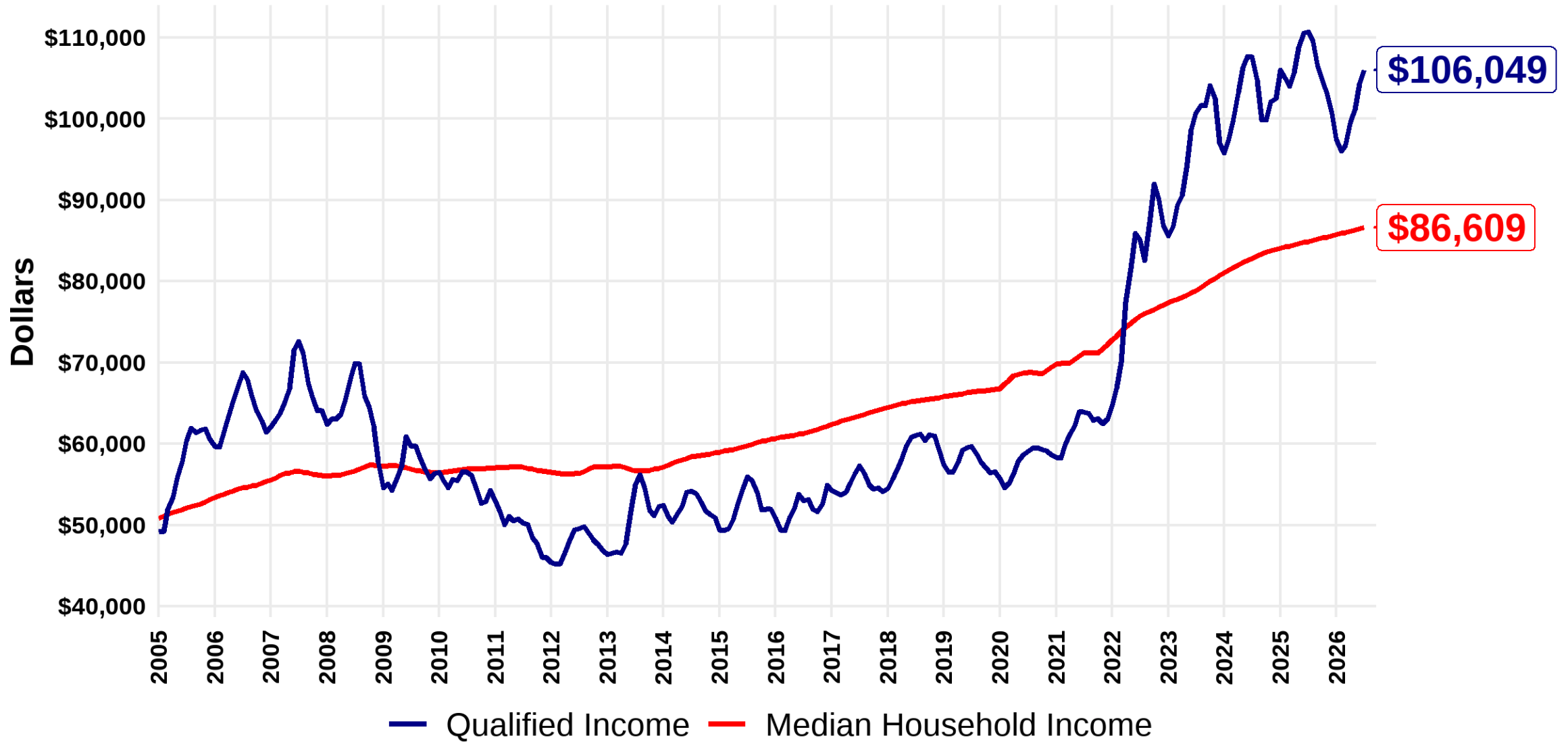
United States, April 2, 1971 - October 8, 2026



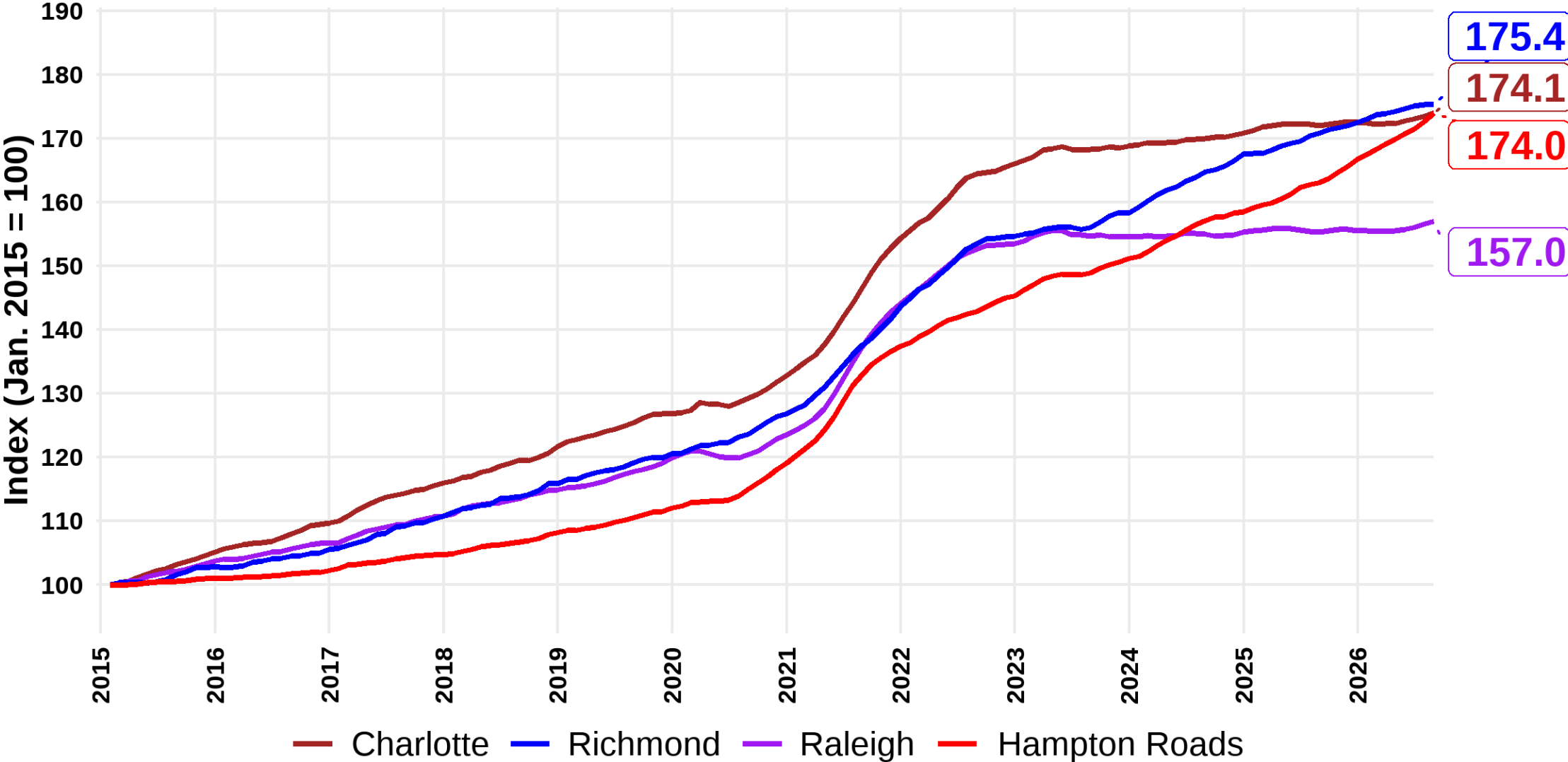
Sources: Freddie Mac and Federal Reserve Bank of St. Louis. Weekly rate ending Thursday of each week.

Housing Affordability Gap

Hampton Roads, January 2005 - July 2026



Zillow Observed Rent Index (ZORI)
Selected Metropolitan Areas, January 2015 - August 2026



Source: Zillow (2026), All Homes Plus Multifamily Time Series, smoothed seasonally adjusted data. ZORI measures typical observed market rate rent across region and housing type and computes the mean of listed rents that fall into the 35th to 65th percentile range.

Growth Slows, Inflation Rises, Challenges Await

- Economic data provides strong evidence that the Hampton Roads, Virginia, and national economies have slowed and will continue to slow in the second half of 2026.
- The economic shocks facing Hampton Roads continue to originate from the halls of Congress and the White House. Tariffs remain an 'own goal,' reducing trade volumes and increasing prices. Energy shocks will continue to undermine consumer sentiment and restrain growth into 2027.
- Hampton Roads will benefit in the short run for increases in defense spending, but changes in federal civilian employment, trade and immigration policy, and developments on the modern battlefield will loom over the region in 2027.
- The challenge now is to build more housing, to invest in industries like healthcare, advanced manufacturing, ship repair and ship building, renewable energy, and aerospace, and to work together to pull the region forward.

Childcare in Hampton Roads



What do the data tell us?

\$3.1 BILLION

Estimated annual economic cost of
the childcare crisis in Virginia

86%

of Virginia employers say
employees struggle with
childcare expenses

65%

say employees cannot find
childcare programs with
open seats

88%

report childcare problems
cause employees to arrive
late or miss work

65%
reduce hours

41%
decline jobs / promotions

34%
leave jobs

Childcare is essential to labor-force participation, talent retention, and economic competitiveness.

The Childcare Paradox

\$152K

Approximate household income needed for one child's full-time care to meet the federal 7% affordability guideline

\$82,402

Median Hampton Roads household income (2024)

\$17/hour

Estimated average wage for Virginia childcare teachers

FAMILIES
Care is unaffordable

Many spend 20%+ of income

PROVIDERS
Margins are thin

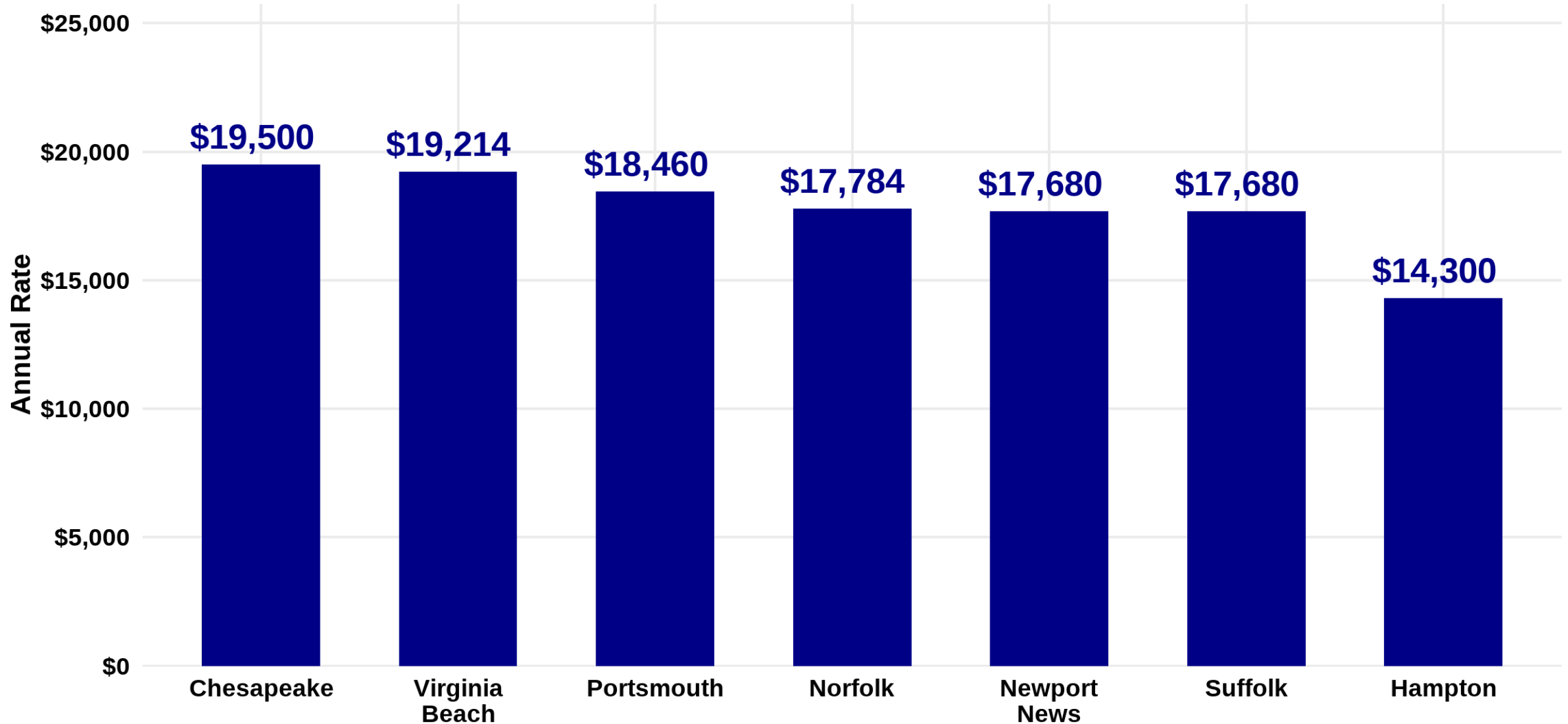
Labor = 50–70% of costs

WORKFORCE
Pay is low

~40% annual turnover

Parents pay too much → teachers earn too little → providers still struggle to stay viable.

Median Annual Rate of Infant Childcare Selected Cities in Hampton Roads, 2025



The Hampton Roads Math Doesn't Work

100,301

children under age 5 in Hampton Roads (2024)

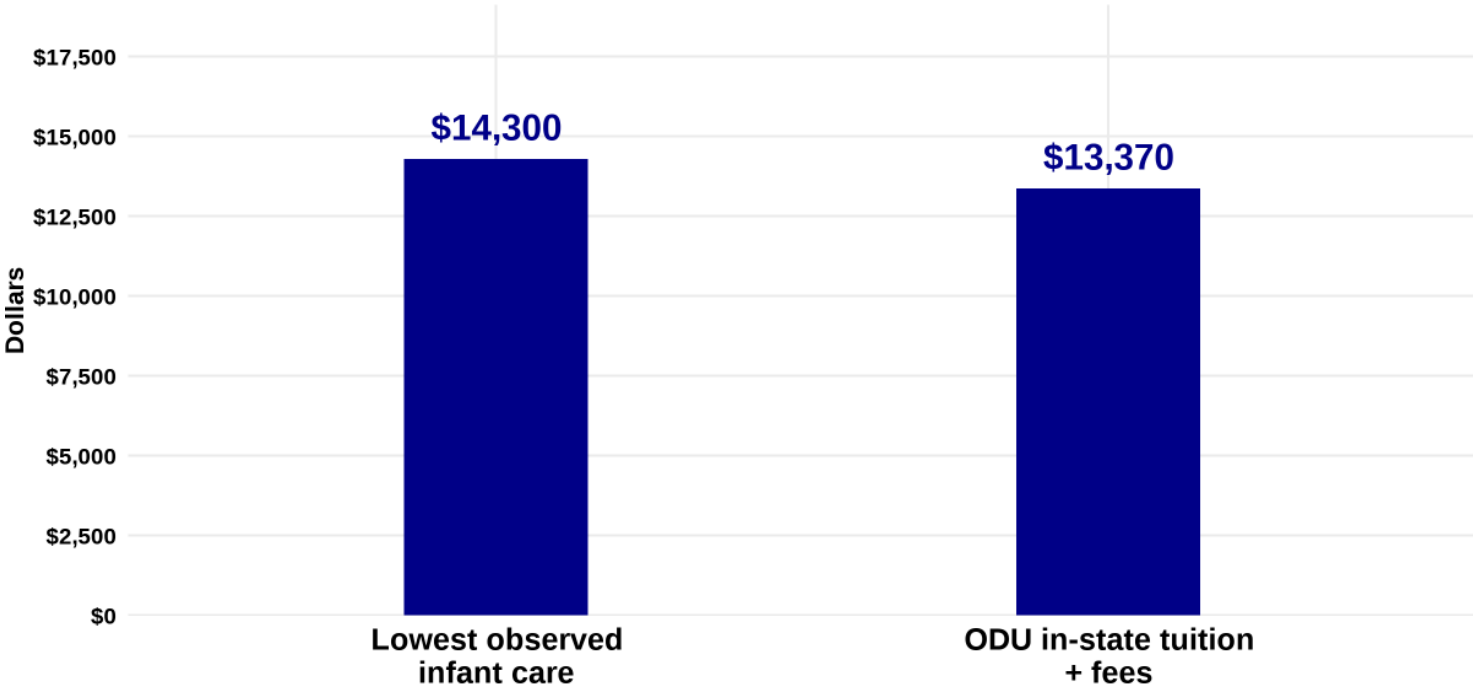
67.5%

have all available parents in the labor force

66,893

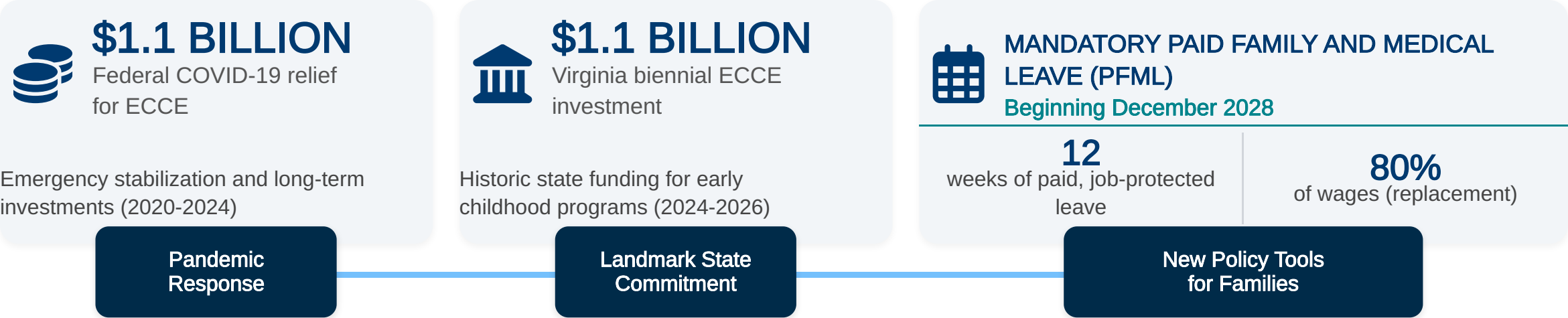
total ECCE capacity across 956 sites (2025)

One Year of Infant Care Can Exceed One Year of ODU Tuition and Fees



Virginia is Making a Major Policy Shift

The Commonwealth is now investing more resources in early childhood care and education (ECCE) than at any other point in its history. Investments have grown significantly under both the Northam and Youngkin Administration, with ECCE emerging as a rare point of bipartisan consensus in Richmond.



HOW VIRGINIA'S NEW PFML SYSTEM WILL BE FUNDED



Employers with more than 10 employees generally share the required contribution 50/50 with employees. Smaller employers are not required to pay the employer share.

Virginia is increasingly treating early childhood as workforce and economic policy.

Building the Childcare Infrastructure Hampton Roads Needs

READY TOGETHER VA

\$25 MILLION

Employee Childcare
Assistance Program

Public-private cost sharing to help
working families afford childcare

Priority includes small businesses
with fewer than 50 employees

EMPLOYERS

Contribute toward
employee childcare

+

VIRGINIA

Provides matching
state support

=

FAMILIES

Receive help with
childcare costs

MINUS 9 TO 5: A LOCAL INVESTMENT IN CHILDCARE CAPACITY

\$6,000

Investment per family
day-home launch

5

New providers

24

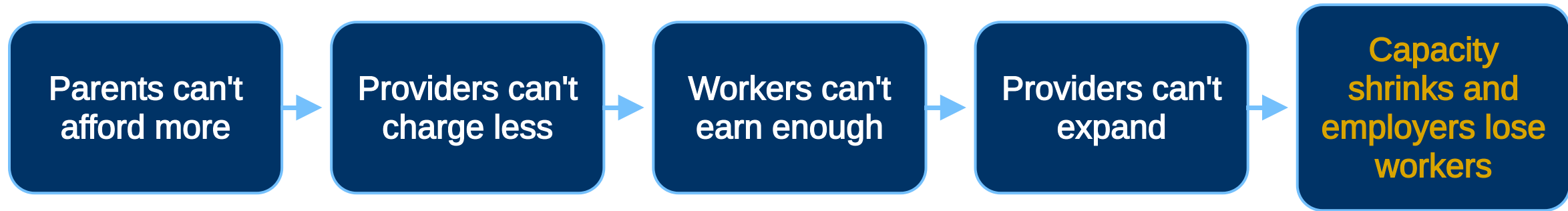
New childcare
slots created

A replicable model from Suffolk & Chesapeake

State investment + Employer participation + Local innovation = More options for working families

Overcoming the Childcare Paradox

THE CHALLENGE

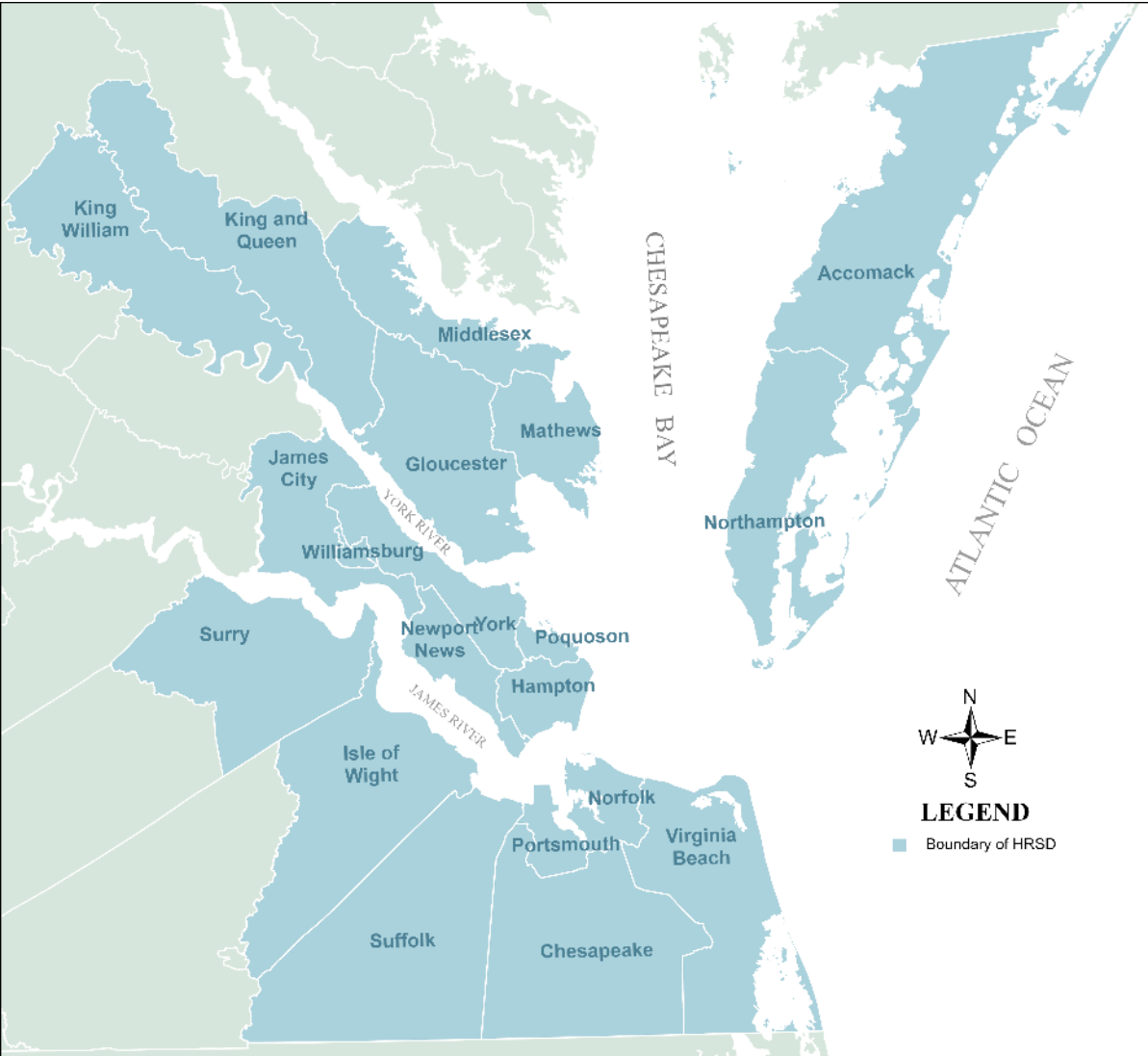


- Childcare is workforce infrastructure. Solving the crisis requires treating it that way.
- Share the Cost and Expand the Supply requires collaboration.
- Employers can help working families afford care.
- Public Investment can close the affordability gap.
- Community governments can help new providers enter and expand quickly.
- Regional Partnerships can coordinate investment where shortages are greatest.

An aerial photograph of a large industrial facility, likely a water treatment plant, situated along a body of water. The facility features numerous large circular tanks, rectangular buildings, and extensive piping. In the background, a large body of water stretches towards the horizon under a bright sky. The foreground shows some construction activity and parking areas. The text "The Value of Water" is overlaid in a large, bold, blue font across the upper right portion of the image.

The Value of Water

HRSD Service Area Map



Original map was provided by HRSD. Refined map was recreated by Dragas Center for Economic Analysis and Policy.

Utility Billing - Locality and HRSD



CITY SERVICES BILL

Public Utilities and Public Works

07/11/2026 to 08/14/2026 35-Day Billing Period

BILL DETAILS

Solid Waste Collection	35.15
Stormwater	20.37
Sanitary Sewer	38.18
Water	14.68
Service Availability	7.25
Utility Tax	3.45
Current Charges	119.08
Balance Forward	0.00
Total Amount Due	\$119.08



HRSD
1434 Air Rail Ave
Virginia Beach, VA 23455
www.hrsd.com

ACCOUNT DETAIL



HRSD Charges

Service from 07/11/26 to 08/14/26

Wastewater Treatment Charge 3.00 CCF x \$9.84 \$29.52

HRSD Subtotal	\$29.52
Total Current Charges	\$29.52
Total Amount Due	\$29.52

Sanitary Sewer Overflows (SSOs)



Stormwater Runoff



Enhanced Nutrient Removal

A satellite image of a coastal estuary, likely the Chesapeake Bay. The water is a mix of dark blue and green, indicating varying levels of chlorophyll and sediment. The surrounding land is a mosaic of green forests and brown agricultural fields. The title 'Enhanced Nutrient Removal' is overlaid in white text.

Estimated Capital Improvement Costs Required to Comply With Consent Decree, Stormwater Retrofits, and for Upgrading Plants Owned by HRSD in Millions

<u>Capital Costs</u>	<u>Non-Regionalized Scenario</u>	<u>Semi-Regionalized Scenario</u>
CD Compliance	\$4,366	\$2,930
MS4* Compliance by localities	\$2,312	\$2,312
TMDL** Compliance by HRSD	\$1,560	\$1,560
TOTAL	\$8,238	\$6,802

Sources: Regionalization of Sewer Systems Study (2013). Prepared by HDR and McGuire Woods for Hampton Roads Planning District Commission. All estimates in this table have been adjusted to reflect costs in 2024 dollars. Includes Norfolk's estimated \$425 million in 2013 dollars for rehabilitation costs related to their individual Consent Order, which are not covered by the 2007 Regional Order and not included in the Comparative Analysis capital improvements estimates. *MS4 represents Municipal Separate Storm Sewer System and **TMDL represents Total Maximum Daily Load.

swift

Powered By  HRSD



Estimated Capital Costs of SWIFT (Integrated Plan) in Millions

<u>Plants Owned and Operated by HRSD (TMDL)</u>	<u>Costs</u>
Williamsburg Plant (WB)	\$2
Virginia Initiative Plant in Norfolk (VIP)	\$307
York River Plant (YR)	\$2
James River Plant (JR)	\$729
Boat Harbor Plant (BH)	\$490
Nansemond Plant in Suffolk (NP)	\$1,139
<u>Regulatory Compliance</u>	
TMDL Compliance	\$2,669
MS4 Compliance	\$0
CD Compliance	\$420
GRAND TOTAL	\$3,089

Sources: HRSD CIP Plan Budget Estimates and HRSD's Swift Budget. All estimates in this table have been adjusted to reflect costs in 2024 dollars.

Through Regional Cooperation, HRSD saved Hampton Roads \$5.15 billion in compliance costs.

Total Compliance Cost = \$8.24 B

\$4.37 B

Sanitary Sewer Overflows (CD/CO)



- Each Locality builds wet weather capacity = \$2.86 B
- HRSD builds wet weather capacity = \$1.51 B

\$3.87 B

Chesapeake Bay Restoration (TMDL)



- Each Locality builds stormwater retrofits = \$2.31 B
- HRSD builds treatment upgrades = \$1.56 B

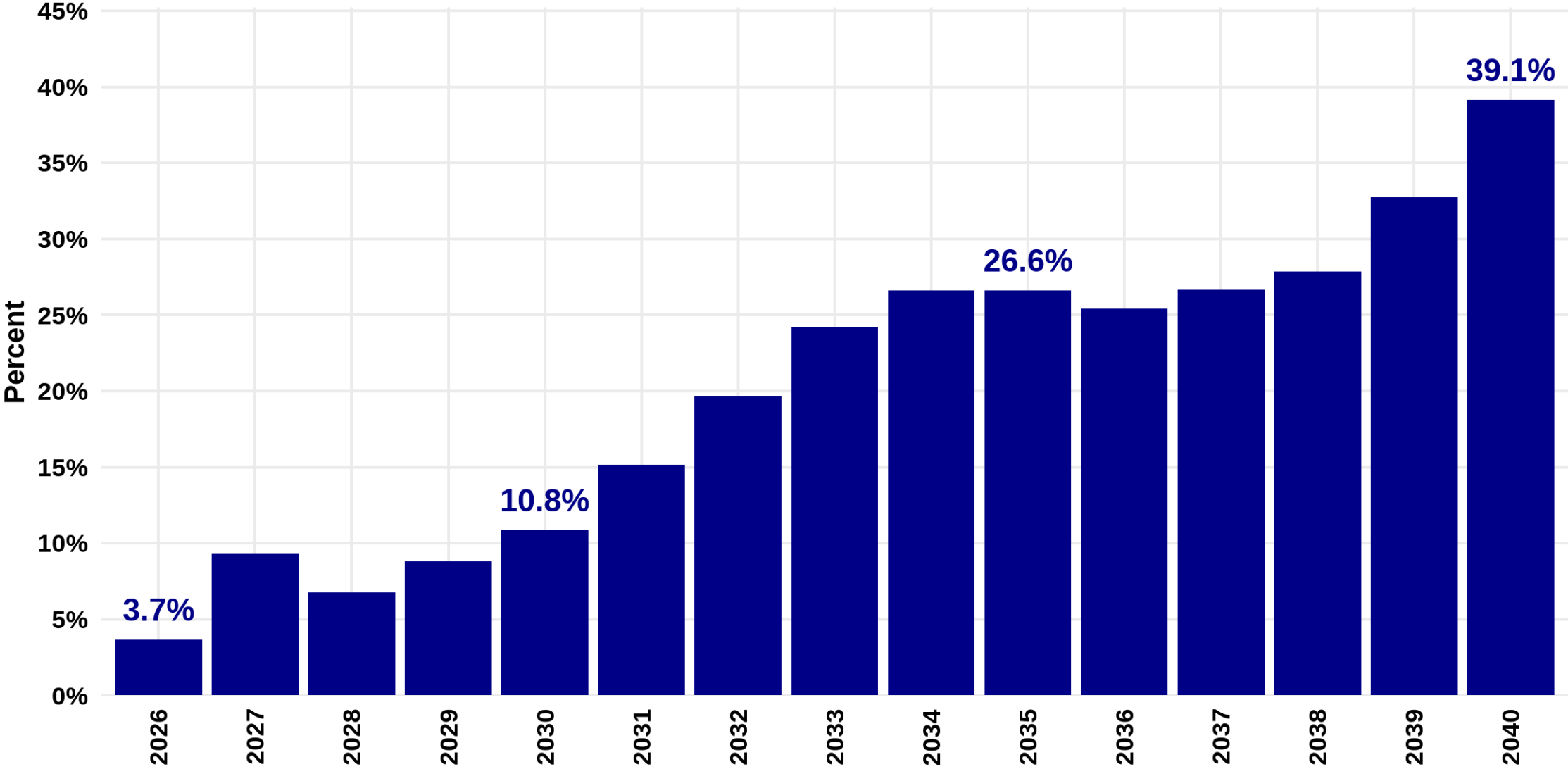
**Saved the region
~\$5.15B**

**HRSD's EPA Approved
Integrated Plan = \$3.09 B**

~ dual compliance benefits ~

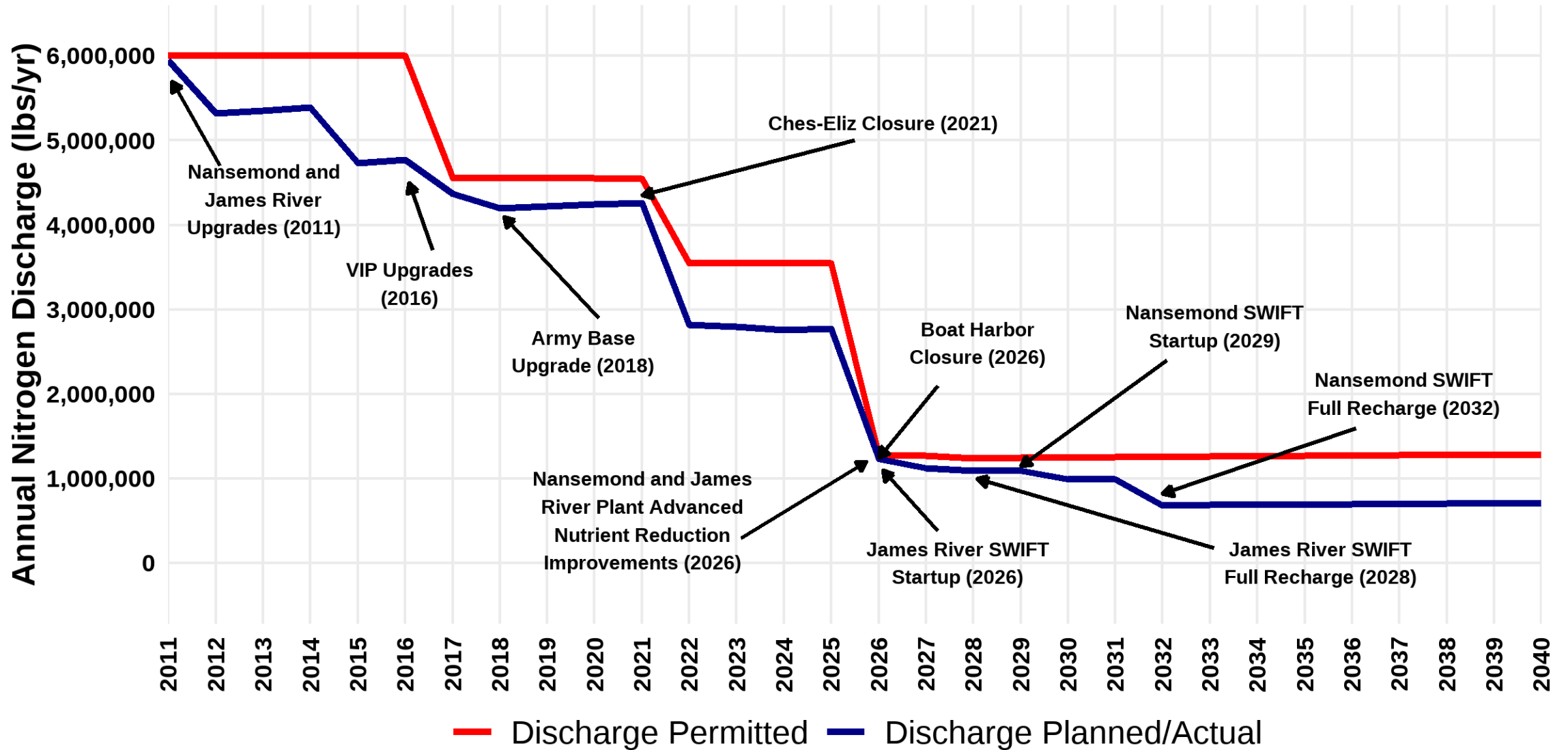
Savings in Average Monthly Wastewater Treatment Bill from SWIFT Integrated Plan

2026 - 2040



Source: HRSD.

Nitrogen Discharge Permitted and Discharge Planned/Actual at James River Basin 2011 - 2040





LIGHTSHIP MUSEUM, HAMMERHEAD CRANE, SHIPYARD, 1846 COURTHOUSE, RIDDICK'S FOLLY, PLANTERS PEANUTS, CSX TRAIN DEPOT, F-14s, CARRIER CORAL SEA, WATER TOWER, CITY HALL, INTRACOASTAL WATERWAY, ELIZABETH RIVER, ST. PAUL'S CHURCH, THE CHRYSLER MUSEUM, HARRISON OPERA HOUSE, SCOPE, CHESAPEAKE BAY, VIRGINIA MARINE SCIENCE MUSEUM, OWL CREEK, RUDEE INLET, NEW BOARDWALK, OLD DUNE HOTEL, ATLANTIC WILDFOWL MUSEUM, FISHING PIER, OLD COAST GUARD STATION, CAVALIER HOTEL, OLD BOARDWALK, CAPE HENRY LIGHTS

Rick Romano

Discover Hampton Roads
presented by The Virginia Pilot 1999

SANDLER CENTER FOR THE
PERFORMING ARTS

THE MARINERS MUSEUM

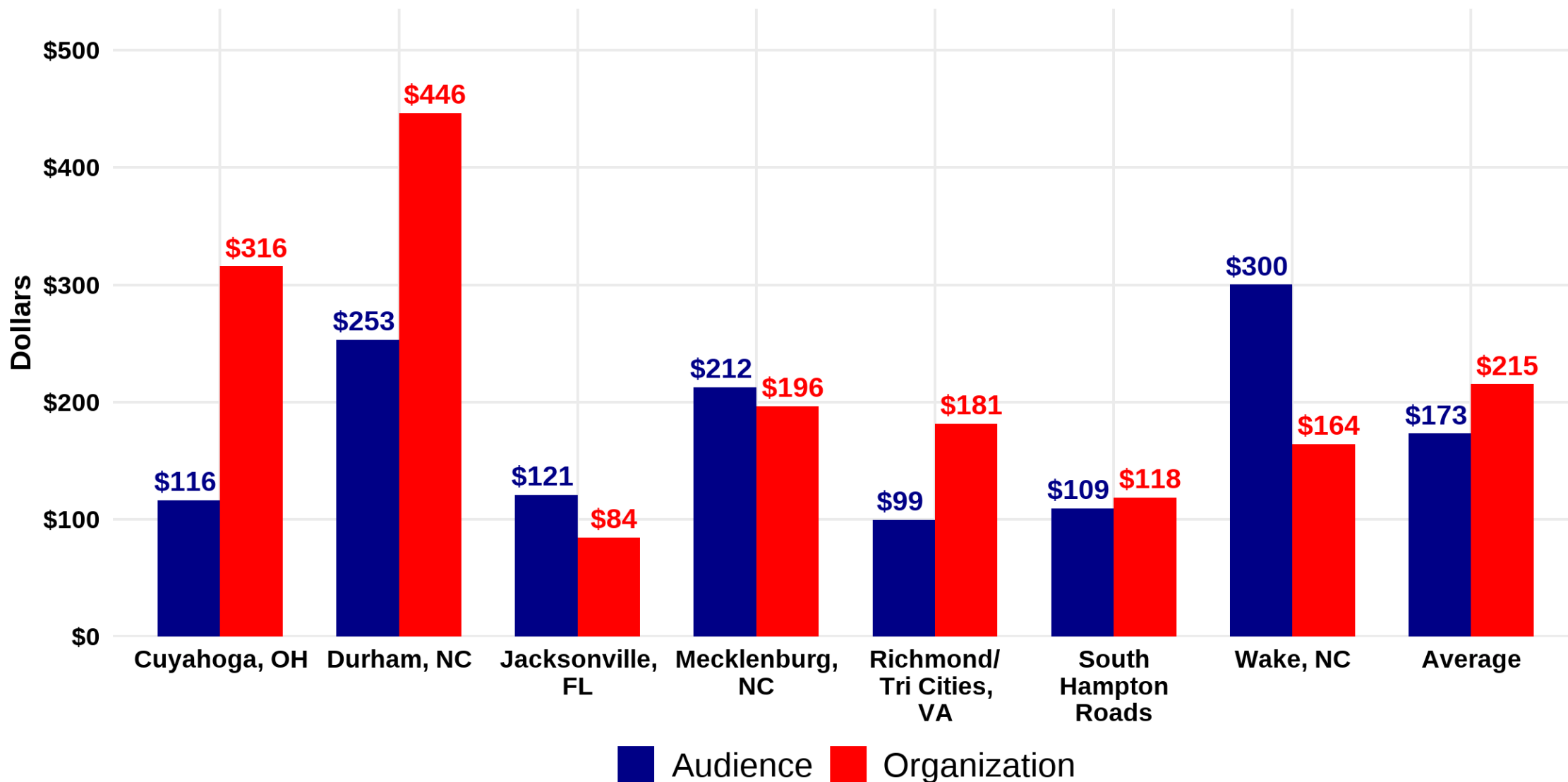
USS
MONITOR
CENTER

NINA CHANEL ABNEY
THE PURSUIT
OF HAPPINESS
APRIL
18-
AUGUST
26

CHRYSLER MUSEUM OF ART

VIRGINIA
MUSEUM
OF
CONTEMPORARY
ART

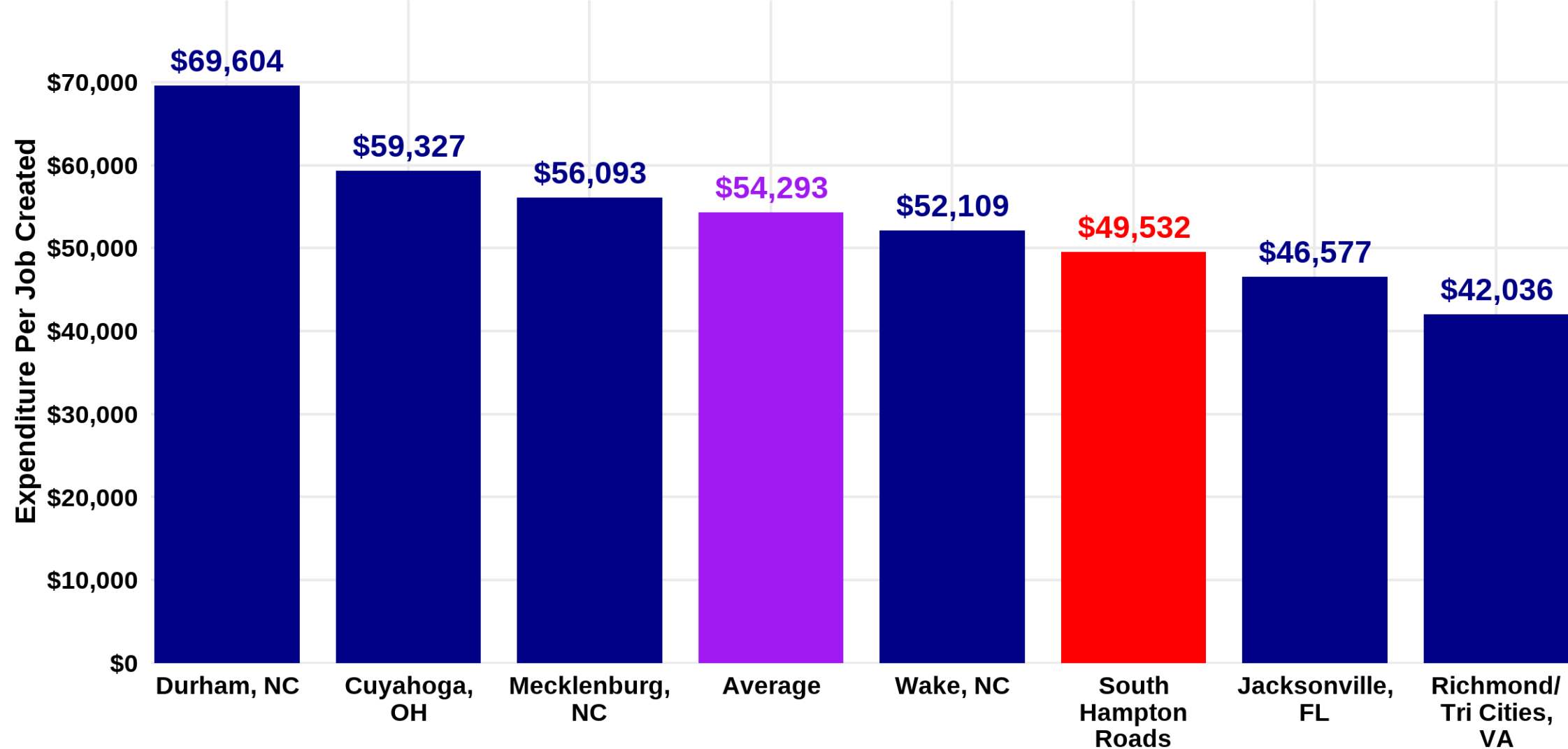
Comparing Arts and Culture Per Capita Expenditures Selected Areas, 2022



Source: Ferris LLC Report (2024). Average figures represent the average per-person respective spending across the seven reported localities and 2022 current dollars.

Comparing the Arts and Culture Expenditures Required to Generate a Job

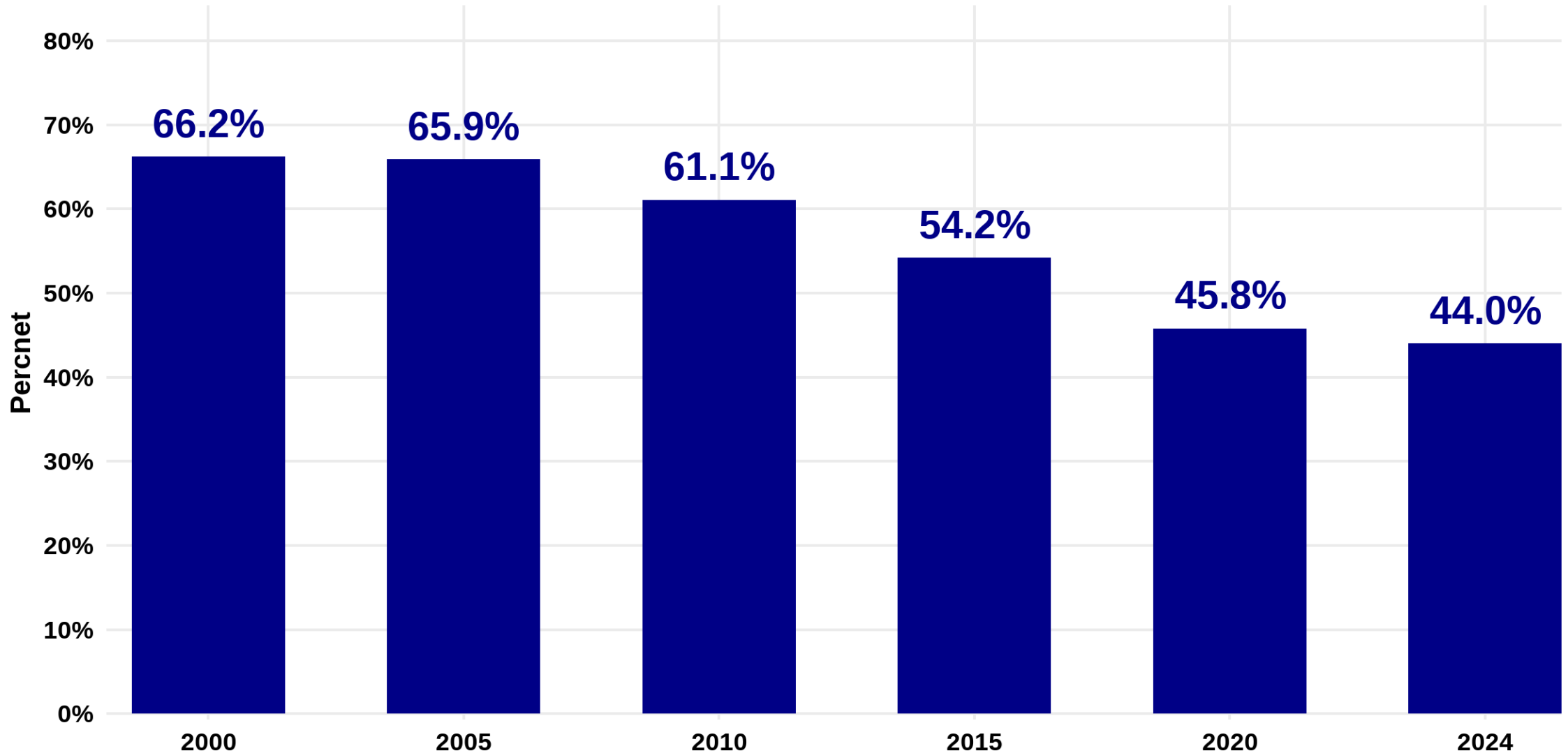
Selected Areas, 2022



Source: Ferris LLC Report (2024). Average represents the average expenditure per job created across the seven reported localities. Dollar values are expressed in 2022 dollars.

Percentage of American Adults Who Made Any Charitable Contribution

United States, 2000 - 2024*



Challenges and Opportunities

- Many of the major named donors in Hampton Roads are 'aging out'. This is not unique to our region as the population here and nationally is aging as well.
- The average age of a major Arts donor has increased by about 10 years since 2000.
- Federal support for the arts has declined and changes to the tax structure have decreased the incentive for prospective donors to make gifts.
- There is general agreement that the arts and culture in Hampton Roads have suffered because they lacked a unified, identifiable advocate and spokesperson. The Arts Alliance is well situated to function as the region's primary arts and culture spokesperson and advocate.
- We have hit 'above our weight' culturally, now we have to work together to continue to sustain the vibrant arts culture in Hampton Roads.

Upcoming Publications and Events

- State of the Commonwealth Report (December 2026)
- Annual Economic Forecast (January 2027)
- Mid-year Economic Forecast (June 2027)
- State of the Region Report (October 2027)
- Text **CEAPODU** to **66866** to join our email list.
- Our public presentation materials can be found at our website: www.ceapodu.com