

## Checking in on Unemployment in Hampton Roads

For the feature article in our monthly economic report at the very start of the COVID-19 pandemic, we reported on the unprecedented number of weekly initial unemployment claims in the U.S. – which was nearly 3.5 million for the week ending March 21. Since then, the weekly initial and continued unemployment claims statistics have been one of the most reliable and frequently available indicators to help make sense of the impact of COVID-19 on the economy of Hampton Roads.

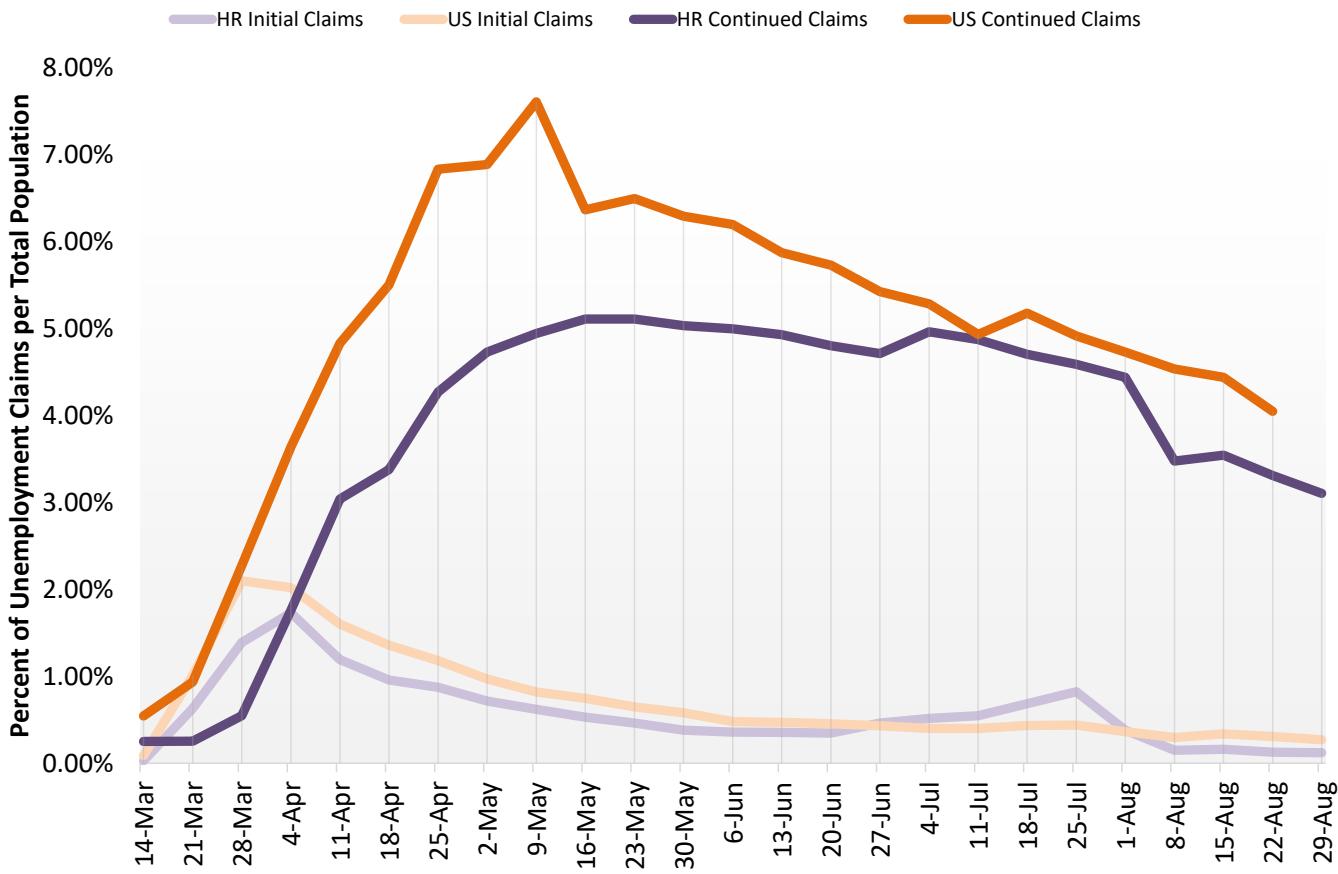
According to the Virginia Employment Commission (VEC), for the week ending August 15, 2020, continued unemployment claims picked up in Hampton Roads after five straight weeks of steady declines, while initial claims also rose after two weeks of declines. This increase was mirrored across the rest of the Commonwealth for both continued and initial claims, as well as for initial claims nationally. This increase in initial unemployment claims in Hampton Roads followed a steep decline the prior week coinciding with the expiration of the CARES Act, which was providing unemployment recipients with an extra \$600 per week in benefits. The weeks ending August 22 and 29 saw initial and continued claims in Hampton Roads trend downward once again, a move in the right direction.

The White House issued an executive order in the beginning of August to extend the additional benefits, but at a lower rate of \$400 per week, \$300 of which would be federal funding and \$100 to be paid by individual states. The federal funding for this extension is to be provided by the Federal Emergency Management Agency's (FEMA) Disaster Relief Fund at a cost of \$44 billion, called the Lost Wages Assistance program. A major difference with this program is that each state has to apply and be approved to receive the funding, and as of August 26, Virginia has been approved by FEMA to receive these extra federal funds, but as of this report it is unclear when Virginians can expect to begin receiving these benefits.

The chart below shows the weekly initial and continued unemployment claims as a percentage of population for both Hampton Roads (purple) and the U.S. (orange) from the middle of March through the end of August. In general, the pattern of the region's claims mirrors that of the rest of the nation: a steep rise at the start of the pandemic and a gradual decline once businesses were allowed to reopen. Businesses in Virginia began opening slightly later than other states, helping to explain the longer plateau of continued claims in Hampton Roads throughout May and June, and a summer spike in regional cases which led to increased restrictions on bars and restaurants in the 757, which may have contributed to the increase in initial claims throughout July.

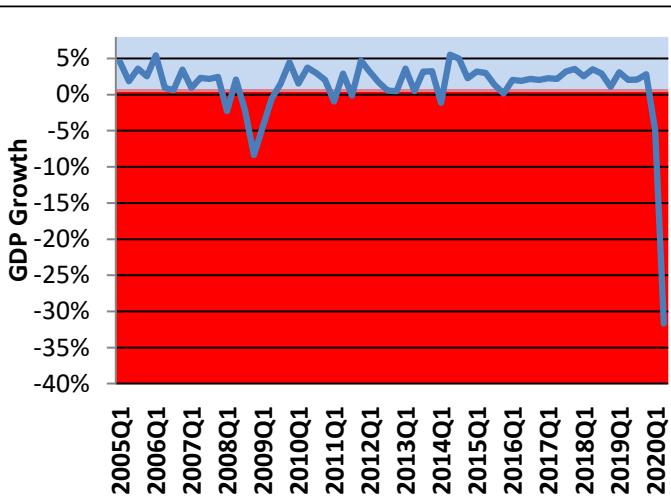
Over 53,000 people in Hampton Roads are currently receiving some form of unemployment benefit, which is more than 12 times the number of people receiving benefits in March. This display of volatility indicates definite uncertainty as Hampton Roads begins inching towards recovery.

### Impacts of COVID-19: Hampton Roads vs. US Initial and Continued Unemployment Claims as a Percentage of Total Population



## GDP, Annualized Growth Rate

United States, 2005Q1 – 2020Q2, Quarterly



Source: Bureau of Economic Analysis, HRPDC

**GDP:** Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. Real GDP decreased 31.7% in Q2 2020, reflecting the impact COVID-19 had on the national economy during the widespread business shutdowns in April and May. As depicted above, this unprecedented contraction is the largest decrease on record. As the virus continues to spread, businesses in some states and regions are beginning to close again, reducing the potential for a quick, V-shaped economic recovery.

## New Car Sales, Seasonally Adjusted

Hampton Roads, Mar 2007 – July 2020, Monthly

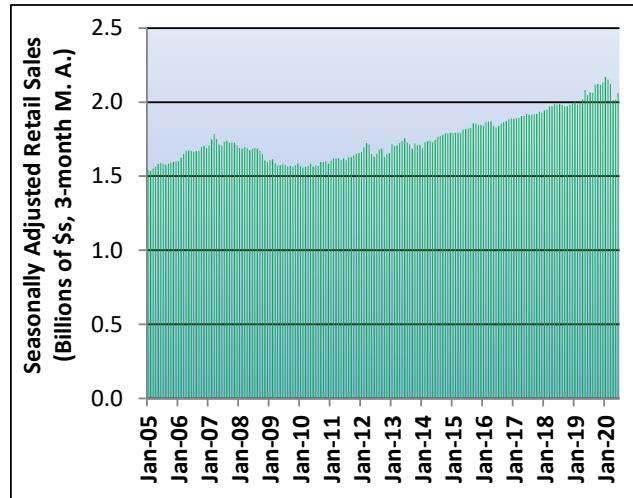


Source: Virginia Automobile Dealers Association, HRPDC

**New Car Sales:** Car sales, as a durable good, may be put off until an individual's economic prospects improve; thus, the number of new car sales indicates the level of confidence that households in Hampton Roads have in their financial future. Car sales this July once again showed improvements compared to the previous month, but year over year growth remained negative, 19% lower than July 2019. The steady month over month improvement is starting to increase the 3-month average out of record lows.

## Hampton Roads Retail Sales, Seasonally Adjusted

Hampton Roads, Jan 2005– June 2020, Monthly

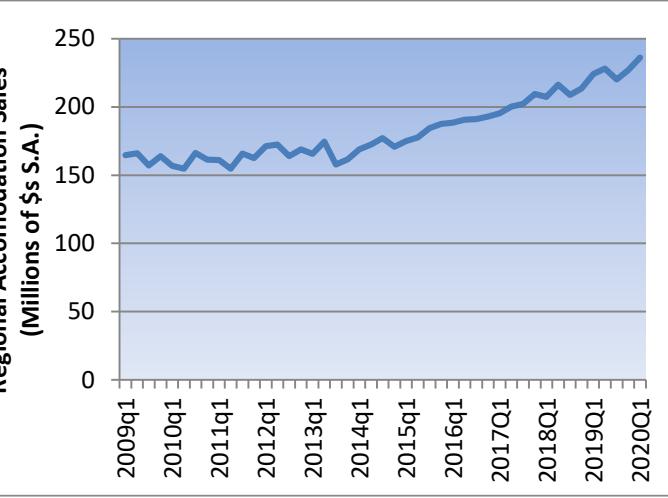


Source: Virginia Department of Taxation, HRPDC

**Retail Sales:** Retail sales in Hampton Roads, as measured by the 1% local option sales tax, serve as an indicator for consumption in the region. Retail sales for June increased 11.4% from the previous month, representing an increase of 13.5% from June 2019. It is important to note that the large majority of online sales are included in the sales tax figures. These increases reflect the reopening of retail establishments in Hampton Roads in May and June; the large year over year increase could point to pent-up demand and consumers reacting to decreased restrictions for in-person shopping.

## Estimated Hotel Revenue, Seasonally Adjusted

Hampton Roads, 2009Q1 – 2020Q1, Quarterly



Source: Virginia Department of Taxation, HRPDC

**Estimated Hotel Revenue:** Hotel sales indicate the performance of the region's tourism sector. When seasonally adjusted, Q1 2020 hotel revenue saw a nearly 4% increase from the previous quarter, and a 5.4% increase from Q1 of the previous year. As COVID-19 caused events to be canceled, and beaches and restaurants closed, data from Smith Travel Research reported revenue per available room (RevPAR) and occupancy rates in Hampton Roads at historic lows. Q1 data however, was strong. Most of the shutdown occurred in Q2, which is sure to be reflected in the coming months.

## Civilian Employment, Seasonally Adjusted

Hampton Roads, Jan 2005 – July 2020, Monthly

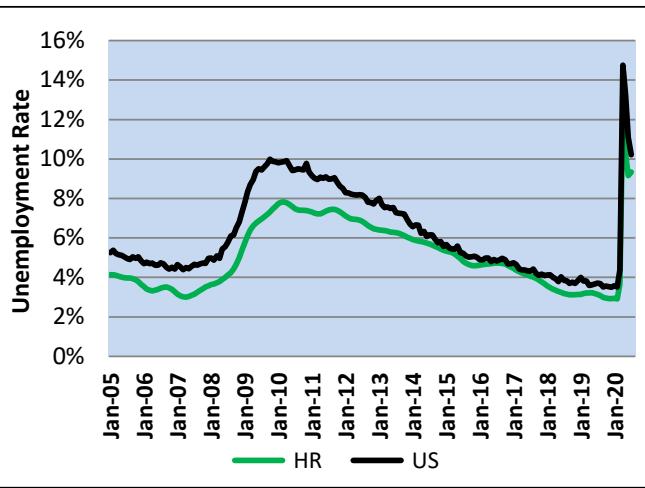


Source: Bureau of Labor Statistics, HRPDC

**Employment:** Non-agricultural civilian employment figures are considered the best estimate of labor market activity by the National Bureau of Economic Research. According to data from the Bureau of Labor Statistics, Hampton Roads employment once again increased from June to July 2020. This data represents a 1.53% increase from the previous month, but the seasonally adjusted payroll employment remains 6.2% below the previous year.

## Unemployment Rate, Seasonally Adjusted

U.S. & Hampton Roads, Jan 2005 – July 2020, Monthly

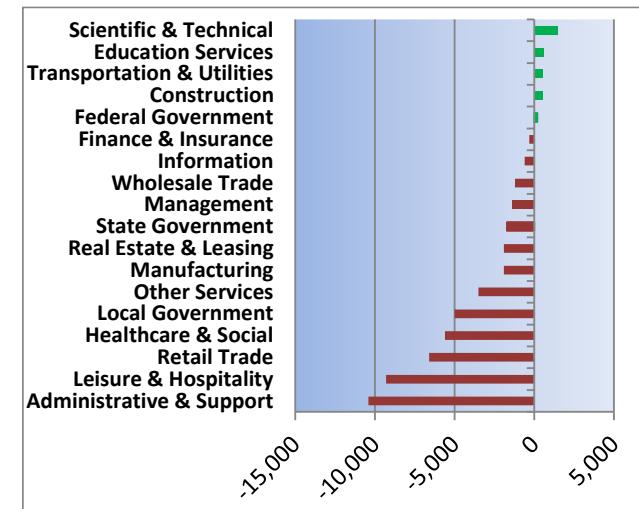


Source: Bureau of Labor Statistics, HRPDC

**Unemployment Rate:** The unemployment rate is the percentage of the population actively seeking work but unable to obtain a position. Hampton Roads' unemployment rate increased slightly from 9.16% in June to 9.34% in July as coronavirus cases spiked in the region, while the national unemployment rate dropped slightly from 11.1% in June to 10.22% in July as the country continued to reopen. Hampton Roads' unemployment rate continues to remain below that of the national average, signaling that our region may experience a quicker recovery.

## Employment Growth by Industry

Hampton Roads, Jul-19 to Jul-20, Year-over-Year

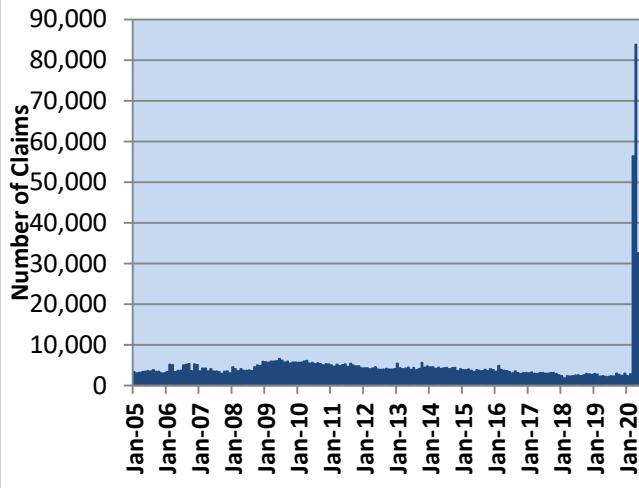


Source: Bureau of Labor Statistics, HRPDC

**Employment Growth by Industry:** As the job market grows or declines, there will be some industries whose experience does not resemble the regional trend. In July, almost every Hampton Roads industry experienced a decrease in year-over-year employment. Most significant was Administrative & Support, which continued to show an especially large decrease of over 10,000 employees. Leisure & Hospitality industry lost nearly 10,000 jobs compared to last year, while Retail Trade and Healthcare lost over 5,000 jobs each in July.

## Initial Unemployment Claims, Seasonally Adjusted

Hampton Roads, Jan 2005 – June 2020, Monthly

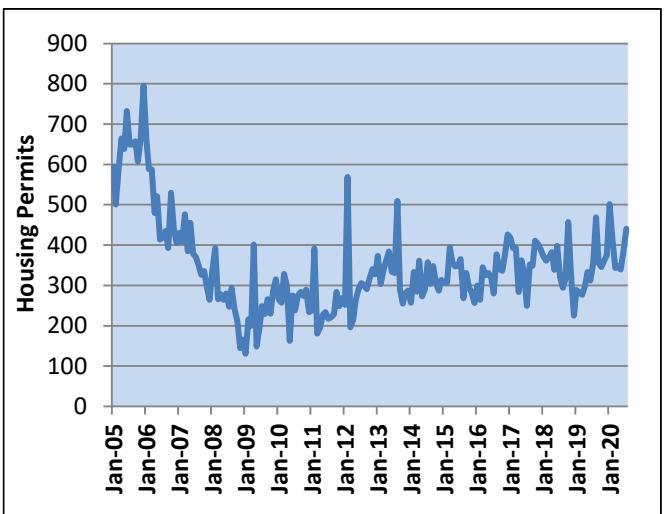


Source: Virginia Department of Labor, HRPDC

**Initial Unemployment Claims:** The number of initial unemployment claims is a leading economic indicator reflecting those who are forced to leave work unexpectedly, thus revealing the strength of the job market with little lag time. Seasonal adjusted unemployment claims in July 2020 were over 43,000, a 37% increase from the previous month—nearly 12,000 additional claims. This monthly increase represents an increase of over 1,700% from the previous year.

## Single Family Housing Permits, Seasonally Adjusted

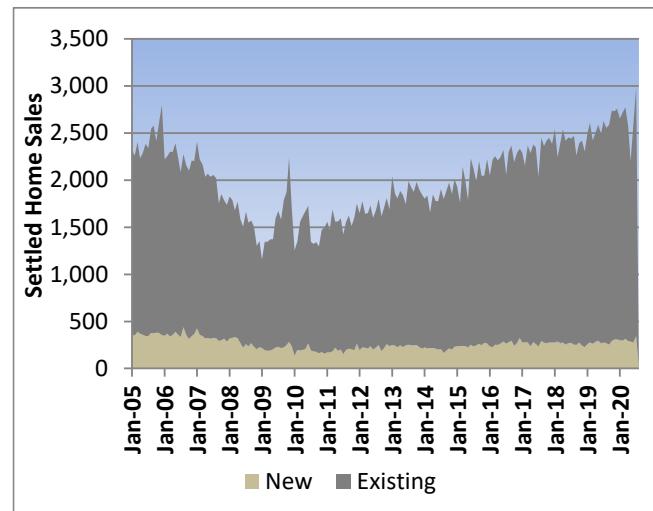
Hampton Roads, Jan 2005 – July 2020, Monthly



**Single Family Housing Permits:** Permit data signals the level of construction employment and confidence regarding the future trajectory of the local economy. The level of new construction permitting for single family homes in July 2020 increased to 483. When seasonally adjusted, the data shows a significant increase over July 2019, and is the second highest of the past 12 months after a recent high in January. As the market continues to respond to COVID-19, this indicator will be watched closely.

## Number of Homes Sold, Seasonally Adjusted

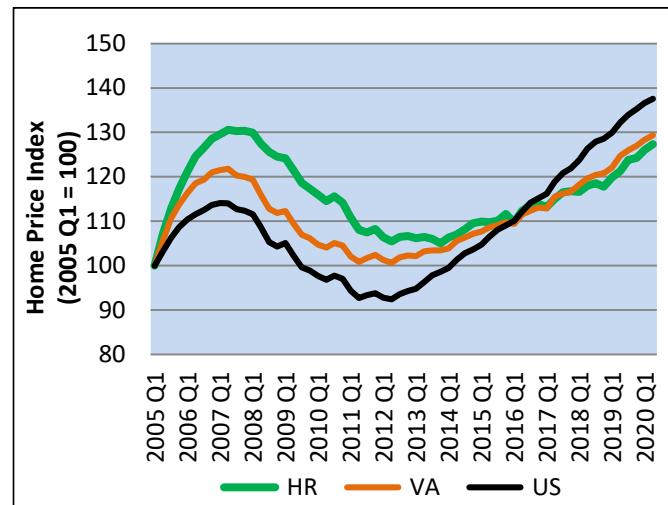
Hampton Roads, Jan 2005 – Jul 2020, Monthly



**Home Sales:** Settled home sales measure the level of transactions on the real estate market over time, and a healthy real estate market should have a consistent level of activity. The levels of existing home and total settled sales in July were very strong, the highest recorded since 2005. New construction sales in July were also up considerably from recent months, the highest since summer of 2006. New construction sales for July represented roughly 12% of all sales.

## Home Price Index, All Transactions

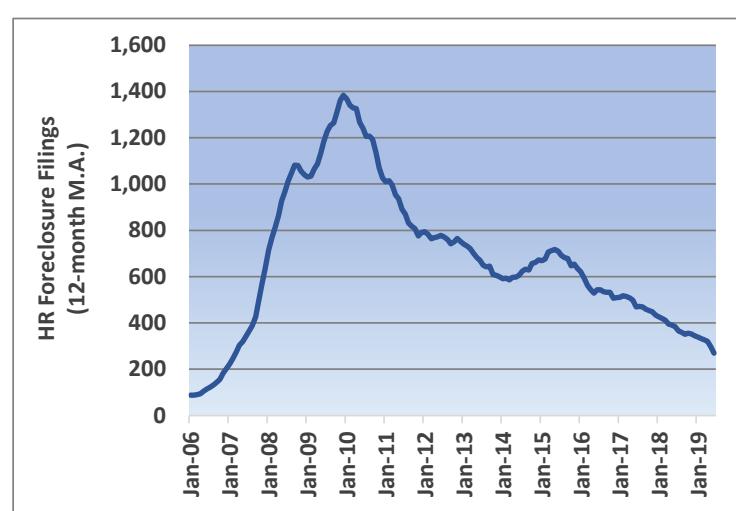
Hampton Roads, 2005Q1 – 2020Q2 Quarterly



**Home Price Index:** The home price index measures the value of homes by evaluating changing price levels through repeated sales of properties. The index provides the highest quality data available on the trends in the real estate market. Hampton Roads' home prices increased, yet again, by 5% over the previous year in Q2 2020, at a quicker pace than both the state and the nation. Regional housing values remain 2.4% below those seen during the peak of the housing boom, but that gap is rapidly shrinking.

## Foreclosure Filings

Hampton Roads, Jan 2005 – Jun 2020 Monthly



**Foreclosures:** Foreclosures have a significant impact on the real estate market and community, depressing home values on a neighborhood and regional level. Zillow recently stopped providing data on distressed sales as a percentage of total sales in the region, so HRPDC has shifted to reporting on total monthly foreclosure filings in Hampton Roads. Total foreclosures continue to trend downwards as the market continues to recover from the burst of the housing bubble and subsequent Great Recession, but as our nation enters a potential new housing crisis, this will be an important indicator to follow.