2019 Midyear Economic Forecast

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

May 21, 2019
Agenda for Today

I will cover economic conditions in the United States and Virginia and the challenges to growth.

My colleague, Vinod Agarwal, will examine economic conditions in Hampton Roads and the prospects for growth in 2019.

All our presentation materials can be found at our website: www.ceapodu.com
Our forecasts and commentary do not constitute official viewpoints of Old Dominion University, its President, John R. Broderick, 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.

The data in this presentation are subject to revision. To our knowledge, all data used are accurate at the time of the presentation.
In Memoriam

- We honor the memory of George Dragas, a tireless supporter of the activities of the Dragas Center.

- Mr. Dragas, seeking to improve the lives of all in Hampton Roads, was the primary genesis of the State of the Region Report.
Growth in Real Gross Domestic Product
United States, 2012 Q1 - 2019 Q1

Annualized Quarterly Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>-3%</td>
</tr>
<tr>
<td>2013</td>
<td>-2%</td>
</tr>
<tr>
<td>2014</td>
<td>-1%</td>
</tr>
<tr>
<td>2015</td>
<td>0%</td>
</tr>
<tr>
<td>2016</td>
<td>1%</td>
</tr>
<tr>
<td>2017</td>
<td>2%</td>
</tr>
<tr>
<td>2018</td>
<td>3%</td>
</tr>
<tr>
<td>2019</td>
<td>4%</td>
</tr>
</tbody>
</table>


Sources: Bureau of Economic Analysis and Dragas Center for Economic Analysis and Policy. Data on GDP incorporate latest BEA revisions in April 2019. Data for 2019 Q1 are the advance estimate. CAGR GDP growth in horizontal bars. CAGR Obama = 2.1%, CAGR Trump = 2.6%.
Growth in Real Gross Domestic Product
Virginia, 2012 Q1- 2018 Q4

Annualized Quarterly Growth

2.4%

0.6%

Sources: Bureau of Economic Analysis and Dragas Center for Economic Analysis and Policy. Data on GDP incorporate latest BEA revisions in May 2019. Data for 2018 Q4 are the advance estimate. CAGR GDP growth in horizontal bars.
Recovery from the Great Recession
Measured in Total Jobs Restored, 2008-2019*

- United States
- Virginia

Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. Peak Pre-Recession Dates are January 2008 (United States), and April 2008 (Virginia). *Data through April 2019 for Virginia and the United States. US data are preliminary for the last two months. Virginia data are preliminary for the last month. Seasonally adjusted data.
Unemployment Rate, United States January 2007 – April 2019

- Black or African American
- Hispanic or Latino
- White

Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. Seasonally adjusted data.
Labor Force Participation Rate, United States
January 2007 – April 2019

Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. Seasonally adjusted data.
Corporate Profits as Percent of GDP
United States, 1950 - 2018

Source: Bureau of Economic Analysis and Old Dominion University Economic Forecasting Project. Corporate Profits After Tax Without Inventory Adjustment
Cyclically Adjusted Price/Earnings Ratio
Standard and Poor’s Composite Price Index
January 1881 – May 2019*

Reported Dividends and Buybacks for S&P 500 Corporations
1st Quarter 2013 – 4th Quarter 2018

Dividends
Buybacks

Source: S&P Dow Jones Indices, March 2019. The yellow bar represents the period after the passage of the Tax Cuts and Jobs Act of 2017. 4th quarter 2018 buybacks are the current historical record. 2018 share buybacks were 55.6% higher than 2017.
University of Michigan, Consumer Sentiment and Expectations
January 2009 – May 2019*

2018-2019: The Good

- **Price and wage inflation** remain moderate, and interest rates continue to be historically low.

- Consumer sentiment and expectations are high, however, consumer spending shows signs of slowing.

- The 2017 Tax Cuts and Jobs Act increased share buybacks and dividends, boosting equity prices and per-share performance.

- Increases in federal discretionary spending increased growth in Virginia, especially in Northern Virginia and Hampton Roads.
Federal Spending
Federal Outlays as Percent of GDP
1968 - 2029

Sources: Congressional Budget Office (2019), Budget and Economic Output: 2019 to 2029 and Dragas Center for Economic Analysis and Policy.
Congressional Budget Office: Projected Federal Deficit
FY 2018 - FY 2029

Billions of Dollars

2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029

$782 $897 $1,018 $1,366 $1,592 $1,592 $1,592 $1,592 $1,592 $1,592 $1,592 $2,075

CBO Baseline    Alternative Fiscal Scenario

Department of Defense Appropriations
FY 17 – FY 20

Billions of Nominal Dollars

FY 17
FY 18
FY 19
FY 20 (PresBud)
FY 20 (House)

Sources: Dragas Center for Economic Analysis and Policy, OSD (Comptroller), FY 2020 Presidential Budget, and House Appropriations Committee – 302b allocations as of 07 May 2019, House Appropriations Committee Markup 14 May 2019 ($622.1 base, +15.6 billion from FY 19). BCA implied cap for DoD base is $545 billion.
Delays in Department of Defense Appropriations
FY 1970 – FY 2019

Average Delay = 68 days

Sources: Center for Strategic and International Studies, Todd Harrison, and Dragas Center for Economic Analysis and Policy. FY 19 appropriations passed prior to start of FY 19.
2018-2019: The Bad

- There are several upcoming fiscal speedbumps in 2019
  - Debt Ceiling (Spring-Summer)
  - National Flood Insurance Program (May 31)
  - Discretionary Spending Caps (October 1)
  - Paid Family Leave Credit Expires (December 31)
  - Affordable Care Act Taxes are Reinstated (December 31)

- The defense environment is quickly evolving
  - Sea-level rise will threaten DoD infrastructure in Virginia
  - Anti-access/area-denial strategies are eroding the carrier advantage
  - Asymmetry in costs poses a fiscal and military challenge to the U.S.
  - Future wars will be “hot, urban, and complex”
  - “Cheaper, Better, Faster, Now” versus current model of “Best in Class”
The Ugly
Household Debt in Billions of Dollars
2nd Quarter 2003 – 1st Quarter 2019

Sources: Center for Microeconomic Data, Federal Reserve Bank of New York and Dragas Center for Economic Analysis and Policy. Total estimated household debt was $13.67 trillion for 1st quarter 2019.
Percent of Balances 90-Plus Days Delinquent by Loan Type
2nd Quarter 2003 – 1st Quarter 2019

Percent Delinquent:
- HE Revolving
- Credit Card
- Auto Loan
- Student Loan

Sources: Center for Microeconomic Data, Federal Reserve Bank of New York and Dragas Center for Economic Analysis and Policy. Total estimated household debt was $13.67 trillion for 1st quarter 2019.
Non-Farm Labor Productivity and Median Real Weekly Earnings
United States, 1987-2018

Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. Private non-farm labor productivity. Median usual weekly real earnings for wage and salary workers 16 years and older.
Cumulative Growth in Average Income After Transfers and Taxes
United States, 1979 to 2015

Lowest Quintile
Middle Three Quintiles (21st to 80th Percentiles)
81st to 99th Percentiles
Top 1 Percent

Sources: Congressional Budget Office and Dragas Center for Economic Analysis and Policy. Private non-farm labor productivity. Median usual weekly real earnings for wage and salary workers 16 years and older.
Persistence in Social Class
Organization for Economic Cooperation and Development

Source: OECD (2018), A Broken Social Elevator? How to Promote Social Mobility. The data represent the relative strength of association between parents and children for 9 social classes, standardized to a value of 1 with respect to the country with the average value (Belgium). Values less than 1 represent greater social mobility, while values greater than 1 represent less social mobility relative to the average.
Persistency in Social Class

Change in Persistence in Social Class
1945-1959 Cohort vs 1960-1974 Cohort

Source: OECD (2018), A Broken Social Elevator? How to Promote Social Mobility. The data represent the relative strength of association between parents and children for 7 social classes, standardized to a value of 1 with respect to the country with the average value (Belgium). A decline in persistency implies greater social mobility, while an increase in persistency implies less social mobility.
2019-2020: The Good, Bad, and the Ugly

- We are in a “Goldilocks' moment” with low unemployment, low inflation, low interest rates, high consumer sentiment, and continued returns on equities and real estate.

- Debt continues to increase for the federal government, corporations, and households.

- Is a trade war inevitable? Tariffs and counter-tariffs may create enough damage to stall economic growth and spark inflation.

- Income and wealth inequality is increasing, and social mobility is declining. Is the middle class hollowing out?

- A lack of fiscal, political, and social space suggests the end of this expansion will be difficult to manage.
<table>
<thead>
<tr>
<th>Metric</th>
<th>2017 Actual</th>
<th>2018 Forecast (May)</th>
<th>2018 Actual</th>
<th>2019 Forecast (May)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Real Gross Domestic Product</td>
<td>2.3%</td>
<td>3.1%</td>
<td>3.0%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Civilian Job Growth</td>
<td>1.2%</td>
<td>1.2%</td>
<td>1.6%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>4.1%</td>
<td>3.6%</td>
<td>3.9%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Consumer Price Index</td>
<td>2.2%</td>
<td>3.0%</td>
<td>2.4%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Core Consumer Price Index</td>
<td>1.7%</td>
<td>2.3%</td>
<td>2.1%</td>
<td>2.3%</td>
</tr>
<tr>
<td>3-month Treasury Bill</td>
<td>1.4%</td>
<td>2.1%</td>
<td>2.4%</td>
<td>2.5%</td>
</tr>
<tr>
<td>10-year Treasury Bill</td>
<td>2.4%</td>
<td>3.3%</td>
<td>2.9%</td>
<td>2.9%</td>
</tr>
<tr>
<td>30-year Treasury Bill</td>
<td>2.8%</td>
<td>3.6%</td>
<td>3.1%</td>
<td>3.3%</td>
</tr>
<tr>
<td>30-year Conventional Mortgage</td>
<td>4.0%</td>
<td>5.0%</td>
<td>4.5%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Federal Deficit</td>
<td>-$666 Billion</td>
<td>-$825 Billion</td>
<td>-$779 Billion</td>
<td>-$900 Billion</td>
</tr>
<tr>
<td>Virginia Real GDP</td>
<td>2.0%</td>
<td>2.7%</td>
<td>2.8%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Virginia Employment Growth</td>
<td>1.4%</td>
<td>1.5%</td>
<td>1.1%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Notes: Data reflects the annual rate of growth, last month, or day business day of the year where appropriate. Data are rounded to nearest tenth. U.S. Treasuries are constant maturities, annual averages.
2019 Hampton Roads Midyear Economic Forecast

Improving prospects, challenges remain
Nominal and Real Gross Domestic Product (GDP)
Hampton Roads, 2003 – 2018*

Millions of Dollars


$61,481 $83,584 $99,578

$61,481 $83,584 $99,578

Growth in Real Gross Domestic Product
Hampton Roads, 2003-2018*

Index of Real GDP, 2006 – 2018*
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 revisions. *Data for 2017 for Hampton Roads and Virginia for 2018 are the advance estimates. Index is equal to 100 in 2006. Data for 2018 represent our Hampton Roads forecast of 2.2% annual growth.
Net New Civilian Jobs Gained or Lost
Selected Metropolitan Areas, Virginia, and North Carolina
Peak Pre-Recession Employment to April 2019 (thousands)

<table>
<thead>
<tr>
<th>Region</th>
<th>Jobs Gained/Lost</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Carolina</td>
<td>381.5</td>
</tr>
<tr>
<td>Virginia</td>
<td>253.7</td>
</tr>
<tr>
<td>Charlotte</td>
<td>200.1</td>
</tr>
<tr>
<td>Northern Virginia</td>
<td>176.1</td>
</tr>
<tr>
<td>Raleigh</td>
<td>114.8</td>
</tr>
<tr>
<td>Jacksonville, FL</td>
<td>83.5</td>
</tr>
<tr>
<td>Richmond</td>
<td>61.7</td>
</tr>
<tr>
<td>Durham-Chapel Hill</td>
<td>35.3</td>
</tr>
<tr>
<td>Hampton Roads</td>
<td>14.2</td>
</tr>
</tbody>
</table>

Source: U.S. Department of Labor CES seasonally adjusted data and the Old Dominion University Economic Forecasting Project. Peak pre-recessionary employment occurred in 2008 for all regions except Hampton Roads, Richmond, and Jacksonville (2007). Comparison of total nonfarm employment in April 2019 to pre-recessionary peak employment. Data for April 2019 are preliminary.
Defense Spending in Hampton Roads

*Data for 2018 are estimates while 2019 is our forecast.
More Jobs and Employment (Steadily Growing)
Change in Employment: Selected Industries in Hampton Roads, 2017 Q1 to 2018 Q1

- Administrative and Support: +3,583
- Manufacturing: +3,356
- Health Care and Social Assistance: +2,571
- Accommodation and Food Services: +1,532
- Management of Companies: +1,308
- Finance and Insurance: +294
- Construction: +286
- Transportation and Warehousing: -149
- Prof, Sci, and Technical Services: -215
- Educational Services: -226
- Information: -326
- Retail Trade: -707
- Wholesale Trade: -726

Source: Virginia Employment Commission: Covered Employment and Wages by all types of Ownership (VA part of MSA) and the Old Dominion University Economic Forecasting Project.
Total Nonfarm Employment (Jobs)
Hampton Roads, January 2007 – April 2019

Thousands of Jobs

Thousands of Individuals

Civilian Labor Force
Hampton Roads, January 2007 – March 2019

+ 37,788 Persons

815.1
Oct. 2009

852.9

Sources: Bureau of Labor Statistics and Old Dominion University Economic Forecasting Project. Seasonally adjusted data. Data for March 2019 are preliminary. Trough was October 2009. Next update: May 29, 2019
Thousands of Individuals

Employment of Individuals
Hampton Roads, January 2007 – March 2019

+ 70,022 Persons

Sources: Bureau of Labor Statistics and Old Dominion University Economic Forecasting Project. Seasonally adjusted data. Data for March 2019 are preliminary. Trough was October 2009.
Headline Unemployment Rate (U3)
United States, Virginia, and Hampton Roads
January 2007 – March 2019

United States
Virginia
Hampton Roads

Source: Bureau of Labor Statistics and Old Dominion University Economic Forecasting Project. Seasonally adjusted unemployment rates. Virginia and Hampton Roads data are through March while US data are through April 2019.
▪ Good news: Increases in defense spending in FY 19 will help raise economic growth. Huntington Ingalls has a record $41 billion backlog of work.

▪ An immediate challenge: Finding the right labor at the right time for employers.

▪ The opportunity: Improving collaborative efforts among cities to retain/attract businesses.

▪ Position Hampton Roads now to win in the coming BRAC round.
Residential Housing is Moving On Up
Existing and New Construction Home Sales
Hampton Roads, 2002-2018

Sources: Real Estate Information Network and Old Dominion University Economic Forecasting Project. Information deemed reliable but not guaranteed. Figures reported here represent only those properties that are listed through REIN by REIN members and may not represent all new construction activity in our region.
## Existing and New Construction Homes Sold

### Selected Cities in Hampton Roads, 2018

<table>
<thead>
<tr>
<th>City</th>
<th>Total Homes Sold</th>
<th>Existing Homes Sold</th>
<th>New Construction Homes Sold</th>
<th>Percent New Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hampton</td>
<td>2,008</td>
<td>1,889</td>
<td>119</td>
<td>5.9%</td>
</tr>
<tr>
<td>Newport News</td>
<td>2,154</td>
<td>2,065</td>
<td>89</td>
<td>4.1%</td>
</tr>
<tr>
<td>Williamsburg*</td>
<td>3,066</td>
<td>2,655</td>
<td>411</td>
<td>13.4%</td>
</tr>
<tr>
<td>Chesapeake</td>
<td>4,564</td>
<td>3,590</td>
<td>974</td>
<td>21.3%</td>
</tr>
<tr>
<td>Norfolk</td>
<td>3,237</td>
<td>2,959</td>
<td>278</td>
<td>8.6%</td>
</tr>
<tr>
<td>Portsmouth</td>
<td>1,748</td>
<td>1,614</td>
<td>134</td>
<td>7.7%</td>
</tr>
<tr>
<td>Suffolk</td>
<td>1,714</td>
<td>1,319</td>
<td>395</td>
<td>23.1%</td>
</tr>
<tr>
<td>Virginia Beach</td>
<td>7,549</td>
<td>7,097</td>
<td>452</td>
<td>6.0%</td>
</tr>
<tr>
<td><strong>Hampton Roads</strong></td>
<td><strong>27,729</strong></td>
<td><strong>24,587</strong></td>
<td><strong>3,142</strong></td>
<td><strong>11.3%</strong></td>
</tr>
</tbody>
</table>

*Sources: Real Estate Information Network and Old Dominion University Economic Forecasting Project. Information deemed reliable but not guaranteed. Figures reported here represent only those properties that are listed through REIN by REIN members and may not represent all new construction activity in our region.*
Existing Home Sales in Selected Markets
2002-2018

Sources: Real Estate Information Network and Old Dominion University Economic Forecasting Project. Information deemed reliable but not guaranteed. Figures reported here represent only those properties that are listed through REIN by REIN members and may not represent all new construction activity in our region.
Sources: Real Estate Information Network and Old Dominion University Economic Forecasting Project. Information deemed reliable but not guaranteed. Figures reported here represent only those properties that are listed through REIN by REIN members and may not represent all new construction activity in our region.
Market Performance of Existing Homes Since 2011

- Inventories, days on market, and estimated supply have declined since 2011.

- Number of existing homes sold has steadily increased over time.

- Mortgage rates continue to be at historically low levels.

- The median price of homes has not increased significantly this decade.

- Probable explanation lies in distressed market—short sales and bank-owned homes (REOs).
Distressed Listings as a Percentage of Active Listings of Existing Homes
December 2008 - December 2018

Sources: Real Estate Information Network and Old Dominion University Economic Forecasting Project. Information deemed reliable but not guaranteed. Figures reported here represent only those properties that are listed through REIN by REIN members and may not represent all new construction activity in our region.
Annual Average Distressed Sales
Percentage of Existing Homes Sold, 2006 - 2018

Sources: Real Estate Information Network and Old Dominion University Economic Forecasting Project. Information deemed reliable but not guaranteed. Figures reported here represent only those properties that are listed through REIN by REIN members and may not represent all new construction activity in our region.
Sources: Real Estate Information Network and Old Dominion University Economic Forecasting Project. Information deemed reliable but not guaranteed. Figures reported here represent only those properties that are listed through REIN by REIN members and may not represent all new construction activity in our region.
Homes Financed by FHA Loans as a Percentage of Existing Homes Sold 2005-2018

Sources: Real Estate Information Network and Old Dominion University Economic Forecasting Project. Information deemed reliable but not guaranteed. Figures reported here represent only those properties that are listed through REIN by REIN members and may not represent all new construction activity in our region.
Nominal and Real (Inflation-Adjusted) Hotel Revenue
Hampton Roads, 2001-2018

Nominal Hotel Revenue in Selected Markets
2001 – 2018

## RevPAR in Selected Markets, 2007 and 2018

<table>
<thead>
<tr>
<th>Location</th>
<th>2007</th>
<th>2018</th>
<th>Percent Change</th>
<th>Real Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>$65.54</td>
<td>$85.96</td>
<td>+31.2%</td>
<td>+8.3%</td>
</tr>
<tr>
<td>Virginia</td>
<td>$61.91</td>
<td>$71.24</td>
<td>+15.1%</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Hampton Roads</td>
<td>$52.78</td>
<td>$65.03</td>
<td>+23.2%</td>
<td>+1.7%</td>
</tr>
<tr>
<td>Hampton</td>
<td>$41.71</td>
<td>$53.58</td>
<td>+28.5%</td>
<td>+6.1%</td>
</tr>
<tr>
<td>Newport News</td>
<td>$39.69</td>
<td>$46.05</td>
<td>+16.0%</td>
<td>-4.2%</td>
</tr>
<tr>
<td>Williamsburg</td>
<td>$47.47</td>
<td>$60.03</td>
<td>+26.5%</td>
<td>+4.4%</td>
</tr>
<tr>
<td>Chesapeake/Suffolk</td>
<td>$52.90</td>
<td>$56.95</td>
<td>+7.7%</td>
<td>-11.1%</td>
</tr>
<tr>
<td>Norfolk/Portsmouth</td>
<td>$54.05</td>
<td>$64.34</td>
<td>+19.0%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Virginia Beach</td>
<td>$64.29</td>
<td>$82.44</td>
<td>+28.2%</td>
<td>+5.9%</td>
</tr>
</tbody>
</table>

Number of Available and Occupied Hotel Rooms in Hampton Roads: 2001-2018

Source: STR Global and Old Dominion University Economic Forecasting Project.
Number of Available Hotel Rooms
Selected Markets: 2001-2018

Source: STR Global and Old Dominion University Economic Forecasting Project.
Number of Occupied Hotel Rooms
Selected Markets: 2001-2018

Source: STR Global and Old Dominion University Economic Forecasting Project.
Airbnb Revenue as Percentage of Total Hotel Revenue
Hampton Roads, October 2014 to July 2018

Sources: STR Trend Reports and AirDNA data received in September 2018 excluding shared rooms. Selected data points are July of each year. July 2018 = $7.3mil.
Airbnb Revenue as Percent of Hotel Revenue
Selected Markets, October 2014 to July 2018

Sources: STR Global and Airdna data received in September 2018 excluding shared rooms.
### Performance of the Hampton Roads Economy: Year to Date March 2018 and Year to Date March 2019

<table>
<thead>
<tr>
<th></th>
<th>YTD March 2018</th>
<th>YTD March 2019</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Civilian Labor Force</strong></td>
<td>846,193</td>
<td>849,633</td>
<td>+0.41%</td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td>815,196</td>
<td>819,976</td>
<td>+0.59%</td>
</tr>
<tr>
<td><strong>Number Unemployed</strong></td>
<td>30,997</td>
<td>29,657</td>
<td>-4.32%</td>
</tr>
<tr>
<td><strong>Unemployment Rate</strong></td>
<td>3.66%</td>
<td>3.49%</td>
<td>--</td>
</tr>
<tr>
<td><strong>Civilian Nonfarm Payrolls</strong></td>
<td>782,975</td>
<td>784,650</td>
<td>+0.21%</td>
</tr>
<tr>
<td><strong>Taxable Sales</strong></td>
<td>$5.28 Billion</td>
<td>$5.35 Billion</td>
<td>+1.30%</td>
</tr>
</tbody>
</table>

Source: Multiple sources available upon request. **Data are for YTD April 2017 and YTD April 2018.**
## Performance of the Hampton Roads Economy: Year to Date March 2018 and Year to Date March 2019

<table>
<thead>
<tr>
<th></th>
<th>YTD March 2018</th>
<th>YTD March 2019</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hotel Revenue</strong></td>
<td>$213.19 Million</td>
<td>$223.12 Million</td>
<td>+4.66%</td>
</tr>
<tr>
<td><strong>General Cargo Tonnage</strong></td>
<td>7.39 Million</td>
<td>7.40 Million</td>
<td>+0.14%</td>
</tr>
<tr>
<td><strong>TEU Containers</strong></td>
<td>910,772</td>
<td>954,230</td>
<td>+4.77%</td>
</tr>
<tr>
<td><strong>Number of 1 Unit Housing Permits</strong></td>
<td>1,102</td>
<td>846</td>
<td>-23.23%</td>
</tr>
<tr>
<td><strong>Value of 1 Unit Housing Permits</strong></td>
<td>$236.31 Million</td>
<td>$169.46 Million</td>
<td>-28.29%</td>
</tr>
<tr>
<td><strong>Number of Existing Homes Sold</strong></td>
<td>6,865</td>
<td>7,129</td>
<td>+3.85%</td>
</tr>
<tr>
<td><strong>Distressed Sales as Percentage of Existing Homes Sold</strong></td>
<td>12.34%</td>
<td>9.37%</td>
<td>--</td>
</tr>
<tr>
<td><strong>Median Price of Existing Homes Sold</strong></td>
<td>$216,900</td>
<td>220,0900</td>
<td>+1.43%</td>
</tr>
</tbody>
</table>

Source: Multiple sources available upon request. **Data are for YTD April 2017 and YTD April 2018.
<table>
<thead>
<tr>
<th></th>
<th>2018 Forecast</th>
<th>2018 Actual</th>
<th>2019 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hampton Roads Real Gross Domestic Product</td>
<td>2.2%</td>
<td>--</td>
<td>2.4%</td>
</tr>
<tr>
<td>Civilian Job Growth</td>
<td>0.5%</td>
<td>0.8%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>3.9%</td>
<td>3.3%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Taxable Sales</td>
<td>3.0%</td>
<td>3.4%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Hotel Revenue</td>
<td>3.9%</td>
<td>4.7%</td>
<td>3.8%</td>
</tr>
<tr>
<td>General Cargo Tonnage</td>
<td>2.8%</td>
<td>0.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>General Cargo TEUs</td>
<td>4.0%</td>
<td>0.5%</td>
<td>3.6%</td>
</tr>
<tr>
<td>One Unit Housing Permit Value</td>
<td>2.4%</td>
<td>2.8%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Source: 2018 data reflects the annual rate of growth. Dragas Center forecast current as of May 2019.
2019: Accelerating growth in Hampton Roads

- Regional GDP growth in 2019 is forecasted to be greater than the growth observed in 2018 and 2017.

- **Defense**, port, health-care industries, and tourism are likely to help the region’s moderate economic expansion in 2019.

- Single-family home prices in 2019 are likely to continue to increase at a moderate pace. Months of supply of existing homes are lower than their historic average.

- Going forward, uncertainty in Washington will be a major concern.
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