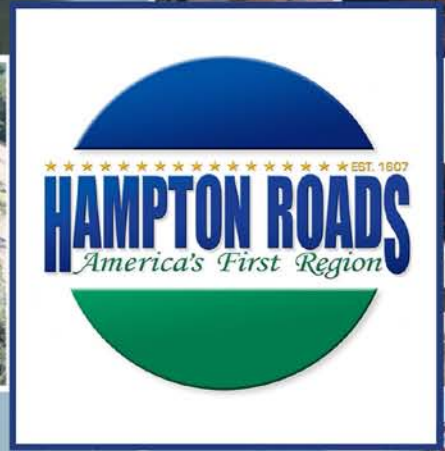


# Virginia's Hampton Roads Regional Profile



## Virginia’s Hampton Roads Regional Profile – Executive Summary –

Virginia’s Hampton Roads is a region rich in history, situated in the southeastern corner of Virginia, where the Atlantic Ocean meets the Chesapeake Bay, the largest estuary in the United States. The region, comprised of 16 counties and cities, each with unique assets, is enhanced by an extensive system of waterways and a population that has been growing and changing over the last decade. This profile summarizes key demographic, economic and transportation trends.

***Stable and increasingly diverse population.***

Compared to Virginia and the nation as a whole, the population of the Hampton Roads region has grown at a relatively slow pace and tends to be younger and more diverse than the population of the United States.

***Intricate and unique economy with stable employment.***

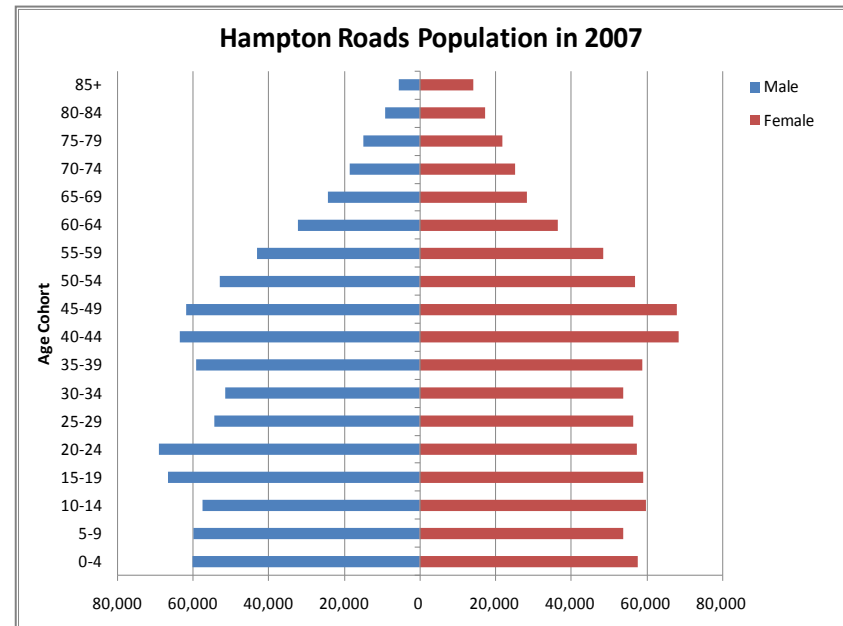
Hampton Roads has one of the largest concentrations of military personnel in the United States and increases in military pay and federal contracts have significantly contributed to the region’s economic growth. However, as home to a number of private employers, Hampton Roads also has experienced relatively strong employment growth across several industry sectors, particularly Education and Health Services, Leisure and Hospitality and Retail Trade. The crown jewel of the region is the Port of Virginia, which contributes nearly 350,000 jobs and greater than \$13 billion in employee wages each year according to an analysis by the College of William and Mary’s Mason School of Business.

***Effective but aging transportation system.***

Because of the abundance of waterways, the transportation network is heavily dependent on bridges and tunnels. Per capita vehicle miles traveled has remained relatively stable over the last 10 years, suggesting that commuting distances are relatively short. But, aging infrastructure and congestion around tunnels and bridges pose a threat for future economic development.

***Favorable educational attainment levels.***

Children entering kindergarten in the Hampton Roads region are prepared at higher rates of literacy fundamentals than any other region of Virginia. The population living in Hampton Roads compares favorably to other regions and metropolitan areas in high school and college degree attainment.



Source: University of Virginia, Weldon Cooper Center for Public Service

## LOCATION

Hampton Roads is located in southeastern Virginia where the Atlantic Ocean meets the Chesapeake Bay. The region is comprised of 16 jurisdictions – the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach and Williamsburg, and the counties of Gloucester, Isle of Wight, James City, Southampton, Surry and York. The region’s land area covers approximately 2,907 square miles and includes an extensive system of waterways including the Intercoastal Waterway and the James, York, Nansemond and Elizabeth Rivers.



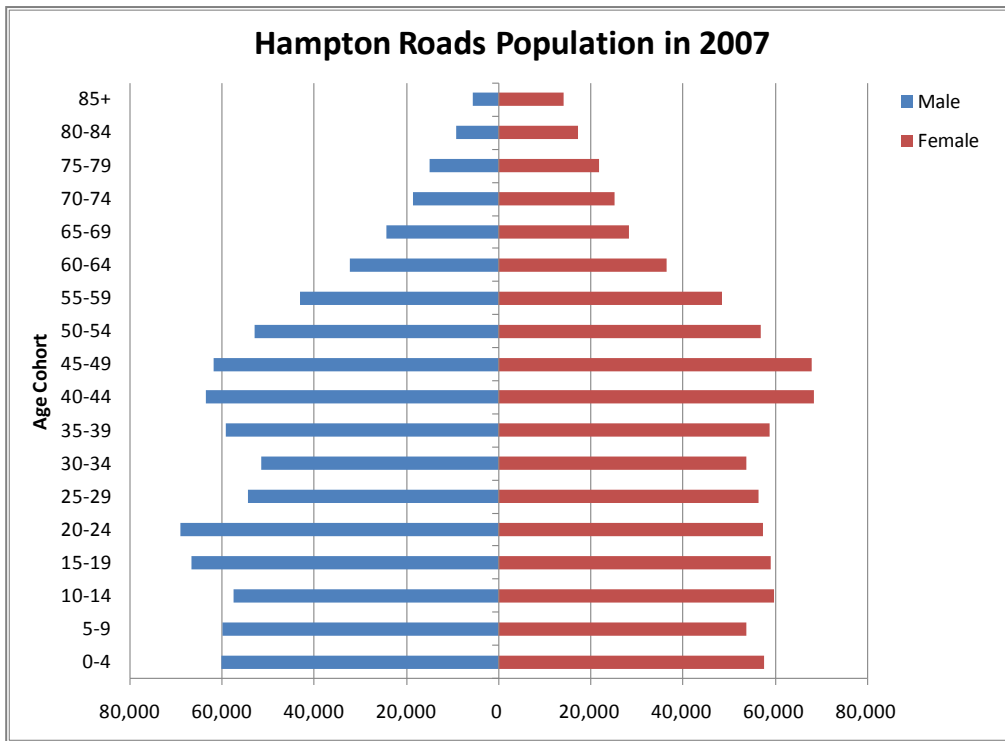
## HISTORY

The name “*Hampton Roads*” originated from two separate terms. The term “*Roads*” is a nautical expression for a protected anchorage or safe harbor. The term “*Hampton*” dates from the early 17<sup>th</sup> century when the first royal governor, Lord de la Ware, named the area in honor of Henry Wriothesley, the English Earl of Southampton, a major backer of the Virginia Company who financed our Nation’s first English settlers. The region’s rich history includes the farming and hunting practices of the many tribes of Native Americans who inhabited the fertile lands for centuries prior to the first transatlantic migrants. The year 1607 marked the arrival of America’s first citizens who landed in Jamestown aboard three tiny ships, the Susan Constant, Godspeed, and Discovery.

The region played a key role at both the beginning and the end of the Revolutionary War, with General Cornwallis surrendering to George Washington at Yorktown in 1781. The most notable naval battle of the Civil War took place in Hampton Roads in 1862 as the Ironclad CSS Virginia (also known as the Merrimac) fought the newly built USS Monitor. Though the battle was inconclusive, the two ships forever changed the nature of naval warfare. The region’s safe harbors, proximity to the ocean, and rich history have worked together to form the foundation of the Hampton Roads region.

## DEMOGRAPHICS

According to the U.S. Census Bureau, Hampton Roads is the 34<sup>th</sup> most populous Metropolitan Statistical Area (MSA) in the United States. The University of Virginia, Weldon Cooper Center for Public Service (Weldon Cooper Center) estimates that the region’s population was 1,647,937 in July of 2007. Over the past decade, Hampton Roads’ population has grown at an annualized rate of 0.64%, relatively slow compared to the growth rate of 1.20% for both the Nation and the Commonwealth.



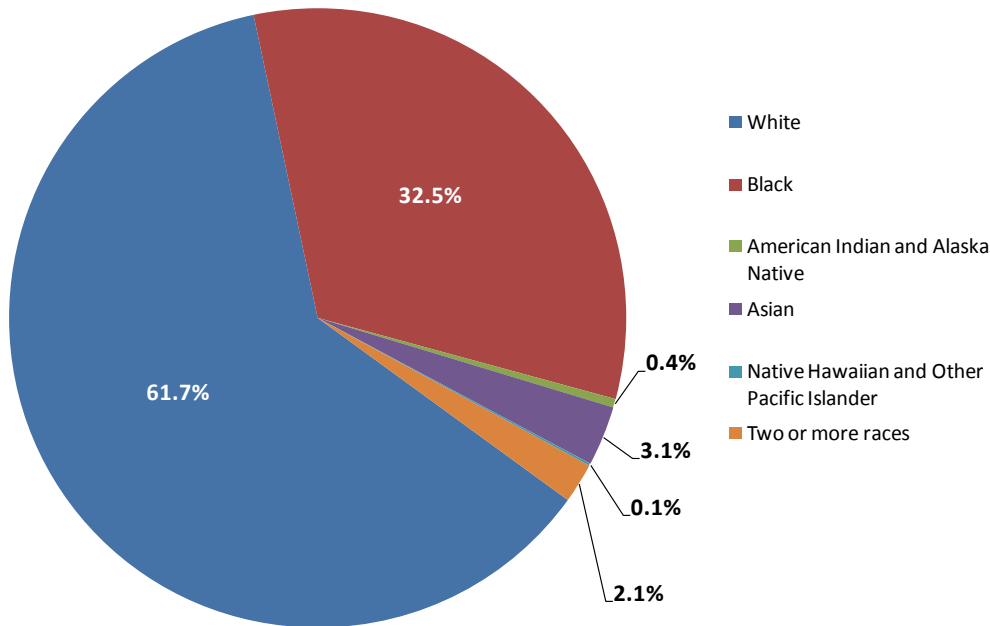
Source: Weldon Cooper Center

As reported by the U.S. Census Bureau, the median age of the Hampton Roads population in 2007 was 35.2, over a year less than the national average of 36.7. Evidence of the baby boom, baby bust, and echo boom generations are clearly visible in the region’s population histogram. The population histogram also illustrates the uneven male to female ratio in the age 15-19 cohort and the 20-24 cohort, a testament to the large impact of the military presence in Hampton Roads. The U.S. Census Bureau estimates that Hampton Roads is home to 623,698 households, with an average of 2.56 persons per household. Females and males constitute 51.1% and 48.9%, respectively.

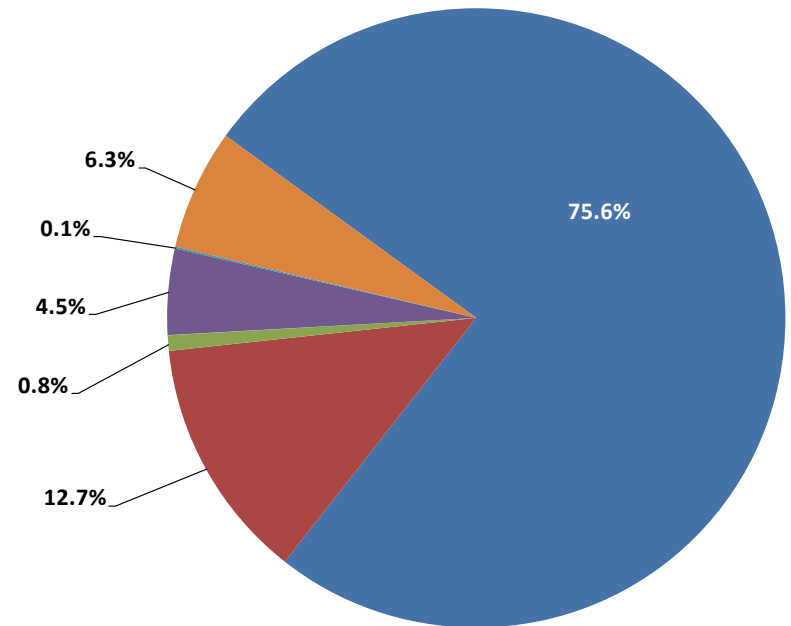
## DEMOGRAPHICS (continued)

The racial and ethnic composition in Hampton Roads is significantly different from that of the Nation. Hampton Roads has proportionately more African Americans than the Nation and proportionately fewer persons in every other racial category. The 2007 American Community Survey estimates that approximately 15.1% of the Nation’s population is Hispanic, compared to 4.0% in Hampton Roads. Filipinos (a subset of the Asian Population) account for 1.8% of the region’s population, compared to a nationwide average of 0.8%.

Population Distribution by Race in Hampton Roads



Population Distribution by Race in the United States

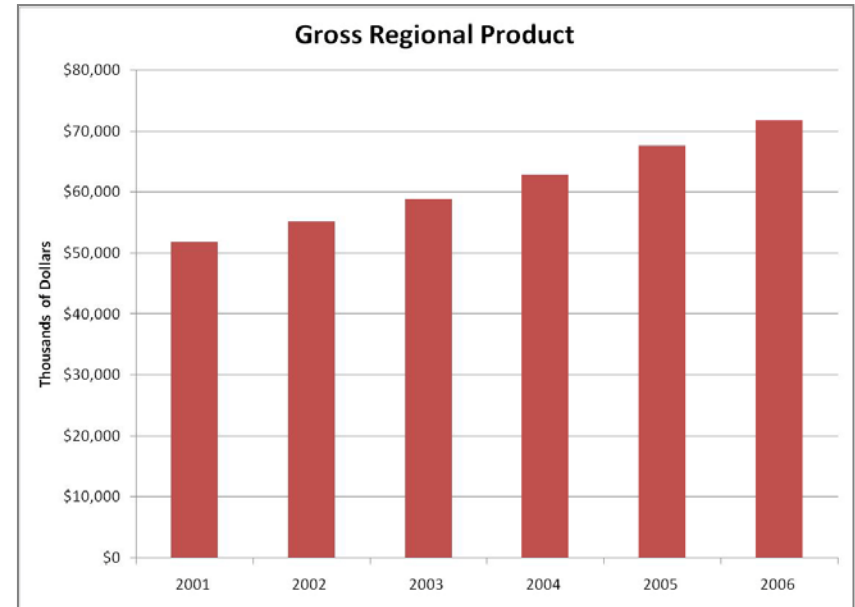


Source: U.S. Census Bureau

## THE ECONOMY

Economists typically refer to Gross Product when evaluating the size or strength of a particular economy. In 2006, the Bureau of Economic Analysis estimated the Gross Regional Product (GRP) of the Hampton Roads Metropolitan Statistical Area (MSA) to be \$71.8 billion dollars, making it the 38<sup>th</sup> largest metro economy in the United States. *Global Insight* estimates that the Hampton Roads economy is similar in size to that of Slovakia or Vietnam.

The Hampton Roads economy has experienced relatively constant growth in recent years. Since 2001, economic growth in the region has averaged 6.7% annually (3.3% in “real” per capita dollars). Much of this growth is the result of increased Department of Defense (DoD) spending within the region.

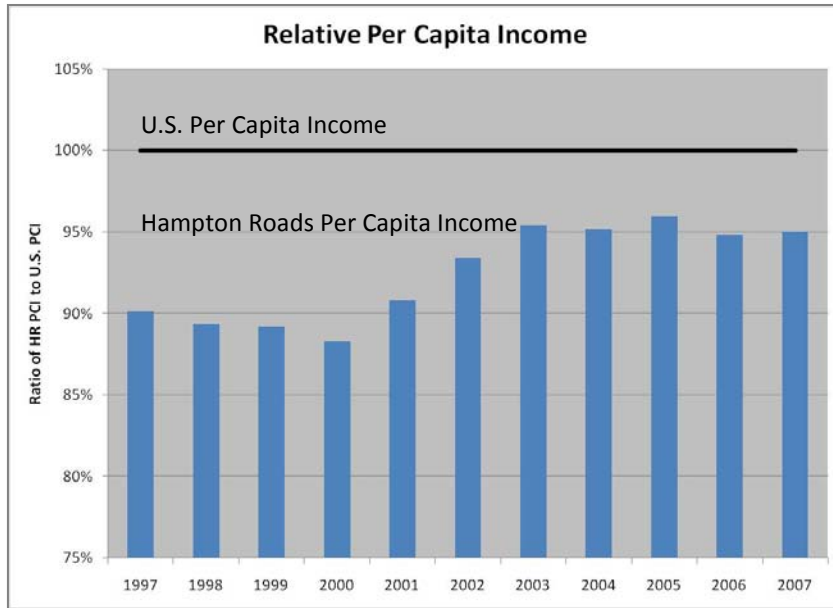


Source: U.S. Bureau of Economic Analysis

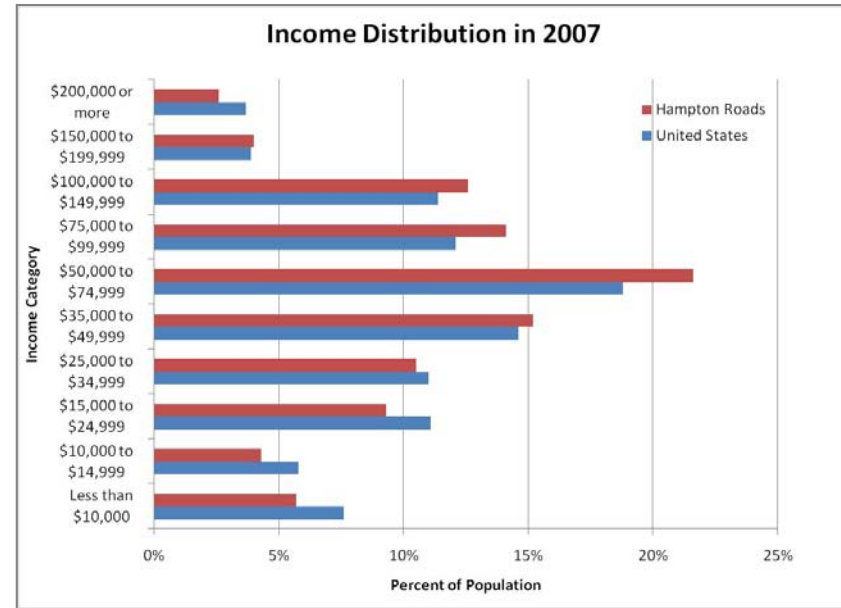
## INCOME

According to the U.S. Bureau of Labor Statistics, Hampton Roads’ per capita income has historically been below the national average. The region’s relatively low wages can be attributed to such factors as the region’s unique occupational and industrial mix. Increases in regional defense spending and military pay coupled with a national recession in 2001 helped to grow the region’s relative per capita income during the period from 2000 through 2003. Hampton Roads’ median household income (\$54,824), as calculated by the U.S. Census Bureau in 2007, compares favorably against the national average (\$50,007). The income distribution in Hampton Roads is more concentrated in the middle income range as compared to the Nation, which explains how the median income might compare favorably while per capita income does not.

## INCOME (continued)



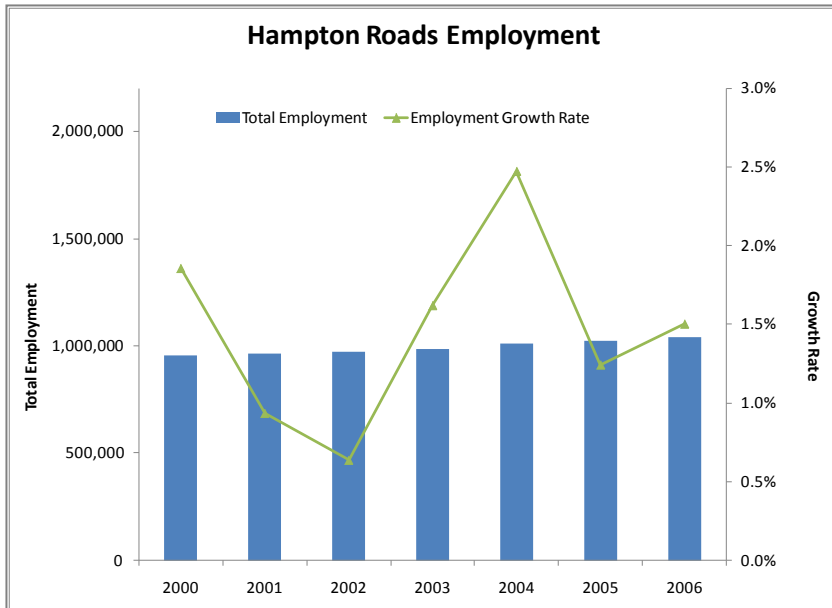
Source: U.S. Bureau of Economic Analysis



Source: U.S. Census Bureau

As prices for goods and services differ across the nation, any comparative discussion on income should include a discussion on the cost of living. Until the early part of the 21<sup>st</sup> century, Hampton Roads enjoyed a cost of living that was below the national average. The low cost of living somewhat offset the region’s relatively low per capita income and attracted businesses that were concerned about labor costs. The relative cost of living in Hampton Roads has increased dramatically since the turn of the decade. The Council for Community and Economic Research surveys hundreds of metropolitan areas each quarter to produce perhaps the most accurate comparative cost report for urban areas. Data for the third quarter of 2008 revealed that composite prices in Hampton Roads were 7.3% above the average of all reporting urban areas. Hampton Roads reported above average prices for housing, health care, and miscellaneous goods and services and below average prices for grocery items and goods and services.

# EMPLOYMENT



Source: U.S. Bureau of Economic Analysis

According to the U.S. Bureau of Economic Analysis, the Hampton Roads region had 1,038,537 employees in 2006, which calculates to 1 job for every 1.58 people. Hampton Roads’ rate of growth in employment increased, along with military pay increases, from 2002 through 2004. As population often tracks employment, the increased employment from the early part of the decade led to an increase in the region’s population. Due to some unique regional characteristics, changes in the region’s employment can vary without changes in population. The high concentration of retail employment combined with an expansive tourism industry offers ample part-time, seasonal and secondary employment opportunities.

Hampton Roads’ relatively low employment to population ratio of 1 to 1.58 compares favorably to the Nation’s employment to population ratio of 1 to 1.68. Due to an increasing number of people entering the workforce, the Hampton Roads region has recently experienced an increase in the unemployment rate despite growth in the employment base.

Year	Employment Growth	Population Growth	Unemployment Rate
2000	-2.00%	0.86%	2.5%
2001	1.82%	0.56%	3.3%
2002	2.28%	0.43%	4.1%
2003	1.50%	0.58%	4.2%
2004	1.31%	1.41%	4.0%
2005	1.50%	0.60%	3.9%
2006	1.74%	0.24%	3.3%
2007	1.37%	0.70%	3.2%
2008	1.30%	NA	4.2%

Sources: U.S. Bureau of Labor Statistics and Weldon Cooper Center

## TOP 25 PRIVATE EMPLOYERS IN HAMPTON ROADS

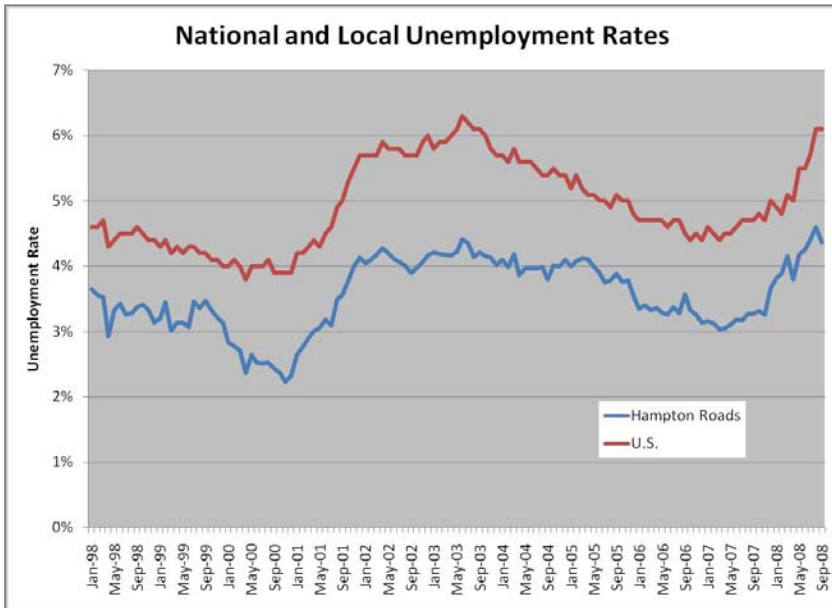
Employer	Number of Employees	Product / Service
Northrop Grumman Newport News	18,000	Shipbuilding & repair
Sentara Healthcare	15,000	Full-service health care network
Riverside Health System	7,000	Full-service health care network
Dominion Enterprises (Trader Publishing)	5,700	Trade publications; online marketing; internet services
Smithfield Foods, Inc.	4,636	Meat processing & packing
Bon Secours Hampton Roads Health System	4,000	Hospitals & health care services
Bank of America	3,600	Banking & credit card service center
Colonial Williamsburg	3,100	Museums/cultural exhibits
BAE Systems Norfolk (Norshipco)	2,570	Shipbuilding & repair
Chesapeake Regional Medical Center	2,500	Hospital; health care services
SAIC / AMSEC	2,500	Defense, research & engineering consulting
Measurement Specialties, Inc.	2,428	Measuring & controlling devices; aerospace
Canon Virginia, Inc.	2,235	Copier machines; photographic equipment/supplies
Gwaltney of Smithfield, Inc.	2,100	Meat processing & packing
STIHL Inc.	2,016	Power driven hand tools; chainsaws
GEICO Direct	2,000	Insurance sales, service & support center
Children's Health System (CHKD)	1,905	Children's hospital; health care services & research
FHC Health Systems (Value Options Inc.)	1,700	Health care provider support/health insurance
Michael Baker Jr., Inc.	1,700	Technical & research engineering design services
VT Milcom (MILCOM Systems Corp)	1,653	Engineering, consulting & IT services for defense contracts
Virginia International Terminals, Inc.	1,550	Terminals - river & marine port operations
Eastern Virginia Medical School (Medical College of VA)	1,500	Schools-Universities & Colleges (private)
Tidewater Community College (4 campuses)	1,500	Community college system
Verizon Communications, Inc.	1500	Telecommunications services
AmeriGroup Corporation	1400	HMO provider for Medicaid

Source: Hampton Roads Economic Development Alliance

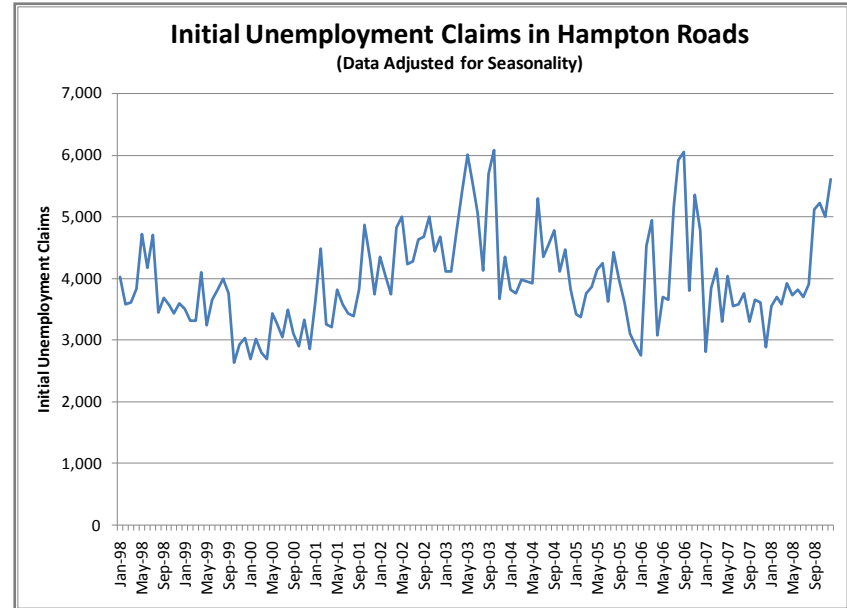
# UNEMPLOYMENT

While Hampton Roads is prone to many of the same cyclical unemployment pressures that face the Nation, the unemployment rate in Hampton Roads has historically tracked well below the national average. The region's low unemployment rates can be attributed to several factors, including a favorable mix of industry and the relatively stable employment that results from a steady flow of defense expenditures. The methodology employed to calculate unemployment levels at the local level is limited to civilians. As a result, the large portions of military personnel within the region are not included in employment statistics; the region's already low unemployment rate overstates the actual unemployment rate.

Where changes in the unemployment rate are indicative of the market's ability to meet the needs of the labor force, initial unemployment claims reveal how changes in the market are impacting the employment base. The current cool economic climate is reflected by the recent sudden increase in initial unemployment claims.



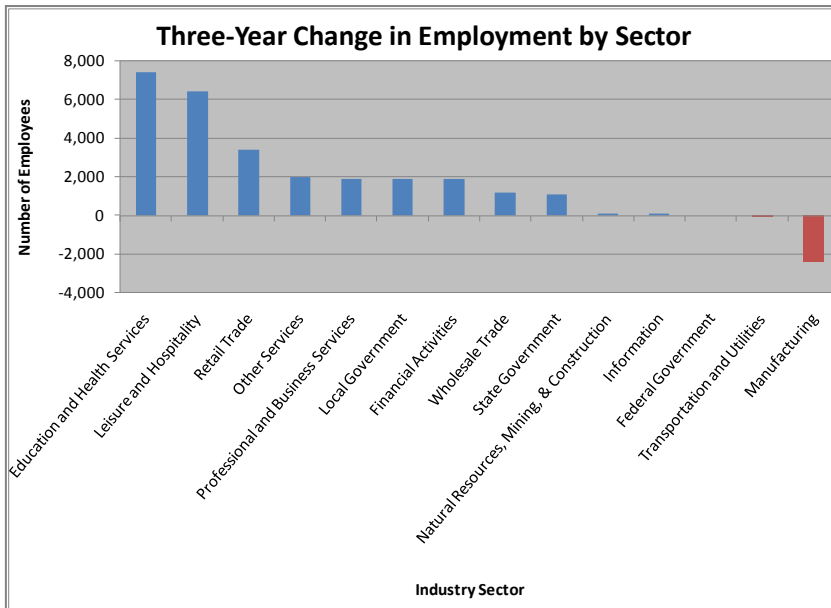
Source: U.S. Bureau of Labor Statistics



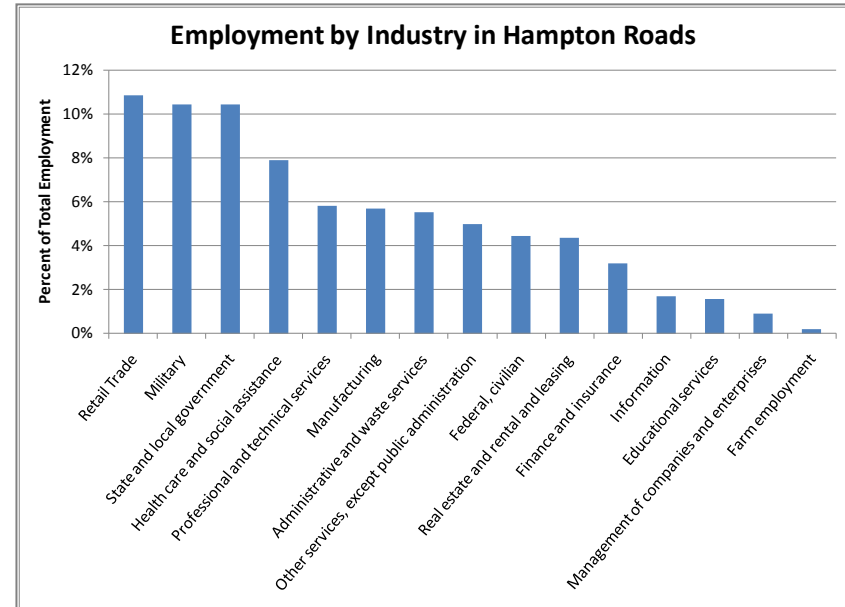
Source: Virginia Employment Commission

## INDUSTRY AND OCCUPATIONAL EMPLOYMENT

According to the U.S. Bureau of Labor Statistics, 112,717 persons were employed in Hampton Roads' retail trade sector in 2006. At 108,324 employees, the military was the region's second largest industrial sector. The diversification of industrial sectors is important in that well diversified economies are less prone to economic shocks, whereas a single industry may be severely influenced by super-regional factors at the national or international level.



Source: U.S. Bureau of Labor Statistics

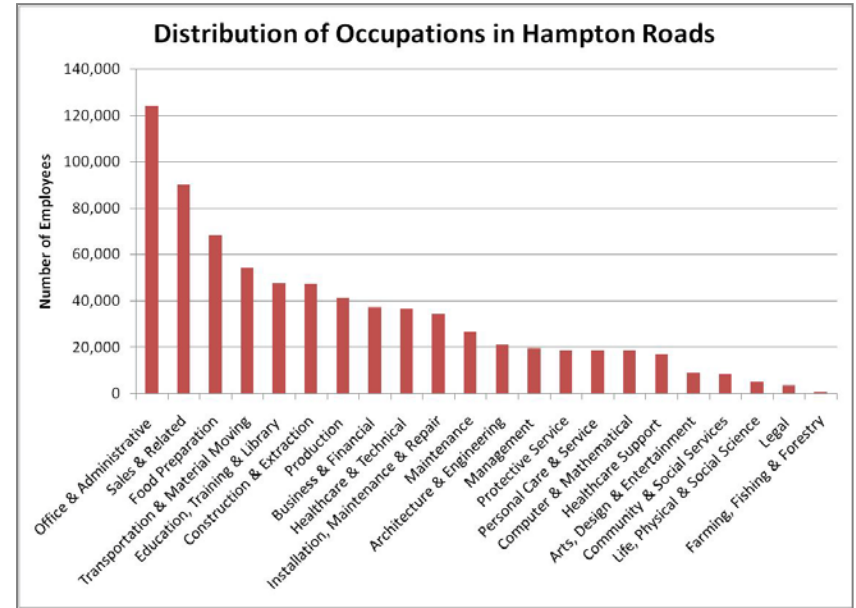


Source: U.S. Bureau of Economic Analysis

In recent years, Hampton Roads has experienced relatively strong employment growth across a number of industry sectors. Paralleling trends in the national economy, the region experienced a large employment increase in the Education and Health Services sector, adding 7,400 jobs from 2004 through 2007. Declines in the region's "goods sector" were more than offset by other service sector employment, such as Leisure and Hospitality, Retail Trade, Professional and Business Services, and Financial Activities.

## INDUSTRY AND OCCUPATIONAL EMPLOYMENT (continued)

The occupational distribution in Hampton Roads complements the diversity of the region’s industrial sectors. While the top five regional occupational sectors account for over half of the region’s occupations, the relative distribution in Hampton Roads is remarkably similar to the national distribution. Occupational categories such as Architecture and Engineering, Construction and Extraction, and Sales are overrepresented in the region while Life, Physical, and Social Sciences, as well as Management, Production, and Legal occupations are underrepresented.



Source: U.S. Bureau of Labor Statistics

Occupational Classification	Employed in Hampton Roads	Regional Distribution	National Distribution
Office & Administrative	124,060	16.5%	17.3%
Sales & Related	89,960	12.0%	10.7%
Food Preparation	68,550	9.1%	8.4%
Transportation & Material Moving	54,280	7.2%	7.2%
Education, Training & Library	47,760	6.4%	6.2%
Construction & Extraction	47,530	6.3%	5.0%
Production	41,590	5.5%	7.6%
Business & Financial	37,220	5.0%	4.5%
Healthcare & Technical	36,710	4.9%	5.1%
Installation, Maintenance & Repair	34,440	4.6%	4.0%
Maintenance	26,570	3.5%	3.3%
Architecture & Engineering	21,400	2.8%	1.9%
Management	19,880	2.6%	4.5%
Protective Service	18,970	2.5%	2.3%
Personal Care & Service	18,690	2.5%	2.5%
Computer & Mathematical	18,680	2.5%	2.4%
Healthcare Support	17,300	2.3%	2.7%
Arts, Design & Entertainment	9,060	1.2%	1.3%
Community & Social Services	8,620	1.1%	1.3%
Life, Physical & Social Science	5,430	0.7%	0.9%
Legal	3,770	0.5%	0.7%
Farming, Fishing & Forestry	790	0.1%	0.3%

Source: U.S. Bureau of Labor Statistics

The majority of industry and occupational employment in Hampton Roads is clustered around the region’s comparative advantages, such as the natural deepwater ports, the concentration of military, and the historic and recreational attractions that abound in the area. As the regional, national and global economies continue to evolve, the Hampton Roads region must strive to remain competitive by researching new avenues and working to explore, develop and secure competitive advantages for the future.

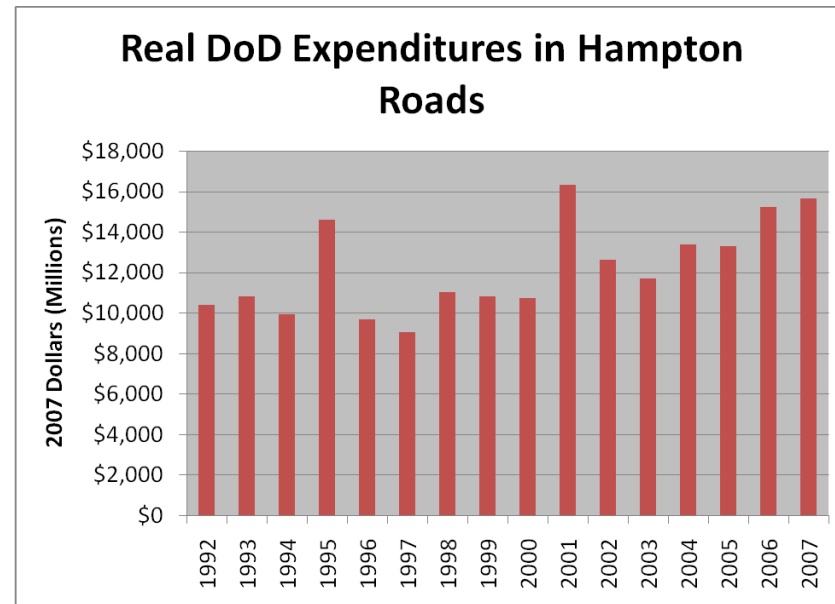
## THE MILITARY

Hampton Roads is home to one of the largest concentrations of Department of Defense (DoD) personnel in the United States. Hampton Roads also has the largest naval base in the world, the only NATO command on U.S. soil and the presence of all five military services, operating forces and major commands.

The significance of the defense sector in Hampton Roads cannot be overstated as the direct, indirect, and induced impact of the military presence accounts for as much as one-third of the region’s economy. In 2007 alone, the region’s defense expenditures and obligations topped \$15.6 billion, a 5.9% increase over the previous year. The size and scope of the military presence in Hampton Roads can result in rather unique growth patterns. When defense expenditures are consistent from year to year, the military presence buffers the region’s economy from periods of growth or decline. Increases or decreases in defense spending have a dramatic impact on the regional economy, moving the region’s economy independently of the national business cycle. In the past, limited growth in defense spending resulted in relatively slow growth with respect to the regional economy. Through the nineties, cuts in military personnel coupled with increased non-military employment somewhat decreased the significance of the defense sector. In more recent years, increases in both military pay and federal contracts have significantly contributed to the region’s economic growth.

Installation	Total Personnel
Naval Air Station Oceana	10,683
Naval Air Station Oceana, Dam Neck Annex	5,578
Naval Amphibious Base	14,413
Naval Station Norfolk	96,000
Naval Weapons Station Yorktown	2,182
Norfolk Naval Shipyard	8,850
Fort Eustis	9,682
Fort Story	1,959
Fort Monroe	4,117
Langley Air Force Base	11,500

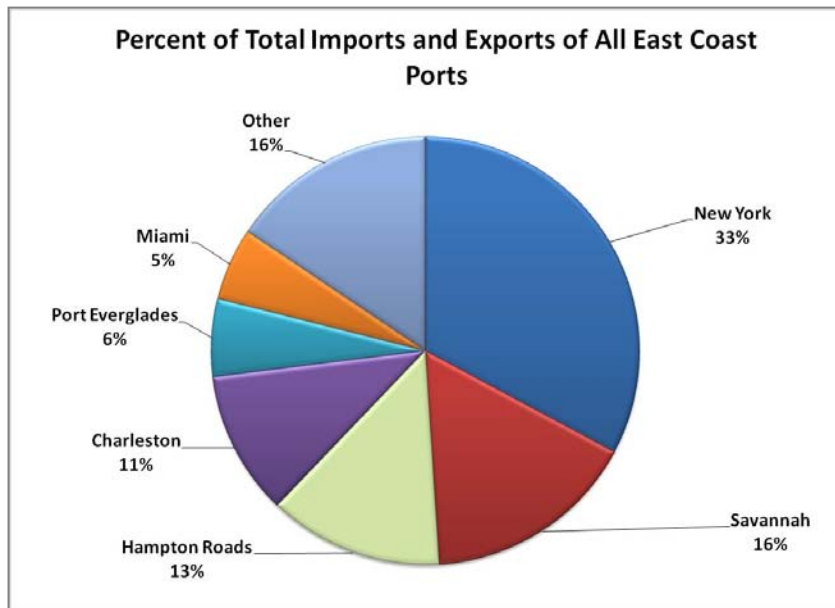
Source: 2008 Hampton Roads Statistical Digest



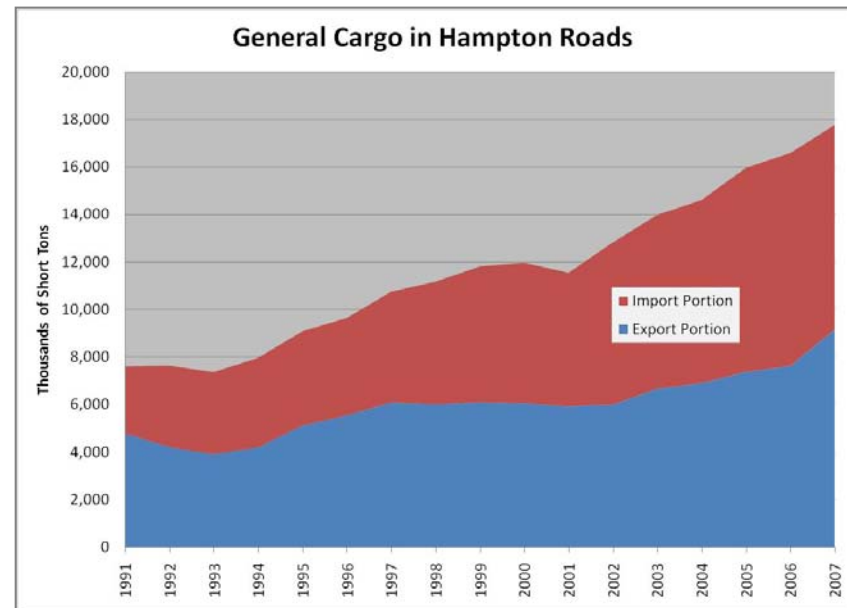
Source: Consolidated Federal Funds Report

## THE PORT

The naturally safe harbors in Hampton Roads have been bringing commerce and trade to the Hampton Roads region for centuries. Deepwater access that can accommodate today’s ... *and tomorrow’s* ... supertankers, a strategic mid-Atlantic location, and a streamlined infrastructure network have helped to make Hampton Roads home to one of the premier ports on the east coast, with over 3,000 foreign and domestic vessels calling on the port annually. Significant investments by both the Port of Virginia (includes all Port facilities in Virginia ) and by APM Terminals (A.P. Moller-Maersk Group) have made Hampton Roads well-positioned to capitalize on and accommodate increased port traffic well into the future. A recent analysis conducted by the College of William and Mary’s Mason School of Business estimates that the Port of Virginia contributes 343,000 jobs, \$13.5 billion in employee wages, \$1.2 billion in taxes and \$41.1 billion in business to the Commonwealth annually. General cargo tonnage in Hampton Roads has expanded every year since 2001.



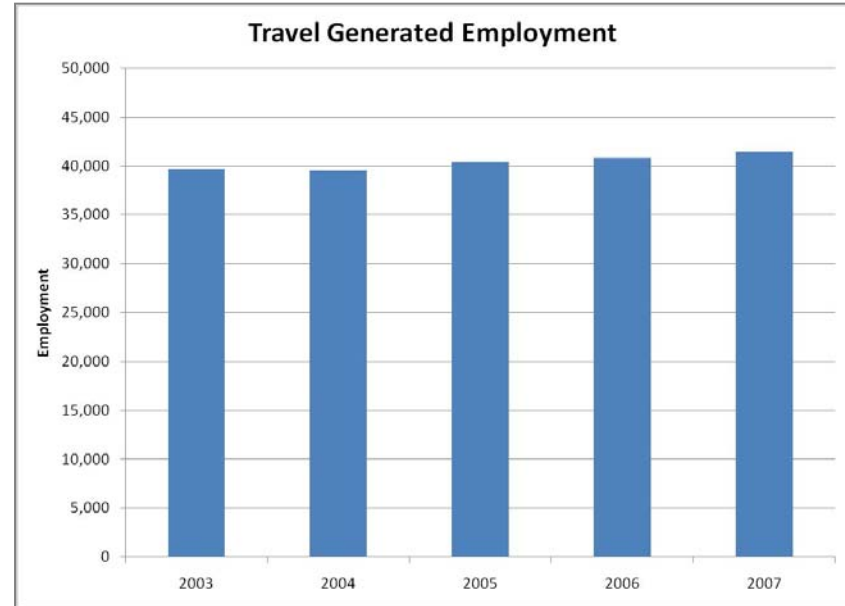
Source: American Association of Port Authorities



Source: Virginia Port Authority  
 Short Ton (S/T) is a unit of weight equal to 2,000 pounds.

## TOURISM

From the surf and sand of Virginia Beach to the Historic Triangle of Williamsburg, Jamestown, and Yorktown, to the attractive convention centers spread throughout the region, Hampton Roads is an established tourist destination. According to the Virginia Tourism Corporation, tourists spent in excess of \$3.7 billion in Hampton Roads in 2007. The Leisure and Hospitality industry employed 85,400 people in Hampton Roads, adding over 6,000 positions in the last three years to make it the second fastest growing employment sector in the region. In addition to the hoteliers who depend on tourists to fill their rooms, tourism brings extensive new money to restaurants, retail establishments, and government coffers.



Source: Virginia Tourism Corporation

Year	Vacancy Rate		Home Ownership
	Homeowner	Rental	
1997	2.8%	5.7%	62%
1998	2.8%	7.6%	64%
1999	2.6%	4.2%	64%
2000	2.6%	6.8%	70%
2001	2.0%	7.0%	72%
2002	1.4%	3.5%	75%
2003	1.3%	10.3%	80%
2004	0.5%	15.1%	73%
2005	0.6%	7.4%	68%
2006	1.2%	7.7%	68%
2007	3.5%	7.7%	66%

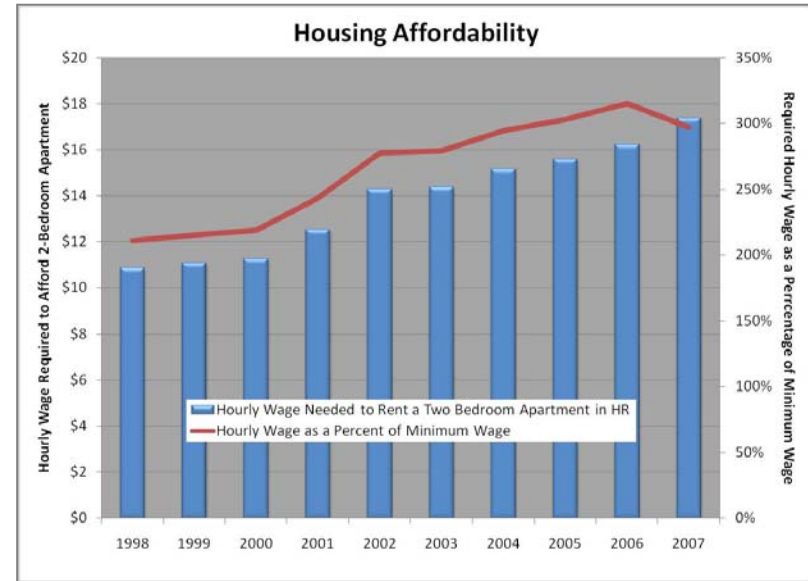
Source: U.S. Census Bureau

## HOUSING

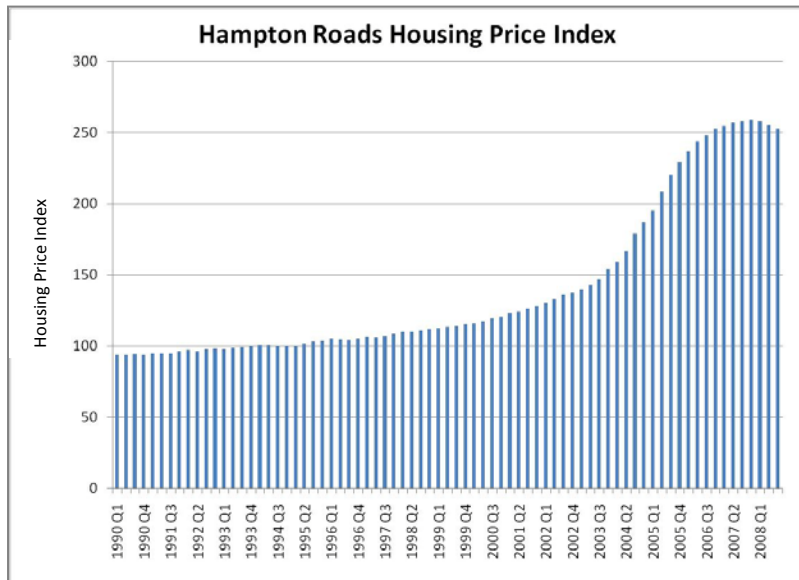
Over the past decade, the Hampton Roads housing market has undergone a significant adjustment. A combination of factors, including historically low mortgage rates, increased access to credit, changes in defense housing policies, increases in regional income, and regional housing prices that were set below market fundamentals culminated in a very rapid increase in the demand for housing, subsequently and significantly pushing up the region's housing prices.

## HOUSING (continued)

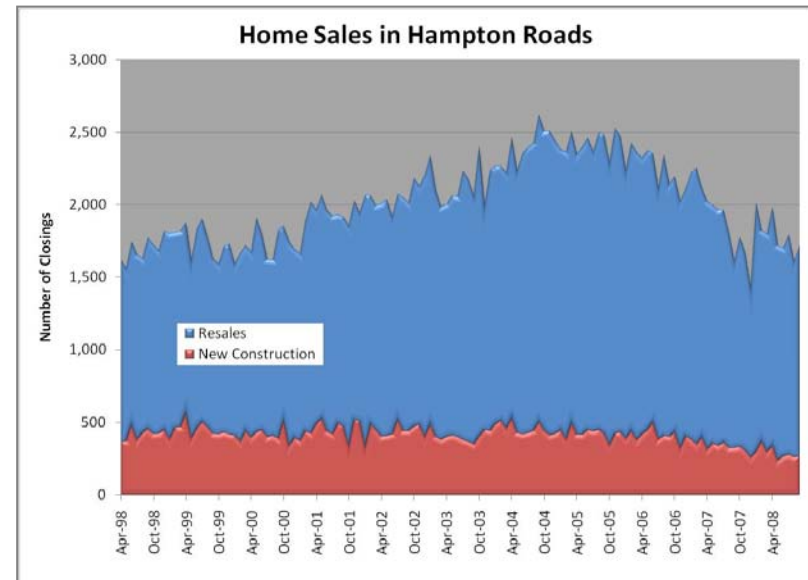
Low mortgage rates effectively pushed down the price of housing, increasing the region's homeownership rate to almost 80% in 2003. Competition in the region's housing market reached its height in June of 2004 when the average listing remained on the market for only 24 days. As prices continued to escalate, affordability began to decrease, building permits began to decline and home sales retreated. A sudden rise in foreclosures, due in part to decelerating housing prices and poor lending practices, has cooled the national economy and caused home prices to retreat as well. The region's housing prices are now headed back towards equilibrium with market fundamentals.



Source: National Low Income Housing Coalition



Source: Office of Federal Housing Enterprise Oversight

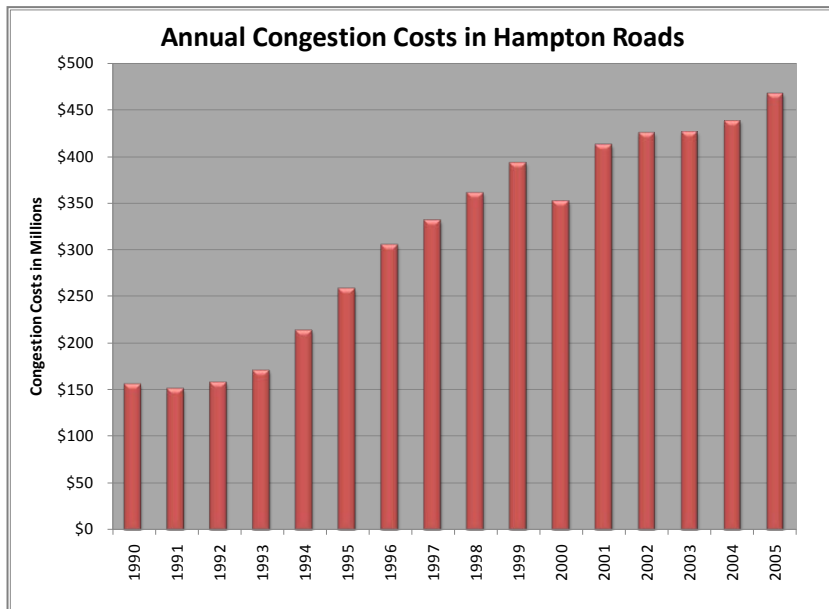


Source: Rose and Womble Realty, Hampton Roads, Virginia

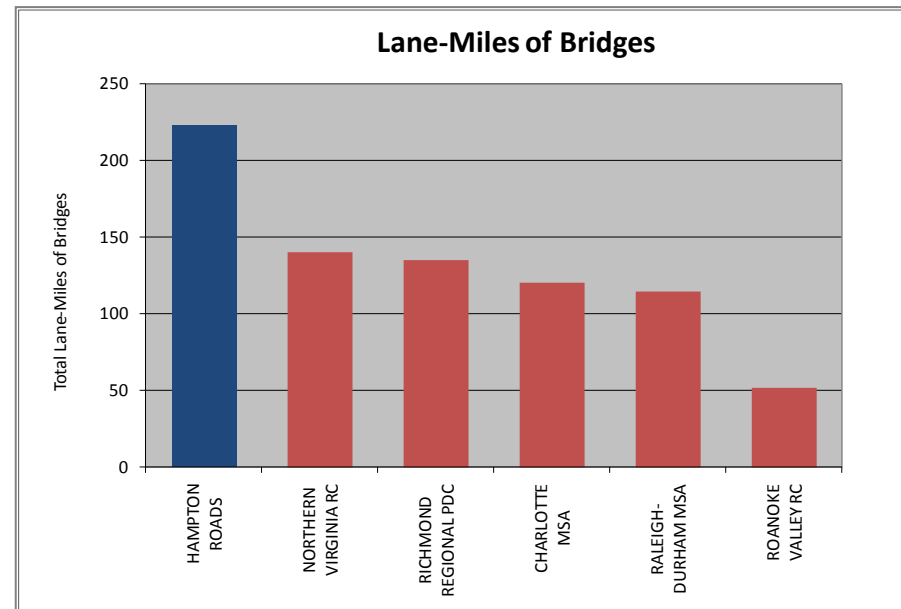
## TRANSPORTATION

By most measures, Hampton Roads currently enjoys an effective transportation system. The efficiency of the local highway system is comparable to that of similar metro areas.

According to the Texas Transportation Institute, Hampton Roads ranks 16<sup>th</sup> among the 25 metro areas with populations between one and three million in terms of delay per peak period traveler. The unique system of waterways in Hampton Roads results in a transportation network that is heavily dependent on bridges and tunnels. Aging infrastructure costs coupled with increased congestion pose an economic threat by potentially limiting commerce, deterring tourism, and limiting the capacity of the port.



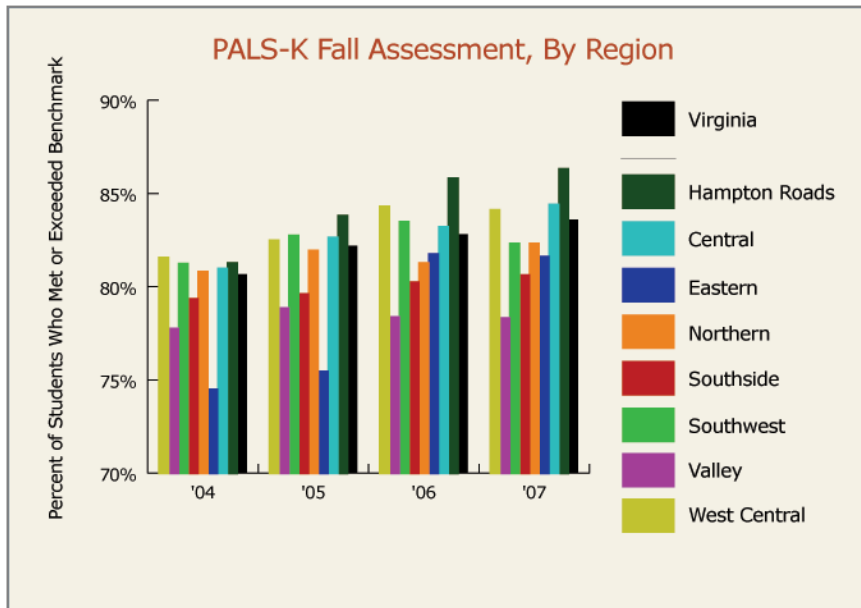
Source: Texas Transportation Institute



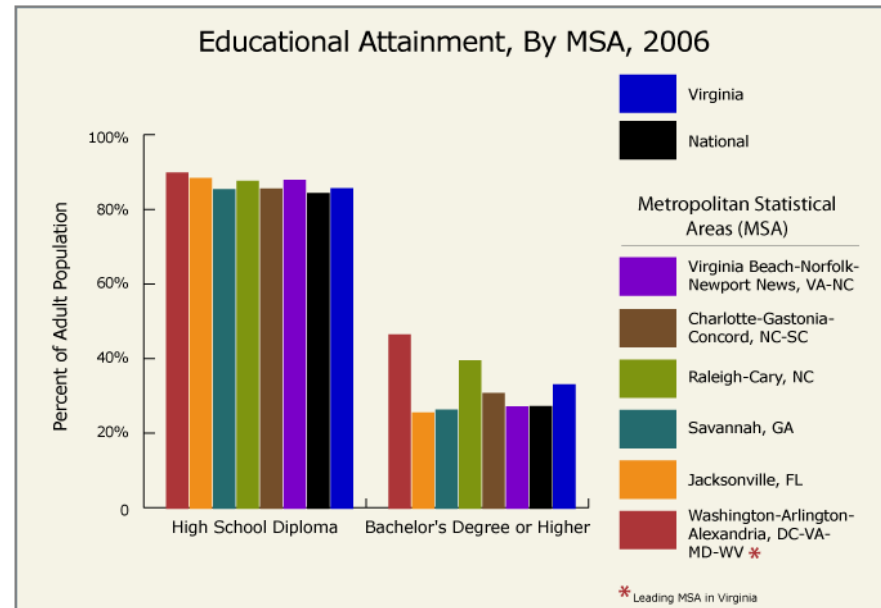
Sources: Federal Highway Administration (FHWA) and Virginia Dept. of Transportation (VDOT)  
 RC-Regional Commission, PDC-Planning District Commission, MSA-Metropolitan Statistical Area

# EDUCATION

The greatest opportunity we have to grow our economy and maintain a healthy, thriving region is by investing in education. High wages follow high skills, and long-term economic growth increasingly depends on educational excellence. It starts with our very young. A child’s earliest experiences and environments set the stage for future development and success in school and life. The Phonological Awareness Literacy Screening for Kindergarten (PALS-K) is an assessment of literacy readiness. More than 86 percent of children entering kindergarten in Hampton Roads are prepared in literacy fundamentals, a higher percentage than any other region of Virginia.



Source: HamptonRoadsPerforms.org



Source: HamptonRoadsPerforms.org

Educational attainment refers to the highest degree of education an individual has completed. The Hampton Roads Metropolitan Statistical Area (MSA) compares favorably to other regions and MSAs on the percentage of adults with high school or college degrees.

Publication  
of

[www.HamptonRoadsPerforms.org](http://www.HamptonRoadsPerforms.org)

Compiled by

**Hampton Roads Planning District Commission**

723 Woodlake Drive  
Chesapeake, VA 23320

[www.HRPDCVA.gov](http://www.HRPDCVA.gov)

and

**Hampton Roads Partnership**

430 World Trade Center  
Norfolk, VA 23510

[www.HRP.org](http://www.HRP.org)