

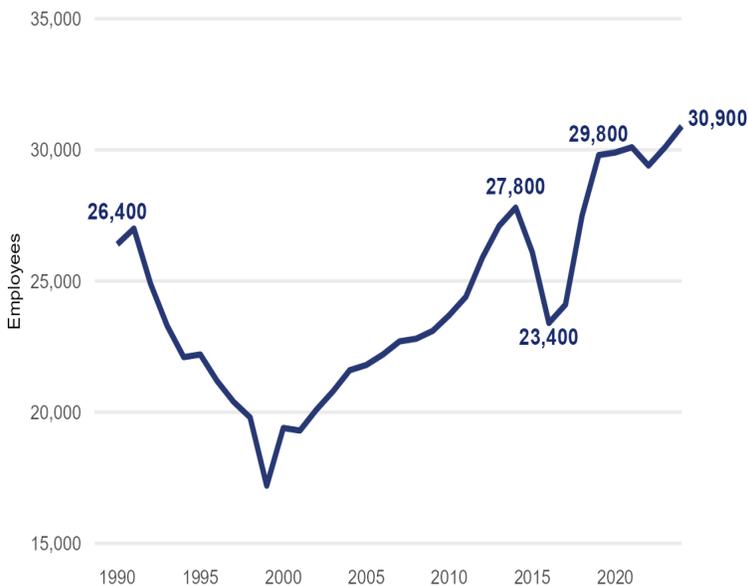
## SHIPBUILDING & REPAIR

The budget reconciliation bill signed into law last week includes \$29 billion for shipbuilding and repair. The funding will support the construction of new Navy ships, upgrades to shipyard infrastructure, workforce development, and subsidies for commercial vessel production. This spending is in addition to the \$20.8 billion proposed in the Pentagon's base budget for shipbuilding and repair in fiscal year 2026. These investments, along with other recent legislative initiatives, reflect a broader federal effort to rebuild the U.S. shipbuilding industrial base, a sector where Hampton Roads plays a central national role.

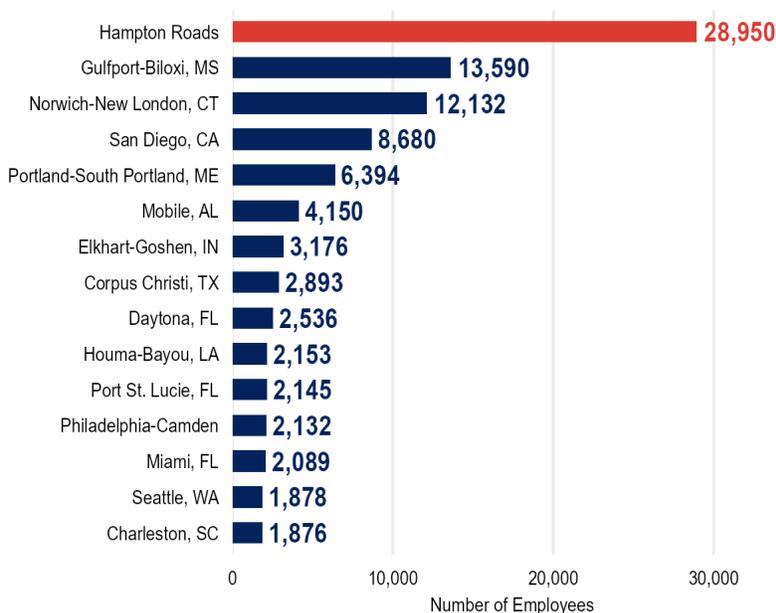
Much of the recent urgency stems from China's rise as the dominant player in global shipbuilding. China produces roughly 1,700 vessels annually, compared to about five in the United States. That commercial capacity has supported military expansion, as shared infrastructure and supply chains enable more rapid and cost-efficient naval production. China now fields more total warships than the United States. While the U.S. fleet remains more technologically advanced, its limited industrial capacity has become a growing national security concern. U.S. shipbuilding output has declined for decades. Since the 1980s, the U.S. share of global shipbuilding has remained below 1 percent, down from about 5 percent in the 1970s. Today, most large U.S. shipyards focus on Navy contracts and a small number of Jones Act vessels for domestic trade.

Hampton Roads is home to Newport News Shipbuilding, the only U.S. yard building nuclear-powered aircraft carriers and one of two constructing submarines for the Columbia- and Virginia-class programs. The region also hosts Norfolk Naval Shipyard, one of four public naval yards, and a network of private repair firms, suppliers, and maritime training programs. More than one in five U.S. workers in shipbuilding and repair are employed in Hampton Roads. As shown in Figure 1, shipbuilding and repair employment in the region reached 30,900 in 2024, the highest level in more than three decades. From 1990 to 2024 shipbuilding employment in the nation was down 13.4%, compared to a 17.0% increase in the region.

**Figure 1: Private-Sector Shipbuilding and Repair Employment Hampton Roads, 1990-2024**



**Figure 2: Private-Sector Shipbuilding & Repair Employment Top 15 Metro Areas, 2023**



Data Sources: Census County Business Patterns, Bureau of Labor Statistics (CES), and HRPDC. Hampton Roads reflects the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA.

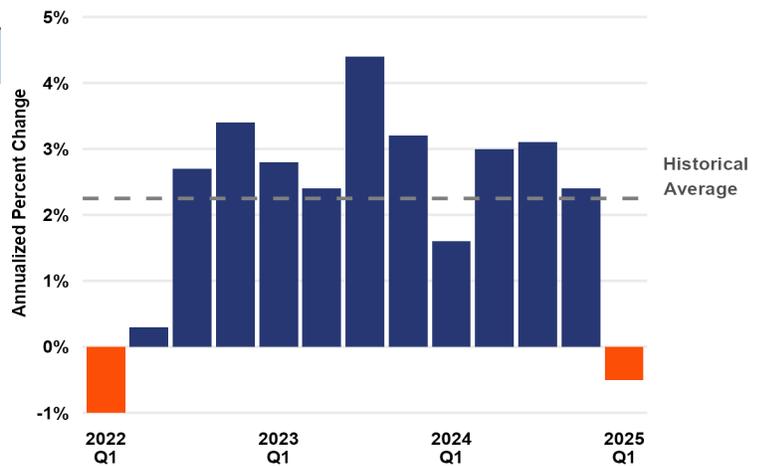
Nearly half of all shipbuilding and repair employment is now located in the five largest shipyard metros. Hampton Roads tops that list. As shown in Figure 2, the region's private shipbuilding workforce is the largest in the country, more than the next two largest metro areas combined.

Sustaining that position will depend on continued investment in both infrastructure and workforce. Hampton Roads has an established talent pipeline that spans the full spectrum of maritime trades and technical skills, supported by long-standing partnerships across industry, labor, and education. As federal investment scales up, the region's ability to meet workforce demand will be a critical factor in expanding national shipbuilding capacity.

**GDP, ANNUALIZED GROWTH RATE (Q)**

	Q1 2024	Q1 2025	Trend
United States	1.6%	-0.5%	▼

**GDP:** Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. Inflation-adjusted GDP fell 0.5% in Q1 2025, the first contraction in economic activity since 2022. Gross private domestic investment accounted 3.9 percentage points of GDP growth, followed by personal consumption expenditures (0.31). Net exports accounted for a 4.61 percentage point decline in GDP growth in Q1 2025, followed by government spending (-0.10).

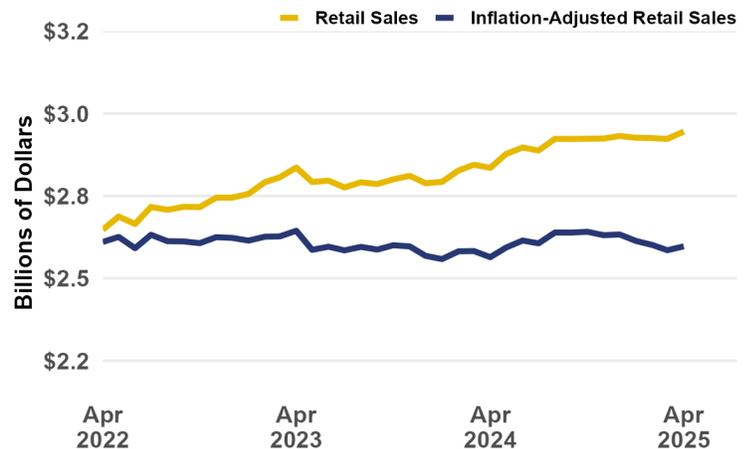


Source: Bureau of Economic Analysis, HRPDC

**RETAIL SALES (M)**

(not seasonally adjusted)	Apr '24	Apr '25	Trend
	\$2.54B	\$2.69B	▲
	\$13.63B	\$14.27B	▲

**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 in April 2025 were up 8.3% year over year. When seasonally adjusted, retail sales in April increased 3.9% from the previous month. Inflation-adjusted retail sales have slowed from the post-pandemic surge in spending seen in the summer of 2021, but remain 21.1% above pre-pandemic levels observed in February 2020.

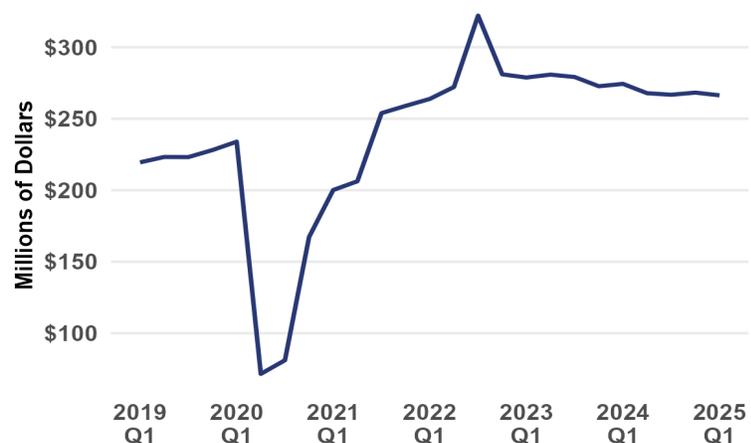


Source: Virginia Department of Taxation, HRPDC. Seasonally adjusted 5-month moving-average. Inflation-adjusted sales in 2022 dollars

**ESTIMATED HOTEL REVENUE (Q)**

	2024 Q1	2025 Q1	Trend
Hampton Roads	\$274M	\$266M	▼
	\$1.09B	\$1.12B	▲

**Estimated Hotel Revenue:** Hotel revenues indicate the performance of the region's tourism sector. Hotel revenues in Q1 2024 were down 3.4% year over year. Seasonally adjusted hotel revenues in 2025 Q1 decreased 0.7% from the previous quarter. Hotel revenues have declined for the seventh consecutive quarter, signaling a slowdown from the post-pandemic boom observed over the prior two years.



Source: Virginia Department of Taxation, HRPDC. Seasonally adjusted data.

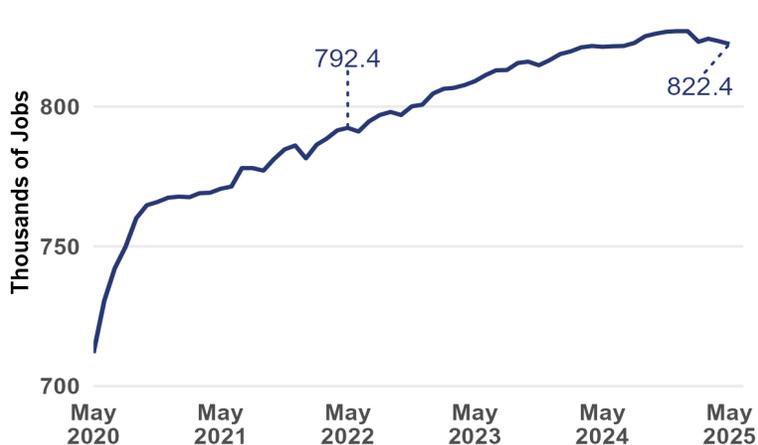
CIVILIAN PAYROLL EMPLOYMENT (M)

HISTORICAL TREND, SEASONALLY ADJUSTED



Source: Bureau of Labor Statistics, HRPDC

5-YEAR, SEASONALLY ADJUSTED



Source: Bureau of Labor Statistics, HRPDC

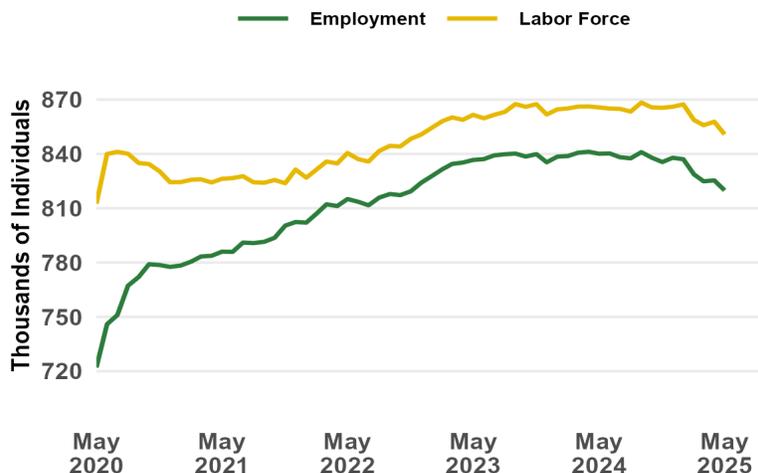
(seasonally adjusted)	May 2024	Apr 2025	May 2025	YoY % Change	MoM Trend
Hampton Roads	821,400	823,400	822,400	0.12%	▼
Virginia	4,226,700	4,274,900	4,276,100	1.11%	▲
United States	157,828,000	159,433,000	159,577,000	1.17%	▲

**Employment:** A leading indicator of labor market activity, the Bureau of Labor Statistics' payroll survey of businesses and government establishments measures the number of nonfarm civilian jobs. In Hampton Roads, non-seasonally adjusted civilian jobs in May were up 0.15% year over year. Seasonally adjusted civilian jobs in May were down 0.1% from the previous month. Both the United States and Virginia added jobs in May from the previous month, but at a slower pace. Hampton Roads lost jobs for the second straight month. Despite these differences, all three regions have experienced a slowdown in job growth compared to the accelerated pace of the past few years. While this trend has signaled a normalization toward pre-pandemic growth levels rather than a downturn, the short-term impact of recent federal policy changes remains uncertain.

CIVILIAN LABOR FORCE (M)

	Labor Force	Emp	Unemp	LF Trend
Apr 2025	857,796	825,392	33,324	▼
	850,821	819,876	32,333	

**Labor Force:** The Bureau of Labor Statistic's household survey measures the employment status of the civilian population 16 years and older. An area's labor force is comprised of the number of people working (employed) and those actively seeking work (unemployed). In May the HRPDC's civilian labor force declined by 0.8% from the previous month. On a year-over-year basis, the labor force was 1.7% lower. May marked the fourth consecutive month of annual declines in the region's labor force.

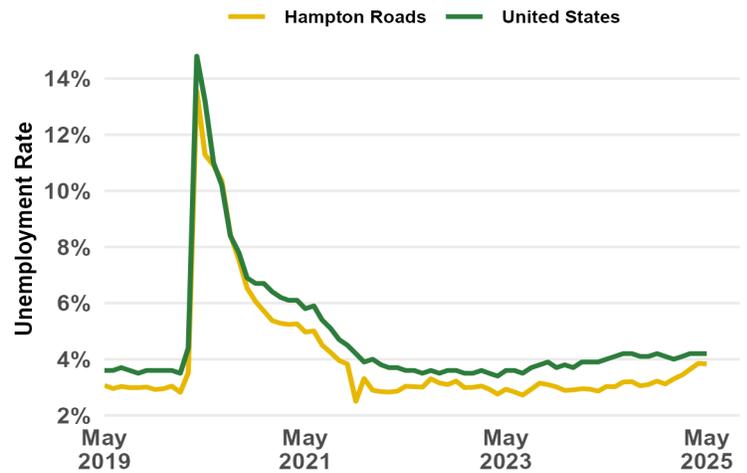


Source: Bureau of Labor Statistics, HRPDC. Seasonally adjusted data

UNEMPLOYMENT RATE (M)

	May '24	Apr '25	May '25	Trend
	3.0%	3.9%	3.8%	▼
	2.8%	3.3%	3.4%	▲
	4.0%	4.2%	4.2%	▼

**Unemployment Rate:** The unemployment rate reflects the percentage of the labor force unemployed and actively seeking work. Hampton Roads' unemployment rate in May 2025 declined from the prior month. Since January, Hampton Roads unemployment rate has risen 0.5 percentage points, more than double the 0.2 percentage point increase observed for the nation.

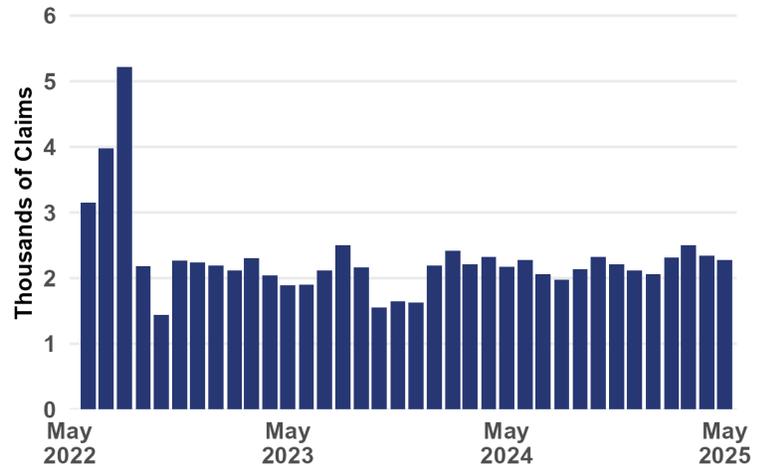


Source: Bureau of Labor Statistics, HRPDC. Seasonally adjusted data

INITIAL UNEMPLOYMENT CLAIMS (M)

(seasonally adjusted)	Apr '25	May '25	Trend
Hampton Roads	2,341	2,274	▼
Virginia	11,371	11,791	▲

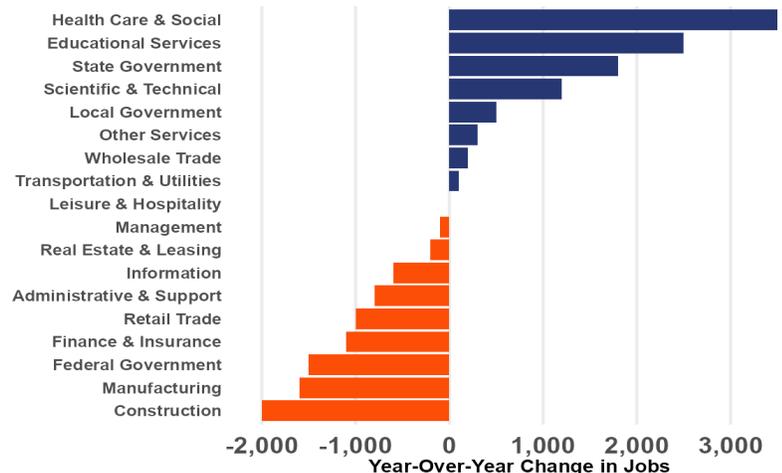
**Initial Unemployment Claims:** The number of initial unemployment claims is a leading economic indicator reflecting those who are forced to leave work unexpectedly, thus revealing the strength of the job market with little lag time. The number of initial claims for unemployment benefits filed in May in the region decreased 2.9% from the previous month. Year over year, initial claims filed in May are up 4.5%.



Source: Virginia Employment Commission, HRPDC. Seasonally adjusted data

JOB GROWTH BY INDUSTRY (MAY, YEAR-OVER-YEAR CHANGE)

**Civilian Job Growth by Industry:** As the job market grows or contracts, there will be some industries whose experience does not resemble the regional trend. Half of the region's selected industry sectors added jobs in May when compared to the prior year. The largest gains were in Healthcare, & Social Assistance, which added 3,500 jobs year over year. Educational Services (+2,500) and State Government (+1,800) recorded the second and third largest gains. The largest year-over-year declines were in Construction (-2,000), Manufacturing (-1,600) and the Federal Government (-1,500) industry sectors.

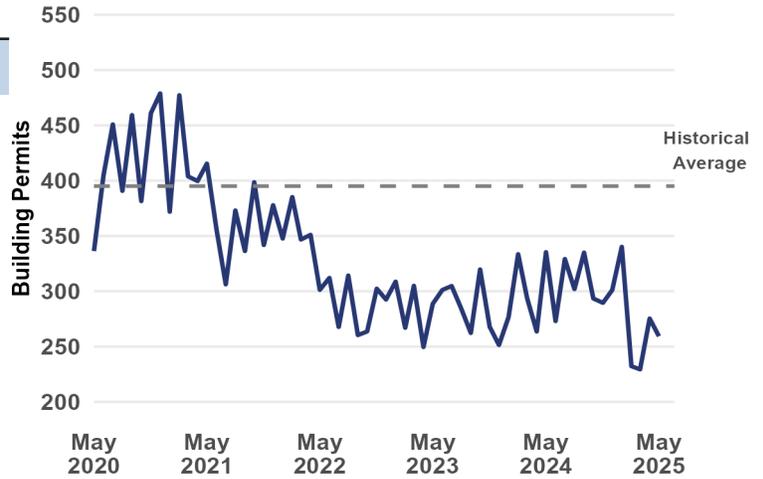


Source: Bureau of Labor Statistics, HRPDC

**SINGLE FAMILY HOUSING PERMITS (M)**

	May '24	Apr '25	May '25	Trend
	335	275	259	▼

**Single Family Housing Permits:** Permit data signals the level of construction employment and confidence regarding the future trajectory of the local economy. When seasonally adjusted, there were 259 new construction permits issued for single-family homes in May 2025, a 22.7% decline from the previous month. In 2024, single-family building permits issued in Hampton Roads increased by 5.5% from the previous year, marking a positive turnaround from the slowdown experienced in the prior three years.

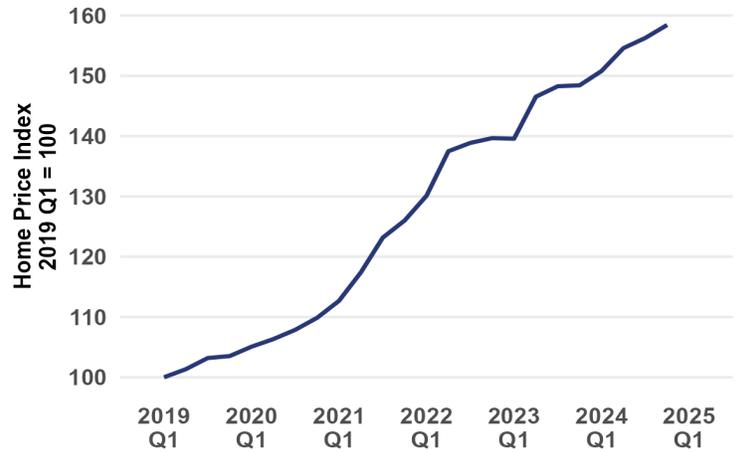


Source: US Census Bureau, HRPDC. Seasonally adjusted data

**HOME PRICE INDEX, ALL TRANSACTIONS (M)**

	Q1 24'	Q4 24'	Q1 25'	Trend
Hampton Roads	150.7	158.4	161.4	▲

**Home Price Index:** The Home Price Index tracks changes in home values by measuring price shifts through repeated sales of properties. In Hampton Roads, home prices increased by 7.0% year-over-year in Q1 2025, a slightly faster pace than the state's 6.5% rate of growth and above the national rate of 4.7%. Home price growth accelerated in Q1 2025 when compared to previous quarter, but remains below the accelerated pace of the prior few years.

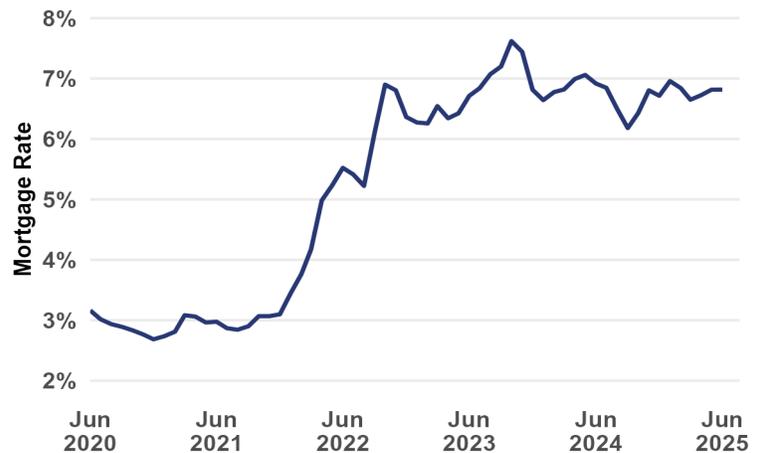


Source: U.S. Federal Housing Finance Agency, All-Transactions House Price Index

**30-YEAR FIXED RATE MORTGAGE AVERAGE (M)**

	Jun 24'	May 25'	Jun 25'	Trend
United States	6.8%	6.8%	6.7%	▼

**30-Year Mortgage Rate:** Shifts in the cost of borrowing for housing have a substantial impact on housing market trends. The 30-year fixed-rate mortgage represents the average interest rate paid by borrowers on newly issued mortgage loans, and these rates typically fluctuate in tandem with interest rate cycles. In June 2025, mortgage rates increased slightly from the prior month. Year-over-year, the mortgage rate in June was down 0.1 percentage points. While the Fed expects a rate cut this year, we continue to face a higher for longer interest rate environment.



Source: Freddie Mac, HRPDC. Seasonally adjusted data