

MIGRATION PATTERNS OF YOUNG ADULTS

In previous articles, we explored the issue of net domestic out-migration and its impact on population growth in the Hampton Roads region. Over the past decade, Hampton Roads has consistently lost more residents to other parts of the country than it has gained. As birth rates decline and deaths increase due to an aging population, domestic migration has become a significant driver of population growth trends across metro areas.

Migration rates are highest among young adults. To shed light on their migration patterns, a study released in 2022 by the U.S. Census Bureau and Harvard University used census surveys and tax data for individuals born between 1984 and 1992. The study tracked the movement of individuals from their hometown commuting zone, a combination of cities and counties that reflect a local labor market where most residents live and work, at age 16 to where they wound up at age 26. The data showed that the majority of young adults in the U.S. don't venture far from home. By age 26, 69% of young adults still lived in the same commuting zone they grew up in. Nearly eight in ten had moved less than 100 miles away, and nine in ten had moved less than 500 miles away. These migration patterns varied across race and ethnicity, and parental income, with people of color and individuals from low-income households tending to move the shortest distances.

The Hampton Roads metro area is divided across two commuting zones: the Virginia Beach CZ includes the cities in southeast Hampton Roads and some counties from NE North Carolina, while the Newport News CZ encompasses the rest of the metro area and parts of the Middle Peninsula. As illustrated in Figure 1, 65% of individuals who grew up in the Virginia Beach CZ remained in the area as young adults. Another 15% moved less than 200 miles away to other parts of Virginia and North Carolina, while the remaining 21% relocated to other states. A similar pattern emerges in the Newport News CZ (Figure 2), where 58% of individuals remained in the area as young adults, 18% moved to another part of Virginia, and 24% moved to other states. While these patterns indicate that a majority of young adults from the region remain in the area, the region retains fewer young adults than the national average.

Figure 1: Young Adult Migration From Virginia Beach CZ

Top 10 Commuting Zone Destinations

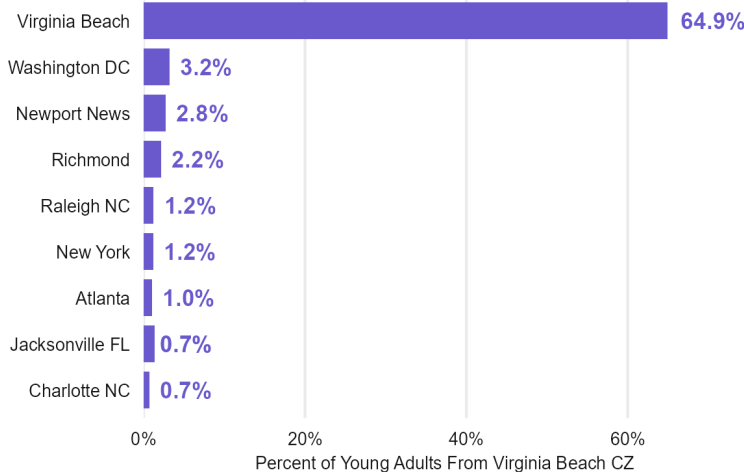
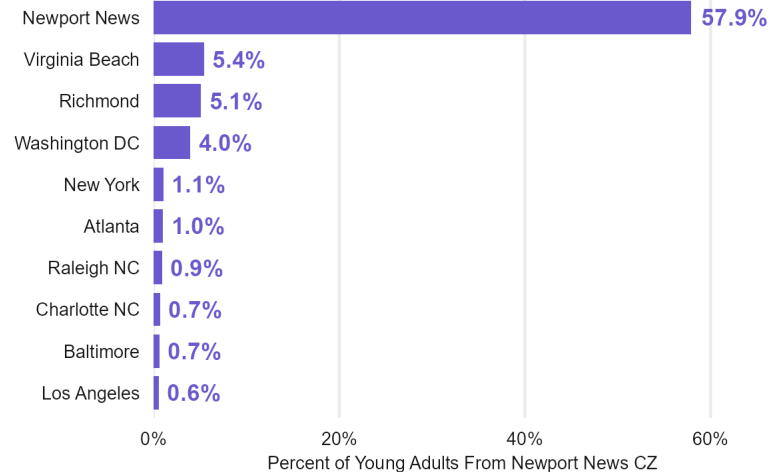


Figure 2: Young Adult Migration From Newport News CZ

Top 10 Commuting Zone Destinations



Data source: U.S. Census Bureau and Opportunity Insights Young Adult Migration (2022), HRPDC.

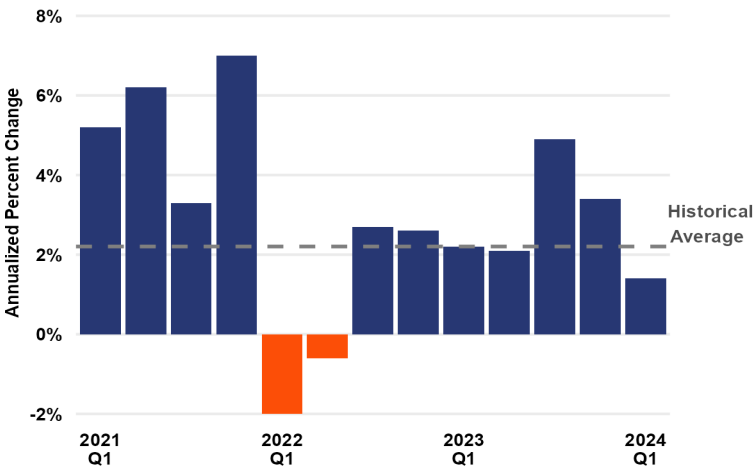
Nearby densely populated areas were top destinations for young adults leaving the region, typically offering greater job opportunities and amenities that attract young talent. The opportunity for higher wages also influences migration patterns. A central finding of the study estimated that in areas with an elastic housing supply, improvements in labor market conditions were associated with positive and geographically concentrated benefits.

The data presented here shows that many of the regions we compete with to retain young adults are not far from home. Creating an environment of job opportunities, amenities, and competitive wages that attract and retain young talent is vital for the resilience of the regional economy.

GDP, ANNUALIZED GROWTH RATE (Q)

	Q1 2023	Q1 2024	Trend
United States	2.2%	1.4%	▼

GDP: Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. Adjusted for inflation, GDP rose 1.4% in Q1 2024, a decline from the previous quarter and marks the slowest rate of growth since 2022 Q2. Personal consumption accounted for 0.98 percentage points of the 1.4% increase in Q1, followed by gross private domestic investment (0.77) and government spending (0.31). Net Exports, however, accounted for a 0.65 percentage point decline in GDP growth.

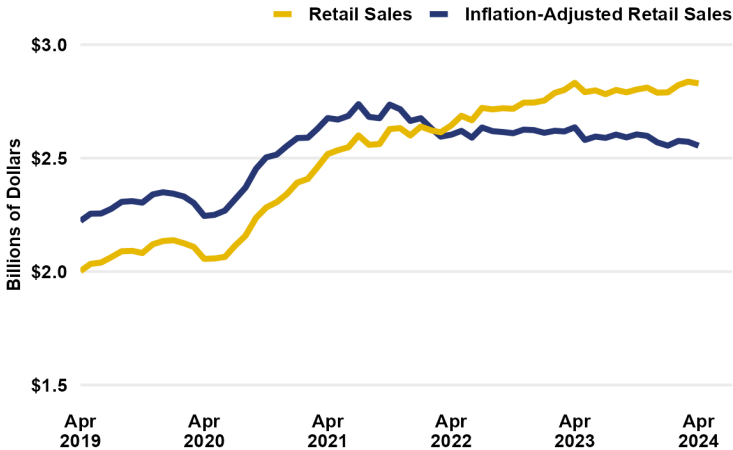


Source: Bureau of Economic Analysis, HRPDC

RETAIL SALES (M)

(not seasonally adjusted)	Apr '23	Apr '24	Trend
Hampton Roads	\$2.74B	\$2.82B	▲
Virginia	\$14.70B	\$15.05B	▲

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. When seasonally adjusted, retail sales in April increased 2.4% from the previous month. Unadjusted, sales in April 2024 were up 2.9% year over year. Inflation has contributed to a surge in nominal retail sales over the last two years, inflation-adjusted retail sales in Hampton Roads in April 2024 were down 0.4% year over year.

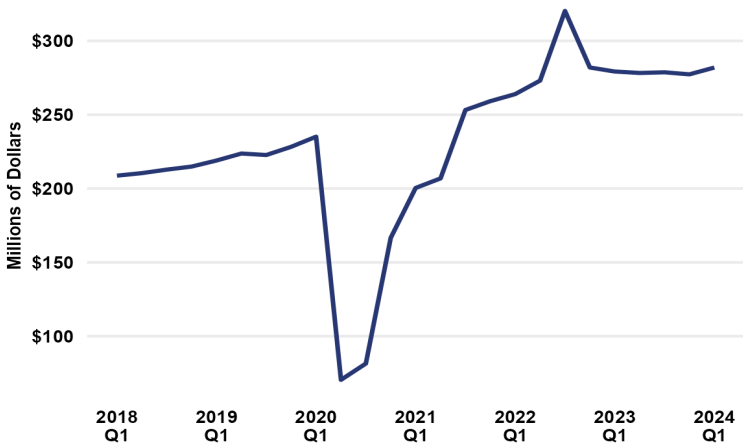


Source: Virginia Department of Taxation, HRPDC. Seasonally adjusted 5-month moving-average. Inflation-adjusted sales in 2022 dollars

ESTIMATED HOTEL REVENUE (Q)

	2023 Q1	2024 Q1	Trend
Hampton Roads	\$279M	\$282M	▲
Virginia	\$1.1B	\$1.1B	▲

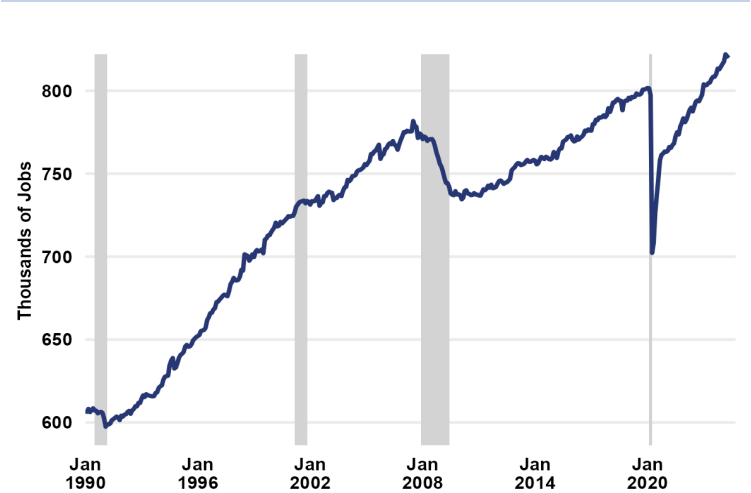
Estimated Hotel Revenue: Hotel sales indicate the performance of the region's tourism sector. When seasonally adjusted, hotel revenues in Q1 2024 increased by 0.96% compared to the same period last year. Compared to the previous quarter, hotel revenues in Q1 2024 rose by 0.65%. Despite a steady decline over the past year, hotel revenues remain elevated from pre-pandemic levels.



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, NOT SEASONALLY ADJUSTED



Source: Bureau of Labor Statistics, HRPDC

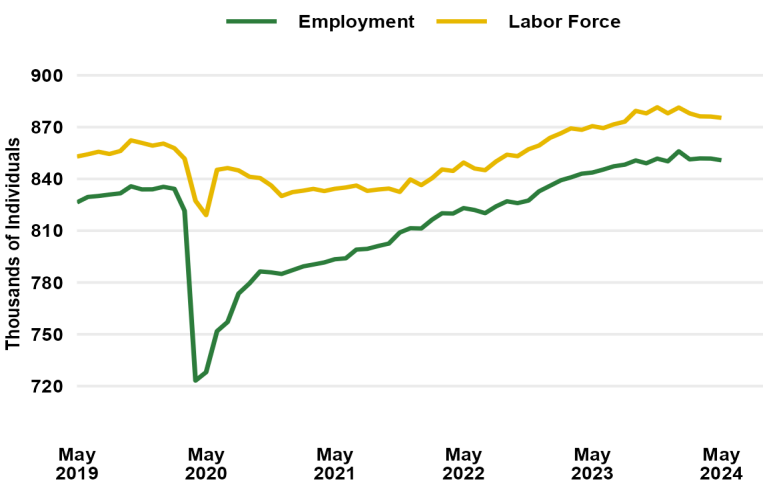
(seasonally adjusted)	May 2023	April 2024	May 2024	YoY % Change	MoM Trend
Hampton Roads	804,900	820,600	821,600	2.1%	▲
Virginia	4,164,000	4,236,700	4,245,500	1.8%	▲
United States	155,787,000	158,271,000	158,543,000	2.0%	▲

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. Seasonally adjusted civilian jobs in May increased by 0.1% from the previous month in the region. On an unadjusted basis, civilian jobs were up 2.1% year over year. Despite a monthly decline in April, job growth remains steady. Hampton Roads, Virginia, and the nation all added jobs in May compared to the previous month. All three areas have also recovered all the jobs lost during the pandemic. Compared to February 2020, jobs in the region are up 2.5%, while jobs in the Commonwealth and the nation are up 3.9% and 4.1%, respectively.

CIVILIAN LABOR FORCE (M)

	Labor Force	Emp	Unemp	LF Trend
Apr 2024	876,088	851,772	23,686	▼
May 2024	875,373	850,805	24,769	

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). Labor market activity has slightly cooled since the second half of 2023. The HRPDC's civilian labor force in May fell by 0.1% from the previous month. However, year over year, the region's labor force has increased by 0.5%.

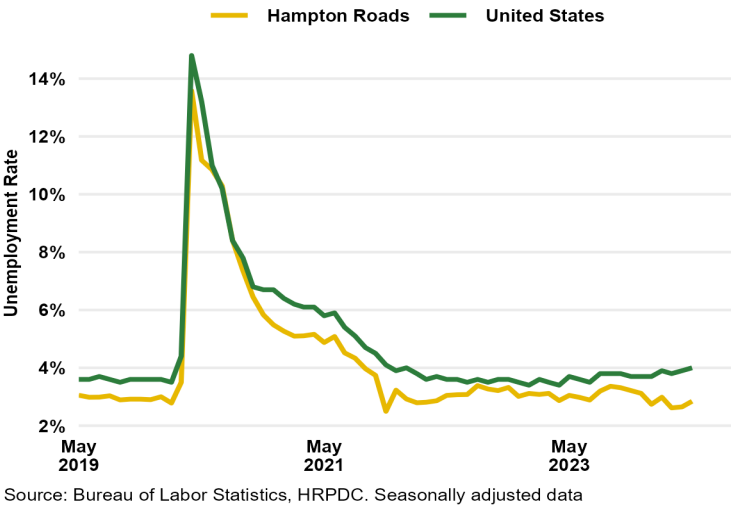


Source: Bureau of Labor Statistics, HRPDC. Seasonally adjusted data

UNEMPLOYMENT RATE (M)

	May '23	Apr '24	May '24	Trend
Hampton Roads	3.0%	2.6%	2.8%	▲
Virginia	2.6%	2.8%	2.7%	▼
United States	3.7%	3.9%	4.0%	▲

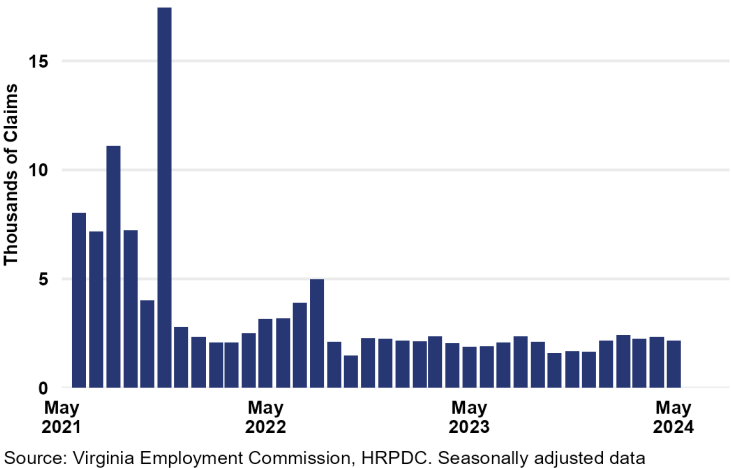
Unemployment Rate: The unemployment rate reflects the percentage of the labor force unemployed and actively seeking work. Hampton Roads' unemployment rate in May 2024 increased 0.2 percentage points from the prior month. Despite the recent increase, the unemployment rate remains below 3% and more than a percentage point below the national average.



INITIAL UNEMPLOYMENT CLAIMS (M)

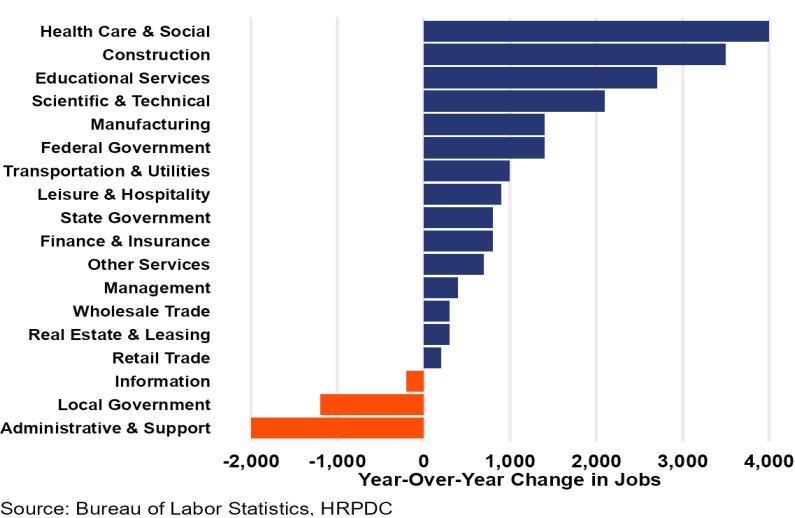
	Apr '24	May '24	Trend
Hampton Roads	2,329	2,169	▼
Virginia	10,029	9,995	▼

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 6.9% from the previous month. Claims have risen slightly when compared to the prior year but remain near historical lows.



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

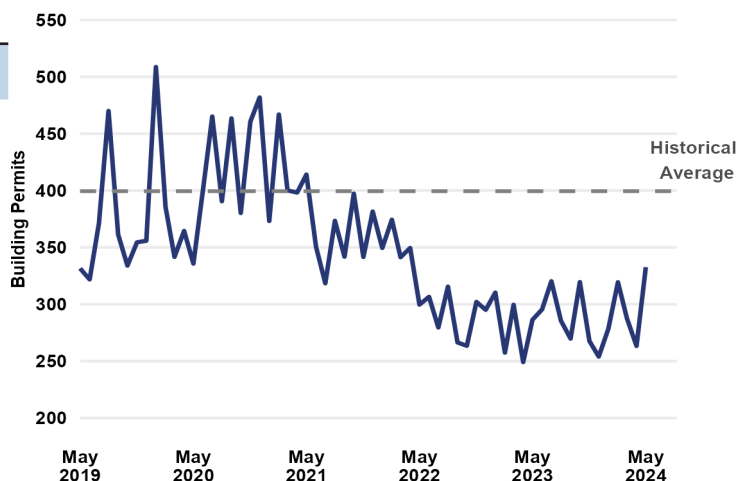
Civilian Job Growth by Industry: As the job market grows or contracts, there will be some industries whose experience does not resemble the regional trend. Most of the region's industry sectors added jobs in May when compared to the prior year. The largest gains were in Healthcare & Social Assistance, which added 4,000 jobs year over year. Construction (+3,500) and Educational Services (+2,700) recorded the second and third largest gains. The Administrative & Support industry was down 2,000 jobs year-over-year, followed by Local Government (-1,200) and the Information Services (-200) sectors.



SINGLE FAMILY HOUSING PERMITS (M)

	May '23	Apr '24	May '24	Trend
Hampton Roads	286	263	332	▲

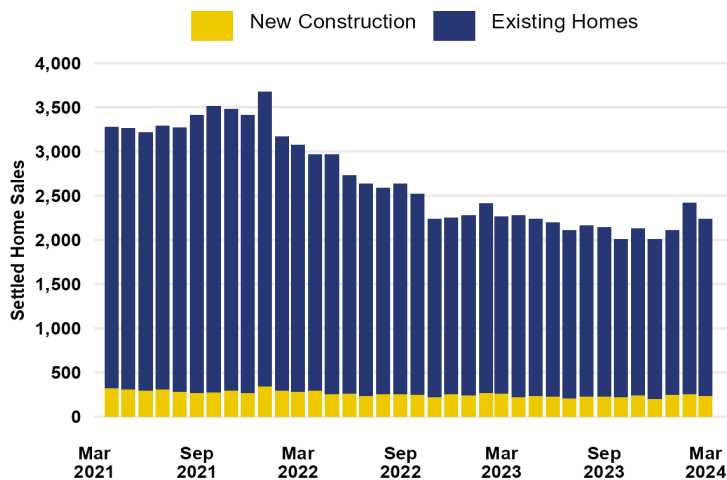
Single Family Housing Permits: Permit data signals the level of construction employment and confidence regarding the future trajectory of the local economy. When seasonally adjusted, there were 286 new construction permits issued for single-family homes in May 2024, a 26.3% increase from the previous month. Year to date, building permits issued in Hampton Roads in 2024 have increased by 5.6% from the previous year, marking a positive turnaround from the slowdown experienced in the prior two years.



NUMBER OF HOMES SOLD (M)

	Mar '23	Feb '24	Mar '24	Trend
Hampton Roads	2,291	2,391	2,268	▼

Home Sales: Settled home sales measure the level of transactions in the real estate market over time, and a healthy real estate market should have a consistent level of activity. Seasonally adjusted, total settled home sales declined to 2,268 in March, a decrease of 5.1% from the previous month. New home sales, representing 10.2% of total sales, fell 9.0% from February. The sale of existing homes, the remaining 89.8% of total home sales, fell 7.4% month-over-month. Compared to the same month last year, total sales in March were down 8.7%.



30-YEAR FIXED RATE MORTGAGE AVERAGE (M)

	Jun '23	May '24	Jun '24	Trend
United States	6.7%	7.1%	6.9%	▼

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. June marks the first month-over-month decline in the mortgage rate since January. As the Federal Reserve awaits further confirmation that inflation is cooling before cutting interest rates, mortgage rates remain at historically high levels.

