

FEDERAL STANDSTILL, LOCAL STRAIN

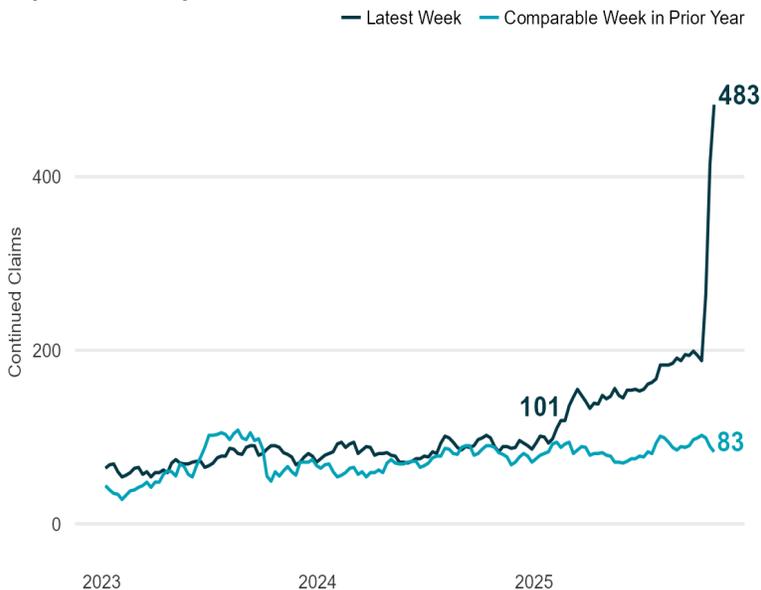
The recent federal government shutdown was the longest in U.S. history. During the closure, many federal civilian employees were either furloughed or working without pay, and active-duty service members were expected to miss their first full paycheck in November. The shutdown slowed many routine federal payments, including some contracts, and disrupted key safety net programs such as SNAP. It has now ended following congressional approval of a funding resolution that reopens the government, guarantees back pay for workers, and extends funding through January 30, 2026.

Few places feel the impact of the shutdown more sharply than Hampton Roads. The region is home to one of the largest concentrations of federal workers in the nation, with about 60,000 civilian employees and 85,000 active-duty service members. Federal pay and contracting support a large share of the region's economic activity, so even brief interruptions can have noticeable effects. One way to gauge the ongoing impact on federal employees is through unemployment benefits. A continued claim for unemployment insurance represents an employee who has already filed an initial claim for unemployment benefits and remains unemployed. While local data is not available, statewide figures for Virginia provide useful insight. As illustrated in Figure 1, federal continued claims were already rising prior to the shutdown due to ongoing efforts to reduce the size of the federal workforce. Since the shutdown began, the number of federal workers receiving unemployment benefits has more than doubled. These estimates, however, likely understate the total number of affected employees, as some may choose not to file as these benefits must be paid back once backpay is issued.

The shutdown's reach extended beyond the federal workforce and contracting. On November 1, the Supplemental Nutrition Assistance Program (SNAP) failed to issue benefits for the first time in its six-decade history. As it appears the end of the shutdown is now here, full SNAP payments will resume, but states and households have faced significant uncertainty during the pause. The region is home to a higher share of SNAP recipients relative to the state.

Figure 1: Federal Civilian Continued Claims For Unemployment Benefits

Virginia, Week Ending Jan. 5, 2023 - Nov. 1, 2025



Source: Department of Labor (DOL), Virginia Department of Social Services, Economic Policy Institute, and HRPDC.

Figure 2: SNAP Recipients, September 2025

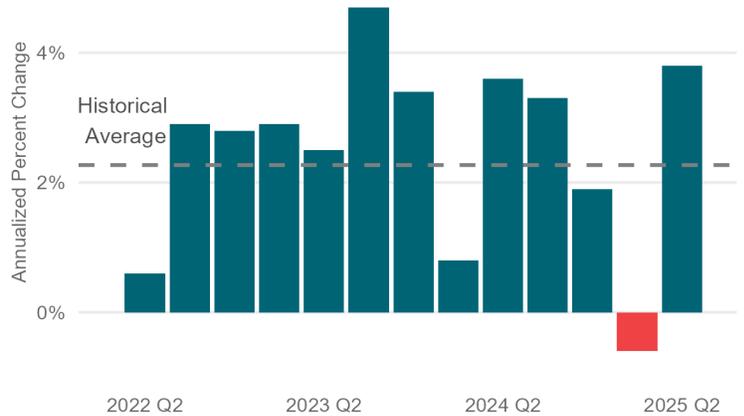
Area	Recipients	Percent of Population
Hampton Roads	199,605	11.3%
Virginia	854,169	9.7%

As illustrated in Figure 2, in September 2025 nearly 200,000 residents in Hampton Roads, or 11.3 % of the population, received SNAP benefits compared with 9.7 % statewide. Nationally, USDA estimates that roughly 12 % of the population received benefits in FY 2024. The shutdown's economic impact extends beyond federal workers and assistance programs. Missed paychecks and delayed payments have a ripple effect through the economy, reducing household spending and slowing business activity. These effects intensify the longer payments are delayed. The Congressional Budget Office estimated that a six-week shutdown would lower the annualized growth rate of U.S. real GDP in the fourth quarter of 2025 by 1.5 percentage points. For regions like Hampton Roads, where federal spending is a key driver of the economy, the local impact is likely to be even greater.

GDP, ANNUALIZED GROWTH RATE (Q) *NO UPDATE DUE TO GOVERNMENT SHUTDOWN

	Q1 2025	Q2 2025	Trend
United States	-0.6%	3.8%	↗

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 rose 3.8% in Q2 2025. Net exports accounted for 4.8 percentage points of GDP growth, followed by personal consumption expenditures (1.7). Gross private domestic investment accounted for a 2.6 percentage point decline in GDP growth followed by government spending (-0.01). In the first half of 2025 GDP growth averaged 1.6%, compared to 2.2% in 2024.



Source: Bureau of Economic Analysis, HRPDC

RETAIL SALES (M)

	Aug-24	Aug-25	Trend
Hampton Roads	\$3.05B	\$3.05B	↗
Virginia	\$15.66B	\$15.99B	↗

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 August 2025 were down 2.8% year over year. When seasonally adjusted, retail sales in August increased 2.2% from the previous month. Year to date retail sales have decreased 1.4% when compared to the same period in 2024. When adjusted for inflation, retail sales in August are up 17.6% when compared to levels observed prior to the pandemic in February

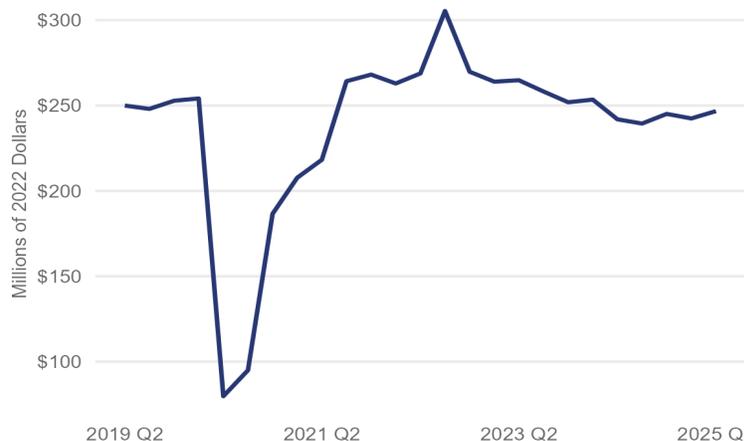


Source: Virginia Department of Taxation, HRPDC. Seasonally adjusted 6-month moving average. Inflation-adjusted sales in 2022 dollars

ESTIMATED HOTEL REVENUE (Q)

	Q2 2024	Q2 2025	Trend
Hampton Roads	\$265.7M	\$279.1M	↗
Virginia	\$1,194.0M	\$1,203.8M	↗

Estimated Hotel Revenue: Hotel revenues indicate the performance of the region's tourism sector. Hotel revenues in Q2 2025 were up 5.0% year over year. Seasonally adjusted revenues in 2025 Q2 increased 1.5% from the previous quarter. On an inflation-adjusted basis, hotel revenues showed a marked turnaround in Q2 2025 after declining year-over-year for more than seventh consecutive quarters.



Source: Virginia Department of Taxation, BLS CPI-U, HRPDC. Seasonally adjusted data.

CIVILIAN PAYROLL EMPLOYMENT (M)

*NO UPDATE DUE TO GOVERNMENT SHUTDOWN

HISTORICAL TREND, SEASONALLY ADJUSTED



Source: Bureau of Labor Statistics, HRPDC

5-YEAR, SEASONALLY ADJUSTED



Source: Bureau of Labor Statistics, HRPDC

	Aug 2024	Jul 2025	Aug 2025	MoM Trend	YoY % Change
Hampton Roads	822,800	821,100	822,100	↗	-0.1%
Virginia	4,237,200	4,274,400	4,281,600	↗	1.0%
United States	158,074,000	159,518,000	159,540,000	↗	0.9%

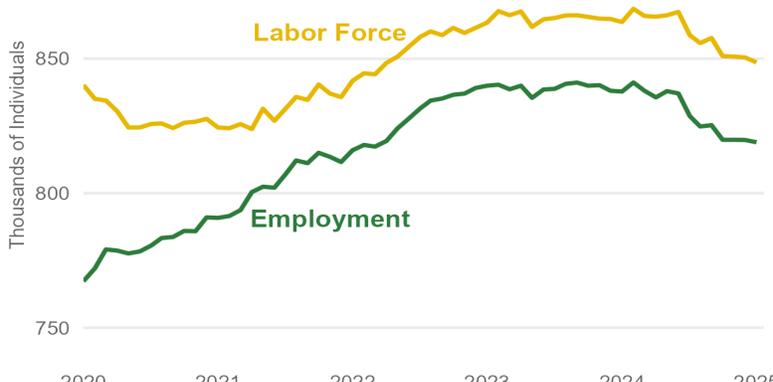
Employment: A leading indicator of labor market activity, the Bureau of Labor Statistics' payroll survey of businesses and government establishments measures the number of nonfarm civilian jobs. In Hampton Roads, non-seasonally adjusted civilian jobs in August were down 0.1% year over year. Seasonally adjusted civilian jobs in August were up 0.1% from the previous month. In August Hampton Roads, Virginia, and the United States added job from the previous month. For Hampton Roads, August marked a positive turnaround after fourth straight months of job losses. Year to date, civilian jobs in Hampton Roads are up 0.2% when compared to same period in 2024, a slower pace than the Virginia (1.13%) and the United States (1.09%). The latest estimates continue to highlight the outsized impact of federal cuts on labor market conditions in the Hampton Roads region.

CIVILIAN LABOR FORCE (M)

*NO UPDATE DUE TO GOVERNMENT SHUTDOWN

	Aug 24	Aug 25	Trend
Labor Force	868,561	853,384	↘
Employed	838,143	818,986	↘
Unemployed	30,418	34,398	↗

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 August the HRPDC's civilian labor force declined by 0.2% from the previous month. On a year-over-year basis, the labor force was 1.7% lower. August marked the seventh consecutive month of annual declines in the region's labor force.

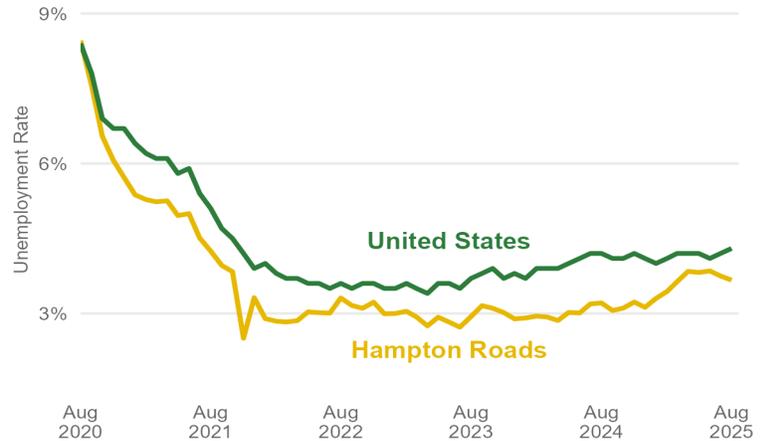


Source: Bureau of Labor Statistics, HRPDC. Seasonally adjusted data

UNEMPLOYMENT RATE (M) *NO UPDATE DUE TO GOVERNMENT SHUTDOWN

	Aug 24	Jul 25	Aug 25	MoM Trend
Hampton Roads	3.2%	3.7%	3.7%	↘
Virginia	2.9%	3.6%	3.6%	—
United States	4.2%	4.2%	4.3%	↗

Unemployment Rate: The unemployment rate reflects the percentage of the labor force unemployed and actively seeking work. Hampton Roads' unemployment rate in August decreased from the prior month. Since January, Hampton Roads unemployment rate has risen 0.4 percentage points, compared to a 0.3 percentage point increase observed for the nation.

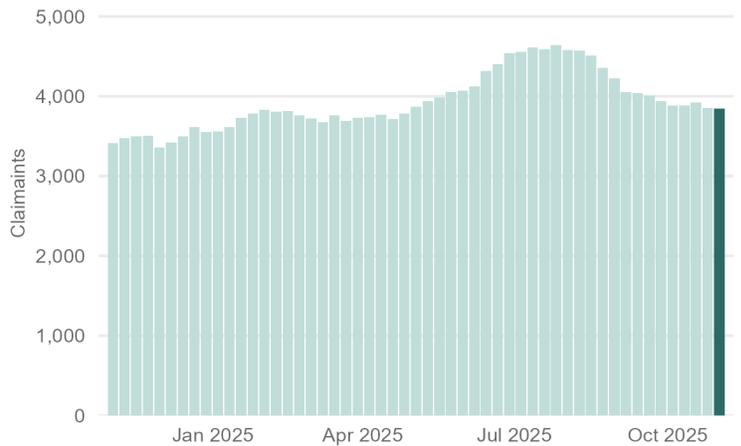


Source: Bureau of Labor Statistics, HRPDC. Seasonally adjusted data

UNEMPLOYMENT CLAIMS (W)

Week Ending	Nov 2, 2024	Nov 1, 2025	YoY Trend
Hampton Roads	3,410	3,849	↗
Virginia	14,733	17,977	↗

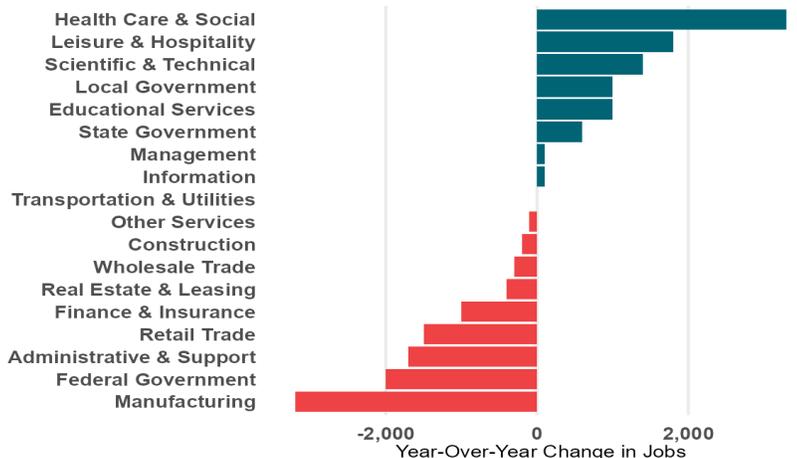
Continuing Unemployment Claims: The number of continuing unemployment claims is a coincident indicator reflecting those who remain unemployed after filing an initial claim, thus showing ongoing labor market weakness with minimal delay. In Hampton Roads, the number of continuing claims for unemployment benefits filed for the week ending November 1, 2025 are up 12.3% from the comparable week in 2024.



Source: Virginia Employment Commission, HRPDC. Aggregate weekly claims of HRPDC localities.

JOB GROWTH BY INDUSTRY (AUG, YEAR-OVER-YEAR CHANGE) *NO UPDATE DUE TO GOVERNMENT SHUTDOWN

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. Less than half of the region's selected industry sectors added jobs in August when compared to the prior year. The largest gains were in Healthcare, & Social Assistance, which added 3,300 jobs year over year. Leisure & Hospitality (+1,800) and Scientific & Technical (+1,400) recorded the second and third largest gains. The largest year-over-year declines were in Manufacturing (-3,200), the Federal Government (-2,000) and Administrative & Support (-1,700).

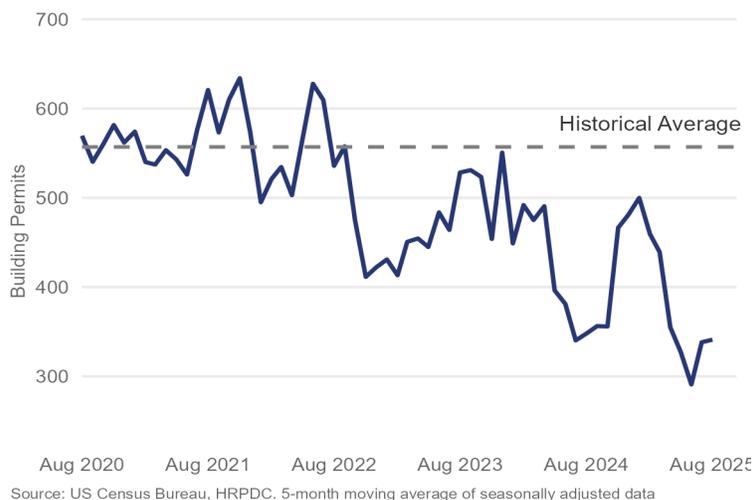


Source: Bureau of Labor Statistics, HRPDC

BUILDING PERMITS (M) *NO UPDATE DUE TO GOVERNMENT SHUTDOWN

	Aug 2024	Jul 2025	Aug 2025	MoM Trend
Hampton Roads	367	433	320	↘

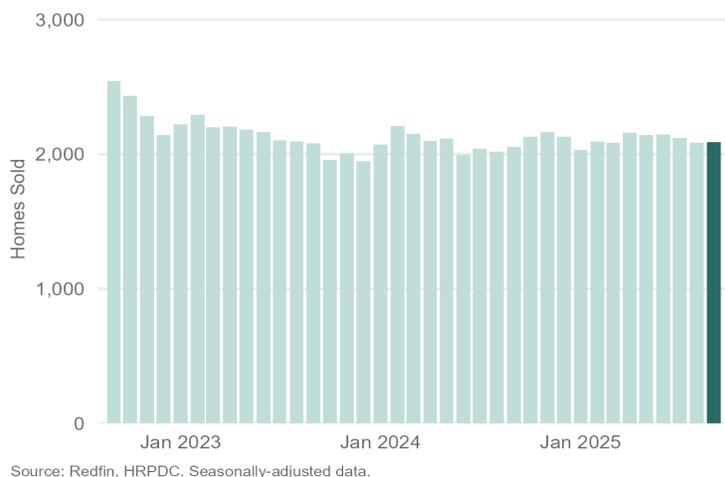
Building Permits: Permits issued across all unit types offers a snapshot of construction activity, housing demand, and trends in construction employment. In August local governments issued 320 new construction permits for both single and multi-unit structures, a decline from the previous month. Residential construction has remained below the historical average since mid-2022. Year-to-date totals remain well below last year's pace, down 14.7% compared with the same period in 2024.



RESIDENTIAL HOMES SOLD (M)

	Sep 2024	Aug 2025	Sep 2025	MoM Trend
Hampton Roads	2,054	2,084	2,089	↗

Homes Sold: 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 home sales in September 2025 increased 0.2% from August. Sales were 1.7% higher than in September 2024. Year-to-date, homes sold through September were 0.7% above the same period last year. Despite this increase, activity remains below the pre-pandemic levels of 2019.



30-YEAR FIXED RATE MORTGAGE AVERAGE (M)

	Oct 2024	Sep 2025	Oct 2025	MoM Trend
United States	6.4%	6.4%	6.3%	↘

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 October 2025, mortgage rates declined slightly from the prior month. Year-over-year, the average rate was down 0.17 percentage points. While the recent rate cut was welcome news, the higher-for-longer interest rate environment remains.

