



# The State of the Region

HAMPTON ROADS 2015

CENTER FOR ECONOMIC ANALYSIS AND POLICY | OLD DOMINION UNIVERSITY

**VIRGINIA BEACH-NORFOLK-  
NEWPORT NEWS, VA-NC  
METROPOLITAN STATISTICAL AREA**



October 2015

Dear Reader:

**T**his is Old Dominion University's 16th annual State of the Region report. While it represents the work of many people connected in various ways to the university, the report does not constitute an official viewpoint of Old Dominion, or its president, John R. Broderick. The report maintains the goal of stimulating thought and discussion that ultimately will make Hampton Roads an even better place to live. We are proud of our region's many successes, but realize that it is possible to improve our performance. In order to do so, we must have accurate information about "where we are" and a sound understanding of the policy options open to us.

The 2015 report is divided into seven parts:

**Running in Place? Our "So-So" Regional Economy:** 2015 has been another "Goldilocks" year – not too hot, not too cold – economically speaking. We grew faster than the rest of Virginia, but slower than the U.S. It appears that 2016 will reprise this scenario.

**Defense Expenditures in Hampton Roads: Digging Deeper:** While defense expenditures are decelerating, in FY 2015, Newport News (dominated by Huntington Ingalls) received \$1.13 billion in new defense contract awards, while Virginia Beach received \$838 million, Norfolk \$774 million and Hampton \$166 million. Atlantic Diving, headquartered in Virginia Beach, was our second-largest contractor with \$206 million.

**The Port of Virginia: A Primer:** The economic importance of the Port of Virginia has increased as it is handling record cargo volumes and now is recording positive net operating income. The Port is challenged to find ways to deal effectively with congestion and logistical problems in and around the Port as well as to secure the funds necessary to modernize its infrastructure and equipment.

**The Third Economic Sector: Nonprofit Organizations in Hampton Roads and the United Way:** A total of 2,009 nonprofit organizations in

Hampton Roads filed tax returns with the IRS in 2012. This does not include most churches. Collectively, these organizations are big business: their revenues approached \$9.6 billion.

**Early Childhood Care and Education: Should They Be Our No. 1 Economic Development Strategy?** Investments in early childhood care and preschool programs generate higher rates of return on public dollars than investments in conventional economic development programs that emphasize either attracting new firms, or public-private partnerships to build arenas and hotels.

**Is Hampton Roads Facing a Shortage of Nurses?** Our region does not face a debilitating shortage of nurses. With a few tweaks to our policies, we will have a sufficient number of nurses to meet our needs in the years to come.

**The Economics of Casino Gambling in Hampton Roads:** The experience of other cities tells us that casino gambling would not have a large economic effect upon Hampton Roads. Further, casino gambling brings with it a variety of other costs that must be considered. The net effect may be close to zero.

The Strome College of Business and the university continue to provide support for this report. However, it would not appear without the vital backing of the private donors whose names appear below. They believe in Hampton Roads and the power of rational discussion to improve our circumstances, but are not responsible for the views expressed in the report.

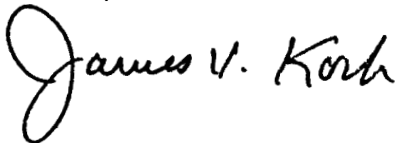
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All 16 of the State of the Region reports are available at [www.stateoftheregionreport.com](http://www.stateoftheregionreport.com), [www.odu.edu/forecasting](http://www.odu.edu/forecasting) and [www.jamesvkoch.com](http://www.jamesvkoch.com). Interact with us on Twitter at SOR Hampton Roads @StateofRegion and on Facebook at [facebook.com/stateoftheregion](https://facebook.com/stateoftheregion). If you have comments or suggestions, please direct them to James V. Koch at [jkoch@odu.edu](mailto:jkoch@odu.edu), or 757-683-3458. Individual copies may be purchased for \$25.

Sincerely,



James V. Koch

Board of Visitors Professor of Economics  
and President Emeritus



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United Way of South Hampton Roads

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