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THE STATE OF

THE REGION

HAMPTON ROADS 2008

REGIONAL STUDIES INSTITUTE • OLD DOMINION UNIVERSITY



October 2008

Dear Reader:

This is Old Dominion University's ninth 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 State of the Region reports maintain 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 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 available to us.

The 2008 report is divided into seven parts:

- **The Regional Economy Downshifts:** The spectacular first half of this decade is fading into the background as our regional economic growth rate has fallen back to the Commonwealth and national averages. Defense spending continues to rise in importance and now is responsible for more than 40 percent of our regional income generation.
- **Regional Housing Markets Adjust to Changing Circumstances:** Hampton Roads has not been immune to national housing problems, but our mortgage defaults and foreclosures have been well below the national average. Our housing prices have not yet declined significantly, except for new residential housing. We may be a year or more away from the "bottom."
- **If It Bleeds, Does It Lead? Local Television Evening News in Hampton Roads:** Only one of every six television evening news stories relates to crime or violence, but almost 33 percent of the stories that lead broadcasts focus on crime and violence, while 45 percent focus on some type of crime. African Americans are frequently featured as alleged perpetrators, while Caucasians usually are the reported victims.
- **Women Earn Less than Men in Hampton Roads. Why?** As is true nationally, women in Hampton Roads earn less than men. Gender earnings differentials are particularly large in occupations characterized by "crowding" – where women constitute a sizable proportion of those employed. Economically speaking, women may be better off in the Richmond metro area than in Hampton Roads.
- **An Almost Invisible Corner: Care for the Mentally Ill in Hampton Roads:** According to the U.S. Center for Mental Health Services, an estimated 64,972 people (5.4 percent) suffer from serious mental illness in Hampton Roads. Beginning in the 1970s, these individuals largely have been deinstitutionalized and now live within our communities, where they are served primarily by nine community services boards.
- **Wunderbar! German Firms in Hampton Roads:** Our region is home to 31 companies hailing from the Federal Republic of Germany and they represent the largest contingent (19 percent) of the area's international firms. These firms "insource" rather than "outsource" jobs and pay above-average compensation to their workers.
- **Ranking Hampton Roads: Hot or Not?** The two most respected rankings of the livability of metropolitan areas are David Savageau's Places Rated Almanac (PRA) and Bert Sperling's and Peter Sander's Cities Ranked and Rated (CRR). In their most recent editions, PRA ranked Hampton Roads 20th in the nation among 370-plus metro areas, while CRR ranked our region 137th. We analyze where these ratings come from and how we compare to other areas.

Old Dominion University, via the president's and provost's offices, and the College of Business and Public Administration, via the dean's office, continue to be generous supporters of the State of the Region report. However, it would not appear without the vital backing of the private donors whose names appear below. These munificent individuals believe in Hampton Roads and in the power of rational discussion to improve our circumstances. They deserve kudos for their generosity and foresight. But, they are not responsible for the views expressed in the report.

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Vinod Agarwal
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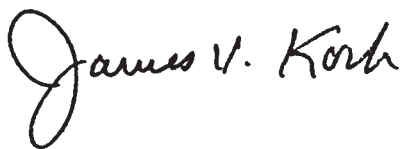
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Special recognition is merited for Vinod Agarwal and Gilbert Yochum of the Old Dominion University Economic Forecasting Project, which Professor Yochum directs. They are hard-working, perceptive colleagues who generate superb work on a very tight time schedule, and I am indebted to them. Their penetrating analyses of the regional and Commonwealth economies have become legendary and, by consensus, constitute the baseline by which numerous economic activities are measured.

My hope is that you, the reader, will be stimulated by the report and will use it as a vehicle to promote productive discussions about our future. Please contact me at jkoch@odu.edu or 757-683-3458 should you have questions.

Note that all nine State of the Region reports may be found at www.odu.edu/forecasting and www.jamesvkoch.com.

Sincerely,

A handwritten signature in black ink that reads "James V. Koch". The signature is written in a cursive, flowing style with a large initial "J".

James V. Koch

Board of Visitors Professor of Economics
and President Emeritus, Old Dominion University

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