October 2023

Dear Reader:

This is Old Dominion University’s 24th 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, its president, Brian Hemphill, Ph.D., the Board of Visitors, the Strome College of Business or the generous donors who support the activities of the Dragas Center for Economic Analysis and Policy.

Over the past year, we have experienced rising interest rates, persistent inflation, and the continued impact of geopolitical shocks on our daily lives. We live, for better or worse, in interesting times and our ability to grow as a region will certainly be tested in the coming years. There is good news to report. The region has largely recovered from the pandemic-related shocks of 2020 and, in some sectors, a new expansion is underway. While the pillars of the regional economy are strong, the region remains overly reliant on federal spending. Whether federal spending will continue to increase over the coming decade is an open question.

With this in mind, we dive into the question of whether Hampton Roads can improve its economic performance relative to its peer and aspirant metropolitan regions. We applaud efforts by local and regional organizations to promote economic development, but we also must gauge these efforts against the data. Can we move the needle to diversify our economy, provide improved opportunities to residents, and attract new residents to the area we call home?

The 2023 State of the Region Report is divided into seven chapters:

**Growth Returns, Now Make It Last**
There is some good news to report. Hampton Roads gained population but population growth continues to slow. A record number of residents were at work or looking for work in 2023. A record number of residents of the region reported they were employed in 2023. The number of jobs continued to recovery from the depths of the 2020 economic shock, however, a full recovery may not occur until 2024. Economic growth sharply rebounded from the declines of 2020, and we expect growth to continue in 2023. The region’s economic performance, however, continues to lag many of its peers.

**The Pillars of the Hampton Roads Economy Remain Strong**
Hampton Roads is a region rich with assets – a talented and diverse labor force, a distinctive role in the national security of the nation, a deep-water port that continues to set records, and beaches and amenities that attract visitors from near and far. The region’s economic performance is closely aligned with these assets. Defense spending, the Port of Virginia, and the hospitality and tourism industry are often referred to as the “Three Pillars” of the Hampton Roads economy.

**The Fourth Pillar: Veterans in Hampton Roads**
In 2021, more than 1 in 10 residents of Hampton Roads identified themselves as a veteran of military service. Among these veterans, almost 1 in 3 were military retirees. With thousands of active-duty service members separating from service in Hampton Roads every year, we ask what is the impact of these veterans on the regional economy. We find that working-age veterans in Hampton Roads are more likely to participate in the labor force than their non-veteran counterparts and that the presence of veterans brings billions of dollars into the region.

**Get on the Bus: Public Transportation in Hampton Roads**
In many countries, public transportation is a cornerstone of urban life. In Hampton Roads, public transportation is in a moment of transition, sparked by technological change, pandemic disruptions, a growing emphasis on social equity, and a longer-term loss of riders. In this chapter, we discuss who provides public transportation in Hampton Roads. We explore the economics of public transportation and ask what the future holds for public transportation in the region.

**Death and Dying in Hampton Roads**
Death and taxes may be inevitable, but where we die is usually not a topic of public policy or discussion. Hospice care is the specialized treatment that provides support and comfort to patients who are terminally ill with a general life expectancy of six months or less. In this chapter, we take a close look at serious disease and hospice care in the United States and Virginia. We examine the demand for hospice care by Medicare beneficiaries as well as the changing nature of hospice care suppliers as now more than two-thirds of hospices nationwide operate as for-profit entities.
Should Taxpayers Subsidize Private Facilities in Hampton Roads? Glitz vs Reality

Hampton Roads can learn from the experience of other cities and states. If there is a strong business case for a sports stadium, sports park, or entertainment venue, then investors should be able to tap into financial markets. In this chapter, we examine the arguments surrounding public investments in highly visible facilities. We pose questions that should be asked when considering such investments and explore the potential opportunity costs of these projects. We offer a cautionary tale that such projects are sold as transformative but often fail to generate the promised benefits, not only for taxpayers but also for the cities and regions in question.

The Virginia Museum of Contemporary Art: Challenges, Opportunities, and Economic Impact

Museums are a part of the cultural life of a region and a component of the regional economy. The Virginia Museum of Contemporary Art in Virginia Beach is one such museum. The Virginia Museum of Contemporary Art (Virginia MOCA for short) is a cultural jewel that continues to provide the region with remarkable artistic resources and programming. In this chapter, we explore how museums can contribute to economic activity and explore the economic impact of the Virginia Museum of Contemporary Art.

The Strome College of Business and Old Dominion University continue to provide support for the State of the Region 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.

Richard F. Barry III
The Aimee and Frank Batten Jr. Foundation
Jane Batten
R. Bruce Bradley
Lucy and Ramon Breeden Foundation
Chartway Credit Union
Dragas Family Foundation
Helen Dragas
David and Susan Goode
Hampton Roads Chamber of Commerce
Patricia and J. Douglas Perry
Dr. Jitendra Swarup
Virginia Peninsula Chamber of Commerce

We also wish to honor the memory of Mr. Tommy Lyons. Mr. Lyons was a founding contributor to the State of the Region Report and sought to elevate the discourse surrounding the economy of the region.

The following individuals were instrumental in the writing, editing, design and dissemination of the report:

Vinod Agarwal
Aliou Ousmane Ba
Barbara Blake
Elizabeth Janik
Nikki Johnson
James V. Koch
Feng Lian
Terry Parker
Matt Voegel

All 24 State of the Region Reports are available at www.ceapodu.com. A limited number of printed copies of the 2023 State of the Region Report are available for purchase for $50 each. If you have comments or suggestions, please email us at rmcnab@odu.edu.

Sincerely,

Robert M. McNab, Ph.D.
Director of the Dragas Center for Economic Analysis and Policy
# Table of Contents

- Growth Returns, Now Make It Last  . . . 3
- The Pillars of the Hampton Roads Economy Remain Strong  . . . 35
- The Fourth Pillar: Veterans in Hampton Roads  . . . 63
- Get On The Bus: Public Transportation In Hampton Roads  . . . 99
- Death and Dying in Hampton Roads  . . . 119
- Should Taxpayers Subsidize Private Facilities in Hampton Roads?
- Glitz vs Reality  . . . 143
- The Virginia Museum of Contemporary Art:
  Challenges, Opportunities, and Economic Impact  . . . 155