



ECONOMIC INDICATORS

CITY OF NORFOLK
OFFICE OF BUDGET AND MANAGEMENT

Last Update: November 10, 2011

The Office of Budget and Management has compiled *Economic Indicators*, a report highlighting indicators of economic activity in the city as well as selected indicators for the region, state and nation. This document is designed to provide the reader with information regarding the local employment situation, retail sales, building permit activity and the housing market. Comparable indicators at the regional, state and national level that may impact the local economy are also included in the report. The report is updated as current data become available.

IN THIS ISSUE.....

EMPLOYMENT

- Norfolk's unemployment rate in September fell to 8.9 percent (not seasonally adjusted), which is 0.6 percentage point below the previous month's rate of 9.5 percent (August 2011) and 0.1 percentage point below the previous year's rate of 9.0 percent (September 2010).
- Employment in Hampton Roads totaled 731,600 in September, which is 0.65 percent (or 4,800 jobs) below last year. This was the largest monthly year-over-year decline since December 2010. Sectors with the biggest declines include retail and wholesale trade, professional and business services and local government.
- Nationally, non-farm payroll employment rose by 80,000 in October from the previous month. Year-to-date, the economy added about 1.3 million jobs (an average of about 126,000 jobs per month), which exceeds the 940,000 jobs added all year in 2010.

SALES TAX REVENUE

- In September, Norfolk's sales tax revenue totaled \$2.39 million, which is approximately 1.4 percent or \$35,000 less than the previous year. This was the first monthly year-over-year decline in ten months. Through the first three months of FY 2012, sales tax revenues totaled \$7.2 million and have grown by about 2 percent (or \$142,300) from the same period last year.

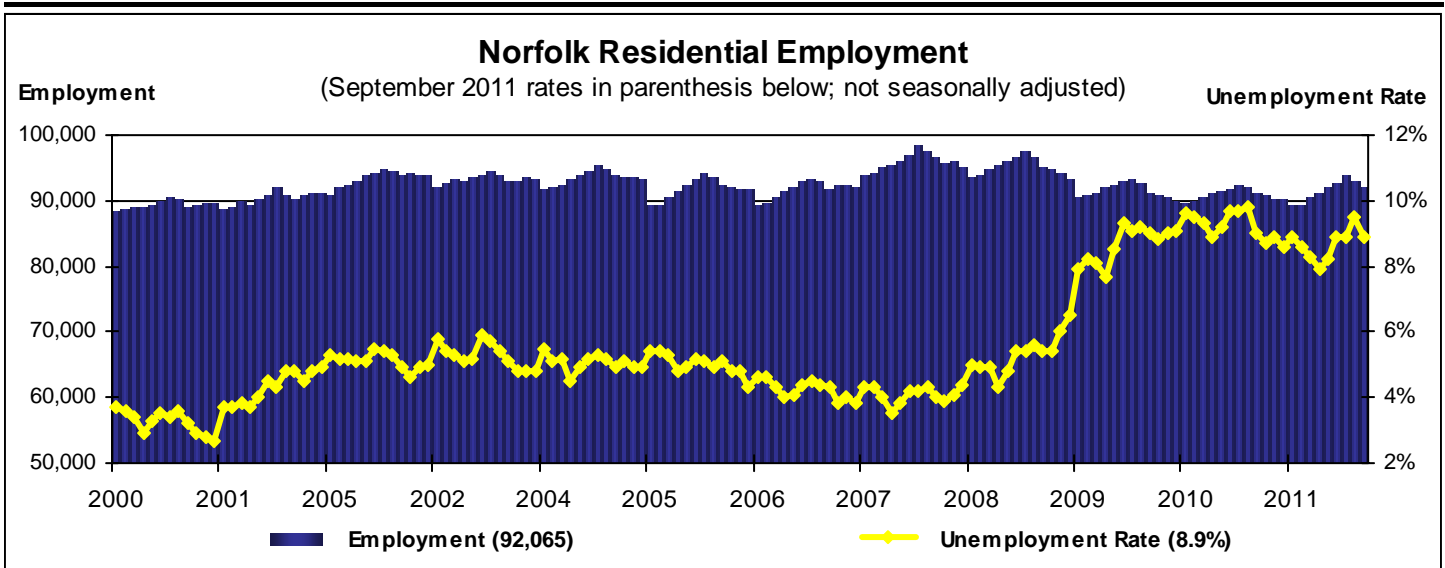
REGIONAL AND NATIONAL HOUSING MARKET & BUILDING PERMITS

- From January to September 2011, the average sales price of homes sold in Norfolk and in Hampton Roads declined by 11.4 percent and 9.5 percent, respectively, from the same period last year.
- In Norfolk, the number of homes sold increased by 253 homes (or 17.3 percent) from January to September over the same period last year. Homes sold in Hampton Roads increased by 624 homes (or 12 percent).
- The total number of housing units authorized by building permits in Norfolk from January to September 2011 increased by 231 units to 500 units from 269 units last year. The majority of the increase was due to units permitted in new multi-family structures.

OTHER ECONOMIC INDICATORS

- The national economy grew at an annual rate of 2.5 percent in the third quarter of 2011 (first estimate), which follows a 1.3 percent growth in the second quarter and a 0.4 percent growth in the first quarter of 2011.
- Consumer confidence, as measured by the Conference Board's Consumer Confidence Index, fell in October from 46.4 to 39.8, its lowest level since March 2009 when the index stood at 26.9.

RESIDENTIAL EMPLOYMENT AND UNEMPLOYMENT—NORFOLK, REGIONAL, AND STATE

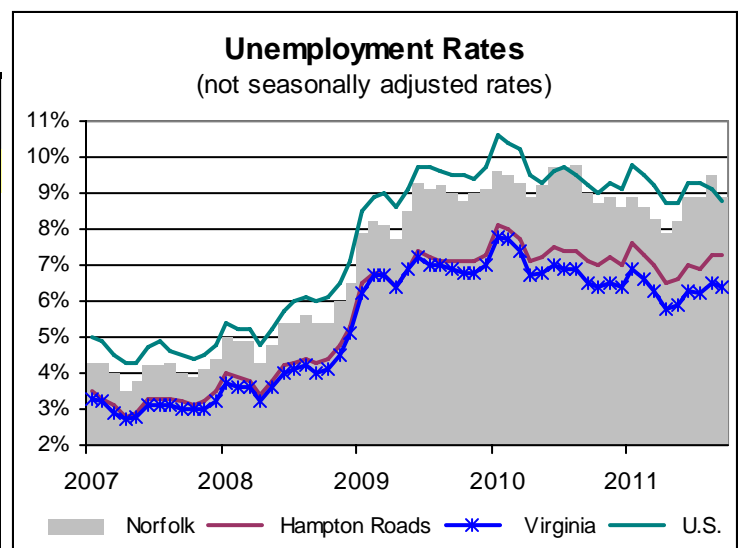


September 2011 Residential Employment

- The Virginia Employment Commission (VEC) reported that the number of employed Norfolk residents in September stood at 92,065 (not seasonally adjusted), which is 1 percent (or 921) below the previous month (August 2011), but is 0.9 percent (or 843) above last year (September 2010).
- The unemployment rate in Norfolk fell to 8.9 percent (not seasonally adjusted) in September, which is 0.6 percentage point below the previous month's rate of 9.5 percent (August 2011) and 0.1 percentage point below the previous year's rate of 9.0 percent (September 2010). However, Norfolk's unemployment rate remains slightly above the national unemployment rate of 8.8 percent (not seasonally adjusted).
- Unlike Norfolk, the Hampton Roads' unemployment rate was unchanged at 7.3 percent (not seasonally adjusted) from last month (August 2011), but is 0.2 percentage point higher than the previous year's rate of 7.1 percent. Of the seven major cities in Hampton Roads, only Norfolk and Suffolk's unemployment rate declined from last year and also, only Norfolk and Chesapeake saw a decline from the previous month. Unlike the region, Virginia's unemployment rate (not seasonally adjusted) fell to 6.4 percent, which is 0.1 percentage point below the previous month and previous year's rate of 6.5 percent. The VEC indicated that the "unadjusted unemployment rate usually declines in September, with the start-up of public and private schools and colleges. However, the number of unemployed increased by a considerable amount, and as a result, the unadjusted unemployment rate increased." Virginia tied with New Mexico for the tenth lowest unemployment rate among the 50 states and the District of Columbia in September.

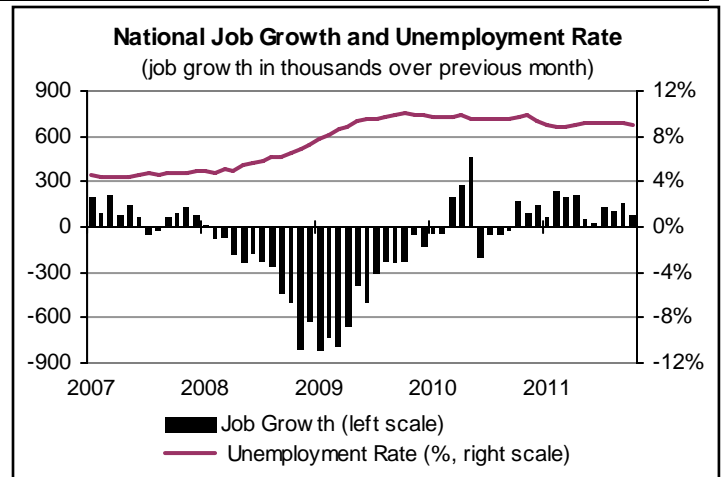
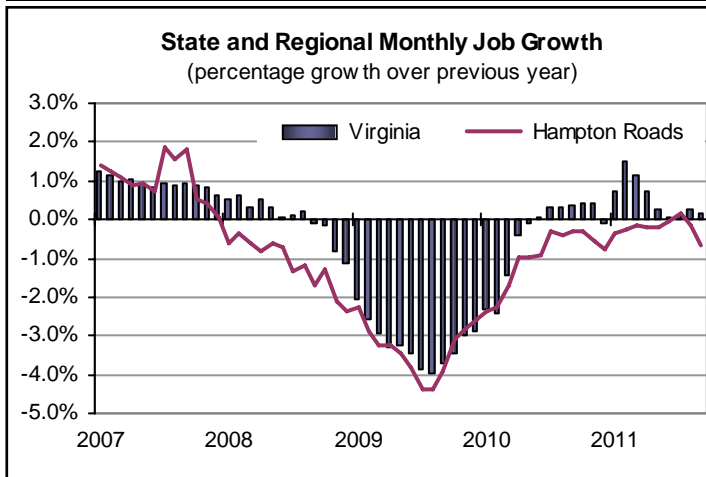
Hampton Roads Unemployment Rate (not seasonally adjusted)

	Sept. 2011	August 2011	Sept. 2010	5-Year Average
Norfolk	8.9%	9.5%	9.0%	6.3%
Chesapeake	6.9%	7.0%	6.7%	4.7%
Hampton	8.7%	8.6%	8.4%	5.7%
Newport News	7.7%	7.6%	7.4%	5.5%
Portsmouth	9.3%	9.3%	8.8%	6.3%
Suffolk	7.6%	7.6%	7.9%	5.1%
Virginia Beach	6.4%	6.3%	6.1%	4.3%
Hampton Roads	7.3%	7.3%	7.1%	5.0%
Virginia	6.4%	6.5%	6.5%	4.8%



Source: Virginia Employment Commission and U.S Bureau of Labor Statistics. Compiled by the Office of Budget and Management.

REGIONAL, STATE AND NATIONAL JOB GROWTH



State and Regional Job Growth

The Virginia Employment Commission reported that the statewide non-seasonally adjusted nonfarm employment in September totaled 3,646,700, which is an increase of approximately 0.17 percent (or 6,200 jobs) from the same period last year (September 2010) and is 15,500 jobs above last month's figure. Since June 2010, jobs in Virginia have been growing year-over-year every month except in December 2010.

In Hampton Roads, the number of jobs stood at 731,600 in September, which is 0.65 percent (or 4,800 jobs) below the same month last year (September 2010)—the largest annual decline since December 2010. Sectors with the biggest declines include retail and wholesale trade, professional and business services and local government.

A summary of the year-over-year job growth for key sectors in the state and region is shown below.

September Job Growth in Major Sectors

(not seasonally adjusted; Sept. growth is from previous year)

	Hampton Roads*	Virginia*
Construction	-1,800	-4,200
Manufacturing	800	2,000
Trade (Retail & Wholesale)	-3,200	5,600
Transportation & Utilities	0	300
Information	-800	-3,800
Financial Activities	-1,300	-100
Professional & Business Services	-2,100	12,700
Educational & Health Services	900	5,800
Leisure & Hospitality	3,300	-9,500
Government	-700	-2,900
Federal Government	1,100	-2,600
State Government	-300	3,300
Local Government	-1,500	-3,600

National Job Growth

The Bureau of Labor Statistics (BLS) reported that nonfarm payroll employment (seasonally adjusted) increased by 80,000 in October. Moreover, job growth in August was revised up from 57,000 jobs added to 104,000 jobs, and September job growth was revised up to 158,000 jobs from 103,000 jobs. Year-to-date, nearly 1.3 million jobs have been added, an average of about 126,000 jobs per month. Total employment now stands at 131.52 million. In comparison, however, employment stood at 137.98 million (revised) at the beginning of the recession in December 2007. The private sector continued to add jobs, about 1.5 million added year-to-date, while the public sector continued to shed jobs, about 273,000 year-to-date. In October, the seasonally adjusted unemployment rate fell slightly to 9 percent.

National Job Growth

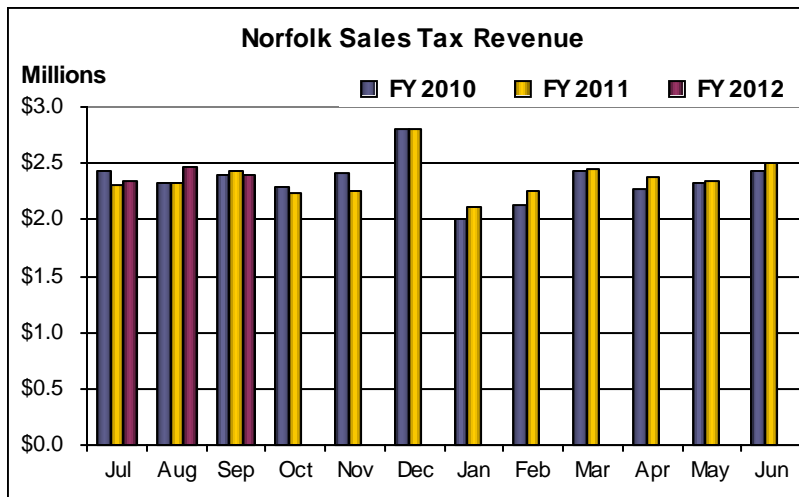
(seasonally adjusted; Sept./Oct. growth is from previous month)

	Sept. 2011*	October 2011**	October YTD**
Mining & Logging	5,000	5,000	76,000
Construction	27,000	-20,000	27,000
Manufacturing	-3,000	5,000	194,000
Trade, Transportation & Utilities	11,000	35,000	257,000
Information	34,000	-5,000	-38,000
Finance	-5,000	4,000	-6,000
Professional & Business Svcs.	50,000	32,000	419,000
Educational & Health Services	58,000	28,000	362,000
Leisure & Hospitality	13,000	22,000	201,000
Other Services	1,000	-2,000	37,000
Government	-33,000	-24,000	-273,000
Federal Government	-4,000	-2,000	-41,000
State Government	-8,000	-20,000	-82,000
Local Government	-21,000	-2,000	-150,000
Total Job Growth	158,000	80,000	1,256,000

Source: Virginia Employment Commission and U.S. Bureau of Labor Statistics. Compiled by the Office of Budget and Management.

* Revised. ** Preliminary.

SALES TAX—NORFOLK AND REGION



Norfolk Sales Tax Revenue

In September, Norfolk's sales tax revenue totaled \$2.39 million, which is approximately 1.4 percent or \$35,000 less than the previous year. This is the first monthly year-over-year decline in ten months. Prior to September, sales tax receipts had been rising year-over-year each month for nine consecutive months since December 2010.

However, through the first three months of FY 2012, sales tax revenues totaled \$7.2 million and have grown by about 2 percent (or \$142,300) from the same period last year.

Neighboring Localities

Sales tax revenue also grew in the major cities in the region fiscal year-to-date through September, with the exception of Suffolk. The decline in Suffolk fiscal year-to-date was due to receipts for the month of September alone, which declined 4.9 percent from the previous year. Similar to Norfolk, this was Suffolk's first decline in 14 months. That is, prior to September, Suffolk's sales tax revenue had risen year-over-year each month for 13 consecutive months since August 2010. Sales tax revenue also *declined* year-over-year for the month of September alone in Hampton (5.5 percent) and Virginia Beach (4.9 percent), after increasing year-over-year for five consecutive months. Newport News' sales tax revenue, which was reported to have declined by 0.2 percent year-to-date last month (August), turned around in September to a 0.4 percent increase. Among the seven cities, Portsmouth and Chesapeake had the highest percentage growth (4.4 percent), while Chesapeake had the highest dollar growth (\$340,800) in September.

Regional Sales Tax Revenue Fiscal Year-to-Date (FYTD)

City	Sales Tax Revenue FYTD through September	% Change
Norfolk	FY 2012: \$7,203,242 FY 2011: \$7,060,976	2.0%
Chesapeake	FY 2012: \$8,138,066 FY 2011: \$7,797,281	4.4%
Hampton	FY 2012: \$3,457,469 FY 2011: \$3,371,923	2.5%
Newport News	FY 2012: \$5,198,502 FY 2011: \$5,178,875	0.4%
Portsmouth	FY 2012: \$1,578,191 FY 2011: \$1,511,635	4.4%
Suffolk	FY 2012: \$1,795,671 FY 2011: \$1,807,220	-0.6%
Virginia Beach	FY 2012: \$14,183,008 FY 2011: \$14,123,605	0.4%

Hampton (5.5 percent) and Virginia Beach (4.9 percent), after increasing year-over-year for five consecutive months. Newport News' sales tax revenue, which was reported to have declined by 0.2 percent year-to-date last month (August), turned around in September to a 0.4 percent increase. Among the seven cities, Portsmouth and Chesapeake had the highest percentage growth (4.4 percent), while Chesapeake had the highest dollar growth (\$340,800) in September.

National Retail and Food Service Sales

Nationally, the U.S. Census Bureau reported that retail and food services sales grew 1.1 percent (preliminary) in September from the previous month, after growing 0.3 percent (revised) in August. The growth in September was broad based. Most of the major sectors registered a monthly increase such as, auto dealers (3.6 percent), furniture and home furnishing stores (1.1 percent), electronics and appliance stores (0.2 percent), gas stations (1.2 percent), clothing stores (1.3 percent), general merchandise stores (0.7 percent), miscellaneous and nonstore retailers (0.9 percent and 0.7 percent, respectively), and restaurants and bars (1.2 percent). The sectors that registered a decline include building materials and garden supplies stores (0.1 percent), food and beverage stores (0.2 percent), which include grocery stores, and sporting goods stores (0.3 percent). From the previous year (September 2010), retail and food service sales increased 7.9 percent in September. Moreover, all the major sectors registered an increase over the previous year, with the exception of electronics and appliances stores, which was fairly unchanged (0.0 percent) from last year.

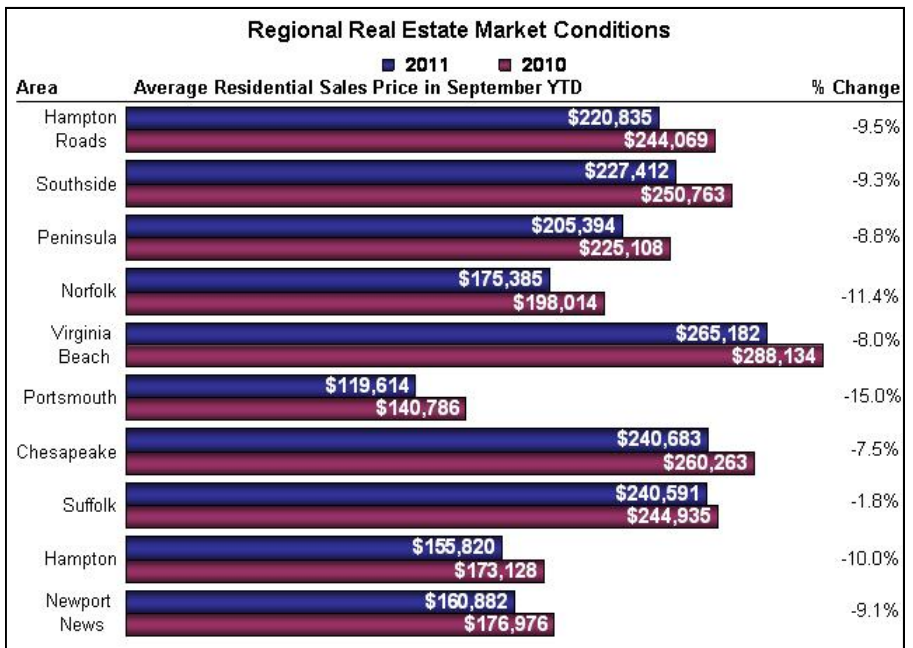
Source: Virginia Department of Taxation and U.S. Census Bureau.

NORFOLK AND REGIONAL HOUSING MARKET

Hampton Roads Residential Real Estate Market Conditions

The following pages provide information on the Norfolk, Regional and National housing market, foreclosure filings, and other indicators of market conditions such as, Housing Market Index, Housing Opportunity Index, housing starts and building permits.

Year-to-date through September, the Real Estate Information Network (REIN) reported the average sales price of homes sold in the region fell 9.5 percent. The decline in Southside and in the Peninsula were 9.3 percent and 8.8 percent, respectively. However, the home sales through September in the region rose 4.7 percent, from 13,189 to 13,813 units sold. Norfolk's increase in the number of homes sold year-to-date (253 homes) is the largest in the region. Regional home sales for the month of September alone grew 20.5 percent, the largest year-over-year increase since January 2011. Six of the seven major cities in the region saw a growth in home sales for September alone compared to last year, the exception being Virginia Beach.



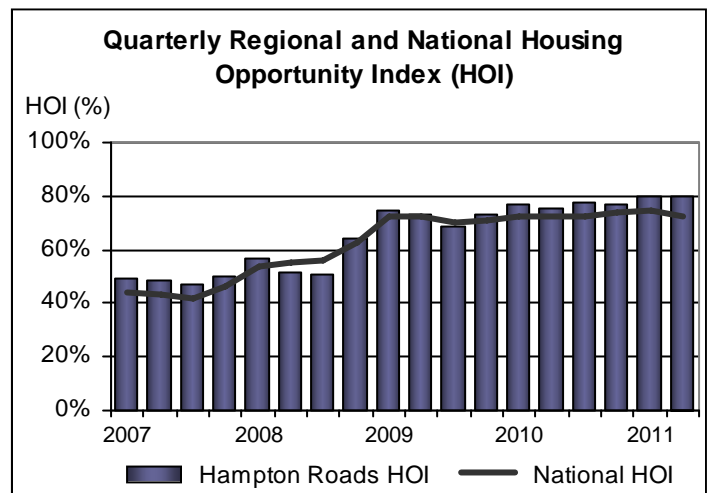
Jan. – Sept. Home Sales	Units Sold		Average Days on Market	
	2010	2011	2010	2011
Hampton Roads	13,189	13,813	89	101
Southside	9,598	10,042	83	96
Peninsula	3,304	3,427	104	113
Norfolk	1,466	1,719	86	95
Virginia Beach	4,053	4,044	77	90
Portsmouth	758	852	89	101
Chesapeake	2,106	2,212	81	91
Suffolk	824	775	92	118
Hampton	929	948	94	101
Newport News	1,154	1,215	91	106

There is currently an 8.8 months' inventory of homes on the market in the region, which is down from 10.1 months from last year (September 2010) and 9.3 months from last month (August 2011).

REIN reported that sales of distressed homes made up about 31.6 percent of sales in September, up from about 29 percent in August. However, there was a decrease in the number of distressed homes for sales. According to REIN, this is "a promising sign for the region's housing market and if the distressed inventory continues to decline overall the Hampton Roads real estate market should stabilize". REIN also reported that homes under contract in the region grew 27.8 percent (1,603 vs. 1,254) compared to September 2010, with all of the seven major cities seeing large year-over-year percentage gains.

Housing affordability in Hampton Roads, as measured by the regional Housing Opportunity Index (HOI), rose slightly to 80.1 percent in the second quarter of 2011 from 79.8 percent in the first quarter of 2011. Affordability in the region continues to be at its highest level since the first quarter of 1994. The regional HOI shows that 80.1 percent of homes sold in the second quarter of 2011 were affordable to families earning the regional median income of \$69,900.

The HOI for an area is defined as the share of homes sold in the area that would have been affordable to a family earning the local median income based on standard mortgage underwriting criteria. The index has two main components: income and housing cost.

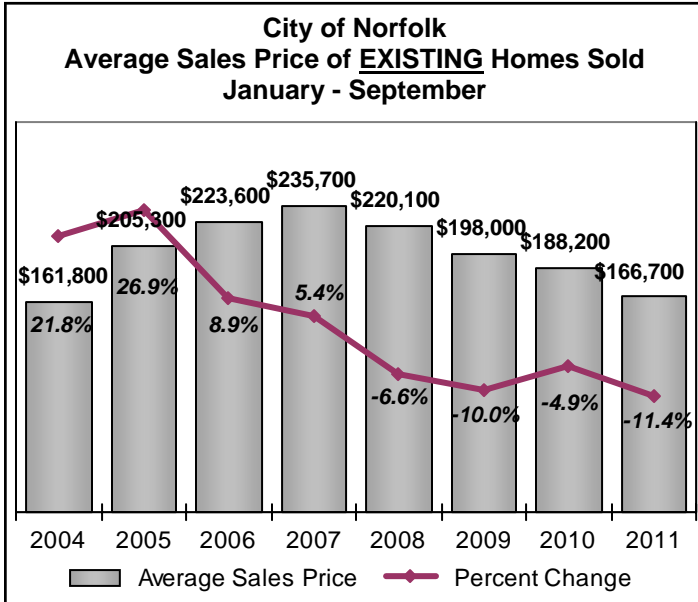


Source: Real Estate Information Network (REIN) and National Association of Home Builders. Compiled by the Office of Budget and Management.

NORFOLK HOUSING MARKET

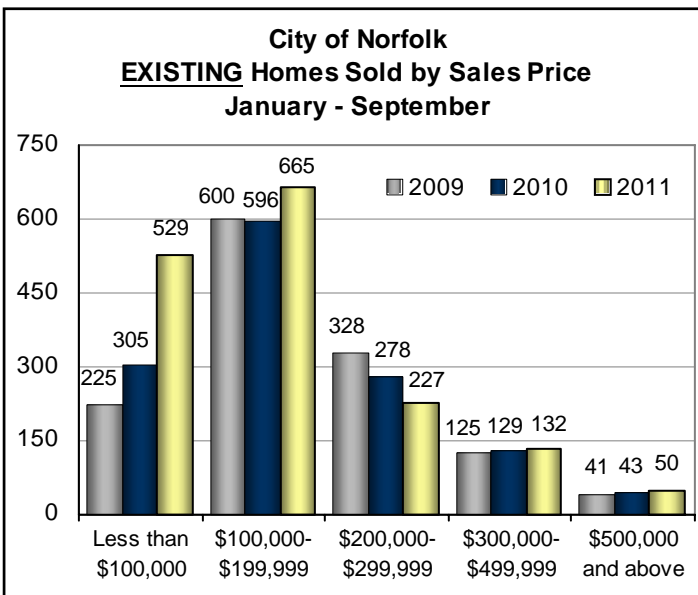
Existing Home Sales

The average sales price of existing homes sold in Norfolk from January to September fell 11.4 percent, from \$188,200 to \$166,700. The average sales price of both detached and attached homes declined. However, attached homes saw a much larger percentage decline in average sales price, which was 23.7 percent compared to a 9.5 percent decline for detached homes.



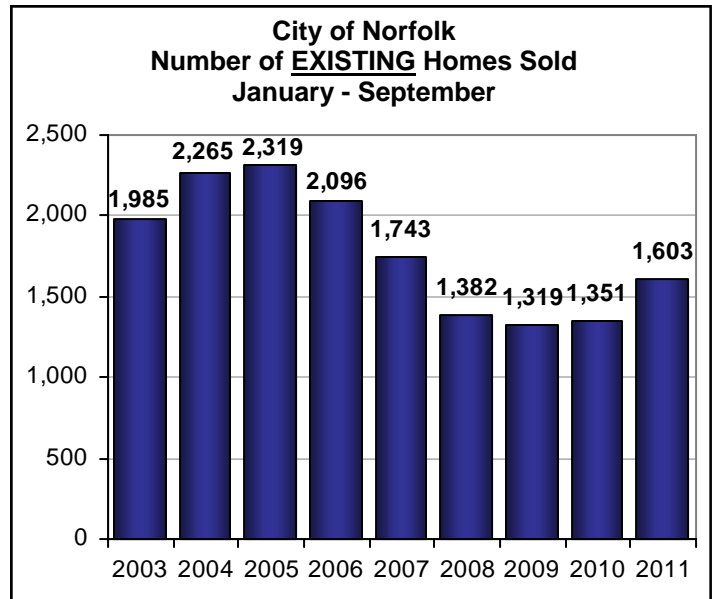
Source: Real Estate Information Network (REIN)

Homes priced under \$200,000 continue to make up the majority of existing homes sold year-to-date. However, the percentage of homes sold under \$100,000 increased in 2011, from 17 and 23 percent in 2010 and 2009, respectively, to 33 percent in 2011. This was likely due to distressed homes.



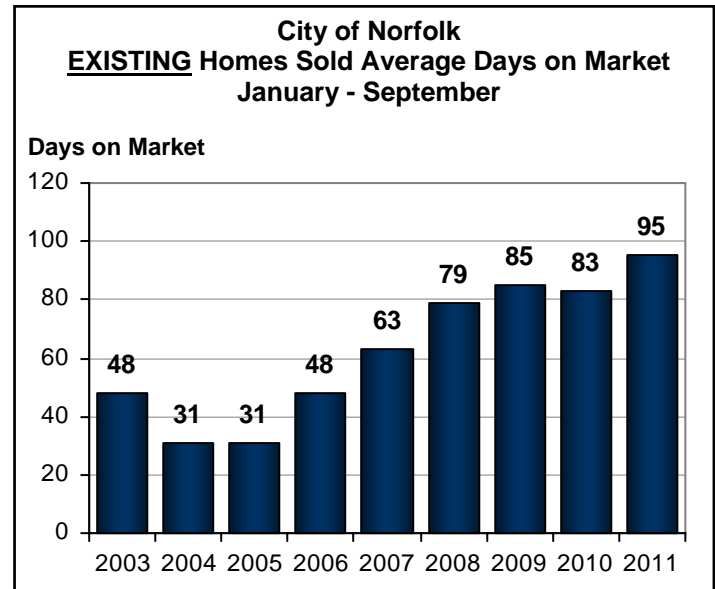
Source: Real Estate Information Network (REIN)

The number of existing homes sold year-to-date through September rose 18.7 percent (252 homes). Sales of both attached and detached homes were up year-to-date. The majority of the increase was due to homes sold for under \$100,000 (which increased by 224 homes), followed by homes sold for \$100,000 to \$200,000 (69 homes). Homes sold for \$300,000 and above have been fairly stable.



Source: Real Estate Information Network (REIN)

The average days on market of existing homes sold through September increased to 95 days from 83 days last year. The increase was seen in homes sold across all price ranges. The average days on market of existing detached homes rose to 94 days from 81 days while attached homes have seen a decline from 106 days to 101 days.

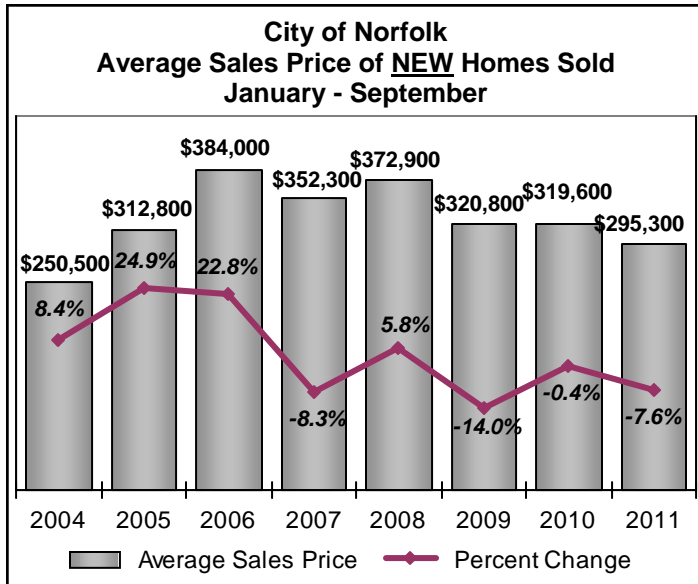


Source: Real Estate Information Network (REIN)

NORFOLK HOUSING MARKET (CONTINUED)

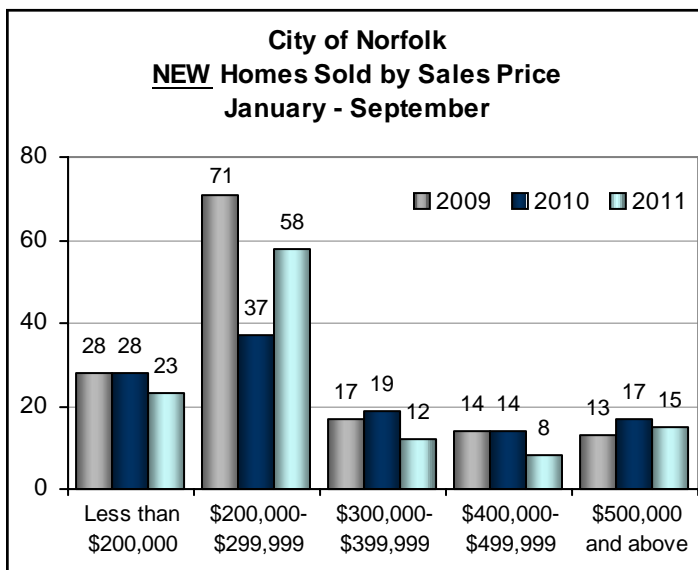
New Home Sales

Year-to-date through September, the average sales price of new homes sold in Norfolk decreased 7.6 percent, from \$319,600 last year to \$295,300 this year. Like existing homes, the average sales price of both new detached and new attached homes have fallen, with attached homes sold seeing a larger percentage decline (16.8 percent) than detached homes sold (1.7 percent).



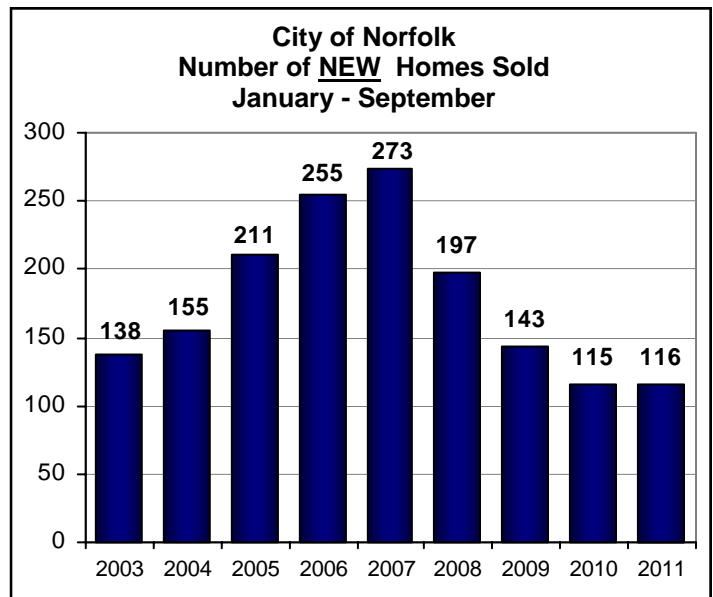
Source: Real Estate Information Network (REIN)

Compared to last year, sales of new homes declined at every price range, except for homes priced between \$200,000—\$299,999, which rose by 21 homes and offset the decrease in the other price ranges. About 70 percent of new homes sold year-to-date were priced under \$300,000.



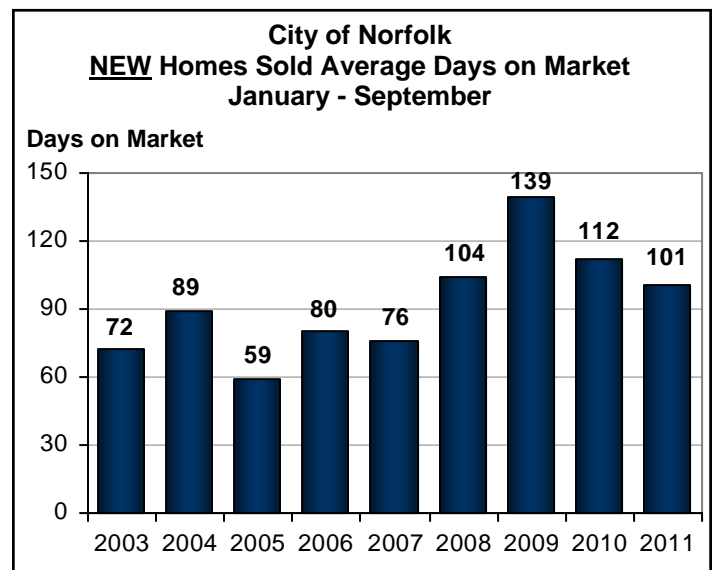
Source: Real Estate Information Network (REIN)

The number of new homes sold in Norfolk from January through September held steady from last year, increasing by only 0.9 percent (or 1 home). However, for the month of September alone, sales of new homes rose 44 percent (or 4 homes), mainly due to sales of detached homes. Sales of new homes in Norfolk have been on a downward trend since 2007.



Source: Real Estate Information Network (REIN)

Unlike existing homes, the average days on market of new homes sold year-to-date through September decreased by about 11 days, from 111 days last year to 101 days this year. The average days on market of new homes sold have been on a downward trend since 2009.

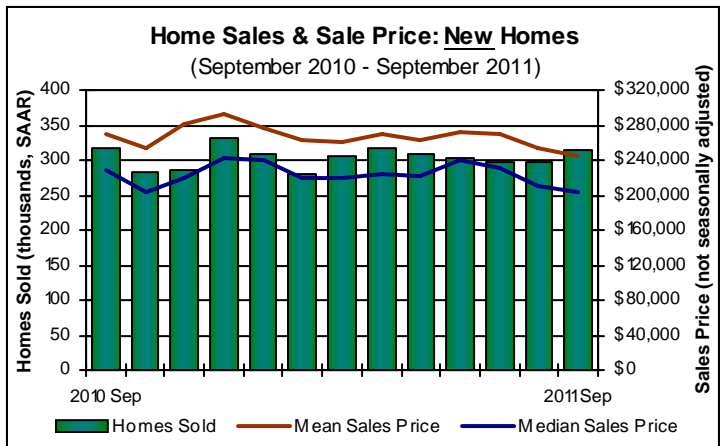
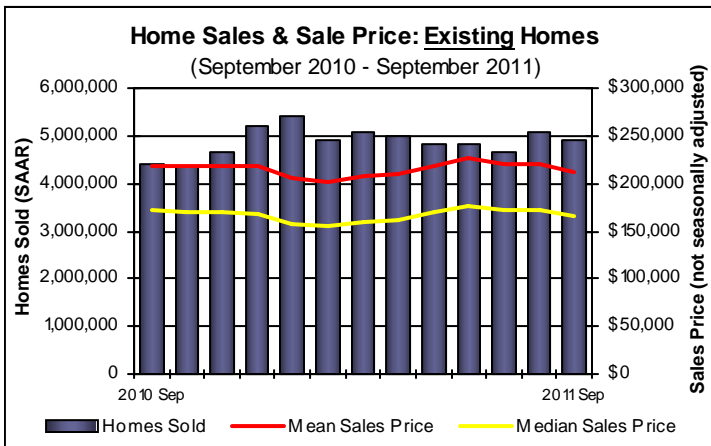


Source: Real Estate Information Network (REIN)

NATIONAL HOUSING MARKET

Sale of Existing and New Homes

After increasing 8.4 percent (revised) in August, existing homes sales nationwide fell 3 percent in September from the previous month to a seasonally adjusted annual rate (SAAR) of 4.91 million. However, existing home sales continue to be higher than last year by 11.3 percent. The National Association of Realtors (NAR) noted that although existing home sales have been somewhat stable, the housing market recovery has been hampered by the difficulty in obtaining access to credit even for creditworthy homebuyers. In contrast, new home sales rose in September to by 5.7 percent to 313,000 (SAAR), its fastest pace since April 2011. The National Association of Home Builders indicated that “first-time buyers are driving the new homes market right now, as evidenced by the volume of lower-priced, entry-level homes under contract.” New homes priced between \$150,000 and \$300,000 drove much of the increase. The average price of existing homes sold fell 2.5 percent to \$212,700 from last year, while new homes sold saw a 9.9 percent decline to \$243,900.



Foreclosures

According to RealtyTrac, foreclosure filings were reported on 214,855 properties in the U.S. in September, which include default notices, scheduled auctions and bank repossessions. This represents a 6 percent decrease from last month (August 2011) and a 38 percent decrease from last year (September 2010). RealtyTrac also reported about one in every 605 housing units with a foreclosure filing in September.

James Saccacio, CEO of RealtyTrac, noted that although foreclosures in September continued to be below last year, there is some evidence that foreclosure activity maybe beginning to ramp back up. Saccacio pointed out that new default notices, an initial step in the foreclosure process, increased 14 percent in the third quarter of 2011 from the second quarter, the first quarterly increase since the third quarter of 2010.

Among the seven major cities in the Hampton Roads region, foreclosure filings in September increased in Norfolk, Chesapeake, Portsmouth and Suffolk from the previous month, while foreclosure filings decreased in Hampton, Newport News, and Virginia Beach. However, like the nation, foreclosure filings in all of the seven major cities in Hampton Roads were down compared to the same period last year.

National, State and Local Foreclosure Filings—Sept. 2011					
	Rank (1)	New Foreclosure Filings	% Change from last month	% Change from last year	Foreclosure Rate (2)
Norfolk	6	162	14.9%	-42.6%	1 / 594
Chesapeake	7	142	10.1%	-26.0%	1 / 587
Hampton	14	78	-31.6%	-37.6%	1 / 773
Newport News	13	86	-28.3%	-45.6%	1 / 937
Portsmouth	10	106	5.0%	-31.2%	1 / 408
Suffolk	15	65	3.2%	-30.9%	1 / 509
Virginia Beach	4	197	-27.6%	-46.9%	1 / 893
Richmond	9	123	-30.1%	-42.5%	1 / 770
Prince William	2	331	-15.6%	-42.7%	1 / 416
Fairfax County	1	404	-22.0%	-49.9%	1 / 975
Virginia	12	3,554	-16.7%	-40.3%	1 / 937
Nation	n/a	214,855	-5.8%	-38.2%	1 / 605

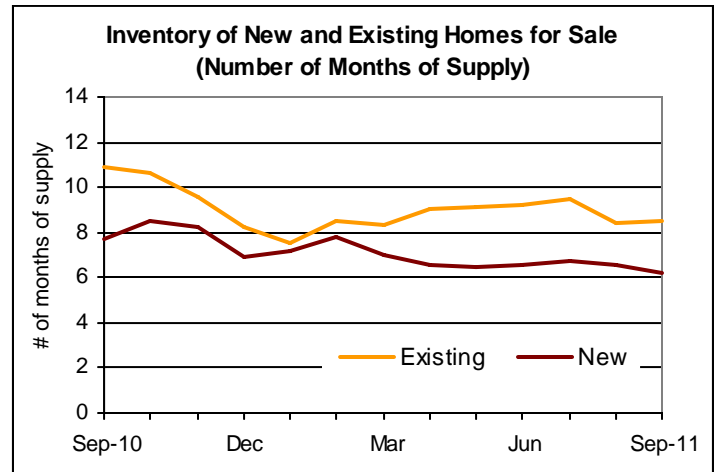
(1) Rank is based on the number of new foreclosure filings reported for the month. For cities/counties, it is their respective rank within Virginia. For Virginia, it is the rank within the nation as compared to the other states.
(2) The foreclosure rate for example, shows that there was one in every 594 housing units in Norfolk with a foreclosure filing in September 2011.

NATIONAL HOUSING MARKET (CONTINUED)

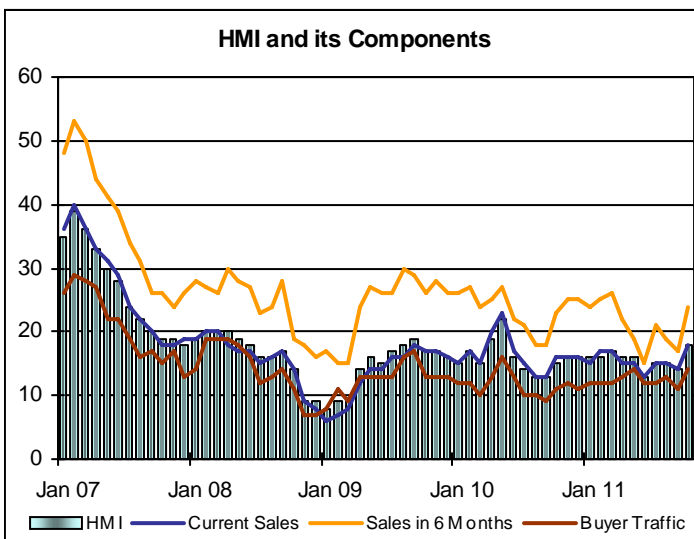
Inventory of Homes for Sales

The inventory of existing homes for sale in September fell 2 percent to 3.48 million homes from last month (August 2011) and is 13 percent below last year (September 2010). The decline was driven largely by the inventory of single-family homes, which is 3.2 percent below last month and 11.2 percent below last year. The inventory represents an 8.5 months supply at the current sales pace.

The inventory of new homes for sale in September held steady at 163,000 homes from August, which was revised upwards from 162,000 to 163,000. At the current sales rate of new homes, the inventory represents a supply of 6.2 months.



Sources: US Census Bureau and the National Association of Realtors, compiled by the Office of Budget and Management.



Source: National Association of Home Builders. Compiled by the Office of Budget and Management.

Housing Market Index (HMI)

The HMI provides a measure of builder confidence in the market for newly constructed single-family homes. The HMI rose four points in October to 18, its highest level since May 2010. The increase also reflects the growth in new home sales and housing starts. All three components of the HMI increased. Builder perception of current sales rose by four points, while perception of sales in six months jumped seven points. Builder rating of traffic of prospective buyers increased by three points.

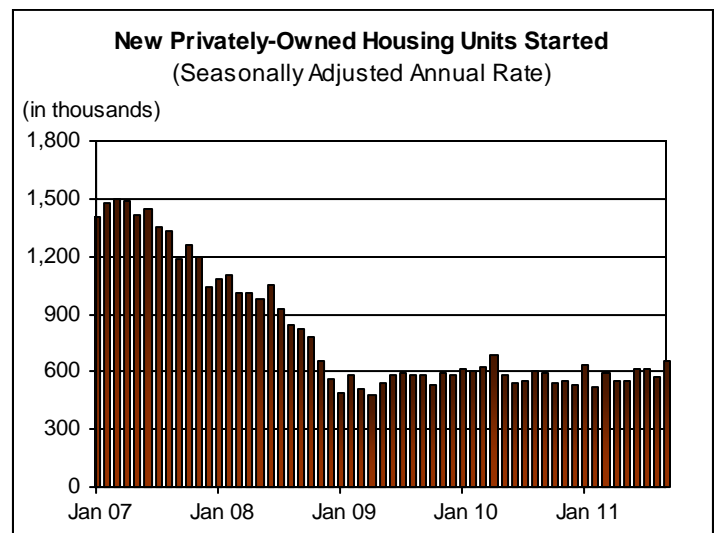
National Association of Home Builders noted that builder confidence regained some ground where economic recovery is starting to take hold and where foreclosure activity has remained relatively subdued; however, overly restrictive lending policies and uncertainty regarding federal support for homeownership will keep builder confidence low.

National Housing Starts

The U.S. Census Bureau reported that privately-owned housing starts rose 15 percent in September to a seasonally adjusted annual rate (SAAR) of 658,000 housing units from a revised SAAR of 572,000 housing units last month (August 2011).

The increase was due to both housing starts of single-family and multi-family structures with 5 units or more. Housing starts of single-family structures rose 1.7 percent to 425,000 units (SAAR), while multi-family structures with 5 units or more saw a 53.4 percent increase to 227,000 units (SAAR).

Housing starts also increased from last year (September 2010) by 10.2 percent. This increase was due to the 57.6 percent increase in housing starts of multi-family structures. In contrast, housing starts of single-family structures fell 4.9 percent.



Source: US Census Bureau. Compiled by the Office of Budget and Management.

NORFOLK BUILDING PERMITS

The number of housing units authorized by building permits in Norfolk from January to September 2011 rose to 500 units from 269 units last year, an increase of 231 units. The increase was mostly due to units permitted in new multi-family structures and conversion of a commercial building to apartments (Riverview Lofts project—81 units) under “Other”.

New Single Family Dwellings Permitted

The number of new single family dwellings permitted from January to September 2011 totaled 166 units, an increase by 38 units from last year. The number of units permitted in attached and detached single-family dwellings have both increased year-to-date. Projects permitted included townhomes on 43rd street and Maplewoods at Olde Huntersville and other new housing units throughout the City.

New Multi-Family Structures Permitted

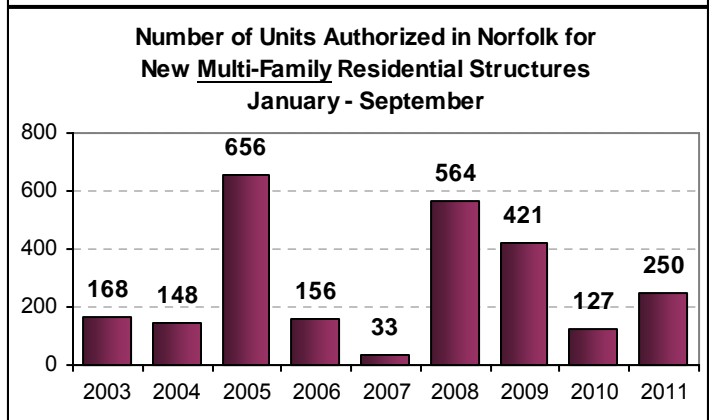
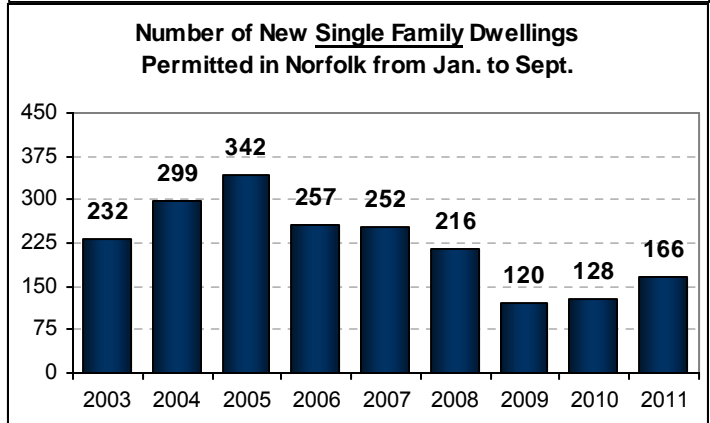
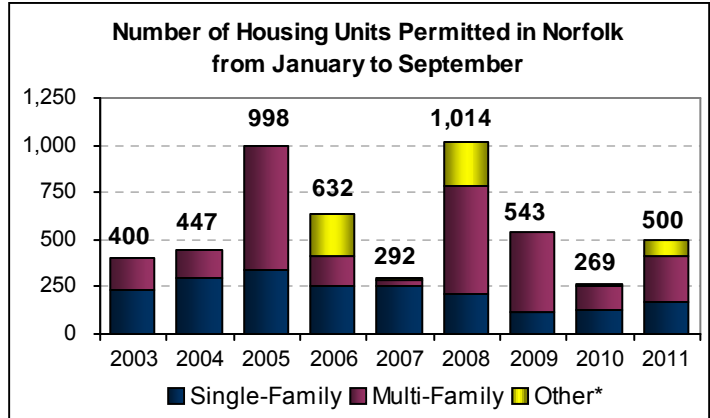
Year-to-date through September, the number of units authorized in new multi-family structures totaled 250 units, an increase of 123 units from last year. The number of units permitted year-to-date reflects two large projects, Meadowood Apartments (180 units) and the expansion of Park Crescent Apartments (66 units). The fluctuations in units in prior years were driven by large projects such as:

- 2003: ODU University Village housing
- 2004: Harbor's Edge
- 2005: Alexander at Ghent, 388 Boush, Row at Ghent
- 2006: Pretty Lake Village, East Ocean View, McRae Commons (Ghent)
- 2008: Southwind Apartments, Belmont at Freemason, and River House Apartments, 201 Twenty-One
- 2009: Bay Village, Village Gardens condominiums, The District at ODU
- 2010: Wells Fargo apartments

New Housing Units Permitted in Single & Multi-Family Structures: January to September Year-to-Date (YTD)

	2010 YTD	2011 YTD	Change	
Norfolk	255	416	161	63.1%
Chesapeake	788	687	-101	-12.8%
Hampton	262	166	-96	-36.6%
Newport News	128	713	585	457.0%
Portsmouth	55	137	82	149.1%
Suffolk	264	200	-64	-24.2%
Virginia Beach	514	705	191	37.2%
Hampton Roads	3,317	3,705	388	11.7%
Virginia	17,028	17,239	211	1.2%

Source: Department of Development (Norfolk data) and U.S. Census Bureau (regional and state data). Compiled by the Office of Budget and Management. * Other includes accessory dwellings, building conversions to residential, and new units permitted in mixed use structures (such as, Harbor Heights and Rotunda in 2006 and Riverview Lofts in 2011).



Regional Housing Units Permitted

The number of new privately owned housing units authorized by building permits in the region is currently above the same period last year. Through September, new units permitted rose to 3,705, an increase of 388 units (11.7 percent) from the same period last year. Among the major cities in the region, Newport News has the largest gain year-to-date with 585 housing units.

The increase in the region year-to-date has been mainly due to new housing units permitted in structures with 5 or more units that were permitted in Newport News, Virginia Beach and Norfolk. In comparison, housing units permitted in single-family dwellings in the region have declined year-to-date.

OTHER NATIONAL ECONOMIC INDICATORS

Consumer Confidence Index

After increasing slightly in September, consumer confidence, as measured by the Conference Board's Consumer Confidence Index, fell in October from 46.4 to 39.8, its lowest level since March 2009 when the index stood at 26.9.

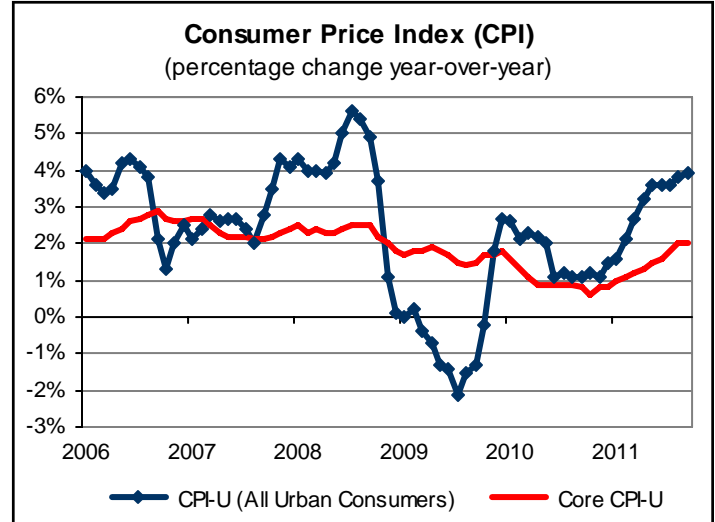
Consumers' assessment of current conditions and short-term outlook both deteriorated in October. The Present Situation Index, which measures consumer confidence in current business and employment conditions, fell to 26.3 from 33.3. Likewise, the Expectations Index, which measures consumers' confidence in future business, employment and family income six months from now, fell to 48.7 from 55.1, its lowest level in more than two years (March 2009, 30.2).

Lynn Franco, Director of The Conference Board Consumer Research Center stated that "Consumer confidence is now back to levels last seen during the 2008-2009 recession. Consumer expectations, which had improved in September, gave back all of the gain and then some, as concerns about business conditions, the labor market and income prospects increased. Consumers' assessment of present-day conditions did not fare any better. The Present Situation Index posted its sixth consecutive monthly decline, as pessimism about the current economic environment continues to grow."



Source: The Conference Board. Compiled by the Office of Budget and Management. Shaded area indicates a recession.

Technical Note: The Conference Board indicated that they have changed their survey provider from TNS to The Nielsen Company beginning with the February release of the Consumer Confidence Index and data since November 2010 have been revised.



Source: Bureau of Labor Statistics. Compiled by the Office of Budget and Management.

Consumer Price Index

The Consumer Price Index is a measure of the average change in prices over time of goods and services purchased by households. The Bureau of Labor Statistics (BLS) reported that the Consumer Price Index for all urban consumers (CPI-U) rose 0.3 percent in September from the previous month on a seasonally adjusted basis. The September increase was driven by the price of gasoline, groceries and food away from home. Overall energy and food prices increased by 2 percent and 0.4 percent, respectively, in September. Over the previous year, the CPI-U rose 3.9 percent before seasonal adjustment, while the price of gasoline and food have increased 33.3 percent and 4.7 percent, respectively.

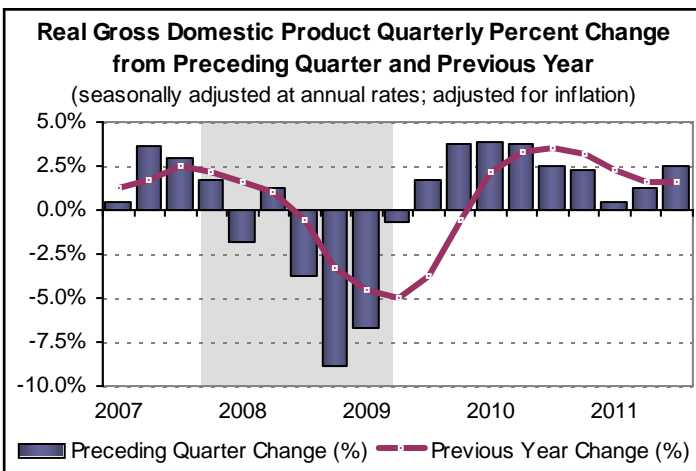
The core CPI-U, which excludes the more volatile prices of food and energy, rose 0.1 percent in September from the previous month on a seasonally adjusted basis. This was the smallest increase in the core CPI-U since March 2011. The price of transportation services, medical care, housing/shelter and education continued to rise in September, however, these increases were offset in part by decreases in the price of clothing, used cars and trucks, and recreation. Over the previous year, the core CPI-U rose by 2 percent before seasonal adjustment, for the second month in a row. Both the CPI-U and core CPI have been steadily rising since the end of 2010.

OTHER NATIONAL ECONOMIC INDICATORS (CONTINUED)

Real Gross Domestic Product (GDP)

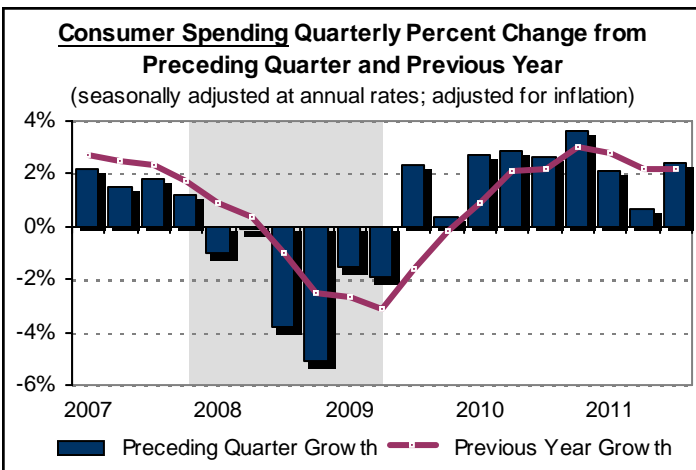
Real GDP is the value of all goods and services produced within the U.S., adjusted for inflation, and is the broadest measure of economic activity.

The Bureau of Economic Analysis (BEA) reported that real GDP increased at an annual rate of 2.5 percent in the third quarter of 2011 (first estimate). This growth follows a 1.3 percent growth in the second quarter and a 0.4 percent in the first quarter of 2011. The BEA cautioned that the first estimate of real GDP is based on data that are “incomplete or subject to further revision.”



The growth in real GDP in the third quarter were driven by the following:

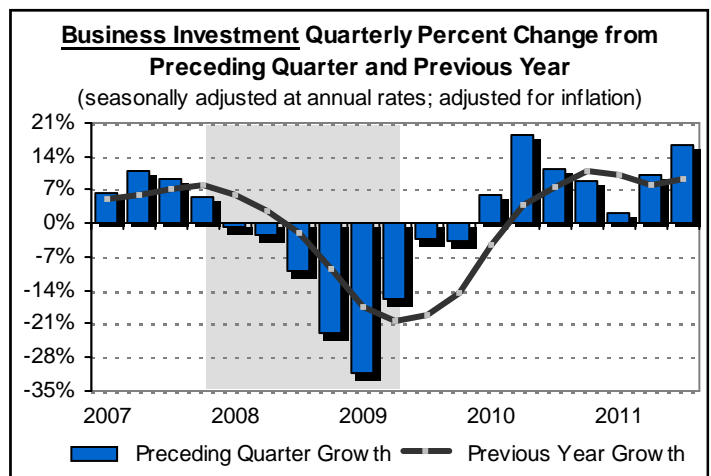
- **Consumer spending** accelerated growing by 2.4 percent, after a 0.7 percent growth in the second quarter. The increase was driven by spending on services such as, healthcare, housing and utilities, and spending on durable goods, which grew 4.1 percent after a 5.3 percent *decline* in the second quarter, due to a smaller decline in spending on motor vehicles.



Source: U.S. Bureau of Economic Analysis. Compiled by the Office of Budget and Management. Note: Shaded areas indicate a recession.

- **Business investment** also accelerated in the third quarter growing by 16.3 percent compared to a 10.3 percent growth in the second quarter. The increase was driven by business investment in equipment and software and commercial structures.

However, business investment in inventory decelerated and increased by only \$5.4 billion, after a \$39.1 billion and \$49.1 billion increase in the second and first quarter, respectively. This reduced real GDP growth by about 1.08 percentage points.



- **Government spending** held steady and did not change in the third quarter, after declining for three consecutive quarters. Federal defense spending grew 4.8 percent. However, the growth was offset by the decline in federal nondefense spending and in spending by state and local governments, which has been on a downward trend since 2008.

