



# ECONOMIC INDICATORS

**CITY OF NORFOLK**  
**OFFICE OF BUDGET AND MANAGEMENT**

Last Update: October 30, 2009

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. It is intended to provide city staff, officials and citizens 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 becomes available.

## IN THIS ISSUE.....

### Employment

- The number of employed Norfolk residents totaled 94,220 in September 2009, decreasing 1.5 percent from August. This was a yearly decrease of 1,586 employed people (1.7 percent) from September 2008. Unemployment in Norfolk fell to 8.4 percent (not adjusted), down from 8.5 percent in August.
- Moderating slightly from August, the decline in employment in Hampton Roads (not seasonally adjusted) was 0.64 percent in September. Virginia Employment declined 3.05 percent for the month.
- Nationally, non-farm employment lost an estimated 263,000 jobs in September. The seasonally adjusted national unemployment rate rose to 9.8 percent (seasonally adjusted), a twenty-six year high.

### Sales Tax Revenue

- FY 2010 YTD sales tax revenue through August was \$4.7 million, a decrease of 9.3 percent from the same period last year.

### Regional and National Housing Market

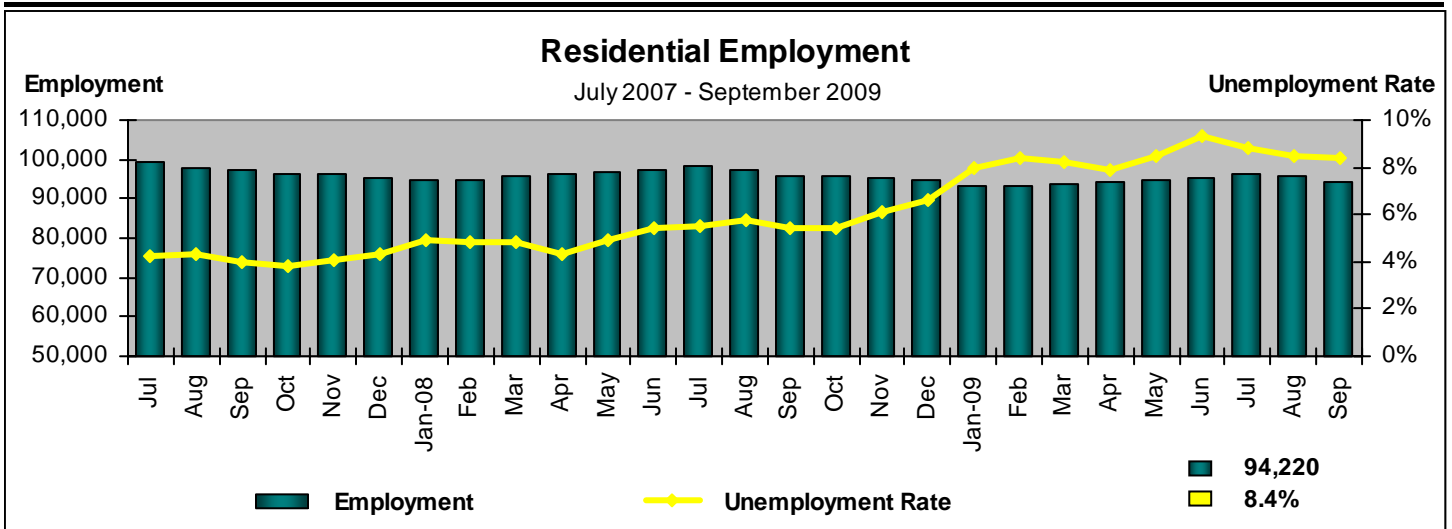
- Compared to 2008 YTD, the average sales price of existing homes sold in Norfolk during 2009 YTD fell 10 percent to 198,000. The average sales price of new homes sold fell 14 percent to \$320,800.
- Nationally, the sale of existing homes rose 9.4 percent while the sale of new homes nationally declined 3.6 percent. The average, unadjusted price of existing homes sold nationally was \$219,800. The average sale price of new homes was \$282,600.
- As compared to August, foreclosure filings for the nation fell 4.1 percent in September. Virginia ranked 11th with 5,755 new foreclosure filings. Norfolk had 198 new foreclosure filings for the month, bringing the rate of foreclosure to 0.21 percent, significantly lower than the national rate.

### Norfolk Building Permits

- Permits issued for new residential structures totaled 551 units September YTD.

### Other Economic Indicators

- The Consumer Confidence Index (CCI) fell to 47.7 in October, the second consecutive decline. The Consumer Price Index for all urban consumers rose 0.2 percent for the month of September.
- The advanced estimate for the third quarter of 2009 showed Real Gross Domestic Product (GDP) rose at an annual rate of 3.5 percent, the second increase since the recession began in December 2007
- This issue also includes a brief overview of the Federal Reserve's Beige Book.



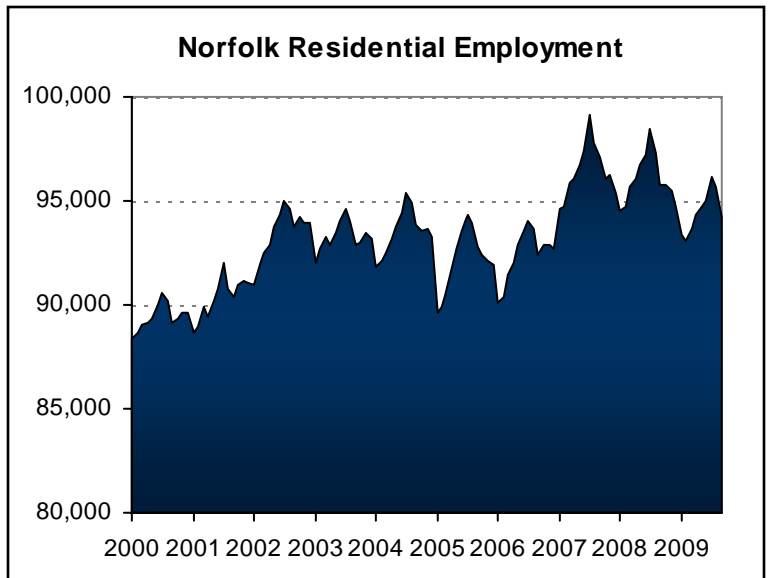
**Residential Employment**

- The Virginia Employment Commission (VEC) reported that the number of employed Norfolk residents in September was 94,220, a decrease of 1,470 or 1.5 percent as compared to the previous month and a decrease of 1,586 or 1.7 percent from the same month last year.
- In September, Norfolk's unemployment rate was 8.4 percent (not seasonally adjusted), an improvement from last month's rate of 8.5 percent. The August rate was 3 percentage points above the previous year's rate of 5.4 percent.
- The Hampton Roads' unemployment rate in September was 6.7 percent (not seasonally adjusted), edging up slightly from the previous month's rate of 6.6 percent and 2.4 percentage points above the previous year's rate.
- VEC reported Virginia's unemployment rate rose slightly reflecting an influx of high school and college students looking for after-school work. The unemployment rate currently stands at 6.6 percent, up 0.1 percentage point from it's 6.5 percent rate in August (not seasonally adjusted). Compared to the same month last year, the rate is up 2.5 percentage points. Despite the increase, Virginia's unadjusted unemployment rate, as well as those of each of the Hampton Roads cities continues to compare well with the Nation's unadjusted unemployment rate (9.5 percent).

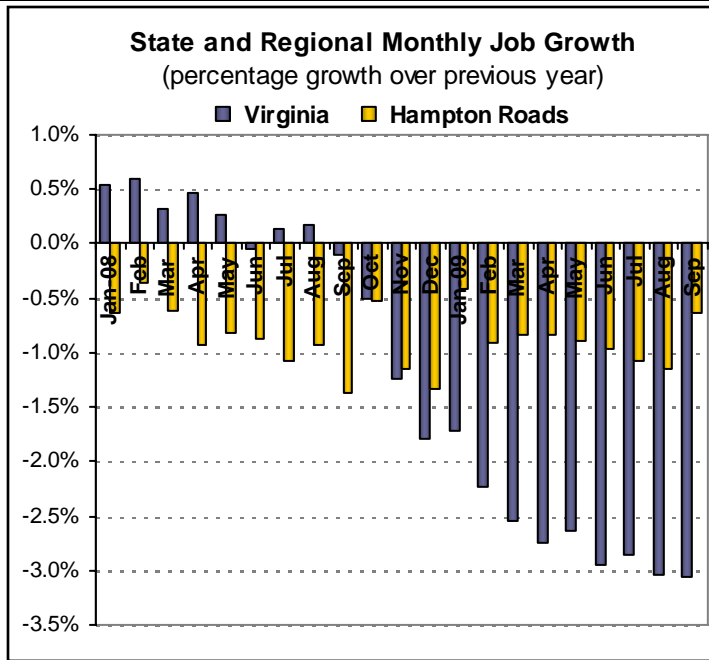
**Hampton Roads Unemployment Rate**  
(not seasonally adjusted)

	Sep 2009	Aug 2009	Sep 2008
<b>Norfolk</b>	<b>8.4%</b>	<b>8.5%</b>	<b>5.4%</b>
Chesapeake	6.4%	6.3%	4.0%
Hampton	7.7%	7.5%	5.1%
Newport News	7.3%	7.2%	4.8%
Portsmouth	8.4%	8.4%	5.2%
Suffolk	6.6%	6.7%	4.2%
Virginia Beach	5.9%	5.7%	3.7%
Hampton Roads	6.7%	6.6%	4.3%
Virginia	6.6%	6.5%	4.1%

**Norfolk Residential Employment**



Source: Bureau of Labor Statistics, VEC. Compiled by Office of Budget & Management.



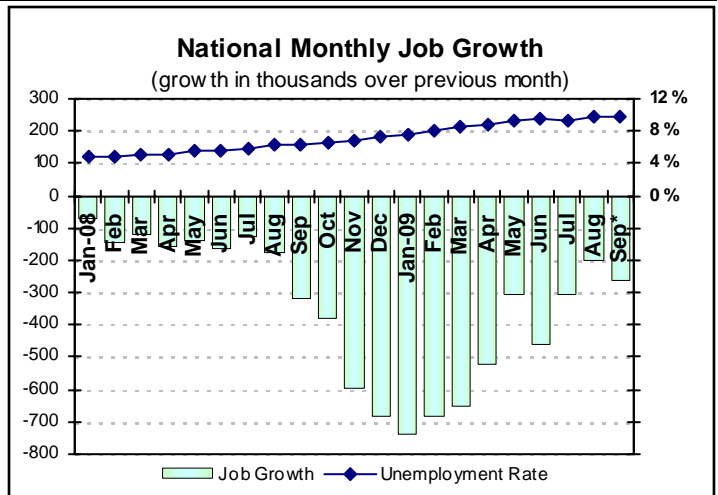
Source: Virginia Employment Commission. Compiled by the Office of Budget and Management.

### State and Hampton Roads Job Growth

The Virginia Employment Commission reported that statewide non-farm employment fell 3.05 percent in September. For the month, Hampton Roads non-farm employment fell 0.64 percent. For the state, this represents the thirteenth continuous month of decline while Hampton Roads has seen declines in every month since the start of the national recession. While the region has seen a longer continuation of declines, the declines have been significantly smaller than the state declines for every month of the current year.

### July Job Growth in Major Sectors

	Hampton Roads	Virginia
Construction	-2,800	-27,200
Manufacturing	-1,900	-23,900
Trade, Transportation & Utilities	-3,800	-22,700
Information	-900	-7,200
Finance	0	-200
Professional & Business Services	800	-28,800
Educational & Health Services	1,300	6,400
Leisure & Hospitality	1,200	1,500
Government	1,200	-2,500



Source: U.S. Bureau of Labor Statistics. Compiled by the Office of Budget and Management. Notes: \* - preliminary estimates.

### National Job Growth

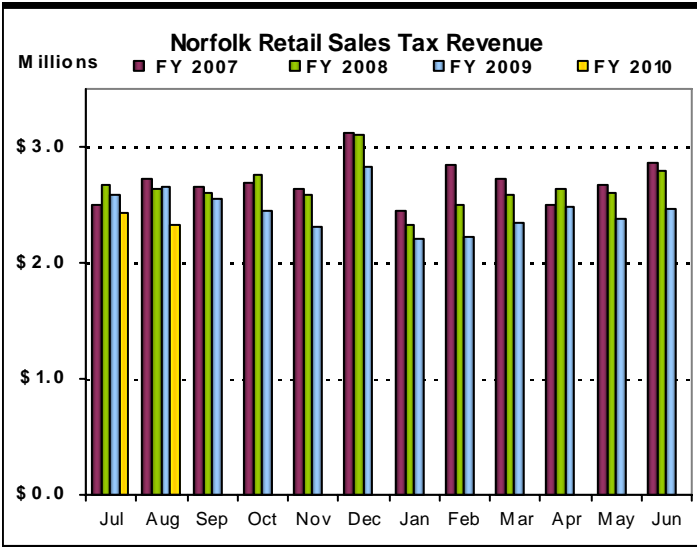
Non-farm employment declined by 263,000 in September, continuing the trend of losses started in January 2008. The unemployment rate continued to rise, reaching 9.8 percent for the month. However, on a positive note, since peaking in January 2009, employment losses have moderated in recent months.

Since the start of the recession (December 2007), employment has shed 7.2 million jobs and the unemployment rate has doubled. More than half of the jobs lost (3.9 million) were lost between November 2008 and April 2009. The average quarterly loss has declined during the second and third quarters of 2009 following the highest average of the recession during the first quarter of the year.

The largest losses for the month of September occurred in construction, manufacturing, retail trade and government. These losses were partially offset by gains in health care.

Construction employment lost 64,000 jobs for the month. Since the start of the recession, construction employment has declined by 1.5 million. Manufacturing declined by 51,000 in September bringing the total job loss to 2.1 million since December 2007. Other losses include 39,000 in the service-providing sector and 53,000 in government employment.

Health care saw a moderate increase of 19,000 for the month. Since the start of the recession the industry has added 559,000 jobs.



**Sales Tax Revenue for Norfolk**

The August sales tax revenue for Norfolk was approximately \$2.3 million, a decrease of 12.5 percent from August 2008 revenue. This was the second largest decrease for the month in Hampton Roads. Although, it wasn't outside of the trend seen by other cities in the region.

High unemployment and concern over the national and regional economy continue to hold back spending as the Nation begins the road to recovery.

**National Retail Sales**

Retail industry sales for the month of August, which exclude automobiles, gas stations and restaurants, rose 0.7 percent as compared to July, according to the National Retail Federation (NRF). This increase occurred in spite of the "cash for clunkers" program that redirected disposable income away from traditional retail. Compared to last year, retail industry sales fell 4.3 percent. Retail sales including autos, gas stations and restaurants (as reported by the U.S. Commerce Department) increased 2.7 percent (seasonally adjusted) over July and fell 5.9 percent unadjusted as compared to last year.

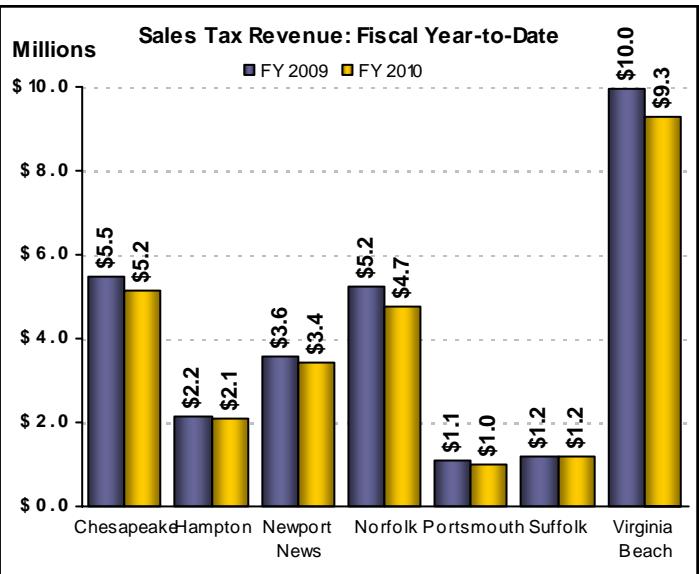
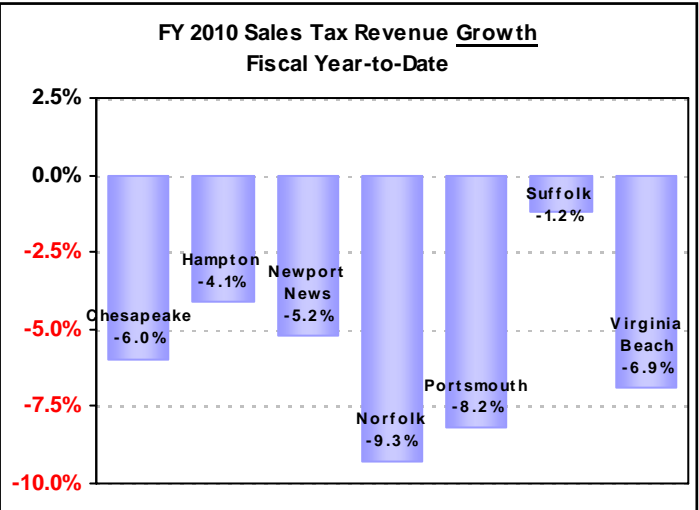
It is unclear at this time how the "Cash for Clunkers" program will impact future retail sales as consumers have taken on new monthly car payments, thus reducing their disposable income. However, Rosalind Wells, chief Economist of NRF, said "Shoppers were a bit more comfortable digging into their wallets last month, and retailers are hopeful that we've turned a corner. It is encouraging to see some momentum building as retailers anticipate the all-important holiday season."

Source: Virginia Department of Taxation, the U.S. Commerce Department, and the National Retail Federation. Compiled by the Office of Budget and Management.

**Neighboring Localities**

The second month of the new Fiscal Year (FY 2010) saw declines in each of the seven cities. Moving away from the national trend for the month, Hampton Roads saw declining consumer spending as regional unemployment and concerns related to the recession continue to weigh on consumers' minds. For the month of August, declines in tax revenue growth ranged from -4.2 percent (Suffolk) to -13.6 percent (Portsmouth).

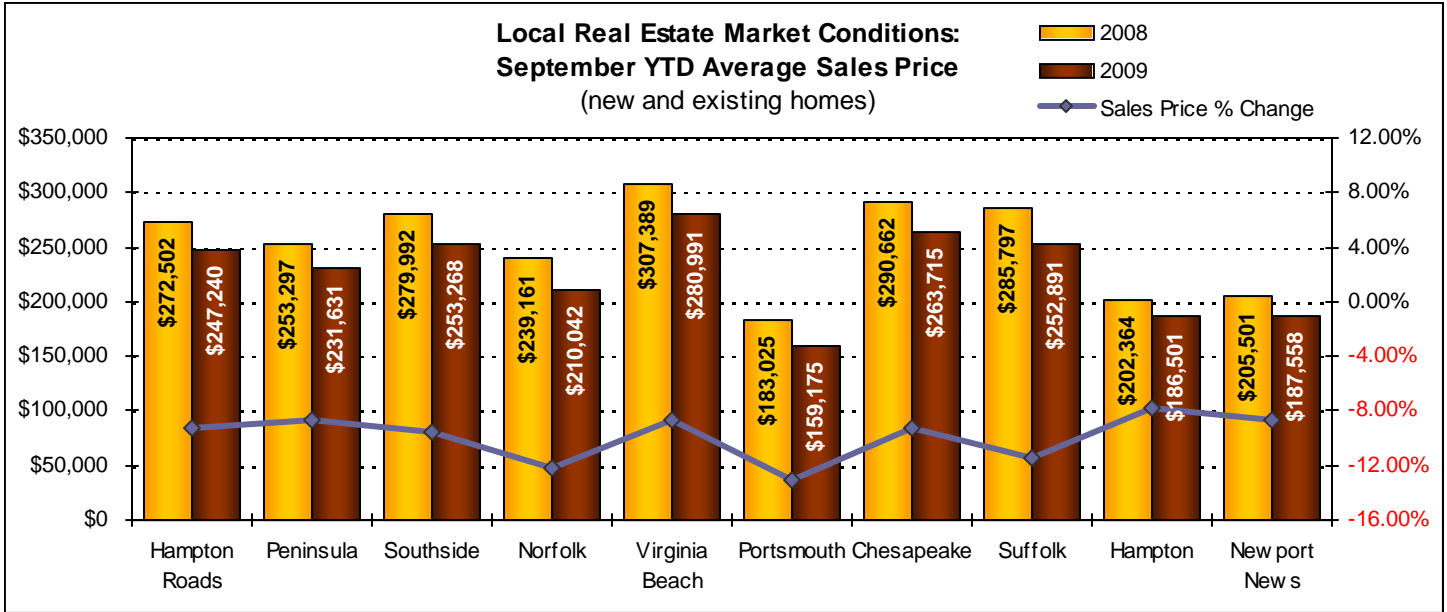
As compared to other cities in the region, Suffolk is fairing well with the smallest year-to-date decline. For all of the Hampton Roads cities, this is the lowest year-to-date level since at least FY 2007. However, students returned to school later than is typical, and many families may be holding off back-to-school shopping in the hope that better deals will arise in September.



## Regional and National Housing Market

### Hampton Roads Real Estate Market Conditions

The following pages provide a detailed look at the Regional, Norfolk and National housing markets. The information included looks at the sale of existing and new homes, foreclosure filings, time on the market, and other measures of the market's health such as the Housing Market Index, Housing Opportunity Index, housing starts and new and existing home inventory.



September year-to-date (YTD), the seven cities of Hampton Roads all followed a similar trend of decline with respect to average home prices. However, as compared to earlier in the year, these declines appear to be moderating. As compared to the same time period last year, the average price of homes year-to-date (new and existing) declined 9.3 percent for the region. The decline was slightly larger for the Southside (-9.5%) than it was for the Peninsula (-8.6%). This is an improvement from the year-to-date decline in August of 9.6 percent.

The number of homes sold YTD fell 8.1 percent, from 14,542 to 13,362 and the time it took to sell a home, as measured by average days on the market, increased from 84 days to 92 days. The decline in home sales has been somewhat higher on the Peninsula (-13.5 percent) as compared to the Southside (-5.5%). Homes are also selling significantly faster on the Southside with an average market time of 87 days as compared to 105 days.

Each of the Hampton Roads cities appears to be fairing relatively well in one area while doing somewhat more poorly in another area. For instance, Norfolk has seen a relatively larger drop in average home prices but has seen a relatively smaller drop in the number of sales and a smaller increase in the time to sell a home. On a bright note, price declines, increase in market time and decrease in sales all appear to be moderating as the nation appears to be moving into a recovery.

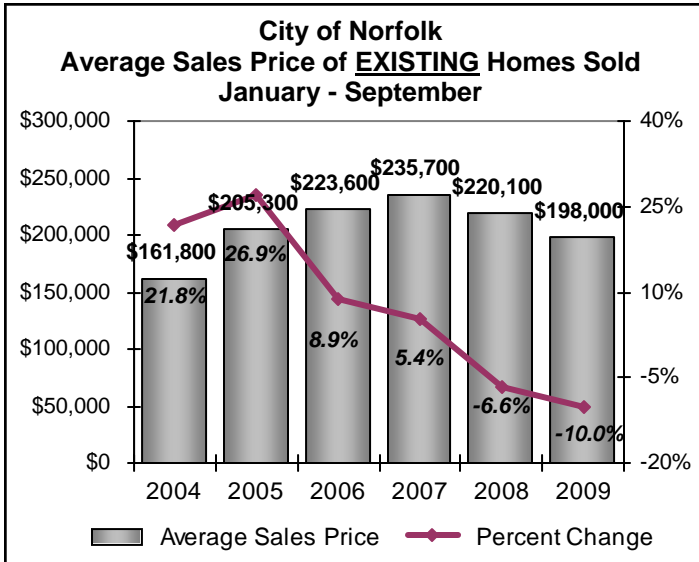
September Year-to-Date	Sales Price % Change	Units Sold		Average Days on Market	
		2009	2008	2009	2008
Hampton Roads	-9.3%	13,362	14,542	92	84
Peninsula	-8.6%	3,531	4,082	105	90
Southside	-9.5%	9,629	10,193	87	80
<b>Norfolk</b>	<b>-12.2%</b>	<b>1,462</b>	<b>1,579</b>	<b>90</b>	<b>82</b>
Virginia Beach	-8.6%	4,145	4,424	80	72
Portsmouth	-13.0%	733	827	97	76
Chesapeake	-9.3%	2,064	2,078	84	83
Suffolk	-11.5%	859	860	93	96
Hampton	-7.8%	1,107	972	91	78
Newport News	-8.7%	1,390	1,304	93	76

## Norfolk Housing Market

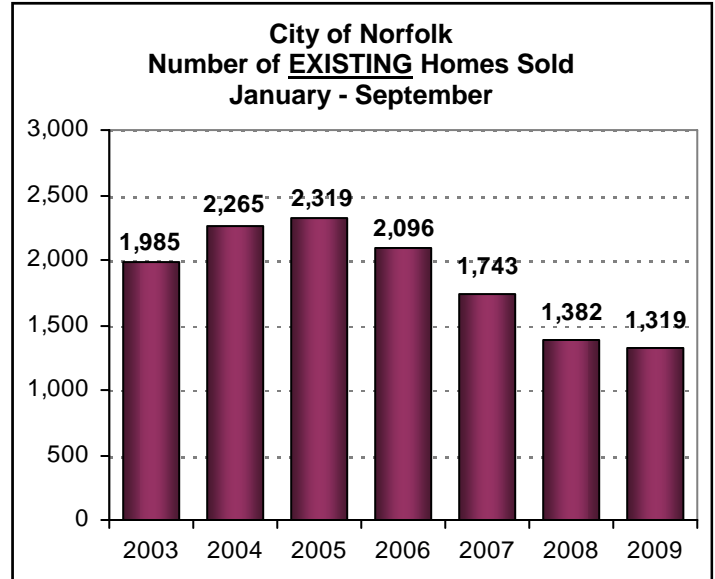
### Existing Home Sales

Year-to-date through September, the average sales price of existing homes sold in Norfolk fell to \$198,000, a 10 percent decrease from last year's average sales price. Both existing detached and attached homes saw a decline in their average sales price.

Year-to-date through September, the number of existing homes sold fell 4.6 percent or 63 homes, since reaching a peak in 2005. However, for the month of September alone, existing home sales increased by 20 homes (12.8 percent) compared to September 2008. The September increase was the third consecutive month of year-over-year growth in home sales. Sales of both detached and attached homes accounted for the September increase.



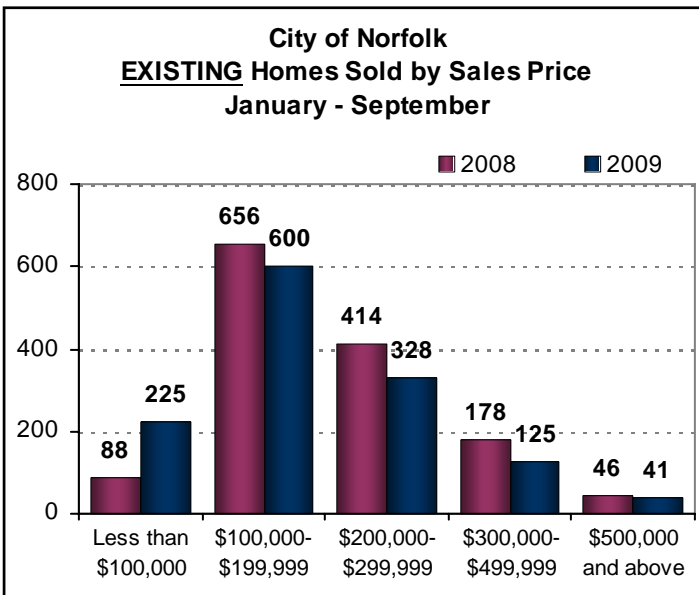
Source: Real Estate Information Network (REIN)



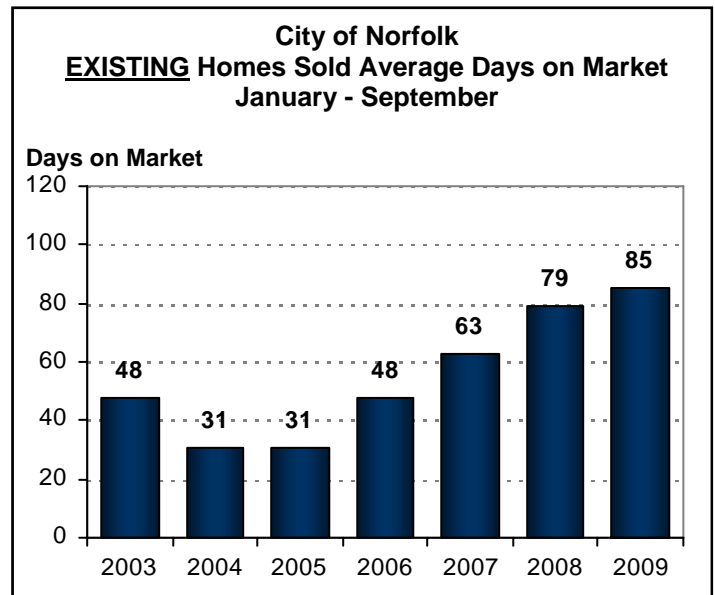
Source: Real Estate Information Network (REIN)

The number of existing homes sold under \$100,000 year-to-date through September more than doubled this year compared to last year. The majority of existing homes sold year-to-date were priced under \$300,000.

Existing homes sold in Norfolk continue to stay longer on the market on average compared to homes sold last year. The average days on market of existing homes sold in Norfolk year-to-date through September rose by about 6 days, from 79 days last year to 85 days this year.



Source: Real Estate Information Network (REIN)

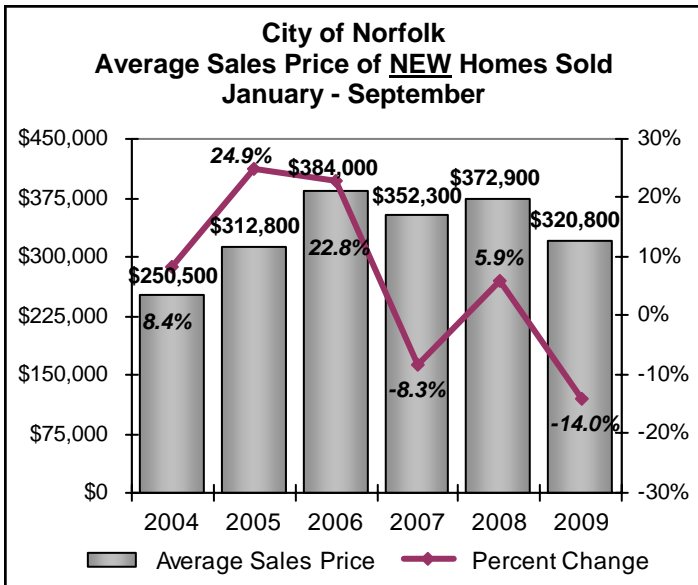


Source: Real Estate Information Network (REIN)

## Norfolk Housing Market (continued)

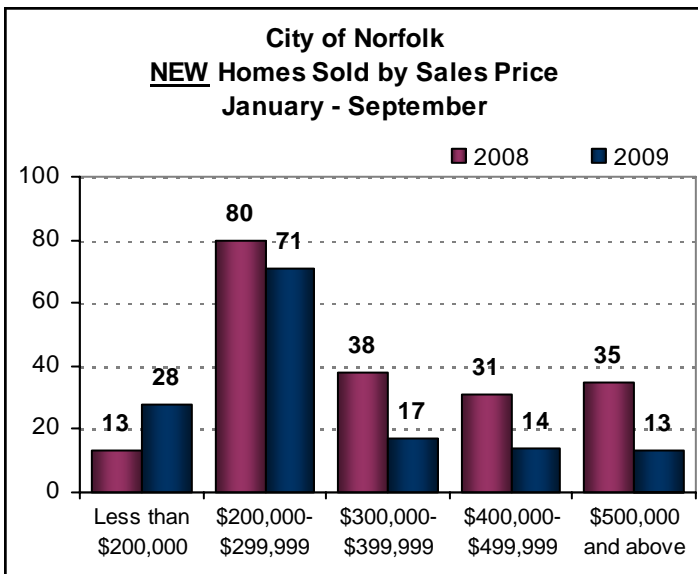
### New Home Sales

The average sales price of new homes sold in Norfolk fell 14 percent year-to-date through September, from \$372,900 last year to \$320,800 this year. Both detached and attached homes saw a decrease in the average sales price. For the month of September alone, the average sales price fell by 42.1 percent from August 2009. However, the average sales price in August was inflated by the sale of two homes for over \$1 million.



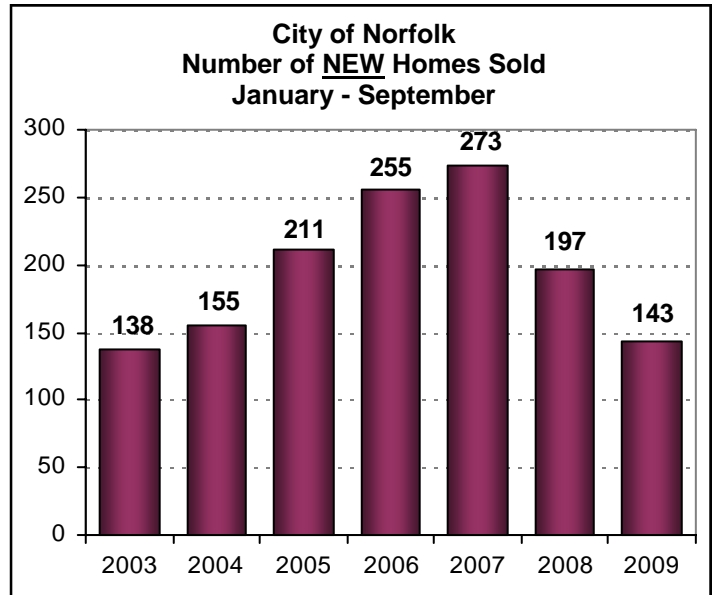
Source: Real Estate Information Network (REIN)

The number of new homes sold that were priced over \$300,000 declined significantly compared to last year.



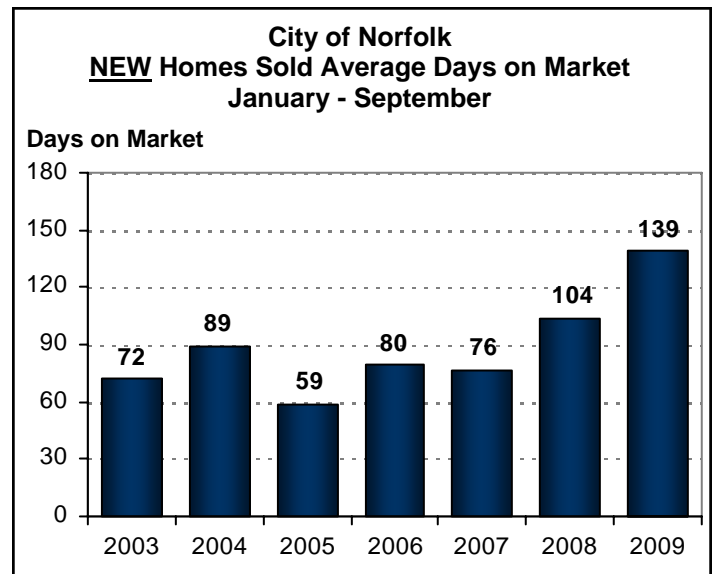
Source: Real Estate Information Network (REIN)

In 2009, the number of new homes sold in Norfolk year-to-date through September fell to 149 homes from 197 homes, a decrease of 54 homes (27.4 percent) over the same period last year. The decline was mainly due to sales of new attached homes, which declined 64.8 percent (or 79 homes). In contrast, sales of new detached homes rose 33.3 percent (or 25 homes).



Source: Real Estate Information Network (REIN)

Like existing homes sold, the average days on market of new homes sold also saw an increase in year-to-date through September. The average days on market of new homes sold increased by 35 days, from 104 days last year to 139 days this year.

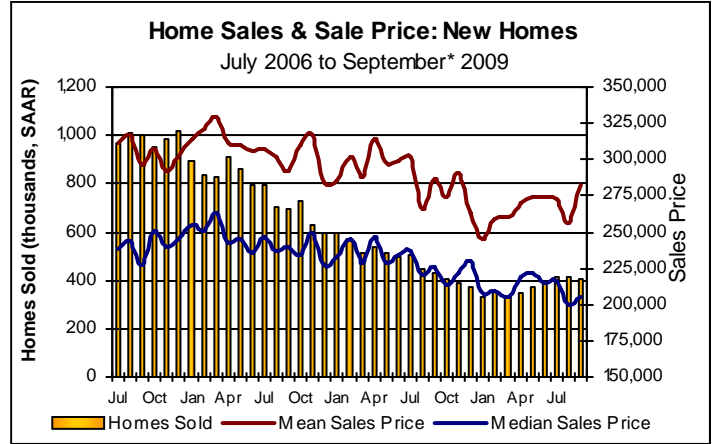
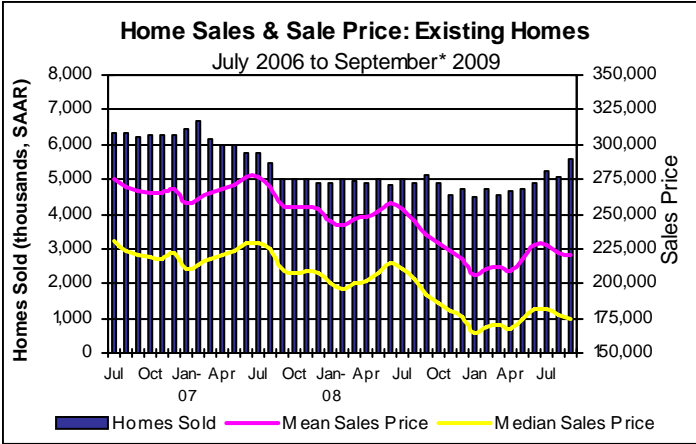


Source: Real Estate Information Network (REIN)

## National Housing Market

### Sale of Existing and New Homes

For the month of September the sale of **existing** homes rose strongly while the sale of **new** homes fell for the first time since March. Jumping 9.4 percent to a seasonally adjusted annual rate (SAAR) of 5.6 million, existing home sales are at their highest level in more than two years. Compared to September 2008, the sale of existing homes rose 9.2 percent. New homes fell to a rate of 402,000 for the month, a decline of 3.6 percent as compared to the August rate of 417,000. The average and median price of homes continues to be downwardly distorted by distressed properties that generally sell at a discount. The average price of existing homes sold nationally in September was \$219,800 while the average price of new homes was \$282,600.



\*Denotes preliminary estimate.

### Foreclosures

New foreclosure filings for the Nation, which include default notices, auction sale notices and bank repossessions, were reported on 343,638 properties in September according to RealtyTrac's U.S. Foreclosure Market Report. This is a 4.1 percent decline from August and a 29.2 percent increase over September 2008. Approximately 1 in every 372 U.S. households received a foreclosure filing during the month, down from 1 in every 357 households last month.

According to James Saccacio, CEO of RealtyTrac, "Repossession activity increased from the previous quarter...indicating that lenders may be starting to work through some of the pent-up foreclosure inventory caused by legislative delays, loan modification efforts and high volumes of distressed properties."

The Hampton Roads cities saw mixed results with regard to foreclosures for September with some following in line with the National trend of decreasing foreclosures and others seeing spikes. Norfolk fell into the latter category for the month after several months of consistent improvement throughout the spring and summer. Despite this rise, the rate of foreclosure for Norfolk, and for most of the other Hampton Roads cities, has consistently maintained a level well below the national level.

### U.S. Foreclosure Market—September 2009

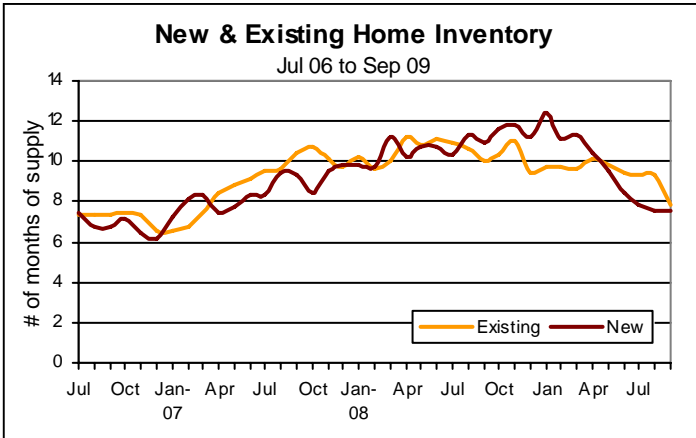
	Rank*	Foreclosure Properties	1 in XX# of Households	Foreclosure Rate
<b>Norfolk</b>	<b>8</b>	<b>198</b>	<b>482</b>	<b>0.21%</b>
Chesapeake	12	121	678	0.15%
Hampton	18	75	798	0.13%
Newport News	14	107	732	0.14%
Portsmouth	13	107	399	0.25%
Suffolk	16	88	367	0.27%
Virginia Beach	4	264	661	0.15%
Richmond	7	205	459	0.22%
Prince William	2	806	166	0.60%
Fairfax	1	1,020	384	0.26%
Virginia	11	5,755	568	0.18%
Nation	n/a	343,638	372	0.27%

\*Rank is based on the number of foreclosure properties reported for the month. For the Cities it is their respective rank within Virginia. For the State, it is the rank within the nation as compared to the other states.

Sources: US Census Bureau and The National Association of Realtors (NAR) compiled by the Office of Budget and Management. \*denotes preliminary estimate. RealtyTrac, compiled by the Office of Budget and Management

**Home Inventory**

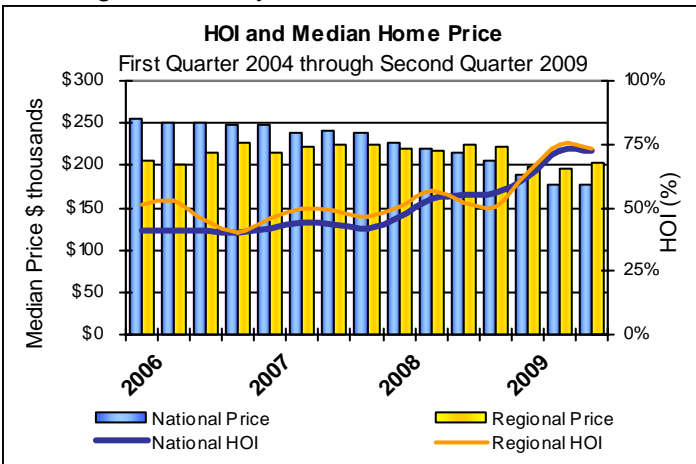
The September inventory of homes for sale at current sales rates was unchanged for new homes while declining for existing homes. September saw a 7.5 month supply of new homes (seasonally adjusted). The supply of existing homes fell to 7.8 months, down from 9.3 months in August. The decline of the past couple months is primarily tied to the first time homebuyers entering the market to take advantage of the tax credit.



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

**Housing Opportunity Index (HOI)**

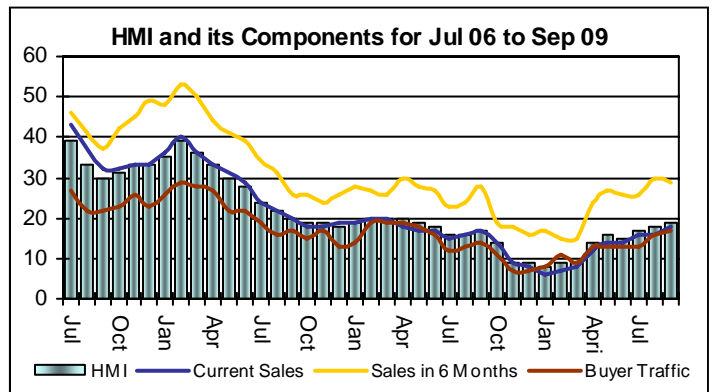
Nationally, homes continued to become more affordable during the second quarter of 2009. The HOI reading shows that 72.3 percent of all new and existing homes that were sold nationally were affordable to families earning the national median income. Hampton Roads is seeing a similar trend with 72.9 percent of homes sold considered affordable for those earning the median income. Declining home prices and near record low mortgage rates contributed to the increase in housing affordability.



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

**Housing Market Index (HMI)**

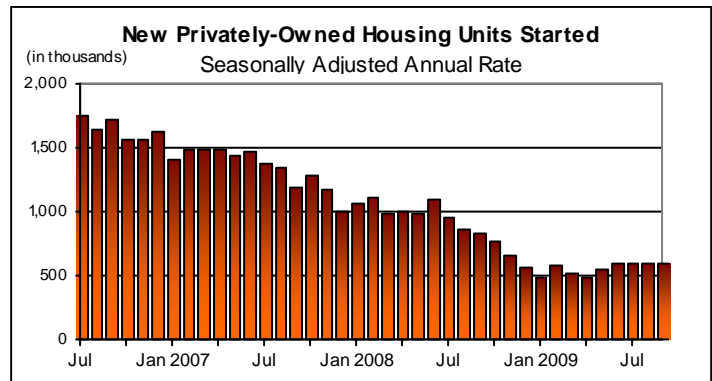
The HMI, a seasonally adjusted measure of builders' sentiment, rose for the third consecutive month. The index now stands at 19, its highest level in well over a year. This rating indicates that nearly two in 10 builders is optimistic about the market for single family homes. According to National Association of Home Builders' Chief Economist, David Crowe, "...builders are starting to see some glimmers of light at the end of the tunnel in terms of improving sales activity. However, the fact that the HMI component gauging sales expectations for the next six months slipped backward this month is a sign of their awareness that this is a very fragile recovery period and several major hurdles remain that could stifle the positive momentum."



Source: National Association of Home Builders. Compiled by the office of budget and Management.

**National Housing Starts**

The U.S. Census Bureau reported a 0.5 percent rise in privately-owned housing starts from a revised seasonally adjusted annual rate (SAAR) of 587,000 in August to 590,000 SAAR in September. This is the fourth month rates have held close to 590,000. As defined by the U.S. Census Bureau, housing starts data track the start of construction, considered to be when "excavations begin for the footings or foundations of a building."

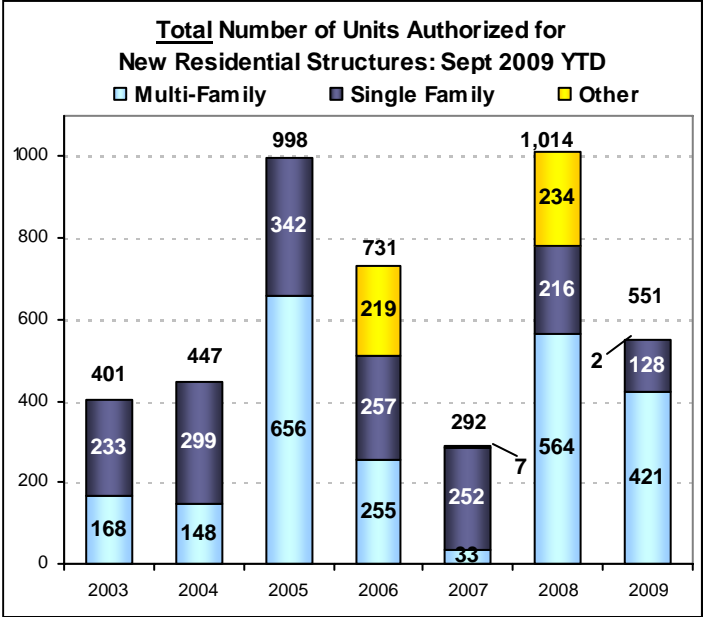


Source: US Census Bureau. Compiled by the Office of Budget and Management.

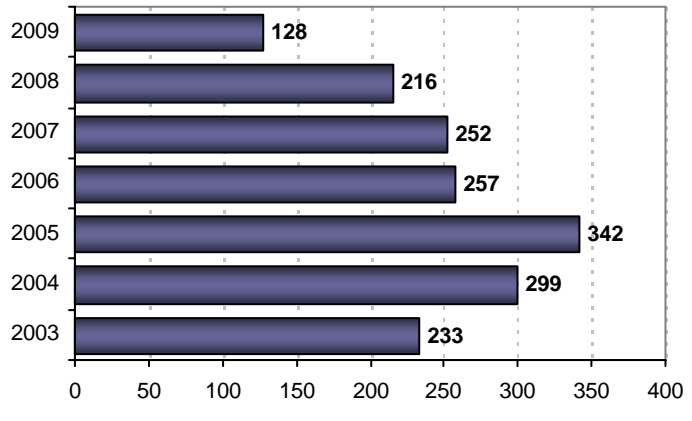
## Norfolk Residential Building Permits

### Total Units Authorized: Residential Structures

The residential structures authorized through September year-to-date totaled 551 units, an increase over last month's 525 units. Residential permits fall under three categories: Multi-family structures; single family dwellings; and other multi-purpose structures, typically consisting of condos and apartments in buildings that have multiple uses such as, the 201 at 21st nearing completion in Ghent. Following a resurgence in residential construction during 2008, permits have made a considerably slower start in 2009, due, in part, to the national economic recession. It's important to note that Norfolk is essentially built out. Building activity for residential structures seen in recent years is mainly redevelopment and infill development.



Number of Residential Building Permits Issued for New Single Family Dwellings September 2009 YTD



### New Single-Family Dwellings

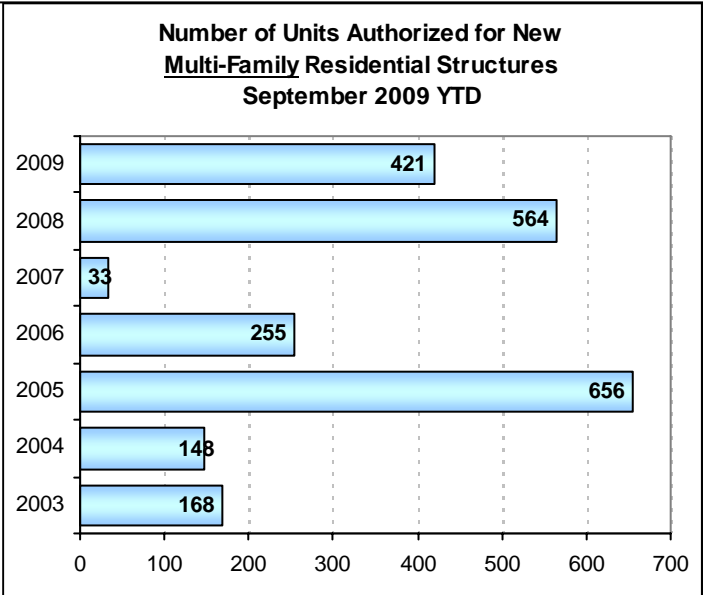
The number of residential building permits issued 2009 YTD for new single-family dwellings totaled 128. As compared to last year, the total is down 40.7 percent (88 permits). The year-to-date decline in the total permits issued reflects decreases in permits for both detached and attached single-family homes. The decrease in total permits is in line with the general decline in housing starts nationally.

For the month of September, 24 permits were issued, of which 19 were for detached homes and the remainder were for attached single family homes. As compared to the same month last year, during which units permitted totaled 29, this is a 17.2 percent decline.

### New Multi-Family Structures

Year-to-date, 421 permits for multi-family structures (i.e. housing structures for two or more families) have been issued. The summer months have shown a surge in permitting preceded by no units permitted during the first four months of the calendar year. As compared to 2008 YTD, new multi-family structures permitted decreased by 143 units.

The large fluctuations in units authorized from one month to the next and from year to year is primarily due to permits issued for large apartment/condo complexes. For example, 307 units were permitted in July 2009 for the District at ODU while projects such as the Belmont at Freemason and the River House Apartments at Llewellyn Avenue accounted for more than 350 units in prior years.



Source: Department of Planning and Community Development. Compiled by the Office of Budget and Management.  
 Note: All year-to-date data in this section refers to Calendar year-to-date. The number of units above does not account for demolitions that occurred over the same period.

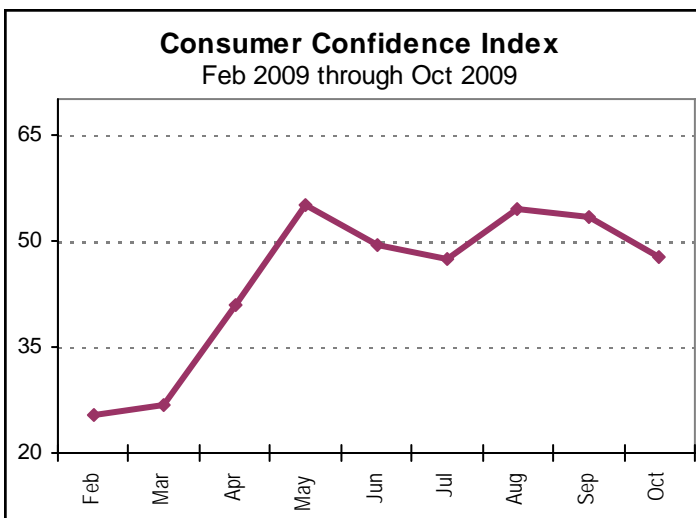
## Other Indicators (National)

### Consumer Confidence Index

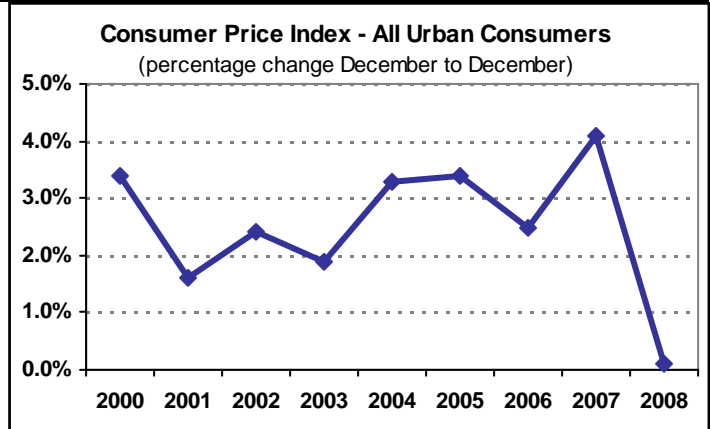
Consumer confidence, as measured by the Conference Board's Consumer Confidence Index, declined for the second consecutive month. The index stands at 47.7 for the month of October, down from 53.4 in September. Since the start of the recession, the index has hit a number of new all-time record lows, the most recent of which occurred in February of this year (25.3). Since that time, the index has climbed to more than double that value with occasional, moderate dips and declines.

The Present Situation Index, decreasing, now stands at 20.7, down from 23.0 last month. The Expectations Index also declined, falling to 65.7 in October, down from 73.7 in September.

According to Lynn Franco, Director of The Conference Board Consumer Research Center, "Consumers' assessment of present-day conditions has grown less favorable, with labor market conditions playing a major role in this grimmer assessment...the Present Situation Index is now at its lowest reading in 26 years. The short-term outlook has also grown more negative, as a greater proportion of consumers anticipate business and labor market conditions will worsen in the months ahead. Consumers also remain quite pessimistic about their future earnings, a sentiment that will likely constrain spending during the holidays."



Source: The Conference Board. 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 Consumer Price Index for all urban consumers (CPI-U) rose 0.2 percent for September following a 0.4 percent increase in August. The index for all items less food and energy also rose 0.2 percent.

Notable changes to indexes from August to September include:

- The **food and beverages index** fell 0.1 percent. The change was driven by a decline in the index for food at home including the indexes for fruits and vegetables, meats, poultry, fish and eggs.
- Following an increase of 4.6 percent in August, the **energy index** rose 0.6 percent in September. The indexes for gasoline and energy commodities were drivers of the increase but were offset by a decline in the index for natural gas.
- Included in the rise of the index for **all items less food and energy** was a 1.6 increase in the index for new vehicles and a 4.1 percent increase in the index for medical care commodities.

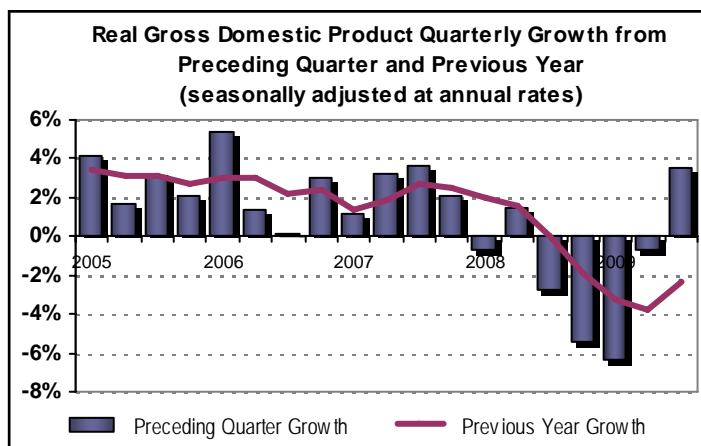
Over the last twelve months ending September 2009, the CPI-U has fallen 1.3 percent (not seasonally adjusted). This decline is driven by a 21.6 percent decline in the energy index since it peaked in July 2008. The decline in energy is offset by a 1.5 percent increase in the index for all items less food and energy for the past twelve months.

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

## Other Indicators (continued)

### Real Gross Domestic Product (real 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.



Source: U.S. Bureau of Economic Analysis

The third quarter advance (first) estimate shows real GDP increased at an annual rate of 3.5 percent, preceded by a 0.7 percent decrease during the first quarter of 2009. This is the second positive quarter since the recession began in December 2007.

The increase in real GDP was the result of contributions from many of the major components. The most notable of those contributors include the following:

- **Exports** increased 14.7 percent following declines of 29.9 percent and 4.1 percent in the first and second quarters, respectively.
- **Personal consumption expenditures** (good and services) rose 3.4 percent following a decline of 0.9 percent last quarter.
- **Residential fixed investment** leaped 23.4 percent. This increase was preceded by declines of 38.2 percent and 23.3 percent in the first and second quarters of the year.

Positive contributions were partially offset by an increase in imports, a decline in local and state government spending and a slow down in federal spending.

- **Imports**, which are a subtraction in the calculation of GDP, rose 16.4 percent.
- **Federal** consumption expenditures increased 7.9 percent as compared to a larger increase of 11.4 percent during the second quarter.
- **State and local** government expenditures declined 1.1 percent.

### In the News...has the end of the recession finally arrived?

Recent reports and economic indicators indicate a recovery to the recession may be here.

#### Federal Reserve's Beige Book

The Federal Reserve's recently release Beige Book indicated that the U.S. economic recession may well be over as each district report indicated stabilization or modest improvements across many sectors.

#### Manufacturing

Manufacturing activity appeared generally stronger as compared to the last report. Production continued to pick up with substantial increases in auto parts production noted by several districts including Richmond. Districts also noted that the drop for new orders in housing related products had subsided.

#### Real Estate and Construction

With a pick up in sales of low and middle priced houses, most districts noted an improvement in housing market conditions. The first-time home borrower program was credited as assisting in the improvement. Prices continue to be depressed in some areas where foreclosures are selling at a discount and commercial real estate continues to weaken across all districts. However, the Richmond district was noted as a bright spot in which retailers are revisiting postponed expansion plans.

#### Employment, Wages and Prices

While labor market conditions were generally reported as weak or mixed, the reports were not without encouraging signs. Temporary hiring, a precursor to full-time hiring, was seen as mixed throughout the districts but increased optimism for the near future was expressed.

#### Consumer Spending and Tourism

Consumer spending improved from prior reports. However, it continues to remain weak in most districts. Following the end of the Cash-for-clunkers program, new vehicle sales saw a general decline. appeared to boost traffic and sales in the majority of districts. On a brighter note, the Richmond district noted solid growth in group bookings indicating an improvement in tourist activity.