

Presentation to the Hampton Roads Planning District Commission

2008 FORECAST



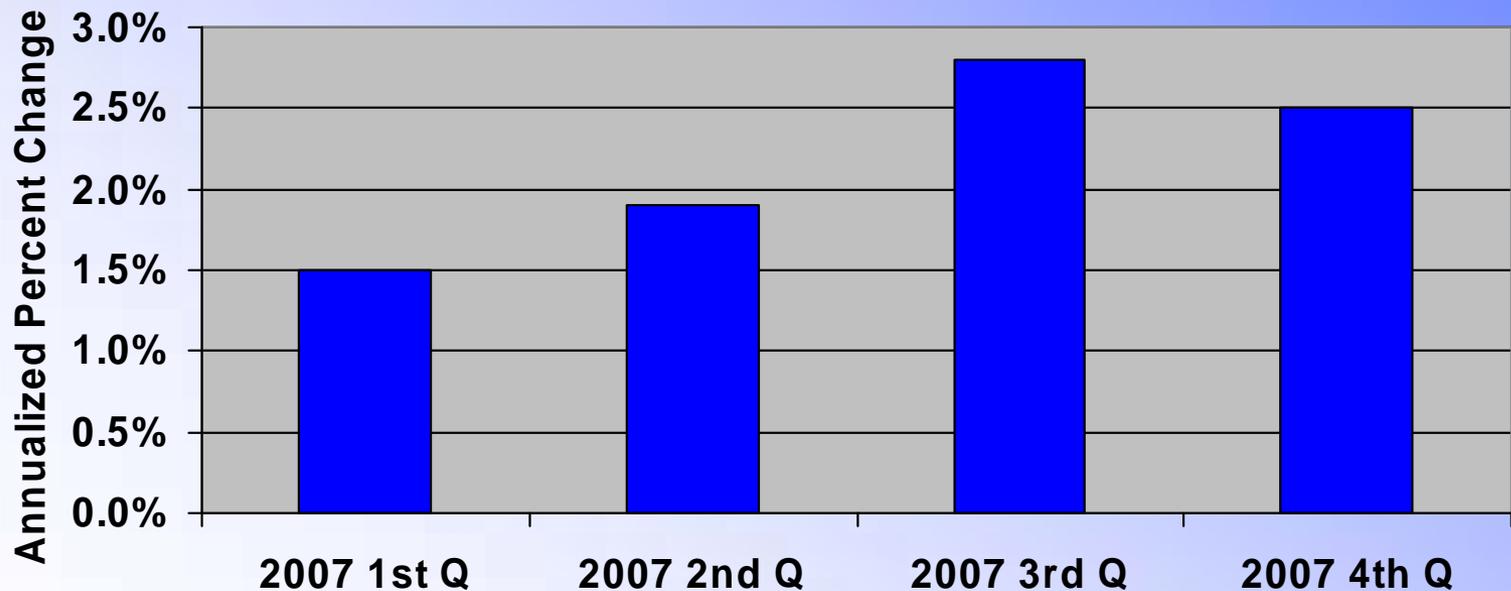
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Hampton Roads Planning District Commission

January 2008

The U.S. Economy in 2007

Growth Peaked in the 3rd Quarter of 2007

Annualized Percent Change in Gross Product from Same Quarter of Prior Year



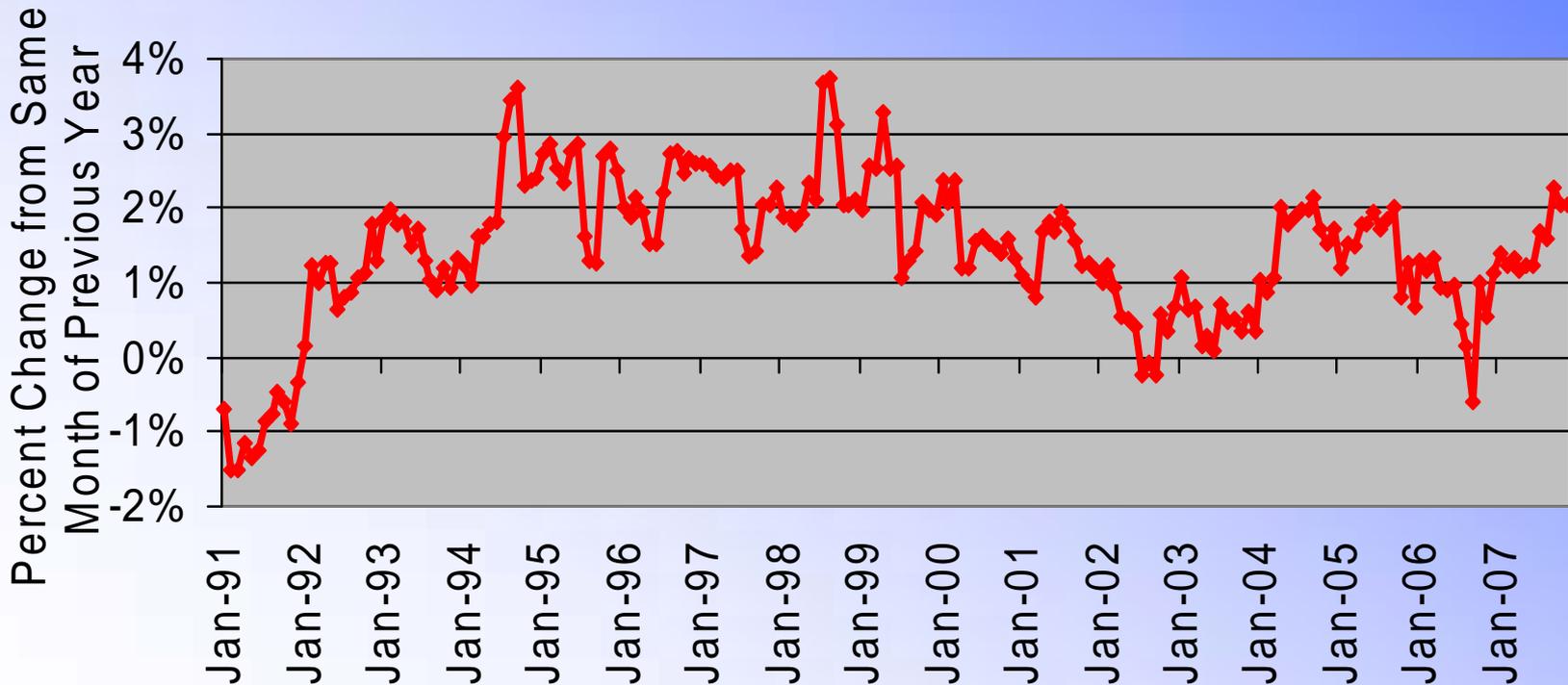
The 2007 Economy

- **Declining residential construction**
- **Increasing foreclosures**
- **Slow growth in consumer demand**
- **Falling dollar**
- **Increasing energy prices**
- **Inflation pressures**
- **Fed rate cuts**

The Hampton Roads Economy in 2007

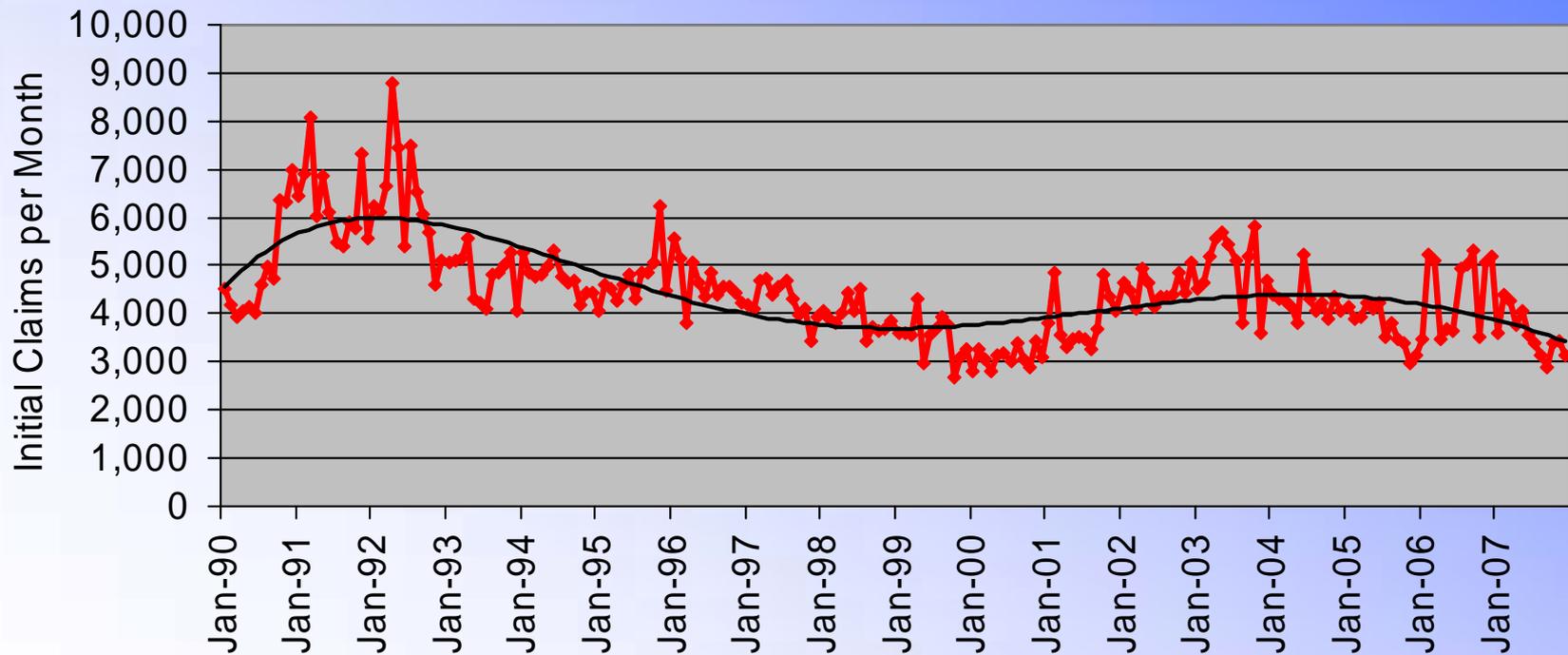
Employment Growth Increased from 2006

Twelve-Month Percent Change in HR Non-Agricultural Employment



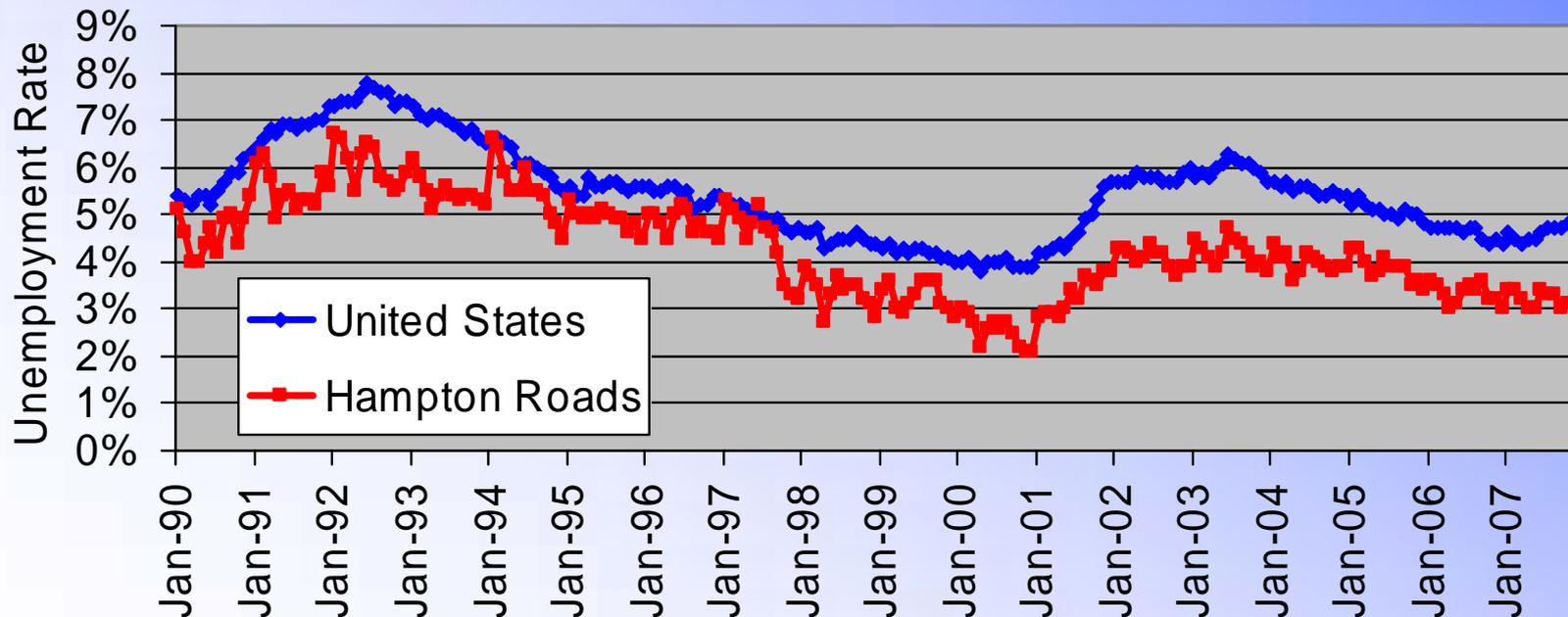
Initial Unemployment Claims Have Been Declining

Deseasonalized Initial Unemployment Claims



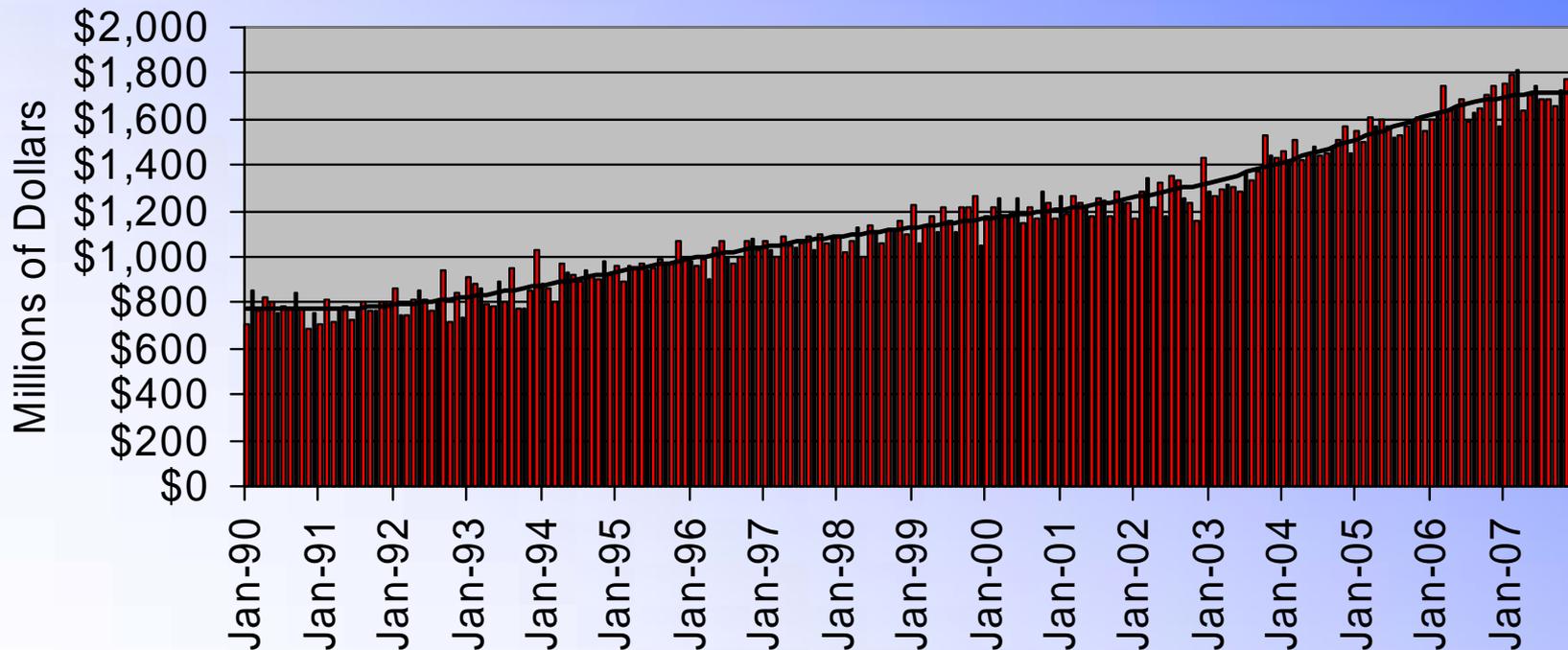
The Region's Unemployment Rate Remained Low in 2007

Unemployment Rates in Hampton Roads and the United States



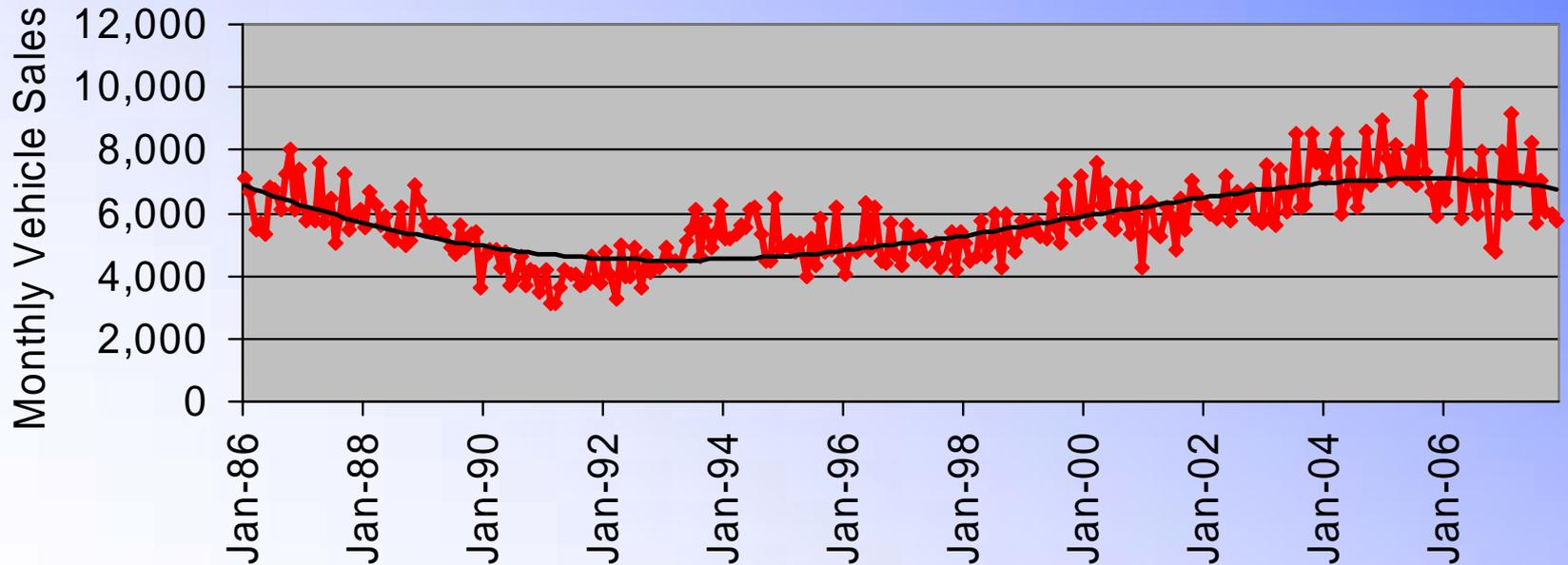
Hampton Roads Retail Sales Growth Has Slowed

Deseasonalized Taxable Sales



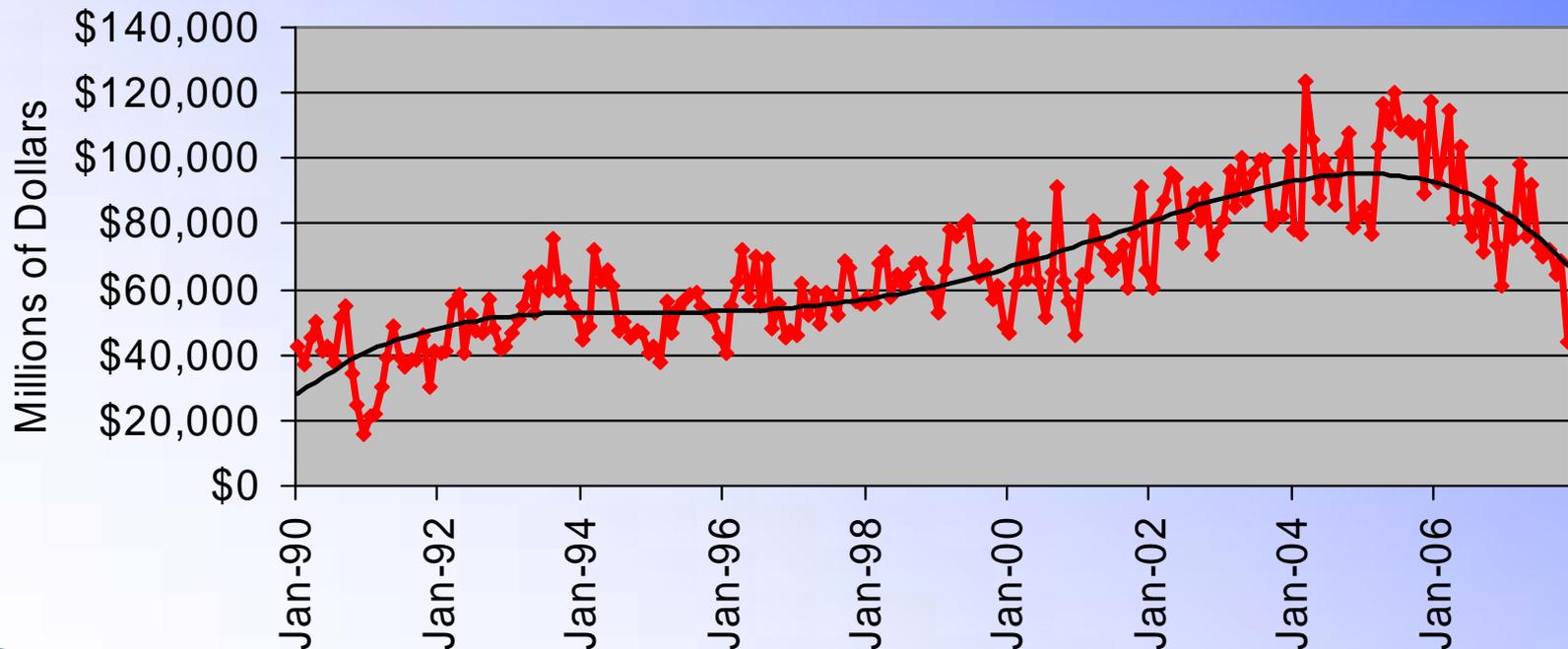
Car Sales Declined in 2006 and 2007

Deseasonalized Automobile Sales in Hampton Roads



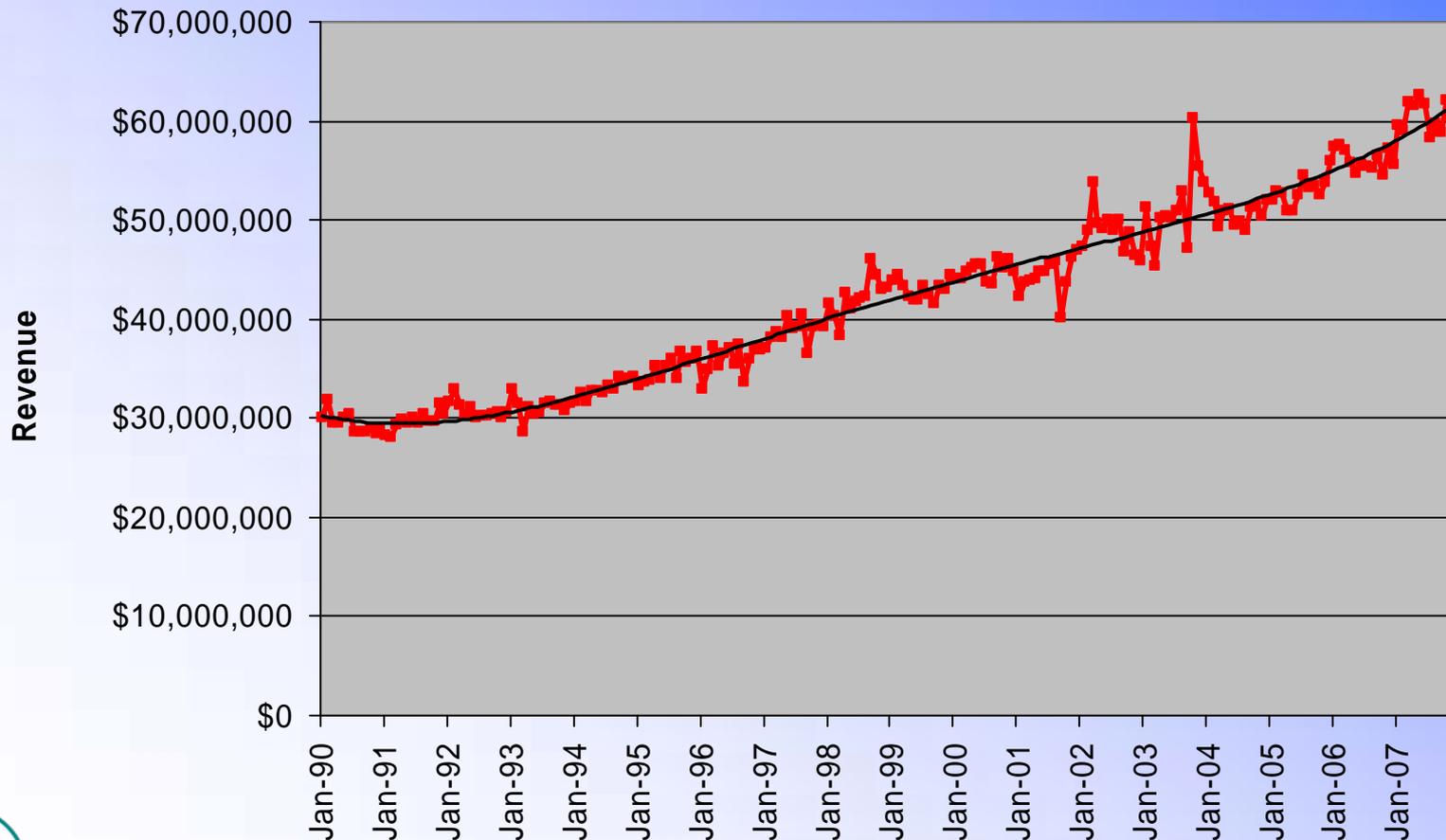
Residential Construction Drastically Declined in 2007

Value of Single Family Building Permits



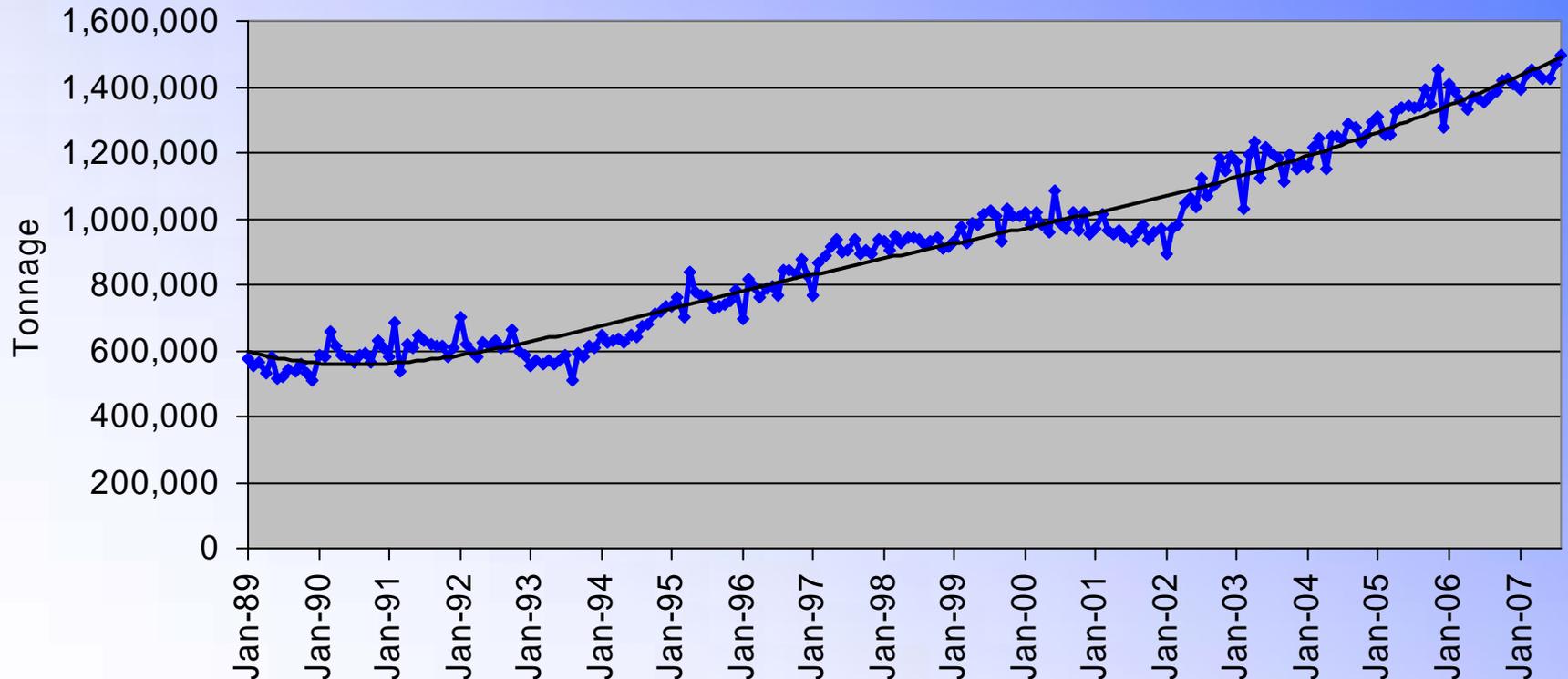
Hampton Roads Hotel Revenues Grew in 2007

Deseasonalized Hotel Revenues



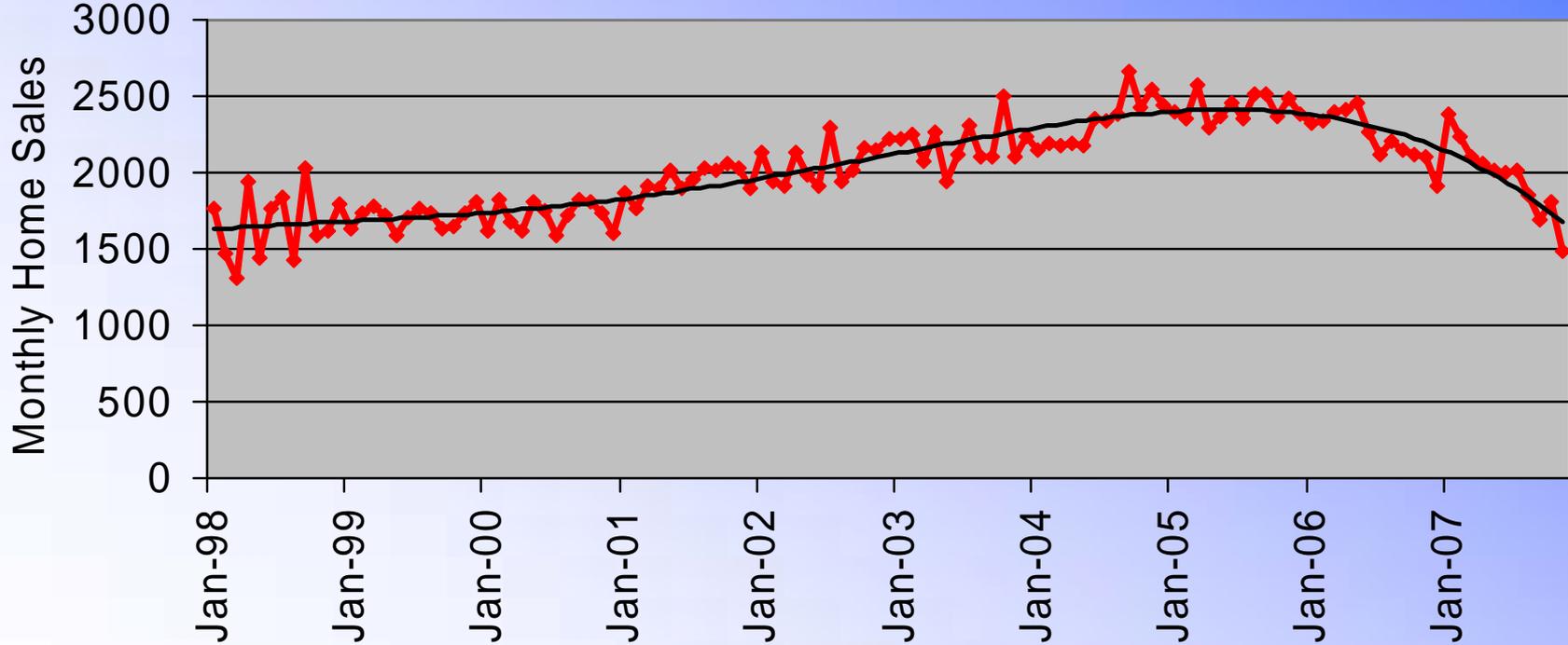
General Cargo Tonnage Through the Port Continued to Grow in 2007

Hampton Roads General Cargo Tonnage



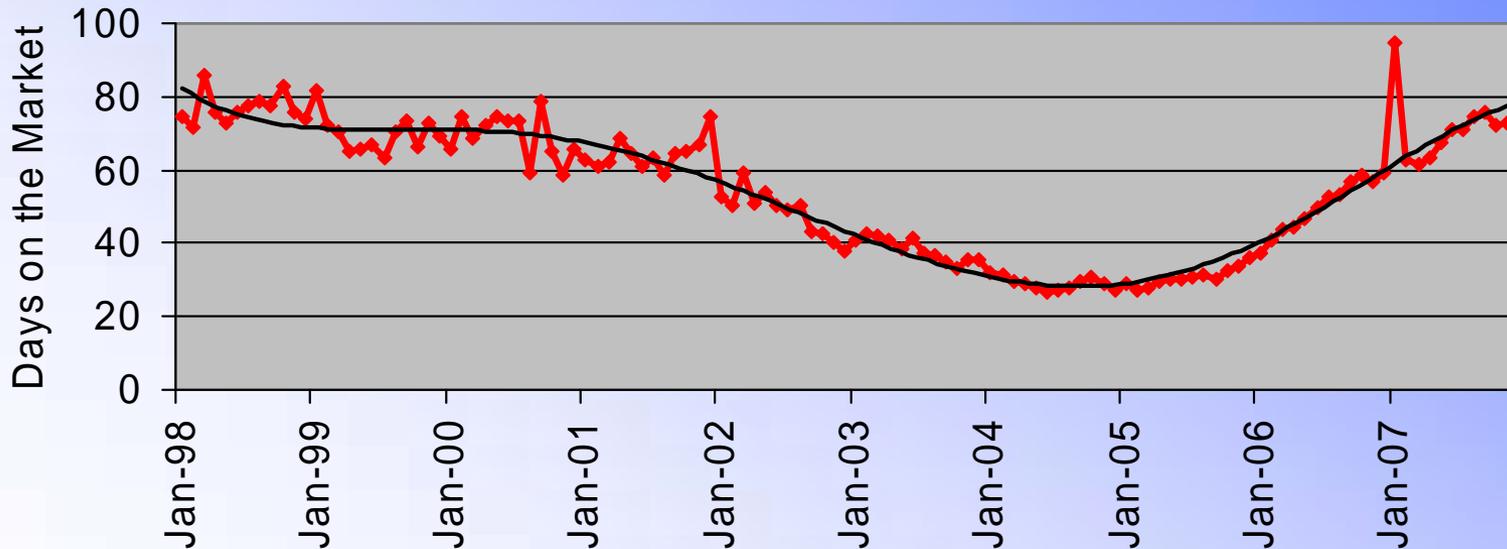
The Number of Homes Sold Has Declined

Deseasonalized Home Sales



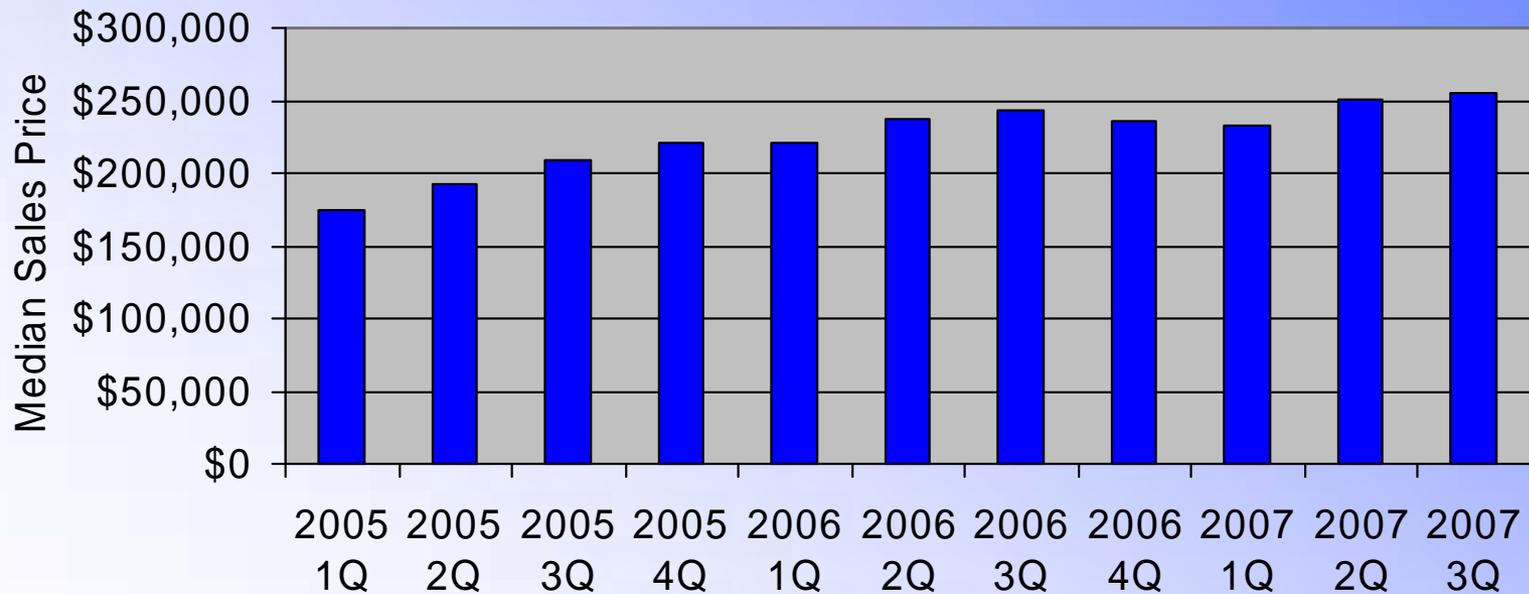
The Average Time to Sell a Home Has Increased

Deseasonalized Average Number of Days on the Market



Home Sale Prices are Holding Steady

Median Home Sale Prices in Hampton Roads

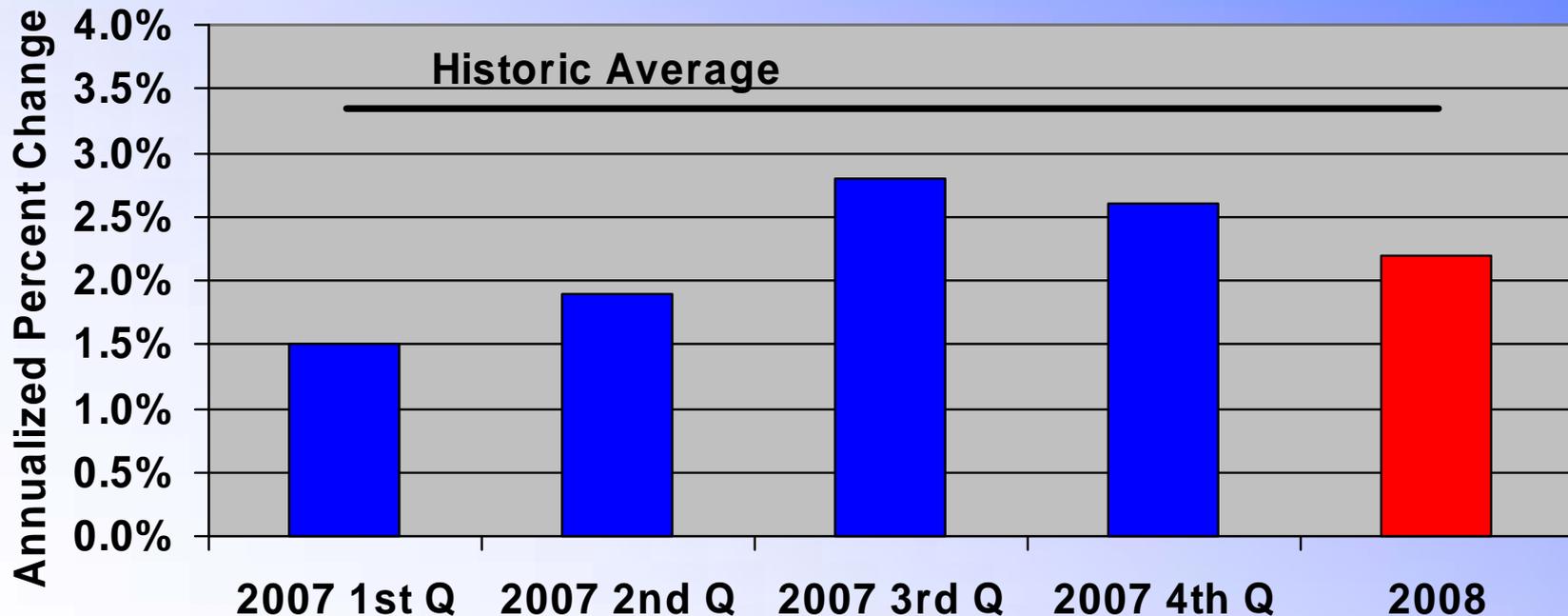


The National Economy

2008

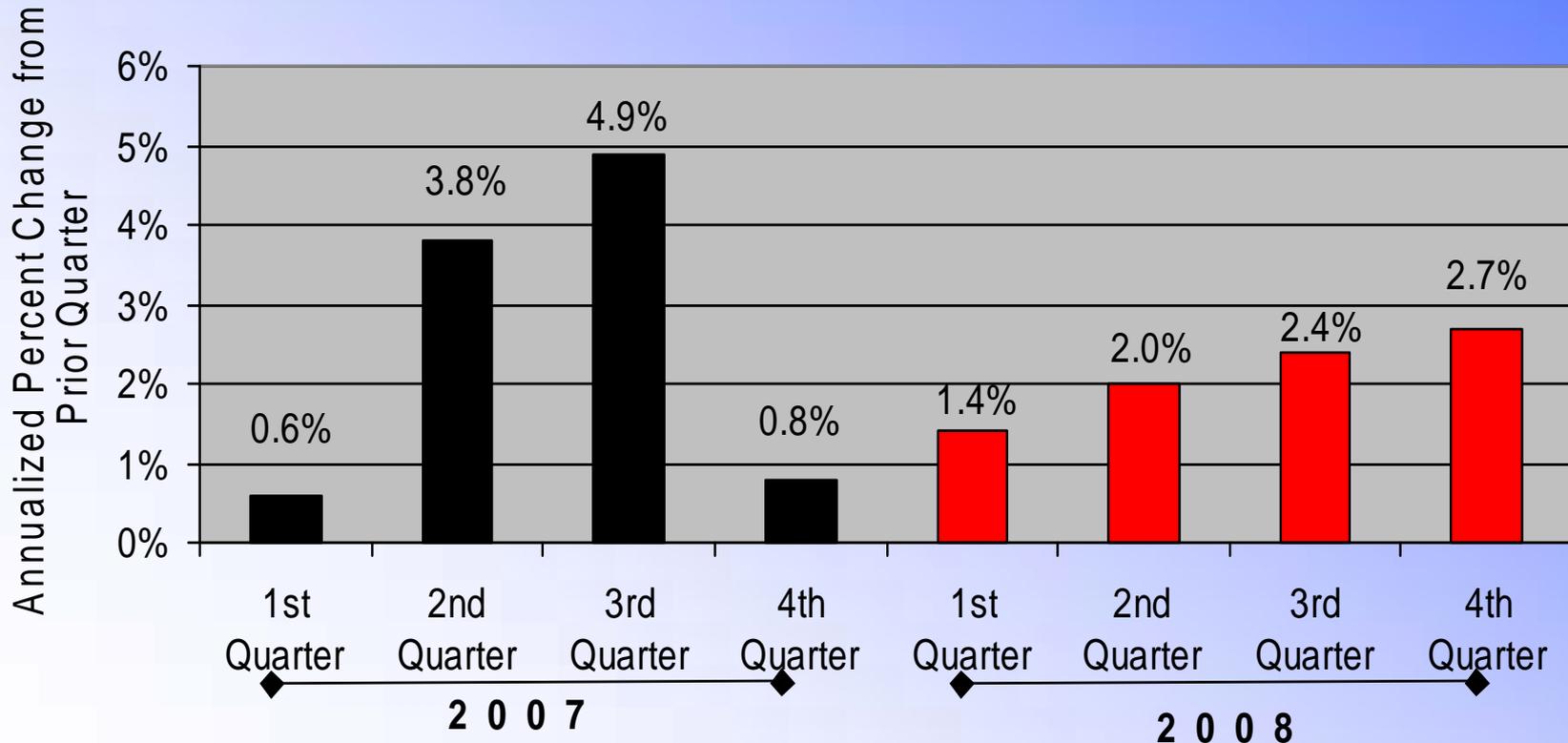
Slower U.S. Growth is Expected in 2007

Annualized Percent Change in Gross Product from Same Quarter of Prior Year



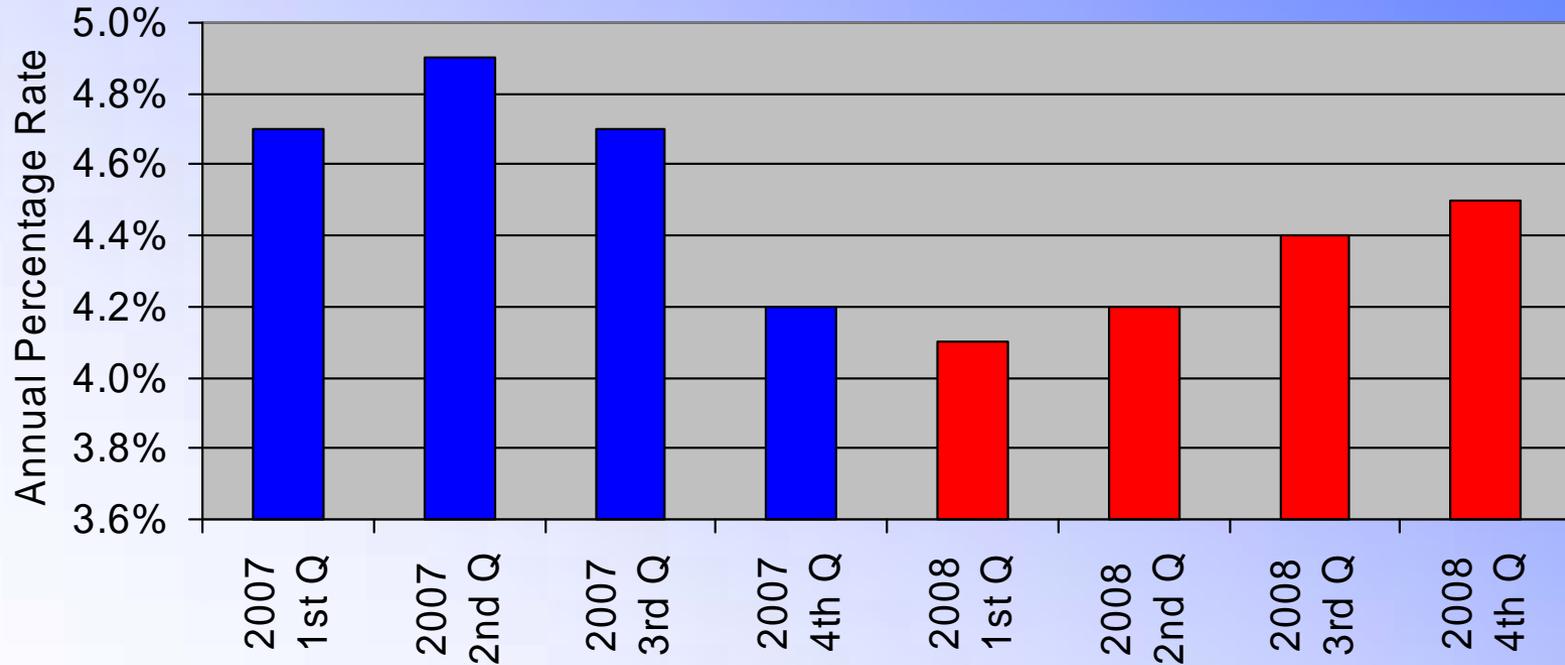
Growth Will Gradually Gain Momentum in 2008

Quarterly Annualized Percent Changes in GDP from Prior Quarter



Short-Term Interest Rates will Rise

Short-Term Interest Rates



Looking to 2008

- **Strengths**

- Continued growth in hourly earnings
- Favorable money supply
- Oil prices expected to decline
- Strong growth in developing countries

- **Weaknesses**

- Continued upheaval in both residential and commercial real estate – prices and foreclosures
- Consumer demand
- Slow employment growth
- Inflation pressure

- **Unknown**

- Consumer spending
- The dollar effect

2008 Forecast

	2007 (Year to Date)	2008 Forecast
U.S.		
Real GDP	2.2%	2.2%
Interest Rates		
Short Government Rates	4.6%	4.3%
Long Government Rates	4.6%	4.3%
Hampton Roads		
Gross Product	NA	2.3%
Civilian Employment	1.5%	1.8%
Unemployment Rate	3.2%	3.2%
Retail Sales	3.8%	3.6%
Auto and Truck Sales	0.0%	1.2%
Value of Single-Family Residential Building Permits	-16.0%	-8.0%
Hotel Revenues	8.5%	4.3%



HAMPTON ROADS
PLANNING DISTRICT COMMISSION