hampton roads . . .
a comparative tour

Hampton Roads . . . A Comparative Tour

"How do I (we) compare to others?" is always a question of interest, whether we seek information about our personal situation or want to know where our group stands. In this chapter, in a variety of ways, we compare Hampton Roads to other U.S. metropolitan areas and the nation. The objective is to establish a set of standards against which we can measure ourselves – not just this year, but also many years into the future. Of course, not everything of value in life is precisely measurable. Yet, it always is instructive to see how we compare with respect to a set of plausible, quantifiable standards.

A group of comparable metropolitan areas was selected to aid our analysis. Inclusion of an area in the group was based upon three primary factors: proximity, size and its affinity with Hampton Roads. Data availability and the nature of the comparison often dictated whether specific metropolitan areas were included.

Bread And Butter

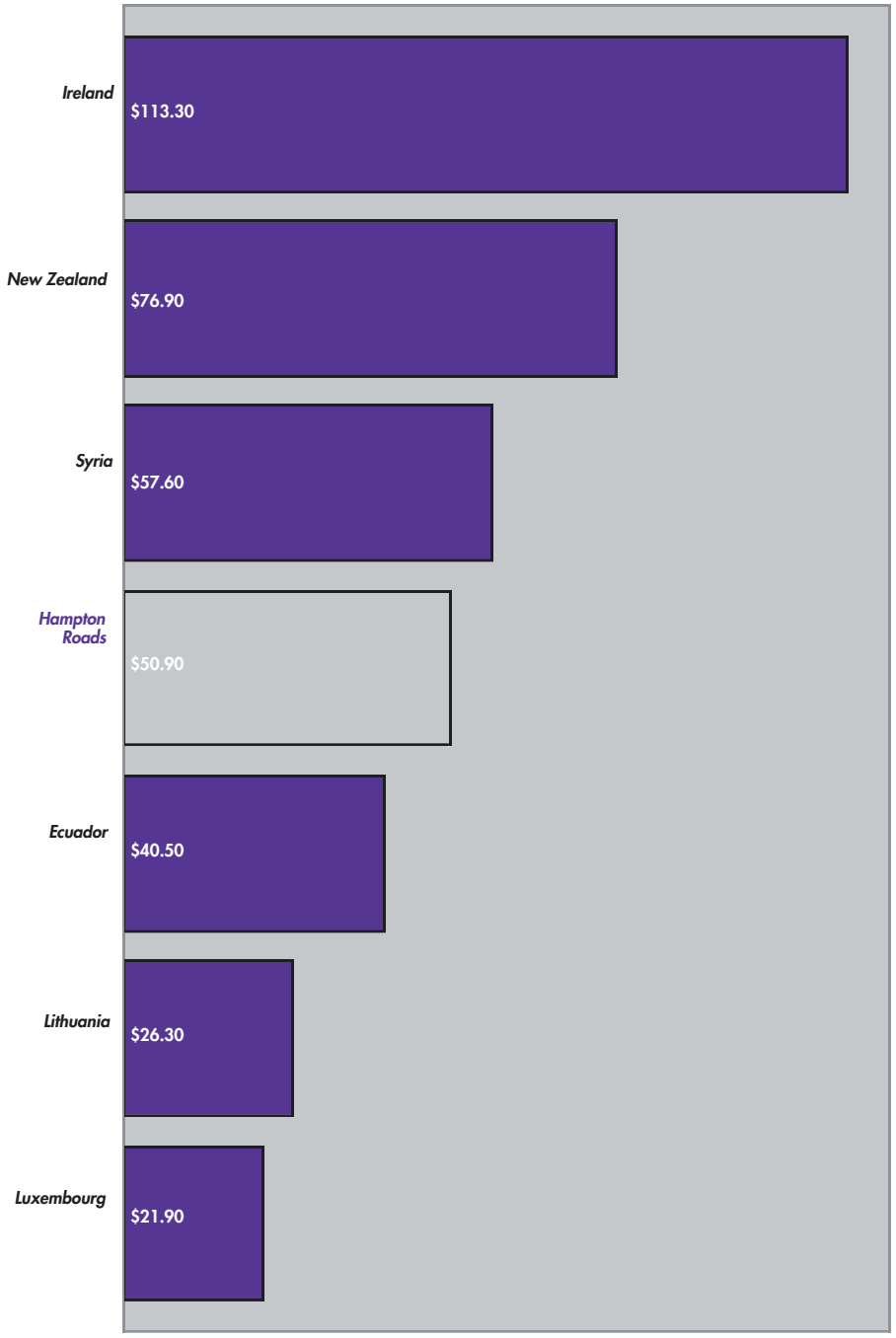
Hampton Roads' gross regional product is larger than two-thirds of the world's national economies. As Graph 1 illustrates, when measured against the world's industrialized economies, Hampton Roads' economy is larger than one current member of the European Union, larger than that of several countries awaiting entry into the Union and about two-thirds the size of that of New Zealand.

Of the more than 300 metropolitan areas in the United States, Hampton Roads ranks 45th, as measured by its gross regional product. The region's economy is among the top 15 percent of U.S. metropolitan economies; it is about one-eighth the size of the nation's largest metropolitan economy, New York City.

ECONOMIC STANDARD OF LIVING

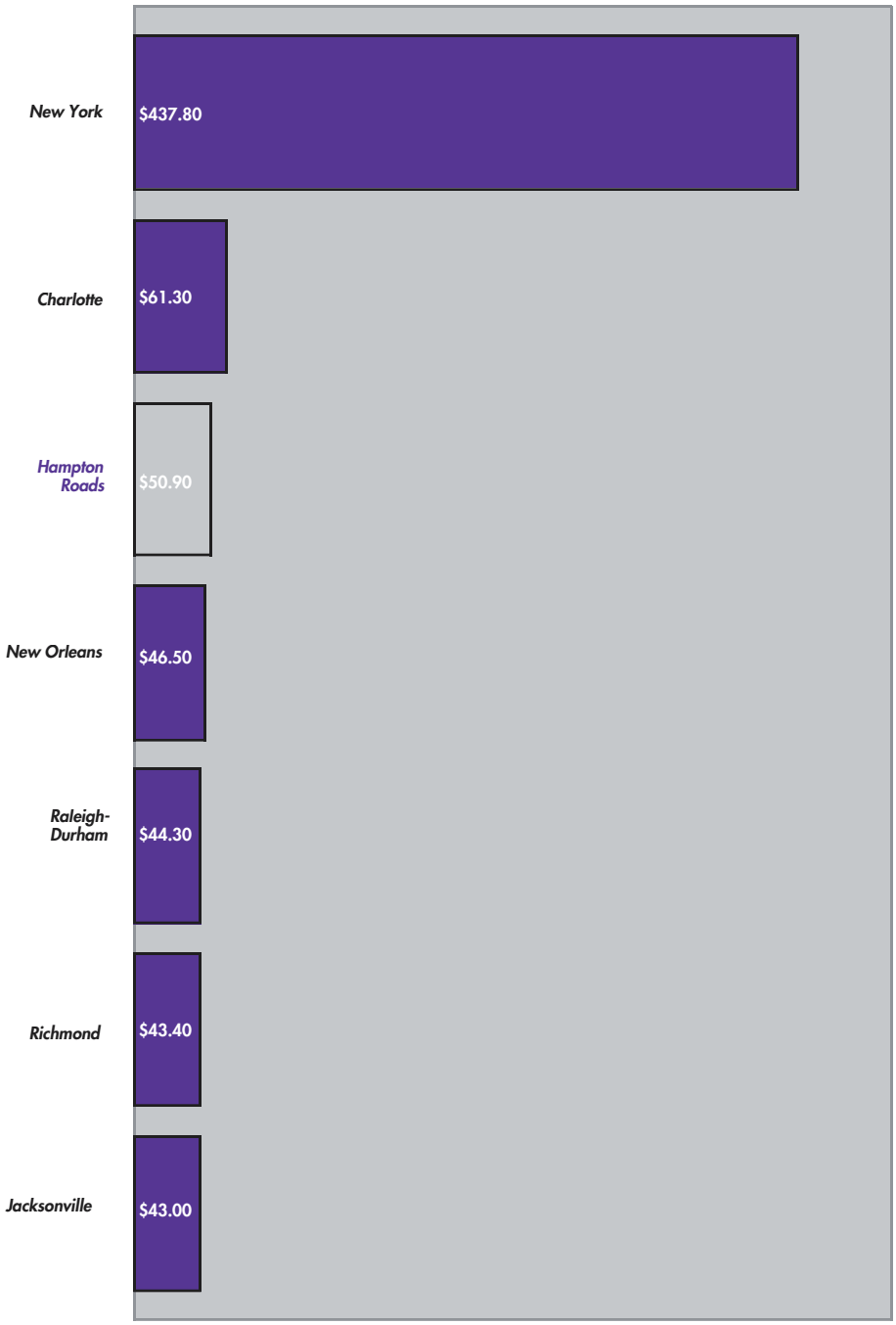
Hampton Roads' economic standard of living, as measured by its *real*, inflation-adjusted per capita income, is very close to the national average (it ranks at the 99th percentile), but the region lags significantly behind Northern Virginia and other nearby metropolitan areas, as Graph 2 demonstrates. Part of the reason for this lag is the comparatively slow rate of economic growth the region has experienced over the past decade (see Graph 3). Despite considerable growth in the non-defense portion of the Hampton Roads economy, the closing of defense-oriented firms has dampened the rate of increase in the total number of new businesses (see Graph 4).

Graph 1
COMPARATIVE INTERNATIONAL SIZE OF THE HAMPTON ROADS ECONOMY
(Billions of Dollars in Purchasing Power Parity, 2000)



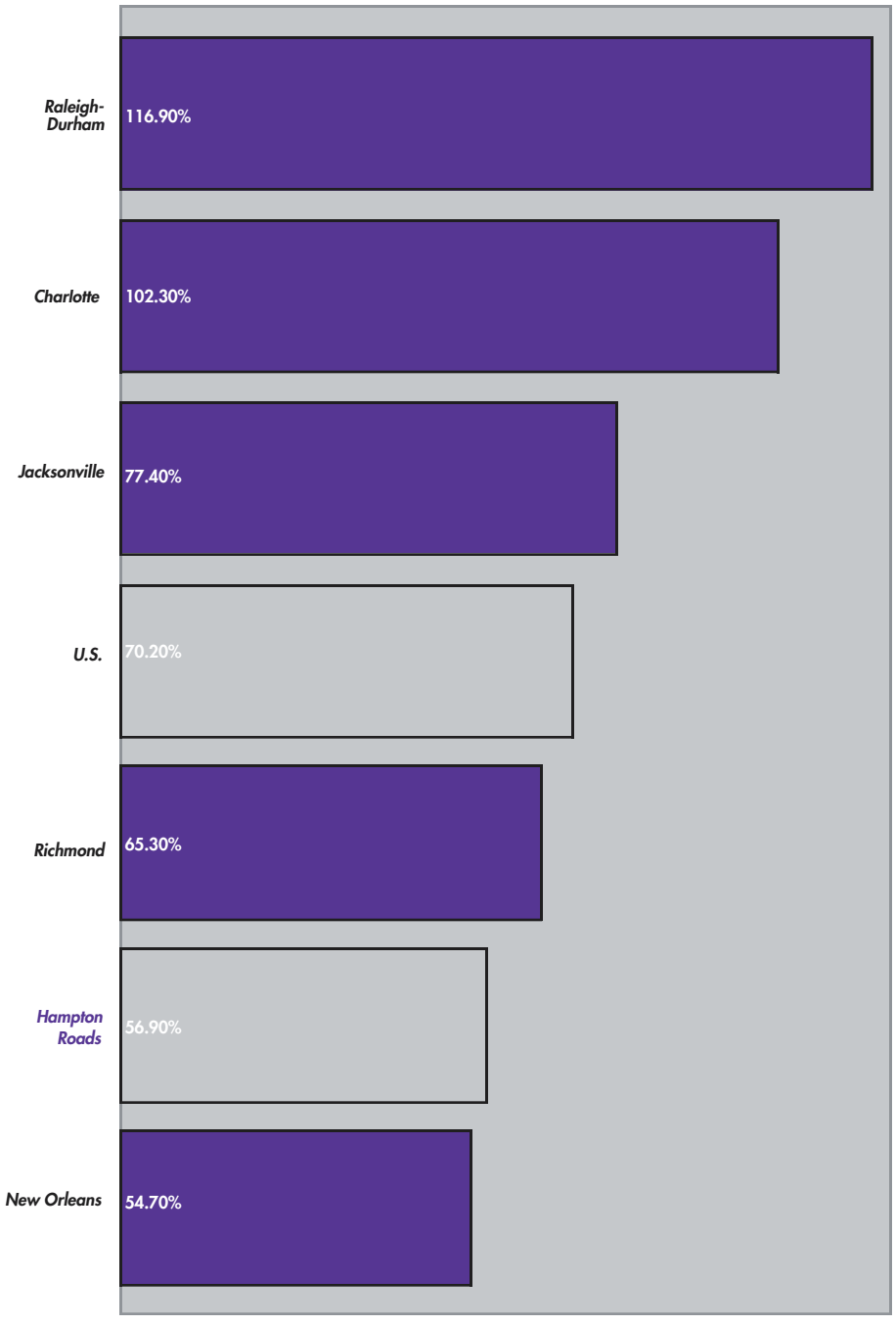
Sources: World Bank and Old Dominion University Economic Forecasting Project

Graph 2
COMPARATIVE METRO SIZE OF THE HAMPTON ROADS ECONOMY
(Gross Product, Billions of Dollars, 2000)



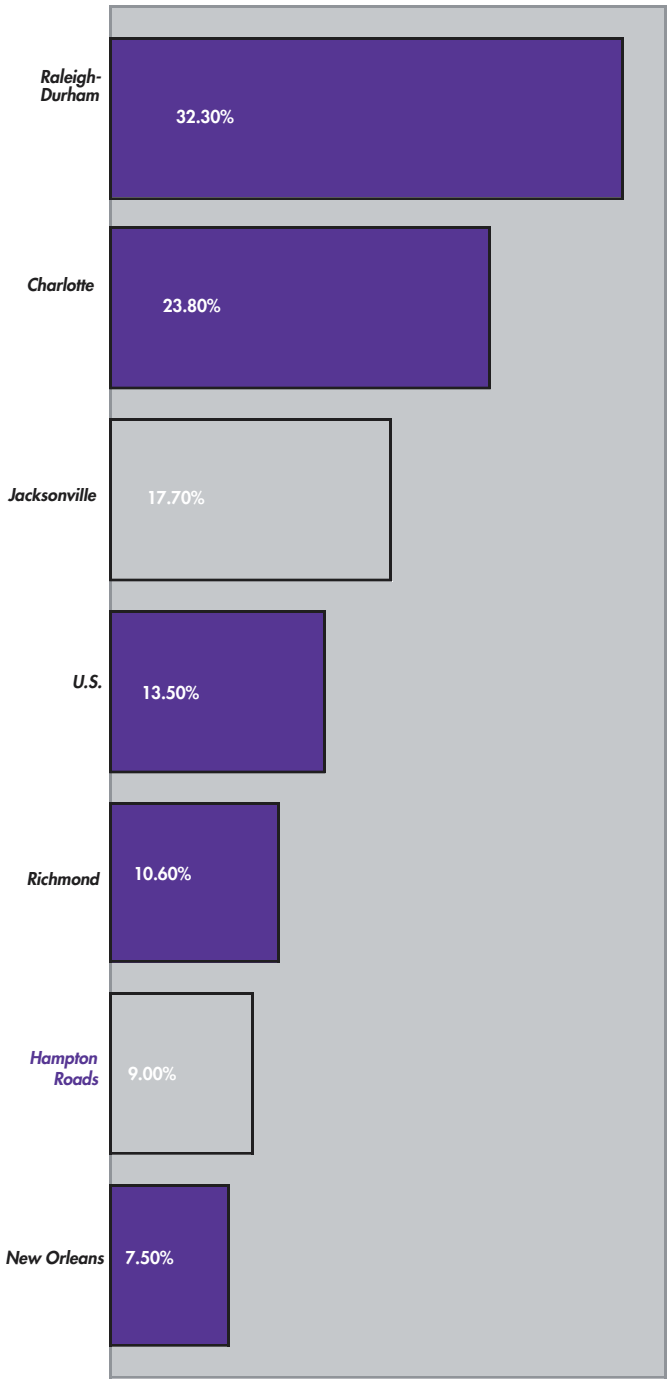
Sources: Standard and Poor's DRI and Old Dominion University Economic Forecasting Project

Graph 3
COMPARATIVE ECONOMIC GROWTH
(Gross Product Increase From 1990 to 2000)



Source: Old Dominion University Economic Forecasting Project

Graph 4
NET BUSINESS FORMATION
(Percent Increase in Business Establishments, 1992 to 1999)



Sources: U.S. Department of Housing and Urban Development, U.S. Department of Commerce, Bureau of the Census and Old Dominion University Economic Forecasting Project

Hampton Roads And The Global Economy

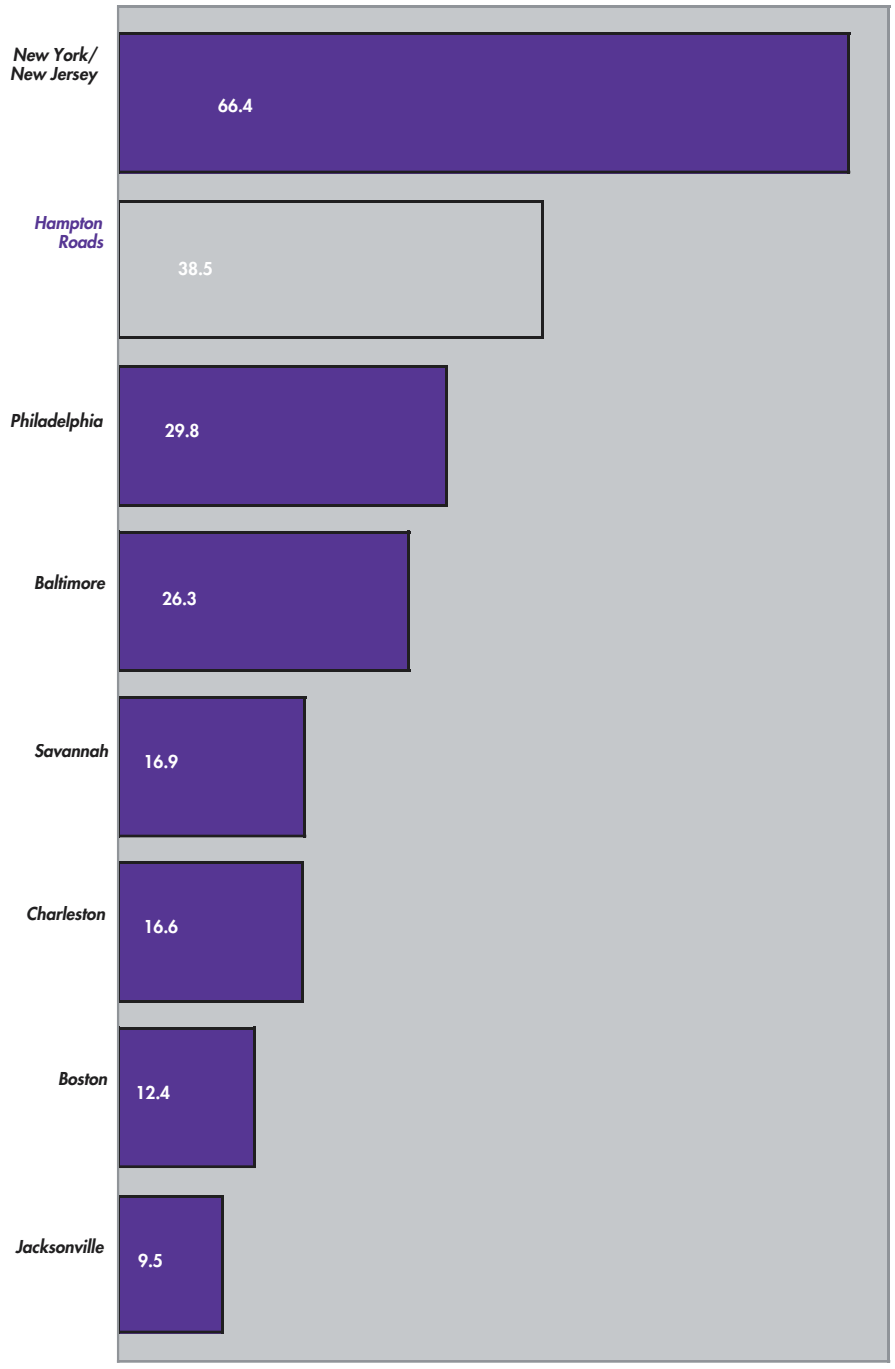
In 2000, Hampton Roads ranked as the second-largest foreign trade port on the U.S. East Coast (see Graph 5), the 10th-largest in the United States, and among the top 50 largest ports in the world, based on cargo tonnage. Ironically, despite Hampton Roads' stature as a world-class port and its relatively large economy, the region maintains a modest profile with respect to the international export of goods actually produced in the region. As Graph 6 reports, only 2.8 percent of the region's gross product is exported to foreign nations. Hampton Roads businesses have considerable room to grow in the export market. In fact, the situation used to be much worse. Much of the region's export development has occurred since 1993; from 1993 to 1999, Hampton Roads' exports, as a proportion of the region's output, more than doubled.

Of all products produced in Hampton Roads for export, 46.8 percent go to its top five export partners. Graph 7 shows that **Canada is the region's leading export partner. Canada's importance to the region's economy is further highlighted by its effect on tourism. Canadian visitors to Hampton Roads contribute almost $100 million in regional economic activity annually.**

Graph 5

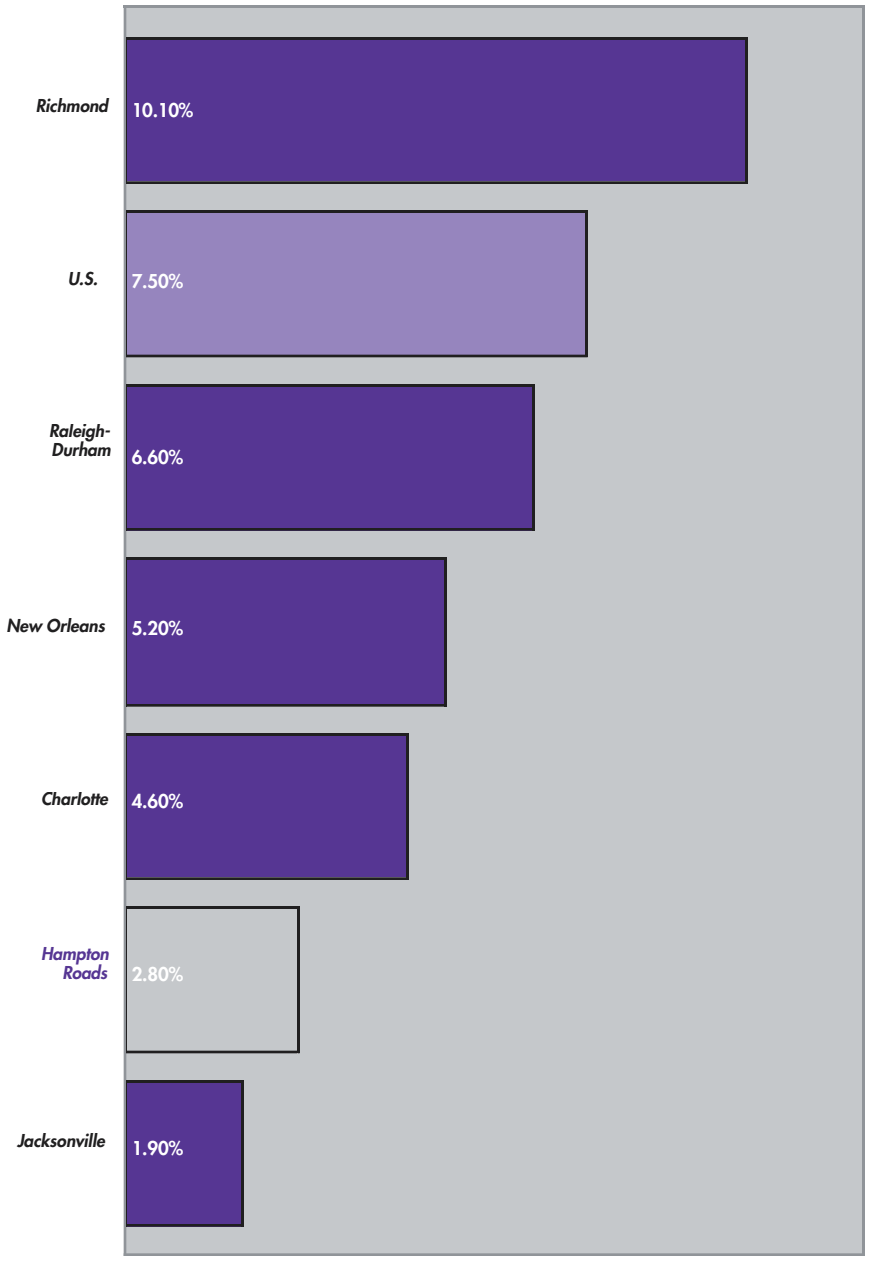
FOREIGN CARGO IN U.S. EAST COAST PORTS

(Cargo Volume in Millions of Short Tons, 2000)



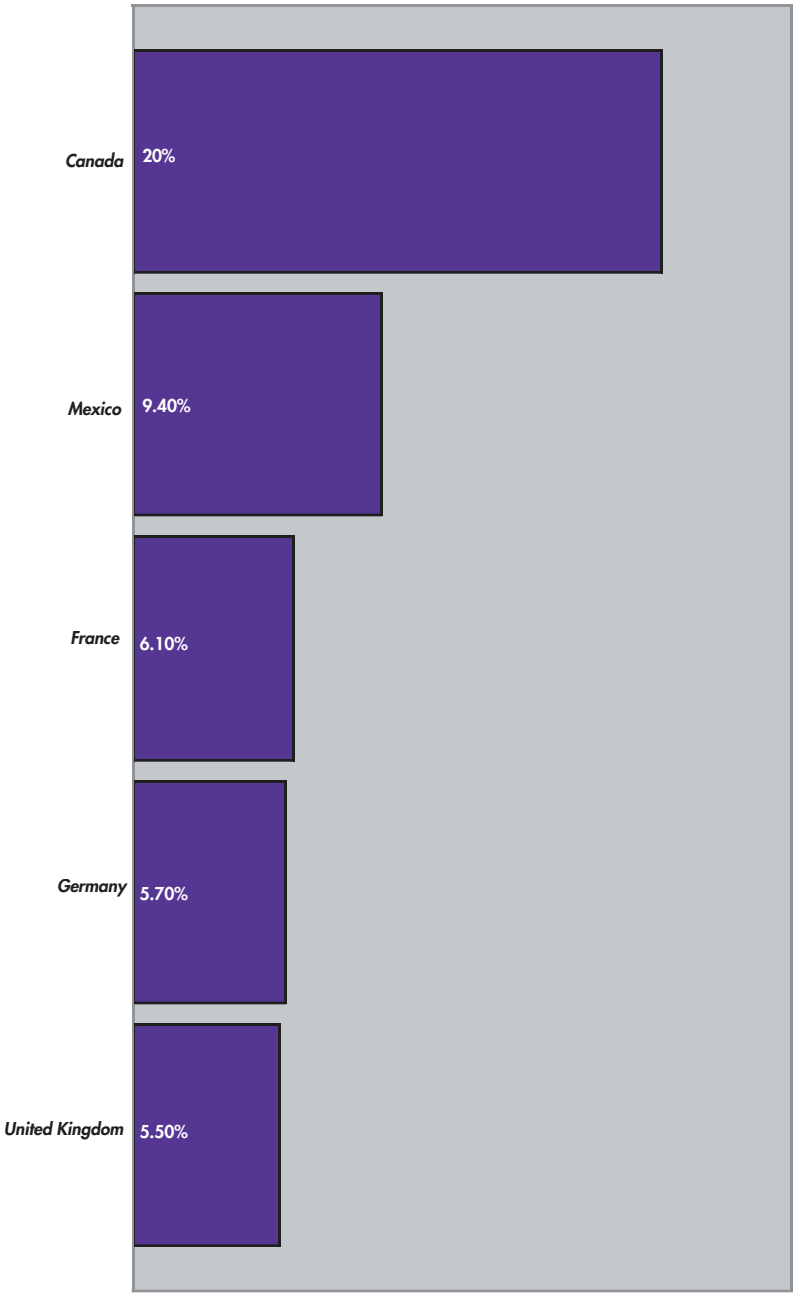
Sources: U.S. Army Corps of Engineers and American Association of Port Authorities

Graph 6
HAMPTON ROADS MERCHANDISE EXPORTS
(Goods Exports as a Percent of Gross Product, 1999)



Sources: U.S. Department of Commerce, Bureau of the Census and Old Dominion University Economic Forecasting Project

Graph 7
HAMPTON ROADS' TOP EXPORT PARTNERS
(Top Five Receiving Countries as a Proportion of Hampton Roads' Total Goods Exports,1999)



Sources: U.S. Department of Commerce, Bureau of the Census and Old Dominion University Economic Forecasting Project

The High-Tech Economy

Hampton Roads' civilian employment in high-technology jobs is only one-third that of San Jose (the nation's metropolitan leader). Nonetheless, **the region ranks 33rd, or in the top 10 percent, among 315 U.S. metropolitan areas in proportional high-tech employment.** Graph 8 shows that on a proportionate basis, Hampton Roads boasts more high-tech jobs than the average American metropolitan area. The region exceeds both Richmond and Charlotte in that regard.

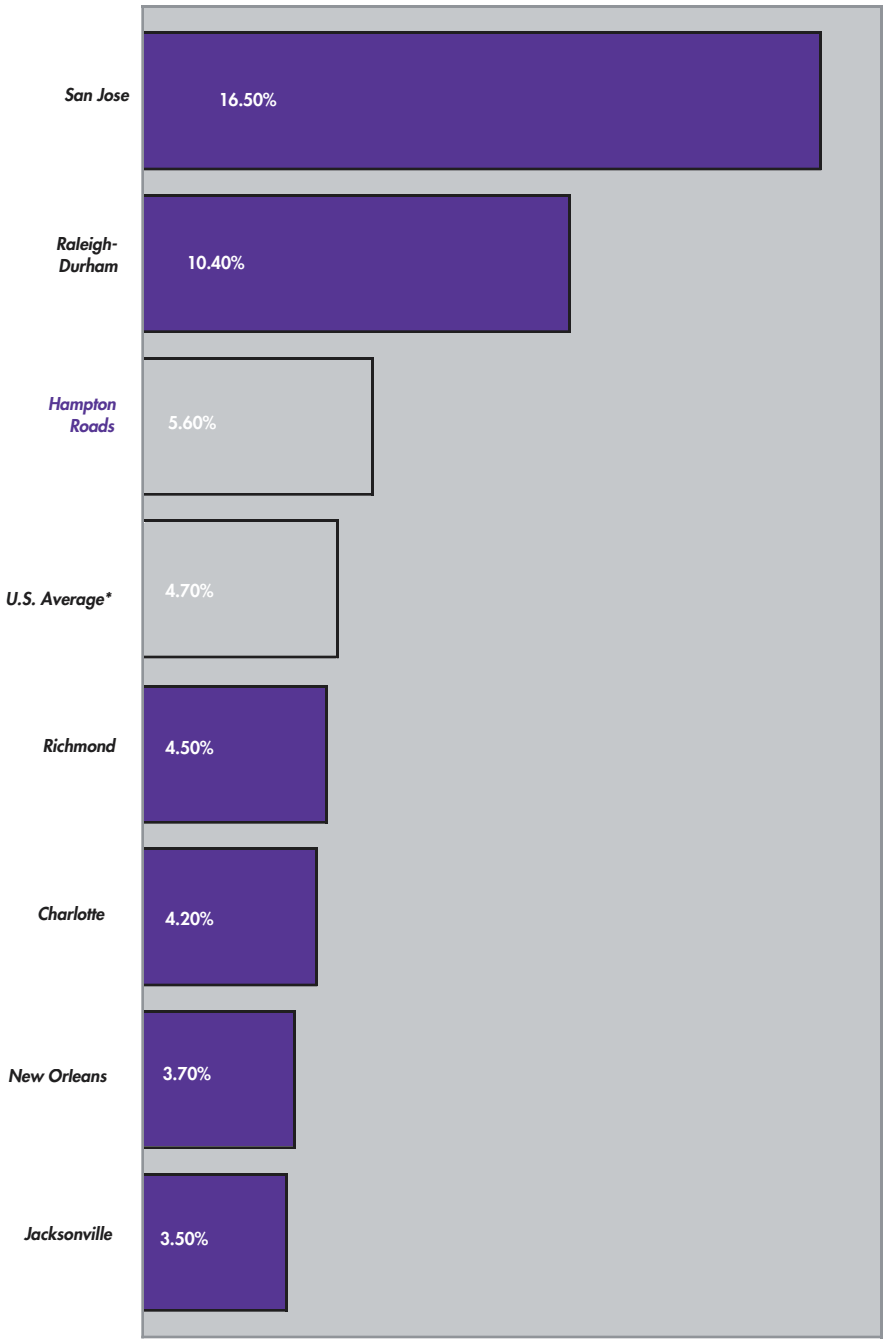
Despite Hampton Roads' relatively strong ranking in high-technology occupations, its regional production of new patents – an important indicator of the creation of new knowledge and products – is below the national average. As Graph 9 illustrates, Hampton Roads ranks far below the nation's leader, San Jose, and well below regional competitor Raleigh-Durham. The data strongly imply that high-tech employers in Hampton Roads are more apt to apply existing technology than to create new knowledge and products.

Patent production and the creation of new knowledge can be further enhanced by university research. Again, however, Hampton Roads lags behind the national average and far behind national metropolitan leaders such as Raleigh-Durham and San Jose.

Within Hampton Roads, patent production is heavily concentrated on the Peninsula. Over the period 1995-99, NASA has been the leading producer of patents in the region.

Nationally, universities are among the most important sources of technological innovation. Research universities attract research and development funding, act as magnets for new firms and generate a prolific number of jobs. Hampton Roads' standing in this arena is no better than mediocre. As Graph 10 demonstrates, the region's federal university research and development funding is a nontrivial amount (more than $60 million annually), but it badly trails national averages. North Carolina's Research Triangle universities (North Carolina, North Carolina State and Duke) dwarf Hampton Roads' academic institutions. Indeed, their activities dwarf any Virginia institution, or combination of institutions in all of Virginia. The decision several decades ago by the state of North Carolina to invest significant resources in what was to become the Research Triangle must rank among the wisest investments made by any state. It begs comparison with the miserly support for academic research evinced by the Commonwealth of Virginia, past and present. **It also suggests that over the years when Hampton Roads legislators "brought home the bacon" to the region, they seldom included significant research funding beneficial to the region's universities. Hampton Roads now is paying for their lack of foresight.**

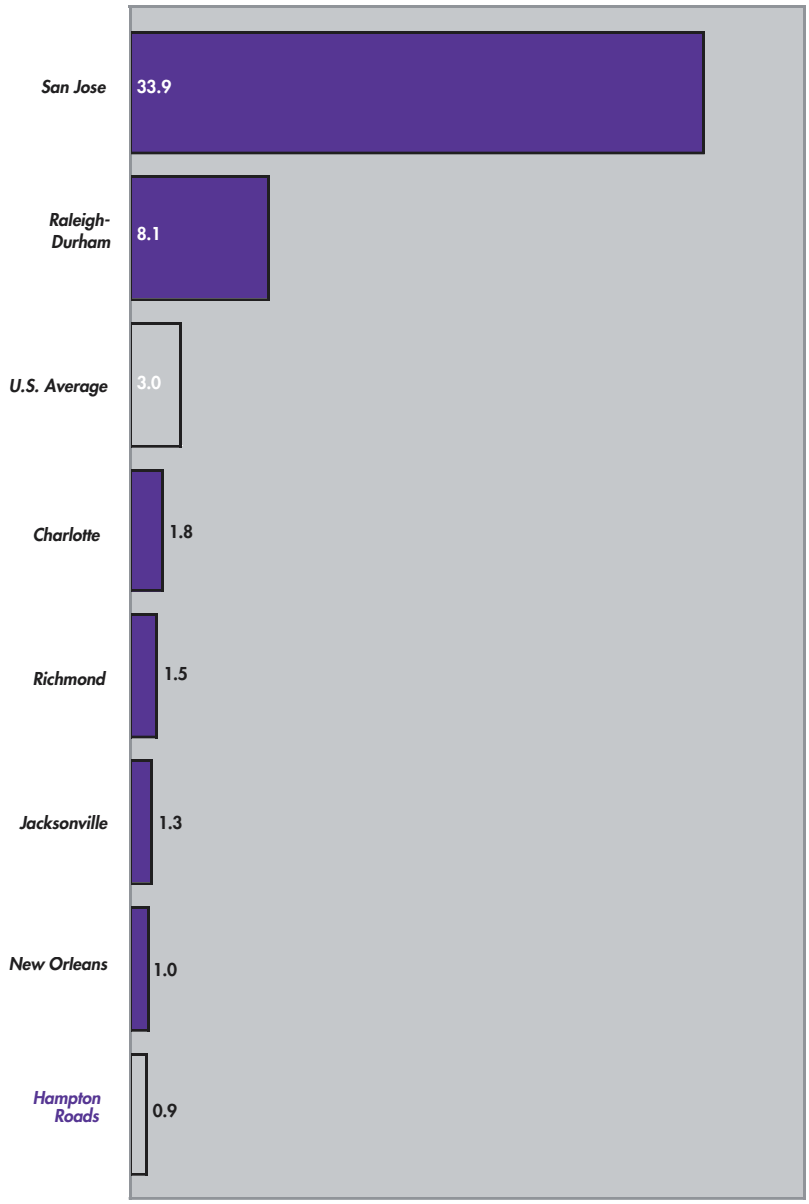
Graph 8
HIGH TECH JOBS
(High-Technology Occupations as Percent of Total Civilian Employment, 1999)



*Metropolitan area average

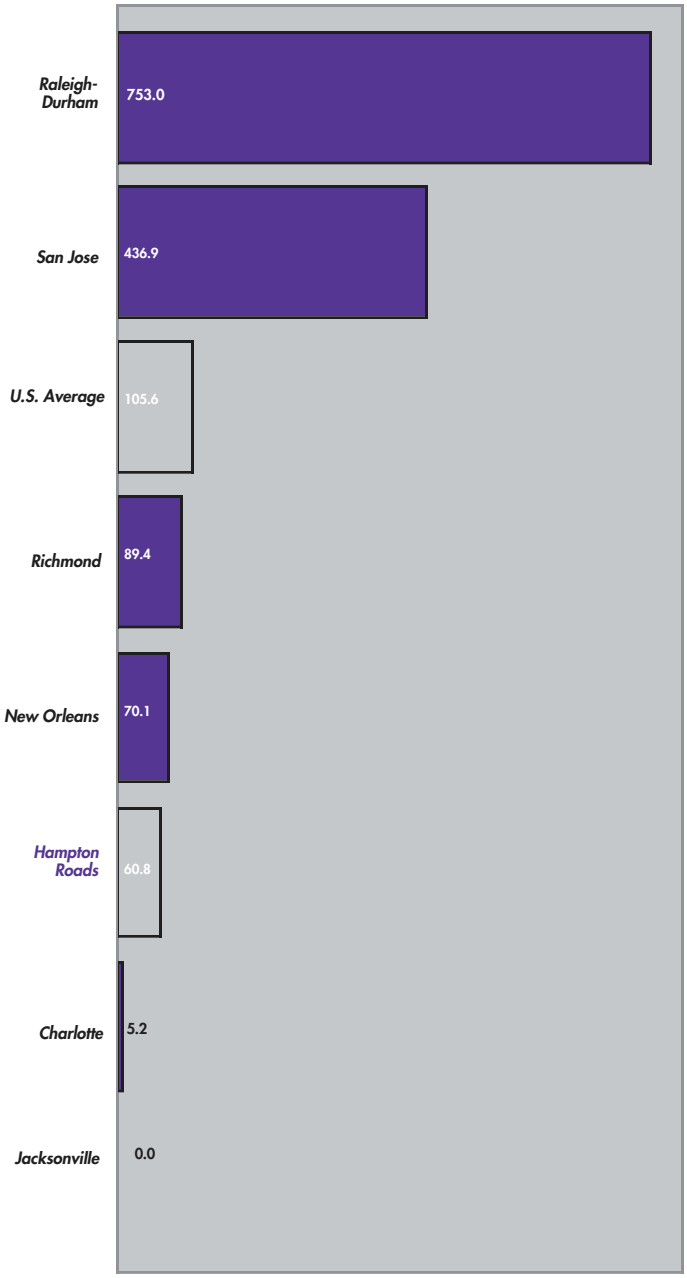
Sources: National Science Foundation, U.S. Office of Technology Assessment, U.S. Department of Labor and Old Dominion University Economic Forecasting Project

Graph 9
PATENTS RECEIVED
(Utility Patents Per 10,000 Residents, 1999)



Sources: U.S. Patent and Trademark Office, Bureau of the Census and Old Dominion University Economic Forecasting Project

Graph 10
FEDERAL RESEARCH AND DEVELOPMENT GRANTS AT UNIVERSITIES IN HAMPTON ROADS
(Total University Research Grants in Dollars Per Capita, 2000)



Sources: National Science Foundation and
Old Dominion University Economic Forecasting Project

The Work Force

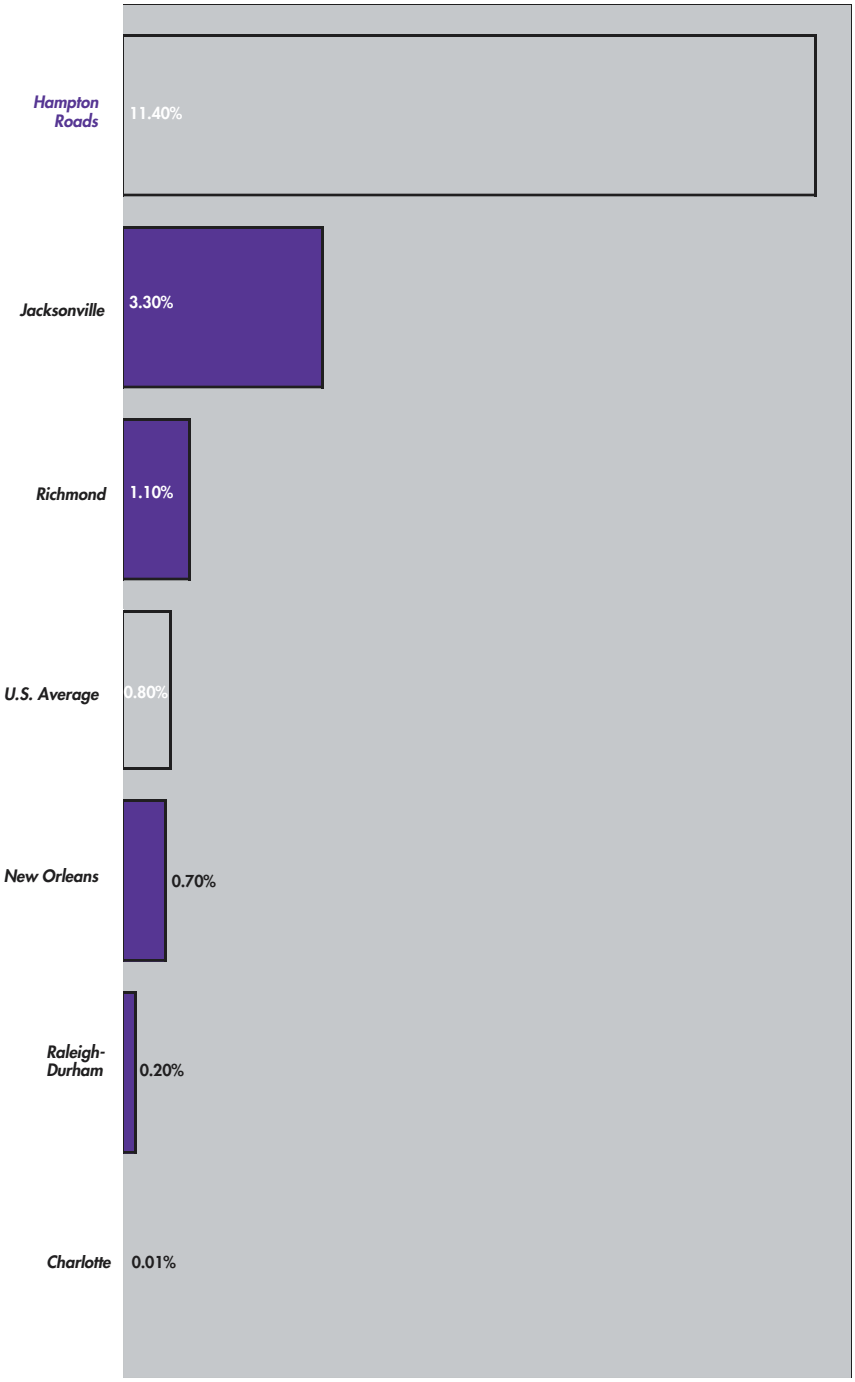
More than half of the individuals in Hampton Roads' labor force owe their jobs either directly or indirectly to the defense, tourism or port-related industries. **Active-duty military personnel, the most visible component of regional defense spending, alone constitute more than 11 percent of the Hampton Roads work force (see Graph 11). This figure far exceeds the national average of .8 percent.**

As is true in most Southern metropolitan areas, Hampton Roads is not heavily unionized. **Only 6.8 percent of the region's labor force is unionized, compared to the national average of 13.9 percent (see Graph 12).** Further, union presence in Hampton Roads is heavily concentrated in the port and manufacturing sectors of the region's economy and in the public sector. Unionization is sparse in other industries and occupations. Hampton Roads has a healthy number of professional and technical workers and this tends to inhibit the growth of unions (Graph 13). Additionally, many of the region's professional and technical employees work for firms that have defense contracts, and these workers traditionally have been less susceptible to unionization.

Despite the relatively heavy concentration of professional and technical employees in Hampton Roads, the region does not rank high in terms of its overall pool of highly educated workers. This is especially true when one focuses upon the college-educated population. Although its proportion of college-educated workers rose to 23.9 percent from 20.1 percent in 1990, as Graph 14 illustrates, Hampton Roads continues to trail the national average (25.1 percent), Richmond (29.2 percent) and Northern Virginia (46.6 percent). **In general, the region's labor force is not highly educated.**

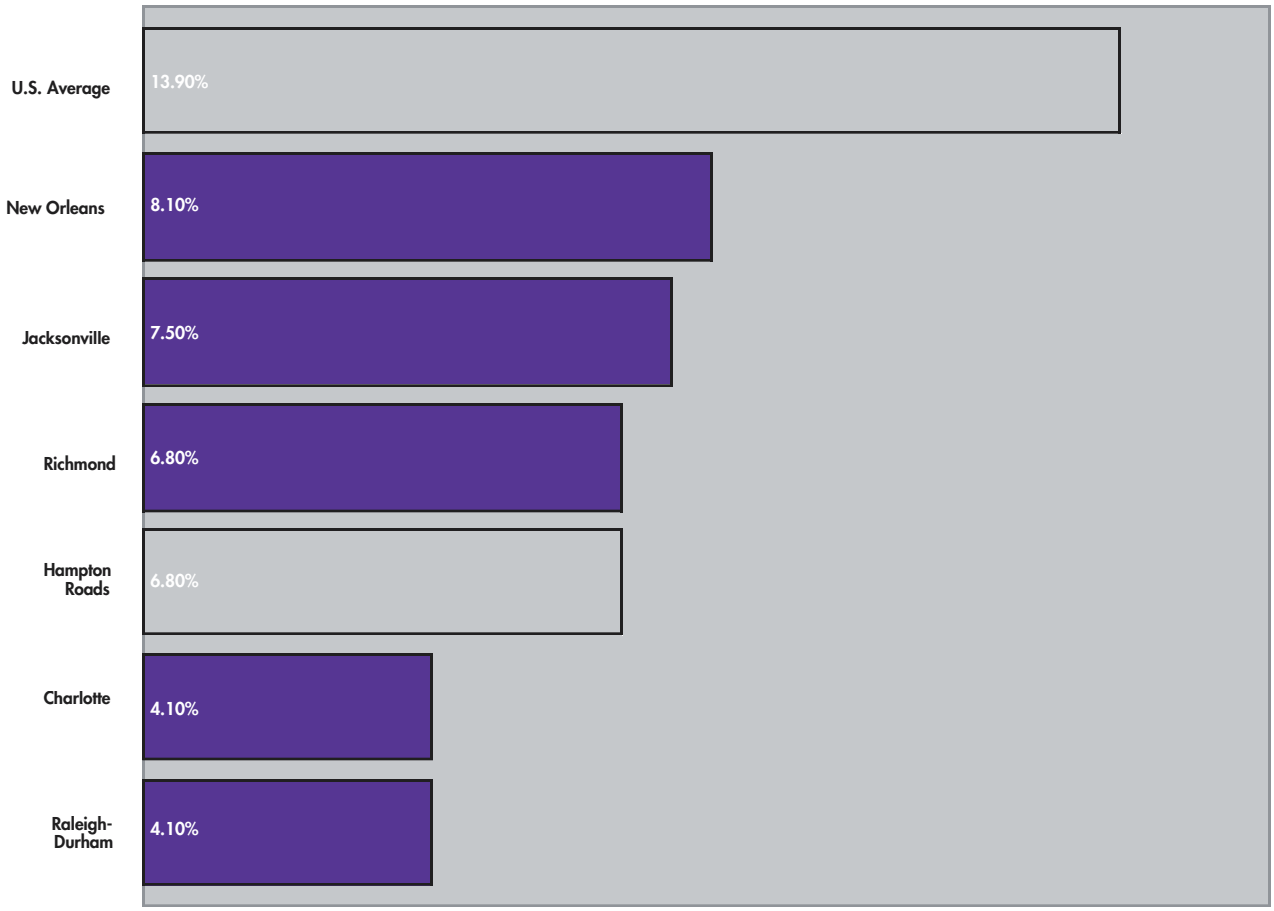
Hourly wages in Hampton Roads for workers who are not in the military are about 10 percent below the national average and about 16 percent below the Richmond metropolitan area (see Graph 15). The region makes up for this in several ways. First, the labor force participation rate in Hampton Roads is higher than the national average. That is, more eligible people enter the labor force in Hampton Roads than in many other regions. For example, Hampton Roads has a higher proportion of situations where both parents in a family work. Second, employees in Hampton Roads tend to work a healthy number of hours compared to other regions nationally.

Graph 11
ACTIVE-DUTY MILITARY PERSONNEL
(Percent of the Labor Force, 2000)



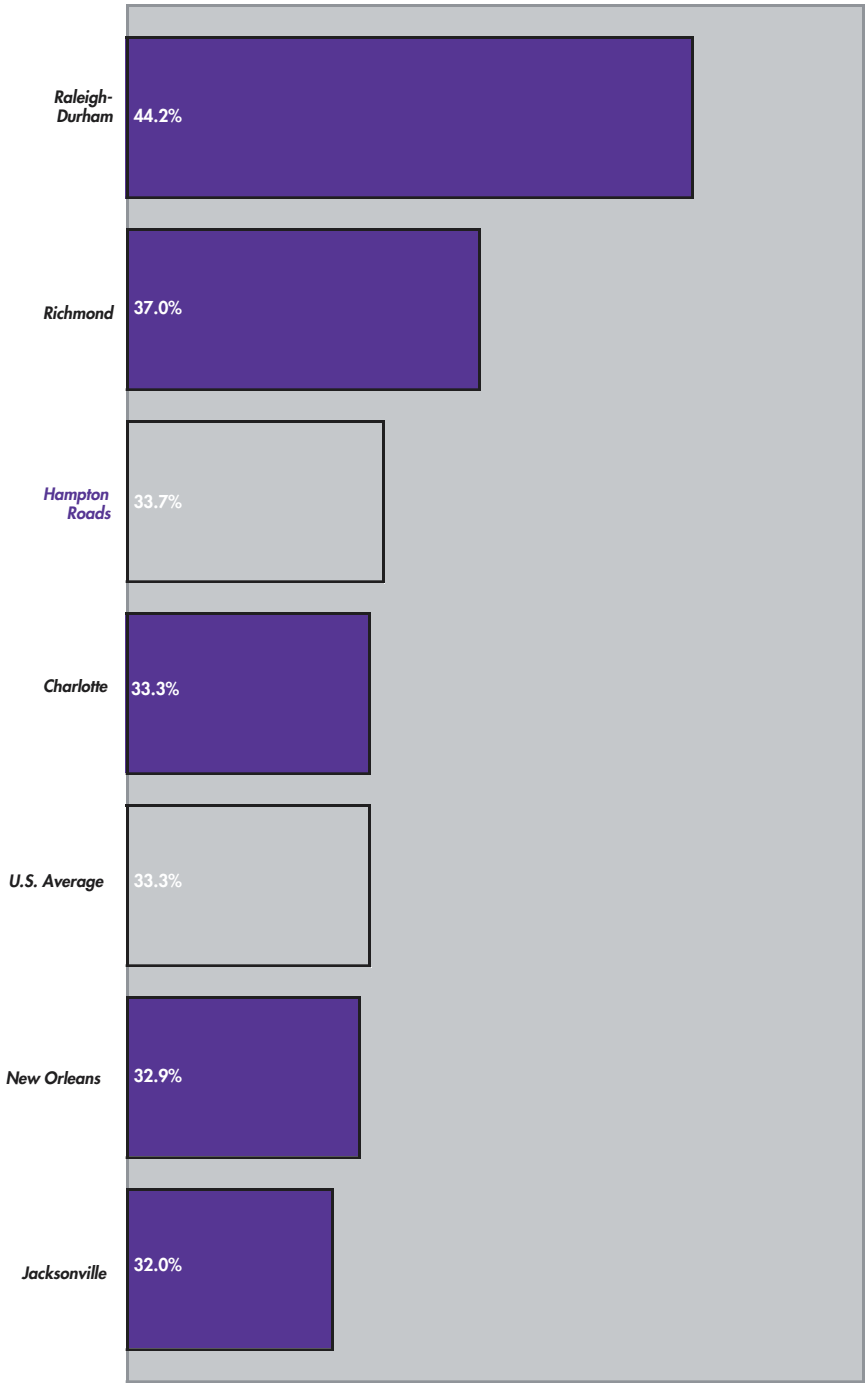
Sources: U.S. Department of Defense, Bureau of the Census and Old Dominion University Economic Forecasting Project

Graph 12
LABOR UNION MEMBERSHIP
(Percent of the Labor Force, 1998)



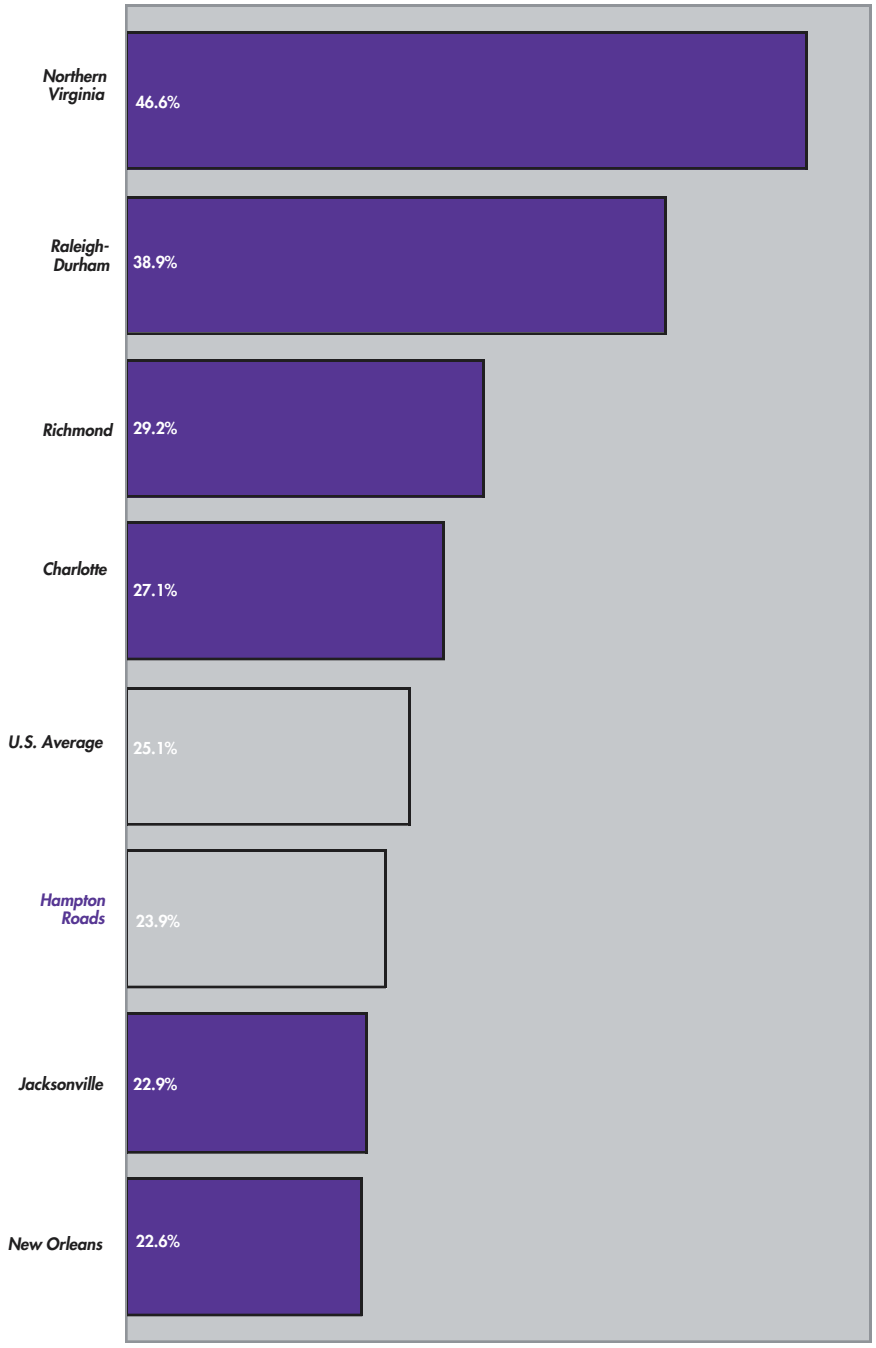
Sources: U.S. Bureau of Labor Statistics and Old Dominion University Economic Forecasting Project

Graph 13
PROFESSIONAL, MANAGERIAL AND TECHNICAL WORKERS
(Percent of the Labor Force, 2000)



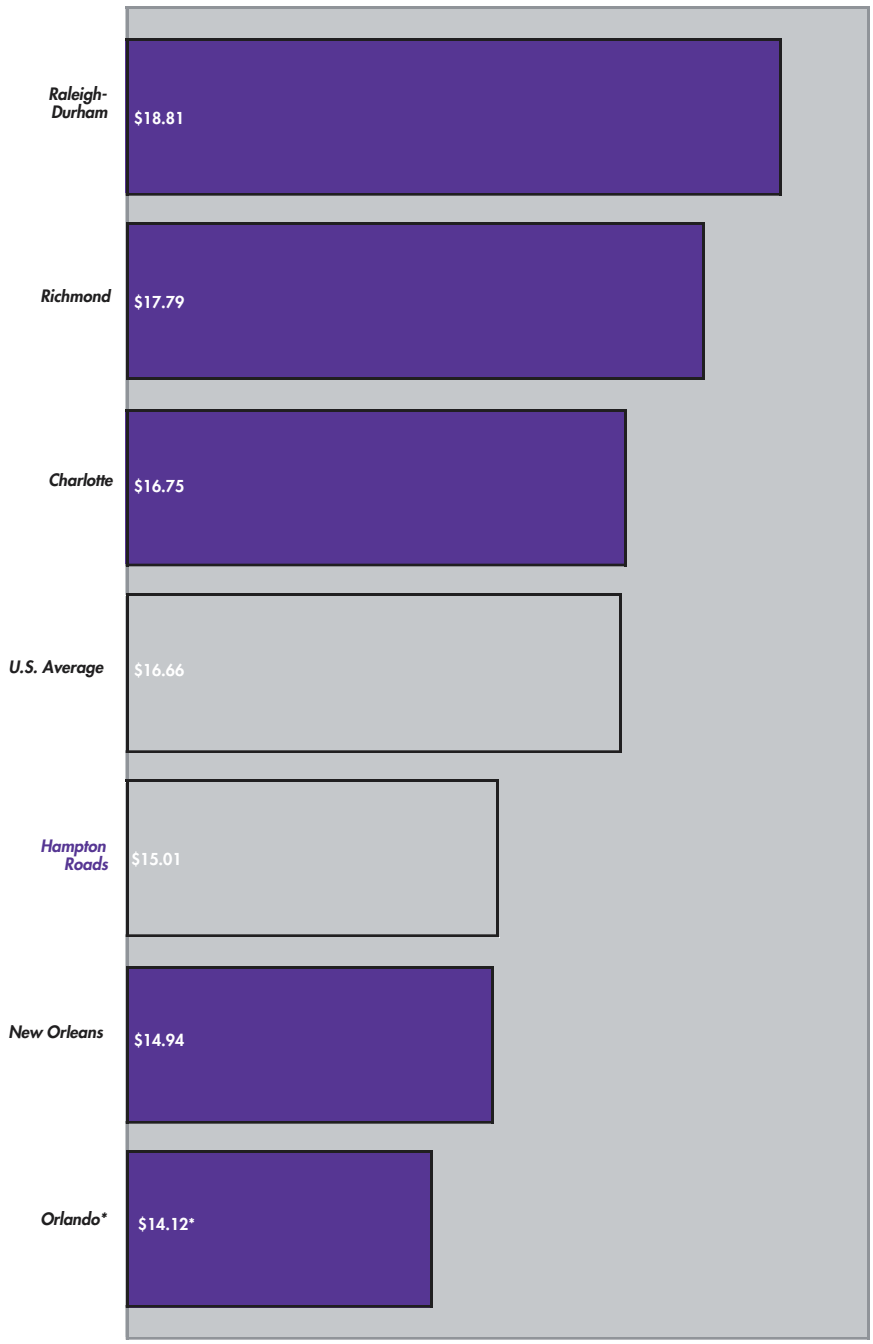
Sources: U.S. Department of Commerce and Bureau of the Census

Graph 14
PERCENT OF LABOR FORCE COMPOSED OF COLLEGE GRADUATES
(25 Years or Older, 2000)



Source: U.S. Department of Commerce and Bureau of the Census

Graph 15
AVERAGE HOURLY WAGE RATES
(Private and Government Full-Time Employees, 2000)



* Jacksonville data were not available

Sources: U.S. Department of Labor and National Compensation Survey, 2000

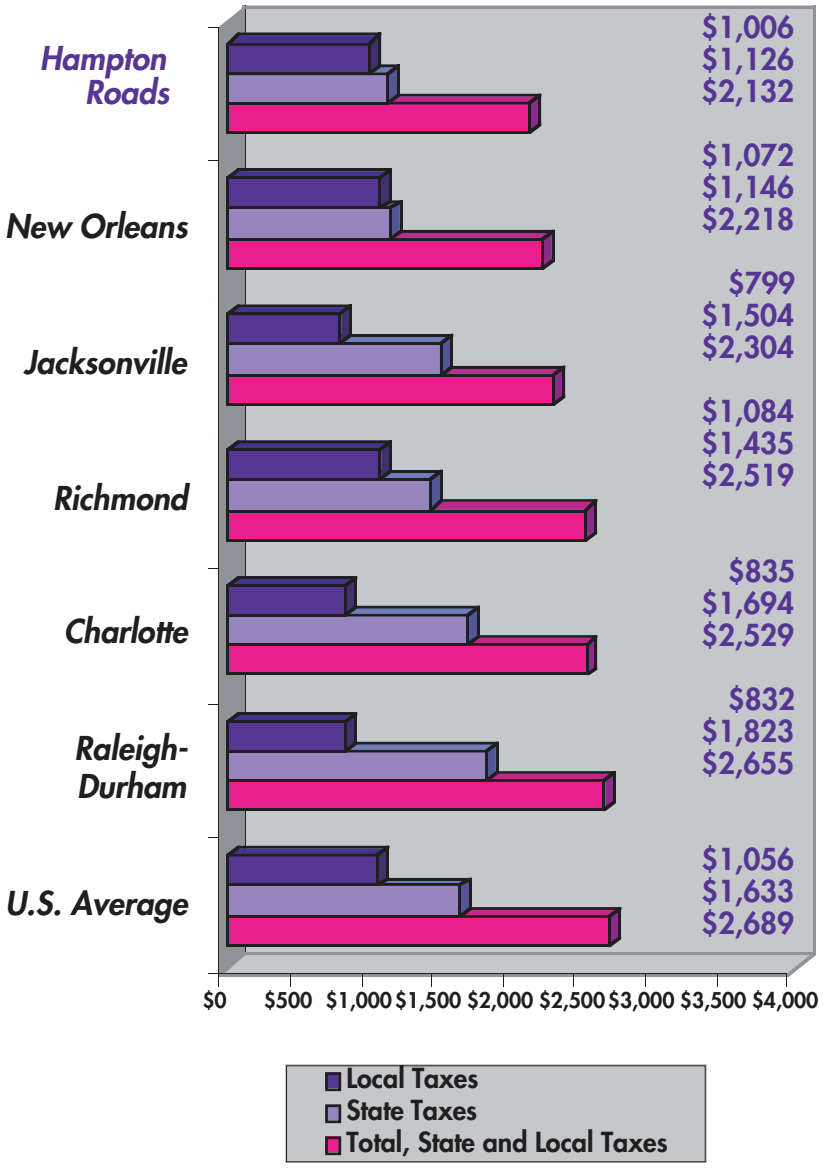
Government Finance

What about taxes in the region? When all is said and done, Hampton Roads' local governments collect about 5 percent less in taxes annually ($1,006) than the national average. Nonetheless, this places the region well above that of a number of its economic-development competitors. However, as we point out in a succeeding chapter that focuses solely upon taxation in Hampton Roads, the most critical tax burden comparison includes both local and state government taxes. Depending upon the location, state governments may be primarily responsible for some expenditures (say, for K-12 education), while in other areas the reverse is true. Hence, low regional tax rates and expenditures may mean high state tax rates and expenditures, and vice versa. Thus, **one should give more attention to the sum of state taxes and local taxes when comparing tax burdens (see Graph 16).**

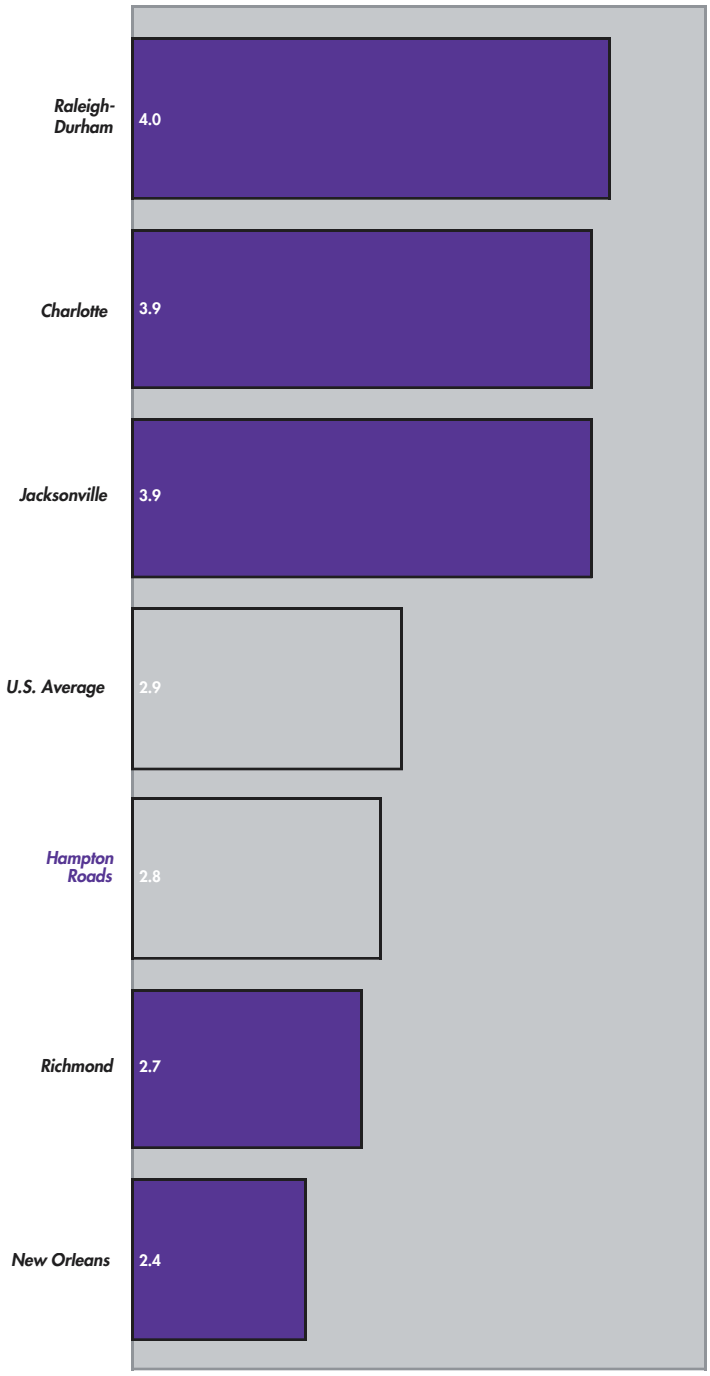
It goes almost without saying that what is taxed is spent. However, the typical government annually spends far more than it directly taxes because it also incurs debt. Most often, local governments go into debt to pay for schools, roads, stadiums and cultural facilities that will endure for many years into the future. The rationale, therefore, is that it is appropriate for local governments to go into debt in order to pay for such items. In so doing, they force future generations to pay for things that they believe will substantially benefit future generations. Of course, governments also can go into debt for items that have little or no future impact (current operating expenditures), but that is somewhat unusual. In any case, the ratio of local-government expenditures to tax collections often reflects both the effects of population and economic growth and individual regions' taste for debt. As Graph 17 demonstrates, regions such as Raleigh-Durham have chosen to finance increased spending, much of which is the result of rapid economic growth, through debt issue. This results in a higher expenditure-to-tax ratio and greater debt. On the other hand, **Hampton Roads has not relied so much on debt to accomplish its goals. Query whether this reflects a philosophical difference or, instead, lagging population and economic growth.**

It is worth noting that Hampton Roads, in the fashion of many Southern metropolitan areas, lags the nation in spending per capita for primary and secondary (K-12) schools. Nonetheless, as Graph 18 shows, Hampton Roads ranks ahead of all the cities in its comparison group. Cost-of-living differences may account for some of the observed gap. Nonetheless, there now exists an extensive body of research on the connection between education and economic growth. Education spending levels are positively related to economic growth. This suggests that Hampton Roads, along with other Southern cities, either must increase its spending for K-12 education or fall behind other regions in economic growth.

Graph 16
STATE AND LOCAL GOVERNMENT TAXES COLLECTED
IN SELECTED METROPOLITAN AREAS
(Per Capita 1997)

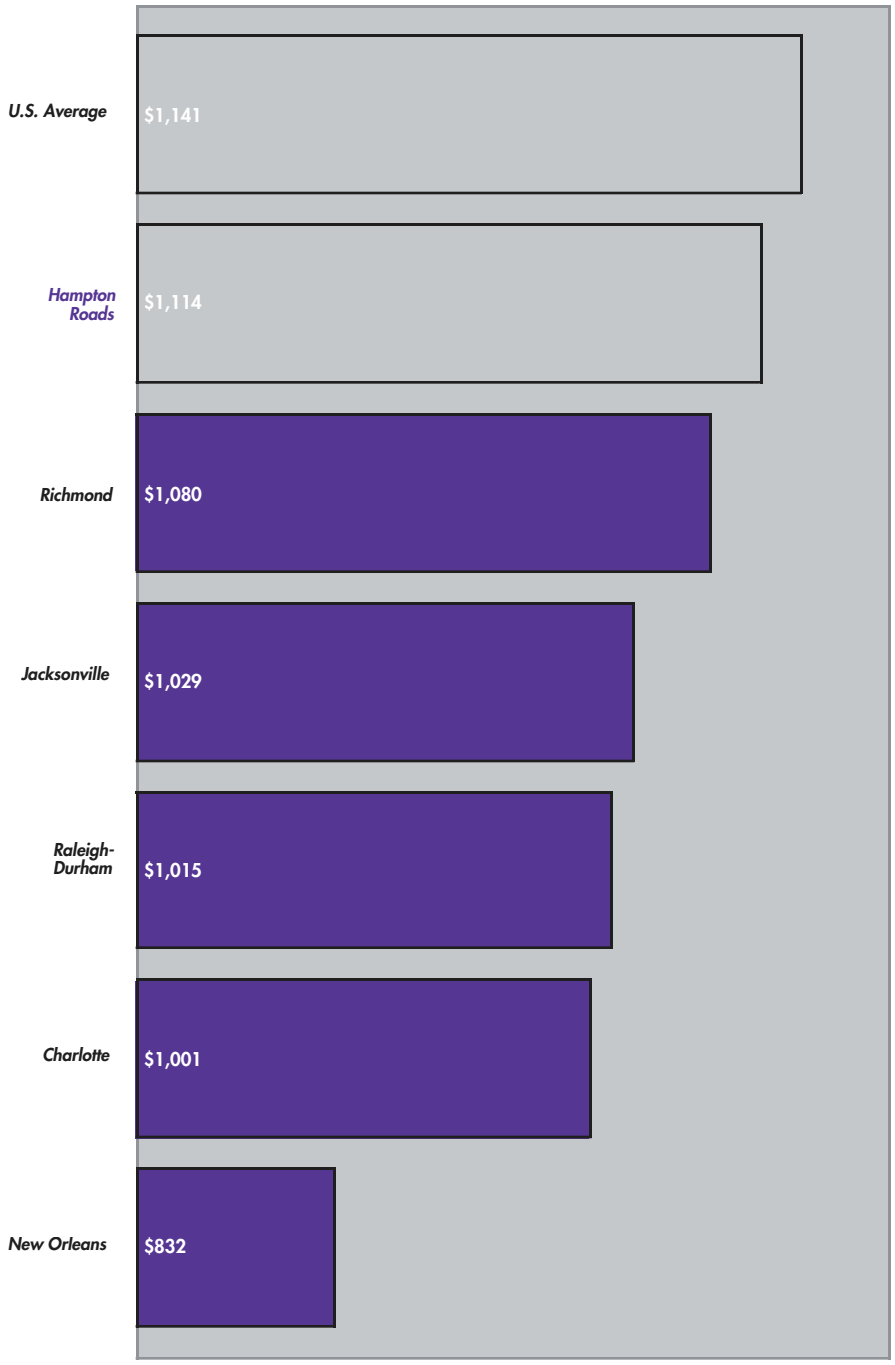


Graph 17
THE RATIO OF LOCAL GOVERNMENT EXPENDITURES TO TAXES IN SELECTED REGIONS



Sources: Bureau of the Census and
Old Dominion University Economic Forecasting Project

Graph 18
LOCAL GOVERNMENT K-12 EDUCATION EXPENDITURES
(Per Capita, 1997)



Source: Bureau of the Census and Old Dominion University Forecasting Project

Getting Around

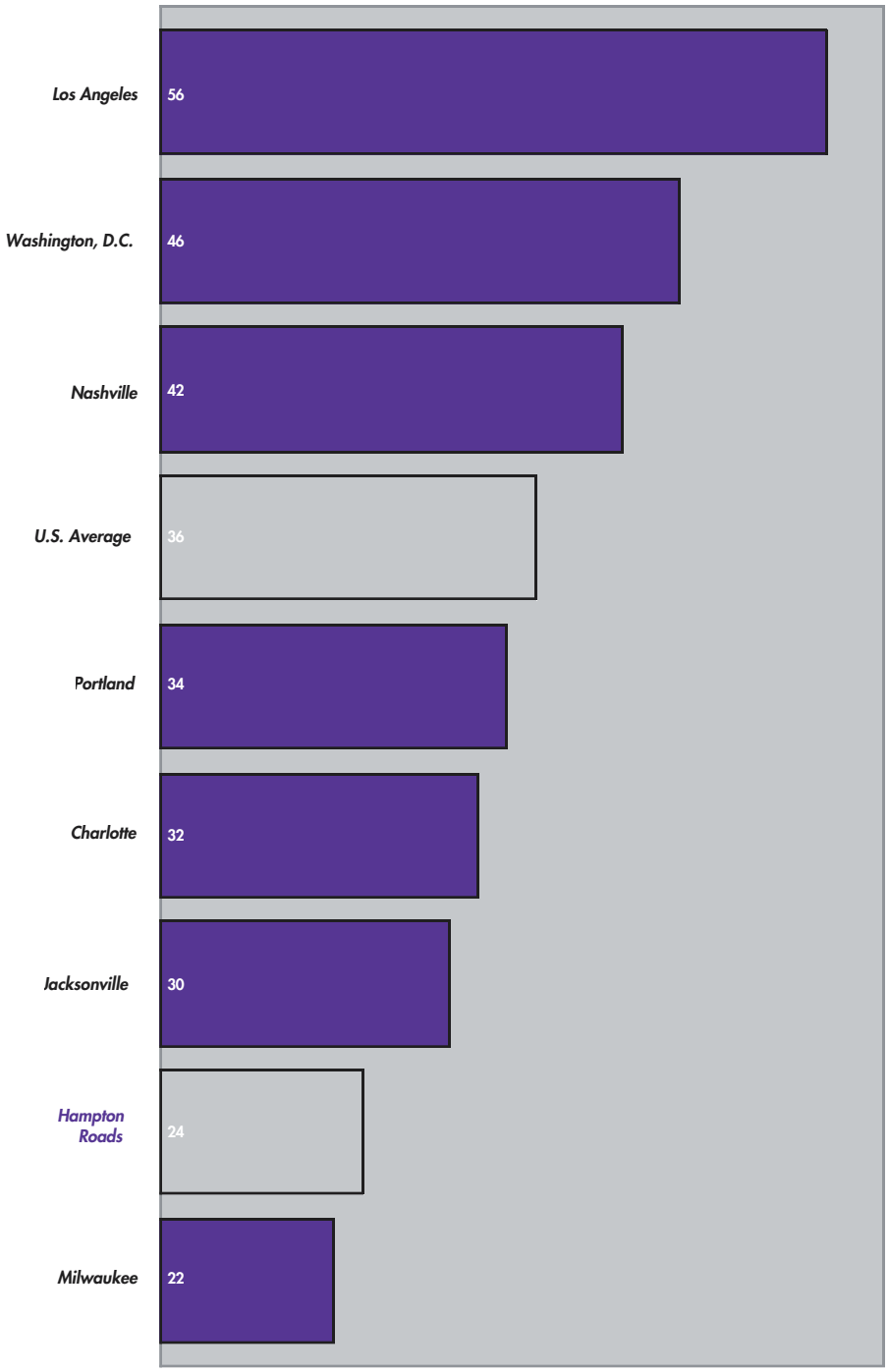
Traffic congestion within Hampton Roads, as in other major metropolitan areas, is a growing problem. However, when compared to other regions, Hampton Roads drivers experience considerably less time waiting in traffic (see Graph 19). For example, this region loses only about 40 percent of the time that Los Angeles, the most congested metropolitan area, loses annually. Further, this region loses only about two-thirds of the annual time lost in the largest one-fifth of U.S. metropolitan areas. Even residents of Portland, Ore., which has constructed a much-acclaimed public transit system, spend almost 50 percent more time sitting in traffic than do drivers in Hampton Roads.

In recent years, traffic congestion has increased significantly in metropolitan areas throughout the United States. Graph 20 depicts what has been true in this regard in major metropolitan areas for the time period 1982 to 1999. Compared to other large metropolitan areas, Hampton Roads has done a better job than most in keeping the traffic flowing. Whereas the average large metropolitan area has seen per capita time lost due to traffic congestion increase by an average of 25 hours per year, Hampton Roads lost only 13 additional hours during this time period.

Not only is Hampton Roads comparatively easier to get around in by automobile, but also its roads are safer than those in most regions. In 2000, the traffic fatality rate in Hampton Roads was only about half that of the national average. Graph 21 presents these data.

Like most comparable metropolitan areas in the South, **Hampton Roads makes limited use of public transportation. As Graph 22 illustrates, its development of public transport is only about 40 percent of the national average.** The region is notable for a struggling bus system and the absence of light-rail transportation. Hampton Roads residents will probably have to experience considerably more congestion before significant support for new public transportation initiatives materializes. When this occurs (and it is almost inevitable), the region will suffer because of its inattention to these problems in earlier years. As pointed out in last year's "State of the Region" report, mass transportation projects take many years to plan and construct. A host of environmental, political and financial constraints must be satisfied. Thus, the region now should be considering what mass transportation projects it wishes to have completed 10 or 15 years from today.

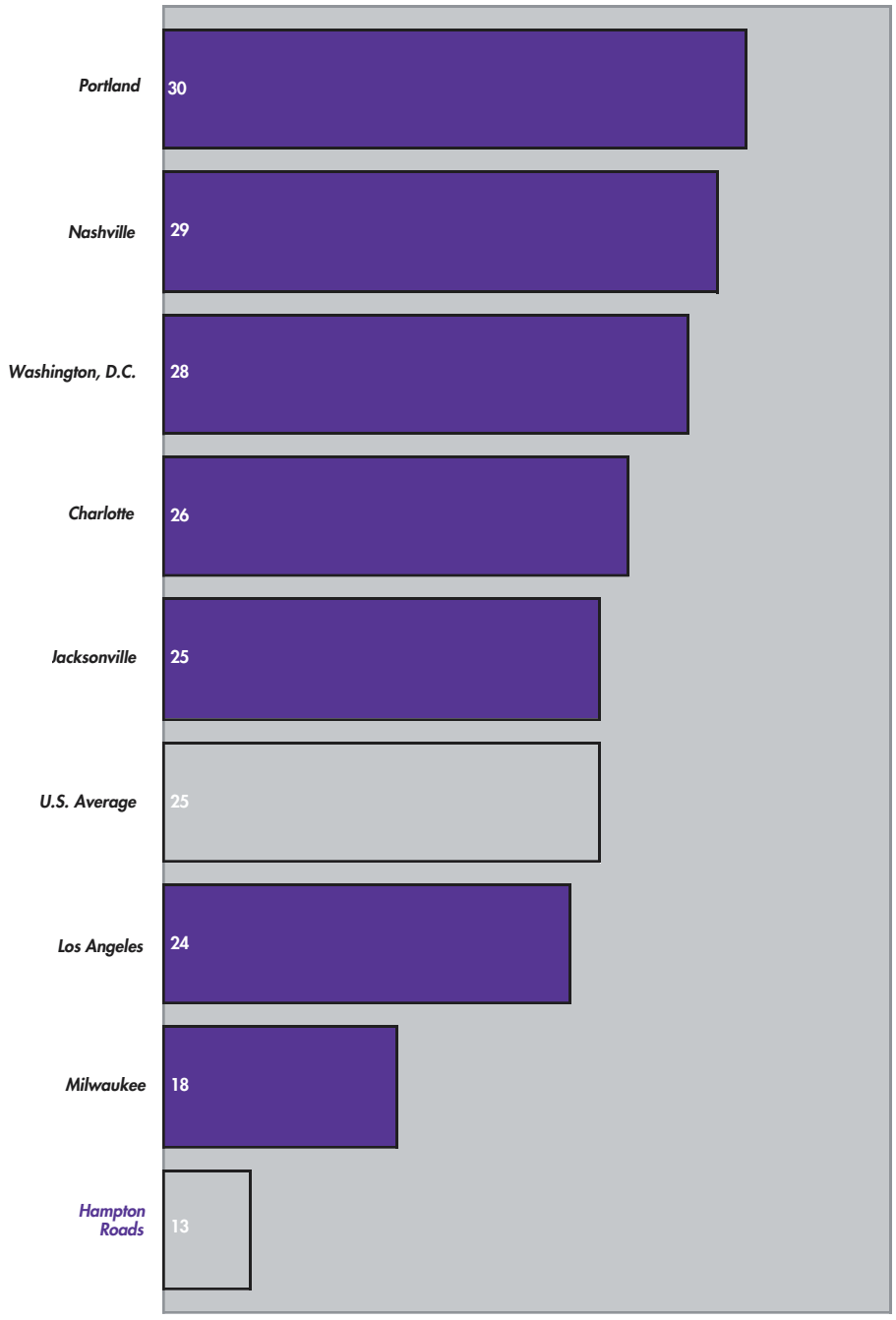
Graph 19
HOURS LOST IN TRAFFIC CONGESTION
(Per Person in Hours Per Year for 1999)



*Average of 68 U.S. metropolitan areas

Source: 2001 Urban Mobility Study, Texas A&M University, Texas Transportation Institute

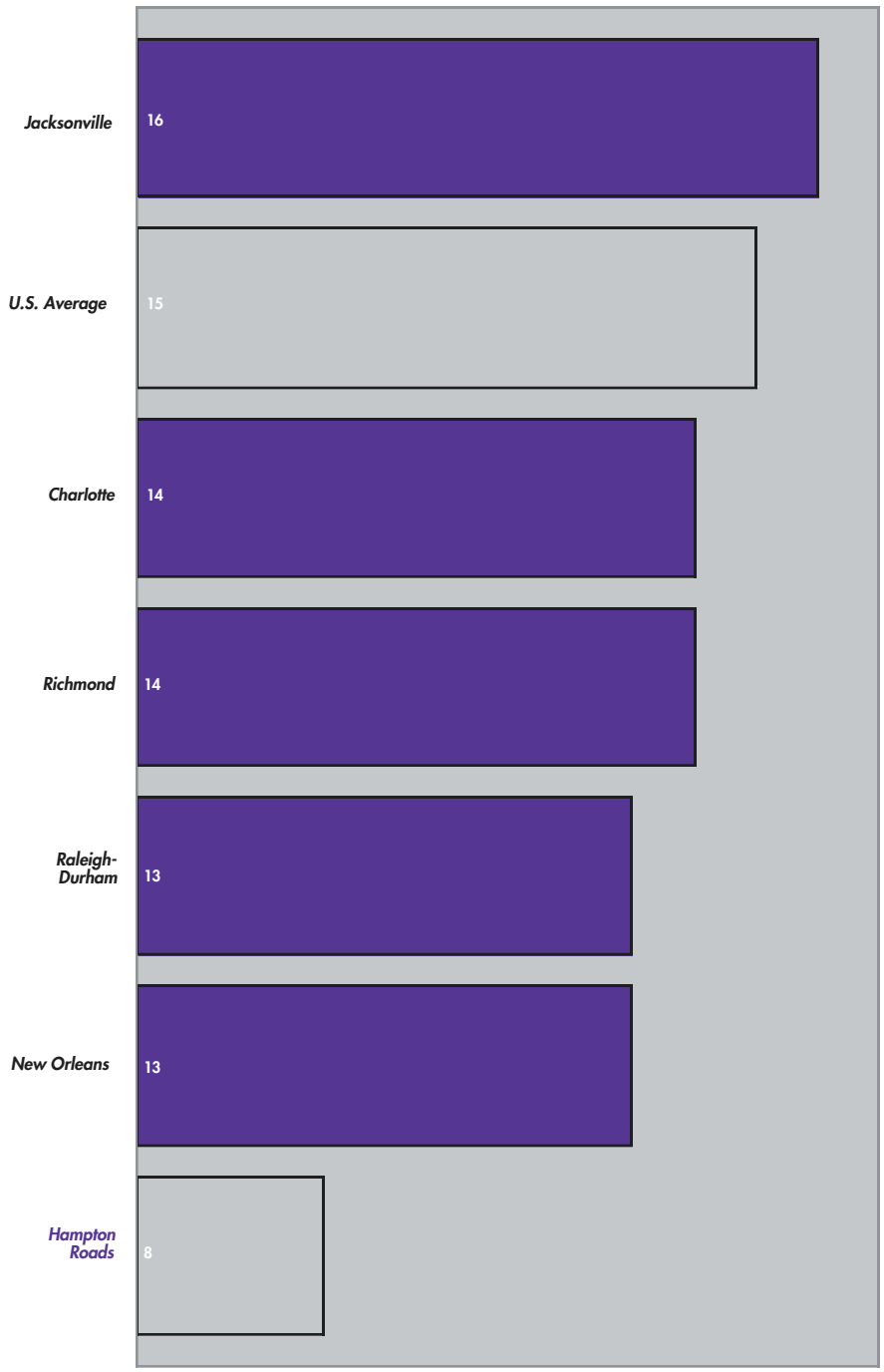
Graph 20
INCREASED HOURS LOST IN TRAFFIC CONGESTION
(Per Person in Hours Per Year From 1982 to 1999)



*Average of 68 U.S. metropolitan areas

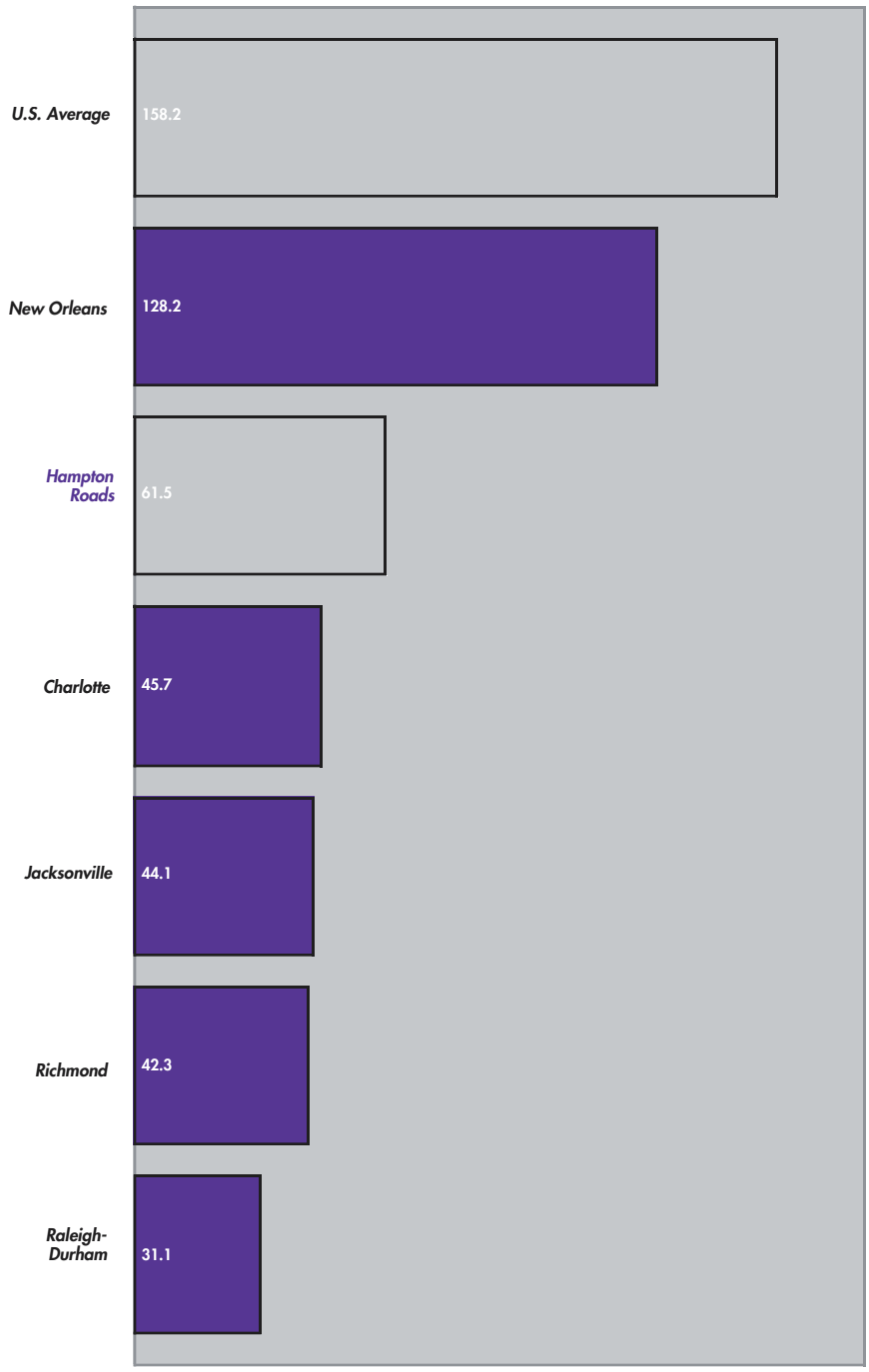
Sources: 2001 Urban Mobility Study, Texas A&M University, Texas Transportation Institute, and Old Dominion University Economic Forecasting Project

Graph 21
TRAFFIC FATALITIES PER 100,000 RESIDENTS, 2000



Source: National Highway Traffic Safety Administration

Graph 22
METROPOLITAN PUBLIC TRANSPORTATION USAGE
(Passenger Miles Per Capita, 2000)



Sources: U.S. Department of Transportation National Transit Database, Bureau of the Census and Old Dominion University Economic Forecasting Project

Quality Of Life

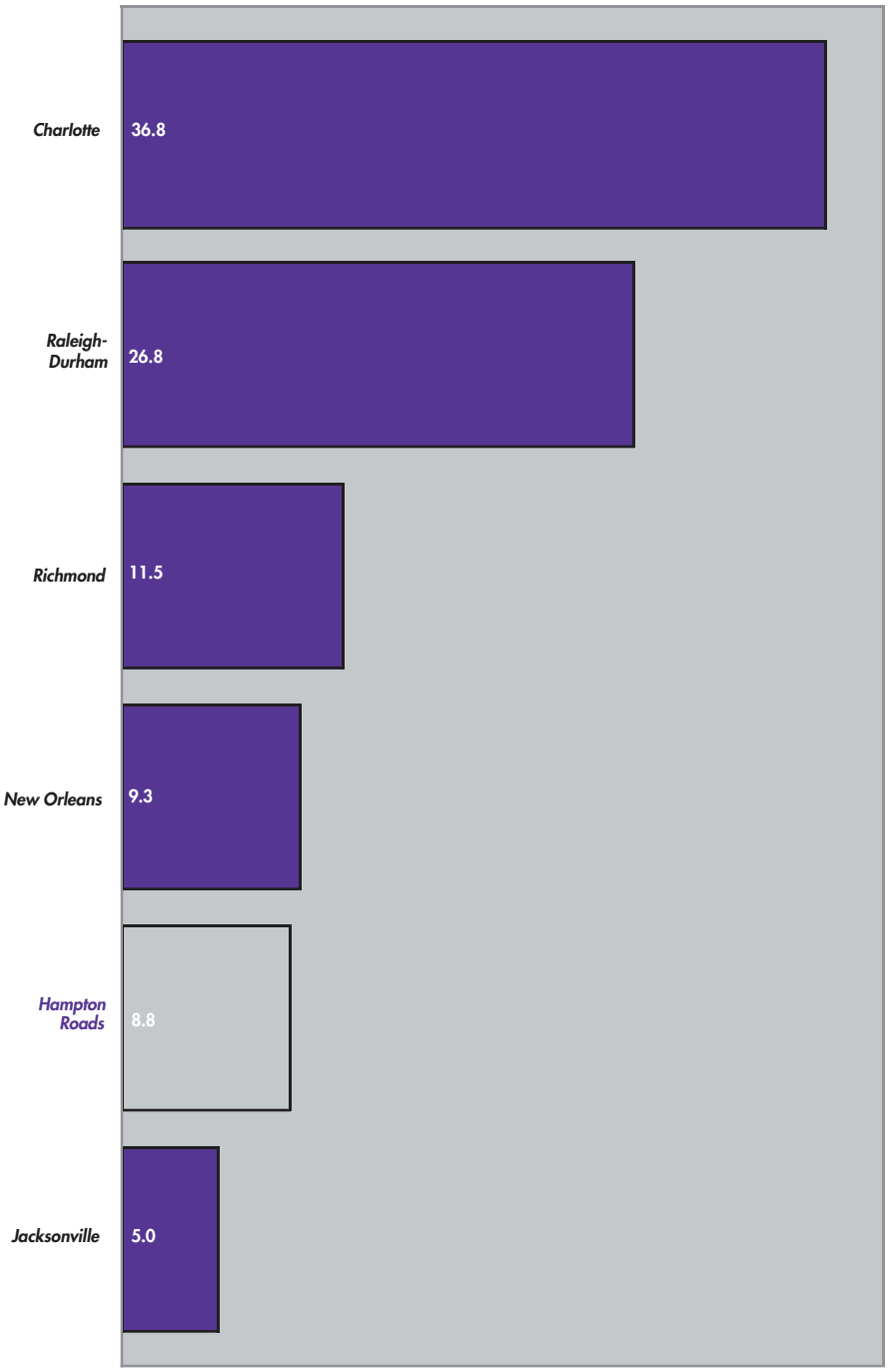
Hampton Roads evinces a mixed record with regard to a number of quality-of-life measures. There are pluses and minuses, depending upon the measure chosen. **On the positive side of the ledger, the region's air quality is among the best for comparable metropolitan areas.** This region does not have to cope with many "unhealthy air days," as defined by the Environmental Protection Agency. Charlotte and Raleigh-Durham, on the other hand, rank as the 9th- and 13th-worst air pollution areas in the nation, respectively (see Graph 23).

With respect to violent crime, Hampton Roads is one of the safest metropolitan areas in the nation (Graph 24) and is the safest in the comparison group for property crimes (Graph 25). Plausibly, one factor that helps to dampen crime rates is the region's well-below-national-average rate of poverty (Graph 26).

The distribution of income is considered by some to be a measure of the quality of life. **As pointed out in last year's "State of the Region" report, Hampton Roads neither boasts as many millionaires as many other regions, nor does it have as many individuals below the poverty line as other regions (10.6 percent in the region versus 12.5 percent nationally, as Graph 26 demonstrates). Income disparities are lower in Hampton Roads than in many other regions in the United States.**

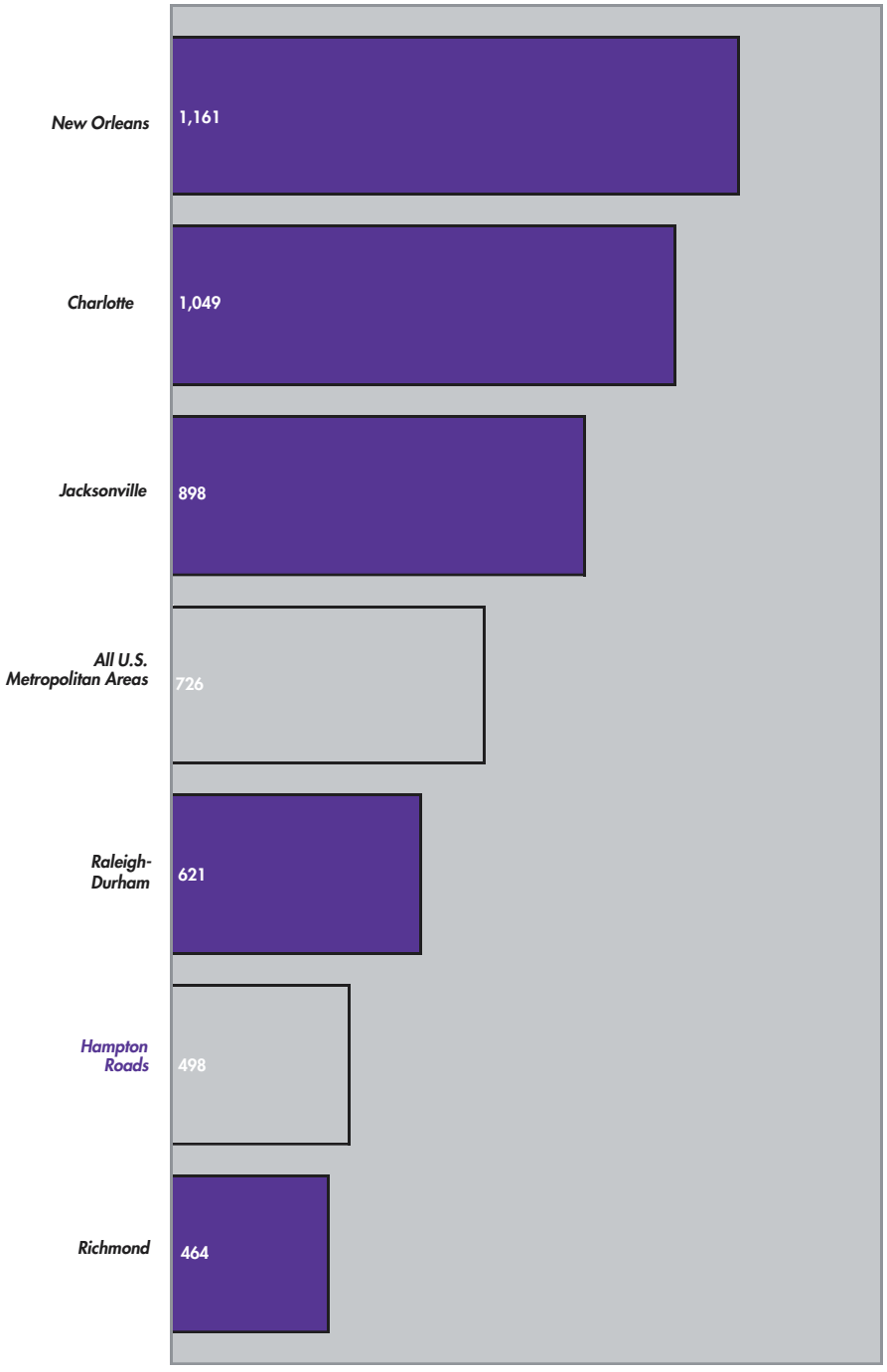
The quality of health care in Hampton Roads trails many other regions when viewed in terms of a plausible national index (Graph 27). Hampton Roads scores an 86 on a scale with the national average being 100. One of the major problems is a shortage of physicians, at least compared to other metropolitan areas. Also, as Graph 28 demonstrates, a fairly high proportion of Hampton Roads residents are smokers.

Graph 23
METROPOLITAN AIR POLLUTION
(Highest County Ozone Days in Unhealthy Ranges, 1998 to 2000)



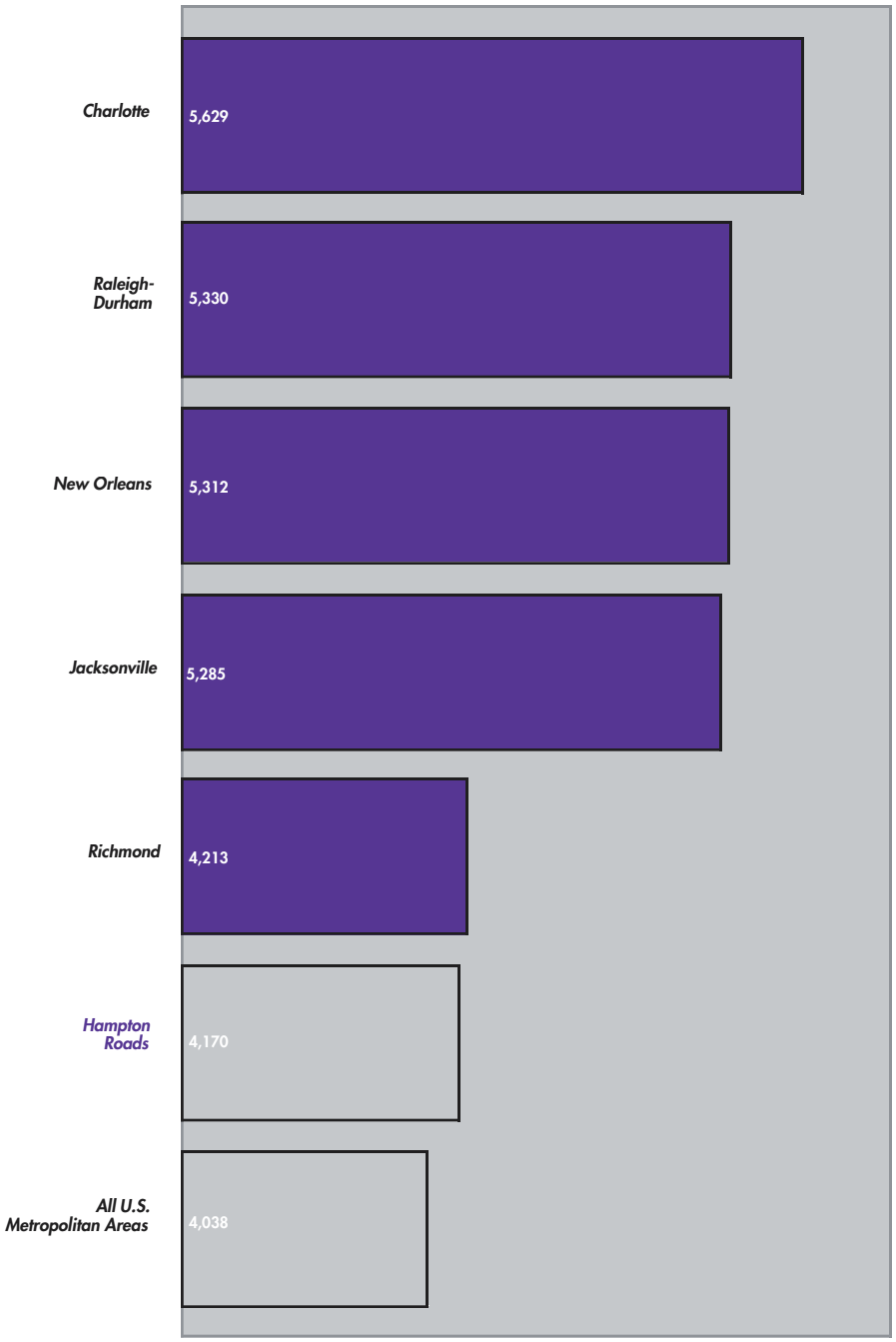
Source: American Lung Association

Graph 24
VIOLENT CRIMES
(1999, Per 100,000 Residents)



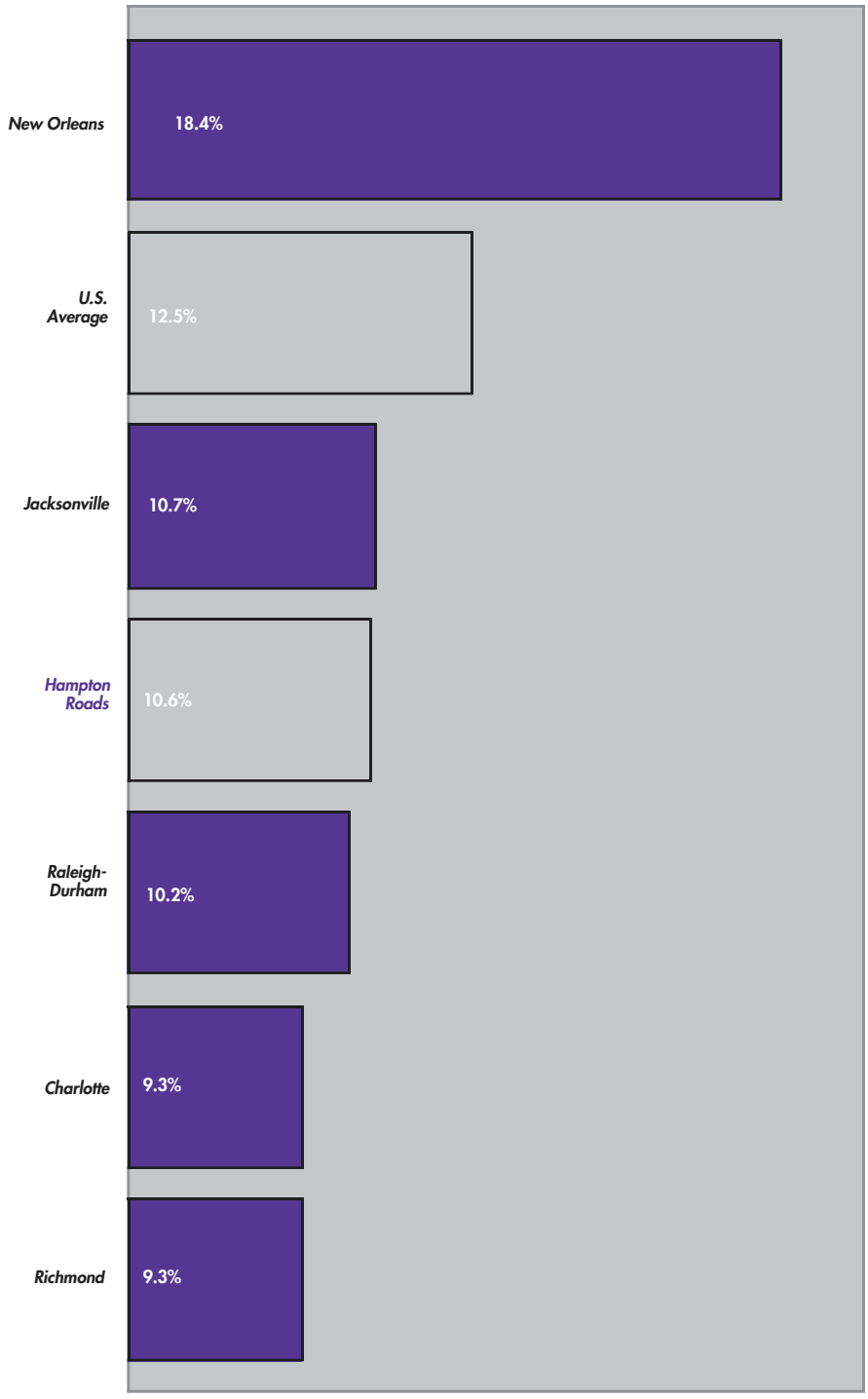
Sources: U.S. Department of Housing and Urban Development and FBI

Graph 25
PROPERTY CRIMES
(Burglary, Motor Vehicle Theft and Larceny Per 100,000 Residents, 1999)



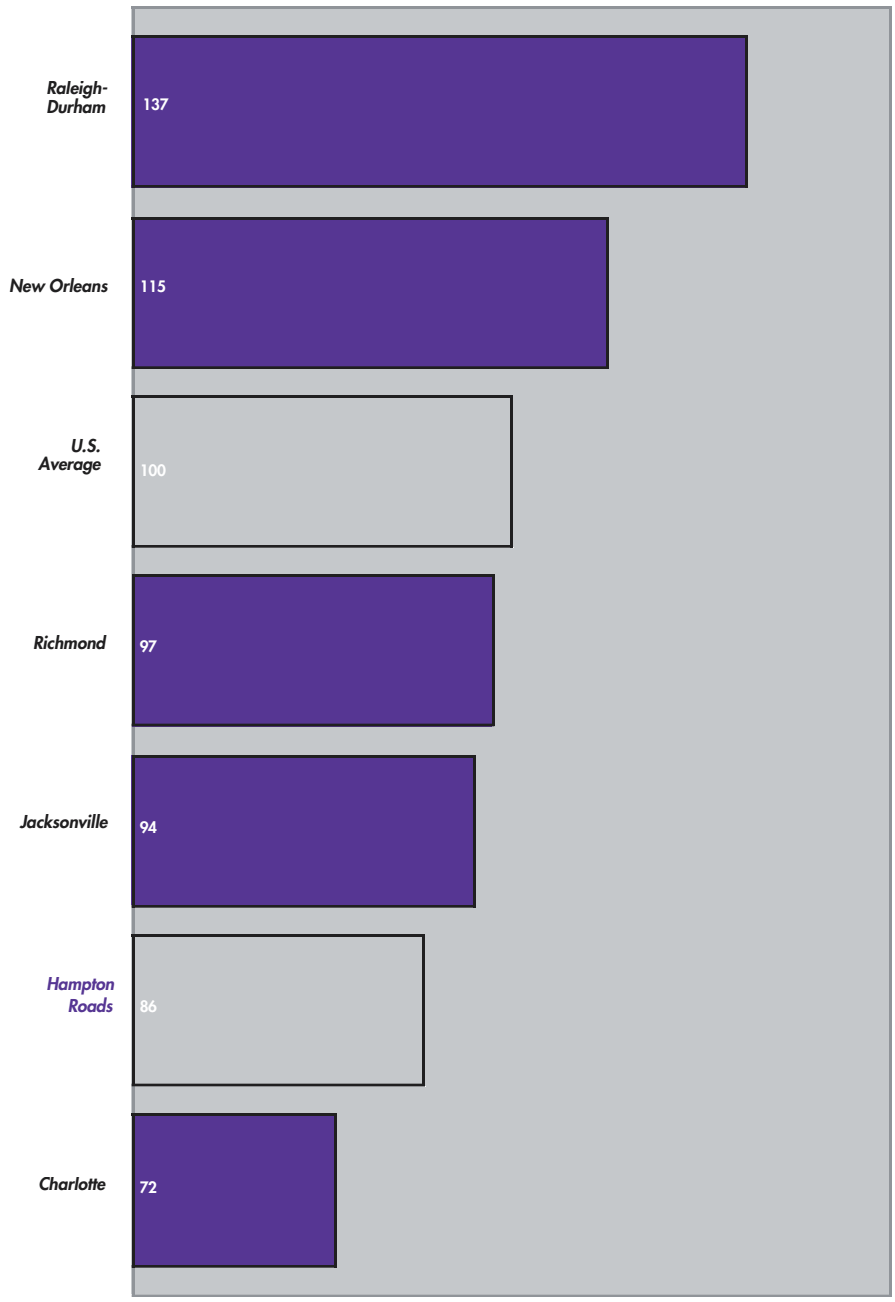
Sources: U.S. Department of Housing and Urban Development and FBI

Graph 26
INDIVIDUALS BELOW THE POVERTY LINE
(Percent Below the Poverty Level in 2000)



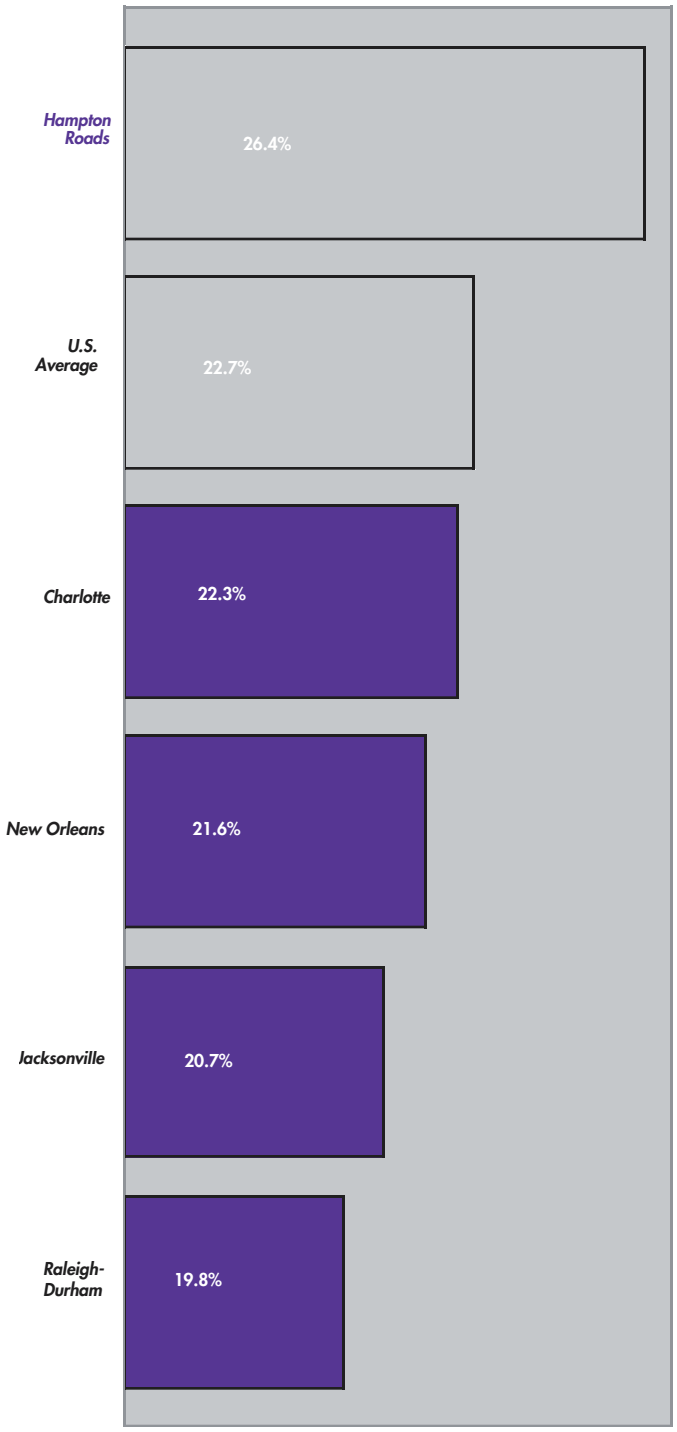
Sources: U.S. Department of Commerce and Bureau of the Census

Graph 27
HEALTH CARE QUALITY INDEX
(U.S.=100)



Sources: U.S. National Center for Health Statistics, American Medical Association, Healthcare Info Source Inc. and Old Dominion University Economic Forecasting Project

Graph 28
PERCENT OF ADULTS WHO SMOKE
(18 Years or Older, 2000)



Source: Centers for Disease Control and Prevention

Housing

Housing values in Hampton Roads have historically trailed those of the nation. However, evidence from the U.S. Bureau of the Census' "American Housing Survey" indicates that people buying houses in Hampton Roads are likely to get good value for their money. **Despite the fact that existing housing in Hampton Roads sells for almost 20 percent below the national average (see Graph 29), the quality of this housing compares well when using traditional appraisal-comparison statistics such as square footage and number of bathrooms**. Table 1 shows that houses in Hampton Roads are larger, have more rooms and bathrooms, and are situated on slightly larger lots than houses nationally. While we do not know the precise vintages of the houses in this region, or what shape they are in, the data in Table 1 certainly encourage the view that the typical house in Hampton Roads is somewhat superior to the average house in the United States.

Table 1

U.S. AND HAMPTON ROADS HOUSING COMPARED (Median Values Per Single-Family House)

	U.S.	Hampton Roads
Square Footage	1,730	1,799
Bathrooms	1.5	2.0
Total Rooms	6.0	6.5
Lot Acreage	.33	.36

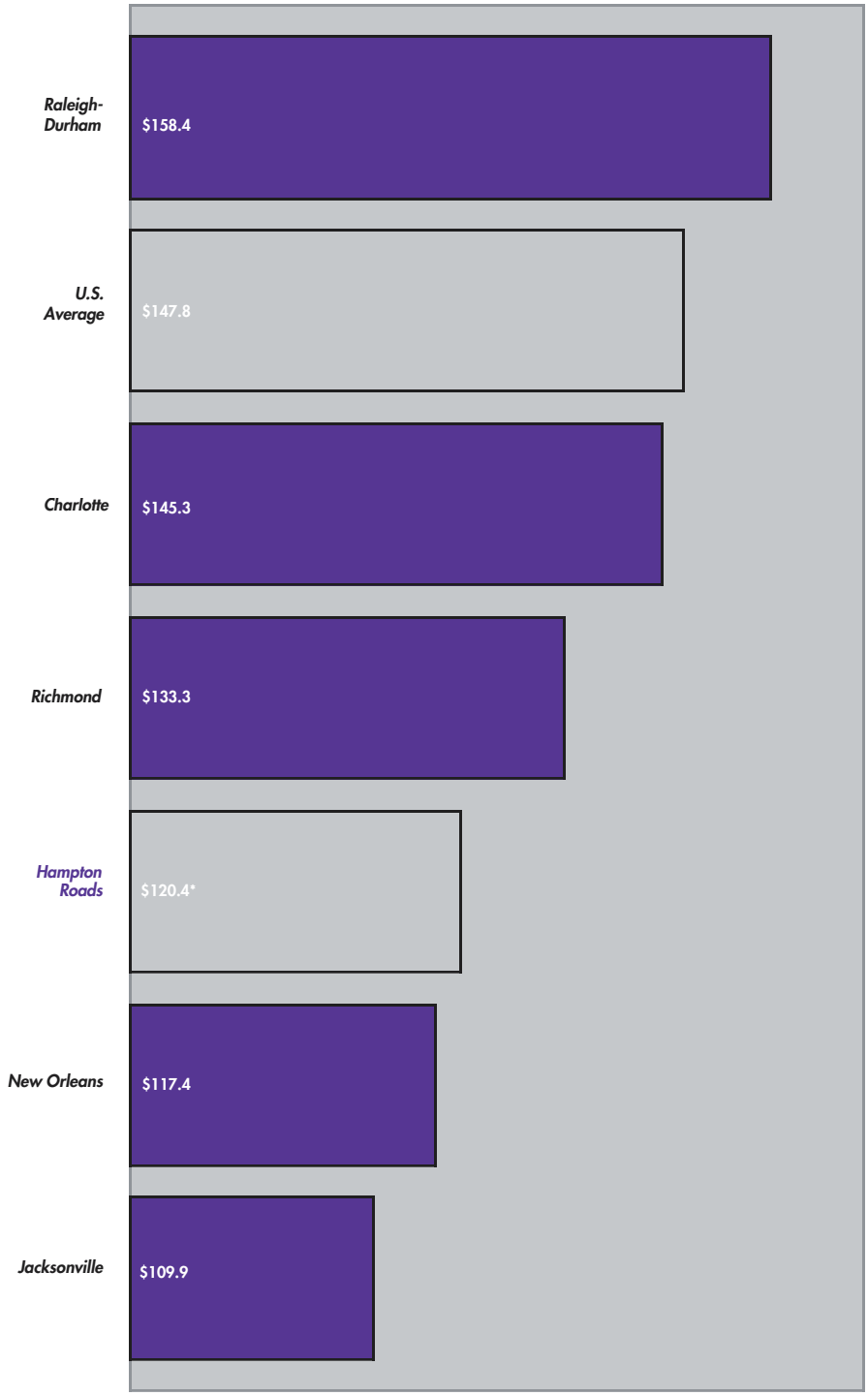
Source: Bureau of the Census, American Housing Survey, 1998 and 1999

It is interesting to note that over the past five years, the value of new housing construction within Hampton Roads has moved closer to the national mean (Graph 30). Unlike the sales value of the existing housing stock, the value of new houses in Hampton Roads is only 7 percent below that of the national average. In contrast to Richmond and Charlotte, the significantly higher value of new houses in Hampton Roads compared to existing houses suggests that the overall quality of single-family houses in Hampton Roads probably is increasing.

Hampton Roads' home ownership rate in 2000 rose from its 1990 level of 58.9 percent to 62.8 percent and now is only 3.4 percent less than that of the national average (Graph 31). Given the continuous turnover of military personnel, who constitute more than 11 percent of the region's work force, homeownership among non-defense residents in Hampton Roads actually may be higher than average.

Rental property vacancy rates have continuously fallen over the past 10 years in Hampton Roads from the historically high vacancy rate of 16.2 percent in 1991. The current 7 percent vacancy rate is below the national average (see Graph 32), reflecting the increased prosperity of the region and, unmistakably, increased Department of Defense spending, which fuels the demand for rental property. **Unlike the price of single-family housing, the cost of rental housing in the region is much closer to that of the national average.** In 1999, the latest year for which data are available from the American Housing Survey, the median single-family rental unit in Hampton Roads cost $582 per month, while the comparable national cost was $580.

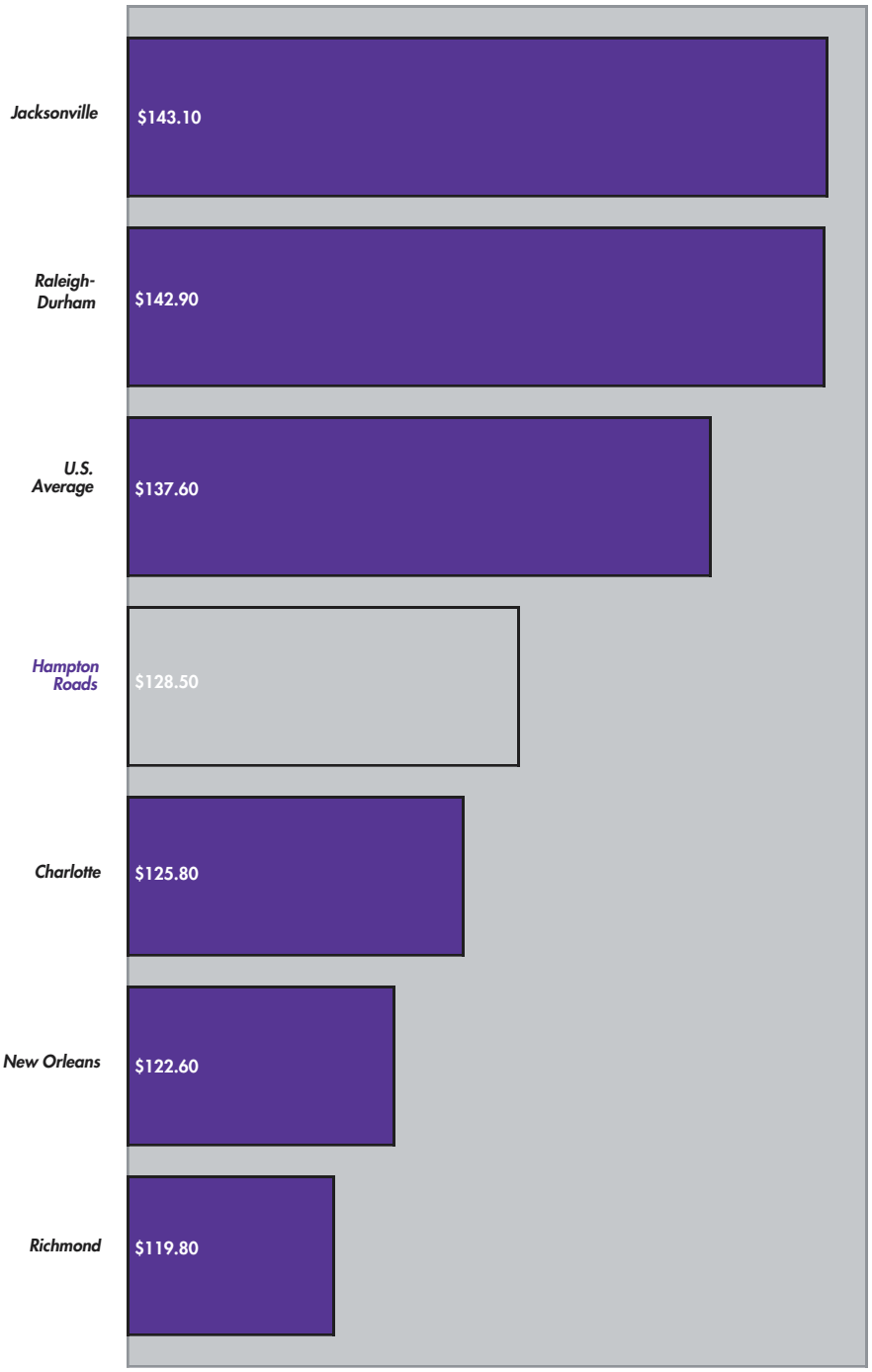
Graph 29
VALUE OF EXISTING HOME SALES, 2001
(Median Value, Thousands of Dollars)



*2nd and 3rd quarters, 2001

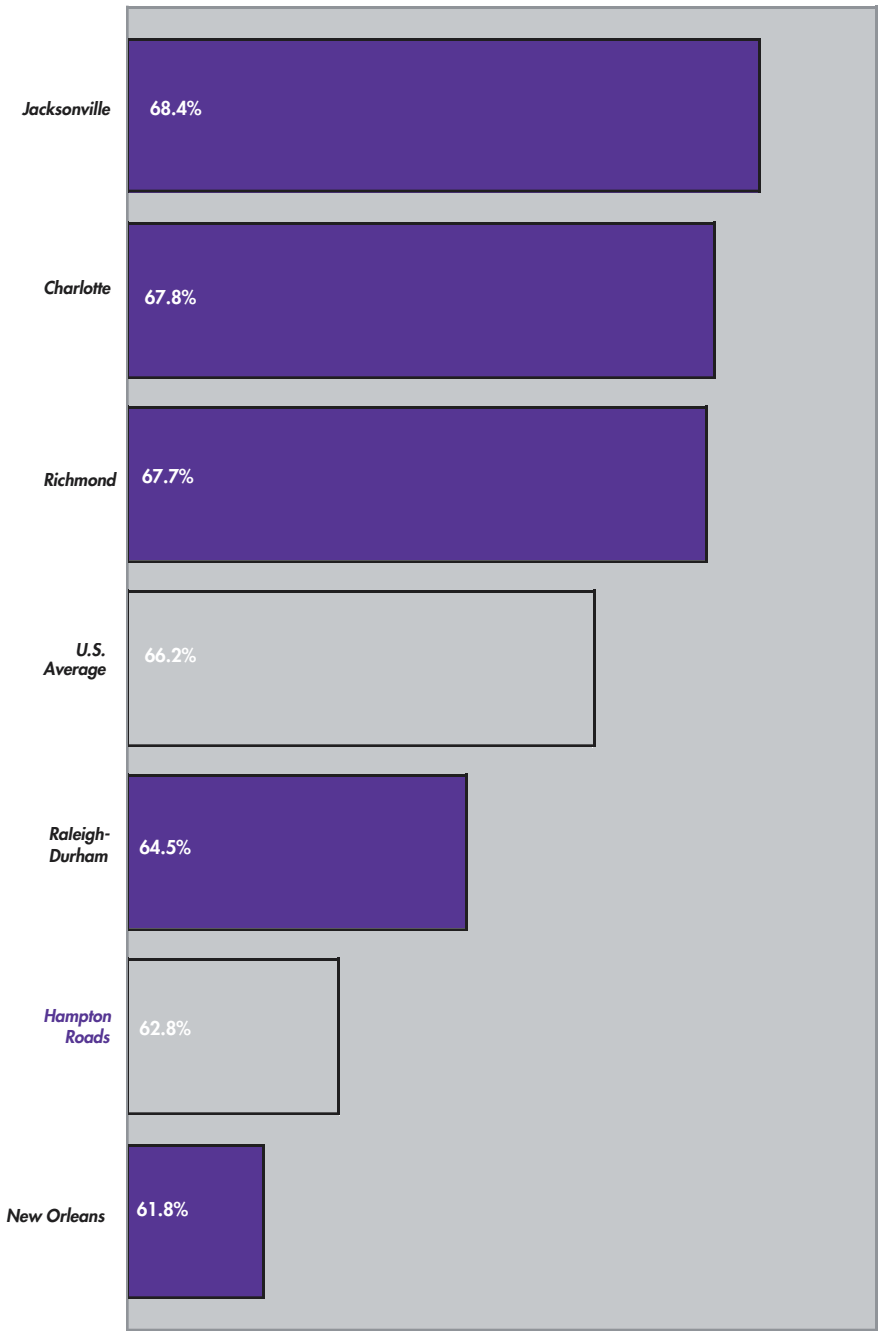
Source: National Association of Realtors

Graph 30
VALUE OF NEW SINGLE FAMILY HOUSING, 2000
(Median Value, Thousands of Dollars)



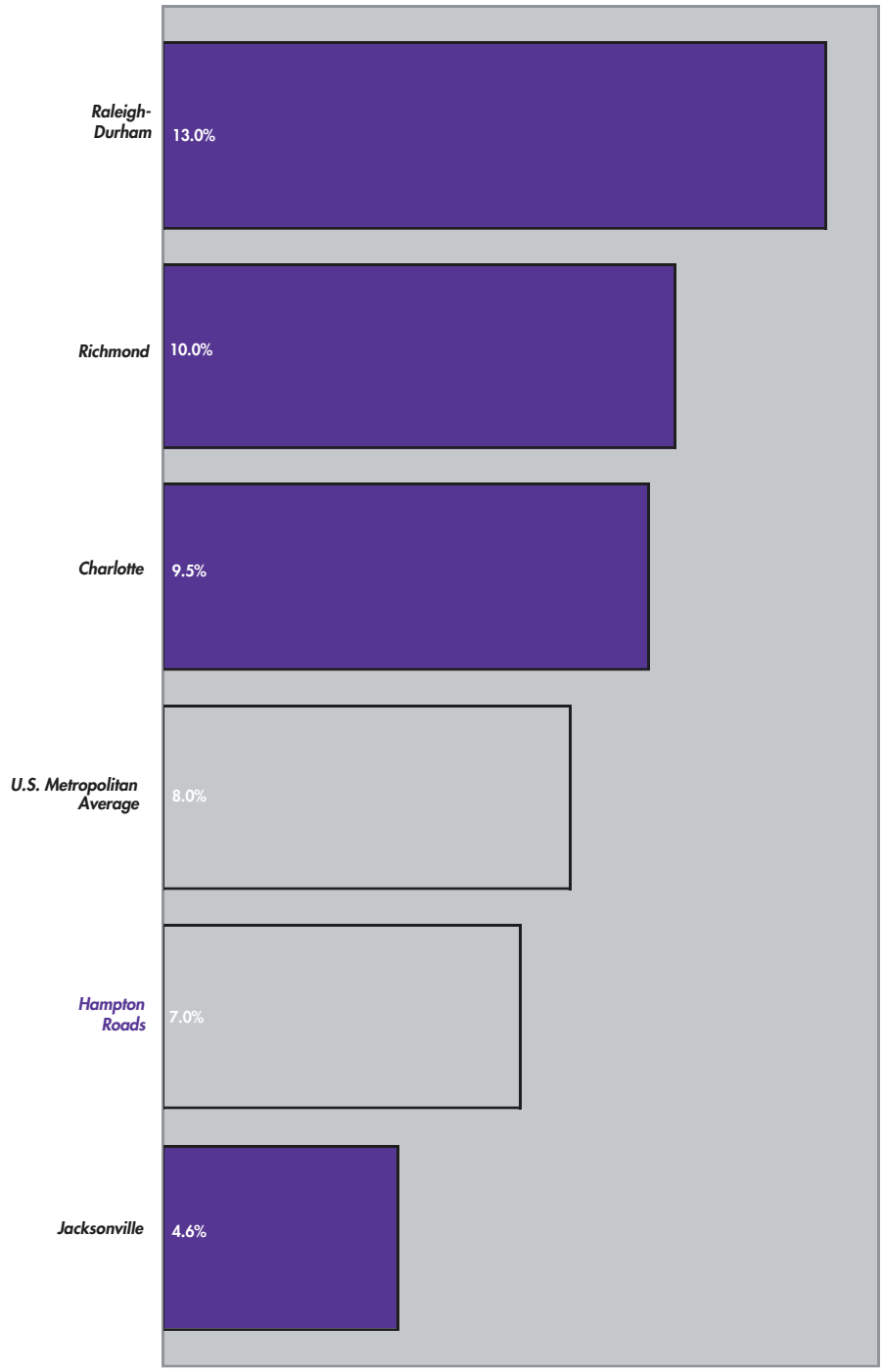
Sources: U.S. Department of Commerce and Bureau of the Census

Graph 31
PROPORTION OF HOUSING OCCUPIED BY HOMEOWNERS, 2001



Sources: U.S. Department of Commerce and Bureau of the Census

Graph 32
RENTAL PROPERTY VACANCY RATES, 2001
(Single-Family Units)



Source: Bureau of the Census