



THE STATE OF

THE REGION

HAMPTON ROADS 2006

REGIONAL STUDIES INSTITUTE • OLD DOMINION UNIVERSITY

September 2006

Dear Reader:

This is Old Dominion University's seventh annual State of the Region report. While it represents the work of many people connected in various ways to the university, the report does not constitute an official viewpoint of Old Dominion, or its president, Dr. Roseann Runte.

The State of the Region reports maintain the goal of stimulating thought and discussion that ultimately will make Hampton Roads an even better place to live. We are proud of our region's many successes, but realize it is possible to improve our performance. In order to do so, we must have accurate information about "where we are" and a sound understanding of the policy options available to us.

The 2006 report is divided into seven parts:

- **Hampton Roads: The Economic Winds Begin to Blow:** Our regional economy has slowed down to the national average after five superb years of growth fueled by defense expenditures. Defense expenditures are decelerating, the Ford plant is closing and the Base Realignment and Closure process will soon be under way.
- **The North Carolina Connection: Hampton Roads South of the Border?** Currituck County, N.C., already is considered part of the Hampton Roads Metropolitan Statistical Area (MSA). Four other counties (Camden, Gates, Perquimans, Pasquotank) lie just south of our region, but only Gates is sufficiently connected to Hampton Roads to be added in the future.
- **Tunnel Vision: Traffic Congestion in Hampton Roads:** Traffic congestion already is bad in the region; we estimate the cost in 2006 to be \$473 million, or \$296 per person. If nothing is done to alleviate the situation, this cost will grow to \$1.07 billion, or \$608 per person in 2015. Our simulations also predict the speed of automobile commuters going through the Hampton Roads Bridge-Tunnel will fall to 7.2 mph in 2015.
- **It's Not Easy Being Green: Open Space and Parks in Hampton Roads:** Open space and parks are unevenly distributed across our region. Virginia Beach has done a particularly good job in promoting parks and green space. Still, open space is disappearing at a very rapid rate. Either we preserve such space now, or it may disappear forever.
- **The Play's the Thing: Theaters and Performing Arts Companies in Hampton Roads:** The region is plentifully endowed with an impressive variety of theaters and performing arts companies. We critique their diverse work, which provides Hampton Roads with vital cultural and economic benefits.
- **The Youth of Hampton Roads: Pride or Problem?** By several measures, our region's youth are not doing so well. Particularly problematic are the high percentages of youth who live in poverty and babies born to very young mothers. It is easy to track the societal problems that result.
- **Beach Replenishment: Who Benefits, Who Pays, Who Should Pay?** Replenishing the region's beaches with sand is critical to their attractiveness. More than \$100 million has been spent on beach replenishment in Virginia Beach over the past decade, with the federal government paying about two-thirds. We find that beach replenishment pays off handsomely for Virginia Beach, but also that the city probably should pay a larger share of the cost.

Old Dominion University, via the president's and provost's offices, and the College of Business and Public Administration, via the dean's office, continue to be generous supporters of the report. However, the report would not appear without the vital backing of the private donors whose names appear below. These munificent individuals believe in Hampton Roads and in the power of rational discussion to improve our circumstances. They deserve kudos for their generosity and foresight. But, please note that they are not responsible for the views expressed in the report.

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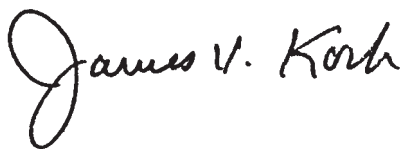
Gilbert Yochum

Special recognition is merited for Vinod Agarwal and Gilbert Yochum of the Old Dominion University Economic Forecasting Project, which Professor Yochum directs. They are hard-working, perceptive colleagues who generate superb work on a very tight time schedule, and I am indebted to them. Their penetrating analyses of the regional and Commonwealth economies have become legendary and now constitute the baseline by which numerous economic activities are measured.

My hope is that you, the reader, will be stimulated by this report and will use it as a vehicle to promote productive discussions about our future. Please contact me at jkoch@odu.edu or 757-683-3458 should you have questions.

Note that all seven State of the Region reports may be found at www.odu.edu/forecasting.

Sincerely,



James V. Koch
Board of Visitors Professor of Economics
and President Emeritus Old Dominion University

Cover Photo: Hampton Roads Bridge-Tunnel, Hampton, Courtesy of the Daily Press/Kenneth Silver

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