



1st Quarter 2023

VIRGINIA

ECONOMIC INDICATORS

A Publication of the Virginia Employment Commission



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Quarterly Employment Indicators for Virginia

First Quarter Summary:

Amid cooling labor markets nationwide in the first quarter of 2023, many watched monthly VEC job reports for signs of weakness in Virginia's labor market that could offer clues as to when a recession may start. Virginia total nonfarm payrolls exceeded four million jobs and joined other indicators signaling that the Commonwealth's labor markets remained resilient. The unemployment rate returned to low, pre-pandemic levels and coincided with positive BLS estimates of household labor employment in March that rose by nearly 26,000 and boosted labor force participation rates. Upticks in hiring provided more positive news as the March BLS Jobs Openings and Labor Turnover Survey showed the most hires in nearly a year. Claims for unemployment insurance remained at low, pre-pandemic levels. Heading into springtime in Virginia, these subtle, green shoots came on the heels of a recession recovery a little slower than nationwide during the Pandemic reopening period.

These positive trends may indicate that the labor shortage that appeared during and after the pandemic continued to recede at the beginning of 2023. The improvement in the labor shortage was a boost to those economic sectors that have had trouble finding labor in the aftermath of the pandemic. In 2022, Virginia experienced large jumps in employment in restaurants, manufacturing, government, and health care, bringing these sectors to, or approaching, pre-pandemic job levels.

At the beginning of 2023, the performance of Virginia's labor market was influenced by its economic performance during the last quarter of 2022. During that time, Virginia's economy expanded but a little slower than nationwide, as real gross domestic product (GDP) increased by an annual rate of 2.1 percent in the fourth quarter of 2022. This means the aggregate size of the economy continued to expand and the growth was primarily led by the service sector. The three largest industry contributors to growth were Professional, Scientific, and Technical Services; Healthcare; and Information. The producing part of Virginia's economy held back as construction and nondurable manufacturing declined over that period. Retail Trade underperformed compared to nationwide and was the largest drag on growth.

On a not-seasonally adjusted basis, the number of payroll jobs declined from the fourth quarter of 2022. Growth varied by industry sector and was likely affected by annual patterns of declines after the holidays in retail, reduced construction activity due to winter weather, among other influences.

Around the State Highlights

Northern Virginia

The largest metropolitan statistical area (MSA) in terms of employment, Northern Virginia ended the first quarter of 2023 at 1,559,800 nonfarm payroll jobs in March. This was an addition of 9,900 over the end of the fourth quarter of 2022 and 37,400 (+2.5 percent) over the year. Contrary to other recent recessions, the Washington metro area was not insulated from the economic downturn but was slower in recovering during the initial Pandemic 'reopening' phase in 2020 and 2021. This has changed as the region continued to catch up in hard-hit industries. For example, Leisure and Hospitality added 10,400 jobs year-over-year in the first quarter (not seasonally adjusted). It was led by Arts, Entertainment, and Recreation, which climbed by 16.7% and by Accommodation, which rose by 14.1 percent.

Professional and Business Services comprise nearly thirty percent of payroll jobs in Northern Virginia. Computer Systems Design and Related Services is an important part of it, both in terms of employment and good wages. Not seasonally adjusted, first quarter average employment fell by 2,600 jobs (-1.9 percent) over the year to 136,800. Reports of tech industry layoffs began to surface in 2023, primarily on the West Coast but also in other parts of the country. How this will affect the much-anticipated influx of tech industry jobs into the area is uncertain. A significant number of major companies have headquarters in the area or are moving into the area. Not seasonally adjusted, Management of Companies and Enterprises totaled 35,900 jobs, growing by 2,900 (+8.9 percent) compared to the first quarter of 2022.

Richmond

The Richmond MSA ended the first quarter at 709,800 payroll jobs in March. Seasonally adjusted, this was an increase of 7,200 jobs (+1.0 percent) compared to December 2022, which was the fastest growth rate among metros. Richmond also added 23,100 jobs (+3.4 percent) over the year. This was the second-fastest growth rate and a full percentage point faster than statewide.

Richmond has historically been a center for government jobs, and the government sector is currently the third largest payroll employer in the area, with 16 percent of all nonfarm payrolls. The state government subsector accounts for 35 percent of those government sector jobs. Not seasonally adjusted, State Government reached a quarterly average of 40,000 at the beginning of 2023. This was an increase of 3,500 jobs (+9.6 percent) over the year.

Since its founding, Richmond has also been a hub of commerce; namely Trade, Transportation and Warehousing, and Manufacturing. Not seasonally adjusted, Trade, Transportation, and Utilities rose over the year by 3,900 (+3.1 percent) to a quarterly average of 128,900. The sector was led by job growth in Wholesale Trade and Transportation, Warehousing, and Utilities. Though Manufacturing added jobs over the year, it has declined in importance as an employer since it currently accounts for only five percent of jobs in the area.

Virginia Beach-Norfolk-Newport News

Virginia Beach-Norfolk-Newport News had 797,900 payroll jobs in March 2023. This was an increase of 3,700 jobs over the quarter and 12,500 (+1.6 percent) compared to March 2022. Among MSAs, it has the second largest number of payroll jobs. Over the past three years, the three largest MSAs have each led job growth at various times, while losing some ground at other times.

The area has a large, diverse economy though perhaps it is best known for its ship building industry and port facilities. During the first quarter of 2023, not seasonally adjusted, other traditional strengths like Real Estate and travel and tourism related industries like Accommodation and Food Service grew by nearly six percent over the year. The area is a popular tourist destination, with miles of oceanfront and historical destinations, including Colonial Williamsburg, Jamestown Settlement, and Yorktown Battlefield.

Though not highly concentrated in the area, white-collar industries like Professional, Scientific, and Technical Services and Management of Companies grew nearly as rapidly. For many years, healthcare has been one of the area's fastest growing sectors. Not seasonally adjusted, Hospital jobs increased by five percent to a first quarter 2023 average of 22,500 jobs.

Ship and Boat Building experienced flat growth over the year and had a quarterly average of about 30,000 jobs, not seasonally adjusted. However, defense spending trends appear positive for the area's economy and could boost the number of ship building and other defense-related jobs. Increased defense spending over the last five years contributed to its growing population and that could resume with more spending. After a record-breaking year in 2022, the area's port facilities should continue to benefit from the recent transfer of some ocean-borne shipping away from the West Coast and more to East Coast ports.

Charlottesville

Charlottesville MSA payroll employment stood at 122,300 in March at the end of the first quarter 2023. It added 2,900 jobs (+2.4 percent) compared to March 2022 and had the same rate of growth as statewide. Employment trends in the Charlottesville metropolitan area indicate that it is recovering from significant job losses that occurred in early 2020 because of the countermeasures taken to slow the spread of COVID-19. The rate of job growth in the metropolitan area during the fourth quarter of 2022 slowed from a year earlier and trailed the rates in Virginia and the nation.

Charlottesville is reliant on state government jobs, primarily in education and healthcare. Not seasonally adjusted, State Government employed a quarterly average of 24,500 while Private Education and Healthcare Services employed nearly 16,000. Over the year, both grew a little slower than overall job growth in the first quarter 2023.

During the first quarter of 2023, Leisure and Hospitality led year-over-year job growth in the Charlottesville area as it rose by nearly ten percent (+1,200 jobs) to a quarterly average of 13,800. Travel and tourism is an important driver of the local economy and attractions include the national historic landmark of Monticello; the walkable downtown mall in the city of Charlottesville; and year-round activities that include skiing, golfing, winetasting, and weddings. These were impacted during the pandemic but have since reopened and are now able to operate at full capacity, thus supporting the recent strong job growth in the leisure and hospitality sector.

Roanoke

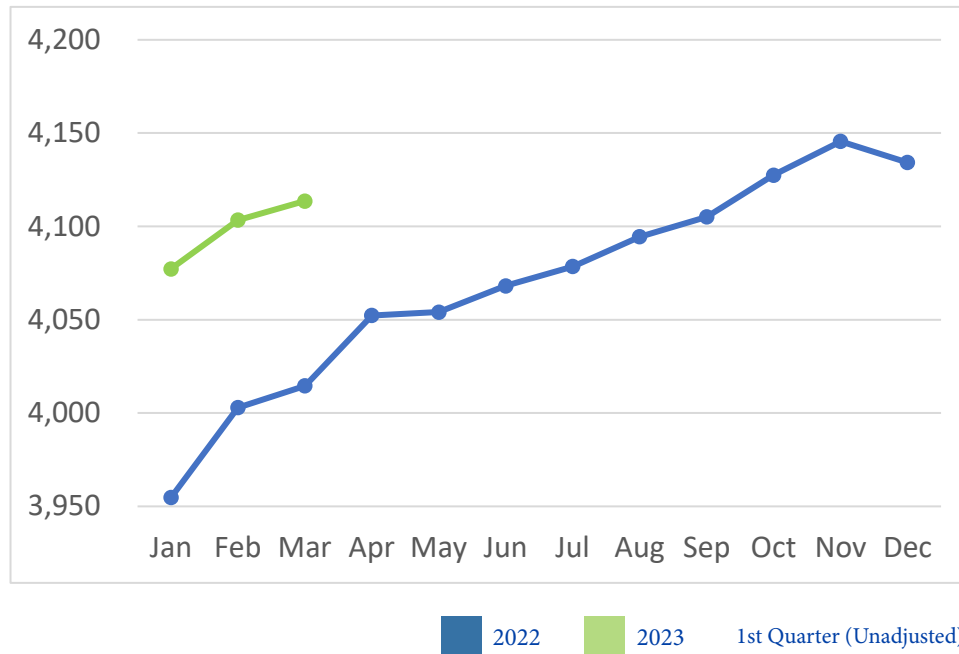
Roanoke MSA payroll employment stood at 165,100 at the end of the first quarter 2023. It added 4,600 jobs (+2.9 percent) compared to March 2022, which was a half of a percentage point faster than statewide. Roanoke has been rated one of the best places in the country to retire due to its low cost of living and rich scenic environment, including Smith Mountain Lake in Franklin County. Approximately 20 percent of the metropolitan area population is aged sixty-five or older and this often is associated with increased healthcare employment. At 17 percent of payroll employment, Private Education and Healthcare is the area's largest industry employer with 28,400 jobs, not seasonally adjusted. It increased by 900 jobs (+3.4 percent) over the year. Manufacturing is also an important driver to the area's economy, numbering 16,700 jobs and growing by 5.3 percent (+800 jobs) over the year.

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Employment Indicators

Total Nonfarm Employment and Unemployment

Nonagricultural Wage and Salary Employment
(Thousands)

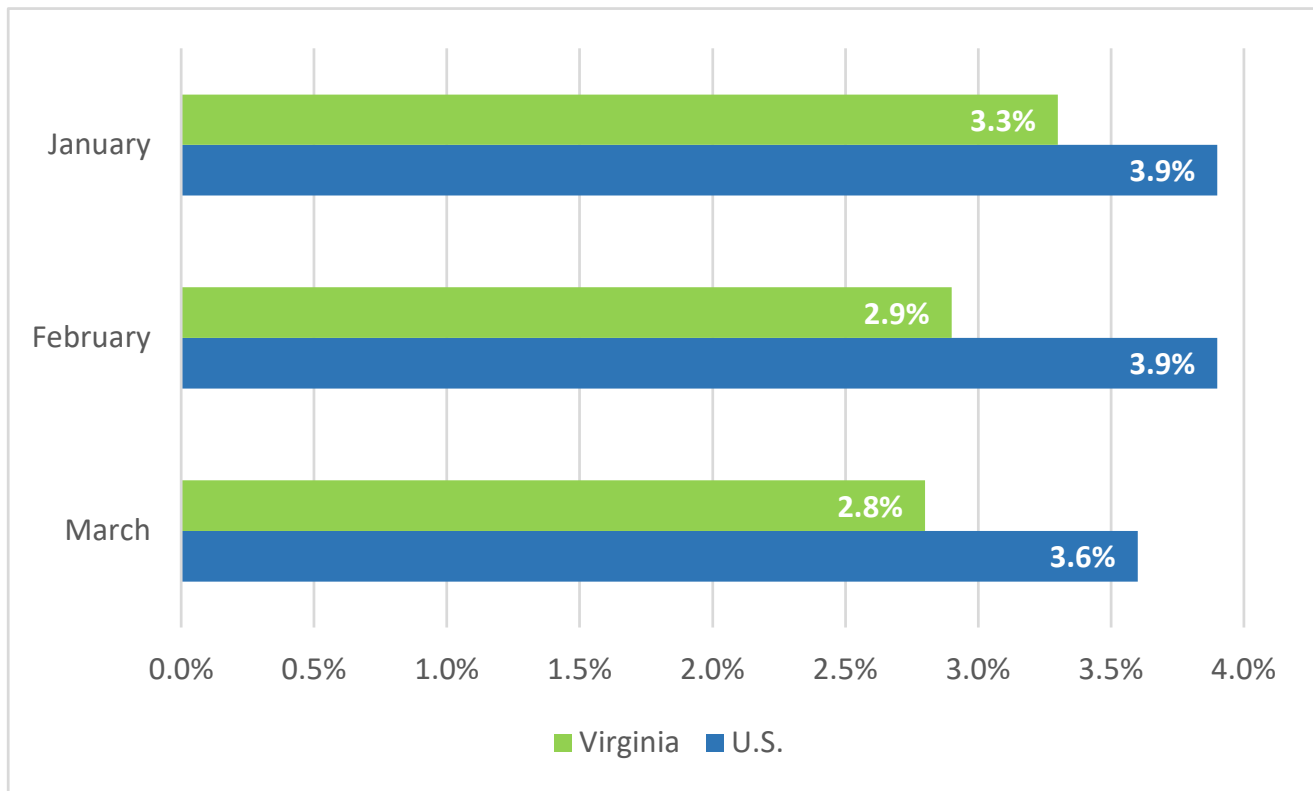


Virginia vs. U.S. Employment/Unemployment

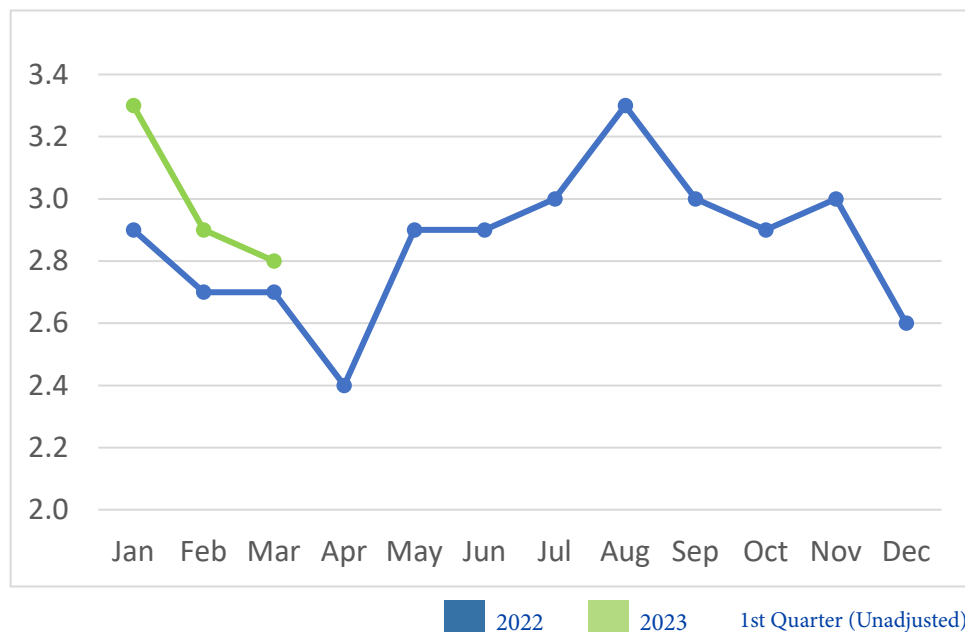
Virginia			U.S.	
Month	Employment	Unemployment	Employment	Unemployment
January	4,331,223	145,856	158,692,000	6,378,000
February	4,388,440	131,645	159,713,000	6,465,000
March	4,451,124	130,475	160,741,000	6,043,000

1st Quarter Unemployment (Unadjusted)

Virginia vs. U.S. Monthly Unemployment Rates

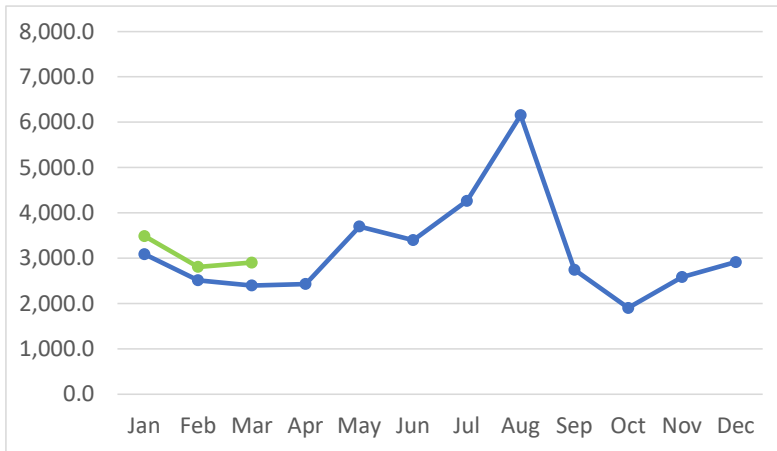


Total Unemployment Rate
(Percent)



Unemployment Insurance

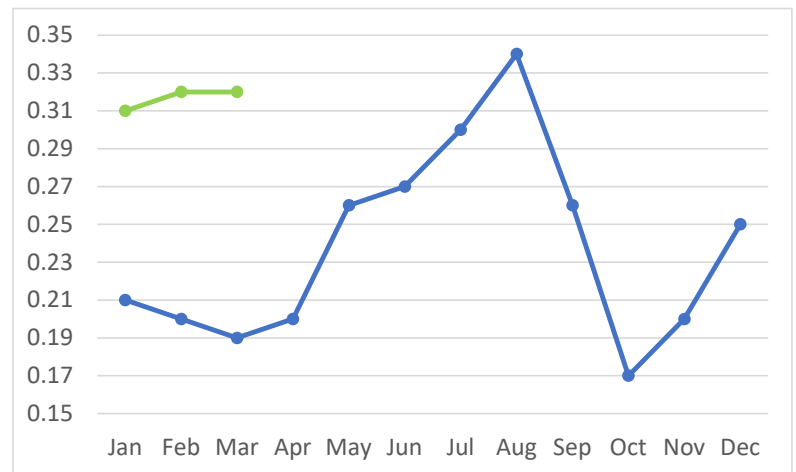
Average Weekly Initial Claims



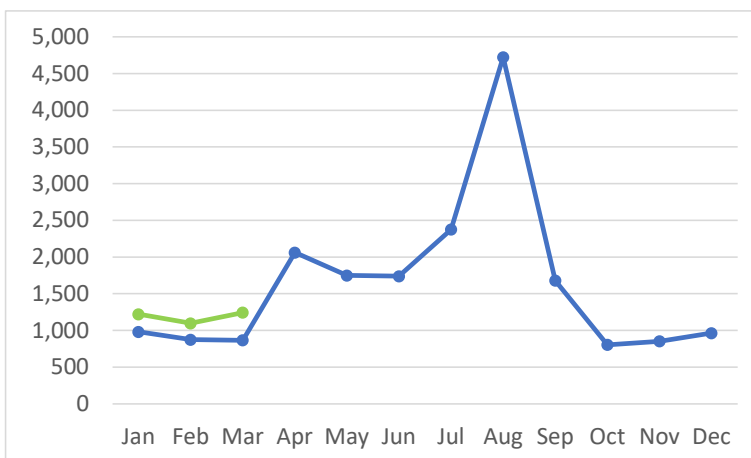
INSURED UNEMPLOYED : The average weekly number of weeks claimed for the three months of the quarter.

INSURED UNEMPLOYMENT RATE (IUR): The rate computed by dividing Insured Unemployed for the current quarter by Covered Employment for the first four of the last six completed quarters.

Insured Unemployment Rate (Percent)



Unemployment Insurance Final Payments



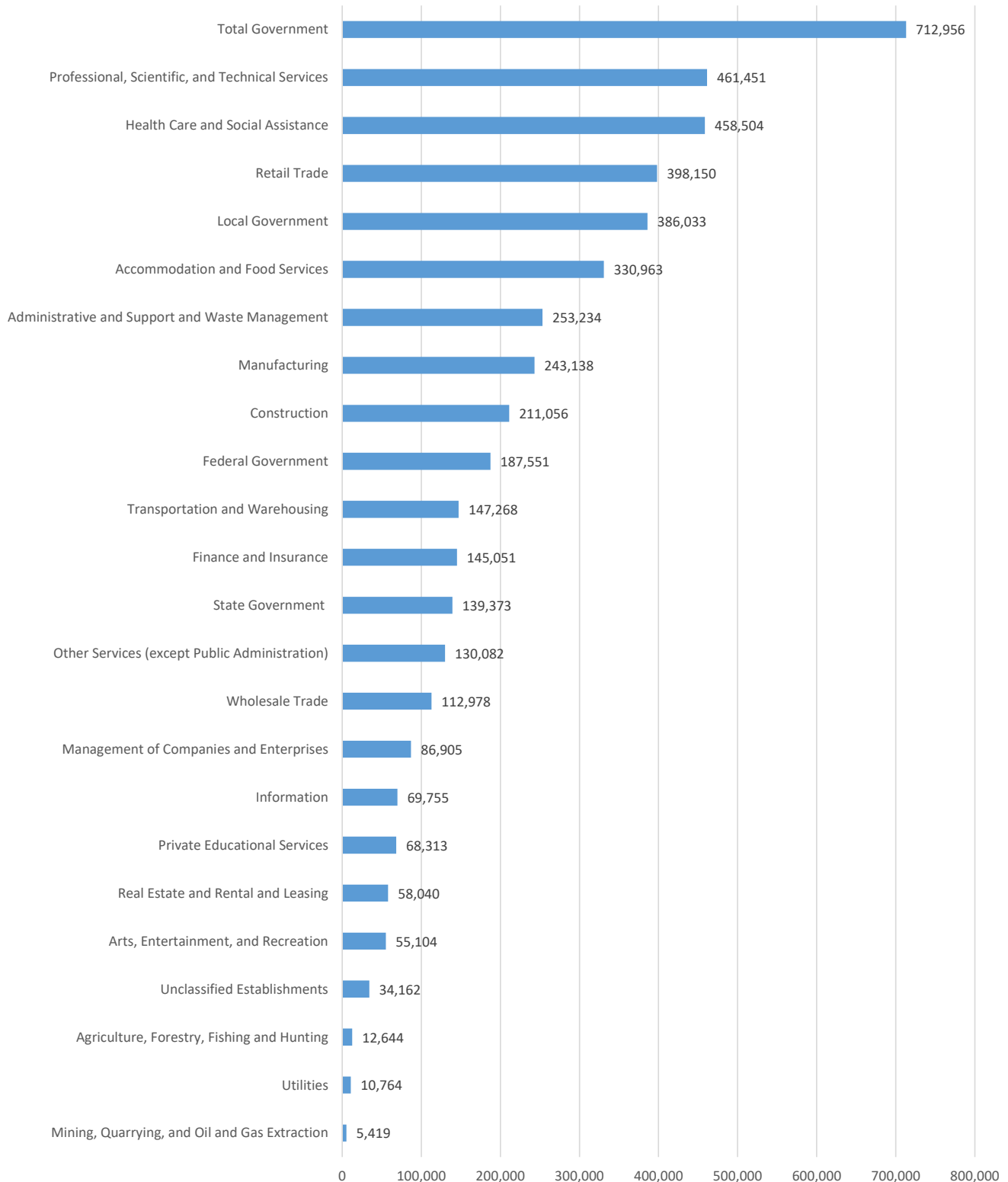
■ 2022
 ■ 2023
 ■ 1st Quarter (Unadjusted)

Data Scientist: Kyle Davis Kyle.Davis@vec.virginia.gov

Sources: Virginia Employment Commission, Economic Information & Analytics, Unemployment Insurance, and Bureau of Labor Statistics.

Employment by Industry

Fourth Quarter 2022



Economist: Erica Lashley erica.lashley@vec.virginia.gov

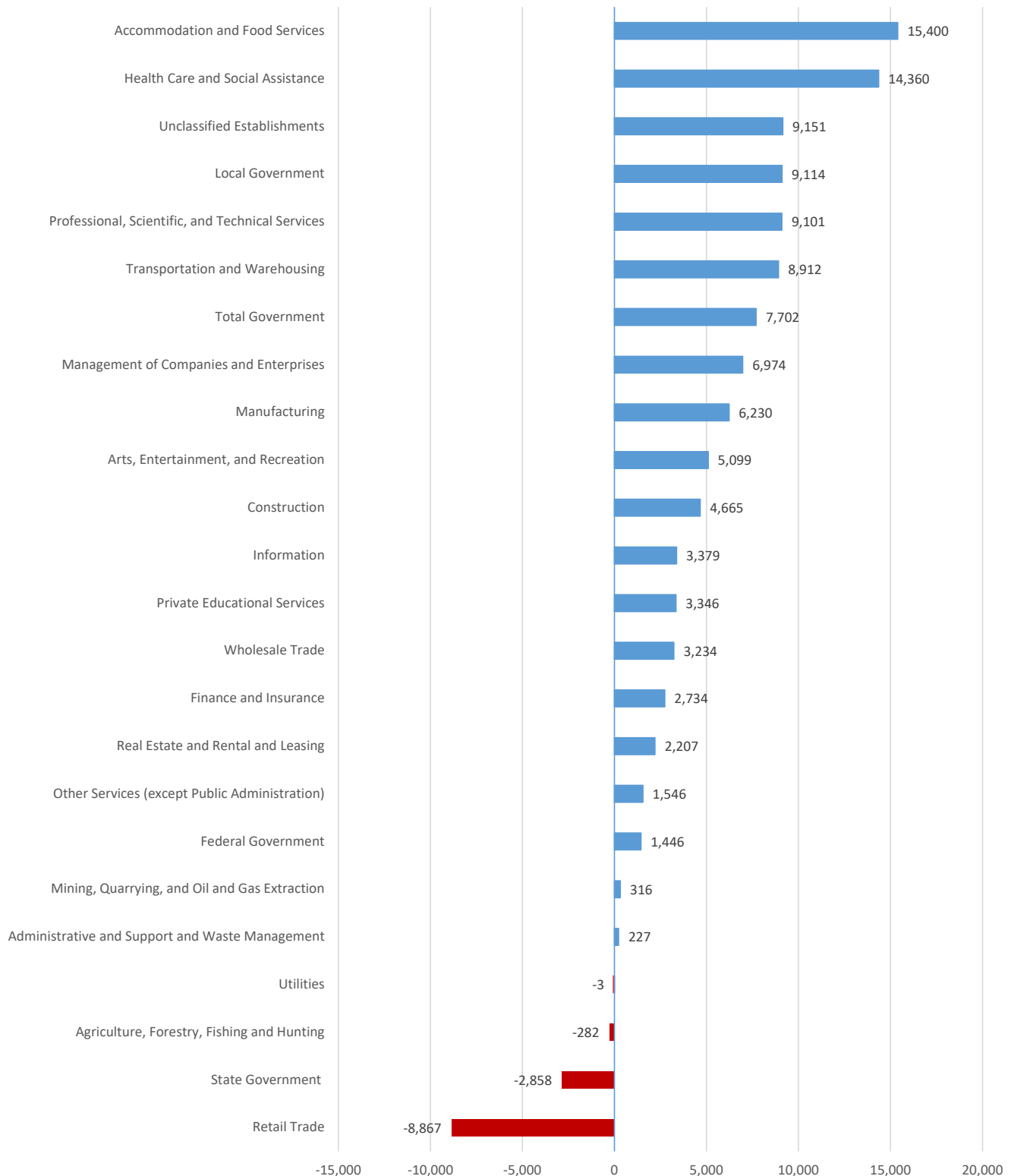
All Industry Total: 4,005,937
(Seasonally Unadjusted)

Note: Total Government includes: public education, federal, state, and local governments.

Source: Virginia Employment Commission, Economic Information & Analytics: Quarterly Census of Employment and Wages (QCEW), 4th Quarter 2022

Employment Change

Fourth Quarter 2021 - Fourth Quarter 2022



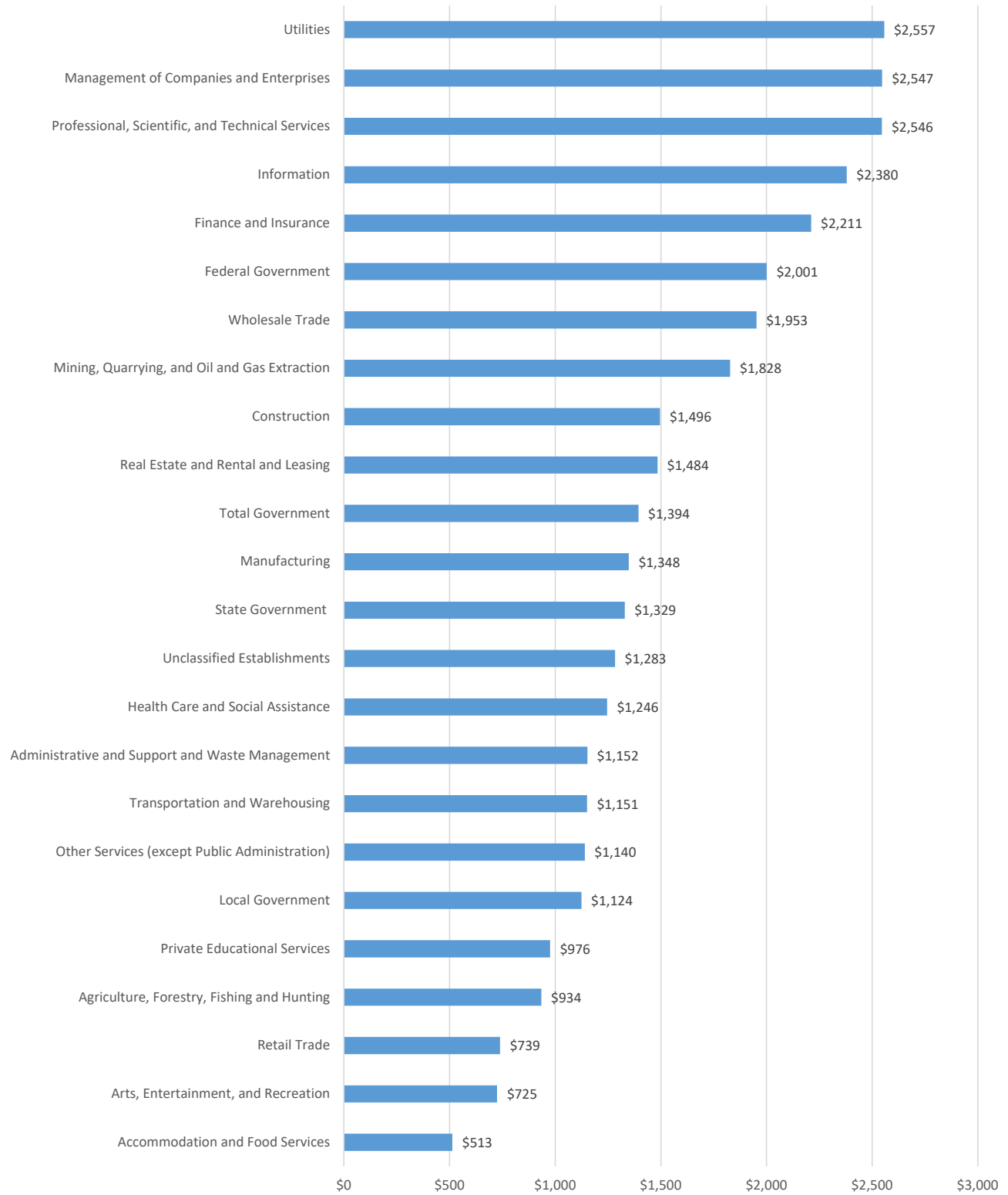
All Industry Total: 95,431
(Seasonally Unadjusted)

Note: Total Government includes: public education, federal, state, and local governments.

Source: Virginia Employment Commission, Economic Information & Analytics: Quarterly Census of Employment and Wages (QCEW), 4th Quarter 2022

Average Weekly Wage by Industry

Fourth Quarter 2022



All Industry Total: \$1,416
(Seasonally Unadjusted)

Note: Total Government includes: public education, federal, state, and local governments.

Source: Virginia Employment Commission, Economic Information & Analytics: Quarterly Census of Employment and Wages (QCEW) 4th Quarter 2022

1st Quarter 2023 Total Nonfarm Employment by Metropolitan Statistical Area (MSA) (Seasonally Adjusted)



Area	Employment (end of quarter)	Previous Quarter (end of quarter)	Previous Year (end of quarter)	Over-the-Quarter Change	Over-the-Quarter (Percent)	Over-the-Year Change	Over-the-Year (Percent)
Blacksburg-Christiansburg-Radford	82,200	81,700	80,300	500	0.61%	1,900	2.37%
Charlottesville	122,300	121,900	119,400	400	0.33%	2,900	2.43%
Harrisonburg	70,800	70,700	69,500	100	0.14%	1,300	1.87%
Lynchburg	105,100	104,800	103,500	300	0.29%	1,600	1.55%
Richmond	709,800	702,600	686,700	7,200	1.02%	23,100	3.36%
Roanoke	165,100	164,000	160,500	1,100	0.67%	4,600	2.87%
Staunton	53,300	53,200	51,500	100	0.19%	1,800	3.50%
Virginia Beach-Norfolk-Newport News	797,900	794,200	785,400	3,700	0.47%	12,500	1.59%
Winchester	70,700	70,700	68,600	0	0.00%	2,100	3.06%
Northern Virginia	1,559,800	1,549,900	1,522,400	9,900	0.64%	37,400	2.46%
Virginia	4,136,700	4,111,900	4,038,500	24,800	0.60%	98,200	2.43%

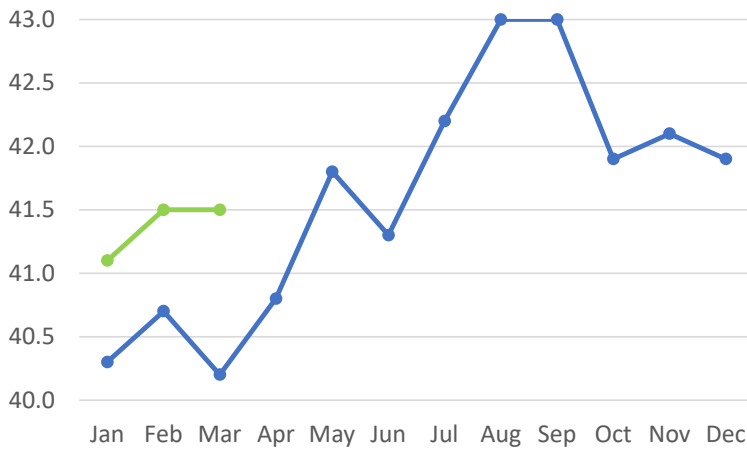
Senior Economist: Conrad Buckler: conrad.buckler@vec.virginia.gov

Source: Virginia Employment Commission, Economic Information & Analytics: Current Employment Statistics (CES) Seasonally Adjusted - (Not Preliminary)

Industry Focus: Manufacturing

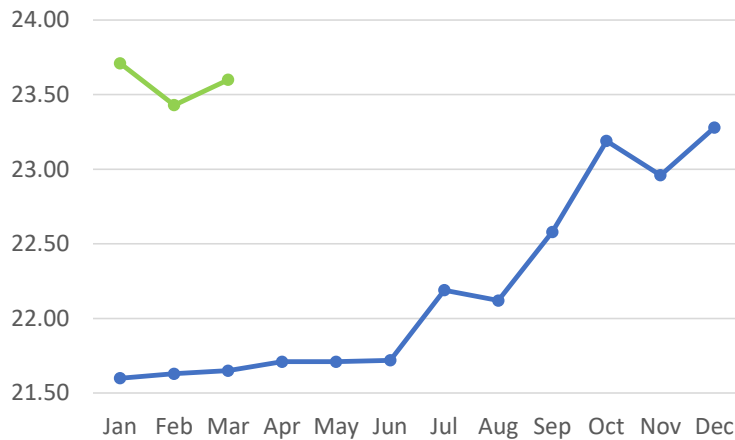
Manufacturing Production Worker Indicators

Average Weekly Hours



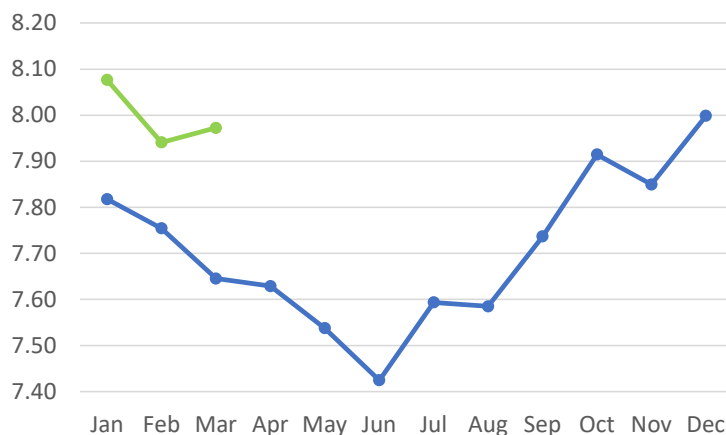
1st Quarter	Unadjusted
January	41.1
February	41.5
March	41.5

Average Hourly Earnings (Dollars)



1st Quarter	Unadjusted
January	\$23.71
February	\$23.43
March	\$23.60

Inflation-adjusted Average Hourly Earnings (1982-84 Dollars)

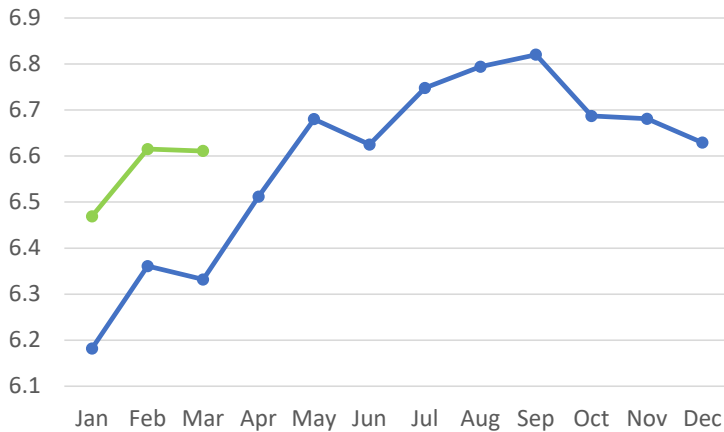


1st Quarter	Unadjusted
January	\$8.08
February	\$7.94
March	\$7.97

2022 2023 1st Quarter (Unadjusted)

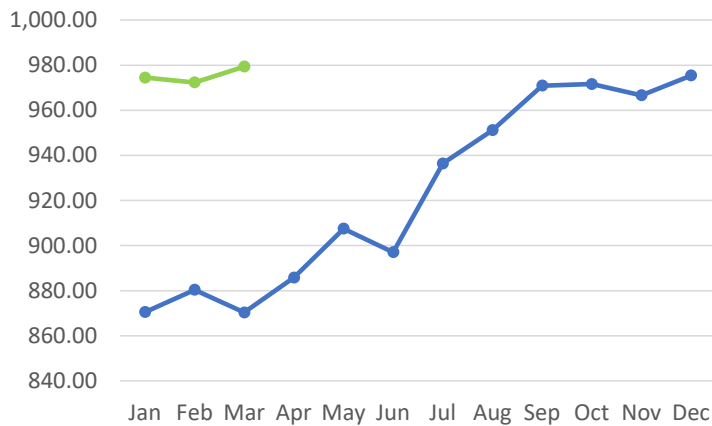
Manufacturing Production Worker Indicators (cont.)

Total Production Hours
(Millions)



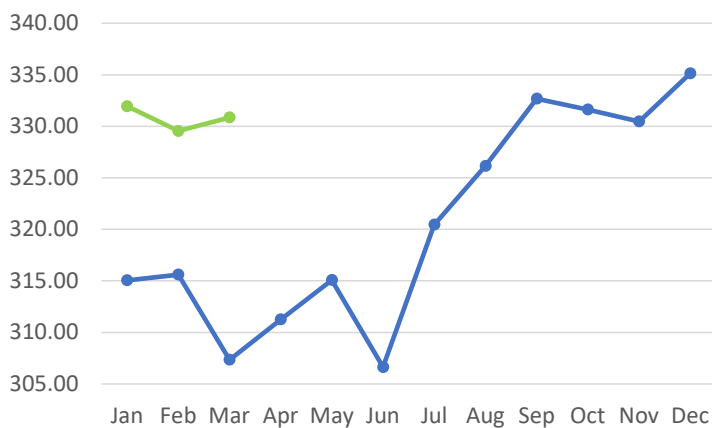
1st Quarter	Unadjusted
January	6.5
February	6.6
March	6.6

Average Weekly Earnings
(Dollars)



1st Quarter	Unadjusted
January	\$974.48
February	\$972.35
March	\$979.40

Inflation-adjusted Average Weekly Earnings
(1982-84 Dollars)

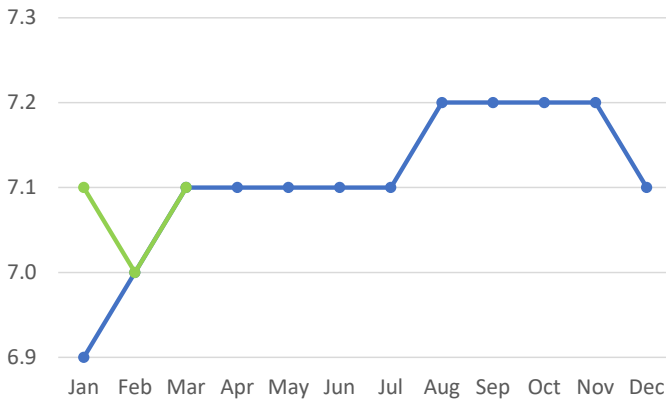


1st Quarter	Unadjusted
January	\$331.95
February	\$329.55
March	\$330.85

2022 2023 1st Quarter (Unadjusted)

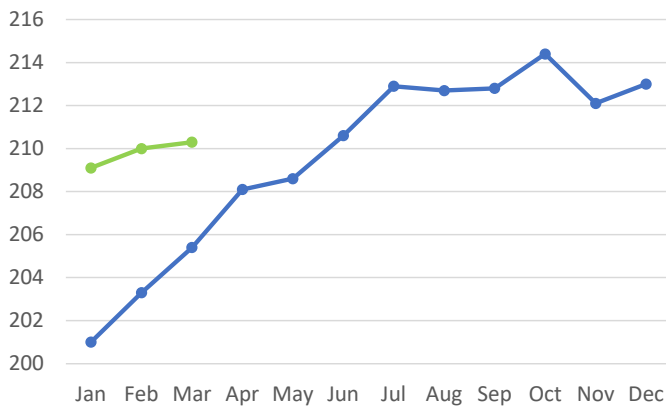
Quarterly Industry Report

Mining and Logging Employment
(Thousands)



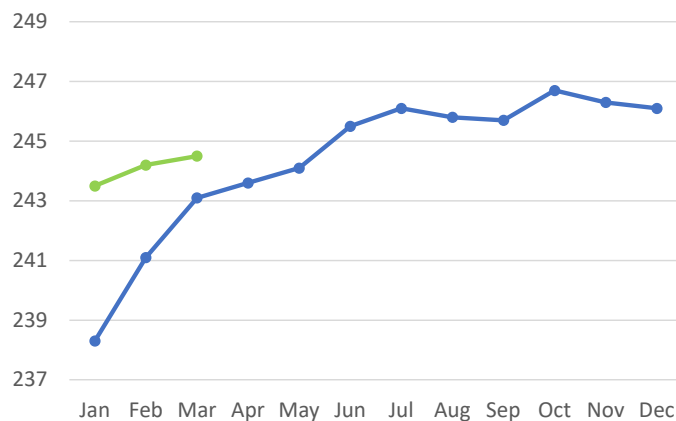
After a multi-year declining employment trend, Mining and Logging was unchanged over-the-quarter, ending the month of March at 7,100. First quarter employment averaged 7,100, which is 1.4 percent below the previous quarterly average, but an increase of one percent over-the-year. The long-term mining trend has been steadily downward from its 1990 peak. Coal mining faces a tough environment in Virginia and that shows little signs of changing with power plants shifting to natural gas or closing entirely because of the move away from fossil fuels. Possibly affecting logging jobs, prices for lumber have fallen over the last twelve months and approached pre-COVID price trends.

Construction Employment
(Thousands)



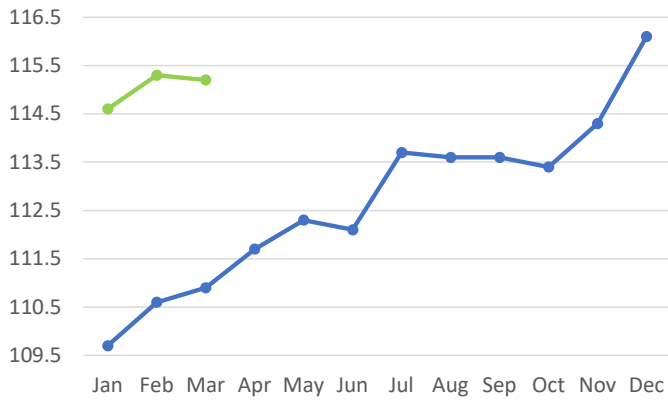
Builders have had difficulty attracting and retaining workers, especially since the Pandemic. As a result, construction employment has remained resilient in the face of a weakening residential real estate market, slowing down after a torrid 2021. According to the Federal Housing Finance Agency, home values in Virginia appreciated 9.3 percent from the first quarter of 2022 to the first quarter of 2023 while borrowing costs rose. Virginia residential building permits in the first quarter declined by fifteen percent over the year, about the same as the South region but less than the twenty percent drop nationwide. Yet Construction quarterly average employment decreased only 1.6 percent, or 3,400 jobs, from the fourth quarter of 2022, to end at 210,300. In fact, average quarterly employment was up 3.2 percent above where it was a year earlier.

Manufacturing Employment
(Thousands)



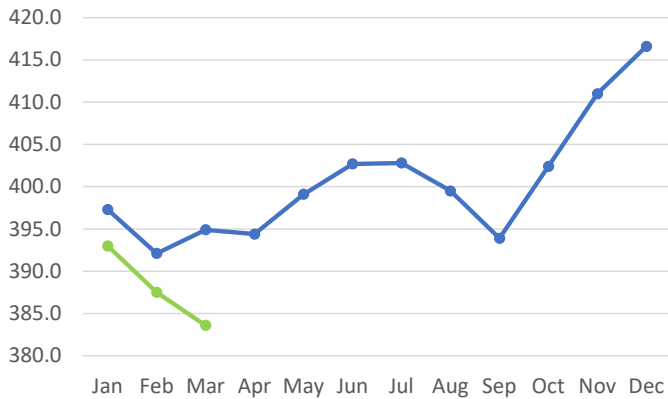
Fifth District manufacturing firms reported modest improvements in business conditions in March, according to the most recent survey from the Federal Reserve Bank of Richmond. However, firms remained pessimistic about local business conditions as the index registered -12 in March, nearly unchanged from last month. Furthermore, the index for future local business conditions edged down slightly. Firms continued to report easing of supply chain constraints as the indexes for backlogs and lead times remained negative. But, like Construction, the manufacturing sector continued to experience labor shortages and pent-up demand for skilled workers. Manufacturing employment decreased by 2,300 over-the-quarter and finished March at 244,500. Manufacturing quarterly average employment experienced a 0.9 percent decrease over the fourth quarter of 2022 but was up 1.3 percent over-the-year.

Wholesale Trade Employment
(Thousands)



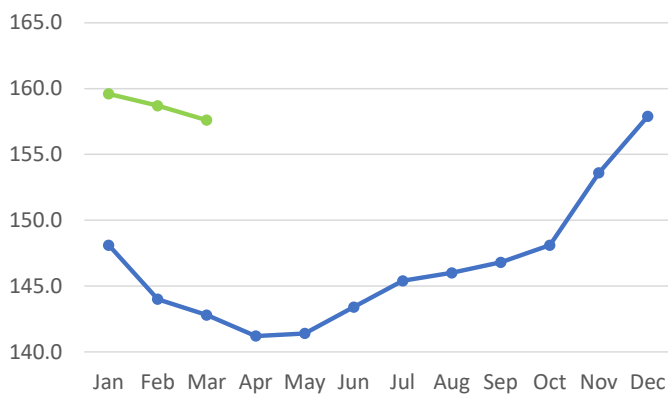
Demand for wholesale goods is determined primarily by the overall economy's performance, as wholesalers distribute goods to and from every sector of the economy. A lessening of supply-chain disruptions and a still-growing Virginia economy were evident in the sector during the first quarter. Wholesale Trade quarterly average employment was 115,000, up 400 over-the-quarter. At the end of the quarter in March, employment stood at 115,200, which was an increase of 3.9 percent over March 2022.

Retail Trade Employment
(Thousands)



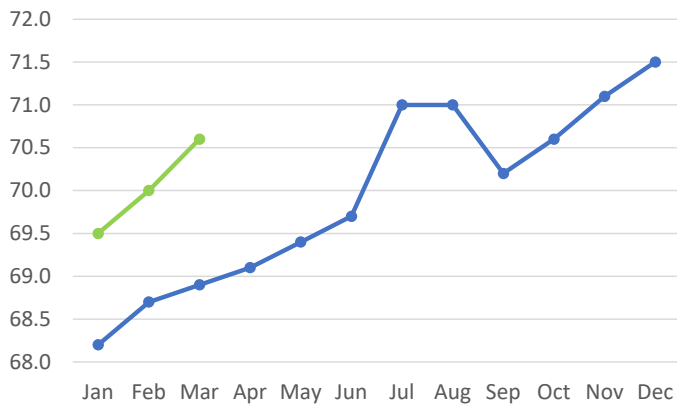
Americans continued to change the way that they shop in the first quarter of 2023. Virginia Retail Sales excluding Nonstore Retailers (not seasonally adjusted) in January 2023 were up 5.8 percent (± 0.6 percent) from January 2022. This despite falling real incomes, rising borrowing rates, and growing consumer debt. This spending has not resulted in corresponding retail hiring. Many retail workers have changed industries while stores have gotten by with fewer salespeople on the floor. Retail Trade quarterly average employment decreased in the first quarter of 2023 by 12,300 to end March at 383,600. This is a 5.3 percent decrease compared to December 2022 and a 2.6 percent decrease compared to March 2022. A specific example of this trend is sales of clothing and accessories, which rose thirteen percent over the year in Virginia. Yet, clothing store employment nationwide has dropped significantly in recent years.

Transportation, Warehousing, and Utilities Employment
(Thousands)



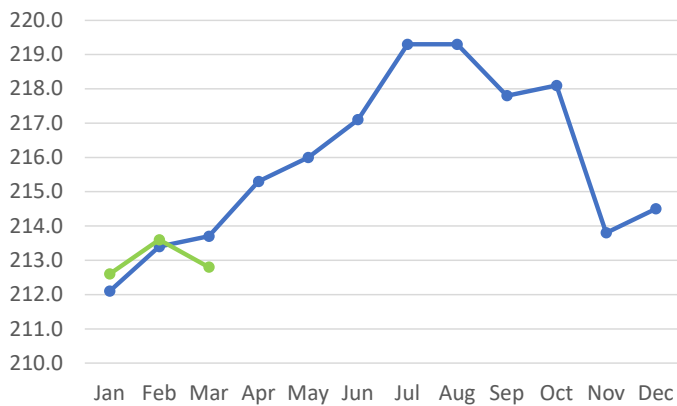
Transportation, Warehousing and Utilities quarterly average employment decreased by 4,300, and ended the first quarter at 157,600, a 5.5 percent decrease from the end of the previous quarter, but a 2.9 percent increase over March 2022. Much of the decline is likely due to seasonal fluctuations in demand for certain types of transportation services. For example, U.S. payroll employment in couriers and messengers fell by nearly 22 percent in March compared to December 2022, likely driven by holiday demand for package delivery. Over the year is more positive. Nationwide, tourism demand increased as scenic and sightseeing transportation rose by a quarter while air transportation employment rose by nearly ten percent.

Information Employment (Thousands)



Information quarterly average employment decreased 1,100 in the first quarter 2023, ending at 70,600 in March, which is a decrease of 1.3 percent from December 2022, but it saw a 2.5 percent increase from March 2022. Most of the yearly increase was likely driven by tech job growth. Nationwide in March, jobs with web search portals, libraries, archives, and other information services grew by 12.6 percent over the year while those with computing infrastructure providers, data processing, web hosting, and related services rose by 7.6 percent. Legacy industries like publishing and broadcasting experienced flat growth over the year.

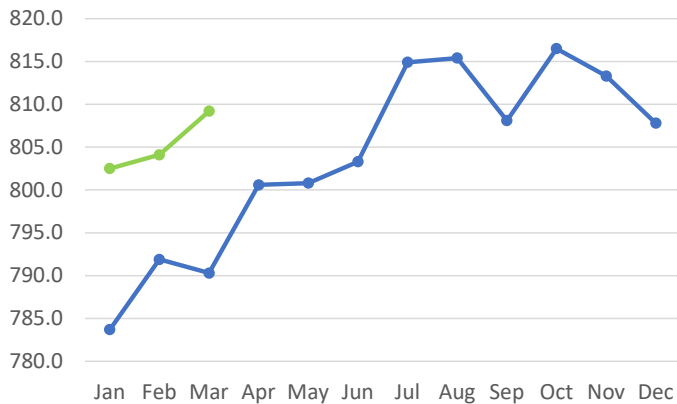
Finance Employment (Thousands)



Finance quarterly average employment saw a decrease of 2,500 over the fourth quarter of 2022 and ended with employment at the level of 213,000. This is a 0.8 percent decrease over December 2022 and a 0.4 percent decrease compared to March 2022. Nationwide, the industry saw similar flat growth over the year from March to 9,039,000 jobs and was led by job growth in real estate rental and leasing. These activities have become more prevalent in Virginia in recent years, driven by thriving apartment markets in Virginia and nationwide. Also, increased leisure travel has helped car leasing. U.S. Real estate and rental and leasing posted 2.3 percent growth over the year.

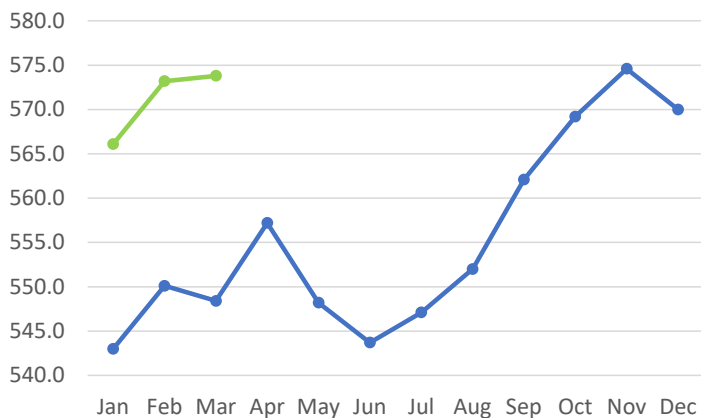
Credit intermediation and related activities (retail banks, primarily branches) saw a 1.3 percent drop nationwide. The growing adoption of digital processing of financial transactions has reduced the need for retail banking branches. This adds uncertainty regarding how many retail bankers and customer service representatives will be needed in coming years. Rising home prices and mortgage rates began to impact the numbers of real estate agents after the pandemic residential real estate bonanza of recent years.

Professional and Business Services Employment (Thousands)



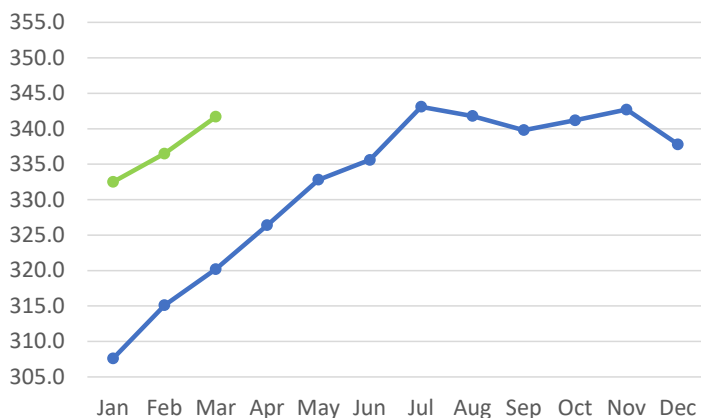
Professional and Business Services declined to the employment level of 809,200 in the month of March for a first quarter 2023 average of 805,300. This resulted in a quarterly average decrease of 7,200, or 0.9 percent, but an over-the-year increase of 2.1 percent. Professional and business services jobs have increased along with the population and business activity of the state. In recent years, private sector business services have been a big driver of jobs, especially in Northern Virginia, which is not surprising given its proximity to government and banking centers. One headwind for Professional and business services is that some can increasingly be done online or using software, perhaps evidenced by over-the-year 25 percent decline in job openings in April nationwide.

Private Education and Health Services Employment
(Thousands)



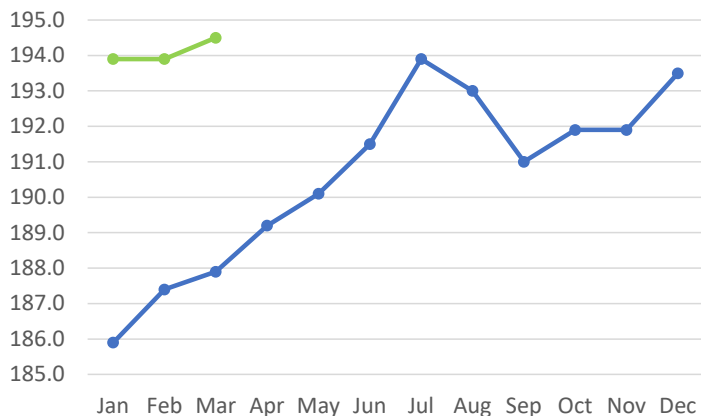
Private Education and Health Services employment in the first quarter 2023 increased 3,800 to 573,800. This is a 0.7 percent increase over-the-quarter from Q4, and a 4.6 percent increase over-the-year. Nationwide, March private educational services rose by 3.3 percent compared to December 2022, leading growth in the sector. Jobs in social assistance led year-over-year growth. Nursing and residential care facilities appeared to be catching up in healthcare hiring from Pandemic declines as it grew by six percent from March 2022.

Leisure and Hospitality Services Employment
(Thousands)



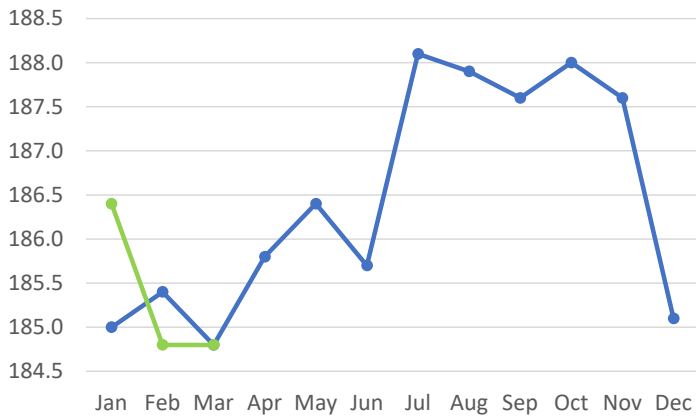
Leisure and Hospitality Services ended the first quarter 2023 with average employment 336,900, an increase of 3,900 jobs over-the-quarter. That was an increase over-the-quarter of 1.2 percent, and an increase over-the-year of 6.7 percent. Nationwide, March payroll employment in most sectors within Leisure and Hospitality were little changed. However, compared to March 2022, Arts Entertainment and Recreation jobs were up by 8.3 percent. Within that, museums, historical sites, and similar institutions were up over eleven percent. There are indications that the accommodation and food services industry labor shortage present since 2021 may be stabilizing. That sector has had the biggest shortage of workers. This is because, at the height of the pandemic, leisure and hospitality workers suffered the most layoffs across all industries as venues shuttered during lockdowns. April JOLTS data indicates that job openings nationwide decreased by twenty percent over the year. Initially slower to recover from Pandemic impacts, the arts, entertainment, and recreation industry job openings soared by fifty percent over that period.

Miscellaneous Services Employment
(Thousands)



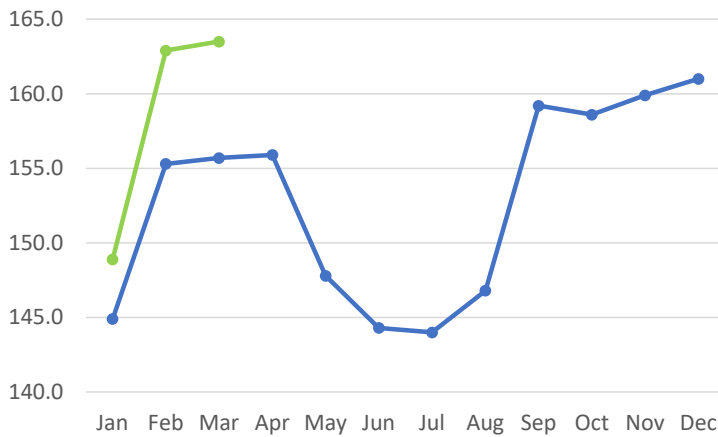
Miscellaneous Services ended March at a quarterly average employment level of 194,100. There was an increase over-the-quarter of 0.5 percent, or 1,000 jobs. Over-the-year, there was an increase of 3.5 percent.

Federal Government Employment
(Thousands)



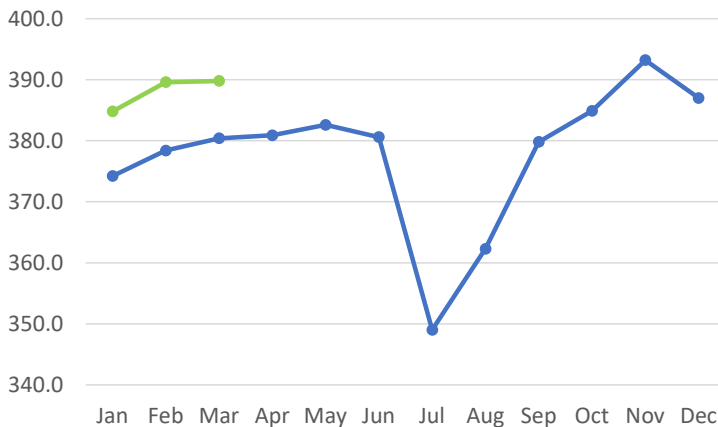
Federal Government quarterly average employment experienced a decrease of 300 to 185,300 for a small, over-the-quarter loss of 0.2 percent and unchanged over-the-year. According to JOLTS data, there were nearly 150,000 federal job openings nationwide in April, up nearly 16 percent from April 2022.

State Government Employment
(Thousands)



In the first quarter 2023, State Government quarterly average employment had an increase of 2,500 over-the-quarter, or 1.6 percent, to 158,400. This resulted in an over-the-year increase of five percent. According to JOLTS data, job openings in April in state and local education indicated a slowing, as they were down 17 percent over the year.

Local Government Employment
(Thousands)



Local Government quarterly average employment showed a gain over-the-quarter of 0.7 percent and an increase over-the-year of 2.5 percent. Local Government employment ended in March at 389,800. That is an increase of 2,800 from December 2022.

Data Summary and Sources



Seasonal Adjustment

To correlate changes in a time series and changes in the business cycle, it is desirable to eliminate, insofar as possible, the effect of irrelevant factors from the data comprising the series. Series labeled “adjusted” that are published in the Virginia Employment Indicators have been adjusted to minimize regular seasonal fluctuations in the data in order to show only activity related to the business cycle.

Data Sources

Except for the following, the data source for all series in this publication is the Virginia Employment Commission (VEC)/ Economic Information & Analytics (EIA) Current Employment Statistics (CES) program.

U.S. Department of Labor:
Insured Unemployed Rate

VEC/EIA Local Area Unemployment Statistics (LAUS):
Total Unemployment Rate

VEC/EIA Data Collections Unit (DCU):
Average Weekly Initial Claims
Unemployment Insurance Final Payments

Bureau of Labor Statistics’ Local Area Unemployment Statistics program, <https://www.bls.gov/lau/stalt.htm>:
Alternative Measures

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