



3rd Quarter 2023

VIRGINIA EMPLOYMENT INDICATORS

A Publication of the Virginia Department of Workforce Development and Advancement



Quarterly Employment Indicators for Virginia

Third Quarter Summary:

Summertime in Virginia, like elsewhere around the country, is a time for traveling and many Virginians did more of it this year. Employment trends during the third quarter show that the Commonwealth's economy benefited from this activity. Travel often meant going on that summer trip or day trips to Virginia's mountains and beaches, but rebounding travel also meant that more people were going to public gatherings and commuting to work every day.

People largely need to get out of the house to grow the economy. To produce, they may need to commute to work. To consume, they may need to travel to a doctor's office, movie theater, or grocery store. Because of this, it can be argued that the more people leave their homes, the more the economy and labor markets may benefit. According to the Bureau of Transportation Statistics, 21 percent of Virginians stayed at home per day in September 2023 while 27 percent of New Yorkers and 18.2 percent of Texans stayed home per day. Unfortunately, this was an increase from September 2022 when 19.8 percent of Virginians stayed home per day. However, the total number of trips taken by Virginians per month has trended upward since 2021 and has returned to 2019 levels.

While recovering from the pandemic has meant more traveling every day, other parts of the economy slowed down in the third quarter as the pandemic years of the 2020 and 2021 receded in the rearview mirror. According to the Virginia Department of Motor Vehicles, the issuance of titles for vehicles saw flat growth over the year at 142,000 vehicles in September. This was five percent lower than September 2021, which was the era of the rush for vehicles, empty car lots, and low borrowing rates.

Like the voracious appetite for cars during the pandemic, there was a stampede into the home buying market in 2021 and 2022, with multiple cash offers for homes and rapidly escalating prices. Virginia home prices rose by 7.2 percent over-the-year in the third quarter, according to the FHFA House Price Index. This resulted in nearly fifty percent appreciation over five years. Even in smaller metro areas, home prices have appreciated over the years. In Roanoke and Lynchburg, home prices have tripled since 1995. In fact, even nonmetropolitan areas have risen by that amount over that period.

While home prices have risen, the competition for homes has slowed, driven in part by low inventory available for sale and rapidly falling affordability. The slowdown in real estate has influenced other parts of the economy. For example, many furniture stores saw sales decline because of the softness in real estate markets. New home construction could help remedy this shortage, but U.S. residential construction permit activity was bifurcated by region, with the South Atlantic region up twenty percent over year but down 13.5 percent in the Northeast region. Virginia appeared caught in the middle, little changed at one percent over the year change. After torrid growth in recent years, multi-family building permits were down by nearly a third nationwide and by 19 percent in Virginia. The South Atlantic region was down forty percent over the year.

Senior Economist: Timothy Aylor timothy.aylor@vec.virginia.gov

Around the State Highlights

Northern Virginia

The largest metropolitan statistical area (MSA) in terms of employment, Northern Virginia ended the third quarter of 2023 at 1,569,200 nonfarm payroll jobs in September. This was a loss of 12,900 over the end of the second quarter of 2023 but a gain of 25,400 (+1.7 percent) over the year. Professional, Scientific, and Technical Services is the most important industry in the region, comprising twenty percent of payroll jobs. However, quarterly growth was led by Education and Healthcare Services. Arts, Entertainment, and Recreation underperformed, falling by four percent over the and nearly ten percent lower than five years before. Accommodation rose by six percent over the but remained nearly a quarter lower than during the third quarter of 2019.

JOLTS data following the third quarter indicated that the federal government still had many job openings compared to hires. The U.S. federal government hires rate was 1.4 percent compared to 5.6 percent for job openings. Unlike most other sectors, its job opening rate rose by 1.4 percentage points over the year.

The rate of price growth of many goods and services has eased in recent months but remained high. The rising cost of living has been an increasing concern for most Virginians and those in Northern Virginia also faced the issue during the third quarter. Washington D.C. was ranked #10 most expensive urban area in the third quarter 2023. (Source: C2ER COLI, 3Q23).

Richmond

The Richmond MSA ended the third quarter at 713,700 payroll jobs in September. Seasonally unadjusted, this was a decrease of 100 jobs (-0.1 percent), or essentially unchanged, compared to June 2023. Richmond added 13,200 jobs (+1.9 percent) over the year. Richmond has historically been a center for government jobs, and the government sector is currently the third largest payroll employer in the area, with sixteen percent of all nonfarm jobs. Not seasonally adjusted, Local Government reached 55,900 at the end of the third quarter of 2023. This was an increase of 1,800 jobs (+3.3 percent) over the year.

Since its founding, Richmond has also been a hub of commerce and transportation. Transportation, Warehousing, and Utilities payroll jobs were eight percent higher than five years earlier. Utilities led the way, growing by nine percent over the quarter and by a third over five years. Signaling growing business travel and tourism, activity at the Richmond International Airport was stronger in the third quarter compared to the same period in 2022. The number of passengers rose by roughly 35,000 (twenty percent) in July and August 2023 over the year. For comparison, passenger volumes were flat at Reagan International Airport over that period, according to figures from the Bureau of Transportation Statistics.

Virginia Beach-Norfolk-Newport News

Virginia Beach-Norfolk-Newport News had 795,200 payroll jobs in September 2023, which was the second largest number of payroll jobs among MSAs. This was a decrease of 10,600 jobs over the quarter but an increase of 2,300 compared to September 2022. Over the past three years, the three largest MSAs in the Commonwealth have each led job growth at various times, but this metro's growth rate was slower than Northern Virginia and Richmond in September. Even with increased travel and tourism during the summer, the leisure and hospitality sector still trailed 2019 levels by 2.5 percent.

The area has a large, diverse economy though perhaps it is best known for its ship building industry and port facilities. In the third quarter, ship and boat building employment stood at 30,300, an increase of 900 jobs (+3.2 percent). The Port of Virginia experienced record volumes for fiscal year 2022, boosted by consumer activity and shippers' desire to avoid congestion at West Coast ports. Reflecting a 'return to earth' after several years of unusually favorable conditions, activity at the Port of Virginia has showed signs of slowing in during the third quarter 2023. Weak shipping conditions nationwide were reflected in declining TEUs (twenty-foot equivalent units, i.e., shipping containers). Third quarter volumes fell by twelve percent, according to data from The Port of Virginia. This was the theme throughout the region as port volumes dropped back to pre-pandemic levels, largely because of softening consumer demand, excess inventories, and improving conditions at West Coast ports.

Charlottesville

Charlottesville MSA payroll employment stood at 126,400 in September 2023. It added 4,400 jobs (+3.6 percent) compared to September 2022, growing the fastest among MSAs over the year. Charlottesville is reliant on state government jobs, primarily in education and healthcare. Not seasonally adjusted, state government employed 24,200 in the third quarter 2023. Over the year, it increased by four percent and was joined by annual growth in Federal and Local Government employment.

During the third quarter of 2023, Leisure and Hospitality was second-fastest in year-over-year job growth in the Charlottesville area as it rose by 5.3 percent (+700 jobs) to 14,500. Travel and tourism are important drivers 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.

Jobs in Professional and Business Services, Education, and Healthcare Services rose over the year, helping to raise incomes in the metro. Partially because of this and a tight supply of housing, home prices have risen at the second fastest rate in the Commonwealth, behind only Northern Virginia in home price appreciation. Since 1995, house prices rose 268 percent in Charlottesville and by 274 percent in Northern Virginia (FHFA House Price Index).

Roanoke

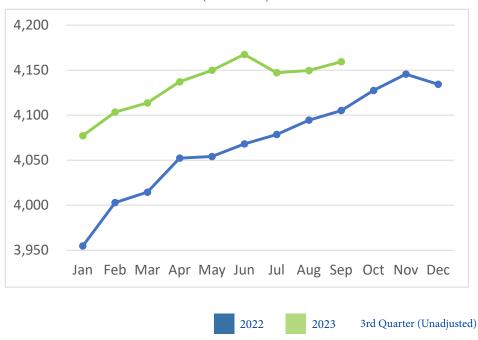
Roanoke MSA payroll employment stood at 165,000 at the end of the third quarter 2023. It added 2,100 jobs (+1.3 percent) compared to September 2022, which was the same pace as statewide. Roanoke has been rated one of the places in the country to retire due to its low cost of living and rich scenic environment, 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 28,200 jobs, not seasonally adjusted. It increased by 1,200 jobs (+5.3 percent) over the year. Professional and Business Services is also an important driver to the area's economy, numbering 23,800 jobs and growing by 1,200 jobs (+5.3 percent) over the year. State and Federal Government were also leaders in year-over-year job growth.

Senior Economist: Timothy Aylor timothy.aylor@vec.virginia.gov

Employment Indicators

Total Nonfarm Employment and Unemployment



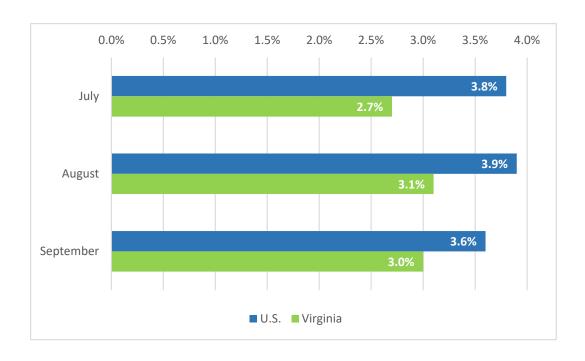


Virginia vs. U.S. Employment/Unemployment

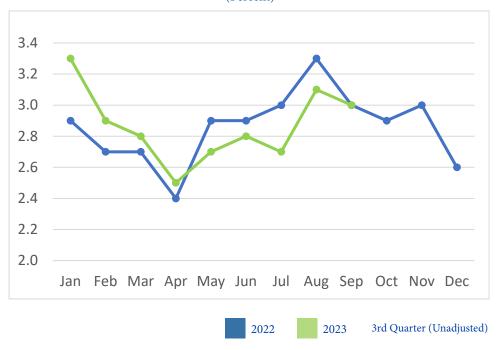
	Virginia		U.S.		
Month	Employment	Unemployment	Employment	Unemployment	
July	4,533,056	124,366	161,982,000	6,372,000	
August	4,475,861	141,672	161,427,000	6,623,000	
September	4,482,395	139,661	161,669,000	6,049,000	

3rd Quarter Unemployment (Unadjusted)

Virginia vs. U.S. Monthly Unemployment Rates



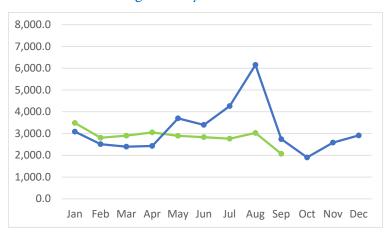
Total Unemployment Rate (Percent)



Sources: Department of Workforce Development and Advancement, Economic Information & Analytics, Local Area Unemployment Statistics, and

Unemployment Insurance

Average Weekly Initial Claims



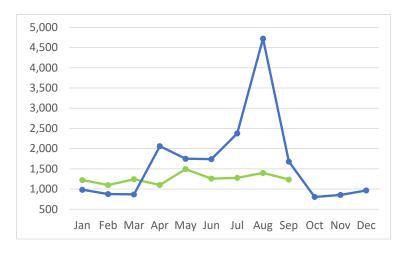
INSURED UNEMPLOYED: The average weekly number of weeks claimed for the three months of the quarter.

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

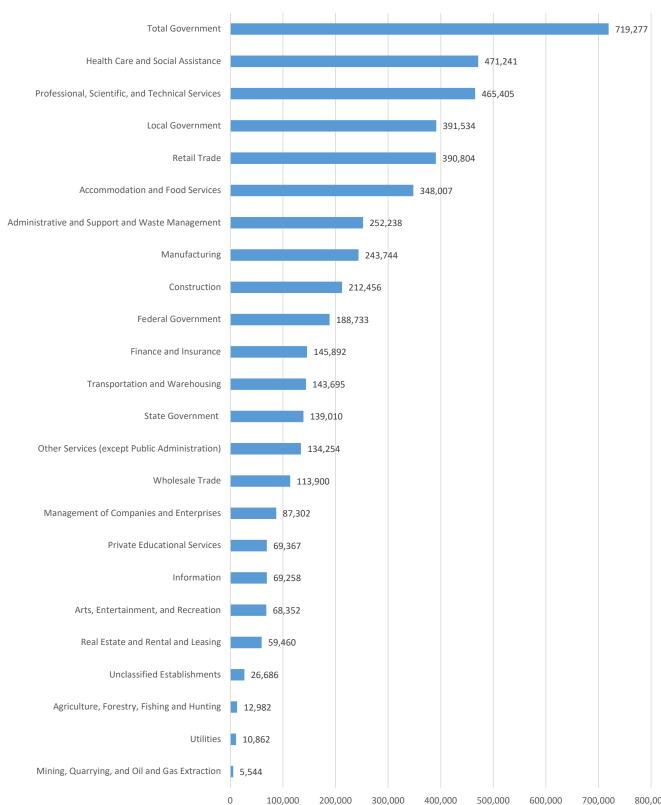


2022 2023 3rd Quarter (Unadjusted))

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

Employment by Industry

2nd Quarter 2023



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

All Industry Total: 4,050,728

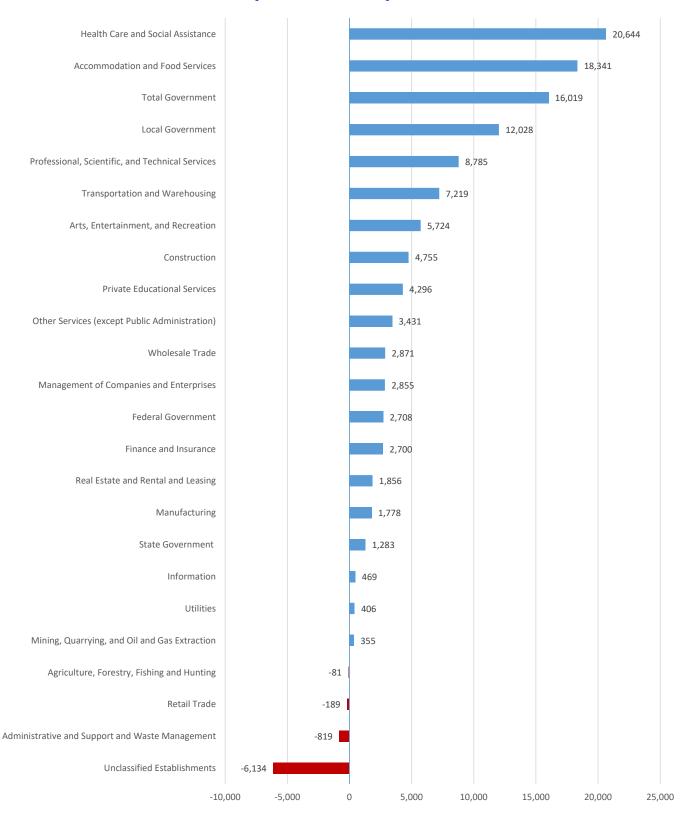
(Not Seasonally Adjusted)

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

Source: Department of Workforce Development and Advancement, Economic Information & Analytics: Quarterly Census of Employment and Wages (QCEW), 2nd Quarter 2023

Employment Change

2nd Quarter 2022 - 2nd Quarter 2023



All Industry Total: 95,283

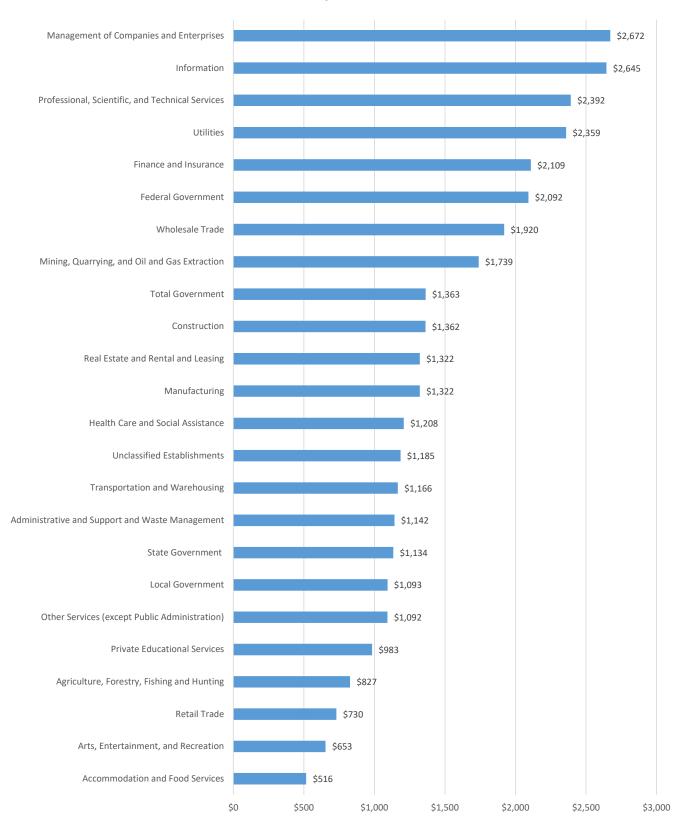
(Not Seasonally Adjusted)

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

Source: Department of Workforce Development and Advancement, Economic Information & Analytics: Quarterly Census of Employment and Wages (QCEW), 2nd Quarter 2023

Average Weekly Wage by Industry

2nd Quarter 2023



All Industry Total: \$1,370

(Not Seasonally Adjusted)

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

Source: Department of Workforce Development and Advancement, Economic Information & Analytics: Quarterly Census of Employment and Wages (QCEW) 2nd Quarter 2023

2nd Quarter 2023 Total Nonfarm Employment

by Metropolitan Statistical Area (MSA)
(Not 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	83,100	78,200	83,500	4,900	6.27%	-400	-0.48%
Charlottesville	126,400	123,000	122,000	3,400	2.76%	4,400	3.61%
Harrisonburg	73,500	70,800	70,400	2,700	3.81%	3,100	4.40%
Lynchburg	105,200	105,000	104,700	200	0.19%	500	0.48%
Richmond	713,700	713,800	700,500	-100	-0.01%	13,200	1.88%
Roanoke	165,000	165,300	162,900	-300	-0.18%	2,100	1.29%
Staunton	53,000	53,200	52,700	-200	-0.38%	300	0.57%
Virginia Beach-Norfolk- Newport News	795,200	805,800	792,900	-10,600	-1.32%	2,300	0.29%
Winchester	71,300	70,700	70,200	600	0.85%	1,100	1.57%
Northern Virginia	1,569,200	1,582,100	1,543,800	-12,900	-0.82%	25,400	1.65%
Virginia	4,159,400	4,167,500	4,105,100	-8,100	-0.19%	54,300	1.32%

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

Industry Focus: Manufacturing

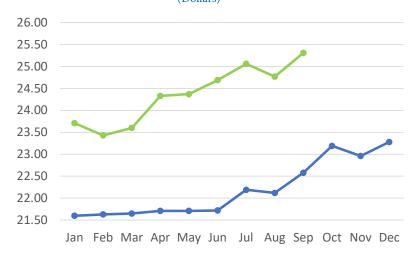
Manufacturing Production Worker Indicators

Average Weekly Hours



3rd Quarter	Unadjusted	
July	41.7	
August	41.3	
September	40.8	

Average Hourly Earnings (Dollars)



3rd Quarter	Unadjusted		
July	25.06		
August	24.77		
September	25.31		

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



3rd Quarter	Unadjusted	
July	8.36	
August	8.21	
September	8.37	

2022 2023 3rd



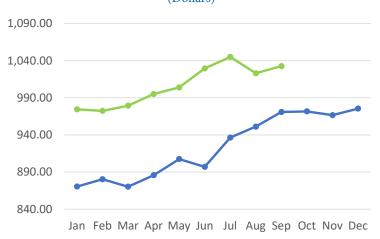
Manufacturing Production Worker Indicators (cont.)

Total Production Hours (Millions)



3rd Quarter	Unadjusted	
July	6.7	
August	6.6	
September	6.5	

Average Weekly Earnings (Dollars)



3rd Quarter	Unadjusted		
July	1,045.00		
August	1,023.00		
September	1,032.65		

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



3rd Quarter	Unadjusted	
July	348.45	
August	339.25	
September	341.65	

2022 2023 3rd Quarter (Unadjusted)

Quarterly Industry Report

Mining and Logging Employment (Thousands)



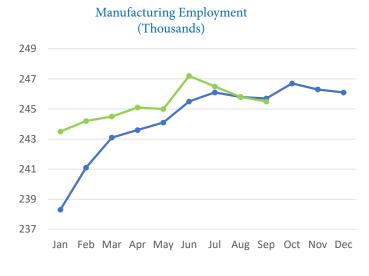
After a multi-year declining employment trend, Mining and Logging was unchanged over-the-quarter, ending the month of September at 7,100. Third quarter employment averaged 7,100, which was little changed from the previous quarterly average and 0.5 percent down over-the-year. The long-term mining trend 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. Impacting logging in the third quarter, lumber nationwide saw drops in foreign demand and lower prices over the year.



Virginia construction quarterly average employment increased one percent, or 2,100 jobs, from the second quarter of 2023, to end at 212,700. Average quarterly employment edged up 1.4 percent from where it was a year earlier.

Residential building permits varied by region and type of structure, according to Census data. Single family home permit growth was strong in many of the smaller metros with less growth in the largest metros. For example, Richmond and Virginia Beach-Norfolk-Newport News drew down by six percent with smaller areas like Harrisonburg and Roanoke posting large increases.

Multi-family building permits fell sharply in nearly all metro areas in the Commonwealth. However, Richmond was a glaring exception, with ten times the multi-family permits compared to the same period in 2022. In the multifamily sector, rents were starting to soften, partially caused by a new supply of multifamily units coming onto the market. The Richmond Fed reported that some banks in the region pulled back on new commercial real estate lending activity and that, coupled with higher interest rates, made deals less attractive, and in some cases, not viable.



3rd Quarter (Unadjusted)

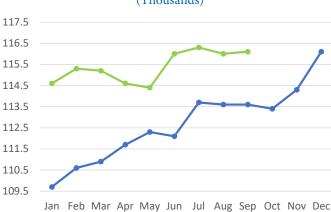
2023

Virginia manufacturing remained resilient, with factories facing challenges up and down supply chains like higher prices for production inputs with customers' tight budgets and excess inventory. Despite these things, measures of manufacturing activity in the region—like shipments, new orders, and employment—improved in September, according to the Federal Reserve Bank of Richmond. Also, Virginia manufacturing's use of megawatt hours of electricity remained steady during the third quarter, according to the Energy Information Administration.

Manufacturing employment increased by one hundred over-the-quarter and finished September at 245,900. Manufacturing quarterly average employment experienced a 0.1 percent increase over the second quarter of 2023 and was unchanged over-the-year. Staffing the assembly lines and factory floors remained a challenge. For many manufacturers, their skilled tradesmen are approaching retirement, so some factories are developing or expanding their apprenticeship programs to train young adults out of high school and community colleges.

Senior Economist: Timothy Aylor timothy.aylor@vec.virginia.gov

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. The overstocking of warehouse shelves at many stores and factories showed up in cautious behavior among purchasing managers. However, wholesale trade quarterly average employment was 116,100, up 1,100 over-the-quarter. That was an increase of 2.2 percent over the year. At the end of the quarter in September, employment stood at 116,100.



385.0

380.0

Consumer spending grew modestly despite lower foot traffic during September, according to the Richmond Fed Beige Book. Auto sales remained steady, and retail and food service companies saw steady or modest sales growth. Furniture stores reported declining sales, likely because of slower real estate markets. These conditions existed in many stores despite falling real incomes, rising borrowing rates, and growing consumer debt.

This resilient spending did not result in corresponding retail hiring in the third quarter. 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 third quarter of 2023 by 1,500 for a quarterly average of 388,400. This was little changed compared to the second quarter and a 1.8 percent decrease compared to the same period in 2022. These weak trends were also found in BLS JOLTS data, in which U.S. retail job openings and hiring trended downward during the third quarter.

Transportation, Warehousing, and Utilities Employment (Thousands)

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec



Transportation, Warehousing and Utilities quarterly average employment increased by 2,400, and ended the first quarter at 159,900, a 1.6 percent increase from the end of the previous quarter, and a 2.6 percent increase over the same period in 2022. Trucking firms in the region reported steady demand and moderate increases in contract rates. Trucking companies indicated that drivers were more readily available but that job openings for mechanics and shop staff were still difficult to fill, according to the Richmond Fed. Truck transportation employment dropped by one percent over the year. U.S. payroll employment in couriers and messengers fell by one percent in the third quarter over the year. Nationwide, tourism demand increased as scenic and sightseeing jobs rose by twelve percent while air transportation employment rose by seven percent.

Information Employment (Thousands)



Information quarterly average employment increased 400 in the third quarter 2023 to 71,100. This was an increase of 0.6 percent from the second quarter and a 1.8 percent increase from the third quarter 2022. Most of the yearly increase was likely driven by tech job growth. Nationwide in the third quarter, jobs with web search portals, libraries, archives, and other information services grew by five percent over the year while those with computing infrastructure providers, data processing, web hosting, and related services fell by two percent. Legacy industries like publishing and broadcasting experienced flat growth over the year.



Finance quarterly average employment saw an increase of 1,500 over the second quarter of 2023 and rose to the level of 218,300. This was a 0.7 percent increase over the quarter, but a 0.2 percent decrease compared to the third quarter 2022.

Nationwide, the industry saw similar flat growth over the year, ending the quarter at 9,151,000 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. Multifamily rents began to soften as more units came onto the market. However, home sales slowed because of the low inventory and decreased affordability. U.S. Real estate and rental and leasing posted two percent growth over the year.

U.S. nondepository credit intermediation and related activities (retail banks, primarily branches) saw a five percent drop in the third quarter. The Federal Reserve Bank of Richmond reported that September consumer and commercial loan demand remained stable at pre-pandemic levels. For banks, deposit levels continued to shrink while loan demand continued to slow, particularly in the commercial and consumer real estate segments. Sources attributed the softening to high interest rates and global and domestic political concerns.



Professional and Business Services Employment

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Professional and Business Services reached a third quarter 2023 average of 817,400. This resulted in a quarterly average increase of 1,600, or 0.2 percent, and an over-the-year increase of 0.6 percent. Job openings in this industry have declined but it still had the highest job openings rate at 7.1 percent in September. Nationwide, Management, scientific, and technical consulting services was a leader in over-the-year growth. Legal Services trailed in growth, unchanged from the third quarter 2022.



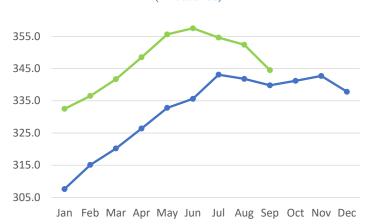
805.0 800.0 795.0 790.0 785.0 780.0

Private Education and Health Services Employment (Thousands)



Private Education and Health Services employment in the third quarter 2023 increased 4,500 to 577,100. This is a 0.8 percent increase from the second quarter, and a 4.2 percent increase over-the-year. Nationwide, annual growth in the third quarter was led by Community food and housing, and emergency and other relief services and Individual and family services.

Leisure and Hospitality Services Employment (Thousands)



Leisure and Hospitality Services ended the third quarter 2023 with average employment 350,000, a decrease of 3,400 jobs over-the-quarter. That was a decrease over-the-quarter of one percent, and an increase over-the-year of 2.6 percent. According to the Richmond Federal Reserve, regional travel and tourism rose moderately as summer travel was in full swing. Coastal areas saw strong visitation with increased room nights sold and high levels of occupancy. Nationwide, annual growth in the third quarter was led by museums, historical sites, and similar institutions. There are indications that the Leisure and Hospitality industry labor shortage present since 2021 may be stabilizing. That sector has had the biggest shortage of workers. October JOLTS data indicates that its job openings rate nationwide decreased by 2.3 points over the year. The rate of quitting was also significantly slower over the year.

Miscellaneous Services Employment (Thousands)



Miscellaneous Services ended September at a quarterly average employment level of 195,100. This was a decrease over-the-quarter of 0.2 percent, or 400 jobs. Over-the-year, there was an increase of 1.3 percent.

2022 2023 3rd Quarter (Unadjusted)

Federal Government Employment (Thousands)



Federal Government quarterly average employment experienced an increase of 1,100 to 186,500 for a an over-the-quarter gain of 0.6 percent but down by 0.7 percent over-the-year. JOLTS data at the end of the quarter indicated that federal government employee retention has improved since 2022 as the number of quits nationwide has trended downward through the third quarter, or by a quarter since September 2021.

State Government Employment



In the third quarter 2023, State Government quarterly average employment had an increase of 2,500 over-the-quarter, or 1.6 percent, to 157,300. This resulted in an over-the-year increase of 4.9 percent. According to JOLTS data, the job opening rate at the end of the third quarter in state and local education indicated a slight slowing, as it was down 0.2 points percent over the year.

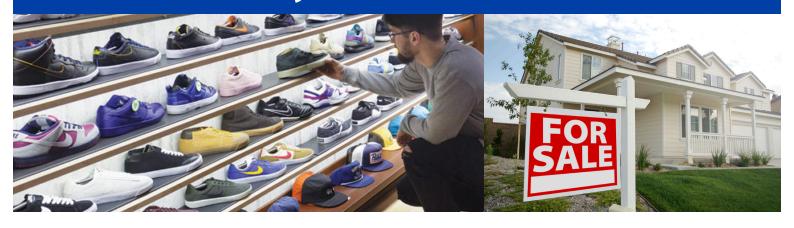
Local Government Employment (Thousands)

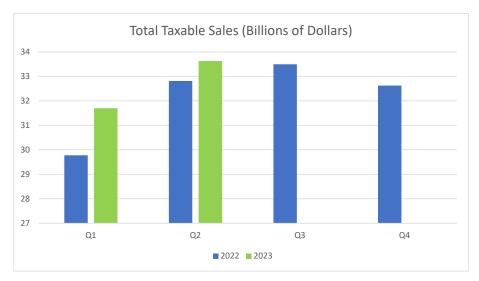


Local Government quarterly average employment showed a loss over-the-quarter of four percent but an increase over-the-year of 3.4 percent. Local Government employment ended in March at 376,100. That is a decrease of 15,600 from the second quarter of 2023.

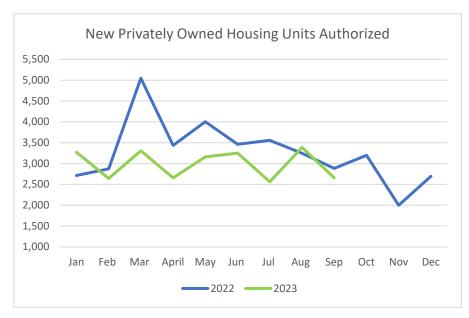
2022 2023 3rd Quarter (Unadjusted)

Quarterly Business Indicators





Note: 3rd Quarter data not available yet at time of publication. Source: https://ceps.coopercenter.org/taxable-sales



Source: https://www.census.gov/construction/bps/statemonthly.html

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 Department of Workforce Development and Advancement (DWDA)/ Economic Information & Analytics (EIA) Current Employment Statistics (CES) program.

U.S. Department of Labor:

Insured Unemployed Rate

DWDA/EIA Local Area Unemployment Statistics (LAUS):

Total Unemployment Rate

DWDA/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

This workforce product was funded by a grant awarded by the U.S. Department of Labor's Employment and Training Administration. The product was created by the recipient and does not necessarily reflect the official position of the U.S. Department of Labor. The Department of Labor makes no guarantees, warranties, or assurances of any kind, express or implied, with respect to such information, including any information on linked sites and including, but not limited to, accuracy of the information or its completeness, timeliness, usefulness, adequacy, continued availability, or ownership.

This product is copyrighted by the institution that created it. Internal use by an organization and/or personal use by an individual for non-commercial purposes is permissible. All other uses require the prior authorization of the copyright owner.

Contributing Staff



Timothy Aylor Senior Economist



Conrad Buckler Senior Economist



Kyle Davis Data Scientist



Erica Lashley Economist



Linda Simmons Graphic Design