

To: Emily Crow, AICP, Senior Planner
McBride Dale Clarion

From: Julie Herlands, AICP, Vice President, TischlerBise

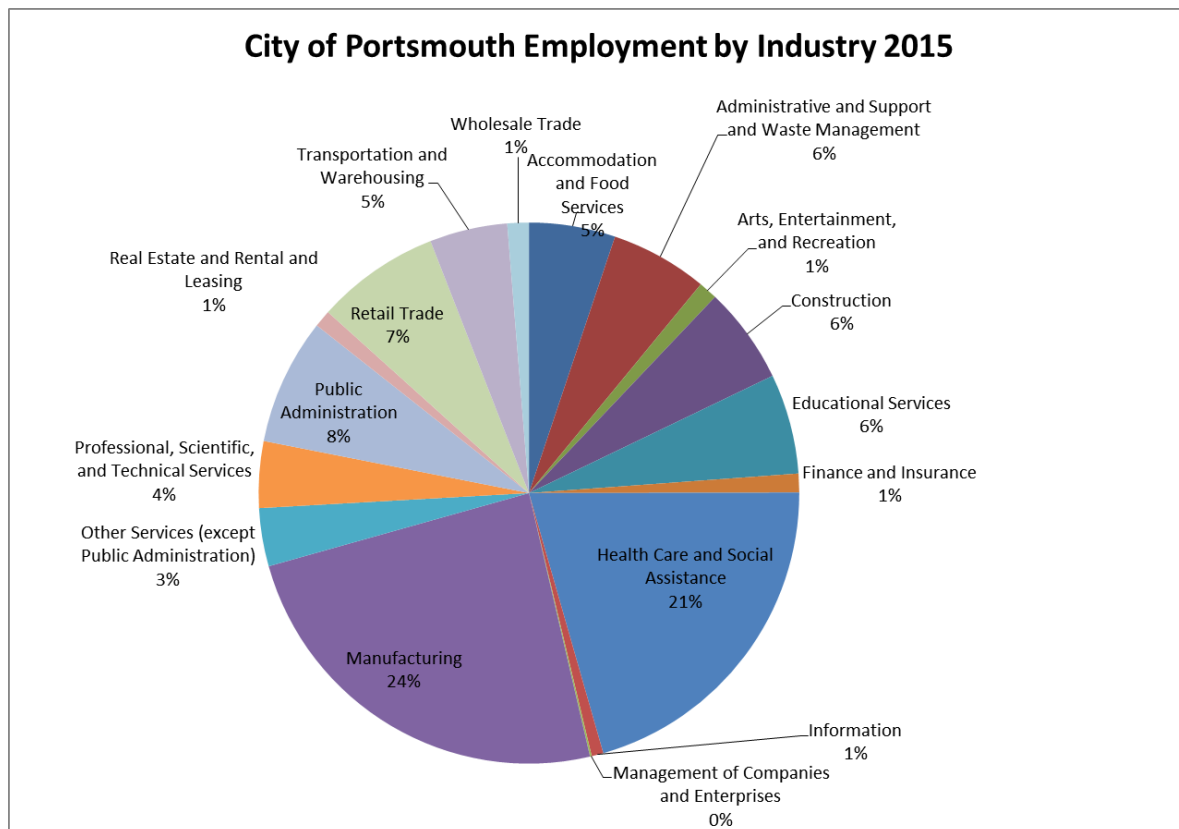
Date: May 11, 2017

RE: Portsmouth, Virginia, Comprehensive Plan: Economic Forces and Trends

Current Employment

Employment in Portsmouth is relatively diversified with approximately 45 percent of the City’s jobs in Manufacturing (24 percent) and Health Care/Social Assistance (21 percent). The next highest share is in Education Services and Admin and Support/Waste Management at 6 percent each.

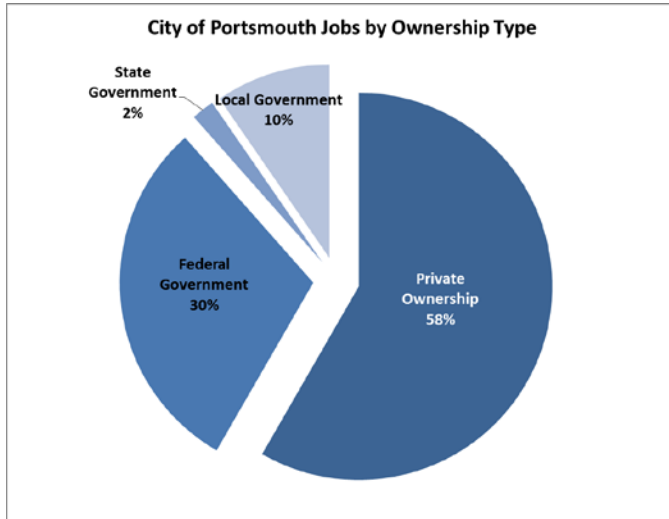
Figure 1. City of Portsmouth Current Employment (All Ownership)



Source: Virginia Labor Market Information, Quarterly Census of Employment and Wages (QCEW); TischlerBise analysis

The previous figure includes jobs from all ownership types including federal, state, and local governments. Approximately 58 percent of jobs located in the City of Portsmouth are private sector jobs with government employment at 42 percent. Of the total government share, 30 percent are federal jobs.

Figure 2. City of Portsmouth Summary of Current Employment by Ownership Type



Source: Virginia Labor Market Information, Quarterly Census of Employment and Wages (QCEW); TischlerBise analysis

Additional detail is provided below detailing jobs by ownership type. Of particular note are manufacturing jobs, where almost 90 percent are federal jobs located at the Portsmouth Naval Shipyard.

Figure 3. City of Portsmouth Current Employment by Ownership Type

	2015 GOVERNMENT JOBS					% OF TOTAL
	TOTAL	FEDERAL	STATE	LOCAL	SUBTOTAL	
<i>Employment</i>						
Accommodation and Food Services	2,301	154			154	7%
Administrative and Support and Waste Management	2,589			54	54	2%
Arts, Entertainment, and Recreation	499	94		193	287	58%
Construction	2,578			12	12	0%
Educational Services	2,666		509	2,008	2,517	94%
Finance and Insurance	501				0	0%
Health Care and Social Assistance	9,181	1,581	21	385	1,987	22%
Information	314				0	0%
Management of Companies and Enterprises	46				0	0%
Manufacturing	10,821	9,507			9,507	88%
Other Services (except Public Administration)	1,548			37	37	2%
Professional, Scientific, and Technical Services	1,773	318		12	330	19%
Public Administration	3,366	1,541	322	1,503	3,366	100%
Real Estate and Rental and Leasing	456			1	1	0%
Retail Trade	3,303	168			168	5%
Transportation and Warehousing	2,073	98		21	119	6%
Utilities	71			71	71	100%
Wholesale Trade	572				0	0%
	44,658	13,461	852	4,297	18,610	42%

Source: Virginia Labor Market Information, Quarterly Census of Employment and Wages (QCEW); TischlerBise analysis

Further detail on current employment and share by industry is in the figure below for the City compared to the region, state, and nation. Highlighted percentages reflect higher than average shares by jurisdiction.

Figure 4. Employment Comparisons

Number and Share of Employment 2015								
	Portsmouth City		Hampton Roads [^]		Virginia		U.S. ^{^^}	
	#	%	#	%	#	%	#	%
Accommodation and Food Services	2,301	5.15%	75,513	10.47%	333,358	8.93%	12,939,965	10.94%
Administrative and Support and Waste Management	2,589	5.79%	43,561	6.04%	229,568	6.15%	8,788,229	7.43%
Agriculture, Forestry, Fishing and Hunting	0	0.00%	824	0.11%	12,839	0.34%	1,249,192	1.06%
Arts, Entertainment, and Recreation	499	1.12%	16,600	2.30%	68,708	1.84%	2,160,970	1.83%
Construction	2,578	5.77%	35,608	4.94%	193,883	5.19%	6,423,866	5.43%
Educational Services	2,666	5.96%	67,812	9.40%	354,385	9.49%	2,710,235	2.29%
Finance and Insurance	501	1.12%	21,216	2.94%	133,022	3.56%	5,736,105	4.85%
Health Care and Social Assistance	9,181	20.54%	100,680	13.96%	472,158	12.64%	18,370,557	15.53%
Information	314	0.70%	11,454	1.59%	74,660	2.00%	2,754,109	2.33%
Management of Companies and Enterprises	46	0.10%	9,923	1.38%	73,901	1.98%	2,197,652	1.86%
Manufacturing	10,821	24.21%	63,402	8.79%	243,031	6.51%	12,291,676	10.39%
Mining, Quarrying, and Oil and Gas Extraction	0	0.00%	82	0.01%	6,834	0.18%	751,911	0.64%
Other Services (except Public Administration)	1,548	3.46%	22,953	3.18%	136,601	3.66%	4,308,880	3.64%
Professional, Scientific, and Technical Services	1,773	3.97%	49,557	6.87%	405,992	10.87%	8,621,491	7.29%
Public Administration	3,366	7.53%	52,083	7.22%	246,699	6.61%	NA	
Real Estate and Rental and Leasing	456	1.02%	13,300	1.84%	52,981	1.42%	2,092,574	1.77%
Retail Trade	3,303	7.39%	89,584	12.42%	424,235	11.36%	15,642,116	13.22%
Transportation and Warehousing	2,073	4.64%	25,215	3.50%	132,350	3.54%	4,600,012	3.89%
Unclassified establishments	16	0.04%	329	0.05%	10,562	0.28%	240,211	0.20%
Utilities	nd		3,627	0.50%	18,507	0.50%	553,685	0.47%
Wholesale Trade	572	1.28%	17,713	2.46%	110,519	2.96%	5,874,282	4.97%
TOTAL*	44,705	99.77%	721,033	100.00%	3,734,994	99.99%	118,307,717	100.00%

Reflects above average % for jurisdiction

* Does not sum to total due to non-disclosed data.

[^] Hampton Roads herein reflects the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area (MSA), VA part

^{^^} Only includes private employment

Source: Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages (QCEW)

Location Quotient

One measure of a region's ability to weather economic uncertainty is industry diversification. When a region is host to a diverse mix of industries, it is less vulnerable to changes in any one sector. *Location Quotient* (LQ) is a statistical measure of an industry concentration. The LQ indicates the geographical concentration of an industry in an area, as a function of the expected concentration based on a comparison geography. In this case, we use the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area (MSA) (the Virginia portion).

As shown in Figure 5, the LQs for the City of Portsmouth compare the 2015 City economy to that of the MSA to identify specializations in the local economy, relative to the region. An LQ above 1 (mapped on the Y-axis) indicates an industry concentration higher than the expected share based on the MSA economy.

Compared to the MSA, Portsmouth City has a higher concentration of jobs in the following industries:

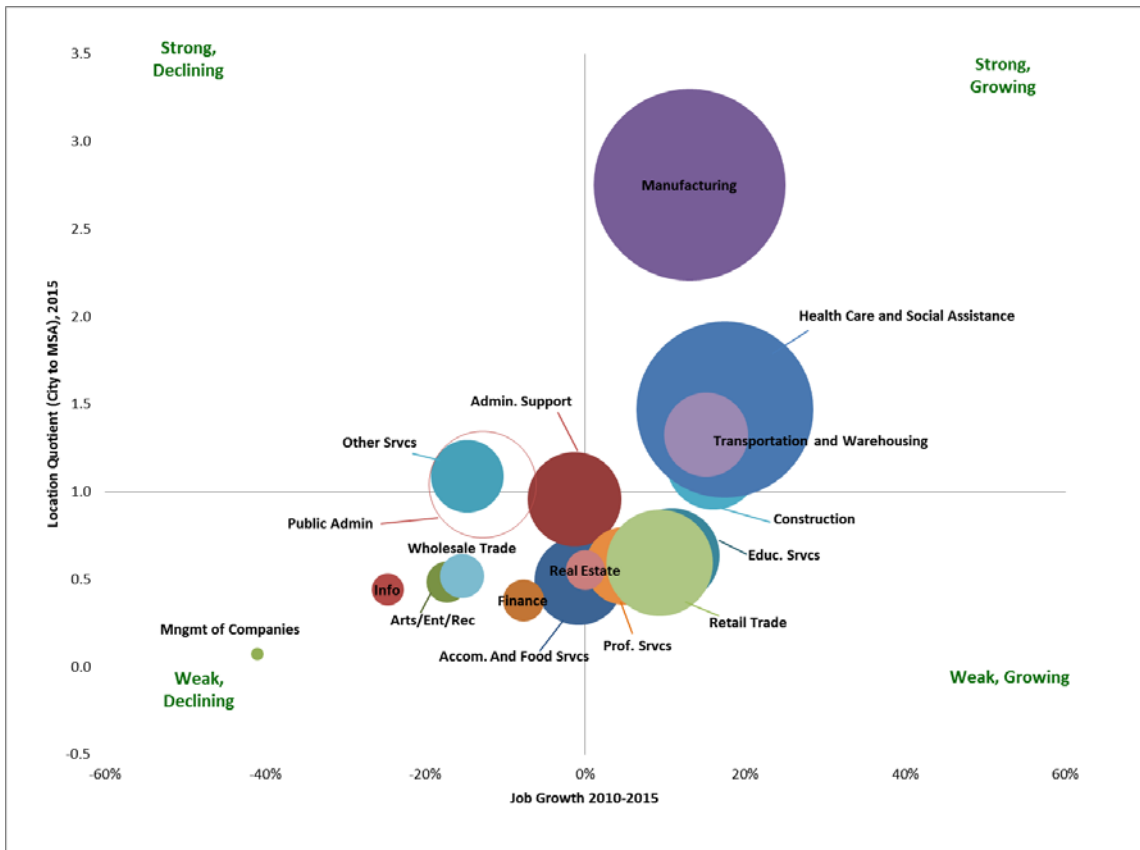
- *Construction*
- *Health Care and Social Assistance*
- *Manufacturing*
- *Other Services*
- *Public Administration*
- *Transportation and Warehousing*
- *Administrative and Support and Waste Management (just below 1).*

The size of each bubble in Figure 5 indicates the relative 2015 employment base by major industry cluster.

Lastly, charted along the horizontal x-axis is the job growth between 2010 and 2015 of each major industry cluster present in Portsmouth City. In some cases, the concentration of employment is both higher than the MSA average and growing, indicating a **strong and growing industry**. In other cases, the concentration may be higher in the City than the region, but employment is declining, as is the case with Other Services and Public Administration.

Understanding the four classifications of industries can help design business attraction and business retention and expansion strategies to maximize the growth potential of new and existing businesses.

Figure 5. City of Portsmouth Industry Clusters



Source: Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages (QCEW); TischlerBise analysis.

Employment Growth and Decline

To compare recent trends in the City of Portsmouth to the region, state, and nation, Figure 6 provides job growth and decline from 2010-2015 at the sector level.

Figure 6. Job Growth and Decline Comparisons

Industry*	Job Growth/Decline 2010-2015			
	Portsmouth City	Hampton Roads [^]	Virginia	U.S.
Accommodation and Food Services	-1%	5%	13%	17%
Administrative and Support and Waste Management	-1%	3%	15%	19%
Arts, Entertainment, and Recreation	-17%	0%	7%	14%
Construction	16%	-3%	1%	17%
Educational Services	11%	-5%	1%	10%
Finance and Insurance	-8%	4%	10%	5%
Health Care and Social Assistance	17%	12%	10%	13%
Information	-25%	-12%	-8%	2%
Management of Companies and Enterprises	-41%	7%	0%	18%
Manufacturing	13%	5%	2%	7%
Other Services (except Public Administration)	-15%	2%	6%	-1%
Professional, Scientific, and Technical Services	5%	1%	4%	16%
Public Administration	-13%	8%	2%	NA
Real Estate and Rental and Leasing	0%	-5%	2%	9%
Retail Trade	9%	3%	5%	8%
Transportation and Warehousing	15%	5%	10%	17%
Unclassified establishments	ND	ND	ND	NA
Utilities	ND	-25%	0%	0%
Wholesale Trade	-15%	-5%	0%	7%

(NA) Not Available

(ND) Not Disclosable

* Figure includes only those industries located in Portsmouth

[^] Hampton Roads herein reflects the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area (MSA), VA part

Source: Virginia Labor Market Information, Quarterly Census of Employment and Wages (QCEW); TischlerBise analysis

For the City of Portsmouth, growth in the following sectors has either outpaced the region or the state as a whole:

- Construction
- Educational Services
- Health Care and Social Assistance
- Manufacturing
- Professional, Scientific, and Technical Services
- Retail Trade
- Transportation and Warehousing

Employment Projections

Employment projections are available from the Virginia Employment Commission by Workforce Investment Area (WIA). The City of Portsmouth is part of the Hampton Roads WIA (LWIA XVI).¹ The following figure provides 10-year projections (2014-2024) along with the calculated Location Quotient for the City of Portsmouth. Above average amounts of growth and Location Quotients are identified.

Overlap of projected growth in the region and current above average concentration in the City occurs in the following industries:

- Administrative and Support and Waste Management;
- Construction;
- Health Care and Social Assistance;
- Other Services;
- Transportation and Warehousing

Figure 7. Employment Projections and City LQ

	Hampton Roads Workforce Area			Portsmouth City Location Quotient
	Estd. Employment 2014	Projected Employment 2024	% Projected Increase	
Accommodation and Food Services	49,201	51,550	4.8%	0.49
Administrative and Support and Waste Management	30,994	33,742	8.9%	0.96
Agriculture, Forestry, Fishing and Hunting	Confidential	Confidential		N/A
Arts, Entertainment, and Recreation	4,766	5,218	9.5%	0.48
Construction	24,589	27,411	11.5%	1.17
Educational Services	47,553	52,620	10.7%	0.63
Finance and Insurance	17,674	19,309	9.3%	0.38
Health Care and Social Assistance	63,793	78,390	22.9%	1.47
Information	8,320	8,009	-3.7%	0.44
Management of Companies and Enterprises	6,408	6,529	1.9%	0.07
Manufacturing	22,977	21,921	-4.6%	2.75
Mining, Quarrying, and Oil and Gas Extraction	Confidential	Confidential		N/A
Other Services (except Public Administration)	16,285	17,639	8.3%	1.09
Professional, Scientific, and Technical Services	33,810	38,479	13.8%	0.58
Public Administration	5,338	5,403	1.2%	1.04
Real Estate and Rental and Leasing	8,894	9,202	3.5%	0.55
Retail Trade	57,982	61,503	6.1%	0.59
Transportation and Warehousing	17,361	18,255	5.1%	1.33
Utilities	914	804	-12.0%	N/A
Wholesale Trade	13,864	14,154	2.1%	0.52
Total	521,116	563,233	8.1%	

Reflects above average % growth for region

Reflects LQ over 1.00

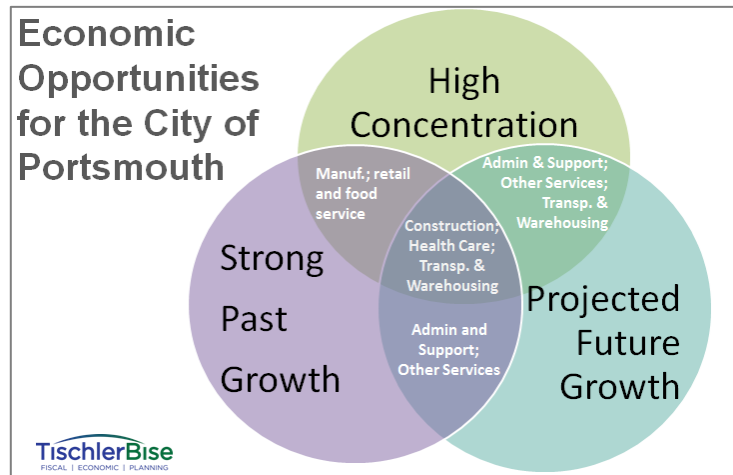
Source: Virginia Employment Commission, Industry and Occupational Projections; Bureau of Labor Statistics; TischlerBise

¹ The jurisdictions in the Hampton Roads WIA are: counties of Isle of Wight and Southampton; and cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, and Virginia Beach.

Opportunities

Industries where the City of Portsmouth currently has a higher concentration of employees, has experienced recent growth, and the region is expected to continue to grow are:

- Construction
- Health Care and Social Assistance
- Transportation and Warehousing



Other industries with a strong presence in the City and projected regional growth that are worthy of further exploration are:

- Administrative and Support/Waste Management
- Other Services (repair and maintenance, personal and laundry services, membership associations)

Finally, other industries that have a strong presence and recent growth in the City should be explored further especially:

- Manufacturing, given the City's current prominent role in the region.
- Retail and food services jobs will be created with additional residential development (see retail discussion).