



## ECONOMIC CONDITIONS

The underlying economic conditions in the Commonwealth will play a major role in shaping housing demand in the coming decade. We are just now emerging from the deepest recession (housing depression) since the 1930s.

The recovery from this event is multifaceted and complex. Christine Chmura, President of Chmura Economics and Analytics, worked with Housing Virginia to explore the recovery of the housing industry and how it will impact housing choices in the future. Employment and income growth, increased student debt, and the loss of home equity are some of the economic “bottom line” issues reviewed in this section of Housing 2020.



HOUSING VIRGINIA

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## Key Economic trends include:

- Virginia's economy is recovering, faster than many states, but big differences in regional growth will influence regional markets.
- Virginia's strong dependence on federal spending is a concern. Reductions in federal spending will be a major drag on Virginia's overall recovery.
- The housing industry is a significant contributor to economic growth - often leading to recovery. A strong economic rebound must include a robust housing sector as a key element.
- Student debt has been growing at geometric rates over the past decade. It has now reached levels where it is a significant factor in housing choices and affordability.
- While Virginia's unemployment is lower than in many other states, Millennials still face difficulty finding full-time employment paying decent wages. This negatively affects their participation in the housing market.
- Increasing home prices are critical to restoring the billions in lost home equity. This equity is the largest component of wealth for many families and its loss has hurt consumer confidence and spending.