

October 2010

Dear Reader:

This is Old Dominion University's 11th 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, John R. Broderick. 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 2010 report is divided into nine parts:

The Hampton Roads Economy: Where We've Been, Where We're Going: We are slowly recovering from the worldwide recession. However, both the port and tourism are sputtering and defense spending may decelerate in the future.

Feeling Pain: Regional Markets for Office and Industrial Space: Vacancy rates are high, especially for industrial space, and lease rates have fallen. Times are tough and may remain so for the foreseeable future.

Sizing Up the Competition: Hampton Roads Versus Other East Coast Container Ports: Over the past decade, the Port of Virginia has slipped to third place on the East Coast behind Savannah, Ga. Perhaps we can reverse this by means of Norfolk Southern Corp.'s Heartland Corridor and the recent lease acquisition of the APM Maersk facility in Portsmouth.

Light Rail: The Experience of Other Cities and Implications for Hampton Roads: Building The Tide hasn't bankrupted Norfolk because of significant federal funding. Paying to operate The Tide, however, could be quite painful if the experience of other regions provides a clue.

The Chrysler Museum of Art: A Longer Look: All things considered, our regional cultural treasure is doing well as it adjusts to new financial and cultural realities.

Destination of Choice: The Virginia Aquarium & Marine Science Center: Despite attracting 700,000 visitors annually, the Aquarium is not familiar to many people. We examine the Aquarium and outline its role in the economic development of a key area of Virginia Beach.

Cinema in Hampton Roads: History and Prospects: The "movies" have been turned upside down over the past half century by television, the Internet, movie rentals and changing customer tastes. We explore what has happened in Hampton Roads and speculate about the future.

Partisan Politics in Hampton Roads: Color Us Purple: Once dominated by Democrats and more recently by Republicans, Hampton Roads has become a swing region politically. Currently, we are disadvantaged by an absence of legislator seniority in Richmond and Washington.

How Are We Doing? The Dashboard Indicators of Vision Hampton Roads: Vision Hampton Roads provides a "dashboard" of critical performance variables that helps us determine how we really are doing in areas such as education and the economy. Our report card is mixed.

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 provide support for this report. However, it would not appear without the vital backing of the private donors whose names appear below. They believe in Hampton Roads and in the power of rational discussion to improve our circumstances, but are not responsible for the views expressed in the report.

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R. Bruce Bradley	Kaufman and Canoles
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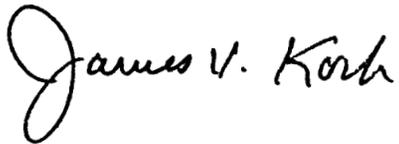
Vinod Agarwal	Vicky Curtis	Feng Lian	Ken Plum
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Special recognition is due Vinod Agarwal and Gilbert Yochum of the Old Dominion University Economic Forecasting Project, which Professor Yochum directs. Their penetrating analyses of the regional and Commonwealth economies are by consensus the baseline by which numerous economic activities are measured.

My hope is that you, the reader, will be stimulated by the 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.

All 11 of the State of the Region reports may be found at www.odu.edu/forecasting and www.jamesvkoch.com. Single paper copies may be purchased at my website for \$25 (discounts for bulk purchases).

Sincerely,



James V. Koch

Board of Visitors Professor of Economics
and President Emeritus