



PREPARED FOR

The Whitmore Company



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Economic and Fiscal Impact of Orchard Oaks in Hampton, Virginia

1. Background

The Whitmore Company is preparing a rezoning application to develop an apartment community in the City of Hampton, Virginia. The site, between Woodland Road and East Mercury Boulevard, is currently zoned for agricultural use. The preliminary plan for the development includes 316 apartment units.

Chmura Economics & Analytics (Chmura) analyzed the economic and fiscal impact of Orchard Oaks in the City of Hampton, Virginia.¹

The economic impact of Orchard Oaks in the city will come from three sources. The first source is the construction of the apartment community, which is expected to start in the Fall of 2025, with completion in 2027. Second, the ongoing operations of Orchard Oaks are expected to commence in 2027, with the first full year of operations in 2028. Last, household spending in Orchard Oaks will also benefit the city economy.

For these three components, Chmura estimated the direct impact based on the data provided by the Whitmore Company. Chmura estimated the indirect and induced impacts of the development using the JobsEQ® economic impact model. In addition, Chmura estimated the tax revenue from Orchard Oaks for the City of Hampton government.

This study also includes a market analysis that summarizes the market conditions of the city's apartment rental market.

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¹ Chmura provides economic software, consulting, and data so clients can make informed decisions that benefit their communities. Chmura's PhD economists, data scientists, and strategic planners guide clients through their local labor market. Over the past 26 years, Chmura has served hundreds of clients nationwide with thoroughness, accuracy, and objectivity.

2. Market Analysis

This section summarizes the conditions of the rental market in the City of Hampton, presenting factors that will affect housing demand and supply, such as population and employment trends, current market vacancies, and rental rates.

2.1. Population and Employment

Population growth is an important indicator of an expanding economy. New residents generate direct demand for housing in a market area. Furthermore, the influx of population also stimulates demand for retail businesses and overall services in the region, resulting in demand for commercial spaces.

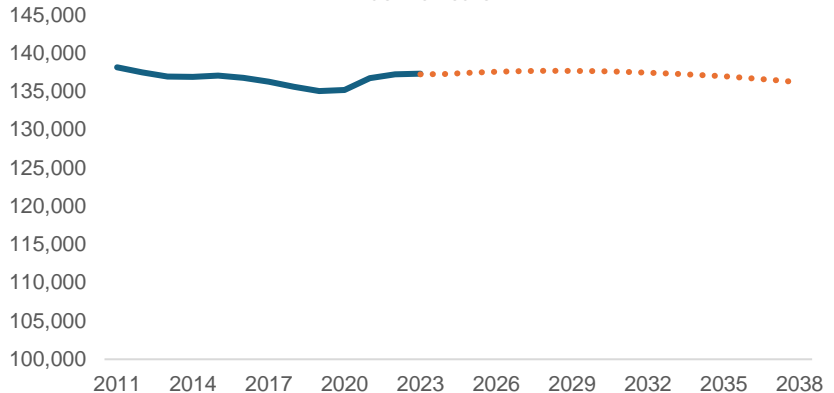
The latest data from the U.S. Census Bureau indicate that, in 2023, total population in the city reached 137,334. In the past decade, the population in the city has remained fairly stable, declining at a rate of 0.05% per year since 2011. Much of the decline is driven by national trends such as an aging population and lower birth rates.

Total population is only one factor that influences future rental demand, with another being the age structure of residents. Normally, young adults, e.g., individuals who leave home for work or college but are not yet married and do not have children, tend to show a strong demand for apartments. A strong segment of the young adult population bodes well for apartment demand. In that respect, the young adult population in the City of Hampton is also steady. In 2011, 26.5% of the city's population was between the ages 18 and 35. That percentage was 25.4% in 2023.

Chmura used data from JobsEQ Technology Platform as the basis for its city population projections. Overall, the population is expected to remain stable from now until 2038. During the time frame from 2024 to 2038, the population in the city is expected to decline at a modest rate of 0.04% per year. This decline is largely driven by lower birth rates and fewer children under age 18.

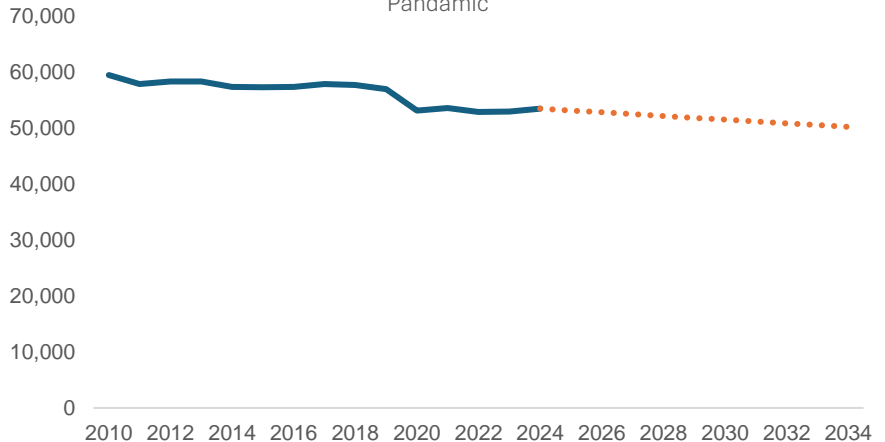
Employment size and growth is another broad indicator of a region's overall economic health. A growing employment base creates more opportunities for regional residents and helps a region grow its population. The employment base of a region directly relates to regional household income and regional wealth. A growing employment base creates demand for commercial and industrial spaces and promotes real estate development.

Figure 2.1: Population in Hampton Has Been Stable Over the Last 10 Years



Source: Census and JobsEQ by Chmura

Figure 2.2: Employment in Hampton Has Not Recovered After the Pandemic



Source: Census and JobsEQ by Chmura

Employment in the City of Hampton reached 53,465 in 2024. Total employment declined between 2010 and 2019. Due to the COVID-19 pandemic, the city's employment declined sharply in 2020 and had not recovered to the pre-pandemic level as of 2024.

Chmura used a custom forecast in JobsEQ to project employment growth over the next 10 years. During this time frame, Chmura projected that employment in the city will gradually decline at an average annual rate of 0.6% per year (Figure 2.2). Industries such as manufacturing and retail will see faster declines, while employment in industries such as health care and professional services will remain steady.

2.2. Rental Market Summary

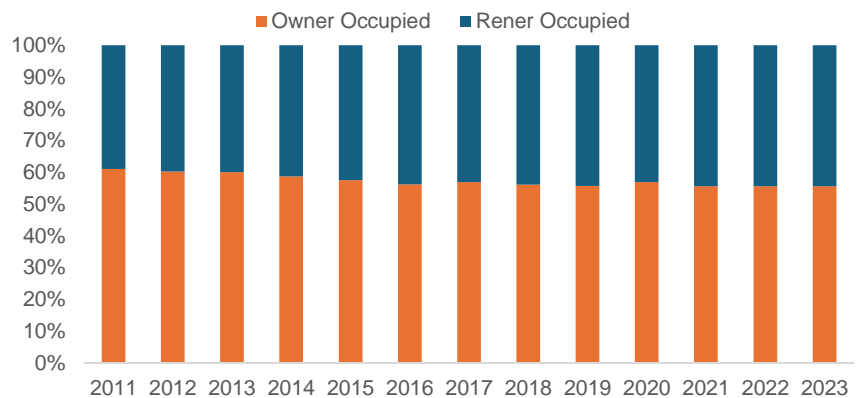
While overall population growth underlies the broad housing demand, consumer preferences for different housing types may shift over time, which will impact demand for the rental market in the City of Hampton.

Data from the Census indicate that more and more households choose to rent rather than own their homes in the City of Hampton. In 2011, for example, 38.9% of households in the city were renters, increasing to 44.4% in 2023. This trend bodes well for the future demand for rental properties.

Another clear barometer of rental market supply and demand conditions is the rental property vacancy rate. If the market has an oversupply of rental units, such as apartments, the vacancy rate will rise. The opposite is also true that if demand is strong, the vacancy rate will decline.

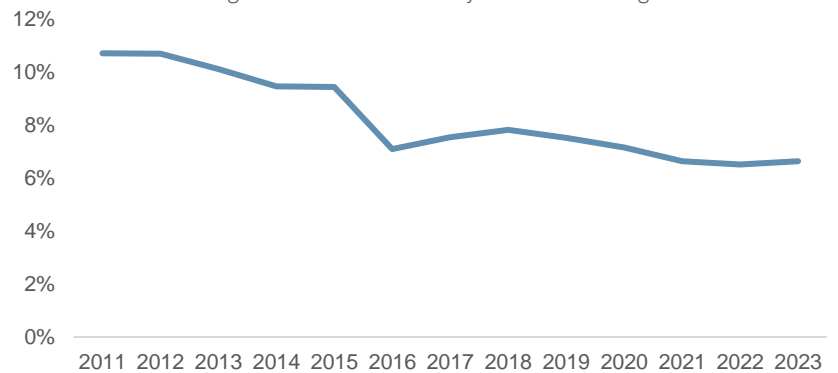
Data from the U.S. Census Bureau indicate that the vacancy rate for rental units in the City of Hampton has declined since 2011. In 2011, the vacancy rate was 10.7%, which declined to 6.6% in 2023 (Figure 2.4). The declining vacancy rate implies that strong demand has supported the rental market in recent years.

Figure 2.3: Percentage of Renters is Increasing



Source: Census

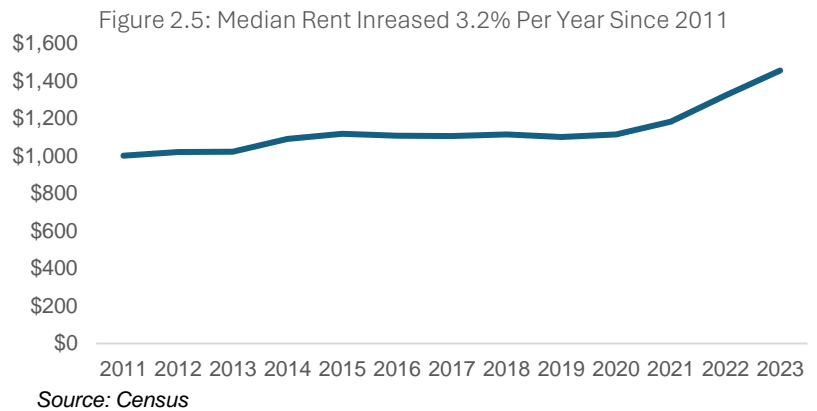
Figure 2.4: Rental Vacancy Rate is Declining



Source: Census

Market rent increased in recent years – another indicator of the growing demand for rental units. As Figure 2.5 shows, the median rent increased from \$1,001 in 2011 to \$1,455 in 2023, averaging a 3.2% increase per year. While overall inflation rose after the COVID-19 pandemic, the average growth rate of the Consumer Price Index (CPI) grew at an annual average rate of 2.6% per year. Rent increased faster than overall inflation, indicating stronger demand.

More recent data from commercial data warehouses also suggest that rent growth will continue.² For example, data from Zillow suggested that average rents in the City of Hampton grew 4.8% in 2024. The average rent for the first two months of 2025 was 5.5% higher than one year ago.³



Overall, while the total population in the market area is projected to hold steady in the foreseeable future, growth opportunities exist for the rental market. Households in the City of Hampton are gradually shifting from purchasing to renting, which will drive the demand for apartments. The recent increase in rent and declining vacancy rate are evidence of this trend of healthy demand for apartments.

A final factor affecting the rental market is supply. In the housing market, it takes significant time and large investments to boost the supply. To determine the quantity of supply that will impact near-future rental market prices, Chmura analyzed Hampton City's News Flash service, which alerts citizens to various changes, such as project approvals by the City Council.⁴ Chmura found four recent projects that could impact apartment supply in the near future. Of these, two were approved by the City Council, namely the Olde Hampton Village project on LaSalle Avenue, which will provide 500 apartment units, and a project on Commerce Drive, which will provide an additional 380 apartments. Two additional proposals were considered, including a conversion of retail space to nine apartments at Peninsula Town Center, and the construction of 21 town homes along Cunningham Drive.

² Many such database requires paid subscription. Chmura was able to access only those data in the public domain.

³ Zillow, "Hampton, Virginia Housing Market," accessed March 26, 2025, <https://www.zillow.com/home-values/5052/hampton-va/>.

⁴ City of Hampton, "News Flash," accessed April 1, 2025, <https://www.hampton.gov/CivicAlerts.aspx>

3. Economic Impact of Orchard Oaks

As stated before, the economic impact of Orchard Oaks on the city economy is analyzed in two phases. The first phase takes place during the development and construction period of the project, while the second phase of economic impact involves ongoing operations of the apartment and household spending.

3.1. Economic Impact of Construction

The preliminary plan for Orchard Oaks includes 316 apartment units. It will feature 50 studio apartments, 204 one-bedroom apartments, and 62 two-bedroom apartments. The preliminary estimate of the total project cost is **\$70.4 million** in 2025 dollars (Figure 3.1).⁵ Information from the Whitmore Company indicates that construction will start in the Fall of 2025 and be completed in 2027. The leasing of Orchard Oaks apartments will commence in 2027, with the first full year of apartment rental operations in 2028.

Not all construction materials and services required for Orchard Oaks construction are available in the City of Hampton; therefore, the City of Hampton will purchase some products and services from firms located outside the city. Chmura used information from the JobsEQ impact model to estimate the percentage of project spending expected to go to firms within the city.

Table 3.1 presents the estimated one-time economic impact from the construction activities of Orchard Oaks in the City of Hampton. From 2025 to 2027, development and construction will generate a cumulative \$38.4 million in direct economic impact in the city. During this period, 177 cumulative jobs will be created – mainly in the construction industry.⁶ Chmura estimated that the cumulative indirect impact in the city will be \$4.9 million and can support 21 cumulative jobs during the development and construction phase. Beneficiaries will be firms supplying construction materials or those providing services such

as site preparation and truck transportation. Chmura further estimated that the cumulative induced impact will be \$7.0 million in spending that can support 51 cumulative jobs in the city. The induced jobs will be concentrated in consumer service-related industries such as restaurants, healthcare, and retail stores. On an annual average basis, Chmura estimated that

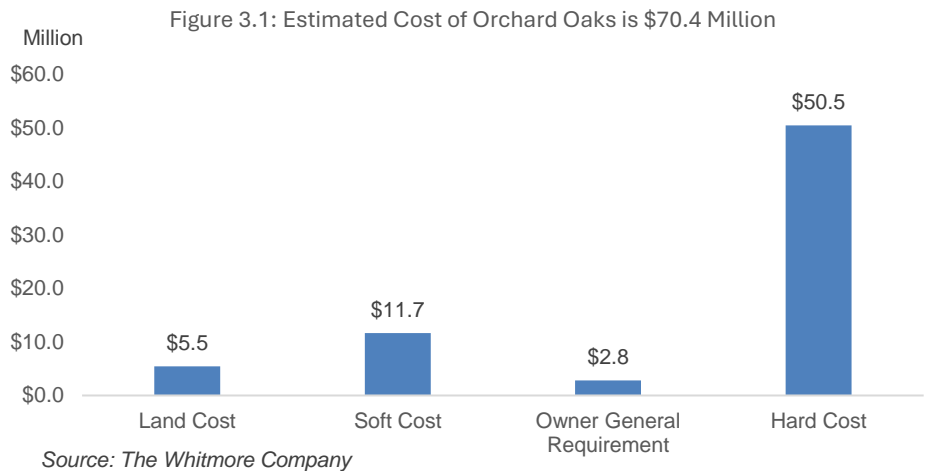


Table 3.1: Construction of Orchard Oaks Can Generate \$50.3 Million Impact in the City of Hampton

		Direct	Indirect	Induced	Total Impact
Cumulative (2025-2027)	Economic Outcome (Million)	\$38.4	\$4.9	\$7.0	\$50.3
	Employment	177	21	51	248
Annual Average (2025-2027)	Economic Outcome (Million)	\$12.8	\$1.6	\$2.3	\$16.8
	Employment	59	7	17	83

Note: Numbers may not sum due to rounding

Source: JobsEQ by Chmura

⁵ Source: The Whitmore Company. All monetary values in this report are nominal, unless specified otherwise. Accordingly, all amounts represent the dollar value in the year they occur. Chmura uses the CPI (the Consumer Price Index) to inflate dollar amounts from fixed value to nominal value.

⁶ The number of cumulative jobs refers to the number of workers multiplied by the number of years they will be employed. For example, one person employed for two years is equal to two cumulative jobs. Two individuals employed for one year also equals two cumulative jobs. The number of jobs estimated in this report includes both full-time and part-time positions.

the construction of Orchard Oaks will inject **\$16.8 million** (direct, indirect, and induced) into the city economy and support **83 annual jobs** in the City of Hampton from 2025 to 2027.

3.2. Ongoing Economic Impact of Operations

The sustained economic impact of Orchard Oaks will come from its apartment operations. Apartment rental operations will result in significant revenue. Orchard Oaks will have 316 apartments. The average monthly rent for all apartments will range between \$1,600 and \$2,210 (in 2025 dollars).⁷ Assuming a 100% occupancy rate, Chmura estimated that the annual rental revenue will be \$7.1 million in 2025 dollars. There is additional revenue from parking and other income sources, estimated at \$0.5 million per year. Total operational revenue will be \$7.6 million in 2025 dollars.

Table 3.2 presents the ongoing economic impact of the operations of Orchard Oaks apartments in the City of Hampton in 2028, the first full year of operations. The direct impact is measured as the annual operational revenue (or sales) of the apartment, which is estimated to be \$8.2 million in 2028. The apartment will employ seven full- and

Table 3.2: Operations of Orchard Oaks Can Generate \$9.1 Million Annual Impact in the City of Hampton in 2028

	Direct	Indirect	Induced	Total Impact
Economic Outcome (Million)	\$8.2	\$0.6	\$0.3	\$9.1
Employment	7	3	2	12

Note: Numbers may not sum due to rounding

Source: JobsEQ by Chmura

part-time employees. An additional indirect impact of \$0.6 million and three jobs will benefit other Hampton businesses that support the ongoing operations of Orchard Oaks. Examples include local contractors in landscaping, repair and maintenance, and other services. The induced impact estimate of \$0.3 million will support two additional jobs. Chmura estimated that the total economic impact of operations will reach **\$9.1 million**, which will support **12 jobs** in the city in 2028.

3.3. Ongoing Economic Impact from Household Spending

Orchard Oaks is a residential community with 316 apartments. Household spending will generate a sizable economic impact in the City of Hampton. Typically, household income levels indicate the magnitude of household spending impact. The latest data from the Census American Community Survey (ACS) showed that the median household income of the City of Hampton was \$67,758 in 2023.⁸ Chmura used this as an assumption to estimate the impact of household spending in 2028, assuming all apartments in Orchard Oaks are fully occupied.

To calculate direct household spending in the City of Hampton, Chmura first adjusted household income by removing savings and investments that are not spent immediately. This adjustment results in an average household spending amount of approximately 76.8% of household income.⁹ Also, not all household spending by Hampton residents occurs within the city; the percentage spent outside the city is considered leakage. It is estimated that the average consumer spending leakage is 44.3% for residents in the City of Hampton. Since the rental payments for households are already included in the operational impact of Orchard Oaks, to avoid double counting, the household spending analysis does not include rent. Consequently, Chmura estimated that the average household in Orchard Oaks would spend \$19,389 in the city in 2025. Finally, Chmura utilized the latest Consumer Expenditure Survey (CES) to allocate total household spending into different categories such as food, housing, transportation, healthcare, and other services.¹⁰

⁷ Source: The Whitmore Company.

⁸ Source: JobsEQ by Chmura, "Demographic Profile," based on the U.S. Census American Community Survey 2019-2023.

⁹ The latest (2023) Consumer Expenditure Survey indicates a difference of 23.2% between annual expenditure and after-tax income.

¹⁰ U.S. Bureau of Labor Statistics, "Consumer Expenditure Surveys, 2023", accessed March 19, 2025, <https://www.bls.gov/cex/>.

Table 3.3 presents the economic impact from Orchard Oaks household spending. In 2028, the estimated direct household spending in the City of Hampton will be \$6.8 million (in 2028 dollars). This figure includes spending by residents in city establishments such as retail stores, restaurants, and services businesses, which can create 39 direct jobs in the city.

Chmura estimated that the indirect impact will reach \$0.9 million, supporting four jobs in the city in 2028. Chmura also estimated that the induced impact will be \$1.0 million in 2028, which can support seven jobs in the city. In total, household spending from Orchard Oaks will generate **\$8.7 million** in economic impact (direct, indirect, and induced) and support **49 jobs** in the City of Hampton in 2028.

Combining apartment operations and household spending, the planned Orchard Oaks will generate **\$17.7 million** total economic impact, supporting **61 jobs** in the city of Hampton in 2028. This impact is recurring, meaning similar impact will benefit the city's economy in future years.

Table 3.3: Household Spending of Orchard Oaks Can Generate \$8.7 Million Annual Impact in the City of Hampton

	Direct	Indirect	Induced	Total Impact
Spending (Million)	\$6.8	\$0.9	\$1.0	\$8.7
Employment	39	4	7	49

Note: Numbers may not sum due to rounding

Source: JobsEQ by Chmura

4. Fiscal Impact of Orchard Oaks

The construction, operations, and household spending of Orchard Oaks will produce tax revenue for the City of Hampton government. During the construction phase, the city can receive one-time revenue from business, professional, and occupational license (BPOL) tax, and building permit fees. For ongoing operations, recurring local revenue stems from the following: real estate, tangible (personal) property, and BPOL taxes. Additional tax revenue, such as sales and meals taxes, will come from household spending in the city. To be conservative, Chmura only estimated the tax revenue from the direct impact.¹¹

4.1. Tax and Fee Revenue from Construction

The construction spending on Orchard Oaks is subject to the city's BPOL tax. In 2025, the city's BPOL tax rate for contractors was \$0.16 per \$100 of gross receipts; the tax rate for professional services, such as engineering services, is higher, at \$0.58 per \$100 of gross receipt.¹² Based on the projected cost of construction, Chmura estimated the cumulative BPOL tax for the city at \$76,759 from 2025 to 2027 (Table 4.1).

The City of Hampton will also receive a one-time building permit fee based on the size of the development. The fee is \$0.14 per square foot (SF) for buildings that are over 40,000 square feet.¹³ Based on the anticipated size of Orchard Oaks, Chmura estimated the one-time building permit fee to be \$40,948 from 2025 to 2027.

Combined, Chmura estimated that the one-time tax and fee revenue from Orchard Oaks construction will be **\$117,707** from 2025 to 2027.

Table 4.1: One-time Tax and Fee Revenue from Is \$0.1 Million

Revenue Category	Amount
Building Permit Fees	\$40,948
BPOL Tax	\$76,759
Total	\$117,707

Note: Numbers may not sum due to rounding

Source: Chmura

4.2. Recurring Tax Revenue from Operations

The ongoing operations of Orchard Oaks will provide recurring revenue for the city from real estate, personal property, and other taxes. Table 3.2 presents the estimated annual tax revenue from ongoing operations beginning in 2027.

The City of Hampton has a BPOL tax that will be applied to gross receipts of apartment rentals and other income. As of 2025, the BPOL tax rate is \$0.58 per \$100 gross receipt for real estate. As a result, Chmura estimates that the annual BPOL tax will be \$47,278 in 2028.

Orchard Oaks will expand the tax base and increase real estate tax revenue. The current real estate tax rate is \$1.15 per \$100 of assessed value.¹⁴ Chmura used the construction cost as the base of the assessed value in 2025 and assumed that the

Table 4.2: Recurring Annual Tax Revenues Is \$1.0 Million

Tax Category	Amount
BPOL	\$47,278
Real Estate	\$875,272
Personal Property	\$116,247
Total	\$1,038,797

Note: Numbers may not sum due to rounding

Source: Chmura

¹¹ This approach is recommended by Burchell and Listokin in *The Fiscal Impact Handbook*. Source: Burchell, R.W. and Listokin, D. 1978. *The Fiscal Impact Handbook: Estimating Local Costs and Revenues of Land Development*. Center for Urban Policy Research, New Brunswick, NJ; Rutgers, The State University of New Jersey.

¹² City of Hampton, "Business Tax Rates," accessed March 19, <https://www.hampton.gov/2145/Business-Tax-Rates>.

¹³ City of Hampton, "Article II- Building Code," accessed March 19, <https://mcclibraryfunctions.azurewebsites.us/api/ordinanceDownload/14532/448505/pdf>

¹⁴ City of Hampton "FY25 City Council Approved Budget, Tab 5-Tax and Fee Schedules" assessed March 20, <https://www.hampton.gov/4240/FY25-City-Council-Approved-Budget>

assessed value would appreciate 2.6% per year.¹⁵ Accordingly, Chmura estimated that the annual real estate tax revenue will be \$875,272 in 2028.

Personal property tax will provide another source of revenue for the city, which charges \$4.50 per \$100 of assessed property value.¹⁶ Chmura assumed that each household in Orchard Oaks would have 0.9 vehicles.¹⁷ Based on the latest city budget, Chmura estimated that the average assessed value is \$8,659 per vehicle in the Fiscal Year 2025.¹⁸ Combining that information, Chmura estimated that the annual personal property tax will be \$116,247 in 2028.

In summary, Chmura estimated that ongoing tax revenue from Orchard Oaks operations will reach **\$1.0 million** in 2028. Future taxes can vary based on changes in tax rates or assessment methods.

4.3. Taxes from Household Spending

Household spending by Orchard Oaks residents in the City of Hampton will also generate tax revenues for the city government. Table 4.3 presents the estimated annual recurring tax revenue from household spending in 2028, when the development is fully occupied.

In the City of Hampton, the overall sales tax rate is 6.0%, with 1.0% allocated to the city government. Local sales tax will be applied to the retail and food portion of household spending. Chmura estimated that the city's sales tax revenue will be \$27,528 in 2028.

Spending in local restaurants will be subject to the city's meals tax of 7.5%.¹⁹ Chmura estimated that the meal tax revenue for the city will be \$28,958 in 2028.

In addition, household spending in retail and service businesses are subject to city BPOL taxes, with different tax rates for different business categories. Chmura estimated that the city's BPOL will reach \$17,798 in 2028.

Overall, Chmura estimated that the annual ongoing tax revenue derived from Orchard Oaks household spending will be **\$74,284** in 2028.

Combining tax revenues from Orchard Oaks operations and household spending, Chmura estimated that this development will generate **\$1.1 million** annual tax revenue for the City of Hampton in 2028. This tax benefit is recurring, meaning the city will receive a similar amount of tax revenue each year in future years.

Table 4.3: Recurring Annual Tax Revenues from Operations Is \$0.07 Million

Tax Category	Amount
Sales	\$27,528
Meals	\$28,958
BPOL	\$17,798
Total	\$74,284

Note: Numbers may not sum due to rounding

Source: Chmura

¹⁵ This figure represents the average annual growth rate of the Consumer Price Index (CPI) from 2010 to 2024.

¹⁶ City of Hamton "FY25 City Council Approved Budget, Tab 5-Tax and Fee Schedules," assessed March 20, <https://www.hampton.gov/4240/FY25-City-Council-Approved-Budget>

¹⁷ Chmura estimate based on American Community Survey data. United States Census Bureau, "American Community Survey," accessed March 20, 2025 <https://www.census.gov/acs/www/data/data-tables-and-tools/data-profiles/>.

¹⁸ City of Hamton "FY25 City Council Approved Budget, Tab 7-General Fund," assessed March 20, <https://www.hampton.gov/4240/FY25-City-Council-Approved-Budget>.

¹⁹ City of Hamton "FY25 City Council Approved Budget, Tab 5-Tax and Fee Schedules," assessed March 20, <https://www.hampton.gov/4240/FY25-City-Council-Approved-Budget>

Appendix 1. Impact Analysis Glossary

JobsEQ Economic Impact – an economic impact assessment modeling system. It allows the user to build economic models to estimate the impacts of economic changes in states, counties, or communities.

Input-Output Analysis – an examination of business-business and business-consumer economic relationships capturing all monetary transactions in a given period, allowing one to calculate the effects of a change in an economic activity on the entire economy (impact analysis).

Direct Impact – economic activity generated by a project or operation. For construction, this represents the activity of the contractor; for operations, this represents activity by tenants of the property.

Indirect Impact – secondary economic activity that is generated by a project or operation. An example might be a new office building generating demand for parking garages.

Induced (Household) Impact – economic activity generated by household income resulting from direct and indirect impacts.

Ripple Effect – the sum of induced and indirect impacts. In some projects, it is more appropriate to report ripple effects than indirect and induced impacts separately.

Multiplier – the cumulative impacts of a unit change in economic activity on the entire economy

