

1. Executive Summary

ANGLE Technology was asked by the Virginia Modeling, Analysis and Simulation Center (VMASC) to update the economic impact study conducted in 2004. The objective of the update was to track the development of the modeling, simulation and visualization (MS&V) industry in Hampton Roads over the past three years. The MS&V definition from the previous study was retained as shown in Appendix III.

The 2007 data were run on the same model used in 2004. An explanation of model updates is provided in Section 4.1. The results are summarized in Tables 1.1 and 1.2.

Table 1.1 Economic Impact

| FACTOR | 2004 | 2007 | % Change |
|-------------------------------|----------|----------|----------|
| Total Output | \$412.9m | \$639.5m | 54.9 |
| Gross Regional Product | \$248.0m | \$408.1m | 64.6 |
| Employment | 4,023 | 5,092 | 26.6 |
| Average Annual Salary | \$60,212 | \$82,733 | 37.4 |

Table 1.2 Forecasted Annual Job Growth Rate

| PERIOD | 2004 | 2007 |
|-------------------|-------|-------|
| Two Years | 14.2% | 7.3% |
| Five Years | 12.3% | 14.5% |

- The MS&V industry continues to be an increasingly important sector in the regional economy, as measured by the 64.6 percent increase in its contribution to Gross Regional Product, the 54.9 percent increase in the industry's contribution to Total Output, and the 26.6 percent increase in Total Employment.
- There has been substantial growth in average salaries in the industry, increasing at an average of 12.5% per year and exceeding the average salary in Hampton Roads (\$38,428) by 133 percent
- The average annual job growth rate of 8.9 percent is significant, although less than the 14.2 percent forecasted in 2004
- Growth rate expectations over the next two years have been reduced, but higher rates are expected in the future