

D.C. Tax Revision Commission

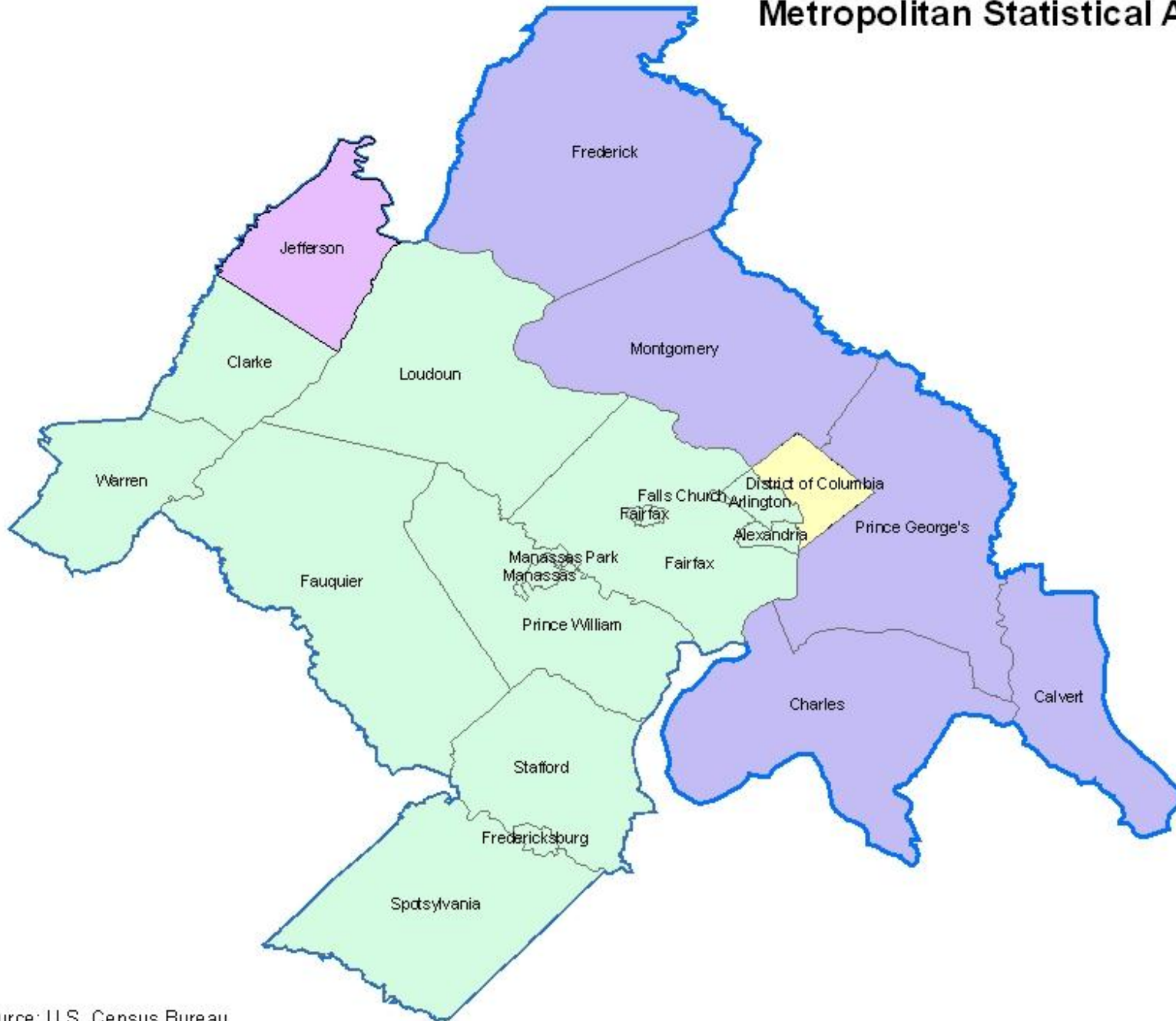
The Washington Area Economy: Sub-State Patterns of Performance

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Dwight Schar Faculty Chair and University Professor
Director, Center for Regional Analysis
George Mason University

January 7, 2013

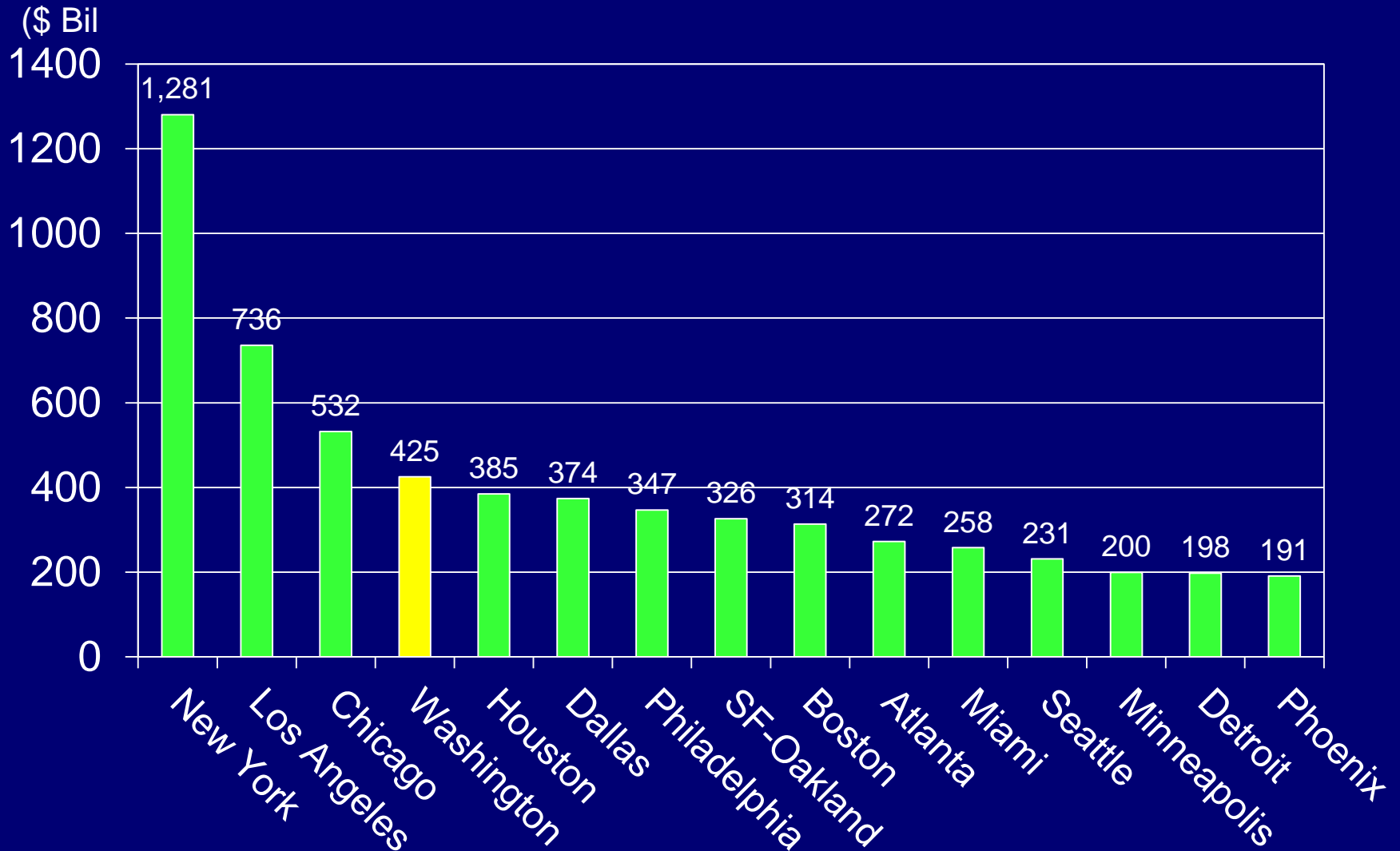
Washington DC Metropolitan Statistical Area (2003)



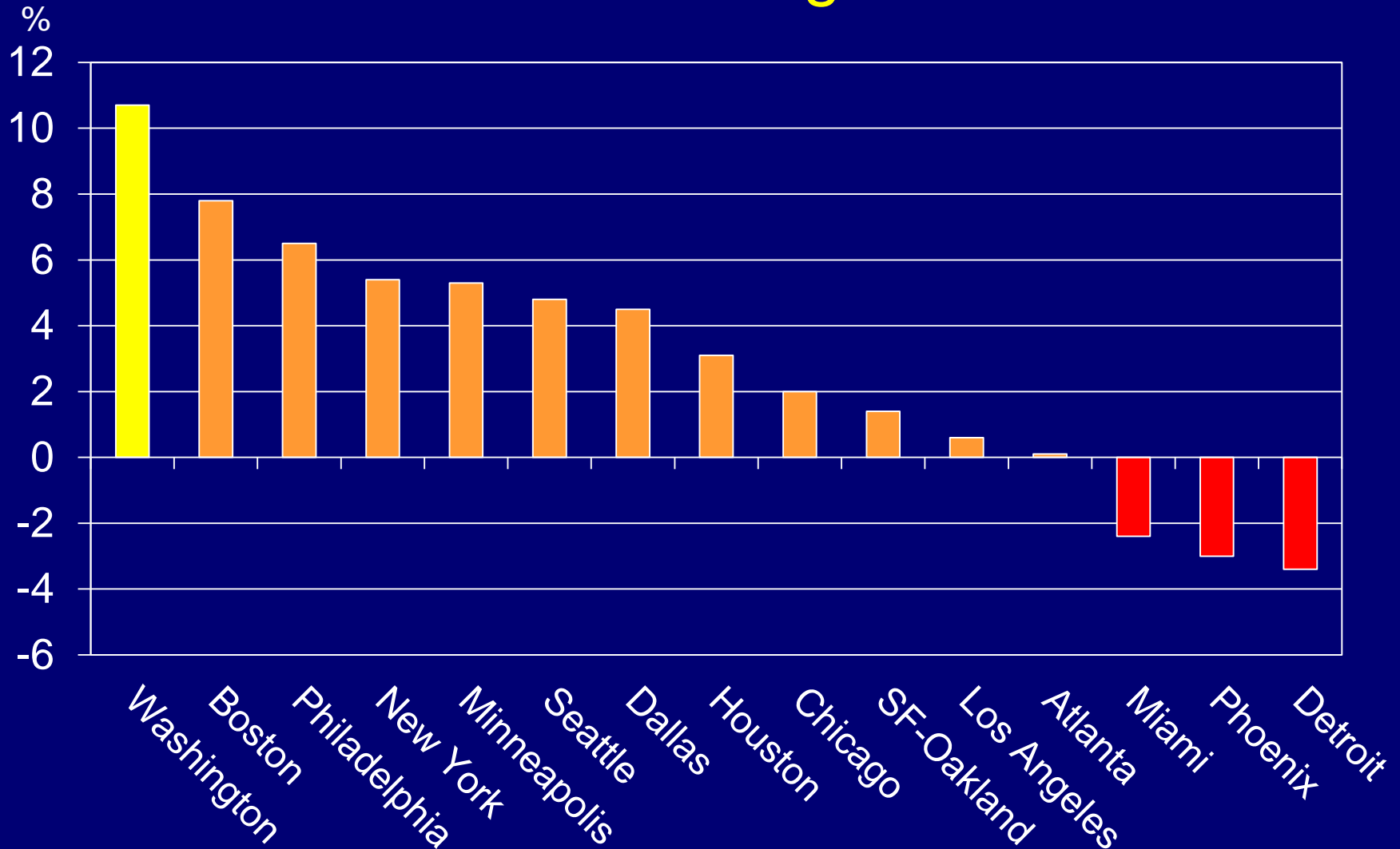
The Washington Metropolitan Area Is Different

It has the 4th largest economy but only ranks 7th in number of residents and is 2nd in the square footage of office space.

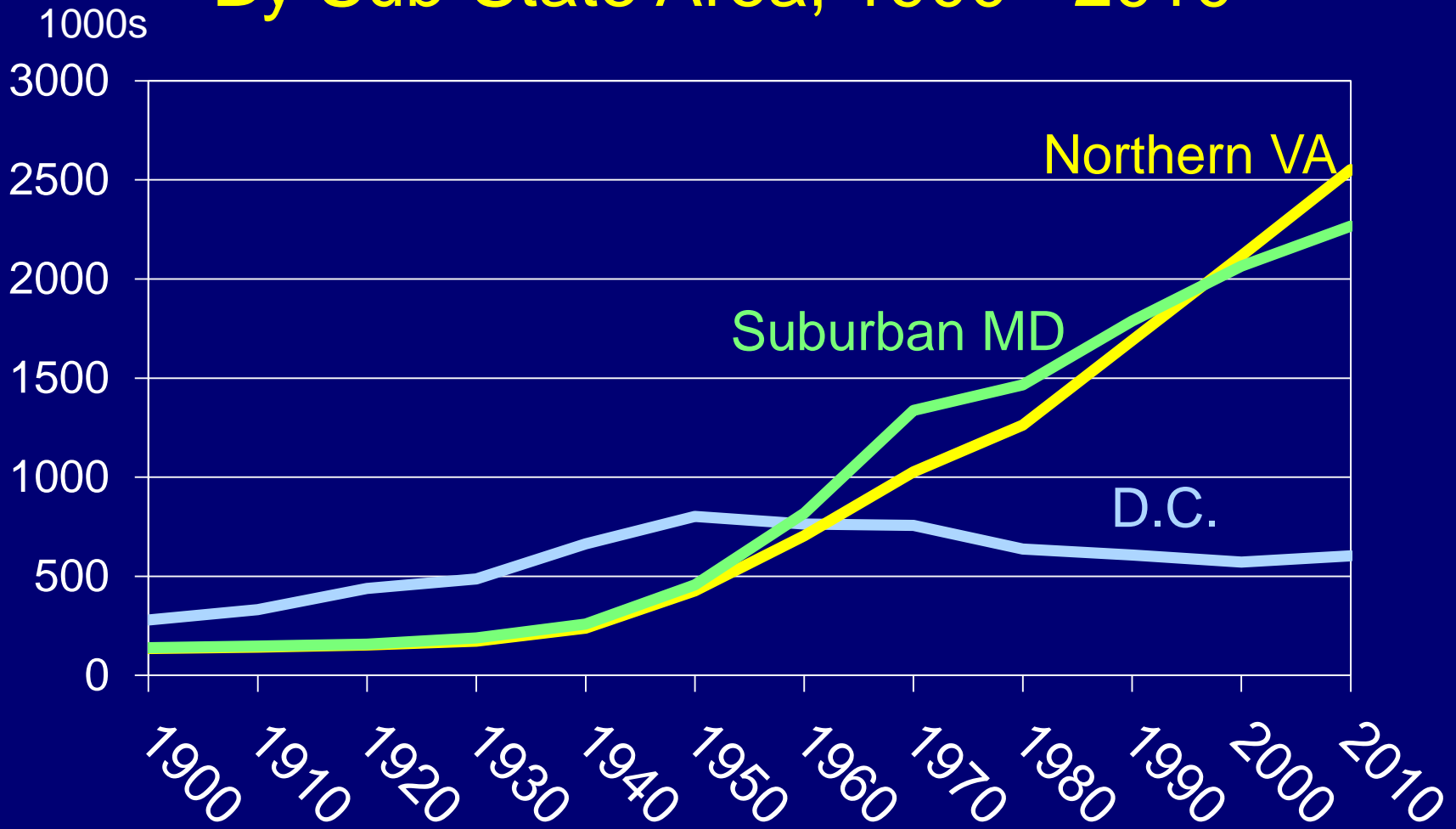
15 Largest Metro Areas 2010 GRP



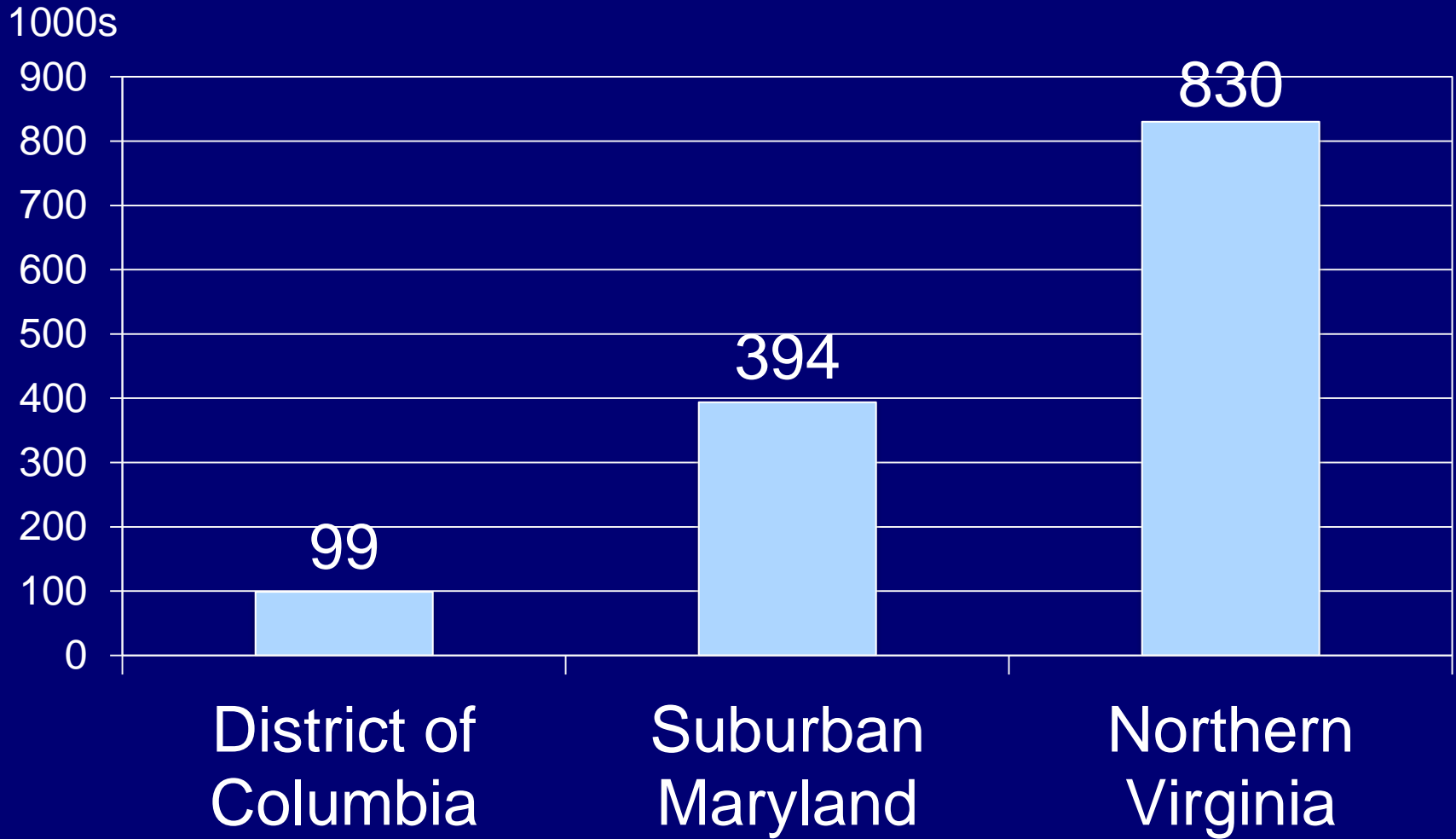
15 Largest Metro Areas GRP Percent Change 2007-10



Population in the Washington MSA By Sub-State Area, 1900 - 2010

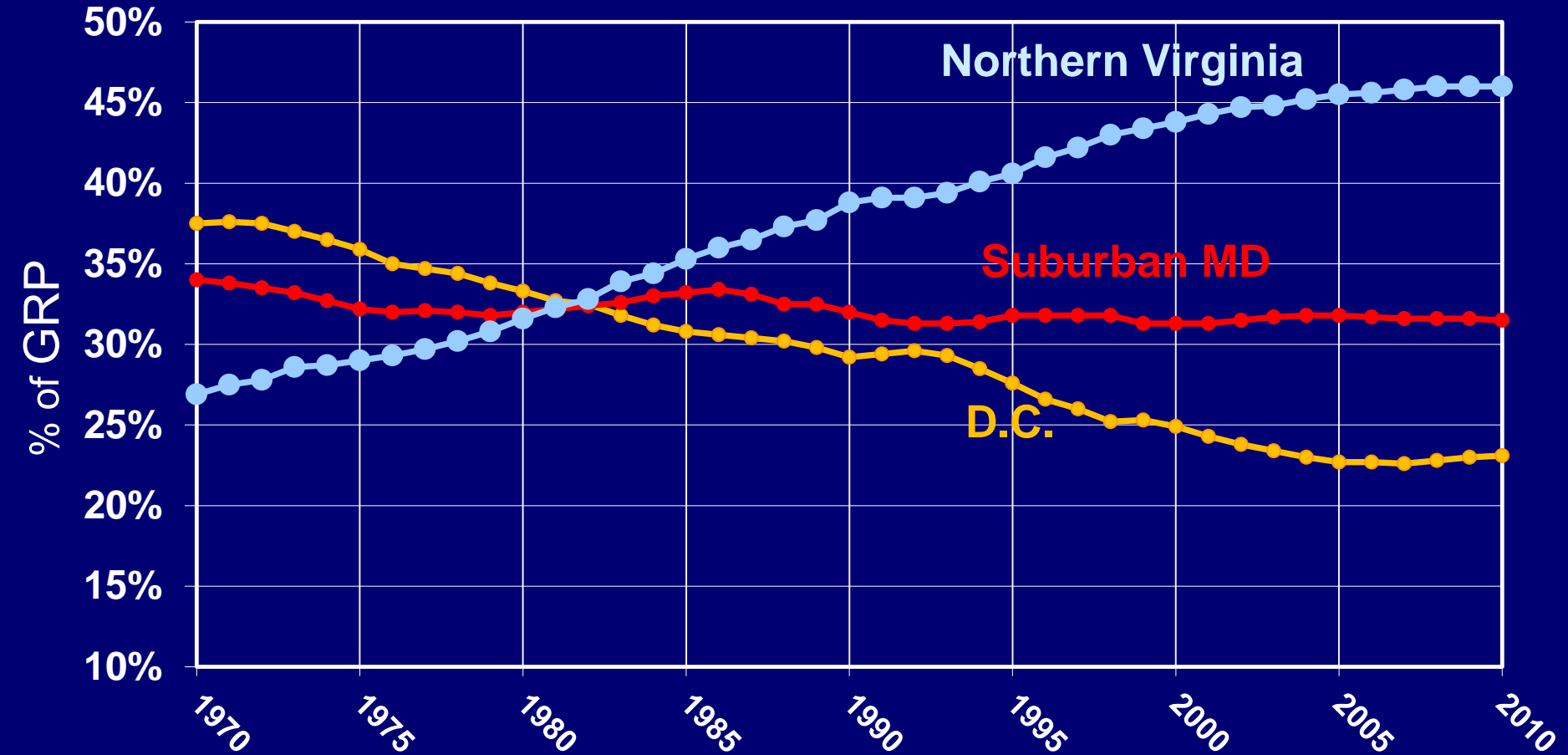


Growth in Jobs, 1980 - 2010



Source: BLS, IHS Global Insight, GMU Center for Regional Analysis

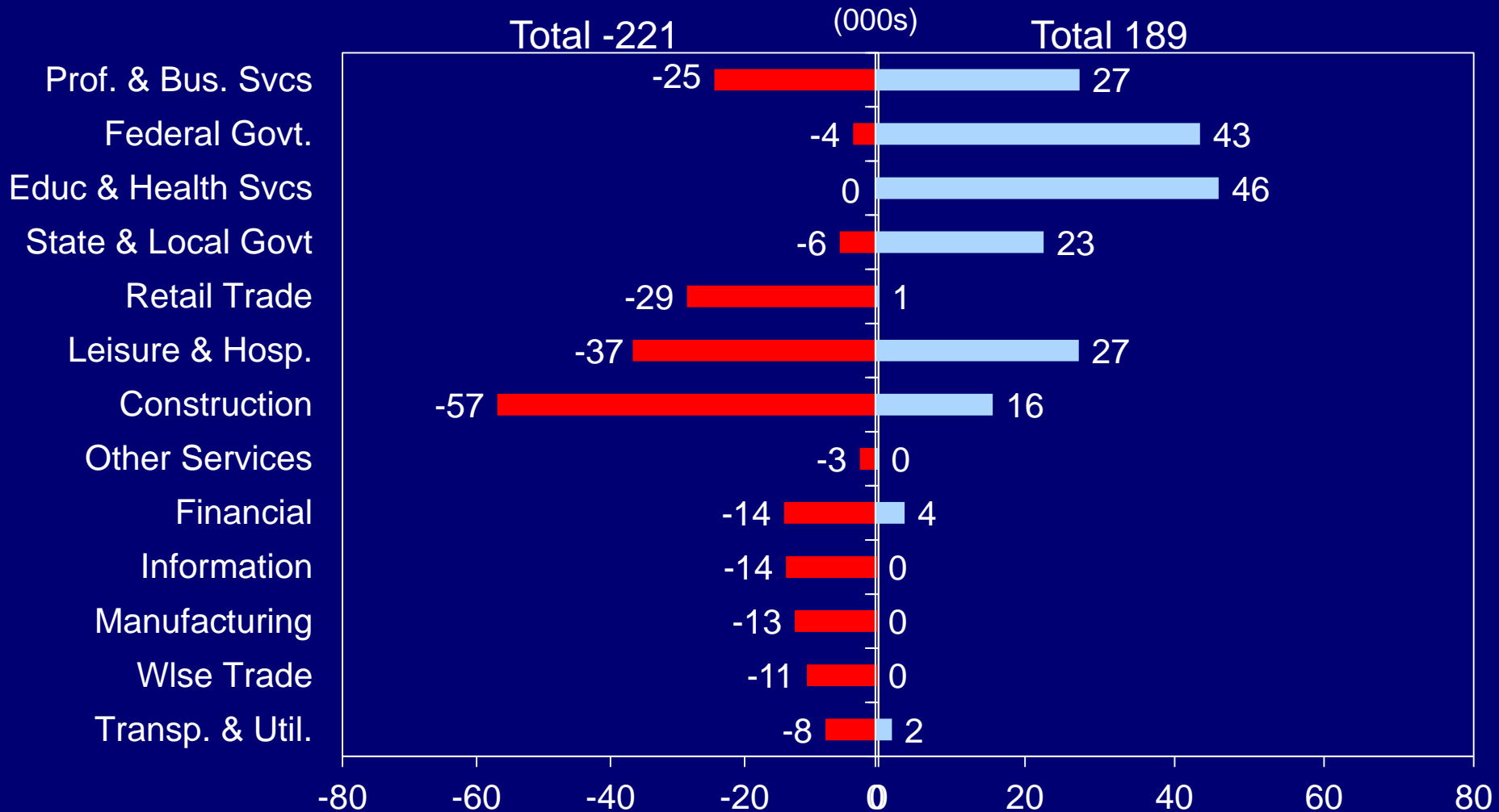
Share of Washington Area Economy 1970-2010



How Has the Post-Recession Washington Area Economy Changed?

Wash MSA Payroll Job Change by Sector

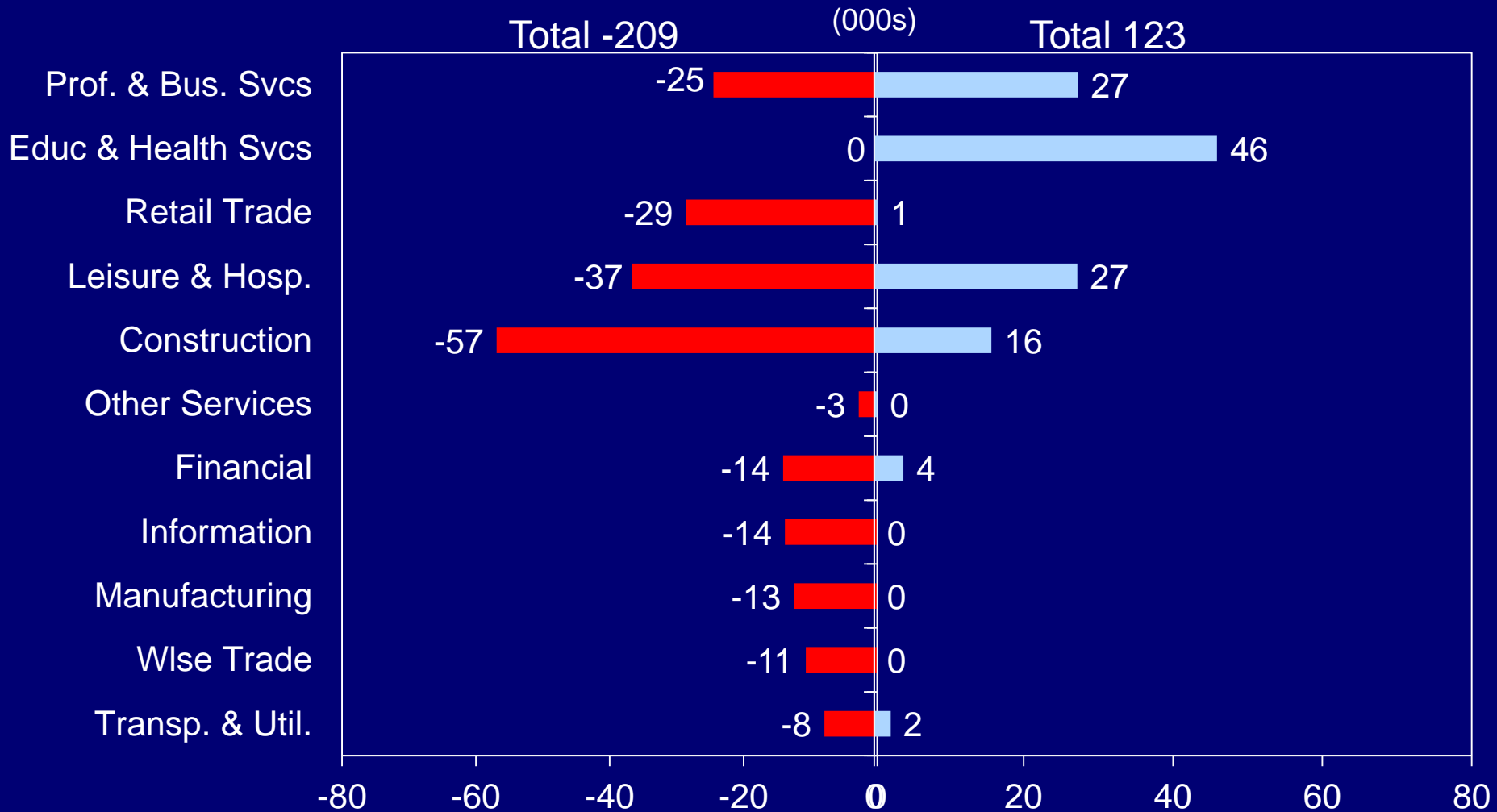
The Great Recession and Recovery To October 2012



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Wash MSA Payroll Job: Private Sector

The Great Recession and Recovery To October 2012

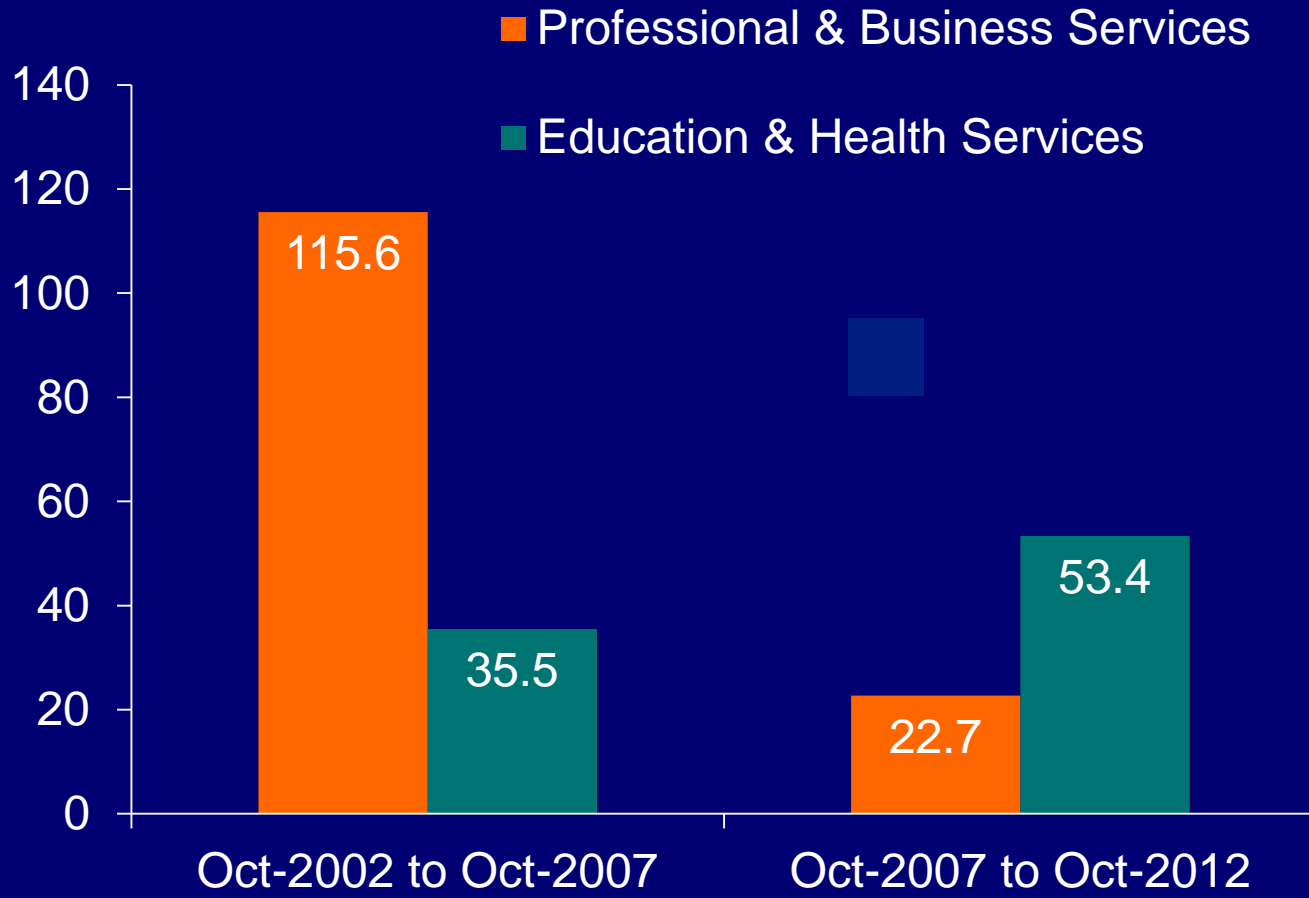


Job Change by Sector, 2008-2012 (Sep)

(000s)

SECTOR	Washington Metro Area	D.C.	Suburban MD	Northern Virginia
Professional, Business Services	22.2	-4.2	2.8	23.6
Government	40.5	9.2	11.0	20.3
Health, Educ. Svcs.	49.8	21.7	10.8	17.3
Other Services	2.5	4.4	-1.6	-0.3
Hospitality	16.4	5.7	1.3	9.4
All Other	-69.2	-4.1	-39.4	-25.7
TOTAL	62.2	32.7	-15.1	44.6

Sector Shift in Job Gains Washington MSA

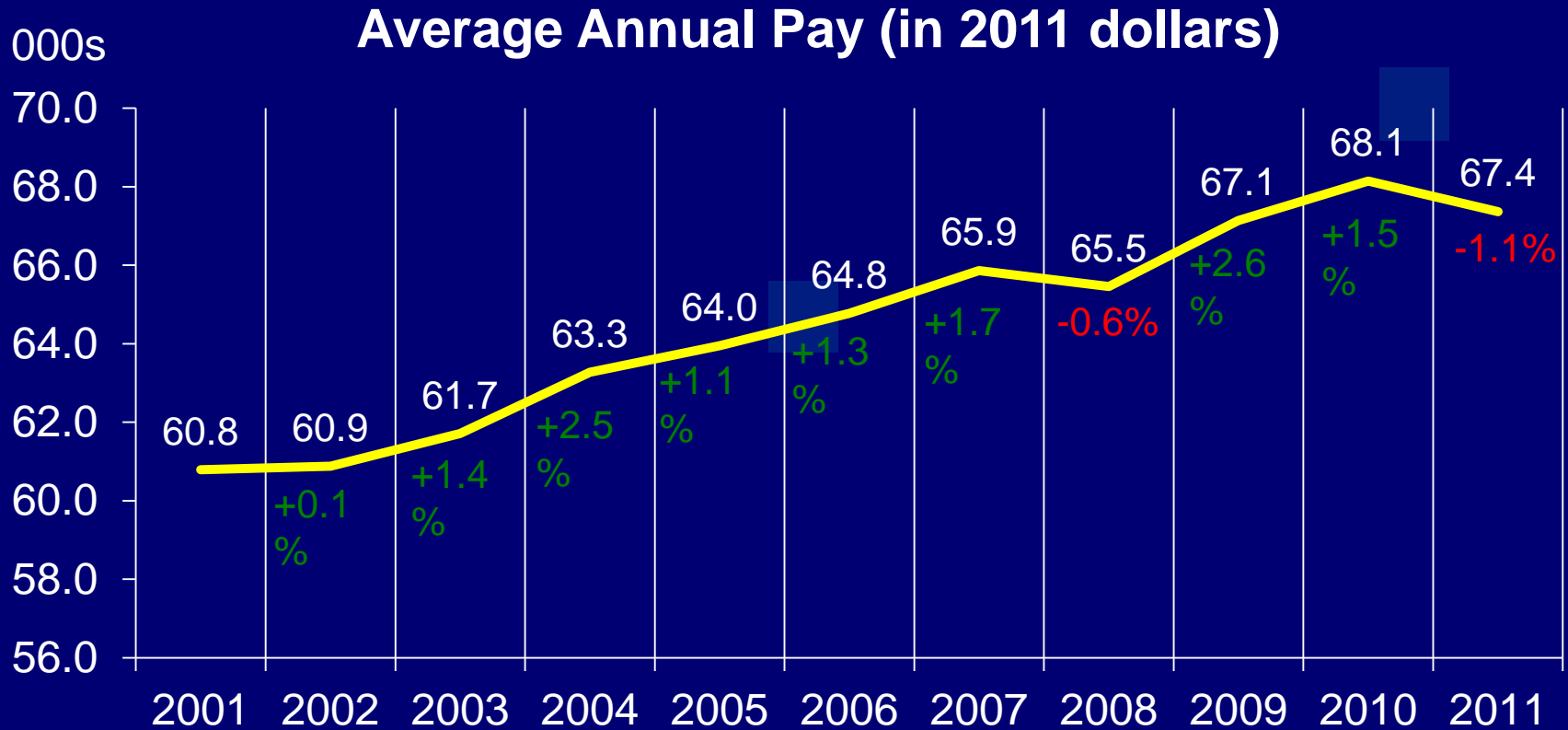


\$92.2K

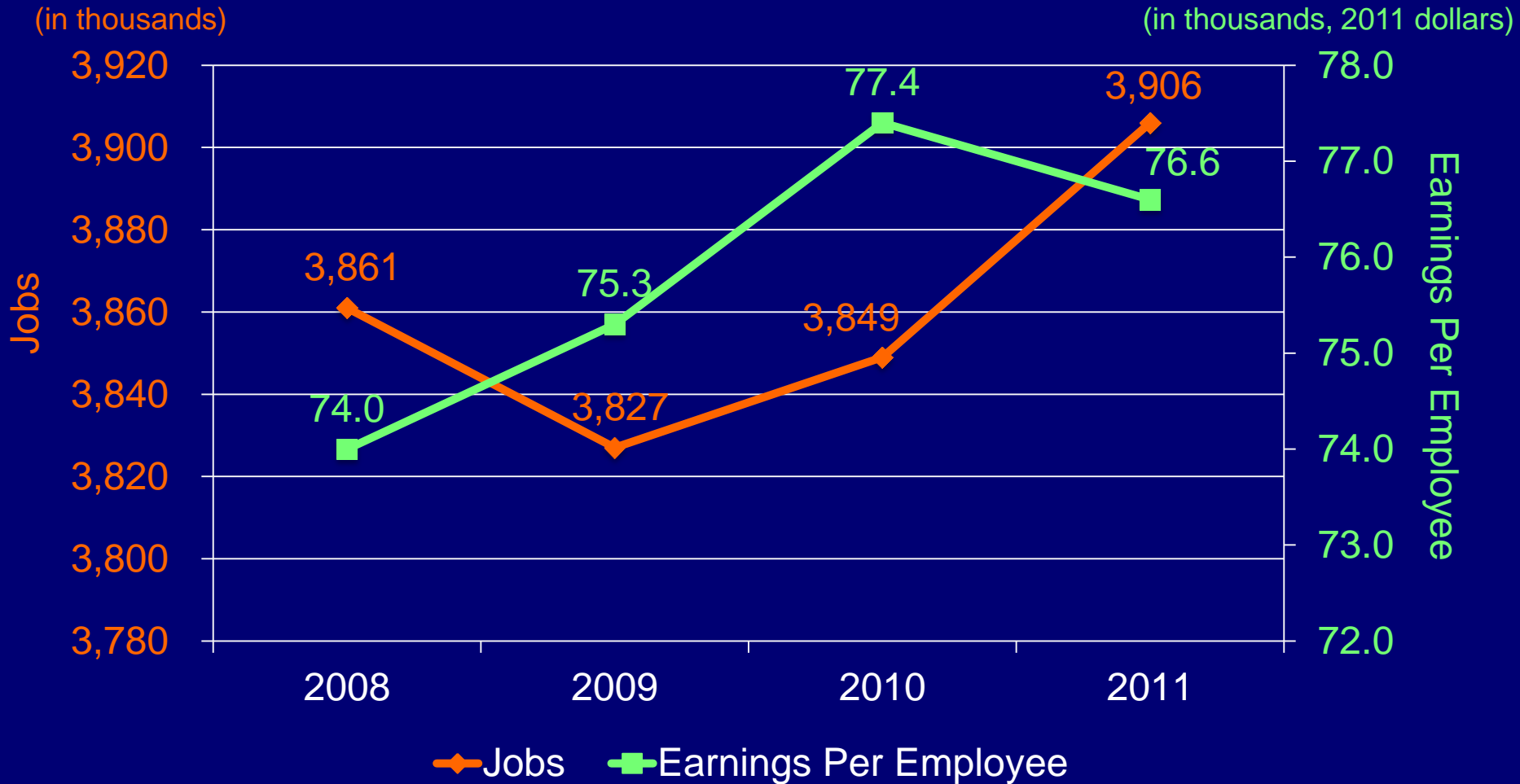
\$50.7K

2011 Avg. Annual Pay

Wage and Salary Trends in the Washington Metropolitan Area



Early Signs of Income Compression Washington MSA



Source: Bureau of Economic Analysis, Center for Regional Analysis

Per Job By Sector in the Washington Area

(in 2005 dollars)

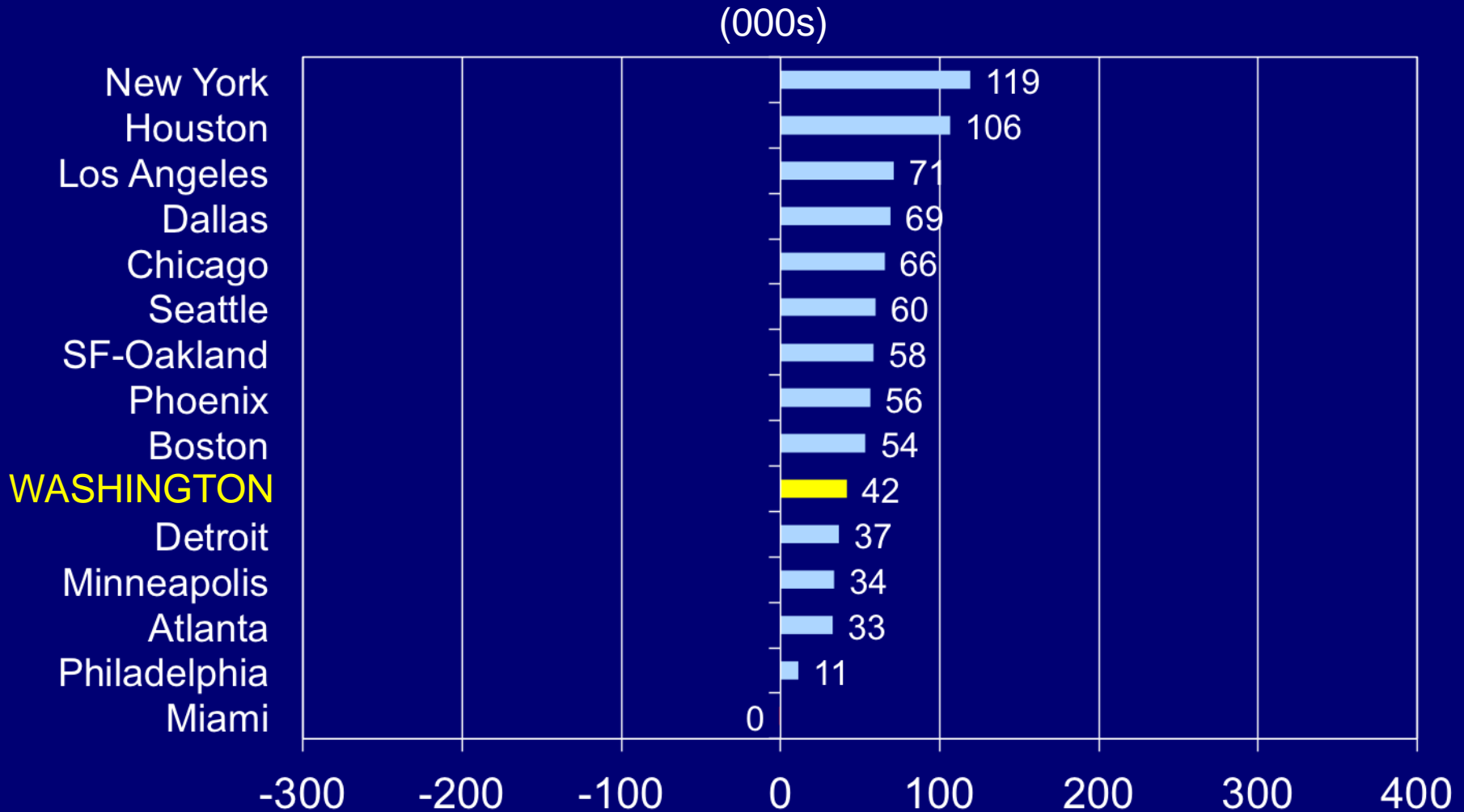
<u>Sector</u>	<u>2010</u>	<u>2020</u>	<u>% Change</u>
Prof. & Bus. Services	\$128,896	\$166,756	29.4%
Federal	134,956	144,292	4.7
Education/Health	61,771	57,211	- 7.4
Hospitality	42,290	43,572	3.0
State/Local Government	62,382	56,265	- 9.8
Retail Trade	60,954	64,788	6.3
Construction	101,863	80,114	- 21.4
Financial Services	565,809	613,433	8.4
Other Services	70,780	70,818	0.0
GRP/Jobs	\$127,312	\$141,535	11.1

The Washington Area's Current Economic Performance

Metro Comparisons

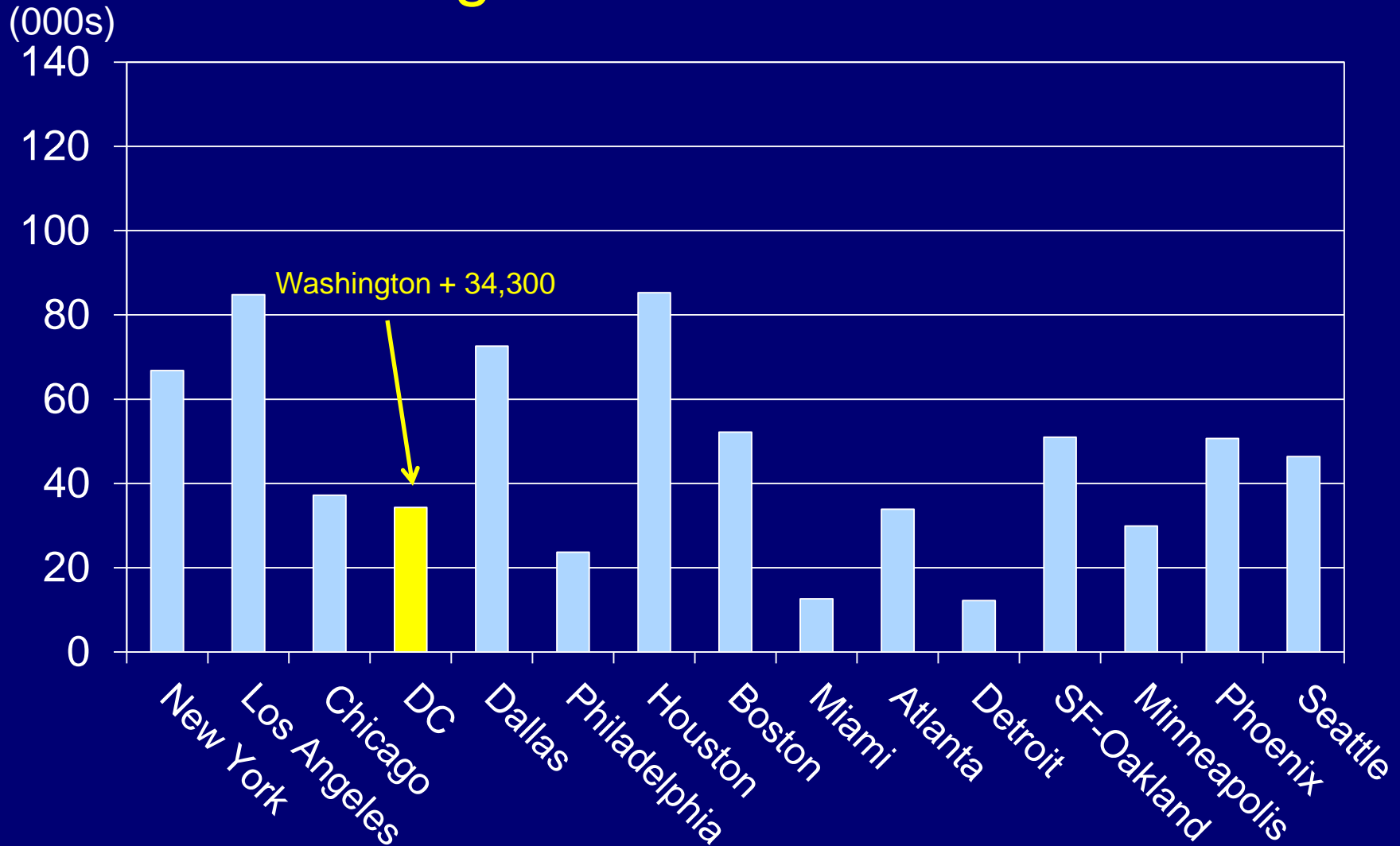
Job Change 2011-2012 (Sep)

15 Largest Metro Areas



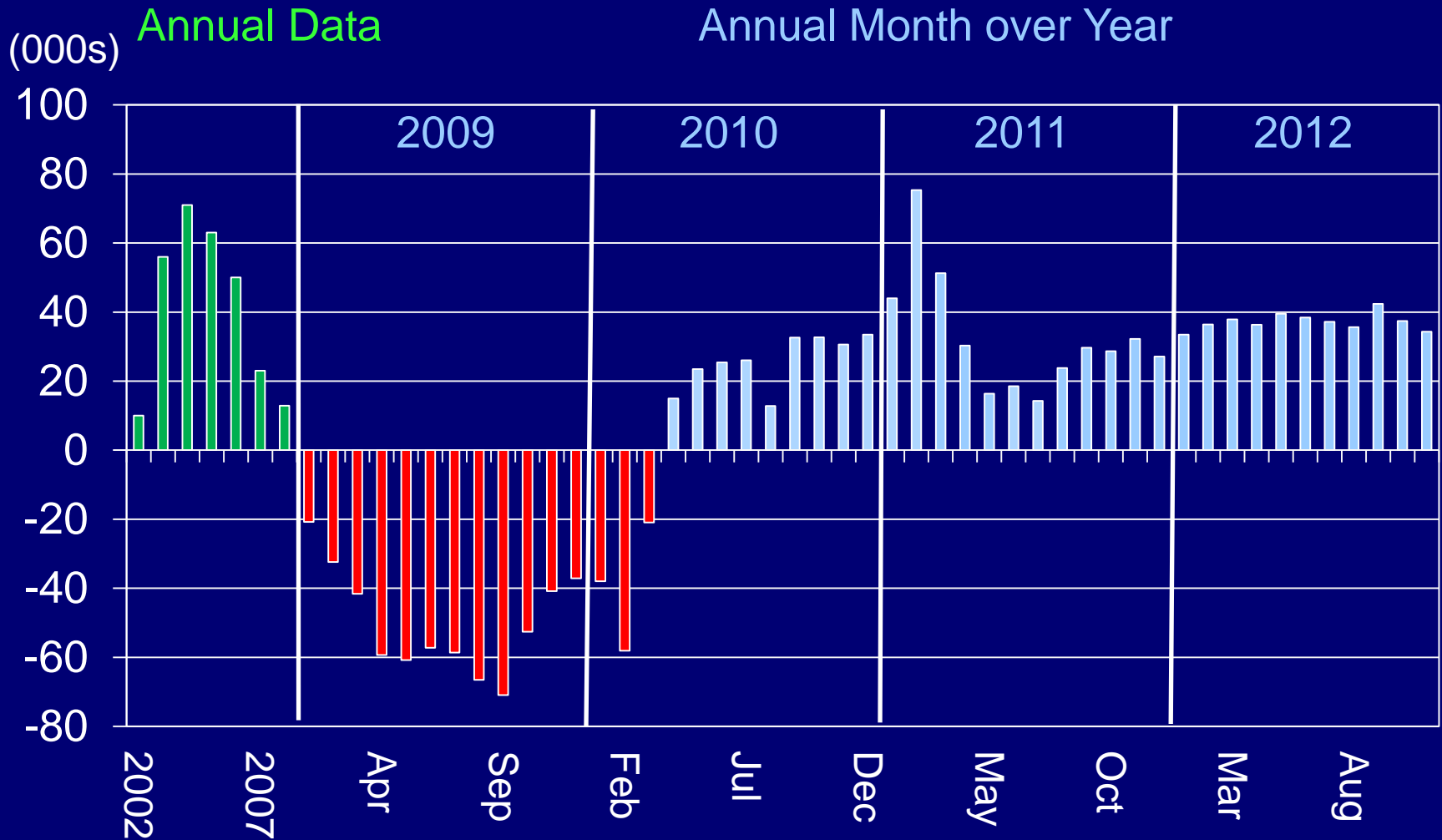
15 Largest Job Markets

Job Change: Nov 2011 – Nov 2012



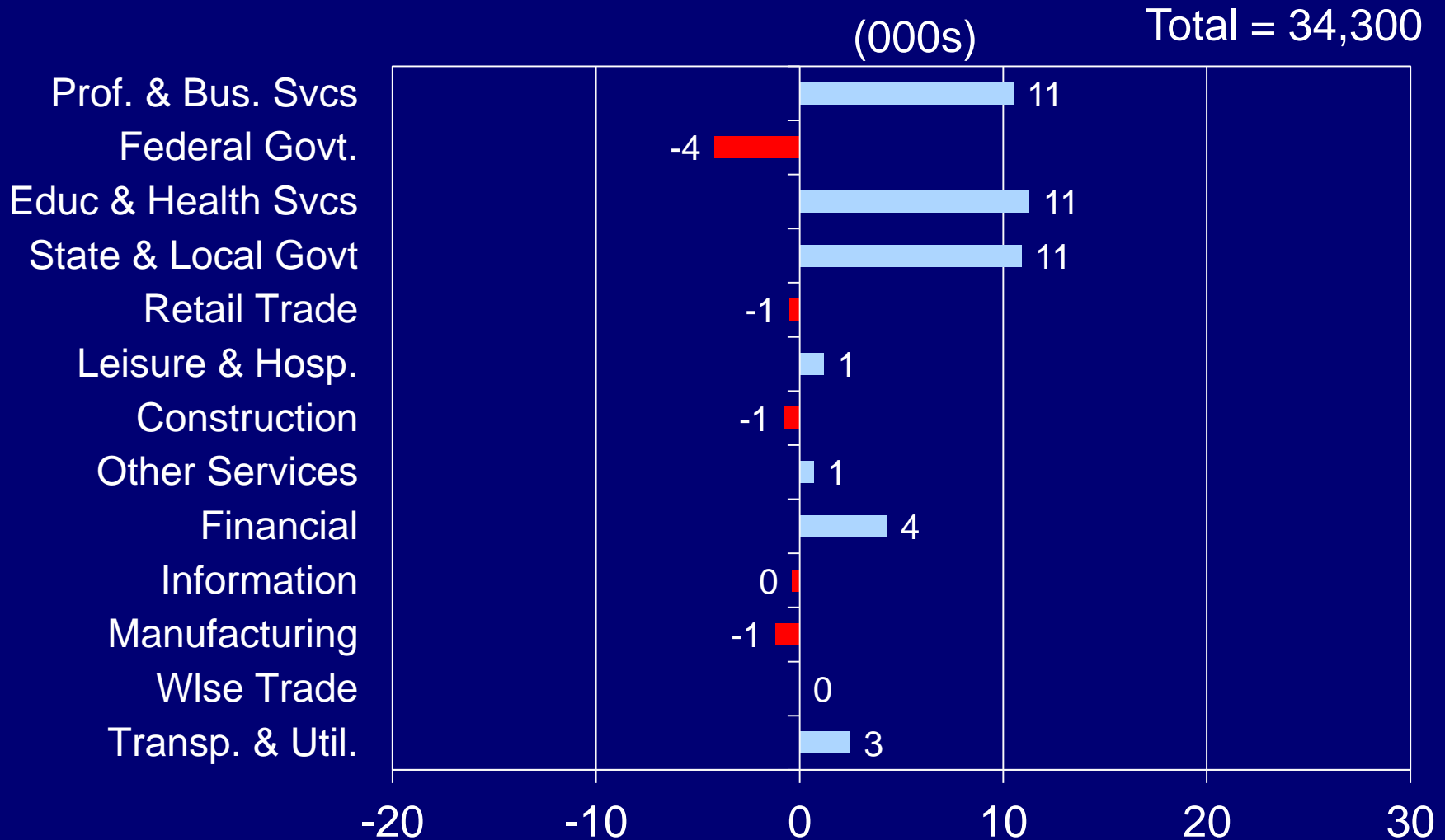
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change Washington MSA



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector Nov 2011 – Nov 2012 Washington MSA

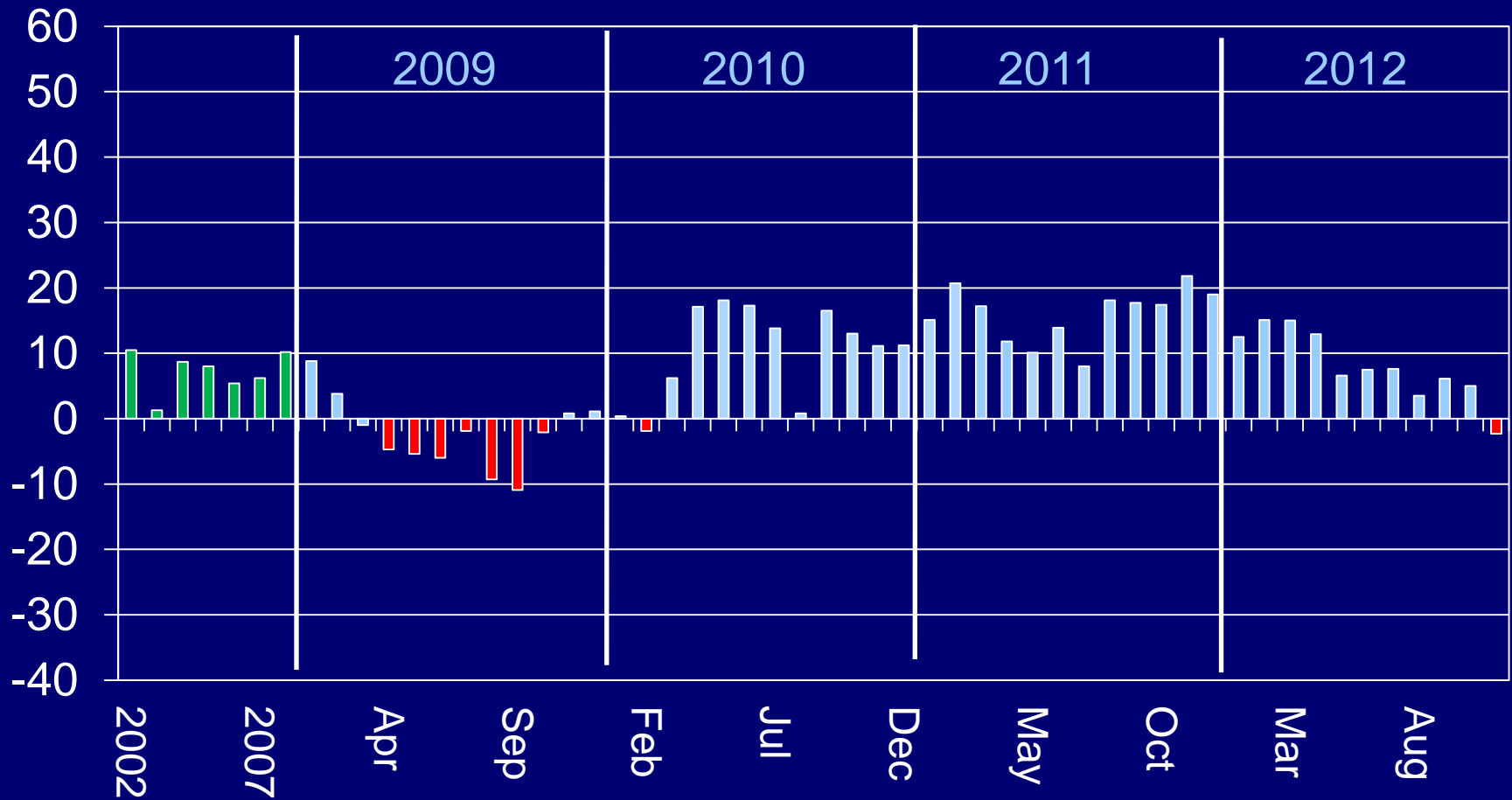


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change District of Columbia

(000s) **Annual Data**

Annual Month over Year



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector Nov 2011 – Nov 2012 District of Columbia

(000s)

Total -2,300

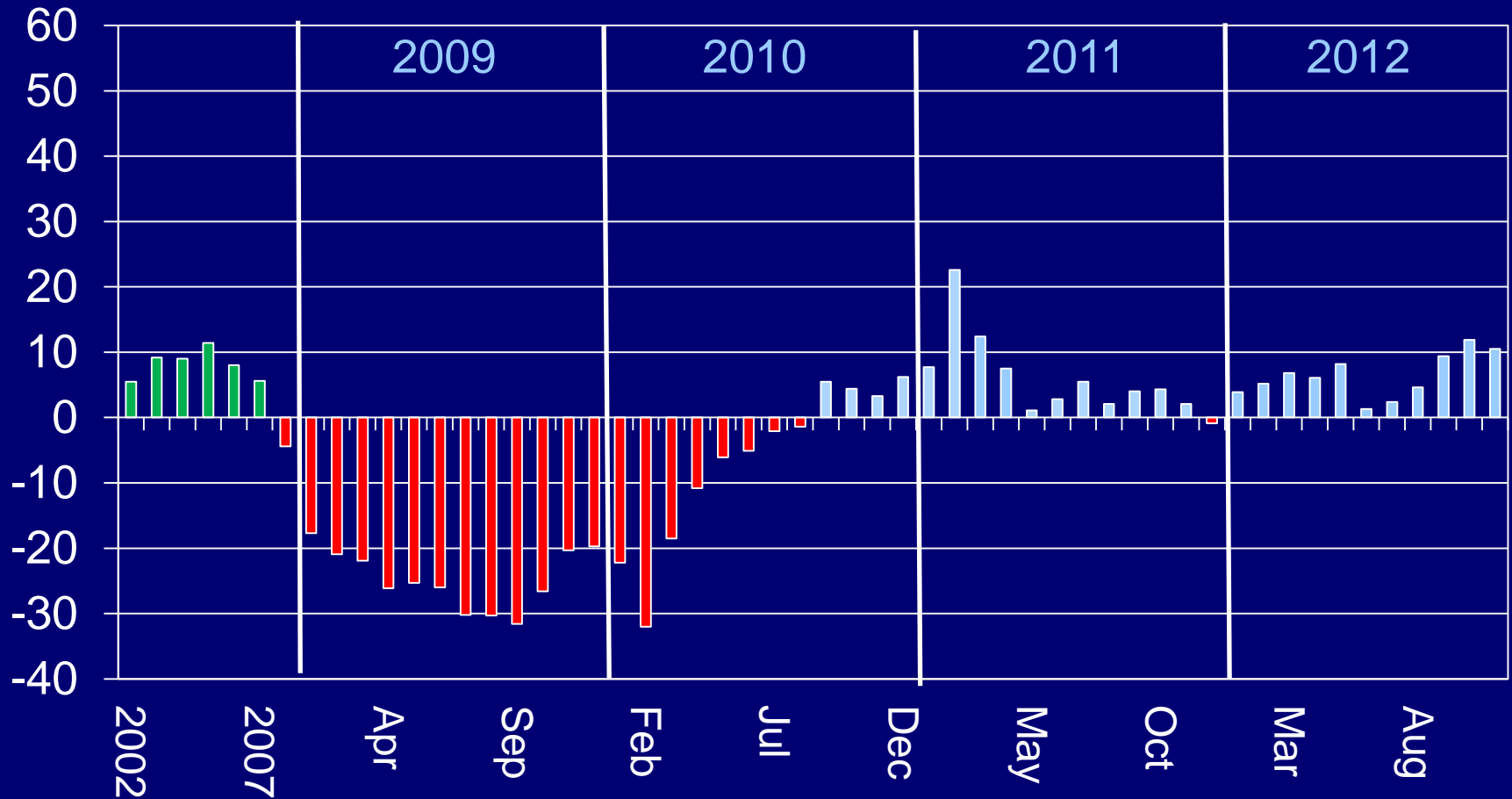


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change Suburban Maryland

(000s) Annual Data

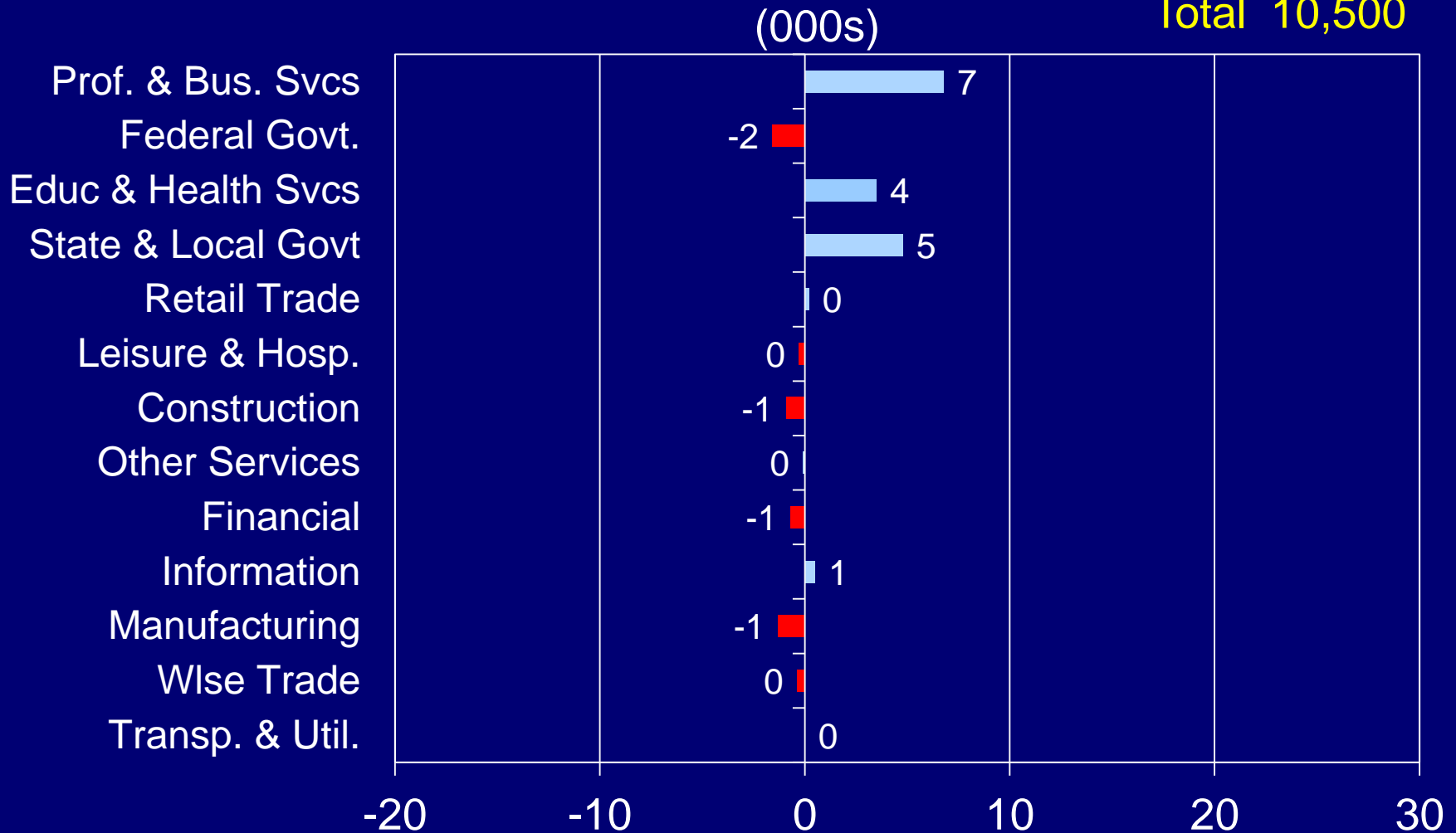
Annual Month over Year



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector Nov 2011 – Nov 2012 Suburban Maryland

Total 10,500

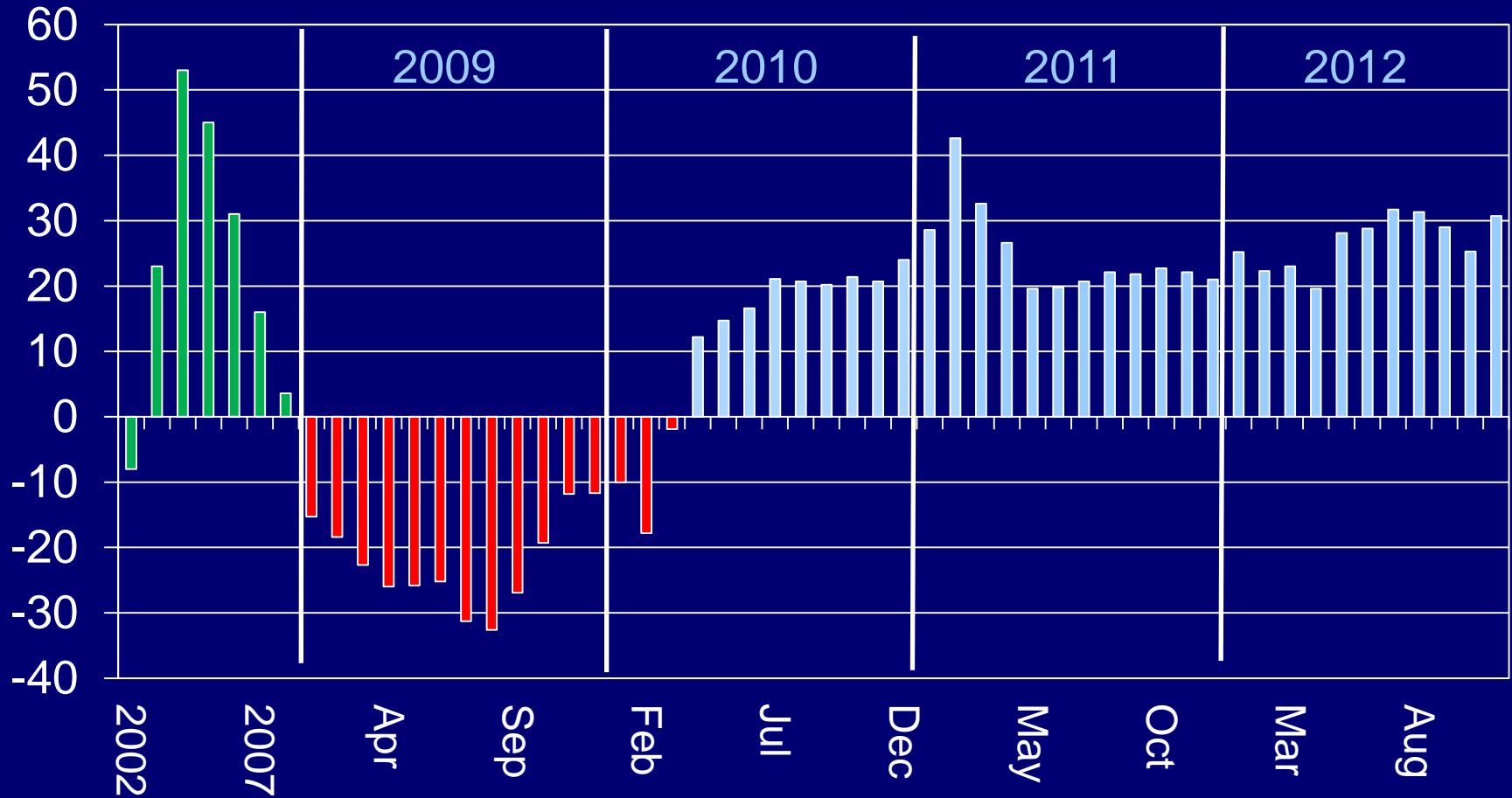


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change Northern Virginia

(000s) Annual Data

Annual Month over Year

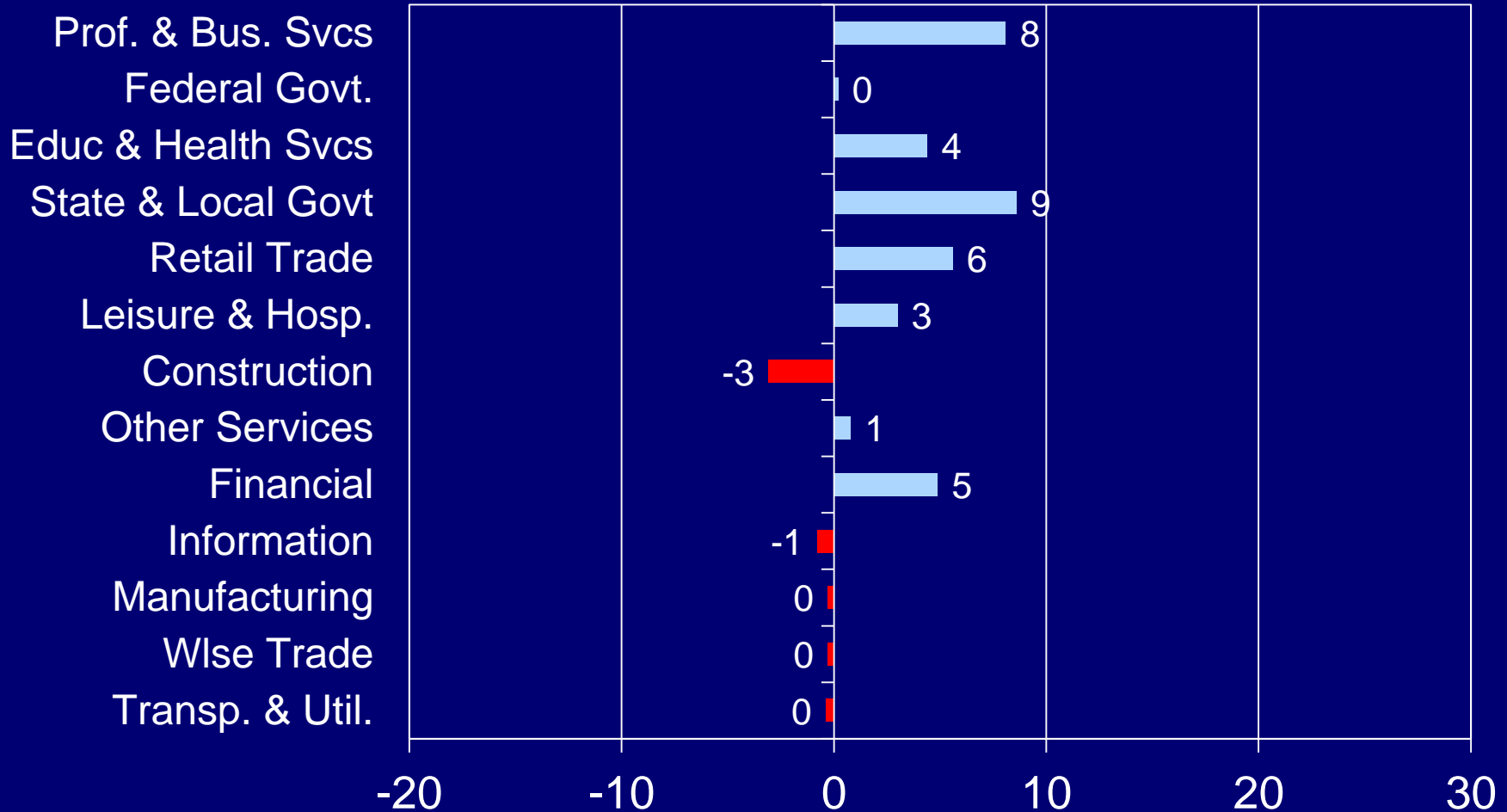


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector Nov 2011 – Nov 2012 Northern Virginia

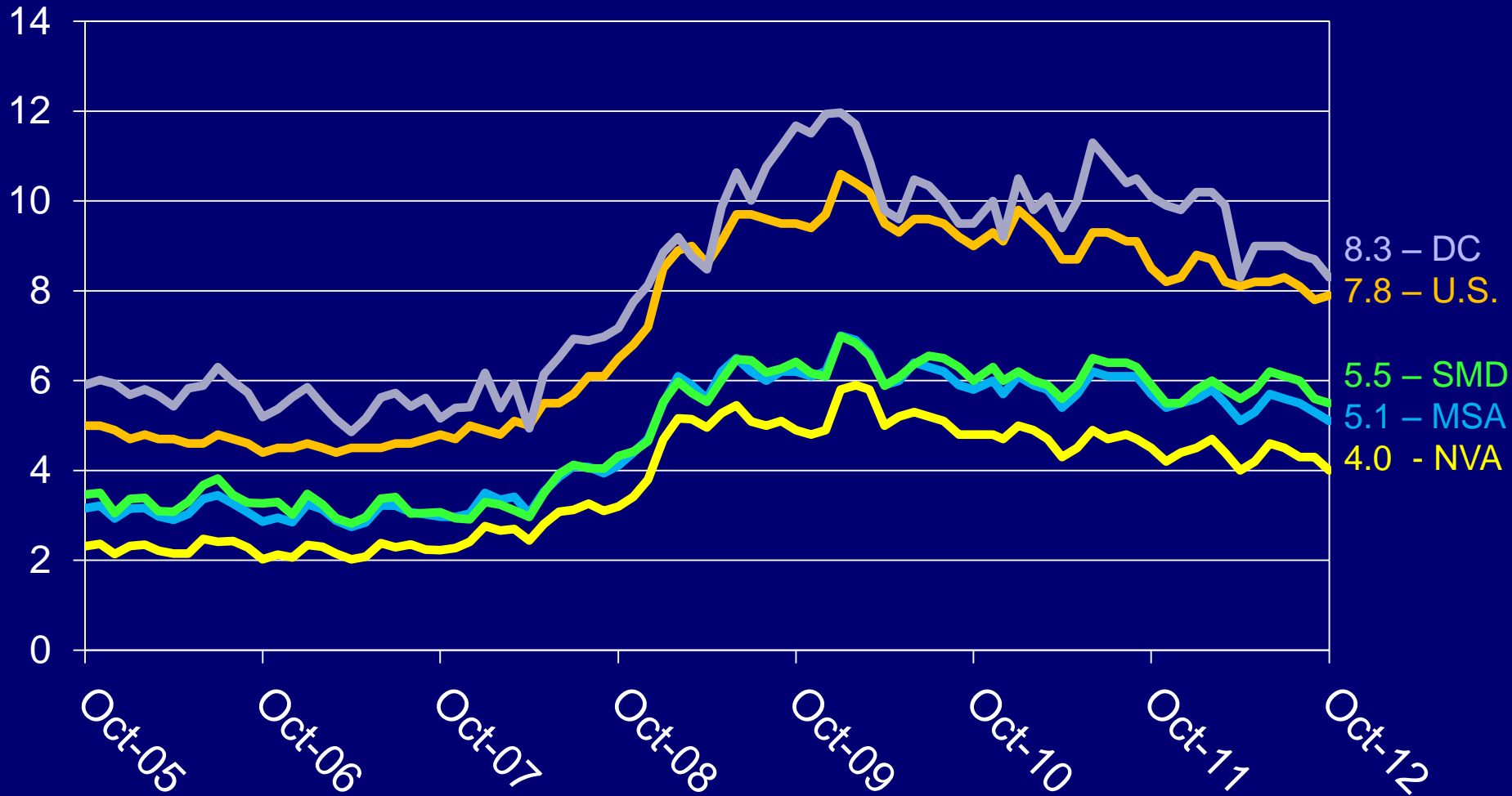
(000s)

Total 30,700



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Unemployment Rate



Source: Bureau of Labor Statistics (Region - Not Seasonally Adjusted, US – Seasonally Adjusted)

What Explains the Region's Differential Regional Growth Pattern and What are the Economy's Vulnerabilities?

Federal Spending Trends in DC, Maryland and Virginia, 2000- 2010

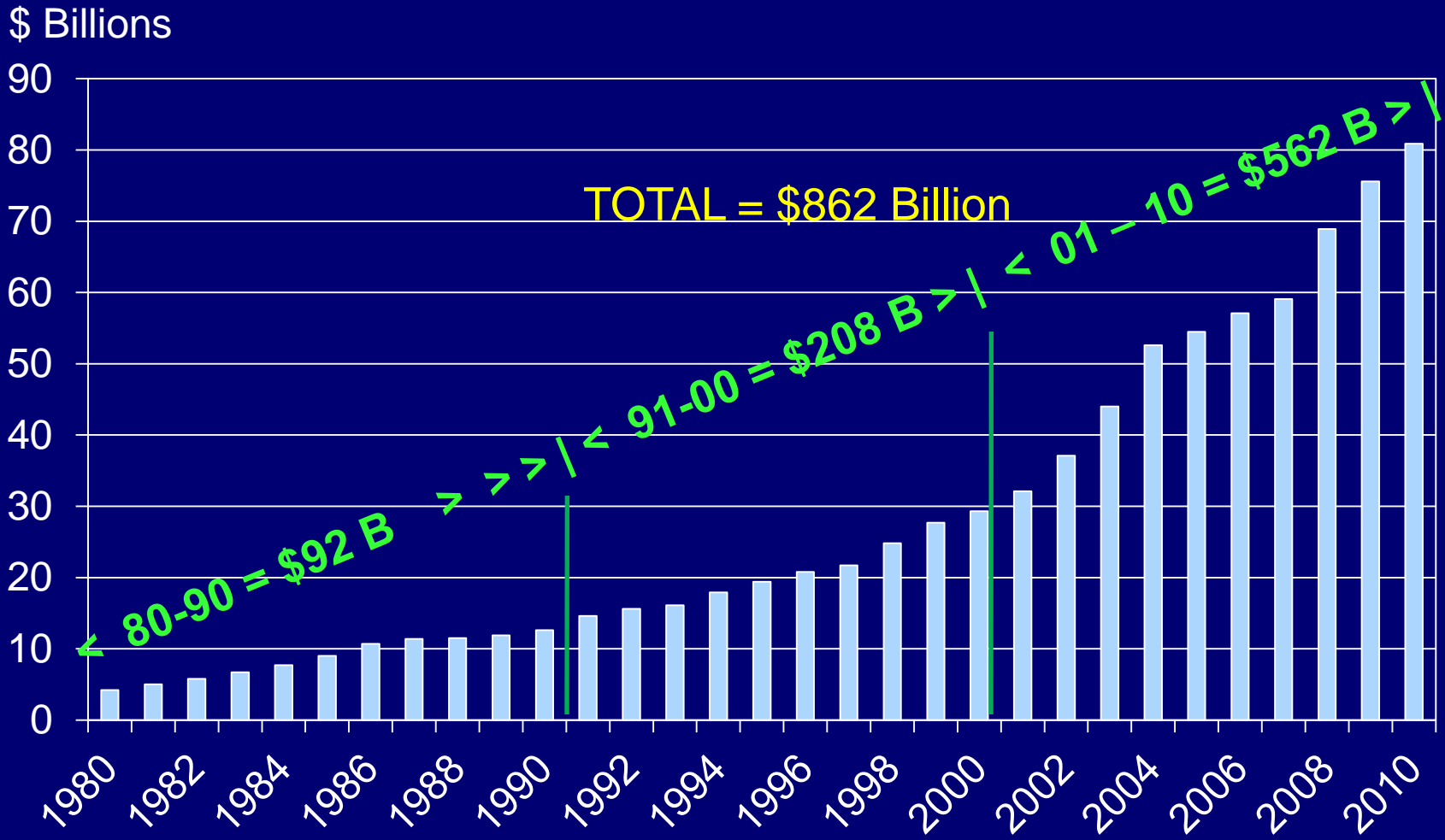
(in billions of dollars)

<u>Area</u>	<u>2000</u>	<u>2010</u>	<u>%Change</u>	<u>% Total</u>	<u>**</u>
United States	\$1,637.2	\$3,276.4	100.1	100.0	
District of Columbia	28.2	61.9	119.2	1.9	0.2
Maryland	45.1	96.3	113.5	2.9	1.9
Virginia	<u>62.7</u>	<u>136.1</u>	<u>117.0</u>	<u>4.2</u>	<u>2.6</u>
Total Area	\$136.0	\$294.3	116.4	9.0	4.7

Source: Consolidated Federal Funds Report, 2010

** state population as a percent of US

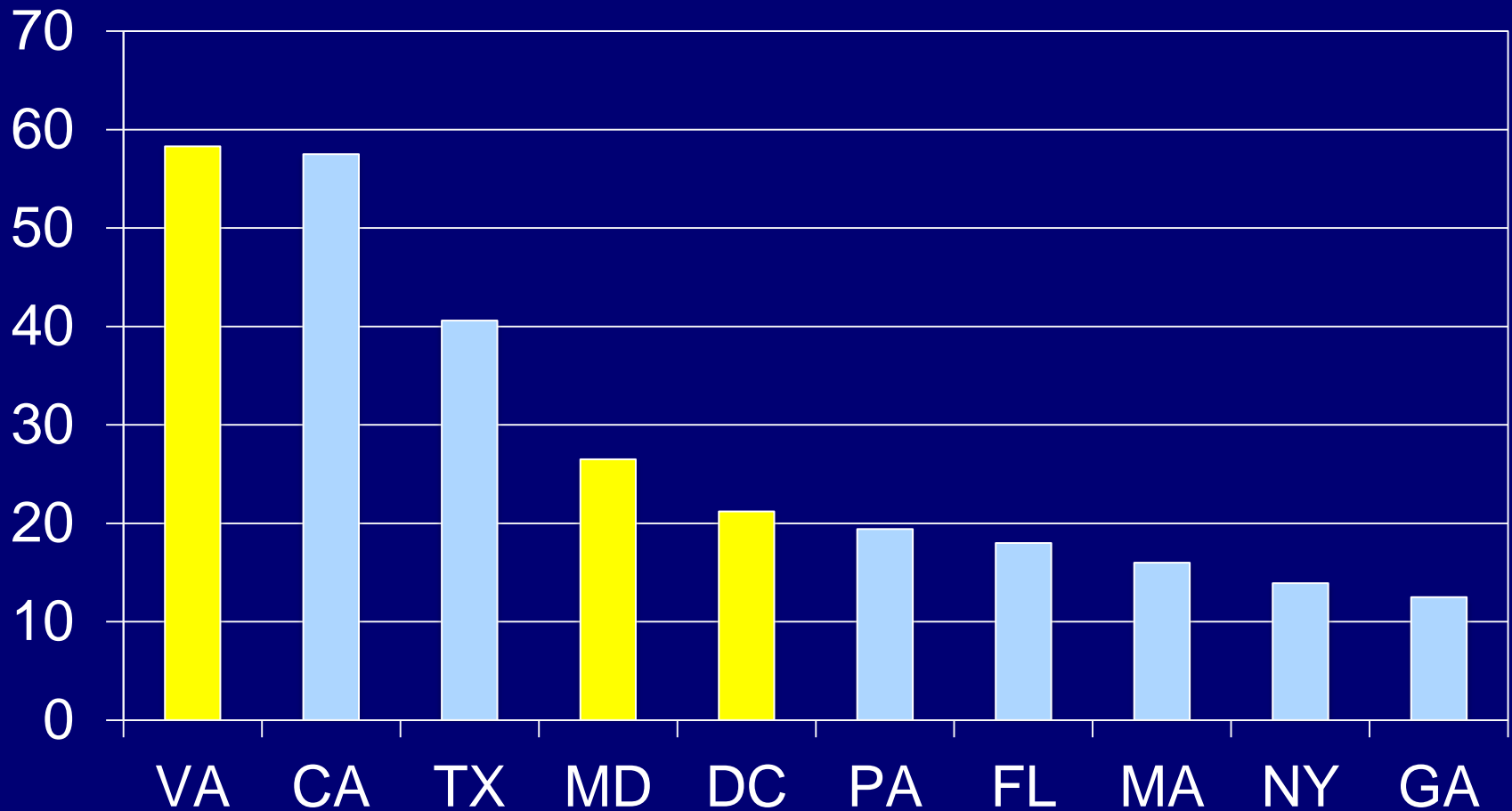
Federal Procurement Washington Metro Area



Source: Census Consolidated Federal Funds Report

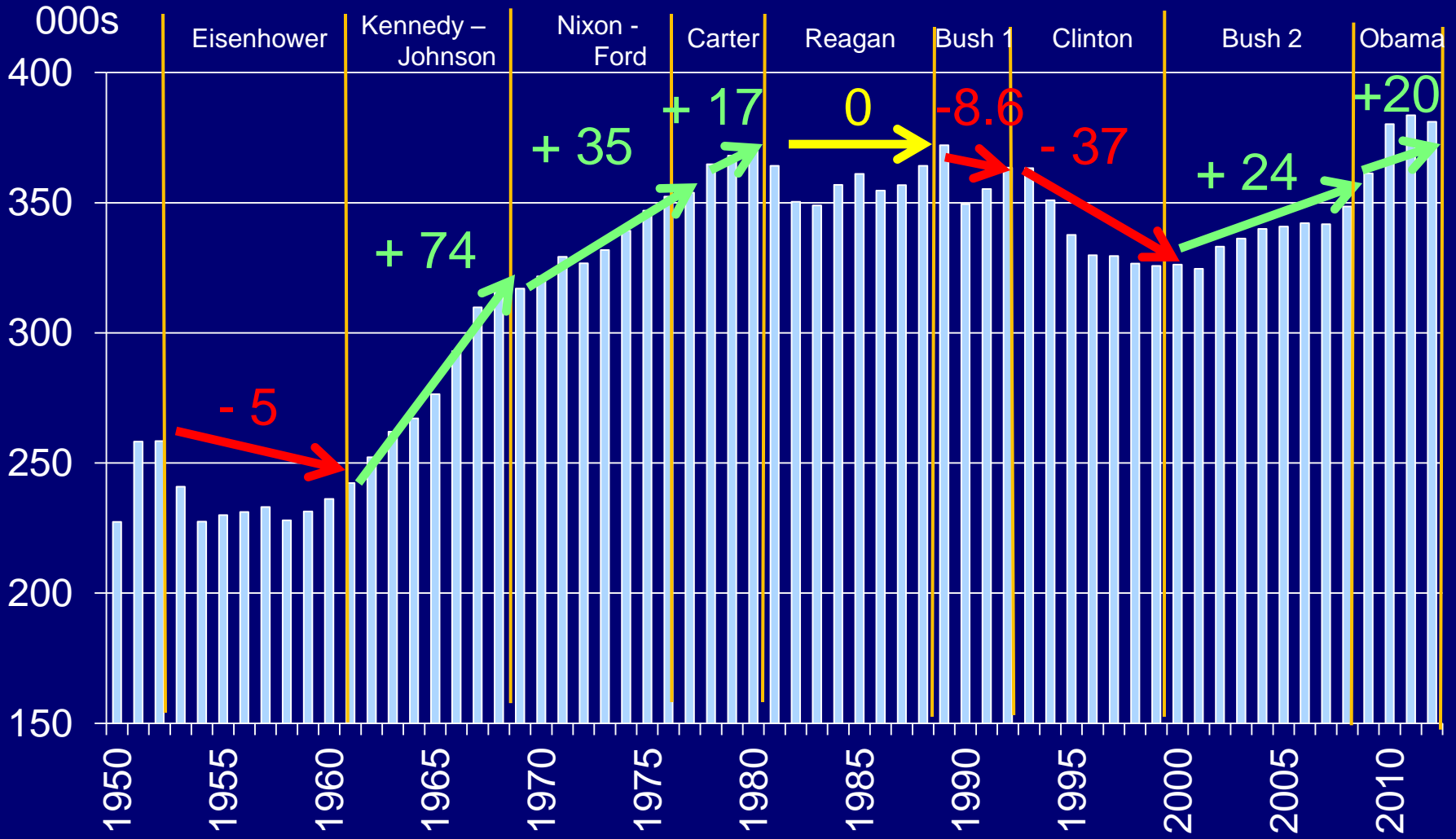
2010 Federal Procurement Top 10 States

\$ Billions



Source: Census: Consolidated Federal Funds Reports, GMU Center for Regional Analysis

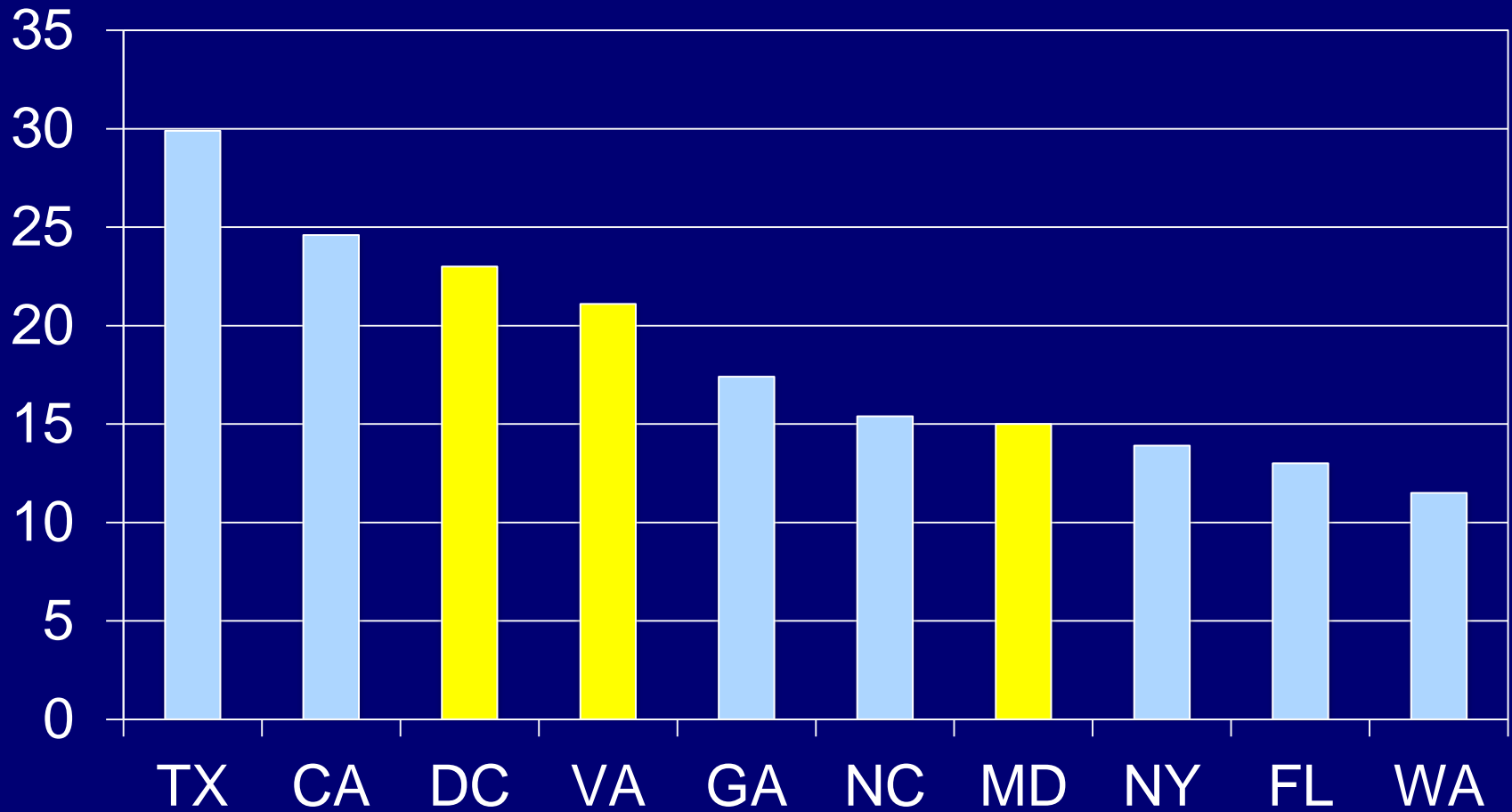
Federal Employment Washington Metro Area



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

2010 Federal Wages & Salaries Top 10 States

\$ Billions

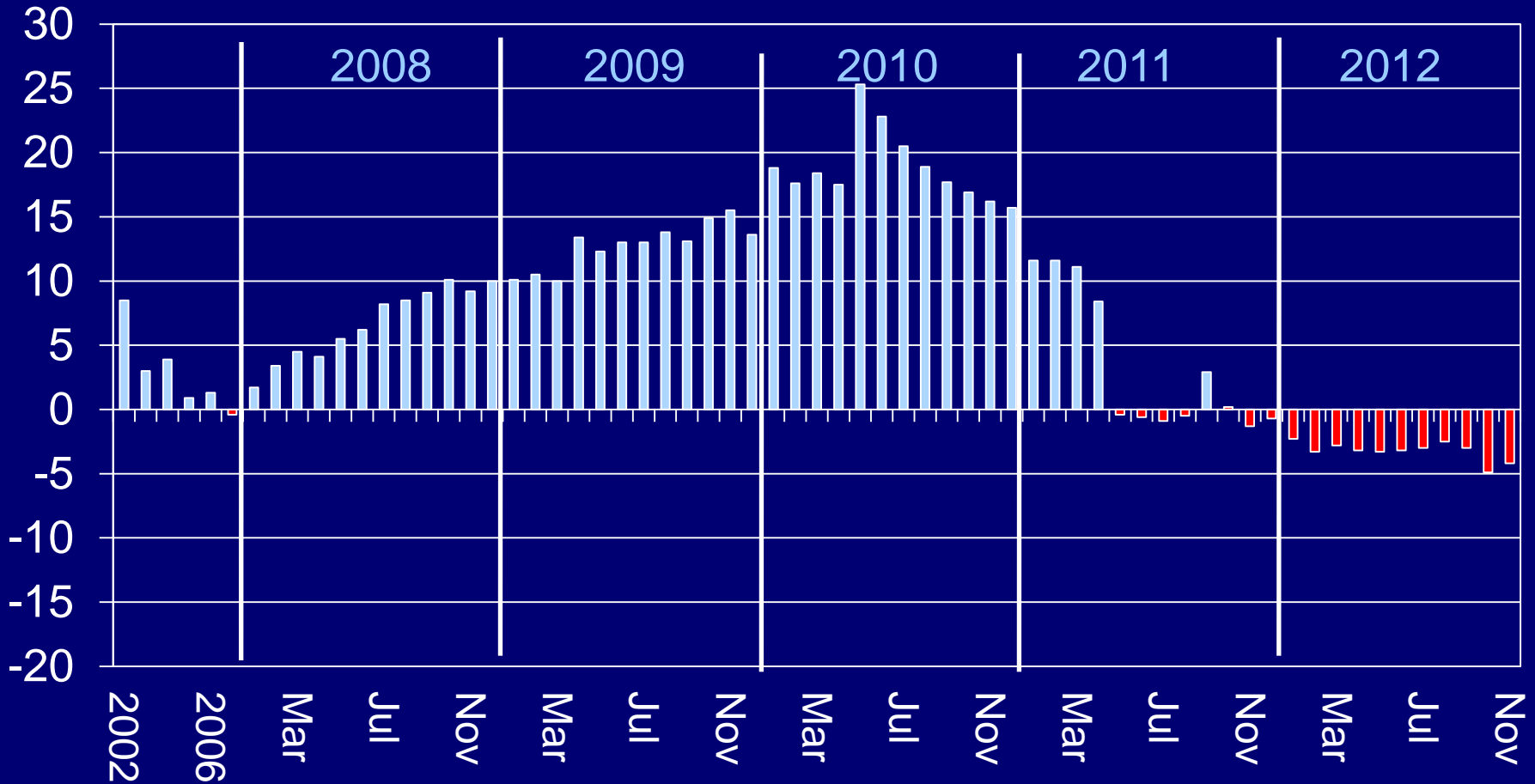


Source: Census: Consolidated Federal Funds Reports, GMU Center for Regional Analysis

Federal Government Washington MSA

(000s) Annual Data

Annual Month over Year



The Relative Importance of Federal Spending in the Maryland-DC-Virginia Region

The Region's Share of U.S. Population	4.7%
The Region's Share of All Federal \$s	9.0%
The Region's Share of All DOD \$s	15.0%
The Region's Share of Federal Payroll and Federal Procurement \$s at Risk of Cutbacks Under Sequestration	21.0%
Federal Spending as a Percent of the Region's GRP in 2010	39.8%

The Washington Region's Economic Forecast (post fiscal cliff)

Employment Change by Sub-state Region (000s)

	2008	2009	2010	2011	2012	2013	2014	2015
D.C.	10.1	-2.2	9.5	11.2	8.1	7.3	8.7	9.7
Sub. MD	-3.3	-25.1	-5.9	4.0	6.4	13.6	16.8	20.7
No. VA	6.1	-23.0	8.7	17.4	22.7	24.5	30.5	39.1
REGION	12.9	-50.3	11.3	32.6	37.2	45.4	56.0	69.5

Average Annual Change 1990-2010 = 36,000

Source: BLS, GMU Center for Regional Analysis, 2009-2015 based on 2012 Benchmark data from BLS, Revised 5/1/2012

NOTE: 2011 Total is the sum of sub-regions and does not agree with the Mar 13, 2012 published MSA total.

Job Growth in the DC: By Sector, 2010-2020

(in thousands)

<u>Sector</u>	<u>2010</u>	<u>2020</u>	<u>Change</u>	<u>Percent</u>
Federal	210.64	198.70	- 11.94	- 5.7
Prof. & Bus. Ser.	147.69	198.14	50.45	34.2
Education/Health	107.92	127.32	19.40	18.0
Hospitality	59.70	66.05	6.35	10.6
Retail Trade	18.47	19.54	1.07	5.8
Construction	10.59	18.33	7.74	73.1
Other Services	65.41	69.65	4.24	6.5
Other Sectors	91.31	97.55	6.24	6.8
Total Jobs	711.73	795.28	83.55	11.7

Economic Growth: U.S., WMSA, D.C.

(Annual Rate 2011-2017)

<u>Year</u>	<u>U.S.</u>	<u>WMSA</u>	<u>D.C.</u>
2011	1.8	2.6	1.8
2012	2.2	2.4	1.7
2013	1.9	2.2	1.5
2014	2.7	2.9	1.9
2015	3.2	3.6	2.7
2016	3.0	3.3	2.3
2017	2.8	3.2	2.3

Sources: IHS Global Insight; GMU Center for Regional Analysis

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