

Finance and Administration Roundtable

The Washington Area Economy: Repositioning for Renewed Growth

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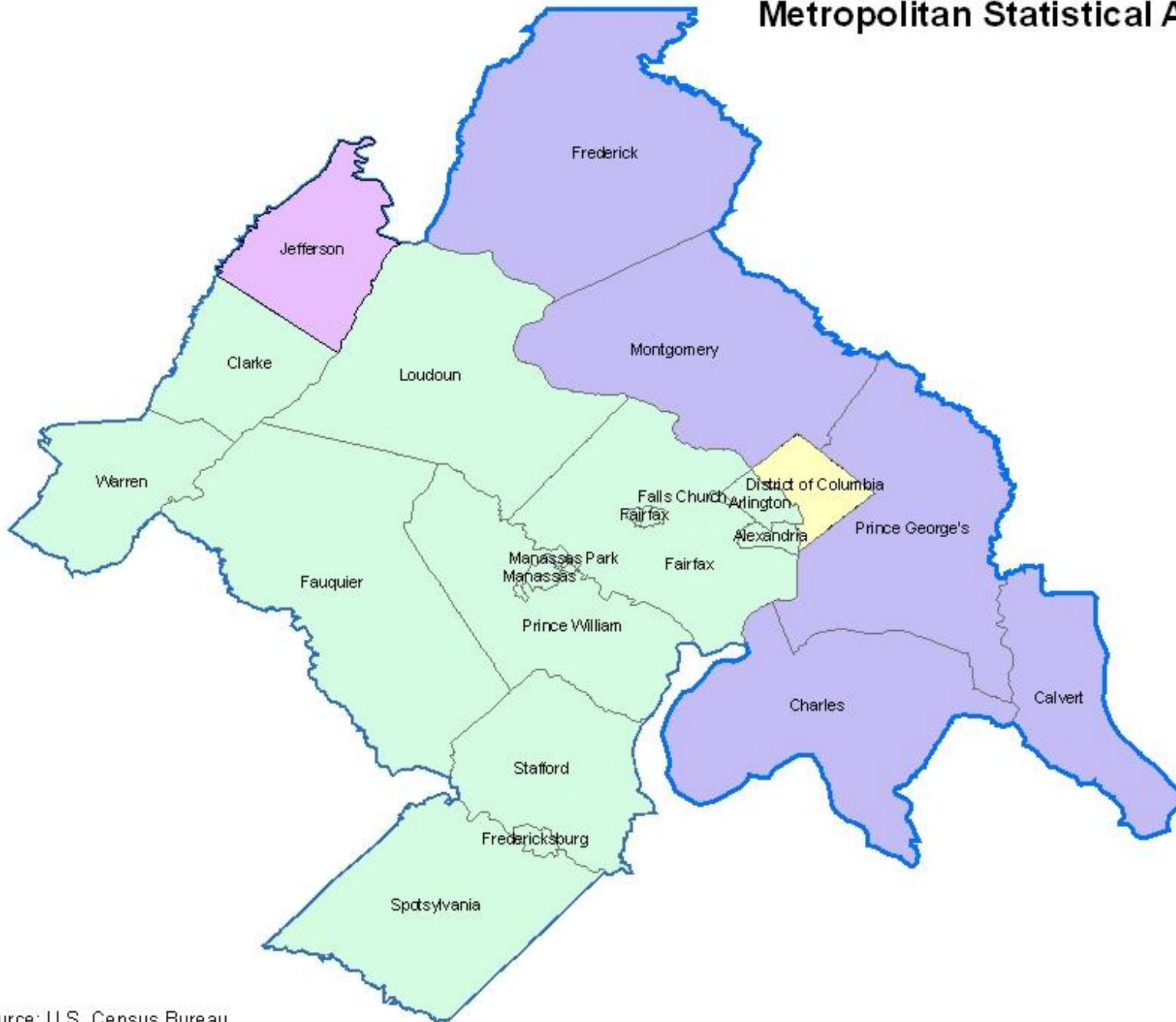
George Mason University

May 20, 2015

The Washington Metropolitan Area from The International Space Station, January 20, 2013



Washington DC Metropolitan Statistical Area (2003)



The District of Columbia and Washington Metropolitan Area Economies in 2044

(population and employment in millions, GSP/GRP in billions of 2009 \$s)

<u>Metric</u>	<u>2014</u>	<u>%</u>	<u>2044</u>	<u>%</u>	<u>Change</u>
Population: DC	0.660		0.760		15.1
Metro Area	5.988	11.0	7.715	9.8	28.8
Employment: DC	0.752		0.965		28.4
Metro Area	3.093	24.3	4.313	22.4	39.4
GSP/GRP: DC	\$106.0		\$191.6		80.6
Metro Area	\$444.5	23.8	\$1,028.0	18.6	131.2

The First 200 Years

Population and Federal Employment Growth In the Washington Area, 1800-2000

<u>Years</u>	<u>DC</u>	<u>Metro Area</u>	<u>Federal Employees</u>
1800	8,144	63,653*	131**
1860	75,080	141,215*	2,199**
1870	131,700	203,108*	6,222**
1900	278,718	378,605*	20,834**
1930	486,869	672,198	68,510**
1940	663,091	967,985	133,645**
1950	792,234	1,452,349	214,077**
1992	597,350	4,271,800	355,310
2000	572,552	4,843,280	326,230
2010	607,000	5,614,460	380,200

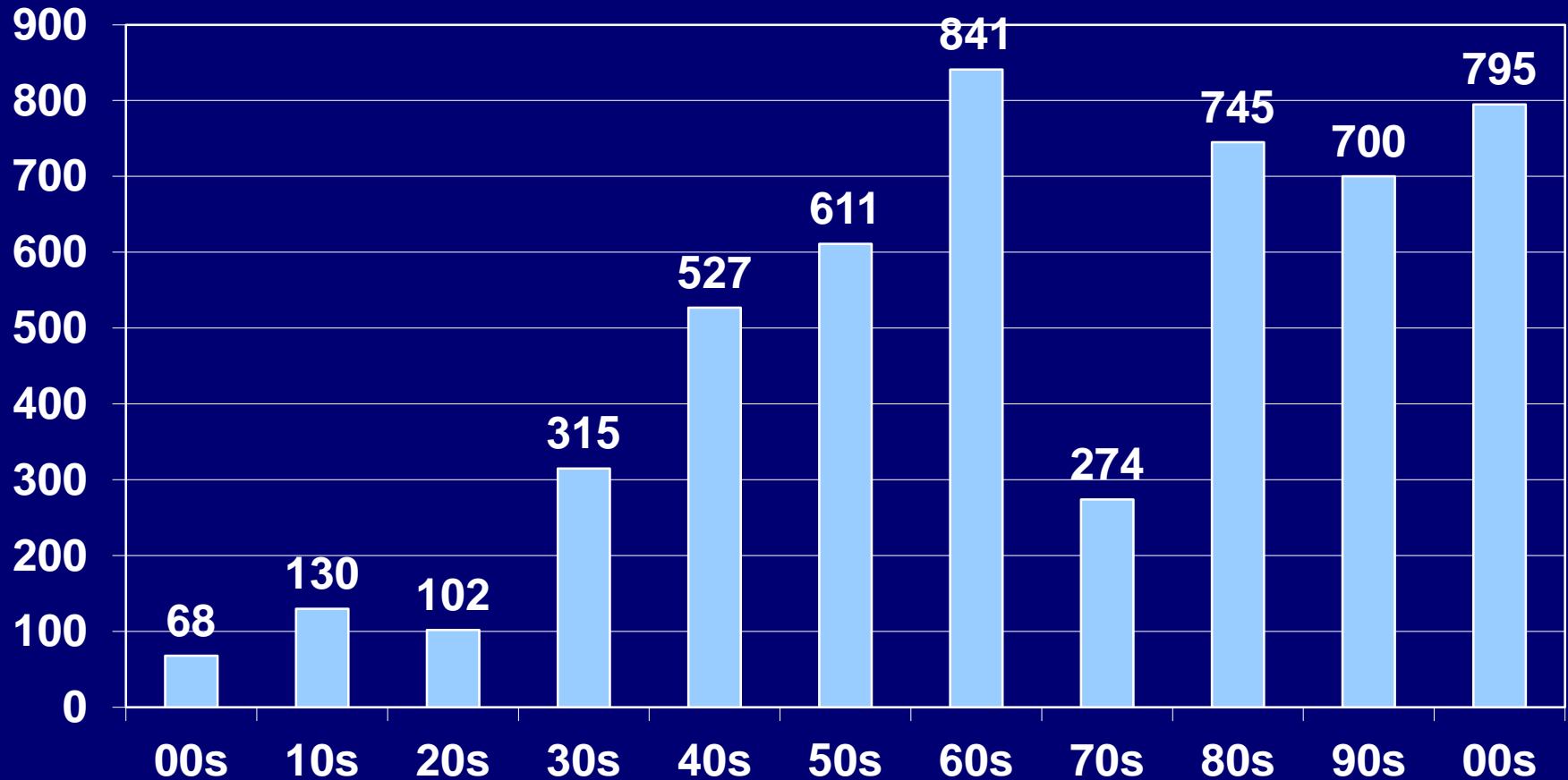
*DC, Alexandria, Arlington, Fairfax, Montgomery, Prince George's, **in DC only

Population Growth by Decade

Washington MSA

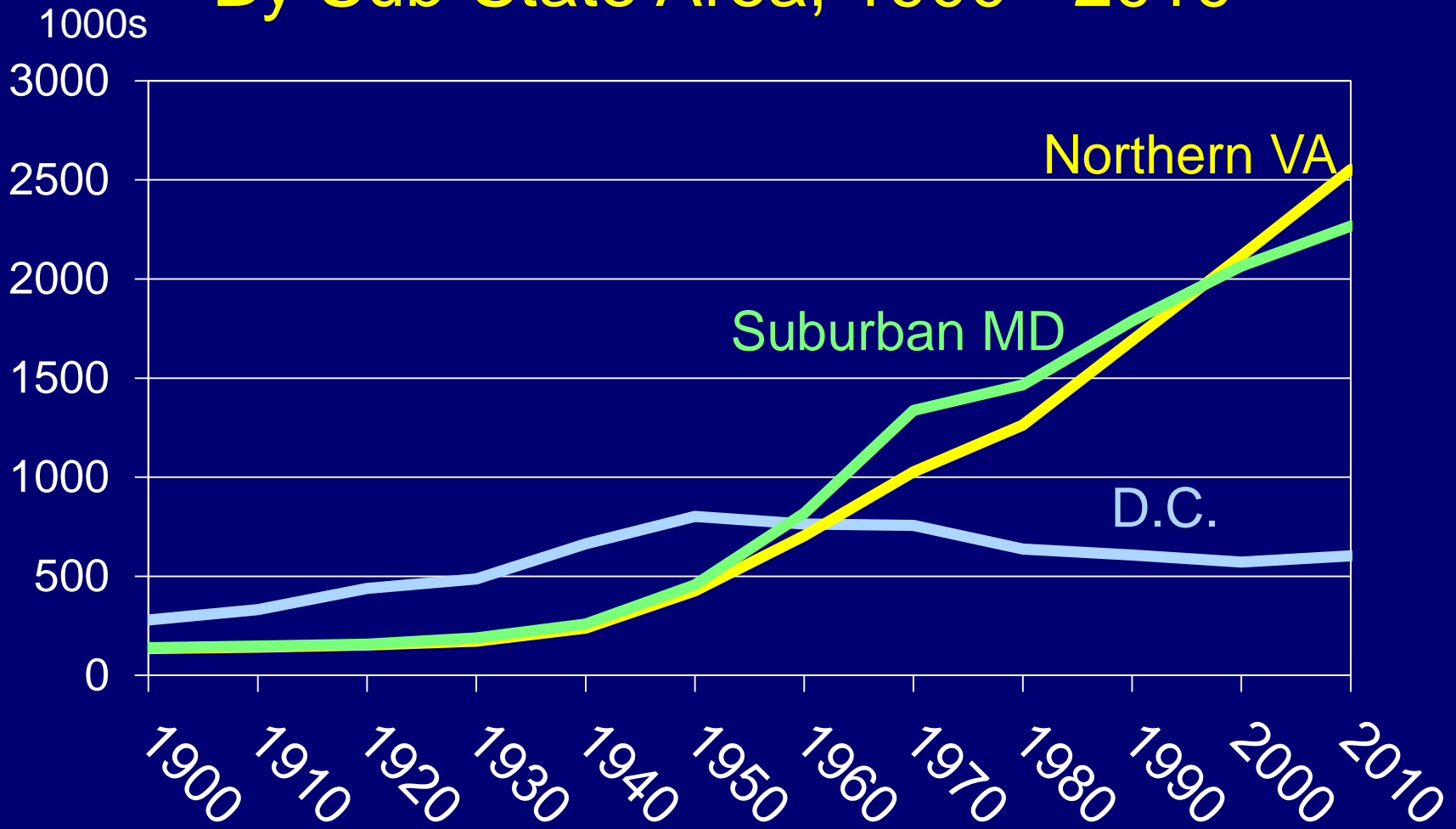
1900 - 2010

Thousands

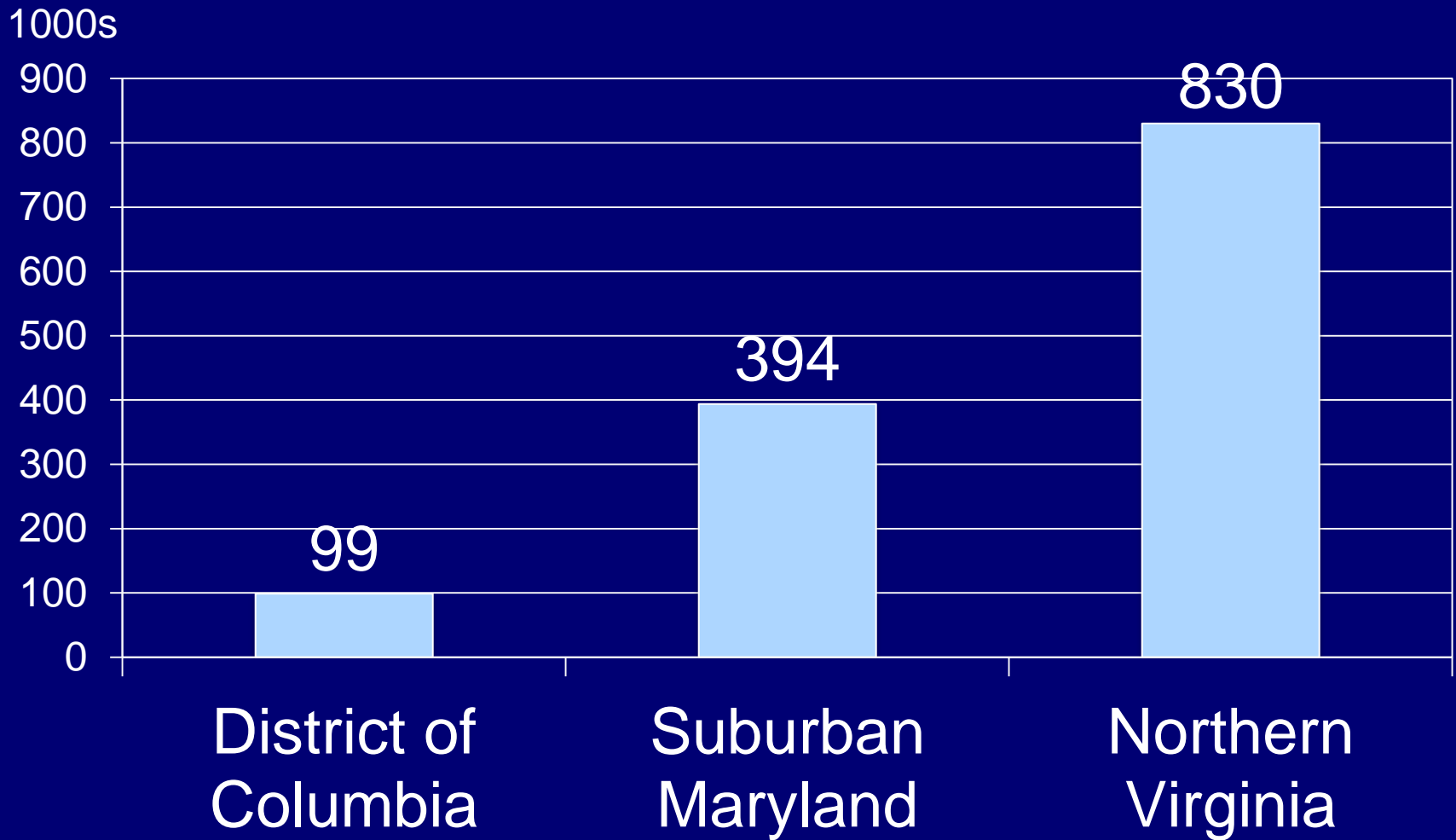


Source: US Census and GMU Center for Regional Analysis

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

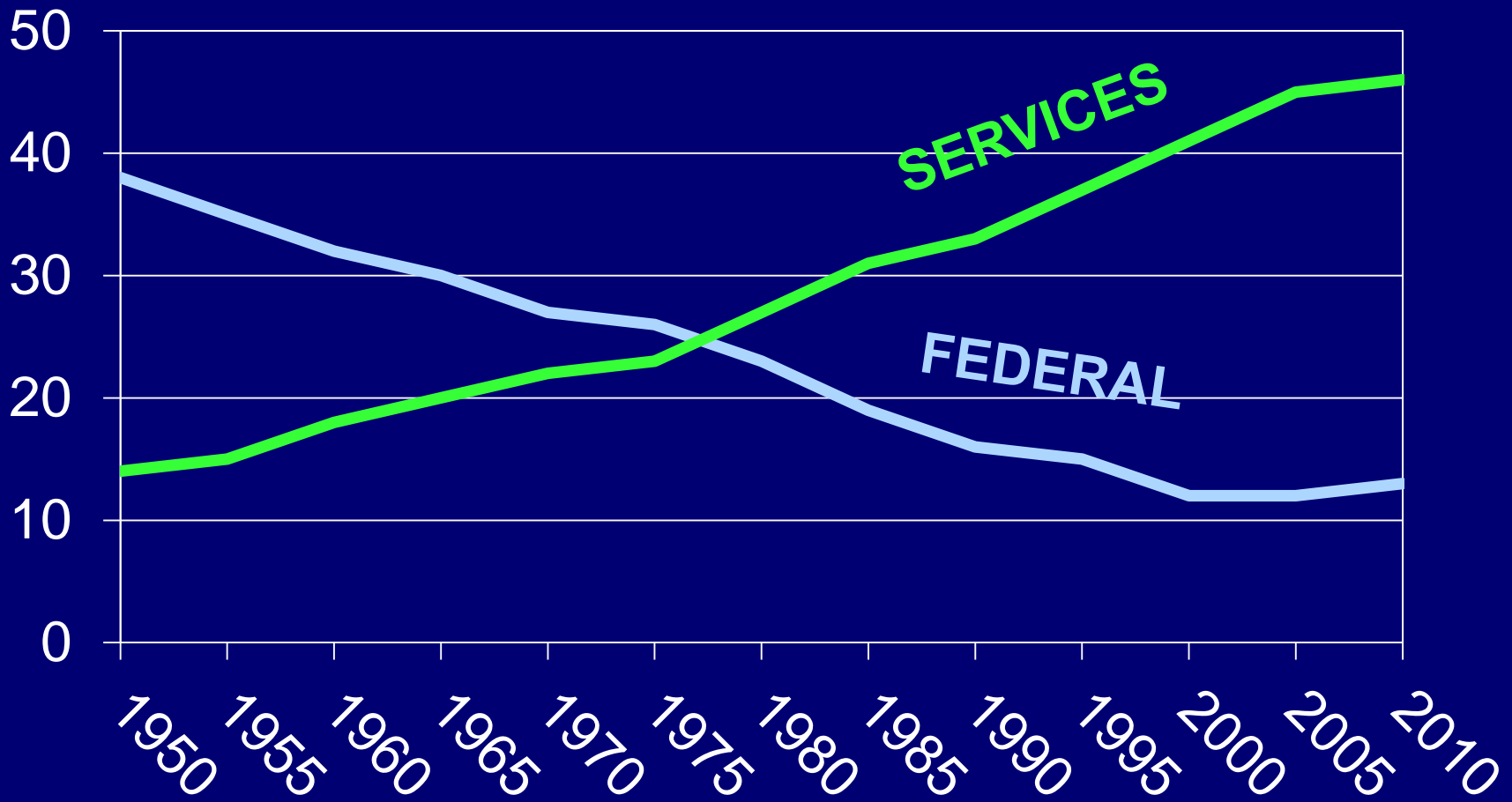


Growth in Jobs, 1980 - 2010

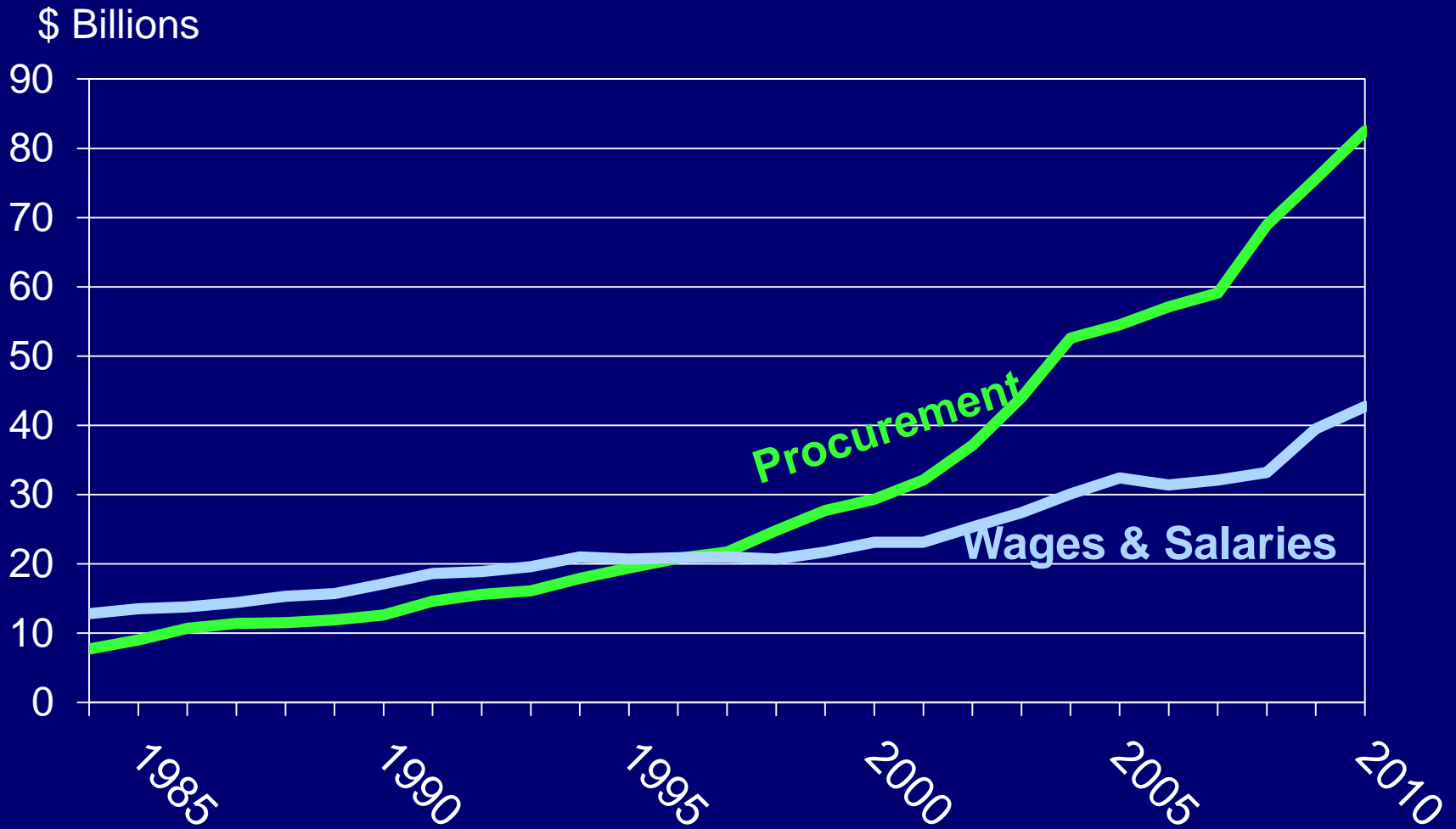


Source: US Bureau of Labor Statistics, GMU Center for Regional Analysis

Changing Job Patterns in the Washington Metro Area, 1950 – 2010 (Percent Share of Total)

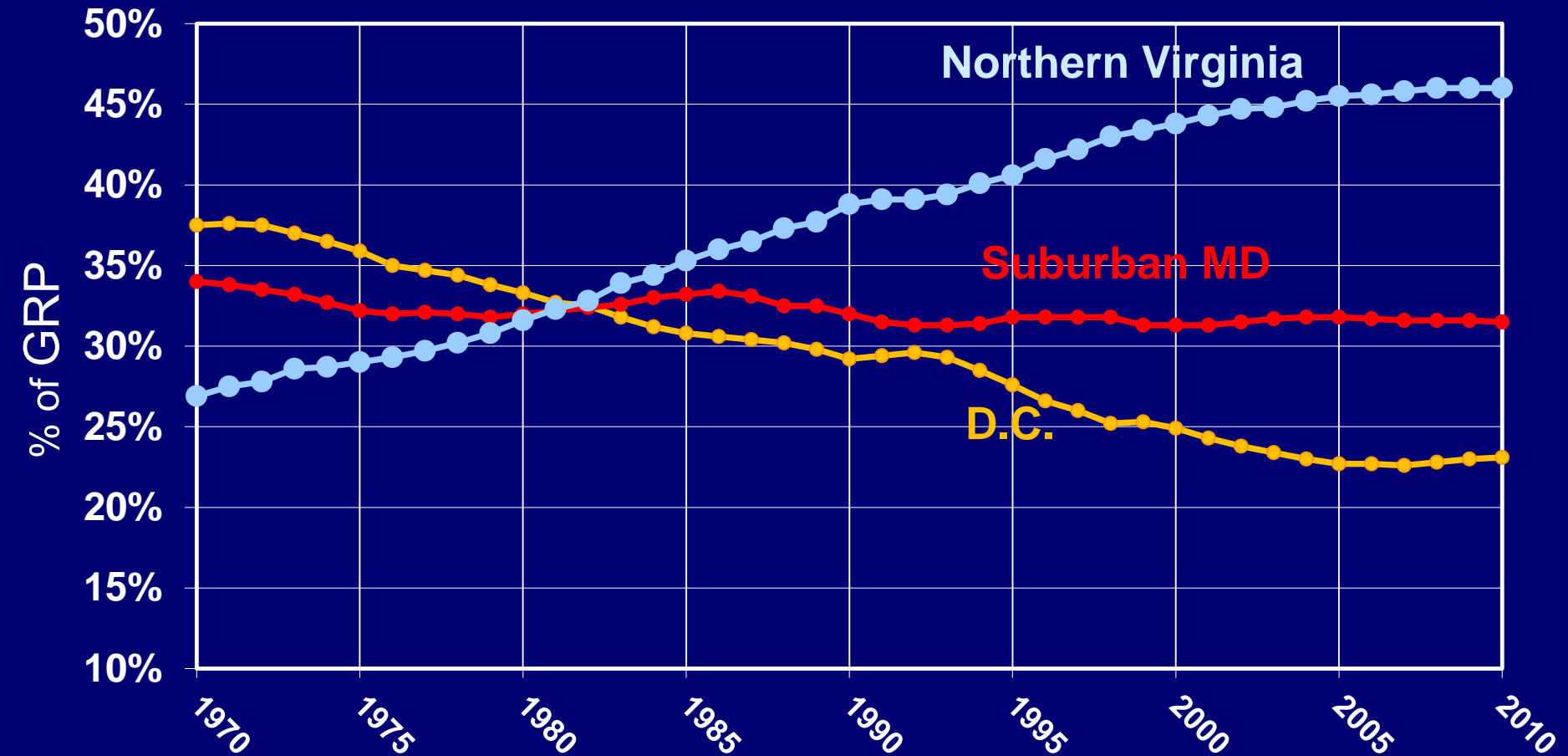


Federal Spending By Type, Washington Metro Area, 1984 - 2010

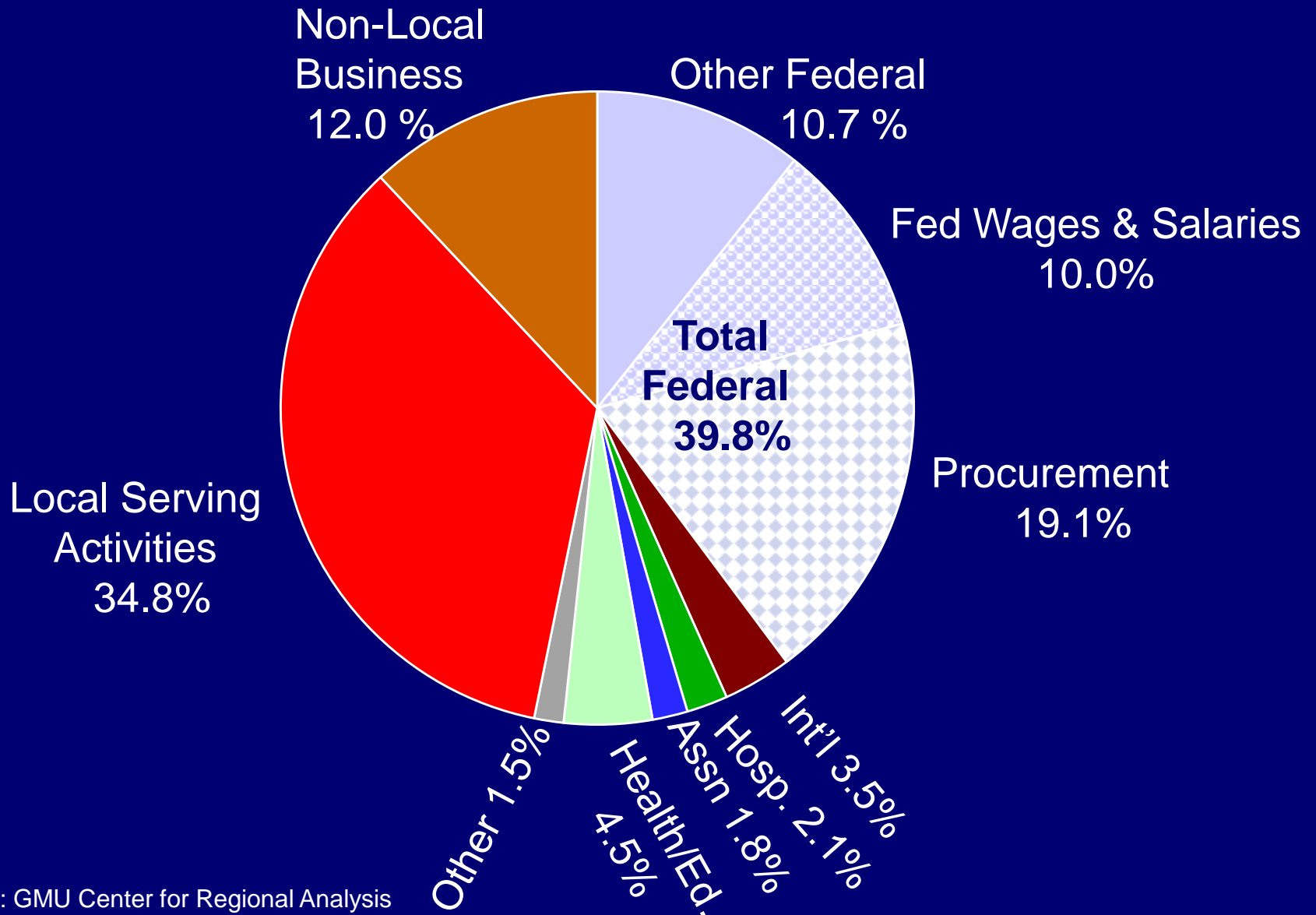


Source: US Census, Consolidated Federal Funds Report

Share of Washington Area Economy 1970-2010



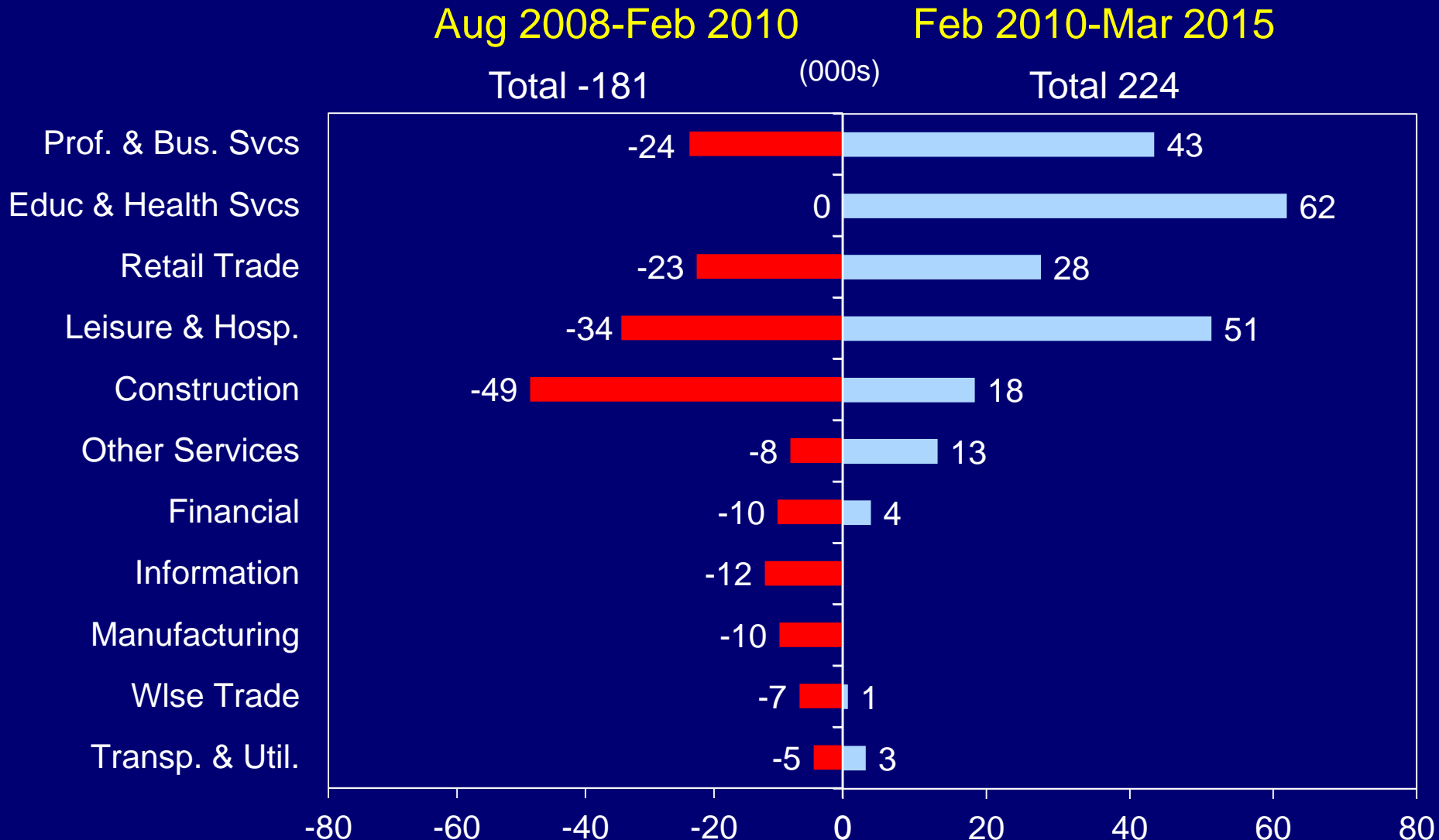
2010 Structure of the Greater Washington Economy



From the Recession to the Federal Sequester and Shutdown

WMSA Payroll Job Change: Private Sector

The Great Recession and Recovery



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

The GRP* Effects of Private Sector Job Change in the Washington Metropolitan Area Aug 2008-March 2015 (in 2014 \$s)

<u>Job Change</u>	<u>Total GRP Value</u>
- 181,300	- \$29,044,064,000 ¹
<u>+ 223,700</u>	<u>+ \$22,175,100,000²</u>
+ 42,400	- \$6,868,964,000

Source: GMU Center for Regional Analysis

*Gross Regional Product

¹ \$160,200 per job contribution to GRP

² \$99,130 per job contribution to GRP

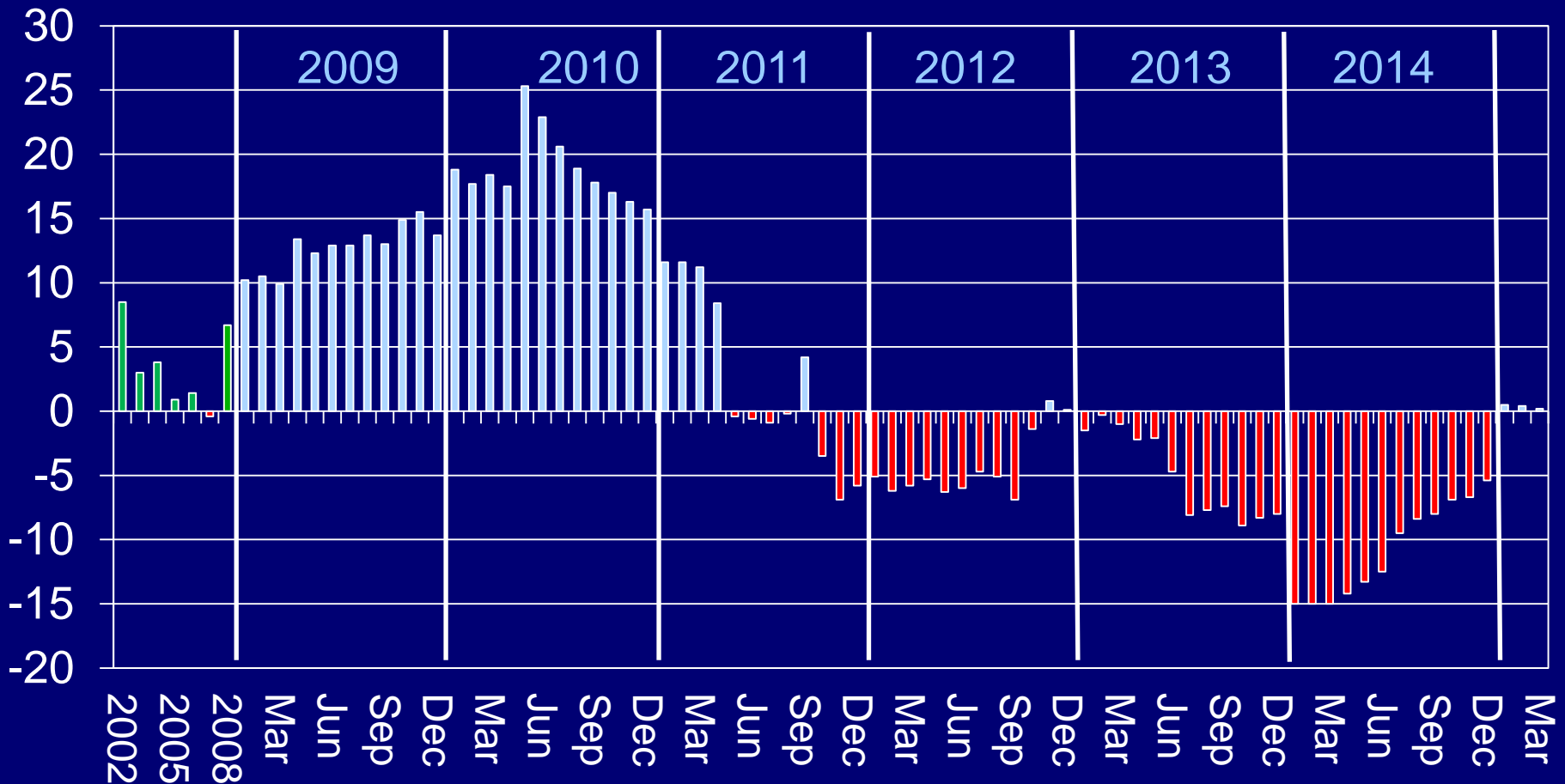
Summary of Federal Spending Trends in the Washington Metropolitan Area, 2010-2013

- Federal Procurement Outlays declined \$13.3 billion or 16.1% between FY 2010 and FY 2013.
- Federal employment has declined since peaking in July 2010, losing 21,800 jobs or 5.6%.
- Federal payroll declined by \$2.4 billion or 5.7% between FY 2010 and FY 2014 and will continue to decline as the workforce shrinks and older workers retire and are replaced by younger workers.

Federal Government Washington MSA

(000s) Annual Data

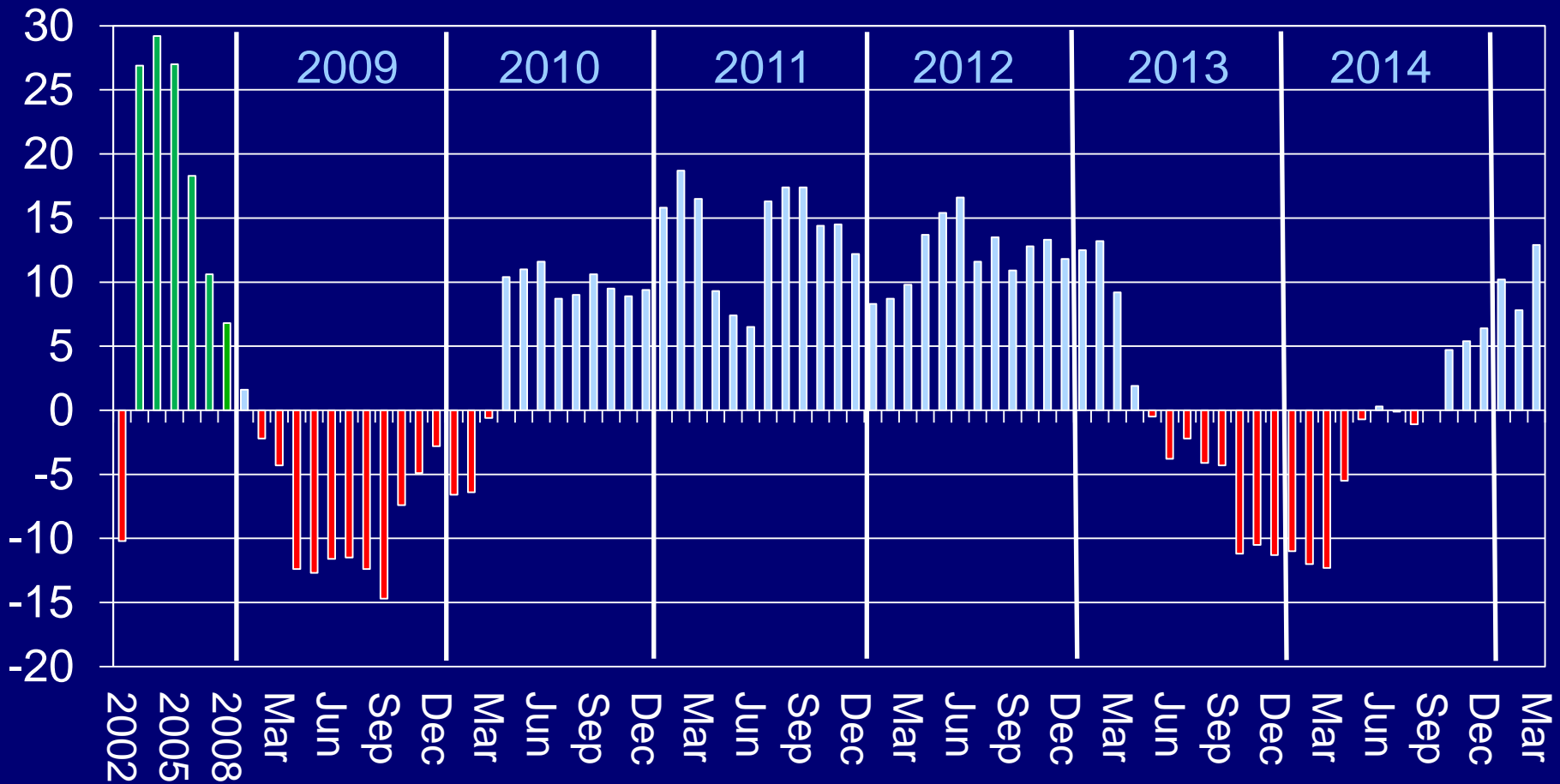
Annual Month over Year



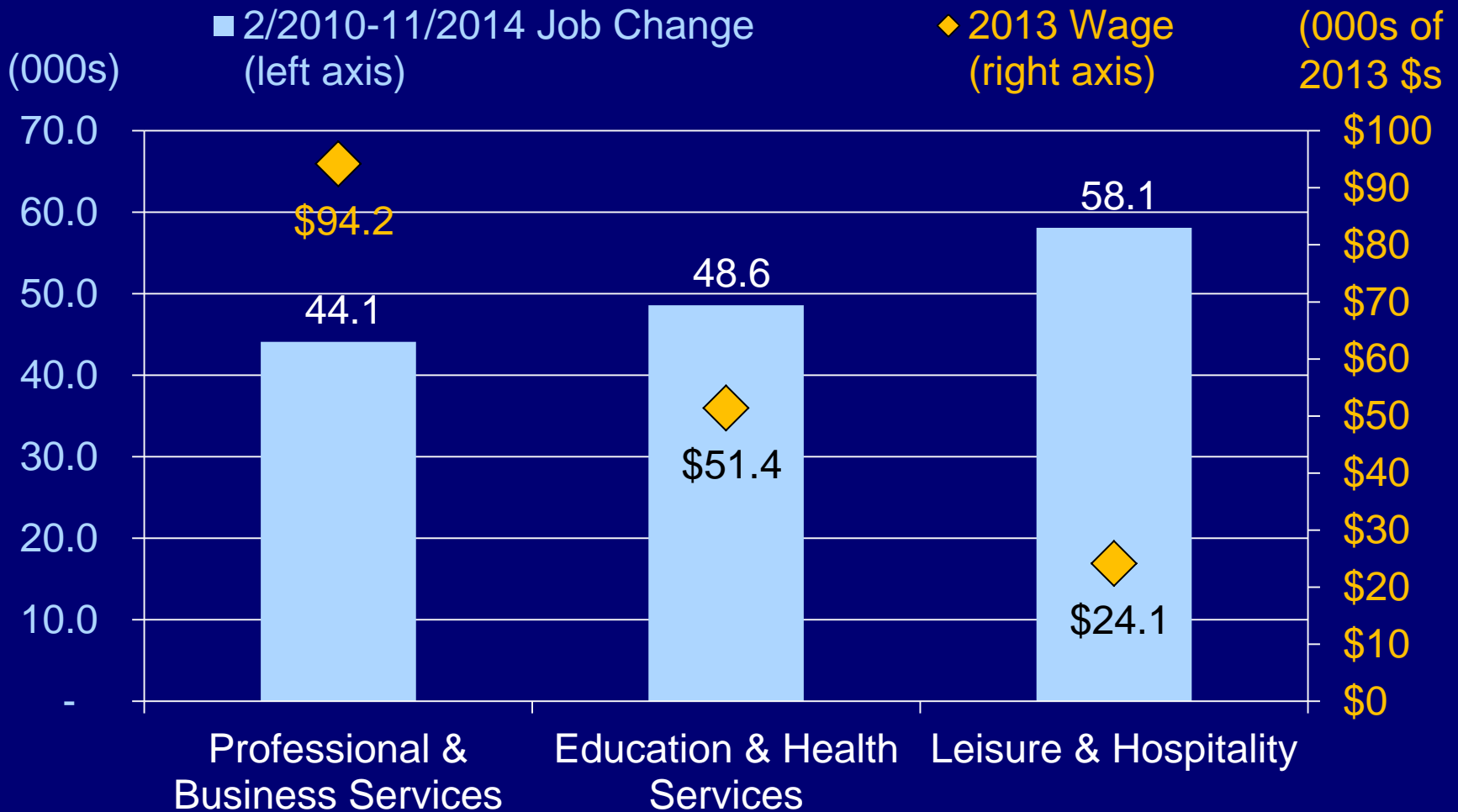
Professional & Business Services Washington MSA

(000s) Annual Data

Annual Month over Year

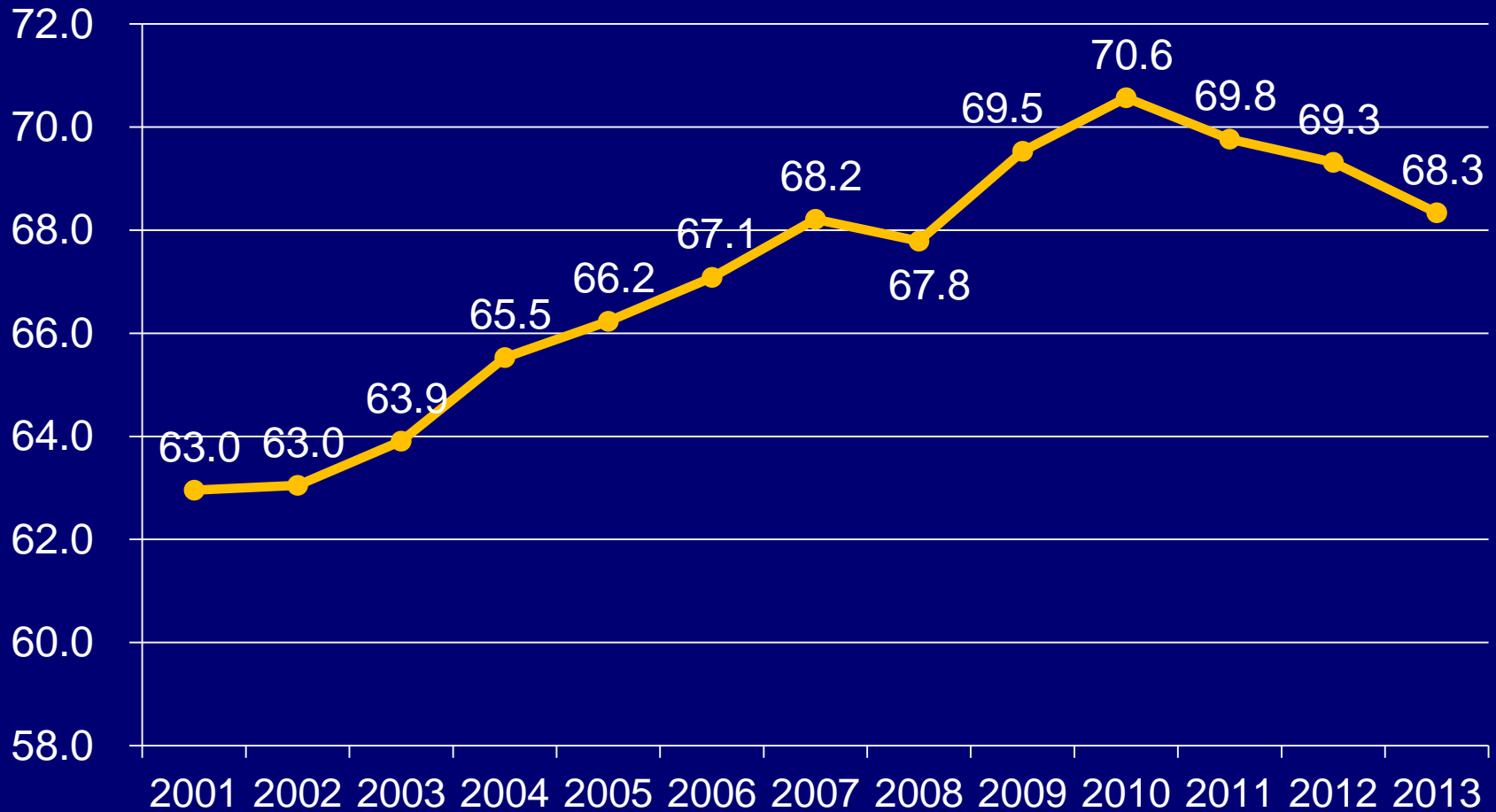


Average Wage and Job Change Washington Metro Area



Average Wages in the Washington Metro Area, 2001-2013

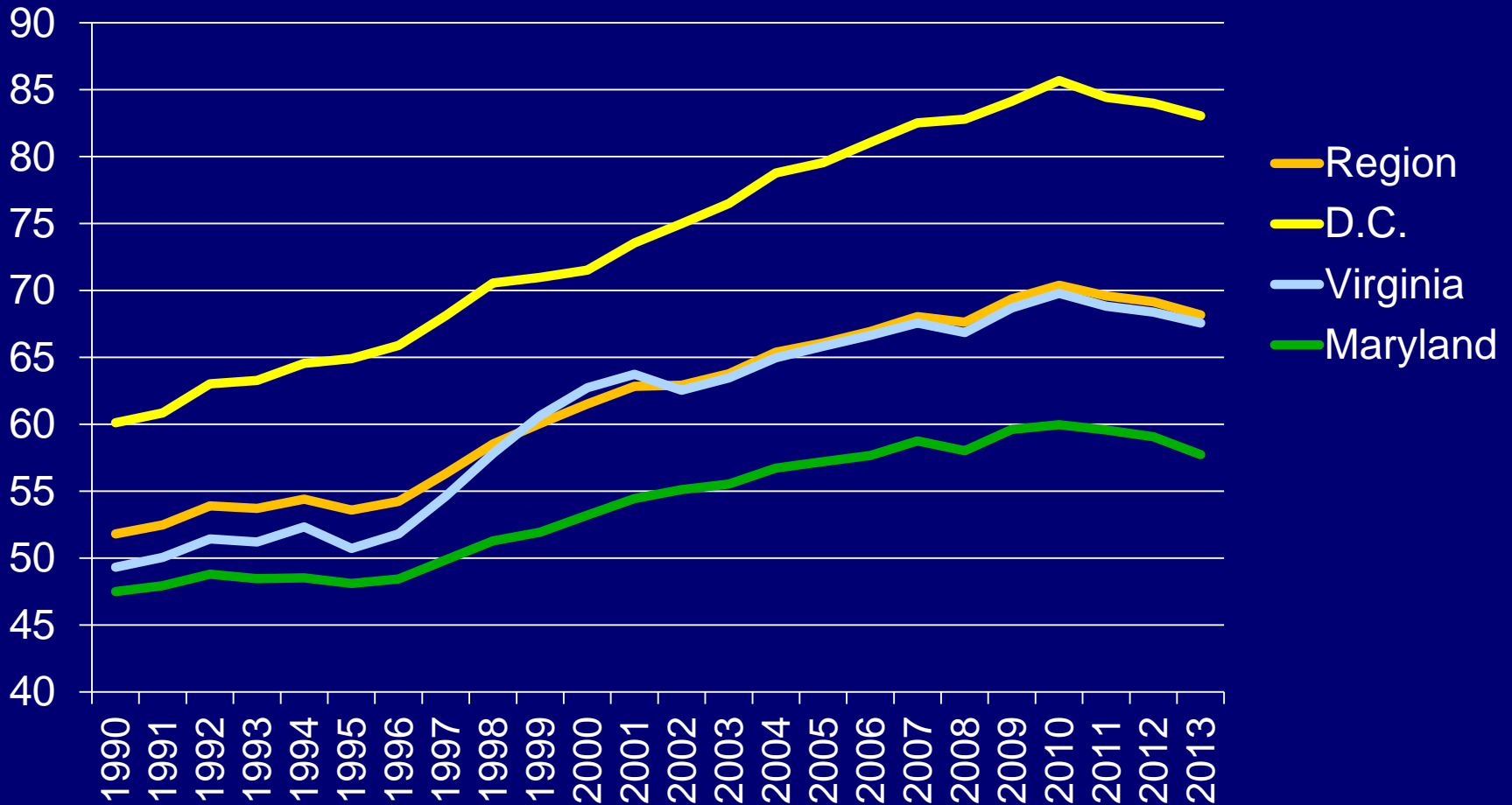
(000s of 2013 \$s)



Source: Bureau of Labor Statistics, GMU Center for Regional Analysis

Average Wage, Washington Metro Area

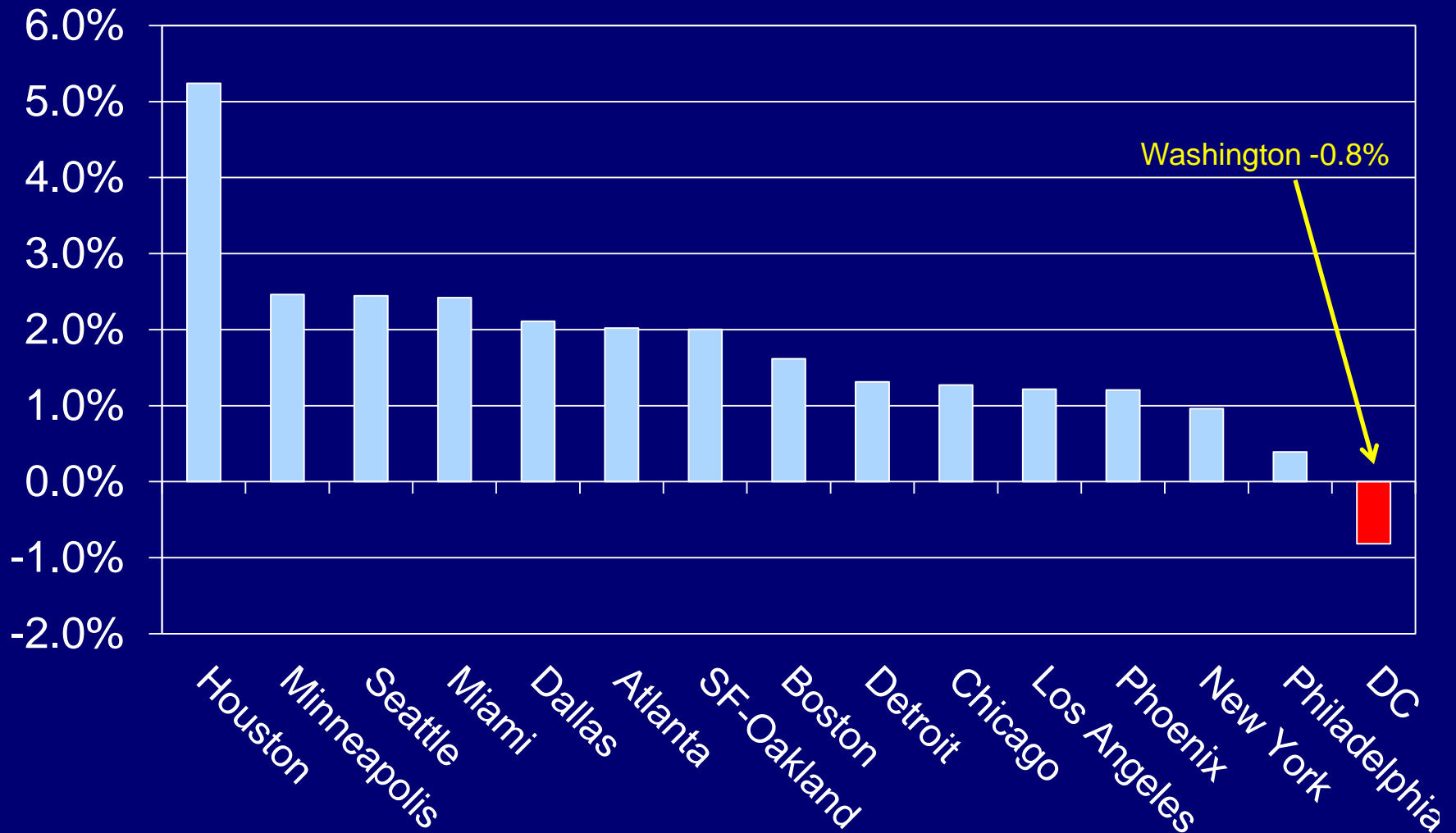
(000s of 2013 \$s)



The Household Income Effects of Structural Change in the Washington Metropolitan Area

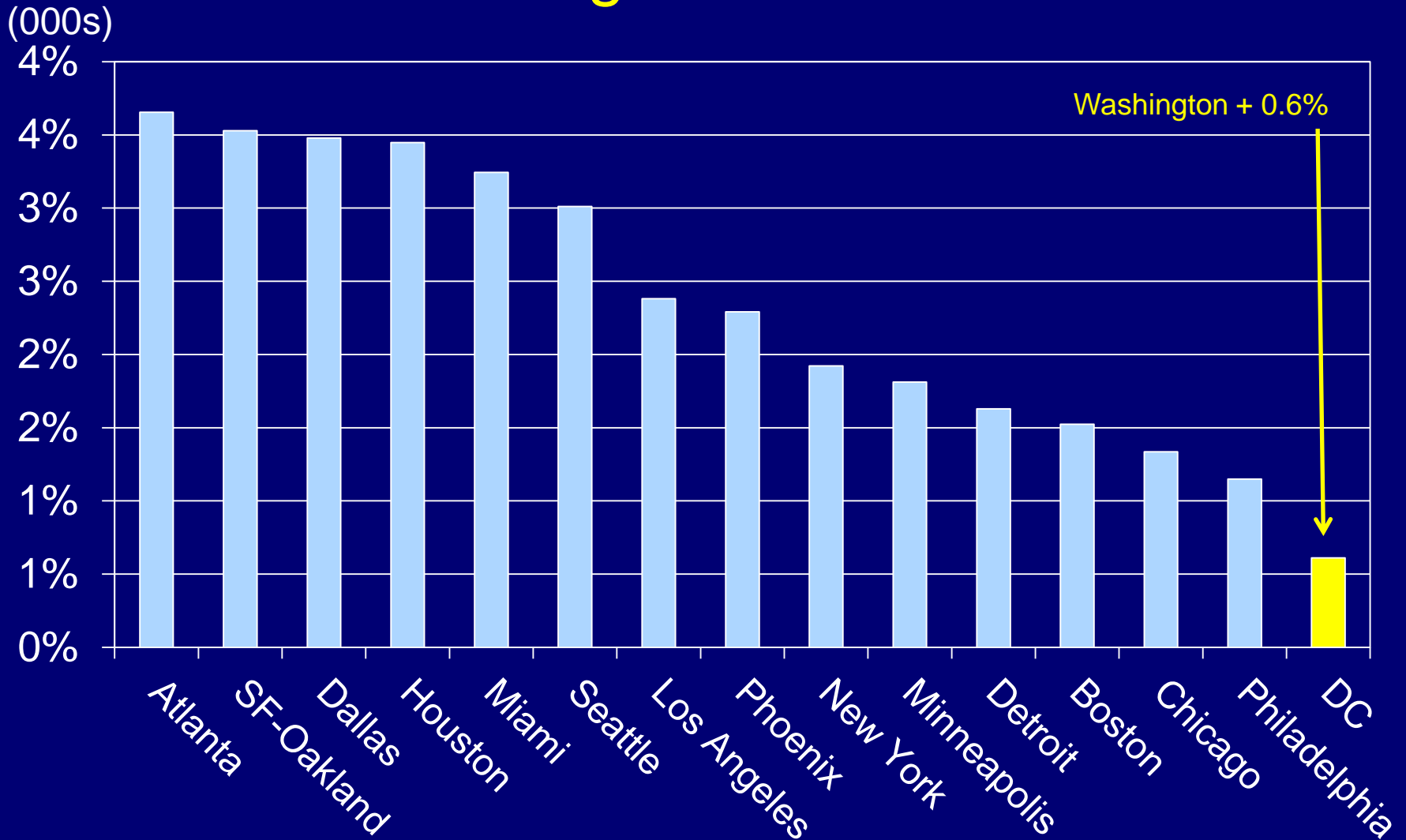
<u>Jurisdiction</u>	<u>Median HH Income 2013*</u>	<u>Change from 2009*</u>
District (DC)	\$67,575	\$2,919
Frederick Cty	84,308	- \$5,856
Montgomery Cty	98,326	- \$4,552
Prince George's Cty	72,052	- \$4,060
Arlington County	102,501	- \$1,675
Fairfax County	111,079	- \$249
Loudoun County	116,768	- \$7,283
Prince Wm County	95,268	- \$2,234
Alexandria City	86,775	\$2,985
Total Metro Area	\$90,149	- \$2,287

15 Largest Metro Area Job Markets GRP Percent Change: 2012 – 2013



15 Largest Job Markets

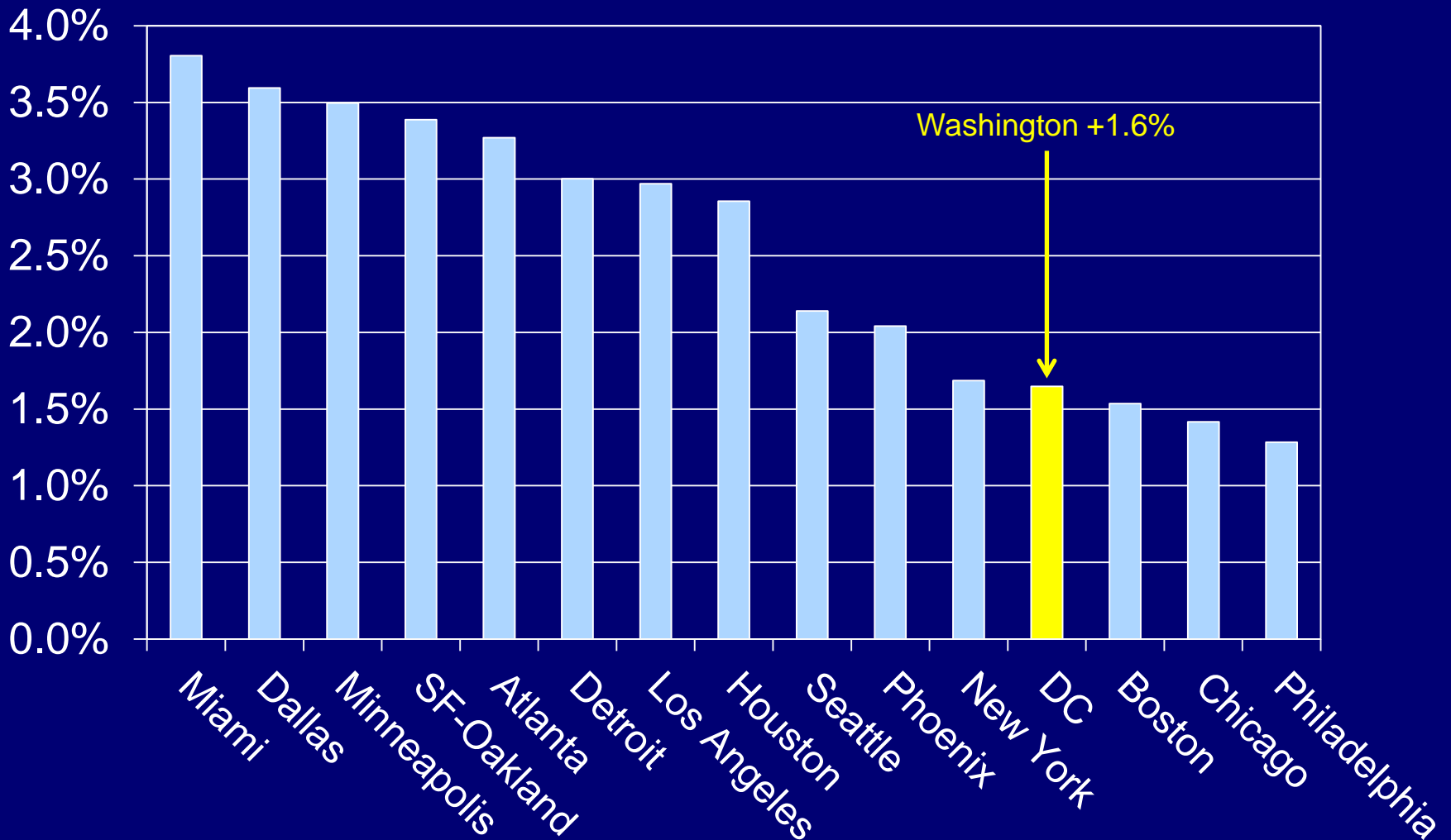
Job Change: 2013 – 2014



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

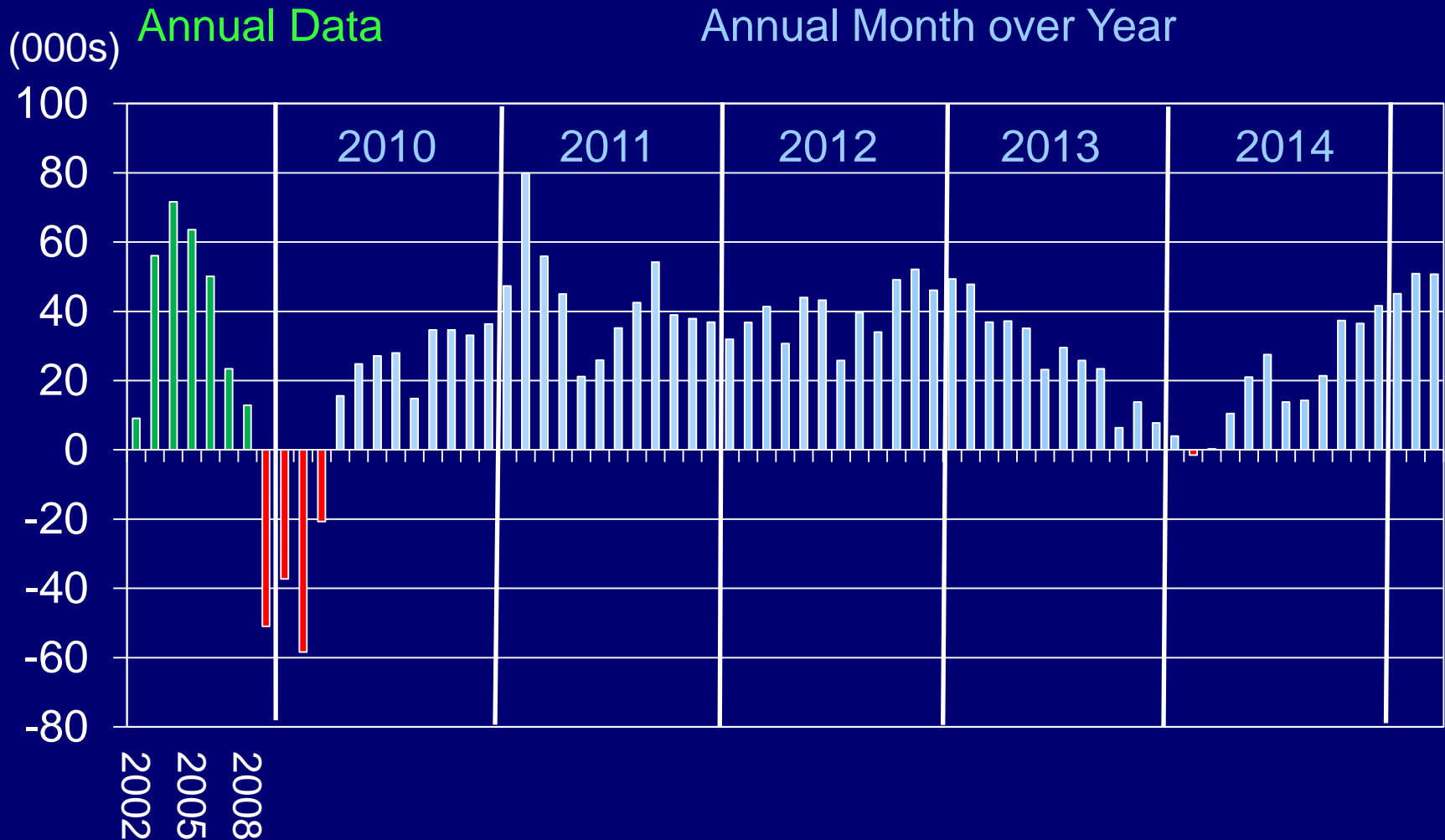
15 Largest Job Markets

Job Change: Mar 2014 – Mar 2015



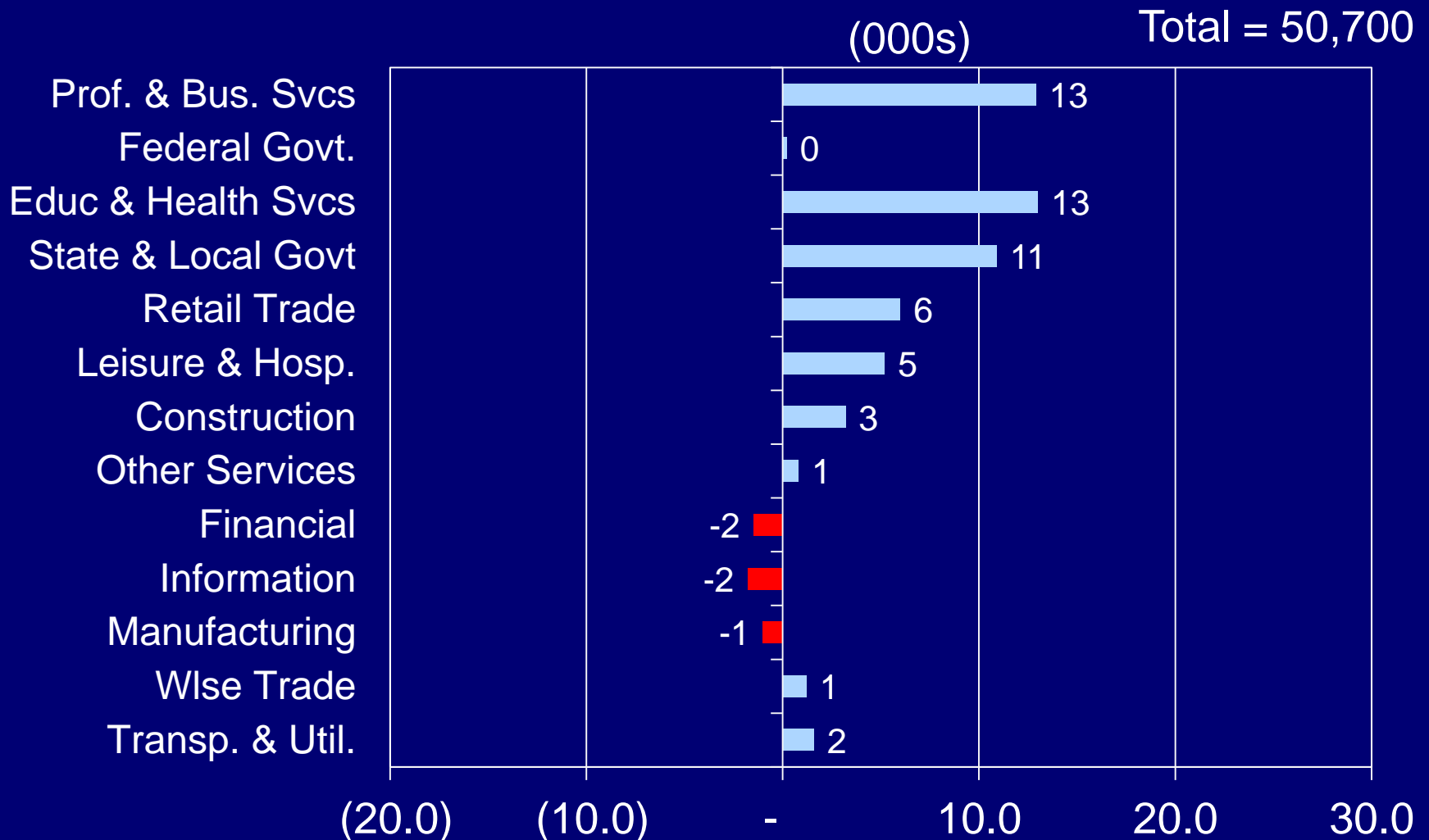
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change Washington MSA, 2002-2015



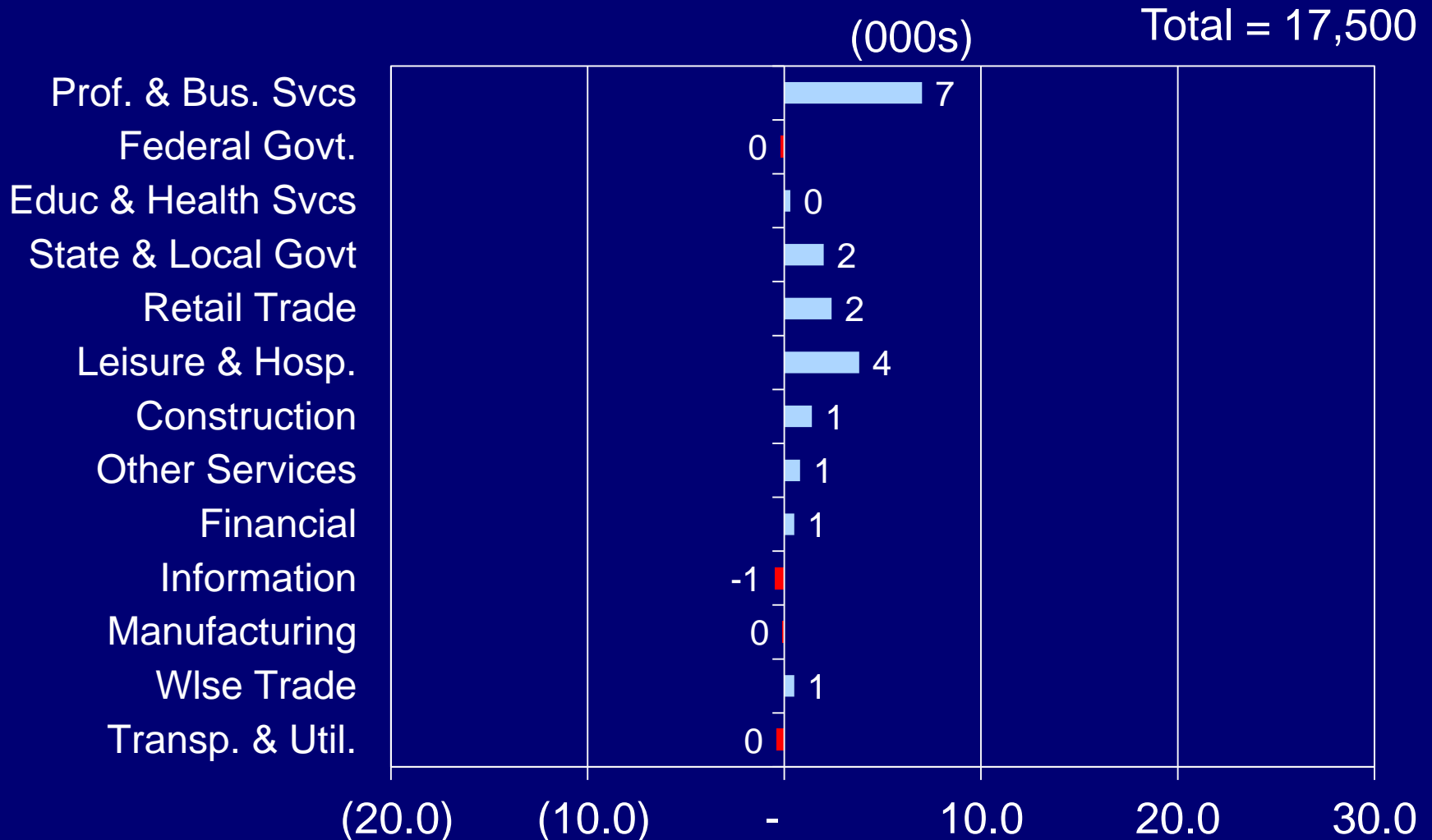
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector Mar 2014 – Mar 2015 Washington MSA



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

Job Change by Sector Feb 2015 – Mar 2015 Washington MSA

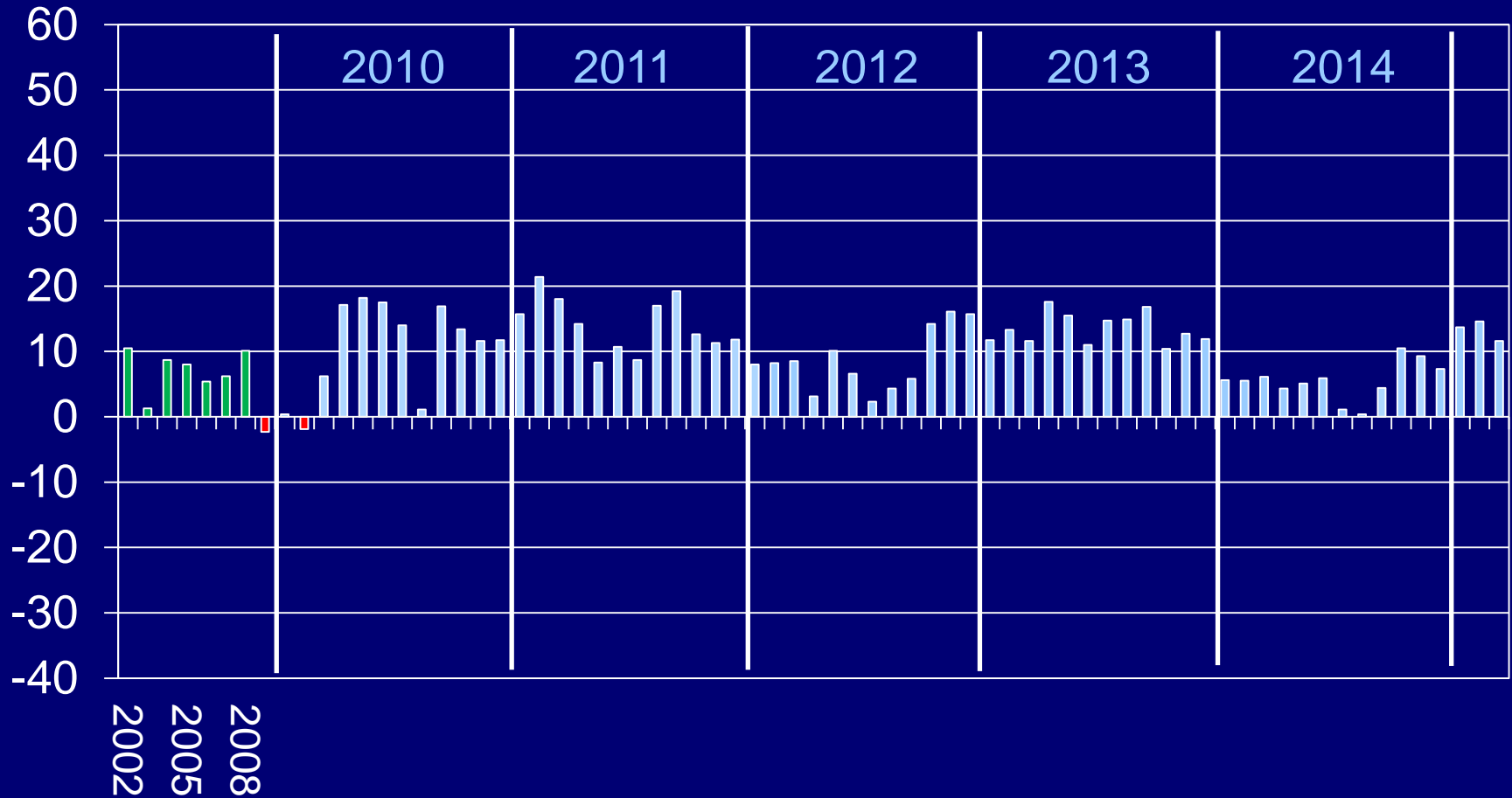


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change District of Columbia, 2002-2015

(000s) Annual Data

Annual Month over Year

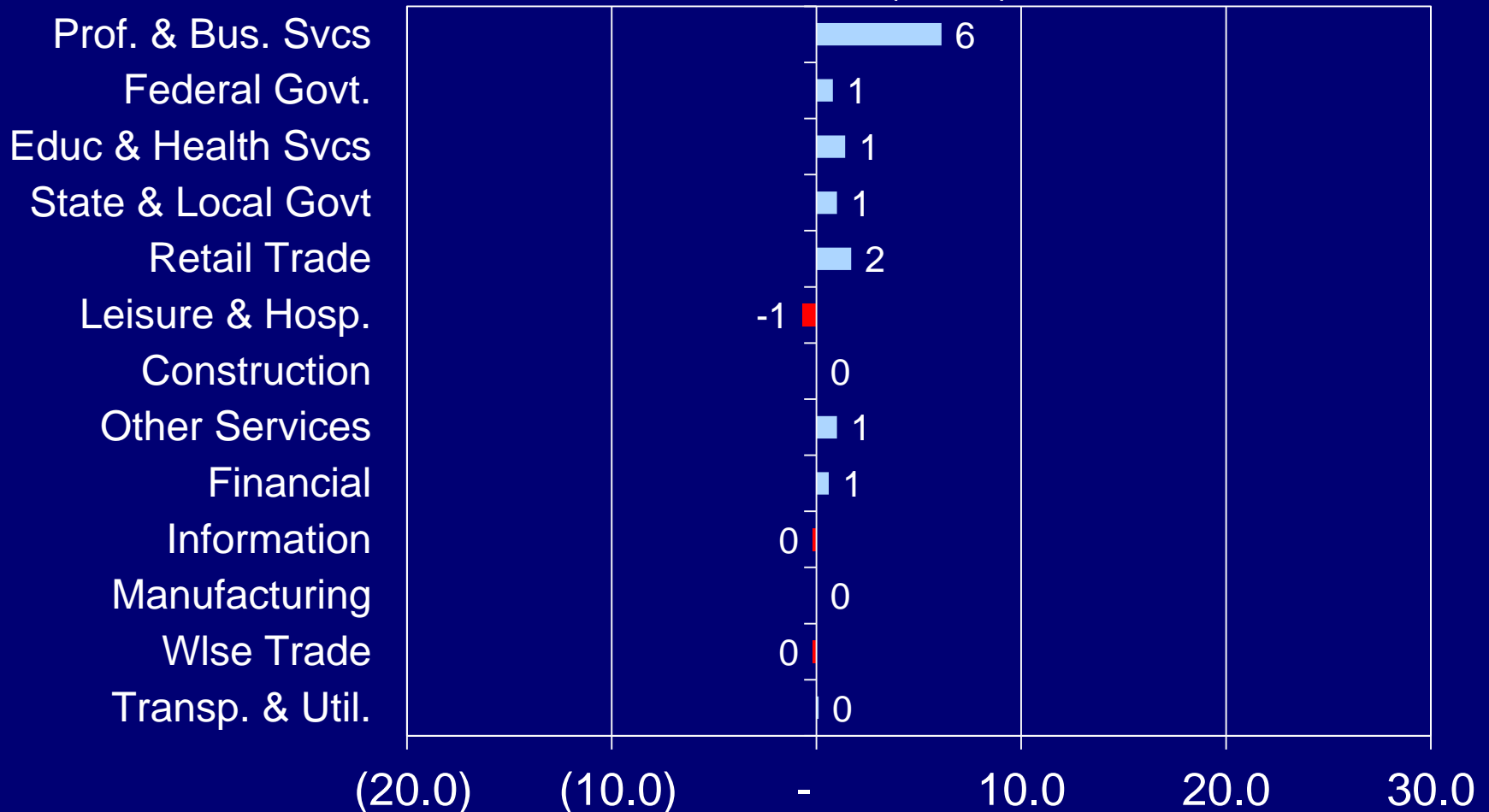


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector Mar 2014 – Mar 2015 District of Columbia

(000s)

Total 11,600

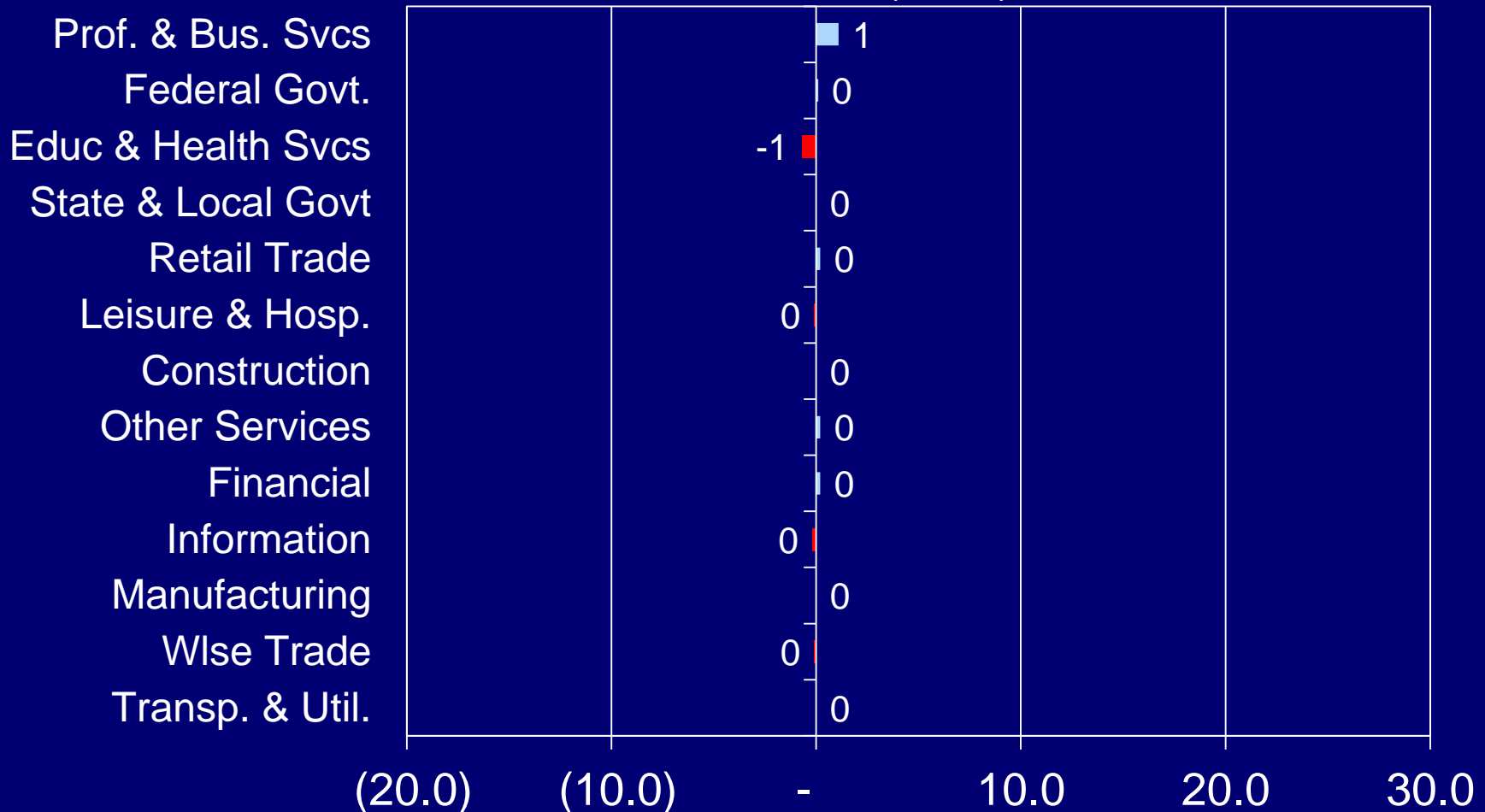


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector Feb 2015 – Mar 2015 District of Columbia

(000s)

Total 700

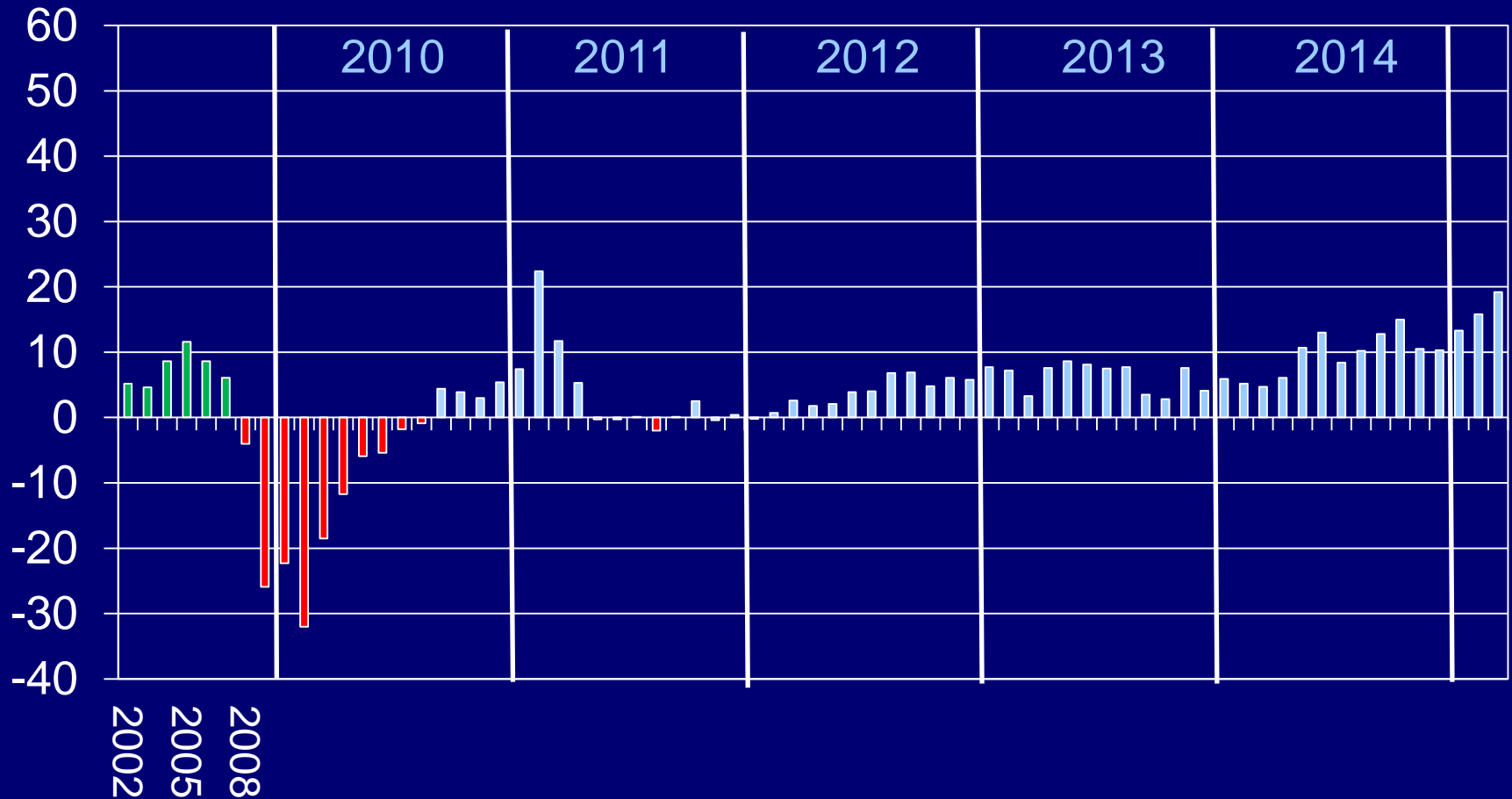


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change Suburban Maryland, 2002-2015

(000s) Annual Data

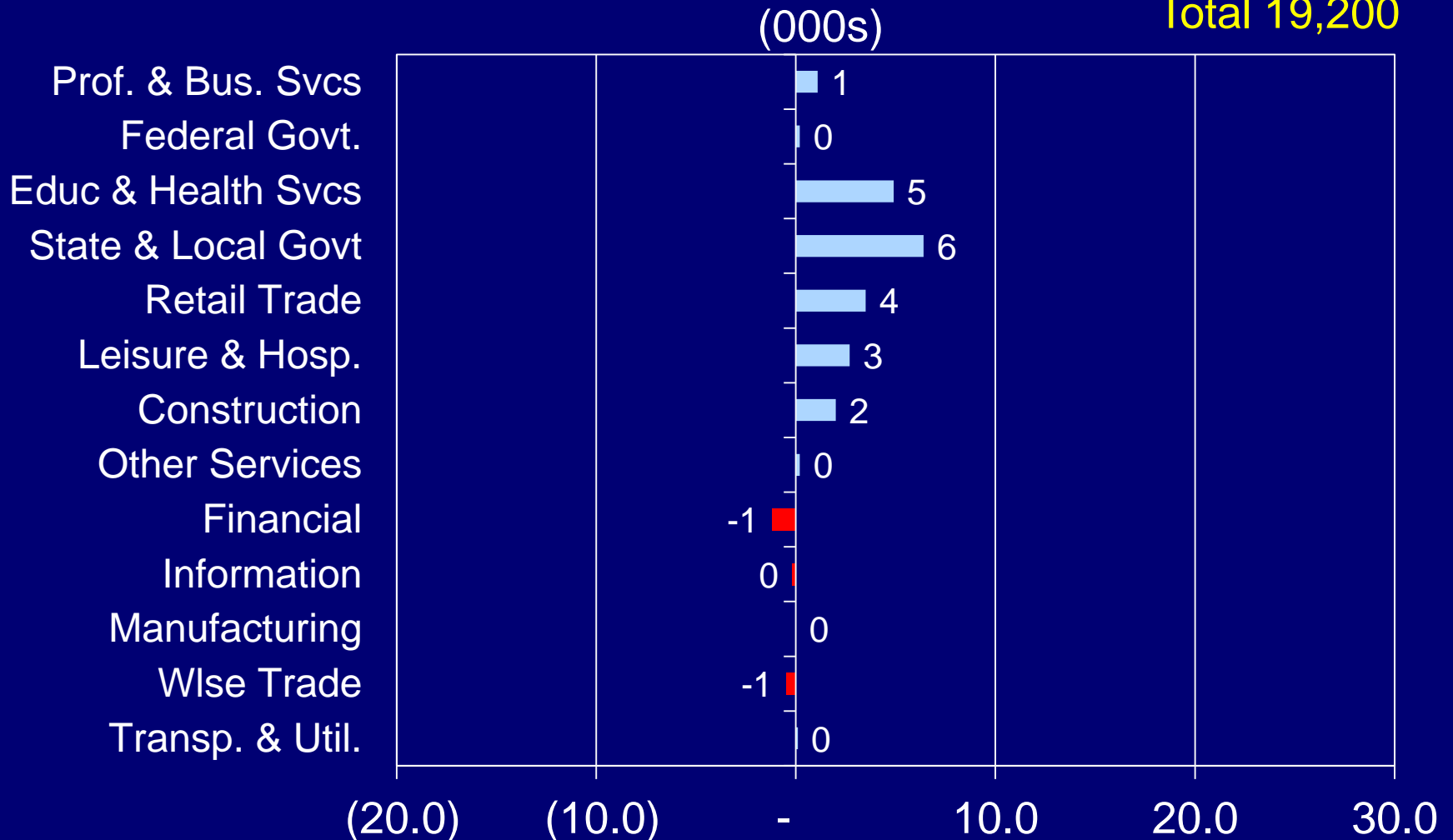
Annual Month over Year



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

Job Change by Sector Mar 2014 – Mar 2015 Suburban Maryland

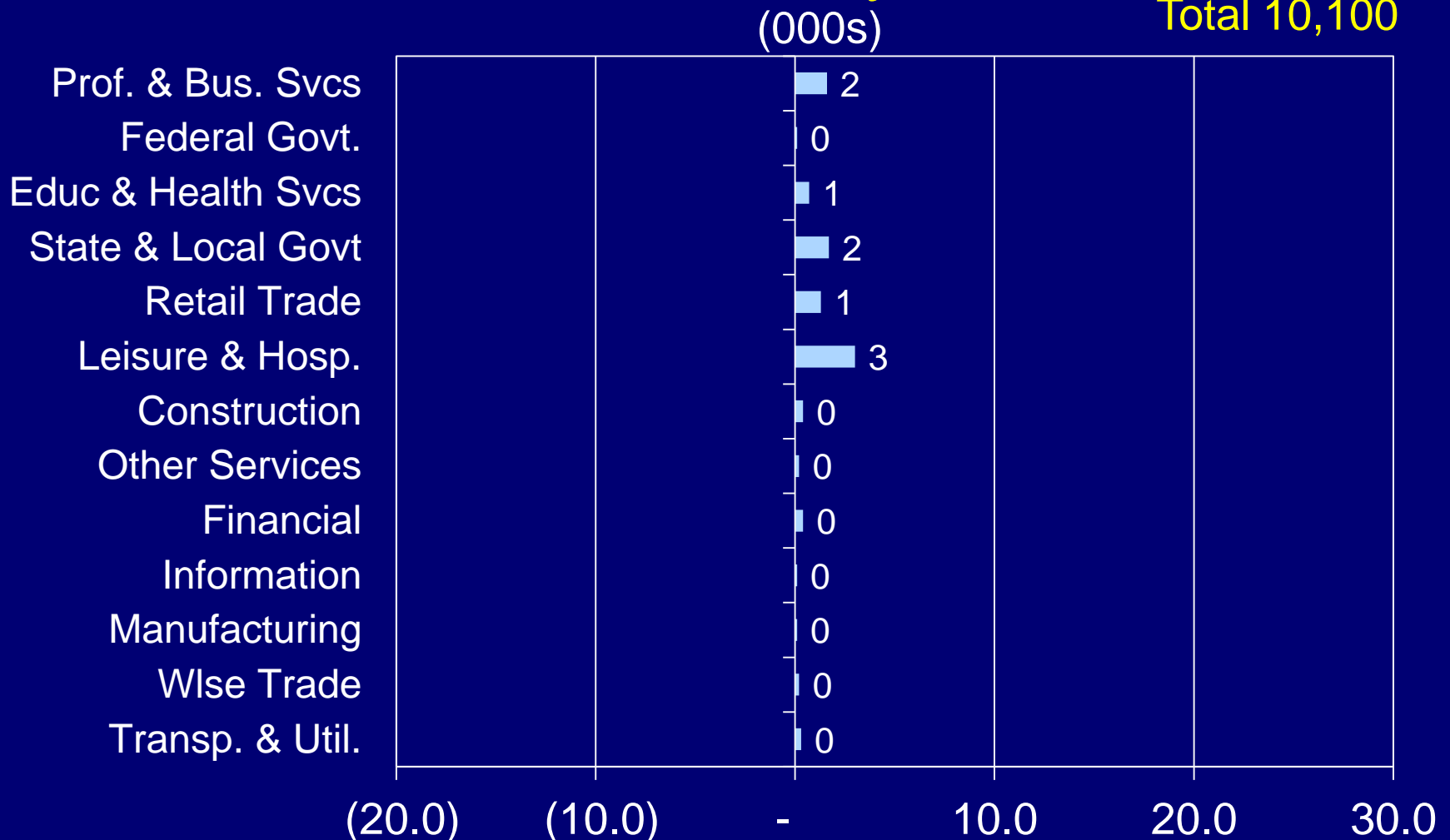
Total 19,200



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

Job Change by Sector Feb 2015 – Mar 2015 Suburban Maryland

Total 10,100

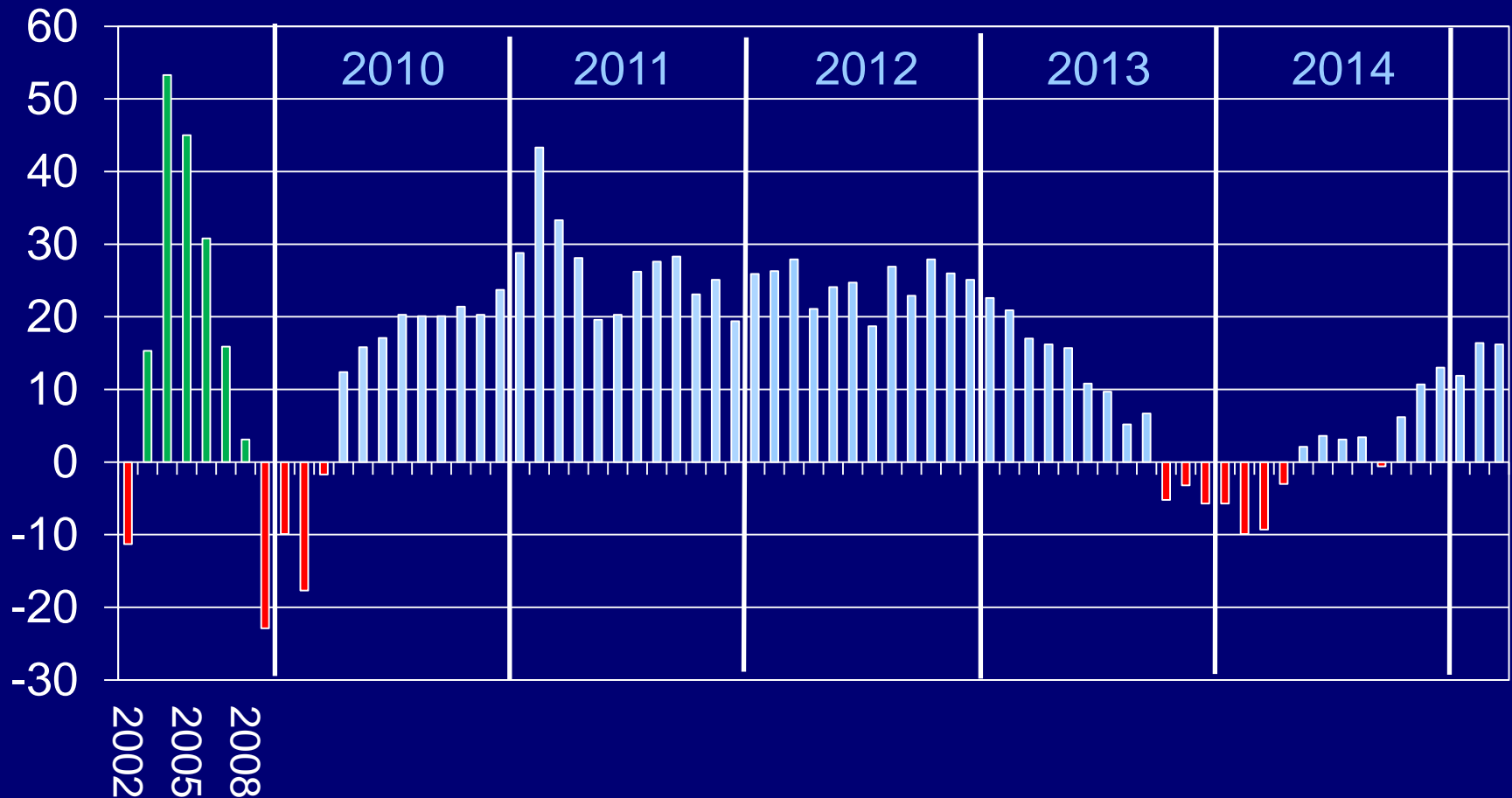


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change Northern Virginia, 2002-2015

(000s) Annual Data

Annual Month over Year

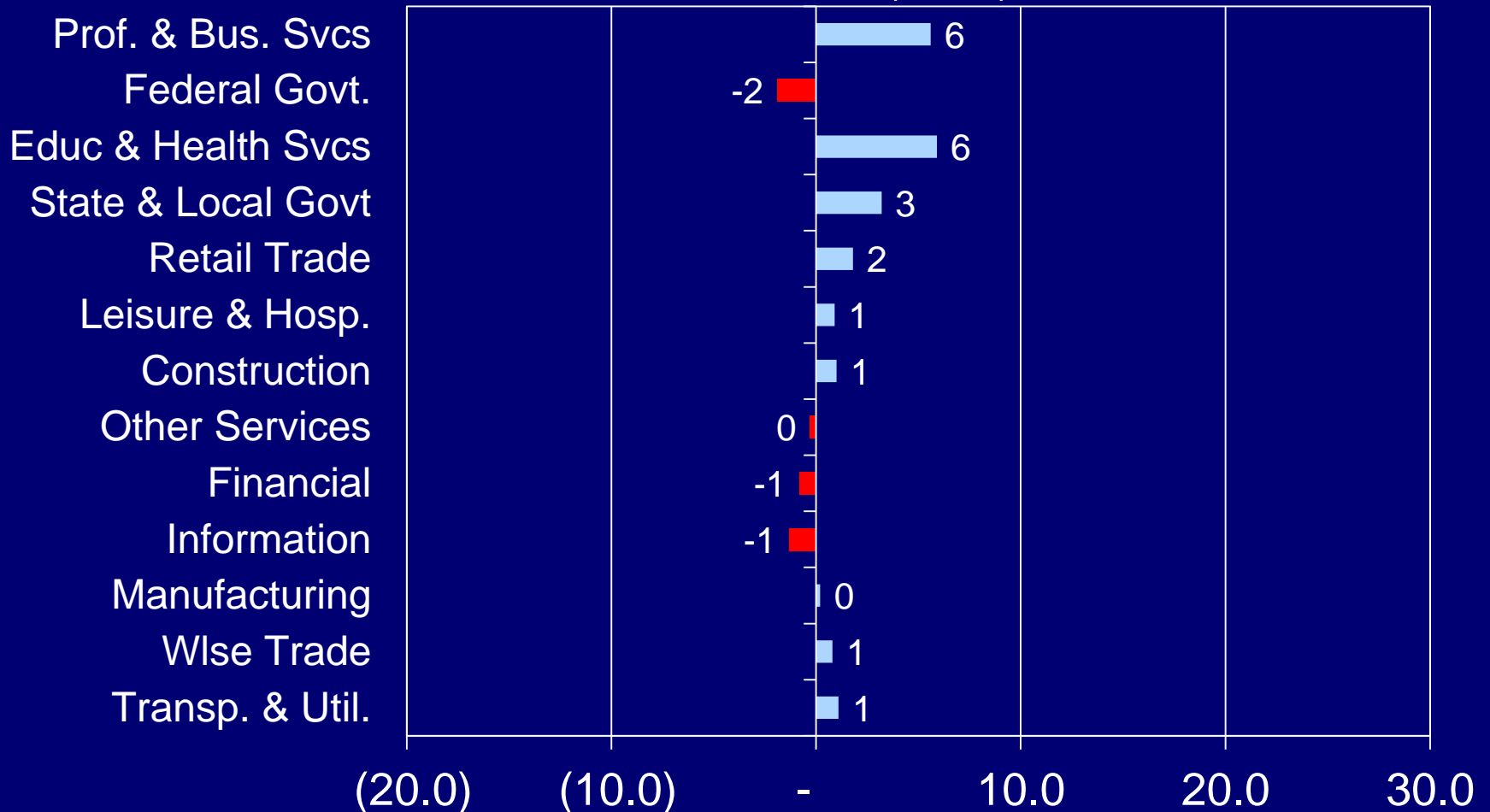


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector Mar 2014 – Mar 2015 Northern Virginia

(000s)

Total 16,200

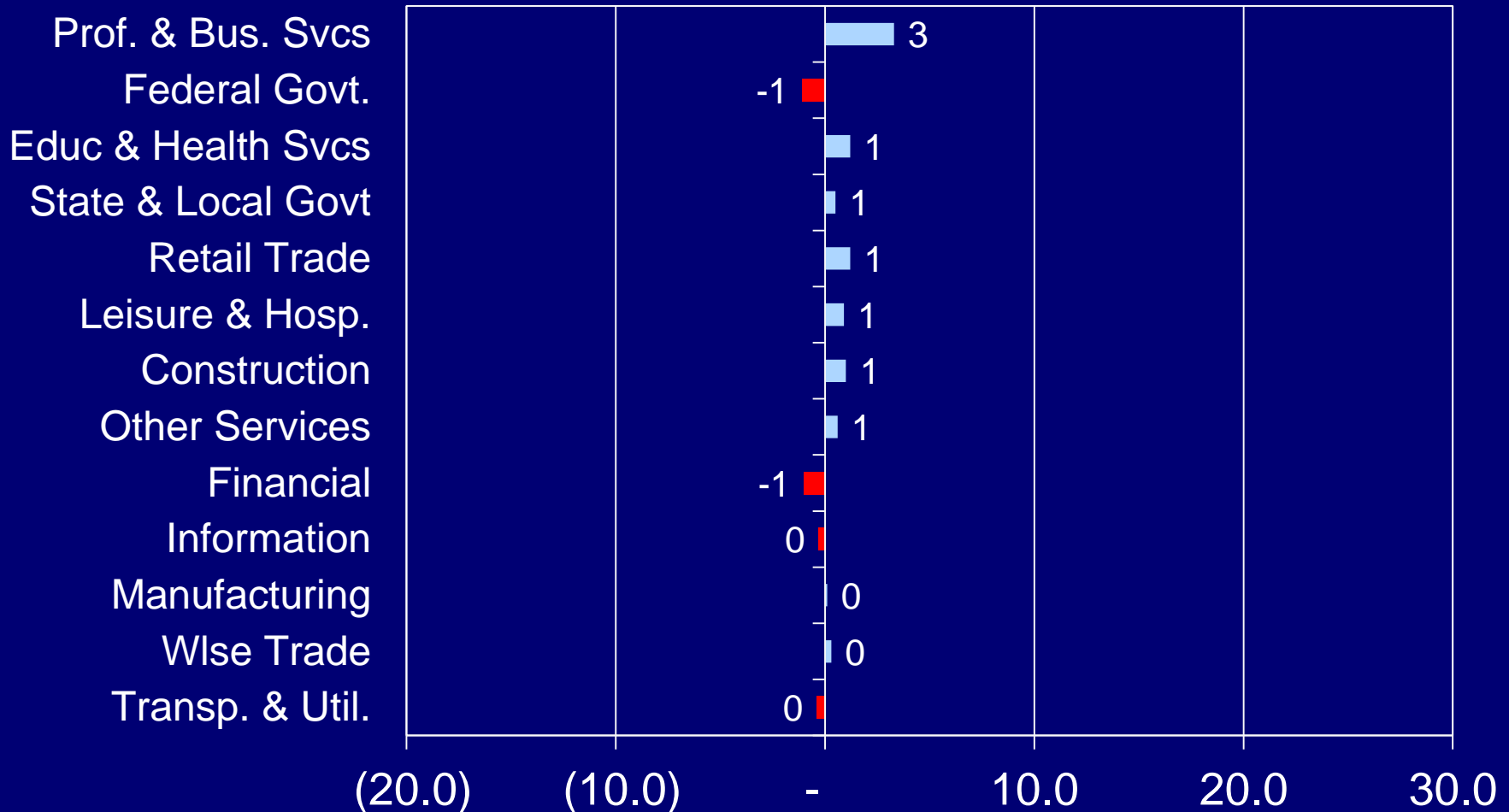


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector Feb 2015 – Mar 2015 Northern Virginia

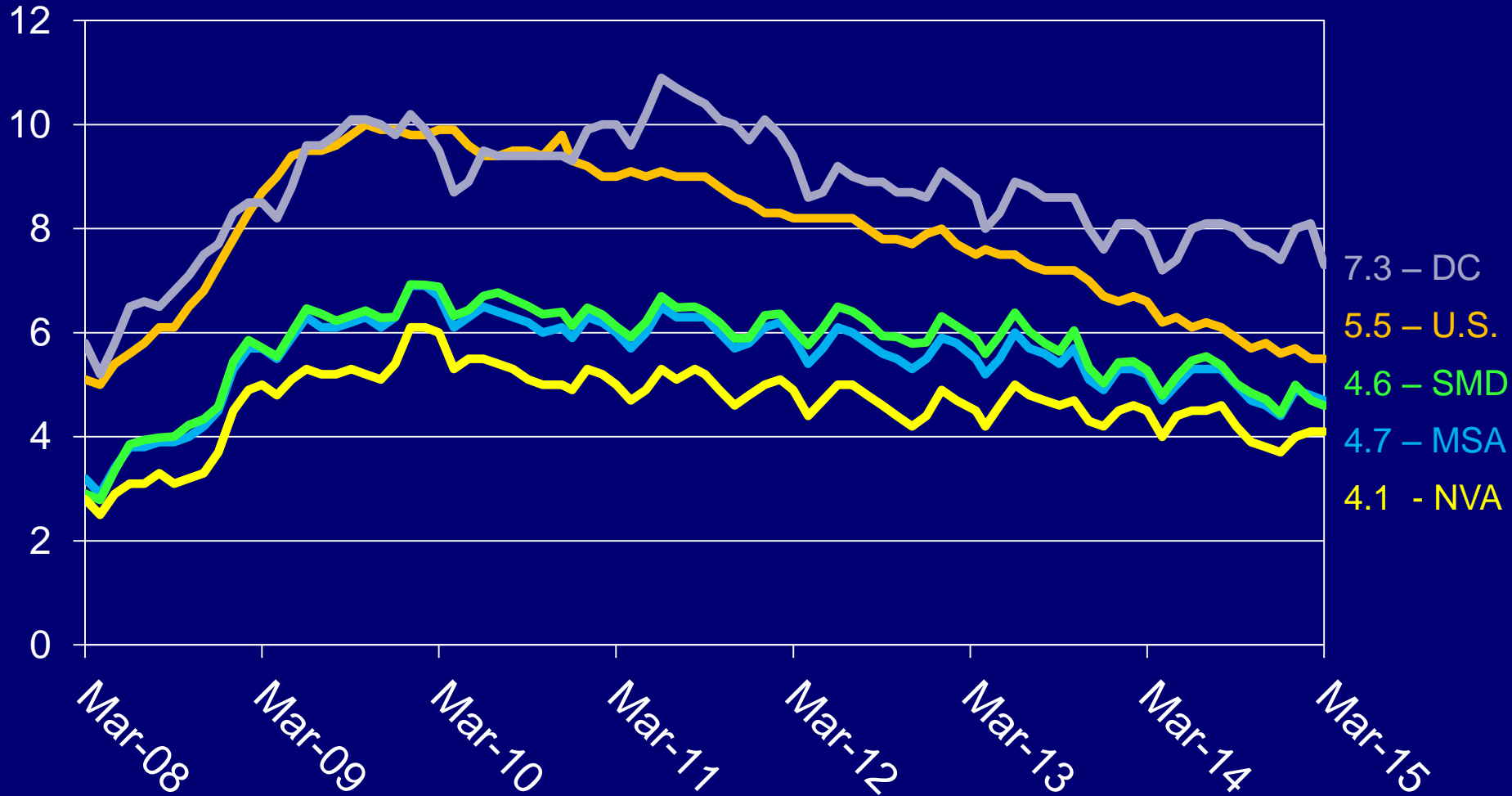
(000s)

Total 6,300



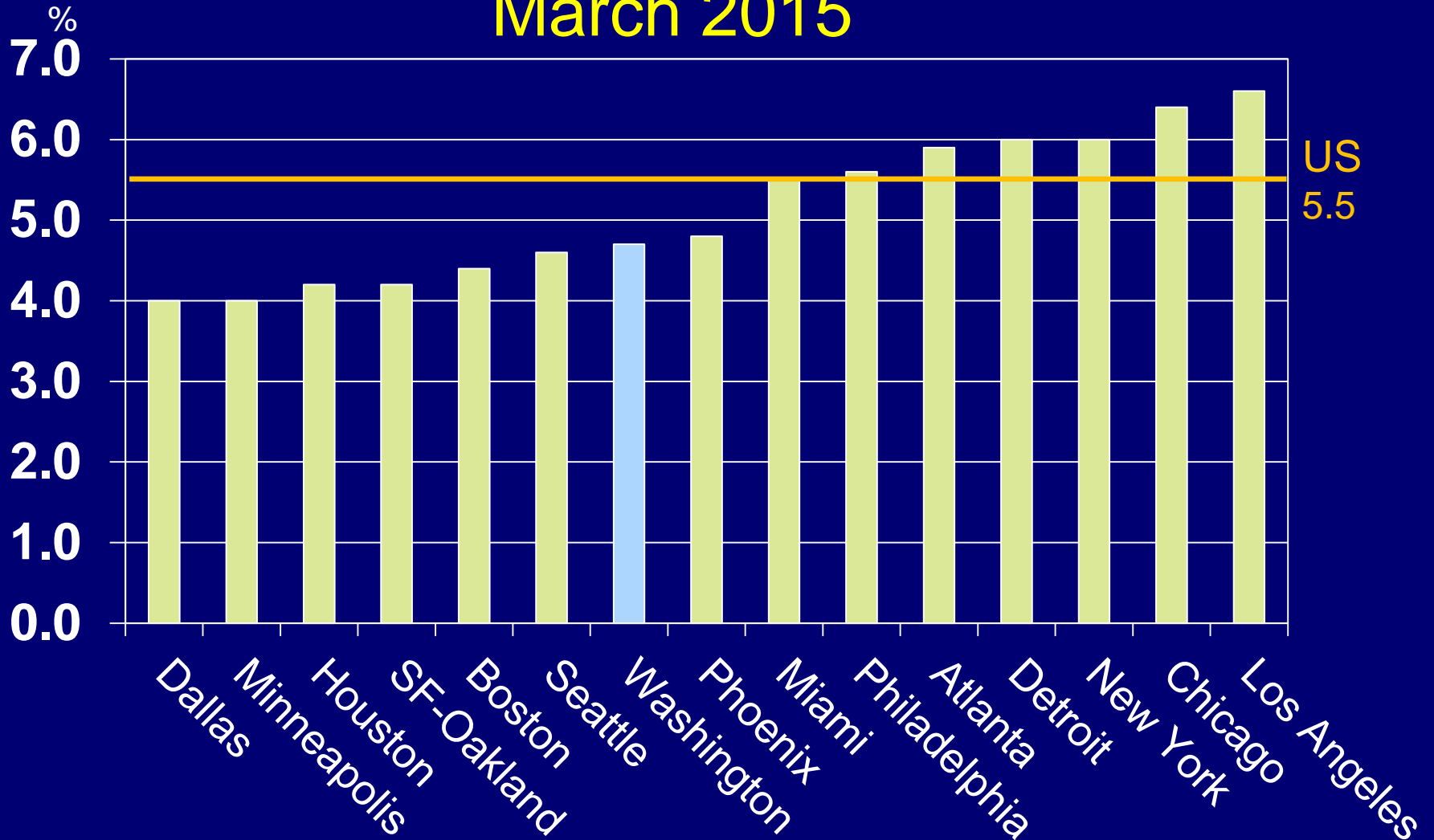
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Unemployment Rates in the WMSA By Sub-State Area, 2008-2015



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

15 Largest Job Markets Ranked by Unemployment Rate March 2015



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

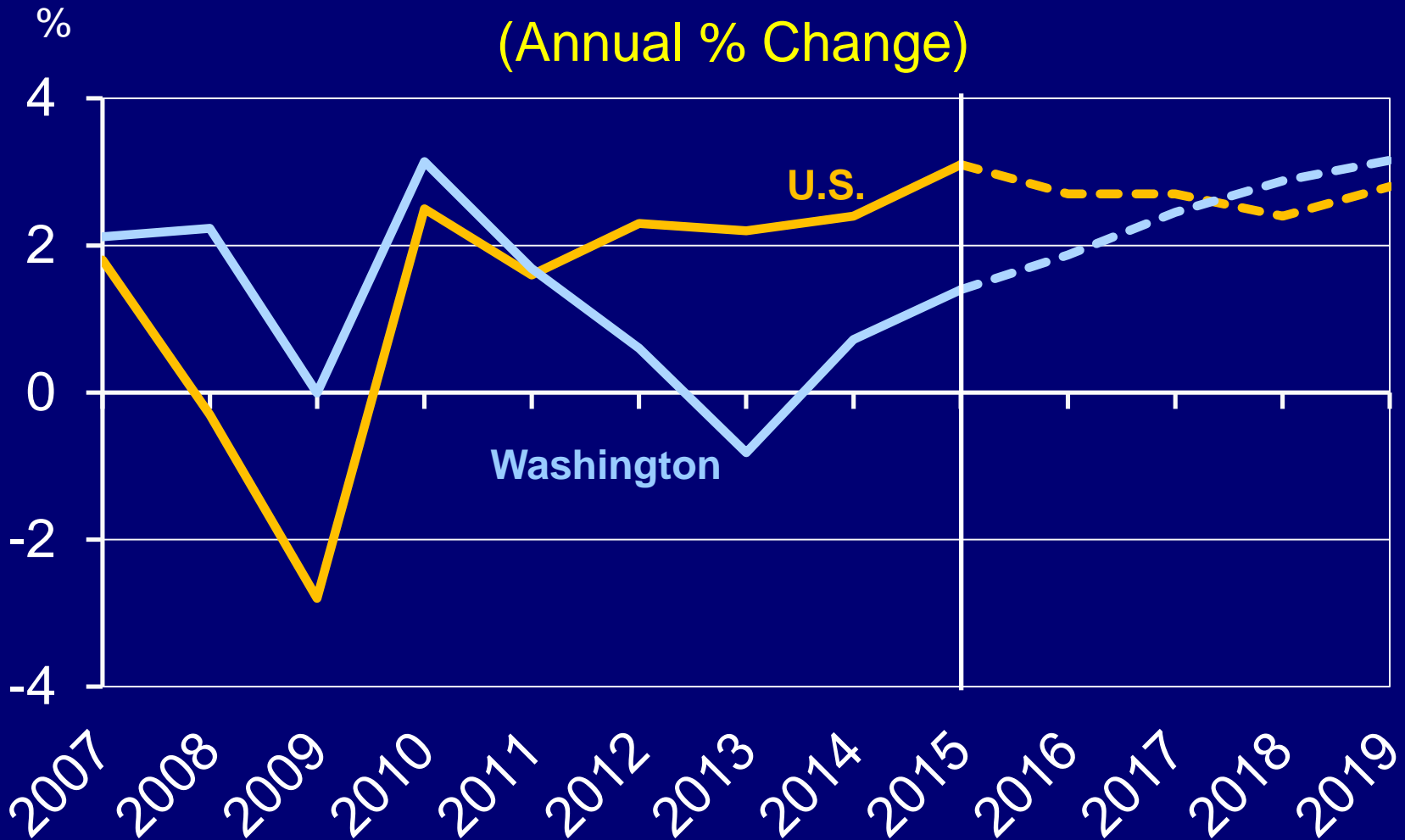
Economic Outlook for the Washington Metropolitan Area: 2014-2019

Washington Metropolitan Area and U.S. Economic Growth 2012-2019

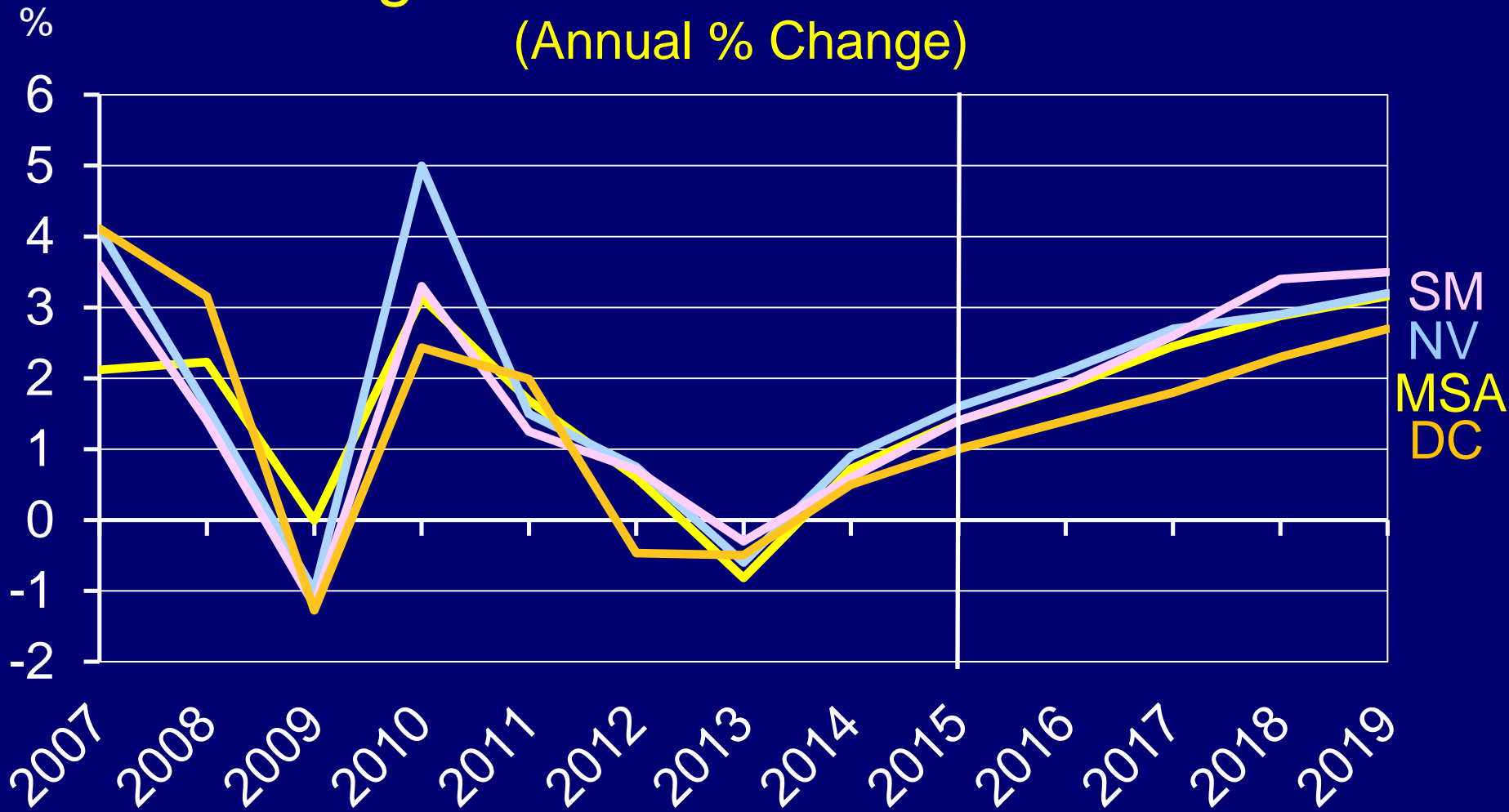
(annual percent real change)

<u>Year</u>	<u>U.S.</u>	<u>WMSA</u>
2013	2.2	- 0.8
2014	2.4	0.7
2015	2.8	1.4
2016	2.7	1.9
2017	2.7	2.4
2018	2.4	2.9
2019	2.7	3.2

U.S. GDP and Washington Area GRP 2007 – 2015 – 2019 (Annual % Change)



Economic Outlook (GRP), 2007-2019 Washington Area and Sub-State Areas (Annual % Change)



Employment Change in the WMSA by Sub-State Area (000s)

	2012	2013	2014*	2015	2016	2017	2018	2019
D.C.	9.2	13.0	6.5	7.9	9.1	11.0	12.7	11.7
Sub. MD	4.0	6.1	11.1	12.5	17.0	20.1	16.9	15.8
No. VA	26.4	8.9	1.3	15.6	22.8	26.7	19.0	17.9
REGION	39.6	28.0	18.9	36.0	48.9	58.0	48.6	45.4

Average Annual Change 1990-2010 = 35,980

Source: BLS, IHS Economics, GMU Center for Regional Analysis (January 2015)

NOTE: The regional totals do not include Jefferson, WV.

Principal Sources of Job and GRP

Growth in the Washington Area, 2014-2019

(in thousands)

<u>Growth Sectors</u>	<u>Job Change</u>	<u>% of Total Job Change</u>	<u>Average Value Added per Job*</u>
Prof. & Bus. Ser.	114.4	48.3	\$157,969
Construction	48.8	20.5	\$111,992
Education/Health	28.7	12.1	\$72,162
Hospitality Services	27.1	11.4	\$51,110
State and Local	20.2	8.5	\$81,736
Sub-Total	239.2	100.8	\$119,749
Overall Total	236.9	100.0	\$154,131

Sources: IHS Global Insight; GMU Center for Regional Analysis

*in 2014\$s

Job and GRP Gains and Losses for the Washington Area's Other Sectors, 2014-2019

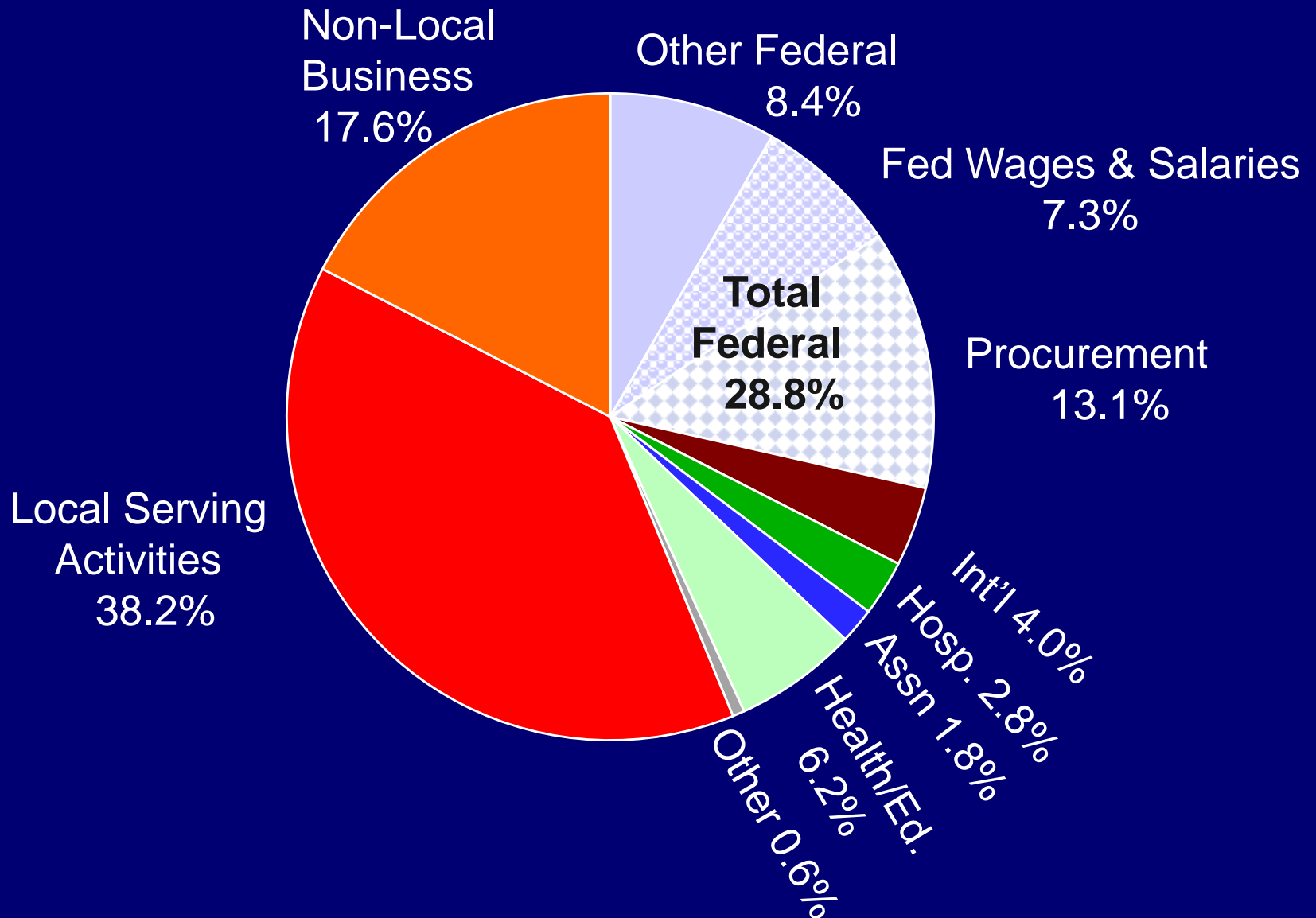
(in thousands)

	<u>Job Change</u>	<u>% of Total Job Change</u>	<u>Average Value Added per Job*</u>
Federal Gov't	- 22.3	- 9.4	\$185,804
Retail Trade	0.5	0.2	\$64,478
Other Services	2.6	1.1	\$86,150
Financial Services	- 0.1	0.0	\$620,922
Information Services	2.0	0.9	\$410,371
Manufacturing	0.0	0.0	\$249,934
Transportation	8.8	3.7	\$203,015
Wholesale Trade	6.2	2.6	\$215,783
Sub-Totals	- 2.3	- 0.9	\$197,811
Overall Total	236.9	100.0	\$154,131

Sources: IHS Economics, Inc.; GMU Center for Regional Analysis

*in 2014 \$s

2019 Structure of the Greater Washington Economy



Thank You Questions

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