
Montgomery County, Maryland

ECONOMIC INDICATORS

Montgomery County Council

Department of Finance

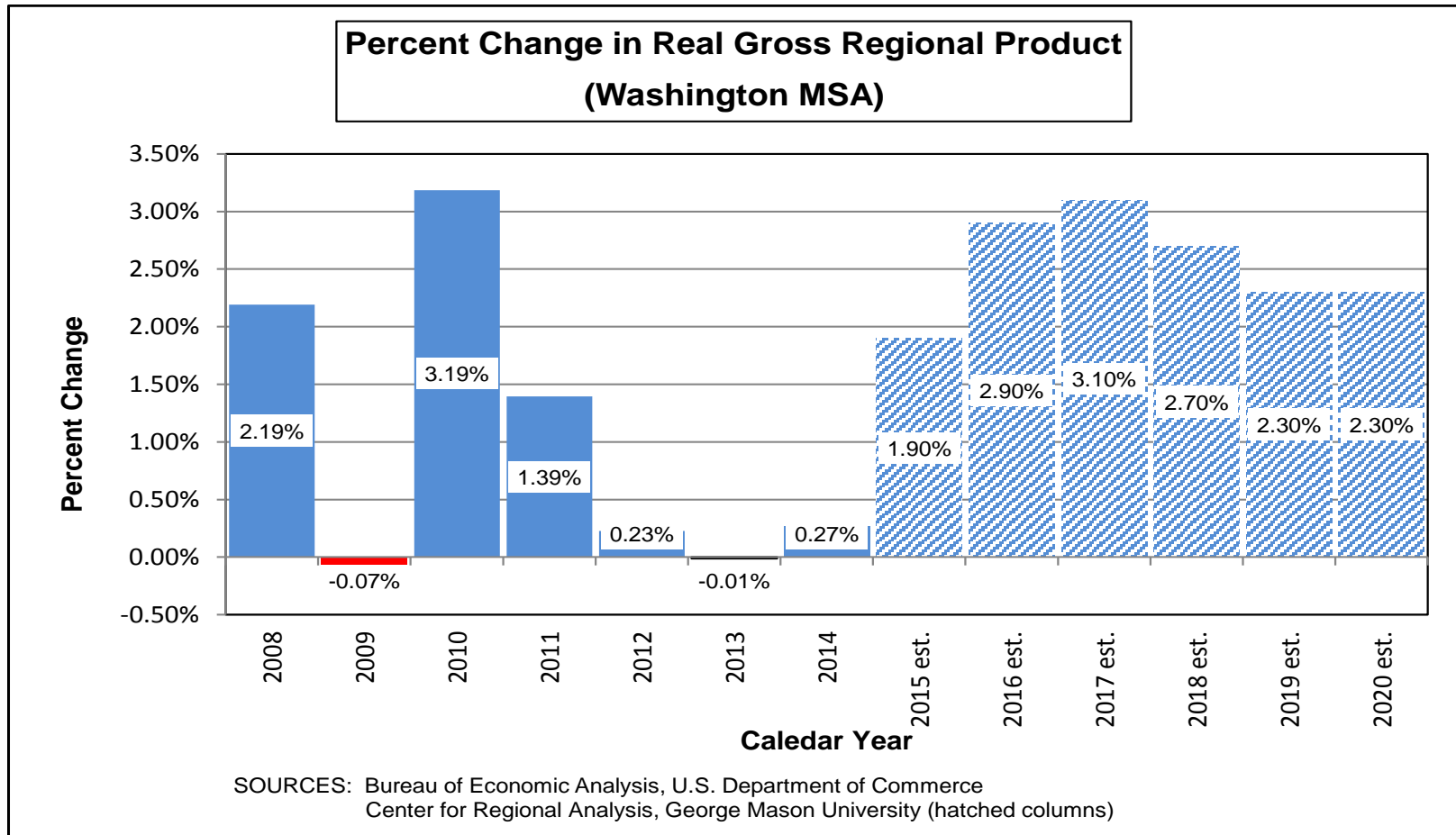


April 12, 2016

Regional and State Economic Indicators

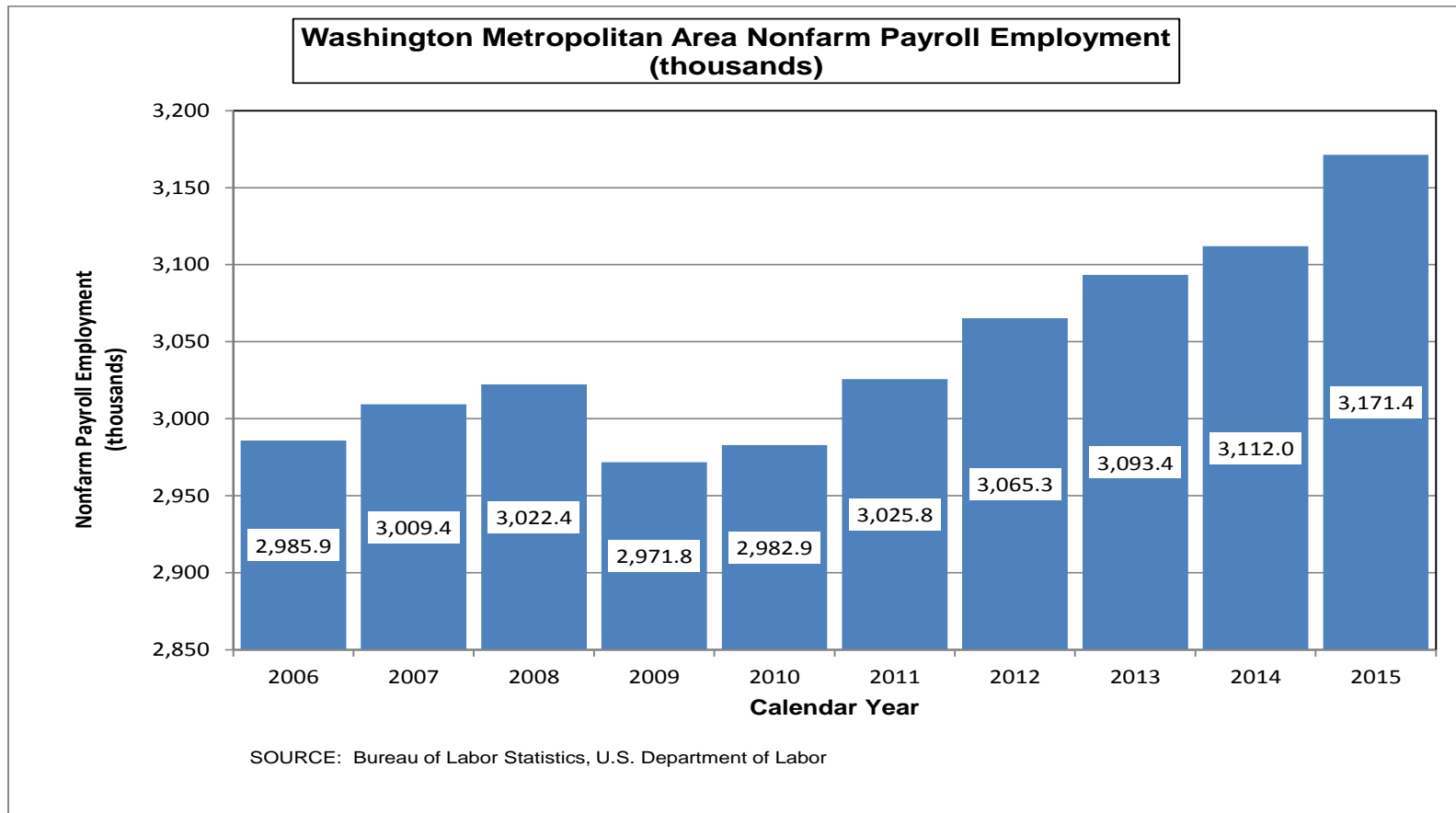
Real gross regional product increased 0.27 percent in CY2014 according to the Bureau of Economic Analysis.

CRA estimates growth in real GRP in the Washington area to increase 2.90 percent this year and increase 3.10 percent next year.



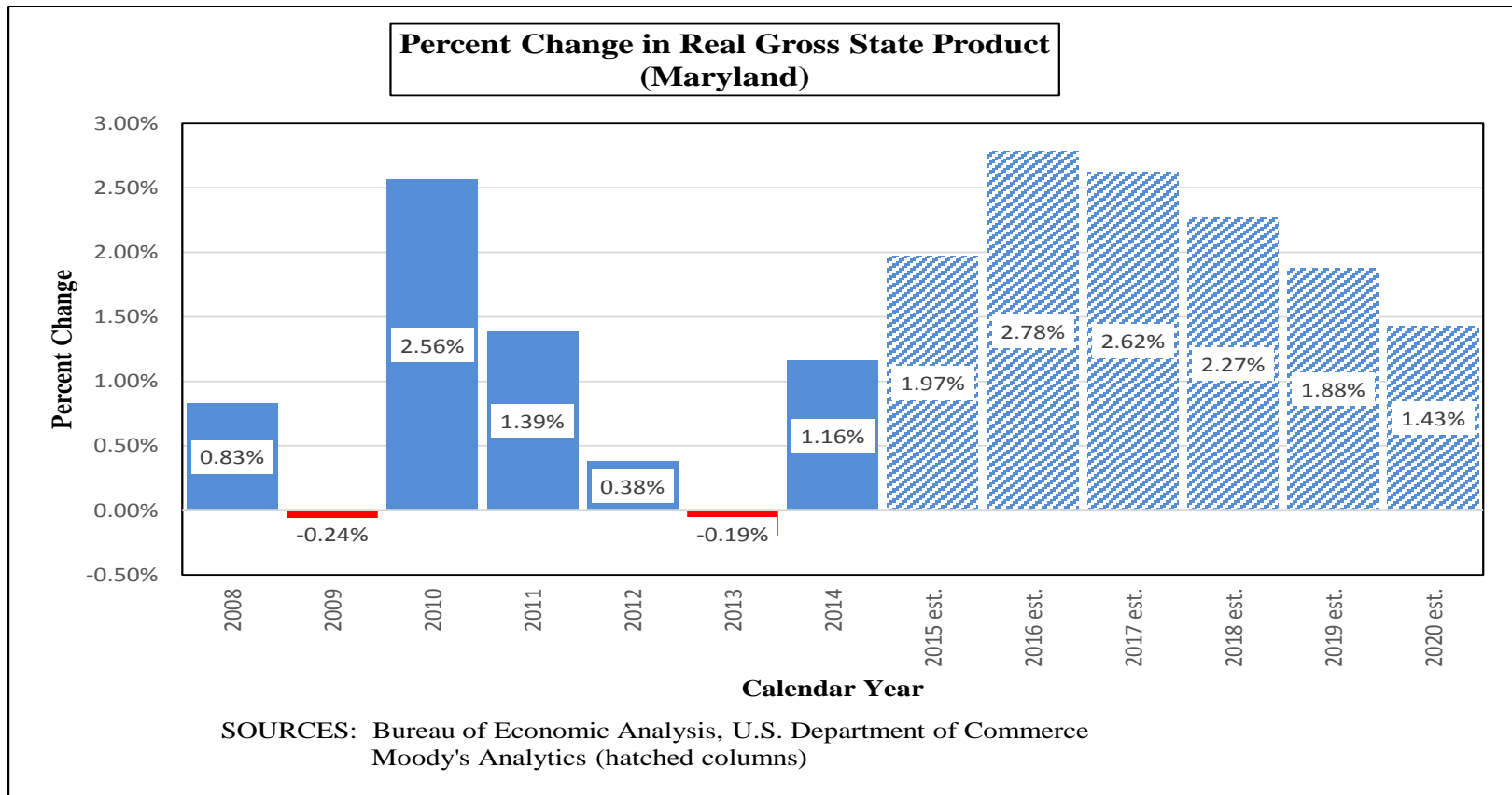
Payroll employment in the Washington area stood at nearly 3.2 million in CY2015.

Employment increased by 59,400 (↑1.9%) from CY2014 to CY2015 to reach 3.2 million and was at an all time high.



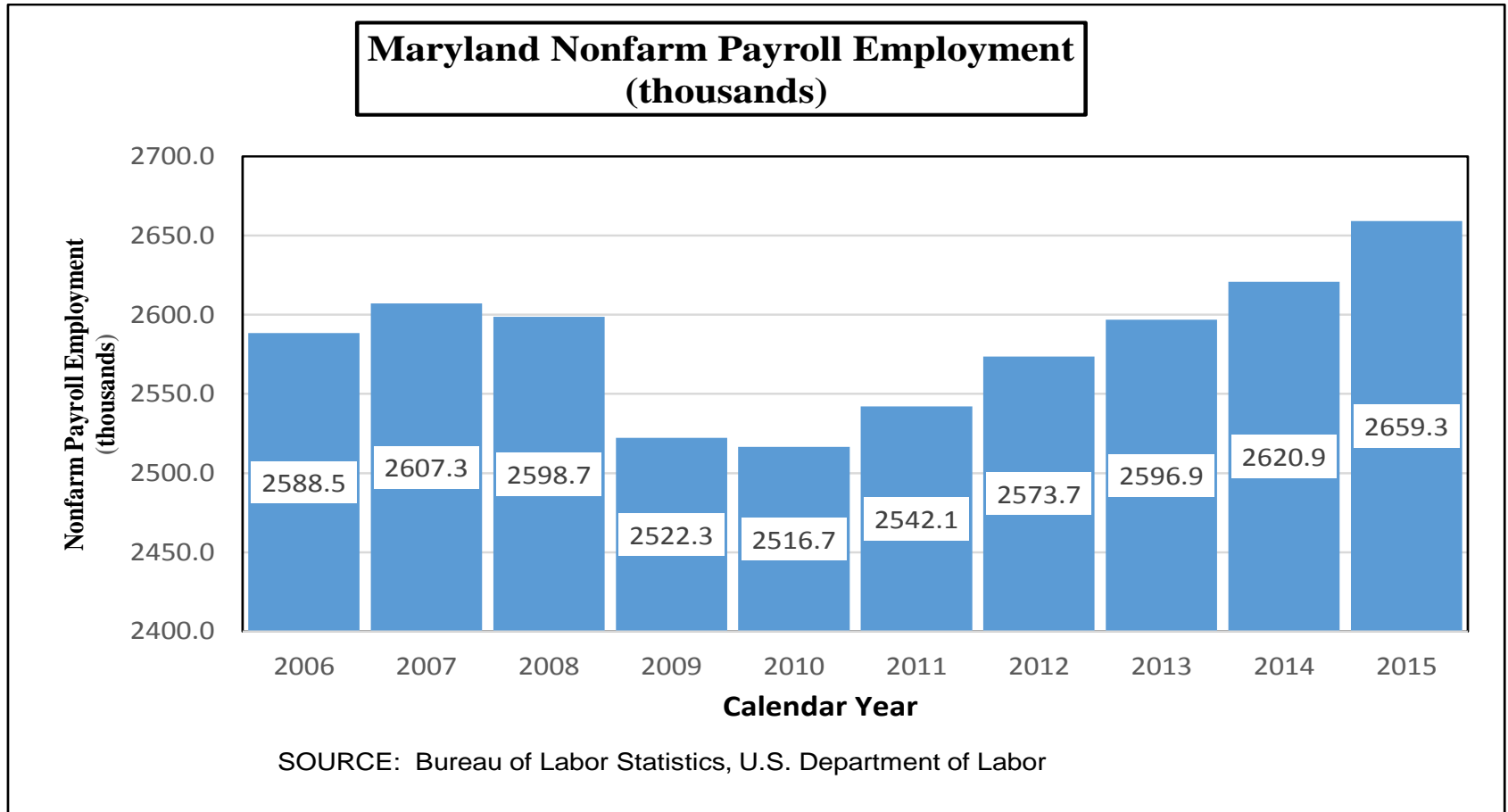
Real gross state product increased 1.16 percent in CY2014 according to the Bureau of Economic Analysis.

Moody's Analytics estimates growth in real GSP in Maryland to increase 2.78 percent this year and decline to 2.62 percent in CY2017.



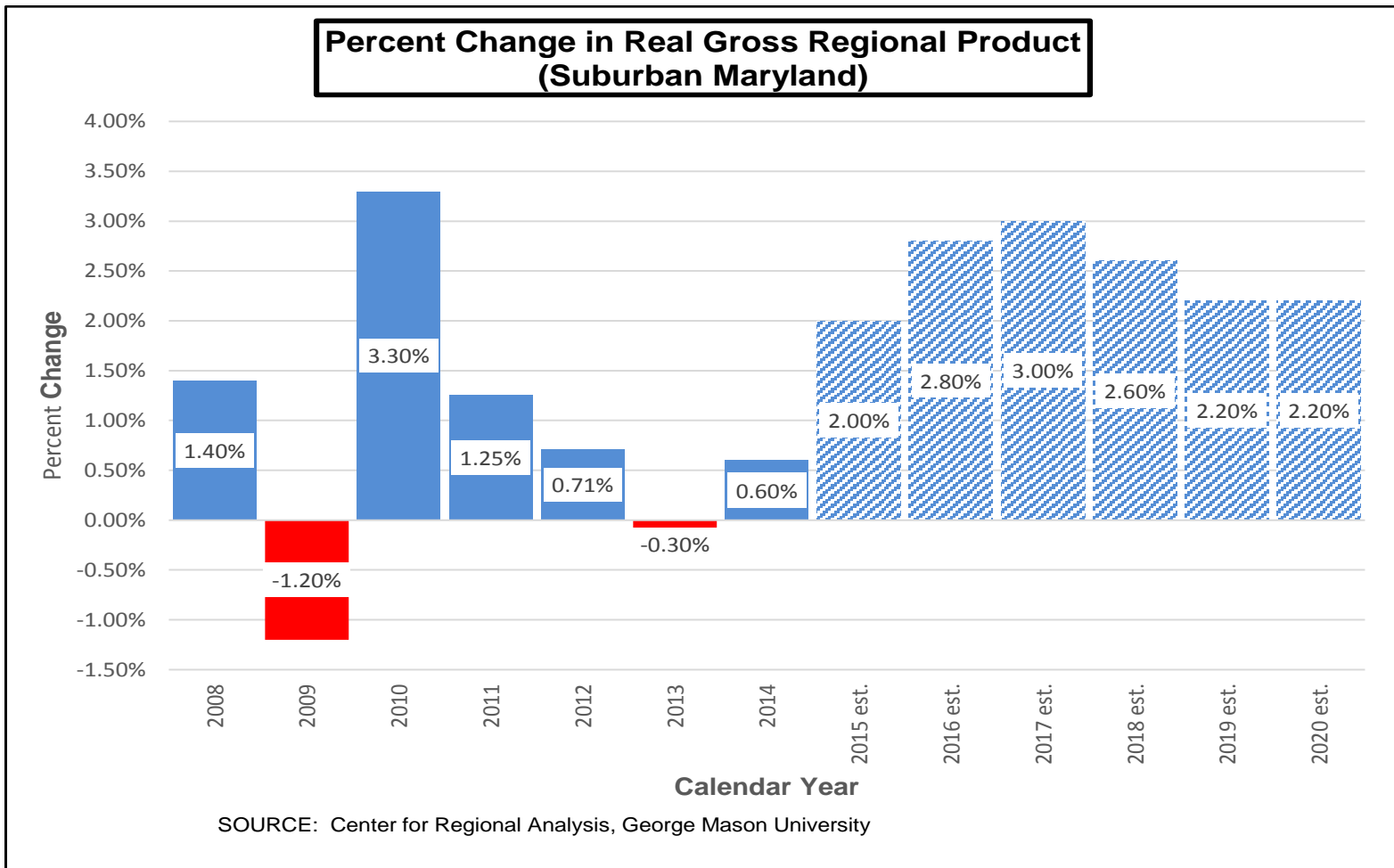
Payroll employment in Maryland stood at nearly 2.7 million in CY2015.

Employment increased by 38,400 (↑1.5%) from CY2014 to CY2015 to reach nearly 2.7 million and was at an all time high.



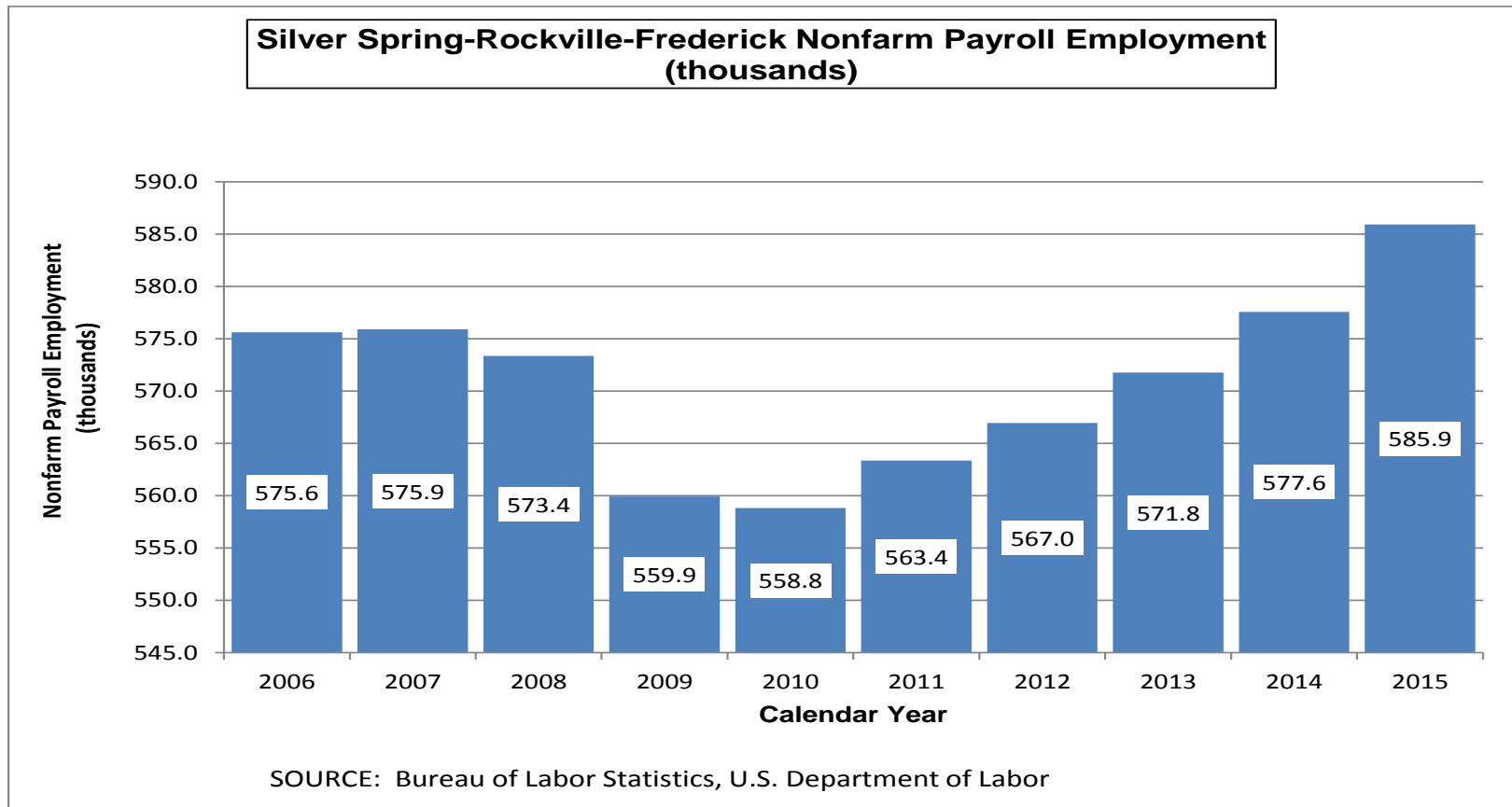
Real gross regional product for the Maryland suburban division of the Washington MSA increased 0.60 percent in CY2014 according to CRA.

Growth in real GRP in the division is expected to increase 2.80 percent this year and 3.00 percent in CY2017.



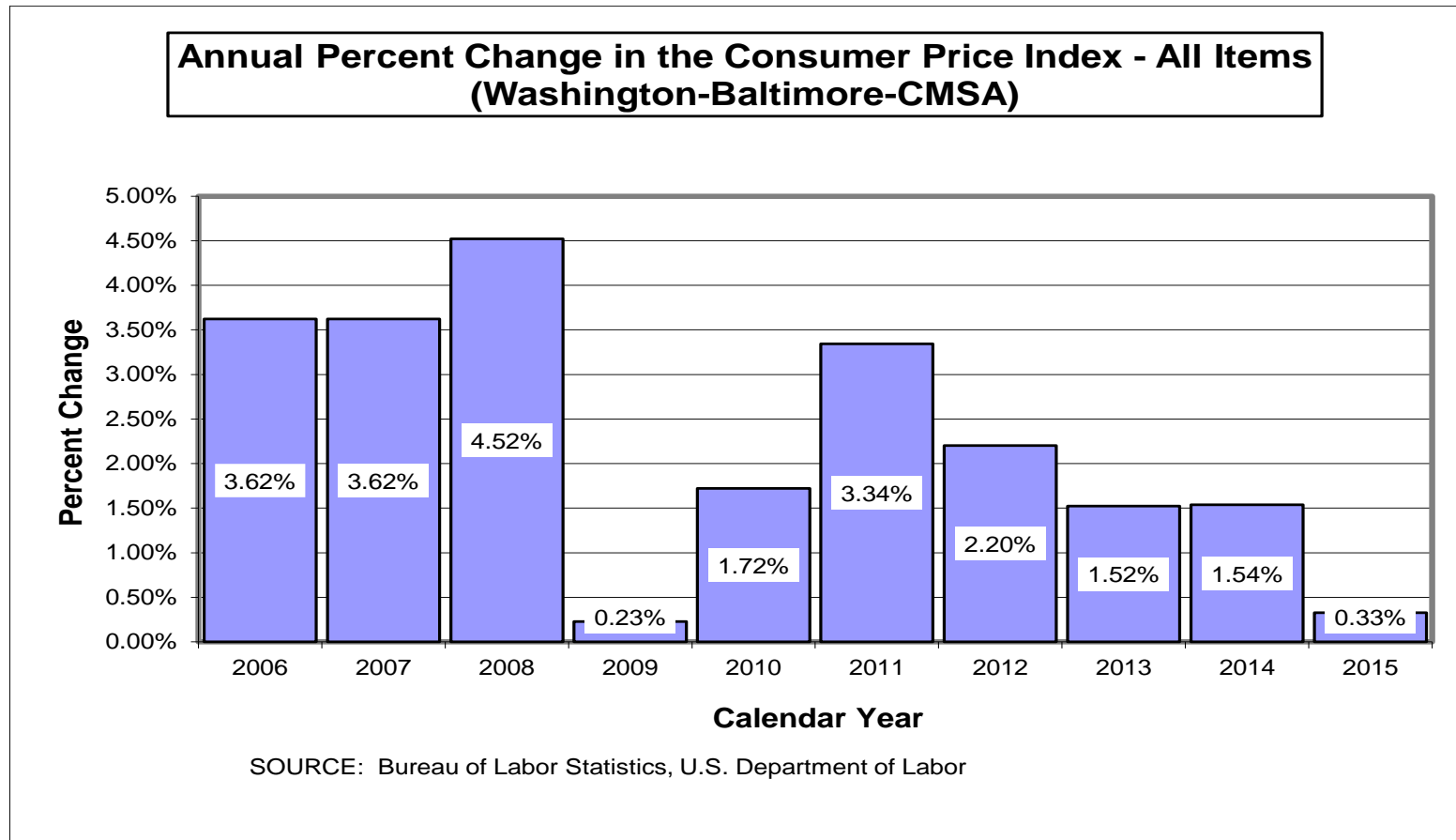
Payroll employment in the Silver Spring-Rockville-Frederick metropolitan division was 585,900 in CY2015.

Employment increased over 8,300 ($\uparrow 1.4\%$) from CY2014 to CY2015 and reached an all time high.



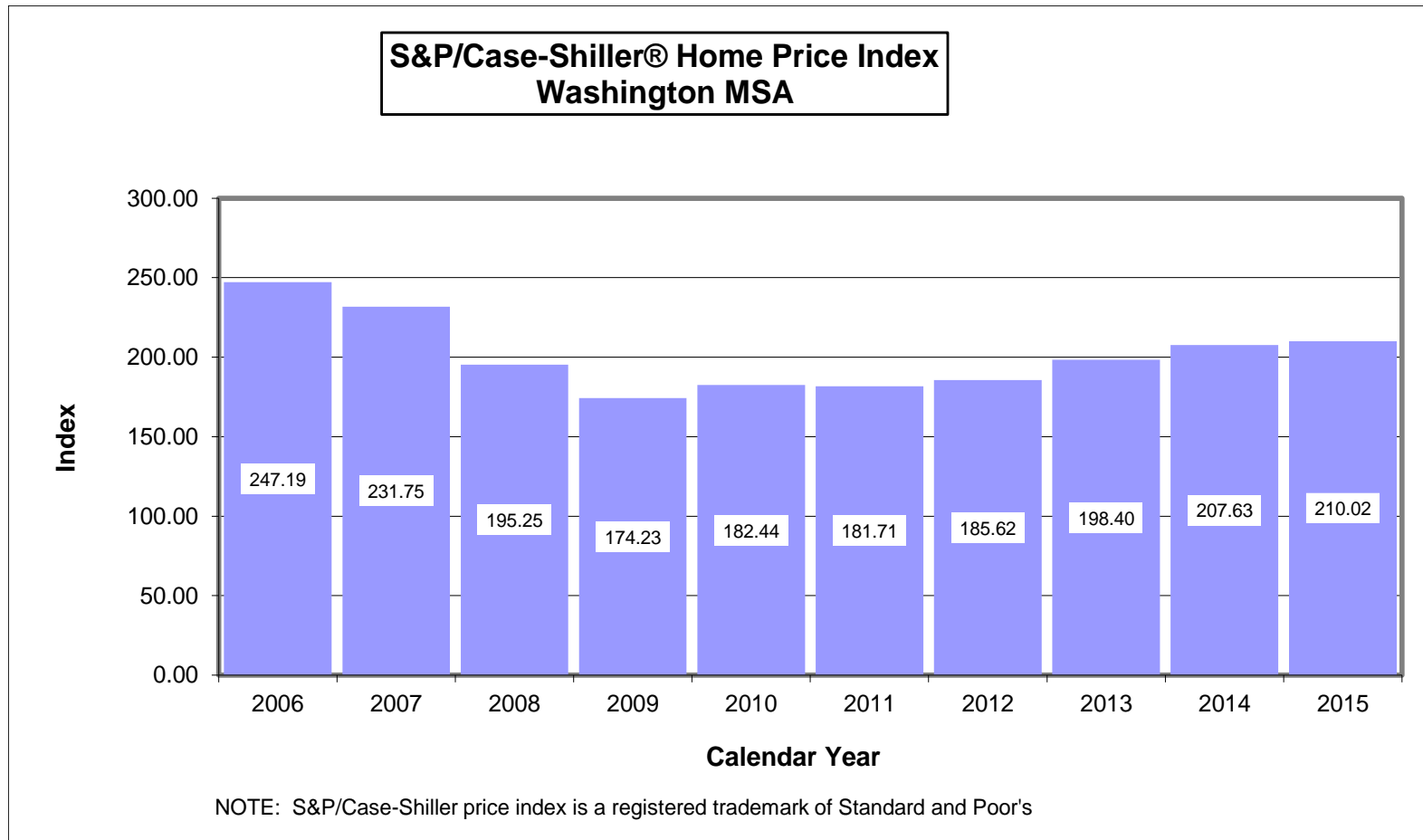
The percent change in the consumer price index (CPI) decreased from 1.54 percent in CY2014 to 0.33 percent in CY2015.

For the previous five years (CY2010 to CY2014), the average increase in the CPI was 2.06 percent but well below the three-year average of 3.92 percent between CY2006 and CY2008.

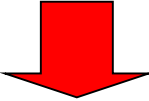
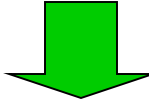


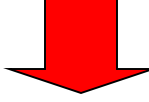

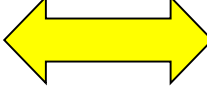



As measured by the S&P/Case-Shiller Home Price Index®, home prices for the Washington metropolitan area increased 1.2 percent in CY2015.

However, the index remained 15.0 percent below its peak in CY2006.

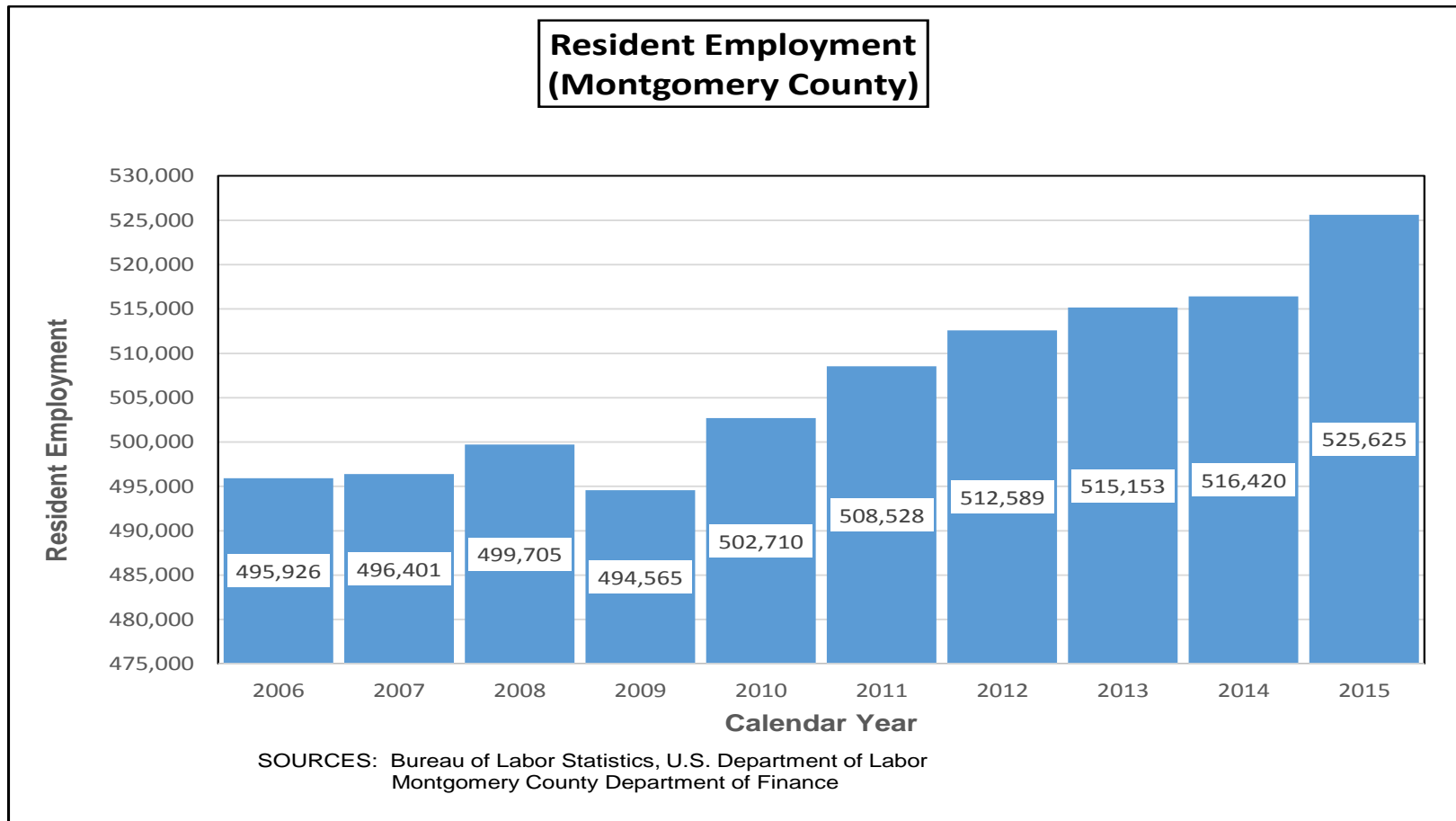


Montgomery County Economic Indicators

ECONOMIC INDICATOR DASHBOARD	LATEST DATA	REVENUE AFFECTED	EXPLANATION	COMPARISON	DIRECTION
INFLATION	0.33% 2015	Property Taxes	Key determinant of property tax revenues at the Charter Limit	2014: 1.54% 2013: 1.52%	
UNEMPLOYMENT RATE	4.0% 2015	Income Taxes	Indicates overall health of the job market	2014: 4.4% 2013: 5.0%	
RESIDENT EMPLOYMENT	525,625 2015	Income Taxes	Primary determinant of income tax receipts	2014: 516,420 2013: 515,153	
PAYROLL EMPLOYMENT (Estimated)	485,500 2015	Income Taxes	Another determinant of income tax receipts	2014: 476,000 2013: 472,100	
STOCK MARKET - S&P 500	2,043.94 December 31st: 2015	Income Taxes	Key determinant of capital gains portion of the income tax	December 31st: 2014: 2,058.90 2013: 1,848.36	
HOME SALES	12,191 2015	Transfer/ Recordation Taxes	Indicates activity affecting receipts	2014: 10,976 2013: 11,461	
HOME PRICES (Median Price Sold)	\$400,000 2015	Transfer/ Recordation Taxes	Taxes are based on values, affects amount of taxes collected	2014: \$400,000 2013: \$400,000	
FEDERAL FUNDS RATE	0.38% Feb. 2016	Investment Income	County's return on investments closely correlated with the Fed Fund rates	Feb. 2015: 0.11% Feb. 2014: 0.07%	

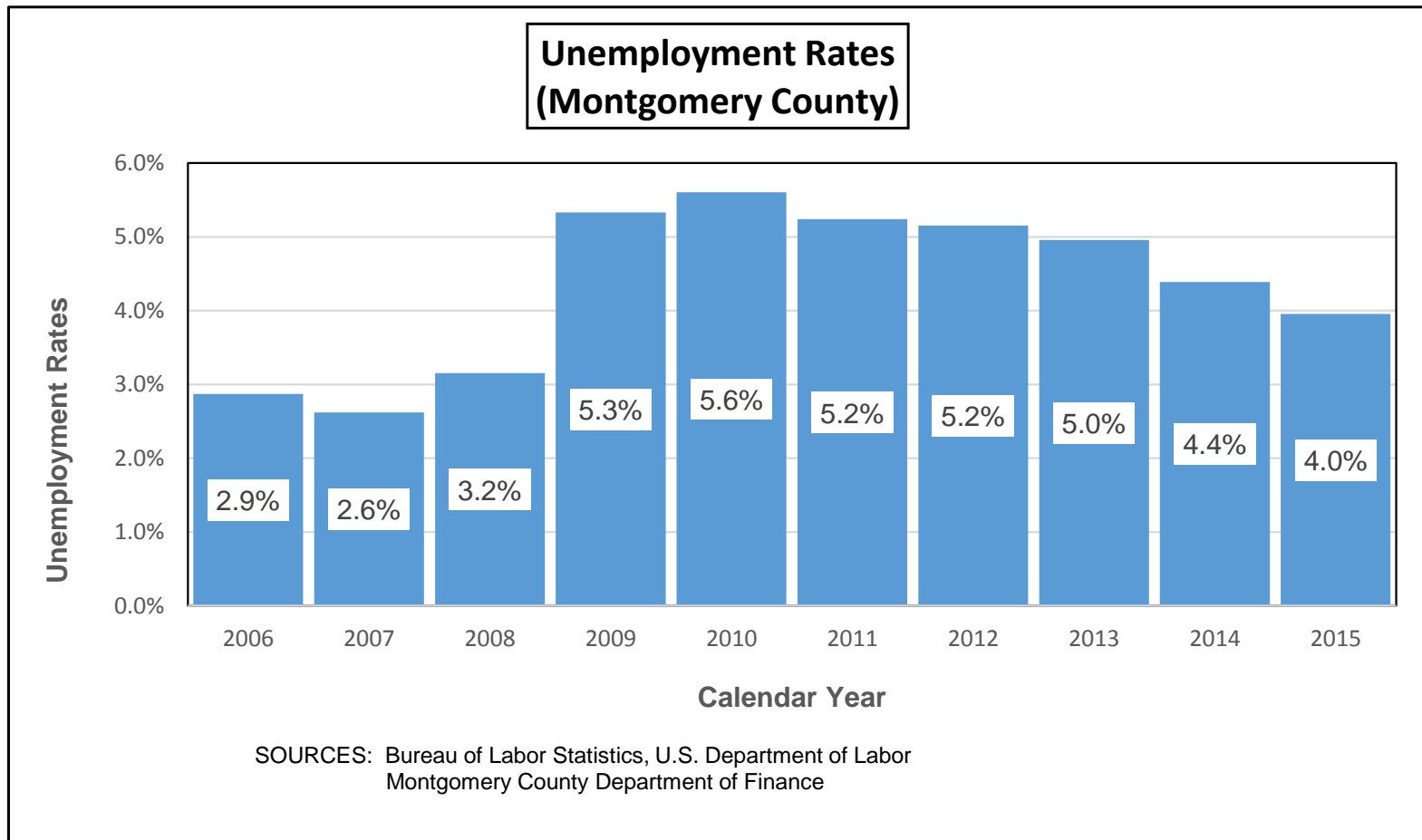
Resident employment in Montgomery County stood at 525,625 in CY2015.

Resident employment (household survey) increased 1.8 percent (↑9,200) from 516,420 in CY2014 and was at an all time high.



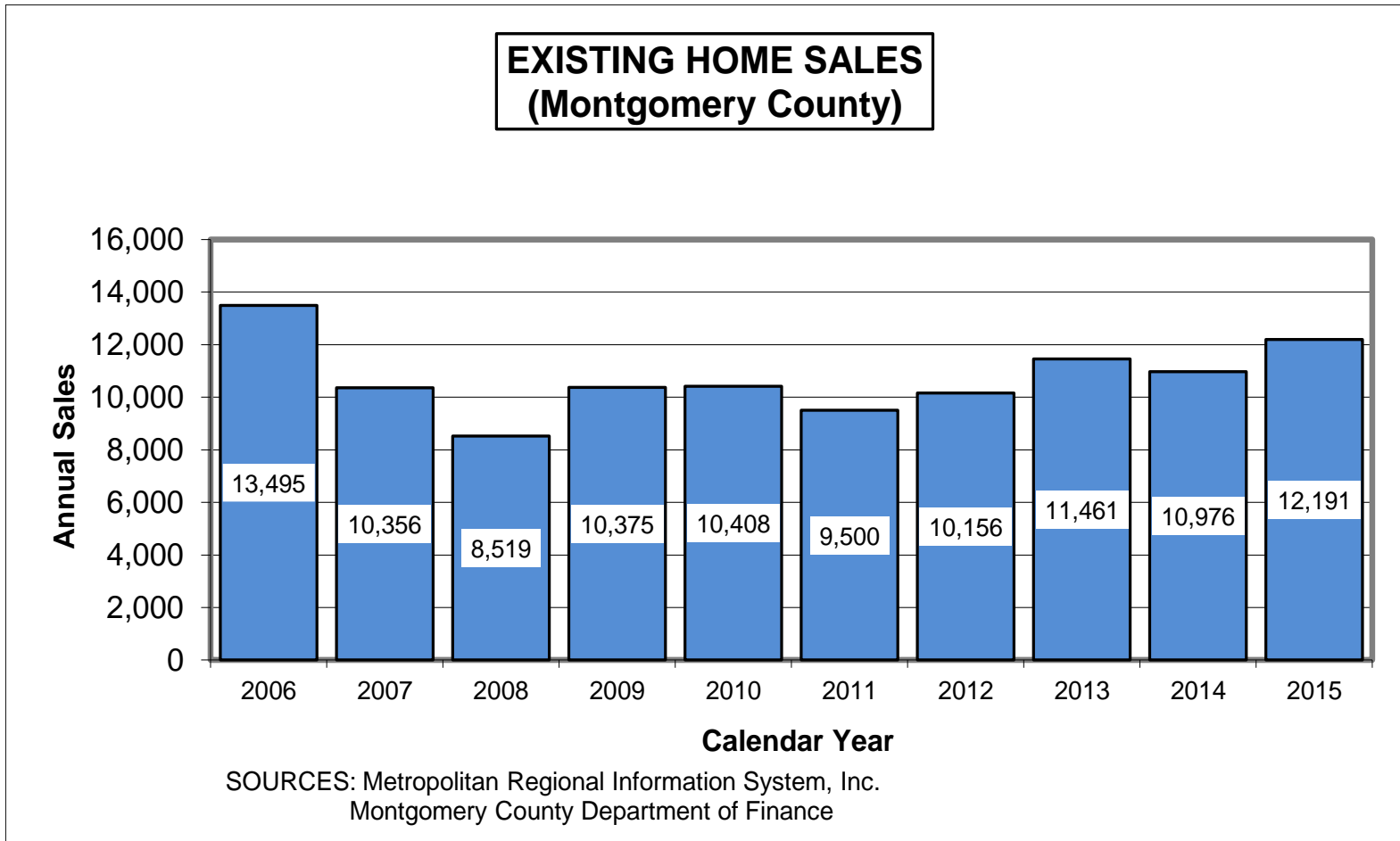
The unemployment rate continued to decline in CY2015 from its peak of 5.6 percent in CY2010.

The unemployment rate declined from 4.4 percent in CY2014 to 4.0 percent in CY2015 but remained above the low unemployment rates experienced between CY2006 and CY2008.



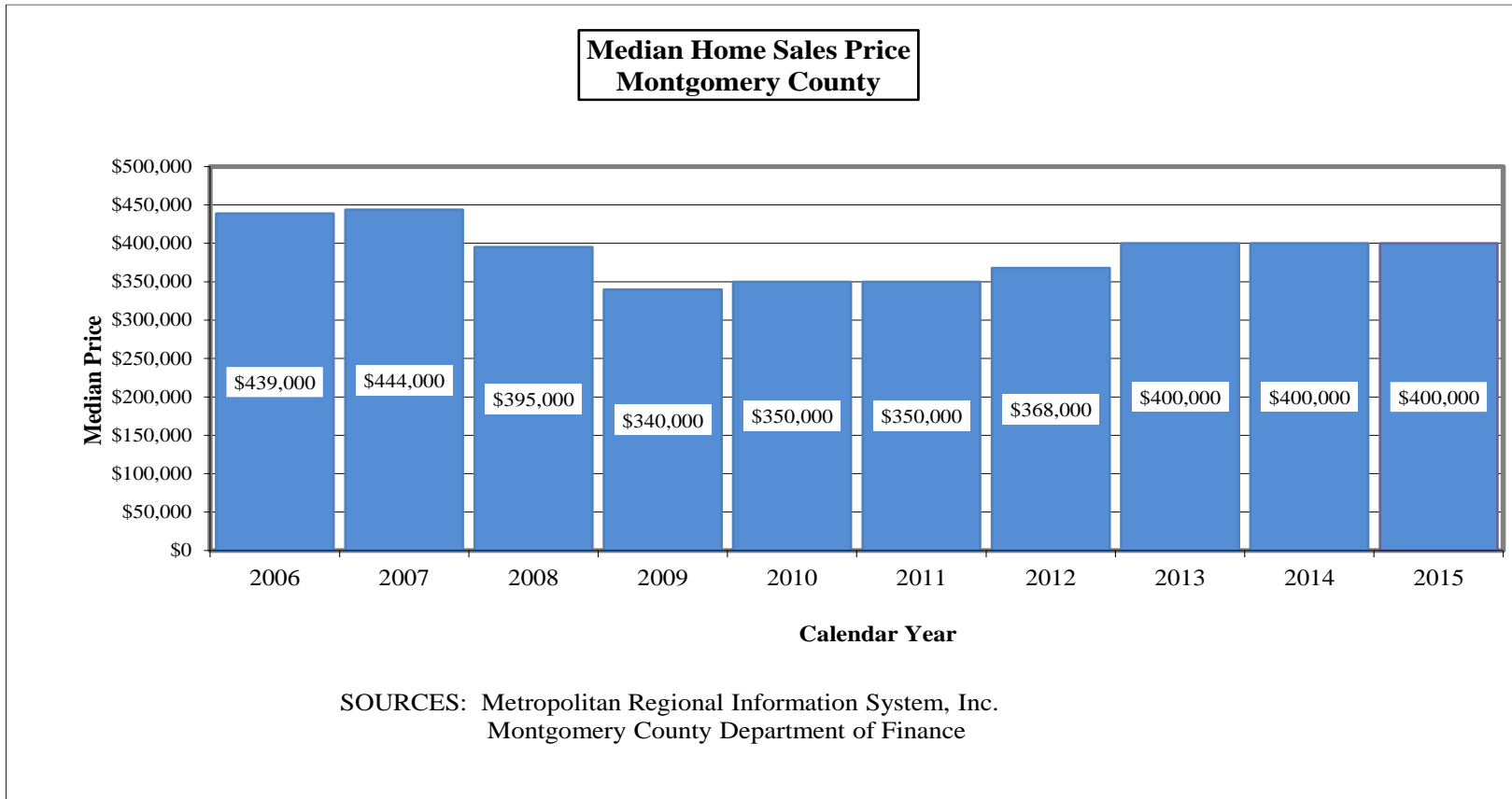
Home sales increased 11.1 percent in CY2015 to over 12,000 units.

Sales in CY2015 exceeded the previous eight-year average of 10,220 units but remained below the number of sales during the housing boom prior to CY2007.



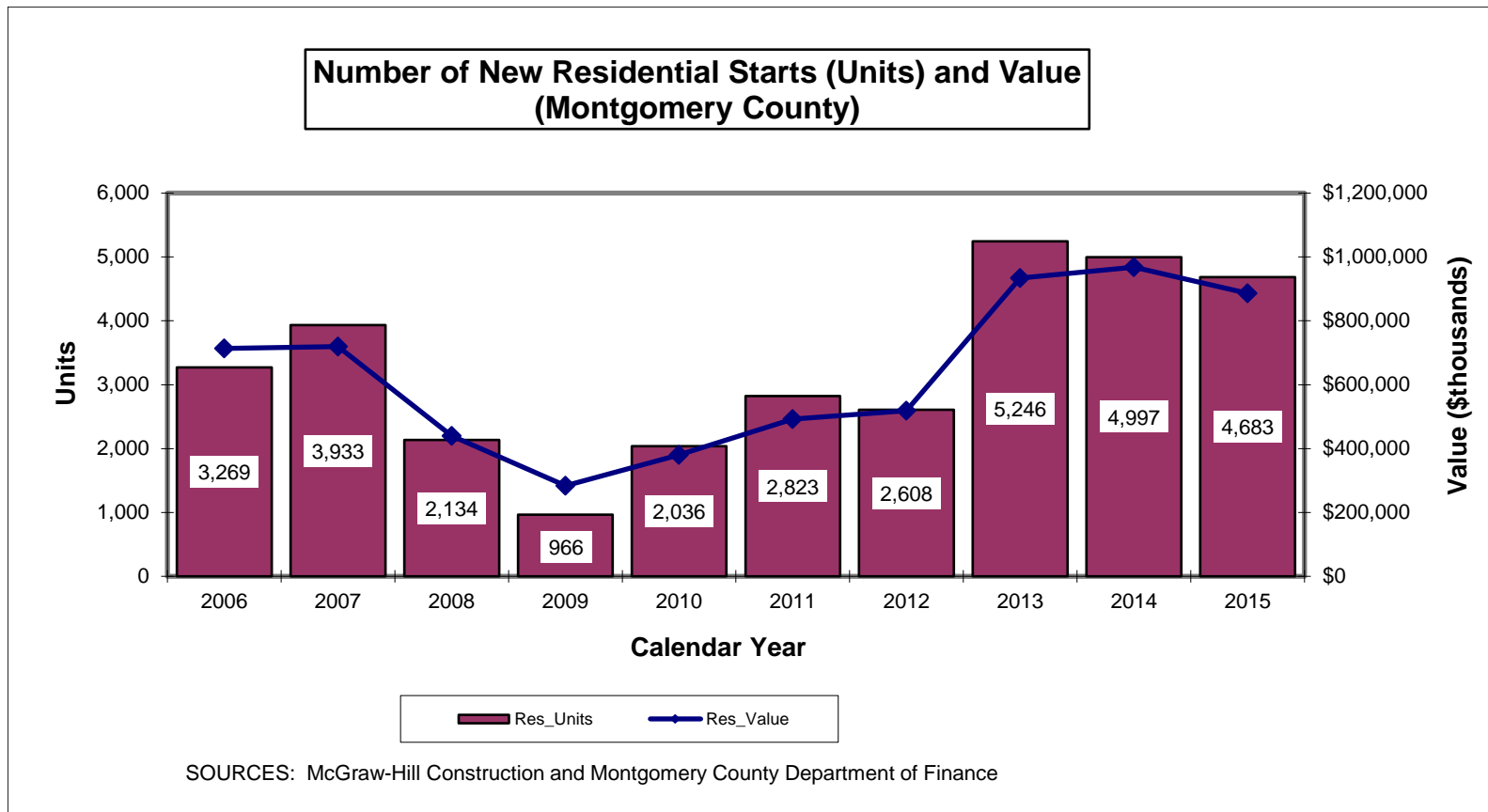
Median home sales prices at \$400,000 did not change in CY2015.

With the sales of existing homes in the County increasing 11.1 percent in CY2015, the median sales price remained constant and have remained constant over the past three years.



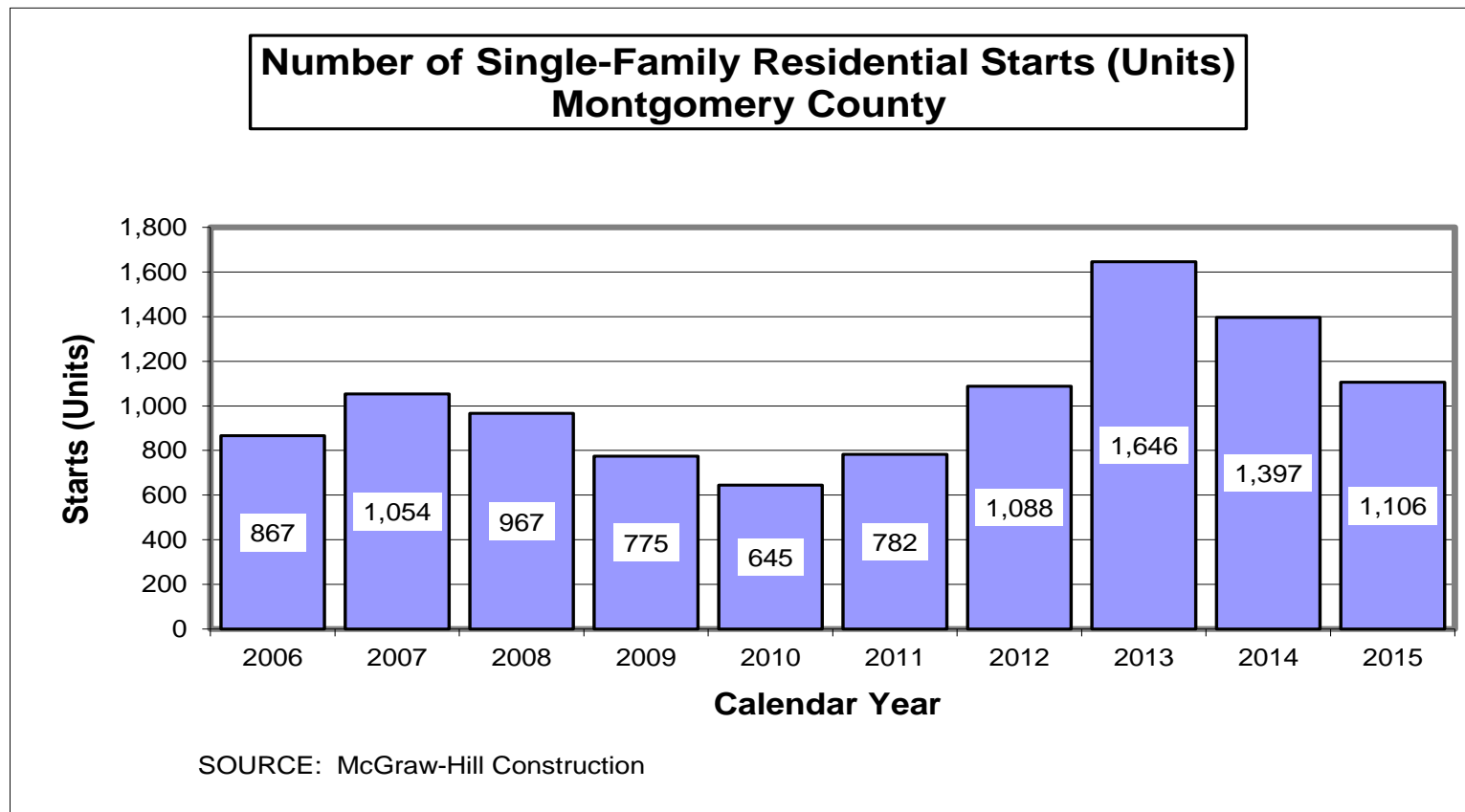
Construction of new residential properties (units) was down almost 6.3 percent in CY2015 – but was the third highest since CY2004 (4,686 units).

Construction of single-family homes was down 20.8 percent but the construction of new multi-family units increased 1.1 percent.



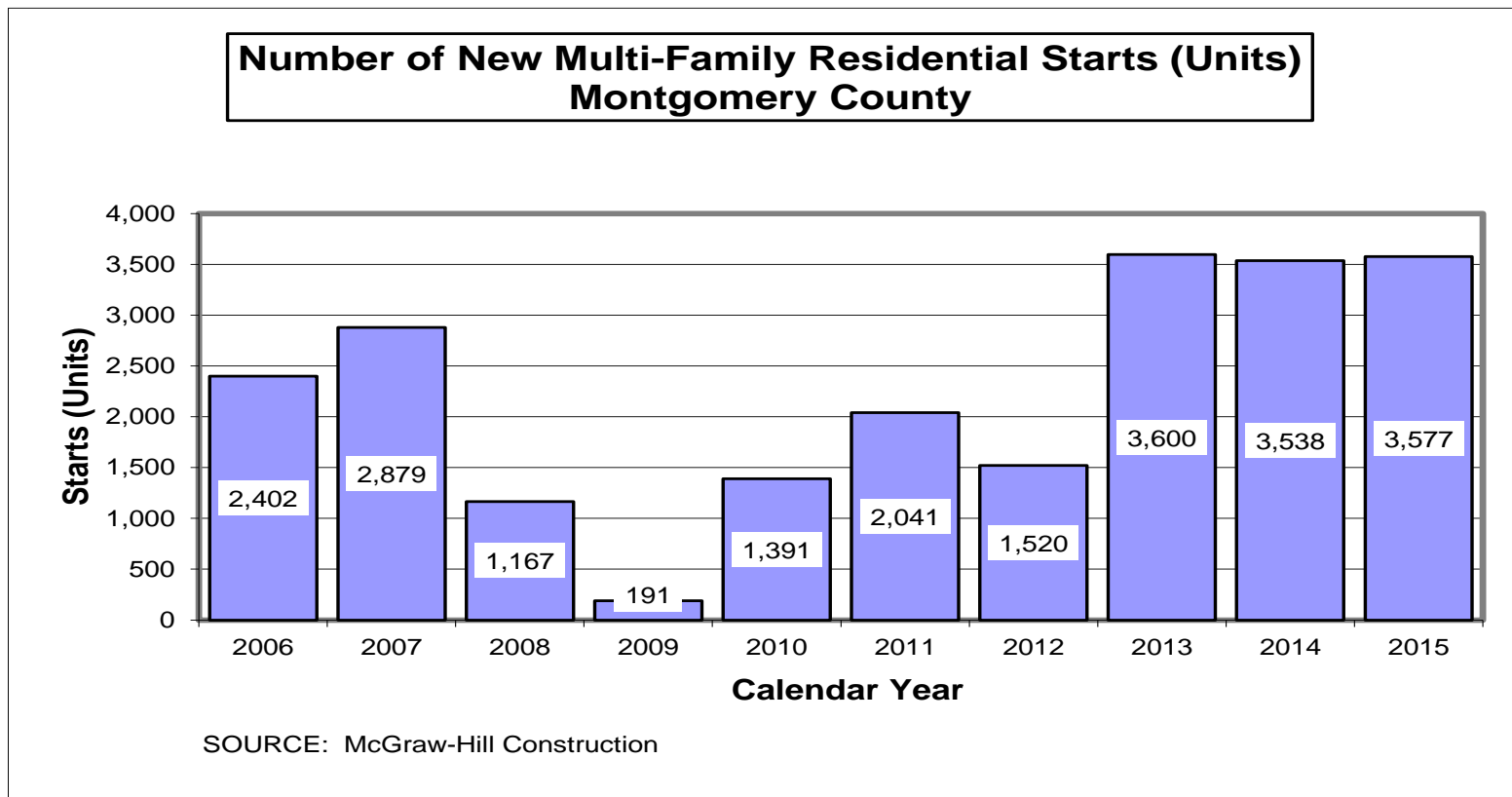
Single-family construction (units) decreased in CY2015 but was the third highest level during the past ten years.

Between CY2006 and CY2011, the construction of new single-family homes averaged 850 units per year – a result of the bust in the housing boom during prior years. Between CY2012 and CY2015, annual construction of single-family homes averaged nearly 1,310 units per year attributed to dramatic growth in CY2013 or 1,200 units excluding CY2013.



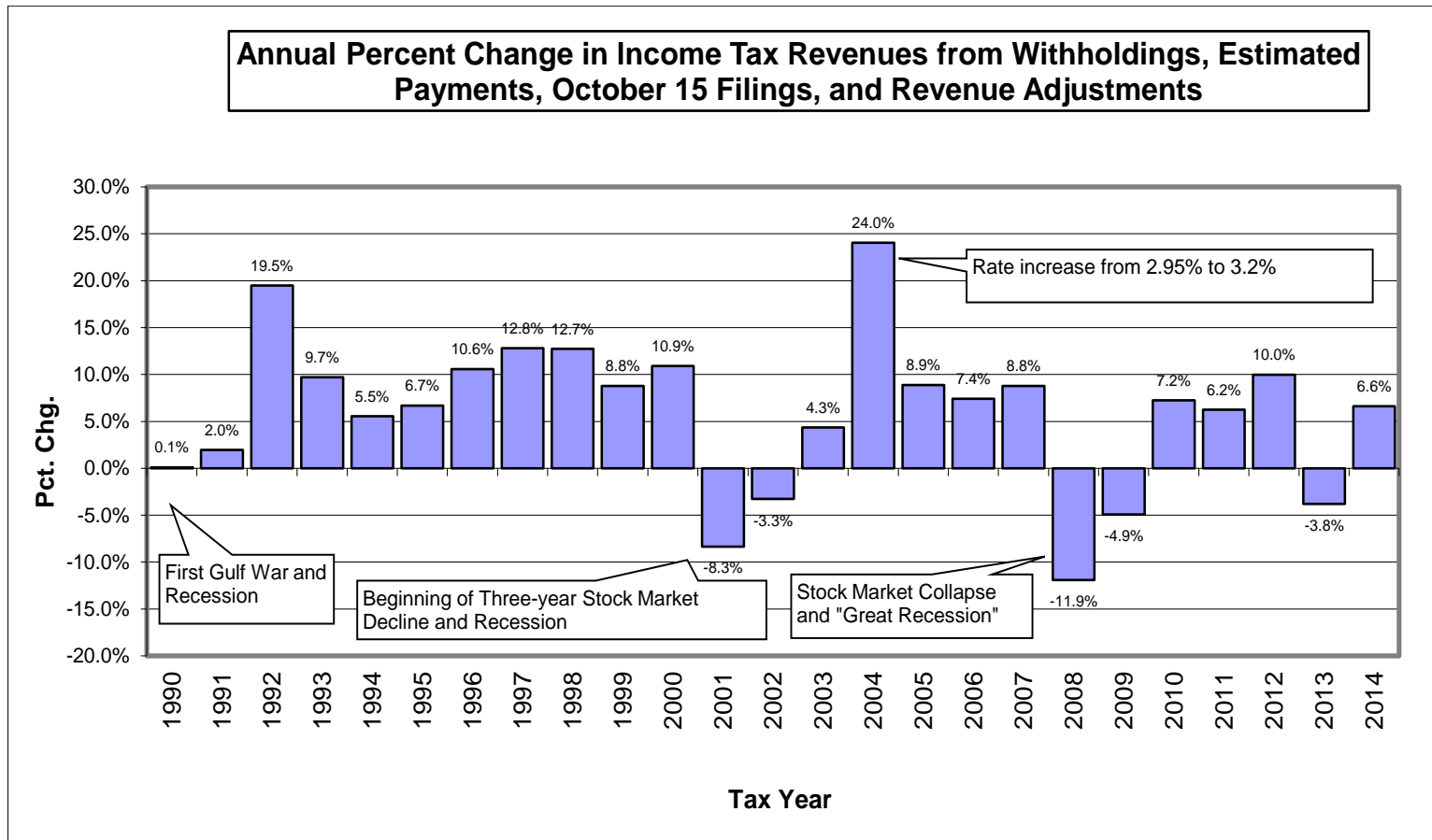
Construction of multi-family units was up significantly over the past three year at an annual average of over 3,570 units.

From CY2006 to CY2007, construction of multi-family units averaged nearly 2,640 units per year. With the housing crash, construction declined significantly in CY 2008 and CY2009. Since then, construction rebounded by CY2013 and exceeded construction in CY2006 and CY2007.



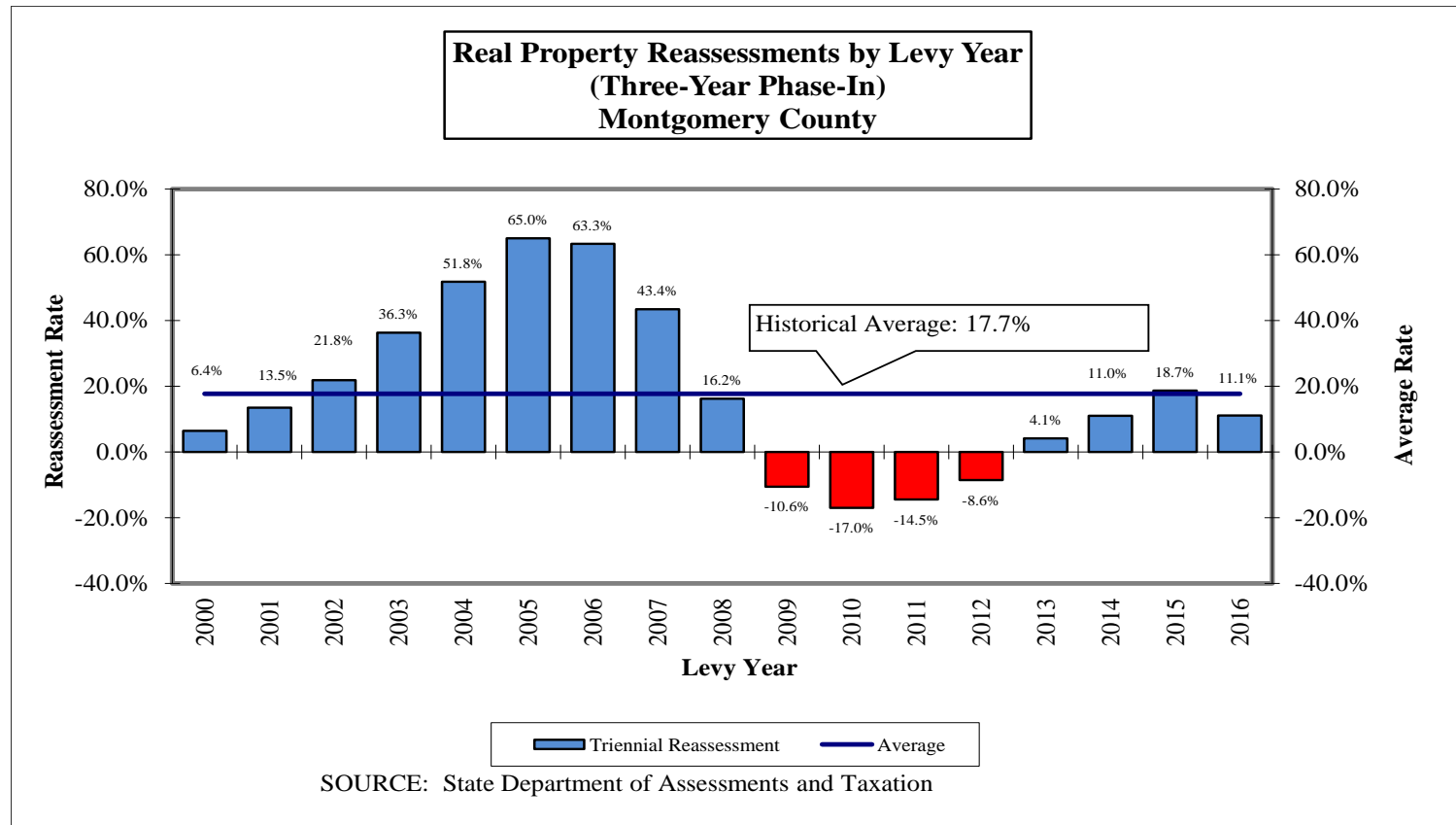
Income Tax Volatility

Year-over-year percent changes in the income tax are volatile and sensitive to economic events especially capital gains in Montgomery County.



Real Property Reassessments

After four consecutive years of declines from levy year 2009 to levy year 2012, the reassessment rate for real property increased over the past four years. However the rate of 11.1 percent for levy year 2016 (FY2017 – Group 1) is largely attributed to the 20.9 percent increase for “commercial” property, while residential property increased 9.6 percent.



SUMMARY

- The County's unemployment rate in January was 3.6 percent and down from the 4.3 percent in January last year. However, the increase in the County's resident employment in CY2015 could provide an offset to the impact of the Wynne decision by the U.S. Supreme on the County's income tax revenues through the remainder of this fiscal year.
- Sales of existing homes in the County increased 11.1 percent in CY2015 but median prices did not change. The growth in housing sales suggests that the housing market has begun to rebound from the effects of the housing bust. The housing market is expected to continue its growth albeit at a lower rate and prices both average sales price and median price are expected to increase during FY2016 and FY2017.
- Inflation for the Washington-Baltimore region was 0.33 percent in CY2015 – one percentage point below the increase in CY2014. The low rate of inflation significantly reduced real property tax revenues at the charter limit below previous estimates.