
Montgomery County, Maryland

ECONOMIC INDICATORS

Montgomery County Council

Department of Finance

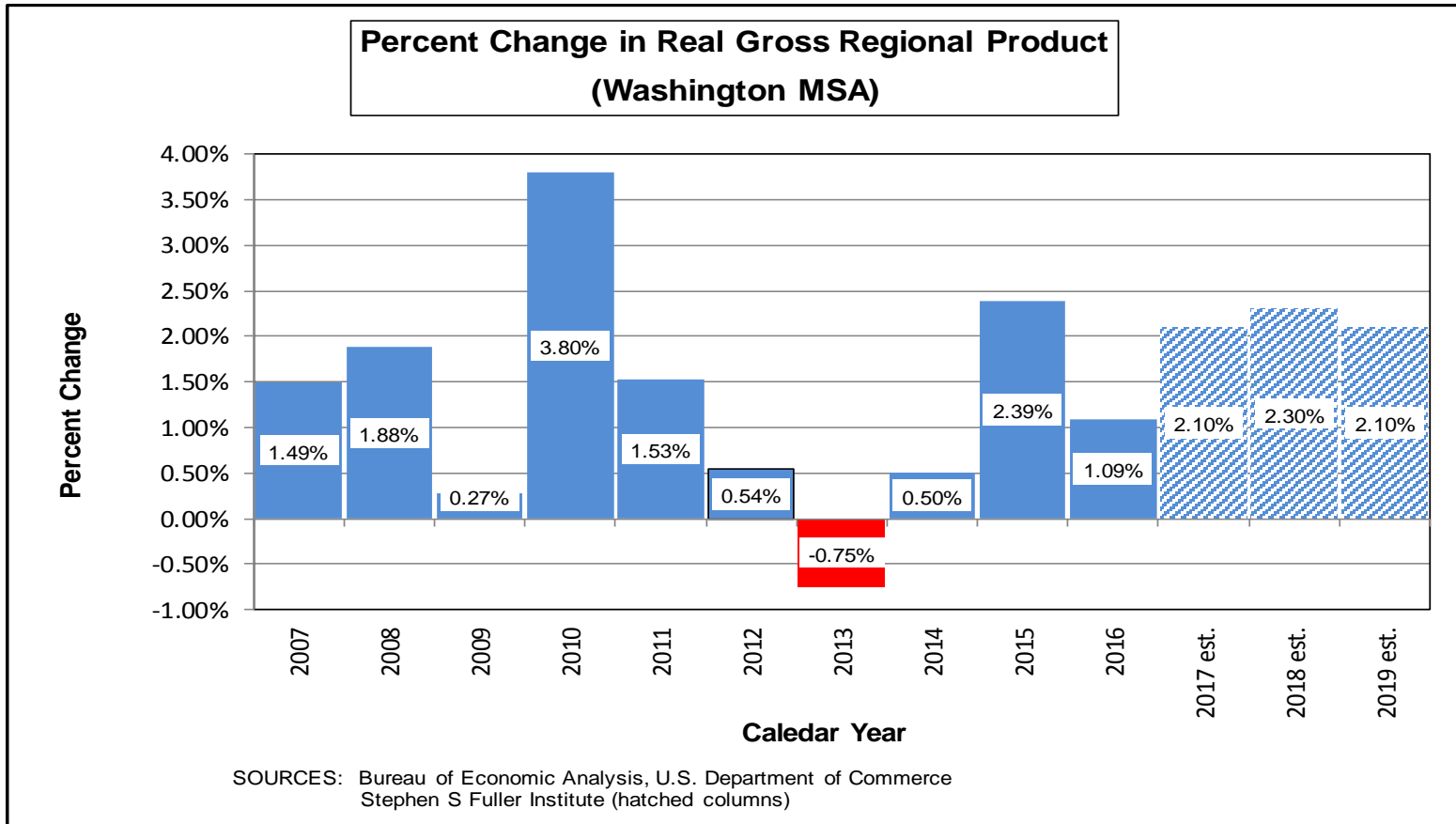


April 17, 2018

Regional and State Economic Indicators

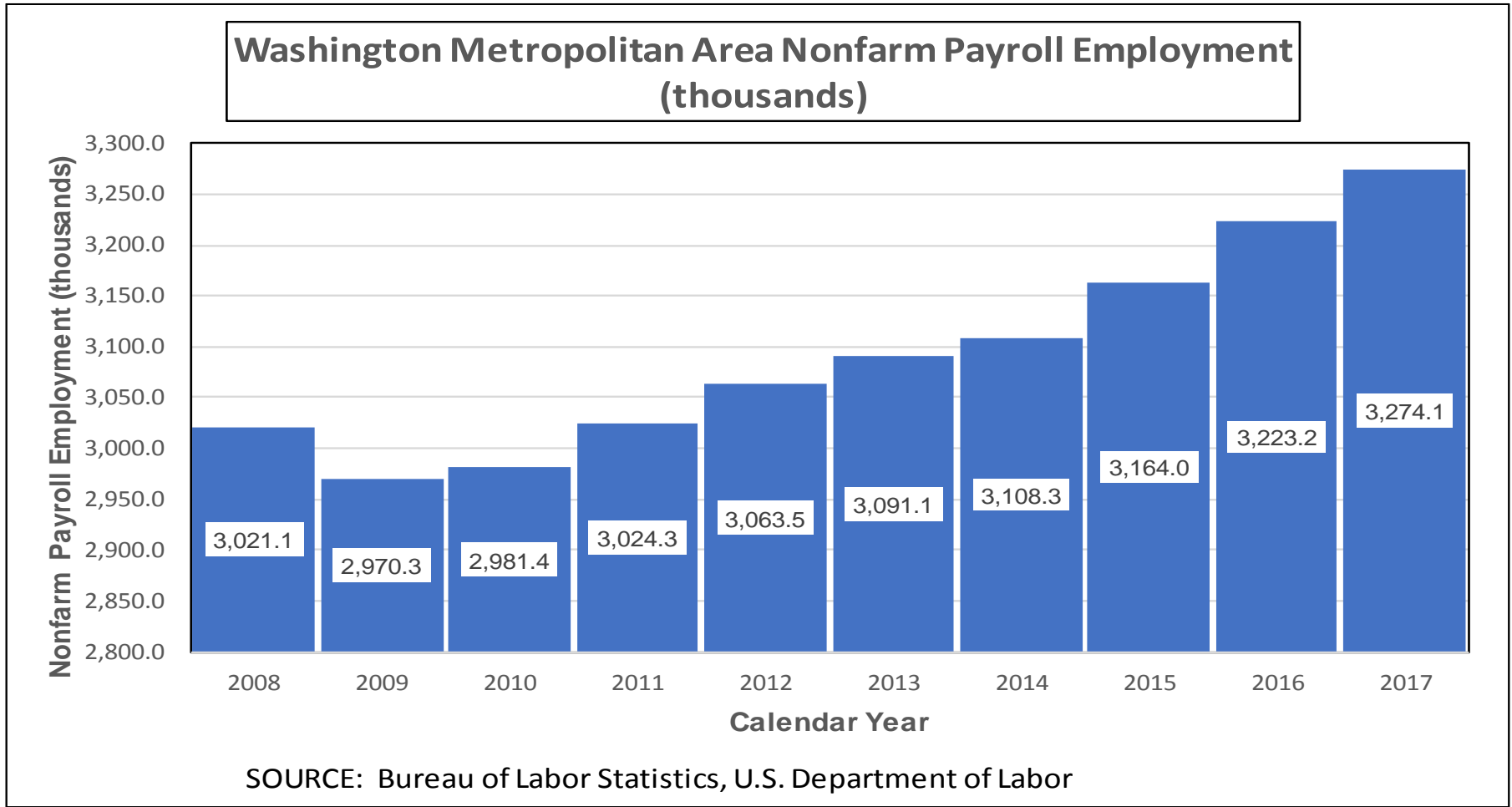
Real gross regional product increased 1.09 percent in CY2016 according to the Bureau of Economic Analysis, the latest date available.

The Stephen S. Fuller Institute estimates growth in real GRP in the Washington area increased 2.10 percent in CY2017, and estimated to increase an average of 2.20 percent per year from CY2018 to CY2019.



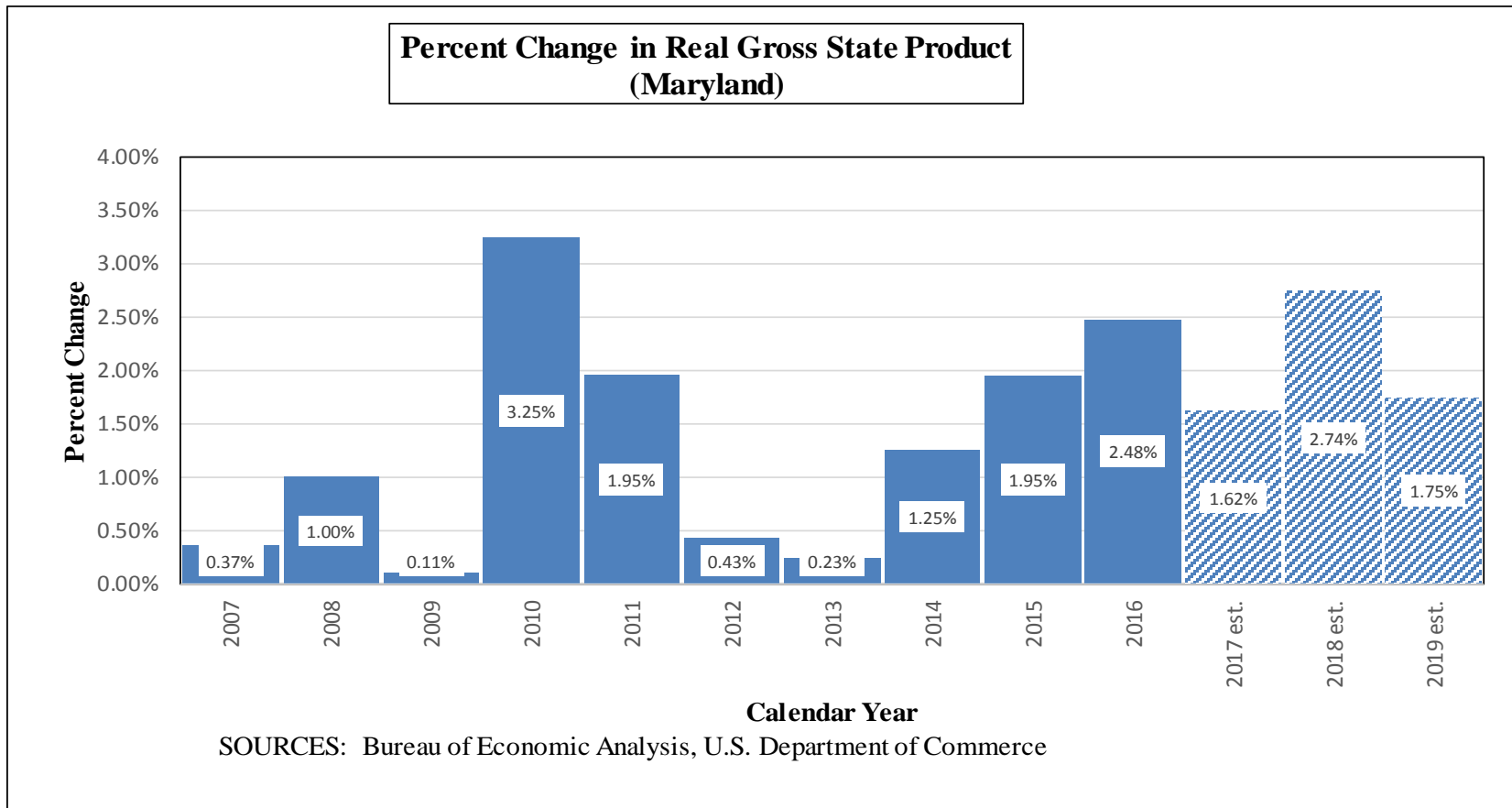
Payroll employment in the Washington area was nearly 3.3 million in CY2017.

Employment increased by 50,900 ($\uparrow 1.6\%$) from CY2016 to reach nearly 3.3 million an all time high in CY2017.



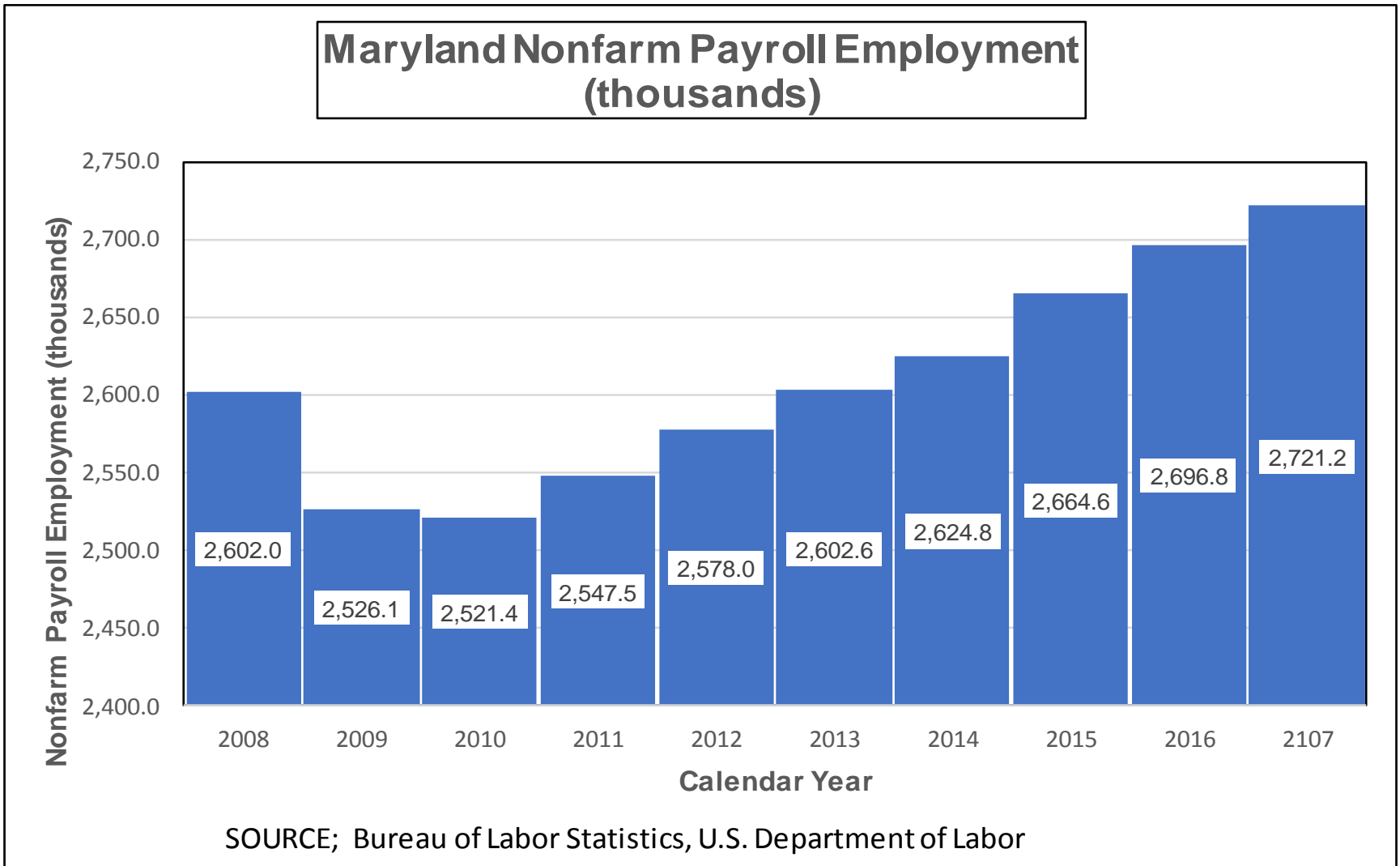
Real gross state product increased 2.48 percent in CY2016 according to the Bureau of Economic Analysis, the latest date available.

Moody's Analytics estimates growth in real GSP in Maryland increased 1.62 percent in CY2017 and estimates an average of 2.25 percent per year from CY2018 to CY2019 .



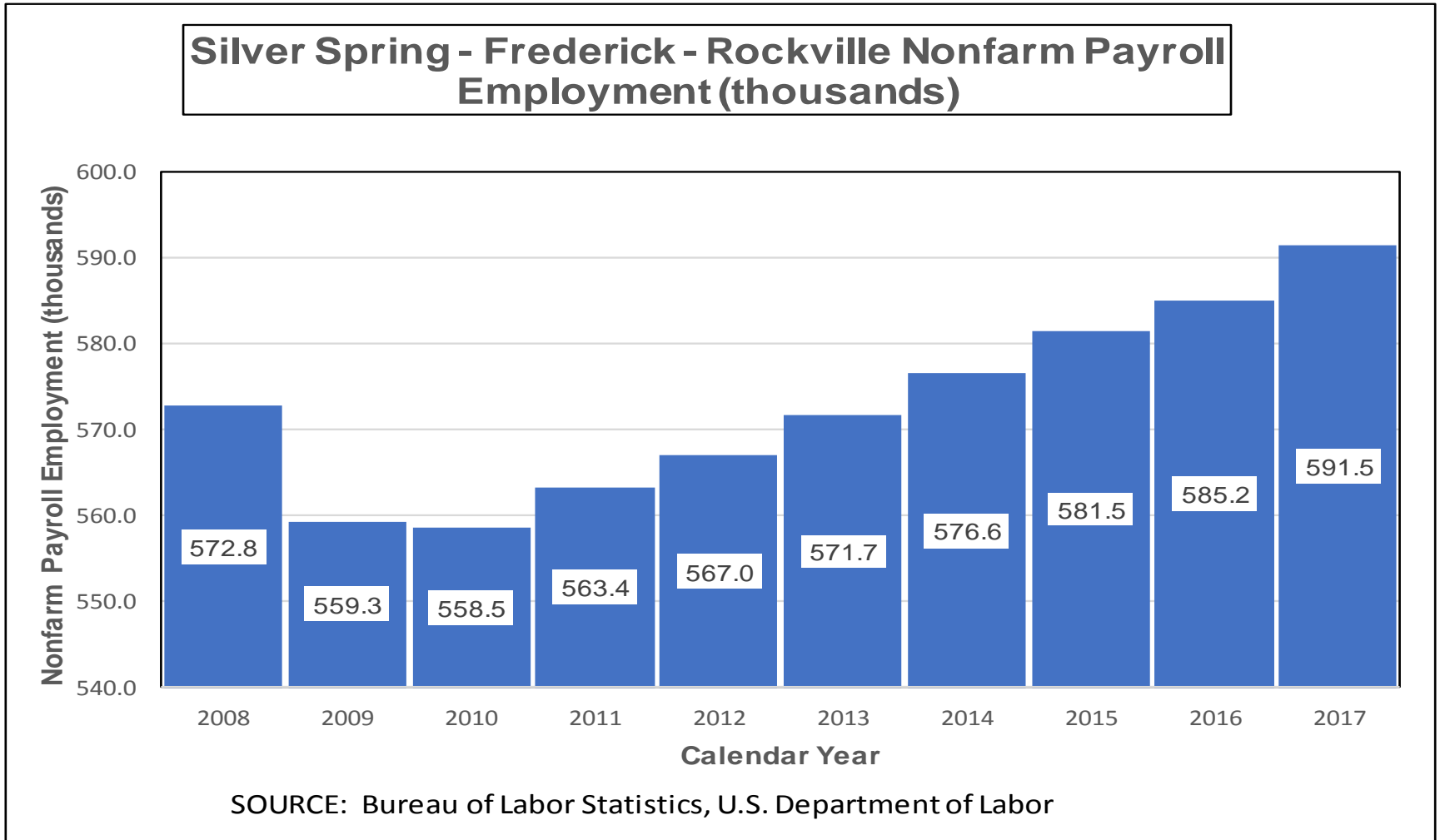
Payroll employment in Maryland stood at over 2.7 million in CY2017.

Employment increased by 24,400 (↑0.9%) from CY2016 to reach over 2.7 million an all time high in CY2017.



Payroll employment in the Silver Spring-Frederick-Rockville metropolitan division was 591,500 in CY2017.

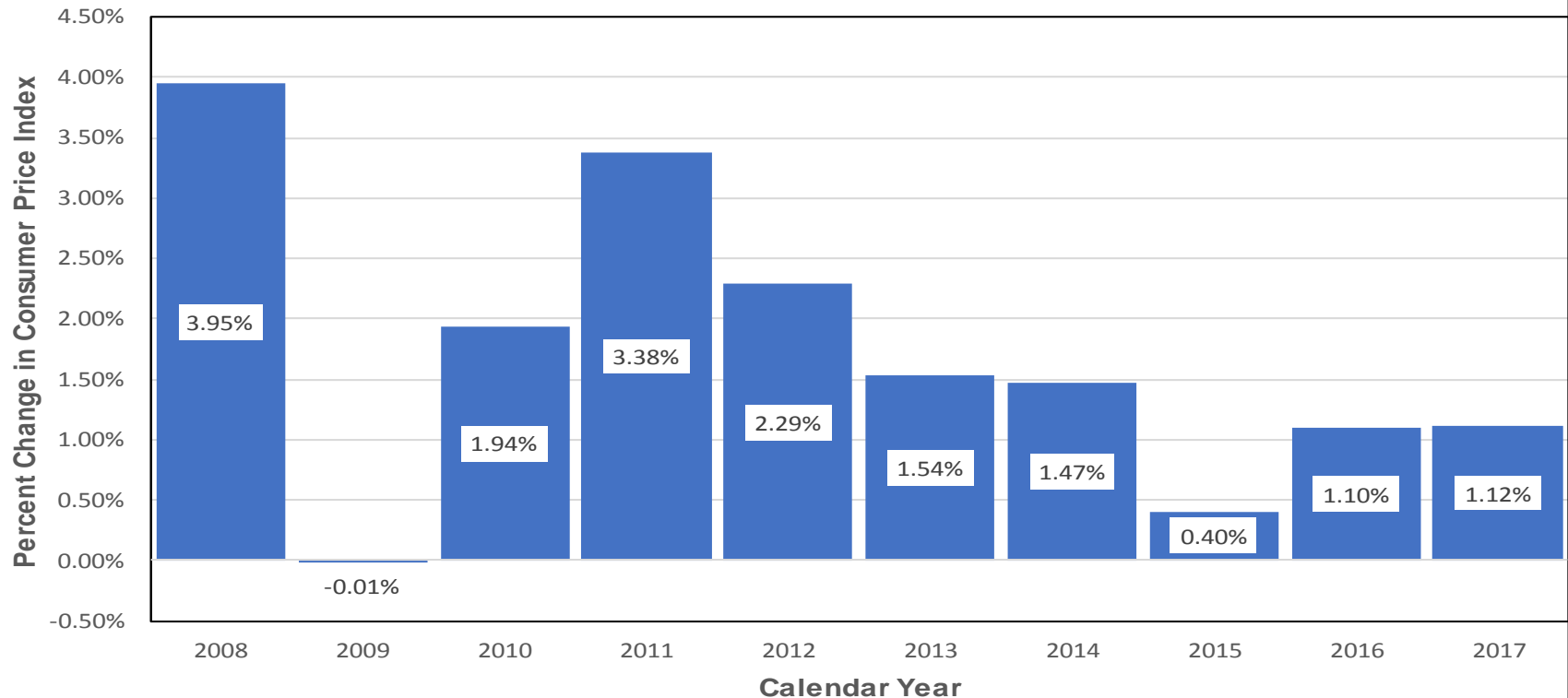
Employment increased 6,300 (↑1.1%) from CY2016 to CY2017 to reach all time high in CY2017.



The percent change in the consumer price index (CPI) experienced no significant increase from CY2016 (1.10%) to CY2017 (1.12%).

For the five years (CY2013 to CY2017), the average increase in the CPI was 1.13 percent but well below the three-year average of over 2.50 percent between CY2010 and CY2012.

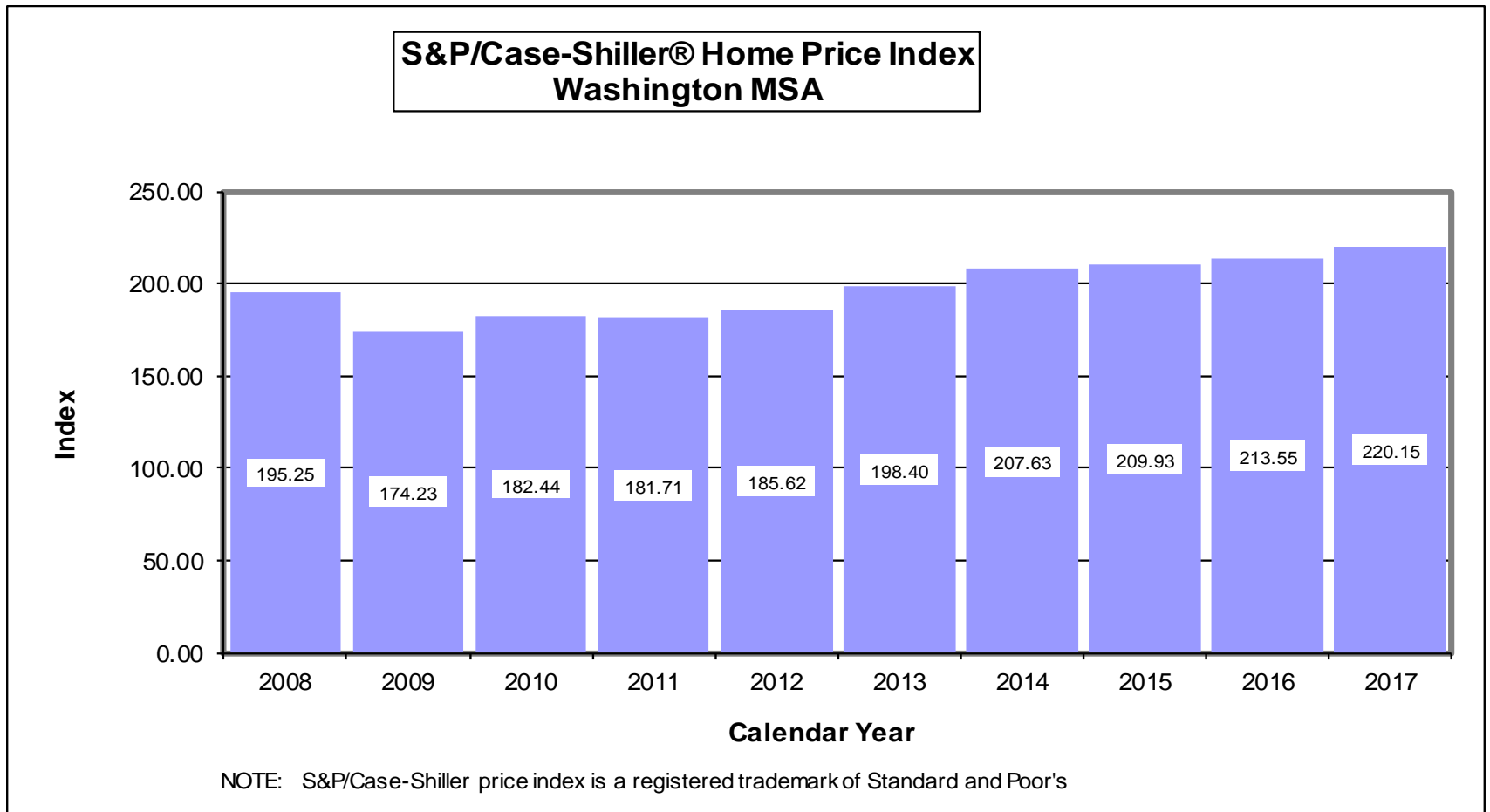
**Annual Percent Change in the Consumer Price Index - All Items
Washington MSA**



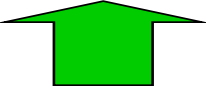
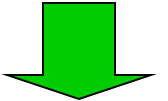






SOURCES: Bureau of Labor Statistics, U.S. Department of Labor
Montgomery County Department of Finance

As measured by the S&P/Case-Shiller Home Price Index®, home prices in the Washington metropolitan area increased 3.1 percent in CY2017.

However, the index remained 13.5 percent below its peak in CY2006.

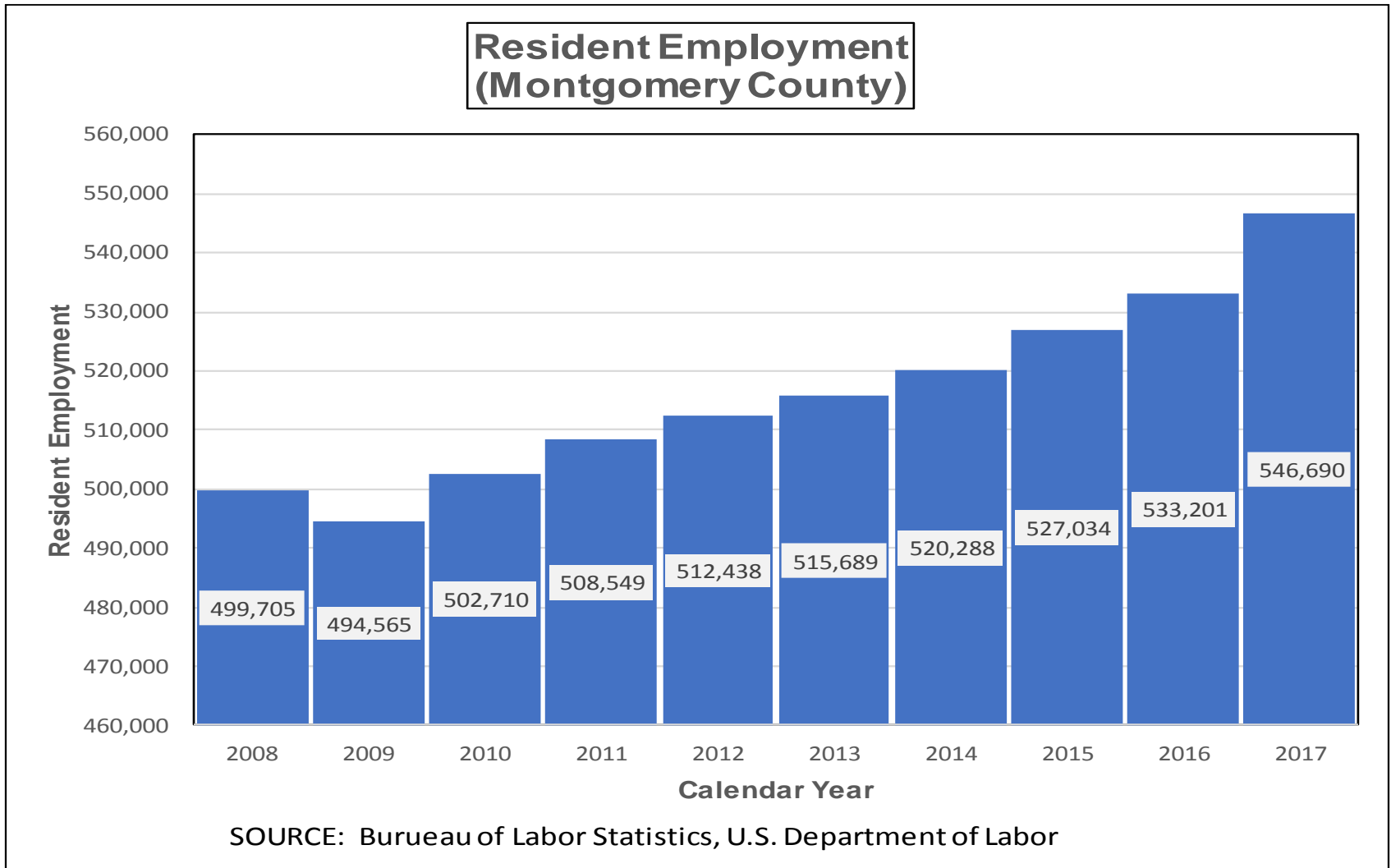


Montgomery County Economic Indicators

ECONOMIC INDICATOR DASHBOARD	LATEST DATA	REVENUE AFFECTED	EXPLANATION	COMPARISON	DIRECTION
INFLATION	1.18% 2016	Property Taxes	Key determinant of property tax revenues at the Charter Limit	2015: 0.33% 2014: 1.54%	
UNEMPLOYMENT RATE	3.4% 2016	Income Taxes	Indicates overall health of the job market	2015: 4.0% 2014: 4.4%	
RESIDENT EMPLOYMENT	533,101 2016	Income Taxes	Primary determinant of income tax receipts	2015: 527,510 2014: 520,811	
PAYROLL EMPLOYMENT (Estimated)	490,100 2016	Income Taxes	Another determinant of income tax receipts	2015: 485,100 2014: 478,200	
STOCK MARKET - S&P 500	2,238.83 December 31st: 2016	Income Taxes	Key determinant of capital gains portion of the income tax	December 31st: 2015: 2,043.94 2014: 2,058.90	
HOME SALES	12,896 2016	Transfer/ Recordation Taxes	Indicates activity affecting receipts	2015: 12,191 2014: 10,976	
HOME PRICES (Median Price Sold)	\$409,700 2016	Transfer/ Recordation Taxes	Taxes are based on values, affects amount of taxes collected	2015: \$400,000 2014: \$400,000	
FEDERAL FUNDS RATE	0.66% Feb. 2017	Investment Income	County's return on investments closely correlated with the Fed Fund rates	Feb. 2016: 0.38% Feb. 2015: 0.11%	

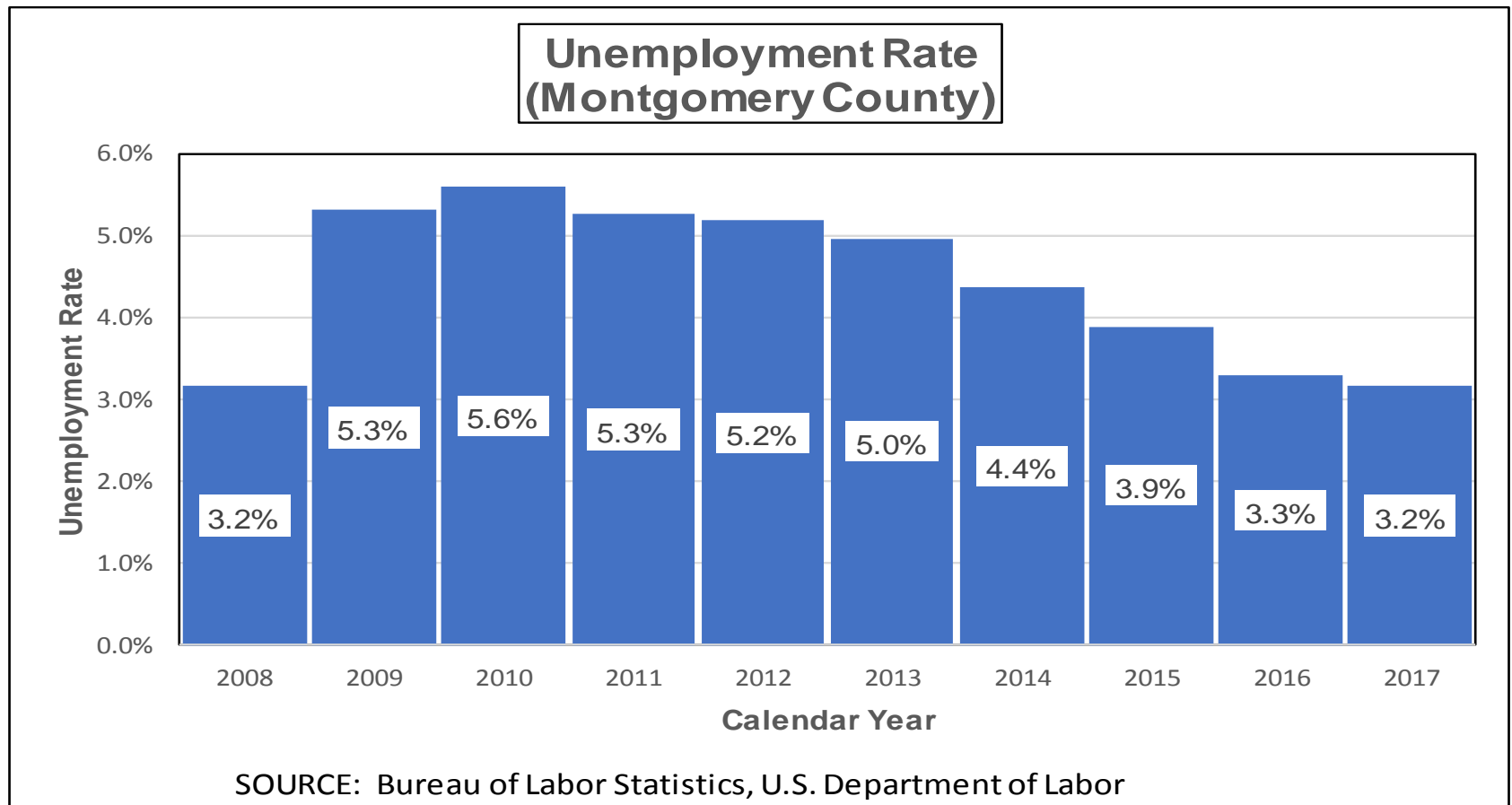
Resident employment in Montgomery County stood at 546,690 in CY2017.

Resident employment (household survey) increased 2.5 percent (↑13,500) from 527,510 in CY2016 to an all time high of 546,690 in CY2017.



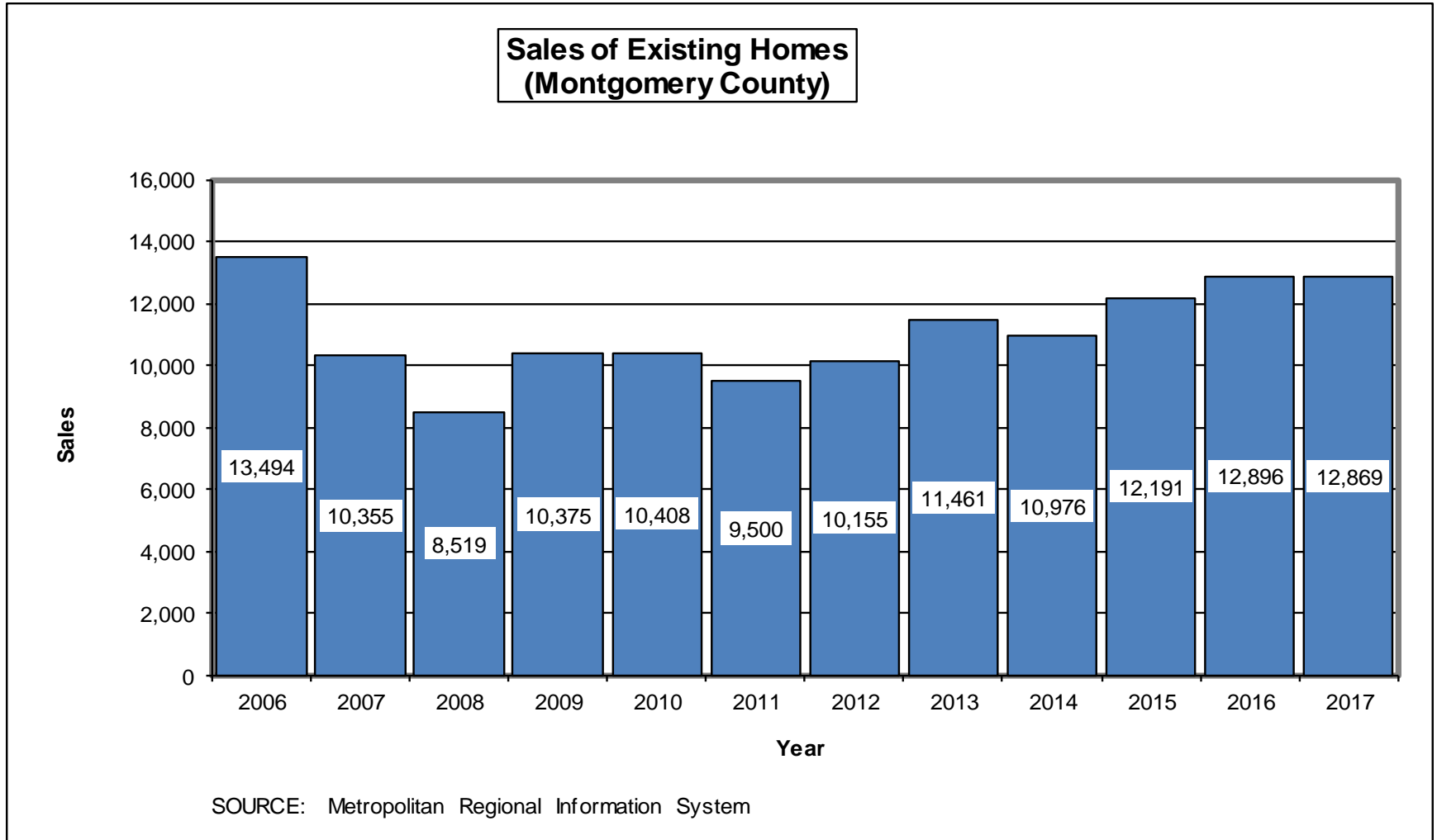
The unemployment rate continued to decline in CY2017 from its peak of 5.6 percent in CY2010.

The unemployment rate declined slightly from 3.3 percent in CY2016 to 3.2 percent in CY2017 to its lowest level since CY2008.



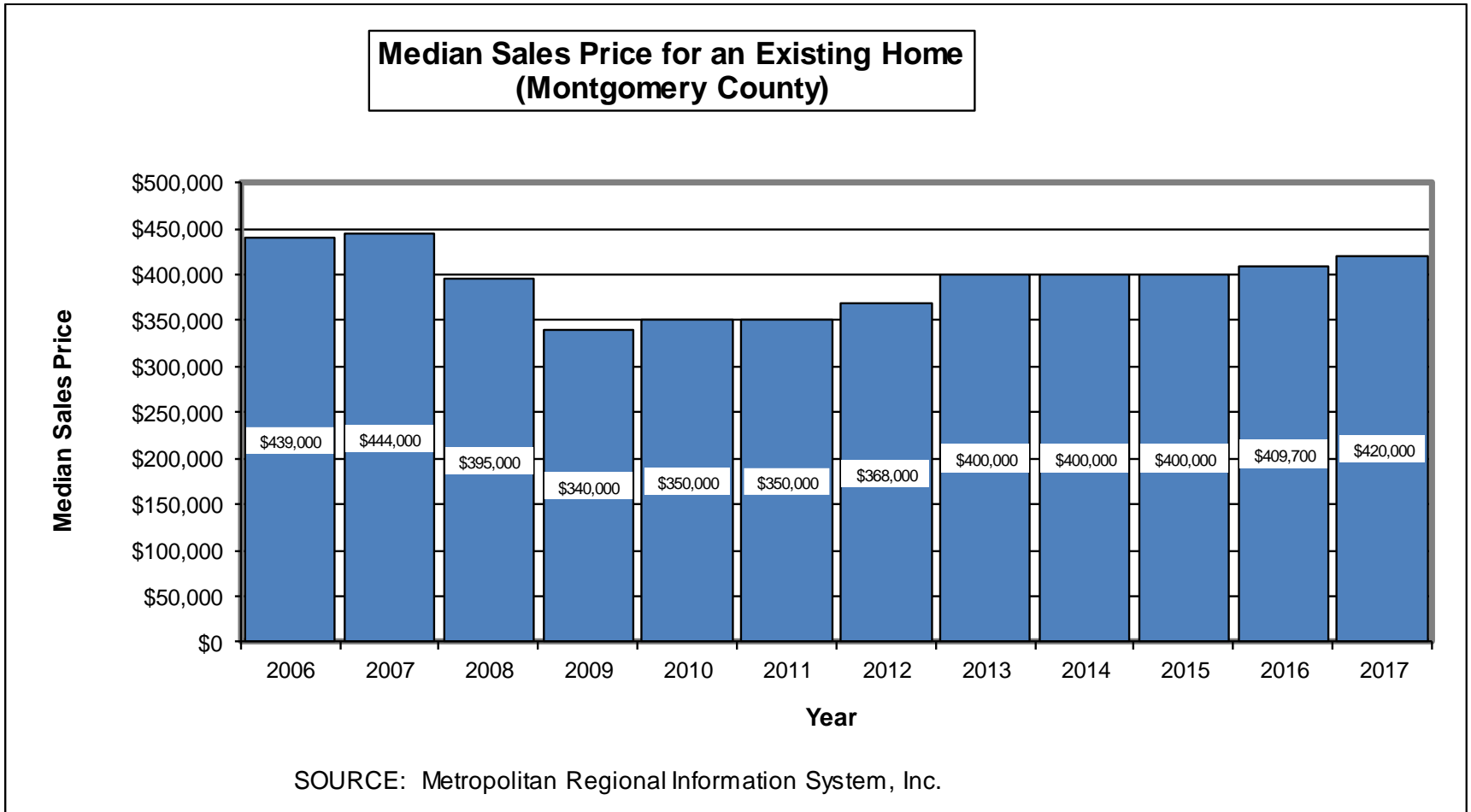
Home sales experienced a modest decrease of 0.2 percent in CY2017.

However, sales in CY2017 exceeded nine-year average of 10,440 units between CY2007 and CY2015 but yet remained below the number of sales during the housing boom prior to CY2007.

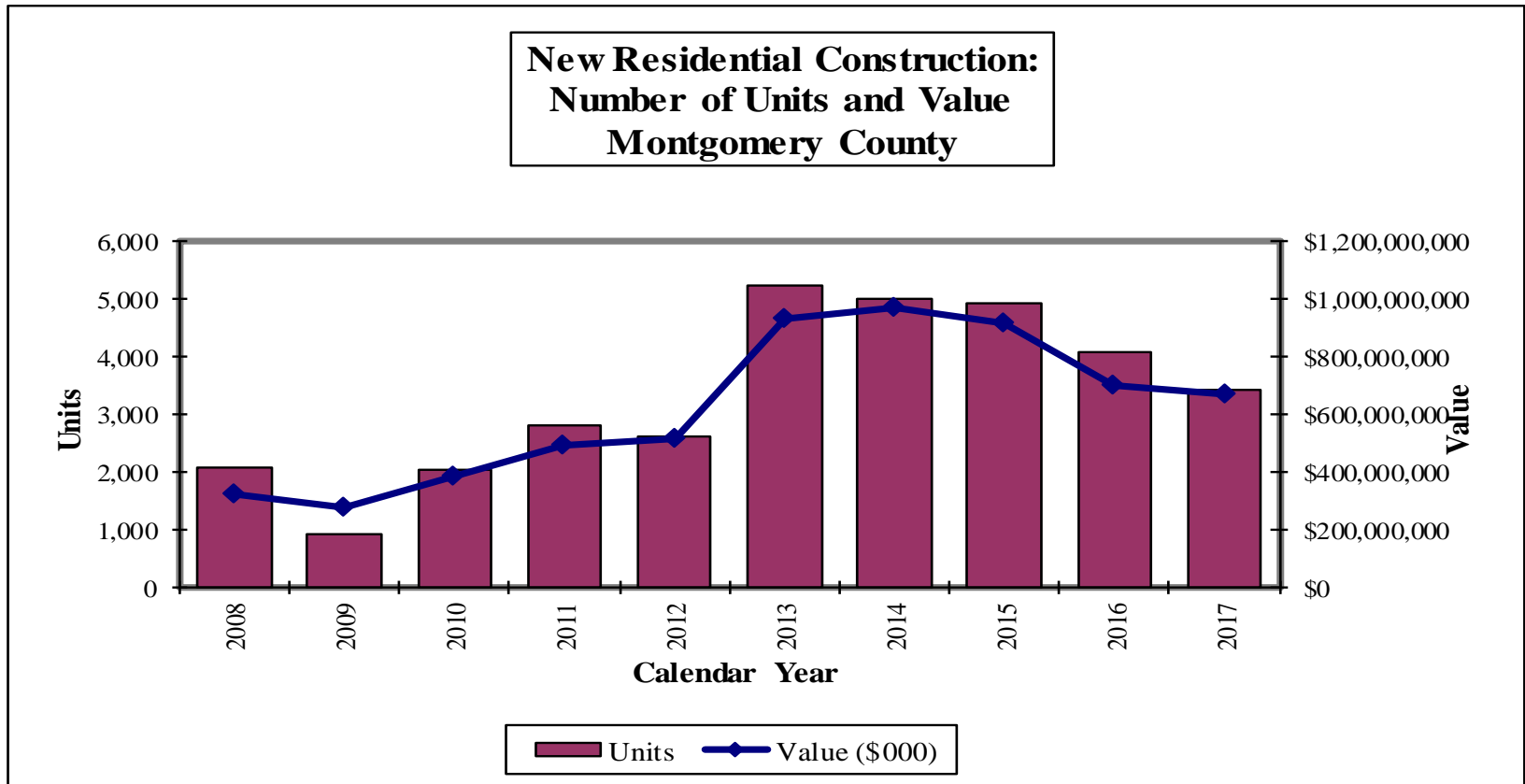


Median home sales prices grew to \$420,000 in CY2017, the second increase since CY2013.

With the sales of existing homes in the County experiencing no growth in CY2017, the median sales price increased 2.5 percent.

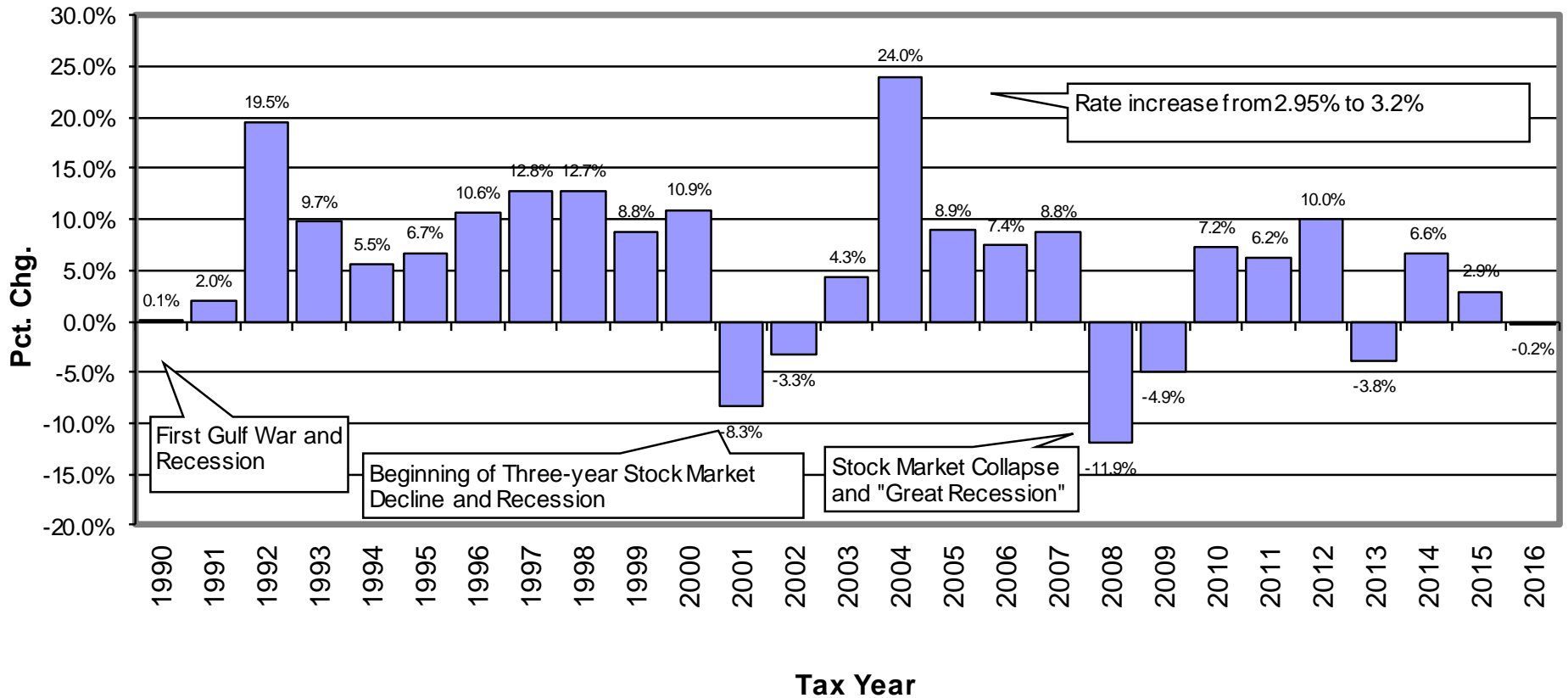


Construction of new residential properties (units) was down 16.3 percent (3,416 units) in CY2017 and followed a decline of 16.9 percent in FY2016 (4,081 units) following strong construction of an average of over 5,000 units between CY2013 and CY2015.



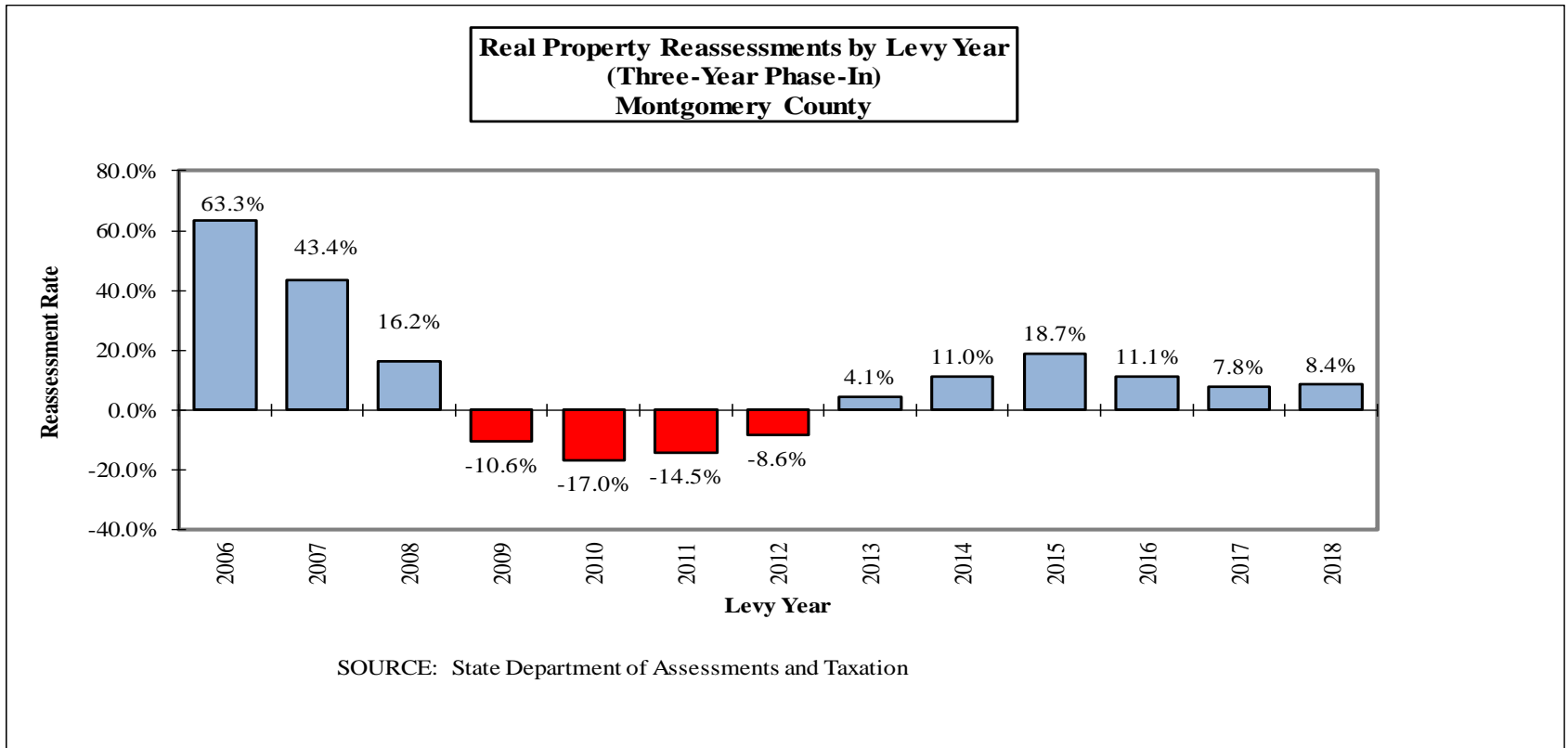
Income Tax Volatility

Annual Percent Change in Income Tax Revenues from Withholdings, Estimated Payments, October 15 Filings, and Revenue Adjustments



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 six years. However the rate of 8.4 percent for levy year 2018 (FY2019 – Group 3) is largely attributed to the 17.4 percent increase for “commercial” property, while residential property increased 3.9 percent.



SUMMARY

- The County's unemployment rate in February was 3.5 percent and up slightly from the 3.4 percent in February last year.
- The sales of existing homes decreased 0.2 percent while median prices increased 2.5 percent in CY2017. The flat growth in sales is attributed to low inventory of homes for sale. The sales of existing homes are expected to remain weak but both average sales price and median price are expected to increase during FY2019 and FY2020.
- Inflation for the Washington region was 1.12 percent in CY2017 – 0.02 percentage point above the increase in CY2016. The low rates of inflation continue to effect increases in real property tax revenues due to the charter limit.