



DEPARTMENT OF FINANCE

March 24, 2014

Isiah Leggett  
County Executive

Joseph F. Beach  
Director

Honorable County Executive, and  
Members of the Montgomery County Council

Ladies and Gentlemen:

I am pleased to present the findings of the Fifteenth Annual Business Advisory Panel that was convened on February 20, 2014. The enclosed report was prepared by the County's Department of Finance pursuant to Article XI, Section 20-61 of the Montgomery County Code.

The report consists of a summary of the panel's advice, a list of the participants, the information package that the Department of Finance sent to the panelists in advance of the meeting, and a copy of the presentation prepared by the Center for Regional Analysis, George Mason University. The information package includes the agenda for the meeting, concise statements by the Department on the economic outlook, and a framework for discussion.

I believe that the accompanying material accurately reflects the economic advice given by the Business Advisory Panel.

Sincerely,

Joseph Beach  
Director of Finance

Enclosures

Office of the Director

101 Monroe Street, 15th Floor • Rockville, Maryland 20850 • 240-777-8860 • 240-777-8857 FAX  
[www.montgomerycountymd.gov](http://www.montgomerycountymd.gov)

[montgomerycountymd.gov/311](http://montgomerycountymd.gov/311)



301-251-4850 TTY

**‘FINDINGS OF THE FIFTEENTH ANNUAL  
BUSINESS ADVISORY PANEL  
FEBRUARY 20, 2014**

Pursuant to Article IX, Section 10-61, of the Montgomery County Code, the Department of Finance (Department) convened a meeting of the Business Advisory Panel (BAP) on February 20, 2014. The County Council of Montgomery County established the BAP in 1999 to seek the advice of industry experts in key sectors of the County’s business community concerning the current and future state of the County’s economy. The law requires that the Director of the Department of Finance convene the panel annually and relay the panel’s advice to the County Executive and County Council. This report provides such advice.

The BAP members representing real estate, finance, health services, and government and trade associations, were joined by Councilmember Nancy Floreen, Chair of the Planning, Housing, and Economic Development (PHED) Committee.

The meeting was structured to allow all participants to provide a briefing on the local and regional economic trends and to share their insights about future economic prospects in the County. The participants also discussed the Department’s economic assumptions for the next six fiscal years. For purposes of this report, the results of the discussions are presented in two parts. The first part discusses the participants’ professional judgments about the County’s economy and the Department’s economic assumptions. The second section discusses the participants’ points about their respective industry sectors.

**I. Current Economic Conditions and Future Economic Assumptions**

Finance staff asked the participants to provide comments to a paper prepared by staff that analyzed the County’s economy and provided assumptions about the economic outlook for the next six years. The paper analyzed a number of economic indicators including employment, personal income, real estate, inflation, construction, and interest rates. A detailed report on the economic assumptions follows these findings. A summary of those assumptions are:

- Payroll employment will continue to increase from CY2013 to CY2020 and grow at an average annual rate of 1.2 percent over that period,
- Resident employment is expected to increase at an average annual rate of 1.0 percent from CY2013 to CY2020,
- Total personal income in Montgomery County will grow at an average annual rate of 4.0 percent from CY2012 to CY2020. By CY2020, Finance assumes that total personal income will reach \$100.7 billion,
- The regional inflation index will gradually increase from 1.50 percent in CY2013 to 1.90 percent in CY2014, 2.15 percent in CY2015, peak at 2.75 percent in CY2017, then gradually decelerate to 2.21 percent by CY2020, and
- The County will earn an average of less than 0.19 percent in investment income on its short-term portfolio for fiscal year (FY) 2014 with increases to 0.35 percent in FY2015 and 0.95 percent in FY2016.

The participants did not recommend any changes to the assumptions. Because of federal budget policy (i.e., federal sequestration, and potential effect of sequestration on the regional economy) a majority of the discussion by the participants focused on the outlook for the region's economy.

### **Washington Region Economy**

According to the Center for Regional Analysis (CRA), the gross regional product declined 0.8 percent in calendar year 2008 and the region lost 178,100 jobs. Sequestration has had an effect on the region's economy based on a number of factors. Federal procurement declined 11.8 percent, there are 21,200 fewer federal jobs and therefore, federal payroll is down \$2 billion or 4.8 percent.

Since three out of eleven private sector industries have recovered from job losses incurred between August 2008 and February 2010, those sectors added jobs between February 2010 and December 2013. Those sectors include professional business services (+21,000), retail trade (+14,000), and leisure and hospitality (+21,000). It should also be noted that the education and health services section did not lose jobs between August 2008 and February 2010 and added jobs (+39,000) between February 2010 and December 2013.

Of the remaining seven private sector industries, construction lost the most jobs between August 2008 and December 2013. Between August 2008 and February 2010, the sector lost 48,000 jobs but only recovered 13,000 jobs between February 2010 and December 2013 for a net loss of 35,000 jobs. Of the other five sectors – information, manufacturing, wholesale trade, transportation and utilities, and other services – there was a net loss of 29,000 jobs between August 2008 and December 2013. Only the financial sector showed a modest gain of 2,000 jobs.

According to CRA, higher-wage income jobs in the Washington Metropolitan Region increased by approximately 20,000 in 2008 and 2009, and increased by more than 40,000 between 2010 and 2013 for a net gain of 60,000. Over the same two periods, mid-wage income jobs decreased by more than 40,000 in 2008 and 2009, but only increased by slightly less than 20,000 for a net loss of approximately 20,000 between 2008 and 2013. Finally, lower-wage jobs declined by 20,000 in 2008 and 2009, but increased by over 60,000 between 2010 and 2013 for a net gain of 40,000. The trend from the data is that lower-wage jobs recovered at a faster pace than mid-wage jobs. The issue is whether this represents a pattern in job growth for the region, that is, a shift from mid-wage jobs to low-wage jobs.

According to data provided by CRA for suburban Maryland, job growth between December 2012 and December 2013, occurred in professional and business services, education and health services, state and local government, retail trade, and leisure and hospitality services sectors. Of those sectors, there were 18,000 jobs added to the suburban Maryland economy over the past year ending in December 2013. Of the seven remaining sectors – construction, financial, information, manufacturing, wholesale trade, transportation and utilities, and other services – there were no new jobs during calendar year 2013.

Finally CRA provided a forecast of principal jobs that will add growth to the region's gross regional product. CRA identified professional and business services, construction, education and health services, leisure and hospitality services, and state and local government. Two sectors, federal government and financial services, are projected to constrain the growth in the region's GRP.

Overall, employment in the region should increase by nearly 60,000 jobs per year between 2014 and 2018 with most of that growth occurring between 2014 and 2016 – 64,000 per year. For suburban Maryland, employment should increase approximately 17,500 jobs per year with most of that growth occurring between 2014 and 2016 – an average of 20,300 per year.

The representative from the Washington Metropolitan Council of Governments (COG) presented both short-term and long-term perspectives on the region's economy. Referring to the region's economy as complex, COG is guardedly optimistic about the changing economy. The representative discussed four issues:

1. The major focus of the Council of Governments is the region's infrastructure both in the short-term and in the long-term,
2. The region's economy is at a pivotal junction in that the federal presence in the region has declined either because of sequestration (short-term) or a steady decline in federal procurement (long-term),
3. Businesses are reducing workspace for employees from 125 square feet per worker to 75 square feet – a reduction of 40 percent, and
4. Another pivotal point of concern to the Council of Governments is the availability of affordable housing. As stated previously, the structure of the region's workforces is shifting from mid-wage earners to low-wage earners. As such, there is increased demand for affordable housing.

The theme discussed amongst the panel members was the need to look outside the federal government for growth in employment. The Washington region, and Montgomery County in particular, must rely less on the federal government and more on the private sector for employment and economic growth. Federal sequestration may be the impetus for the local economies to focus on the private sector as the engine of economic growth.

## **II. Specific Industry Sectors**

The residential housing market was the first sector discussed by the participants, reviewing its current and future outlook. The representative from the Realtor's Association stated that the residential real estate market had a strong performance in calendar year 2013 (existing housing sales were up 13 percent and median sales price for an existing home was up nearly 9 percent in 2013 – please see attached report for details). According to the representative, the housing sales should continue to increase in CY2014, and the market should be particularly strong this spring. Inventory of existing homes is low. Data provided by the realtors association show that the inventory-to-sales ratio was the lowest in CY2013 since CY2005, the peak of the housing boom. Another indicator of a strong housing market is that the number of days-on-the-market declined from 67 days in CY2012 to 46 days in CY2013. Two

other issues discussed were that multiple contracts have become popular in certain neighborhoods, but the obstacles that impede home sales are the qualifying requirements and appraisals.

Participants discussed the regulatory issues pertaining to mortgage lending and the future of Fannie Mae and Freddie Mac. Will both government sponsored enterprises (GSEs) remain as active conduits in the residential market? Another issue related to residential real estate is that rental units have become expensive because demand has increased. While rents have increased, there has been an increase in conversion of rental units to condominiums (collections from the transfer tax related to condominium conversions have increased 12.7 percent to date in FY2014 over FY2013 – through February).

A representative from commercial real estate development stated that currently the demand for office space is down. The representative also concurred with the COG representative that firms are reducing space per worker and new office development features a cubical working environment for employees. As such the size of offices is much smaller reflecting this requirement by tenants. Developers will only build when there is a commitment by the tenants for a new office building and such buildings require less square footage. The forecast for office space is uncertain and currently there is no growth in the market.

The representative from the Financial Services Sector suggested that the commercial sector needs a “healthy” conduit as provided by Fannie Mae and Freddie Mac in the residential real estate market. There is a demand for workforce housing in the County and, therefore, the need to foster multi-family housing. Another representative stated that income from high-income individuals have remained stable, however, few of these individuals have reported capital gains. Sequestration has had an effect on government contractors. The issue facing the County in terms of the income tax remains the decision by the U.S. Supreme Court regarding the Wynne case. If the court decides in favor of the ruling by the Maryland Court, it will have a negative effect on the County’s income tax revenues.

The representative from the Biotechnology Sector discussed the employment situation in that sector, the effects of federal spending, and the Affordable Care Act (ACA). About the first item, the representative stated that the sector is attracting professional staff particularly researchers but not “development-oriented” technical professionals. The industry hires in cycles because the federal government has many clients but very limited product lines for development. Secondly, the ACA’s cost containment provisions mean that new products face greater obstacles to entry into the market. The representative suggested that the Department of Economic Development host a quarterly meeting between biotechnology companies and investors.

The representative from the Health Care Industry noted two economic factors that are currently affecting the economy: the aging population and pressure on costs. Costs per case and total costs for providing care are capped at 3.58 percent. Such constraint may slow the growth in health care and shift demand to care from hospitals to clinics and outpatient facilities. Because of the cap, hospitals are focusing on reducing costs. Medicaid has grown because of the increase in the income ceiling and Medicaid patients can now visit specialists whom they previously could not afford. Montgomery County currently has 120,000 uninsured individuals, and ACA is

very challenging to the health care industry to date. The representative also provided a statistic that individuals over 65 year of age will require health care six times the rate of individuals under 65. Finally, certain individuals with high insurance deductibles are, at times, unable to pay their bills and as result become a bad debt expense to the hospital's income.

The representative from the Hotel Industry stated that sequestration has affected the hotel-motel industry in the County. The industry must begin to rely less on the federal government as a major client. This theme was also mentioned by other representatives and from the data provided by CRA. The supply of rooms is not increasing and there is no new capital development. There is strong competition from other jurisdictions for customers for both business and weekend travelers.

Finally, business representatives offered a number of points regarding the local business climate. One representative's company is adding between 50 and 60 jobs in 2014 and forecasts a stable business environment. Another representative sees a rebound in the local economy but there are challenges facing local businesses. Among those challenges is that office leasing costs have increased, employment costs have also increased particularly retraining employees. About the federal government, sequestration has made businesses tentative regarding growth and concerns about health care costs attributed to ACA.

### **III. Conclusion**

The representatives expressed cautious optimism regarding the region's and County's economy. While there has been improvement in specific sectors such as residential real estate and growth in small and medium-size businesses, there are challenges as well. Foremost among those challenges is the effect of the federal sequestration and the Affordable Care Act. Another theme from the discussion is that the composition of the labor force should emphasize growth in the workforce particularly among professionals. While the County's economy has been dependent on the federal government, the theme by some of the representatives is to move from the strong dependence on the federal government to greater reliance on the private sector for growth.

**Attendees  
Business Advisory Panel  
February 20, 2014**

**PARTICIPANTS**

Ms. Nancy Floreen, Chair  
Planning, Housing, and Economic Development Committee  
Montgomery County Council

Mr. Lawrence N. Rosenblum, CPA  
Grossberg Company, LLP

Ms. Annice Cody  
Vice President Strategic Planning  
Holy Cross Hospital

Mr. Michael Moran  
Chief Executive Officer  
Greater Capital Area Association of Realtors

Ms. Kelly Groff  
Executive Director  
Conference and Visitors Bureau  
of Montgomery County, MD, Inc.

Mr. Paul DesJardin  
Director, Community Planning and Services  
Department of Housing and Planning  
Metropolitan Council of Governments

Mr. James G. Muir, III  
Assistant Vice President  
EchoStar – Corporate Real Estate Program  
Hughes – an EchoStar Company

Mr. Paul Chod  
Corporate President, General Partner of Real Estate Affiliates  
Minkoff Development Corporation

Mr. Javeed Froozan,  
Senior Director, Mergers & Acquisitions  
Business Development  
Emergent Biosolutions

Ms. Ginanne M. Italiano  
President and CEO  
The Greater Bethesda-Chevy Chase  
Chamber of Commerce

Mr. Edward Harrington  
Regional President MD/DC  
John Marshall Bank

**IN ATTENDANCE**

Mr. Steve Farber, Council Administrator  
Montgomery County Council

Mr. Joseph Beach, Director  
Department of Finance

Ms. Lilly Qi, Special Projects Manager  
Office of the County Executive

Mr. Dale Tibbits, Chief of Staff  
Office of Councilmember Elrich

Mr. Roberto Ruiz  
Center for Research and Information Services  
M-NCPPC

Mr. Rob Hagedoorn, Chief Fiscal Management  
Department of Finance

Mr. Michael Coveyou, Chief Treasury  
Department of Finance

Mr. David Platt, Chief Economist  
Department of Finance



**MONTGOMERY COUNTY**  
**15<sup>TH</sup> ANNUAL**  
**BUSINESS ADVISORY PANEL**



**FEBRUARY 20, 2014**

## **MEETING**

**WHERE:** COUNTY EXECUTIVE'S CONFERENCE ROOM  
EXECUTIVE OFFICE BUILDING  
2<sup>nd</sup> FLOOR  
101 MONROE STREET  
ROCKVILLE, MARYLAND 20850  
(240) 777-8877

**WHEN:** THURSDAY, FEBRUARY 20, 2014

## **AGENDA**

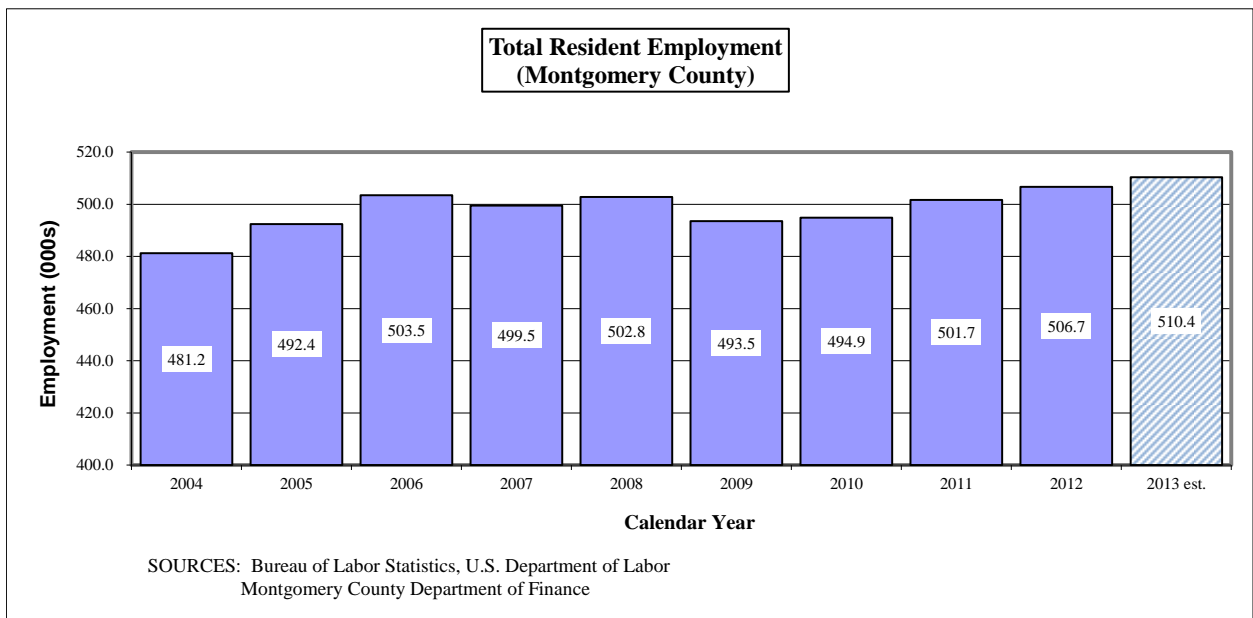
9:00 A.M.	Welcoming, Mr. Joseph Beach, Director of Department of Finance
9:05 A.M.	Presentation of Department of Finance economic assumptions
9:30 A.M.	Presentation of U.S., Washington Metropolitan Area, and Suburban Economic Performance and Outlook
9:50 A.M.	Presentation by Metropolitan Council of Governments
10:00 A.M.	Roundtable discussion by participants
11:30 A.M.	Adjournment

## ECONOMIC CONDITIONS AND OUTLOOK

Montgomery County's economic performance improved during calendar year (CY) 2013. The major reasons for the improvement were, an increase in employment – both resident (labor force series) and payroll employment (establishment series), an increase in existing home sales, an increase in the median sales price for existing homes, and strong residential construction growth. The unemployment rate declined from 5.1 percent in CY2012 to an estimated 5.0 percent in CY2013.

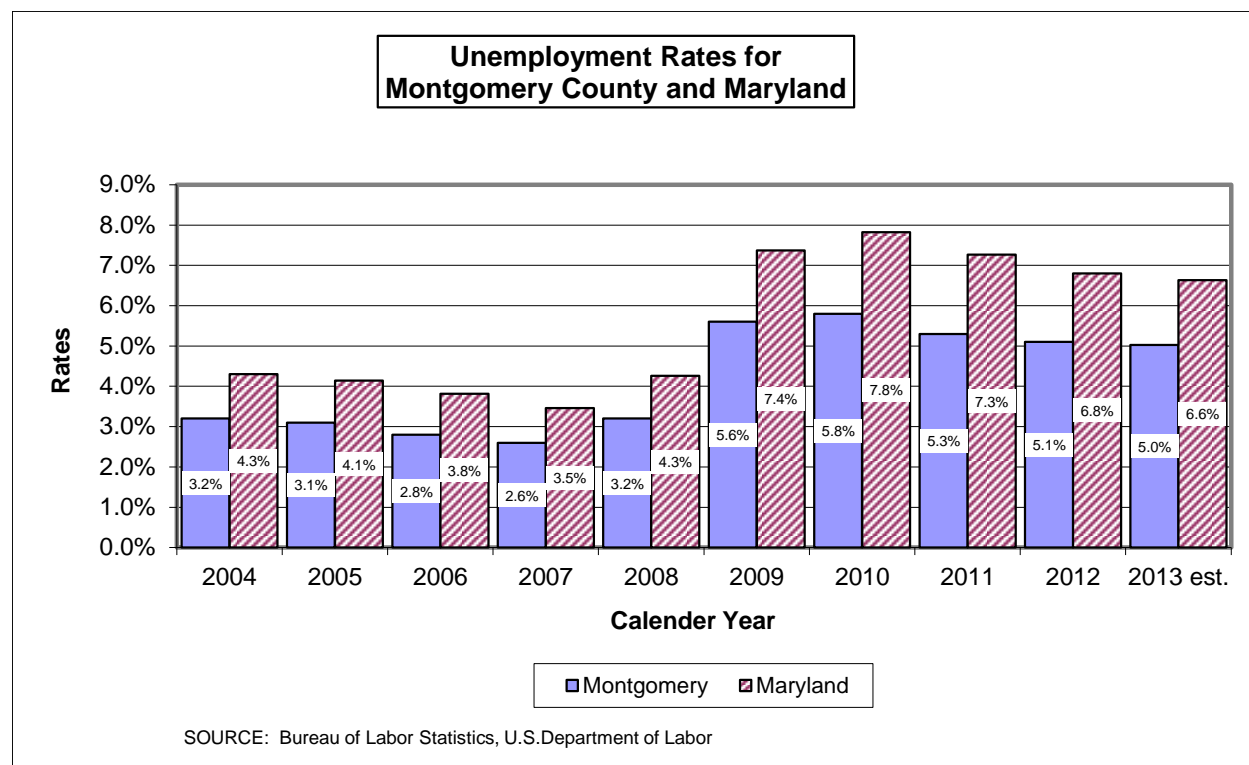
### *Employment Situation*

Based on data from the Maryland Department of Labor, Licensing and Regulation (DLLR) and the Bureau of Labor Statistics, U.S. Department of Labor, average monthly resident employment (labor force series and not seasonally adjusted) in Montgomery County increased by an estimated 3,690 (↑0.7%) during 2013. Average monthly resident employment stood at an estimated 510,400 in 2013 compared to 506,700 during the previous year.



However, the County's total payroll employment, as derived by the Department of Finance incorporating the establishment series from the Bureau of Labor Statistics (BLS), U.S. Department of Labor, for the Bethesda-Rockville-Frederick metropolitan division increased by approximately 6,130 jobs (↑1.3%) during 2013. Total payroll employment stood at an estimated monthly average of 481,430 jobs during calendar year 2013 compared to a monthly average of 475,300 in 2012. The modest discrepancy between the series (6,130 versus 3,690) is attributed to the sources of payroll data. The labor force-resident employment is derived from the survey of households while payroll employment is derived from a survey of establishments.

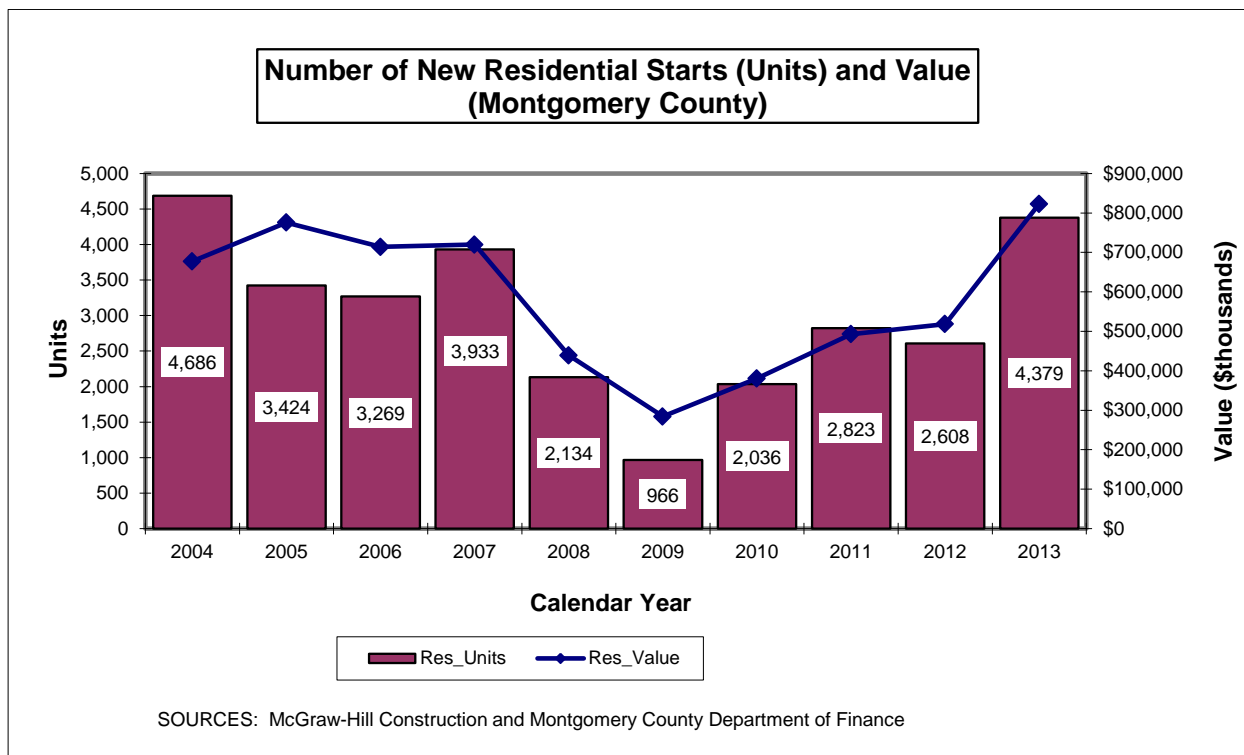
The County's average monthly unemployment rate declined to an estimated 5.0 percent in 2013 compared to the annual rate of 5.1 percent in 2012. However, throughout the calendar year 2013, the County's unemployment rate remained one of the lowest in the State and averaged 1.6 percentage points below the State's average in 2013.



While the unemployment rate has remained at or above the 5.0 percent level for the past five calendar years, it has declined steadily since its peak in 2010. The decline has been attributed to an increase in resident employment and a decline in the number of unemployed during the past two calendar years. Employment grew by over 8,700 over the two-year period while the number of unemployed declined by nearly 1,000 over the same period.

### ***Construction Activity***

Residential construction experienced strong performance during calendar year 2013. The total number of new construction starts (residential units) increased 67.9 percent compared to calendar year 2012. Strong residential construction starts attributed to multifamily and single-family units added a total value \$823.1 million – an increase of 58.7 percent over 2012.



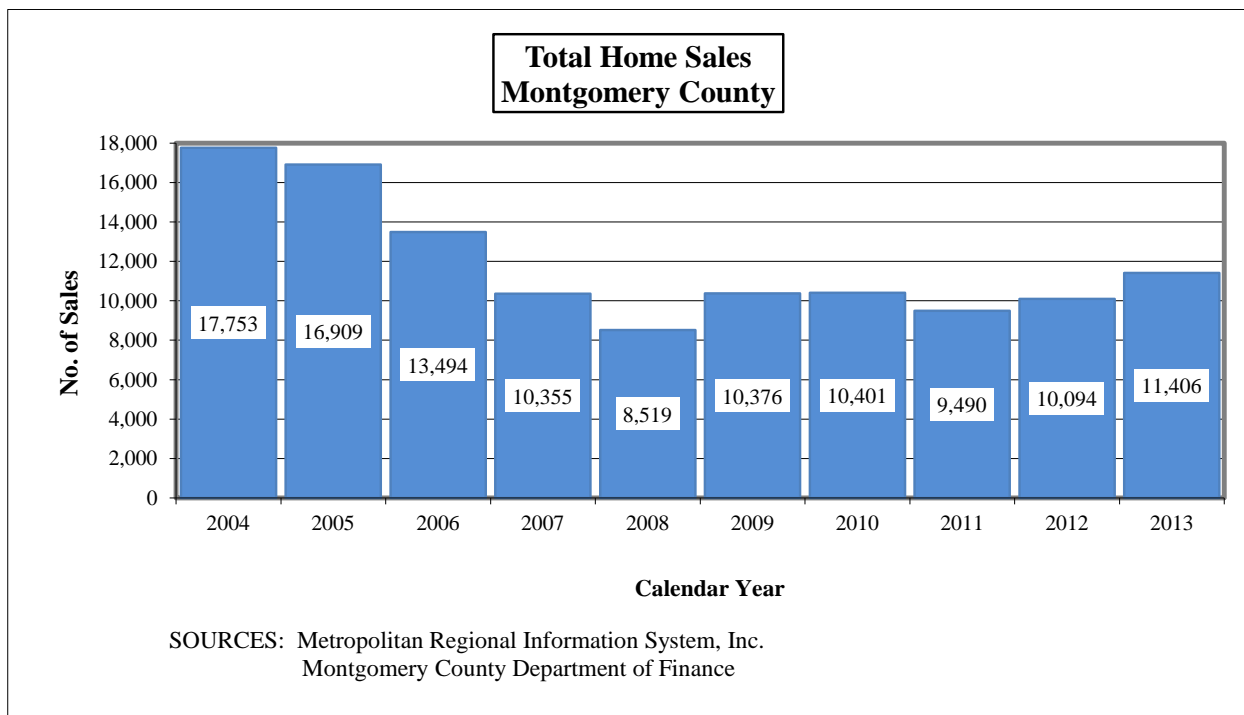
However, the number of non-residential starts (projects) decreased 38.4 percent in 2013, and the total value decreased from \$808.3 million to \$772.0 million (↓4.5%). Overall, construction starts added a total value of \$1.595 billion to the property tax base with 51.6 percent attributed to residential construction.

At the same time that the total number of construction starts increased during 2013, construction costs were up 5.2 percent. The construction cost index developed by the *Engineering News Record* (ENR) for the Baltimore area increased 5.1 percent in 2010, 3.0 percent in 2011, and 3.5 percent in 2012. Therefore, while construction activity increased in 2013, that increase was in part due to inflation in construction costs.

### ***Residential Real Estate***

Total construction of new residential units increased 67.9 percent from 2012 to 2013. The number of new single-family units increased 54.3 percent from 1,002 single-family units in 2012 to 1,546 units in 2013. Construction of single-family units in 2013 was the highest number since 2005 – the peak of the recent housing boom. At the same time that the number of total new residential construction starts increased during 2013, the number of permitted units decreased 10.9 percent in 2013 compared to 2012 attributed to a decrease in planned multi-family construction (↓30.6%).

During 2013, home sales increased 13.0 percent following an increase of 6.4 percent in 2012 and a decrease of 8.8 percent in 2011. Median sales prices for existing homes increased nearly 9.0 percent which followed an increase of 4.9 percent in 2012 but no increase in 2011.



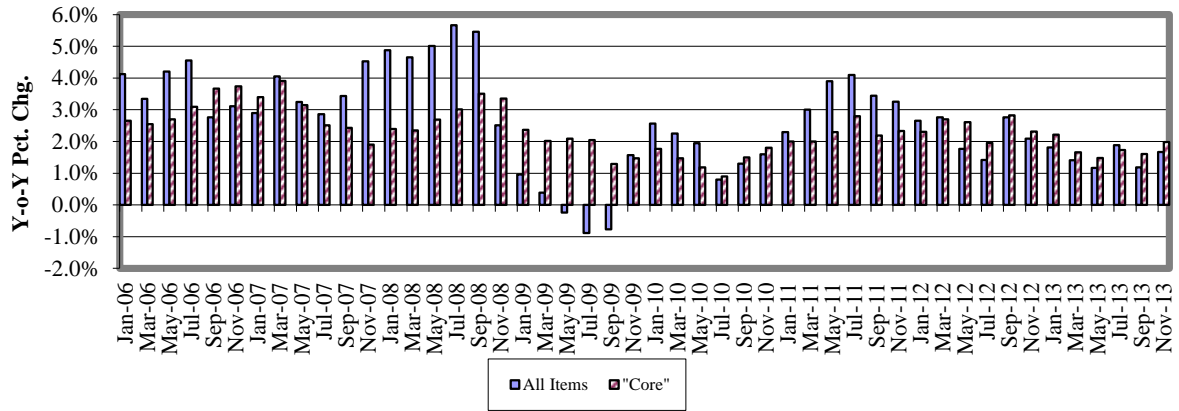
### ***Retail Sales***

Using sales tax receipts as a measure of retail sales activity in the County, the growth in sales of durable and nondurable goods, excluding miscellaneous and assessment collections, decreased 0.1 percent through November 2013 compared to the same eleven-month period in 2012. Purchases of nondurable goods, which include food and beverage, apparel, general merchandise, and utilities and transportation, decreased 0.7 percent during this period while sales of durable goods were up 1.6 percent. The decreased in nondurable good purchases was solely attributed to the decline in general merchandise (↓6.6%). The increase in purchases of durable goods was attributed to growth in sales of hardware, machinery, and equipment (↑3.0%) and building and industrial supplies (↑7.5%).

### ***Consumer Prices and Inflation***

As measured by the Consumer Price Index for All Urban Consumers (CPI-U), inflation in the Washington-Baltimore region increased 1.7 percent on a year-over-year basis in November, i.e., November 2013 over November 2012, compared to the national rate of 1.5 percent. Consumer prices excluding food and energy purchases were up 2.0 percent in the region (on a year-over-year basis), which was also higher compared to the national rate (↑1.7%) over the same November 2012-to-November 2013 period. On an annual basis, inflation in this area measured an estimated 1.50 percent in 2013.

### Year-over-Year Percent Change in Consumer Price Index Washington-Baltimore CMSA

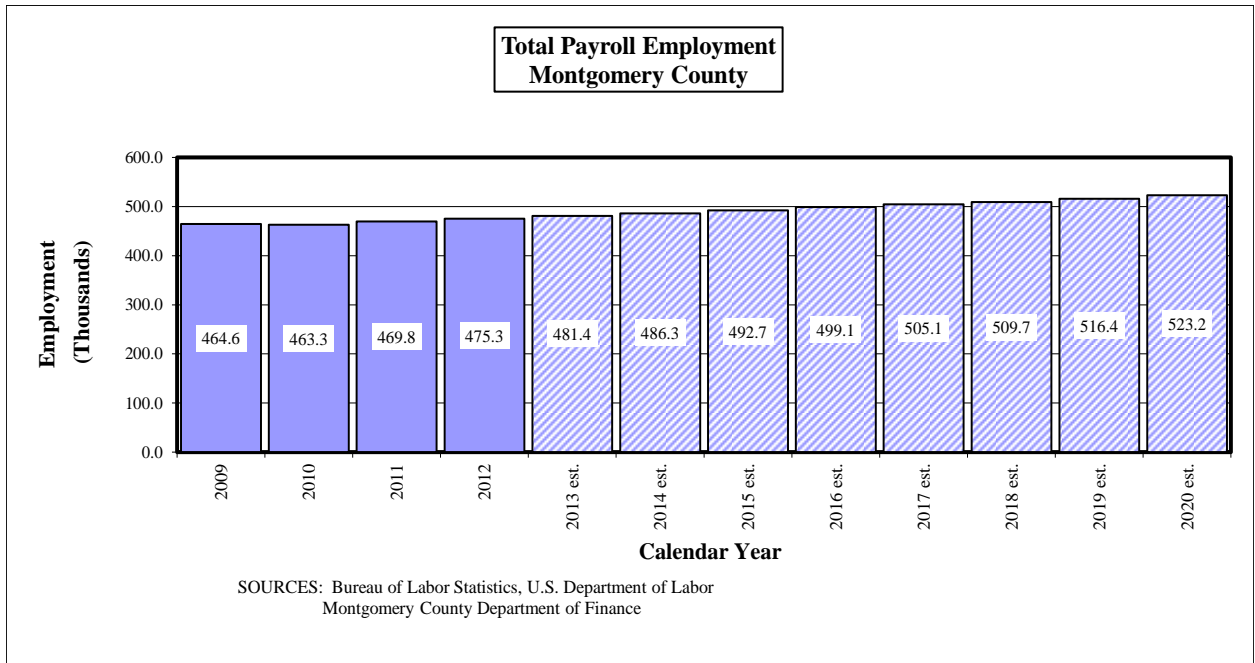


SOURCE: Bureau of Labor Statistics, U.S. Department. of Labor

## ECONOMIC OUTLOOK

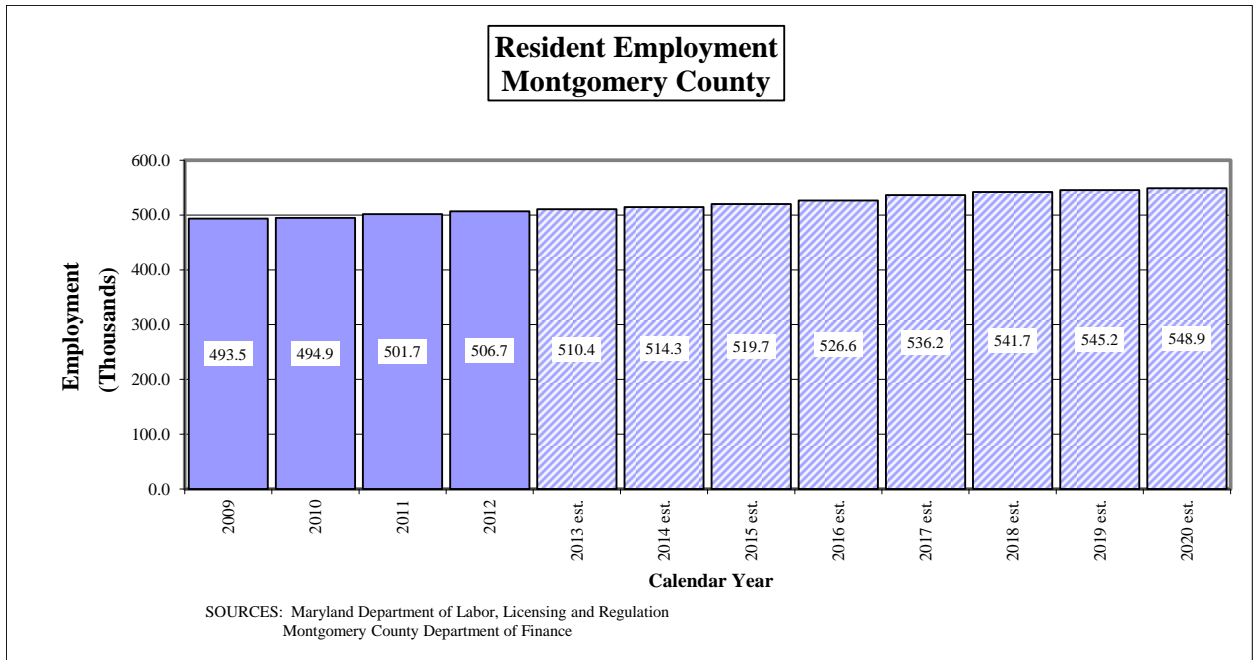
The Department of Finance assumes that Montgomery County's economy is expected to continue to improve through the next six years.

**Employment.** The Department of Finance (Finance) assumes payroll employment will continue to increase from CY2013 to CY2020 and grow at an average annual rate of 1.2 percent over that period.



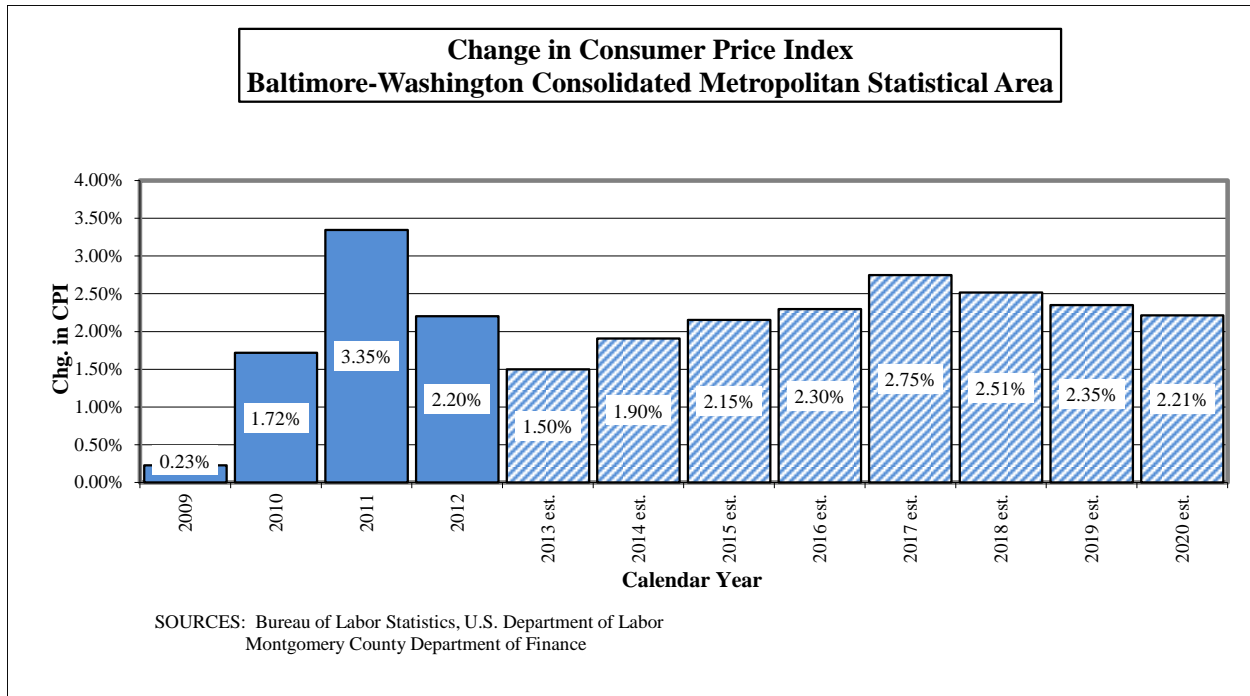
Finance assumes that resident employment is expected to increase at an average annual rate of 1.0 percent from CY2013 to CY2020.





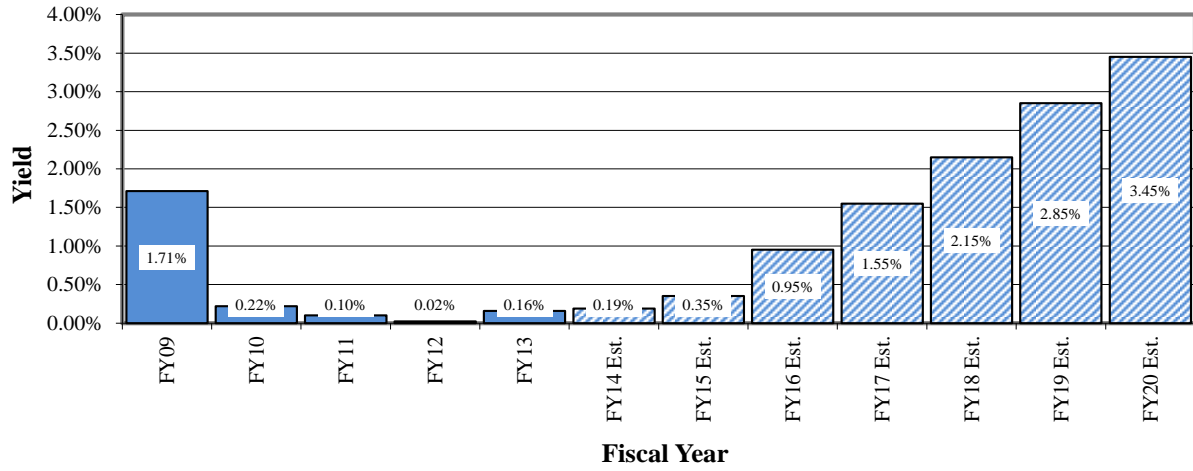
Finance assumes wage and salary income to grow at an average annual rate of 3.9 percent between CY2012, the latest date for which actual data are available from the Bureau of Economic Analysis, U.S. Department of Commerce, and CY2020. Total wage and salary income is estimated to reach \$45.8 billion by CY2020.

- **Personal Income.** Finance assumes that total personal income in Montgomery County will grow at an average annual rate of 4.0 percent from CY2012 to CY2020. By CY2020, Finance assumes that total personal income will reach \$100.7 billion.
- **Inflation (annual average).** Finance assumes that the overall regional inflation index will gradually increase from 1.50 percent in CY2013 to 1.90 percent in CY2014, 2.15 percent in CY2015, peak at 2.75 percent in CY2017, then gradually decelerate to 2.21 percent by CY2020



- Interest Rates.** From September 2007 to December 2008, the Federal Reserve Board, through its Federal Open Market Committee (FOMC, Committee), aggressively cut the target rate on federal funds from 5.25 percent to a range of 0.00-0.25 percent. Based on its decision at the January 2014 meeting, the FOMC “reaffirmed its expectation that the current exceptionally low target range for the federal funds rate of 0 to 1/4 percent will be appropriate at least as long as the unemployment rate remains above 6-1/2 percent, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee’s 2 percent longer-run goal, and longer-term inflation expectations continue to be well anchored.” Since the yield on the County’s short-term investments are highly correlated with the federal funds rate, Finance assumes that the County will earn an average of less than 0.19 percent in investment income on its short-term portfolio for fiscal year (FY) 2014 with increases to 0.35 percent in FY2015 and 0.95 percent in FY2016.

### Yield on Investment Income Montgomery County



SOURCE: Montgomery County Department of Finance

## **DISCUSSION FRAMEWORK**

The economic assumptions provide a framework for the Department of Finance's revenue projections for FY2015 through FY2020. The following issues create the framework for the discussion that is the focus of the Business Advisory Panel. In order to gain a better sense of the direction of the major industrial sectors, it would be helpful if the participants of the Business Advisory Panel could comment on our assumptions and discuss the major economic trends that affect your industry sector in the next six years. The following list of items, if applicable to your sector, may be used to focus your discussion:

### **Real Estate**

- Residential construction
- Commercial construction
- Foreclosures/short sales
- Prices/rents
- Vacancy rates
- Loan conditions – residential and commercial sectors

### **Income**

- Capital gains
- Estimated payments

### **Industry Sectors**

- Business activity
- Employment outlook
- Consumer spending
- Federal government spending and employment

### **Risk to the Forecasts (Assumptions)**

- Federal government
- Employment
- Interest rates
- Inflation
- Domestic stock market volatility attributed to current and future international economic and political events
- Residential/commercial development

# *Montgomery County Business Advisory Panel*

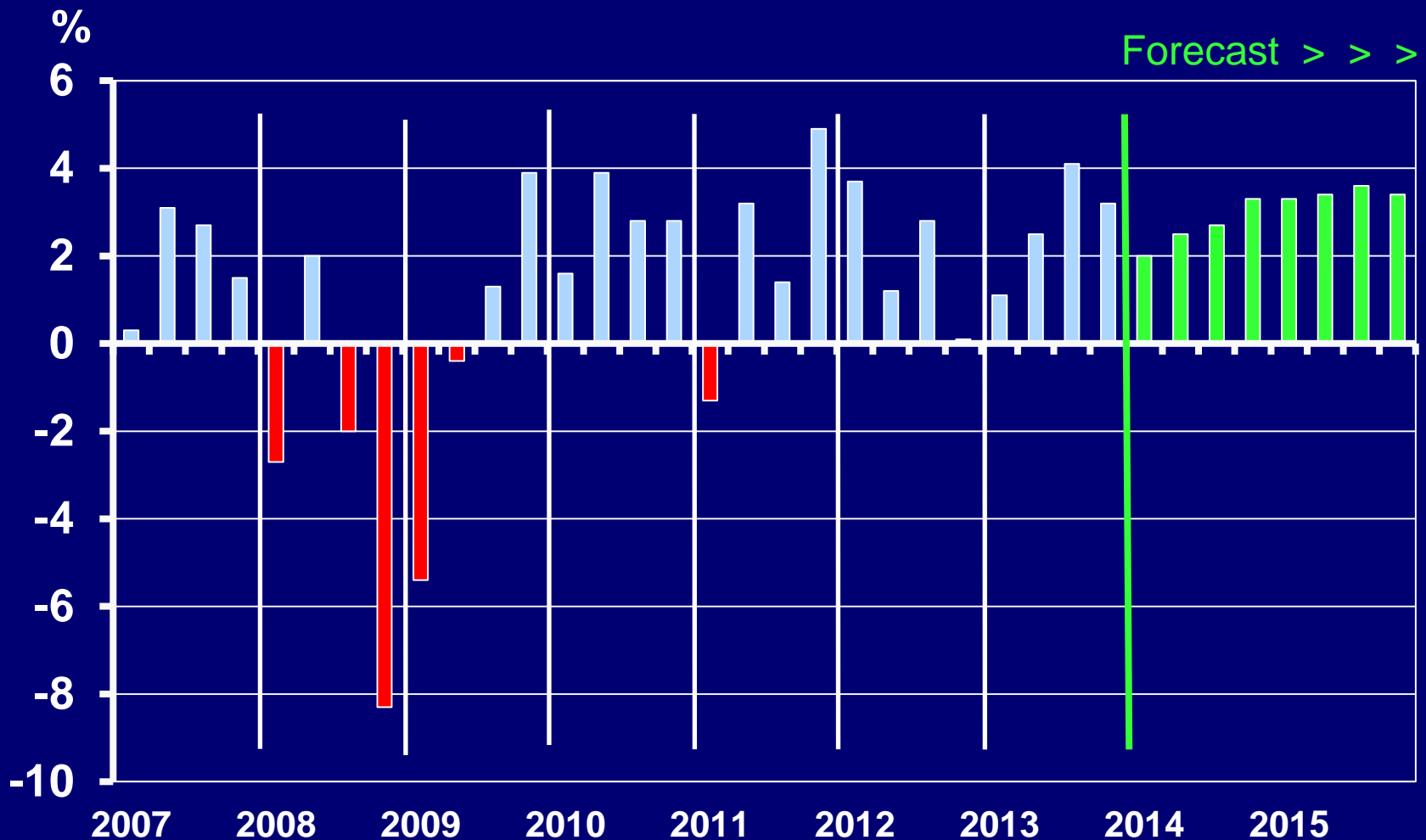
## ***The U.S., Washington Metropolitan Area and Suburban Maryland Economic Performance and Outlook***

Stephen S. Fuller, Ph.D.

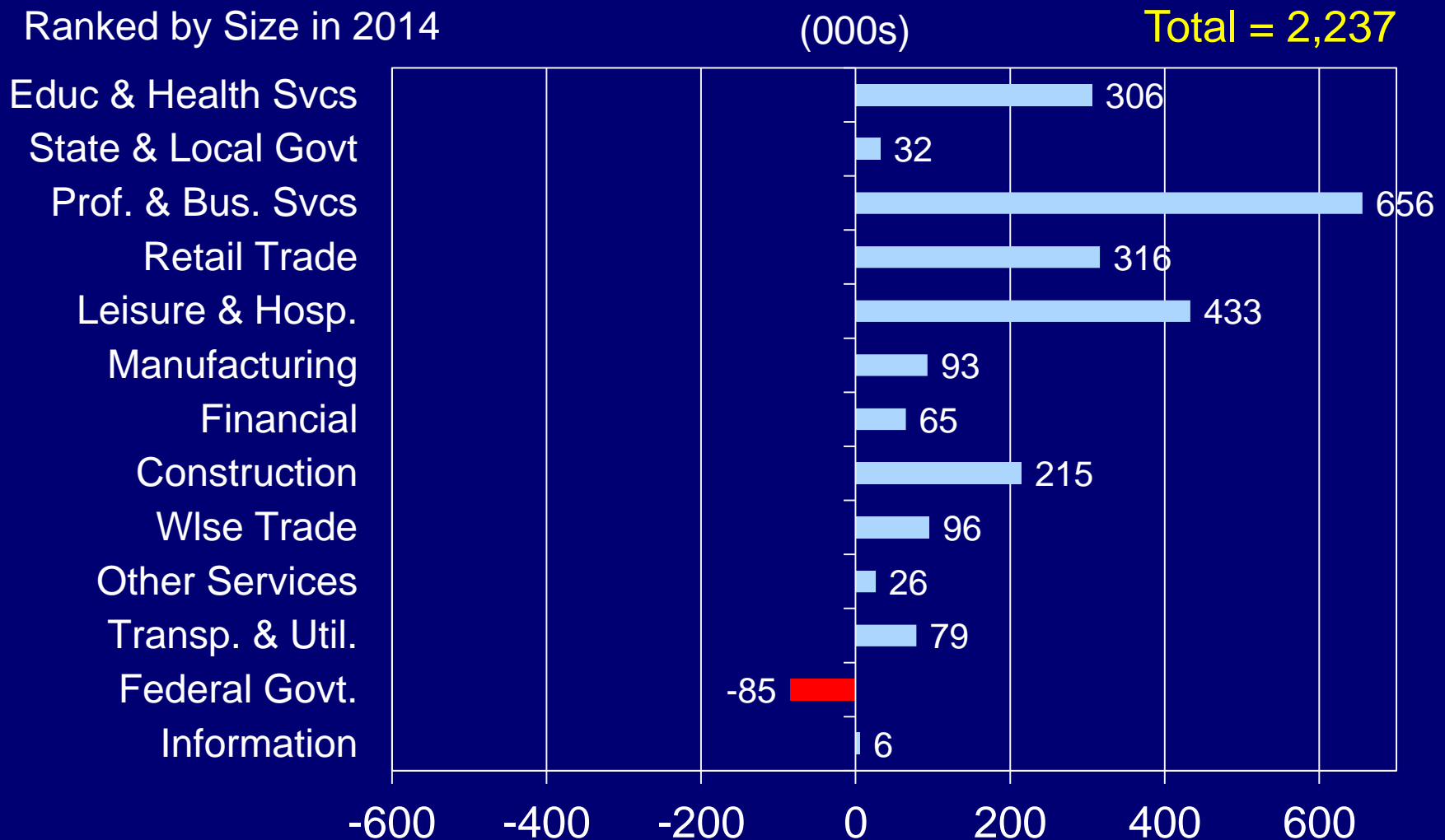
Dwight Schar Faculty Chair and University Professor  
Director, Center for Regional Analysis  
George Mason University

February 13, 2014

# U.S. Gross Domestic Product Quarterly Change: 2007 – 2015

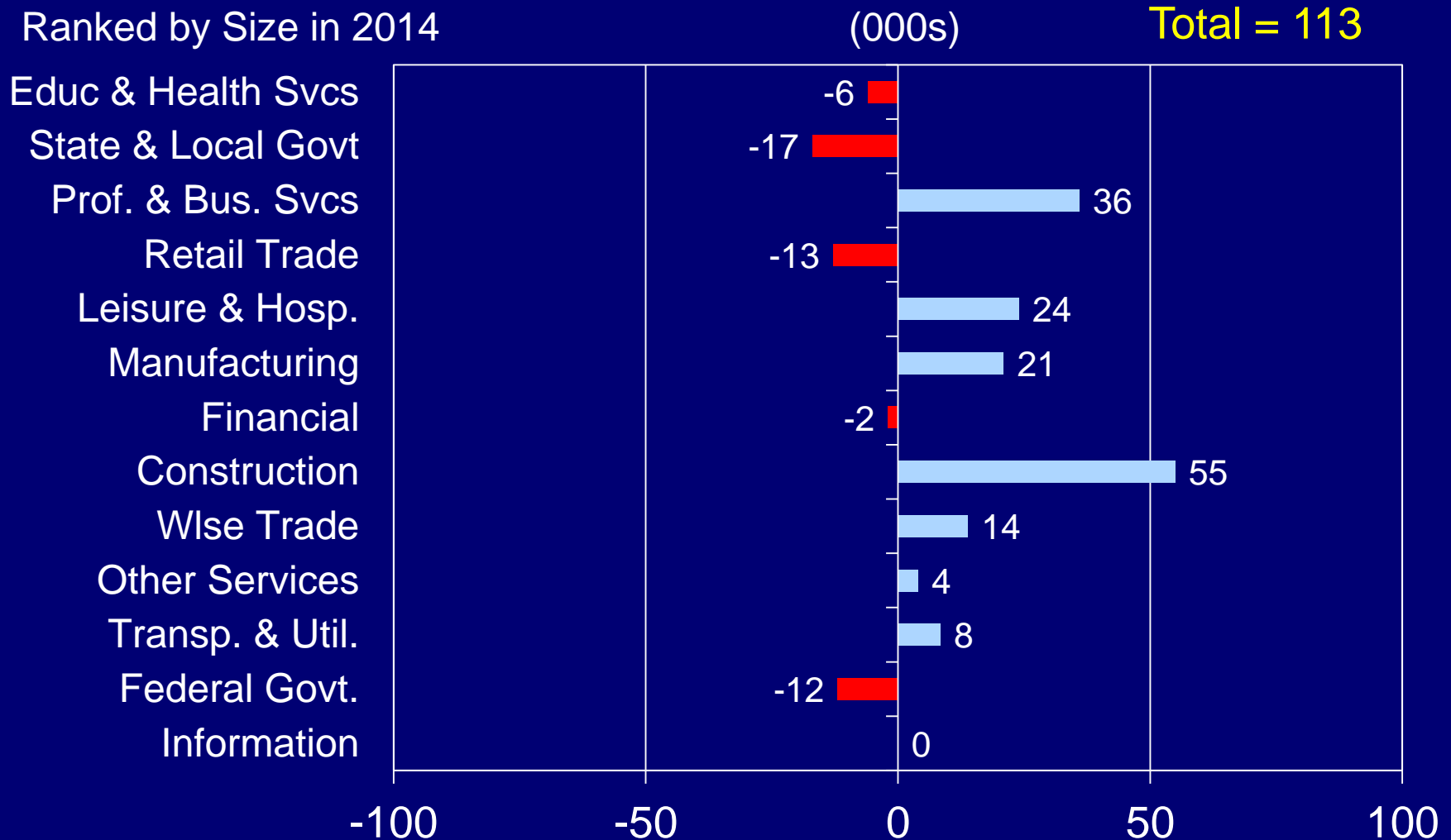


# U.S. Payroll Job Change by Sector Jan 2013 – Jan 2014



Source: Bureau of Labor Statistics (Seasonally Adjusted), GMU Center for Regional Analysis

# U.S. Payroll Job Change by Sector Dec 2013 – Jan 2014





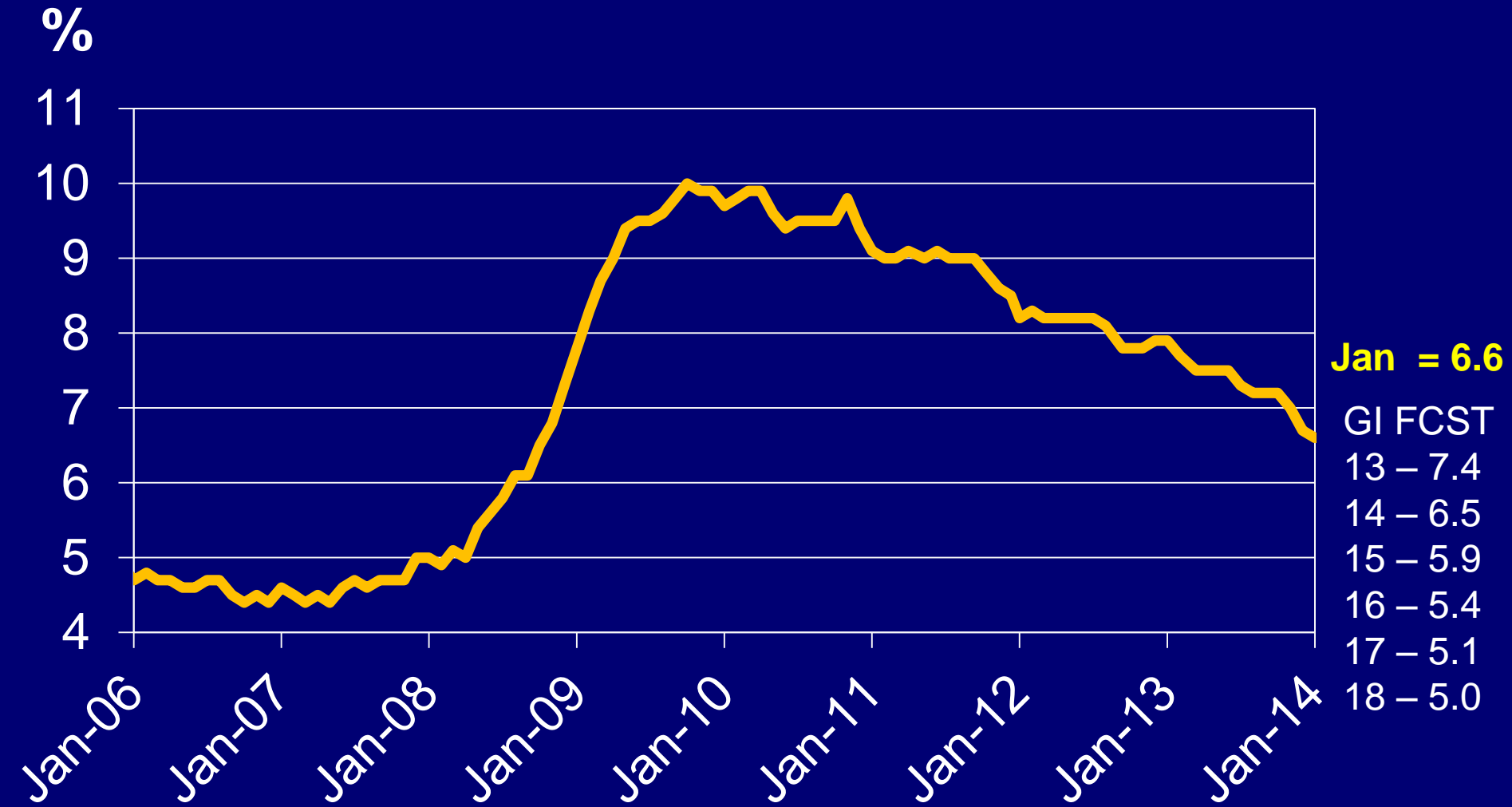
# Initial Claims for Unemployment

## 4-Week Moving Average



Source: Department of Labor

# U.S. Unemployment Rate

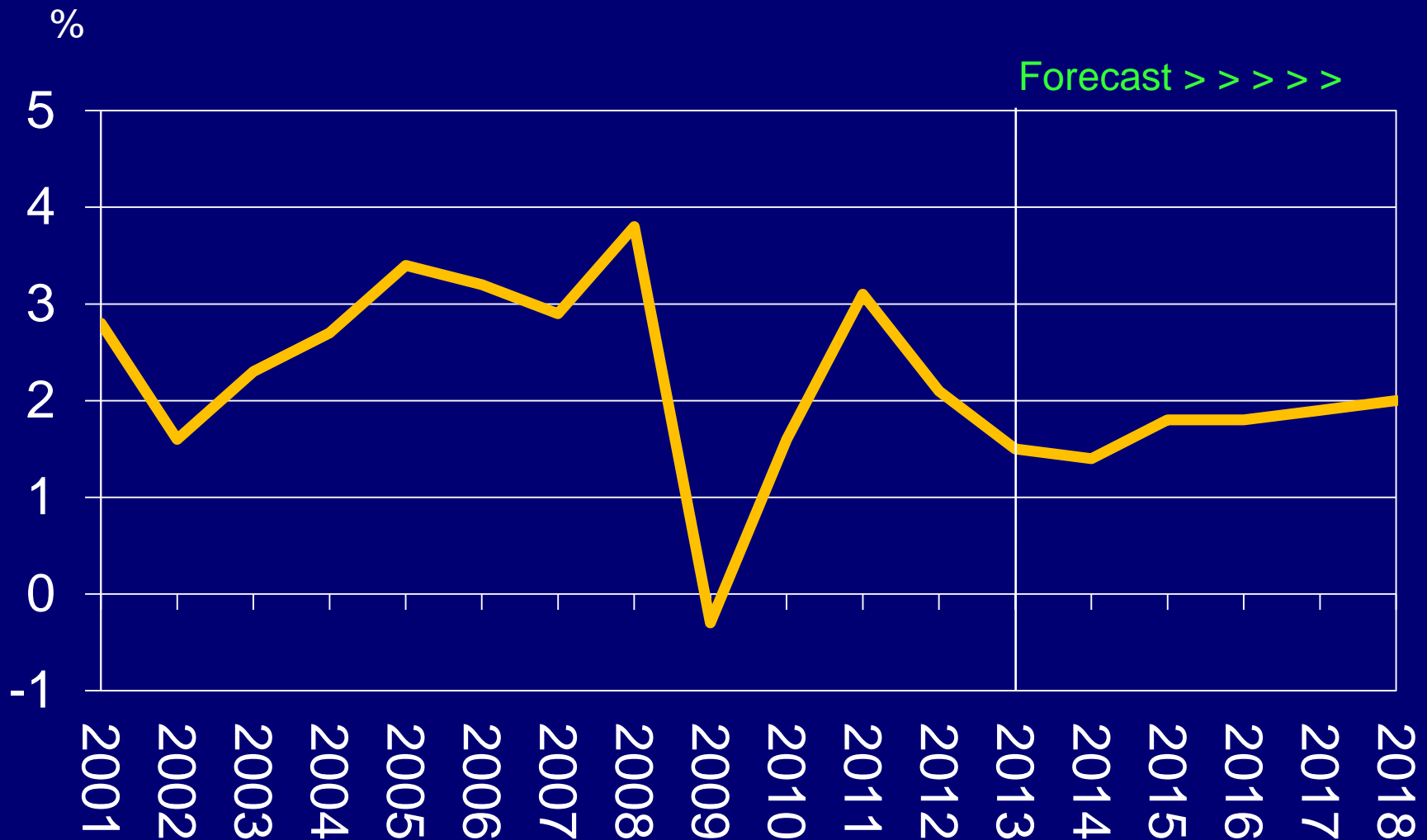


# Consumer Confidence

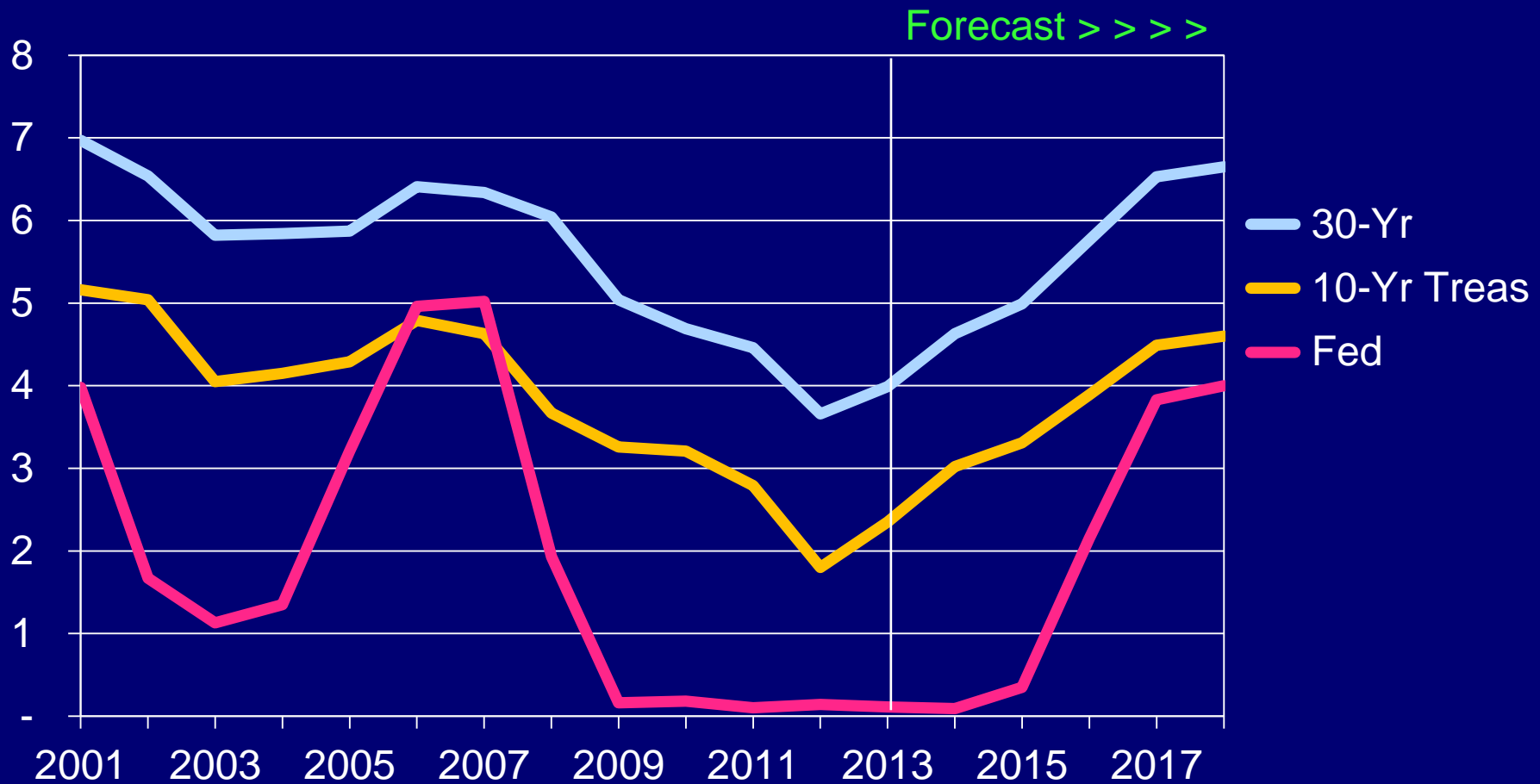


Source: The Conference Board, GMU Center for Regional Analysis

# Consumer Prices 2001 - 2018

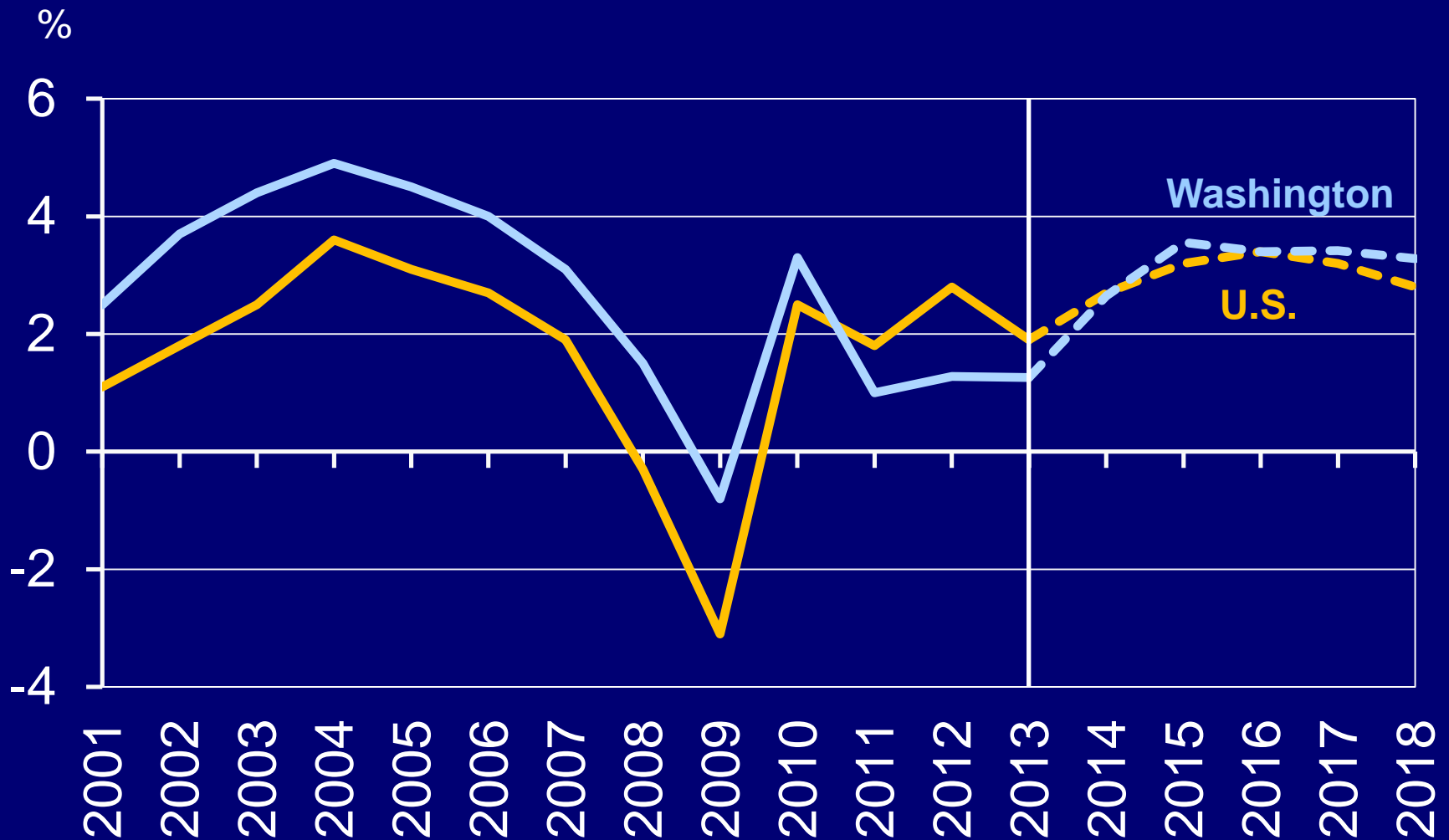


# Interest Rates 2001 - 2018



# The Washington Economy: Impacts of the Recession and the Sequester and 2013 Performance

# U.S. GDP and Washington Area GRP 2001 – 2013 – 2018



# Recession Impacts

- GRP declined 0.8% in 2008
- The region's lost 178,100 jobs

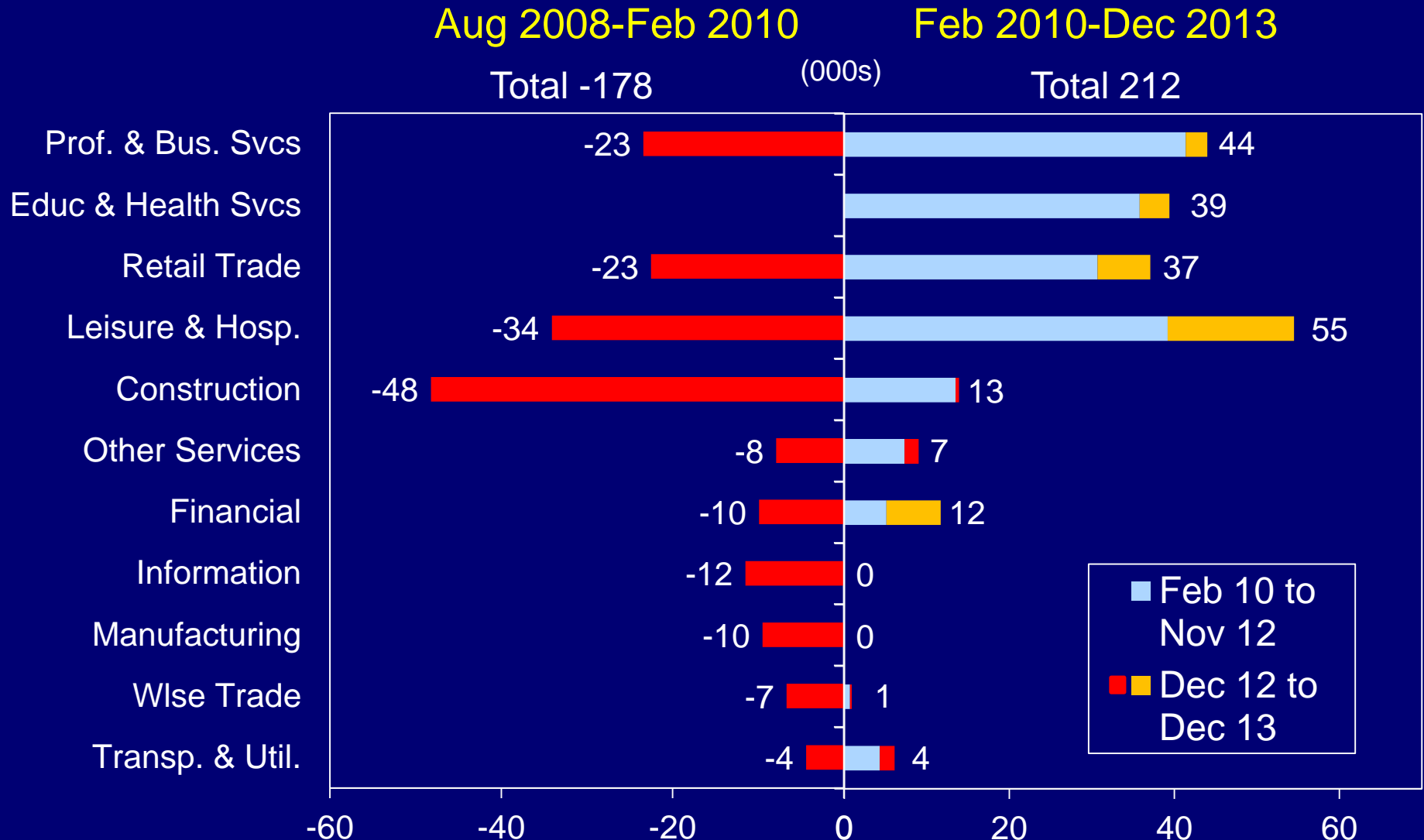
## Sequester+ Impacts

- Federal procurement \$s down by 11.8%
- There are 21,200 fewer federal jobs
- Federal payroll is down 4.8%  
or by \$2 billion



# WMSA Payroll Job Change: Private Sector

## The Great Recession and Recovery

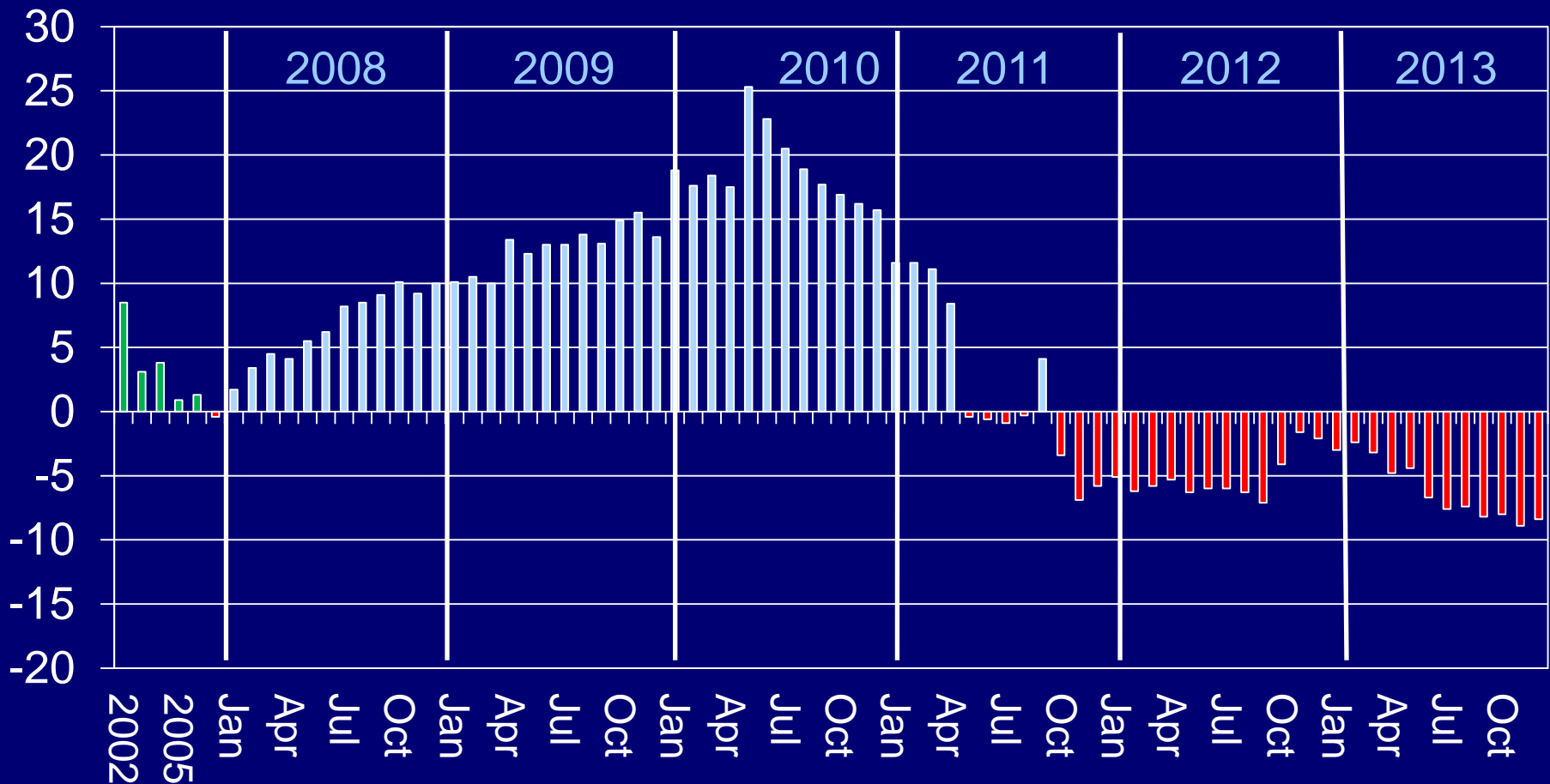


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

# Federal Government Washington MSA

(000s) Annual Data

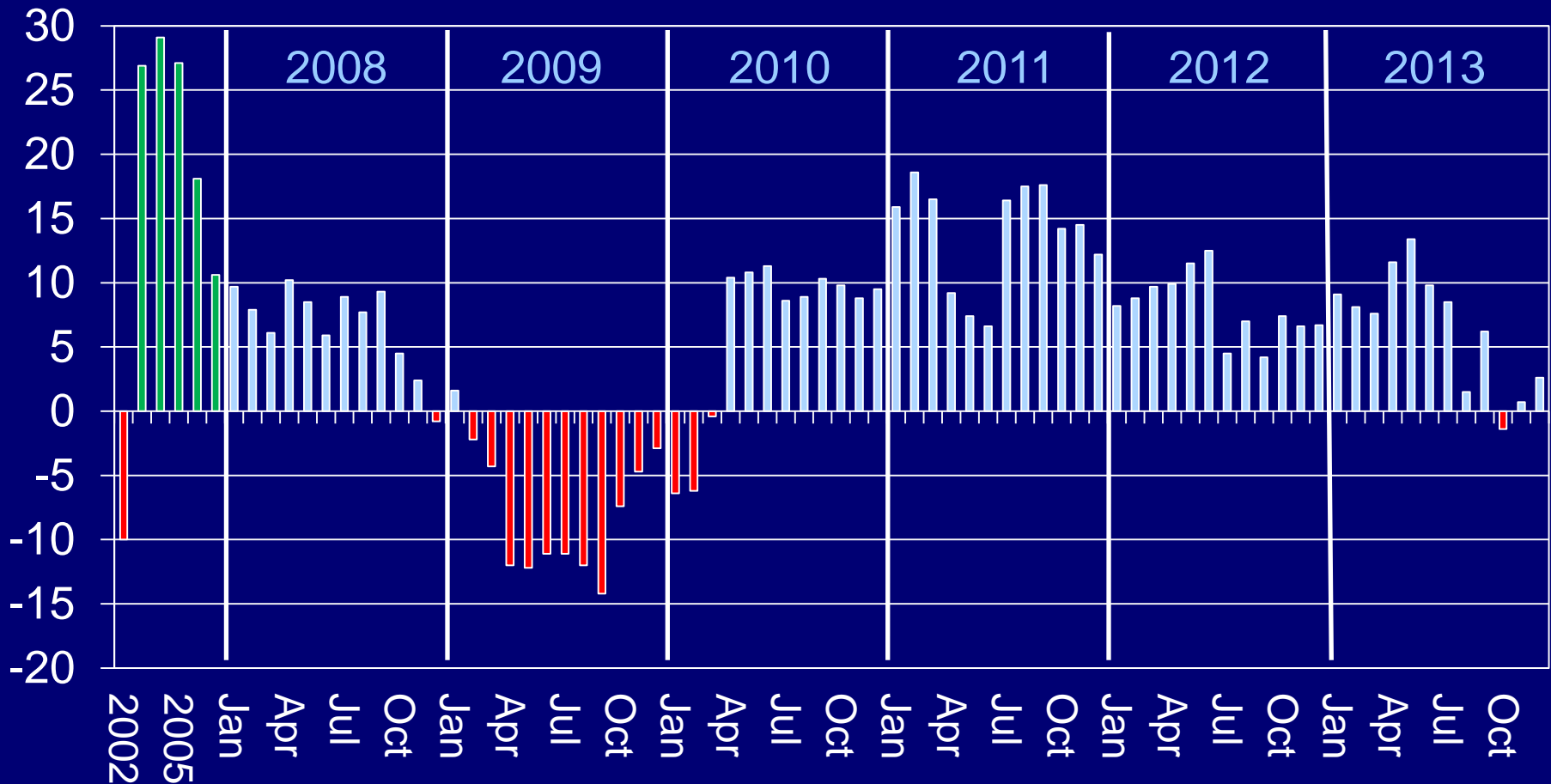
Annual Month over Year



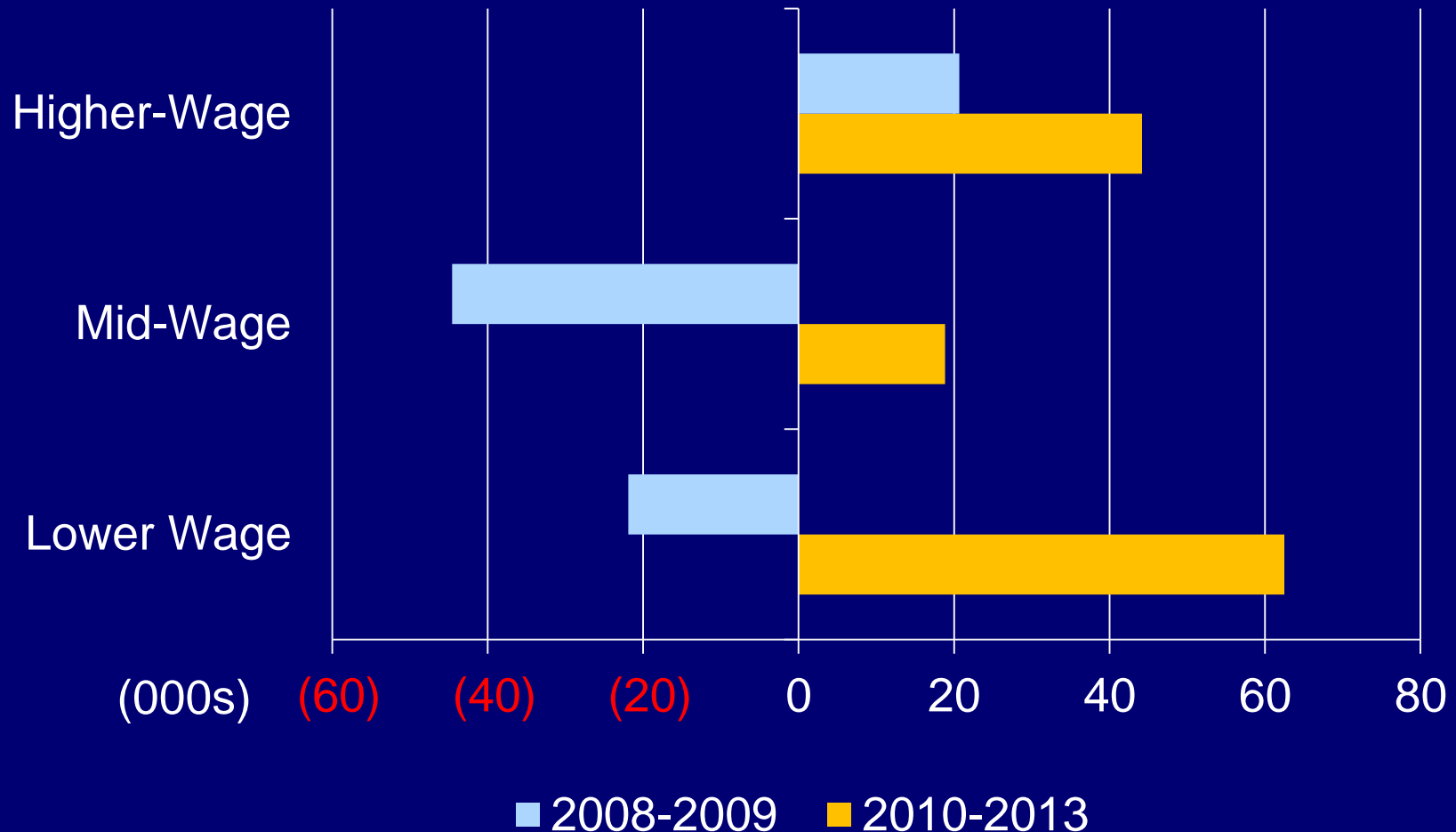
# Professional & Business Services Washington MSA

(000s) Annual Data

Annual Month over Year

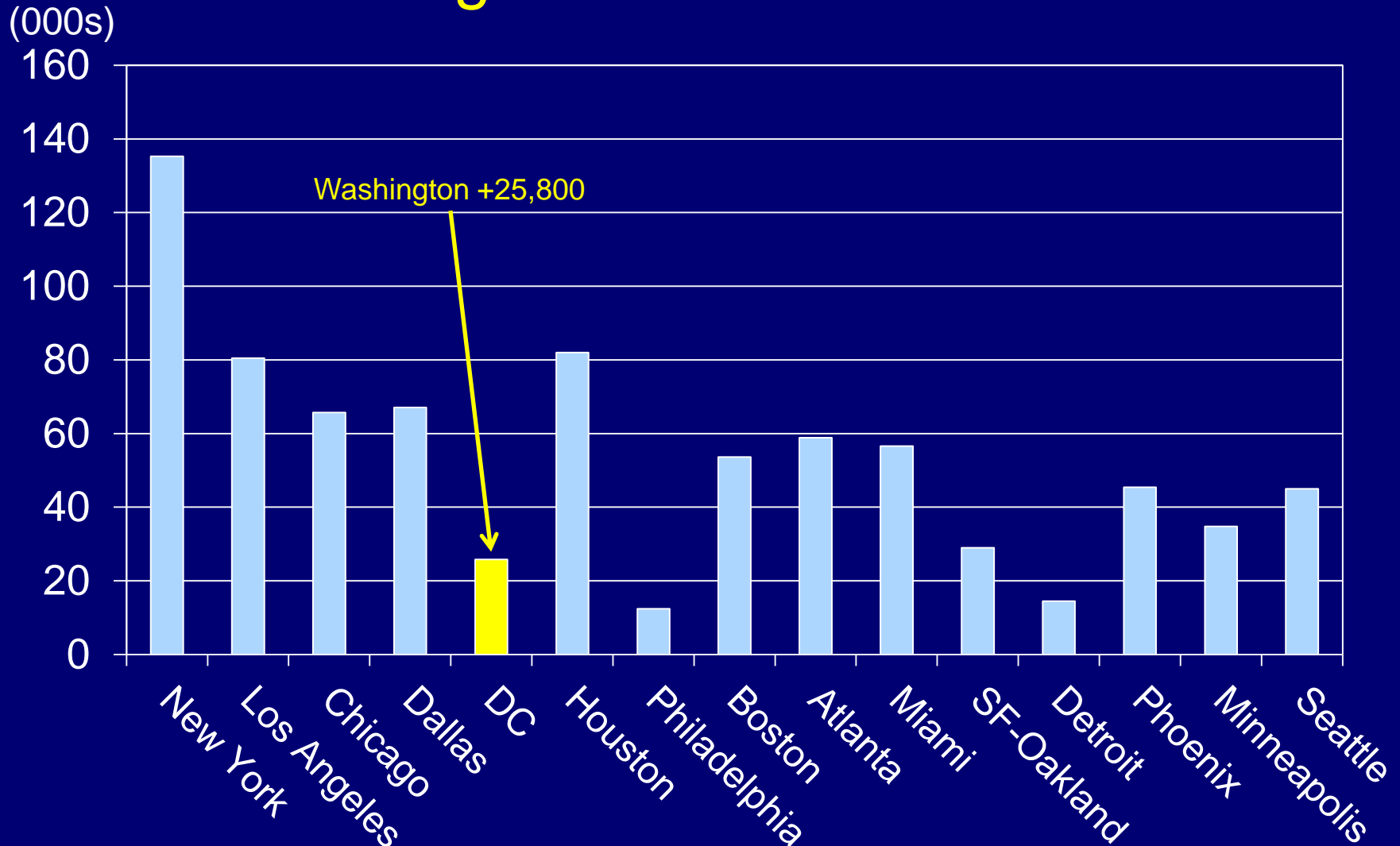


# Washington Metropolitan Area Job Change by Wage Category between 2008 to 2013



# 15 Largest Job Markets

## Job Change: Dec 2012 – Dec 2013

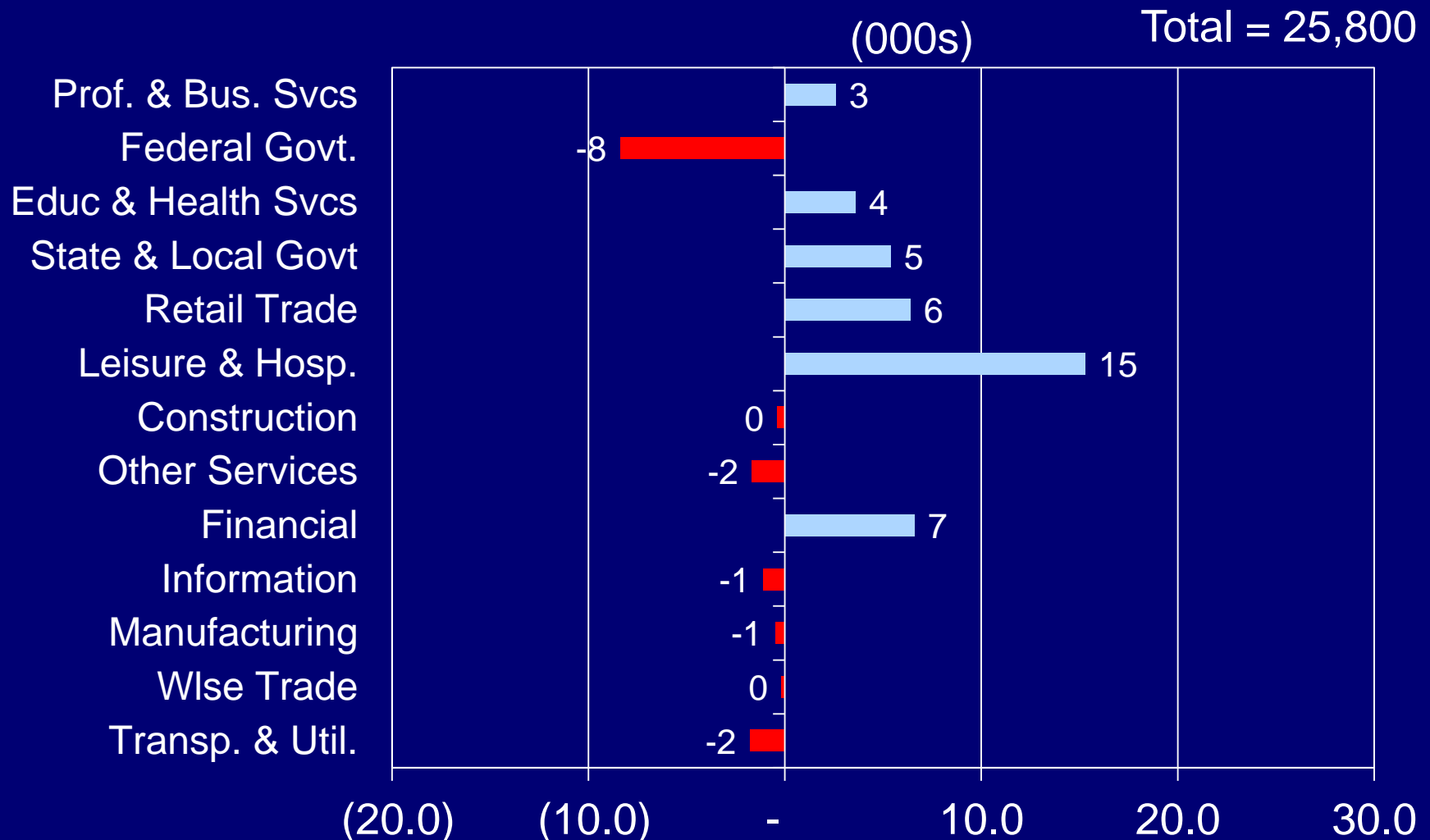


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

# Job Change by Sector

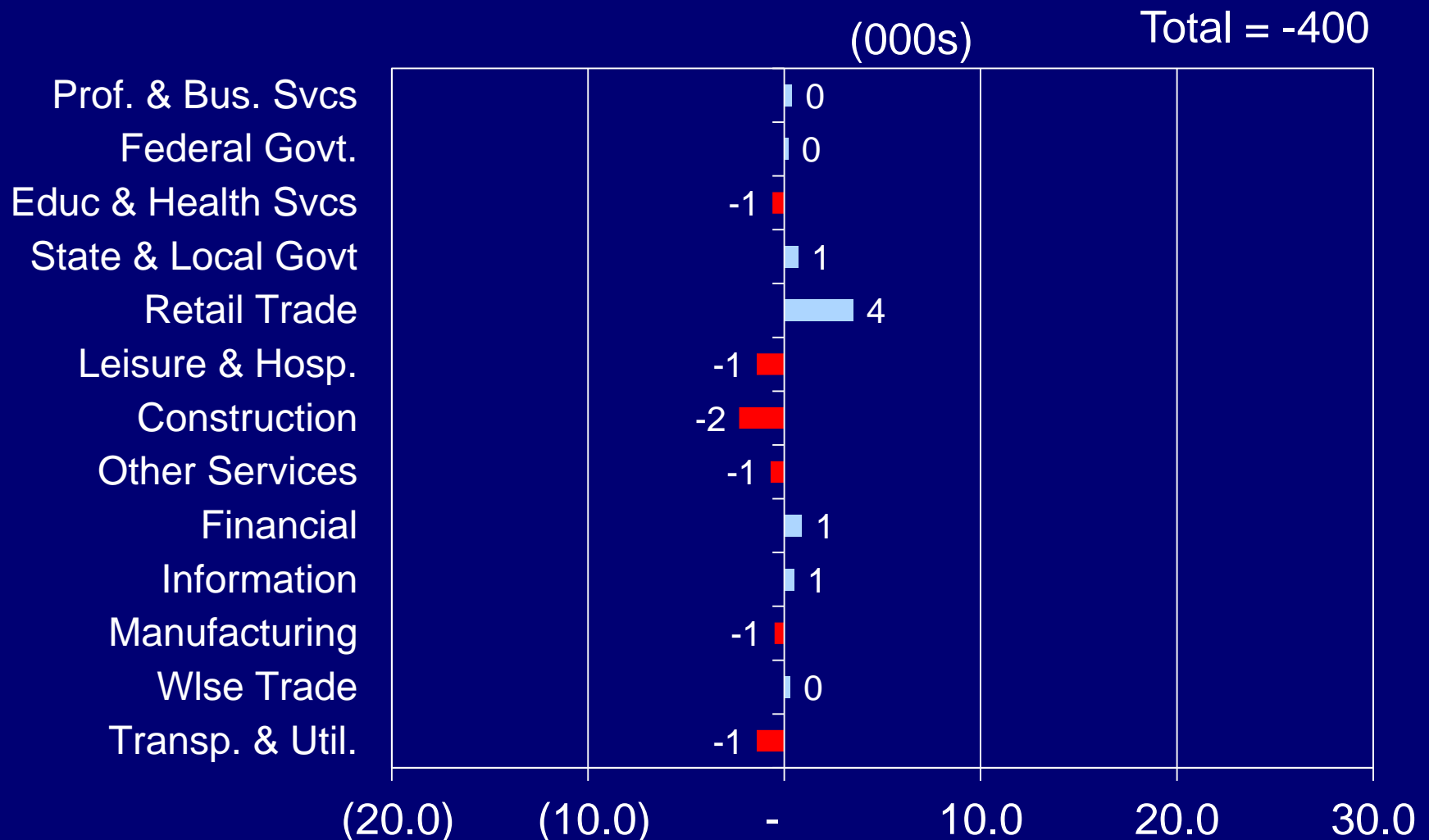
## Dec 2012 – Dec 2013

### Washington MSA



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

# Job Change by Sector Nov 2013 – Dec 2013 Washington MSA

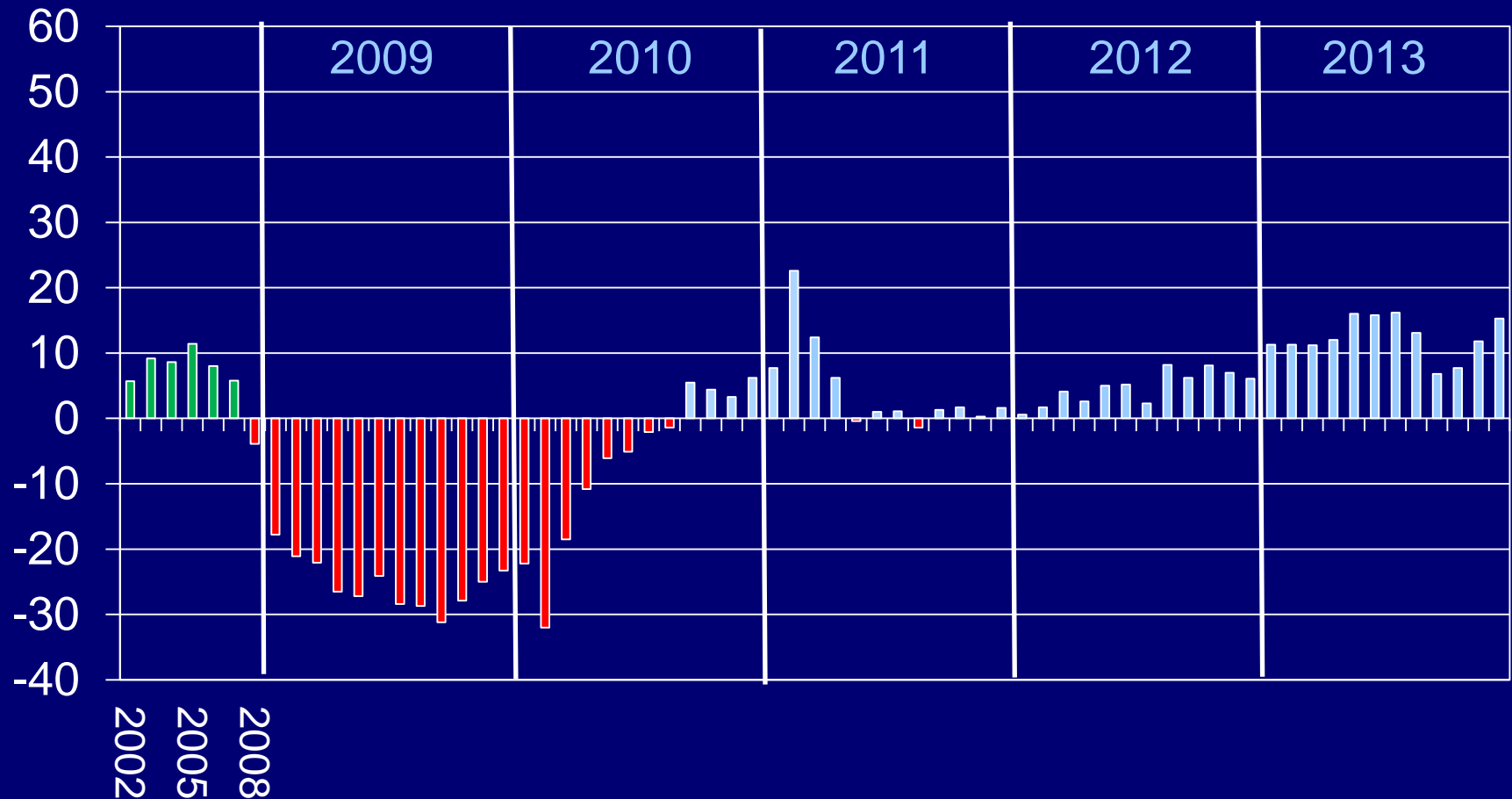


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

# Annual Job Change Suburban Maryland, 2002-2013

(000s) Annual Data

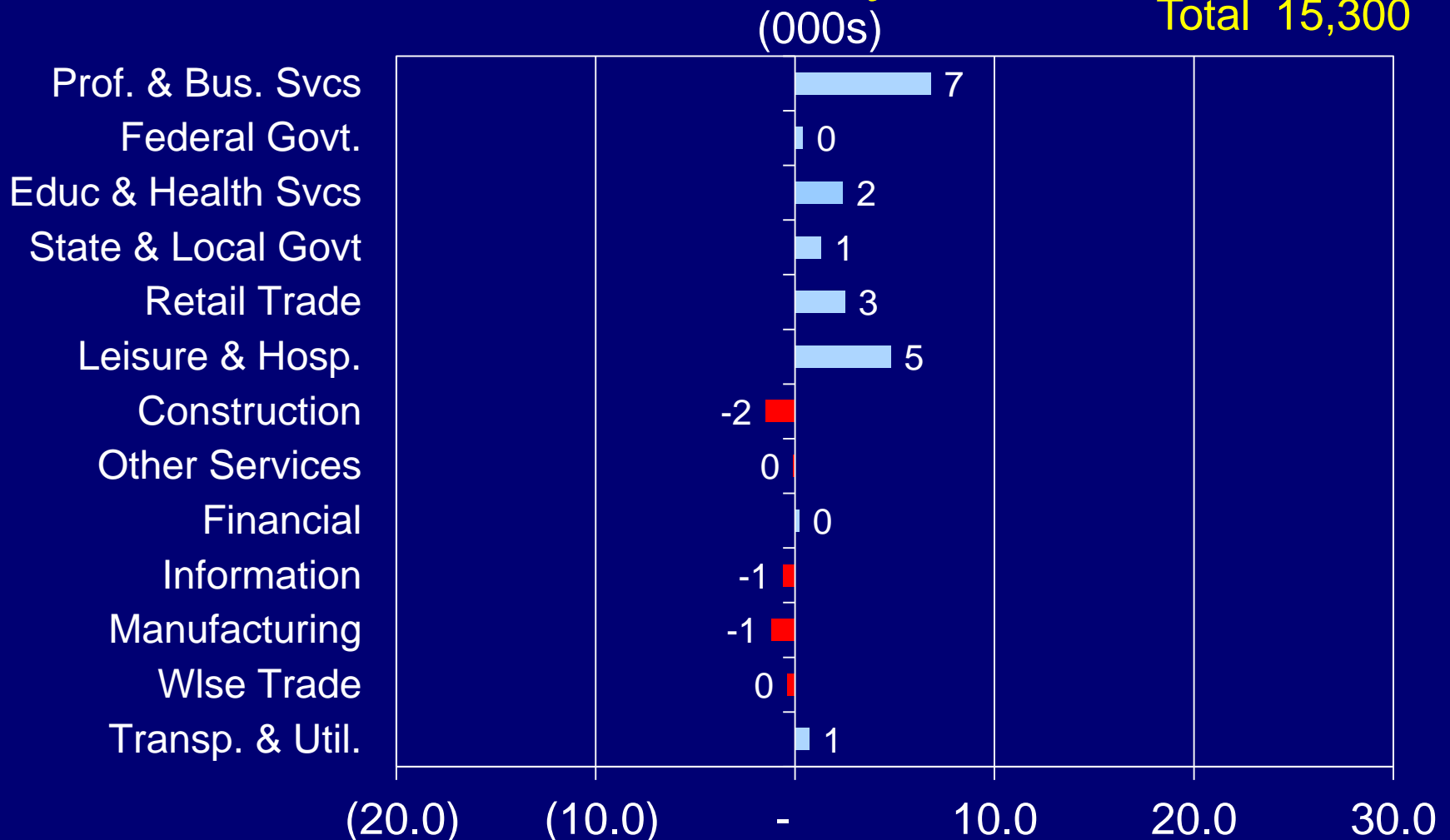
Annual Month over Year





# Job Change by Sector Dec 2012 – Dec 2013 Suburban Maryland

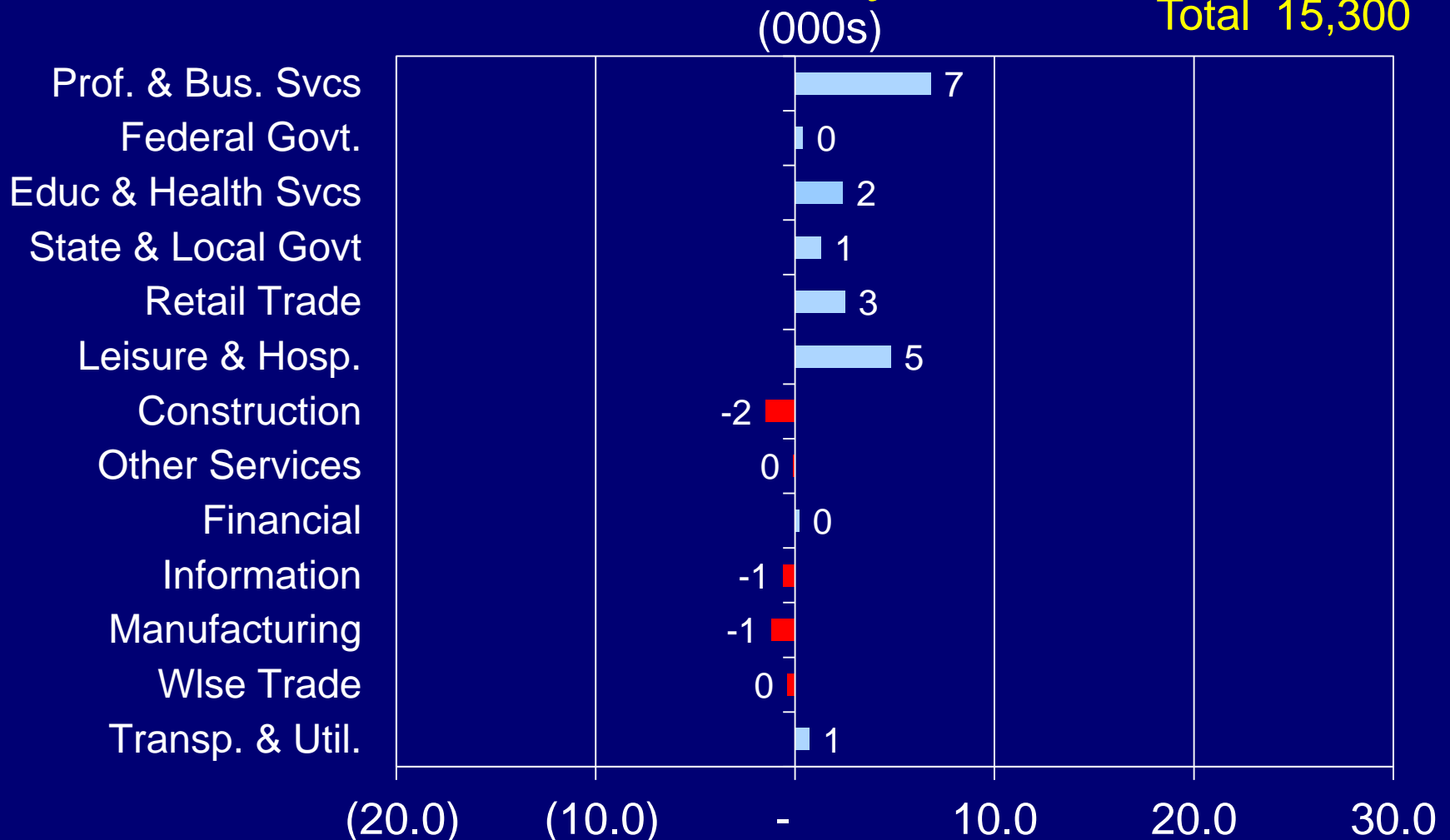
Total 15,300



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

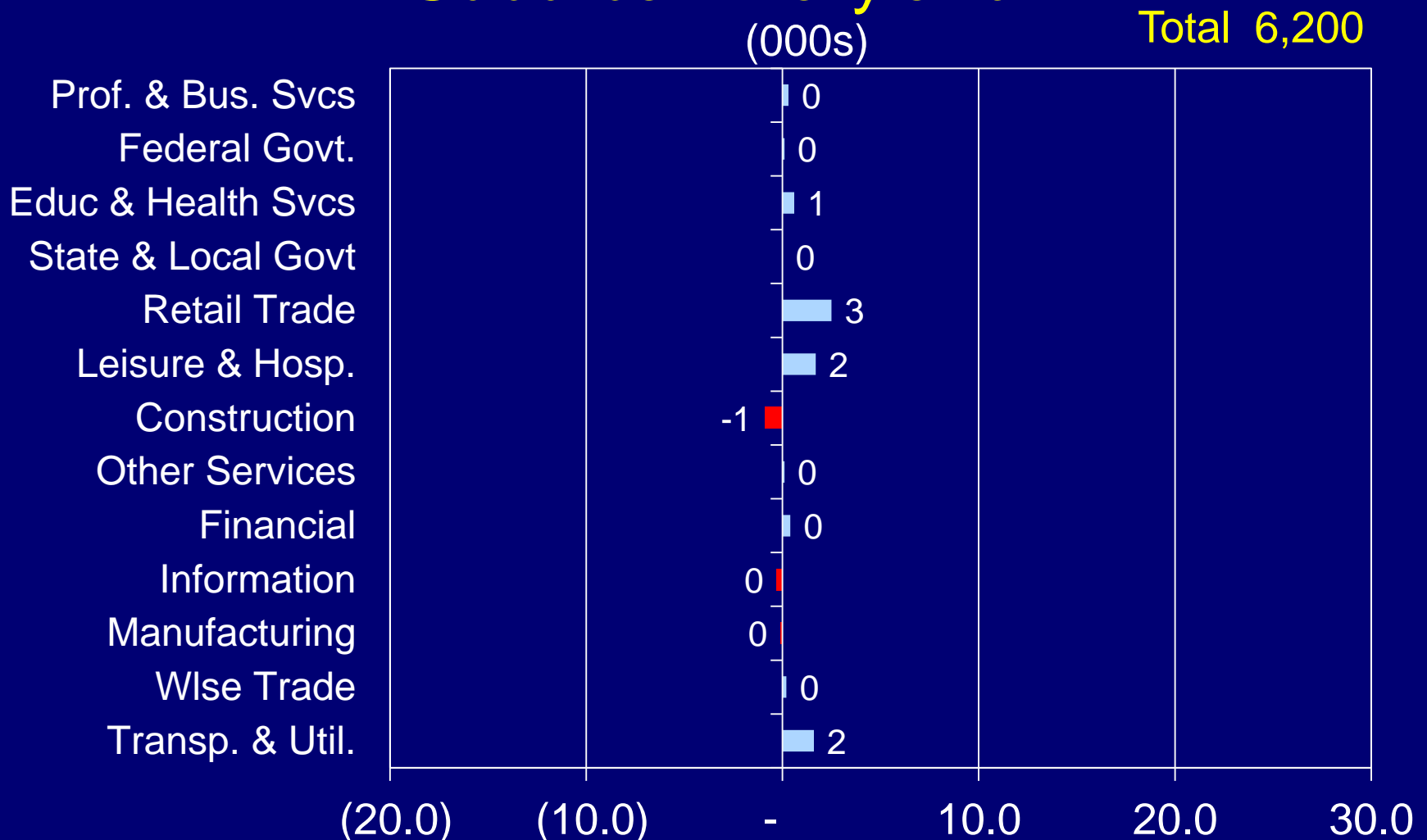
# Job Change by Sector Dec 2012 – Dec 2013 Suburban Maryland

Total 15,300



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

# Job Change by Sector Nov 2013 – Dec 2013 Suburban Maryland

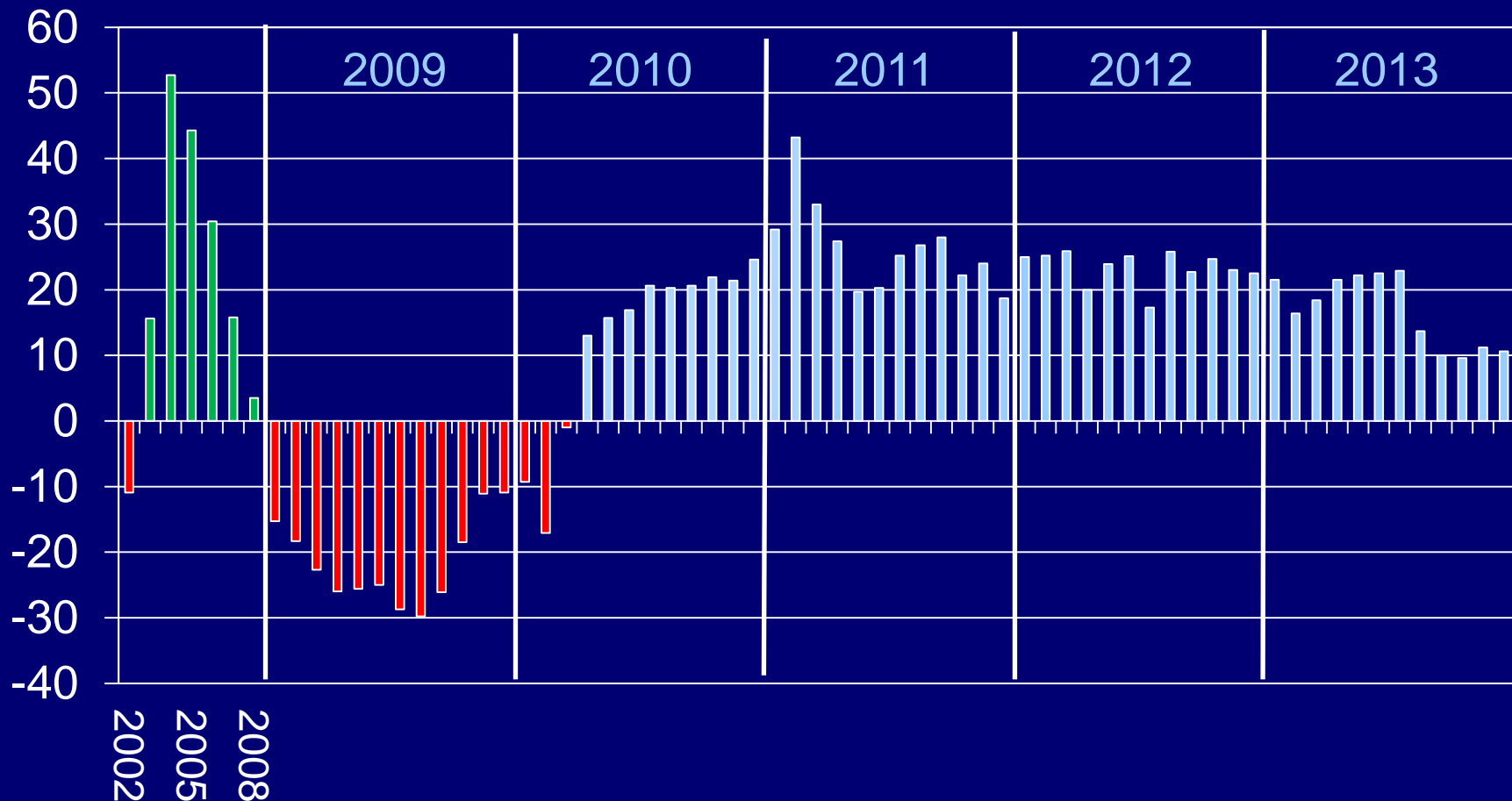


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

# Annual Job Change Northern Virginia, 2002-2013

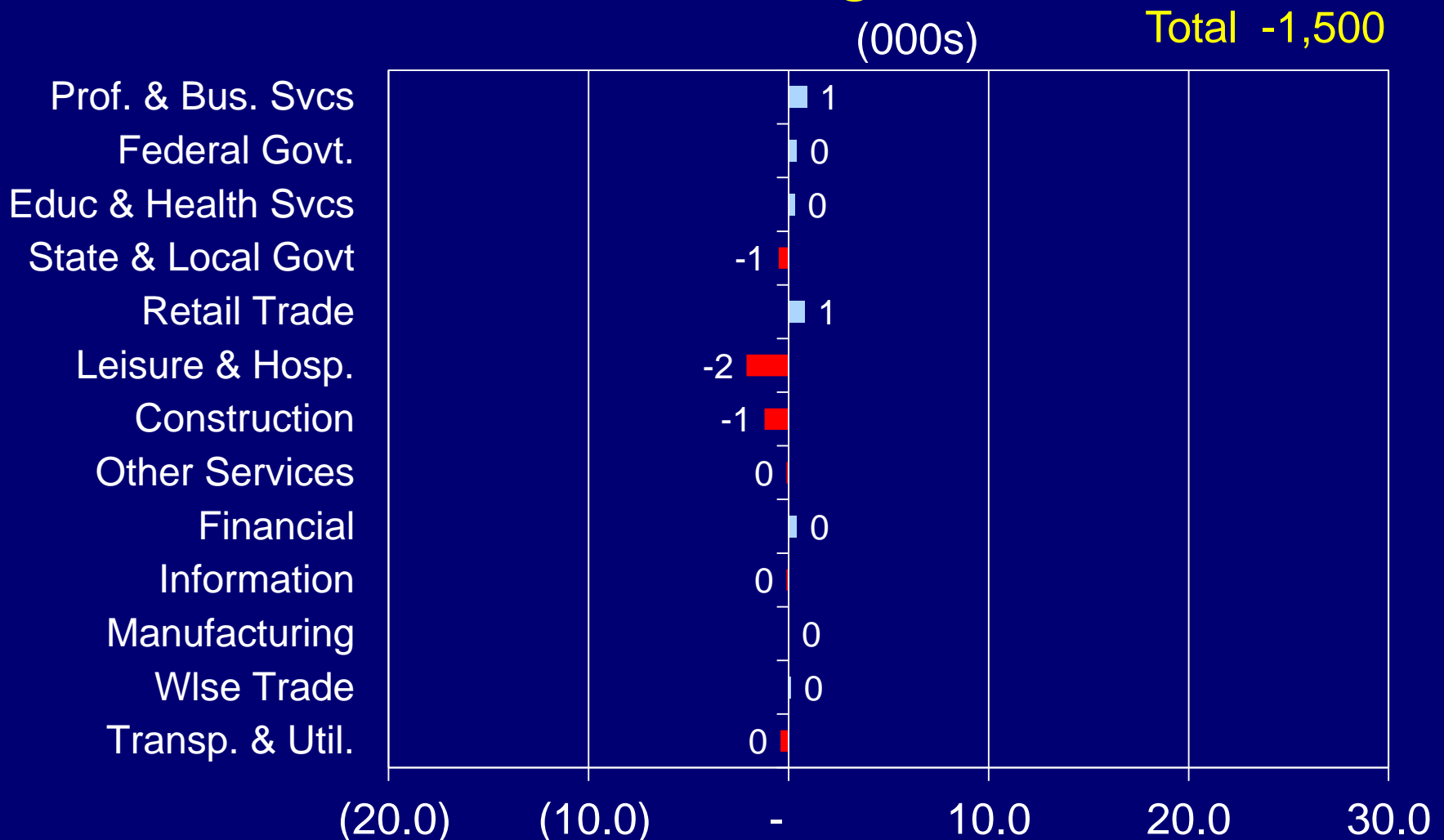
(000s) Annual Data

Annual Month over Year



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

# Job Change by Sector Nov 2013 – Dec 2013 Northern Virginia

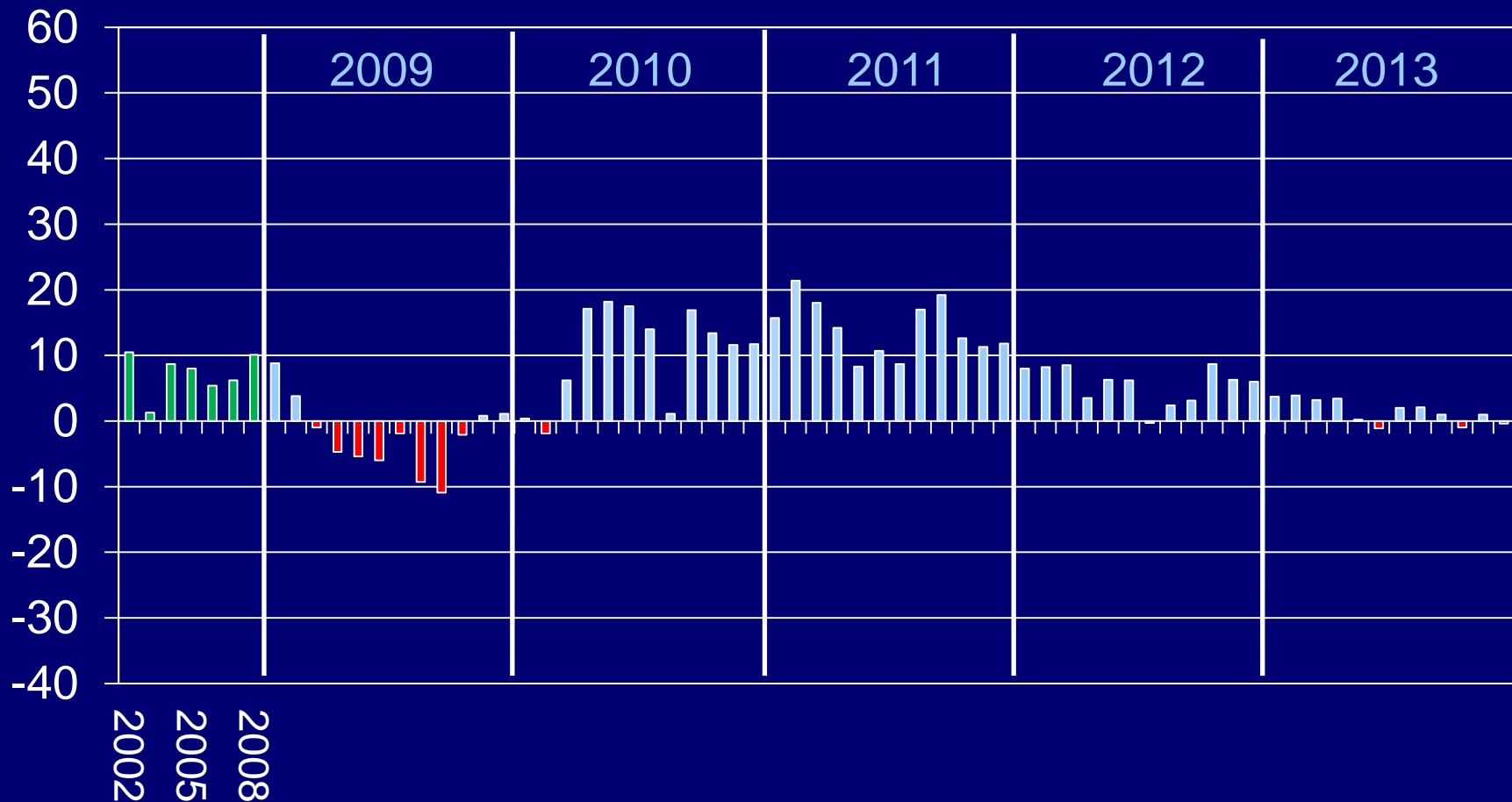


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

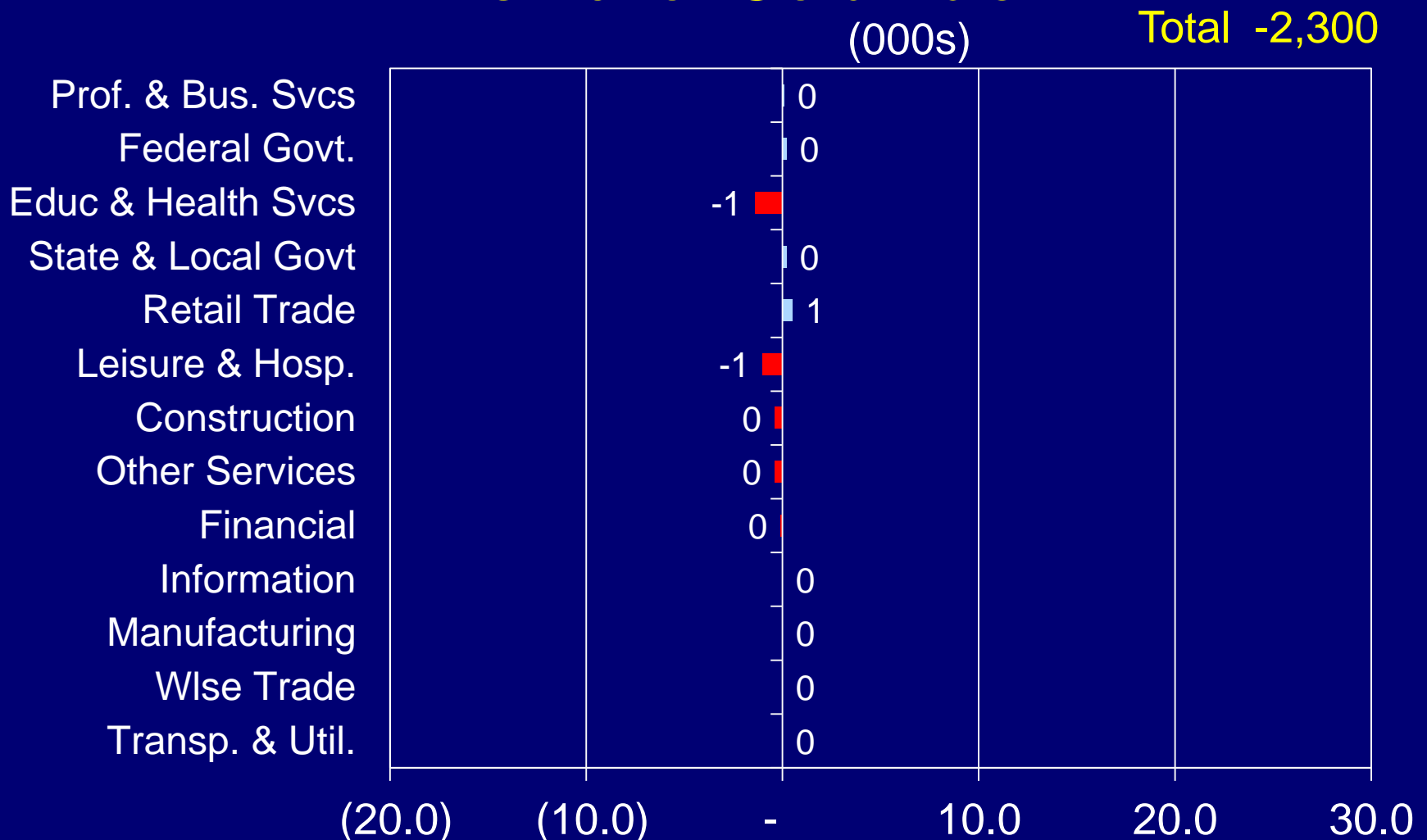
# Annual Job Change District of Columbia, 2002-2013

(000s) Annual Data

Annual Month over Year

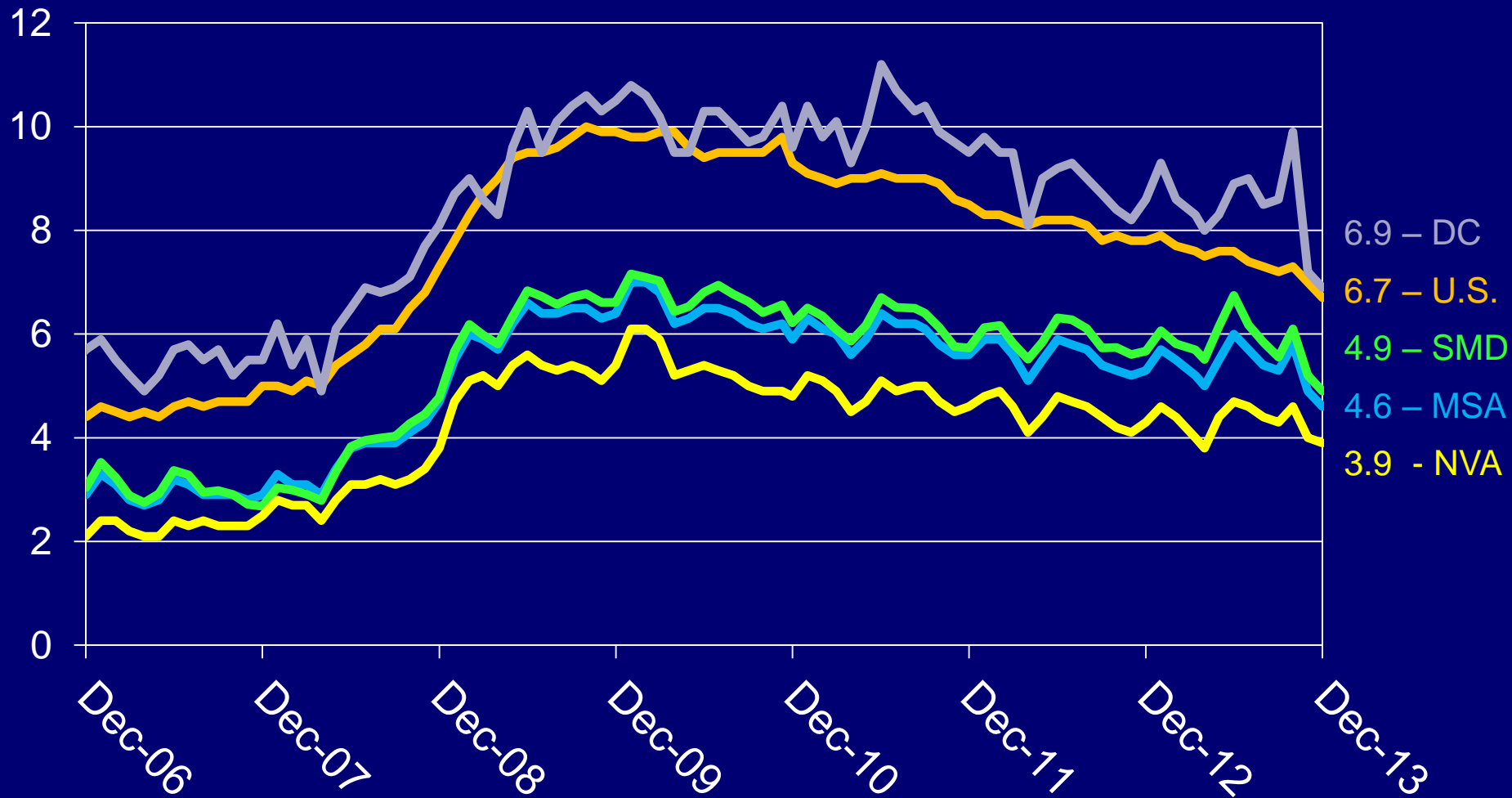


# Job Change by Sector Nov 2013 – Dec 2013 District of Columbia



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

# Unemployment Rates in the WMSA By Sub-State Area, 2006-2013



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



# Economic Outlook for the Washington Metropolitan Area: 2013-2018

# Washington Metropolitan Area Gross Regional Product, 2013-2018

(in billions of 2005\$s)

<u>Region</u>	<u>2013</u>	<u>Share</u>	<u>2018</u>	<u>Share</u>	<u>% Change</u>
Metro	\$391.2	100.0	\$458.8	100.0	17.3
District	92.7	23.7	104.5	22.8	12.7
SubMD	110.3	28.2	129.5	28.2	17.4
NoVA	187.1	47.8	223.5	48.7	19.4

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Source: IHS Global Insight, GMU Center for Regional Analysis

The Washington metropolitan area includes Jefferson County, WV and is included in the total GRP values.

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

	2011	2012	2013	2014	2015	2016	2017	2018
D.C.	14.1	5.6	1.9	9.7	11.3	9.3	6.5	4.6
Sub. MD	4.4	4.8	20.7	18.1	22.7	20.0	14.3	12.2
No. VA	26.4	23.5	14.6	32.2	31.8	36.8	35.0	30.3
REGION	42.6	32.2	37.5	60.2	66.1	66.4	56.2	47.5

Average Annual Change 1990-2010 = 36,000

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

NOTE: The regional totals include Jefferson, WV.

# Principal Sources of Job and GRP

## Growth in the Washington Area, 2013-2018

(in thousands)

Growth <u>Sectors</u>	Job <u>Change</u>	% of Total <u>Job Change</u>	Average Value <u>Added per Job*</u>
Prof. & Bus. Ser.	144.5	48.8	\$158,211
Construction	51.9	17.5	\$91,482
Education/Health	35.2	11.9	\$59,938
Hospitality Services	27.1	9.1	\$43,036
State and Local	19.6	6.6	\$60,099
Sub-Total	278.3	93.9	\$99,820
Overall Total	296.4	100.0	\$135,544

\* in 2005\$s

# Job and GRP Gains and Losses for the Washington Area's Other Sectors, 2013-2018

(in thousands)

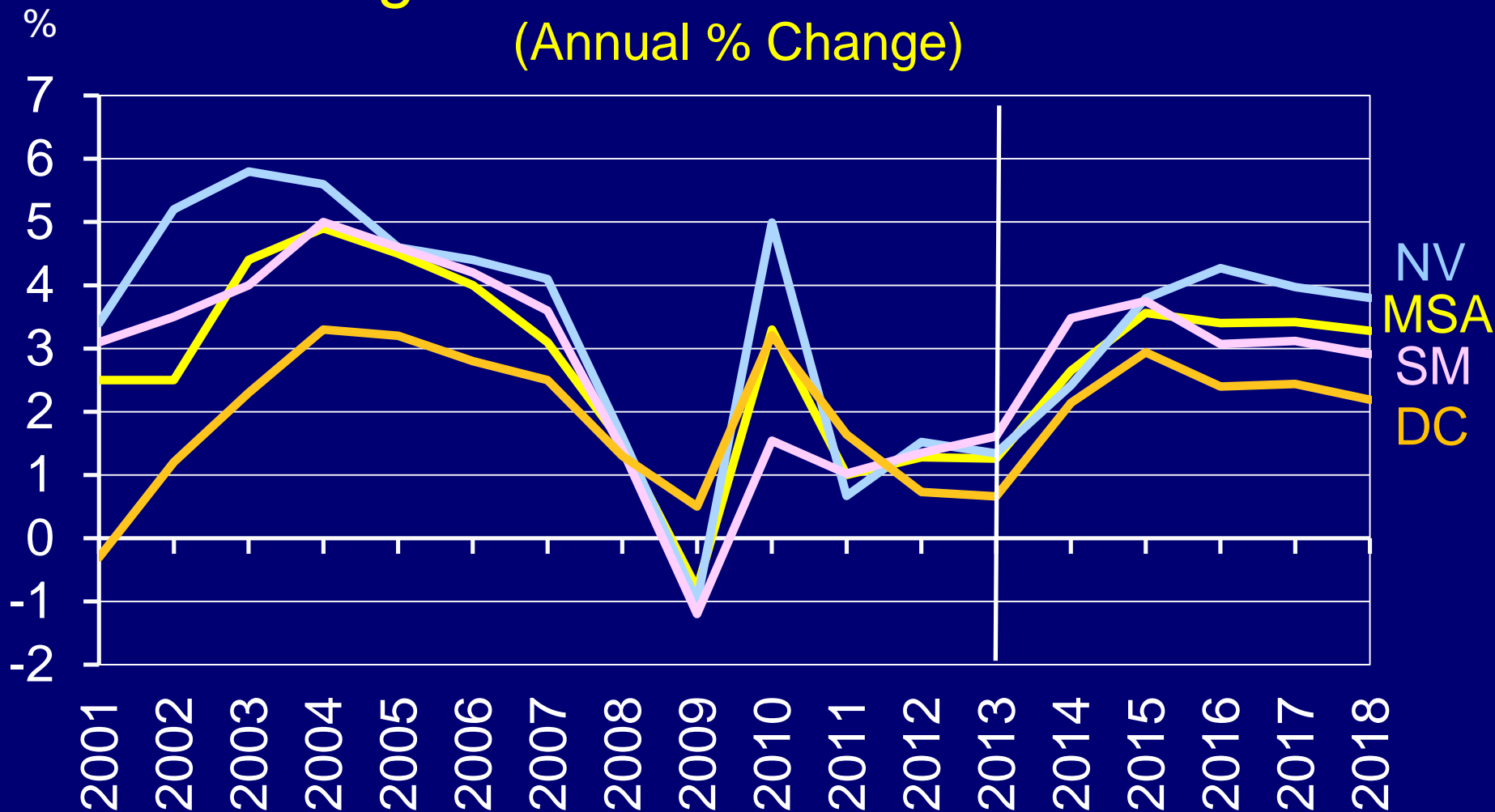
	<u>Job Change</u>	<u>% of Total Job Change</u>	<u>Average Value Added per Job</u>
Federal Gov't	- 22.8	- 7.7	\$141,894
Retail Trade	13.6	4.6	\$60,981
Other Services	2.1	0.7	\$102,734
Financial Services	- 1.3	- 0.4	\$591,253
Information Services	6.3	2.1	\$549,993
Manufacturing	1.5	0.5	\$103,723
Transportation	9.3	3.1	\$133,796
Wholesale Trade	7.3	2.5	\$193,924
Sub-Totals	18.1	6.1	\$200,732
Overall Total	296.4	100.0	\$135,544

Sources: IHS Global Insight; GMU Center for Regional Analysis

# Economic Outlook (GRP), 2001-2018

## Washington Area and Sub-State Areas

(Annual % Change)



# Thank You Questions

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