Overview of the Greater Washington Region: Trends and Challenges

Stephen S. Fuller, Ph.D.
Dwight Schar Faculty Chair and University Professor
Director, Center for Regional Analysis
George Mason University

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The Washington Metropolitan Area Is Different

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

15 Largest Metro Areas
2010 GRP

Source: BEA, GMU Center for Regional Analysis
15 Largest Metro Areas
GRP Percent Change 2007-10

Population Growth by Decade
Washington MSA
1900 - 2010

Source: BEA, GMU Center for Regional Analysis

Source: US Census and GMU Center for Regional Analysis
Population in the Washington MSA
By Sub-State Area, 1900 - 2010

Source: US Census and GMU Center for Regional Analysis

Growth in Jobs, 1980 - 2010

Source: BLS, IHS Global Insight, GMU Center for Regional Analysis
Changing Job Patterns
Washington Metro Area, 1950 – 2010
(Percent Share of Total)

Share of Washington Area Economy
1970-2010
How Has the Washington Area Economy Performed Through This Business Cycle?

US GDP and Washington GRP

Graph showing the comparison of US GDP and Washington GRP from 1970 to 2010.
Annual Change in Jobs
Washington Metro Area

Source: BLS, GMU Center for Regional Analysis

Annual Job Change
Washington MSA

Source: BLS March 2012 Benchmark, GMU Center for Regional Analysis
15 Largest Job Markets
Job Change: 2010 – 2011

Source: BLS March 2011 Benchmark, GMU Center for Regional Analysis

15 Largest Job Markets
Job Change: Feb 2011 – Feb 2012

Source: BLS March 2012 Benchmark, GMU Center for Regional Analysis
Annual Job Change
Northern Virginia

Annual Data

2002 2004 2006
Feb Apr Jun Aug Oct Dec
2002 2004 2006
Feb Apr Jun Aug Oct Dec

Source: BLS March 2012 Benchmark, GMU Center for Regional Analysis

Unemployment Rate

2009 2010 2011
Feb Apr Jun Aug Oct Dec
Feb Apr Jun Aug Oct Dec
Feb Apr Jun Aug Oct Dec

Source: BLS, Not Seasonally Adjusted

Unemployment Rate

10.2 – DC
8.7 – U.S.
6.0 – SMD
5.8 – MSA
4.7 – NVA
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)

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

Source: Consolidated Federal Funds Report, 2010

** state population as a percent of US

# Total Federal and DOD Spending in DC, Maryland and Virginia, 2010

## (in billions of dollars)

<table>
<thead>
<tr>
<th>Area</th>
<th>Total $s</th>
<th>DOD $s</th>
<th>% Total</th>
<th>% DOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>$3,276.4</td>
<td>$557.0</td>
<td>17.0</td>
<td>100.0</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>61.9</td>
<td>8.7</td>
<td>14.0</td>
<td>1.6</td>
</tr>
<tr>
<td>Maryland</td>
<td>96.3</td>
<td>18.7</td>
<td>19.4</td>
<td>3.4</td>
</tr>
<tr>
<td>Virginia</td>
<td>136.1</td>
<td>58.1</td>
<td>42.7</td>
<td>10.4</td>
</tr>
<tr>
<td>Total Area</td>
<td>$294.3</td>
<td>$85.5</td>
<td>29.0</td>
<td>15.4</td>
</tr>
</tbody>
</table>

Source: Consolidated Federal Funds Report, 2010
The Importance of DOD Spending in the Commonwealth of Virginia, 2008
(in billions of 2008 $s)

<table>
<thead>
<tr>
<th>Source</th>
<th>GSP*</th>
<th>Personal Earnings</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Payroll</td>
<td>$22.4</td>
<td>$19.3</td>
<td>339,941</td>
</tr>
<tr>
<td>Contracting</td>
<td>$33.6</td>
<td>$23.9</td>
<td>537,258</td>
</tr>
<tr>
<td>Construction</td>
<td>$1.4</td>
<td>$1.1</td>
<td>25,786</td>
</tr>
<tr>
<td>Totals</td>
<td>$57.4</td>
<td>$44.4</td>
<td>902,985</td>
</tr>
<tr>
<td>% of State</td>
<td>15.6</td>
<td>17.4</td>
<td>18.9</td>
</tr>
</tbody>
</table>

Revenues | Expenditures | Net Benefit
---|-------------|-------------|
Fiscal Impacts** | $1,689.38 | $593.34 | $1,096.04

*gross state product
*in millions of dollars

FEDERAL SPENDING – WASHINGTON MSA
TOTAL & PROCUREMENT

Source: Census Consolidated Federal Funds Report
Federal Spending By Type
1984 - 2009

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: BLS, 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

Source: BLS March 2012 Benchmark, GMU Center for Regional Analysis

Tot 2011 = 383,600
2010 Structure of the Greater Washington Economy

- Local Serving Activities: 34.8%
- Non-Local Business: 12.0%
- Other Federal: 10.7%
- Fed Wages & Salaries: 10.0%
- Procurement: 19.1%
- Total Federal: 39.8%
- Other: 1.5%
- Health/Ed.: 4.5%
- Int'l: 3.5%
- Assn: 2.1%
- Other Federal: 10.7%

Source: GMU Center for Regional Analysis

What is the Near-Term Outlook of the Washington Area Economy?
What is the Long-Term Outlook of the Washington Area Economy?
### Gross Regional Product Forecasts: 2010 – 2030
**Washington Metropolitan Area and Peer Metropolitan Areas**

(in billions of 2000$s$)

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>2010</th>
<th>2030</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>$1,045.0</td>
<td>$1,489.2</td>
<td>$444.2</td>
<td>42.5%</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>611.4</td>
<td>947.9</td>
<td>336.5</td>
<td>55.0</td>
</tr>
<tr>
<td>Chicago</td>
<td>438.1</td>
<td>633.7</td>
<td>195.6</td>
<td>44.6</td>
</tr>
<tr>
<td><strong>Washington</strong></td>
<td><strong>352.1</strong></td>
<td><strong>683.7</strong></td>
<td><strong>331.6</strong></td>
<td><strong>94.2</strong></td>
</tr>
<tr>
<td>Dallas-FW</td>
<td>339.2</td>
<td>709.9</td>
<td>370.7</td>
<td>109.3</td>
</tr>
<tr>
<td>Atlanta</td>
<td>253.7</td>
<td>556.9</td>
<td>303.2</td>
<td>119.5</td>
</tr>
</tbody>
</table>

Source: NPA Data Services, GMU Center for Regional Analysis

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### Washington MSA and Peers
**Job-to-Population Ratios, 2010-2030**

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>2010</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>.57</td>
<td>.61</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>.60</td>
<td>.66</td>
</tr>
<tr>
<td>Chicago</td>
<td>.60</td>
<td>.64</td>
</tr>
<tr>
<td><strong>Washington</strong></td>
<td><strong>.73</strong></td>
<td><strong>.78</strong></td>
</tr>
<tr>
<td>Dallas/FW</td>
<td>.62</td>
<td>.66</td>
</tr>
<tr>
<td>Atlanta</td>
<td>.63</td>
<td>.66</td>
</tr>
</tbody>
</table>
### Washington MSA and Peers

Percent of GRP* Lost To/Or Gained from Commuting, 2010-2030

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>2010</th>
<th>2030</th>
<th>GRP Value**</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>-1.4</td>
<td>-0.2</td>
<td>-$3.2</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>-2.8</td>
<td>-2.9</td>
<td>-$27.3</td>
</tr>
<tr>
<td>Chicago</td>
<td>-0.4</td>
<td>-0.5</td>
<td>-$2.9</td>
</tr>
<tr>
<td>Washington</td>
<td>-4.25</td>
<td>-8.8</td>
<td>-$59.8</td>
</tr>
<tr>
<td>Dallas-FW</td>
<td>-0.2</td>
<td>2.9</td>
<td>+$20.4</td>
</tr>
<tr>
<td>Atlanta</td>
<td>-0.6</td>
<td>-1.2</td>
<td>-$3.7</td>
</tr>
</tbody>
</table>

* Net of in and out commuting  
** in billions of 2000 $s (direct impact)

### Washington Metropolitan Area

Economic Growth: Standard Forecast 2010-2030

- Potential GRP Gain: $122 Billion
- Lost to Inter-regional Commuting: $75 B

* Non-resident dependency equivalent to projected large metro area average
The Washington area economy could be larger than projected if it built on its competitive advantages

If the Washington area economy fully developed its private sector to compete with its peer metropolitan areas by building on its high-value added and fast growing professional and business service sectors….

An additional $33 billion could be added to the Washington area’s GRP by 2030 with 480,000 additional jobs.

Workforce Development Issues

• All local jurisdictions will need a greater number of workers than can be generated from within the existing population;
• The changing skills requirements of future jobs will compound the magnitude of the shortage of workers needed to fill future local jobs;
• Upskilling the existing workforce and increasing labor force participation at all ages; and,
• Increasing high school graduation rates and retaining and redeploying older workers.
Revised Washington Metropolitan Area Growth Potential Summary: 2010 – 2030
(in billions of 2010 $s, jobs in thousands)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2010</th>
<th>2030</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRP Growth</td>
<td>$425 b</td>
<td>$774.8</td>
<td>82.3%</td>
</tr>
<tr>
<td>Net Job Growth</td>
<td>3,788.8</td>
<td>4,842.7</td>
<td>1,053.9/27.8%</td>
</tr>
<tr>
<td>Replacement Job Growth</td>
<td>1,802.8</td>
<td></td>
<td>47.6%</td>
</tr>
<tr>
<td>HH Growth</td>
<td>2,068.1</td>
<td>2,622.3</td>
<td>554.2/26.8%</td>
</tr>
</tbody>
</table>

Washington Metropolitan Area: Major Sources of Workforce Demand 2010-2020

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Total Openings</th>
<th>% of Total</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Occupations</td>
<td>163,055</td>
<td>11.3</td>
<td>40.3</td>
</tr>
<tr>
<td>Office Admin Support</td>
<td>158,640</td>
<td>10.9</td>
<td>32.1</td>
</tr>
<tr>
<td>Business and Financial</td>
<td>146,380</td>
<td>10.1</td>
<td>42.1</td>
</tr>
<tr>
<td>Management Occupations</td>
<td>123,973</td>
<td>8.6</td>
<td>37.2</td>
</tr>
<tr>
<td>Computer, Math and Sci</td>
<td>110,685</td>
<td>7.6</td>
<td>46.8</td>
</tr>
<tr>
<td>Food Prep &amp; Serving</td>
<td>102,098</td>
<td>7.0</td>
<td>46.0</td>
</tr>
<tr>
<td>Totals</td>
<td>804,831</td>
<td>55.5</td>
<td>39.5</td>
</tr>
</tbody>
</table>
### Washington Metropolitan Area: Major Sources of Net New Jobs 2010-2020

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Net New</th>
<th>% of Total</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business and Financial</td>
<td>79,974</td>
<td>14.1</td>
<td>23.0</td>
</tr>
<tr>
<td>Computer, Math and Sci</td>
<td>68,612</td>
<td>12.1</td>
<td>29.0</td>
</tr>
<tr>
<td>Sales &amp; Related Occup.</td>
<td>50,203</td>
<td>8.9</td>
<td>12.4</td>
</tr>
<tr>
<td>Office Admin Support</td>
<td>48,597</td>
<td>8.6</td>
<td>9.8</td>
</tr>
<tr>
<td>Management Occupations</td>
<td>45,725</td>
<td>8.1</td>
<td>13.7</td>
</tr>
<tr>
<td>Health Care (all)</td>
<td>43,819</td>
<td>7.7</td>
<td>21.1</td>
</tr>
<tr>
<td>Education &amp; Training</td>
<td>35,186</td>
<td>6.2</td>
<td>16.0</td>
</tr>
<tr>
<td>Totals</td>
<td>372,116</td>
<td>65.7</td>
<td>16.6</td>
</tr>
</tbody>
</table>

### Housing Policy Issues

- Local jurisdictions are planning for an insufficient amount of housing to accommodate future workers;
- More housing is needed closer to jobs;
- There is a need for more multi-family housing and more affordable owner and renter housing units;
- Local government imposed costs are a major source of increasing housing prices; and,
- A lack of housing supply across the price spectrum will threaten the area’s economic vitality and increase traffic congestion.
Demand by Housing Type and Sub-state Region 2010-2030 Comparing Current and Forecasted Units

<table>
<thead>
<tr>
<th></th>
<th>Current*</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SF</td>
<td>MF</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>39%</td>
<td>61%</td>
</tr>
<tr>
<td>Suburban Maryland</td>
<td>70%</td>
<td>30%</td>
</tr>
<tr>
<td>Northern Virginia</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>Washington REGION</td>
<td>67%</td>
<td>33%</td>
</tr>
</tbody>
</table>

*From the 2009 American Community Survey

Comparing Prices of Current and Forecasted Units Owner-Occupied Units Washington Region

Current

- <$200K: 28%
- $200-399K: 44%
- $400-599K: 18%
- $600K+: 15%

$200-399K: 39%

Needed for New Workers

- <$200K: 25%
- $200-399K: 44%
- $400-599K: 26%
- $600K+: 9%

402,300 total owner-occupied units

Note: assumes all workers housed in the jurisdiction in which they work.
Comparing Rents of Current and Forecasted Units
Renter-Occupied Units
Washington Region

Current

Needed for New Workers

Source: 2009 ACS

Note: assumes all workers housed in the jurisdiction in which they work

Key Development Challenges for the Washington Region

• Shortage of workers to fill the region’s projected job growth;
• Growing dependency on non-resident workforce;
• Shortages of housing in all jurisdictions to house the future workforce;
• Lack of long-term regional solutions and implementation of public sector investment to support the growth and development of the Washington area economy;
• Need for local and regional leadership
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