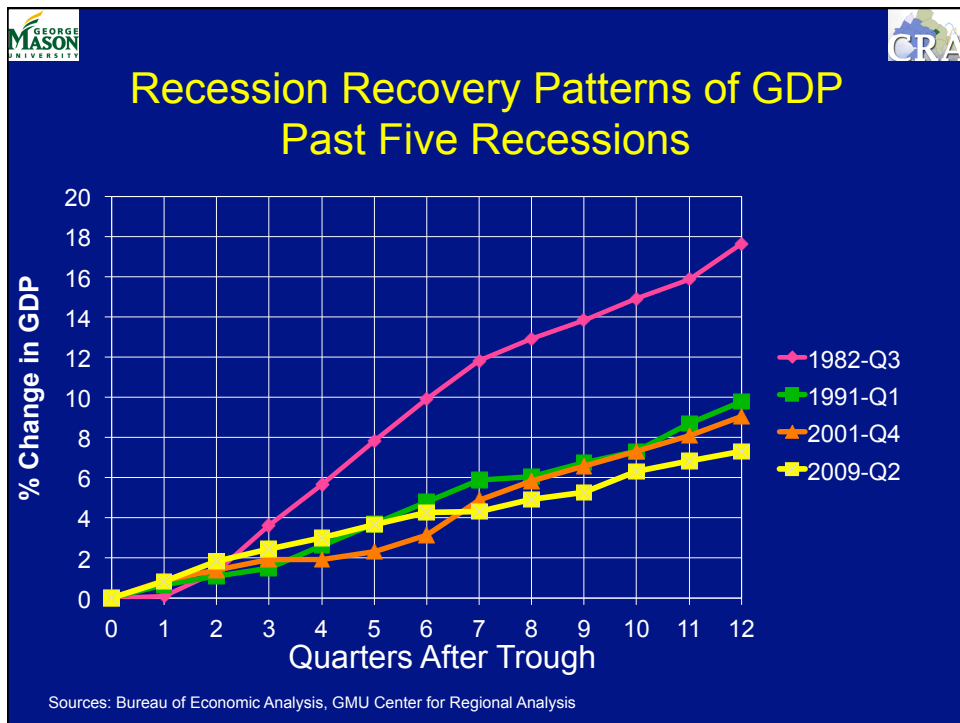


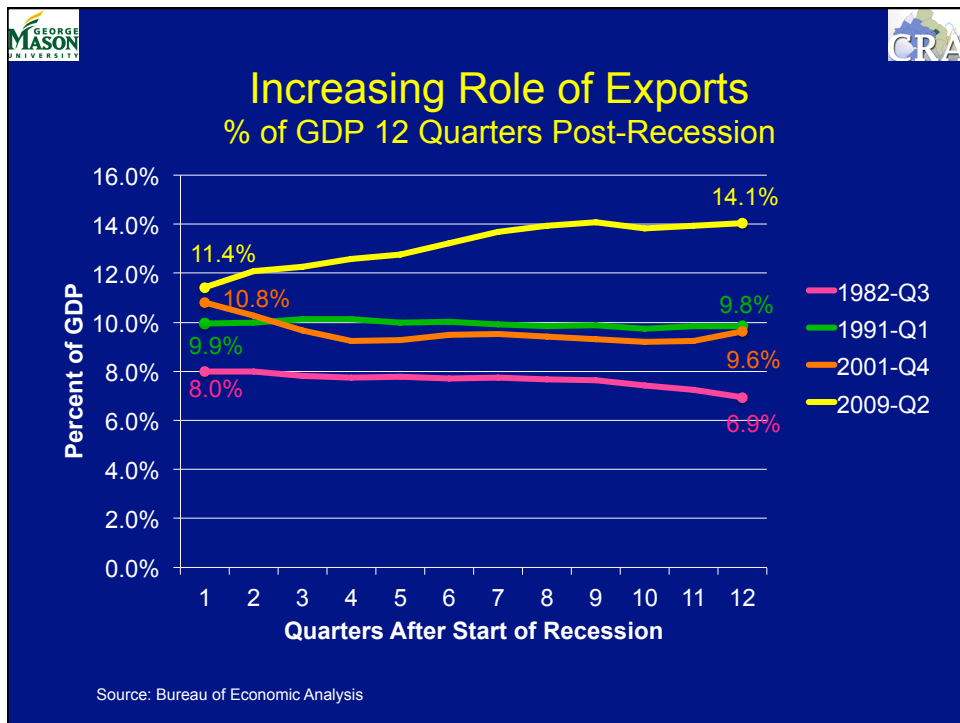
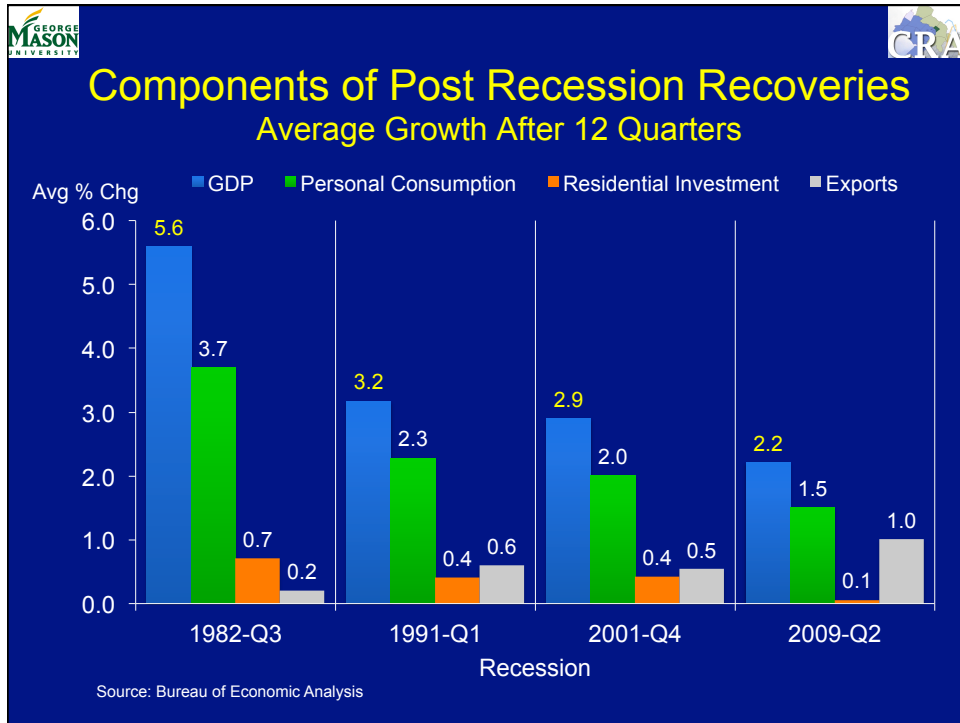
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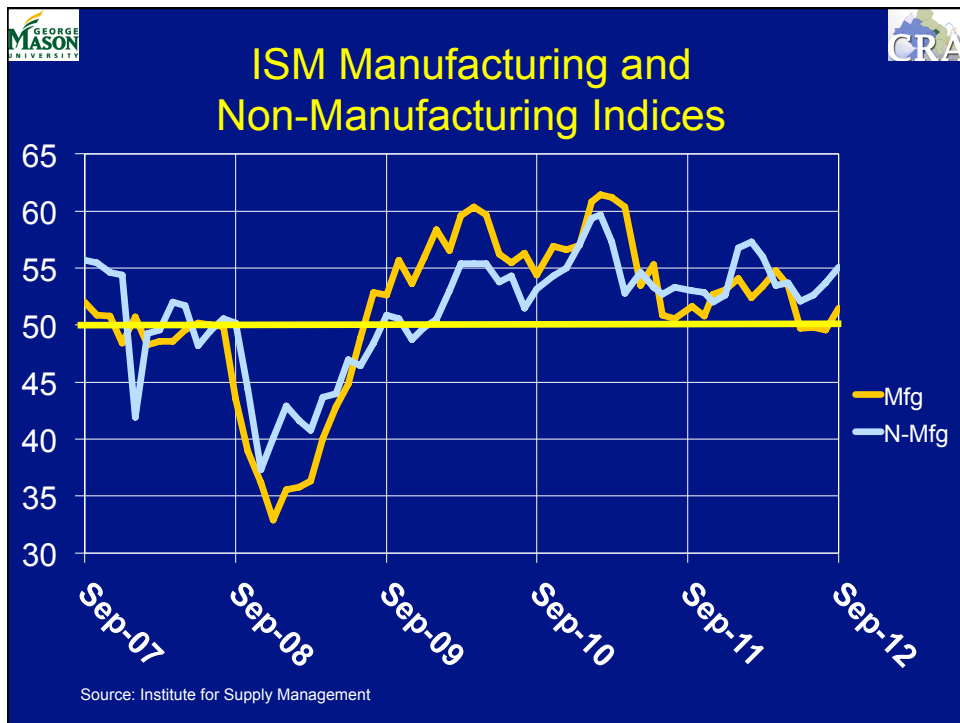
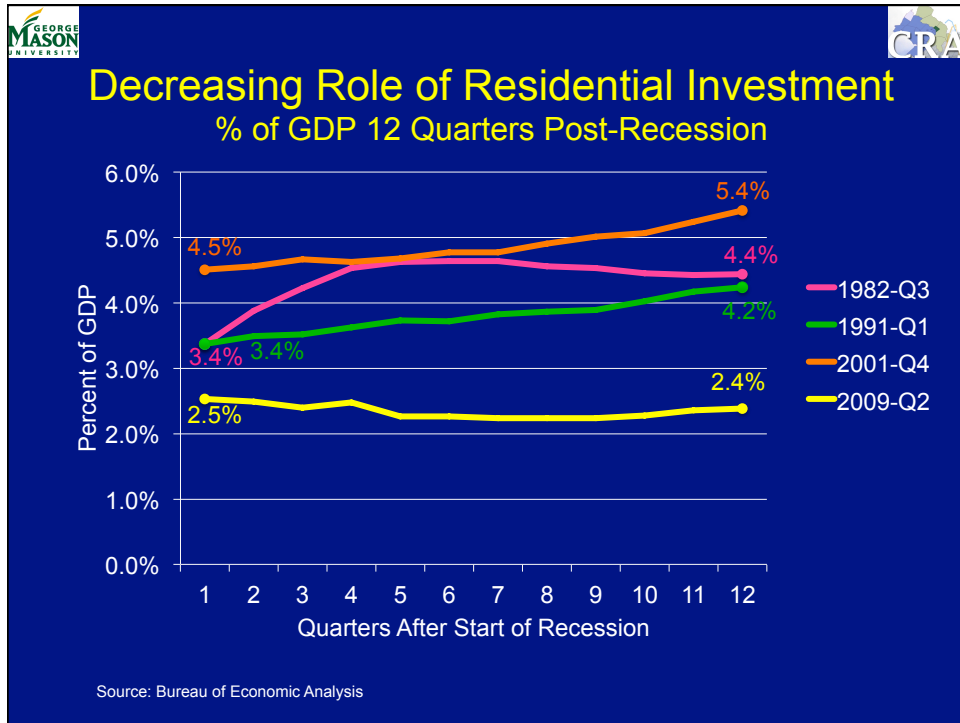
Understanding the Local Economy: Its Performance and Near-Term Outlook

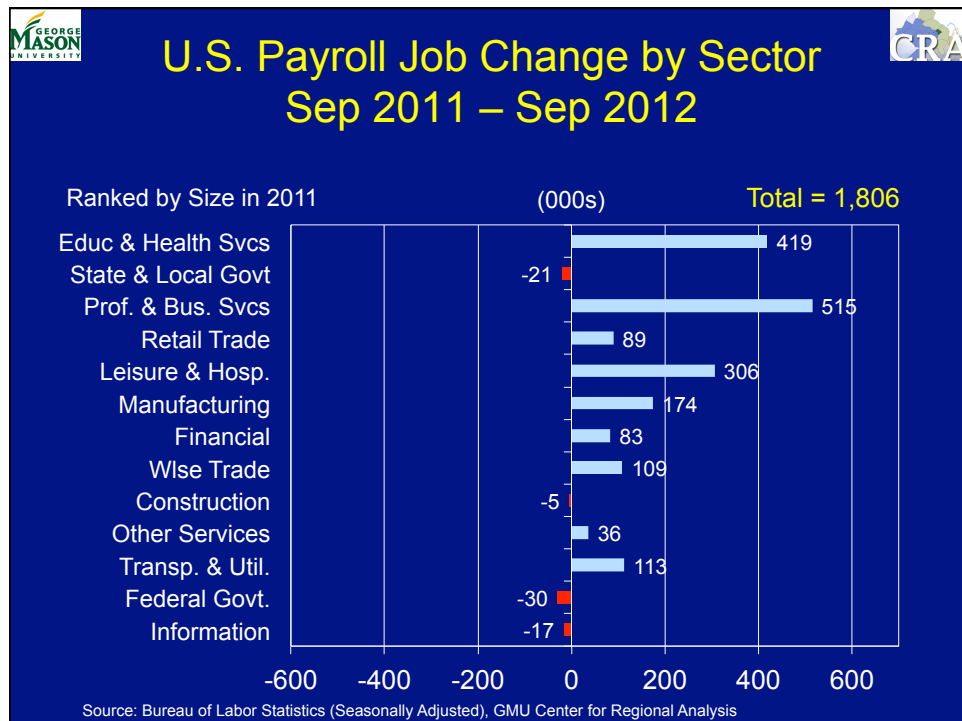
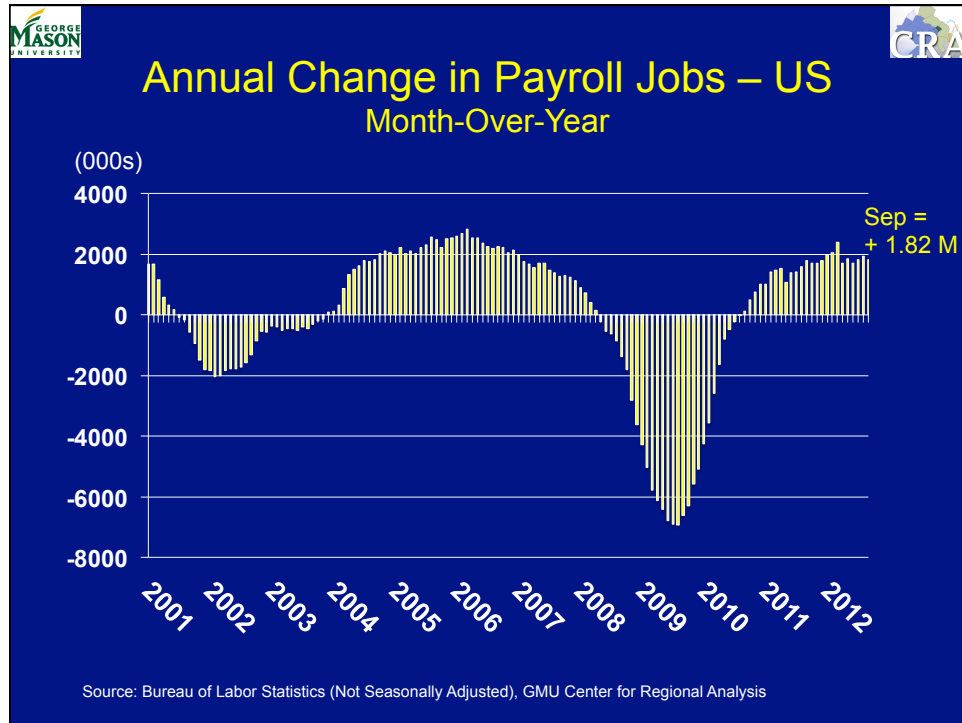
Stephen S. Fuller, PhD
 Dwight Schar Faculty Chair and University Professor
 Director, Center for Regional Analysis
 School of Public Policy
 George Mason University

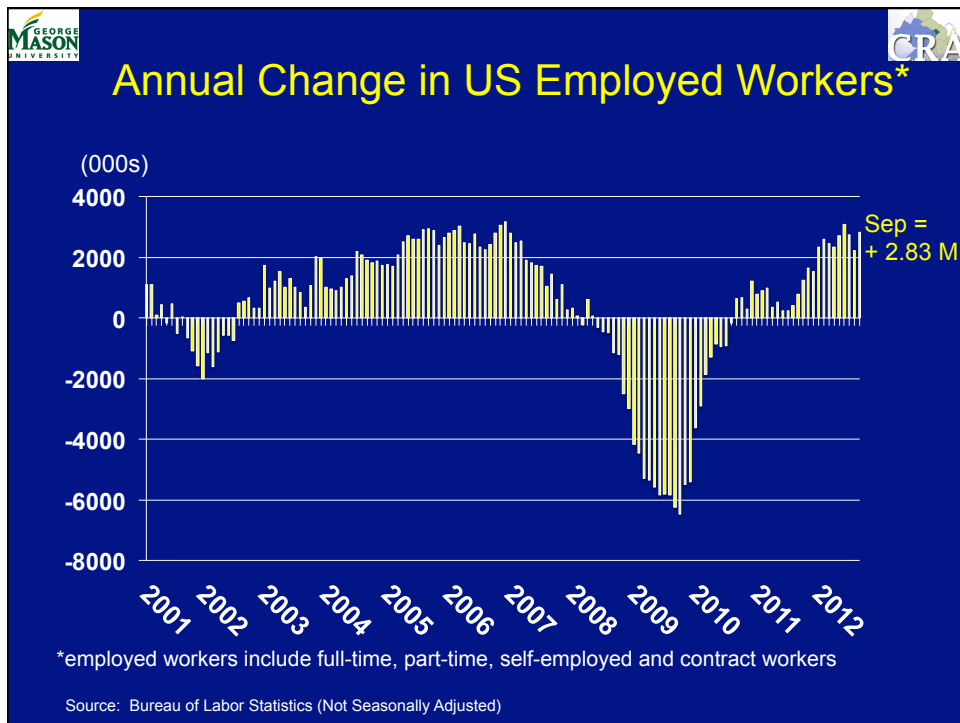
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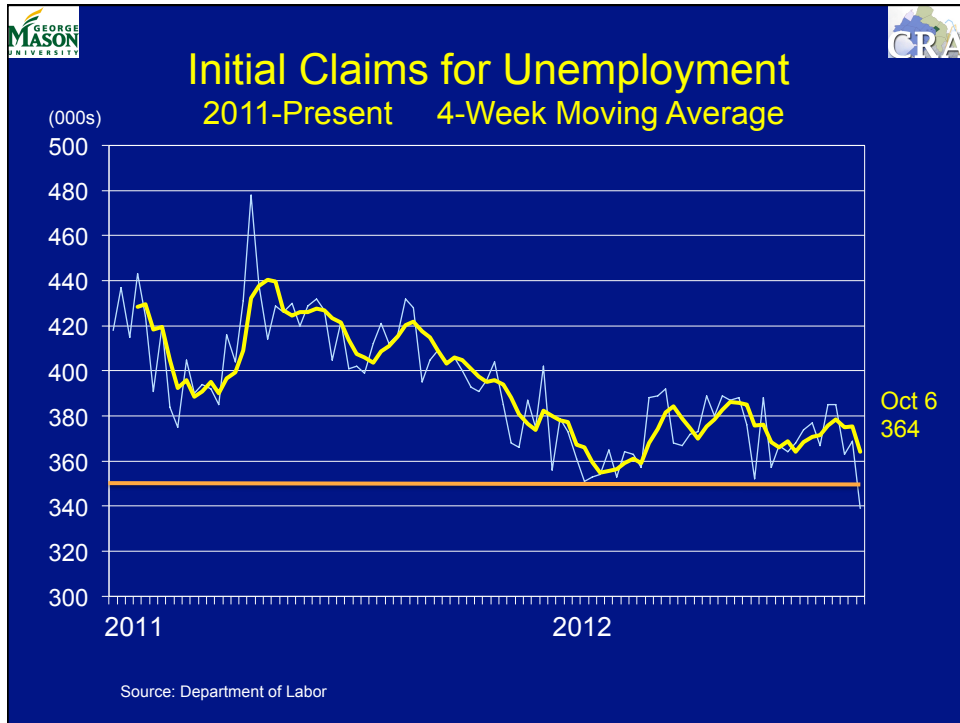












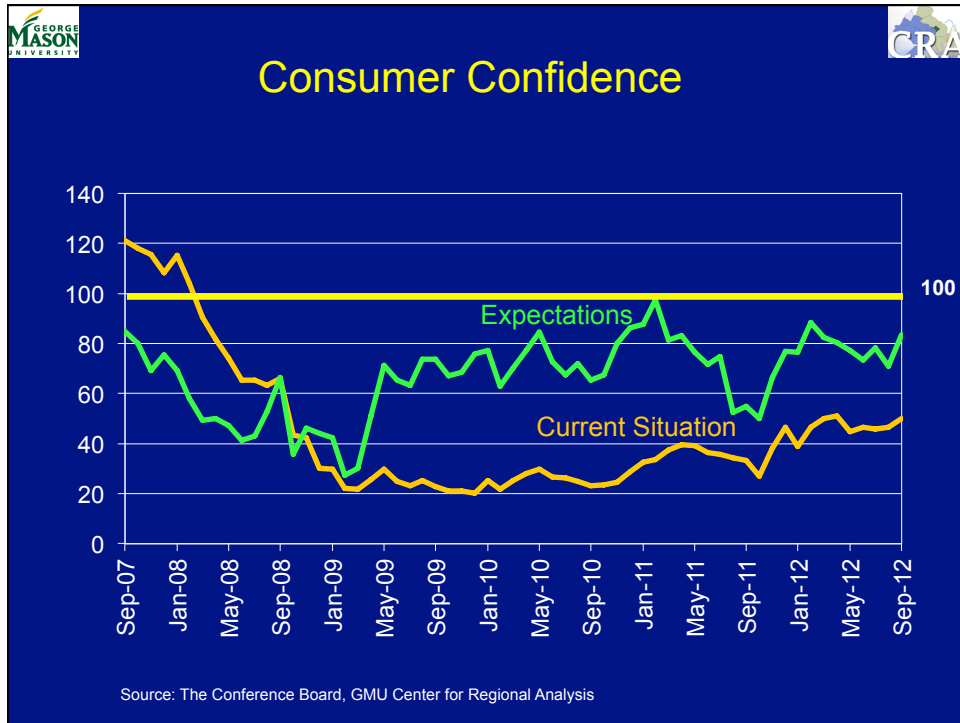


Wildcards and Drivers



Wildcards

- **The national election**
- **The fiscal cliff including taxes, sequestration, the debt ceiling**
- **QE 3 and the Fed's other macro policies**
- **Europe's economic recovery**
- **Asia's economic performance**
- **Inflation and unemployment**



The Economic Impact of the Budget Control Act of 2011 in 2013 (\$s in billions)

Sources of Impact	GDP Impact	Labor Income	Job Losses
DOD Budget			
Reductions (\$56.7)	\$94.5	\$46.5	1,090,359*
Non-DOD-Agency			
Reductions (\$59.0)	\$120.5	\$62.9	1,047,349**
Total Impacts (\$115.7)	\$215.0	\$109.4	2,137,708

*direct jobs losses include 48,000 federal workers and 277,545 federal contractor jobs; an additional 282,426 jobs of suppliers and vendors to primes would be lost accounting for 56% of all job losses; **direct job losses include 229,116 federal workers and 191,413 federal contractor jobs; and additional 150,552 jobs of suppliers and vendors would be lost accounting for 54% of the total.

Source: "The Economic Impact of the Budget Control Act of 2011 on DOD and Non-DOD Agencies," Stephen S. Fuller, July 17, 2012.



The Impacts of the Budget Control Act of 2011 on Employment in Small Businesses, 2013

<u>Sources of Impact</u>	<u>Federal Spending Reductions</u>		
	<u>DOD</u>	<u>Non-DOD</u>	<u>Totals</u>
Direct Federal			
Contractor Jobs	81,552	76,047	157,598*
% of all contractors	29.9	40.1	34.1
Total Small Business			
Job Losses	520,398	435,782	956,181
% of all private sector job losses	50.2	53.4	51.6

*an additional 798,583 indirect and induced jobs in small businesses would be lost accounting for 58% of all indirect and induced jobs lost due to sequestration.

Source: "The Economic Impacts of Sequestration on Small Business," U.S. House of Representatives Committee on Small Business, Stephen S. Fuller, September 20, 2012.



The Employment Impact the of Budget Control Act of 2011 on the Maryland-DC-Virginia Region

<u>State</u>	<u>Job Losses*</u>	<u>Job Losses*</u>	<u>Total Job* Losses</u>
	<u>DoD Cuts</u>	<u>Non-DoD Cuts</u>	
Maryland	39,395	75,400	114,795
District of Columbia	15,169	112,238	127,407
Virginia	136,191	71,380	207,571
Totals	190,755	259,018	449,773
% U.S. job losses	17.5	24.7	21.0

*direct, indirect and induced job losses resulting from BCA-mandated federal spending reductions in FY 2013; of the direct job losses totaling 161,161, an estimated 65,189 workers would be federal employees (40.5%) and 95,972 (59.5%) workers would be contractors, suppliers and vendors.

Source: "The Economic Impact of the Budget Control Act of 2011 on DOD and Non-DOD Agencies," Stephen S. Fuller, July 17, 2012.



The Employment Impact the of Budget Control Act of 2011 on the Maryland-DC-Virginia Region

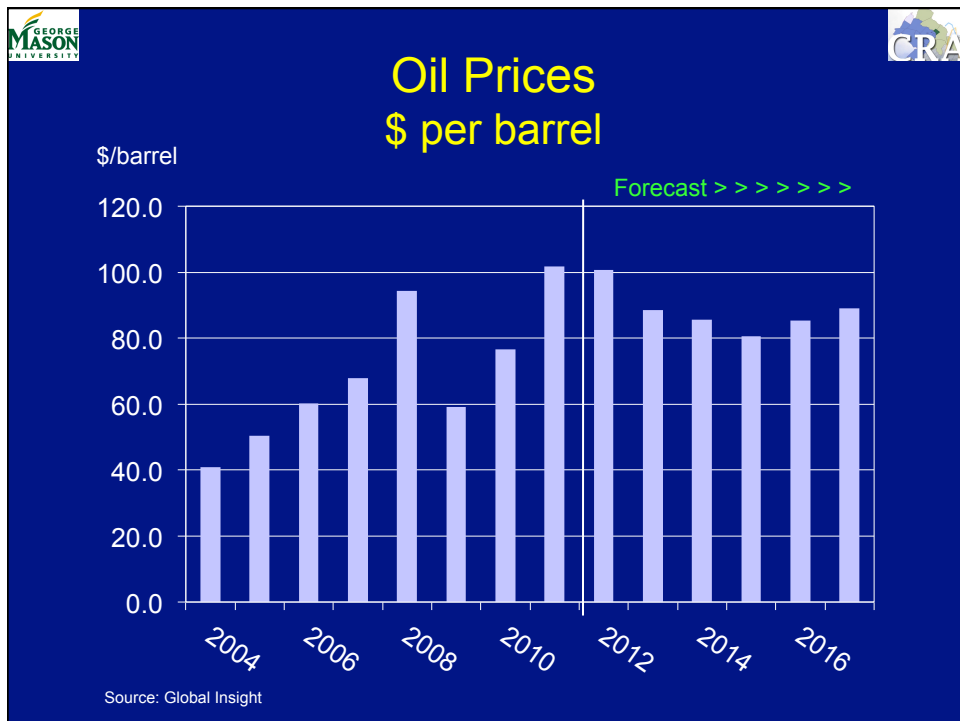
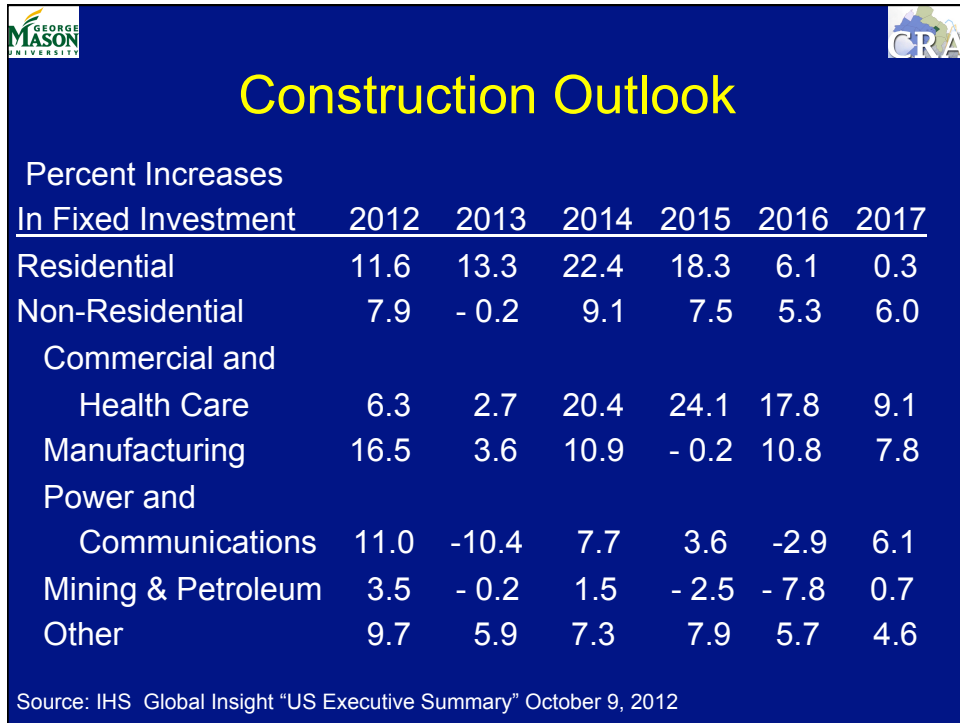
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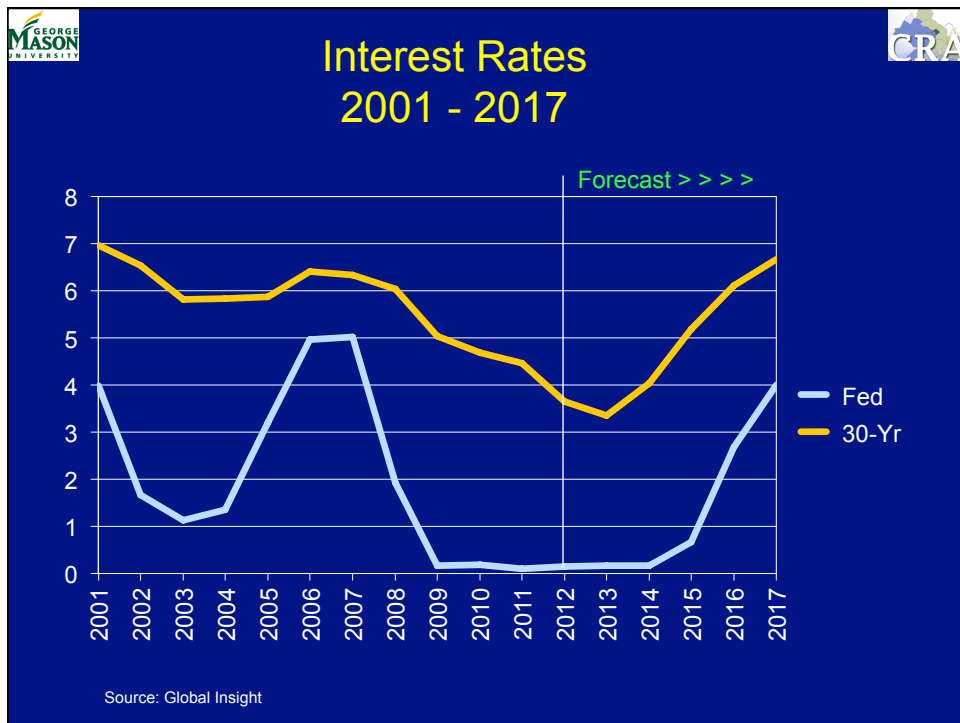
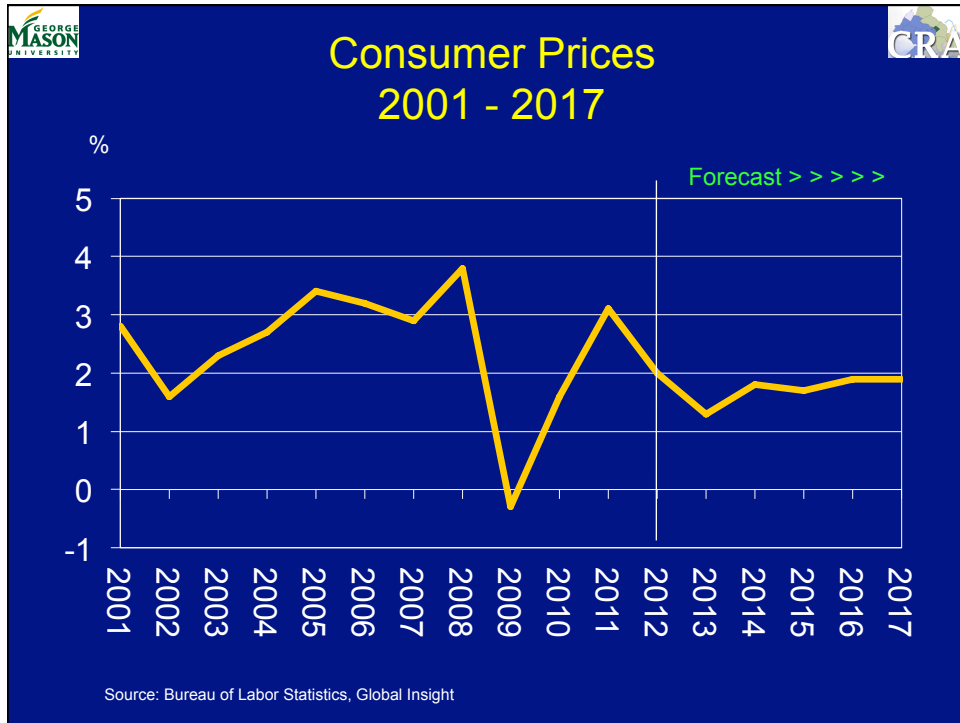
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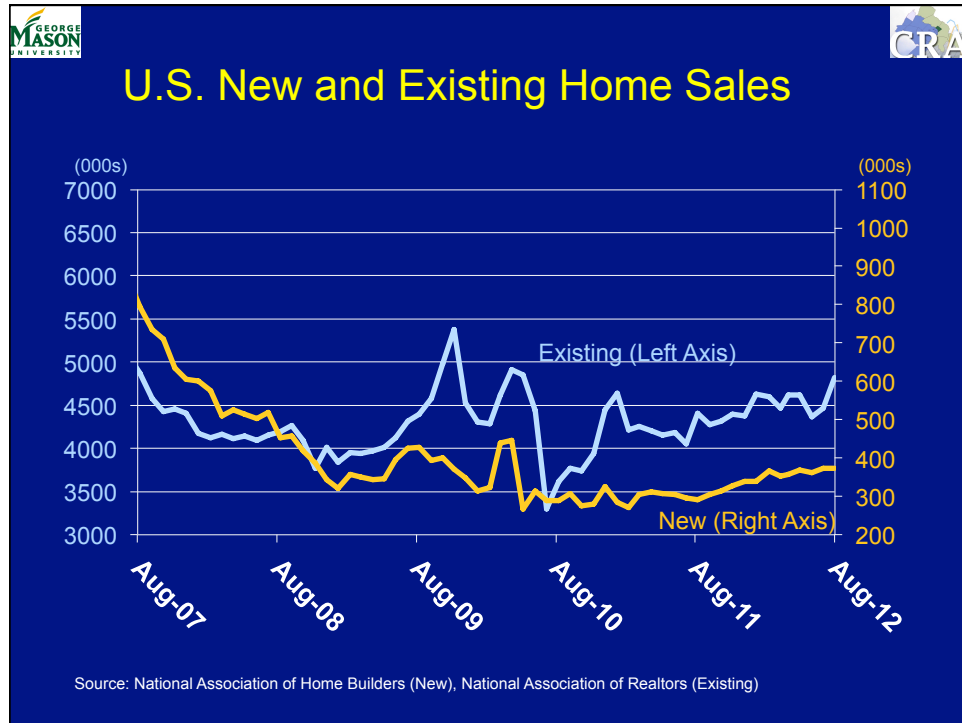
Source: "The Economic Impact of the Budget Control Act of 2011 on DOD and Non-DOD Agencies," Stephen S. Fuller, July 17, 2012.



The Drivers (Behind the Forecast)



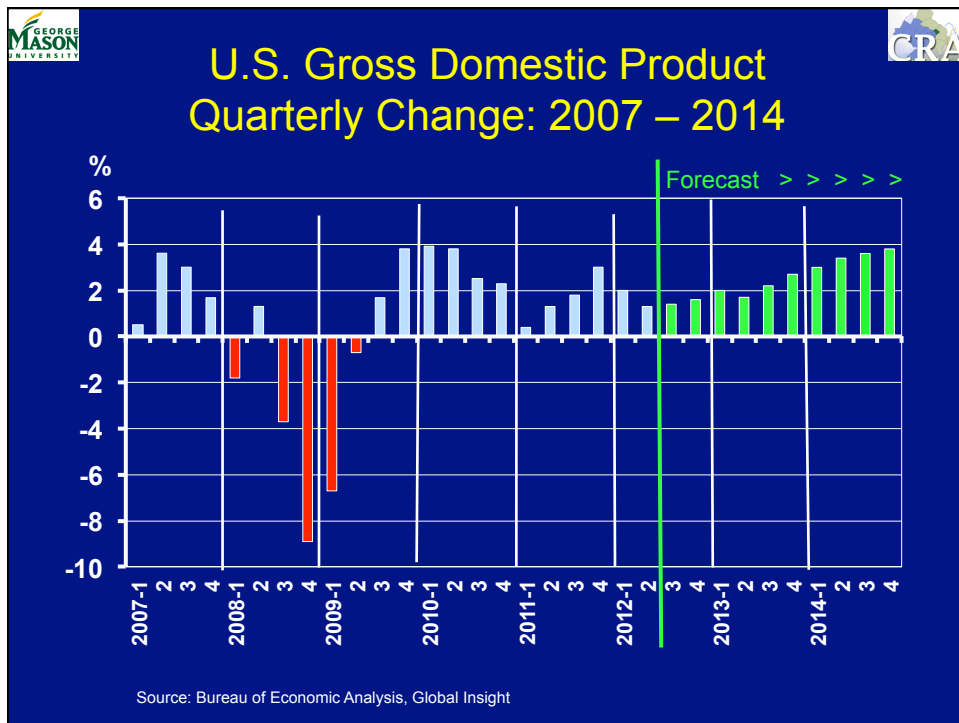
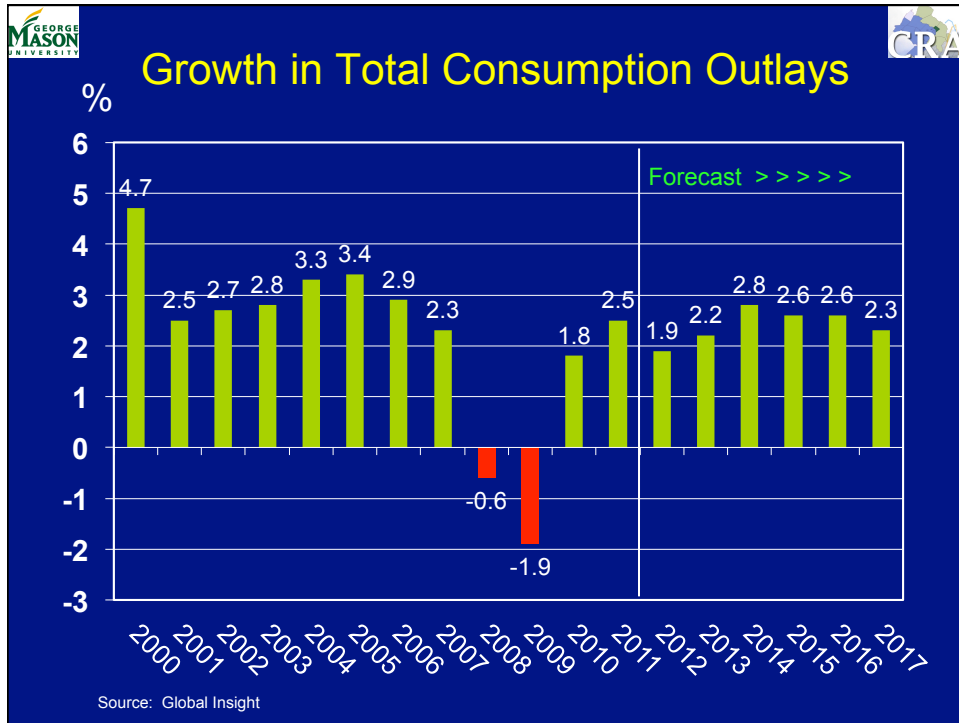




Housing Forecast (millions of Units)

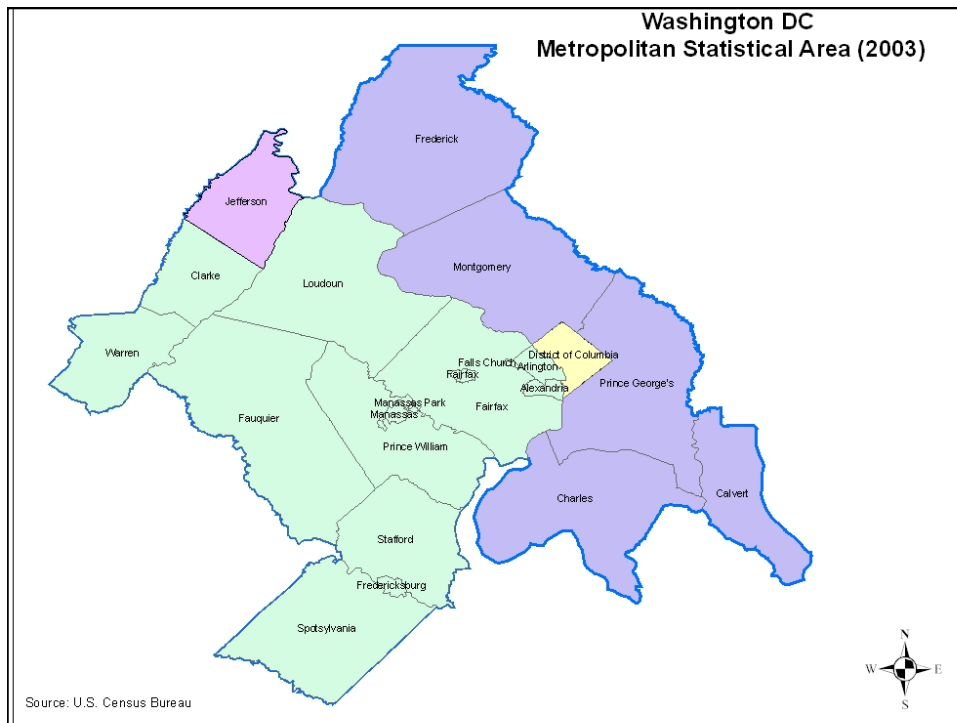
<u>Year</u>	<u>Housing Starts</u>	<u>Existing House Sales</u>
2005	2.073	7.076
2011	0.612	4.281
2012	0.751	4.630
2013	0.951	5.060
2014	1.276	5.612
2015	1.585	5.840
2016	1.688	5.776
2017	1.711	5.659

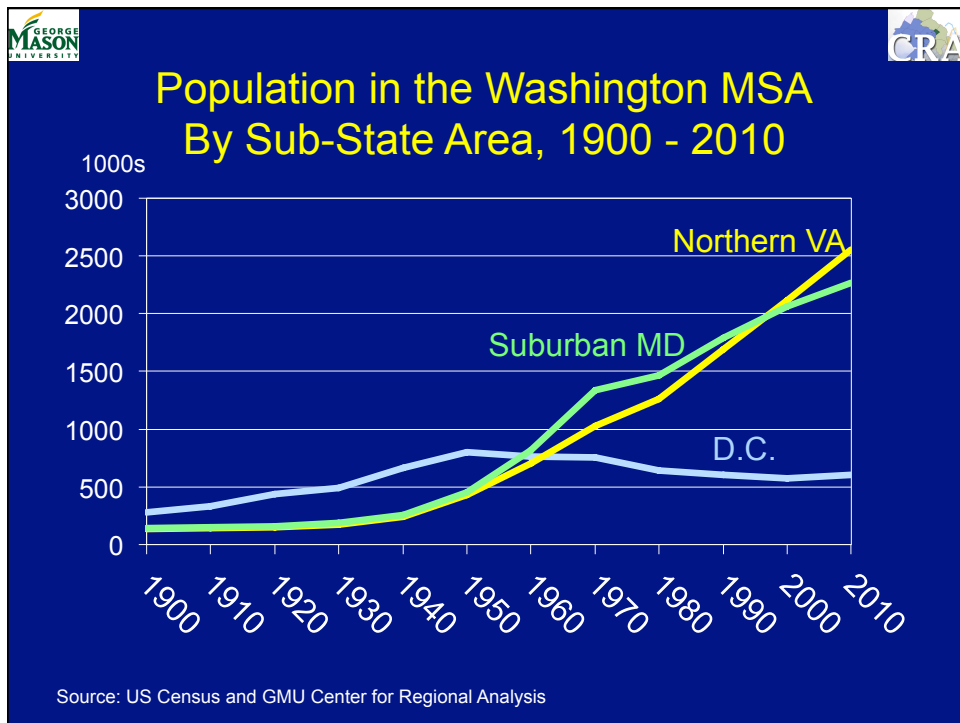
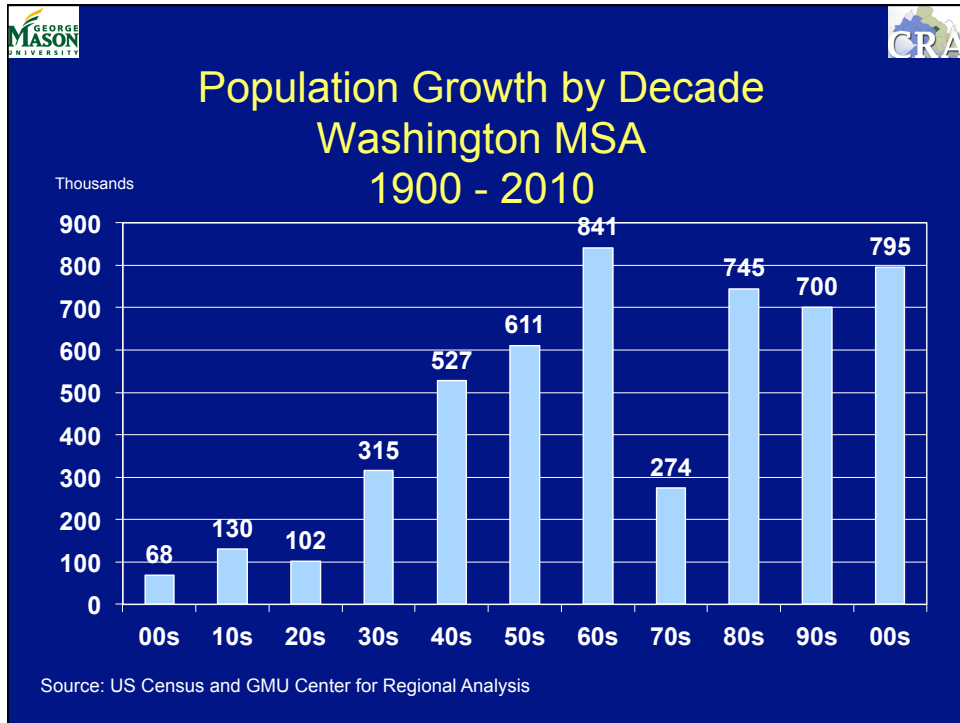
Source: IHS Global Insight "US Executive Summary" October 9, 2012





The Washington Economy: Current Performance







Population Change in the Region

<u>Jurisdiction</u>	<u>Pop 2010</u>	<u>% Change*</u>	<u>Median HH Income**</u>
District of Columbia	601,723	5	\$60,903
African American	305,125	- 11	
Hispanic/Latino	54,749	22	
Prince George's	863,420	8	\$70,019
African American	556,620	11	
Hispanic/Latino	128,972	126	
Montgomery	971,777	11	\$89,155
African American	167,315	27	
Hispanic/Latino	165,398	64	

*2000-2010 % change

**2010 \$s

Source: U.S. Census, 2010 American Community Survey



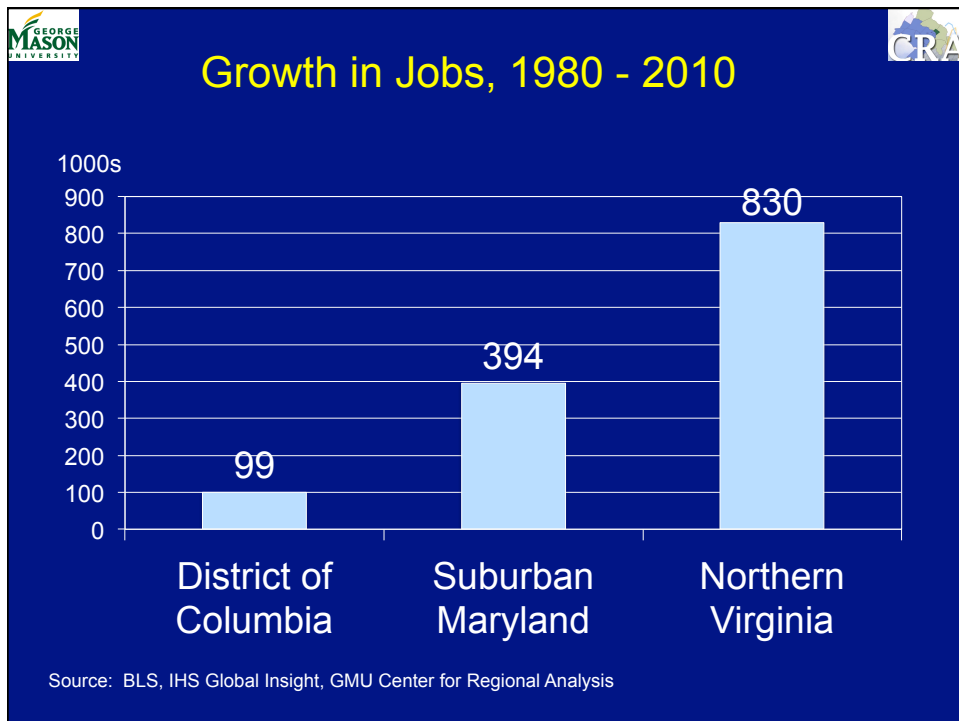
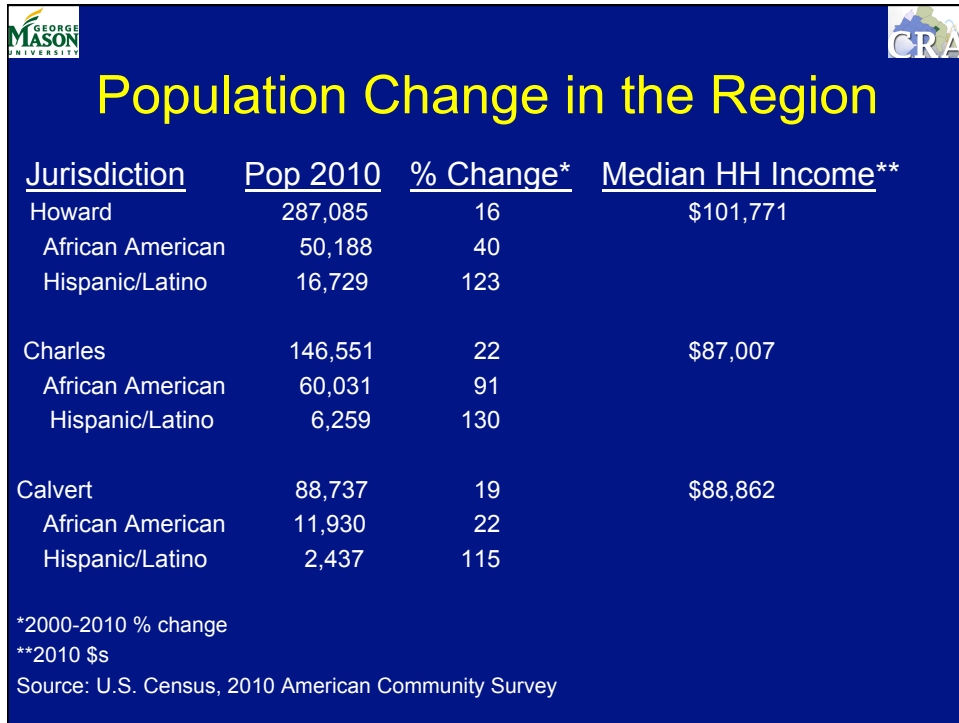
Population Change in the Region

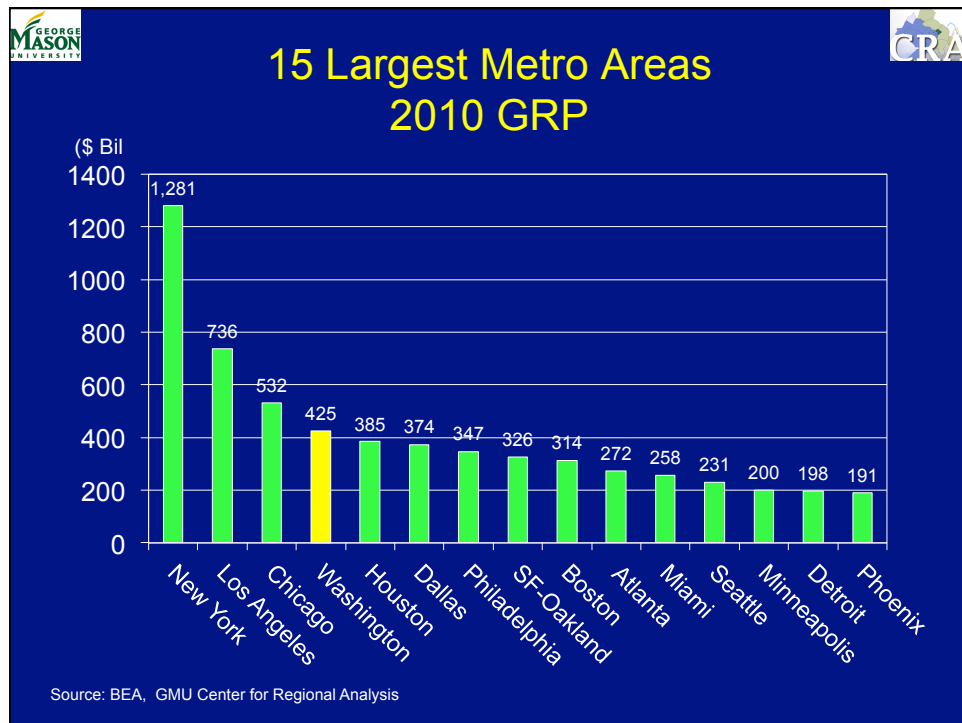
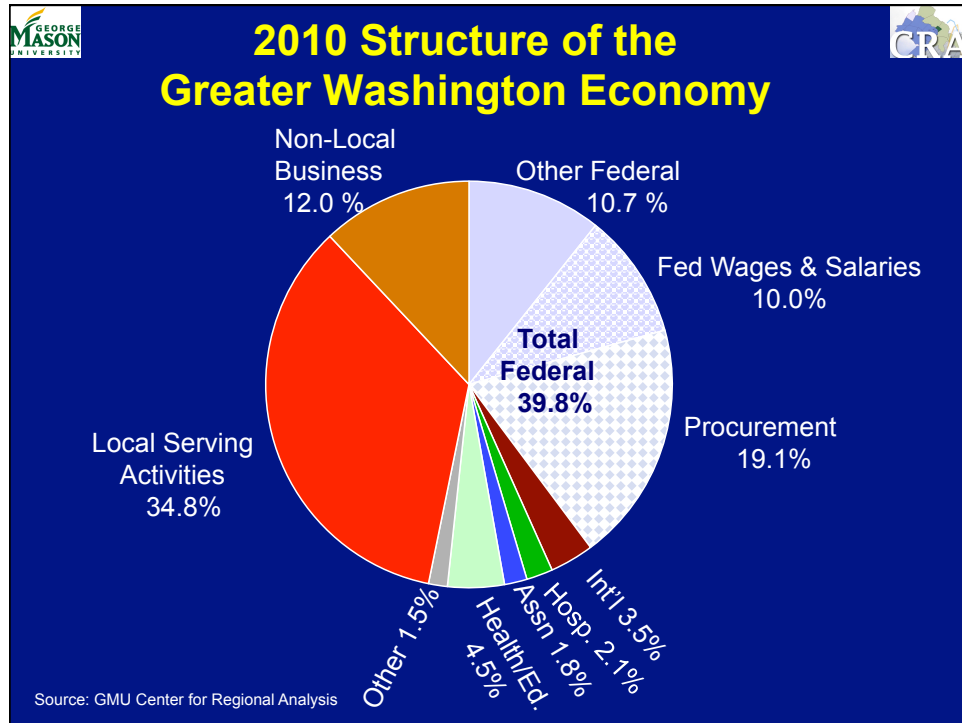
<u>Jurisdiction</u>	<u>Pop 2010</u>	<u>% Change*</u>	<u>Median HH Income**</u>
Baltimore City	620,961	- 5	\$38,346
African American	395,781	- 6	
Hispanic/Latino	25,960	135	
Baltimore County	850,029	7	\$62,543
African American	209,738	39	
Hispanic/Latino	33,735	145	
Anne Arundel	537,656	10	\$81,455
African American	83,484	26	
Hispanic/Latino	32,902	155	

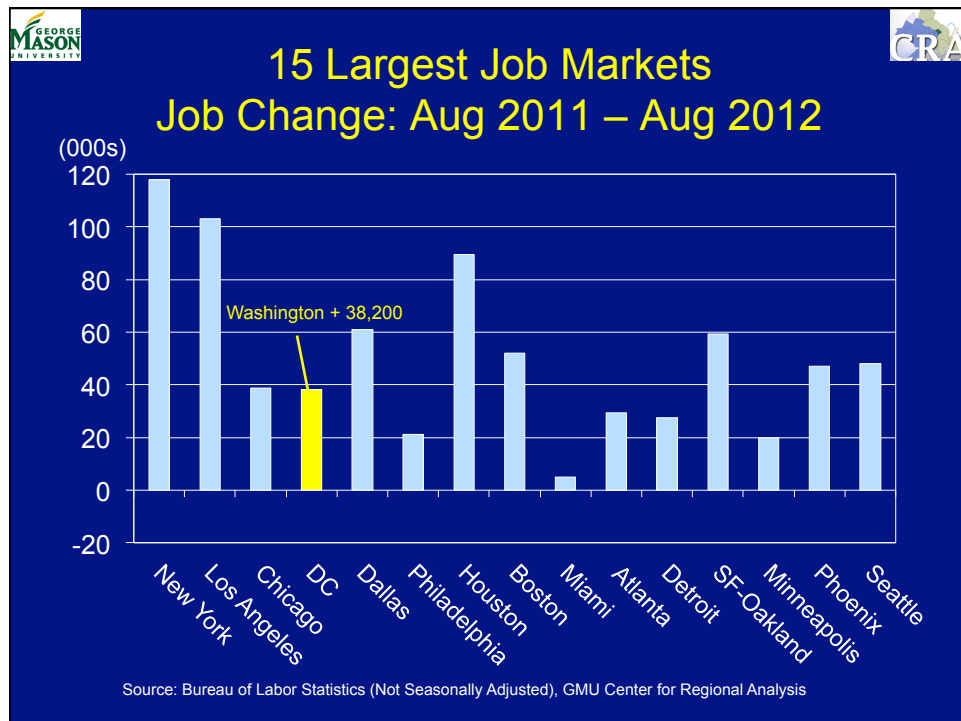
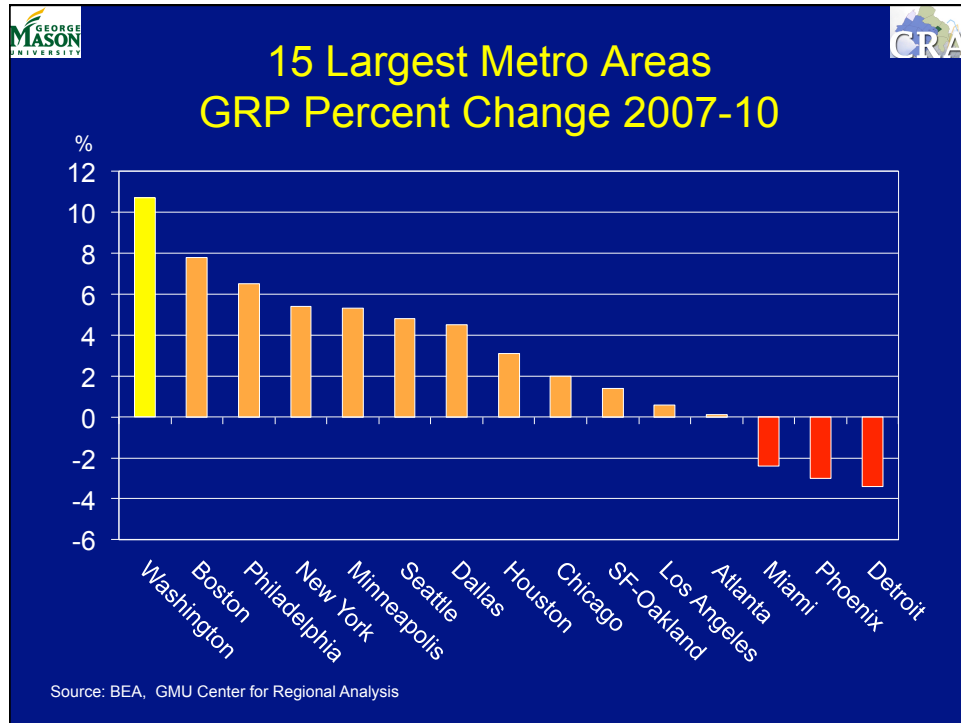
*2000-2010 % change

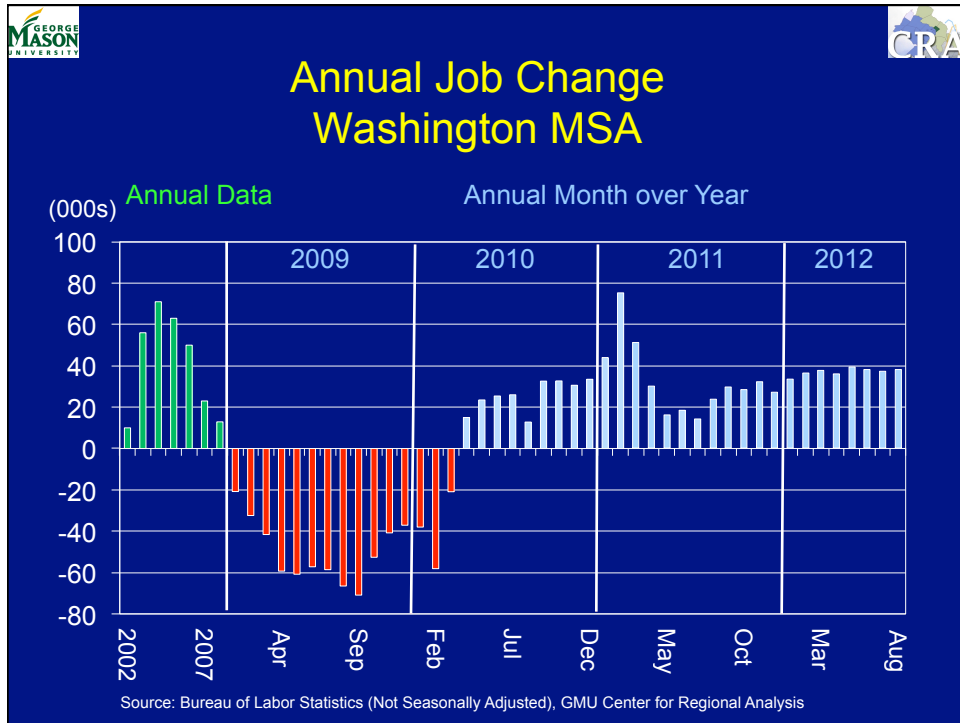
**2010 \$s

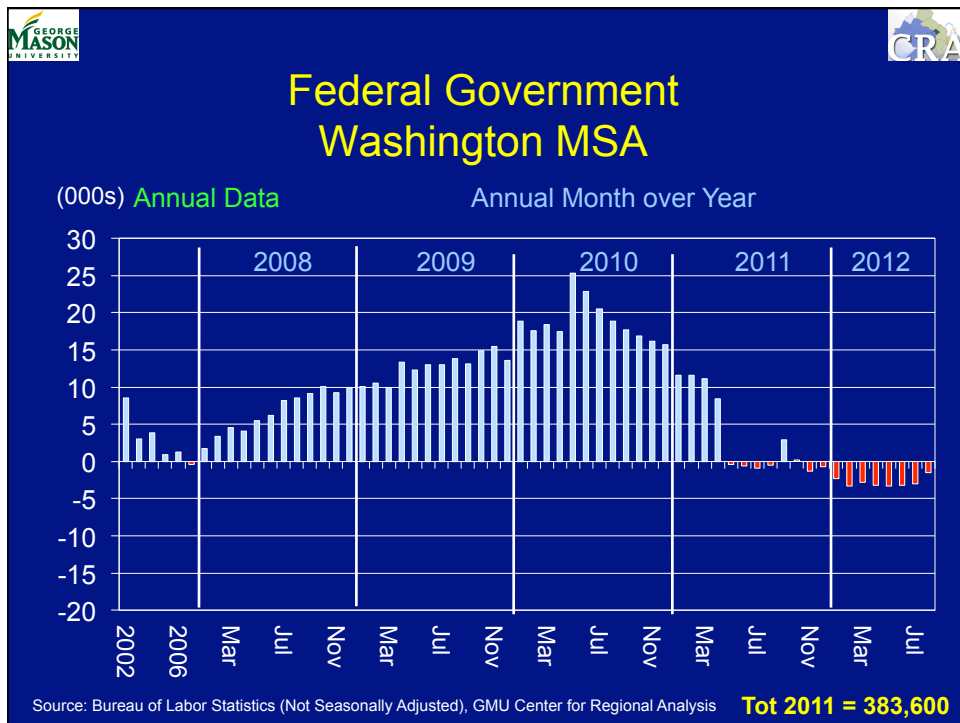
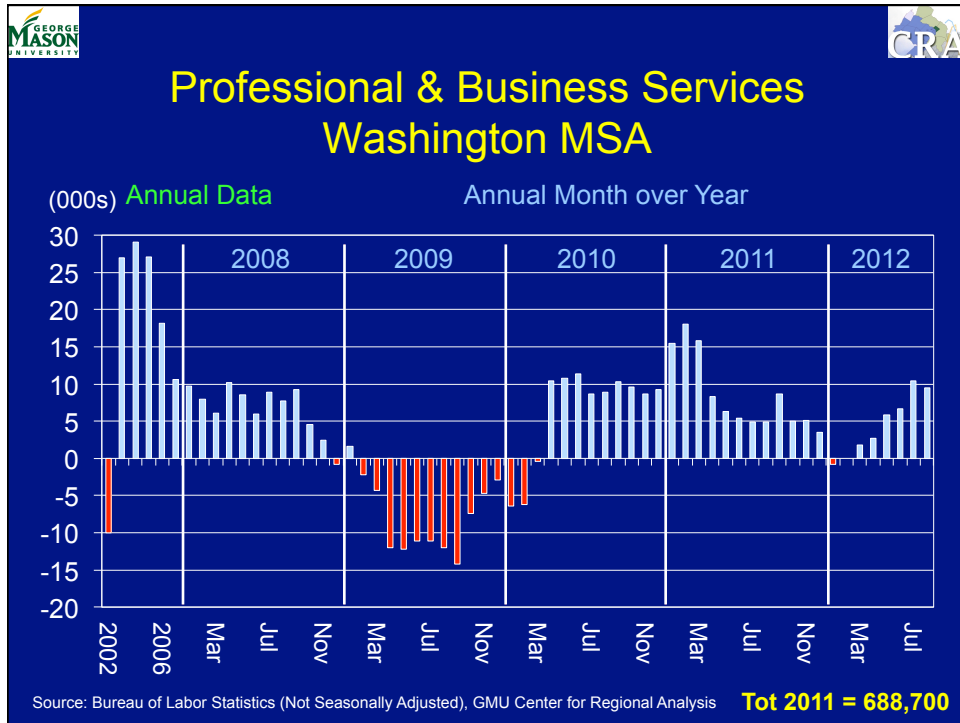
Source: U.S. Census, 2010 American Community Survey

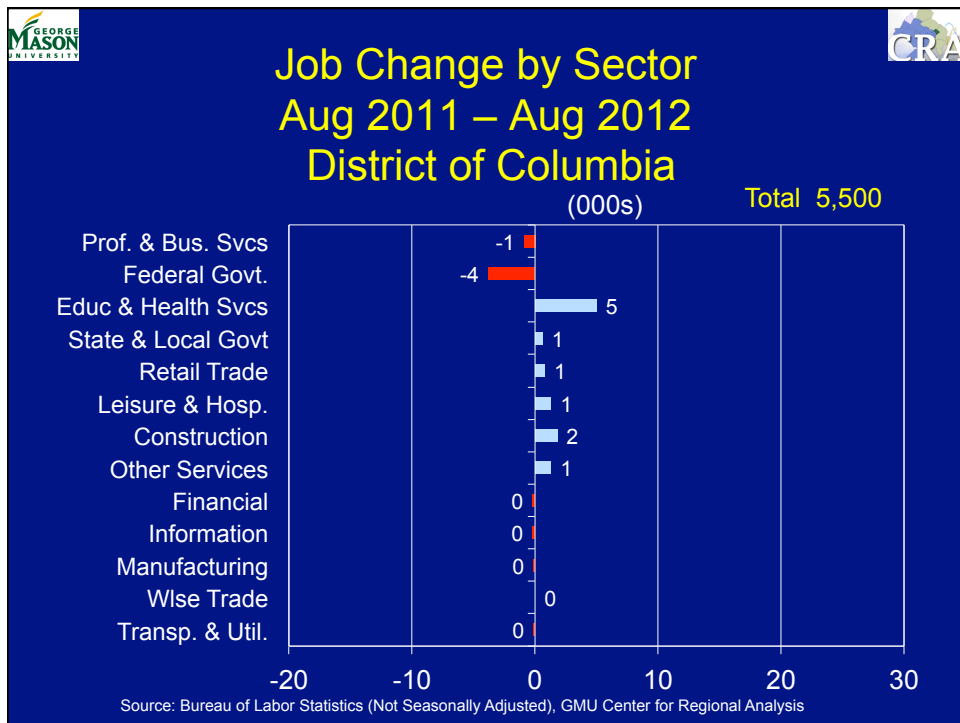
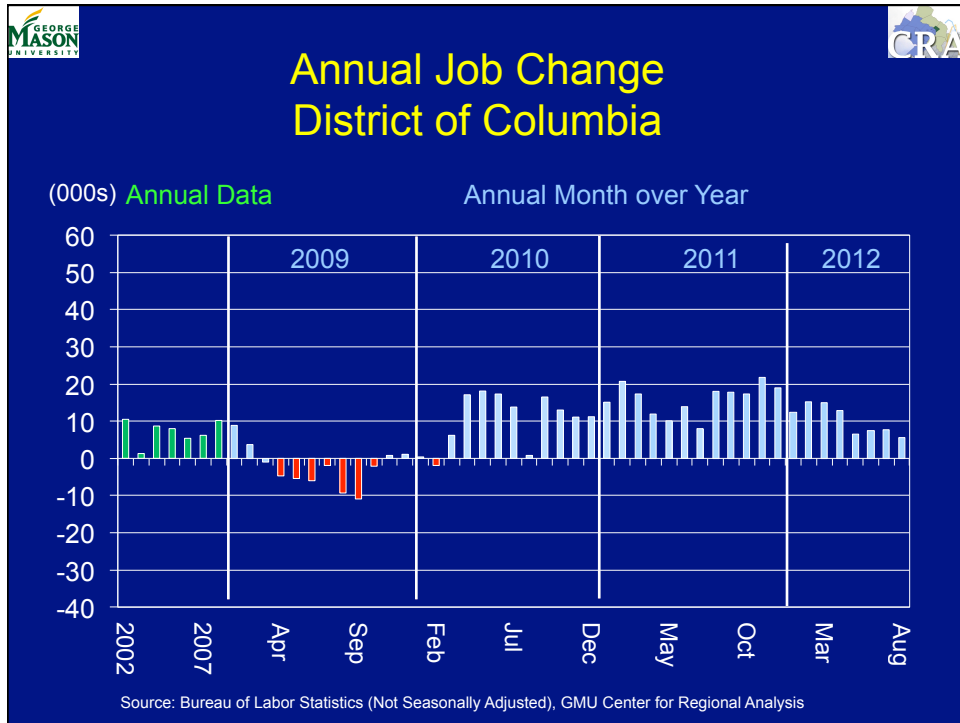


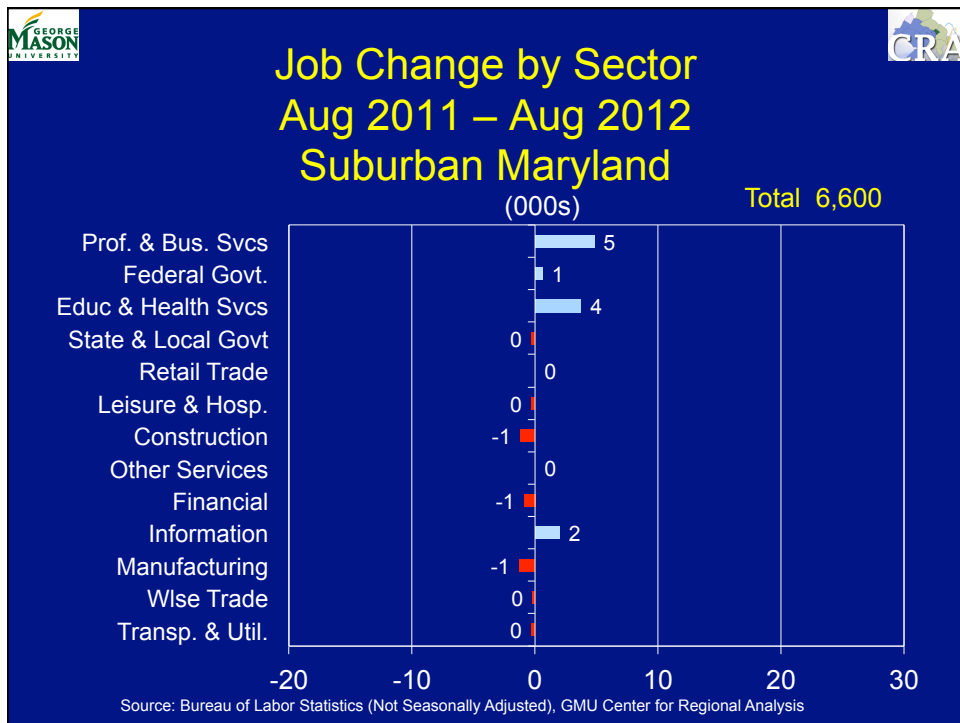
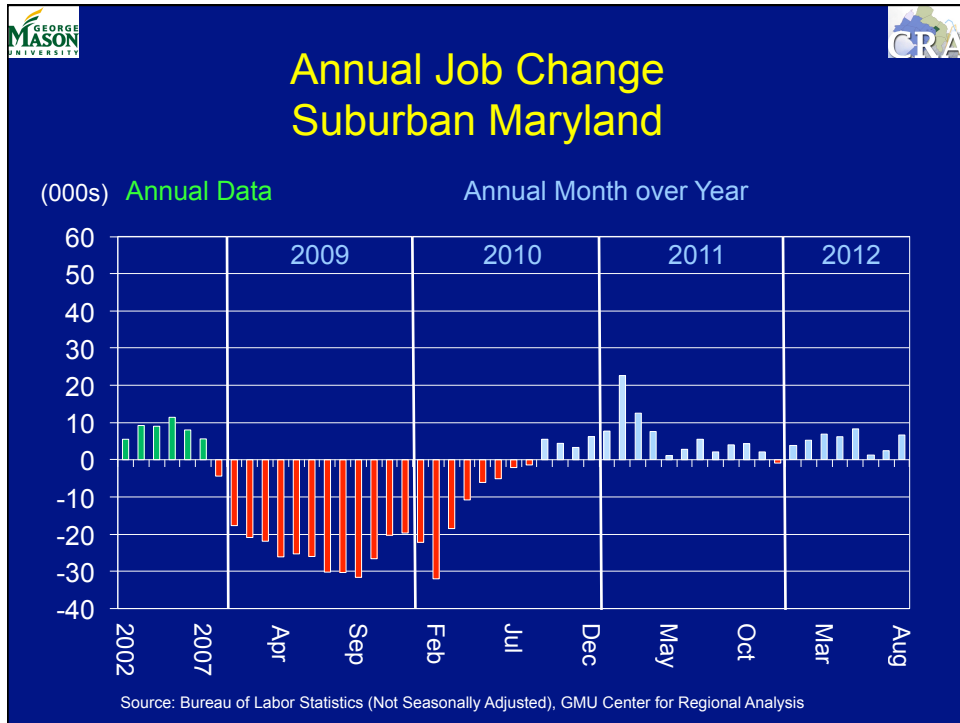


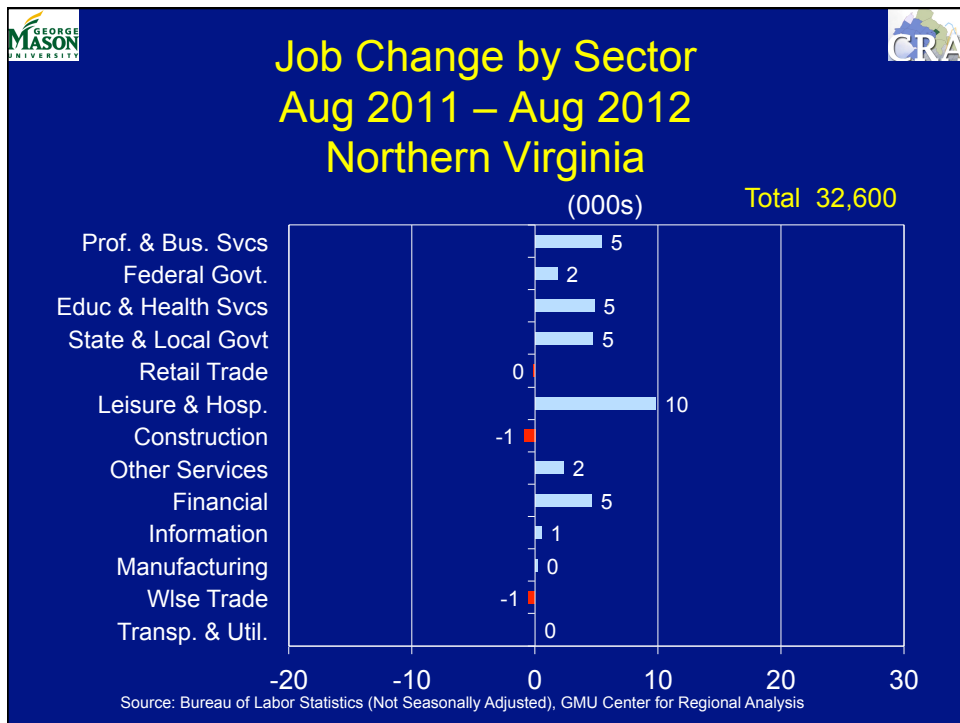
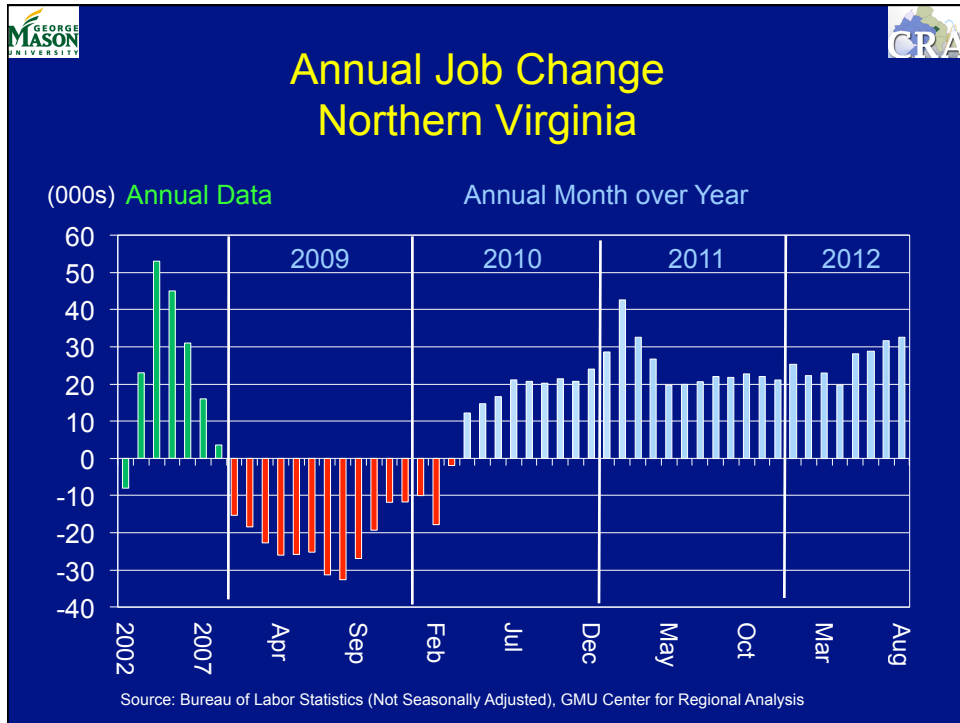


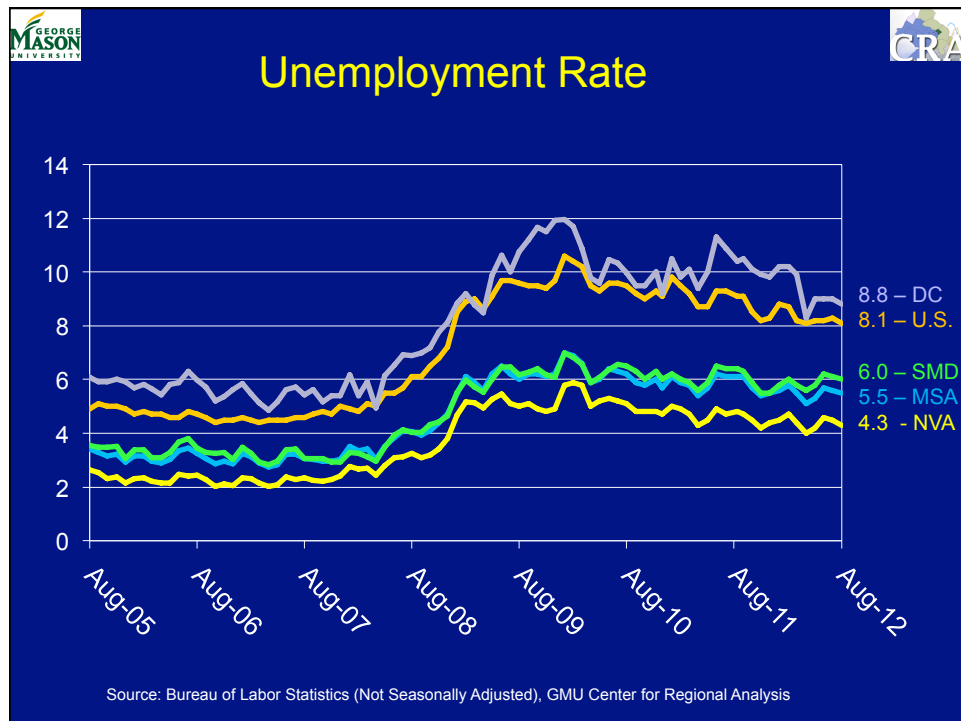
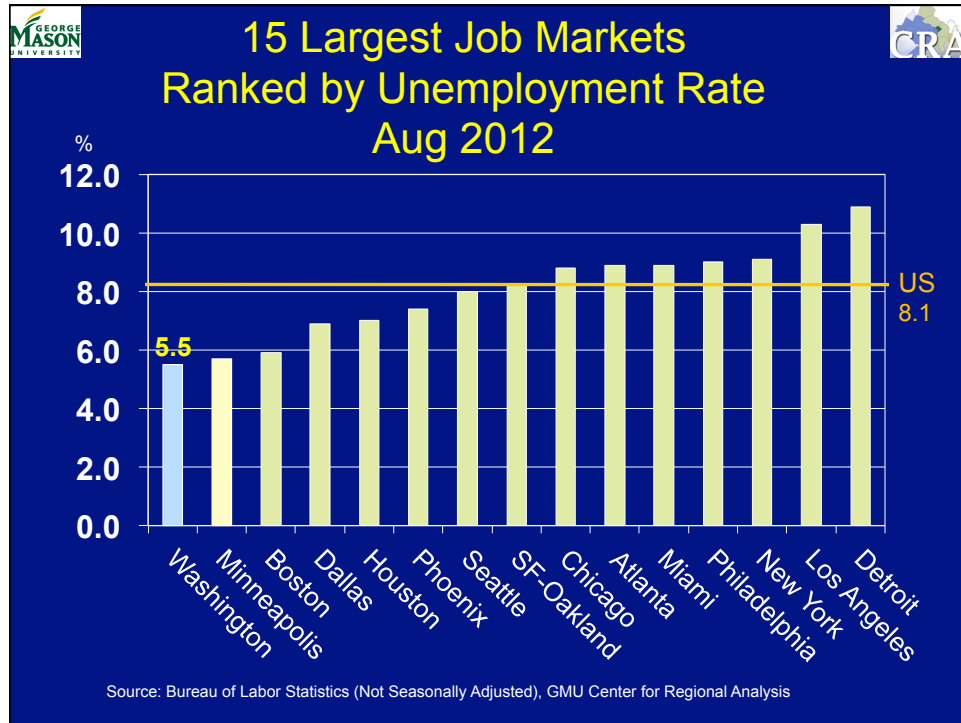


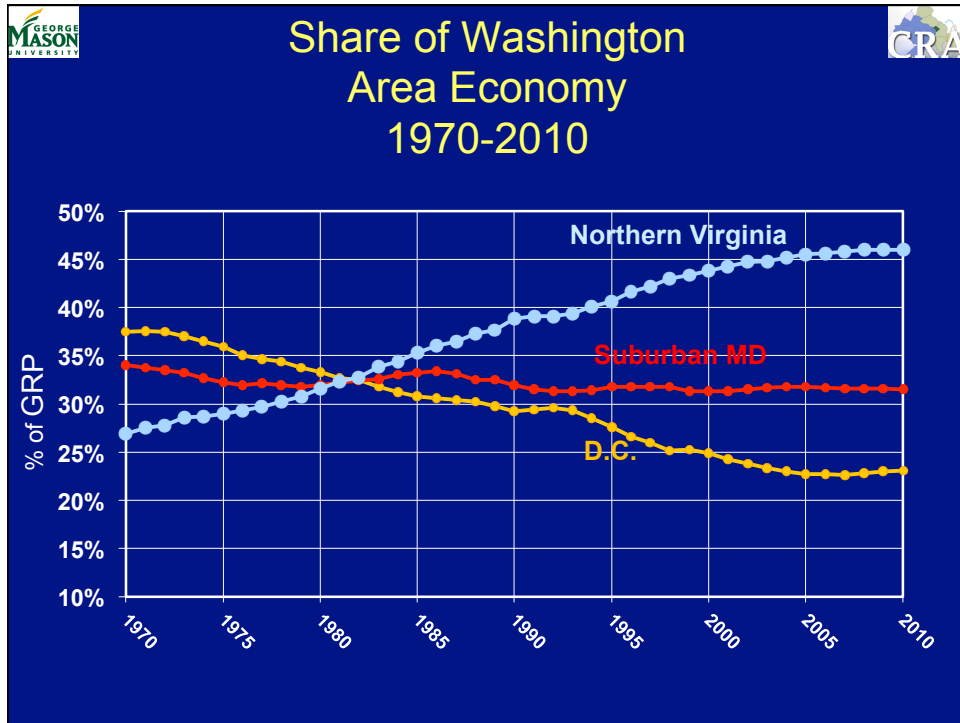




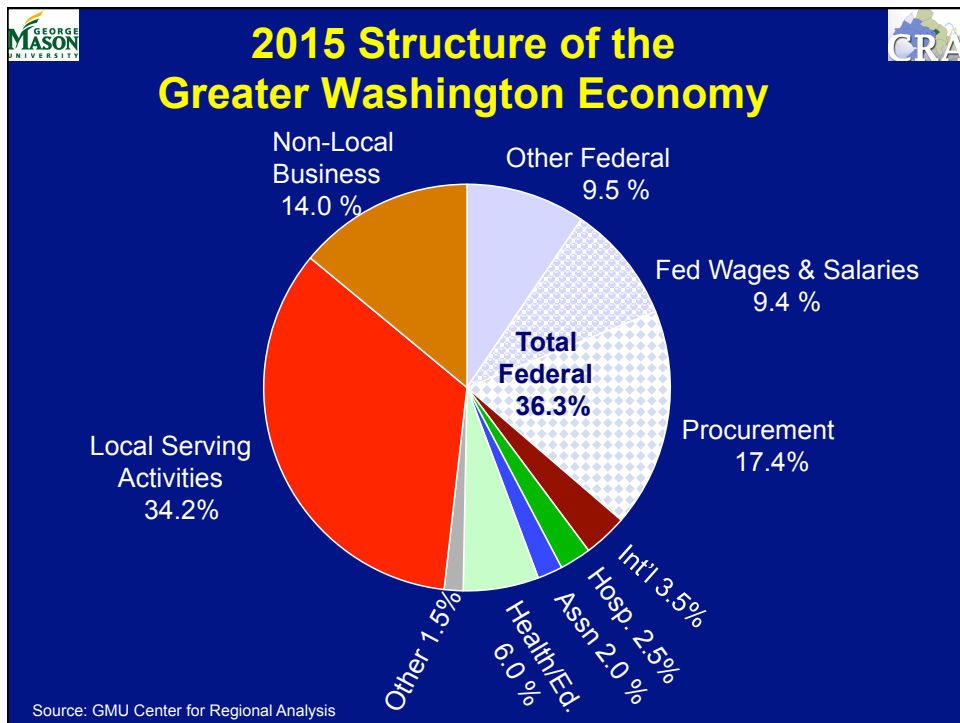
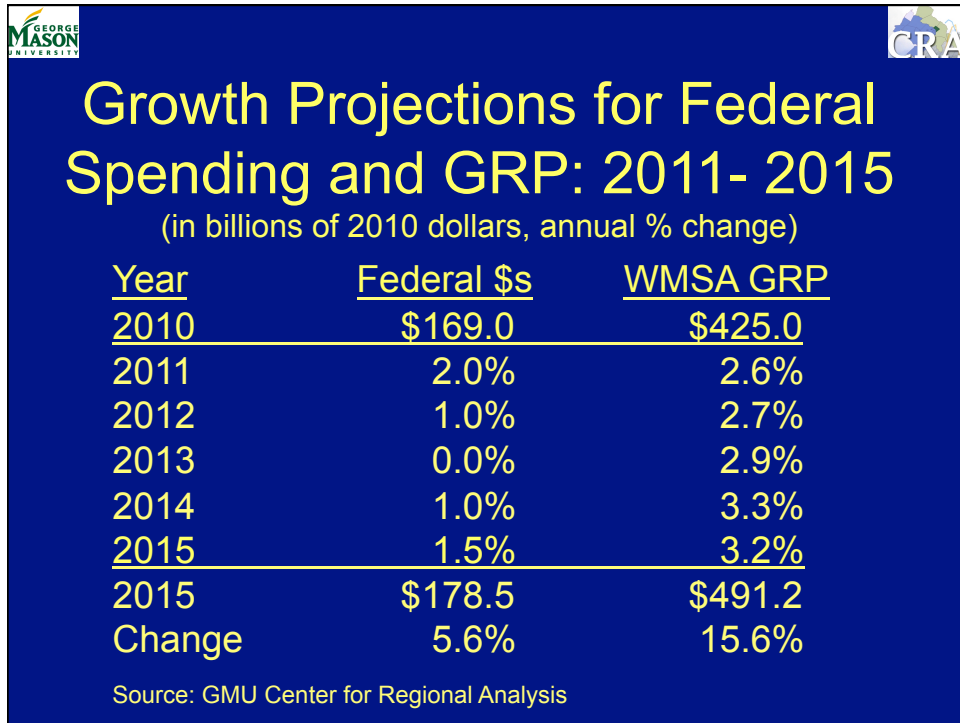


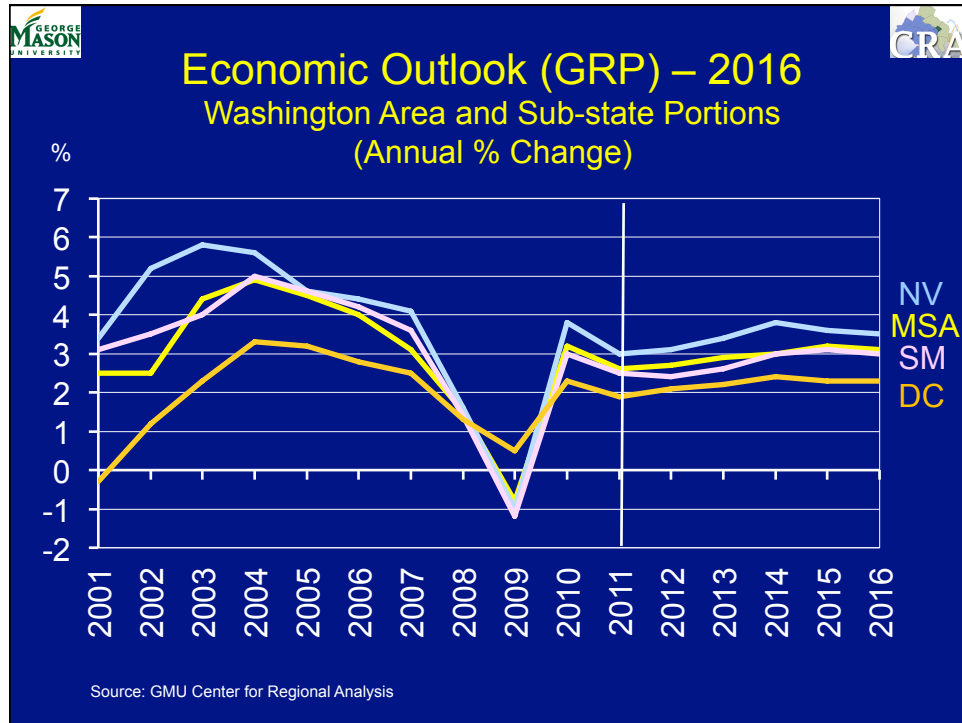






The Economic Outlook for the Washington Area



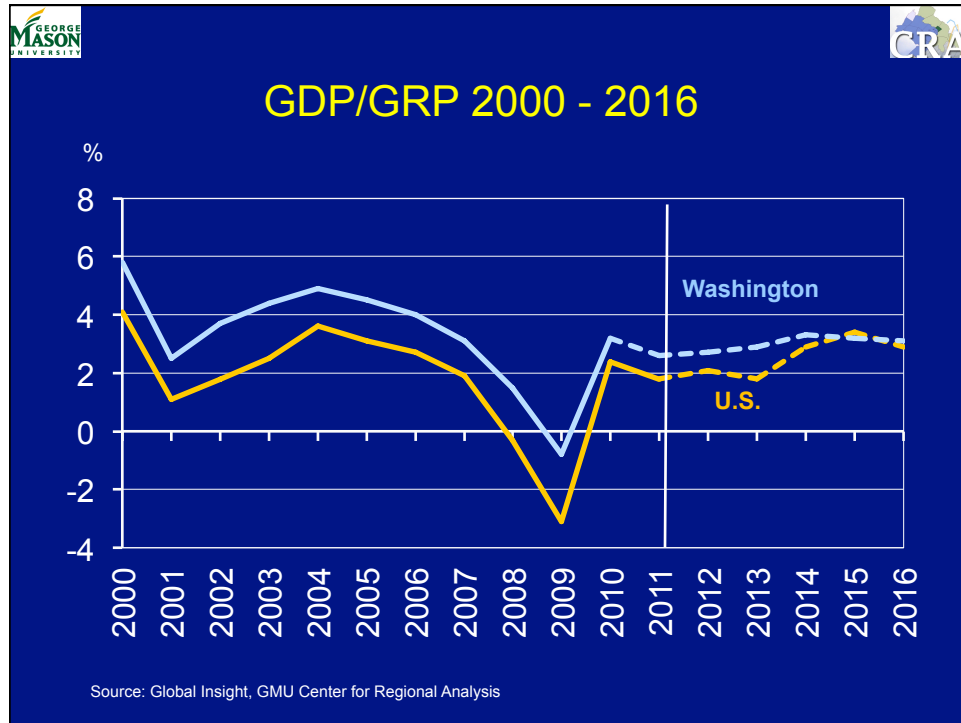


Employment Change by Sub-state Region (000s)

	2008	2009	2010	2011	2012	2013	2014	2015
D.C.	10.1	-2.2	9.5	11.2	11.8	12.5	14	13
Sub. MD	-3.3	-25.1	-5.9	4.0	6.2	8.5	9.0	9.5
No. VA	6.1	-23.0	8.7	17.4	18.0	21.0	22.0	20.5
REGION	12.9	-50.3	11.3	32.6	36.0	42.0	45.0	43.0

Average Annual Change 1990-2010 = 36,000

Source: BLS, GMU Center for Regional Analysis, 2009-2015 based on 2012 Benchmark data from BLS, Revised 5/1/2012
NOTE: 2011 Total is the sum of subregions and does not agree with the Mar 13, 2012 published MSA total.



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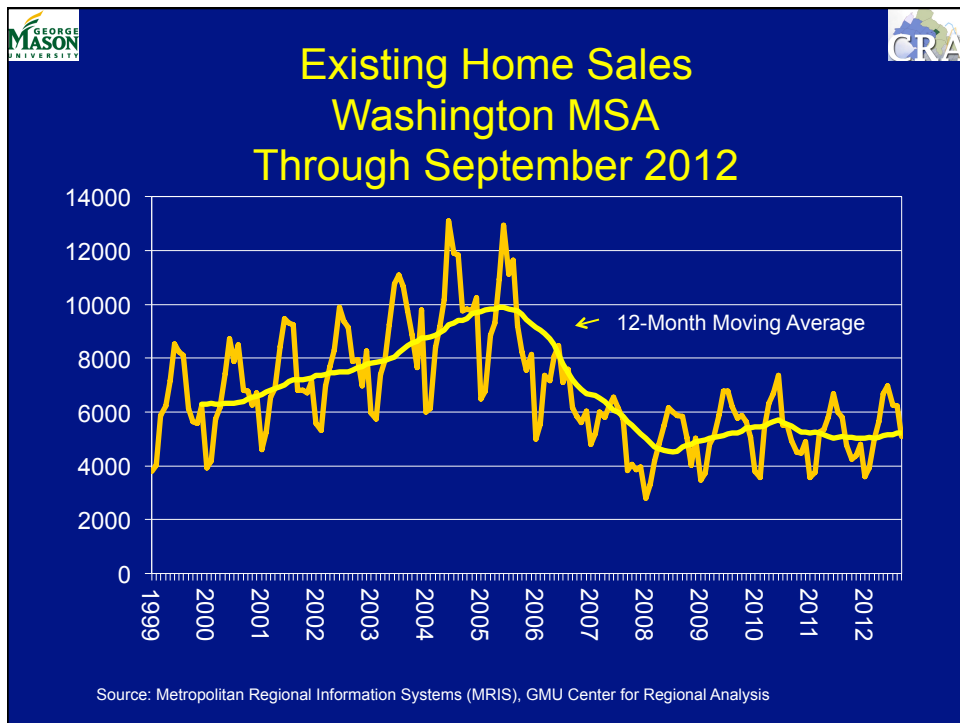
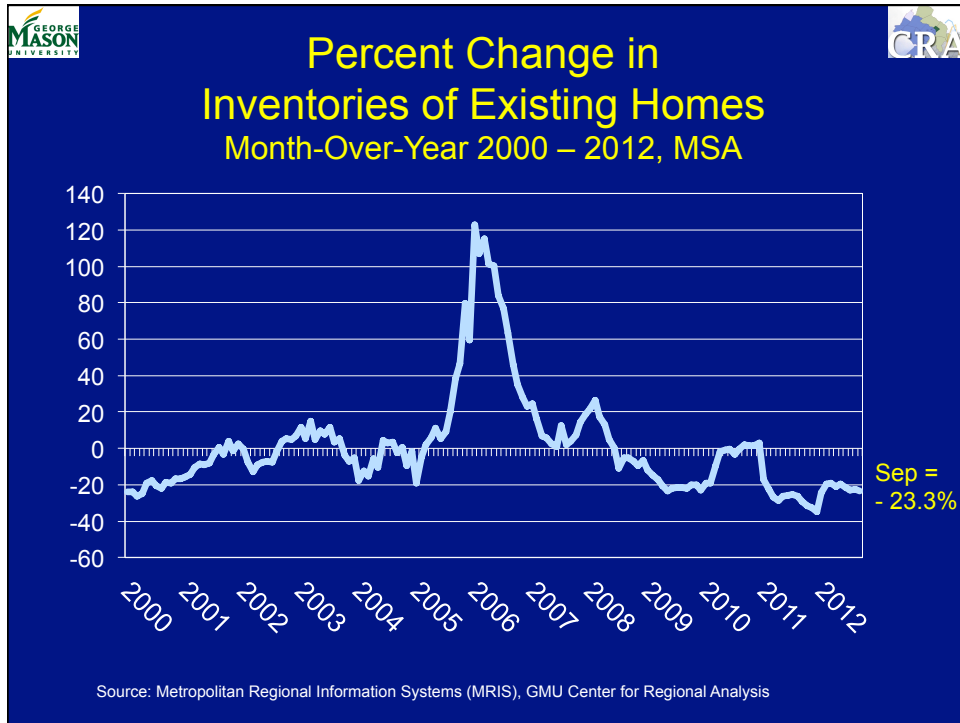
**GMU/Cardinal Bank 21st Annual
Economic Forecasting Conference
McLean Hilton, Tysons Corner
January 11, 2013**

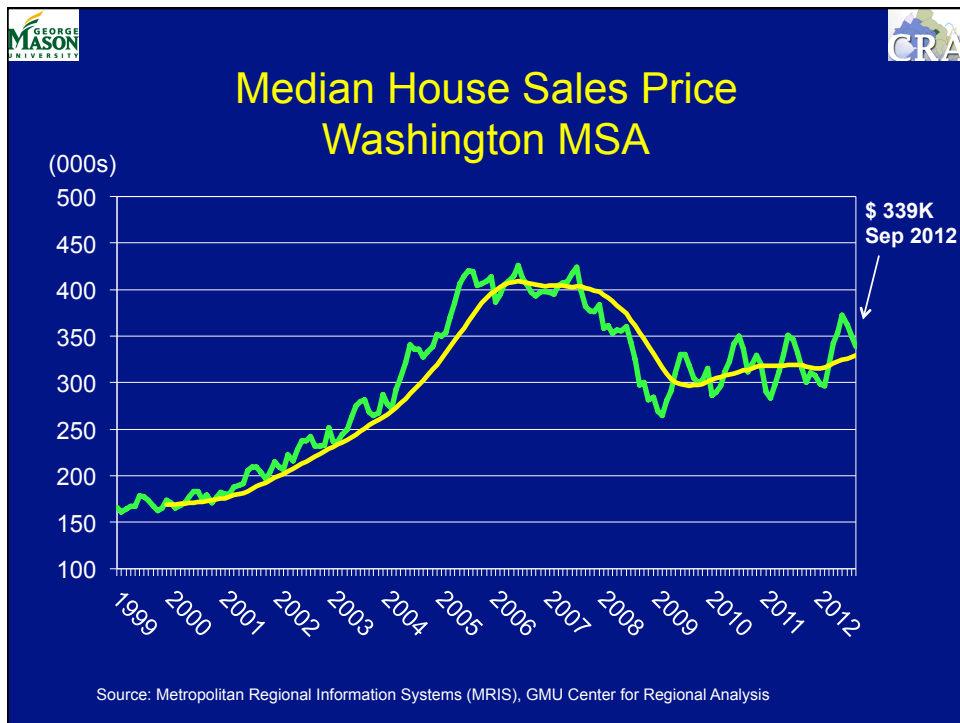
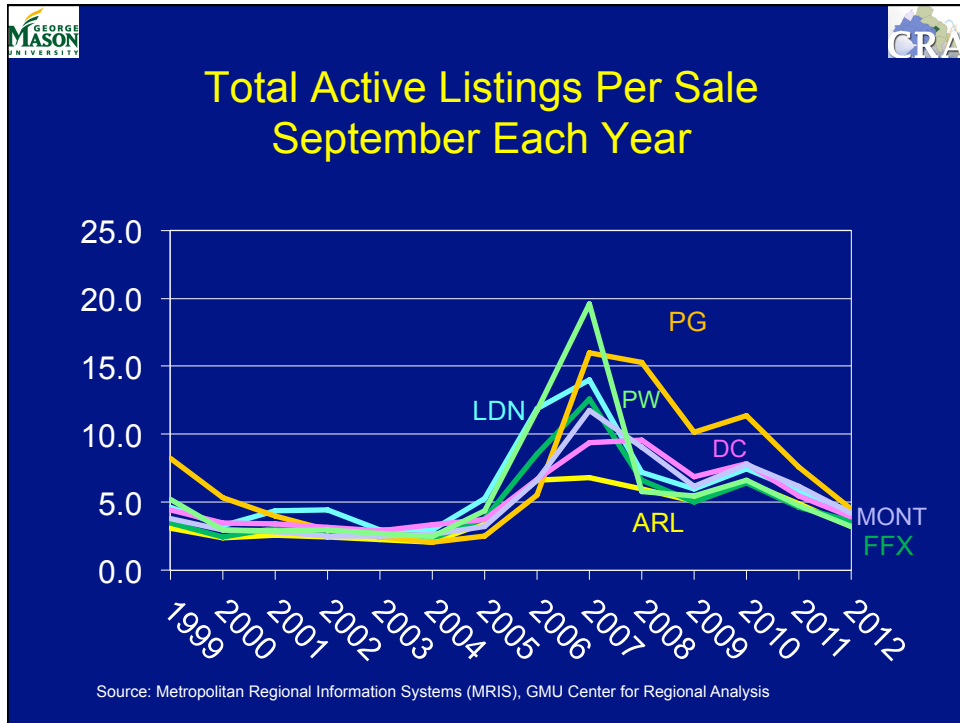


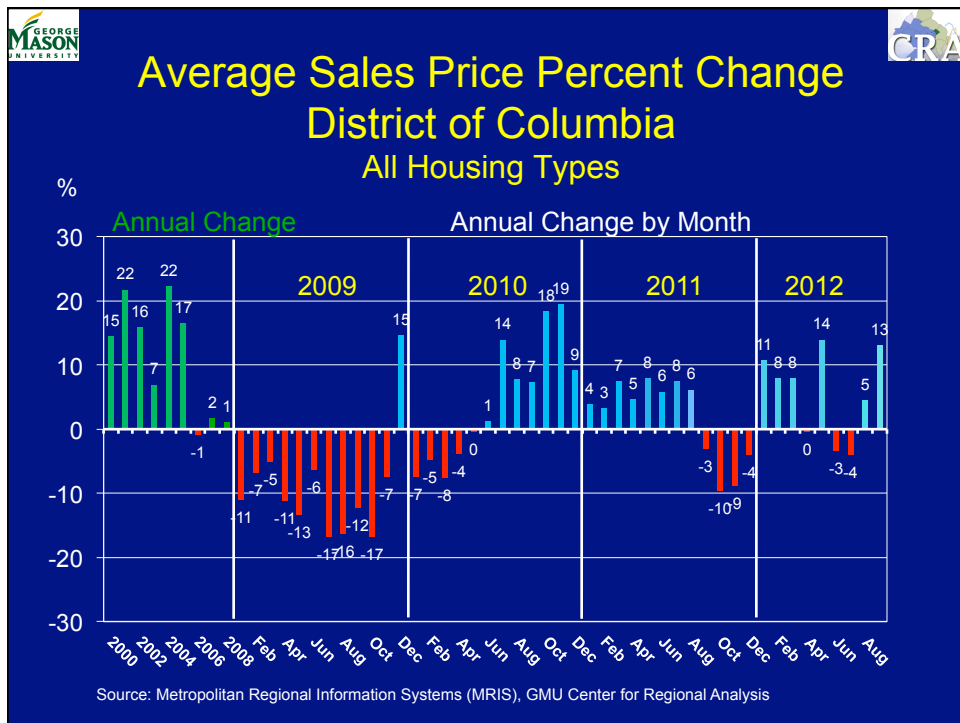
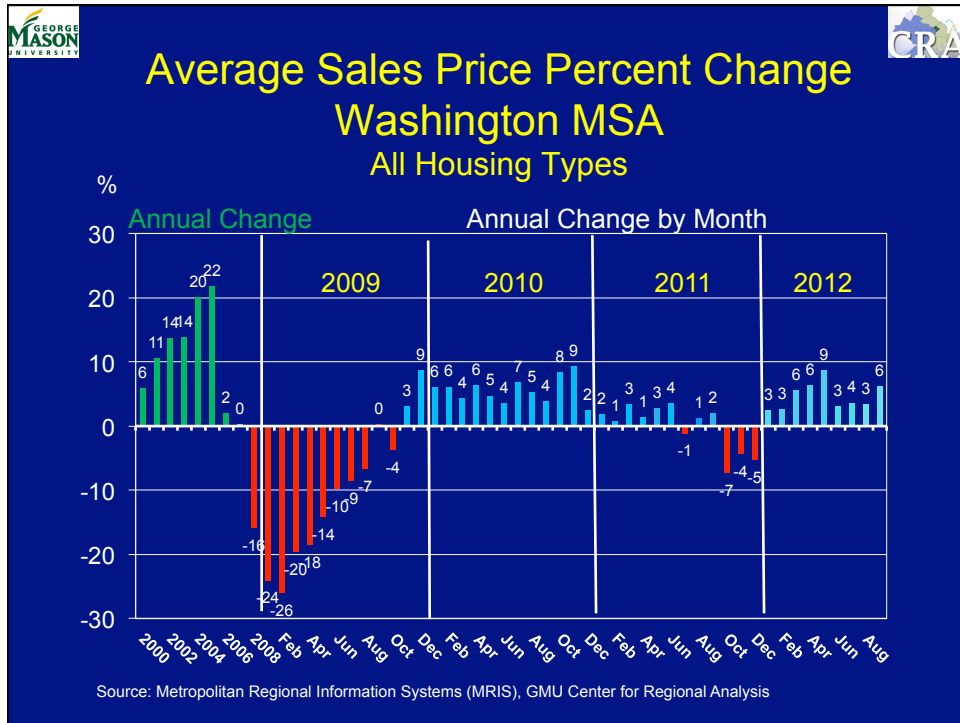
Background Information

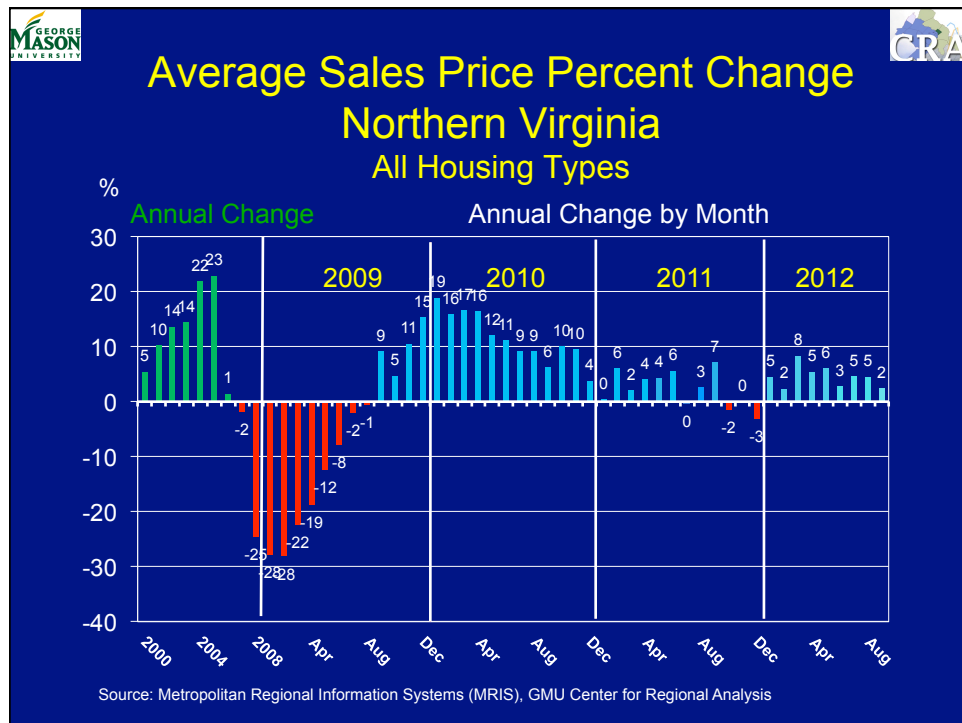
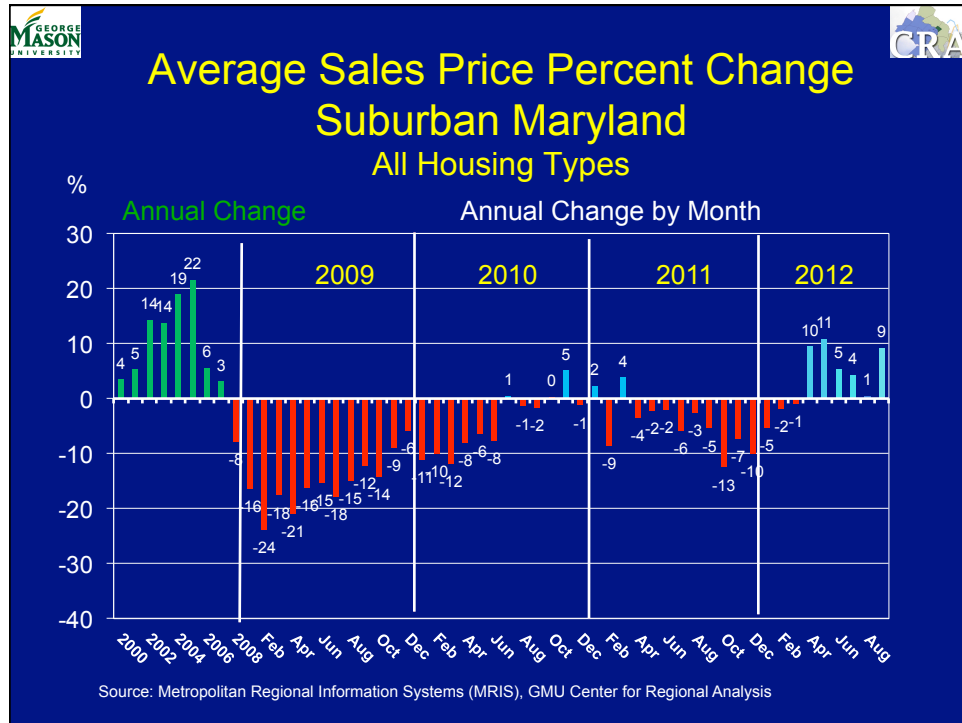


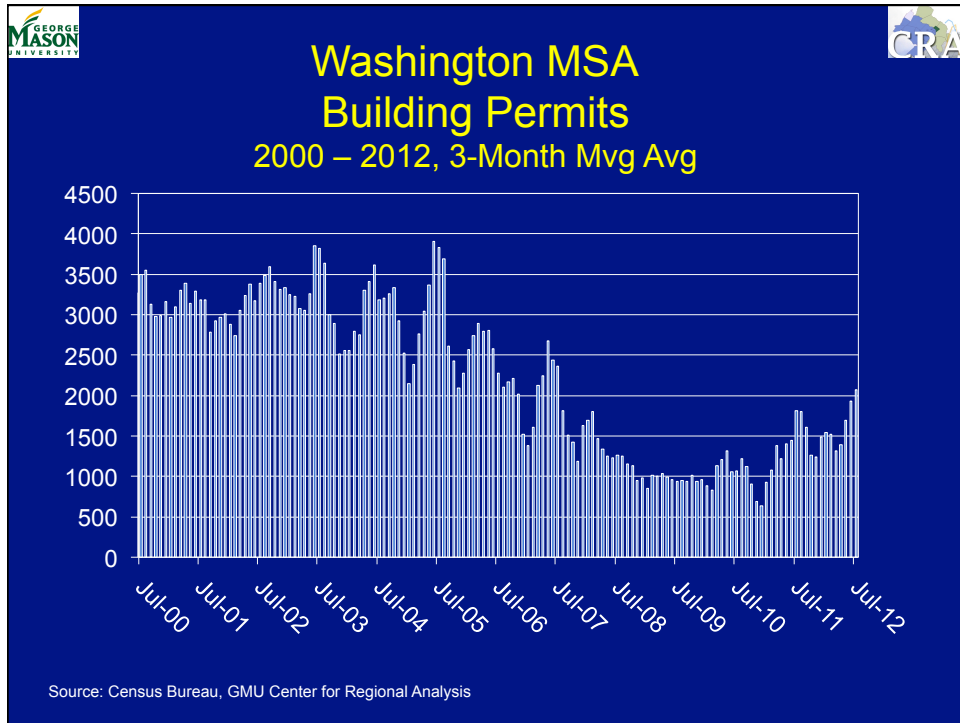
Housing Market Trends in the Washington Area



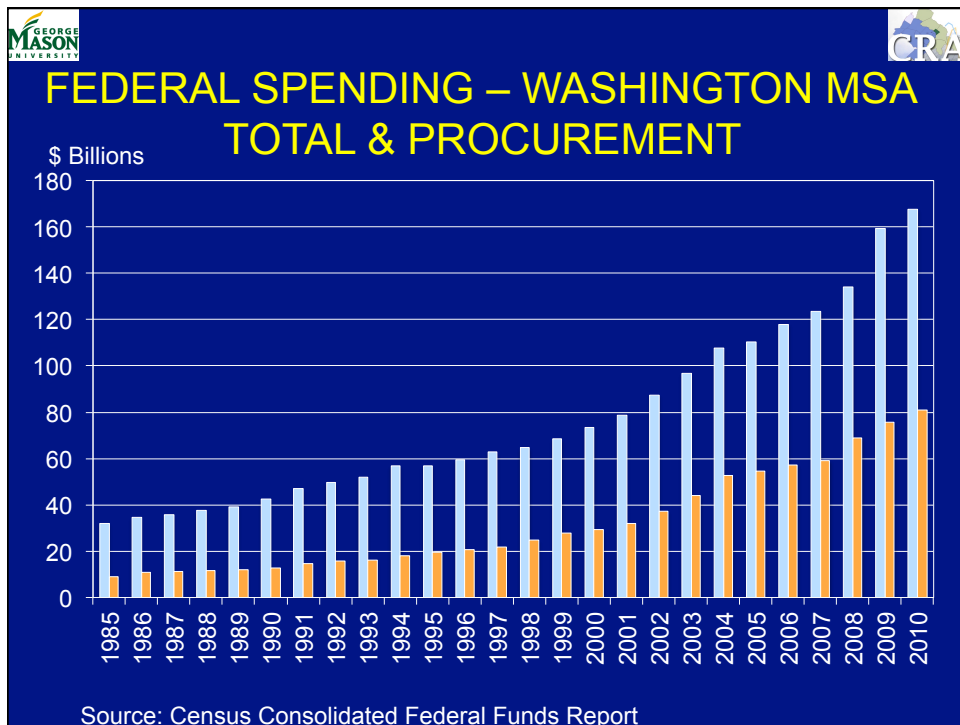
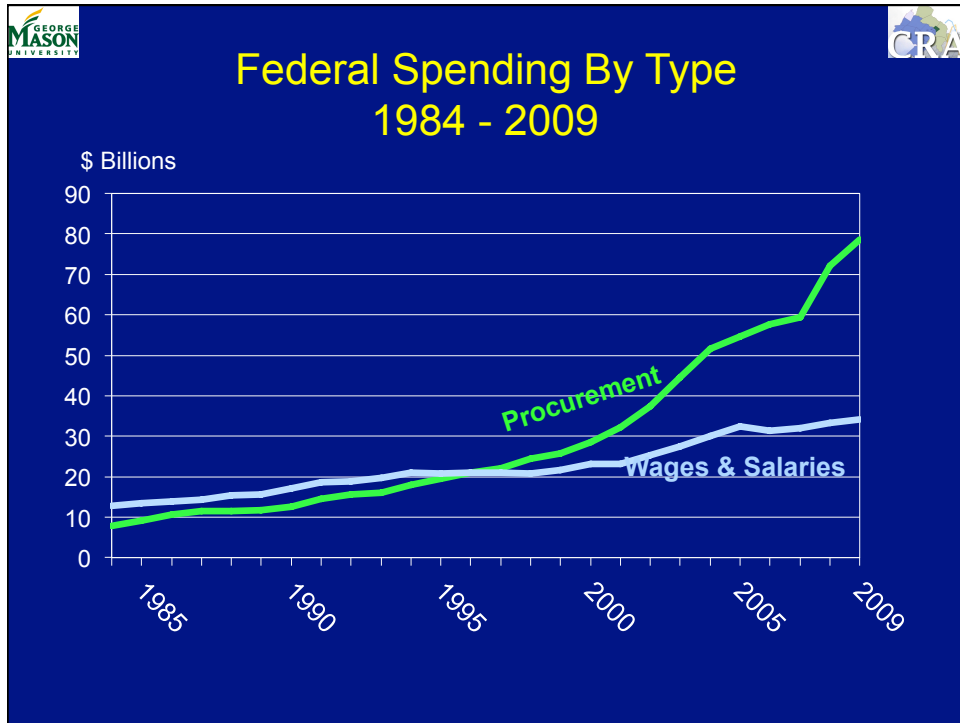


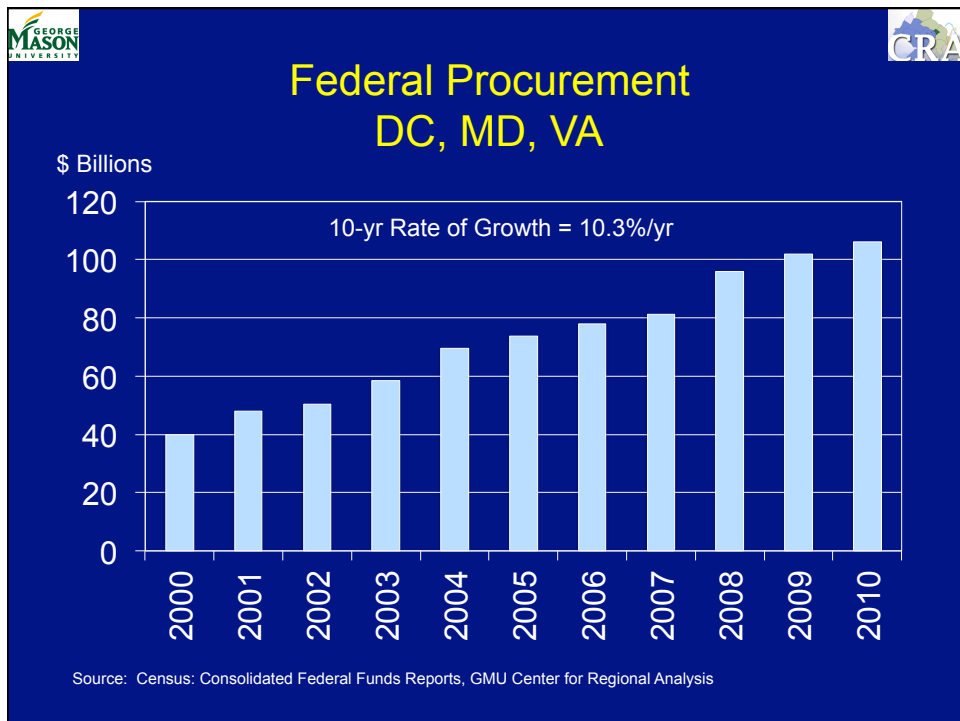
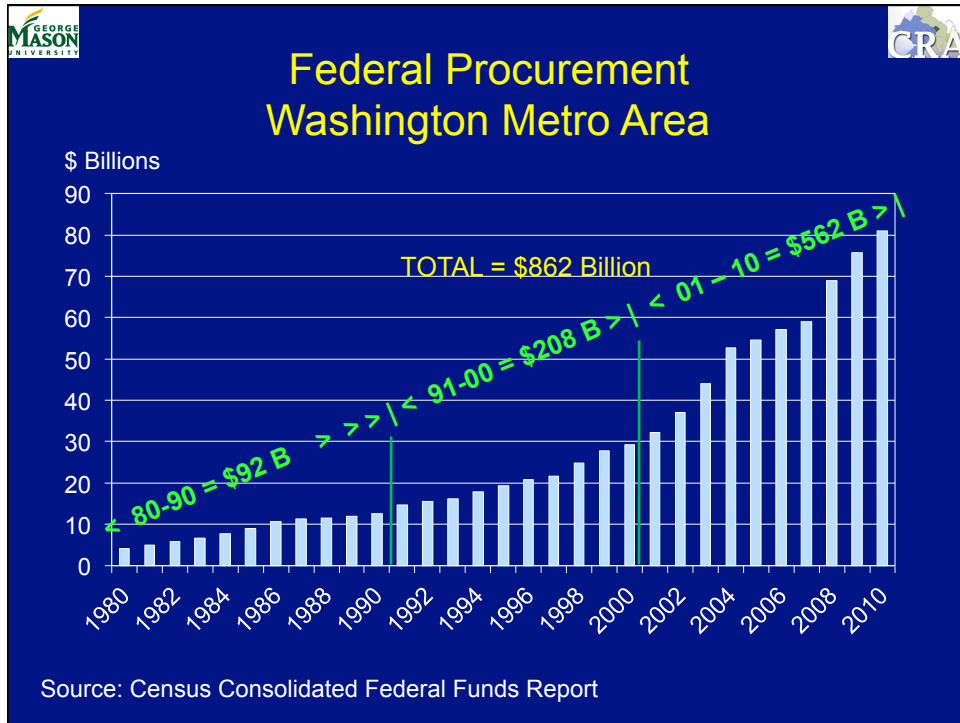


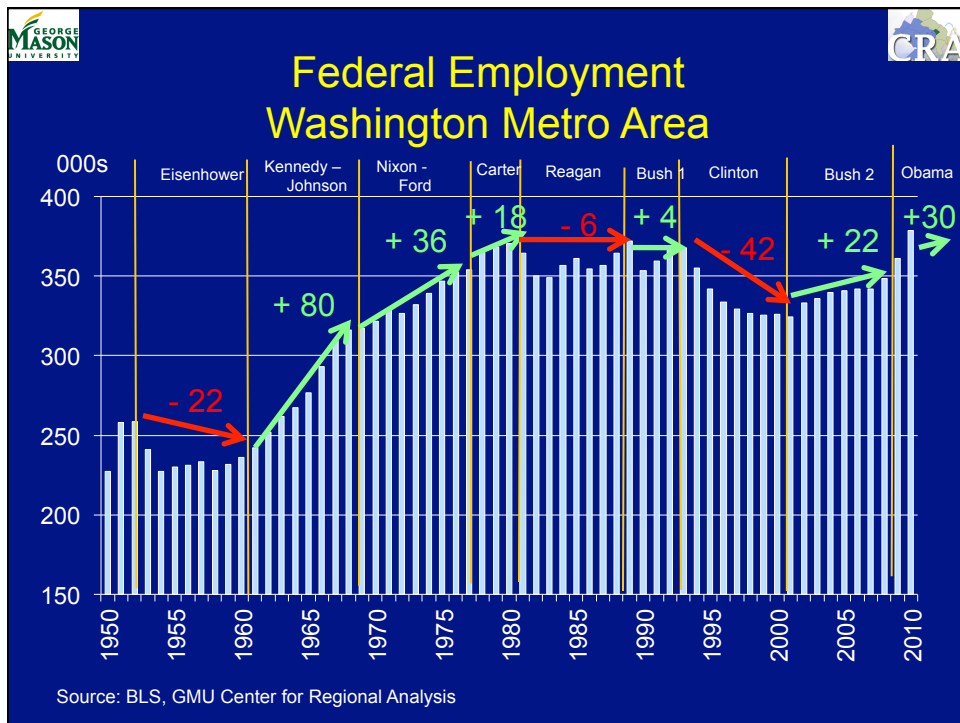
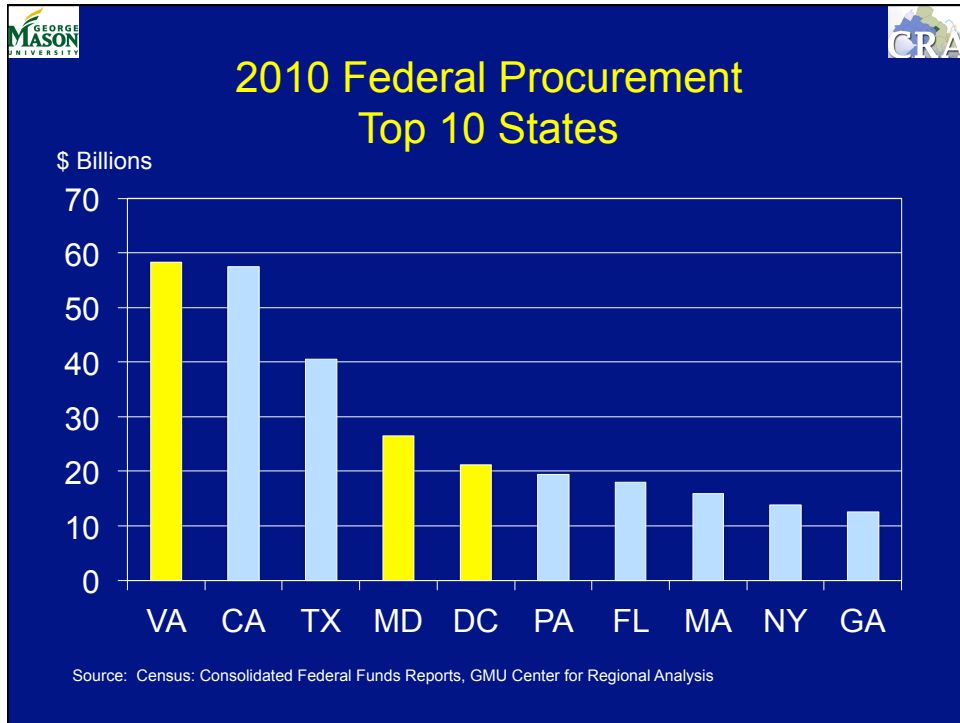


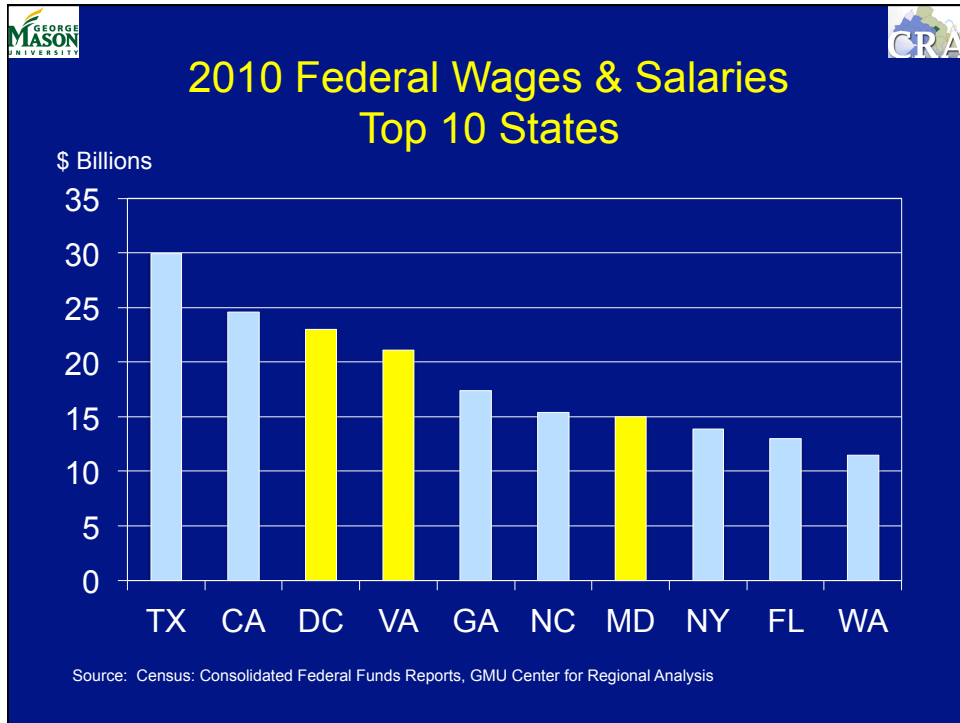


The Changing Role of the Federal Government in the Washington Area









**Federal Spending Trends in DC,
Maryland and Virginia, 2000- 2010**
(in billions of dollars)

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

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)

<u>Area</u>	<u>Total \$s</u>	<u>DoD \$s</u>	<u>% Total \$s</u>	<u>%US DoD</u>
United States	\$3,276.4	\$557.0	17.0	100.0
District of Columbia	61.9	8.7	14.0	1.6
Maryland	96.3	18.7	19.4	3.4
Virginia	<u>136.1</u>	<u>58.1</u>	<u>42.7</u>	<u>10.4</u>
Total Area	\$294.3	\$85.5	29.0	15.4

Source: Consolidated Federal Funds Report, 2010