From Recovery to Expansion: How and When

The U.S. and Washington Area Economic Performance and Outlook

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Director, Center for Regional Analysis
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Quarterly GDP Revisions: Global Insight

<table>
<thead>
<tr>
<th>Quarter</th>
<th>July 2009</th>
<th>October 2010</th>
<th>January 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 Q1</td>
<td>-5.5</td>
<td></td>
<td>-4.9**</td>
</tr>
<tr>
<td>Q2</td>
<td>-2.1</td>
<td></td>
<td>-0.7**</td>
</tr>
<tr>
<td>Q3</td>
<td>0.6</td>
<td></td>
<td>1.6**</td>
</tr>
<tr>
<td>Q4</td>
<td>1.1</td>
<td></td>
<td>5.0**</td>
</tr>
<tr>
<td>2010 Q1</td>
<td>1.4</td>
<td></td>
<td>3.7**</td>
</tr>
<tr>
<td>Q2</td>
<td>2.7</td>
<td></td>
<td>1.7**</td>
</tr>
<tr>
<td>Q3</td>
<td>2.3</td>
<td>1.5</td>
<td>2.6**</td>
</tr>
<tr>
<td>Q4*</td>
<td>3.3</td>
<td>1.9</td>
<td>3.7</td>
</tr>
<tr>
<td>2011 Q1*</td>
<td>2.2</td>
<td>2.2</td>
<td>3.8</td>
</tr>
<tr>
<td>Q2*</td>
<td></td>
<td>2.2</td>
<td>3.1</td>
</tr>
<tr>
<td>Q3*</td>
<td></td>
<td>2.7</td>
<td>2.4</td>
</tr>
<tr>
<td>Q4*</td>
<td></td>
<td>3.7</td>
<td>3.3</td>
</tr>
</tbody>
</table>

*Projected **Actual
### U.S. Economic Signals: First Monday of the Year

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP – 3rd Quarter of Previous Year</td>
<td>-0.5%</td>
<td>+ 2.2%</td>
<td>+ 2.6%</td>
</tr>
</tbody>
</table>
| ISM Manufacturing Index                        | 32.4 [-]| 55.9 [+]| 57.0 [+]
| ISM Non-Manufacturing Index                    | 37.3 [-]| 48.7 [-]| 57.0 [+]

### U.S. Economic Signals: First Monday of the Year

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<tr>
<th>Indicator</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Income</td>
<td>-0.2%</td>
<td>+ 0.4%</td>
<td>+ 0.3%</td>
</tr>
</tbody>
</table>
| Consumer Confidence – Present                  | 29.4 [-]| 18.8 [-]| 23.5 [+]
| Consumer Confidence – Expectations             | 43.8 [-]| 75.6 [+]| 71.9 [-]
| Retail Sales                                   | -1.8% | 1.3%  | 0.8%  |
### U.S. Economic Signals: First Monday of the Year

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Growth (Nov-Dec)</td>
<td>-533K</td>
<td>-11K</td>
<td>103K</td>
</tr>
<tr>
<td>Unemployment</td>
<td>6.7%</td>
<td>10.0%</td>
<td>9.4%</td>
</tr>
<tr>
<td>New Unemployment Claims</td>
<td>492K</td>
<td>432K</td>
<td>388K</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Home Sales</td>
<td>-2.9%</td>
<td>11.3%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Existing Home Sales</td>
<td>-8.6%</td>
<td>7.4%</td>
<td>5.6%</td>
</tr>
<tr>
<td>30-Yr Fixed Rate Mortgage</td>
<td>5.01%</td>
<td>5.08%</td>
<td>4.86%</td>
</tr>
</tbody>
</table>
Recession Recovery Patterns of GDP
Past Five Recessions

Quarters After Trough

% Change in GDP

1975-Q1 1982-Q3 1991-Q1 2001-Q4 2009-Q2

(2009 Recession has 6th Q added from GI Forecast)

Sources: BEA, GMU Center for Regional Analysis.

U.S. Gross Domestic Product
Quarterly Change: 2006 – 2013

Forecast >> >> >> >>

Source: Global Insight
U.S. Job Change by Sector
December 2007 – December 2009

 Ranked by Size in 2010
State & Local Govt (000s) Total
Edu & Health Svcs 35
Prof. & Bus. Svcs 79
Retail Trade 192
Leisure & Hosp. -1,795
Manufacturing -474
Financial -1,795
Construction -200
Whse Trade -377
Other Services -250
Transp. & Util. -400
Federal Govt. -200
Information -375

Source: BLS March 2010 Benchmark, (Seasonally Adjusted), GMU Center for Regional Analysis

U.S. Job Change by Sector
December 2009 – December 2010

 Ranked by Size in 2010
State & Local Govt (000s) Total
Edu & Health Svcs 422
Prof. & Bus. Svcs 342
Retail Trade 116
Leisure & Hosp. 240
Manufacturing 136
Financial 55
Construction 136
Whse Trade 65
Other Services 56
Transp. & Util. 28
Federal Govt. -37
Information -37

Source: BLS March 2010 Benchmark, (Seasonally Adjusted), GMU Center for Regional Analysis
Initial Unemployment Claims

U.S. Unemployment Rate

Source: BLS, Seasonally Adjusted
Consumer Confidence

Source: Conference Board, GMU Center for Regional Analysis

Consumer Prices
2001 - 2015

Source: BLS, Global Insight
Interest Rates 2001 - 2015

Interest rates from 2001 to 2015 are shown in the graph. The graph compares the Federal Reserve (Fed) interest rates and the 30-Year Treasury (30-Yr) rates. The forecast lines indicate expected trends beyond 2015.

Oil Prices $ per barrel

Oil prices from 2004 to 2015 are shown in the graph. The graph displays the price of oil per barrel from 2004 to 2015, with forecast lines for future years. The data source is Global Insight.
Growth in Total Consumption Outlays

Forecast > > > > >

Source: Global Insight, GMU Center for Regional Analysis

U.S. Economic Performance

Source: Global Insight

GMU Center for Regional Analysis
The Washington Economy

US GDP and Washington GRP
Annual Job Change – MOTYC
District of Columbia


Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

Annual Job Change – MOTYC
Suburban Maryland


Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis
Annual Job Change – MOTYC
Northern Virginia

Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

Annual Job Change
Washington MSA

Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis
Annual Job Change
District of Columbia

Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

Annual Job Change
Suburban Maryland

Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis
Annual Job Change - Manufacturing
Washington MSA

Annual Data

Annual Month over Year

Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis
Annual Job Change - Information
Washington MSA

2000s Annual Data                          Annual Month over Year

Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

Transportation and Utilities
Washington MSA

000s Annual Data                          Annual Month over Year

Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis
Annual Job Change - Construction
Washington MSA

Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

Annual Job Change - Financial
Washington MSA

Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis
Annual Job Change - Retail
Washington MSA

Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

Wholesale Trade
Washington MSA

Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis
Leisure & Hospitality
Washington MSA

Other Services
Washington MSA
Education and Health Services
Washington MSA

Annual Data
Annual Month over Year

Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

Federal Government
Washington MSA

Annual Data
Annual Month over Year

Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis
Unemployment Rate

15 Largest Job Markets
Ranked by Unemployment Rate
November 2010

Source: BLS, Not Seasonally Adjusted
Economic Forecast

Total Federal Spending
Washington Metro Area

Billions Current $

Source: GMU Center for Regional Analysis
Total Federal Procurement in the Region for Past 30 Years = $794 Billion

2010 Structure of the Greater Washington Economy

- Federal Procurement: 34.9%
- Procurement: 19.2%
- Local Serving Activities: 36.6%
- Non-Local Business: 12.0%
- Other Federal: 15.7%
- Other: Health/Education, Media

Other: Hospital, Professional Services, Other
### Employment Change by Sub-state Region (000s)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>D.C.</td>
<td>10.1</td>
<td>-0.6</td>
<td>10.5</td>
<td>10.5</td>
<td>9.7</td>
<td>9.3</td>
<td>9.6</td>
<td>9.4</td>
</tr>
<tr>
<td>Sub. MD</td>
<td>-4.3</td>
<td>-26.8</td>
<td>1.5</td>
<td>15.5</td>
<td>13.6</td>
<td>14.9</td>
<td>15.6</td>
<td>14.6</td>
</tr>
<tr>
<td>No. VA</td>
<td>3.6</td>
<td>-24.5</td>
<td>9.5</td>
<td>22.1</td>
<td>20.7</td>
<td>22.3</td>
<td>22.6</td>
<td>20.3</td>
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<tr>
<td>REGION</td>
<td>9.5</td>
<td>-51.9</td>
<td>21.5</td>
<td>48.1</td>
<td>44.0</td>
<td>46.5</td>
<td>47.8</td>
<td>44.2</td>
</tr>
</tbody>
</table>

Average Annual Change 1990-2010 = 36,000

Source: BLS, GMU Center for Regional Analysis, 2009-2014 based on 2010 Benchmark data from BLS

### Economic Outlook (GRP) – 2015

Washington Area and Sub-state Portions
(Annual % Change)

Source: GMU Center for Regional Analysis
GDP/GRP 2000 - 2015

Source: Global Insight, GMU Center for Regional Analysis

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