

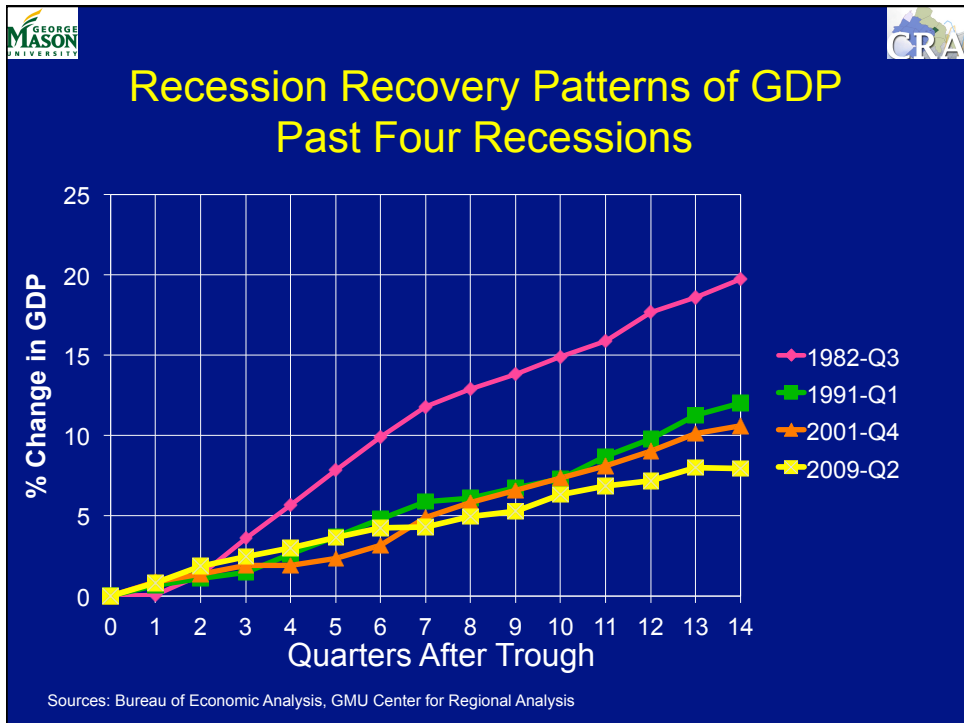
 

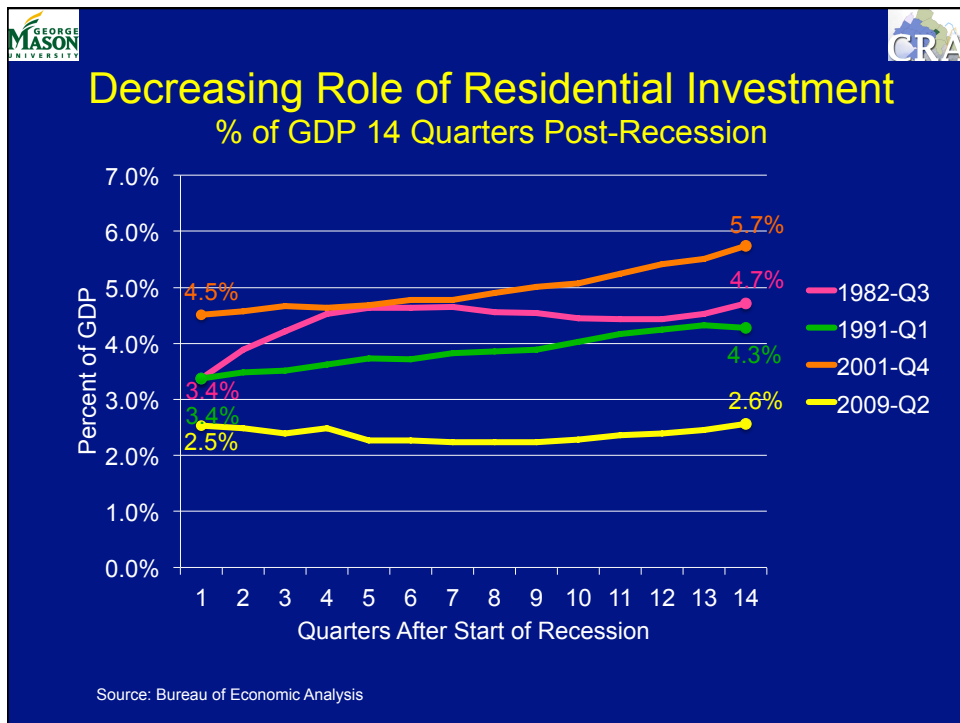
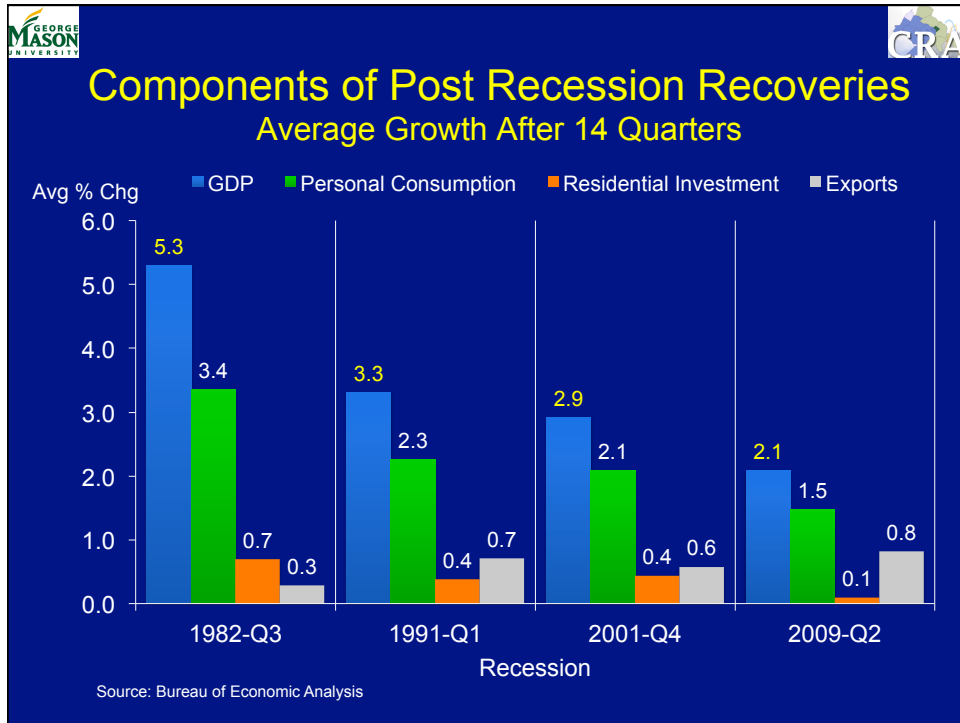
Cheryl Freeman Group

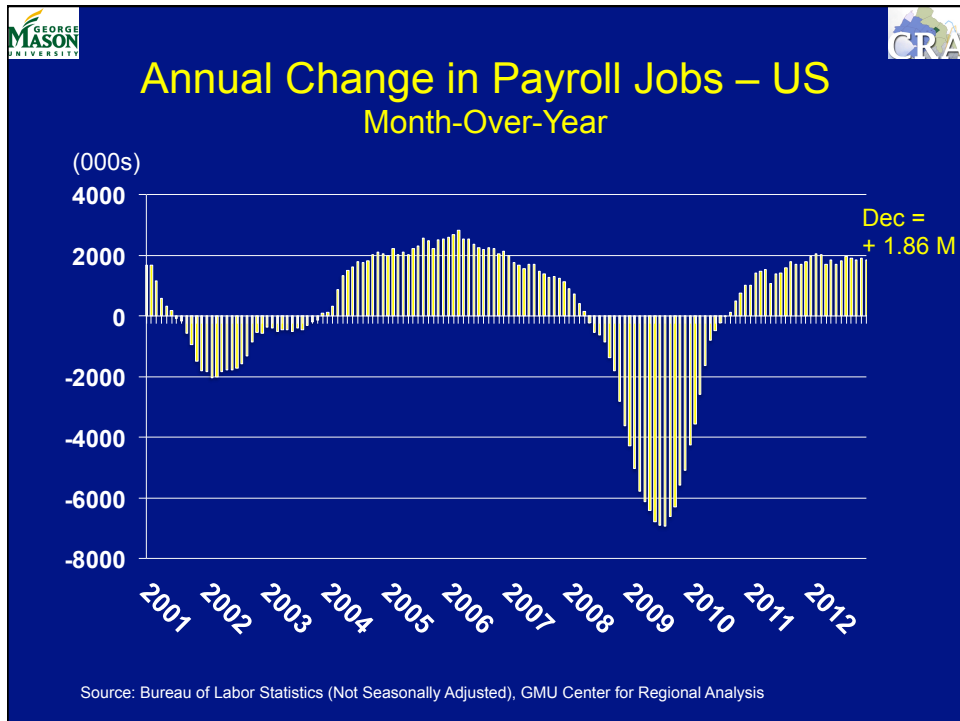
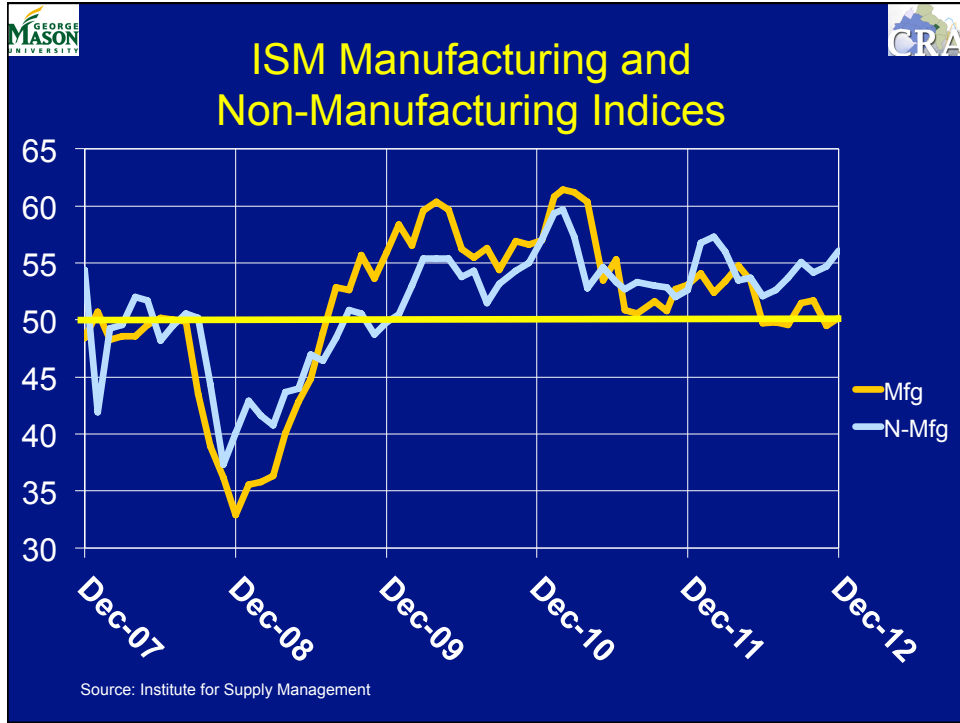
The Outlook for the U.S. and Washington Area Economy in 2013 and Beyond

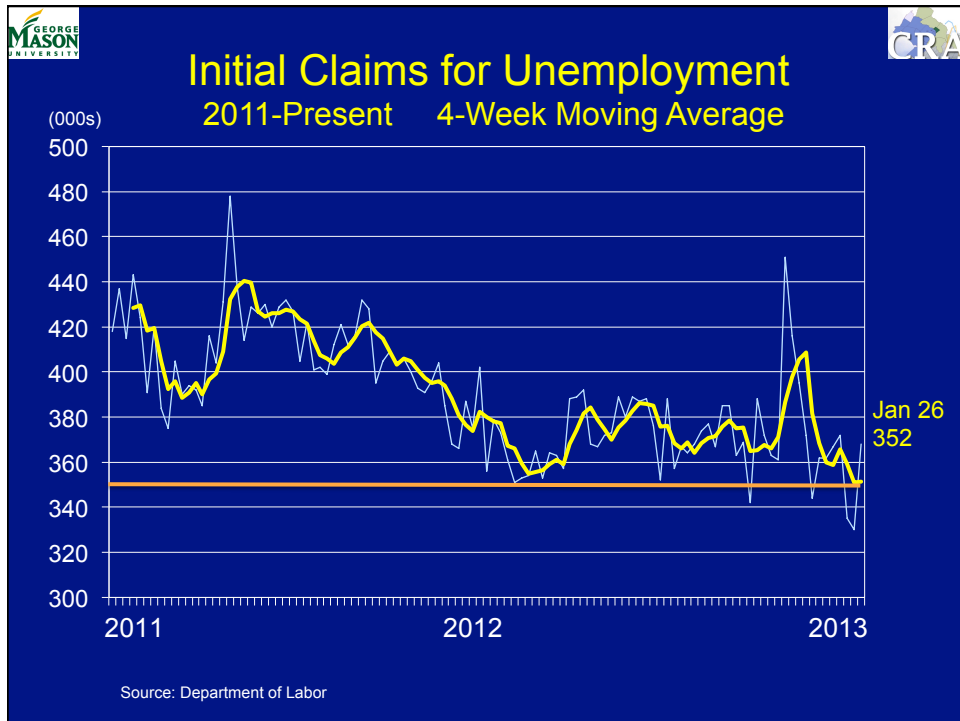
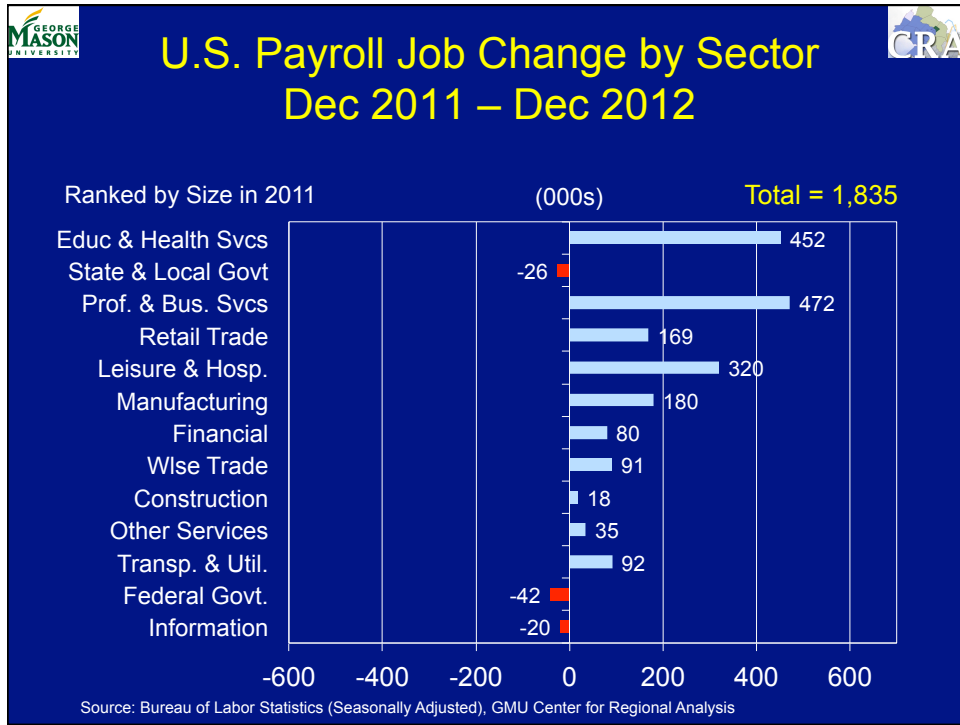
Stephen S. Fuller, Ph.D.
Dwight Schar Faculty Chair and University Professor
Director, Center for Regional Analysis
George Mason University

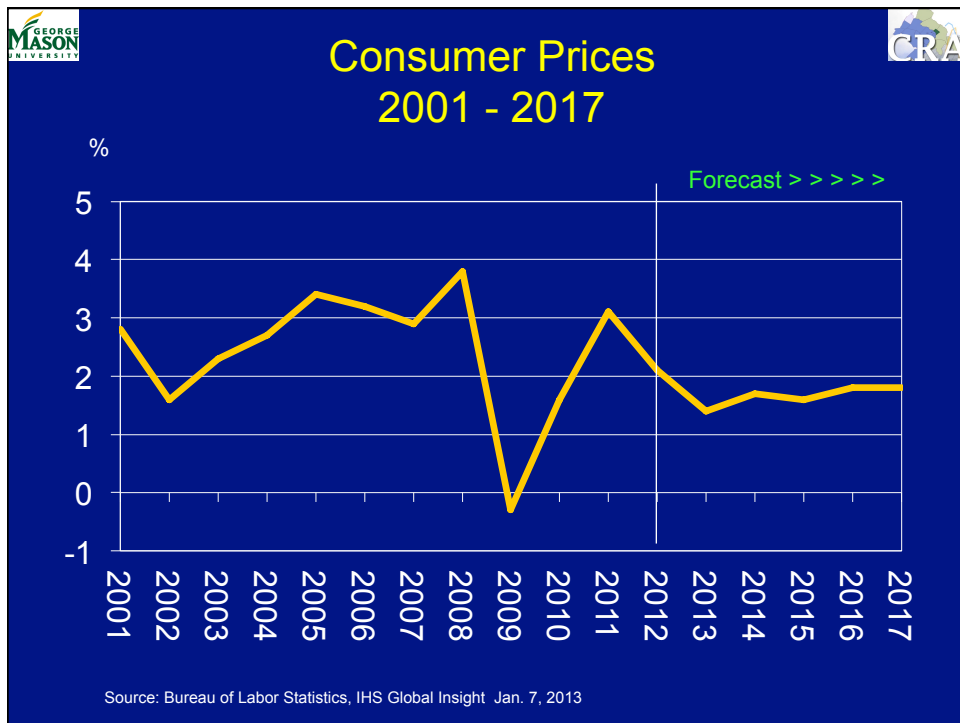
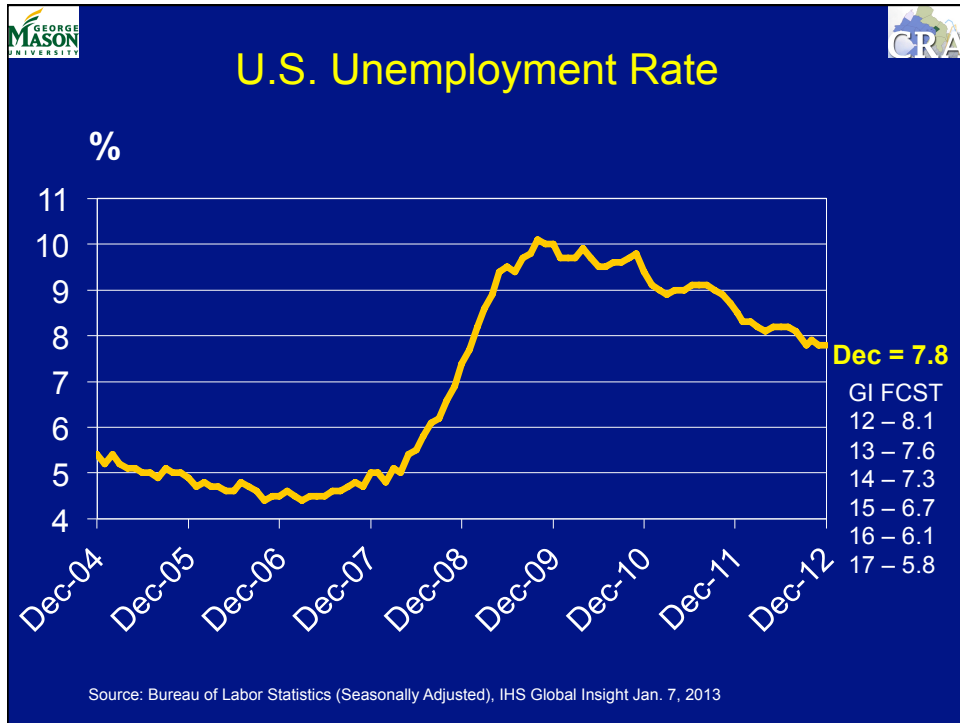
February 6, 2013

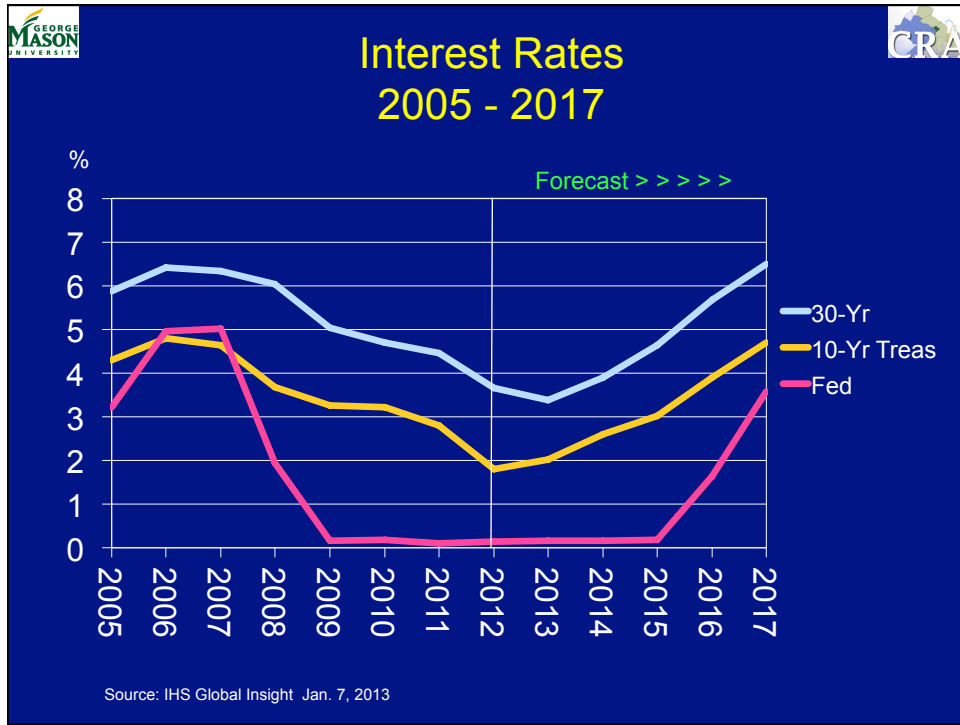


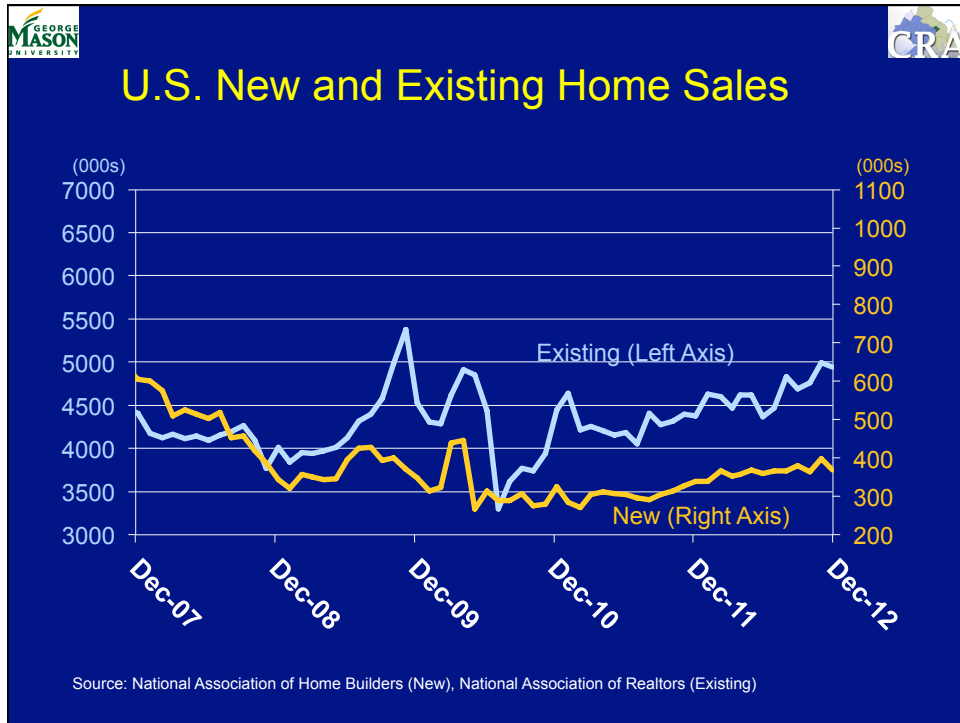








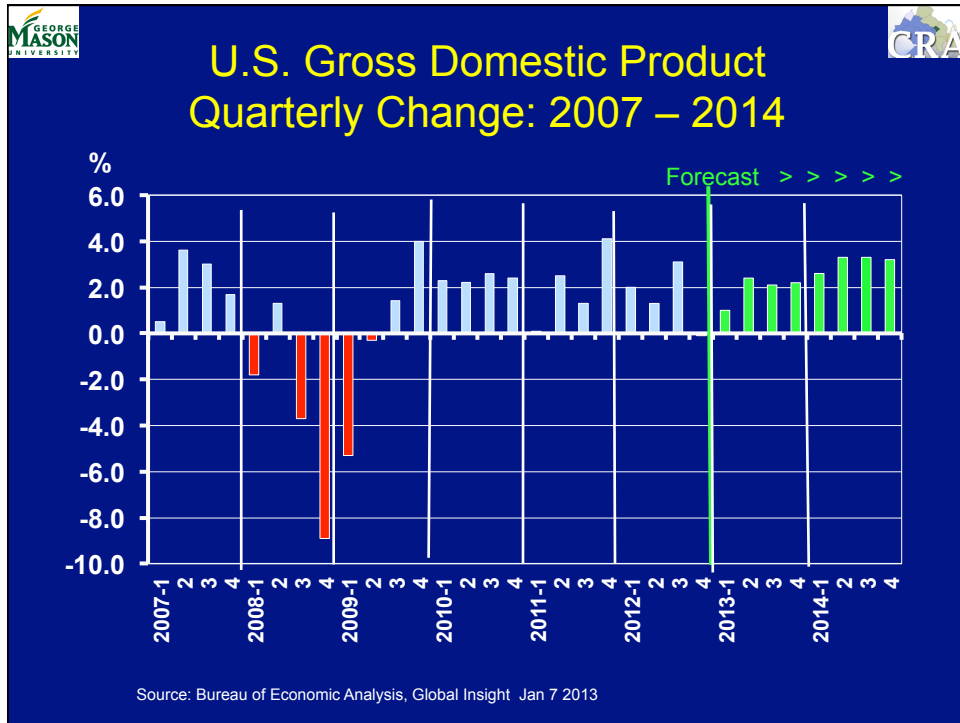




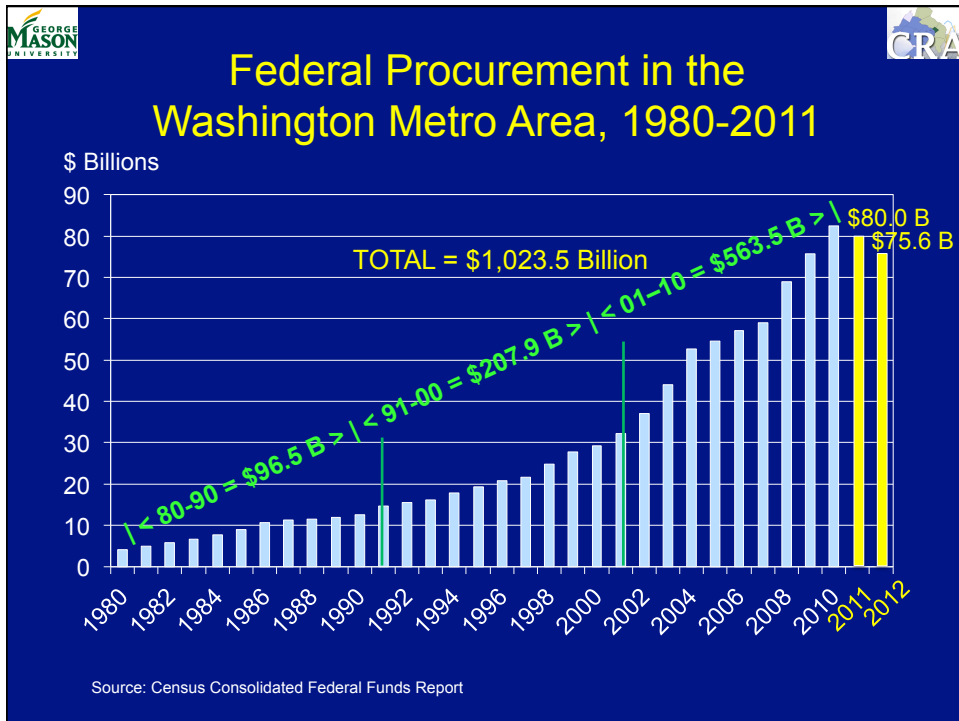
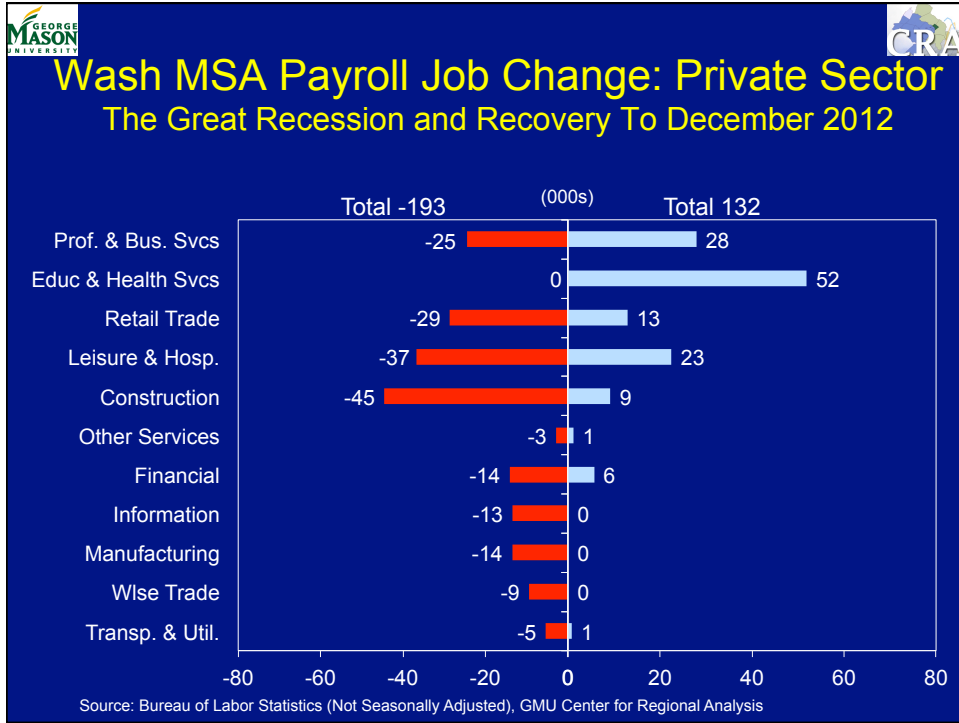
Housing Forecast
(millions of Units)

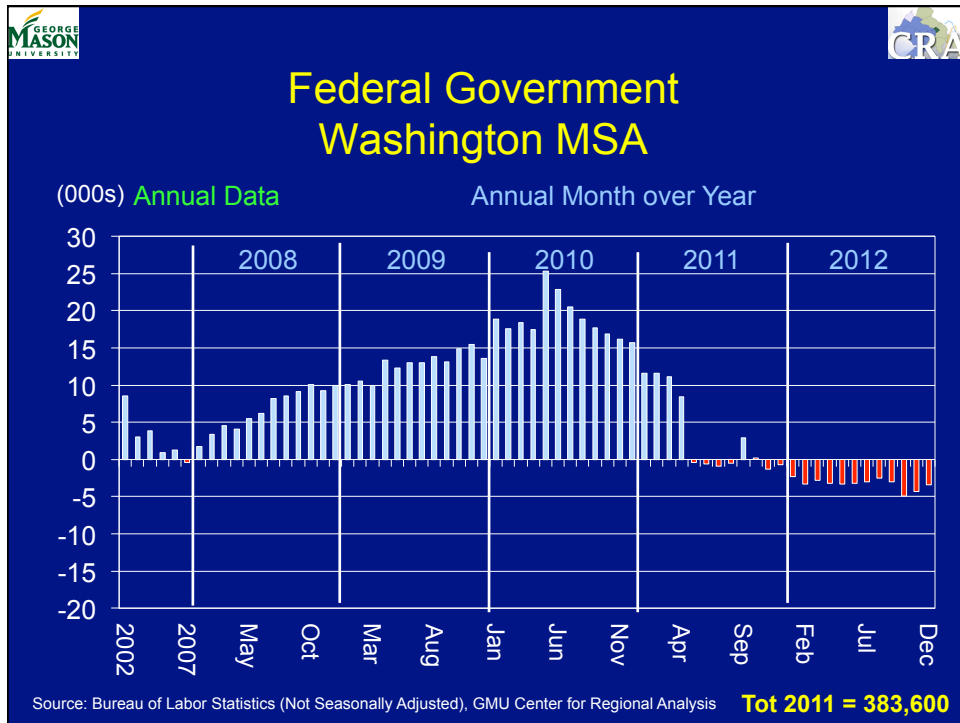
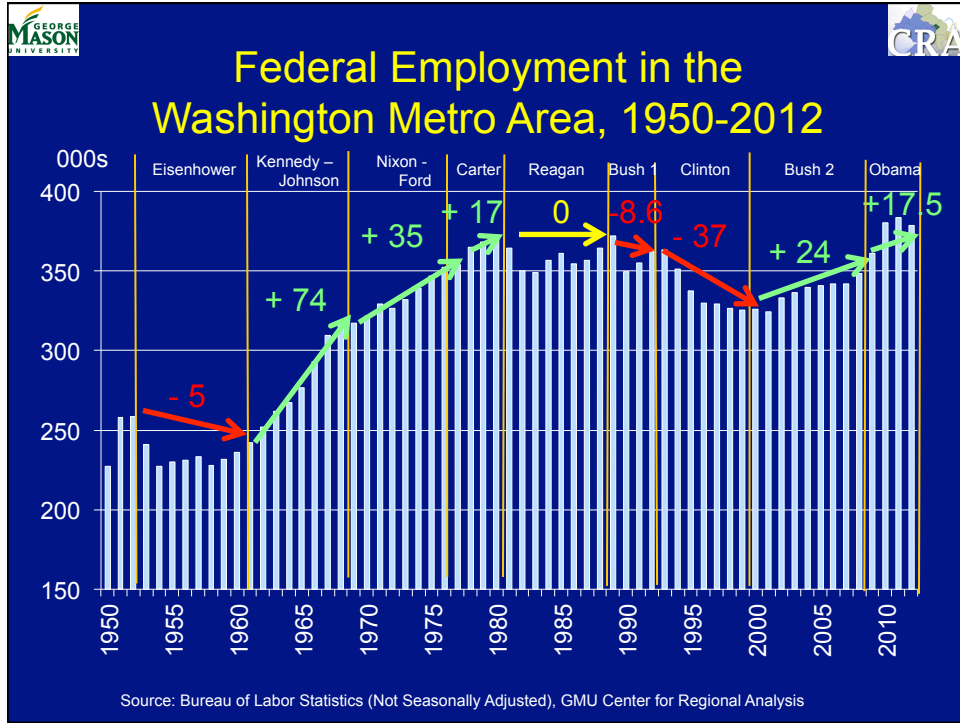
<u>Year</u>	<u>Housing Starts</u>	<u>Existing House Sales</u>
2005	2.073	7.076
2011	0.612	4.283
2012	0.774	4.695
2013	0.970	5.062
2014	1.281	5.606
2015	1.612	5.990
2016	1.669	5.899
2017	1.666	5.728

Source: IHS Global Insight "US Executive Summary" January 7, 2013



Underlying Conditions Affecting the Washington Area Economy








Summary for Federal Spending Trends in the Washington Metropolitan Area, 2010-2012

- Federal Procurement Outlays declined 8.4% between FY 2010 and FY 2012.
- Federal employment has declined since peaking in July 2010, losing 8,700 jobs or 2.25%.
- Federal payroll declined by 0.6% between FY 2010 and FY 2011.

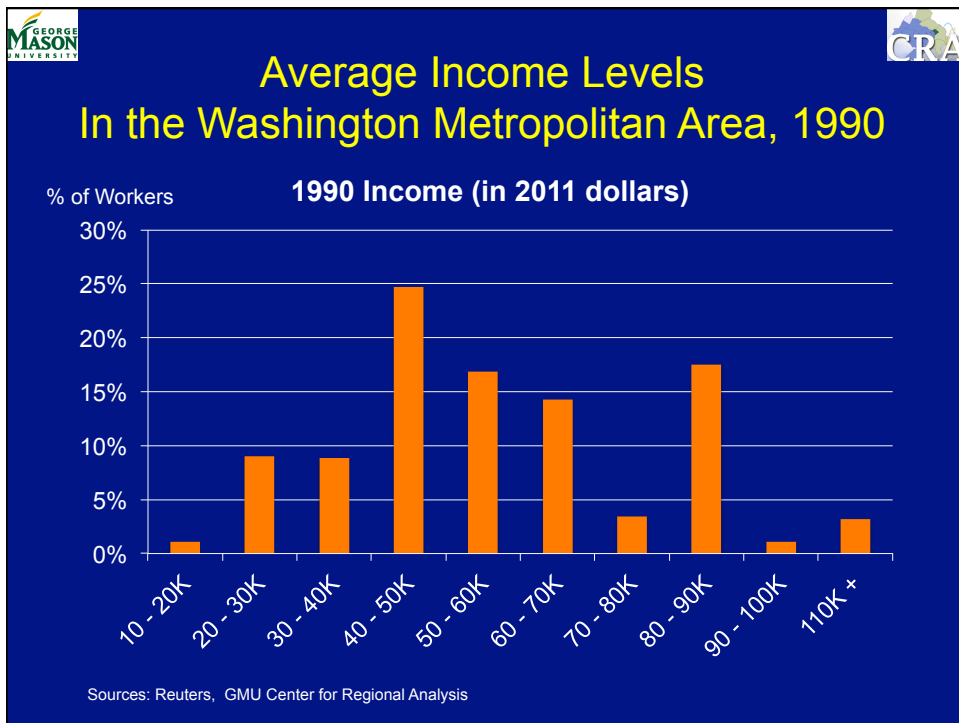


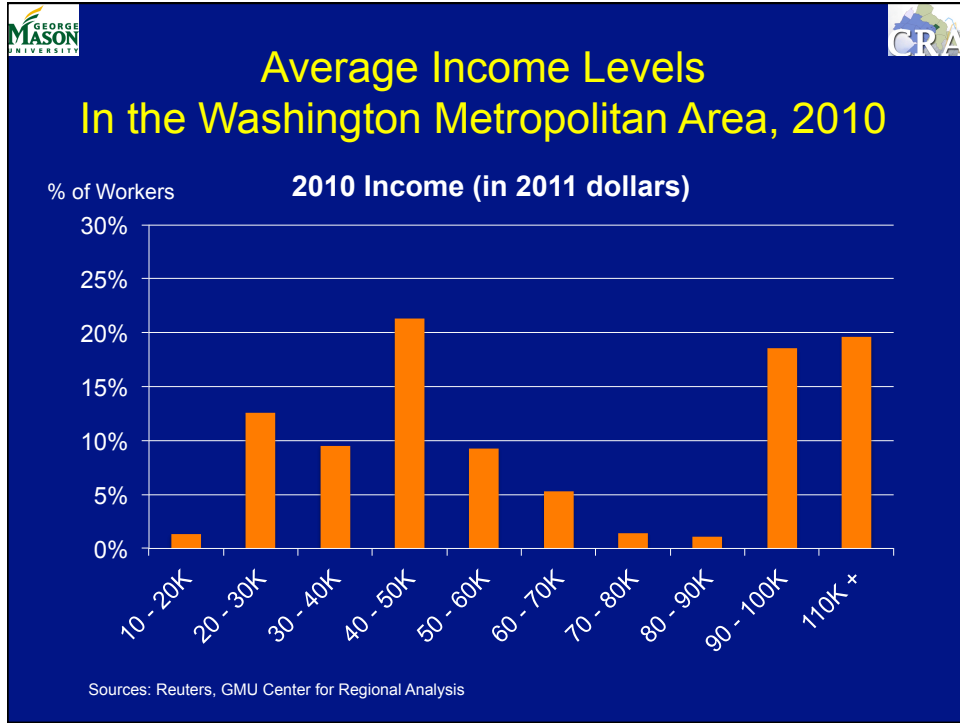
The Relative Importance of Federal Spending in the Maryland-DC-Virginia Region

The Region's Share of U.S. Population	4.7%
The Region's Share of All Federal \$s	9.0%
The Region's Share of All DOD \$s	15.0%
Federal Spending as a Percent of the Region's GRP in 2011	39.0%

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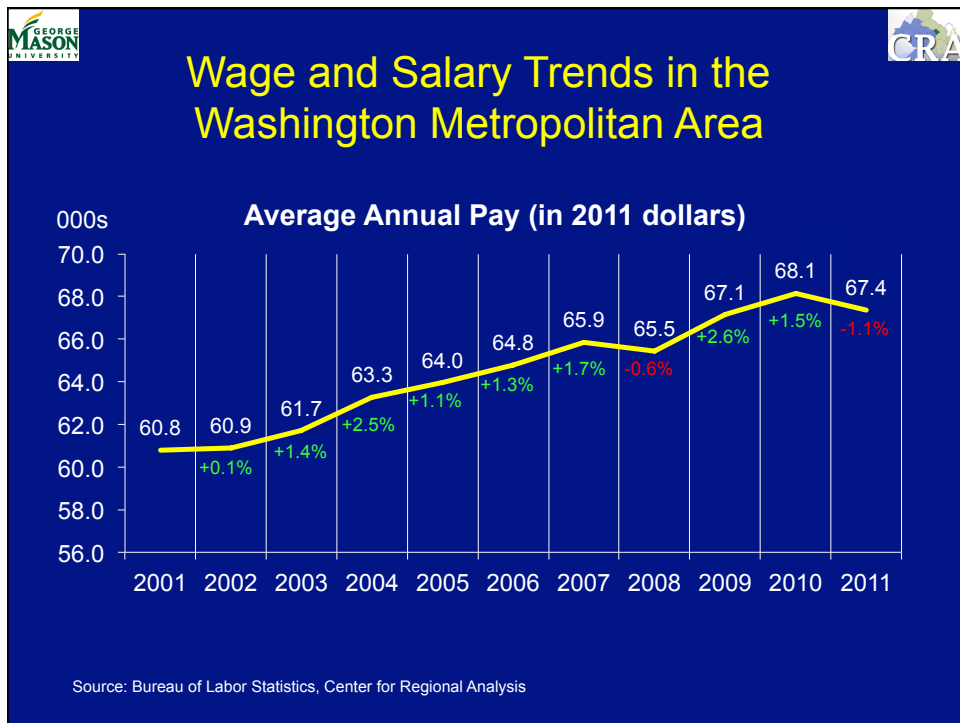
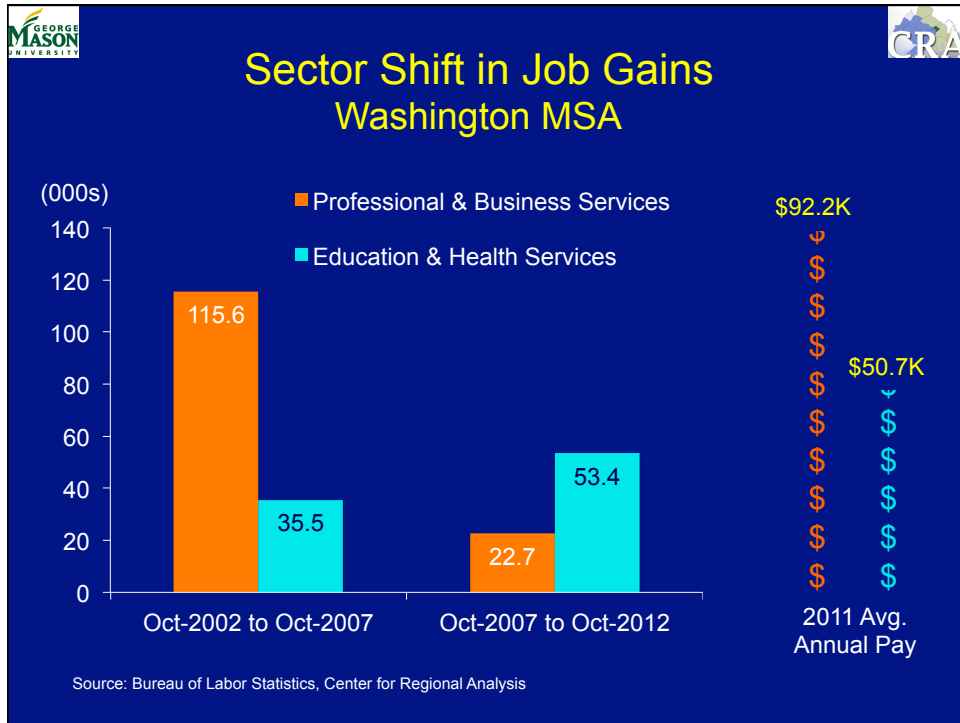
How will these structural and federal spending changes affect labor income Washington area?

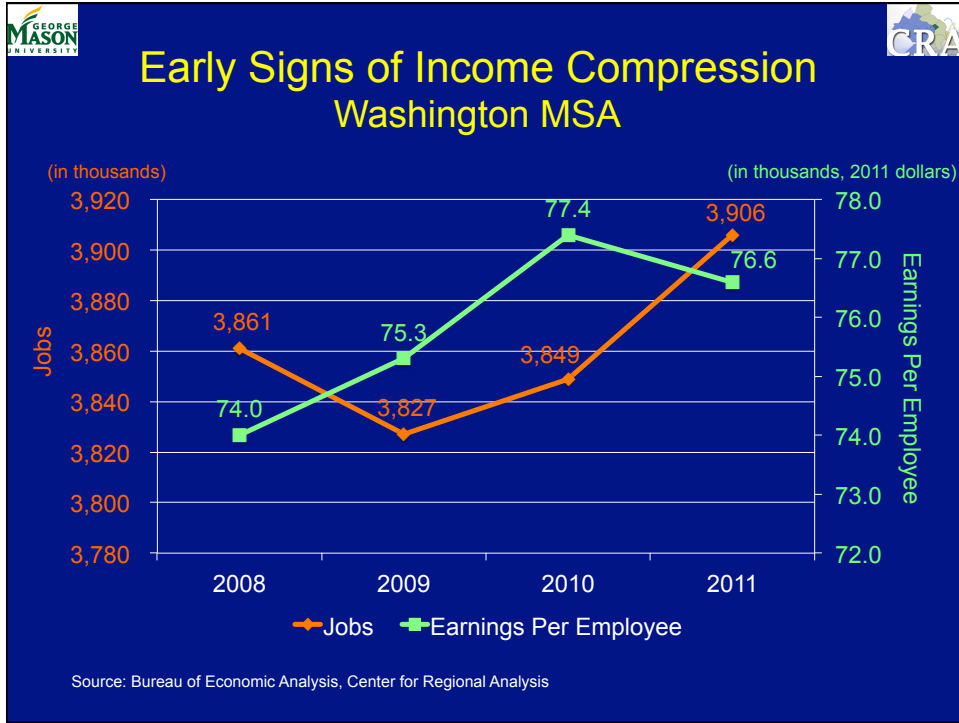




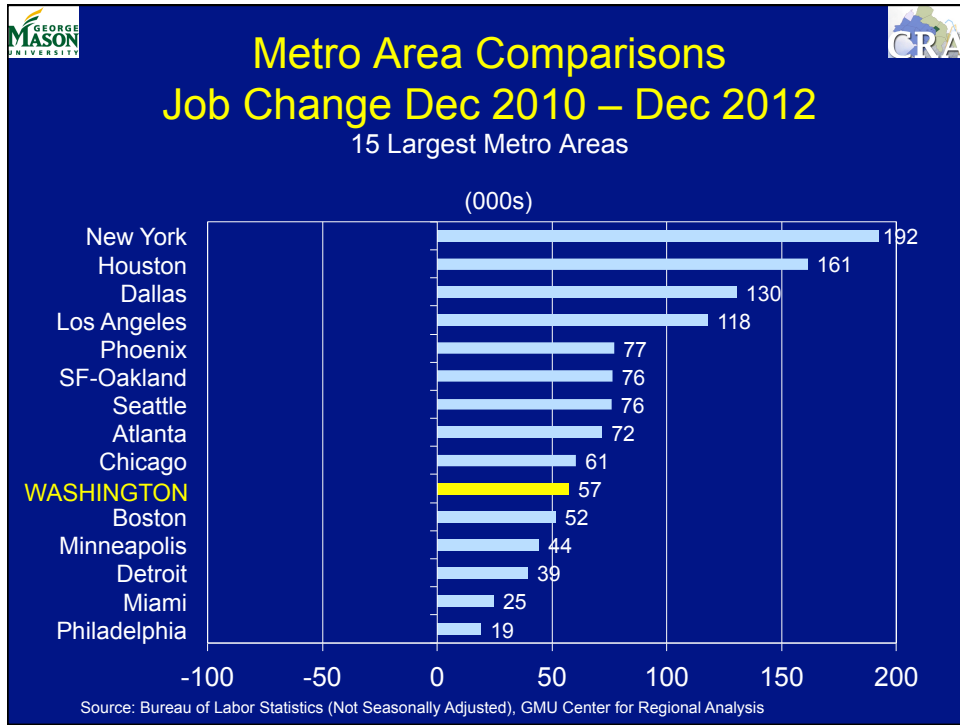
**The Changing Income Pattern in the Washington Area, 1990 and 2010
(percent share, inflation adjusted \$s)**

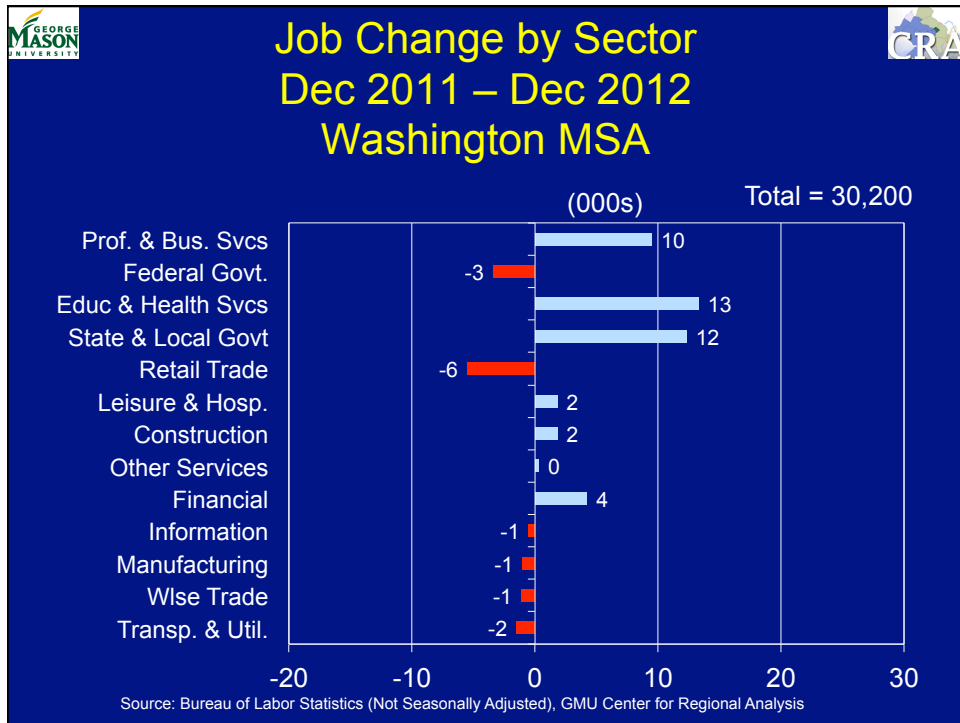
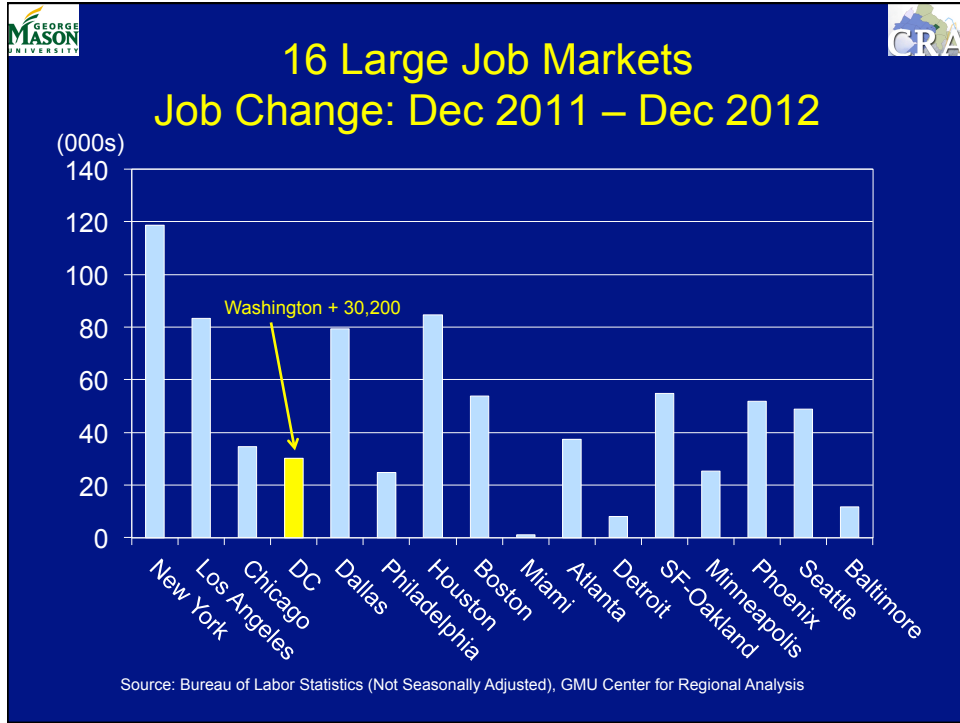
<u>Income Range</u>	<u>1990</u>	<u>2010</u>
\$10K-\$50K	44%	44%
\$50K-\$70K	31%	14%
\$70K-\$90K	20%	2%
\$90K and above	4%	39%

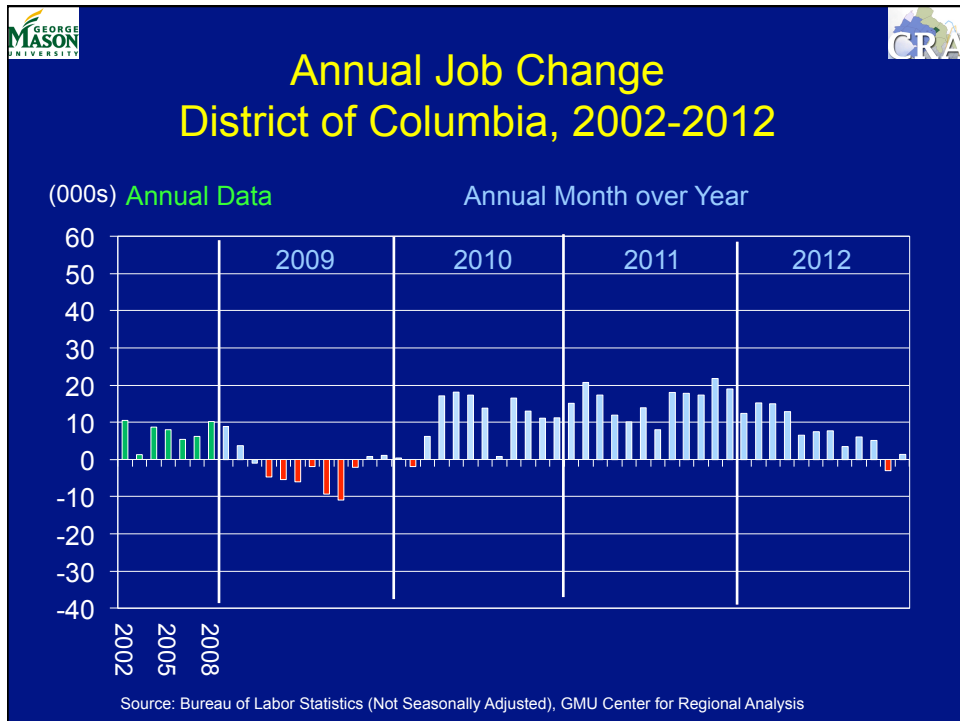
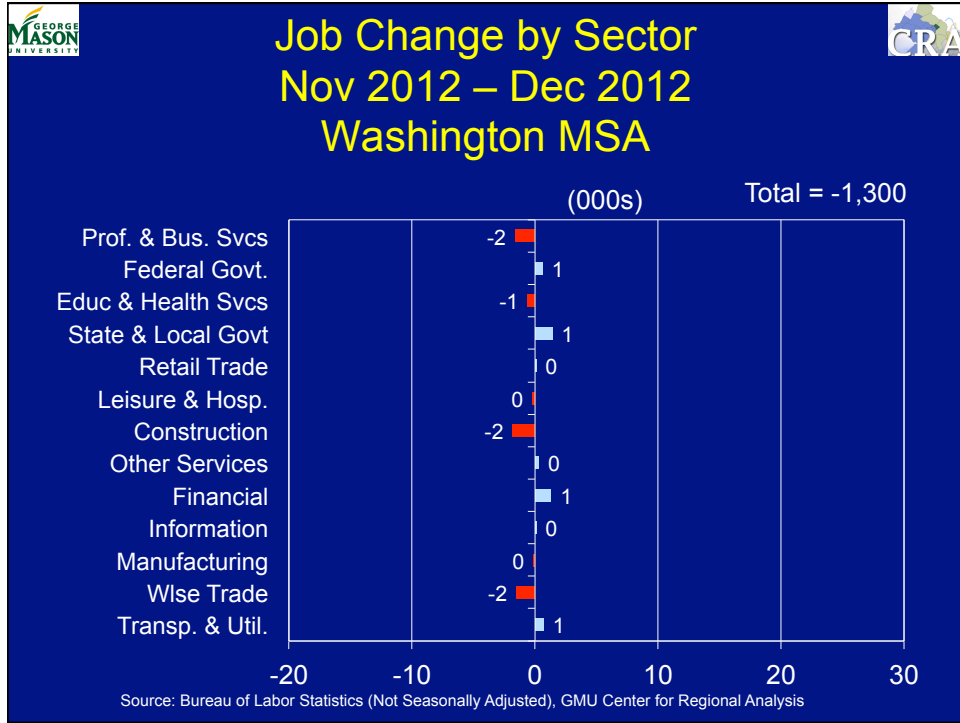


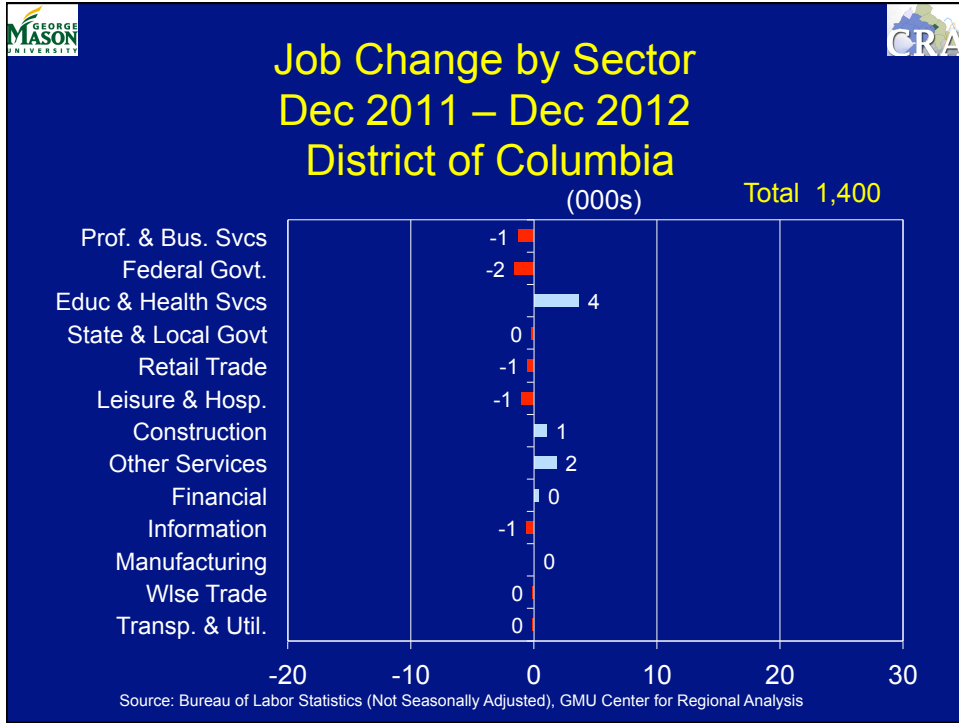


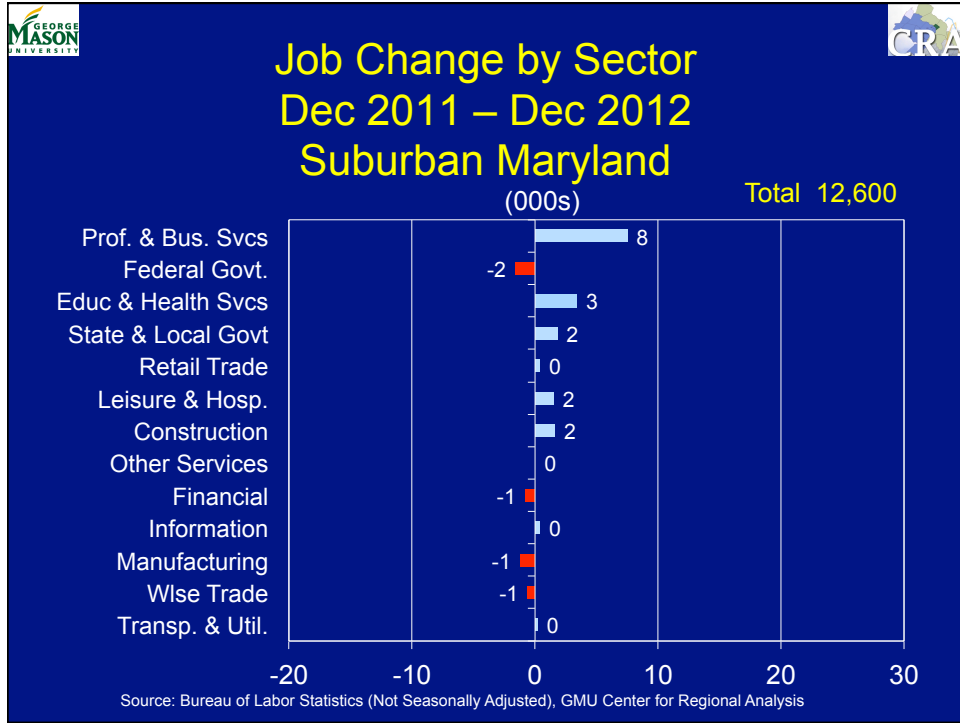
How is the Washington Area's economy currently performing?

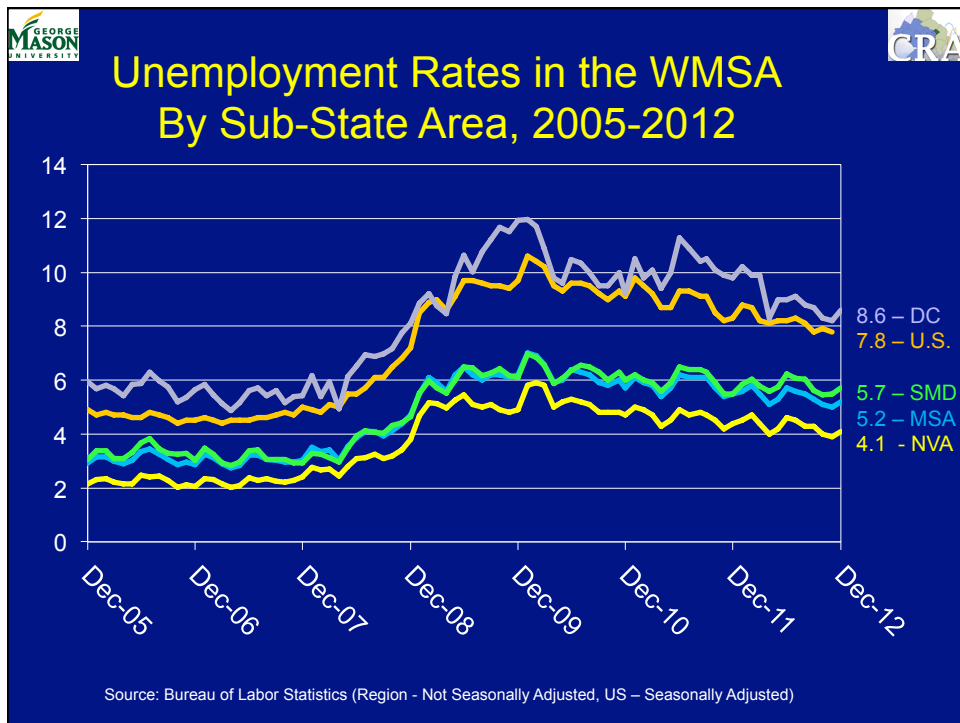
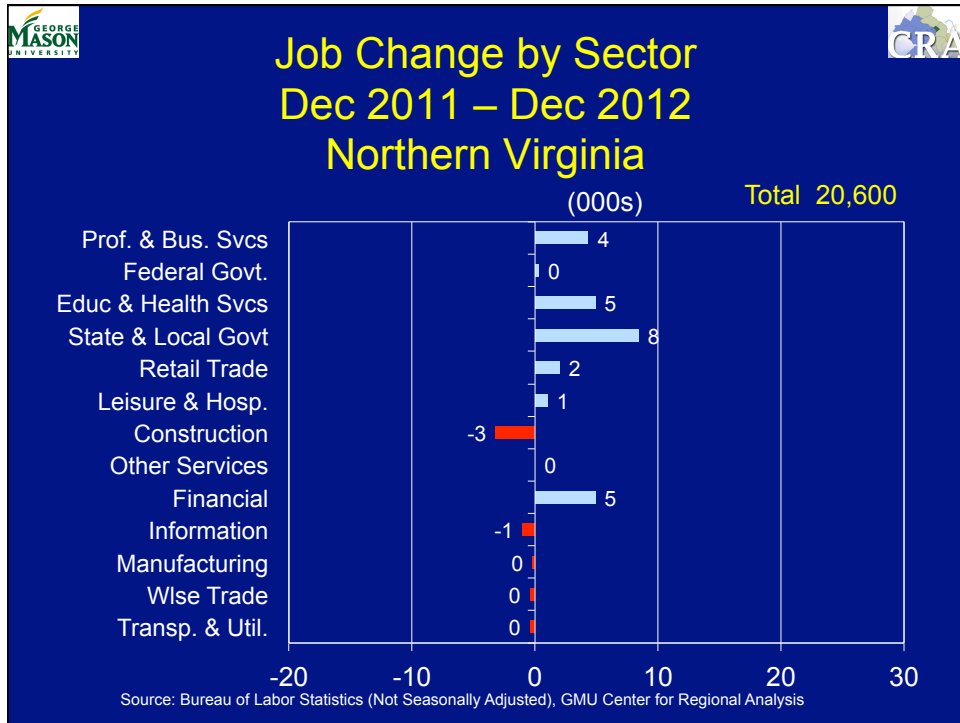






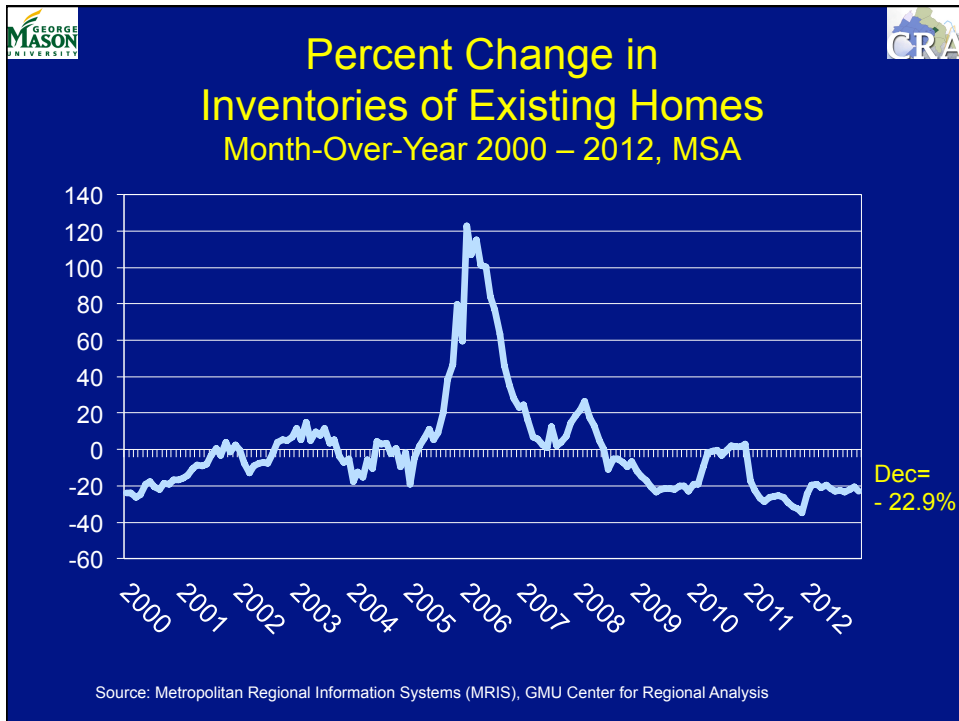


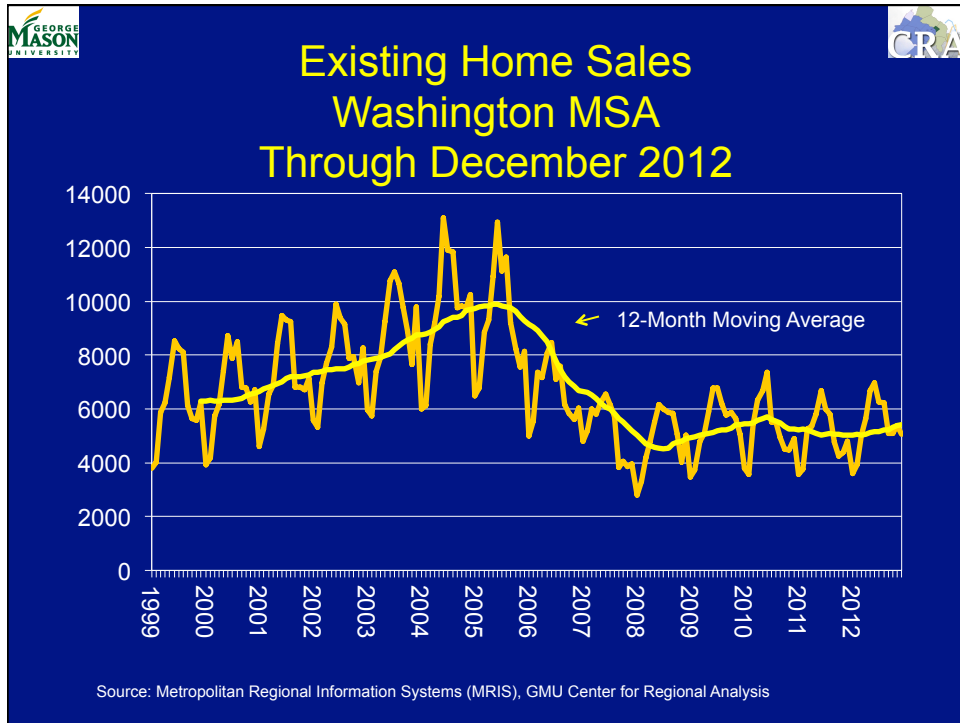


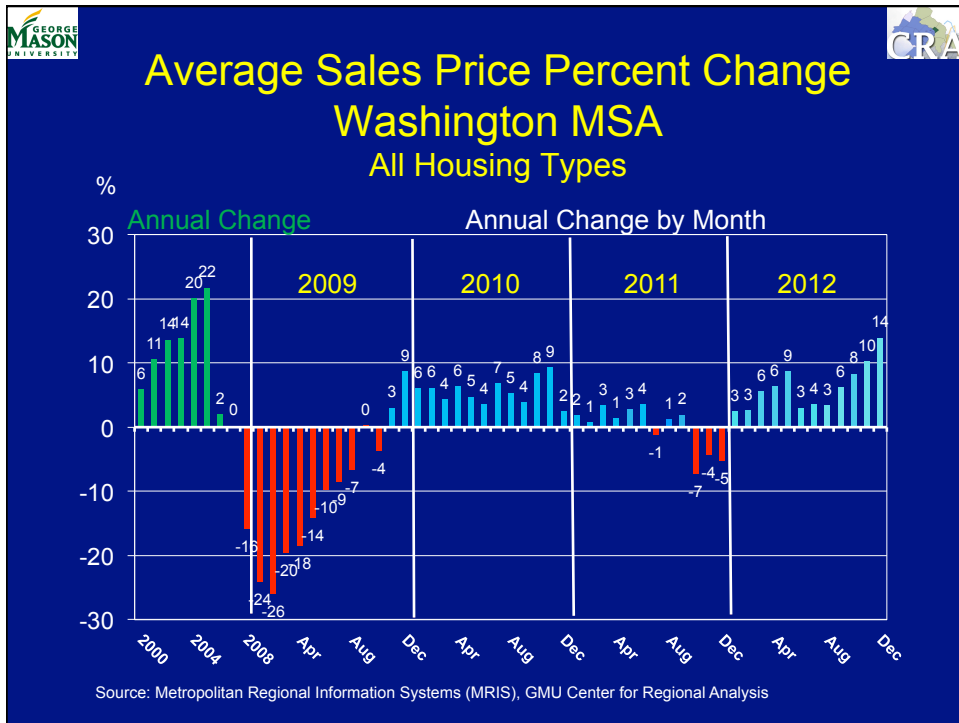
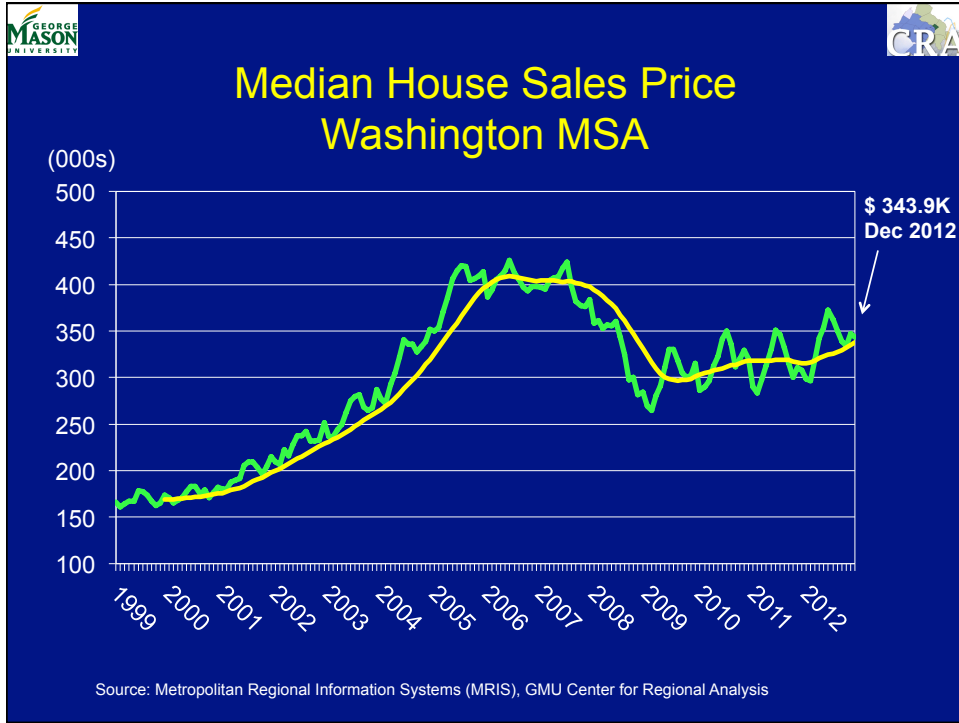


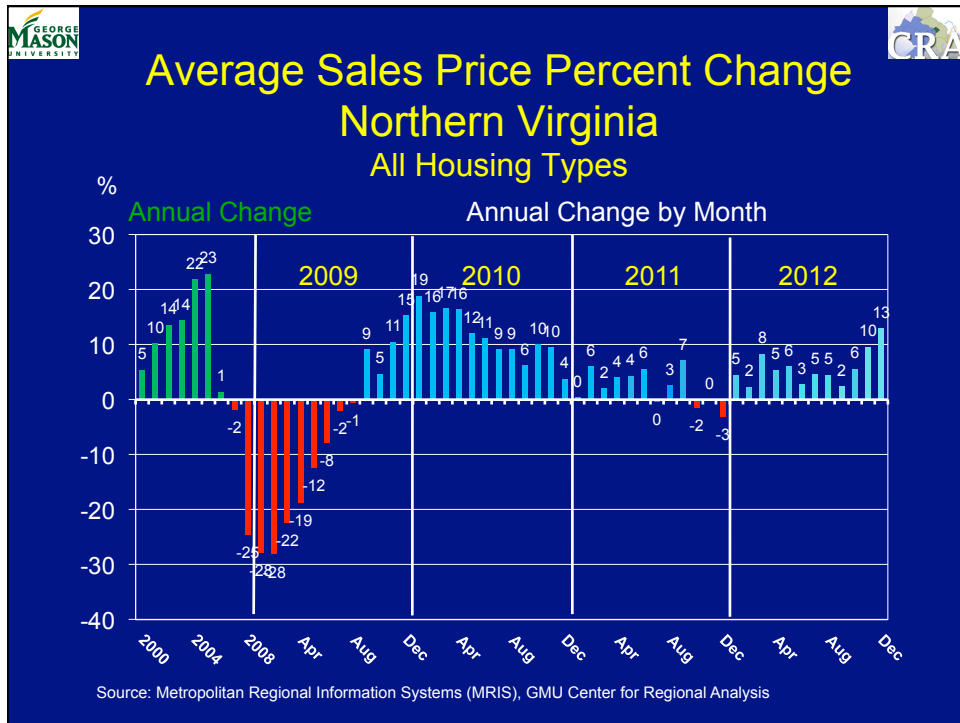
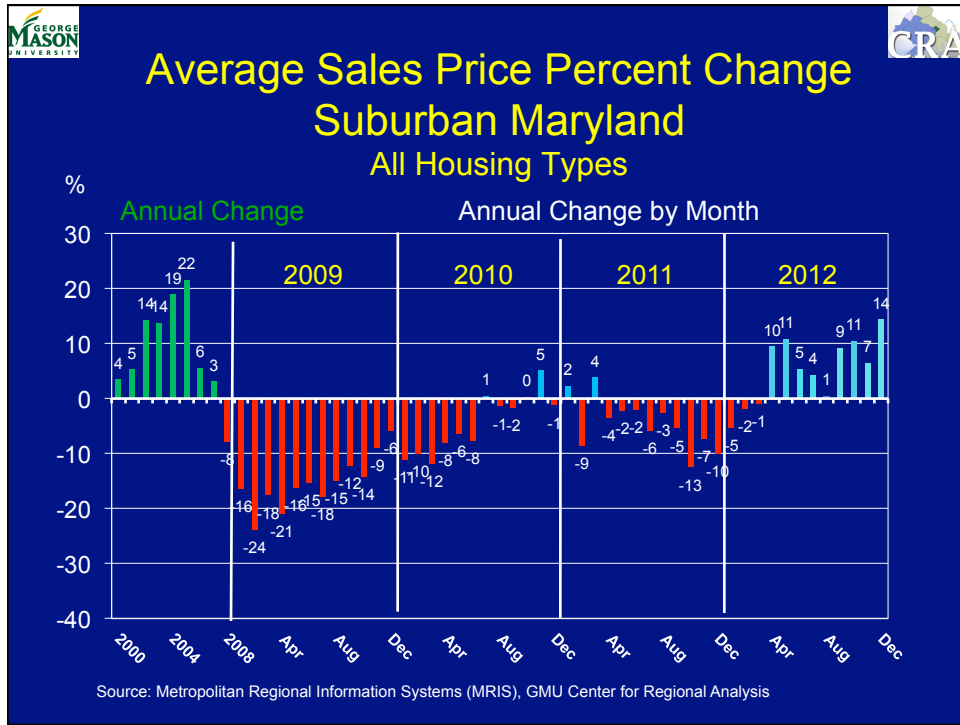
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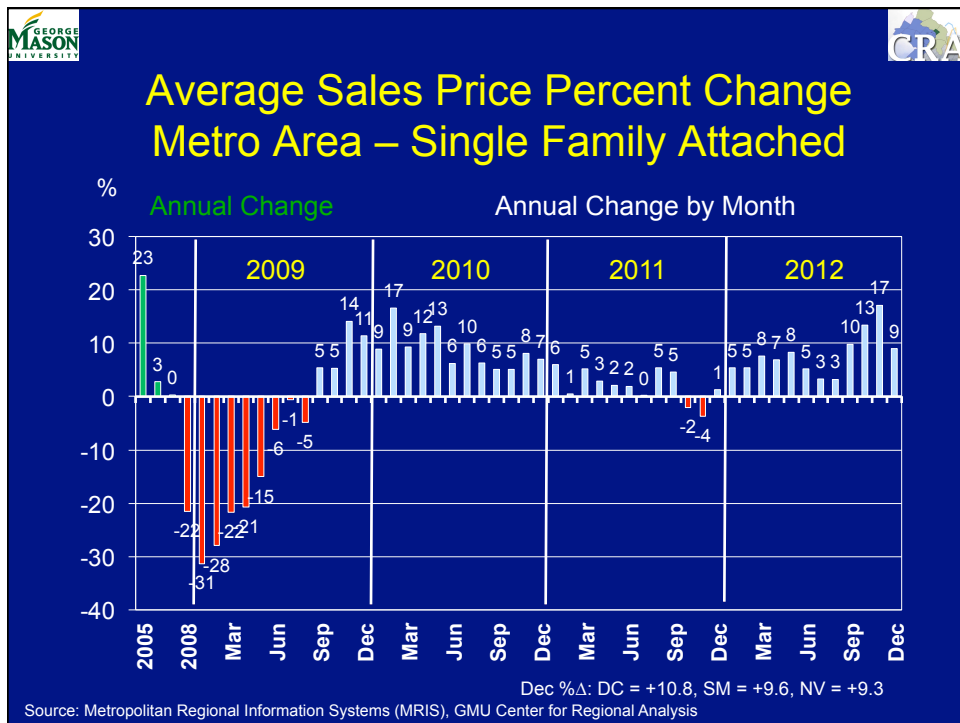
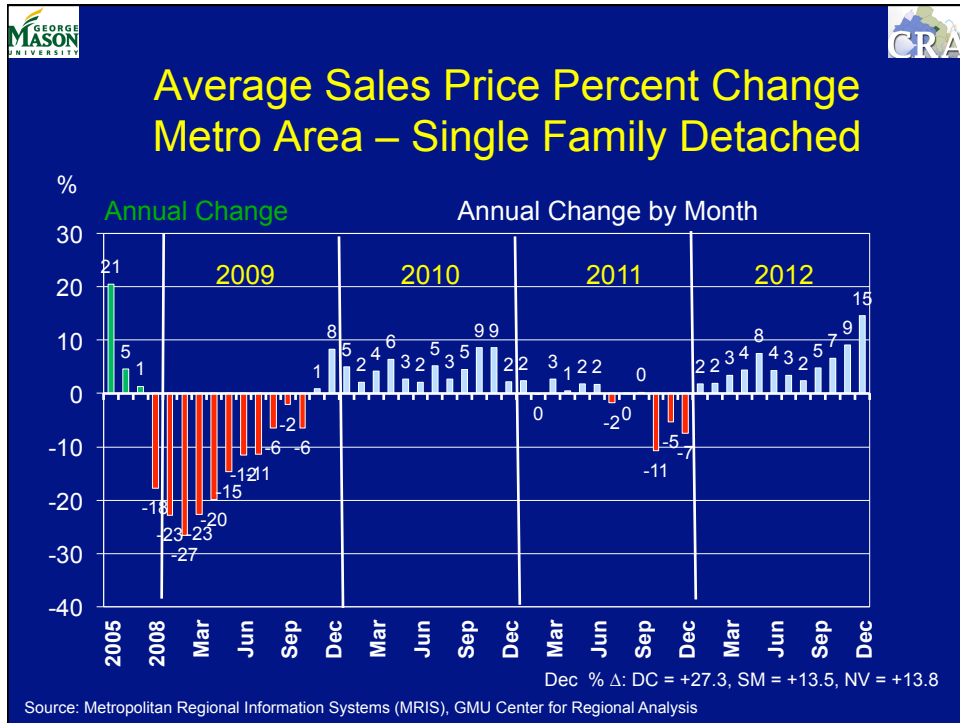
Washington Area Housing Market Trends

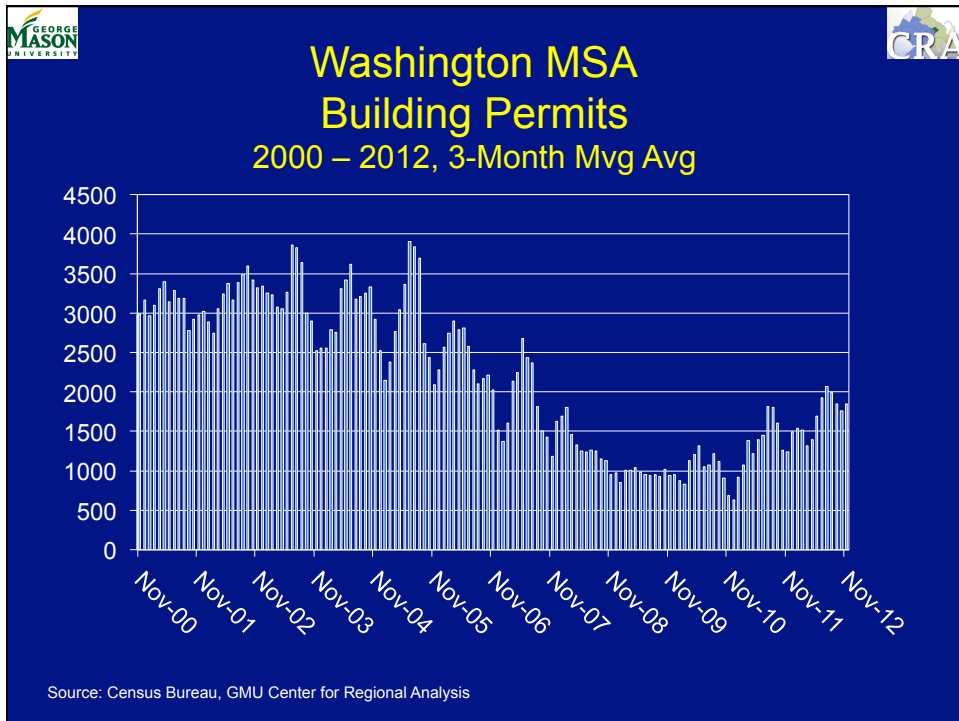
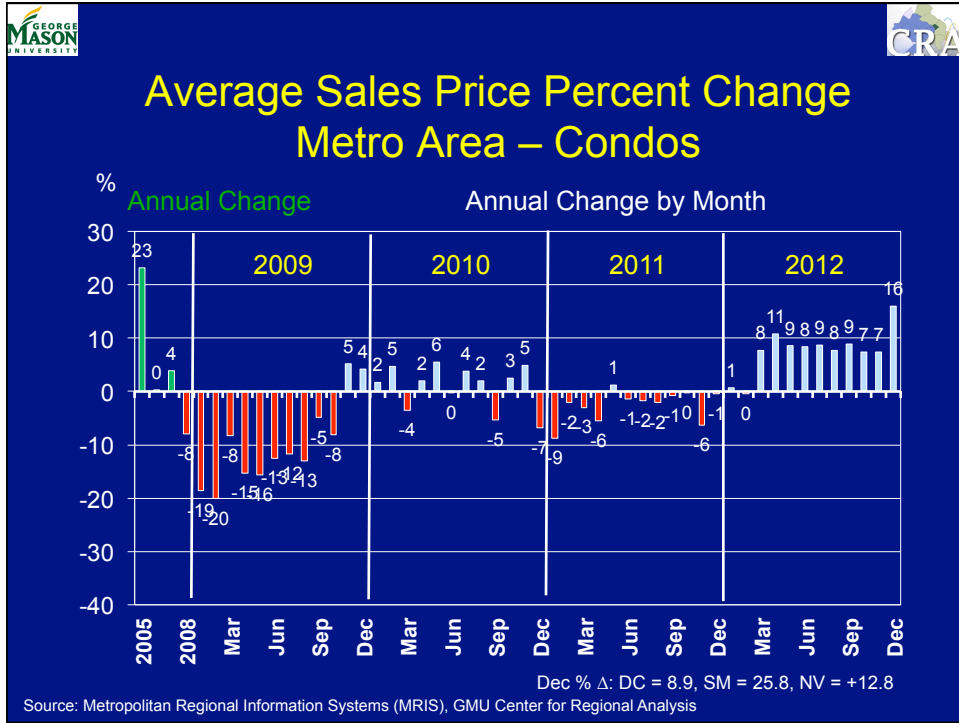














The Washington Region's Economic Forecast*



*assuming the increase in the debt ceiling, the adoption of a 10-year federal spending plan and a budget for FY 2013



And, the answer is...

The Washington Area is projected to add 281,070 net new jobs between 2012 and 2017.

But what types of jobs these are and their respective value added to the Area's economy will determine its future growth rate.

Job Growth in the Washington Area By Sector, 2012-2017 (in thousands)


<u>Sector</u>	<u>2012</u>	<u>2017</u>	<u>Change</u>	<u>Percent</u>
Prof. & Bus. Ser.	697.4	841.2	143.8	20.6
Federal Gov't	380.4	358.4	- 22.0	- 5.8
Education/Health	380.2	419.0	38.8	10.2
S & L Gov't	309.7	321.6	11.9	3.8
Hospitality	276.8	285.0	8.2	3.0
Retail Trade	254.1	266.6	12.5	4.9
Other Services	182.8	185.3	2.5	1.4
Financial Services	150.0	154.7	4.7	3.1
Construction	146.4	201.8	55.4	37.8
Information Ser.	80.6	87.6	7.0	8.7
Other Sectors (3)	175.0	193.2	18.2	10.4
Total Jobs	3,033.4	3,314.4	281.0	9.3




Major Sources of Job Growth in the Washington Area , 2012-2017 (in thousands)

<u>Growth Sectors</u>	<u>2012</u>	<u>2017</u>	<u>Change</u>	<u>Percent</u>
Prof. & Bus. Ser.	697.4	841.2	143.8	20.6
Education/Health	380.2	419.0	38.8	10.2
Construction	146.4	201.8	55.4	37.8
Sub-Totals	1,224.0	1,462.0	238.0	19.4
% Total	40.4	44.1	84.7	
Totals	3,033.4	3,314.4	281.0	9.3

Sources: IHS Global Insight; GMU Center for Regional Analysis

GRP Per Job in the Washington Area By Sector (in 2005 dollars)

<u>Sector</u>	<u>2012</u>	<u>2017</u>	<u>% Change</u>
Prof. & Bus. Services	\$134,750	\$154,656	14.8%
Federal Gov't	138,361	138,566	0.1
Education/Health	59,730	57,508	- 3.7
S & L Gov't	60,975	56,920	- 6.6
Hospitality	42,883	42,391	- 1.1
Retail Trade	60,807	64,136	5.5
Other Services	70,339	69,151	- 1.7
Financial Services	543,482	578,062	6.4
Construction	98,824	82,490	- 16.5
Information Services	349,868	468,376	33.9
<u>Other Sectors</u>	<u>147,903</u>	<u>151,120</u>	<u>2.2</u>
GRP per Job	\$130,653	\$138,881	6.3



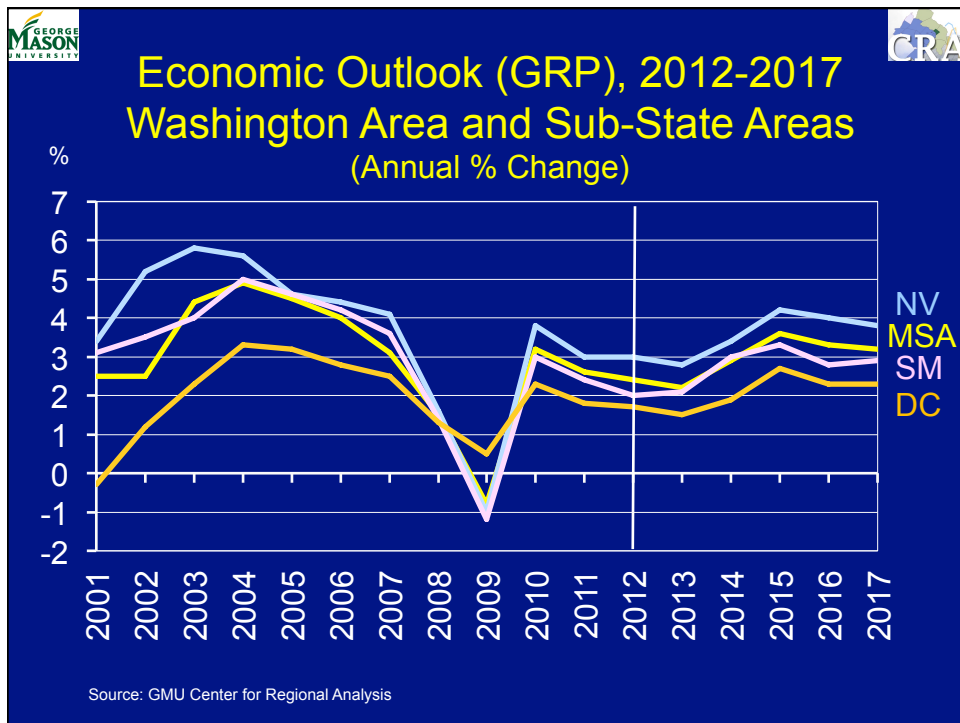

GRP Per Job in the Washington Area By Sector (in 2005 dollars)

<u>High Job Growth</u>	<u>2012</u>	<u>2017</u>	<u>% Change</u>
Prof. & Bus. Svs. (20.6%)	\$134,750	\$154,656	14.8
Education/Health (10.2%)	59,730	57,508	- 3.7
Construction (37.8%)	98,824	82,490	- 16.5
<u>Other High Value-Added Sectors</u>			
Information Services (8.7%)	349,868	468,376	33.9
Financial Services (3.1%)	543,482	578,062	6.4
Federal (-5.8%)	138,361	138,566	0.1
Wholesale Trade (8.9%)	183,006	191,884	4.8
<u>Transport/Warehsg (16.1%)</u>	<u>138,768</u>	<u>135,938</u>	<u>- 2.0</u>
GRP per Job	\$130,653	\$138,881	6.3

	2010	2011	2012	2013	2014	2015	2016	2017
D.C.	9.5	11.2	11.8	12.5	14.0	13.0	7.9	5.7
Sub. MD	-5.9	4.0	6.2	8.5	9.0	9.5	18.5	15.2
No. VA	8.7	17.4	18.0	21.0	22.0	20.5	36.8	26.2
REGION	11.3	32.6	36.0	42.0	45.0	43.0	63.2	47.1

Average Annual Change 1990-2010 = 36,000

Source: BLS, IHS Global Insight Jan. 7 2013, GMU Center for Regional Analysis
 NOTE: 2011 Total is the sum of sub-regions and does not agree with the Mar 13, 2012 published MSA total.



Thank You

Questions

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