

Cardinal Bank & George Mason University 21st Annual Economic Conference

## The Washington Area Economy: After The Fiscal Cliff

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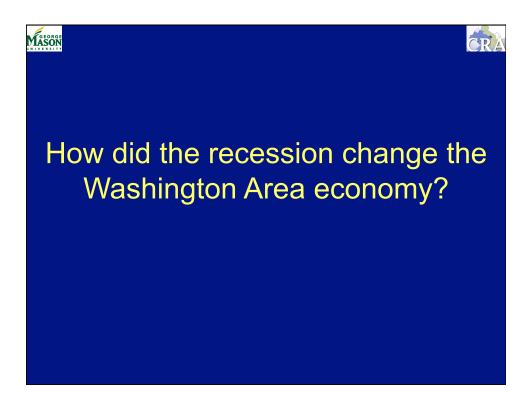
January 11, 2013

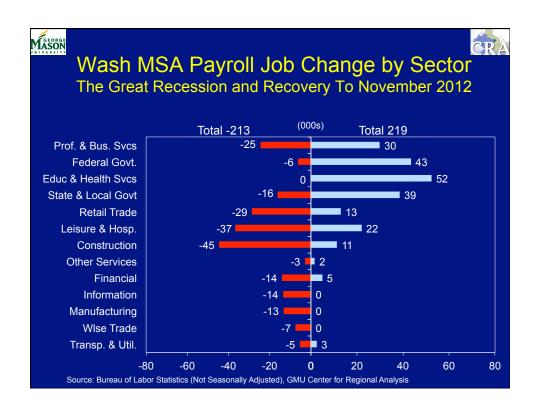


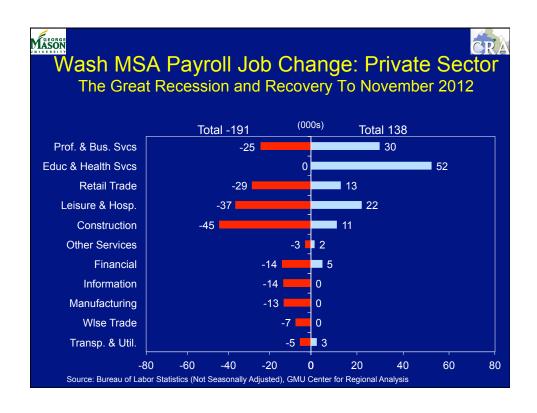


# Trends Impacting the Washington Area's Economic Future

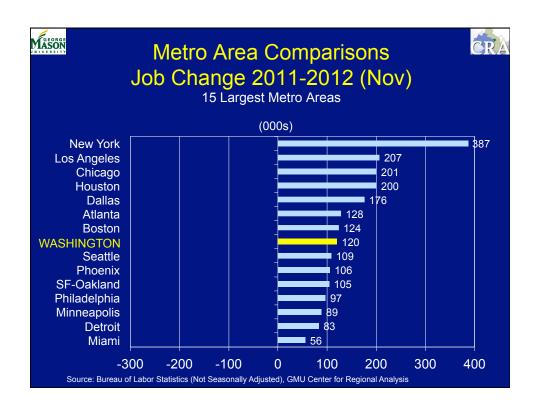
- Effects of the Recession
- Changes in Federal Spending
- Trends in Personal Income

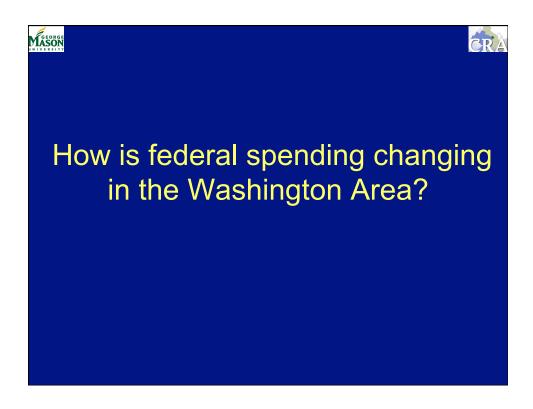


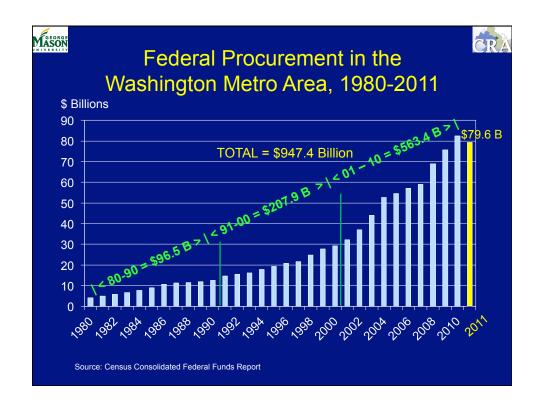


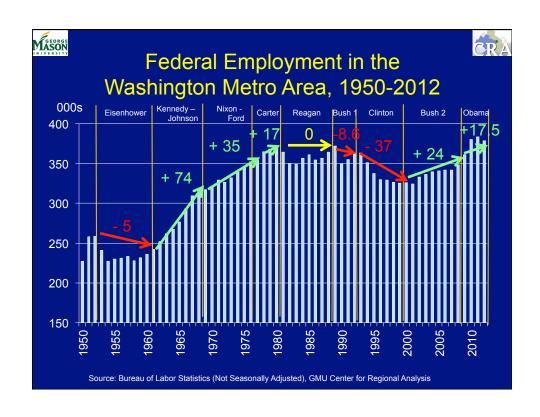


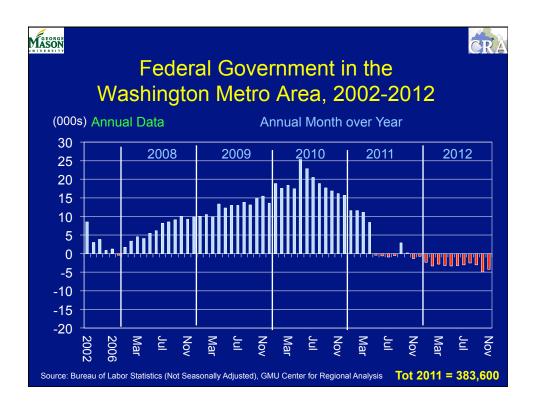


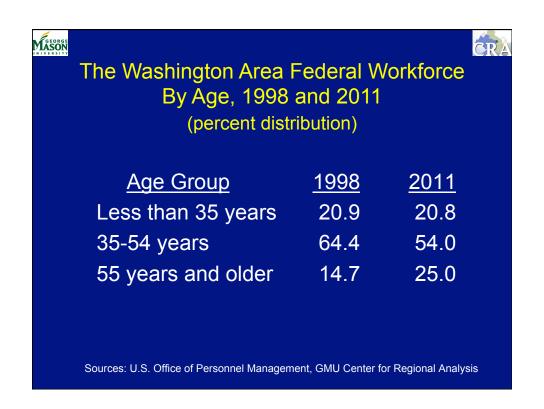


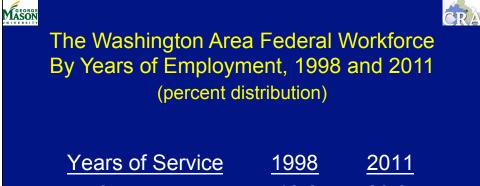












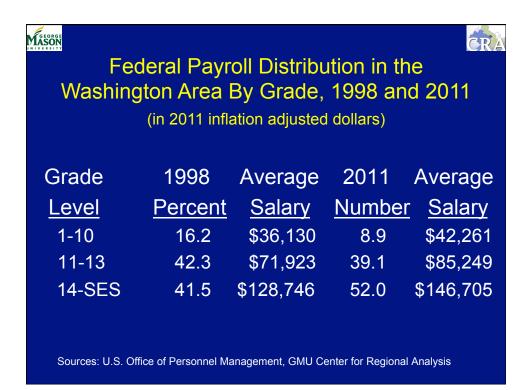
 Years of Service
 1998
 2011

 5-9 years
 19.2
 23.9

 10-24 years
 54.7
 46.2

 25 years or more
 26.1
 29.9

Sources: U.S. Office of Personnel Management, GMU Center for Regional Analysis



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

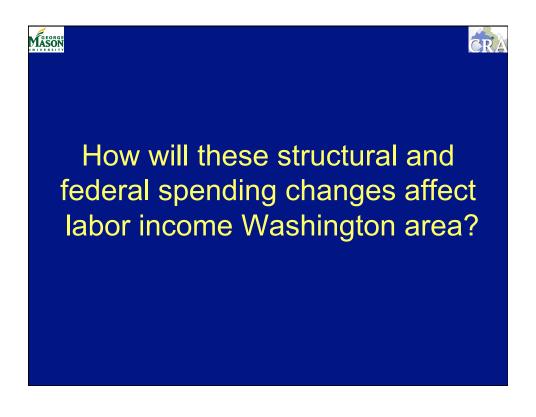
- Federal Procurement Outlays declined 3.5% between FY 2010 and FY 2011.
- Federal employment has declined since peaking in July 2010, losing 8,700 jobs or 2.25%.
- Federal payroll declined by 0.6% between FY 2010 and FY 2011.

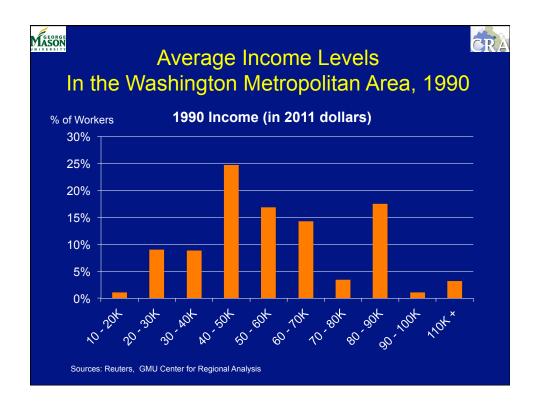
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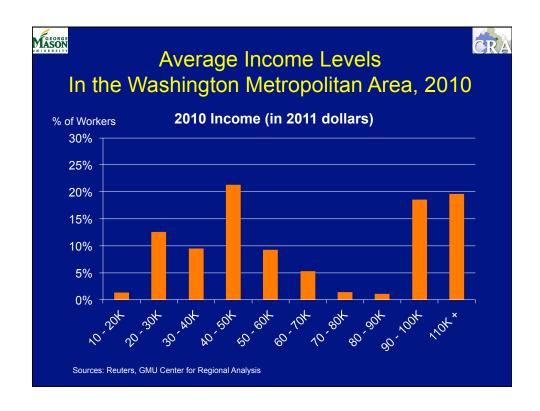


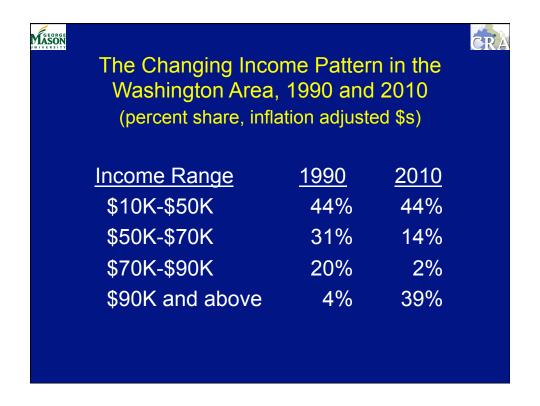
## The Relative Importance of Federal Spending in the Maryland-DC-Virginia Region

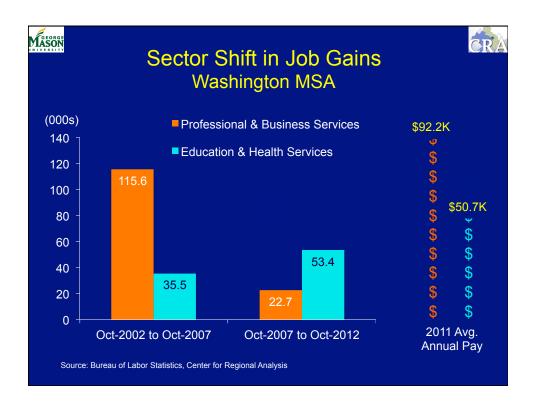
The Region's Share of U.S. Population 4.7%
The Region's Share of All Federal \$s 9.0%
The Region's Share of All DOD \$s 15.0%
Federal Spending as a Percent of
the Region's GRP in 2011 39.0%



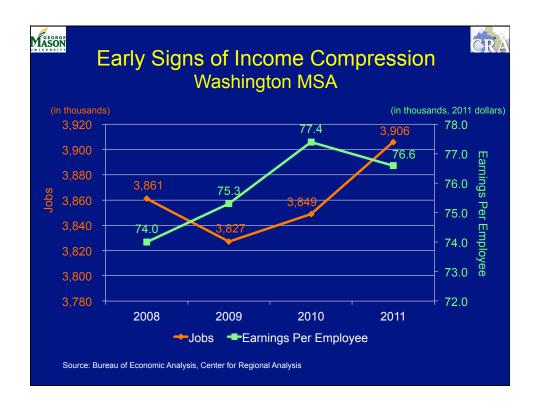


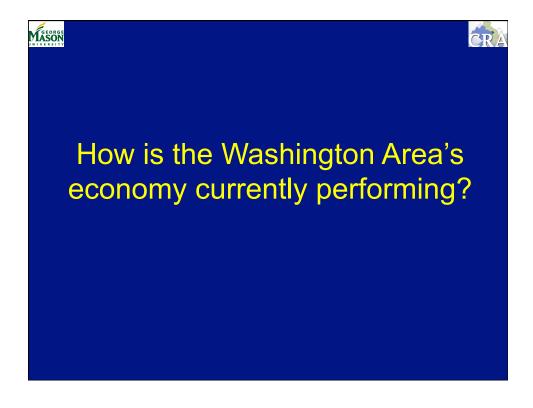


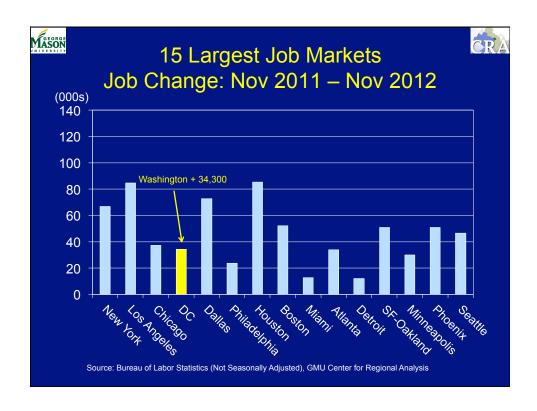


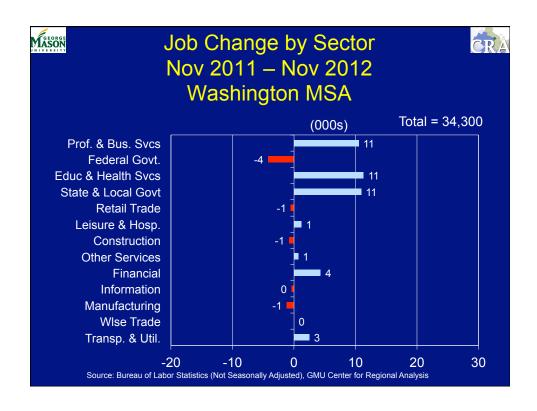


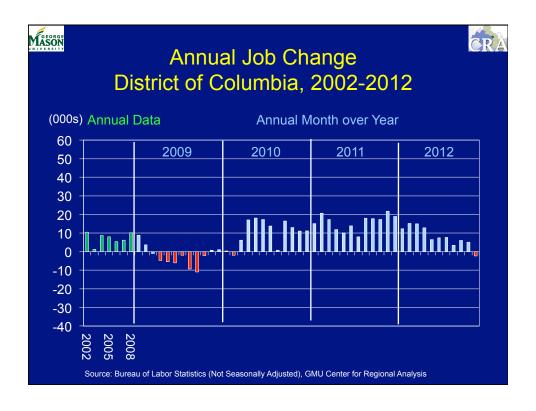


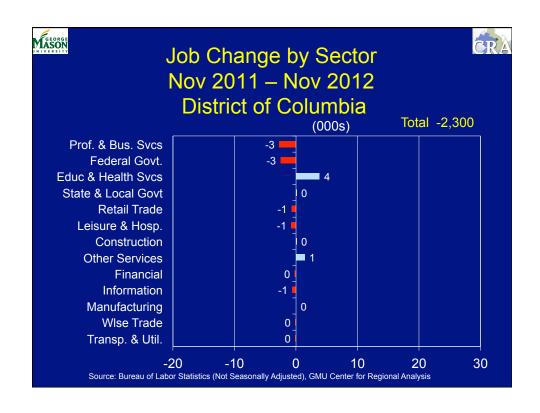


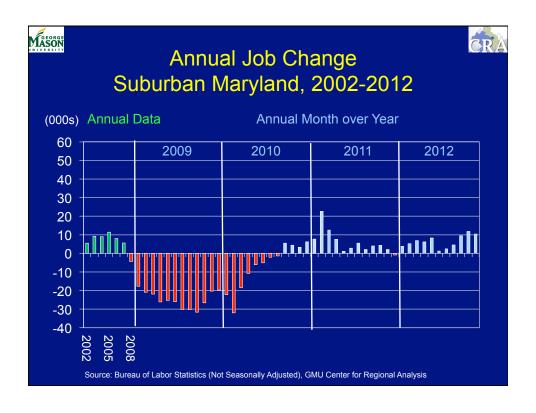


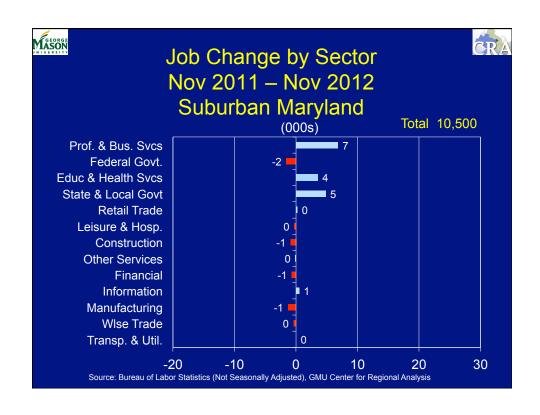


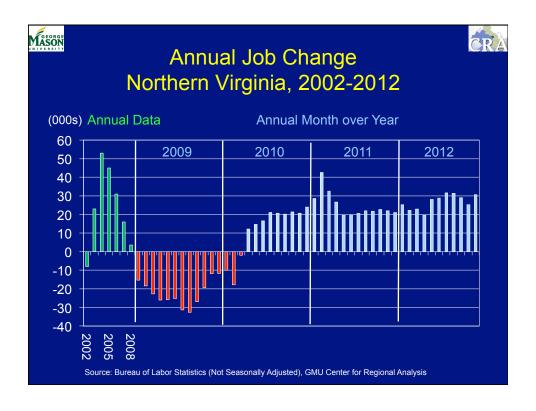


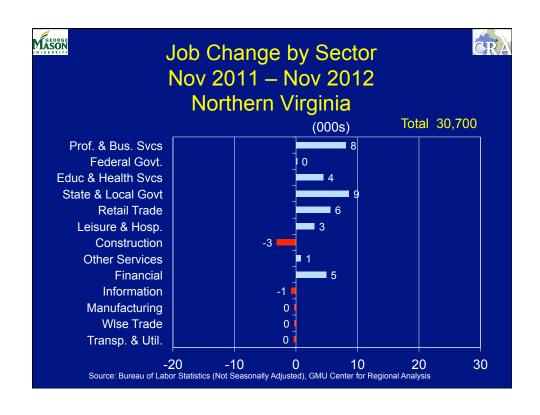


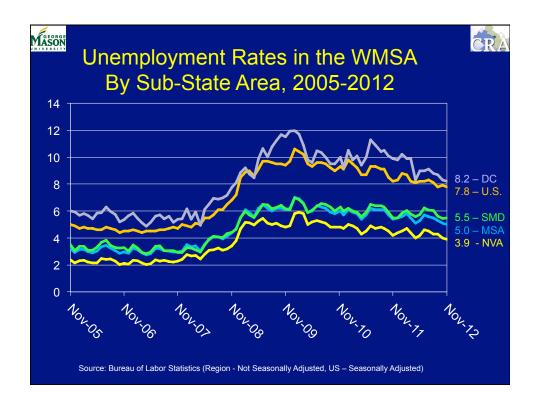


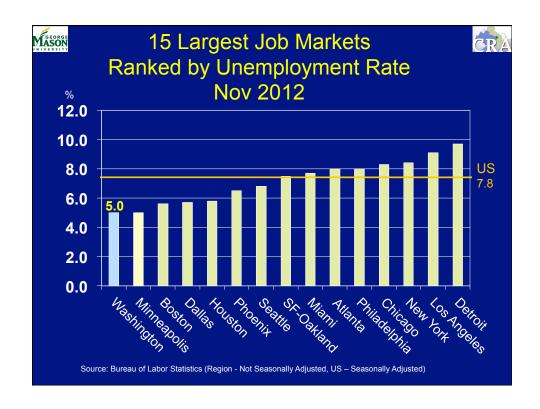
















## The Washington Region's Economic Forecast\*

\*assuming increase in the debt ceiling and adoption of a 10-year federal spending plan and FY 2013 federal budget by March 27, 2013



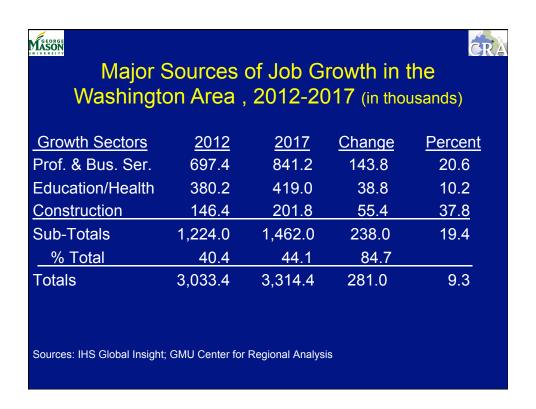


### And, the answer is...

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

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

Mason Job Gro	owth in t	he Wash	ington A	rea cra			
By Sector, 2012-2017 (in thousands)							
Sector	<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	<u> 10.4</u>			
Total Jobs	3,033.4	3,314.4	281.0	9.3			



GRP Per Job in the Washington Area By Sector (in 2005 dollars)						
<u>Sector</u>	<u>2012</u>	<u>2017</u>	% Change			
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			
Other Sectors	147,903	151,120	2.2			
GRP per Job	\$130,653	\$138,881	6.3			

GRP Per Job in the Washington Area By Sector (in 2005 dollars)						
High Job Growth	<u>2012</u>	<u>2017</u>	% Change			
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			
Other High Value-Added S Information Services (8.7%) Financial Services (3.1%) Federal (-5.8%) Wholesale Trade (8.9%) Transport/Warehsg (16.1%) GRP per Job	349,868 543,482 138,361 183,006	468,376 578,062 138,566 191,884 135,938 \$138,881	33.9 6.4 0.1 4.8 - 2.0 6.3			

MASSON Change in C	GRP Per S	Sector in	the CRA		
Washington Area Economy, 2012 and 2017					
<u>Sector</u>	<u>2012</u>	<u>2017</u>	Share Change		
Prof. & Bus. Services	24.8	29.5	4.7		
Financial Services	21.5	20.3	- 1.2		
Federal Gov't	13.9	11.3	- 2.6		
Information Services	7.5	9.3	1.8		
Other Sectors**	6.9	6.6	- 0.3		
Education/Health	6.0	5.5	- 0.5		
S & L Gov't	5.0	4.2	- 0.8		
Retail Trade	4.1	3.9	- 0.2		
Construction	3.8	3.8	n.c.		
Other Services	3.4	2.9	- 0.5		
Hospitality	3.1	2.7	- 0.4		
**manufacturing (- 0.2%), wholesale trade (n.c.), transportation, warehousing, utilities (- 0.1%)					

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

