





*Cardinal Bank & George Mason University
22nd Annual Economic Conference*

**The Post-Federally Dependent
Washington Area Economy**

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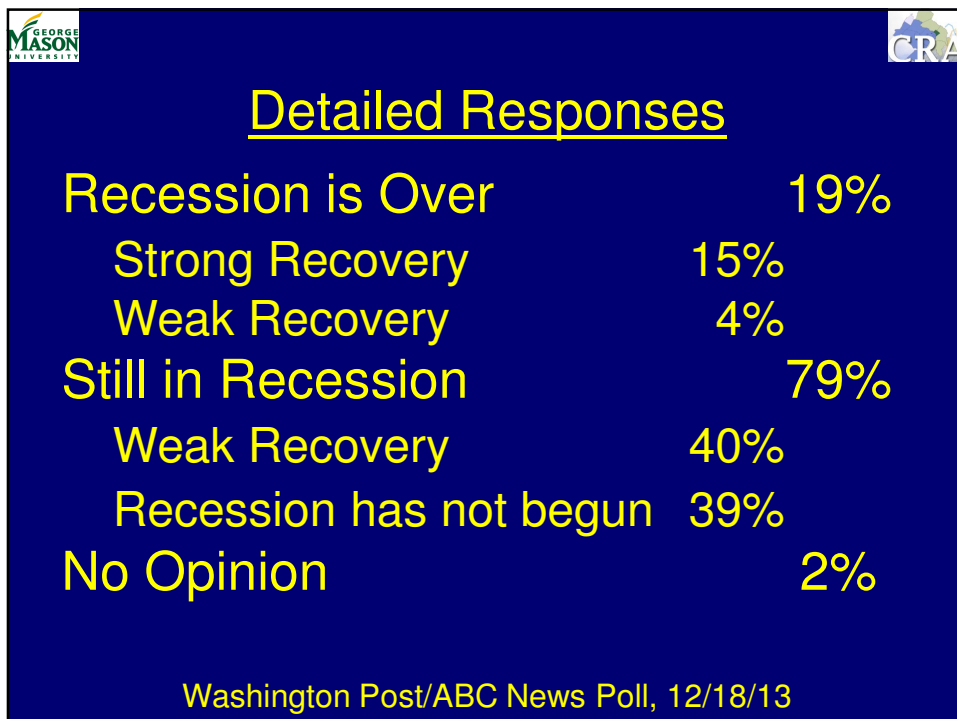
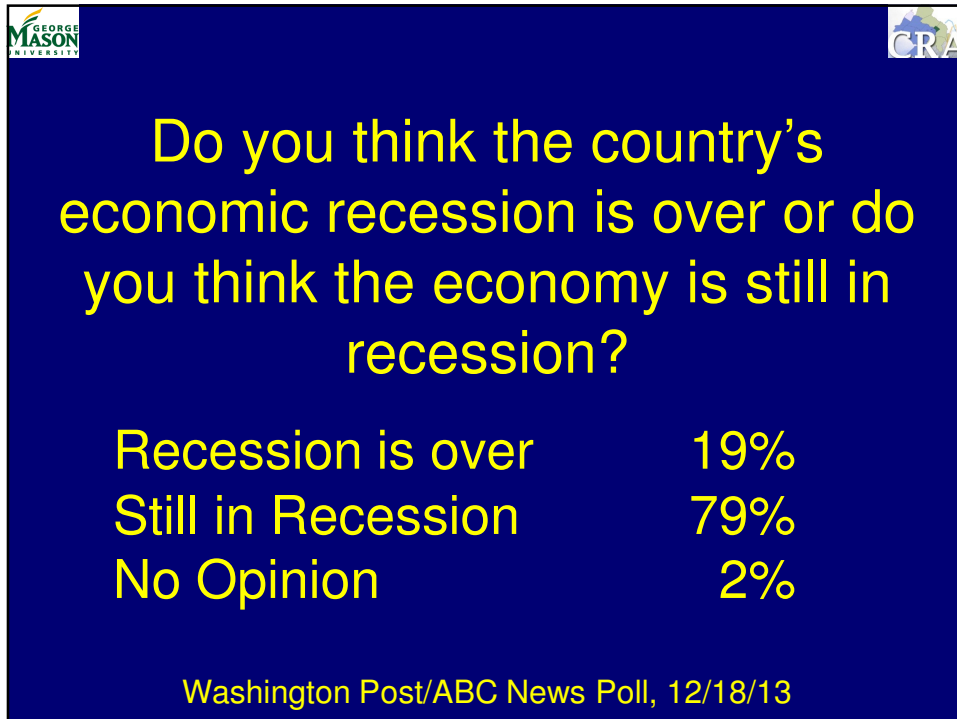
January 16, 2014



Conference Quiz



**Do you think the country's
economic recession is over or do
you think the economy is still in
recession?**

Washington Post/ABC News Poll, 12/18/13






What We Know




The Washington Area Economy Experienced Structural Change During the Recession

Changing Federal Spending Policies Have Resulted in Additional Major Changes in the Washington Area Economy



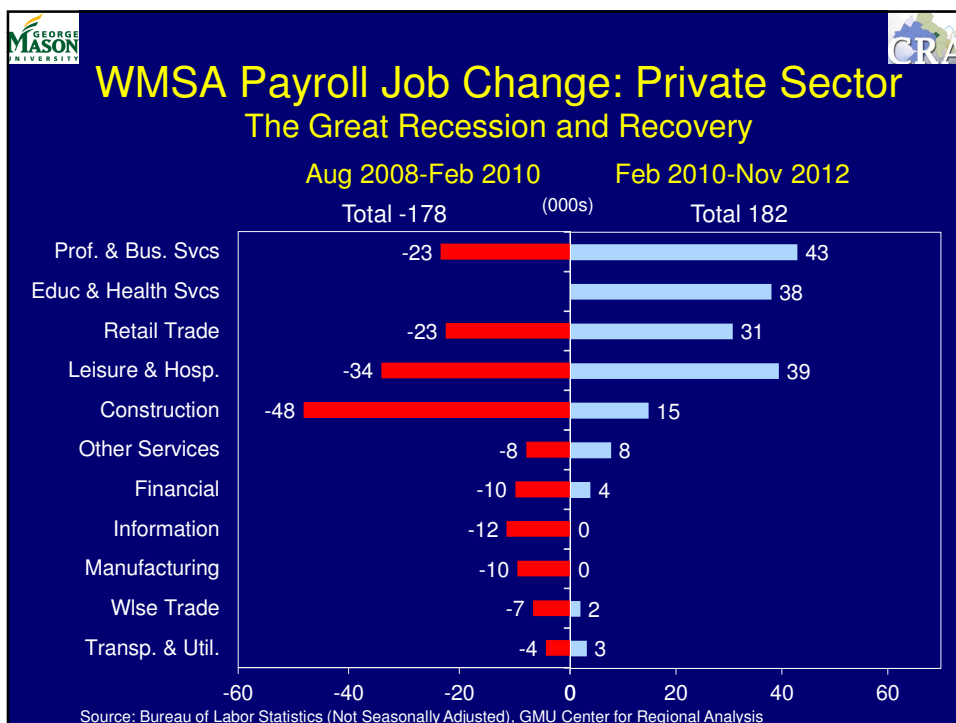
Recession Impacts

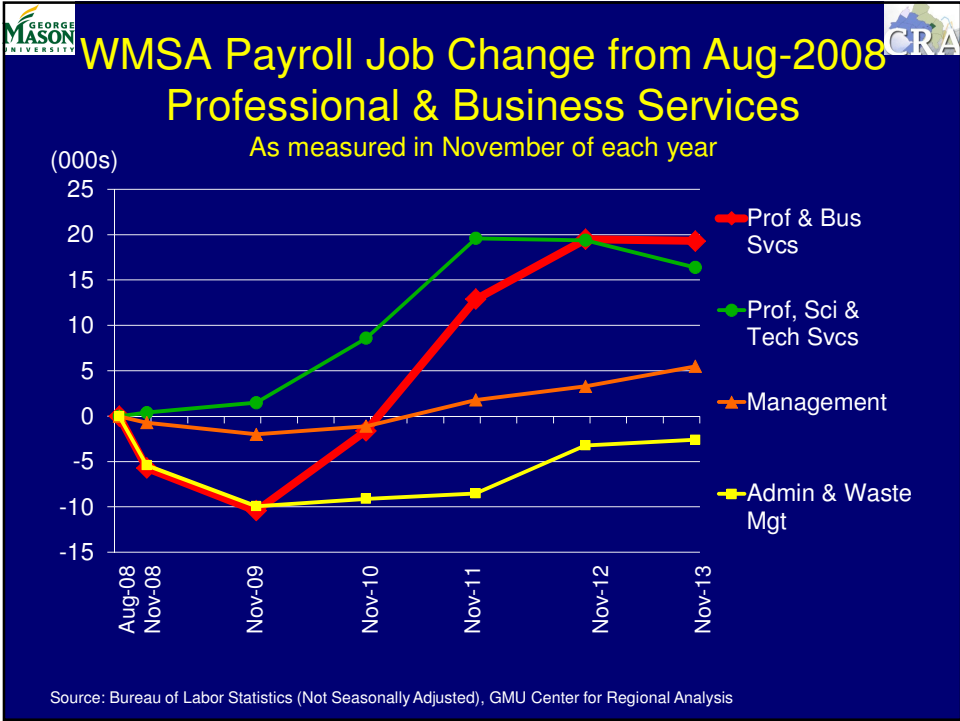
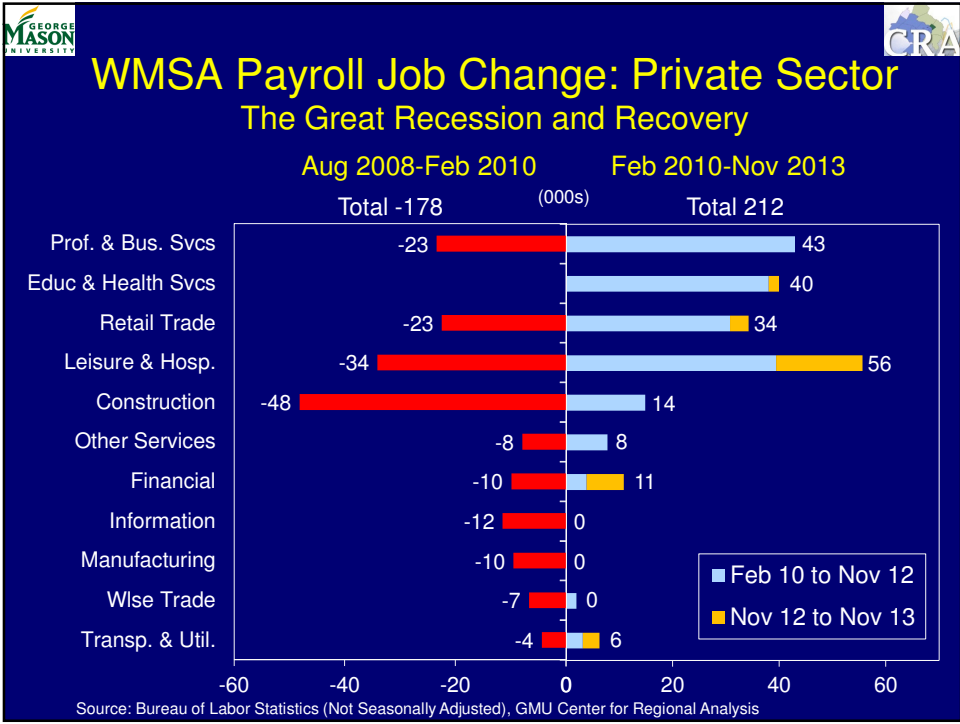


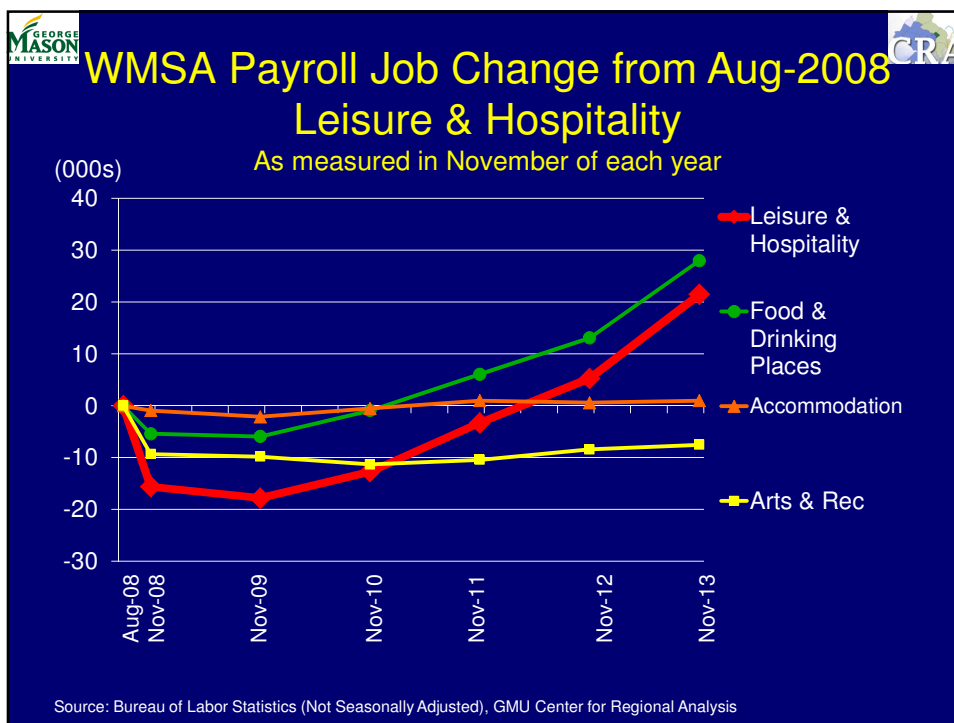
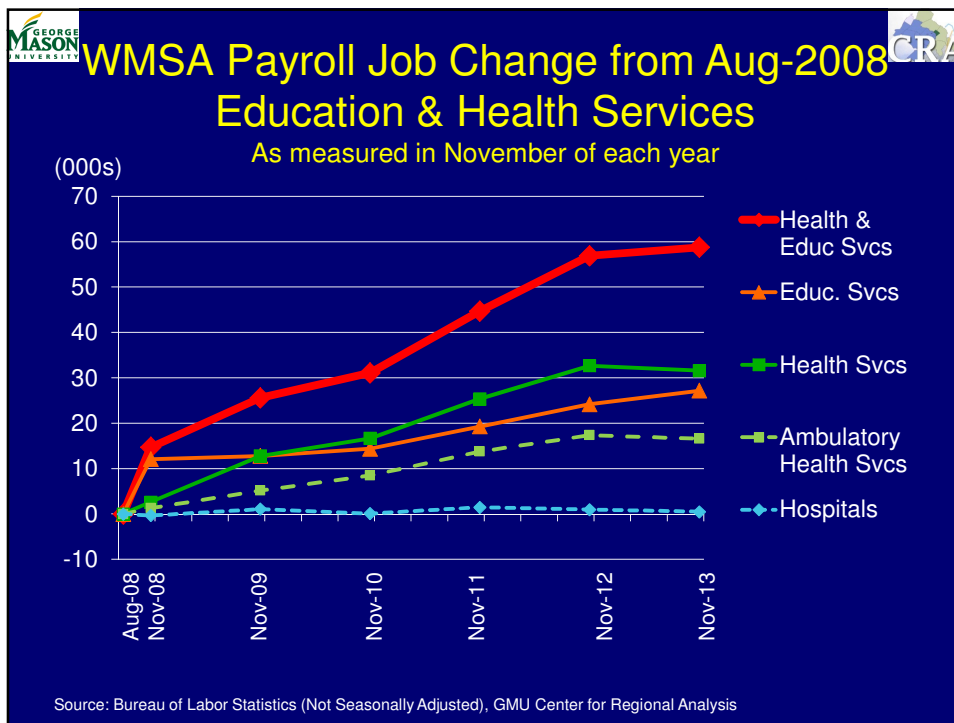
- GRP declined 0.8% in 2008
- The region's lost 178,100 jobs

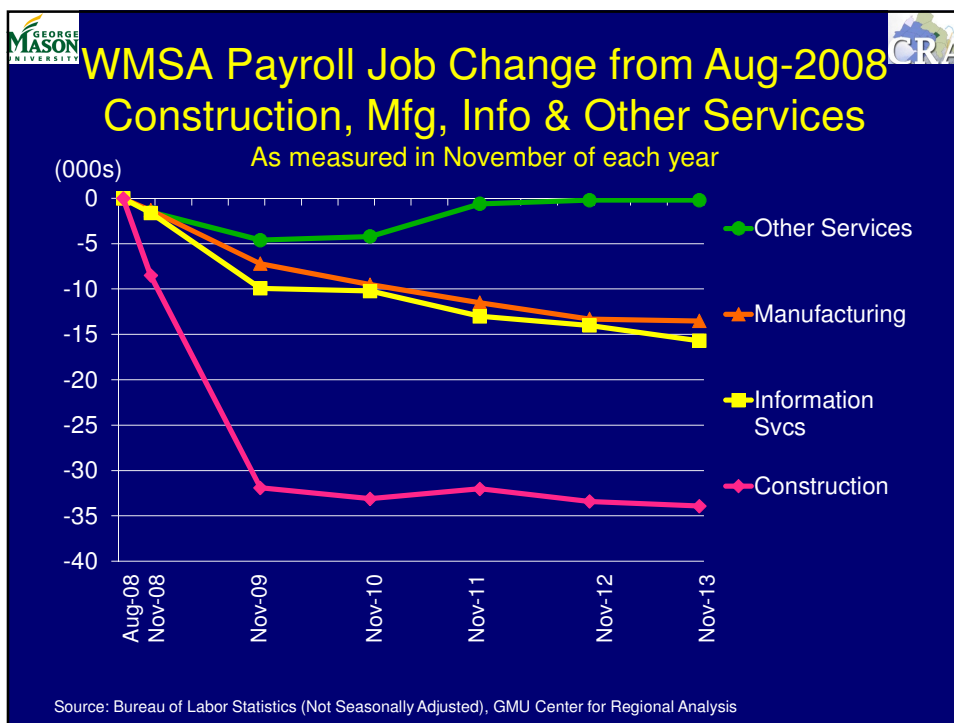
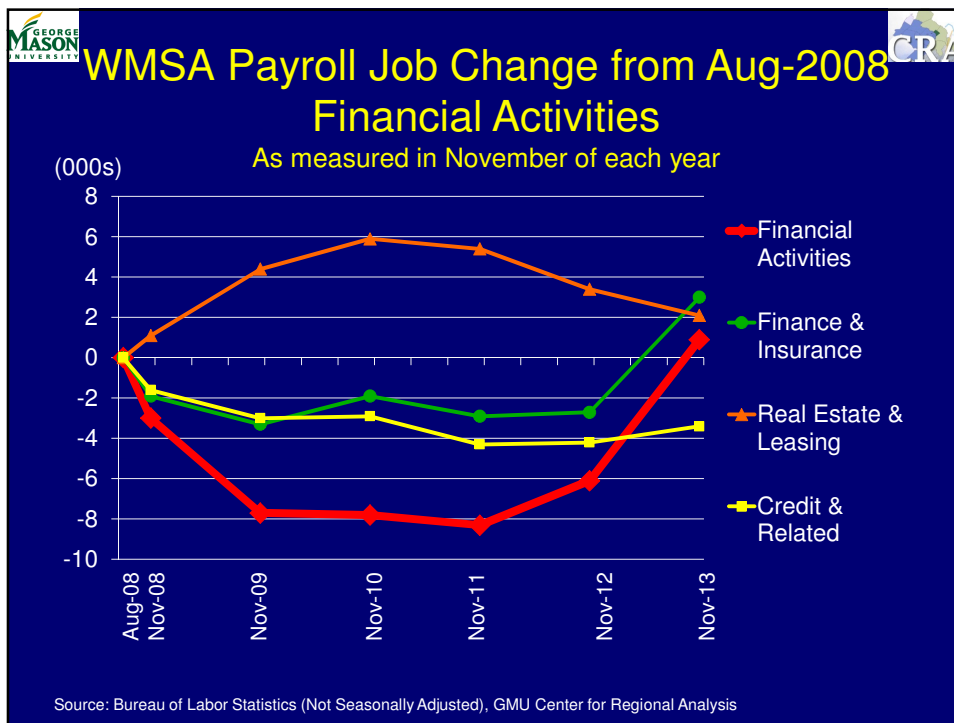
Sequester+ Impacts

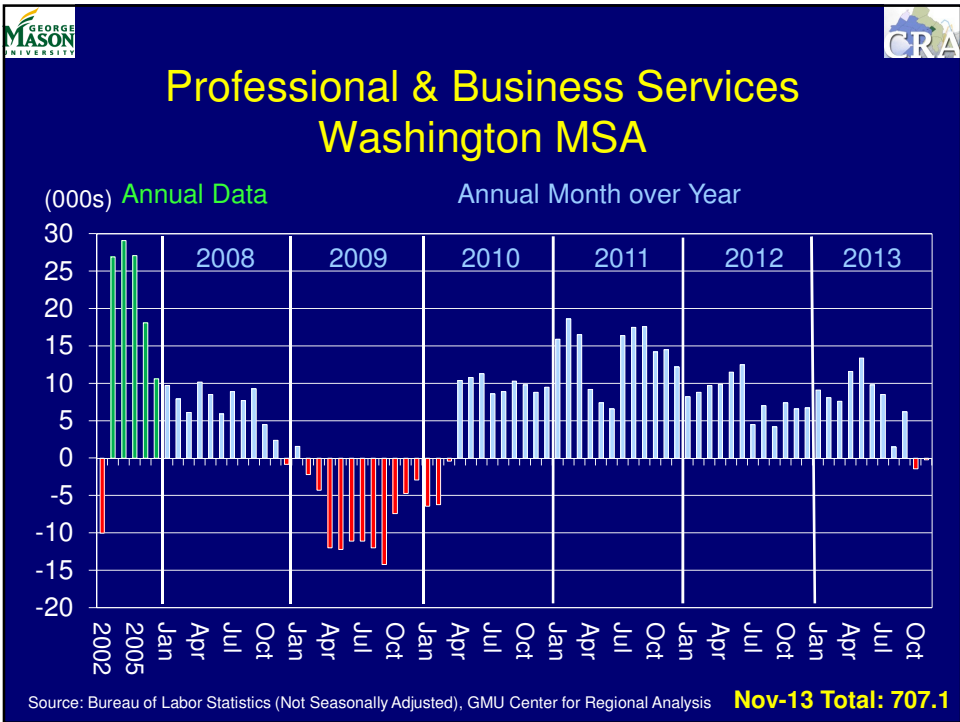
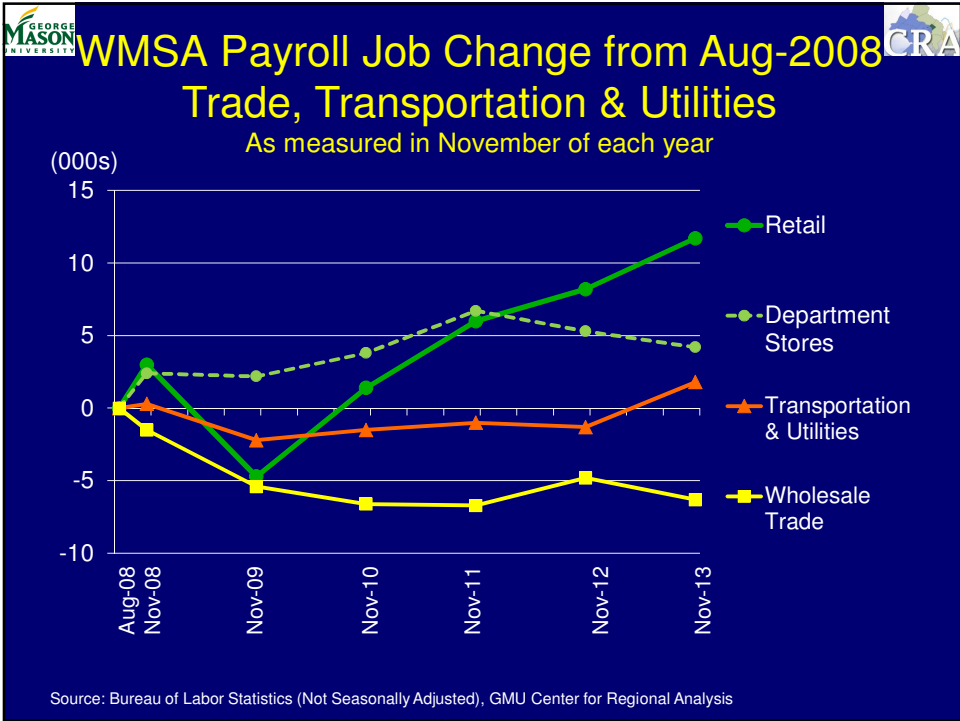
- Federal procurement \$s down by 11.8%
- There are 21,200 fewer federal jobs
- Federal payroll is down 4.8%
or by \$2 billion

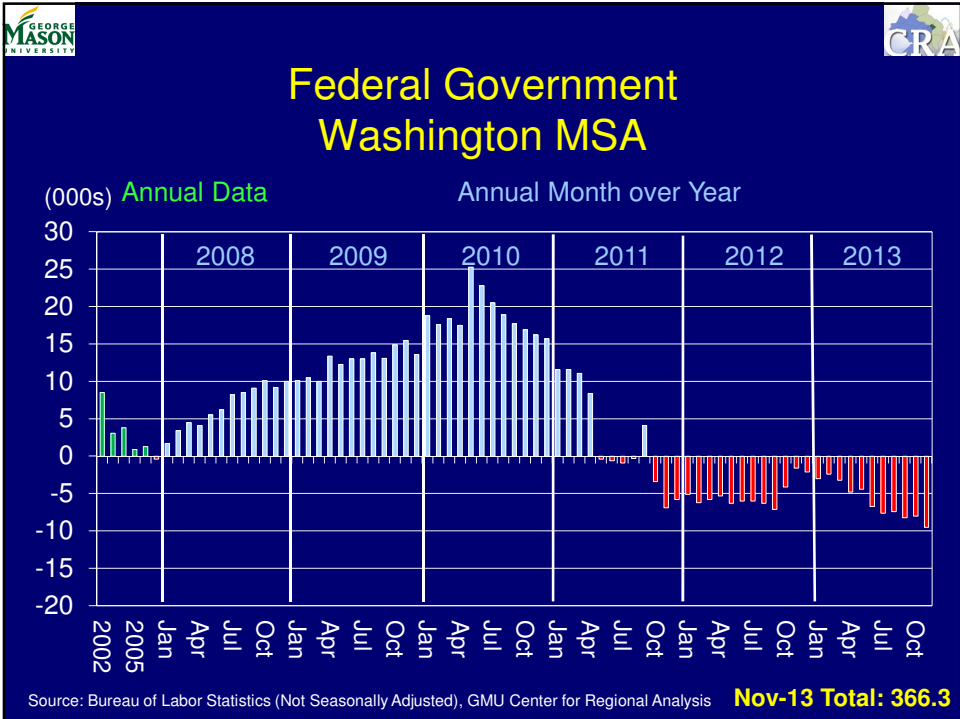








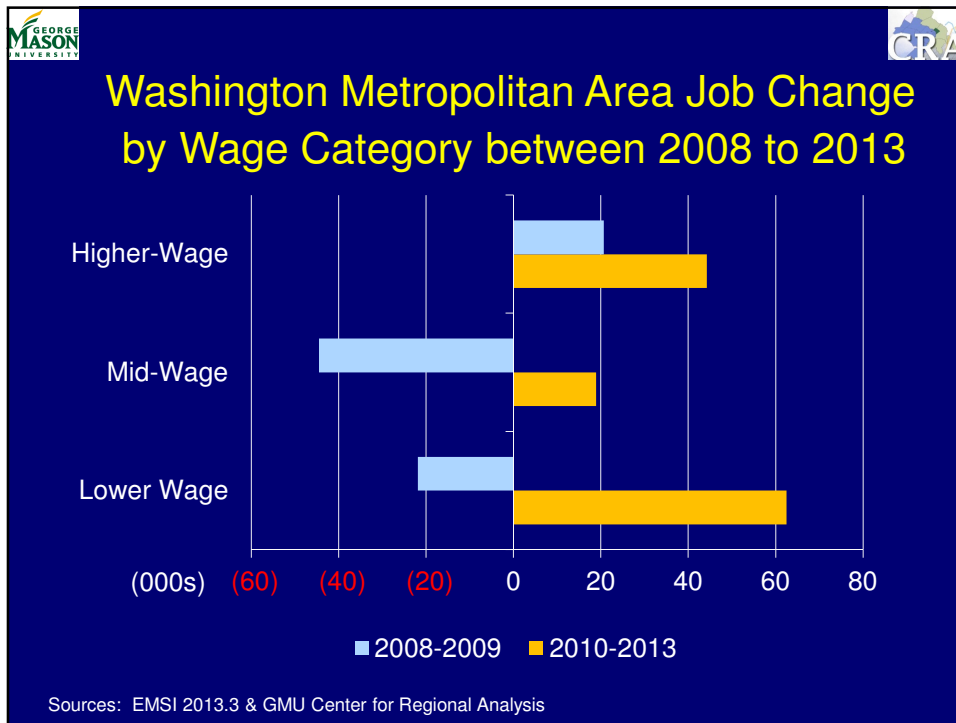




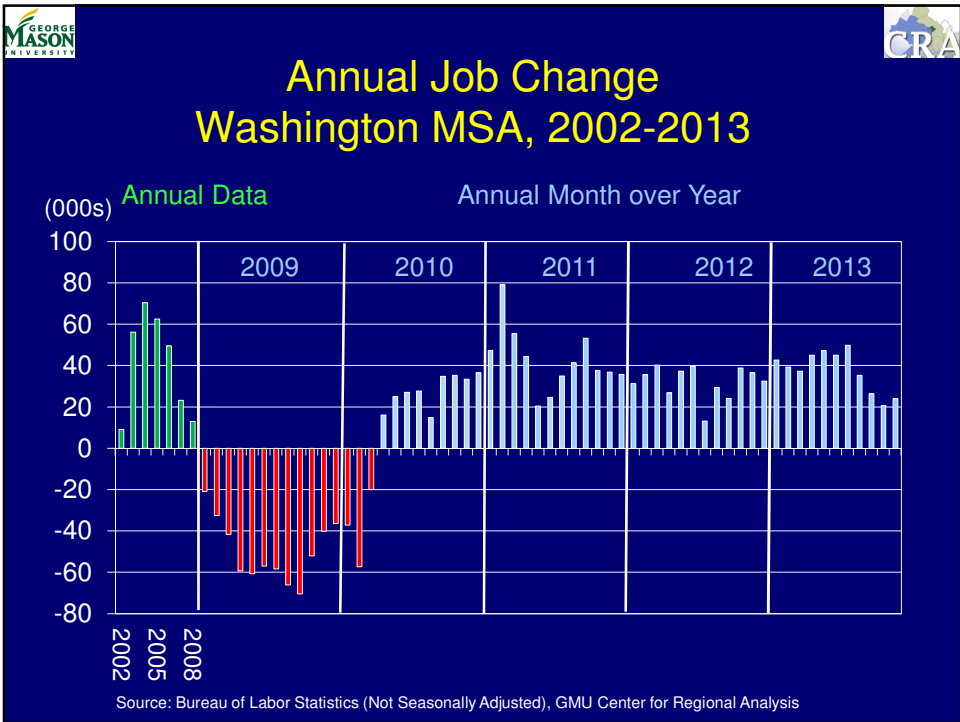
Federal Employment Change in the Washington Metropolitan Area 2010-2013 (jobs in thousands)

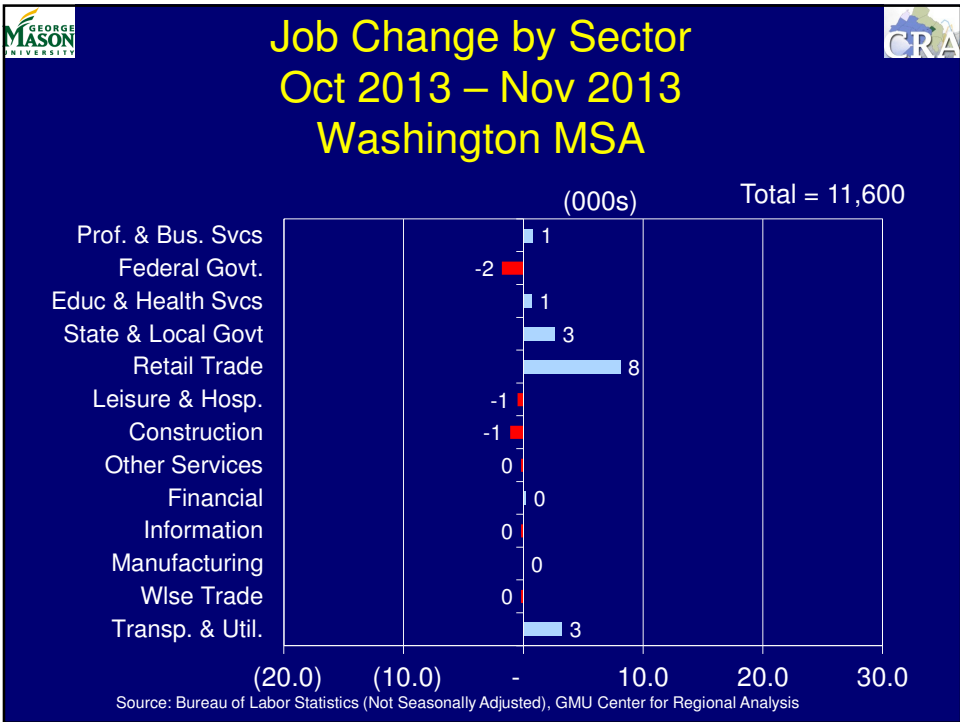
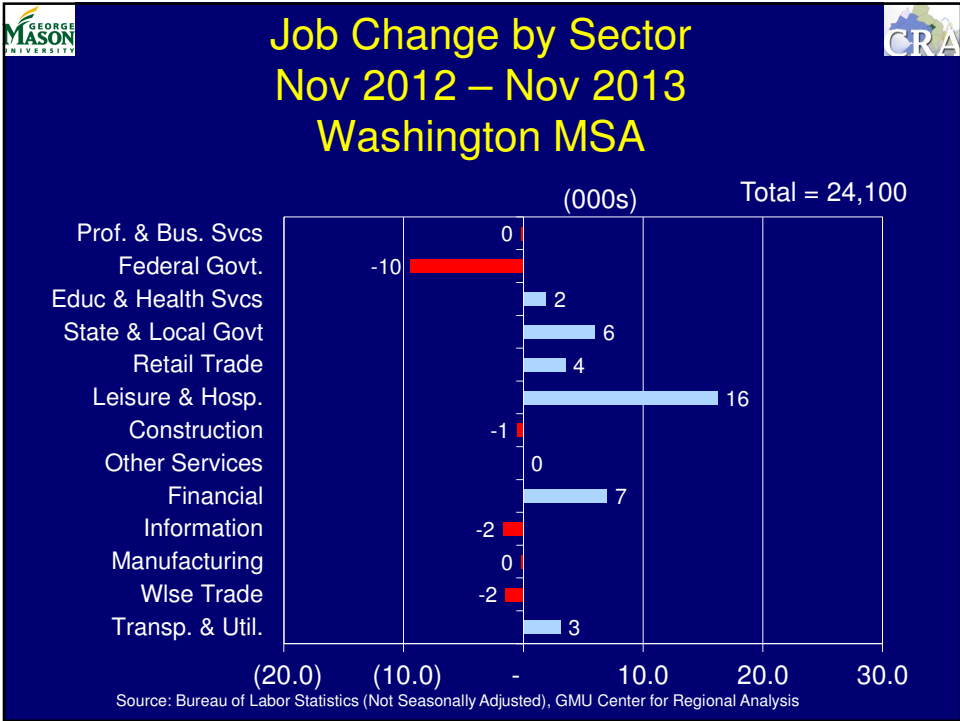
Fiscal Year	Jobs	Change	%
July 2010*	387.5		
September 2010	381.2		
September 2011	385.3	+ 4.1	1.1
September 2012	378.2	- 7.1	- 1.8
September 2013	370.0	- 8.2	- 2.2
November 2013	366.3	- 3.7	- 1.0
Annual 2017**	351.1	- 20.8	- 5.6
Annual 2023**	342.9	- 8.2	- 2.3

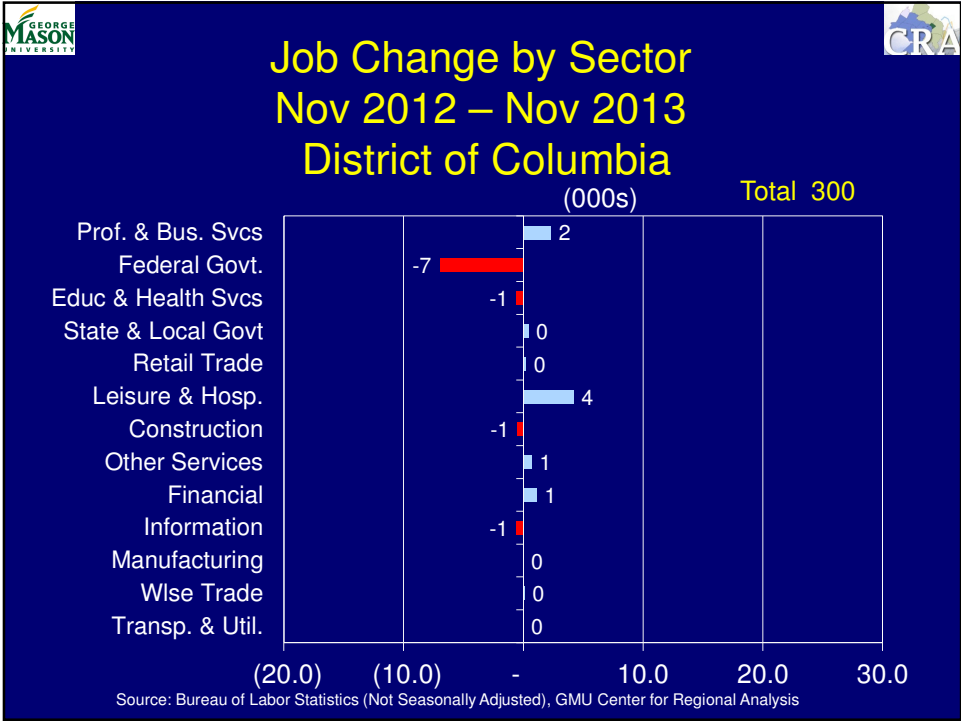
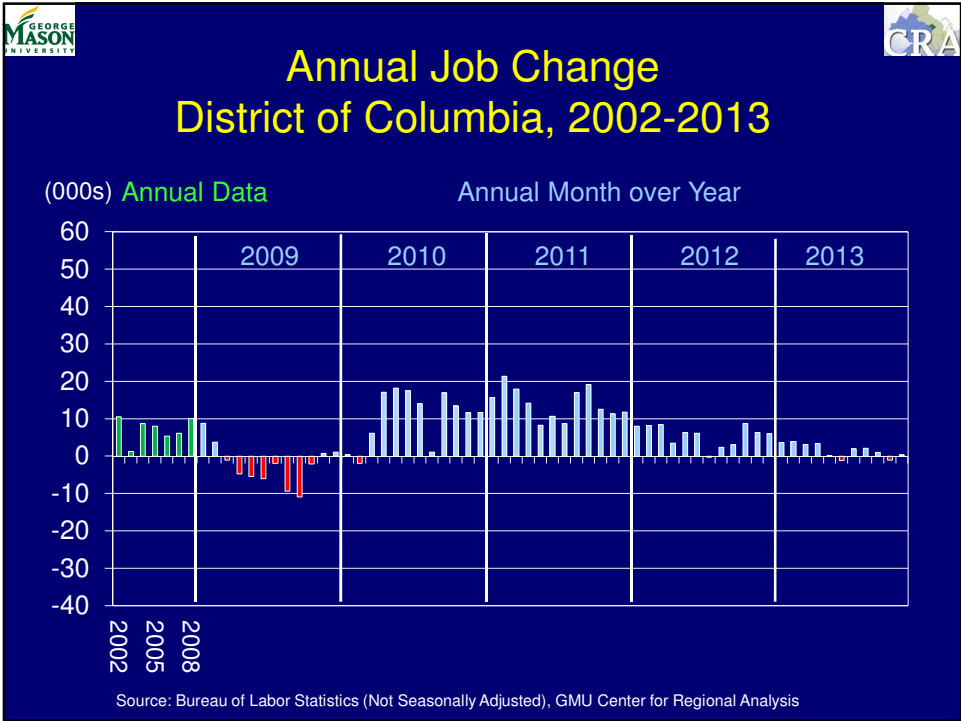
*peak employment **IHS Global Insight

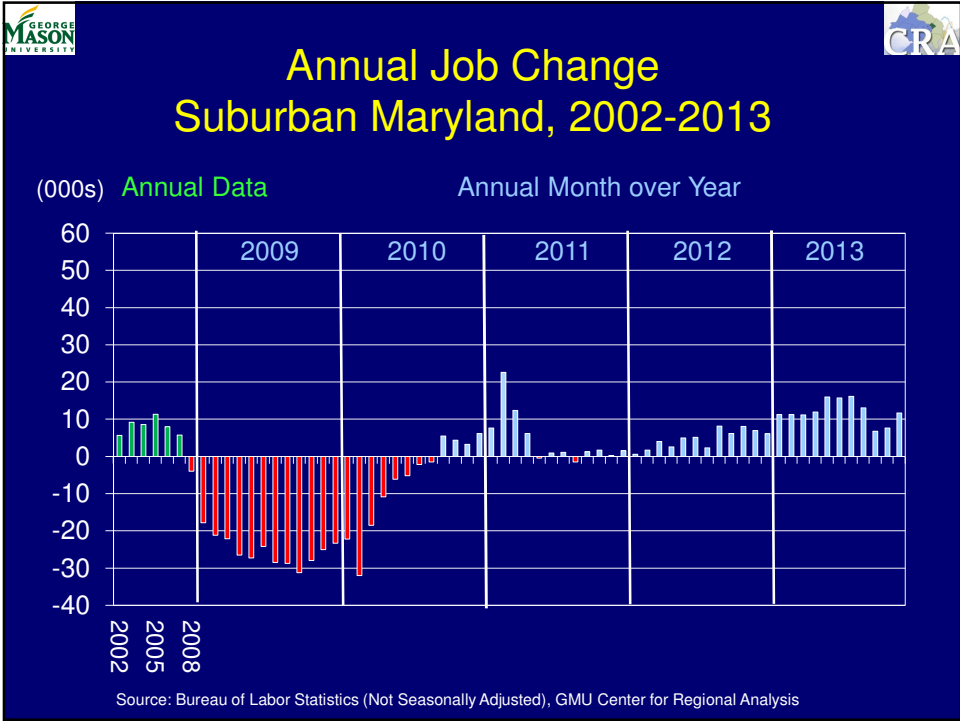
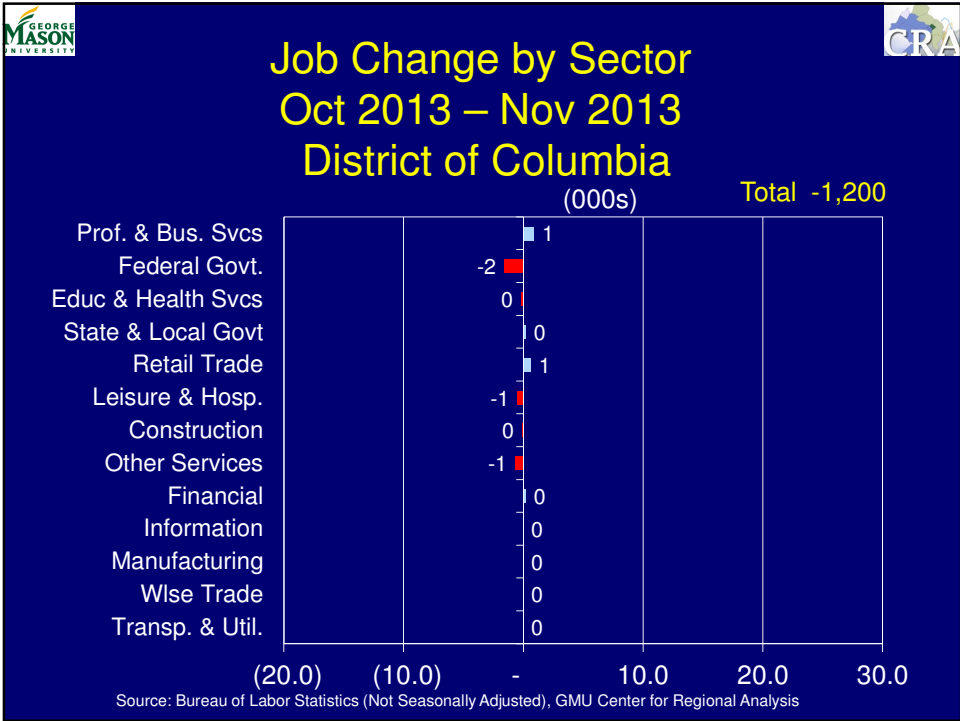


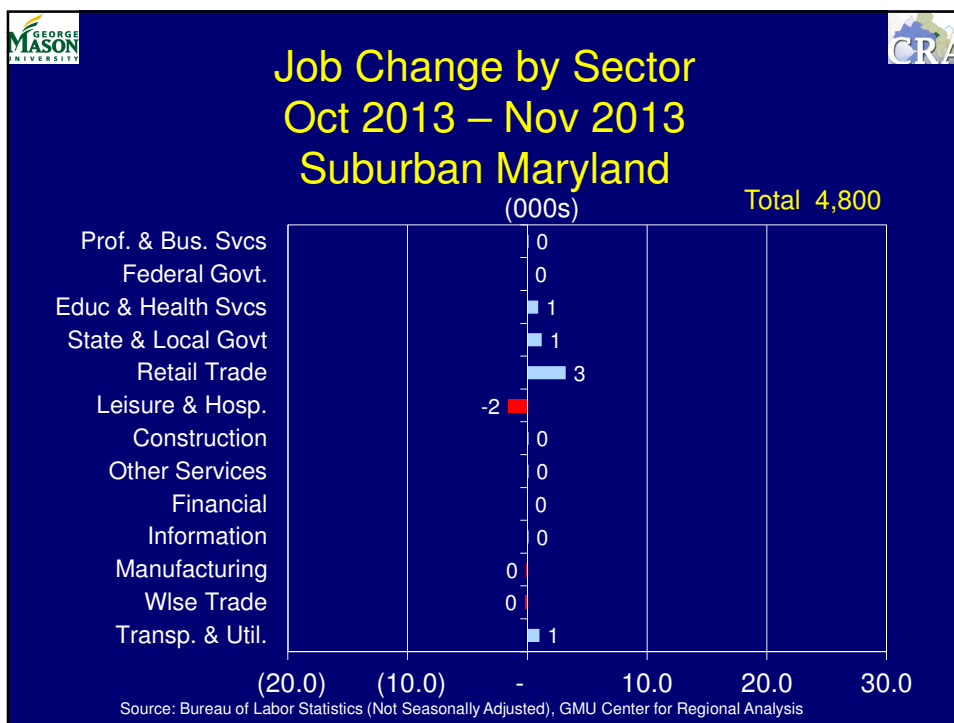
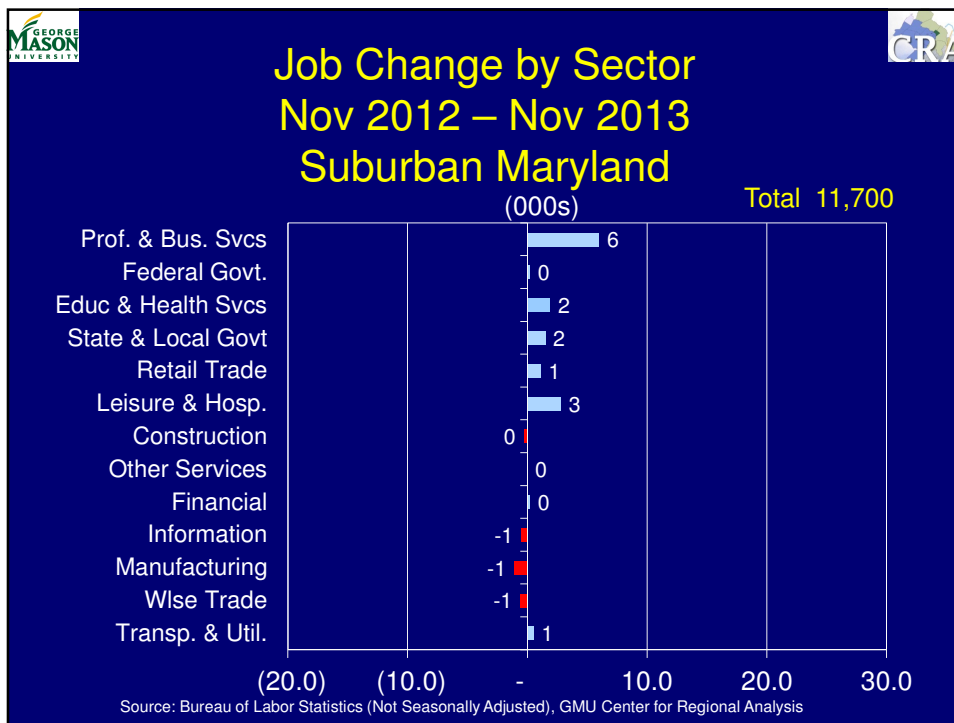
**The Current Baseline for the Region's Future Growth:
What Are the Current Trends?**

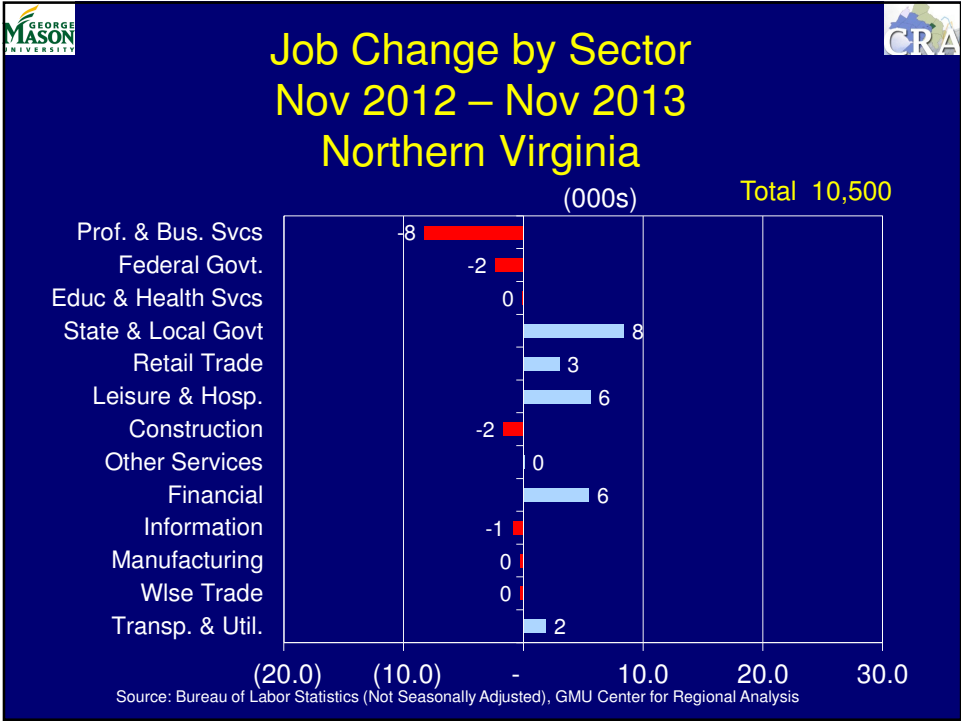
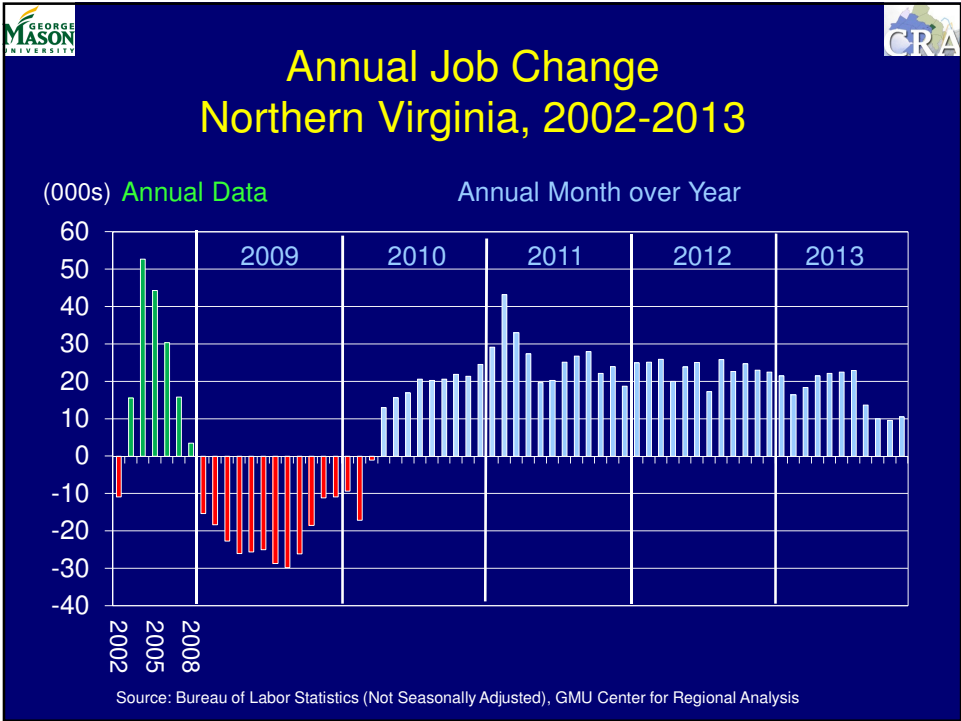


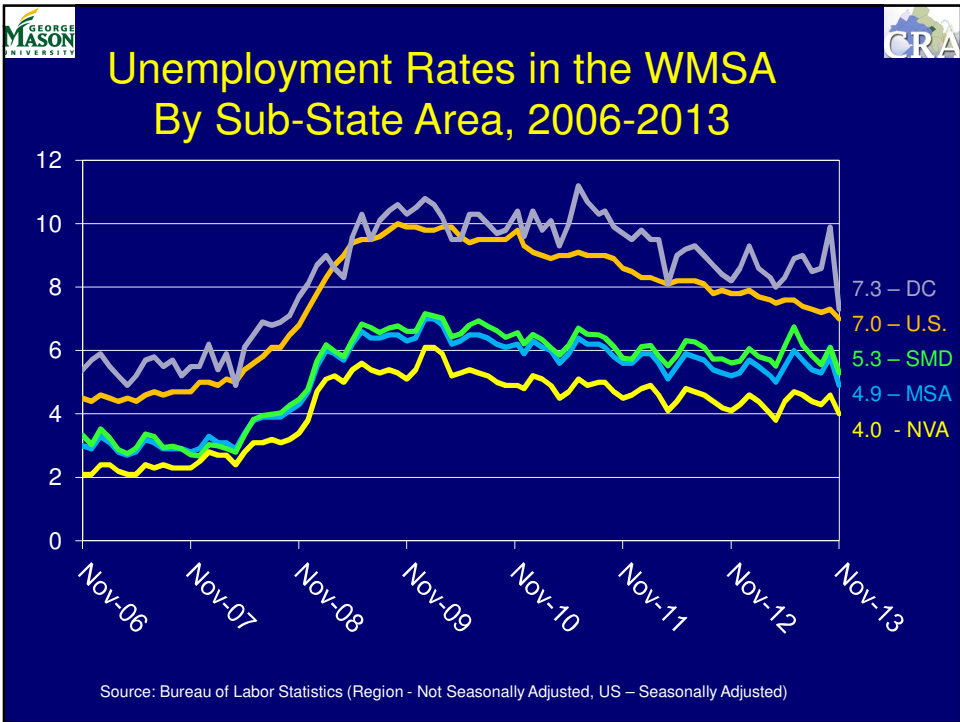
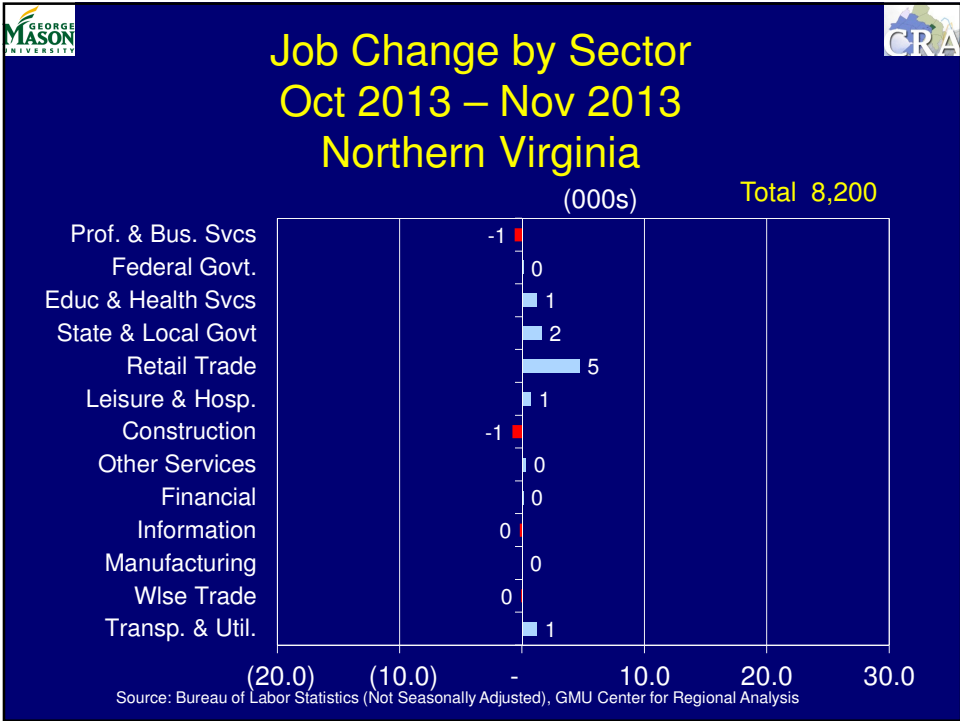














Economic Outlook for the Washington Metropolitan Area: 2013-2018






Washington Metropolitan Area and U.S. Economic Growth 2012-2018

(annual percent real change)

<u>Year</u>	<u>WMSA</u>	<u>U.S.</u>
2012	1.28	2.8
2013	1.26	1.9
2014	2.65	2.7
2015	3.56	3.2
2016	3.40	3.4
2017	3.42	3.2
2018	3.28	2.8

Sources: IHS Global Insight; GMU Center for Regional Analysis






Washington Metropolitan Area Gross Regional Product, 2013-2018

(in billions of 2005\$s)

<u>Region</u>	<u>2013</u>	<u>Share</u>	<u>2018</u>	<u>Share</u>	<u>% Change</u>
Metro	\$391.2	100.0	\$458.8	100.0	17.3
District	92.7	23.7	104.5	22.8	12.7
SubMD	110.3	28.2	129.5	28.2	17.4
NoVA	187.1	47.8	223.5	48.7	19.4

Source: IHS Global Insight, GMU Center for Regional Analysis
The Washington metropolitan area includes Jefferson County, WV and is included in the total GRP values.

Principal Sources of Job and GRP Growth in the Washington Area, 2013-2018

(in thousands)

<u>Growth Sectors</u>	<u>Job Change</u>	<u>% of Total Job Change</u>	<u>Average Value Added per Job*</u>
Prof. & Bus. Ser.	144.5	48.8	\$158,211
Construction	51.9	17.5	\$91,482
Education/Health	35.2	11.9	\$59,938
Hospitality Services	27.1	9.1	\$43,036
State and Local	19.6	6.6	\$60,099
Sub-Total	278.3	93.9	\$99,820
Overall Total	296.4	100.0	\$135,544

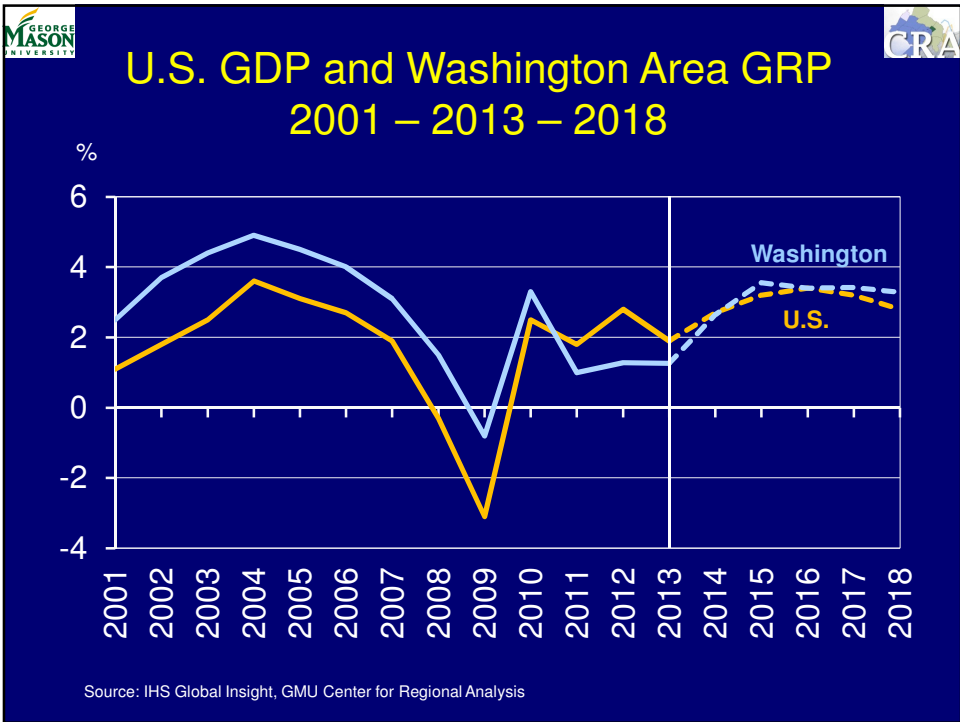
* in 2005\$s

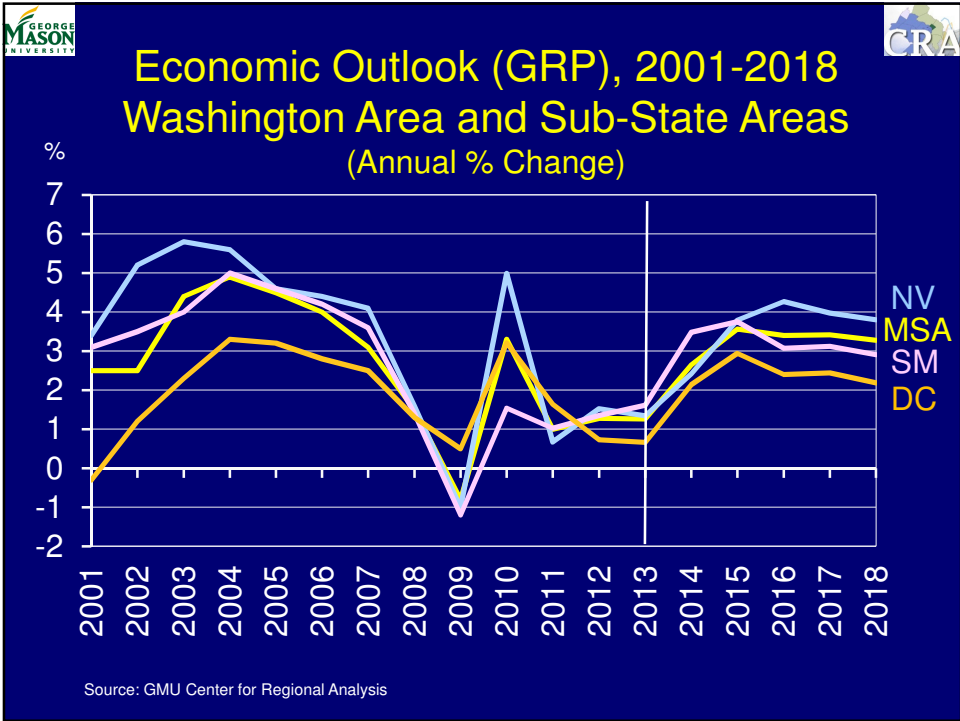
Sources: IHS Global Insight; GMU Center for Regional Analysis

Job and GRP Gains and Losses for the Washington Area's Other Sectors, 2013-2018
(in thousands)

	<u>Job Change</u>	<u>% of Total Job Change</u>	<u>Average Value Added per Job</u>
Federal Gov't	- 22.8	- 7.7	\$141,894
Retail Trade	13.6	4.6	\$60,981
Other Services	2.1	0.7	\$102,734
Financial Services	- 1.3	- 0.4	\$591,253
Information Services	6.3	2.1	\$549,993
Manufacturing	1.5	0.5	\$103,723
Transportation	9.3	3.1	\$133,796
Wholesale Trade	7.3	2.5	\$193,924
Sub-Totals	18.1	6.1	\$200,732
Overall Total	296.4	100.0	\$135,544

Sources: IHS Global Insight; GMU Center for Regional Analysis







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

	2011	2012	2013	2014	2015	2016	2017	2018
D.C.	14.1	5.6	1.9	9.7	11.3	9.3	6.5	4.6
Sub. MD	4.4	4.8	20.7	18.1	22.7	20.0	14.3	12.2
No. VA	26.4	23.5	14.6	32.2	31.8	36.8	35.0	30.3
REGION	42.6	32.2	37.5	60.2	66.1	66.4	56.2	47.5



Average Annual Change 1990-2010 = 36,000

Source: BLS, IHS Global Insight, GMU Center for Regional Analysis
NOTE: The regional totals include Jefferson, WV.



Economic forecasts for the Washington Area assume that:

- (1) there will be a sufficient number of qualified workers to fill the jobs,
- (2) there will be a sufficient supply of housing to house the future workforce at affordable costs, and
- (3) the region will have the infrastructure required to support this future growth.



CRA and the 2030 Group
invite you to a
Panel Discussion on the critical
challenges facing the Washington
Metropolitan Area

When: February 11, 2014
Coffee at 8:30, Program 9:30-11:30

Where: GMU Founders Hall Auditorium
3351 Fairfax Drive, Arlington, VA



Thank You
Questions

cra.gmu.edu