

Delta Associates Mid-Year Review

The Outlook for the U.S. and Washington Area Economies In 2013 and Beyond

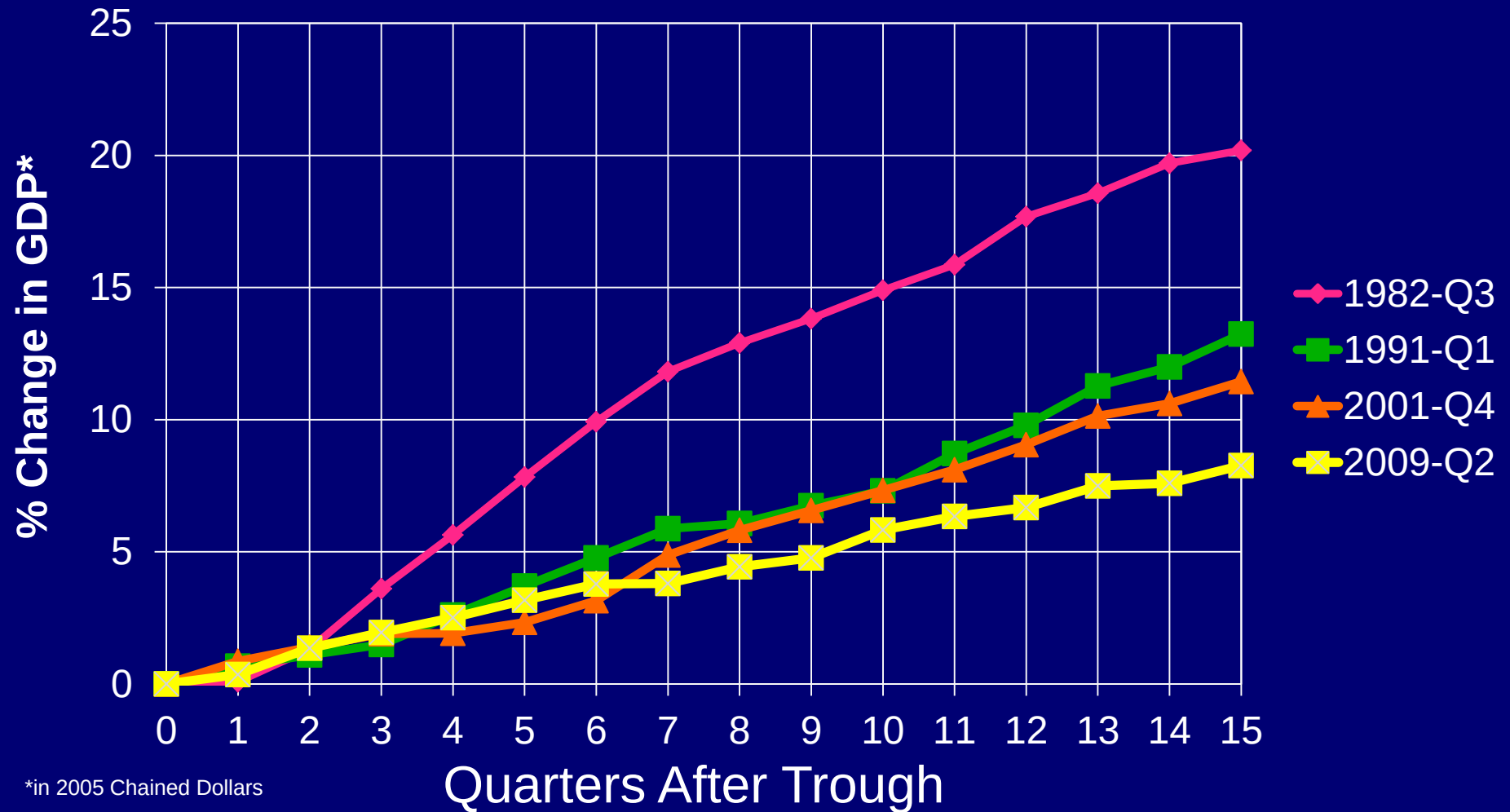
Stephen S. Fuller, Ph.D.

Dwight Schar Faculty Chair and University Professor
Director, Center for Regional Analysis
George Mason University

May 28, 2013

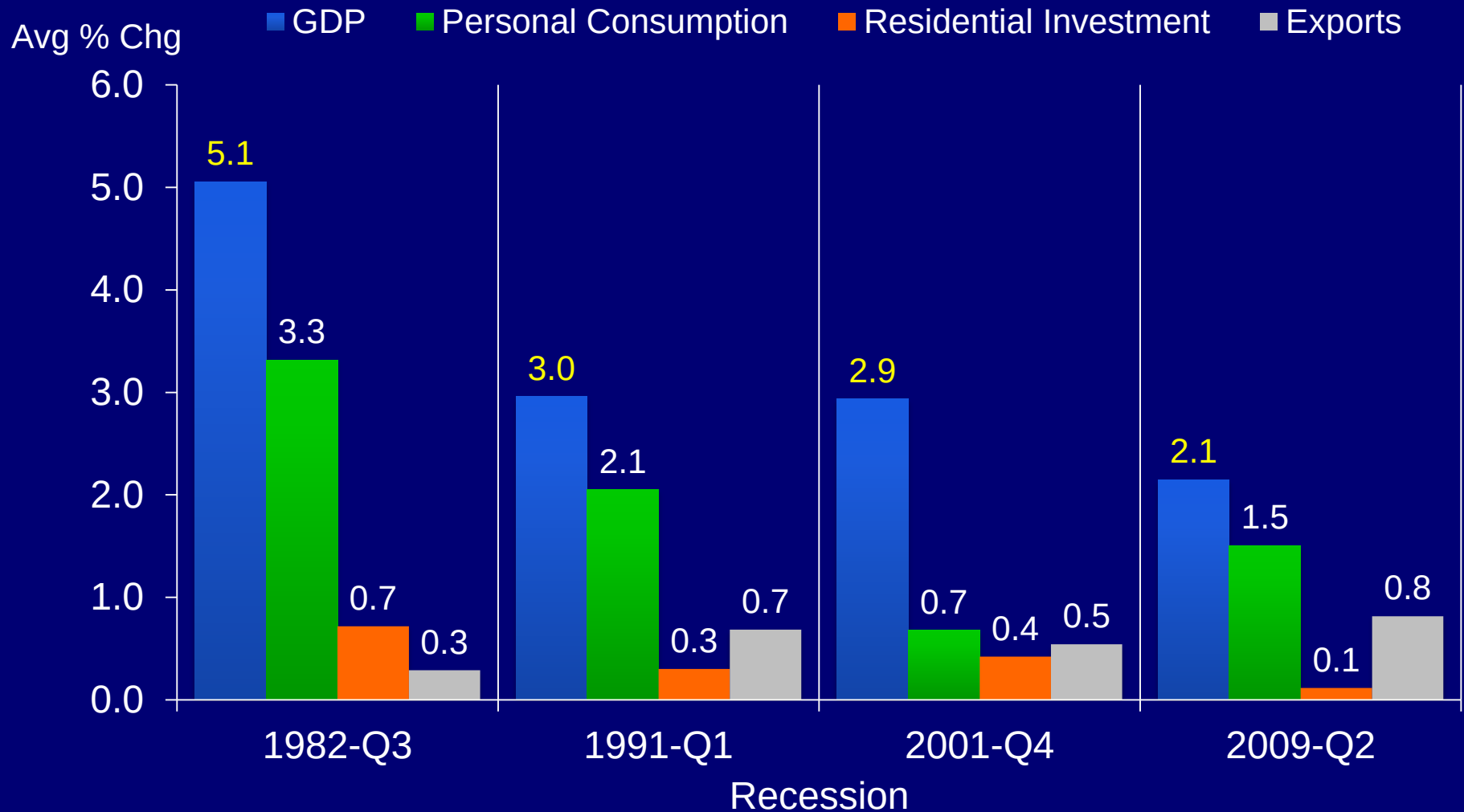
The U.S. Economy: Recent Performance and Outlook

Recession Recovery Patterns of GDP Past Four Recessions



Contributions to Post Recession Recoveries

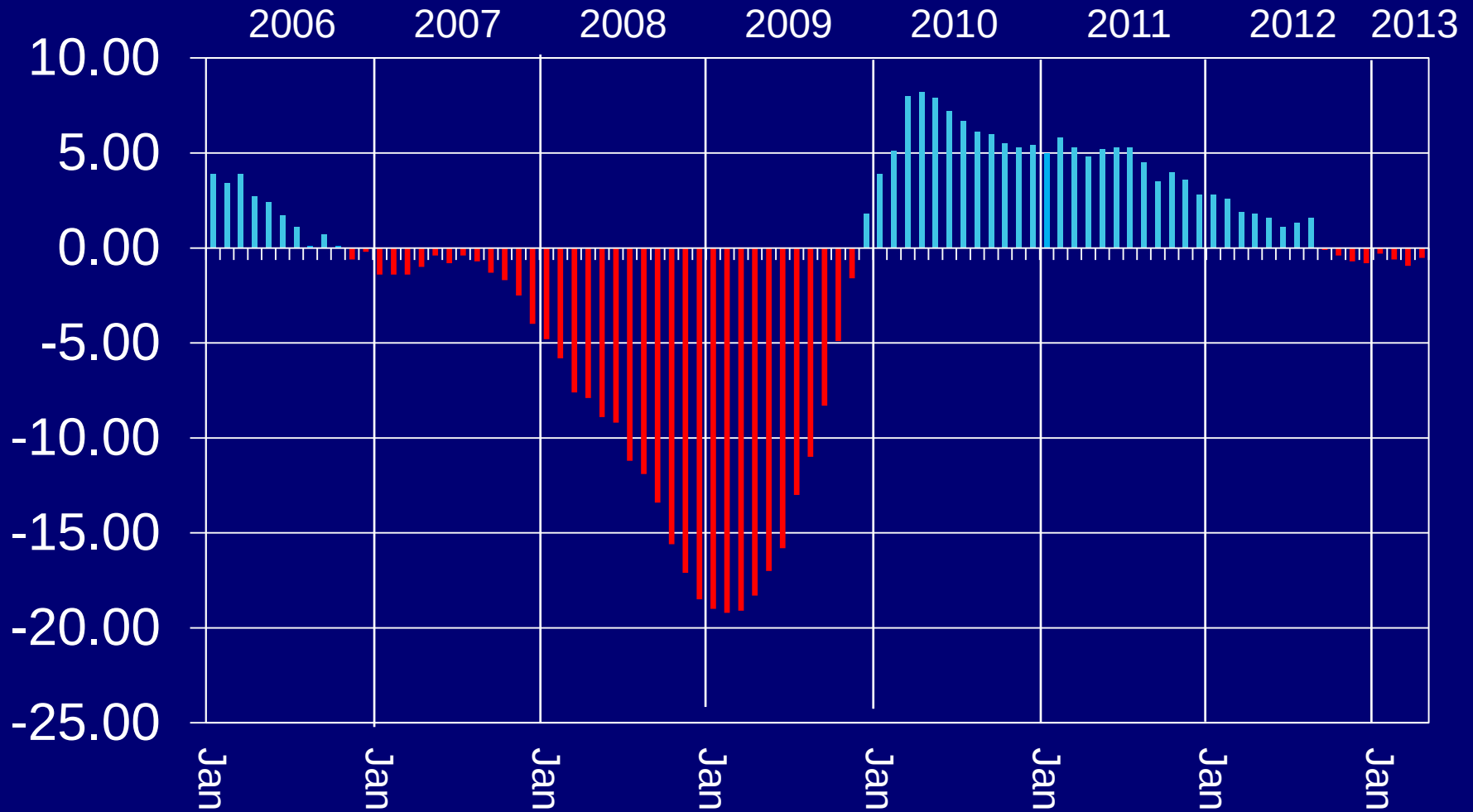
Average Growth After 15 Quarters



Source: Bureau of Economic Analysis

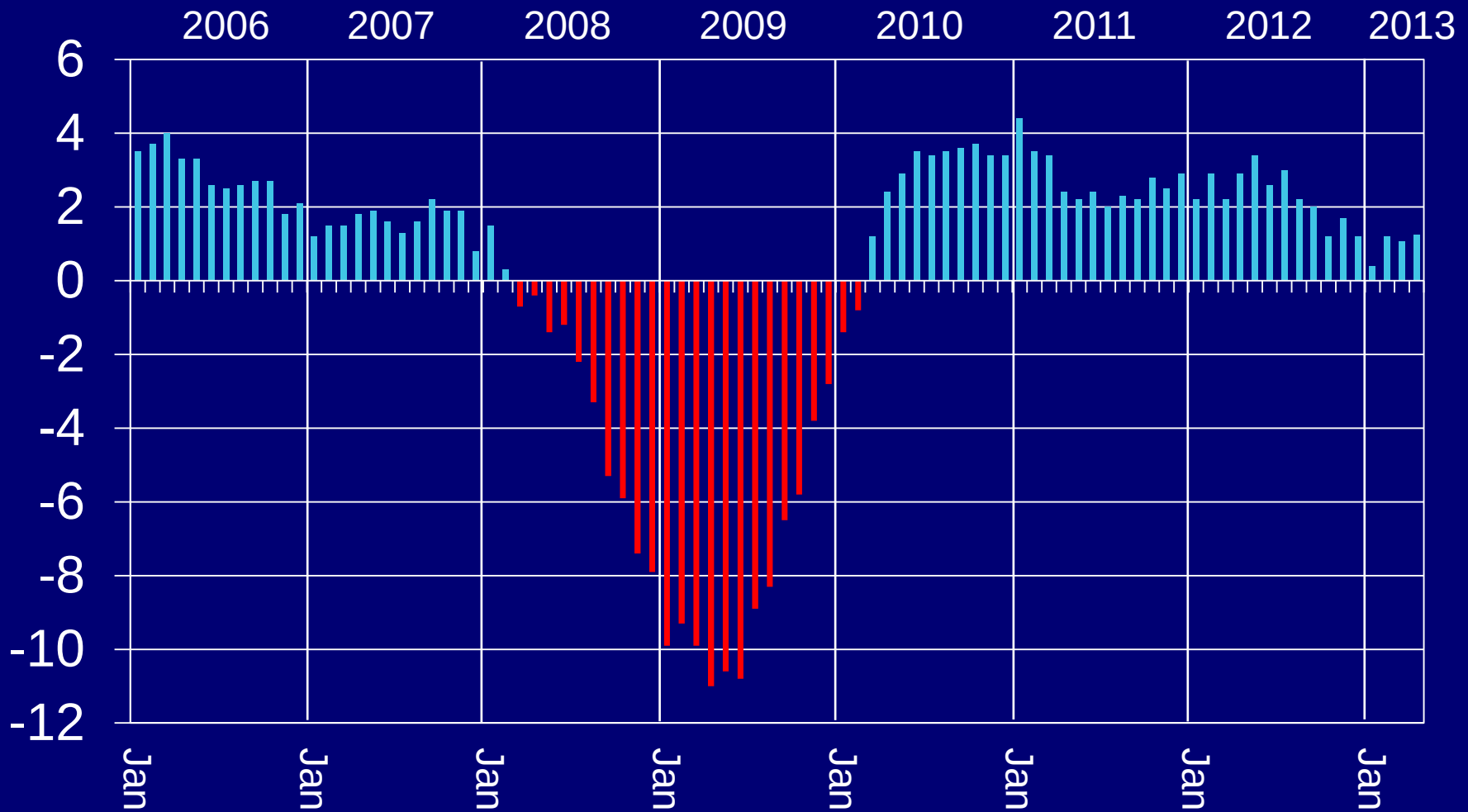
U.S. Leading Index

Month-Over-Year Percent Change

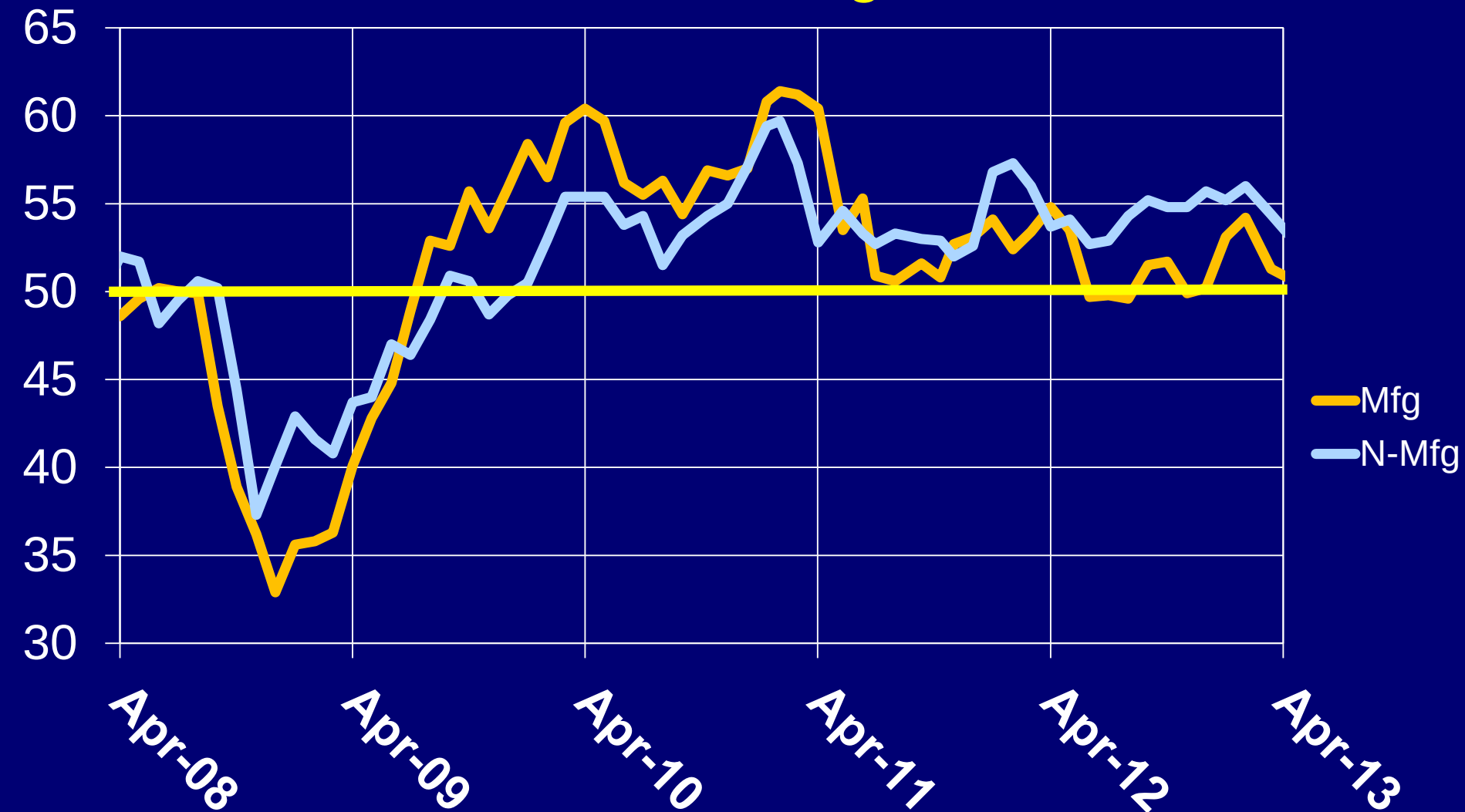


U.S. Coincident Index

Month-Over-Year Percent Change

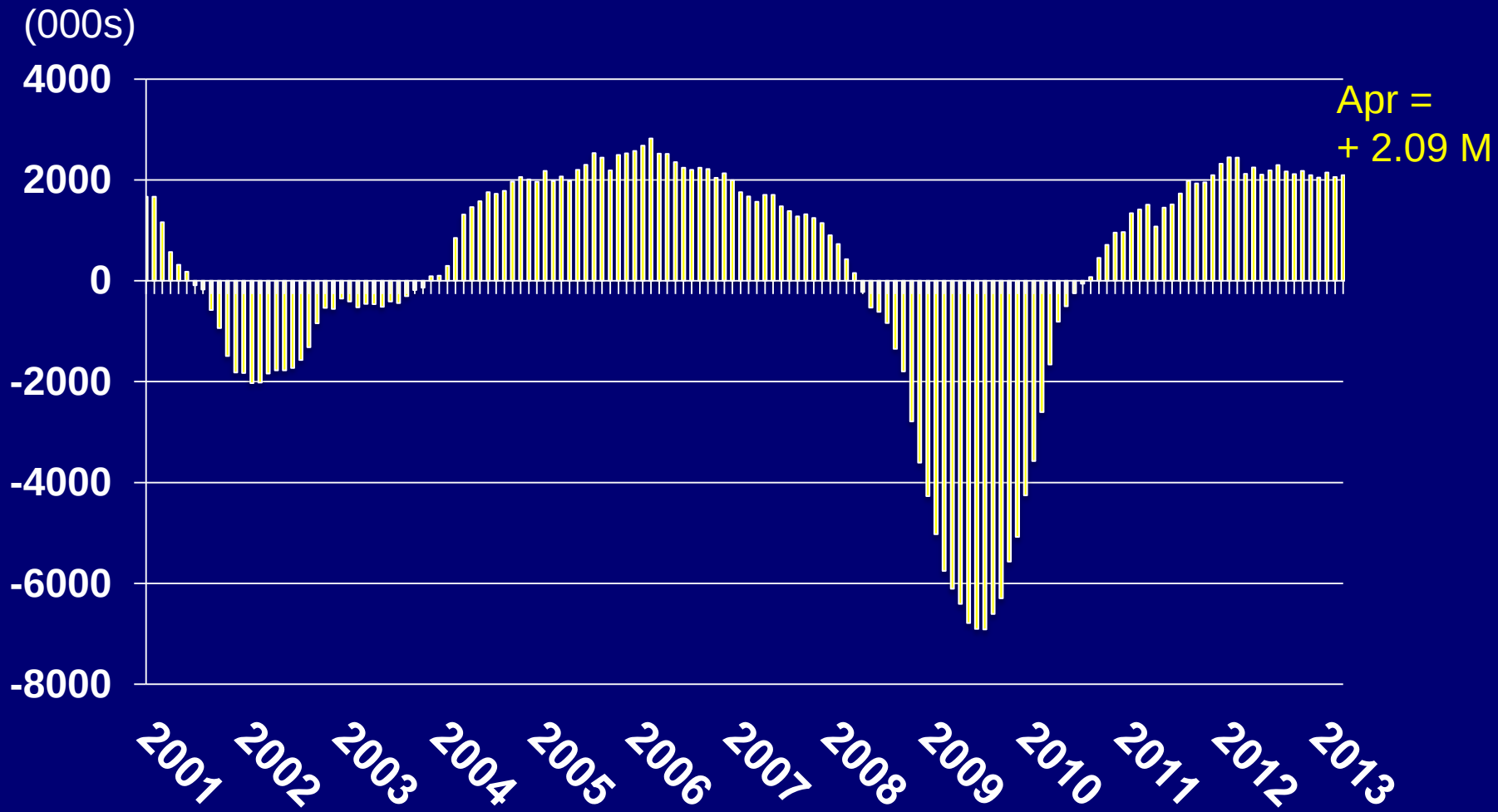


ISM Manufacturing and Non-Manufacturing Indices



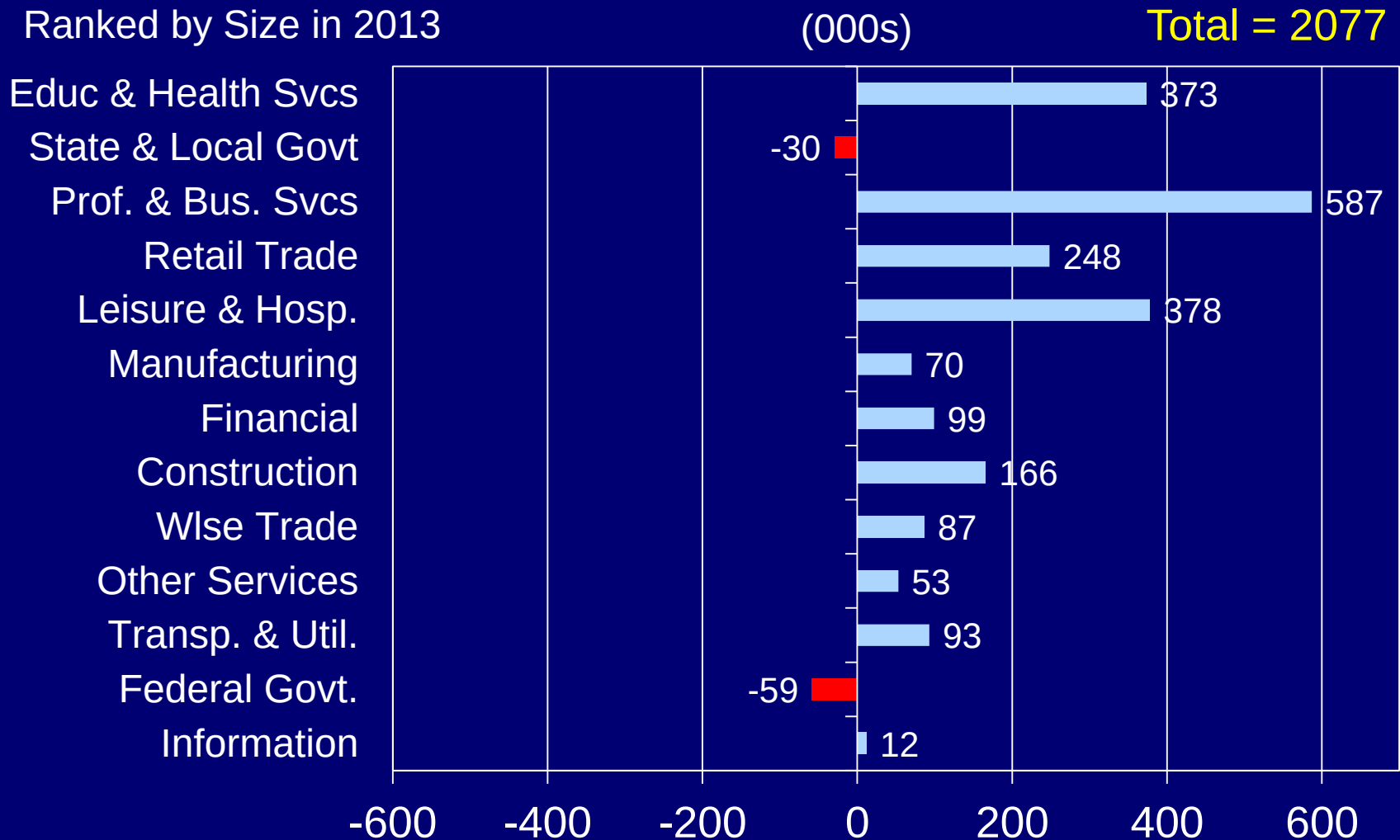
Annual Change in Payroll Jobs – US

Month-Over-Year



U.S. Payroll Job Change by Sector

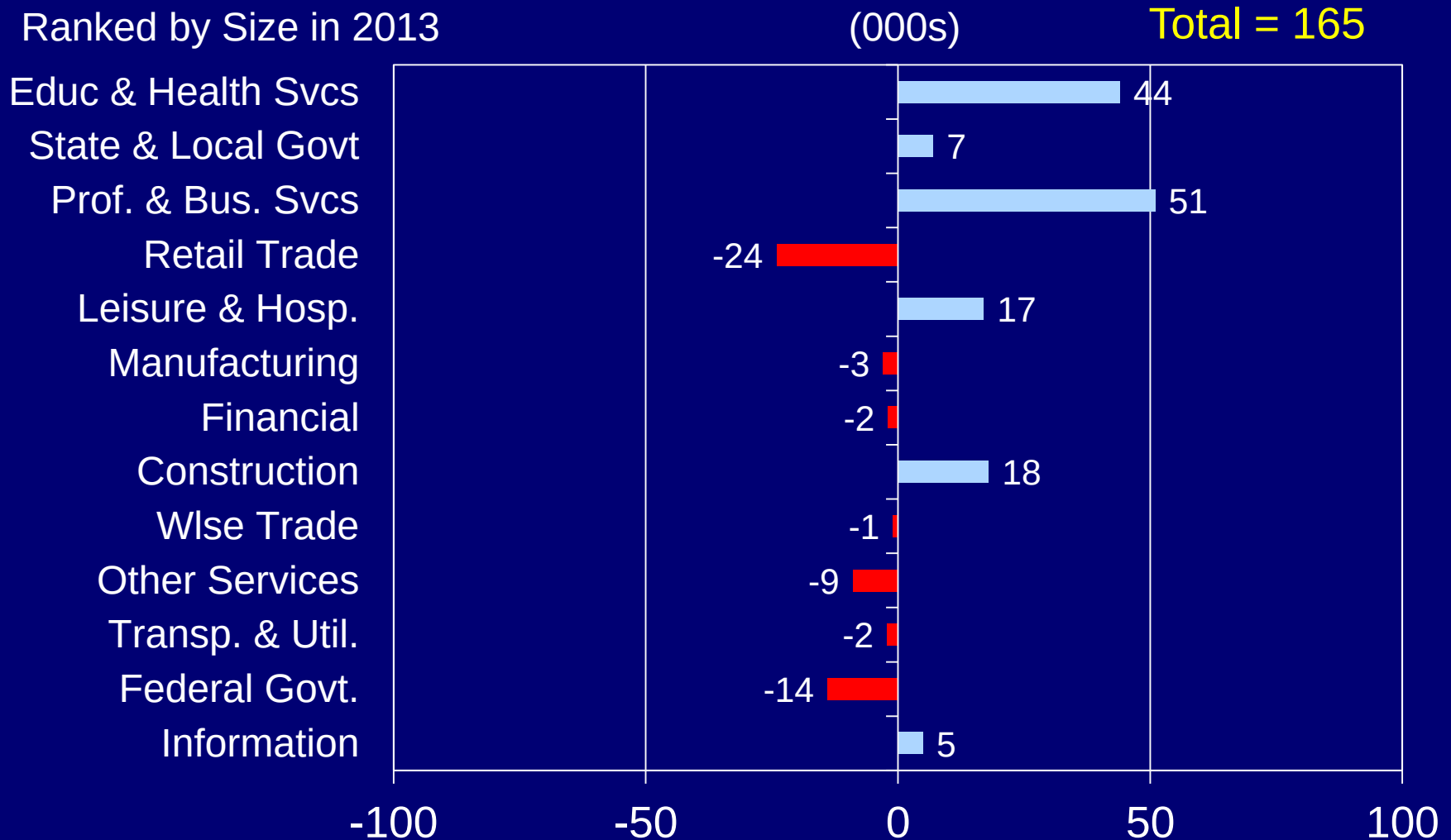
Apr 2012 – Apr 2013



Source: Bureau of Labor Statistics (Seasonally Adjusted), GMU Center for Regional Analysis

U.S. Payroll Job Change by Sector

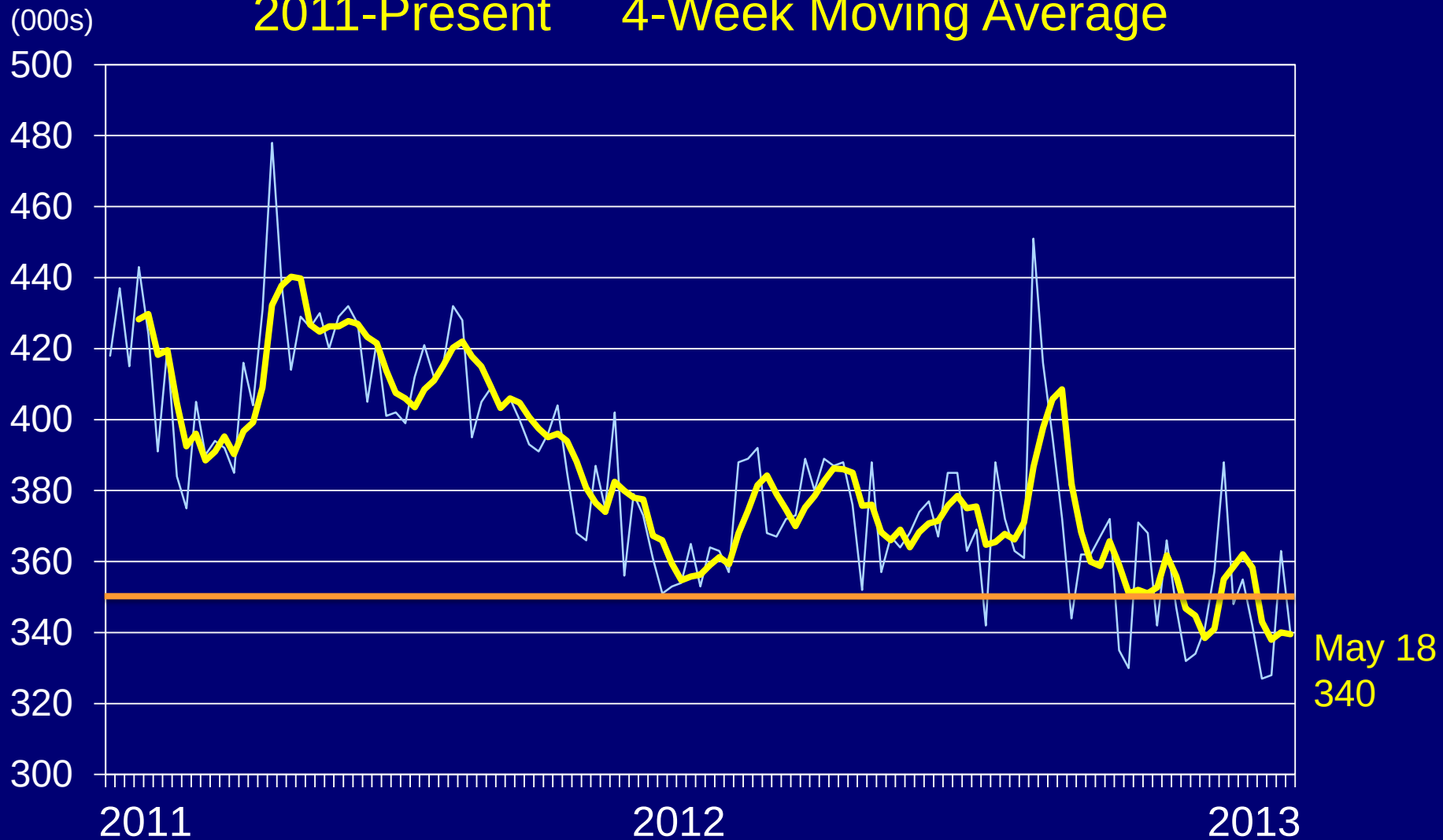
Mar 2013 – Apr 2013



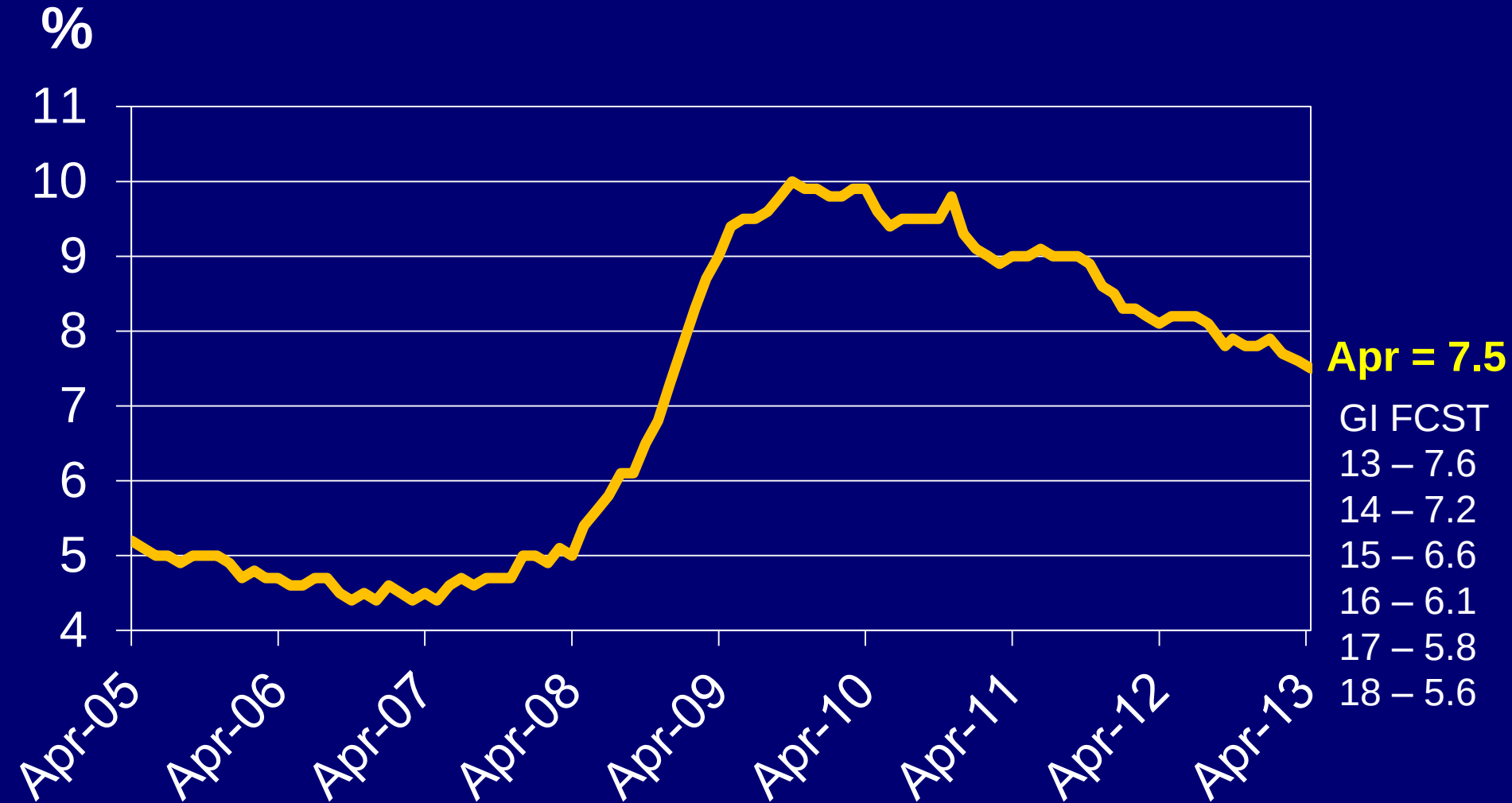
Source: Bureau of Labor Statistics (Seasonally Adjusted), GMU Center for Regional Analysis

Initial Claims for Unemployment

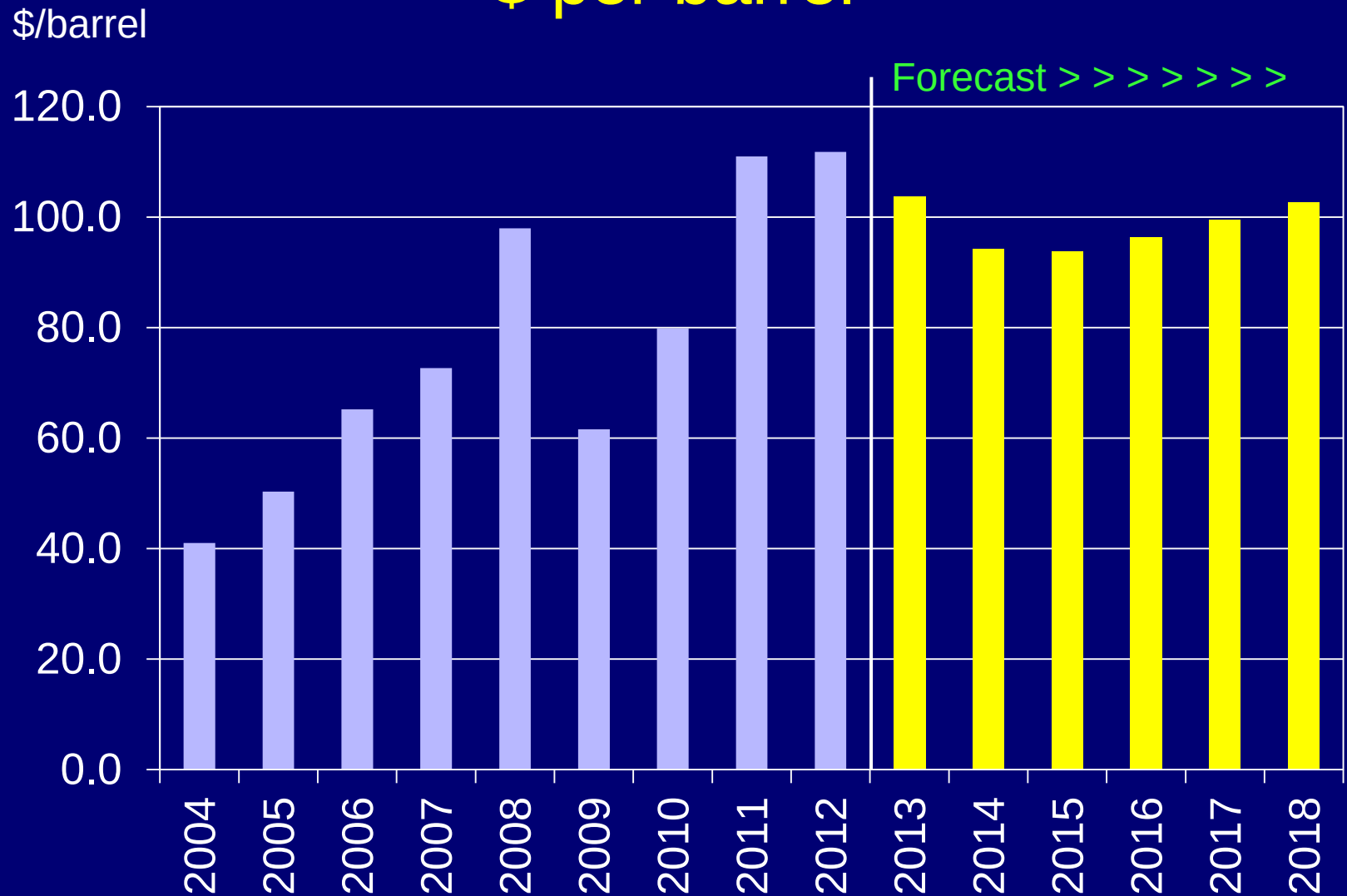
2011-Present 4-Week Moving Average



U.S. Unemployment Rate



Oil Prices \$ per barrel



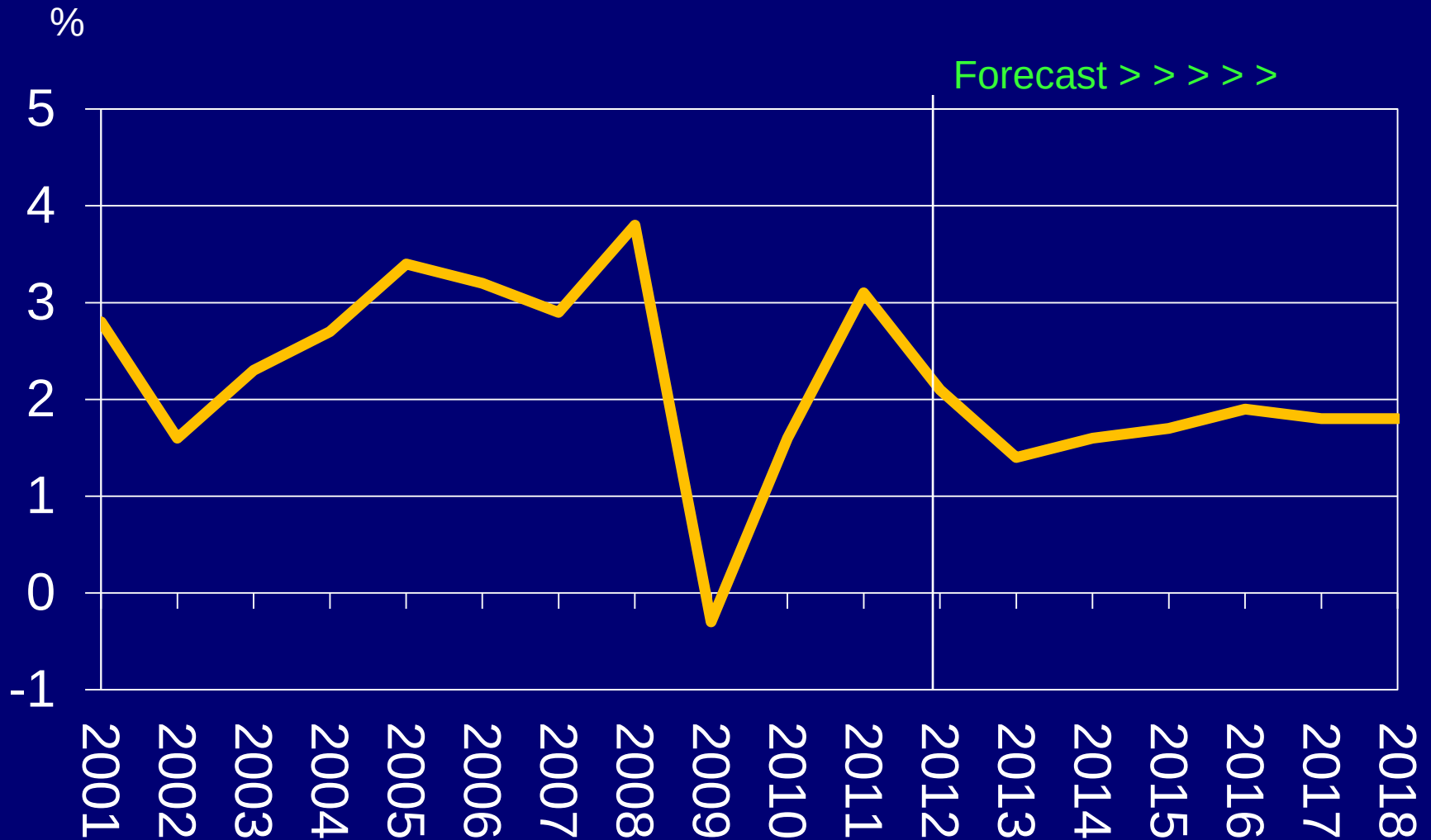
Source: IHS Global Insight May 8 2013

Consumer Confidence

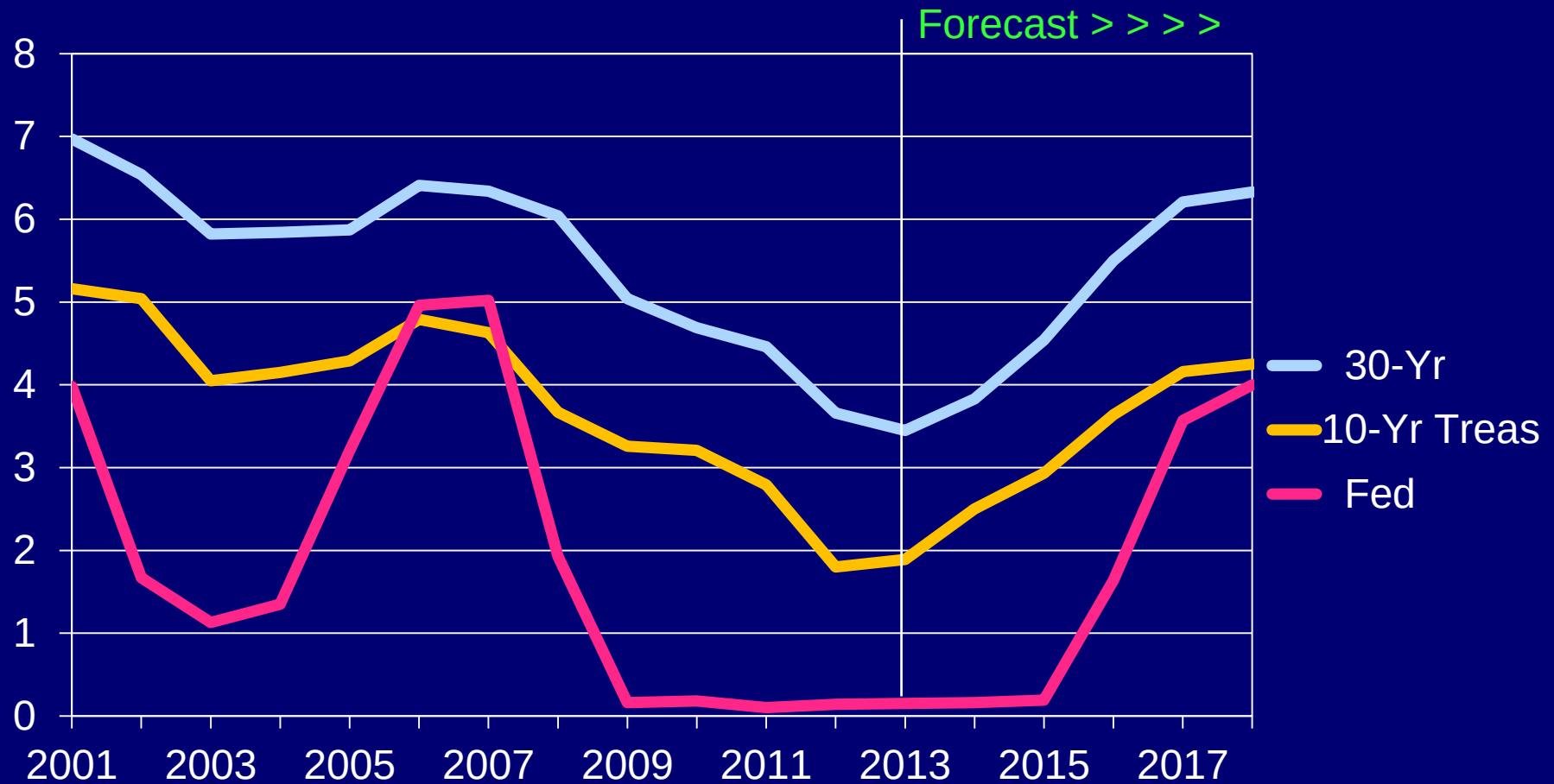


Source: The Conference Board, GMU Center for Regional Analysis

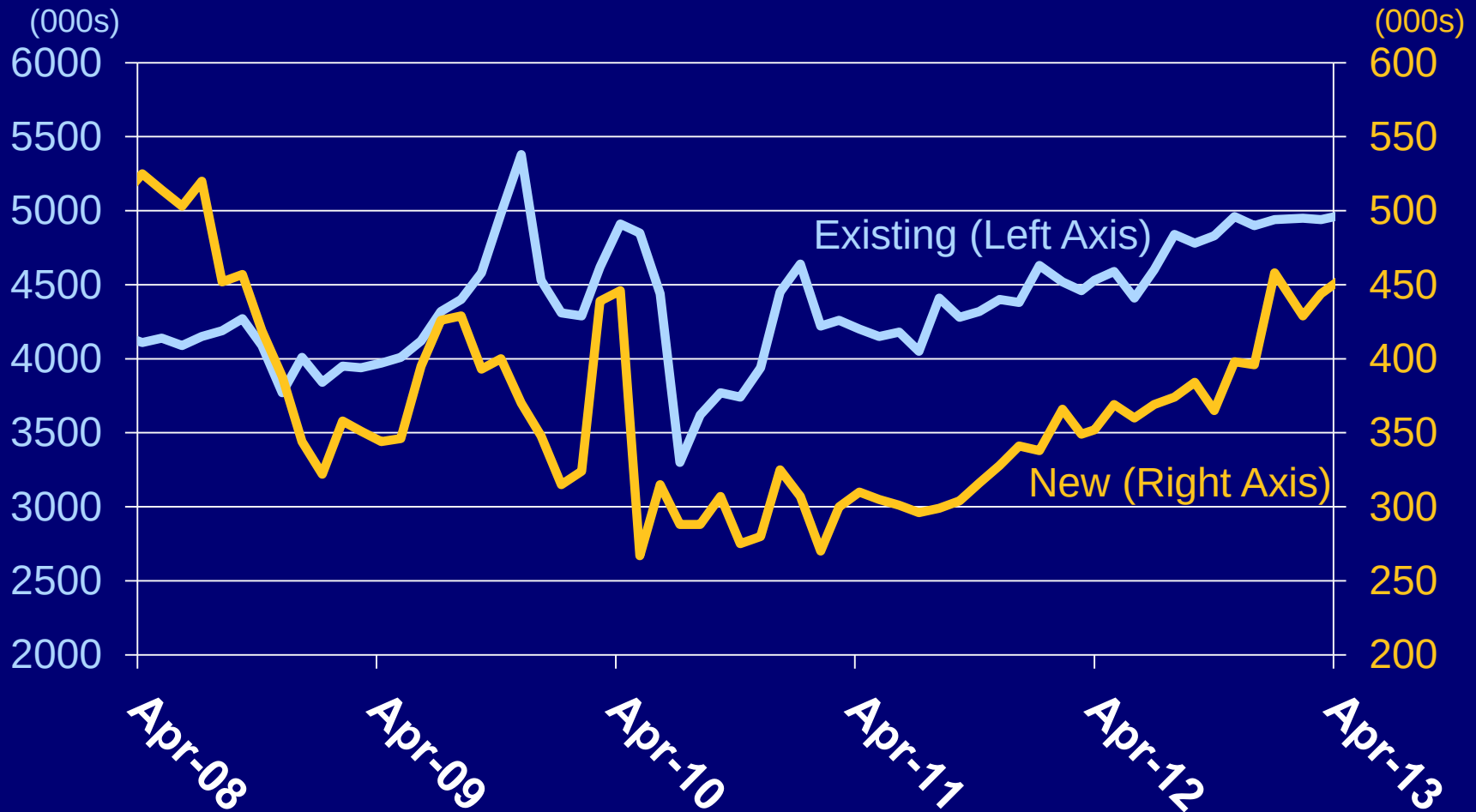
Consumer Prices 2001 - 2018



Interest Rates 2001 - 2018



U.S. New and Existing Home Sales



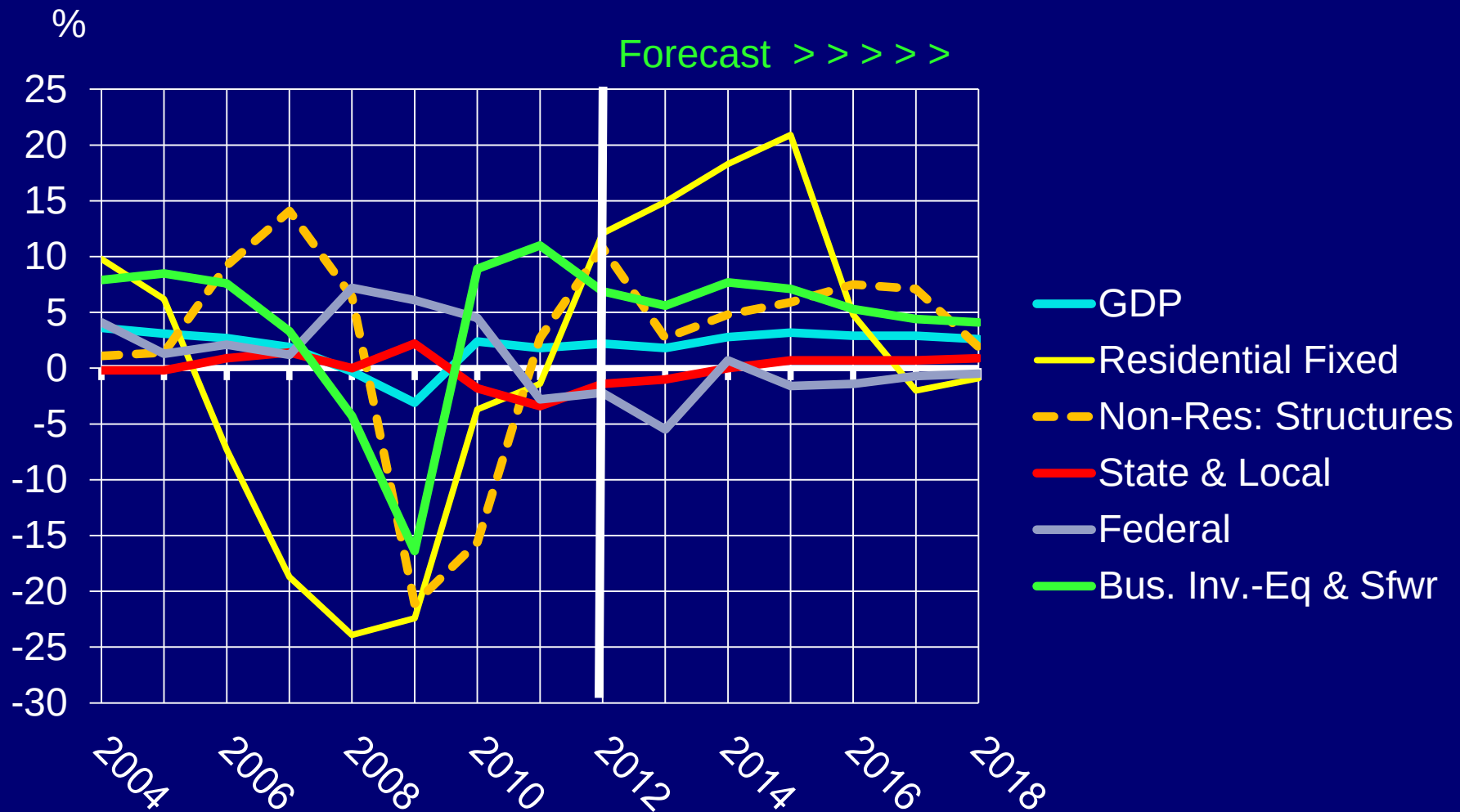
Source: National Association of Home Builders (New), National Association of Realtors (Existing)

Residential Construction and Resales Forecasts

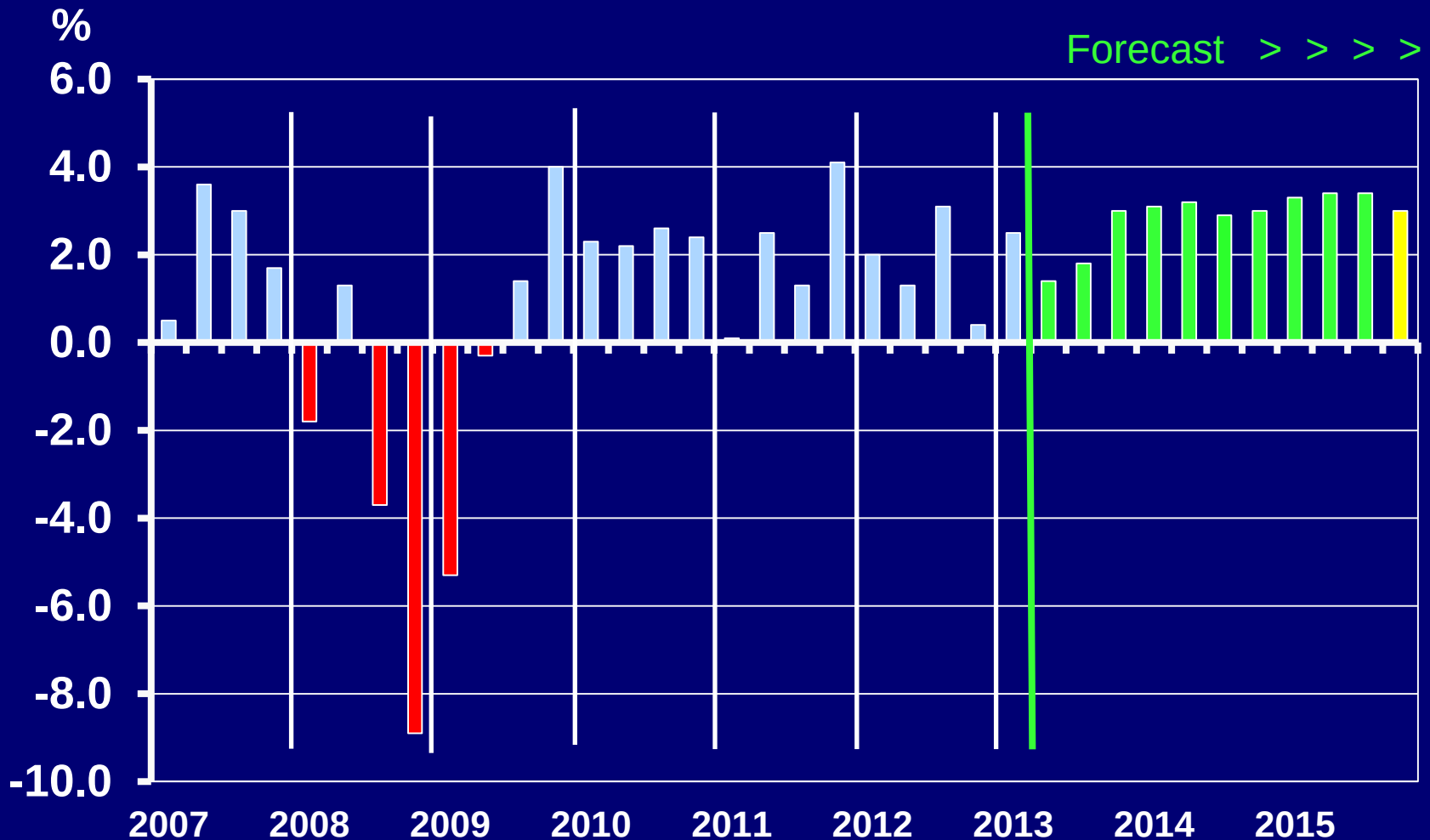
(millions of Units)

<u>Year</u>	<u>Housing Starts</u>	<u>Existing House Sales</u>
2005	2.073	7.076
2011	0.612	4.278
2012	0.782	4.661
2013	0.987	5.059
2014	1.234	5.662
2015	1.569	6.053
2016	1.621	5.794
2017	1.599	5.540
2018	1.608	5.528

U.S. Economic Performance



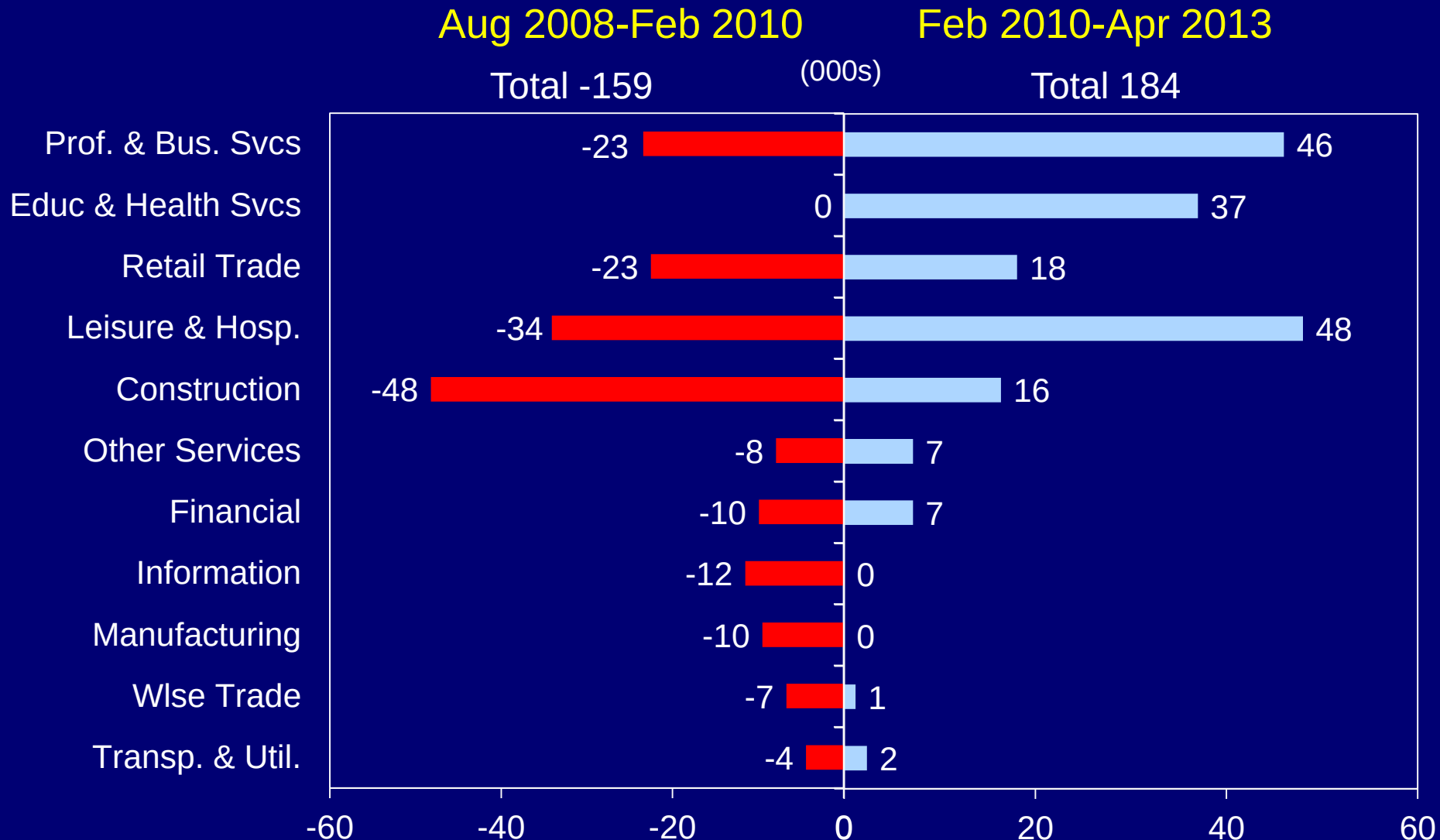
U.S. Gross Domestic Product Quarterly Change: 2007 – 2015



The Washington Economy: Recent Performance and Outlook

WMSA Payroll Job Change: Private Sector

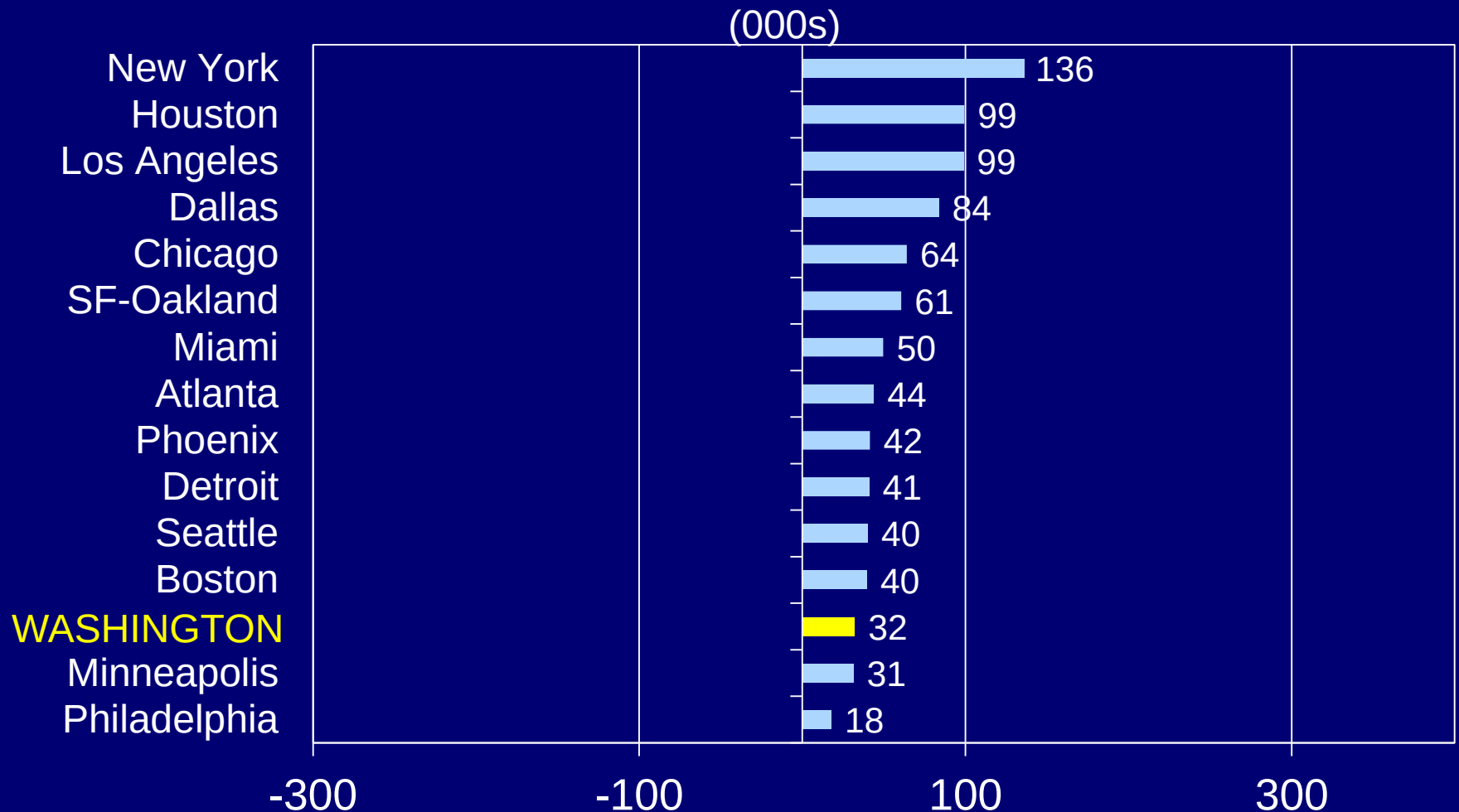
The Great Recession and Recovery



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

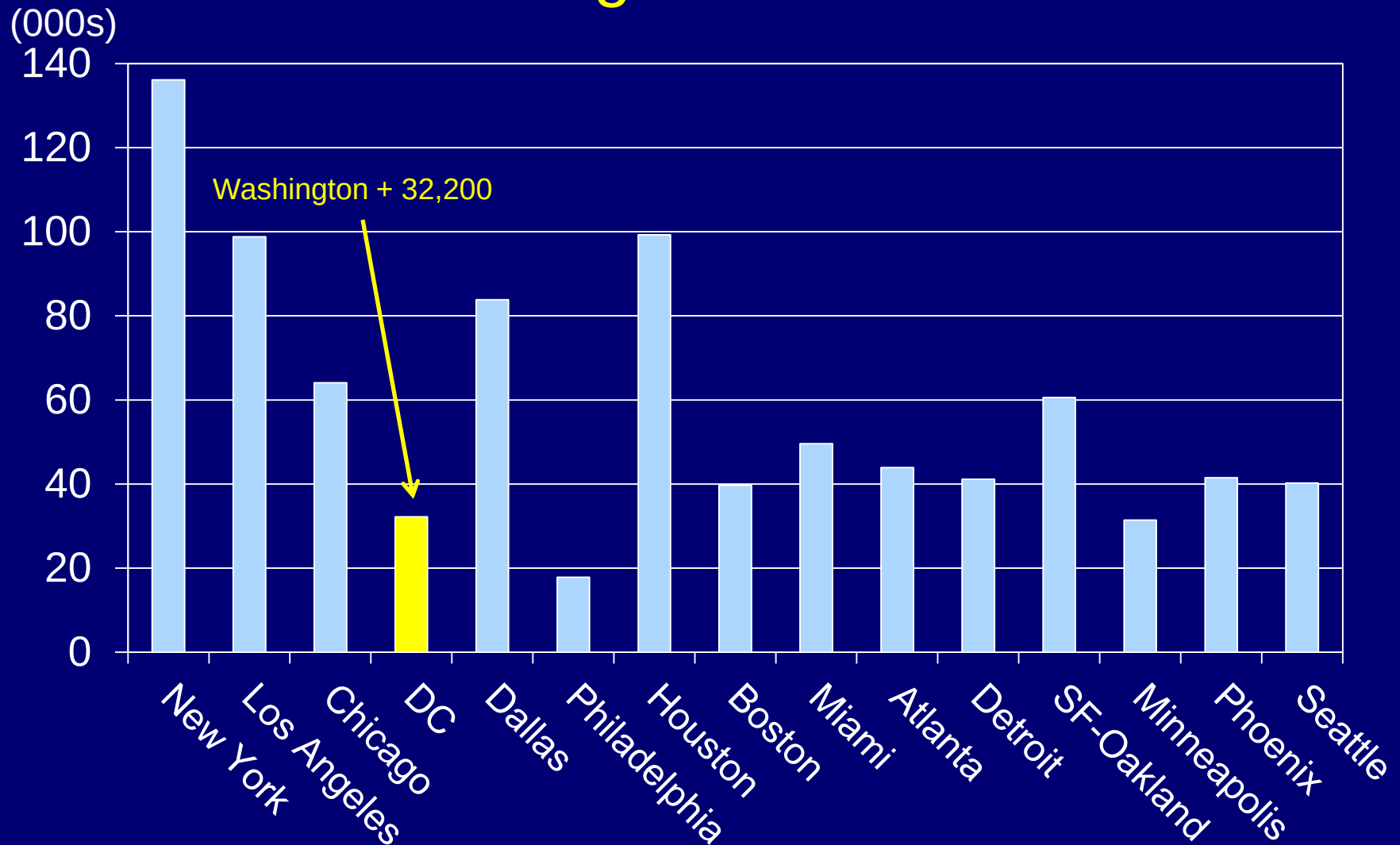
Metro Area Comparisons Job Change 2011-2012

15 Largest Metro Areas



15 Largest Job Markets

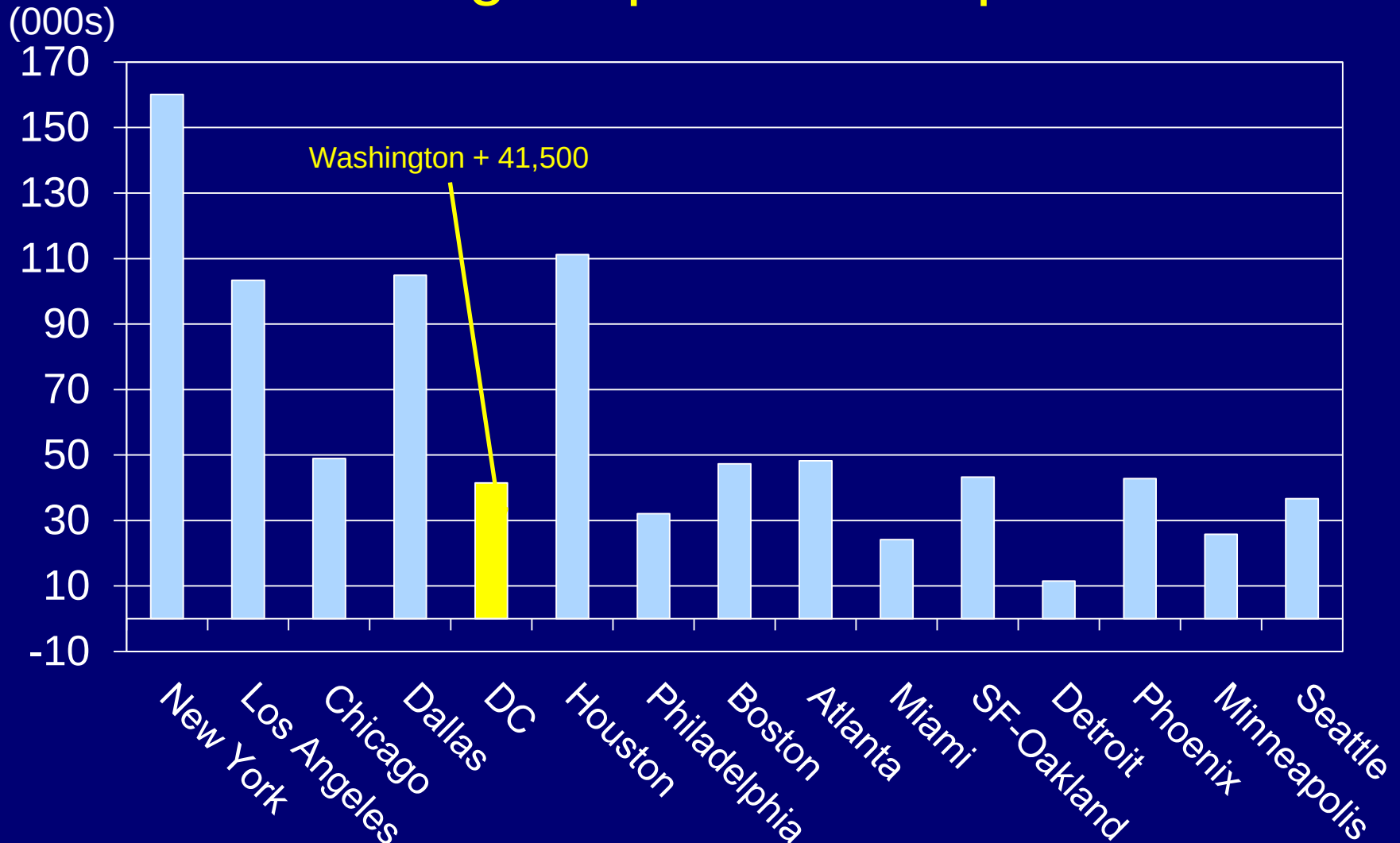
Job Change: 2011 – 2012



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

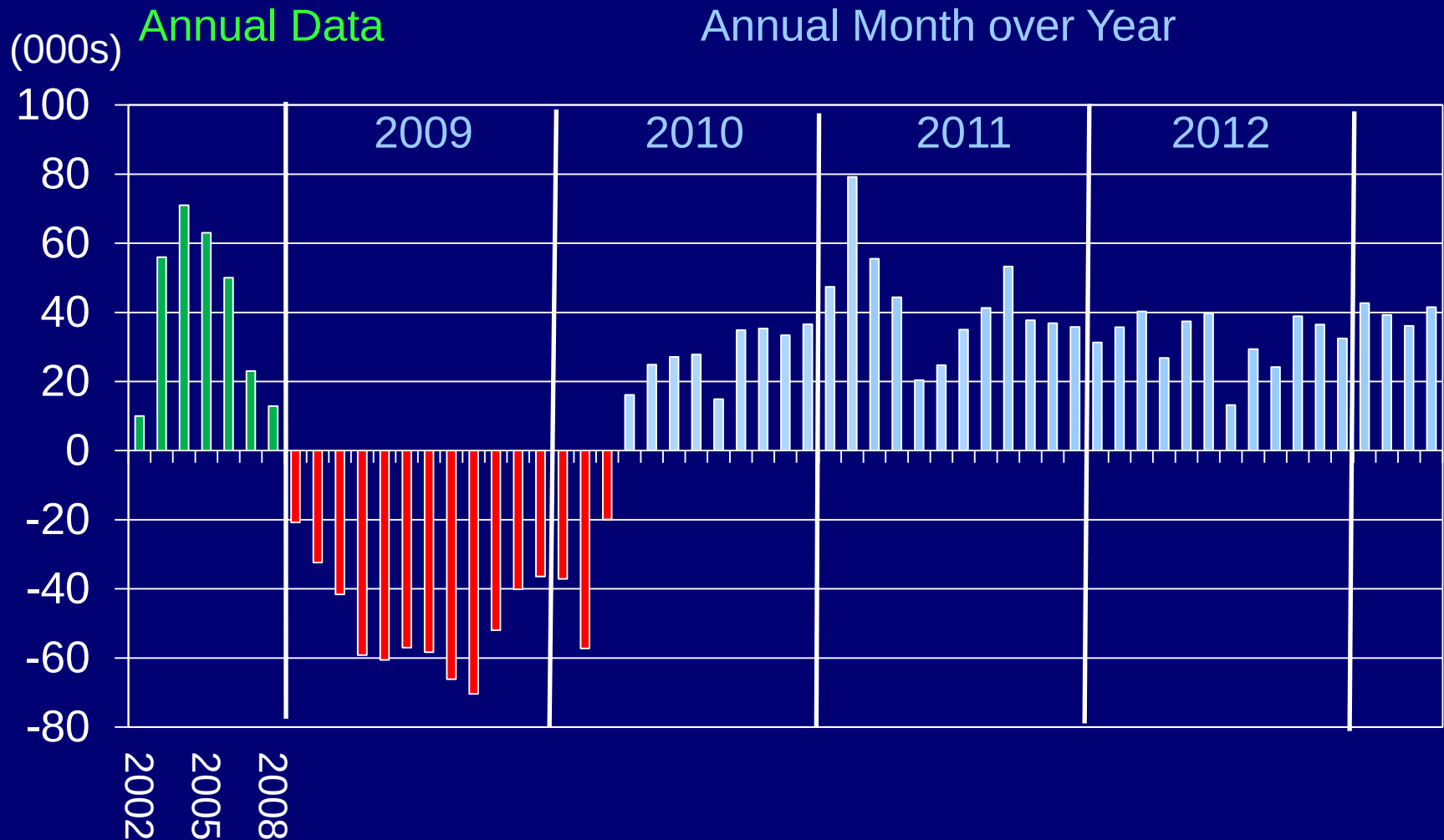
15 Largest Job Markets

Job Change: Apr 2012 – Apr 2013



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change Washington MSA, 2002-2013

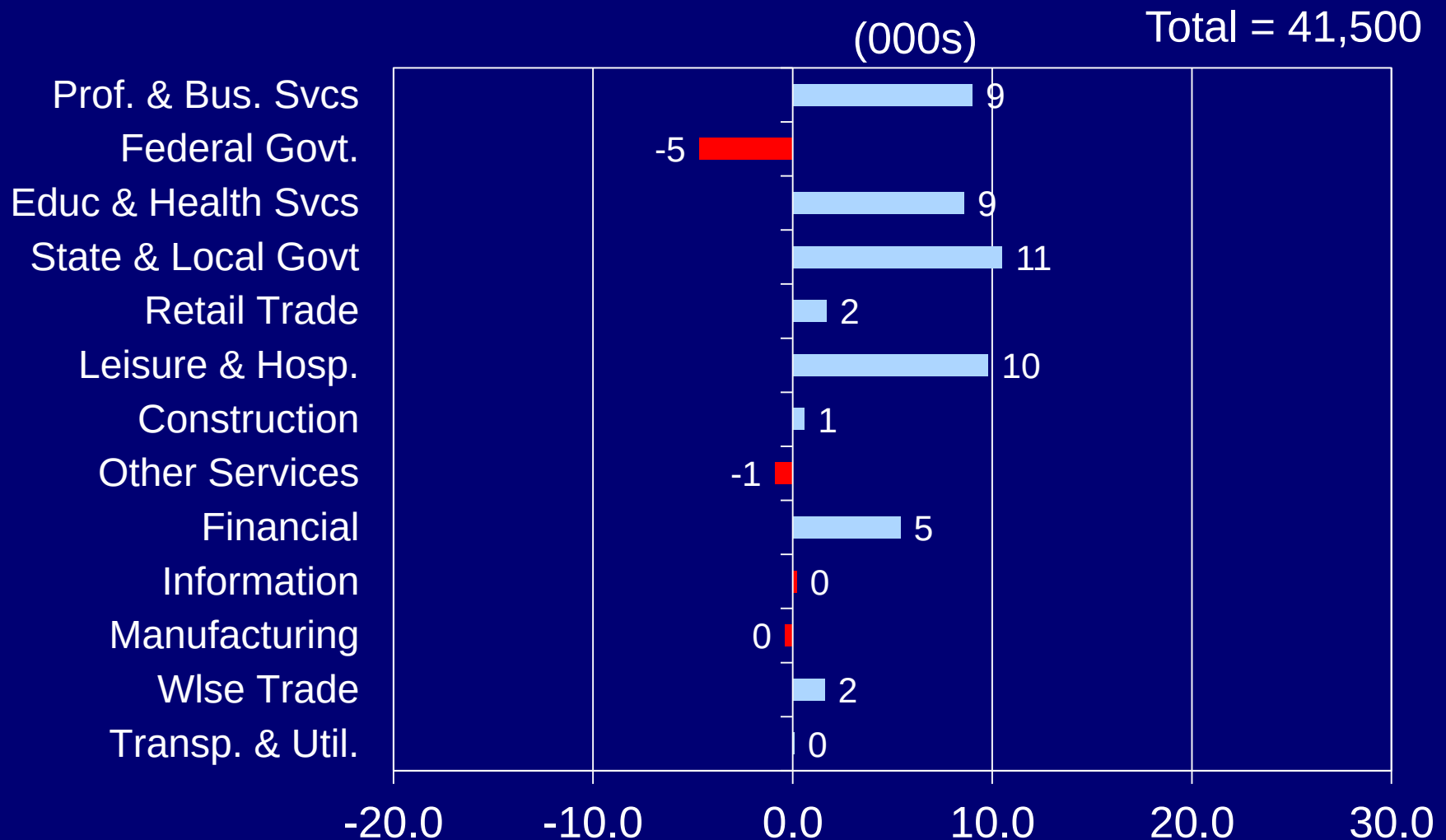


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector

Apr 2012 – Apr 2013

Washington MSA



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector

Mar 2013 – Apr 2013

Washington MSA

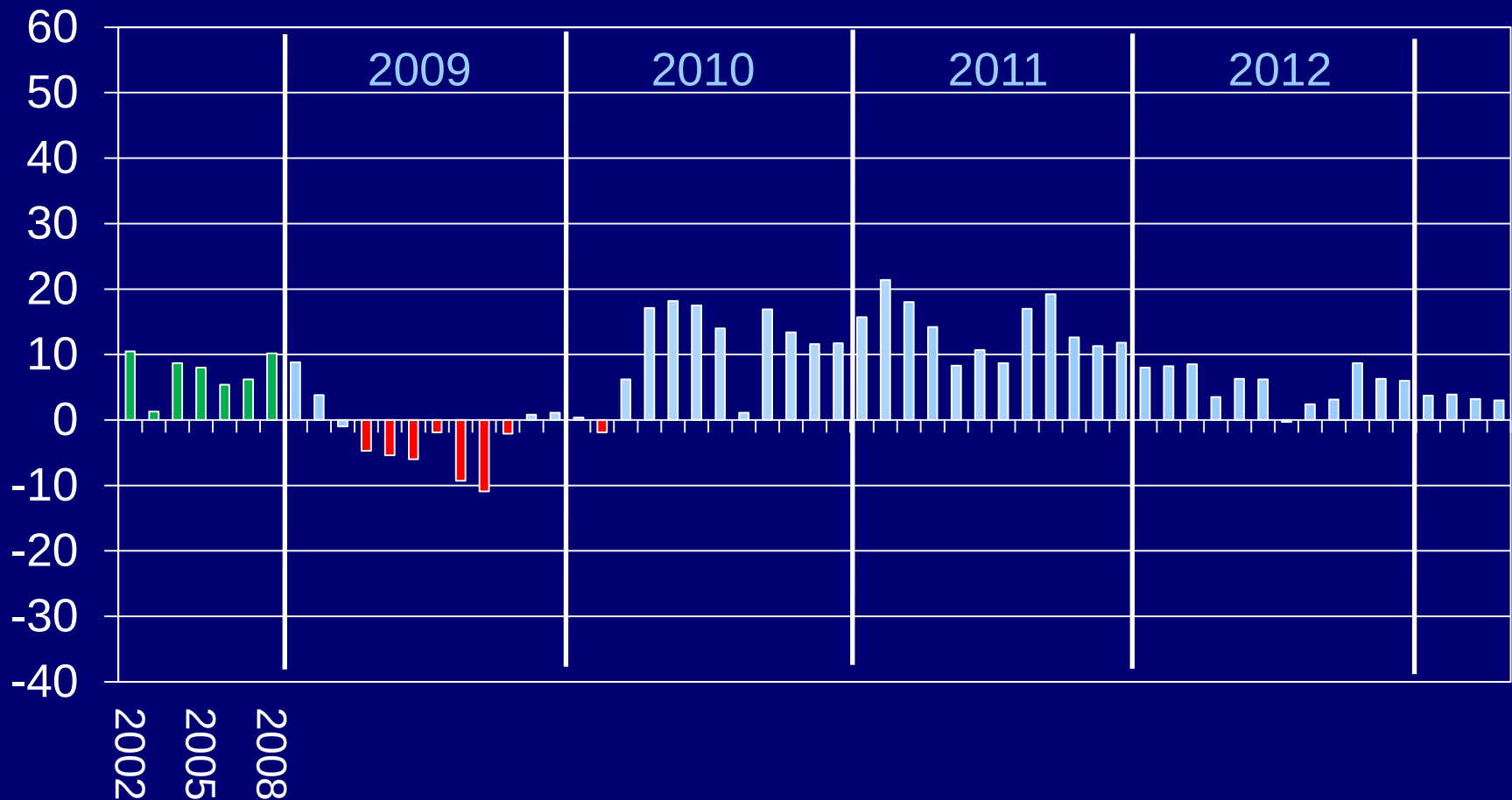


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change District of Columbia, 2002-2013

(000s) Annual Data

Annual Month over Year



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector

Apr 2012 – Apr 2013

District of Columbia

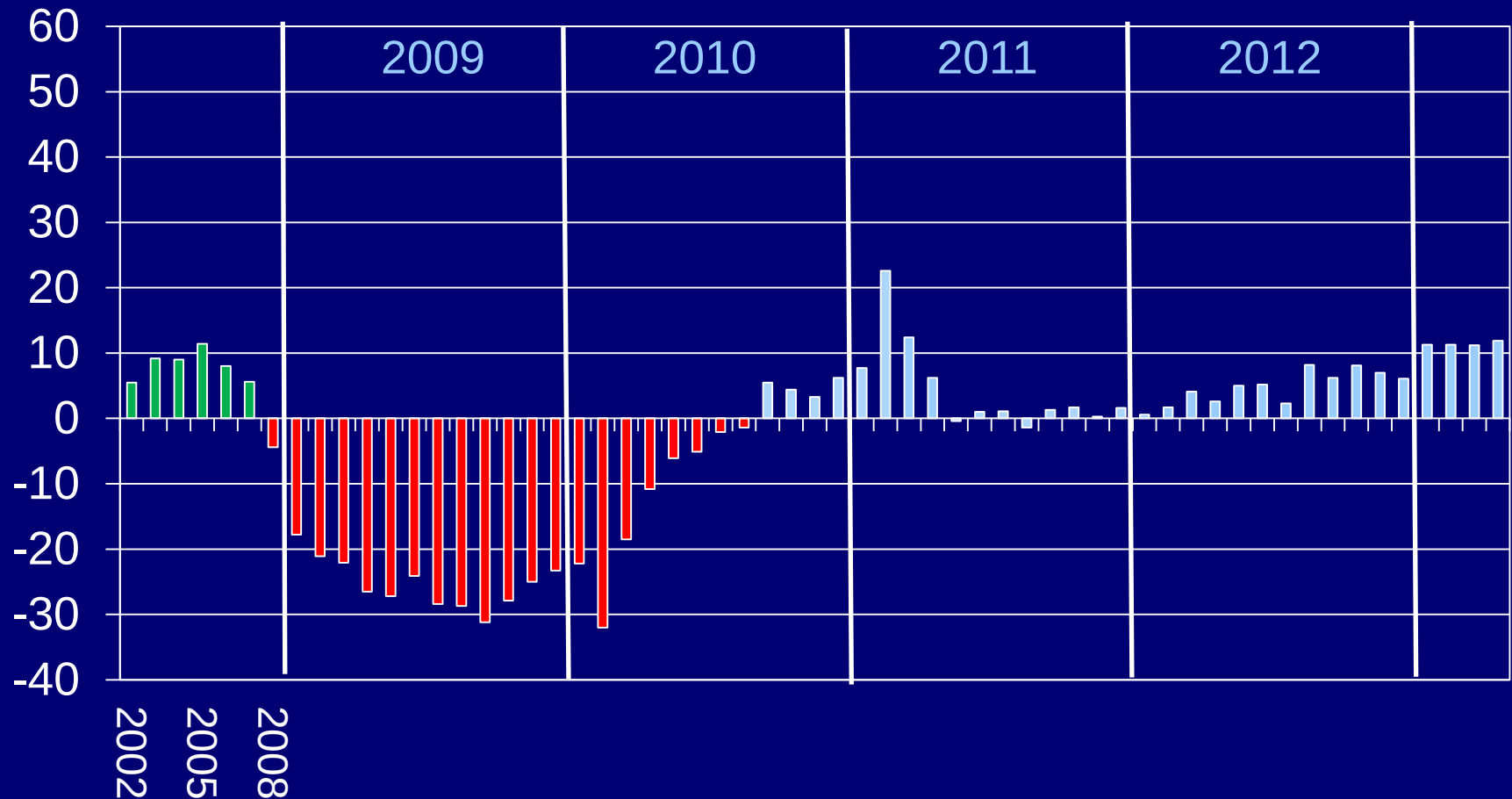


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change Suburban Maryland, 2002-2013

(000s) Annual Data

Annual Month over Year



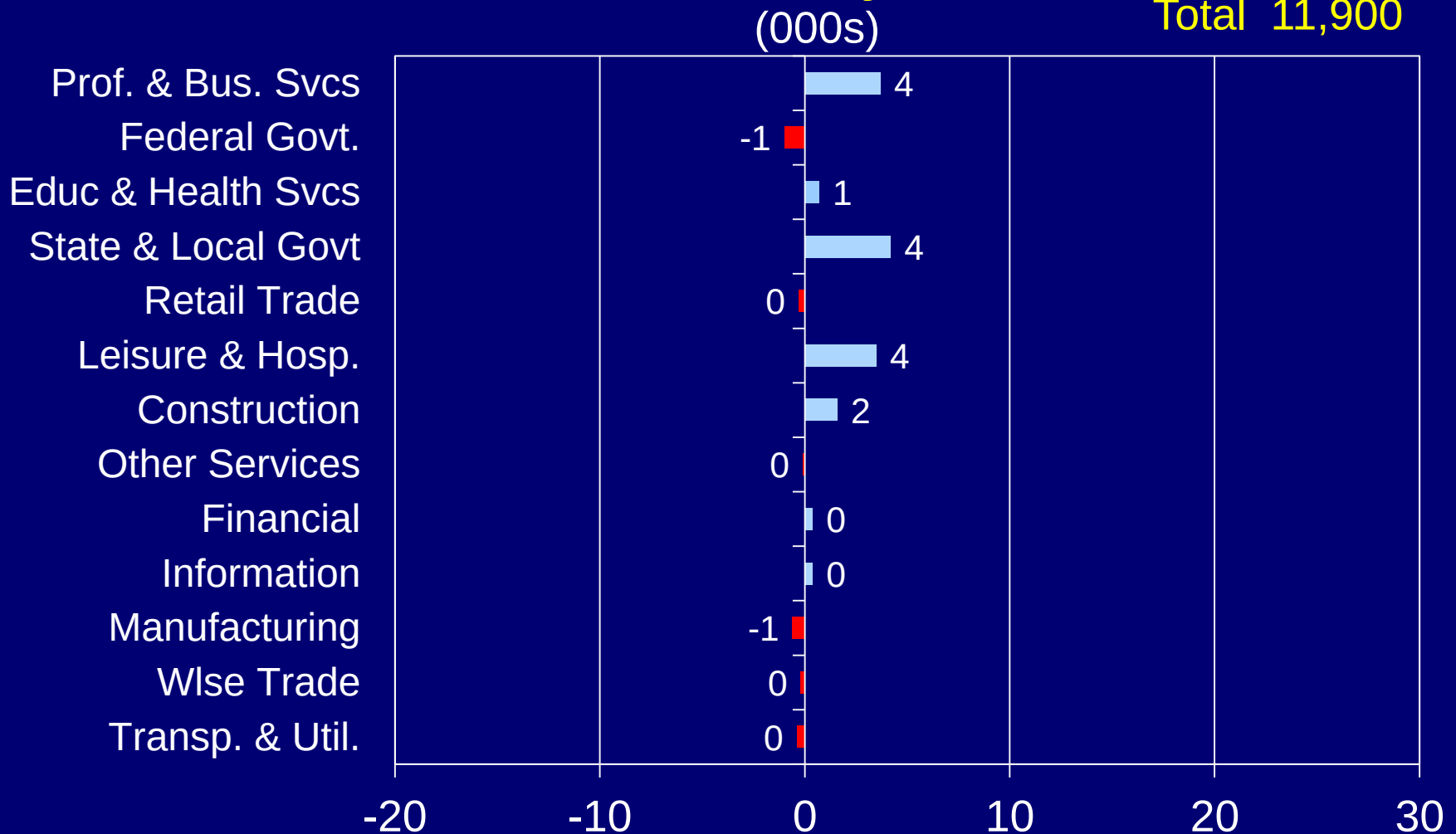
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector

Apr 2012 – Apr 2013

Suburban Maryland

Total 11,900

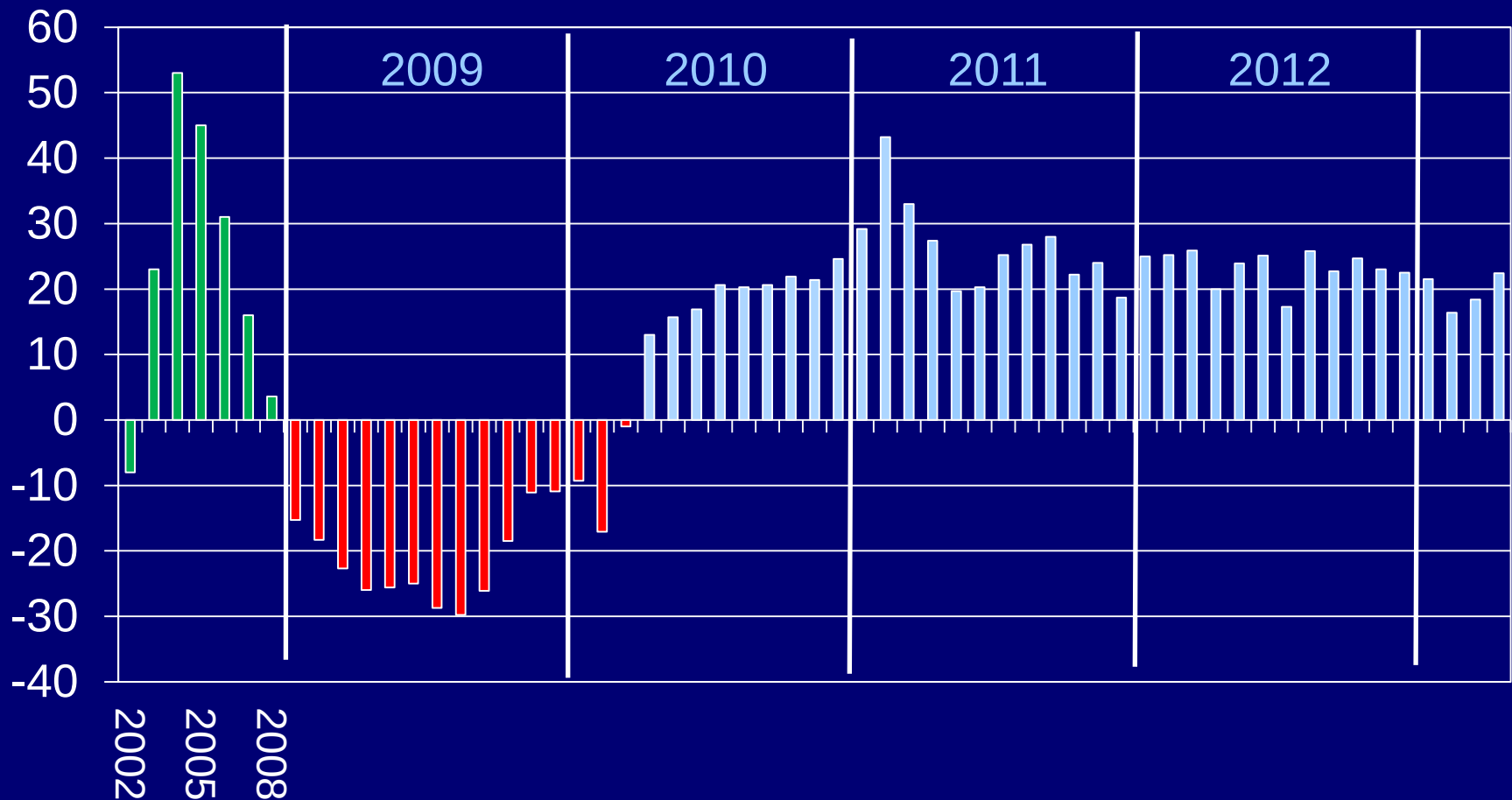


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change Northern Virginia, 2002-2013

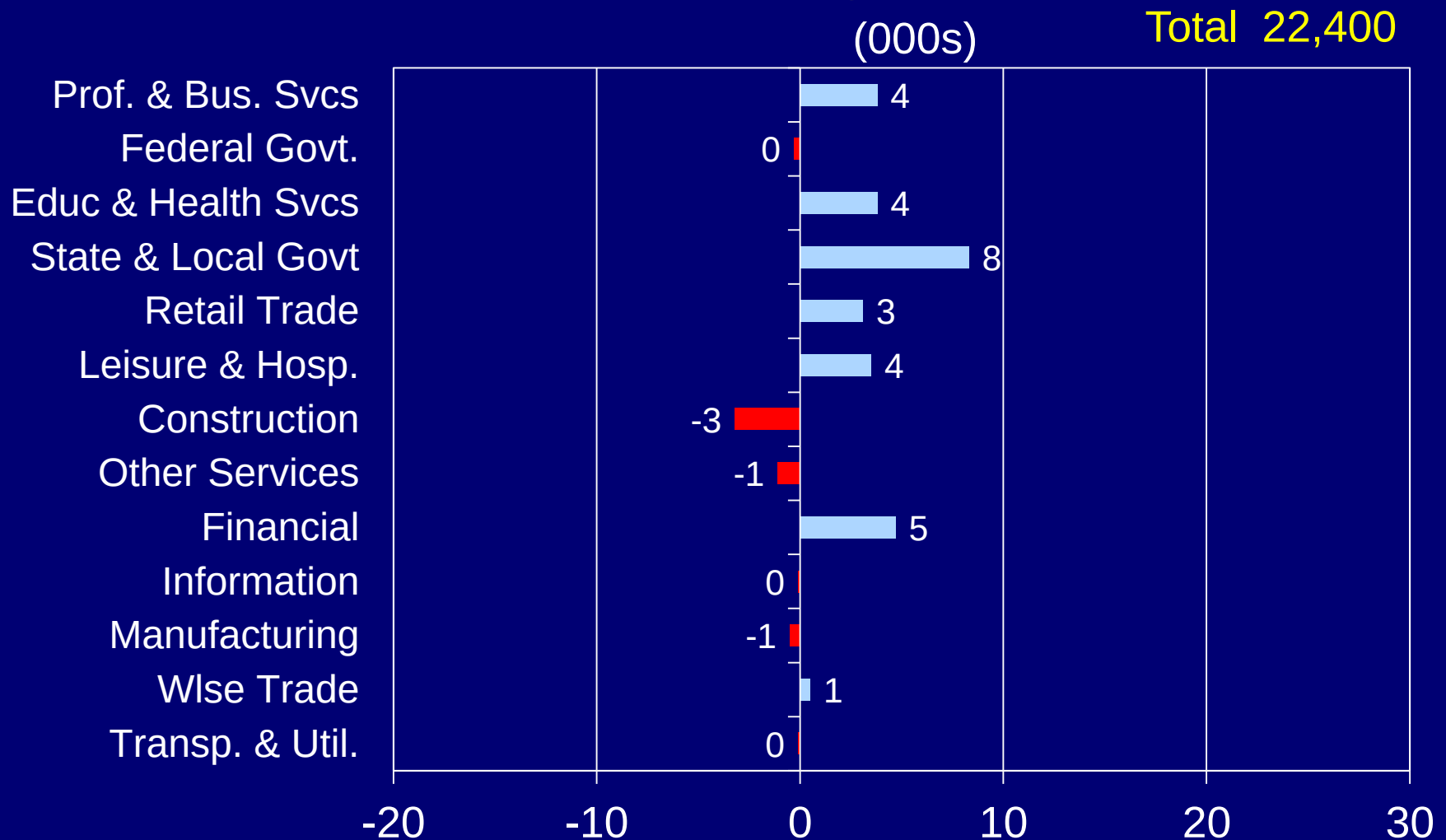
(000s) Annual Data

Annual Month over Year



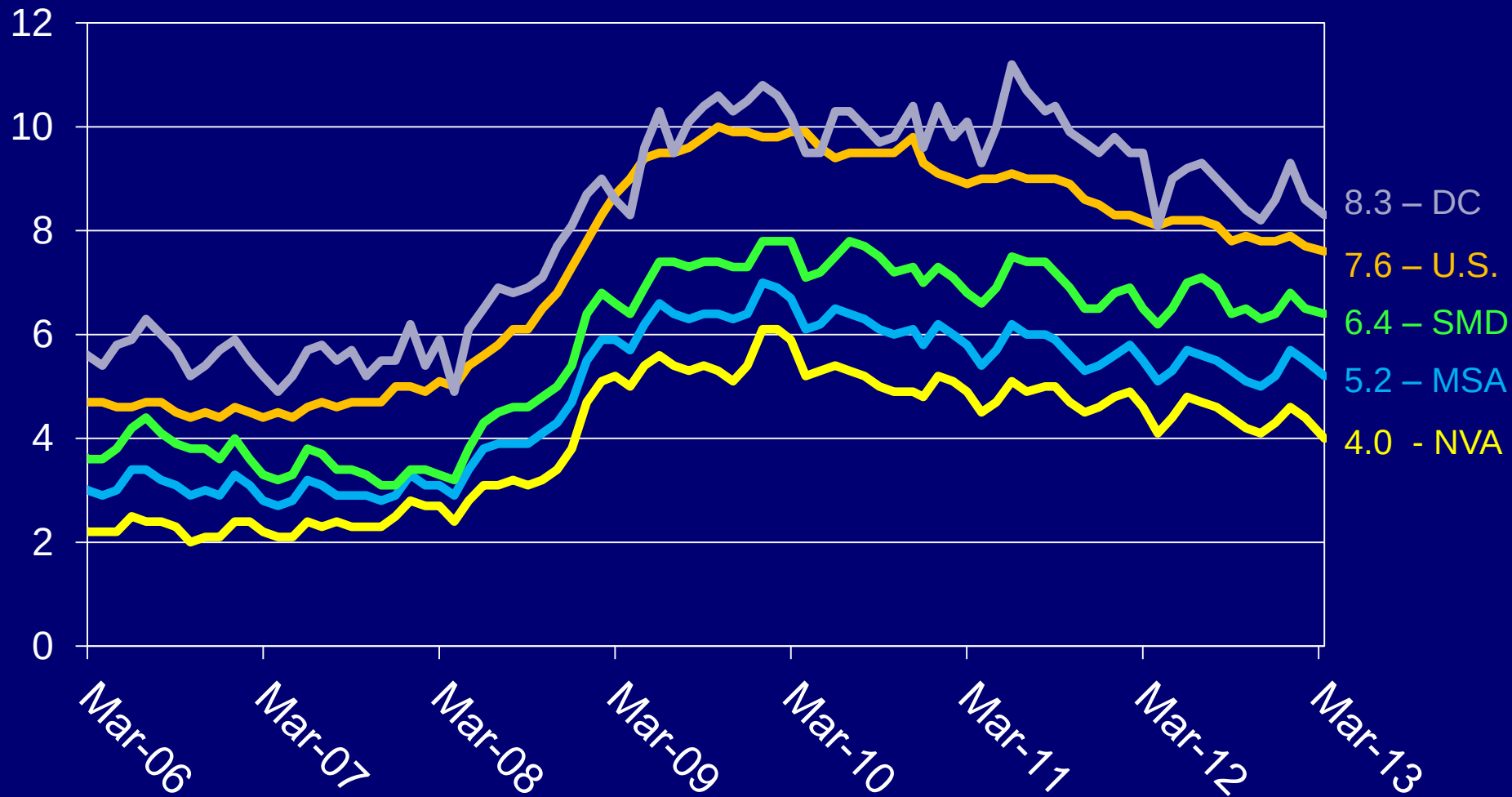
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector Apr 2012 – Apr 2013 Northern Virginia



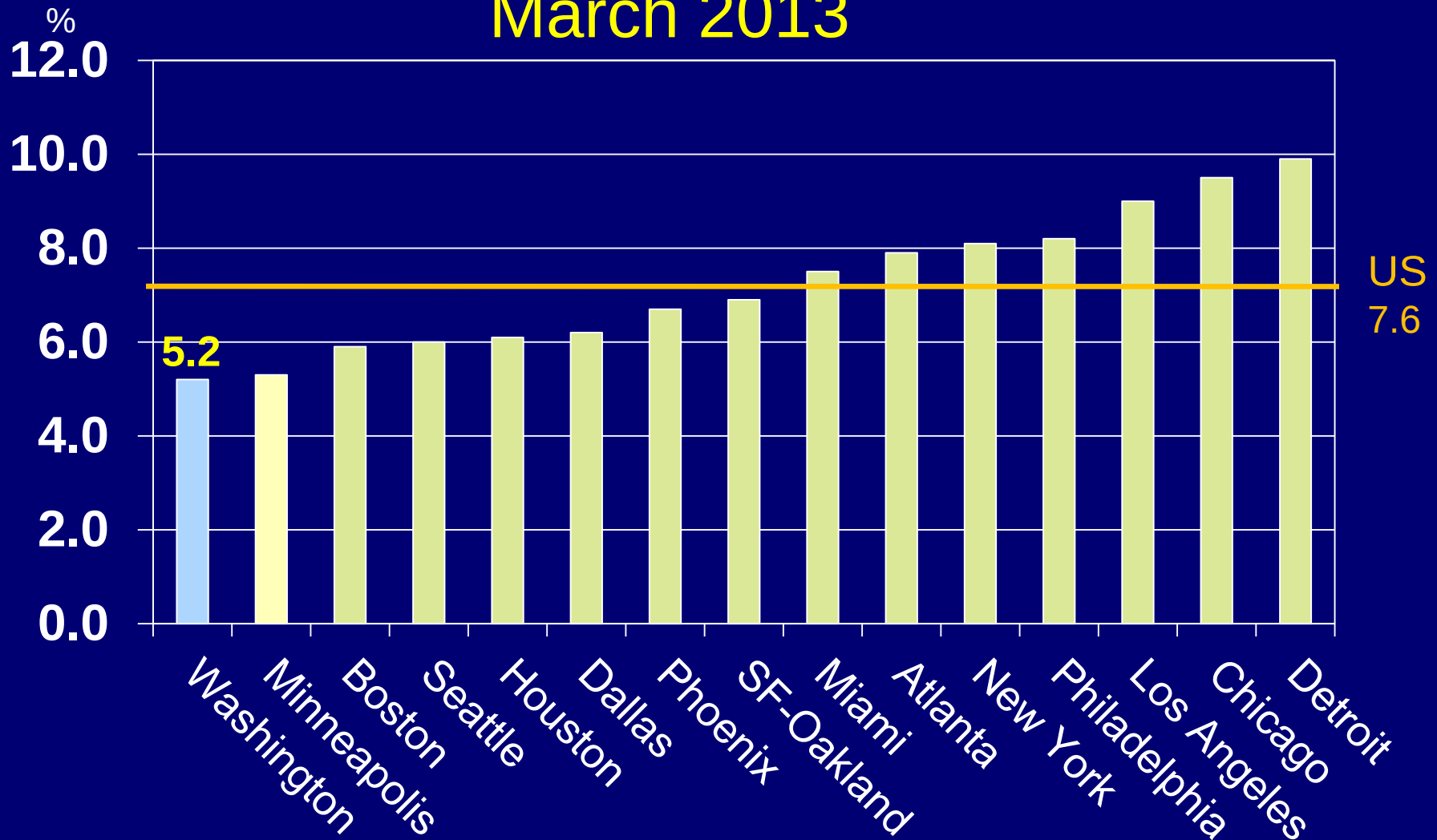
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Unemployment Rates in the WMSA By Sub-State Area, 2006-2013



Source: Bureau of Labor Statistics (Region - Not Seasonally Adjusted, US – Seasonally Adjusted)

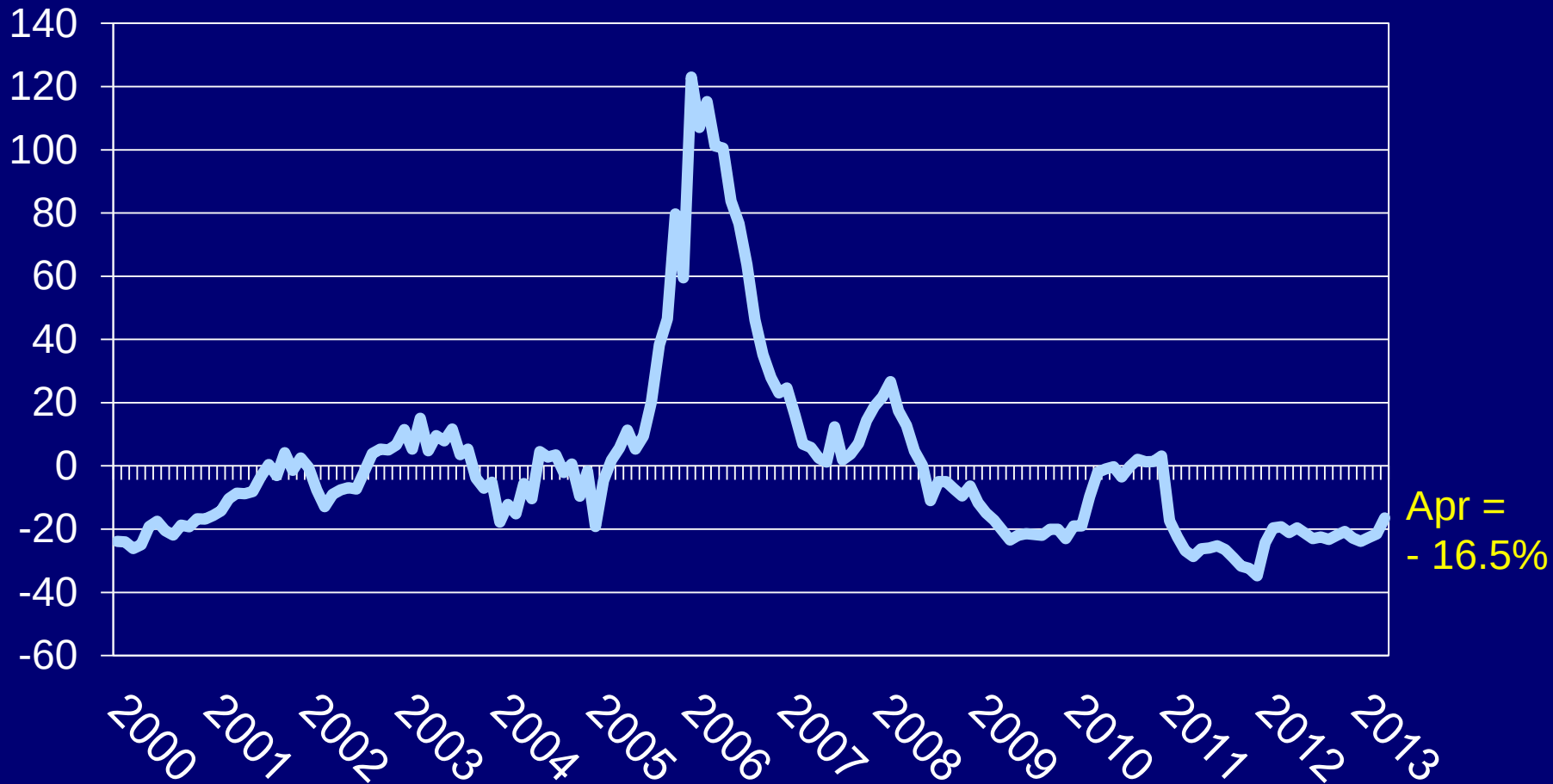
15 Largest Job Markets Ranked by Unemployment Rate March 2013



Source: Bureau of Labor Statistics (Region - Not Seasonally Adjusted, US – Seasonally Adjusted)

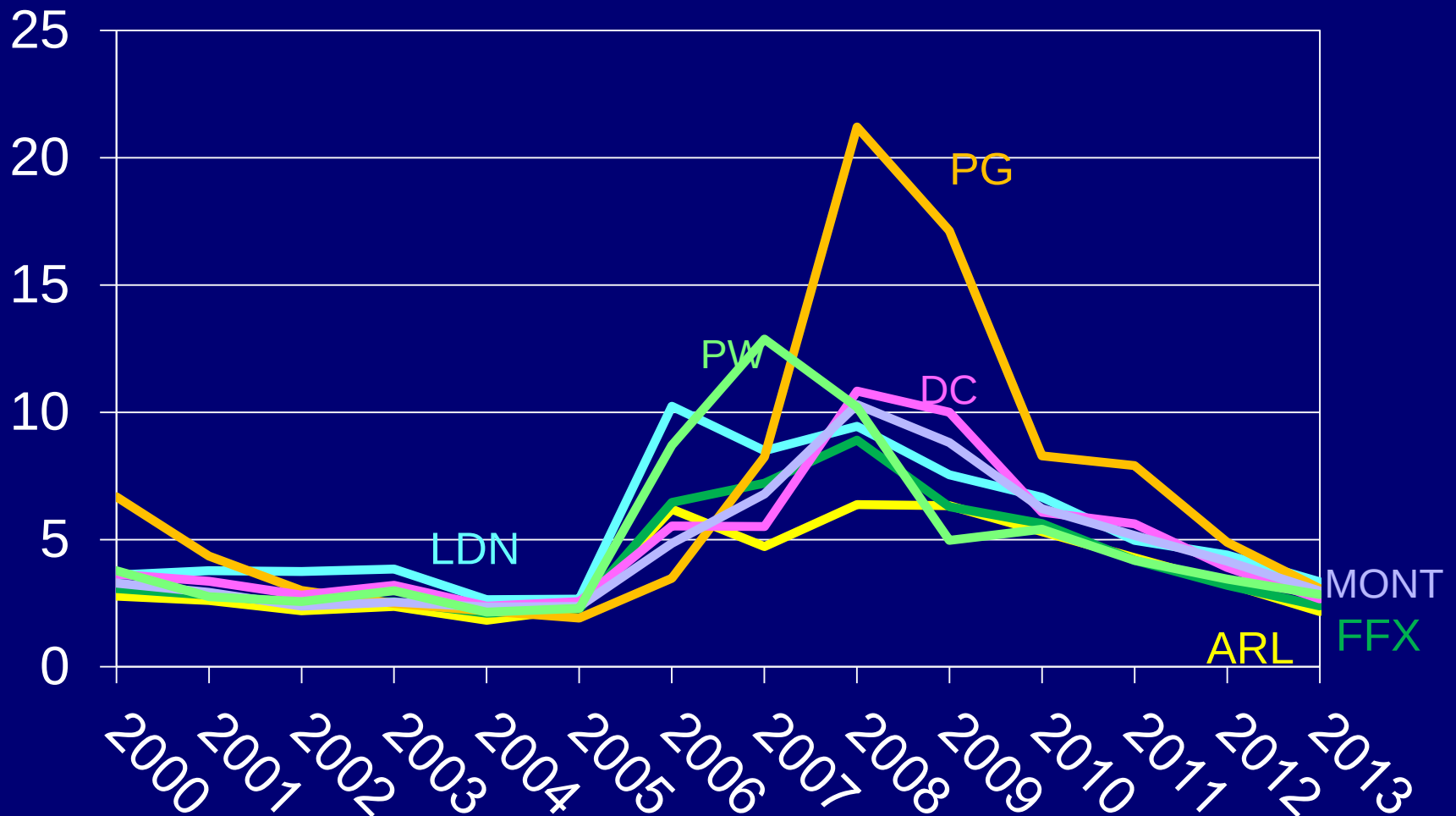
Housing Market Trends in the Washington Area

Percent Change in Inventories of Existing Homes Month-Over-Year 2000 – 2013, MSA



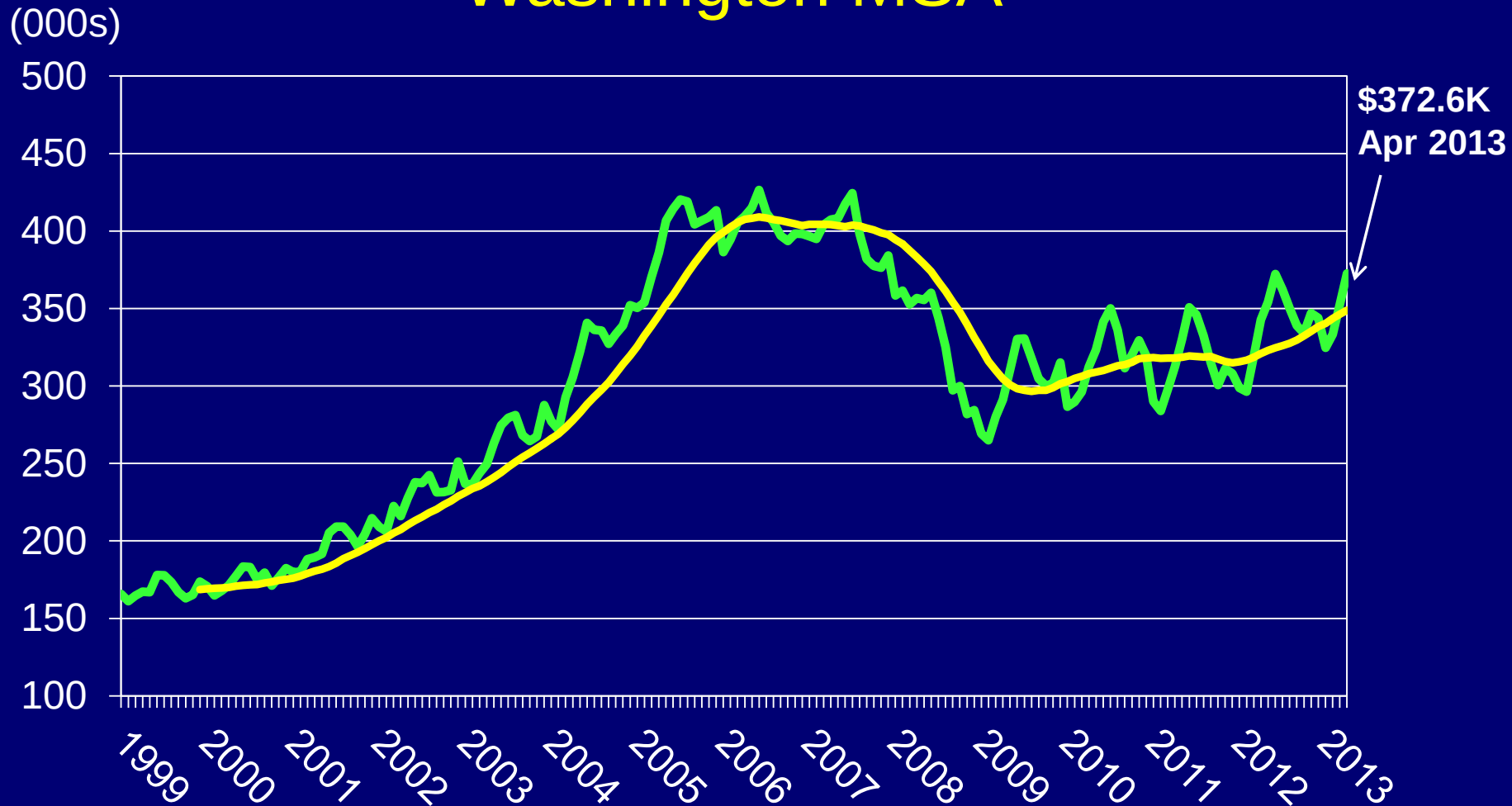
Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis. Total monthly inventory includes listings active at the end of the month plus sales during the month.

Total Listings Per Sale April Each Year

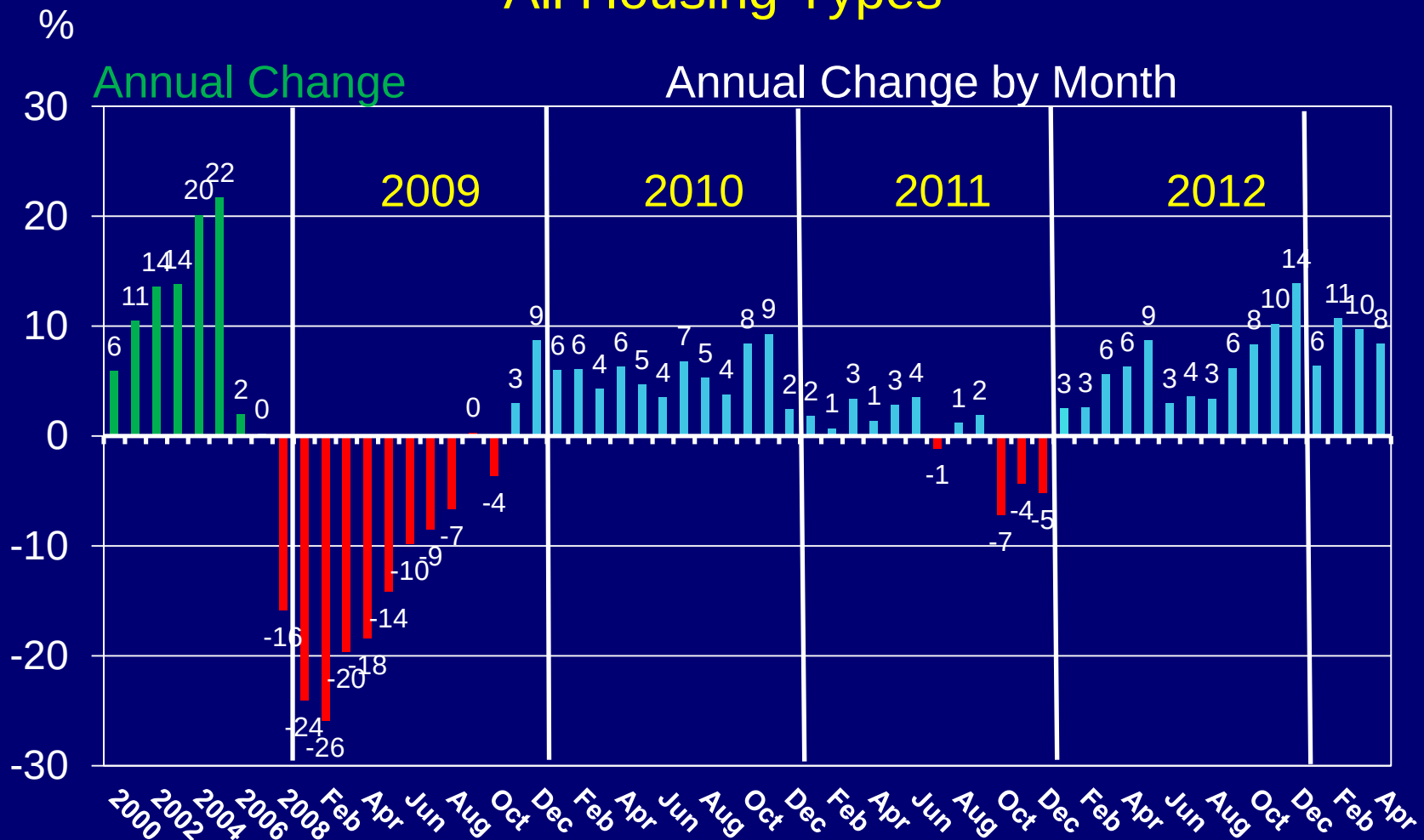


Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis

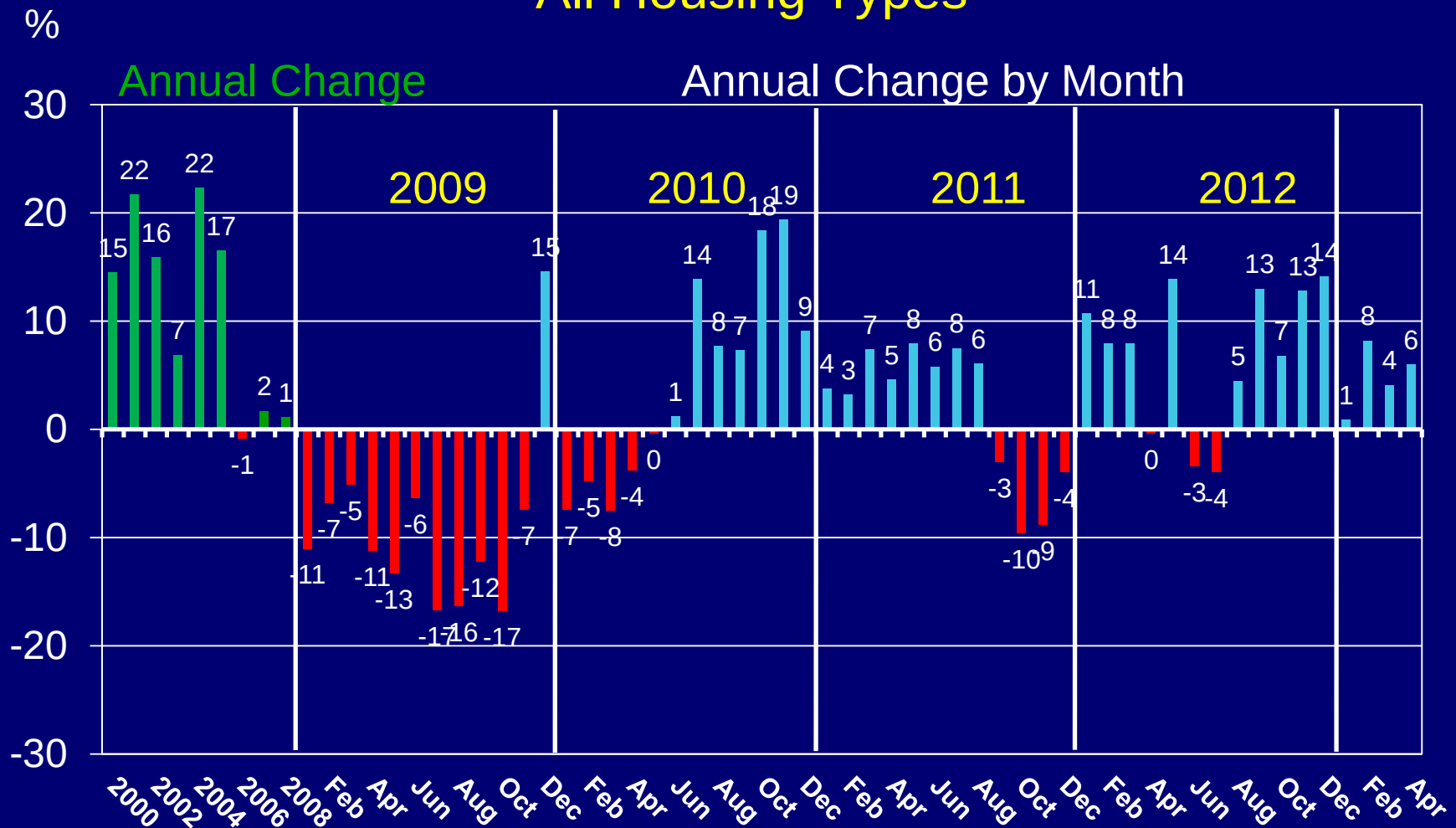
Median House Sales Price Washington MSA



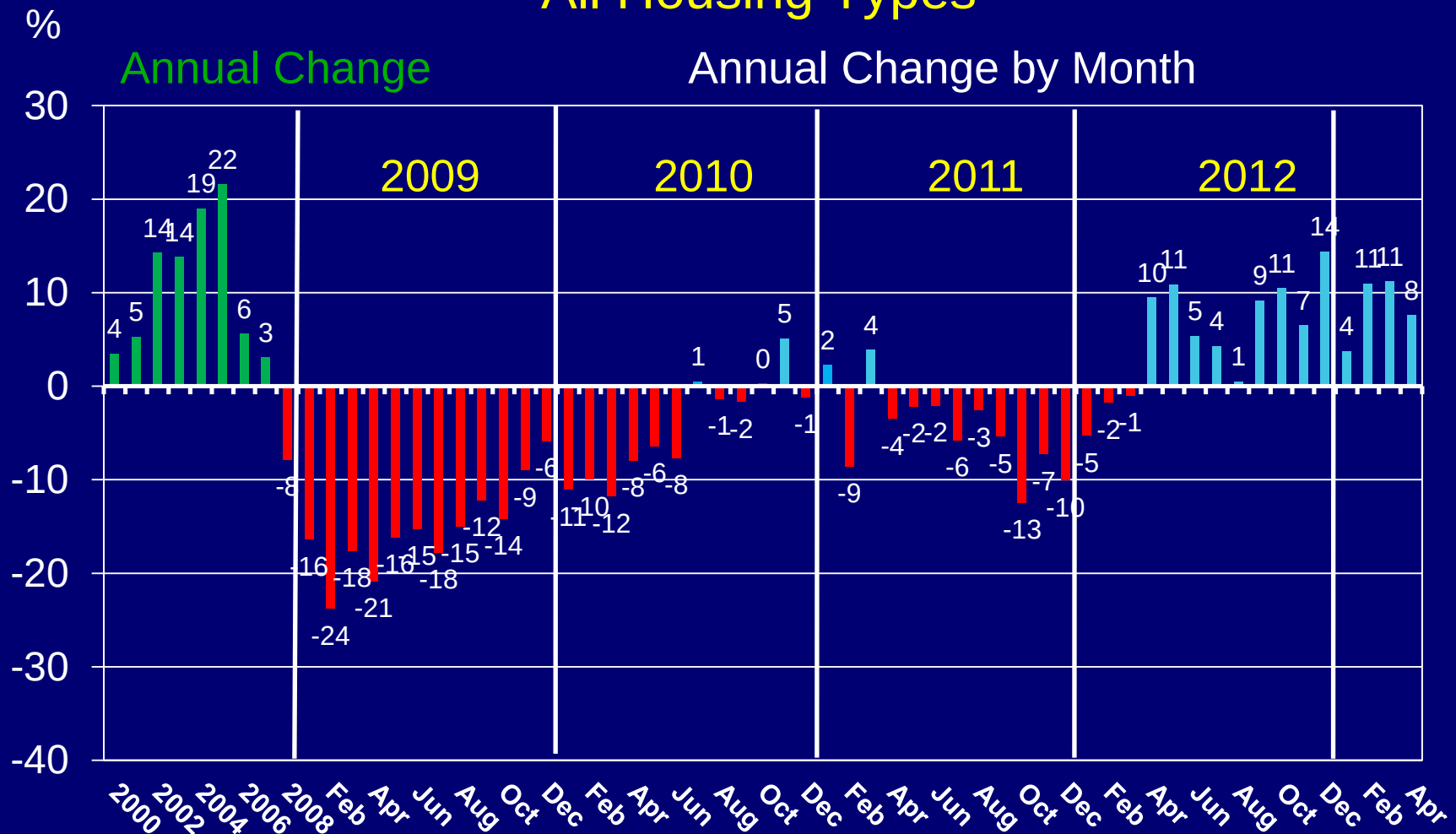
Average Sales Price Percent Change Washington MSA All Housing Types



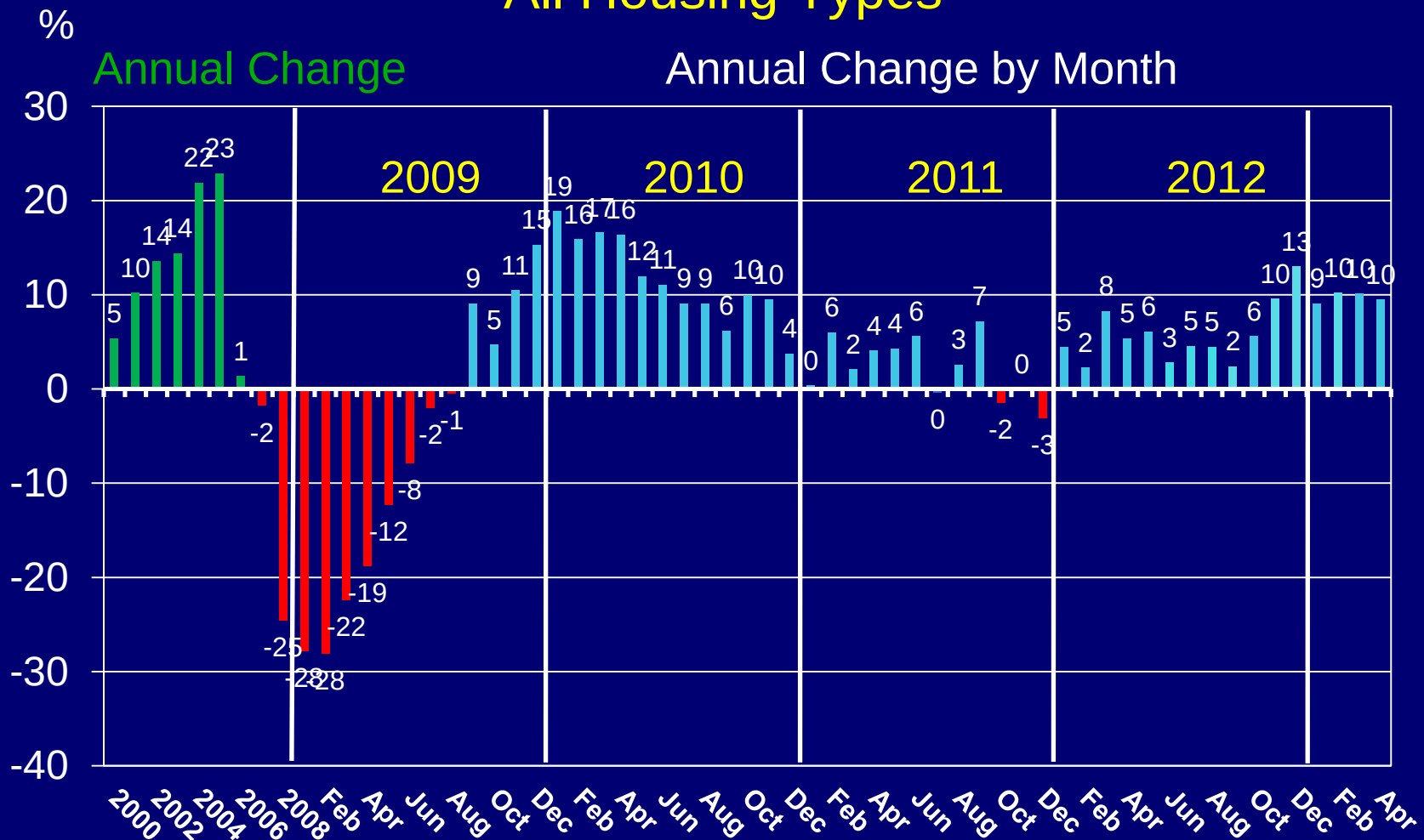
Average Sales Price Percent Change District of Columbia All Housing Types



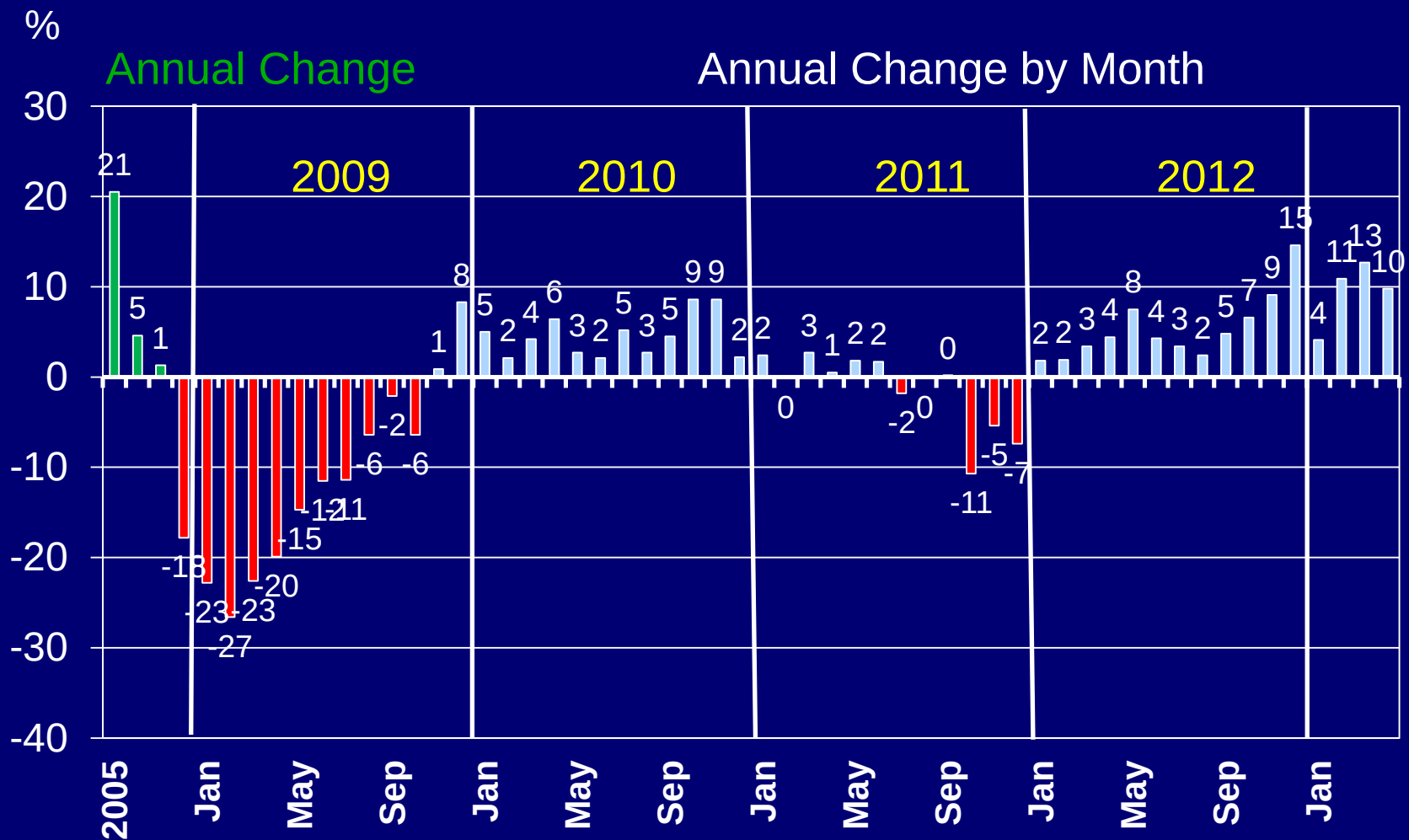
Average Sales Price Percent Change Suburban Maryland All Housing Types



Average Sales Price Percent Change Northern Virginia All Housing Types

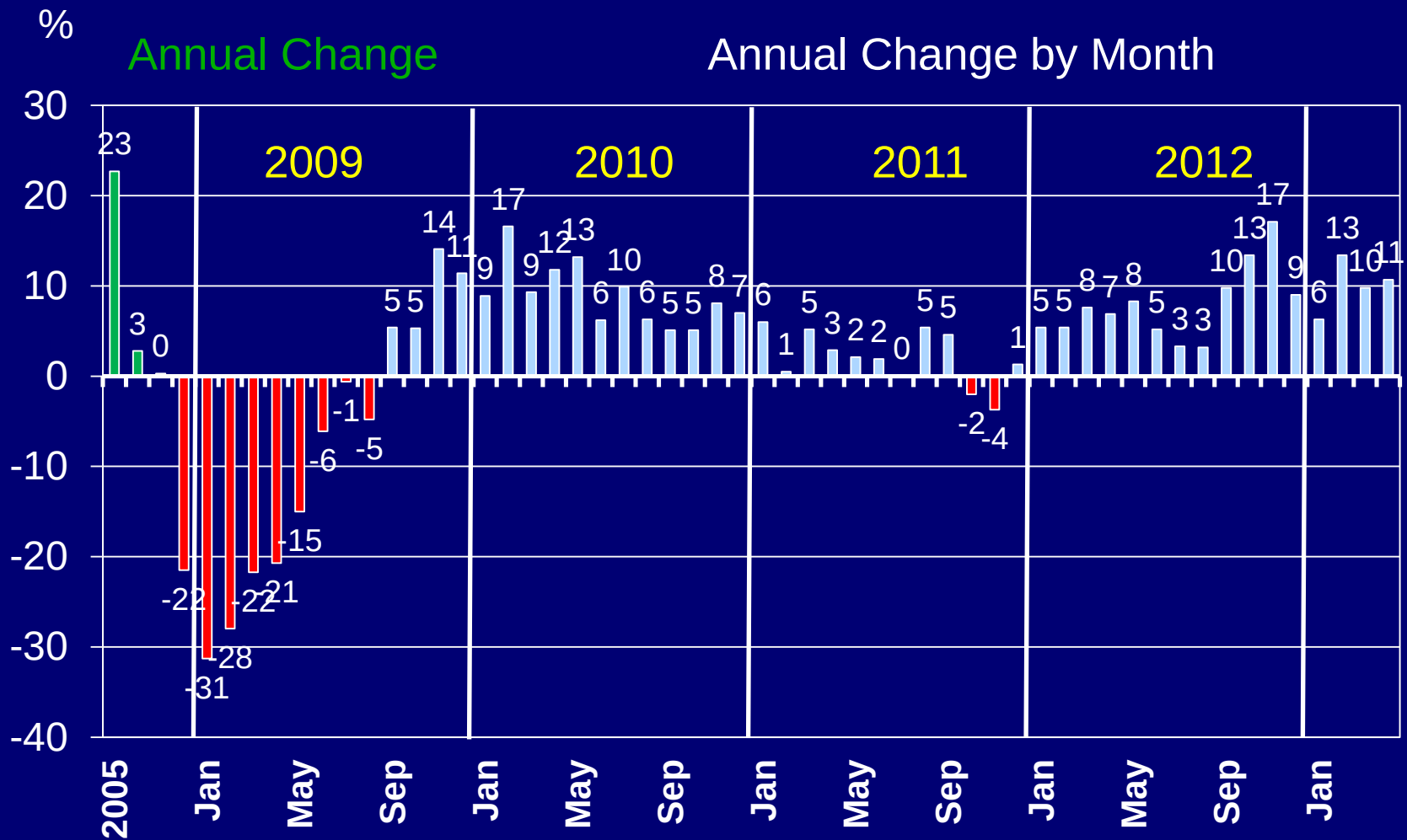


Average Sales Price Percent Change Metro Area – Single Family Detached



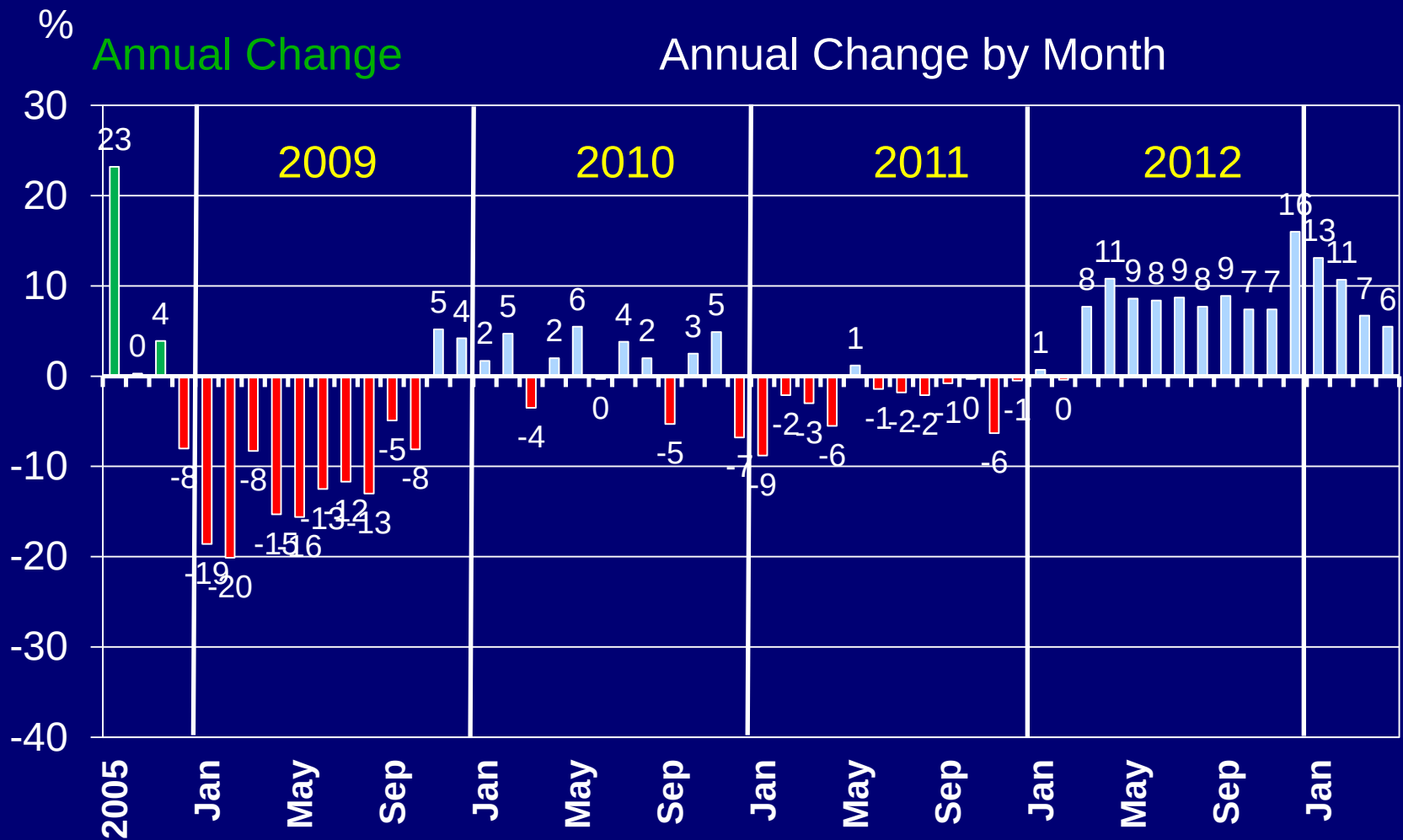
Apr % Δ: DC = +4.9, SM = +8.1, NV = +11.2

Average Sales Price Percent Change Metro Area – Single Family Attached



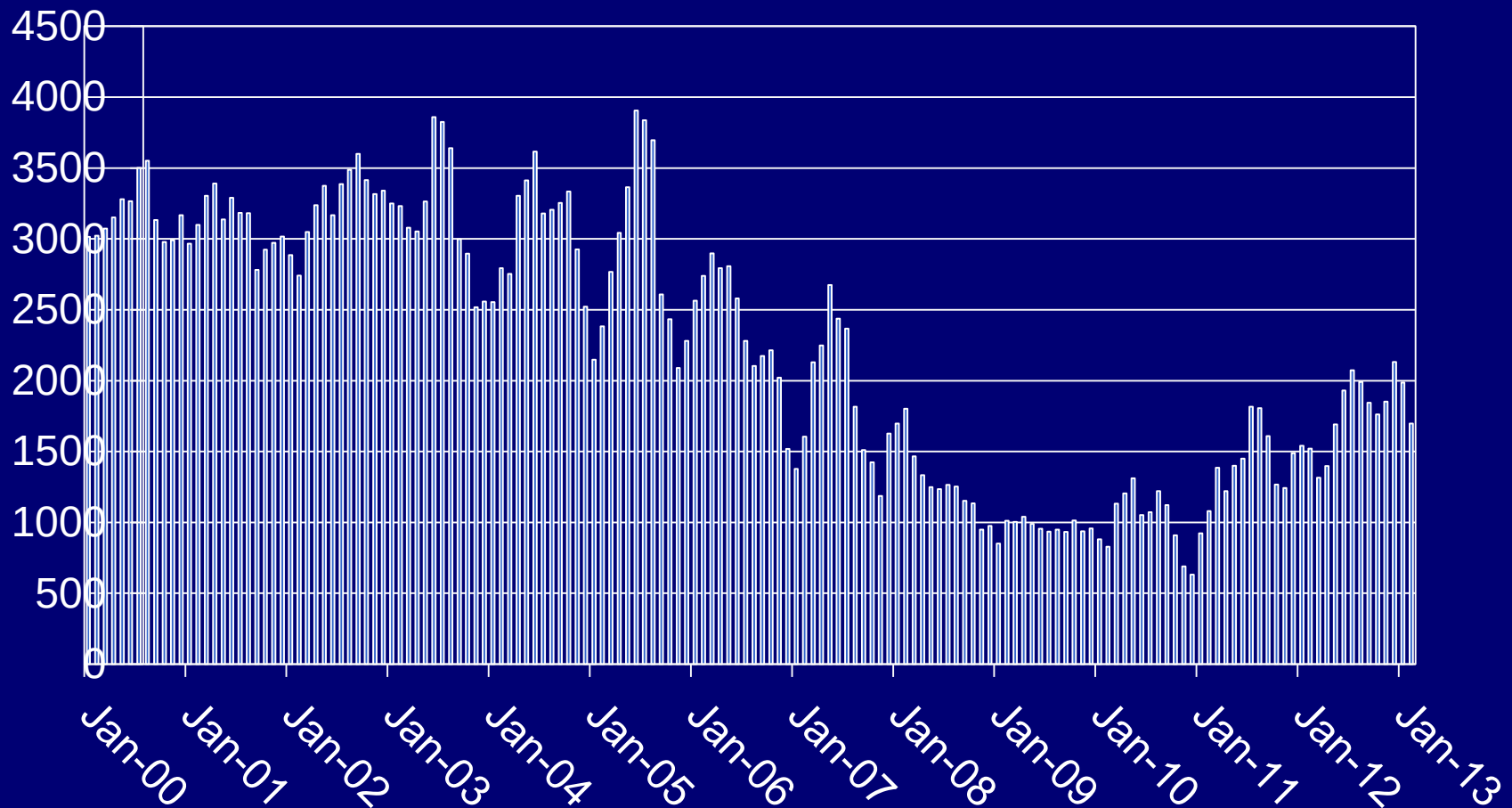
Apr %Δ: DC = +10.7, SM = +18.2, NV = +10.0

Average Sales Price Percent Change Metro Area – Condos



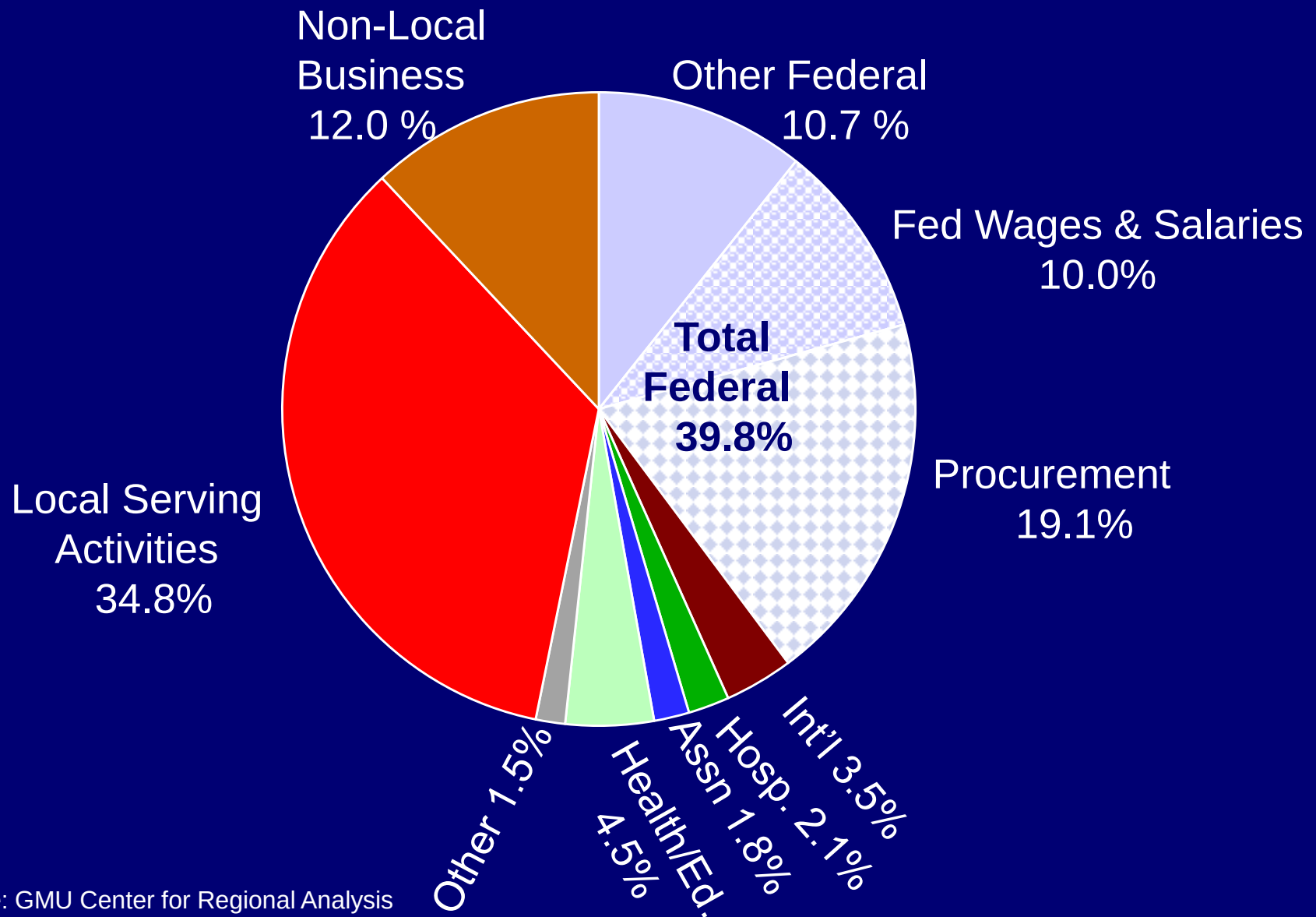
Mar % Δ : DC = +6.4, SM = +2.9, NV = +12.6

Washington MSA Building Permits 2000 – 2013, 3-Month Mvg Avg

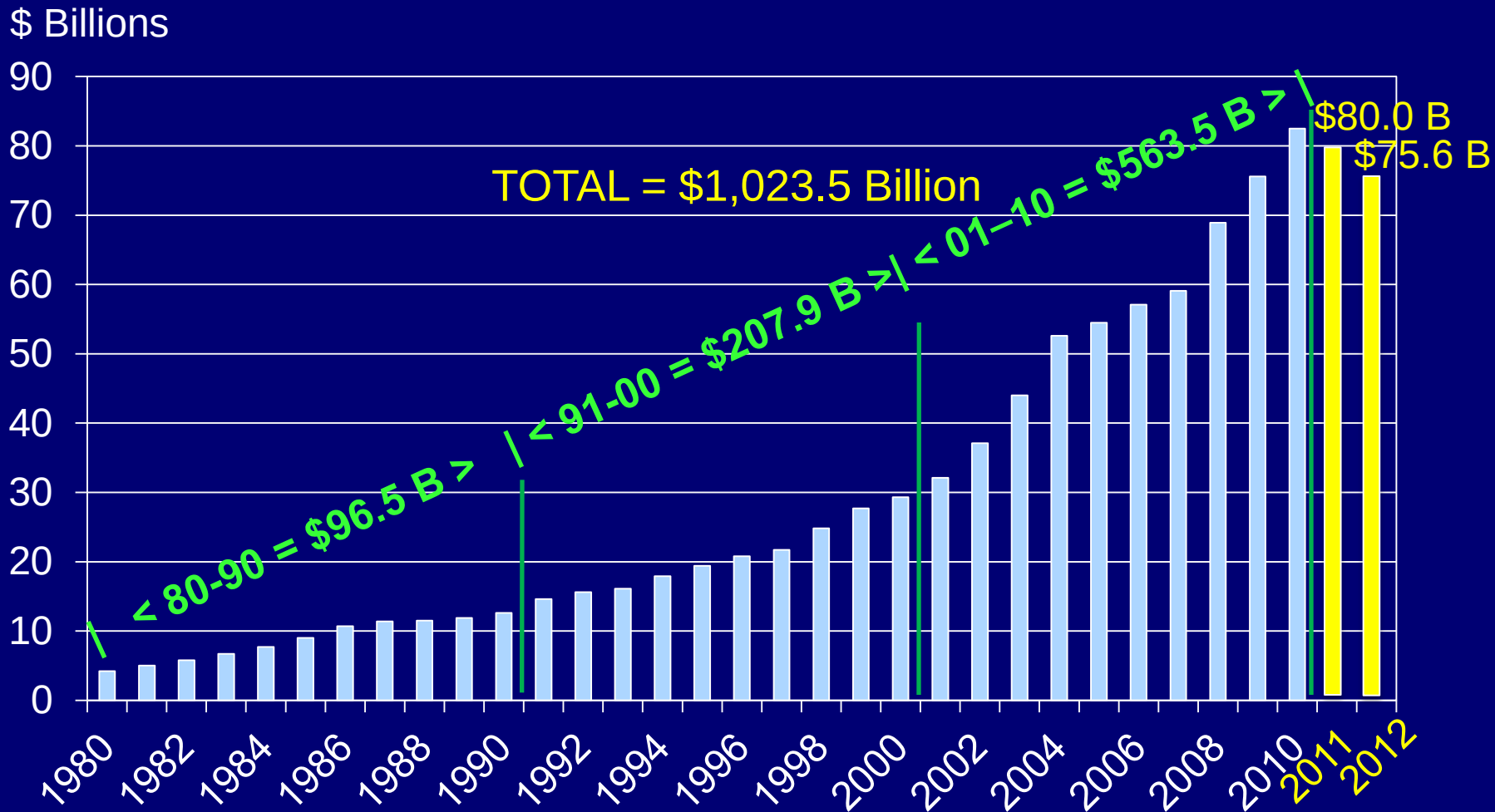


Federal Spending Trends in the Washington Area

2010 Structure of the Greater Washington Economy



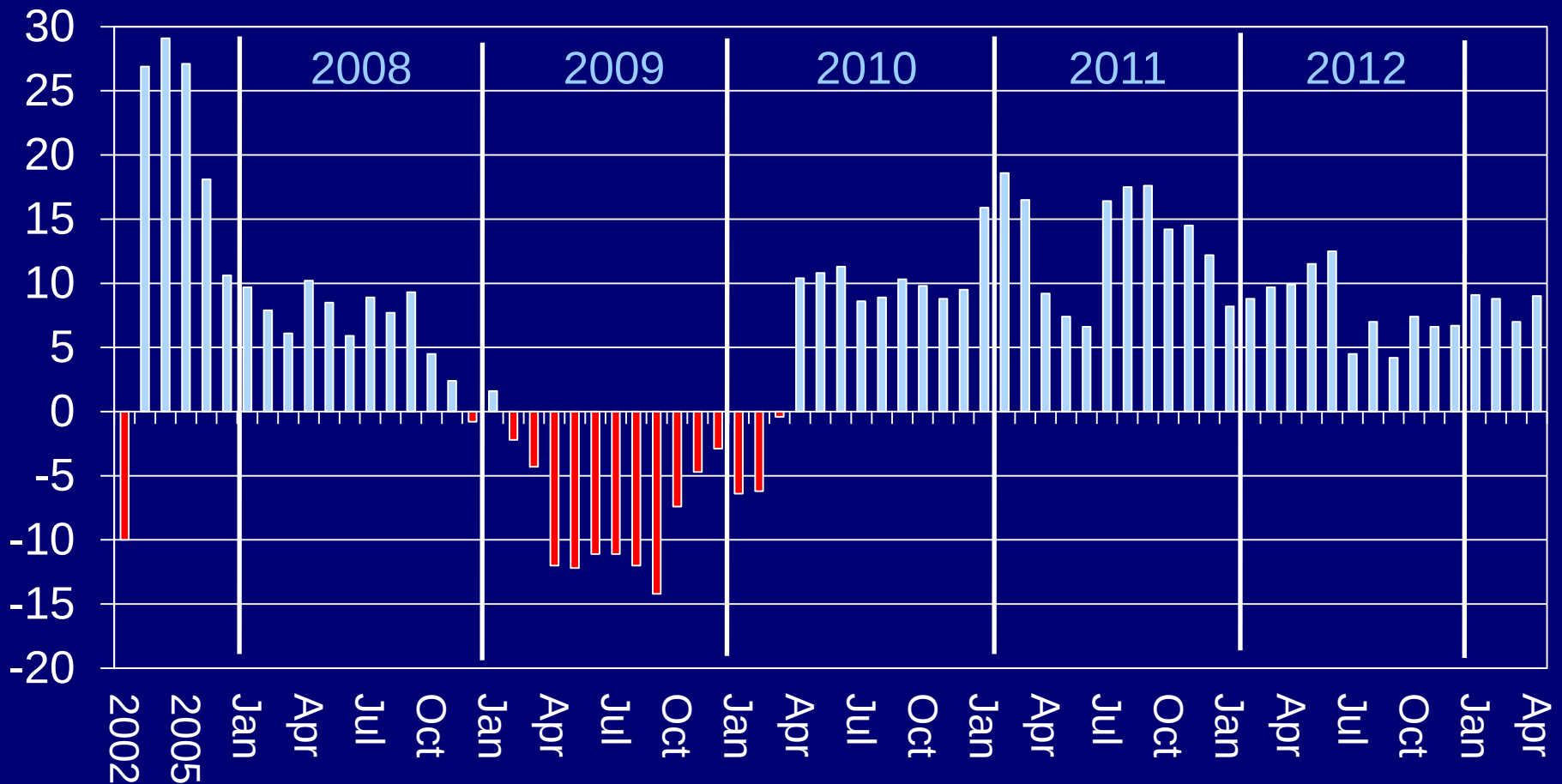
Federal Procurement in the Washington Metro Area, 1980-2012



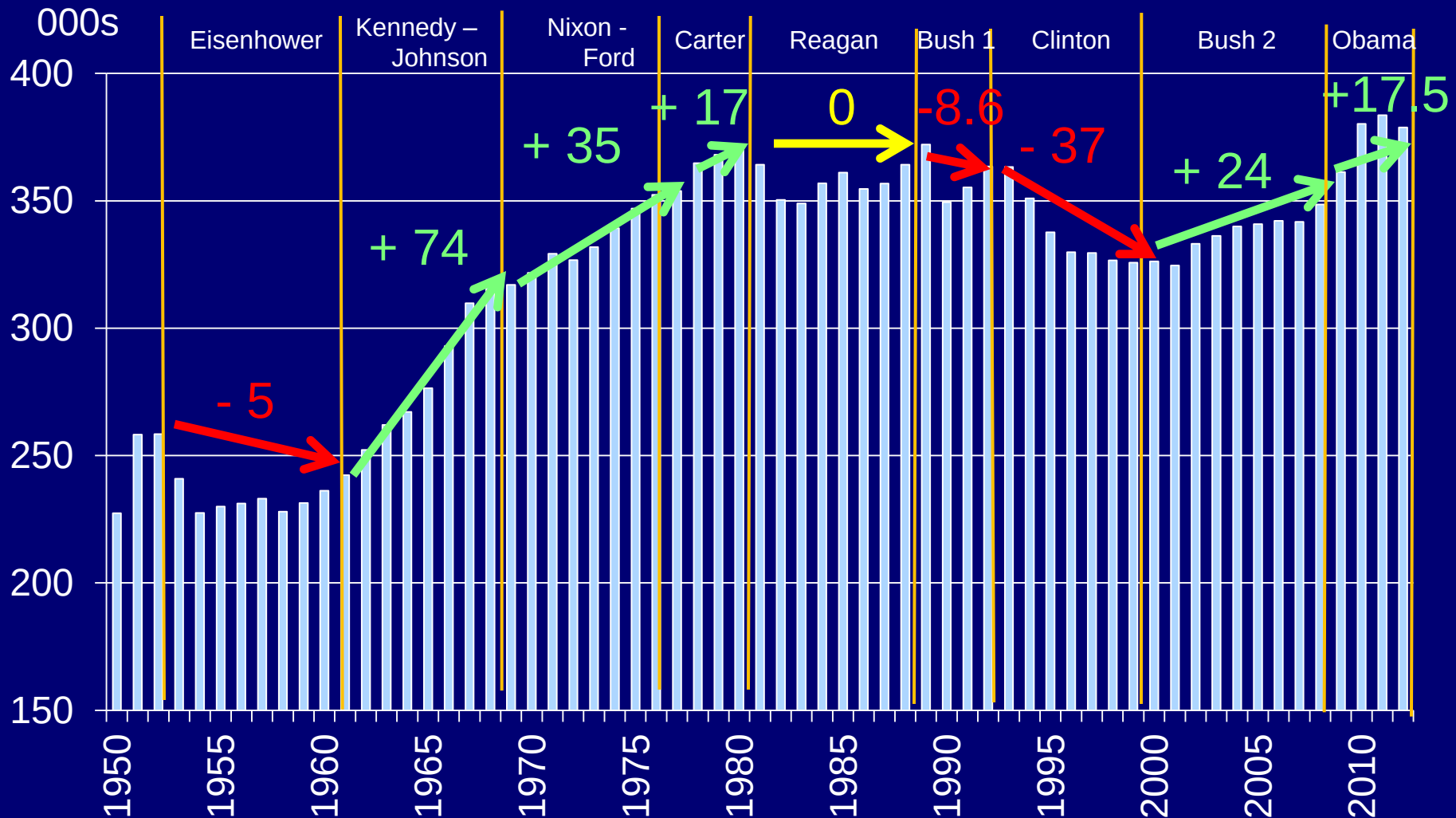
Professional & Business Services Washington MSA

(000s) Annual Data

Annual Month over Year



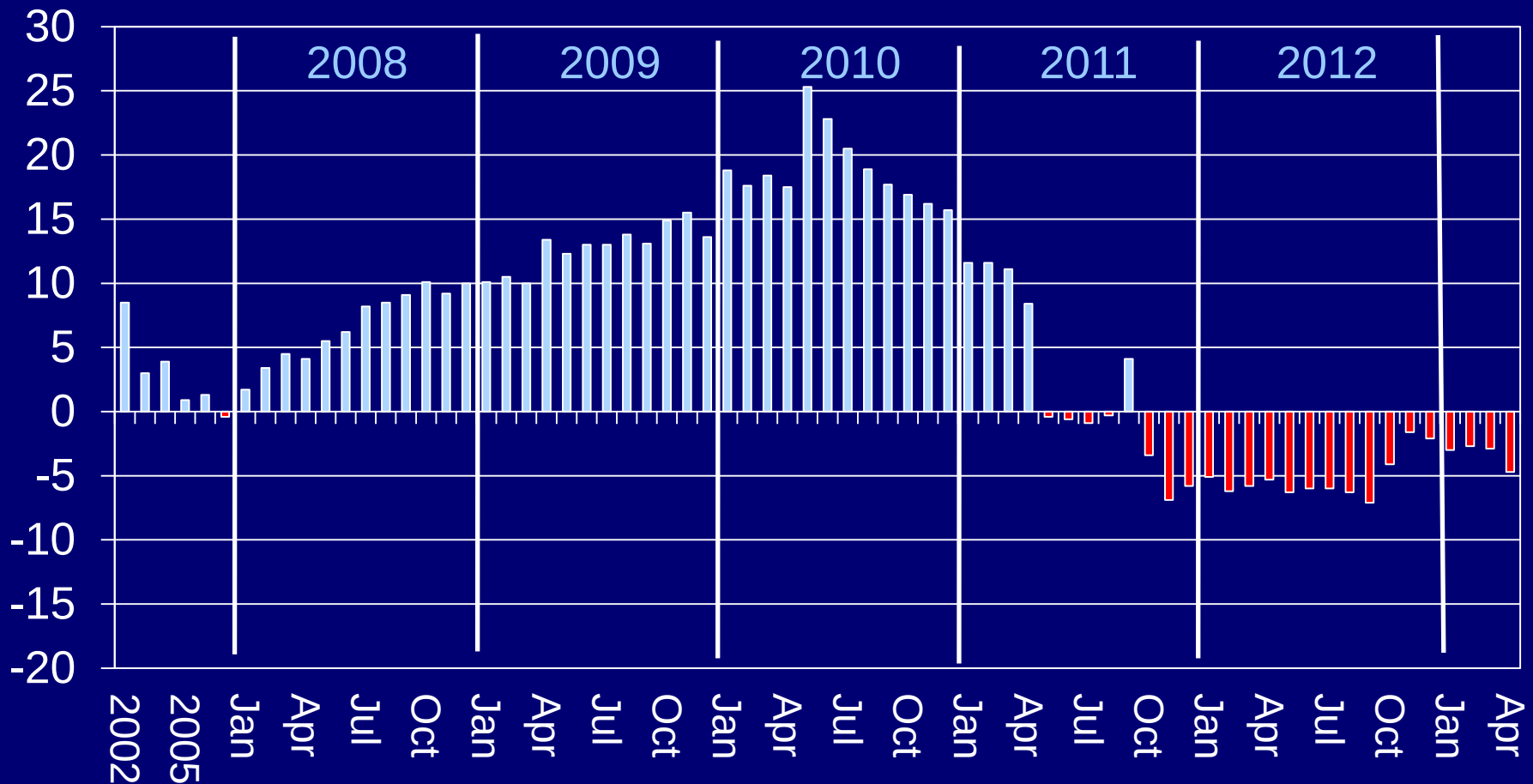
Federal Employment in the Washington Metro Area, 1950-2012



Federal Government Washington MSA

(000s) Annual Data

Annual Month over Year



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 and will continue to decline as the workforce shrinks and older workers retire and are replaced by younger workers.

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%
Share of Total Federal Spending Subject to Sequestration	21.0%
Federal Spending as a Percent of the Region's GRP in 2011	39.0%

Federal Budget Trends and Outlook

(dollars in billions)

<u>Year</u>	<u>Annual % Change</u>	<u>Budget Deficit</u>
2007	1.2	\$161.5
2008	7.2	454.8
2009	6.1	1,415.7
2010	4.5	1,294.2
2011	- 2.8	1,296.8
2012	- 2.2	1,089.2
2013	- 5.5	790.1
2014	0.7	681.7
2015	- 1.6	579.6
2016	- 1.4	541.6
2017	- 0.7	624.2

Source: IHS Global Insight "US Executive Summary" May 8, 2013

DOD Procurement Forecast

(in billions of current dollars)

<u>Year</u>	<u>Products</u>	<u>Services</u>	<u>Total</u>
2011	\$277.6	\$250.2	\$527.6
2012	261.9	232.9	494.8
2013	228.4	222.8	451.2
2014	213.6	212.1	425.7
2015	210.4	207.6	418.1
2016	211.8	207.2	419.0
2017	211.8	209.1	420.9
2011-13*	- 8.8	- 5.5	- 7.2
2013-17*	- 1.8	- 1.5	- 1.7

*average annual % change

Sources: Deltek; GMU Center for Regional Analysis

DOD Procurement Forecast:

RDT&E, Equipment, MILCON, O&M

(in billions of current dollars)

<u>Year</u>	<u>RDT&E</u>	<u>Equipment**</u>	<u>MILCON</u>	<u>O&M</u>
2011	\$67.7	\$130.2	\$20.9	\$191.4
2012	63.7	121.3	14.2	133.6
2013	60.5	103.7	11.2	127.3
2014	60.2	101.4	11.8	104.8
2015	59.2	102.2	12.5	106.8
2016	57.5	104.4	11.0	109.9
2017	57.1	105.4	10.0	113.0
2011-13*	- 5.4	- 10.2	- 23.1	- 16.7
2013-17*	- 2.7	+ 0.4	- 2.7	- 2.8

*Average Annual % Change

**space, missiles, ships, ordinance, tactical vehicles, aircraft, C4ISR, support systems

Sources: Deltek, GMU Center for Regional Analysis

Federal Spending Trends in the Washington Metropolitan Area: 2010-2017

(in billions of current dollars)

<u>Year</u>	<u>GRP</u>	<u>%Change*</u>	<u>Fed \$s</u>	<u>% GRP</u>	<u>Procurement</u>
2010	\$425.0	3.0	\$169.0	39.8	\$82.5
2011	433.7	2.6	168.2	38.8	80.0
2012	447.9	2.4	165.6	37.0	75.6
2013	466.9	2.1	162.7	34.8	71.8
2014	489.8	3.0	161.1	32.9	70.0
2015	517.2	3.6	162.7	31.4	69.3
2016	544.1	3.3	164.3	30.2	69.0
2017	\$ 571.8	3.2	\$166.8	29.2	\$68.6

*real (inflation adjusted) percent change

Source: GMU Center for Regional Analysis

Washington Area Economic Outlook: 2012-2017

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

	2010	2011	2012	2013	2014	2015	2016	2017
D.C.	10.5	14.1	5.6	7.3	8.7	9.7	7.9	5.7
Sub. MD	-6.5	4.4	4.8	13.6	16.8	20.7	18.5	15.2
No. VA	8.7	17.4	18.0	24.5	30.5	39.1	36.8	26.1
REGION	12.7	35.9	28.4	45.4	56.0	69.5	63.2	47.0

Average Annual Change 1990-2010 = 36,000

Source: BLS, IHS Global Insight Jan. 7 2013, GMU Center for Regional Analysis

NOTE: 2012 Total is the sum of sub-regions and does not agree with the Mar 18, 2013 published MSA total.

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
<u>Other Sectors (3)</u>	<u>175.0</u>	<u>193.2</u>	<u>18.2</u>	<u>10.4</u>
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
<u>% Total</u>	<u>40.4</u>	<u>44.1</u>	<u>84.7</u>	
Totals	3,033.4	3,314.4	281.0	9.3

Sources: IHS Global Insight; GMU Center for Regional Analysis

Washington Metropolitan Area: Major Sources of Net New Jobs 2012-2017

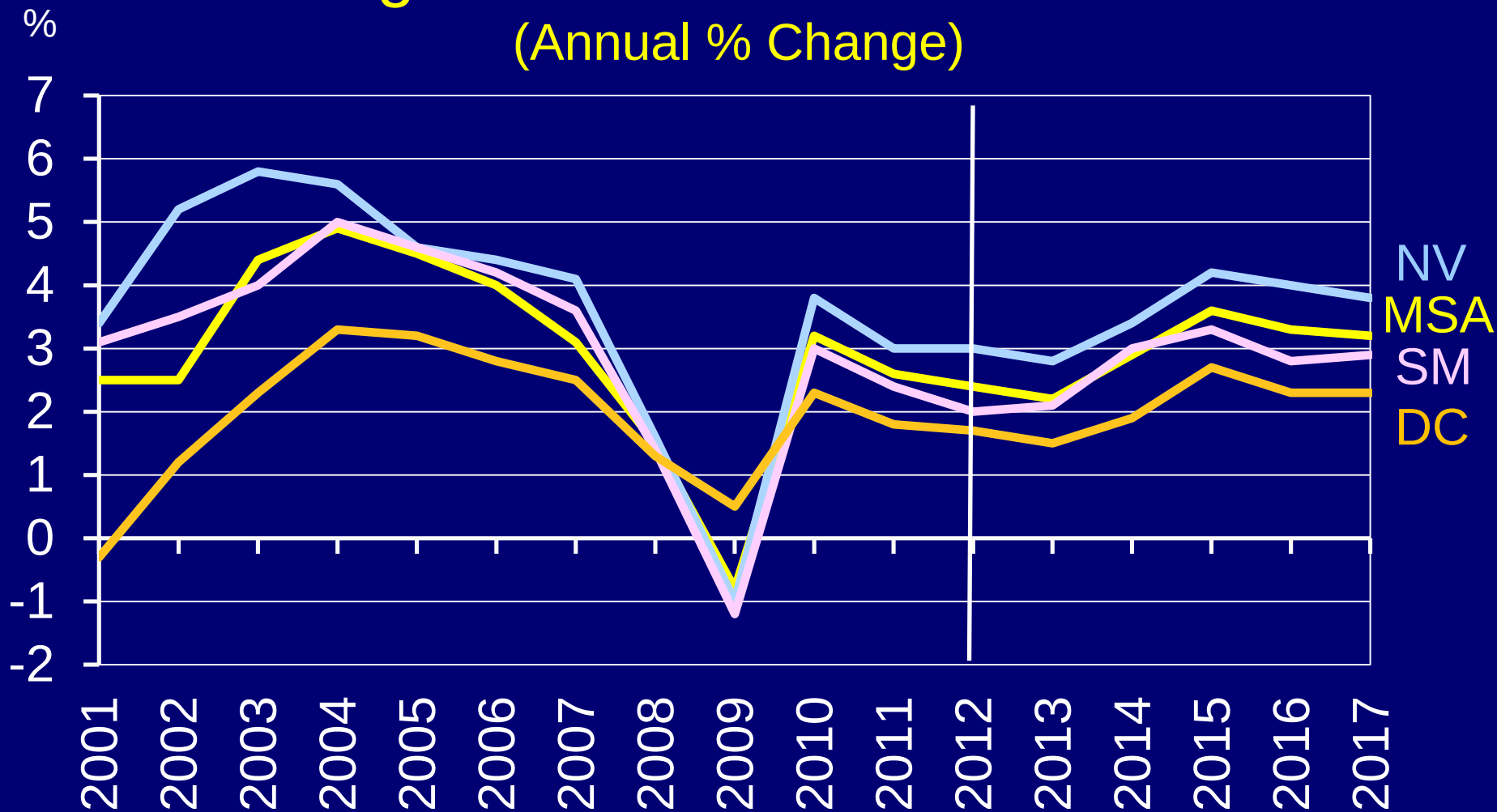
<u>Occupation</u>	<u>Net New</u>	<u>% of Total</u>	<u>% Change</u>
Business and Financial	52,253	14.7	13.7
Computer, Math and Sci	33,630	9.4	14.2
Health Care (all occup.)	31,915	9.0	13.7
Office Admin Support	30,334	8.5	6.3
Sales & Related Occup.	29,246	8.2	7.0
Personal Care Occup.	23,892	6.7	15.2
Management Occupations	22,964	6.4	7.1
Education & Training	21,642	6.1	10.6
Totals	224,234	63.0	10.0

GRP, Job and Workforce Growth in the Washington Metropolitan Area, 2012 – 2017

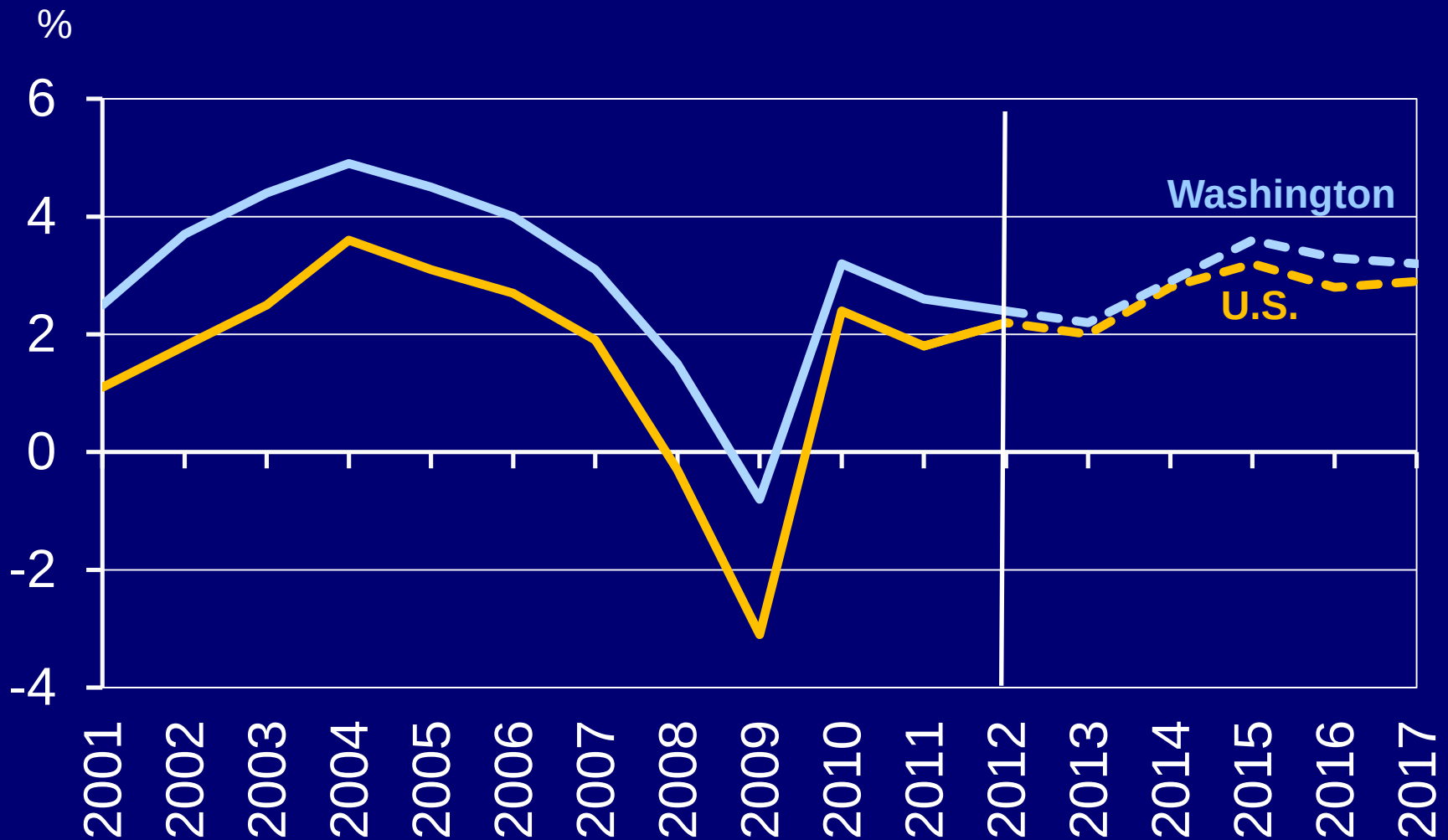
(in billions of current \$s, jobs in thousands)

Indicator	2012	2017	Change
GRP Growth	\$450.9	\$571.8	26.8%
Net Job Growth	3,915.3	4,271.5	356.2 9.1%
Replacement Job Growth		459.1	11.7%
Resident Workforce	3,203.1	3,427.9	224.8 7.0%

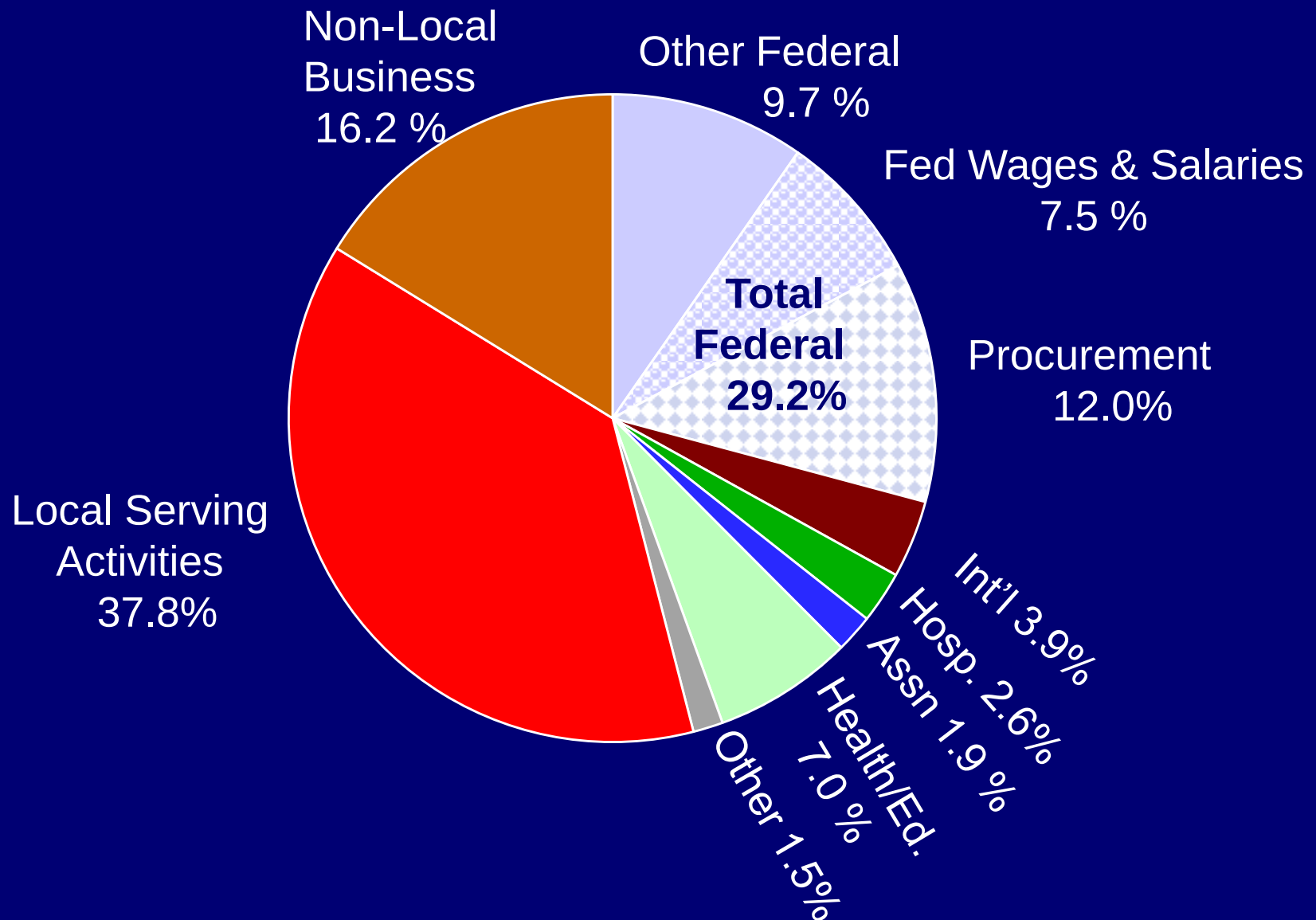
Economic Outlook (GRP), 2012-2017 Washington Area and Sub-State Areas (Annual % Change)



U.S. GDP and Washington Area GRP 2001 – 2012 – 2017



2017 Structure of the Greater Washington Economy



Thank You Questions

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