



Delta Associates Spring Seminar

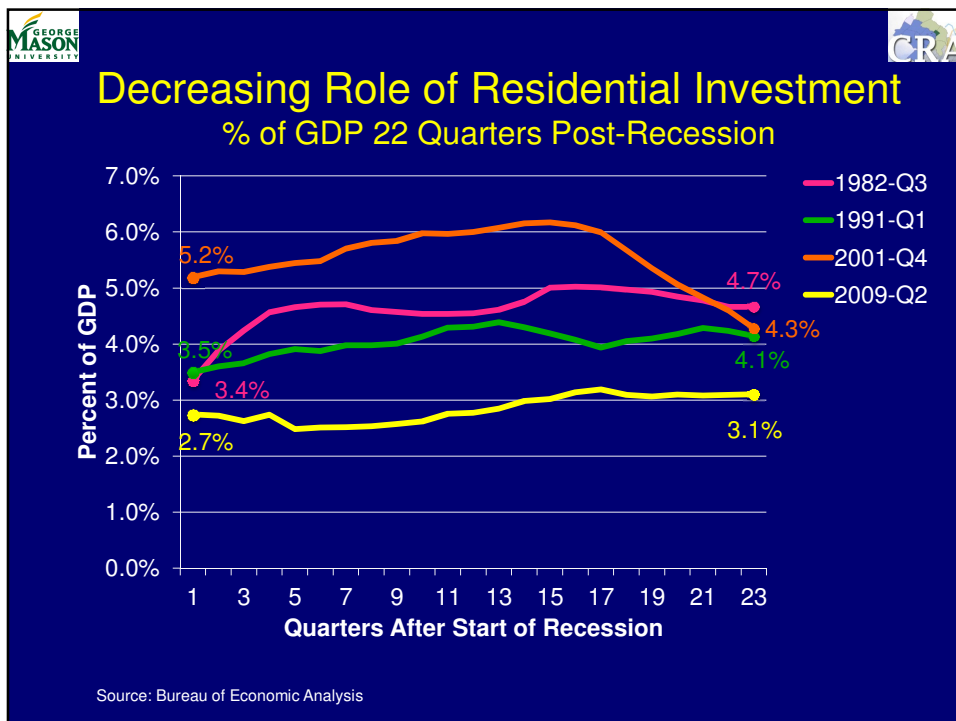
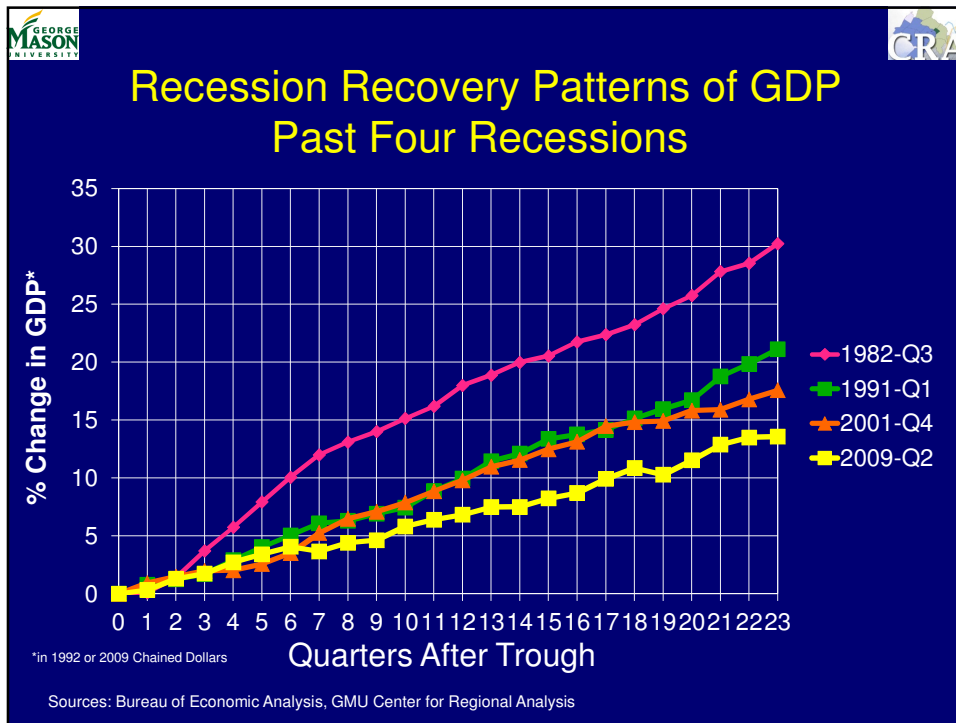
The U.S. and Washington Area Economies: Current Performance and Outlook: 2014-2019

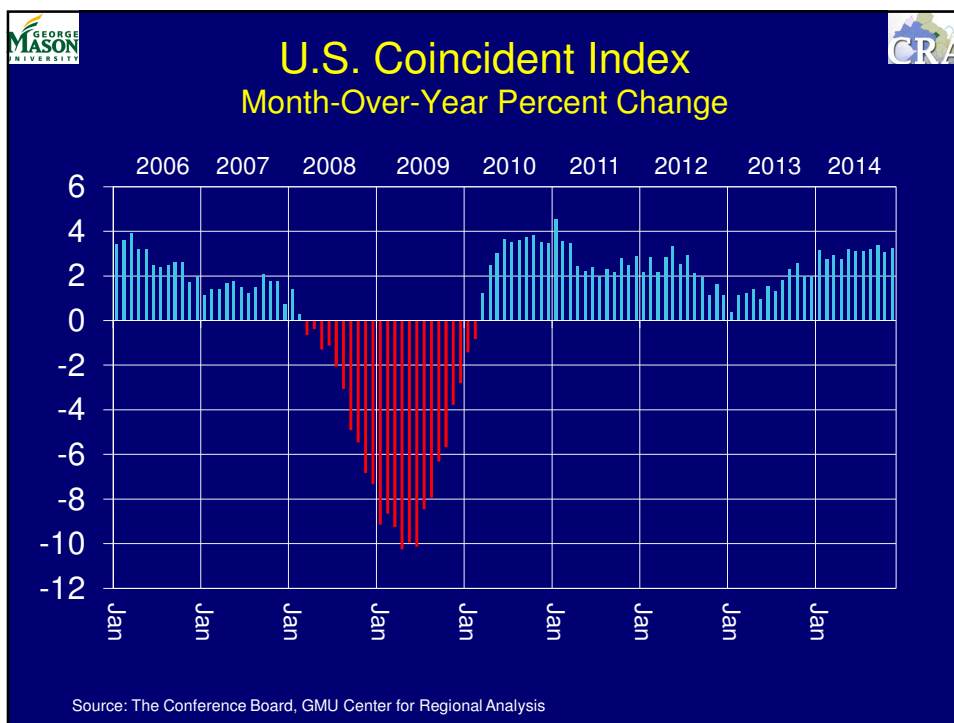
Stephen S. Fuller, Ph.D.
Dwight Schar Faculty Chair and University Professor
Director, Center for Regional Analysis
George Mason University

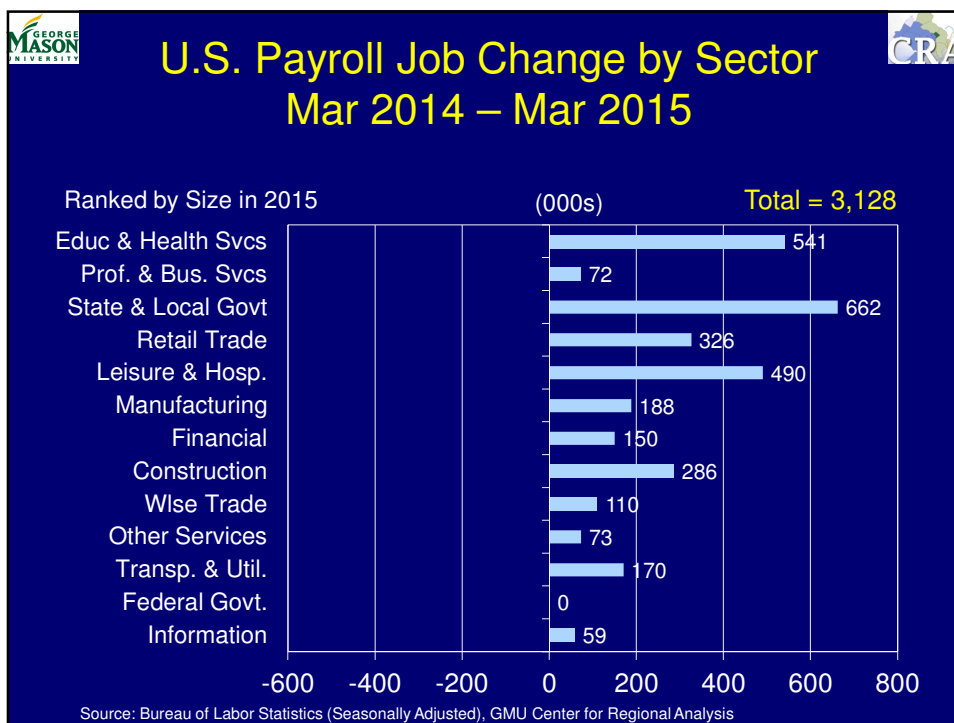
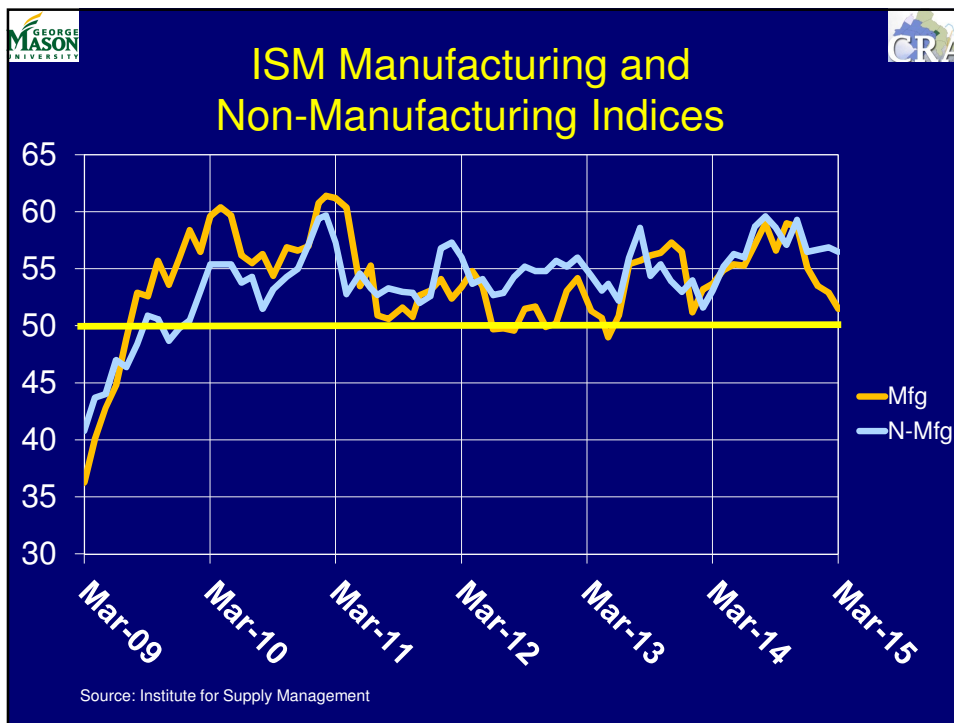
May 5, 2015

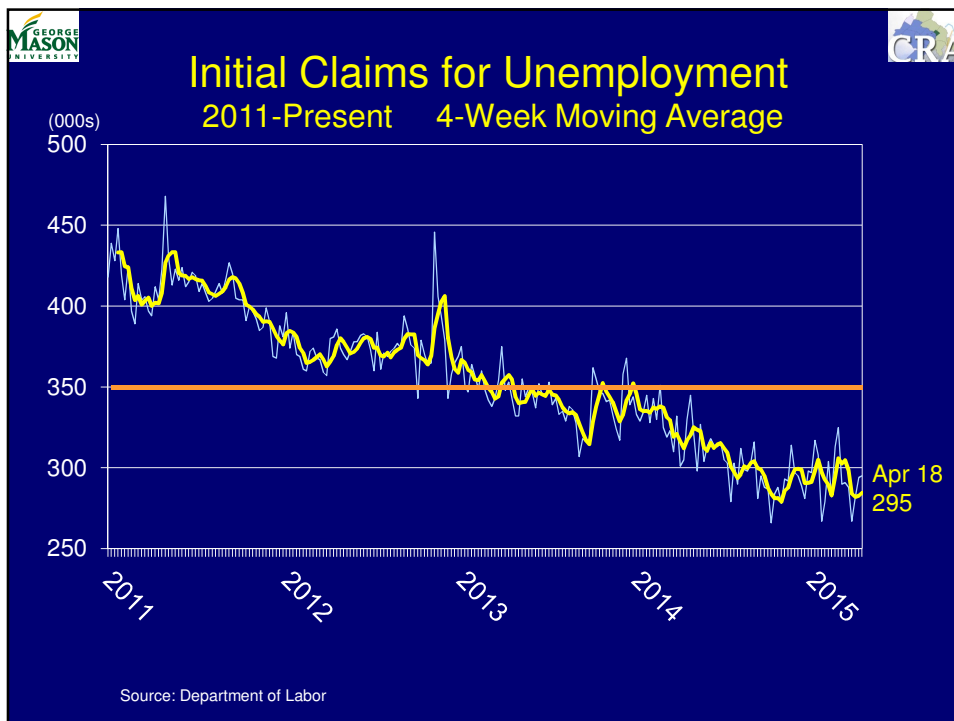
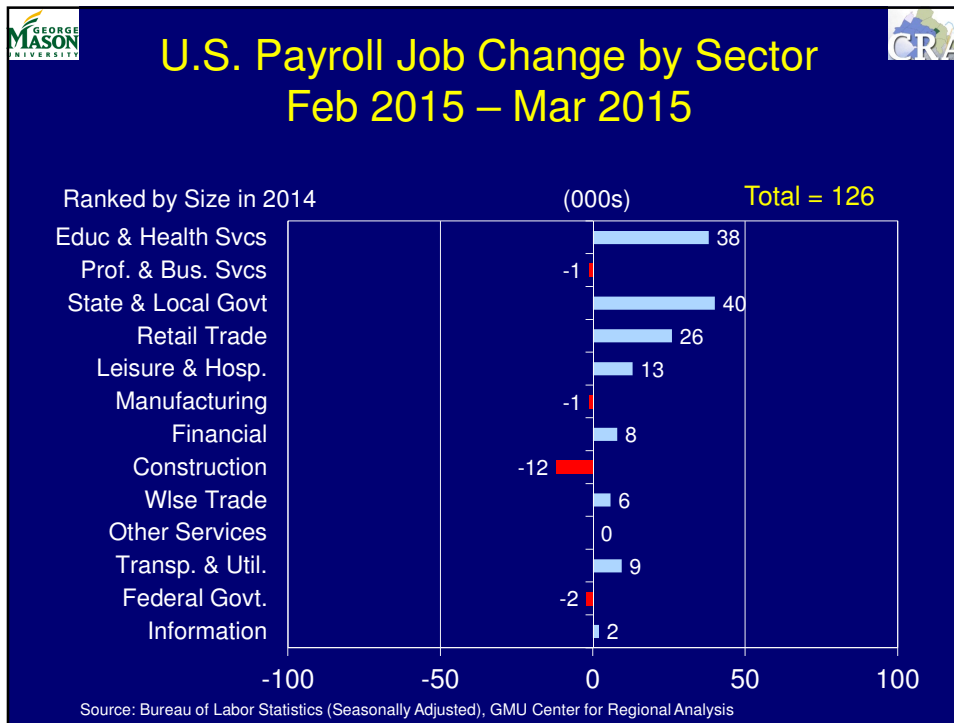


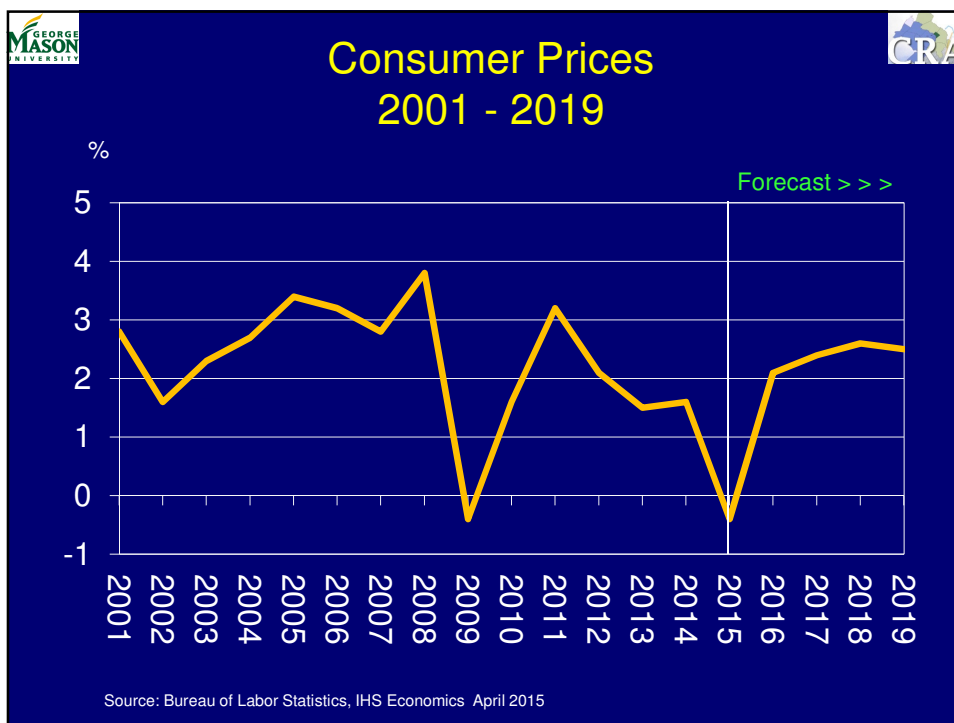
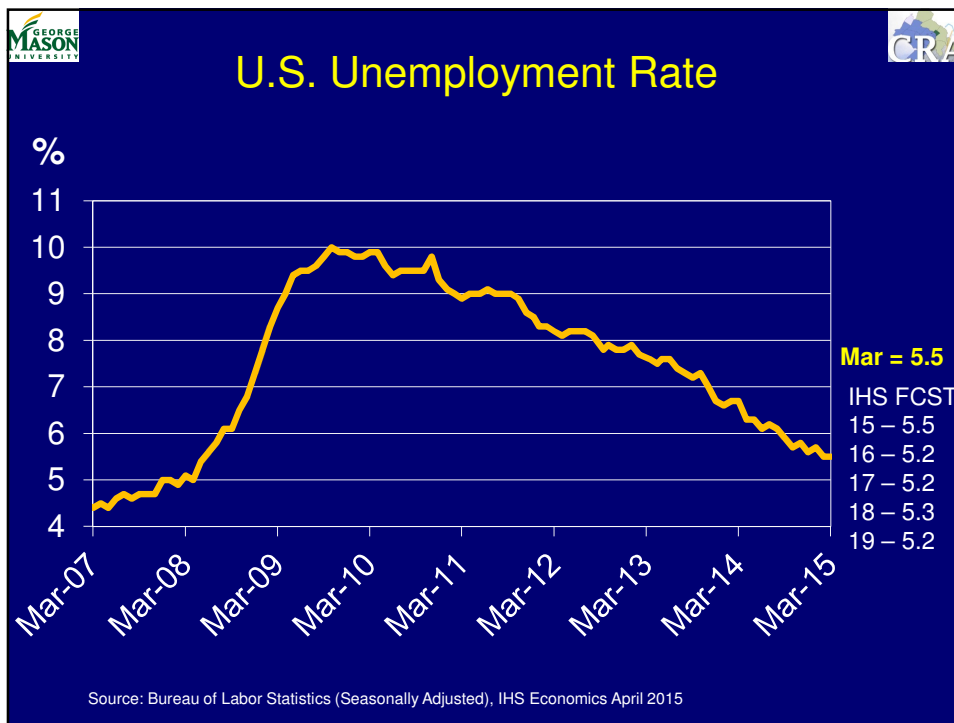
The U.S. Economy's Current Performance and Outlook

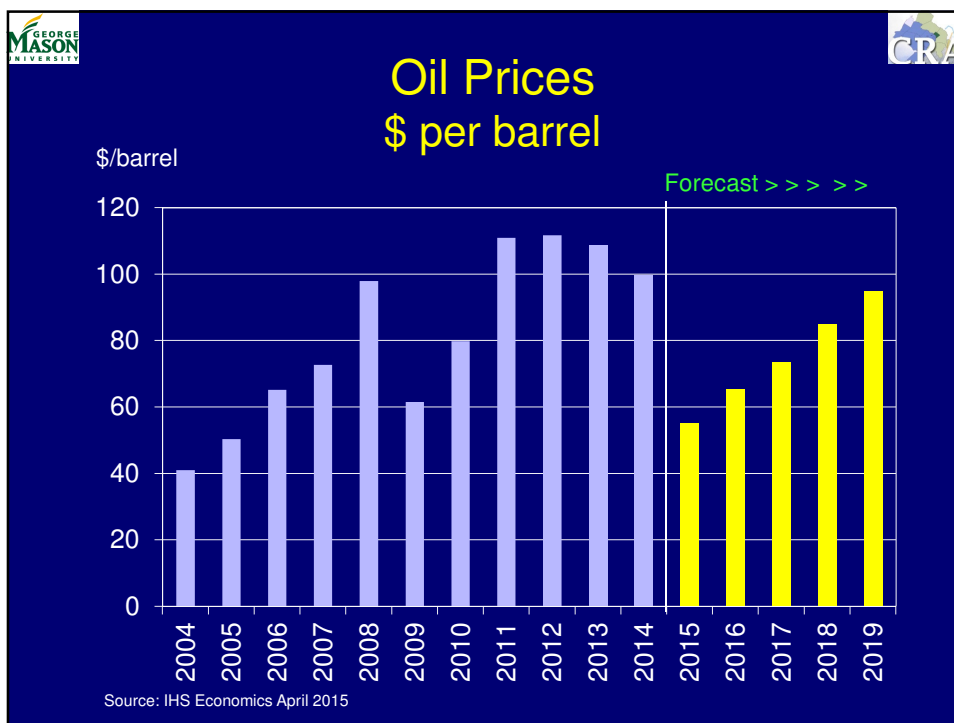
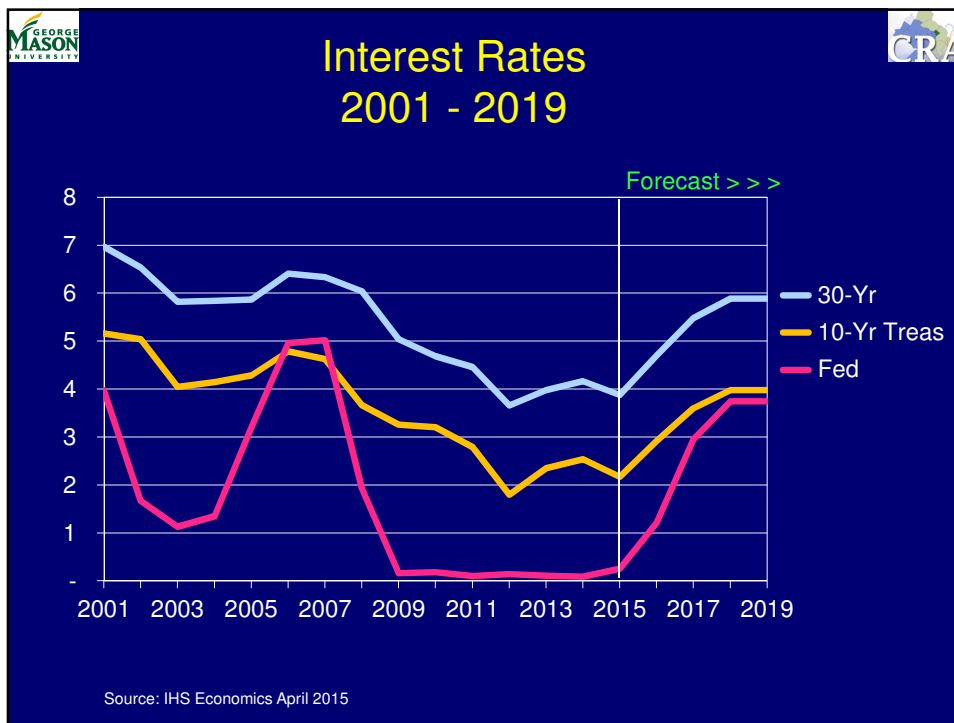


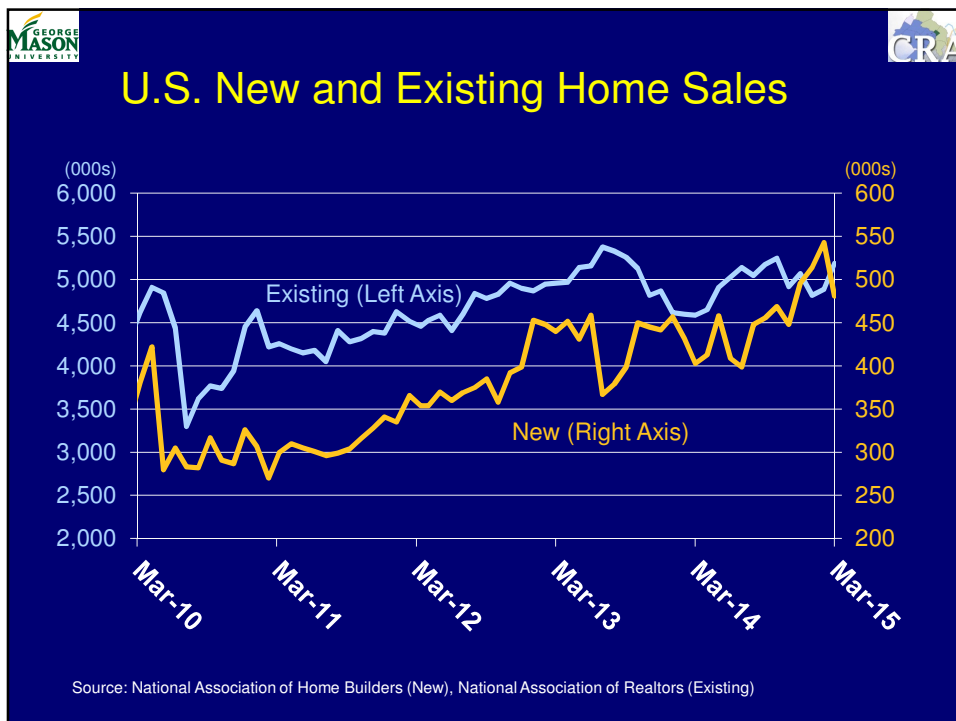














Household Formation Slowed in 2014: Contributing Causes

- Poor wage growth/weak growth in higher value added jobs
- Slower immigration
- Lower marriage rates
- Limited access to credit
- Degraded mobility
- Student loan burdens
- Uncertainty in global markets reduced international transfers of family money in support of housing purchases
- Changing generational values and preferences

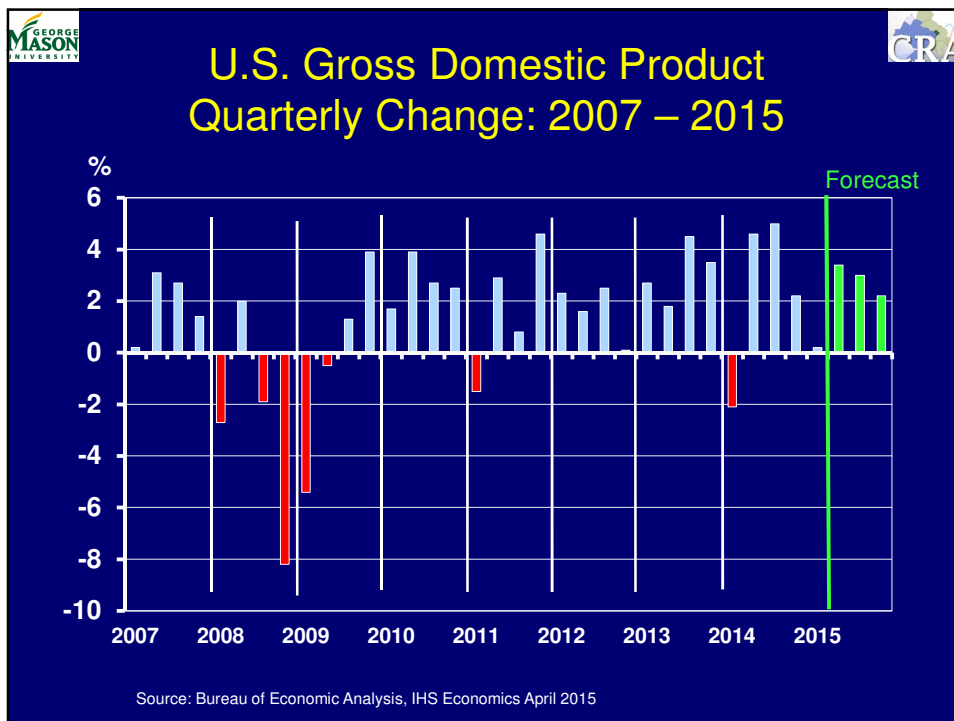
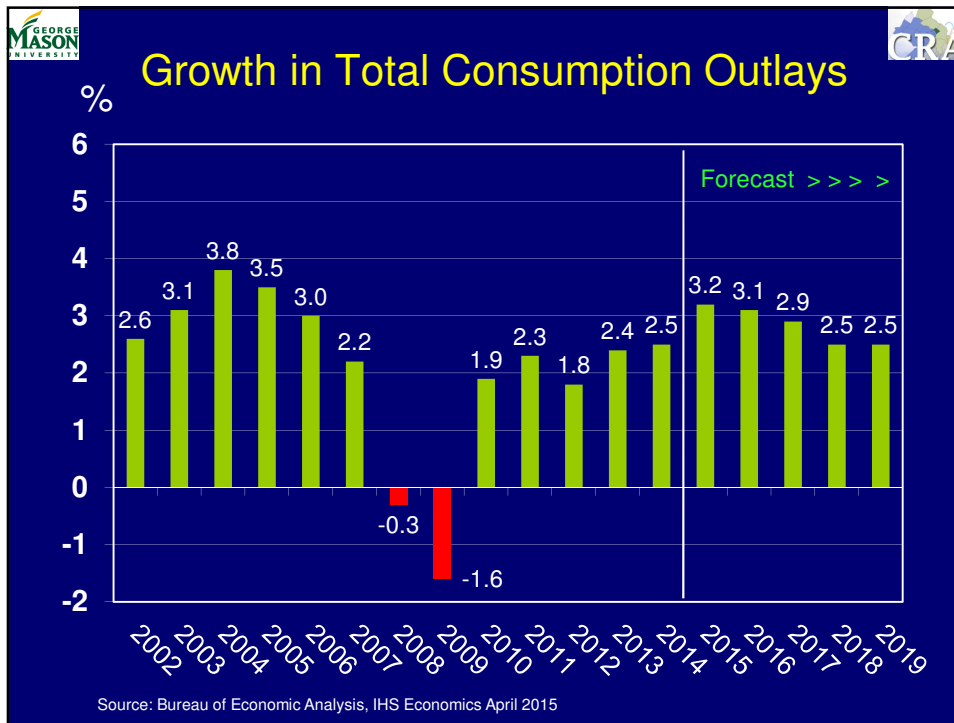


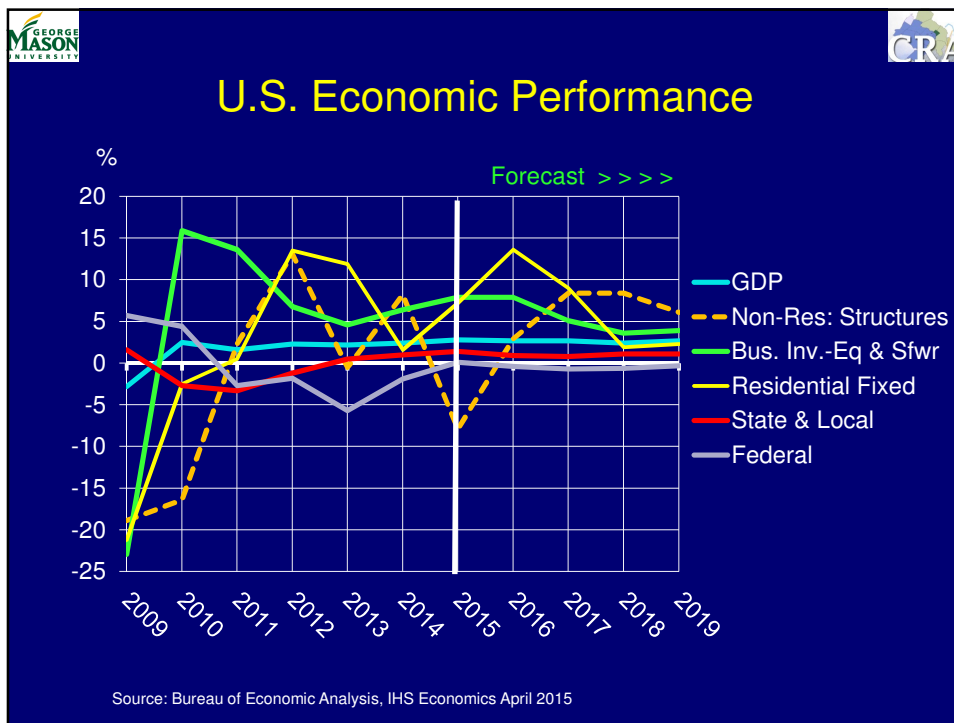

Residential Construction and Resales Forecasts

(millions of Units)

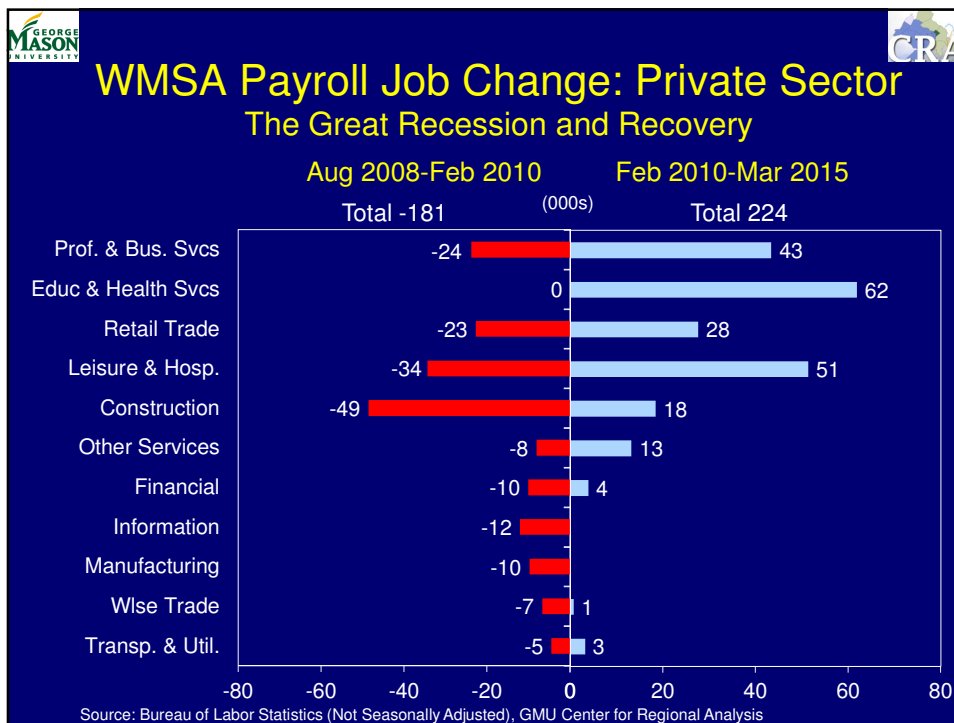
<u>Year</u>	<u>Housing Starts</u>	<u>Existing House Sales</u>
2005	2.073	7.076
2011	0.612	4.278
2012	0.783	4.661
2013	0.930	5.074
2014	1.001	4.920
2015	1.121	5.252
2016	1.308	5.613
2017	1.463	5.436
2018	1.509	5.399
2019	1.565	5.532

Source: IHS Economics, "US Executive Summary," April 2015





The Washington Economy: Impacts of the Recession and the Post-Recession Recovery and Outlook



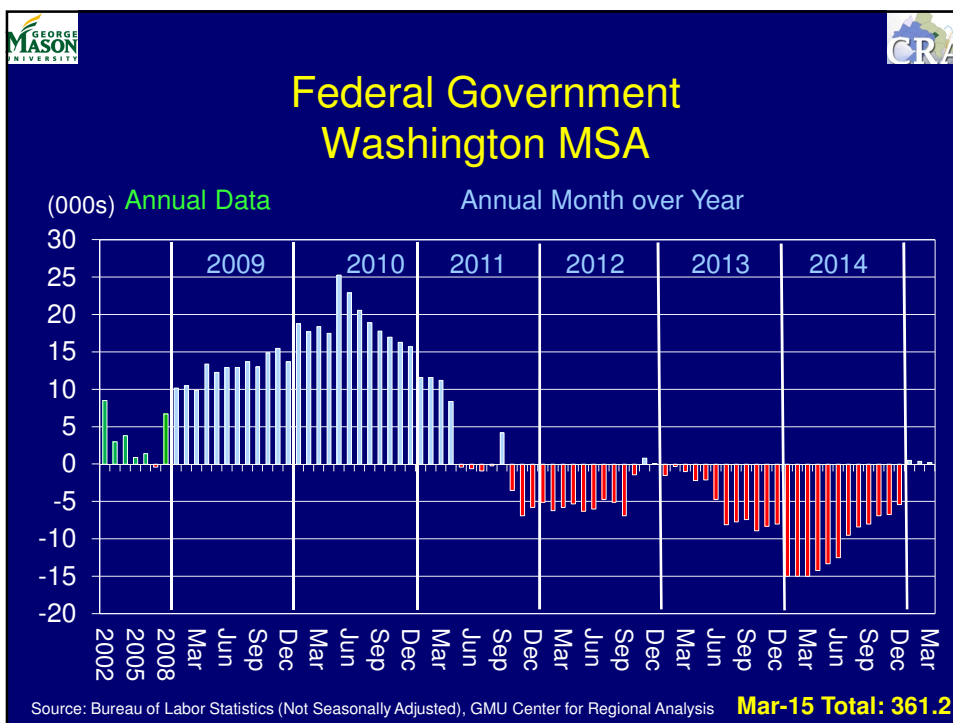
The GRP* Effects of Private Sector Job Change
in the Washington Metropolitan Area
Aug 2008-March 2015 (in 2014 \$s)

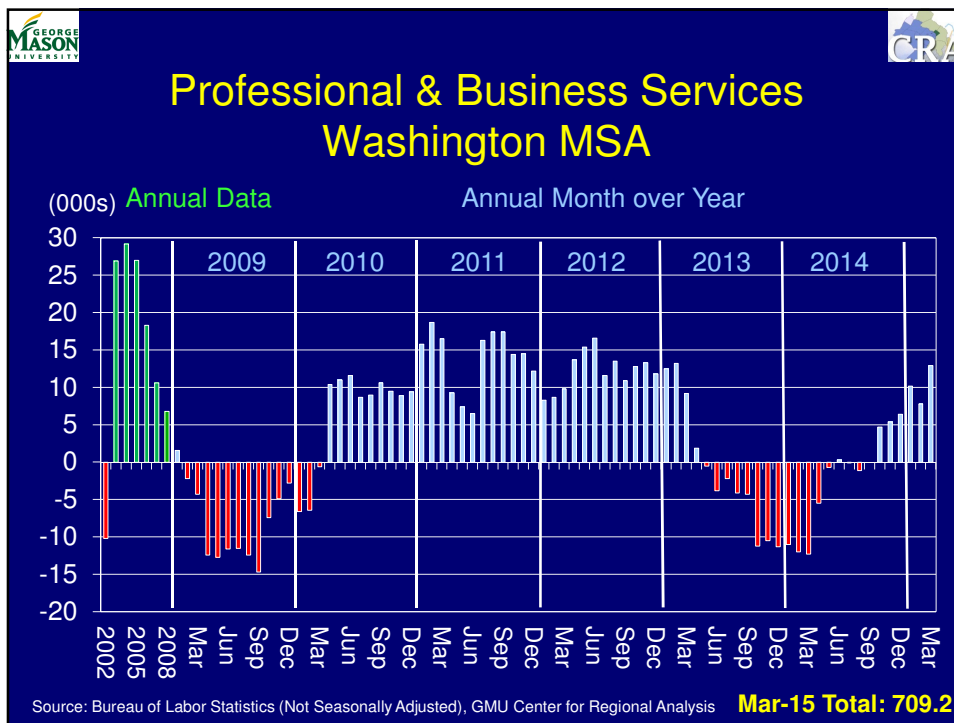
Job Change	Total GRP Value
- 181,300	- \$29,044,064,000 ¹
<u>+ 223,700</u>	<u>+ \$22,175,100,000²</u>
+ 42,400	- \$6,868,964,000

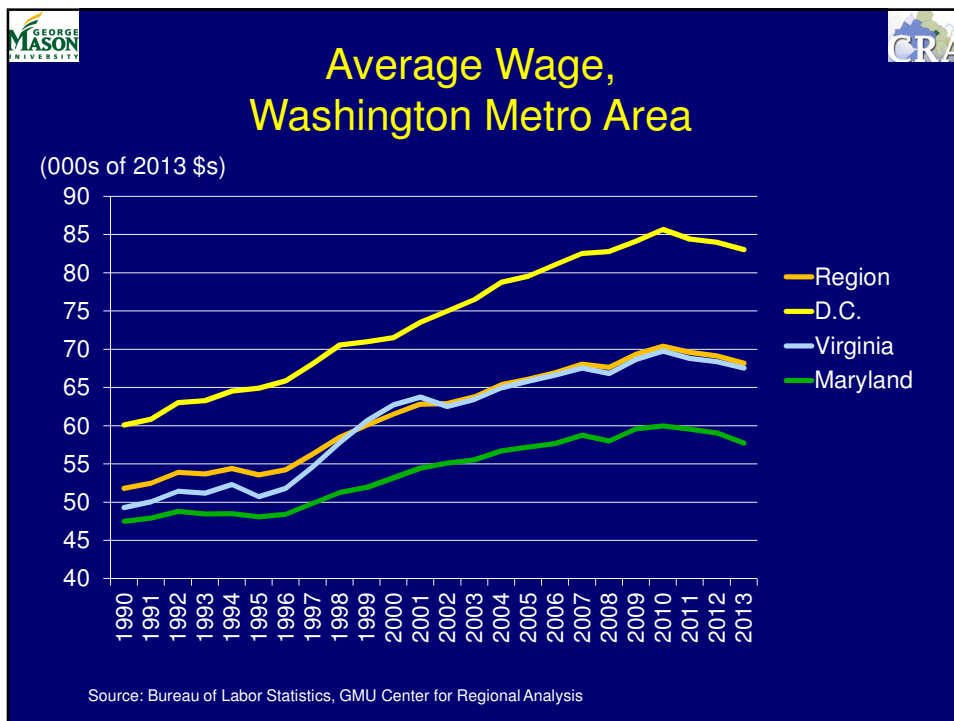
Source: GMU Center for Regional Analysis
*Gross Regional Product
¹ \$160,200 per job contribution to GRP
² \$99,130 per job contribution to GRP

Summary of Federal Spending Trends in the Washington Metropolitan Area, 2010-2014

- Federal Procurement Outlays declined \$13.3 billion or 16.1% between FY 2010 and FY 2013.
- Federal employment has declined since peaking in July 2010, losing 21,800 jobs or 5.6%.
- Federal payroll declined by \$2.4 billion or 5.7% between FY 2010 and FY 2014 and will continue to decline as the workforce shrinks and older workers retire and are replaced by younger workers.



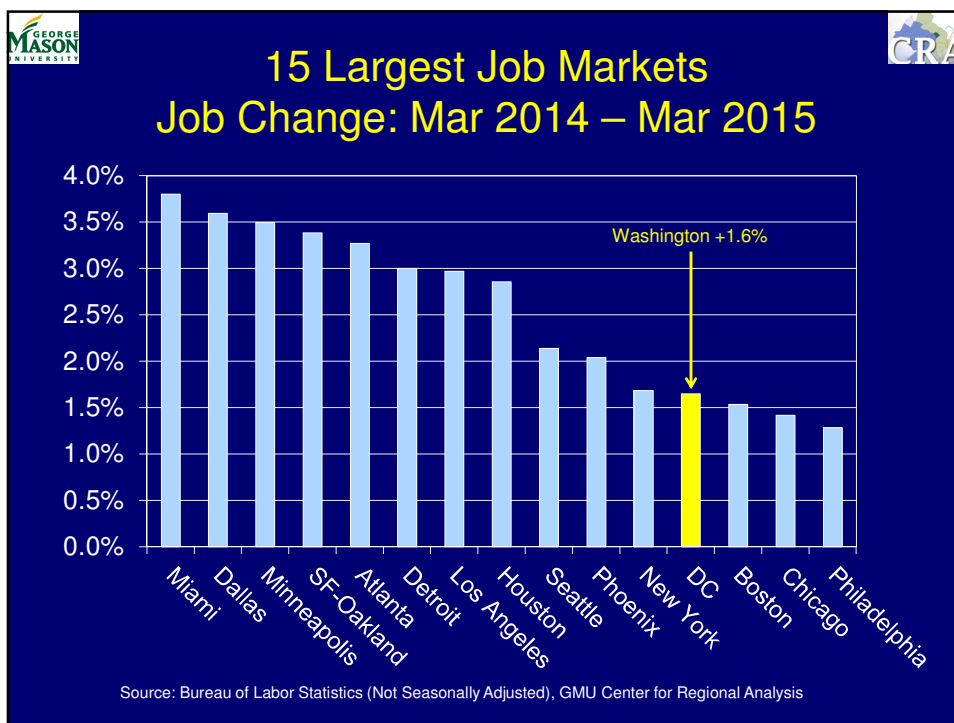
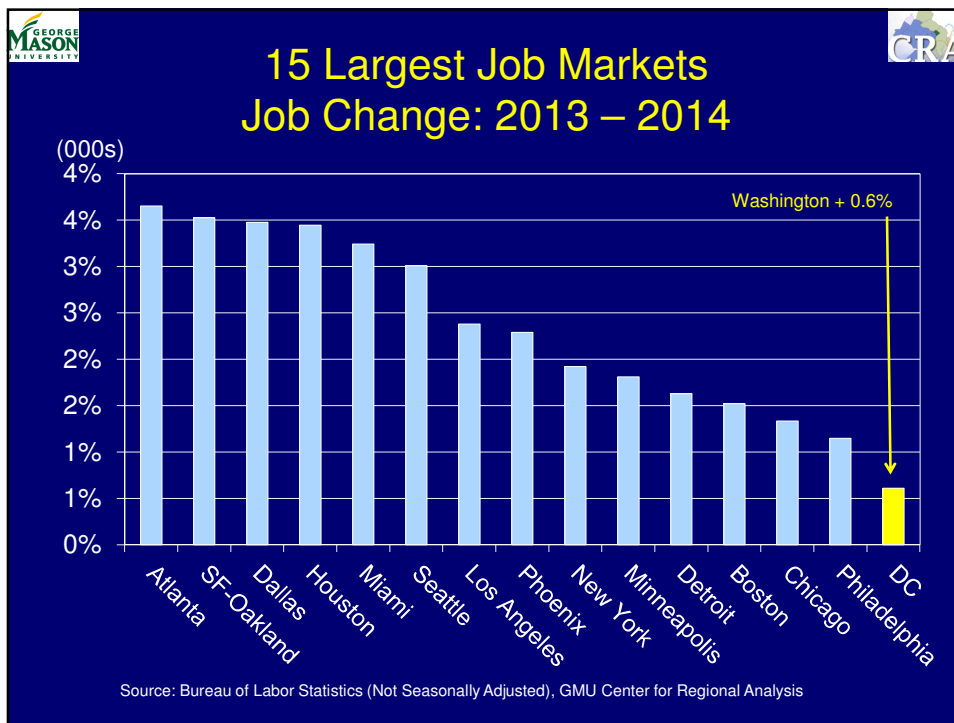


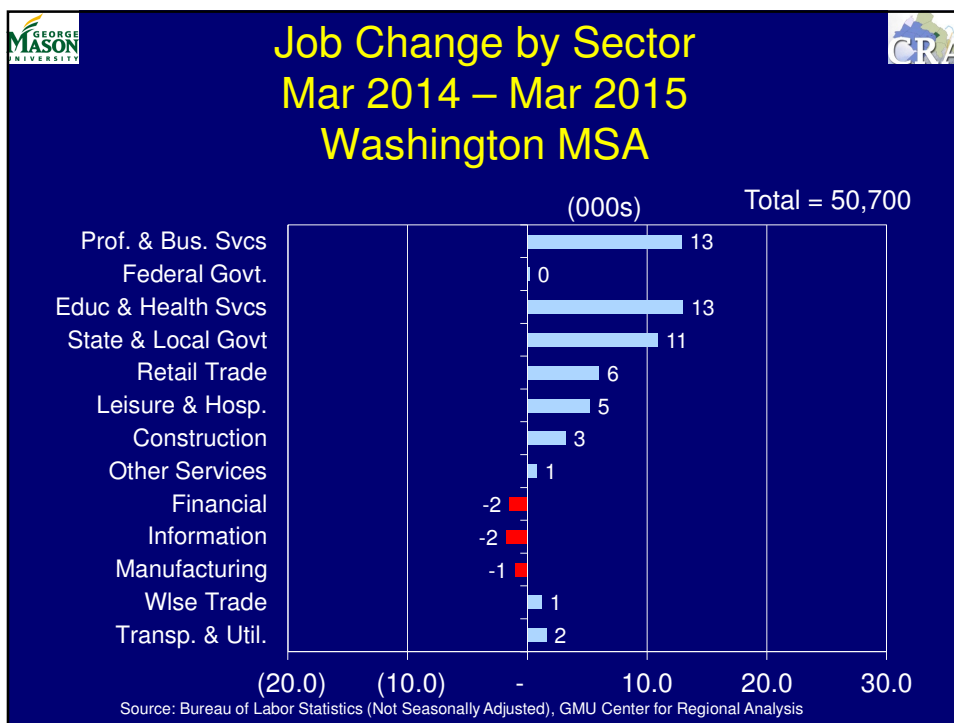
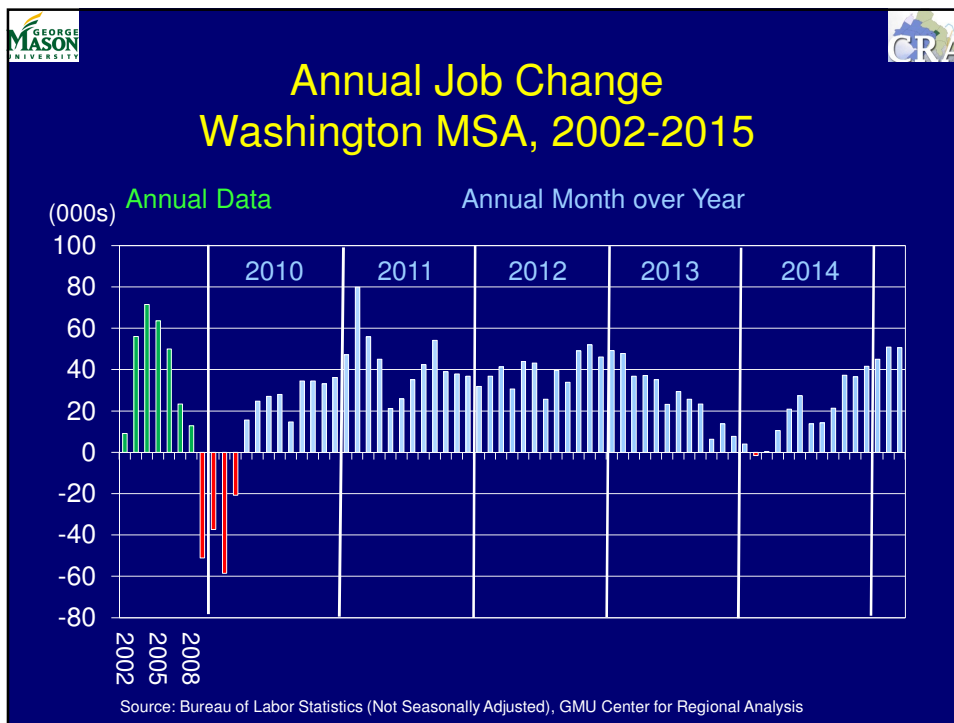


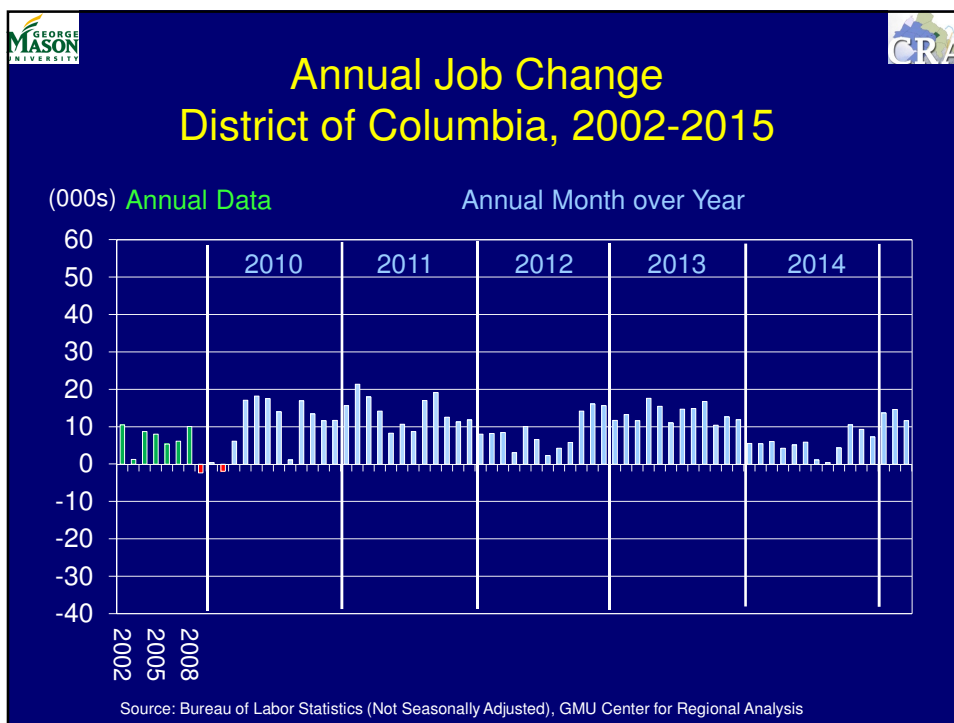
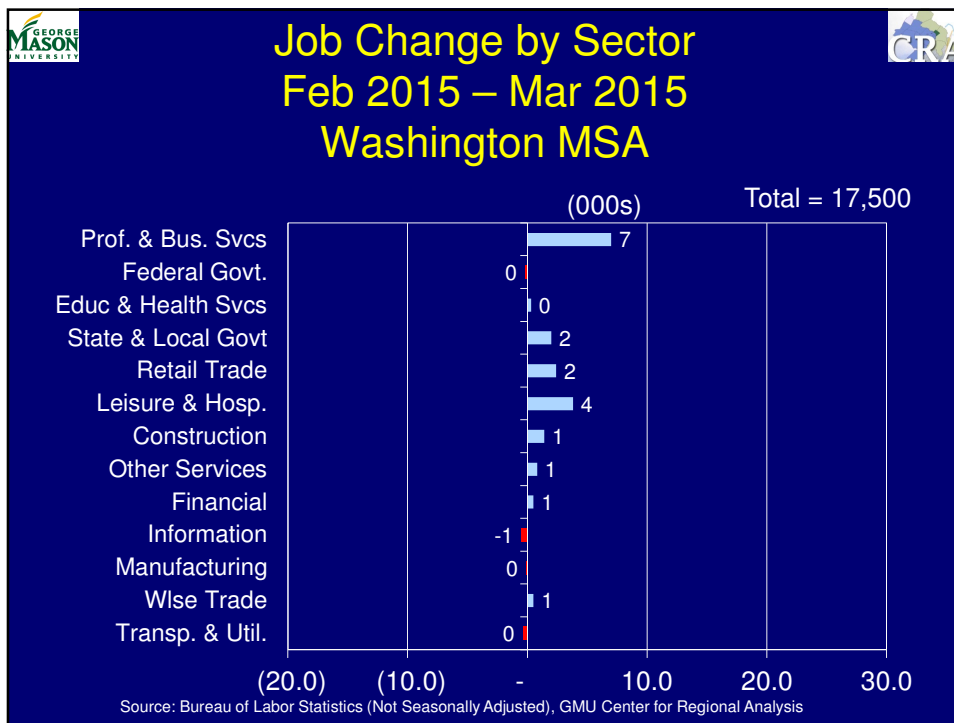
The Household Income Effects of Structural Change in the Washington Metropolitan Area

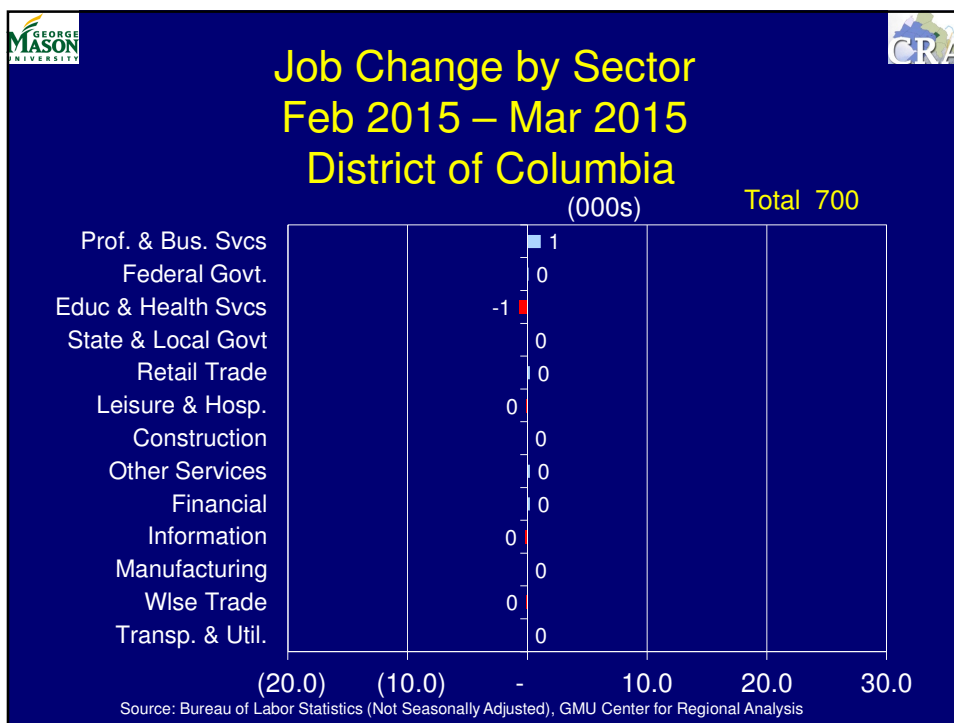
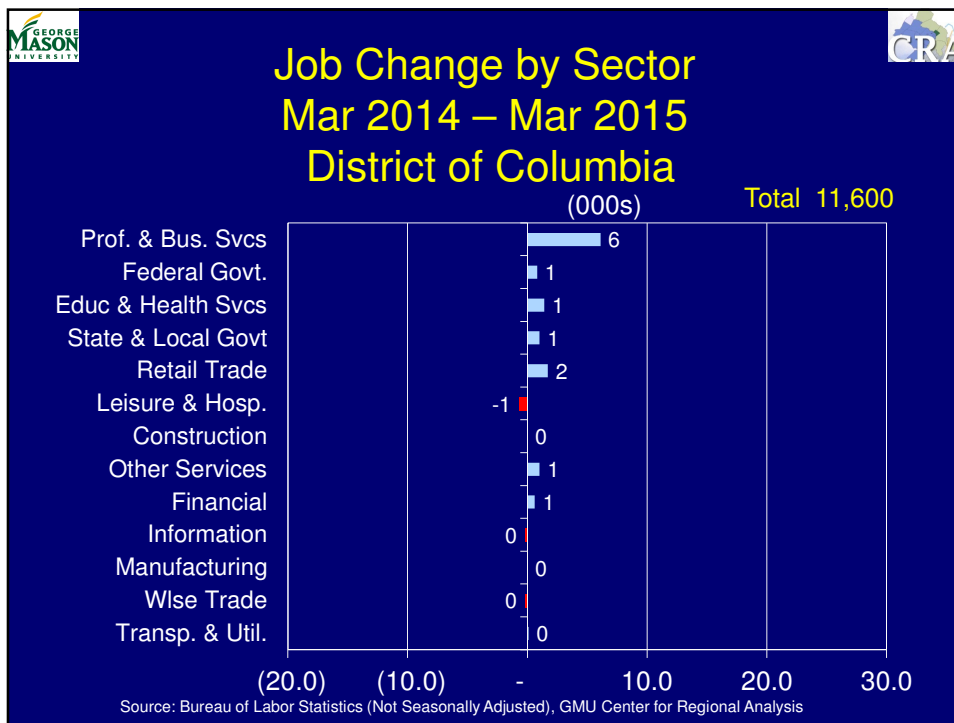
Jurisdiction	Median HH Income 2013*	Change from 2009*
District (DC)	\$67,575	\$2,919
Frederick Cty	84,308	-\$5,856
Montgomery Cty	98,326	-\$4,552
Prince George's Cty	72,052	-\$4,060
Arlington County	102,501	-\$1,675
Fairfax County	111,079	-\$249
Loudoun County	116,768	-\$7,283
Prince Wm County	95,268	-\$2,234
Alexandria City	86,775	\$2,985
Total Metro Area	\$90,149	-\$2,287

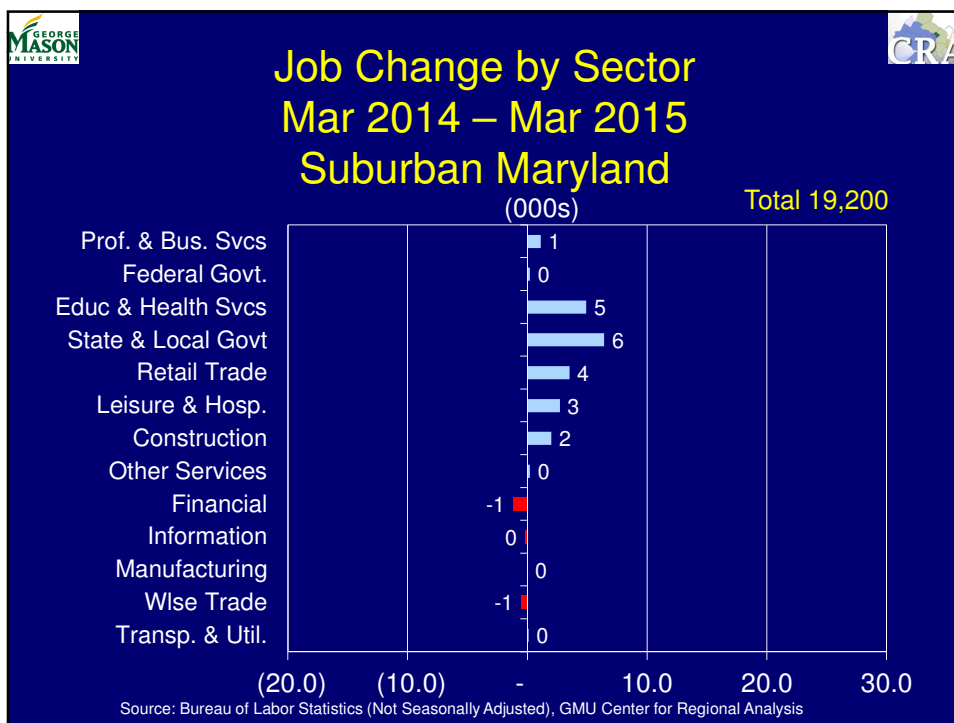
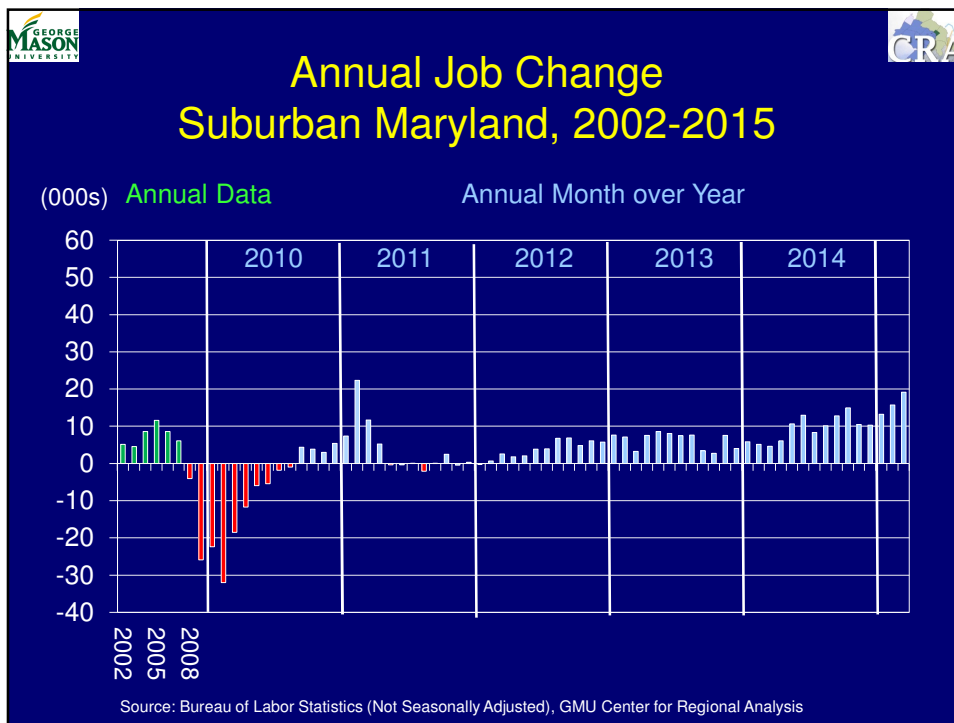
Source: U.S. Census, ACS 1-Year; GMU Center for Regional Analysis *in 2013 dollars

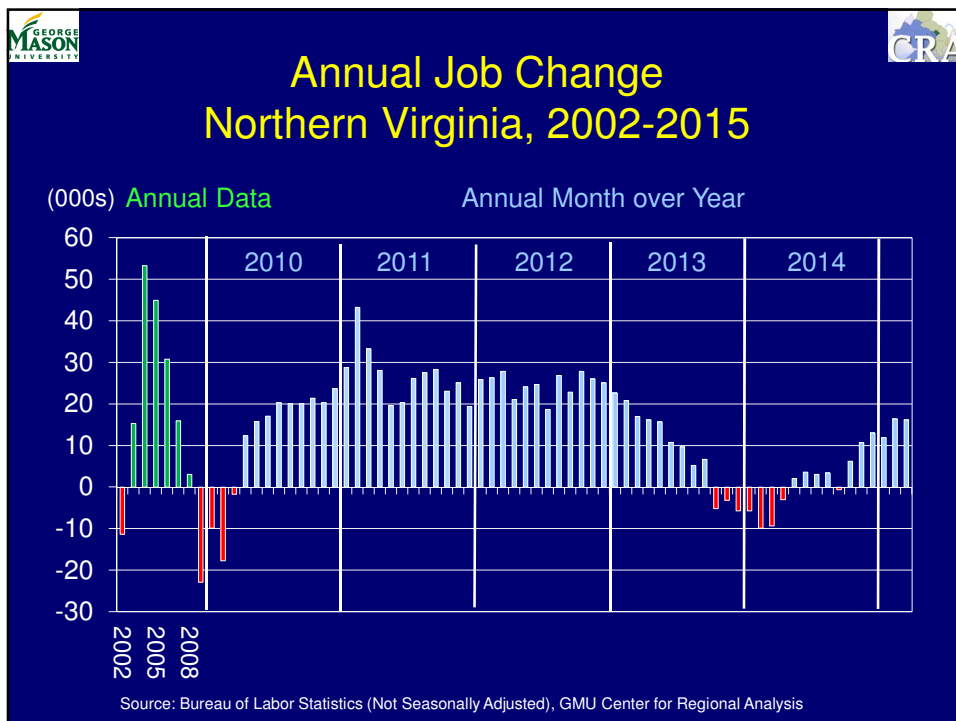
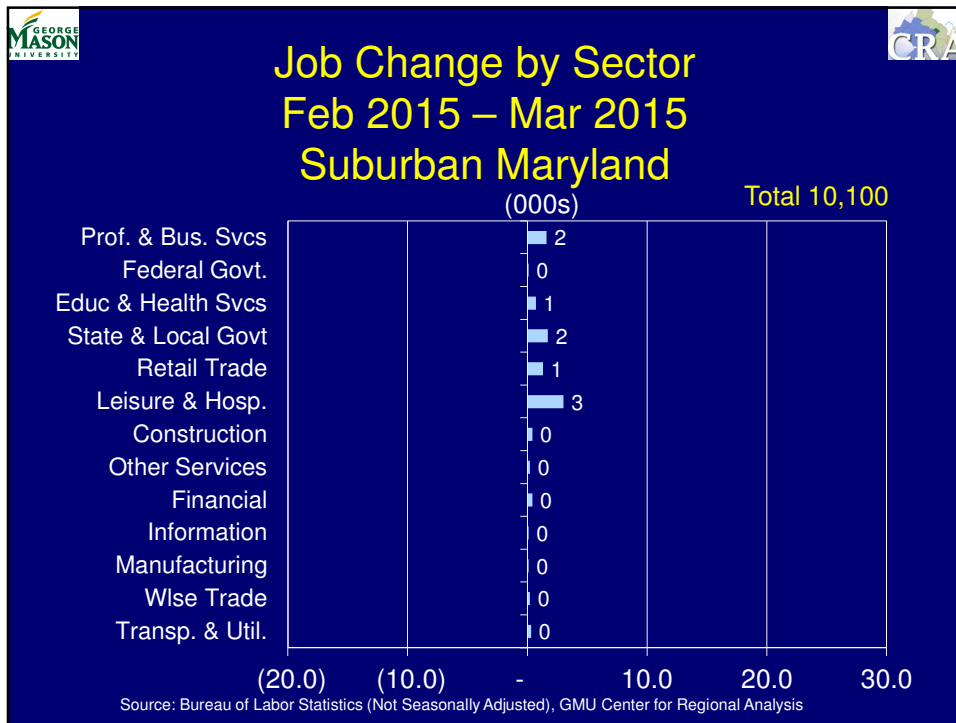


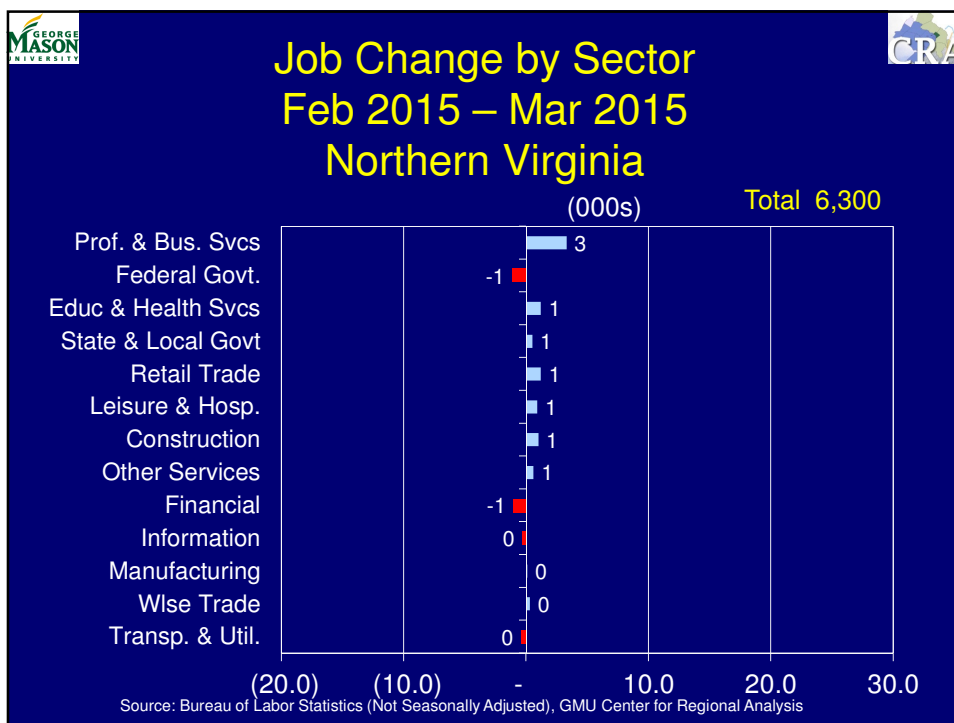
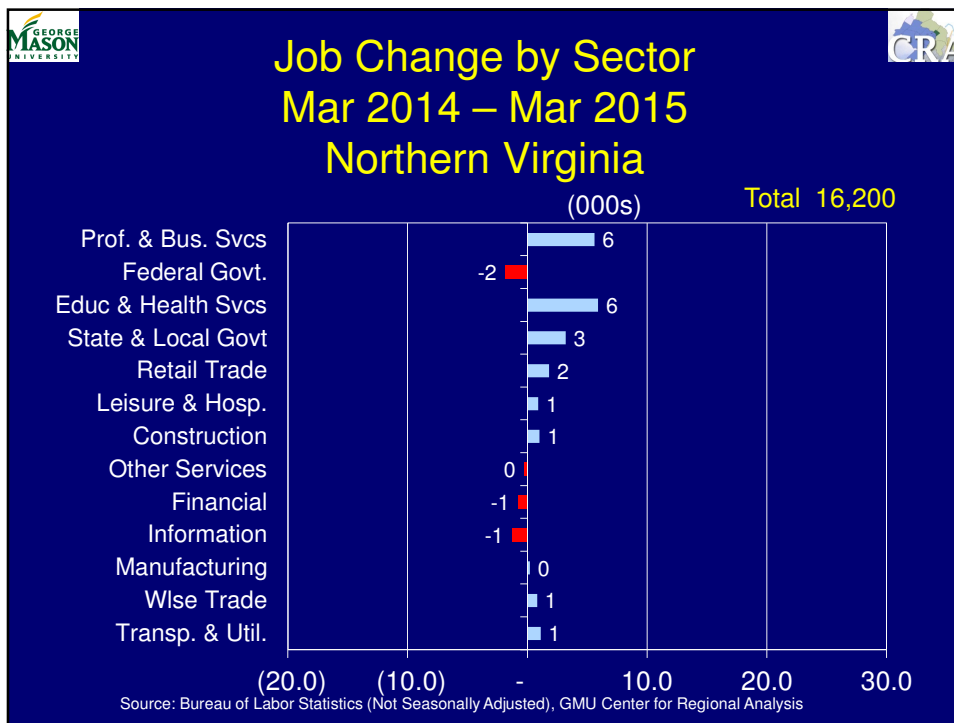


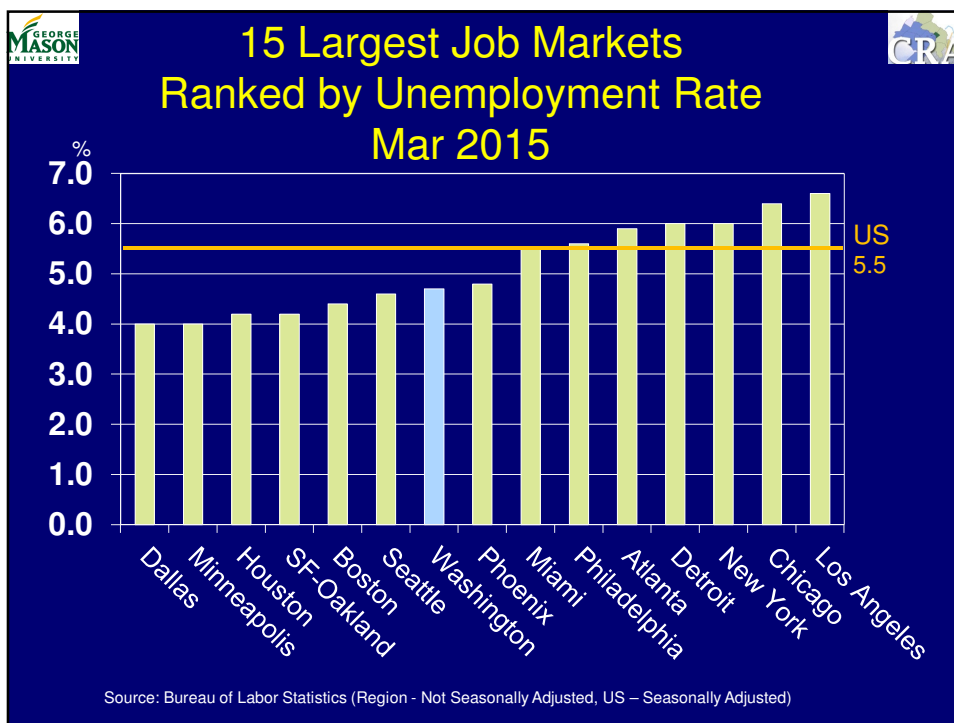
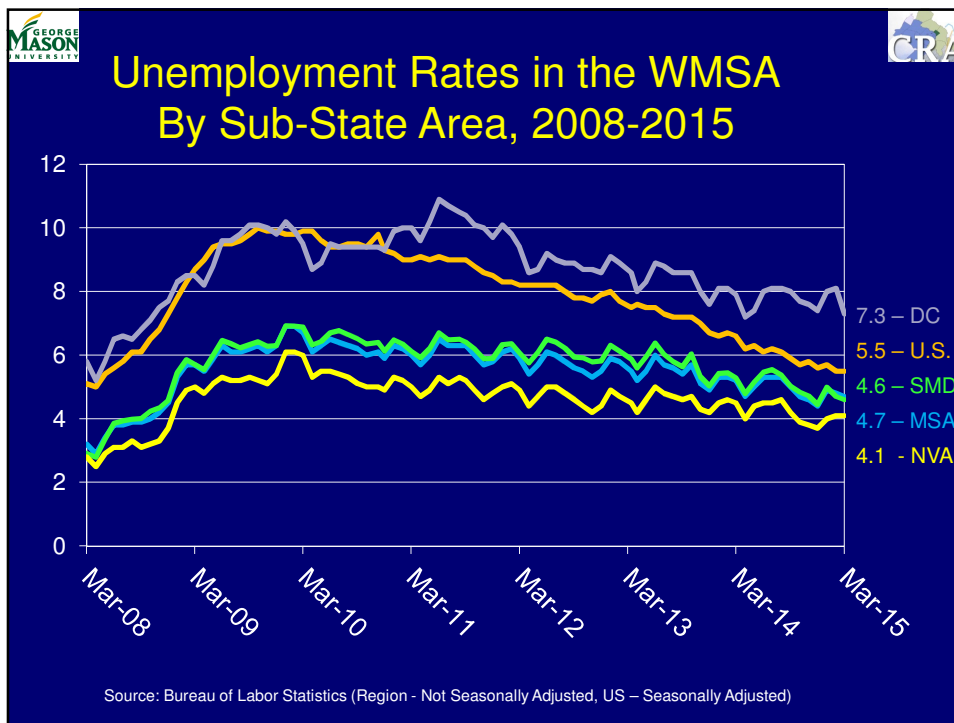






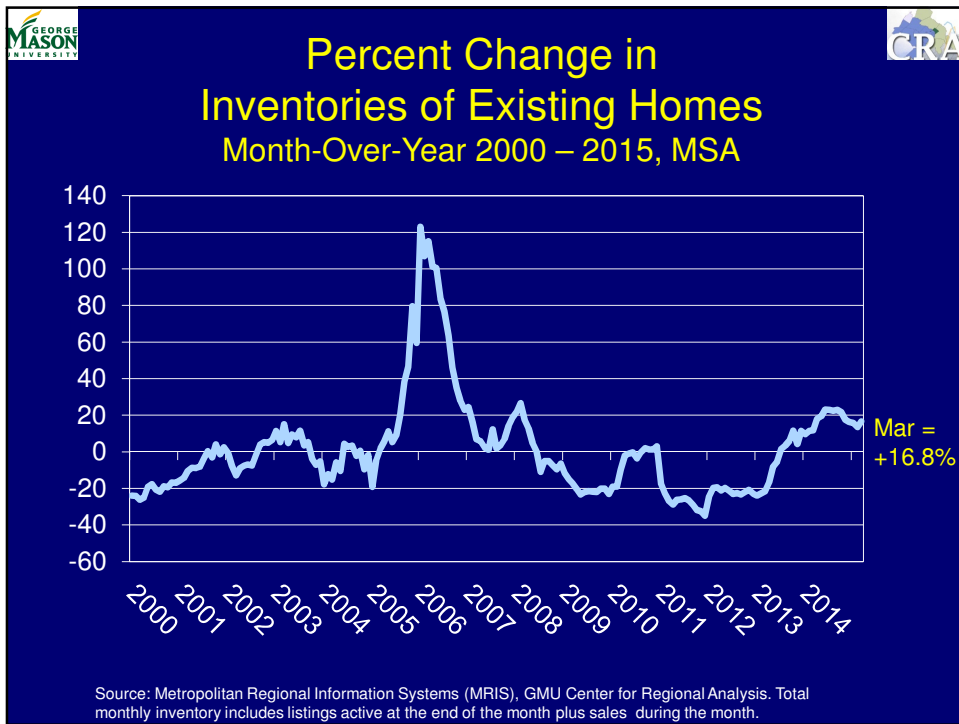


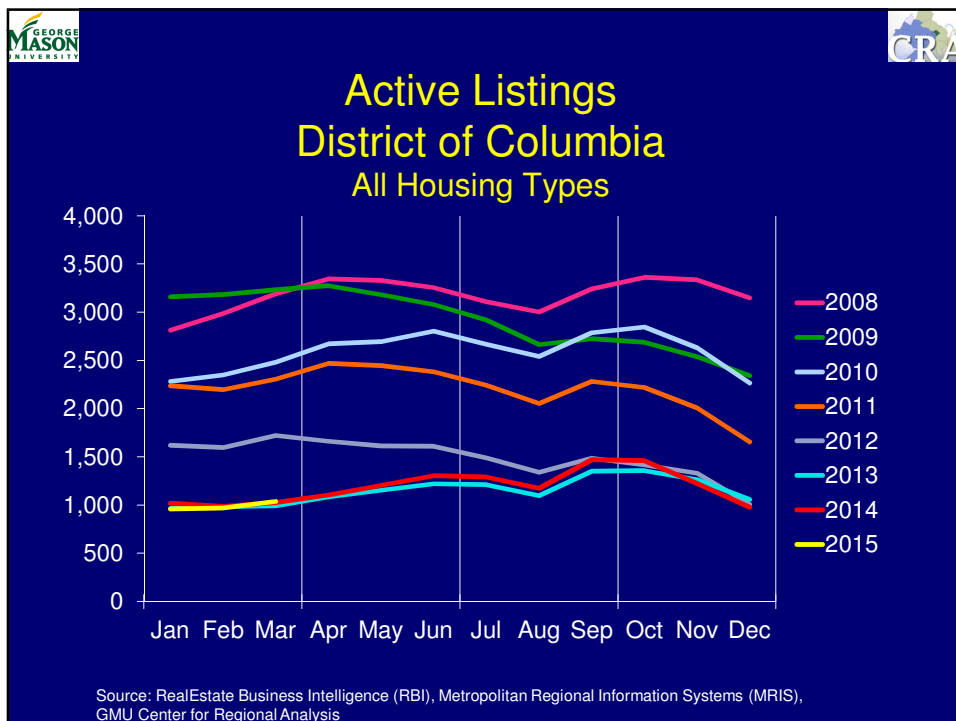
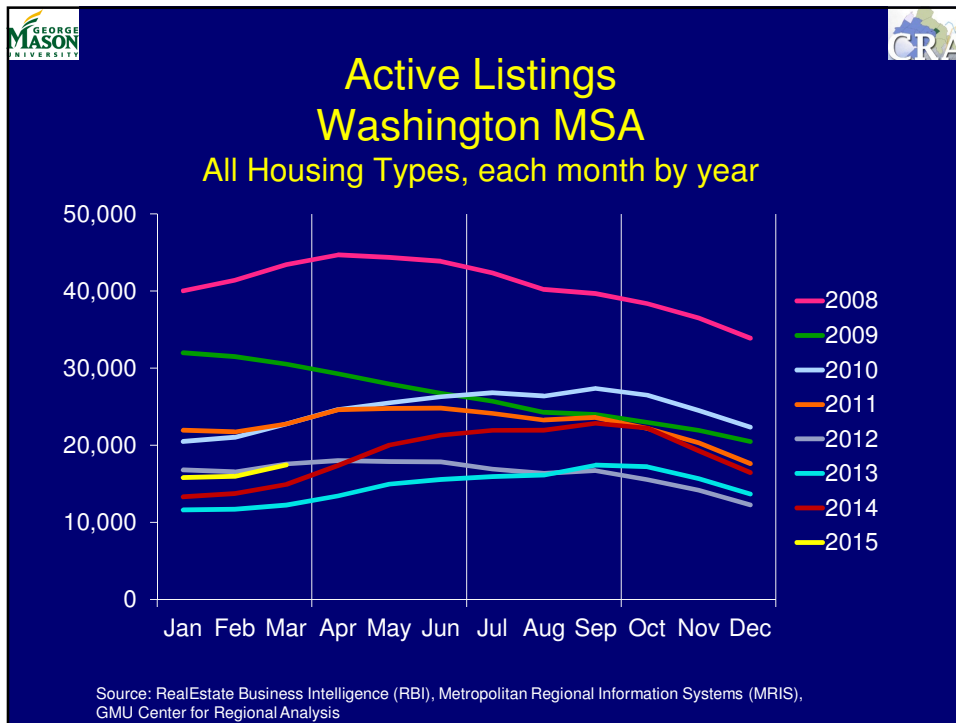


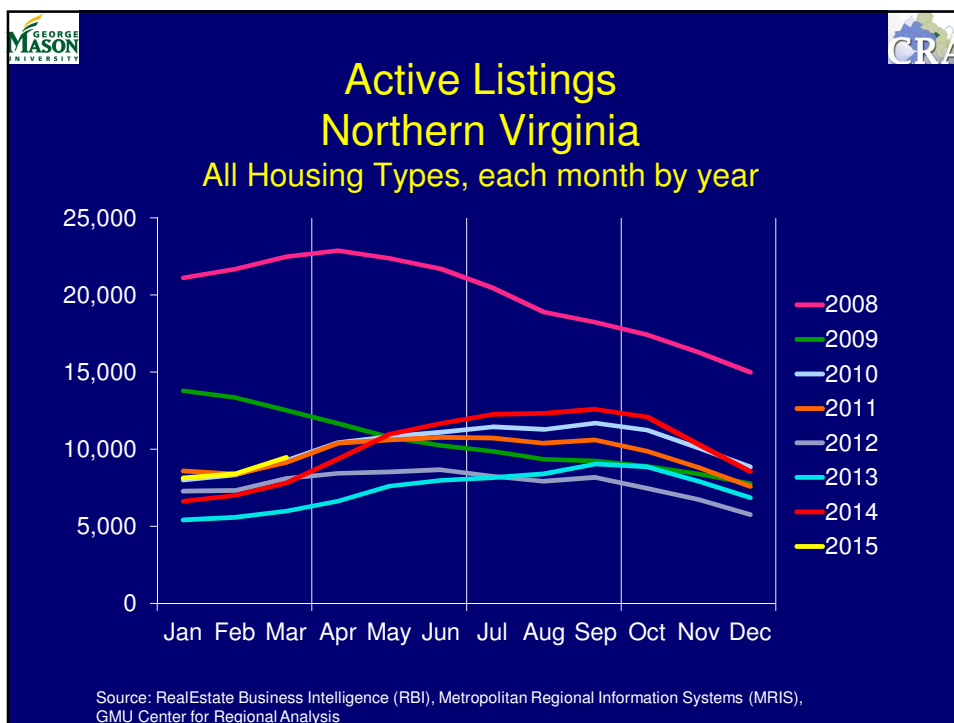
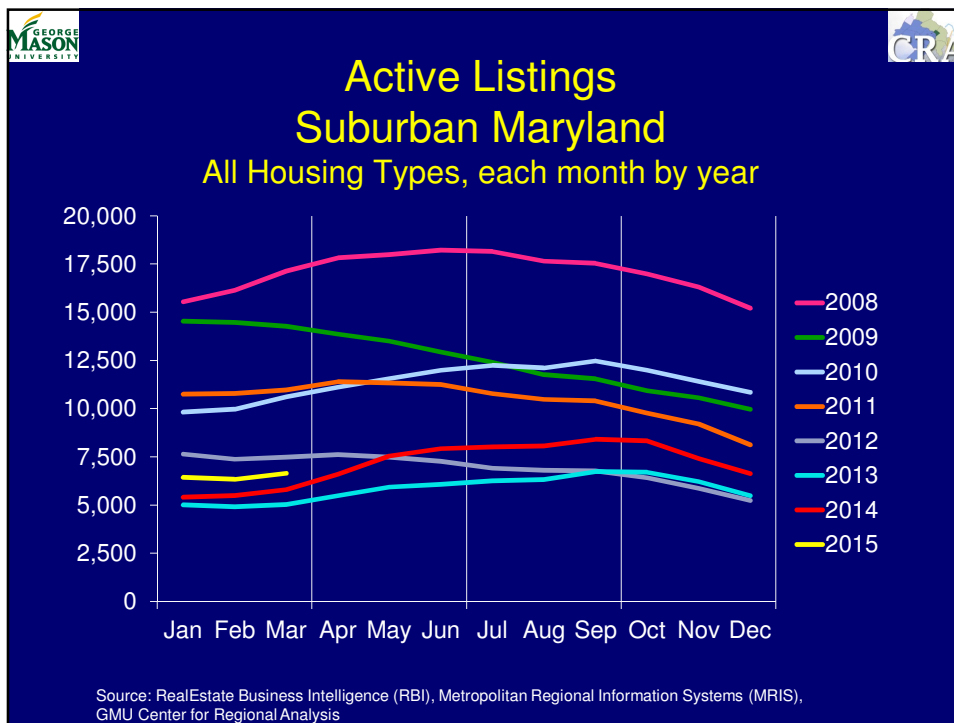


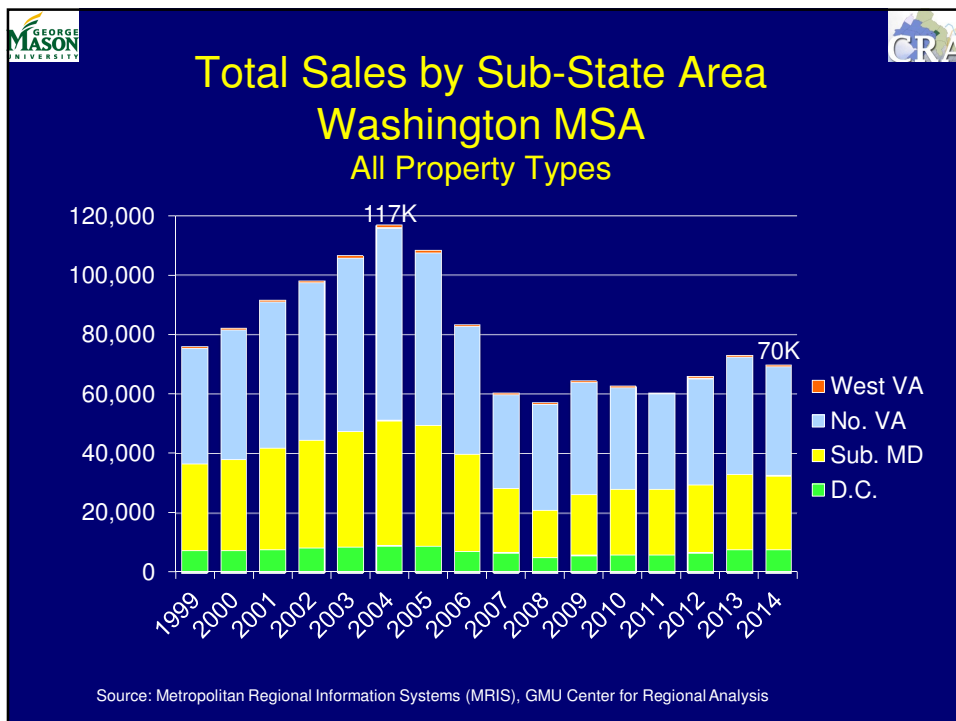
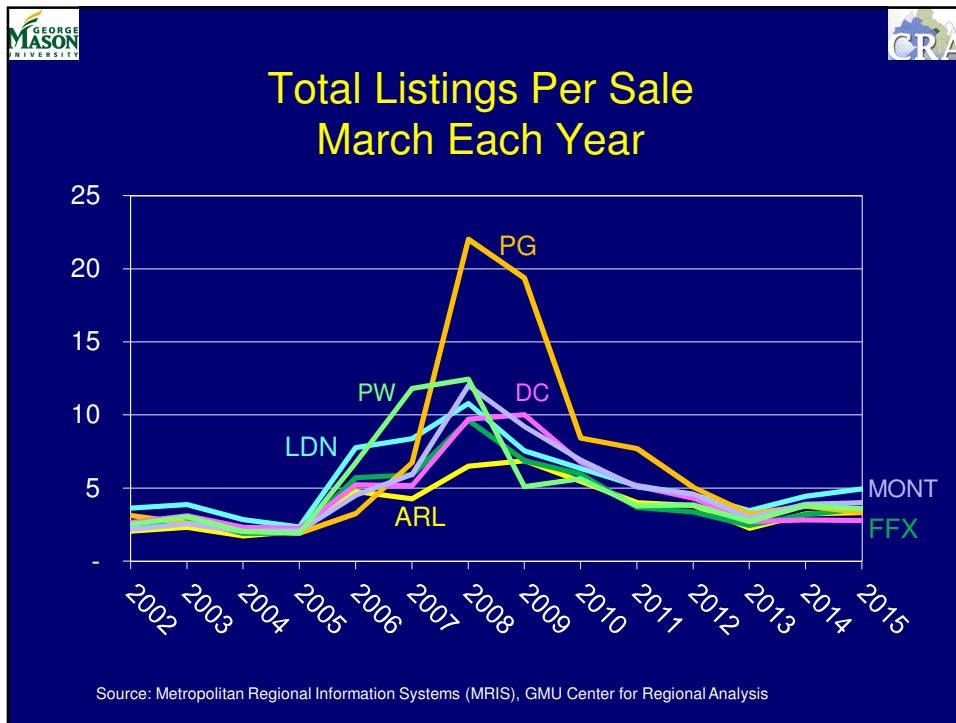
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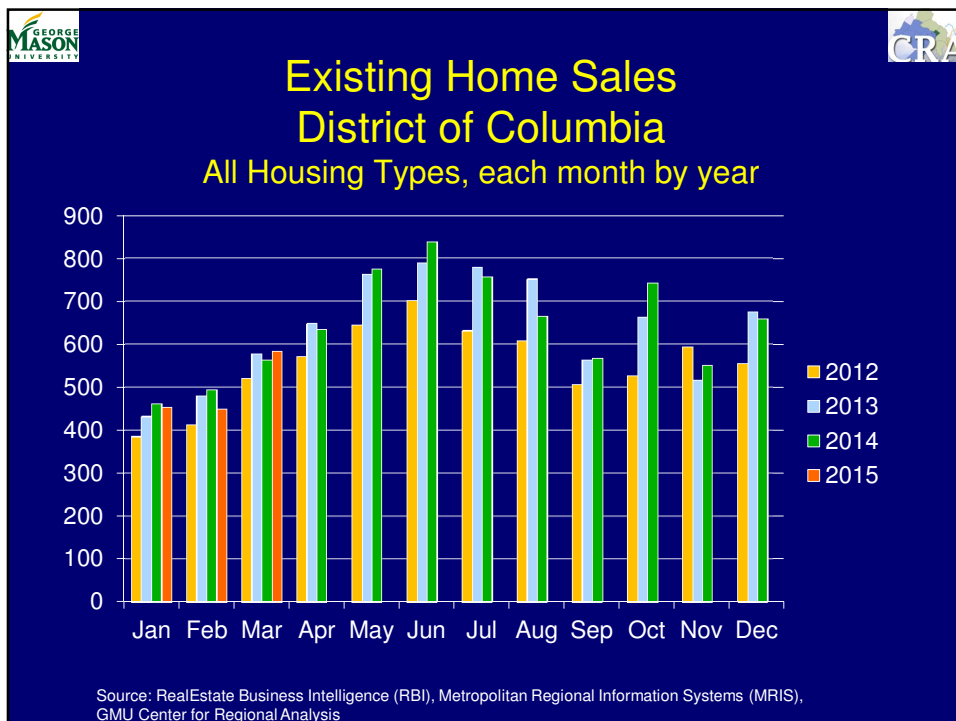
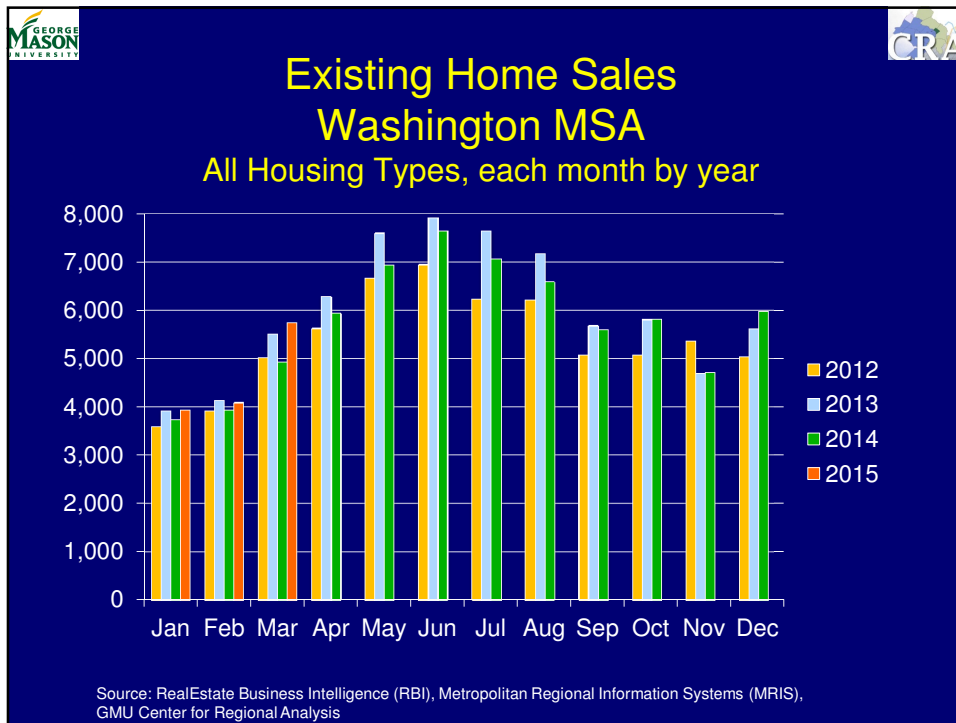
Housing Market Trends in the Washington Area

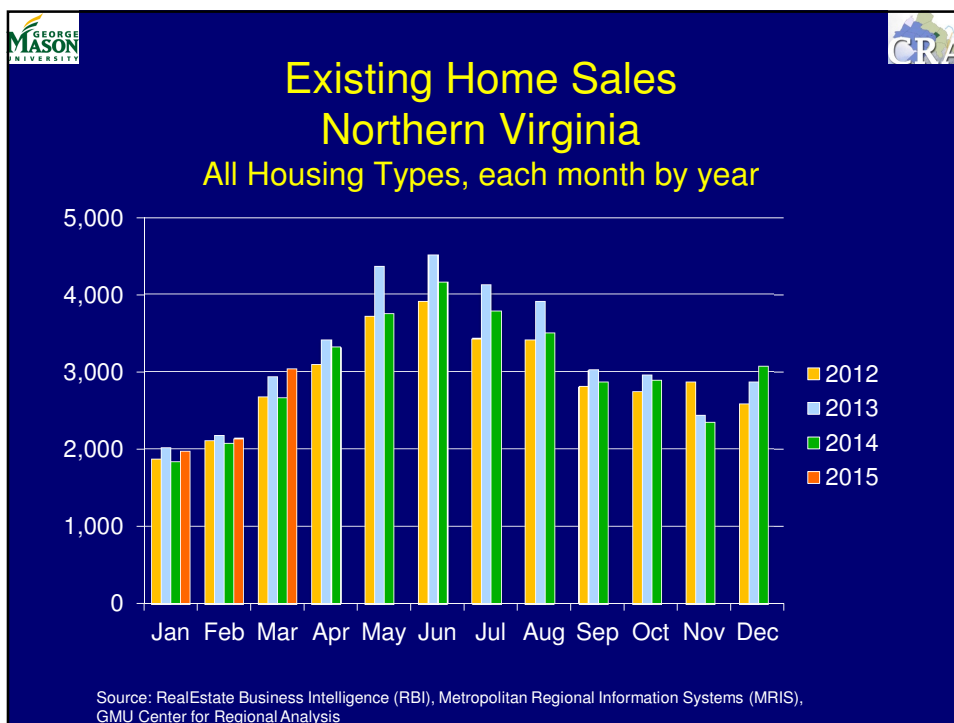
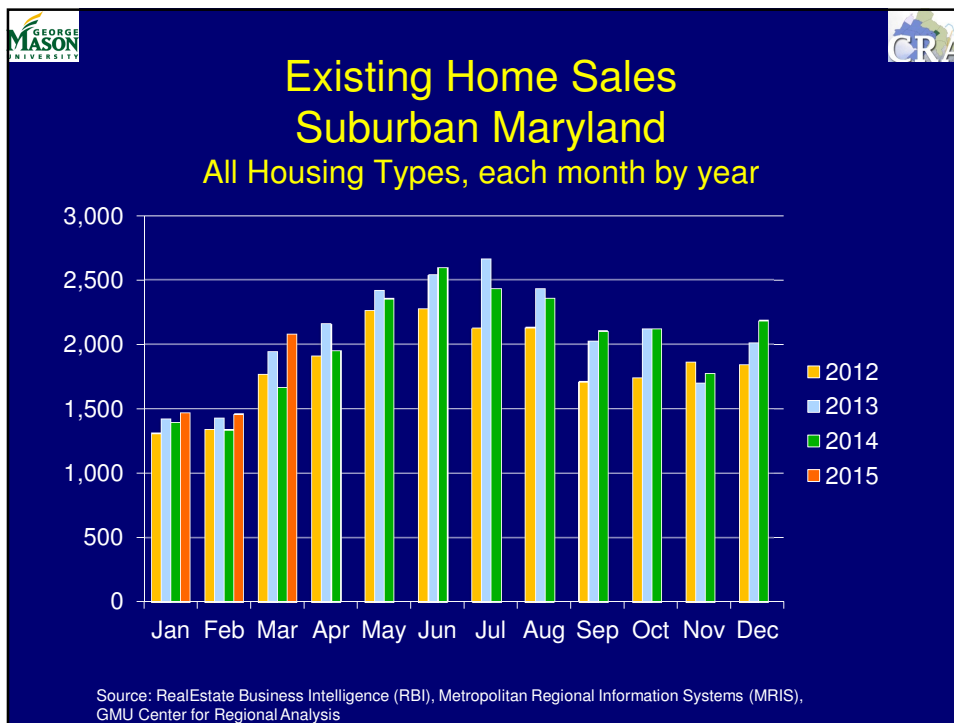


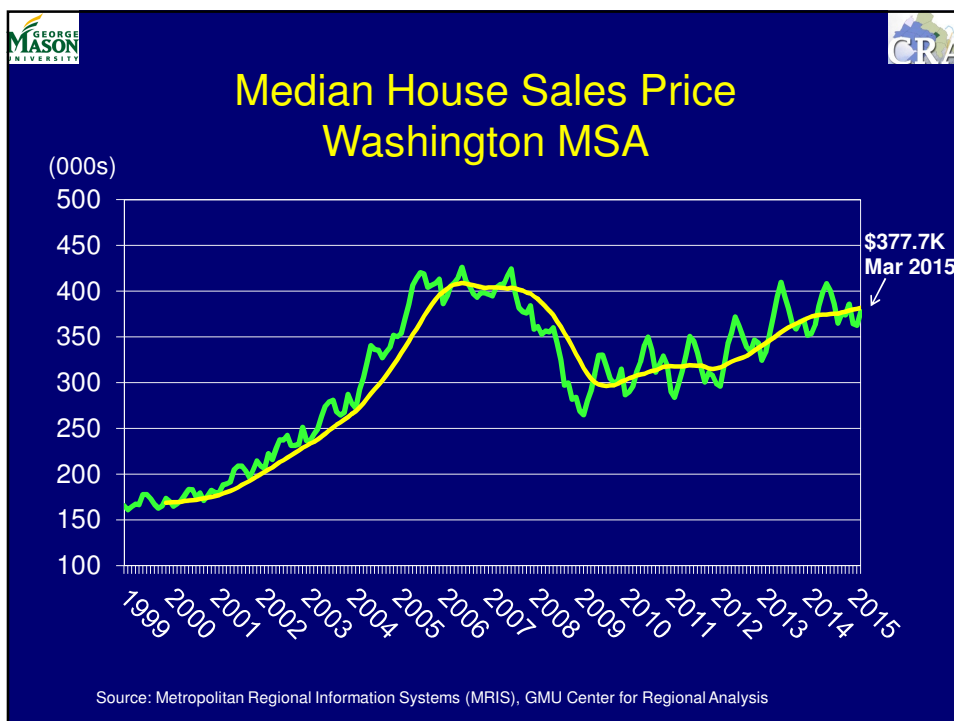
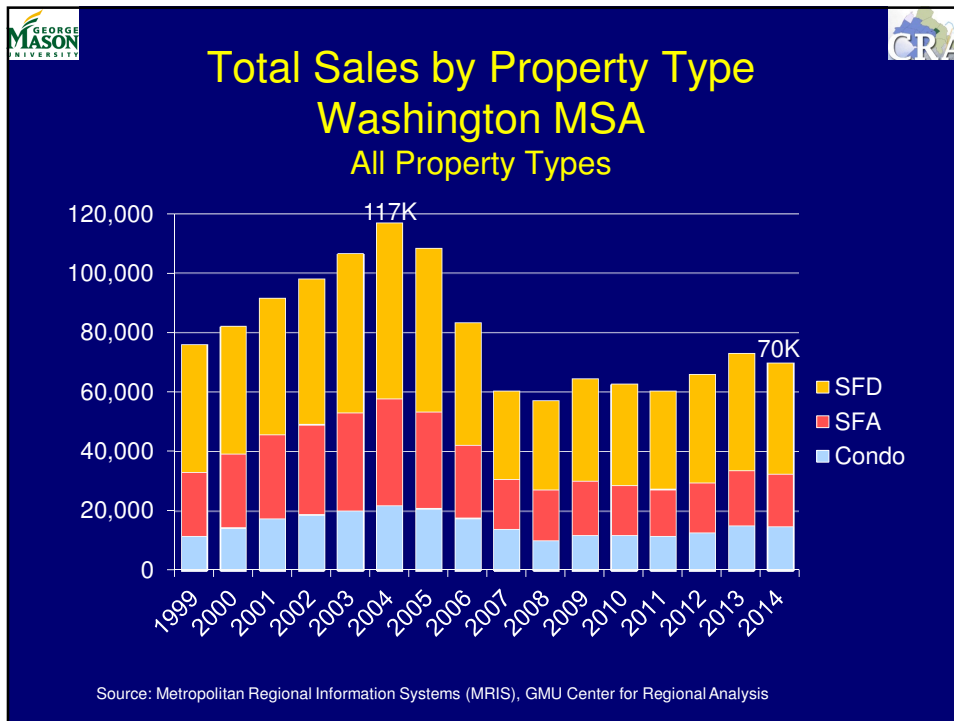


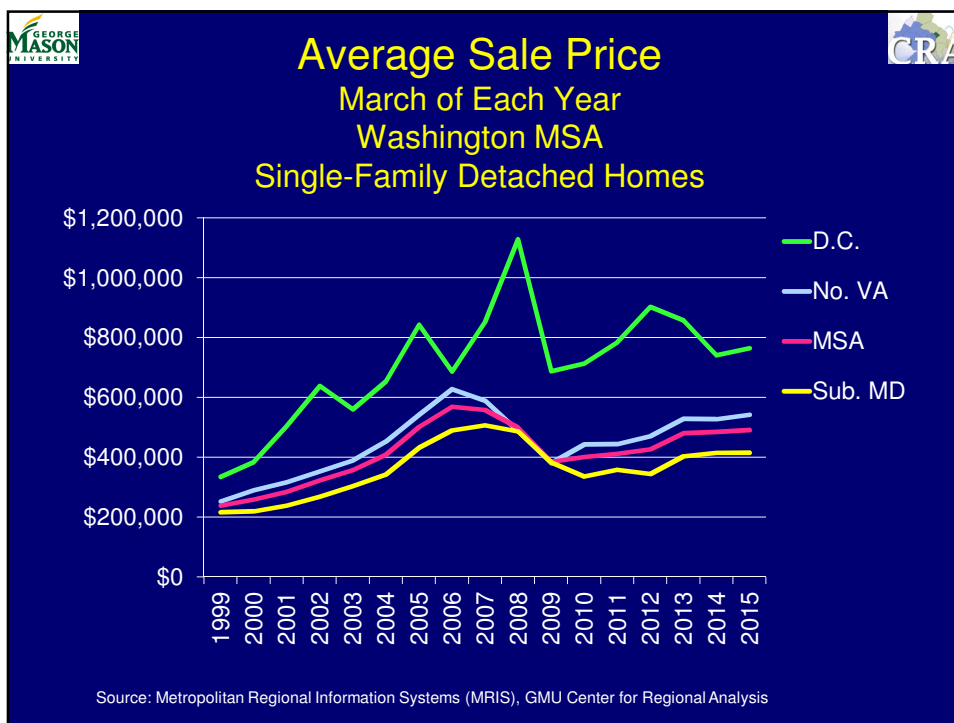
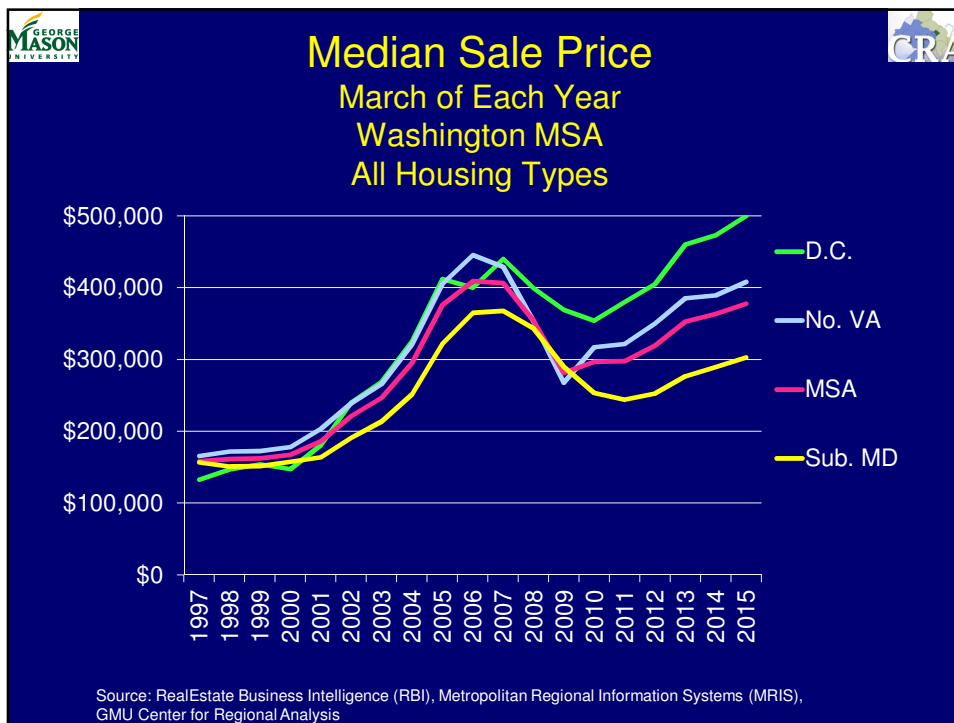


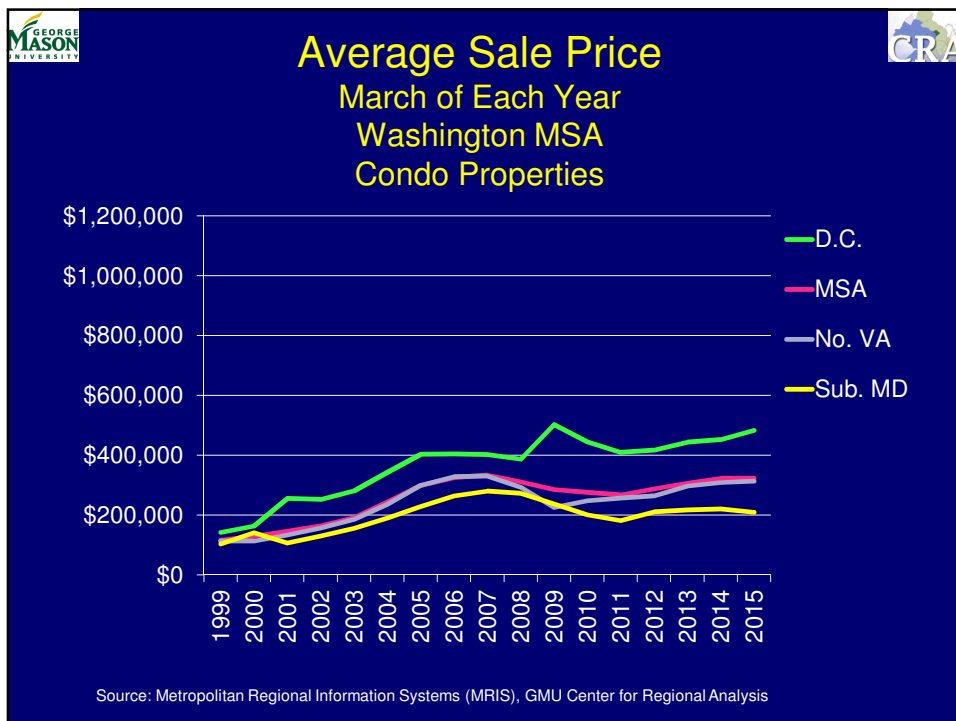
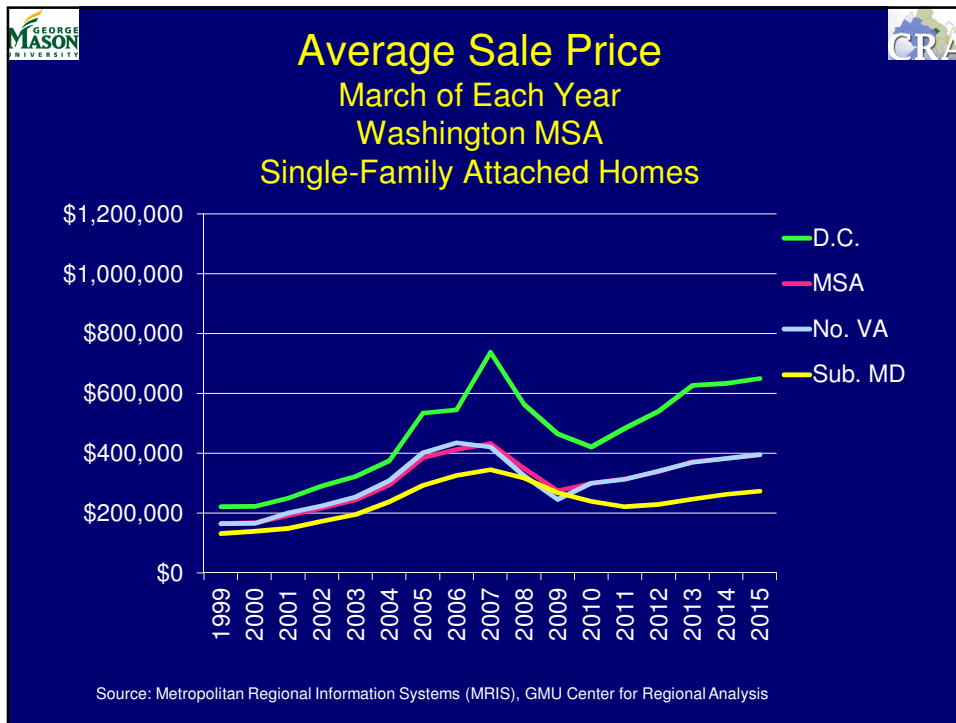


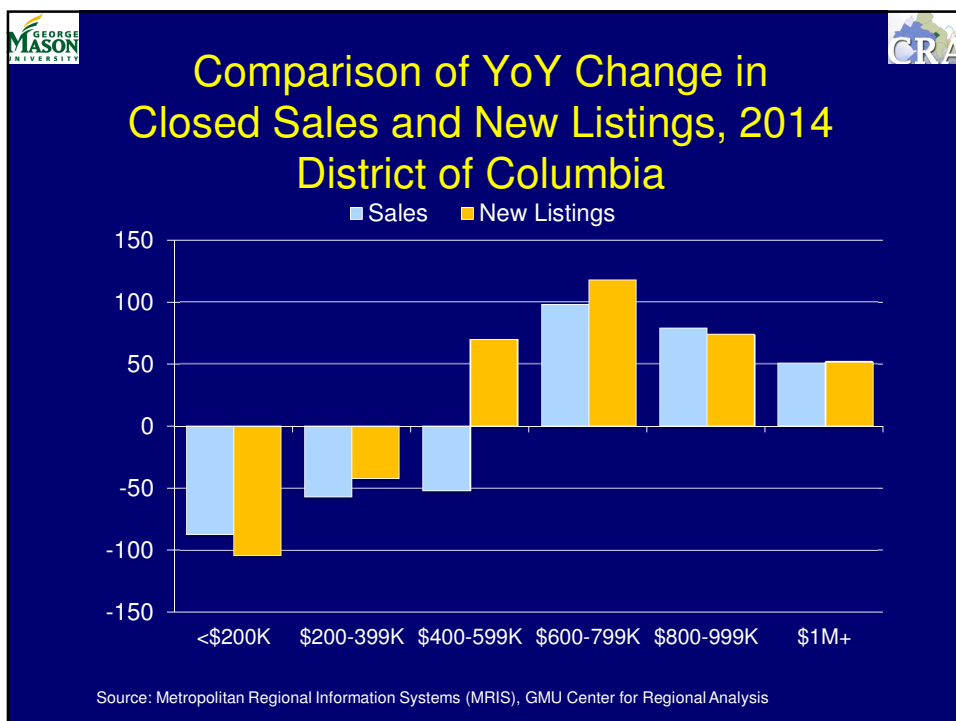
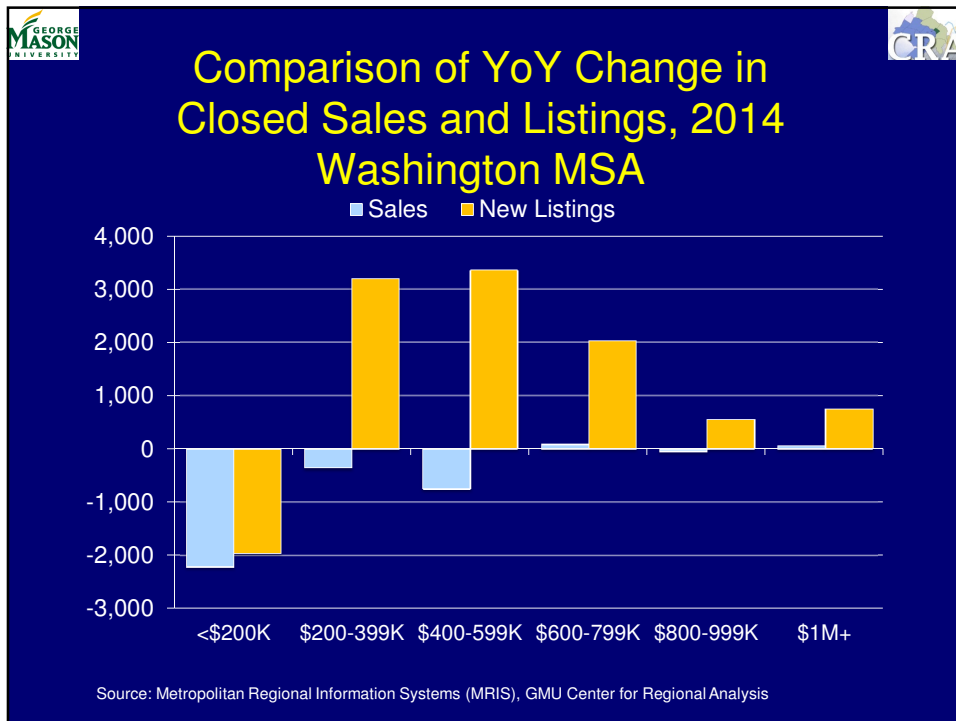


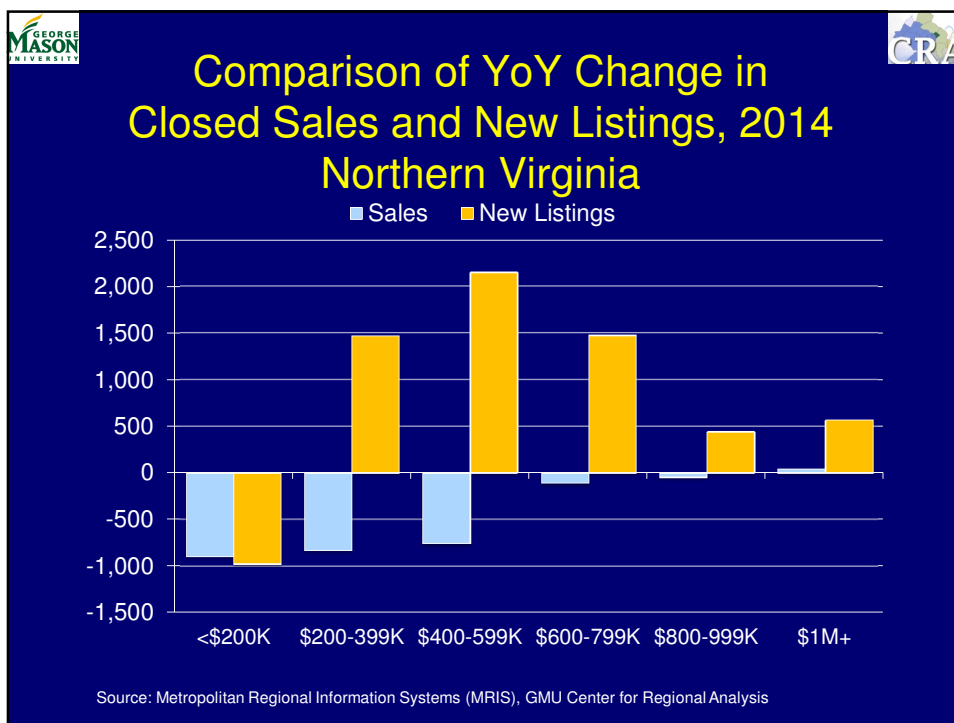
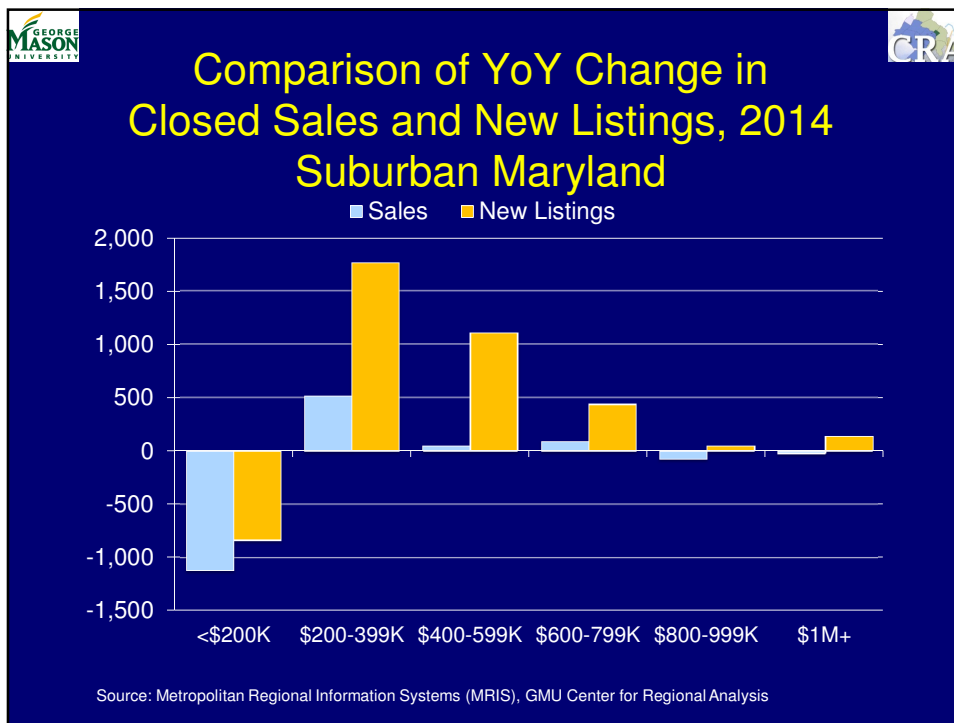


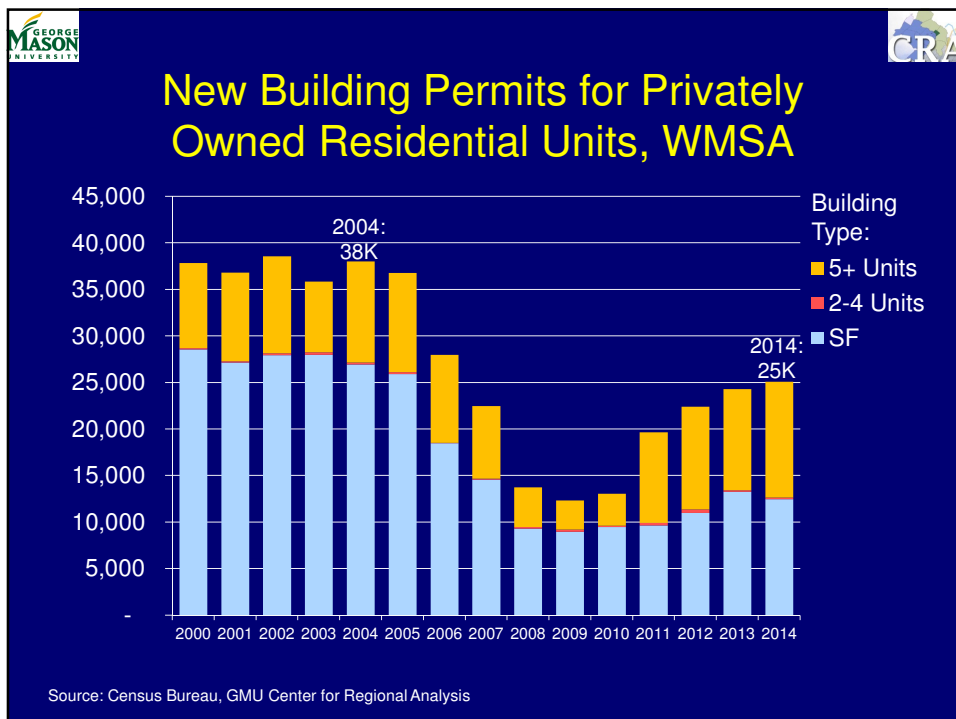
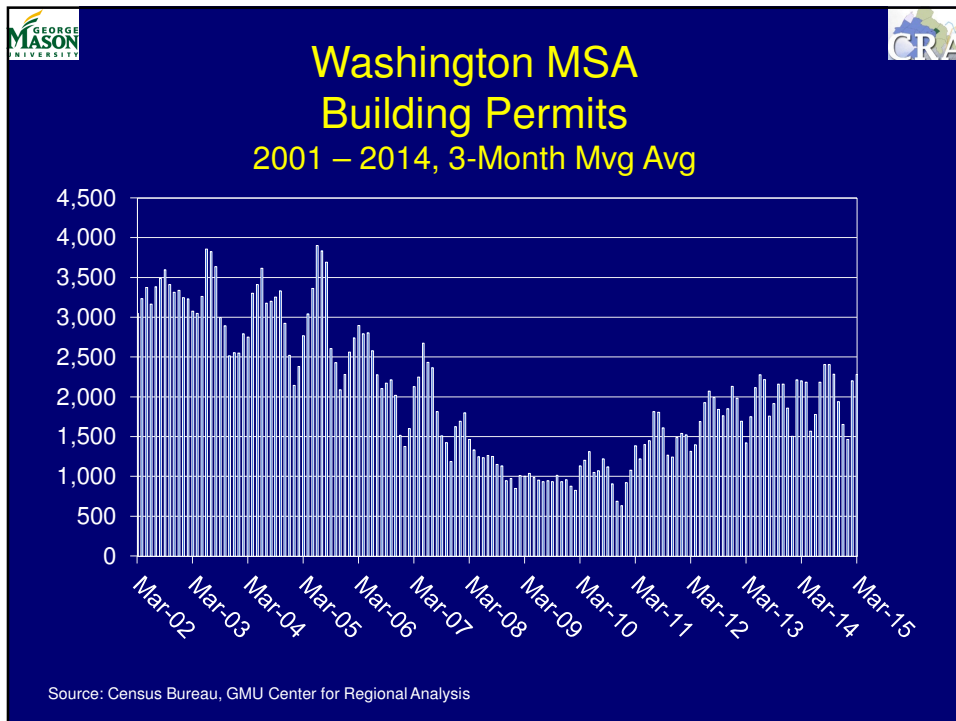






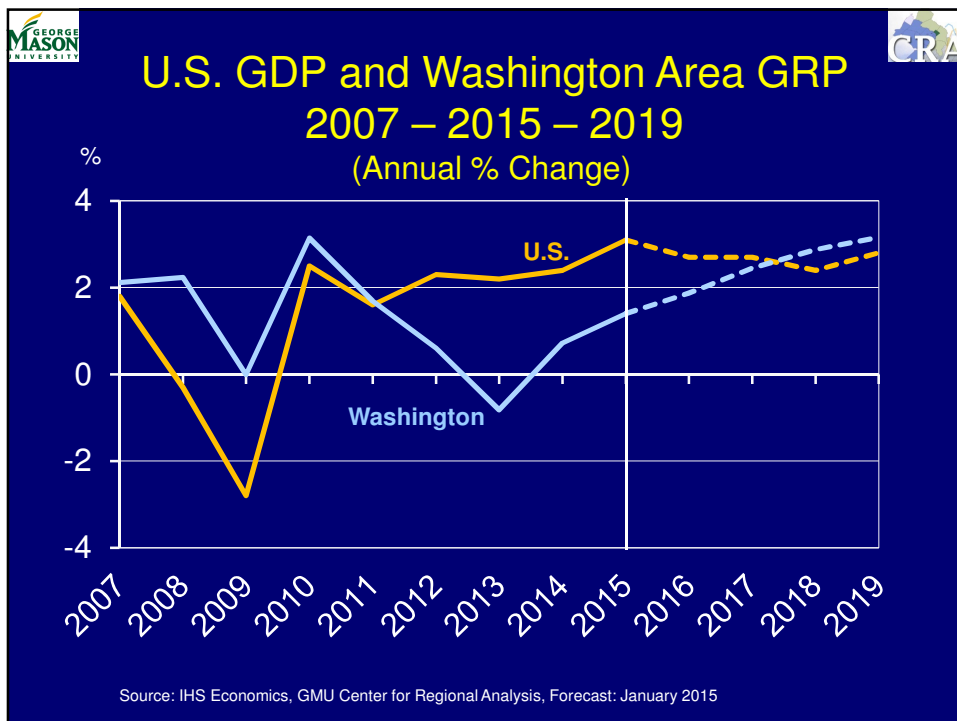








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Economic Outlook for the Washington Metropolitan Area: 2014-2019








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

	2012	2013	2014*	2015	2016	2017	2018	2019
D.C.	9.2	13.0	6.5	7.9	9.1	11.0	12.7	11.7
Sub. MD	4.0	6.1	11.1	12.5	17.0	20.1	16.9	15.8
No. VA	26.4	8.9	1.3	15.6	22.8	26.7	19.0	17.9
REGION	39.6	28.0	18.9	36.0	48.9	58.0	48.6	45.4

Average Annual Change 1990-2010 = 35,980

Source: BLS, IHS Economics, GMU Center for Regional Analysis (January 2015)
NOTE: The regional totals do not include Jefferson, WV.

Principal Sources of Job and GRP Growth in the Washington Area, 2014-2019 (in thousands)

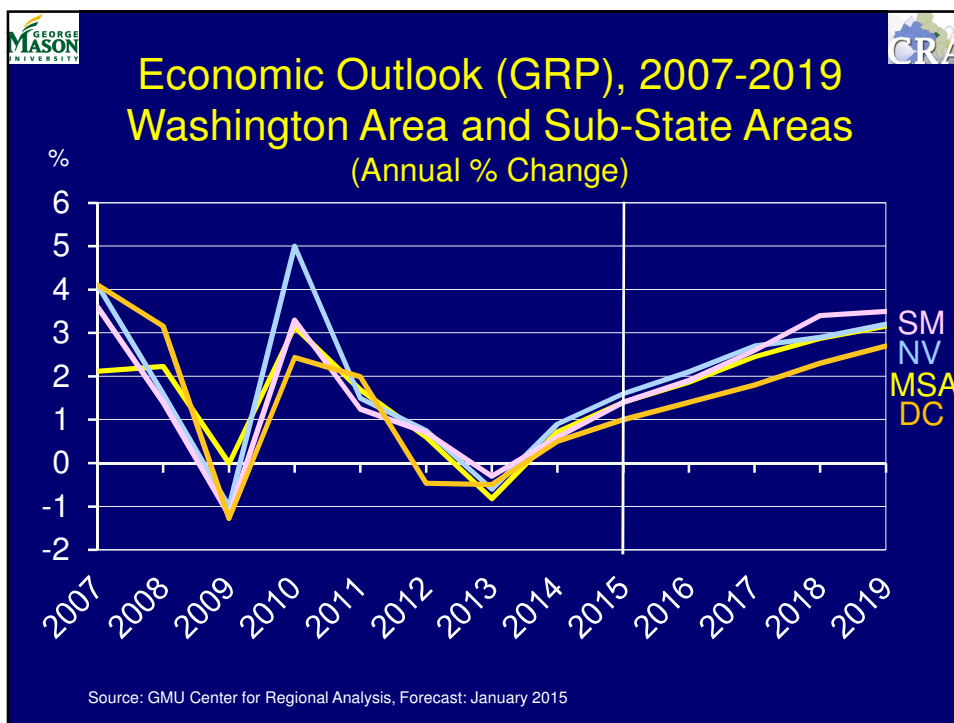
<u>Growth Sectors</u>	<u>Job Change</u>	<u>% of Total Job Change</u>	<u>Average Value Added per Job*</u>
Prof. & Bus. Ser.	114.4	48.3	\$157,969
Construction	48.8	20.5	\$111,992
Education/Health	28.7	12.1	\$72,162
Hospitality Services	27.1	11.4	\$51,110
State and Local	20.2	8.5	\$81,736
Sub-Total	239.2	100.8	\$119,749
Overall Total	236.9	100.0	\$154,131

Sources: IHS Global Insight; GMU Center for Regional Analysis *in 2014\$s

Job and GRP Gains and Losses for the Washington Area's Other Sectors, 2014-2019
(in thousands)

	Job Change	% of Total Job Change	Average Value Added per Job*
Federal Gov't	- 22.3	- 9.4	\$185,804
Retail Trade	0.5	0.2	\$64,478
Other Services	2.6	1.1	\$86,150
Financial Services	- 0.1	0.0	\$620,922
Information Services	2.0	0.9	\$410,371
Manufacturing	0.0	0.0	\$249,934
Transportation	8.8	3.7	\$203,015
Wholesale Trade	6.2	2.6	\$215,783
Sub-Totals	- 2.3	- 0.9	\$197,811
Overall Total	236.9	100.0	\$154,131

Sources: IHS Economics, Inc.; GMU Center for Regional Analysis *in 2014 \$s





Thank You
Questions

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