





*Fairfax County Chamber of Commerce
Board of Director's Meeting*

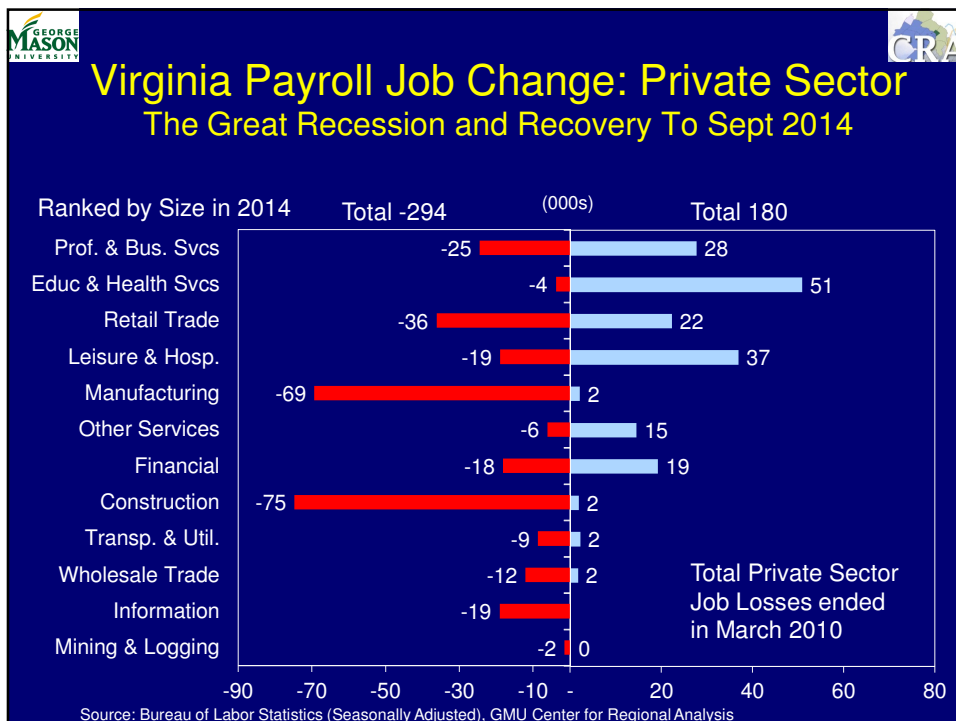
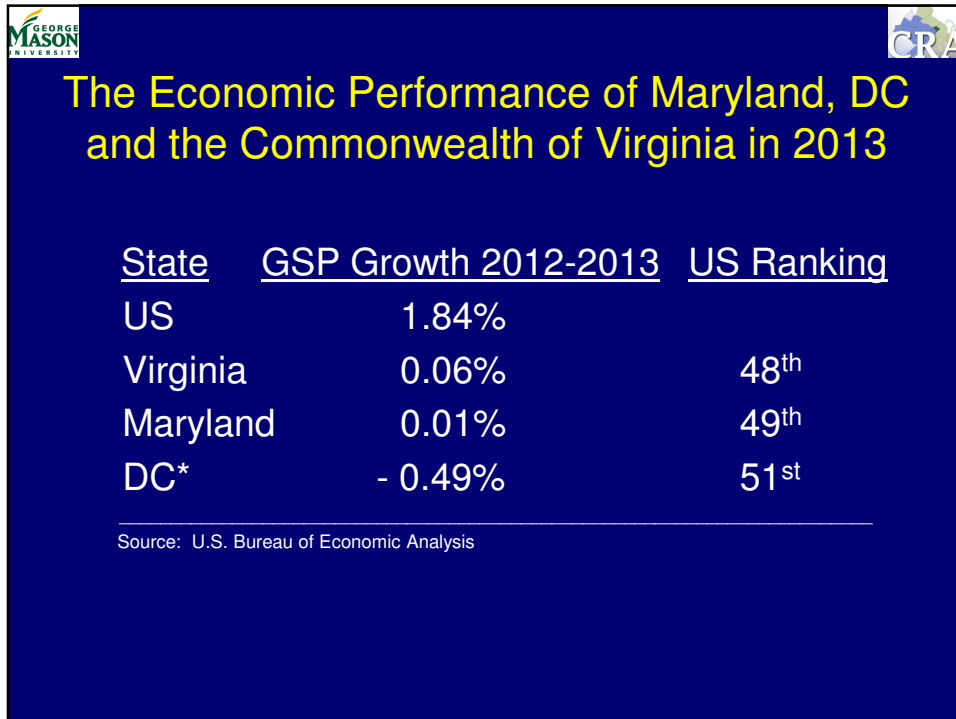
***The Virginia and the Northern
Virginia Economies Continue to
Lag the U.S. Economy***

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

November 19, 2014



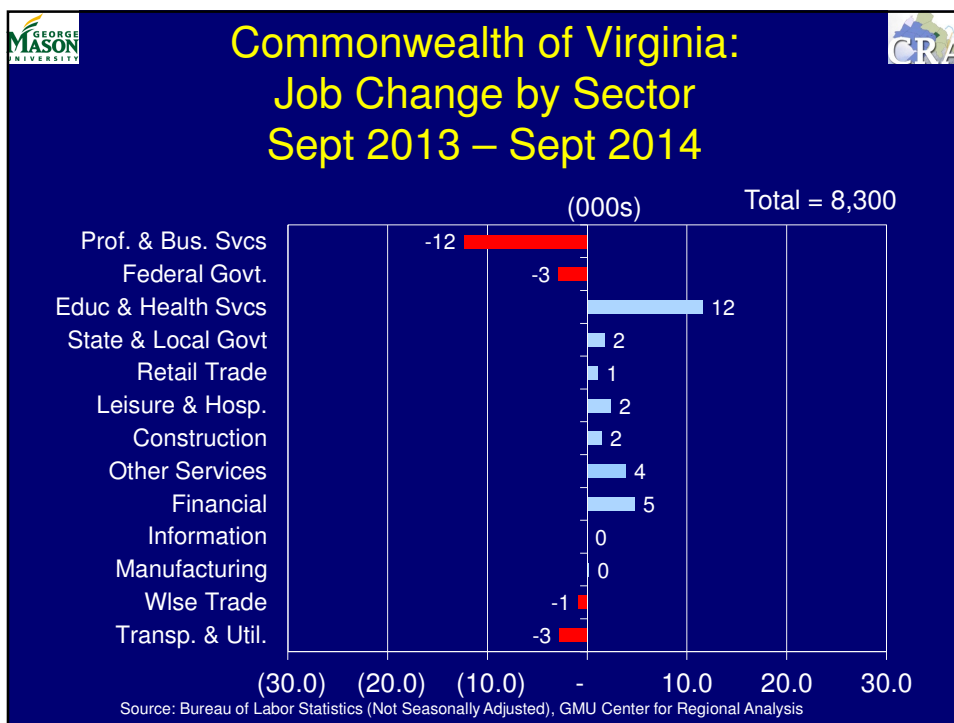
**The Current Economic Performance
of the Commonwealth of Virginia**

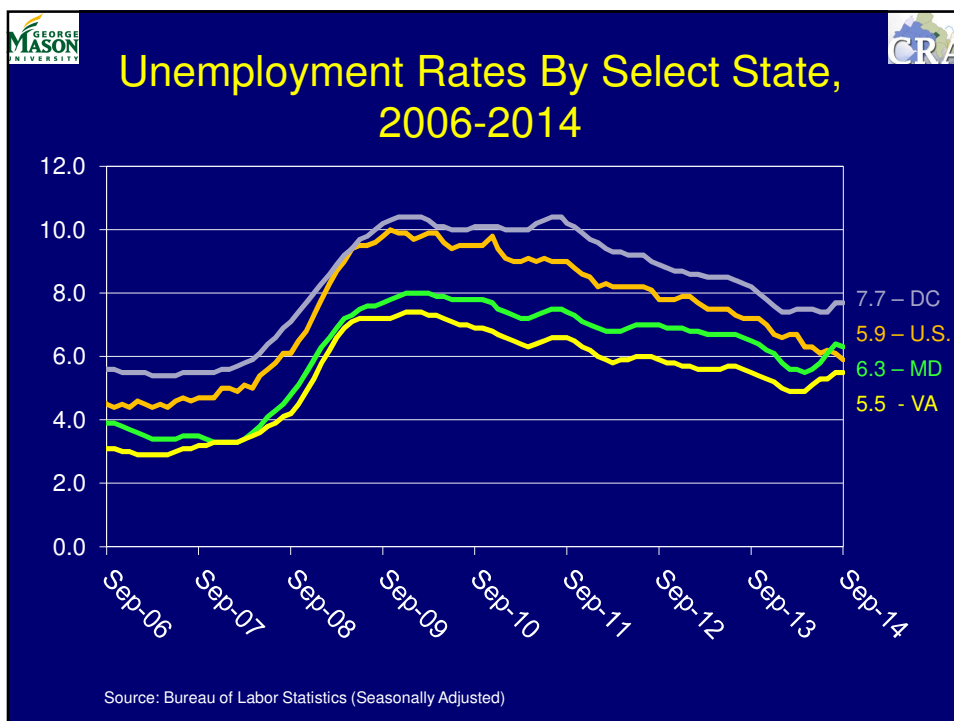
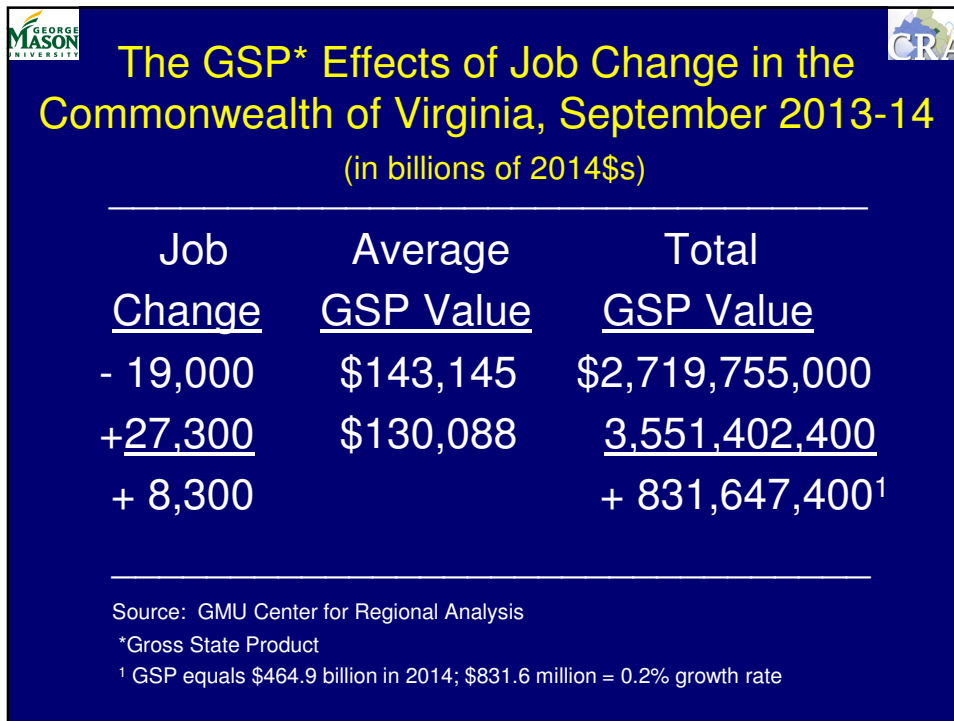


The GSP* Effects of Job Change in the Commonwealth of Virginia, March 08-Sept 14
(in billions of 2014\$s)

<u>Job Change</u>	<u>Average GSP Value</u>	<u>Total GSP Value</u>
-294,400	\$146,964	\$43,266,201,000
+179,500	\$113,193	20,318,143,000
- 114,900		- \$22,948,058,000

Source: GMU Center for Regional Analysis
*Gross State Product







The Current Performance and Near-Term Outlook for the Northern Virginia Economy



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

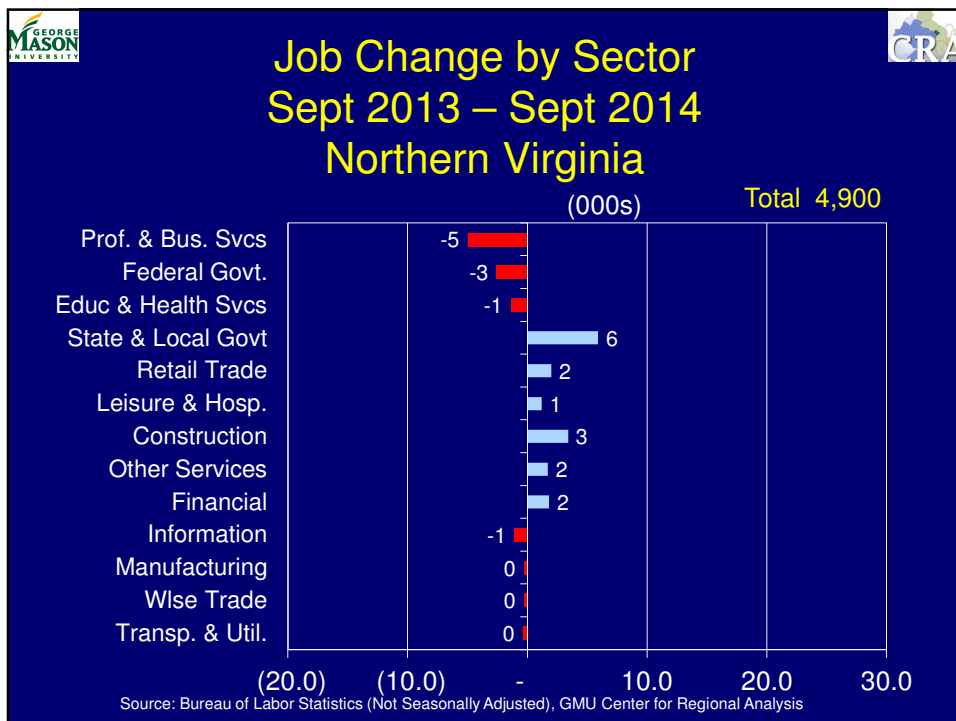
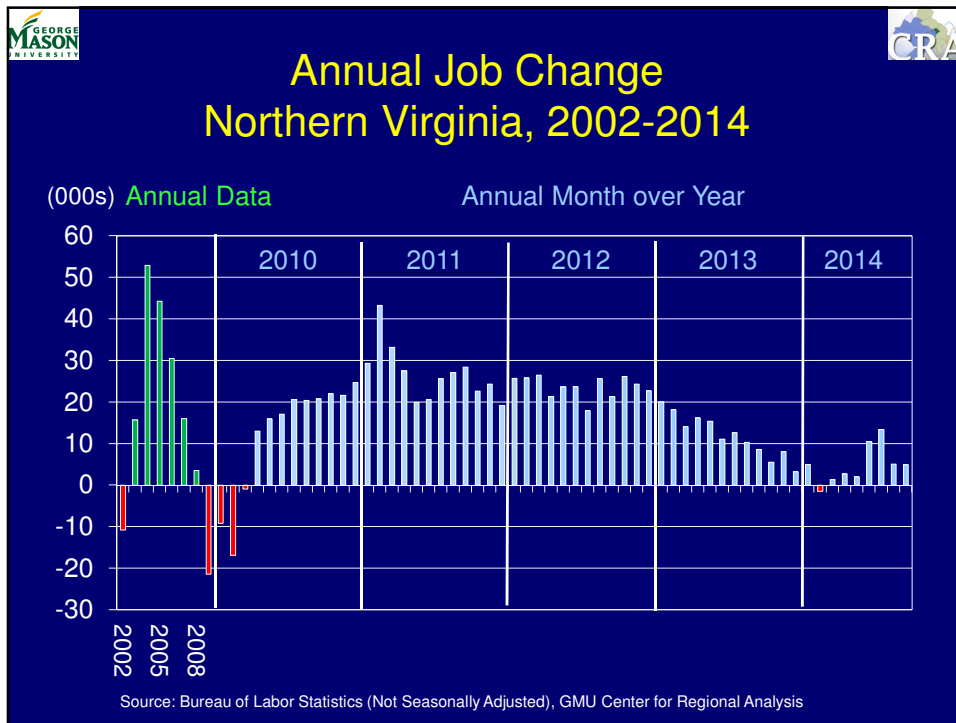
- Federal Procurement Outlays declined \$13.45 billion or 16.2% between FY 2010 and FY 2013.
- Federal employment has declined since peaking in July 2010, losing 24,000 jobs or 6.2%; 55% or 13,100 of these jobs were located in the District;
- Federal payroll declined by \$3.4 billion or 8% between FY 2010 and FY 2013 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 Northern Virginia

Jurisdiction	Median HH Income 2013*	Change from 2009*
Arlington County	\$102,501	- \$1,675
Fairfax County	111,079	- \$249
Fauquier County	82,823	- \$12,982
Loudoun County	116,768	- \$7,283
Prince Wm County	95,268	- \$2,234
Spotsylvania County	93,454	- \$10,869
Stafford County	71,901	- \$2,757
Alexandria City	86,775	\$2,985
Northern Virginia	\$103,381	- \$2,101

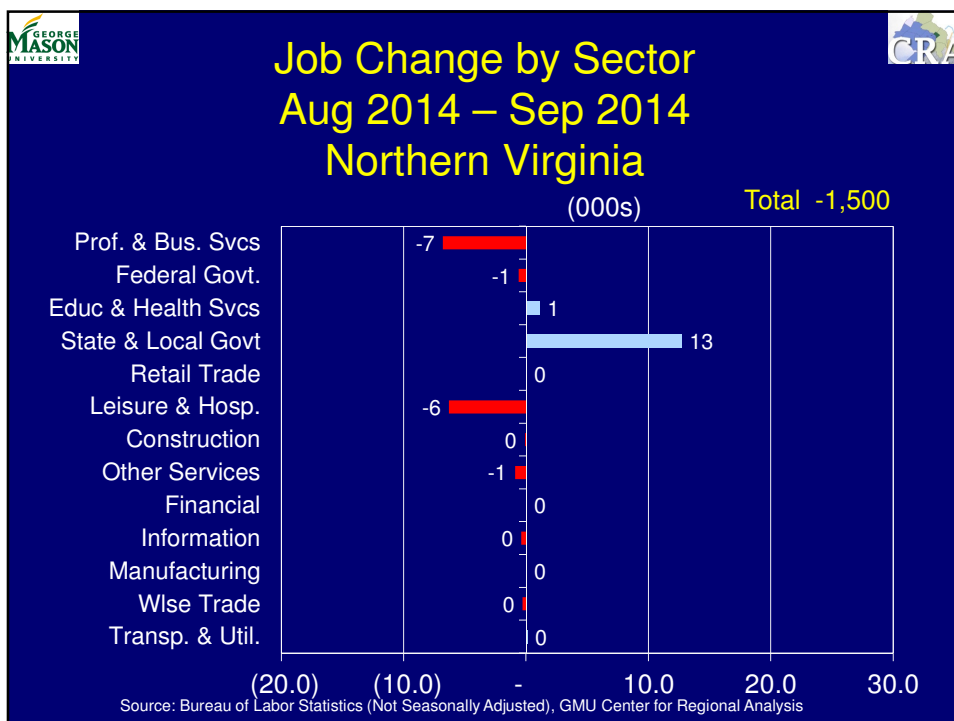
Source: U.S. Census, ACS 1-Year; GMU Center for Regional Analysis *in 2013 dollars

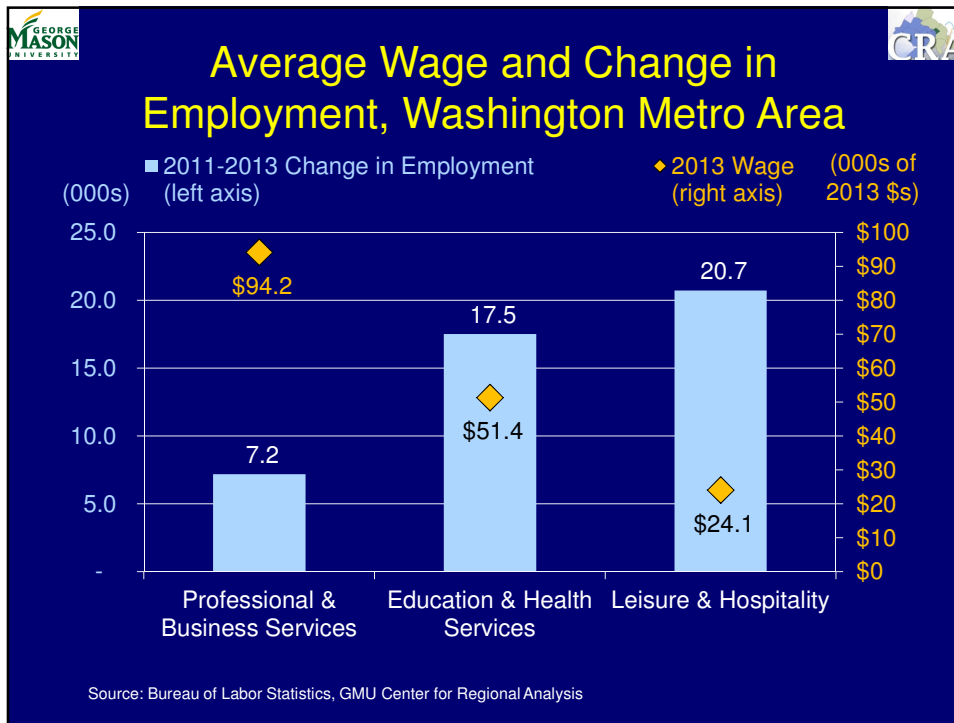


The GRP* Effects of Job Change in the Northern Virginia, September 2013-14
(in billions of 2014\$s)

<u>Job Change</u>	<u>Average GRP Value</u>	<u>Total GRP Value</u>
- 11,100	\$179,432	\$1,991,695,200
+ <u>16,000</u>	\$129,883	<u>2,078,128,000</u>
+ 4,900		+ \$86,433,800 ¹

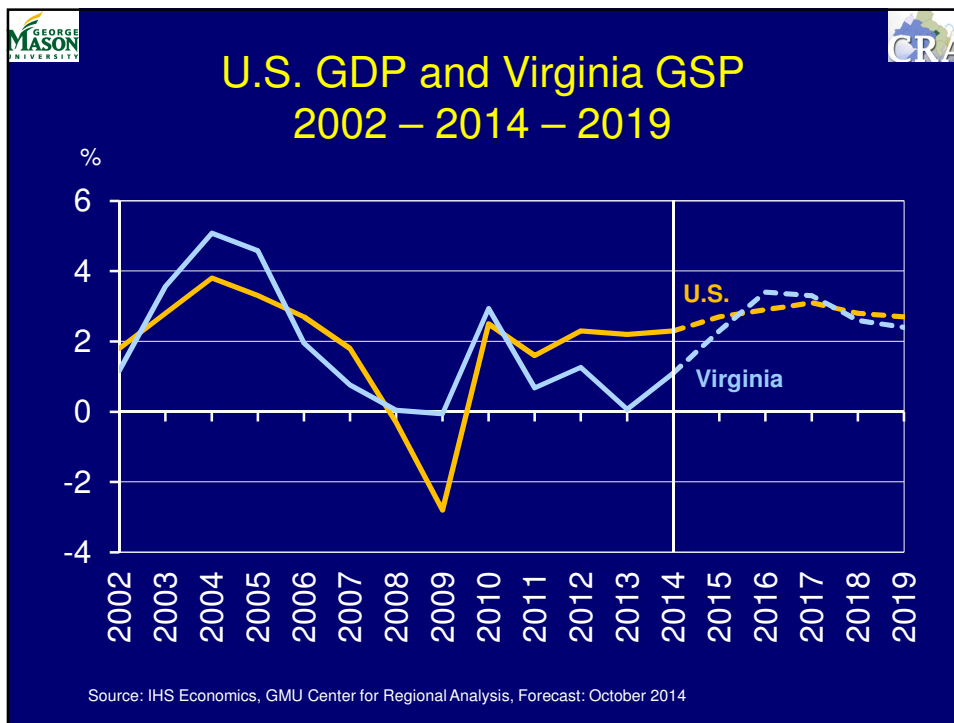
Source: GMU Center for Regional Analysis
 *Gross Regional Product
¹ Northern Virginia's GRP equals \$229.7 billion; \$86.4 million = 0.04% growth







The Outlook for the Commonwealth of Virginia and Northern Virginia Economies 2014-2019



Principal Sources of Job and GSP Growth in Virginia, 2014-2019
(in thousands)

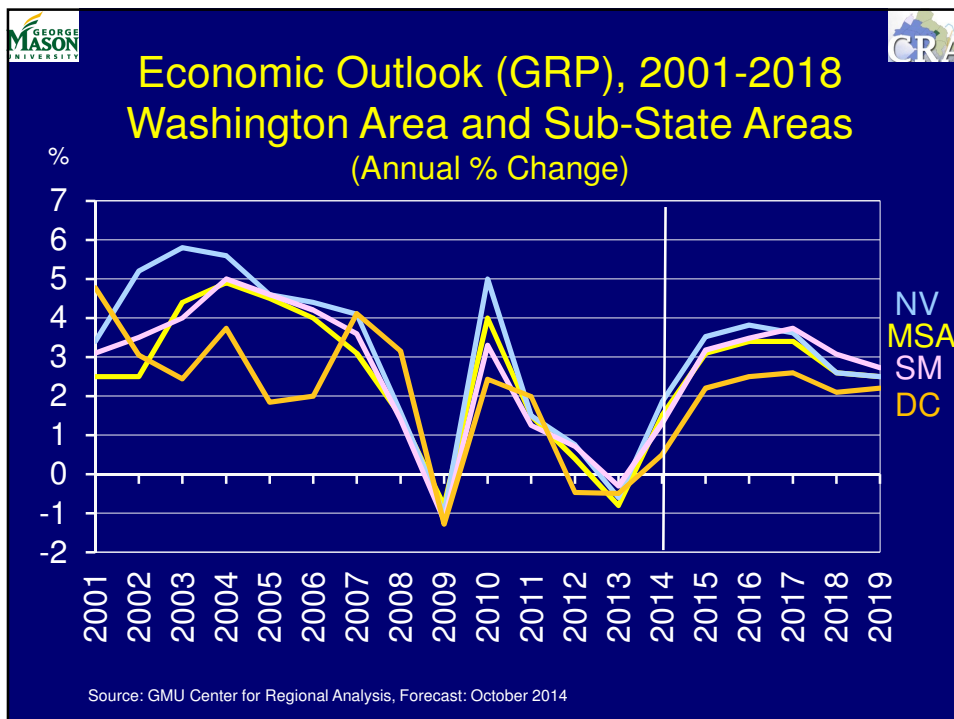
<u>Growth Sectors</u>	<u>Job Change</u>	<u>% of Total Job Change</u>	<u>Average Value Added per Job*</u>
Prof. & Bus. Ser.	110.6	38.6	\$131,363
Construction	64.6	22.5	\$90,950
Education/Health	42.5	14.8	\$62,882
Hospitality Services	24.3	8.5	\$37,273
State and Local	22.0	7.7	\$71,201
Transportation	16.5	5.8	\$115,244
Sub-Total	280.5	97.8	\$97,862
Overall Total	286.9	100.0	\$123,149

Sources: IHS Economics; GMU Center for Regional Analysis *in 2014 dollars

Job and GSP Gains and Losses for The Commonwealth's Other Sectors, 2014-2019
(in thousands)

	Job Change	% of Total Job Change	Average Value Added per Job*
Federal Gov't	- 25.0	- 8.7	\$166,504
Retail Trade	3.8	1.3	\$59,873
Other Services	- 2.1	- 0.7	\$56,903
Financial Services	- 3.3	- 1.2	\$454,196
Information Services	5.0	1.7	\$237,472
Manufacturing	6.0	2.1	\$187,401
Wholesale Trade	12.0	4.2	\$170,573
Military	2.3	0.8	\$148,518
Subtotals – Gains	29.1	10.2	\$169,338
Subtotals – Losses	- 30.4	- 10.6	\$190,163
Net Job Change	286.9	100.0	\$123,149

Sources: IHS Economics; GMU Center for Regional Analysis *in 2014 dollars





Rethinking The Local Economy's Future

- Exports are key to growing the economy.
 - Scientific and Technical Services
 - Higher Ed and Health Services
 - Manufacturing
 - Agriculture and Natural Resources
 - Leisure and Hospitality
 - Foreign Direct Investment
- Growing high value-added employment builds the residentially based economy and state and local tax bases.



Fresh Approaches For Economic Development

- Identify the state's, region's and county's principal non-federally dependent economic assets and focus marketing strategies on these sources of future growth;
- Unify local, regional and state approaches to economic development to reduce their conflicting messages and predatory practices;



- Strengthen the business-to-business base in the state, region and county by reducing the unproductive public costs of business operations;
- Re-brand the state's, region's and county's economic development images and business investment climates to build on their competitive assets in the national and global economies;



- Invest in the state's, region's and county's infrastructure to strengthen their competitive positions with their peers; and,
- Increase the capacity of the state's and area's educational and skills training institutions to respond to the workforce development requirements for on-going up-skilling of current workers and to prepare new-to-the-labor market workers for the new and emerging economies.



Thank You & Questions
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Save The Date:
GMU/Cardinal Bank
Economic Conference
January 15, 2015