




CRA Research Sponsors Roundtable


***The Washington Metropolitan Region
Its Economic Outlook and
Future Challenges***

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

December 9, 2013



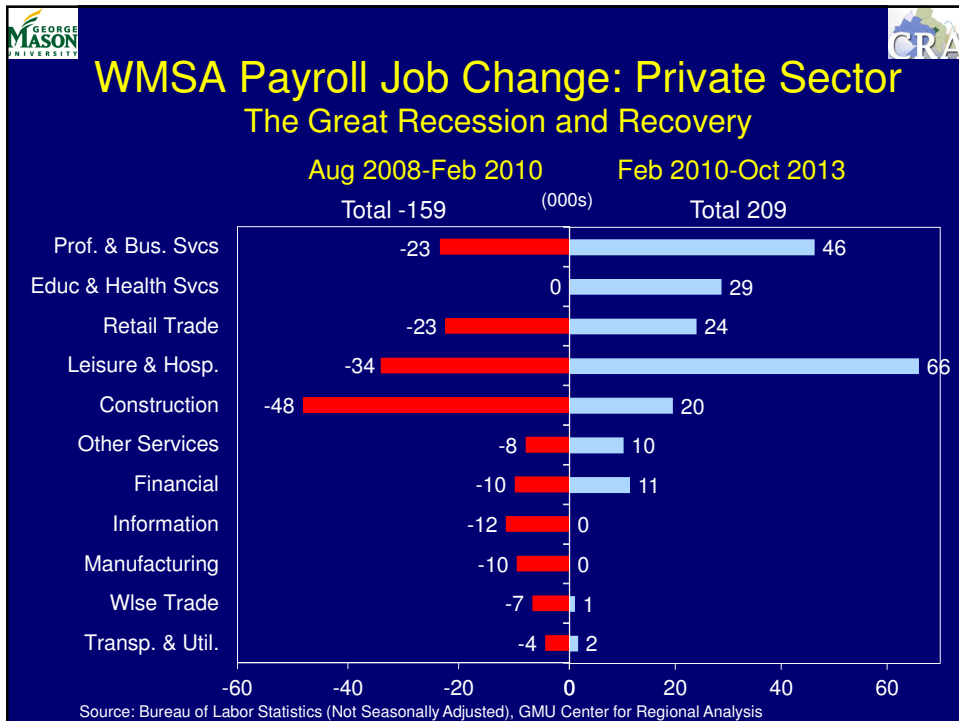
Forecast Assumptions

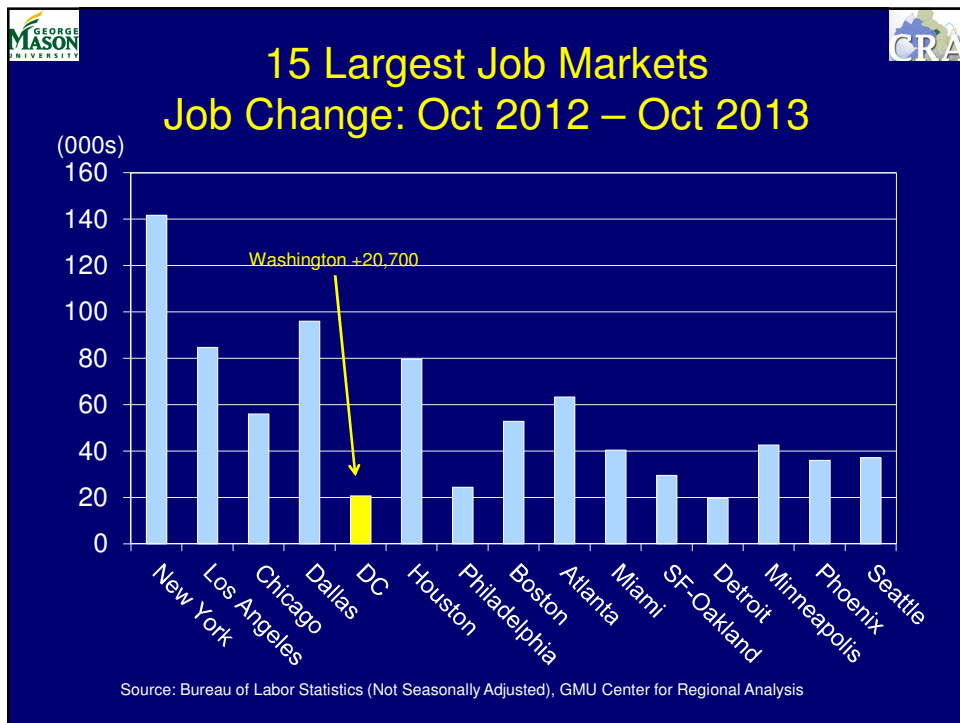
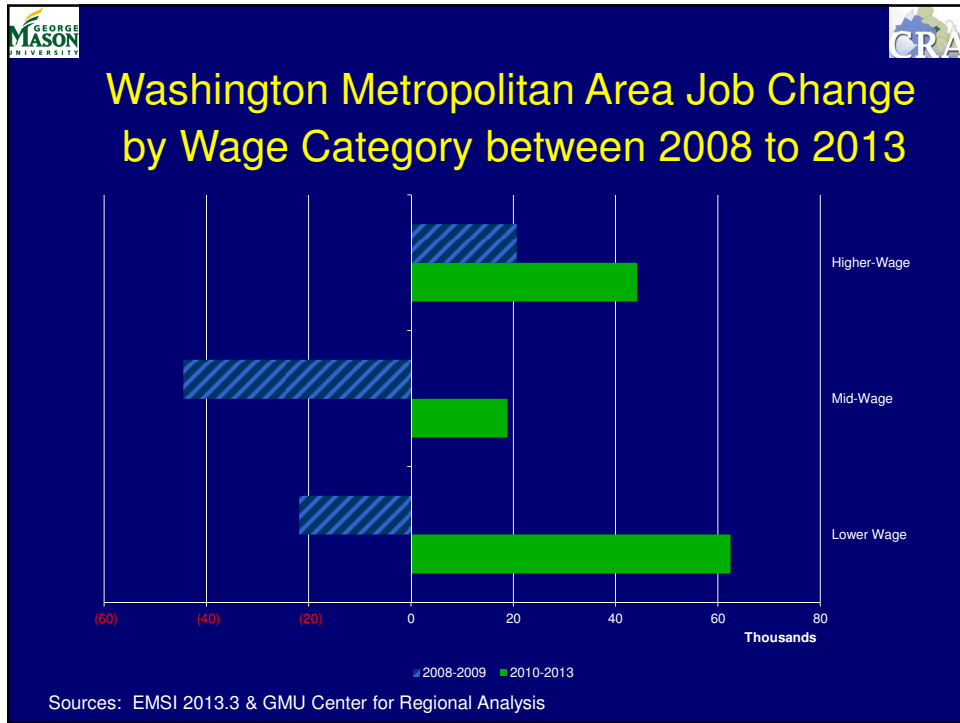


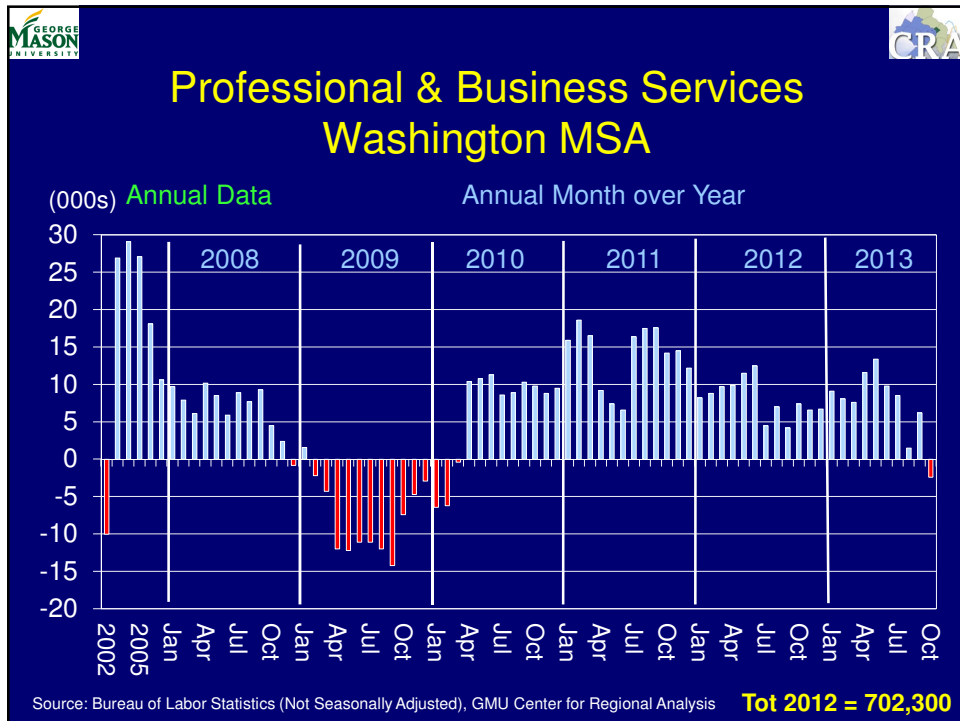
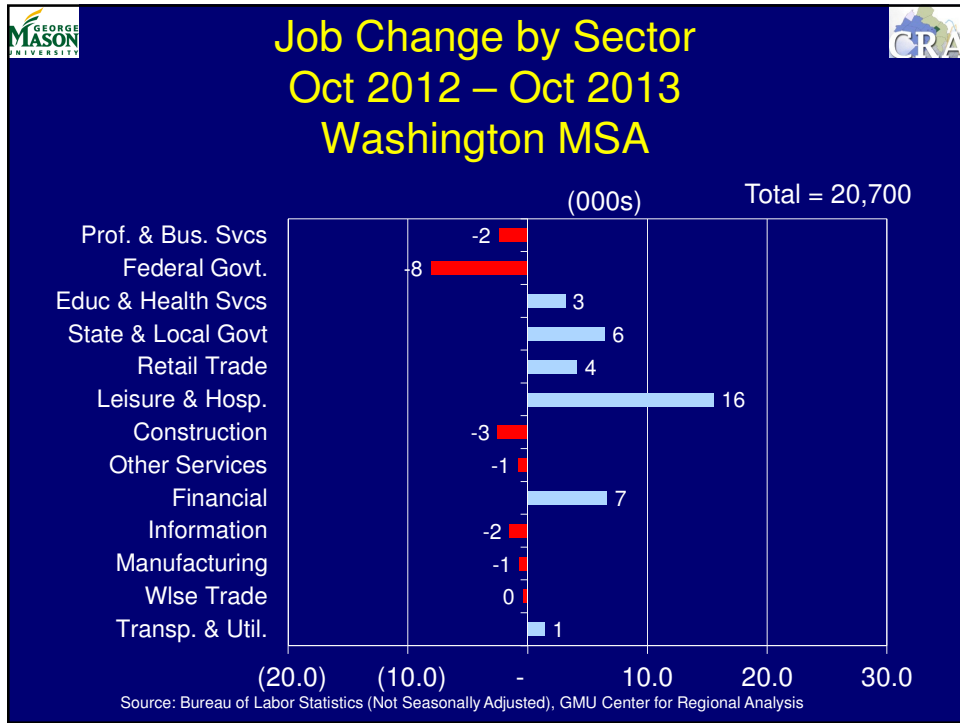
The Washington area economy is projected to grow and generate new jobs over the coming decade and beyond, however the jobs it will be generating will not have the same wage and salary structure that has advantaged the region in the past. Additionally, this projected job growth assumes that there will be a sufficient number of workers to fill these positions and that they will have the required mix of education and skills. Further, underlying the projections are the assumptions that (1) there will be sufficient housing to house the future workforce at affordable costs and (2) the region will have the infrastructure required to support this growth.

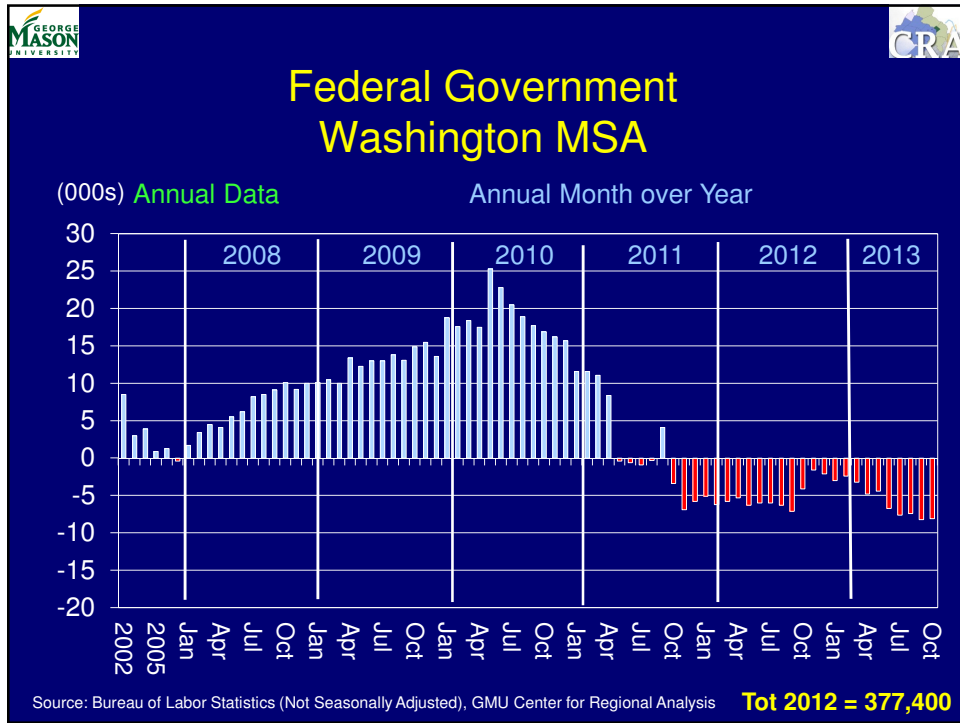
GEORGE MASON UNIVERSITY CRA

The Washington Area Economy: The Recession and Recovery











Economic Outlook for the Washington Metropolitan Area






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	1.3	2.8
2013	1.2	1.7
2014	2.6	2.5
2015	3.6	3.1
2016	3.4	3.3
2017	3.4	3.1
2018	3.2	2.8

Sources: IHS Global Insight; GMU Center for Regional Analysis



Washington Metropolitan Area Gross Regional Product, 2012-2022

(in billions of 2005\$s)



<u>Region</u>	<u>2012</u>	<u>Share</u>	<u>2022</u>	<u>Share</u>	<u>% Change</u>
Metro	\$386.3	100.0	\$513.5	100.0	32.9
District	92.1	23.8	114.5	22.2	23.7
SubMD	110.6	28.6	145.9	28.4	32.0
NoVA	182.5	47.2	251.1	48.9	37.6

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.

 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.	702.7	837.2	134.5	19.1
Federal Gov't	377.6	355.0	- 22.6	- 6.0
Education/Health	378.3	413.3	35.0	9.2
S & L Gov't	311.4	337.6	26.2	8.4
Hospitality	278.8	315.4	36.6	13.1
Retail Trade	262.6	278.2	15.6	5.9
Other Services	186.9	186.3	- 0.6	- 0.3
Financial Services	148.2	152.9	4.7	3.2
Construction	143.3	191.5	48.2	33.6
Information Ser.	76.9	80.8	3.9	5.1
Other Sectors (3)	173.7	189.5	15.8	9.1
Total Jobs	3,041.4	3,337.6	296.2	9.7

 Major Sources of Job and GRP 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.	702.7	837.2	134.5	19.1
% GRP	24.4	28.1	3.7	
Education/Health	378.3	413.3	35.0	9.2
% GRP	6.0	5.6	- 0.4	
Hospitality Services	278.8	315.4	36.6	13.1
% GRP	3.2	3.0	- 0.2	
Construction	143.3	191.5	48.2	33.6
% GRP	4.2	4.0	- 0.2	
Sub-Totals	1,503.1	1,757.4	254.3	16.9
% Total	49.4	52.6	85.8	
Totals	3,041.4	3,337.6	296.2	9.7

Sources: IHS Global Insight; GMU Center for Regional Analysis

Major Sources of Job and GRP 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>
Information Serv.	76.9	80.8	3.9	5.1
% GRP	7.6	9.6	2.0	
Financial Serv.	148.2	152.9	4.7	3.2
% GRP	20.5	19.6	- 0.9	
Federal Government	377.6	355.0	- 22.6	- 6.0
% GRP	13.6	11.9	- 1.7	
Sub-Totals	602.7	588.7	- 14.0	- 2.3
% Total	19.8	17.6		
Totals	3,041.4	3,337.6	296.2	9.7

Sources: IHS Global Insight; GMU Center for Regional Analysis




Net New and Replacement Job Growth in the Washington Metropolitan Area

Year	Total Jobs	Net New (% Change)	Replacement (% Change)	Openings (% Change)
2012	3,927,775			
2012 - 2017	4,291,969	364,194 9.3%	477,530 12.2%	841,724 21.4%
2017 - 2022	4,575,445	283,476 6.6%	455,621 10.6%	739,097 17.2%

Sources: EMSI Complete Employment - 2013.2, GMU Center for Regional Analysis

Occupation 2-Digit SOC	Openings	% Total	% Change
Sales & Related	101,171	12.0	23.9
Business & Financial	85,638	10.2	22.4
Office & Admin Support	85,088	10.1	17.7
Food Prep & Serving	68,611	8.2	29.3
Management Occupations	59,240	7.0	18.2
Healthcare (All)	55,065	6.5	23.7
Educ., Training & Library	49,329	5.9	24.1
Computer & Mathematical	48,946	5.8	21.0
Personal Care & Service	45,629	5.4	28.8
Arts, Design, Entertain.	35,585	4.2	22.3
All Others	73,032	24.6	19.0
Totals, All	841,724	100.0	21.4



Sources: EMSI Complete Employment - 2013.2, GMU Center for Regional Analysis

<u>Occupation 2-Digit SOC</u>	<u>Net New</u>	<u>% Total</u>	<u>% Change</u>
Business & Financial	48,004	13.2	12.6
Sales & Related	35,443	9.7	8.4
Healthcare (All)	32,685	9.0	14.1
Office & Admin Support	28,515	7.8	5.9
Educ., Training & Library	27,129	7.4	13.2
Computer & Mathematical	26,853	7.4	11.5
Personal Care & Service	26,304	7.2	16.6
Food Prep & Serving	24,115	6.6	10.3
Management Occupations	21,860	6.0	6.7
Building & Grounds Maint.	20,254	5.6	12.5
<u>All Others</u>	<u>73,032</u>	<u>20.1</u>	<u>6.7</u>
Totals, All	364,194	100.0	9.3

Sources: EMSI Complete Employment - 2013.2, GMU Center for Regional Analysis

<u>Education</u>	<u>Net New</u>	<u>% Total</u>
Short-Term OJT	107,217	29.4
Bachelors + Experience	113,318	31.1
Moderate-Term OJT	26,702	7.3
Postsecondary Non-Degree	29,991	8.2
Associate's Degree	16,298	4.5
Work Exp in Related Occp.	31,442	8.6
Long-Term OJT	18,698	5.1
Master's&Doctoral Degree	14,539	4.0
<u>First Professional Degree</u>	<u>7,343</u>	<u>2.0</u>
*Total	364,187	100.0



*Includes -1,361 Unclassified and Military Net New jobs
 ** Totals show underestimates due to suppressed data and may not add up
 Sources: EMSI Total Employment - 2013.2, GMU Center for Regional Analysis

Washington Metropolitan Area All Replacement Jobs, 2012 – 2017

<u>2-Digit SOC</u>	<u>Replacement</u>	<u>% Total</u>	<u>% Change</u>
Sales & Related	65,728	13.8	15.5
Office & Admin Support	56,573	11.8	11.8
Food Prep & Serving	44,496	9.3	19.0
Business & Financial	37,634	7.9	9.9
Management Occupations	37,380	7.8	11.5
Healthcare (All)	22,380	4.7	9.6
Educ., Training & Library	22,200	4.6	10.8
Computer & Mathematical	22,093	4.6	9.5
Arts, Design, Entertain.	20,578	4.3	12.9
Construction & Extraction	20,490	4.3	12.9
All Others	127,978	26.8	11.7
Total	477,530	100.0	12.2



Sources: EMSI Complete Employment - 2013.2, GMU Center for Regional Analysis



Washington Metropolitan Area: Replacement Jobs by Educational Requirements, 2012-2017

<u>Education</u>	<u>Replacements</u>	<u>% Total</u>
Short-Term OJT	176,946	37.9
Bachelors + Experience	110,485	23.7
Moderate-Term OJT	39,885	8.6
Postsecondary Non-Degree	26,902	5.8
Associate's Degree	17,314	3.7
Work Exp in Related Occp.	40,283	8.6
Long-Term OJT	28,016	6.0
Master's&Doctoral Degree	16,679	3.6
First Professional Degree	9,681	2.1
*Total	466,433	100.0

*Included 242 Unclassified and Military Replacement jobs
 ** Totals show underestimates due to suppressed data and may not add up
 Sources: EMSI Total Employment - 2013.2, GMU Center for Regional Analysis

Housing the Region's Future Workforce

Housing Demand by Sub-state Area, 2012 – 2032

	By Work Location	By Current Commute Patterns
D.C.	105,240	41,804
Sub. MD	160,815	184,760
No. VA	279,004	263,119
Outside Region	0	56,599
REGION	548,298	491,698

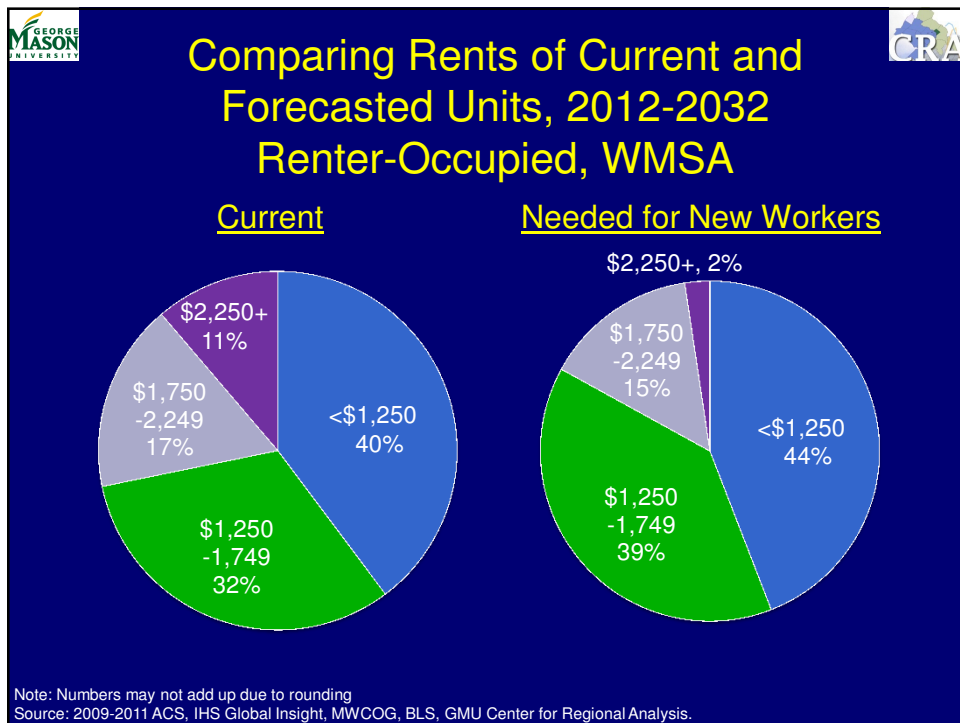
Source: 2009-2011 ACS, IHS Global Insight, MWCOG, BLS, GMU Center for Regional Analysis.

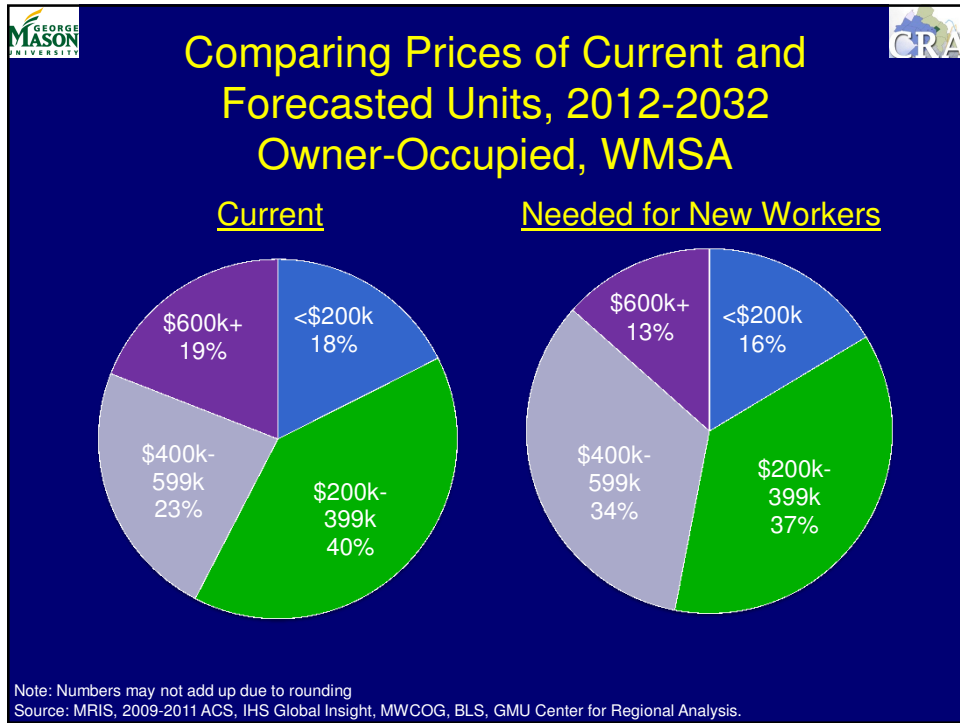
**Demand by Housing Type and Sub-state Region, 2012-2032
Comparing Current and Forecasted Units**

	Current		Forecast	
	SF	MF	SF	MF
D.C.	38%	62%	36%	64%
Sub. MD	71%	29%	66%	34%
No. VA	71%	29%	71%	29%
REGION	67%	33%	63%	37%

Note: Assumes all workers housed in the jurisdiction in which they work
Numbers may not add up due to rounding

Source: 2009-2011 ACS, IHS Global Insight, MWCOG, BLS, GMU Center for Regional Analysis.





**Research Findings:
Key Points for Discussion**



Summary of Economic Challenges Facing the Washington Metropolitan Area





- The Washington metropolitan area economy has undergone a significant structural shift as a result of the Great Recession; changing federal spending patterns have extended the structural shift and will shape the economy's future growth potential.
- Federal spending will no longer drive the region's economic growth; but, professional and business services will continue as the major source of growth.
- The region's economy is currently lagging the national growth rate and the rates of its peers.



Summary of Workforce Challenges Facing the Washington Metropolitan Area





- Demand for workers to fill new and replacement jobs will substantially exceed the supply of available workers in every major occupational category.
- In order to sustain a competitive economy, local jurisdictions will need to increase their investments in education and skills training at all levels.
- The next five years will be the a critical development period as the region's public and private investment decisions during this period will determine its competitive position going forward.



Summary of Housing Challenges Facing the Washington Metropolitan Area

- Housing affordability and changing tenure patterns are compounding the area's housing shortage and undermining the region's ability to meet the its future workforce requirements.
- There are shortages of housing in all jurisdictions to meet the requirements of the future workforce.



Key Questions for Discussion

- How can the Washington region diversify its economy and achieve its potential as a global business center?
- Where are the workers required to fill the region's net new and replacement jobs going to come from and where are they going to live?
- As housing has become the key development constraint to achieving the region's economic growth potential, what can local jurisdictions do to shape their future housing inventory to meet the requirements of their future workforce?



Thank You
cra.gmu.edu