

**Cardinal Bank  
&  
George Mason University**



**20th Annual Economic Conference**

**Friday, January 13, 2012**

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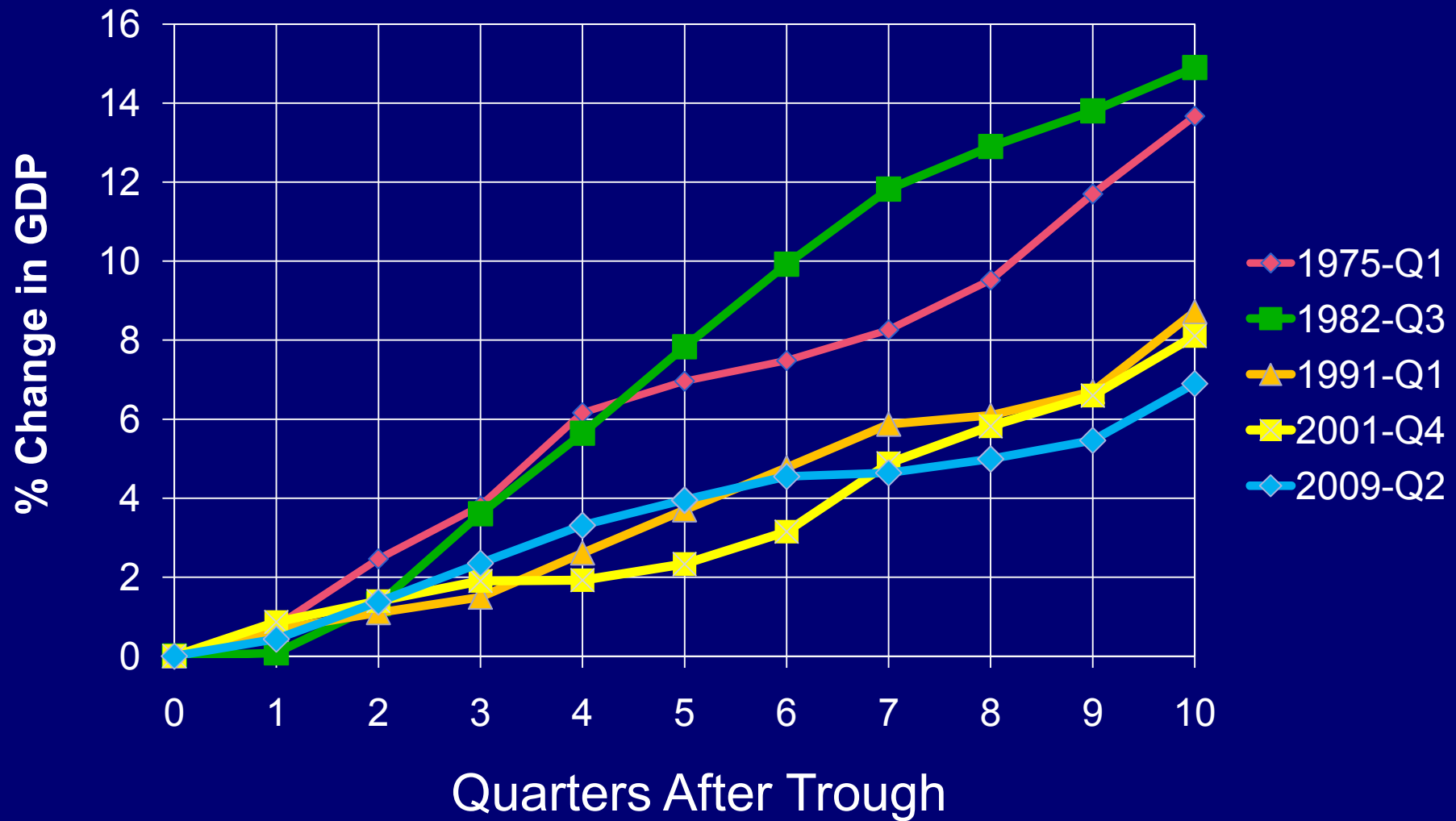
Cardinal Bank/George Mason University  
20<sup>th</sup> Annual Economic Conference

***Is This a Recovery or What?  
The Near-Term Outlook for the  
Washington Area Economy***

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

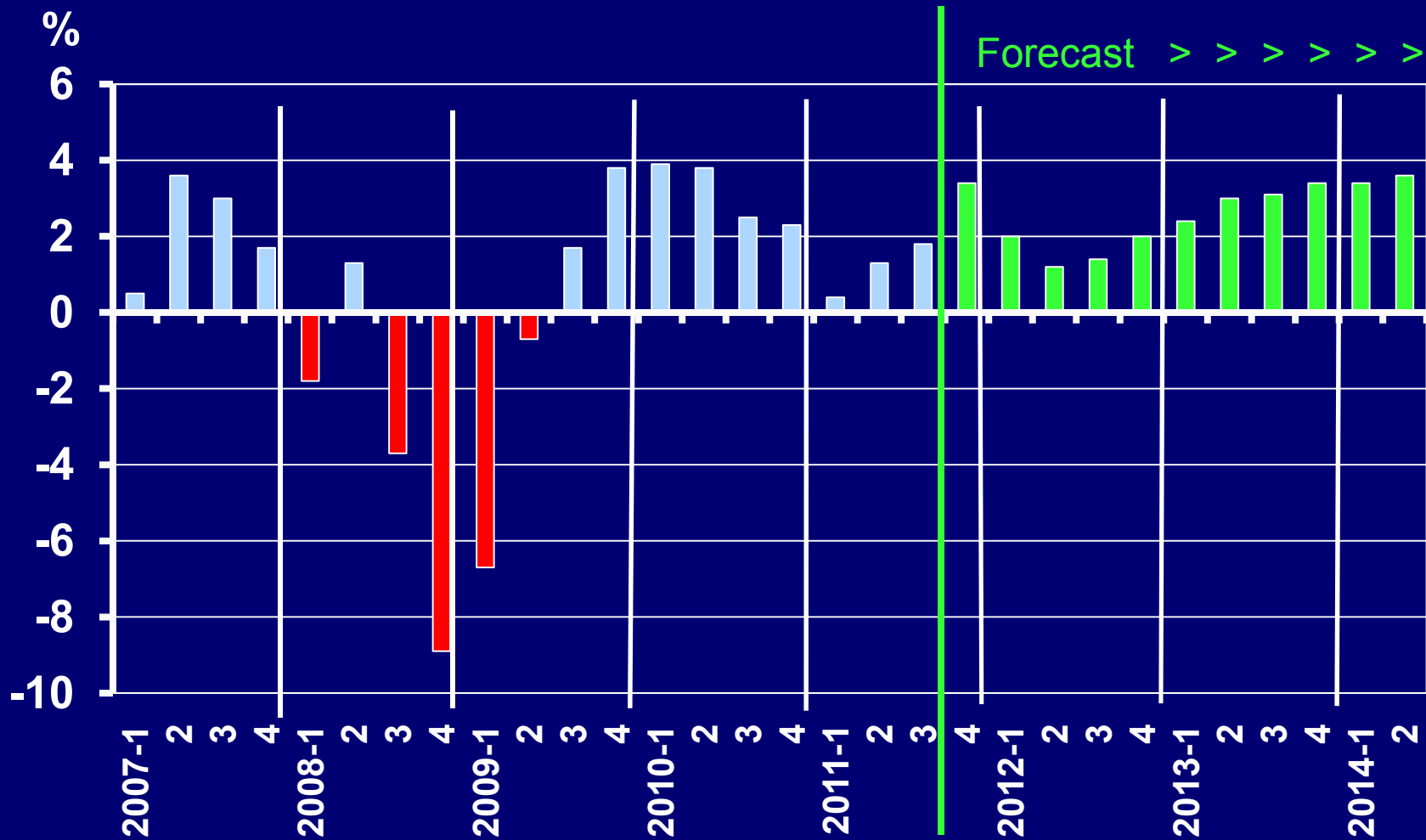
January 13, 2012

# Recession Recovery Patterns of GDP Past Five Recessions



Sources: BEA, GMU Center for Regional Analysis,

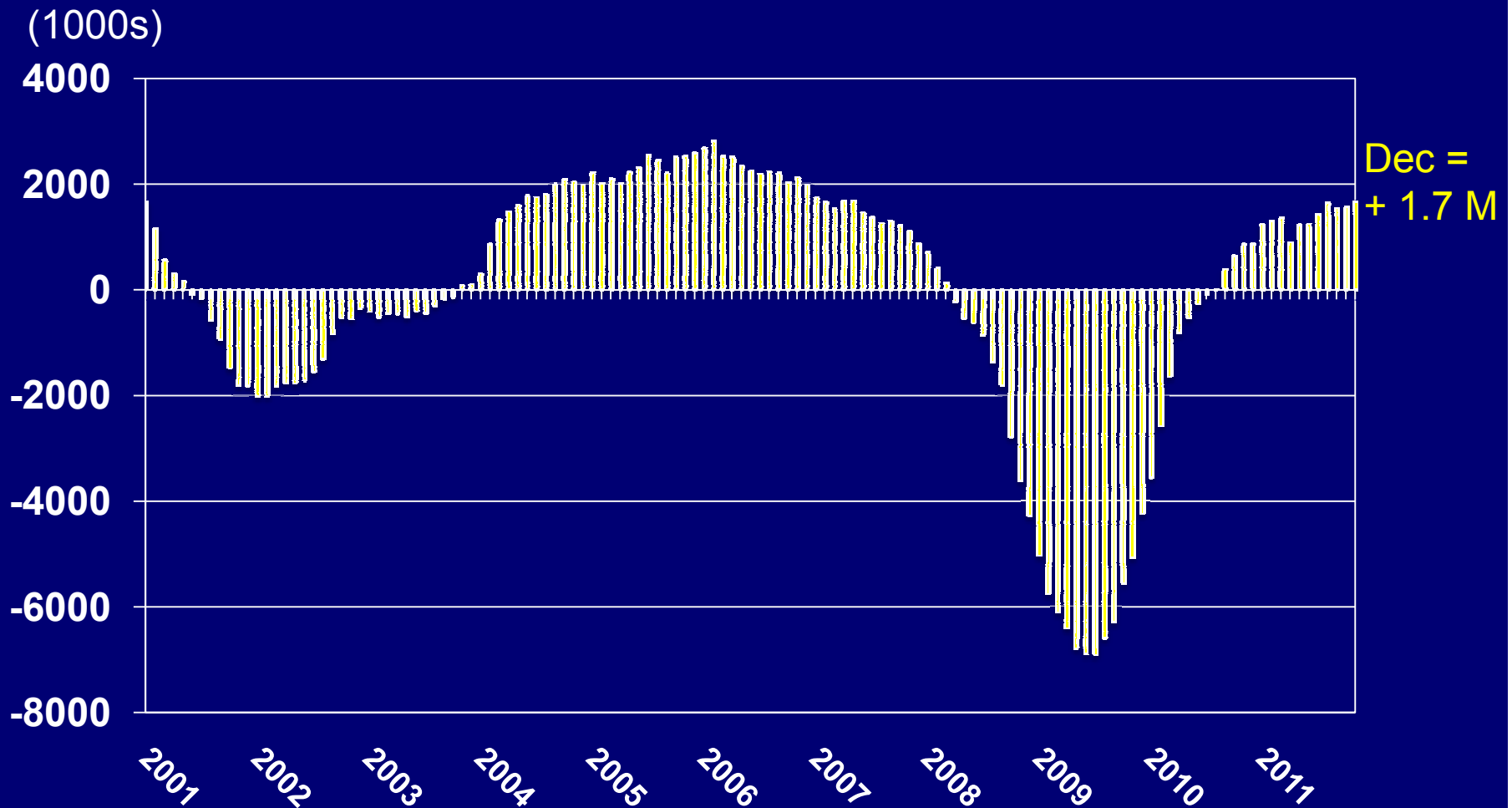
# U.S. Gross Domestic Product Quarterly Change: 2007 – 2014



Source: BEA, Global Insight

# Annual Change in Payroll Jobs – US

## Month over the Year, Not Seasonally Adjusted



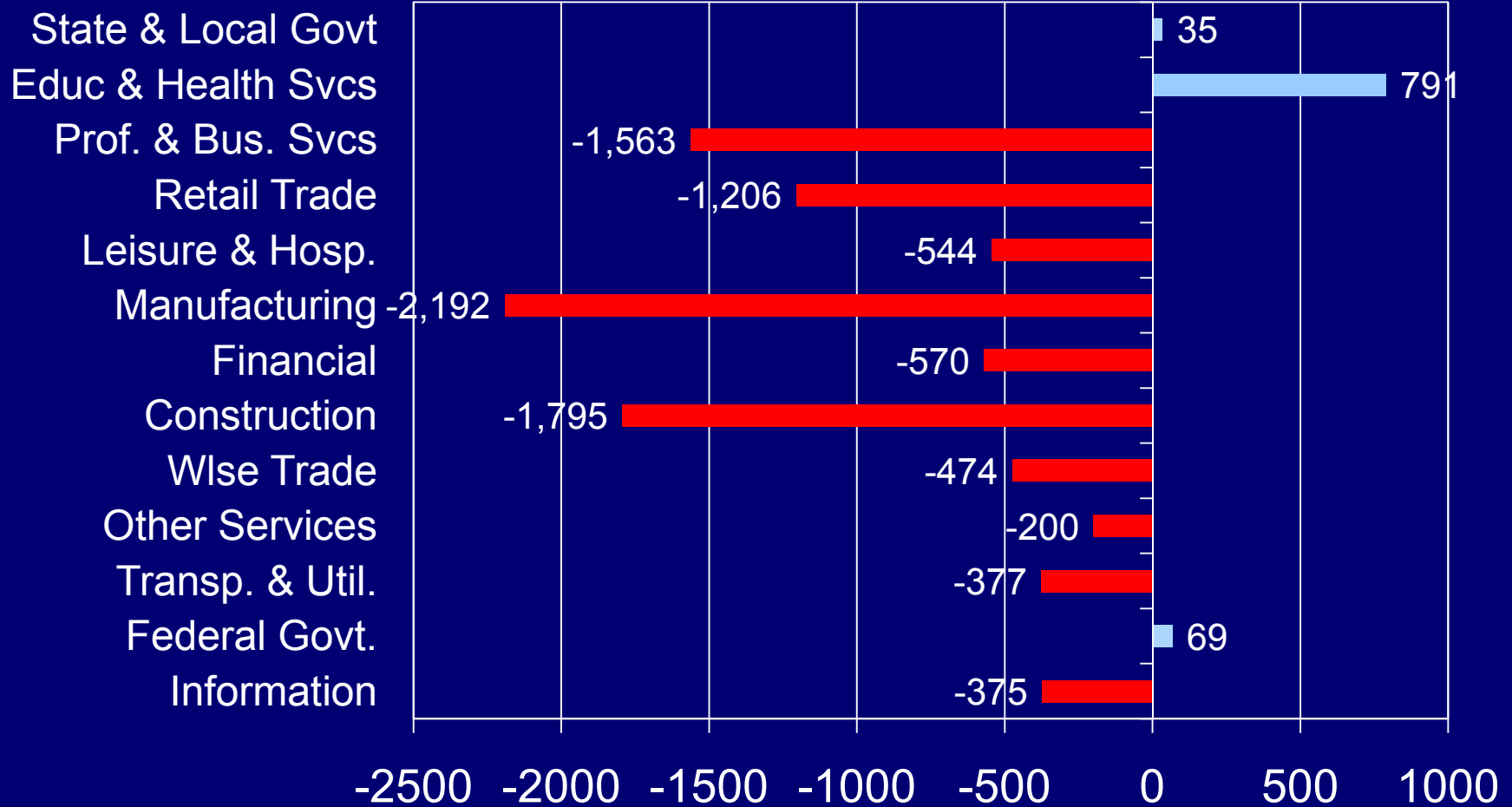
Source: BLS, GMU Center for Regional Analysis

# U.S. Job Change by Sector December 2007 – December 2009

Ranked by Size in 2010

(000s)

Total - 8,363,000



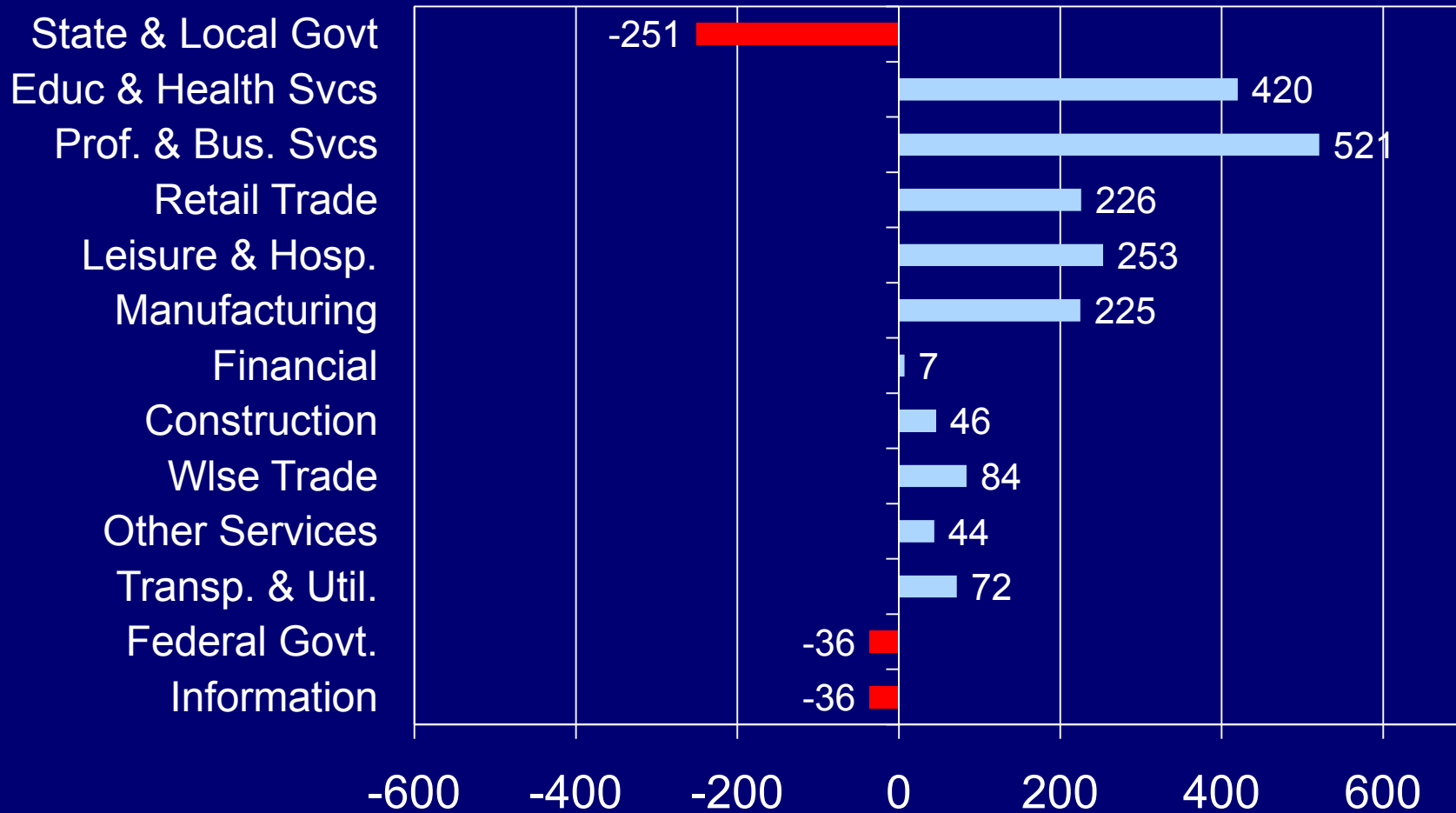
Source: BLS March 2010 Benchmark, (Seasonally Adjusted), GMU Center for Regional Analysis

# U.S. Job Change by Sector Dec 2010 – Dec 2011

Ranked by Size in 2010

(000s)

Total = 1,640



Source: BLS March 2010 Benchmark, (Seasonally Adjusted), GMU Center for Regional Analysis

# Initial Claims for Unemployment

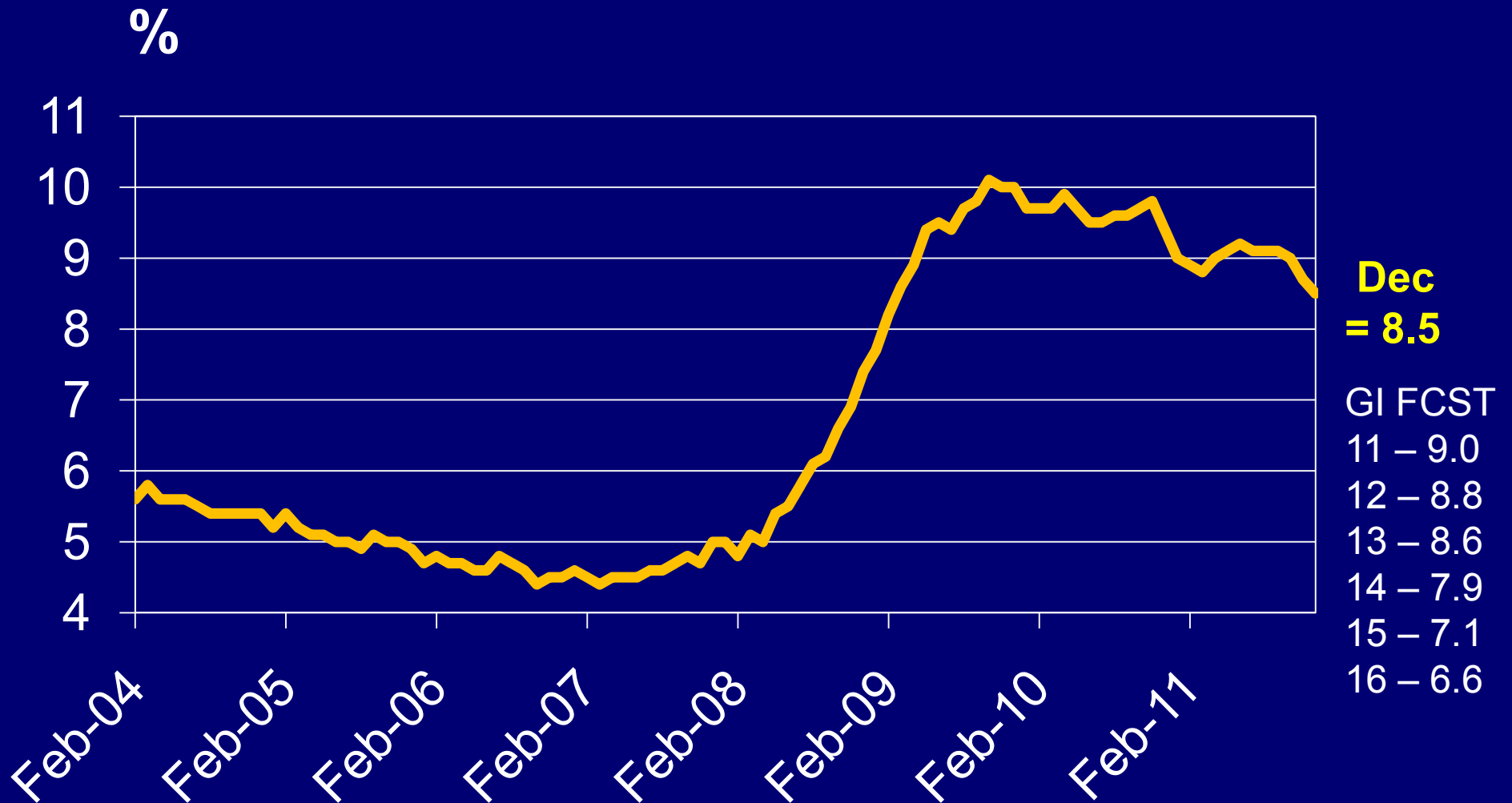
## 4-Week Moving Average



Source: Bureau of Labor Statistics

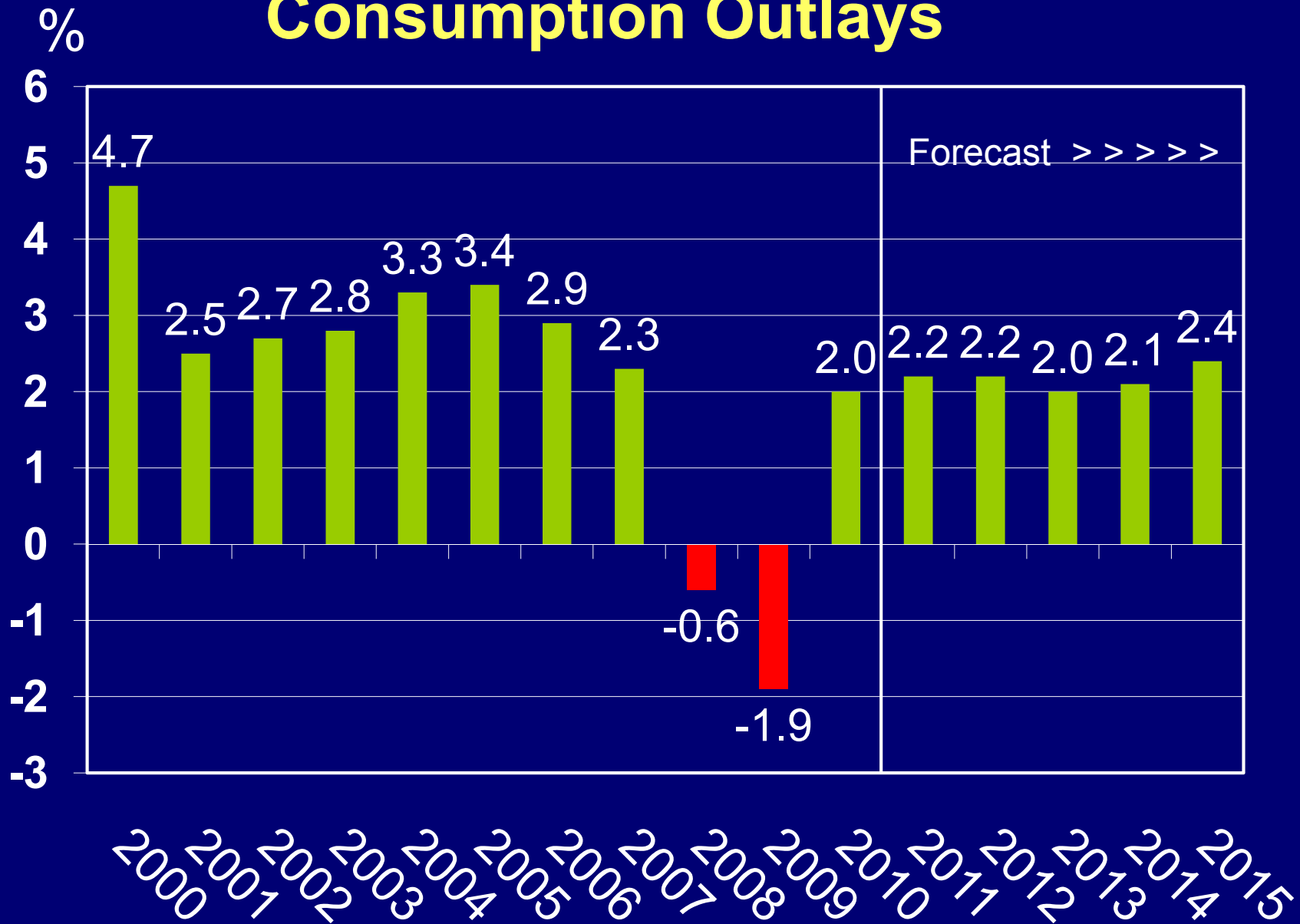


# U.S. Unemployment Rate

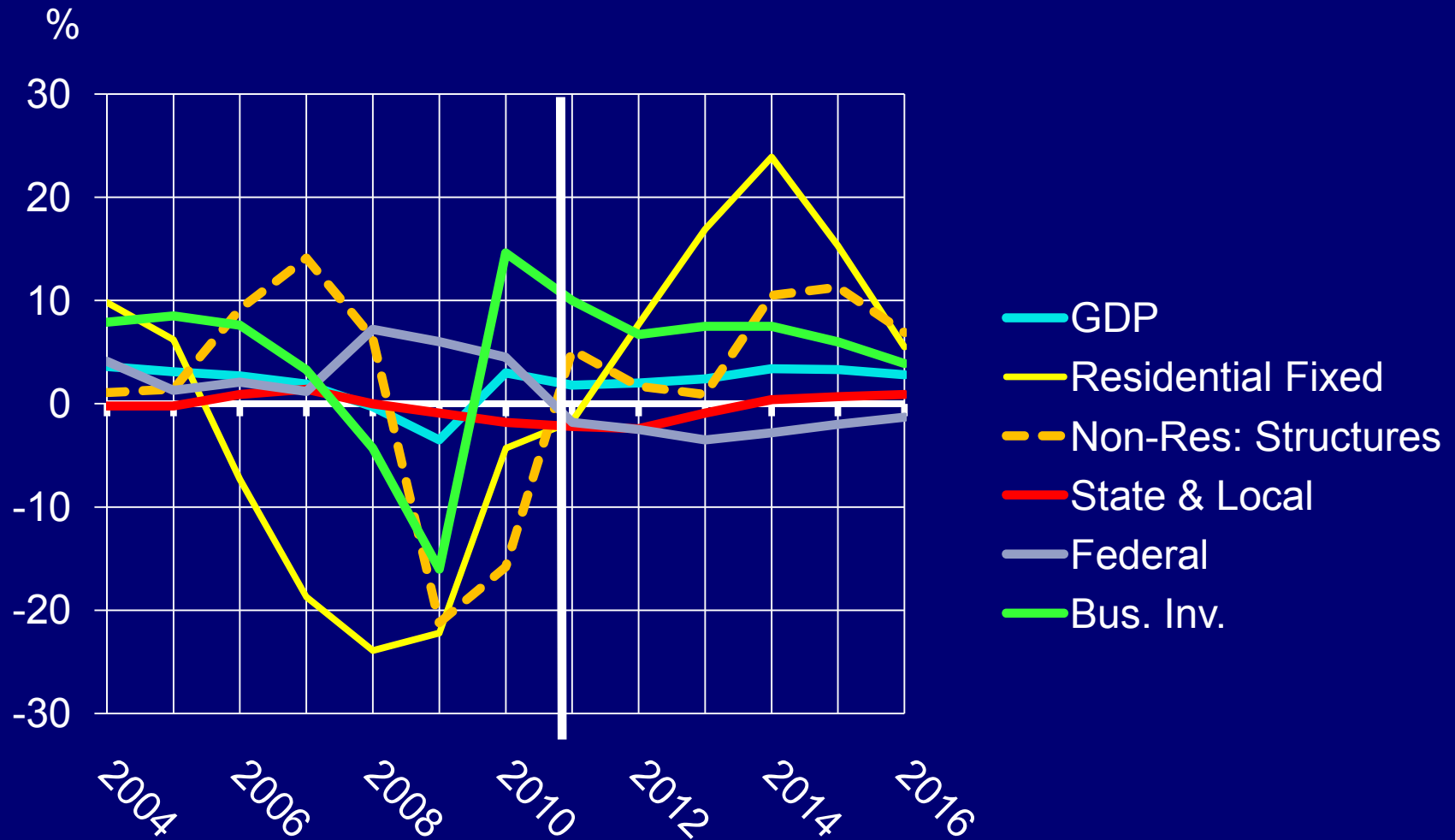


Source: BLS, Seasonally Adjusted

# Growth in Total Consumption Outlays



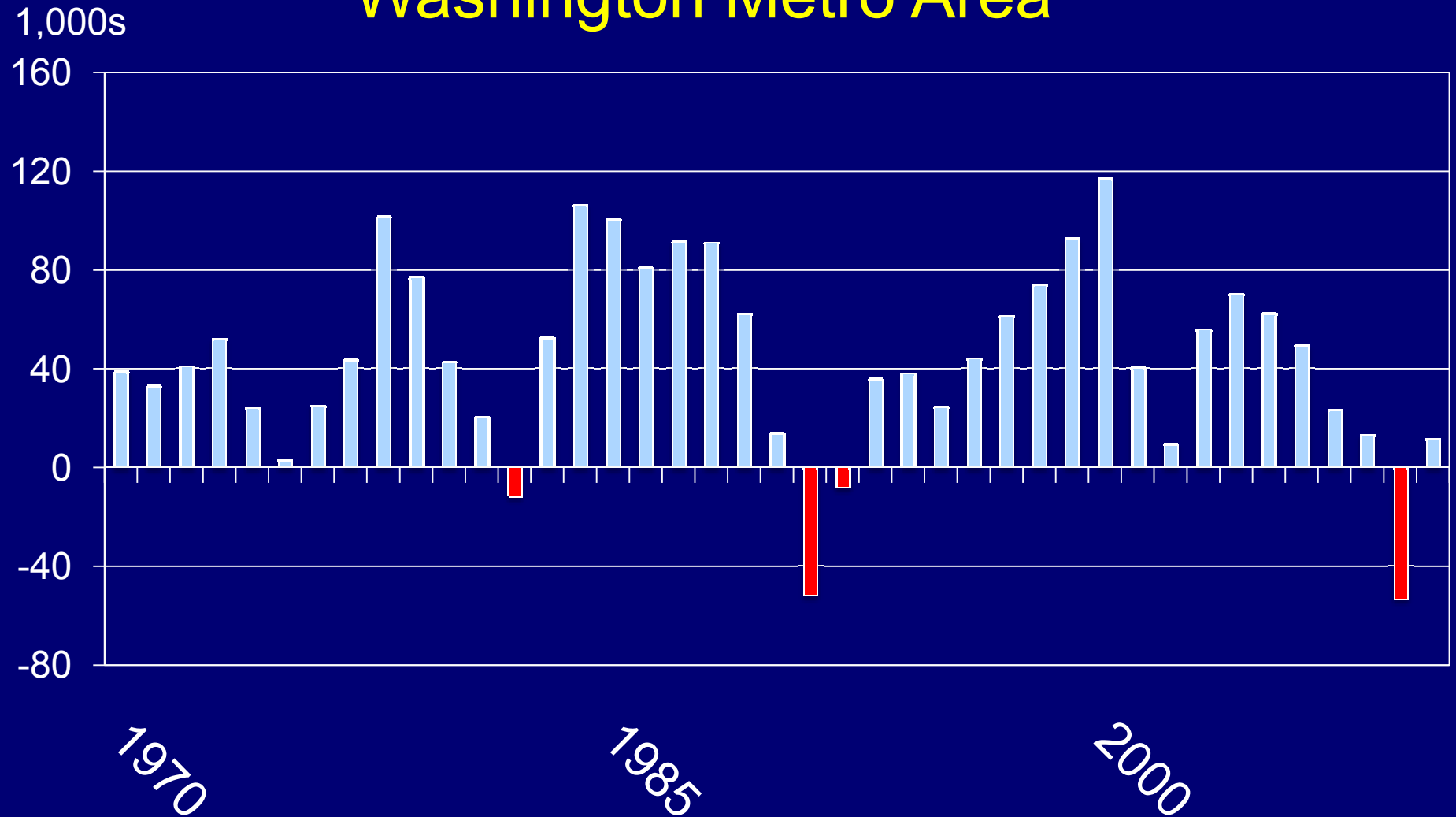
# U.S. Economic Performance



Source: Global Insight

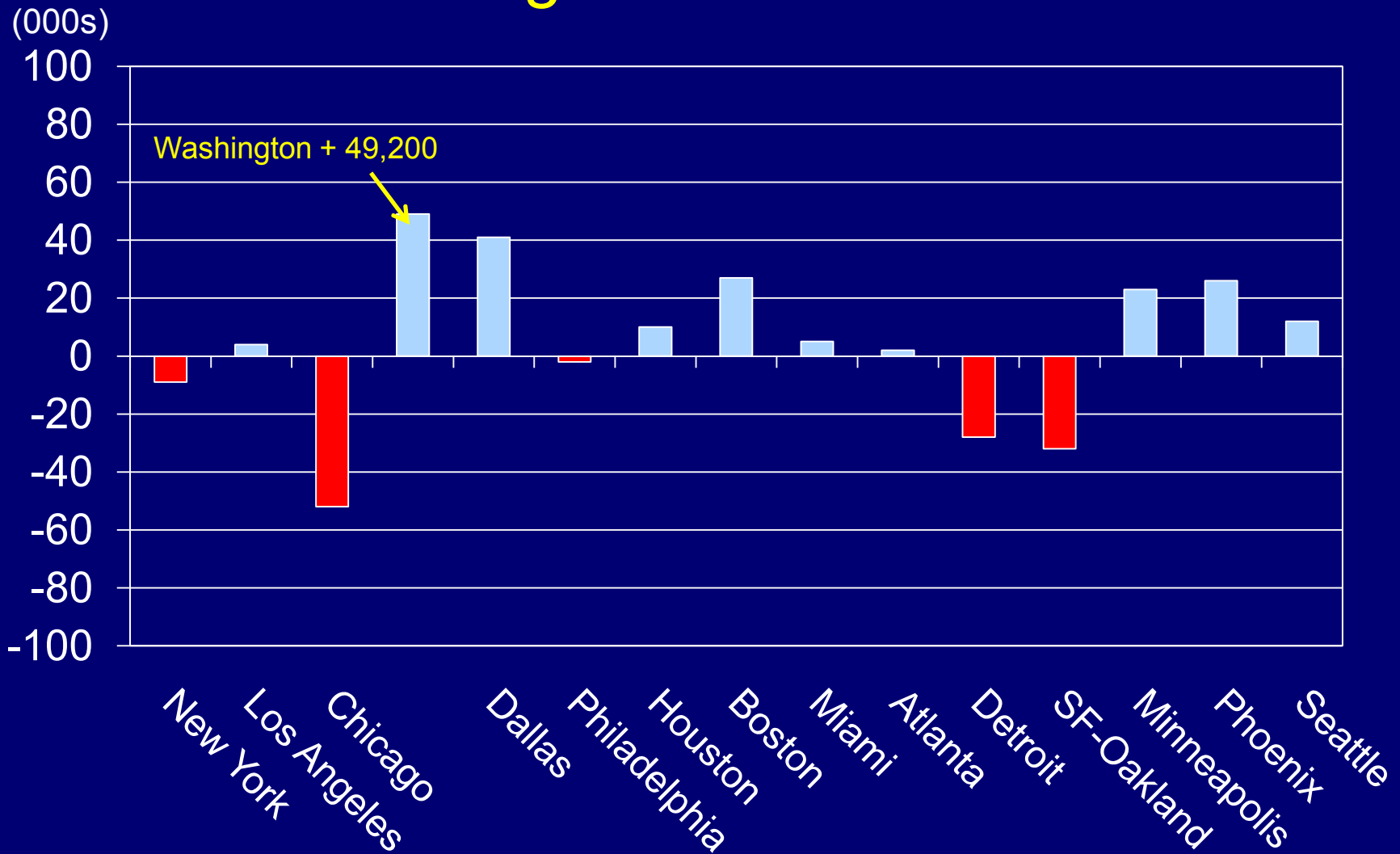
# The Washington Metropolitan Area Economy

# Annual Change in Jobs Washington Metro Area



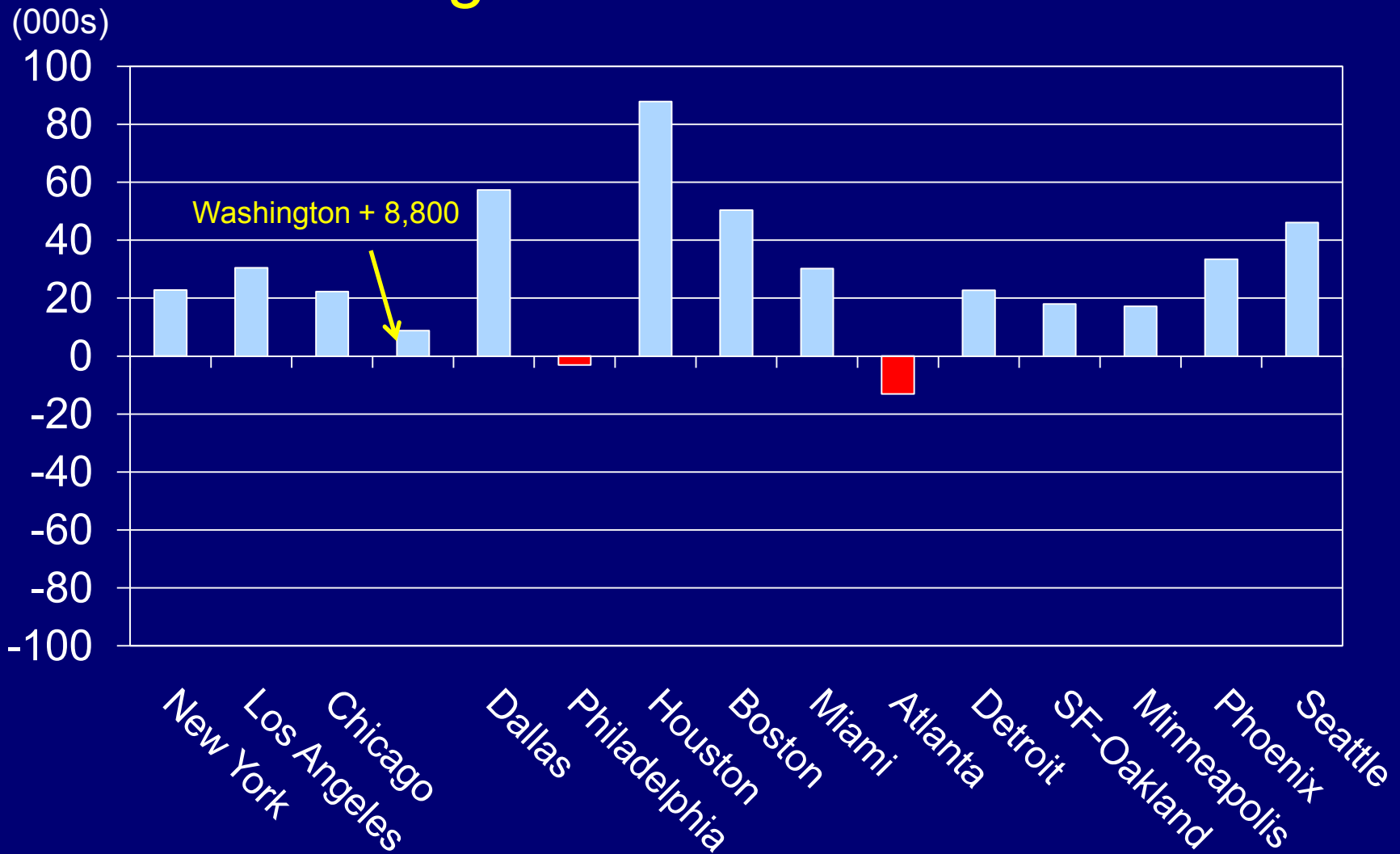
Source: BLS, GMU Center for Regional Analysis

# 15 Largest Job Markets Job Change Nov 09 – Nov 10



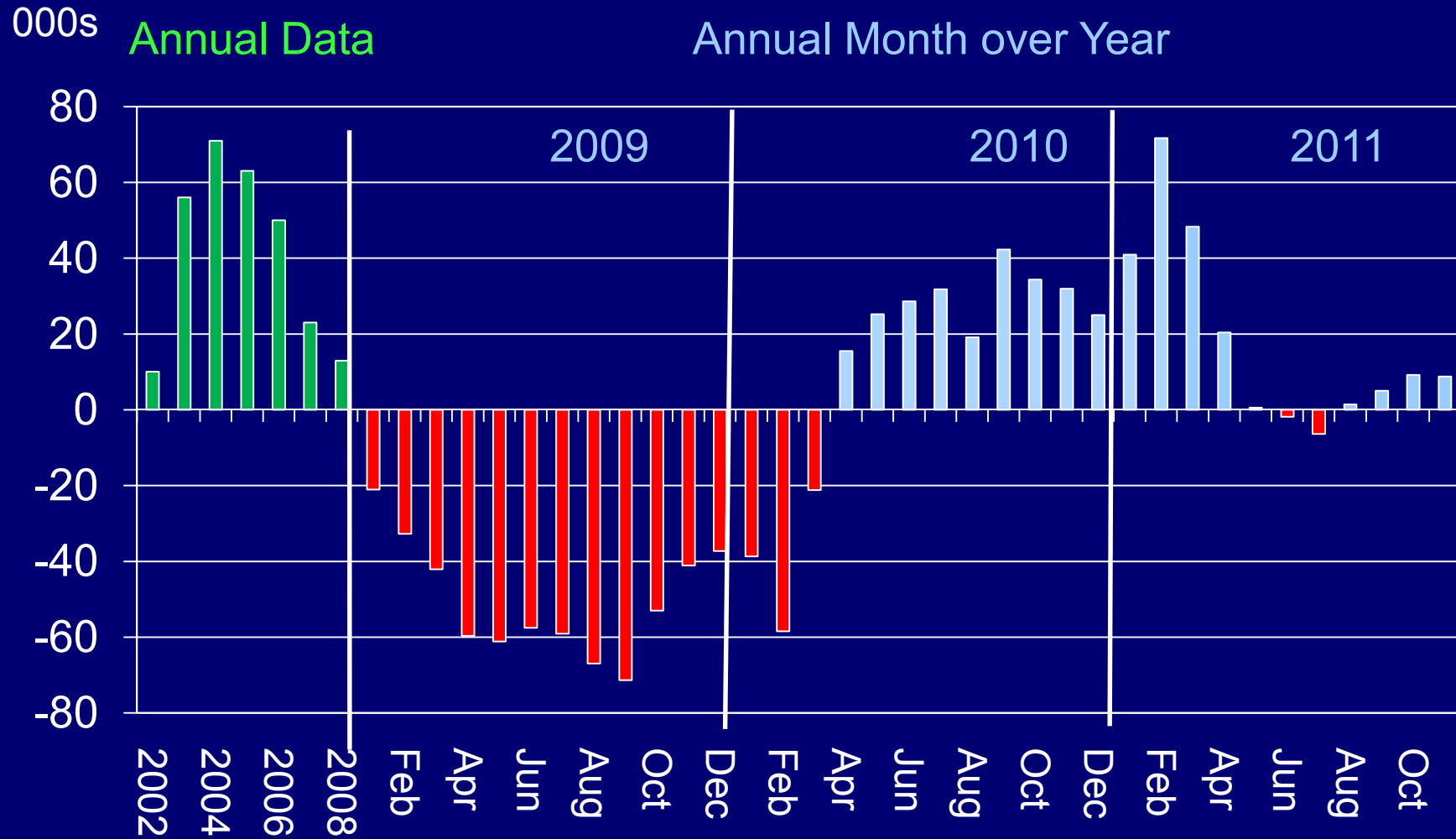
Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

# 15 Largest Job Markets Job Change Nov 2010 – Nov 2011



Source: BLS March 2011 Benchmark, GMU Center for Regional Analysis

# Annual Job Change Washington MSA



Source: BLS March 2011 Benchmark, GMU Center for Regional Analysis

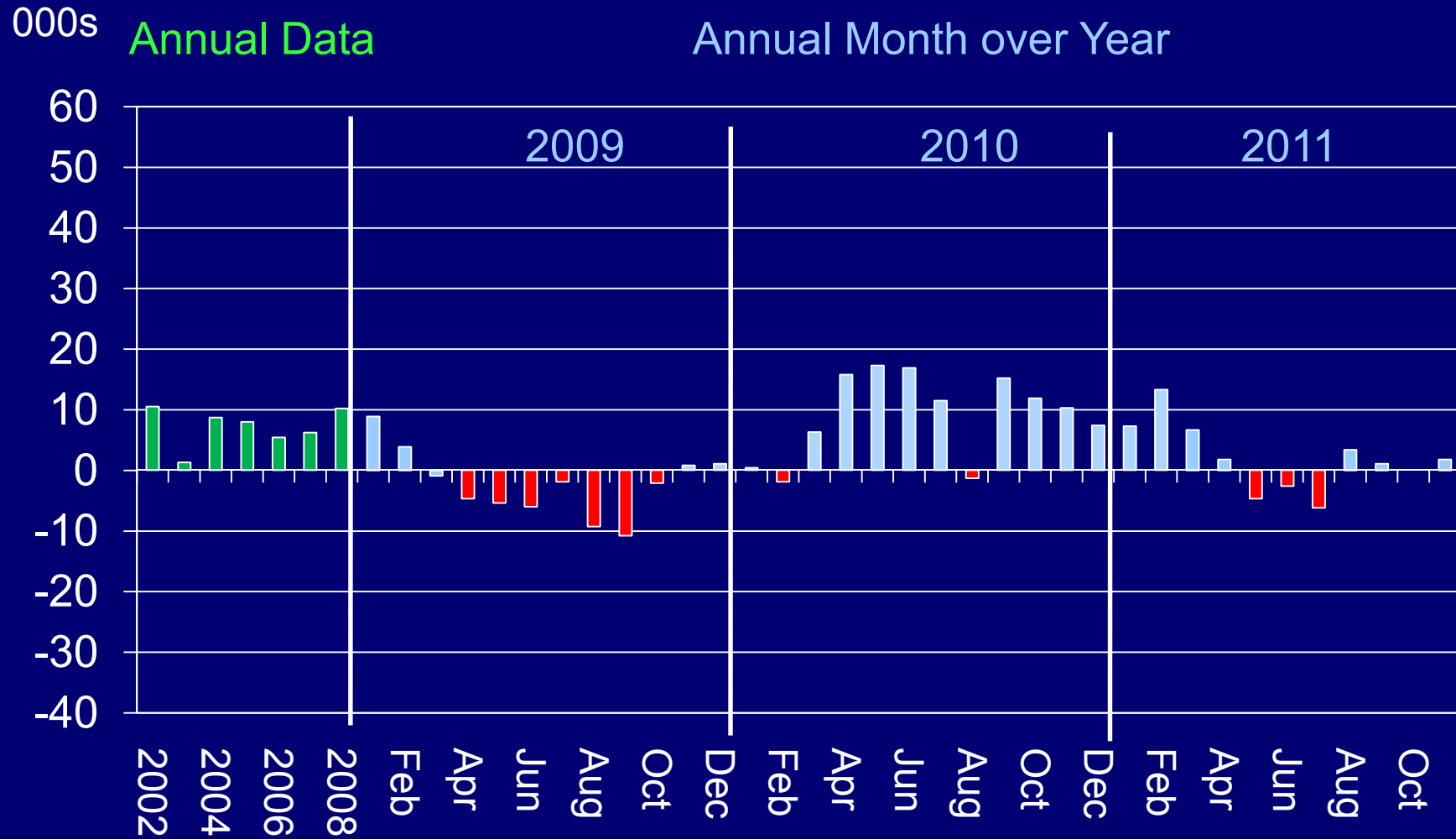


# Washington MSA, Job Change by Sector (000s)

Sector	2008 – 2010	2010 - 2011
TOTAL	-9.2	+8.8
Manufacturing	-7.4	-3.0
Information Svcs	-10.3	-1.9
Construction	-27.5	+0.5
Other Services	-5.0	-2.1
Financial Svcs	-6.1	+5.8
State & Local Gov	-1.3	+3.5
Retail	-1.3	-5.6
Leisure & Hosp.	+1.7	+3.5
Prof. & Bus. Svcs.	+7.7	+7.4
Federal Gov	+27.1	-2.0
Health & Educ	+20.0	+3.0

Source: BLS, GMU Center for Regional Analysis (November Data)

# Annual Job Change District of Columbia

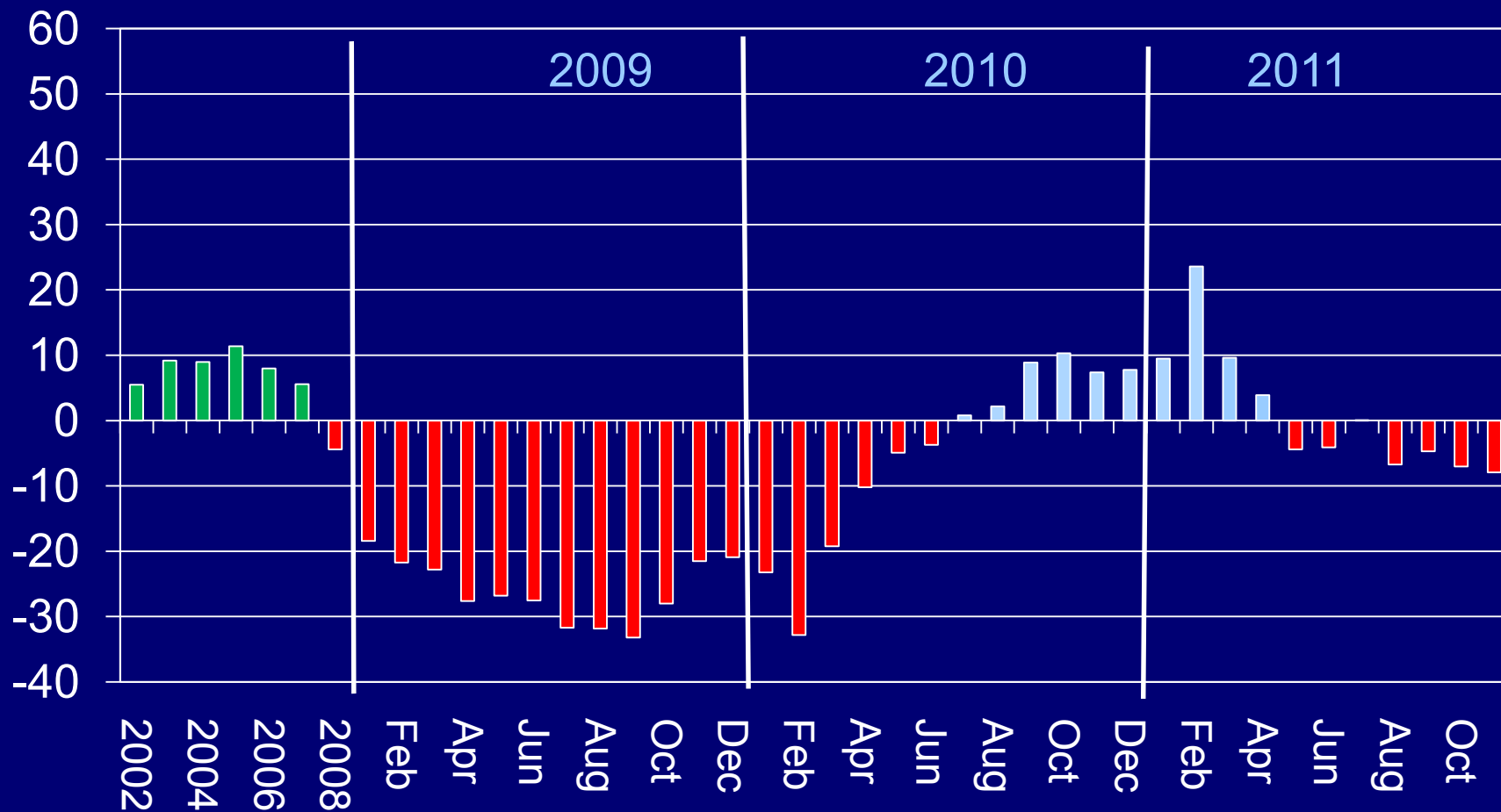


Source: BLS March 2011 Benchmark, GMU Center for Regional Analysis

# Annual Job Change Suburban Maryland

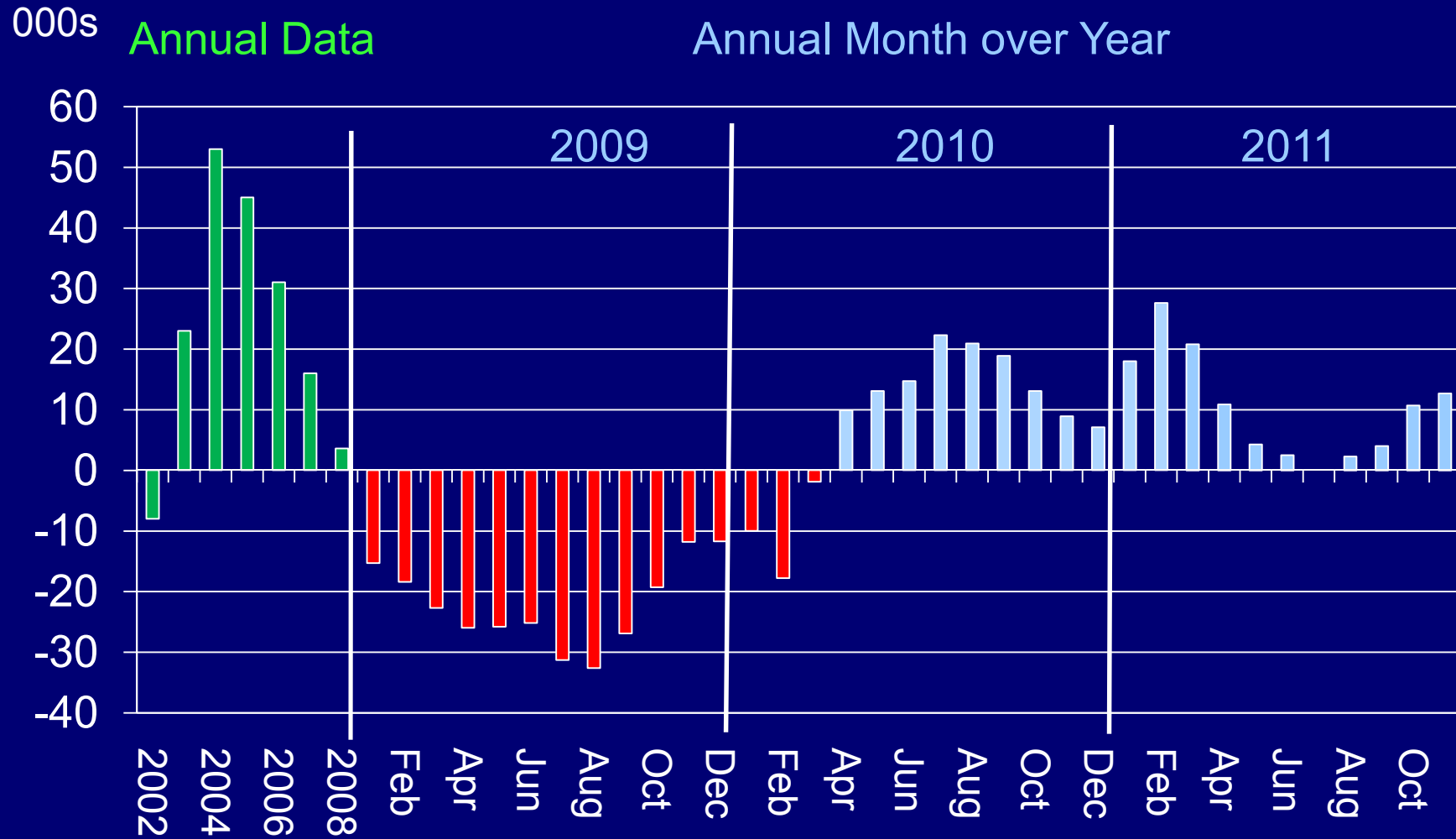
000s Annual Data

Annual Month over Year



Source: BLS March 2011 Benchmark, GMU Center for Regional Analysis

# Annual Job Change Northern Virginia

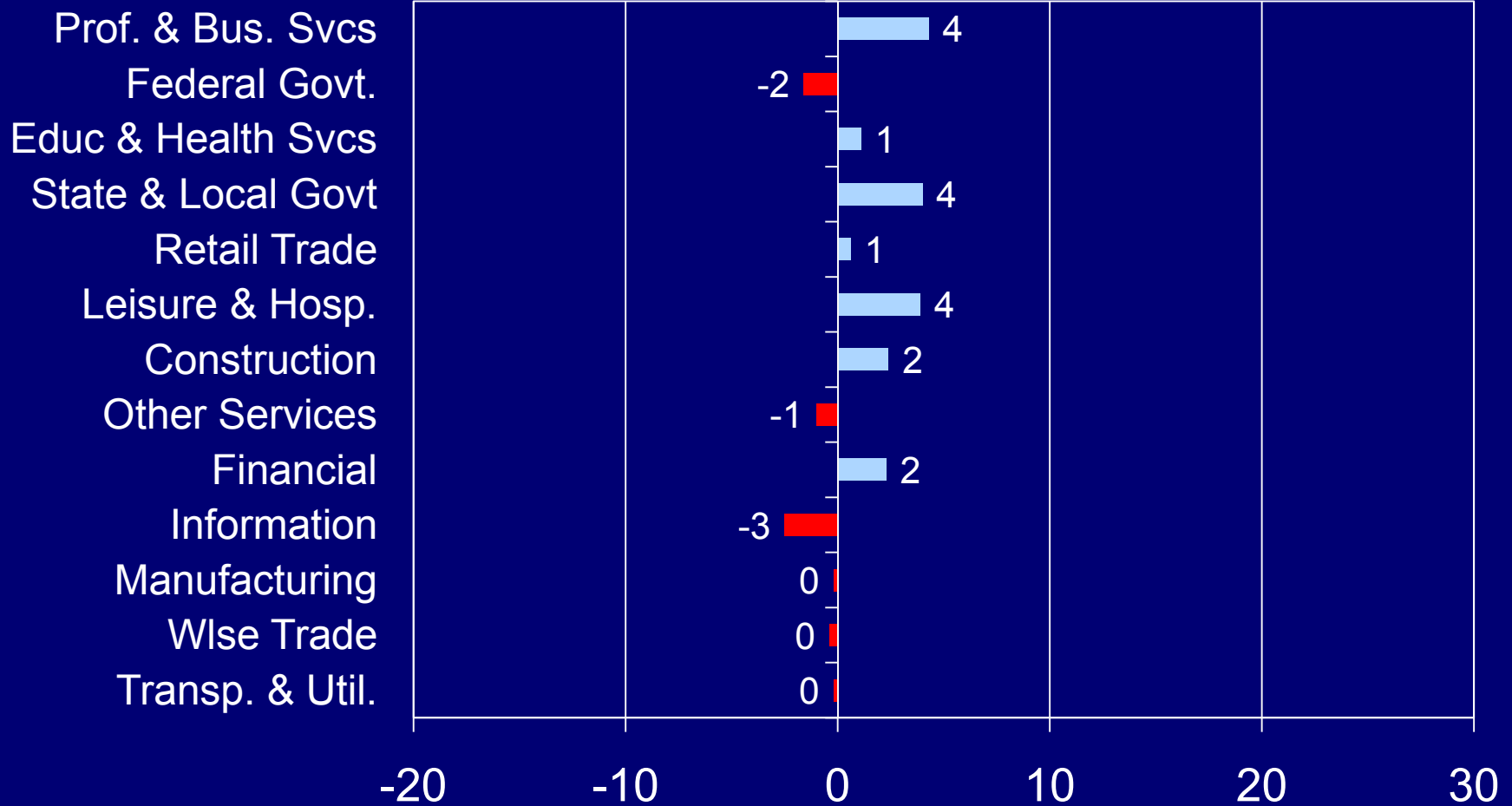


Source: BLS March 2011 Benchmark, GMU Center for Regional Analysis

# Job Change by Sector Nov 2010 – Nov 2011 Northern Virginia

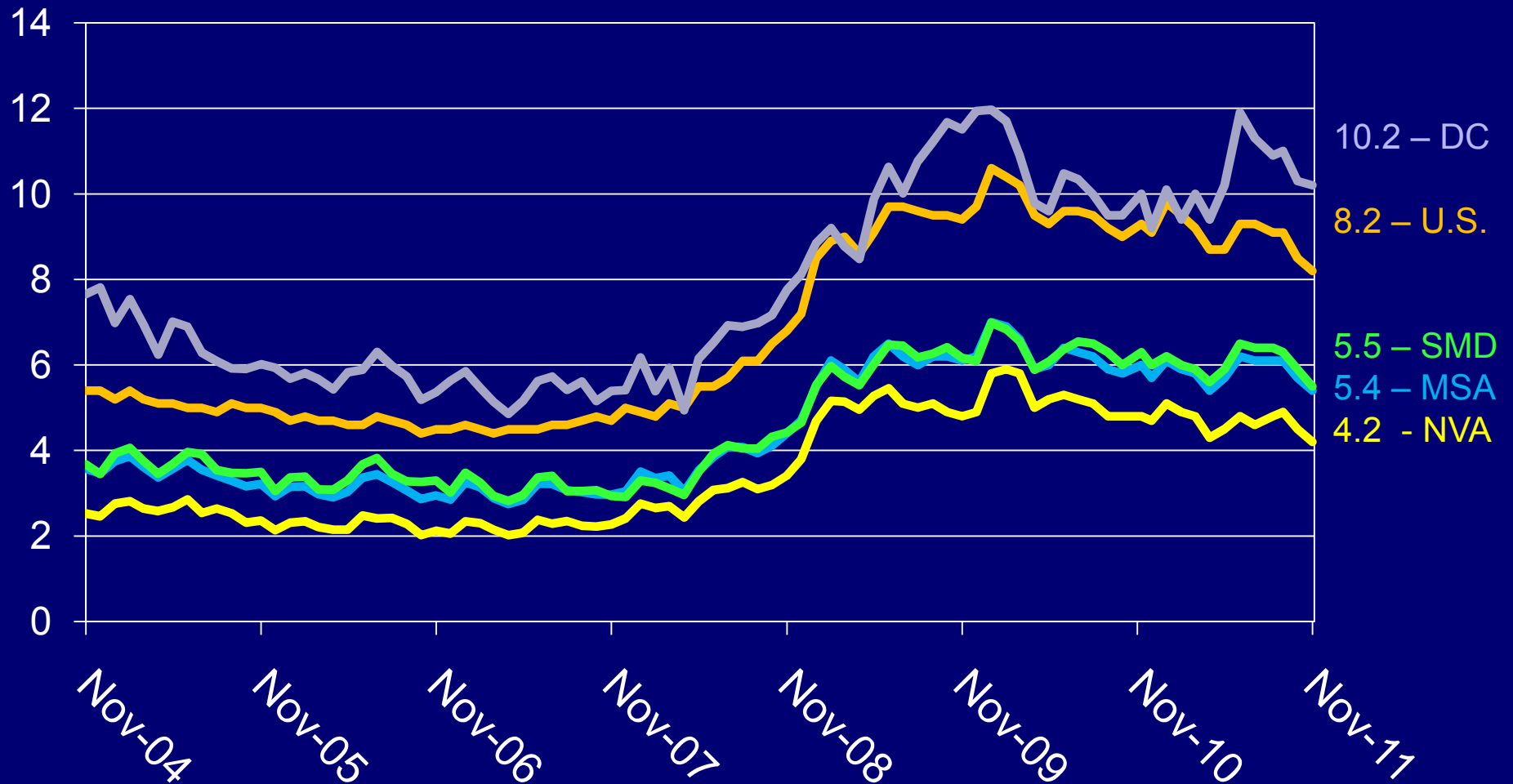
(000s)

Total + 12,700



Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

# Unemployment Rate



Source: BLS, Not Seasonally Adjusted

# The Economic Impact of Federal Spending on the Maryland-DC-Virginia Region

# Federal Spending Trends in DC, Maryland and Virginia, 2000- 2010

(in billions of dollars)

<u>Area</u>	<u>2000</u>	<u>2010</u>	<u>%Change</u>	<u>% Total</u>	<u>**</u>
United States	\$1,637.2	\$3,276.4	100.1	100.0	
District of Columbia	28.2	61.9	119.2	1.9	0.2
Maryland	45.1	96.3	113.5	2.9	1.9
Virginia	<u>62.7</u>	<u>136.1</u>	<u>117.0</u>	<u>4.2</u>	<u>2.6</u>
Total Area	\$136.0	\$294.3	116.4	9.0	4.7

Source: Consolidated Federal Funds Report, 2010

\*\* state population as a percent of US



# Total Federal and DOD Spending in DC, Maryland and Virginia, 2010

(in billions of dollars)

<u>Area</u>	<u>Total \$s</u>	<u>DOD \$s</u>	<u>% Total</u>	<u>% DOD</u>
United States	\$3,276.4	\$557.0	17.0	100.0
District of Columbia	61.9	8.7	14.0	1.6
Maryland	96.3	18.7	19.4	3.4
Virginia	<u>136.1</u>	<u>58.1</u>	<u>42.7</u>	<u>10.4</u>
Total Area	\$294.3	\$85.5	29.0	15.4

Source: Consolidated Federal Funds Report, 2010

# The Commonwealth of Virginia Economy and Federal Spending

(in billions of current year dollars)

<u>Characteristics</u>	<u>2000</u>	<u>2010</u>	<u>% Change</u>
Gross State Product	\$265.1	\$423.5	59.8
Total Federal Spending	\$62.7	\$136.1	117.0
Salaries and Wages	\$12.5	\$21.1	69.2
Procurement	\$21.3	\$58.3	173.6
Total DOD Outlays	\$24.5	\$58.1	136.9
Salaries and Wages	\$8.3	\$13.6	65.0
Procurement	\$13.5	\$40.4	198.3

Sources: Consolidated Federal Funds Reports, 2000 and 2010

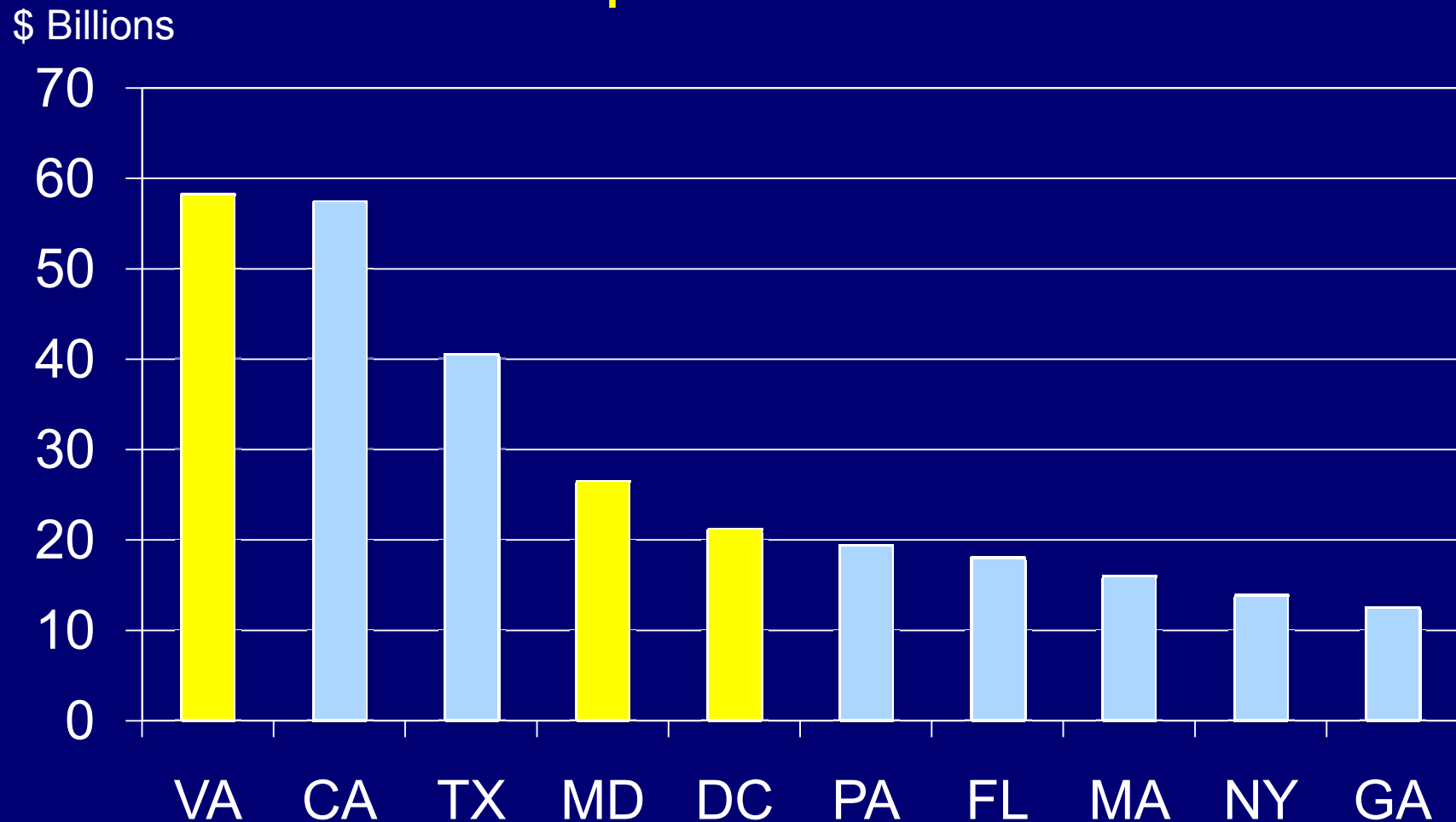
# Federal Procurement Virginia, 2000-2010

\$ Billions



Source: Census: Consolidated Federal Funds Reports, GMU Center for Regional Analysis

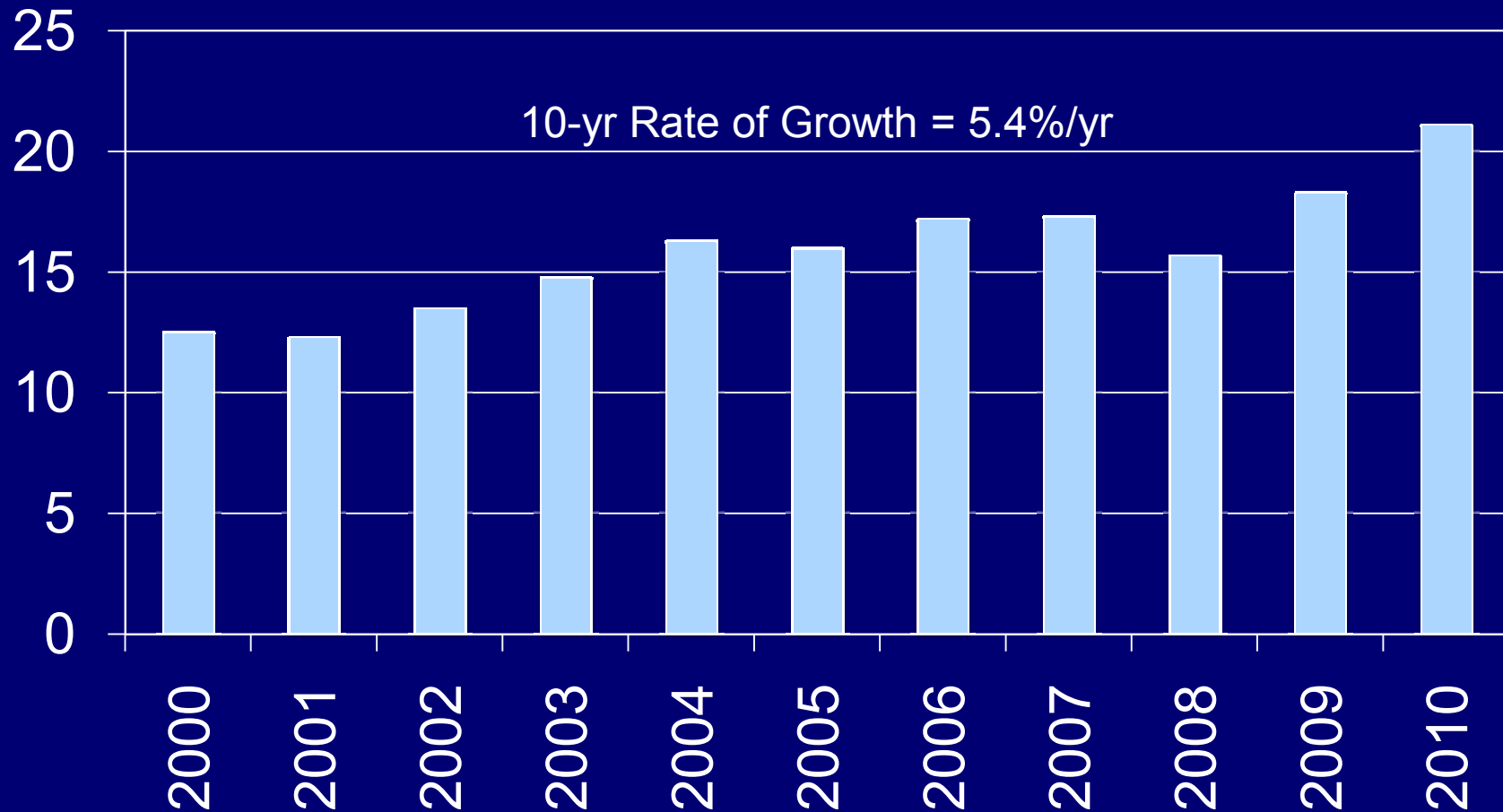
# 2010 Federal Procurement Top 10 States



Source: Census: Consolidated Federal Funds Reports, GMU Center for Regional Analysis

# Federal Wages & Salaries Virginia, 2000-2010

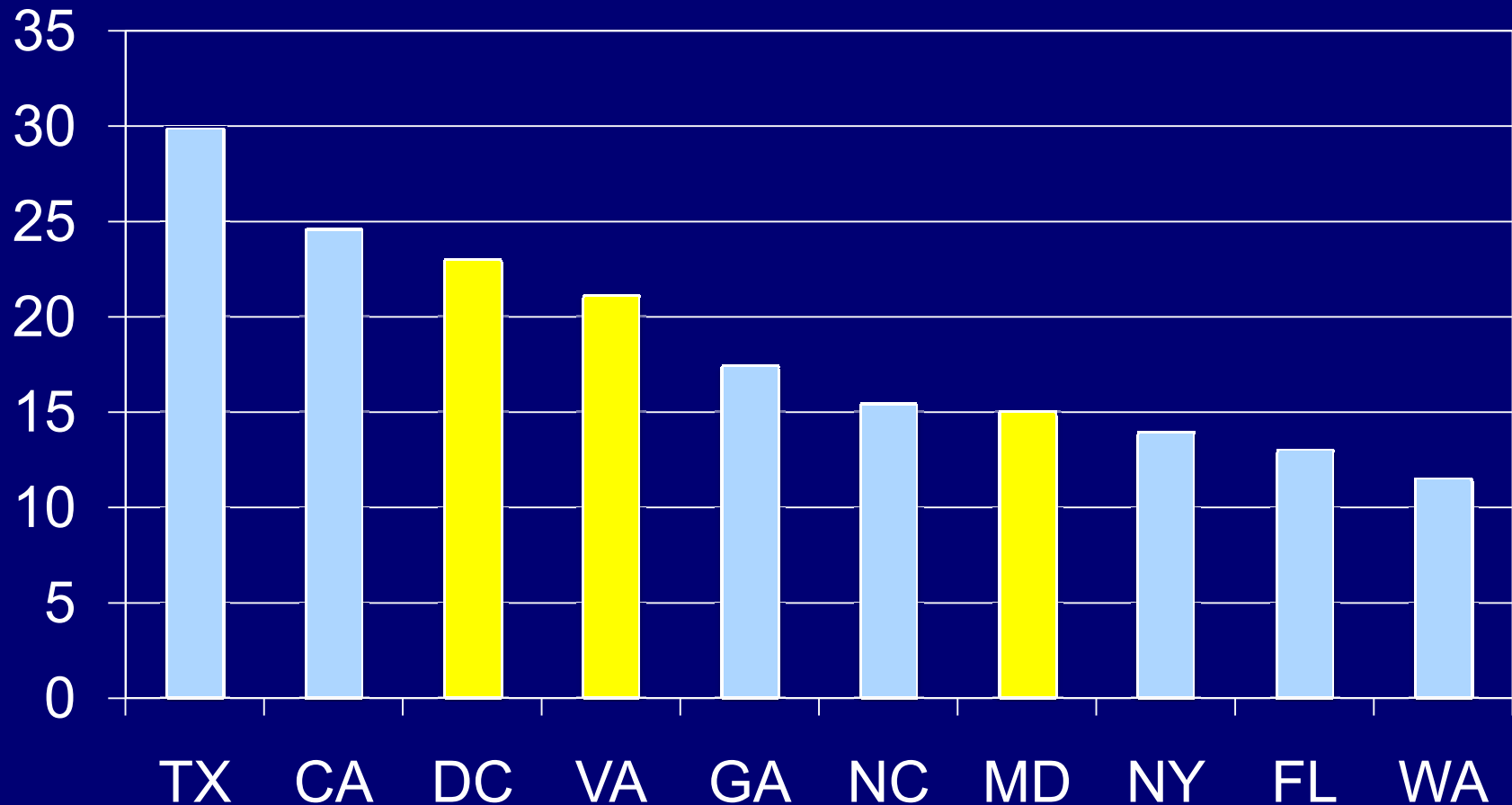
\$ Billions



Source: Census: Consolidated Federal Funds Reports, GMU Center for Regional Analysis

# 2010 Federal Wages & Salaries Top 10 States

\$ Billions



Source: Census: Consolidated Federal Funds Reports, GMU Center for Regional Analysis

# The Commonwealth of Virginia Federal Spending

<u>Comparative Metrics</u>	<u>2000</u>	<u>2010</u>
% of US population	2.5	2.6
% of total federal spending	3.8	4.2
state ranking, total \$s	2	2
per capita federal spending	\$8,859	\$17,008
per capita DOD spending	\$3,476	\$7,263
% of total DOD spending	10.3	10.4
state ranking, DOD \$s	2	1

Sources: Consolidated Federal Funds Reports, 2000 and 2010

# The Importance of DOD Spending in the Commonwealth of Virginia, 2008

(in billions of 2008 \$s)

<u>Source</u>	<u>GSP*</u>	<u>Personal Earnings</u>	<u>Jobs</u>
Direct Payroll	\$22.4	\$19.3	339,941
Contracting	\$33.6	\$23.9	537,258
Construction	\$1.4	\$1.1	25,786
Totals	\$57.4	\$44.4	902,985
% of State	15.6	17.4	18.9
	<u>Revenues</u>	<u>Expenditures</u>	<u>Net Benefit</u>
Fiscal Impacts**	\$1,689.38	\$593.34	\$1,096.04

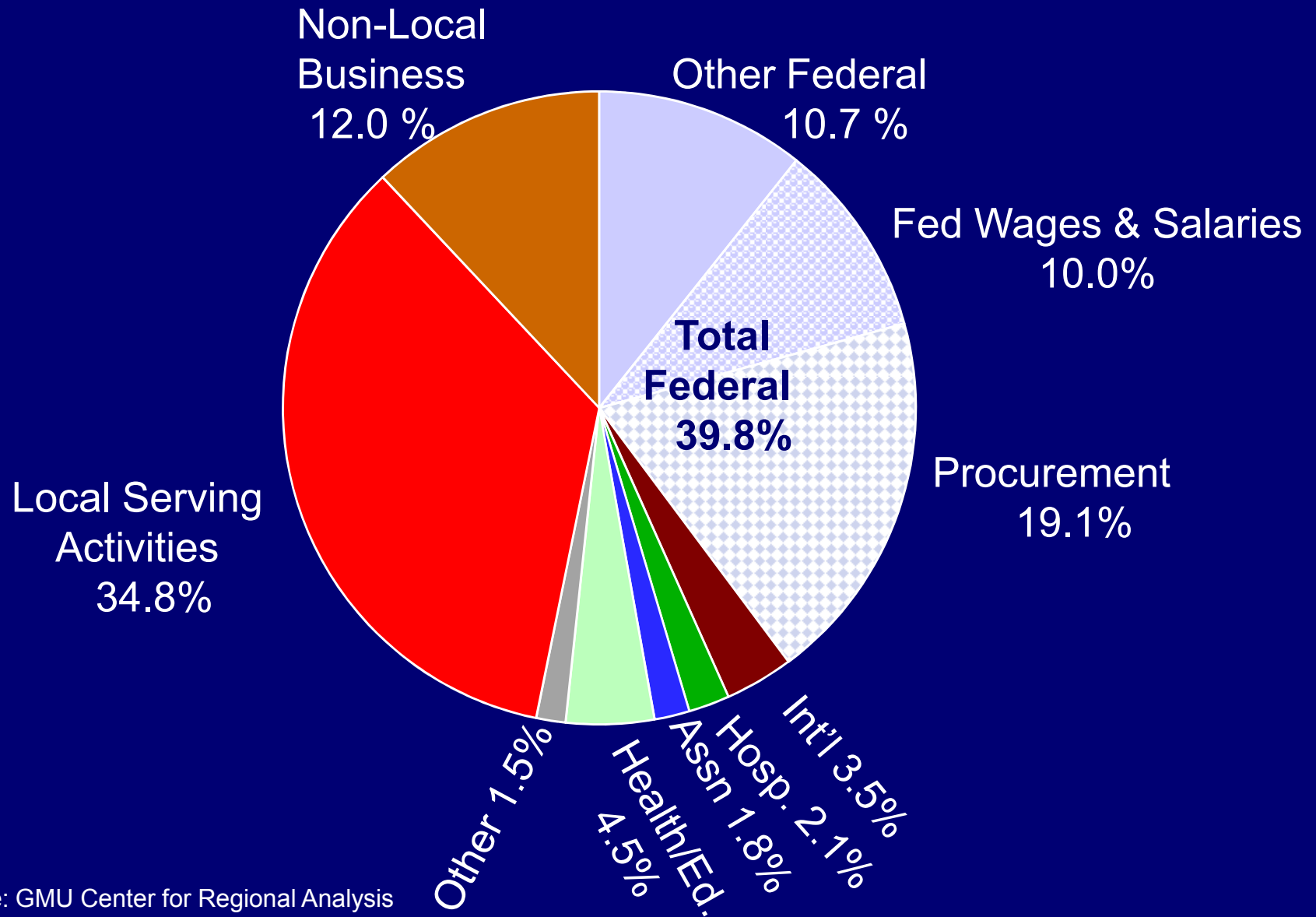
\*gross state product

\*\*in millions of dollars

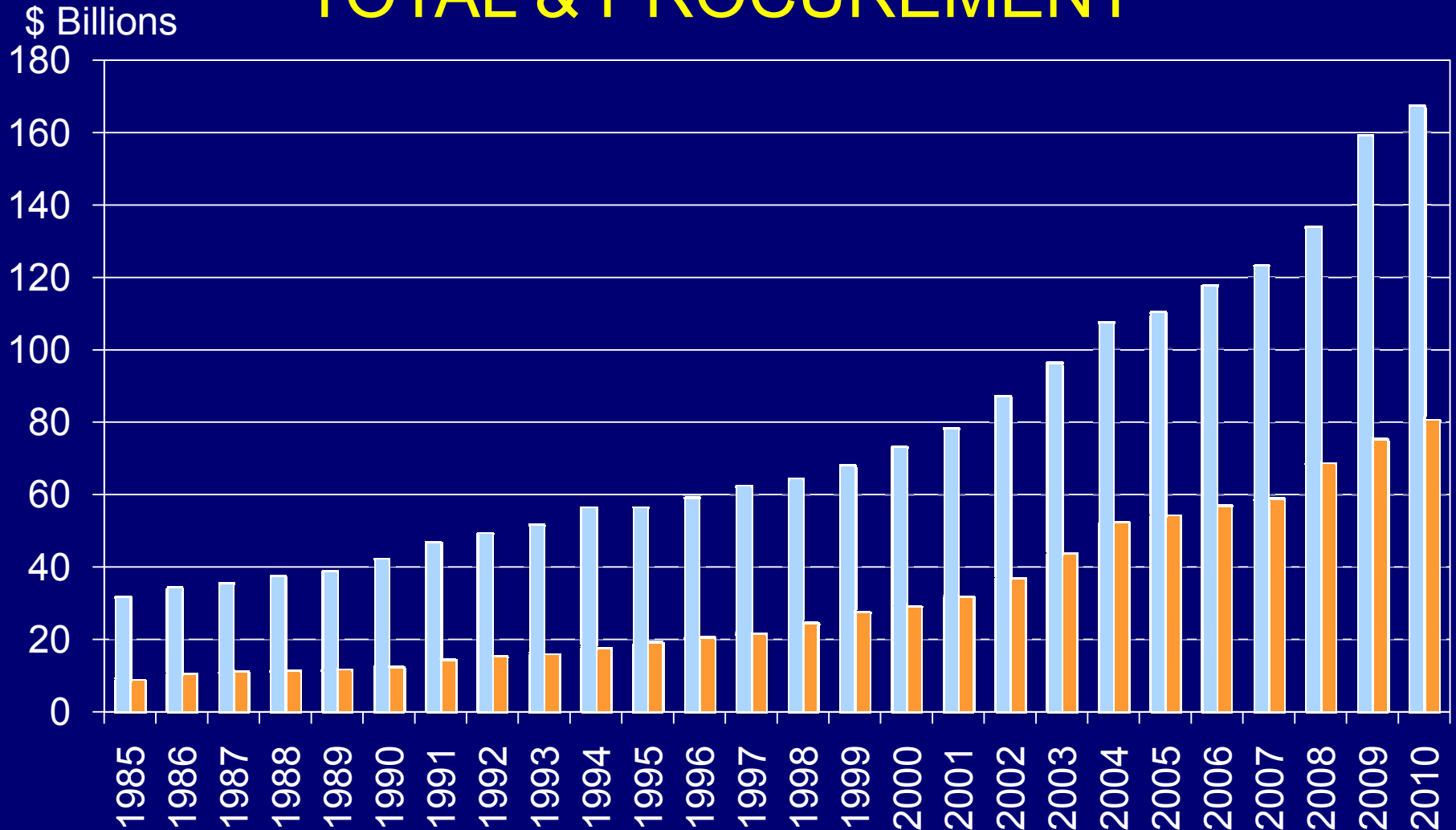


# The Changing Role of the Federal Government in the Washington Area

# 2010 Structure of the Greater Washington Economy



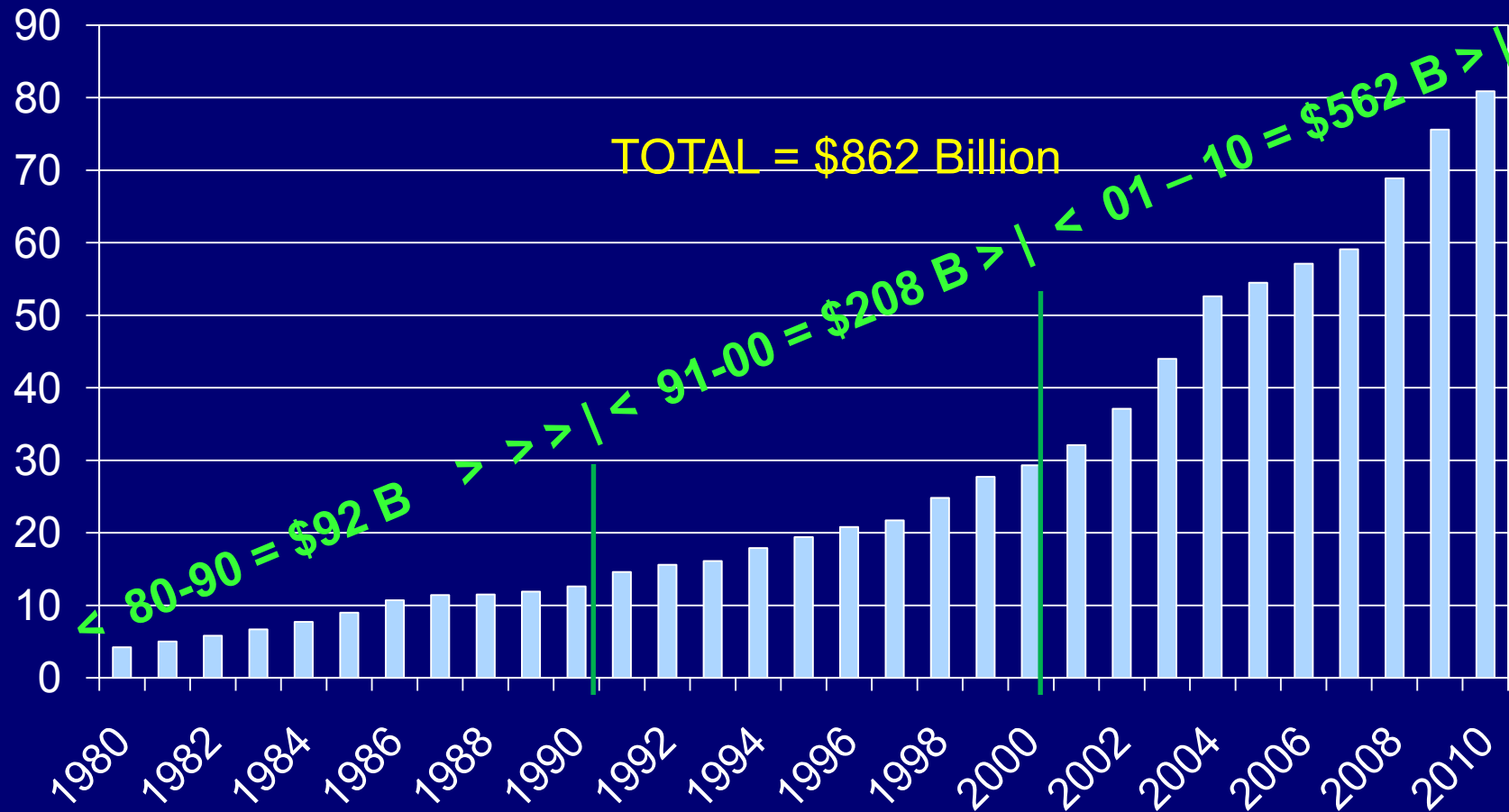
# FEDERAL SPENDING – WASHINGTON MSA TOTAL & PROCUREMENT



Source: Census Consolidated Federal Funds Report

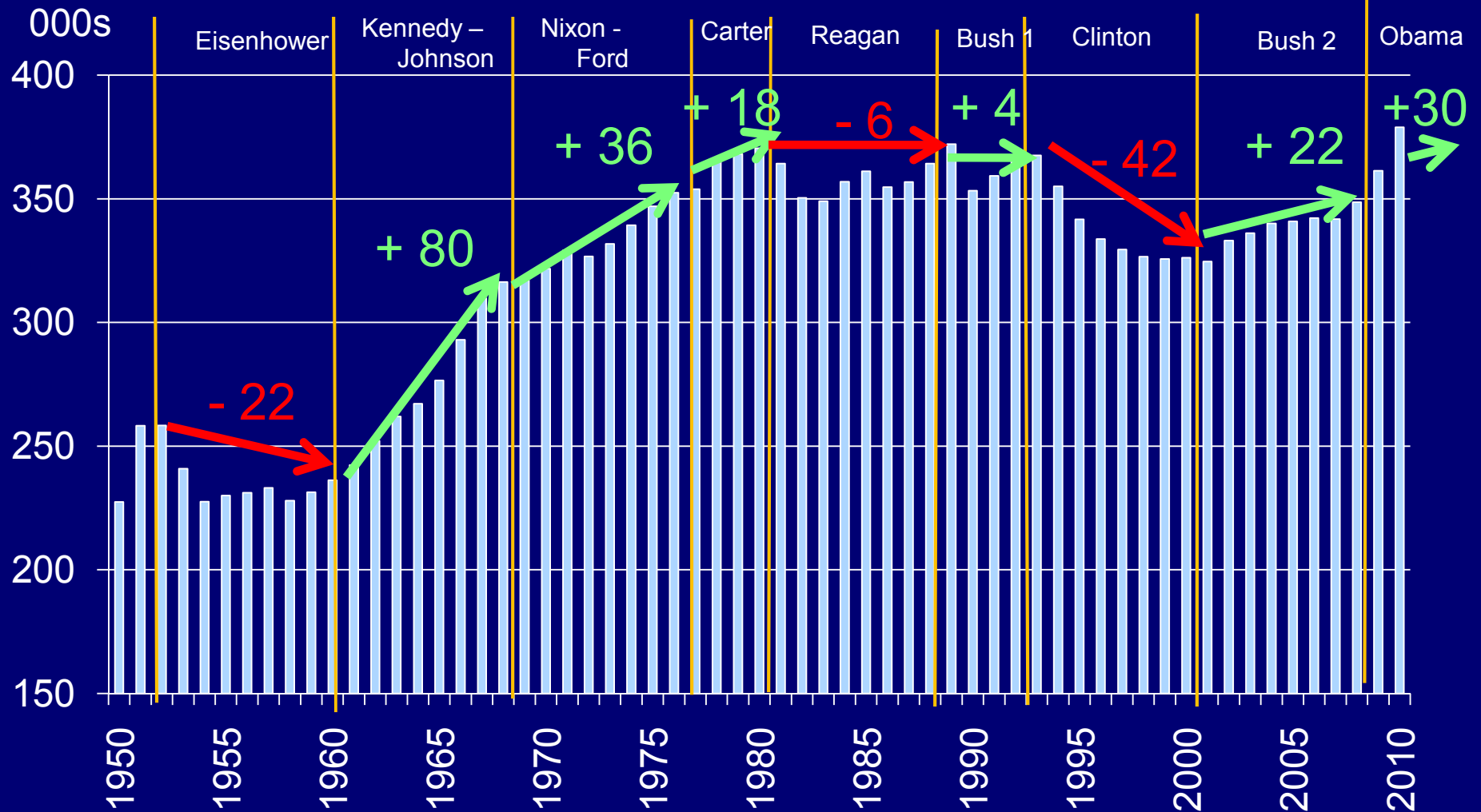
# Federal Procurement Washington Metro Area

\$ Billions



Source: Census Consolidated Federal Funds Report

# Federal Employment Washington Metro Area

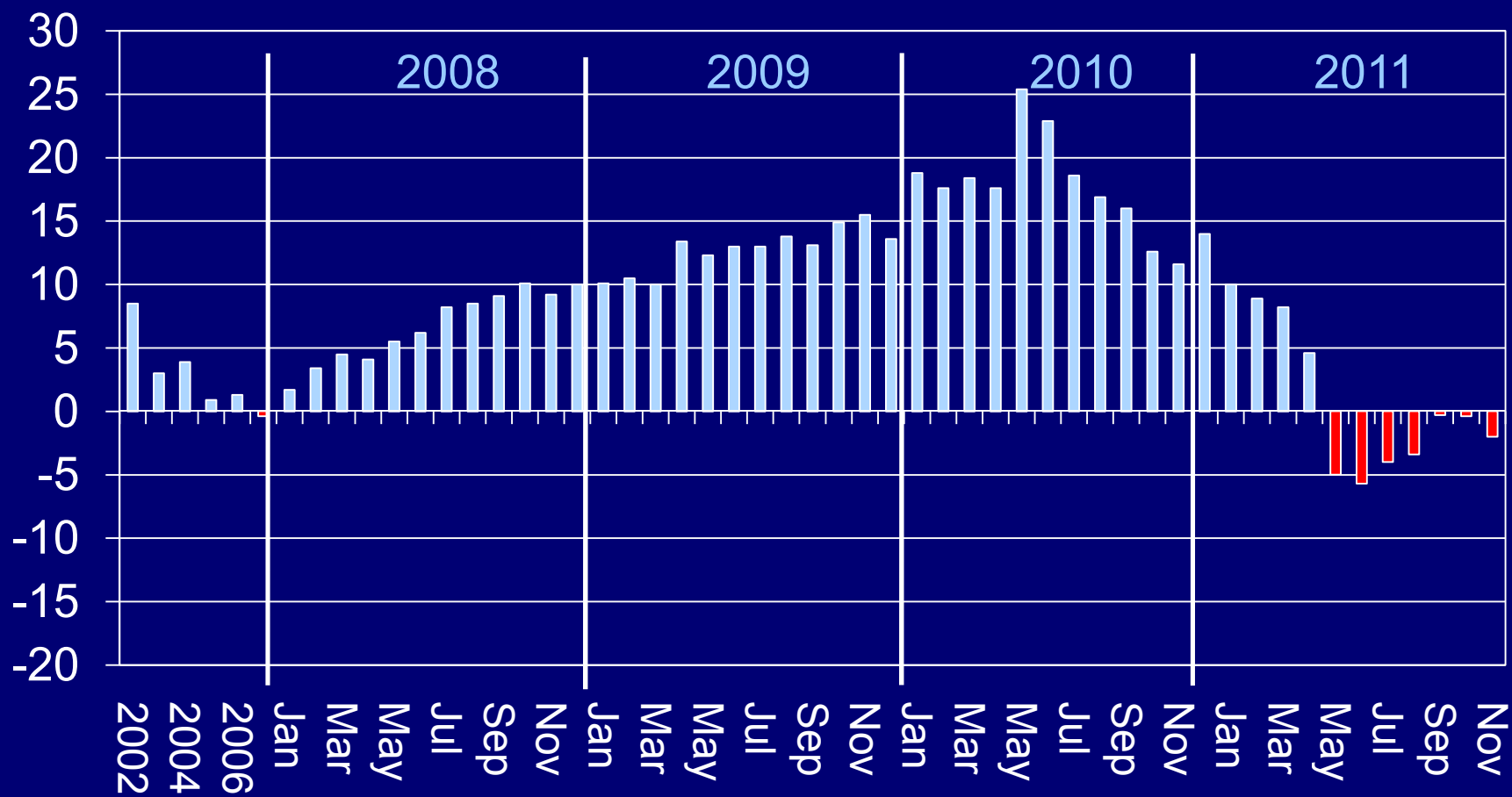


Source: BLS, GMU Center for Regional Analysis

# Federal Government Washington MSA

000s Annual Data

Annual Month over Year



Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

**Tot Nov 2010 = 378,000**

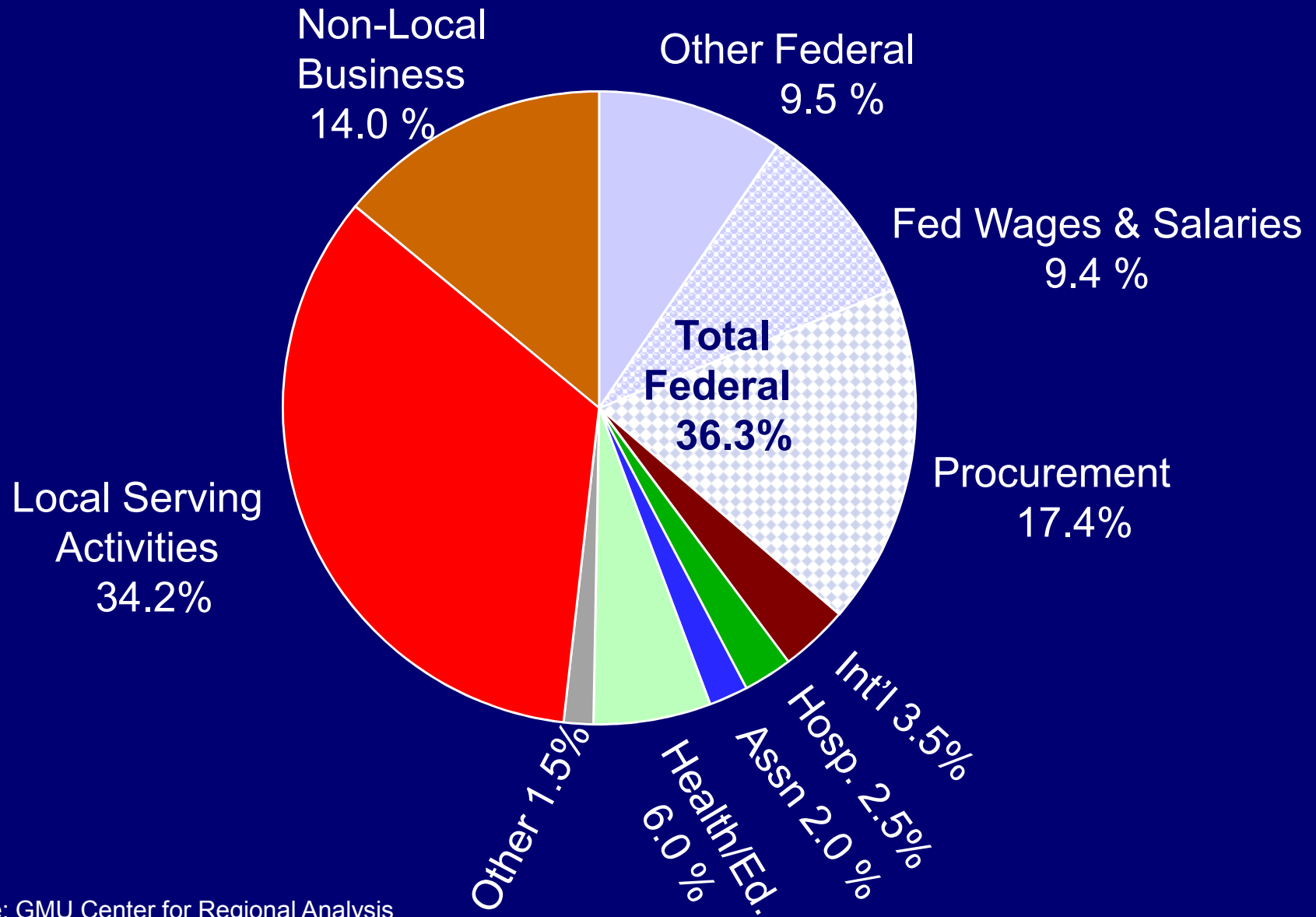
# Growth Projections for Federal Spending and GRP: 2011- 2015

(in billions of 2010 dollars, annual % change)

<u>Year</u>	<u>Federal \$s</u>	<u>WMSA GRP</u>
<u>2010</u>	\$169.0	\$425.0
2011	2.0%	2.6%
2012	1.0%	2.7%
2013	0.0%	2.9%
2014	1.0%	3.3%
<u>2015</u>	<u>1.5%</u>	<u>3.2%</u>
2015	\$178.5	\$491.2
Change	5.6%	15.6%

Source: GMU Center for Regional Analysis

# 2015 Structure of the Greater Washington Economy

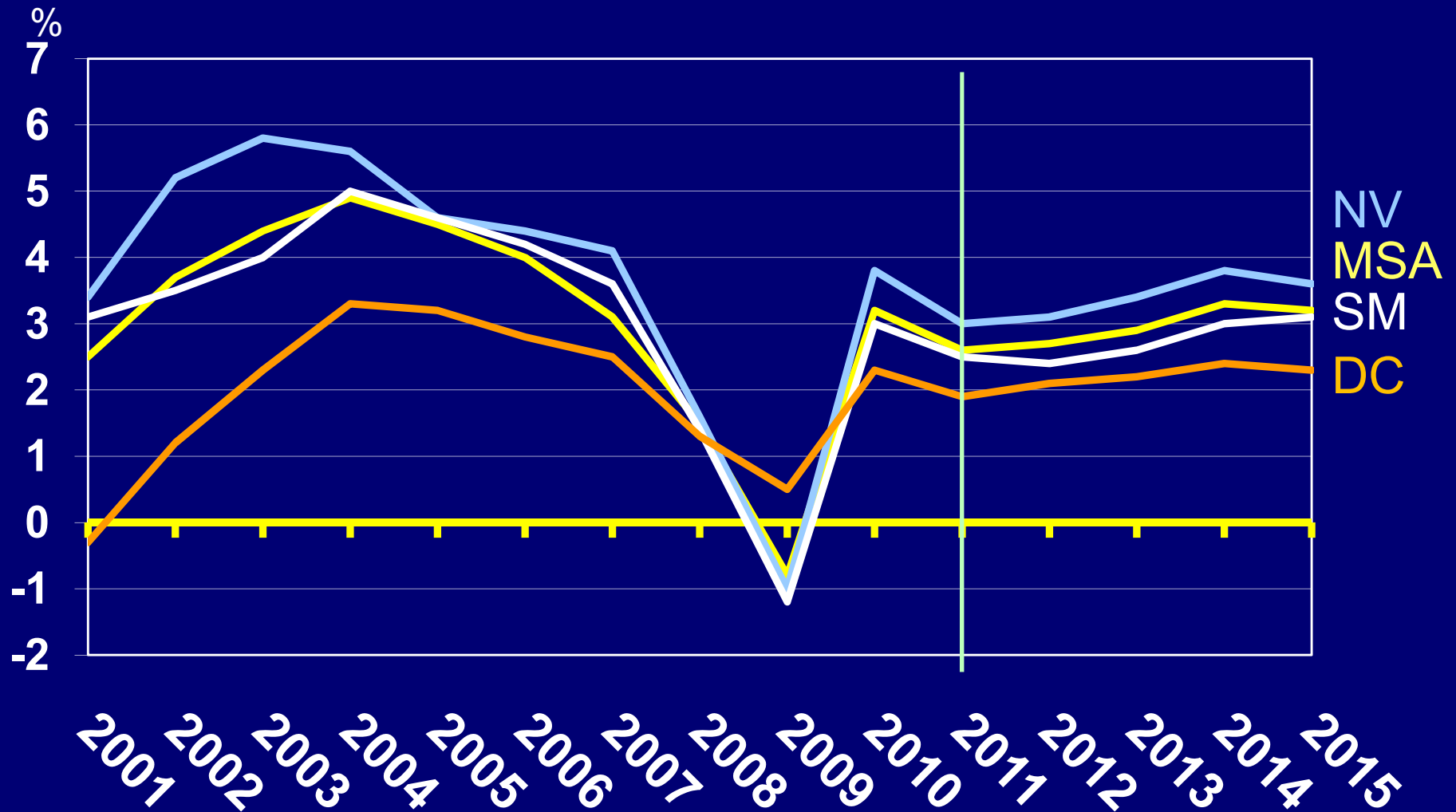




# Near-Term Economic Outlook for the Washington Metropolitan Area

# Economic Outlook (GRP) – 2015

Washington Area and Sub-state Portions  
(Annual % Change)

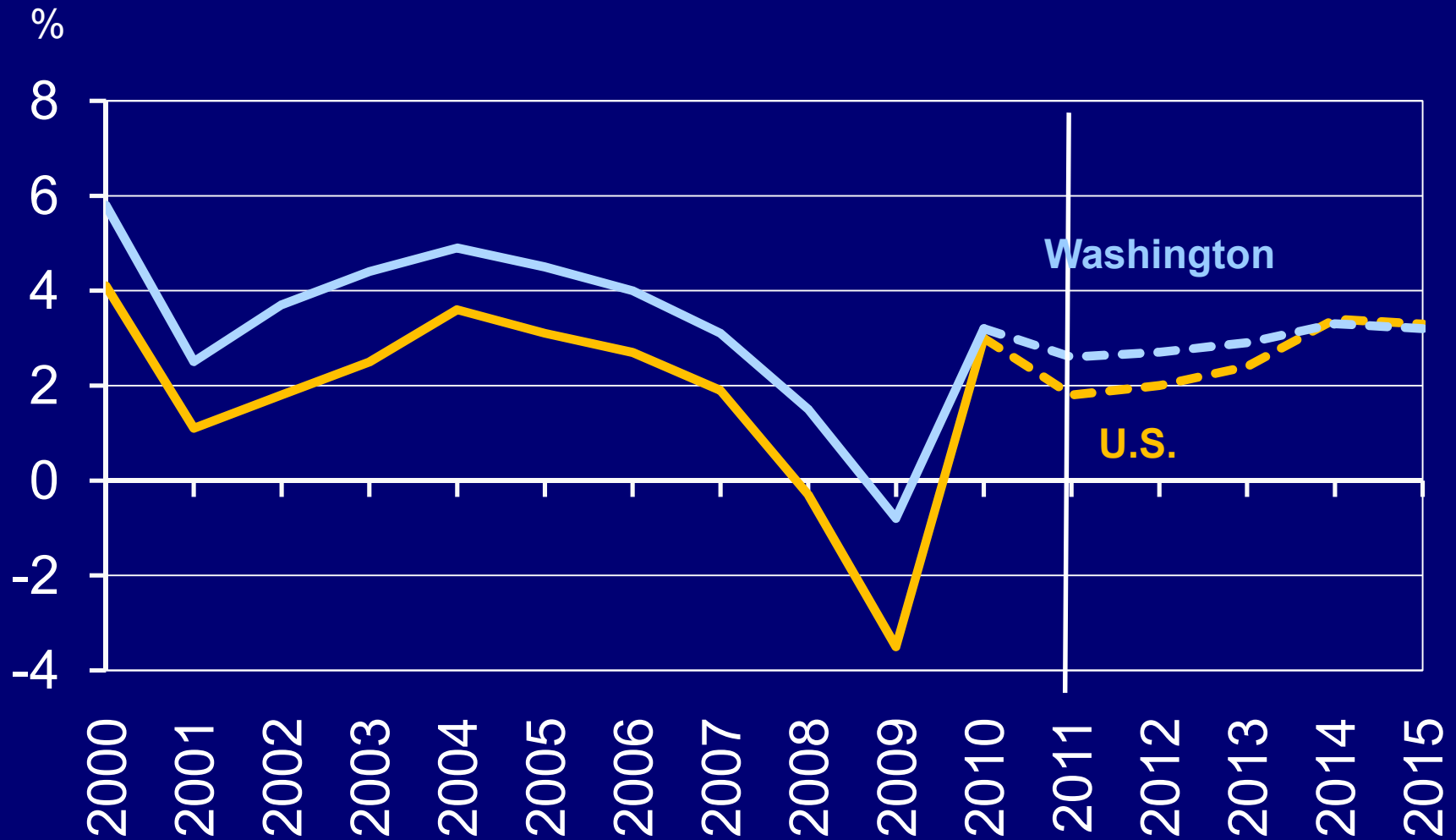


# Employment Change by Sub-state Region (000s)

	2008	2009	2010	2011	2012	2013	2014	2015
<b>D.C.</b>	<b>10.1</b>	<b>-2.2</b>	<b>9.5</b>	<b>3.6</b>	<b>4.7</b>	<b>5.8</b>	<b>7.9</b>	<b>7.9</b>
<b>Sub. MD</b>	<b>-3.3</b>	<b>-25.1</b>	<b>-5.9</b>	<b>2.4</b>	<b>5.3</b>	<b>9.9</b>	<b>11.8</b>	<b>13.2</b>
<b>No. VA</b>	<b>6.1</b>	<b>-23.0</b>	<b>8.7</b>	<b>14.5</b>	<b>13.6</b>	<b>13.9</b>	<b>16.2</b>	<b>20.2</b>
<b>REGION</b>	<b>12.9</b>	<b>-50.3</b>	<b>11.3</b>	<b>20.5</b>	<b>23.6</b>	<b>29.6</b>	<b>35.9</b>	<b>41.3</b>

Average Annual Change 1990-2010 = 36,000

# GDP/GRP 2000 - 2015



Source: Global Insight, GMU Center for Regional Analysis

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