

Finance and Administration Roundtable

***The Washington Area Economy:
Repositioning for Renewed Growth***

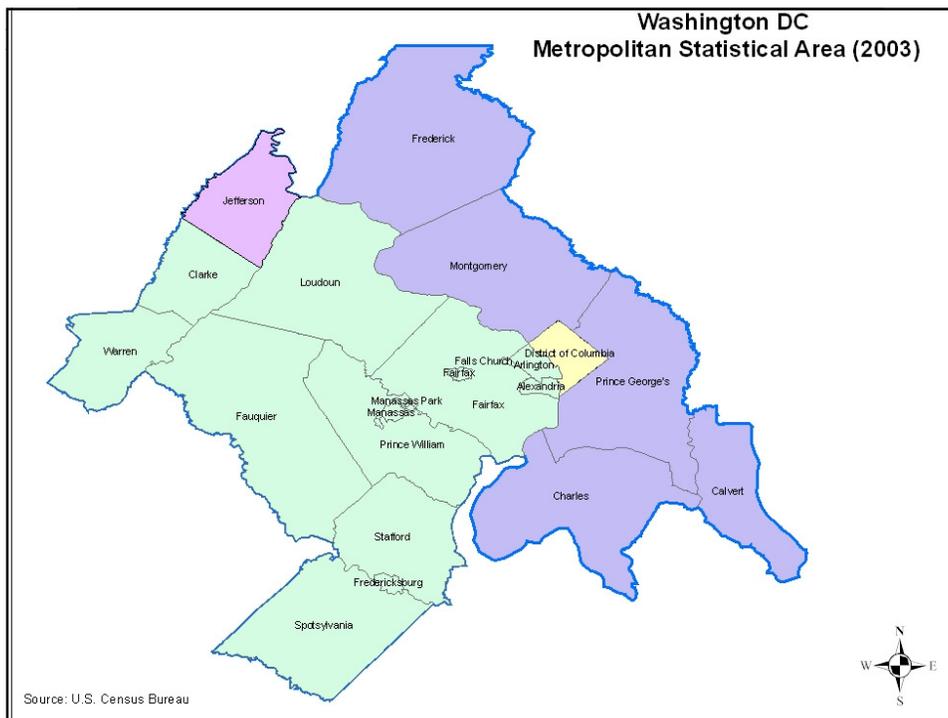
Stephen S. Fuller, Ph.D.
Dwight Schar Faculty Chair and University Professor
George Mason University

May 20, 2015

**The Washington Metropolitan Area from
The International Space Station, January 20, 2013**





The District of Columbia and Washington Metropolitan Area Economies in 2044
(population and employment in millions, GSP/GRP in billions of 2009 \$s)

<u>Metric</u>	<u>2014</u>	<u>%</u>	<u>2044</u>	<u>%</u>	<u>Change</u>
Population: DC	0.660		0.760		15.1
Metro Area	5.988	11.0	7.715	9.8	28.8
Employment: DC	0.752		0.965		28.4
Metro Area	3.093	24.3	4.313	22.4	39.4
GSP/GRP: DC	\$106.0		\$191.6		80.6
Metro Area	\$444.5	23.8	\$1,028.0	18.6	131.2

Source: IHS Economics, GMU Center for Regional Analysis

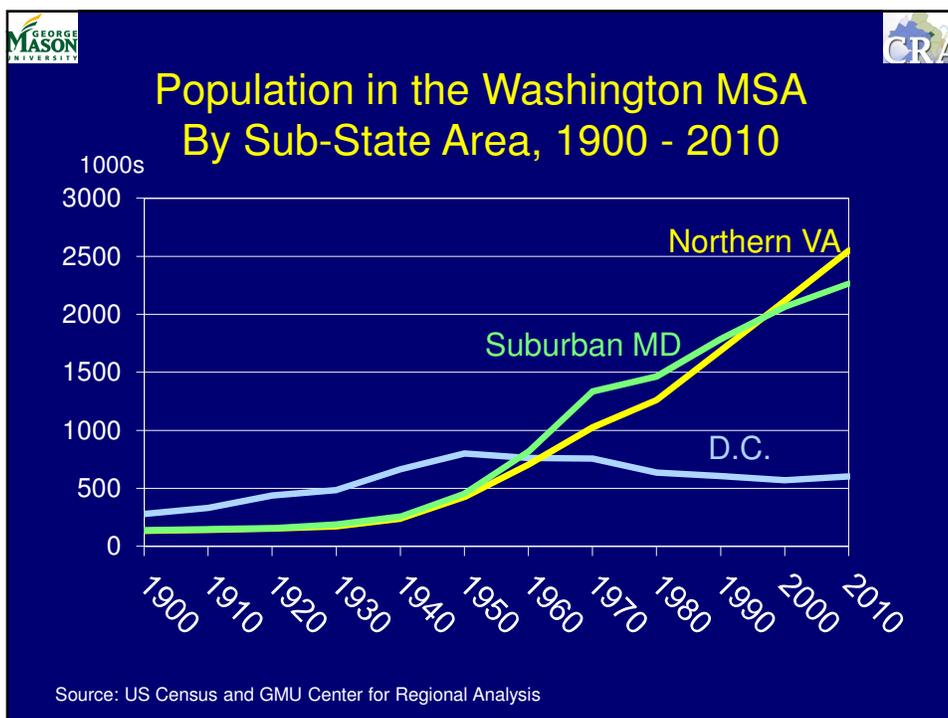
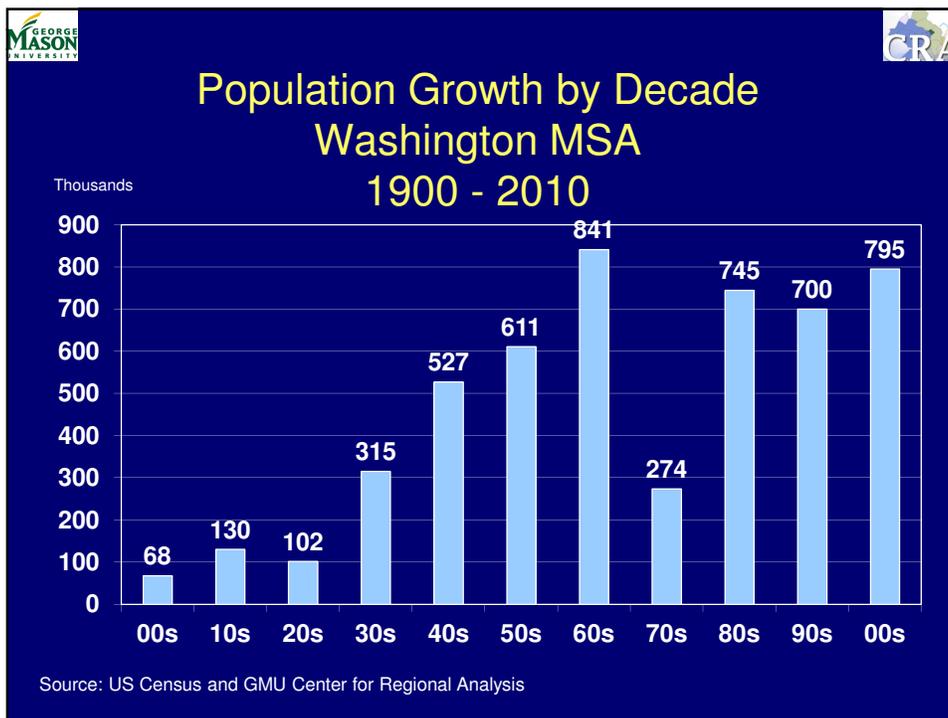


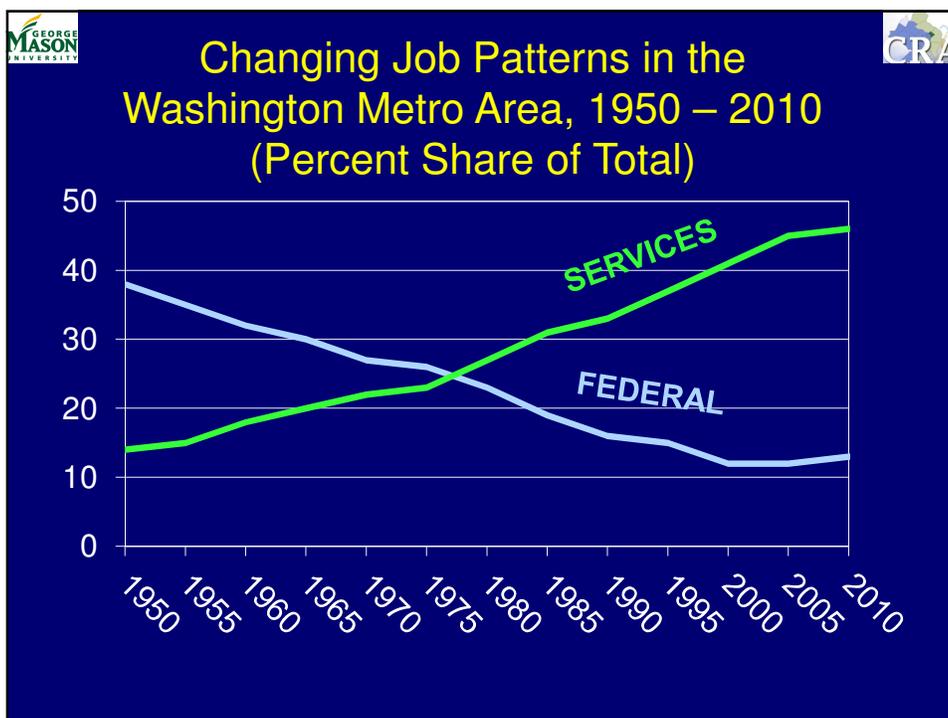
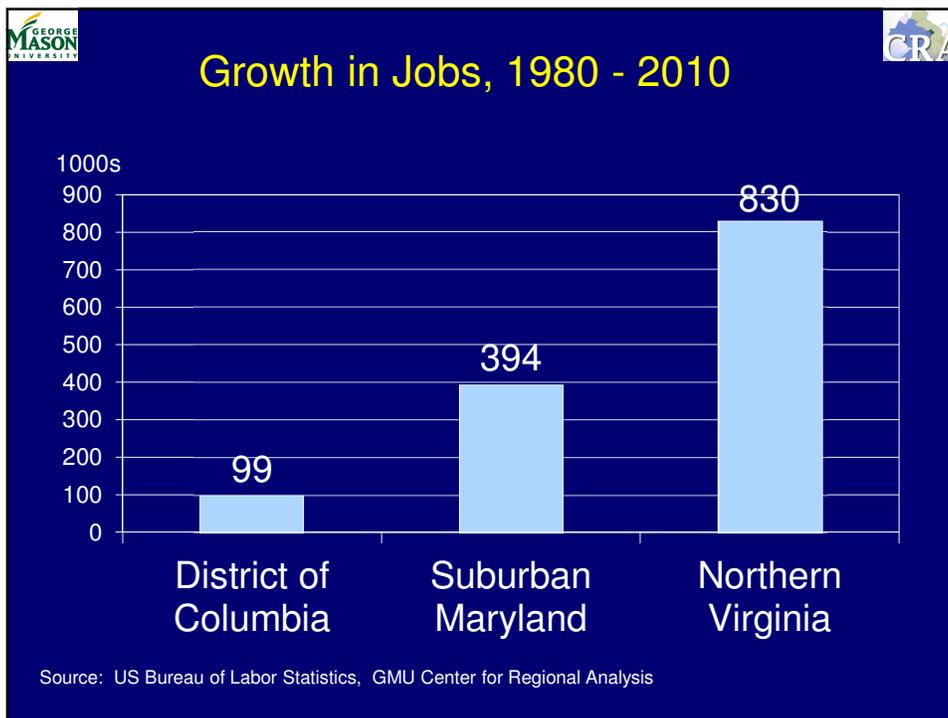
Population and Federal Employment Growth
In the Washington Area, 1800-2000

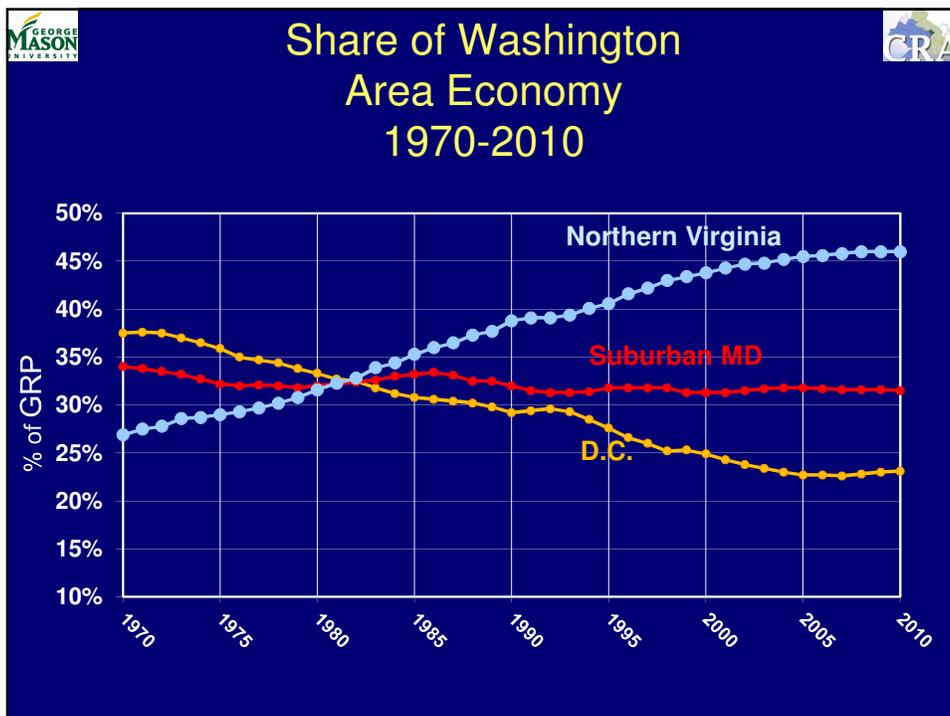
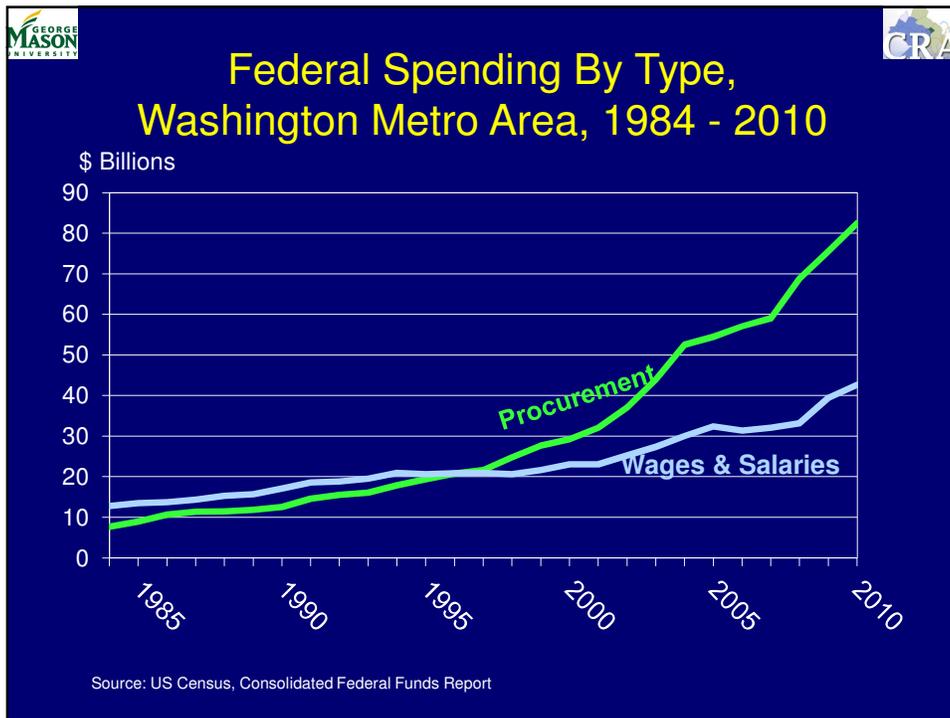
<u>Years</u>	<u>DC</u>	<u>Metro Area</u>	<u>Federal Employees</u>
1800	8,144	63,653*	131**
1860	75,080	141,215*	2,199**
1870	131,700	203,108*	6,222**
1900	278,718	378,605*	20,834**
1930	486,869	672,198	68,510**
1940	663,091	967,985	133,645**
1950	792,234	1,452,349	214,077**
1992	597,350	4,271,800	355,310
2000	572,552	4,843,280	326,230
2010	607,000	5,614,460	380,200

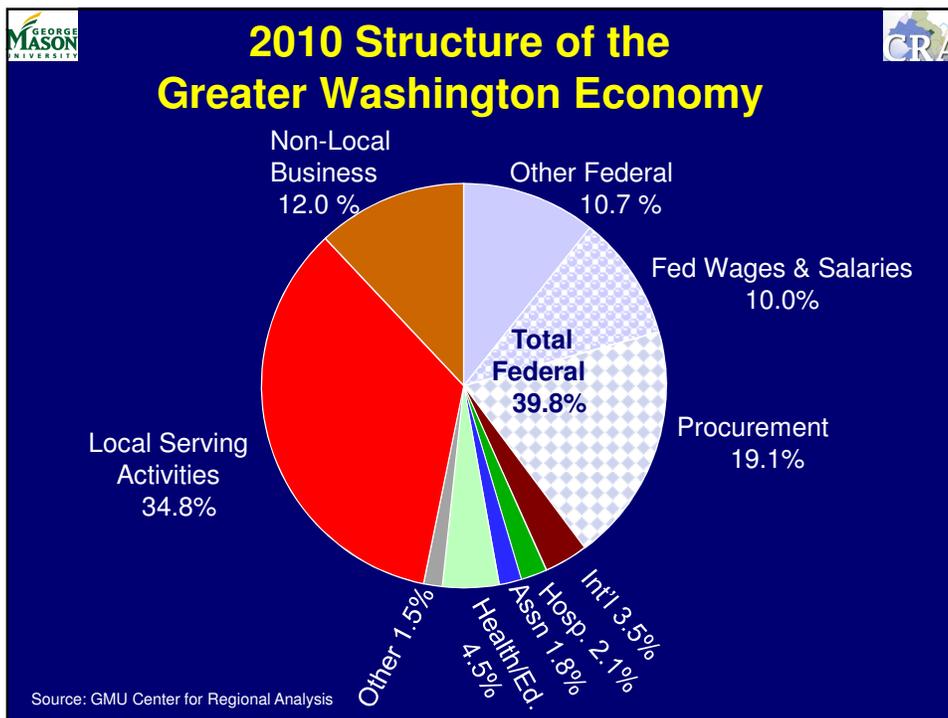
*DC, Alexandria, Arlington, Fairfax, Montgomery, Prince George's, **in DC only

Source: GMU Center for Regional Analysis

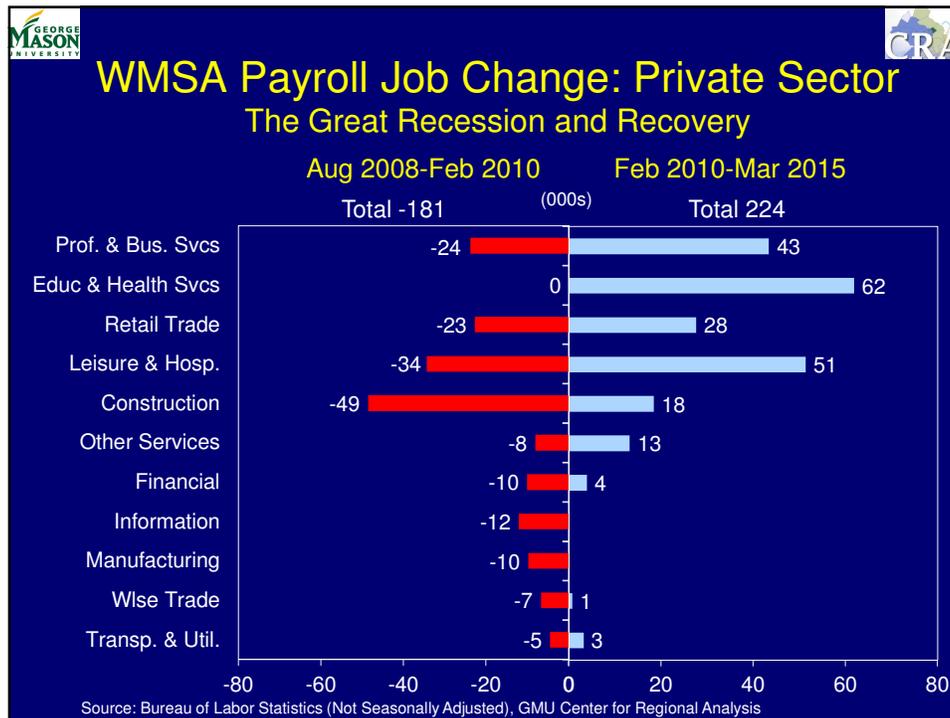








From the Recession to the Federal Sequester and Shutdown



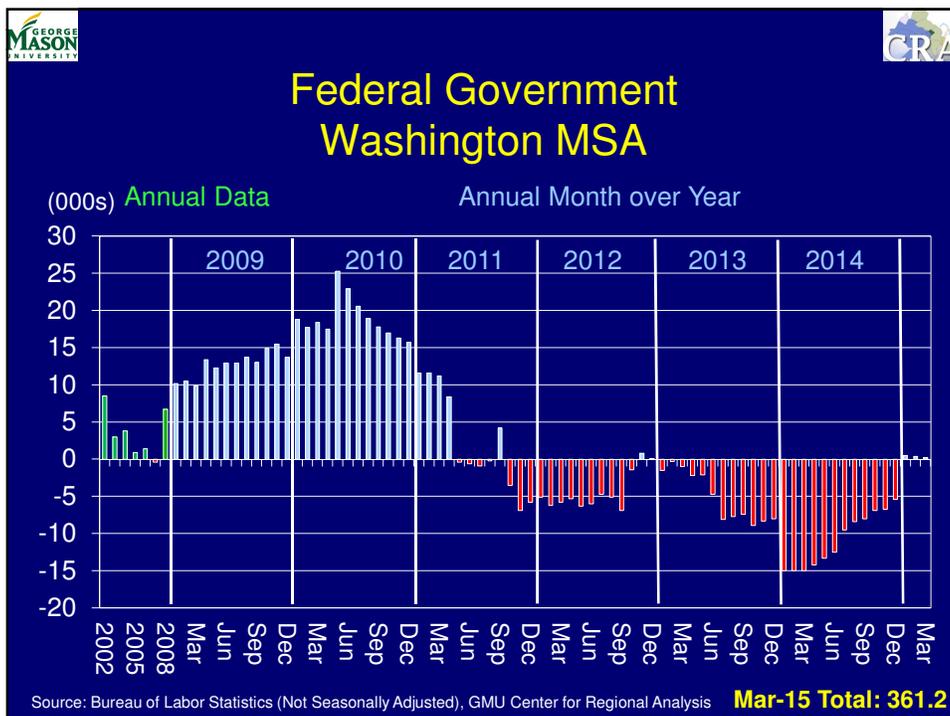
The GRP* Effects of Private Sector Job Change
in the Washington Metropolitan Area
Aug 2008-March 2015 (in 2014 \$s)

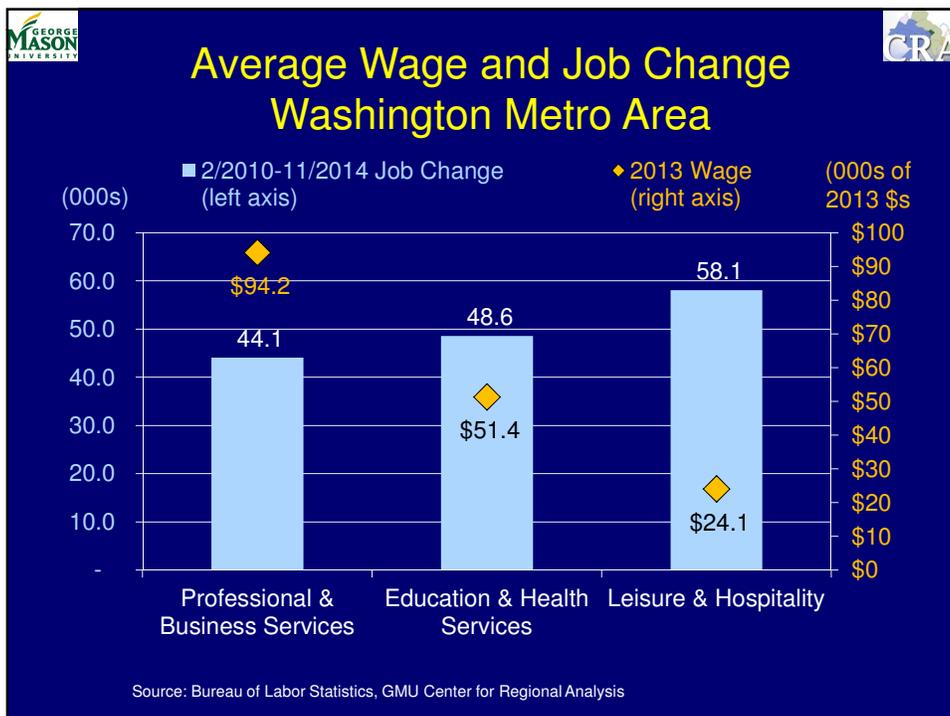
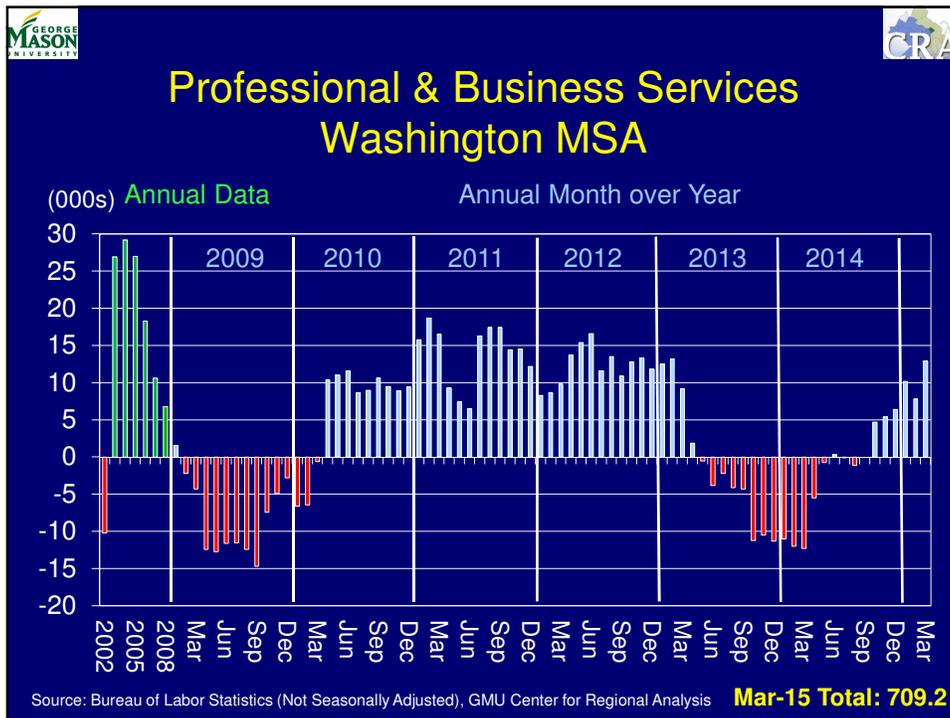
Job Change	Total GRP Value
- 181,300	- \$29,044,064,000 ¹
<u>+ 223,700</u>	<u>+ \$22,175,100,000²</u>
+ 42,400	- \$6,868,964,000

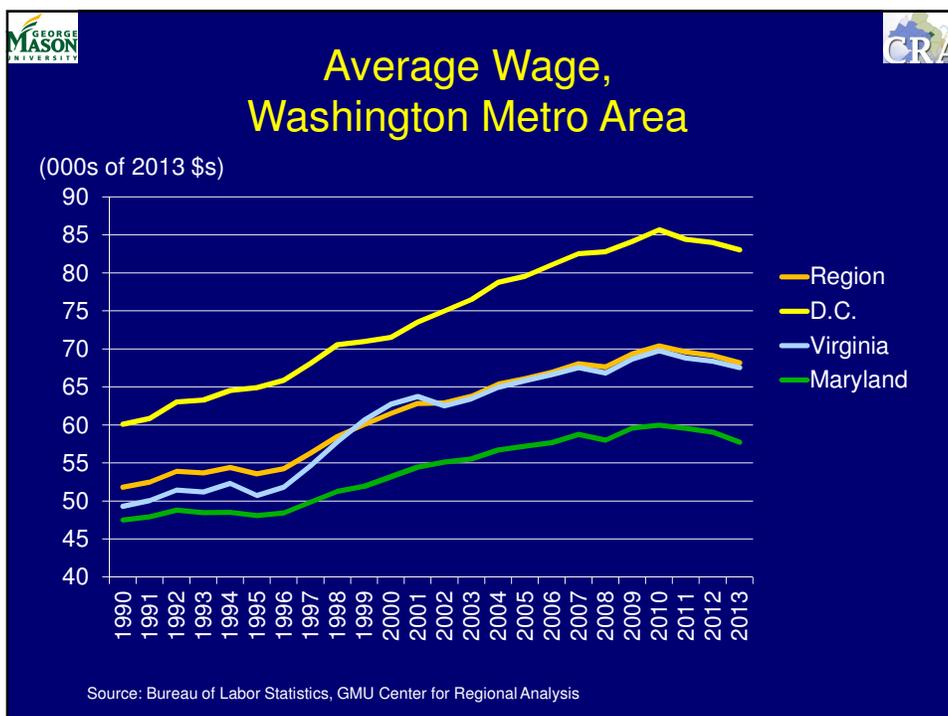
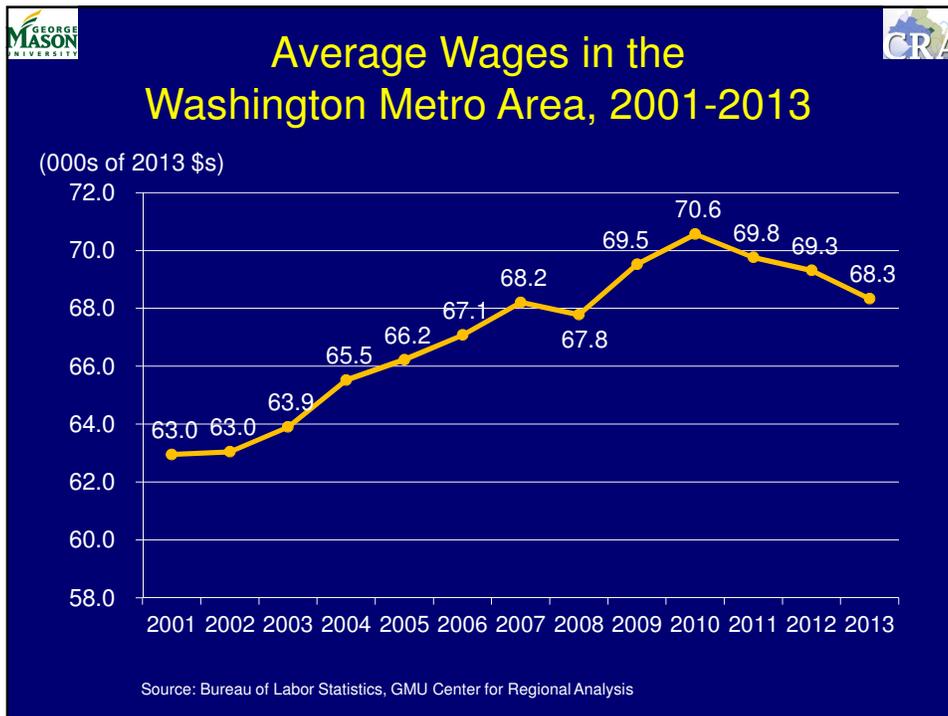
Source: GMU Center for Regional Analysis
*Gross Regional Product
¹ \$160,200 per job contribution to GRP
² \$99,130 per job contribution to GRP

Summary of Federal Spending Trends in the Washington Metropolitan Area, 2010-2013

- 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.





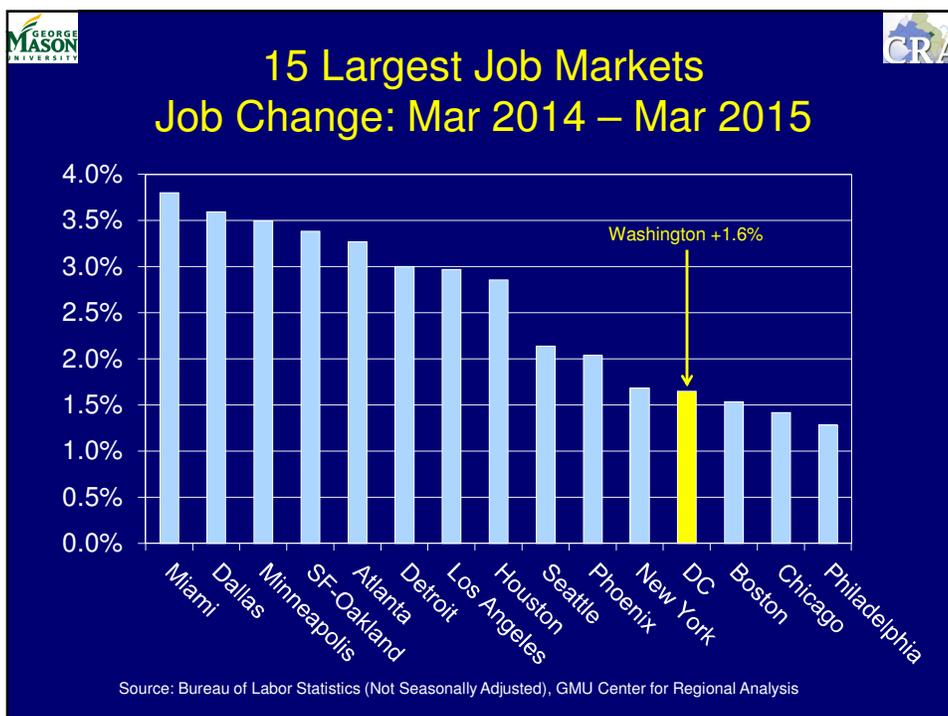
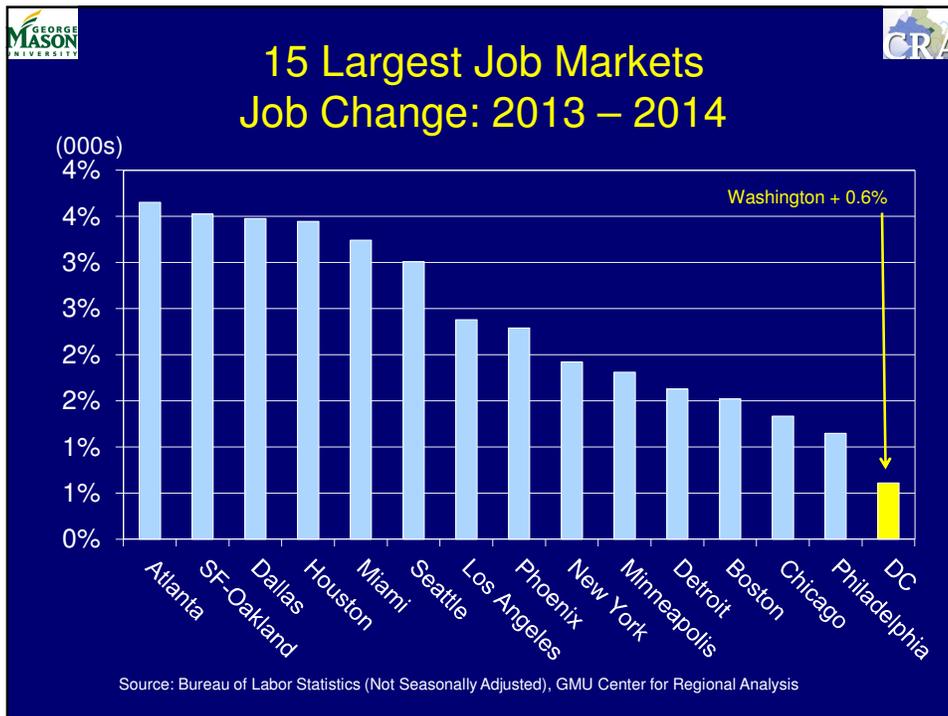


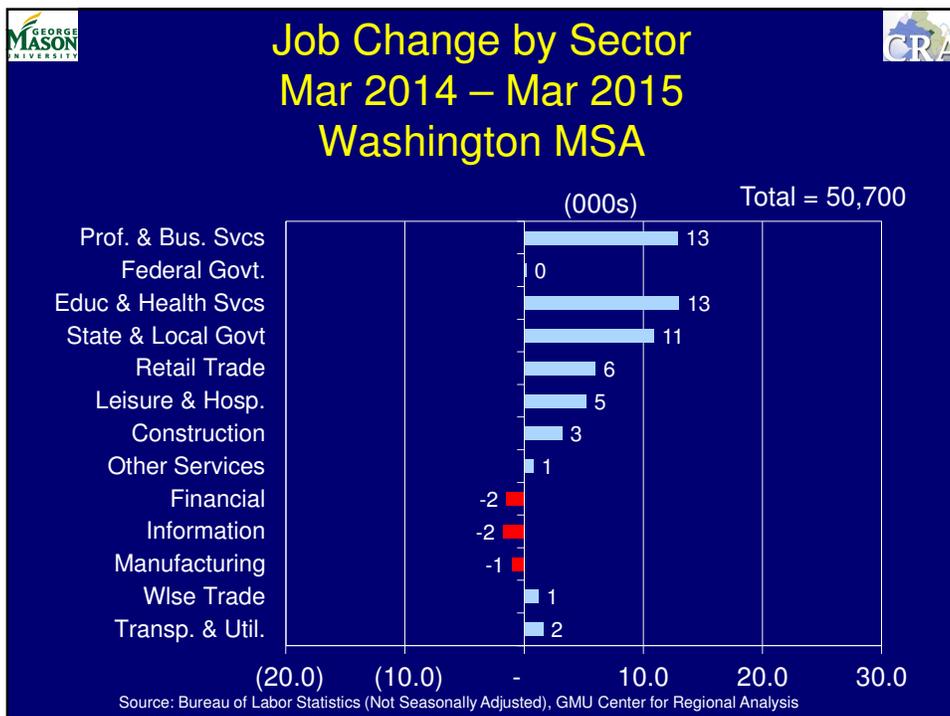
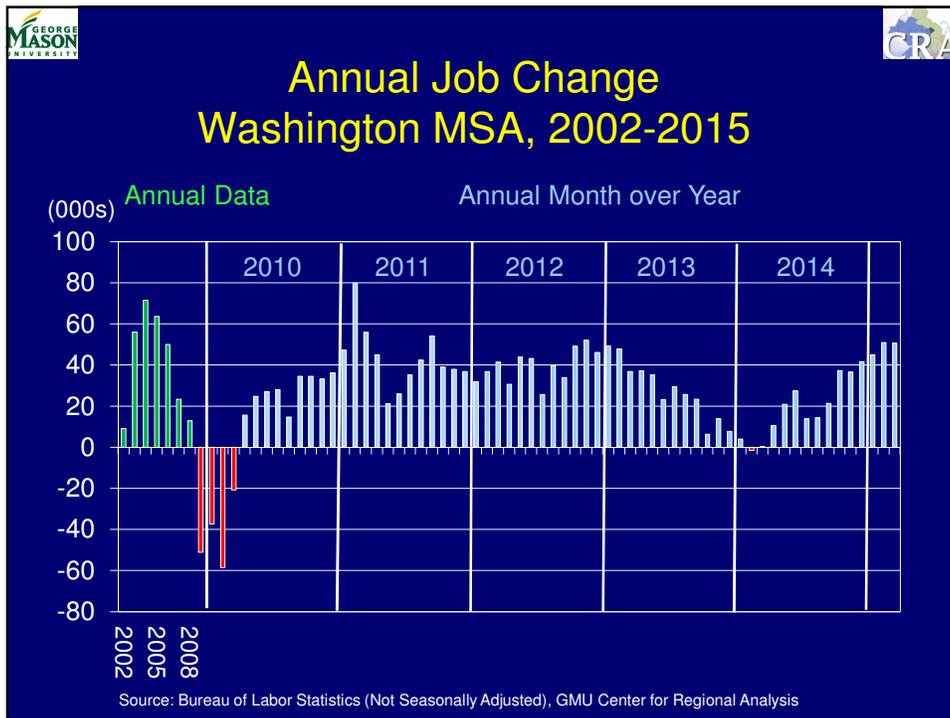
The Household Income Effects of Structural Change in the Washington Metropolitan Area

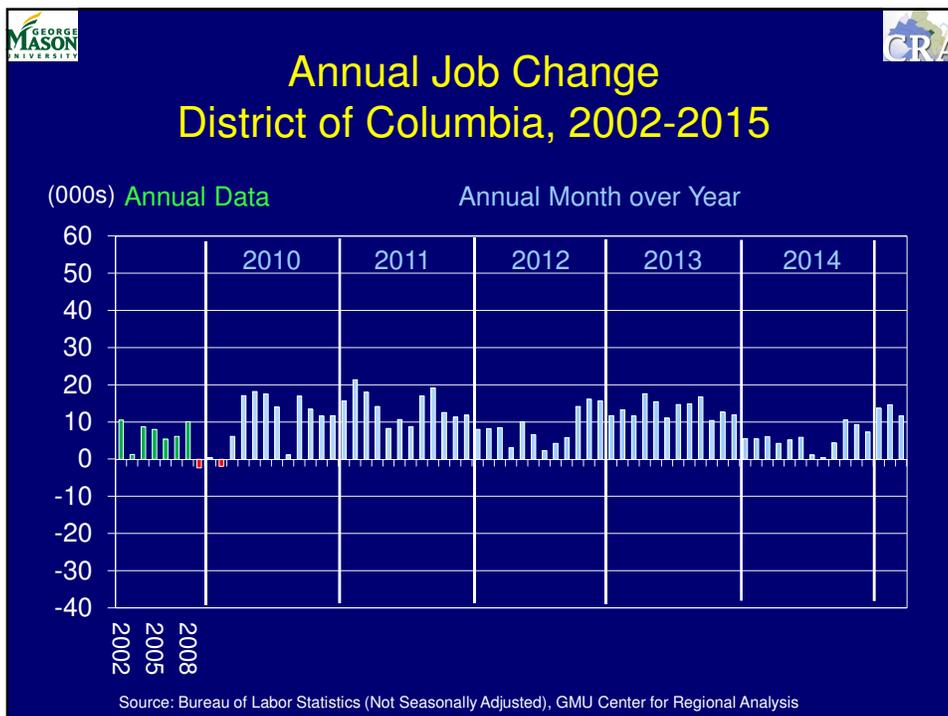
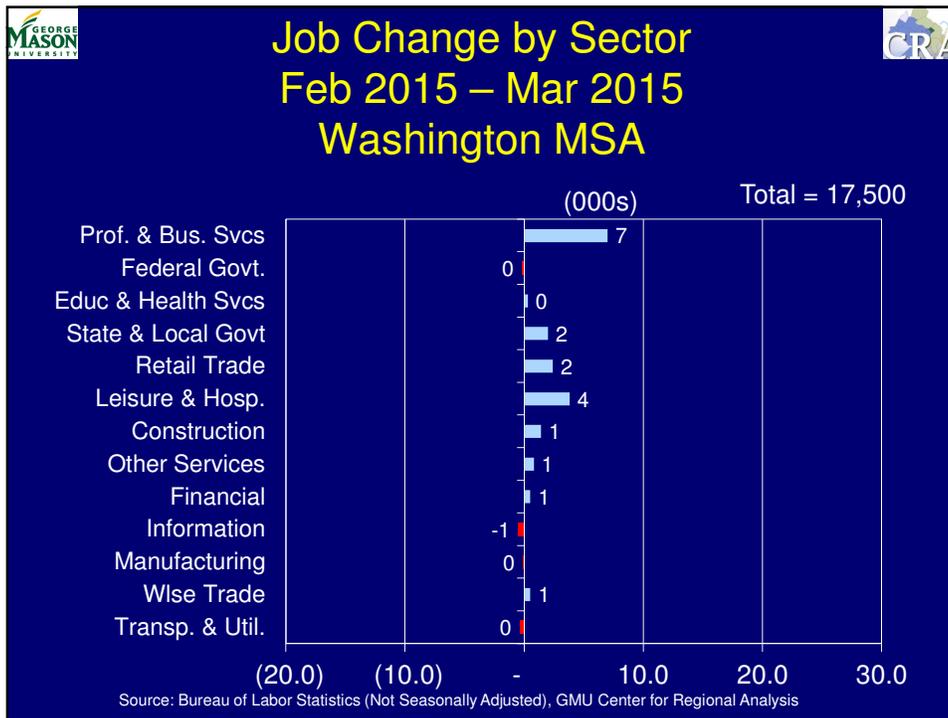
Jurisdiction	Median HH Income 2013*	Change from 2009*
District (DC)	\$67,575	\$2,919
Frederick Cty	84,308	-\$5,856
Montgomery Cty	98,326	-\$4,552
Prince George's Cty	72,052	-\$4,060
Arlington County	102,501	-\$1,675
Fairfax County	111,079	-\$249
Loudoun County	116,768	-\$7,283
Prince Wm County	95,268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

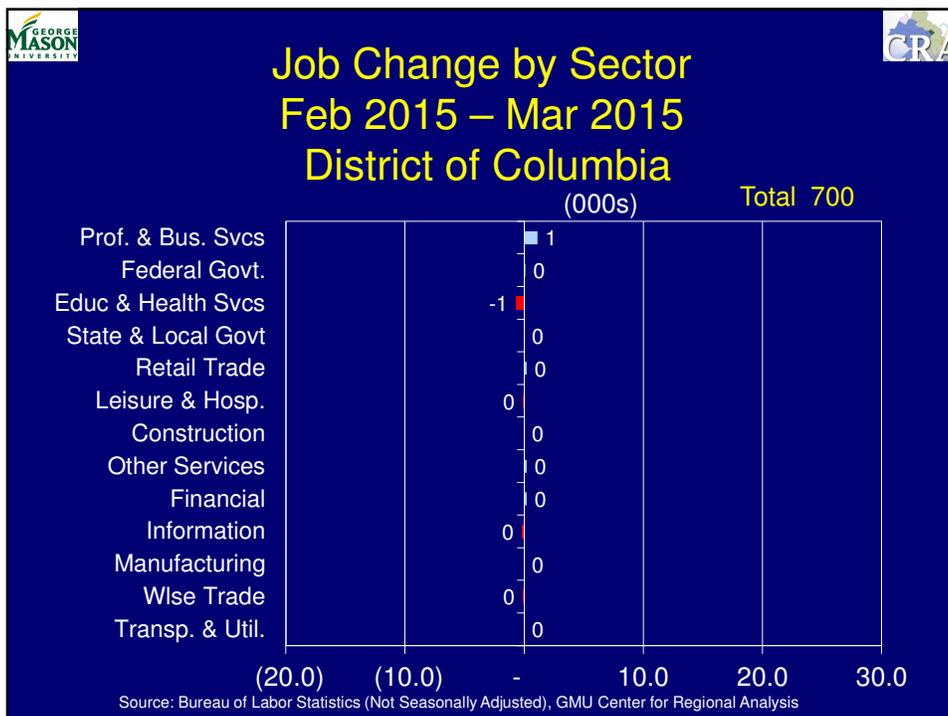
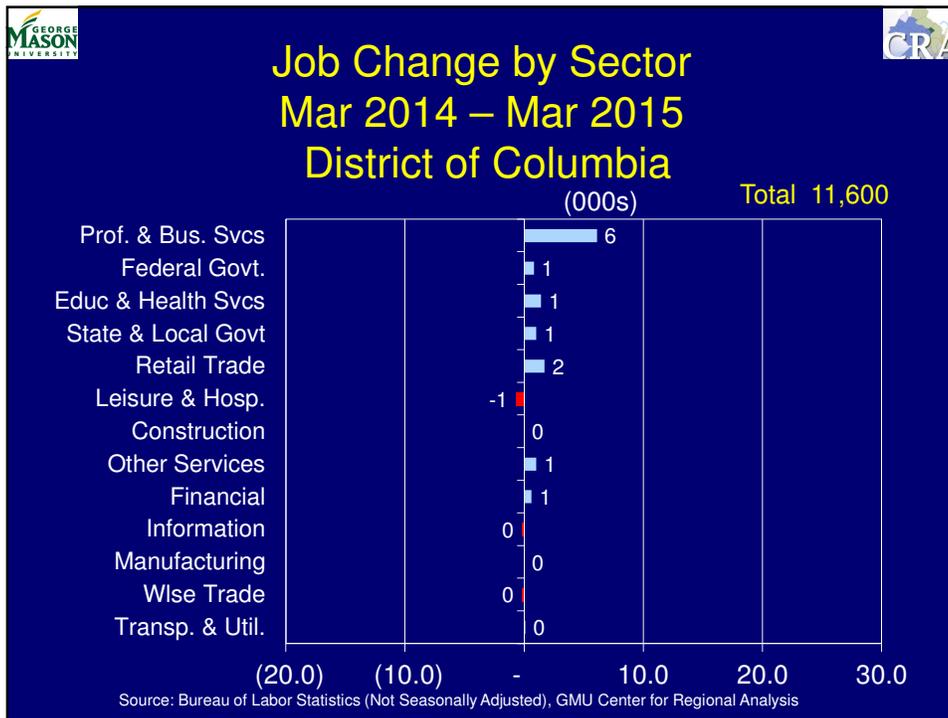
Source: U.S. Census, ACS 1-Year; GMU Center for Regional Analysis *in 2013 dollars

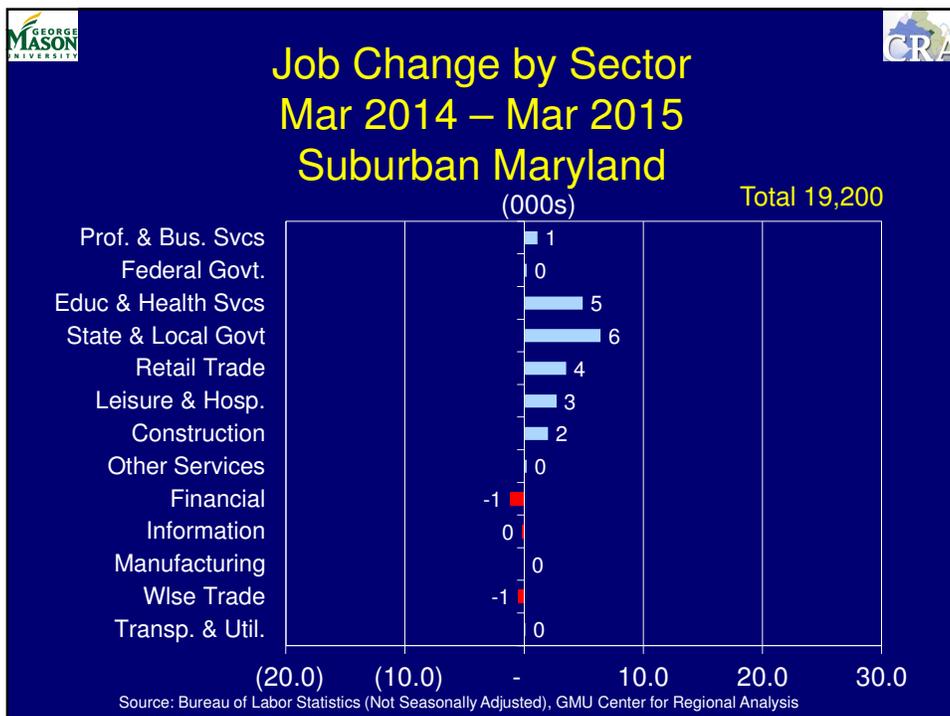
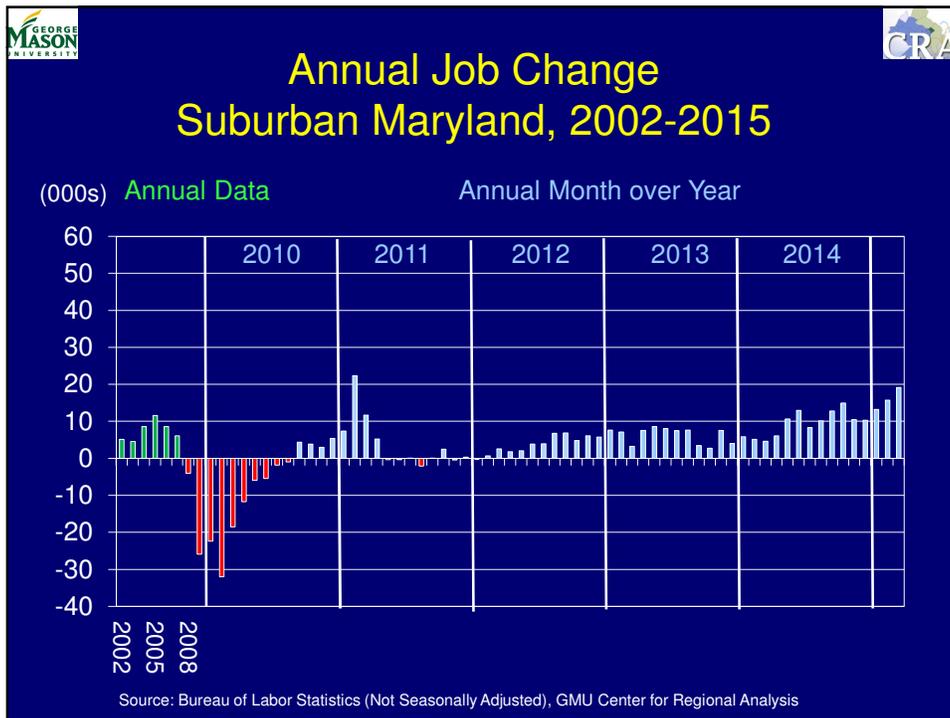


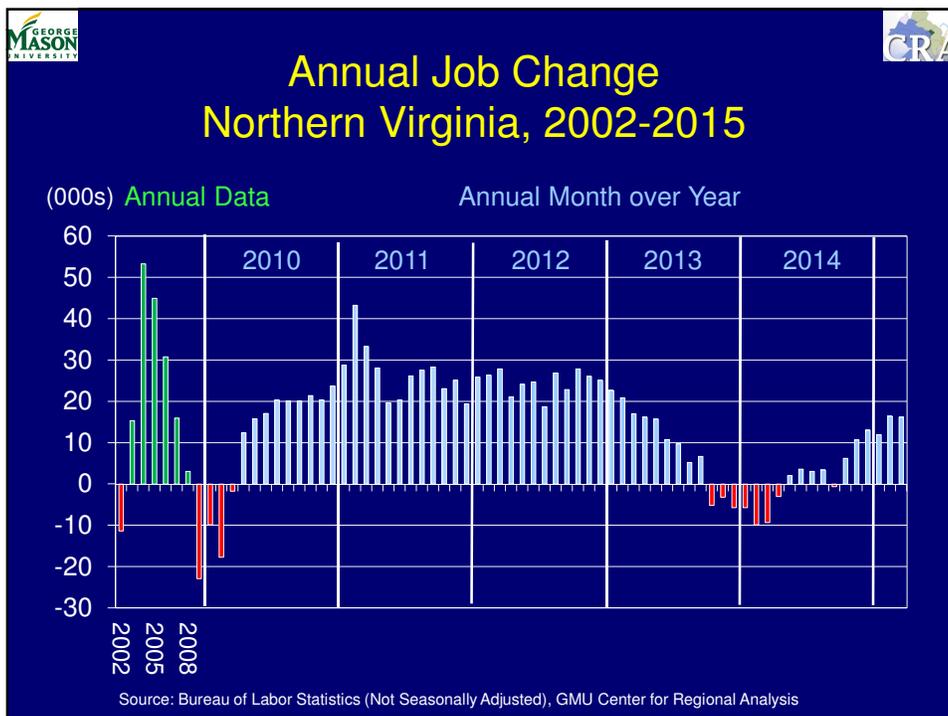
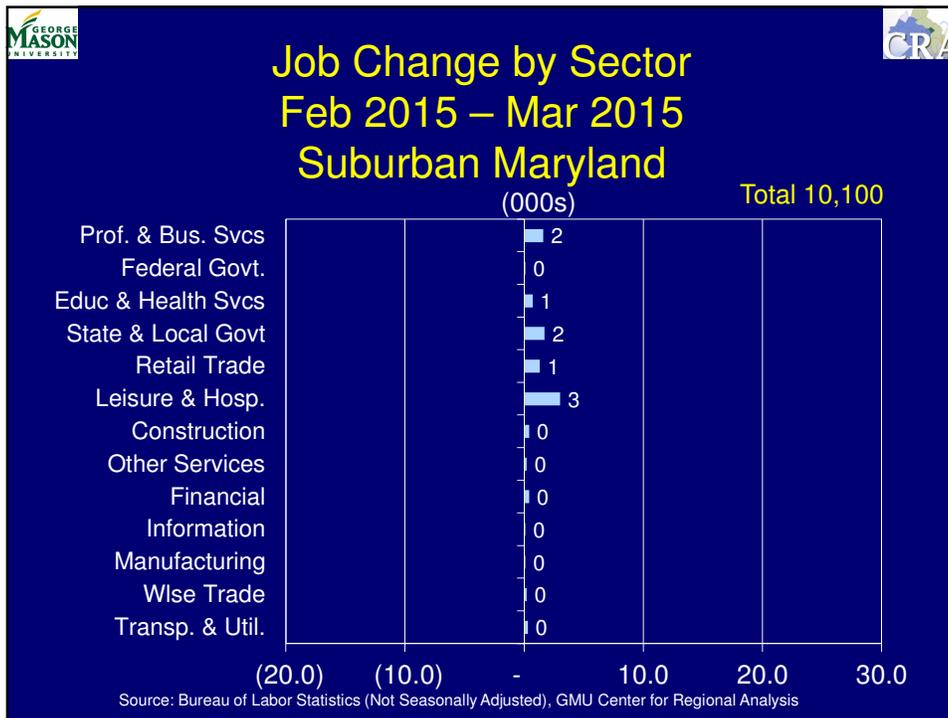


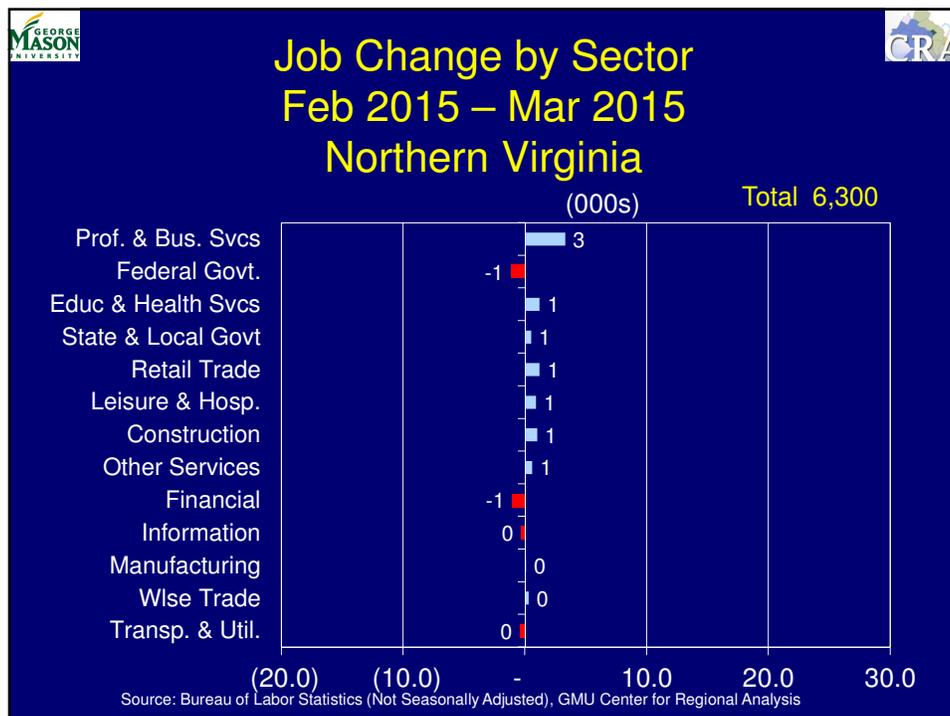
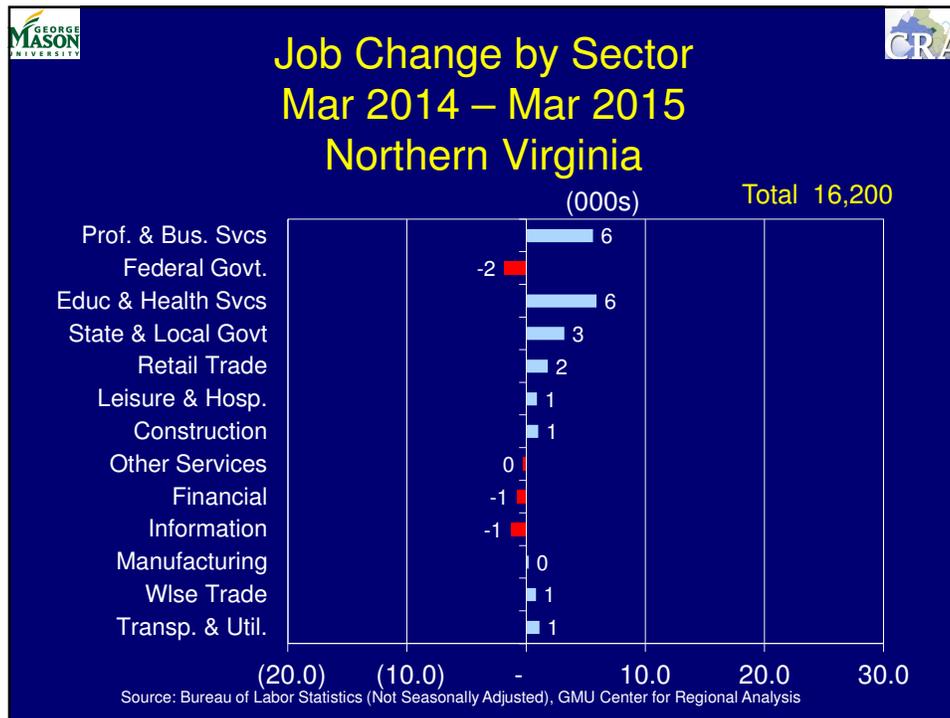


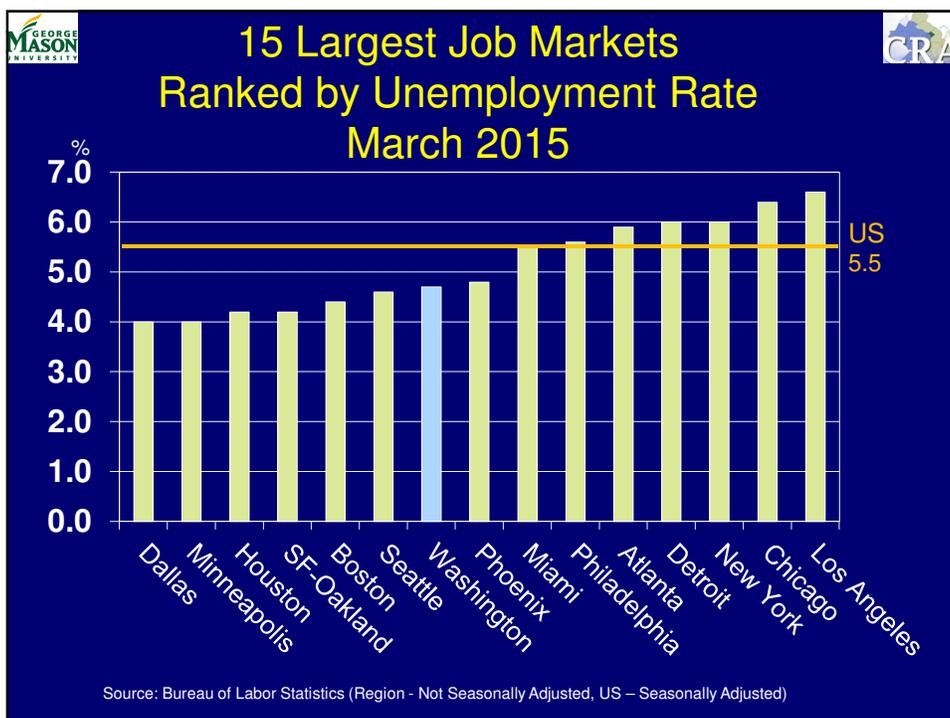
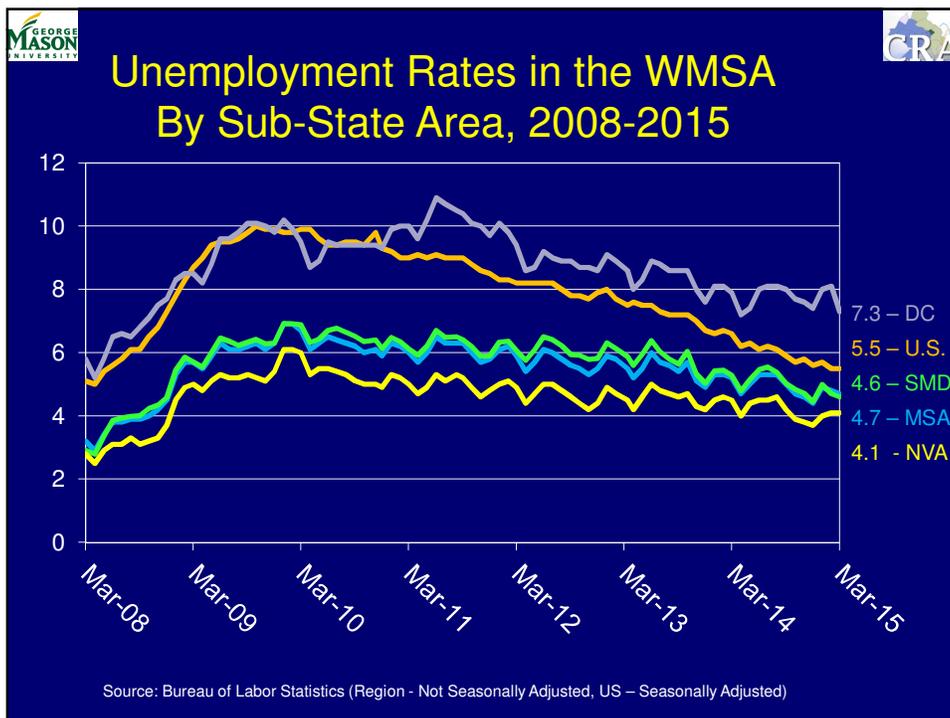















Economic Outlook for the Washington Metropolitan Area: 2014-2019

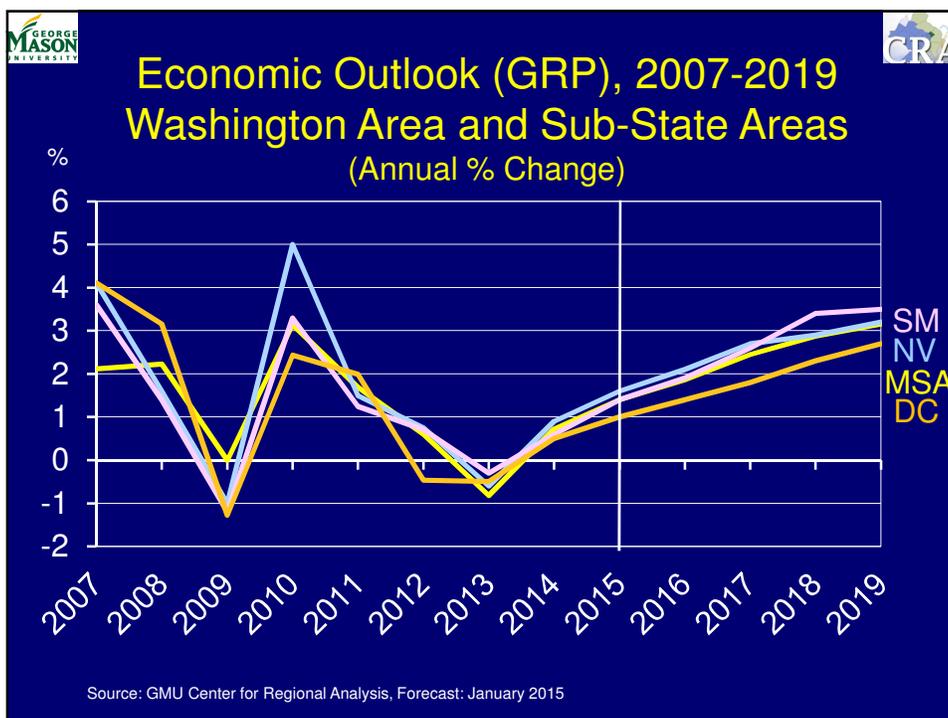
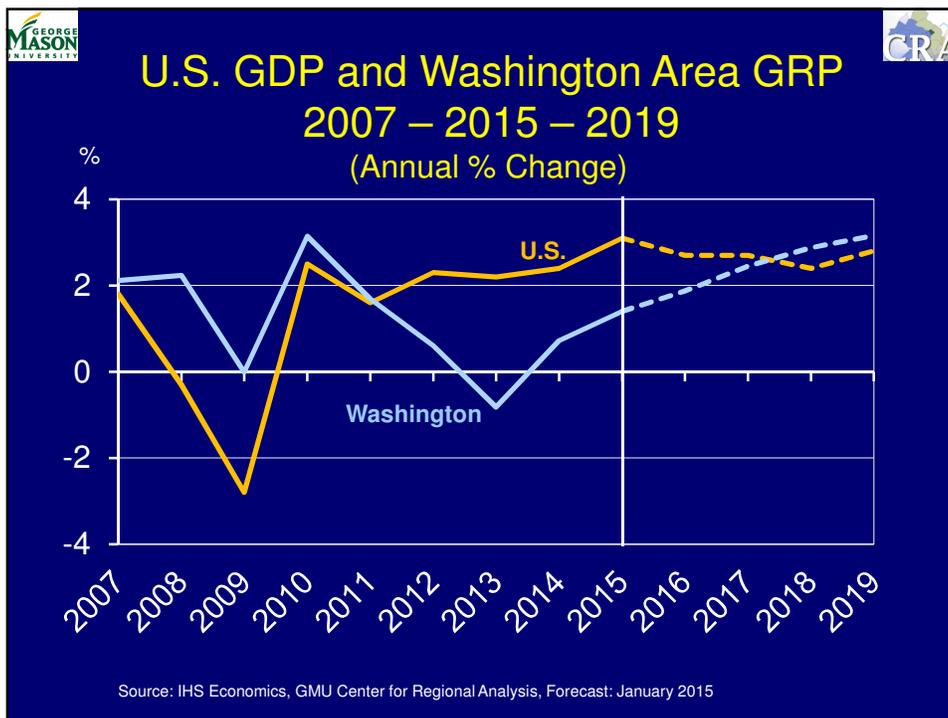



Washington Metropolitan Area and U.S. Economic Growth 2012-2019

(annual percent real change)

<u>Year</u>	<u>U.S.</u>	<u>WMSA</u>
2013	2.2	- 0.8
2014	2.4	0.7
2015	2.8	1.4
2016	2.7	1.9
2017	2.7	2.4
2018	2.4	2.9
2019	2.7	3.2

Sources: IHS Economics, Inc. April 2015 ; GMU Center for Regional Analysis



 **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)

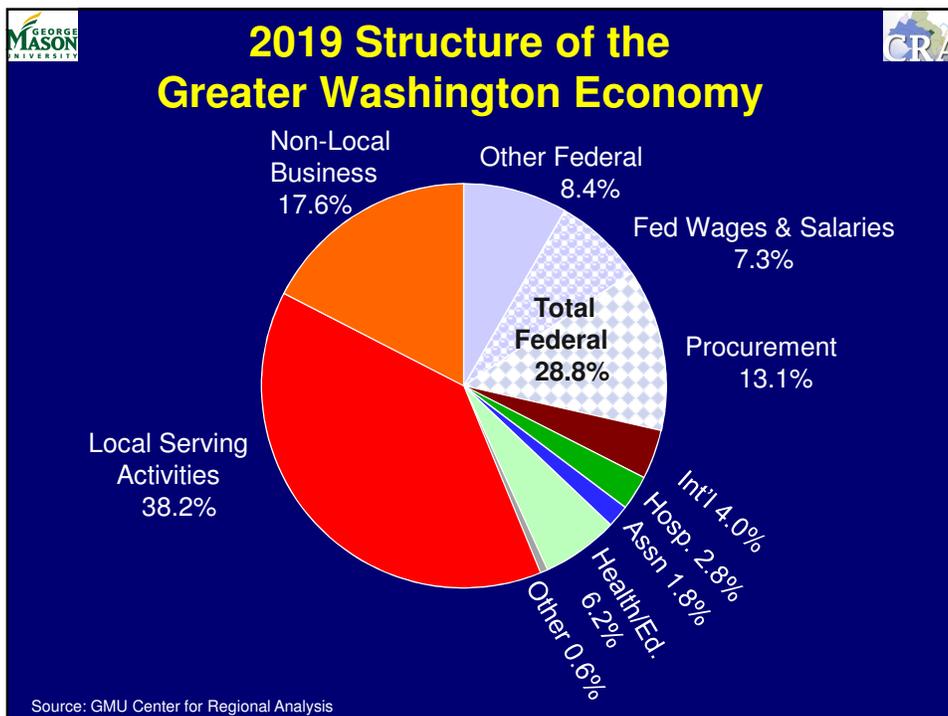
<u>Growth Sectors</u>	<u>Job Change</u>	<u>% of Total Job Change</u>	<u>Average Value Added per Job*</u>
Prof. & Bus. Ser.	114.4	48.3	\$157,969
Construction	48.8	20.5	\$111,992
Education/Health	28.7	12.1	\$72,162
Hospitality Services	27.1	11.4	\$51,110
State and Local	20.2	8.5	\$81,736
Sub-Total	239.2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

	<u>Job Change</u>	<u>% of Total Job Change</u>	<u>Average Value Added per Job*</u>
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 \$\$





Thank You
Questions

cra.gmu.edu