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)

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

Source: IHS Economics, GMU Center for Regional Analysis
The First 200 Years

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

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

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

Source: GMU Center for Regional Analysis
Population Growth by Decade
Washington MSA
1900 - 2010

Thousands

<table>
<thead>
<tr>
<th>Decade</th>
<th>1900s</th>
<th>1910s</th>
<th>1920s</th>
<th>1930s</th>
<th>1940s</th>
<th>1950s</th>
<th>1960s</th>
<th>1970s</th>
<th>1980s</th>
<th>1990s</th>
<th>2000s</th>
<th>2010s</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>68</td>
<td>130</td>
<td>102</td>
<td>315</td>
<td>527</td>
<td>611</td>
<td>841</td>
<td>745</td>
<td>700</td>
<td>700</td>
<td>795</td>
<td></td>
</tr>
</tbody>
</table>

Source: US Census and GMU Center for Regional Analysis

Population in the Washington MSA
By Sub-State Area, 1900 - 2010

Source: US Census and GMU Center for Regional Analysis
Growth in Jobs, 1980 - 2010

Source: US Bureau of Labor Statistics, GMU Center for Regional Analysis

Changing Job Patterns in the Washington Metro Area, 1950 – 2010
(Percent Share of Total)

Source: US Bureau of Labor Statistics, GMU Center for Regional Analysis
Federal Spending By Type, Washington Metro Area, 1984 - 2010

Source: US Census, Consolidated Federal Funds Report

Share of Washington Area Economy 1970-2010

Source: US Census, Consolidated Federal Funds Report
2010 Structure of the Greater Washington Economy

- Local Serving Activities: 34.8%
- Non-Local Business: 12.0%
- Other Federal: 10.7%
- Fed Wages & Salaries: 10.0%
- Procurement: 19.1%
- Other 1.5%
- Infra 3.5%
- Assn 1.8%
- HealthEd 4.5%
- Total Federal: 39.8%

Source: GMU Center for Regional Analysis

From the Recession to the Federal Sequester and Shutdown
GMU Center for Regional Analysis
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.

| Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis | Mar-15 Total: 361.2 |
Professional & Business Services
Washington MSA

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Mar-15 Total: 709.2

Average Wage and Job Change
Washington Metro Area

Source: Bureau of Labor Statistics, GMU Center for Regional Analysis
Average Wages in the Washington Metro Area, 2001-2013

Average Wage, Washington Metro Area

Source: Bureau of Labor Statistics, GMU Center for Regional Analysis
The Household Income Effects of Structural Change in the Washington Metropolitan Area

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

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

15 Largest Metro Area Job Markets
GRP Percent Change: 2012 – 2013

Source: Bureau of Economic Analysis, GMU Center for Regional Analysis
15 Largest Job Markets

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

15 Largest Job Markets
Job Change: Mar 2014 – Mar 2015

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Annual Job Change
Washington MSA, 2002-2015

Annual Data

Annual Month over Year

2010 2011 2012 2013 2014

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector
Mar 2014 – Mar 2015
Washington MSA

Total = 50,700

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Job Change by Sector
Feb 2015 – Mar 2015
Washington MSA

Prof. & Bus. Svcs: 7
Federal Govt.: 0
Educ & Health Svcs: 0
State & Local Govt: 2
Retail Trade: 4
Leisure & Hosp.: 0
Construction: 1
Other Services: 1
Financial: 1
Information: -1
Manufacturing: 0
Wise Trade: 0
Transp. & Util: 1

Total = 17,500

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change
District of Columbia, 2002-2015

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Job Change by Sector
Mar 2014 – Mar 2015
District of Columbia

Prof. & Bus. Svcs: 6
Federal Govt.: 1
Educ & Health Svcs: 1
State & Local Govt: 1
Retail Trade: 2
Leisure & Hosp.: -1
Construction: 0
Other Services: 1
Financial: 1
Information: 0
Manufacturing: 0
Wise Trade: 0
Transp. & Util.: 0

Total: 11,600

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector
Feb 2015 – Mar 2015
District of Columbia

Prof. & Bus. Svcs: 1
Federal Govt.: 0
Educ & Health Svcs: -1
State & Local Govt: 0
Retail Trade: 0
Leisure & Hosp.: 0
Construction: 0
Other Services: 0
Financial: 0
Information: 0
Manufacturing: 0
Wise Trade: 0
Transp. & Util.: 0

Total: 700

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Annual Job Change
Suburban Maryland, 2002-2015

Annual Data

Annual Month over Year

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector
Mar 2014 – Mar 2015
Suburban Maryland

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Job Change by Sector
Feb 2015 – Mar 2015
Suburban Maryland

<table>
<thead>
<tr>
<th>Sector</th>
<th>Prof. &amp; Bus. Svcs</th>
<th>Federal Govt.</th>
<th>Educ &amp; Health Svcs</th>
<th>State &amp; Local Govt</th>
<th>Retail Trade</th>
<th>Leisure &amp; Hosp.</th>
<th>Construction</th>
<th>Other Services</th>
<th>Financial</th>
<th>Information</th>
<th>Manufacturing</th>
<th>Wise Trade</th>
<th>Transp. &amp; Util.</th>
<th>Total (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>10,100</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Job Change by Sector
Mar 2014 – Mar 2015
Northern Virginia

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector
Feb 2015 – Mar 2015
Northern Virginia

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Unemployment Rates in the WMSA
By Sub-State Area, 2008-2015


15 Largest Job Markets
Ranked by Unemployment Rate
March 2015

Economic Outlook for the Washington Metropolitan Area: 2014-2019

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S.</th>
<th>WMSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2.2</td>
<td>-0.8</td>
</tr>
<tr>
<td>2014</td>
<td>2.4</td>
<td>0.7</td>
</tr>
<tr>
<td>2015</td>
<td>2.8</td>
<td>1.4</td>
</tr>
<tr>
<td>2016</td>
<td>2.7</td>
<td>1.9</td>
</tr>
<tr>
<td>2017</td>
<td>2.7</td>
<td>2.4</td>
</tr>
<tr>
<td>2018</td>
<td>2.4</td>
<td>2.9</td>
</tr>
<tr>
<td>2019</td>
<td>2.7</td>
<td>3.2</td>
</tr>
</tbody>
</table>

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

Washington Metropolitan Area and U.S. Economic Growth 2012-2019 (annual percent real change)
### Employment Change in the WMSA by Sub-State Area (000s)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>D.C.</td>
<td>9.2</td>
<td>13.0</td>
<td>6.5</td>
<td>7.9</td>
<td>9.1</td>
<td>11.0</td>
<td>12.7</td>
<td>11.7</td>
</tr>
<tr>
<td>Sub. MD</td>
<td>4.0</td>
<td>6.1</td>
<td>11.1</td>
<td>12.5</td>
<td>17.0</td>
<td>20.1</td>
<td>16.9</td>
<td>15.8</td>
</tr>
<tr>
<td>No. VA</td>
<td>26.4</td>
<td>8.9</td>
<td>1.3</td>
<td>15.6</td>
<td>22.8</td>
<td>26.7</td>
<td>19.0</td>
<td>17.9</td>
</tr>
<tr>
<td>REGION</td>
<td>39.6</td>
<td>28.0</td>
<td>18.9</td>
<td>36.0</td>
<td>48.9</td>
<td>58.0</td>
<td>48.6</td>
<td>45.4</td>
</tr>
</tbody>
</table>

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)

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

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)**

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

*in 2014 $s

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

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### 2019 Structure of the Greater Washington Economy

- **Local Serving Activities:** 38.2%
- **Non-Local Business:** 17.6%
- **Fed Wages & Salaries:** 7.3%
- **Other Federal:** 8.4%
- **Procurement:** 13.1%
- **Total Federal:** 28.8%
- **Intl (4.0%)**
- **Health/Ed:** 6.4%
- **Hosp:** 2.8%
- **Ass't:** 1.8%
- **Other:** 0.6%

*Source: GMU Center for Regional Analysis*
Thank You
Questions
cra.gmu.edu