

Washington Area Economy: Performance and Outlook

Presentation to:

Lead Virginia

Center for Regional Analysis
School of Policy, Government & International Affairs
George Mason University

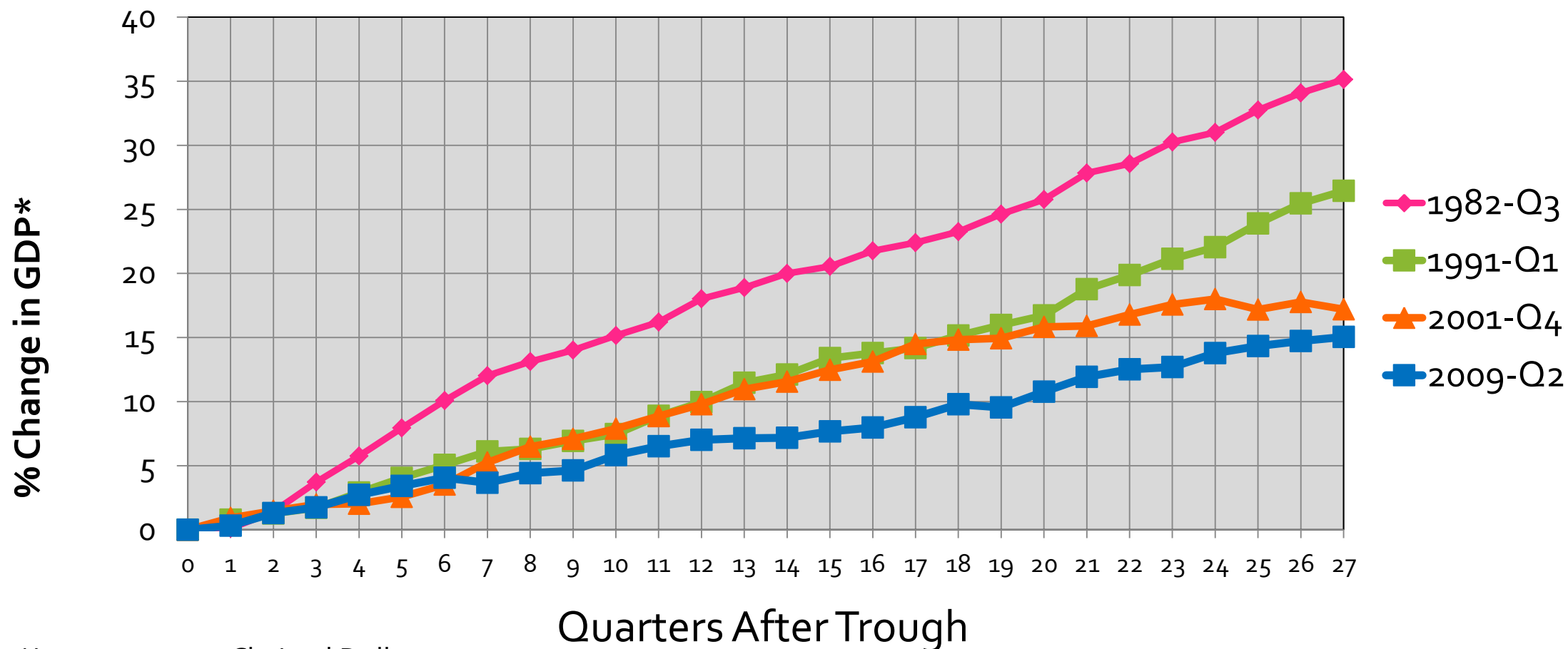
July 21, 2016

Agenda

- The Greater Washington Area after the recession
- Continued dependence on the Federal Government
- What's next for the Washington economy?
- Ongoing challenges

The Greater Washington area after the recession

Recession Recovery Patterns of GDP Past Four Recessions

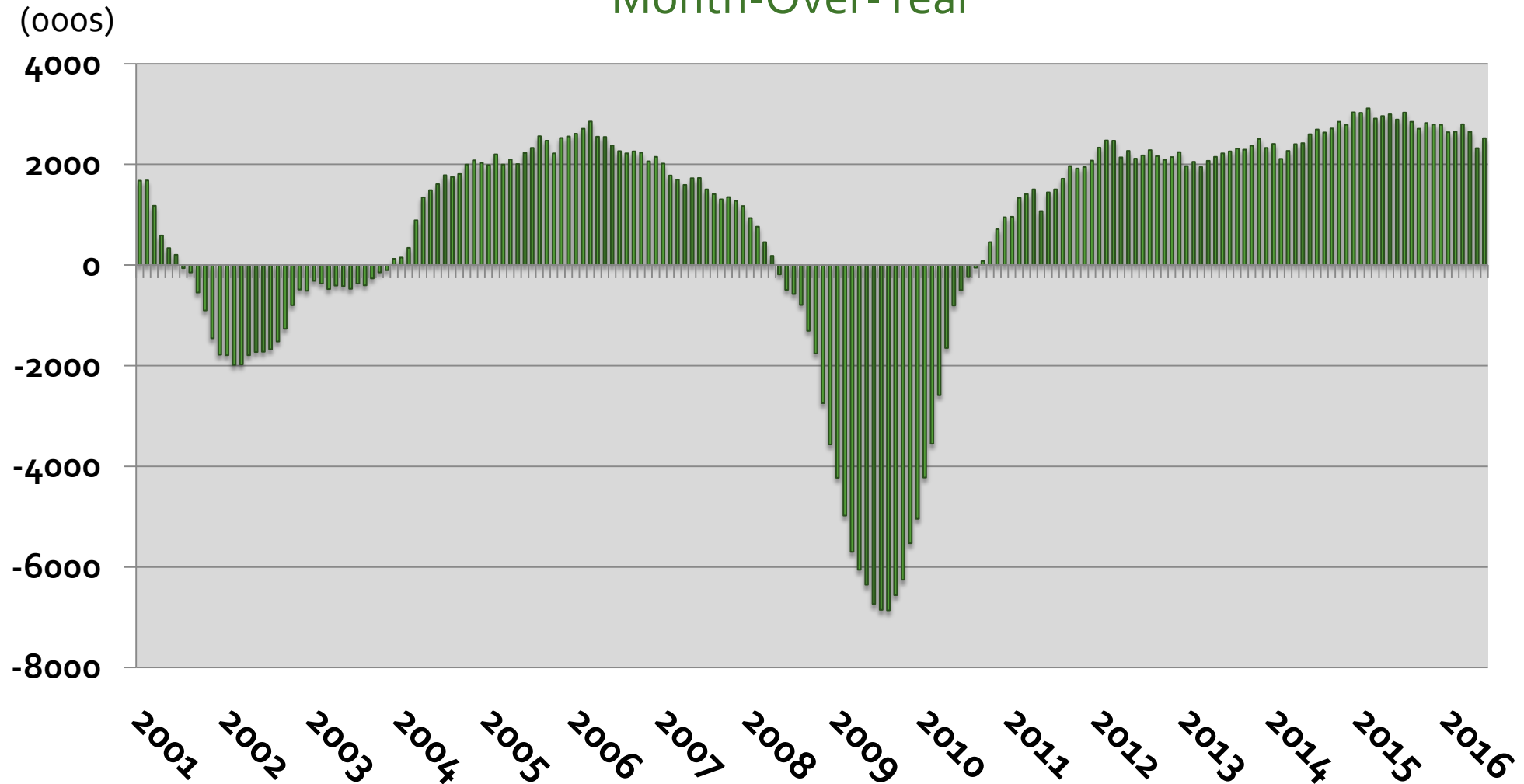


*in 1992 or 2009 Chained Dollars

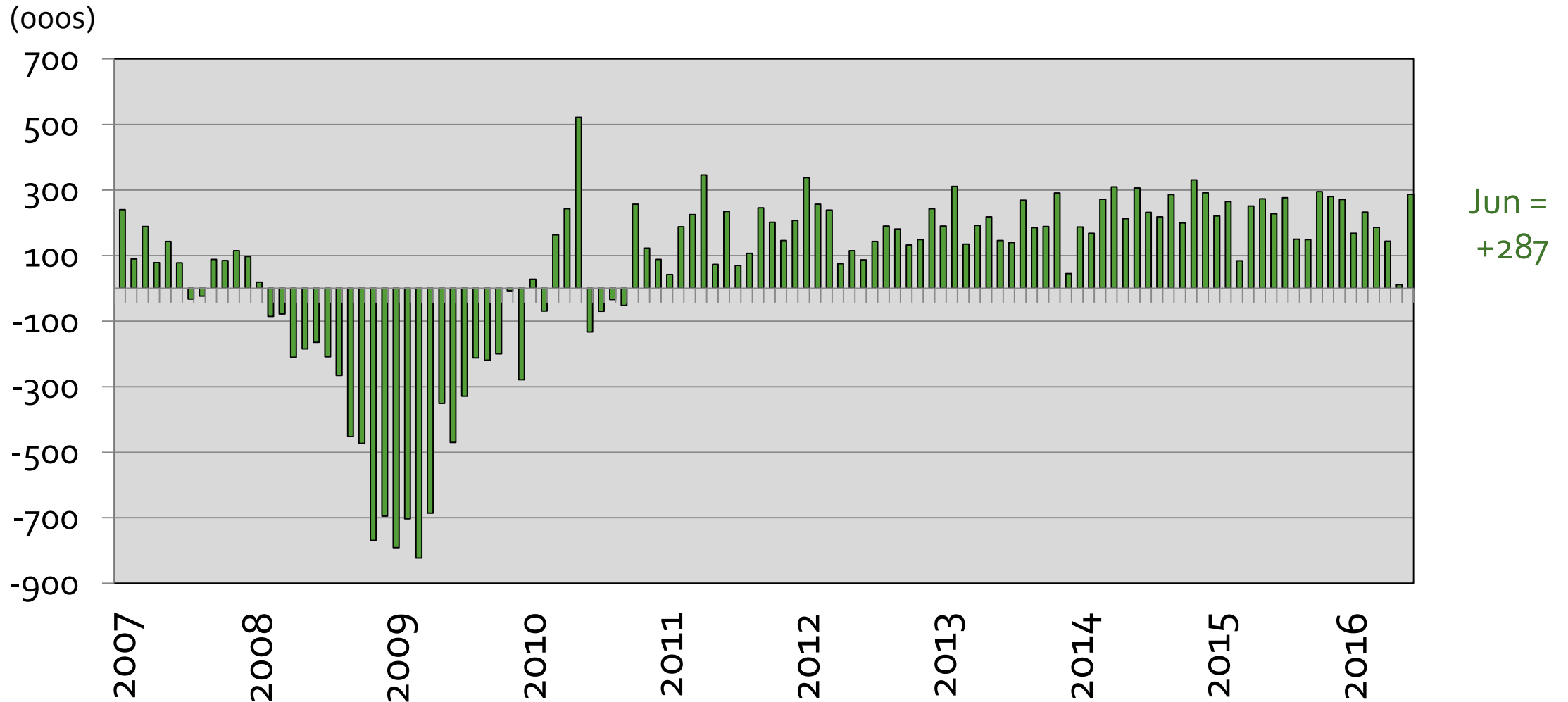
Sources: Bureau of Economic Analysis, GMU Center for Regional Analysis

Annual Change in Payroll Jobs – US

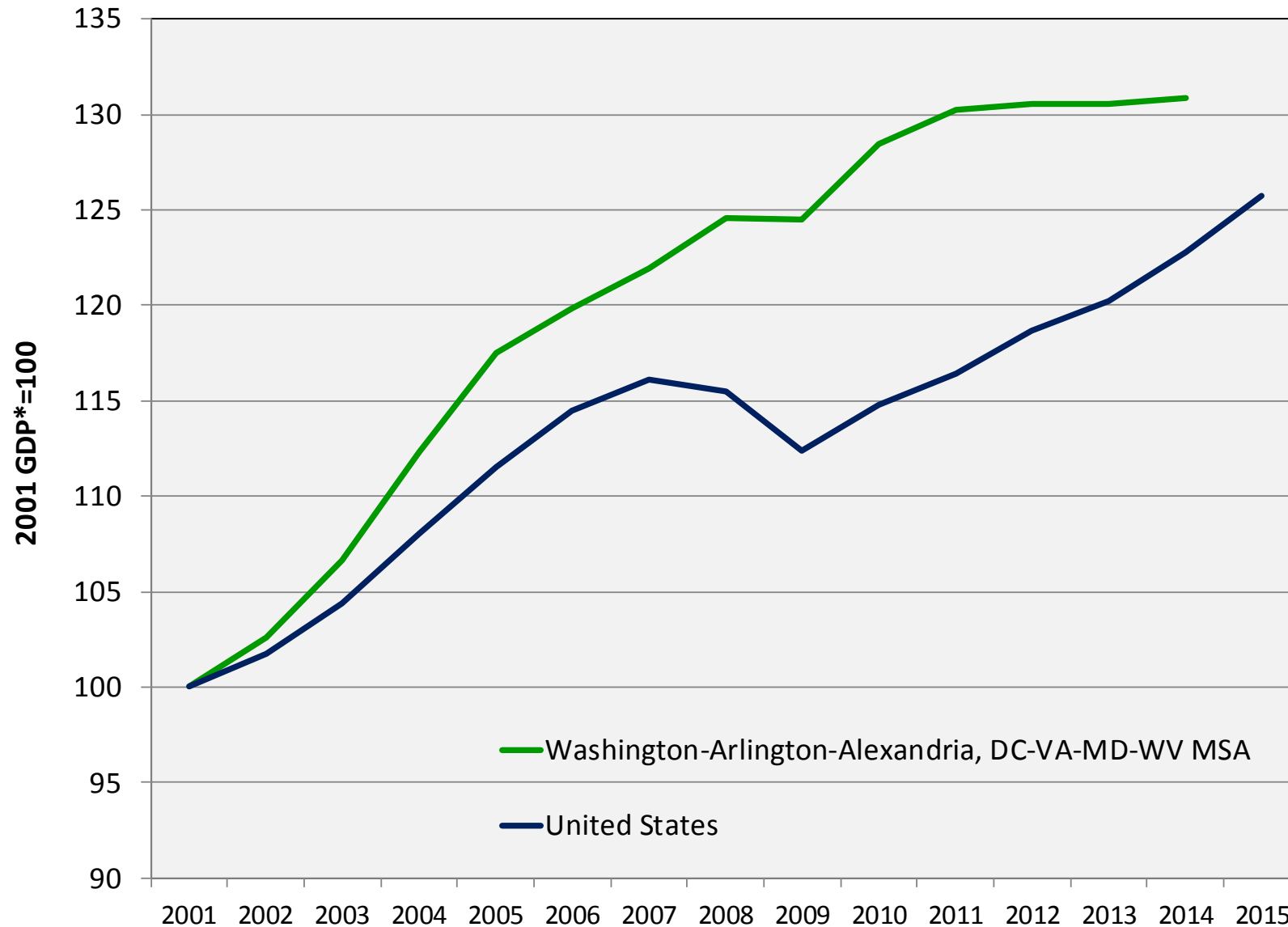
Month-Over-Year



US Payroll Job Change Month-to-Month

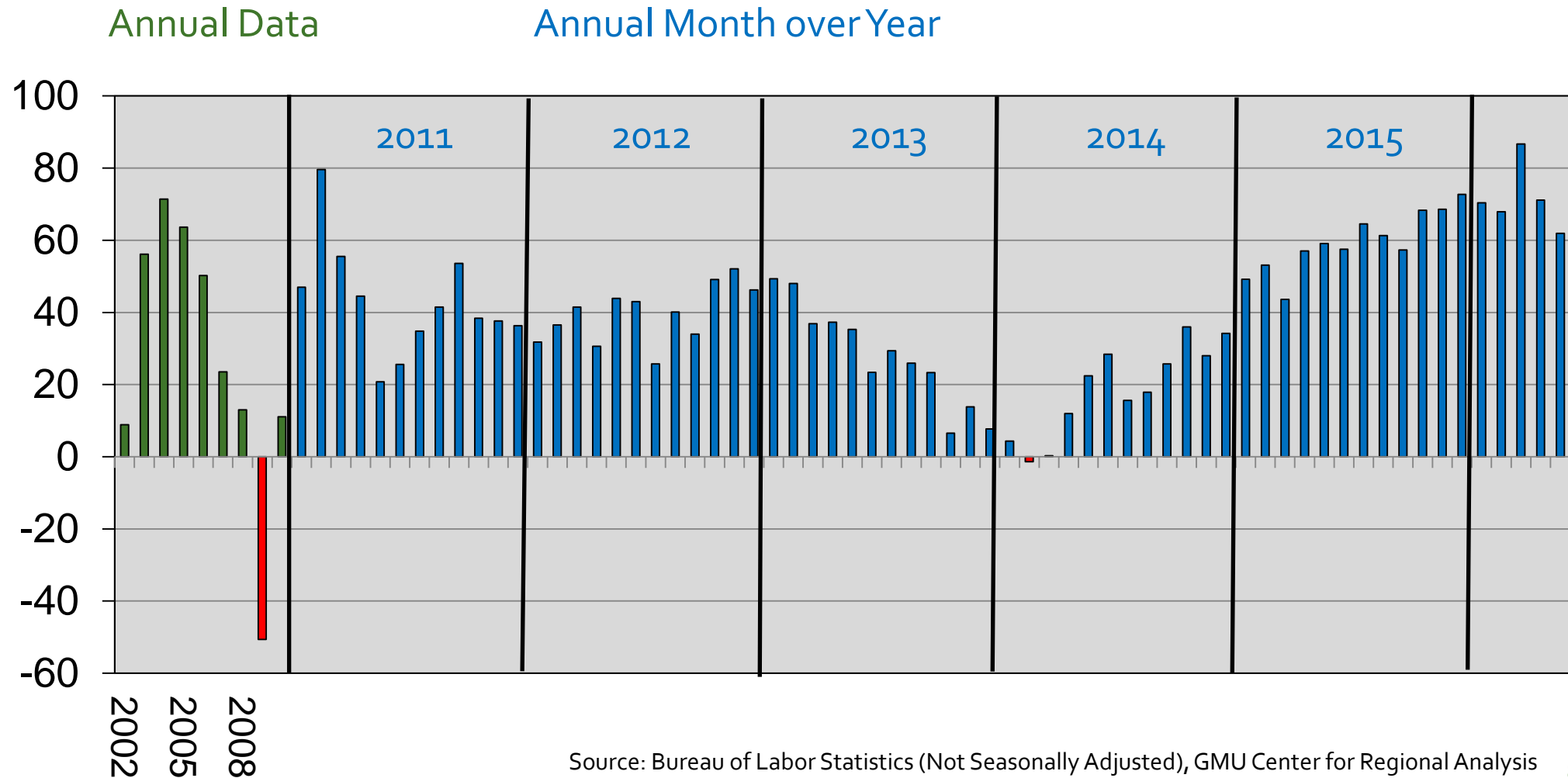


GDP Trends since 2001

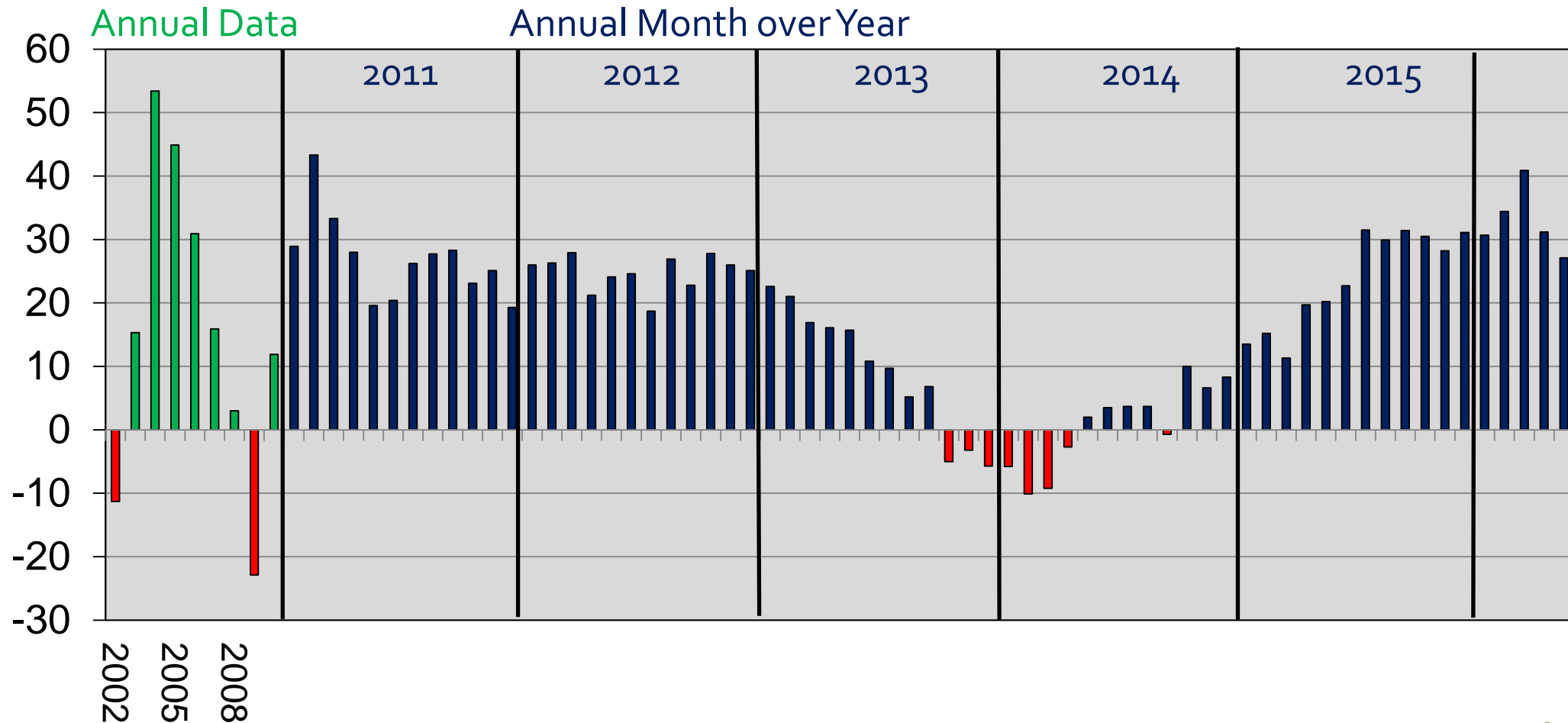


Source: US Bureau of Economic Analysis, *2009 Chained Dollars

Annual Job Change Washington MSA, 2002-2016

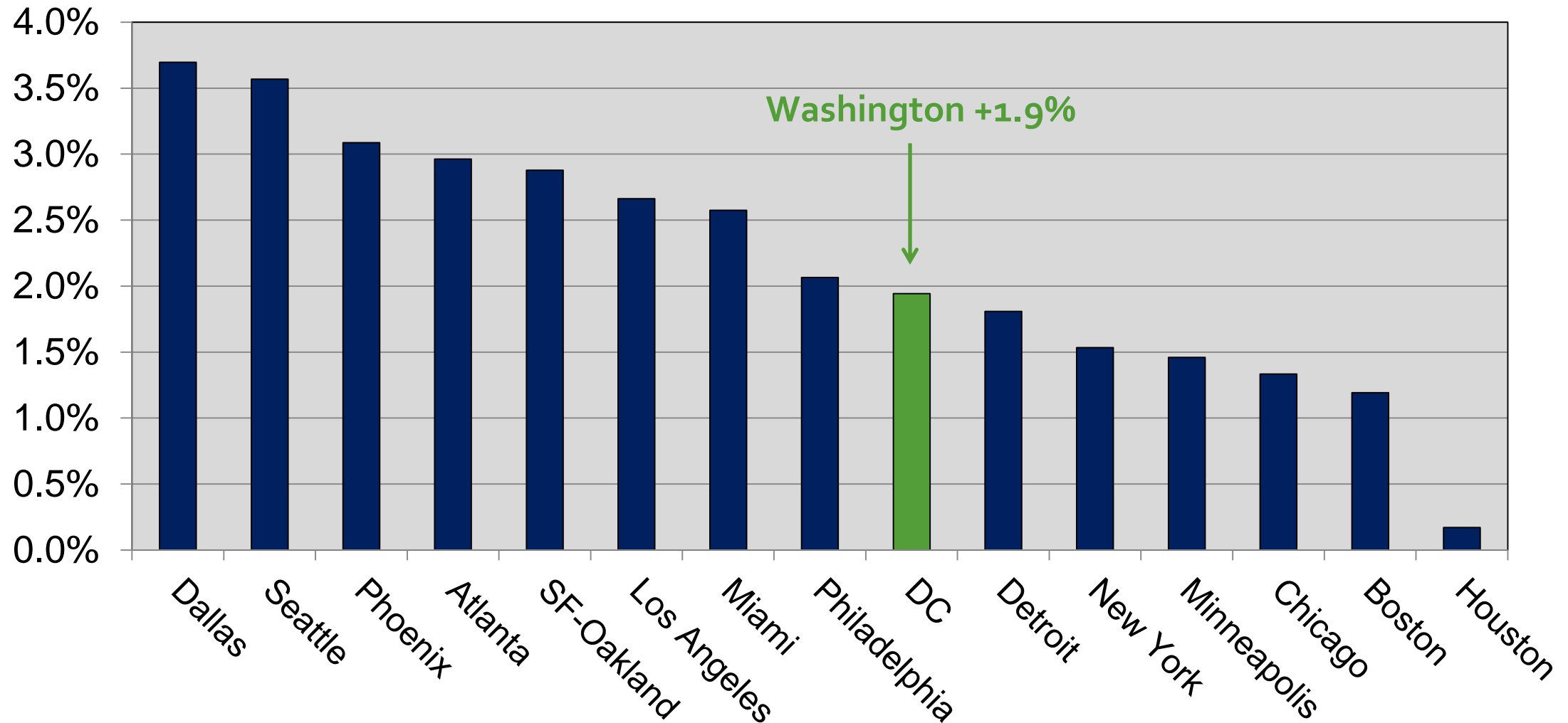


Annual Job Change Northern Virginia, 2002-2016



15 Largest Job Markets

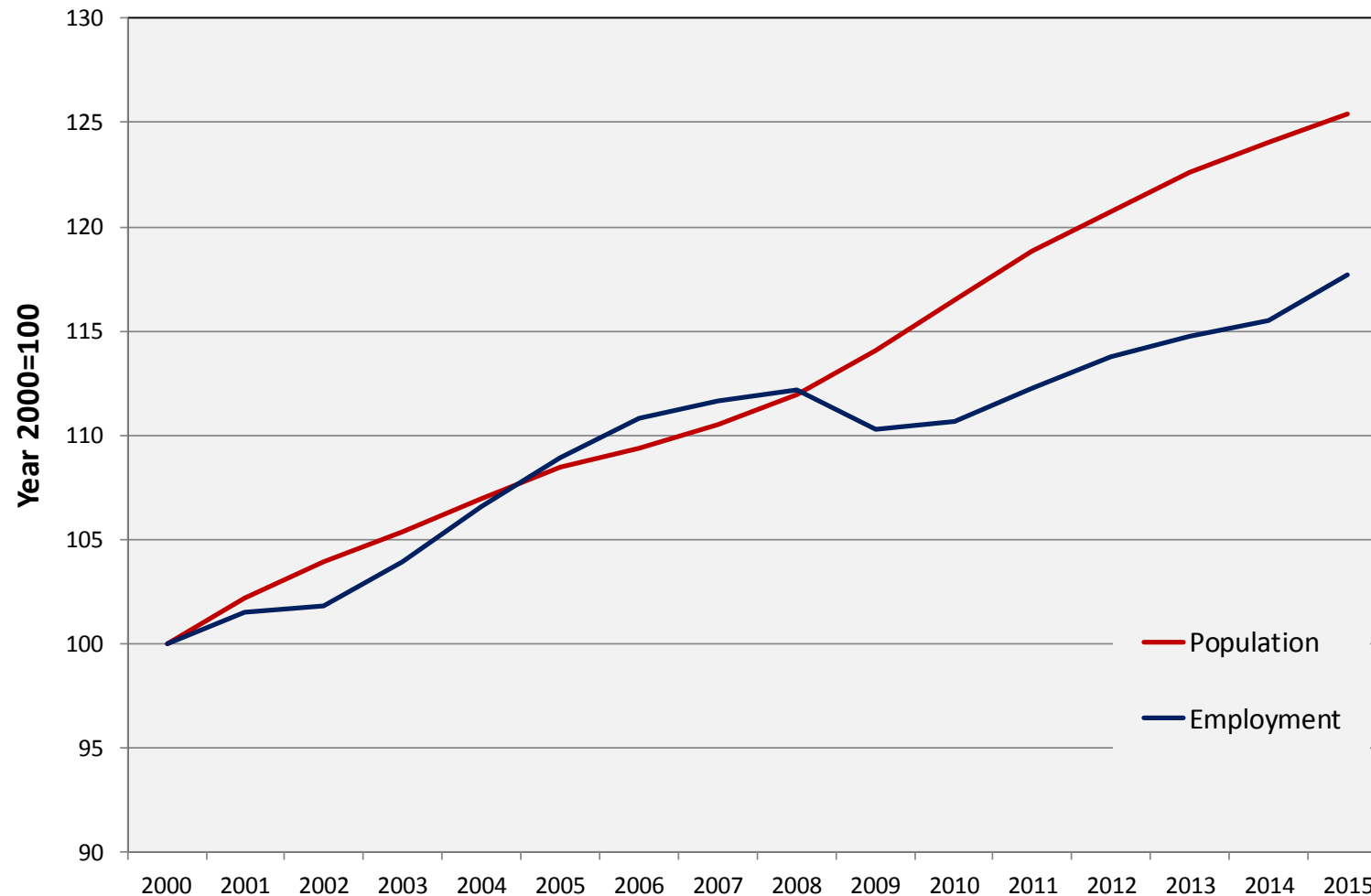
Job Change: May 2015 – May 2016



Population and employment trends in the Washington Metro Area



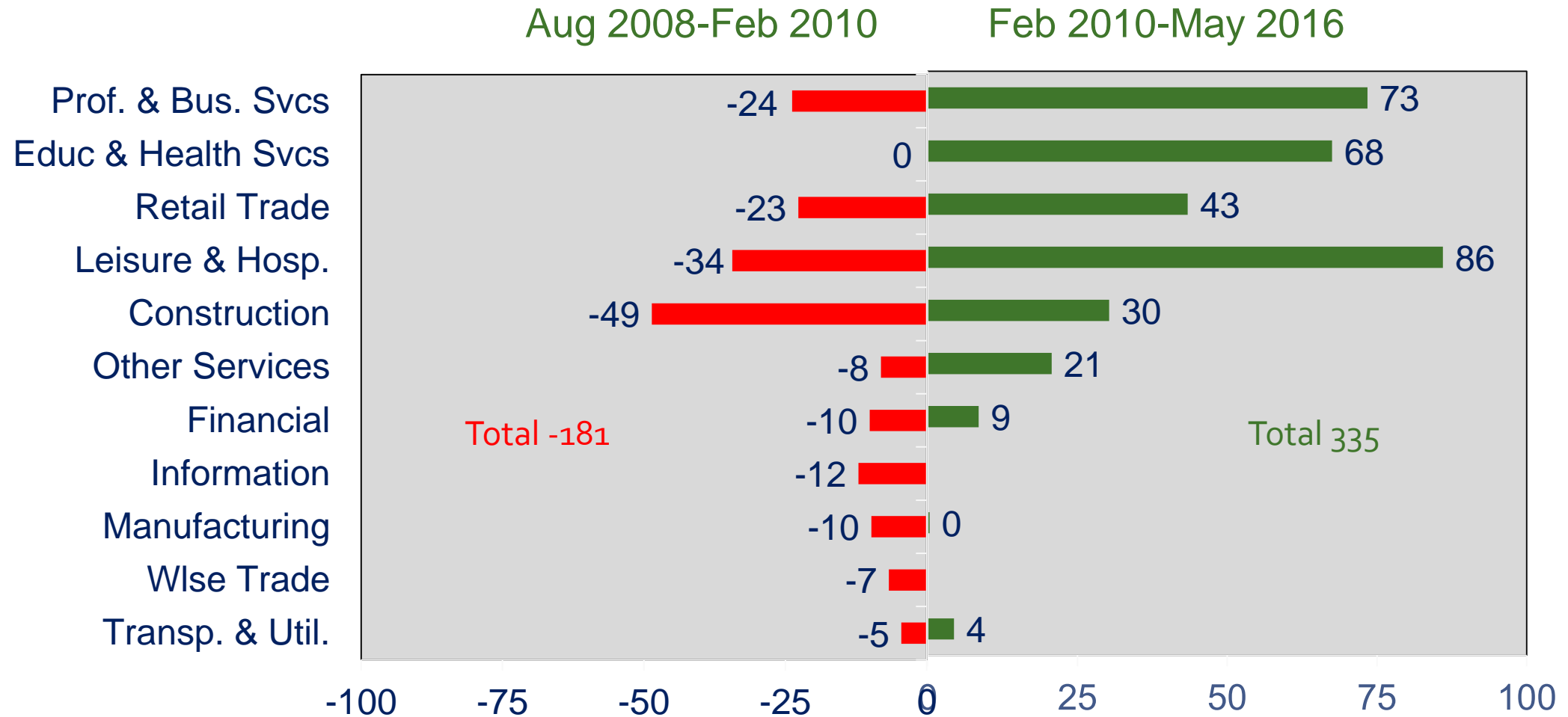
Index of Population and Employment Growth in the Washington Region



Source: US Census Bureau, Population Estimates Program;
US Bureau of Labor Statistics, Current Employment Statistics

WMSA Payroll Job Change: Private Sector

The Great Recession and Recovery



The Economic Influence of the Federal Government

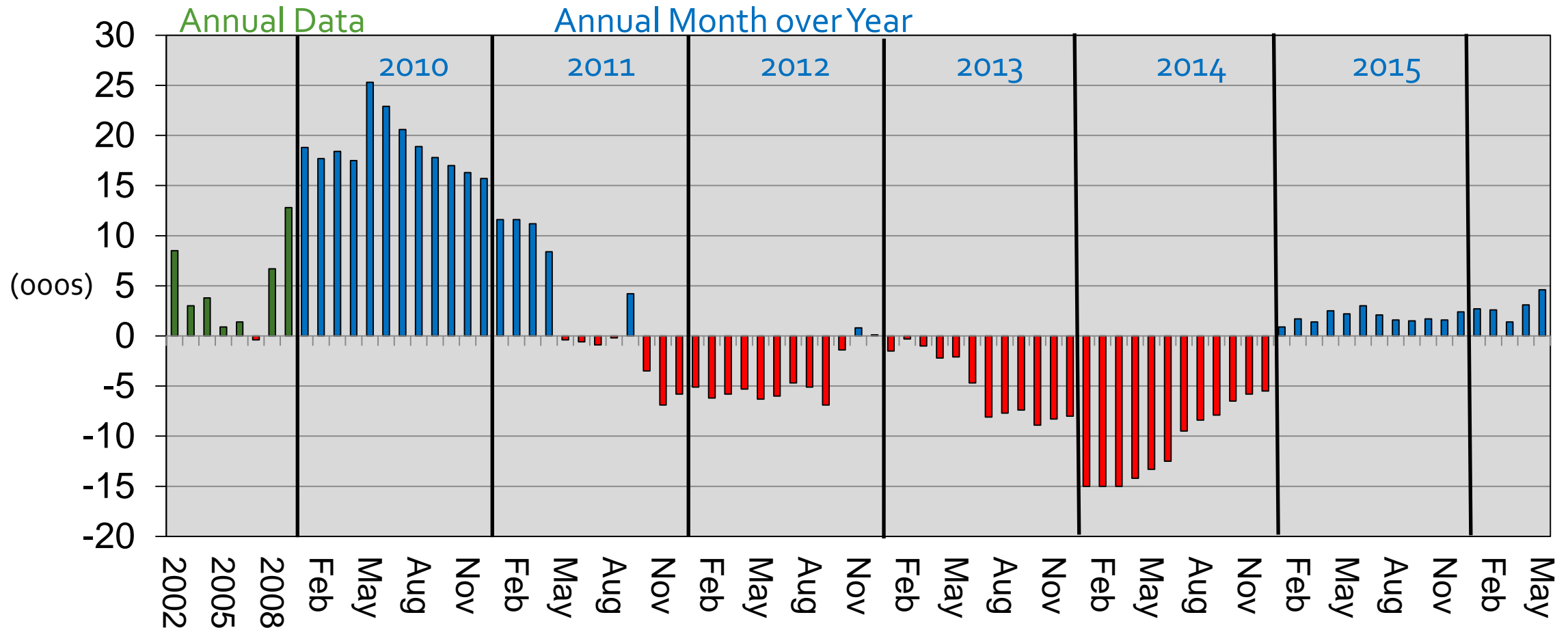
Washington Metro Area, 1950

Population: 1,464,089
Employment: 592,400
38.4% Federal Jobs

Washington Metro Area, 2015

Population: 6,097,684
Employment: 3,171,400
11.5% Federal Jobs

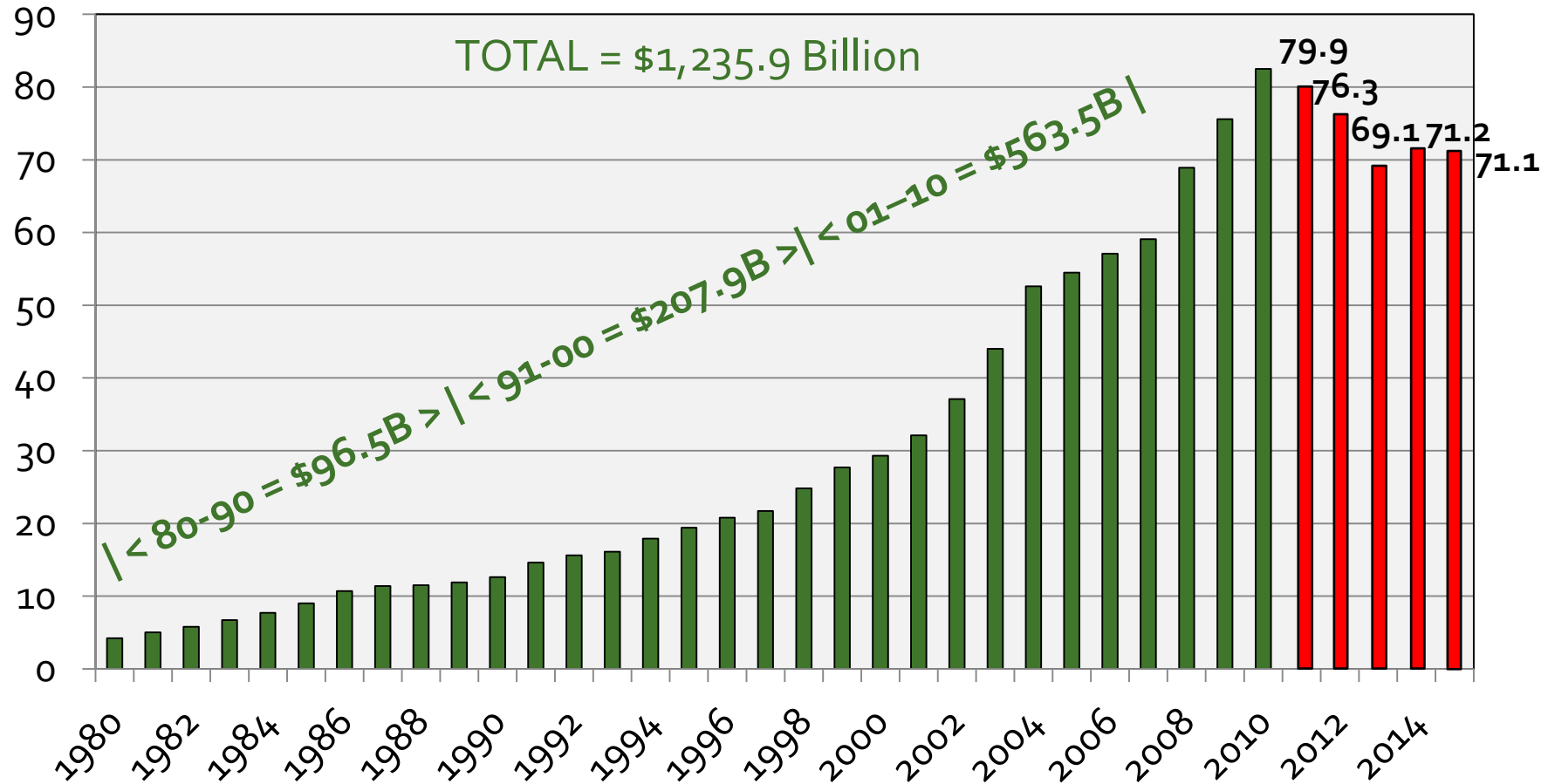
Federal Government Washington MSA



Federal Procurement in the Washington MSA 1980-2015



\$ Billions

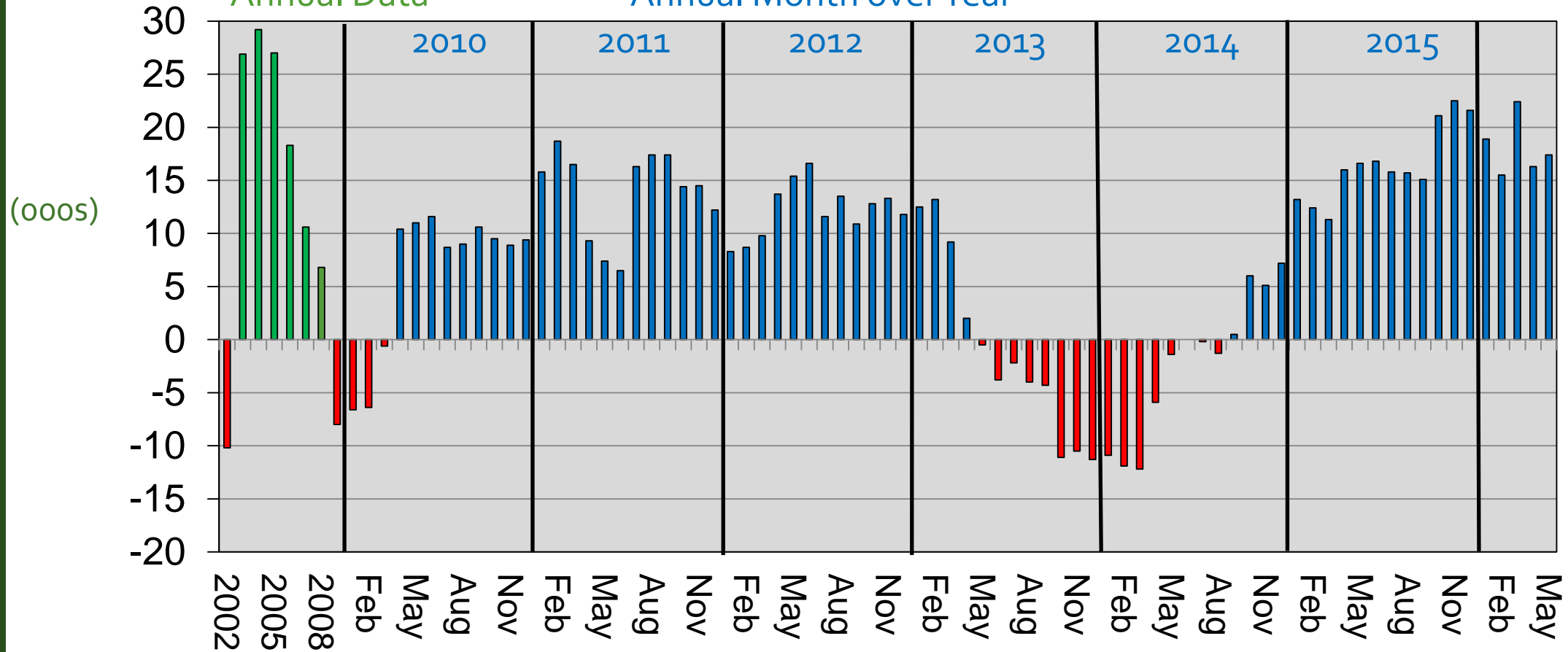


Professional & Business Services Washington MSA



Annual Data

Annual Month over Year



May-16
Total: 739.2

Professional & Business Services Washington MSA

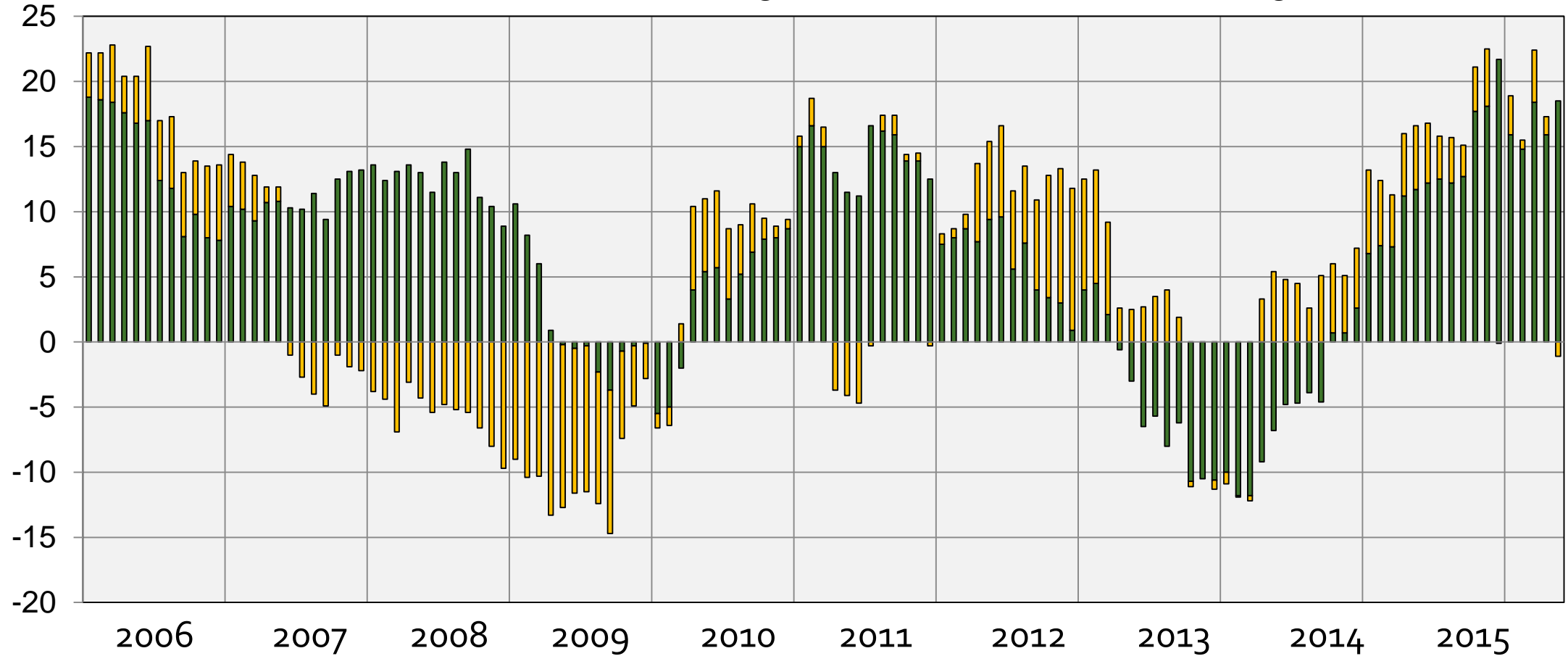
Annual Month Over the Year



(000s)

■ Prof., Sci. & Tech. Svcs & Mgt.

■ Admin. & Waste Mgt.



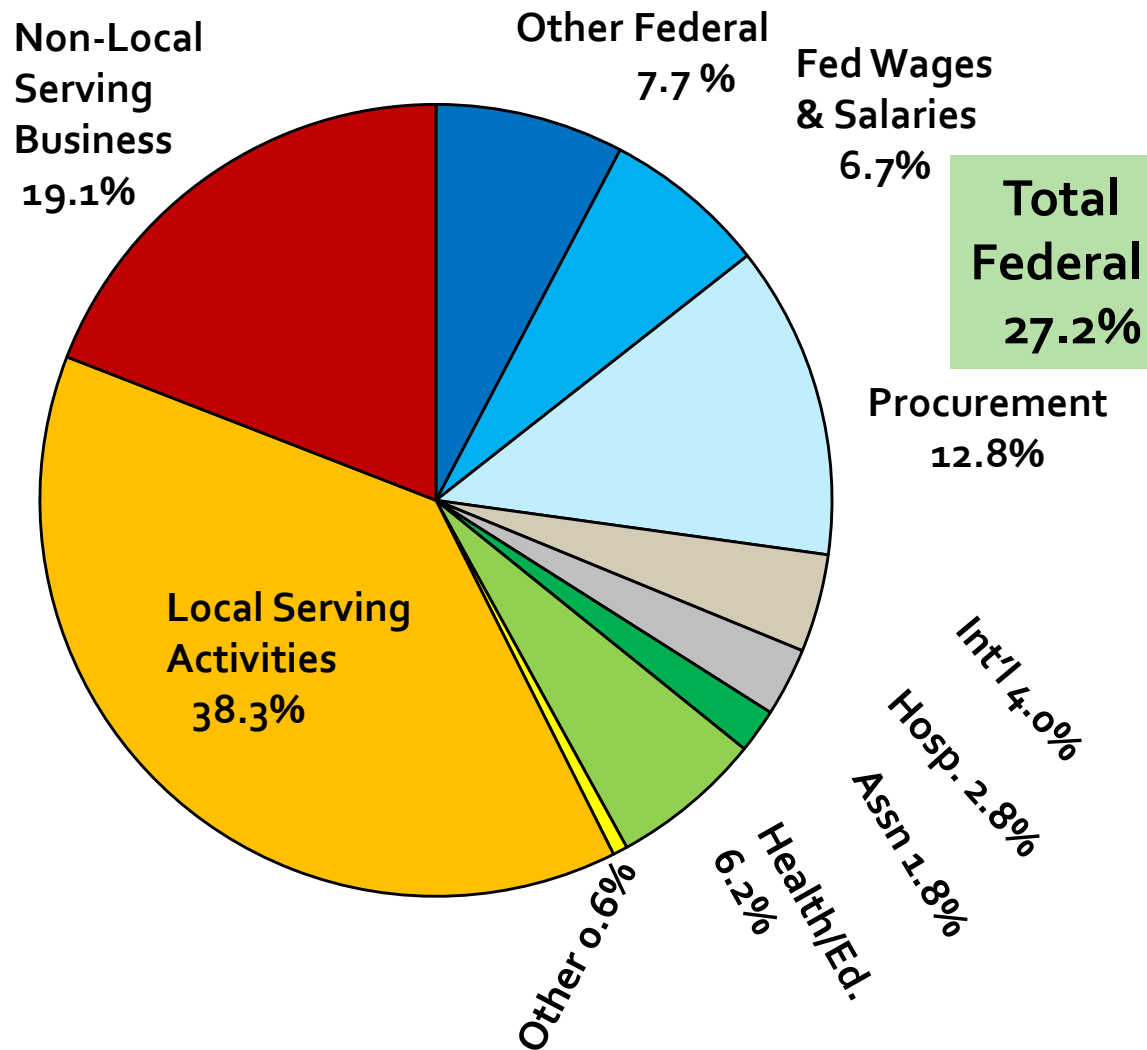
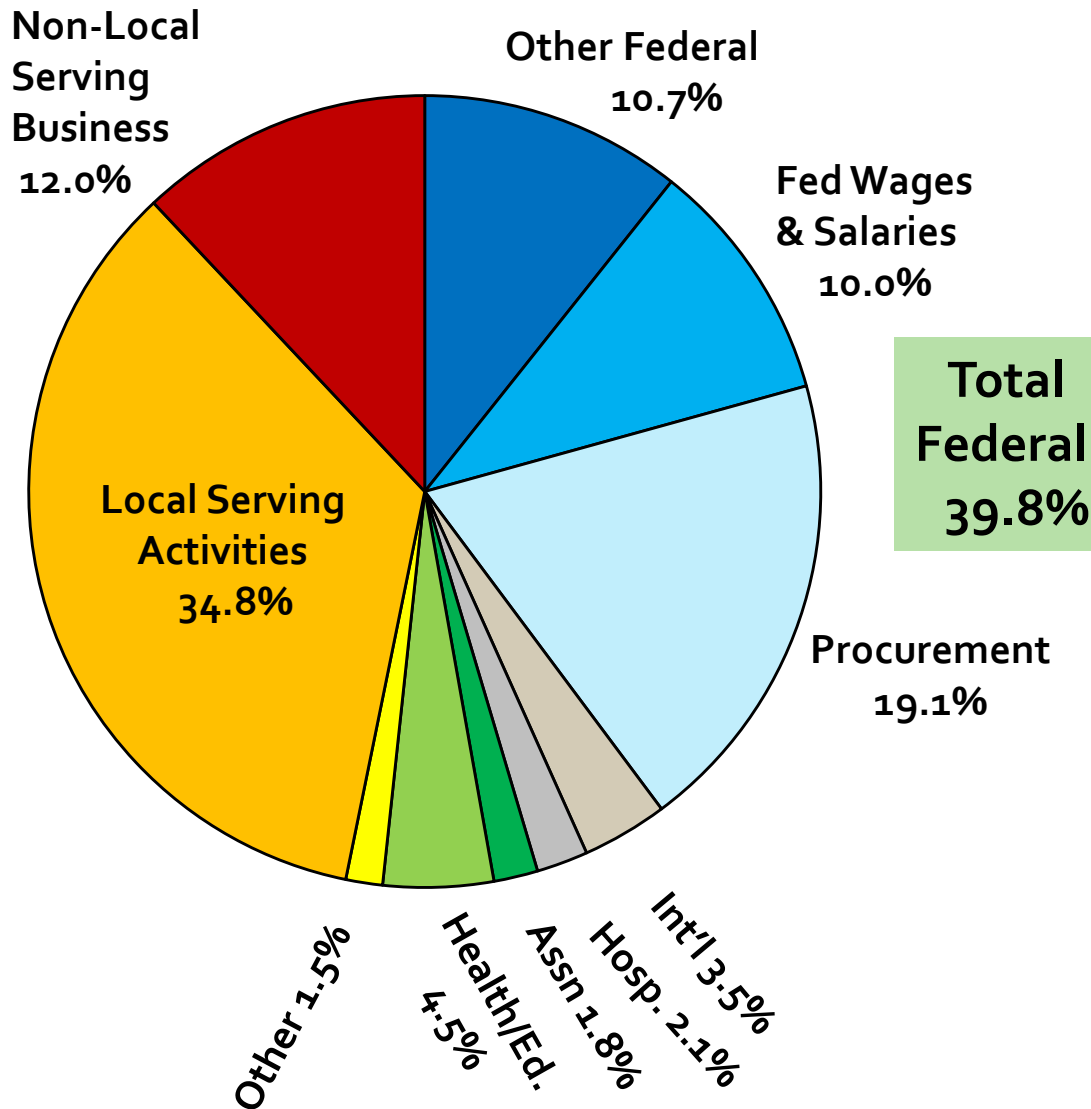
What's next for the Washington economy?

Structure of the Greater Washington Economy



2010

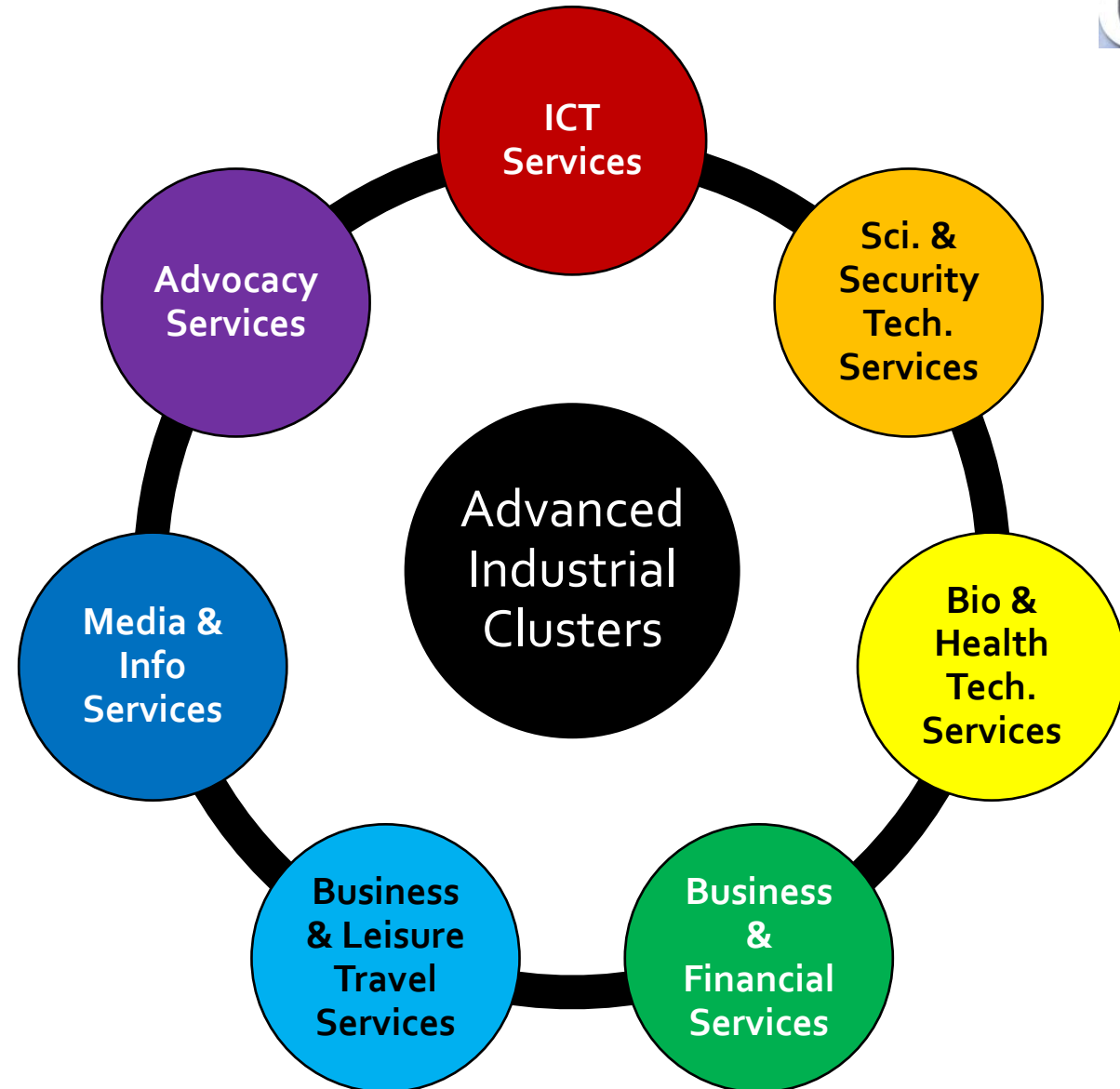
2020



The Washington Region's Advanced Industrial Clusters



- Identified by The 2030 Group's *'Roadmap for the Washington Region's Economic Future'*



The Washington Region's Advanced Industrial Clusters



Cluster	Jobs	Percent Change (2003-2014)	LQ ¹	Wage ²
Advocacy Services	115,731	19.0%	3.5	1.7
ICT Services	204,489	5.5%	2.7	1.4
Sci. & Security Tech. Services	123,785	18.6%	1.8	1.6
Bio & Health Tech. Services	55,396	25.1%	2.0	1.6
Business & Financial Services	190,128	38.9%	1.8	1.6
Media & Info Services	35,745	- 20.1%	1.5	1.7
Business & Leisure Travel Services	85,919	1.3%	1.1	1.3
All Clusters	811,193	14.5%*	2.0	1.6

Sources: U.S. Bureau of Labor Statistics, JobsEQ, University of Maryland's Inforum

¹percentage of local employment in a cluster divided by its respective percentage nationally;

²WMSA/US wage ratio; *total job change for WMSA, 9.3%;

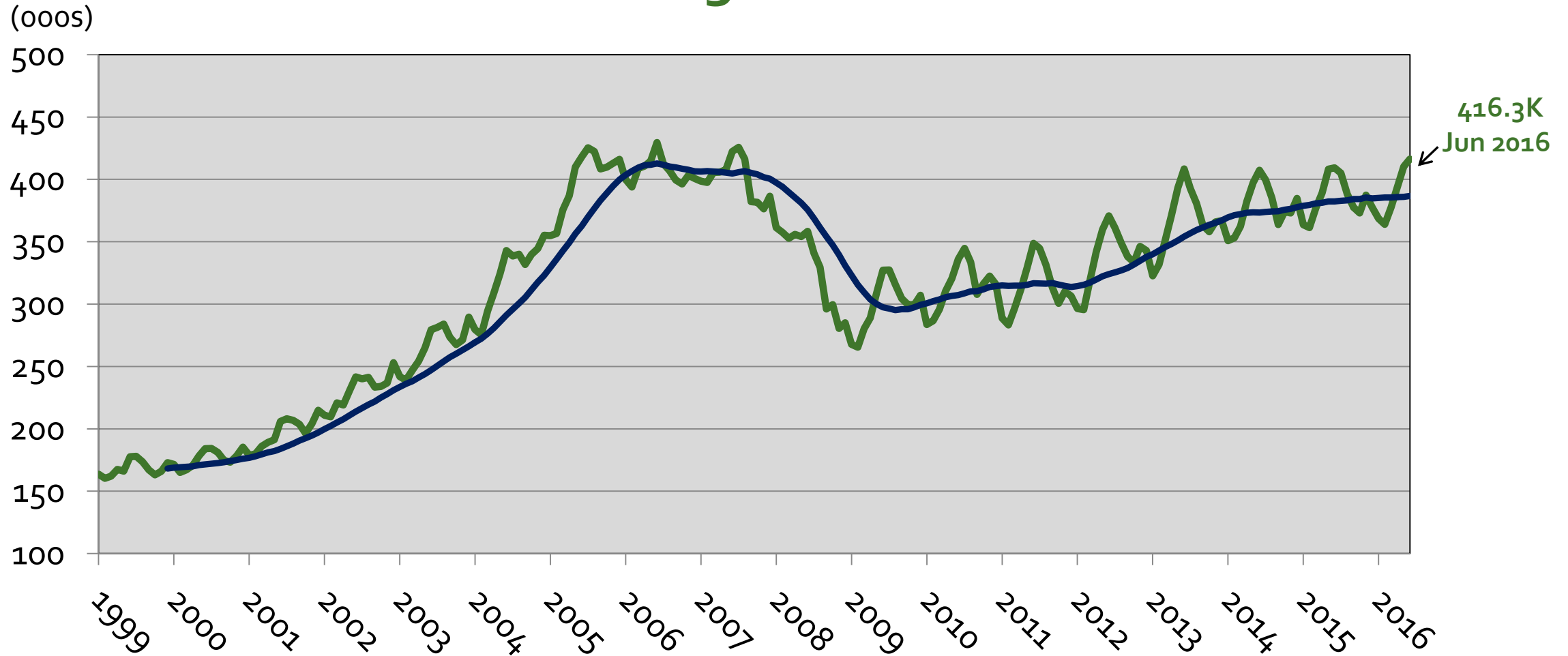
How Globally Fluent is Washington?



Trait	Status	Summary
1. Leadership with a Worldview	-	Leadership focus remains local, not global
2. Legacy of Global Orientation	+	Strong, but mostly legacy of Fed Gov
3. Specializations with Global Reach	?	Top specializations are Fed related, high concentrations in low-wage industries
4. Adaptability to Global Dynamics	+	Feds are adaptable, private sector less so
5. Culture of Knowledge and Innovation	?	Knowledge industries are geared to Fed Gov, need to import skilled workers
6. Opportunity/Appeal to World	+	Strong, but not for business travel
7. International Connectivity	?	IAD is underused asset, little cargo activity
8. Ability to Secure Investment for Strategic Priorities	-	Multiple systems in region complicate investment decisions
9. Government as Global Enabler	?	Intraregional competition
10. Compelling Global Identity	-	"Official" Washington image persists

Ongoing challenges

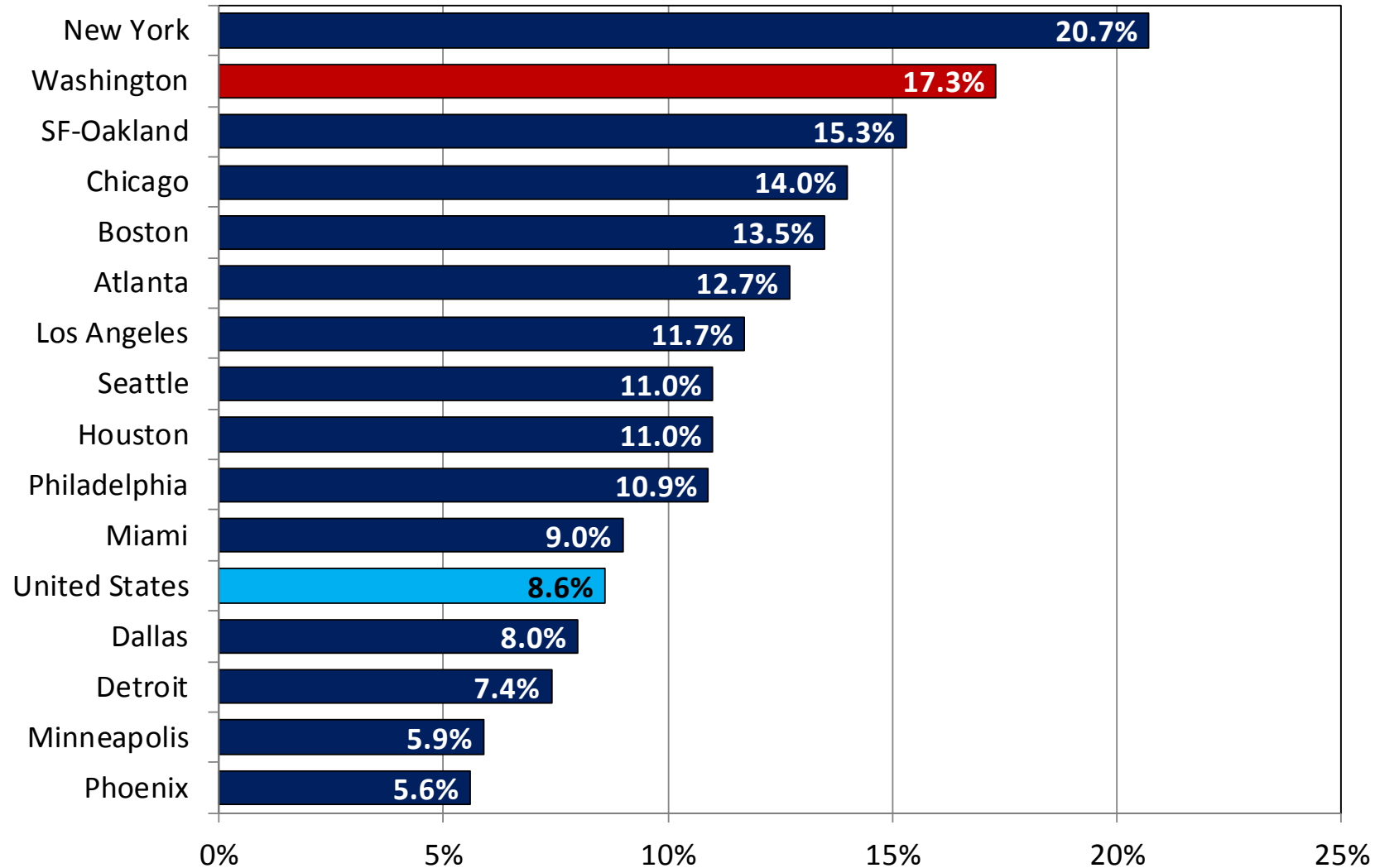
Median House Sales Price Washington MSA



Long commutes diminish quality of life

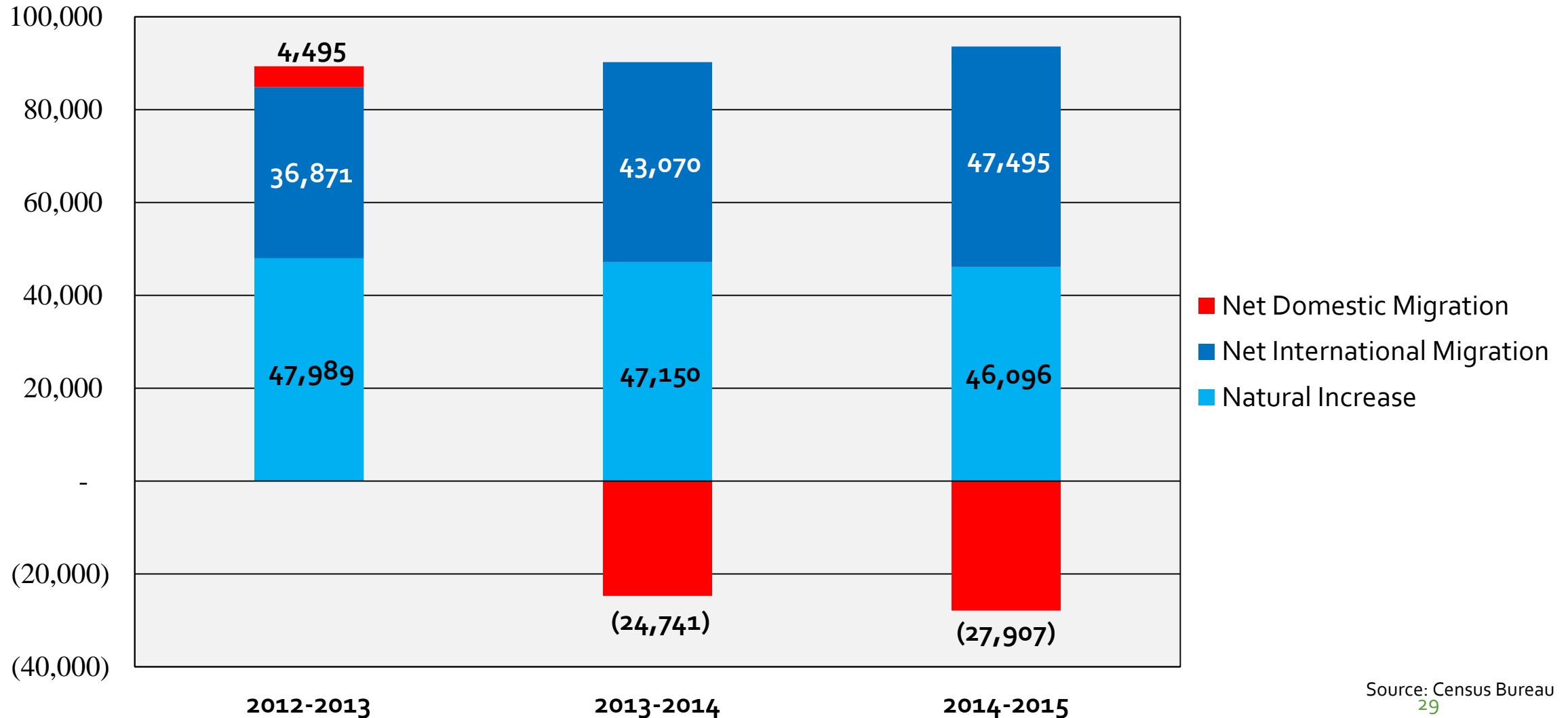


Proportion of workers with travel time to work of 60 or more minutes



Source: US Census Bureau, 2014 American Community Survey, Table S0802

Washington Metro Area Population Components of Change



Where we are:

- Apparent shift from federal dependency
 - Remain vulnerable to decisions made by Federal Gov't (e.g., sequestration, BRAC)
- We may be better at small business development than we think
 - Small firms bought by out-of-area companies and moved
- Key opportunities remain
 - Sci-Tech services; bio-tech & health services; education; advocacy; tourism; global
 - Diverse education requirements
- Retaining talent will be a critical challenge
 - High costs for housing, childcare
 - Opportunities elsewhere

Thank You Questions

cra.gmu.edu