

Economic Update

Presentation to:

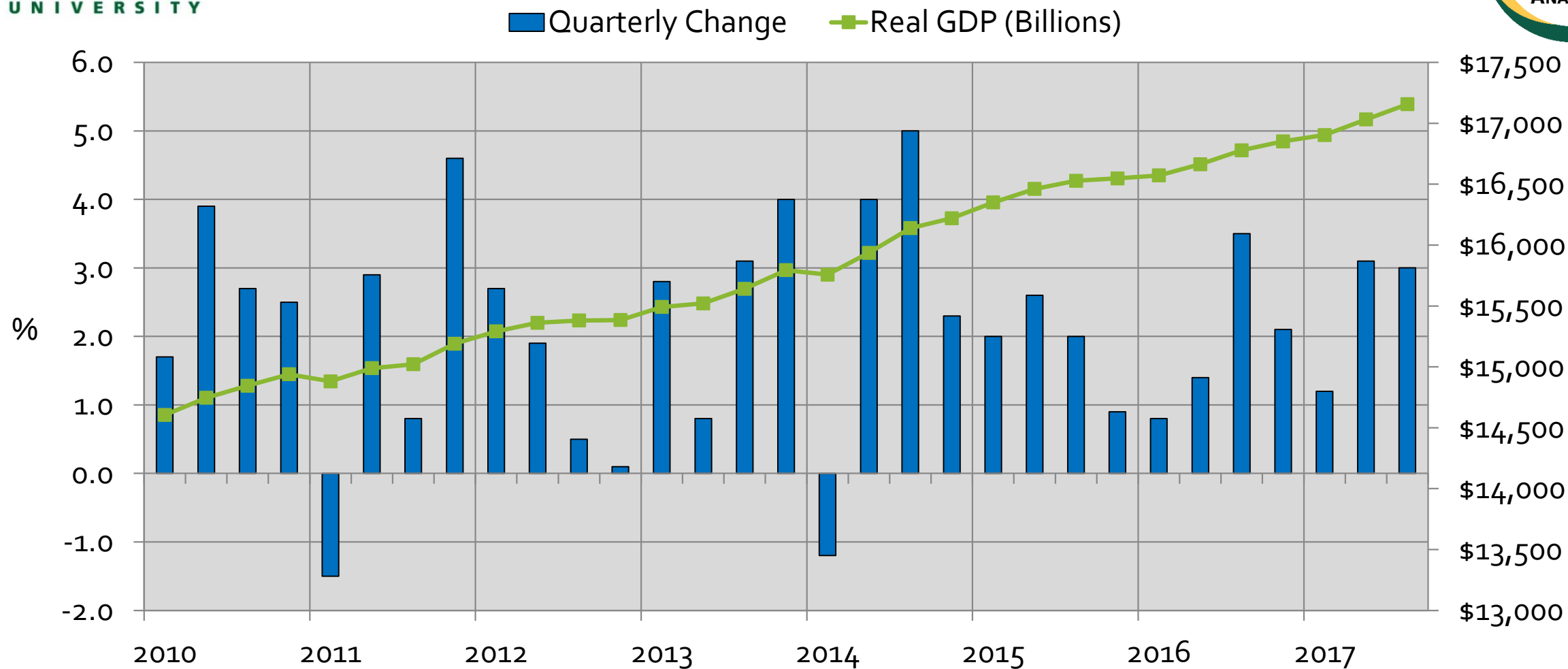
Virginia Bankers Association Lending & Credit Conference

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Director, Center for Regional Analysis
Schar School of Policy and Government
George Mason University

Oct 31, 2017

U.S. Gross Domestic Product

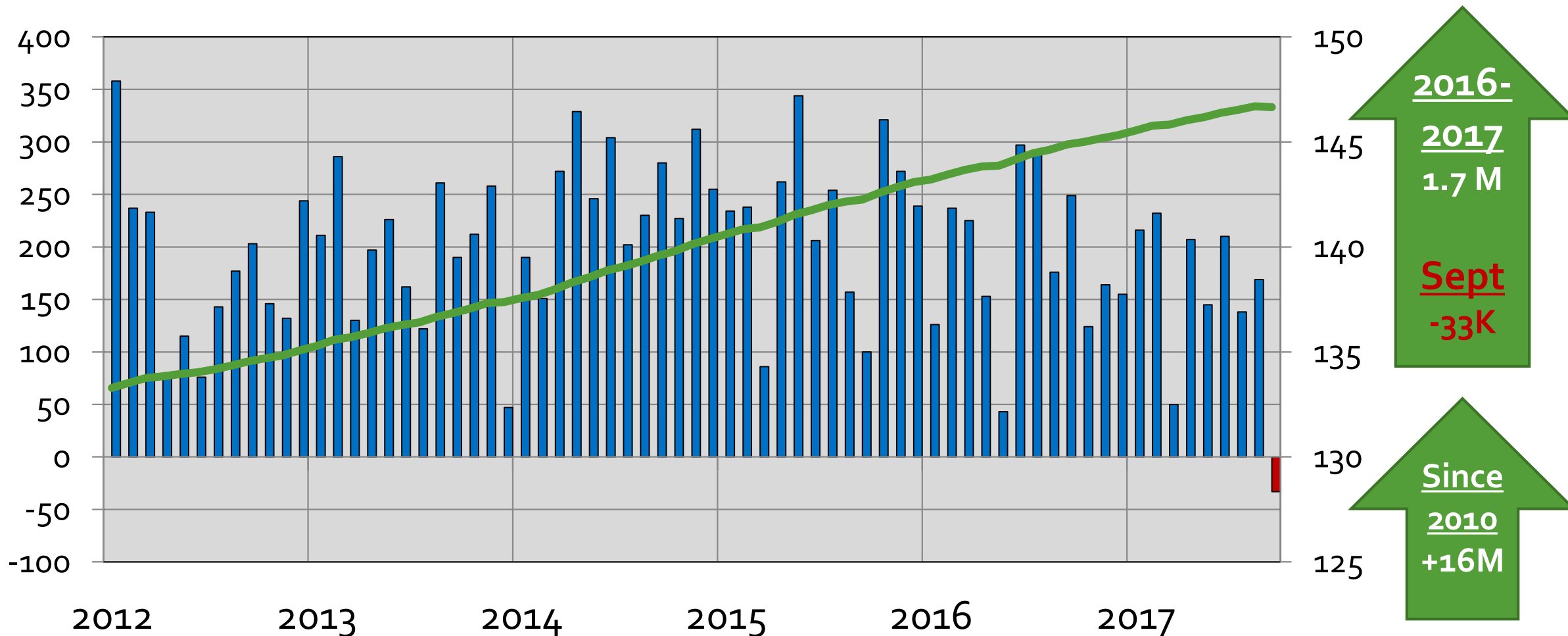


3Q17 +3.0%

Source: Bureau of Economic Analysis (Seasonally Adjusted, Chained 2009 Dollars)

US Payroll Jobs

■ Month-to-Month Change (000s) — Total (Millions)

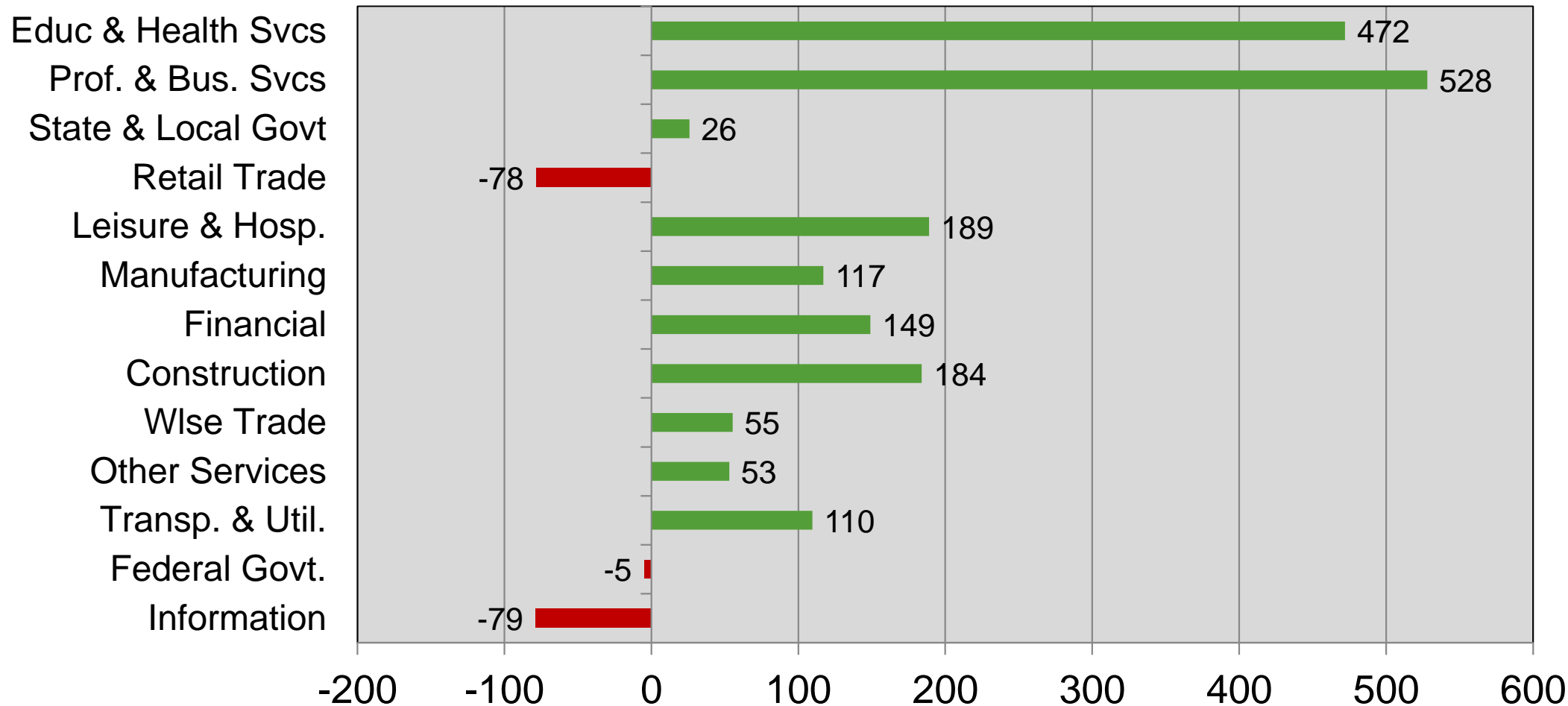


U.S. Payroll Job Change by Sector Sept 2016 – Sept 2017

Ranked by Size in 2016

(000s)

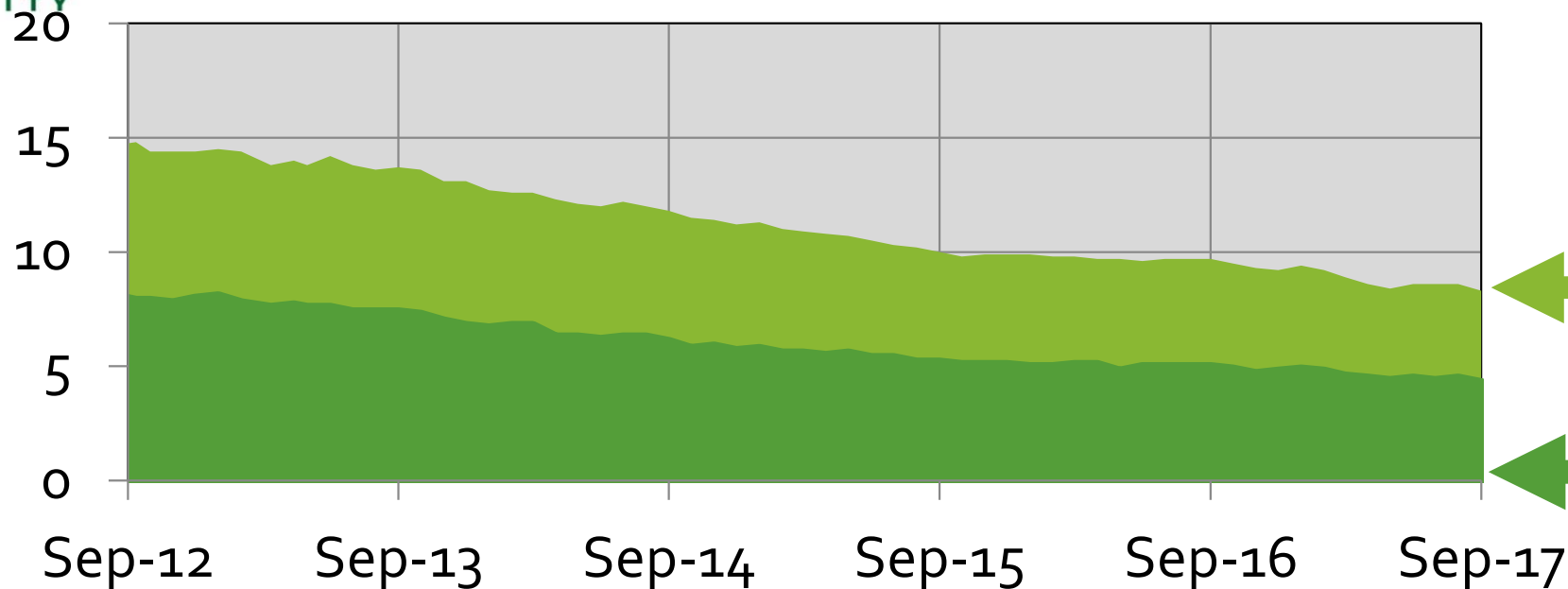
Total = 1,777,000



U.S. Unemployment

U-6

UR



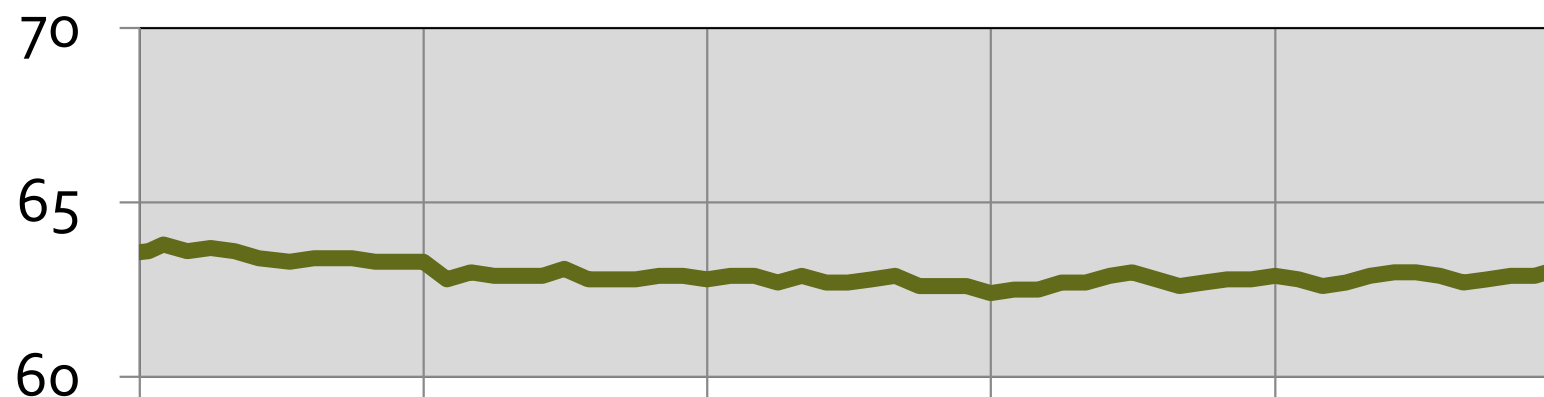
Sept
8.3%

Sept
4.2%

Sep16
to
Sep17
U-6
-1.4%

UR.
-0.7%

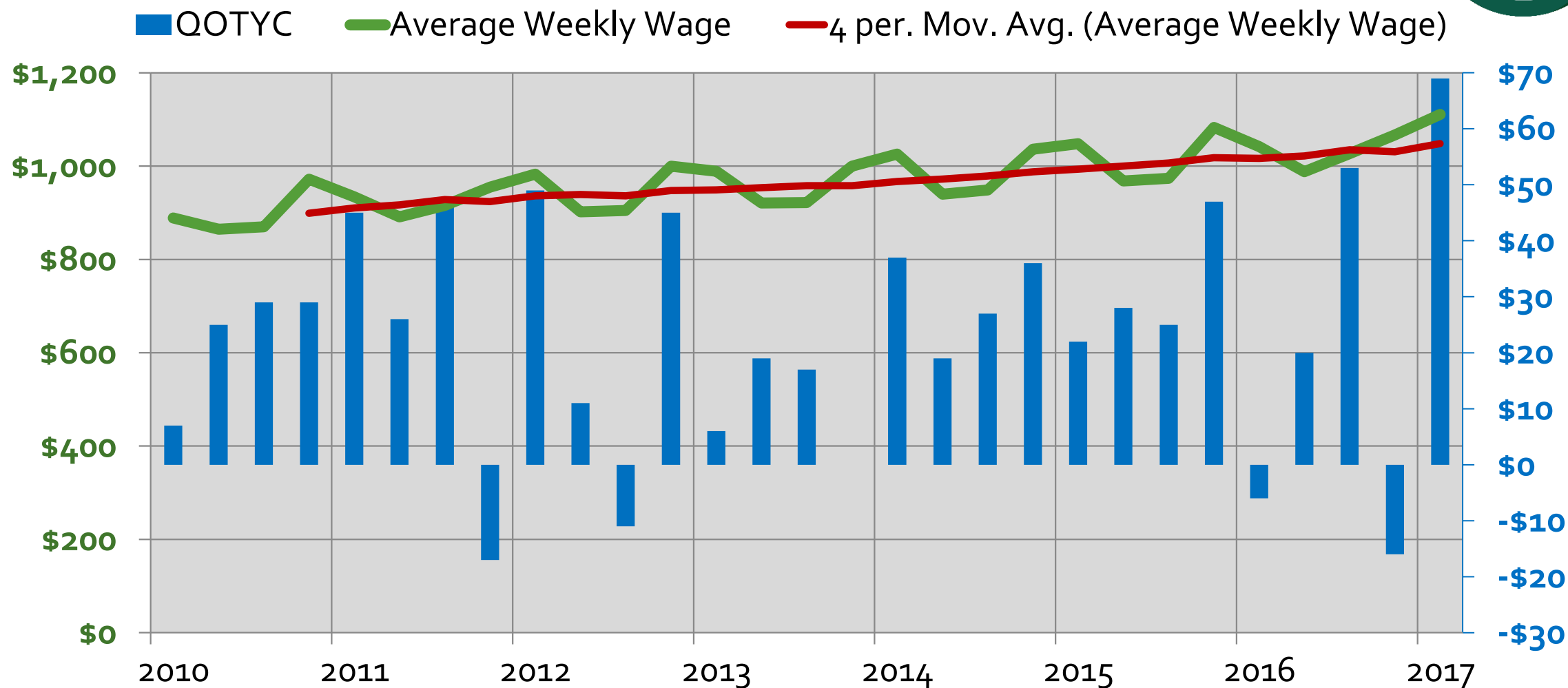
LFPR



Sep
63.1%

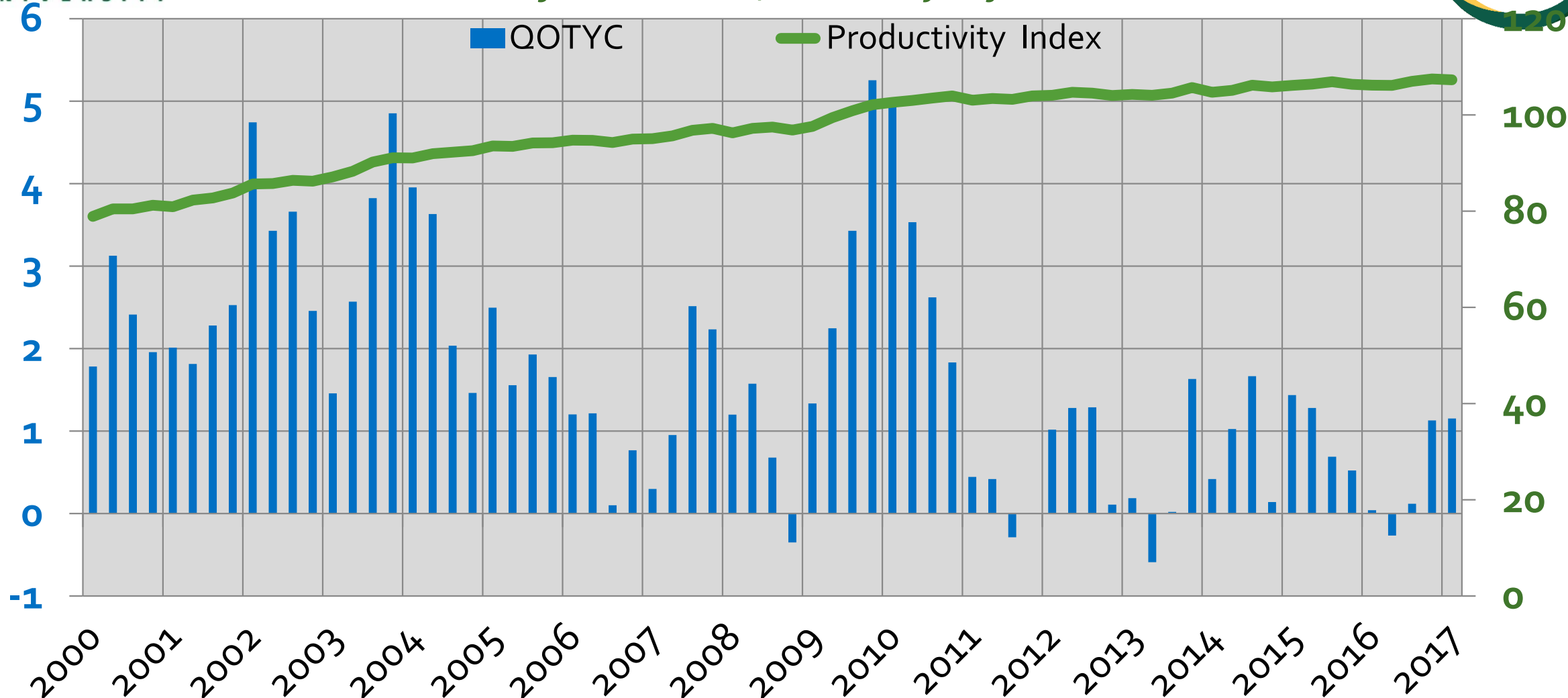
Average Weekly Wages

Across all Industries



Labor Productivity

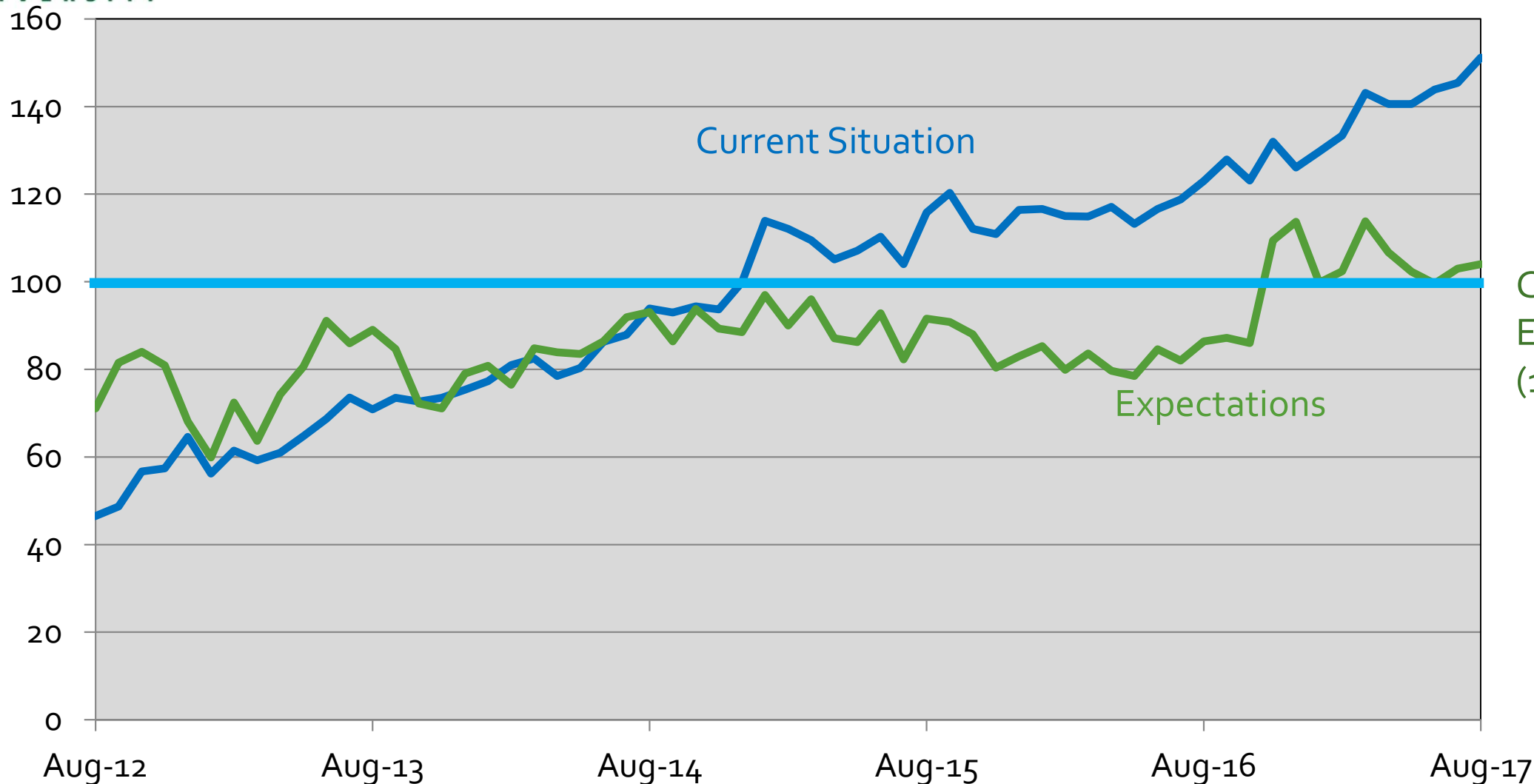
Nonfarm business, seasonally adjusted



Source: U.S. Bureau of Labor Statistics

Base year (100) = 2009

Consumer Confidence

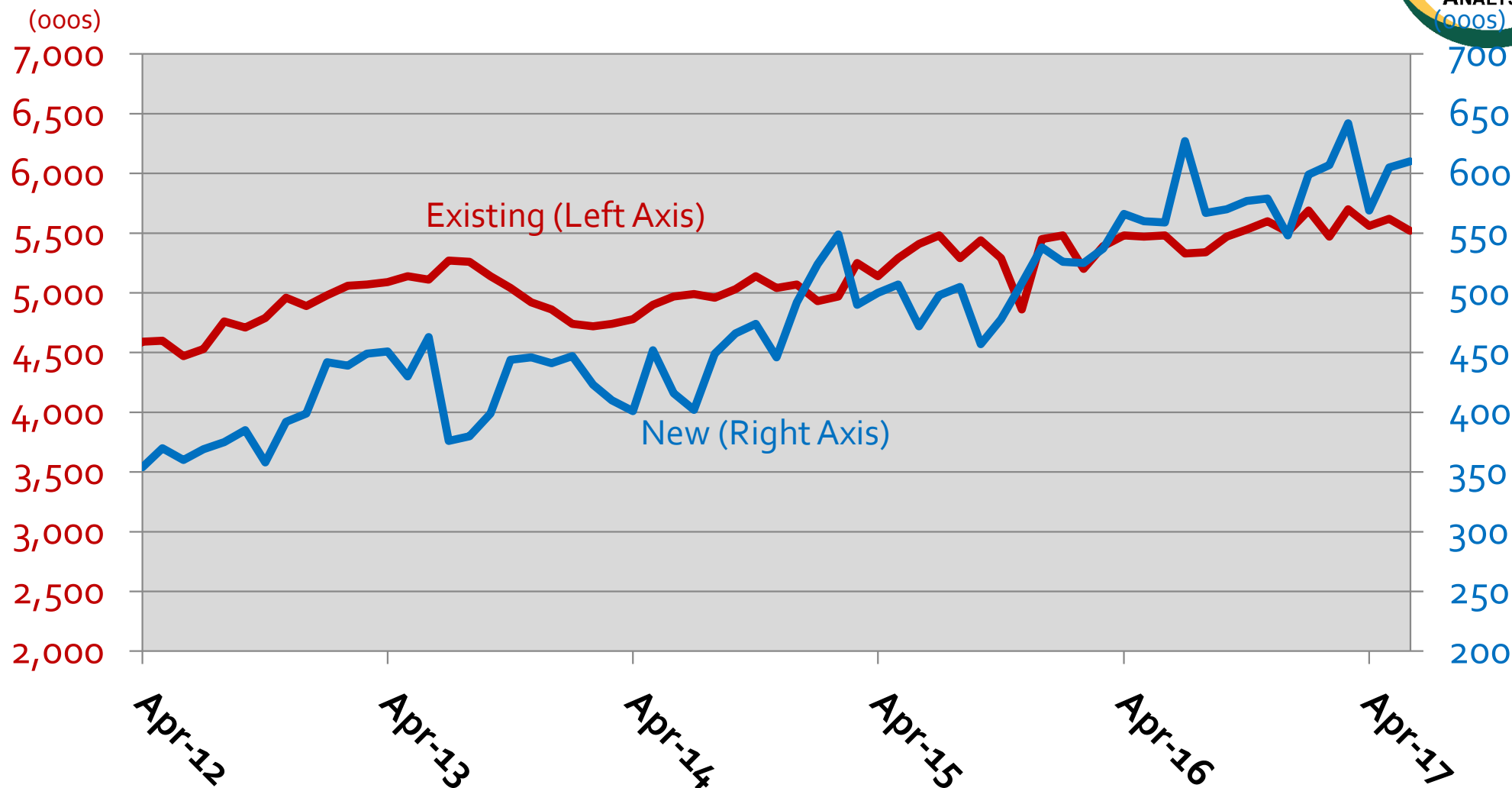


Aug 2017
Cur. = 151.2
Exp. = 104.0
(1985 = 100)

U.S. New and Existing Home Sales

**Jun 16-
Jun 17
+0.7%
40K**

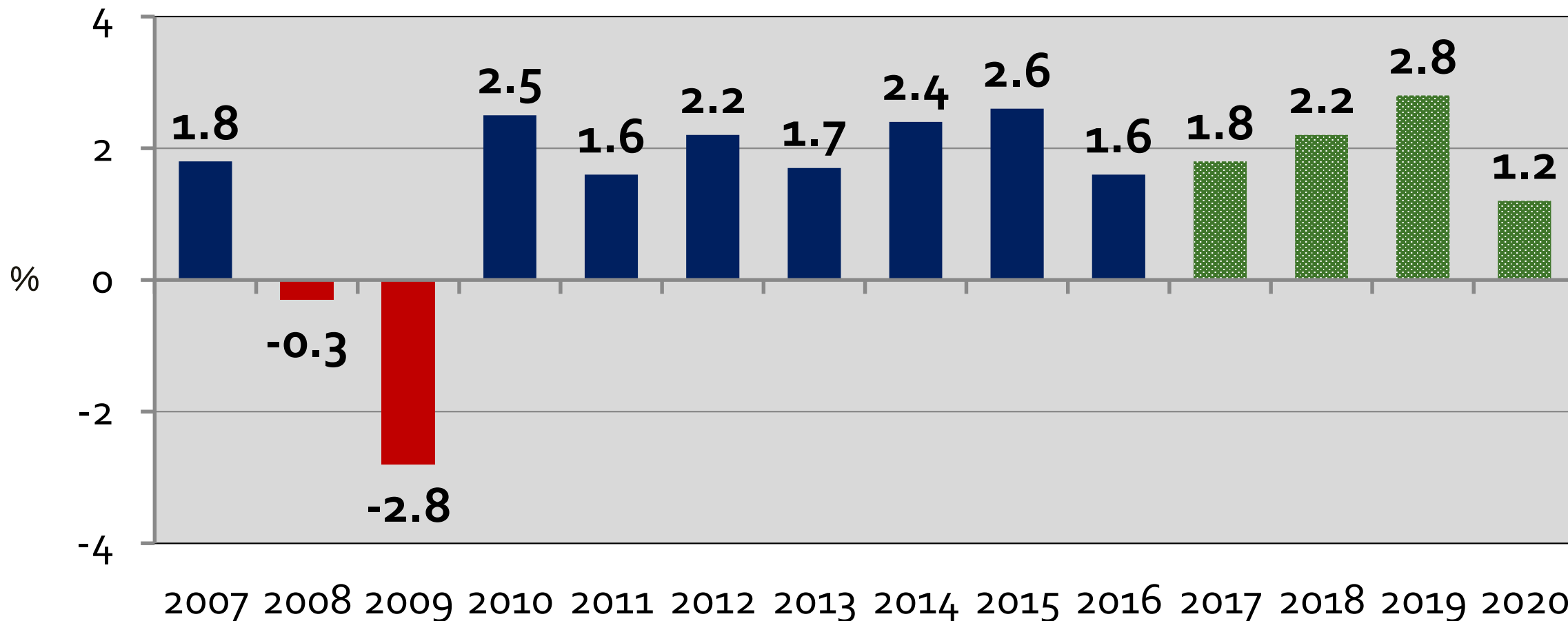
**Jun 16-
Jun 17
+0.5%
3K**



U.S. GDP

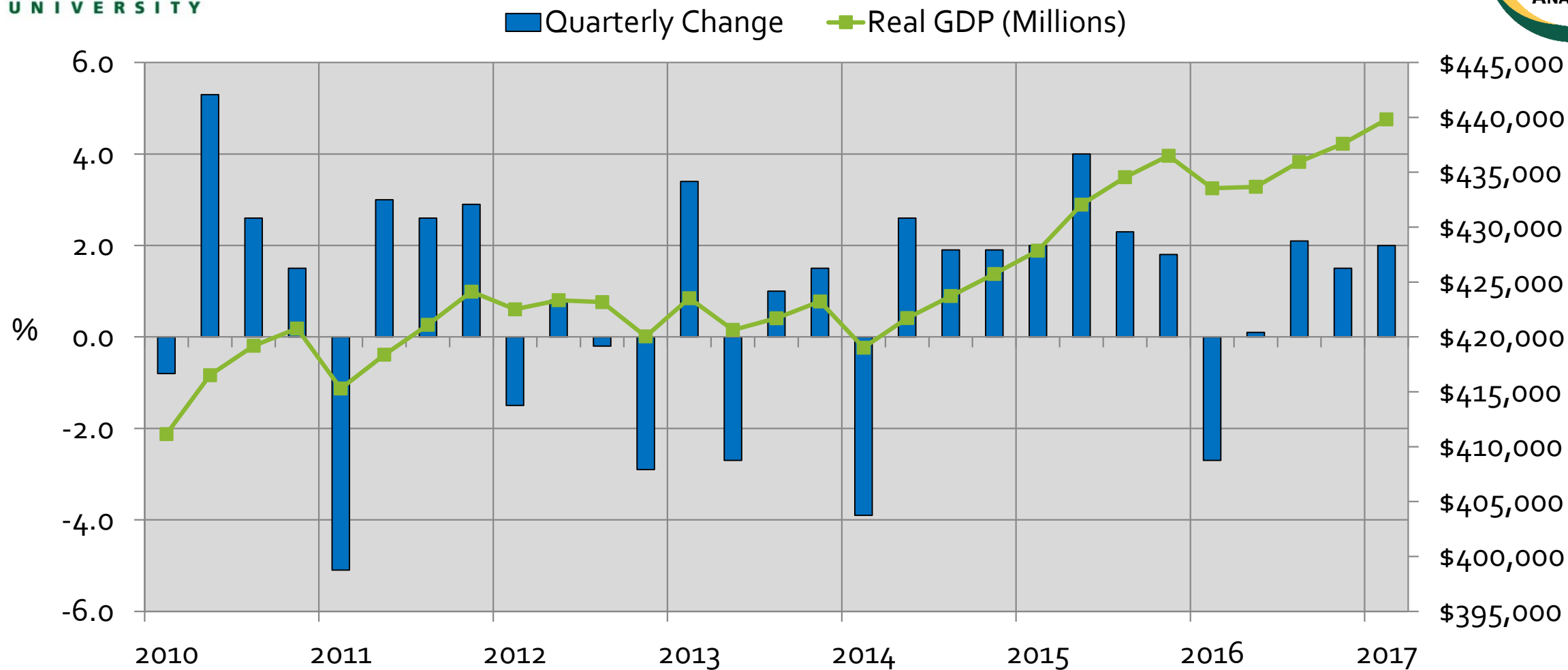
2007 – 2016 – 2020

(Annual % Change)



The Virginia Economy

Virginia Gross State Product

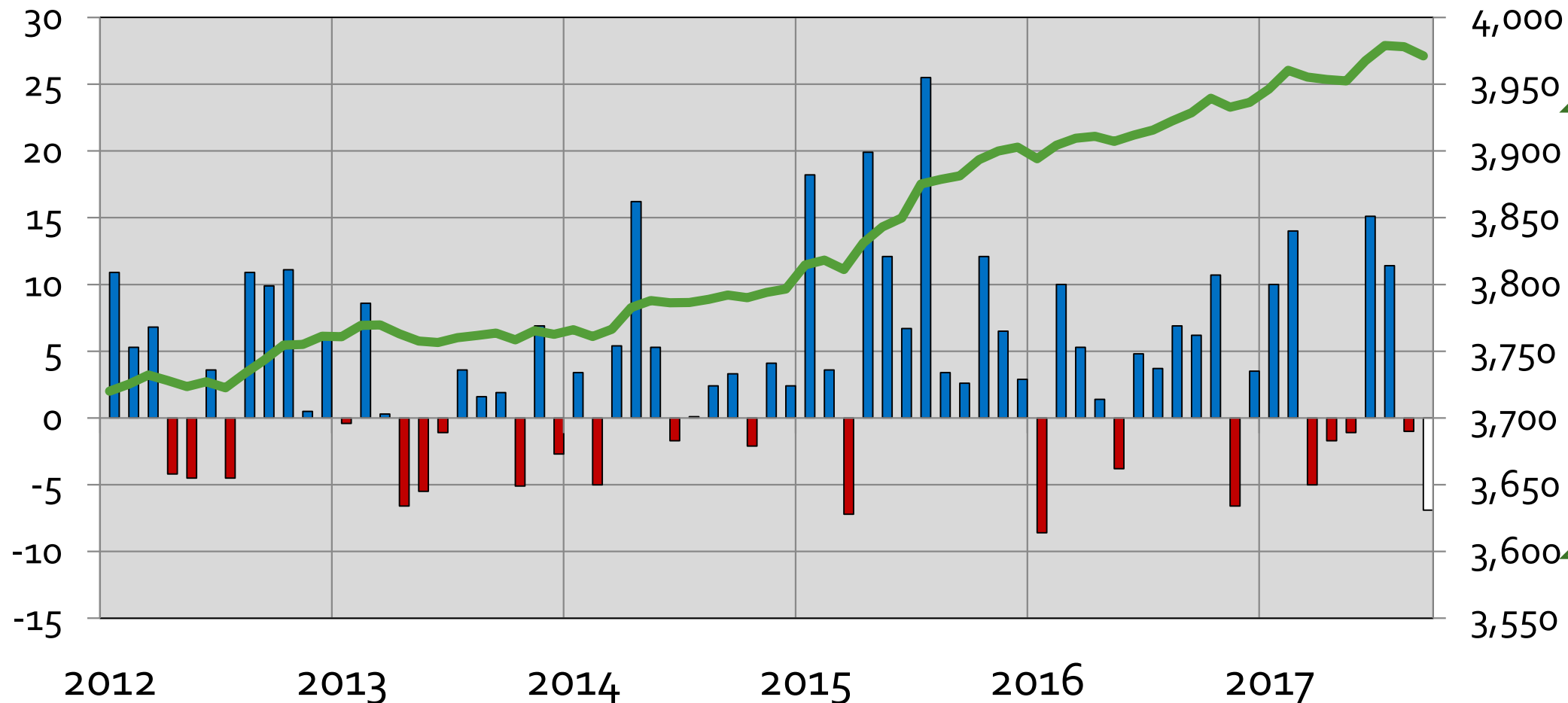


1Q17 +2.0%

Source: Bureau of Economic Analysis (Seasonally Adjusted, Chained 2009 Dollars)

Virginia Payroll Jobs

■ Month-to-Month Change (000s) — Total (000s)



2016-

2017

42 K

Sept

-7 K

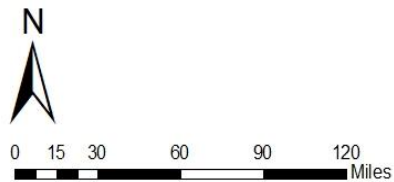
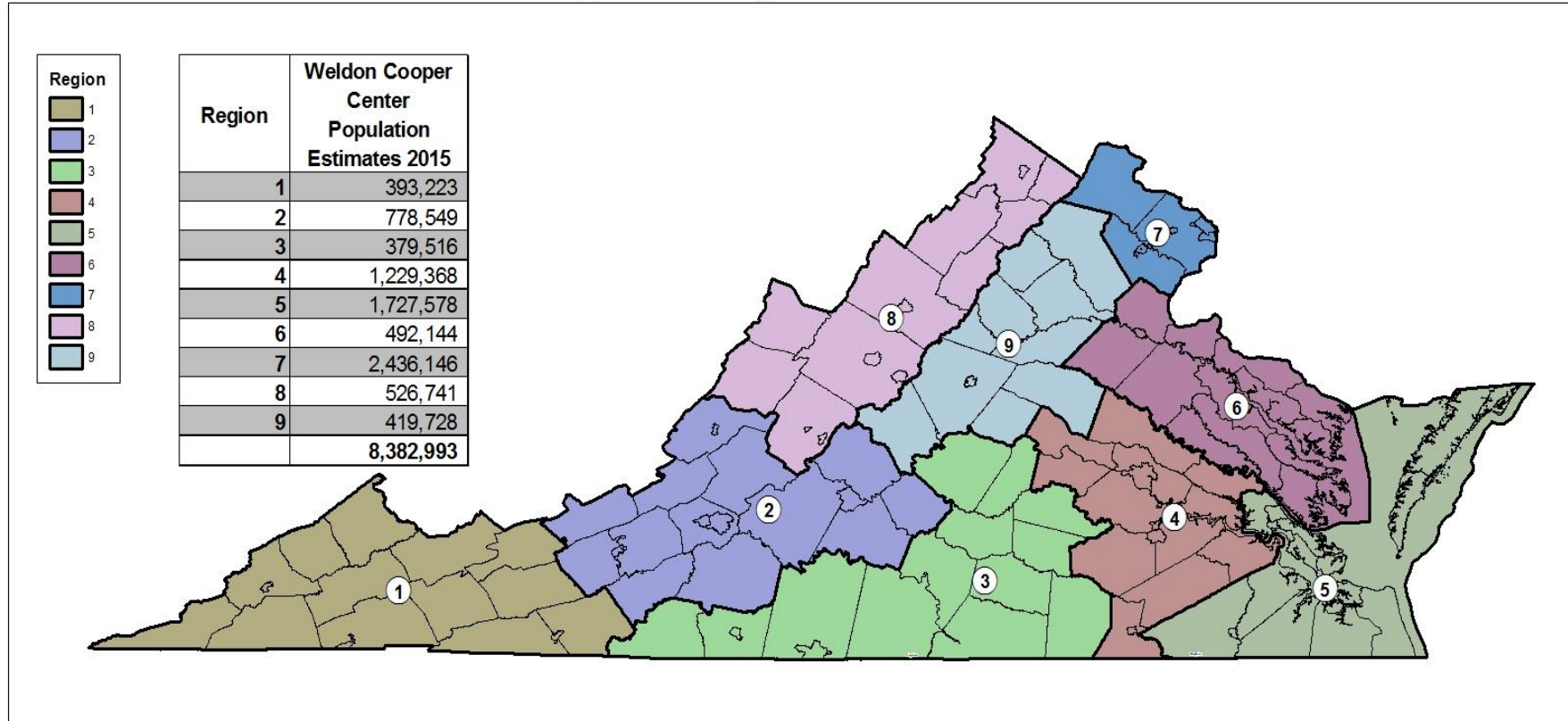
Since

2010

+314

K

GO Virginia Regional Boundaries



Source: US Census, VA PDC



12/5/2016

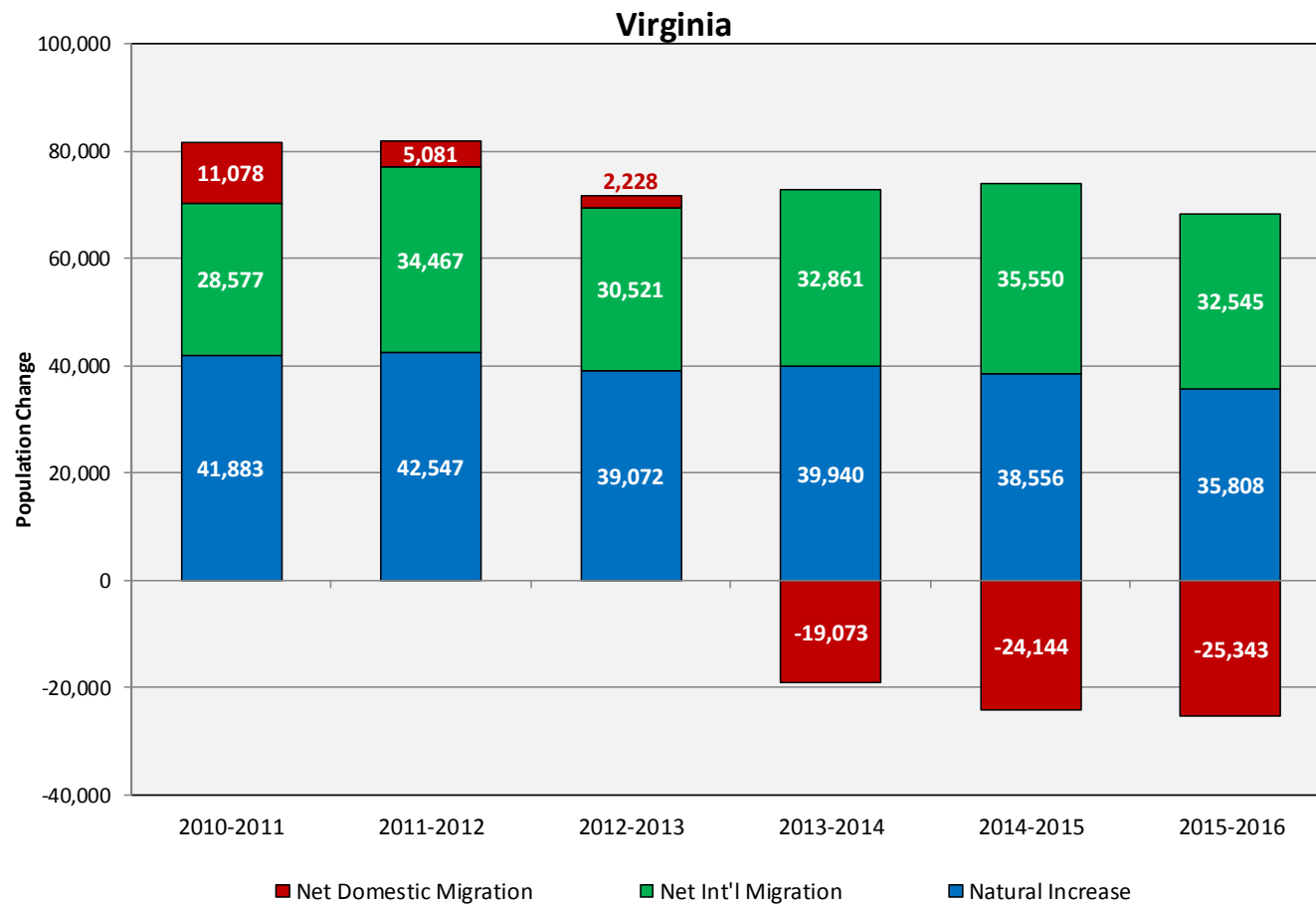
Population Trends

Population Trends: Virginia

	1995	2000	2010	2016	Annual Growth (95-00)	Annual Growth (00-10)	Annual Growth (10-16)
United States	265,471,847	281,424,600	308,745,538	323,127,513	1.2%	0.9%	0.8%
Virginia	6,696,100	7,105,817	8,025,773	8,411,808	1.2%	1.2%	0.8%
Region 1	401,200	398,740	401,712	385,045	-0.1%	0.1%	-0.7%
Region 2	674,500	700,085	762,386	777,919	0.7%	0.9%	0.3%
Region 3	380,000	387,778	383,660	371,277	0.4%	-0.1%	-0.5%
Region 4	973,900	1,036,200	1,178,106	1,245,838	1.2%	1.3%	0.9%
Region 5	1,541,500	1,589,071	1,671,025	1,715,073	0.6%	0.5%	0.4%
Region 6	336,700	376,459	470,955	501,780	2.3%	2.3%	1.1%
Region 7	1,649,300	1,829,631	2,246,802	2,461,243	2.1%	2.1%	1.5%
Region 8	419,700	445,222	509,185	528,945	1.2%	1.4%	0.6%
Region 9	308,400	336,206	401,942	424,688	1.7%	1.8%	0.9%

Source: US Census Bureau, Population Estimates Programs

Components of Population Change



Source: US Census Bureau, Population Estimates Program, V2016

Total Employment

Employment Trends: Virginia

	1996	2000	2010	2016	Annual Growth (96-00)	Annual Growth (00-10)	Annual Growth (10-16)
United States	126,707,500	136,891,000	139,064,000	151,436,000	2.0%	0.2%	1.4%
Virginia	3,268,553	3,522,865	3,860,386	4,070,260	1.9%	0.9%	0.9%
Region 1	164,915	165,380	157,649	149,694	0.1%	-0.5%	-0.9%
Region 2	336,240	345,475	354,578	362,604	0.7%	0.3%	0.4%
Region 3	169,377	170,177	152,273	153,265	0.1%	-1.1%	0.1%
Region 4	492,295	522,673	561,551	622,715	1.5%	0.7%	1.7%
Region 5	685,330	707,954	765,498	786,346	0.8%	0.8%	0.4%
Region 6	163,564	185,676	220,127	231,258	3.2%	1.7%	0.8%
Region 7	901,240	1,031,194	1,214,760	1,301,155	3.4%	1.7%	1.2%
Region 8	208,344	226,064	239,612	248,553	2.1%	0.6%	0.6%
Region 9	147,252	168,280	194,342	208,404	3.4%	1.5%	1.2%

Source: US BLS Local Area Unemployment Statistics (2016 preliminary)

Employment Trends by Industry Sector

Commonwealth of Virginia: Industry Sectors

Sector	Employment#		LQ		2015 Virginia Avg Wage	2015 US Avg Wage
	2005	2015	2005	2015		
Professional and business services	652,663	697,794	0.94	1.33	\$81,959	\$69,270
Trade, transportation, and utilities	607,392	647,248	1.32	0.91	\$40,584	\$44,321
Education and health services	365,336	478,617	0.82	0.85	\$46,630	\$47,383
Leisure and hospitality	355,375	384,750	0.95	0.95	\$19,148	\$21,807
Local government	329,587	369,883	0.95	1.00	\$43,400	\$47,573
Manufacturing	295,712	232,652	0.77	0.71	\$57,778	\$64,305
Financial activities	243,964	184,987	1.23	0.88	\$77,424	\$87,915
Construction	191,122	184,358	0.87	1.07	\$51,560	\$57,009
Federal government	151,945	176,757	2.04	2.39	\$89,056	\$77,900
State government	140,069	145,291	1.14	1.19	\$48,705	\$55,878
Other services	124,937	134,593	1.06	1.17	\$41,114	\$35,116
Information	93,292	69,505	1.12	0.94	\$95,307	\$95,098
Natural resources and mining	21,837	19,684	0.47	0.37	\$44,329	\$58,461

Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages

*2015 is the most recently available complete year

#Does not include suppressed employment

*Additional data available in accompanying spreadsheet for the years: 1996,2000,2005,2010,2015

Per Capita Income

Per Capita Income: Virginia

	1996	2000	2010	2015	Annual Growth (96-00)	Annual Growth (00-10)	Annual Growth (10-15)
United States	\$37,340	\$42,231	\$43,902	\$48,112	1.2%	0.4%	1.5%
Virginia	\$39,203	\$45,144	\$49,421	\$52,052	1.4%	0.9%	0.9%
Region 1	\$25,980	\$28,453	\$32,637	\$33,475	0.9%	1.4%	0.4%
Region 2	\$31,843	\$34,930	\$36,863	\$39,012	0.9%	0.5%	0.9%
Region 3	\$26,835	\$29,000	\$30,990	\$33,480	0.8%	0.7%	1.3%
Region 4	\$39,601	\$44,363	\$46,492	\$50,623	1.1%	0.5%	1.4%
Region 5	\$34,462	\$38,351	\$44,036	\$46,192	1.1%	1.4%	0.8%
Region 6	\$33,993	\$38,639	\$44,997	\$46,109	1.3%	1.5%	0.4%
Region 7	\$55,779	\$66,533	\$69,164	\$70,571	1.8%	0.4%	0.3%
Region 8	\$31,058	\$34,680	\$37,757	\$40,199	1.1%	0.9%	1.0%
Region 9	\$38,795	\$44,284	\$48,173	\$52,038	1.3%	0.8%	1.3%

Source: US Bureau of Economic Analysis, PCI adjusted for 2015 dollars

Poverty

Poverty Trends: Virginia

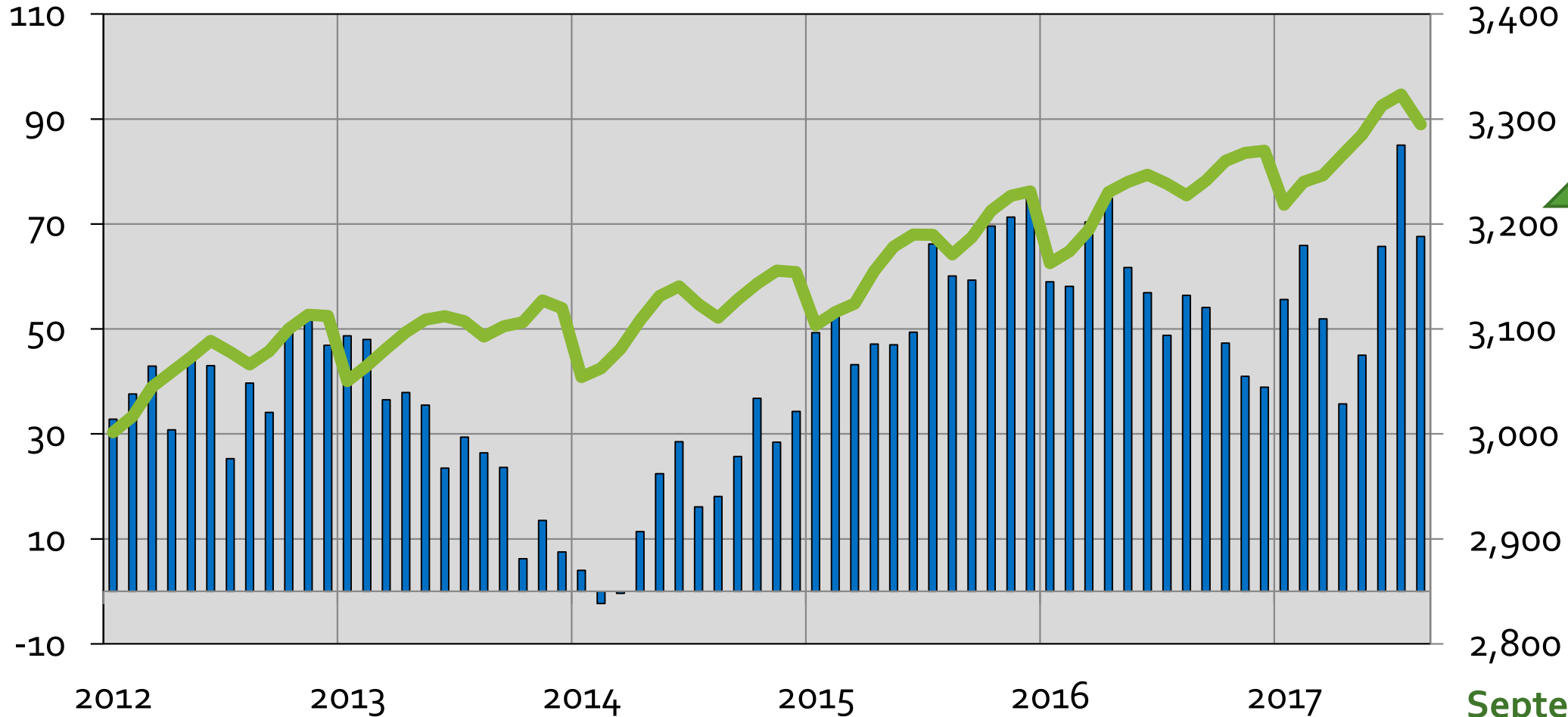
	1998 Poverty Rate	2006 Poverty Rate	2011 Poverty Rate	2015 Poverty Rate
United States	12.7%	13.3%	15.9%	14.7%
Virginia	10.2%	9.6%	11.6%	11.2%
Region 1	17.8%	17.2%	19.7%	19.6%
Region 2	11.5%	12.7%	15.2%	15.1%
Region 3	15.4%	16.6%	20.2%	19.6%
Region 4	10.5%	9.8%	12.7%	12.0%
Region 5	12.5%	10.5%	12.7%	12.9%
Region 6	8.8%	7.7%	9.5%	8.9%
Region 7	5.2%	5.2%	6.6%	6.2%
Region 8	10.4%	11.0%	13.2%	13.2%
Region 9	9.5%	9.3%	11.1%	10.6%

Source: US Census Bureau, Small Area Income and Poverty Estimates

The Washington Economy

Annual Job Change - Washington MSA

■ MOTYC — Non-Farm Jobs

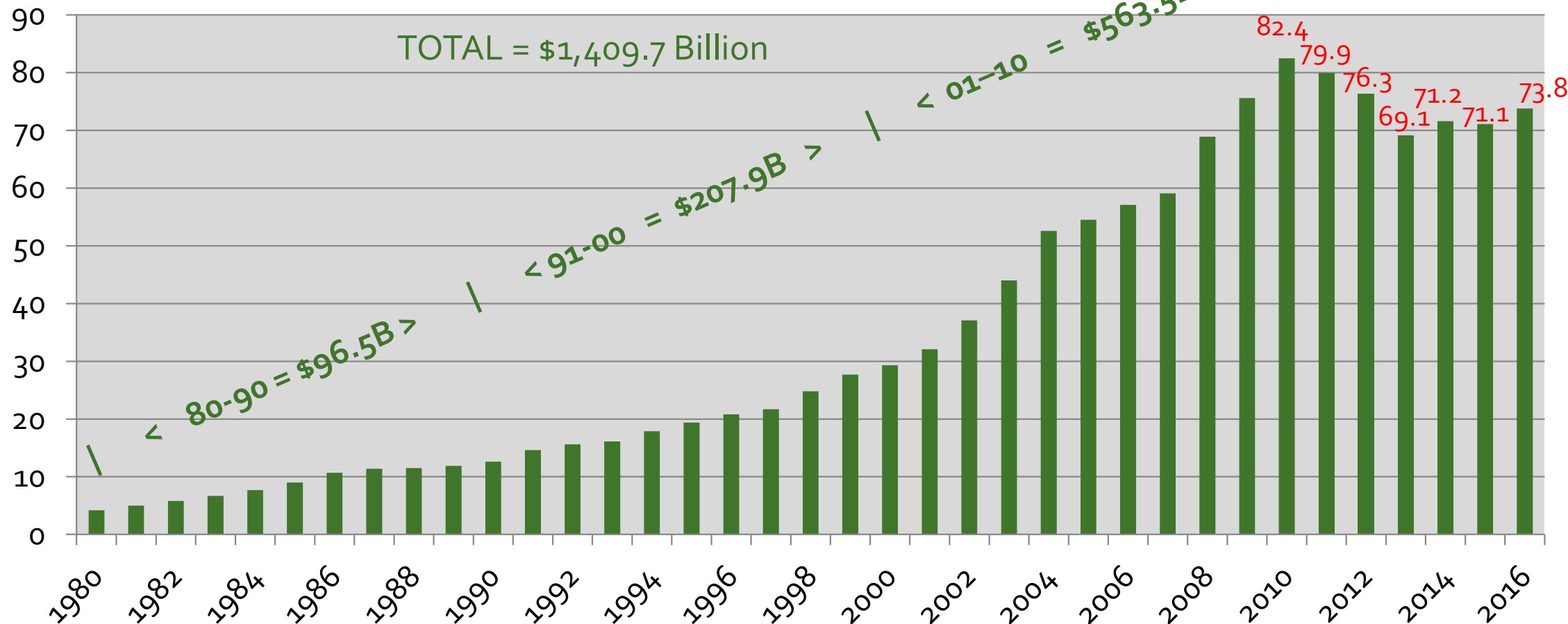


Sep 16-
Sep 17
+44.5 K

September-17
Total: 3,286 K

Federal Procurement in the Washington MSA 1980-2016 (Fiscal Years)

\$ Billions



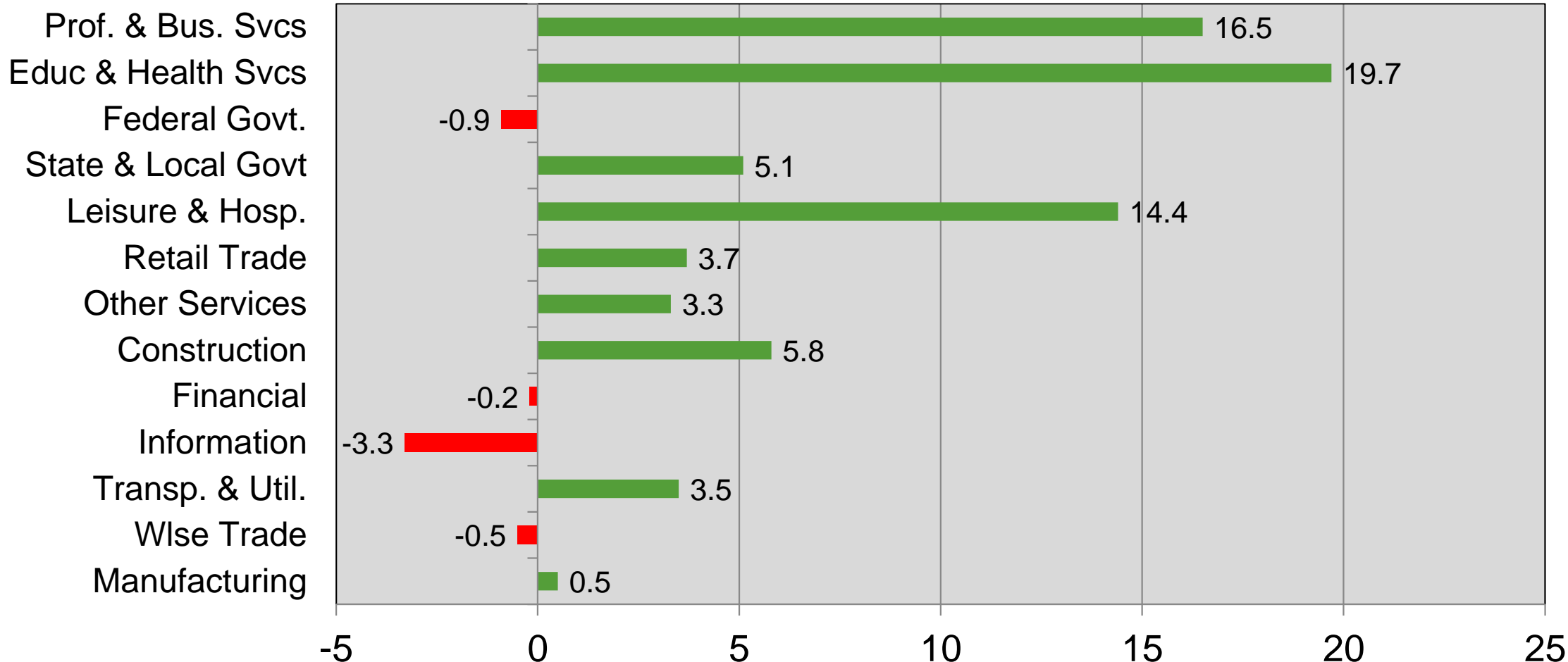
Source: US Census, Consolidated Federal Funds Report and USAspending.gov

Job Change by Sector Aug 2016 – Aug 2017 Washington MSA

(Ranked by Size in 2016)

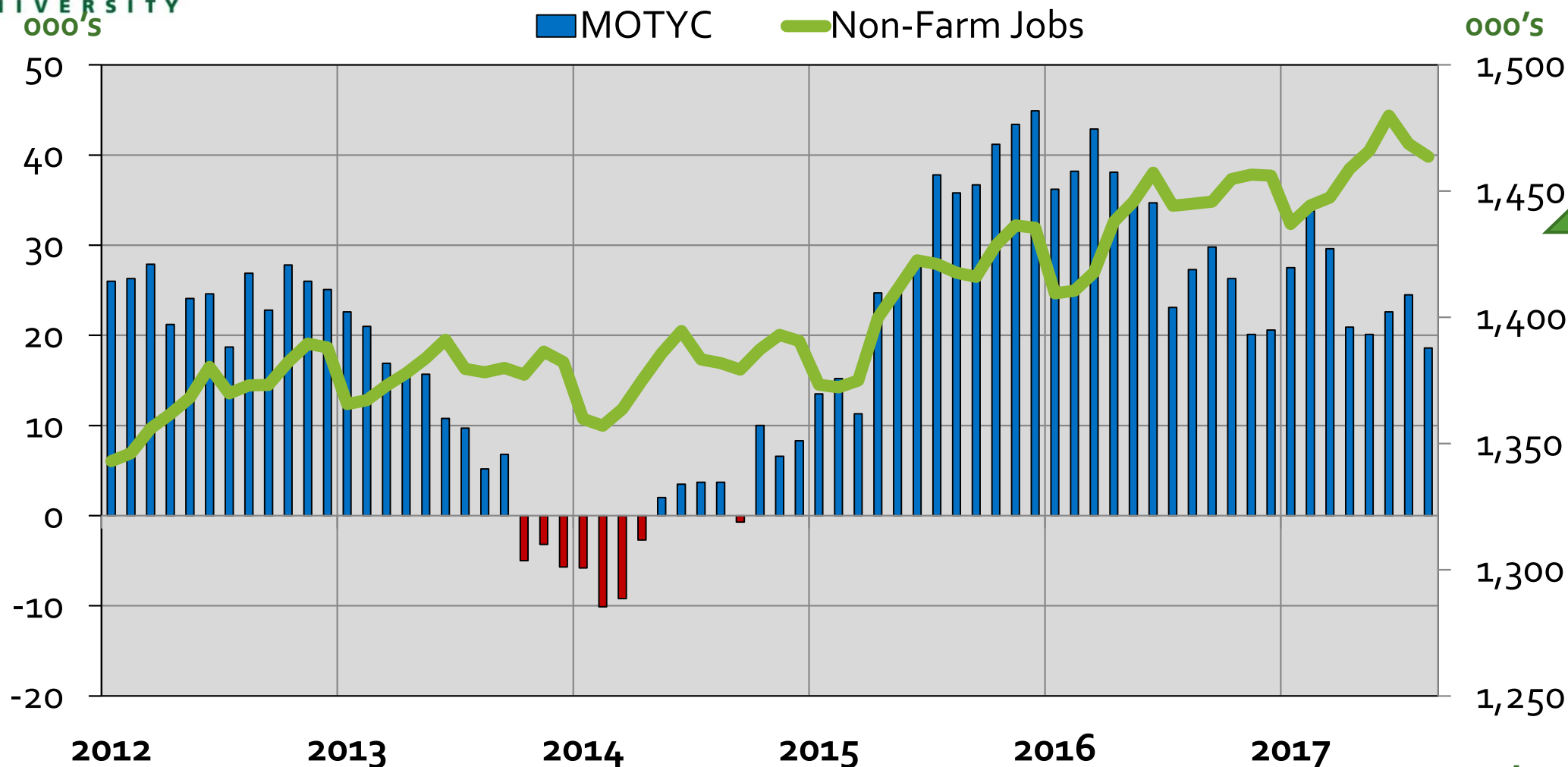
(000s)

Total = 67,600



Annual Job Change – Northern VA

■ MOTYC ■ Non-Farm Jobs



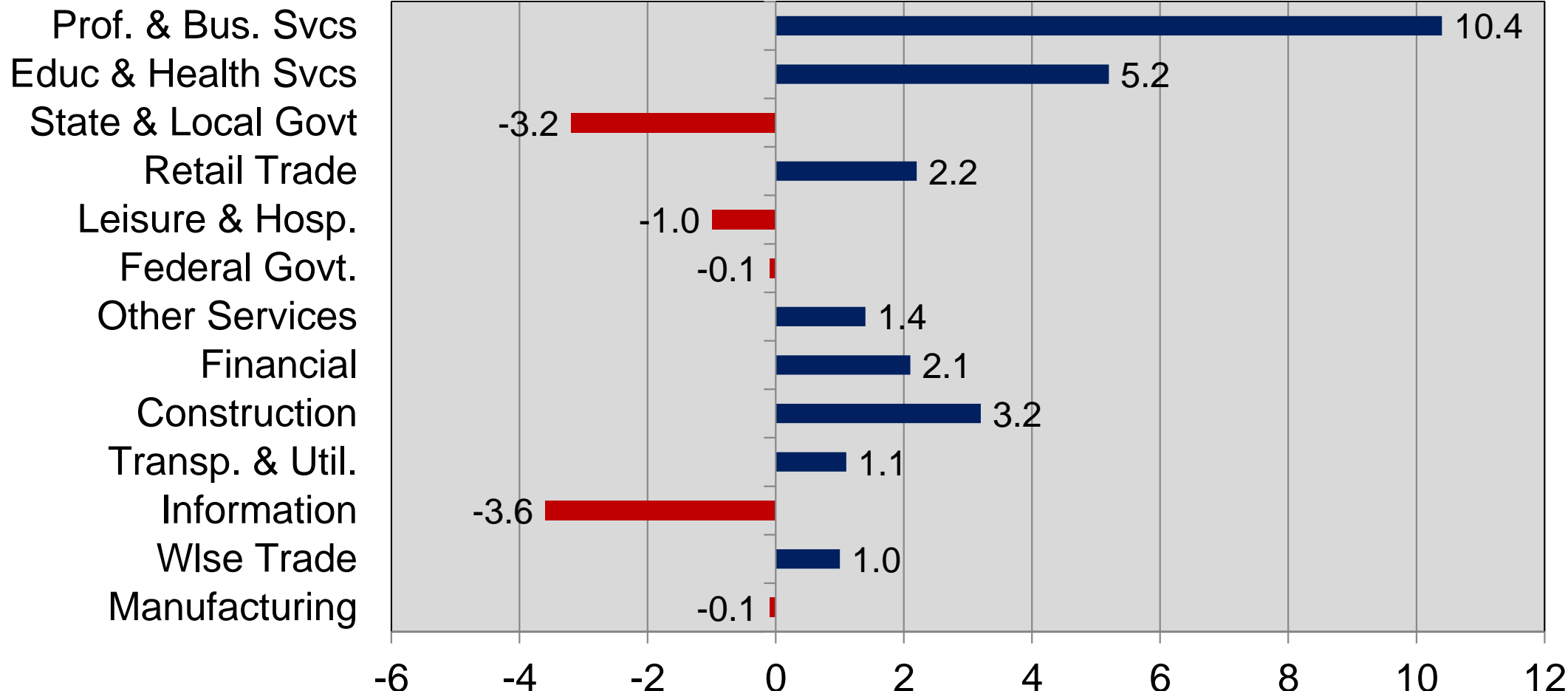
Aug 16-
Aug 17
+18.6K

Job Change by Sector Aug 2016 – Aug 2017 Northern Virginia

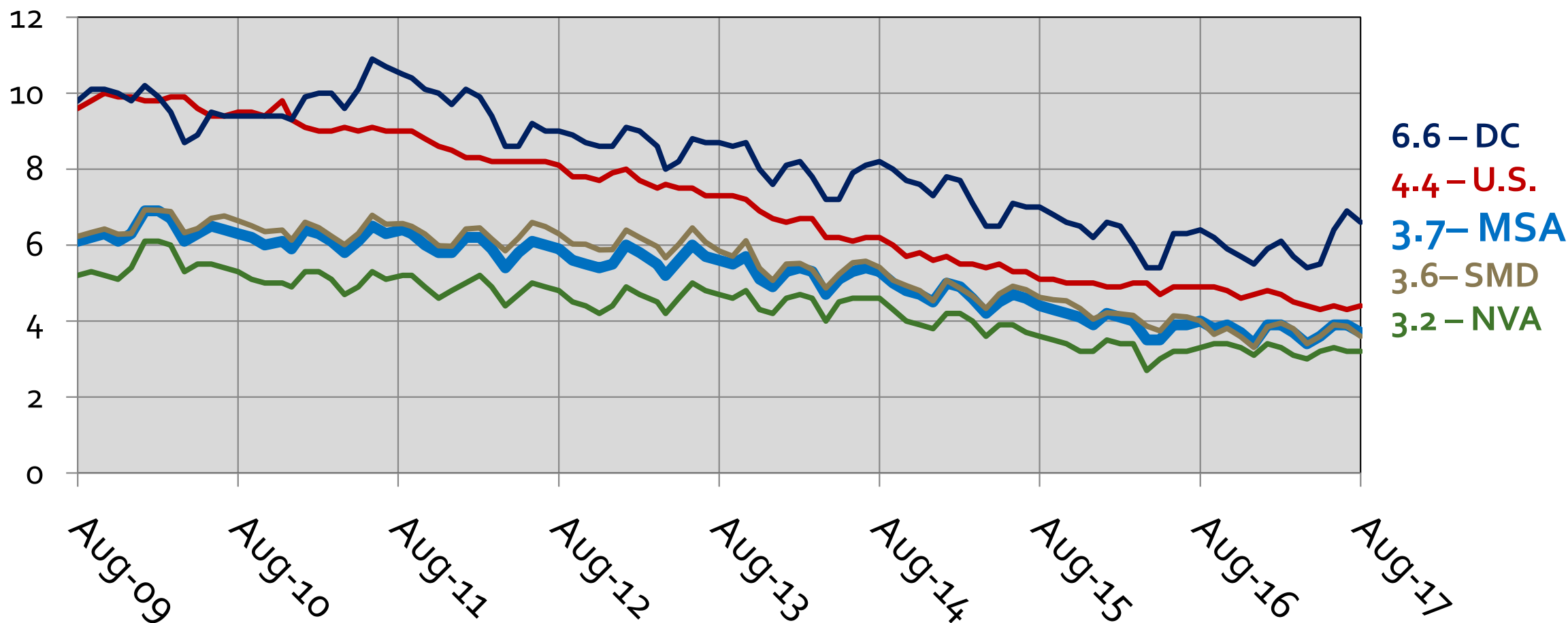
(Ranked by Size in 2016)

(000s)

Total 18,600



Unemployment Rates in the WMSA By Sub-State Area

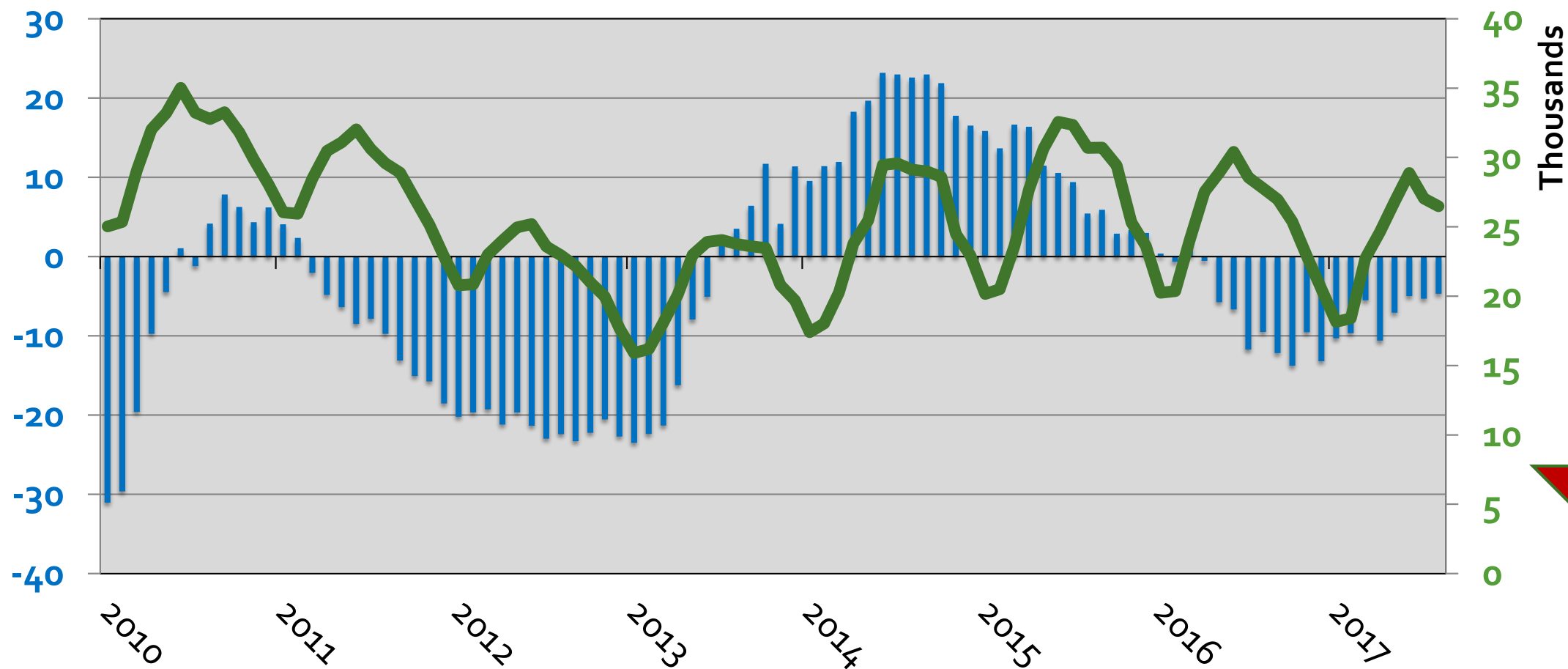


Source: Bureau of Labor Statistics (Region - Not Seasonally Adjusted, US – Seasonally Adjusted)

Inventories of Existing Homes

Month-Over-Year 2000 – 2017, MSA

■ % Chg Inv — Inventory

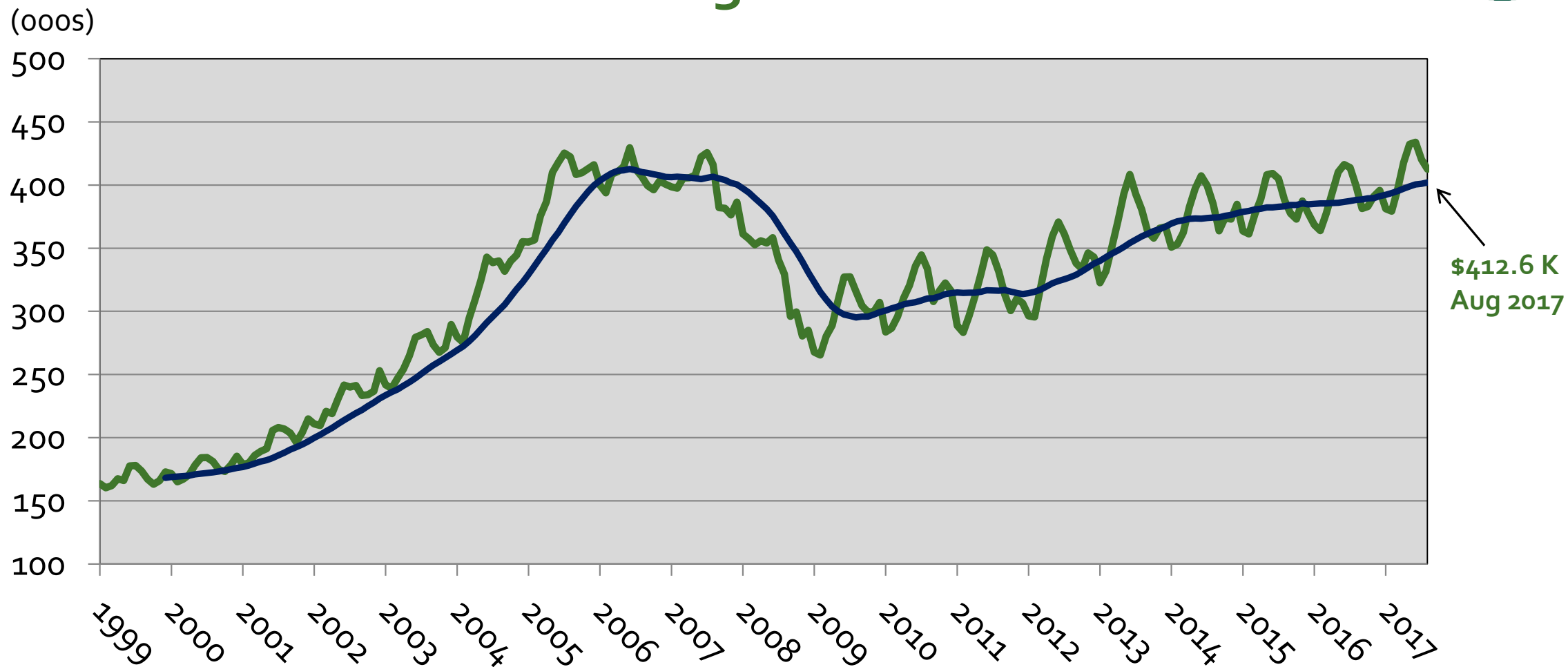


Aug
-4.7%

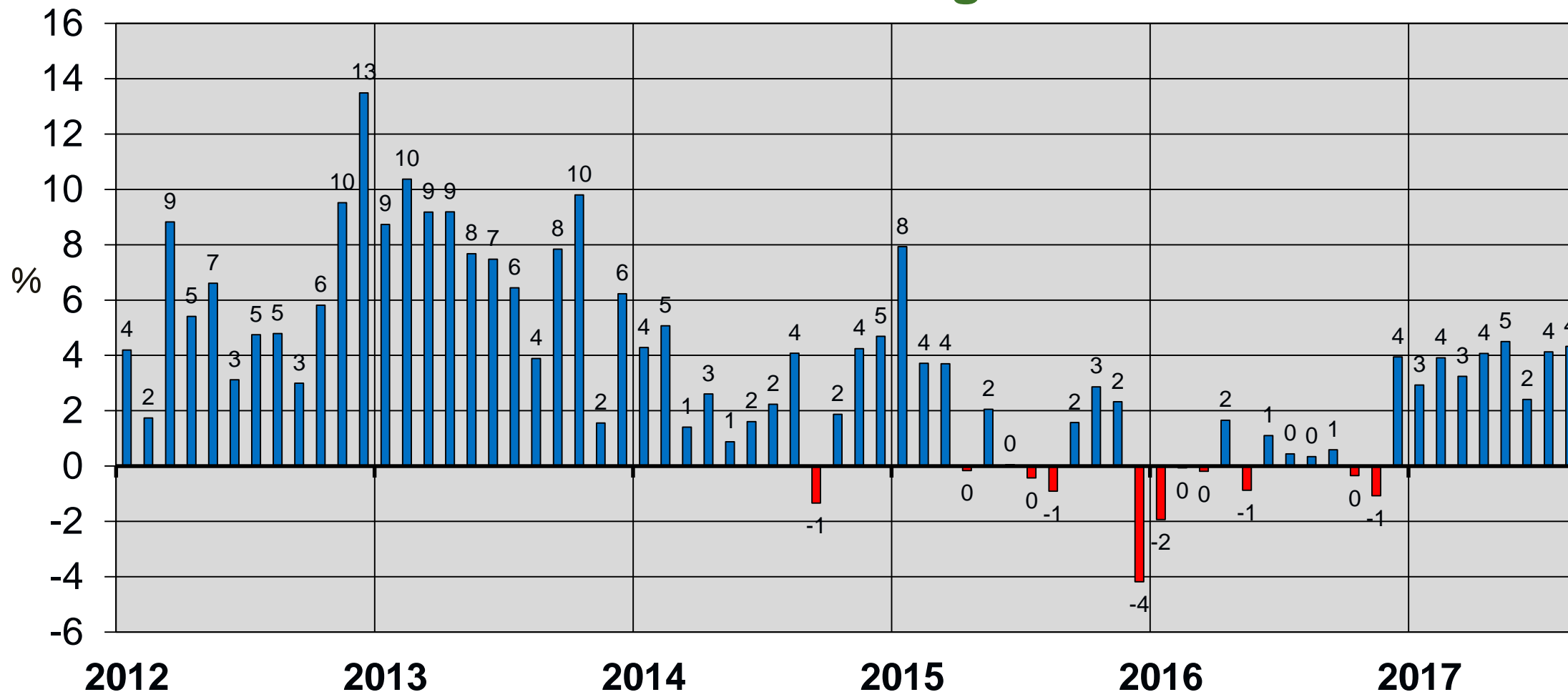
Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis. Total monthly inventory includes listings active at the end of the month plus sales during the month.



Median House Sales Price Washington MSA



Average Home Sales Price Percent Change (MOTYC) Northern Virginia



Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis

Aug = \$486K

Outlook

Where are headed?

- We are growing:

- Still trailing national average,
- NOVA is driving with support from Richmond & Charlottesville
- Job growth is inconsistent
- Growth will continue in 2017, but at a moderating pace

- Advantages

- Competitive tax structure regionally
- Connectivity to the World
- Access to capital
- Higher Education
- Educated Work Force
- Advanced Occupational Specializations

- Challenges

- Federal Budget
- Further market shifts needed
- Mobility
- Access to capital
- Regional branding / cooperation
- Globally competitive?
- Understanding changing nature of jobs

Thank You Questions

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