CRA Future Challenges Forum

The Washington Metropolitan Region Its Economic Outlook and Future Challenges

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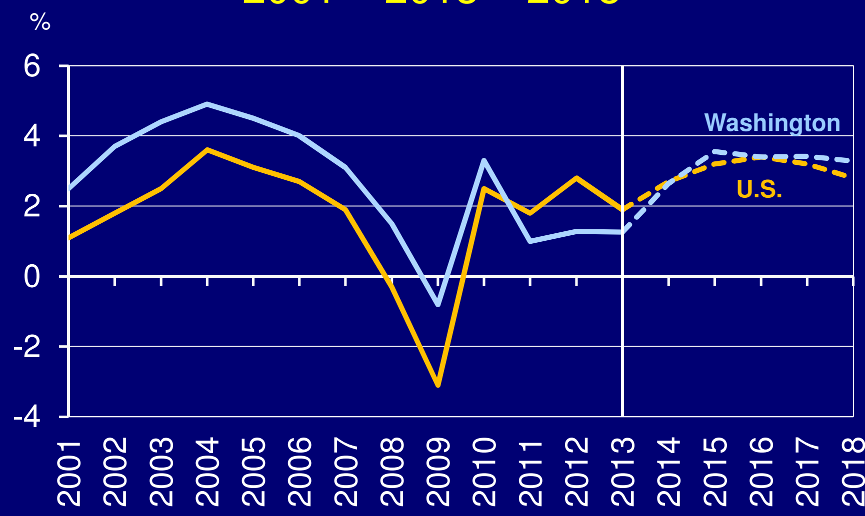
The Washington Economy: Impacts of the Recession and the Sequester

U.S. GDP and Washington Area GRP
2001 – 2013 – 2018



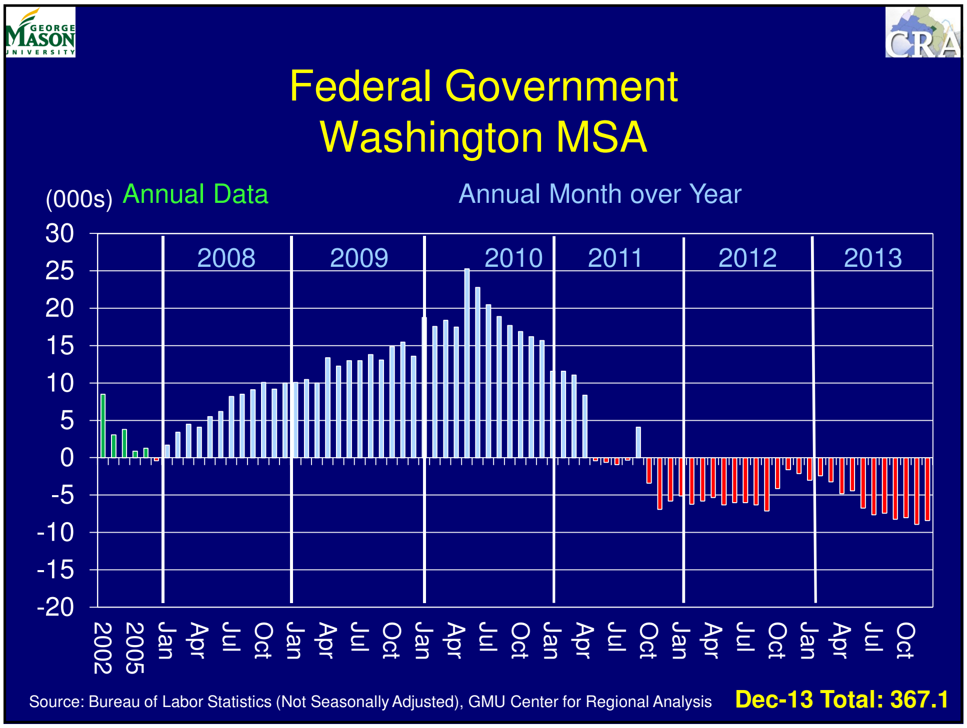
Source: IHS Global Insight, GMU Center for Regional Analysis

Recession Impacts

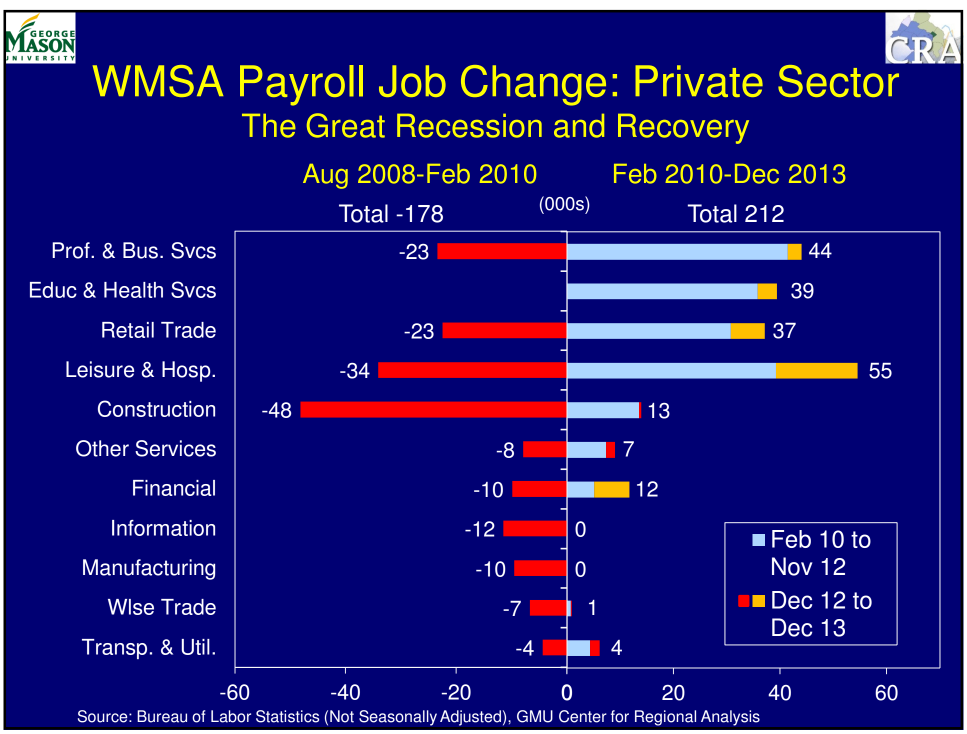
- GRP declined 0.8% in 2008
- The region's lost 178,100 jobs

Sequester+ Impacts

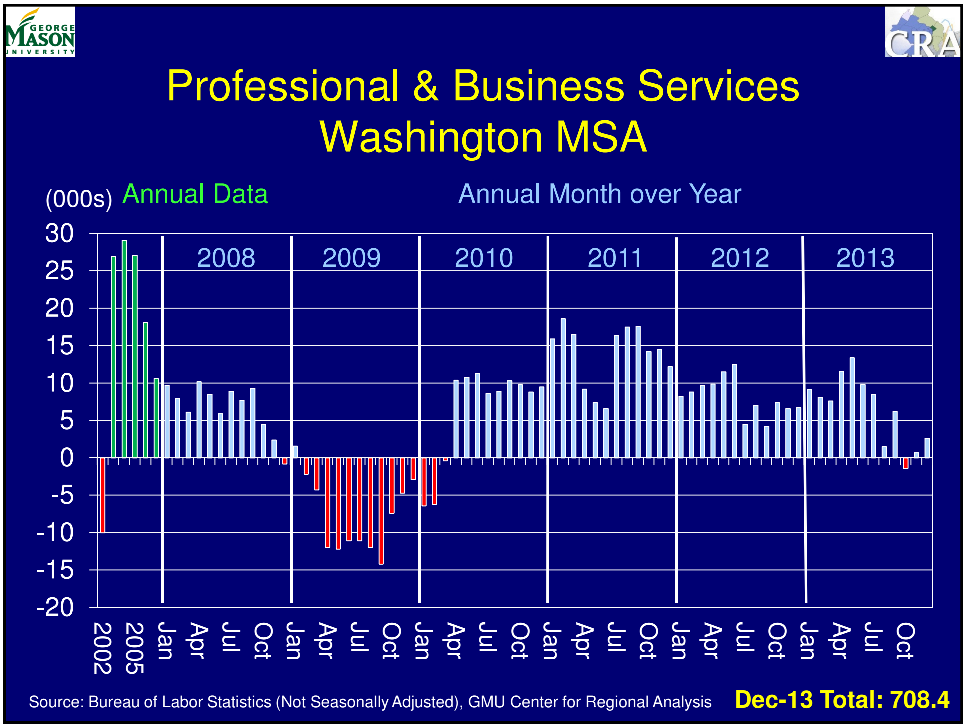
- Federal procurement $s down by 14.5%
- There are 21,200 fewer federal jobs
- Federal payroll is down 4.8%
  or by $2 billion

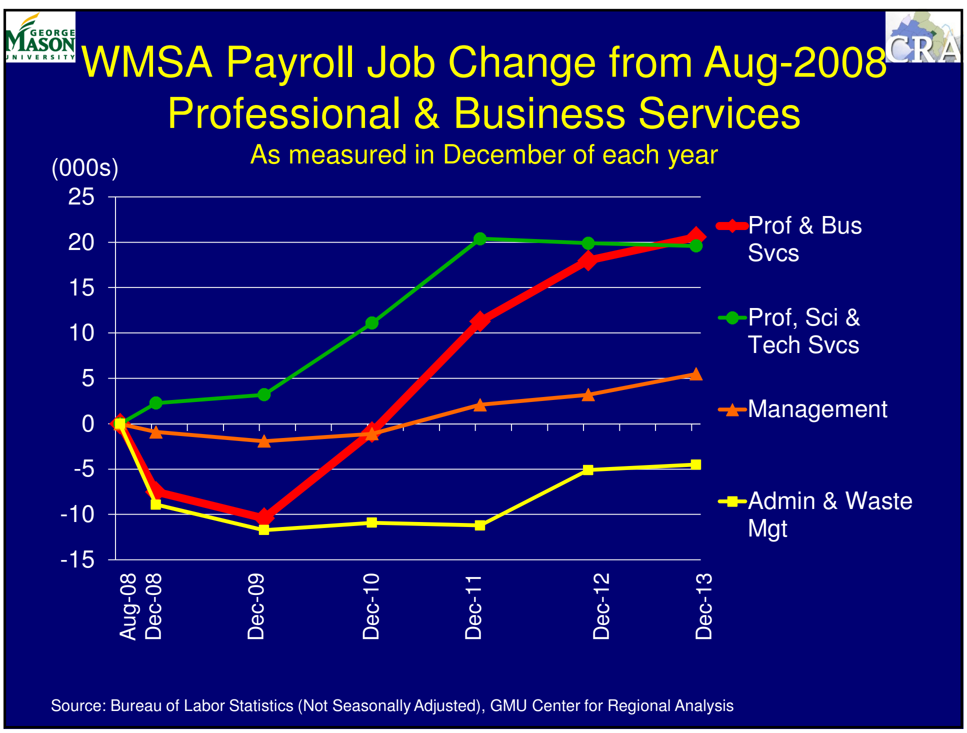


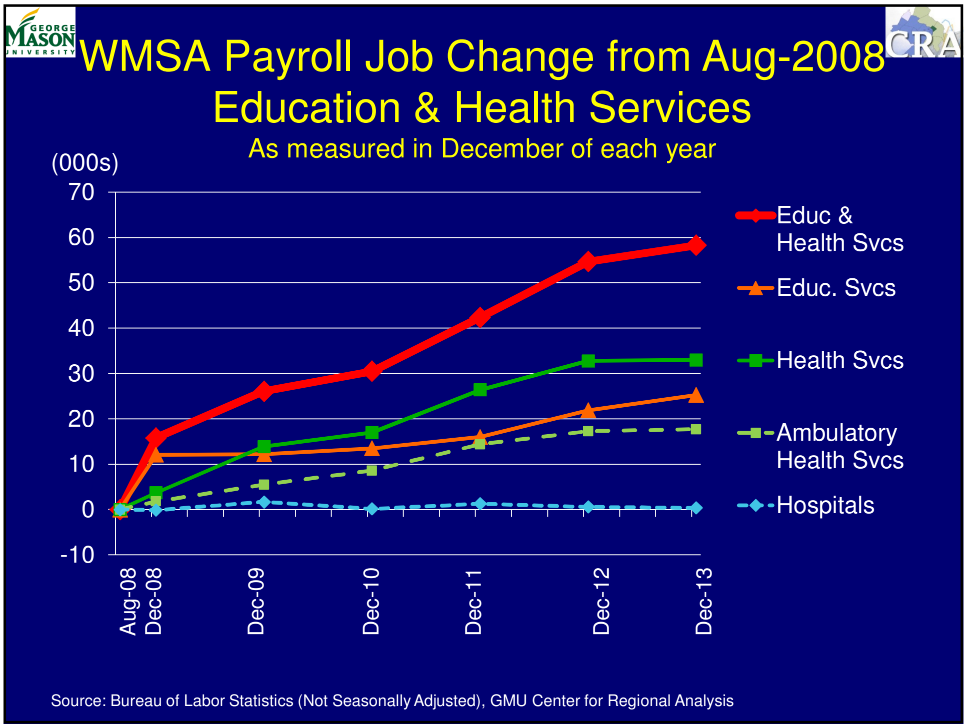
Federal Government
Washington MSA
(000s) Annual Data
Annual Month over Year
2008
2009
2010
2011
2012
2013
2002
2005
Jan
Apr
Jul
Oct
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Dec-13 Total: 367.1



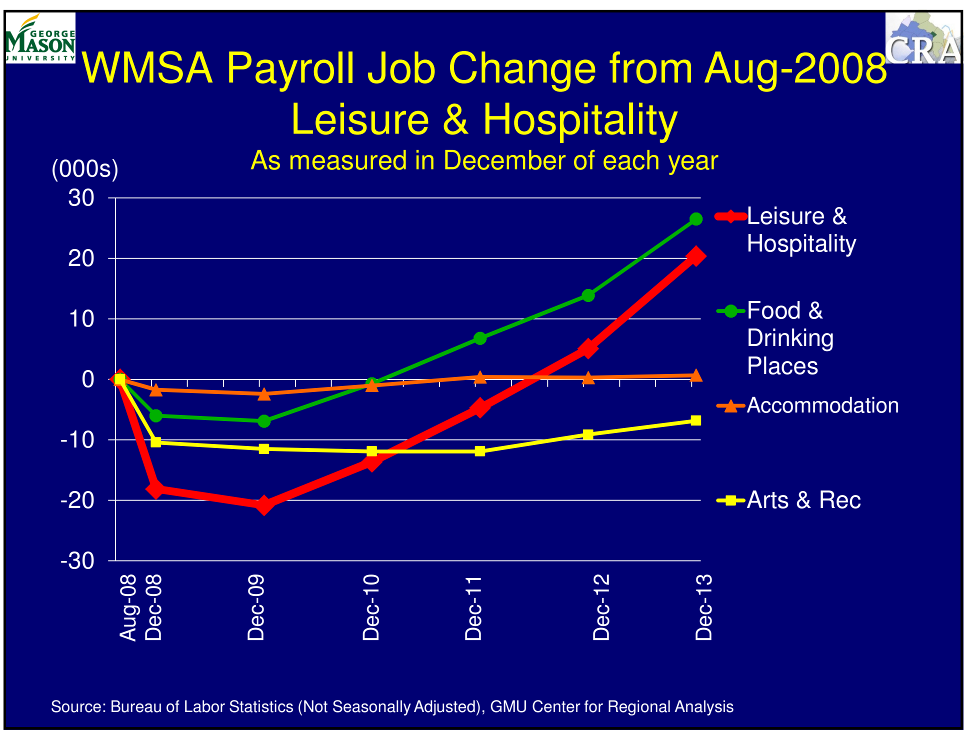
WMSA Payroll Job Change: Private Sector
The Great Recession and Recovery
Aug 2008-Feb 2010
Feb 2010-Dec 2013
Total -178
(000s)
Total 212
Prof. & Bus. Svcs -23 44
Educ & Health Svcs 39
Retail Trade -23 37
Leisure & Hosp. -34 55
Construction -48 13
Other Services -8 7
Financial -10 12
Information -12 0
Manufacturing -10 0
Wlse Trade -7 1
Transp. & Util. -4 4
Feb 10 to Nov 12
Dec 12 to Dec 13
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis


Professional & Business Services
Washington MSA
(000s)
Annual Data
Annual Month over Year
2008
2009
2010
2011
2012
2013
2002
2005
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Dec-13 Total: 708.4

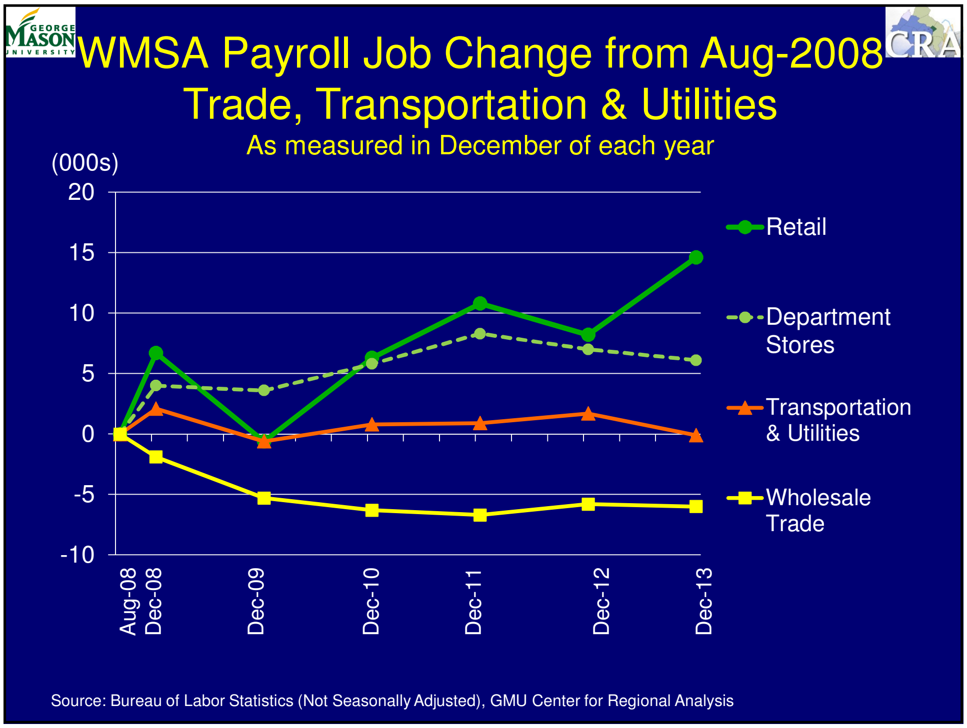

WMSA Payroll Job Change from Aug-2008
Professional & Business Services
As measured in December of each year
(000s)
Prof & Bus Svcs
Prof, Sci & Tech Svcs
Management
Admin & Waste Mgt
Aug-08
Dec-08
Dec-09
Dec-10
Dec-11
Dec-12
Dec-13
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

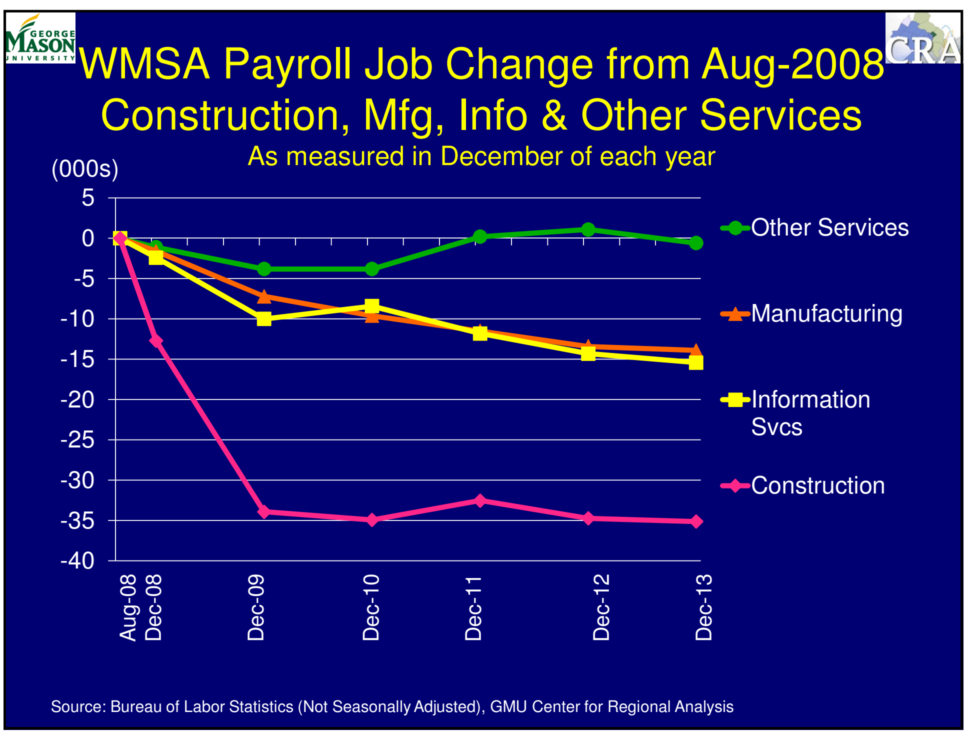


WMSA Payroll Job Change from Aug-2008
Education & Health Services
As measured in December of each year
(000s)
70
60
50
40
30
20
10
0
-10
Aug-08
Dec-08
Dec-09
Dec-10
Dec-11
Dec-12
Dec-13
Educ & Health Svcs
Educ. Svcs
Health Svcs
Ambulatory Health Svcs
Hospitals
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

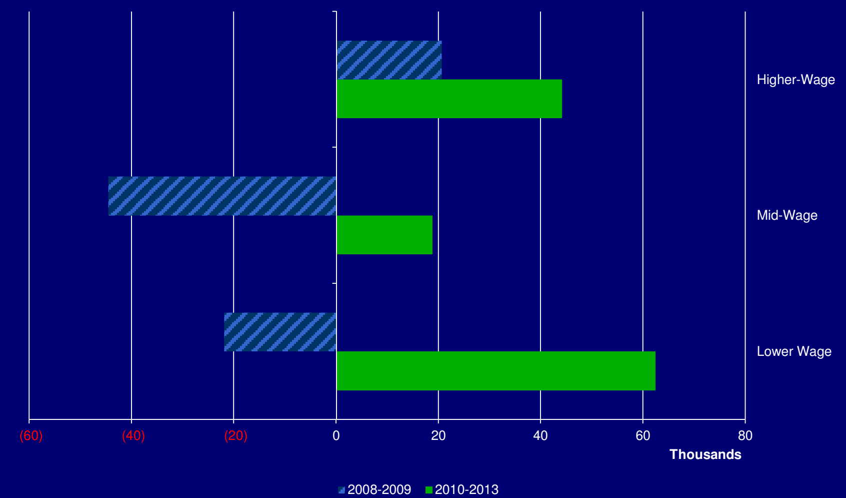


WMSA Payroll Job Change from Aug-2008
Leisure & Hospitality
As measured in December of each year
(000s)
30
20
10
0
-10
-20
-30
Aug-08
Dec-08
Dec-09
Dec-10
Dec-11
Dec-12
Dec-13
Leisure & Hospitality
Food & Drinking Places
Accommodation
Arts & Rec
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis


WMSA Payroll Job Change from Aug-2008
Trade, Transportation & Utilities
As measured in December of each year
(000s)
20
15
10
5
0
-5
-10
Aug-08
Dec-08
Dec-09
Dec-10
Dec-11
Dec-12
Dec-13
Retail
Department Stores
Transportation & Utilities
Wholesale Trade
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis


WMSA Payroll Job Change from Aug-2008
Construction, Mfg, Info & Other Services
As measured in December of each year
(000s)
5
0
-5
-10
-15
-20
-25
-30
-35
-40
Aug-08
Dec-08
Dec-09
Dec-10
Dec-11
Dec-12
Dec-13
Other Services
Manufacturing
Information Svcs
Construction
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

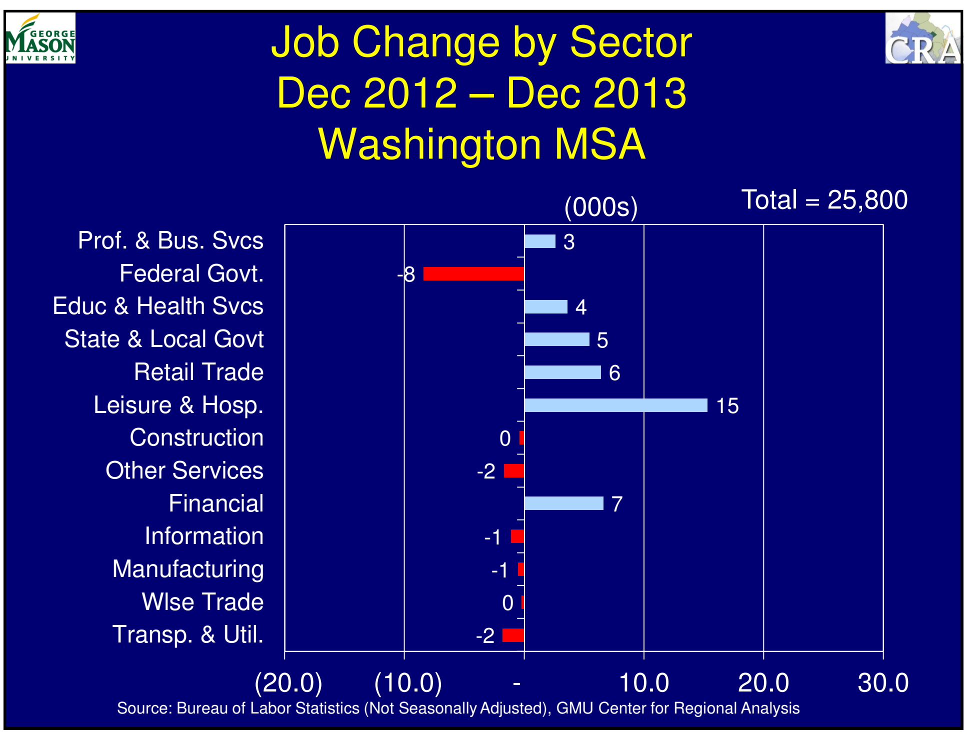
Washington Metropolitan Area Job Change by Wage Category between 2008 to 2013

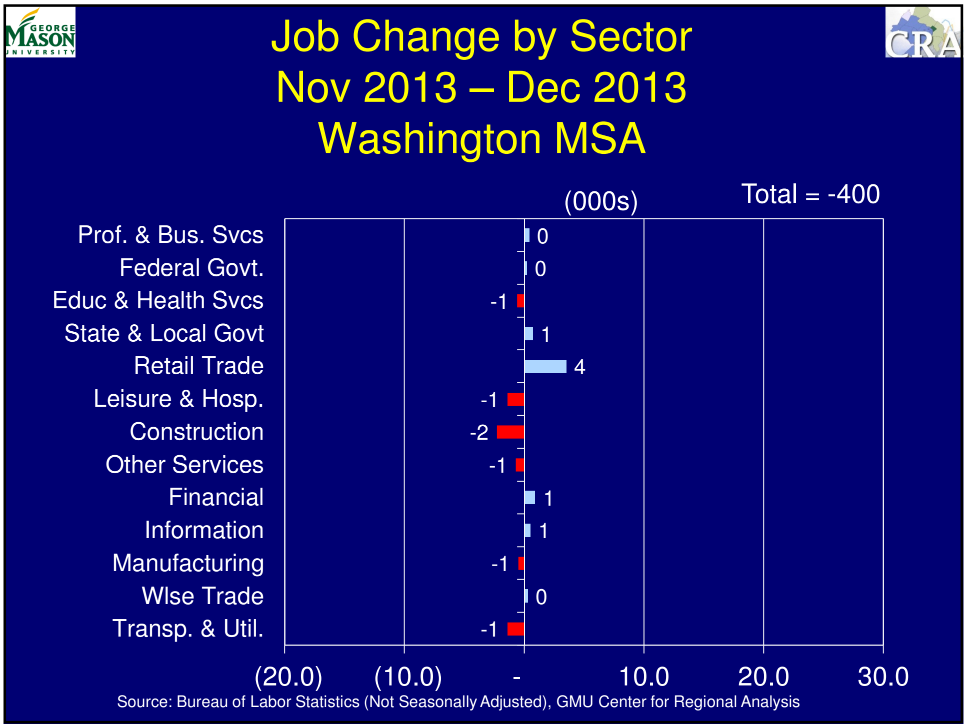


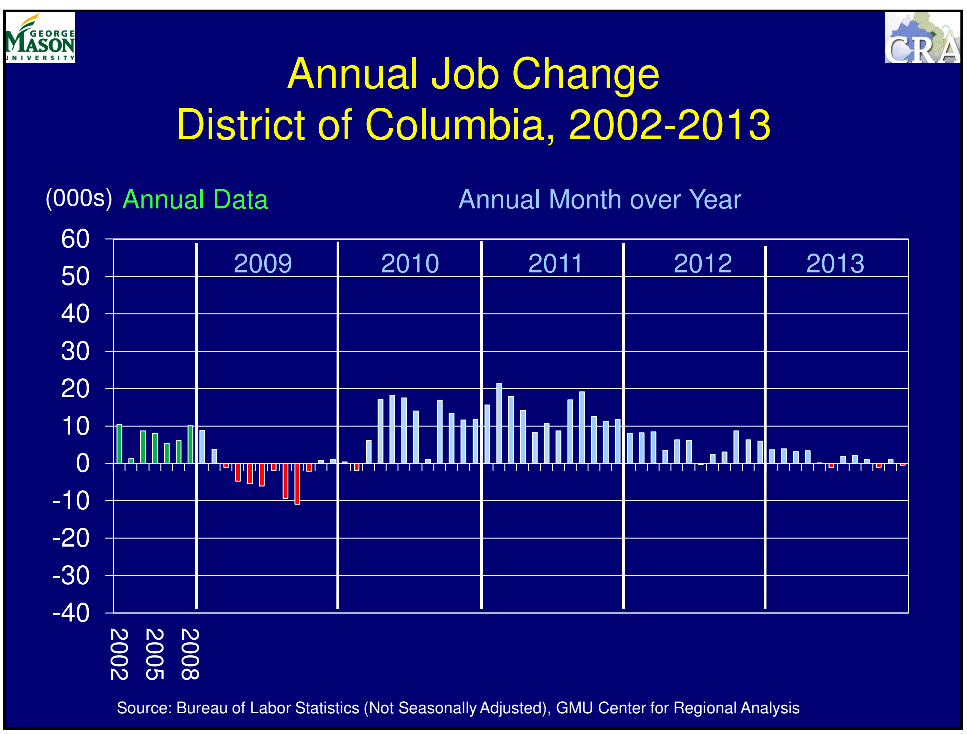
Sources: EMSI 2013.3 & GMU Center for Regional Analysis

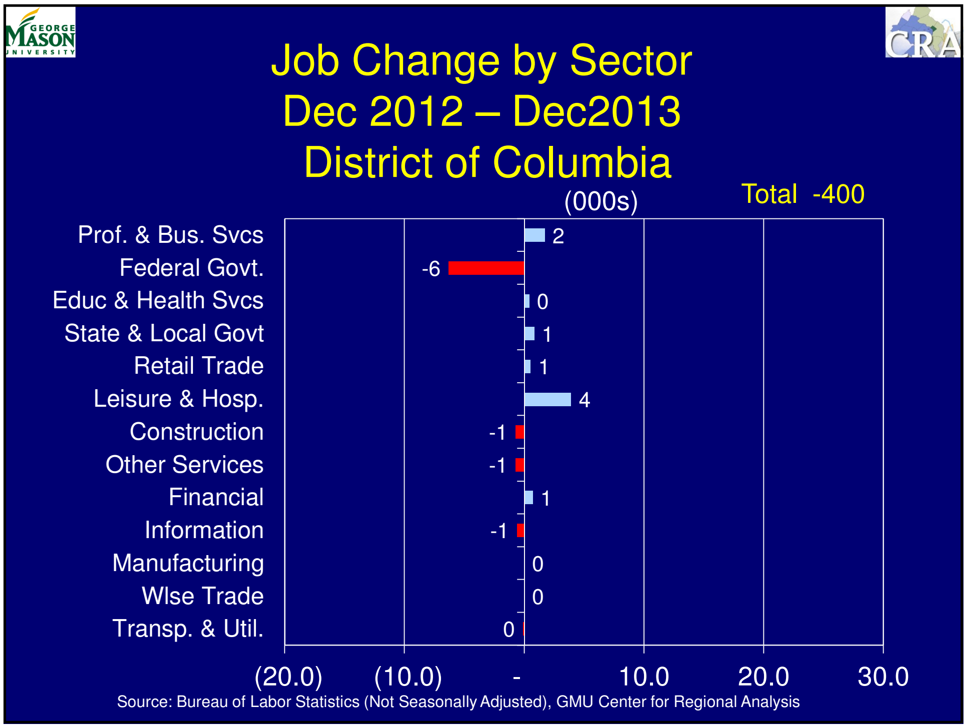
The Washington Economy: 2013 Performance

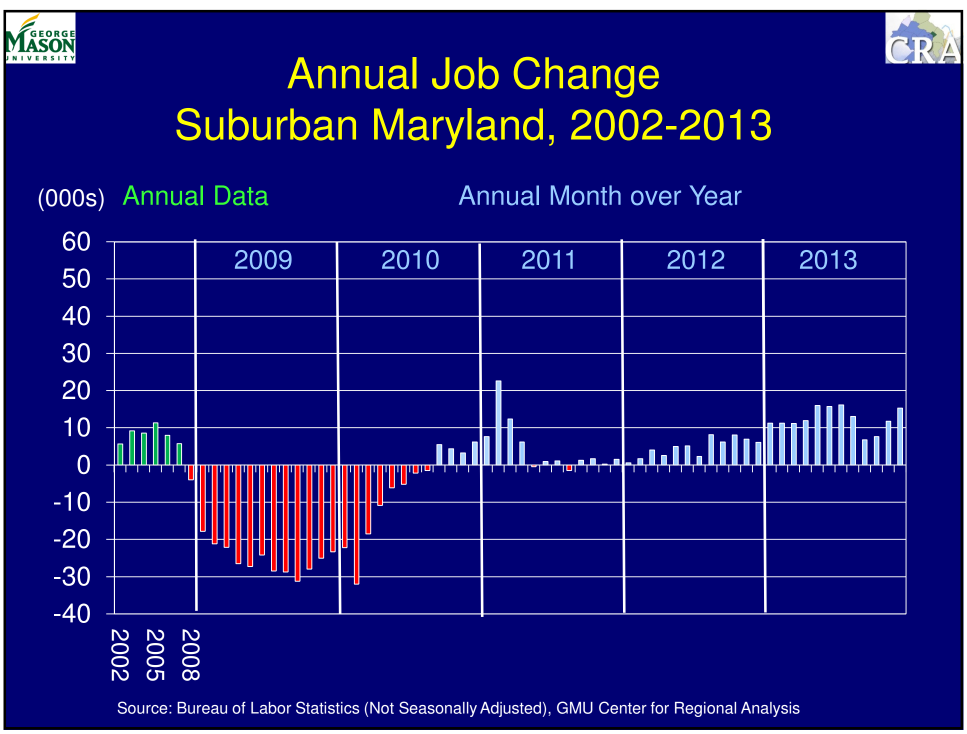

15 Largest Job Markets
Job Change: Dec 2012 – Dec 2013
(000s)
160
140
120
100
80
60
40
20
0
Washington +25,800
New York
Los Angeles
Chicago
Dallas
DC
Houston
Philadelphia
Boston
Atlanta
Miami
SF-Oakland
Detroit
Phoenix
Minneapolis
Seattle
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

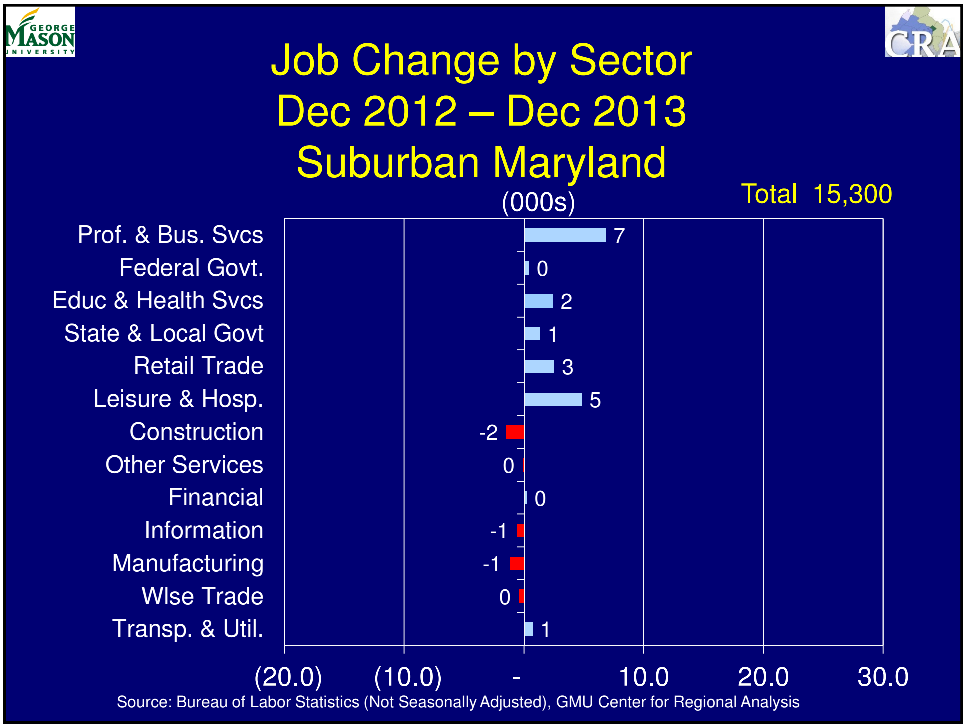

Job Change by Sector
Dec 2012 – Dec 2013
Washington MSA
(000s)
Total = 25,800
Prof. & Bus. Svcs
3
Federal Govt.
-8
Educ & Health Svcs
4
State & Local Govt
5
Retail Trade
6
Leisure & Hosp.
15
Construction
0
Other Services
-2
Financial
7
Information
-1
Manufacturing
-1
Wlse Trade
0
Transp. & Util.
-2
(20.0)
(10.0)
-
10.0
20.0
30.0
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

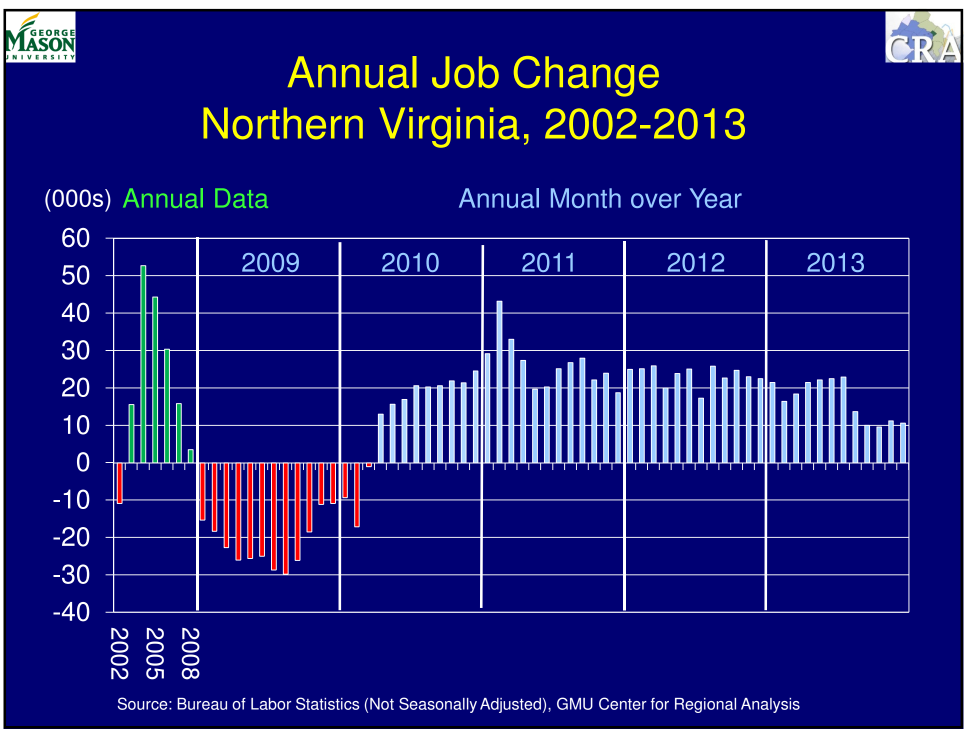

Job Change by Sector
Nov 2013 – Dec 2013
Washington MSA
(000s)
Total = -400
Prof. & Bus. Svcs
Federal Govt.
Educ & Health Svcs
State & Local Govt
Retail Trade
Leisure & Hosp.
Construction
Other Services
Financial
Information
Manufacturing
Wlse Trade
Transp. & Util.
0
0
-1
1
4
-1
-2
-1
1
1
-1
0
-1
(20.0)
(10.0)
-
10.0
20.0
30.0
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis


Annual Job Change
District of Columbia, 2002-2013
(000s)
Annual Data
Annual Month over Year
60
50
40
30
20
10
0
-10
-20
-30
-40
2009
2010
2011
2012
2013
2002
2005
2008
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

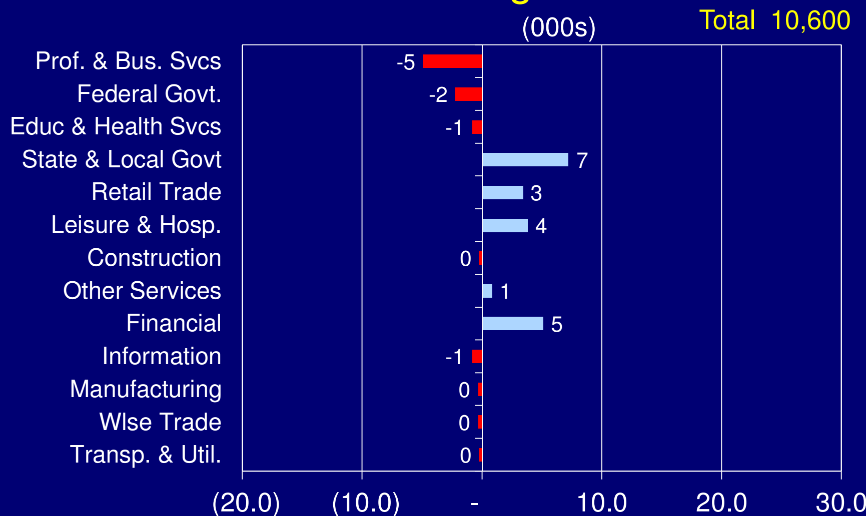

Job Change by Sector
Dec 2012 – Dec2013
District of Columbia
(000s)
Total -400
Prof. & Bus. Svcs 2
Federal Govt. -6
Educ & Health Svcs 0
State & Local Govt 1
Retail Trade 1
Leisure & Hosp. 4
Construction -1
Other Services -1
Financial 1
Information -1
Manufacturing 0
Wlse Trade 0
Transp. & Util. 0
(20.0) (10.0) - 10.0 20.0 30.0
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis


Annual Job Change
Suburban Maryland, 2002-2013
(000s) Annual Data
Annual Month over Year
2009
2010
2011
2012
2013
60 50 40 30 20 10 0 -10 -20 -30 -40
2002 2005 2008
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis


Job Change by Sector
Dec 2012 – Dec 2013
Suburban Maryland
(000s)
Total 15,300
Prof. & Bus. Svcs 7
Federal Govt. 0
Educ & Health Svcs 2
State & Local Govt 1
Retail Trade 3
Leisure & Hosp. 5
Construction -2
Other Services 0
Financial 0
Information -1
Manufacturing -1
Wlse Trade 0
Transp. & Util. 1
(20.0) (10.0) - 10.0 20.0 30.0
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis


Annual Job Change
Northern Virginia, 2002-2013
(000s) Annual Data
Annual Month over Year
60 50 40 30 20 10 0 -10 -20 -30 -40
2009 2010 2011 2012 2013
2002 2005 2008
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

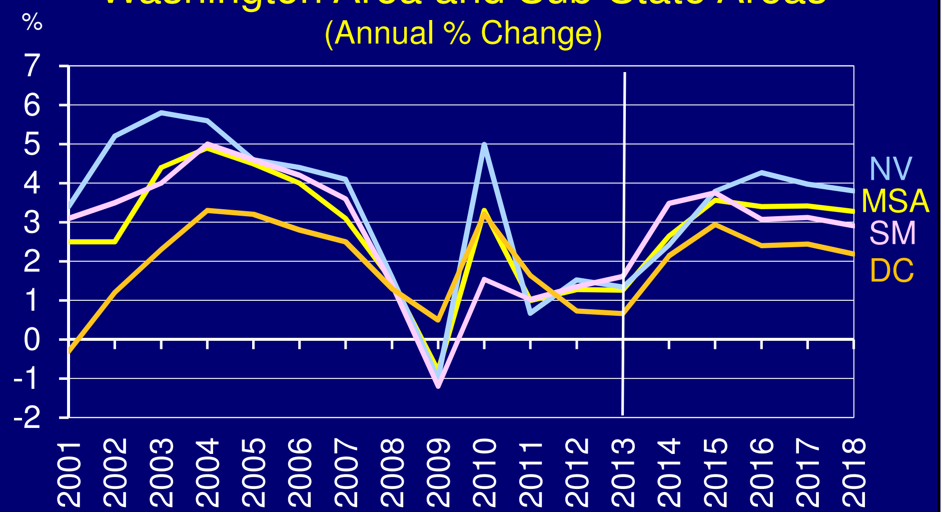
Job Change by Sector
Dec 2012 – Dec 2013
Northern Virginia



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

Economic Outlook for the Washington Metropolitan Area

Economic Outlook (GRP), 2001-2018
Washington Area and Sub-State Areas
(Annual % Change)



Source: GMU Center for Regional Analysis

Washington Metropolitan Area
Gross Regional Product, 2012-2022
(in billions of 2005$s)

Region	2012	Share	2022	Share	% Change
Metro	$386.3	100.0	$513.5	100.0	32.9
District	92.1	23.8	114.5	22.2	23.7
SubMD	110.6	28.6	145.9	28.4	32.0
NoVA	182.5	47.2	251.1	48.9	37.6

Source: IHS Global Insight, GMU Center for Regional Analysis
The Washington metropolitan area includes Jefferson County, WV and is included in the total GRP values.

Principal Sources of Job and GRP Growth in the Washington Area, 2013-2018
(in thousands)

Growth Sectors	Job Change	% of Total Job Change	Average Value Added per Job*
Prof. & Bus. Ser.	144.5	48.8	$158,211
Construction	51.9	17.5	$91,482
Education/Health	35.2	11.9	$59,938
Hospitality Services	27.1	9.1	$43,036
State and Local	19.6	6.6	$60,099
Retail Trade	13.6	4.6	$60,981
Sub-Total	291.9	98.5	$93,347
Overall Total	296.4	100.0	$135,544

Sources: IHS Global Insight; GMU Center for Regional Analysis * in 2005$s

Job and GRP Gains and Losses for the Washington Area's Other Sectors, 2013-2018
(in thousands)

	Job Change	% of Total Job Change	Average Value Added per Job
Federal Gov't	- 22.8	- 7.7	$141,894
Other Services	2.1	0.7	$102,734
Financial Services	- 1.3	- 0.4	$591,253
Information Services	6.3	2.1	$549,993
Manufacturing	1.5	0.5	$103,723
Transportation	9.3	3.1	$133,796
Wholesale Trade	7.3	2.5	$193,924
Sub-Totals	4.5	1.5	$220,696
Overall Total	296.4	100.0	$135,544

Sources: IHS Global Insight; GMU Center for Regional Analysis

The Washington Area's Changing Workforce: Net New and Replacement Jobs

Washington Metropolitan Area Change in Jobs, Summary 2012 - 2017 - 2022

Year	Total Jobs	Net New (% Change)	Replacement (% Change)	Openings (% Change)
2012	3,927,775			
2012 - 2017	4,291,969	364,194	477,530	841,724
		9.3%	12.2%	21.4%
2017 - 2022	4,575,445	283,476	455,621	739,097
		6.6%	10.6%	17.2%

Sources: EMSI Complete Employment - 2013.2, GMU Center for Regional Analysis

Washington Metropolitan Area
Change in All Jobs, 2012 – 2017

Occupation 2-Digit SOC	Net New	Replacements
Business & Financial	48,004	56,573
Sales & Related	35,443	65,728
Healthcare (All)	32,685	22,380
Office & Admin Support	28,515	56,573
Educ., Training & Library	27,129	22,200
Computer & Mathematical	26,853	22,093
Personal Care & Service	26,304	19,325
Food Prep & Serving	24,115	44,496
Management Occupations	21,860	37,380
Building & Grounds Maint.	20,254	15,076
All Others	73,032	115,706
Totals, All	364,194	477,530

Sources: EMSI Total Employment - 2013.2, GMU Center for Regional Analysis

Population Change in the Washington Metropolitan Area , 2012-2017

(in thousands)

Age Cohorts	2012	2017	Change	%
Under 24 yrs	1,894.0	2,057.7	163.7	8.6
24-64 years	3,301.0	3,566.6	265.6	8.0
65 yrs % over	622.0	942.4	320.4	51.1
Totals	5,817.0	6,566.7	747.7	12.9

Source: IHS Global Insight, GMU Center for Regional Analysis

Housing the Region's Future Workforce: Changing Tenure Patterns and Housing Affordability

Housing Demand by Sub-state Area, 2012 – 2032

	By Work Location	By Current Commute Patterns
D.C.	105,240	41,804
Sub. MD	160,815	184,760
No. VA	279,004	263,119
Outside Region	0	56,599
REGION	548,298	491,698

Source: 2009-2011 ACS, IHS Global Insight, MWCOG, BLS, GMU Center for Regional Analysis.

Demand by Housing Type and Sub-state Region, 2012-2032

Comparing Current and Forecasted Units

	Current		Forecast	
	SF	MF	SF	MF
D.C.	38%	62%	36%	64%
Sub. MD	71%	29%	66%	34%
No. VA	71%	29%	71%	29%
REGION	67%	33%	63%	37%

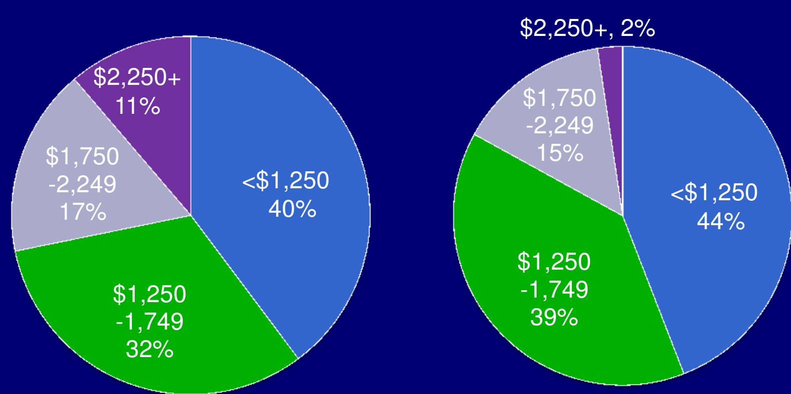
Note: Assumes all workers housed in the jurisdiction in which they work
Numbers may not add up due to rounding

Source: 2009-2011 ACS, IHS Global Insight, MWCOG, BLS, GMU Center for Regional Analysis.

Comparing Rents of Current and Forecasted Units, 2012-2032 Renter-Occupied, WMSA

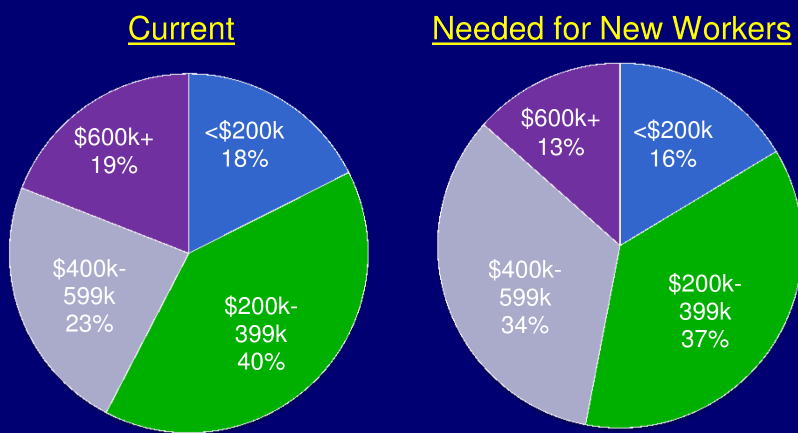
Current

Needed for New Workers



Note: Numbers may not add up due to rounding
Source: 2009-2011 ACS, IHS Global Insight, MWCOG, BLS, GMU Center for Regional Analysis.

Comparing Prices of Current and Forecasted Units, 2012-2032 Owner-Occupied, WMSA



Note: Numbers may not add up due to rounding
Source: MRIS, 2009-2011 ACS, IHS Global Insight, MWCOG, BLS, GMU Center for Regional Analysis.

Summary of Economic Challenges Facing the Washington Area

- The Washington metropolitan area economy has undergone a significant structural shift as a result of the Great Recession; changing federal spending patterns have extended this structural shift and will shape the economy's future growth potential.
- Federal spending will no longer drive the region's economic growth; but, professional and business services will continue as the major source of growth.
- The region's economy is currently lagging the national growth rate and the rates of its peers.

- Demand for workers to fill new and replacement jobs will substantially exceed the supply of available workers in every major occupational category.
- In order to sustain a competitive economy, local jurisdictions will need to increase their investments in education and skills training at all levels.
- The next five years will be the a critical development period as the region's public and private investment decisions during this period will determine its competitive position going forward.

- Housing affordability and changing tenure patterns are compounding the area's housing shortage and undermining the region's ability to meet its future workforce requirements.
- There are shortages of housing in all jurisdictions to meet the requirements of the future workforce.

Key Questions for Discussion

- How can the Washington region diversify its economy and achieve its potential as a global business center?
- Where are the workers needed to fill the region's net new and replacement jobs going to come from and where are they going to live?
- As housing has become the key development constraint to achieving the region's economic growth potential, what can local jurisdictions do to shape their future housing inventory to meet the requirements of their future workforce?

Thank You

And Now Our Panel Moderated by Bob Buchanan from the 2030 Group