



TD Bank

The Washington Region's Economy: Trends and outlook

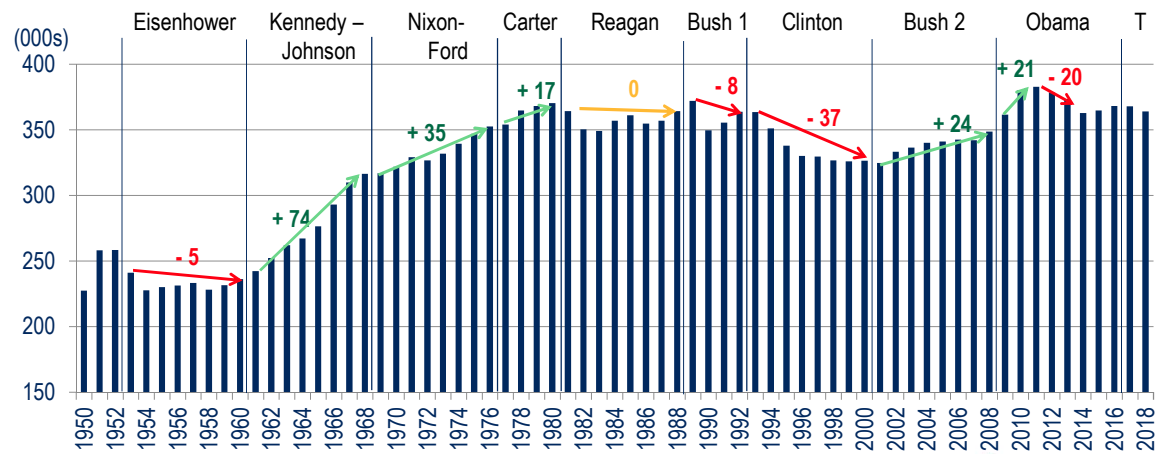
Jeannette Chapman
Deputy Director and Senior Research Associate
The Stephen S. Fuller Institute
Schar School of Policy and Government
George Mason University



August 14, 2019

Overview of Drivers of Economic Growth in the Washington Region

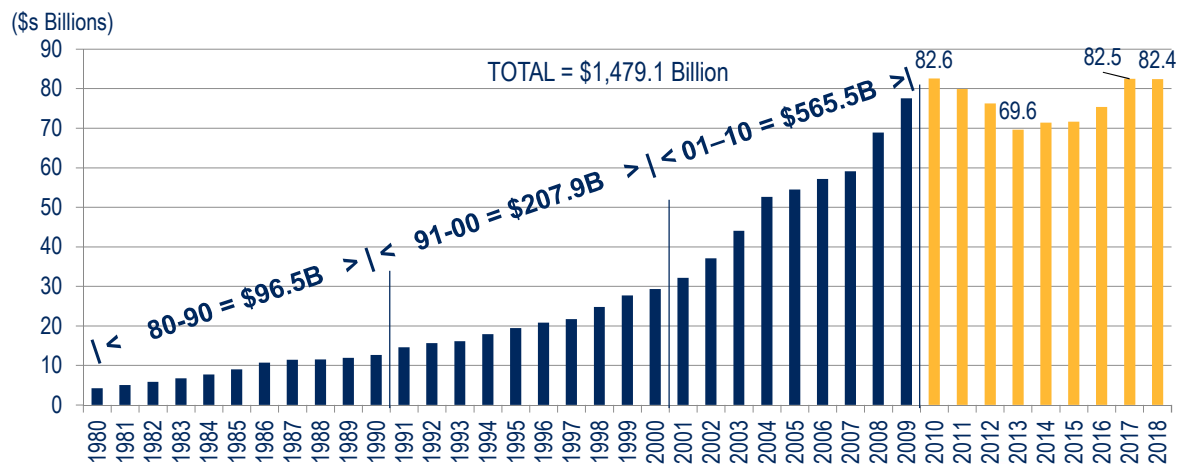
Federal Employment in the Washington Region, 1950-2018



Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School



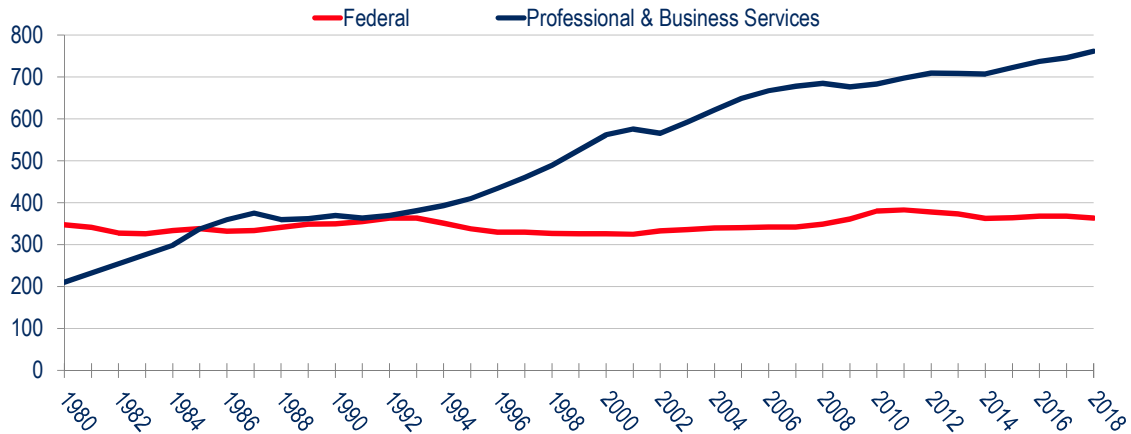
Federal Procurement in the Washington Region, 1980-2018



Source: US Census, Consolidated Federal Funds Report and USAspending.gov, The Stephen S. Fuller Institute at the Schar School, GMU



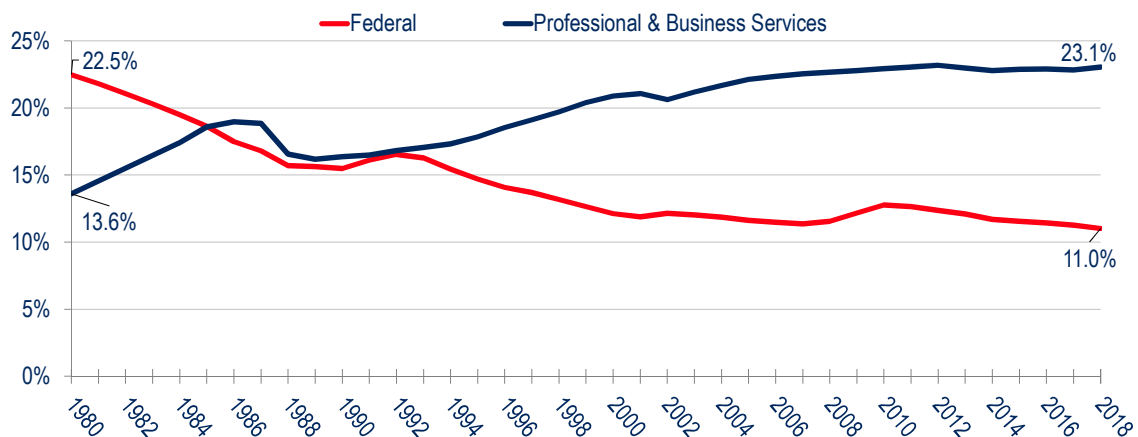
Federal and Professional & Business Services Jobs Washington Region, 1980 – 2018 (in 000s)



Sources: The Stephen S. Fuller Institute at the Schar School, GMU



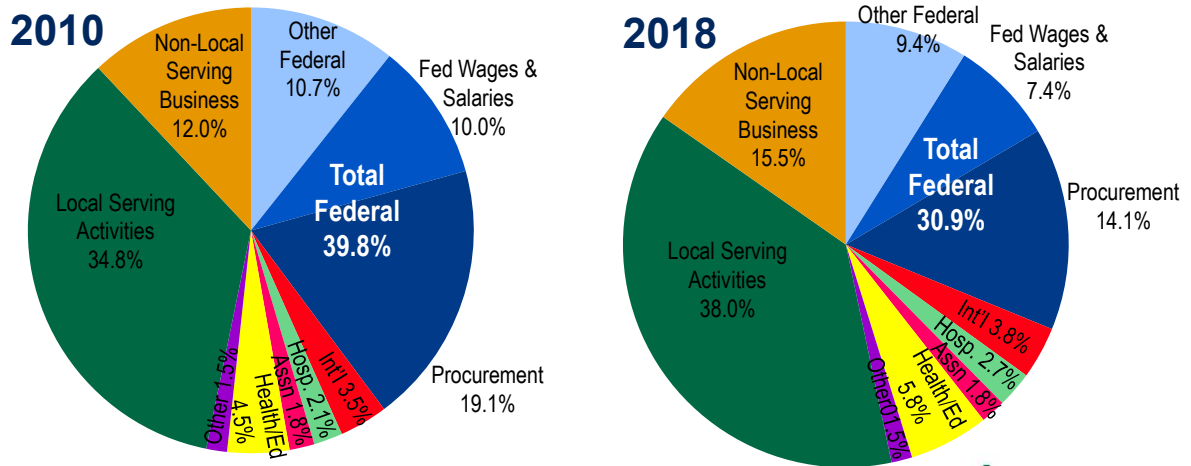
Federal and Professional & Business Services Jobs as a % of Total, Washington Region, 1980 – 2018



Sources: The Stephen S. Fuller Institute at the Schar School, GMU



The Changing Structure of the Washington Region Economy

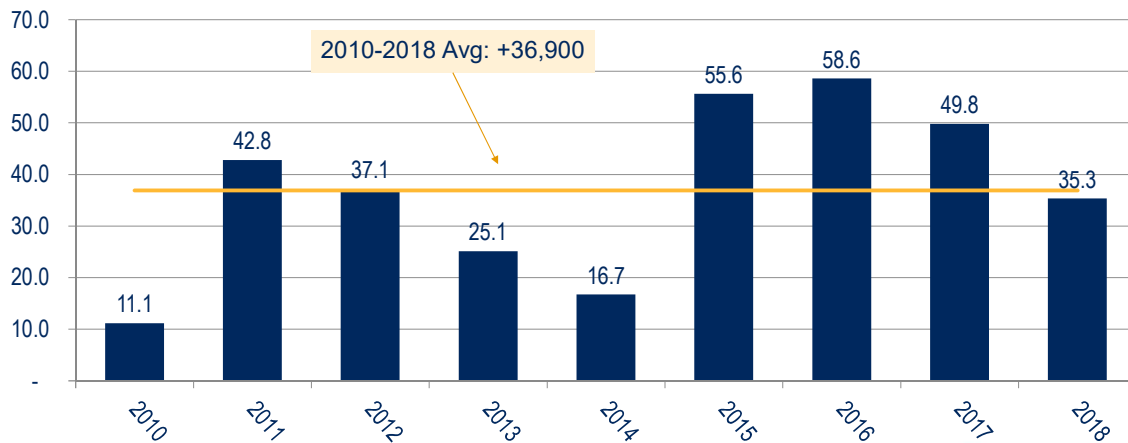


Source: The Stephen S. Fuller Institute at the Schar School, GMU; Forecast January 2019



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Job Change in the Washington Region 2010 – 2018 (in thousands)

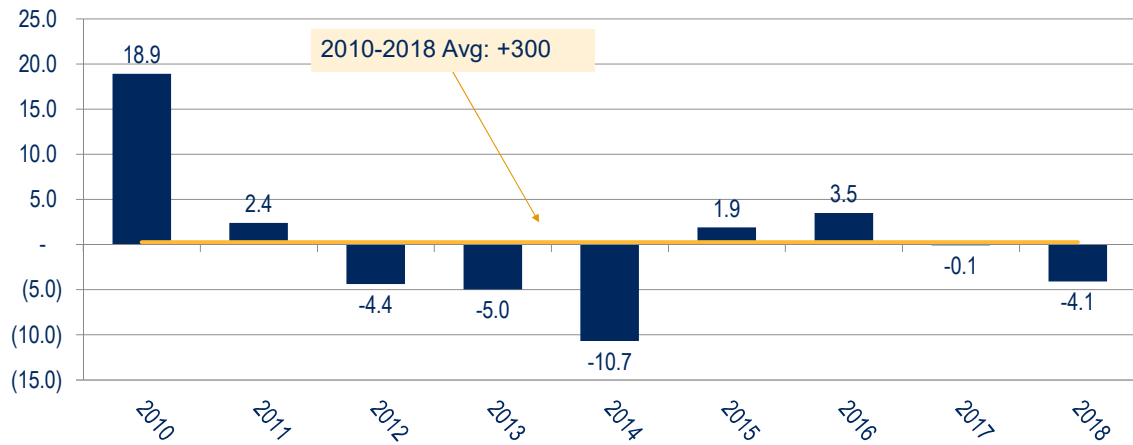


Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU
*Preliminary



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Federal Job Change in the Washington Region 2010 – 2018 (in thousands)

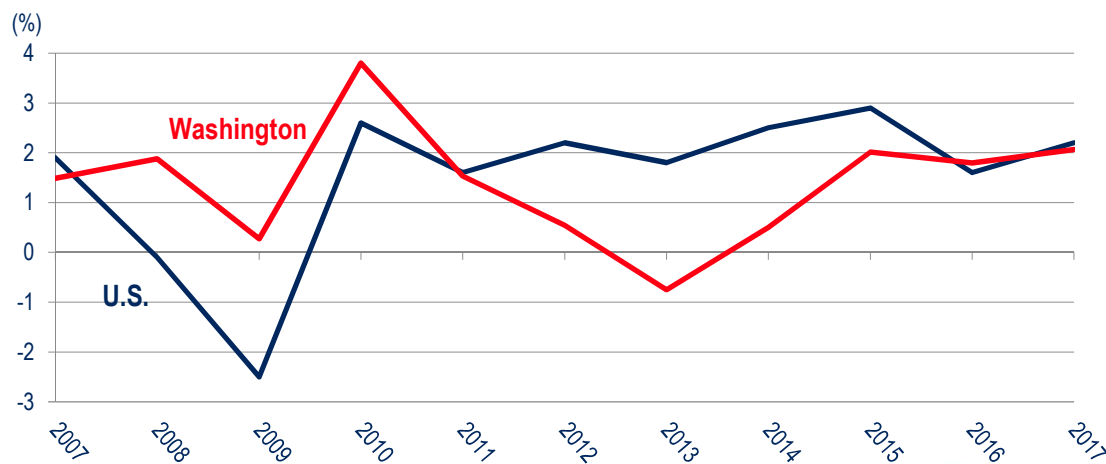


Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU
*Preliminary



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U.S. GDP and Washington MSA GRP 2007 – 2017 (Annual % Change)

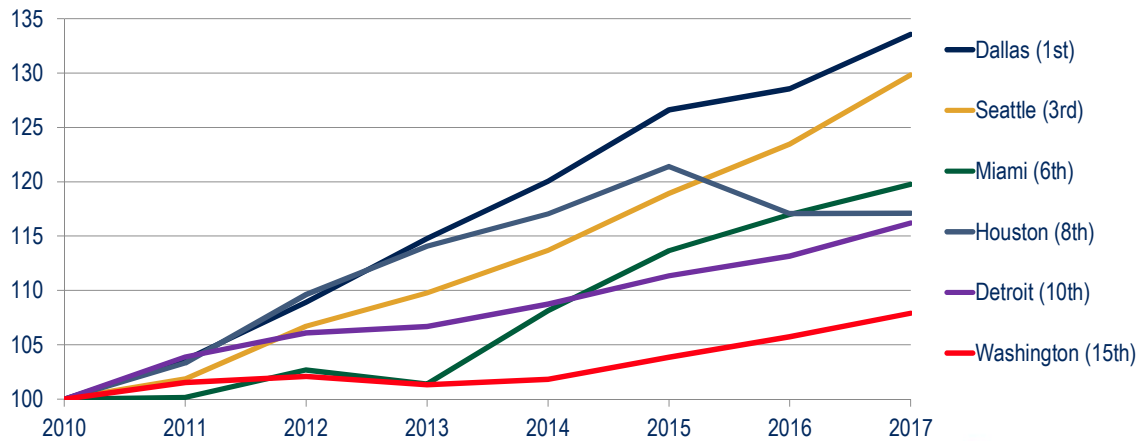


Sources: U.S. Bureau of Economic Analysis; The Stephen S. Fuller Institute at the Schar School, GMU



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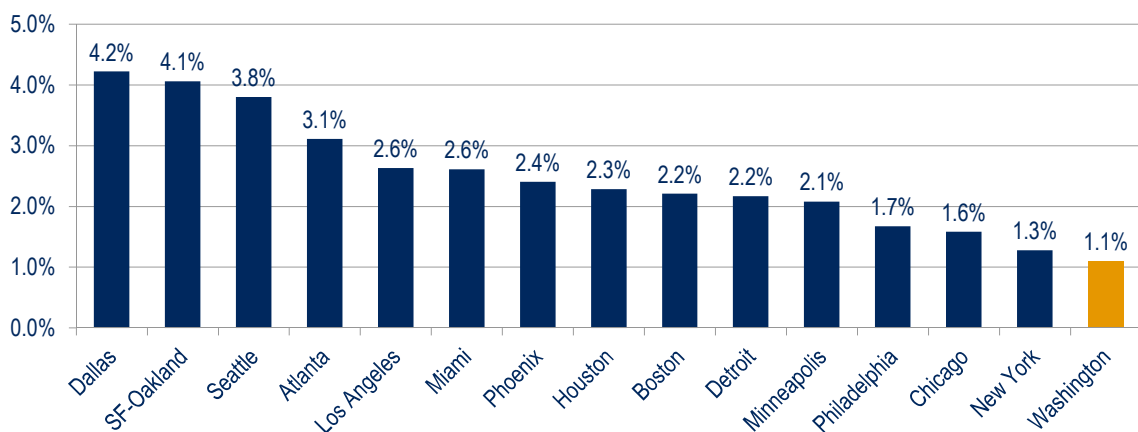
GRP Growth in Washington and Peer Metros 2010 – 2017 (100 = 2010)



Sources: U.S. Bureau of Economic Analysis, The Stephen S. Fuller Institute at the Schar School, GMU



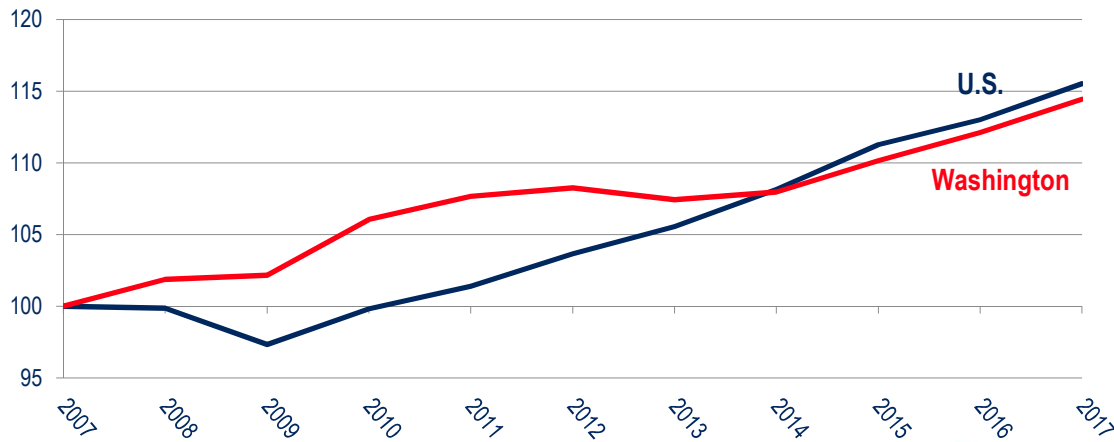
Average Annual GRP Change in the Largest Metros 2010-2017 (inflation-adjusted)



Sources: U.S. Bureau of Economic Analysis, The Stephen S. Fuller Institute at the Schar School, GMU



U.S. GDP & Washington MSA GRP: 2007-2017 (100 = 2007, adjusted for inflation)

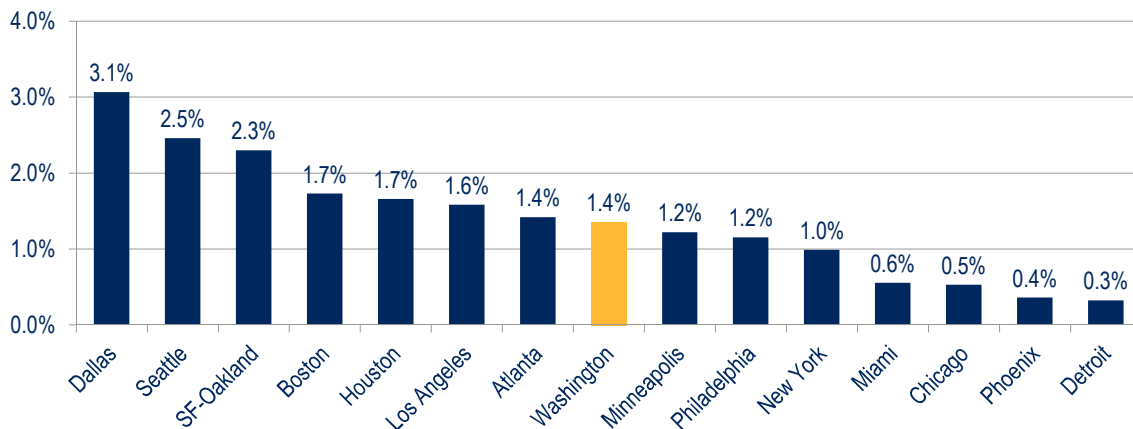


Sources: U.S. Bureau of Economic Analysis; The Stephen S. Fuller Institute at the Schar School, GMU



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Average Annual GRP Change in the Largest Metros 2007-2017 (inflation-adjusted)



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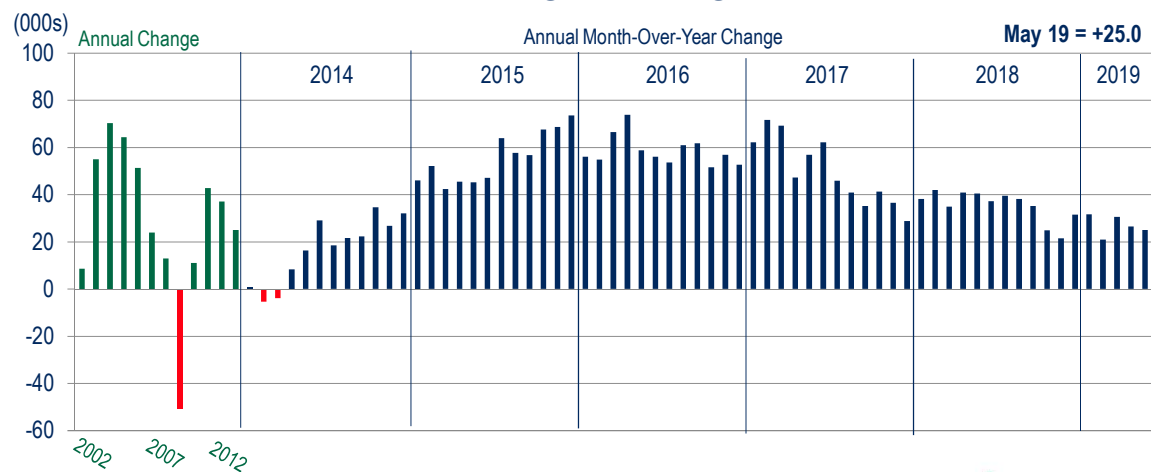


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Recent Economic Trends

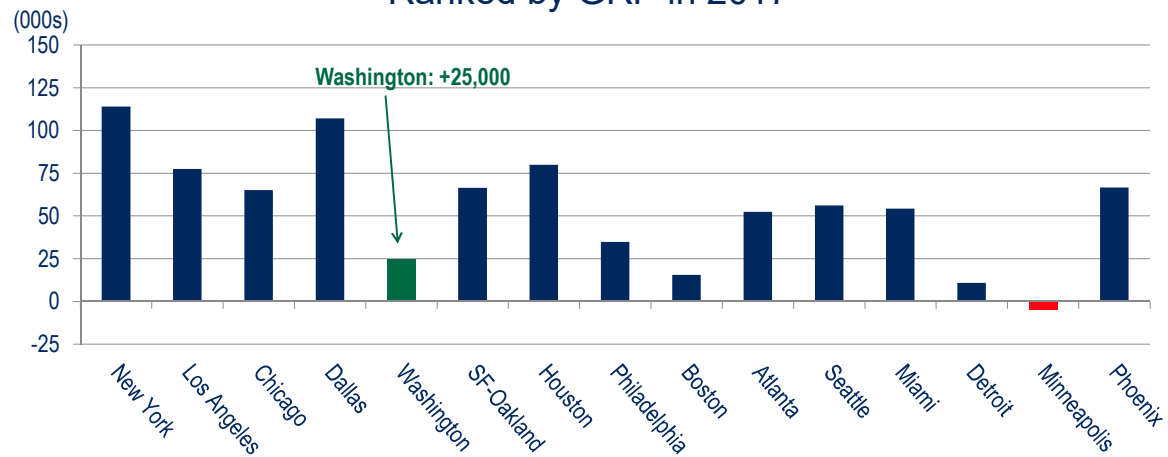


Annual Job Change, 2002-2019 Washington Region



15 Largest U.S. Job Markets

Job Change: May 2018 – May 2019
Ranked by GRP in 2017

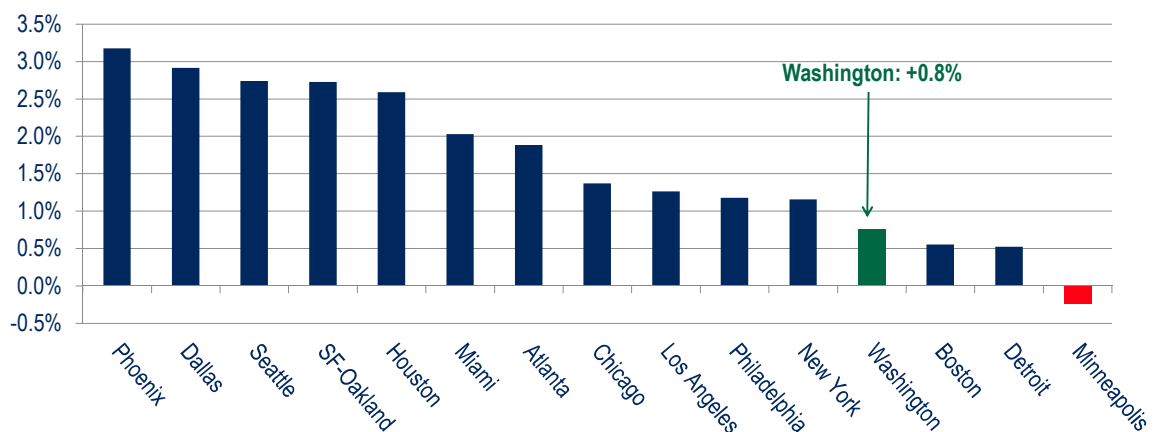


Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU



15 Largest U.S. Job Markets

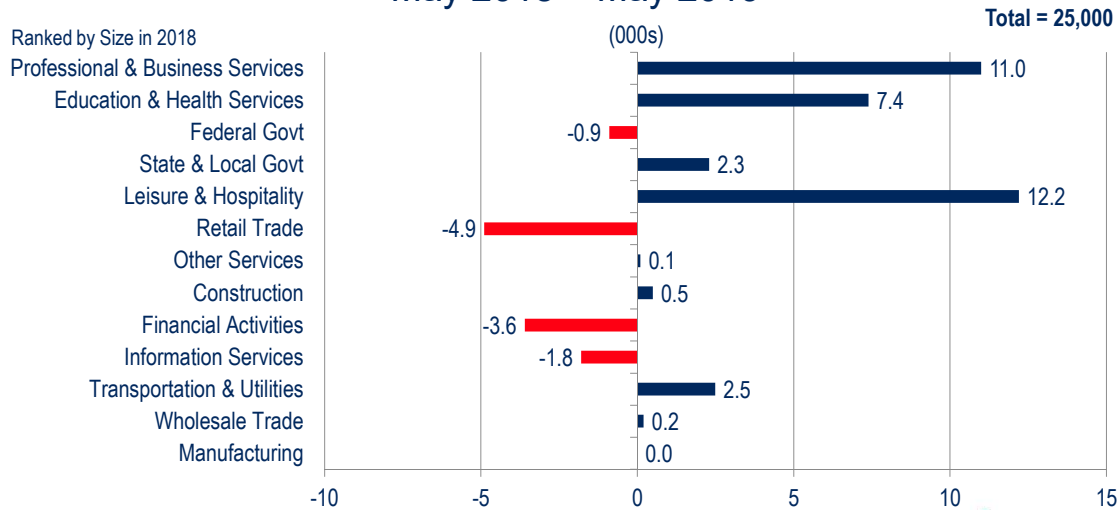
Job Change: May 2018 – May 2019



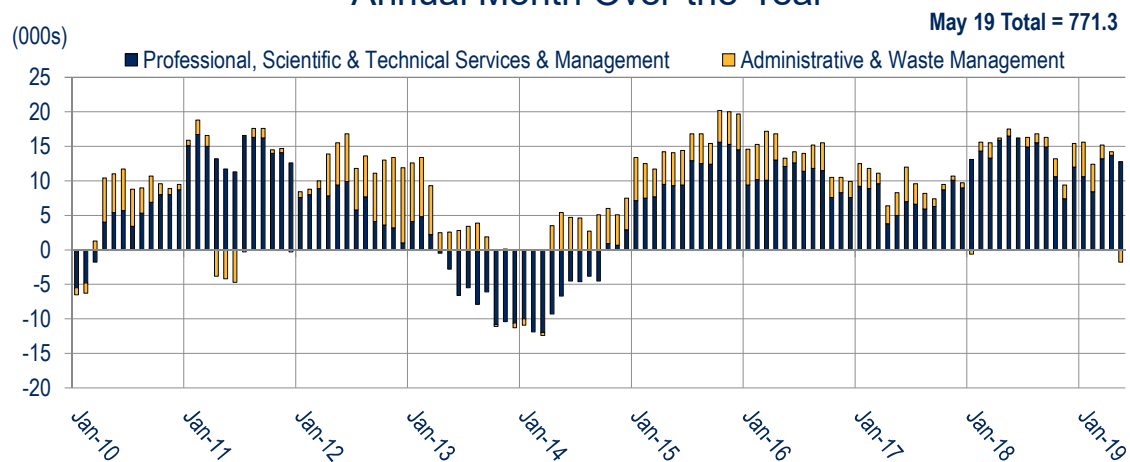
Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU



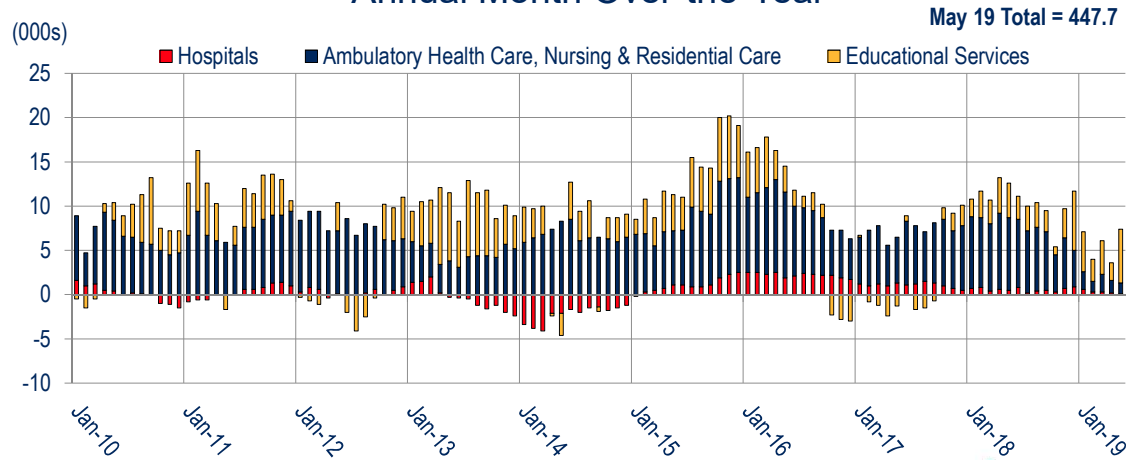
Washington MSA Job Change by Sector May 2018 – May 2019



Professional and Business Services Jobs Washington MSA Annual Month Over-the-Year

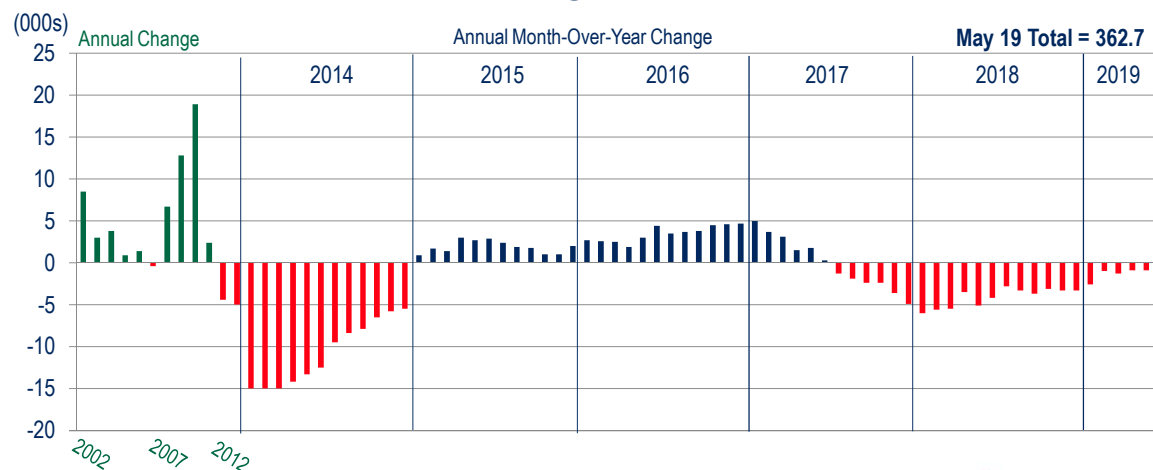


Education and Health Services Jobs Washington MSA Annual Month Over-the-Year



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Federal Government Jobs Washington MSA

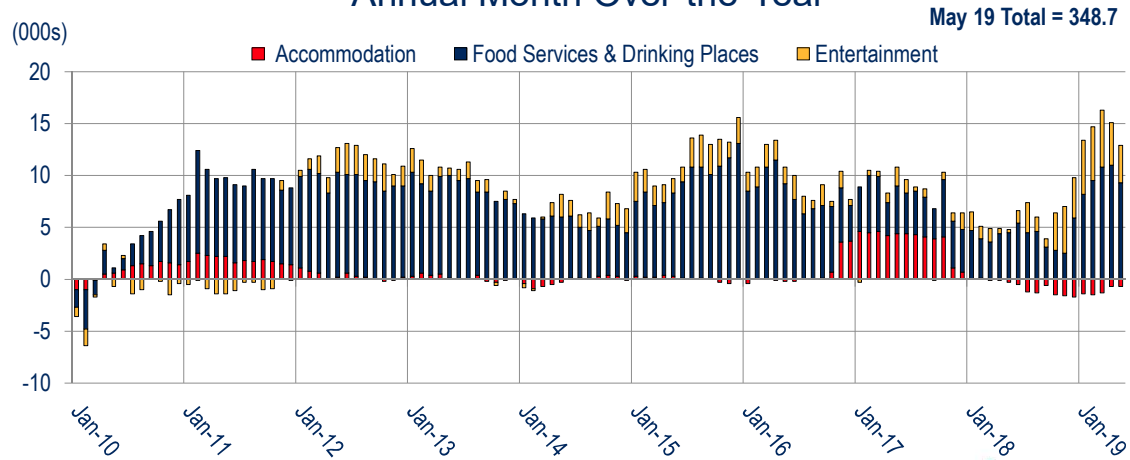


Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU



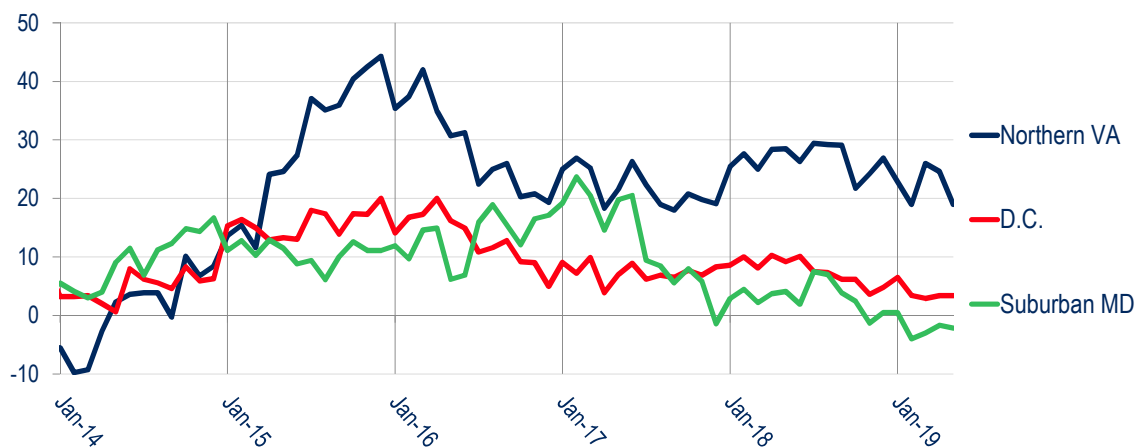
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Leisure and Hospitality Services Jobs Washington MSA Annual Month Over-the-Year



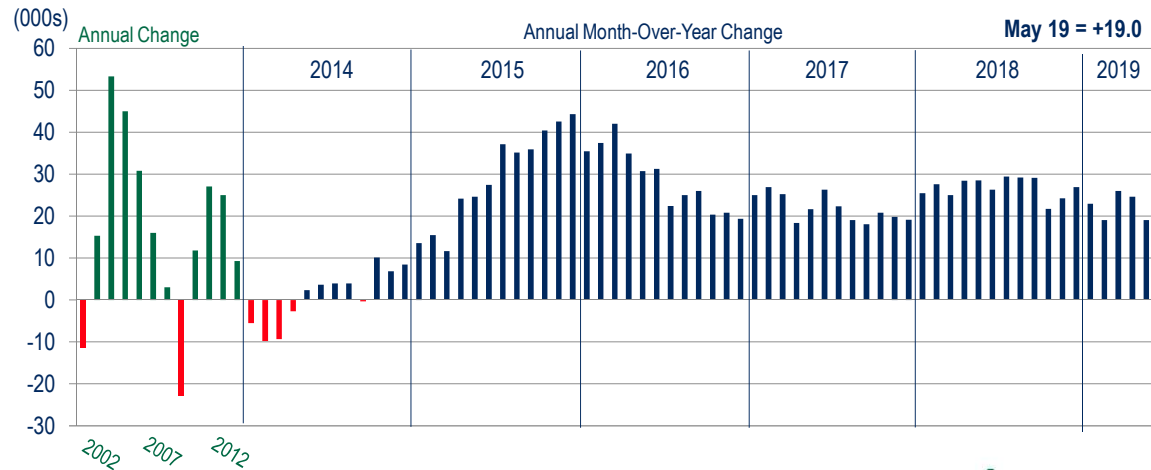
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Change in Jobs By Sub-State Area Monthly Over-the-Year Change (in 000s)

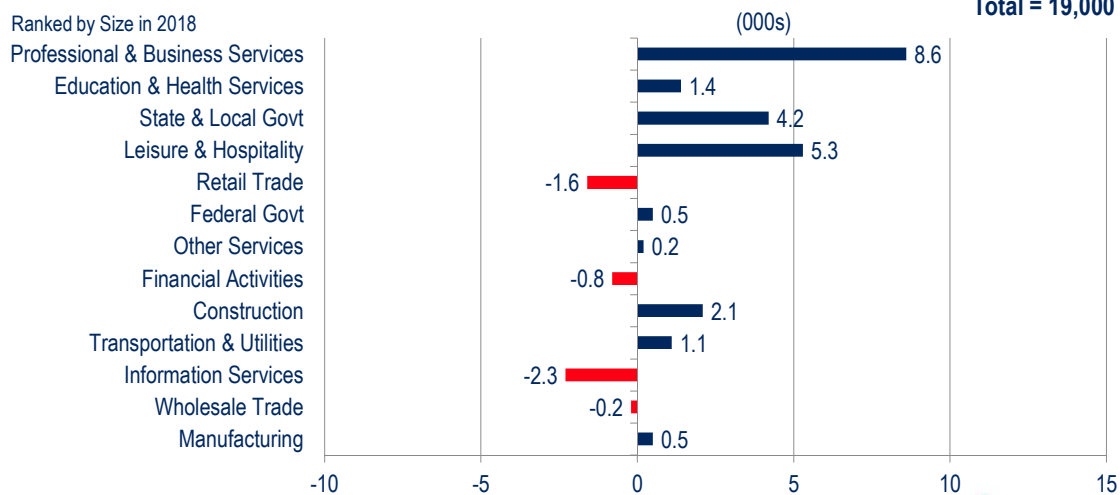


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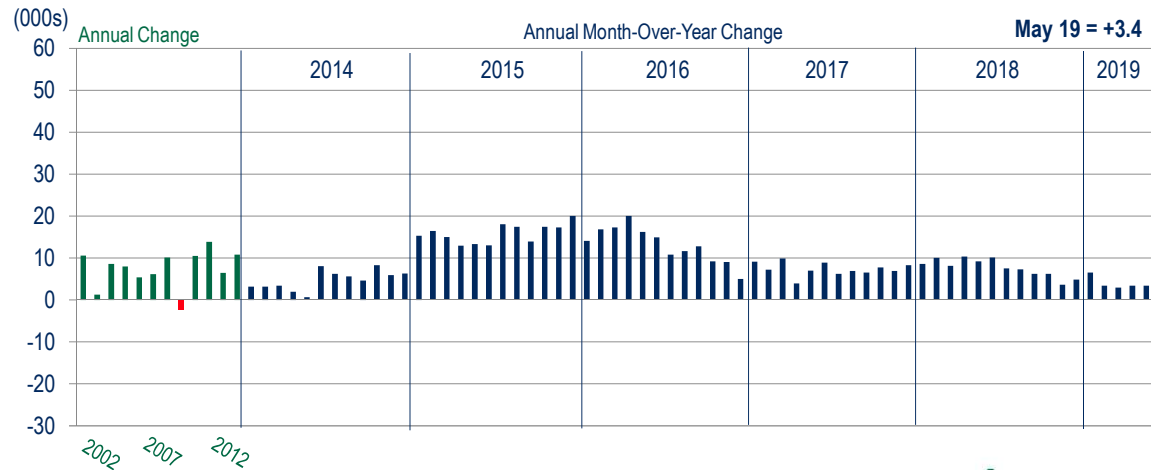
Northern Virginia Annual Job Change, 2002-2019



Northern Virginia Job Change by Sector January 2018 – January 2019



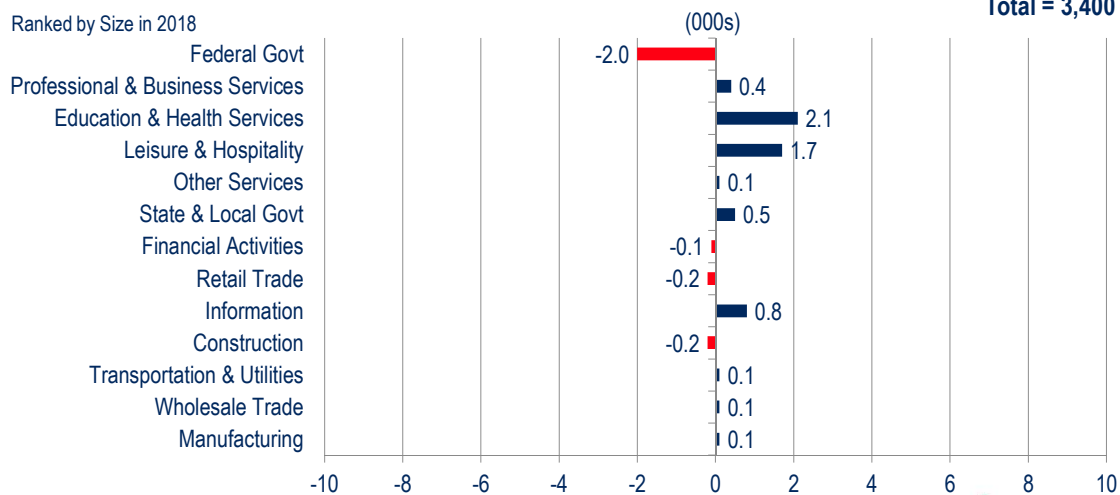
District of Columbia Annual Job Change, 2002-2019



Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU



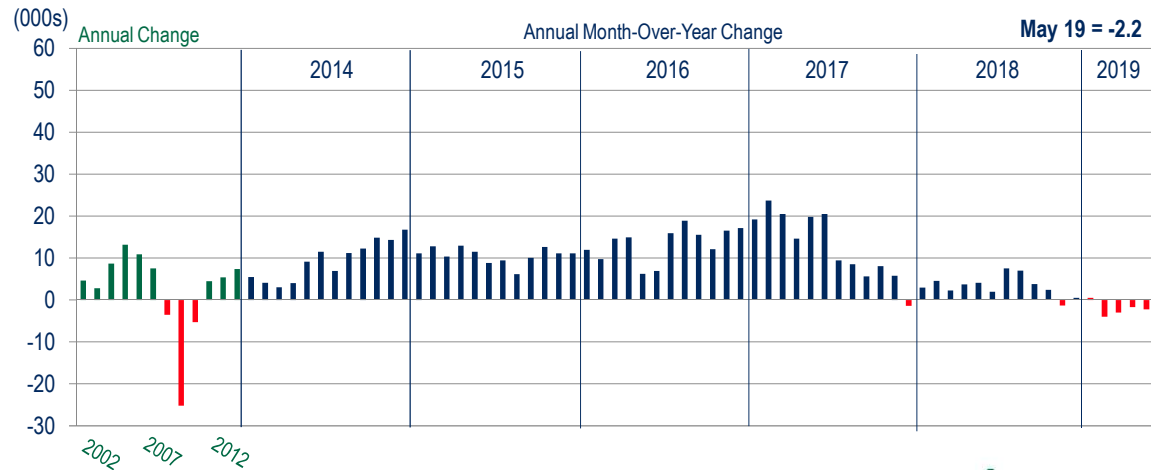
District of Columbia Job Change by Sector May 2018 – May 2019



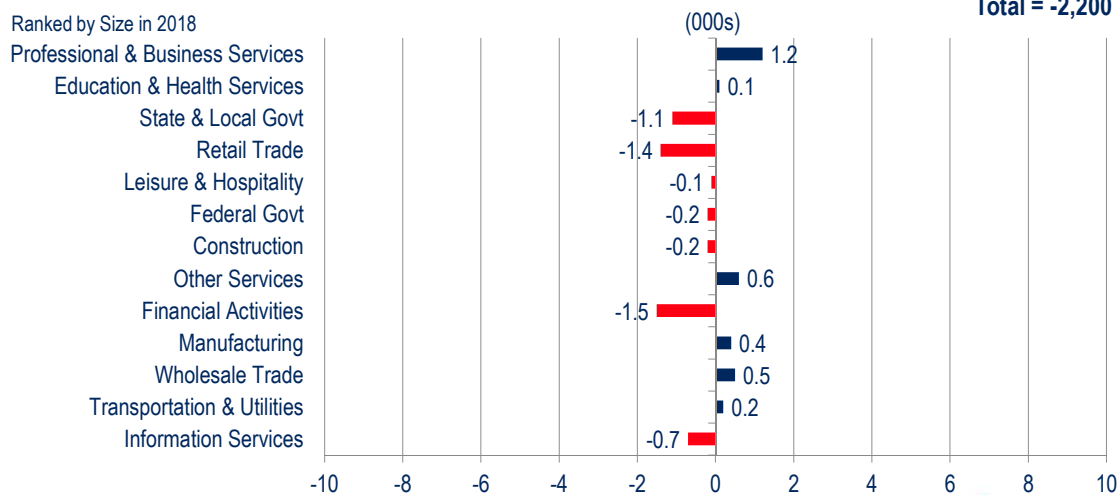
Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU



Suburban Maryland Annual Job Change, 2002-2019



Suburban Maryland Job Change by Sector May 2018 – May 2019



Future of Economic Growth in the Washington Region:

Current Trends & Near-Term Forecast

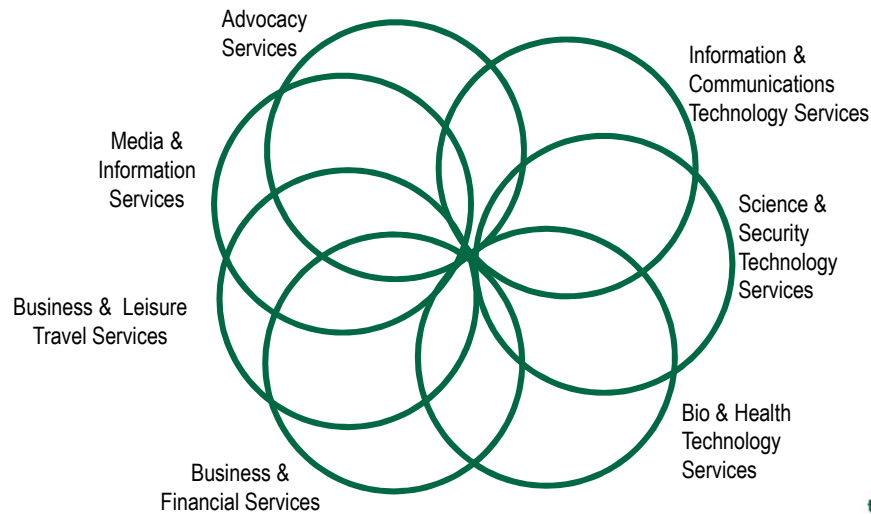


The Roadmap for the Washington Region's Future Economy: Roadmap Objectives

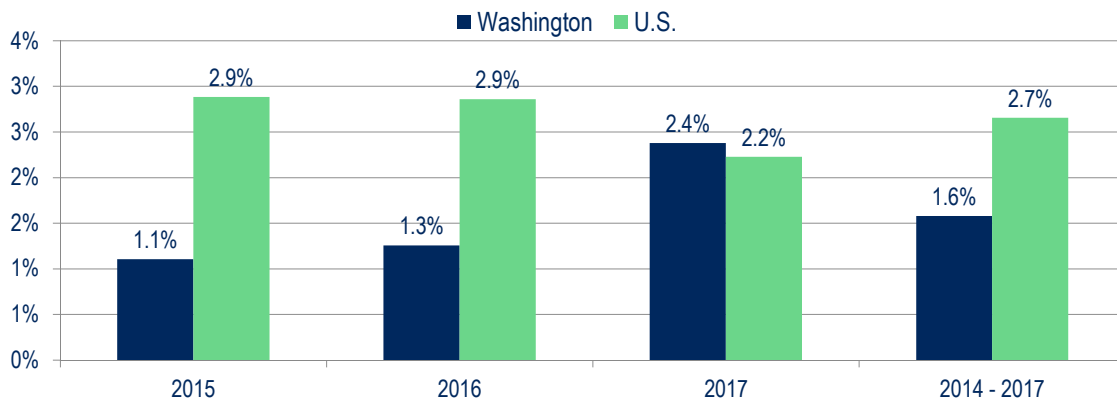
- Re-position the economy away from Federal markets to national and global markets;
- Build on the region's competitive advantages;
- Focus on export-based, high-value added, high-growth potential businesses;
- Identify what these types of businesses need—their requirements—to grow in the Washington area; and,
- Formulate a call-to-action to address the region's "requirements" for future growth



The Washington Region's Advanced Industrial Clusters



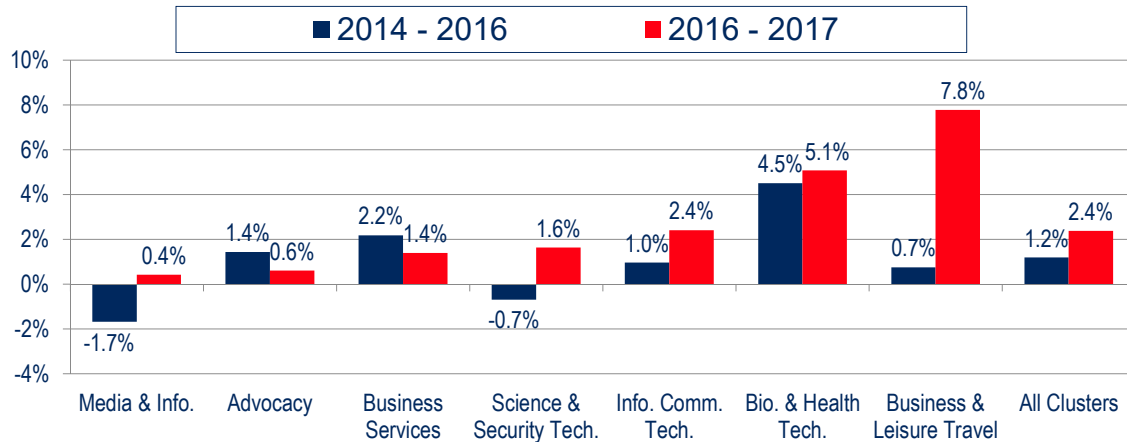
Growth Rates of the Washington Region's Advanced Industrial Clusters



Sources: U.S. Bureau of Labor Statistics (QCEW), The Stephen S. Fuller Institute at the Schar School, GMU

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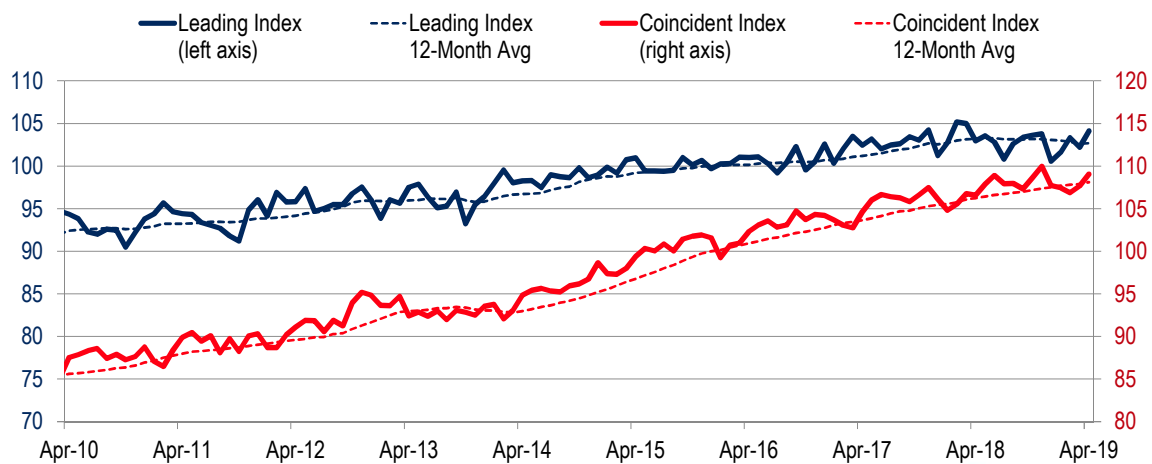
Growth Rates of the Washington Region's Advanced Industrial Clusters, Annualized Growth



Sources: U.S. Bureau of Labor Statistics (QCEW), The Stephen S. Fuller Institute at the Schar School, GMU



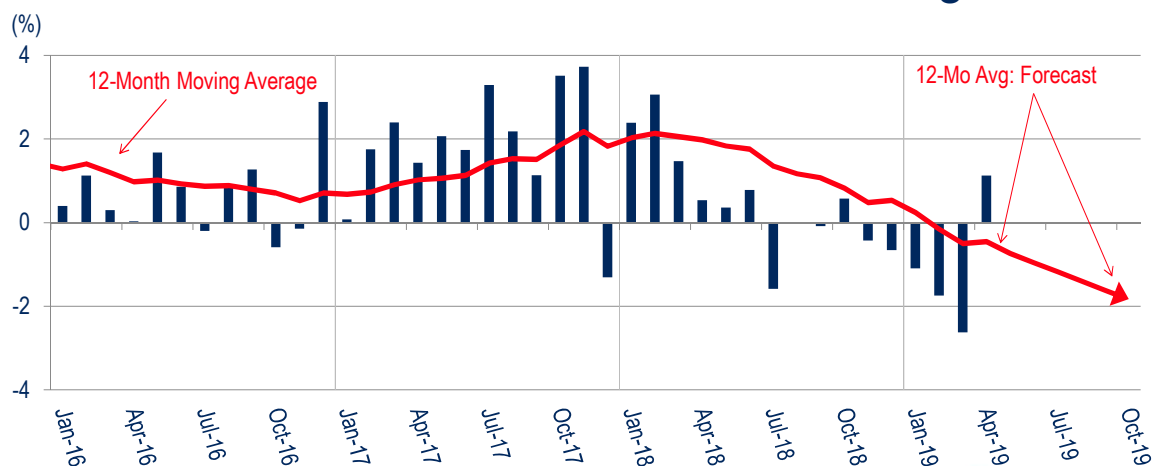
Washington Region Economic Indices (100 = 2015)



Source: The Stephen S. Fuller Institute at the Schar School, GMU



Washington Region Leading Index Month-Over-The-Year Percent Change



Source: The Stephen S. Fuller Institute at the Schar School, GMU



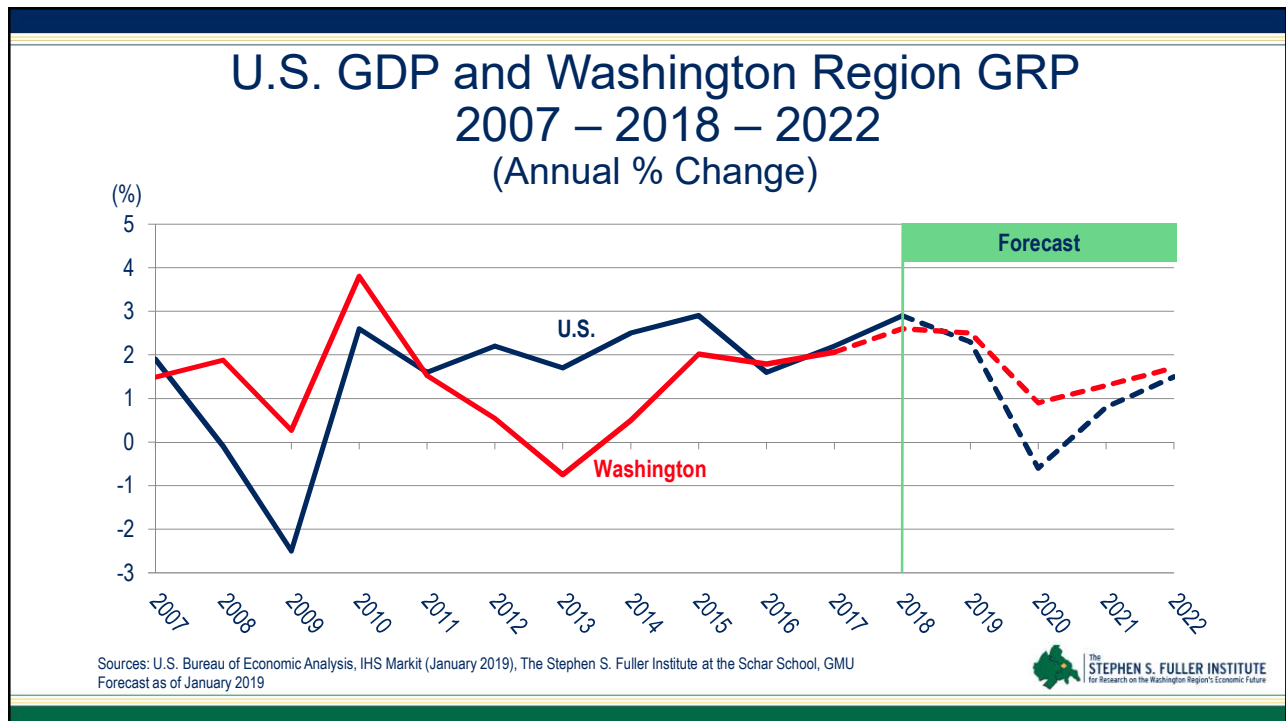
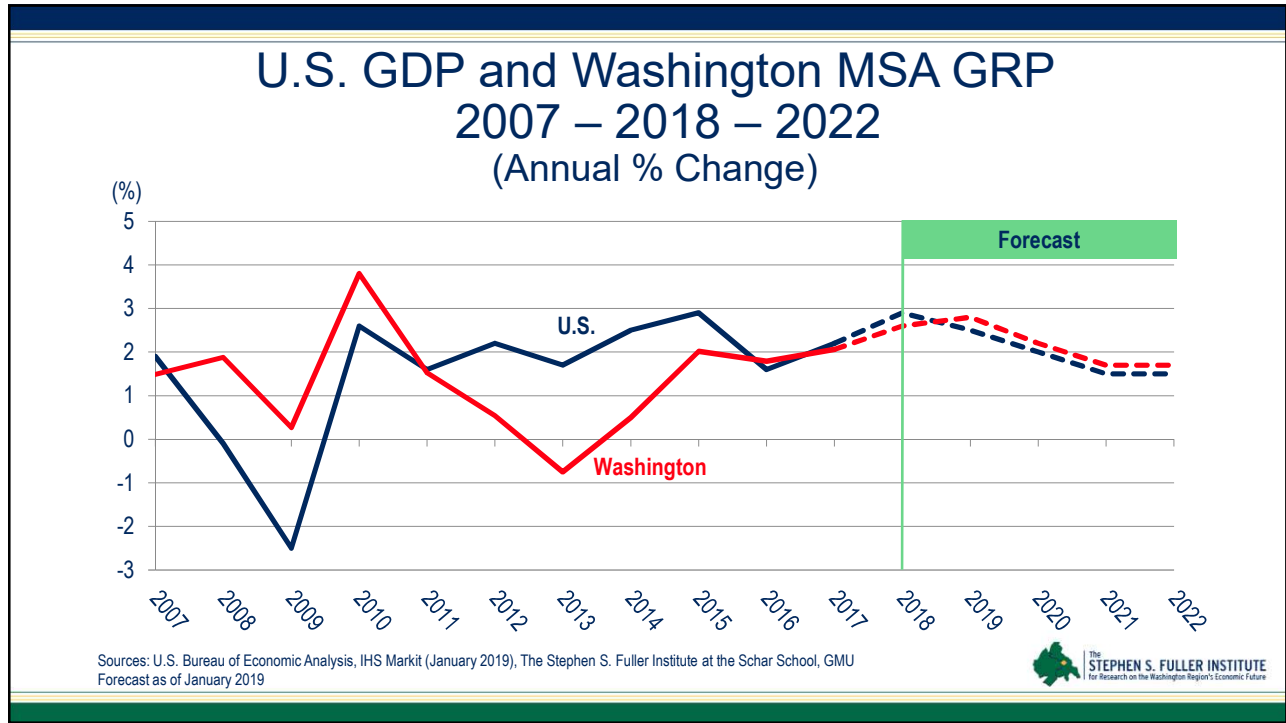
Employment Change by Sub-State Area (000s)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| D.C. | 15.8 | 13.9 | 8.7 | 7.2 | 4.6 | 5.0 | 4.2 | 5.2 |
| Sub. MD | 10.6 | 14.2 | 15.2 | 3.0 | 11.0 | 9.1 | 7.1 | 9.3 |
| No. VA | 29.2 | 30.5 | 25.9 | 25.1 | 22.3 | 17.6 | 16.0 | 17.5 |
| REGION | 55.6 | 58.6 | 49.8 | 35.3 | 38.2 | 31.8 | 27.4 | 32.1 |

Average Annual Change 2000-2017 = 38,800

Source: BLS, IHS Economics, The Stephen S. Fuller Institute at the Schar School, GMU (forecast as of January 2019)
NOTE: The regional totals include Jefferson, WV.; Sub-state areas re-weighted to sum to region-wide total



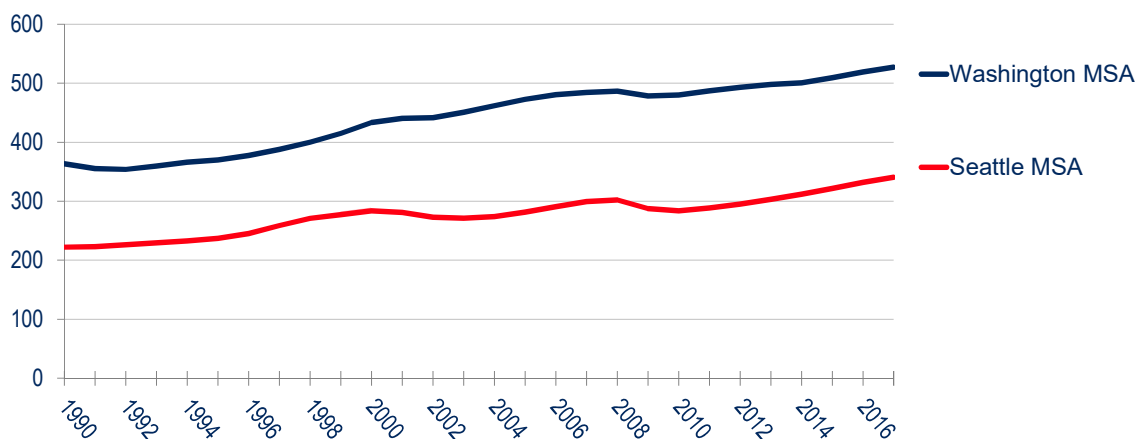


Future of Economic Growth in the Washington Region:

Amazon



Density by Metro Area: Jobs Per Land Square Mile



Sources: U.S. Bureau of Labor Statistics; The Stephen S. Fuller Institute at the Schar School, GMU



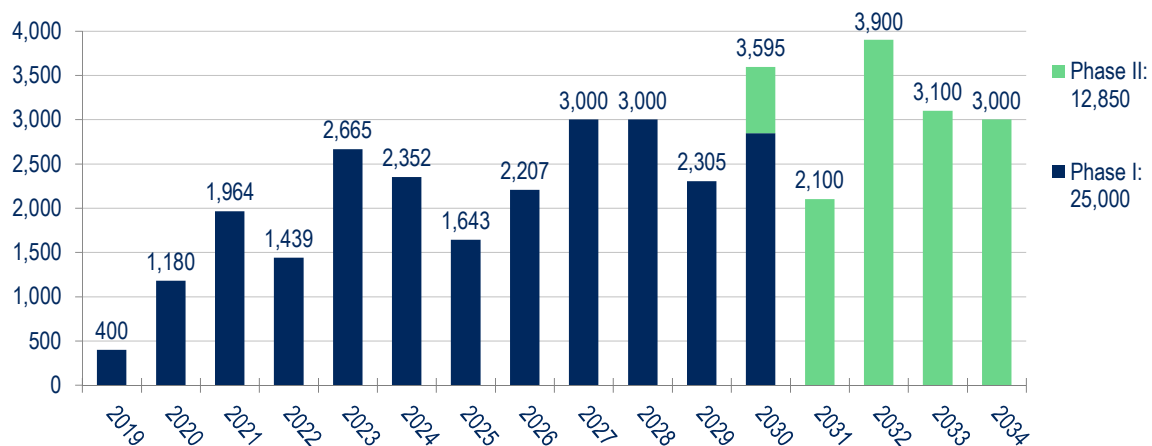
Density: Arlington County vs. City of Seattle

| | Arlington County | Seattle City | Arlington as a % of Seattle |
|-------------------------------|------------------|--------------|-----------------------------|
| Sq. Mi. | 26 | 83 | 31% |
| Residents | 234,965 | 724,745 | 32% |
| --- Per Sq. Mi. | 9,037 | 8,732 | 103% |
| Private Office Space (MMs SF) | 32 | 55 | 58% |
| --- Per Sq. Mi. | 1.2 | 0.7 | 186% |

Sources: U.S. Census; Cushman & Wakefield; The Stephen S. Fuller Institute at the Schar School, GMU



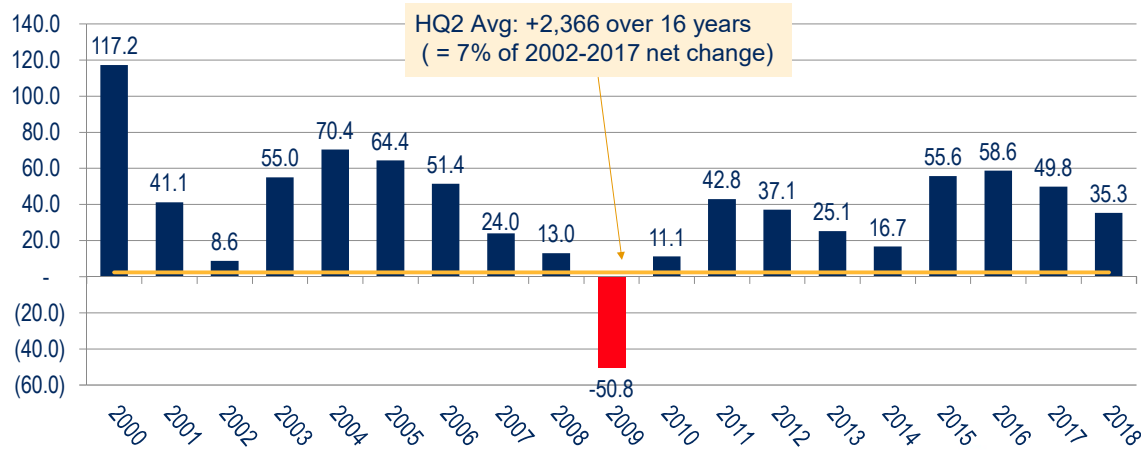
HQ2 Employment Schedule



Sources: Commonwealth of Virginia MOU; The Stephen S. Fuller Institute at the Schar School, GMU



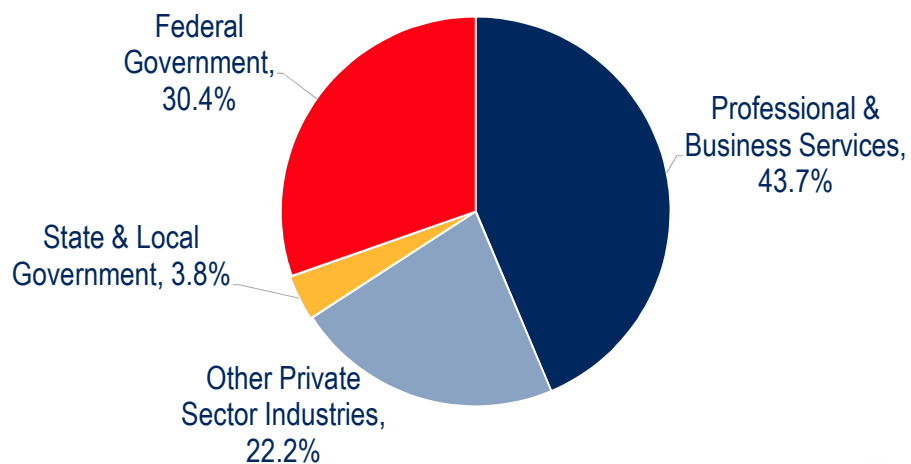
Job Change in the Washington Region 2000 – 2018 (in thousands)



Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU



STEM Occupations by Industry



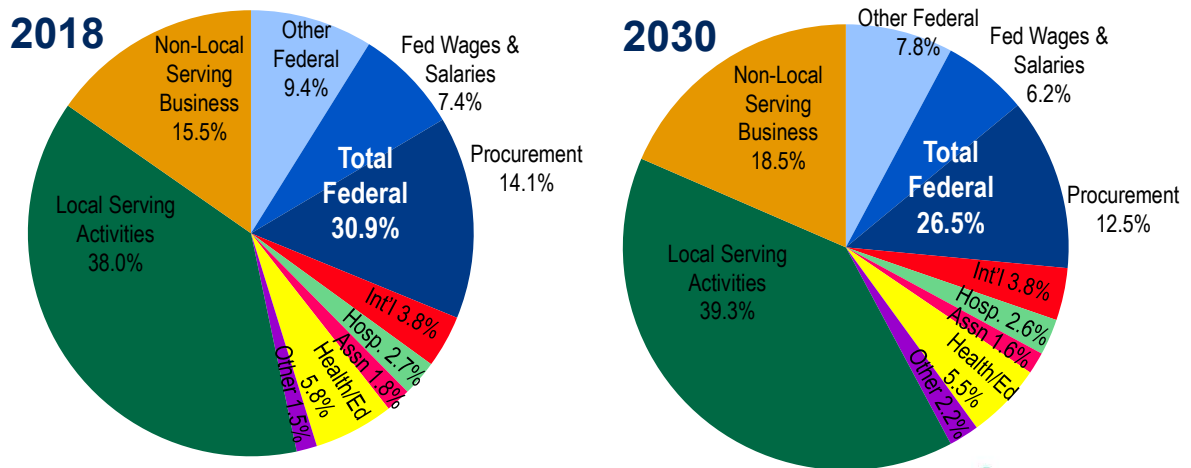
Sources: U.S. Census Bureau (2015-2017 American Community Survey Microdata), The Stephen S. Fuller Institute at the Schar School, GMU



Future of Economic Growth in the Washington Region: Long-Term Forecast



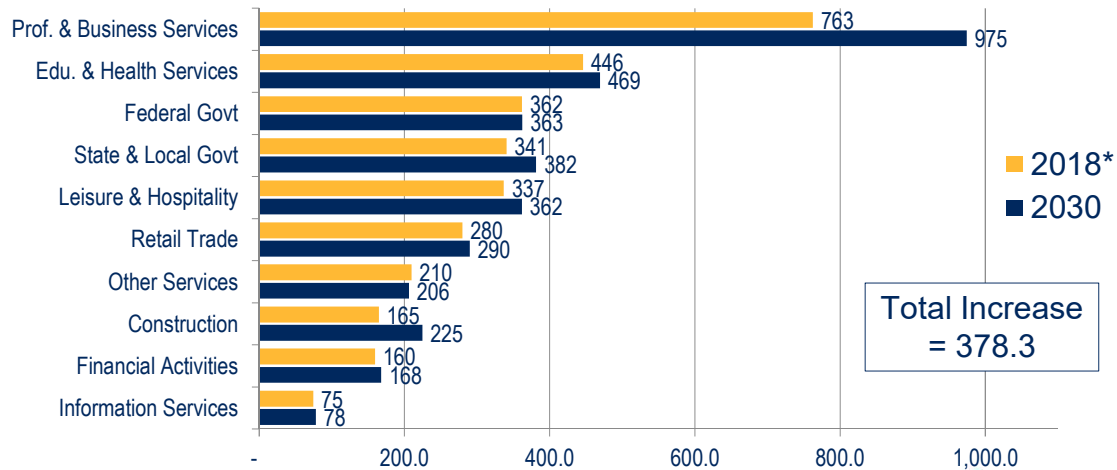
The Changing Structure of the Washington Region Economy



Source: The Stephen S. Fuller Institute at the Schar School, GMU; Forecast January 2019



Job Growth in the Washington Region Select Sectors: 2018 - 2030 (Jobs in 000s)



Source: IHS Economics; The Stephen S. Fuller Institute at the Schar School, GMU * Preliminary



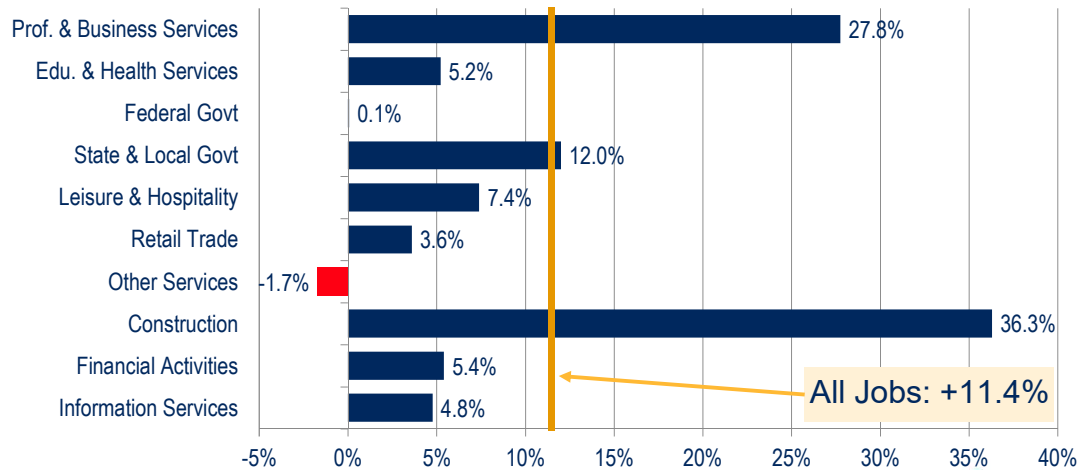
Job Growth in the Washington Region: 2018 - 2030

| | Job Change (000s) | % of Total |
|---------------------------|----------------------|------------|
| Prof. & Business Services | 211.7 | 56.0% |
| Construction | 59.9 | 15.8% |
| State & Local Govt | 40.9 | 10.8% |
| Leisure & Hospitality | 25.0 | 6.6% |
| Edu. & Health Services | 23.3 | 6.2% |
| Retail Trade | 10.1 | 2.7% |
| Subtotal | 370.9 | 98.1% |
| Total, All Sectors | 378.3 | 100.0% |

Source: IHS Economics; The Stephen S. Fuller Institute at the Schar School, GMU



Job Change in the Washington Region Select Sectors: 2018 – 2030 (Ranked by Size in 2018)

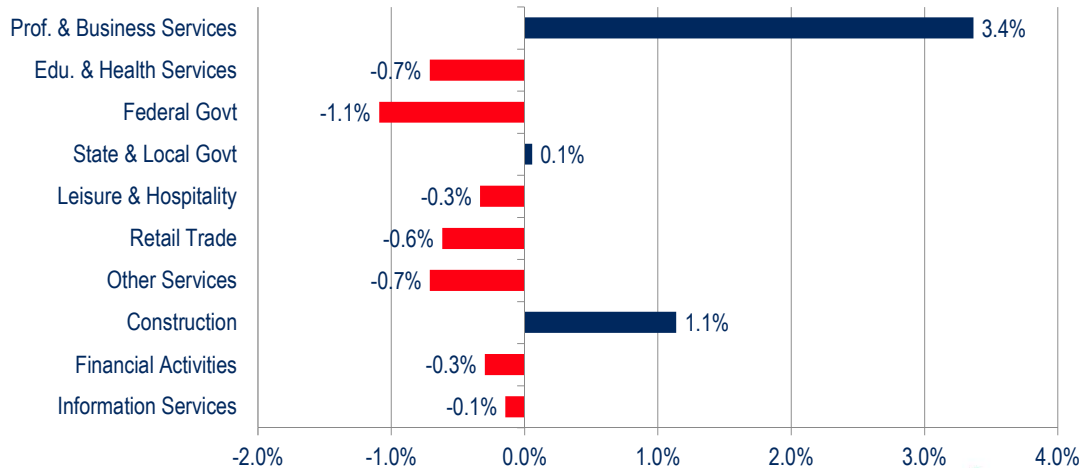


Source: IHS Economics; The Stephen S. Fuller Institute at the Schar School, GMU



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Percentage Point Change in Distribution of Jobs Washington Region, Select Sectors: 2018 - 2030



Source: IHS Economics; The Stephen S. Fuller Institute at the Schar School, GMU



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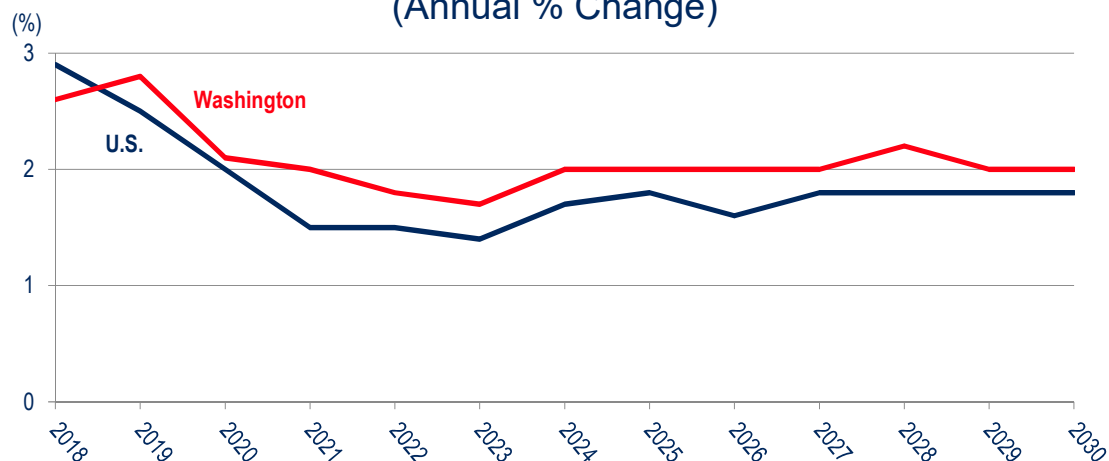
The GRP* Effects of Private Sector Job Change in the Washington Region (in 2012 dollars)

| | Job Change (000s) | GRP* Value |
|-----------|----------------------|------------|
| Recession | -180.5 | \$145,711 |
| Expansion | +344.8 | \$110,397 |
| Forecast | +337.3 | \$159,918 |

Source: IHS Economics; The Stephen S. Fuller Institute at the Schar School, GMU
*Gross Regional Product



U.S. GDP and Washington MSA GRP 2018 – 2030 (Annual % Change)



Sources: US: IHS Markit, January 2019, 2018-2023; CBO, August 2018, 2024-2028; The Stephen S. Fuller Institute at the Schar School, GMU



Forecast Summary: 2018-2030

- The Washington region's economic dependency on federal spending will continue to decline.
- Job growth in the Washington region will become more concentrated in fewer sectors.
- P&BS jobs will increase by 211,700, accounting for 56.0% of all net new jobs.
- The region's average GRP value per job for all jobs will increase 15.0% from \$147,150 to \$169,275 in real dollar value.
- Smaller private sectors—financial activities, information services, manufacturing, and wholesale trade—offer above-average GRP growth opportunities.



Thank You & Questions

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