



Washington Area Economy: Performance and Outlook

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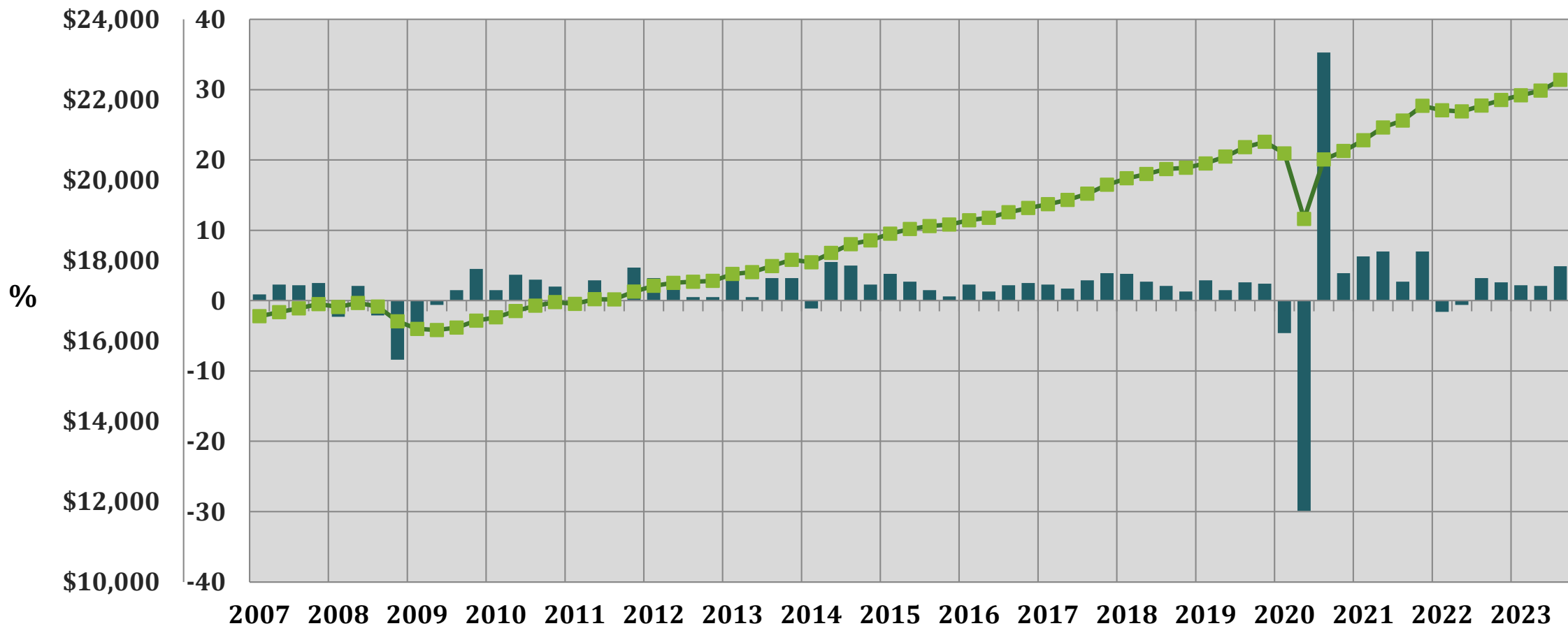
October 2023





U. S. Gross Domestic Product

■ Quarterly Change ■ Real GDP (Billions)



Source: Bureau of Economic Analysis (Seasonally Adjusted, Chained 2017 Dollars)



Q3 2023 Annualized Rate
4.9%

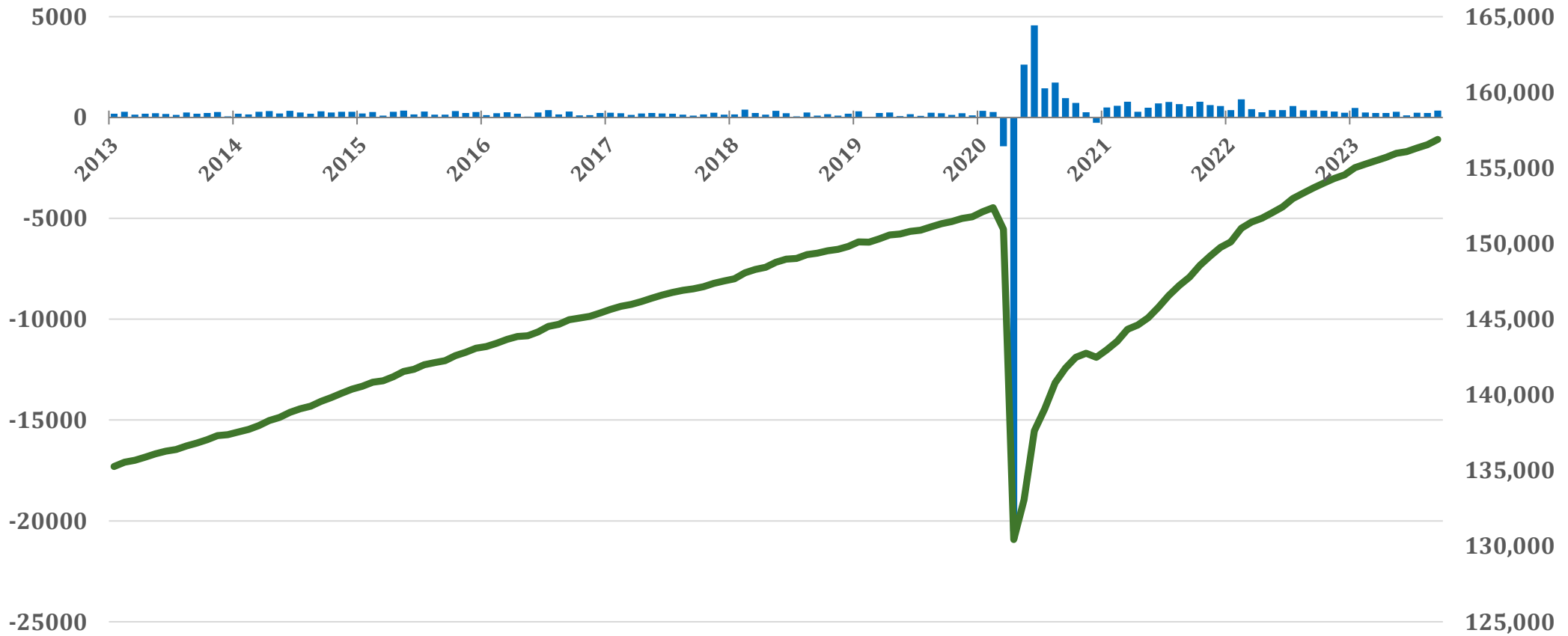
Q3 2023-Q3 2023
2.9%



U.S. Payroll Jobs

1-mo. change
(in thousands)

total payroll jobs
(in millions)



**Since 2010
(Jan 2010)
+27.1M**

**Since 2022
(12-mo. Δ)
3.2M**

**Aug 23 –
Sep 23
(1 mo. Δ)
+336K**

Source: Bureau of Labor Statistics (Seasonally Adjusted),
GMU Center for Regional Analysis





U.S. Payroll Job Change by Sector

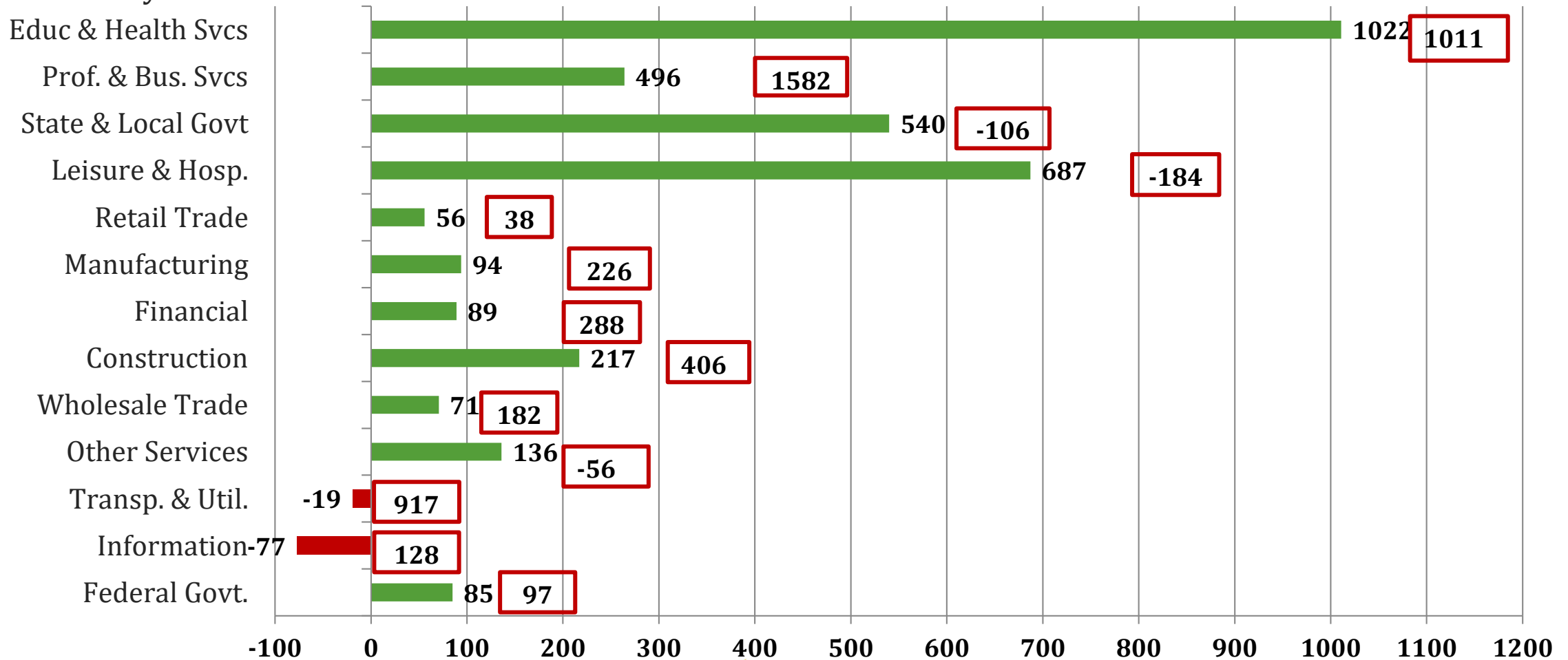
12-Month Net Change (Sept 2023)



Ranked by Size in 2019

(000s)

total = 3.2M



Source: Bureau of Labor Statistics (Seasonally Adjusted),
GMU Center for Regional Analysis



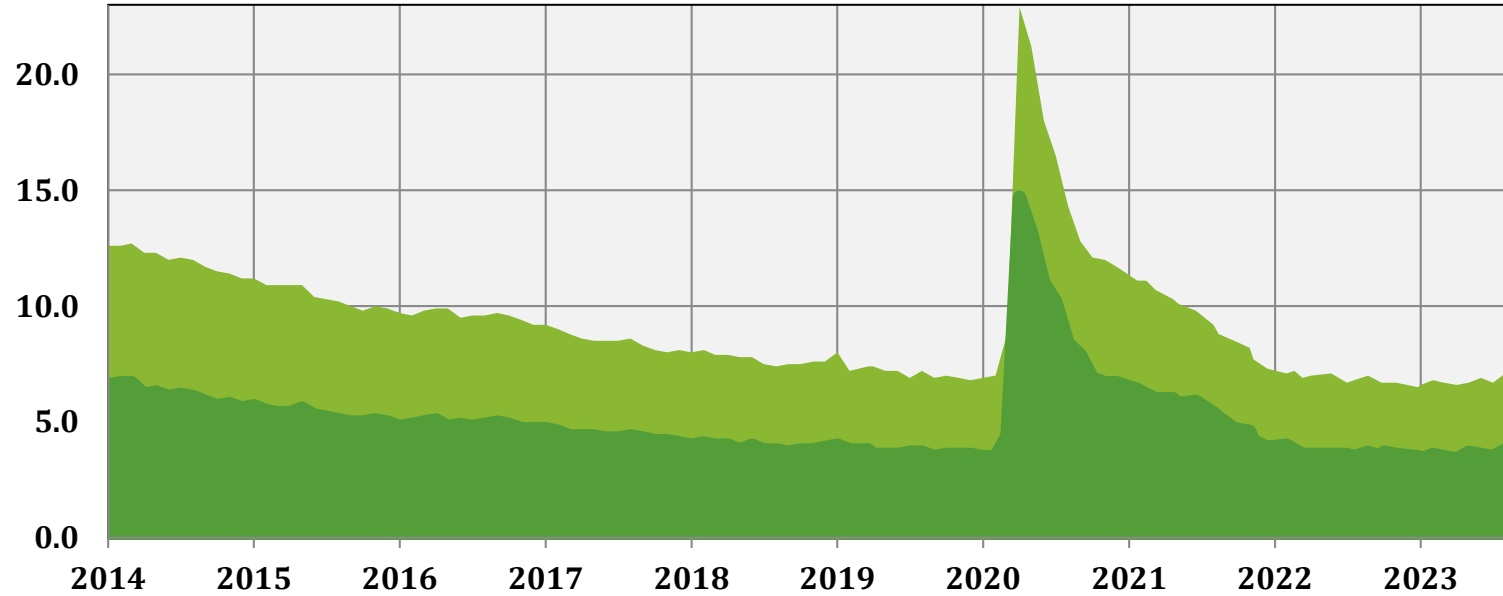


U. S. Unemployment



U-6

UR



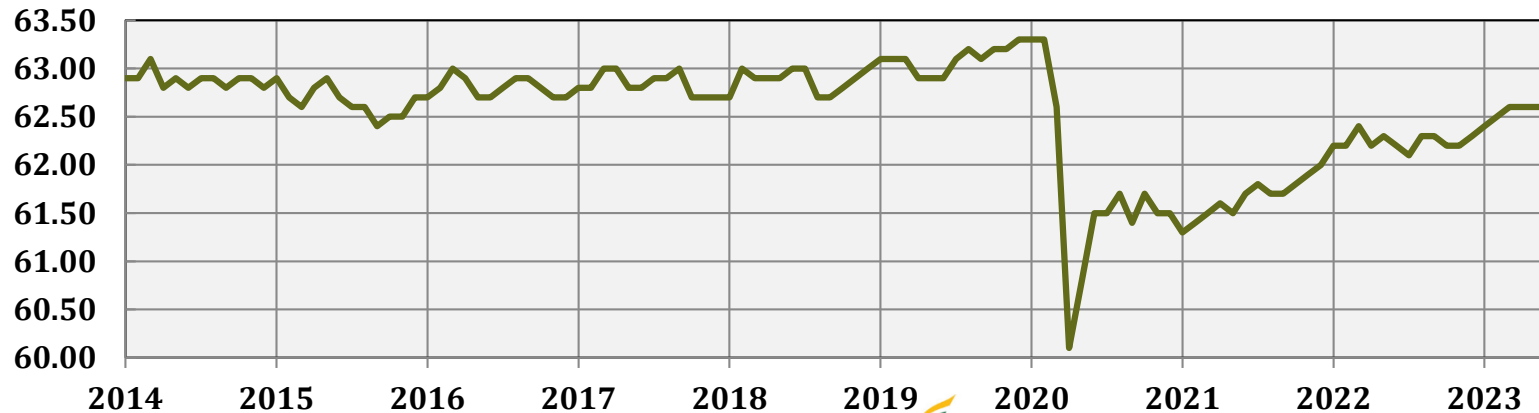
Sept
7%

Sept
3.8%

Sept 2022 -
Sept 2023
(12-mo.)
change:

U-6 0.3%
UR 0.3%
LFPR 0.5%

LFPR



Sept
62.8%

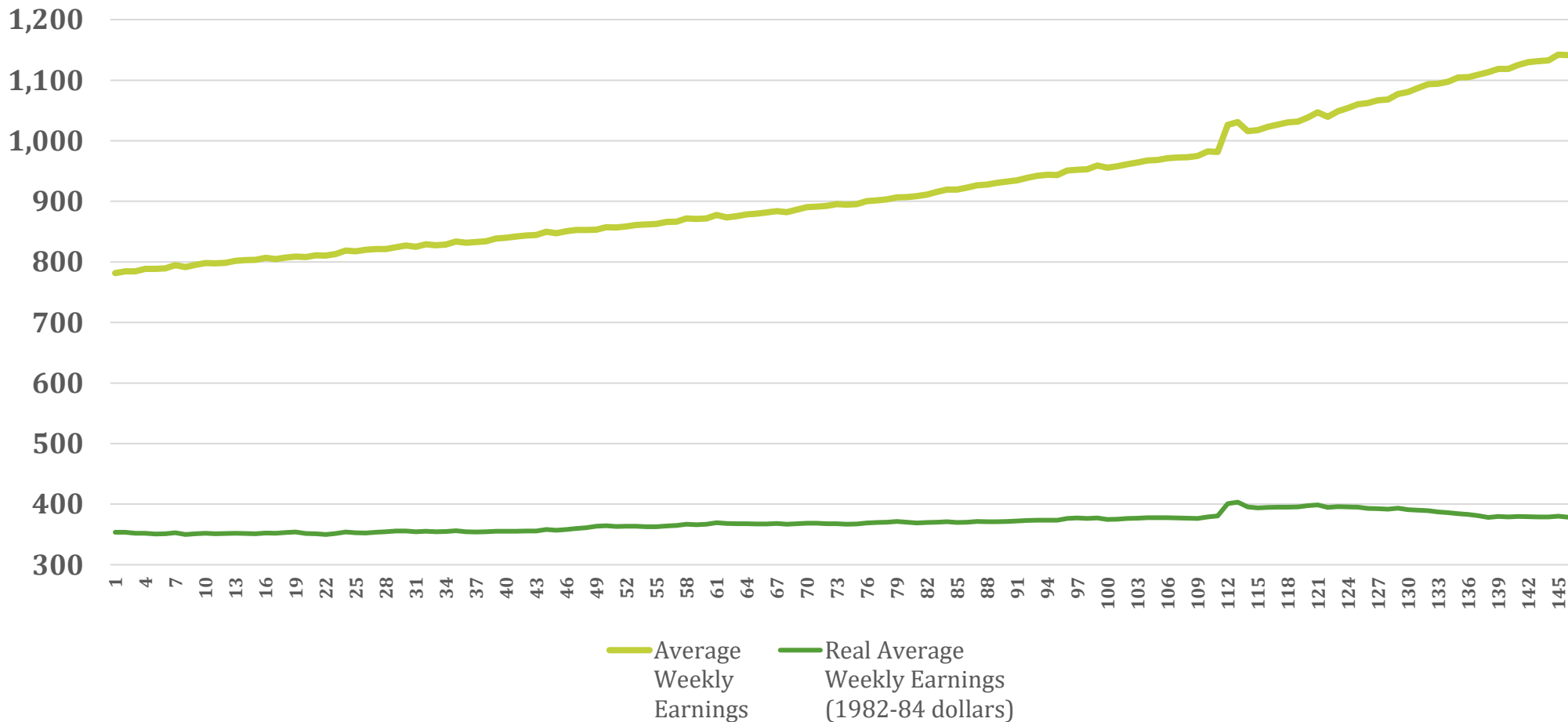
Source: Bureau of Labor Statistics (Seasonally Adjusted),
GMU Center for Regional Analysis





Average Weekly Earnings

U. S., Total Private, Across all Industries



12-month
% change
(MOTYC)

Sept 2023

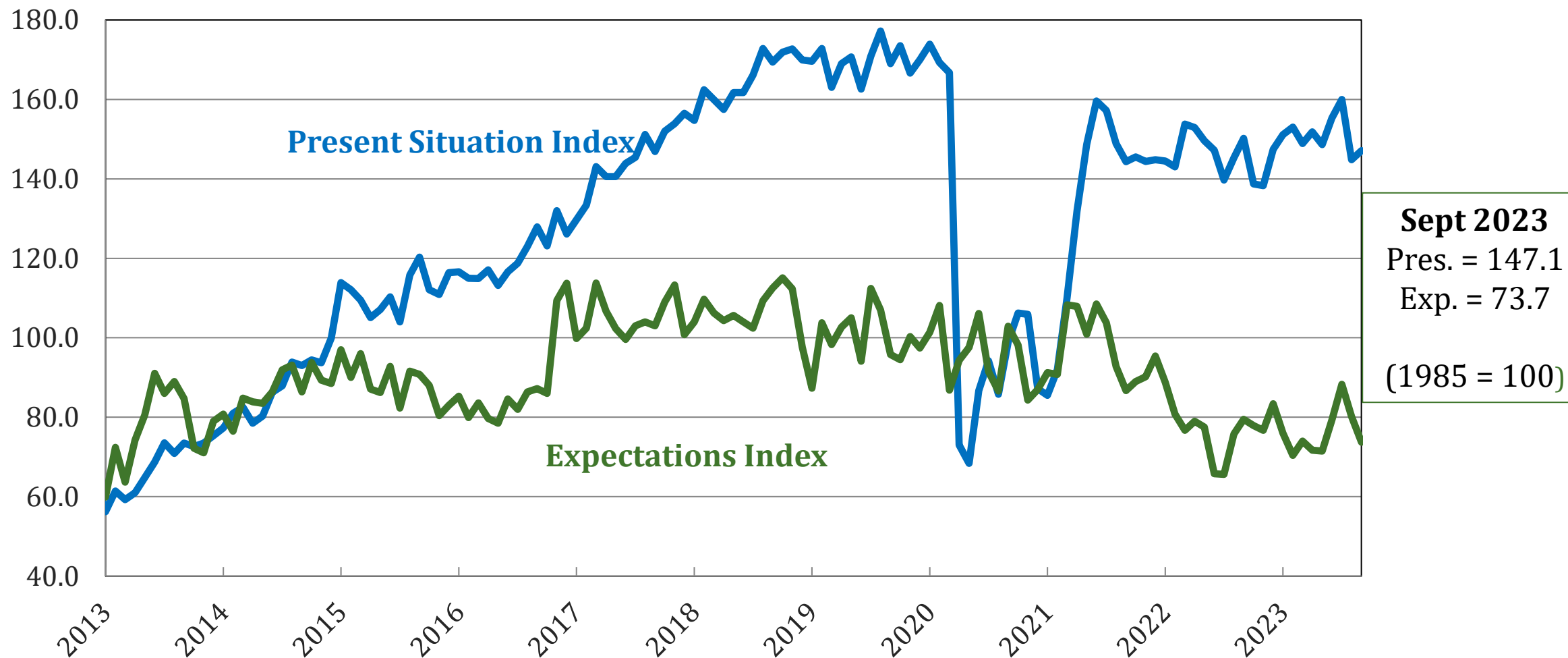
Avg Hourly
Wages
+4.2% 

Avg Weekly
Earnings
+3.5% 

Real Avg Weekly
Earnings
-.01% 



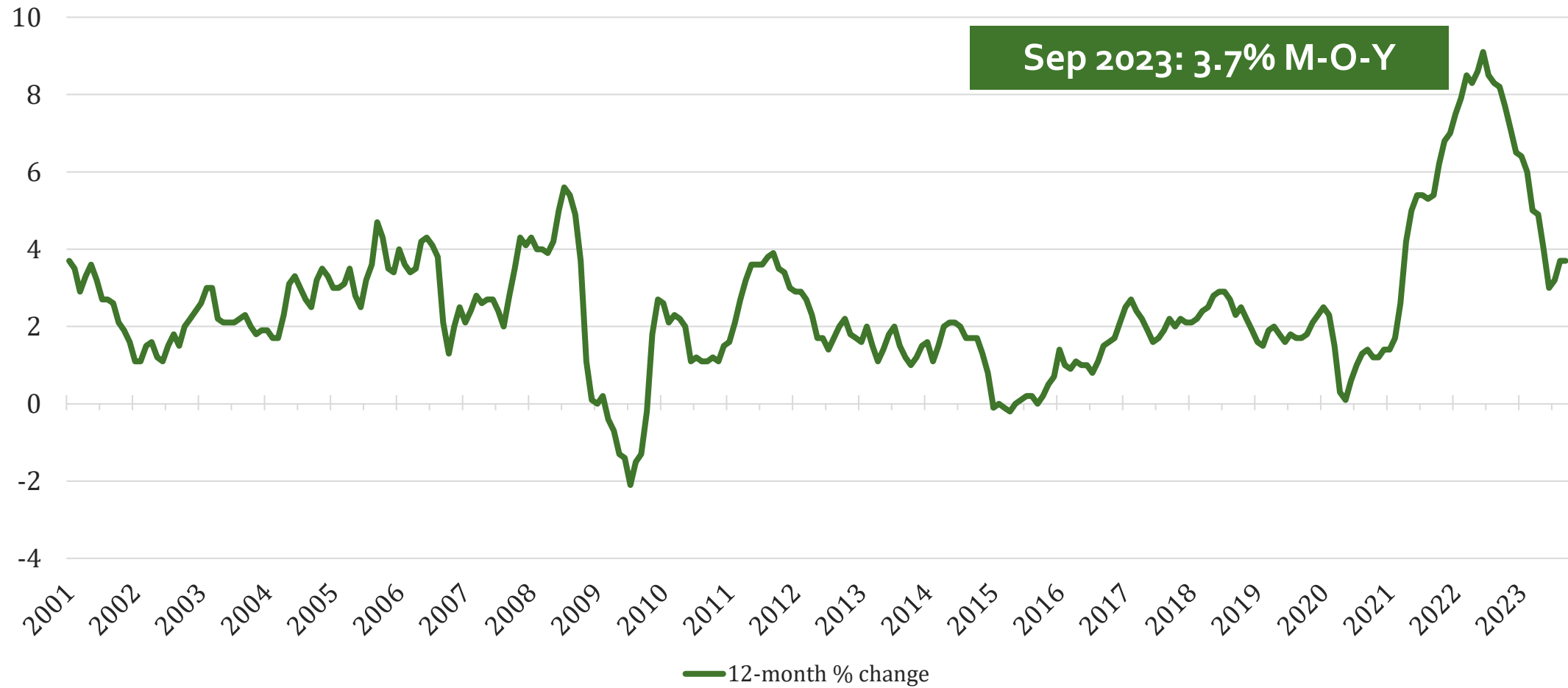
Consumer Confidence



Source: The Conference Board, GMU Center for Regional Analysis



Monthly Consumer Prices 2001 - 2023



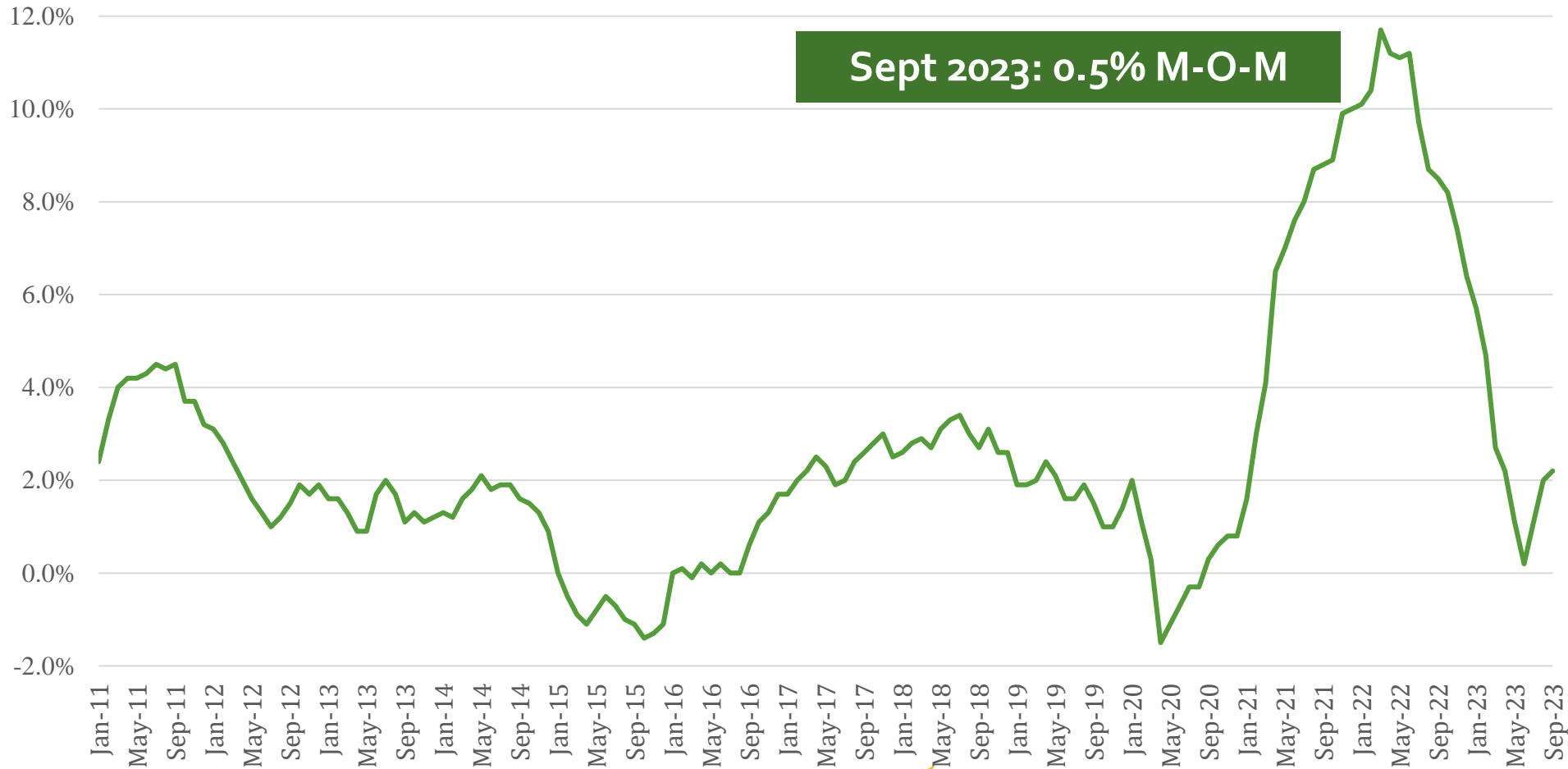
Source: Bureau of Labor Statistics, GMU Center for Regional Analysis





Producer Price Index

Change in Final Demand from 12 Months Prior Not Seasonally Adjusted



**Sep 2022-
Sep 2023
(12-mo. change)**
2.2%

Gasoline
1.5%

Services
+2.9%

Peak
March 2022
+11.7%

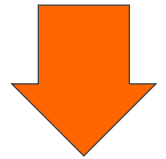
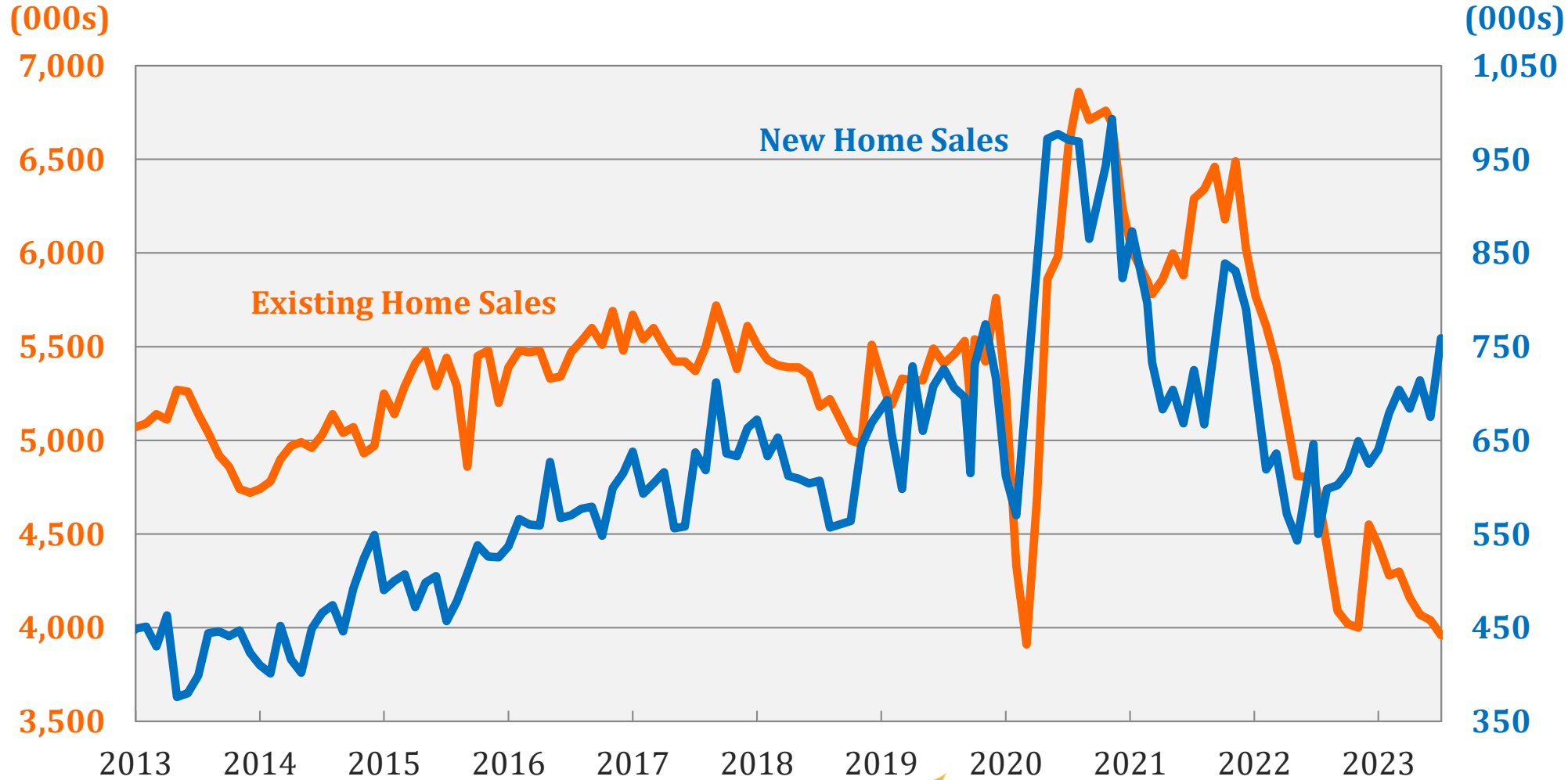
Source: Bureau of Labor Statistics, GMU Center for Regional Analysis



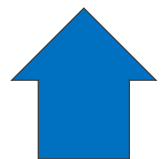


U. S. Home Sales

New and Existing (2013-Present)



Existing Home Sales
12-month change
Sep 22 - Sep 23
-15.4%



New Home Sales
12-month change
Sep 22 - Sep 23
34%

Source: U.S. Census (New Home Sales) [Seasonally Adjusted Annual Rate], National Association of Realtors (Existing Home Sales)

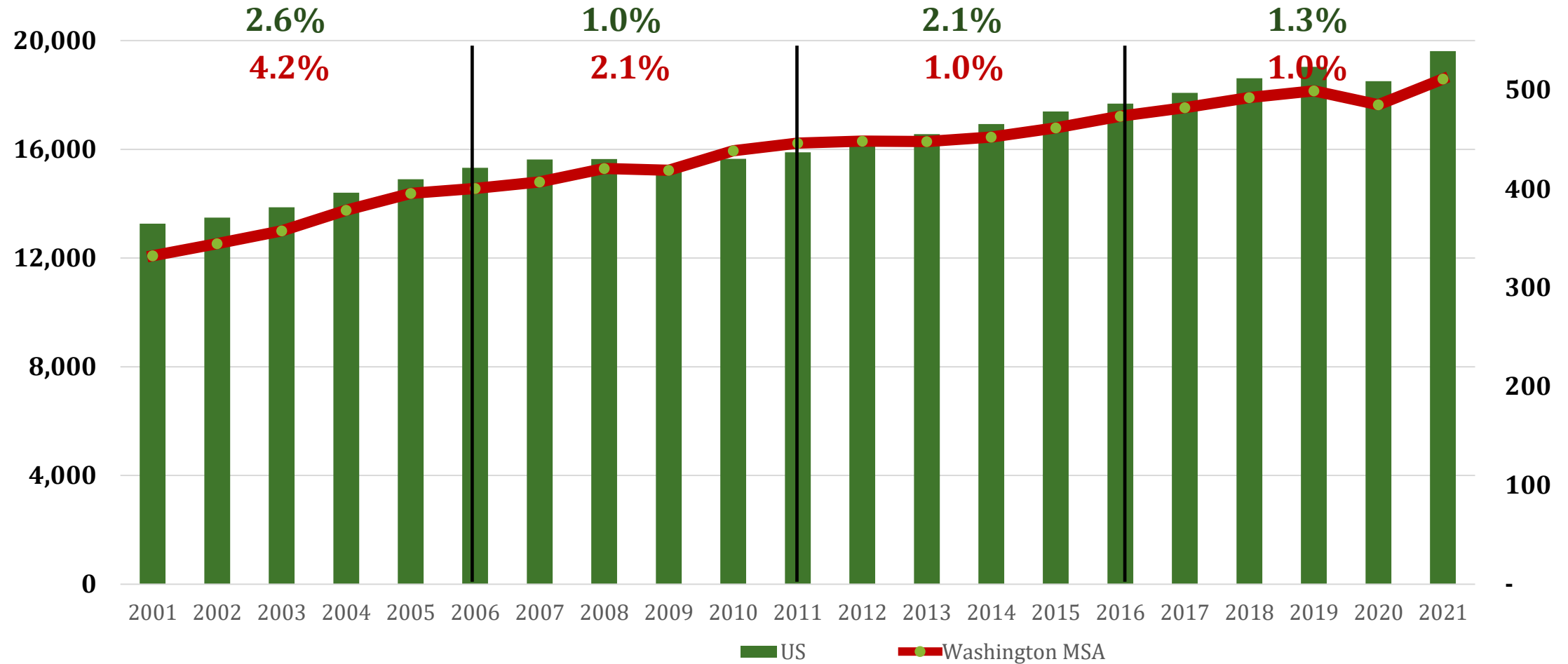




The Washington Economy



Gross Domestic Product: U.S. & Washington MSA 2001 - 2021 (Billions of 2012 \$s)



Source: Bureau of Economic Analysis (Seasonally Adjusted, Chained 2012 Dollars),
GMU Center for Regional Analysis

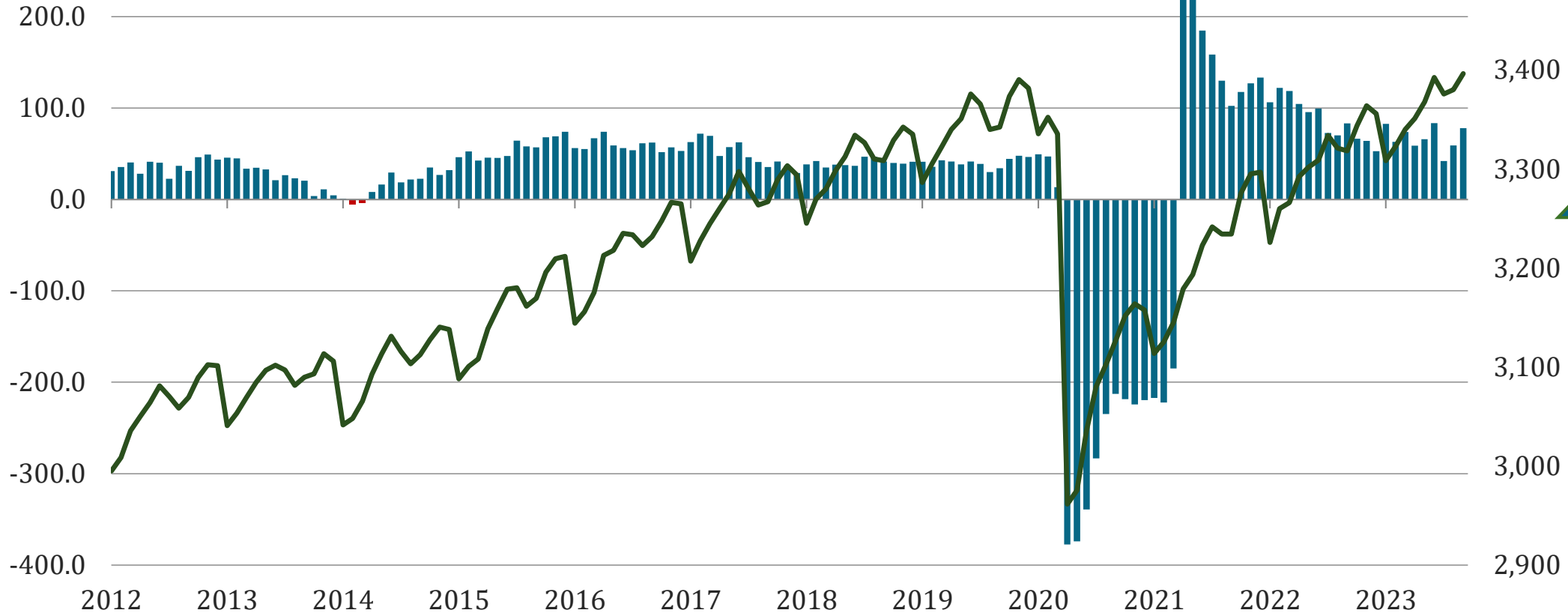




Annual Job Change Washington MSA (2012-2023)

thousands

thousands
3,500



Sep 22
-
Sep 23
78k

Sep 2023
Total: 3.4M

■ 12-month net change — total employees

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





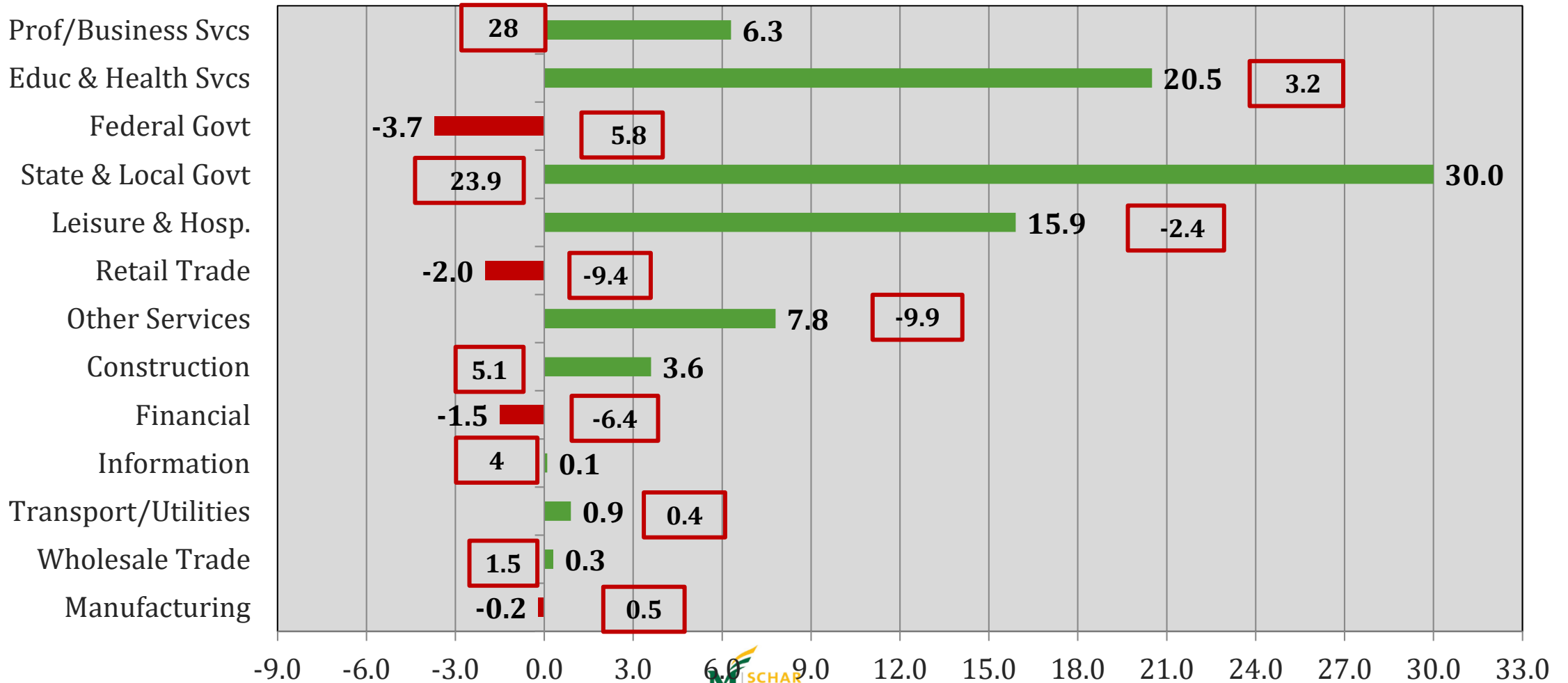
Job Change by Sector Washington MSA

Sep 2022 – Sep 2023

(Ranked by Size in 2019)

(000s)

Total = 78k

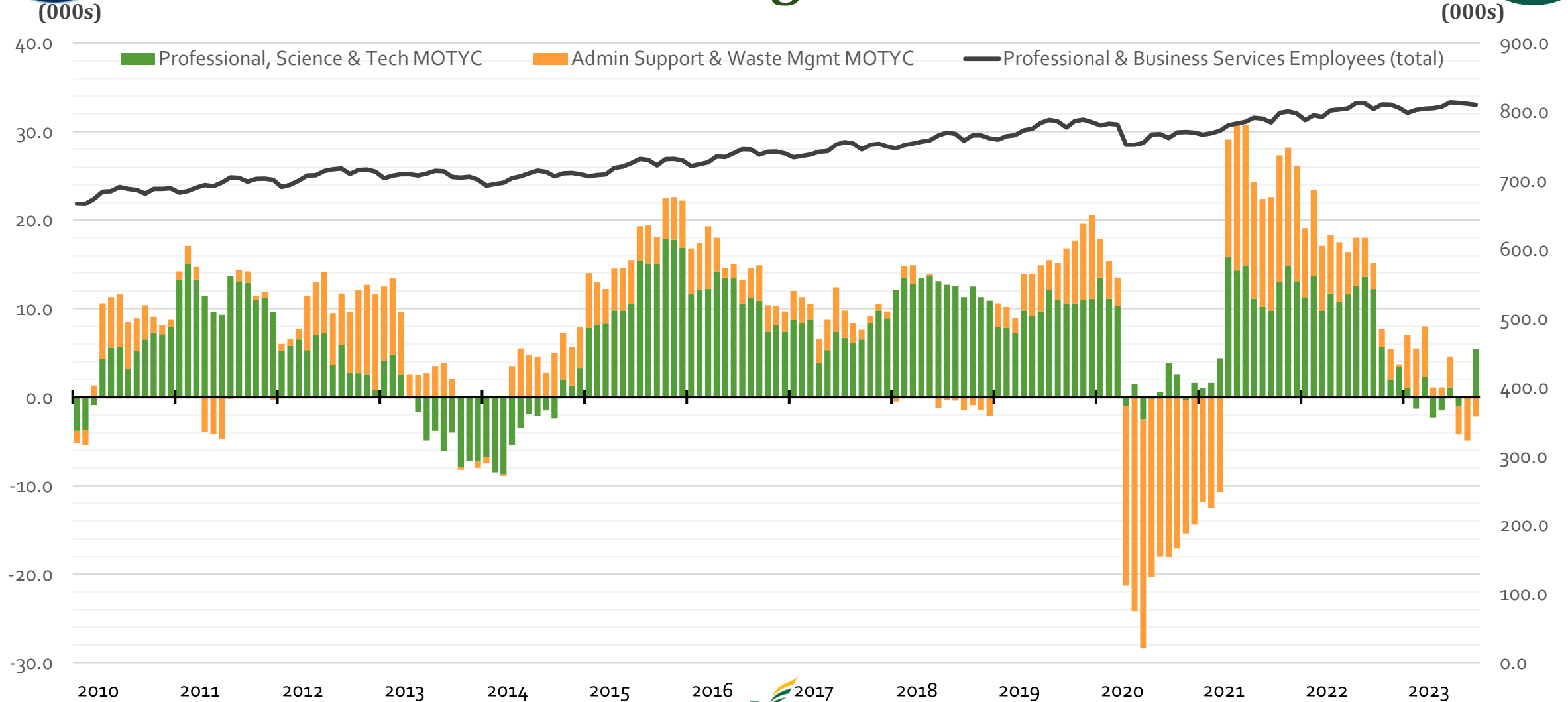


Source: Bureau of Labor Statistics (Not Seasonally Adjusted),





Professional & Business Services Washington MSA



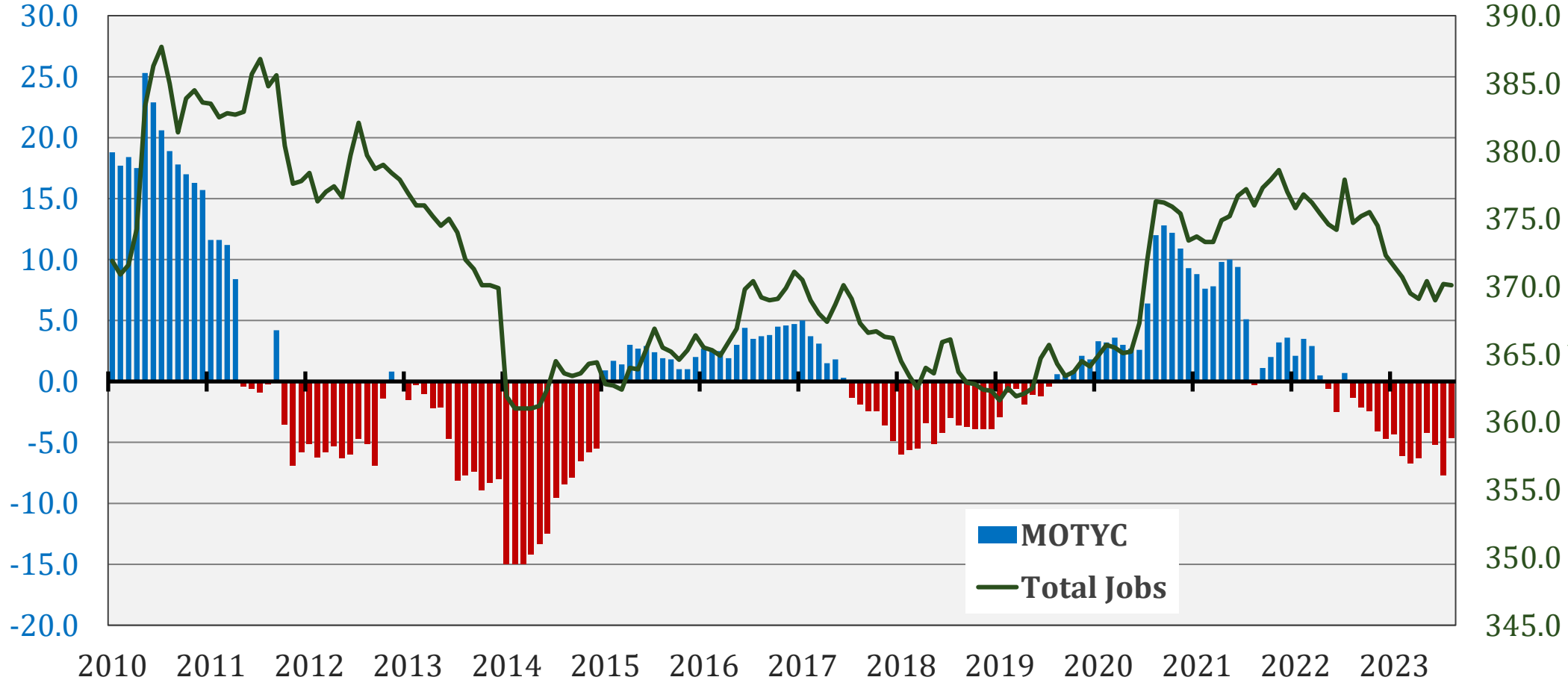
Source: Bureau of Labor Statistics (Not Seasonally Adjusted)



Federal Government Washington MSA

(000s)

(000s)



Sep 22
-
Sep 23
-3.7 k

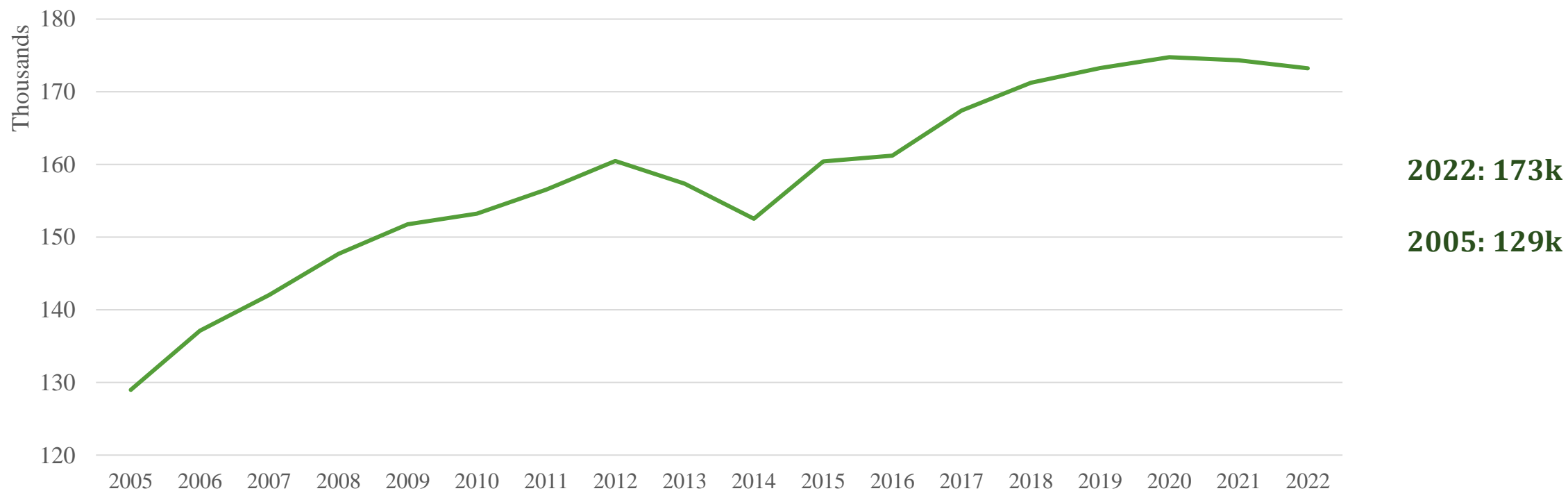
Sep 2023
Total: 372k

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





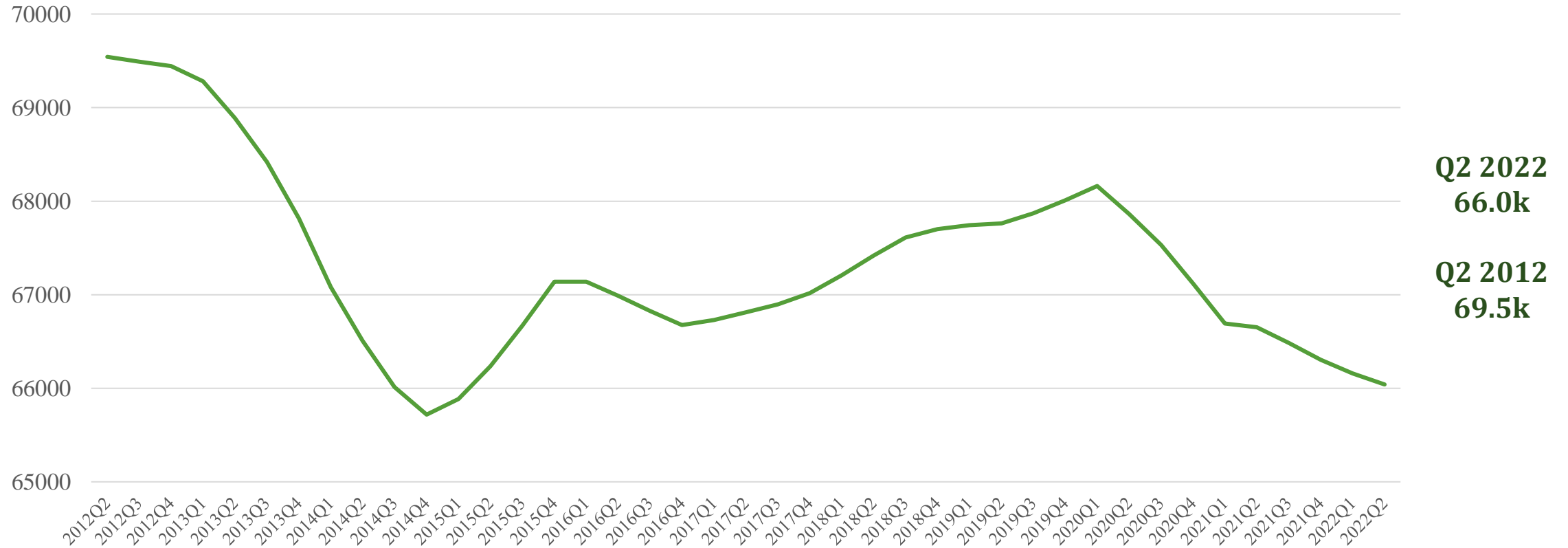
Computer systems design and related services Washington MSA



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



Cyber Security Employment Washington MSA



Q2 2022
66.0k

Q2 2012
69.5k

Source: JobsEQ, GMU Center for Regional Analysis





Federal Spending in the Washington Core Area

Fiscal Years 1980-2023

(\$ Billions)

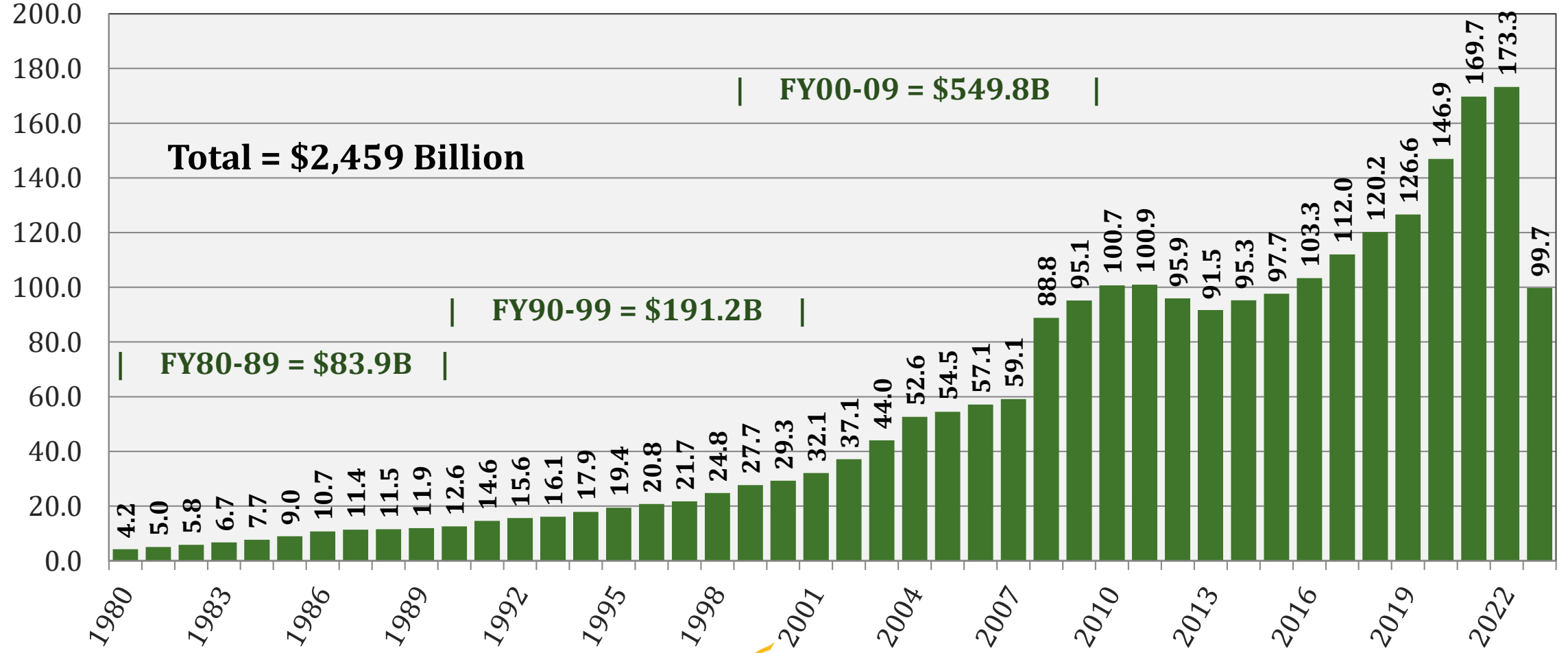
| FY10-20 = \$1191B |

| FY00-09 = \$549.8B |

Total = \$2,459 Billion

| FY90-99 = \$191.2B |

| FY80-89 = \$83.9B |

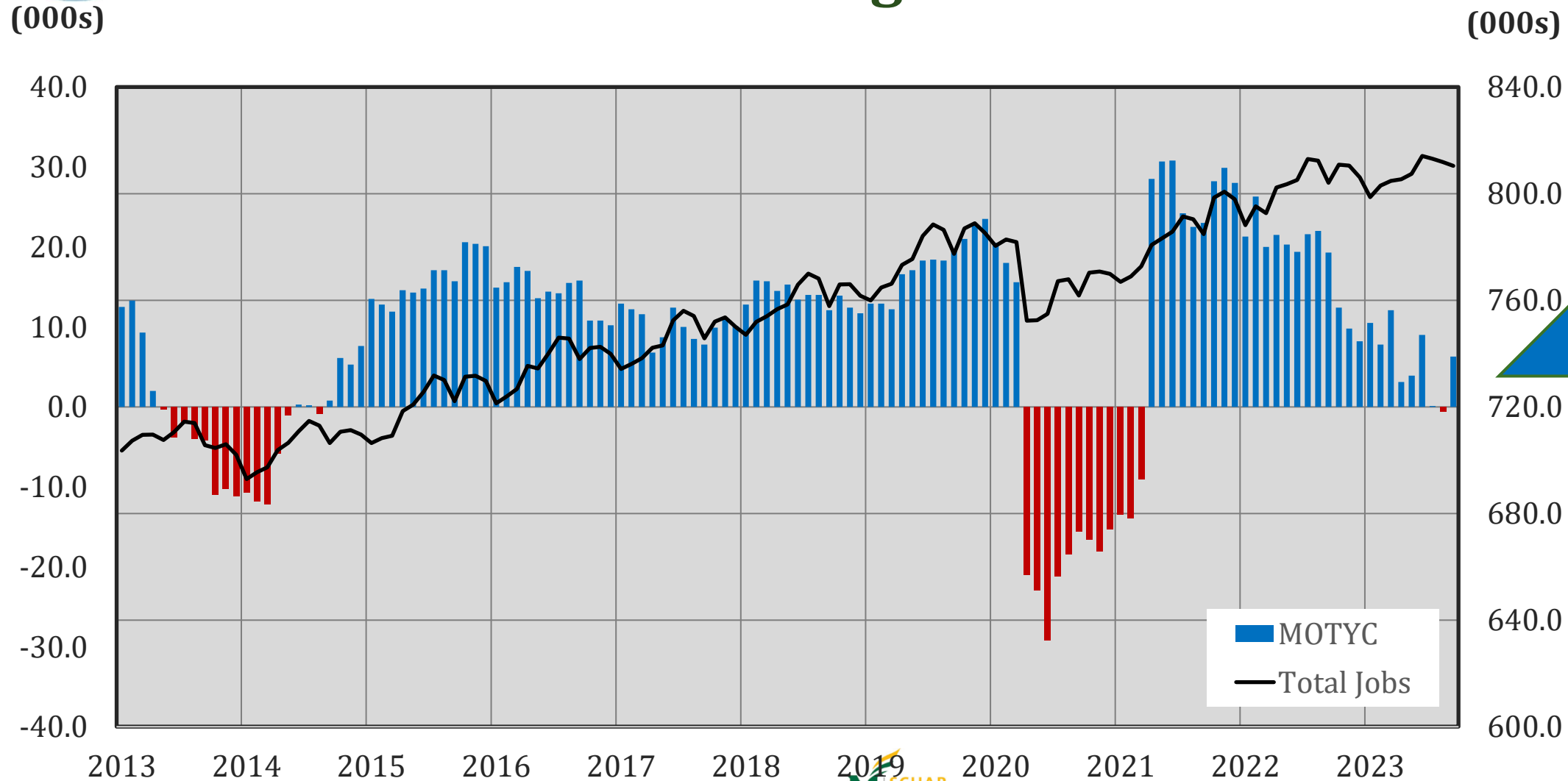


Source: USAspending.gov





Professional & Business Services Washington MSA

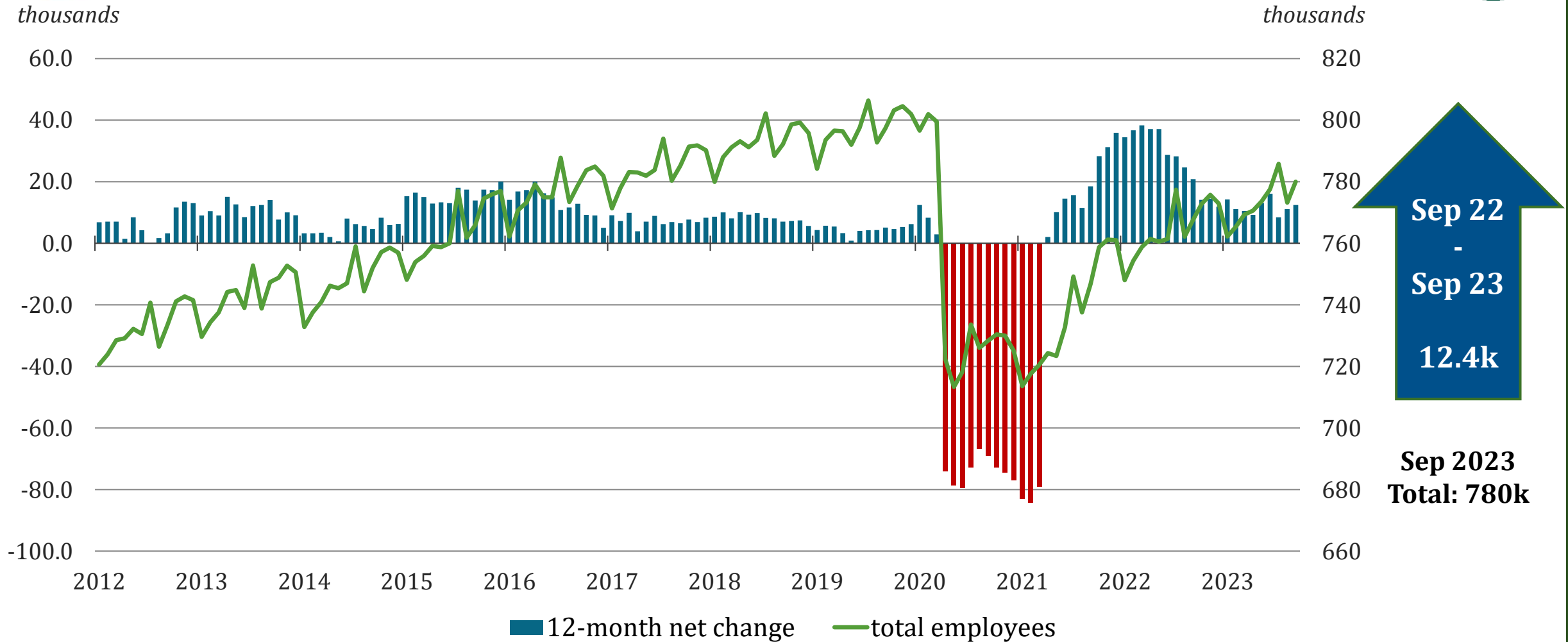


Source: Bureau of Labor Statistics (Not Seasonally Adjusted)



Annual Job Change

District of Columbia (2012-2023)



Sep 22
-
Sep 23
12.4k

**Sep 2023
Total: 780k**

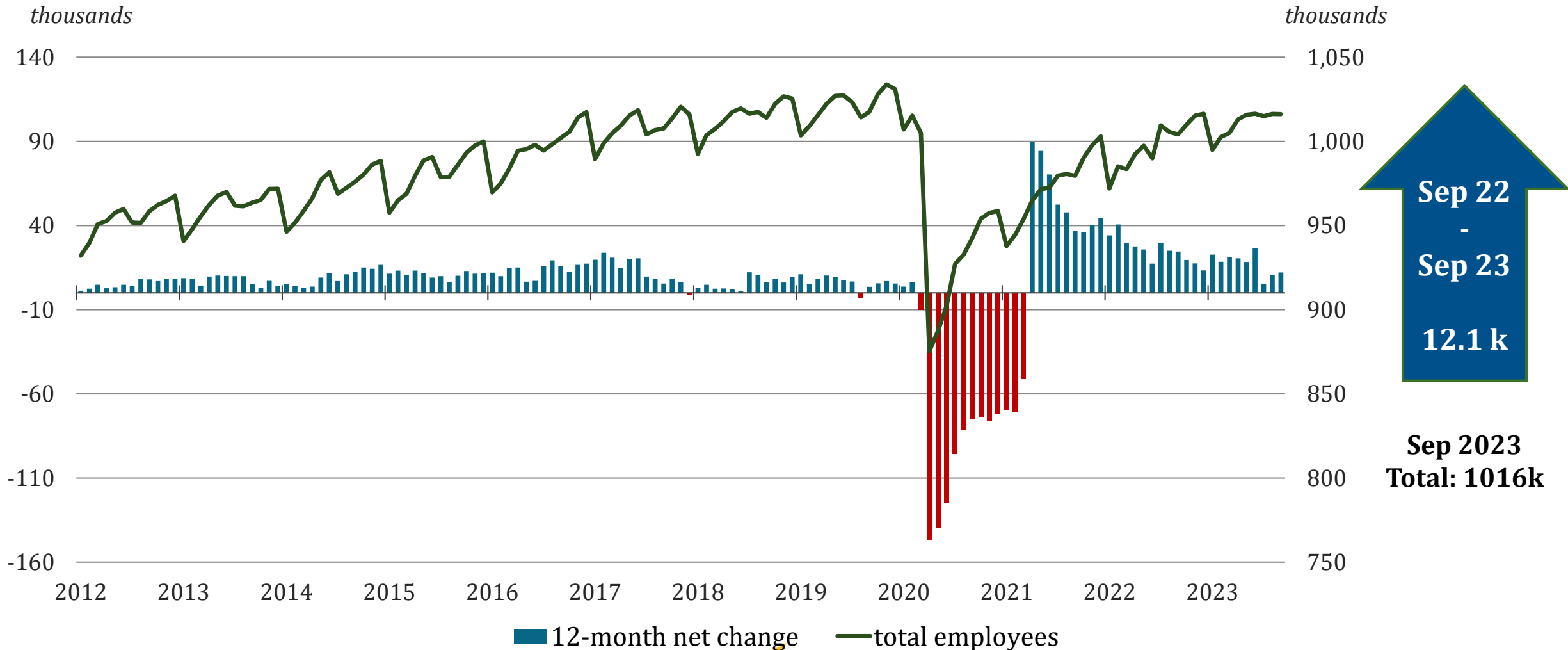
Source: Bureau of Labor Statistics (Not Seasonally Adjusted),
GMU Center for Regional Analysis





Annual Job Change

Suburban Maryland (2012-2023)



Sep 22
-
Sep 23

12.1 k

Sep 2023
Total: 1016k

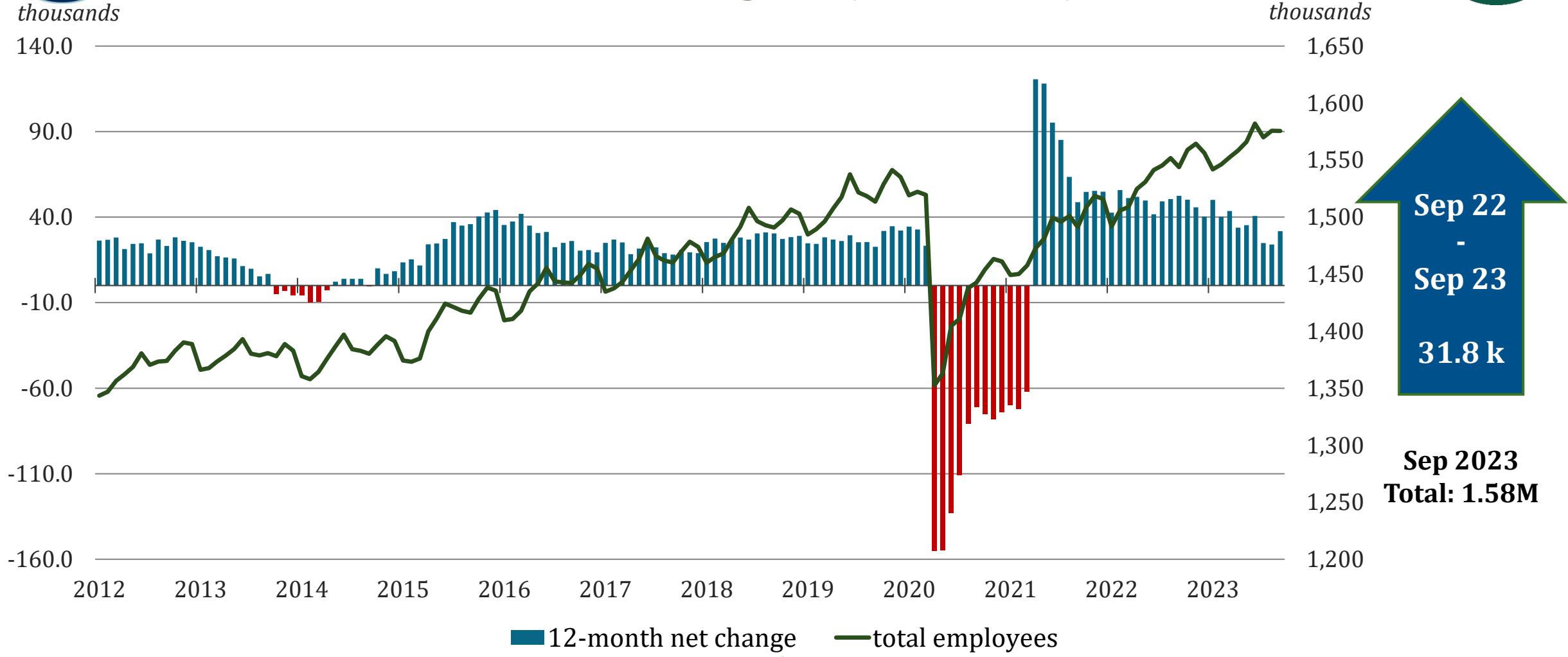
Source: Bureau of Labor Statistics (Not Seasonally Adjusted),
GMU Center for Regional Analysis





Annual Job Change

Northern Virginia (2012-2023)

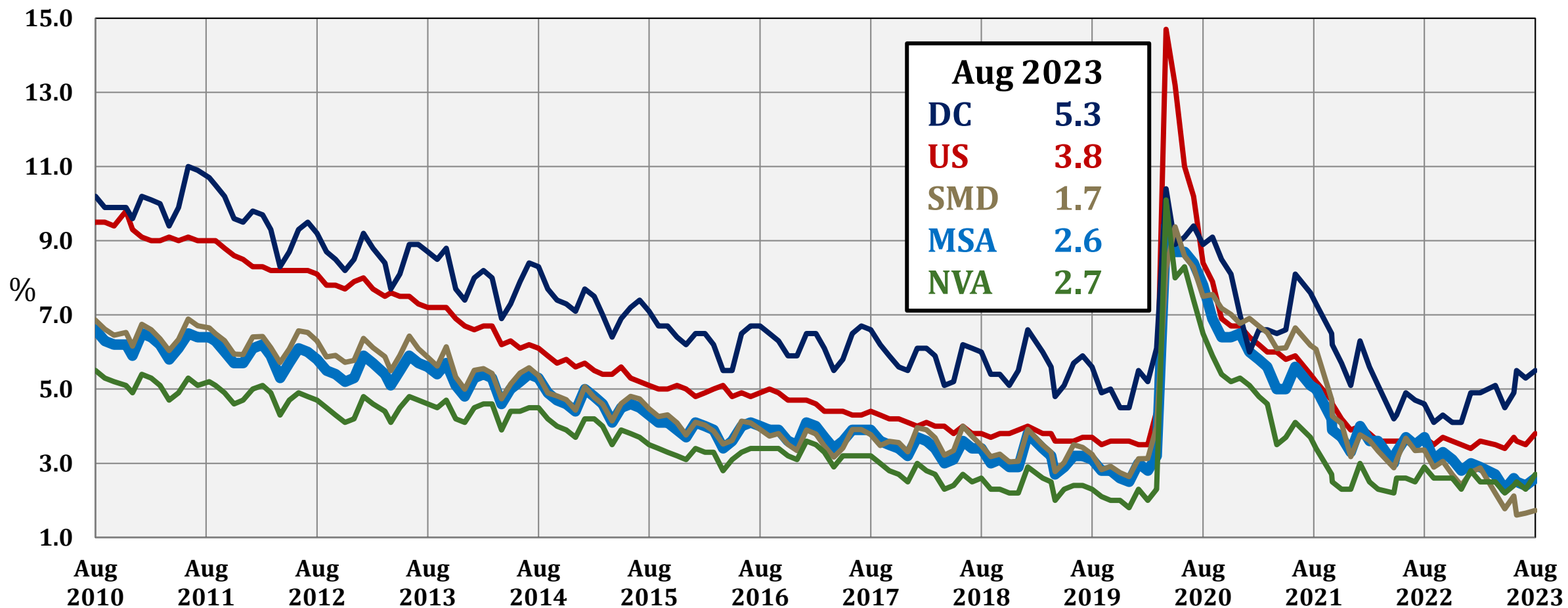


Source: Bureau of Labor Statistics (Not Seasonally Adjusted),
GMU Center for Regional Analysis





Unemployment Rates in the WMSA By Sub-State Area

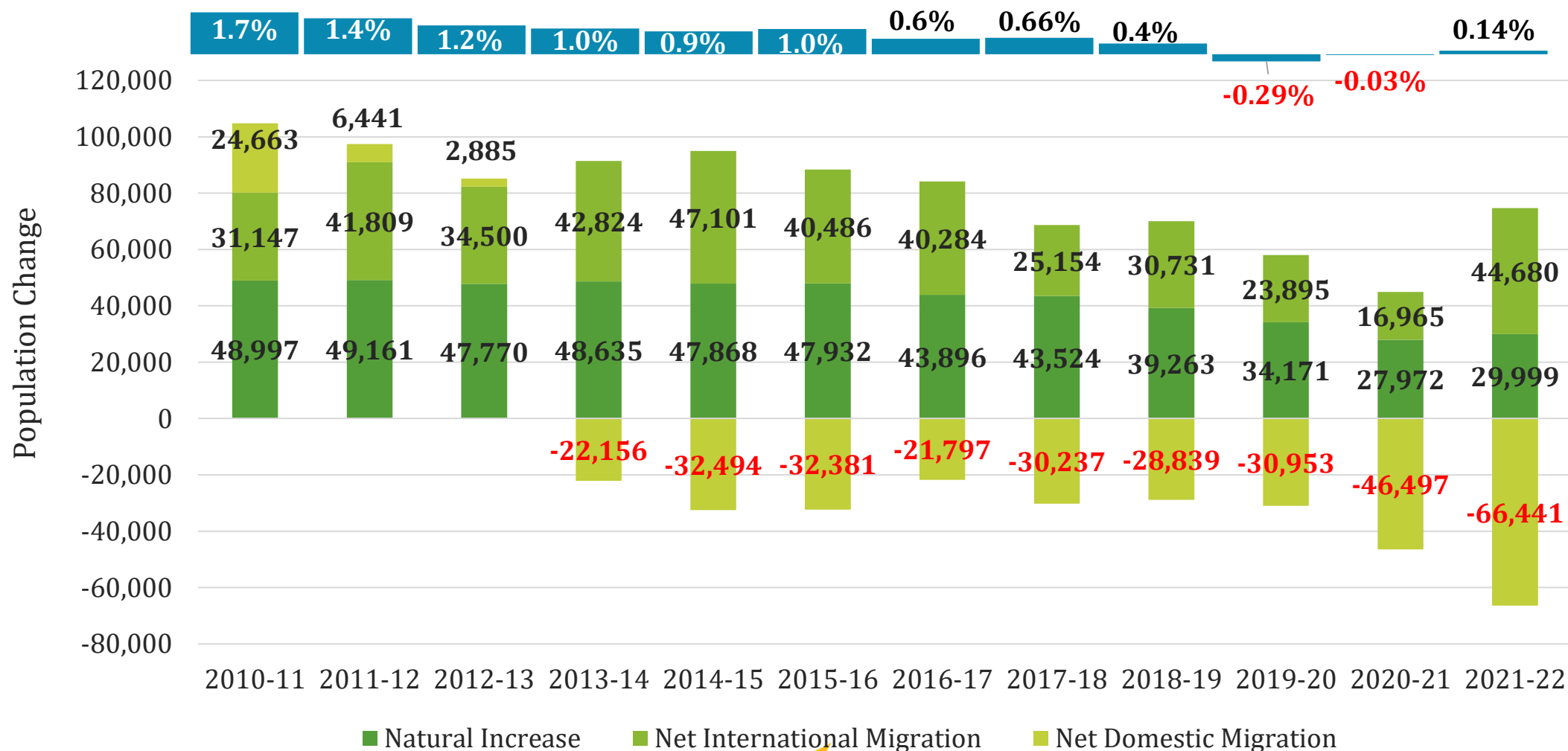


Source: Bureau of Labor Statistics (Region - Not Seasonally Adjusted, US – Seasonally Adjusted)





Elements of Population Change Washington MSA

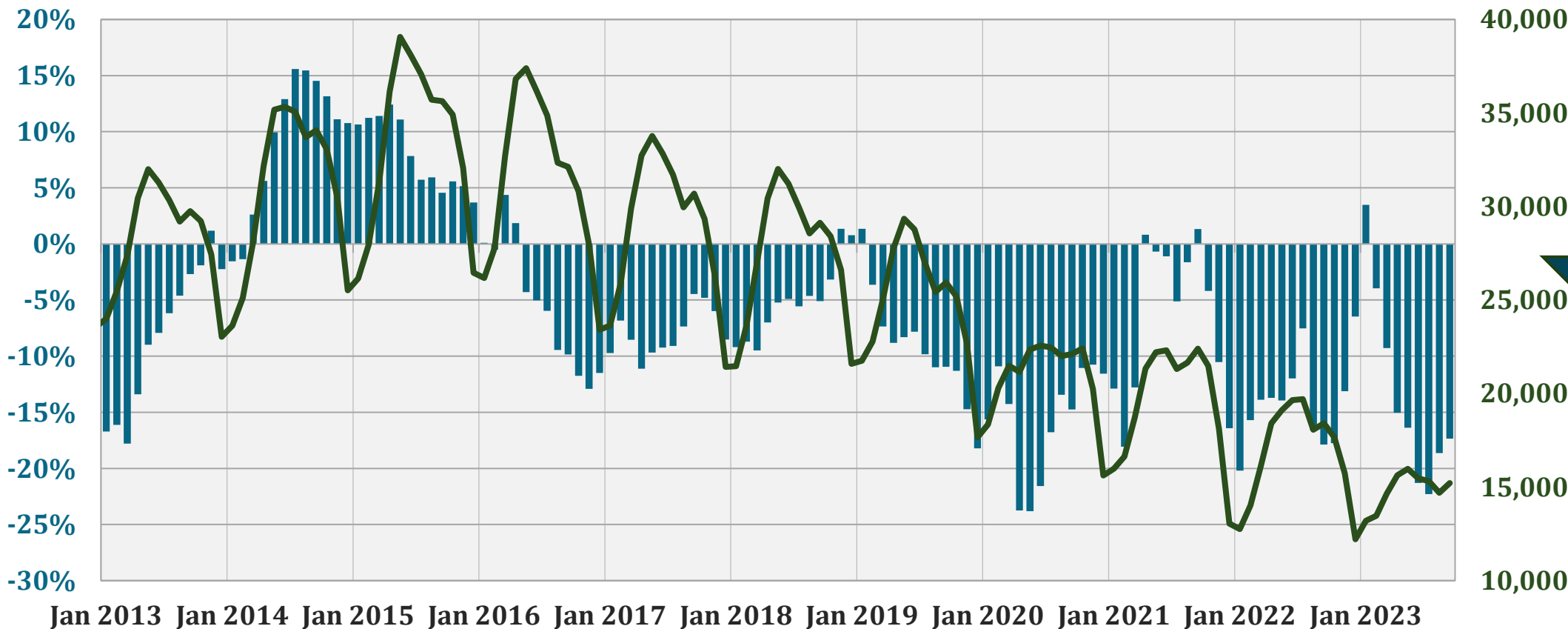


Source: U. S. Census Bureau, Population Estimates Program





Inventories of Existing Homes Washington MSA MOTYC (2013-2023)



Sep 22
 -
 Sep 23
 -17.4%

EOM inventory

Sep 2022
18,403 units

Sept 2023
15,209 units

■ 12-Month % Change
 — End of Month Inventory

Source: GMU Center for Regional Analysis (CRA); RealEstate Business Intelligence (RBI) SmartCharts (using Bright MLS data)

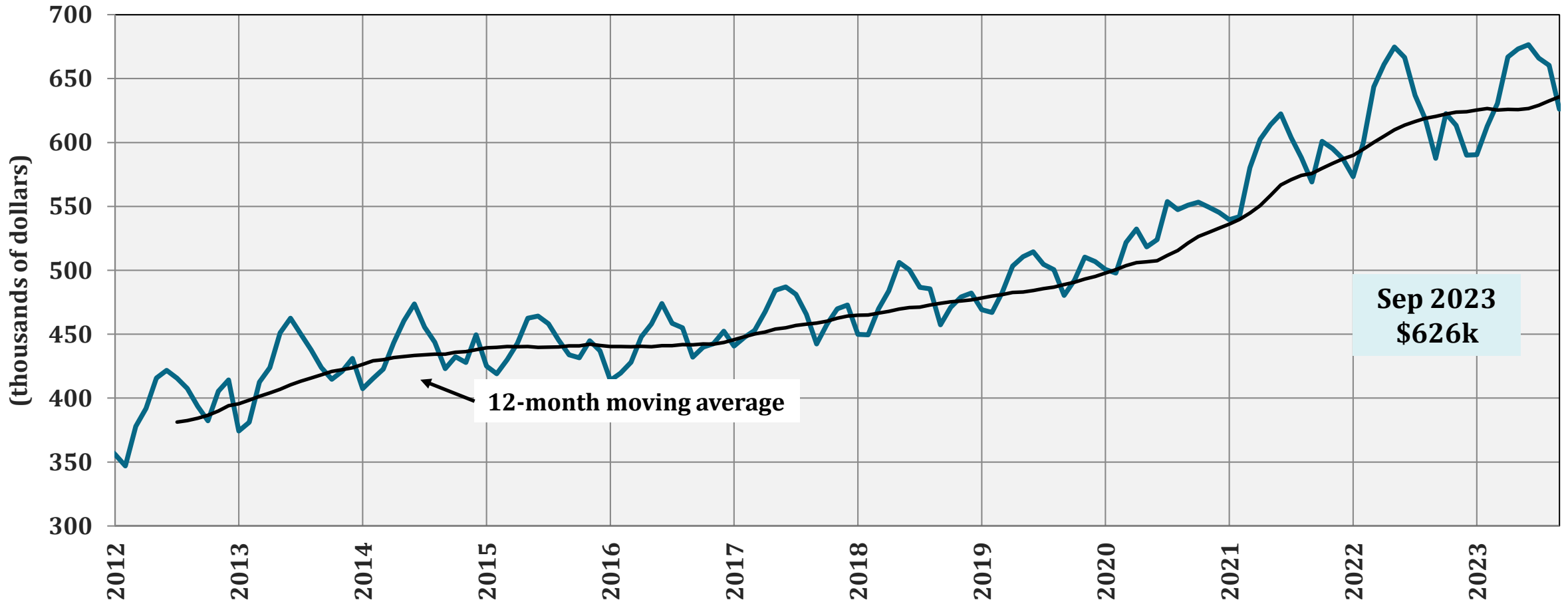


Note: End of month inventory includes: (1) All Pending Listings and (2) Active Listings.



Average Home Sales Price

Washington MSA



Source: GMU Center for Regional Analysis (CRA); RealEstate Business Intelligence (RBI) SmartCharts (using Bright MLS data)

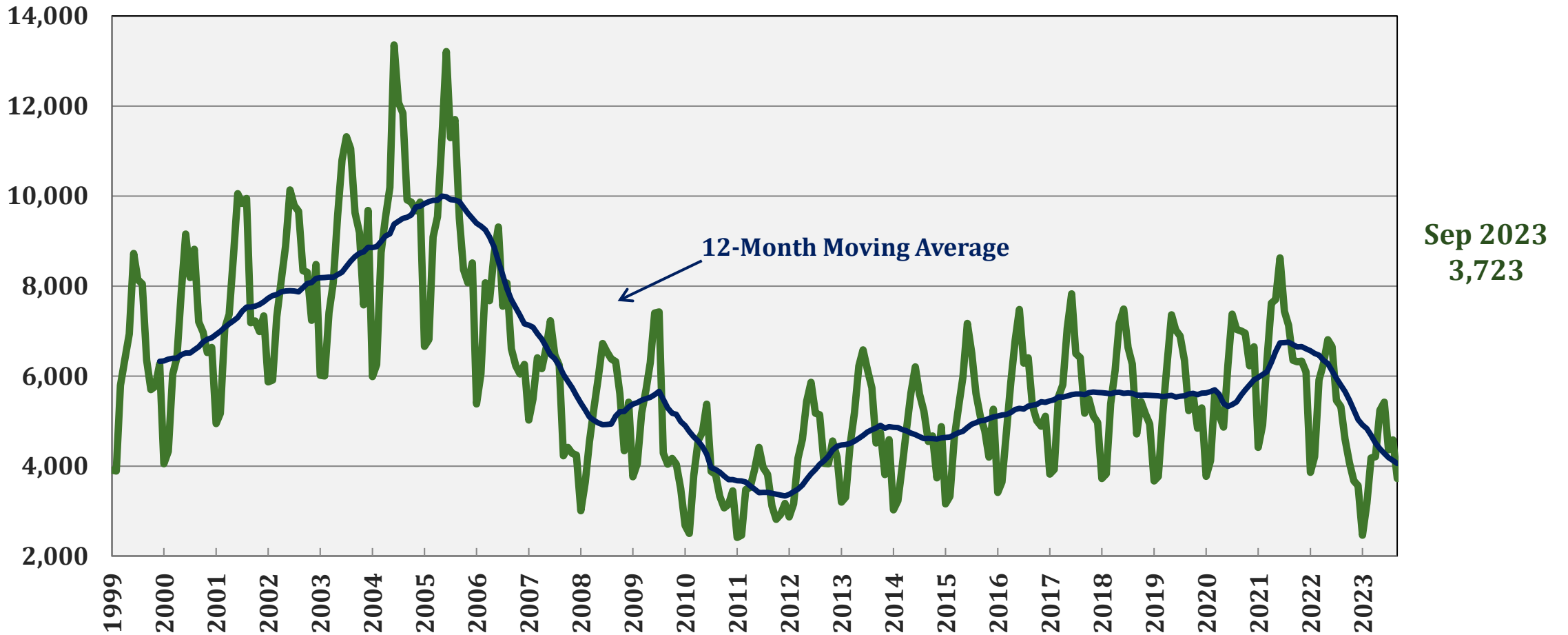




Existing Home Sales

Washington MSA (DC Metro Region)

Jan 1999 – Sep 2023



Source: GMU Center for Regional Analysis (CRA); RealEstate Business Intelligence (RBI) SmartCharts (using Bright MLS data)





Outlook for 2024



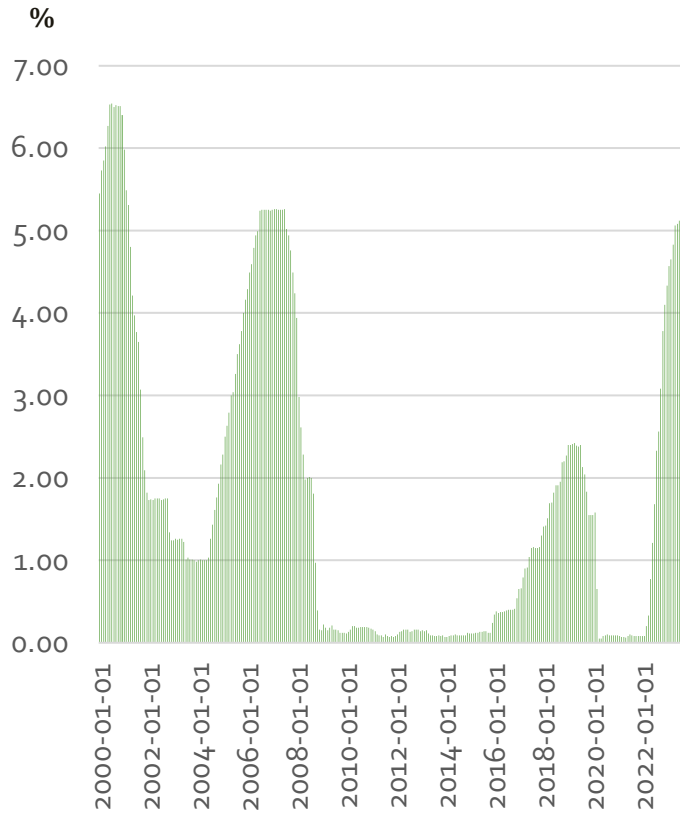
What Makes This Hard

- Federal Spending is Increasing
 - Sparking growth in favored sectors
- Productivity is rising again
- Consumer spending remains elevated
- Congress is functional (?)
- We are proving, again, to be the best in the world with productivity enhancing technologies
- Inflation is coming down
- Inflation above target
- Managing hybrid long term
- Federal debt and servicing that debt
- Consumer debt/cost of borrowing
- CRE / Business Lending
- Banking regulations
- Corporate profits stressed
- Multi-theater wars
- Local government finances



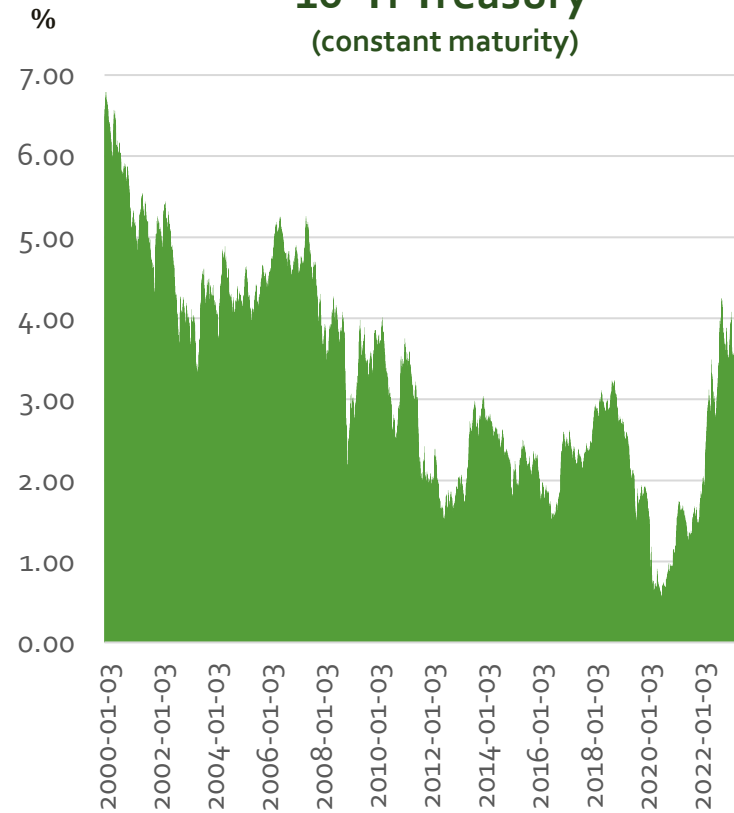
Interest Rates 2000 - 2023

Fed Funds



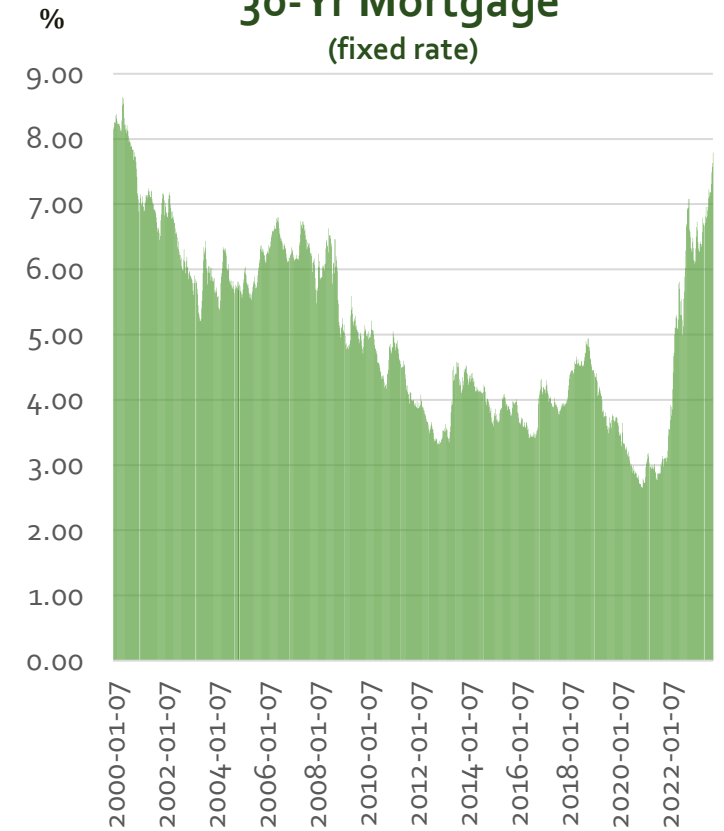
10/23: 5.33 08/22: 2.33

10-Yr Treasury (constant maturity)



09/23: 4.38 08/22: 2.9

30-Yr Mortgage (fixed rate)

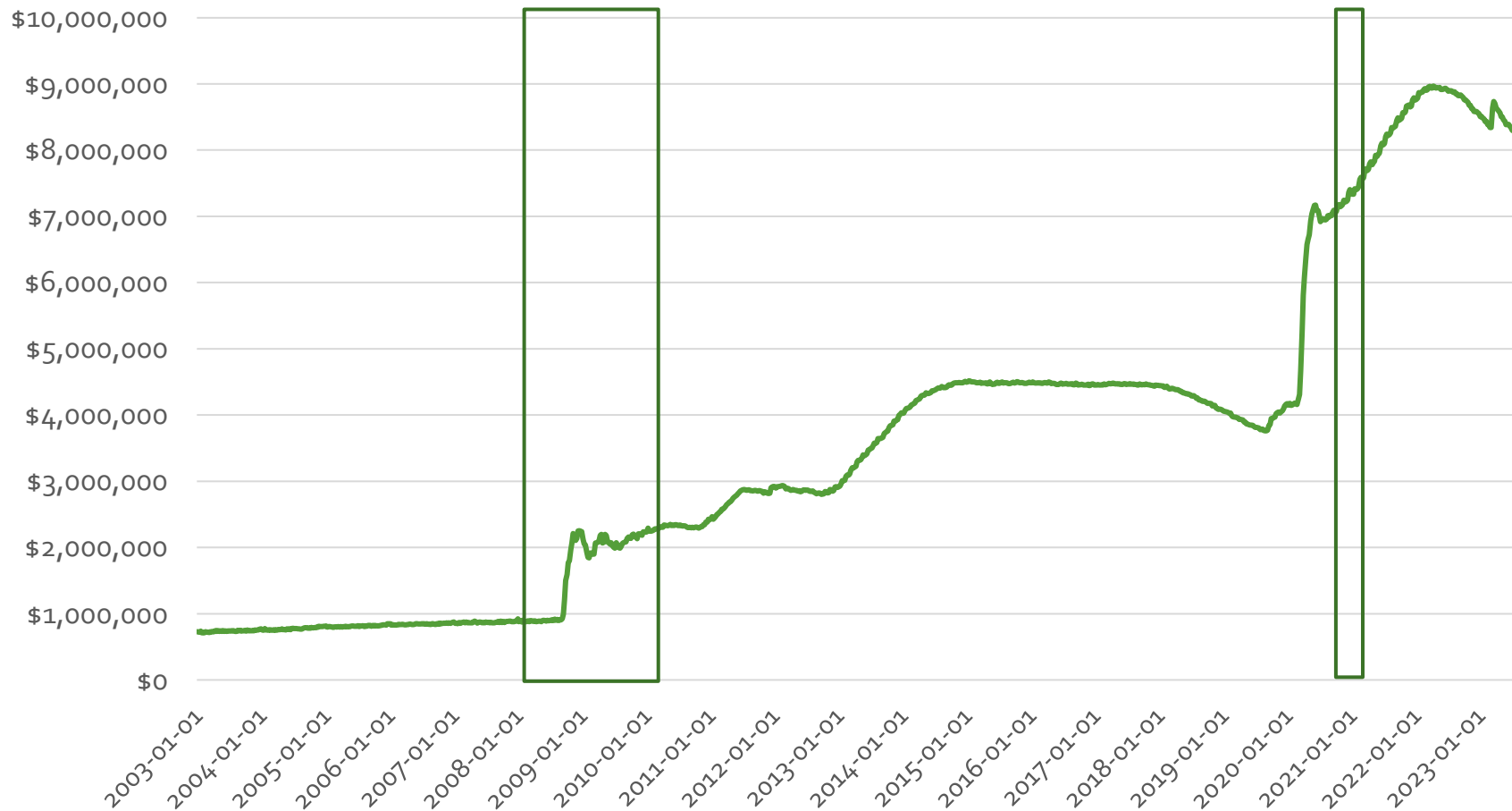


10/26/23: 7.79 8/21: 1.28



Federal Reserve Total Assets

Weekly, NSA
Millions \$

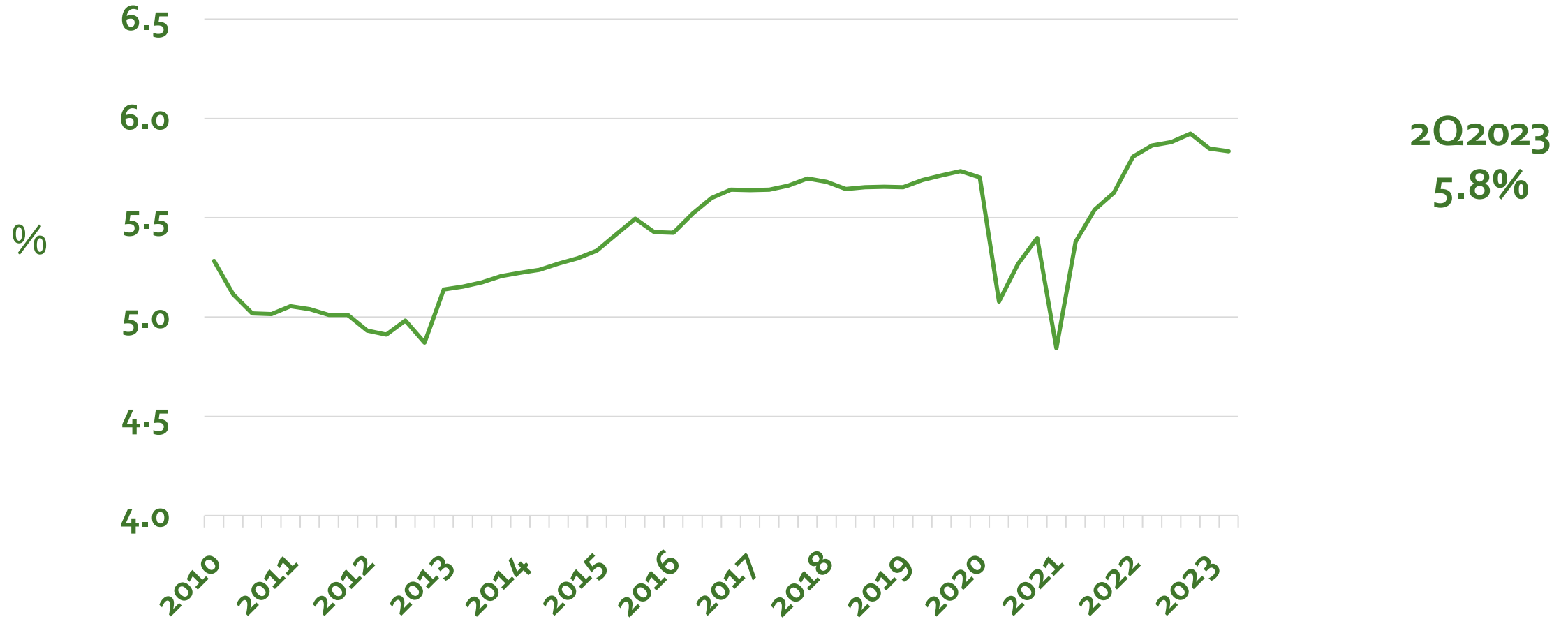


Week
Oct 25, 2023
\$7,907,830

Week
Oct 26, 2022
\$8,723,090



Consumer Debt Service Payments % of Disposable Personal Income



Source: Federal Reserve





U.S. 2024 Outlook

- Banking lending
 - Interest rate impacts on business expansion
 - Tighter regulation of reserves?
- Consumer spending slows
 - Pandemic saving gone for middle and lower income households
 - Inflation still biting
 - New homeowners
- Total US Jobs
 - **Net positive for the year: Up 1.5M**
 - Gap between labor demand and supply narrows
- Stock Market
 - Unimpressive gains
 - Volatility in earnings reports and prices
- Private development pushed out by public investment
- Stagnation in Ukraine and the Middle East
- **GDP up 1.9%**
 - Slow growth
 - Maybe one quarter negative
 - Not likely recession



Washington, DC Metro Outlook

- Federal Spending past peak
 - Still robust
- Consumer spending
 - Retail on downward trend
- Congress is functional (?)
 - Federal shutdown
 - Sub regional effects of spending priorities
 - A year of CRs?
- Housing rents stabilized
 - Home ownership out of reach for most
- Talented workforce
 - Many are moving out
 - Biggest impediment to growth is labor availability
- Local government finances
 - WMATA Fiscal Cliff
 - Office space/valuations
- Business lending
- Return to office has stalled
 - Homeownership in distant lands
- **GRP +0.9%**
- **Job Growth**
 - **Net 20k-30k**
- **The Path to Mediocrity?**



Questions

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