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)

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

- Educ & Health Svcs: 1022
- Prof. & Bus. Svcs: 1011
- State & Local Govt: 217
- Leisure & Hosp.: 89
- Retail Trade: 56
- Manufacturing: 94
- Financial: 89
- Construction: 71
- Wholesale Trade: 182
- Other Services: 136
- Transp. & Util.: 917
- Information: 128
- Federal Govt.: 85

Total = 3.2M

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

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

Source: The Conference Board, GMU Center for Regional Analysis

Sept 2023
Pres. = 147.1
Exp. = 73.7
(1985 = 100)
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)

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)

Source: Bureau of Labor Statistics (Not Seasonally Adjusted),
GMU Center for Regional Analysis
Job Change by Sector
Washington MSA
Sep 2022 – Sep 2023

(000s)

Total = 78k

Prof/Business Svcs: 28, 6.3
Educ & Health Svcs: 23.9, 20.5
Federal Govt: -3.7, 3.2
State & Local Govt: 5.8, 30.0
Leisure & Hosp.: -2.0, -2.4
Retail Trade: 2.3, 15.9
Other Services: -1.5, 7.8
Construction: 5.1, -9.9
Transport/Utilities: -0.2, 3.6
Financial: 0.9, -6.4
Information: 0.1, 0.4
Educ & Health Svcs: 1.5, 0.9
Prof/Business Svcs: -0.2, 0.4
Retail Trade: 4, 0.5
Supply Chain: -9.0, 28

Source: Bureau of Labor Statistics (Not Seasonally Adjusted),
(Ranked by Size in 2019)
Professional & Business Services
Washington MSA

Source: Bureau of Labor Statistics (Not Seasonally Adjusted)
Federal Government
Washington MSA

Source: Bureau of Labor Statistics (Not Seasonally Adjusted),
GMU Center for Regional Analysis
Computer systems design and related services
Washington MSA

2005: 129k
2022: 173k

Source: Bureau of Labor Statistics, GMU Center for Regional Analysis
Cyber Security Employment
Washington MSA

Source: JobsEQ, GMU Center for Regional Analysis
Federal Spending in the Washington Core Area
Fiscal Years 1980-2023

Total = $2,459 Billion

FY80-89 = $83.9B
FY90-99 = $191.2B
FY00-09 = $549.8B
FY10-20 = $1191B

Source: USAspending.gov
Annual Job Change
District of Columbia (2012-2023)

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

Elements of Population Change
Washington MSA

- Natural Increase
- Net International Migration
- Net Domestic Migration

Source: U.S. Census Bureau, Population Estimates Program
Inventories of Existing Homes
Washington MSA MOTYC (2013-2023)

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

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

30-Yr Mortgage
(fixed rate)

10/23: 5.33  08/22: 2.33
09/23: 4.38  08/22: 2.9
10/26/23: 7.79  8/21: 1.28

Source: Federal Reserve Bank of St. Louis, GMU Center for Regional Analysis
Federal Reserve Total Assets
Weekly, NSA
Millions $

Source: Federal Reserve Economic Data (FRED), Federal Reserve Bank of St. Louis
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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