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The Washington Region's Economy: Trends and outlook

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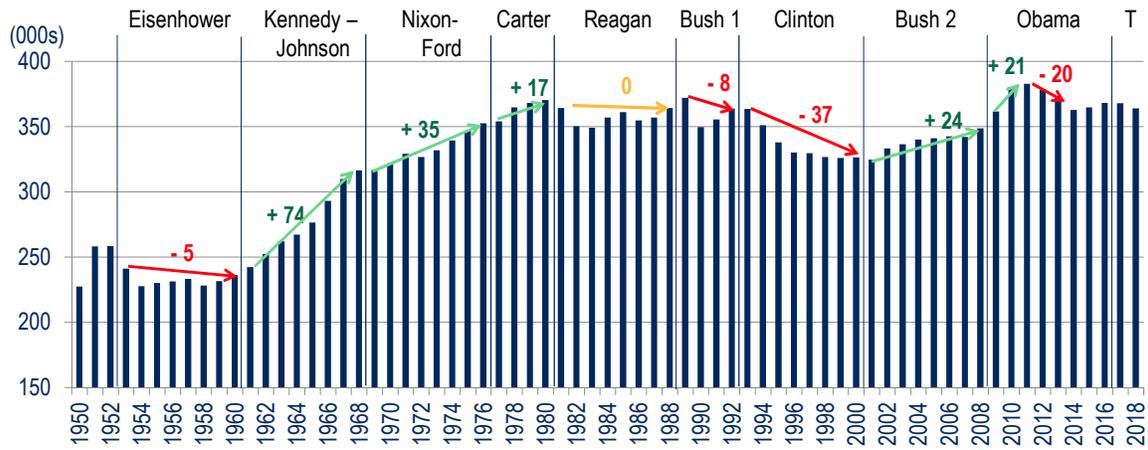


August 14, 2019

Overview of Drivers of Economic Growth in the Washington Region



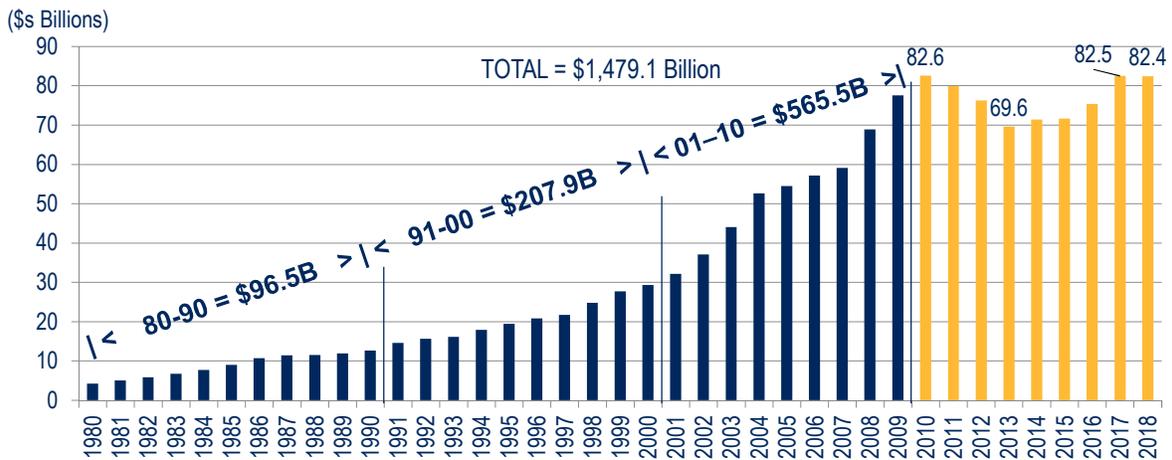
Federal Employment in the Washington Region, 1950-2018



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

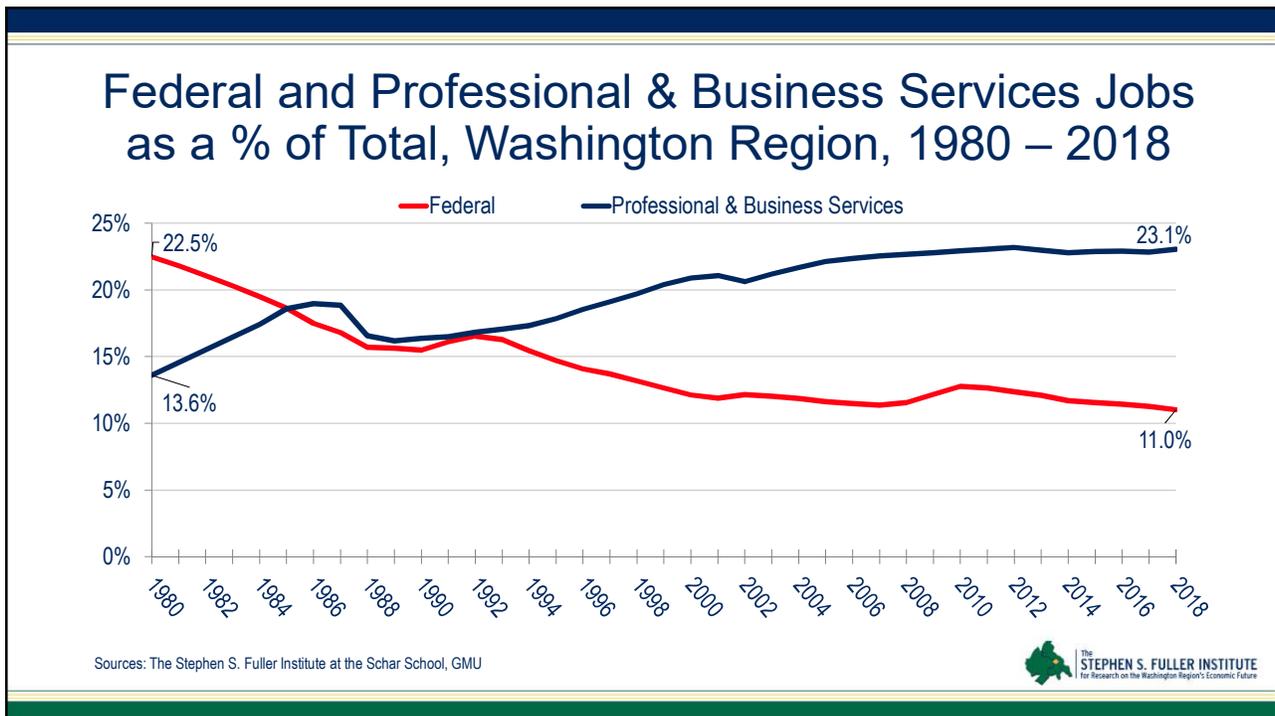
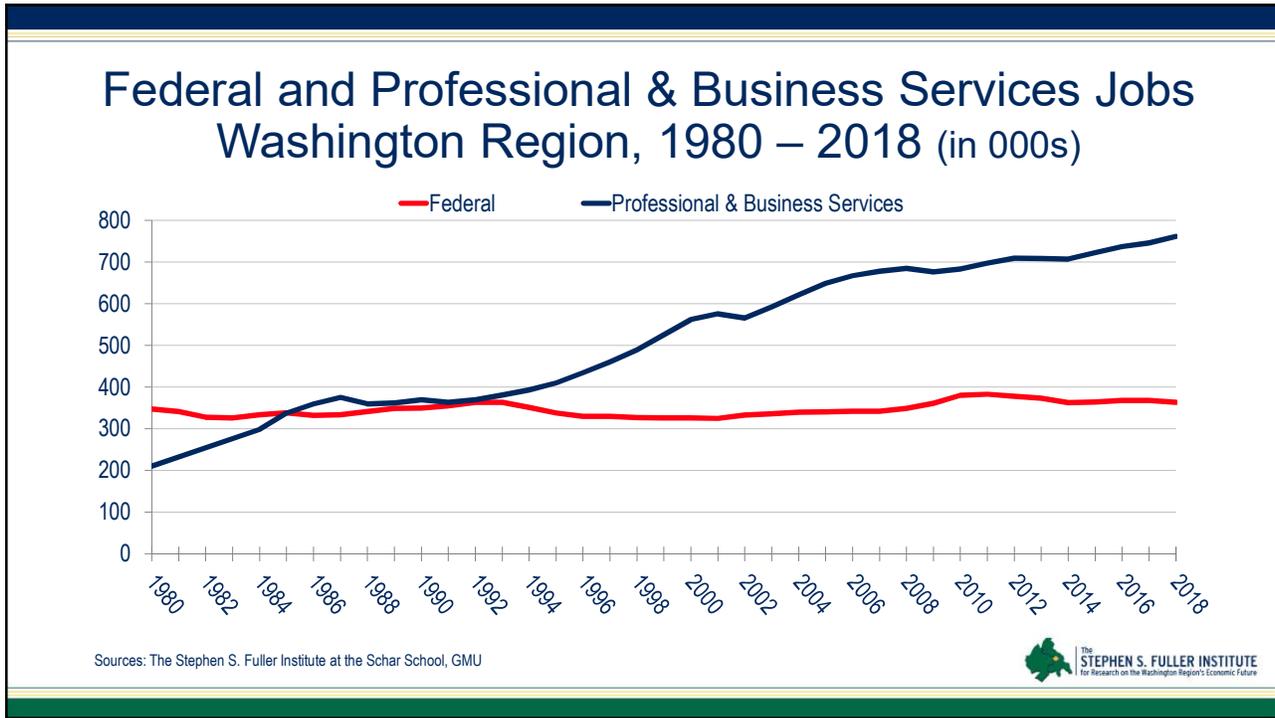


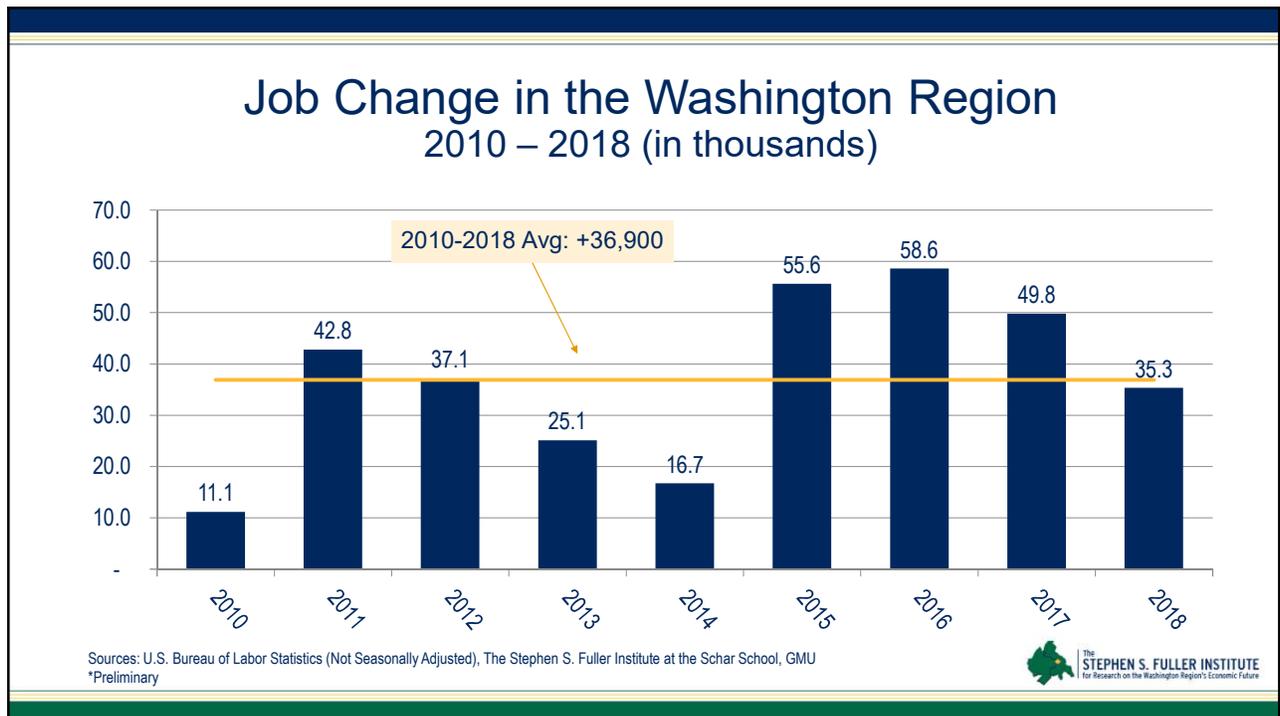
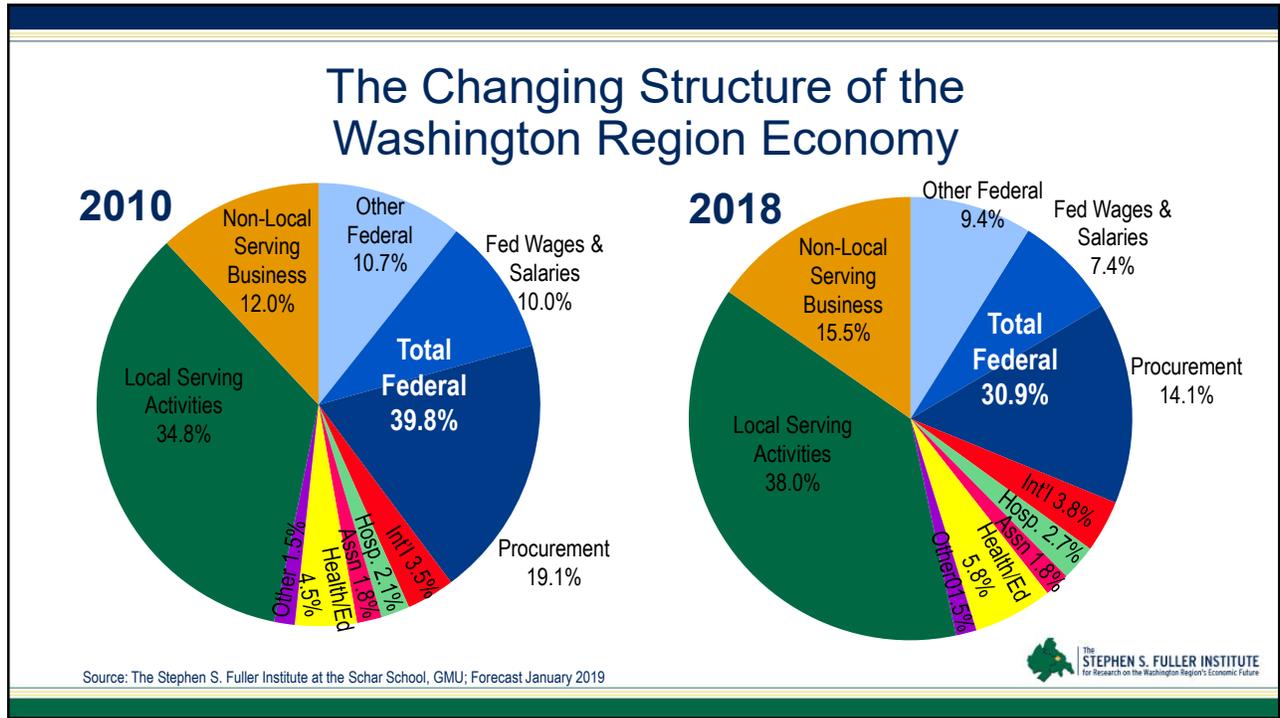
Federal Procurement in the Washington Region, 1980-2018



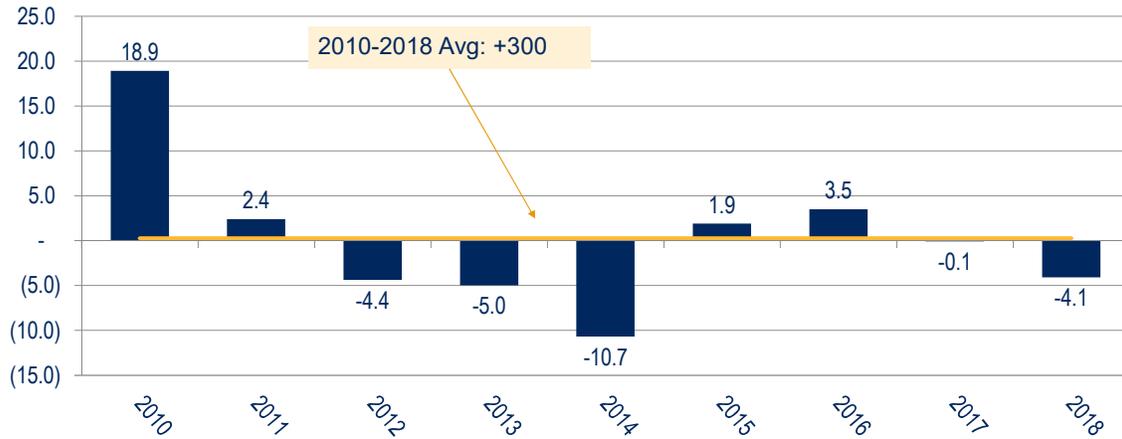
Source: US Census, Consolidated Federal Funds Report and USAspending.gov, The Stephen S. Fuller Institute at the Schar School, GMU







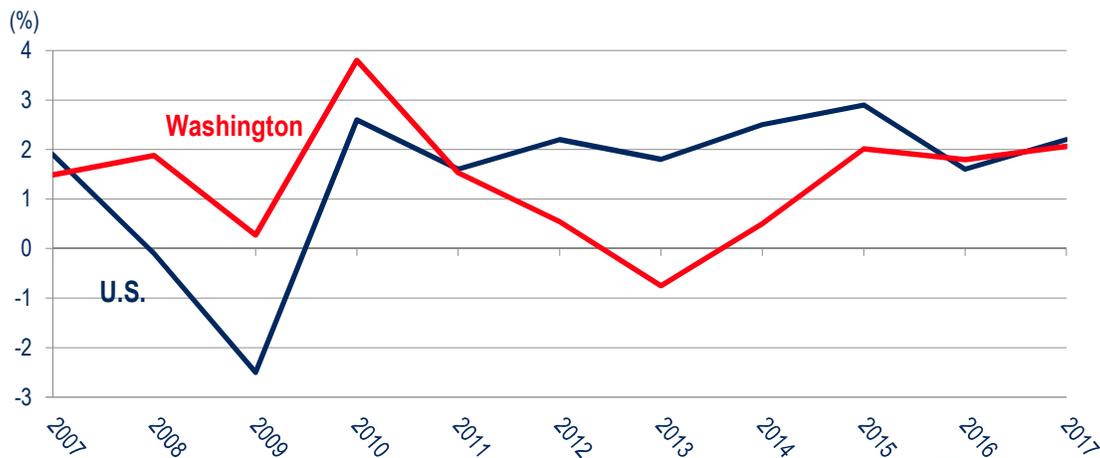
Federal Job Change in the Washington Region 2010 – 2018 (in thousands)



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

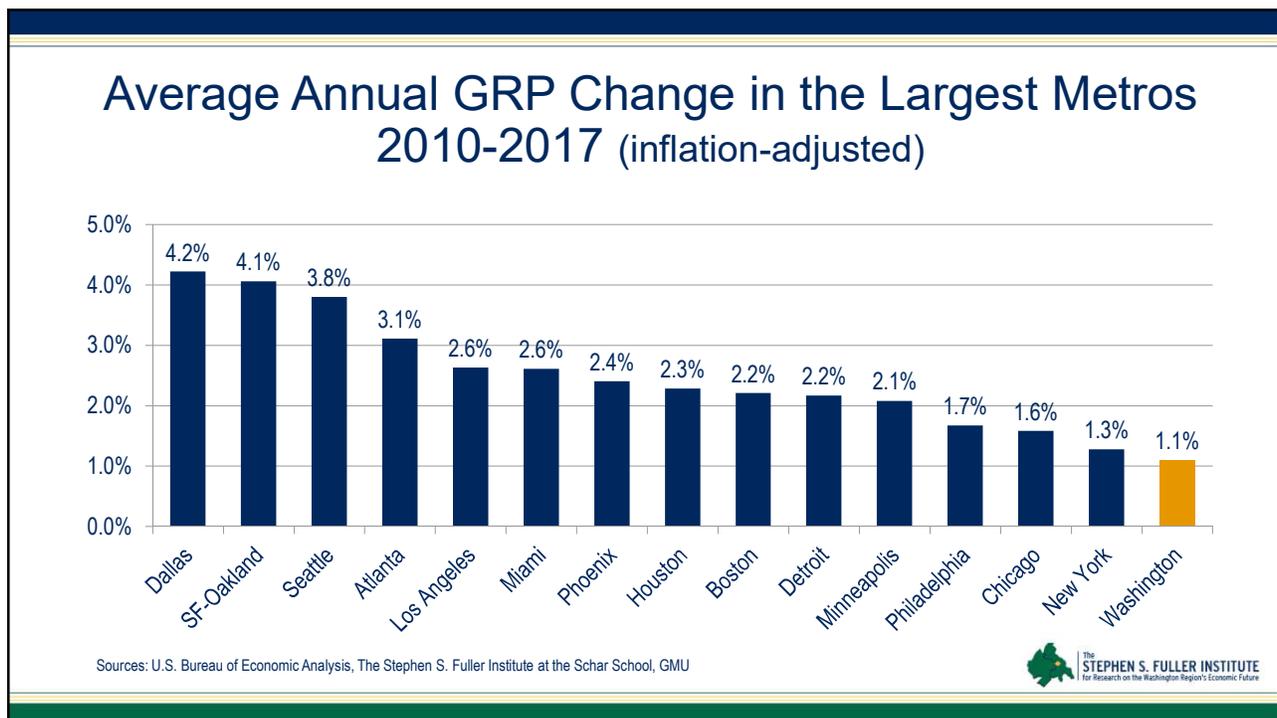
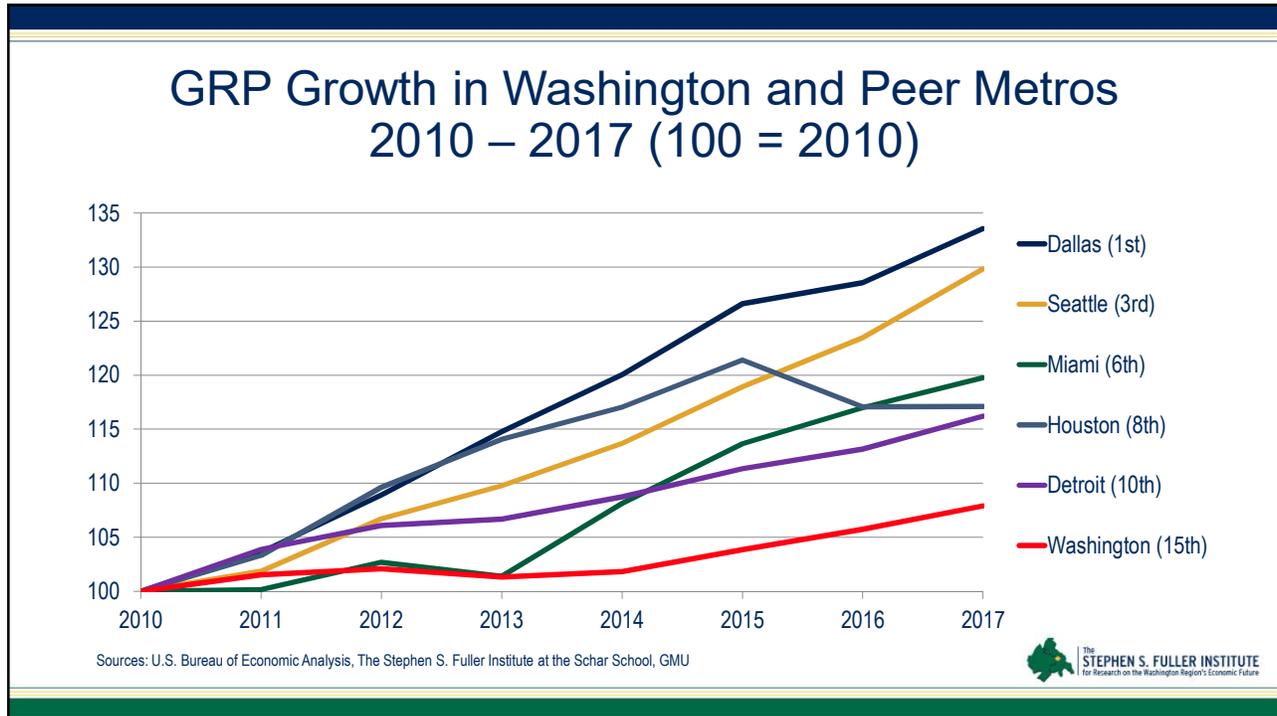


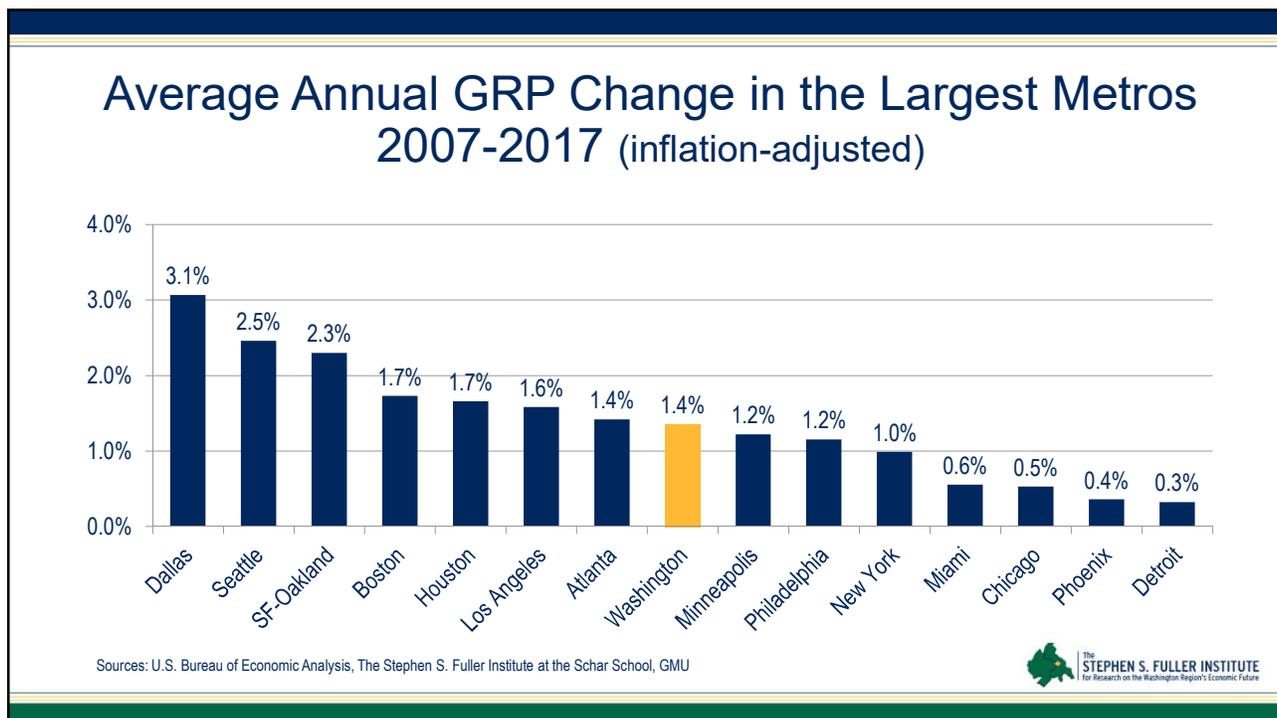
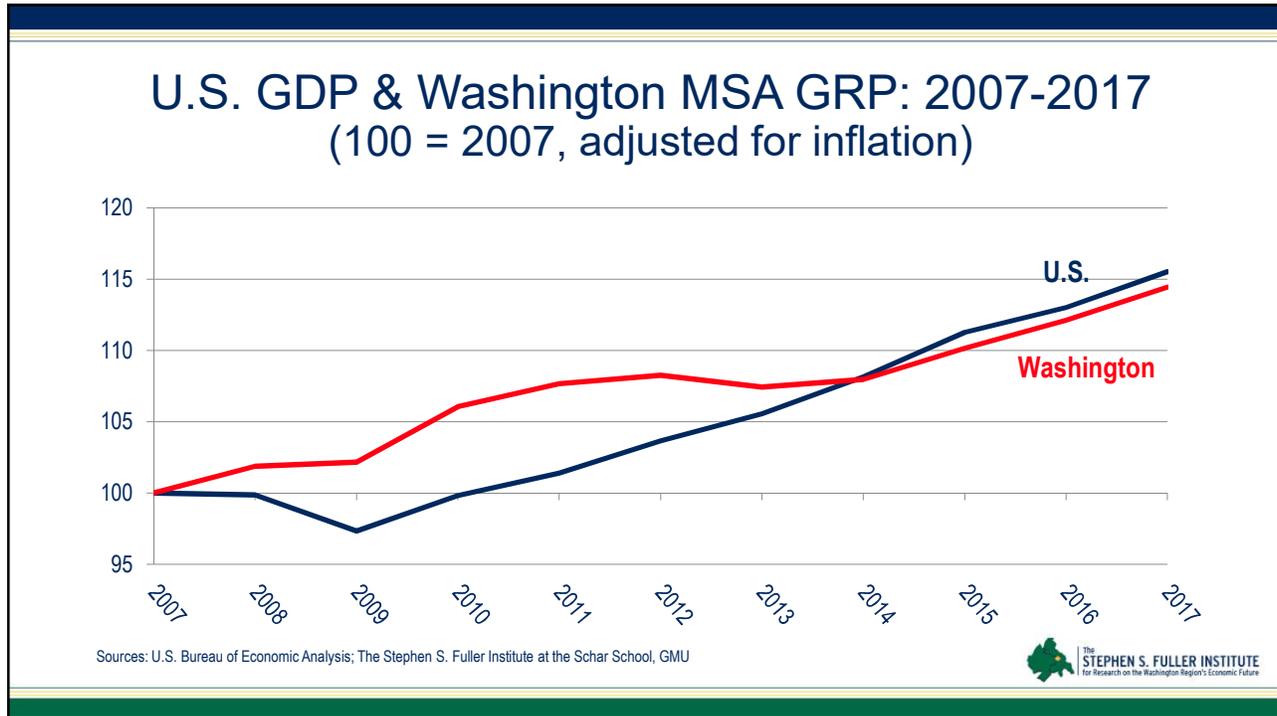
U.S. GDP and Washington MSA GRP 2007 – 2017 (Annual % Change)



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



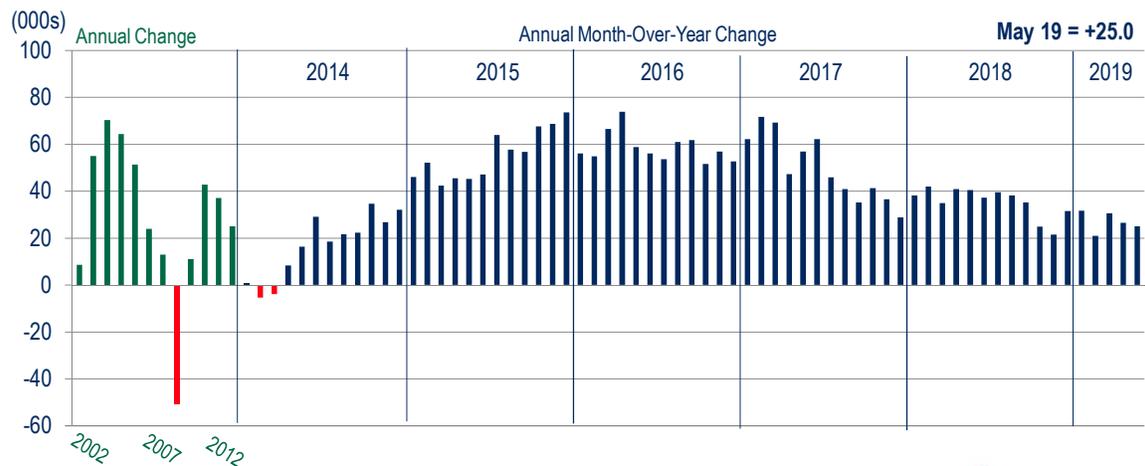




Recent Economic Trends

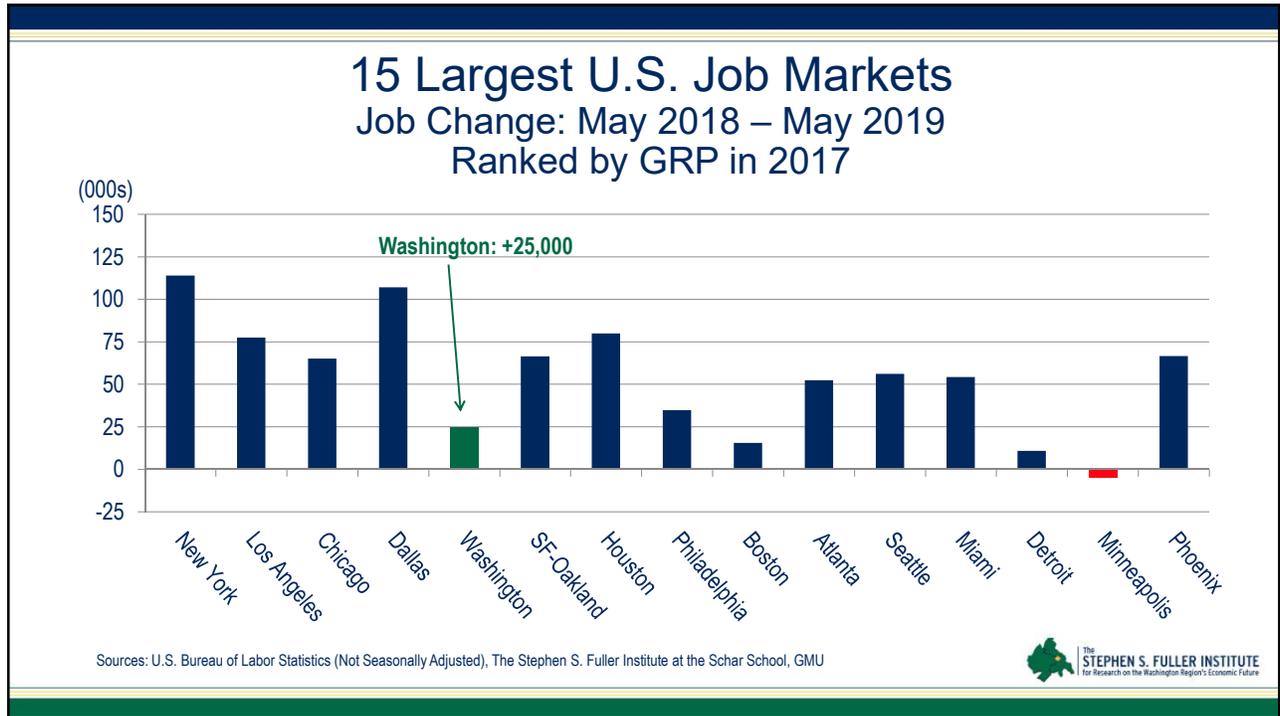


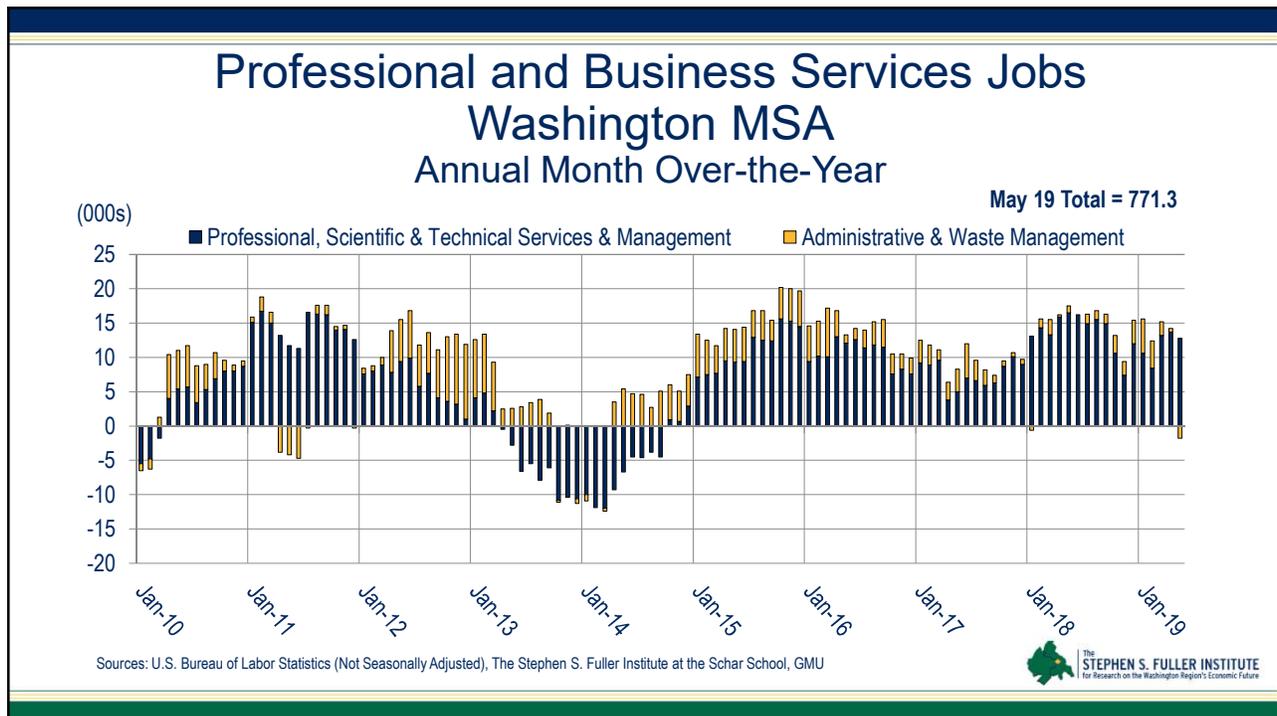
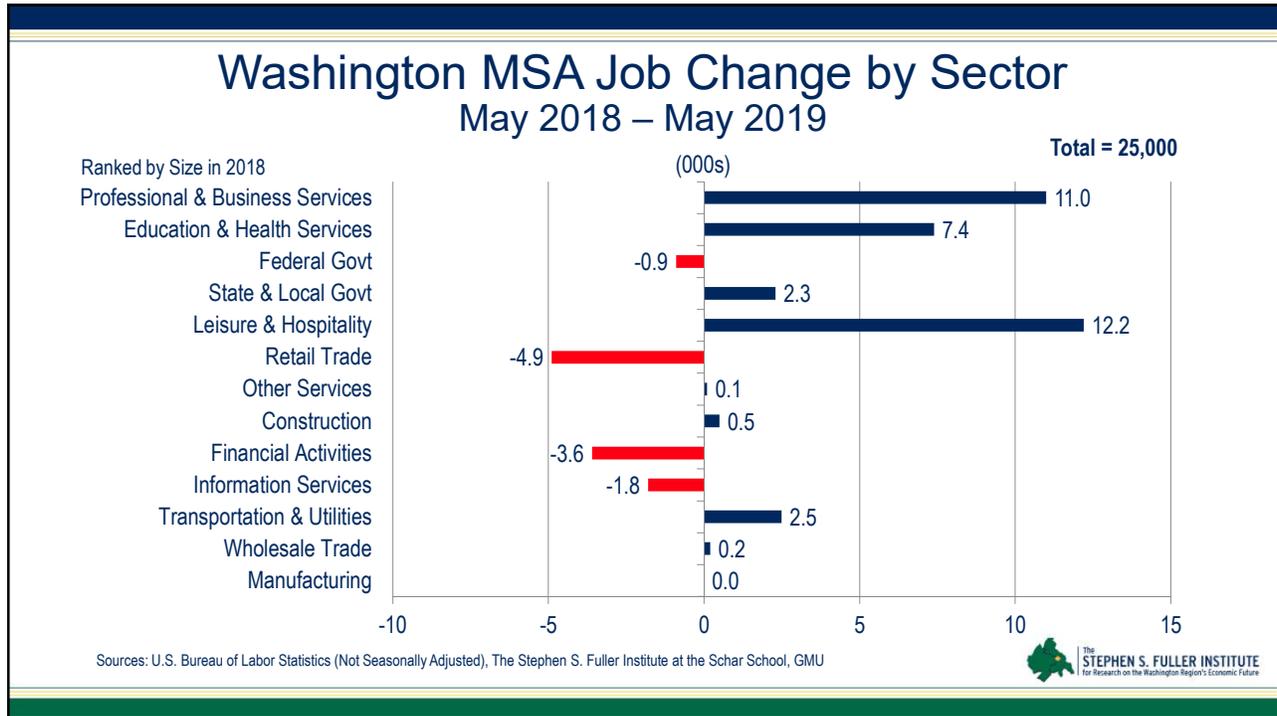
Annual Job Change, 2002-2019 Washington Region

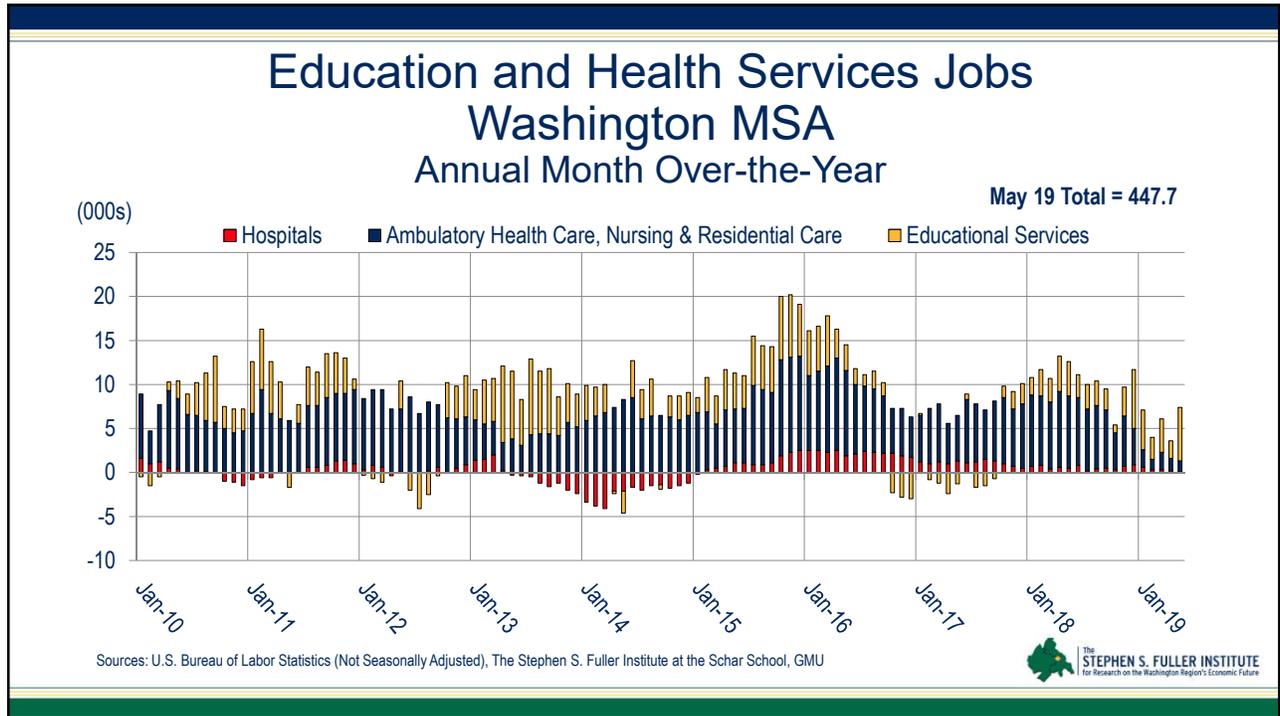


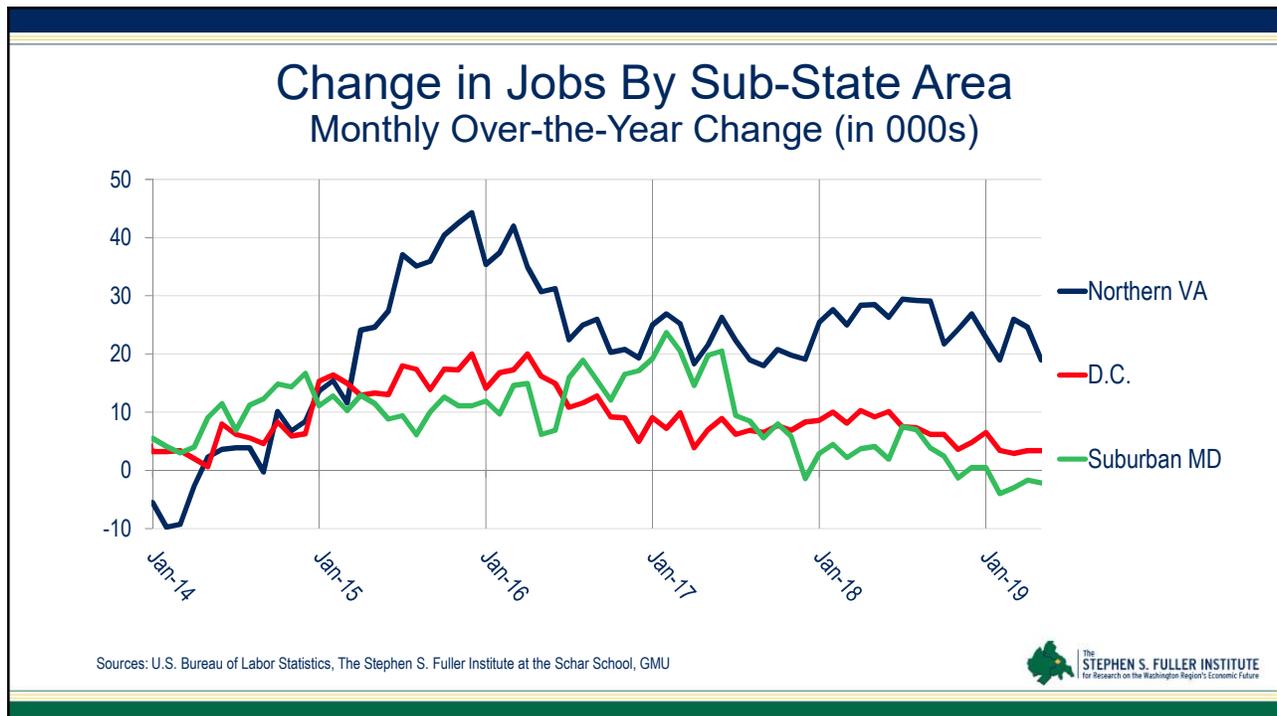
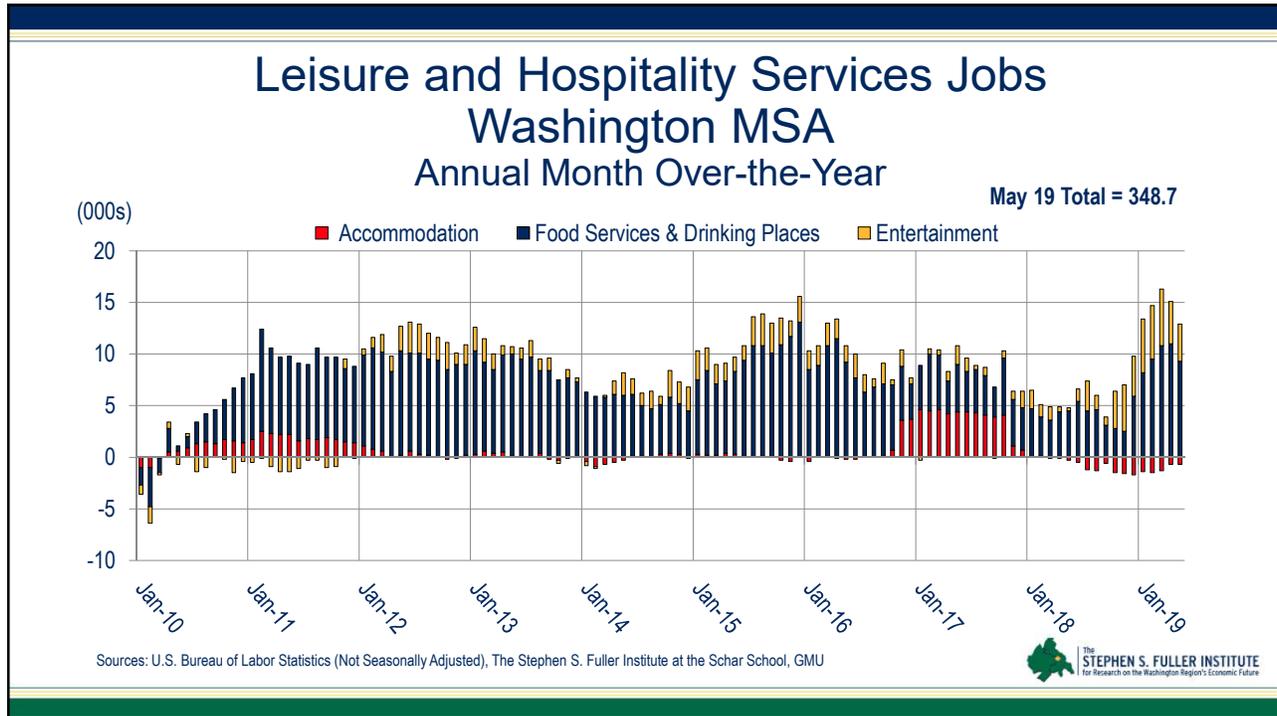
Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU

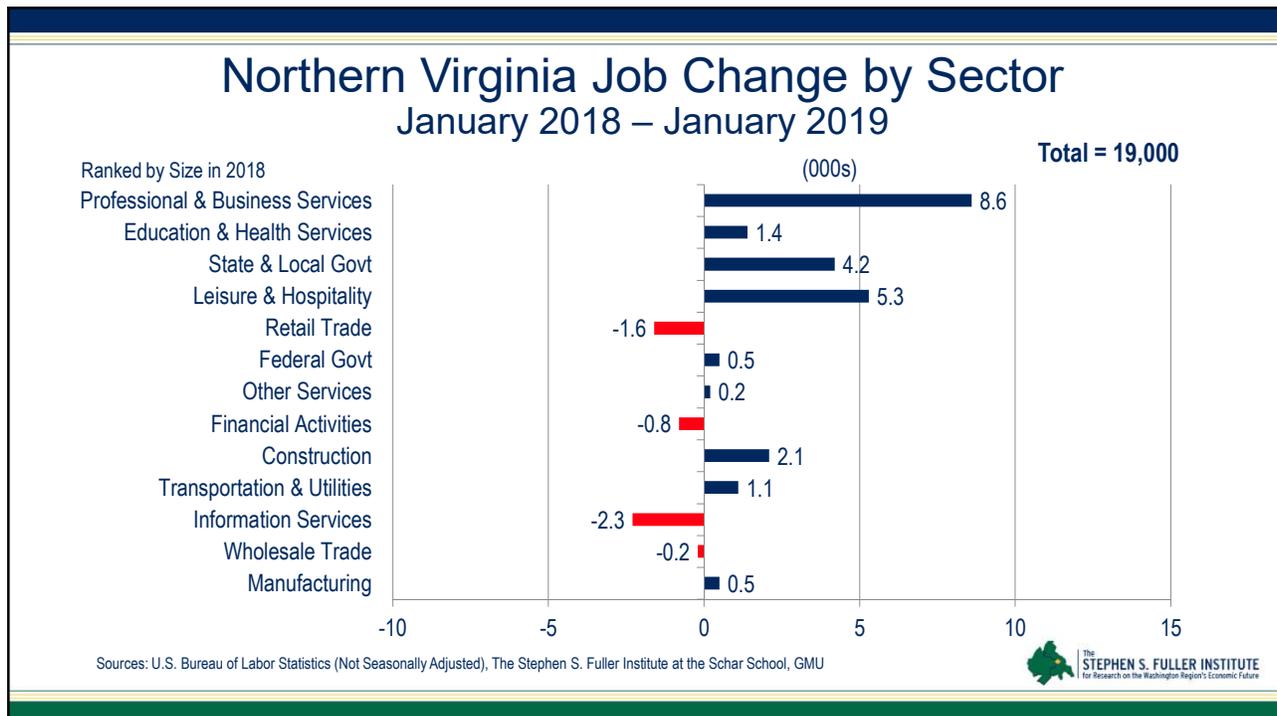
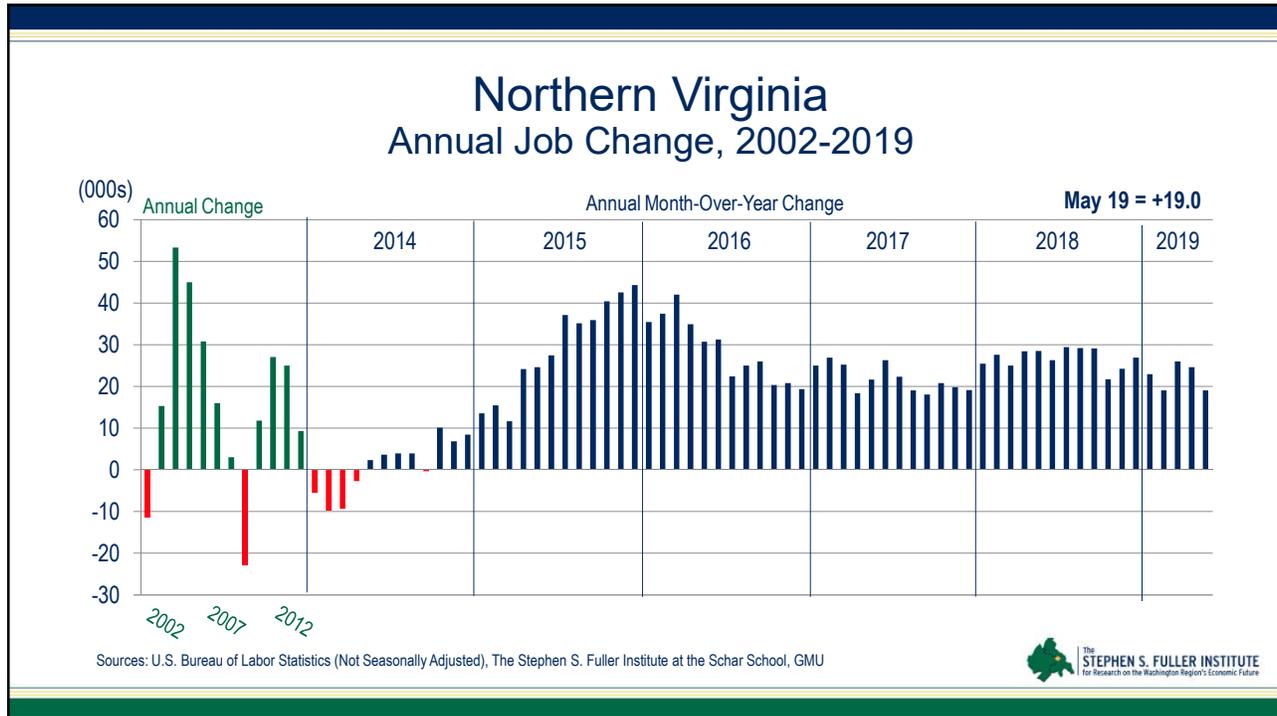


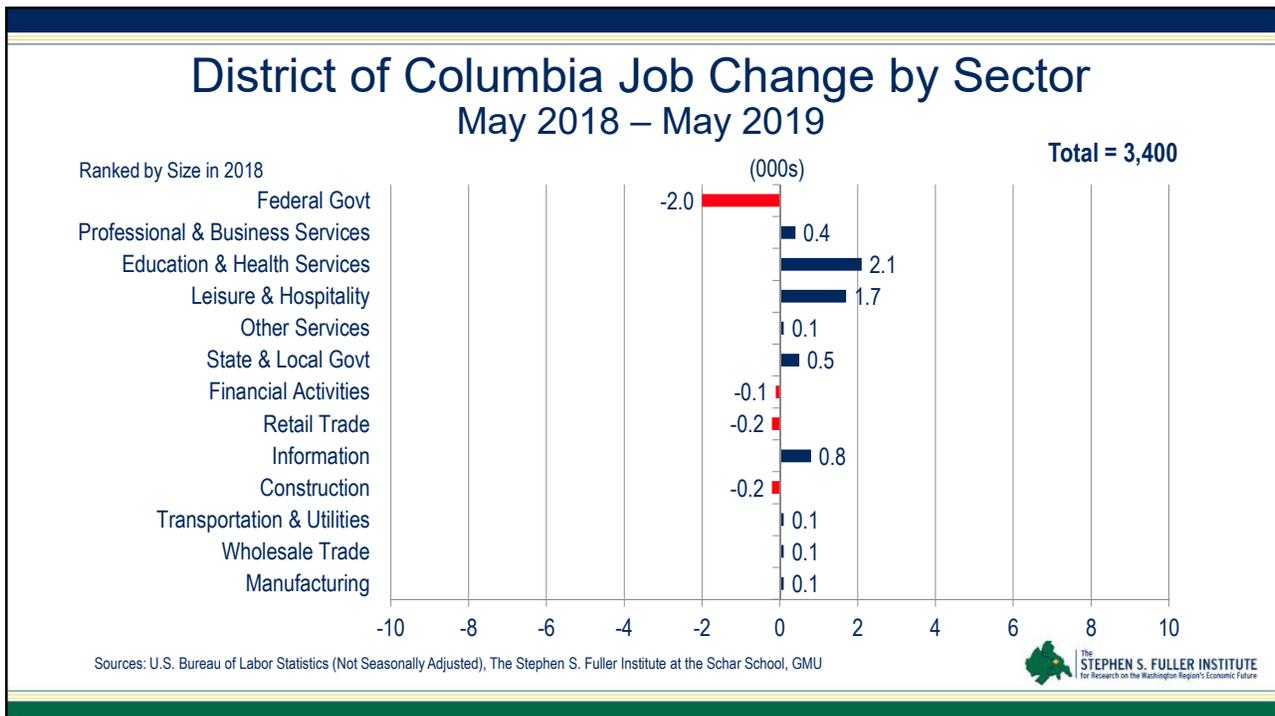
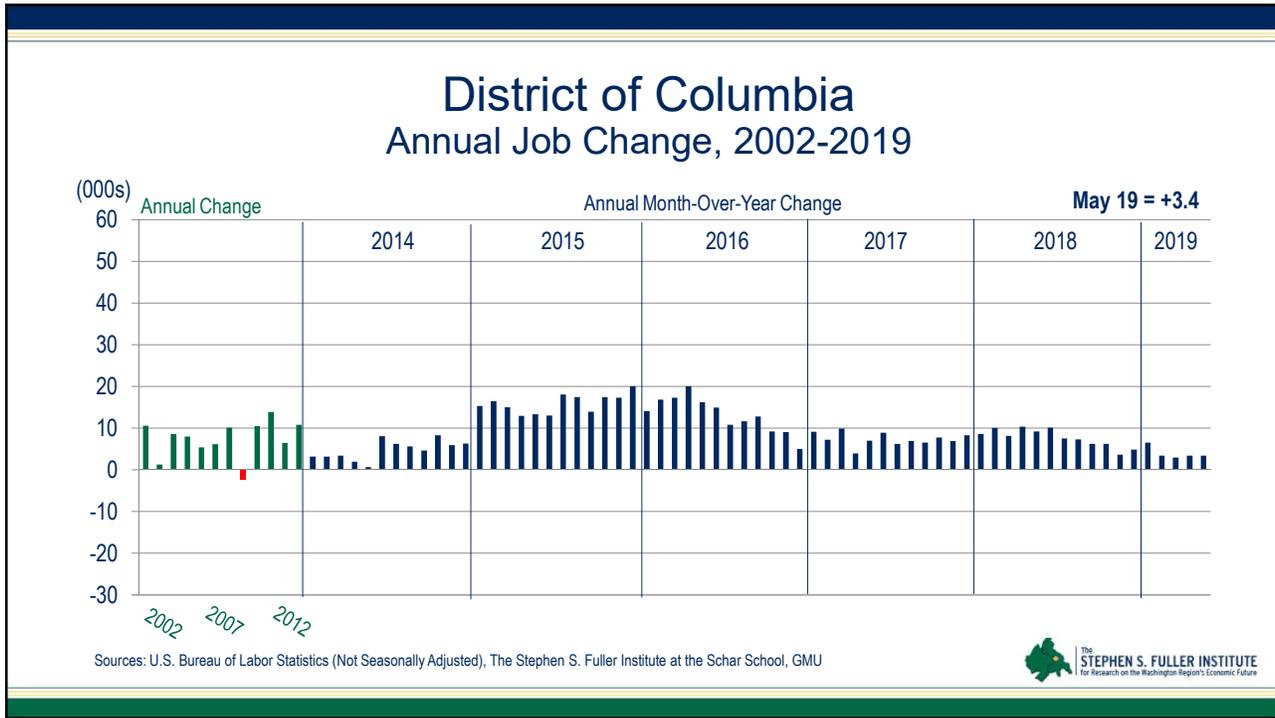


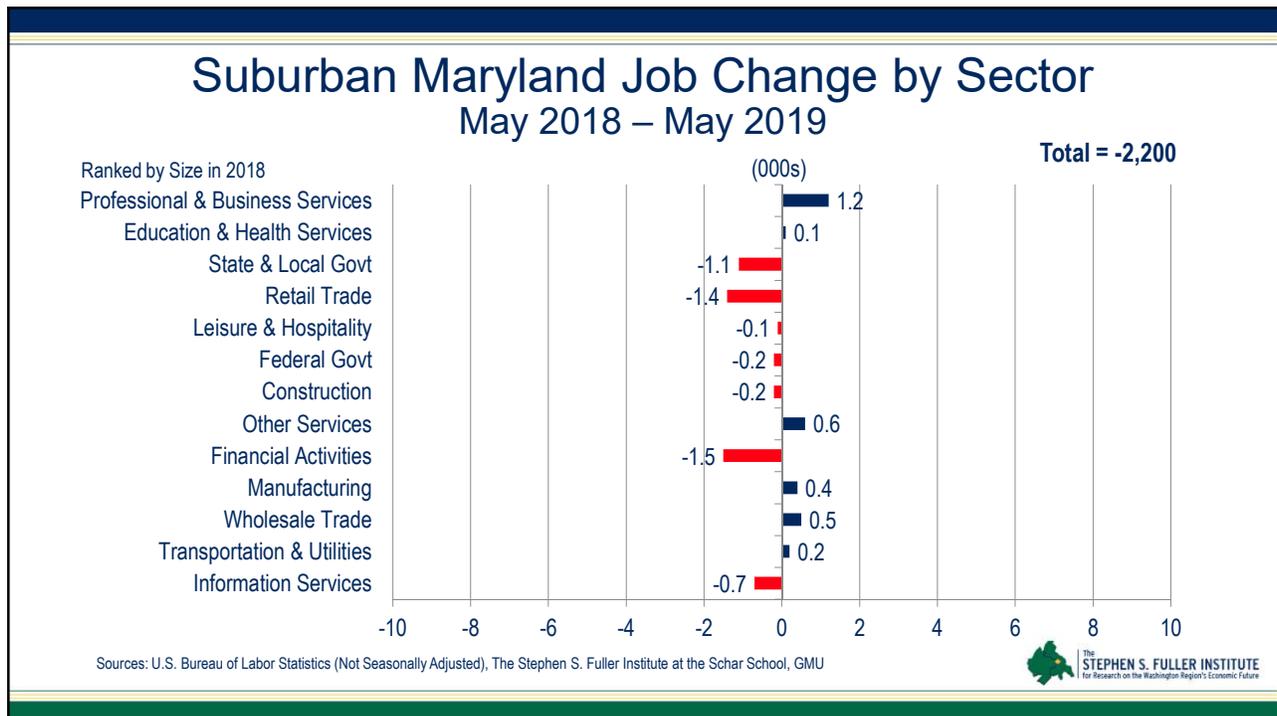
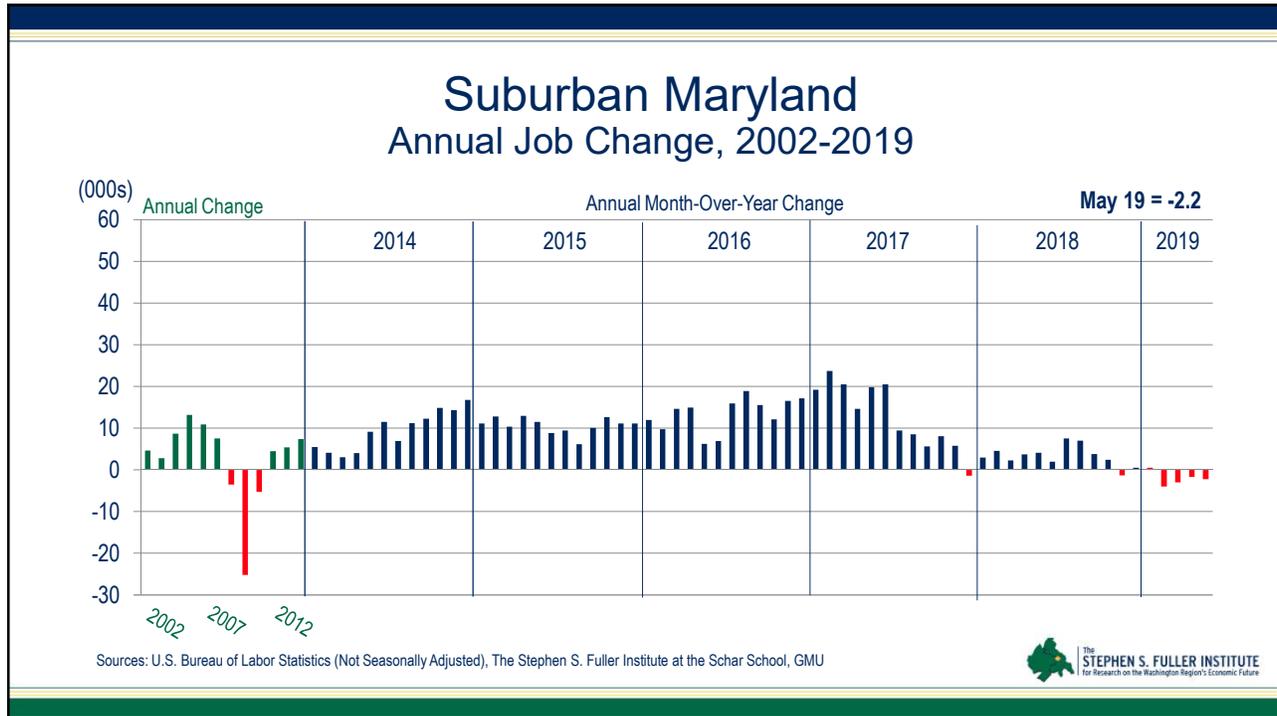












Future of Economic Growth in the Washington Region:

Current Trends & Near-Term Forecast

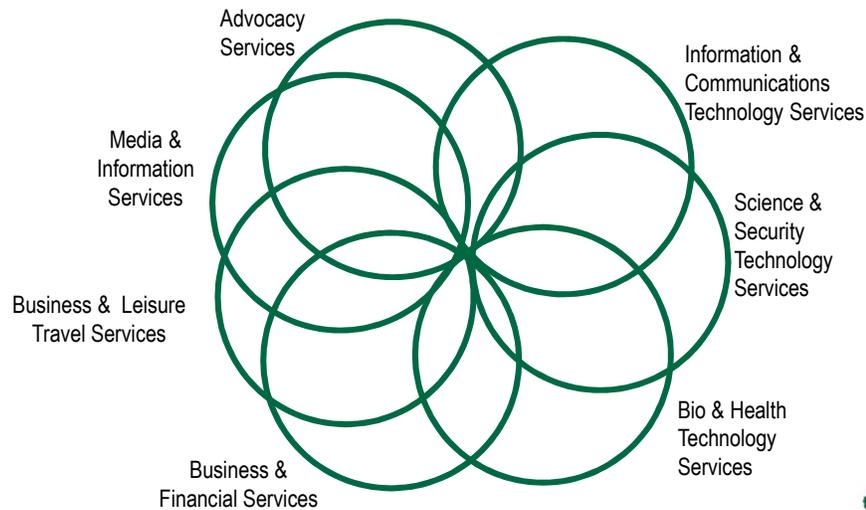


The Roadmap for the Washington Region's Future Economy: Roadmap Objectives

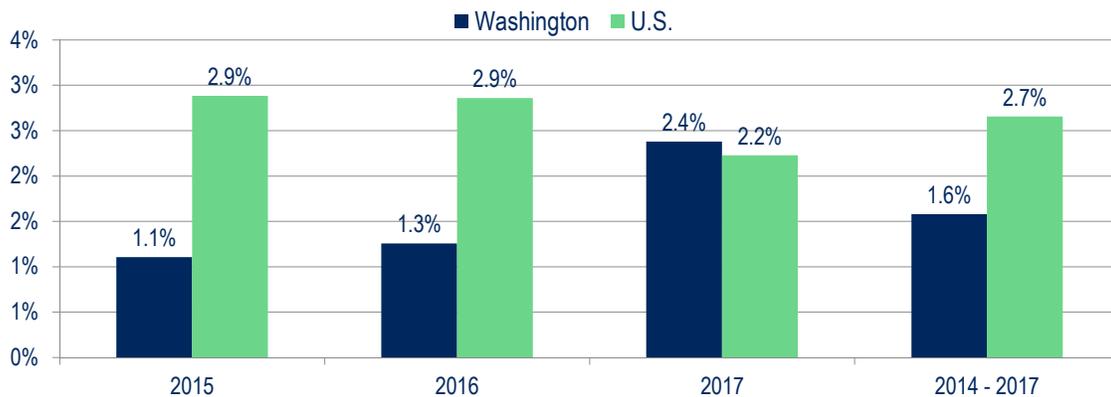
- Re-position the economy away from Federal markets to national and global markets;
- Build on the region's competitive advantages;
- Focus on export-based, high-value added, high-growth potential businesses;
- Identify what these types of businesses need—their requirements—to grow in the Washington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



The Washington Region's Advanced Industrial Clusters



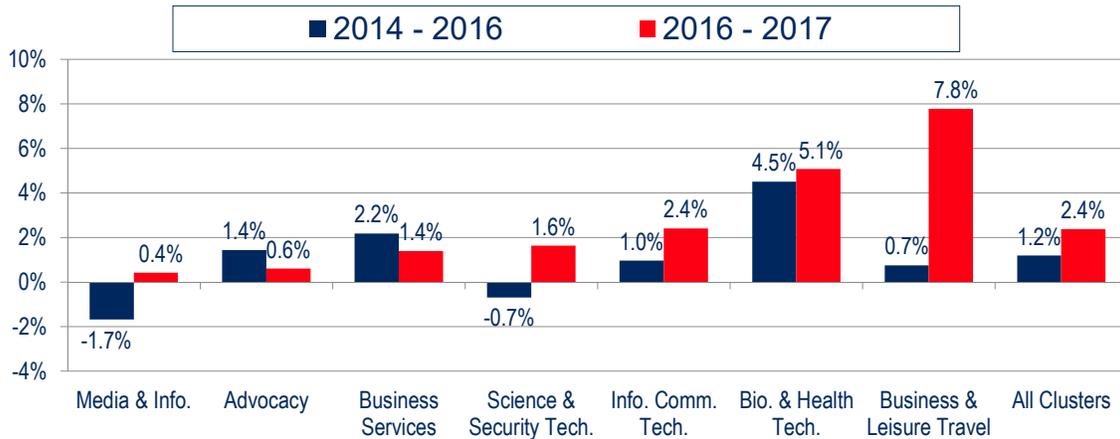
Growth Rates of the Washington Region's Advanced Industrial Clusters



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



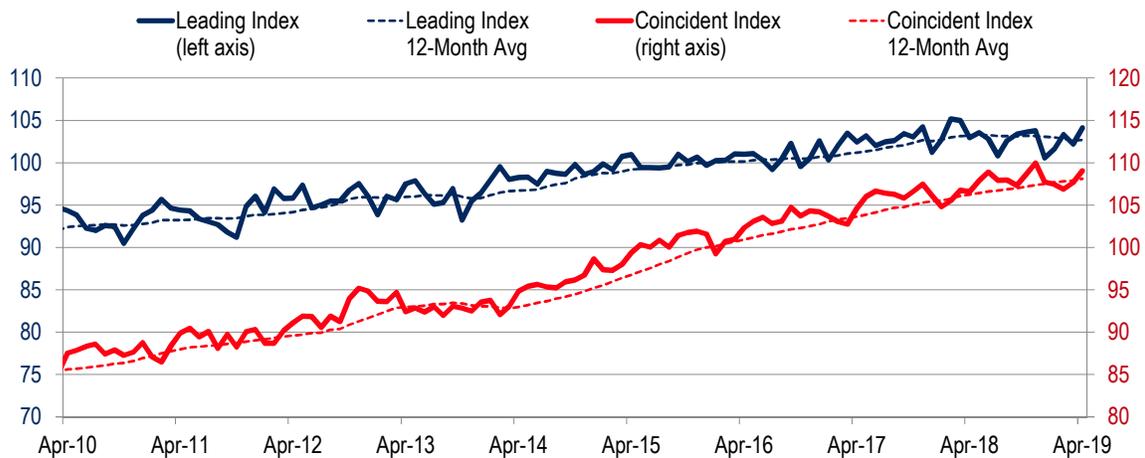
Growth Rates of the Washington Region's Advanced Industrial Clusters, Annualized Growth



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

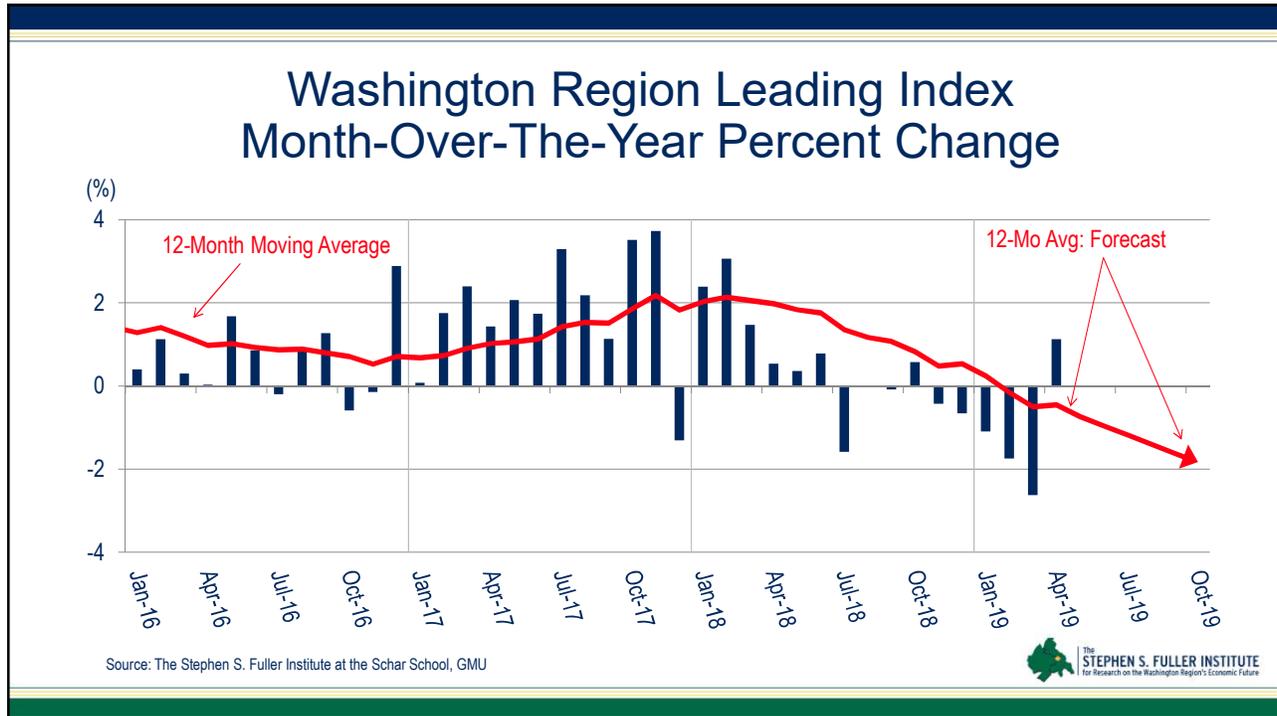


Washington Region Economic Indices (100 = 2015)



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





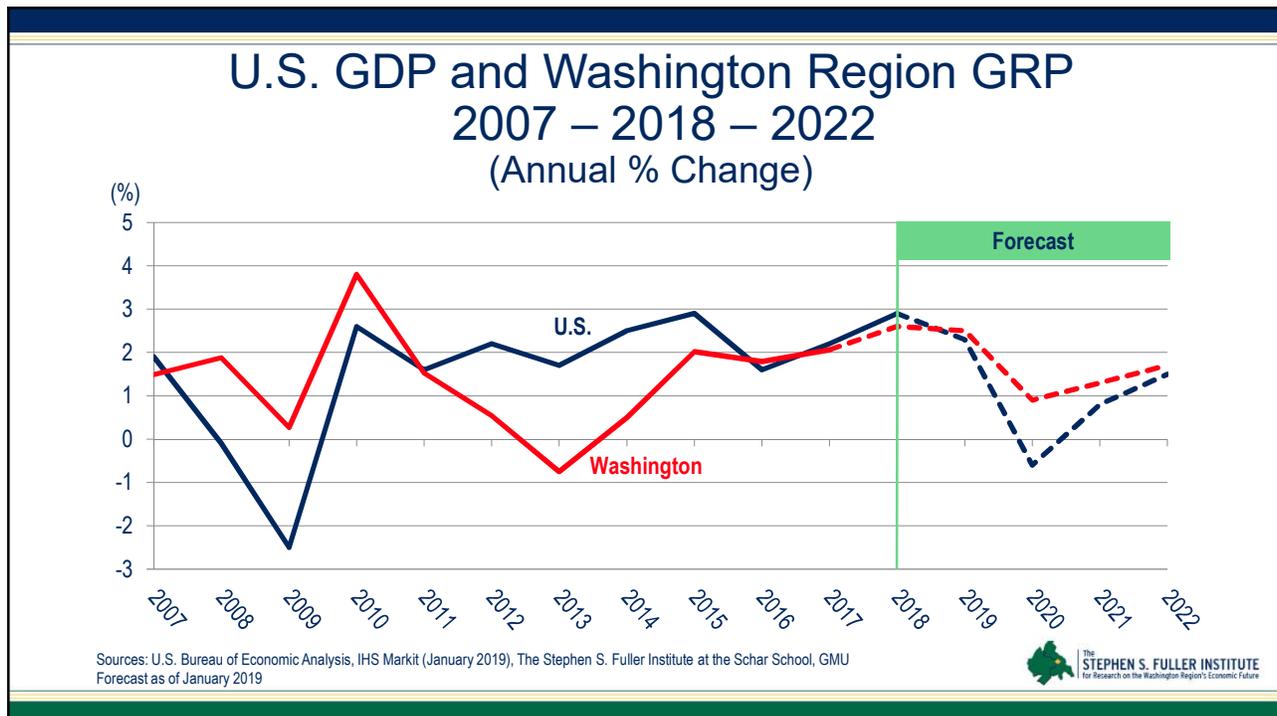
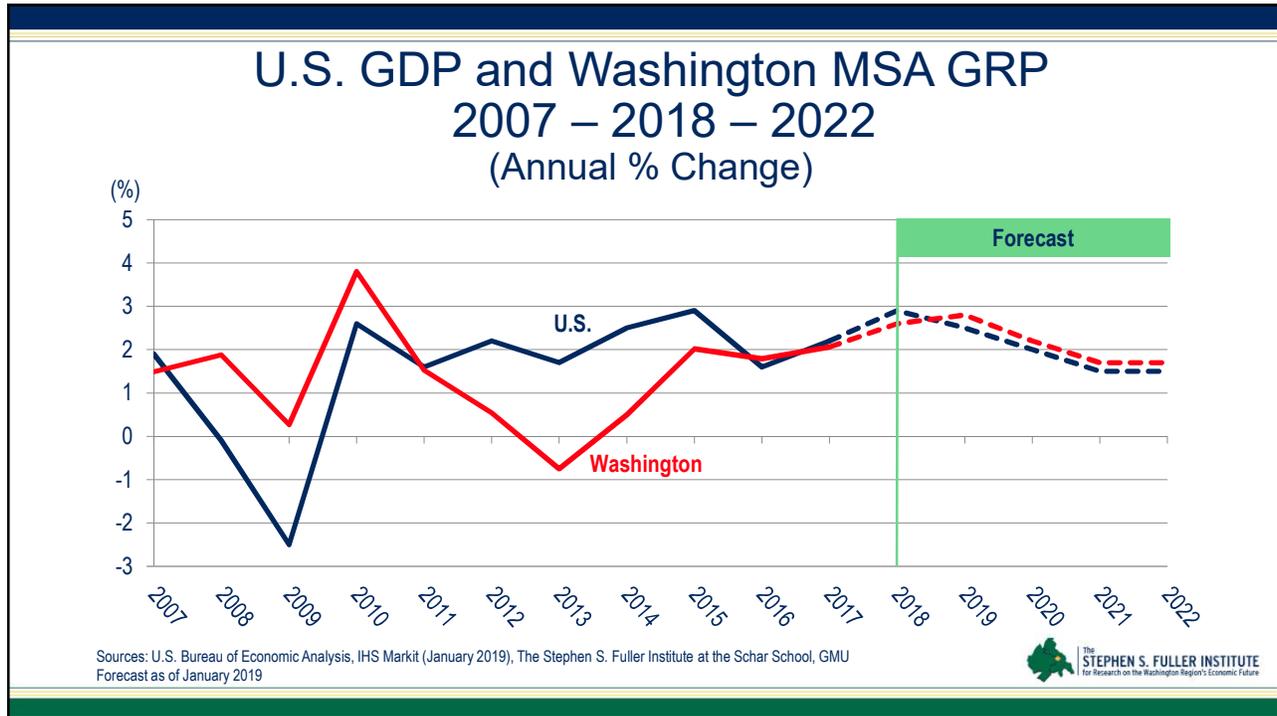
Employment Change by Sub-State Area (000s)

	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


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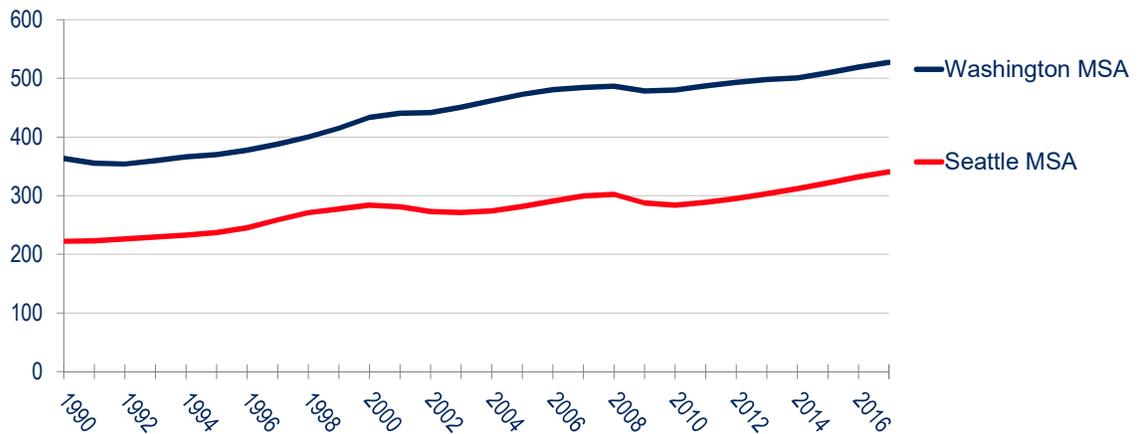


Future of Economic Growth in the Washington Region:

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



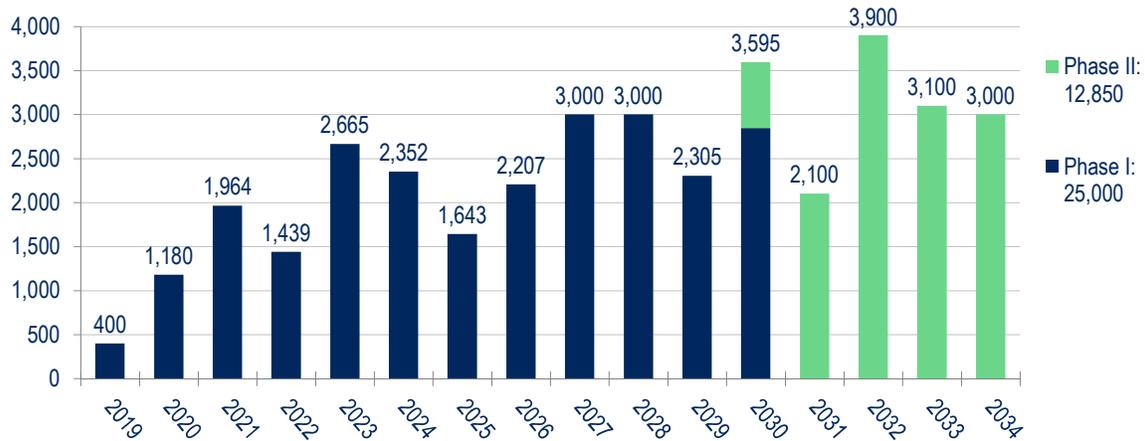
Density: Arlington County vs. City of Seattle

	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



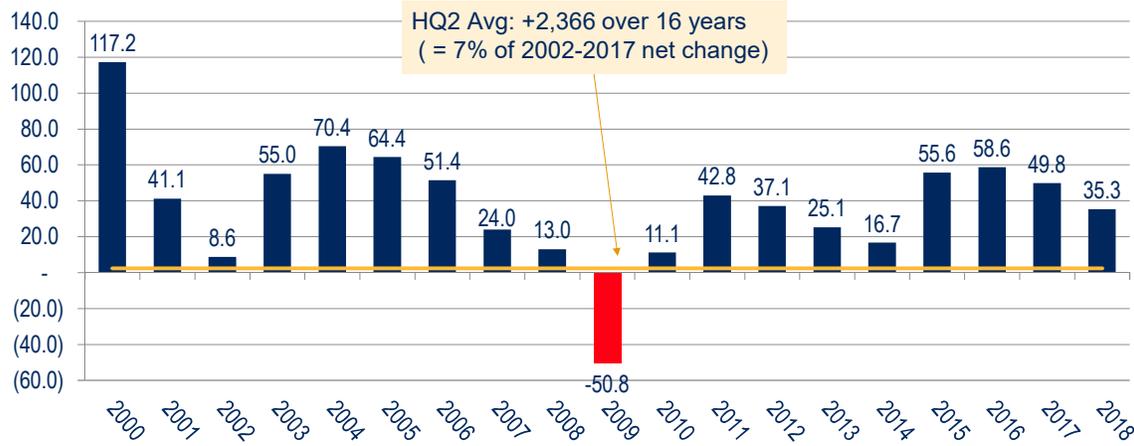
HQ2 Employment Schedule



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



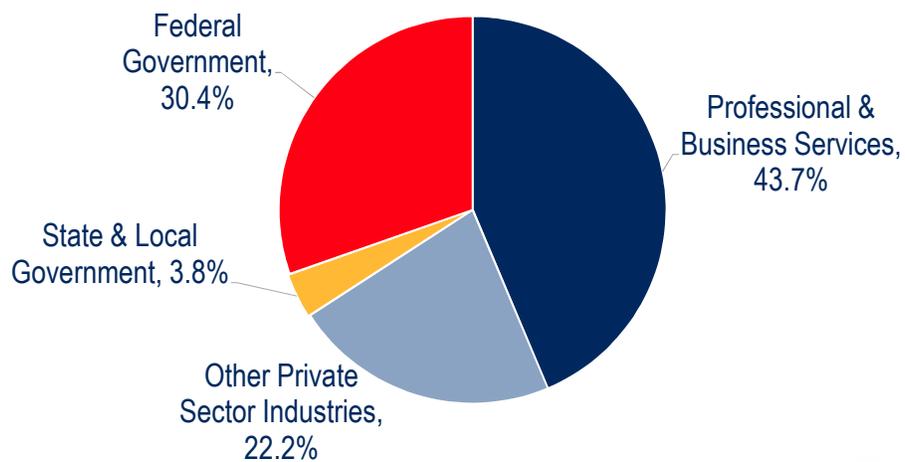
Job Change in the Washington Region 2000 – 2018 (in thousands)



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



STEM Occupations by Industry



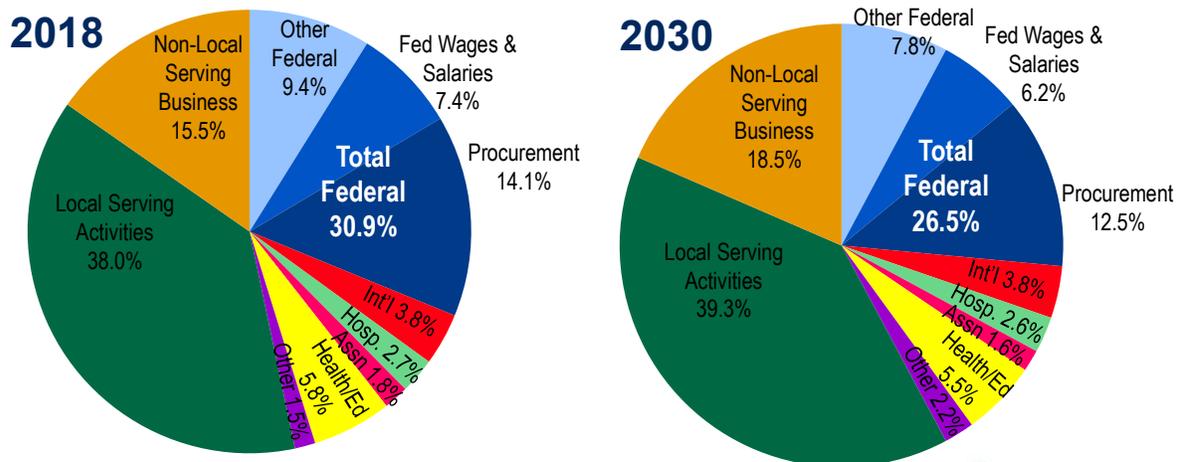
Sources: U.S. Census Bureau (2015-2017 American Community Survey Microdata), The Stephen S. Fuller Institute at the Schar School, GMU



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

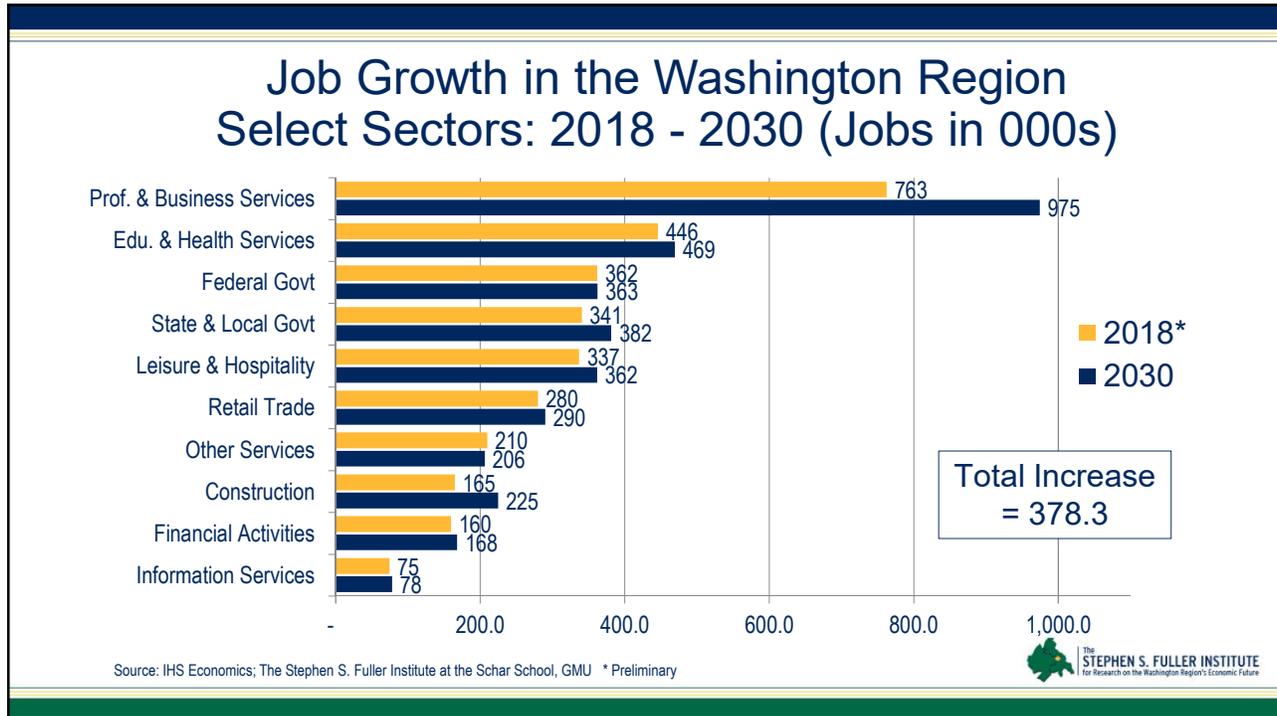


The Changing Structure of the Washington Region Economy



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



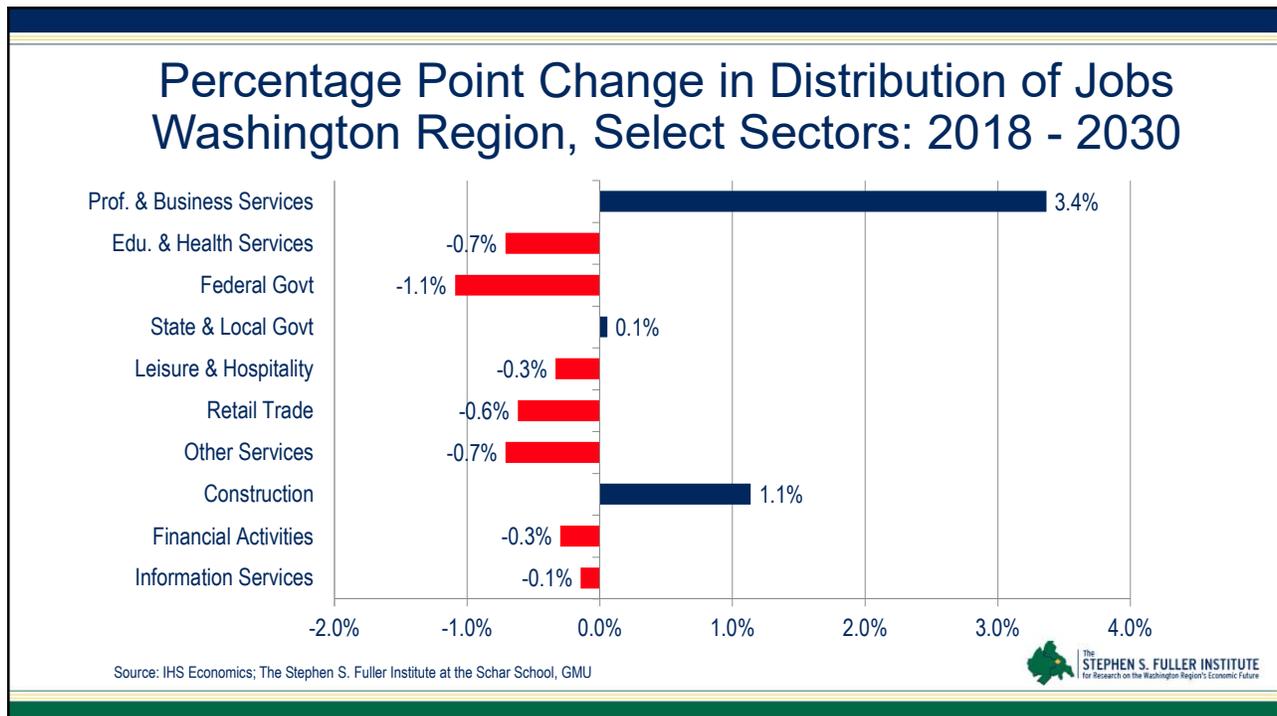
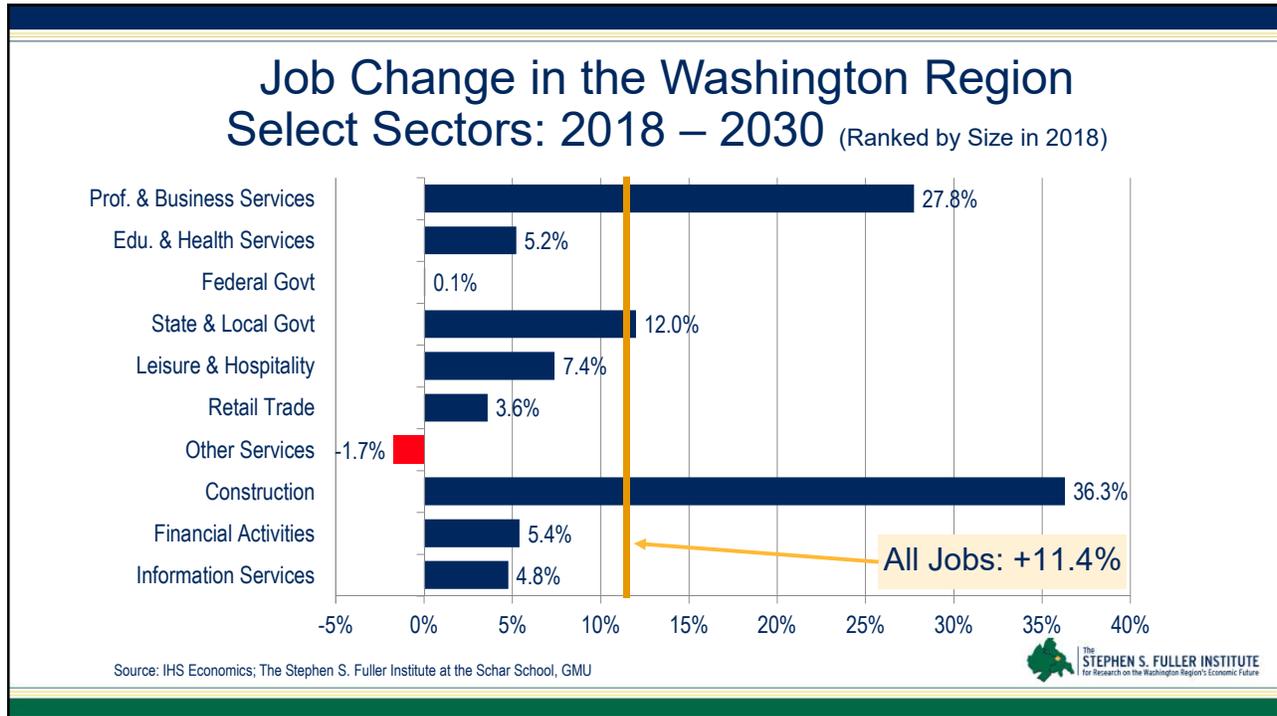


Job Growth in the Washington Region: 2018 - 2030

	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

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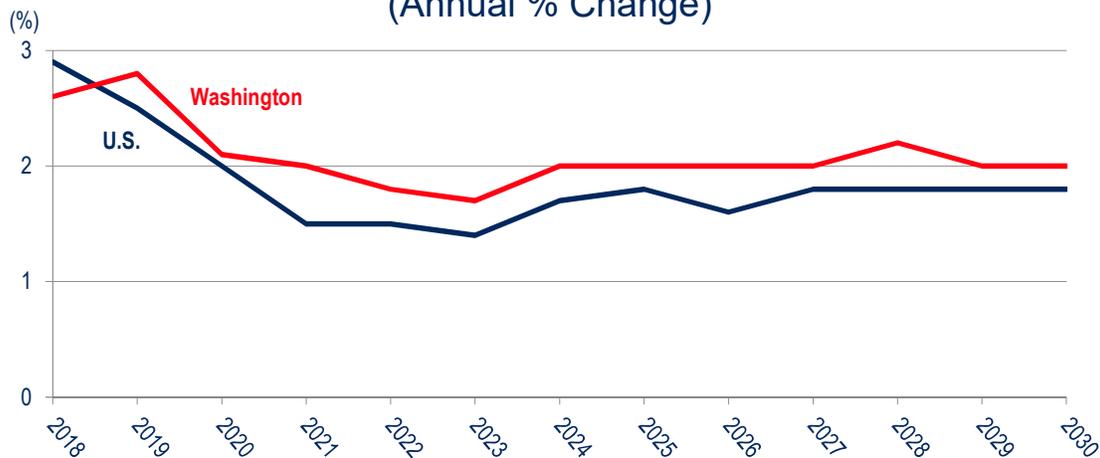
The GRP* Effects of Private Sector Job Change in the Washington Region (in 2012 dollars)

	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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