



*Cardinal Bank & George Mason University  
22<sup>nd</sup> Annual Economic Conference*

## **The Post-Federally Dependent Washington Area Economy**

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George Mason University

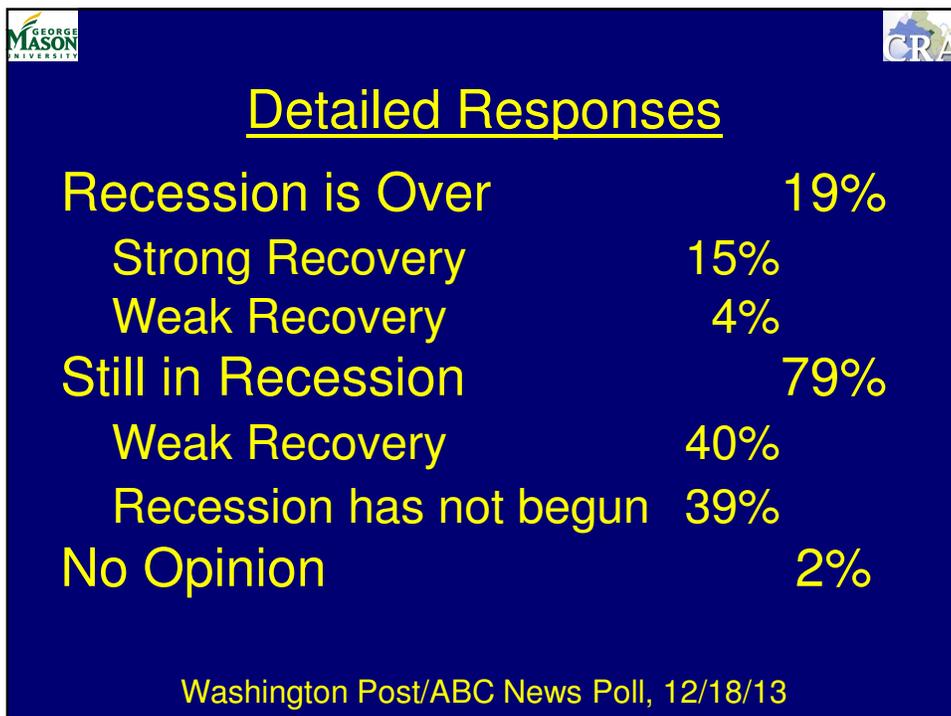
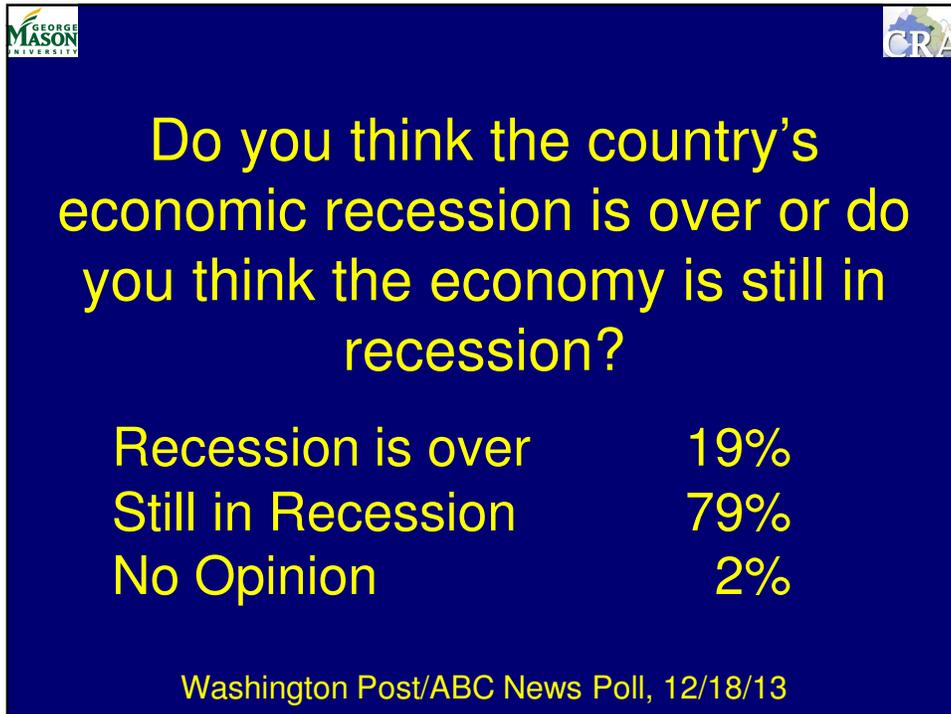
January 16, 2014



### **Conference Quiz**

**Do you think the country's  
economic recession is over or do  
you think the economy is still in  
recession?**

Washington Post/ABC News Poll, 12/18/13





## What We Know



The Washington Area Economy Experienced Structural Change During the Recession

Changing Federal Spending Policies Have Resulted in Additional Major Changes in the Washington Area Economy



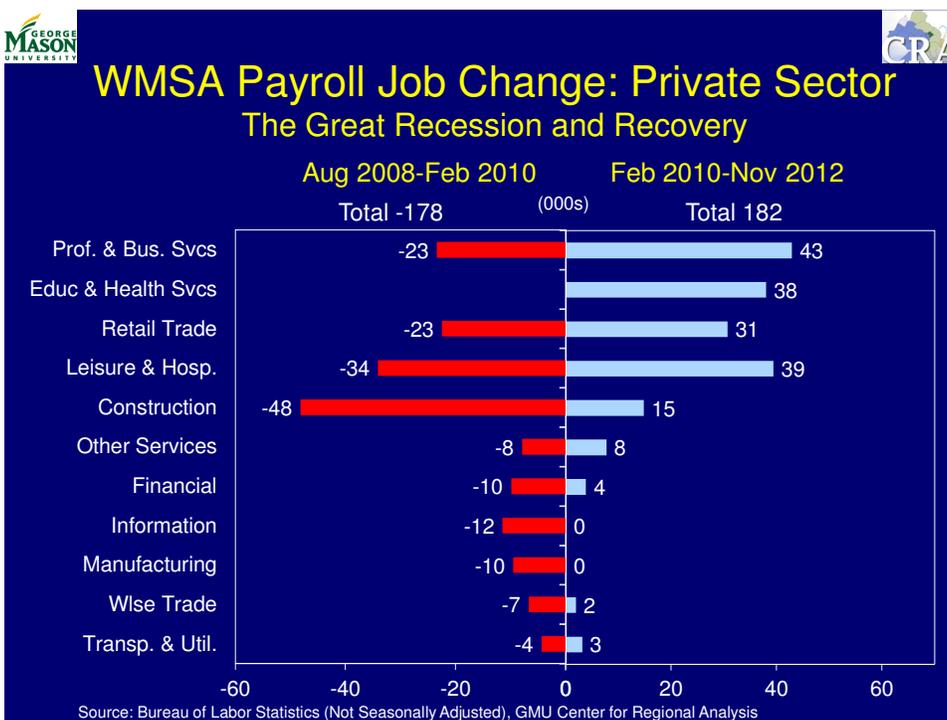
## Recession Impacts

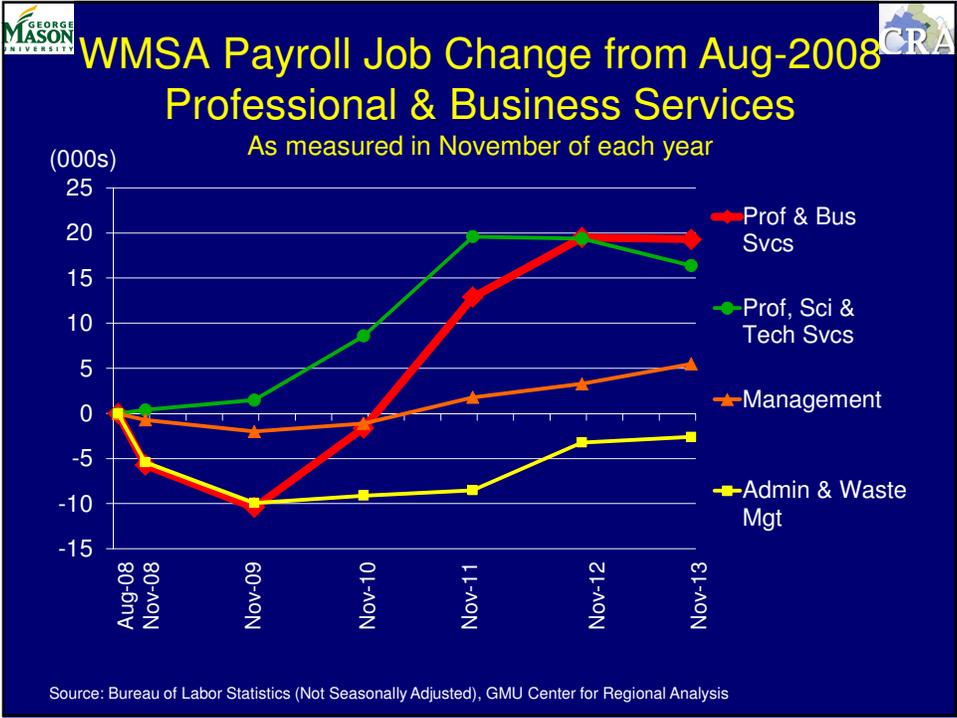
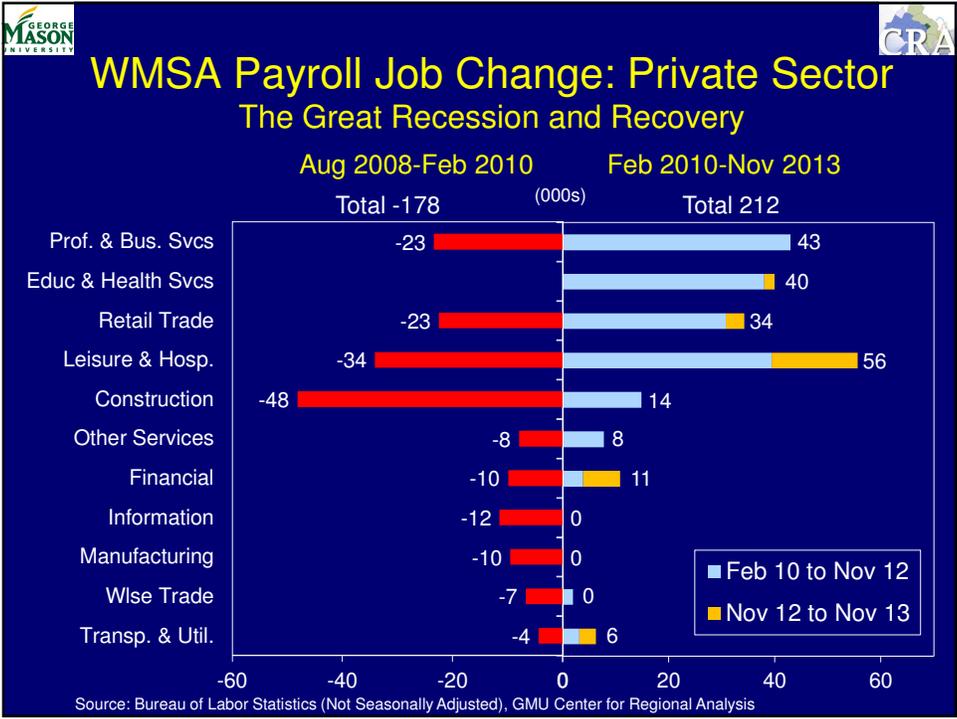


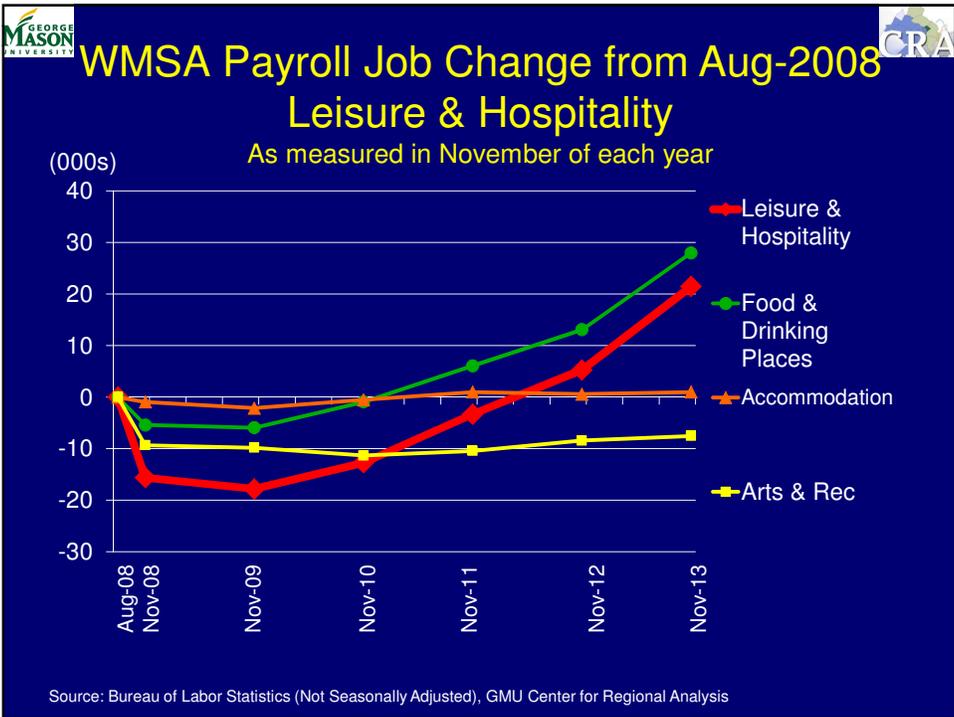
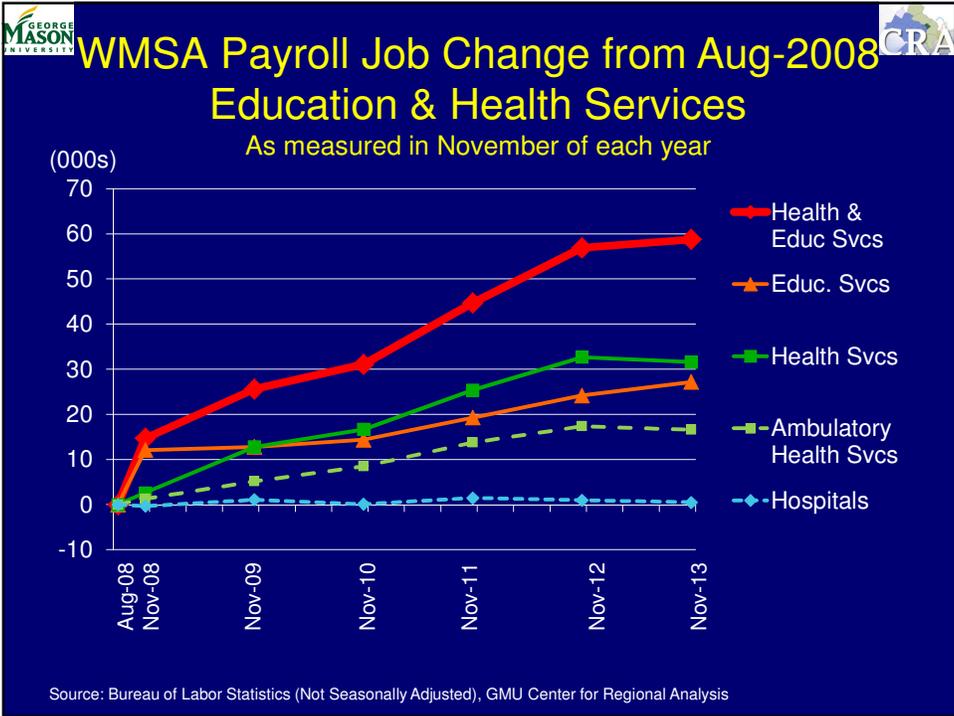
- GRP declined 0.8% in 2008
- The region's lost 178,100 jobs

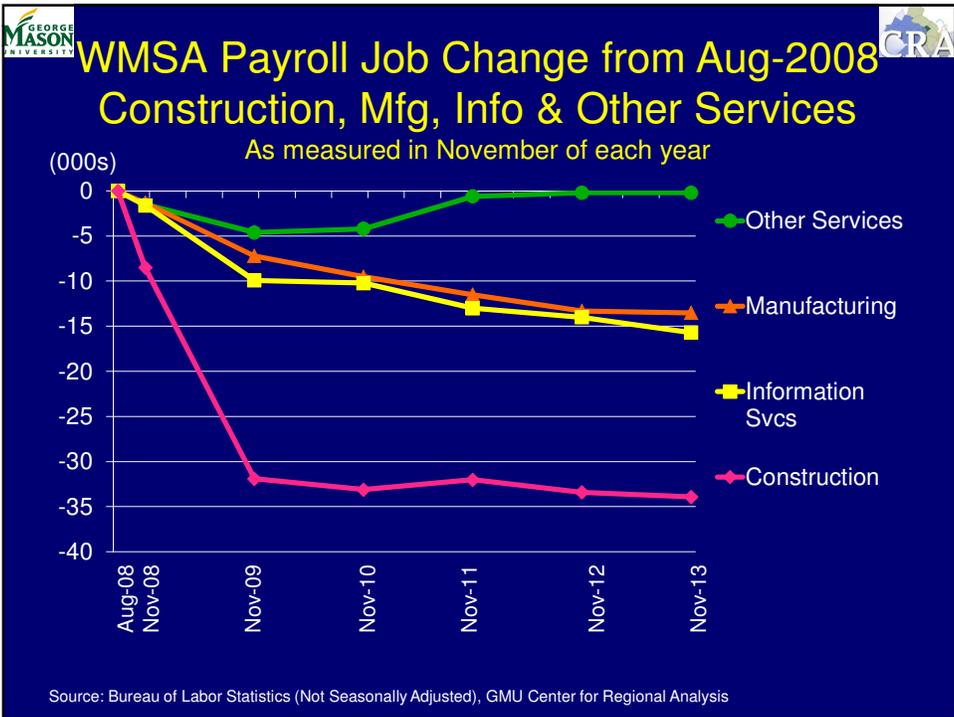
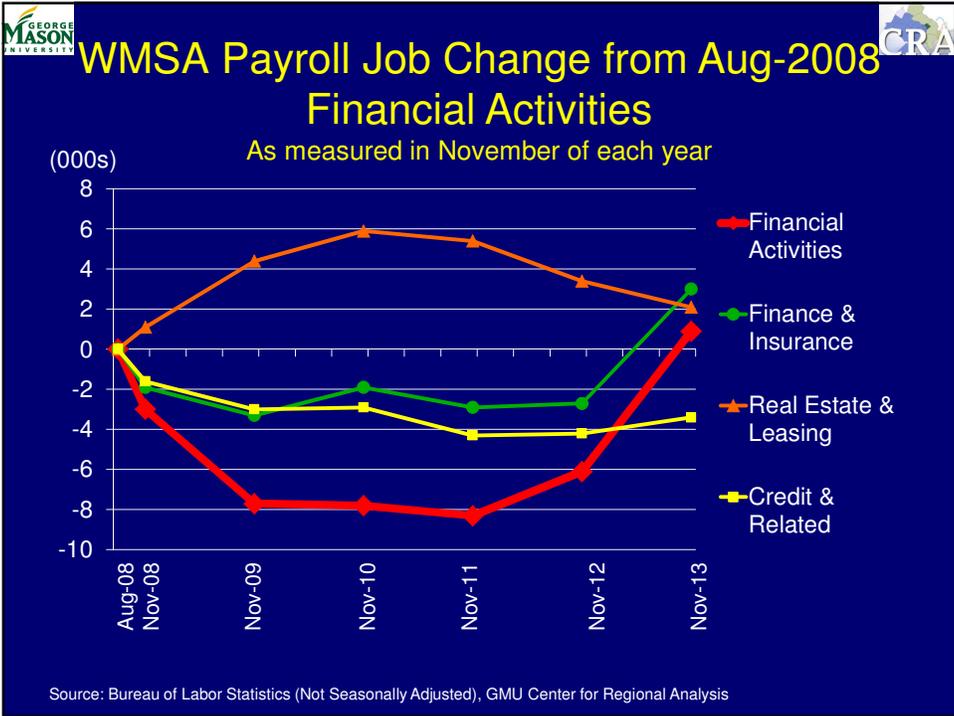
## Sequester+ Impacts

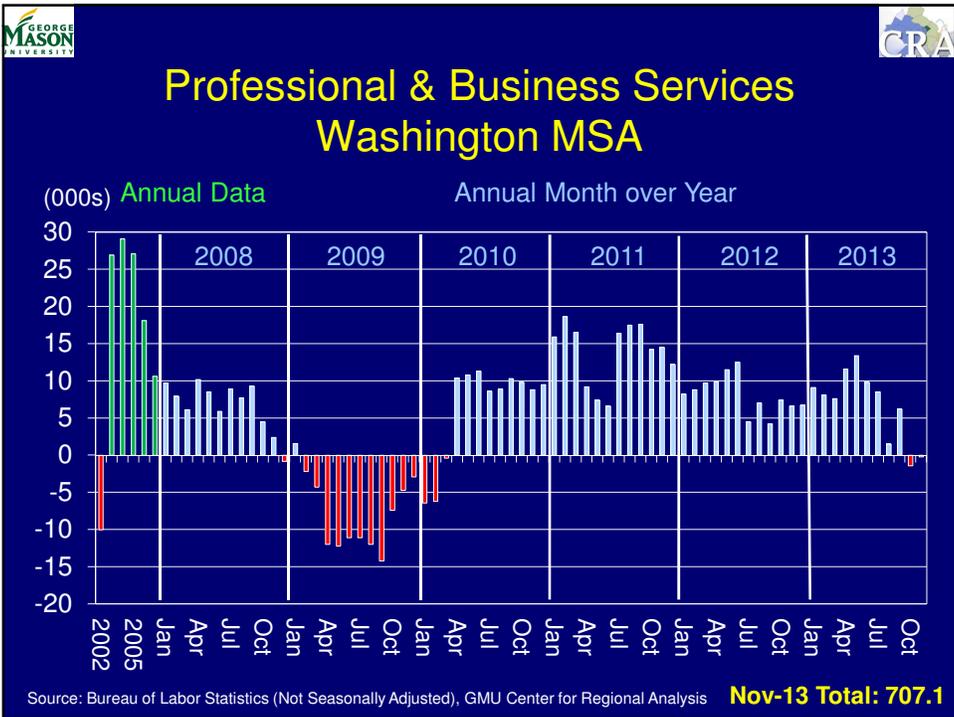
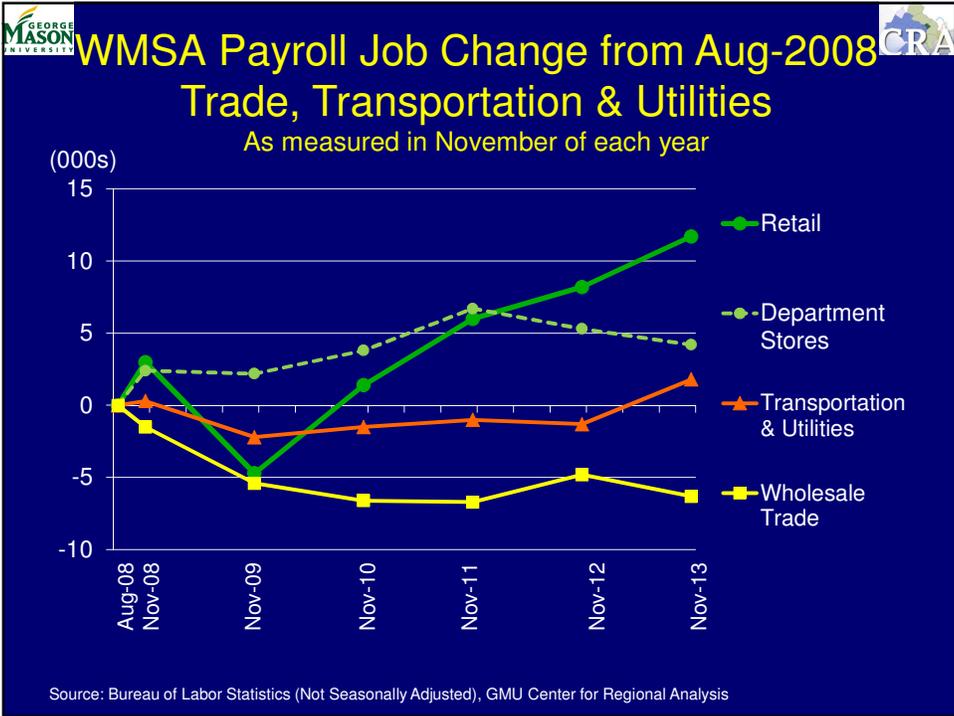
- Federal procurement \$s down by 11.8%
- There are 21,200 fewer federal jobs
- Federal payroll is down 4.8%  
or by \$2 billion

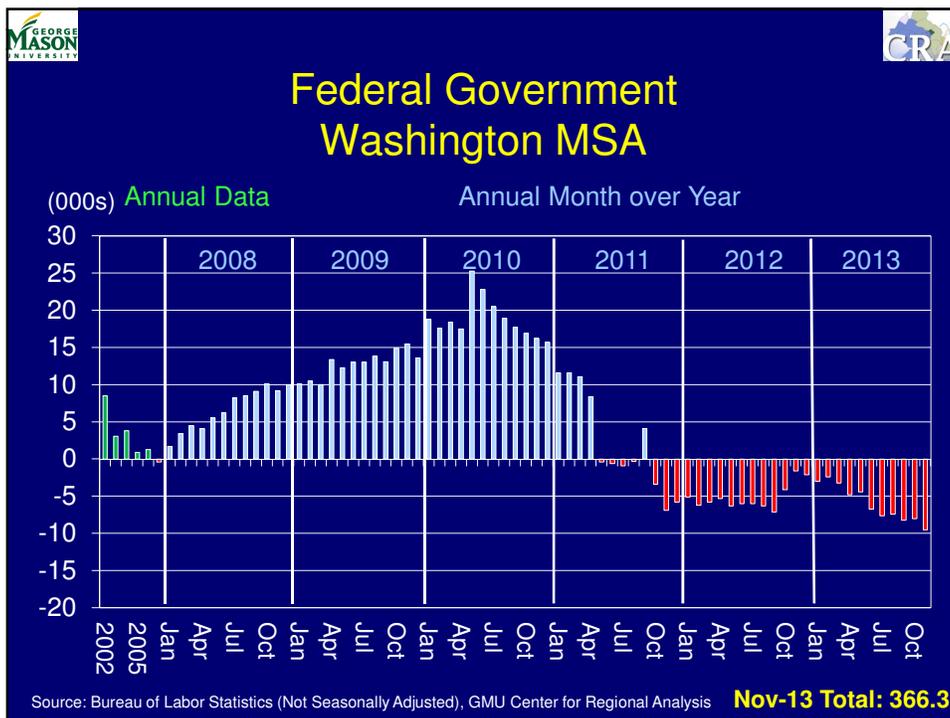








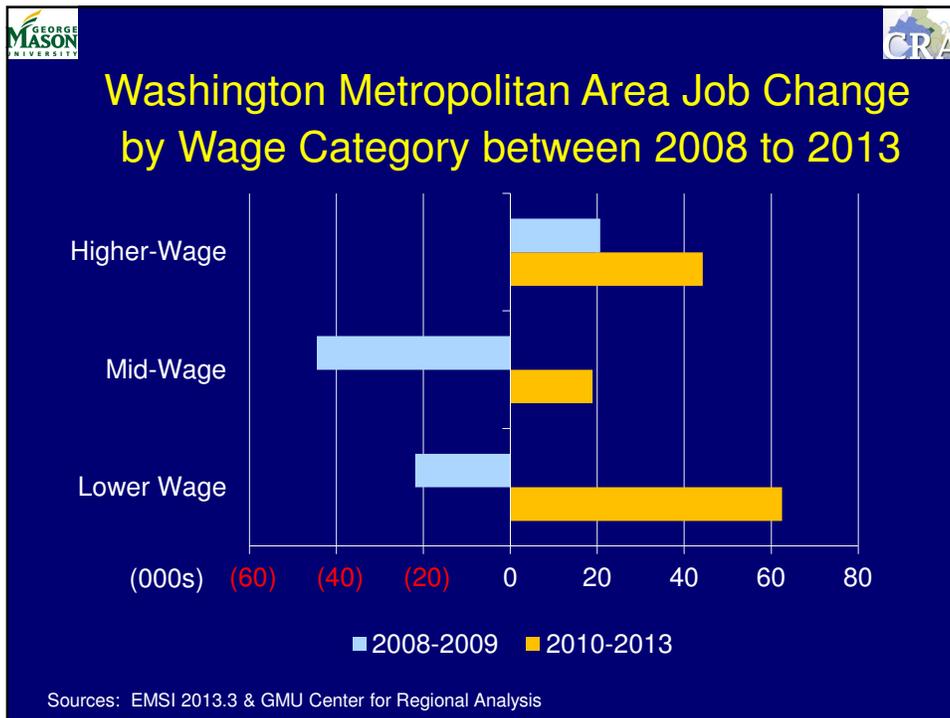




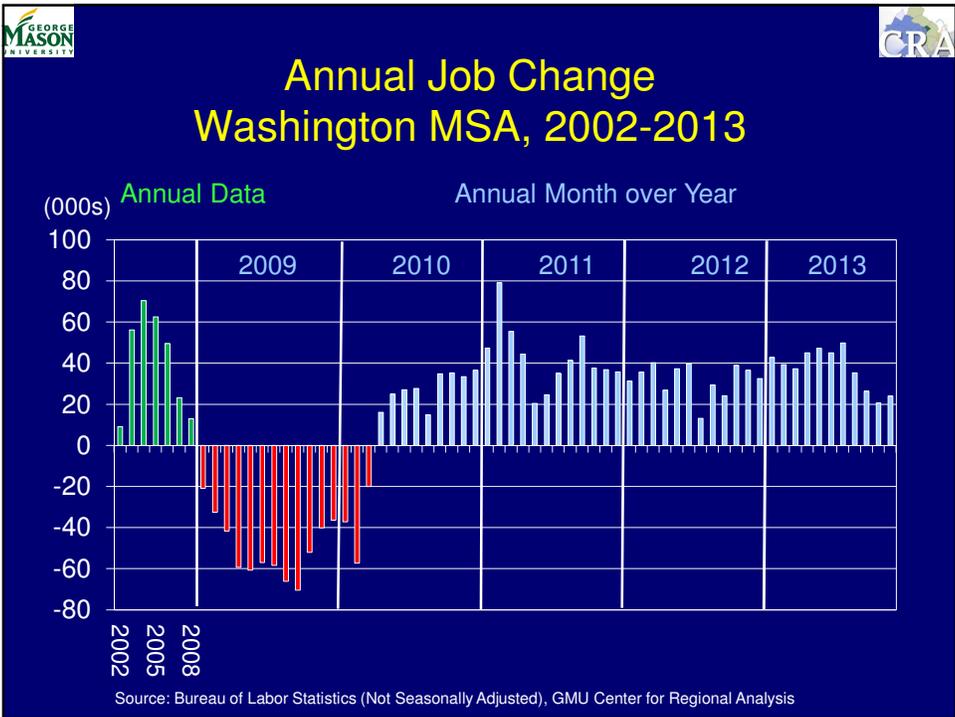
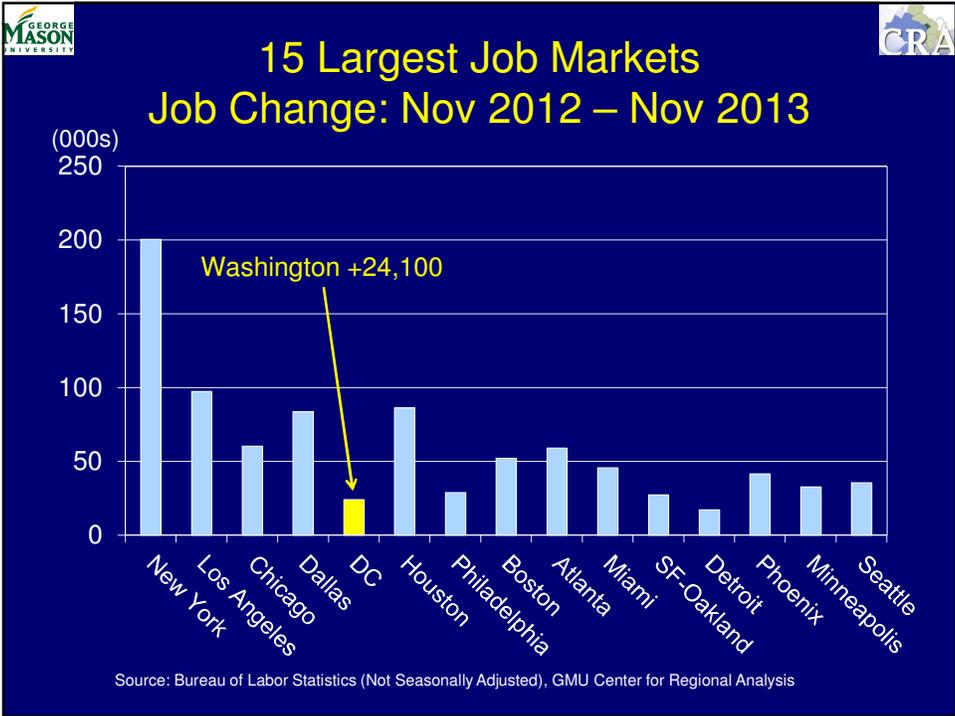
**Federal Employment Change in the Washington Metropolitan Area 2010-2013** (jobs in thousands)

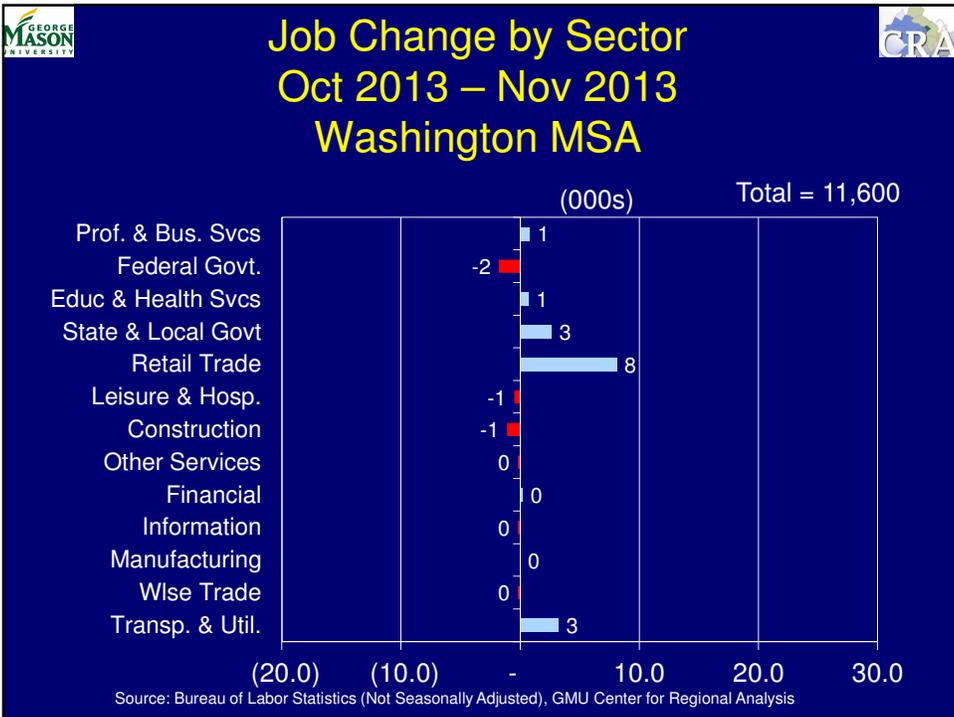
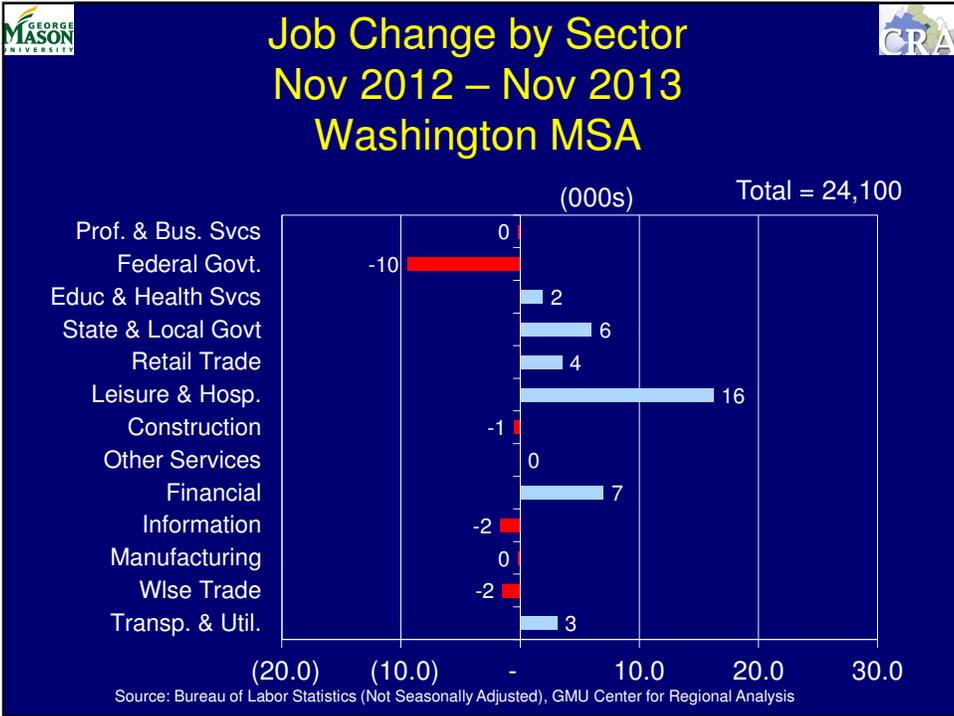
| Fiscal Year    | Jobs  | Change | %     |
|----------------|-------|--------|-------|
| July 2010*     | 387.5 |        |       |
| September 2010 | 381.2 |        |       |
| September 2011 | 385.3 | + 4.1  | 1.1   |
| September 2012 | 378.2 | - 7.1  | - 1.8 |
| September 2013 | 370.0 | - 8.2  | - 2.2 |
| November 2013  | 366.3 | - 3.7  | - 1.0 |
| Annual 2017**  | 351.1 | - 20.8 | - 5.6 |
| Annual 2023**  | 342.9 | - 8.2  | - 2.3 |

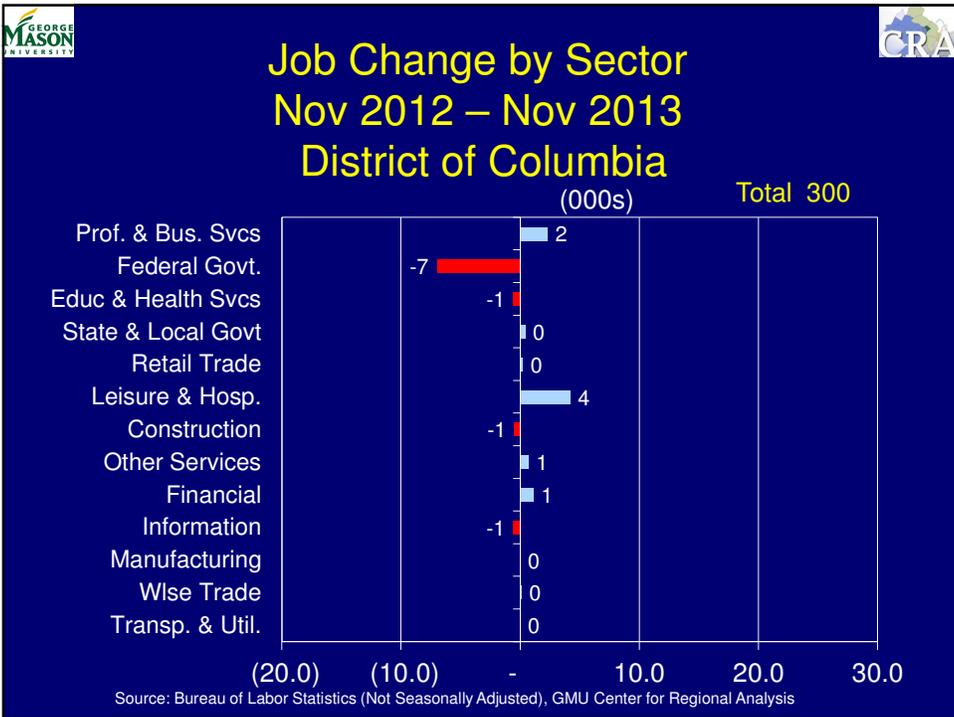
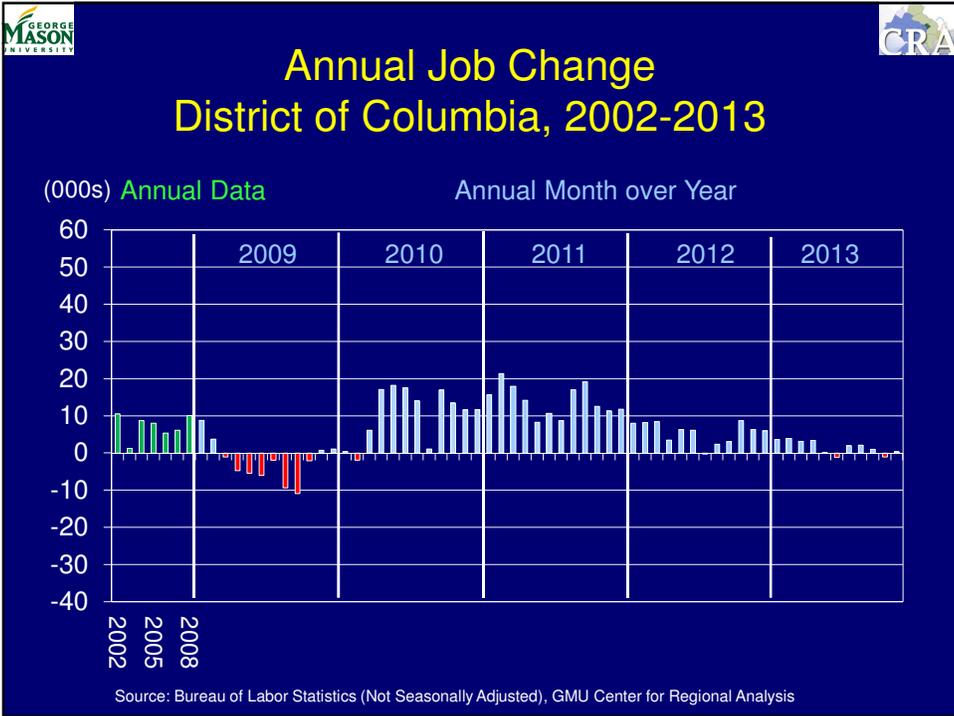
\*peak employment      \*\*IHS Global Insight

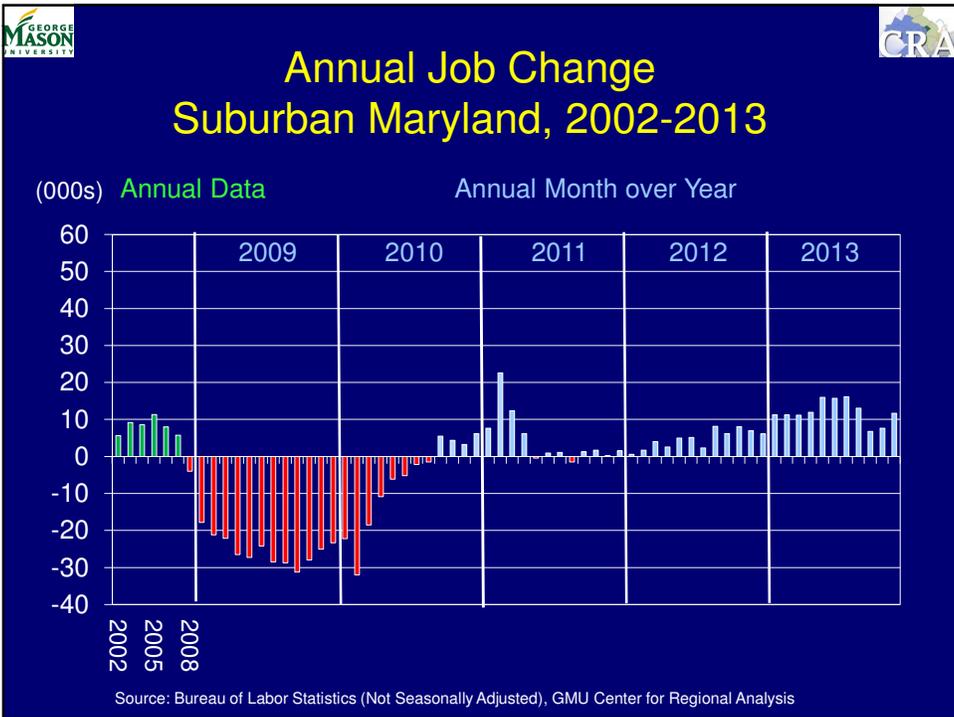
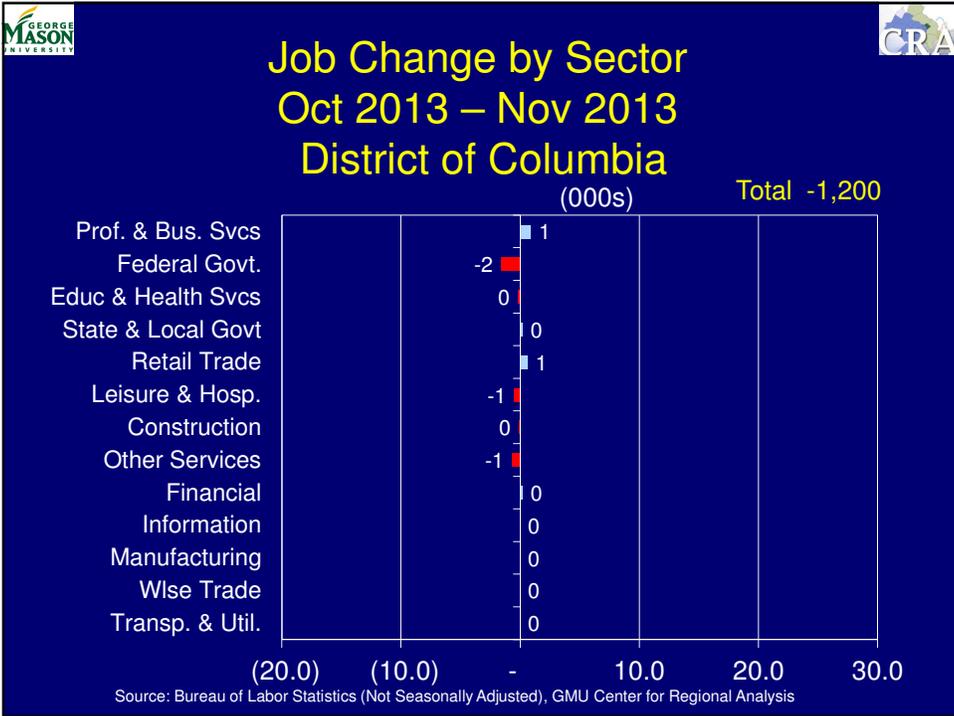


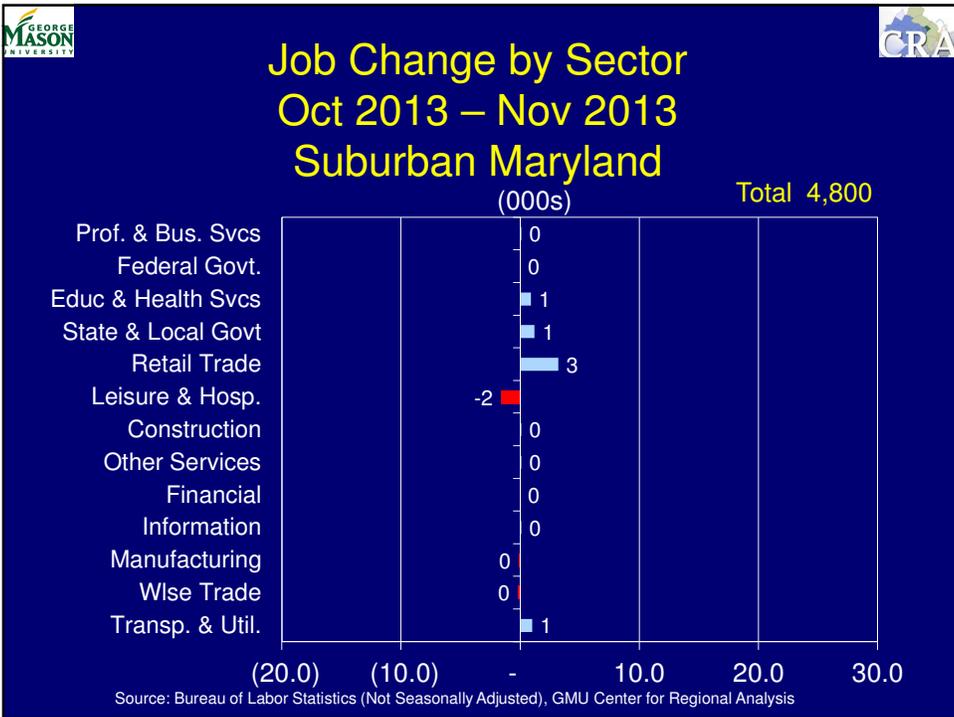
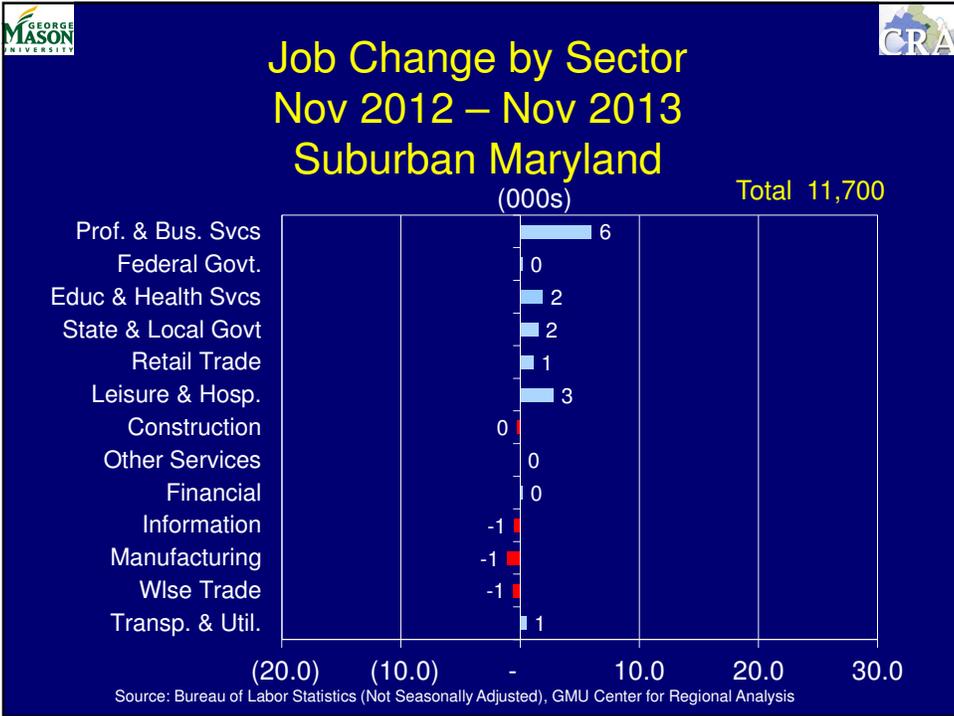
**The Current Baseline for the Region's Future Growth:  
What Are the Current Trends?**

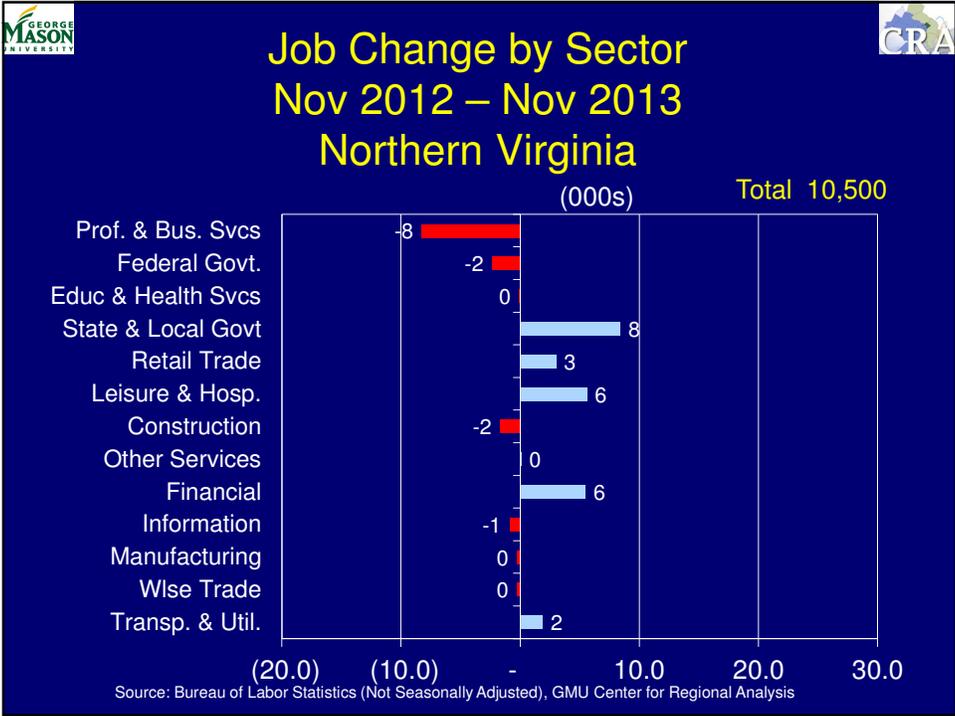
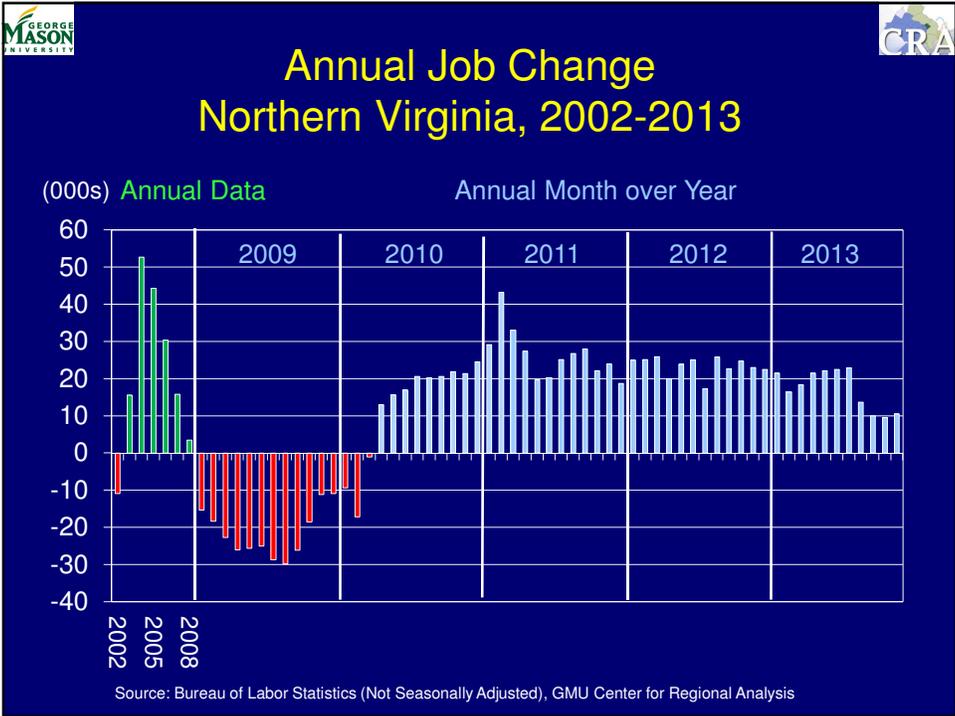


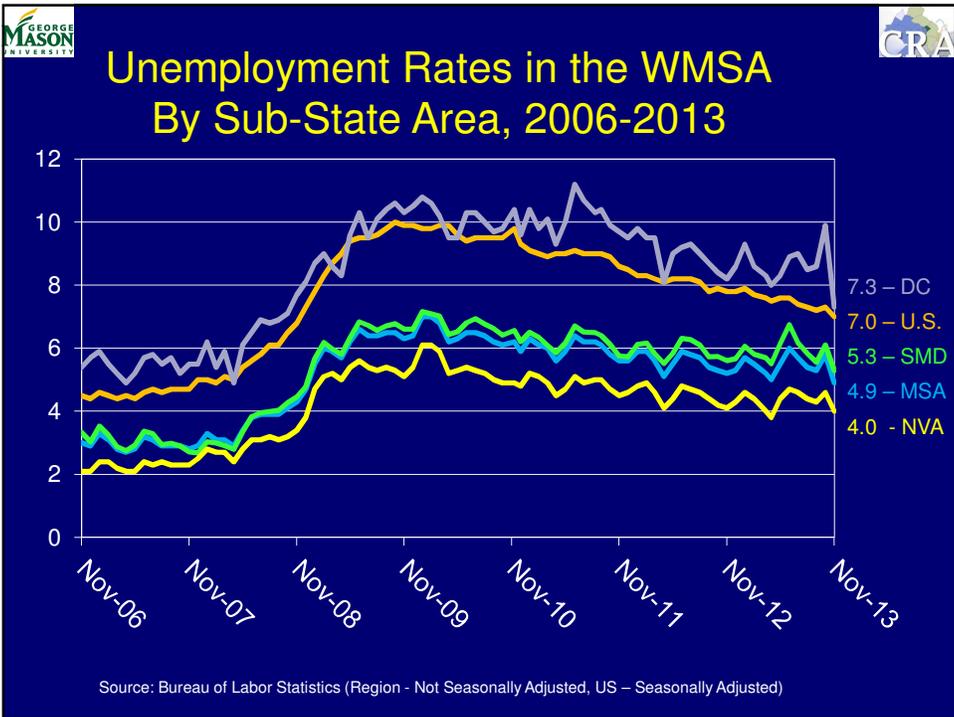
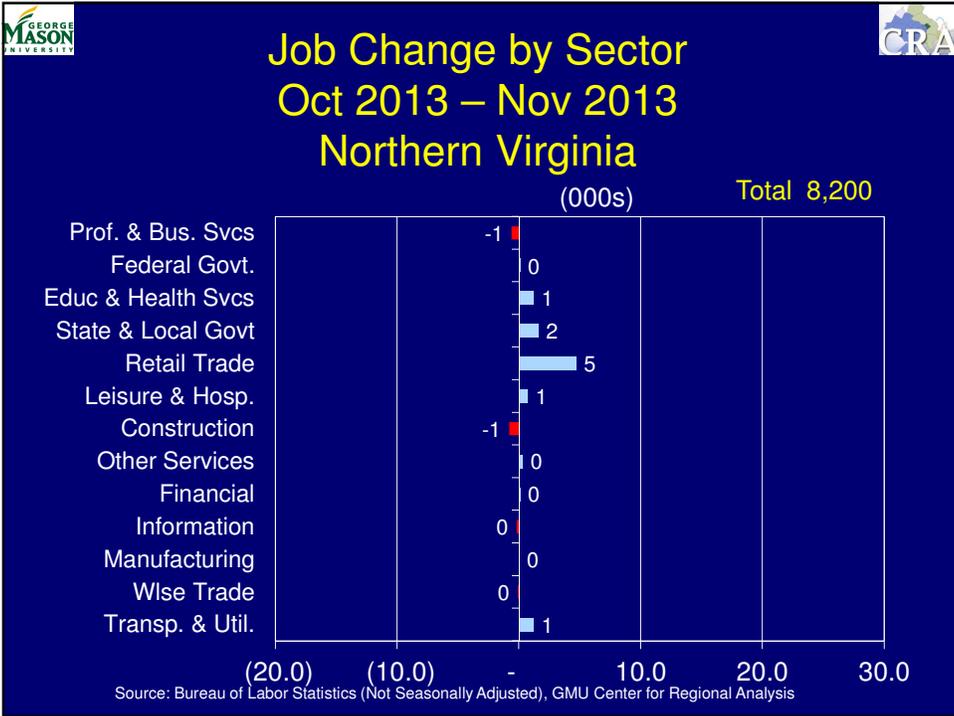














# Economic Outlook for the Washington Metropolitan Area: 2013-2018



## Washington Metropolitan Area and U.S. Economic Growth 2012-2018

(annual percent real change)

| <u>Year</u> | <u>WMSA</u> | <u>U.S.</u> |
|-------------|-------------|-------------|
| 2012        | 1.28        | 2.8         |
| 2013        | 1.26        | 1.9         |
| 2014        | 2.65        | 2.7         |
| 2015        | 3.56        | 3.2         |
| 2016        | 3.40        | 3.4         |
| 2017        | 3.42        | 3.2         |
| 2018        | 3.28        | 2.8         |

Sources: IHS Global Insight; GMU Center for Regional Analysis




### Washington Metropolitan Area Gross Regional Product, 2013-2018

(in billions of 2005\$s)

| <u>Region</u> | <u>2013</u> | <u>Share</u> | <u>2018</u> | <u>Share</u> | <u>% Change</u> |
|---------------|-------------|--------------|-------------|--------------|-----------------|
| Metro         | \$391.2     | 100.0        | \$458.8     | 100.0        | 17.3            |
| District      | 92.7        | 23.7         | 104.5       | 22.8         | 12.7            |
| SubMD         | 110.3       | 28.2         | 129.5       | 28.2         | 17.4            |
| NoVA          | 187.1       | 47.8         | 223.5       | 48.7         | 19.4            |

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)

| <u>Growth Sectors</u> | <u>Job Change</u> | <u>% of Total Job Change</u> | <u>Average Value Added per Job*</u> |
|-----------------------|-------------------|------------------------------|-------------------------------------|
| 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                            |
| Sub-Total             | 278.3             | 93.9                         | \$99,820                            |
| Overall Total         | 296.4             | 100.0                        | \$135,544                           |

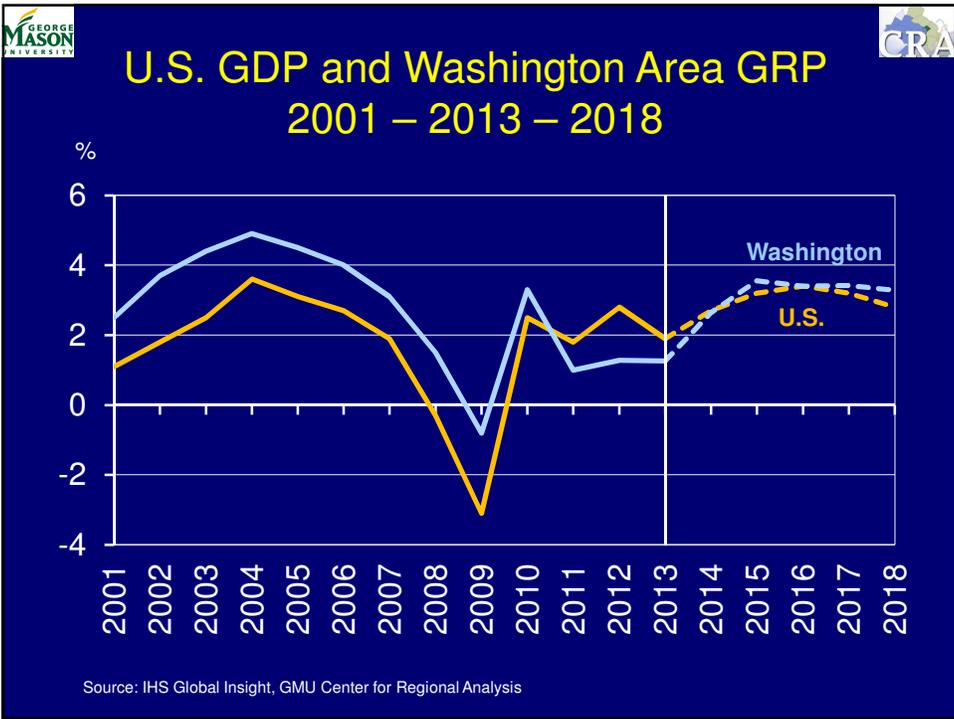
\* in 2005\$s

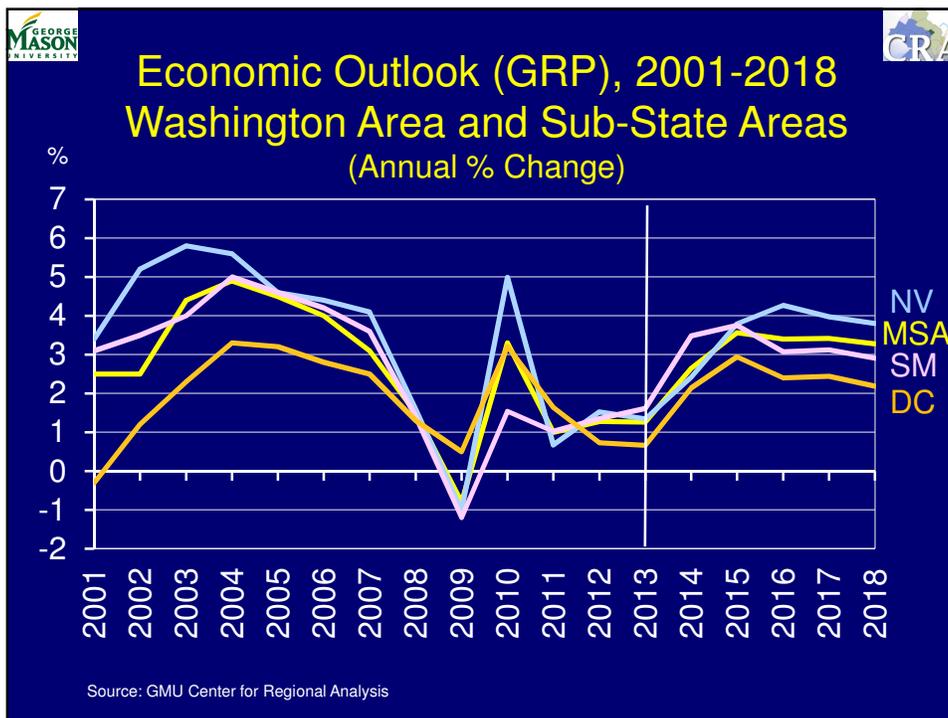
Sources: IHS Global Insight; GMU Center for Regional Analysis

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

|                      | <u>Job Change</u> | <u>% of Total Job Change</u> | <u>Average Value Added per Job</u> |
|----------------------|-------------------|------------------------------|------------------------------------|
| Federal Gov't        | - 22.8            | - 7.7                        | \$141,894                          |
| Retail Trade         | 13.6              | 4.6                          | \$60,981                           |
| 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           | 18.1              | 6.1                          | \$200,732                          |
| Overall Total        | 296.4             | 100.0                        | \$135,544                          |

Sources: IHS Global Insight; GMU Center for Regional Analysis





**Employment Change in the WMSA  
by Sub-State Area (000s)**

|                | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------|------|------|------|------|------|------|------|------|
| <b>D.C.</b>    | 14.1 | 5.6  | 1.9  | 9.7  | 11.3 | 9.3  | 6.5  | 4.6  |
| <b>Sub. MD</b> | 4.4  | 4.8  | 20.7 | 18.1 | 22.7 | 20.0 | 14.3 | 12.2 |
| <b>No. VA</b>  | 26.4 | 23.5 | 14.6 | 32.2 | 31.8 | 36.8 | 35.0 | 30.3 |
| <b>REGION</b>  | 42.6 | 32.2 | 37.5 | 60.2 | 66.1 | 66.4 | 56.2 | 47.5 |

Average Annual Change 1990-2010 = 36,000

Source: BLS, IHS Global Insight, GMU Center for Regional Analysis  
NOTE: The regional totals include Jefferson, WV.



**Economic forecasts for the Washington Area assume that:**

- (1) there will be a sufficient number of qualified workers to fill the jobs,
- (2) there will be a sufficient supply of housing to house the future workforce at affordable costs, and
- (3) the region will have the infrastructure required to support this future growth.



**CRA and the 2030 Group**  
invite you to a  
Panel Discussion on the critical  
challenges facing the Washington  
Metropolitan Area

**When:** February 11, 2014  
Coffee at 8:30, Program 9:30-11:30

**Where:** GMU Founders Hall Auditorium  
3351 Fairfax Drive, Arlington, VA



Thank You  
Questions

[cra.gmu.edu](http://cra.gmu.edu)