3rd Annual Stephen S. Fuller Institute Economic Forum

*The Washington Region's Economy in 2019
and Beyond*

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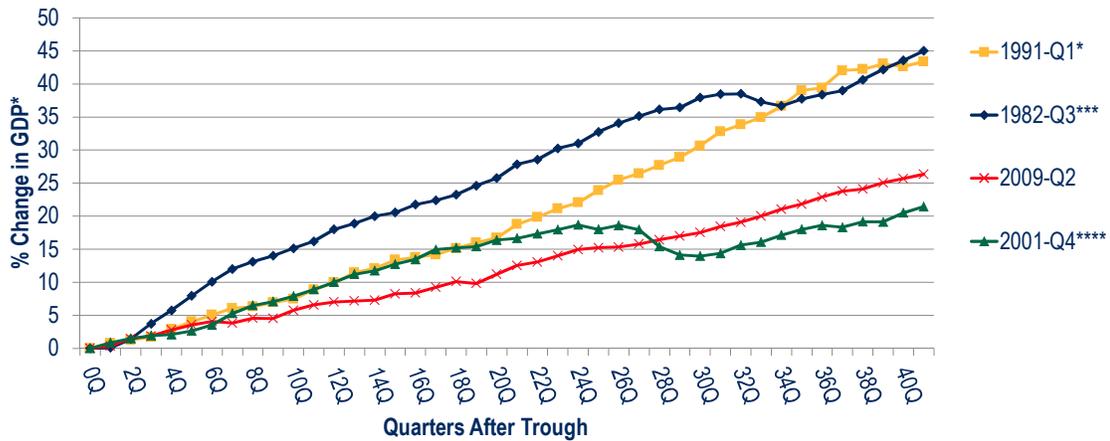Schar School of Policy and Government
George Mason University

December 10, 2019

The Current Performance
# of the U.S. Economy

Recession Recovery Patterns of GDP
Past Four Recessions*

*in 1992 or 2009 Chained Dollars; *Quarters 40+ include the 2001 Recession ***Quarters 32+ include the 1991 Recession;
****Quarters 25+ include the 2009 Recession   Sources: Bureau of Economic Analysis, The Stephen S. Fuller Institute at the Schar School, GMU
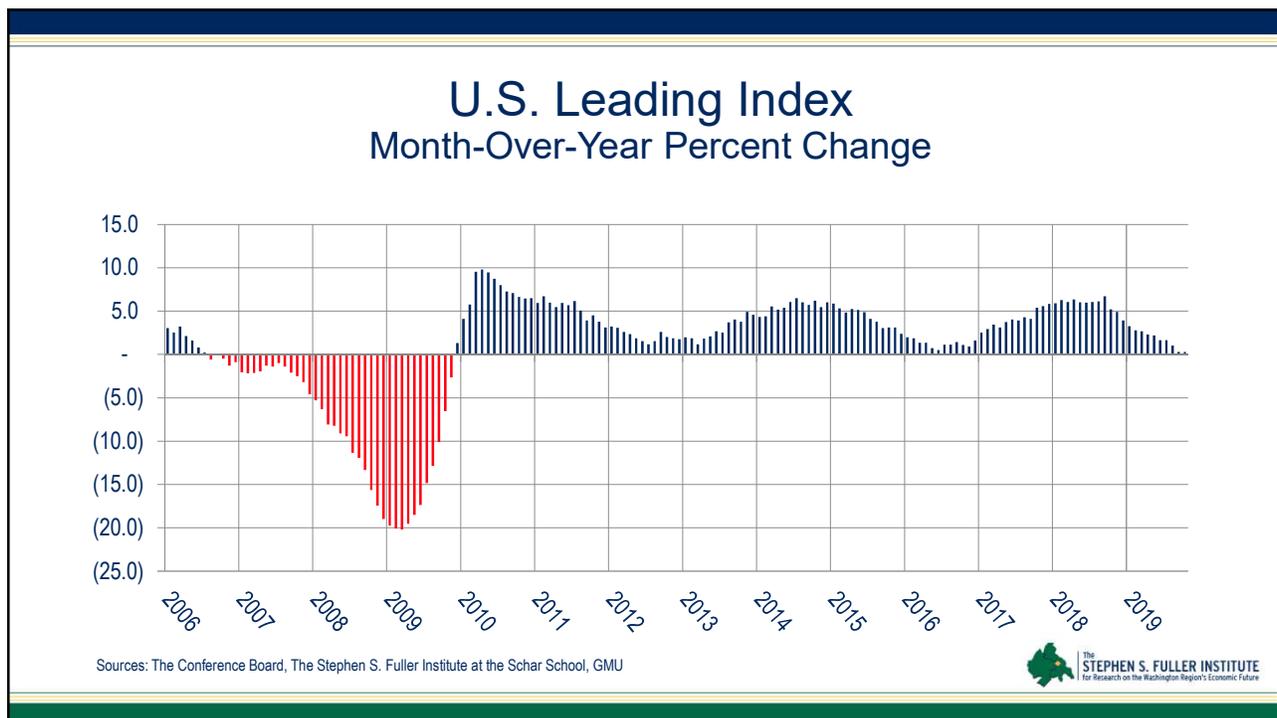
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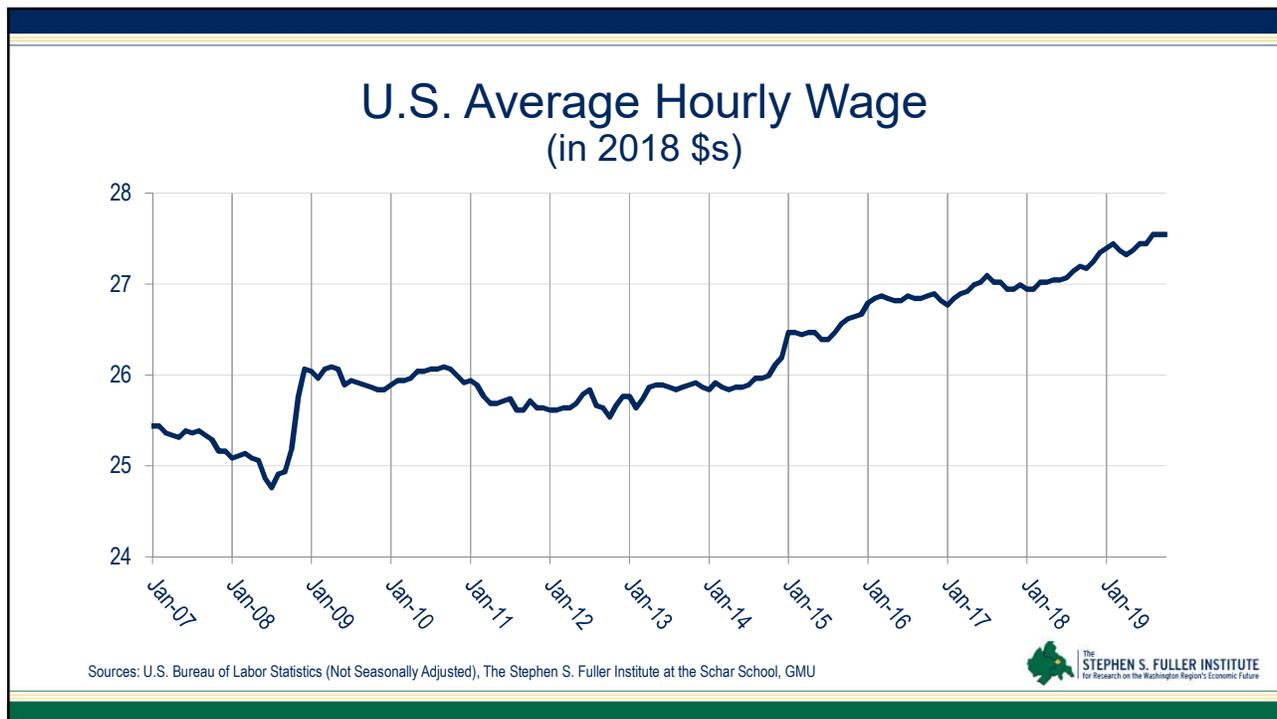# U.S. Annual Change in Payroll Jobs
Month-Over-The-Year*
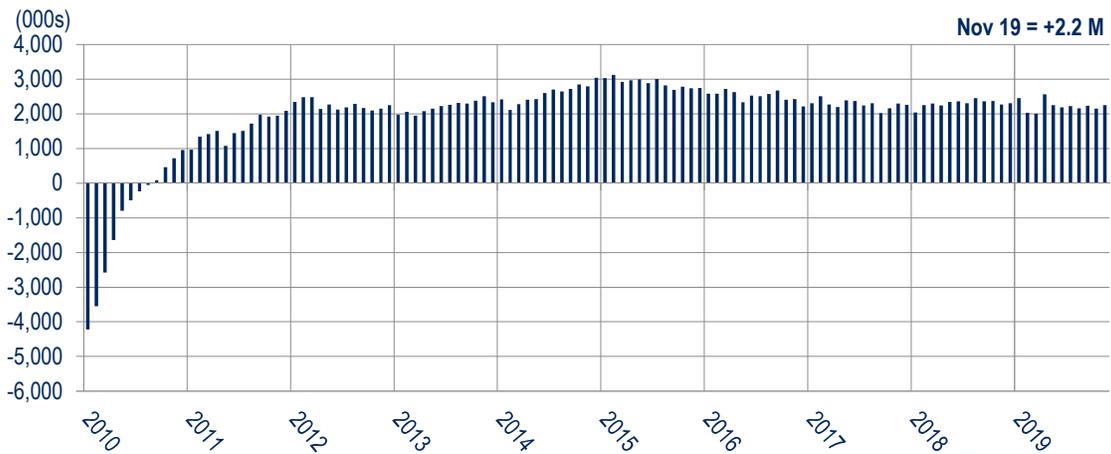
Nov 19 = +2.2 M

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU
*Reflects the preliminary revisions for March 2018 through March 2019; Includes temporary Census hires

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U.S. Average Hourly Wage
(in 2018 $s)

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

U.S. Leading Index
Month-Over-Year Percent Change

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

The Current and Near-Term Performance of the Washington Region's Economy
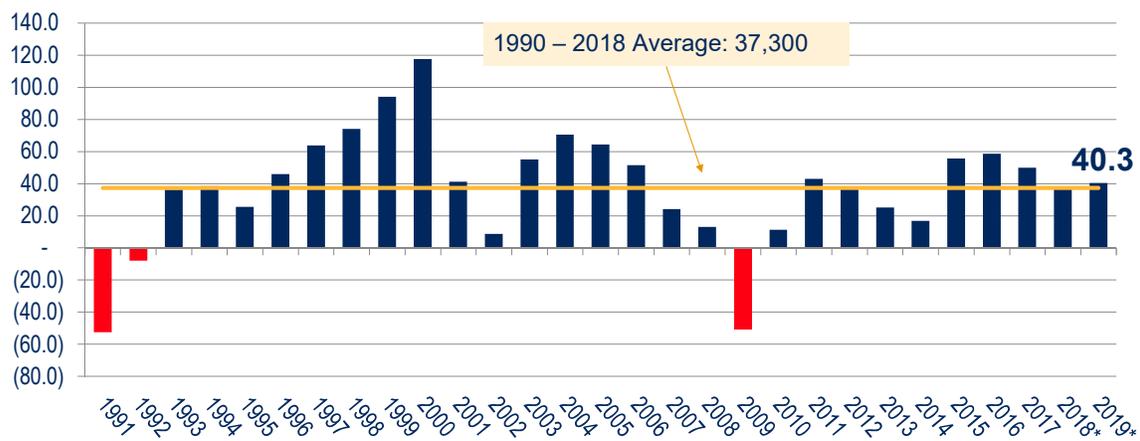
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Job Change in the Washington Region
1991 – 2019* (000s)

1990 – 2018 Average: 37,300

40.3

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU
*2018 and 2019 include projected revisions to the preliminary data and do not align with the estimates published by BLS.
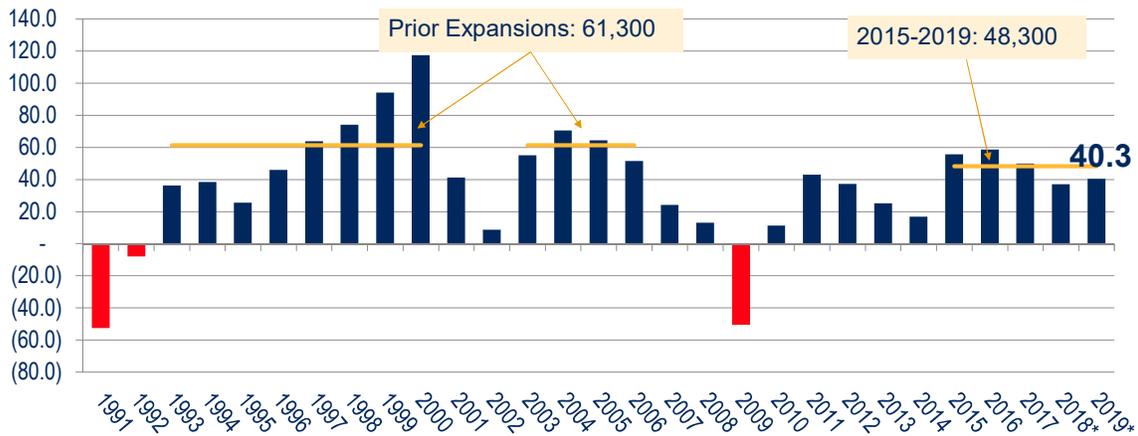
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Job Change in the Washington Region
1991 – 2019* (000s)

Unemployment Rate, Washington Region
Jan 1990 – Oct 2019
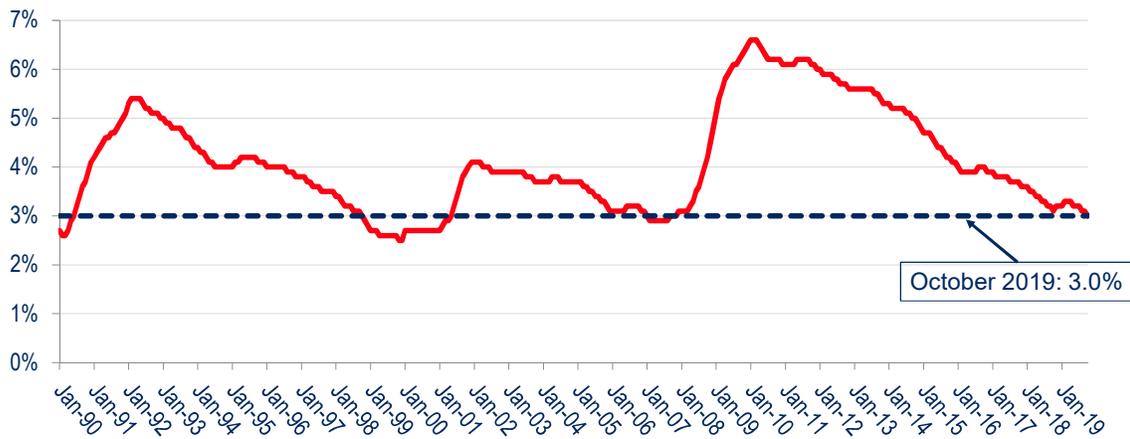
15 Largest U.S. Job Markets
2019* Job Change
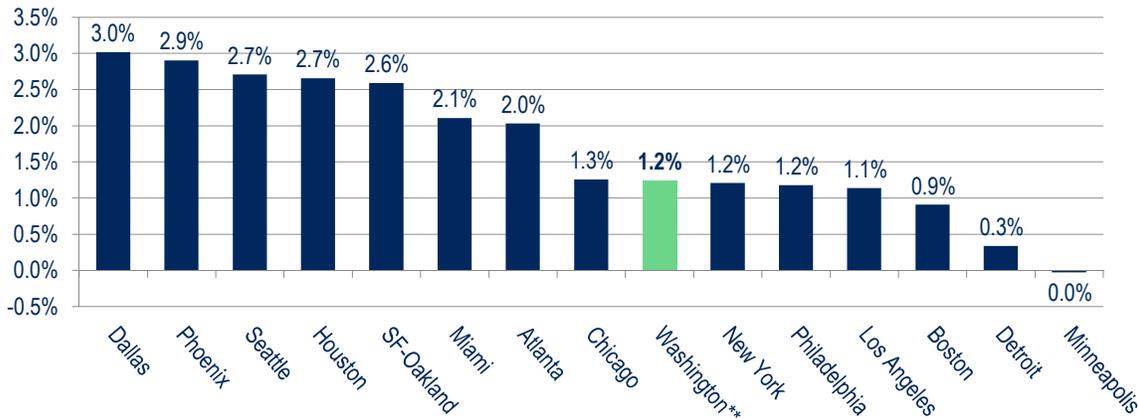
Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU
*Through October   **Includes projected revisions to the preliminary data and do not align with the estimates published by BLS.

Change in Jobs
Washington Region & Largest 15 Metros
Monthly Over-the-Year Change

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU
*2018 and 2019 include projected revisions to the preliminary data and do not align with the estimates published by BLS.

Washington Region Job Change by Sector, 2019*

Ranked by Size in 2018

(000s)

Total = 40,300

Sector	Value
Professional & Business Services	13.6
Education & Health Services	9.0
Federal Govt	-0.8
State & Local Govt	5.0
Leisure & Hospitality	4.6
Retail Trade	-2.1
Other Services	1.0
Construction	7.9
Financial Activities	0.0
Information Services	-0.7
Transportation & Utilities	2.1
Wholesale Trade	0.0
Manufacturing	0.7

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU
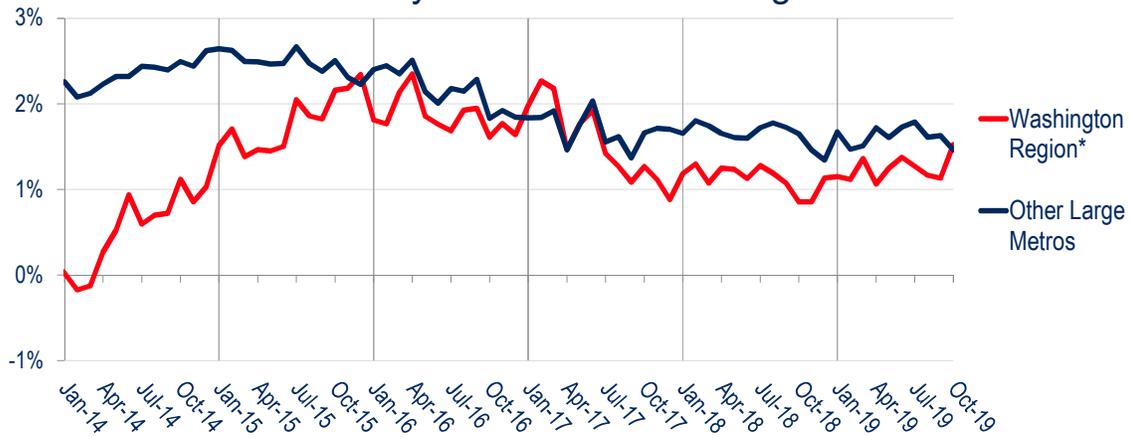*Through October; includes projected revisions to the preliminary data and do not align with the estimates published by BLS.
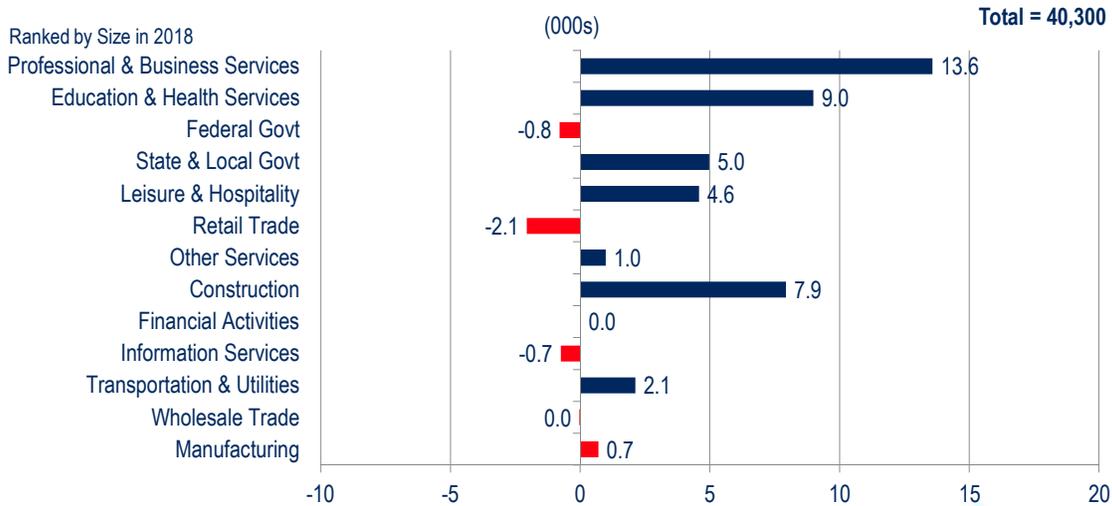
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Change in Jobs By Sub-State Area, 2014-2019*
Monthly Over-the-Year Change (in 000s)
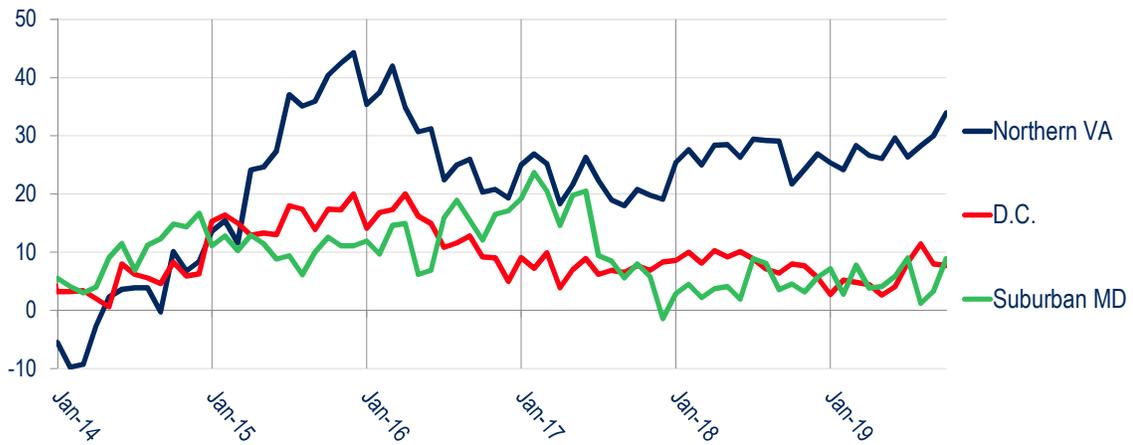
Northern VA

D.C.

Suburban MD

Sources: U.S. Bureau of Labor Statistics, The Stephen S. Fuller Institute at the Schar School, GMU
*2018 and 2019 include projected revisions to the preliminary data and do not align with the estimates published by BLS.

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Northern Virginia Job Change by Sector, 2019*

Ranked by Size in 2018

(000s)

Total = 27,900

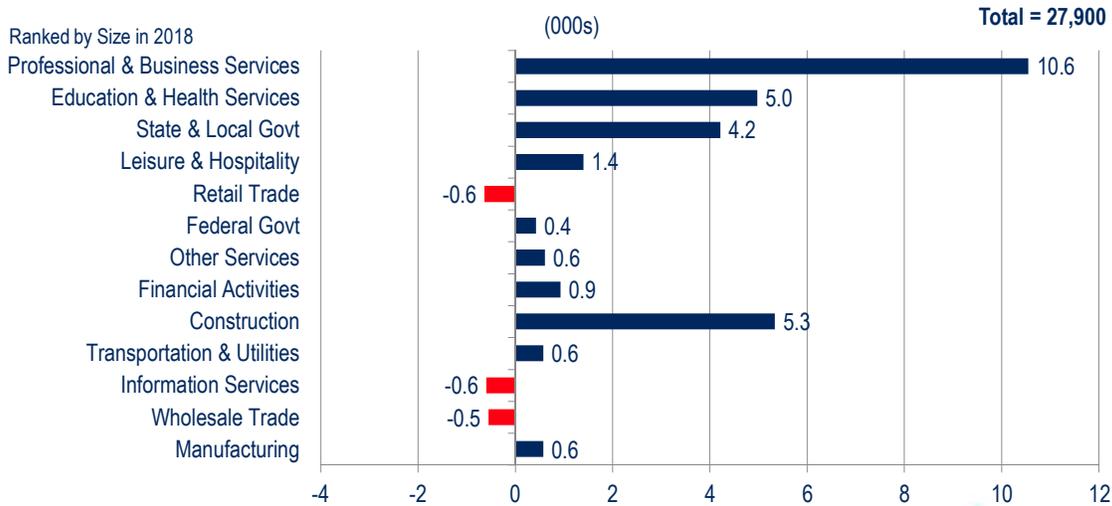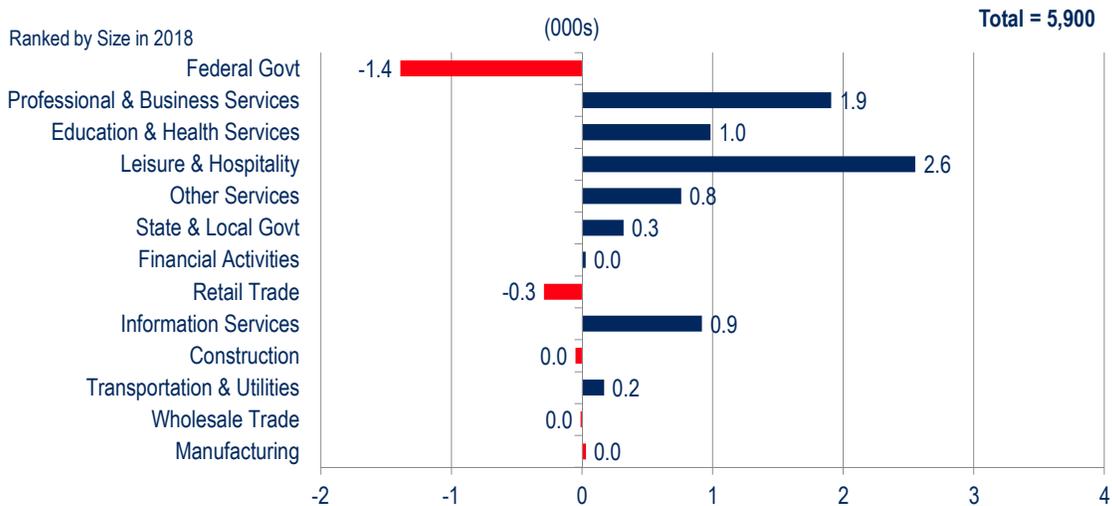| Sector	Change
Professional & Business Services	10.6
Education & Health Services	5.0
State & Local Govt	4.2
Leisure & Hospitality	1.4
Retail Trade	-0.6
Federal Govt	0.4
Other Services	0.6
Financial Activities	0.9
Construction	5.3
Transportation & Utilities	0.6
Information Services	-0.6
Wholesale Trade	-0.5
Manufacturing	0.6

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU
*Through October; includes projected revisions to the preliminary data and do not align with the estimates published by BLS.

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D.C. Job Change by Sector, 2019*

Ranked by Size in 2018

(000s)

Total = 5,900

Sector	Change
Federal Govt	-1.4
Professional & Business Services	1.9
Education & Health Services	1.0
Leisure & Hospitality	2.6
Other Services	0.8
State & Local Govt	0.3
Financial Activities	0.0
Retail Trade	-0.3
Information Services	0.9
Construction	0.0
Transportation & Utilities	0.2
Wholesale Trade	0.0
Manufacturing	0.0

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU
*Through October; includes projected revisions to the preliminary data and do not align with the estimates published by BLS.

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Suburban Maryland Job Change by Sector, 2019*

Ranked by Size in 2018

(000s)

Total = 5,400

Sector	Value
Professional & Business Services	0.3
Education & Health Services	3.0
State & Local Govt	0.9
Retail Trade	-1.2
Leisure & Hospitality	0.6
Federal Govt	-0.5
Construction	2.6
Other Services	0.4
Financial Activities	-0.9
Manufacturing	0.3
Wholesale Trade	0.3
Transportation & Utilities	0.4
Information Services	-0.8

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU
*Through October; includes projected revisions to the preliminary data and do not align with the estimates published by BLS.
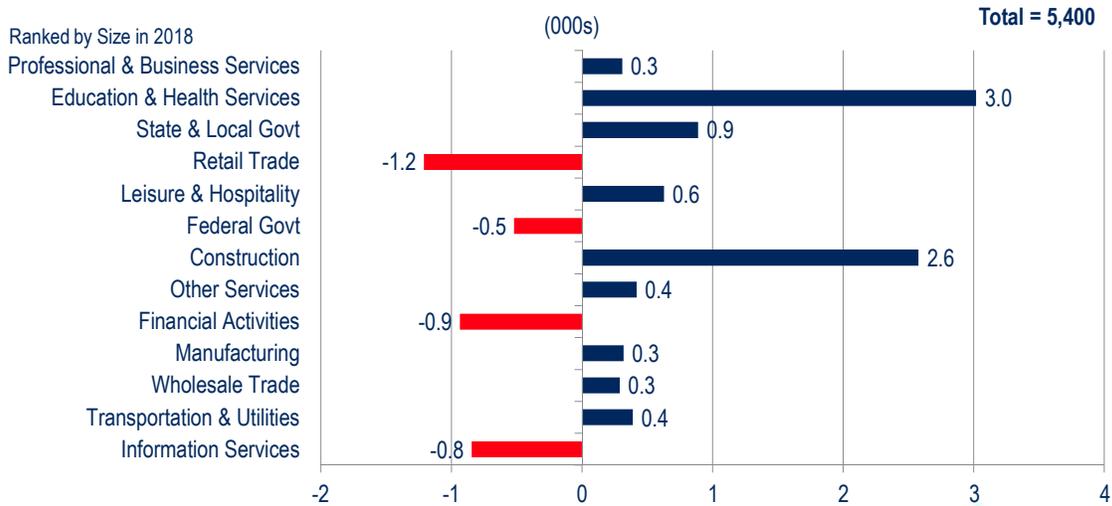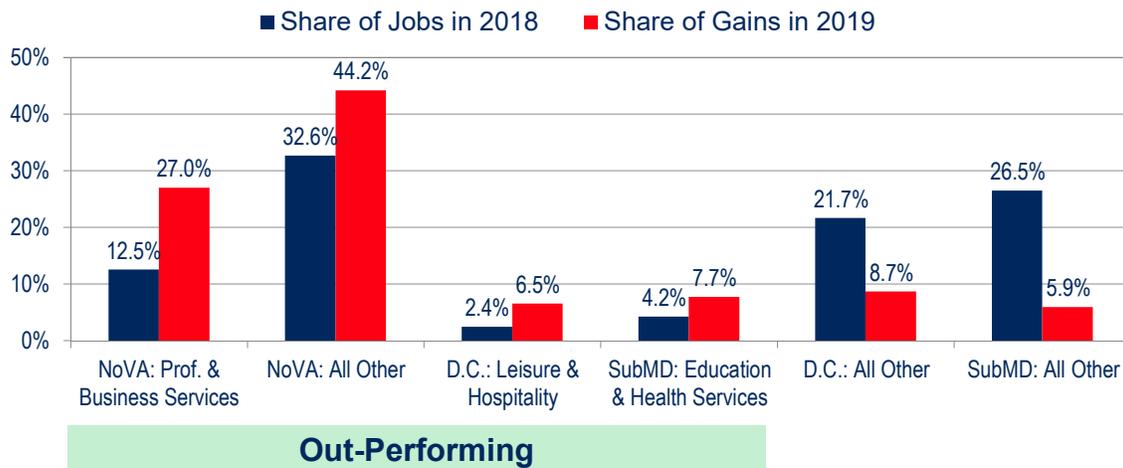
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Distribution of Job Growth
in the Washington Region, 2019*

■ Share of Jobs in 2018   ■ Share of Gains in 2019

Category	Share of Jobs in 2018	Share of Gains in 2019
NoVA: Prof. & Business Services	12.5%	27.0%
NoVA: All Other	32.6%	44.2%
D.C.: Leisure & Hospitality	2.4%	6.5%
SubMD: Education & Health Services	4.2%	7.7%
D.C.: All Other	21.7%	8.7%
SubMD: All Other	26.5%	5.9%

Out-Performing

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU
*Through October; includes projected revisions to the preliminary data and do not align with the estimates published by BLS.
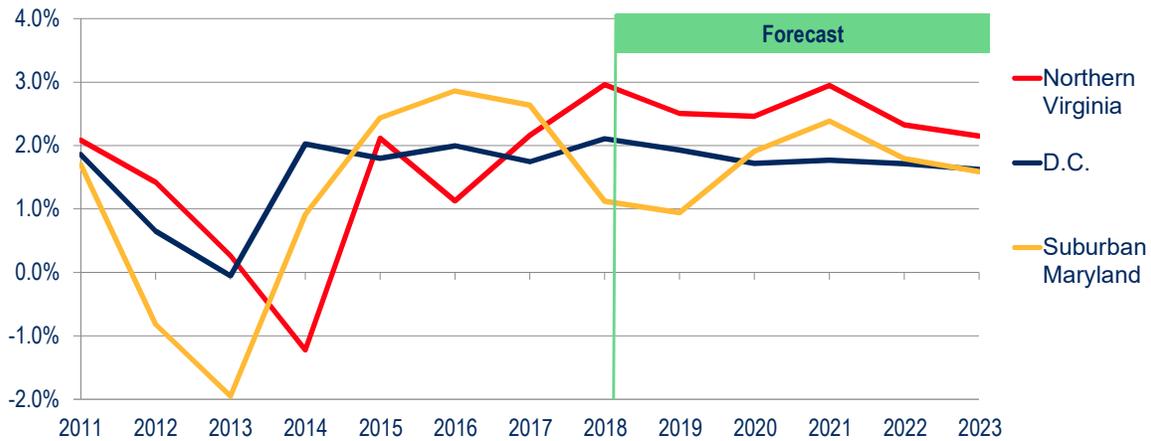
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Employment Change by Sub-State Area
(000s)

	2016	2017	2018*	2019*	2020	2021	2022	2023
D.C.	13.1	7.4	8.3	5.9	8.9	4.9	4.2	3.6
Sub. MD	13.4	12.9	4.4	5.4	9.2	7.2	5.2	1.3
No. VA	28.8	21.9	26.8	27.9	22.6	23.6	17.8	12.9
Residual**	3.3	7.6	(2.6)	1.1	0.2	0.1	0.2	0.1
REGION	**58.6**	**49.8**	**36.9**	**40.3**	**40.9**	**35.8**	**27.4**	**17.9**

Source: BLS, IHS Economics, The Stephen S. Fuller Institute at the Schar School, GMU (forecast as of December 2019)
*2018 and 2019 include projected revisions to the preliminary data and do not align with the estimates published by BLS.
**Residual includes Jefferson, WV and jobs that cannot be attributed to a sub-state area.
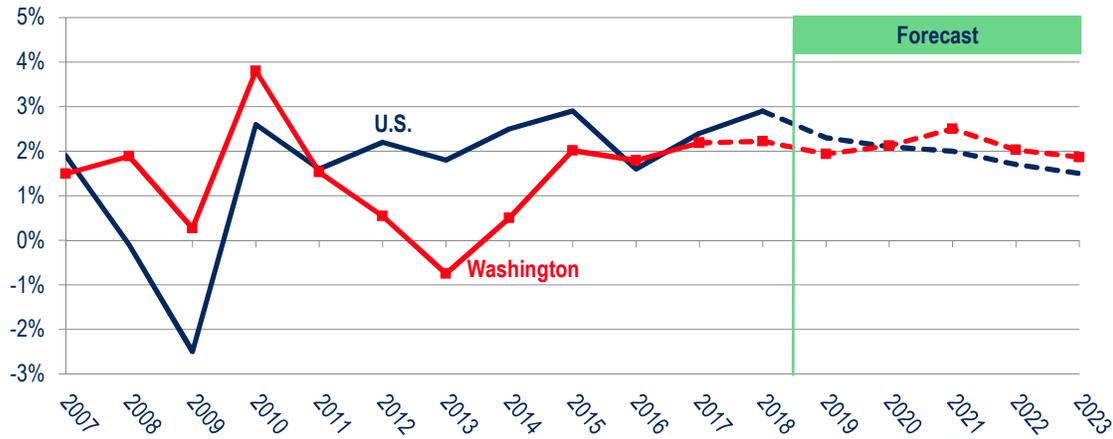
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Washington Region GRP by Sub-State Area
2011 – 2018 - 2023 (Annual % Change)

Sources: IHS Markit (November 2019); The Stephen S. Fuller Institute at the Schar School, GMU (forecast as of December 2019)

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U.S. GDP and Washington Region GRP
2007 – 2018 – 2023 (Annual % Change)

Sources: IHS Markit (December 2019); The Stephen S. Fuller Institute at the Schar School, GMU (forecast as of December 2019)

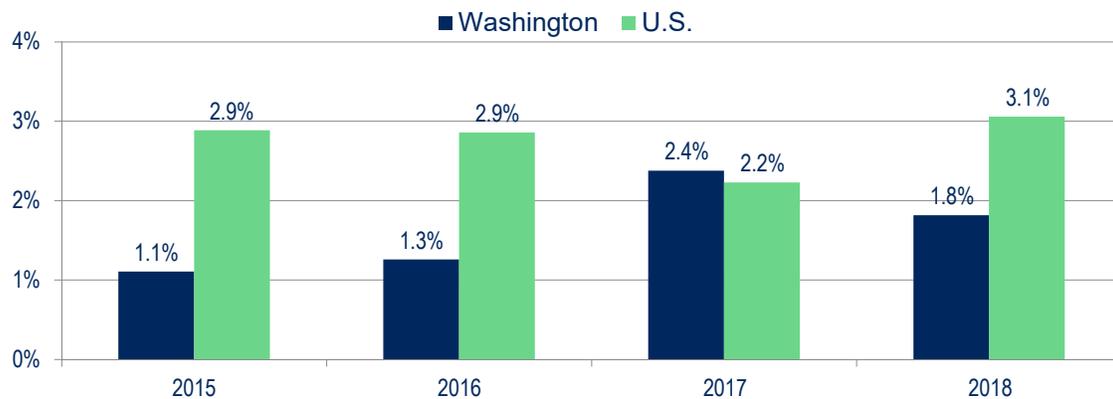# The Changing Structure of the Washington Region's Economy

First Key Question

Can the Washington region achieve a competitive economy building on its federal government base with an expanding core of high-value added, fast growing, export based, non-federally dependent business activities or will its future growth trajectory always be defined by its federal government base?
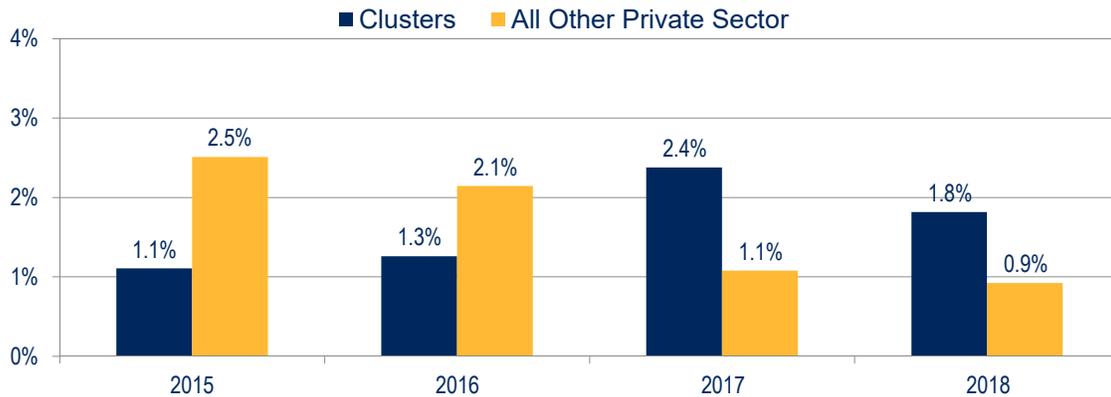
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Growth Rates of the Washington Region's Advanced Industrial Clusters

■ Washington ■ U.S.

Year	Washington	U.S.
2015	1.1%	2.9%
2016	1.3%	2.9%
2017	2.4%	2.2%
2018	1.8%	3.1%

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 & Private Sector

■ Clusters ■ All Other Private Sector

- 2015: Clusters 1.1%, All Other Private Sector 2.5%
- 2016: Clusters 1.3%, All Other Private Sector 2.1%
- 2017: Clusters 2.4%, All Other Private Sector 1.1%
- 2018: Clusters 1.8%, All Other Private Sector 0.9%

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

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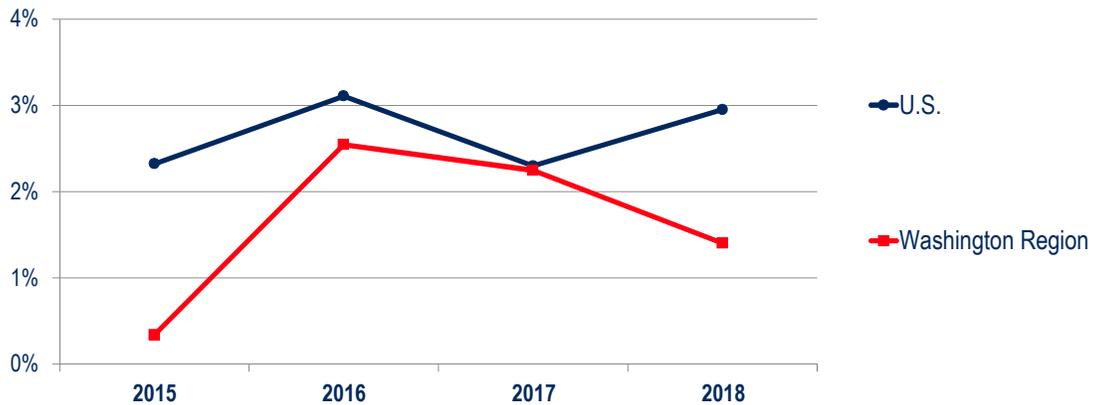for Research on the Washington Region's Economic Future

Growth in the Washington Region's Advanced Industrial Clusters, 2014-2018
Annualized Growth

■ Washington Region ■ U.S.

Established
- Business & Leisure Travel: Washington Region 2.7%, U.S. 2.4%
- Advocacy: Washington Region 1.1%, U.S. 1.0%
- New Media & Information: Washington Region 4.8%, U.S. 4.8%
- Business Services: Washington Region 1.3%, U.S. 3.7%

Emerging
- Bio & Health Tech: Washington Region 4.7%, U.S. 4.0%
- Info. Comm. Tech.: Washington Region 1.8%, U.S. 2.9%
- Science & Security Tech: Washington Region 1.0%, U.S. 2.1%

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

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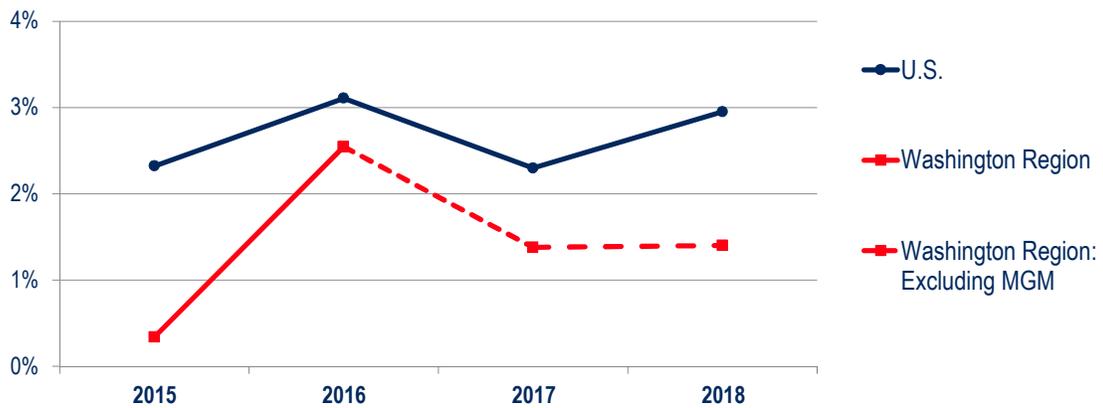for Research on the Washington Region's Economic Future

The Washington Region's Established Clusters: Influence, Management Services & Travel

Sources: U.S. Bureau of Labor Statistics (QCEW), The Stephen S. Fuller Institute at the Schar School, GMU
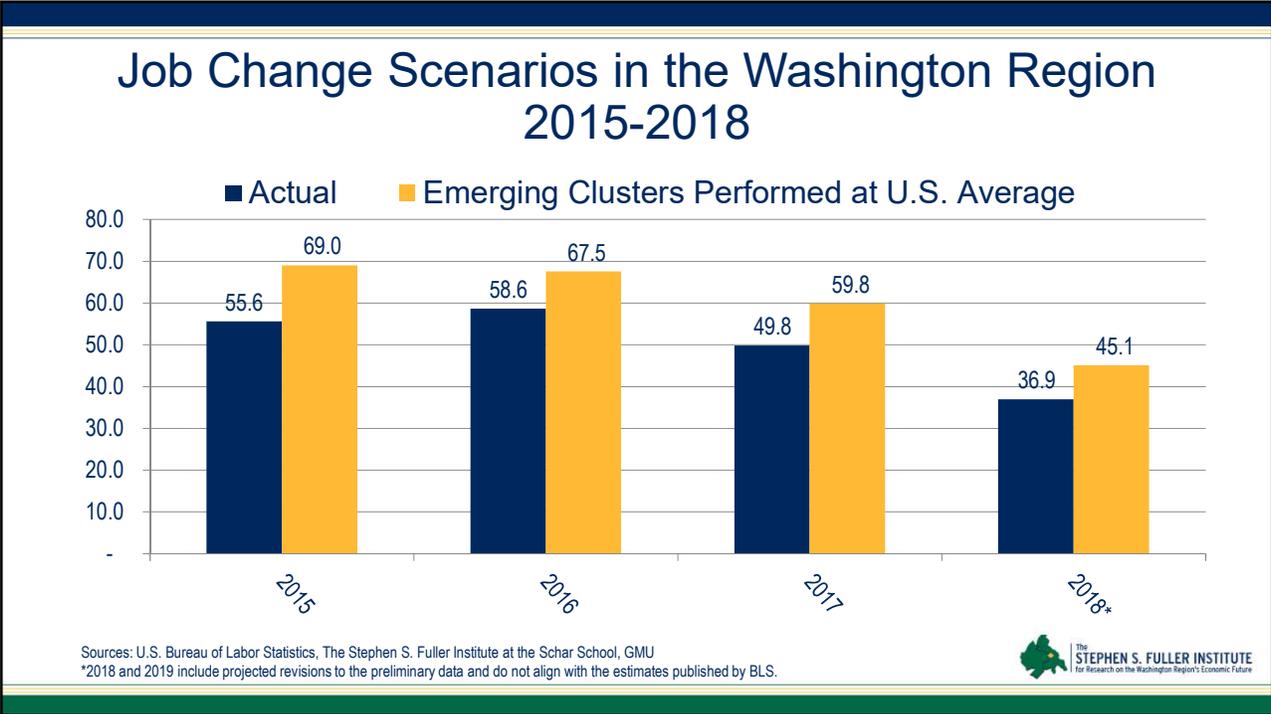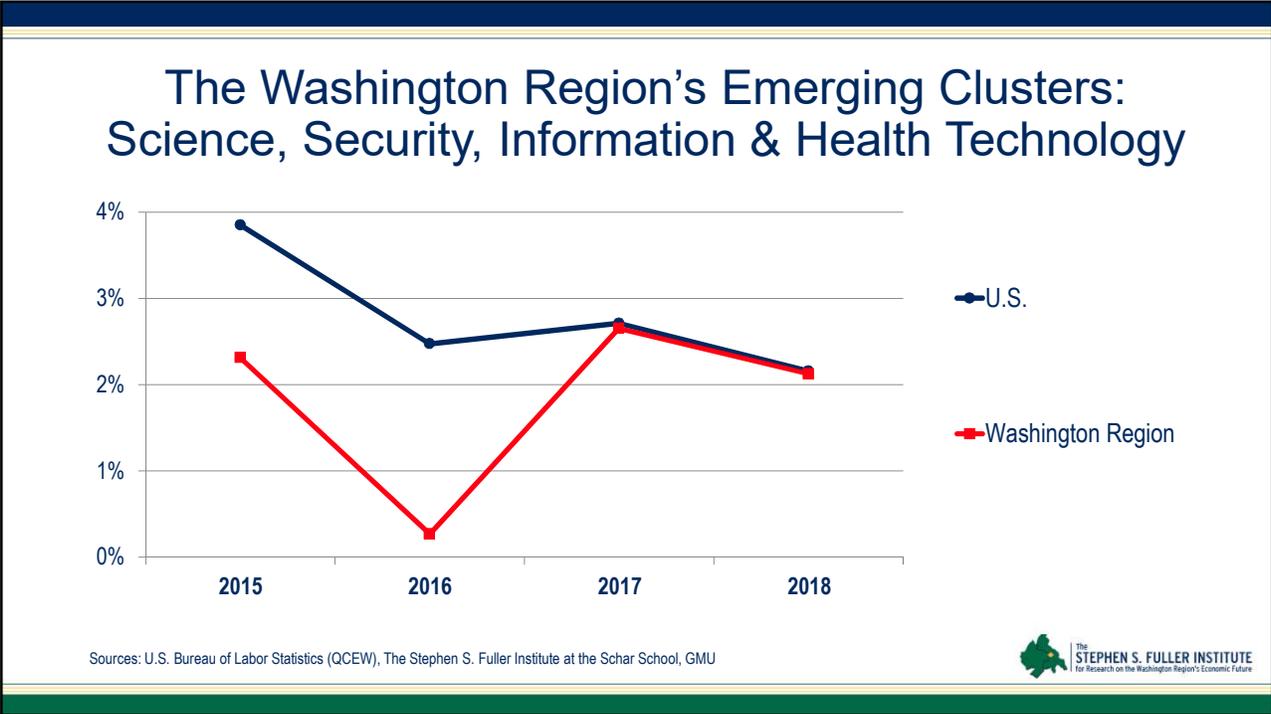
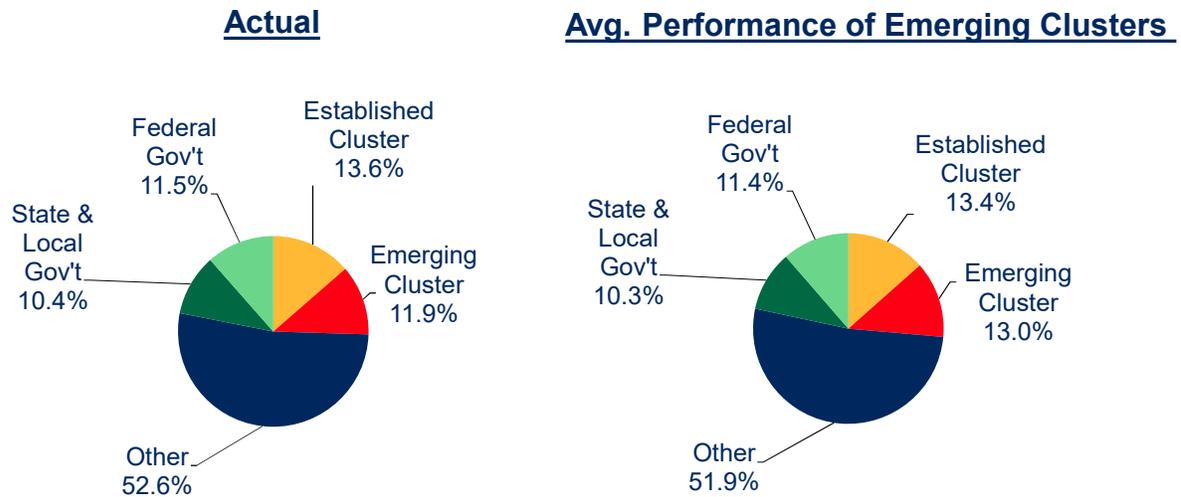## The Washington Region's Established Clusters: Influence, Management Services & Travel

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

The Washington Region's Emerging Clusters: Science, Security, Information & Health Technology

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

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Job Change Scenarios in the Washington Region 2015-2018

Sources: U.S. Bureau of Labor Statistics, The Stephen S. Fuller Institute at the Schar School, GMU
*2018 and 2019 include projected revisions to the preliminary data and do not align with the estimates published by BLS.

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Distribution of Jobs in the Washington Region, 2018

Actual

Federal Gov't 11.5%

State & Local Gov't 10.4%

Established Cluster 13.6%

Emerging Cluster 11.9%

Other 52.6%

Avg. Performance of Emerging Clusters

Federal Gov't 11.4%

State & Local Gov't 10.3%

Established Cluster 13.4%

Emerging Cluster 13.0%

Other 51.9%

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

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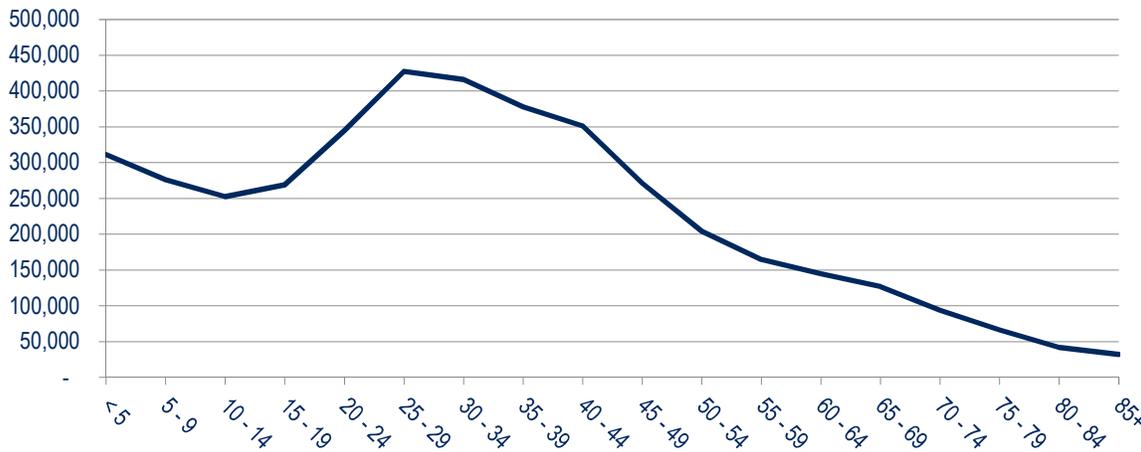for Research on the Washington Region's Economic Future

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Second Key Question

Can the Washington region overcome its multi-layered jurisdictional governance to build on its competitive assets and overcome its **capacity constraints** to achieve the region's inherent growth potentials?

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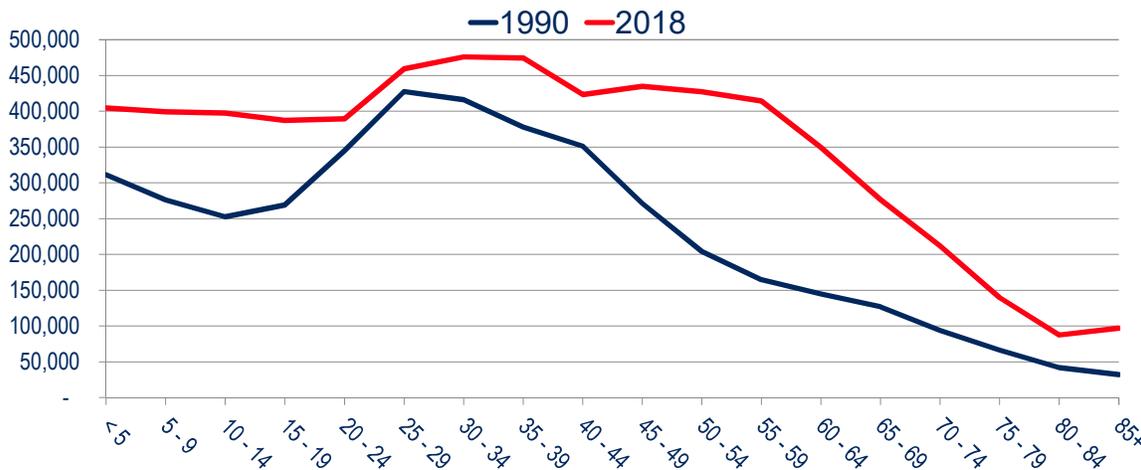for Research on the Washington Region's Economic Future

Population by Age, Washington Region, 1990

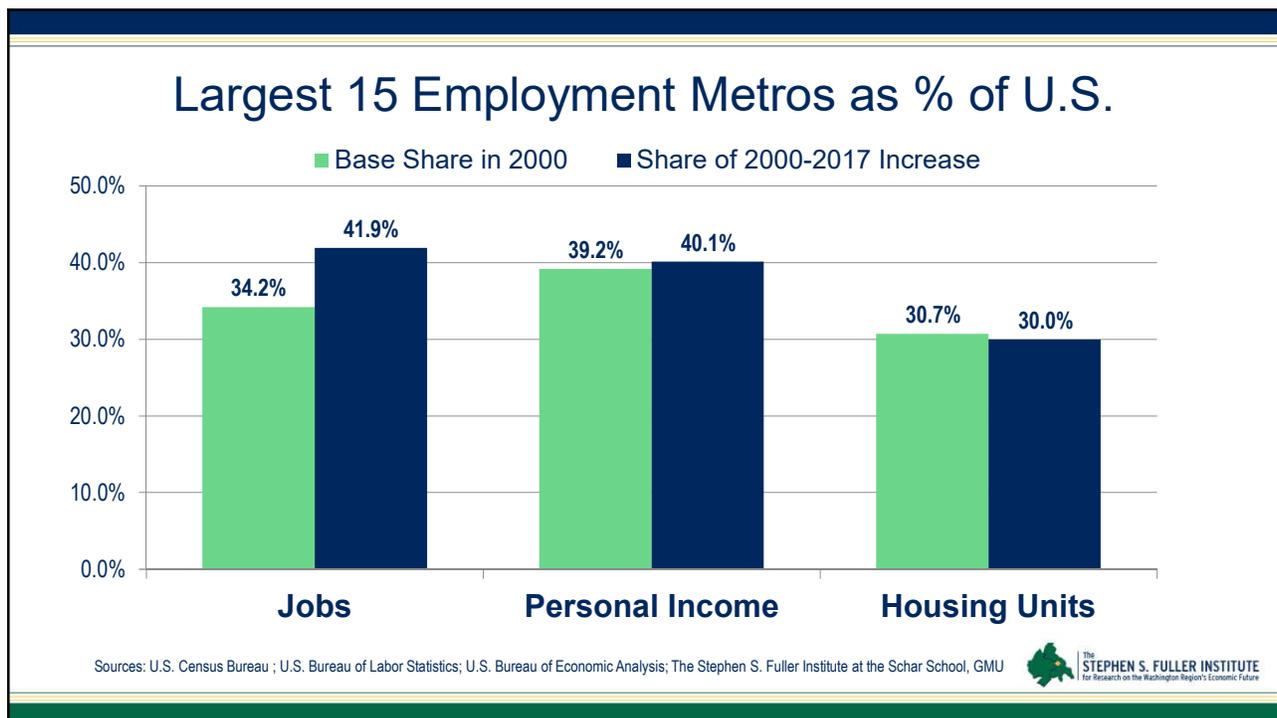Sources: U.S. Census Bureau (1970-79 Intercensal Estimates & v2018 Population Estimates); The Stephen S. Fuller Institute at the Schar School, GMU
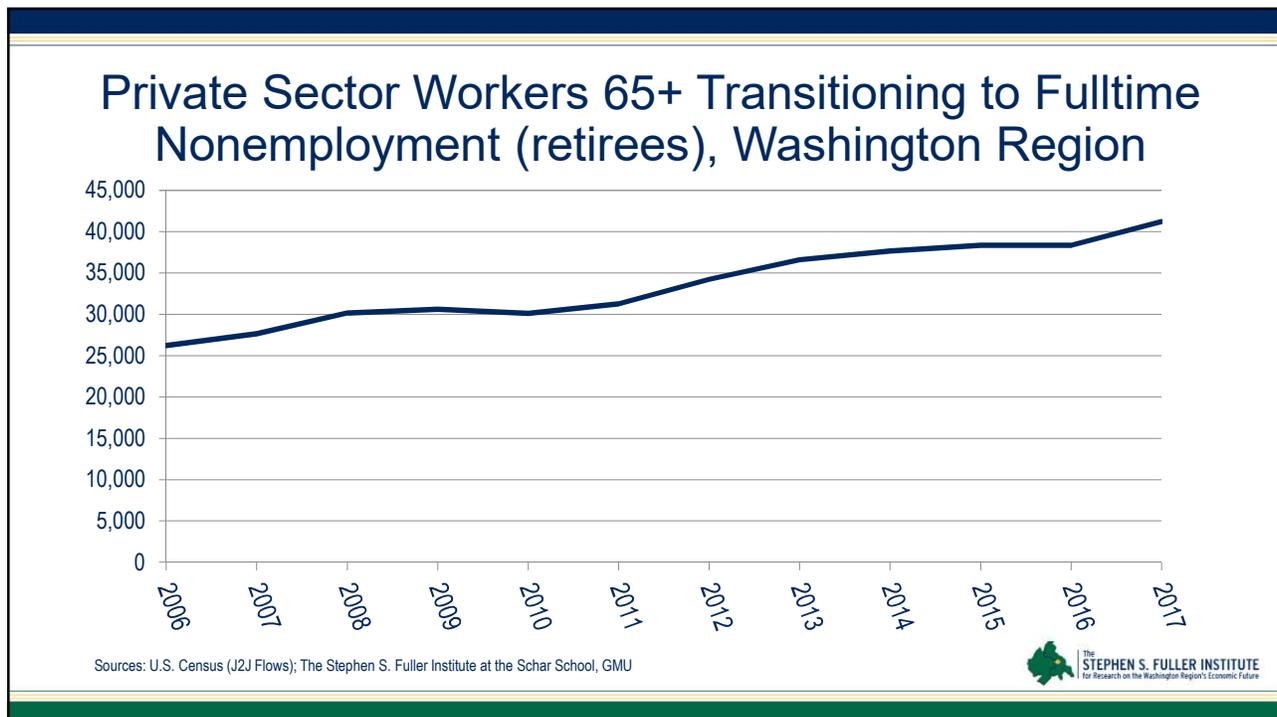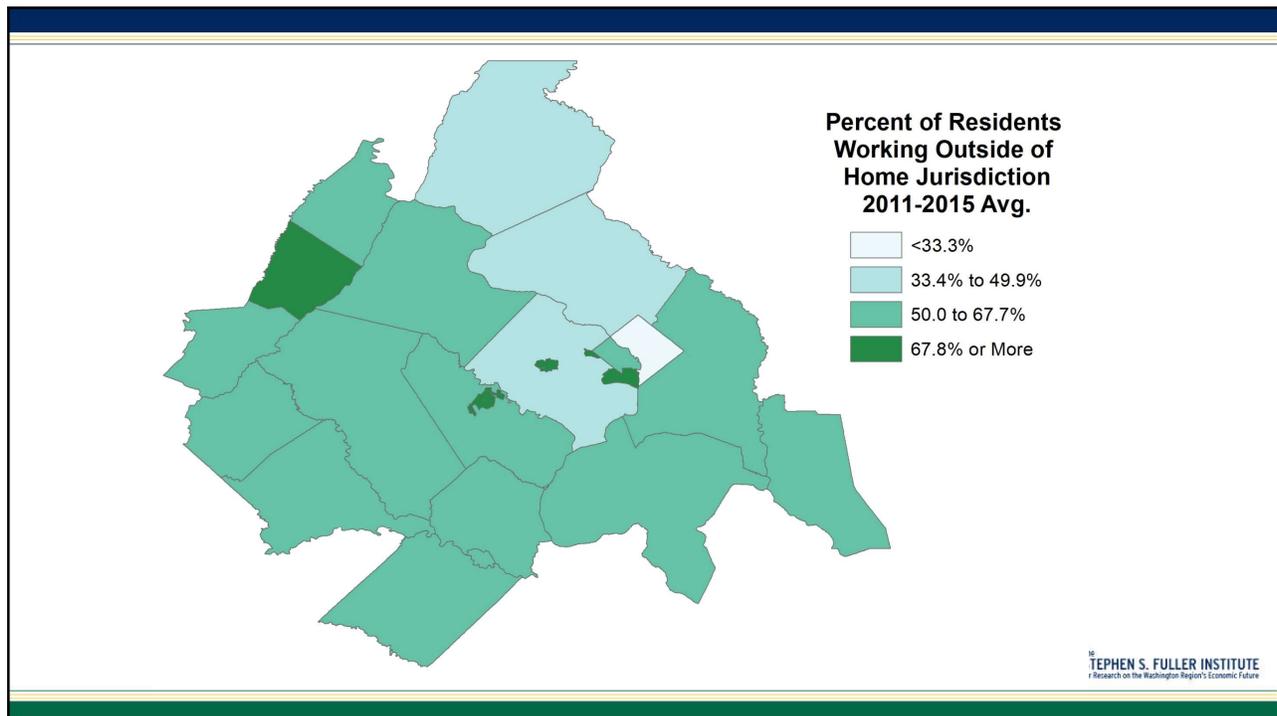

Population by Age, Washington Region

Sources: U.S. Census Bureau (1970-79 Intercensal Estimates & v2018 Population Estimates); The Stephen S. Fuller Institute at the Schar School, GMU

Private Sector Workers 65+ Transitioning to Fulltime Nonemployment (retirees), Washington Region

Sources: U.S. Census (J2J Flows); The Stephen S. Fuller Institute at the Schar School, GMU

Largest 15 Employment Metros as % of U.S.

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

Percent Change in Workers by Commute Distance
Washington Region, 2002-2015

All Workers: +53.7%

- <10 miles: 57.2%
- 10 to 24 miles: 50.2%
- 25 to 50 miles: 41.4%
- 50+ miles: 69.5%

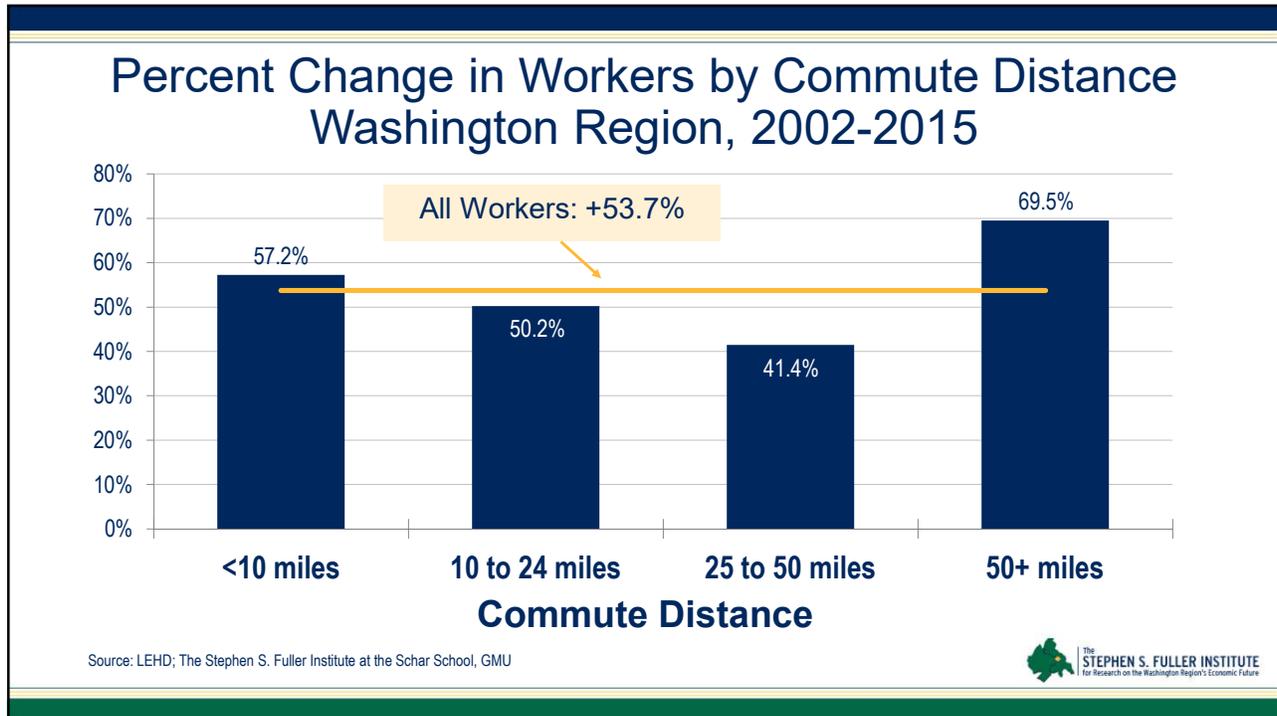**Commute Distance**

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

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Percent of Residents Working Outside of Home Jurisdiction 2011-2015 Avg.

- <33.3%
- 33.4% to 49.9%
- 50.0 to 67.7%
- 67.8% or More

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