

Washington Region's Post-Pandemic Labor Force Northern Virginia Surges while DC Stagnates and MD Shrinks

June 7th, 2023

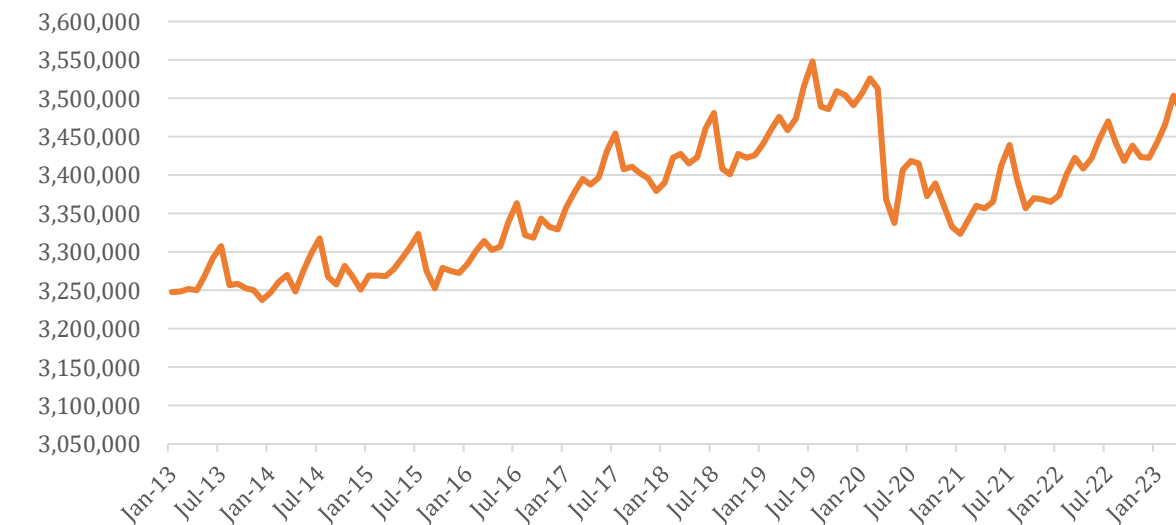
Keith Waters and Terry Clower

In April, the Bureau of Labor Statistics (BLS) published revised labor force data. The revised data revealed that the region's labor force stagnation was not as bad as previously thought (See SFI - [Labor Force Stagnation](#)). However, examining the sub-state areas of the Washington region reveals that the region's labor force growth is entirely reliant on gains in Northern Virginia. The labor force in the District has stagnated while the labor force in Suburban Maryland has been shrinking since the onset of the pandemic.

Revised labor force data reveal that the Washington region's labor force has not stagnated as badly as previously thought. At the end of 2022, the Washington region had 58,173 more people in the labor force than previously estimated by the BLS. The Washington region's labor force sank to a pandemic low of 3,323,259 in January 2021. Following the pandemic-induced decline, the region's labor force increased to 3,503,826 in March 2023 before declining modestly to 3,482,235 in April 2023, in line with usual month-to-month variations.

Labor Force in the Washington Region

January 2013 to April 2023



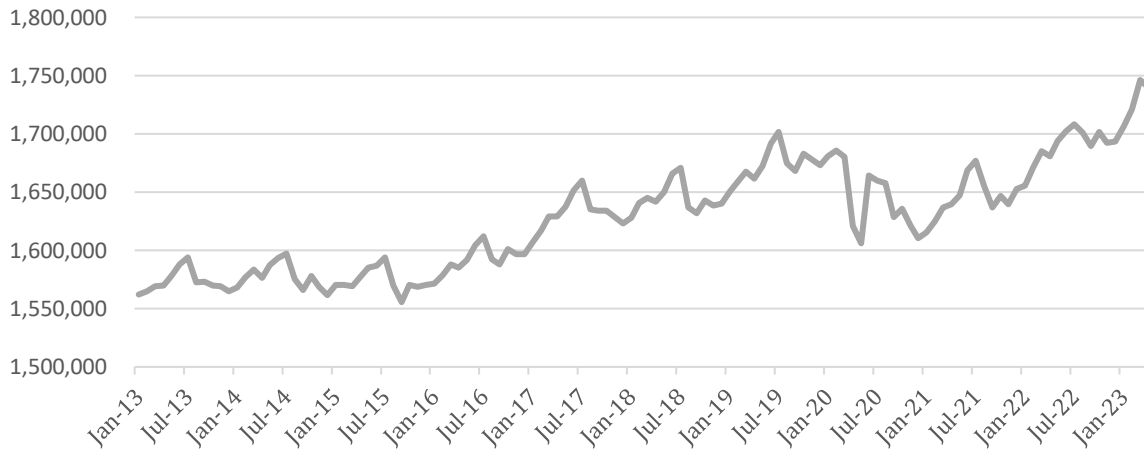
Source: Bureau of Labor Statistics

Despite the positive revisions to the region's labor force data, examining sub-state areas reveals that the labor force growth has been dominated by Northern Virginia. While the size of Northern Virginia's labor force declined at the outset of the pandemic, it rebounded and

surpassed pre-pandemic levels in the middle of 2022. The labor force in Northern Virginia in April 2023 was 54,407 above February 2020 levels.

Labor Force in Northern Virginia

January 2013 to April 2023

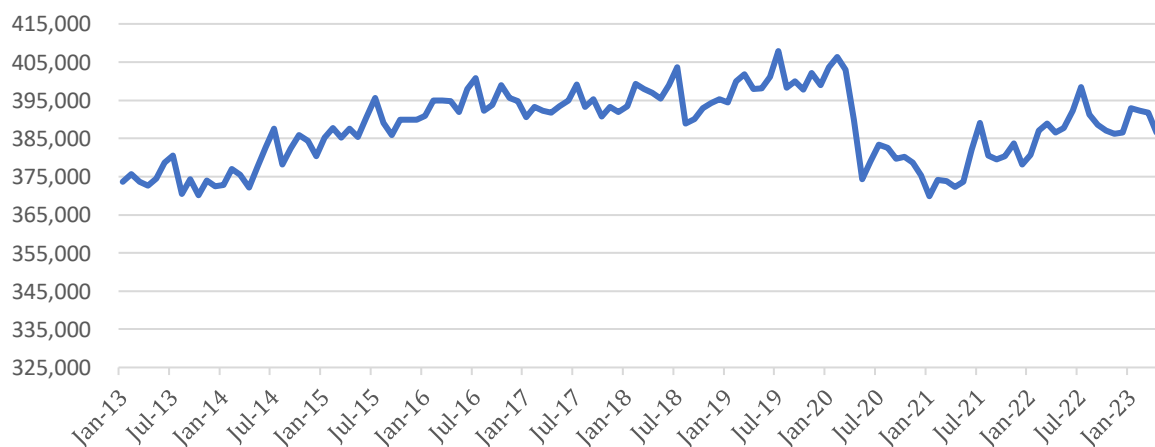


Source: Bureau of Labor Statistics

In contrast, the labor force in the District has stagnated while the labor force in Suburban Maryland has been declining. In April 2023, the District's labor force was 12,250 people larger than the pandemic low of 347,224 in May 2020 (+3%) but remains 4.9% below February 2020. Furthermore, labor force gains recorded from January 2021 through June 2023 appear to have stalled.

Labor Force in D.C.

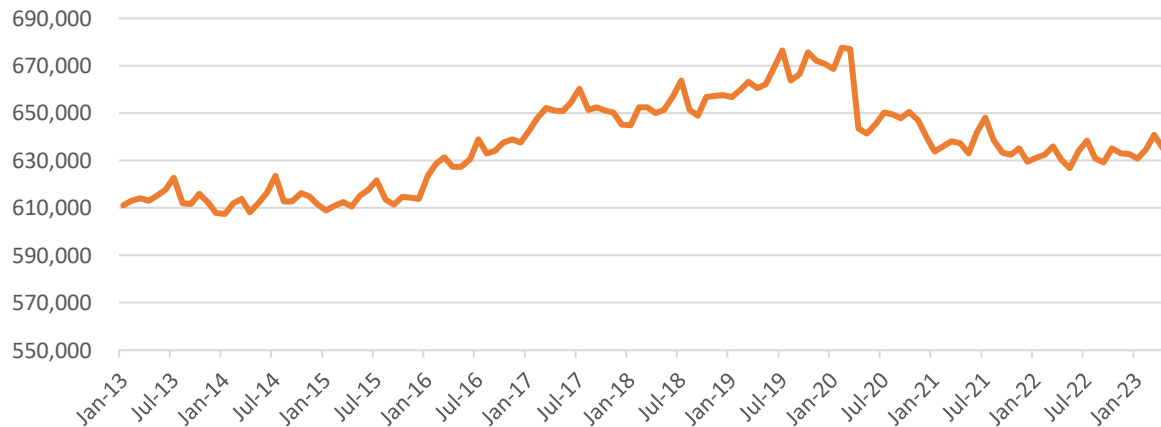
January 2013 to April 2023



Source: Bureau of Labor Statistics

Most troublesome, the labor force in Suburban Maryland was *smaller* in April 2023 than in May 2020 immediately after the onset of pandemic labor force declines. In April 2023, Suburban Maryland's labor force stood at 635,134, 1.0% smaller than in May 2020. For comparison, Northern Virginia's labor force increased 8.3% over the same period.

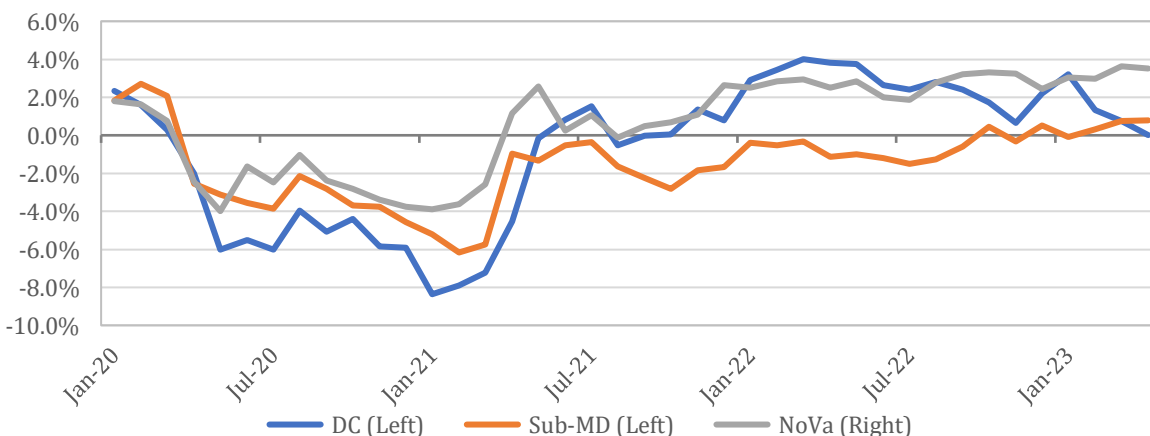
Labor Force in Suburban Maryland January 2013 to April 2023



Source: Bureau of Labor Statistics

The labor force in Suburban Maryland has been trending downwards for nearly the entirety of the post-pandemic era. From March 2020 through September 2022, Suburban Maryland's labor force declined month-over-year, 30 consecutive months of labor force decline. Despite recent month-over-year increases, these increases are modest and are based from the 2022 labor force that is far smaller than pre-pandemic.

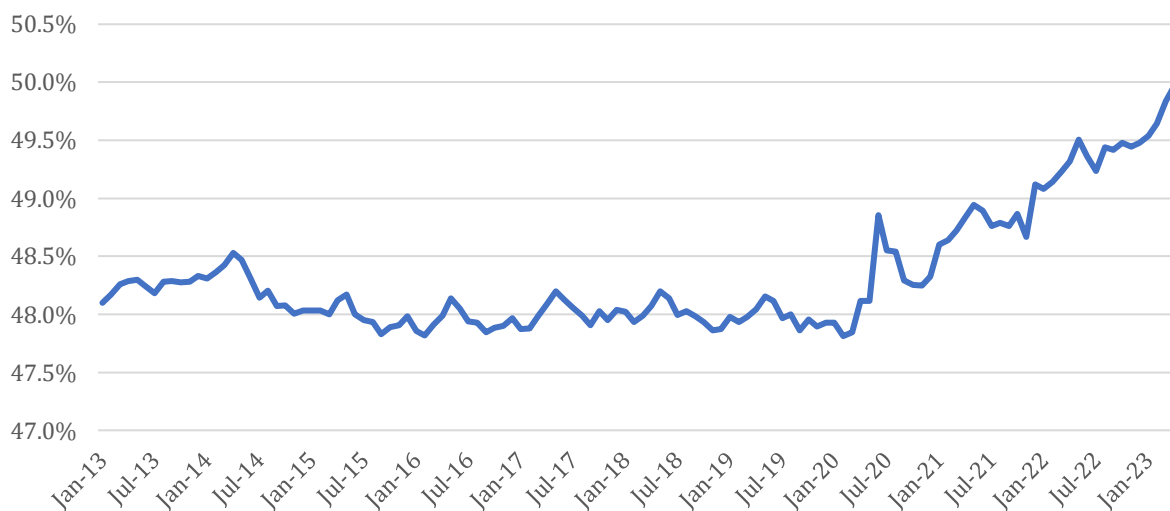
Month-Over-Year % Change in Washington Region's Sub-State Areas Labor Force January 2013 to April 2023



Source: Bureau of Labor Statistics

Simultaneous trends of labor force growth in Northern Virginia, stagnation in DC, and decline in Suburban Maryland has resulted in Northern Virginia effectively accounting for nearly half of the labor force in the Washington region. From 2013 through the outset of the pandemic, Northern Virginia accounted for approximately 48% of the region's labor force. However, the divergent trends after the pandemic resulted in Northern Virginia's share of the region's labor force surging to approximately 50%. While in April Northern Virginia technically accounted for 49.97% of the region's labor force in April 2023, such a reading may well be over 50% after future revisions and is likely to surpass 50% in coming months, in any case.

Share of Washington Region's Labor Force Accounted for By Northern Virginia January 2013 to April 2023



Source: Bureau of Labor Statistics

Conclusion

While the recent revisions to the Washington region's labor force data are more optimistic than previously thought, the overall growth in the region's labor force has been the result of growth in Northern Virginia. The District's labor force has stagnated and the labor force in Suburban Maryland is shrinking. Although the reasons underlying the current trends are currently unclear, it is likely that labor force dynamics are resulting from the same forces driving migration trends in the region.

About These Data

All data are from the Bureau of Labor Statistics (BEA). The report uses data from the Current Population Survey (CPS). The CPS program from the BLS provides monthly estimates of the labor force, employment, and unemployment for the US as a whole by surveying approximately 60,000 households per month. The civilian labor force includes all non-institutional persons 16 years or older that are either employed or unemployed. Employed are those that worked for pay, in their own business or the business of a family member, or were temporarily absent from work the week that includes the 12th of each month. Data were extracted on June 6th, 2023.