

CRA Future Challenges Forum

The Washington Metropolitan Region Its Economic Outlook and Future Challenges

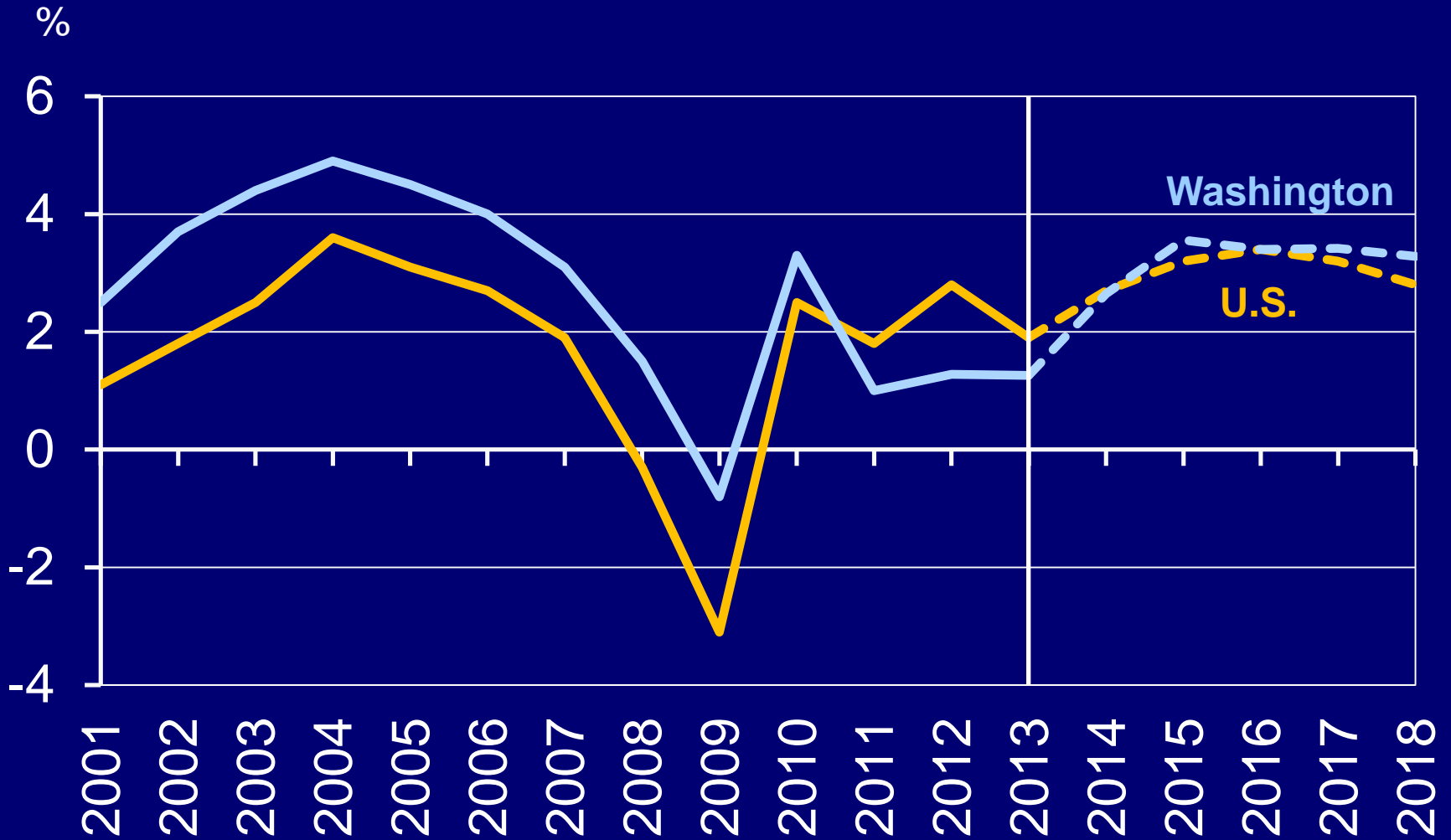
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February 11, 2014

The Washington Economy: Impacts of the Recession and the Sequester

U.S. GDP and Washington Area GRP 2001 – 2013 – 2018



Recession Impacts

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

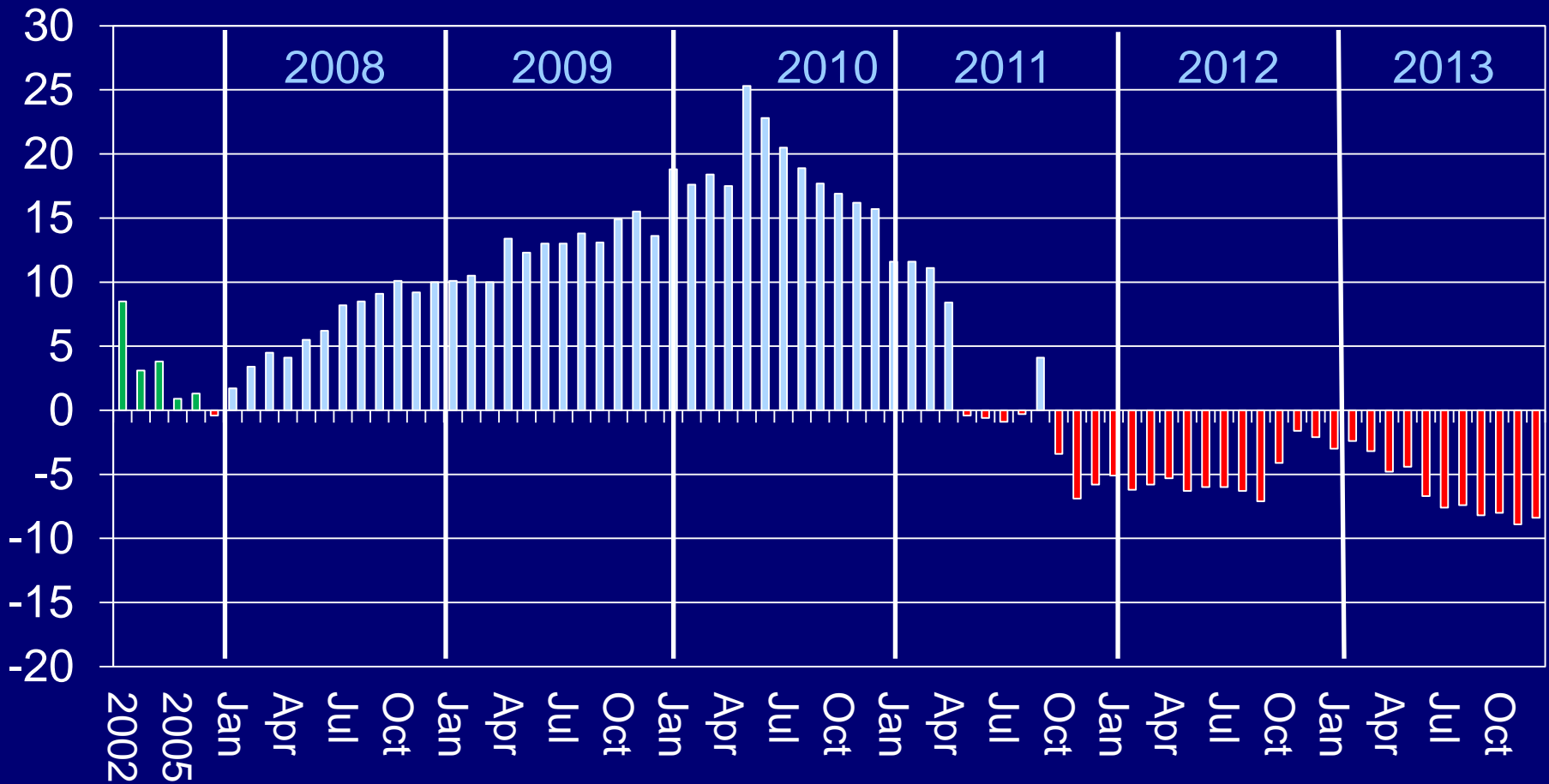
Sequester+ Impacts

- Federal procurement \$s down by 14.5%
- There are 21,200 fewer federal jobs
- Federal payroll is down 4.8%
or by \$2 billion

Federal Government Washington MSA

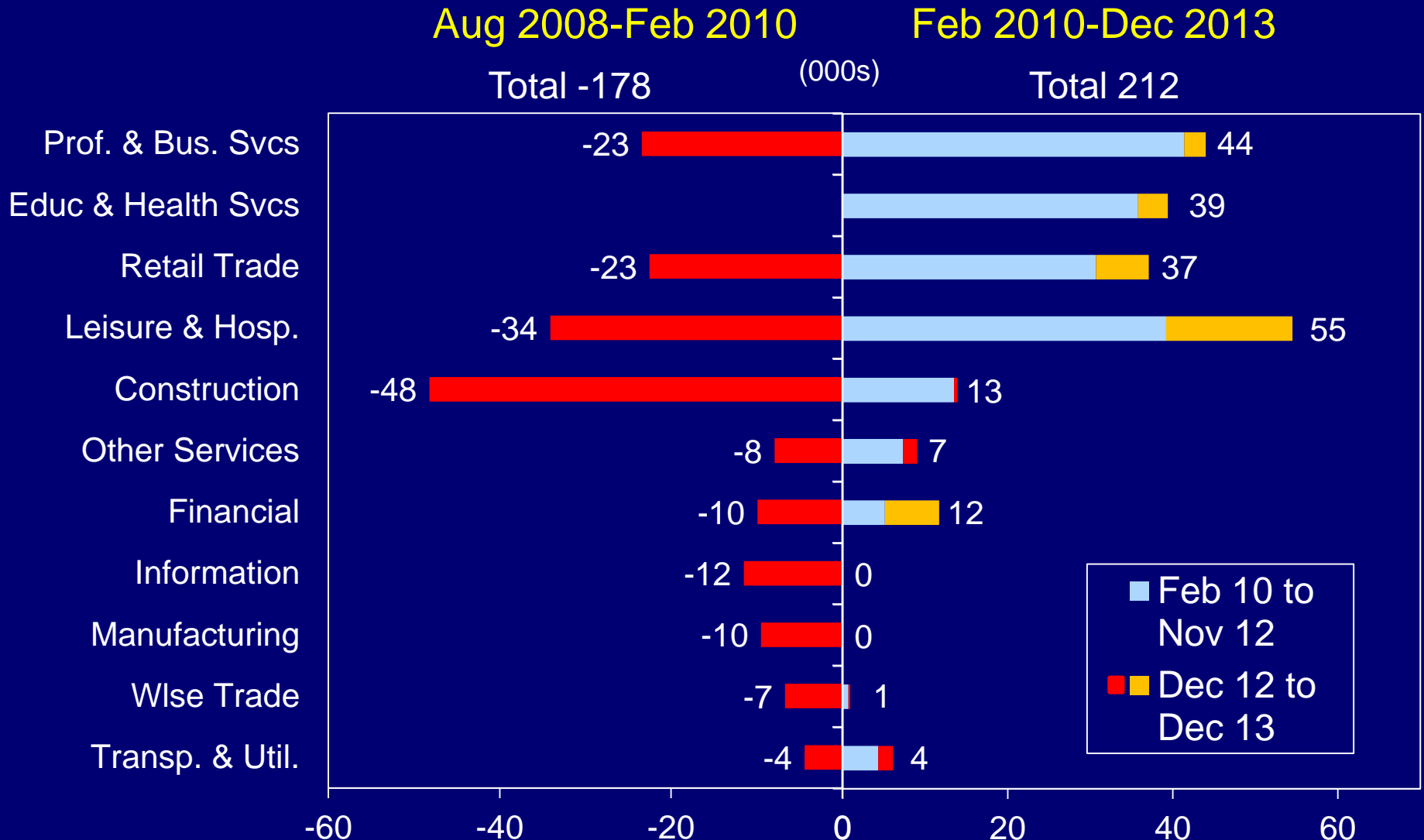
(000s) Annual Data

Annual Month over Year



WMSA Payroll Job Change: Private Sector

The Great Recession and Recovery

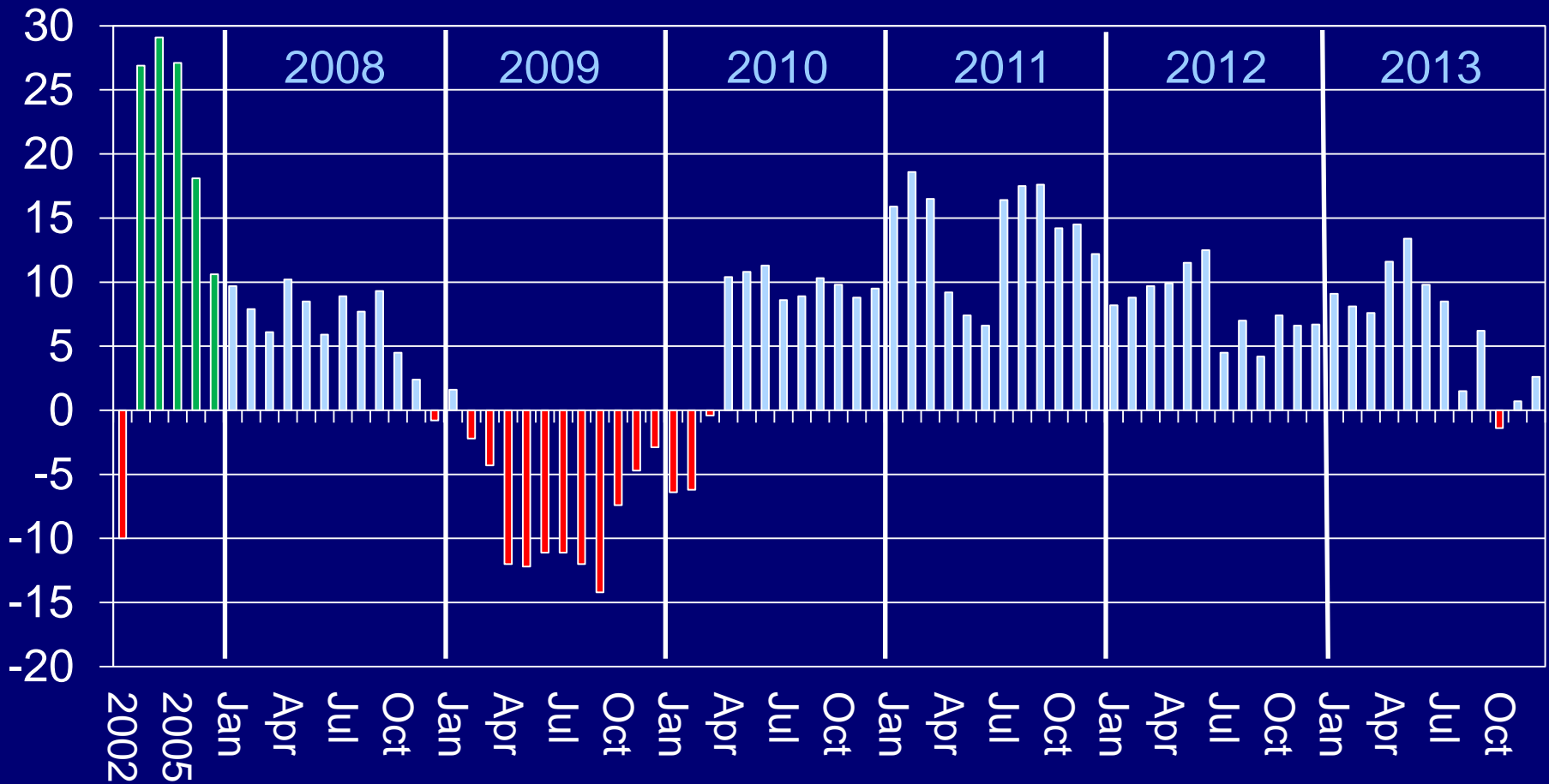


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Professional & Business Services Washington MSA

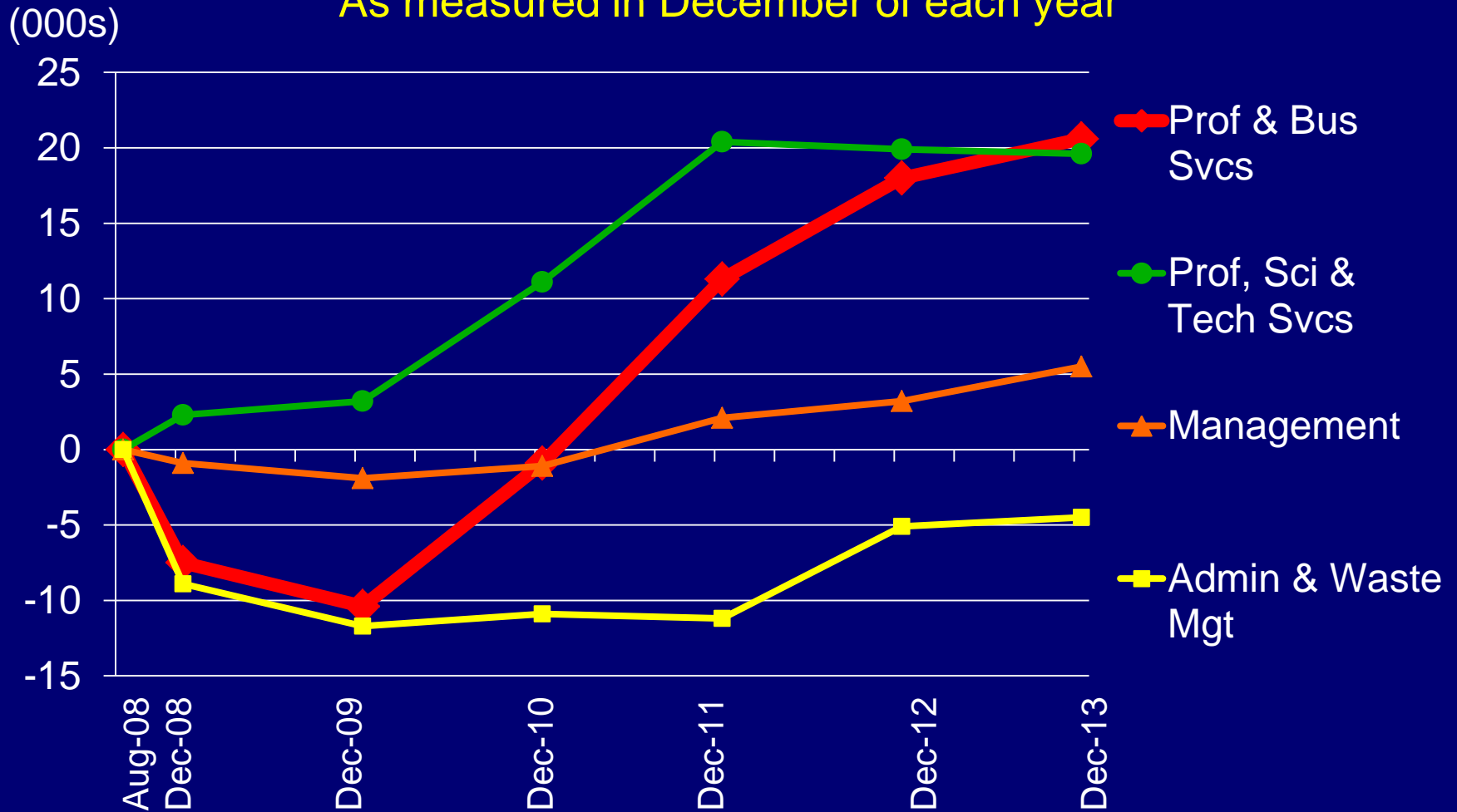
(000s) Annual Data

Annual Month over Year



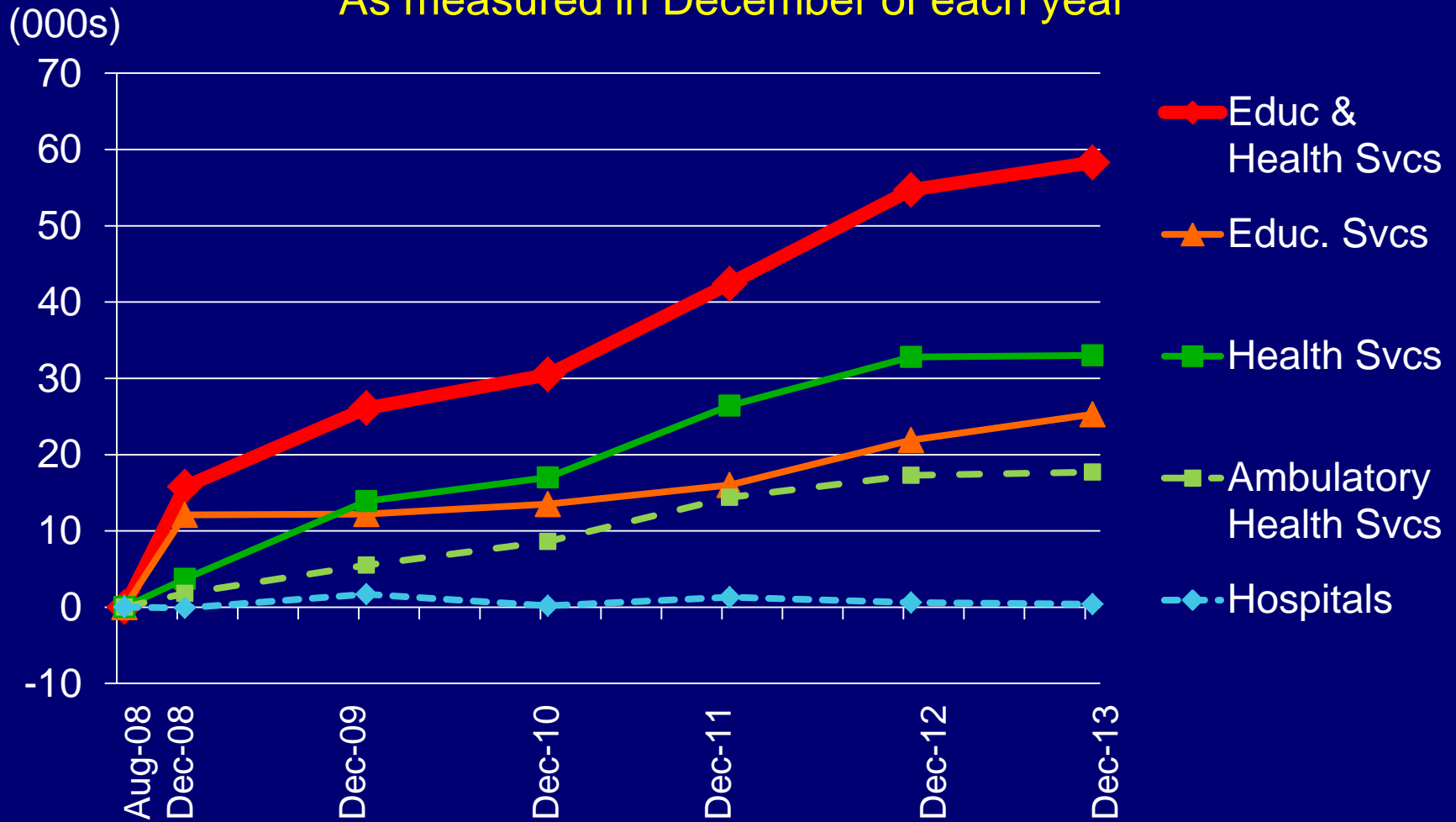
WMSA Payroll Job Change from Aug-2008 Professional & Business Services

As measured in December of each year



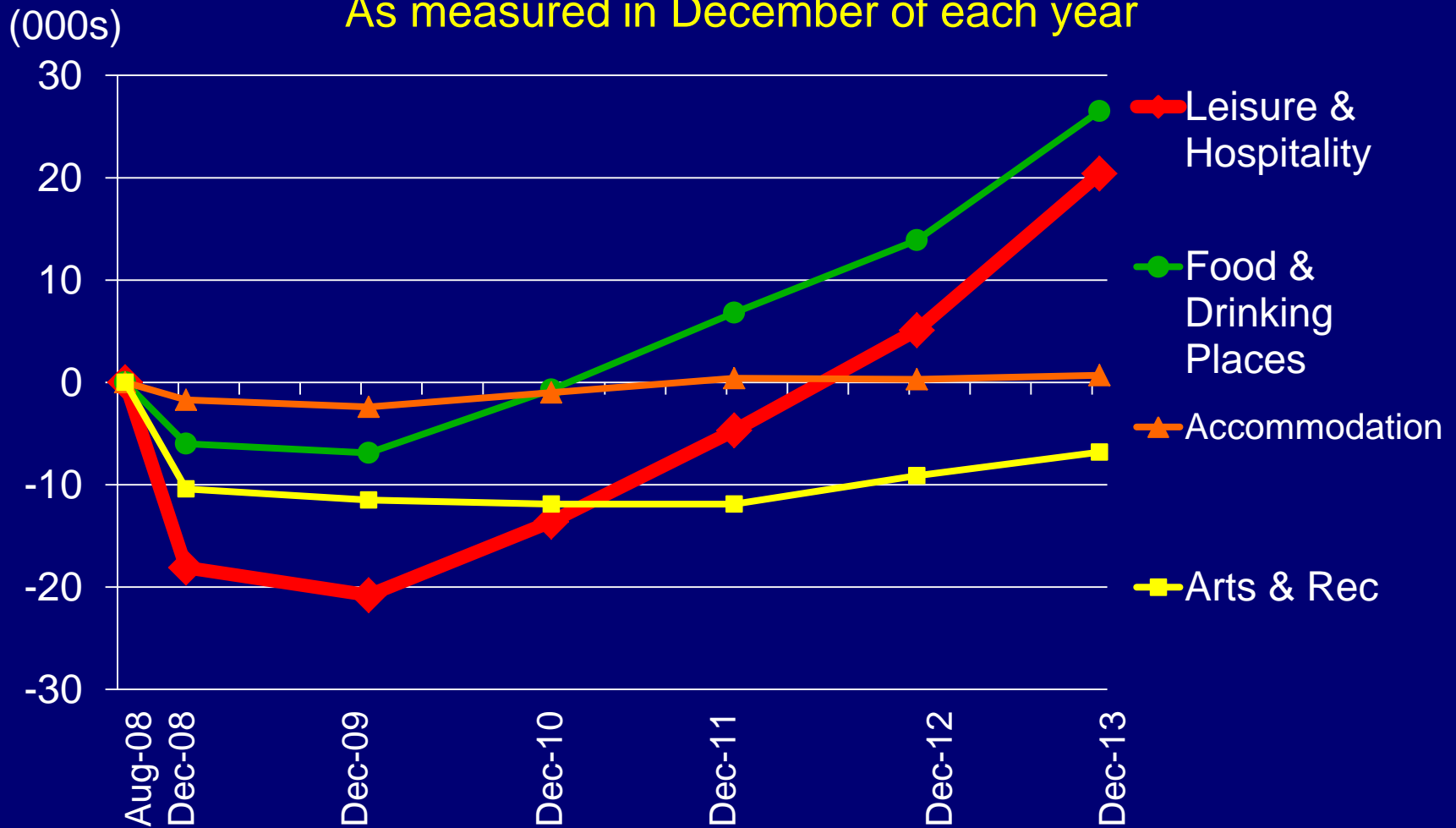
WMSA Payroll Job Change from Aug-2008 Education & Health Services

As measured in December of each year



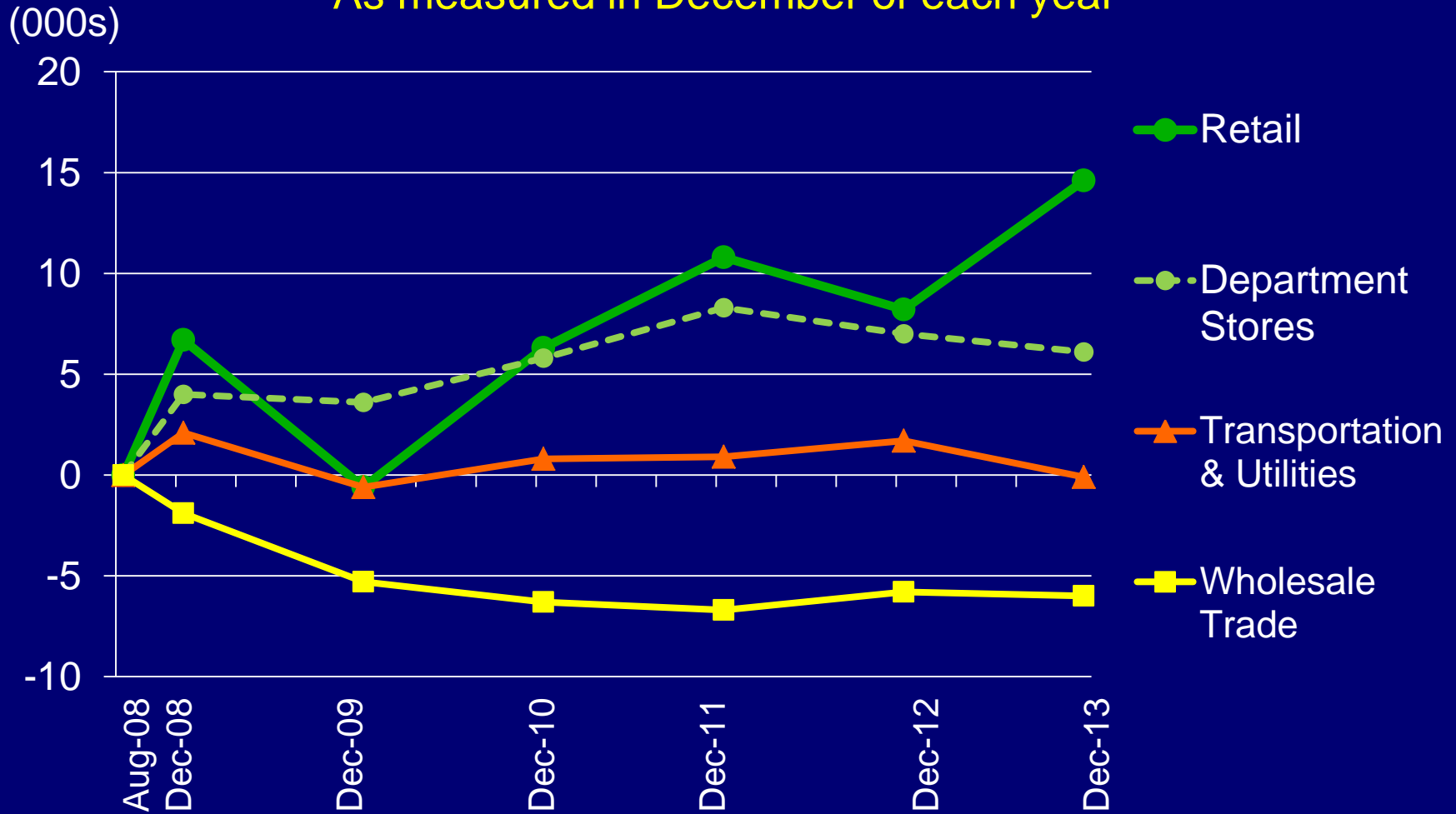
WMSA Payroll Job Change from Aug-2008 Leisure & Hospitality

As measured in December of each year



WMSA Payroll Job Change from Aug-2008 Trade, Transportation & Utilities

As measured in December of each year

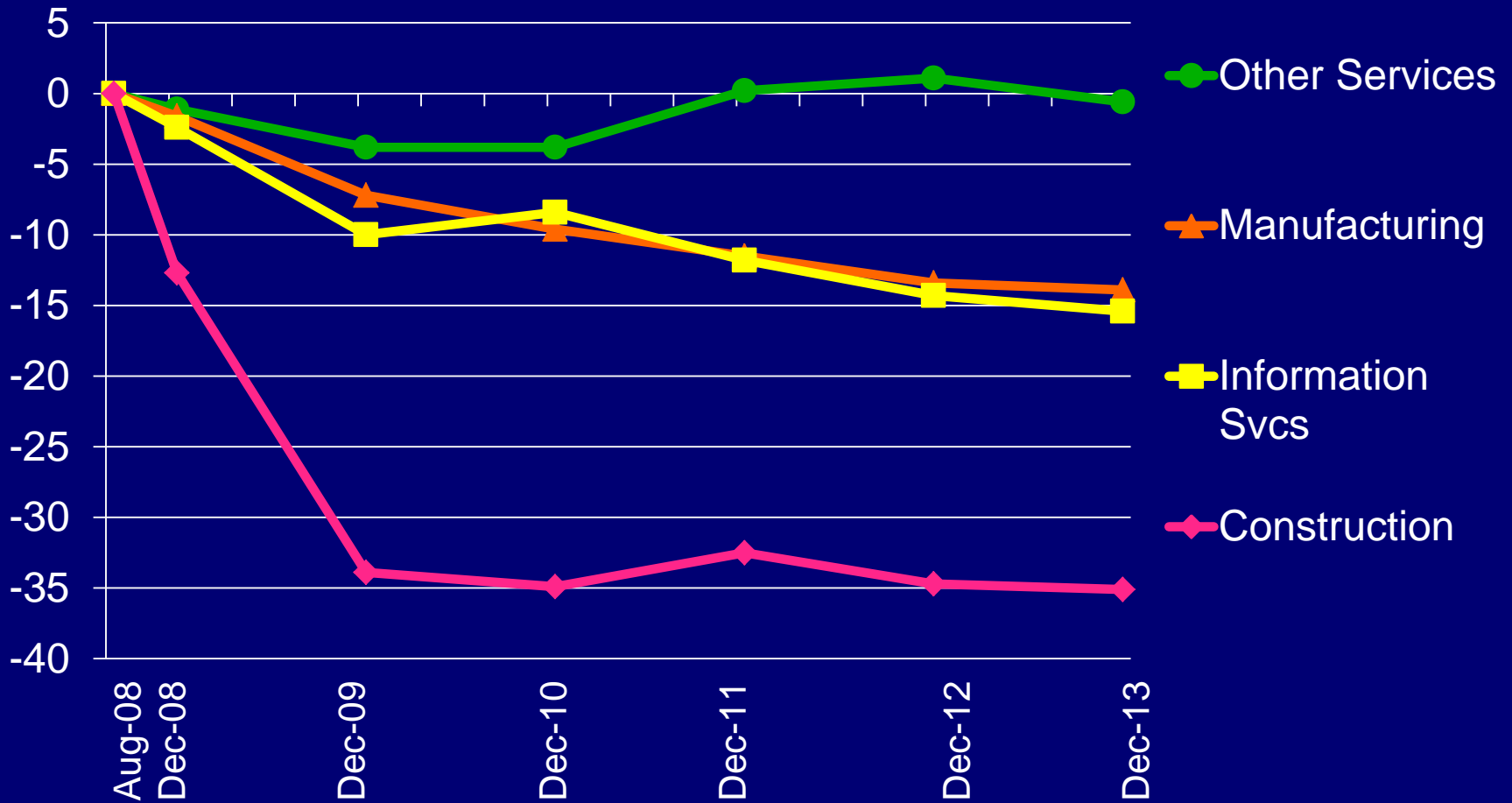


WMSA Payroll Job Change from Aug-2008

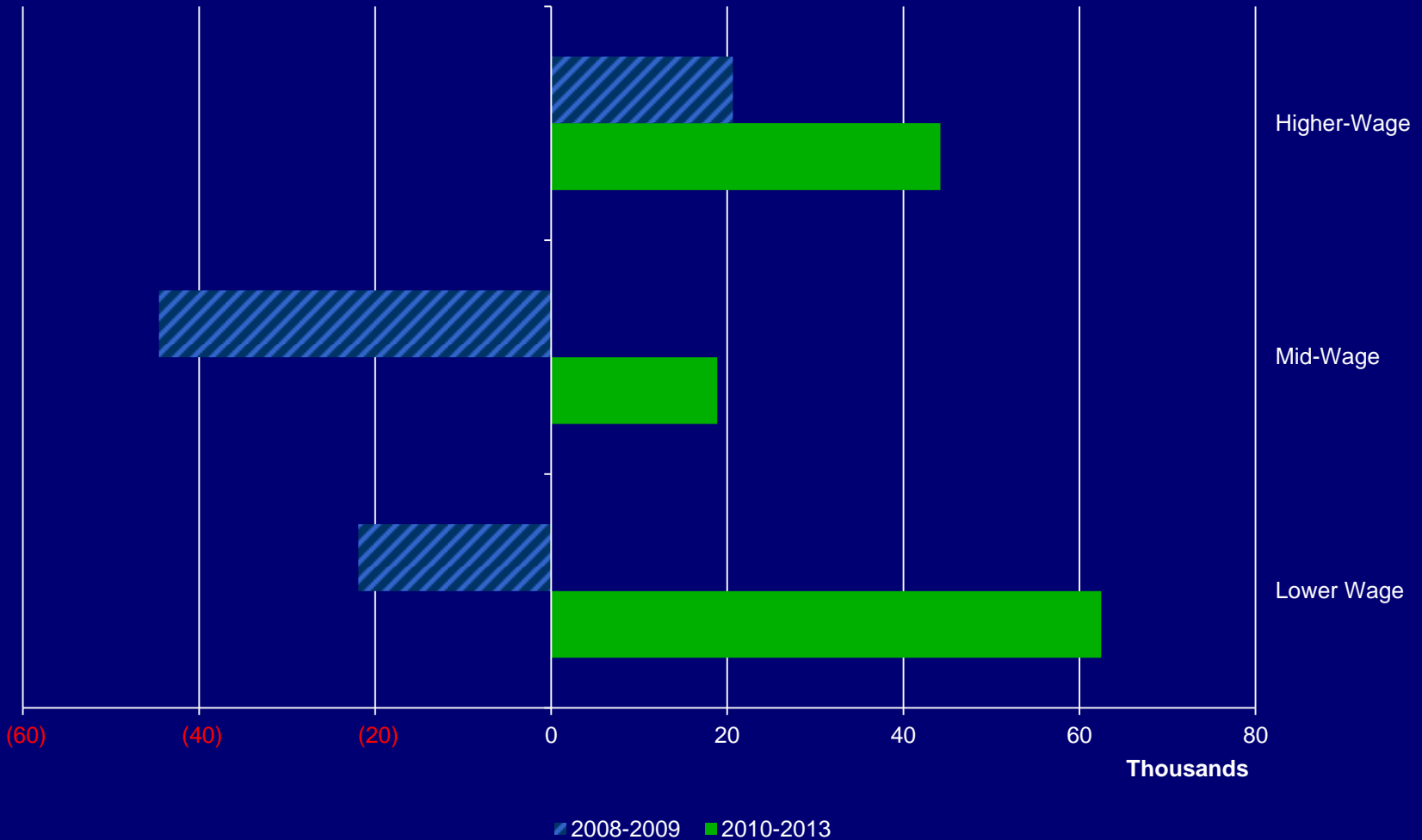
Construction, Mfg, Info & Other Services

As measured in December of each year

(000s)



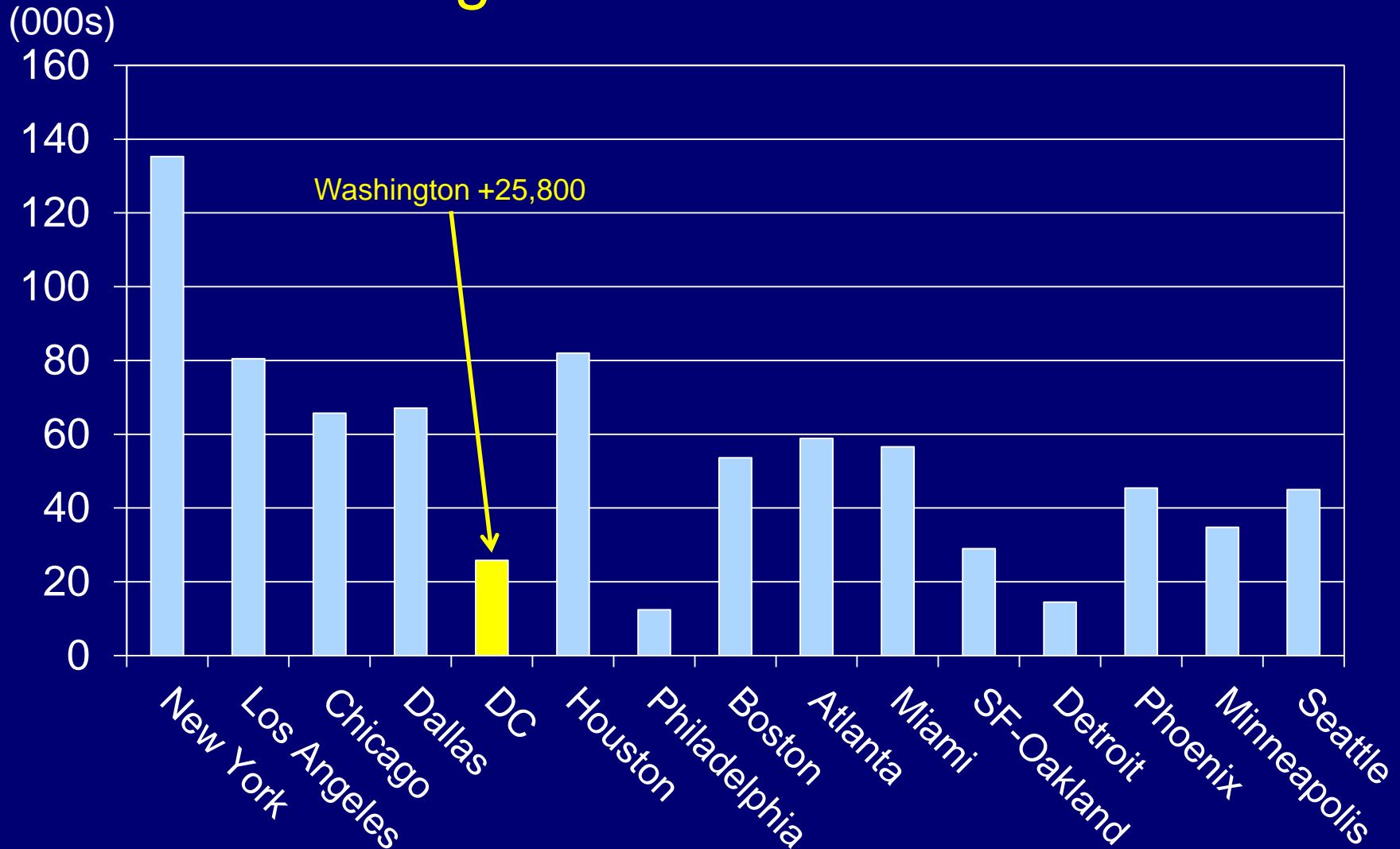
Washington Metropolitan Area Job Change by Wage Category between 2008 to 2013



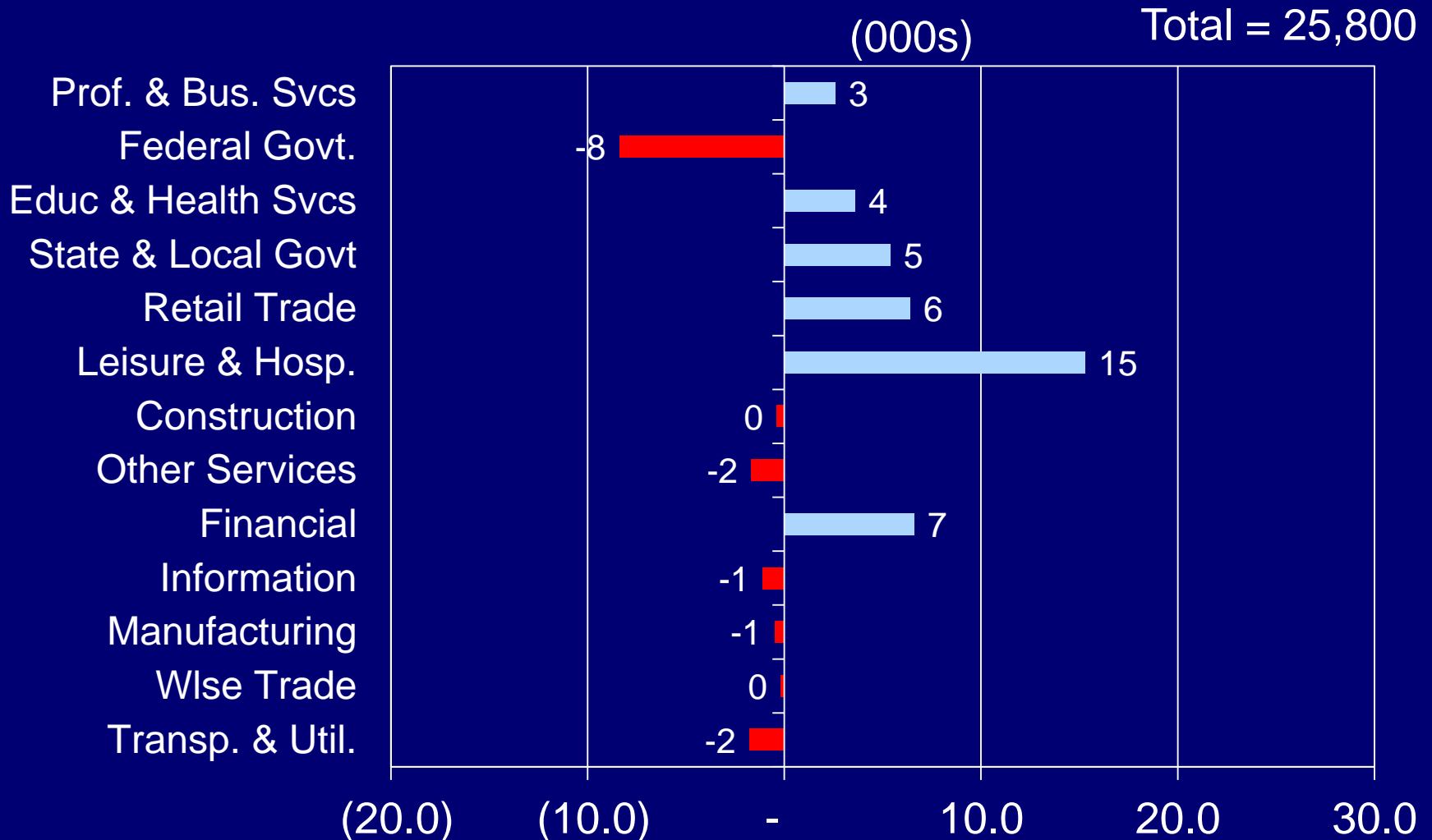
The Washington Economy: 2013 Performance

15 Largest Job Markets

Job Change: Dec 2012 – Dec 2013



Job Change by Sector Dec 2012 – Dec 2013 Washington MSA



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector Nov 2013 – Dec 2013 Washington MSA

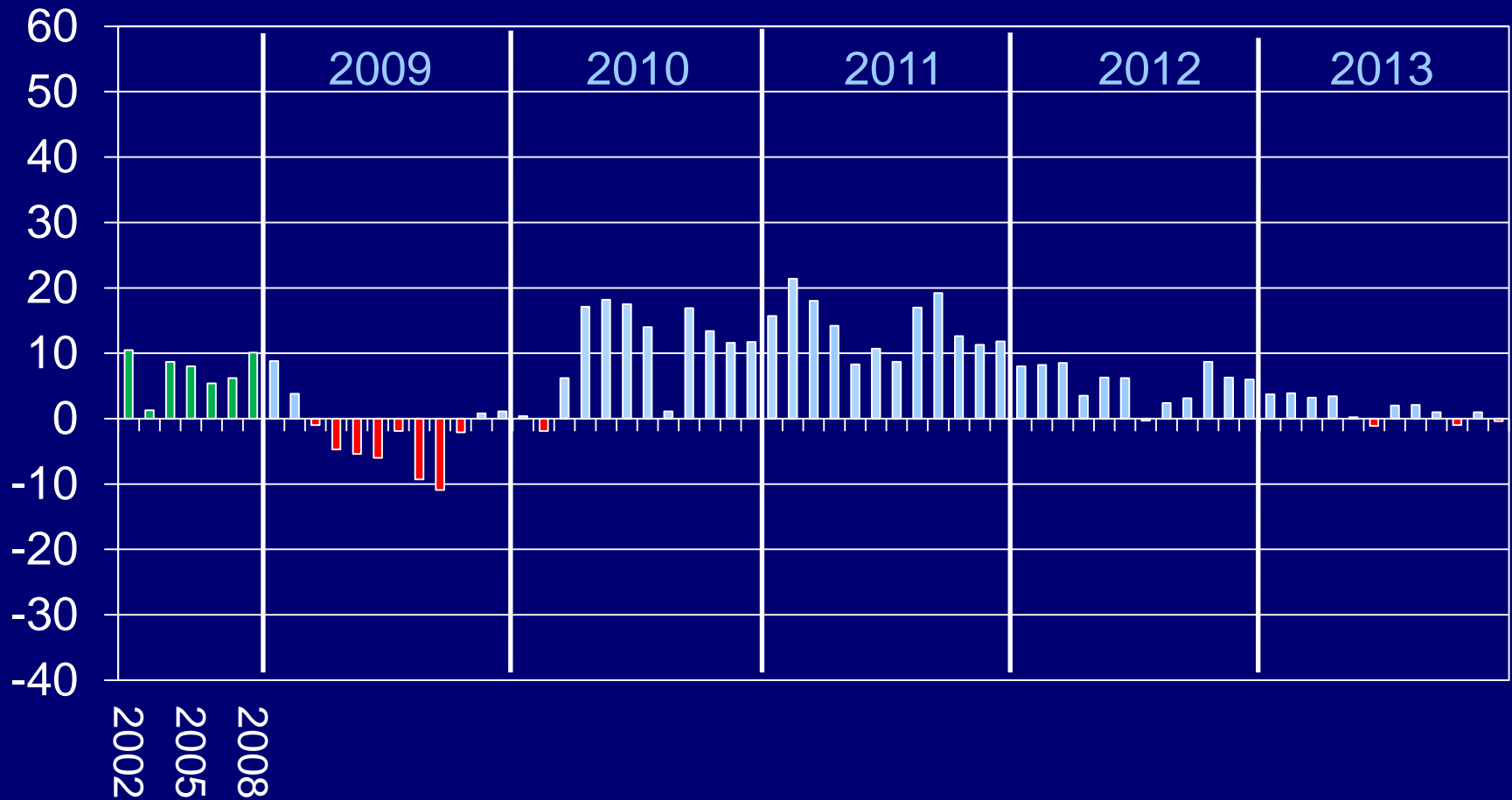


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change District of Columbia, 2002-2013

(000s) Annual Data

Annual Month over Year

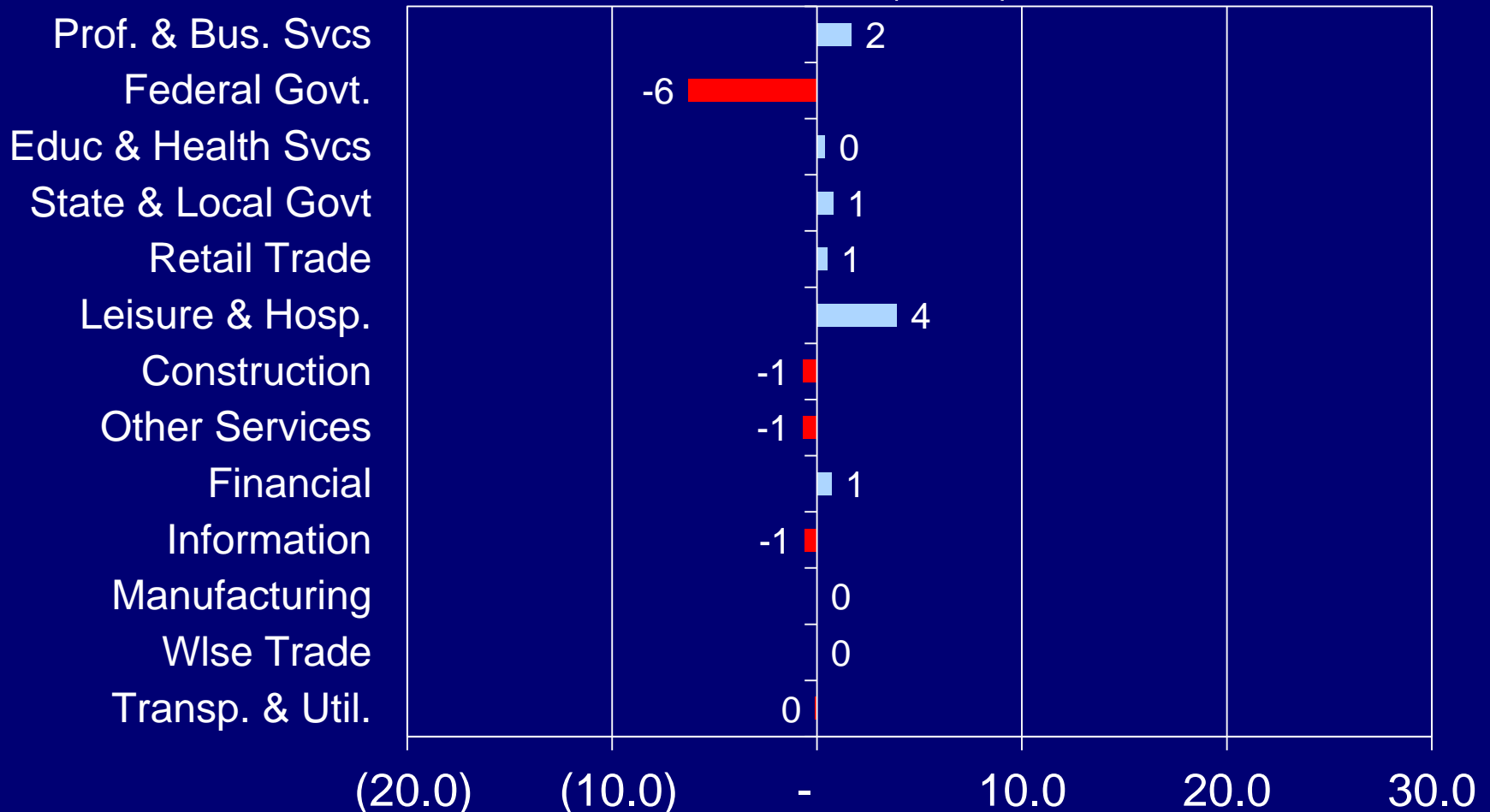


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector Dec 2012 – Dec2013 District of Columbia

(000s)

Total -400

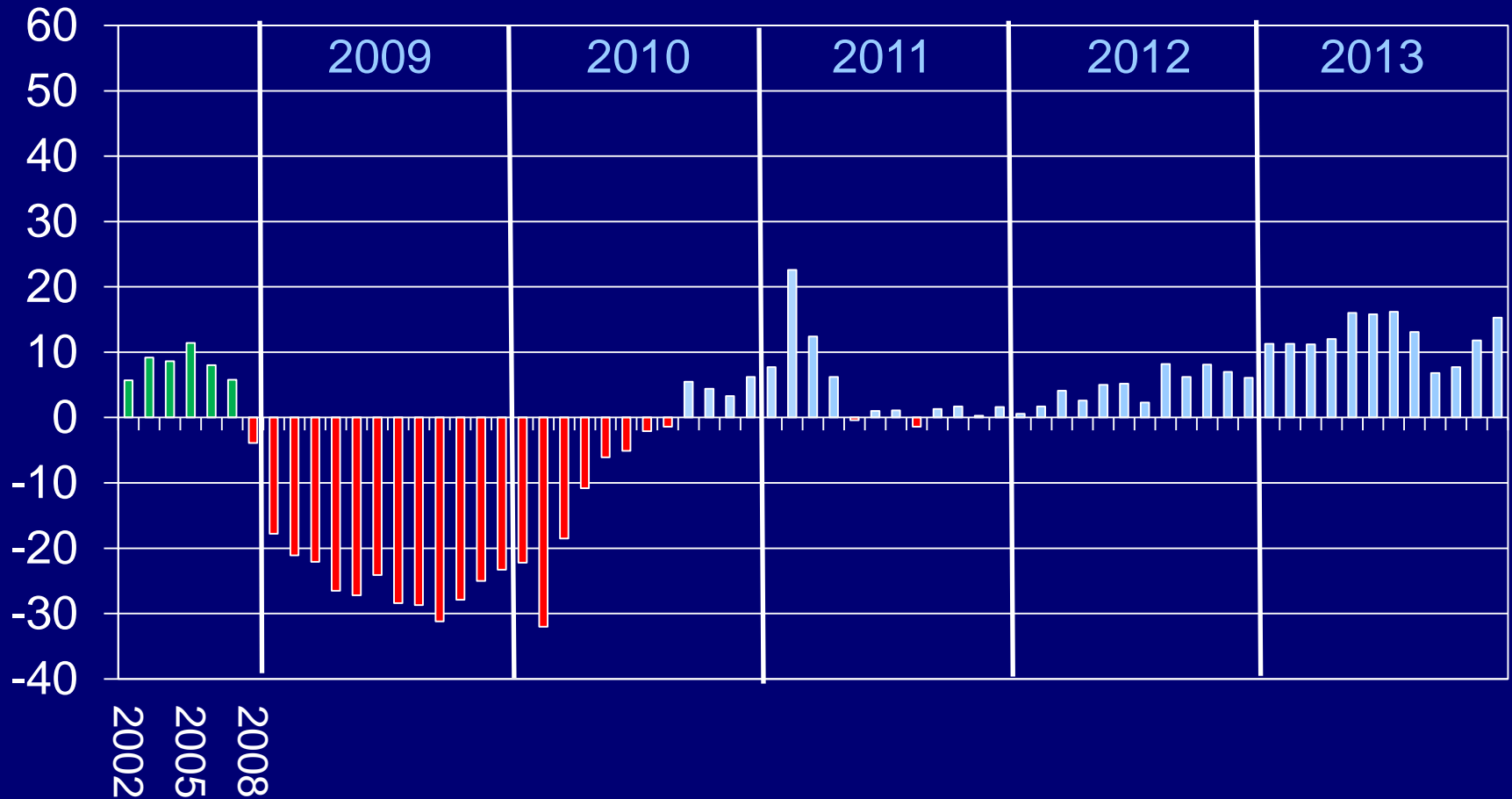


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change Suburban Maryland, 2002-2013

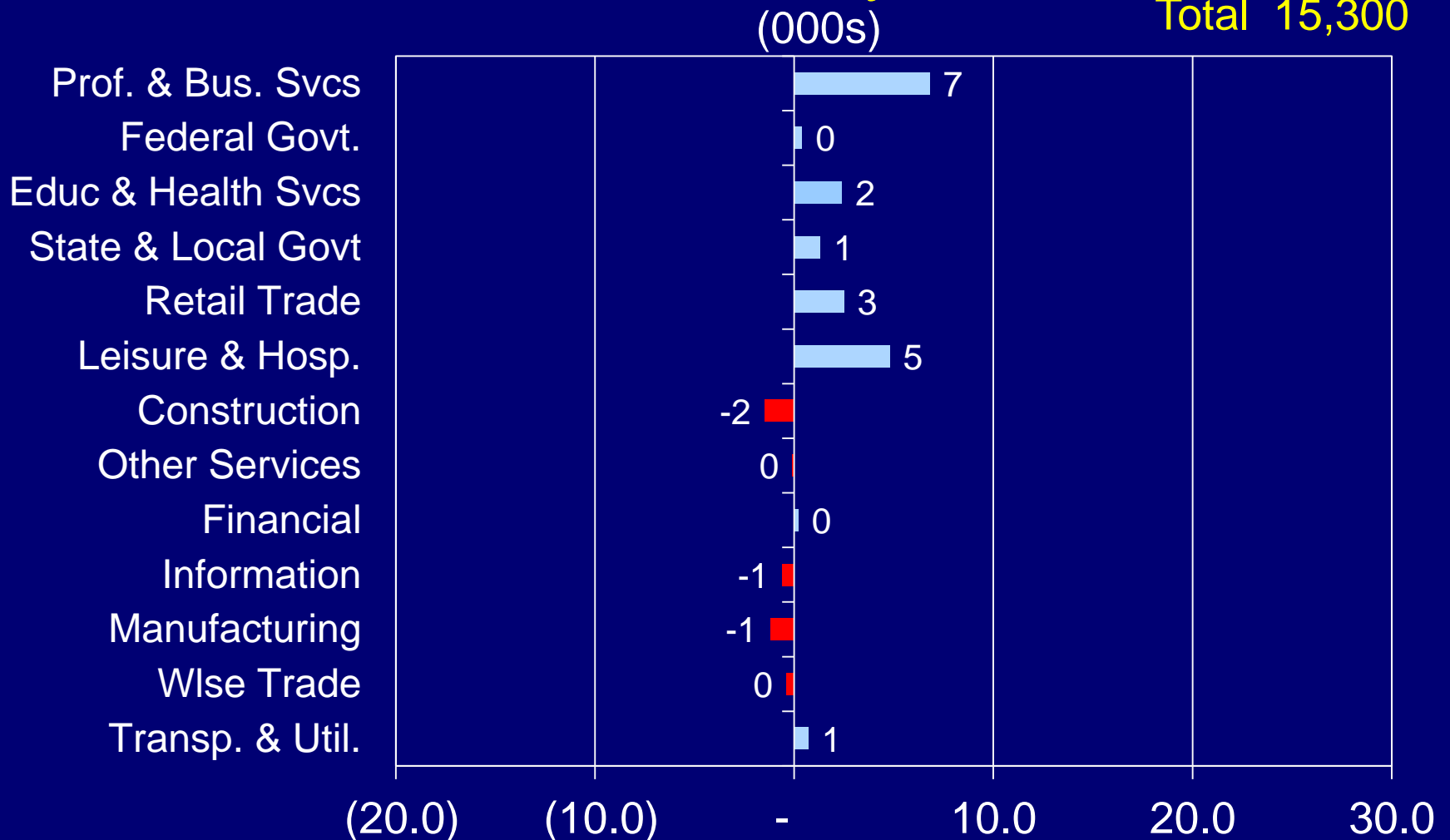
(000s) Annual Data

Annual Month over Year



Job Change by Sector Dec 2012 – Dec 2013 Suburban Maryland

Total 15,300

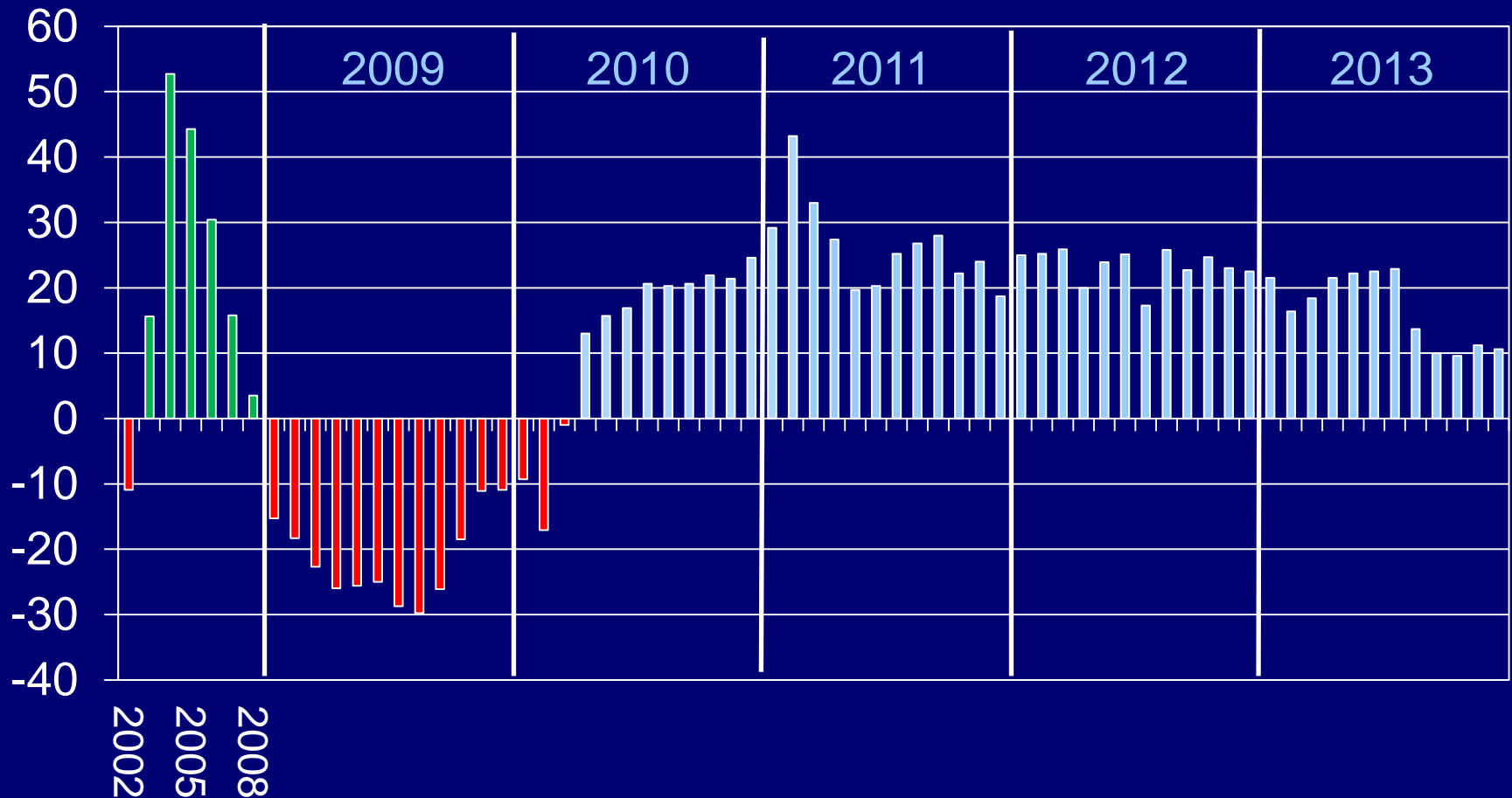


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change Northern Virginia, 2002-2013

(000s) Annual Data

Annual Month over Year

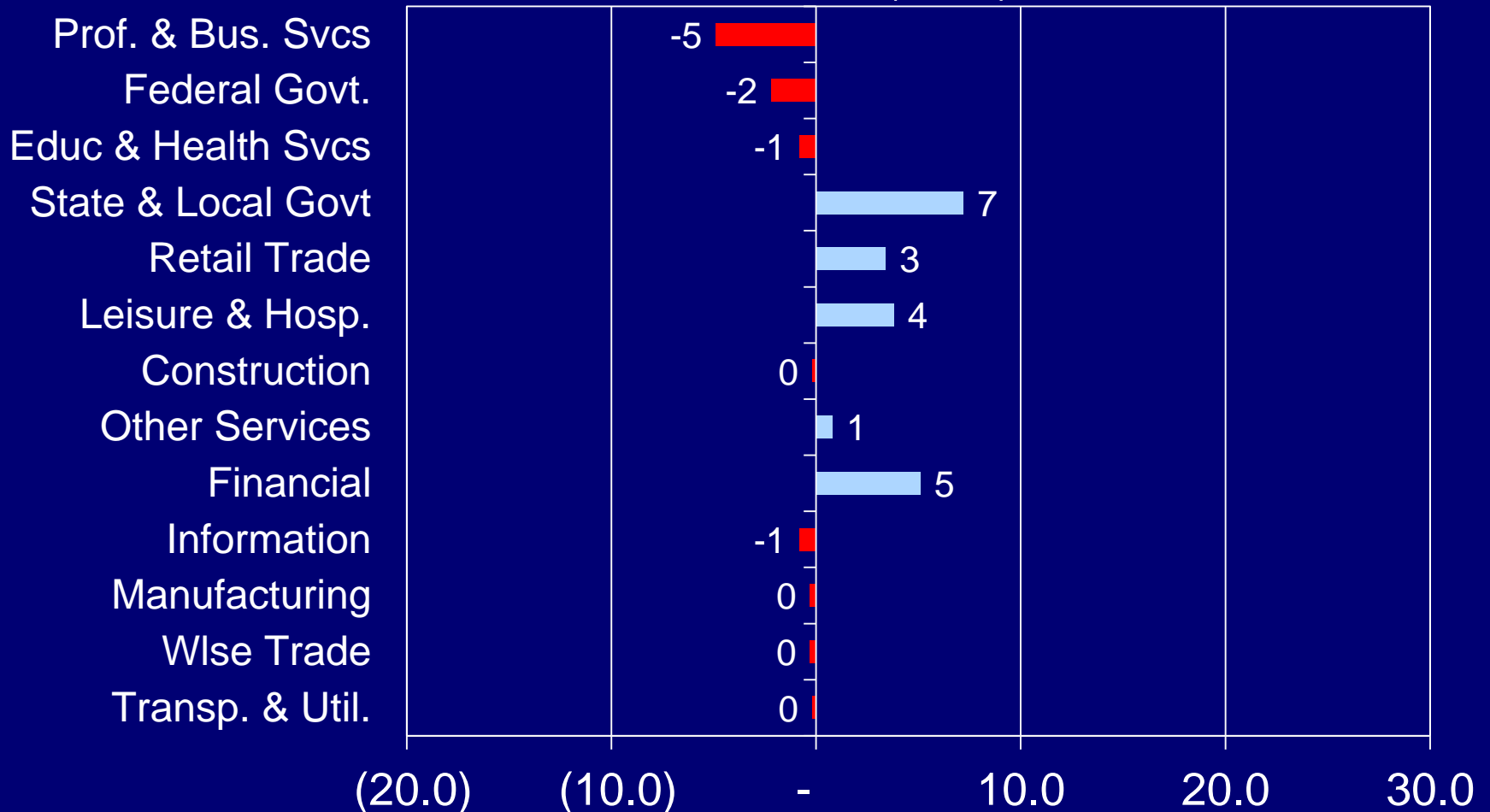


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector Dec 2012 – Dec 2013 Northern Virginia

(000s)

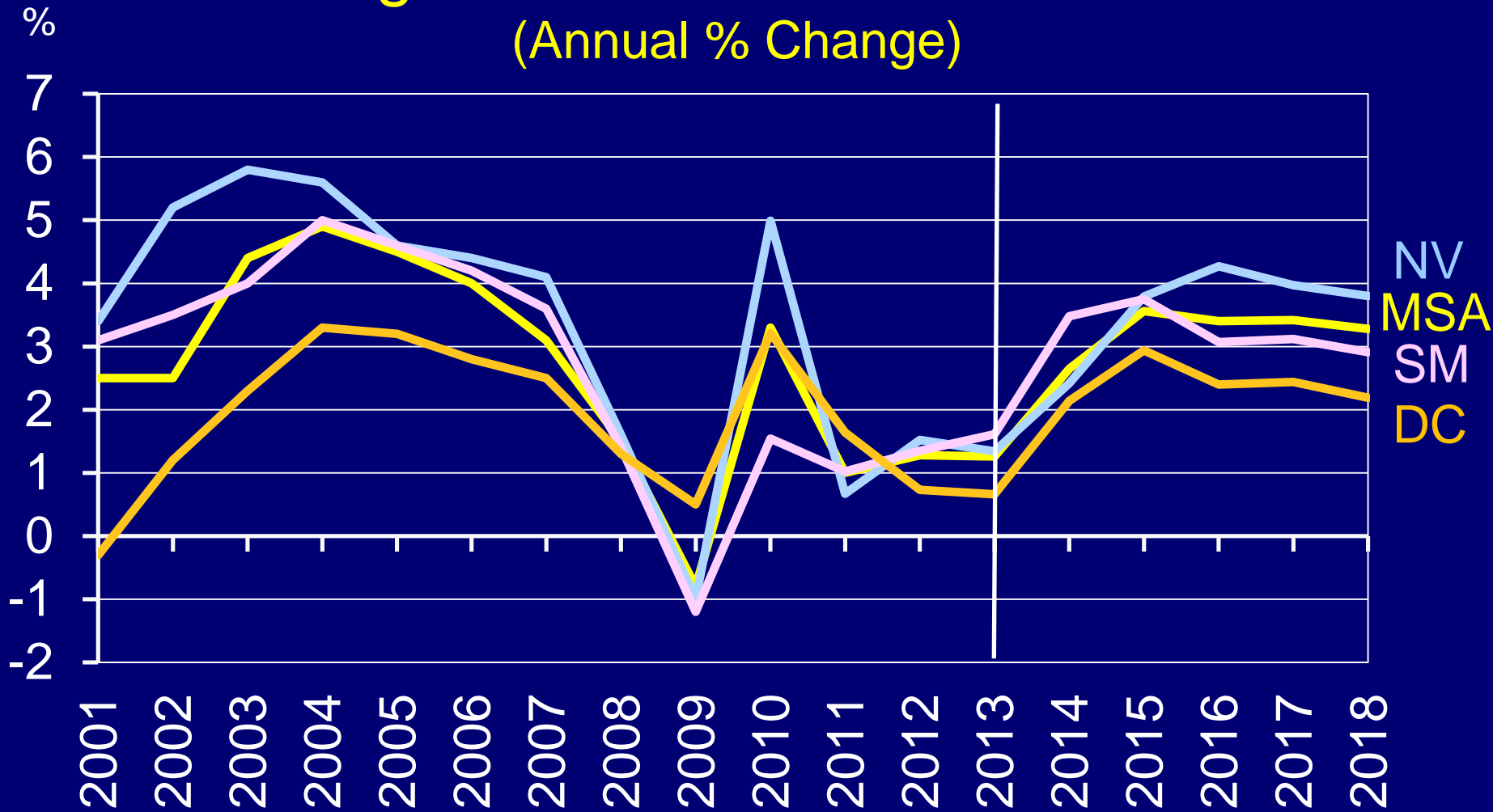
Total 10,600



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Economic Outlook for the Washington Metropolitan Area

Economic Outlook (GRP), 2001-2018 Washington Area and Sub-State Areas (Annual % Change)



Washington Metropolitan Area Gross Regional Product, 2012-2022

(in billions of 2005\$s)

<u>Region</u>	<u>2012</u>	<u>Share</u>	<u>2022</u>	<u>Share</u>	<u>% Change</u>
Metro	\$386.3	100.0	\$513.5	100.0	32.9
District	92.1	23.8	114.5	22.2	23.7
SubMD	110.6	28.6	145.9	28.4	32.0
NoVA	182.5	47.2	251.1	48.9	37.6

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
Retail Trade	13.6	4.6	\$60,981
Sub-Total	291.9	98.5	\$93,347
Overall Total	296.4	100.0	\$135,544

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
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	4.5	1.5	\$220,696
Overall Total	296.4	100.0	\$135,544

Sources: IHS Global Insight; GMU Center for Regional Analysis

The Washington Area's Changing Workforce: Net New and Replacement Jobs

Washington Metropolitan Area Change in Jobs, Summary 2012 - 2017 - 2022

Year	Total Jobs	Net New (% Change)	Replacement (% Change)	Openings (% Change)
2012	3,927,775			
2012 - 2017	4,291,969	364,194	477,530	841,724
		9.3%	12.2%	21.4%
2017 - 2022	4,575,445	283,476	455,621	739,097
		6.6%	10.6%	17.2%

Washington Metropolitan Area Change in All Jobs, 2012 – 2017

<u>Occupation 2-Digit SOC</u>	<u>Net New</u>	<u>Replacements</u>
Business & Financial	48,004	56,573
Sales & Related	35,443	65,728
Healthcare (All)	32,685	22,380
Office & Admin Support	28,515	56,573
Educ., Training & Library	27,129	22,200
Computer & Mathematical	26,853	22,093
Personal Care & Service	26,304	19,325
Food Prep & Serving	24,115	44,496
Management Occupations	21,860	37,380
Building & Grounds Maint.	20,254	15,076
<u>All Others</u>	<u>73,032</u>	<u>115,706</u>
Totals, All	364,194	477,530

Population Change in the Washington Metropolitan Area , 2012-2017

(in thousands)

<u>Age Cohorts</u>	<u>2012</u>	<u>2017</u>	<u>Change</u>	<u>%</u>
Under 24 yrs	1,894.0	2,057.7	163.7	8.6
24-64 years	3,301.0	3,566.6	265.6	8.0
65 yrs % over	622.0	942.4	320.4	51.1
Totals	5,817.0	6,566.7	747.7	12.9

Source: IHS Global Insight, GMU Center for Regional Analysis

Housing the Region's Future Workforce: Changing Tenure Patterns and Housing Affordability

Housing Demand by Sub-state Area, 2012 – 2032

	By Work Location	By Current Commute Patterns
D.C.	105,240	41,804
Sub. MD	160,815	184,760
No. VA	279,004	263,119
Outside Region	0	56,599
REGION	548,298	491,698

Demand by Housing Type and Sub-state Region, 2012-2032

Comparing Current and Forecasted Units

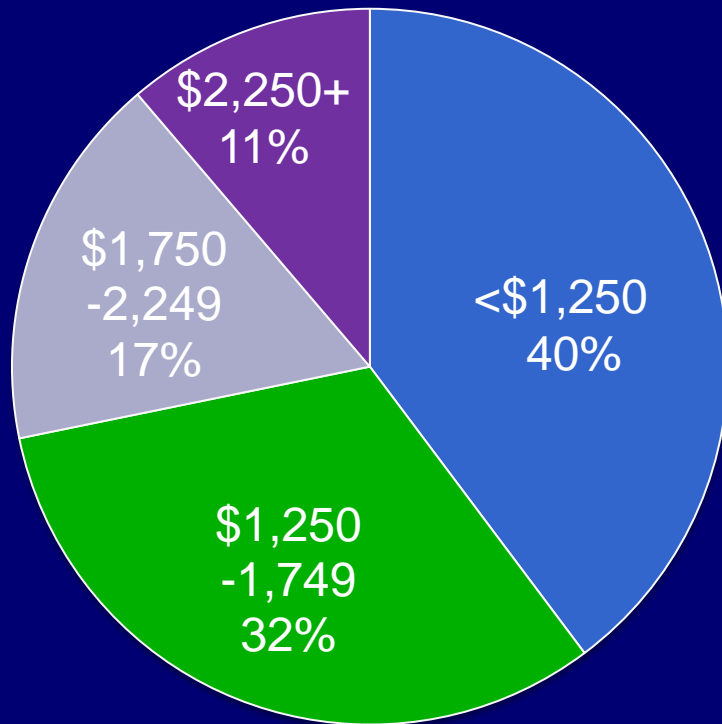
	Current		Forecast	
	SF	MF	SF	MF
D.C.	38%	62%	36%	64%
Sub. MD	71%	29%	66%	34%
No. VA	71%	29%	71%	29%
REGION	67%	33%	63%	37%

Note: Assumes all workers housed in the jurisdiction in which they work
 Numbers may not add up due to rounding

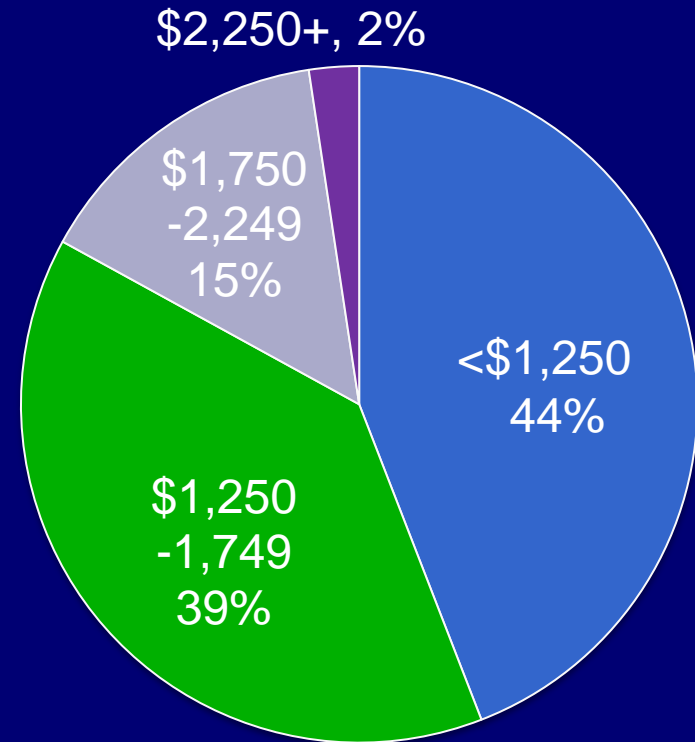
Source: 2009-2011 ACS, IHS Global Insight, MWCOG, BLS, GMU Center for Regional Analysis.

Comparing Rents of Current and Forecasted Units, 2012-2032 Renter-Occupied, WMSA

Current



Needed for New Workers

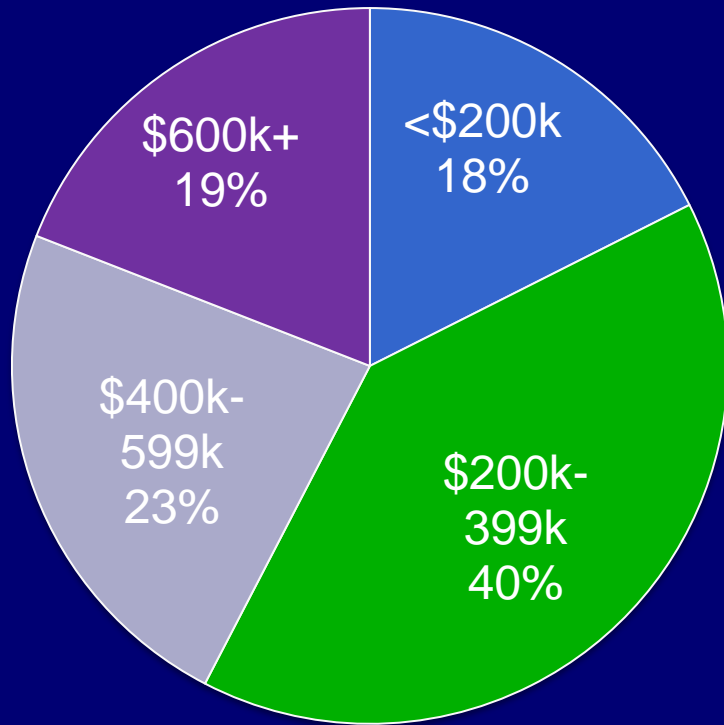


Note: Numbers may not add up due to rounding

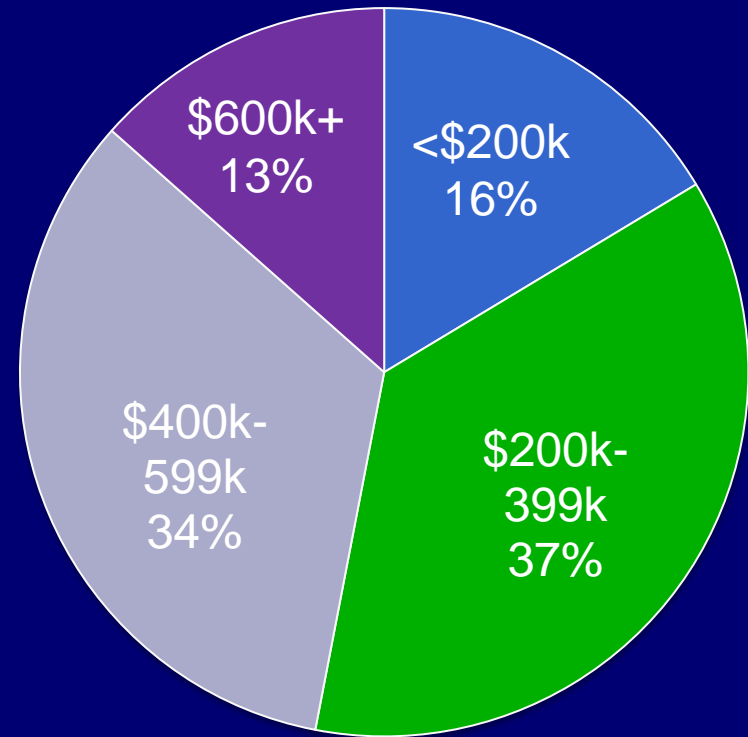
Source: 2009-2011 ACS, IHS Global Insight, MWCOG, BLS, GMU Center for Regional Analysis.

Comparing Prices of Current and Forecasted Units, 2012-2032 Owner-Occupied, WMSA

Current



Needed for New Workers



Note: Numbers may not add up due to rounding

Source: MRIS, 2009-2011 ACS, IHS Global Insight, MWCOCG, BLS, GMU Center for Regional Analysis.

Summary of Economic Challenges Facing the Washington Area

- The Washington metropolitan area economy has undergone a significant structural shift as a result of the Great Recession; changing federal spending patterns have extended this structural shift and will shape the economy's future growth potential.
- Federal spending will no longer drive the region's economic growth; but, professional and business services will continue as the major source of growth.
- The region's economy is currently lagging the national growth rate and the rates of its peers.

- Demand for workers to fill new and replacement jobs will substantially exceed the supply of available workers in every major occupational category.
- In order to sustain a competitive economy, local jurisdictions will need to increase their investments in education and skills training at all levels.
- The next five years will be the a critical development period as the region's public and private investment decisions during this period will determine its competitive position going forward.

- Housing affordability and changing tenure patterns are compounding the area's housing shortage and undermining the region's ability to meet its future workforce requirements.
- There are shortages of housing in all jurisdictions to meet the requirements of the future workforce.

Key Questions for Discussion

- How can the Washington region diversify its economy and achieve its potential as a global business center?
- Where are the workers needed to fill the region's net new and replacement jobs going to come from and where are they going to live?
- As housing has become the key development constraint to achieving the region's economic growth potential, what can local jurisdictions do to shape their future housing inventory to meet the requirements of their future workforce?

Thank You

And Now Our Panel
Moderated by
Bob Buchanan
from the 2030 Group