



District of Columbia Economic and Revenue Trends: July 2013

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Is the DC economy stalling?

BLS reports no recent net gains in either jobs located in DC or jobs held by DC residents

Employment in the District of Columbia has stopped growing in recent months, according to seasonally-adjusted employment and labor force data from the US Bureau of Labor Statistics. This is true both for jobs located in the District of Columbia and for jobs held by DC residents.

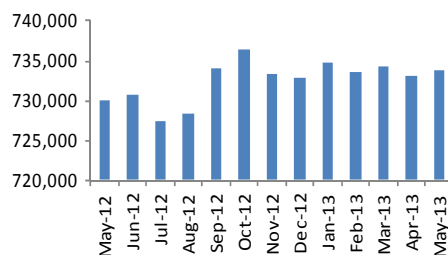
The number of jobs located in DC peaked at 736,400 in October 2012, declining by May 2013 to 733,800. This decrease of 2,600 (0.4%) over the past seven months represents a significant change from the preceding 42 month period. From April 2009 to October 2012 employment had increased by 41,200 (5.9%).

For DC residents, employment peaked in March 2013 at 341,229, and by May had dropped by 665. The decline was small—just 0.2%—but it was a sharp reversal from the recent past. In the 20 months between July 2011 and March 2013, District resident employment grew by 31,355 (10.1%).

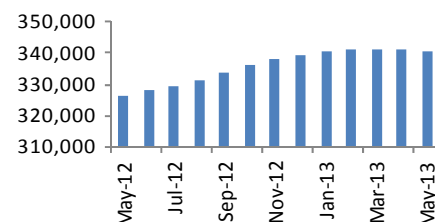
Especially because the full effects of federal spending cutbacks mandated by the sequester have not yet materialized, data suggesting that employment in the District of Columbia has already begun to decline are particularly worrisome. It is, however, too soon to draw firm conclusions from this data about the near term outlook for the District’s economy. This is true for two reasons: (1) the data may be revised, and (2) this data needs to be considered along with other indicators, some not so negative, in getting a full picture of current trends.

With respect to data revisions, the annual revisions that take place each spring have often been significant. This past March, for example, BLS raised its seasonally adjusted estimate of the level of resident employment for May 2012 by 5,736 (1.8%). The resident employment number seems *(continued on p. 17)*

Wage and salary employment in DC: May 2012 to May 2013 (seasonally adjusted)



DC resident employment: May 2012 to May 2013 seasonally adjusted



Wage and salary employment

DC job growth weakening and remains well below that in the US and DC's suburbs

- May wage and salary employment in DC was up by 2,267 (0.3%) from a year earlier as measured by the 3-month moving average.
- Federal government employment for May was down by 4,100 (-2.0%); the private sector gained 6,867 (1.4%).
- Total year-over-year DC metropolitan area employment increased by 43,633 (1.4%) in May as measured by the 3-month moving average.
- There was an increase of 1.8% in suburban Washington employment in May from a year earlier.
- Seasonally adjusted wage and salary employment in DC rose by 700 (0.1%) in May from the prior month. Seasonally adjusted employment was 400 more than it was six months earlier in November.

Change in wage and salary employment located in DC, the DC suburbs, and the US:
May 2011 to May 2013
(% change from prior year in 3-month moving average)

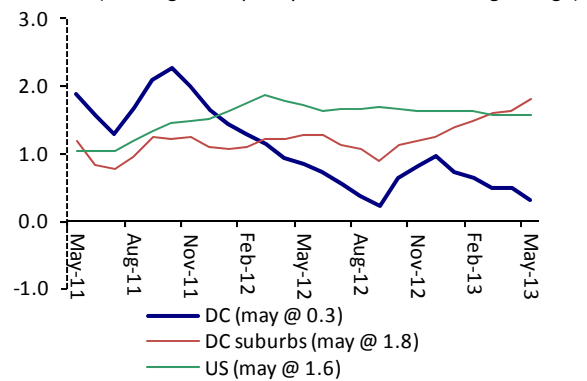


Table 1. Wage and salary employment in DC, Washington Metro area, and the US: May 2013

Jurisdiction	FY 2010	FY 2011	FY 2012	12-mo avg	3-mo average	This month
District of Columbia	709,075	723,233	730,033	732,983	732,700	730,300
1 year change	7,442	14,158	6,800	3,900	2,267	200
% change	1.1	2.0	0.9	0.5	0.3	0.0
Washington metro area	2,956,233	2,998,442	3,030,808	3,057,542	3,075,733	3,092,100
1 year change	-8,083	42,208	32,367	35,608	43,633	48,500
% change	-0.3	1.4	1.1	1.2	1.4	1.6
Washington suburbs (% ch)	-0.7	1.2	1.1	1.4	1.8	2.1
US (% ch)	-1.9	1.2	1.7	1.6	1.6	1.6

Not seasonally adjusted. Suburban employment is the difference between the metro area total and the DC portion.

Source: BLS. May data is preliminary.

Table 2. Federal government and private sector wage and salary employment in DC: May 2013

Sector	FY 2010	FY 2011	FY 2012	12-mo avg	3-month average	This month
Federal government	208,233	213,258	208,600	206,392	203,433	202,600
1 year change	10,183	5,025	-4,658	-3,917	-4,100	-4,800
% change	5.1	2.4	-2.2	-1.9	-2.0	-2.3
Private sector	464,100	474,833	486,708	492,258	495,967	494,200
1 year change	1,158	10,733	11,875	8,183	6,867	5,400
% change	0.3	2.3	2.5	1.7	1.4	1.1

Source: BLS. Not seasonally adjusted. May is preliminary.

Table 3. Seasonally adjusted DC Employment: November 2012 to May 2013

Indicator	Nov	Dec	Jan	Feb	Mar	Apr	May
D.C. Wage and Salary employment	733,400	733,000	734,700	733,600	734,300	733,100	733,800
change from prior month	-3,000	-400	1,700	-1,100	700	-1,200	700
% change from prior month	-0.4	-0.1	0.2	-0.1	0.1	-0.2	0.1

Source: BLS seasonally adjusted. May is preliminary

Education and professional services (other than legal) lead private sector job growth

- In May education gained 3,467 jobs over last year and professional services (other than legal) gained 2,567 jobs, together accounting for about 88% of all private sector net job growth. (3-month moving averages.)
- Food service (+1,333) was the only other sector showing a gain of at least 1,000 over the year.
- Private sector industries losing jobs included information, legal, employment services, and retail.
- Local government fell by 500.
- Over the past year, DC's share of federal employment fell slightly in both the DC metro area and the US.

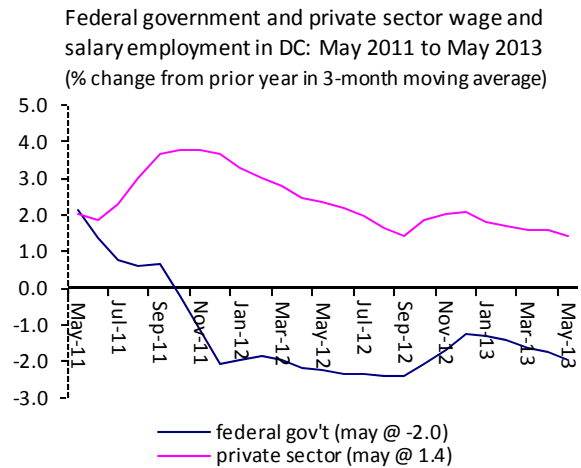


Table 4. Wage and salary employment located in DC: May 2013

Industry sector	3-month moving average				12-mo. moving avg: % change	Sector % of all DC jobs, May 2013	DC share (%) in May 2013 of all sector jobs in:		Change from May 2012 to May 2013 in DC share of sector jobs in:	
	May 2012	May 2013	Amount	%			metro area	US	metro area	US
Federal government	207,533	203,433	-4,100	-2.0	-1.9	27.8	54.8	7.39	-0.4	-0.01
Local government	33,800	33,300	-500	-1.5	-1.1	4.5	10.3	0.17	-0.6	0.00
Legal services	29,633	29,333	-300	-1.0	-1.1	4.0	na	2.64	na	-0.04
Other Professional and technical	75,600	78,167	2,567	3.4	3.6	10.7	22.4	1.12	0.5	0.00
Employment services	13,833	13,367	-467	-3.4	-3.3	1.8	35.1	0.46	-0.9	-0.06
Other Business services	33,433	34,300	867	2.6	1.9	4.7	18.0	0.47	-0.3	0.01
Information	17,367	16,600	-767	-4.4	-5.4	2.3	21.9	0.63	-1.1	-0.04
Finance	28,100	28,400	300	1.1	1.2	3.9	19.1	0.37	-0.1	0.00
Organizations	60,367	61,300	933	1.5	1.6	8.4	37.0	2.09	0.7	0.03
Education	51,067	54,533	3,467	6.8	4.3	7.4	52.2	1.61	0.3	0.08
Health	63,567	64,467	900	1.4	1.3	8.8	22.9	0.37	-0.2	0.00
Food service	43,333	44,667	1,333	3.1	4.0	6.1	21.0	0.42	-0.5	-0.01
Accommodations	15,667	15,500	-167	-1.1	0.1	2.1	37.0	0.87	0.6	0.01
Amusement and recreation	7,333	6,933	-400	-5.5	2.7	0.9	18.3	0.36	-1.3	0.00
Retail trade	18,700	18,033	-667	-3.6	-1.4	2.5	6.9	0.12	-0.2	-0.01
Wholesale trade	4,900	5,000	100	2.0	5.1	0.7	8.0	0.09	0.3	0.00
Construction	13,300	13,467	167	1.3	6.8	1.8	9.6	0.25	0.5	0.01
Personal and miscellaneous ser.	7,700	6,967	-733	-9.5	-3.3	1.0	na	0.28	na	-0.03
Other private	5,200	4,933	-267	-5.1	-3.1	0.7	4.5	0.03	0.0	0.00
Total	730,433	732,700	2,267	0.3	0.5	100.0	24.0	0.54	-0.2	-0.01
Public sector	241,333	236,733	-4,600	-1.9	-1.7	32.3	34.3	1.08	-1.0	-0.01
Private sector	489,100	495,967	6,867	1.4	1.7	67.7	20.9	0.44	0.1	0.00
Professional and all business	197,967	200,167	2,200	1.1	1.0	27.3	21.5	0.85	0.0	-0.01
Education, health, and orgs.	175,000	180,300	5,300	3.0	2.3	24.6	31.6	0.58	0.4	0.01
Hospitality and trade	89,933	90,133	200	0.2	2.1	12.3	14.4	0.25	-0.1	0.00
Other private sector	26,200	25,367	-833	-3.2	1.8	3.5	10.2	0.10	0.1	0.00

Source: BLS. not seasonally adjusted. na=not available. For the metro area, legal is included in other professional and technical, and personal and miscellaneous services is included in organizations (a category BLS calls "other services")

Resident employment

DC's resident employment growth has been slowing

- In May DC resident employment rose 14,780 (4.6%) from a year earlier (3-mo. moving average).
- Seasonally adjusted DC resident employment has fallen for two months in a row and is below the March level.
- In May the unemployment rate (seasonally adjusted) remained at 8.5%. The rate has changed little in the past 6 months.
- May initial unemployment insurance claims were up 5.7% (3-month moving average).

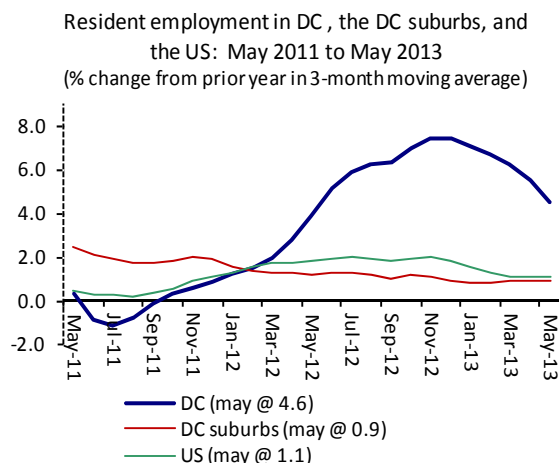
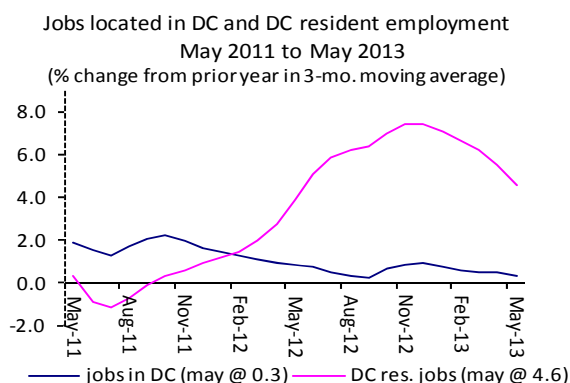


Table 5. Unemployment rates for DC, metro area, and US:
May 2013
(percent of labor force)

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	May 2012	May 2013	May 2012	May 2013
US	7.9	7.3	8.2	7.6
DC metro area	5.5	5.6	na	na
DC	9.0	8.3	9.1	8.5
DC suburbs	5.1	5.2	na	na

Source: U.S. BLS. na= data not available

Table 6. Resident employment and unemployment: May 2013

Indicator	FY 2010	FY 2011	FY 2012	3-month		
				12-mo avg	average	This month
DC Labor force summary						
Resident employment	308,513	312,148	323,412	336,379	339,223	338,746
1 year change	4,332	3,635	11,264	19,665	14,780	11,198
% change	1.4	1.2	3.6	6.2	4.6	3.4
Labor Force	343,475	347,470	356,439	368,345	369,596	369,522
1 year change	9,339	3,995	8,969	17,260	13,720	9,690
% change	2.8	1.2	2.6	4.9	3.9	2.7
Unemployed	34,962	35,322	33,027	31,967	30,374	30,776
1 year change	5,007	360	-2,295	-2,406	-1,061	-1,508
% change	16.7	1.0	-6.5	-7.0	-3.4	-4.7
Unemployment rate	10.2	10.2	9.3	8.7	8.2	8.3
DC Unemployment insurance (state program)						
Initial claims (monthly avg.)	1,799	2,101	1,784	1,845	1,686	1,781
1 year change	-404	302	-317	-9	90	98
% change	-18.3	16.8	-15.1	-0.5	5.7	5.8
Weeks compensated (m o. avg.)	53,592	46,423	45,170	42,803	39,811	37,634
1 year change	-881	-7,169	-1,253	-3,975	-3,045	-7,877
% change	-1.6	-13.4	-2.7	-8.5	-7.1	-17.3

Source: Labor force: BLS. Unemployment Insurance: US Dept of Labor. Not seasonally adj.

Table 7. Seasonally adjusted DC Resident employment and unemployment: November 2012 to May 2013

Indicator	Nov	Dec	Jan	Feb	Mar	Apr	May
DC Resident employment	337,835	339,422	340,227	340,941	341,229	340,933	340,564
change from prior month	1,825	1,587	805	714	288	-296	-369
% change from prior month	0.5	0.5	0.2	0.2	0.1	-0.1	-0.1
DC Unemployment rate (%)	8.5	8.4	8.6	8.6	8.6	8.5	8.5

Source: BLS seasonally adjusted. May is preliminary

DC resident wage gains slow

● Wages earned in the District of Columbia were 2.0% higher in the March quarter compared to the same quarter of 2012. The last 2 quarters have been the slowest year-over-year increases in over 3 years.

● Wages earned in DC have now grown at a slower rate than the US average for 9 quarters.

● In the March quarter, estimated wages of DC residents grew 1.7%—the first time in 3 years that growth has been lower than wages earned in DC. DC Personal Income grew 2.2%.

● In the March quarter, the private sector accounted for 97% of the \$1.20 billion increase in wages earned in DC.

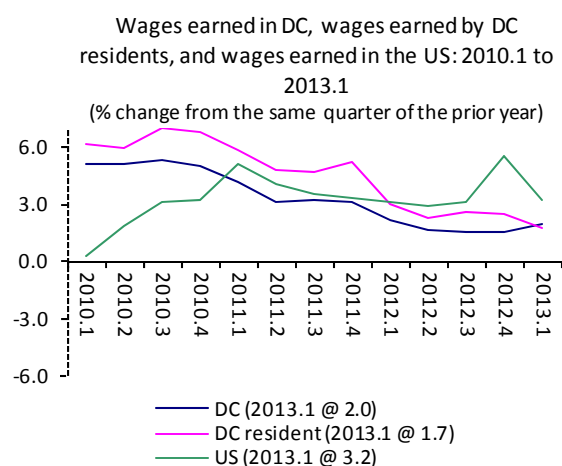


Table 8. DC Wages and Personal Income: March 2013

(\$ billion at seasonally adjusted annual rates unless otherwise noted)

Indicator	FY 2009	FY 2010	FY 2011	FY 2012	4-quarter moving average	Latest quarter (Mar.)
Wages and salaries earned in DC	55.41	57.81	60.05	61.32	61.86	62.44
1 year change	1.14	2.40	2.24	1.27	1.02	1.20
% change	2.1	4.3	3.9	2.1	1.7	2.0
Supplements to wages & salaries	16.31	17.17	17.90	18.20	18.26	18.45
% change	6.3	5.3	4.2	1.7	0.6	1.5
Proprietors' income earned by DC residents*	5.38	5.63	5.96	6.24	6.45	6.60
% change	-6.0	4.6	6.0	4.6	6.7	6.2
Wages and salaries of DC residents***	21.40	22.59	23.84	24.61	24.87	25.05
change from one year ago	0.76	1.19	1.25	0.78	0.55	0.43
% change	3.7	5.6	5.5	3.3	2.3	1.7
Income earned by DC residents	30.1	31.8	33.9	35.2	35.5	35.6
% change	2.4	5.5	6.6	3.8	2.6	1.4
Property income of DC residents	5.78	5.18	5.47	5.70	5.96	5.99
% change	-14.1	-10.4	5.6	4.3	6.6	5.9
Pensions and other transfer of DC residents	4.62	5.22	5.70	5.91	6.02	6.09
% change	9.1	13.0	9.1	3.8	3.8	3.4
DC Personal Income**	40.52	42.18	45.03	46.77	47.51	47.72
1 year change	0.16	1.66	2.85	1.74	1.49	1.03
% change	0.4	4.1	6.8	3.9	3.2	2.2
US Personal income (% change from prior year)	-3.5	1.4	5.6	3.3	3.7	2.8
US Wages and salaries (% change from prior year)	-3.6	0.4	4.0	3.1	3.7	3.2
<i>Addendum: Change from prior year in wages earned in DC by sector</i>						
Private sector (1 yr ch, \$B)	-0.15	0.57	1.62	1.38	1.11	1.16
Federal government (1 yr ch, \$B)	1.08	1.79	0.75	-0.16	-0.12	-0.05
DC res. wages as % of wages earned in DC	38.6	39.1	39.7	40.1	40.2	40.1

* Proprietors' income is derived from federal tax data and therefore all proprietors' income is earned by DC residents.

**Reflects deduction of social insurance paid by individuals. Wage and salary amounts shown are before this deduction.

***Est. by ORA; assumes wage and salary suppl. are the same % for DC resident wages as for wages earned in DC.

Source: BEA; data for March were released June 27, 2013

Single family and condominium home sales

June was another strong month for home sales

- The June 3-month moving total of single family home sales was up 7.9% from a year earlier, and the average selling price was 12.7% higher.
- June condominium sales were 23.3% above a year earlier as measured by the 3-month moving total; the average selling price was 3.6% higher.
- The total value of all home sales in June was 23.8% more than a year earlier as measured by the 3-month moving total.
- June year-to-date median prices were up 16.1% for single family units, and up 7.3% for condominiums.
- The May ratios of inventory to sales were 1.3 for single family units and 1.4 condominiums (3-mo. moving average).

Total value of sales of single family and condo units: June 2011 to June 2013
(% change from prior year in 3-mo. and 12-mo. moving totals)

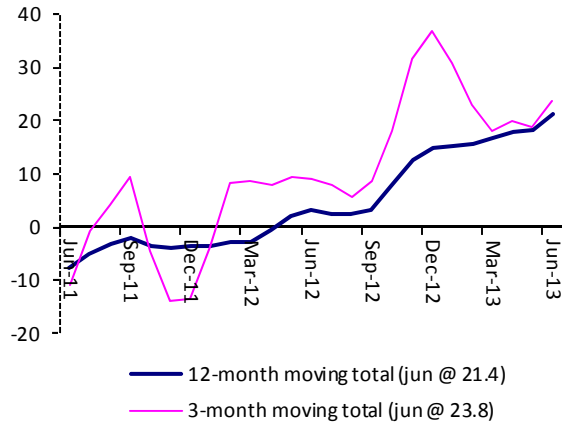


Table 9. D.C. Residential Real Estate Indicators: June 2013

Indicator	FY 2009	FY 2010	FY 2011	FY 2012	12-mo moving		This month
					total or average	3-mo moving total or average	
Number of sales (settled contracts)							
Single family	3,259	4,084	3,800	3,563	3,835	1,140	410
1 year change	237	825	-284	-237	249	83	24
% change	7.8	25.3	-7.0	-6.2	6.9	7.9	6.2
Condo	2,590	2,884	2,469	2,784	3,282	1,062	380
1 year change	-206	294	-415	315	605	201	64
% change	-7.4	11.4	-14.4	12.8	22.6	23.3	20.3
Total	5,849	6,968	6,269	6,347	7,117	2,202	790
1 year change	31	1,119	-699	78	854	284	88
% change	0.5	19.1	-10.0	1.2	13.6	14.8	12.5
Average prices of units that sold							
Single family (\$)	597,269	538,395	601,026	630,109	686,382	736,943	794,105
1 year change	-70,098	-58,874	62,631	29,083	67,995	83,194	143,896
% change	-10.5	-9.9	11.6	4.8	11.0	12.7	22.1
Condo (\$)	359,952	414,030	423,365	429,611	441,390	457,346	471,250
1 year change	-52,283	54,078	9,336	6,245	13,788	15,818	34,900
% change	-12.7	15.0	2.3	1.5	3.2	3.6	8.0
Total value of all sales (\$ million)							
	2,878.8	3,392.9	3,329.2	3,441.1	4,080.9	1,325.8	504.7
1 year change	-290.6	514.1	-63.7	111.9	718.7	254.6	115.8
% change	-9.2	17.9	-1.9	3.4	21.4	23.8	29.8
Ratio: active inventory to sales							
Single family	5.2	3.4	3.3	2.3	1.6	1.3	1.3
Condo	5.7	4.6	4.9	2.9	1.9	1.4	1.5

Median contract prices, CY to date in June 2013: single family \$592,000 (16.1% 1 yr ch); condo \$407,500 (7.3% 1 yr ch)

Note: Data are closed contracts settled during each month or other period shown. Because average price depends on the mix of units sold, this measure can be volatile on a month-to-month basis, and it is not intended to measure changes in the value of all residential property.

Monthly average price for all single family units is calculated by ORA based on reported average prices and number of sales for different types of units.

Source: Metropolitan Regional Information Systems (MRIS); median contract price and inventory ratio data accessed through the Greater Capital Area Assn. of Realtors (GCAAR).

Apartments and single family home transactions

Strong sales of million dollar single family homes in June

- Sales of single family units at prices above \$1 million were up 37.5% in June from a year ago as measured by the 3-month moving total; they accounted for 19.3% of sales.
- In March the quarterly Federal Housing Finance Agency house price index for DC was 11.0% higher over a year ago. For the US, there was a 6.4% rise.
- In the March quarter, occupied apartment units rose 2,085 (2.5%) and rents rose 2.5% from a year earlier.

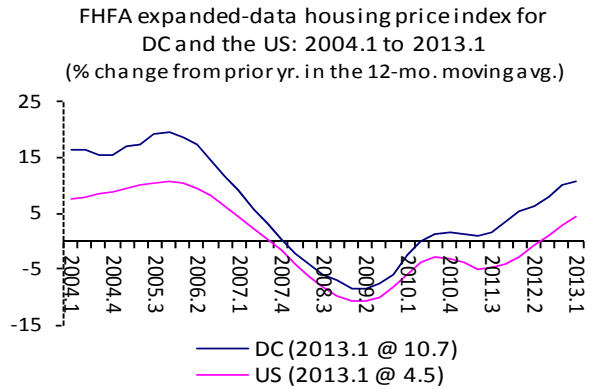


Table 10. D.C. Single family and condominium home sales at prices of \$1 million or more: June 2013

Category	Fiscal year average				12-mo	3-mo	This month
	FY 2009	FY 2010	FY 2011	FY 2012	moving total	moving total	
Single family homes	333	418	489	458	604	220	96
1 year change	-102	85	71	-31	150	60	40
% change	-23.4	25.5	17.0	-6.3	33.0	37.5	71.4
percent of all single family sales	10.2	10.2	12.9	12.9	15.7	19.3	23.4
Condominiums	62	89	87	72	102	33	10
1 year change	-15	27	-2	-15	24	8	4
% change	-19.5	43.5	-2.2	-17.2	30.8	32.0	66.7
percent of all condominium sales	2.4	3.1	3.5	2.6	3.1	3.1	2.6

Source: Metropolitan Regional Information Systems (MRIS). Sales are ones closed (settled) during period shown.

Table 11. Federal Housing Finance Agency Price Index for single family property in DC and US: March 2013

Indicator	Fiscal year average				Quarter				
	FY 2009	FY 2010	FY 2011	FY 2012	2012.1	2012.2	2012.3	2012.4	2013.1
% change from prior year in value of index									
DC	-7.5	1.4	1.6	8.0	8.1	7.0	10.1	14.9	11.0
US	-10.2	-2.8	-4.8	0.9	-0.2	2.9	3.4	5.3	6.4

Addendum: % change from prior year in the average price of settled sales contracts for single family homes

Average DC sales price	-10.5	-9.9	11.6	4.8	14.3	5.4	7.1	18.5	5.8
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Source: (1) Federal Housing Finance Agency "Expanded-data HPI Index" (sales plus refinancings). This index is a broad measure of the movement of single-family house prices. It measures average price changes in repeat sales or refinancings on the same properties. This information is obtained from transactions whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac since January 1975. It is augmented by data on mortgages endorsed by FHA and country recorder data licensed from DataQuick Information Systems. (2) Average DC sales price is the average price of houses that sold during the period (settled contracts): see Table 9. Not seas. adj.

Table 12. Market-rate units in larger DC apartment buildings: March 31, 2013

Indicator	Fiscal year average				Latest Q (March 31, 2013)		
	Sep. 30 2009	Sep. 30 2010	Sep. 30 2011	Sep. 30 2012	amount	1 Q ch	% ch
Inventory	87,090	87,970	88,710	89,464	90,805	372	0.4
1 year change	1,663	880	740	754	1,988		
% change	1.9	1.0	0.8	0.8	2.2		
Occupied units	81,964	82,965	84,125	85,620	86,991	491	0.6
1 year change	443	1,001	1,160	1,495	2,085		
% change	0.5	1.2	1.4	1.8	2.5		
Vacant units	5,126	5,005	4,585	3,844	3,814	-119	-3.0
1 year change	1,220	-121	-420	-741	-97		
% change	31.2	-2.4	-8.4	-16.2	-2.5		
% of inventory	5.9	5.7	5.2	4.3	4.2		
Average effective monthly rent	\$1,342	\$1,380	\$1,422	\$1,481	\$1,490	\$0	0.6
% change from 1 year	0.1	2.8	3.0	4.1	2.5		

Source: Reis. Includes units in competitive, private sector buildings with 40 or more units. Excludes condo conversions.

Commercial office space

Occupied office increased again in the June quarter, and the vacancy rate fell

● For the quarter ending June, the vacancy rate for DC commercial office space fell to 9.3%.

● DC's vacancy rate in June was below the 13.4% rate for the metropolitan area.

● Occupied space in the June quarter rose by 1.72 million square feet (1.4%) from the prior year, reaching a new high.

● Space under construction in June (2.39 million square feet) was down from the last quarter and last year.

● In the June quarter, average effective rents for class A office space leases were down 1.3% from 6-months earlier.

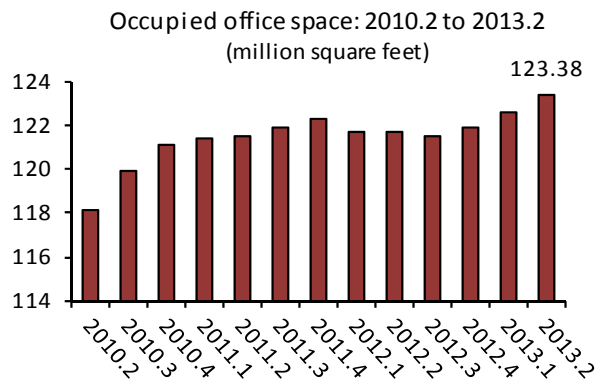


Table 13. Commercial office space in DC: June 30, 2013

(In millions of square feet, unless noted otherwise)

Indicator	Sep. 30	Sep. 30	Sep. 30	Sep. 30	last quarter (June 2013)		
	2009	2010	2011	2012	Level	1 Q ch	% ch
Inventory	127.45	131.95	133.50	133.99	136.03	0.45	0.3
1 year change	3.86	4.49	1.56	0.48	2.05		
% change	3.1	3.5	1.2	0.4	1.5		
Occupied space	114.45	119.94	121.89	121.52	123.38	0.81	0.7
1 year change	-0.99	5.49	1.95	-0.36	1.72		
% change	-0.9	4.8	1.6	-0.3	1.4		
Leased space	116.25	121.35	123.06	122.82	124.42	0.79	0.6
Under construction	5.75	2.14	2.42	2.74	2.39	-0.17	-6.8
1 year change	-4.85	-3.60	0.27	0.33	-0.35		
% change	-45.8	-62.7	12.7	13.5	-12.9		
% of inventory	4.5	1.6	1.8	2.0	1.75		
Vacant (no sublet)	11.20	10.60	10.44	11.17	11.61	-0.34	-2.9
% of inventory	8.8	8.0	7.8	8.3	8.5		
Vacant (w sublet)	13.00	12.01	11.61	12.46	12.65	-0.36	-2.8
1 year change	4.84	-0.99	-0.39	0.85	0.32		
% ch from one year	59.4	-7.6	-3.3	7.3	2.6		
DC area vacancy rates (with sublet)							
District of Columbia	10.2	9.1	8.7	9.3	9.3	-0.3	
Northern Virginia	13.5	13.4	13.5	15.2	15.8	0.1	
Suburban Maryland	14.6	14.5	14.2	14.5	14.7	-0.1	
DC Metropolitan area	12.6	12.2	12.1	13.1	13.4	-0.1	

Source: Delta Associates. Includes single tenant and privately owned space as well as multi-tenant buildings.

Table 14. Average effective office rent for Class A commercial office leases in Downtown DC by year: 2009 to 2013.2

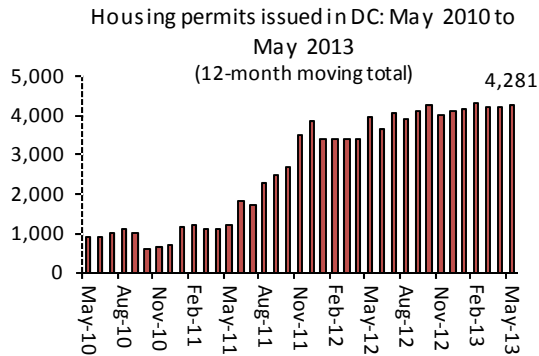
Indicator	\$ per square foot of gross floor space ending on date shown:				
	2009	2010	2011	2012	2013.2
Average effective rent	50.80	48.65	48.54	47.80	47.20
% ch from prior year		-4.2	-0.2	-1.5	-1.3*
Average value of improvements for tenants				80.00	85.00

Source: Delta Associates. Rent is for full service (including operating expenses and taxes), less concessions (free rent, etc.). Class A is defined as buildings greater than 50,000 square feet and built after 1997. *Percent change from December 31, 2012.

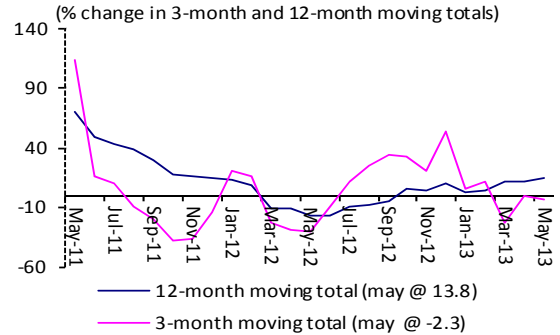
Housing permits, office and apartment outlook, and value of property transfers

Office vacancy rate expected to fall slightly over the next two years as new demand equals new supply

- For the 12-month period ending May, 4,281 housing unit building permits were issued, an 8.5% increase over the prior 12-month period.
- Delta Associates expects DC's office vacancy rate (including sublet) to fall to 9.1% over the next two years.



Value of real property transfers (including transfers of economic interest): May 2011 to May 2013



- Reis expects 7,305 new apartment units to be added to inventory in CY 2013 and CY 2014, and occupancy to grow by 7,082.
- The value of May property transfers was down by 2.8% from last year as measured by the 3-month moving total. The 12-month moving total (\$10.18 billion) was 13.8% higher than last year.

Table 15. Housing unit building permits issued in DC: May 2013

	FY 2009	FY 2010	FY 2011	FY 2012	12-month moving total	3-month moving total	This month
Total units	499	986	2,459	4,091	4,281	777	680
change from 1 year ago	-191	487	1,473	1,632	335	-35	68
% change from 1 year	-27.7	97.6	149.4	66.4	8.5	-4.3	11.1

Source: Census Bureau (permits issued during period).

Table 16. Delta Associates outlook for commercial office space in DC and the surrounding metro area: June 2013 to June 2015

Indicator	DC	No VA	Sub MD	Total	DC % of total
Inventory June 2013					
Inventory (msf)	136.0	189.2	94.0	419.3	32.4
vacancy rate (%)	9.3	15.8	14.7	13.4	
Estimated net activity to June 2015					
new supply (msf)	2.8	4.2	1.2	8.2	34.1
new demand (msf)	2.8	3.7	1.3	7.8	35.9
Estimated Inventory June 2015					
vacancy rate (%)	9.1	15.7	14.4	13.3	

Source: Delta Associates msf = million square feet

Table 17 DC market rate apartment units: 2008 to 2017

CY	Inventory	1 yr ch	% vacant	Occupied	1 yr ch
2008	86,583	1,965	4.8	82,465	1,181
2009	87,788	1,205	6.1	82,415	-50
2010	88,360	572	5.5	83,477	1,062
2011	88,817	457	4.7	84,632	1,155
2012	90,433	1,616	4.3	86,500	1,868
2013 est	92,995	2,562	3.7	89,514	3,014
2014 est	97,738	4,743	4.3	93,582	4,068
2015 est	99,312	1,574	4.3	95,087	1,505
2016 est	100,674	1,362	4.3	96,374	1,287
2017 est	102,107	1,433	4.4	97,649	1,275

Source: Reis, March 2013. (see note in table 12)

Table 18. Market Value of Real Property transfers subject to the Deed Transfer or Economic Interest tax: May 2013

	FY 2009	FY 2010	FY 2011	FY 2012	12-month moving total	3-month moving total	This month
All property transfers (\$ million)	5,591.2	7,789.1	10,059.5	9,494.3	10,180.5	2,101.8	710.9
change from one year ago (\$M)	-5,936.1	2,197.9	2,270.4	-565.3	1,235.7	-61.2	-4.6
% change from 1 year ago	-51.5	39.3	29.1	-5.6	13.8	-2.8	-0.6

Note: represents value of property or economic interest transferred as of date deed noted by the Recorder of Deeds.

Source: OCFO/Recorder of Deeds and OCFO/ORR (calculated from tax collections and deposits adjusted for tax rate changes).

Hospitality

Hotel revenues continue to rise

● In May the 3-month moving total for hotel room-days sold was 2.1% more than a year earlier. The average room rate rose 1.5%, leading to an 3.6% gain in room revenue.

● Employment in food services was 3.1% more in May than a year earlier as measured by the 3-month moving average. Hotel employment fell 1.1%, and retail lost 3.6%.

● April airline traffic into the DC area was down 0.7% from a year earlier as measured by the 3-month moving total. Reagan National Airport gained 7.6%.

Hotel room sales revenue: May 2011 to May 2013
(percent change in 3-month and 12-month moving average from same period of prior year)

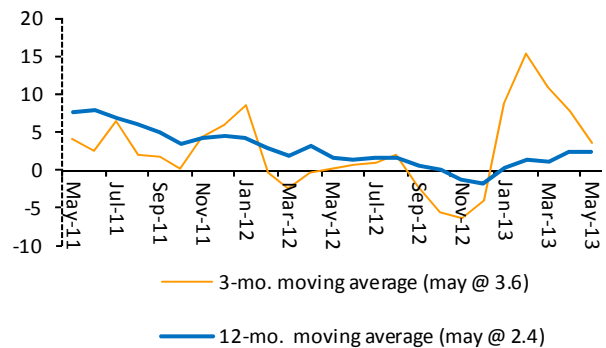


Table 19. Hospitality Industry: May 2013

Indicator	Units	date	FY 2010	FY 2011	FY 2012	3-month		This month
						12-mo total or average*	moving total or average*	
Hotel stays								
Hotel room -days sold	('M)	may	7.370	7.465	7.618	7.658	2.188	0.716
	1 yr ch		0.248	0.095	0.153	0.073	0.045	-0.002
	1 yr % ch		3.5	1.3	2.0	1.0	2.1	-0.3
Average room rate	\$	may	199.12	206.60	203.61	208.02	231.85	224.90
	1 yr ch		-4.05	7.49	-2.99	2.93	3.49	-6.84
	1 yr % ch		-2.0	3.8	-1.4	1.4	1.5	-3.0
Occupancy rate (average)	%	may	73.8	74.2	75.4	75.9	85.6	83.1
	1 yr ch		0.7	0.5	1.2	0.9	1.5	-0.5
	1 yr % ch		0.9	0.6	1.6	1.2	1.8	-0.6
Room revenue	(\$M)	may	1,467.5	1,542.3	1,551.0	1593.0	507.4	161.1
	1 yr ch		20.5	74.8	8.7	37.4	17.9	-5.4
	1 yr % ch		1.4	5.1	0.6	2.4	3.6	-3.2
Airline passengers								
DCA	1 yr % ch	apr	0.5	6.2	2.8	6.5	7.6	5.5
IAD	1 yr % ch	apr	1.2	0.6	-2.9	-4.7	-6.3	-6.4
BWI	1 yr % ch	apr	4.6	4.2	1.0	0.0	-2.4	-4.6
Total	1 yr % ch	apr	2.1	3.4	0.1	0.2	-0.7	-2.2
Convention Center Transfer								
	\$ M	may	94.4	98.0	93.5	101.4	28.5	10.7
	1 yr ch		2.8	3.6	-4.5	7.3	10.2	8.0
	1 yr % ch		3.1	3.9	-4.6	7.7	55.5	291.6
Employment								
Accommodations	level ('000)	may	15.3	15.3	15.5	15.5	15.5	15.8
	1 yr ch		0.3	0.0	0.2	0.0	-0.2	-0.3
	1 yr % ch		2.0	0.1	1.1	0.1	-1.1	-1.9
Food and bev	level ('000)	may	37.0	39.3	42.7	43.4	44.7	45.8
	1 yr ch		1.2	2.3	3.3	1.7	1.3	1.6
	1 yr % ch		3.3	6.2	8.5	4.0	3.1	3.6
Arts and entertain.	level ('000)	may	7.0	6.8	6.9	7.0	6.9	7.2
	1 yr ch		-0.1	-0.2	0.1	0.2	-0.4	-0.5
	1 yr % ch		-1.5	-2.5	1.5	2.7	-5.5	-6.5
Retail	level ('000)	may	18.3	18.6	18.8	18.4	18.0	18.0
	1 yr ch		0.5	0.2	0.3	-0.3	-0.7	-0.9
	1 yr % ch		3.0	1.3	1.4	-1.4	-3.6	-4.8

* Total for hotel rooms sold, room revenue, and Convention Center transfer

Source: Smith Travel Research (hotel data); BLS (employment); Airport authorities (airline passengers); OCF0/OTR (Convention Center Transfer).

Economic growth picked up in the March quarter

- March was the 15th consecutive quarter of real GDP growth. The 1.8% annual rate of growth for the quarter was below average for the post-recession recovery.
- US employment (seas. adj.) increased by 195,000 in June.
- The US unemployment rate (seasonally adj.) stayed at 7.6% in June.
- In June the S & P 500 index fell 1.3% from May, but was 22.3% above last year.
- Inflation picked up in June. The June CPI was 1.8% above a year earlier (sa).

Quarterly change in US Real and Nominal GDP: 2010.1 to 2013.1 (% change from the previous quarter at annual rates)

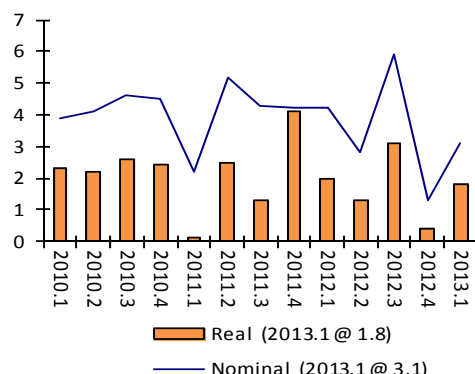


Table 20. US GDP, income, corporate profits, and inflation: 2013.1 and May 2013

(percent change from same period of prior year unless noted)

Indicator	Date of latest indicator		FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	12-mo avg	2013.1	May 2013
US GDP real	2013.1	1 yr % ch	1.1	-3.9	1.8	1.9	2.3	2.0	1.8	
US GDP nominal	2013.1	1 yr % ch	3.4	-2.6	2.8	4.0	4.2	3.8	3.4	
US Personal income	2013.1	1 yr % ch	5.6	-3.4	1.5	5.4	3.3	3.7	2.8	
US wages	2013.1	1 yr % ch	3.4	-3.5	0.4	4.0	3.1	3.7	3.2	
Corporate profits	2013.1	1 yr % ch	-11.2	-12.2	35.9	9.1	8.4	na	na	
S and P stock index	may	1 yr % ch	-5.7	-34.3	23.7	13.8	5.4	13.7	15.7	22.3
US CPI	may	1 yr % ch	4.4	-0.3	1.7	2.7	2.4	1.7	1.7	1.4
Balt//Wash. area CPI	may	1 yr % ch	5.0	0.3	1.7	3.0	2.4	1.8	na	1.2

Source: BEA (data revised as of May 30, 2013), BLS, and Yahoo finance. na = not available

Personal income and wage data may differ from amounts shown in table 8 due to differences in BEA source tables.

Table 21. Quarter to quarter change in US GDP and income: 2011.3 to 2013.1

(percent change from previous quarter at seasonally adjusted annual rates)

Indicator	units	calendar year quarter						
		2011.3	2011.4	2012.1	2012.2	2012.3	2012.4	2013.1
US GDP real	% ch from prior Q at saar	1.3	4.1	2.0	1.3	3.1	0.4	1.8
US GDP nominal	% ch from prior Q at saar	4.3	4.2	4.2	2.8	5.9	1.3	3.1
Wages and salaries	% ch from prior Q at saar	1.3	0.9	8.0	1.4	2.3	10.0	-1.0
Personal income	% ch from prior Q at saar	1.2	1.3	6.4	3.0	2.4	10.7	-4.7

Note: GDP=Gross Domestic Product saar=seasonally adjusted at annual rate Source: BEA, updated on June 26, 2013

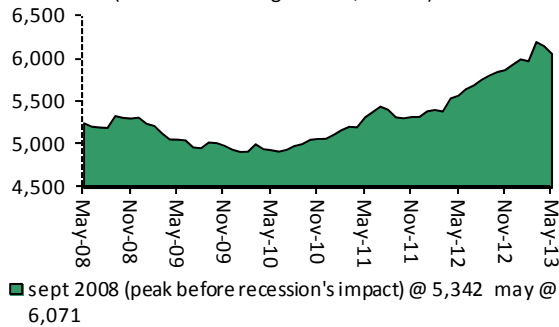
Table 22. Monthly selected US Indicators: December 2012 to June 2013

Indicator	Dec	Jan	Feb	Mar	Apr	May	June
S and P stock index (level)	1422	1480	1512	1551	1571	1640	1619
% change from prior month	2.0	4.1	2.2	2.5	1.3	4.4	-1.3
% change from 1 year ago	14.4	13.8	11.8	11.6	13.3	22.3	22.3
10 yr. Treasury Interest rate (level)	1.71	1.89	1.97	1.95	1.73	1.92	2.29
CPI % ch from prior month (seasonally adjusted)	0.03	0.03	0.68	-0.18	-0.37	0.15	0.48
CPI % ch from prior year (seasonally adjusted)	1.76	1.76	1.98	1.48	1.11	1.39	1.76
Jobs (seasonally adjusted level, in millions)	134.69	134.84	135.17	135.31	135.51	135.71	135.90
change from prior month (thousands)	219	148	332	142	199	195	195
% change from prior month	0.16	0.11	0.25	0.11	0.15	0.14	0.14
Resident employment (season. adj. level, in mil.)	143.31	143.32	143.49	143.29	143.58	143.90	144.06
change from prior month (thousands)	28	17	170	-206	293	319	160
% change from prior month	0.02	0.01	0.12	0.06	0.20	0.22	0.11
Unemployment rate (seasonally adj.)	7.8	7.9	7.7	7.6	7.5	7.6	7.6

Source: BLS and Yahoo! Finance.

DC tax collections

Total DC tax collections (before earmarking):
May 2008 to May 2013
(12-month moving total in \$ million)



Change from prior year in total taxes collected in
the preceding 12-months (before earmarking):
May 2011 to May 2013
(\$ million)

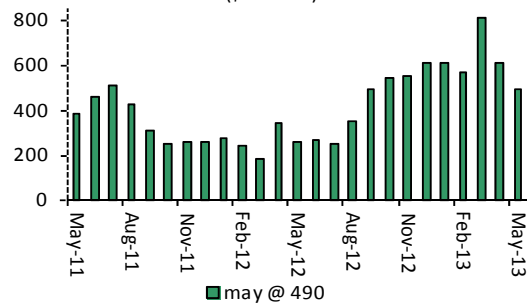


Table 23. Tax Collections (before earmarking): May 2013 (Preliminary)

(\$ million)

Tax	FY 2009	FY 2010	FY 2011	FY 2012	12-m month moving total	3-month moving total	This month
Total taxes	5,032.8	5,015.4	5,326.3	5,806.1	6,071.1	2,074.6	336.1
1 year change	-309.5	-17.4	311.0	479.8	489.7	86.8	-89.3
% change	-5.8	-0.3	6.2	9.0	8.8	4.4	-21.0
Real property	1,818.8	1,834.8	1,707.0	1,816.4	1,855.7	949.7	2.4
1 year change	134.0	15.9	-127.8	109.5	87.8	30.0	-34.8
% change	8.0	0.9	-7.0	6.4	5.0	3.3	-93.7
General sales	963.5	965.3	1,017.0	1,084.6	1,120.2	286.1	108.6
1 year change	-48.1	1.8	51.7	67.6	54.8	4.4	17.1
% change	-4.8	0.2	5.4	6.6	5.1	1.5	18.7
Individual income	1,127.2	1,107.1	1,297.0	1,479.0	1,636.4	447.3	123.1
1 year change	-226.0	-20.1	189.9	182.0	227.9	44.7	-58.7
% change	-16.7	-1.8	17.2	14.0	16.2	11.1	-32.3
withholding	1,021.2	1,070.6	1,189.9	1,311.9	1,379.6	359.7	120.3
1 year change	17.0	49.4	119.3	122.0	108.9	16.9	-1.0
% change	1.7	4.8	11.1	10.3	8.6	4.9	-0.9
non-withholding	106.0	36.5	107.1	167.1	256.9	87.6	2.8
1 year change	-243.0	-69.5	70.6	60.0	119.0	27.8	-57.7
% change	-69.6	-65.6	193.3	56.0	86.3	46.4	-95.3
Corporate income	220.7	207.9	225.8	311.2	325.3	111.2	4.9
1 year change	-69.2	-12.8	17.9	85.4	56.7	4.1	-5.0
% change	-23.9	-5.8	8.6	37.8	21.1	3.8	-50.9
Unincorporated Bus.	122.4	120.7	141.5	159.3	158.1	67.8	5.9
1 year change	-6.5	-1.7	20.9	17.7	-6.5	0.6	-22.1
% change	-5.0	-1.4	17.3	12.5	-4.0	0.9	-79.0
Deed taxes*	187.4	225.6	314.1	312.5	350.5	79.9	30.4
1 year change	-135.8	38.2	88.5	-1.6	67.2	23.7	4.4
% change	-42.0	20.4	39.2	-0.5	23.7	42.2	17.1
Other taxes	592.8	554.0	623.9	643.2	624.8	132.5	61.0
1 year change	42.1	-38.8	70.0	19.2	1.9	-20.7	9.8
% change	7.6	-6.5	12.6	3.1	0.3	-13.5	19.1

*Deed taxes include deed recordation, deed transfer, and economic interest taxes on real property transactions.

Note: (1) Includes public space rental (in other taxes). (2) Deed tax collections will vary from payments to Recorder of Deeds (graphed on the next page) due to processing and timing effects.

(3) Data subject to accounting adjustments.

(4) This table and the graphs on the next page include adjustments to the timing and consistency of collection reporting

intended to make comparisons with prior year periods more meaningful. The data may therefore vary from other OCFO reports.

Source: OCFO/ORA

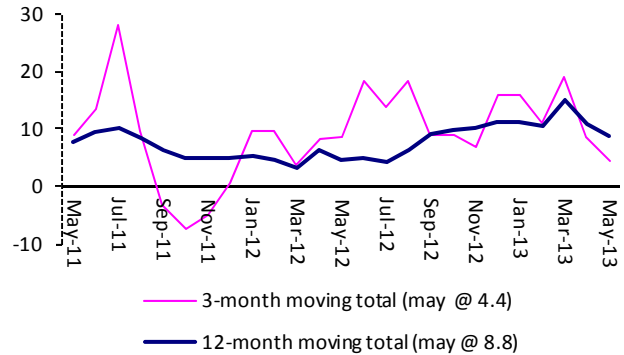
Growth has moderated in the sales tax and the withholding portion of the individual income tax

• For the 12-month period ending May tax collections (before earmarking) were \$489.7million (8.8%) more than a year earlier. The individual income tax accounts for 47% of the increase.

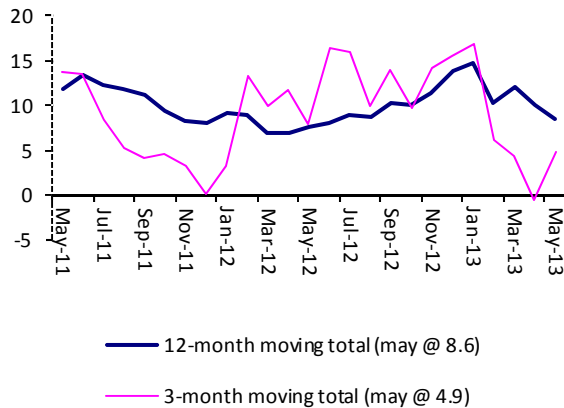
• Sales and withholding gains slowed from prior months. In May the 3-month moving total for sales taxes was 1.5% above last year and withholding was 4.9% higher.

• Deed tax payments to the DC Recorder of Deeds for transfers, recordation, and economic interest were up 14.0% from the prior year for the 3 months ending May. For the last 12-month period, the payments were up 20.4%. (See note 2 on Table 23.)

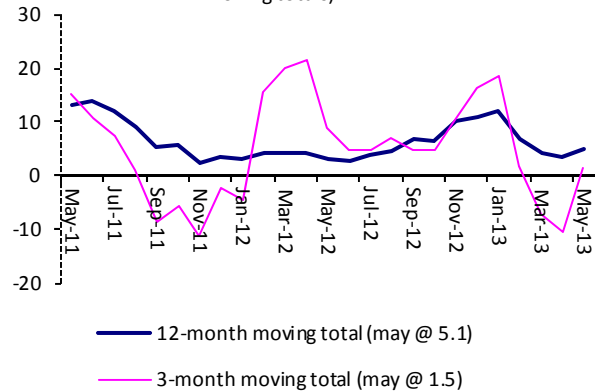
DC Tax Collections (before earmarking):
May 2011 to May 2013
(% change in 3-month and 12-month moving totals)



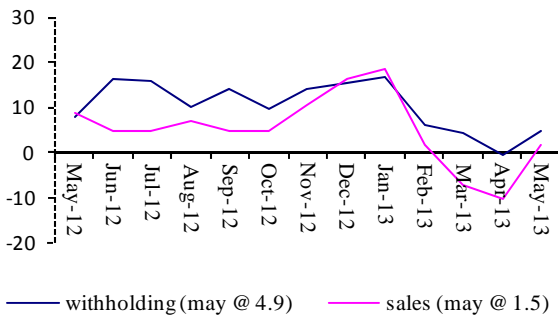
Withholding collections: May 2011 to May 2013
(% change from prior year in 3-month and 12-month moving totals)



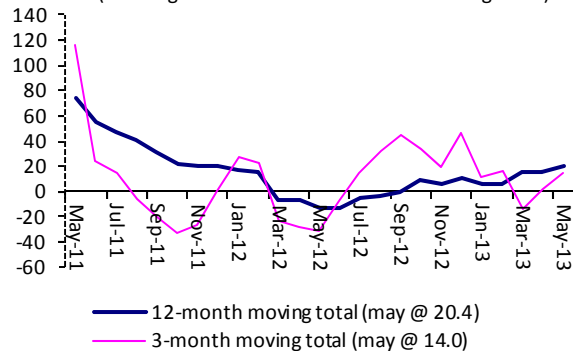
Sales tax collections: May 2011 to May 2013
(% change from prior year in 3-month and 12-month moving totals)



Collections for the General Sales tax and Individual Income tax withholding: May 2012 to May 2013
(% change in 3-month moving totals)



Payments to DC Recorder of Deeds for recordation, transfer, and economic interest taxes: May 2011 to May 2013
(% change in 3-month and 12-month moving totals)



Note: source is Recorder of Deeds, not Table 23.

US economic forecasts

The July Blue Chip Indicators reduced its outlook for FY 2013

- The July Blue Chip Indicators reduced its FY 2013 forecast for real GDP growth to 1.6%, but kept its FY 2014 forecast at 2.5%. Since FY 2000, GDP growth has exceeded 2.5% in only 3 years: FY 2004, 2005, and 2006.
- The July Blue Chip Indicators forecast for inflation (CPI): 1.6% in FY 2013 and 1.7% in FY 2014.
- S and P 500: The range of June forecasts for the last quarter of 2013 compared to the last quarter of 2012: -1.0 to 14.4%.

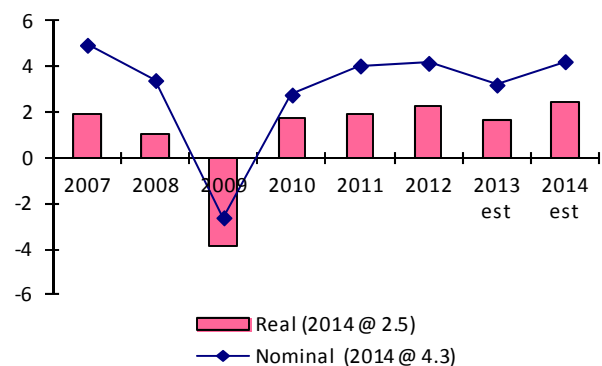
Table 24. Forecasts for US nominal and real GDP:

FY 2012 through FY 2014 (% change from prior fiscal year)

Forecast and date	real			nominal		
	2012	2013	2014	2012	2013	2014
Congressional Budget Office						
January 2012	2.1	1.2		3.7	2.6	
August	2.0	0.4		3.9	2.0	
February 2013	2.3	1.5	2.1	4.2	3.1	3.8
Blue Chip						
April	2.3	1.9	2.5	4.2	3.6	4.5
May	2.3	1.8	2.5	4.2	3.4	4.3
June	2.3	1.8	2.5	4.2	3.4	4.3
July	2.3	1.6	2.5	4.2	3.2	4.2

Sources: Blue Chip Indicators and the Congressional Budget Office.

Blue Chip Indicators estimate of US Nominal and Real GDP: FY 2007 to FY 2014 (% change from the prior year; July 2013 estimate)



S and P 500 stock index actual and alternative forecasts: 2006.4 to 2014.4 (June forecasts; value of index)

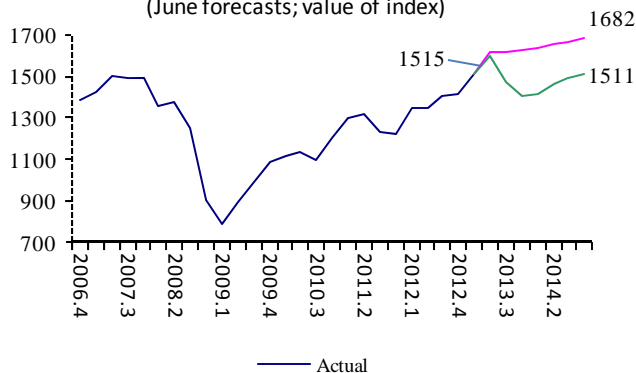


Table 25. Forecasts for S and P 500: 2012.4 to 2014.4

(% change from prior fiscal year)

Forecast date	% change from prior year			% change from prior year		
	2012.4	2013.4	2014.4	2012.4	2013.4	2014.4
Global Insight: baseline						
March	15.7	9.1	3.9	15.7	-6.2	8.6
April	15.7	12.8	3.7	15.7	-3.0	8.5
May	15.7	13.8	3.7	15.7	-2.2	8.4
June	15.7	14.4	3.6	15.7	-1.0	7.6
Economy.com baseline						
March	15.7	10.8	1.8	15.7	3.6	-0.1
April	15.7	11.4	2.2	15.7	4.2	0.3
May	15.7	11.2	2.5	15.7	7.8	1.4
June	15.7	12.9	2.4	15.7	9.5	1.2

Source: IHS Global Insight and Moody's Economy.com.

Table 26. Blue Chip forecasts for CPI and 10 year Treasury interest rate: FY 2012 to FY 2014

(% change from prior fiscal year)

Forecast date	CPI			10 yr Treasury rate		
	2012	2013	2014	2012	2013	2014
Apr	2.5	1.9	2.1	1.9	2.0	2.5
May	2.5	1.7	1.9	1.9	1.9	2.4
Jun	2.5	1.7	1.8	1.9	1.9	2.4
Jul	2.5	1.6	1.7	1.9	2.0	2.7

Source: Blue Chip Indicators

June forecasts for DC by Global Insight and Economy.com lowered wage earnings

The biggest change in June is the reduction by Global Insight in its estimate of both wages earned in DC and wages earned by DC residents FY 2013. Economy.com has more modest reductions in those items. Both, however, raised their estimates for wage and salary employment in DC in FY 2013.

- Employment:** The range of change in wage and salary employment for FY 2013 is 4,625 to 5,929; and for FY 2014: -668 to 8,681.
- Unemployment:** . The unemployment rate forecast range for FY 2013 is from 8.5% to 8.6%. For FY 2014 the range is 8.3% to 9.9%.
- Wages earned in DC:** The range in growth from the prior year: -0.9% to 1.7% in FY 2013, picking up to 2.2% to 4.7% in FY 2014.
- Wages earned by DC residents:** The range in growth from the prior year: -5.8% to 1.2% in FY 2013, and -2.4% to 3.7% in FY 2014. Both forecasts anticipate that the growth in resident wages in FY 2013 and FY 2014 will be lower than those for growth in wages earned in DC, a reversal of recent trends.

Table 27. Jobs in DC: forecasts for FY 2012 to FY 2014

(amount of change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
Mar	12,467	3,141	9,523	12,467	1,936	5,146	6,658	5,139	5,393	6,658	4,160	-151
Apr	6,659	5,211	8,683	6,658	4,443	5,137	6,658	4,530	5,105	6,658	3,566	-509
May	6,659	5,563	8,382	6,658	5,083	5,144	6,658	4,588	4,718	6,658	4,361	-245
Jun	6,659	5,929	8,681	6,658	5,671	5,974	6,658	4,887	4,663	6,658	4,625	-668

Source: IHS Global Insight and Moody's Economy.com.

Table 28. Unemployment rate in DC FY 2012 to FY 2014

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
Mar	9.3	8.6	8.5	9.3	8.7	9.2	9.3	8.5	8.4	9.3	8.8	9.9
Apr	9.3	8.6	8.5	9.3	8.7	9.0	9.3	8.5	8.3	9.3	8.7	9.8
May	9.3	8.5	8.4	9.3	8.6	8.9	9.3	8.4	8.3	9.3	8.5	9.9
Jun	9.3	8.5	8.4	9.3	8.6	8.8	9.3	8.5	8.3	9.3	8.6	9.9

Source: IHS Global Insight and Moody's Economy.com.

Table 29. Wages earned in DC FY 2012 to FY 2014

(percent change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
Mar	1.8	1.4	4.5	1.8	1.0	2.9	1.8	2.2	5.6	1.8	1.9	4.0
Apr	2.1	1.0	4.4	2.1	0.7	2.9	2.1	2.3	5.6	2.1	2.0	3.9
May	2.1	0.3	4.8	2.1	0.1	3.3	2.1	2.1	5.5	2.1	2.0	4.0
Jun	2.1	-0.8	3.5	2.1	-0.9	2.2	2.1	1.7	4.7	2.1	1.6	3.2

Source: IHS Global Insight and Moody's Economy.com.

Table 30. DC resident wages FY 2012 to FY 2014

(percent change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
Mar	2.9	-0.6	4.3	2.9	-1.4	0.3	2.9	1.8	4.4	2.9	1.6	3.2
Apr	3.2	-1.6	3.9	3.2	-2.1	0.4	3.2	1.8	4.4	3.2	1.6	3.2
May	3.2	-3.0	4.8	3.2	-3.4	1.5	3.2	1.5	4.2	3.2	1.5	3.2
Jun	3.2	-5.5	0.5	3.2	-5.8	-2.4	3.2	1.2	3.7	3.2	1.2	2.6

Note: Estimated by ORA; assumes wage and salary supplements are the same % for DC resident wages as for wages earned in DC.

DC revenue estimate

The June revenue estimate adds to revenue growth in FY 2013 and FY 2014

• Anticipated tax revenue growth of \$187.4 million in FY 2013 and \$159.2 million in FY 2014 (gains of 3.2% and 2.6%, respectively) are significantly lower than that which occurred in FY 2012 (\$537 and 10.1%). This reflects one-time increases in FY 2012, slowing employment growth in DC, and allowances for the impact of a sequester or other cutbacks in federal spending.

• The individual income tax accounts for about 70% of growth in FY 2013, and real property accounts for 49% of the growth in FY 2014.

• As a share of DC Personal Income, tax collections in FY 2013 through FY 2015 are about the same as in FY 2012.

Table 31. DC Tax Revenue (before earmarks) for FY 2012 through FY 2014: June 2013 revenue estimate

Tax	FY level (\$ million)			Change from prior year (\$ M)			% change from prior year		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Real property	1,822.0	1,889.8	1,967.5	106.9	67.8	77.7	6.2	3.7	4.1
Deed taxes	306.6	305.4	317.1	-4.5	-1.3	11.7	-1.5	-0.4	3.8
General sales	1,111.0	1,155.5	1,190.1	96.1	44.4	34.7	9.5	4.0	3.0
Individual income	1,490.7	1,621.6	1,642.1	194.1	130.9	20.5	15.0	8.8	1.3
Withholding	1,321.6	1,412.6	1,434.6	129.5	91.0	22.0	10.9	6.9	1.6
non-withholding	169.1	209.0	207.4	64.6	39.9	-1.5	61.9	23.6	-0.7
Business income	465.9	469.7	476.6	106.2	3.8	6.8	29.5	0.8	1.5
Other	665.5	607.2	615.0	37.7	-58.3	7.8	6.0	-8.8	1.3
Total	5,861.8	6,049.2	6,208.4	536.5	187.4	159.2	10.1	3.2	2.6

Source: ORA. June 24, 2013 revenue estimate under existing legislation. The table includes tax revenue only, before all earmarks, and excludes all non-tax revenues, lottery, and "O-type" earmarked revenues. FY 2012 is from the FY 2012 CAFR

Table 32. DC labor market assumptions: FY 2012 to FY 2014

item	2012	2013	2014
Wage and salary employment	730,025	734,531	733,901
1 year change	6,658	4,506	-631
% change	0.9	0.6	-0.1
DC resident employment	323,512	340,451	341,156
1 year change	11,396	16,940	705
% change	3.7	5.2	0.2
Unemployment rate	9.3	8.6	9.5

Source: ORA June 2013 revenue estimate

Table 33. DC Income and stock market assumptions: FY 2012 to FY 2014 (% change from prior year)

item	2012	2013	2014
Wages and salaries earned in DC	2.1	0.0	1.4
Wages and salaries earned by DC residents	3.2	4.7	1.7
DC Personal income	3.8	4.2	2.3
S and P 500 stock index	15.7	2.8	4.7

Source: ORA June 2013 revenue estimate. Stock index, on a calendar year basis, represents the % change from the December quarter of the prior year.

Table 34. DC tax revenue (before earmarks) and DC Personal Income: FY 2006 to FY 2015

item	2006	2007	2008	2009	2010	2011	2012	2013 est	2014 est	2015 est
Tax revenue (\$ million)										
Level	4,516	5,155	5,325	5,052	5,005	5,325	5,862	6,049	6,208	6,382
Change from prior year	267	638	170	-273	-47	320	537	187	159	174
Percent change from prior year										
Tax revenue	6.3	14.1	3.3	-5.1	-0.9	6.4	10.1	3.2	2.6	2.8
Personal Income	8.2	8.1	9.6	0.4	4.1	6.8	3.8	4.2	2.3	3.3
Tax revenue as percent of Personal Income	13.3	14.0	13.2	12.5	11.9	11.8	12.5	12.4	12.5	12.4

Source: ORA. June 2013 revenue estimate under existing legislation. The table includes tax revenue only, before all earmarks, and excludes all non-tax revenues, lottery, and "O-type" earmarked revenues.

Falling reported DC employment, continued from p.1

to be particularly susceptible to revision because it is related in part to the District's population. Recent gains in DC's population may not yet have been fully factored into BLS estimates for this year.

In developing a fuller picture of current conditions in the District's economy, it should be noted that there are other measures than the recent BLS employment data that do not suggest the same degree of slowing. For example, occupied commercial office space has grown each of the past 3 quarters, and was 1.5% higher in June 2013 than it was in September 2012. Also, tax collections for withholding for the individual income tax and the general sales tax—the two sources of collections most directly connected to the current level of economic activity in the District—have been increasing throughout the fiscal year.

Although it is too early to draw definite conclusions about the current direction of the District's economy, the recent BLS employment data underscore the importance of paying close attention to two key areas in making such assessments: (1) the strength of private sector employment growth, and (2) labor force dynamics involving the interaction of population changes, the labor force, and the unemployment rate.

Private sector employment. Employment in the federal government, which currently accounts for about 28% of all DC jobs, has been falling for two years, declining by 10,700 jobs (5%) between May 2011 and May 2013. Accordingly, with a pick-up in federal employment unlikely in the near future, the question of whether total DC employment rises or falls depends on the strength of the private sector. For much of the past two years private sector employment increases more than offset federal declines. Over the past 7 months, however, this has no longer been the case. From October 2012 to May 2013 the private sector gain of 2,200 (mostly in technical services and food services) was unable to offset the decrease of 4,300 federal jobs.

Wage and salary employment in DC by sector: May 2012 to May 2013

(seasonally adjusted)

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
All jobs located in DC	730,100	730,700	727,500	728,500	734,100	736,400	733,400	733,000	734,700	733,600	734,300	733,100	733,800
Federal government	208,600	208,100	208,400	208,400	208,200	207,300	206,800	206,300	206,400	206,100	205,500	204,900	203,000
Private sector	486,900	487,900	486,400	488,600	491,600	494,300	491,700	491,700	493,200	492,300	494,100	494,200	496,500

Source: US Bureau of Labor Statistics, May 2013

Labor force dynamics. As noted earlier, resident employment grew by 31,355 between July 2011 and March 2013. Of the increase, about 20% is attributable to a fall in the unemployment rate (from 10.3% to 8.5%). The remainder of the employment growth reflects a 7% increase in the District's labor force.

One of the surprising things about the decline in resident employment in the past 2 months is that it is attributable entirely to a drop in the labor force. The fall of almost 1,000 in the labor force was great enough to offset the modest boost to employment that otherwise would have been associated with the small decline in the unemployment rate (from 8.6% to 8.5%). The decline in the labor force could reflect the impact of persons unable to find work leaving the labor force—so called discouraged workers. Over the longer term, however, sustained increases in the working age population can be expected to result in an increase in the labor force, which in turn would lead to higher resident employment if the unemployment rate doesn't rise. (Gains would be greater, of course, if the unemployment rate also falls at the same time.)

It should be noted that an increase in resident employment does not necessarily require a net increase in wage and salary employment located in the District of Columbia. District residents can take jobs now held by commuters as those commuters retire or move, and District residents can also work in jobs outside of DC.

—Stephen Swaim, Office of Revenue Analysis

DC labor force, unemployment rate, and resident employment: May 2012 to May 2013

(seasonally adjusted)

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Labor force	359,301	360,713	362,211	363,923	365,952	367,771	369,320	370,717	372,240	373,130	373,138	372,468	372,142
Unemployment rate (%)	9.1	9.1	9.0	8.9	8.8	8.6	8.5	8.4	8.6	8.6	8.6	8.5	8.5
Resident employment	326,547	327,919	329,503	331,461	333,841	336,010	337,835	339,422	340,227	340,941	341,229	340,933	340,564

Source: US Bureau of Labor Statistics, May 2013

ORA Reports and Documents

From time to time the Office of Revenue Analysis prepares revenue estimates, fiscal impact statements on pending legislation, reports, and other documents on subjects related to DC 's economy and taxes. These documents are posted on the OCFO web site (www.cfo.dc.gov) under subcategories of "Reports and Publications" and "Budget and Revenue."

Recent ORA reports:

Revised Revenue estimates for FY 2013 to FY 2017, June 24, 2013. Quarterly revenue estimate shows differences from the prior estimate, describes economic assumptions and changes in each tax, and contains details of each tax and of key economic variables.

Briefing documents. A new series with information related to DC's economy and taxes.

DC Tax Facts, 2012. Details on all DC taxes.

Tax Rates and Tax Burdens 2011 Nationwide. This annual publication compares DC tax rates and estimated DC tax burdens for households of different income levels with the rates and burdens of state and local taxes in the principal cities in all 50 states.

Tax Rates and Tax Burdens 2011 Washington Metropolitan Area. This annual publication compares DC tax rates and estimated DC tax burdens for households of different income levels with the rates and burdens of the surrounding jurisdictions in the DC metropolitan area.

About this report.

District of Columbia Economic and Revenue Trends is generally issued about the third week every month. Employment and most other DC information reported on a monthly basis is from one or two months prior to the *Trends* date (the July report has mostly April and May data). Lags can be greater with quarterly data such as Personal Income and commercial real estate. Data in the tables are believed to be reliable, but original sources are definitive. All data are subject to revision by the information source. The *Trends* report is available at the DC Chief Financial Officer web-site: www.cfo.dc.gov (click on *Budget and Revenue/Economy/ Economic and Revenue Trends*).

Table 35. Information sources

Indicator	Source	Period covered in this report	Next release
D.C. Jobs and Labor Force information	BLS	May	19-Jul
D.C. Personal Income	BEA	2013.1	September 30
D.C. Tax Collections	OTR/ORA	May	July 15
D.C. Housing Sales	MRIS*	June	c August 10
D.C. Commercial Office Building data	Delta Associates	2013.2	c October 1
DC Apartment data	Reis, inc	2013.1	c July 31
D.C. Hotel stay information	Smith Travel Research	May	c. July 30
Consumer Price Index	BLS	June	August 15
U.S. Jobs and Labor Force	BLS	May and June	August 2
U.S. GDP and Personal Income	BEA	2013.1	July 31
S and P 500 Stock Index	Financial press	June	August 1
Interest rate on 10-Year Treasury Securities	Financial press	June	August 1
IHS Global Insight D.C. forecast	Global Insight	June	c. July 24
Moody's Economy.com D.C. forecast	Economy.com	June	c. July 24
Blue Chip Economic Indicators for the U.S.	Aspen Publishers	July	August 10

*Metropolitan Regional Information Systems; listings and contract data accessed through the Greater Capital Area Association of Realtors.

For further information or to comment on this report, contact: Stephen Swaim (202-727-7775) or stephen.swaim@dc.gov See also the *Economic Indicators* issued monthly by the D.C. Office of the Chief Financial Officer (www.cfo.dc.gov).

District of Columbia Economic and Revenue Trends is prepared by the Office of Revenue Analysis, which is part of the Office of the Chief Financial Officer of the District of Columbia government.

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