

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER  
OFFICE OF REVENUE ANALYSIS**



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## District of Columbia Economic and Revenue Trends: *September 2012*

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***Since the recession, the education and health sector has become the biggest source of job growth in DC***

***Boost to income growth has, however, been more modest***

Over the past 8 years, education and health have become the private sector’s leading source of new jobs in the District of Columbia. From June 2004 to June 2012 the sector grew from 91,967 to 119,767—a remarkable 30% gain of 27,800. Two-thirds of the gain occurred after the start of the US recession. In June 2004 about one in every five private sector jobs was in education and health. By June 2012 it was almost one in every four.

The post-recession impact of the education and health sector on wages and salaries earned in DC has been more modest than the impact on jobs. From June 2008 to June 2012 the 19% gain in education and health employment accounted for more than 90% of the entire net increase in DC’s private sector jobs. During that time, wages earned in education and health also grew 19%—but this represented only 27% of the entire increase in wages and salaries earned in DC’s private sector.

The contrast between the education and health sector and professional and technical services in the years following the recession is striking.

*(continued on p.17)*

**DC's Education and Health sector: employment and wage changes before and after the US recession**

	Number		% share of the net change in all of DC's private sector	
	Change from: 2004.Q2 to 2008.Q2	2008.Q2 to 2012.Q2*	Change from: 2004.Q2 to 2008.2	2008.2 to 2012.Q2*
Employment	8,900	18,900	34.4	91.7
Wages and salaries (\$M)	897	975	12.9	26.6

*\*For wages and salaries, change is to 2012.1. Employment in 3-month moving average. The US recession officially began in December 2007, but its impact on DC private sector employment began to be felt about 6 months later.*

*Source: BLS and BEA. See tables on p. 17.*

## Wage and salary employment

### DC employment continued to grow in July, but more slowly than last year

• July wage and salary employment in DC was up by 8,033 (1.1%) from a year earlier as measured by the 3-month moving average.

• Federal government employment for July was down by 3,500 (-1.6%). Private sector jobs were up by 11,067 (2.3%).

• Total year-over-year DC metropolitan area employment increased by 34,067 (1.1%) in June as measured by the 3-month moving average.

• There was an increase of 1.1% in suburban Washington employment in July from a year earlier. Suburban employment was 14,000 (0.3%) less than it was 4 years earlier.

• Seasonally adjusted wage and salary employment in DC rose by 3,400 (0.5%) in July from the prior month, and was 7,800 more than in January 2012.

Change in wage and salary employment located in DC, the DC suburbs, and the US: July 2010 to July 2012  
(% change from prior year in 3-month moving average)

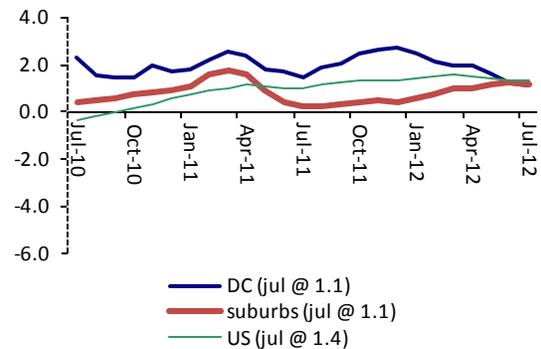


Table 1. Wage and salary employment in DC, Washington Metro area, and the US: July 2012

Jurisdiction	FY 2009	FY 2010	FY 2011	12-mo avg	3-mo average	This month
District of Columbia	701,633	708,975	722,967	734,450	739,600	749,900
1 year change	-1,092	7,342	13,992	14,467	8,033	10,000
% change	-0.2	1.0	2.0	2.0	1.1	1.4
Washington metro area	2,964,175	2,954,825	2,988,192	3,016,050	3,042,567	3,033,400
1 year change	-41,517	-9,350	33,367	32,317	34,067	24,300
% change	-1.4	-0.3	1.1	1.1	1.1	0.8
Washington suburbs (% ch)	-1.8	-0.7	0.9	0.8	1.1	0.6
US (% ch)	-3.8	-1.9	1.1	1.4	1.4	1.4

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

Source: BLS. July data is preliminary.

Table 2. Federal government and private sector wage and salary employment in DC: July 2012

Sector	FY 2009	FY 2010	FY 2011	12-mo avg	3-month average	This month
Federal government	198,050	208,233	213,275	210,650	210,733	212,100
1 year change	5,283	10,183	5,042	-2,400	-3,500	-3,500
% change	2.7	5.1	2.4	-1.1	-1.6	-1.6
Private sector	462,942	464,000	474,467	488,667	490,567	491,700
1 year change	-5,467	1,058	10,467	17,042	11,067	12,800
% change	-1.2	0.2	2.3	3.6	2.3	2.7

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

Table 3. Seasonally adjusted DC Employment: January 2012 2011 to July 2012

Indicator	Jan	Feb	Mar	Apr	May	Jun	Jul
D.C. Wage and Salary employment	733,100	734,600	738,700	739,000	735,000	737,500	740,900
change from prior month	-4,600	1,500	4,100	300	-4,000	2,500	3,400
% change from prior month	-0.6	0.2	0.6	0.0	-0.5	0.3	0.5

Source: BLS seasonally adjusted. July is preliminary

**Health accounted for almost half of the net job growth over the past year**

● In July health gained 3,900 jobs over last year, temporary employment 1,467, and food service 1,267 as measured by 3-month moving averages.

● Other private industries showing gains over the year included organizations, education, construction, and accommodations.

● Private sector industries losing jobs included professional services (other than legal) and information.

● Local government grew by 467

● Over the past year, DC's share of federal employment stayed the same relative to the US, but fell relative to the metro area.

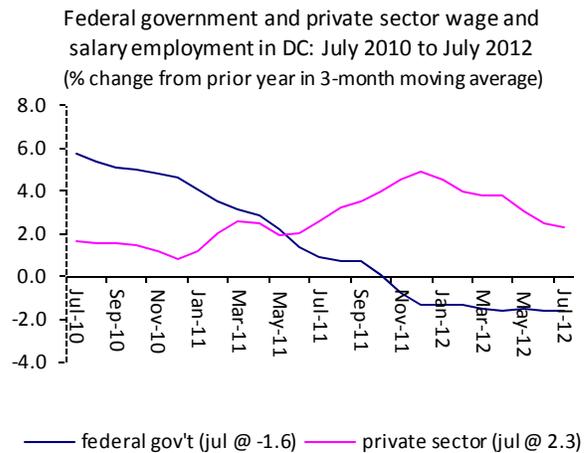


Table 4. Wage and salary employment located in DC: July 2012

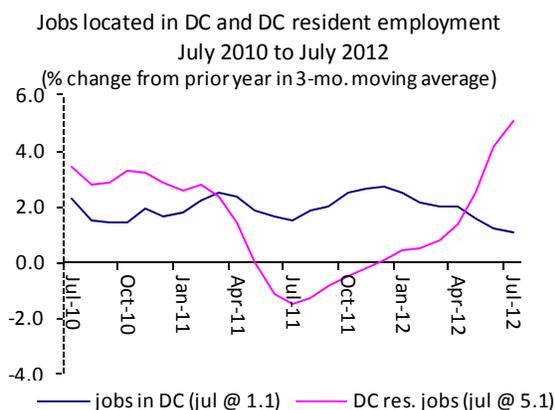
Industry sector	3-month moving average				12-mo. moving avg: % change	Sector % of all DC jobs, Jul 2012	DC share (%) in Jul 2012 of all sector jobs in:		Change from Jul 2011 to Jul 2012 in DC share of sector jobs in:	
	Jul 2011	Jul 2012	1 year change				metro area	US	metro area	US
			Amount	%						
Federal government	214,233	210,733	-3,500	-1.6	-1.1	28.5	55.1	7.45	-0.54	0.00
Local government	37,833	38,300	467	1.2	-0.5	5.2	12.5	0.20	0.13	0.00
Legal services	30,633	31,200	567	1.8	-0.3	4.2		2.77		0.04
Other Professional and technical	72,467	71,167	-1,300	-1.8	1.0	9.6	21.2	1.05	-0.65	-0.06
Employment services	13,433	14,900	1,467	10.9	9.5	2.0	37.9	0.47	4.27	0.01
Other Business services	33,833	33,933	100	0.3	2.4	4.6	19.1	0.49	0.34	0.00
Information	18,733	18,467	-267	-1.4	-1.0	2.5	23.1	0.70	0.11	0.00
Finance	26,733	26,767	33	0.1	1.0	3.6	17.8	0.34	-0.59	0.00
Organizations	60,300	61,333	1,033	1.7	3.3	8.3	37.5	2.08	0.72	0.02
Education	50,633	51,633	1,000	2.0	10.2	7.0	51.4	1.63	-0.88	-0.02
Health	62,233	66,133	3,900	6.3	5.0	8.9	23.8	0.10	0.63	-0.28
Food service	40,067	41,333	1,267	3.2	4.6	5.6	20.6	0.41	-0.17	0.00
Accommodations	15,667	16,333	667	4.3	4.0	2.2	38.1	0.86	1.12	0.03
Amusement and recreation	7,000	7,367	367	5.2	4.0	1.0	17.7	0.35	0.68	0.02
Retail trade	18,400	18,733	333	1.8	0.1	2.5	7.4	0.13	0.24	0.00
Wholesale trade	4,567	4,600	33	0.7	-0.9	0.6	7.3	0.08	0.15	0.00
Construction	12,167	13,567	1,400	11.5	12.6	1.8	9.2	0.24	0.67	0.02
Personal and miscellaneous ser.	7,367	7,933	567	7.7	4.4	1.1		0.32		0.02
Other private	5,267	5,167	-100	-1.9	-3.0	0.7	4.6	0.03	-0.19	0.00
<b>Total</b>	<b>731,567</b>	<b>739,600</b>	<b>8,033</b>	<b>1.1</b>	<b>2.0</b>	<b>100.0</b>	<b>24.3</b>	<b>0.55</b>	<b>-0.01</b>	<b>0.00</b>
Public sector	252,067	249,033	-3,033	-1.2	-1.0	33.7	36.1	1.15	-0.33	-0.01
Private sector	479,500	490,567	11,067	2.3	3.6	66.3	20.8	0.44	0.15	0.00
Professional and all business	195,833	196,433	600	0.3	1.4	26.6	21.1	0.84	-0.19	-0.02
Education, health, and orgs.	173,167	179,100	5,933	3.4	5.9	24.2	31.8	0.58	0.29	0.01
Hospitality and trade	85,700	88,367	2,667	3.1	3.1	11.9	14.7	0.26	0.34	0.00
Other private sector	24,800	26,667	1,867	7.5	6.6	3.6	10.3	0.10	0.44	0.01

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

### Resident employment continues to grow

- In July DC resident employment rose 15,729 (5.1%) from a year earlier (3-mo. moving average).
- In July the unemployment rate (seasonally adjusted) fell to 8.9%, and seasonally adjusted resident employment rose 0.1% from June, the 12th monthly increase in a row.
- Initial unemployment insurance claims were down 7.0% from a year earlier (3-mo. moving average).



Resident employment in DC, the DC suburbs, and the US: July 2010 to July 2012  
(% change from prior year in 3-month moving average)

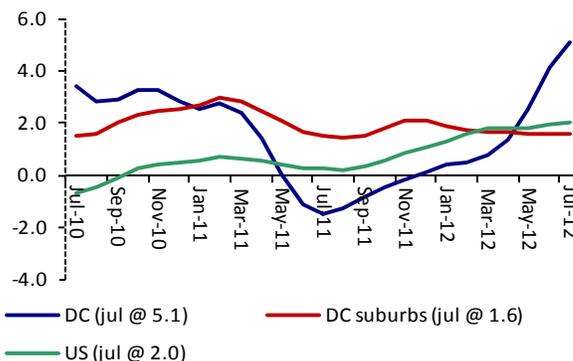


Table 5. Unemployment rates for DC, metro area, and US:  
July 2012

(percent of labor force)

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	July 2011	July 2012	July 2011	July 2012
US	9.1	8.3	9.3	8.6
DC metro area	6.0	5.6	na	na
DC	10.9	9.0	10.5	8.9
DC suburbs	5.4	5.2	na	na

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

Table 6. Resident employment and unemployment: July 2012

Indicator	FY 2009	FY 2010	FY 2011	12-mo avg	3-month average	This month
<b>DC Labor force summary</b>						
Resident employment	303,384	306,551	308,968	314,215	324,935	328,201
1 year change	-9,541	3,166	2,417	4,981	15,729	16,204
% change	-3.0	1.0	0.8	1.6	5.1	5.2
Labor Force	333,366	341,501	344,244	347,852	357,229	360,853
1 year change	452	8,135	2,743	3,700	10,762	10,753
% change	0.1	2.4	0.8	1.1	3.1	3.1
Unemployed	29,981	34,950	35,277	33,638	32,294	32,652
1 year change	9,993	4,969	327	-1,281	-4,967	-5,451
% change	50.0	16.6	0.9	-3.7	-13.3	-14.3
Unemployment rate	9.0	10.2	10.2	9.7	9.0	9.0
<b>DC Unemployment insurance (state program)</b>						
Initial claims (monthly avg.)	2,203	1,799	2,101	1,830	1,948	1,936
1 year change	688	-404	302	-240	-146	-239
% change	45.4	-18.3	16.8	-11.6	-7.0	-11.0
Weeks compensated (m o. avg.)	54,474	53,592	46,423	46,307	43,881	48,059
1 year change	19,736	-881	-7,169	-791	-74	5,081
% change	56.8	-1.6	-13.4	-1.7	-0.2	11.8

Source: Labor force (BLS, w/ Dec. revisions). Unemployment Insurance (US Dept of Labor). Not seasonally adj.

Table 7. Seasonally adjusted DC Resident employment and unemployment: January 2012 to July 2012

Indicator	Jan	Feb	Mar	Apr	May	Jun	Jul
DC Resident employment	312,157	313,554	314,489	316,431	319,283	321,954	322,217
change from prior month	1,600	1,397	935	1,942	2,852	2,671	263
% change from prior month	0.5	0.4	0.3	0.6	0.9	0.8	0.1
DC Unemployment rate (%)	9.9	9.8	9.8	9.5	9.3	9.1	8.9

Source: BLS seasonally adjusted. July is preliminary

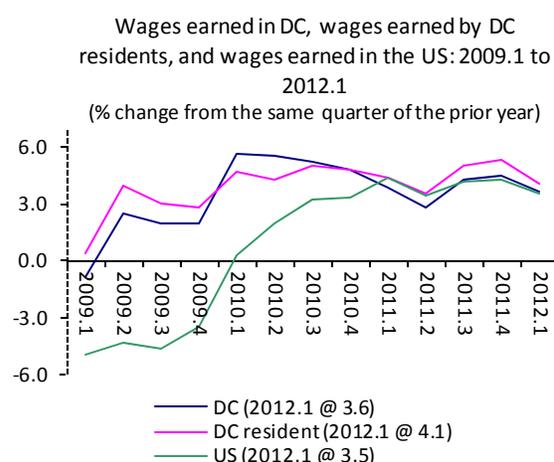
### Wage gains slowed slightly in the March quarter

●Wages earned in the District of Columbia were 3.6% higher in the March quarter compared to the same quarter of 2011.

●In the March quarter, estimated wages of DC residents grew 4.1%, and DC Personal Income grew 3.8%.

●Income gains for DC residents outpaced the US as a whole. (US wages grew 3.5% and Personal Income 2.9%).

●In the March quarter, the private sector accounted for \$1.74 billion (80%) of the \$2.18 billion increase in wages earned in DC.



**Table 8. DC Wages and Personal Income: March 2012**

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

Indicator	FY 2009	FY 2010	FY 2011	4-quarter moving average	Latest quarter (Mar.)
Wages and salaries earned in DC	55.33	57.87	60.15	61.35	62.02
1 year change	1.06	2.55	2.28	2.25	2.18
% change	2.0	4.6	3.9	3.8	3.6
Supplements to wages & salaries	16.23	17.09	17.59	17.81	17.98
% change	5.8	5.3	2.9	2.3	2.3
Proprietors' income earned by DC residents*	5.33	5.40	5.98	6.14	6.30
% change	-6.9	1.4	10.7	6.1	6.3
Wages and salaries of DC residents***	21.30	22.19	23.17	23.70	23.98
change from one year ago	0.66	0.89	0.98	1.01	0.94
% change	3.2	4.2	4.4	4.5	4.1
Income earned by DC residents	29.9	31.1	32.9	33.7	34.2
% change	1.7	3.9	6.1	5.1	4.1
Property income of DC residents	5.98	5.67	6.01	6.16	6.26
% change	-11.0	-5.2	6.0	5.6	4.3
Pensions and other transfer payments of DC res.	4.69	5.28	5.67	5.69	5.71
% change	10.7	12.6	7.4	2.7	1.3
DC Personal Income**	40.58	42.01	44.63	45.59	46.18
1 year change	0.22	1.43	2.61	2.12	1.69
% change	0.5	3.5	6.2	4.9	3.8
US Personal income (% change from prior year)	-3.1	1.5	5.3	4.2	2.9
US Wages and salaries(% change from prior year)	-3.5	0.5	3.8	3.8	3.5
<i>Addendum: Change from prior year in wages earned in DC by sector</i>					
Private sector (1 yr ch, \$B)	-0.18	0.59	1.77	1.98	1.74
Federal government (1 yr ch, \$B)	1.03	1.91	0.66	0.27	0.16
DC res. wages as % of wages earned in DC	38.5	38.3	38.5	38.6	38.7

\* 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, 2012

## Single family and condominium home sales

### Condo sales were up sharply in August

- The August 3-month moving total of single family home sales was down 0.5% from a year earlier, and the average selling price was 0.1% lower.
- August condominium sales were 17.9% above a year earlier as measured by the 3-month moving total; the average selling price was 1.6% higher.
- The total value of all home sales in August was 5.7% more than a year earlier as measured by the 3-month moving total.
- August year to date median prices were up 14.1% for single family units, and up 5.5% for condominiums.
- The August ratio of inventory to sales was 1.9 for single family units (3-mo. moving average).

Total value of sales of single family and condo units: August 2010 to August 2012  
(% change from prior year in 3-mo. and 12-mo. moving totals)

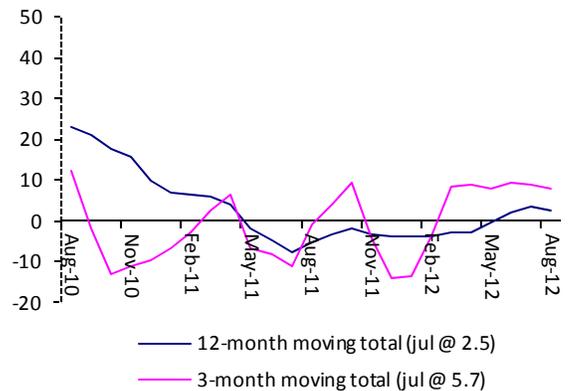


Table 9. D.C. Residential Real Estate Indicators: August 2012

Indicator	FY 2008	FY 2009	FY 2010	FY 2011	12-m o m o v i n g		This month
					total or average	3-m o m o v i n g total or average	
<b>Number of sales (settled contracts)</b>							
Single family	3,022	3,259	4,084	3,800	3,596	1,072	335
1 year change	-734	237	825	-284	-210	-5	2
% change	-19.5	7.8	25.3	-7.0	-5.5	-0.5	0.6
Condo	2,796	2,590	2,884	2,469	2,755	870	273
1 year change	-1,042	-206	294	-415	301	132	40
% change	-27.1	-7.4	11.4	-14.4	12.3	17.9	17.2
Total	5,818	5,849	6,968	6,269	6,351	1,942	608
1 year change	-1,776	31	1,119	-699	91	127	42
% change	-23.4	0.5	19.1	-10.0	1.5	7.0	7.4
<b>Average prices of units that sold</b>							
Single family (\$)	667,367	597,269	538,395	601,026	620,333	661,040	669,076
1 year change	9,480	-70,098	-58,874	62,631	20,080	-794	66,264
% change	1.4	-10.5	-9.9	11.6	3.3	-0.1	11.0
Condo (\$)	412,234	359,952	414,030	423,365	428,650	434,807	419,413
1 year change	6,803	-52,283	54,078	9,336	3,888	6,691	-13,794
% change	1.7	-12.7	15.0	2.3	0.9	1.6	-3.2
<b>Total value of all sales (\$ million)</b>							
	3,169.4	2,878.8	3,392.9	3,329.2	3,411.6	1,086.9	338.6
1 year change	-857.7	-290.6	514.1	-63.7	84.7	58.2	37.0
% change	-21.3	-9.2	17.9	-1.9	2.5	5.7	12.3
<b>Ratio: active inventory to sales</b>							
Single family	6.0	5.2	3.4	3.3	2.4	1.9	1.9
Condo	5.7	5.7	4.6	4.9	3.1	2.4	2.2

Median contract prices, CY to date in August 2012: single family \$525,000 (14.1% 1 yr ch); condo \$385,000 (5.5% 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.

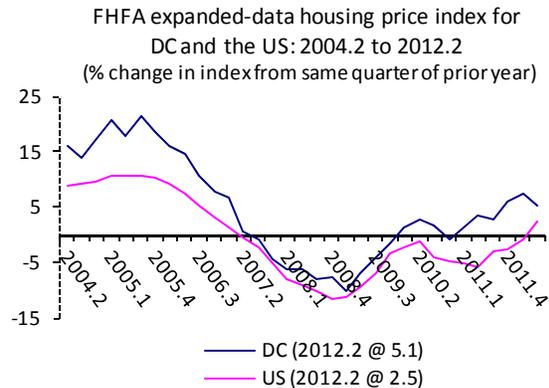
Monthly average price for all single family units is calculated by ORA based on reported average prices and number of sales for different types of units.

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

### Sales of higher priced homes were down in August

- Sales of single family units at prices above \$1 million were down 8.6% in August from a year ago as measured by the 3-month moving total.
- In June the quarterly Federal Housing Finance Agency house price index for DC was 5.1% over a year ago. For the US, there was a 2.5% rise.
- In the June quarter, occupied apartment units rose 1,119 (1.3%) and rents rose 4.0% from a year earlier.



**Table 10. D.C. Single family and condominium home sales at prices of \$1 million or more: August 2012**

Category	FY 2008	FY 2009	FY 2010	FY 2011	12-mo moving		This month
					total	3-mo moving total	
Single family homes	435	333	418	489	451	148	35
1 year change	-18	-102	85	71	-42	-14	-8
% change	-4.0	-23.4	25.5	17.0	-8.5	-8.6	-18.6
percent of all single family sales	14.4	10.2	10.2	12.9	12.5	13.8	10.4
Condominiums	77	62	89	87	72	21	7
1 year change	-28	-15	27	-2	-16	-9	-6
% change	-26.7	-19.5	43.5	-2.2	-18.2	-30.0	-46.2
percent of all condominium sales	2.8	2.4	3.1	3.5	2.6	2.4	2.6

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

**Table 11. Federal Housing Finance Agency Price Index for single family property in DC and US: June 2012**

Indicator	Fiscal year average				Quarter				
	FY 2008	FY 2009	FY 2010	FY 2011	2011.2	2011.3	2011.4	2012.1	2012.2
<b>% change from prior year in value of index</b>									
DC	-6.2	-7.3	1.1	1.8	3.4	2.9	6.0	7.3	5.1
US	-8.1	-9.9	-2.7	-4.7	-5.8	-2.8	-2.7	-0.9	2.5

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

Average DC sales price	1.4	-10.5	-9.9	11.6	8.8	11.4	-6.3	14.3	5.4
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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 county 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: June 30, 2012**

Indicator	Sep. 30 2008	Sep. 30 2009	Sep. 30 2010	Sep. 30 2011	Latest Q (June 2012)		
					amount	1 Q ch	% ch
Inventory	85,427	87,090	87,970	88,710	88,848	0	0.0
1 year change	1,241	1,663	880	740	187		
% change	1.5	1.9	1.0	0.8	0.2		
Occupied units	81,521	81,964	82,965	84,125	85,096	161	0.2
1 year change	702	443	1,001	1,160	1,119		
% change	0.9	0.5	1.2	1.4	1.3		
Vacant units	3,906	5,126	5,005	4,585	3,752	-161	-4.1
1 year change	539	1,220	-121	-420	-932		
% change	16.0	31.2	-2.4	-8.4	-19.9		
% of inventory	4.6	5.9	5.7	5.2	4.2		
Average effective monthly rent	\$1,340	\$1,342	\$1,380	\$1,422	\$1,471	\$17	1.0
% change from 1 year	4.0	0.1	2.8	3.0	4.0		

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

## Commercial office space

### The office vacancy rate rose in June

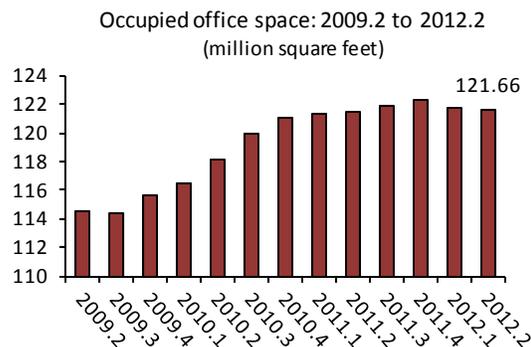
● For the quarter ending June, the vacancy rate for DC commercial office space rose to 8.1% (without sublet space), and to 9.2% (with sublet space). (In March the rates were 8.0% and 8.9%, respectively.)

● DC's vacancy rate with sublet space in June was below the 12.6% rate for the metropolitan area.

● Occupied space rose in the June quarter by 0.17 million square feet (0.1%) from a year earlier.

● Space under construction decreased slightly in the last quarter, and is up 3.9% from a year ago.

● In the June quarter, average effective rents for class A office space leases were up 0.8% from a year earlier.



**Table 13. Commercial office space in DC: June 30, 2012**

(In millions of square feet, unless noted otherwise)

Indicator	Sep. 30	Sep. 30	Sep. 30	Sep. 30	last quarter (June 2012)		
	2008	2009	2010	2011	Level	1 Q ch	% ch
Inventory	123.60	127.45	131.95	133.50	133.99	0.39	0.3
1 year change	1.19	3.86	4.49	1.56	1.07		
% change	1.0	3.1	3.5	1.2	0.8		
Occupied space	115.44	114.45	119.94	121.89	121.66	-0.05	0.0
1 year change	0.13	-0.99	5.49	1.95	0.17		
% change	0.1	-0.9	4.8	1.6	0.1		
Leased space	116.29	116.25	121.35	123.06	123.12	0.24	0.2
Under construction	10.60	5.75	2.14	2.42	2.74	-0.21	-7.1
1 year change	2.68	-4.85	-3.60	0.27	0.10		
% change	33.9	-45.8	-62.7	12.7	3.9		
% of inventory	8.6	4.5	1.6	1.8	2.05		
Vacant (no sublet)	7.31	11.20	10.60	10.44	10.87	0.15	1.4
% of inventory	5.9	8.8	8.0	7.8	8.1		
Vacant (w sublet)	8.16	13.00	12.01	11.61	12.33	0.44	3.7
1 year change	1.06	4.84	-0.99	-0.39	0.90		
% ch from one year	14.9	59.4	-7.6	-3.3	7.8		
<i>DC area vacancy rates (with sublet)</i>							
District of Columbia	6.6	10.2	9.1	8.7	9.2	0.3	
Northern Virginia	11.9	13.5	13.4	13.5	14.4	0.0	
Suburban Maryland	11.5	14.6	14.5	14.2	14.3	0.2	
DC Metropolitan area	10.1	12.6	12.2	12.1	12.6	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 signed by 6-month periods: 2009.2 to 2012.2**

Indicator	\$ per square foot of gross floor space during 6-month period ending on date shown:						
	2009.2	2009.4	2010.2	2010.4	2011.2	2011.4	2012.2
Average effective rent	45.75	43.30	40.70	40.10	39.80	40.45	40.10
% ch from prior year	-1.1	-6.4	-11.0	-7.4	-2.2	0.9	0.8
Average value of improvements for tenants	60.00	65.00	80.00	80.00	80.00	75.00	75.00

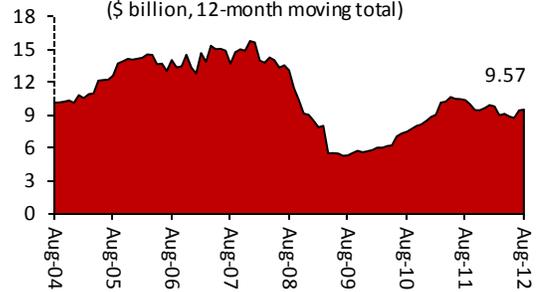
Source: Delta Associates. Rent is for full service (including operating expenses and taxes), less concessions (free rent, etc.)

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

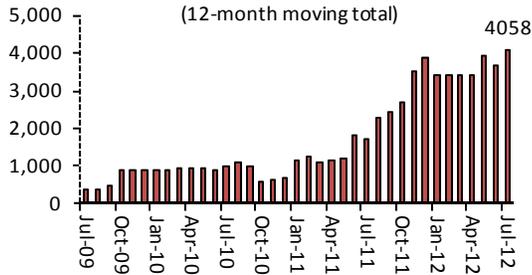
**In July the yearly total of housing permits topped 4,000; the value of property transferred in August was 25% higher than a year ago**

- For the 12-month period ending July, 4,058 housing unit building permits were issued, a 135.5% increase over the prior 12-month period.
- Delta Associates expects DC's office vacancy rate (including sublet) to rise (to 9.8%) over the next two years.

Value of all real property subject to deed transfer or economic interest taxes:  
August 2004 to August 2012  
(\$ billion, 12-month moving total)



Housing permits issued in DC: July 2009 to July 2012  
(12-month moving total)



- Reis expects 4,666 new apartment units to be added to inventory in CY 2012 and CY 2013, and occupancy to grow by 5,250
- The value of August property transfers was up by 25.2% from last year as measured by the 3-month moving total. The 12-month moving total was an 8.4% decline.

**Table 15. Housing unit building permits issued in DC: July 2012**

	FY 2008	FY 2009	FY 2010	FY 2011	12-month moving total	3-month moving total	This month
Total units	690	499	986	2,459	4,058	1,360	399
change from 1 year ago	-1,506	-191	487	1,473	2,335	654	380
% change from 1 year ago	-68.6	-27.7	97.6	149.4	135.5	92.6	2,000.0

Source: Census Bureau (permits issued during period).

**Table 16. Delta Associates outlook for commercial office space in DC and the surrounding metro area: June 2012 to June 2014**

Indicator	DC	No VA	Sub MD	Total	DC % of total
<b>Inventory June 2012</b>					
Inventory (msf)	134.0	179.1	88.6	401.7	33.4
vacancy rate (%)	9.2	14.4	14.3	12.6	
<b>Estimated net activity to June 2014</b>					
new supply (msf)	3.0	3.0	2.4	8.5	35.3
new demand (msf)	1.9	3.5	1.6	7.0	27.1
<b>Estimated Inventory June 2014</b>					
vacancy rate (%)	9.8	13.9	14.8	12.7	

Source: Delta Associates msf= million square feet

**Table 17 DC market rate apartment units: 2007 to 2016**

CY	Inventory	1 yr ch	% vacant	Occupied	1 yr ch
2007	84,618	468	3.9	81,284	533
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	88,848	488	4.7	84,661	1,184
2012 est	90,445	1,597	3.9	86,955	2,294
2013 est	93,514	3,069	3.9	89,911	2,956
2014 est	97,637	4,123	4.1	93,594	3,683
2015 est	99,445	1,808	3.8	95,691	2,097
2016 est	100,827	1,382	3.4	97,404	1,713

Source: Reis, June 2012. (see note in table 12)

**Table 18. Market Value of Real Property transfers subject to the Deed Transfer or Economic Interest tax: August 2012**

	FY 2008	FY 2009	FY 2010	FY 2011	12-month moving total	3-month moving total	This month
All property transfers (\$ million)	11,527.3	5,591.2	7,789.1	10,059.5	9,572.2	3,118.1	715.8
change from one year ago (\$M)	-3,307.6	-5,936.1	2,197.9	2,270.4	-875.6	627.4	79.0
% change from 1 year ago	-22.3	-51.5	39.3	29.1	-8.4	25.2	12.4

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

## July hotel stays were up slightly from last year

● In July the 3-month moving total for hotel room-days sold was 1.0% higher than a year earlier; and the average room rate was 0.1% lower leading to a 0.9% rise in room revenue.

● Employment in food services was 3.2% higher in July than a year earlier as measured by the 3-month moving average. Hotel employment rose 4.3%, and retail gained 1.8%.

● June airline traffic into the DC area was up 0.4% from a year earlier as measured by the 3-month moving total. Reagan National Airport gained 0.7%.

DC hotel room days sold and average room rate:  
July 2010 to July 2012  
(% change from prior year in 3-mo. moving total)

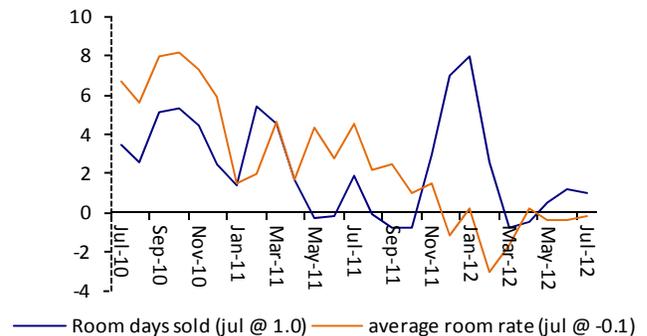


Table 19. Hospitality Industry: June and July 2012

Indicator	Units	date	FY 2009	FY 2010	FY 2011	12-mo total or average*	3-month moving total or average*	This month
<b>Hotel stays</b>								
Hotel room -days sold	('M)	jul	7.123	7.370	7.466	7.602	2.162	0.725
	1 yr ch		-0.003	0.248	0.096	0.112	0.022	0.005
	1 yr % ch		0.0	3.5	1.3	1.5	1.0	0.6
Average room rate	\$	jul	203.16	199.12	231.00	205.80	212.07	186.10
	1 yr ch		-5.83	-4.05	-6.77	0.33	-0.26	6.91
	1 yr % ch		-2.8	-2.0	-2.8	0.2	-0.1	3.9
Occupancy rate (average)	%	jul	73.1	73.8	85.1	75.4	85.1	84.7
	1 yr ch		-1.1	0.7	0.4	0.7	1.0	0.7
	1 yr % ch		-1.5	0.9	0.5	0.9	1.2	0.8
Room revenue	(\$M)	jul	1,447.0	1,467.5	168.5	1564.4	458.4	134.9
	1 yr ch		-42.0	20.5	-2.8	25.6	4.2	5.8
	1 yr % ch		-2.8	1.4	-1.6	1.7	0.9	4.5
<b>Airline passengers</b>								
DCA	1 yr % ch	jun	-2.9	0.5	6.2	1.9	0.7	-1.1
IAD	1 yr % ch	jun	-4.4	1.2	0.6	-2.3	-0.5	-0.2
BWI	1 yr % ch	jun	-3.3	4.6	4.2	1.0	0.9	-0.9
Total	1 yr % ch	jun	-3.6	2.1	3.4	0.1	0.4	-0.7
<b>Convention Center Transfer</b>								
	\$ M	jul	91.5	94.4	98.0	103.2	29.7	10.1
	1 yr ch		0.0	2.8	3.6	6.7	1.6	2.5
	1 yr % ch		0.0	3.1	3.9	6.9	5.9	32.6
<b>Employment</b>								
Accommodations	level ('000)	jul	15.0	15.3	15.3	15.9	16.3	16.2
	1 yr ch		-0.2	0.3	0.0	0.6	0.7	0.8
	1 yr % ch		-1.2	2.0	0.0	4.0	4.3	5.2
Food and bev	level ('000)	jul	35.9	37.0	39.0	40.3	41.3	41.2
	1 yr ch		0.5	1.2	1.9	1.8	1.3	1.4
	1 yr % ch		1.4	3.3	5.2	4.6	3.2	3.5
Arts and entertain.	level ('000)	jul	7.1	7.0	6.8	7.1	7.4	7.2
	1 yr ch		0.2	-0.1	-0.2	0.3	0.4	0.3
	1 yr % ch		2.7	-1.5	-2.6	4.0	5.2	4.3
Retail	level ('000)	jul	17.8	18.3	18.5	18.6	18.7	18.8
	1 yr ch		-0.6	0.5	0.2	0.0	0.3	0.6
	1 yr % ch		-3.5	3.0	1.0	0.1	1.8	3.3

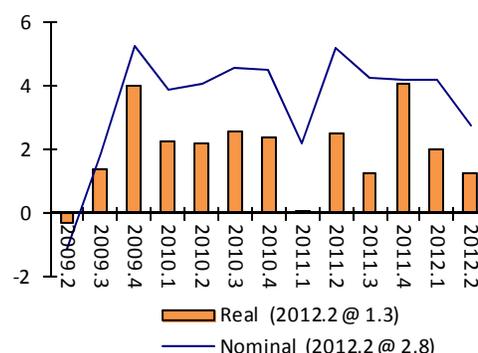
\* Total for hotel rooms sold, room revenue, and Convention Center transfer

Source: Smith Travel Research (hotel data); BLS (employment); Airport authorities (airline passengers);  
OCFO/OTR (Convention Center transfer; July collections are based on June sales data)

**August job growth slowed, while the stock market gained**

- June was the 12th consecutive quarter of real GDP growth; however, the 1.3% gain in the June quarter was less than that of the 2 prior quarters.
- US employment (seas. adj.) increased by 96,000 in August.
- The US unemployment rate (seasonally adj.) fell to 8.1%.
- In August the S & P 500 index gained 3.2% from July, but was 18.4% above a year ago.
- Inflation rose slightly. The August CPI was 1.7% above a year earlier (sa).

Quarterly change in US Real and Nominal GDP: 2009.2 to 2012.2  
(% change from the previous quarter at annual rates)



**Table 20. US GDP, income, corporate profits, and inflation: 2012.2 and August 2012**

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

Indicator	Date of latest indicator		FY 2008	FY 2009	FY 2010	FY 2011	12-m o avg	2012.2	Aug 2012
US GDP real	2012.2	1 yr % ch	1.1	-3.9	1.8	1.9	2.0	2.1	
US GDP nominal	2012.2	1 yr % ch	3.4	-2.6	2.8	4.0	4.1	3.9	
US Personal income	2012.2	1 yr % ch	5.6	-3.4	1.5	5.4	4.2	3.2	
US wages	2012.2	1 yr % ch	3.4	-3.5	0.4	4.0	3.5	3.4	
Corporate profits	2012.2	1 yr % ch	-11.2	-12.2	35.9	9.1	8.7	9.7	
S and P stock index	aug	1 yr % ch	-5.7	-34.3	23.7	13.8	4.0	7.6	18.4
US CPI	aug	1 yr % ch	4.4	-0.3	1.7	2.7	2.6	1.9	1.7
Balt//Wash. area CPI	jul	1 yr % ch	5.0	0.3	1.7	3.0	2.5	na	1.4

Source: BEA (data revised as of September 27, 2012), BLS, and Yahoo finance. Balt/Wash. Area CPI is July data.

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: 2010.4 to 2012.2**

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

Indicator	units	calendar year quarter						
		2010.4	2011.1	2011.2	2011.3	2011.4	2012.1	2012.2
US GDP real	% ch from prior Q at saar	2.4	0.1	2.5	1.3	4.1	2.0	1.3
US GDP nominal	% ch from prior Q at saar	4.5	2.2	5.2	4.3	4.2	4.2	2.8
W ages and salaries	% ch from prior Q at saar	1.6	8.9	2.3	1.3	0.9	8.0	3.2
Personal income	% ch from prior Q at saar	3.6	11.1	2.6	1.2	1.3	6.4	3.9

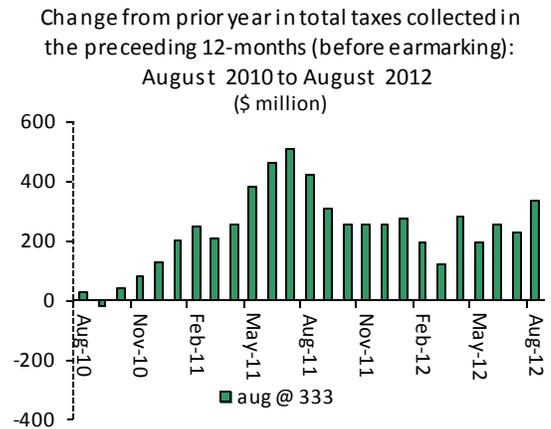
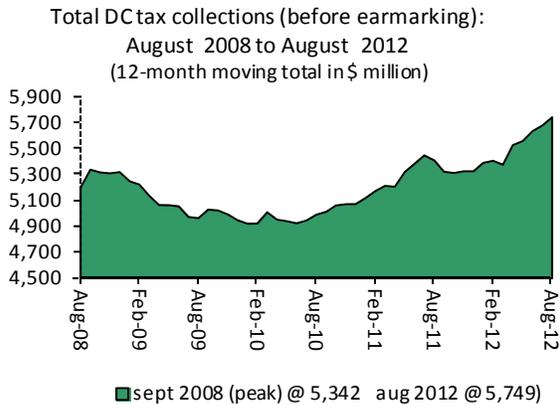
Note: GDP=Gross Domestic Product saar=seasonally adjusted at annual rate Source: BEA, updated on September 27, 2012

**Table 22. Monthly change in selected US Indicators: February 2012 to August 2012**

Indicator	Feb	Mar	Apr	May	Jun	Jul	Aug
S and P stock index (level)	1352	1389	1386	1341	1323	1360	1403
% change from prior month	4.0	2.7	-0.2	-3.3	-1.3	2.8	3.2
% change from 1 year ago	2.4	6.5	4.1	0.2	2.8	2.6	18.4
10 yr. Treasury Interest rate (level)	1.96	2.16	2.03	1.79	1.61	1.50	1.67
CPI % ch from prior month (seasonally adjusted)	0.41	0.29	0.03	-0.28	0.04	0.05	0.60
CPI % ch from prior year (seasonally adjusted)	2.89	2.65	2.30	1.73	1.68	1.42	1.70
Jobs (seasonally adjusted level, in millions)	132.72	132.86	132.93	133.02	133.06	133.20	133.30
change from prior month (thousands)	259	143	68	87	45	141	96
% change from prior month	0.20	0.11	0.05	0.07	0.03	0.11	0.07
Resident employment (season. adj. level, in mil.)	142.07	142.03	141.87	142.29	142.42	142.22	142.10
change from prior month (thousands)	428	-31	-169	422	128	-195	-119
% change from prior month	0.30	-0.02	-0.12	0.30	0.09	-0.14	-0.08
Unemployment rate (seasonally adj.)	8.3	8.2	8.1	8.2	8.2	8.3	8.1

Source: BLS and Yahoo! Finance.

## DC tax collections



**Table 23. Tax Collections (before earmarking): August 2012 (Preliminary)**  
(\$ million)

Tax	FY 2008	FY 2009	FY 2010	FY 2011	12-month moving total	3-month moving total	This month
Total taxes	5,342.3	5,032.8	5,015.4	5,326.3	5,748.8	1,200.7	364.8
1 year change	224.8	-309.5	-17.4	311.0	333.3	184.4	63.6
% change	4.4	-5.8	-0.3	6.2	6.2	18.1	21.1
Real property	1,684.8	1,818.8	1,834.8	1,707.0	1,820.7	107.5	82.7
1 year change	241.2	134.0	15.9	-127.8	44.1	52.7	53.1
% change	16.7	8.0	0.9	-7.0	2.5	96.3	179.1
General sales	1,011.6	963.5	965.3	1,017.0	1,085.2	295.7	96.2
1 year change	52.8	-48.1	1.8	51.7	47.9	19.8	7.0
% change	5.5	-4.8	0.2	5.4	4.6	7.2	7.8
Individual income	1,353.2	1,127.2	1,107.1	1,297.0	1,435.6	351.0	88.2
1 year change	40.1	-226.0	-20.1	189.9	158.4	39.4	0.3
% change	3.1	-16.7	-1.8	17.2	12.4	12.6	0.4
withholding	1,004.2	1,021.2	1,070.6	1,189.9	1,287.0	313.9	93.2
1 year change	29.5	17.0	49.4	119.3	103.4	28.7	-1.1
% change	3.0	1.7	4.8	11.1	8.7	10.1	-1.2
non-withholding	349.0	106.0	36.5	107.1	148.7	37.1	-5.0
1 year change	10.7	-243.0	-69.5	70.6	54.9	10.7	1.5
% change	3.2	-69.6	-65.6	193.3	58.6	40.8	-23.0
Corporate income	289.8	220.7	207.9	225.8	275.3	62.2	5.4
1 year change	39.1	-69.2	-12.8	17.9	62.2	10.8	0.0
% change	15.6	-23.9	-5.8	8.6	29.2	21.1	-0.1
Unincorporated Bus.	128.9	122.4	120.7	141.5	159.3	24.3	2.3
1 year change	-37.5	-6.5	-1.7	20.9	27.9	-4.8	0.6
% change	-22.5	-5.0	-1.4	17.3	21.2	-16.4	36.0
Deed taxes*	323.2	187.4	225.6	314.1	310.2	103.6	21.1
1 year change	-118.8	-135.8	38.2	88.5	-50.3	26.8	0.9
% change	-26.9	-42.0	20.4	39.2	-13.9	35.0	4.7
Other taxes	550.7	592.8	554.0	623.9	662.4	256.3	68.7
1 year change	7.9	42.1	-38.8	70.0	43.2	39.5	1.6
% change	1.5	7.6	-6.5	12.6	7.0	18.2	2.4

\*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.

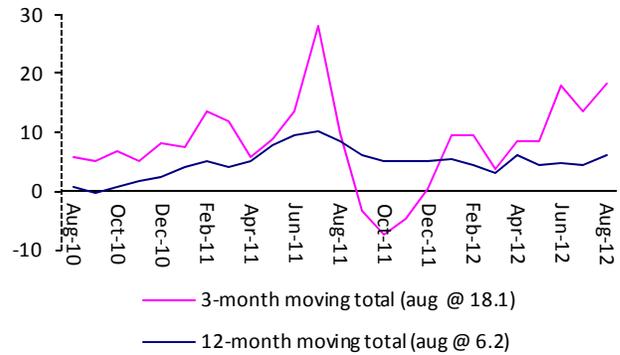
(4) This table and the graphs on the next page include adjustments to the timing and consistency of collection reporting which make comparisons with prior year periods more accurate; accordingly, the data may vary slightly from other OCFO reports.

Source: OCFO/ORA

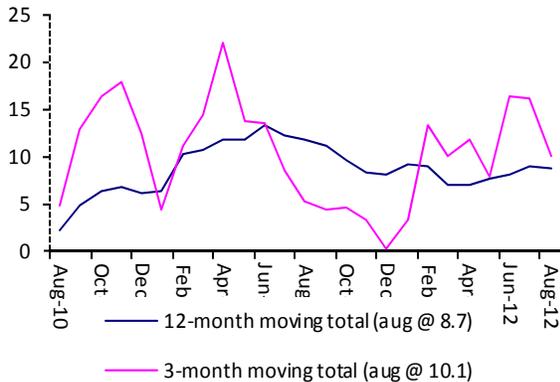
**Tax collections continued to be strong in August**

- For the 12-month period ending August, tax collections (before earmarking) were \$333 million (6.2%) more than a year earlier. Collections grew at a 6.2% rate in FY 2011.
- In August the 3-month moving total for sales taxes was up 7.2% from last year, and withholding was up 10.1%.
- Deed tax payments to the DC Recorder of Deeds for transfers, recordation, and economic interest were up 31.4 % from the prior year for the 3 months ending August. For the last 12-month period, the payments were down 3.4%.

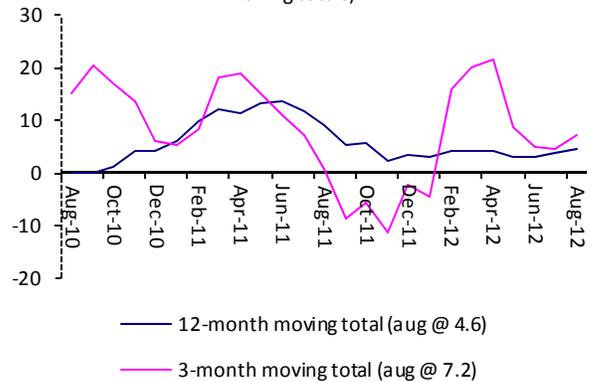
DC Tax Collections (before earmarking):  
August 2010 to August 2012  
(% change in 3-month and 12-month moving totals)



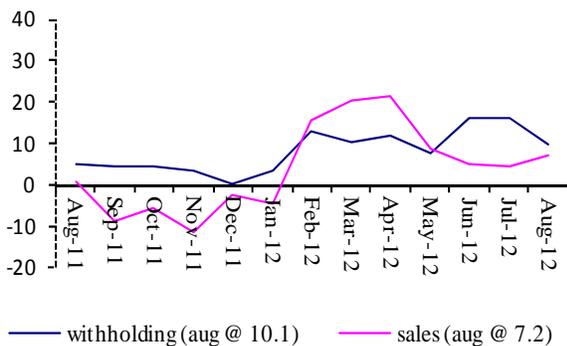
Withholding collections: Aug. 2010 to Aug. 2012  
(% change from prior year in 3-month and 12-month moving totals)



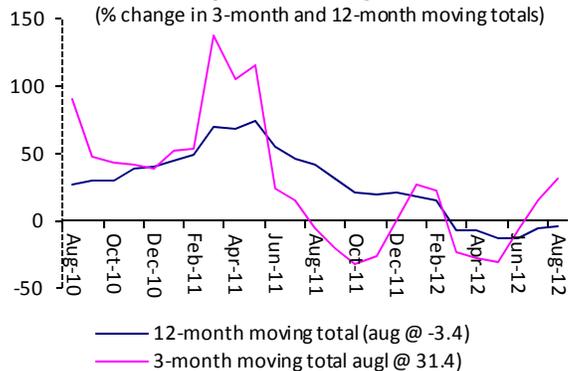
Sales tax collections: Aug. 2010 to Aug. 2012  
(% change from prior year in 3-month and 12-month moving totals)



Collections for the General Sales tax and Individual Income tax withholding: Aug. 2011 to Aug. 2012  
(% change in 3-month moving totals)



Payments to DC Recorder of Deeds for recordation, transfer, and economic interest taxes: August 2010 to August 2012  
(% change in 3-month and 12-month moving totals)



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

## US economic forecasts

### The September Blue Chip Indicators showed little change from August

- The September Blue Chip Indicators kept its FY 2013 forecast for real GDP to 1.9%. 25% of the 50 economists surveyed say there will be a US recession within 12 months. 77% say that the “fiscal cliff” looming at the end of the year will largely be avoided by Congressional action.
- The September Blue Chip Indicators made a slight increase in its inflation forecast for FY 2013. The forecast is for a 1.4% increase in the CPI in FY 2013.
- S and P 500: For the last quarter of calendar year 2012, Global Insight and Economy.com made no change in their July baseline forecasts. Global Insight did, however, significantly cut its pessimistic forecast. FY 2012 pessimistic forecasts diverge sharply: 9.4% growth for Economy.com and a 14.9% decline for Global Insight.

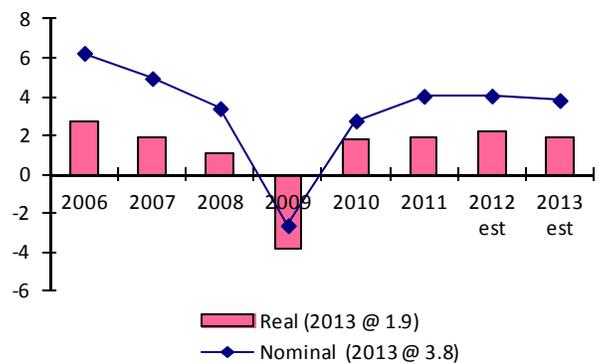
Table 24. Forecasts for US nominal and real GDP:

FY 2011 through FY 2013 (% change from prior fiscal year)

Forecast and date	real			nominal		
	2011	2012	2013	2011	2012	2013
<b>Congressional Budget Office</b>						
August 2011	2.5	2.5	2.0	4.0	3.8	3.0
January 2012	2.1	2.1	1.2	4.1	3.7	2.6
August	1.9	2.0	0.4	4.0	3.9	2.0
<b>Blue Chip</b>						
June	2.1	2.0	2.2	4.1	3.9	4.1
July	2.1	2.0	2.1	4.1	3.9	3.9
August	1.9	2.2	1.9	4.0	4.0	3.8
September	1.9	2.3	1.9	4.0	4.1	3.8

Sources: Blue Chip Indicators and the Congressional Budget Office.  
Most recent Blue Chip FY 2011 is actual from BEA.

Blue Chip Indicators estimate of US Nominal and Real GDP: 2006 to 2013  
(% change from the prior year; Sept. 2012 estimate)



S and P 500 stock index actual and alternative forecasts: 2005.1 to 2013.4  
(July forecasts; value of index)

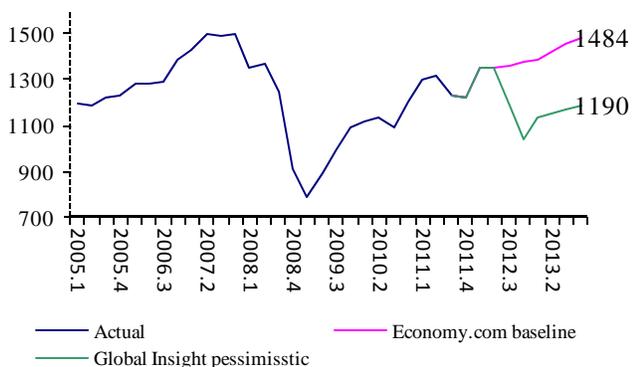


Table 25. Forecasts for S and P 500: 2011.4 to 2013.4

(% change from prior fiscal year)

Forecast date	% change from prior year			% change from prior year		
	2011.4	2012.4	2013.4	2011.4	2012.4	2013.4
<b>Global Insight: baseline</b>						
Apr	1.8	11.2	6.2	1.8	-11.2	10.3
May	1.8	11.2	6.2	1.8	-11.2	10.3
June	1.8	7.7	8.7	13.8	-2.5	-8.5
July	1.8	7.7	8.7	1.8	-14.9	14.1
<b>Economy.com baseline</b>						
Apr	1.8	15.3	7.8	1.8	12.4	8.8
May	1.8	16.0	7.7	1.8	13.1	8.7
Jun	1.8	12.2	7.9	1.8	6.1	8.3
Jul	1.8	12.2	7.9	1.8	9.4	8.8

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

Table 26. Blue Chip forecasts for CPI and 10 year

Treasury interest rate: FY 2011 to FY 2013

(% change from prior fiscal year)

Forecast date	CPI			10 yr Treasury rate		
	2011	2012	2013	2011	2012	2013
Jun	2.6	2.5	1.5	3.0	2.0	2.4
Jul	2.6	2.4	1.3	3.0	2.0	2.3
Aug	2.6	2.4	1.3	3.0	1.9	2.0
Sep	2.6	2.4	1.4	3.0	1.9	2.0

Source: Blue Chip Indicators

**August DC employment forecasts were down slightly, but income forecasts were not changed much**

●**Employment:** Global Insight reduced its jobs forecast for FY 2012 and FY 2013 as did Economy.com's baseline forecast. The range of job changes are from 13,385 to 13,447 in FY 2012, and -8,370 to 5,733 in FY 2013.

●**Unemployment:** Global Insight increased its forecast for FY 2013. The unemployment rate forecast range for FY 2013 is from 9.3% to 11.4%.

●**Wages earned in DC:** Both forecasts made no change to their baseline forecasts for FY 2013. The ranges: 3.4% to 3.5% in FY 2012; 0.9% to 3.6% in FY 2013.

●**Wages earned by DC residents:** Global Insight raised slightly its baseline forecast for FY 2013; both reduced slightly their pessimistic FY 2013 one. The ranges: 3.6% to 4.6% in FY 2012; 2.1% to 5.3% in FY 2013.

**Table 27. Jobs in DC: forecasts for FY 2011 to FY 2013**

(amount of change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	3-Jul	4-Jul	5-Jul	3-Jul	4-Jul	5-Jul	3-Jul	4-Jul	5-Jul	3-Jul	4-Jul	5-Jul
May	14,667	13,489	5,607	14,667	13,130	1,297	14,667	13,831	4,761	14,667	12,837	-3,186
Jun	14,667	13,193	5,528	14,667	12,826	1,796	14,667	14,671	4,356	14,667	13,368	-7,622
Jul	14,667	15,789	7,832	14,667	15,548	4,229	14,667	14,190	4,786	14,667	13,039	-7,377
Aug	14,667	13,447	5,733	14,667	13,435	2,346	14,667	13,444	2,770	14,667	13,385	-8,370

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

**Table 28. Unemployment rate in DC FY 2011 to FY 2013**

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
May	10.2	9.8	9.1	10.2	9.8	9.7	10.2	10.2	9.8	10.2	10.2	10.0
Jun	10.2	9.8	9.2	10.2	9.8	9.7	10.2	9.7	9.3	10.2	9.9	11.7
Jul	10.2	9.7	9.2	10.2	9.8	9.7	10.2	9.6	9.4	10.2	9.8	11.8
Aug	10.2	9.7	9.3	10.2	9.8	9.9	10.2	9.6	9.4	10.2	9.6	11.4

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

**Table 29. Wages earned in DC FY 2011 to FY 2013**

(percent change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
May	4.0	3.9	3.5	4.0	3.7	2.1	4.0	4.0	4.8	4.0	3.7	2.9
Jun	4.0	3.1	3.3	4.0	2.9	1.9	4.0	3.8	3.7	4.0	3.5	1.2
Jul	3.9	3.5	3.2	3.9	3.4	1.9	3.9	3.4	3.6	3.9	3.2	1.0
Aug	3.9	3.5	3.2	3.9	3.4	1.9	3.9	3.4	3.6	3.9	3.4	0.9

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

**Table 30. DC resident wages FY 2011 to FY 2013**

(percent change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
May	4.4	4.8	4.0	4.4	4.5	2.1	4.4	5.8	6.5	4.4	5.6	5.1
Jun	4.4	2.8	3.5	4.4	2.6	1.6	4.4	5.3	5.2	4.4	5.1	3.4
Jul	4.4	3.8	3.8	4.4	3.5	2.2	4.4	4.6	5.3	4.4	4.4	3.4
Aug	4.4	3.7	4.0	4.4	3.6	2.1	4.4	4.6	5.3	4.4	4.6	3.3

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

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

## DC revenue estimate

**The June revenue forecast did not change February's: tax revenue growth (before earmarks) of \$291 million (5.5%) in FY 2012, with less growth in FY 2013 due to effects of anticipated federal cutbacks**

- The FY 2012 increase in revenue follows a strong 6.4% increase in FY 2011.
- In FY 2012, real property, individual income, general sales, and business income all show significant gains.
- In FY 2013, the individual income tax is projected to decline and sales tax growth to slow, primarily the consequence of anticipated cutbacks in federal government employment, wages, and contracts resulting from deficit reduction measures. Considerable uncertainty exists, however, as to the exact nature of such cuts or when they might materialize.
- In FY 2012 and FY 2013 taxes represent a slightly higher share of Personal Income than in the two prior fiscal years.

**Table 31. DC Tax Revenue (before earmarks) for FY 2011 through FY 2013: February 2012 revenue estimate**

Tax	FY level (\$ million)			Change from prior year (\$ M)			% change from prior year		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Real property	1,715.1	1,838.3	1,953.2	-106.4	123.2	114.9	-5.8	7.2	6.3
Deed taxes	311.2	311.1	312.4	85.6	-0.1	1.3	37.9	0.0	0.4
General sales	1,014.9	1,045.9	1,066.2	38.2	31.0	20.2	3.9	3.1	1.9
Individual income	1,296.6	1,446.4	1,406.2	186.2	149.9	-40.3	16.8	11.6	-2.8
Withholding	1,192.2	1,303.6	1,336.3	118.3	111.5	32.7	11.0	9.4	2.5
non-withholding	104.4	142.8	69.9	67.8	38.4	-72.9	185.2	36.7	-51.1
Business income	359.7	387.9	400.1	36.0	28.3	12.2	11.1	7.9	3.1
Other	627.8	586.5	583.0	80.6	-41.3	-3.5	14.7	-6.6	-0.6
Total	5,325.3	5,616.2	5,721.0	320.1	290.9	104.8	6.4	5.5	1.9

Source: ORA. February 29, 2012 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.

**Table 32. DC labor market assumptions: FY 2011 to FY 2013**

item	2011	2012	2013
Wage and salary employment	713,042	716,640	709,713
1 year change	4,858	3,598	-6,927
% change	0.7	0.5	-1.0
DC resident employment	299,158	302,526	303,932
1 year change	-1,237	3,368	1,406
% change	-0.4	1.1	0.5
Unemployment rate	10.1	10.0	10.5

Source: ORA February 2012 revenue estimate

**Table 33. DC Income and stock market assumptions:**

FY 2011 to FY 2013 ( change from prior year)			
item	2011	2012	2013
Wages and salaries earned in DC	3.4	3.1	0.7
Wages and salaries earned by DC residents	3.8	4.5	2.6
DC Personal income	5.9	3.3	2.1
S and P 500 stock index	1.8	0.0	3.9

Source: ORA February 2012 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 2005 to FY 2014**

item	2005	2006	2007	2008	2009	2010	2011	2012 est	2013 est	2014 est
<b>Tax revenue (\$ million)</b>										
Level	4,249	4,516	5,155	5,325	5,052	5,005	5,325	5,616	5,721	5,859
Change from prior year	444	267	638	170	-273	-47	320	291	105	138
<b>Percent change from prior year</b>										
Tax revenue	11.7	6.3	14.1	3.3	-5.1	-0.9	5.6	5.6	1.8	2.6
Personal Income	8.3	8.2	8.1	9.6	-0.1	3.2	5.9	3.3	2.1	3.2
<b>Tax revenue as percent of Personal Income</b>	13.5	13.3	14.0	13.2	12.5	12.0	12.1	12.3	12.3	12.2

Source: ORA. February 2012 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.

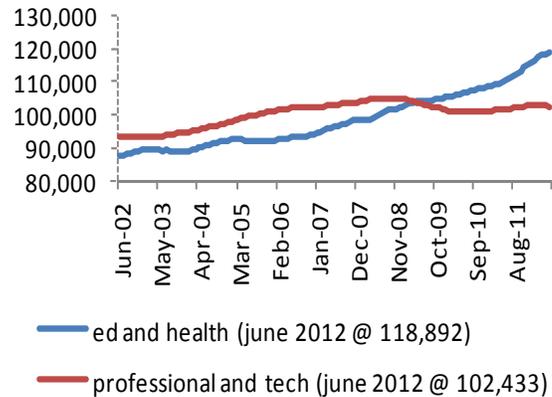
**Education and health, continued from p.1**

In the four years before 2008.2, both sectors grew by about 8,000 jobs, each accounting for about one-third of private sector net job growth. With the recession, however, professional and technical employment fell while growth in education and health accelerated. Despite its 3.5% decline in employment, however, wages and salaries earned in professional services still grew by 9.2%. In dollar terms, the gain in wages earned in professional and technical services (\$1,082 million) was greater from 2008 to 2012 than the increase in education and health (\$975 million).

Over the past eight years gains in employment have occurred throughout the major components of the education and health sector. Of the six subsectors identified in the BLS monthly report on DC employment, all grew by double digits from 2008.2 to 2012.2. The smallest percentage increases were in hospitals and schools other than colleges and universities.

—Stephen Swaim, Office of Revenue Analysis

**DC employment in (1) Education and Health and (2) Professional and Technical Services: June 2002 to June 2012 (12-month moving average)**

**DC wage and salary employment in (1) education and health, (2) professional and technical services, and (3) rest of the private sector: 2004.Q2 to 2012.Q2**

	Number of jobs			change from:		% change from:		% Distribution of all private sector jobs			% Distribution of change in jobs	
	2004.Q2	2008.Q2	2012.Q2	04 to 08	08 to 12	04 to 08	08 to 12	2004.Q2	2008.Q2	2012.Q2	04 to 08	08 to 12
Education and health	91,967	100,867	119,767	8,900	18,900	9.7	18.7	20.7	21.4	24.4	34.4	91.7
Professional and technical services	97,667	105,800	102,133	8,133	-3,667	8.3	-3.5	21.9	22.5	20.8	31.4	-17.8
All other private	255,567	264,433	269,800	8,867	5,367	3.5	2.0	57.4	56.1	54.9	34.2	26.1
Total, private sector	445,200	471,100	491,700	25,900	20,600	5.8	4.4	100.0	100.0	100.0	100.0	100.0

Source: US Bureau of Labor Statistics

**DC wages and salaries earned in (1) education and health, (2) professional and technical services, and (3) rest of the private sector: 2004.Q2 to 2012.Q1**

	wages and salaries (\$M)			change from (\$M):		% change from:		% Distribution of all private sector wages and salaries			% Distribution of change in wages	
	2004.Q2	2008.Q2	2012.Q1	04 to 08	08 to 12	04 to 08	08 to 12	2004.Q2	2008.Q2	2012.Q1	04 to 08	08 to 12
Education and health	4,224	5,121	6,096	897	975	21.2	19.0	16.0	15.3	16.4	12.9	26.6
Professional and technical services	8,815	11,785	12,867	2,970	1,082	33.7	9.2	33.3	35.3	34.7	42.7	29.5
All other private	13,402	16,496	18,101	3,094	1,605	23.1	9.7	50.7	49.4	48.8	44.4	43.8
Total, private sector	26,441	33,402	37,064	6,961	3,662	26.3	11.0	100.0	100.0	100.0	100.0	100.0

Source: US Bureau of Economic Analysis. Data is available only through the first quarter of 2012.

**Education and health wage and salary employment by subsector: 2004.Q2 to 2012.Q2**

	number of jobs			change from:		% change from:	
	2004.Q2	2008.Q2	2012.Q2	04 to 08	08 to 12	04 to 08	08 to 12
Colleges, universities, and professional schools	29,933	33,333	40,267	3,400	6,933	11.4	20.8
Other (incl. DC charter schools)	9,633	12,100	13,500	2,467	1,400	25.6	11.6
<b>Education</b>	<b>39,567</b>	<b>45,433</b>	<b>53,767</b>	<b>5,867</b>	<b>8,333</b>	<b>14.8</b>	<b>18.3</b>
Ambulatory	10,233	12,833	16,133	2,600	3,300	25.4	25.7
Hospitals	23,500	24,867	27,500	1,367	2,633	5.8	10.6
Nursing and residential care	7,633	6,700	8,600	-933	1,900	-12.2	28.4
Other	11,033	11,033	13,767	0	2,733	0.0	24.8
<b>Health</b>	<b>52,400</b>	<b>55,433</b>	<b>66,000</b>	<b>3,033</b>	<b>10,567</b>	<b>5.8</b>	<b>19.1</b>
<b>Total</b>	<b>91,967</b>	<b>100,867</b>	<b>119,767</b>	<b>8,900</b>	<b>18,900</b>	<b>9.7</b>	<b>18.7</b>

Source: US Bureau of Labor Statistics

## 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](http://www.cfo.dc.gov)) under "Economy and Revenue" subcategories "Revenue," "DC Economy," "Fiscal Impact Statements," and "Studies." (OCFO Budget documents are posted under "Annual Operating Budget and Capital Plan.")

### Recent ORA reports:

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

**D.C. Tax Expenditure Report.** July 2012. Estimates the revenue loss from more than 200 abatements, credits, deductions, and exclusions offered through the personal income, corporate income, real property, sales, personal property, and other taxes. The report describes the purpose and structure (eligibility requirements, amount of benefit) of each tax expenditure, along with a discussion of possible impacts and relevant research. This report, prepared every two years, also provides information on comparable provisions in Maryland and Virginia.

**FY 2013 Proposed Budget and Financial Plan.** June 22, 2012. The revenue chapter (Chapter 4 of Volume 1, the Executive Summary) of the Annual Operating Budget presents the revenue estimates for the budget. The chapter includes details about specific DC taxes and other revenue sources and about all proposed policy changes affecting revenues.

**June Quarterly Revenue Estimate.** June 22, 2012. Letter notes that the revenue estimates for FY 2012-FY 2016 remain unchanged from the February 2012 certification.

### 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 September report has mostly July and August 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](http://www.cfo.dc.gov) (click on *Economy and Revenue, 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	July	September 21
D.C. Personal Income	BEA	4-Jul	September 25
D.C. Tax Collections	OTR/ORA	August	October 15
D.C. Housing Sales	MRIS*	August	c October 10
D.C. Commercial Office Building data	Delta Associates	4-Jul	c October 10
DC Apartment data	Reis, inc	4-Jul	c October 30
D.C. Hotel stay information	Smith Travel Research	July	c. September 30
Consumer Price Index	BLS	August	October 16
U.S. Jobs and Labor Force	BLS	July and August	October 5
U.S. GDP and Personal Income	BEA	4-Jul	October 26
S and P 500 Stock Index	Financial press	August	October 1
Interest rate on 10-Year Treasury Securities	Financial press	August	October 1
IHS Global Insight D.C. forecast	Global Insight	August	c. September 25
Moody's Economy.com D.C. forecast	Economy.com	August	c. September 25
Blue Chip Economic Indicators for the U.S.	Aspen Publishers	September	October 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](mailto: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](http://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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