

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



Vincent C. Gray, Mayor
Natwar M. Gandhi, Chief Financial Officer

Fitzroy Lee, Deputy CFO & Chief Economist
Stephen C. Swaim, Senior Economist

District of Columbia Economic and Revenue Trends: *June 2012*

Contents

Wage and salary employment ...2	
Sectors of the DC economy3	
Resident employment and unemployment 4	
Wages and income.....5	
Residential real estate.....6	
Commercial office space.....8	
Real estate construction outlook and value of transactions.....9	
Hospitality10	
US economy and inflation11	
DC tax collections.....12	
US and DC forecasts.....14	
DC revenue estimate.....16	
ORA reports & documents.....18	
About this report.....18	
ORA contact information.....18	

Assessed real property values relative to the size of DC’s economy have fallen in the last two years

The assessed value of taxable real property in the District of Columbia peaked in FY 2009 at \$153.04 billion, and declined over the next two years to \$139.29 billion in FY 2011, a 9.0% drop. The decline in value that occurred in FY 2010 and FY 2011 reflected the impact of the US recession that began in December 2007 (which is in the first quarter of FY 2008). By law, District taxable property is assessed at estimated fair market value, but the impact on DC finances was delayed because it takes about two years for changes in market values to be reflected in the assessments used as the basis for real property tax bills.

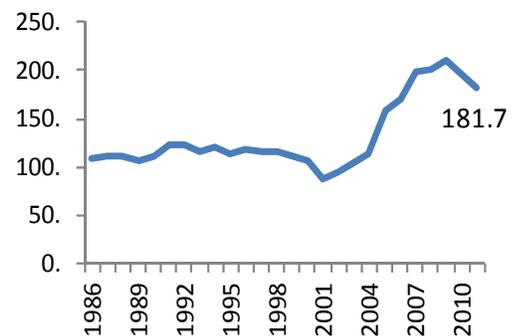
Taxable real property in the District falls into two general categories: residential and commercial. Residential (including condominiums and apartments), the larger category, was valued at \$80.06 billion in 2011, accounting for 57.5% of all assessments. Commercial property, which includes commercial office buildings, hotels, retail, and industrial properties, was valued at \$59.22 billion in FY, 42.5% of all assessments.

The assessed values of both property classes fell from FY 2009 to FY 2011. In both cases this represented something of an unwinding of the rapid growth in real property values which had occurred in the years before the recession. In these two years, residential and commercial property not only declined in value, but also in relation to broad measures of the size of the District’s economy.

For residential property the rise in value relative to DC Personal Income that occurred in the years prior to the 2007 recession was particularly striking. From FY 2004 to FY 2009 the assessed value of residential property increased by 158.5%.

For 18 years, from 1986 to 2004, the relationship of assessed value to Personal Income was fairly stable, averaging about 111%. Then in the next five years the percentage almost doubled to 210% as fair market values were heavily influenced by what is now recognized as the bubble in housing prices. The bursting of the housing price bubble was one of the principal causes of the recession. From FY 2009 to FY 2011 assessed values of DC residential property fell by 5.3%, and the relationship of those values to Personal Income fell to 181.7%. The ratio in FY 2011 was still, however, considerably above the 25 year average of 131.9%.

Assessed value of DC residential property as % of DC Personal Income: FY 1986 to FY 2011



(continued on p. 17)

Wage and salary employment

April employment up 2.0% above a year ago, all in the private sector

- April wage and salary employment in DC was up by 14,333 (2.0%) from a year earlier as measured by the 3-month moving average.
- Federal government employment for April was down by 3,367 (-1.6%). Private sector jobs were up by 17,767 (3.7%).
- Total year-over-year DC metropolitan area employment increased by 36,267 (1.2%) in April as measured by the 3-month moving average.
- There was an increase of 1.0% in suburban Washington employment in April from a year earlier.
- Seasonally adjusted wage and salary employment in DC rose by 300 (0.0%) in April from March.

Change in wage and salary employment located in DC, the DC suburbs, and the US:
April 2010 to April 2012

(% change from prior year in 3-month moving average)

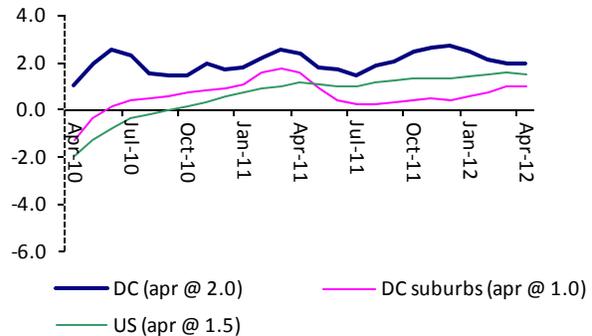


Table 1. Wage and salary employment in DC, Washington Metro area, and the US: April 2012

Jurisdiction	FY 2009	FY 2010	FY 2011	12-mo avg	3-mo average	This month
District of Columbia	701,633	708,975	722,967	732,442	735,067	738,300
1 year change	-1,092	7,342	13,992	15,125	14,333	12,900
% change	-0.2	1.0	2.0	2.1	2.0	1.8
Washington metro area	2,964,175	2,954,825	2,988,192	3,007,383	3,008,933	3,024,900
1 year change	-41,517	-9,350	33,367	27,750	36,267	34,500
% change	-1.4	-0.3	1.1	0.9	1.2	1.2
Washington suburbs (% ch)	-1.8	-0.7	0.9	0.6	1.0	1.0
US (% ch)	-3.8	-1.9	1.1	1.3	1.5	1.3

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

Source: BLS. April data is preliminary.

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

Sector	FY 2009	FY 2010	FY 2011	12-mo avg	3-month average	This month
Federal government	198,050	208,233	213,275	211,517	208,800	208,900
1 year change	5,283	10,183	5,042	-1,075	-3,367	-3,100
% change	2.7	5.1	2.4	-0.5	-1.6	-1.5
Private sector	462,942	464,000	474,467	485,908	492,067	495,200
1 year change	-5,467	1,058	10,467	17,283	17,767	15,900
% change	-1.2	0.2	2.3	3.7	3.7	3.3

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

Table 3. Seasonally adjusted DC Employment: October 2011 to April 2012

Indicator	Oct	Nov	Dec	Jan	Feb	Mar	Apr
D.C. Wage and Salary employment	734,700	737,600	737,700	733,100	734,600	738,700	739,000
change from prior month	1,700	2,900	100	-4,600	1,500	4,100	300
% change from prior month	0.2	0.4	0.0	-0.6	0.2	0.6	0.0

Source: BLS seasonally adjusted. April is preliminary

Education, health, and organizations led April job growth

- In April education gained 6,600 jobs over last year, health services 3,467, and organizations 1,700 as measured by 3-month moving averages. (Education includes DC public charter schools.)
- Other private industries showing gains over the year included construction, temporary employment, and food services.
- Private sector industries losing jobs included legal and other professional services and information.
- Local government declined by 67.

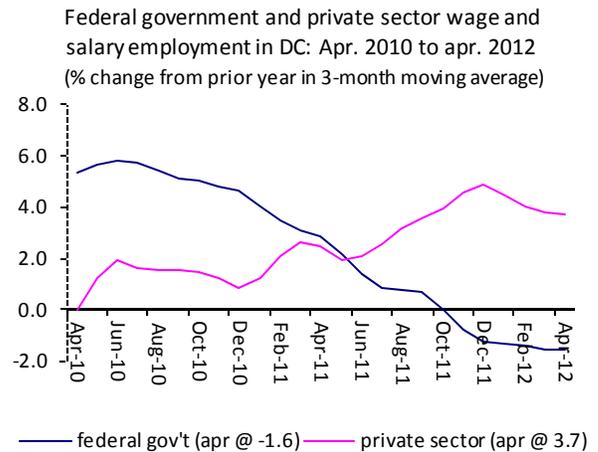


Table 4. Wage and salary employment located in DC: April 2012

Industry sector	3-month moving average				12-mo. moving avg: % change	Sector % of all DC jobs, Apr 2012	DC share (%) in Apr 2012 of all sector jobs in:			Change from Apr 2011 to Apr 2012 in DC share of sector jobs in:	
	1 year change						metro area	US	metro area	US	
	Apr 2011	Apr 2012	Amount	%							
Federal government	212,167	208,800	-3,367	-1.6	-0.5	28.4	55.0	7.43	-0.43	0.01	
Local government	34,267	34,200	-67	-0.2	-3.0	4.7	10.8	0.17	-0.29	0.00	
Legal services	30,233	30,167	-67	-0.2	-2.2	4.1	na	2.71	na	-0.02	
Other Professional and technical	71,867	71,400	-467	-0.6	2.6	9.7	21.3	1.04	-0.30	-0.05	
Employment services	13,067	14,533	1,467	11.2	8.9	2.0	37.3	0.48	3.33	0.01	
Other Business services	33,400	34,233	833	2.5	1.3	4.7	19.8	0.52	0.84	0.01	
Information	18,600	18,300	-300	-1.6	-0.8	2.5	23.0	0.70	-0.09	0.00	
Finance	26,667	26,733	67	0.2	0.8	3.6	18.0	0.35	-0.47	0.00	
Organizations	59,167	60,867	1,700	2.9	3.5	8.3	37.9	2.11	1.37	0.05	
Education	52,133	58,733	6,600	12.7	12.6	8.0	55.2	1.69	2.58	0.15	
Health	61,600	65,067	3,467	5.6	4.3	8.9	23.6	0.39	0.57	0.01	
Food service	38,967	40,200	1,233	3.2	5.0	5.5	20.6	0.41	-0.41	0.00	
Accommodations	15,033	15,767	733	4.9	3.1	2.1	38.0	0.91	1.18	0.03	
Amusement and recreation	6,700	7,133	433	6.5	1.4	1.0	21.5	0.40	0.83	0.02	
Retail trade	18,433	18,467	33	0.2	-0.4	2.5	7.4	0.13	0.15	0.00	
Wholesale trade	4,600	4,600	0	0.0	-2.0	0.6	7.3	0.08	0.05	0.00	
Construction	11,300	12,833	1,533	13.6	12.8	1.7	9.0	0.24	0.75	0.03	
Personal and miscellaneous ser.	7,300	7,900	600	8.2	2.9	1.1	na	0.32	na	0.02	
Other private	5,233	5,133	-100	-1.9	-3.1	0.7	4.7	0.03	-0.12	0.00	
Total	720,733	735,067	14,333	2.0	2.1	100.0	24.4	0.56	0.18	0.00	
<i>Public sector</i>	<i>246,433</i>	<i>243,000</i>	<i>-3,433</i>	<i>-1.4</i>	<i>-0.9</i>	<i>33.1</i>	<i>34.9</i>	<i>1.09</i>	<i>-0.72</i>	<i>-0.01</i>	
<i>Private sector</i>	<i>474,300</i>	<i>492,067</i>	<i>17,767</i>	<i>3.7</i>	<i>3.7</i>	<i>66.9</i>	<i>21.3</i>	<i>0.45</i>	<i>0.48</i>	<i>0.01</i>	
<i>Professional and all business</i>	<i>193,833</i>	<i>195,367</i>	<i>1,533</i>	<i>0.8</i>	<i>1.4</i>	<i>26.6</i>	<i>21.3</i>	<i>0.85</i>	<i>0.06</i>	<i>-0.02</i>	
<i>Education, health, and orgs.</i>	<i>172,900</i>	<i>184,667</i>	<i>11,767</i>	<i>6.8</i>	<i>6.4</i>	<i>25.1</i>	<i>32.8</i>	<i>0.61</i>	<i>1.25</i>	<i>0.04</i>	
<i>Hospitality and trade</i>	<i>83,733</i>	<i>86,167</i>	<i>2,433</i>	<i>2.9</i>	<i>2.8</i>	<i>11.7</i>	<i>14.8</i>	<i>0.26</i>	<i>0.27</i>	<i>0.00</i>	
<i>Other private sector</i>	<i>23,833</i>	<i>25,867</i>	<i>2,033</i>	<i>8.5</i>	<i>6.2</i>	<i>3.5</i>	<i>10.3</i>	<i>0.10</i>	<i>0.57</i>	<i>0.01</i>	

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

The unemployment rate fell in April

- In April DC resident employment rose 4,323 (1.4%) from a year earlier (3-mo. moving average).
- In April the unemployment rate (seasonally adjusted) fell to 9.5%, and seasonally adjusted resident employment rose 0.5% from March, the 9th monthly increase in a row.
- Initial unemployment insurance claims were down 8.2% from a year earlier (3-mo. moving average).

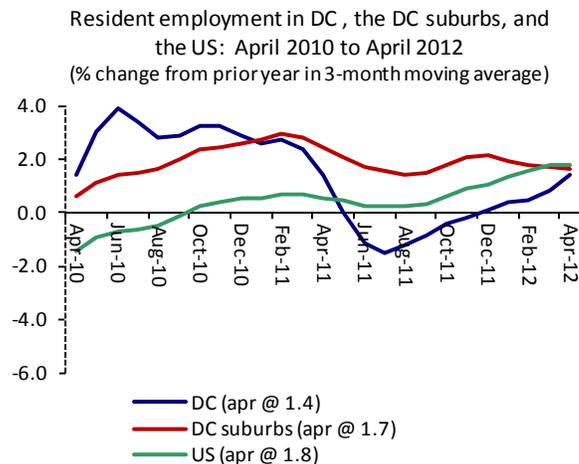
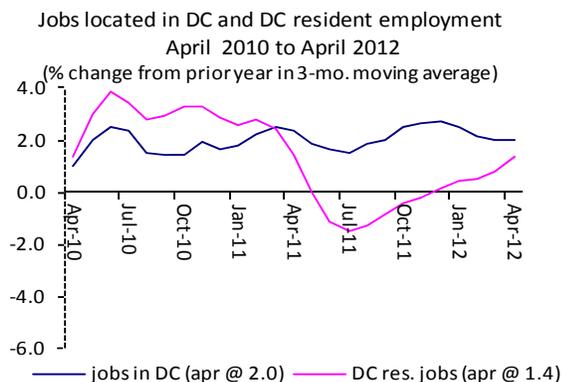


Table 5. Unemployment rates for DC, metro area, and US:

April 2012

(percent of labor force)

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	Apr 2011	Apr 2012	Apr 2011	Apr 2012
US	8.7	7.7	9.0	8.1
DC metro area	5.4	5.1	na	na
DC	9.4	8.3	10.1	9.5
DC suburbs	4.9	4.7	na	na

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

Table 6. Resident employment and unemployment: April 2012

Indicator	FY 2009	FY 2010	FY 2011	3-month		
				12-mo avg	average	This month
DC Labor force summary						
Resident employment	303,384	306,551	308,968	310,280	314,620	317,468
1 year change	-9,541	3,166	2,417	-124	4,323	7,228
% change	-3.0	1.0	0.8	0.0	1.4	2.3
Labor Force	333,366	341,501	344,244	345,167	347,033	346,137
1 year change	452	8,135	2,743	332	3,062	3,710
% change	0.1	2.4	0.8	0.1	0.9	1.1
Unemployed	29,981	34,950	35,277	34,888	32,413	28,669
1 year change	9,993	4,969	327	456	-1,261	-3,518
% change	50.0	16.6	0.9	1.3	-3.7	-10.9
Unemployment rate	9.0	10.2	10.2	10.1	9.3	8.3
DC Unemployment insurance (state program)						
Initial claims (monthly avg.)	2,203	1,799	2,101	1,867	1,505	1,584
1 year change	688	-404	302	-138	-135	-101
% change	45.4	-18.3	16.8	-6.9	-8.2	-6.0
Weeks compensated (m o. avg.)	54,474	53,592	46,423	46,326	42,800	39,782
1 year change	19,736	-881	-7,169	-1,666	-3,965	-1,486
% change	56.8	-1.6	-13.4	-3.5	-8.5	-3.6

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: October 2011 to April 2012

Indicator	Oct	Nov	Dec	Jan	Feb	Mar	Apr
DC Resident employment	308,525	309,541	310,557	312,157	313,554	314,789	316,417
change from prior month	1,029	1,016	1,016	1,600	1,397	1,235	1,628
% change from prior month	0.3	0.3	0.3	0.5	0.4	0.4	0.5
DC Unemployment rate (%)	10.3	10.2	10.1	9.9	9.8	9.8	9.5

Source: BLS seasonally adjusted. April is preliminary

Wage gains continued in the December quarter

- Wages earned in the District of Columbia were 4.4% higher in the December quarter compared to the same quarter of 2010.
- In the December quarter, estimated wages of DC residents grew 5.7%, and DC Personal Income grew 5.0%.
- In the December quarter, the private sector accounted for \$2.51 billion (95%) of the increase in wages earned in DC.

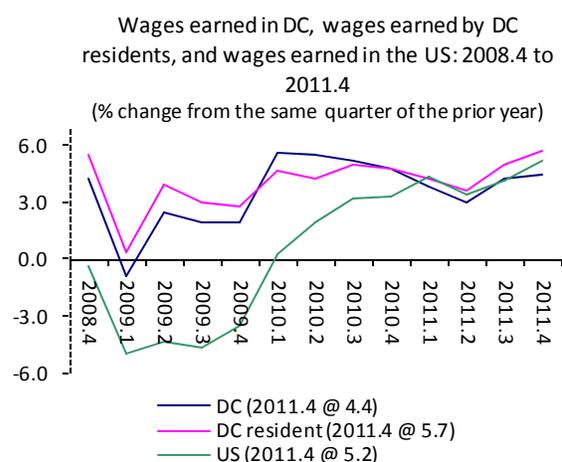


Table 8. DC Wages and Personal Income: December 2011

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

Indicator	FY 2009	FY 2010	FY 2011	4-quarter moving average	Latest quarter (Dec.)
Wages and salaries earned in DC	55.33	57.87	60.16	60.82	61.78
1 year change	1.06	2.55	2.29	2.27	2.63
% change	2.0	4.6	4.0	3.9	4.4
Supplements to wages & salaries	16.23	17.09	17.59	17.67	17.73
% change	5.8	5.3	2.9	2.2	1.9
Proprietors' income earned by DC residents*	5.33	5.40	5.98	6.04	6.14
% change	-6.9	1.4	10.7	7.6	4.0
Wages and salaries of DC residents***	21.30	22.19	23.17	23.50	23.99
change from one year ago	0.66	0.89	0.98	1.04	1.30
% change	3.2	4.2	4.4	4.7	5.7
Income earned by DC residents	29.9	31.1	32.9	33.4	34.0
% change	1.7	3.9	6.1	5.8	5.8
Property income of DC residents	5.98	5.67	6.01	6.10	6.15
% change	-11.0	-5.2	6.0	5.9	5.9
Pensions and other transfer payments of DC res.	4.69	5.28	5.67	5.67	5.67
% change	10.7	12.6	7.4	4.1	-0.1
DC Personal Income**	40.58	42.01	44.63	45.18	45.82
1 year change	0.22	1.43	2.62	2.41	2.20
% change	0.5	3.5	6.2	5.6	5.0
US Personal income (% change from prior year)	-3.1	1.5	5.3	5.1	4.6
US Wages and salaries(% change from prior year)	-3.5	0.5	3.8	4.3	5.2
<i>Addendum: Change from prior year in wages earned in DC by sector</i>					
Private sector (1 yr ch, \$B)	-0.18	0.59	1.78	2.03	2.51
Federal government (1 yr ch, \$B)	1.03	1.91	0.66	0.42	0.27
DC res. wages as % of wages earned in DC	38.5	38.3	38.5	38.6	38.8

* 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 December were released March 30, 2012

Single family and condominium home sales

May selling prices were higher

- The May 3-month moving total of single family home sales was down 7.3% from a year earlier, but the average selling price was 12.3% higher.
- May condominium sales were 15.1% above a year earlier as measured by the 3-month moving total; average selling price was 4.3% higher.
- The total value of all home sales in May was 9.4% more than a year earlier as measured by the 3-month moving total.
- May year to date median prices were up 18.1% for single family units, and up 3.7% for condominiums.
- The ratio of inventory to sales fell to 1.9 for single family units. (3-mo. moving average).

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

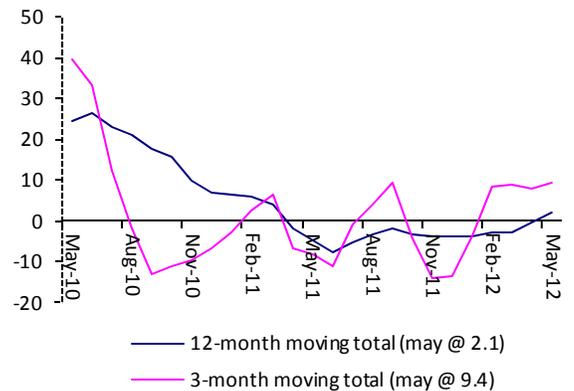


Table 9. D.C. Residential Real Estate Indicators: May 2012

Indicator	FY 2008	FY 2009	FY 2010	FY 2011	12-mo moving		
					total or average	3-mo moving total or average	This month
Number of sales (settled contracts)							
Single family	3,022	3,259	4,084	3,800	3,601	946	362
1 year change	-734	237	825	-284	-253	-74	-15
% change	-19.5	7.8	25.3	-7.0	-6.6	-7.3	-4.0
Condo	2,796	2,590	2,884	2,469	2,623	791	283
1 year change	-1,042	-206	294	-415	156	104	42
% change	-27.1	-7.4	11.4	-14.4	6.3	15.1	17.4
Total	5,818	5,849	6,968	6,269	6,224	1,737	645
1 year change	-1,776	31	1,119	-699	-97	30	27
% change	-23.4	0.5	19.1	-10.0	-1.5	1.8	4.4
Average prices of units that sold							
Single family (\$)	667,367	597,269	538,395	601,026	620,627	656,190	711,785
1 year change	9,480	-70,098	-58,874	62,631	40,855	72,062	117,416
% change	1.4	-10.5	-9.9	11.6	7.0	12.3	19.8
Condo (\$)	412,234	359,952	414,030	423,365	426,457	436,624	454,542
1 year change	6,803	-52,283	54,078	9,336	592	18,196	35,574
% change	1.7	-12.7	15.0	2.3	0.1	4.3	8.5
Total value of all sales (\$ million)							
	3,169.4	2,878.8	3,392.9	3,329.2	3,353.5	966.1	386.3
1 year change	-857.7	-290.6	514.1	-63.7	68.4	82.9	61.3
% change	-21.3	-9.2	17.9	-1.9	2.1	9.4	18.8
Ratio: active inventory to sales							
Single family	6.0	5.2	3.4	3.3	2.6	1.9	1.8
Condo	5.7	5.7	4.6	4.9	3.6	2.5	2.6

Median contract prices, CY to date in May 2012: single family \$490,000 (18.1% 1 yr ch); condo \$375,000 (3.7% 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

Higher priced single family home sales up sharply in May

• Sales of single family units at prices above \$1 million were up 17.9% in May from a year ago as measured by the 3-month moving total.

• In March the quarterly Federal Housing Finance Agency house price index for DC was 4.7% over a year ago. For the US, there was a 1.3% decline.

• In the March quarter, occupied apartment units rose 1,250 (1.5%) and rents rose 3.3% from a year earlier.

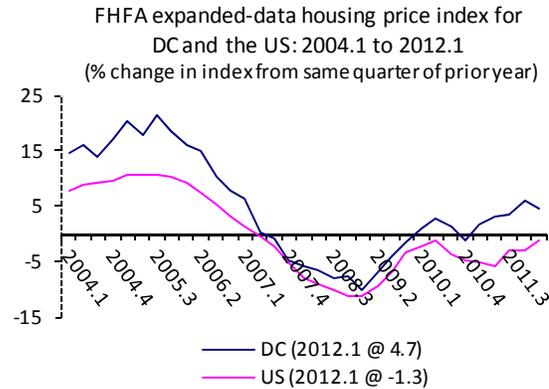


Table 10. D.C. Single family and condominium home sales at prices of \$1 million or more: May 2012

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	465	145	67
1 year change	-18	-102	85	71	-6	22	16
% change	-4.0	-23.4	25.5	17.0	-1.3	17.9	31.4
percent of all single family sales	14.4	10.2	10.2	12.9	12.9	15.3	18.5
Condominiums	77	62	89	87	81	23	13
1 year change	-28	-15	27	-2	-7	6	7
% change	-26.7	-19.5	43.5	-2.2	-8.0	35.3	116.7
percent of all condominium sales	2.8	2.4	3.1	3.5	3.1	2.9	4.6

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 2012

Indicator	Fiscal year average				Quarter				
	FY 2008	FY 2009	FY 2010	FY 2011	2011.1	2011.2	2011.3	2011.4	2012.1
% change from prior year in value of index									
DC	-6.3	-7.2	0.9	1.8	1.8	3.0	3.4	5.8	4.7
US	-8.0	-9.8	-2.6	-4.7	-5.2	-5.8	-2.9	-2.9	-1.3

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	10.1	8.9	11.0	-6.6	13.6
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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: March 31, 2012

Indicator	Sep. 30 2008	Sep. 30 2009	Sep. 30 2010	Sep. 30 2011	Latest Q (March 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	477		
% change	1.5	1.9	1.0	0.8	0.5		
Occupied units	81,521	81,964	82,965	84,125	84,935	274	0.3
1 year change	702	443	1,001	1,160	1,250		
% change	0.9	0.5	1.2	1.4	1.5		
Vacant units	3,906	5,126	5,005	4,585	3,913	-274	-6.5
1 year change	539	1,220	-121	-420	-773		
% change	16.0	31.2	-2.4	-8.4	-16.5		
% of inventory	4.6	5.9	5.7	5.2	4.4		
Average effective monthly rent	\$1,340	\$1,342	\$1,380	\$1,422	\$1,454	\$14	2.6
% change from 1 year	4.0	0.1	2.8	3.0	3.3		

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 March

●For the quarter ending March, the vacancy rate for DC commercial office space rose to 8.0% (without sublet space), and to 8.9% (with sublet space). (In December the rates were 7.7% and 8.4%, respectively.)

●DC's vacancy rate with sublet space in March was below the 12.5% rate for the metropolitan area.

●Occupied space increased in the March quarter by 0.35 million square feet (0.3%) from a year earlier.

●Space under construction increased slightly in the last quarter, and is up 13.4% from a year ago.

●In the December quarter, average effective rents for class A office space leases were up 0.9% from a year earlier.

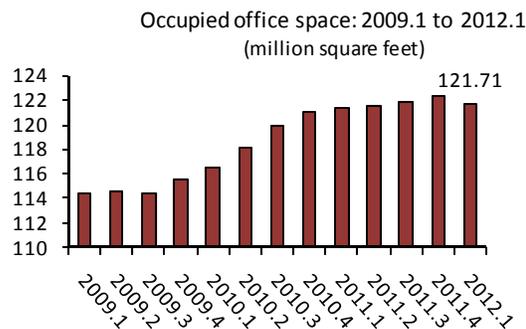


Table 13. Commercial office space in DC: March 31, 2012

(In millions of square feet, unless noted otherwise)

Indicator	Sep. 30	Sep. 30	Sep. 30	Sep. 30	last quarter (Mar. 2012)		
	2008	2009	2010	2011	Level	1 Q ch	% ch
Inventory	123.60	127.45	131.95	133.50	133.60	0.07	0.1
1 year change	1.19	3.86	4.49	1.56	1.11		
% change	1.0	3.1	3.5	1.2	0.8		
Occupied space	115.44	114.45	119.94	121.89	121.71	-0.60	-0.5
1 year change	0.13	-0.99	5.49	1.95	0.35		
% change	0.1	-0.9	4.8	1.6	0.3		
Leased space	116.29	116.25	121.35	123.06	122.88	-0.21	-0.2
Under construction	10.60	5.75	2.14	2.42	2.95	0.12	4.1
1 year change	2.68	-4.85	-3.60	0.27	0.35		
% change	33.9	-45.8	-62.7	12.7	13.4		
% of inventory	8.6	4.5	1.6	1.8	2.21		
Vacant (no sublet)	7.31	11.20	10.60	10.44	10.72	0.28	2.7
% of inventory	5.9	8.8	8.0	7.8	8.0		
Vacant (w sublet)	8.16	13.00	12.01	11.61	11.89	0.67	6.0
1 year change	1.06	4.84	-0.99	-0.39	0.76		
% ch from one year	14.9	59.4	-7.6	-3.3	6.8		
DC area vacancy rates (with sublet)							
District of Columbia	6.6	10.2	9.1	8.7	8.9	0.5	
Northern Virginia	11.9	13.5	13.4	13.5	14.4	0.6	
Suburban Maryland	11.5	14.6	14.5	14.2	14.1	-0.3	
DC Metropolitan area	10.1	12.6	12.2	12.1	12.5	0.4	

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: 2008.4 to 2011.4

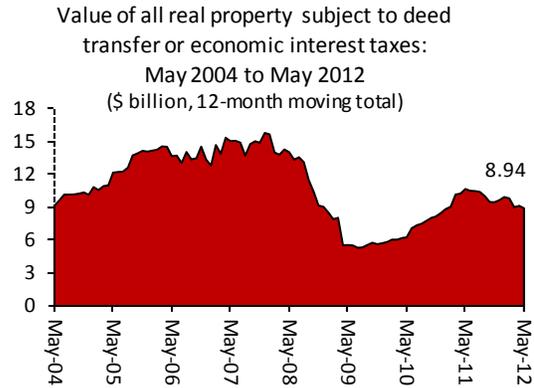
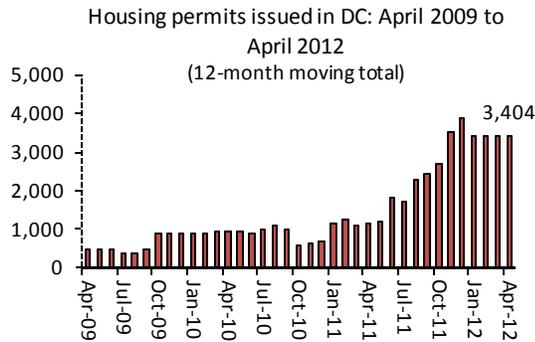
Indicator	\$ per square foot of gross floor space during 6-month period ending on date shown:						
	2008.4	2009.2	2009.4	2010.2	2010.4	2011.2	2011.4
Average effective rent	46.25	45.75	43.30	40.70	40.10	39.80	40.45
% ch from prior year	1.1	-1.1	-6.4	-11.0	-7.4	-2.2	0.9
Average value of improvements for tenants	57.00	60.00	65.00	80.00	80.00	80.00	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 May the three month total value of property transfers was down 30% compared to last year

- For the 12-month period ending April, 3,404 housing unit building permits were issued, a 202.3% increase over the prior 12-month period.
- Delta Associates expects DC's office vacancy rate (including sublet) to rise (to 9.7%) over the next two years.



- Reis expects 4,999 new apartment units to be added to inventory in CY 2012 and CY 2013, and occupancy to grow by 5,573.
- The value of May property transfers was up down 29.8% from last year as measured by the 3-month moving total. The 12-month moving total was 16.6% less.

Table 15. Housing unit building permits issued in DC: April 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	3,404	261	35
change from 1 year ago	-1,506	-191	487	1,473	2,278	-11	5
% change from 1 year	-68.6	-27.7	97.6	149.4	202.3	-4.0	16.7

Source: Census Bureau (permits issued during period).

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

Indicator	DC	No VA	Sub MD	Total	DC % of total
Inventory March 2012					
Inventory (msf)	133.6	179.1	88.6	401.3	33.3
vacancy rate (%)	8.9	14.4	14.1	12.5	
Estimated net activity to March 2014					
new supply (msf)	3.3	2.4	2.4	8.1	40.7
new demand (msf)	1.9	3.5	1.6	7.0	27.1
Estimated Inventory March 2014					
vacancy rate (%)	9.7	13.6	14.6	12.5	

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	90,318	1,470	4.0	86,729	2,068
2013 est	93,847	3,529	3.8	90,234	3,505
2014 est	97,374	3,527	4.1	93,401	3,167
2015 est	99,182	1,808	3.7	95,482	2,081
2016 est	100,564	1,382	3.4	97,186	1,704

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

Table 18. Market Value of Real Property transfers subject to the Deed Transfer or Economic Interest tax: May 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	8,944.8	2,163.1	715.5
change from one year ago (\$M)	-3,307.6	-5,936.1	2,197.9	2,270.4	-1,777.2	-919.3	-235.6
% change from 1 year ago	-22.3	-51.5	39.3	29.1	-16.6	-29.8	-24.8

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

April indicators for hotel stays and rates are just slightly lower than a year ago

● In April the 3-month moving total for hotel room-days sold was 0.5% lower than a year earlier; and the average room rate was 0.3% higher leading to a 0.2% decline in room revenue.

● Employment in food services was 3.2% higher in April than a year earlier as measured by the 3-month moving average. Hotel employment rose 4.9%, and retail gained 0.2%.

● March airline traffic into the DC area was up 1.2% from a year earlier as measured by the 3-month moving total. Reagan National Airport gained 2.2%.

Hotel room-days sold: Apr. 2010 to Apr. 2012
(% change from prior year in 3-month and 12-month moving totals)

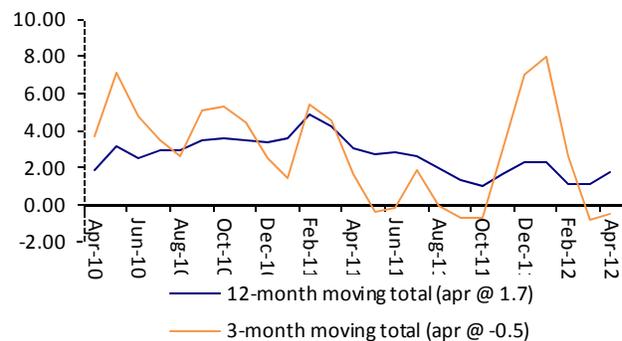


Table 19. Hospitality Industry: March and April 2012

Indicator	Units	date	FY 2009	FY 2010	FY 2011	3-month		
						12-mo total or average*	moving total or average*	This month
Hotel stays								
Hotel room -days sold	('M)	apr	7.123	7.370	7.466	7.579	1.930	0.711
	1 yr ch		-0.003	0.248	0.096	0.129	-0.009	0.009
	1 yr % ch		0.0	3.5	1.3	1.7	-0.5	1.2
Average room rate	\$	apr	203.16	199.12	206.64	205.86	216.86	225.73
	1 yr ch		-5.83	-4.05	7.52	3.02	0.58	5.69
	1 yr % ch		-2.8	-2.0	3.8	1.5	0.3	2.6
Occupancy rate (average)	%	apr	73.1	73.8	74.3	75.1	78.4	85.8
	1 yr ch		-1.1	0.7	0.5	0.7	-0.7	1.1
	1 yr % ch		-1.5	0.9	0.7	0.9	-0.9	1.3
Room revenue	(\$M)	apr	1,447.0	1,467.5	1,542.9	1560.3	418.5	160.5
	1 yr ch		-42.0	20.5	75.3	49.1	-0.8	6.0
	1 yr % ch		-2.8	1.4	5.1	3.3	-0.2	3.9
Airline passengers								
DCA	1 yr % ch	mar	-2.9	0.5	6.2	2.6	2.2	0.5
IAD	1 yr % ch	mar	-4.4	1.2	0.6	-2.5	-0.9	-1.0
BWI	1 yr % ch	mar	-3.3	4.6	4.2	1.1	2.6	1.1
Total	1 yr % ch	mar	-3.6	2.1	3.4	0.2	1.2	0.2
Convention Center Transfer								
	\$ M	apr	91.5	94.4	98.0	101.6	25.8	9.2
	1 yr ch		0.0	2.8	3.6	5.4	4.6	-0.2
	1 yr % ch		0.0	3.1	3.9	5.6	21.8	-2.6
Employment								
Accommodations	level ('000)	apr	15.0	15.3	15.3	15.7	15.8	15.9
	1 yr ch		-0.2	0.3	0.0	0.5	0.7	0.3
	1 yr % ch		-1.2	2.0	0.0	3.1	4.9	1.9
Food and bev	level ('000)	apr	35.9	37.0	39.0	40.0	40.2	40.8
	1 yr ch		0.5	1.2	1.9	1.9	1.2	0.3
	1 yr % ch		1.4	3.3	5.2	5.0	3.2	0.7
Arts and entertain.	level ('000)	apr	7.1	7.0	6.8	7.0	7.1	7.7
	1 yr ch		0.2	-0.1	-0.2	0.1	0.4	0.3
	1 yr % ch		2.7	-1.5	-2.6	1.4	6.5	4.1
Retail	level ('000)	apr	17.8	18.3	18.5	18.5	18.5	18.5
	1 yr ch		-0.6	0.5	0.2	-0.1	0.0	-0.1
	1 yr % ch		-3.5	3.0	1.0	-0.4	0.2	-0.5

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

Source: Smith Travel Research (hotel data); BLS (employment); Airport authorities (airline passengers); OCF/OFR (Convention Center transfer; April collections are based on March sales data)

May job gains were the fewest in a year, and the stock market has lost ground two months in a row

• March was the 11th consecutive quarter of real GDP growth; the 1.9% gain in the March quarter (revised downward from 2.2%) was below the average for all of those quarters.

• US employment (seas. adj.) increased by just 69,000 in May.

• The US unemployment rate (seasonally adj.) rose to 8.2% in May.

• In May the S & P 500 index lost 3.3% from April and was just 0.2% above a year ago.

• The April CPI was 2.3% above a year earlier (sa), the smallest year-over-year increase in 14 months.

Quarterly change in US Real and Nominal GDP: 2009.1 to 2012.1

(% change from the previous quarter at annual rates)

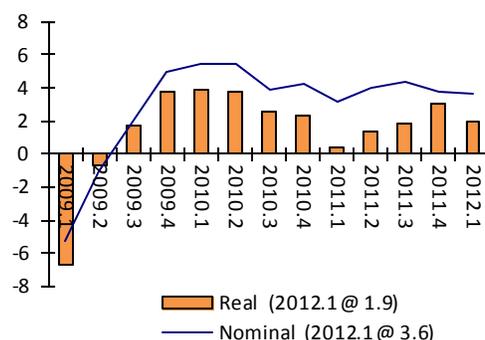


Table 20. US GDP, income, corporate profits, and inflation: 2012.1 and April 2012

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

Indicator	Date of latest indicator		FY 2008	FY 2009	FY 2010	FY 2011	12-mo avg	2012.1	Apr 2012
US GDP real	2012.1	1 yr % ch	1.1	-4.2	2.1	2.1	1.7	2.0	
US GDP nominal	2012.1	1 yr % ch	3.4	-2.8	3.0	4.1	3.9	3.9	
US Personal income	2012.1	1 yr % ch	5.6	-3.1	1.5	5.3	4.2	2.9	
US wages	2012.1	1 yr % ch	3.4	-3.5	0.5	3.8	3.8	3.5	
Corporate profits	2012.1	1 yr % ch	-11.2	-11.6	42.6	10.5	7.3	6.7	
S and P stock index	apr	1 yr % ch	-5.7	-34.3	23.7	13.8	5.9	3.6	0.2
US CPI	apr	1 yr % ch	4.4	-0.3	1.7	2.7	3.2	2.8	2.3
Balt//Wash. area CPI	mar	1 yr % ch	5.0	0.3	1.7	3.0	3.3	na	2.8

Source: BEA (data revised as of May 31, 2012), BLS, and Yahoo finance.

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: 2010.3 to 2012.1

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

Indicator	units	calendar year quarter						
		2010.3	2010.4	2011.1	2011.2	2011.3	2011.4	2012.1
US GDP real	% ch from prior Q at saar	2.5	2.3	0.4	1.3	1.8	3.0	1.9
US GDP nominal	% ch from prior Q at saar	3.9	4.2	3.1	4.0	4.4	3.8	3.6
Wages and salaries	% ch from prior Q at saar	3.4	1.4	6.2	2.4	6.5	1.7	3.2
Personal income	% ch from prior Q at saar	4.1	4.0	8.6	3.4	3.1	1.5	3.4

Note: GDP=Gross Domestic Product saar=seasonally adjusted at annual rate Source: BEA, updated on May 31, 2012

Table 22. Monthly change in selected US Indicators: November 2011 to May 2012

Indicator	Nov	Dec	Jan	Feb	Mar	Apr	May
S and P stock index (level)	1226	1243	1301	1352	1389	1386	1341
% change from prior month	1.6	1.4	4.6	4.0	2.7	-0.2	-3.3
% change from 1 year ago	2.3	0.1	1.4	2.4	6.5	4.1	0.2
10 yr. Treasury Interest rate (level)	2.01	1.96	1.94	1.96	2.16	2.03	1.79
CPI % ch from prior month (seasonally adjusted)	0.09	0.01	0.21	0.41	0.29	0.03	
CPI % ch from prior year (seasonally adjusted)	3.45	3.00	2.93	2.89	2.65	2.30	
Jobs (seasonally adjusted level, in millions)	131.96	132.19	132.46	132.72	132.86	132.94	133.01
change from prior month (thousands)	157	223	275	259	143	77	69
% change from prior month	0.12	0.17	0.21	0.20	0.11	0.06	0.05
Resident employment (season. adj. level, in mil.)	140.61	140.79	141.64	142.07	142.03	141.87	142.29
change from prior month (thousands)	317	176	847	428	-31	-169	422
% change from prior month	0.23	0.13	0.60	0.30	-0.02	-0.12	0.30
Unemployment rate (seasonally adj.)	8.7	8.5	8.3	8.3	8.2	8.1	8.2

Source: BLS and Yahoo! Finance.

DC tax collections

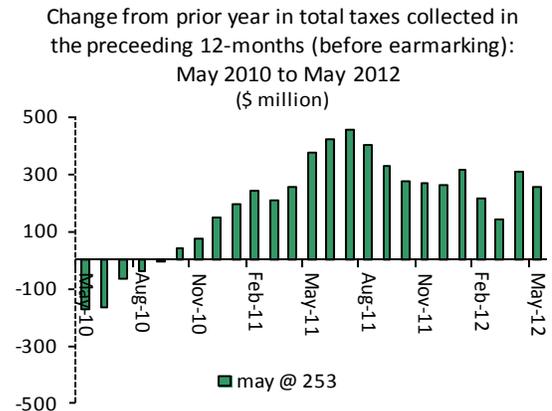
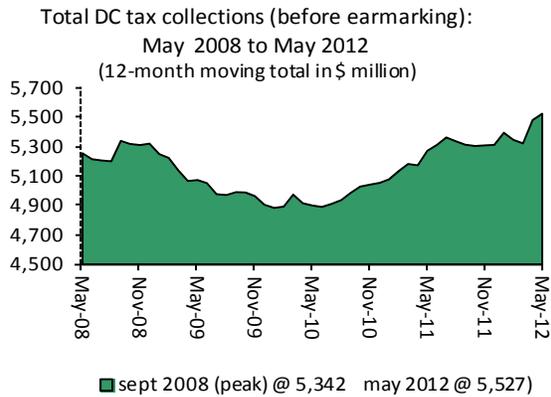


Table 23. Tax Collections (before earmarking): May 2012 (Preliminary)

(\$ 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	4,992.9	4,988.8	5,315.7	5,527.1	1,987.5	425.4
1 year change	224.8	-349.4	-4.2	326.9	252.6	178.2	43.2
% change	4.4	-6.5	-0.1	6.6	4.8	9.8	11.3
Real property	1,684.8	1,798.7	1,834.8	1,707.0	1,768.0	919.6	37.1
1 year change	241.2	113.9	36.0	-127.8	-17.1	112.9	30.7
% change	16.7	6.8	2.0	-7.0	-1.0	14.0	481.3
General sales	1,011.6	945.8	916.6	974.9	1,055.0	284.6	93.6
1 year change	52.8	-65.8	-29.2	58.3	102.8	45.2	15.4
% change	5.5	-6.5	-3.1	6.4	10.8	18.9	19.7
Individual income	1,353.2	1,143.3	1,139.8	1,314.6	1,374.9	401.7	181.4
1 year change	40.1	-209.9	-3.6	174.9	130.7	65.0	36.1
% change	3.1	-15.5	-0.3	15.3	10.5	19.3	24.8
withholding	1,004.2	1,037.3	1,103.3	1,207.6	1,237.0	341.9	120.9
1 year change	29.5	33.1	65.9	104.3	56.2	35.7	17.0
% change	3.0	3.3	6.4	9.5	4.8	11.6	16.4
non-withholding	349.0	106.0	36.5	107.1	137.8	59.8	60.5
1 year change	10.7	-243.0	-69.5	70.5	74.5	29.4	19.1
% change	3.2	-69.6	-65.6	193.2	117.6	96.5	46.1
Corporate income	289.8	202.5	197.3	251.8	271.3	105.1	8.2
1 year change	39.1	-87.3	-5.2	54.6	45.7	17.4	-7.5
% change	15.6	-30.1	-2.6	27.7	20.3	19.9	-47.7
Unincorporated Bus.	128.9	122.4	120.7	143.0	165.6	67.1	27.9
1 year change	-37.5	-6.5	-1.7	22.3	40.5	15.8	12.5
% change	-22.5	-5.0	-1.4	18.4	32.4	30.7	81.5
Deed taxes*	323.2	187.4	225.6	314.1	283.4	56.2	25.9
1 year change	-118.8	-135.8	38.2	88.5	-47.4	-58.3	-25.6
% change	-26.9	-42.0	20.4	39.2	-14.3	-50.9	-49.7
Other taxes	550.7	592.8	554.0	610.2	609.1	153.1	51.2
1 year change	7.9	42.1	-38.8	56.2	-2.5	-19.9	-18.4
% change	1.5	7.6	-6.5	10.2	-0.4	-11.5	-26.4

* 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/ORR

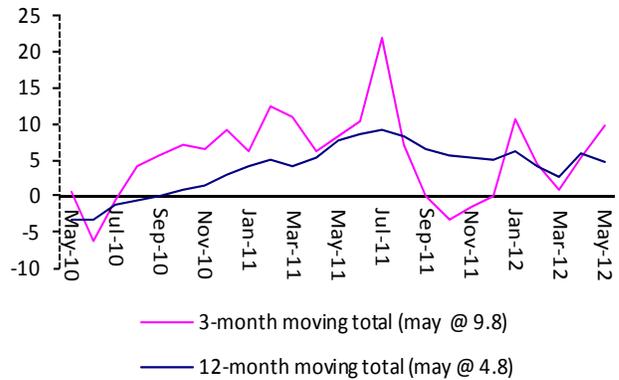
Tax collections continued to gain in May

• For the 12-month period ending May, tax collections (before earmarking) were \$253 million (4.8%) more than a year earlier. Collections grew at a 6.6% rate in FY 2011.

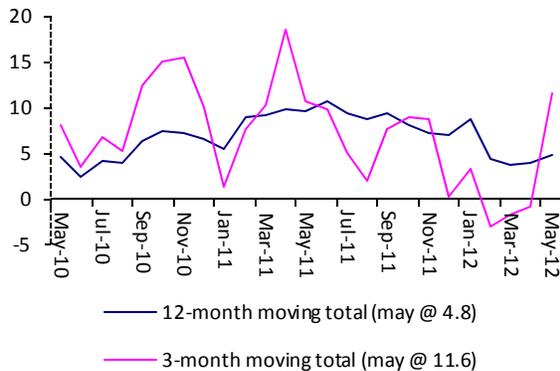
• In May the 3-month moving total for sales taxes was up 18.9% from last year, and withholding was up 11.6%. (These collection amounts may be influenced by timing of payment processing.)

• Deed tax payments to the DC Recorder of Deeds for transfers, recordation, and economic interest were down 31.0% from the prior year for the 3 months ending May.

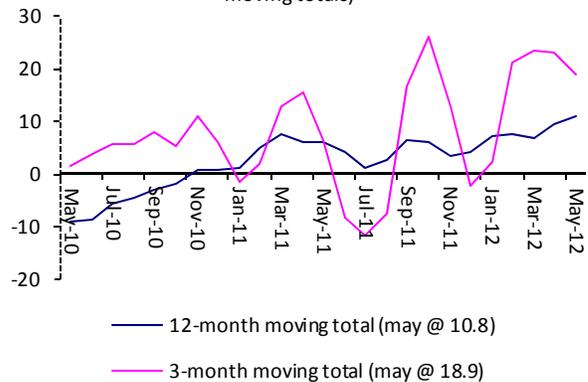
DC Tax Collections (before earmarking):
May 2010 to May 2012
(% change in 3-month and 12-month moving totals)



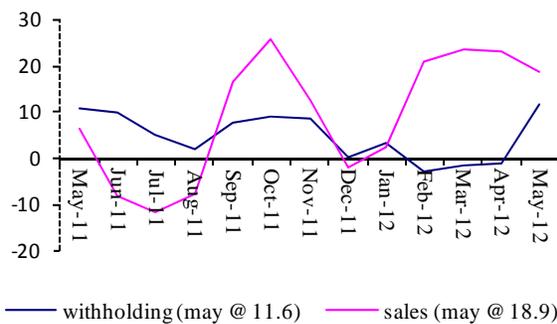
Withholding collections: May 2010 to May 2012
(% change from prior year in 3-month and 12-month moving totals)



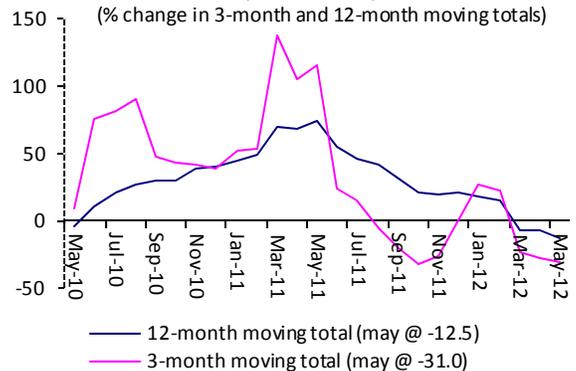
Sales tax collections: May 2010 to May 2012
(% change from prior year in 3-month and 12-month moving totals)



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



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



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

US economic forecasts

The June Blue Chip Indicators cut its outlook for the US economy for both FY 2012 and FY 2013

- The June Blue Chip Indicators reduced its FY 2012 forecast for real GDP to 2.0%, with a lower increase of 2.2% forecast for FY 2013. Almost 25% of the 50 economists surveyed say there will be a US recession within 12 months.
- In June the Blue Chip Indicators cut both its inflation and interest rate forecasts for FY 2012 and FY 2013. The forecast is for a 1.5% increase in the CPI and a 2.4% interest rate for 10 year Treasury securities in FY 2013.
- S and P 500: For the last quarter of calendar year 2012, the Global Insight and Economy.com May forecasts made little change. Their pessimistic forecasts diverge sharply: 13.1% growth for Economy.com and an 11.2% decline for Global Insight.

Table 24. Forecasts for US nominal and real GDP:

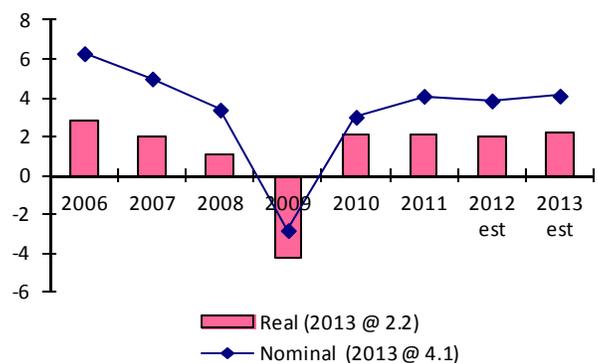
FY 2011 through FY 2013 (% change from prior fiscal year)

Forecast and date	real			nominal		
	2011	2012	2013	2011	2012	2013
Congressional Budget Office						
January 2011	2.5	3.2	2.9	3.6	4.4	4.5
August	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
Blue Chip						
March	2.1	2.1	2.5	4.1	4.0	4.4
April	2.1	2.1	2.5	4.1	4.0	4.5
May	2.1	2.1	2.4	4.1	4.0	4.4
June	2.1	2.0	2.2	4.1	3.9	4.1

Sources: Blue Chip Indicators and the Congressional Budget Office.

Most recent FY 2011 is actual from BEA.

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



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

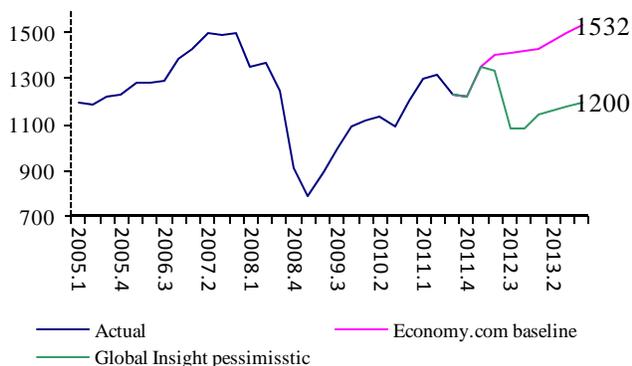


Table 25. Forecasts for S and P 500: 2011.4 to 2013.4

(% 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
Global Insight: baseline						
Feb	1.8	7.3	5.8	1.8	-14.3	9.9
Mar	1.8	8.8	5.7	1.8	-13.1	9.8
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
Economy.com baseline						
Feb	1.8	10.3	8.8	1.8	7.6	9.8
Mar	1.8	11.6	9.1	1.8	8.7	10.1
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

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
Mar	2.6	2.6	1.6	3.0	2.1	2.7
Apr	2.6	2.6	1.6	3.0	2.2	2.8
May	2.6	2.6	1.6	3.0	2.2	2.7
June	2.6	2.5	1.5	3.0	2.0	2.4

Source: Blue Chip Indicators

May forecasts from Global Insight and Economy.com generally were a little stronger for FY 2012 and a little weaker for FY 2013

- **Employment:** forecasts for FY 2013 decreased (except for Economy.com’s baseline). The range of job changes are from 12,837 to 13,831 in FY 2012, and –3,186 to 5,607 in FY 2013.
- **Unemployment:** Little change in the unemployment rate forecasts. The FY 2012 range from the two forecasting services is from 9.8% to 10.2%, still well above the US average.
- **Wages earned in DC:** Both forecasts increased growth in FY 2012, and reduced it slightly or kept it the same for FY 2013. The ranges: 3.7% to 4.0% in FY 2012; 2.1% to 4.8% in FY 2013.
- **Wages earned by DC residents:** Both forecasts also raised estimates for FY 2012 and cut them slightly for FY 2013. Growth rates range from 4.5% to 5.8% in FY 2012, and from 2.1% to 6.5% 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		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Feb	4,859	7,584	7,273	4,858	6,145	907	4,858	5,043	-6	4,858	2,028	-6,329
Mar	14,667	16,024	7,282	14,667	14,827	2,691	14,667	16,124	5,653	14,667	13,259	-514
Apr	14,667	13,354	6,692	14,667	12,656	2,092	14,667	12,711	4,116	14,667	10,257	-2,577
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

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
Feb	10.0	10.3	9.7	10.0	10.4	10.5	10.0	10.1	9.6	10.0	10.8	11.4
Mar	10.2	9.9	9.2	10.2	9.9	9.8	10.2	10.2	9.6	10.2	10.2	10.3
Apr	10.2	9.9	9.2	10.2	9.9	9.8	10.2	10.2	9.7	10.2	10.2	10.3
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

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
Feb	3.4	4.1	3.9	3.4	3.7	2.1	3.4	3.9	4.7	3.4	3.0	2.8
Mar	3.7	5.3	3.8	3.7	5.0	2.4	3.4	5.0	5.2	3.4	4.1	3.5
Apr	4.0	3.5	3.6	4.0	3.2	2.1	4.0	3.7	5.3	4.0	2.9	3.5
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

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
Feb	3.8	6.5	5.2	3.8	5.3	2.6	3.8	7.8	5.3	3.8	7.2	4.1
Mar	4.4	9.4	5.1	4.4	8.9	3.3	3.8	8.4	6.6	3.8	7.8	5.4
Apr	4.4	4.1	4.4	4.4	3.7	2.5	4.4	5.4	6.6	4.4	4.9	5.2
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

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 February revenue forecast: 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:

item	FY 2011 to FY 2013 (change from prior year)		
	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
Tax revenue (\$ million)										
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
Percent change from prior year										
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
Tax revenue as percent of Personal Income	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.

Assessed values of residential and commercial real property, continued from p. 1

In the 5 year period from FY 2004 to FY 2009 the assessed value of commercial property increased 103.0%. Although substantial, the increase was less than the 158.5% in the residential sector. From FY 2009 to FY 2011, however, the fall in the commercial sector—13.5%—was more than twice that of residential property.

In relation to the private sector portion of the District's Gross State Product, commercial assessments fell from 105.3% in FY 2009 to 85.2% in FY 2011. The percentage in FY 2011 was still somewhat above the 25 year average of 78.2%.

Looking back over the past 25 years, the relationship of the assessed value of commercial property to the private sector portion of the District's Gross Domestic Product has been a cyclical one. From FY 1986 to FY 2011 the percentage has been as high as 112% and as low as 52%. The percentage rose in the late 1980's, fell from FY 1992 to FY 2000, then rose again until the most recent recession. The reasons for this cyclical pattern include not only the state of the District's economy but also national factors, including the general level of economic activity, inflation, interest rates, returns on stocks and other investments that compete with real property, the value of the dollar, and investment strategies of international investors.

—Stephen Swaim, ORA

Assessed values of DC Residential and Commercial real property compared to DC's Personal Income and Private Sector State Gross Domestic Product: FY 1986 to FY 2011

FY	Assessed value (\$B)			DC Personal Income (\$B)	DC private sector GDP (\$B)	Residential as % of Pers. Inc.	Commercial as % of private sector GDP
	Total	Residential	Commercial				
1986	25.01	13.05	11.96	11.98	17.60	108.9	67.9
1987	28.13	14.00	14.13	12.60	18.86	111.1	74.9
1988	31.68	15.26	16.42	13.75	20.98	111.0	78.3
1989	35.32	15.83	19.49	14.83	22.63	106.7	86.1
1990	39.01	17.21	21.79	15.58	23.92	110.5	91.1
1991	45.14	19.88	25.26	16.26	24.35	122.3	103.7
1992	48.73	20.83	27.90	16.98	24.92	122.7	112.0
1993	44.99	20.51	24.48	17.66	26.04	116.1	94.0
1994	44.40	21.95	22.45	18.04	27.31	121.7	82.2
1995	42.17	20.48	21.69	18.22	27.85	112.4	77.9
1996	42.70	22.04	20.66	18.65	28.77	118.2	71.8
1997	42.26	22.89	19.37	19.61	30.09	116.7	64.4
1998	43.19	23.46	19.73	20.30	32.43	115.6	60.8
1999	42.45	23.71	18.74	21.13	34.87	112.2	53.7
2000	43.27	23.91	19.36	22.56	37.34	106.0	51.8
2001	44.23	22.27	21.96	25.37	40.79	87.8	53.8
2002	52.52	24.90	27.62	26.43	43.24	94.2	63.9
2003	58.06	28.38	29.68	27.21	46.38	104.3	64.0
2004	66.45	32.70	33.75	29.08	50.32	112.4	67.1
2005	86.89	49.98	36.91	31.48	53.73	158.7	68.7
2006	98.49	58.09	40.40	34.07	56.92	170.5	71.0
2007	124.88	73.13	51.75	36.82	60.87	198.6	85.0
2008	142.96	81.40	61.56	40.35	64.69	201.7	95.2
2009	153.04	84.54	68.50	40.32	65.05	209.7	105.3
2010	150.12	81.86	68.26	41.60	66.26	196.8	103.0
2011	139.29	80.06	59.22	44.06	69.55	181.7	85.2
Average percent from 1986 to 2011						131.9	78.2

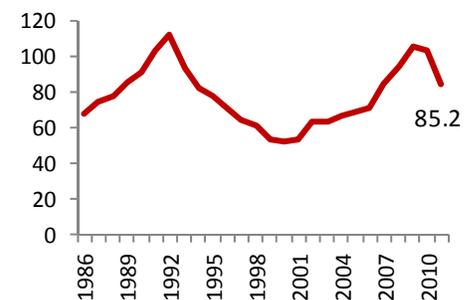
Source: (1) CAFR 2011 and earlier years (for assessed values). (2) BEA and Global Insight.

Percent change in the assessed value of DC residential and commercial property before and after the recent recession's impact

FY	Residential	Commercial
2004 to 2009	158.5	103.0
2009 to 2011	-5.3	-13.5

Source: see accompanying table

Assessed value of DC commercial property as % of private sector DC Gross State Product: FY 1986 to FY 2011



ORA Reports and Documents

From time to time the Office of Revenue Analysis prepares fiscal impact studies 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 "Economy and Revenue."

Recent ORA reports:

Revised Revenue Estimates for Fiscal Years 2012 to 2016. February 29, 2012. Transmittal letter and accompanying tables.

FY 2013 Proposed Budget and Financial Plan. March 23, 2012. The revenue chapter (Chapter 4 of Volume one, the Executive Summary) 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.

DC Tax Facts, 2011. Details on all DC taxes.

Tax Rates and Tax Burdens—A Nationwide Comparison 2010. This annual publication compares DC tax rates and the 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—Washington Metropolitan Area 2010. This annual publication compares DC tax rates and the estimated DC tax burdens for households of different income levels with the rates and burdens of 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 June 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 *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	April	June 15
D.C. Personal Income	BEA	2011.4	June 27
D.C. Tax Collections	OTR/ORA	May	July 15
D.C. Housing Sales	MRIS*	May	c July 10
D.C. Commercial Office Building data	Delta Associates	2011.4	c July 10
DC Apartment data	Reis, inc	2012.1	c August 1
D.C. Hotel stay information	Smith Travel Research	April	c. June 30
Consumer Price Index	BLS	April	June 15
U.S. Jobs and Labor Force	BLS	April and May	July 6
U.S. GDP and Personal Income	BEA	2012.1	June 28
S and P 500 Stock Index	Financial press	May	July 1
Interest rate on 10-Year Treasury Securities	Financial press	May	July 1
IHS Global Insight D.C. forecast	Global Insight	May	c. June 25
Moody's Economy.com D.C. forecast	Economy.com	May	c. June 25
Blue Chip Economic Indicators for the U.S.	Aspen Publishers	June	July 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.

Fitzroy Lee, Deputy Chief Financial Officer and Chief Economist
 Office of Revenue Analysis
 1101 4th St., SW, Suite W770
 Washington D.C. 20024
 202-727-7775