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From 2008 peak to now: a dozen ways DC's economy has grown and/or changed

When the Great Recession began in December 2007, employment in the District of Columbia kept increasing for about another 9 months, peaking in the quarter ending September 2008. (See graph on p. 19.) The years that followed included several shocks to DC's economy, most notably the effects of the recession and federal cutbacks (shutdown and sequester). Over the period there were significant changes in the District's economy.

Here are 12 notable economic trends in the more than six years from the September 2008 employment peak to January 2015 (or as close to the January 2015 date as data permits).

1. More people: population grew by 81,200 (14%), households by 29,000 (11%). (*Table 1*)
2. Resident employment increased at a pace twice that of wage and salary jobs located in DC (15% v. 7%). (Resident employment includes self-employed and DC residents working in the suburbs.) The amount of growth was 50,300 wage and salary jobs and 45,500 resident employees. (*Table 2 and graph on p. 19*)
3. DC resident wages and salaries grew faster than wages earned in DC. (33% v 19%)—not surprising, given the strong growth in resident employment. DC residents seem to be getting more higher paid jobs, including ones formerly held by suburbanites who have retired or moved on. (*Table 5 and graph on p. 19*)
4. Unemployment rose 36% (7,800 more)—but unemployment compensation payments received by DC residents decreased 31%. (This data doesn't explain how these two fit together, but there is a story here.) (*Tables 2 and 4*)
5. DC total Personal Income grew 25%. Adjusted for inflation (a little over 10%) real income grew 14%. On a per household basis, real income grew a little bit (2.3%), and on a per capita basis there was no real growth at all. (*Tables 3 and 6*)
6. Almost all net job growth was in the private sector. Federal civilian employment, which grew during the recession and then declined, increased a net of 3,300 over the period, but the decline in state and local jobs (3,067) offset almost all of the federal gain. (*Table 2*)
7. Employment became more diversified. The federal government and professional services together accounted for 42% of all jobs in September 2008. Both sectors continued to add jobs, but this amounted to only 18% of DC's net job growth. By contrast, the four fastest growing industries—retail, education, health, and hospitality—accounted for 73% of the growth. (*Tables 2 and 7*)

This briefing document was prepared by Stephen Swaim, DC Office of Revenue Analysis

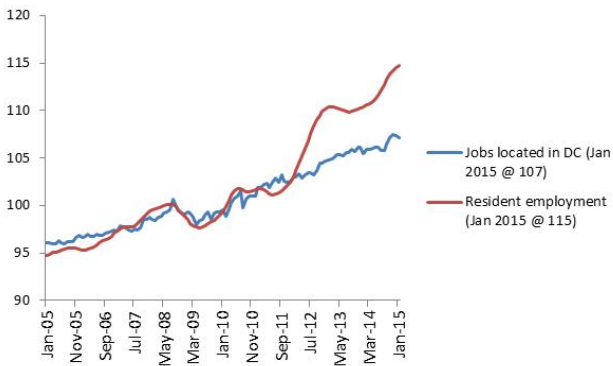
This brief first appeared in the March 2015 [DC Economic and Revenue Trends](#). District of Columbia briefing documents are prepared by the Office of Revenue Analysis, which is part of the Office of the Chief Financial Officer of the District of Columbia government. The purpose of these documents is to make information available that is not of a policy nature. See also [District of Columbia Economic and Revenue Trends and Economic Indicators](#) issued monthly by the D.C. Office of the Chief Financial Officer [www.cfo.dc.gov/Reports/Economic Reports/Briefing documents](http://www.cfo.dc.gov/Reports/Economic-Reports/Briefing%20documents)). For comment or further information, please contact Fitzroy Lee, Deputy Chief Financial Officer and Chief Economist, Office of Revenue Analysis, 1101 4th St., SW, Suite W770, Washington D.C. 20024, fitzroy.lee@dc.gov, 202-727-7775.

8. Wages earned in DC are a different story than jobs. Despite their 18% share of DC’s job growth, the federal government and professional services accounted for almost half (49%) of the increase in wage and salary earnings (not too far from their 54% share of the 2008.3 total). Wages and salaries in the four fast-growing industries noted above accounted for 23% of all DC wage growth. (tables 2, 7, and 8)
9. The increase in DC households (29,000) appears to be much greater than the increase in housing units that can be accounted for either by (1) new housing permits issued by the DC government (12,483), or by (2) the sum of new condo units sold, small project (1 to 4 units) housing permits, and increased occupancy in larger market-rate rental apartment buildings (14,372). Population increase therefore seems likely to have been accompanied by significant adjustment to and renovation of the DC housing stock beyond what is captured in the housing permit data. (The Census Bureau defines a household as an occupied housing unit.) (Tables 2 and 9)
10. The increase in value of single family housing units in DC as measured by the Federal Housing Finance Agency outpaced the increase in DC Personal Income (37% v. 25%). (Table 10)
11. Occupied commercial office space increased at about the same pace as total jobs in DC (8% v 7%). There was some increase in the vacancy rate (6.2% to 6.9%) as the total inventory rose by 8%. (Table 11)
12. DC government tax collections grew by 22% (measured by the 12-month moving total). The tax collection increase, which reflects policy changes as well as changes to the economy, was close to the percentage growth of DC Personal Income (25%). (Table 12)

—Stephen Swaim. DC Office of Revenue Analysis

The following tables are based on data spanning the period September 2008 to January 2015. In some cases data require that the period be approximated—for example using the last quarter of 2014 instead of January 2015 as the end point. All data sources are subject to revision.

Wage and salary employment located in DC and DC resident employment: January 2005 to January 2015



Wages earned in DC and by DC residents: December 2004 to December 2014 (index number:

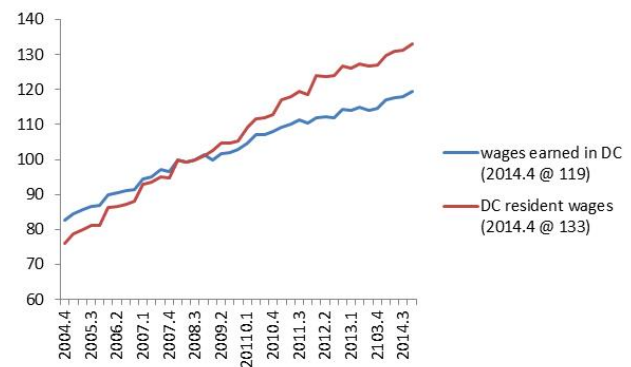


Table 1. DC Population and Households: 2008.3 to 2014.4

	Level		Change	
	2008.3	2014.4	Amount	%
Population	582,800	664,000	81,200	13.9
Households	258,100	287,100	29,000	11.2

Source: Moody’s Analytics. Quarterly data, seasonally adjusted. Moody’s derives quarterly population estimates from annual Census Bureau population estimates and also estimates households.

Table 2. DC Labor Market Summary: September 2008 to January 2015

	Level		Change	
	September 2008	January 2015	Amount	%
Jobs located in DC				
Total jobs	709,367	759,700	50,333	7.1
Federal government	194,600	197,900	3,300	1.7
State and local	41,867	38,800	-3,067	-7.3
Private sector	472,900	523,000	50,100	10.6
DC residents				
Labor force	331,986	385,340	53,354	16.1
Resident employment	310,166	355,695	45,529	14.7
Unemployment	21,853	29,645	7,792	35.7
Unemployment rate	6.6	7.7	1.0	

Source: BLS. Seasonally adjusted. September is the average for the quarter. All measures of employment include full time and part time. Resident employment includes persons working outside of DC and self-employed or contract workers.

Table 3. Components of DC Personal Income: 2008.3 to 2014.4

	Level (\$B)		Change	
	208.3	2014.4	Amount	%
Personal Income	40.75	51.09	10.33	25.4
DC resident wages	20.06	26.70	6.64	33.1
Proprietors' income	6.60	6.49	-0.11	-1.7
Property income	7.62	8.69	1.08	14.1
Transfer payments (see table 4)	4.17	6.14	1.97	47.1
Non-wage benefits net of employee and employer contribution to social insurance.	2.30	3.07	0.77	33.4

Source: US Bureau of Economic Analysis and ORA. ORA estimates wages of DC residents based on the assumption that benefits as a percent of wages are the same for wages earned by DC residents as for wages earned by all persons working in DC. Property income is rent, dividends and interest and does not include capital gains.

Table 4. DC Personal Income current transfer receipts: 2008.3 to 2014.4

	Level (\$B)		Change	
	2008.3	2014.4	Amount	%
Social Security benefits	0.78	1.07	0.29	36.9
Medicare benefits	0.83	1.01	0.18	21.3
Medicaid	1.46	2.52	1.06	72.9
State unemployment insurance benefits	0.11	0.08	-0.03	-31.0
Private pensions and all other personal current transfer receipts net of employer and employee contribution for social insurance	0.99	1.47	0.47	47.5
Total	4.17	6.14	1.97	47.1

Source: BEA

Table 5. Wages earned in DC and by DC residents: 2008.3 to 2014.4

	Level (\$B)		Change	
	2008.3	2014.4	Amount	%
Wages earned in DC	54.27	64.79	10.51	19.4
DC resident wages	20.06	26.70	6.64	33.1

Source: BEA and ORA. See notes for table 3. Before social security deduction.

Table 6. Inflation-adjusted income measures: 2008.3 to 2014.4

	Level (\$B)		Change	
	2008.3	2014.4	Amount	%
Personal Income (\$B)	40.75	51.09	10.33	25.4
Population	582,800	664,000	81,200	13.9
Households	258,100	287,100	29,000	11.2
Per capita income (\$)	69,929	76,940	7,011	10.0
Income per household (\$)	157,903	177,946	20,043	12.7
Inflation adjustment factor (\$2005 = 100)	112.8	124.2	11.4	10.2
Real personal income (\$B \$2005)	36.14	41.13	4.99	13.8
Real per capita income (\$2005)	62,007	61,936	-70	-0.1
Real income per household (\$2005)	140,014	143,245	3,232	2.3

Source: See tables 1 and 3. Inflation factor derived by ORA from Moody's Analytics CPI index.

Table 7. Private sector wage and salary jobs located in DC: September 2008 to January 2015

sector	Level		Change	
	September 2008	January 2015	Amount	%
Retail trade	18,567	23,000	4,433	23.9
Education	48,200	58,500	10,300	21.4
Health	56,433	67,800	11,367	20.1
Leisure and hospitality	58,667	69,100	10,433	17.8
Finance	28,100	30,700	2,600	9.3
Business services	46,933	51,000	4,067	8.7
Organizations and personal ser.	66,067	71,200	5,133	7.8
Professional and technical ser.	104,500	110,100	5,600	5.4
Information	20,767	17,100	-3,667	-17.7
All other sectors	24,633	24,500	-133	-0.5
All private	472,900	523,000	50,100	10.6

Source: BLS. Seasonally adjusted. September is the average for the quarter. Includes full time and part time. Detail may not add due to rounding..

Table 8. Wages earned in selected sectors in DC: 2008.3 to 2014.4

	Level (\$B)		Change	
	2008.3	2014.4	Amount	%
Federal civilian government	17.24	20.15	2.91	16.9
Professional and technical services	11.83	14.11	2.28	19.2
Four fastest growing sectors by jobs	7.78	10.15	2.37	30.5
Retail trade	0.55	0.75	0.20	36.4
Educational services	2.11	2.65	0.54	25.7
Health care and social assistance	3.08	4.08	1.00	32.4
Leisure and hospitality	2.04	2.67	0.63	31.0
All other	17.42	20.38	2.96	17.0
Total	54.27	64.79	10.51	19.4

Source: BEA

Table 9. Two measures of increased housing stock in DC for the period 2008.3 to 2014.4: (1) new housing permits, and (2) Sales of new condo units, small-project housing permits, and number of occupied rental units in large, market rate apartment buildings

(1) Housing permits		(2) Sales of new condo, small project housing permits, and occupied rental units in market rate apartment buildings			
Year	Number	Sales of new condo units	Small-project (1 to 4 units) housing permits	Occupied apartment units	
				Period	Units
2006*	334		61		
2007	2,028		564		
2008	566	100	282	2008.3	81,521
2009	878	524	227		
2010	704	542	178		
2011	3,853	371	342		
2012	4,120	468	353		
2013	**	514	**		
2014	**	476	**	2014.4	90,891
Subtotal	12,483	2,995	2,007	Net increase	9,370
Total	12,483				14,372

* Last quarter of the year. **None counted; it is assumed it takes 2 years to go from permit to occupancy. Not all units with permits are constructed or occupied. Source: Census Bureau (housing permits); Delta Associates (condo sales); Reis (apartment units). Reis apartment data covers market rate apartments in buildings with at least 40 units.

Table 10. FHFA Housing price index for DC and DC Personal Income: 2008.3 to 2014.4

	2008.3	2014.4	% change
FHFA index	273.930	374.130	36.6
DC Personal Income	40.75	51.09	25.4

Source: BEA (DC Personal Income) and Federal Housing Finance Agency (FHFA index). The FHFA index is a broad measure of the movement of single-family house prices that measures average price changes in repeat sales or refinancings of the same properties

Table 11. DC commercial office building inventory and occupancy status: 2008 to 2014

	Inventory (msf)	Occupied (msf)	Vacancy rate	Vacant (msf)
2008	129.73	121.64	6.2	8.1
2014	140.67	130.97	6.9	9.7
% change	8.4	7.7	11.3	19.7

Source: Delta Associates. msf = million square feet. Data is for the 4th quarter of years shown.

Table 12. DC tax collections: September 2008 to December 2014 (12-month moving total)

DC tax collections for the 12 months ending:		Change over the period	
September 2008 (\$M)	December 2014 (\$M)	Amount (\$M)	%
5,221.3	6,361.9	1,140.5	21.8

Source: DC Office of Revenue Analysis