



## District of Columbia Economic and Revenue Trends: December 2012

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### December highlights:

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## ***Hotel stays are 6% higher than 5 years ago (right before the onset of the US recession)***

### ***Average room rates, however, are about the same, and revenues are 3.7% less when they are adjusted for inflation***

Hotels in the District of Columbia maintained an average of 27,611 rooms over the 12-month period ending October 2012, according to Smith Travel Research. These rooms were occupied 75.1% of the time, which translates into a total of 7.56 million room-day sales over the entire 12-month period. This volume of sales was 6% higher than the room-day sales for the 12-month period 5 years earlier that ended October 2007. October 2007 was the month in which the 12-month room-sale total peaked prior to the official onset of the US recession in December 2007.

The 6% increase in hotel stays from the peak point before the recession shows the strength of the attraction of the District of Columbia as a destination for tourists, conventions, and others. Although the recession officially ended in June 2009, many parts of both the US and DC economies still have not recovered, let alone expanded. For example, about 3% fewer lawyers and other professionals work in DC now than before the recession began.

The 6% increase in hotel stays is noteworthy in another respect. This percentage gain is greater than in the 6 1/2 years between the peak before the 9-11 attacks in 2001 and the October 2007 peak before the US recession. From March 2001 to October 2007 hotel stays in DC increased 5.1%.

DC hotels were, however, affected by the recession. Hotel stays declined slightly in the first year of the recession—by 0.3% in the 12-months ending December 2008 compared with December 2007. (This decline was slight compared to that triggered by 9-11, as shown on p. 17.)

The biggest impact of the recession was on hotel revenues. The average room rate increased by only 0.6% from October 2007 to (Continued on p. 17)

#### **DC hotel stays and revenue: March 2001 to October 2012**

	Percent change from:	
	March 2001 to October 2007	October 2007 to October 2012
Hotel stays	5.1	6.0
Average room rate	31.7	0.6
Hotel revenue	38.4	6.6
<b>Hotel revenue adjusted for inflation</b>	<b>16.7</b>	<b>-3.7</b>

Note: March 2001 is the peak prior to 9-11. October 2007 is the peak prior to the "Great Recession" that started December 2007.

Source: Smith Travel Research

## Wage and salary employment

### DC's rate of increase in employment continued to slow

•October wage and salary employment in DC was up by 4,667 (0.6%) from a year earlier as measured by the 3-month moving average; DC's job growth is decelerating.

•Federal government employment for October was down by 3,133 (-1.5%). Private sector jobs were up by 7,400 (1.5%).

•Total year-over-year DC metropolitan area employment increased by 38,467 (1.3%) in October as measured by the 3-month moving average.

•There was an increase of 1.5% in suburban Washington employment in October from a year earlier.

•Seasonally adjusted wage and salary employment in DC rose by 1,500 (0.2%) in October from the prior month, reaching the same level of the previous April, 6 months ago.

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

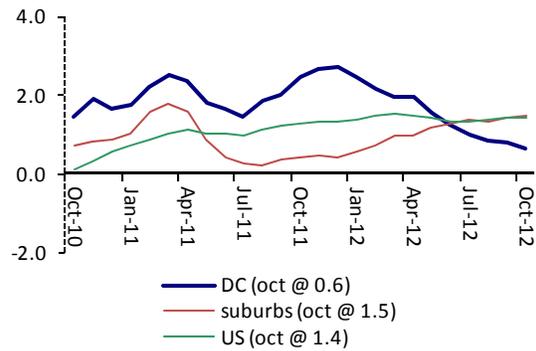


Table 1. Wage and salary employment in DC, Washington Metro area, and the US: October 2012

Jurisdiction	FY 2010	FY 2011	FY 2012	12-mo avg	3-mo average	This month
District of Columbia	708,975	722,967	735,050	735,417	734,033	738,600
1 year change	7,342	13,992	12,083	11,000	4,667	4,400
% change	1.0	2.0	1.7	1.5	0.6	0.6
Washington metro area	2,954,825	2,988,192	3,023,625	3,026,742	3,037,667	3,053,400
1 year change	-9,350	33,367	35,433	36,158	38,467	37,400
% change	-0.3	1.1	1.2	1.2	1.3	1.2
Washington suburbs (% ch)	-0.7	0.9	1.0	1.1	1.5	1.4
US (% ch)	-1.9	1.1	1.4	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. October data is preliminary.

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

Sector	FY 2010	FY 2011	FY 2012	12-mo avg	3-month average	This month
Federal government	208,233	213,275	209,992	209,792	209,633	209,000
1 year change	10,183	5,042	-3,283	-3,275	-3,133	-2,400
% change	5.1	2.4	-1.5	-1.5	-1.5	-1.1
Private sector	464,000	474,467	489,925	490,458	490,333	495,300
1 year change	1,058	10,467	15,458	14,250	7,400	6,400
% change	0.2	2.3	3.3	3.0	1.5	1.3

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

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

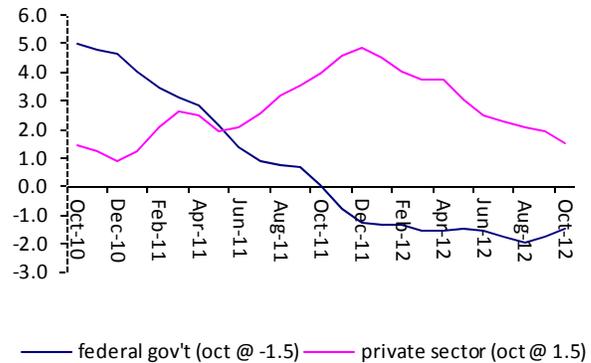
Indicator	Apr	May	Jun	Jul	Aug	Sep	Oct
D.C. Wage and Salary employment	739,000	735,000	737,500	738,600	725,400	737,500	739,000
change from prior month	300	-4,000	2,500	1,100	-13,200	12,100	1,500
% change from prior month	0.0	-0.5	0.3	0.1	-1.8	1.7	0.2

Source: BLS seasonally adjusted. October is preliminary

**Education and health accounted for more than the entire net job growth over the past year**

- In October health gained 3,767 jobs over last year, 80.7% of the net increase in DC employment as measured by 3-month moving averages.
- Other private industries showing gains of at least 1,000 over the year included education, construction, and personal services.
- Private sector industries losing jobs included professional services (other than legal), business services (other than employment services), information, and finance.
- Local government grew by 400.
- Over the past year, DC's share of federal employment fell relative to the metro area.

Federal government and private sector wage and salary employment in DC: Oct. 2010 to Oct. 2012 (% change from prior year in 3-month moving average)



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

Industry sector	3-month moving average		1 year change		12-mo. moving avg: % change	Sector % of all DC jobs, Oct 2012	DC share (%) in Oct 2012 of all sector jobs in:		Change from Oct 2011 to Oct 2012 in DC share of sector jobs in:	
	Oct 2011	Oct 2012	Amount	%			metro area	US	metro area	US
Federal government	212,767	209,633	-3,133	-1.5	-1.5	28.6	55.1	7.45	-0.3	0.00
Local government	33,667	34,067	400	1.2	0.1	4.6	11.0	0.18	-0.1	0.00
Legal services	30,533	30,500	-33	-0.1	0.2	4.2		2.73		-0.01
Other Professional and technical	71,900	69,900	-2,000	-2.8	-0.6	9.5	20.9	1.03	-0.8	-0.07
Employment services	13,800	14,733	933	6.8	9.4	2.0	36.6	0.45	1.9	0.00
Other Business services	34,567	33,300	-1,267	-3.7	0.9	4.5	18.8	0.48	-0.7	-0.02
Information	18,633	18,167	-467	-2.5	-1.5	2.5	22.8	0.69	-0.6	-0.02
Finance	27,067	26,867	-200	-0.7	0.1	3.7	17.8	0.35	-0.6	-0.01
Organizations	60,900	61,800	900	1.5	2.5	8.4	38.1	2.11	0.8	0.01
Education	53,767	55,033	1,267	2.4	7.2	7.5	53.3	1.69	-0.6	0.00
Health	62,267	66,033	3,767	6.0	5.7	9.0	23.7	0.39	0.6	0.01
Food service	39,700	40,133	433	1.1	3.4	5.5	20.5	0.40	-0.3	-0.01
Accommodations	15,633	15,933	300	1.9	4.0	2.2	38.2	0.85	1.4	0.02
Amusement and recreation	7,033	7,300	267	3.8	5.3	1.0	18.5	0.36	0.3	0.01
Retail trade	18,167	18,867	700	3.9	1.4	2.6	7.5	0.13	0.3	0.00
Wholesale trade	4,500	4,500	0	0.0	-0.2	0.6	7.3	0.08	0.3	0.00
Construction	12,333	14,100	1,767	14.3	12.9	1.9	9.4	0.24	1.0	0.03
Personal and miscellaneous ser.	7,033	8,067	1,033	14.7	8.4	1.1		0.33		0.04
Other private	5,100	5,100	0	0.0	-1.8	0.7	4.6	0.03	-0.1	0.00
<b>Total</b>	<b>729,367</b>	<b>734,033</b>	<b>4,667</b>	<b>0.6</b>	<b>1.5</b>	<b>100.0</b>	<b>24.2</b>	<b>0.55</b>	<b>-0.2</b>	<b>0.00</b>
Public sector	246,433	243,700	-2,733	-1.1	-1.3	33.2	35.3	1.12	-0.6	-0.01
Private sector	482,933	490,333	7,400	1.5	3.0	66.8	20.9	0.44	0.0	0.00
Professional and all business	196,500	193,467	-3,033	-1.5	0.5	26.4	20.8	0.82	-0.6	-0.04
Education, health, and orgs.	176,933	182,867	5,933	3.4	5.1	24.9	32.3	0.60	0.3	0.01
Hospitality and trade	85,033	86,733	1,700	2.0	3.0	11.8	14.7	0.25	0.3	0.00
Other private sector	24,467	27,267	2,800	11.4	8.4	3.7	10.5	0.10	0.8	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 grew strongly

- In October DC resident employment rose 20,858 (6.8%) from a year earlier (3-mo. moving average).
- In October the unemployment rate (seasonally adjusted) fell to 8.5%, and seasonally adjusted resident employment rose 1.0% from September, the 15th monthly increase in a row.
- In October initial unemployment insurance claims were down 14.6% from a year earlier (3-mo. moving average).

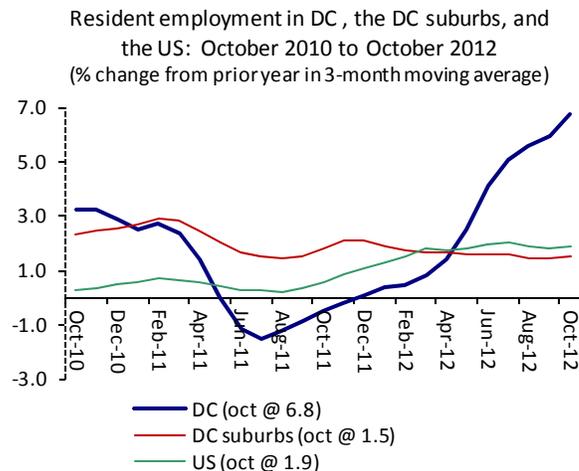
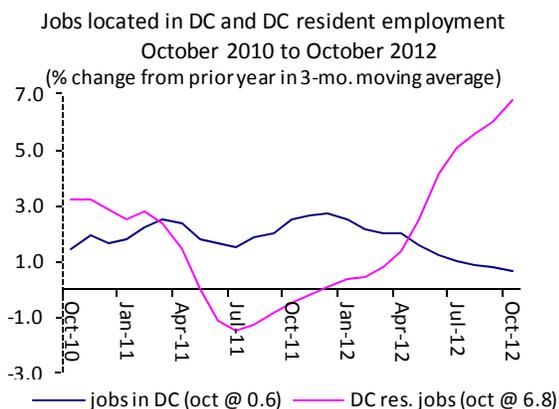


Table 5. Unemployment rates for DC, metro area, and the US:  
October 2012  
(percent of labor force)

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	Oct. 2011	Oct. 2012	Oct. 2011	Oct. 2012
US	8.5	7.5	8.9	7.9
DC metro area	5.6	5.1	na	na
DC	10.1	8.3	10.3	8.5
DC suburbs	5.1	4.7	na	na

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

Table 6. Resident employment and unemployment: October 2012

Indicator	FY 2010	FY 2011	FY 2012	12-mo avg	3-month average	
					This month	This month
<b>DC Labor force summary</b>						
Resident employment	306,551	308,968	317,482	319,416	329,156	331,639
1 year change	3,166	2,417	8,515	10,532	20,858	23,209
% change	1.0	0.8	2.8	3.4	6.8	7.5
Labor Force	341,501	344,244	350,363	351,923	360,236	361,781
1 year change	8,135	2,743	6,119	7,694	16,332	18,728
% change	2.4	0.8	1.8	2.2	4.7	5.5
Unemployed	34,950	35,277	32,881	32,507	31,081	30,142
1 year change	4,969	327	-2,396	-2,838	-4,526	-4,481
% change	16.6	0.9	-6.8	-8.0	-12.7	-12.9
Unemployment rate	10.2	10.2	9.4	9.2	8.6	8.3
<b>DC Unemployment insurance (state program)</b>						
Initial claims (monthly avg.)	1,799	2,101	1,784	1,756	1,747	1,835
1 year change	-404	302	-317	-375	-299	-343
% change	-18.3	16.8	-15.1	-17.6	-14.6	-15.7
Weeks compensated (m o. avg.)	53,592	46,423	45,170	45,533	43,437	47,599
1 year change	-881	-7,169	-1,253	-690	-3,099	4,351
% change	-1.6	-13.4	-2.7	-1.5	-6.7	10.1

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

Table 7. Seasonally adjusted DC Resident employment and unemployment: April 2012 to October 2012

Indicator	Apr	May	Jun	Jul	Aug	Sep	Oct
DC Resident employment	316,431	319,283	321,954	322,148	322,847	326,388	329,615
change from prior month	1,942	2,852	2,671	194	699	3,541	3,227
% change from prior month	0.6	0.9	0.8	0.1	0.2	1.1	1.0
DC Unemployment rate (%)	9.5	9.3	9.1	8.9	8.8	8.7	8.5

Source: BLS seasonally adjusted. October is preliminary

### Wage gains slowed in the June quarter

● Wages earned in the District of Columbia were 1.7% higher in the June quarter compared to the same quarter of 2011. This was the slowest year-over-year increase in 3 years.

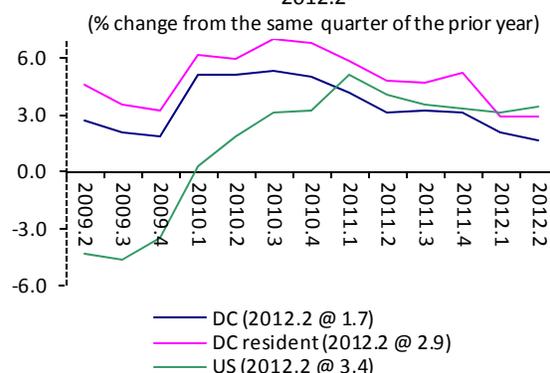
● Wages earned in DC fell below the US average in the first quarter of 2011.

● In the June quarter, estimated wages of DC residents grew 2.9%, and DC Personal Income grew 3.5%.

● Personal income gains for DC residents continued to outpace the US as a whole (the US grew at 3.3%), but resident wages fell below the US beginning in 2012.

● In the June quarter, the private sector accounted for more than 100% of the \$1.01 billion increase in wages earned in DC.

Wages earned in DC, wages earned by DC residents, and wages earned in the US: 2009.2 to 2012.2



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

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

Indicator	FY 2009	FY 2010	FY 2011	4-quarter moving average	Latest quarter (Jun.)
Wages and salaries earned in DC	55.41	57.81	60.05	61.07	61.46
1 year change	1.14	2.40	2.24	1.49	1.01
% change	2.1	4.3	3.9	2.5	1.7
Supplements to wages & salaries	16.31	17.17	17.90	18.19	18.19
% change	6.3	5.3	4.2	2.8	0.9
Proprietors' income earned by DC residents*	5.38	5.63	5.96	6.12	6.31
% change	-6.0	4.6	6.0	2.8	4.9
Wages and salaries of DC residents***	21.40	22.59	23.84	24.49	24.78
change from one year ago	0.76	1.19	1.25	0.92	0.69
% change	3.7	5.6	5.5	3.9	2.9
Income earned by DC residents	30.1	31.8	33.9	34.9	35.4
% change	2.4	5.5	6.6	4.4	3.2
Property income of DC residents	5.78	5.18	5.47	5.64	5.80
% change	-14.1	-10.4	5.6	4.9	4.4
Pensions and other transfer payments of DC res.	4.62	5.22	5.70	5.85	5.95
% change	9.1	13.0	9.1	3.9	3.8
DC Personal Income**	40.52	42.18	45.03	46.40	47.16
1 year change	0.16	1.66	2.85	1.96	1.57
% change	0.4	4.1	6.8	4.4	3.5
US Personal income (% change from prior year)	-3.5	1.4	5.6	3.8	3.3
US Wages and salaries (% change from prior year)	-3.6	0.4	4.0	3.4	3.4
<i>Addendum: Change from prior year in wages earned in DC by sector</i>					
Private sector (1 yr ch, \$B)	-0.15	0.57	1.62	1.46	1.09
Federal government (1 yr ch, \$B)	1.08	1.79	0.75	0.03	-0.15
DC res. wages as % of wages earned in DC	38.6	39.1	39.7	40.1	40.3

\* 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 June were released September 25, 2012

## Single family and condominium home sales

### Sales were strong in November

- The November 3-month moving total of single family home sales was up 8.0% from a year earlier, and the average selling price was 21.1% higher.
- November condominium sales were 32.6% above a year earlier as measured by the 3-month moving total; the average selling price was 0.2% higher.
- The total value of all home sales in November was 31.5% more than a year earlier as measured by the 3-month moving total.
- November year-to-date median prices were up 16.7% for single family units, and up 5.0% for condominiums.
- The November ratio of inventory to sales was 1.9 for single family units and 2.4 for condominiums (3-mo. moving average).

Number and average selling price of condominium units sold in DC: Nov. 2010 to Nov. 2012 (% change in 3-month moving averages)

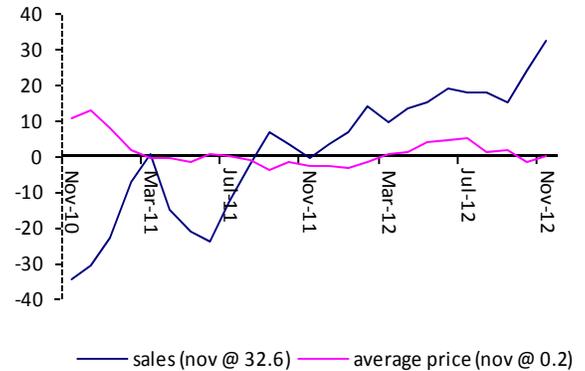


Table 9. D.C. Residential Real Estate Indicators: November 2012

Indicator	FY 2009	FY 2010	FY 2011	FY 2012	12-mo moving		This month
					total or average	3-mo moving total or average	
<b>Number of sales (settled contracts)</b>							
Single family	3,259	4,084	3,800	3,563	3,661	879	343
1 year change	237	825	-284	-237	-28	65	73
% change	7.8	25.3	-7.0	-6.2	-0.8	8.0	27.0
Condo	2,590	2,884	2,469	2,784	2,939	748	251
1 year change	-206	294	-415	315	486	184	74
% change	-7.4	11.4	-14.4	12.8	19.8	32.6	41.8
Total	5,849	6,968	6,269	6,347	6,600	1,627	594
1 year change	31	1,119	-699	78	458	249	147
% change	0.5	19.1	-10.0	1.2	7.5	18.1	32.9
<b>Average prices of units that sold</b>							
Single family (\$)	597,269	538,395	601,026	630,109	646,661	660,388	683,554
1 year change	-70,098	-58,874	62,631	29,083	55,333	115,210	121,119
% change	-10.5	-9.9	11.6	4.8	9.4	21.1	21.5
Condo (\$)	359,952	414,030	423,365	429,611	428,448	423,393	440,011
1 year change	-52,283	54,078	9,336	6,245	6,023	664	-798
% change	-12.7	15.0	2.3	1.5	1.4	0.2	-0.2
<b>Total value of all sales (\$ million)</b>							
	2,878.8	3,392.9	3,329.2	3,441.1	3,626.6	897.2	344.9
1 year change	-290.6	514.1	-63.7	111.9	409.0	215.0	115.0
% change	-9.2	17.9	-1.9	3.4	12.7	31.5	50.0
<b>Ratio: active inventory to sales</b>							
Single family	5.2	3.4	3.3	2.3	2.1	1.9	2.0
Condo	5.7	4.6	4.9	2.9	2.7	2.4	2.6

Median contract prices, CY to date in November 2012: single family \$525,000 (16.7% 1 yr ch); condo \$380,000 (5.0% 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

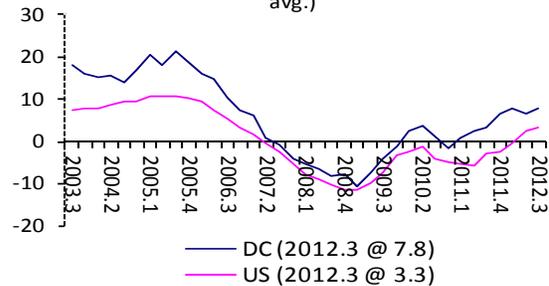
### More sales of home valued over \$1 million

• Sales of single family units at prices above \$1 million were up 67.6% in November from a year ago as measured by the 3-month moving total.

• In September the quarterly Federal Housing Finance Agency house price index for DC was 7.8% higher over a year ago. For the US, there was a 3.3% rise.

• In the September quarter, occupied apartment units rose 1,426 (1.7%) and rents rose 4.4% from a year earlier.

FHFA expanded-data housing price index for DC and the US: 2003.3 to 2012.3 (% change from prior yr. in the 12-mo. moving avg.)



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

Category	Fiscal year average				12-mo	3-mo	This month
	FY 2009	FY 2010	FY 2011	FY 2012	moving total	moving total	
Single family homes	333	418	489	458	499	119	49
1 year change	-102	85	71	-31	54	48	19
% change	-23.4	25.5	17.0	-6.3	12.1	67.6	63.3
percent of all single family sales	10.2	10.2	12.9	12.9	13.6	13.5	14.3
Condominiums	62	89	87	72	78	18	8
1 year change	-15	27	-2	-15	-2	6	3
% change	-19.5	43.5	-2.2	-17.2	-2.5	50.0	60.0
percent of all condominium sales	2.4	3.1	3.5	2.6	2.7	2.4	3.2

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

Indicator	Fiscal year average				Quarter				
	FY 2009	FY 2010	FY 2011	FY 2012	2011.3	2011.4	2012.1	2012.2	2012.3
<b>% change from prior year in value of index</b>									
DC	-7.5	1.5	1.3	7.1	3.5	6.4	7.8	6.5	7.8
US	-10.0	-2.8	-4.7	0.7	-2.8	-2.6	-0.5	2.6	3.3

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

Average DC sales price	-10.5	-9.9	11.6	4.8	11.4	-6.3	14.3	5.4	7.1
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Source: (1) Federal Housing Finance Agency "Expanded-data HPI Index" (sales plus refinancings). This index is a broad measure of the movement of single-family house prices. It measures average price changes in repeat sales or refinancings on the same properties. This information is obtained from transactions whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac since January 1975. It is augmented by data on mortgages endorsed by FHA and country recorder data licensed from DataQuick Information Systems. (2) Average DC sales price is the average price of houses that sold during the period (settled contracts): see Table 9. Not seas. adj.

**Table 12. Market-rate units in larger DC apartment buildings: September 30, 2012**

Indicator	Fiscal year average				Latest Q (September 2012)		
	Sep. 30 2009	Sep. 30 2010	Sep. 30 2011	Sep. 30 2012	amount	1 Q ch	% ch
Inventory	87,090	87,970	88,710	89,464	89,464	647	0.7
1 year change	1,663	880	740	754	754		
% change	1.9	1.0	0.8	0.8	0.8		
Occupied units	81,964	82,965	84,125	85,551	85,551	484	0.6
1 year change	443	1,001	1,160	1,426	1,426		
% change	0.5	1.2	1.4	1.7	1.7		
Vacant units	5,126	5,005	4,585	3,913	3,913	163	4.3
1 year change	1,220	-121	-420	-672	-672		
% change	31.2	-2.4	-8.4	-14.7	-14.7		
% of inventory	5.9	5.7	5.2	4.4	4.4		
Average effective monthly rent	\$1,342	\$1,380	\$1,422	\$1,484	\$1,484	\$13	1.2
% change from 1 year	0.1	2.8	3.0	4.4	4.4		

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

## Commercial office space

### Occupied office space fell in September

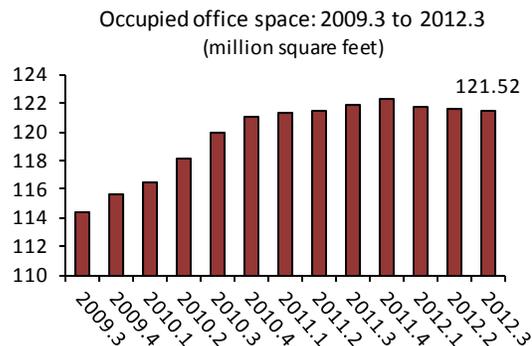
●For the quarter ending September, the vacancy rate for DC commercial office space rose to 8.3% (without sublet space), and to 9.3% (with sublet space). (In June the rates were 8.1% and 9.2%, respectively.)

●DC's vacancy rate with sublet space in September was below the 13.1% rate for the metropolitan area.

●Occupied space fell in the September quarter by 0.36 million square feet (0.3%) from a year earlier.

●Space under construction was unchanged in the last quarter, and is up 13.5% 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: September 30, 2012**

(In millions of square feet, unless noted otherwise)

Indicator	Sep. 30	Sep. 30	Sep. 30	Sep. 30	last quarter (September 2012)		
	2008	2009	2010	2011	Level	1 Q ch	% ch
Inventory	123.60	127.45	131.95	133.50	133.99	0.00	0.0
1 year change	1.19	3.86	4.49	1.56	0.48		
% change	1.0	3.1	3.5	1.2	0.4		
Occupied space	115.44	114.45	119.94	121.89	121.52	-0.13	-0.1
1 year change	0.13	-0.99	5.49	1.95	-0.36		
% change	0.1	-0.9	4.8	1.6	-0.3		
Leased space	116.29	116.25	121.35	123.06	122.82	-0.30	-0.2
Under construction	10.60	5.75	2.14	2.42	2.74	0.00	0.0
1 year change	2.68	-4.85	-3.60	0.27	0.33		
% change	33.9	-45.8	-62.7	12.7	13.5		
% of inventory	8.6	4.5	1.6	1.8	2.05		
Vacant (no sublet)	7.31	11.20	10.60	10.44	11.17	0.30	2.8
% of inventory	5.9	8.8	8.0	7.8	8.3		
Vacant (w sublet)	8.16	13.00	12.01	11.61	12.46	0.13	1.1
1 year change	1.06	4.84	-0.99	-0.39	0.85		
% ch from one year	14.9	59.4	-7.6	-3.3	7.3		
<i>DC area vacancy rates (with sublet)</i>							
District of Columbia	6.6	10.2	9.1	8.7	9.3	0.1	
Northern Virginia	11.9	13.5	13.4	13.5	15.2	0.8	
Suburban Maryland	11.5	14.6	14.5	14.2	14.5	0.2	
DC Metropolitan area	10.1	12.6	12.2	12.1	13.1	0.5	

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

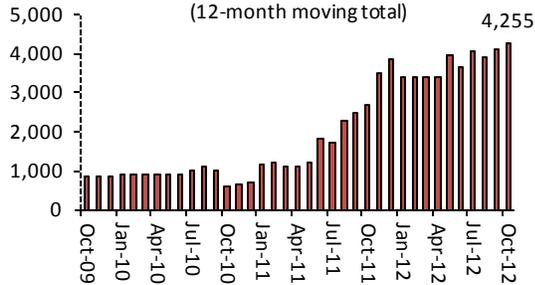
Source: Delta Associates. Rent is for full service (including operating expenses and taxes), less concessions (free rent, etc.)

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

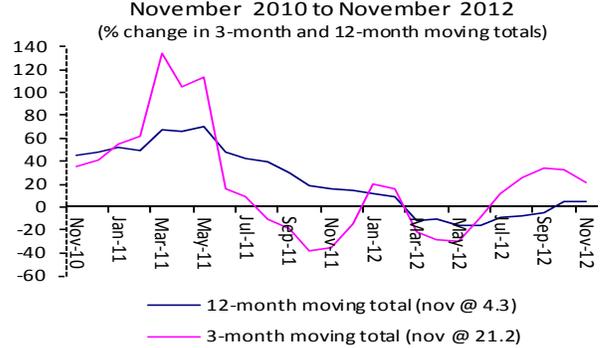
## More building permits and increased value of real property transfers

- For the 12-month period ending October, 4,255 housing unit building permits were issued, a 58.3% increase over the prior 12-month period.
- Delta Associates expects DC's office vacancy rate (including sublet) to rise slightly (to 9.5%) over the next two years.

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



Value of real property transfers (including transfers of economic interest): November 2010 to November 2012



- Reis expects 3,980 new apartment units to be added to inventory in CY 2012 and CY 2013, and occupancy to grow by 4,438
- The value of November property transfers was up by 21.2% from last year as measured by the 3-month moving total. The 12-month moving total was a 4.3% increase.

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

	FY 2009	FY 2010	FY 2011	FY 2012	12-month moving total	3-month moving total	This month
Total units	499	986	2,459	4,091	4,255	1,307	404
change from 1 year ago	-191	487	1,473	1,632	1,567	197	164
% change from 1 year	-27.7	97.6	149.4	66.4	58.3	17.7	68.3

Source: Census Bureau (permits issued during period).

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

Indicator	DC	No VA	Sub MD	Total	DC % of total
<b>Inventory September 2012</b>					
Inventory (msf)	134.0	179.5	88.9	402.4	33.3
vacancy rate (%)	9.3	15.2	14.5	13.1	
<b>Estimated net activity to September 2014</b>					
new supply (msf)	3.0	4.0	2.2	9.2	32.6
new demand (msf)	2.5	4.0	1.8	8.3	30.1
<b>Estimated Inventory September 2014</b>					
vacancy rate (%)	9.5	14.8	14.6	13.0	

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	88,817	457	4.7	84,632	1,155
2012 est	89,820	1,003	4.1	86,134	1,502
2013 est	92,797	2,977	4.0	89,070	2,936
2014 est	97,257	4,460	4.4	92,997	3,927
2015 est	99,065	1,808	3.9	95,201	2,204
2016 est	100,447	1,382	3.4	97,012	1,811

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

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

	FY 2009	FY 2010	FY 2011	FY 2012	12-month moving total	3-month moving total	This month
All property transfers (\$ million)	5,591.2	7,789.1	10,059.5	9,494.3	9,920.6	1,993.7	516.2
change from one year ago (\$M)	-5,936.1	2,197.9	2,270.4	-565.3	406.7	348.4	-113.2
% change from 1 year ago	-51.5	39.3	29.1	-5.6	4.3	21.2	-18.0

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

## Decline in hotel room revenue

● In October the 3-month moving total for hotel room-days sold was 1.9% less than a year earlier; and the average room rate declined 3.8%, leading to a 5.6% decline in room revenue.

● Employment in food services was 1.1% higher in October than a year earlier as measured by the 3-month moving average. Hotel employment rose 1.9%, and retail gained 3.9%.

● September airline traffic into the DC area was up 0.9% from a year earlier as measured by the 3-month moving total. Reagan National Airport gained 7.3%.

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

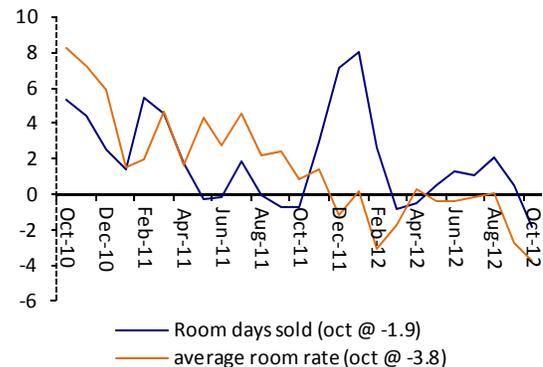


Table 19. Hospitality Industry: October 2012

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)	oct	7.123	7.370	7.465	7.565	1.951	0.688
		1 yr ch	-0.003	0.248	0.095	0.089	-0.037	-0.044
		1 yr % ch	0.0	3.5	1.3	1.2	-1.9	-6.0
Average room rate	\$	oct	203.16	199.12	206.60	203.74	198.64	232.04
		1 yr ch	-5.83	-4.05	7.49	-2.23	-7.82	1.26
		1 yr % ch	-2.8	-2.0	3.8	-1.1	-3.8	0.5
Occupancy rate (average)	%	oct	73.1	73.8	74.2	75.1	77.0	80.5
		1 yr ch	-1.1	0.7	0.5	0.8	-1.0	-4.6
		1 yr % ch	-1.5	0.9	0.6	1.1	-1.3	-5.4
Room revenue	(\$M)	oct	1,447.0	1,467.5	1,542.3	1541.2	387.6	159.6
		1 yr ch	-42.0	20.5	74.8	1.4	-23.0	-9.2
		1 yr % ch	-2.8	1.4	5.1	0.1	-5.6	-5.4
<b>Airline passengers</b>								
DCA	1 yr % ch	sep	-2.9	0.5	6.2	2.8	7.3	5.5
IAD	1 yr % ch	sep	-4.4	1.2	0.6	-2.9	-5.2	-5.4
BWI	1 yr % ch	sep	-3.3	4.6	4.2	1.0	2.0	0.7
Total	1 yr % ch	sep	-3.6	2.1	3.4	0.1	0.9	-0.2
<b>Convention Center Transfer</b>								
	\$ M	nov	91.5	94.4	98.0	95.0	18.2	13.0
		1 yr ch	0.0	2.8	3.6	-2.8	-8.5	4.3
		1 yr % ch	0.0	3.1	3.9	-2.9	-32.0	50.0
<b>Employment</b>								
Accommodations	level ('000)	oct	15.0	15.3	15.3	16.0	15.9	15.9
		1 yr ch	-0.2	0.3	0.0	0.6	0.3	-0.2
		1 yr % ch	-1.2	2.0	0.0	4.0	1.9	-1.2
Food and bev	level ('000)	oct	35.9	37.0	39.0	40.4	40.1	39.7
		1 yr ch	0.5	1.2	1.9	1.3	0.4	-0.2
		1 yr % ch	1.4	3.3	5.2	3.4	1.1	-0.5
Arts and entertain.	level ('000)	oct	7.1	7.0	6.8	7.2	7.3	7.4
		1 yr ch	0.2	-0.1	-0.2	0.4	0.3	0.2
		1 yr % ch	2.7	-1.5	-2.6	5.3	3.8	2.8
Retail	level ('000)	oct	17.8	18.3	18.5	18.8	18.9	19.0
		1 yr ch	-0.6	0.5	0.2	0.2	0.7	0.5
		1 yr % ch	-3.5	3.0	1.0	1.4	3.9	2.7

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

Source: Smith Travel Research (hotel data); BLS (employment); Airport authorities (airline passengers);

**Economic growth picked up to 2.7% in the September quarter**

•September was the 13th consecutive quarter of real GDP growth. The 2.7% gain in the quarter was over the 2.2% average growth over the 13 quarters.

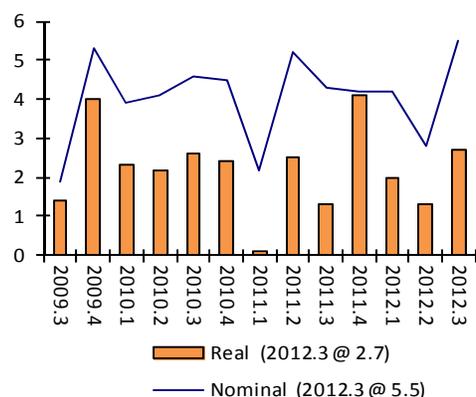
•US employment (seas. adj.) increased by 146,000 in November.

•The US unemployment rate (seasonally adj.) fell to 7.7% in Nov.

•In November the S & P 500 index fell 3.0% from October, but was still 13.7% above a year ago.

•Inflation fell slightly. The November CPI was 1.8% above a year earlier (sa).

Quarterly change in US Real and Nominal GDP: 2009.3 to 2012.3 (% change from the previous quarter at annual rates)



**Table 20. US GDP, income, corporate profits, and inflation: 2012.3 and November 2012**

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

Indicator	Date of latest indicator		FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	12-mo avg	2012.3	nov 2012
US GDP real	2012.3	1 yr % ch	1.1	-3.9	1.8	1.9	2.3	2.3	2.5	
US GDP nominal	2012.3	1 yr % ch	3.4	-2.6	2.8	4.0	4.1	4.1	4.2	
US Personal income	2012.3	1 yr % ch	5.6	-3.4	1.5	5.4	3.3	3.3	3.3	
US wages	2012.3	1 yr % ch	3.4	-3.5	0.4	4.0	3.1	3.1	3.0	
Corporate profits	2012.3	1 yr % ch	-11.2	-12.2	35.9	9.1	8.7	8.7	8.7	
S and P stock index	nov	1 yr % ch	-5.7	-34.3	23.7	13.8	5.4	7.6	18.5	13.7
US CPI	nov	1 yr % ch	4.4	-0.3	1.7	2.7	2.4	2.2	1.7	2.1
Balt//Wash. area CPI	nov	1 yr % ch	5.0	0.3	1.7	3.0		2.4	na	2.8

Source: BEA (data revised as of November 29, 2012), BLS, and Yahoo finance. na = not available

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

**Table 21. Quarter to quarter change in US GDP and income: 2011.1 to 2012.3**

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

Indicator	units	calendar year quarter								
		2011.1	2011.2	2011.3	2011.4	2012.1	2012.2	2012.3		
US GDP real	% ch from prior Q at saar	0.1	2.5	1.3	4.1	2.0	1.3	2.7		
US GDP nominal	% ch from prior Q at saar	2.2	5.2	4.3	4.2	4.2	2.8	5.5		
Wages and salaries	% ch from prior Q at saar	8.9	2.3	1.3	0.9	8.0	1.4	1.8		
Personal income	% ch from prior Q at saar	11.1	2.6	1.2	1.3	6.4	3.0	2.1		

Note: GDP=Gross Domestic Product saar=seasonally adjusted at annual rate Source: BEA, updated on November 29, 2012

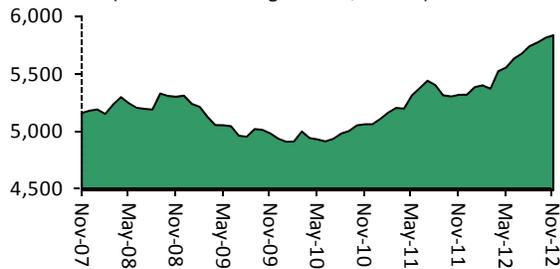
**Table 22. Monthly change in selected US Indicators: May 2012 to November 2012**

Indicator	May	Jun	Jul	Aug	Sep	Oct	Nov
S and P stock index (level)	1341	1323	1360	1403	1443	1438	1395
% change from prior month	-3.3	-1.3	2.8	3.2	2.9	-0.4	-3.0
% change from 1 year ago	0.2	2.8	2.6	18.4	23.0	19.1	13.7
10 yr. Treasury Interest rate (level)	1.79	1.61	1.50	1.67	1.71	1.72	1.64
CPI % ch from prior month (seasonally adjusted)	-0.28	0.04	0.05	0.60	0.57	0.15	-0.31
CPI % ch from prior year (seasonally adjusted)	1.73	1.68	1.42	1.70	2.00	2.18	1.77
Jobs (seasonally adjusted level, in millions)	133.02	133.06	133.24	133.44	133.57	133.71	133.85
change from prior month (thousands)	87	45	181	192	132	138	146
% change from prior month	0.07	0.03	0.14	0.14	0.10	0.10	0.11
Resident employment (season. adj. level, in mil.)	142.29	142.42	142.22	142.10	142.97	143.38	143.26
change from prior month (thousands)	422	128	-195	-119	873	410	-122
% change from prior month	0.30	0.09	-0.14	-0.08	0.61	0.29	-0.09
Unemployment rate (seasonally adj.)	8.2	8.2	8.3	8.1	7.8	7.9	7.7

Source: BLS and Yahoo! Finance.

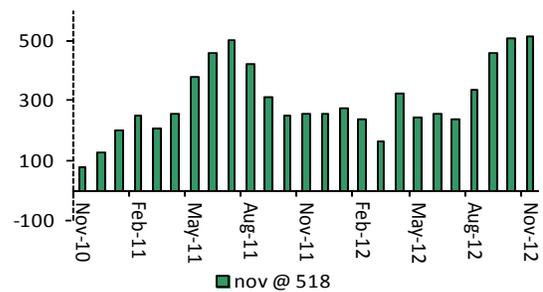
## DC tax collections

Total DC tax collections (before earmarking):  
November 2007 to November 2012  
(12-month moving total in \$ million)



■ sept 2008 (peak before recession's impact) @ 5,342  
nov 2012 @ 5,849

Change from prior year in total taxes collected in  
the preceding 12-months (before earmarking):  
November 2010 to November 2012  
(\$ million)



■ nov @ 518

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

(\$ million)

Tax	FY 2009	FY 2010	FY 2011	FY 2012	12-month moving total	3-month moving total	This month
Total taxes	5,032.8	5,015.4	5,326.3	5,786.8	5,849.4	1,746.3	263.4
1 year change	-309.5	-17.4	311.0	460.5	517.7	94.2	22.4
% change	-5.8	-0.3	6.2	8.6	9.7	5.7	9.3
Real property	1,818.8	1,834.8	1,707.0	1,820.7	1,822.9	793.5	2.1
1 year change	134.0	15.9	-127.8	113.7	128.8	2.2	0.0
% change	8.0	0.9	-7.0	6.7	7.6	0.3	-2.1
General sales	963.5	965.3	1,017.0	1,085.7	1,113.9	271.3	92.8
1 year change	-48.1	1.8	51.7	68.7	107.2	28.7	21.3
% change	-4.8	0.2	5.4	6.8	10.6	11.8	29.8
Individual income	1,127.2	1,107.1	1,297.0	1,468.2	1,496.8	395.9	114.2
1 year change	-226.0	-20.1	189.9	171.1	200.7	61.1	13.6
% change	-16.7	-1.8	17.2	13.2	15.5	18.3	13.6
withholding	1,021.2	1,070.6	1,189.9	1,310.7	1,326.0	331.4	112.9
1 year change	17.0	49.4	119.3	120.7	132.9	39.1	11.9
% change	1.7	4.8	11.1	10.1	11.1	13.4	11.8
non-withholding	106.0	36.5	107.1	157.5	170.7	64.5	1.3
1 year change	-243.0	-69.5	70.6	50.4	67.8	22.1	1.7
% change	-69.6	-65.6	193.3	47.1	65.9	52.0	na
Corporate income	220.7	207.9	225.8	311.5	309.8	75.5	-0.2
1 year change	-69.2	-12.8	17.9	85.7	87.4	28.6	-4.5
% change	-23.9	-5.8	8.6	38.0	39.3	61.1	na
Unincorporated Bus.	122.4	120.7	141.5	159.1	160.9	33.9	2.8
1 year change	-6.5	-1.7	20.9	17.5	14.9	0.9	-1.3
% change	-5.0	-1.4	17.3	12.4	10.2	2.7	-31.3
Deed taxes*	187.4	225.6	314.1	310.7	320.1	72.0	19.3
1 year change	-135.8	38.2	88.5	-3.4	-5.5	9.9	-3.7
% change	-42.0	20.4	39.2	-1.1	-1.7	16.0	-16.2
Other taxes	592.8	554.0	623.9	631.1	625.1	104.2	32.3
1 year change	42.1	-38.8	70.0	7.2	-15.8	-37.3	-3.0
% change	7.6	-6.5	12.6	1.1	-2.5	-26.4	-8.6

\*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 from other OCFO reports.

Source: OCFO/ORR

na = not applicable due to negative numbers

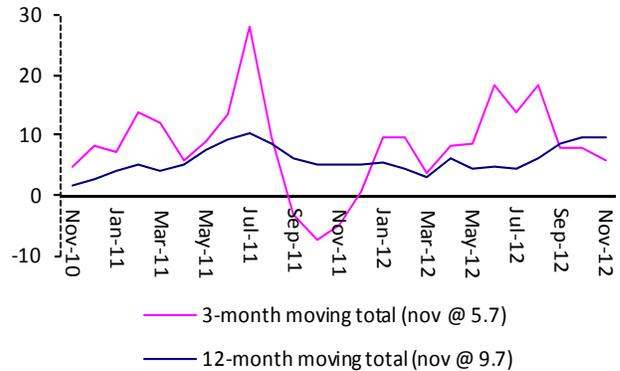
**Tax collections strong in November**

● For the 12-month period ending November, tax collections (before earmarking) were \$517.7 million (9.7%) more than a year earlier. Collections grew at an estimated 8.6% rate in FY 2012 which ended in September.

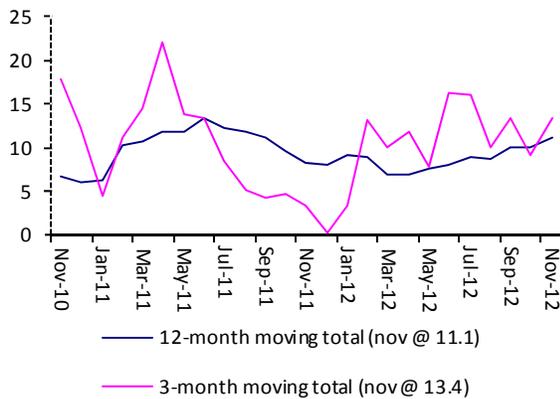
● In November the 3-month moving total for sales taxes was up 11.8% from last year, and withholding was up 13.4%.

● Deed tax payments to the DC Recorder of Deeds for transfers, recordation, and economic interest were up 19.3% from the prior year for the 3 months ending November. For the last 12-month period, the payments were up 6.8%.

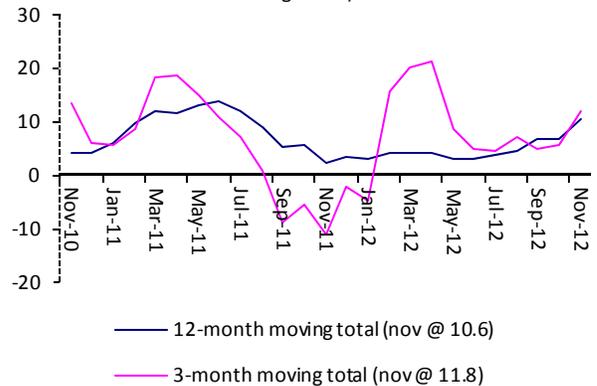
DC Tax Collections (before earmarking):  
November 2010 to November 2012  
(% change in 3-month and 12-month moving totals)



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



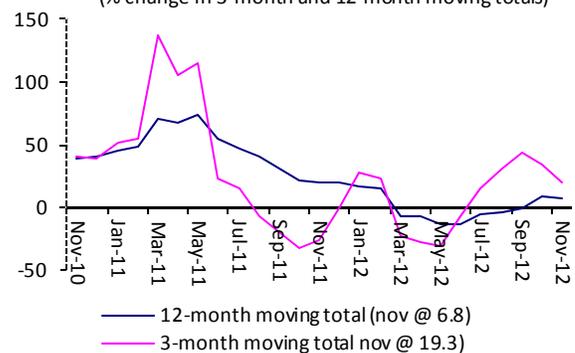
Sales tax collections: Nov. 2010 to Nov. 2012  
(% change from prior year in 3-month and 12-month moving totals)



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



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



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

## US economic forecasts

### The December Blue Chip Indicators forecast was unchanged for FY 2013.

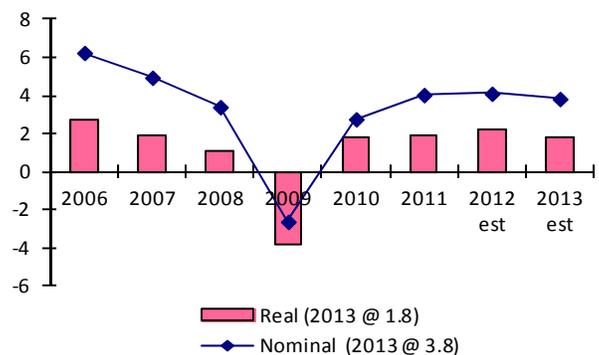
- The December Blue Chip Indicators kept its FY 2013 forecast for real GDP at 1.8%, slower than in FY 2012.
- The December Blue Chip Indicators inflation forecast for FY 2013 was unchanged. The forecast is for a 1.5% increase in the CPI in FY 2013.
- S and P 500: Little change in the baseline forecasts for the last quarter of 2013. Global Insight's November pessimistic forecast for that quarter shows a bigger decline than its October forecast, while Economy.com's November pessimistic outlook shows a smaller decline than its prior forecast. The range of estimates: -12.1% to 10.0% for the last quarter of 2013.

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>						
September	1.9	2.3	1.9	4.0	4.1	3.8
October	1.9	2.2	1.8	4.0	4.0	3.7
November	1.9	2.2	1.8	4.0	4.1	3.8
December	1.9	2.3	1.8	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; Dec. 2012 estimate)



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

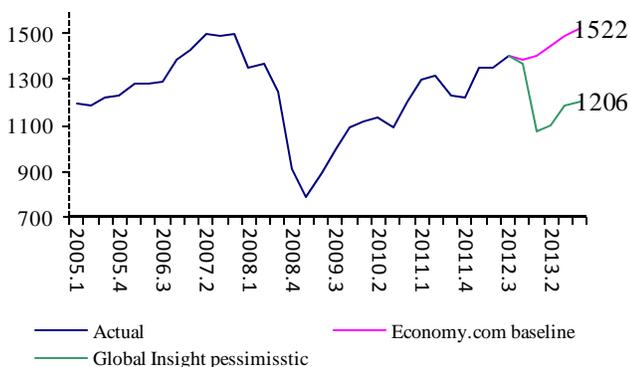


Table 25. Forecasts for S and P 500: 2011.4 to 2013.4

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>						
August	1.8	9.3	7.0	1.8	-4.7	1.9
September	1.8	11.8	4.7	1.8	2.3	-5.1
October	1.8	13.4	3.9	1.8	5.4	-7.3
November	1.8	13.4	3.9	1.8	11.9	-12.1
<b>Economy.com baseline</b>						
August	1.8	12.0	9.3	1.8	8.9	1.2
September	1.8	12.0	9.7	1.8	8.9	1.6
October	1.8	12.3	10.5	1.8	4.5	-15.2
November	1.8	12.9	10.0	1.8	12.7	-4.3

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
Sep	2.6	2.4	1.4	3.0	1.9	2.0
Oct	2.6	2.4	1.4	3.0	1.9	1.9
Nov	2.6	2.5	1.5	3.0	1.9	1.9
Dec	2.6	2.5	1.5	3.0	1.9	1.9

Source: Blue Chip Indicators

**Forecasts for DC income became more pessimistic for FY 2013**

- **Employment:** Economy.com’s baseline forecast anticipates an increase of only 488 jobs in FY 2013. The range of job changes for FY 2013 are -7,446 to 3,785.
- **Unemployment:** Unemployment rate forecasts were reduced. The unemployment rate forecast range for FY 2013 is from 8.6% to 10.0%.
- **Wages earned in DC:** Reduced once again. The range: -0.2% to 2.4% in FY 2013.
- **Wages earned by DC residents:** the reduced forecast range: -0.5% to 3.0% 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
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
Sep	14,667	13,617	6,107	14,667	13,546	2,991	14,667	13,606	3,188	14,667	13,548	-7,879
Oct	14,667	12,755	3,700	14,667	12,755	472	14,667	13,667	1,517	14,667	13,667	-9,524
Nov	14,667	12,642	3,785	14,667	12,642	-52	14,667	12,642	488	14,667	12,642	-7,446

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
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
Sep	10.2	9.6	8.9	10.2	9.7	9.3	10.2	9.6	9.0	10.2	9.6	11.0
Oct	10.2	9.5	8.8	10.2	9.5	9.1	10.2	9.5	8.7	10.2	9.5	10.7
Nov	10.2	9.5	8.7	10.2	9.5	8.9	10.2	9.5	8.6	10.2	9.5	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
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
Sep	3.9	3.4	3.1	3.9	3.4	2.2	3.9	3.5	3.5	3.9	3.5	0.8
Oct	3.9	2.0	2.7	3.9	2.0	1.8	3.9	2.1	2.8	3.9	2.1	0.1
Nov	3.9	2.0	2.4	3.9	2.0	1.5	3.9	1.9	1.6	3.9	1.9	-0.2

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
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
Sep	4.4	3.7	4.2	4.4	3.7	2.6	4.4	4.3	4.5	4.4	4.3	2.5
Oct	5.5	3.2	3.6	5.5	3.2	0.6	5.5	3.1	2.3	5.5	3.1	0.3
Nov	5.5	3.2	3.0	5.5	3.2	-0.1	5.5	2.8	0.8	5.5	2.8	-0.5

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 September revenue forecast did not change February's: tax revenue growth (before earmarks) for FY 2013

- 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 due to 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. Excludes revisions to FY 2012 contained in the September revenue letter.

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
<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.

**DC hotel, continued from p.1**

October 2012. By contrast, the average room rate from March 2001 to October 2007 increased by 31.7%. Consequently:

- ◇ The increase in hotel revenue from October 2007 to 2012 (6.6%) was driven almost entirely by an increase in room days sold. In the March 2001 to October 2007 period, the 38.4% increase in revenue was driven almost entirely by higher room rates.
- ◇ Adjusted for inflation, hotel revenue actually fell by 3.7% from October 2007 to October 2012, compared to a 16.7% increase in the prior period.

From the summary data it is not possible to explain exactly why the average daily rate has been essentially flat in the years since October 2007. However, given the severe nature of the US recession, it is likely that weaker demand is the primary reason. Weaker demand could be reflected in a change in the mix of hotel types (towards ones with fewer services) as well as lower rates. From October 2007 to October 2012, the number of hotel rooms increased by 4.8%, employment in accommodations grew by 3.1%, and the occupancy rate rose from 74.2% to 75.1%. —Stephen Swaim, Office of Revenue Analysis

**One year impact of 9-11 and the Great Recession on DC hotels**

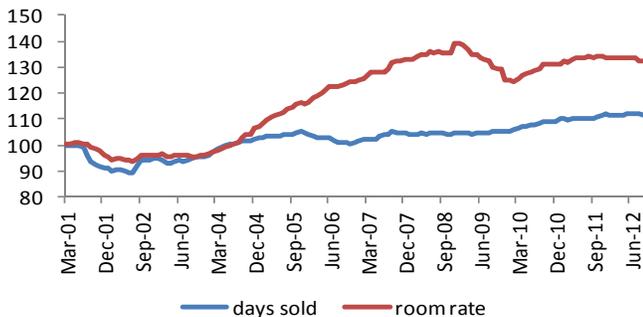
	Percent change from:	
	August 2001 to August 2002	December 2007 to December 2008
Hotel stays	-10.1	-0.3
Average room rate	-6.7	2.3
Hotel revenue	-16.1	2.0

Source: Smith Travel Research

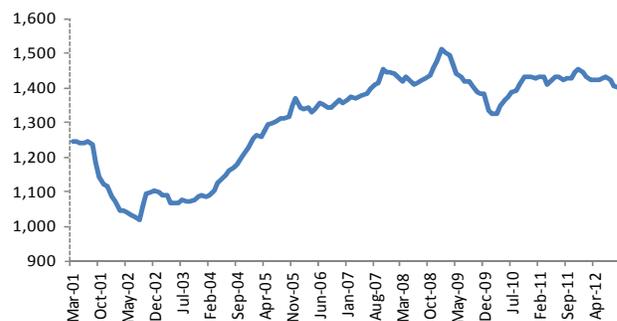
Stays (days sold) in DC hotels: March 2001 to October 2012  
(12-month moving total)



DC hotel days sold and average room rate: March 2001 to October 2012  
(Index numbers for 12-month moving indicators: March 2001 = 100)



Inflation-adjusted DC hotel revenue: March 2001 to October 2012  
(\$ million, 12-month moving total, \$2007)



**Selected hotel data for the District of Columbia: March 2001 to October 2012**

	March 2001	October 2007	October 2012	Amount of change:		% change:	
				Mar 2001 to Oct 2007	Oct 2007 to Oct 2012	Mar 2001 to Oct 2007	Oct 2007 to Oct 2012
				Hotel stays (room-days sold)	6,788,289	7,136,358	7,564,622
Average room rate	153.87	202.60	203.74	49	1	31.7	0.6
Hotel revenue (\$ million)	1,044.5	1,445.8	1,541.2	401	95	38.4	6.6
Inflation-adjusted hotel revenue (\$2007)	1,245.1	1,453.4	1,399.4	208	-54	16.7	-3.7
Occupancy rate	73.6	74.2	75.1	0.5	0.9	0.7	1.2
Hotel rooms	25,263	26,357	27,611	1,095	1,254	4.3	4.8
Employment	15,200	15,467	15,950	267	483	1.8	3.1

Note:

(1) All data is for the 12-month period ending on the date shown.

(2) March 2001 is the peak prior to 9-11. October 2007 is the peak prior to the "Great Recession" that started December 2007.

Source: Smith Travel Research, except for employment which is from the 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 subcategories of "Reports and Publications" and "Budget and Revenue."

### Recent ORA reports:

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

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

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

**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.

### 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 December report has mostly October and November 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 *Budget and Revenue/Economy/ Economic and Revenue Trends*).

Table 35. Information sources

Indicator	Source	Period covered in this report	Next release
D.C. Jobs and Labor Force information	BLS	October	December 21
D.C. Personal Income	BEA	2012.2	December 19
D.C. Tax Collections	OTR/ORA	November	January 15
D.C. Housing Sales	MRIS*	November	c January 10
D.C. Commercial Office Building data	Delta Associates	2012.3	c January 10
DC Apartment data	Reis, inc	2012.3	c January 31
D.C. Hotel stay information	Smith Travel Research	October	c. December 30
Consumer Price Index	BLS	November	January 16
U.S. Jobs and Labor Force	BLS	October and November	January 4
U.S. GDP and Personal Income	BEA	2012.3	December 20
S and P 500 Stock Index	Financial press	November	January 2
Interest rate on 10-Year Treasury Securities	Financial press	November	January 2
IHS Global Insight D.C. forecast	Global Insight	November	c. December 24
Moody's Economy.com D.C. forecast	Economy.com	November	c. December 24
Blue Chip Economic Indicators for the U.S.	Aspen Publishers	December	January 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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