



District of Columbia Economic and Revenue Trends: February 2021

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Highlights

% ch, 3 month avg

Green = Improving*

DC Jobs (p.2)	-6.3 %
DC Wages (p. 6)	1.8 %
Unemployment rate (p.3)	7.7 %
Home prices (p.12)	12.8 %
Office vacancy (p.10)	13.1 %
S&P 500 (p.15)**	16.3 %

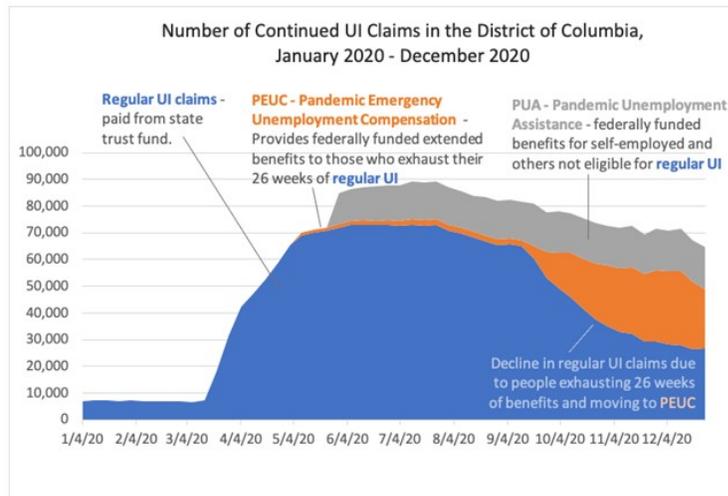
* 3-month moving avg growth better than 12 month

** % change annual

Unemployment insurance claims down from peak but still elevated

Trust fund dries up as claims take toll

The story by now is familiar: as the city shut down over Covid-19 concerns last March, thousands of people working in the District, especially service workers, were laid off from their jobs, and unemployment levels soared far beyond even those of the Great Recession of 2007-2009. So where does unemployment in D.C. stand now, nearly 11 months into the crisis? Here we take a look at the latest numbers.



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Before the coronavirus began, unemployment filings in the District were relatively steady, with roughly 7,000 District workers filing for unemployment benefits each week. In mid-March 2020, that number began to increase precipitously, growing by thousands a week, and by late July more than 87,000 District workers were filing unemployment claims. That number began dropping in August, reaching 65,000 claims by late December – about 74% of the number of claims seen during peak unemployment in July. (These claims numbers are **continued claims**, which are those filed beyond the initial week during which an eligibility determination is made. Continued claims measure the number of people claiming unemployment benefits, according to the U.S. Department of Labor.)

Historically, eligible employees receive unemployment benefits through a state-financed trust fund that is funded through an employer payroll tax. However, in late March, Congress passed the CARES Act, which allowed people usually ineligible for unemployment benefits, such as the self-employed, to receive federally funded benefits through **Pandemic Unemployment Assistance**, or PUA. The Act also allowed for people receiving regular, state-funded UI benefits to move to a federally funded extended benefits program known as **Pandemic Emergency Unemployment Compensation**, or PEUC, once they exhausted the benefits normally available through the state program (26 weeks, in the District). **(Continued page 20)**

Wage and salary employment

Private sector continues to weaken in December

- In December, DC lost 52,100 jobs compared to a year ago, a 6.5% decline. The decline in the 3-month average was 6.3%, compared to the suburban decline of 4.8% and the U.S. decline of 6.0%.
- Federal sector employment grew 2.6 percent in contrast with the private sector decline of 9.9% in the 3-months ending December. In the 12 months ending December 2020, federal employment increased by 3,058 jobs (1.6%) while the private sector lost 42,717 (-7.6%).
- Seasonally adjusted employment was 500 higher in December than November and 3,000 higher than July 2020.

Wage and salary employment located in DC, DC suburbs and US:
January 2019 to December 2020

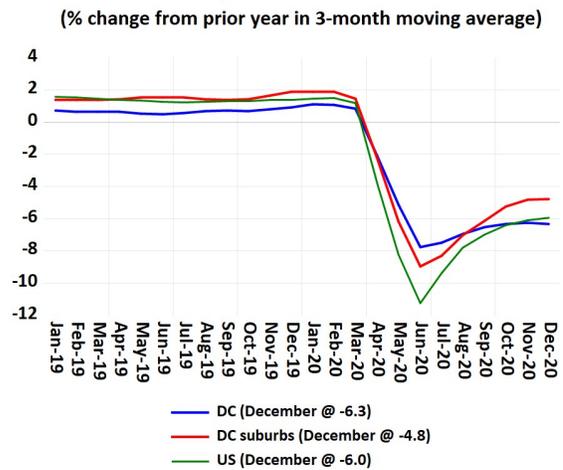


Table 1. Wage and Salary Employment in DC, Washington Metro area, and the US: December 2020

Jurisdiction	FY 2018	FY 2019	FY 2020	12-mo avg	3-mo avg	This month
District of Columbia	791,092	796,475	771,483	758,783	754,433	752,400
1 year change	8,508	5,383	-24,992	-39,533	-50,800	-52,100
% change	1.1	0.7	-3.1	-5.0	-6.3	-6.5
Washington metro area	3,297,742	3,338,633	3,238,258	3,194,725	3,216,533	3,218,500
1 year change	39,108	40,892	-100,375	-157,650	-174,133	-177,800
% change	1.2	1.2	-3.0	-4.7	-5.1	-5.2
Washington suburbs (%ch)	1.2	1.4	-3.0	-4.6	-4.8	-4.8
US (%ch)	1.6	1.4	-3.9	-5.8	-6.0	-6.0

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

Source: BLS. December 2020 is preliminary

Federal gov. and private sector wage and salary employment in DC:
January 2019 to December 2020
(Ch. from prior year in 3-month moving average)

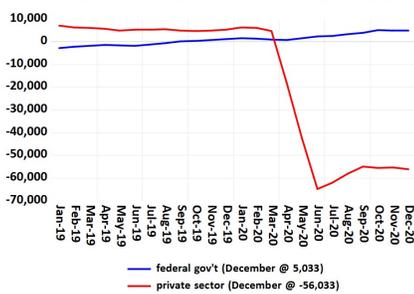


Table 2. Federal government and private sector wage and salary employment in DC: December 2020

Sector	FY 2018	FY 2019	FY 2020	12-mo avg	3-mo avg	This month
Federal government	196,983	195,442	197,567	198,825	201,467	201,400
1 year ch.	-3,225	-1,542	2,125	3,058	5,033	4,600
% change	-1.6	-0.8	1.1	1.6	2.6	2.3
Private sector	552,375	558,450	531,100	517,092	510,400	508,200
1 year ch.	11,125	6,075	-27,350	-42,717	-56,033	-56,900
% change	2.1	1.1	-4.9	-7.6	-9.9	-10.1

Source: BLS. Not seasonally adjusted. December is preliminary

Table 3. Seasonally Adjusted DC Employment: July 2020 to December 2020

Indicator	July	August	September	October	November	December
D.C. Wage and Salary Employment	746,700	746,500	750,300	750,800	749,200	749,700
change from prior month	7,700	-200	3,800	500	-1,600	500
% change from prior month	1.0	0.0	0.5	0.1	-0.2	0.1

Source: BLS seasonally adjusted. December is preliminary.

Resident employment and unemployment

Resident employment still struggling and unemployment claims still much higher than normal

- In December DC resident employment was down 18,953 (4.9%) from a year earlier (3-mo. moving average). The labor force fell by 8,843 (2.2%)—and the number of unemployed rose 11,051 (48.4%). The unemployment rate in December was 7.6%.
- Initial claims for unemployment insurance continue to be elevated. The 3-mo. moving average ending December 2020 was 4,599 higher than the same period in 2019.
- Resident employment grew significantly in December, adding 14,423 jobs from November (seasonally adjusted). Monthly data can be volatile and subject to revision.

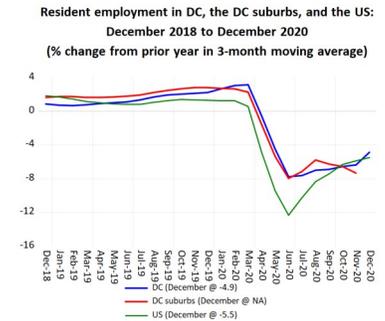
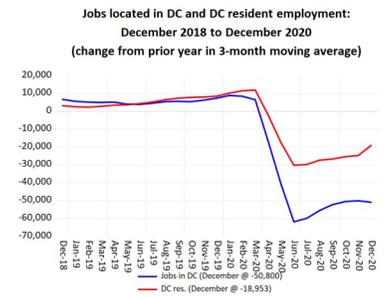


Table 4. Unemployment rates for DC, metro area, and US: December 2020

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	Dec-19	Dec-20	Dec-19	Dec-20
US	3.4	6.5	3.6	6.7
DC	5.0	7.6	5.3	7.9
DC metro area	2.6	NA	na	na
DC suburbs	2.3	NA	na	na

Source: BLS; na=data not available.

Table 5. Resident employment and unemployment: December 2020

Indicator	FY 2018	FY 2019	FY 2020	12-mo avg	3-mo avg	This month
DC Labor force summary						
Resident Employment	380,897	385,356	376,309	371,571	371,241	381,827
1 year ch.	5,511	4,460	-9,048	-15,912	-18,953	-8,980
% change	1.5	1.2	-2.3	-4.1	-4.9	-2.3
Labor Force	404,151	408,085	405,518	403,307	402,259	413,304
1 year ch.	4,375	3,934	-2,567	-6,662	-8,843	2,071
% change	1.1	1.0	-0.6	-1.6	-2.2	0.5
Unemployed residents	23,254	22,729	29,209	31,737	31,018	31,477
1 year ch.	-1,135	-525	6,480	9,250	10,110	11,051
% change	-4.7	-2.3	28.5	41.1	48.4	54.1
Unemployment rate	5.8	5.6	7.3	7.9	7.7	7.6
DC Unemployment insurance (state program)						
Initial Claims (mo. avg)	1,611	2,299	12,886	14,036	6,779	7,918
1 year ch.	139	106	687	11,757	4,599	5,559
% change	2.2	7.1	42.7	515.9	211.0	235.7
Weeks compensated (mo. avg)	31,355	30,429	27,473	161,488	113,082	93,127
1 year ch.	1,094	-926	-2,956	134,456	86,830	63,569
% change	3.6	-3.0	-9.7	497.4	330.8	215.1

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

Table 6. Seasonally Adjusted DC resident employment and unemployment: July 2020 to December 2020

Indicator	July	August	September	October	November	December
DC resident employment	360,407	363,417	363,614	365,781	367,720	382,143
change from prior month	705	3,010	197	2,167	1,939	14,423
% change from prior month	0.2	0.8	0.1	0.6	0.5	3.9
DC unemployment rate	8.5	8.6	9.0	8.3	7.5	7.9

Source: BLS seasonally adjusted. December is preliminary.

Jobs by sectors of the economy

Professional and technical services added jobs while most other private sector industries lost them

- In December professional and technical services (not including legal) added 700 jobs over last year despite extensive job losses elsewhere in the economy. (3-month moving avg.) Other private sectors adding jobs over last year included wholesale trade and construction.
- Hospitality—food service, accommodation, and amusement—lost a combined 28,967 jobs or 36%. Business services (excluding employment services) lost 8,933 (26.1%) and the education sector, mostly private colleges and universities, lost 6,900 (11.4%).
- Government rose by 5,233 (2.2%), primarily from an increase in federal employment.
- The federal government accounted for 26.8% of all DC jobs in December. Federal jobs located in DC accounted for 53.6% of metro area federal jobs and 6.9% of US federal jobs.

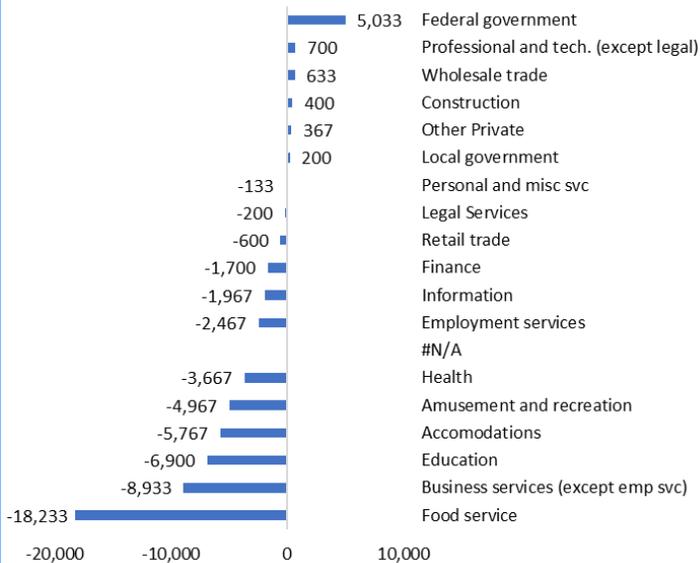
Table 7. Wage and salary employment located in DC: December 2020

Industry sector	3-month moving average						DC share (%) in	
	Dec 2019	Dec 2020	1 year change		12 mo. moving avg: %change	Sector % of all DC jobs, December 2020	of all sector jobs in:	
			Amount	%			metro area	US
Federal government	196,433	201,467	5,033	2.6	1.6	26.8	53.6	6.9
Local government	42,367	42,567	200	0.5	0.3	5.7	13.1	0.2
Legal Services	29,200	29,000	-200	-0.7	-0.1	3.9		2.6
Professional and tech. (except legal)	94,233	94,933	700	0.7	3.0	12.6	22.6	1.1
Employment services	14,133	11,667	-2,467	-17.5	-13.4	1.6	27.9	0.3
Business services (except emp svc)	34,267	25,333	-8,933	-26.1	-16.9	3.3	17.4	0.5
Information	20,533	18,567	-1,967	-9.6	-3.4	2.4	25.4	0.7
Finance	29,833	28,133	-1,700	-5.7	-3.0	3.7	17.6	0.3
Organizations	69,633	67,033	-2,600	-3.7	-1.4	8.9	37.2	2.3
Education	60,533	53,633	-6,900	-11.4	-7.0	7.1	49.0	1.5
Health	71,100	67,433	-3,667	-5.2	-5.3	9.0	21.6	0.3
Food service	55,133	36,900	-18,233	-33.1	-32.8	4.7	18.4	0.4
Accommodations	16,533	10,767	-5,767	-34.9	-31.9	1.4	39.0	0.8
Amusement and recreation	9,800	4,833	-4,967	-50.7	-40.4	0.7	15.4	0.3
Retail trade	23,933	23,333	-600	-2.5	-2.6	3.1	8.5	0.2
Wholesale trade	5,267	5,900	633	12.0	9.1	0.8	9.3	0.1
Construction	14,700	15,100	400	2.7	-0.8	2.0	8.9	0.2
Personal and misc svc	8,700	8,567	-133	-1.5	1.9	1.1		0.3
Other Private	8,900	9,267	367	4.1	-1.3	1.2	5.6	0.0
Total	805,233	754,433	-50,800	-6.3	-5.0	100.0	23.4	0.5
<i>Public Sector</i>	<i>238,800</i>	<i>244,033</i>	<i>5,233</i>	<i>2.2</i>	<i>1.3</i>	<i>32.5</i>	<i>34.8</i>	<i>1.1</i>
<i>Private Sector</i>	<i>566,433</i>	<i>510,400</i>	<i>-56,033</i>	<i>-9.9</i>	<i>-7.6</i>	<i>67.5</i>	<i>20.2</i>	<i>0.4</i>

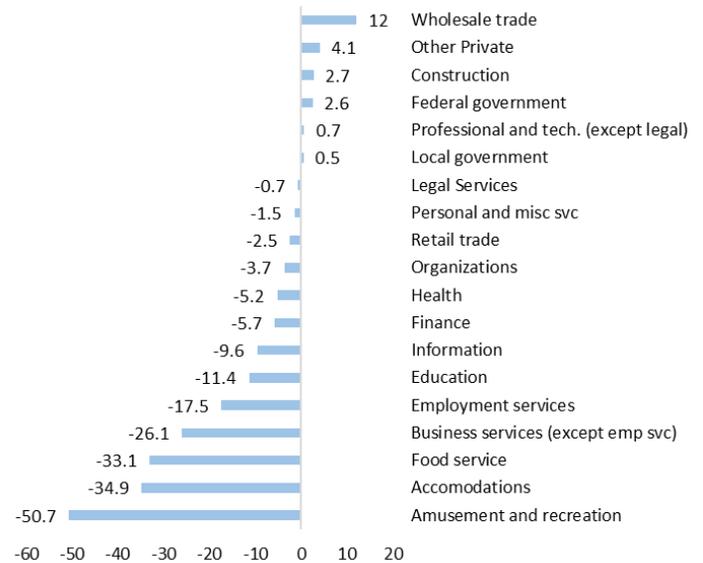
Source: BLS. Not seasonally adjusted. na=not available. For metro area, legal is included in other professional and technical and personal and miscellaneous service is included in organizations.

Jobs and wages by sector

Change in wage and salary jobs in DC:
December 2019 to December 2020
(Calculated from 3-month moving average)



% change in wage and salary jobs in DC:
December 2019 to December 2020
(Calculated from 3-month moving average)



Over the year ending September, the professional and management services sector had the highest growth in jobs while wages in the organizations and personal services sector had the highest growth.

- For the year ending September the federal government accounted for 26.8% of all jobs and 30.4% of all wages and salaries in DC. Over the 4 quarters, federal jobs increased 1.1% while wages grew 2.5%. Note data for employment shown as quarterly to compare to wages.
- Professional and management services jobs increased 3,742 in the 4-quarter average ending September 2020, offsetting some of the losses in other sectors while wages in the sector grew 3.7 percent. This sector account for 23.7% of DC wages and 17.1% of DC jobs.
- Organizations and personal services was the only other private sectors to add jobs, adding 217 jobs in the 4-quarter average ending September 2020 from last year. This sector accounted for 10.2% of DC jobs and wages.
- Business services jobs, mostly office building support, fell but wages grew by 4.4%, Education and health services employment fell over the past year but wages grew 3.4%.

Table 8. Employment and income by sector of the DC economy: Quarter ending September 2020

Sector	4 qtr avg. wage and salary employment in DC ending September 2020			4 qtr avg. wages and salaries earned in DC ending September 2020			Percentage Distribution September 2020	
	Level	Annual change (jobs)	Annual Change (%)	Level (\$b)	Annual change (\$b)	Annual Change (%)	Employment	Wages
Total	771,483	-24,992	-3.1	79.45	1.49	1.9	100.0	100.0
Federal government	197,567	2,125	1.1	23.63	0.59	2.5	26.8	30.4
Local government	42,817	233	0.5	3.63	0.06	1.7	5.9	4.5
Professional and Management	126,992	3,742	3.0	18.86	0.68	3.7	17.1	23.7
Business services	42,525	-4,317	-9.2	2.67	0.11	4.4	4.9	3.3
Information and financial services	49,208	-300	-0.6	7.27	0.20	2.8	6.3	9.1
Education and health services	124,992	-5,733	-4.4	8.11	0.27	3.4	15.8	10.6
Trade and hospitality	89,675	-19,800	-18.1	3.71	-0.94	-20.3	10.1	3.6
Organizations and personal services	77,433	217	0.3	7.92	0.42	5.6	10.2	10.2
Other private	20,275	-1,158	-5.4	3.66	0.11	3.2	2.7	4.6
<i>Private sector</i>	<i>531,100</i>	<i>-27,350</i>	<i>-4.9</i>	<i>52.19</i>	<i>0.84</i>	<i>1.6</i>	<i>67.3</i>	<i>65.1</i>
<i>Government</i>	<i>240,383</i>	<i>2,358</i>	<i>1.0</i>	<i>27.26</i>	<i>0.65</i>	<i>2.4</i>	<i>32.7</i>	<i>34.9</i>

Source: BLS and BEA. Federal government wages and salaries includes military.

Wages and income

DC's personal income and wages grew in the September 2020 quarter.

- Wages and salaries earned in the District of Columbia grew 1.8% in the September quarter compared to the same quarter of 2019.
- In the September quarter, DC Personal Income grew 6.9%, compared to 7.1% for the US average. Federal relief continues to increase personal income (story page 1).
- Proprietors' income increased 7.1% and property income decreased by 2.2% in the September quarter over the same quarter in 2019.
- Pensions and other transfers, where federal pandemic relief showed up, grew 46.8% over last year in the September quarter.

Wages earned in DC, by DC residents, and in the US:
2019q3 to 2020q3
(% ch from prior year)

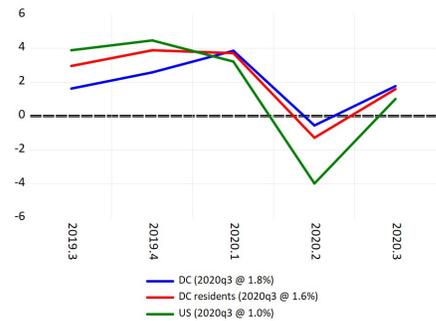


Table 9. DC Wages and Personal Income: September 2020

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

Indicator	FY 2018	FY 2019	FY 2020	4-qtr. moving avg	September 2020
Wages and salaries earned in DC	75.5	78.0	79.5	79.5	79.8
1 yr change	3.4	2.5	1.5	1.5	1.4
% change	4.8	3.3	1.9	1.9	1.8
Supplements to wages and salaries	19.5	20.3	20.8	20.8	21.0
1 yr change	1.1	0.8	0.4	0.4	0.5
% change	5.7	4.1	2.1	2.1	2.2
Income earned in DC*	91.2	94.1	96.0	96.0	96.9
% change	3.7	3.3	2.0	2.0	2.1
Net resident adjustment**	-51.9	-53.4	-54.3	-54.3	-54.6
% change	3.7	2.7	1.8	1.8	1.8
Income earned by DC residents*	39.2	40.8	41.7	41.7	42.3
% change	3.8	4.0	2.3	2.3	2.5
Wages and salaries of DC residents***	29.0	30.3	30.9	30.9	31.1
1 yr change	1.9	1.3	0.6	0.6	0.5
% change	7.0	4.6	2.0	2.0	1.6
Proprietors income earned by DC residents****	6.9	6.8	7.1	7.1	7.5
% change	-10.1	-0.3	4.3	4.3	7.1
Property income of DC residents	10.6	10.6	10.5	10.5	10.4
% change	4.1	0.7	-1.1	-1.1	-2.2
Pensions and other transfers	6.8	7.0	9.3	9.3	10.4
% change	1.8	3.4	33.1	33.1	46.8
DC personal income	56.6	58.4	61.5	61.5	63.1
1 yr change	2.0	1.9	3.1	3.1	4.1
% change	3.6	3.3	5.4	5.4	6.9
US Personal income (% change from prior year)	5.5	4.3	6.1	6.1	7.1
US Wages and Salaries (% change from prior year)	5.3	4.6	1.2	1.2	1.0
Addendum:					
DC res. wages as % of wages earned in DC	38.4	38.9	38.9	38.9	38.9
DC Personal income as % of US	0.32	0.32	0.32	0.32	0.32

*Excludes social insurance paid by individuals. Wage and salary amounts do include social insurance paid by individuals.

**Algebraic sum of (1) income earned in DC by non residents (negative) and (2) income earned by DC residents outside of DC (positive). Since this is a negative number, the larger the increase (or faster the rate of growth), the less growth for income earned by DC residents.)

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

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

Source: BEA; data released Dec 18, 2020

Population, jobs, and per capita income

DC's population growth rate slows and wage growth stronger in the September quarter.

- At mid-year 2020, population was estimated to be 4,563 (0.6%) higher than the prior year and wage and salary employment decreased by 61,033 (7.7%).
- In 2020 population grew at a much slower rate than the average growth rate over the 5 years 2015 to 2020 while wage employment fell significantly in the 2nd quarter of 2020 due to the pandemic.
- In the September quarter, DC's per capita income grew at a 6.3% rate compared to 6.6% in the US.
- In the September quarter, wages per job in DC grew faster than in the US (8.9% v 8.6%).

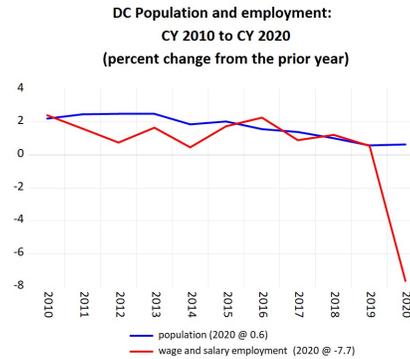
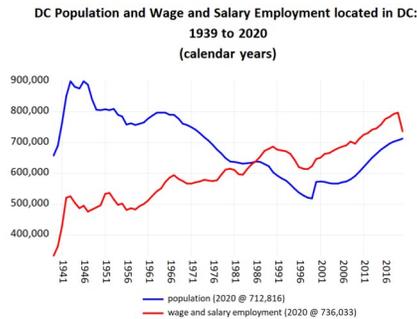


Table 10. DC Population and wage and salary employment located in DC: 2012 to 2020

Calendar Year	Population			Wage and salary employment		
	Number	Change from prior year Number	%	Number	Change from prior year Number	%
2012	635,737	15,447	2.5	730,533	5,367	0.7
2013	651,559	15,822	2.5	742,633	12,100	1.7
2014	663,603	12,044	1.8	746,133	3,500	0.5
2015	677,014	13,411	2.0	759,133	13,000	1.7
2016	687,576	10,562	1.6	776,333	17,200	2.3
2017	697,079	9,503	1.4	783,267	6,933	0.9
2018	704,147	7,068	1.0	792,700	9,433	1.2
2019	708,253	4,106	0.6	797,067	4,367	0.6
2020	712,816	4,563	0.6	736,033	-61,033	-7.7
<i>Ch. from 2015 to 2020</i>		<i>35,802</i>	<i>5.3</i>		<i>-23,100</i>	<i>-3.0</i>
<i>Avg. annual ch.(2015 to 2020)</i>		<i>7,160</i>			<i>(4,620)</i>	

Source: US Bureau of the Census (Population); BLS seasonally adjusted for year ending June quarter.

Table 11. Per capita income and wages per job in DC and the US: FY 2018 to September 2020

	DC					US				
	FY 2018	FY 2019	FY 2020	4-qtr moving avg (September 2020)	2020Q3	FY 2018	FY 2019	FY 2020	4-qtr moving avg (September 2020)	2020Q3
Per capita Income	80,807	82,888	86,770	86,770	88,702	54,028	56,057	59,199	59,199	60,284
% ch in per capita income	2.5	2.6	4.7	4.7	6.3	4.9	3.8	5.6	5.6	6.6
% ch in population	1.0	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5
% ch in personal income	3.6	3.3	5.4	5.4	6.9	5.5	4.3	6.1	6.1	7.1
Wages per job	95,393	97,885	103,112	103,112	106,766	59,429	61,302	64,658	64,658	67,014
% ch in wages per job	3.6	2.6	5.3	5.3	8.9	3.7	3.2	5.5	5.5	8.6
% ch in wage and salary jobs	1.1	0.7	-3.1	-3.1	-6.5	1.6	1.4	-3.9	-3.9	-7.0
% ch in total wages	4.8	3.3	1.9	1.9	1.8	5.3	4.6	1.2	1.2	1.0
	<i>Washington Metro</i>					<i>U.S.</i>				
<i>Consumer price index</i>	<i>2.1</i>	<i>1.3</i>	<i>0.9</i>	<i>0.9</i>	<i>1</i>	<i>2.4</i>	<i>1.9</i>	<i>1.5</i>	<i>1.5</i>	<i>1.3</i>

Source: BEA for per capita income, population, and personal income; BLS for CPI. Note: % changes are from the same period of the prior year.

Multifamily-unit housing and housing permits

New housing permit issuance in December at highest level since 2017.

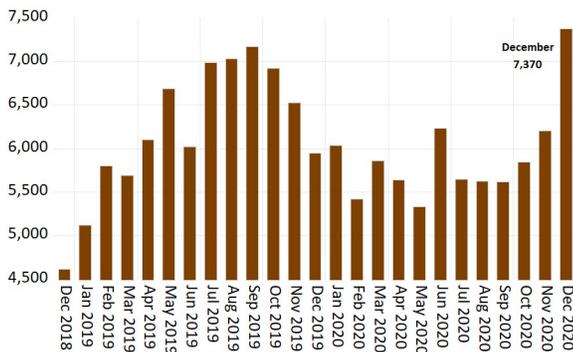
- For the 12-month period ending December, 7,370 housing permits were issued, up 24% from the same period last year. The 3-month total (2,851) was 159% above the same period last year. Multifamily project permits were issued for 10 projects in December.
- According to CoStar, in the quarter ending December 2020, the inventory of apartments and condominiums increased by 7,459 (4.0%) from a year earlier, fastest growth since at least 2014.
- Of the increase in inventory of multifamily units in the fourth quarter, 89.6% were in apartments. Of the housing permits issued over the past 12-months, 96.4% were included in 52 buildings with 5 or more units.
- As of the end of December, 12,840 multi-family units were under construction in 93 buildings. Of the construction, apartments accounted for 76.3% of the buildings and 94.1% of the units.

Table 12. Housing unit building permits issued in DC: December 2020

	FY 2018	FY 2019	FY 2020	12-mo avg	3-mo avg	This month
Total units	4,640	7,168	5,618	7,370	2,851	1,224
1 year ch.	592	2,528	-1,550	1,425	1,752	1,167
% change	14.6	54.5	-21.6	24.0	159.4	2,047.4
Multifamily projects with 5 or more units						
number	46	63	43	52	20	10
average size	85	122	124	140	144	120
Units in small projects with up to 4 units						
with up to 4 units	179	218	254	267	87	24
% of all units	3.9	3.0	4.5	3.6	3.1	2.0

Source: Census Bureau (permits for privately owned units during period)

Housing permits issued in DC: December 2018 to December 2020 (12-mo moving total)



Inventory of multifamily housing units in DC: net change from prior year, December 2015 to December 2020

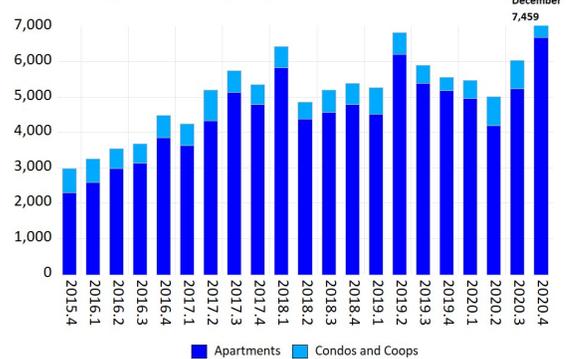


Table 13. Inventory and construction for private sector apartments and condominiums in DC: 2014 to 2020q4

CY	Inventory									Under Construction					
	All units			Apartments			Condominiums			Apartments			Condominiums		
	Number	Number	1 yr Change %	buildings	units	1 yr ch.	buildings	units	1 yr ch.	buildings	units	units per bldg	buildings	units	units per bldg
2014	164,815	4,644	2.9%	2,830	123,188	4,512	609	32,865	132	41	6,527	158	38	972	54
2015	167,794	2,979	1.8%	2,851	125,491	2,303	640	33,541	676	55	9,910	179	41	1,054	52
2016	172,283	4,489	2.7%	2,872	129,333	3,842	671	34,188	647	61	10,771	176	35	1,322	51
2017	177,632	5,349	3.1%	2,894	134,114	4,781	687	34,732	544	60	11,381	189	28	1,297	51
2018	183,018	5,386	3.0%	2,922	138,898	4,784	703	35,334	602	64	13,199	205	22	1,144	50
2019	188,577	5,559	3.0%	2,950	144,088	5,190	714	35,703	369	65	13,748	211	22	1,198	50
2020q4	196,036	7,459	4.0%	2,980	150,774	6,686	723	36,476	773	71	12,081	170	22	759	35
1 Q Ch.	2,385			8	2,385		1	66		-1	-1,200		1	66	

Source: CoStar. Includes units in privately-owned buildings with 5 or more units. CY amounts are last quarter of the year. Includes affordable units. Data is as of January 7, 2021. All units include cooperative apartments, not shown separately. In 2020 there were 121 co-op buildings with 8,786 units with an average building size of 73 units.

Apartments

Vacancy rates for premium apartments (Class A) highest since 2014

- According to CoStar, for the quarter ending December, 2020, occupied apartments declined by 887 (0.7%) from the prior year. The overall vacancy rate rose to 11.8% and average rents fell 7.5%.
- In December, Class A units accounted for 29.4% of all units in the city and 27.1% of occupied units.
- Over the past year effective rent in all classes of apartments decreased led by Class A declining 11.2%.
- Vacancy rates in December: Class A 18.7%, Class B 11.2%, and Class C 7.0%.
- There are 70 buildings under construction, mostly Class A, which will add a total of 12,079 units to inventory.

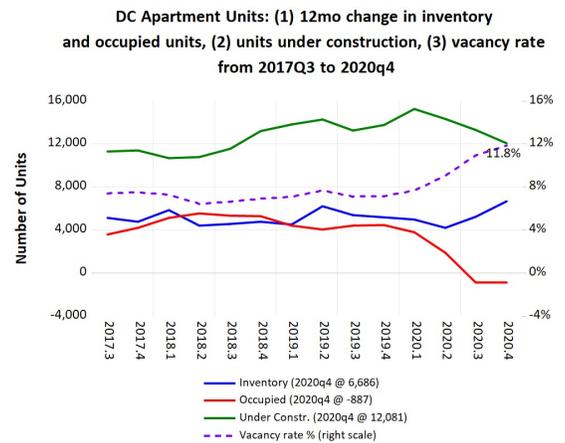
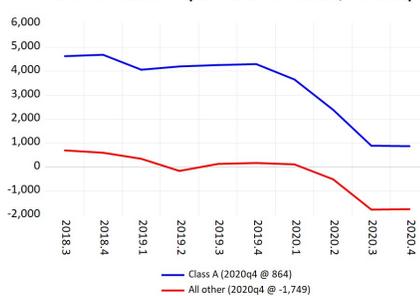


Table 14. Apartment Units in DC: 2015 to 2020q4

FY	Level				Change from prior year						Average Rent		1 yr ch in units under constr.
	Inventory	Number Occupied	Number Vacant	% vacant	inventory units	%ch	Occupied units	%ch	Vacant units	%ch	Effective rent per unit	1yr %ch	
2015	124,934	116,781	8,147	6.5	3,474	2.9	3,665	3.2	-191	-2.3	\$1,874	1.8	2,496
2016	128,066	119,749	8,311	6.5	3,132	2.5	2,968	2.5	164	2.0	\$1,925	2.7	1,323
2017	133,192	123,337	9,849	7.4	5,126	4.0	3,588	3.0	1,538	18.5	\$1,932	0.4	156
2018	137,766	128,655	9,105	6.6	4,574	3.4	5,318	4.3	-744	-7.6	\$1,976	2.3	255
2019	143,148	133,042	10,100	7.1	5,382	3.9	4,387	3.4	995	10.9	\$2,024	2.4	1,668
2020	148,389	132,156	16,227	10.9	5,241	3.7	-886	-0.7	6,127	60.7	\$1,902	-6.0	45
2020q4	150,774	132,913	17,861	11.8	6,686	4.6	-887	-0.7	7,579	73.7	\$1,873	-7.5	-1,667
1 Q ch	2,385	757	1,634								-\$29		

Source: CoStar, as of January 7, 2021

Change from the prior year in occupied Class A and all other classes of apartments from 2018Q3 to 2020q4



Vacancy rate by apartment building class from 2018Q3 to 2020q4



1-Yr % change in average effective rent by apartment building class from 2018Q3 to 2020q4

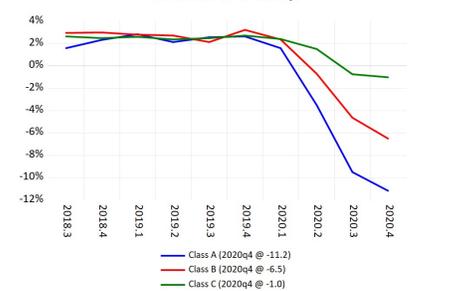


Table 15. Market rate apartment units in DC, Classes A, B, and C: 2020q4

Class	inventory					Occupied			Effective monthly rent		Under construction		
	Buildings	Number	1 yr ch	% ch	% vacant	Number	1 yr ch	% ch	\$ per month	1 yr % ch	Buildings	Units	Avg. size
Class A	195	44,279	5,197	13.3	18.7	35,997	864	2.5	2,373	-11.2	38	9,471	249
Class B	848	49,842	1,473	3.0	11.2	44,249	-920	-2.0	1,820	-6.5	32	2,608	82
Class C	1,915	56,512	16	0.0	7.0	52,533	-829	-1.6	1,380	-1.0	0	0	0

Source: CoStar; includes units in privately-owned buildings with 5 or more units, including affordable units. Vacancy rate is occupied units divided by inventor. Sum of class A, B, and C may not equal total. Data is as of January 7, 2021.

Commercial office space

Office vacancy rate rose to 13.1%, led by premium space (Class A)

- According to CoStar, for the 12-month period ending December occupied office space declined by 0.99 million sq. ft.(msf) from last year and inventory increased by 1.5 msf. The vacancy rate has risen to 13.1% (including sublet) and average base rent rose 0.3%.
- The vacancy rate for class A space was 13.8% in December and rent barely rose 0.1% over the past year.
- Space under construction in December 2020 (2.6 million square feet in 17 buildings), same as the December 2019 quarter.
- For Class B and Class C properties, occupancy declined over the past year. Rents for Class B and C properties increased at a faster rate than for Class A ones.

DC Office Space (millions sq ft): (1) 12mo change in inventory and occupied units, (2) units under construction, (3) vacancy rate from 2017Q3 to 2020q4

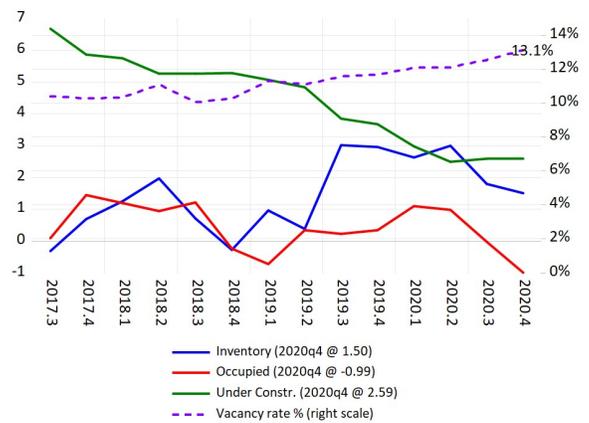
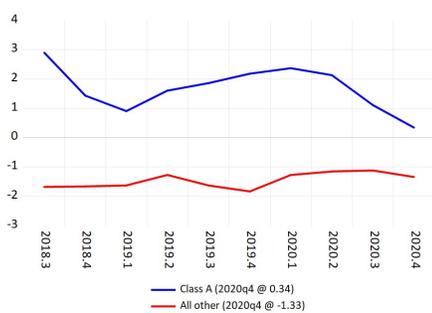


Table 16. DC Commercial office space: 2015 to 2020q4

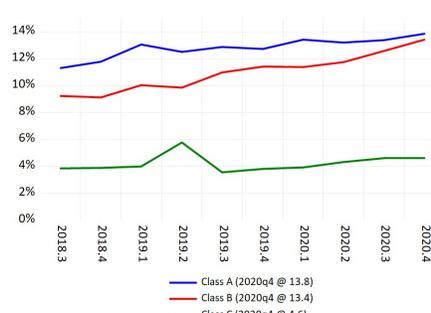
CY (year end)	Inventory				Occupied space			Vacant space			Base rent (direct)		Under constr.		
	Buildings	Level (msf)	1 yr ch (msf)	1 yr % ch	Level (msf)	1 yr ch (msf)	% ch	Level (msf)	Direct	Total %	\$ per sq ft	1 yr % ch	Buildings	msf	Avg, sf / bldg
2015	2,392	156.72	0.31	0.2	140.92	-1.18	-0.8	15.8	9.7	10.1	\$48.33	1.5	16	3.32	207,267
2016	2,389	157.41	0.69	0.4	140.43	-0.49	-0.3	17.0	10.3	10.8	\$50.13	3.7	21	5.32	253,163
2017	2,383	158.10	0.69	0.4	141.88	1.45	1.0	16.2	9.7	10.3	\$51.22	2.2	21	5.86	279,059
2018	2,378	157.83	-0.28	-0.2	141.65	-0.23	-0.2	16.2	9.5	10.2	\$52.20	1.9	21	5.29	252,091
2019	2,388	160.79	2.96	1.9	141.99	0.35	0.2	18.8	10.9	11.9	\$53.35	2.2	22	3.68	167,219
2020q4	2,392	162.29	1.50	0.9	141.00	-0.99	-0.7	21.3	12.0	13.1	\$53.51	0.3	17	2.59	152,512
1 Q ch	0	-0.02			-0.92	0.00			0.5	0.6	\$0.03		0	0.00	

Source: CoStar, as of January 7, 2021; msf = million square feet; base rent excludes concessions.

Change from the prior year in occupied Class A and all other classes from 2018Q3 to 2020q4 (millions of sq ft)



Vacancy rate by office building class from 2018Q3 to 2020q4



1-Yr % change in average effective rent by office building class from 2018Q3 to 2020q4

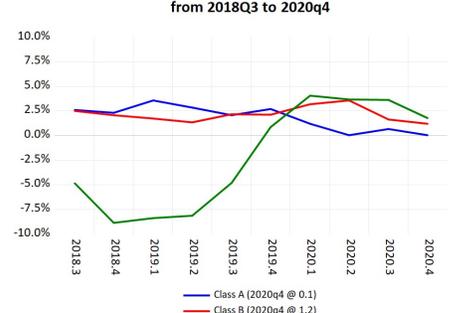


Table 17. DC Class A, B, and C commercial office space: 2020q4

Class	Inventory				Occupied space			Vacant space			Base rent (direct)		Under const.	
	Buildings	Level (msf)	1 yr ch (msf)	1 yr % ch	Level (msf)	1 yr ch (msf)	1 yr % ch	Level (msf)	Direct %	Total %	\$	1 yr %ch	buildings	msf
Class A	332	93.01	1.58	1.7	80.14	0.34	0.4	12.87	12.5	13.8	\$57.44	0.1	14	2.52
Class B	932	59.26	-0.03	-0.1	51.31	-1.21	-2.3	7.96	12.5	13.4	\$49.67	1.2	3	0.08
Class C	1,124	10.01	-0.04	-0.4	9.55	-0.12	-1.2	0.46	4.6	4.6	\$34.88	1.8	0	0.00

Source: CoStar, as of January 7, 2021

Property transfers and deed taxes

Property sales improve in December but still below pre-pandemic levels.

- The value of property transfers in December, \$11.2 billion, was 27.6% below a year ago as measured by the 12-month moving total. The 3-month moving total, \$3.6 billion, was 19.6% above last year.
- Over the 12-month period ending December the estimated value of brokered home sales was 14.6% above last year while the value of all other real property transfers was 56.5% below last year. For the last 3 months, the value of brokered home transfers were 29.9% higher last year and non-home transfers grew 7.5%.

Table 18. Market value of real property transfers subject to the deed transfer or economic interest tax: FY 2018 to December 2020

	FY 2018	FY 2019	FY 2020	12mo moving total	3mo moving total	This month
All property transfers (\$M)	14,646.3	17,355.2	10,587.9	11,180.8	3,611.4	1,837.1
change from one year ago (\$M)	647.8	2,708.8	-6,767.3	-4,270.3	592.9	602.7
% change from one year ago	4.6	18.5	-39.0	-27.6	19.6	48.8

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).



Table 19. Value of (1) brokered home sales and (2) all other real property subject to the deed transfer and economic interest taxes: FY 2018 to December 2020

	FY 2018	FY 2019	FY 2020	12mo moving total	3mo moving total
Brokered home sales (\$m)	6,184	5,986	6,692	7,182	2,129
All other property (\$m)	8,462	11,370	3,896	3,999	1,483
% Change from 1 year ago					
Brokered home sales	6.2	-3.2	11.8	14.6	29.9
All other property	3.5	34.4	-65.7	-56.5	7.5

Source: Brokered sales of single family homes and condominium units are from MarketStats by ShowingTime; Other property transfers equals the difference between the value of all real property transfers calculated from deed tax collections reported by the OCFO and the value of brokered sales.

Single family and condominium housing

Sales volume and average sale prices were significantly higher in December

- Single family home sales for December were up 4.2% from a year earlier (12-month average), while the average selling price was 8.4% higher. For the past three months, sales volume was up 15.2% and the average selling price was 12.8% higher.
- December condominium sales were up 11.3% from last year (12-month average) and the average selling price was 3.2% higher. For the past three months, sales volume was up 26% but prices were down 2.2%.
- The total value of all home sales for the 12-month period ending December rose 14.6% from last year. The 3-month moving total was 29.9% higher.

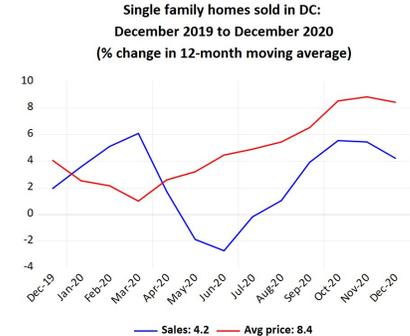
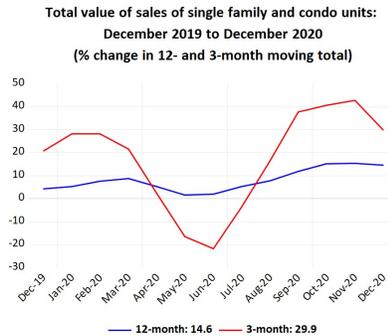
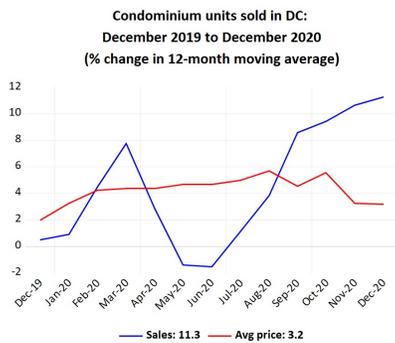


Table 20. Residential real estate indicators: December

	FY 2018	FY 2019	FY 2020	12mo moving total	3mo moving total	This month
Number of single family sales (settled contracts)						
Single family homes	4,717	4,439	4,614	4,795	1,373	447
1 year change	165	-278	175	195	181	40
% change	3.6	-5.9	3.9	4.2	15.2	9.8
Condominium	4,240	3,995	4,338	4,603	1,283	446
1 year change	194	-245	343	466	265	107
% change	4.8	-5.8	8.6	11.3	26.0	31.6
Total	8,957	8,434	8,952	9,398	2,656	893
1 year change	359	-523	518	661	446	147
% change	4.2	-5.8	6.1	7.6	20.2	19.7
Average prices of units sold						
Single family homes	\$828,741	\$861,921	\$918,292	\$946,860	\$1,009,282	\$996,897
1 year change	8,816	33,180	56,371	73,694	114,270	60,062
% change	1.1	4.0	6.5	8.4	12.8	6.4
Condominium	\$528,229	\$537,663	\$561,991	\$558,881	\$552,314	\$574,648
1 year change	17,620	9,433	24,328	17,174	-12,436	9,139
% change	3.5	1.8	4.5	3.2	-2.2	1.6
Total Value of All Sales (\$M)	\$6,184	\$5,986	\$6,692	\$7,182	\$2,129	\$710
1 year change	361	-199	706	914	490	137
% change	6.2	-3.2	11.8	14.6	29.9	23.8

Note: Closed (settled) contracts. Average prices calculated by ORA based on number of sales and total value of sales.

Source: MarketStats by ShowingTime, accessed by BrightMLS. Sales are ones closed during period shown.

Single family and condominium housing

The FHFA house price index for DC was rising faster than the national average in the 3rd Quarter

- The percentage change from the prior year in DC home prices was 9.4% higher in the September quarter, according to the Federal Housing Finance Agency Index of single-family same-property transactions. The US index and the Washington metropolitan area were up 7.4%. Home price growth accelerated over the summer.
- 37.1% of all single family sales in December were for properties greater than \$1 million and sales of these properties grew 18.6% for the 12-month period ending December 2020. Sales of condominiums greater than \$1 million accounted for 7.7% of condominium sales in December and sales of these condominiums grew 11.0% in the 12-month period ending December over the same period in 2019.

Table 21. Federal Housing Finance Agency Price Index for single family property in DC, DC metro area, and US

Indicator	Fiscal year average			Last 2 Q's	
	FY 2018	FY 2019	FY 2020	2020q2	2020q3
%change from prior year in value of index					
DC	4.4	6.5	9.2	6.5	9.4
DC metro area	4.1	4.6	5.8	4.6	7.4
US	6.6	5.7	6.3	5.8	7.4

Source: Federal Housing Finance Agency

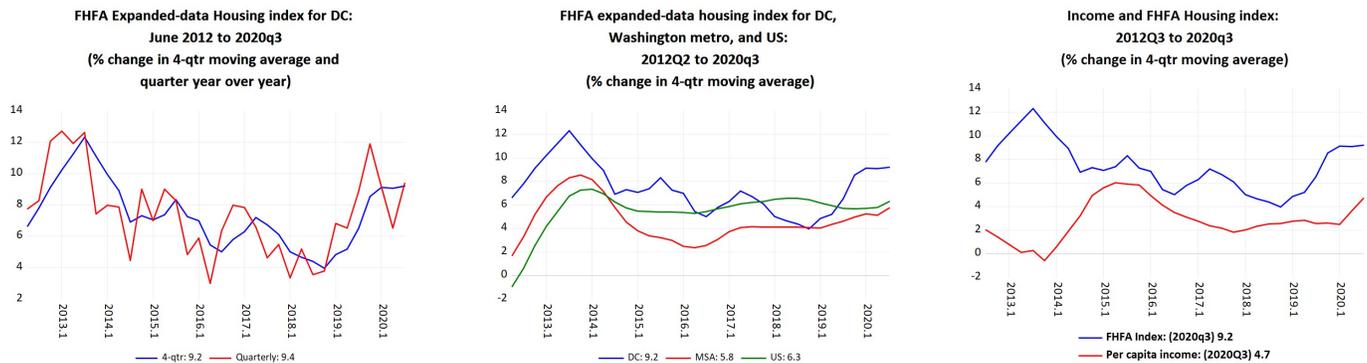


Table 22. D.C. Single family and condominium home sales at prices of \$1 million or more: December

	FY 2018	FY 2019	FY 2020	12mo moving		3mo moving
				total	total	This month
Single family homes	1,192	1,232	1,403	1,542	485	151
1 year change	135	40	171	242	139	24
% change	12.8	3.4	13.9	18.6	40.2	18.9
% all single family sales	26.2	26.1	31.6	33.5	40.7	37.1
Condominium	222	213	252	252	66	26
1 year change	33	-9	39	25	0	6
% change	17.5	-4.1	18.3	11.0	0.0	30.0
% all condominium sales	5.5	5.0	6.3	6.1	6.5	7.7

Source: MarketStats by ShowingTime, accessed by BrightMLS. Sales are ones closed during period shown.

Hospitality

Hotel stays in December were 77.8% below last year

- In December, the number of room-days sold was 77.8% fewer than a year ago, little changed from the summer. The average room rate was down 21.1% and hotel room sales revenue was 82.5% lower.
- Occupancy which is historically around 75% was 16.4% in December, a deterioration from last month. However, the number of hotels in the survey have decreased as some have closed or temporarily suspended service.
- Air passengers through the regional airports were down 69.1% in November from last year, similar to October travel. Passengers through Washington National (DCA) were down almost 80% from November 2019.
- Employment in food services was 35.2% lower in December than a year earlier and hotel employment was down 33.7%. As measured by the 3-month moving averages, the declines were 33.1% and 34.9%, respectively.

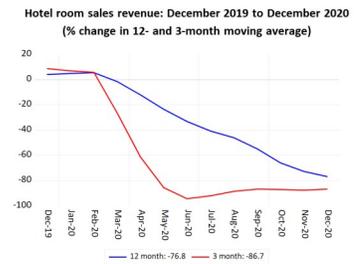
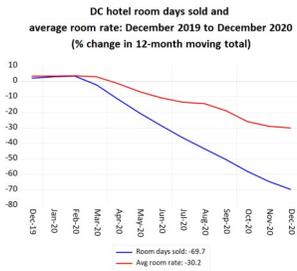


Table 23. Hospitality Industry: December 2020

Indicator	Units	FY 2018	FY 2019	FY 2020	12-mo moving average/sum*	3-mo moving average/sum*	This Month
Hotel Stays (updated December)							
Hotel room-days sold	(M)	9.019	9.128	4.525	2.791	0.480	0.136
	1 yr ch	0.272	0.109	-4.603	-6.409	-1.734	-0.476
	1 yr % ch	3.1	1.2	-50.4	-69.7	-78.3	-77.8
Average room rate	\$	\$219.91	\$216.37	\$175.46	\$154.95	\$140.05	\$136.44
	1 yr ch	-\$11.63	-\$3.54	-\$40.91	-\$66.93	-\$82.05	-\$36.49
	1 yr % ch	-5.0	-1.6	-18.9	-30.2	-36.9	-21.1
Room revenue	(\$M)	\$2,020.2	\$2,038.7	\$920.5	\$482.3	\$67.4	\$18.5
	1 yr ch	-\$18.3	\$18.5	-\$1,118.2	-\$1,596.9	-\$438.1	-\$87.2
	1 yr % ch	-0.9	0.9	-54.9	-76.8	-86.7	-82.5
Occupancy rate	%	78.0	76.3	42.0	28.8	19.7	16.4
Number of hotels in survey		136	140	125	121	126	126
Airline passengers (updated November)							
DCA	1 yr %ch	-1.2	0.7	-47.9	-61.4	-78.6	-78.6
IAD	1 yr %ch	4.1	4.3	-45.1	-56.5	-69.6	-67.5
BWI	1 yr %ch	4.5	-1.4	-42.1	-52.8	-61.0	-62.3
Total	1 yr %ch	2.5	1.1	-44.9	-56.7	-69.4	-69.1
Employment (updated December)							
Accommodations	level (000s)	15.6	16.2	12.6	11.2	10.8	10.8
	1 yr ch	0.5	0.6	-3.6	-5.2	-5.8	-5.5
	1 yr % ch	3.1	3.6	-22.0	-31.9	-34.9	-33.7
Food and beverage	level (000s)	54.6	55.4	41.9	37.3	36.9	35.3
	1 yr ch	2.5	0.8	-13.5	-18.2	-18.2	-19.2
	1 yr % ch	4.7	1.4	-24.4	-32.8	-33.1	-35.2

* Total for hotel rooms and room revenue.

Source: STR (hotel data); BLS (employment); BWI Airport (passenger data)

Federal non-defense spending increased faster than nominal GDP over the past 4 quarters

- Federal government non-defense spending for consumption and investment increased 4.8% in the September 2020 quarter from a year earlier. Defense spending grew 3.5%.
- Compared to the same quarter a year ago, in the September quarter nominal GDP contracted 1.7% and real (inflation adjusted) GDP fell 2.8%.
- The US employment rate (seas. adj.) was 6.7% in December, unchanged from November.
- In December, the average S&P 500 index was 16.3% above a year earlier.

Defense and non-defense spending: 2015Q3 to 2020Q3 (1 yr % change)

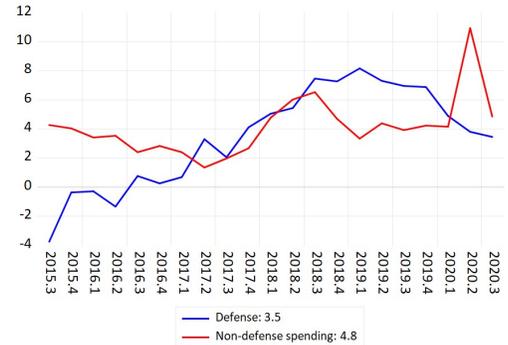


Table 24. Federal government consumption and investment, US GDP accounts: FY2018 to 2020Q3

(percent change from prior year)

Indicator	FY 2018	FY 2019	FY 2020	4q mov	
				avg*	2020Q3
Non-defense	5.0	4.1	6.1	6.1	4.8
Compensation of employees	3.7	3.0	3.2	3.2	5.4
Purchases of goods and services	5.7	3.7	6.3	6.3	4.6
Gross investment	2.9	5.2	5.4	5.4	5.6
Defense	5.5	7.4	4.7	4.7	3.5
Compensation of employees	4.0	4.5	3.2	3.2	2.8
Purchases of goods and services	4.8	6.4	3.8	3.8	2.9
Gross investment	8.6	11.7	8.2	8.2	5.8
All federal consumption and invest	5.3	6.1	5.3	5.3	4.0

Note: federal spending does not include social security, medicare, or grants.

*FY 2020 ended 2020Q3.

Source: BEA (Nov 25, 2020); nominal values.

Federal non-defense spending and US GDP: 2015Q3 to 2020Q3 (1 yr % change)

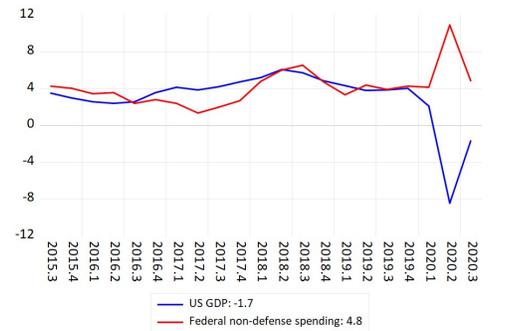


Table 25. US GDP, Income, and Inflation: FY2018 to 2020Q3

(percent change from prior year)

Indicator	FY 2018	FY 2019	FY 2020	4q mov	
				avg	2020Q3
GDP real	3.1	2.2	-2.3	-2.3	-2.8
GDP nominal	5.4	4.2	-1.1	-1.1	-1.7
Personal Income	5.5	4.3	6.1	6.1	7.1
Consumption	5.0	4.0	-1.4	-1.4	-1.7
Investment	7.8	5.2	-5.1	-5.1	-1.9
Corporate profits*	5.9	1.5	-5.3	-5.3	3.5
S and P stock index	16.2	3.3	10.2	10.2	12.3
US CPI	2.4	1.9	1.5	1.5	1.3

* Before tax, without IVA and CCadj.

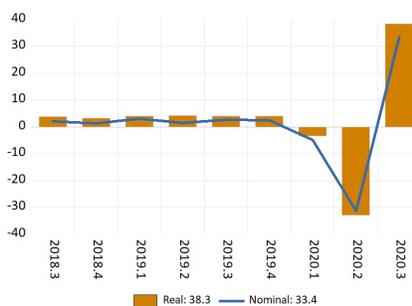
Source: BEA Nov 25, 2020; BLS (cpi); Dow Jones Indices (SP500)

Table 26. Monthly selected indicators: August to December

Indicator	August	September	October	November	December
S & P stock market index (level)	3,392	3,366	3,419	3,549	3,695
% change from prior year	17.06	12.86	14.81	14.3	16.32
10 yr Treasury Interest rate (level)	1.0	1.0	1.0	1.0	1.0
CPI % change from prior month (seas. adj.)	0.4	0.2	0.0	0.2	0.4
CPI % change from prior year (seas. adj.)	1.3	1.4	1.2	1.2	1.3
Jobs (seas. adj.) millions	141.06	141.77	142.43	142.76	142.62
change from prior month (thousands)	1,493	711	654	336	-140
% change from prior month	1.07	0.5	0.46	0.24	-0.1
Resident employment (seas. adj.) millions	147.28	147.54	149.67	149.81	149.83
change from prior month (thousands)	3,499	267	2,126	140	21
% change from prior month	2.43	0.18	1.44	0.09	0.01
Unemployment rate (seas. adj.)	8.4	7.8	6.9	6.7	6.7

Source: BLS; Dow Jones Indices; Federal Reserve

Quarterly change in US real and nominal GDP: 2018Q3 to 2020Q3 (% change from previous quarter at annual rate)

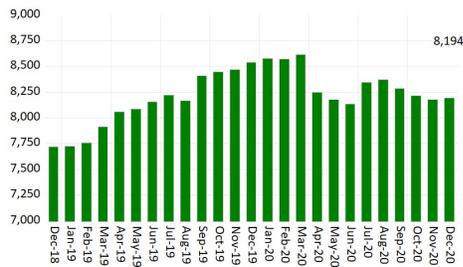


Standard & Poors Stock Market Index (SP500): 2019m12 to 2020m12 (Monthly average)



DC tax collections

DC tax collections (before earmarking): December 2018 to December 2020
(\$ million, 12-mo moving total)



DC tax collections (before earmarking): December 2019 to December 2020
(1 yr \$ change 12-mo moving total (\$M))

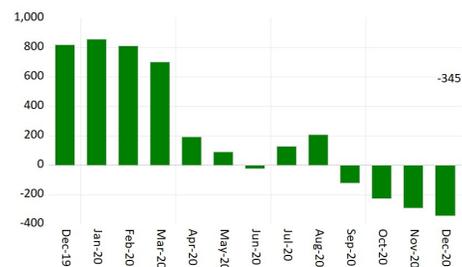


Table 27. Tax Collections (before earmarks): December 2020

Tax	Annual Revenue (From CAFR)			Tax Collections			
	FY 2018	FY 2019	FY 2020	12-mo mov total	FY 2021 to date	3-mo mov total	This month
Total taxes	7,771.3	8,455.3	8,236.7	8,193.6	1,257.1	1,257.1	519.7
1 yr change	298.7	684.0	-218.6	-344.9	-90.8	-90.8	18.4
% change	4.0	8.8	-2.6	-4.0	-6.7	-6.7	3.7
Real Property	2,554.2	2,710.1	2,836.8	2,801.2	60.1	60.1	7.7
1 yr change	80.9	155.9	126.8	73.3	26.7	26.7	1.9
% change	3.3	6.1	4.7	2.7	80.2	80.2	32.2
General sales	1,492.6	1,597.7	1,222.4	1,135.6	257.2	257.2	76.5
1 yr change	73.4	105.2	-375.3	-523.1	-170.4	-170.4	-47.8
% change	5.2	7.0	-23.5	-31.5	-39.9	-39.9	-38.4
Individual income	2,066.8	2,299.3	2,377.2	2,395.5	519.7	519.7	181.9
1 yr change	108.6	232.5	77.9	53.7	27.7	27.7	3.6
% change	5.5	11.2	3.4	2.3	5.6	5.6	2.0
withholding	1,818.2	1,942.9	2,060.6	2,076.0	502.3	502.3	160.3
1 yr change	51.6	124.7	117.7	95.5	25.9	25.9	-3.9
% change	2.9	6.9	6.1	4.8	5.4	5.4	-2.4
non-withholding	248.7	356.4	316.6	319.5	17.3	17.3	21.6
1 yr change	56.9	107.8	-39.8	-41.8	1.8	1.8	7.5
% change	29.7	43.3	-11.2	-11.6	11.7	11.7	52.6
Corporate franchise	436.5	507.9	575.6	592.7	150.4	150.4	118.2
1 yr change	47.3	71.4	67.7	52.3	22.1	22.1	20.9
% change	12.2	16.4	13.3	9.7	17.2	17.2	21.5
Unincorporated bus.	138.2	134.7	152.1	161.3	41.0	41.0	31.9
1 yr change	-26.8	-3.5	17.3	-6.6	5.7	5.7	5.1
% change	-16.2	-2.5	12.8	-3.9	16.0	16.0	18.8
Deed Taxes [^]	472.3	560.9	452.7	466.8	139.3	139.3	72.0
1 yr change	11.6	88.7	-108.2	-96.2	0.4	0.4	25.4
% change	2.5	18.8	-19.3	-17.1	0.3	0.3	54.3
Other taxes	610.7	644.6	619.8	640.5	89.4	89.4	31.5
1 yr change	3.7	33.9	-24.8	101.7	-3.0	-3.0	9.4
% change	0.6	5.5	-3.9	18.9	-3.3	-3.3	42.3

[^] Deed taxes include deed recordation, deed transfer, and tax on transfers of economic interest in real property.

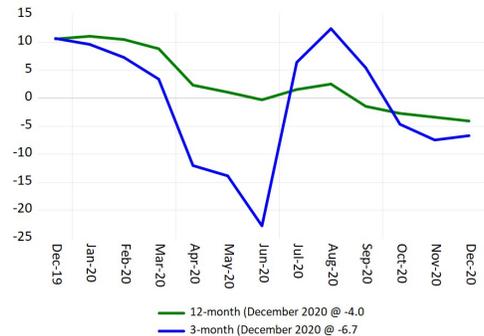
Note: (1) Revenues for fiscal years 2017 through 2019 are based on the CAFR; (2) tax collections subject to accounting adjustments at year end; (3) The table and charts on this page may include adjustments to the timing and consistency of collection reporting intended to make comparisons with the prior year more meaningful. The data may differ from other published OCFO reports

Source: OCFO/ORR

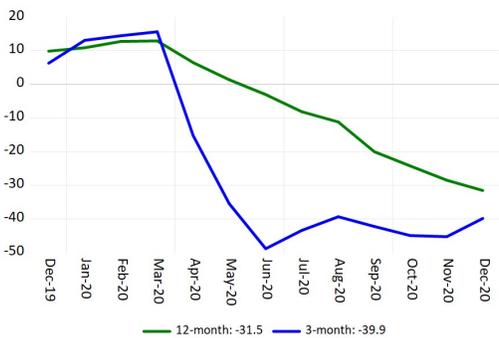
Tax collections for December continue to decline

- For the 12 month period ending December total tax collections (before earmarking) were \$345 million (4.0%) less than in the prior year. For the last 3 months they were down 6.7% from last year.
- Individual income tax collections were 2.3% above last year for the 12-months ending December because of 4.8% growth in withholding. For the past 3 months, total individual income tax collections were up 5.6% while withholding was up 5.4%.
- General sales tax collections were 31.5% below last year for the 12-months ending December. For the past 3 months, they were down 39.9% from last year.
- Deed tax collections for the 12-months ending December were down 17.1% from last year; for the past 3 months they were up 0.3% as several large office building sold in the final weeks of 2020.
- Corporate income taxes for the 12 months ending December were up 9.7% while unincorporated business income taxes were down 3.9% over last year.

**Tax collections (before earmarking):
December 2019 to December 2020
(% change 12- and 3-month totals)**



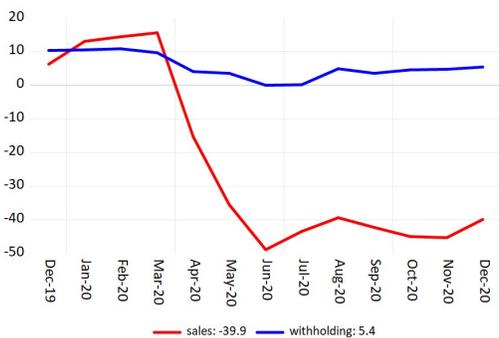
**General sales tax collections (before earmarking):
December 2019 to December 2020
(% change 12- and 3-month totals)**



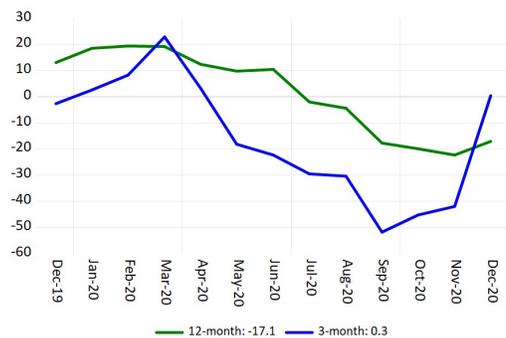
**Withholding for individual income tax collections:
December 2019 to December 2020
(% change 12- and 3-month totals)**



**General sales tax collections and withholding:
December 2019 to December 2020
(% change 3-month totals)**



**Deed tax collections (before earmarking):
December 2019 to December 2020
(% change 12- and 3-month totals)**



US economic forecasts

After contracting in FY 2020, forecasts for the national economy show real GDP growth in FY 2021 and FY 2021

- IHS Markit and Moody's Analytics January forecasts for real US GDP growth show modest growth in FY 2021. Faster growth picks up in FY 2022.
- Personal income growth will slow according to IHS Markit in FY 2021 and FY 2022 and contract according to Moody's Analytics in FY 2022 based on assumptions about federal relief (see story page 1).
- S&P 500 November baseline forecasts: IHS Markit believes the stock market in the last quarter of FY 2021 will be 12.9% above the last quarter of FY 2020, followed by a 1.6% decline in FY 2022. Moody's has a similar forecast but shows a further decline in FY 2023.

Table 28. Forecasts for US Nominal and real GDP, Personal income, unemployment, CPI, Interest rate, and S&P500

Indicator	IHS Markit (January 2021)				Moody's Analytics (January 2021)			
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2020	FY 2021	FY 2022	FY 2023
Real GDP (% ch from prior yr)	-2.3	2.3	4.2	2.7	-2.3	3.2	5.0	3.9
Nominal GDP (% ch from prior year)	-1.1	3.9	6.0	4.7	-1.1	4.6	7.5	6.3
Personal income (%ch from prior yr)	6.1	2.2	1.4	4.1	6.1	6.1	-0.5	5.2
Unemployment (%)	7.3	5.8	4.0	4.0	7.3	6.4	5.4	4.3
CPI (% ch from prior year)	1.5	1.9	2.5	2.2	1.5	1.7	2.5	2.5
10 Year Treasury (%)	1.1	1.0	1.2	1.4	1.1	1.1	1.8	2.6
S&P 500 (level)*	3,322	3,751	3,690	3,817	3,322	3,735	3,677	3,511

* SP500 shown is average for last quarter of fiscal year

DC economic forecasts

IHS Markit and Moody's differ on how much the recession's impact on the District will carry over to FY 2021

- **Jobs:** For FY 2021, IHS Markit anticipates a 0.5% decline in DC jobs while Moody's says they will decline by 2.1%. ORA's December outlook was closer to the current Moody's outlook. Fiscal year-to-date jobs have fallen 6.3% through December 2020 (see table 1, page 2). Both jobs and unemployment outlooks have changed considerably since the onset of the pandemic.
- **Income:** Both IHS Markit and Moody's show slow personal income growth in FY 2021 at 2.8% and 5.4%, respectively. Moody's has additional federal relief built in to its baseline that accounts for the differences in FY 2021 and FY 2022.
- **Wages:** IHS is more optimistic about wage growth in the District in FY 2021 showing a 4.4% increase compared to Moody's 3.3% and the December ORA forecast of 3.4%.

Table 29. Forecasts for Select DC indicators

Indicator	IHS Markit (January 2021)				Moody's Analytics (January 2021)				ORA (December 2020)			
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2020	FY 2021	FY 2022	FY 2023	FY 2020	FY 2021	FY 2022	FY 2023
Real GDP-DC (% ch from year ago)	-0.7	2.1	4.2	2.2	-0.7	2.8	4.6	3.9	-0.4	1.5	3.7	3.1
Personal income (% ch from year ago)	5.4	2.8	4.2	5.4	5.4	5.4	0.4	4.9	5.2	0.7	3.1	4.8
Wages in DC (% ch from year ago)	1.9	4.4	5.9	4.0	1.9	3.3	2.9	4.2	1.9	3.4	4.5	4.6
Jobs in DC (% ch from year ago)	-3.1	-0.5	4.6	1.3	-3.1	-2.1	2.0	1.6	-3.0	-1.8	3.1	2.1
Unemployment rate (%)	7.3	6.8	5.0	5.3	7.3	7.9	6.8	5.6	7.3	8.2	6.8	6.0
Population (% ch from year ago)	0.7	0.3	0.5	0.6	0.7	0.8	0.8	0.8	0.6	0.6	0.7	0.7
Households (% ch from year ago)	0.1	1.0	1.3	0.9	1.5	1.2	1.2	1.3	1.1	0.8	1.1	1.0

DC revenue estimate

December 2020 revenue estimate: FY 2020 tax revenue falls \$220 million (2.6%) below the FY 2019 level and \$134 million in FY 2021 (-1.6%). Revenue doesn't recover 2019 level until FY 2022.

- The real property tax grows \$125.9 million (4.6%) in FY 2020 helping to buffer the fall in other revenue sources, but then declines 0.1% in FY 2021 and 1.0% in FY 2022.
- Individual income tax revenue, which rose 11.2% in FY 2019, grows 3.4% in FY 2020 and 2.6% in FY 2021.
- The General sales tax, which grew 7.0% in FY 2019, experiences a 23.5% decline in FY 2020 and an additional 9.2% decline in FY 2021. Growth picks up again in FY 2022, rebounding 26.9% but doesn't recover FY 2019 levels until FY 2023.
- Deed taxes grew 18.8% FY 2019, but falls 19.3% in FY 2020. By FY 2024, deed tax collections regain the FY 2019 level.
- As a % of DC Personal Income, tax revenue rose to 14.3% in FY 2019 but is expected to fall back to 13.4% in FY 2020.

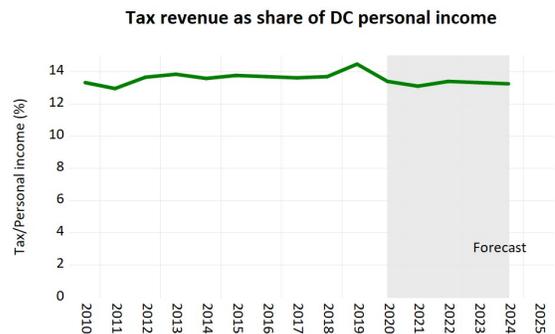
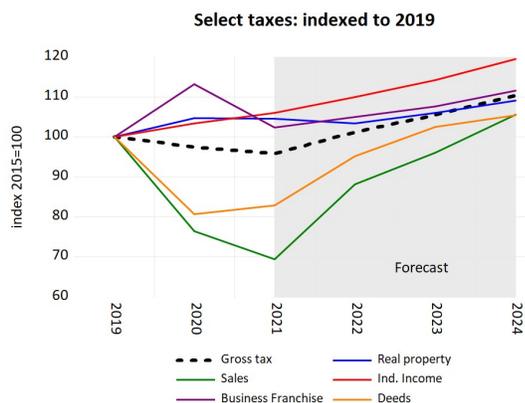
Table 30. DC Tax Revenue (before earmarks) for December 2020 estimate

Tax	FY Level (\$m)				Change from prior FY (\$m)				%change from prior FY			
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2019	FY 2020	FY 2021	FY 2022	FY 2019	FY 2020	FY 2021	FY 2022
Real Property	2,710.1	2,836.0	2,832.1	2,802.4	155.9	125.9	-3.9	-29.6	6.1%	4.6%	-0.1%	-1.0%
Deed taxes	561.1	452.7	465.0	534.1	88.8	-108.3	12.3	69.1	18.8%	-19.3%	2.7%	14.9%
General Sales	1,597.7	1,222.4	1,109.7	1,407.8	105.2	-375.3	-112.7	298.1	7.0%	-23.5%	-9.2%	26.9%
Individual Income	2,299.3	2,377.2	2,438.6	2,527.7	232.5	77.9	61.4	89.1	11.2%	3.4%	2.6%	3.7%
withholding	1,942.9	2,060.6	2,120.9	2,205.5	201.8	117.7	60.3	84.6	11.6%	6.1%	2.9%	4.0%
non-withholding	356.4	316.6	317.7	322.2	30.6	-39.8	1.1	4.5	9.4%	-11.2%	0.3%	1.4%
Business Income	642.7	727.7	657.8	674.5	67.9	85.0	-69.9	16.7	11.8%	13.2%	-9.6%	2.5%
Other	1,287.2	1,347.3	1,256.2	1,280.4	101.8	60.1	-91.2	24.3	8.6%	4.7%	-6.8%	1.9%
Total	8,455.4	8,235.7	8,101.6	8,552.5	684.1	-219.7	-134.2	450.9	8.8%	-2.6%	-1.6%	5.6%

Source: ORA, December 2020 revenue estimate. Table includes tax revenue before earmarked dedications and excludes nontax revenue, lottery, and special purpose revenue.

Table 31. DC gross tax revenue and selected economic variables: December 2020 estimate

Item	2014	2015	2016	2017	2018	2019	2020	2021 (est)	2022 (est)	2023 (est)
Tax revenue										
Level (\$m)	6,297	6,917	7,234	7,473	7,771	8,455	NA	8,102	8,552	8,917
Change from prior year	197	620	317	239	299	684	NA	-134	451	364
% Change from prior year	3.2%	9.8%	4.6%	3.3%	4.0%	8.8%	NA	-1.6%	5.6%	4.3%
Personal income	5.3%	8.2%	5.2%	3.8%	3.4%	3.0%	5.2%	0.7%	3.1%	4.8%
Wages in DC	2.9%	5.0%	3.4%	3.9%	4.8%	3.3%	1.9%	3.4%	4.5%	4.6%
Wages of DC residents	5.1%	7.8%	3.9%	5.4%	7.0%	4.6%	2.0%	2.9%	3.7%	4.0%
Population	1.9%	1.9%	1.6%	1.3%	1.0%	0.7%	0.6%	0.6%	0.7%	0.7%
Employment	0.7%	1.7%	2.1%	1.0%	1.1%	0.7%	-3.0%	-1.8%	3.1%	2.1%
SP 500	13.6%	2.0%	6.4%	19.2%	3.3%	14.7%	8.5%	3.4%	3.4%	3.4%



The number of continued claims made through the regular state-funded UI program began dropping in August and then dropped rapidly starting mid-September, when the large number of people who first claimed UI in March exhausted their 26 weeks of regular UI benefits and started receiving extended benefits under PEUC.¹ Since unemployment insurance is administered from the jurisdiction of job location, and not from the claimant's jurisdiction of residence, all claims represent jobs lost in the District (or loss of self-employment earnings, in the case of PUA).

The last time the District saw a surge in unemployment was the Great Recession. Leading up to the Great Recession the District had about 4,000 continued unemployment claims a week. After the Great Recession, regular UI continued claims peaked at 14,400 in April of 2010, just a fraction of the 73,100 seen during the peak of COVID unemployment.² Put another way, the peak number of regular UI continuing claims during the COVID pandemic is **5 times** that of the Great Recession. This is just for claims funded through the state-financed trust fund and not the expanded claims from the CARES Act.³

While D.C.'s UI Trust Fund weathered the Great Recession without exhausting its reserves, the unprecedented number of regular UI claims during COVID has nearly depleted it. In February 2020, the fund had \$519 million, which met the Department of Labor's standard for solvency. Although COVID-related claims began in March, deposits of payroll taxes into the fund in April and May (when most payroll taxes are collected for the year) maintained the fund balance until June when the level began to decline rapidly.

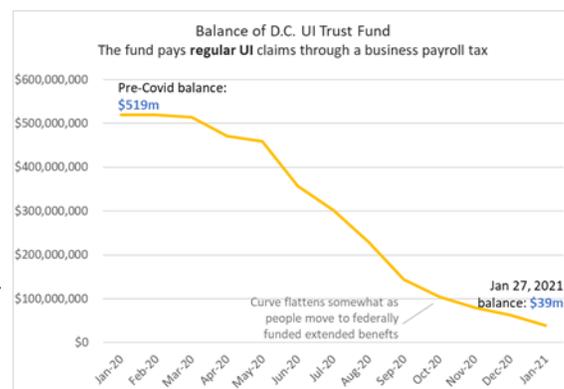
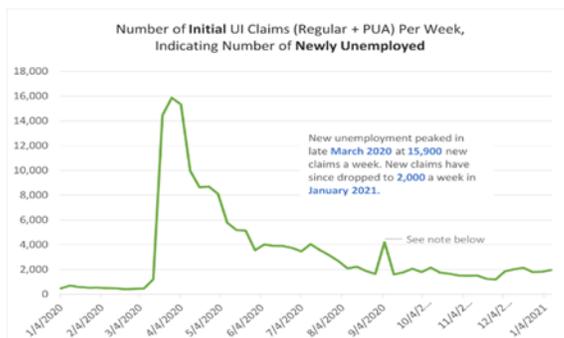
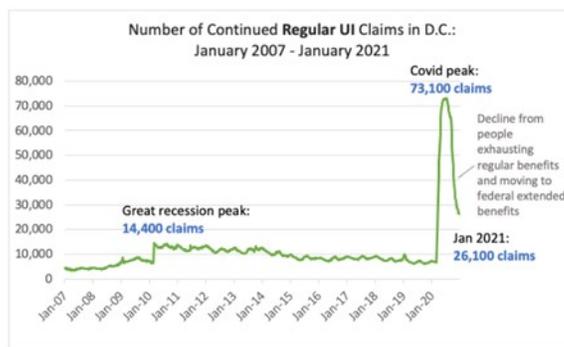
As of late January, 2021, the fund holds less than **\$39 million**, according to U.S. Treasury account statements. The decline in reserves slowed in September as regular UI beneficiaries exhausted their 26 weeks of benefits paid by the trust fund and moved to federally funded benefits. Still, the fund is set to completely deplete before the majority of annual payroll taxes are paid again in April and May of 2021. When the fund depletes, the District will continue to pay regular UI benefits through a low-interest federal loan. To date, 23 states and territories have requested such loans during the COVID pandemic.

While unemployment claim numbers remain high, the number of newly unemployed, as measured by **initial claims**, has dropped significantly. We have seen no "second wave" of unemployment: initial claims have dropped steadily since their peak in March. Currently, initial claims number about 2,000 a week. At their highest, in March, they totaled 15,900 a week.

The challenge - and part of the reason total unemployment claims number remain so high - is that initial claims are still currently **four times** higher than those pre-pandemic, which were totaling about 500 a week. In order for total unemployment claims to drop more rapidly, we will need to see further improvement in new unemployment, or people will have to drop off of unemployment more quickly.

About the Data

Unemployment claims data for this special report is from the U.S. Department of Labor Unemployment Insurance statistics found at <https://oui.doleta.gov/unemploy/> and was retrieved on January 28, 2021. Data on the District Unemployment Trust Fund was drawn January 27, 2021, and can be found at TreasuryDirect, a platform of the U.S. Treasury Department: https://www.treasurydirect.gov/govt/reports/tfmp/tfmp_utf.htm.



— Ginger Moored

(notes next page)

Notes:

(1) In addition to regular UI and the special pandemic UI programs, there are several other additional UI programs whose claimants currently total fewer than 500. (2) The covered workforce (employees eligible for regular UI benefits) has grown in D.C. by about 18% between the Great Recession and COVID. Peak claims for regular UI during the Great Recession would therefore be approximately 17,000 if adjusted for today's workforce size. (3) Each crisis has had different forms of federal intervention providing benefits beyond those typically funded by the state trust fund. For instance, during the Great Recession the federal government funded additional benefits through the Extended Unemployment Compensation and Extended Benefits programs. (4) For the initial claims graph please note: DOL data has an unexplained large increase in PUA initial claims for 9/5/20

EXPLANATION OF KEY CONCEPTS FROM US DEPARTMENT OF LABOR:

Initial Claims An initial claim is a claim filed by an unemployed individual after a separation from an employer. The claimant requests a determination of basic eligibility for the UI program. When an initial claim is filed with a state, certain programmatic activities take place and these result in activity counts including the count of initial claims. The count of U.S. initial claims for unemployment insurance is a leading economic indicator because it is an indication of emerging labor market conditions in the country. However, these are weekly administrative data which are difficult to seasonally adjust, making the series subject to some volatility.

Continued Weeks Claimed A person who has already filed an initial claim and who has experienced a week of unemployment then files a continued claim to claim benefits for that week of unemployment. On a weekly basis, continued claims are also referred to as insured unemployment, as continued claims reflect a good approximation of the current number of insured unemployed workers filing for UI benefits. The count of U.S. continued weeks claimed is also a good indicator of labor market conditions. While continued claims are not a leading indicator (they roughly coincide with economic cycles at their peaks and lag at cycle troughs), they provide confirming evidence of the direction of the U.S. economy

Extended benefits Available to workers who have exhausted regular unemployment insurance benefits during periods of high unemployment. The basic Extended Benefits program provides up to 13 additional weeks of benefits when a State is experiencing high unemployment. Some States have also enacted a voluntary program to pay up to 7 additional weeks (20 weeks maximum) of Extended Benefits during periods of extremely high unemployment.

Source: [Unemployment Insurance Benefit Payments, Employment & Training Administration \(ETA\) - U.S. Department of Labor \(doleta.gov\)](https://oui.doleta.gov/unemploy/) - <https://oui.doleta.gov/unemploy/>

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

District, Measured. Information on the economic and demographic trends taking shape in the city can be found on the ORA Blog, District, Measured (districtmeasured.com). You can sign up at the blog page to receive updates as new articles are posted.

<p>Recent ORA reports:</p> <p>December revenue estimate. December 30, 2020.</p> <p>DC Tax Facts, 2019. Details on all DC taxes. <i>(Released September 2020)</i></p> <p>DC Tax Facts Visual Guide Report. A visual guide to DC's tax system. <i>(Released December 2019)</i></p> <p>Tax Rates and Tax Burdens 2018 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. <i>(Released June 2020)</i></p> <p>Tax Rates and Tax Burdens 2018 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. <i>(Released March 2020)</i></p> <p>Tax Expenditure Report. A compendium of tax expenditures for 2020. <i>(Released December 2020)</i></p>

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

Information sources			
Indicator	Source	Period covered in this report	Next release
D.C. Jobs and Labor Force information	BLS	December	March 15, 2021
D.C. Personal Income	BEA	2020.3	March 24, 2021
D.C. Tax Collections	OTR/ORA	December	February 15, 2021
D.C. Housing Sales	GCAAR	December	c. Feb 2021
D.C. Commercial Office Building data	CoStar and Delta	2020.4	c. April 2021
DC Apartment data	CoStar and Delta	2020.4	c. April 2021
D.C. Hotel stay information	STR	December	c. Feb 2021
Consumer Price Index	BLS	December	February 10, 2021
U.S. Jobs and Labor Force	BLS	December	February 5, 2021
U.S. GDP and Personal Income	BEA	2020.3	February 25, 2021
S and P 500 Stock Index	FRED (St. Louis Fed Reserve)	December	c. Feb 2021
Interest rate on 10-Year Treasury Securities	FRED (St. Louis Fed Reserve)	December	c. Feb 2021
IHS Markit D.C. forecast	IHS Markit	January	c. Feb 2021
Moody's Analytics D.C. forecast	Moody's Analytics	January	c. Feb 2021

For further information or to comment on this report, contact: Norton Francis (202-442-8242) Norton.francis@dc.gov See also the *Economic Indicators* issued monthly by the D.C. Office of the Chief Financial Officer (www.cfo.dc.gov).

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

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