



District of Columbia Economic and Revenue Trends: April 2016

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Apartments growing more rapidly than population, while new office space lags employment growth

The last 3 years have seen many new apartments in DC, but only limited new office space

Over the past three years population and jobs in DC have grown steadily and at about the same rate. From the first quarter of 2013.1 to 2016.1. DC's population grew a little over 34,000 or 5.3%. This percent increase is just a little bit faster than wage and salary employment. DC added almost 33,000 jobs over the period, a 4.4% percentage increase.

People need to live somewhere and they need to work somewhere, so it would be expected that both the number of apartments and the amount of office space would increase as well. The impact is much greater for apartments, however, than for office space. According to CoStar, from 2013.1 to 2016.1 the number of apartment units increased by 12,805 (7.8%), well over the percent gain in population. By contrast, the net increase of 1.22 million square feet of commercial office space represents an increase of only 0.8% over the three years, a percentage change far less than the gain in employment.

Change in DC population, employment, apartments, and commercial office space: 2013.1 to 2016.1

Population and apartments

Percent change in population	5.3
Percent change in apartment units	7.8
Percent change in occupied apartments	6.9

Wage and salary employment and commercial office space

Percent change in employment	4.4
Percent change in office space	0.8
Percent change in occupied office space	0.0

Source: BLS (employment), Global Insight (population) and CoStar (apartments and commercial office space)

What accounts for these different relationships? The short answer is that most of the new population lives in apartments, but the connection between commercial office space and jobs is much looser.

Apartments tracked by CoStar represent about 55% of all housing units in DC. The other units are mostly in single family or other small structures whose numbers have not increased much over the past 3 years, although some have been re-configured for more units. The housing supply for a growing (Continued on p. 19)

Wage and salary employment

DC job growth over the prior year tops 11,000

- March wage and salary employment in DC was up by 11,333 (1.5%) from a year earlier as measured by the 3-month moving average.
- Federal government employment in DC for March was up by 900 (0.5%). The private sector gained 8,567 (1.6%).
- Total year-over-year DC metropolitan area employment increased by 74,967 (2.4%) in March as measured by the 3-month moving average.
- Suburban Washington employment in March increased by 2.7% from a year earlier.
- Seasonally adjusted DC jobs fell in March by 500 from the prior month.

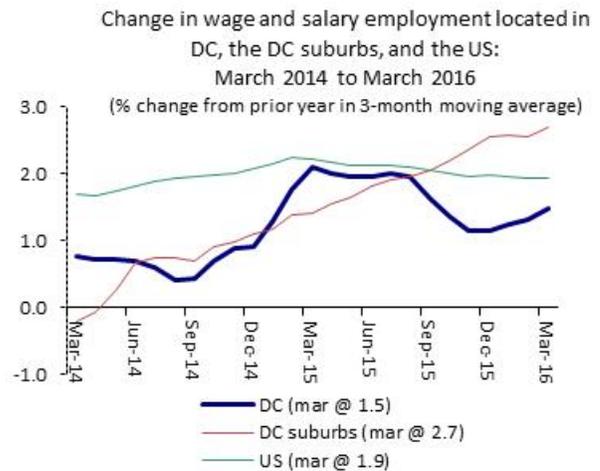


Table 1. Wage and salary employment in DC, Washington Metro area, and the US: March 2016

Jurisdiction	FY 2012	FY 2013	FY 2014	FY 2015	3-mo		
					12-mo avg	average	This month
District of Columbia	730,950	745,375	751,842	764,250	769,267	770,600	773,300
1 year change	7,717	14,425	6,467	12,408	11,775	11,333	11,100
% change	1.1	2.0	0.9	1.7	1.6	1.5	1.5
Washington metro area	3,053,050	3,091,067	3,103,833	3,138,300	3,190,108	3,185,800	3,206,500
1 year change	36,617	38,017	12,767	36,000	65,933	74,967	86,600
% change	1.2	1.2	0.4	1.2	2.1	2.4	2.8
Washington suburbs (% ch)	1.3	1.0	0.3	1.6	2.3	2.7	3.2
US (% ch)	1.7	1.6	1.8	2.1	2.0	1.9	2.0

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

Source: BLS. March is preliminary.

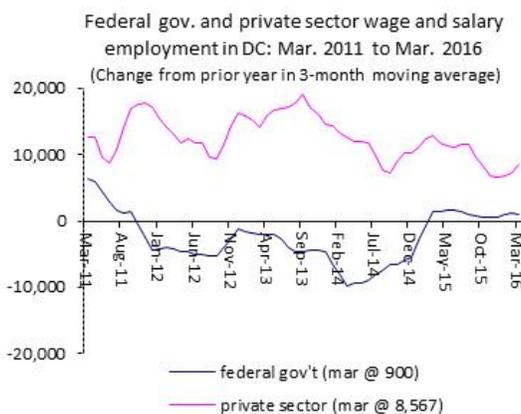


Table 2. Federal government and private sector wage and salary employment in DC: March 2016

Sector	FY 2013	FY 2014	FY 2015	3-month		
				12-mo avg	average	This month
Federal government	205,900	198,367	197,950	198,333	198,500	198,000
1 year ch.	-2,675	-7,533	-417	1,000	900	300
% change	-1.3	-3.7	-0.2	0.5	0.5	0.2
Private sector	504,275	515,808	526,775	530,583	531,967	535,100
1 year ch.	16,633	11,533	10,967	9,008	8,567	9,000
% change	3.4	2.3	2.1	1.7	1.6	1.7

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

Table 3. Seasonally adjusted DC Employment: October 2015 to March 2016

Indicator	October	November	December	January	February	March
D.C. Wage and Salary employment	768,000	768,400	768,100	775,200	775,000	774,500
change from prior month	900	400	-300	7,100	-200	-500
% change from prior month	0.1	0.1	0.0	0.9	0.0	-0.1

Source: BLS seasonally adjusted. March is preliminary

Jobs by sectors of the economy

Food services, professional services (except legal) and retail added the most private sector jobs

- In March the 2,400 increase in food services jobs was more than all other sectors. (3-month moving average.)
- In the private sector, other professional services (2,100) and retail trade (1,667) were the only other industries that grew by more than 1,000 jobs.
- The private sector industry losing the most jobs was business services other than temporary employment.
- Local government rose by 1,867(4.9%).
- The federal government accounted for 25.8% of all DC jobs in March. Over the past year, DC's share of US federal employment fell slightly in both the metro area and the US.

Change in private sector wage and salary jobs located in DC, the DC suburbs, and the US: March 2014 to March 2016
(% change from prior year in 3-month moving average)

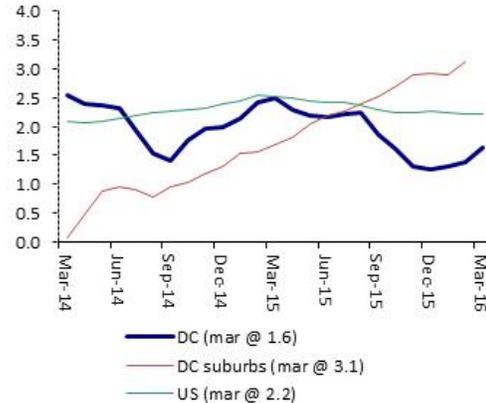


Table 4. Wage and salary employment located in DC: March 2016

Industry sector	3-month moving average				12-mo. moving avg: % change	Sector % of all DC jobs, Mar 2016	DC share (%) in Mar 2016 of all sector jobs in:		Change from Mar 2015 to Mar 2016 in DC share of sector jobs in:	
	Mar 2015	Mar 2016	Amount	%			metro area	US	metro area	US
Federal government	197,600	198,500	900	0.5	0.5	25.8	54.3	7.19	-0.1	-0.02
Local government	38,267	40,133	1,867	4.9	4.6	5.2	11.9	0.20	0.3	0.01
Legal services	28,300	28,933	633	2.2	-0.4	3.8		2.57		0.00
Other Professional and technical	81,900	84,000	2,100	2.6	4.6	10.9	22.8	1.10	-0.2	-0.01
Employment services	14,067	14,767	700	5.0	2.4	1.9	34.0	0.41	0.0	0.00
Other Business services	34,733	34,033	-700	-2.0	-0.4	4.4	18.1	0.45	-0.4	-0.02
Information	16,667	16,967	300	1.8	-0.1	2.2	22.5	0.62	0.6	0.00
Finance	30,367	30,400	33	0.1	0.2	3.9	19.7	0.37	-0.2	0.00
Organizations	62,767	62,700	-67	-0.1	0.1	8.1	35.4	2.13	-1.1	-0.01
Education	64,033	64,100	67	0.1	-0.3	8.3	53.1	1.77	-2.4	-0.08
Health	66,133	66,633	500	0.8	0.9	8.6	22.2	0.35	-0.3	-0.01
Food service	48,533	50,933	2,400	4.9	5.2	6.6	22.3	0.46	0.0	0.01
Accommodations	14,833	15,233	400	2.7	0.0	2.0	37.2	0.82	1.2	0.00
Amusement and recreation	7,400	7,400	0	0.0	2.1	1.0	18.1	0.38	-2.5	-0.02
Retail trade	21,867	23,533	1,667	7.6	6.0	3.1	8.5	0.15	0.5	0.01
Wholesale trade	5,000	4,900	-100	-2.0	-1.7	0.6	7.8	0.08	-0.3	0.00
Construction	13,567	14,100	533	3.9	1.1	1.8	9.3	0.22	-0.3	-0.01
Personal and miscellaneous ser.	7,733	7,400	-333	-4.3	0.0	1.0		0.29		-0.01
Other private	5,500	5,933	433	7.9	9.3	0.8	5.1	0.03	0.3	0.00
Total	759,267	770,600	11,333	1.5	1.6	100.0	24.0	0.54	-0.2	0.00
Public sector	235,867	238,633	2,767	1.2	1.2	31.0	34.1	1.07	0.0	0.01
Private sector	523,400	531,967	8,567	1.6	1.7	69.0	21.2	0.44	-0.3	0.00

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 and unemployment

DC resident employment still growing at a 3% annual rate

- In March DC resident employment was up 10,947 (3.1%) from a year earlier (3-mo. moving average). The labor force grew by 8,195 (2.1%).
- The seasonally unadjusted unemployment rate fell to 6.3%, while the seasonally adjusted one stayed at 6.5%. Seasonally adjusted employment grew by 1,515 in March from February.
- March initial unemployment insurance claims were down 18.0% from last year (3-month moving average).

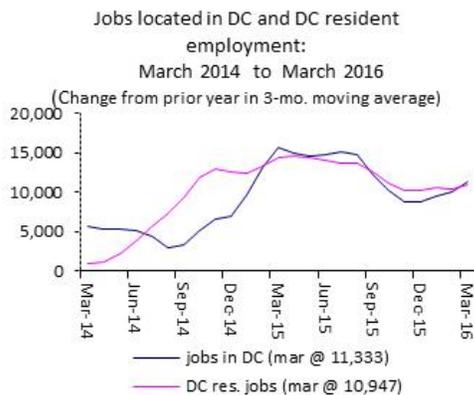
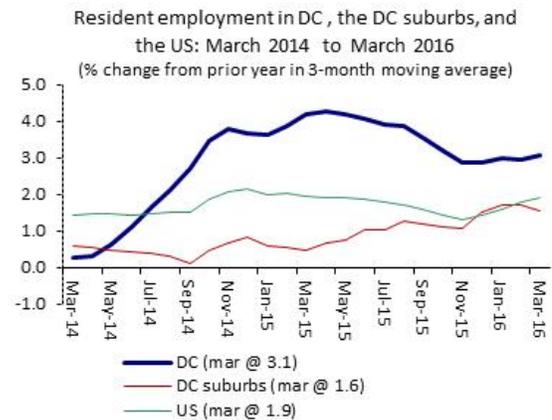


Table 5. Unemployment rates for DC, metro area, and US: March 2016

(percent of labor force)

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	Mar. 2015	Mar. 2016	Mar. 2015	Mar. 2016
US	5.6	5.1	5.5	5.0
DC	7.1	6.3	7.2	6.5
DC metro area	4.6	4.1	na	na
DC suburbs	4.3	3.7	na	na

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

Table 6. Resident employment and unemployment: March 2016

Indicator	FY 2012	FY 2013	FY 2014	FY 2015	12-mo avg	3-mo. avg.	This month
DC Labor force summary							
Resident employment	325,712	341,727	345,573	358,984	364,281	367,600	369,073
1 year change	11,026	16,015	3,846	13,410	11,958	10,947	11,642
% change	3.5	4.9	1.1	3.9	0.0	3.1	3.3
Labor Force	359,327	374,045	375,222	386,668	390,436	393,624	393,956
1 year change	9,639	14,718	1,177	11,447	9,019	8,195	9,312
% change	2.8	4.1	0.3	3.1	0.0	2.1	2.4
Unemployed	33,615	32,317	29,648	27,685	26,156	26,024	24,883
1 year change	-1,387	-1,298	-2,669	-1,963	-2,939	-2,752	-2,330
% change	-4.0	-3.9	-8.3	-6.6	0.0	-9.6	-8.6
Unemployment rate	9.4	8.7	7.9	7.2	6.7	6.6	6.3
DC Unemployment insurance (state program)*							
Initial claims (monthly avg.)	1,784	1,915	1,851	1,596	1,506	1,336	1,164
1 year change	-317	131	-64	-255	-184	-293	-99
% change	-15.1	7.3	-3.3	-13.8	-10.9	-18.0	-7.8
Weeks compensated (mo. avg.)	45,170	42,862	42,133	32,811	31,350	32,151	29,530
1 year change	-1,253	-2,308	-729	-9,322	-6,051	-3,127	-2,026
% change	-2.7	-5.1	-1.7	-22.1	-16.2	-8.9	-6.4

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

*February

Table 7. Seasonally adjusted DC Resident employment and unemployment: Oct. 2015 to Mar. 2016

Indicator	October	November	December	January	February	March
DC Resident employment	364,279	364,703	364,977	366,350	367,082	368,597
change from prior month	525	424	274	1,373	732	1,515
% change from prior month	0.1	0.1	0.1	0.4	0.2	0.4
DC Unemployment rate (%)	6.6	6.6	6.6	6.5	6.5	6.5

Source: BLS seasonally adjusted. March is preliminary.

Wage growth in DC and for DC residents was a little faster than the US average at the end of 2015

●Wages and salaries earned in the District of Columbia were 5.3% higher in the December quarter compared to the same quarter of 2014.

●Wages earned by DC residents grew by 4.9% in the December quarter compared to last year.

●In the December quarter, DC Personal Income grew 4.9%, above the US increase (4.0%).

●Federal wages and salaries were \$1.07 billion (4.9%) higher in December than a year earlier.

●In the December quarter, private sector wages and salaries earned in DC grew by \$2.20 billion over the prior year, a 5.4% gain.

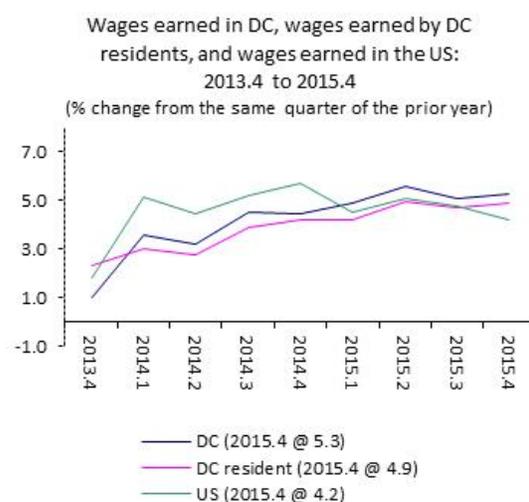


Table 8. DC Wages and Personal Income: December 2015

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

Indicator	FY 2012	FY 2013	FY 2014	FY 2015	4-qr. moving avg.	Latest qtr. (Dec.)
Wages and salaries earned in DC	60.65	62.07	63.97	67.17	68.03	69.00
1 year change	1.13	1.41	1.90	3.20	3.37	3.45
% change	1.9	2.3	3.1	5.0	5.2	5.3
Supplements to wages & salaries	16.50	16.44	17.24	18.12	18.33	18.53
% change	0.9	-0.4	4.8	5.1	5.2	4.9
Proprietors' income earned by DC residents*	5.87	5.85	5.98	6.37	6.45	6.59
% change	5.9	-0.3	2.2	6.4	6.2	5.5
Wages and salaries of DC residents***	20.77	21.69	22.34	23.35	23.63	23.99
change from one year ago	0.91	0.92	0.65	1.01	1.06	1.11
% change	4.6	4.4	3.0	4.5	4.7	4.9
Income earned by DC residents	29.7	30.3	31.1	32.7	33.1	33.6
% change	4.9	2.0	2.8	5.0	5.1	5.0
Property income of DC residents	7.78	8.26	8.48	8.77	8.88	9.00
% change	11.0	6.2	2.6	3.5	3.9	4.8
Pensions and other transfer of DC residents	5.73	5.90	6.01	6.03	6.10	6.20
% change	-0.3	2.8	1.9	0.4	2.1	4.6
DC Personal Income**	43.21	44.44	45.63	47.50	48.07	48.83
1 year change	2.14	1.23	1.18	1.87	2.05	2.29
% change	5.2	2.8	2.7	4.1	4.5	4.9
US Personal income (% change from prior year)	4.6	3.0	2.9	4.7	4.4	4.0
US Wages and salaries(% change from prior year)	3.4	3.9	4.1	5.0	4.6	4.2
<i>Addendum: Change from prior year in wages earned in DC by sector</i>						
Private sector (1 yr ch, \$B)	1.35	1.79	1.33	2.15	2.11	2.20
Federal government (1 yr ch, \$B)	-0.37	-0.43	0.48	0.85	1.01	1.07
DC res. wages as % of wages earned in DC	34.2	34.9	34.9	34.8	34.7	34.8

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

**Reflects deduction of social insurance paid by individuals. Wage and salary amounts shown are before this deduction.

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

Source: BEA; data for December were released March 24, 2016

Single family and condominium housing

Sales of both single family and condominium units were higher than a year ago

- The 3-month moving total of single family home sales in March was up 2.9% from a year earlier, and the average selling price was 2.5% higher. The year-to-date median sales price (\$621,775) was up 5.6% from the prior year.
- March condominium sales were up 8.9% from last year as measured by the 3-month moving total, and the average selling price was 2.0% lower. Year-to-date median sales price (\$430,000) was 2.0% below last year.
- The total value of all home sales in March moved up to 5.9% above last year as measured by the 12-month moving total.
- The increase in DC home prices slowed in the December quarter, according to the Federal Housing Finance Agency Index of single-family same-property transactions. DC's gain over the prior year was 2.8%. The US index was up 5.8%.

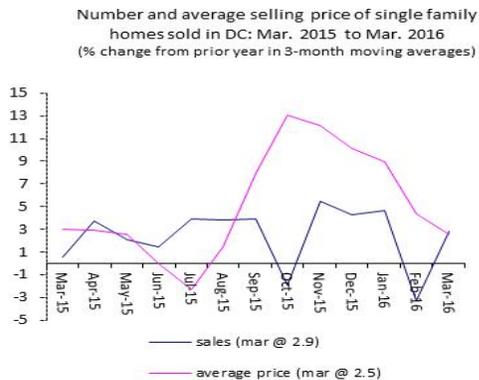


Table 9. D.C. Residential Real Estate Indicators: March 2016

Indicator	FY 2012	FY 2013	FY 2014	FY 2015	12-mo moving total or average	3-mo moving total or average	This month
Number of sales (settled contracts)							
Single family	3,563	3,979	4,024	4,097	4,164	827	346
1 year change	-237	416	45	73	125	23	47
% change	-6.2	11.7	1.1	1.8	3.1	2.9	15.7
Condo	2,784	3,487	3,592	3,832	3,878	744	307
1 year change	315	703	105	240	234	61	23
% change	12.8	25.3	3.0	6.7	6.4	8.9	8.1
Total	6,347	7,466	7,616	7,929	8,042	1,571	653
1 year change	78	1,119	150	313	359	84	70
% change	1.2	17.6	2.0	4.1	4.7	5.6	12.0
Average prices of units that sold							
Single family (\$)	630,109	712,799	736,362	767,870	789,136	729,112	721,588
1 year change	29,083	82,690	23,563	31,508	36,998	17,853	36,621
% change	4.8	13.1	3.3	4.3	4.9	2.5	5.3
Condo (\$)	429,611	447,827	472,419	499,650	490,523	483,091	488,470
1 year change	6,245	18,216	24,592	27,232	-1,437	-9,902	7,813
% change	1.5	4.2	5.5	5.8	-0.3	-2.0	1.6
Total value of all sales (\$ million)	3,441.1	4,397.8	4,660.0	5,060.6	5,188.2	962.4	399.6
1 year change	111.9	956.7	262.2	400.6	357.6	53.8	58.3
% change	3.4	27.8	6.0	8.6	7.4	5.9	17.1
Ratio: active inventory to sales							
Single family	2.3	1.6	1.6	1.5	1.4	1.6	1.3
Condo	2.9	1.7	1.9	1.7	1.6	1.8	1.6

Median contract prices, CY to date in March 2016 : single family \$621,775 (5.6% 1 yr ch); condo \$430,000 (-2.0% 1 yr ch)

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

Source: Metropolitan Regional Information Systems (MRIS); median price and inventory accessed through Greater Capital Area Assn. of Realtors.

Single family and condominium housing

Table 10. Federal Housing Finance Agency Price Index for single family property in DC, DC metro area, and US: December 2015 (2015.4)

Indicator	Fiscal year average				Last 2 Q's	
	FY 2012	FY 2013	FY 2014	FY 2015	2015.3	2015.4
% change from prior year in value of index						
DC	8.1	11.6	9.5	8.0	14.1	2.8
DC metro area	4.1	7.9	5.5	3.7	6.5	1.2
US	1.3	6.8	6.1	5.4	5.7	5.8

Source: (1) Federal Housing Finance Agency "Expanded-data HPI Index" (sales plus refinancings) (nsa). This index is a broad measure of the movement of single-family house price, measuring the average price changes in repeat sales or refinancings of the same properties. This information is estimated using Enterprise, FHA, and Real Property County Recorder data licensed from DataQuick.

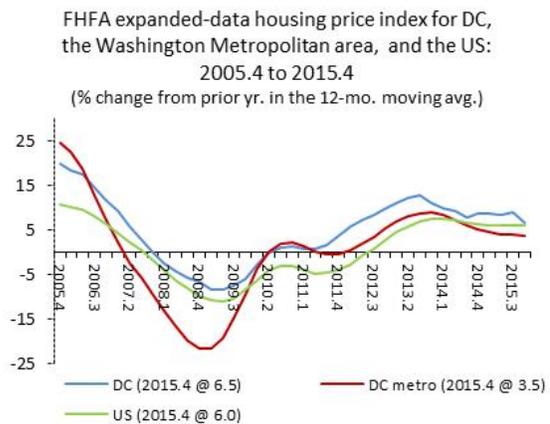
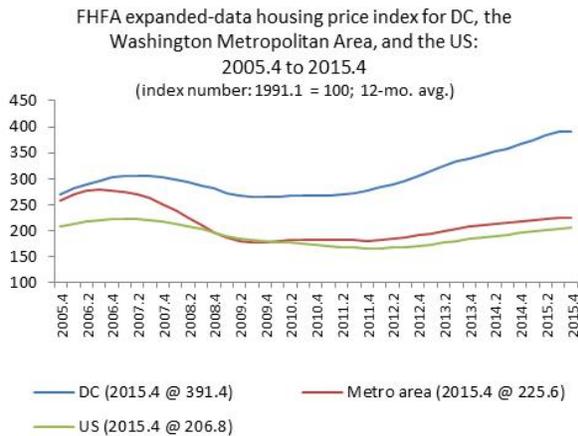


Table 11. D.C. Single family and condominium home sales at prices of \$1 million or more: March 2016

Category	FY 2013	FY 2014	FY 2015	12-mo moving total	3-mo moving total	This month
Single family homes	689	734	765	823	139	62
1 year change	231	45	31	73	-7	12
% change	50.4	6.5	4.2	9.7	-4.8	24.0
percent of all single family sales	17.3	18.2	18.7	19.8	16.8	17.9
Condominiums	112	128	160	145	26	12
1 year change	40	16	32	-7	-7	2
% change	55.6	14.3	25.0	-4.6	-21.2	20.0
percent of all condominium sales	3.2	3.6	4.2	3.7	3.5	3.9

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

Table 12. Single family housing permits in DC and sales of new DC condominium units: FY 2012 to 2016.1

	Single family housing permits	Sales of new condo units
FY 2012	236	479
FY 2013	368	442
FY 2014	267	516
FY 2015	293	483
12-mo. ending:		
2016.1	334	544
1 yr ch	102	29
% ch.	44.0	5.6

Source: Census Bureau (permits), and Delta Associates (condo sales)

Table 13. Condominium units (1) currently being marketed or under construction, or (2) planned: March 2016

item	projects	units	Avg. units per project
Unsold units in projects currently marketing or under construction		43	1,301
Planned with probable sales within 36 months	21	1,801	86
subtotal	64	3,102	
Proposed/rumored with long term delivery	18	1,222	68

Note: an additional 12,840 units in 24 projects are planned as either condominium or rental

Source: Delta Associates. See p.11 For definition of planned and proposed.

Population and apartments

In the first quarter of 2016, inventory, number of occupied units, and rents increased. The vacancy rate also increased, and construction slowed slightly

- In March occupied apartment units increased 4,288 (2.6%) from a year earlier; inventory was up 3,983 (2.3%).
- The vacancy rate was 3.6%, up from 3.3% in Dec., but down from 3.9% a year earlier; rents rose 3.9% over the prior year.
- 10,866 apartment units were under construction, down 929 from the prior quarter.

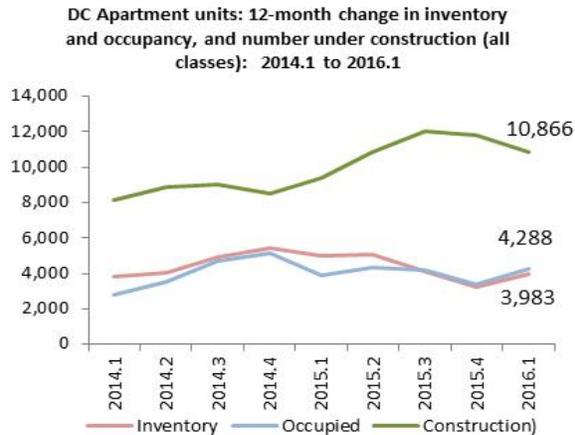


Table 17. Market rate apartment units in DC: 2010 to 2015 (2016.1)

CY	Inventory				Occupied units			Effective monthly rent		Under Construction	
	Buildings	Number	1 yr ch	% vacant	Number	1 yr ch	% ch	\$ per month per unit	1 yr % ch	Buildings	Units
2010	3,191	160,447	1,106	2.8	156,034	2,118	1.4	\$1,423	1.3	18	2,422
2011	3,200	161,984	1,537	2.8	157,524	1,490	1.0	\$1,514	6.4	20	4,774
2012	3,208	164,051	2,067	2.8	159,434	1,910	1.2	\$1,552	2.5	36	8,075
2013	3,223	167,848	3,797	3.4	162,154	2,720	1.7	\$1,595	2.8	50	7,878
2014	3,251	173,283	5,435	3.5	167,278	5,124	3.2	\$1,631	2.3	79	8,533
2015	3,298	176,525	3,242	3.3	170,670	3,392	2.0	\$1,691	3.7	94	11,795
2016.1	3,312	177,628	3,983	3.6	171,198	4,288	2.6	\$1,692	3.9	93	10,866
1 Q change	14	1,103			528			1		-1	-929

Source: CoStar. Includes units in private buildings with 5 or more units. CY amounts are last quarter of the year. Includes some affordable units in market rate buildings. Vacancy rate is unoccupied units as % of inventory

Table 15. DC Population and Households: 2005 to 2015

Calendar year	Population			Households (estimated)			
	Number	Change from prior yr. number	%	Number	Change from prior yr. number	% pop/hh ratio	
2005	567,136	-618	-0.1	253,232	763	0.3	2.24
2006	570,681	3,545	0.6	254,435	1,204	0.5	2.24
2007	574,404	3,723	0.7	255,715	1,279	0.5	2.25
2008	580,236	5,832	1.0	257,928	2,213	0.9	2.25
2009	592,228	11,992	2.1	262,868	4,941	1.9	2.25
2010	605,126	12,898	2.2	268,196	5,327	2.0	2.26
2011	620,472	15,346	2.5	274,519	6,324	2.4	2.26
2012	635,342	14,870	2.4	280,611	6,092	2.2	2.26
2013	649,540	14,198	2.2	286,385	5,774	2.1	2.27
2014	659,836	10,296	1.6	290,422	4,037	1.4	2.27
2015	672,228	12,392	1.9	295,362	4,940	1.7	2.28
Change from 10 to 15		67,102	11.1		27,166	10.1	2.47

Source: U.S. Census Bureau. Estimate is as of July 1 of the year shown. Households estimated by ORA based on DC Office of Planning data.

Apartments and housing permits

Housing permits just below 5,000 for the past year

• For the the 12-month period ending March, 4,885 housing permits were issued, up 30.7% from a year ago; the 3-month total was, however, 9.2% lower than last year.

• Class A units account for 23% of all apartment units, 22% of the occupied units, and 94% of new construction.

• Class A vacancy rate of 8.2% in March was down from 8.5% a year earlier. Average rent per unit was up 2.6% from the prior year.

• Delta expects 5,961 deliveries in the coming year, with substantial fall off in the following two years.

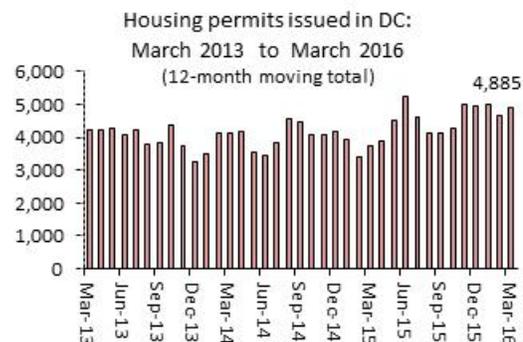


Table 16. Delta Associates apartment summary and forecast: March 2016 (Class A)

Deliveries, last 12 months	1,761
Net absorption, last 12 months	3,537
Starts, last 12 months	2,130*
Rent increase, last 12 months	3.2
Under construction or marketing	9,499
Planned for possible delivery in 36 months	7,226
Long term planning or rumored	12,337
New supply, next 3 years	11,306**
New demand for units, next 3 years	8,410

*490 in 2016.1 quarter

**9,499 Already under construction or marketing plus 25% of units in the planning stage.

Note: Deliveries for next 3 years:
 year ending 2017.1 (5,931)
 year ending 2018.1 (2,856)
 year ending 2019.1 (1,363).

For definition of planning and long term planning stages see box on p.11. Source: Delta Associates

Table 14. Housing unit building permits issued in DC: March 2016

	FY 2013	FY 2014	FY 2015	12-mo. moving total	3-month moving total	This month
Total units	3,855	4,467	4,131	4,885	697	617
change from 1 yr ago	-236	612	-336	1,148	-71	215
% change from 1 year	-5.8	15.9	-7.5	30.7	-9.2	53.5
Multi-family projects with 5 or more units						
number	36	32	37	46	9	8
average size	107	140	112	106	77	66

Source: Census Bureau (permits issued during period).

Vacancy rate and 1 year % change in rent for Class A, Class B, and Class C Apartment units: 2014.1 to 2016.1

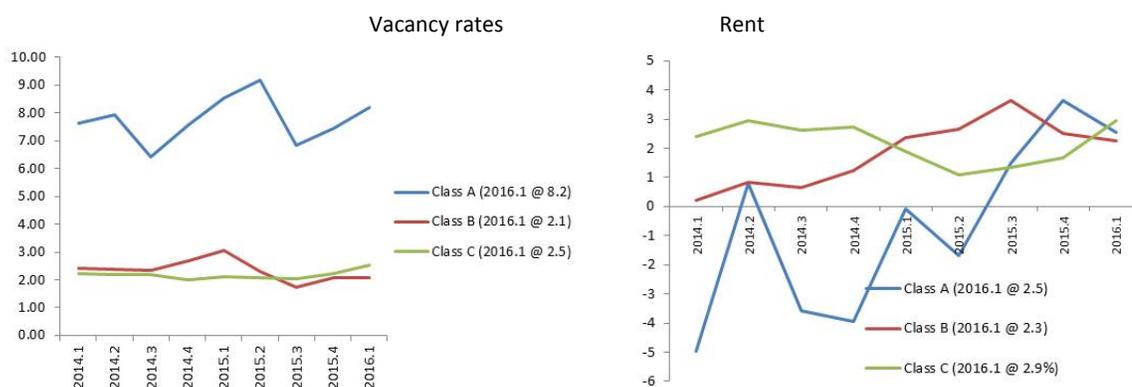


Table 18. Market rate apartment units in DC, Classes A, B, and C: 2016.1

Class	Inventory				Occupied units			Effective monthly rent		Under construction		
	Buildings	Number	1 yr ch	% vacant	Number	1 yr ch	% ch	\$ per month	1 yr % ch	Buildings	Units	Avg. size
Class A	250	40,369	3,816	8.2	37,058	3,628	10.9	\$2,413	2.5	63	10,242	163
Class B	1,016	76,327	177	2.1	74,750	915	1.2	\$1,587	2.3	30	624	21
Class C	2,032	60,684	-10	2.5	59,154	-255	-0.4	\$1,157	2.9	0	-	-

Source: CoStar. Includes units in private sector buildings with 5 or more units. CY amounts are last quarter of the year. Includes some affordable units in market rate buildings. Vacancy rate is unoccupied units as % of inventory.

Commercial office space

Last quarter, occupied commercial office space fell slightly, and the vacancy rate increased slightly

- According to CoStar, for the the 12-month period ending March, occupied occupied space fell 0.1% from the prior year; base rent rose 2.3%.
- Class A office space accounted for 15% of all office buildings, 62% of office space, 61% of occupied space, and 99% of new construction. The vacancy rate for class A space was 12.5%, up from 11.9% in the Dec. quarter and from 12.0% a year ago. Class A rent rose 3.2% over the past year.
- Space under construction in March 2016 (3.29 million square feet in 13 buildings) was 720,000 less than the prior quarter and virtually the same as a year earlier. the prior quarter.

DC Commercial office space: 1 year change in inventory and occupancy, and under construction: 2014.1 to 2016.1 (all classes, msf):

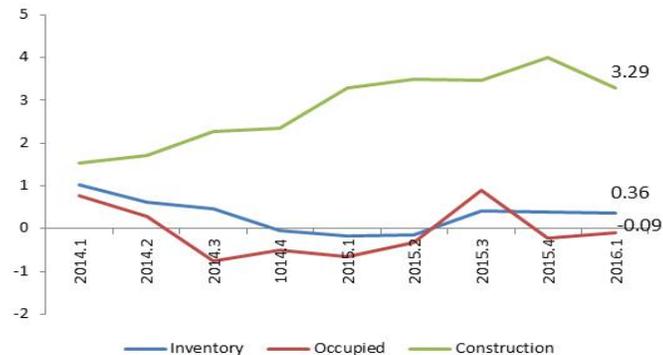


Table 19. DC commercial office space: 2010 to 2016.1

CY (year end)	Buildings	Inventory		Occupied space			Vacancy %		Base rent (direct)		Under constr.	
		Level (msf)	1 yr ch (msf)	Level (msf)	1 yr ch (msf)	% ch	Direct	Total	\$ per sq ft.	1 yr % ch	buildings	msf
2010	2,358	151.48	2.56	134.78	3.16	2.4	10.0	11.0	\$45.61	1.6	6	1.56
2011	2,353	152.38	0.90	135.68	0.91	0.7	10.3	11.0	\$46.15	1.2	9	2.05
2012	2,343	152.12	-0.26	137.16	1.47	1.1	9.2	9.8	\$45.18	-2.1	8	2.23
2013	2,340	152.90	0.78	137.45	0.29	0.2	9.5	10.1	\$46.08	2.0	11	2.12
2014	2,333	152.86	-0.03	136.95	-0.50	-0.4	9.9	10.4	\$47.24	2.5	12	2.35
2015	2,325	153.24	0.38	136.73	-0.22	-0.2	10.3	10.8	\$47.94	1.5	19	4.01
2016.1	2,324	153.33	0.36	136.51	-0.09	-0.1	10.4	11.0	\$48.14	2.3	13	3.29
1 Q ch	-1	0.09		-0.22			0.1	0.2	\$0.20		-6	-0.72

Source: CoStar. All classes, all sizes.

Vacancy rate and 1 year % change in rent for all apartments and for Class A apartments: 2014.1 to 2016.1

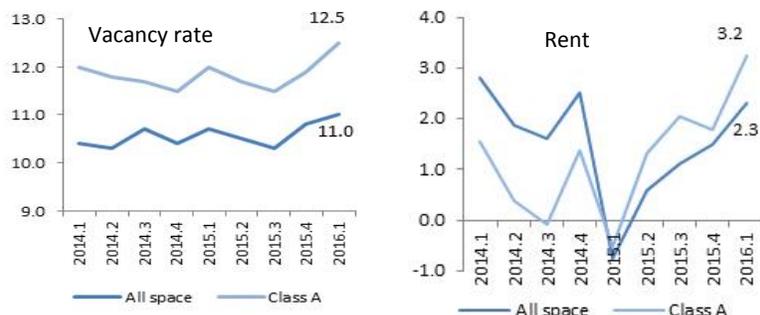


Table 20. DC Class A, B, and C commercial office space: 2016.1

CY (year end)	Buildings	Inventory		Occupied space			Vacancy %		Base rent (direct)		Under constr.	
		Level (msf)	1 yr ch (msf)	Level (msf)	1 yr ch (msf)	% ch	Direct	Total	\$ per sq ft.	1 yr % ch	buildings	msf
Class A	350	94.81	1.13	82.96	0.49	0.9	11.8	12.5	\$52.07	3.2	10	3.26
Class B	860	48.14	-0.69	43.54	-0.58	-1.3	9.0	9.6	\$42.30	1.3	3	0.03
Class C	1,113	10.34	-0.09	10.00	0.00	0.0	3.2	3.3	\$33.18	5.3	0	0.00

Source: CoStar.

Office outlook and value of all property transfers

Property transfers are down from last year

- Delta Associates expects the demand for new office space in DC to exceed the new supply over the next two years. DC's share of regional office new supply is estimated at 43% and the share of demand at 37%.
- The value of March property transfers was down 32.2% from last year as measured by the 3-month moving total. The 12-month moving total (\$12.79 billion) was 9.5% lower than last year.

Table 21. Delta Associates outlook for commercial office space: March 2016 (million square feet)

Vacant	9.70
New supply, next 2 years:*	
Under construction	1.60
Part of planned for delivery in 2 yr.	--
Total	1.60
Demand, next 2 years	2.80
Planned for possible delivery in 2 years	8.09
Proposed/rumored with long term delivery	14.03

*Supply for next two years represents office buildings currently under construction and a portion of those planned that could deliver by March 2018.

For definitions of planned and proposed, see box.

Source: Delta Associates.

Table 22. Delta Associates outlook for commercial office space in DC and the surrounding metro area: Mar. 2016 to Mar. 2018

Indicator	DC	No VA	Sub MD	Total	DC % of total
Inventory March 2016					
Inventory (msf)	141.9	179.9	86.0	407.8	34.8
Estimated net activity to March 2018					
new supply (msf)	1.6	1.9	0.2	3.7	43.2
new demand (msf)	2.8	3.6	1.2	7.6	36.8

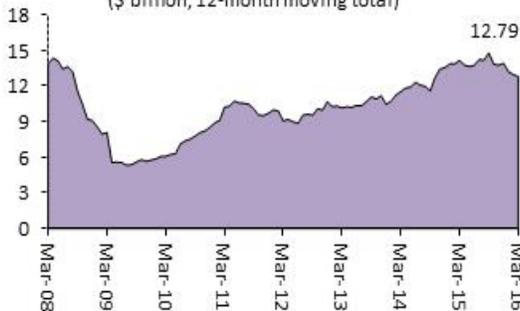
Source: Delta Associates msf = million square feet

Note: Planned and proposed projects

Planned projects: Permits are filed, a ground-break date is established, size and location is determined, and the project is in one of many phases of the planning process (site plan review, design review, environmental compliance review, zoning, etc.).

Proposed projects: a developer has proposed to build a project (either formally or informally) but has not submitted any plans for review and permits have not yet been filed.

Value of all real property subject to deed transfer or economic interest taxes: March 2008 to March 2016 (\$ billion, 12-month moving total)



Value of real property transfers (including transfers of economic interest): March 2015 to March 2016



Table 23. Market Value of Real Property transfers subject to the Deed Transfer or Economic Interest tax: March 2016

	FY 2012	FY 2013	FY 2014	FY 2015	12-mo moving total	3-month moving total	This month
All property transfers (\$ million)	9,533.3	11,063.9	11,569.8	14,766.3	12,787.9	2,351.1	1,077.9
change from one year ago (\$M)	-526.2	1,530.6	505.8	3,196.5	-1,345.9	-1,114.3	-160.1
% change from 1 year ago	-5.2	16.1	4.6	27.6	-9.5	-32.2	-12.9

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

Hotel room sales and revenue for the past 3 months moved higher than last year

- In March the 3-month moving total for hotel room-days sold was 1.9% below a year earlier. The average room rate was 2.7% higher, and revenue was up 4.6%.
- Employment in food services was 4.9% more in March than a year earlier as measured by the 3-month moving average. Hotel employment was up 2.7%.
- February airline traffic into the DC area was up 4.5% compared to a year earlier as measured by the 3-month moving total. Reagan National was up 4.8%. For the past 12-months, total traffic into the DC area was 6.3% higher.

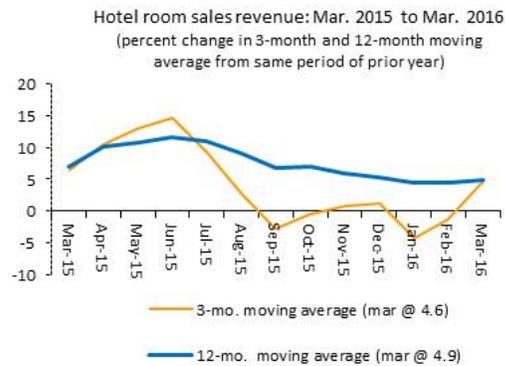


Table 24. Hospitality Industry: March 2016

Indicator	Units	date	FY 2013	FY 2014	FY 2015	12-month moving total or average*	3-month moving total or average*	This month
Hotel stays								
Hotel room-days sold	('M)	mar	7.680	7.869	8.194	8.233	1.856	0.780
			0.062	0.189	0.326	0.125	0.034	0.034
			0.8	2.5	4.1	1.5	1.9	4.6
Average room rate	\$	mar	207.31	209.87	215.37	217.08	212.07	250.98
			3.74	2.56	5.50	6.88	5.56	11.56
			1.8	1.2	2.6	3.3	2.7	4.8
Occupancy rate (average)	%	mar	75.8	76.6	77.5	77.8	71.3	86.9
			0.5	0.8	0.9	0.8	0.8	3.2
			0.6	1.0	1.2	1.0	1.1	3.8
Room revenue	(\$M)	mar	1,592.1	1,651.4	1,764.8	1,787.2	393.6	195.7
			41.4	59.4	113.4	82.9	17.4	17.2
			2.7	3.7	6.9	4.9	4.6	9.7
Airline passengers								
DCA	1 yr % ch	feb	5.5	0.0	10.3	10.7	4.8	9.7
IAD	1 yr % ch	feb	-4.0	-1.9	0.3	0.4	-1.8	2.9
BWI	1 yr % ch	feb	-1.5	-0.5	4.1	7.8	10.2	13.7
Total	1 yr % ch	feb	-0.3	-0.8	4.8	6.3	4.5	9.0
Employment								
Accommodations	level ('000)	mar	15.2	15.2	15.1	15.2	15.2	15.2
	1 yr ch		-0.2	0.0	-0.1	0.0	0.4	0.1
	1 yr % ch		-1.2	-0.2	-0.3	0.0	2.7	0.7
Food and bev	level ('000)	mar	45.1	47.1	49.7	50.9	50.9	51.2
	1 yr ch		2.5	2.0	2.6	2.5	2.4	2.2
	1 yr % ch		5.7	4.3	5.5	5.2	4.9	4.5

* Total for hotel rooms sold and room revenue.

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

Federal sector's contribution of US economic growth increased in the last quarter of 2015

- US real GDP growth in the December quarter was 1.4%; nominal growth was 2.3% (seasonally adjusted, annual rates).
- US employment (seas. adj.) increased by 215,000 in March from the month before.
- The US unemployment rate (seas. adj.) rose to 5.0% in March.
- In March the average S&P 500 index for the month rose 6.2% from February, but was 2.8% below a year earlier.
- Compared to the prior month, inflation rose slightly in March and was 0.9% above a year earlier. (seas. adj.).

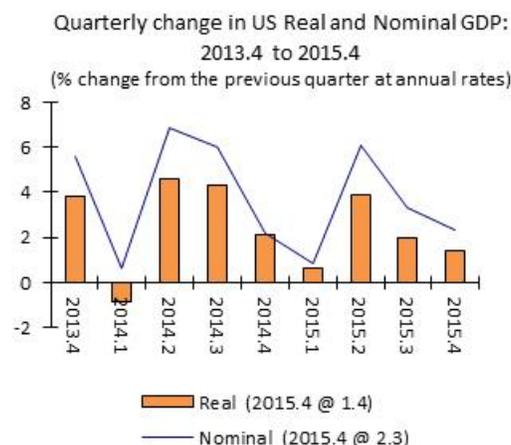


Table 25. US GDP, income, and inflation: 2015.4
(percent change from same period of prior year)

Indicator	FY 2013	FY 2014	FY 2015	12-mo avg	2015.4
US GDP real	1.2	2.4	2.6	2.4	2.0
US GDP nominal	2.9	4.2	3.6	3.5	3.1
US Personal income	3.0	3.0	4.7	4.4	4.0
US wages	3.9	4.1	5.0	4.6	4.2
Corporate profits*	3.1	3.0	4.2	3.3	-2.9
S and P stock index	16.7	20.3	9.7	3.4	-4.6
US CPI	1.6	1.6	0.3	0.1	0.5
Balt//Wash. area CPI	1.6	1.7	0.4	0.3	na

Source: BEA (Mar. 25, 2016), BLS, Yahoo.

na= not available. *Before tax, w/o IVV and CCAj.

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

Federal government consumption and investment and US GDP: 2013.4 to 2015.4

(Nominal; % change from same quarter of the prior year)



Table 26. Qtr. to Qtr. ch. in US GDP: 2014.4 to 2015.4

(% ch. from previous quarter at seasonally adj. annual rates)

Indicator	2014.4	2015.1	2015.2	2015.3	2015.4
US GDP real	2.1	0.6	3.9	2.0	1.4
US GDP nominal	2.2	0.8	6.1	3.3	2.3
Wages and salaries	6.3	2.6	5.7	4.0	4.2
Personal income	4.9	3.3	5.2	4.4	3.0

Note: GDP=Gross Domestic Product Source: BEA, updated Mar. 25, 2016.

Table 27. Federal government sector, US GDP accounts: 2015.4

(percent change from same period of prior year)

Indicator	FY 2013	FY 2014	FY 2015	12-mo avg	2015.4
Non-defense					
Compensation of employees	-0.2	1.8	4.2	4.6	5.2
Purchases of goods and services	-5.4	-1.0	0.7	-1.1	-2.7
Gross investment	-3.0	-1.6	2.6	2.6	2.5
Defense					
Compensation of employees	-3.5	-0.5	-0.7	-0.2	0.9
Purchases of goods and services	-8.5	-9.1	-2.9	-1.3	2.5
Gross investment	-8.3	-2.8	-3.3	-2.4	-0.4
All federal consumption and investment	-3.9	-2.0	-0.1	0.4	1.7

Source: BEA (March 25, 2016). Nominal values.

Table 28. Monthly selected US Indicators: November 2015 to March 2016

Indicator	November	December	January	February	March
S and P stock index (level)	2073	2054	1919	1904	2022
% change from prior month	2.4	-0.9	-6.6	-0.7	6.2
% change from 1 year ago	1.4	0.0	-5.4	-8.5	-2.8
10 yr. Treasury Interest rate (level)	2.26	2.24	2.08	1.78	1.89
CPI % ch from prior month (seasonally adjusted)	0.15	-0.11	0.03	-0.17	0.09
CPI % ch from prior year (seasonally adjusted)	0.44	0.67	1.34	0.97	0.87
Jobs (seasonally adjusted level, in millions)	142.88	143.15	143.31	143.56	143.77
change from prior month (thousands)	280	271	168	245	215
% change from prior month	0.20	0.19	0.12	0.17	0.15
Resident employment (season. adj. level, in mil.)	149.44	149.93	150.54	151.07	151.32
change from prior month (thousands)	247	485	615	530	246
% change from prior month	0.17	0.32	0.41	0.35	0.16
Unemployment rate (seasonally adj.)	5.0	5.0	4.9	4.9	5.0

Source: BLS and Yahoo! Finance.

DC tax collections

Total DC tax collections (before earmarking):

March 2011 to March 2016

(12-month moving total in \$ million)

March 2016 @ \$7,031M

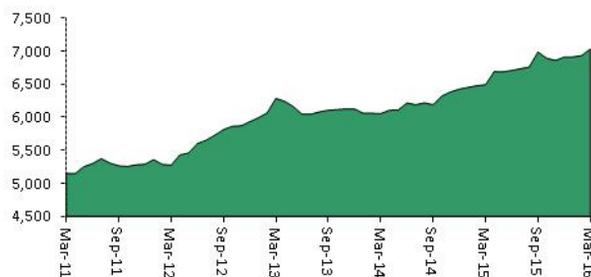


Table 29. Tax Collections (before earmarking): March 2016 (Preliminary)

Tax	Revenue (from CAFR)				Tax collections			
	FY 2012	FY 2013	FY 2014	FY 2015	12-month moving total	FY 2016 to date	3-month moving total	This month
Total taxes	5,853.3	6,100.5	6,290.0	6,916.8	7,031.4	2,884.5	1,790.2	1,090.1
1 year change	528.0	247.2	189.5	656.9	539.7	45.9	122.7	100.6
% change	9.9	4.2	3.1	10.0	8.3	1.6	7.4	10.2
Real property	1,822.0	1,914.8	2,015.6	2,194.5	2,344.9	744.3	716.0	717.0
1 year change	106.9	92.8	100.7	178.9	397.4	30.4	120.3	118.0
% change	6.2	5.1	5.3	8.9	20.4	4.3	20.2	19.7
General sales	1,111.0	1,137.9	1,172.1	1,315.3	1,285.5	621.7	288.5	95.5
1 year change	67.6	26.8	34.2	143.2	78.6	31.4	18.5	12.9
% change	9.5	2.4	3.0	12.2	6.5	5.3	6.9	15.7
Individual income	1,490.7	1,640.9	1,679.2	1,868.0	1,886.7	836.8	423.6	79.1
1 year change	194.1	150.2	38.3	188.9	110.4	13.0	-7.1	-26.6
% change	15.0	10.1	2.3	11.2	6.2	1.6	-1.6	-25.1
withholding	1,321.6	1,391.2	1,472.9	1,553.2	1,591.0	827.8	455.3	143.6
1 year change	129.5	69.6	81.7	80.3	41.8	11.2	2.0	-4.4
% change	10.9	5.3	5.9	5.4	2.7	1.4	0.4	-3.0
non-withholding	169.1	249.6	206.2	314.8	295.6	9.0	-31.7	-64.5
1 year change	64.6	80.6	-43.4	108.6	68.7	1.8	-9.1	-22.2
% change	61.9	47.7	-17.4	52.6	30.2	25.3	40.3	52.4
Corporate income	302.9	299.0	280.2	308.0	352.0	188.8	107.4	87.3
1 year change	86.6	-3.9	-18.8	27.8	54.9	35.0	15.2	8.6
% change	40.1	-1.3	-6.3	9.9	18.5	22.7	16.5	10.9
Unincorporated Bus.	163.0	154.3	135.4	139.8	144.8	46.5	17.2	8.4
1 year change	19.6	-8.7	-18.9	4.4	-6.8	-3.5	4.8	2.5
% change	13.6	-5.3	-12.3	3.2	-4.5	-7.0	38.2	42.2
Deed taxes*	312.5	372.8	391.2	480.6	413.1	193.4	77.9	34.3
1 year change	1.3	60.3	18.4	89.4	-52.3	-67.5	-33.7	-12.4
% change	0.4	19.3	4.9	22.8	-11.2	-25.9	-30.2	-26.5
Other taxes	651.1	580.8	616.4	610.6	604.5	252.9	159.5	68.5
1 year change	23.3	-70.4	35.6	-5.8	-42.5	7.1	4.7	-2.4
% change	3.7	-10.8	6.1	-0.9	-6.6	2.9	3.0	-3.4

*Deed taxes include deed recordation, deed transfer, and economic interest taxes on real property transactions.

Note: (1) Revenues for the fiscal years shown are based on the CAFR for those years.

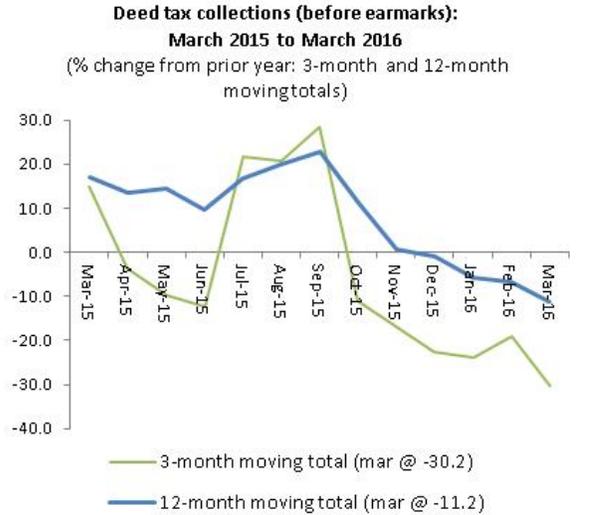
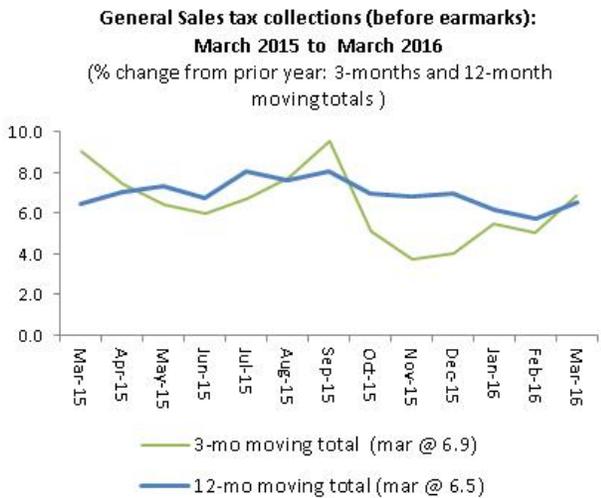
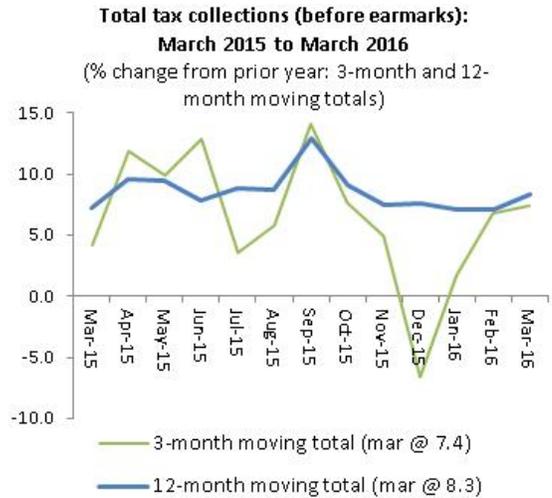
(2) Tax collections data subject to accounting adjustments.

(3) This table and the graphs on the next page may include adjustments to the timing and consistency of collection reporting intended to make comparisons with prior year periods more meaningful. The data may therefore vary from other OCFO reports.

Source: OCFO/ORA

Deed taxes were down 30% in the last 3 months, and individual income tax collections weakened

- For the 12 month period ending March total tax collections (before earmarking) were \$540 million (8.3%) more than in the prior year. For the last 3 months they were 7.4% above last year.
- Individual income tax collections were 6.2 above last year for the 12-months ending March and withholding was 2.7% higher. For the past 3 months, withholding increased only 0.4%.
- General sales tax collections were 6.5% above last year for the 12-months ending March. For the past 3 months, they were 6.9% above last year.
- Deed tax collections for the 12-months ending March were down 11.2% from last year; for the past 3 months they were down 30.2%.
- Corporate income taxes in March were up 18.5% and unincorporated business income taxes fell 4.5% from last year (12-mo. total).



US economic forecasts

The April Blue Chip forecast for the US economy was slightly weaker for FY 2016 and FY 2017

- The Blue Chip Indicator April forecast lowered its forecast for real GDP growth in FY 2016 to 1.9% from 2.0%. The FY 2017 estimate fell to 2.3%. Both years are lower than the actual for 2014 and 2015 (2.4% and 2.6%, respectively).
- The Blue Chip Indicator April forecast for inflation (CPI) : 1.0% for FY 2016 and 2.1% in FY 2017. These estimates are unchanged from March.
- S&P 500 April baseline Global Insight forecast: slightly higher estimate for the end of 2016, but annual growth of 2.4% is only about what it was a year earlier.

Table 30. Forecasts for US nominal and real GDP:

FY 2013 through FY 2017 (% change from prior fiscal year)

Fiscal year and date of forecast	real			nominal		
	Blue Chip	Moody's	IHS Global	Blue Chip	Moody's	IHS Global
		Analytics	Insight		Analytics	Insight
FY 2013 Actual	1.2	1.2	1.2	2.9	2.9	2.9
FY 2014 Actual	2.4	2.4	2.4	4.2	4.2	4.2
FY 2015 Actual	2.6	2.6	2.6	3.6	3.6	3.6
FY 2016						
January	2.3	2.5	2.3	3.9	3.9	4.4
February	1.9	2.0	2.1	3.3	3.5	4.0
March	2.0	2.1	2.1	3.3	3.4	4.0
April	1.9		2.0	3.3		4.2
FY 2017						
January	2.5	3.0	3.1	4.6	5.1	6.6
February	2.4	3.0	2.9	4.4	5.0	6.5
March	2.4	3.0	2.7	4.3	4.9	6.1
April	2.3		2.7	4.2		6.0

Sources: BEA, Blue Chip Indicators, Moody's Economy.com, and IHS Global Insight.

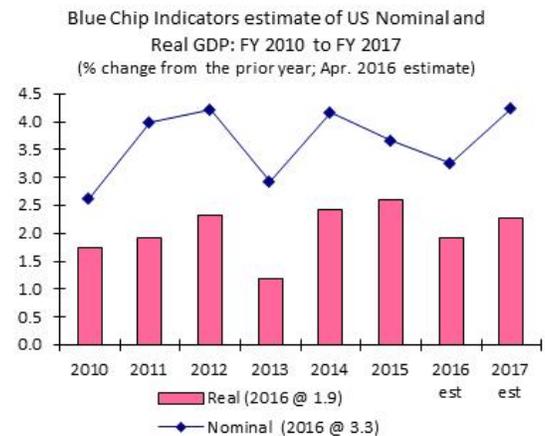


Table 31. CBO estimates of GDP and other indicators: FY 2015 to FY 2018

Indicator	FY 2015	FY 2016	FY 2017	FY 2018
Real GDP (% ch from prior yr.)	2.6	2.3	2.6	2.3
Nominal GDP (% ch from prior yr.)	3.6	3.8	4.3	4.3
CPI (% ch from prior yr.)	0.3	1.0	2.2	2.4
10 yr. Treasury bond rate	2.2	2.6	3.3	3.8
Unemployment rate	5.5	4.8	4.4	4.5

Source: Congressional Budget Office, *The Budget and Economic Outlook: 2016 to 2026*, January 2016

Table 32. Blue Chip forecasts for CPI and 10 year Treasury interest rate: FY 2015 to FY 2017

Forecast date	CPI			10 yr Treasury rate		
	2015	2016	2017	2015	2016	2017
	Jan	0.3	1.2	2.2	2.2	2.5
Feb	0.3	1.0	2.1	2.2	2.3	2.9
Mar	0.3	1.0	2.1	2.2	2.2	2.8
Apr	0.3	1.0	2.1	2.2	2.1	2.6

Source: Blue Chip Indicators

Table 33. IHS Global Insight forecast for S and P 500: 2014.4 to 2016.4

Forecast date	% change from prior year			% change from prior year		
	2014.4	2015.4	2016.4	2014.4	2015.4	2016.4
	Global Insight: baseline			Global Insight: pessimistic		
January	13.6	2.0	5.4	13.6	2.0	-32.7
February	13.6	2.0	-0.6	13.6	2.0	-38.0
March	13.6	2.0	-0.8	13.6	2.0	-30.8
April	13.6	2.0	2.4	13.6	2.0	-28.5

Source: IHS Global Insight

Table 34. Moody's Analytics forecast for S and P 500: 2014.4 to 2016.4

Forecast date	% change from prior year			% change from prior year		
	2014.4	2015.4	2016.4	2014.4	2015.4	2016.4
	Economy.com baseline			Economy.com pessimistic		
December	13.6	1.6	5.1	13.6	1.6	0.7
January	13.6	2.0	1.6	13.6	2.0	-2.6
February	13.6	2.0	-2.0	13.6	2.0	-6.4
March	13.6	2.0	-3.6	13.6	2.0	-7.9

Source: Moody's Analytics (Economy.com.)

April baseline forecasts for DC: continued growth in FY 2016 and FY 2017.

●**Employment:** Employment forecast for FY 2016 is close to FY 2015 actual, with slower gains in FY 2017. Resident employment growth is expected to be less than that for jobs located in DC in 2016. DC's unemployment rate stays about 6.5% in FY 2016.

●**Income.** Although similar in their job outlooks, Global Insight and Moody's Analytics differ in their outlook for income. Global Insight estimates DC Personal Income will be higher in FY 2016 and FY 2017 than it was in FY 2015; Moody's Analytics says it will be lower each year. Global Insight's Personal Income growth for DC is above the national average, whereas Moody's Analytics shows it below the US average.

Table 35. Jobs in DC: forecasts for FY 2014 to FY 2017

(amount of change from prior year, in thousands of jobs)

Date of estimate	Global Insight: baseline				Global Insight: pessimistic				Moody's Analytics: baseline				Moody's Analytics: pessimistic			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Jan	6.0	11.3	10.5	6.1	6.0	11.3	8.9	0.8	6.0	11.3	9.7	6.6	6.0	11.3	6.9	0.2
Feb	6.0	11.3	10.8	5.7	6.0	11.3	10.0	0.0	6.0	11.3	9.4	6.4	6.0	11.3	8.1	-0.4
Mar	6.0	11.3	10.8	6.5	6.0	11.3	9.8	0.1	6.3	12.5	10.3	7.8	6.3	12.5	4.0	-1.0
Apr	6.3	12.5	11.4	8.1	6.3	12.5	10.5	1.6								

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

Table 36. DC Resident employment: forecasts for FY 2014 to FY 2017

(amount of change from prior year, in thousands of jobs)

Date of estimate	Global Insight: baseline				Global Insight: pessimistic				Moody's Analytics: baseline				Moody's Analytics: pessimistic			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Jan	3.4	11.7	9.9	7.2	3.4	11.7	9.2	4.3	3.4	11.7	9.4	6.0	3.4	11.7	8.1	4.2
Feb	3.4	11.7	10.6	7.2	3.4	11.7	10.3	4.6	3.4	11.7	9.8	6.3	3.4	11.7	9.1	3.7
Mar	3.4	11.7	10.5	7.6	3.4	11.7	10.1	4.3	3.9	13.3	9.5	6.9	3.9	13.3	9.8	4.8
Apr	3.9	13.3	8.9	7.5	3.9	13.3	8.6	4.0								

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

Table 37. DC Personal Income: forecasts for FY 2014 to FY 2017

(percent change from prior year)

Date of estimate	Global Insight: baseline				Global Insight: pessimistic				Moody's Analytics: baseline				Moody's Analytics: pessimistic			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Jan	2.7	4.2	4.9	5.4	2.7	4.2	4.0	2.1	2.7	4.2	3.9	1.6	2.7	4.2	2.8	0.3
Feb	2.7	4.2	4.7	5.3	2.7	4.2	4.3	2.2	2.7	4.2	3.6	1.5	2.7	4.2	3.0	-0.2
Mar	2.7	4.2	4.8	5.4	2.7	4.2	4.0	0.5	2.7	4.2	3.8	1.5	2.7	4.2	2.1	-0.5
Apr	2.7	4.1	4.9	5.2	2.7	4.1	4.0	0.3								

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

Table 38. April forecasts for employment and Personal Income for DC, the metro area, and the US: FY 2014 to FY 2017

(percent change from prior year)

Indicator	Global Insight				Moody's Analytics*			
	2014	2015	2016	2017	2014	2015	2016	2017
Wage and salary jobs								
DC	0.8	1.7	1.5	1.0	0.8	1.7	1.3	1.0
Metro area					0.4	1.7	1.9	1.5
US	1.8	2.1	1.9	1.6	1.8	2.1	1.9	1.7
Personal Income								
DC	2.7	4.1	4.9	5.2	2.7	4.2	3.8	1.5
Metro area					2.2	4.4	6.1	6.8
US	3.0	4.7	3.9	4.6	3.0	4.7	4.1	5.7

Source: IHS Global Insight and Moody's Analytics. Baseline forecasts *Mar.

Table 39. April DC forecasts for wages and unemployment: FY 2014 to FY 2017

(percent change from prior year)

Indicator	Global Insight				Moody's Analytics*			
	2014	2015	2016	2017	2014	2015	2016	2017
Wages and salaries earned in DC								
	3.1	5.0	4.6	4.4	3.1	5.0	4.4	3.4
DC resident wages and salaries								
	3.0	4.5	5.6	5.9	3.0	4.5	3.6	-1.7
DC Unemployment rate (level)								
	7.9	7.2	6.5	6.1	7.9	7.2	6.6	6.6

Source: IHS Global Insight and Moody's Analytics (Economy.com). Baseline forecasts. *Mar.

DC revenue estimate

The February revenue estimate: \$31 million less in FY 2016 than in FY 2015, followed by a \$244 million increase in FY 2017

• Anticipated tax revenue decline (before earmarks) is 0.4% in FY 2016, followed by a 3.5% increase in FY 2017. The estimates reflect growth in the DC economy, but the decline in FY 2016 results from a one-time revenue gain in FY 2015 from settlement payments for past due sales taxes from on-line hotel bookings, extraordinary gains from certain taxes, and the effects of scheduled tax cuts enacted in September 2015.

• Real property tax growth of \$163 million in FY 2016 is offset by decreases in other taxes in that year. Real property is also the leading source of revenue gain in FY 2017. Individual income tax revenue increased 11.2% in FY 2015, but is estimated to fall 0.6% in FY 2016 reflecting both tax cuts and extraordinary capital gains in FY 2015. Sales (due to the hotel booking settlement), deed taxes, and business income are projected to fall in FY 2016.

• As a share of DC Personal Income, tax revenue in FY 2016 is expected to fall to 13.9% compared from 14.6 in FY 2015.

Table 40. DC Tax Revenue (before earmarks) for FY 2014 through FY 2017: February 2016 revenue estimate

Tax	FY level (\$ million)				Change from prior year (\$ M)				% change from prior year			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Real property	2,015.6	2,194.5	2,357.2	2,456.7	100.7	178.9	162.7	99.5	5.3	8.9	7.4	4.2
Deed taxes	391.2	480.6	361.2	367.7	24.0	89.4	-119.4	6.5	6.5	22.8	-24.8	1.8
General sales	1,172.1	1,315.3	1,290.8	1,344.4	34.2	143.2	-24.4	53.5	3.0	12.2	-1.9	4.1
Individual income	1,679.2	1,868.0	1,857.0	1,930.4	38.3	188.9	-11.1	73.4	2.3	11.2	-0.6	4.0
Withholding	1,472.9	1,553.2	1,615.0	1,678.9	81.7	80.3	61.7	64.0	5.9	5.5	4.0	4.0
non-withholding	206.2	314.8	242.0	251.5	-43.4	108.6	-72.8	9.5	-17.4	52.7	-23.1	3.9
Business income	415.6	447.8	420.9	427.7	-37.7	32.2	-26.9	6.8	-8.3	7.8	-6.0	1.6
Other	616.4	610.6	599.0	603.5	30.1	-5.8	-11.7	4.6	5.1	-0.9	-1.9	0.8
Total	6,290.0	6,916.8	6,886.1	7,130.5	189.5	626.9	-30.8	244.4	3.1	10.0	-0.4	3.5

Source: ORA. February 26, 2016 revenue estimate under existing legislation. Deed taxes include economic interest. The table includes tax revenue only, before all earmarks, and excludes all non-tax revenues, lottery, and "O-type" earmarked revenues. FY 2014 and FY 2015 are from the CAFR.

Table 41. DC labor market assumptions: FY 2014 to FY 2017

item	2014	2015	2016	2017
Wage and salary employment	751,483	762,800	772,403	778,754
1 year change	6,000	11,317	9,603	6,351
% change	0.8	1.5	1.3	0.8
DC resident employment	344,826	356,540	365,433	370,564
1 year change	3,434	11,714	8,893	5,130
% change	1.0	3.4	2.5	1.4
Unemployment rate	7.9	7.4	6.5	6.4

Source: ORA February 2016 revenue estimate.

Table 42. DC Income and stock market assumptions: FY 2014 to FY 2017 (% change from prior year)

item	2014	2015	2016	2017
Wages and salaries earned in DC	3.1	5.1	4.2	3.9
Wages and salaries earned by DC residents	3.0	4.6	4.5	4.0
DC Personal income	2.7	4.2	4.0	4.2
S and P 500 stock index	13.6	2.0	0.5	3.5

Source: ORA February 2016 revenue estimate. Stock index, on a calendar year basis, represents the % change from the December quarter of the prior year.

Table 43. DC tax revenue (before earmarks) and DC Personal Income: FY 2009 to FY 2018

item	2009	2010	2011	2012	2013	2014	2015	2016 est	2017 est	2018 est	
Tax revenue (\$ million)											
Level		5,052	5,005	5,325	5,853	6,100	6,290	6,917	6,886	7,130	7,381
Change from prior year		-273	-47	320	528	247	189	627	-31	244	251
Percent change from prior year											
Tax revenue		-5.1	-0.9	6.4	9.9	4.2	3.1	10.0	-0.4	3.5	3.5
Personal Income		-0.7	1.5	8.0	5.2	2.8	2.7	4.2	4.0	4.2	4.7
Tax revenue as percent of Personal Income											
		13.5	13.2	13.0	13.5	13.7	13.8	14.6	13.9	13.8	13.7

Source: ORA. February 26, 2016 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.

population is thus mostly in larger multi-family buildings, principally apartments.

By contrast, many of the jobs added to the District’s economy do not need office space. For example, retail and food services accounted for more than one-third of all new jobs in DC over the past three years. In addition, other jobs are located in schools, hospitals, government office buildings and other locations that are not commercial offices. The relationship between job gains and commercial office space is further weakened by the well-documented decline in the number of square feet of space needed by many office workers, reflecting factors such as telecommuting, open office layouts, and reduced need for libraries in law firms.

DC population, employment, apartments, and commercial office space: 2013.1 to 2016.1

	Level		3 year change	
	2013.1	2016.1	Amount	%
Population and apartments				
Population	645,990	680,360	34,370	5.3
Apartment inventory	164,823	177,628	12,805	7.8
Occupied apartments	160,203	171,198	10,995	6.9
Vancy rate	2.8	3.6	0.8	
Wage and salary employment and commercial office space				
Wage and salary employment	737,833	770,600	32,767	4.4
Office space inventory	152.12	153.33	1.22	0.8
Occupied space	136.48	136.51	0.03	0.0
Vacancy rate	10.3	11.0	0.7	

Source: BLS (employment), Global Insight (population) and CoStar (apartments and commercial office space)

Construction dynamics

Looking back over the past decade, construction trends for apartments and commercial offices reflect the business cycle as well as responses to growth in people and jobs and other market forces. As the Great Recession approached in 2007, construction of apartment units and commercial office space, measured as percent of inventory, was increasing. As shown in the following chart, construction as a percent of inventory was over 3% for apartments and about 5% for offices in early 2008. Construction fell sharply with the recession, reaching about 1% of inventory in 2010 for both apartments and offices.

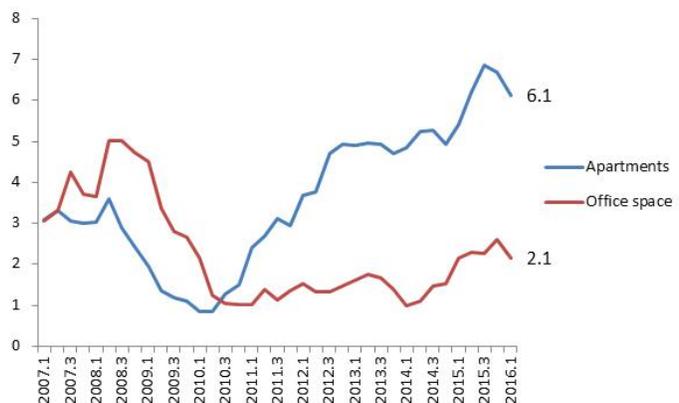
With the recovery, apartment construction ramped up sharply starting in 2011, reaching 6.9% in the third quarter of 2015. Commercial office construction, however, was a very different story. It increased slowly, never getting close to the pre-recession pace. Furthermore, the majority of the office construction did not result in a net increase in office space. The primary effect of the new office construction seems to have been directed to meeting demand for improved amenities or better location. As shown in tables on the next page, over the past three years, more than 92% of the new apartments delivered to the market resulted in a net increase in inventory. For commercial office space, net inventory rose less than one-third of the newly delivered office space.

—Stephen Swaim, Office of Revenue Analysis

Apartment and commercial office construction as percent of inventory: 2007.1 to 2016.1

(1) Number of apartments under construction as % of inventory, and (2) square feet of office space under construction as % of inventory

Source: CoStar



Apartment deliveries and net change in inventory: 2013.1 to 2016.1

	Buildings	Units
Apartment Deliveries	115	13,863
Net change in Inventory	102	12,805
Net change in inventory as % of deliveries	88.7	92.4

Source: CoStar, all classes

Office deliveries and net change in inventory: 2013.1 to 2016.1

	Buildings	Square feet
Office Deliveries	23	3,860,626
Net change in Inventory	-18	1,215,320
Net change in inventory as % of deliveries	na	31.5

Source: CoStar, all classes na = not applicable due to negative number

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.

Recent ORA reports:

Revised revenue estimate, February 26, 2016.

Tax expenditure report, May 2014. Comprehensive description of all DC tax expenditures.

Briefing documents. A series with information related to DC's economy and taxes.

DC Tax Facts, 2015. Details on all DC taxes.

Tax Rates and Tax Burdens 2014 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 2014 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.

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*).

Table 44. Information sources

Indicator	Source	Period covered in this report	Next release
D.C. Jobs and Labor Force information	BLS	March	May 20
D.C. Personal Income	BEA	2015.4	June 22
D.C. Tax Collections	OTR/ORA	March	c. May 15
D.C. Housing Sales	MRIS*	March	c. May 10
D.C. Commercial Office Building data	CoStar and Delta	2016.1	c. July 10
DC Apartment data	CoStar and Delta	2016.1	c. July 10
D.C. Hotel stay information	Smith Travel Research	March	c. May 20
Consumer Price Index	BLS	March	May 17
U.S. Jobs and Labor Force	BLS	March	May 6
U.S. GDP and Personal Income	BEA	2015.4	May 27
S and P 500 Stock Index	Financial press	March	May 1
Interest rate on 10-Year Treasury Securities	Financial press	March	May 1
IHS Global Insight D.C. forecast	Global Insight	April	c. May 25
Moody's Analytics D.C. forecast	Moody's Analytics	March	c. May 25
Blue Chip Economic Indicators for the U.S.	Aspen Publishers	April	c. May 10

*Metropolitan Regional Information Systems; listings and contract data accessed through the Greater Capital Area Association of Realtors.

For further information or to comment on this report, contact: Stephen Swaim (202-727-7775) or stephen.swaim@dc.gov. See also the *Economic Indicators* issued monthly by the D.C. Office of the Chief Financial Officer (www.cfo.dc.gov).

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

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