



District of Columbia Economic and Revenue Trends: October 2017

Muriel Bowser, Mayor
Jeffrey S. DeWitt, Chief Financial Officer

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

Highlights:

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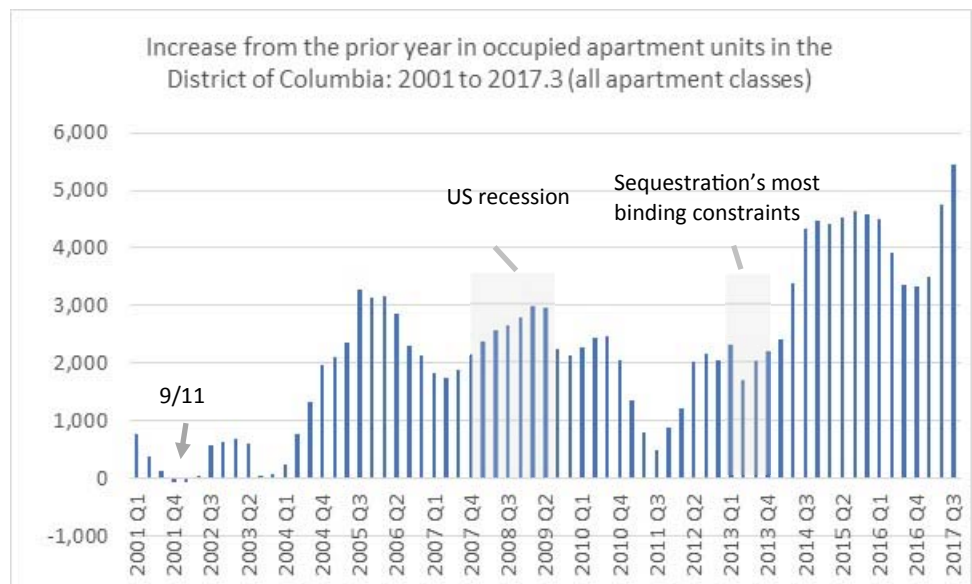
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The number of occupied apartment units in DC increased sharply last year

The increase tops the peaks of previous years

According to CoStar, there were an estimated 174,917 occupied units in all classes of market rate apartment building in September 2017, an increase of 5,433 over the prior year. This was the largest one year gain since 2001, the period covered by the data base. The 5,433 one-year gain exceeded the annual gains that occurred before the Great Recession and following the relaxation of sequestration restraints.



In 2005 DC's population started to increase, with the city adding 125,000 residents by 2017, a 22% increase. Not surprisingly, this growth had an impact on the market for apartments. From 2005 to 2017.3 the net inventory of units increased by 35,615. This increase in supply was almost matched by growing demand as occupancy grew by 33,443. The overall vacancy rate rose only slightly—from 4.6% in 2005 to 5.1% in 2017.3.

The balancing by market forces of inventory and demand evident over the past decade is consistent with the modest decrease in the construction of new units that has occurred recently. In September there were 13,022 new units under construction, a decrease of 630 from a year earlier and of 1,687 from the peak pace of 14,709 in March 2017. While occupied units rose sharply over (continued on p. 21)

Wage and salary employment

Strong job growth over the summer

- August wage and salary employment in DC was up by 15,800 (2.0%) from a year earlier as measured by the 3-month moving average.
- Federal government employment in DC for August was down by 1,467 (0.7%). The private sector gained 16,467 (3.1%).
- Total year-over-year DC metropolitan area employment increased by 72,767 (2.2%) in August as measured by the 3-month moving average. Of the increase, 21.7% was in DC.
- Suburban Washington employment in August increased by 2.3% from a year earlier, well above the 1.5% US rate.
- Seasonally adjusted DC jobs fell by 2,100 in Aug. from the prior month and are 5,700 above the level of five months ago.

Change in wage and salary employment located in DC, the DC suburbs, and the US:
August 2015 to August 2017

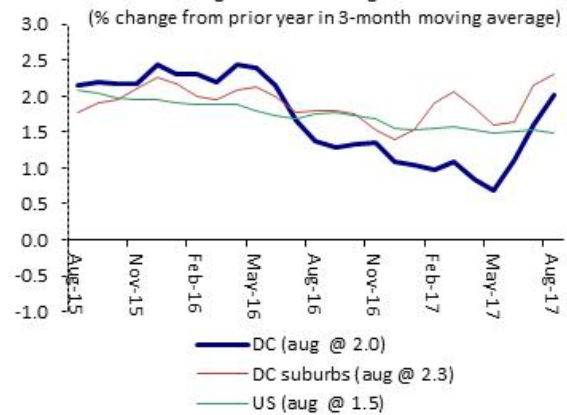


Table 1. Wage and salary employment in DC, Washington Metro area, and the US: August 2017

Jurisdiction	FY 2014	FY 2015	FY 2016	12-mo avg	3-mo	
					average	This month
District of Columbia	751,592	764,583	780,033	788,950	793,933	786,900
1 year change	6,375	12,992	15,450	9,833	15,800	15,000
% change	0.9	1.7	2.0	1.3	2.0	1.9
Washington metro area	3,107,792	3,143,100	3,218,833	3,268,800	3,310,300	3,294,900
1 year change	12,558	36,800	63,167	54,475	72,767	67,600
% change	0.4	1.2	2.0	1.7	2.2	2.1
Washington suburbs (% ch)	0.3	1.5	2.0	1.8	2.3	2.1
US (% ch)	1.8	2.1	1.8	1.6	1.5	1.5

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

Source: BLS. August is preliminary.

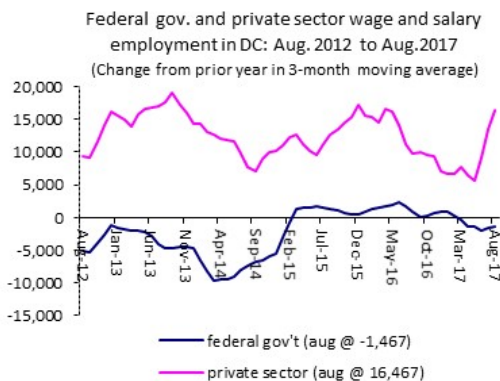


Table 2. Federal government and private sector wage and salary employment in DC: August 2017

Sector	FY 2014	FY 2015	FY 2016	12-mo avg	3-month	
					average	This month
Federal government	198,367	198,025	199,125	198,600	198,233	197,300
1 year ch.	-7,533	-342	1,100	-517	-1,467	-1,000
% change	-3.7	-0.2	0.6	-0.3	-0.7	-0.5
Private sector	515,558	527,033	540,992	549,608	552,367	549,800
1 year ch.	11,442	11,475	13,958	9,492	16,467	14,500
% change	2.3	2.2	2.6	1.8	3.1	2.7

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

Table 3. Seasonally adjusted DC Employment: March 2017 to August 2017

Indicator	March	April	May	June	July	August
D.C. Wage and Salary employment	788,700	786,700	791,100	792,400	796,500	794,400
change from prior month	400	-2,000	4,400	1,300	4,100	-2,100
% change from prior month	0.1	-0.3	0.6	0.2	0.5	-0.3

Source: BLS seasonally adjusted. August is preliminary

Resident employment and unemployment

Resident employment growth slows

- In August DC resident employment was up 6,649 (1.8%) from a year earlier (*3-mo. moving average*). The labor force grew more than that—8,310 (2.1%).
- The seasonally adjusted unemployment rate stayed at 6.4% in August. The rate is almost a full percent above what it was before the Great Recession began in December 2007.
- August initial unemployment insurance claims were down 5.8% from last year (*3-month moving average*).

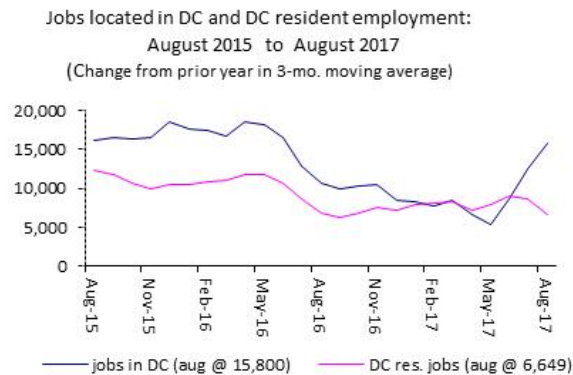
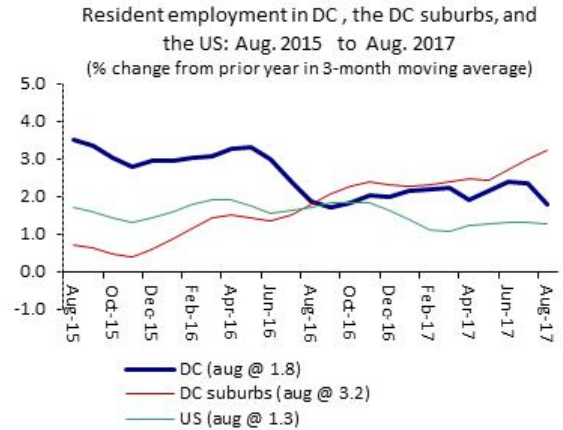


Table 4. Unemployment rates for DC, metro area, and US: August 2017
(percent of labor force)

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	Aug. 2016	Aug. 2017	Aug. 2016	Aug. 2017
US	5.0	4.5	4.9	4.4
DC	6.4	6.6	6.0	6.4
DC metro area	4.0	3.7	na	na
DC suburbs	3.7	3.4	na	na

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

Table 5. Resident employment and unemployment August 2017

Indicator	FY 2014	FY 2015	FY 2016	12-mo avg	3-mo. avg.	This month
DC Labor force summary						
Resident employment	345,061	357,437	367,036	373,988	376,060	371,003
1 year change	3,562	12,376	9,599	7,529	6,649	4,703
% change	1.0	3.6	2.7	2.1	1.8	1.3
Labor Force	374,726	385,038	391,310	397,776	402,752	397,247
1 year change	904	10,311	6,272	6,867	8,310	5,979
% change	0.2	2.8	1.6	1.8	2.1	1.5
Unemployed	29,665	27,601	24,274	23,788	26,691	26,244
1 year change	-2,659	-2,065	-3,327	-662	1,661	1,276
% change	-8.2	-7.0	-12.1	-2.7	6.6	5.1
Unemployment rate	7.9	7.2	6.2	6.0	6.6	6.6
DC Unemployment Insurance (state program)						
Initial claims (monthly avg.)	1,851	1,596	1,472	1,500	1,648	1,410
1 year change	-64	-255	-123	17	-101	-188
% change	-3.3	-13.8	-7.7	1.1	-5.8	-11.8
Weeks compensated (mo. avg.)	42,133	32,811	30,261	31,311	32,667	38,083
1 year change	-729	-9,322	-2,550	435	157	1,340
% change	-1.7	-22.1	-7.8	1.4	0.5	3.6

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

Table 6. Seasonally adjusted DC Resident employment and unemployment: Mar. 2017 to Aug. 2017

Indicator	March	April	May	June	July	August
DC Resident employment	375,103	375,734	377,542	378,508	377,536	376,641
change from prior month	734	631	1,808	966	-972	-895
% change from prior month	0.2	0.2	0.5	0.3	-0.3	-0.2
DC Unemployment rate (%)	5.8	5.9	6.0	6.1	6.4	6.4

Source: BLS seasonally adjusted. August is preliminary.

Jobs by sectors of the economy

Education tops job growth in DC

● In August the increase of 8,767 in education and accounted for over half of all net DC job growth. (3-month moving avg.) It remains to be seen if this rapid growth was due to special factors that occurred in the summer or will continue in the fall.

● In the private sector, food services (5,733) and other professional services (2,700) were the other sectors that grew by 1,000 or more jobs in August.

● Private sector industries losing jobs included health, construction, retail trade, finance, and information.

● Local government rose by 800 (1.9%).

● The federal government accounted for 25.0% of all DC jobs in August.. Over the past year, DC's share of US federal employment fell 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: August 2015 to August 2017

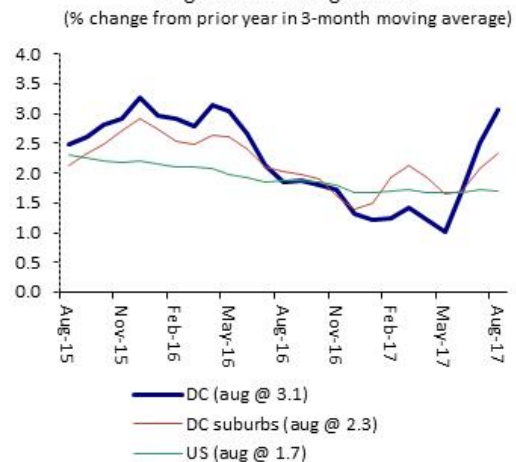


Table 7. Wage and salary employment located in DC: August 2017

Industry sector	3-month moving average				12-mo. moving avg. % change	Sector % of all DC jobs, Aug 2017	DC share (%) In Aug 2017 of all sector jobs in:		Change from Aug 2016 to Aug 2017 in DC share of sector jobs in:	
	Aug. 2016	Aug. 2017	Amount	%			metro area	US	metro area	US
Federal government	199,700	198,233	-1,467	-0.7	-0.3	25.0	53.9	7.03	-0.3	-0.07
Local government	42,533	43,333	800	1.9	2.2	5.5	13.2	0.23	-0.2	0.00
Legal services	28,733	28,867	133	0.5	0.6	3.6		2.54		0.00
Other Professional and technical	86,033	88,733	2,700	3.1	2.6	11.2	22.8	1.11	0.0	0.00
Employment services	15,067	15,200	133	0.9	-0.1	1.9	34.6	0.41	1.8	-0.01
Other Business services	36,233	37,033	800	2.2	3.6	4.7	18.3	0.46	-0.1	0.00
Information	17,067	16,833	-233	-1.4	-1.9	2.1	23.6	0.62	0.7	0.01
Finance	30,300	29,800	-500	-1.7	-0.7	3.8	18.7	0.35	-0.3	-0.01
Organizations	64,867	65,100	233	0.4	-0.1	8.2	36.3	2.15	-0.7	-0.02
Education	56,533	65,300	8,767	15.5	6.5	8.2	51.1	1.95	0.4	0.23
Health	69,033	67,300	-1,733	-2.5	-1.6	8.5	21.2	0.35	-0.8	-0.02
Food service	51,767	57,500	5,733	11.1	6.5	7.2	23.5	0.48	1.7	0.04
Accommodations	15,033	15,167	133	0.9	1.2	1.9	33.0	0.72	-1.7	0.00
Amusement and recreation	8,300	9,200	900	10.8	12.5	1.2	16.1	0.35	0.4	0.03
Retail trade	22,767	22,433	-333	-1.5	-2.0	2.8	7.9	0.14	-0.3	0.00
Wholesale trade	5,033	4,900	-133	-2.6	-1.5	0.6	7.9	0.08	-0.2	0.00
Construction	15,100	15,000	-100	-0.7	-5.6	1.9	9.2	0.21	-0.3	-0.01
Personal and miscellaneous ser.	7,933	7,333	-600	-7.6	-1.2	0.9		0.26		-0.03
Other private	6,100	6,667	567	9.3	5.6	0.8	5.4	0.04	0.2	0.00
Total	778,133	793,933	15,800	2.0	1.3	100.0	24.0	0.54	-0.1	0.00
Public sector	242,233	241,567	-667	-0.3	0.1	30.4	34.8	1.12	-0.6	-0.01
Private sector	535,900	552,367	16,467	3.1	1.8	69.6	21.1	0.44	0.1	0.01

Source: BLS. not seasonally adjusted. na=not available. For the metro area, legal is included in other professional and technical, and personal and miscellaneous services is included in organizations (a category BLS calls "other services")

Jobs and wages by sector

In the June quarter, professional and business services were the largest source of wage growth in DC

- Compared to the prior year, in the June quarter, the federal government accounted for a declining share of all jobs and 18.6 % of the wages and salaries paid in DC.
- Professional and business services accounted for about 26% of wages paid in DC in June, but 30% of the increase in wages paid in DC over the past year.
- Education and health services accounted for 31% of last year's job increases, but only 5% of the increase in wages.
- Trade and hospitality accounted for 56% of the increase in jobs over the past year and 7% of the increase in wages.



Table 8. Employment and Income by sector of the DC economy: June 2017 (2017.2)

Sector	Wage and salary employment in DC in the June 2017 quarter			Wages and salaries earned in DC in the Jun 2017 quarter			Percentage Distributions			
	Level	Change from June 2016		Level (\$B)	Ch. from June 2016 (\$B)		Employment		Wages	
		2016	% change		2016	% change	June 2017	Change from June 2016	June 2017	Change from June 2016
Total	790,500	8,600	1.1	72.22	2.50	3.59	100.0	100.0	100.0	100.0
Federal government	198,300	-2,067	-1.0	23.28	0.47	2.04	25.1	-24.0	32.2	18.6
Local government	40,133	1,500	3.9	3.38	0.40	13.50	5.1	17.4	4.7	16.0
Business and professional services	168,733	3,533	2.1	19.02	0.75	4.12	21.3	41.1	26.3	30.1
Information and financial services	45,867	-933	-2.0	6.09	0.11	1.87	5.8	-10.9	8.4	4.5
Education and health services	135,633	2,667	2.0	7.22	0.13	1.83	17.2	31.0	10.0	5.2
Trade and hospitality services	108,833	4,800	4.6	4.57	0.19	4.25	13.8	55.8	6.3	7.4
Organizations and personal services	71,733	-367	-0.5	6.94	0.43	6.63	9.1	-4.3	9.6	17.2
Other private	21,267	-539	-2.4	1.73	0.02	1.42	2.7	-6.2	2.4	1.0
Private sector	552,067	9,167	1.7	45.56	1.64	3.73	69.8	106.6	63.1	65.4
Government	238,433	-567	-0.2	26.66	0.87	3.36	30.2	-6.6	36.9	34.6

Source: BLS and BEA. Wage data, but not wage and salary employment, is seasonally adjusted.

Wages and income

DC income growth is slower than it was last year

- Wages and salaries earned in the District of Columbia were 3.6% higher in the June quarter compared to the same quarter of 2016.
- Wages earned by DC residents grew an estimated 2.9% in the June quarter compared to last year.
- In the June quarter, DC Personal Income grew 2.9%, the same as the US economy as a whole.
- The growth rate of proprietors' income was 3.4% in the June quarter.
- Pensions and other transfers grew 1.5% over last year in the June quarter.

Wages earned in DC, wages earned by DC residents, and wages earned in the US: 2015.2 to 2017.2 (% change from the prior year in the 12-month moving average)

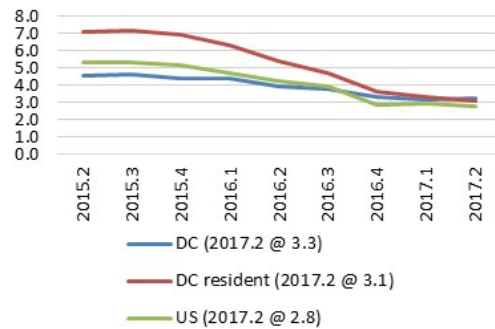


Table 9. DC Wages and Personal Income: June 2017 (2017.2)

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

Indicator	FY 2013	FY 2014	FY 2015	FY 2016	4-qr. moving avg.	Latest qtr. (Jun)
Wages and salaries earned in DC	62.08	63.91	66.88	69.39	70.99	72.22
1 year change	1.43	1.83	2.97	2.51	2.24	2.50
% change	2.4	2.9	4.6	3.8	3.3	3.6
Supplements to wages & salaries	16.44	17.16	17.93	18.58	19.12	19.44
% change	-0.1	4.4	4.5	3.6	3.7	4.0
Income earned in DC**	74.25	76.77	81.09	84.51	86.60	86.93
% change	0.5	3.4	5.6	4.2	3.5	3.3
Net resident adjustment***	-45.54	-46.18	-47.66	-49.15	-50.28	-50.47
% change	-0.4	1.4	3.2	3.1	3.1	3.1
Income earned by DC residents**	28.71	30.60	33.43	35.36	36.24	36.70
% change	2.1	6.6	9.3	5.8	3.8	3.0
Wages and salaries of DC residents****	21.66	22.85	24.48	25.63	26.17	26.52
change from one year ago	0.85	1.18	1.64	1.15	0.79	0.75
% change	4.1	5.5	7.2	4.7	3.1	2.9
Proprietors' income earned by DC residents*	4.31	4.90	5.90	6.57	6.84	6.92
% change	1.3	13.7	20.4	11.2	6.9	3.4
Property income of DC residents	8.44	8.73	9.30	9.49	9.74	9.89
% change	5.3	3.4	6.6	2.1	2.6	3.9
Pensions and other transfers for DC residents	5.92	5.97	6.13	6.50	6.68	6.72
% change	3.3	0.9	2.7	5.9	4.6	1.5
DC Personal Income	43.08	45.30	48.86	51.35	52.66	53.31
1 year change	1.19	2.22	3.56	2.49	1.87	1.52
% change	2.8	5.1	7.9	5.1	3.7	2.9
US Personal income (% change from prior year)	3.0	3.5	5.5	3.0	2.5	2.9
US Wages and salaries (% change from prior year)	4.0	4.0	5.3	3.9	2.8	2.9
Addendum:						
DC res. wages as % of wages earned in DC	34.9	35.7	36.6	36.9	36.9	36.7

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

** does not include social insurance paid by individuals. Wage and salary amounts shown 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.

**** 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; date released September 26, 2017

Population, jobs, and per capita income

In June, DC's per capita income growth was well below the US average

- For 2016, population increased 10,793 (1.6%) and wage and salary employment grew 13,258 (1.7%).
- In the past year population grew below the 5 year average from 2011 to 2016, and jobs were above the average.
- In the June quarter, DC's per capita income grew at a slower rate than the US average, but total Personal Income grew at the same rate because population was growing more rapidly.
- In the June quarter, wages per job in DC grew faster than in the US (2.5% v 1.3%).

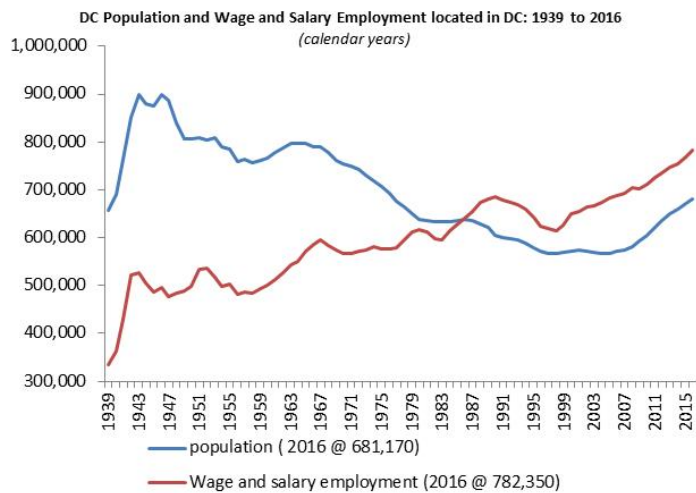
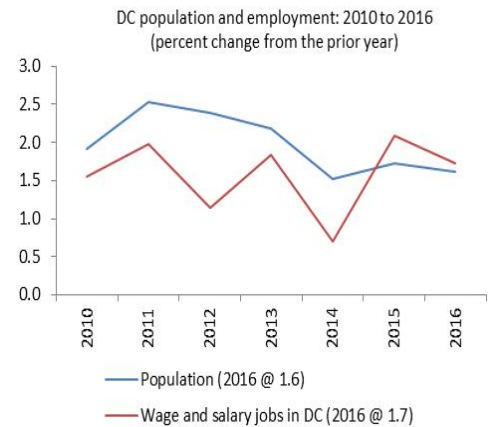


Table 10. DC Population and wage and salary employment located in DC: 2010 to 2016

Calendar year	Population			Wage and salary employment		
	Number	Change from prior yr. Number	%	Number	Change from prior yr. Number	%
2010	605,183	11,383	1.9	712,242	10,859	1.5
2011	620,477	15,294	2.5	726,292	14,050	2.0
2012	635,327	14,850	2.4	734,575	8,283	1.1
2013	649,165	13,838	2.2	748,025	13,450	1.8
2014	659,005	9,840	1.5	753,300	5,275	0.7
2015	670,377	11,372	1.7	769,092	15,791	2.1
2016	681,170	10,793	1.6	782,350	13,258	1.7
Ch. from 2011 to 2016	60,693	9.8		56,058	7.7	
Avg. annual ch.	12,139			11,212		

Source: U.S. Bureau of the Census and BLS

Table 11. Per capita income and wages per job in DC and the US: FY 2014 to June 2017

	DC				US			
	FY 2014	FY 2015	FY 2016	2017.2	FY 2014	FY 2015	FY 2016	2017.2
Per capita Income	68,970	73,177	75,673	77,194	45,857	48,045	49,136	49,809
% ch in per capita income	3.4	6.1	3.4	1.3	2.8	4.8	2.3	2.2
% ch in population	1.7	1.7	1.6	1.6	0.7	0.7	0.7	0.7
% ch in personal income	5.1	7.9	5.1	2.9	3.5	5.5	3.0	2.9
Wages per job	85,031	87,472	88,960	91,408	53,269	54,935	56,074	56,888
% ch in wages per job	2.1	2.9	1.7	2.5	2.2	3.1	2.1	1.3
% ch in wages and salary jobs	0.9	1.7	2.0	1.1	1.8	2.1	1.8	1.6
% ch in total wages	2.9	4.6	3.8	3.6	4.0	5.3	3.9	2.9
Wages per resident job	66,209	68,500	69,841	70,309	50,626	52,309	53,461	54,349
% ch in wages per resident job	4.4	3.5	2.0	0.5	2.7	3.3	2.2	1.5
% ch in resident employment	1.0	3.6	2.7	2.4	1.3	1.9	1.7	1.3
% ch in total resident wages	5.5	7.2	4.7	2.9	4.0	5.3	3.9	2.9
Consumer price index	1.9	-0.1	0.7	1.4	1.6	0.3	0.9	1.9

Source: BEA for per capita income, population and Personal Income. Global Insight for CPI in DC and the US.. Note: % changes are from the same period of the prior year.

Single family and condominium housing

Single family and condominium sales rise but average prices fall a little

- The 3-month moving total of single family home sales in September was up 2.5% from a year earlier, but the average selling price was 0.1% lower. The year-to-date median sales price (\$695,000) was 1.0% higher than the prior year.
- September condominium sales were up 0.8% from last year as measured by the 3-month moving total, while the average selling price was 2.2% lower. The year-to-date median sales price (\$450,000) was up 0.2% from last year.
- The total value of all home sales in September rose 1.0% from last year as measured by the 3-month moving total.

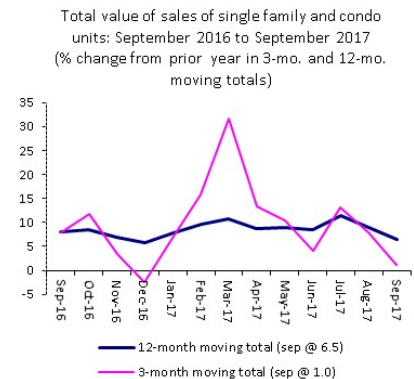
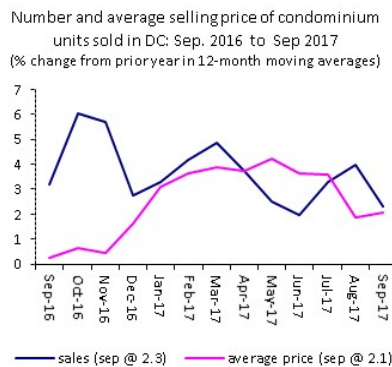
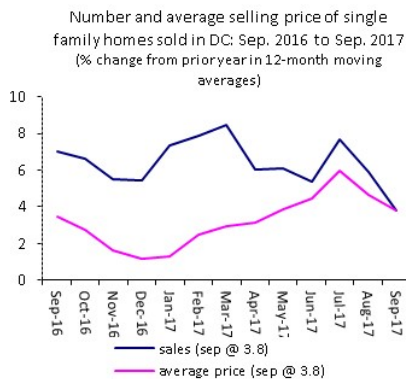


Table 12. D.C. Residential Real Estate Indicators: September 2017

Indicator	FY 2013	FY 2014	FY 2015	FY 2016	12-mo moving total or average	3-mo moving total or average	This month
Number of sales (settled contracts)							
Single family	3,979	4,024	4,097	4,385	4,552	1,216	325
1 year change	416	45	73	288	167	30	-41
% change	11.7	1.1	1.8	7.0	3.8	2.5	-11.2
Condo	3,487	3,592	3,832	3,955	4,046	1,069	286
1 year change	703	105	240	123	91	8	-56
% change	25.3	3.0	6.7	3.2	2.3	0.8	-16.4
Total	7,466	7,616	7,929	8,340	8,598	2,285	611
1 year change	1,119	150	313	411	258	38	-97
% change	17.6	2.0	4.1	5.2	3.1	1.7	-13.7
Average prices of units that sold							
Single family (\$)	712,799	736,362	767,870	794,668	824,857	815,406	742,323
1 year change	82,690	23,563	31,508	26,798	30,189	-636	-71,586
% change	13.1	3.3	4.3	3.5	3.8	-0.1	-8.8
Condo (\$)	447,827	472,419	499,650	500,824	511,247	498,439	485,061
1 year change	18,216	24,592	27,232	1,173	10,423	-11,286	-124
% change	4.2	5.5	5.8	0.2	2.1	-2.2	0.0
Total value of all sales (\$ million)	4,397.8	4,660.0	5,060.6	5,465.4	5,823.3	1,524.4	380.0
1 year change	956.7	262.2	400.6	404.8	357.9	15.7	-83.8
% change	27.8	6.0	8.6	8.0	6.5	1.0	-18.1
Ratio: active inventory to sales							
Single family	1.6	1.6	1.5	1.6	1.4	1.7	1.7
Condo	1.7	1.9	1.7	1.8	1.6	1.8	2.1

Median contract prices, CY to date in September 2017 : single family \$695,000 (1.0% 1 yr ch); condo \$450,000 (0.2% 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

In the June quarter, DC home prices grew more slowly than in the US or the metropolitan area

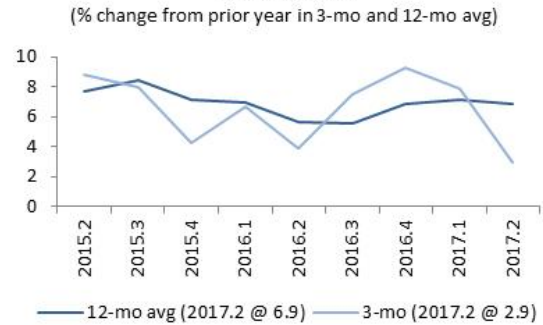
- The percentage change in DC home prices slowed in the June quarter, according to the Federal Housing Finance Agency Index of single-family same-property transactions. DC's gain over the prior year was 2.9%. The US index was up 6.6%, and the Washington metropolitan area gain was 4.7%.
- 22.7% of all single family sales for the 12-months ending September were for properties greater than \$1 million.
- In the June quarter, sales of new condominiums over the past 12 months were 29.1% lower than a year earlier, and single family housing permits were up by 32.5%.

Table 13. Federal Housing Finance Agency Price Index for single family property in DC, DC metro area, and US: June 2017 (2017.2)

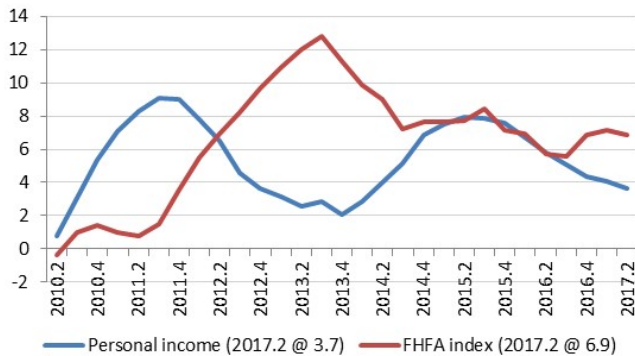
Indicator	Fiscal year average				Last 2 Q's	
	FY 2013	FY 2014	FY 2015	FY 2016	2017.1	2017.2
% change from prior year in value of index						
DC	12.8	7.2	8.4	5.6	7.9	2.9
DC metro area	8.5	5.7	3.5	2.8	5.0	4.7
US	6.8	6.3	5.6	5.8	6.7	6.6

Source: (1) Federal Housing Finance Agency "Expanded-data HPI Index" (sales plus refinancings) (nsa). This quarterly 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. Data is collected quarterly.

FHFA Expanded-data housing price index for DC: 2015.2 to 2017.2



DC Personal Income and FHFA Housing index: 2010.2 to 2017.2 (% change from prior year in 12-month moving average)



FHFA expanded-data housing price index for DC, the Washington Metropolitan area, and the US: 2014.2 to 2017.2

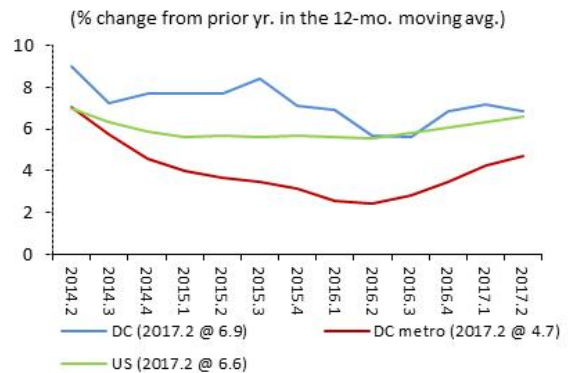


Table 14. D.C. Single family and condominium home sales at prices of \$1 million or more: September 2017

Category	Fiscal Year			12-mo moving total	3-mo moving total	This month
	FY 2014	FY 2015	FY 2016			
Single family homes	734	765	936	1,057	276	60
1 year change	45	31	171	121	14	-11
% change	6.5	4.2	22.4	12.9	5.3	-15.5
percent of all single family sales	18.2	18.7	21.3	23.2	22.7	18.5
Condominiums	128	160	167	189	43	13
1 year change	16	32	7	22	-4	1
% change	14.3	25.0	4.4	13.2	-8.5	8.3
percent of all condominium sales	3.6	4.2	4.2	4.7	4.0	4.5

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

Table 15. Single family housing permits and sales of new condo. units in DC: FY 2012 to 2017.3

	Condo. Sales	
	Permits	Sales
FY 2012	236	479
FY 2013	368	442
FY 2014	267	516
FY 2015	293	483
FY 2016	283	680
12-mo. ending:		
2017.3	363	482
1 yr ch	89	-198
% ch.	32.5	-29.1

Source: Census Bur. (permits, Aug.), and Delta Associates (condo sales)

Apartments

Occupied units up sharply from a year earlier

- According to CoStar, in September occupied apartment units increased 5,433 (3.2%) from a year earlier; inventory was up by 6,727 (3.8%).
- The vacancy rate was 5.1% in September, up from 4.6% a year earlier. Rents rose 2.9% over the prior year.
- 13,022 apartment units were under construction in September, down by 630 from the prior year.
- Class A units account for 7.1% of all apartment buildings, 20.7% of all units, 19.7% of the occupied units, and 86.1% of new construction.
- Class A vacancy rate was 9.7% in September, up from 8.0% a year earlier. Average effective rent was unchanged from the prior year.

DC Apartment units: 12-month change in inventory, occupancy, and rents, and number under construction : 2015.3 to 2017.3 (all classes; units on left scale)

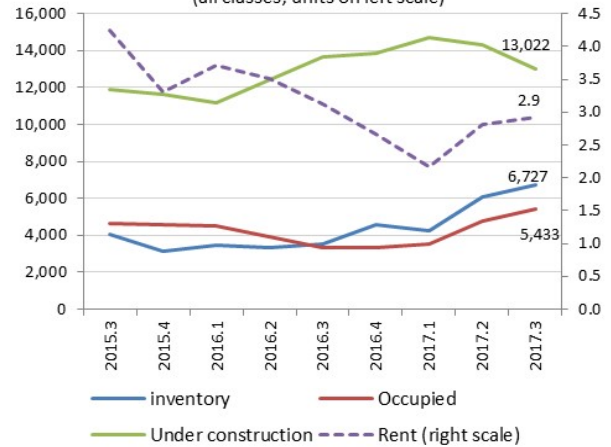


Table 17. Market rate apartment units in DC: 2011 to 2017.3

CY	Inventory					Occupied units			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 units per bldg.
2011	3,376	161,306	1,539	1.0	4.8	153,567	894	0.6	\$1,485	2.5	23	4,837	210
2012	3,385	163,379	2,073	1.3	4.8	155,608	2,041	1.3	\$1,531	3.1	36	8,084	225
2013	3,400	167,181	3,802	2.3	5.6	157,804	2,196	1.4	\$1,576	2.9	49	7,107	145
2014	3,426	171,919	4,738	2.8	5.6	162,269	4,465	2.8	\$1,635	3.7	82	8,334	102
2015	3,478	175,066	3,147	1.8	4.7	166,849	4,580	2.8	\$1,689	3.3	96	11,664	122
2016	3,531	179,664	4,598	2.6	5.3	170,185	3,336	2.0	\$1,734	2.7	96	13,830	144
2017.2	3,546	182,751	6,048	3.4	5.3	173,137	4,746	2.8	\$1,787	2.8	98	14,304	146
2017.3	3,557	184,404	6,727	3.8	5.1	174,917	5,433	3.2	\$1,798	2.9	90	13,022	145
1 Q ch.	11	1,653				1,780			11		-8	-1,282	

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. Data is as of October 16, 2017.

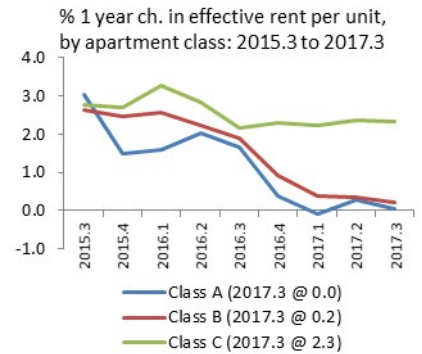
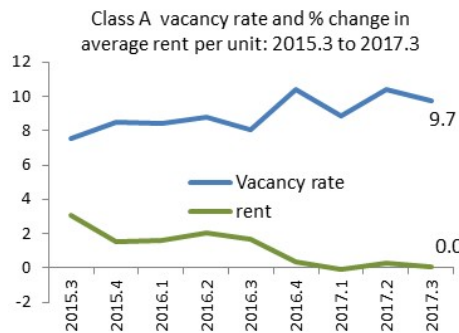
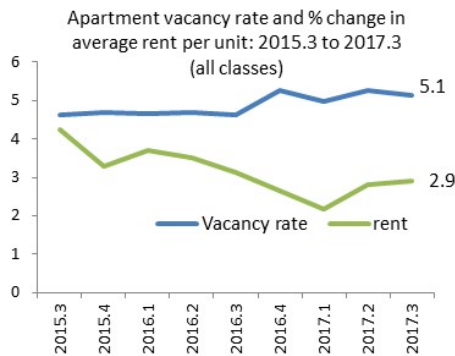


Table 18. Market rate apartment units in DC, Classes A, B, and C: 2017.3

Class	Inventory					Occupied units			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	254	38,232	6,316	19.8	9.7	34,510	5,159	17.6	\$2,513	0.0	67	11,214	167
Class B	1,155	76,169	590	0.8	3.6	73,370	261	0.4	\$1,785	0.2	23	1,808	79
Class C	2,137	69,811	-179	-0.3	4.2	66,858	4	0.0	\$1,312	2.3	0		

Source: CoStar. Includes units in private sector buildings with 5 or more units. Includes some affordable units in market rate buildings. Vacancy rate is unoccupied units as % of inventory. Data is as of October 16, 2017

Commercial office space

Inventory, occupied space, and rents increased over the past year

●According to CoStar, for the the 12-month period ending September occupied office space increased by 0.58 million sq. ft. from the prior year. Base rent rose 2.7%, and the vacancy rate fell from 11.6% to 11.3% (including sublet).

●The vacancy rate for class A space was 12.7%, down from 13.2% a year ago. Class A rent rose 2.1% over the past year.

●Space under construction in September 2017 (6.47 million square feet in 22 buildings) was 0.87msf (15.5%) more than a year earlier.

●For Class B and Class C properties, inventory and occupancy have declined over the past year while rents have increased.

DC commercial office space: 1 yr change in inventory and occupied space, and under construction: 2015.3 to 2017.3 (all classes, msf, left scale)

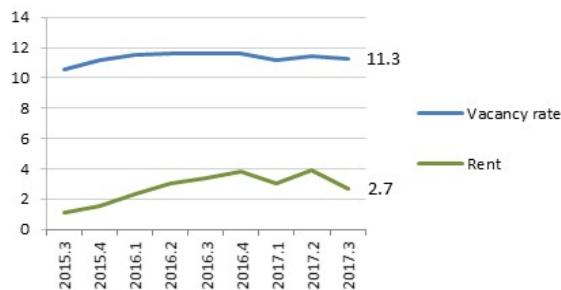


Table 19. DC commercial office space: 2011 to 2017.3

CY (year end)	Build-ings	Inventory			Occupied space			Vacancy %		Base rent (direct)		Under constr.		
		Level (msf)	1 yr ch (msf)	1 yr % ch	Level (msf)	1 yr ch (msf)	% ch	Direct	Total	\$ per sq ft.	1 yr % ch	Build-ings	msf	Avg. sf per bldg
2011	2,380	152.29	0.93	0.6	136.16	0.92	0.7	9.9	10.6	\$46.13	1.2	9	2.04	226,833
2012	2,370	152.03	-0.26	-0.2	137.58	1.41	1.0	8.9	9.5	\$46.55	0.9	8	2.21	276,436
2013	2,367	152.80	0.78	0.5	138.00	0.42	0.3	9.1	9.7	\$46.64	0.2	12	2.13	177,131
2014	2,361	153.30	0.49	0.3	137.48	-0.51	-0.4	9.8	10.3	\$47.23	1.3	13	2.43	186,954
2015	2,354	153.74	0.44	0.3	136.57	-0.91	-0.7	10.7	11.2	\$47.94	1.5	17	3.42	201,094
2016	2,350	153.90	0.16	0.1	136.05	-0.51	-0.4	10.9	11.6	\$49.75	3.8	20	5.53	276,541
2017.2	2,348	153.80	-0.02	0.0	136.24	0.32	0.2	10.6	11.4	\$50.74	3.9	21	5.92	281,990
2017.3	2,346	153.76	0.12	0.1	136.45	0.58	0.4	10.3	11.3	\$50.59	2.7	24	6.47	269,649
1 Q ch	-2	-0.04			0.21			-0.3	-0.1	-\$0.15		3	0.55	

Source: CoStar, all classes and sizes.

All DC commercial office space: vacancy rate (with sublet) and annual change in base rent (direct) from: 2015.2 to 2017.2



DC Class A office space: vacancy rate (with sublet) and annual increase in base rent (direct) from 2015.2 to 2017.2

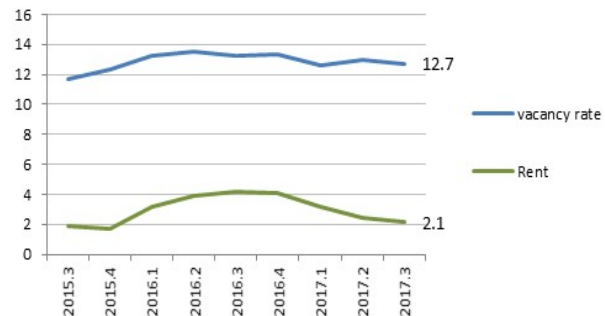


Table 20. DC Class A, B, and C commercial office space: 2017.3

CY (year end)	Build-ings	Inventory			Occupied space			Vacancy %		Base rent (direct)		Under constr.	
		Level (msf)	1 yr ch (msf)	1 yr % ch	Level (msf)	1 yr ch (msf)	% ch	Direct	Total	\$ per sq ft.	1 yr % ch	build-ings	msf
Class A	339	91.67	0.96	1.1	80.00	1.29	1.6	11.7	12.7	\$54.54	2.1	21	6.43
Class B	891	51.44	-0.69	-1.3	46.22	-0.64	-1.4	9.3	10.1	\$44.77	4.6	3	0.04
Class C	1,113	10.64	-0.11	-1.1	10.22	-0.07	-0.7	3.5	3.9	\$35.23	8.3	0	0.00

Source: CoStar.

Trends and outlook for housing

Housing occupancy gains for the year ending in September tops those of prior years

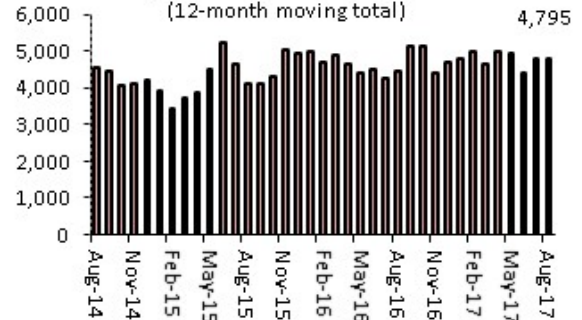
• For the 12-month period ending August 4,795 housing permits were issued, up 8.1% from a year ago. The 3-month total was 10.9% below last year.

• An indicator of increased housing occupancy over the past 12 months rose by 6,208 units in the September quarter, a pace greater than that of the past several years.

• Class A apt. starts fell to 4,968 for the year ending 2017 Q 3.

• Delta expects new supply of Class A apartments to exceed demand over the next 3 years.

Housing permits issued in DC:
August 2014 to August 2017
(12-month moving total)



Indicator of annual increase in DC housing occupancy: 2013.3 to 2017.3 (12 month rolling total)

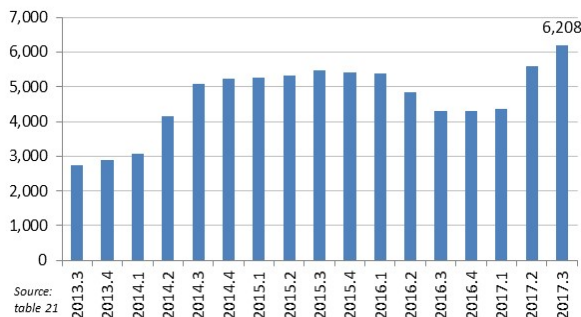


Table 25. Housing unit building permits issued in DC: August 2017

	FY 2014	FY 2015	FY 2016	12-mo. moving total	3-month moving total	This month
Total units	4,467	4,131	5,129	4,795	1,281	437
change from 1 yr ago	612	-336	998	361	-157	-7
% change from 1 year	15.9	-7.5	24.2	8.1	-10.9	-1.6
Multi-family projects with 5 or more units						
number	32	37	40	42	9	4
average size	140	112	128	114	142	100

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

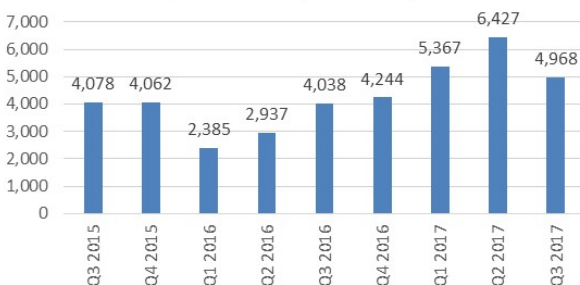
Table 21. Estimated DC households, housing permits, and indicators of newly occupied housing units: 2011 to 2017.3

date CY	Estimated DC households				Housing permits (year total)	Measures of newly occupied housing units			
	Population	pop/hh ratio	Estimated households	1 yr ch		1 yr. ch. In occupied apt. units	1 yr. new condo sales	1 yr. single family permits	Total 1 yr. new occupancy
2011	620,477	2.258	274,846	6,625	3,853	894	371	135	1,400
2012	635,327	2.259	281,267	6,421	4,120	2,041	468	104	2,613
2013	649,165	2.260	287,233	5,966	3,256	2,196	514	267	2,977
2014	659,005	2.261	291,424	4,191	4,187	4,465	476	236	5,177
2015	670,377	2.263	296,286	4,862	4,956	4,580	497	368	5,445
2016	681,170	2.267	300,470	4,184	4,668	3,336	667	288	4,291
2017.3					4,795	5,433	482	293	6,208

Source: 1) Population: US Census Bureau 2) population/household ratio based on Office of Planning estimates for 2010, 2015, and 2020 3) households: calculated from population using the pop/hh ratio; 4) Housing permits: US Census Bureau (data is for August 2017); 5) occupied apt. units: CaStar (see table 17 of this report); 6) new condo sales: Delta (see table 15 of this report); and 7) single family housing permits: Census Bureau, with 2 year lag (see table 15 of this report).

Note: Housing units can be rented or purchased by entities not considered resident households for Census purposes—for example a unit can be leased or purchased by a company. Also units in the existing housing stock can be subdivided, combined, or destroyed.

Class A Apartment starts for the prior 12-month period: 2015 Q 3 to 2017 Q 3



Source: Delta Associates

Table 22. Delta Associates outlook for Class A apartments in DC and the surrounding metro area: September 2017 to September 2020

Indicator	DC	No VA	Sub MD	Total	DC % of total
Inventory September 2017					
Inventory (msf)	24,889	69,077	36,972	136,938	18.2
Estimated net activity to September 2020					
new supply (msf)	13,973	12,275	8,889	35,137	39.8
new demand (msf)	9,000	12,300	8,700	30,000	30.0

Source: Delta Associates

Commercial property trends and value of all property transfers

Property transfers exceed the prior year by 7.4%

•The value of September property transfers rose by 7.4% from last year as measured by the 12-month moving total. The 12-month moving total was \$14.00 billion. The 3-month moving total was 5.1% higher than last year.

•Delta Associates expects an increase in supply of 5.8 million square feet for Class A office space over the next two years, with demand of 4.2 msf.

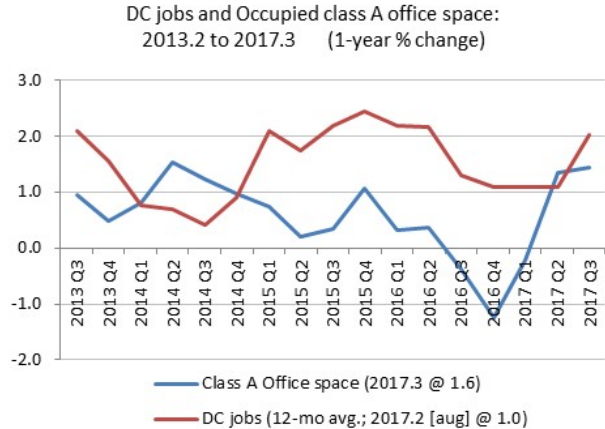


Table 23. Delta Associates outlook for Class A commercial office space in DC and the surrounding metro area: September 2017 to September 2019

Indicator	DC	No VA	Sub MD	Total	DC % of total
Inventory September 2017					
Inventory (msf)	142.3	180.1	86.0	408.4	34.8
Estimated net activity to September 2019					
new supply (msf)	5.8	5.9	1.2	12.9	45.0
new demand (msf)	4.2	3.1	1.0	8.2	51.2

Source: Delta Associates msf = million square feet

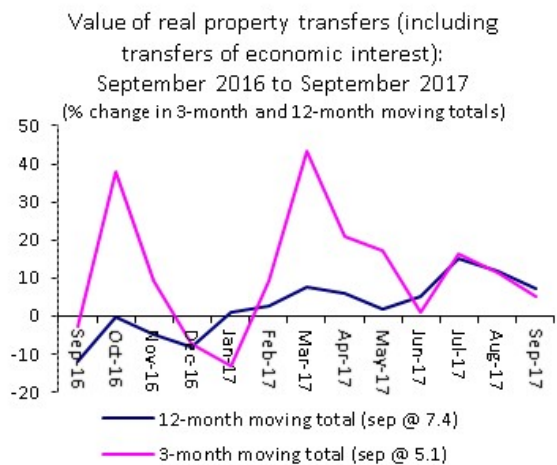
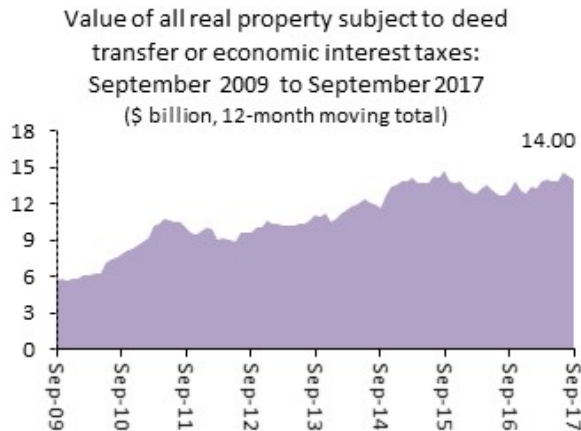


Table 26. Market Value of Real Property transfers subject to the Deed Transfer or Economic Interest tax: September 2017

	FY 2013	FY 2014	FY 2015	FY 2016	12-mo moving total	3-month moving total	This month
All property transfers (\$ million)	11,063.9	11,569.8	14,766.3	13,035.9	13,998.6	3,852.2	1,261.9
change from one year ago (\$M)	1,530.6	505.8	3,196.5	-1,730.3	962.6	185.9	-227.2
% change from 1 year ago	16.1	4.6	27.6	-11.7	7.4	5.1	-15.3

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 revenues continue to grow

- In August the 3-month moving total for hotel room-days sold was 3.2% above a year earlier. The average room rate was 2.1% higher, and hotel revenue was up 5.4%.
- Employment in food services was 11.1% more in August than a year earlier as measured by the 3-month moving average. Hotel employment was up 0.9%.
- July airline traffic into the DC area was up 3.1% compared to a year earlier as measured by the 3-month moving total. Reagan National was up 0.9%. For the past 12-months, total traffic into the DC area was 4.5% higher.

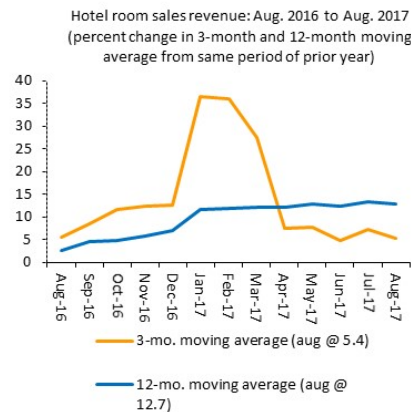
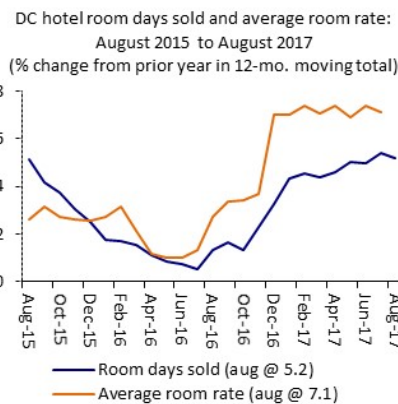


Table 27. Hospitality Industry: August 2017

Indicator	Units	date	FY 2014	FY 2015	FY 2016	12-month moving total or average*	3-month moving total or average*	This month
Hotel stays								
Hotel room-days sold	{M}	aug	7,869	8,197	8,342	8,733	2,348	0,741
		1 yr ch	0.189	0.328	0.110	0.432	0.074	0.019
		1 yr % ch	2.5	4.2	1.3	5.2	3.2	2.6
Average room rate	\$	aug	209.87	215.34	223.15	234.58	205.27	168.81
		1 yr ch	2.56	5.46	7.24	15.63	4.15	-1.23
		1 yr % ch	1.2	2.6	3.4	7.1	2.1	-0.7
Occupancy rate (average)	%	aug	76.6	77.5	77.9	78.5	83.0	77.7
		1 yr ch	0.8	0.9	0.0	0.5	-0.3	-0.2
		1 yr % ch	1.0	1.2	0.0	0.6	-0.3	-0.3
Room revenue	{(\$M)}	aug	1,651.4	1,765.1	1,861.6	2,048.6	482.0	125.0
		1 yr ch	59.4	113.6	84.2	231.1	24.6	2.2
		1 yr % ch	3.7	6.9	4.7	12.7	5.4	1.8
Airline passengers								
DCA	1 yr % ch	July	0.0	10.3	2.8	3.0	0.9	1.3
IAD	1 yr % ch	July	-1.9	0.3	-0.1	5.1	3.8	3.4
BWI	1 yr % ch	July	-0.5	4.1	6.0	5.5	4.5	5.5
Total	1 yr % ch	July	-0.8	4.8	3.0	4.5	3.1	3.5
Employment								
Accommodations	level ('000)	aug	15.2	15.2	14.9	15.1	15.2	15.0
		1 yr ch	0.0	0.0	-0.3	0.2	0.1	0.1
		1 yr % ch	-0.2	-0.2	-1.9	1.2	0.9	0.7
Food and bev	level ('000)	aug	47.1	49.7	51.4	54.6	57.5	56.6
		1 yr ch	2.0	2.7	1.6	3.3	5.7	5.0
		1 yr % ch	4.3	5.6	3.3	6.5	11.1	9.7

* Total for hotel rooms sold and room revenue.

Source: STR (hotel data); BLS (employment); Airport authorities (airline passengers).

US economy and the federal government sector

2nd quarter US nominal GDP was 3.8% above last year

• US real GDP growth in the June (2017.2) quarter was estimated at 2.2% above a year earlier; nominal growth was 3.8%.

• Federal government consumption and investment for all activities was 2.2% higher in the 2017.2 quarter than a year earlier, about 60 percent of the growth rate for nominal GDP.

• US employment (seas. adj.) fell in September by 33,000 from the month before. This first drop in 7 years reflected hurricane impacts.

• The US unemployment rate (seas. adj.) fell to 4.2% in September.

• In September the average S&P 500 index rose 1.5% from August; it was 15.5% above a year earlier.

Quarterly change in US Real and Nominal GDP:
2015.2 to 2017.2

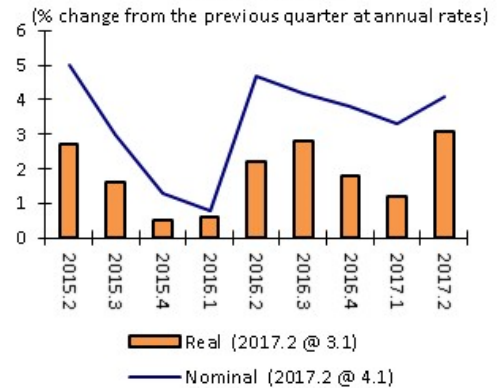
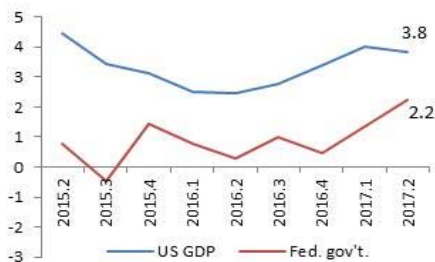


Table 29. Federal government sector, US GDP accounts: 2017.2
(percent change from same period of prior year)

Indicator	FY 2014	FY 2015	FY 2016	12-mo avg	2017.2
Non-defense					
Compensation of employees	1.5	4.2	4.0	4.0	4.1
Purchases of goods and services	-2.1	7.6	1.8	-0.7	-0.8
Gross Investment	0.2	3.2	1.3	3.8	4.6
Defense					
Compensation of employees	-0.7	-0.5	1.0	2.0	2.9
Purchases of goods and services	-7.1	-6.1	-1.2	-1.2	-1.7
Gross Investment	-4.4	-2.9	0.6	2.9	9.5
All federal consumption and investment	-1.9	-0.1	0.9	1.3	2.2

Source: BEA (September 28, 2017). Nominal values.

Federal government consumption and investment and US GDP: 2015.2 to 2017.2 (1 yr % ch)



Federal government consumption and investment, by defense and non-defense: 2015.2 to 2017.2 (1 yr % ch)

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

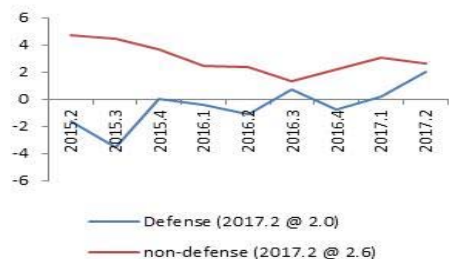


Table 30. Qtr. to Qtr. ch. in US GDP: 2016.2 to 2017.2
(% ch. from previous quarter at seasonally adj. annual rates)

Indicator	2016.2	2016.3	2016.4	2017.1	2017.2
US GDP real	2.2	2.8	1.8	1.2	3.1
US GDP nominal	4.7	4.2	3.8	3.3	4.1
Wages and salaries	6.3	4.3	-3.4	6.1	4.4
Personal income	4.0	3.0	-0.1	5.5	2.9

Note: GDP= Gross Domestic Product Source: BEA, updated Sept. 28, 2017.

Table 28. US GDP, Income, and Inflation: 2017.2
(percent change from same period of prior year)

Indicator	FY 2014	FY 2015	FY 2016	12-mo avg	2017.2
US GDP real	2.6	3.0	1.5	1.9	2.2
US GDP nominal	4.4	4.3	2.7	3.5	3.8
US Personal Income	3.5	5.5	3.0	2.5	2.9
US wages	4.0	5.3	3.9	2.8	2.9
Corporate profits*	4.6	3.7	2.4	4.1	6.1
S and P stock Index	20.3	9.7	0.4	11.9	15.4
US CPI	1.6	0.3	0.9	1.8	1.9

Source: BEA (September 28, 2017), BLS, Yahoo. *na*= not available

*Before tax, with IVA and CCAe.

Table 31. Monthly selected US Indicators: June 2017 to September 2017

Indicator	June	July	August	September
S and P stock index (level)	2434	2454	2456	2493
% change from prior month	1.6	0.8	0.1	1.5
% change from 1 year ago	16.7	14.2	12.8	15.5
10 yr. Treasury Interest rate (level)	2.19	2.31	2.21	2.20
CPI % ch from prior month (seasonally adjusted)	-0.02	0.11	0.40	0.55
CPI % ch from prior year (seasonally adjusted)	1.65	1.73	1.93	2.23
Jobs (seasonally adjusted level, in millions)	146.385	146.523	146.692	146.659
change from prior month (thousands)	210	138	169	-33
% change from prior month	0.1	0.1	0.1	0.0
Resident employment (season. adj. level, in mil.)	153.168	153.513	153.439	154.345
change from prior month (thousands)	245	345	-74	906
% change from prior month	0.2	0.2	0.0	0.6
Unemployment rate (seasonally adj.)	4.4	4.3	4.4	4.2

Source: BLS and Yahoo! Finance.

DC tax collections

Total DC tax collections (before earmarking):
September 2012 to September 2017

(12-month moving total in September 2017 is
\$7,452 million)

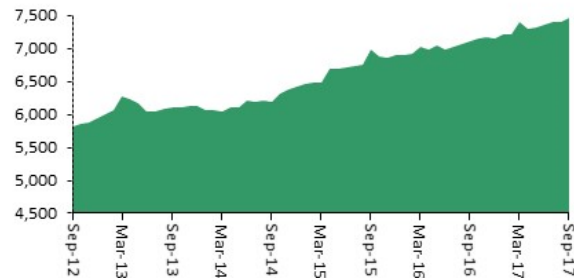


Table 32. Tax Collections (before earmarking): September 2017 (Preliminary)

Tax	Revenue (from CAFR)				Tax collections			
	FY 2013	FY 2014	FY 2015	FY 2016	12-month moving total	FY 2017 to date	3-month moving total	This month
Total taxes	6,100.5	6,290.0	6,916.8	7,241.0	7,451.7	7,451.7	2,480.4	1,540.2
1 year change	247.2	189.5	656.9	324.2	339.0	339.0	96.0	47.1
% change	4.2	3.1	10.0	4.7	4.8	4.8	4.0	3.2
Real property	1,914.8	2,015.6	2,194.5	2,357.5	2,478.0	2,478.0	1,200.5	1,020.2
1 year change	92.8	100.7	178.9	163.0	130.5	130.5	40.9	20.1
% change	5.1	5.3	8.9	7.4	5.6	5.6	3.5	2.0
General sales	1,137.9	1,172.1	1,315.3	1,343.1	1,430.4	1,430.4	348.7	105.1
1 year change	26.8	34.2	143.2	27.8	129.6	129.6	35.9	18.1
% change	2.4	3.0	12.2	2.1	10.0	10.0	11.5	20.8
Individual income	1,640.9	1,679.2	1,868.0	1,907.9	1,912.0	1,912.0	508.6	227.4
1 year change	150.2	38.3	188.9	39.8	38.0	38.0	39.9	21.3
% change	10.1	2.3	11.2	2.1	2.0	2.0	8.5	10.4
withholding	1,391.2	1,472.9	1,553.2	1,627.6	1,741.1	1,741.1	434.6	156.3
1 year change	69.6	81.7	80.3	74.4	117.5	117.5	39.1	25.7
% change	5.3	5.9	5.4	4.8	7.2	7.2	9.9	19.7
non-withholding	249.6	206.2	314.8	280.3	171.0	171.0	74.0	71.1
1 year change	80.6	-43.4	108.6	-34.5	-79.4	-79.4	0.8	-4.4
% change	47.7	-17.4	52.6	-11.0	-31.7	-31.7	1.1	-5.9
Corporate income	299.0	280.2	308.0	387.1	403.6	403.6	81.1	70.1
1 year change	-3.9	-18.8	27.8	79.1	47.3	47.3	1.3	1.7
% change	-1.3	-6.3	9.9	25.7	13.3	13.3	1.6	2.5
Unincorporated Bus.	154.3	135.4	139.8	169.4	163.4	163.4	27.0	24.6
1 year change	-8.7	-18.9	4.4	29.6	5.2	5.2	-1.0	-2.4
% change	-5.3	-12.3	3.2	21.2	3.3	3.3	-3.6	-8.8
Deed taxes*	372.8	391.2	480.6	445.2	461.1	461.1	129.4	38.4
1 year change	60.3	18.4	89.4	-35.4	16.9	16.9	2.6	-5.6
% change	19.3	4.9	22.8	-7.4	3.8	3.8	2.0	-12.7
Other taxes	580.8	616.4	610.6	630.9	603.3	603.3	185.1	54.4
1 year change	-70.4	35.6	-5.8	20.3	-28.6	-28.6	-23.6	-6.2
% change	-10.8	6.1	-0.9	3.3	-4.5	-4.5	-11.3	-10.2

*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

Collections for sales and withholding continue to be strong

• For the 12 month period ending September total tax collections (before earmarking) were \$339 million (4.8%) more than in the prior year. For the last 3 months they were 4.0% above last year.

• Individual income tax collections were 2.0% above last year for the 12-months ending September and withholding was 7.2% higher. For the past 3 months, withholding was up 9.9% and all income tax collections were up 8.5%.

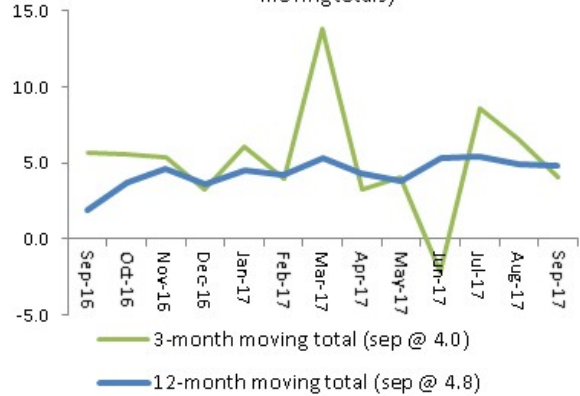
• General sales tax collections were 10.0% above last year for the 12-months ending September. For the past 3 months, they were 11.5% above last year.

• Deed tax collections for the 12-months ending September were up 3.8% from last year; for the past 3 months they were up 2.0%.

• Corporate income taxes in September were up 13.3% and unincorporated business income taxes rose 3.3% from last year (12-mo. totals).

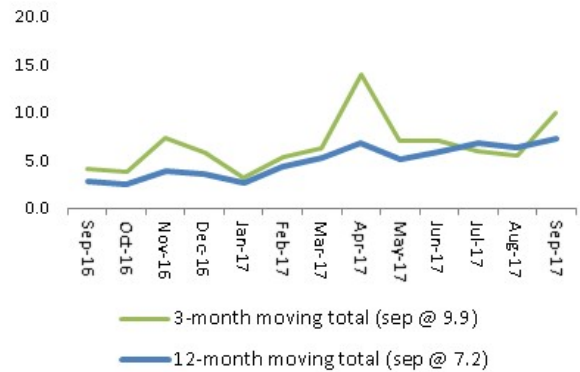
**Total tax collections (before earmarks):
September 2016 to September 2017**

(% change from prior year: 3-month and 12-month moving totals)



**Withholding for the Individual Income tax:
September 2016 to September 2017**

(% change from prior year: 3-month and 12-month moving totals)



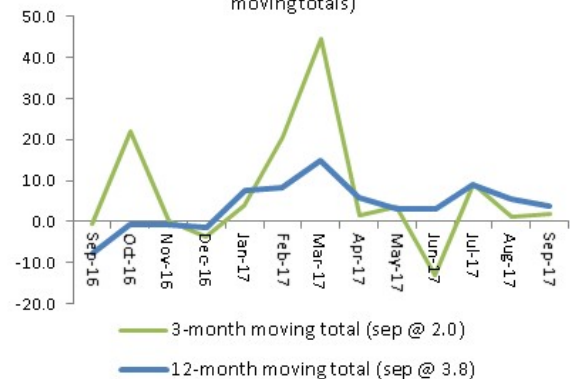
**General Sales tax collections (before earmarks):
September 2016 to September 2017**

(% change from prior year: 3-months and 12-month moving totals)



**Deed tax collections (before earmarks):
September 2016 to September 2017**

(% change from prior year: 3-month and 12-month moving totals)



**General Sales tax and Withholding for the Individual Income tax:
September 2016 to September 2017**

(% change from prior year in the 12-month moving total)



US economic forecasts

No change in FY 2018 forecasts

- The September Blue Chip Indicators brought real GDP growth back to 2.1% in FY 2017 and kept FY 2018 at 2.4%. Nominal growth was raised slightly to 3.8% for FY 2017 and FY 2018 stayed at 4.3%.
- CBO's June economic and budget outlook: real growth rates of 2.2% in CY 2017 and 2.0% in CY 2018.
- The Blue Chip Indicators September forecast for inflation (CPI): 2.0% for FY 2017 and 1.8% for FY 2018.
- Global Insight and Moody's Analytics September forecasts for US Personal Income: steady increase. Growth rises from less than 3% for FY 2017, to above 4% for FY 2018, and 5% or above for FY 2019.
- S&P 500 September baseline forecasts: Global Insight and Moody's Analytics expect about 14% annual gain in the 4th quarter of 2017. For the last quarter of 2018, Global Insight looks for 3.5% growth, but Moody's says the index will drop 2.5%.

Table 33. Forecasts for US nominal and real GDP: FY 2014 through FY 2018
(% change from prior fiscal year)

Fiscal year and date of forecast	real			nominal		
	Blue Chip	Moody's Analytics	IHS Global Insight	Blue Chip	Moody's Analytics	IHS Global Insight
FY 2014 Actual	2.6	2.6	2.6	4.4	4.4	4.4
FY 2015 Actual	3.0	3.0	3.0	4.3	4.3	4.3
FY 2016 Actual	1.5	1.5	1.5	2.7	2.7	2.7
FY 2017						
June	2.1	2.2	2.1	4.0	4.1	4.1
July	2.2	2.2	2.2	3.9	4.0	4.0
August	1.9	2.0	2.0	3.7	3.8	3.8
September	2.1	2.0	2.0	3.8	3.8	3.8
FY 2018						
June	2.4	2.6	2.6	4.4	5.0	5.0
July	2.4	2.8	2.7	4.3	5.3	4.8
August	2.4	2.7	2.6	4.3	5.2	4.7
September	2.4	2.7	2.7	4.3	5.2	4.7

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

Blue Chip Indicators estimate of US Nominal and Real GDP: FY 2011 to FY 2018
(% change from the prior year; September 2017 estimate)

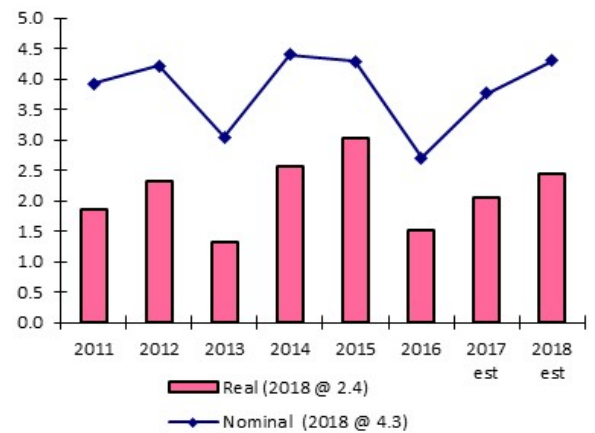


Table 34. CBO estimates of GDP and other indicators: CY 2016 to CY 2019

Indicator	CY 2016	CY 2017	CY 2018	CY 2019
Real GDP (% ch from prior yr.)	2.0	2.2	2.0	1.5
Nominal GDP (% ch from prior yr.)	3.5	4.0	4.0	3.5
CPI (% ch from prior yr.)	1.8	2.1	2.3	2.4
10 yr. Treasury bond rate	1.8	2.4	2.8	3.4
Unemployment rate	4.9	4.4	4.2	4.6

Source: Congressional Budget Office, An Update to the Budget and Economic Outlook: 2017 to 2027, June 29, 2017

Table 35. Forecasts for US Personal Income: FY 2016 to FY 2019

Forecast date	% change from prior fiscal year				% change from prior fiscal year			
	2016	2017	2018	2019	2016	2017	2018	2019
	Global Insight				Moody's Analytics			
Jun	3.6	3.4	4.7	5.2	3.6	3.6	5.1	5.2
Jul	3.6	3.4	4.5	5.1	3.6	3.5	4.8	5.0
Aug	3.0	2.7	4.4	5.3	3.0	2.8	4.9	5.0
Sep	3.0	2.6	4.1	5.3	3.0	2.8	4.9	5.0

Source: IHS Global Insight, Moody's Analytics. Baseline forecasts

Table 36. Forecasts for S and P 500: 2016.4 to 2018.4

Forecast date	% change from prior year			% change from prior year		
	2016.4	2017.4	2018.4	2016.4	2017.4	2018.4
	Global Insight			Moody's Analytics		
June	6.4	12.4	3.6	6.4	9.1	-2.0
July	6.4	12.4	3.6	6.4	12.0	-1.8
August	6.4	14.6	3.5	6.4	13.5	-2.5
September	6.4	14.6	3.5	6.4	13.5	-2.5

Source: IHS Global Insight, Moody's Analytics. Baseline forecasts

Table 37. Blue Chip forecasts for CPI and 10 year Treasury interest rate: FY 2016 to FY 2018

Forecast date	CPI			10 yr Treasury rate		
	2016	2017	2018	2016	2017	2018
Jun	0.9	2.2	2.1	1.9	2.4	2.9
Jul	0.9	2.1	2.0	1.9	2.3	2.9
Aug	0.9	2.0	1.9	1.9	2.3	2.8
Sep	0.9	2.0	1.8	1.9	2.3	2.7

Source: Blue Chip Indicators

Global Insight and Moody's Analytics forecast slower population and job growth

- **Jobs:** Both expect DC job growth by FY 2018 to be well below what it was in FY 2016.
- **Population:** Global Insight anticipates modest, gradual slowdown in annual population growth, Moody's has sharper decline which essentially cuts all net in-migration by 2019.
- **Income:** Both expect Personal Income growth in FY 2018 to be below FY 2017, rising again in FY 2019. Global Insight has faster growth than Moody's, but both have DC growth below the US rate.

Table 38. Forecasts of DC jobs and population to FY 2019

		FY 2015	FY 2016	Global Insight			Moody's Analytics		
		actual	actual	FY 2017	FY 2018	FY 2019	FY 2017	FY 2018	FY 2019
Jobs In DC	Level	764,508	780,000	789,558	796,077	801,785	788,250	791,950	797,500
	1 yr, ch	12,908	15,492	9,558	6,519	5,708	8,275	3,700	5,550
	1 yr % ch.	1.7	2.0	1.2	0.8	0.7	1.1	0.5	0.7
Population	Level	668,919	679,803	690,009	699,142	707,209	687,025	692,500	697,100
	1 yr, ch	11,048	10,884	10,206	9,134	8,067	7,250	5,475	4,600
	1 yr % ch.	1.7	1.6	1.5	1.3	1.2	1.1	0.8	0.7

Source: September 2017 baseline forecasts from Global Insight and Moody's Analytics

Table 39. Forecasts of DC resident employment, households, and housing starts to FY 2019

		FY 2015	FY 2016	Global Insight			Moody's Analytics		
		actual	actual	FY 2017	FY 2018	FY 2019	FY 2017	FY 2018	FY 2019
DC resident jobs	1 yr, ch	12,323	9,709	8,064	8,716	7,922	7,200	4,250	5,100
Households	1 yr, ch	4,656	4,254	2,786	2,388	3,717	4,525	3,200	3,275
Housing starts		3,972	4,408	4,338	3,082	2,929	4,138	3,789	3,739

Source: September 2017 baseline forecasts from Global Insight and Moody's Analytics

Table 40. Forecasts of DC Personal Income to FY 2019

Date of estimate	FY 2015	FY 2016	Global Insight			Moody's Analytics		
	actual	actual	FY 2017	FY 2018	FY 2019	FY 2017	FY 2018	FY 2019
June	6.7	4.7	4.9	4.4	5.4	3.0	1.4	3.4
July	6.7	4.6	4.0	3.8	5.0	3.7	1.8	3.1
August	6.7	4.6	3.8	3.5	5.1	1.6	-2.1	3.9
September	6.7	4.6	3.8	3.4	5.0	3.2	2.5	3.9

Source: Baseline forecasts from Global Insight and Moody's Analytics

Table 41. September forecasts for employment and Personal Income for DC, the metro area, and the US: FY 2016 to FY 2019

(percent change from prior year)

Indicator	Global Insight				Moody's Analytics			
	2016	2017	2018	2019	2016	2017	2018	2019
Wage and salary jobs								
DC	2.0	1.2	0.8	0.7	2.0	1.1	0.5	0.7
Metro area					2.0	1.6	1.2	1.1
US	1.8	1.5	1.4	1.3	1.8	1.6	1.4	1.2
Personal Income								
DC	4.6	3.8	3.4	5.0	4.6	3.2	2.5	3.9
Metro area					4.2	3.9	4.6	4.7
US	3.0	2.6	4.1	5.3	3.0	2.8	4.9	5.0

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

Table 42. Sep. DC forecasts for wages and unemployment: FY 2016 to FY 2019 (% change from prior year)

	Global Insight				Moody's Analytics			
	2016	2017	2018	2019	2016	2017	2018	2019
Wages and salaries earned in DC	4.6	2.7	3.7	4.4	4.6	2.5	3.4	5.1
DC resident wages and salaries	4.6	2.8	3.0	4.9	4.6	3.8	6.0	3.8
DC Unemployment rate (level)	6.2	5.9	5.8	5.4	6.2	6.0	6.3	6.3

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

DC revenue estimate

The September estimate for tax revenue (before earmarks but after implementation of scheduled tax cuts): \$260 million more in FY 2017 than in FY 2016, followed by a \$85 million increase in FY 2018

- Anticipated tax revenue increase (before earmarks) is 3.6% in FY 2017, followed by a 1.1% increase in FY 2018. The estimates reflect growth in the DC economy and the effects of scheduled tax cuts.
- Real property tax growth of \$162.6 million in FY 2017 accounts for 62.6% of the net increase in taxes for that year. Real property and individual income are the leading source of revenue gain in FY 2018. Individual income tax revenue is estimated to fall by 0.8% in FY 2017, but increase 4.6% in FY 2018.
- The General sales tax is estimated to grow 6.7% in FY 2017 and 2.1% in FY 2018.
- Deed taxes are estimated to increase 5.1% in FY 2017 and decrease 9.8% in FY 2018.
- As a share of DC Personal Income, tax revenue in FY 2018 is expected to fall to 13.7% from 14.1% in FY 2017.

Table 43. DC Tax Revenue (before earmarks and after triggered tax cuts) for FY 2016 through FY 2019: September 2017 revenue estimate

Tax	FY level (\$ million)				Change from prior year (\$ M)				% change from prior year			
	2016	2017	2018	2019	2016	2017	2018	2019	2016	2017	2018	2019
Real property	2,357.5	2,520.1	2,602.8	2,692.8	163.0	162.6	82.8	90.0	7.4	6.9	3.3	3.5
Deed taxes	444.1	466.6	421.0	432.5	-36.5	22.5	-45.6	11.5	-7.6	5.1	-9.8	2.7
General sales	1,343.1	1,432.8	1,463.3	1,526.6	27.8	89.7	30.5	63.3	2.1	6.7	2.1	4.3
Individual Income	1,907.9	1,892.1	1,978.5	2,022.4	39.8	-15.7	86.4	43.9	2.1	-0.8	4.6	2.2
Withholding	1,627.6	1,727.0	1,748.4	1,799.0	74.4	99.5	21.4	50.6	4.8	6.1	1.2	2.9
non-withholding	280.3	165.1	230.1	223.4	-34.5	-115.2	65.0	-6.7	-11.0	-41.1	39.4	-2.9
Business Income	556.5	569.7	512.4	527.0	108.7	13.2	-57.3	14.6	24.3	2.4	-10.1	2.9
Other	624.6	612.0	600.4	587.1	13.9	-12.5	-11.6	-13.3	2.3	-2.0	-1.9	-2.2
Total	7,233.5	7,493.3	7,578.5	7,788.4	316.7	259.7	85.2	210.0	4.6	3.6	1.1	2.8

Source: ORA, September 29, 2017 revenue estimate under existing legislation before triggered tax cuts. 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 2016 is from the CAFR.

Table 44. DC population and employment: FY 2016 to FY 2019

Item	2016	2017	2018	2019
Wage and salary employment	780,000	788,938	795,473	799,806
1 year change	15,492	8,938	6,536	4,333
% change	2.0	1.1	0.8	0.5
DC population	679,803	690,009	699,142	707,209
1 year change	10,884	10,206	9,134	8,067
% change	1.6	1.5	1.3	1.2
Unemployment rate	6.2	6.0	5.8	5.8

Source: ORA, September 2017 revenue estimate.

Table 45. DC Income and stock market assumptions: FY 2016 to FY 2019 (% change from prior year)

Item	2016	2017	2018	2019
Wages and salaries earned in DC	4.6	3.3	3.6	3.6
Wages and salaries earned by DC residents	4.6	4.0	4.3	3.7
DC Personal Income	4.6	4.5	4.3	4.3
S and P 500 stock index	6.4	14.0	3.4	3.4

Source: ORA, September 2017 revenue estimate. Stock index, on a CY basis, represents the % ch. from the December quarter of the prior yr.

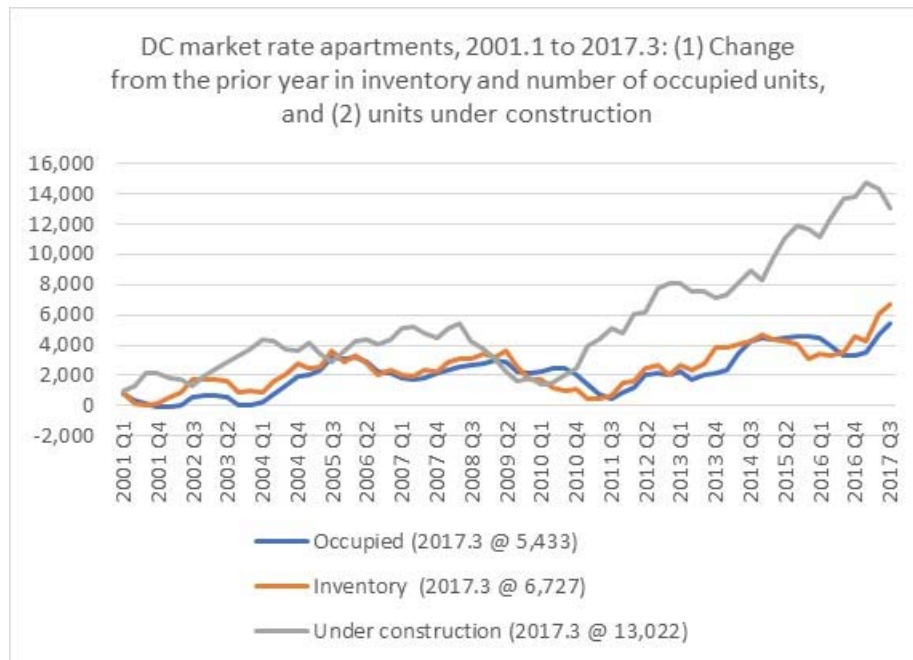
Table 46. DC tax revenue (before earmarks) and DC Personal Income: FY 2010 to FY 2019

Item	2010	2011	2012	2013	2014	2015	2016	2017 est	2018 est	2019 est
Tax revenue (\$ million)										
Level	5,005	5,325	5,853	6,100	6,290	6,917	7,234	7,493	7,578	7,788
Change from prior year	-47	320	528	247	189	627	317	260	85	210
Percent change from prior year										
Tax revenue	-0.9	6.4	9.9	4.2	3.1	10.0	4.6	3.6	1.1	2.8
Personal Income	3.0	9.1	4.5	2.8	5.7	6.7	4.6	4.5	4.3	4.3
Tax revenue as percent of Personal Income	13.6	13.3	14.0	14.2	13.8	14.2	14.2	14.1	13.7	13.5

Source: ORA, September 29, 2017 revenue estimate before tax cut triggers under existing legislation. The table includes tax revenue only, before all earmarks, and excludes all non-tax revenues, lottery, and "O-type" earmarked revenues.

the past year, inventory grew even more: a 6,727 net increase in inventory versus the 5,443 increase in occupied units. The vacancy rate in 2017.3 for all units also rose somewhat—to 5.1% from 4.7% a year earlier.

As noted in the accompanying chart, new construction began to accelerate in 2010. With some ups and downs, this was soon followed by annual increases in net inventory and in occupied units that have carried to the present time. Most of this activity involved Class A apartments. In the 7 years from 2010.3 to 2017.3, 88% of the net increase in apartment units and 84% of the increase in occupied units were accounted for by 152 new Class A buildings. (Class A buildings are new or newly renovated, well located, generally larger buildings with higher rents.) An increase of 69 Class B buildings accounted for about 15 % of the gains in inventory and occupancy. The number Class C buildings, representing about 38% of the District’s inventory of market rate units, declined over this time. Vacancy rates rose for Class A buildings, which require long lease-up periods, and fell for both Class B and Class C units.



DC apartments by class: change in number of buildings, inventory, occupied units, and vacancy rate from 2010.3 to 2017.3

class	Buildings	Inventory (units)	Occupied (units)	% vacant
A	152	21,769	18,759	5.4
B	69	3,705	3,662	-0.1
C	-27	-590	148	-1.0

Percent of total change in DC from 2010.3 to 2017.3

A	80.0	88.4	83.7
B	36.3	15.0	16.3
C	-14.2	-2.4	0.7

Source: CoStar. Market rate units. Total includes some units not included in detail.

From 2009 to 2012, the three years in which DC experienced the largest annual increases in population over the past decade, the total increase in occupied apartment units for the three years was 4,987 (see the shaded area in the table below). This was less than the increased occupancy that occurred in the last 12 months. This suggests there have been some changes in the connections between a growing population and the city's housing stock over the past 10 years or so. In the middle part of the decade of the 2000's, more of the increase in population may have been accommodated by group homes or taking in roommates, by changes to single family or other smaller structures, or by owner-occupied units. Census Bureau estimates of DC's population in 2017 will not be available until December, so comparison of population and housing unit changes over the past year is not yet possible. The ways in which the District and the owners of its housing stock adapt to changing demographics and housing patterns will no doubt continue to be an area of great interest.

—Stephen Swaim, DC Office of Revenue Analysis

DC apartment buildings, inventory, occupied units, population and units under construction: 2000 to 2017.3

Change from the prior year

						Change from the prior year				
	Buildings	Housing inventory	Occupied units	DC population	Under construction	Buildings	Housing inventory	Occupied units	DC population	Under construction
2000	3,226	140,338	135,737	572,517	519					
2001	3,229	140,436	135,664	574,098	2,209	3	98	-73	1,581	1,690
2002	3,244	142,183	136,289	572,369	1,929	15	1,747	625	-1,729	-280
2003	3,250	143,131	136,354	568,653	3,699	6	948	65	-3,716	1,770
2004	3,275	145,885	138,326	567,685	3,604	25	2,754	1,972	-968	-95
2005	3,293	148,789	141,474	567,840	3,594	18	2,904	3,148	154	-10
2006	3,310	151,160	143,609	571,158	4,392	17	2,371	2,135	3,318	798
2007	3,326	153,423	145,729	575,265	4,466	16	2,263	2,120	4,107	74
2008	3,347	156,884	148,496	582,120	3,749	21	3,461	2,767	6,855	-717
2009	3,361	158,663	150,621	593,863	1,832	14	1,779	2,125	11,743	-1,917
2010	3,367	159,767	152,673	607,197	2,424	6	1,104	2,052	13,334	592
2011	3,376	161,306	153,567	622,306	4,837	9	1,539	894	15,109	2,413
2012	3,385	163,379	155,608	636,994	8,084	9	2,073	2,041	14,688	3,247
2013	3,400	167,181	157,804	650,145	7,107	15	3,802	2,196	13,152	-977
2014	3,426	171,919	162,269	660,522	8,334	26	4,738	4,465	10,377	1,227
2015	3,478	175,066	166,849	671,690	11,664	52	3,147	4,580	11,168	3,330
2016	3,531	179,664	170,185	682,448	13,830	53	4,598	3,336	10,758	2,166
2017.3	3,557	184,404	174,917	na	13,022	49	6,727	5,433	na	-630

Source: CoStar, all apartment classes. Population is from HIS Global Insight.

na = Census Bureau estimates for 2017 population are to be released in December 2017.

DC apartment buildings, all classes: 2010.3 to 2017.3

	Buildings	Inventory	Occupied	% vacant
Class A				
2010.3	102	16,463	15,751	4.3
2010.7	254	38,232	34,510	9.7
ch	152	21,769	18,759	5.4
Class B				
2010.3	1,086	72,464	69,708	3.8
2010.7	1,155	76,169	73,370	3.7
ch	69	3,705	3,662	-0.1
Class C				
2010.3	2,164	70,401	66,710	5.2
2010.7	2,137	69,811	66,858	4.2
ch	-27	-590	148	-1.0
All				
2010.3	3,367	159,767	152,509	4.5
2010.7	3,557	184,404	174,917	5.1
ch	190	24,637	22,408	0.6

Source: CoStar. Market rate units. DC total includes some units not included in detoR.

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, September 30, 2017.

DC Tax Facts, 2017. Details on all DC taxes.

Tax Rates and Tax Burdens 2015 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 2015 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.

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

Tax expenditure report, November 2016. Comprehensive description of all DC tax expenditures.

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*).

Indicator	Source	Period covered in this report	Next release
D.C. Jobs and Labor Force information	BLS	August	October 20
D.C. Personal Income	BEA	2017.2	December 20
D.C. Tax Collections	OTR/ORA	September	c. November 15
D.C. Housing Sales	MRIS*	September	c. November 10
D.C. Commercial Office Building data	CoStar and Delta	2017.3	c. January 10
DC Apartment data	CoStar and Delta	2017.3	c. January 10
D.C. Hotel stay information	Smith Travel Research	August	c. October 20
Consumer Price Index	BLS	September	November 15
U.S. Jobs and Labor Force	BLS	August/September	November 3
U.S. GDP and Personal Income	BEA	2017.2	October 27
S and P 500 Stock Index	Financial press	September	November 1
Interest rate on 10-Year Treasury Securities	Financial press	September	November 1
IHS Global Insight D.C. forecast	Global Insight	September	c. October 15
Moody's Analytics D.C. forecast	Moody's Analytics	September	c. October 25
Blue Chip Economic Indicators for the U.S.	Aspen Publishers	September	c. October 10

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

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

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

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