

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER  
OFFICE OF REVENUE ANALYSIS**



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## District of Columbia Economic and Revenue Trends: *October 2012*

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### *DC wage and salary income growth has slowed, largely due to the impact of the federal sector*

***For the first time in almost 10 years, the growth rate of DC resident wages and salaries has fallen below the US average***

According to the US Bureau of Economic Analysis, wages and salaries earned in DC in the June quarter were 1.7% more than a year earlier (not adjusted for inflation). For DC residents, estimated wage and salary earnings were up 2.9%. These growth rates were the lowest since the first quarter of 2009, and they were also below the 3.4% rate of increase for the US as a whole.

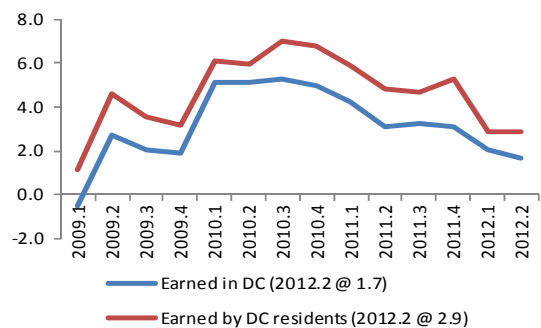
The major reason DC wage growth has slowed was the lack of any growth in federal government wages and salaries. Total federal sector wages (both civilian and military) in the June quarter were actually 0.1% less than a year earlier. Private sector wages were up 3.0%, but this was the slowest private sector growth in 2 years. (See graph on p. 17).

The slower rate of growth in wages in DC relative to the US economy represents a reversal of the trend that had held for most of this past decade. Over the past decade, wages earned in DC, particularly including those earned by DC residents, have grown faster than those earned in the US.

From the second quarter of 2002 to the second quarter of 2012, wages and salaries earned in DC by all persons working there increased by 54.8% and wages earned by DC residents (working both in DC and the suburbs) grew 77.3%. For the entire US, the increase was 37.5%.

*(continued on p.17)*

**Change in wages and salaries (1) earned in DC and (2) by DC residents: 2009.1 to 2012.2**  
(% change from the same quarter of the prior year)



**A decade of change in wages and salaries (1) earned in DC, (2) earned by DC residents, and (3) earned in the US economy**

sector	% change from 2002.2 to 2012.2	Average annual rate of change
Earned in DC	54.8	4.5
Earned by DC residents*	77.3	5.9
Earned in the US	37.5	3.2

*Source: BEA. \*Wages earned by DC residents estimated by ORA assuming wage and salary supplements are the same % of wages earned by DC residents as of all wages earned in DC*

## Wage and salary employment

### DC employment continued to grow in August, but more slowly than last year

- August wage and salary employment in DC was up by 6,867 (0.9%) from a year earlier as measured by the 3-month moving average.
- Federal government employment for August was down by 3,967 (-1.8%). Private sector jobs were up by 10,200 (2.2%).
- Total year-over-year DC metropolitan area employment increased by 37,933 (1.3%) in August as measured by the 3-month moving average.
- There was an increase of 1.4% in suburban Washington employment in August from a year earlier.
- Seasonally adjusted wage and salary employment in DC fell by 11,200 (1.5%) in August from the prior month, and was 7,200 less than in February 2012.

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

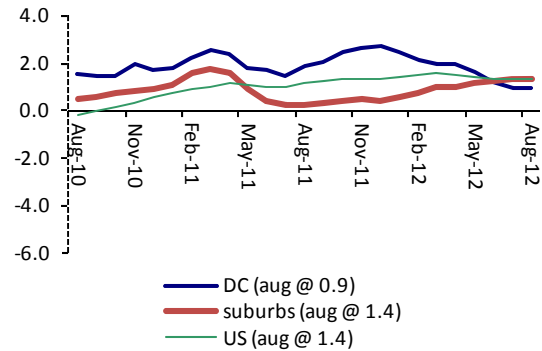


Table 1. Wage and salary employment in DC, Washington Metro area, and the US: August 2012

Jurisdiction	FY 2009	FY 2010	FY 2011	12-mo avg	3-mo average	This month
District of Columbia	701,633	708,975	722,967	734,708	738,433	731,000
1 year change	-1,092	7,342	13,992	13,217	6,867	5,500
% change	-0.2	1.0	2.0	1.8	0.9	0.8
Washington metro area	2,964,175	2,954,825	2,988,192	3,020,308	3,041,467	3,023,900
1 year change	-41,517	-9,350	33,367	34,592	37,933	38,200
% change	-1.4	-0.3	1.1	1.2	1.3	1.3
Washington suburbs (% ch)	-1.8	-0.7	0.9	0.9	1.4	1.4
US (% ch)	-3.8	-1.9	1.1	1.4	1.4	1.4

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

Source: BLS. August data is preliminary.

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

Sector	FY 2009	FY 2010	FY 2011	12-mo avg	3-month average	This month
Federal government	198,050	208,233	213,275	210,258	211,000	210,800
1 year change	5,283	10,183	5,042	-2,933	-3,967	-3,800
% change	2.7	5.1	2.4	-1.4	-1.8	-1.8
Private sector	462,942	464,000	474,467	489,333	489,633	486,600
1 year change	-5,467	1,058	10,467	16,308	10,500	8,700
% change	-1.2	0.2	2.3	3.4	2.2	1.8

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

Table 3. Seasonally adjusted DC Employment: February 2012 to August 2012

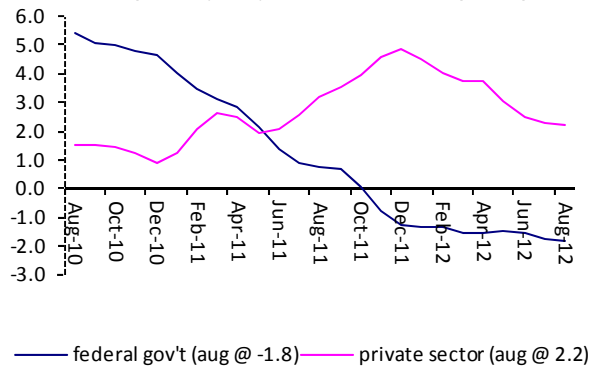
Indicator	Feb	Mar	Apr	May	Jun	Jul	Aug
D.C. Wage and Salary employment	734,600	738,700	739,000	735,000	737,500	738,600	727,400
change from prior month	1,500	4,100	300	-4,000	2,500	1,100	-11,200
% change from prior month	0.2	0.6	0.0	-0.5	0.3	0.1	-1.5

Source: BLS seasonally adjusted. August is preliminary

**Health accounted for more than half of the net job growth over the past year**

- In August health gained 3,733 jobs over last year, 54.4% of the net increase in DC employment as measured by 3-month moving averages.
- Other private industries showing gains of at least 1,000 over the year included construction, employment services, and education.
- Private sector industries losing jobs included professional services (other than legal), business services (other than employment services), and information.
- Local government grew by 333.
- Over the past year, DC's share of federal employment fell relative to the US and the metro area.

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



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

Industry sector	3-month moving average		1 year change		12-mo. moving avg: % change	Sector % of all DC jobs, Aug 2012	DC share (%) in Aug 2012 of all sector jobs in:		Change from Aug 2011 to Aug 2012 in DC share of sector jobs in:	
	Aug 2011	Aug 2012	Amount	%			metro area	US	metro area	US
Federal government	214,967	211,000	-3,967	-1.8	-1.4	28.6	55.1	7.47	-0.7	-0.01
Local government	37,467	37,800	333	0.9	-0.4	5.1	12.5	0.21	-0.1	0.00
Legal services	30,800	31,233	433	1.4	0.1	4.2		2.77		0.03
Other Professional and technical	72,267	70,967	-1,300	-1.8	0.6	9.6	21.2	1.04	-0.7	-0.06
Employment services	13,467	15,000	1,533	11.4	9.7	2.0	37.7	0.47	4.2	0.01
Other Business services	33,967	33,833	-133	-0.4	2.1	4.6	19.0	0.49	0.1	-0.01
Information	18,800	18,467	-333	-1.8	-1.1	2.5	23.1	0.70	-0.3	-0.01
Finance	26,800	26,733	-67	-0.2	0.7	3.6	17.7	0.34	-0.6	0.00
Organizations	61,067	61,567	500	0.8	2.8	8.3	37.7	2.08	0.6	0.00
Education	49,900	51,100	1,200	2.4	9.4	6.9	51.7	1.67	-0.4	-0.01
Health	62,133	65,867	3,733	6.0	5.1	8.9	23.7	0.39	0.5	0.01
Food service	39,967	40,833	867	2.2	4.0	5.5	20.4	0.10	-0.3	-0.30
Accomodations	15,500	16,133	633	4.1	4.2	2.2	37.8	0.83	1.1	0.03
Amusement and recreation	6,933	7,233	300	4.3	4.7	1.0	16.6	0.33	0.5	0.01
Retail trade	18,200	18,733	533	2.9	0.6	2.5	7.4	0.13	0.3	0.00
Wholesale trade	4,533	4,567	33	0.7	-0.7	0.6	8.7	0.08	1.6	0.00
Construction	12,367	14,000	1,633	13.2	12.6	1.9	9.4	0.24	0.9	0.03
Personal and miscellaneous ser.	7,167	8,067	900	12.6	6.0	1.1		0.33		0.03
Other private	5,267	5,300	33	0.6	-2.2	0.7	4.2	0.03	-0.6	0.00
<b>Total</b>	<b>731,567</b>	<b>738,433</b>	<b>6,867</b>	<b>0.9</b>	<b>1.8</b>	<b>100.0</b>	<b>24.3</b>	<b>0.55</b>	<b>-0.1</b>	<b>0.00</b>
<i>Public sector</i>	<i>252,433</i>	<i>248,800</i>	<i>-3,633</i>	<i>-1.4</i>	<i>-1.2</i>	<i>33.7</i>	<i>36.2</i>	<i>1.18</i>	<i>-0.7</i>	<i>-0.01</i>
<i>Private sector</i>	<i>479,133</i>	<i>489,633</i>	<i>10,500</i>	<i>2.2</i>	<i>3.4</i>	<i>66.3</i>	<i>20.8</i>	<i>0.44</i>	<i>0.1</i>	<i>0.00</i>
<i>Professional and all business</i>	<i>196,100</i>	<i>196,233</i>	<i>133</i>	<i>0.1</i>	<i>1.2</i>	<i>26.6</i>	<i>21.1</i>	<i>0.84</i>	<i>-0.3</i>	<i>-0.02</i>
<i>Education, health, and orgs.</i>	<i>173,100</i>	<i>178,533</i>	<i>5,433</i>	<i>3.1</i>	<i>5.6</i>	<i>24.2</i>	<i>31.8</i>	<i>0.58</i>	<i>0.2</i>	<i>0.01</i>
<i>Hospitality and trade</i>	<i>85,133</i>	<i>87,500</i>	<i>2,367</i>	<i>2.8</i>	<i>3.1</i>	<i>11.8</i>	<i>14.8</i>	<i>0.25</i>	<i>0.6</i>	<i>0.00</i>
<i>Other private sector</i>	<i>24,800</i>	<i>27,367</i>	<i>2,567</i>	<i>10.3</i>	<i>7.4</i>	<i>3.7</i>	<i>10.0</i>	<i>0.10</i>	<i>0.3</i>	<i>0.01</i>

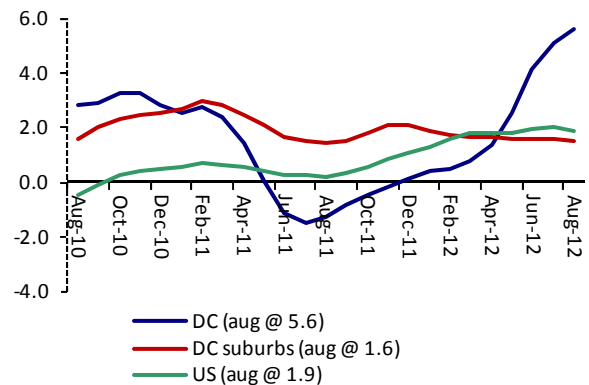
Source: BLS. not seasonally adjusted. na=not available. For the metro area, legal is included in other professional and technical, and personal and miscellaneous services is included in organizations (a category BLS calls "other services")

## Resident employment

### The unemployment rate continued to fall

- In August DC resident employment rose 17,374 (5.6%) from a year earlier (3-mo. moving average).
- In August the unemployment rate (seasonally adjusted) fell to 8.8%, and seasonally adjusted resident employment rose 0.2% from July, the 13th monthly increase in a row.
- Initial unemployment insurance claims were down 6.4% from a year earlier (3-mo. moving average).

Resident employment in DC, the DC suburbs, and the US: August 2010 to August 2012  
(% change from prior year in 3-month moving average)



Jobs located in DC and DC resident employment  
August 2010 to August 2012

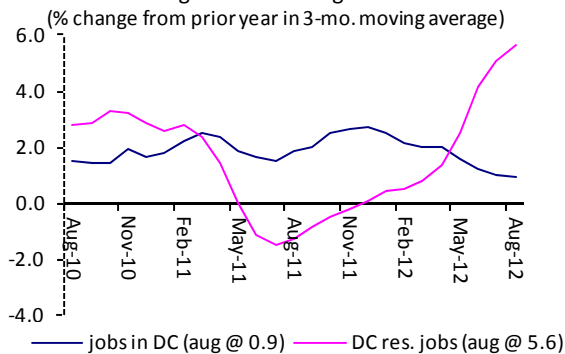


Table 5. Unemployment rates for DC, metro area, and US:  
August 2012

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	Aug. 2011	Aug. 2012	Aug. 2011	Aug. 2012
US	9.1	8.2	9.1	8.1
DC metro area	6.0	5.5	na	na
DC	10.4	8.8	10.5	8.8
DC suburbs	5.4	5.1	na	na

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

Table 6. Resident employment and unemployment: August 2012

Indicator	FY 2009	FY 2010	FY 2011	12-mo avg	3-month average	
					average	This month
<b>DC Labor force summary</b>						
Resident employment	303,384	306,551	308,968	315,669	326,626	326,066
1 year change	-9,541	3,166	2,417	6,549	17,374	17,609
% change	-3.0	1.0	0.8	2.1	5.6	5.7
Labor Force	333,366	341,501	344,244	348,945	358,823	357,650
1 year change	452	8,135	2,743	4,783	11,800	13,250
% change	0.1	2.4	0.8	1.4	3.4	3.8
Unemployed	29,981	34,950	35,277	33,275	32,197	31,584
1 year change	9,993	4,969	327	-1,766	-5,574	-4,359
% change	50.0	16.6	0.9	-5.0	-14.8	-12.1
Unemployment rate	9.0	10.2	10.2	9.5	9.0	8.8
<b>DC Unemployment insurance (state program)</b>						
Initial claims (monthly avg.)	2,203	1,799	2,101	1,819	2,021	1,902
1 year change	688	-404	302	-259	-139	-141
% change	45.4	-18.3	16.8	-12.4	-6.4	-6.9
Weeks compensated (m o. avg.)	54,474	53,592	46,423	45,452	43,033	42,968
1 year change	19,736	-881	-7,169	-1,380	-5,306	-10,270
% change	56.8	-1.6	-13.4	-2.9	-11.0	-19.3

Source: Labor force (BLS, w/ Dec. revisions); Unemployment Insurance (US Dept of Labor). Not seasonally adj.

Table 7. Seasonally adjusted DC Resident employment and unemployment: February 2012 to August 2012

Indicator	Feb	Mar	Apr	May	Jun	Jul	Aug
DC Resident employment	313,554	314,489	316,431	319,283	321,954	322,148	322,930
change from prior month	1,397	935	1,942	2,852	2,671	194	782
% change from prior month	0.4	0.3	0.6	0.9	0.8	0.1	0.2
DC Unemployment rate (%)	9.8	9.8	9.5	9.3	9.1	8.9	8.8

Source: BLS seasonally adjusted. August is preliminary

### Wage gains slowed in the June quarter

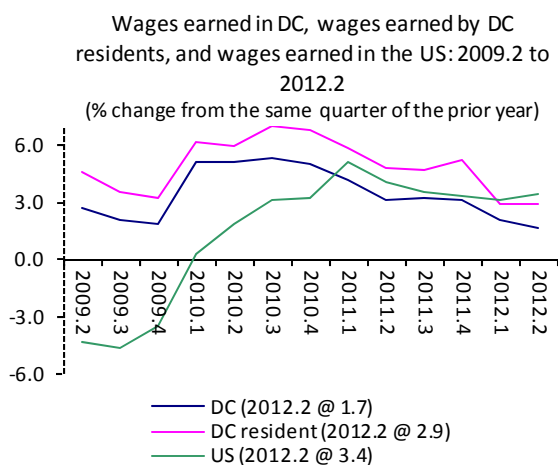
● Wages earned in the District of Columbia were 1.7% higher in the June quarter compared to the same quarter of 2011. This was the slowest year-over-year increase in 3 years.

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

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

● Personal income gains for DC residents continued to outpace the US as a whole (the US grew at 3.4%), but resident wages fell below the US beginning in 2012.

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



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

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

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

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

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

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

Source: BEA; data for June were released September 25, 2012

## Single family and condominium home sales

### Condo sales were strong in September

- The September 3-month moving total of single family home sales was down 2.4% from a year earlier, but the average selling price was 7.2% higher.
- September condominium sales were 15.5% above a year earlier as measured by the 3-month moving total; the average selling price was 2.1% higher.
- The total value of all home sales in September was 8.9% more than a year earlier as measured by the 3-month moving total.
- September year to date median prices were up 14.3% for single family units, and up 5.0% for condominiums.
- The September ratio of inventory to sales was 1.9 for single family units and 2.4 for condominiums (3-mo. moving average).

Total value of sales of single family and condo units: September 2010 to September 2012  
(% change from prior year in 3-mo. and 12-mo. moving totals)

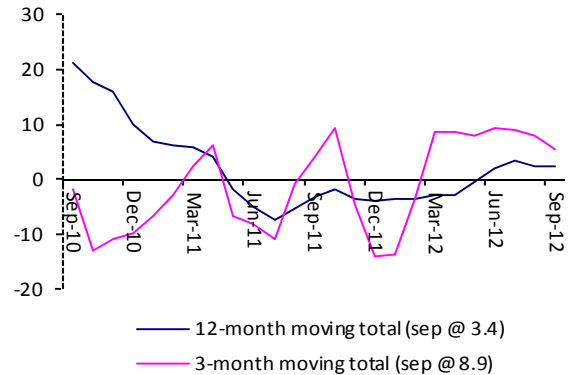


Table 9. D.C. Residential Real Estate Indicators: September 2012

Indicator	FY 2008	FY 2009	FY 2010	FY 2011	12-mo moving total or average		
					12-mo moving total or average	3-mo moving total or average	This month
<b>Number of sales (settled contracts)</b>							
Single family	3,022	3,259	4,084	3,800	3,563	950	264
1 year change	-734	237	825	-284	-237	-23	-33
% change	-19.5	7.8	25.3	-7.0	-6.2	-2.4	-11.1
Condo	2,796	2,590	2,884	2,469	2,784	796	242
1 year change	-1,042	-206	294	-415	315	107	29
% change	-27.1	-7.4	11.4	-14.4	12.8	15.5	13.6
Total	5,818	5,849	6,968	6,269	6,347	1,746	506
1 year change	-1,776	31	1,119	-699	78	84	-4
% change	-23.4	0.5	19.1	-10.0	1.2	5.1	-0.8
<b>Average prices of units that sold</b>							
Single family (\$)	667,367	597,269	538,395	601,026	630,109	665,240	660,316
1 year change	9,480	-70,098	-58,874	62,631	29,083	44,031	121,712
% change	1.4	-10.5	-9.9	11.6	4.8	7.1	22.6
Condo (\$)	412,234	359,952	414,030	423,365	429,611	424,887	404,195
1 year change	6,803	-52,283	54,078	9,336	6,245	8,537	15,890
% change	1.7	-12.7	15.0	2.3	1.5	2.1	4.1
<b>Total value of all sales (\$ million)</b>							
	3,169.4	2,878.8	3,392.9	3,329.2	3,441.1	970.2	272.1
1 year change	-857.7	-290.6	514.1	-63.7	111.9	78.9	29.5
% change	-21.3	-9.2	17.9	-1.9	3.4	8.9	12.1
<b>Ratio: active inventory to sales</b>							
Single family	6.0	5.2	3.4	3.3	2.3	1.9	2.0
Condo	5.7	5.7	4.6	4.9	2.9	2.4	2.4

Median contract prices, CY to date in September 2012: single family \$520,000 (14.3% 1 yr ch); condo \$380,000 (5.0% 1 yr ch)

Note: Data are closed contracts settled during each month or other period shown. Because average price depends on the mix of units sold, this measure can be volatile on a month-to-month basis, and it is not intended to measure changes in the value of all residential property.

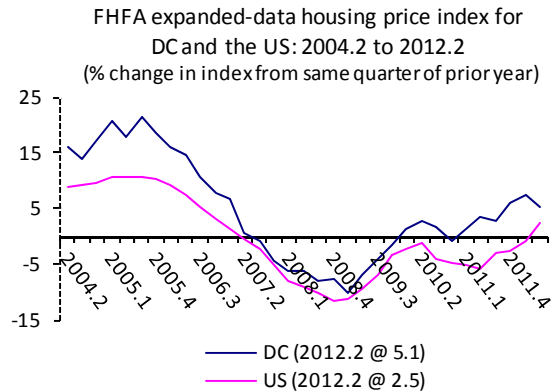
Monthly average price for all single family units is calculated by ORA based on reported average prices and number of sales for different types of units.

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

## Apartments and single family home transactions

### Sales of higher priced single family homes were up slightly in September

- Sales of single family units at prices above \$1 million were up 3.3% in September from a year ago as measured by the 3-month moving total.
- In June the quarterly Federal Housing Finance Agency house price index for DC was 5.1% over a year ago. For the US, there was a 2.5% rise.
- In the June quarter, occupied apartment units rose 1,119 (1.3%) and rents rose 4.0% from a year earlier.



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

Category	FY 2008	FY 2009	FY 2010	FY 2011	12-mo moving		This month
					total	3-mo moving total	
Single family homes	435	333	418	489	458	124	32
1 year change	-18	-102	85	71	-31	4	7
% change	-4.0	-23.4	25.5	17.0	-6.3	3.3	28.0
percent of all single family sales	14.4	10.2	10.2	12.9	12.9	13.1	12.1
Condominiums	77	62	89	87	72	20	5
1 year change	-28	-15	27	-2	-15	-6	0
% change	-26.7	-19.5	43.5	-2.2	-17.2	-23.1	0.0
percent of all condominium sales	2.8	2.4	3.1	3.5	2.6	2.5	2.1

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

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

Indicator	Fiscal year average				Quarter				
	FY 2008	FY 2009	FY 2010	FY 2011	2011.2	2011.3	2011.4	2012.1	2012.2
<b>% change from prior year in value of index</b>									
DC	-6.2	-7.3	1.1	1.8	3.4	2.9	6.0	7.3	5.1
US	-8.1	-9.9	-2.7	-4.7	-5.8	-2.8	-2.7	-0.9	2.5

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

Average DC sales price	1.4	-10.5	-9.9	11.6	8.8	11.4	-6.3	14.3	5.4
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Source: (1) Federal Housing Finance Agency "Expanded-data HPI Index" (sales plus refinancings). This index is a broad measure of the movement of single-family house prices. It measures average price changes in repeat sales or refinancings on the same properties. This information is obtained from transactions whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac since January 1975. It is augmented by data on mortgages endorsed by FHA and county recorder data licensed from DataQuick Information Systems. (2) Average DC sales price is the average price of houses that sold during the period (settled contracts): see Table 9. Not seas. adj.

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

Indicator	Sep. 30 2008	Sep. 30 2009	Sep. 30 2010	Sep. 30 2011	Latest Q (June 2012)		
					amount	1 Q ch	% ch
Inventory	85,427	87,090	87,970	88,710	88,848	0	0.0
1 year change	1,241	1,663	880	740	187		
% change	1.5	1.9	1.0	0.8	0.2		
Occupied units	81,521	81,964	82,965	84,125	85,096	161	0.2
1 year change	702	443	1,001	1,160	1,119		
% change	0.9	0.5	1.2	1.4	1.3		
Vacant units	3,906	5,126	5,005	4,585	3,752	-161	-4.1
1 year change	539	1,220	-121	-420	-932		
% change	16.0	31.2	-2.4	-8.4	-19.9		
% of inventory	4.6	5.9	5.7	5.2	4.2		
Average effective monthly rent	\$1,340	\$1,342	\$1,380	\$1,422	\$1,471	\$17	1.0
% change from 1 year	4.0	0.1	2.8	3.0	4.0		

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

## Commercial office space

### Occupied office space fell in September

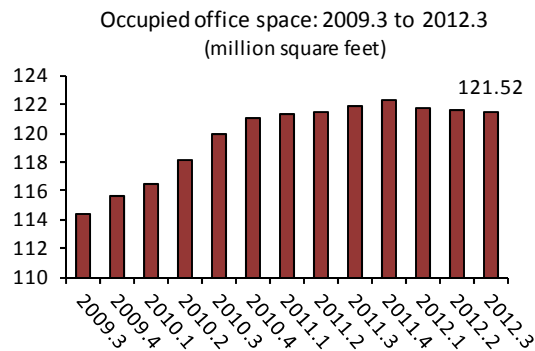
●For the quarter ending September, the vacancy rate for DC commercial office space rose to 8.3% (without sublet space), and to 9.3% (with sublet space). (In June the rates were 8.1% and 9.2%, respectively.)

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

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

●Space under construction was unchanged in the last quarter, and is up 13.5% from a year ago.

●In the June quarter, average effective rents for class A office space leases were up 0.8% from a year earlier.



**Table 13. Commercial office space in DC: September 30, 2012**

(In millions of square feet, unless noted otherwise)

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

Source: Delta Associates. Includes single tenant and privately owned space as well as multi-tenant buildings.

**Table 14. Average effective office rent for Class A commercial office leases signed by 6-month periods: 2009.2 to 2012.2**

Indicator	\$ per square foot of gross floor space during 6-month period ending on date shown:						
	2009.2	2009.4	2010.2	2010.4	2011.2	2011.4	2012.2
Average effective rent	45.75	43.30	40.70	40.10	39.80	40.45	40.10
% ch from prior year	-1.1	-6.4	-11.0	-7.4	-2.2	0.9	0.8
Average value of improvements for tenants	60.00	65.00	80.00	80.00	80.00	75.00	75.00

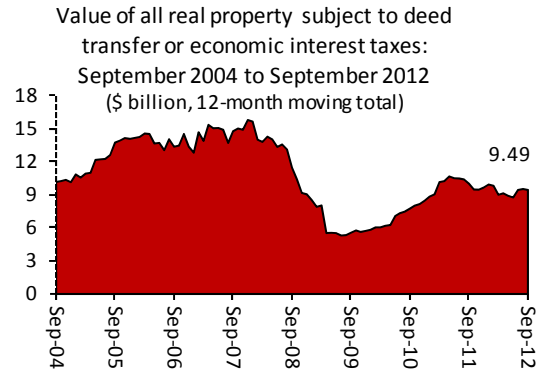
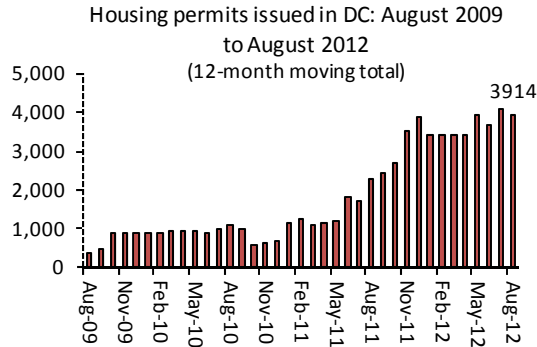
Source: Delta Associates. Rent is for full service (including operating expenses and taxes), less concessions (free rent, etc.)



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

**In the September quarter the value of property transferred was 33.8% higher than a year ago**

- For the 12-month period ending August, 3,914 housing unit building permits were issued, a 73% increase over the prior 12-month period.
- Delta Associates expects DC's office vacancy rate (including sublet) to rise slightly (to 9.5%) over the next two years.



- Reis expects 4,666 new apartment units to be added to inventory in CY 2012 and CY 2013, and occupancy to grow by 5,250
- The value of September property transfers was up by 33.8% from last year as measured by the 3-month moving total. The 12-month moving total was a 5.6% decline.

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

	FY 2008	FY 2009	FY 2010	FY 2011	12-month moving total	3-month moving total	This month
Total units	690	499	986	2,459	3,914	1,260	512
change from 1 year ago	-1,506	-191	487	1,473	1,652	-32	-144
% change from 1 year	-68.6	-27.7	97.6	149.4	73.0	-2.5	-22.0

Source: Census Bureau (permits issued during period).

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

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

Source: Delta Associates msf = million square feet

**Table 17 DC market rate apartment units: 2007 to 2016**

CY	Inventory	1 yr ch	% vacant	Occupied	1 yr ch
2007	84,618	468	3.9	81,284	533
2008	86,583	1,965	4.8	82,465	1,181
2009	87,788	1,205	6.1	82,415	-50
2010	88,360	572	5.5	83,477	1,062
2011	88,848	488	4.7	84,661	1,184
2012 est	90,445	1,597	3.9	86,955	2,294
2013 est	93,514	3,069	3.9	89,911	2,956
2014 est	97,637	4,123	4.1	93,594	3,683
2015 est	99,445	1,808	3.8	95,691	2,097
2016 est	100,827	1,382	3.4	97,404	1,713

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

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

	FY 2008	FY 2009	FY 2010	FY 2011	12-month moving total	3-month moving total	This month
All property transfers (\$ million)	11,527.3	5,591.2	7,789.1	10,059.5	9,494.3	2,766.2	602.7
change from one year ago (\$M)	-3,307.6	-5,936.1	2,197.9	2,270.4	-565.3	698.1	-77.9
% change from 1 year ago	-22.3	-51.5	39.3	29.1	-5.6	33.8	-11.4

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/DRA (calculated from tax collections and deposits adjusted for tax rate changes).

# Hospitality

## August hotel stays were higher than last year

● In August the 3-month moving total for hotel room-days sold was 2.0% higher than a year earlier; and the average room rate was flat, leading to a 2.1% rise in room revenue.

● Employment in food services was 2.2% higher in August than a year earlier as measured by the 3-month moving average. Hotel employment rose 4.1%, and retail gained 2.9%.

● July airline traffic into the DC area was up 0.8% from a year earlier as measured by the 3-month moving total. Reagan National Airport gained 1.5%.

Hotel room sales revenue: Aug. 2010 to Aug. 2012  
(percent change in 3-month and 12-month moving average from same period of prior year)

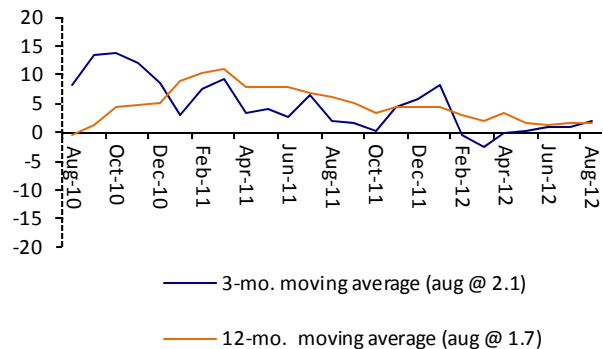


Table 19. Hospitality Industry: July and August 2012

Indicator	Units	date	FY 2009	FY 2010	FY 2011	12-mo total or average*	3-month moving total or average*	This month
<b>Hotel stays</b>								
Hotel room -days sold	('M)	aug	7.123	7.370	7.466	7.616	2.086	0.641
1 yr ch			-0.003	0.248	0.096	0.145	0.042	0.015
1 yr % ch			0.0	3.5	1.3	1.9	2.0	2.4
Average room rate	\$	aug	203.16	199.12	231.00	205.22	187.34	153.89
1 yr ch			-5.83	-4.05	-6.77	-0.53	0.07	-5.82
1 yr % ch			-2.8	-2.0	-2.8	-0.3	0.0	-3.6
Occupancy rate (average)	%	aug	73.1	73.8	85.1	75.5	82.2	75.1
1 yr ch			-1.1	0.7	0.4	1.2	1.9	2.3
1 yr % ch			-1.5	0.9	0.5	1.6	2.4	3.2
Room revenue	(\$M)	aug	1,447.0	1,467.5	168.5	1563.0	390.8	98.6
1 yr ch			-42.0	20.5	-2.8	25.9	7.9	-1.3
1 yr % ch			-2.8	1.4	-1.6	1.7	2.1	-1.3
<b>Airline passengers</b>								
DCA	1 yr % ch	jul	-2.9	0.5	6.2	1.7	1.5	3.1
IAD	1 yr % ch	jul	-4.4	1.2	0.6	-2.3	-0.6	-1.0
BWI	1 yr % ch	jul	-3.3	4.6	4.2	0.6	1.6	2.9
Total	1 yr % ch	jul	-3.6	2.1	3.4	-0.2	0.8	1.5
<b>Convention Center Transfer</b>								
	\$ M	aug	91.5	94.4	98.0	103.5	36.0	9.1
1 yr ch			0.0	2.8	3.6	7.9	9.3	0.3
1 yr % ch			0.0	3.1	3.9	8.2	35.0	3.1
<b>Employment</b>								
Accommodations	level ('000)	aug	15.0	15.3	15.3	15.9	16.1	15.8
1 yr ch			-0.2	0.3	0.0	0.6	0.6	0.5
1 yr % ch			-1.2	2.0	0.0	4.2	4.1	3.3
Food and bev	level ('000)	aug	35.9	37.0	39.0	40.3	40.8	40.4
1 yr ch			0.5	1.2	1.9	1.6	0.9	0.5
1 yr % ch			1.4	3.3	5.2	4.0	2.2	1.3
Arts and entertain.	level ('000)	aug	7.1	7.0	6.8	7.1	7.2	7.2
1 yr ch			0.2	-0.1	-0.2	0.3	0.3	0.3
1 yr % ch			2.7	-1.5	-2.6	4.7	4.3	4.3
Retail	level ('000)	aug	17.8	18.3	18.5	18.6	18.7	18.7
1 yr ch			-0.6	0.5	0.2	0.1	0.5	0.8
1 yr % ch			-3.5	3.0	1.0	0.6	2.9	4.5

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

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

OCFO/OTR (Convention Center transfer; August collections are based on July sales data)

**Economic growth picked up to 2.0% in the September quarter**

●September was the 13th consecutive quarter of real GDP growth. The 2.0% gain in the quarter was just under the 2.2% average growth over the 13 quarters.

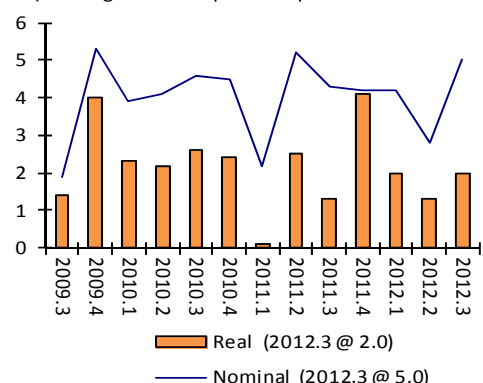
●US employment (seas. adj.) increased by 114,000 in September.

●The US unemployment rate (seasonally adj.) fell to 7.8%.

●In September the S & P 500 index gained 2.9% from August, and was 23.0% above a year ago.

●Inflation rose slightly. The September CPI was 2.0% above a year earlier (sa).

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



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

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

Indicator	Date of latest indicator		FY 2008	FY 2009	FY 2010	FY 2011	12-mo avg	2012.3	sep 2012
US GDP real	2012.3	1 yr % ch	1.1	-3.9	1.8	1.9	2.2	2.3	
US GDP nominal	2012.3	1 yr % ch	3.4	-2.6	2.8	4.0	4.1	4.0	
US Personal income	2012.3	1 yr % ch	5.6	-3.4	1.5	5.4	3.4	3.6	
US wages	2012.3	1 yr % ch	3.4	-3.5	0.4	4.0	3.4	3.7	
Corporate profits	2012.3	1 yr % ch	-11.2	-12.2	35.9	9.1	na	na	
S and P stock index	sep	1 yr % ch	-5.7	-34.3	23.7	13.8	5.4	14.2	23.0
US CPI	sep	1 yr % ch	4.4	-0.3	1.7	2.7	2.4	1.7	2.0
Balt//Wash. area CPI	sep	1 yr % ch	5.0	0.3	1.7	3.0	2.4	na	2.8

Source: BEA (data revised as of October 26, 2012), BLS, and Yahoo finance. na = not available

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

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

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

Indicator	units	calendar year quarter						
		2011.1	2011.2	2011.3	2011.4	2012.1	2012.2	2012.3
US GDP real	% ch from prior Q at saar	0.1	2.5	1.3	4.1	2.0	1.3	2.0
US GDP nominal	% ch from prior Q at saar	2.2	5.2	4.3	4.2	4.2	2.8	5.0
Wages and salaries	% ch from prior Q at saar	8.9	2.3	1.3	0.9	8.0	3.2	2.5
Personal income	% ch from prior Q at saar	11.1	2.6	1.2	1.3	6.4	3.9	2.7

Note: GDP=Gross Domestic Product saar=seasonally adjusted at annual rate Source: BEA, updated on October 26, 2012

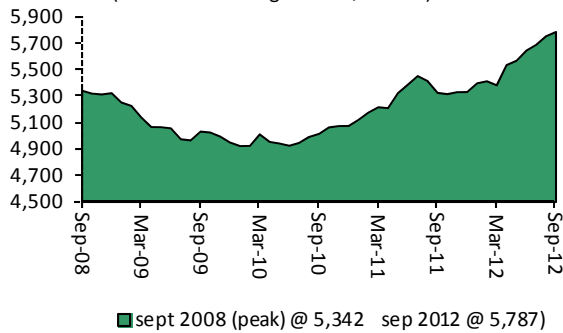
**Table 22. Monthly change in selected US Indicators: March 2012 to September 2012**

Indicator	Mar	Apr	May	Jun	Jul	Aug	Sep
S and P stock index (level)	1389	1386	1341	1323	1360	1403	1443
% change from prior month	2.7	-0.2	-3.3	-1.3	2.8	3.2	2.9
% change from 1 year ago	6.5	4.1	0.2	2.8	2.6	18.4	23.0
10 yr. Treasury Interest rate (level)	2.16	2.03	1.79	1.61	1.50	1.67	1.71
CPI % ch from prior month (seasonally adjusted)	0.29	0.03	-0.28	0.04	0.05	0.60	0.57
CPI % ch from prior year (seasonally adjusted)	2.65	2.30	1.73	1.68	1.42	1.70	2.00
Jobs (seasonally adjusted level, in millions)	132.86	132.93	133.02	133.06	133.24	133.39	133.50
change from prior month (thousands)	143	68	87	45	181	142	114
% change from prior month	0.11	0.05	0.07	0.03	0.14	0.11	0.09
Resident employment (season. adj. level, in mil.)	142.03	141.87	142.29	142.42	142.22	142.10	142.97
change from prior month (thousands)	-31	-169	422	128	-195	-119	873
% change from prior month	-0.02	-0.12	0.30	0.09	-0.14	-0.08	0.61
Unemployment rate (seasonally adj.)	8.2	8.1	8.2	8.2	8.3	8.1	7.8

Source: BLS and Yahoo! Finance.

## DC tax collections

Total DC tax collections (before earmarking):  
September 2008 to September 2012  
(12-month moving total in \$ million)



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

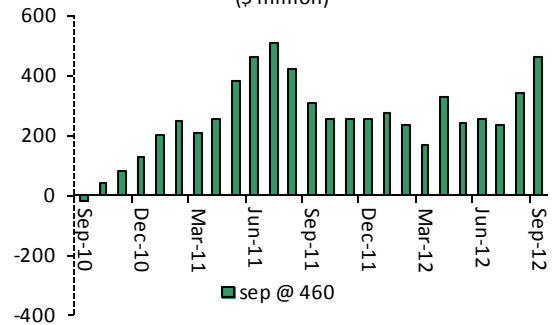


Table 23. Tax Collections (before earmarking): September 2012 (Preliminary)

(\$ million)

Tax	FY 2008	FY 2009	FY 2010	FY 2011	12-month moving total	3-month moving total	This month
Total taxes	5,342.3	5,032.8	5,015.4	5,326.3	5,786.8	1,913.6	1,177.6
1 year change	224.8	-309.5	-17.4	311.0	460.5	140.4	31.6
% change	4.4	-5.8	-0.3	6.2	8.6	7.9	2.8
Real property	1,684.8	1,818.8	1,834.8	1,707.0	1,820.7	880.6	773.4
1 year change	241.2	134.0	15.9	-127.8	113.7	55.3	0.0
% change	16.7	8.0	0.9	-7.0	6.7	6.7	0.0
General sales	1,011.6	963.5	965.3	1,017.0	1,085.7	275.7	79.5
1 year change	52.8	-48.1	1.8	51.7	68.7	13.2	0.5
% change	5.5	-4.8	0.2	5.4	6.8	5.0	0.6
Individual income	1,353.2	1,127.2	1,107.1	1,297.0	1,468.2	370.3	165.7
1 year change	40.1	-226.0	-20.1	189.9	171.1	46.6	32.6
% change	3.1	-16.7	-1.8	17.2	13.2	14.4	24.4
withholding	1,004.2	1,021.2	1,070.6	1,189.9	1,310.7	322.3	113.0
1 year change	29.5	17.0	49.4	119.3	120.7	38.4	23.7
% change	3.0	1.7	4.8	11.1	10.1	13.5	26.6
non-withholding	349.0	106.0	36.5	107.1	157.5	47.9	52.8
1 year change	10.7	-243.0	-69.5	70.6	50.4	8.2	8.8
% change	3.2	-69.6	-65.6	193.3	47.1	20.7	20.1
Corporate income	289.8	220.7	207.9	225.8	311.5	85.3	66.2
1 year change	39.1	-69.2	-12.8	17.9	85.7	36.6	30.3
% change	15.6	-23.9	-5.8	8.6	38.0	75.1	84.5
Unincorporated Bus.	128.9	122.4	120.7	141.5	159.1	24.3	25.1
1 year change	-37.5	-6.5	-1.7	20.9	17.5	-7.2	-0.9
% change	-22.5	-5.0	-1.4	17.3	12.4	-22.9	-3.5
Deed taxes*	323.2	187.4	225.6	314.1	310.7	98.8	25.4
1 year change	-118.8	-135.8	38.2	88.5	-3.4	22.7	0.5
% change	-26.9	-42.0	20.4	39.2	-1.1	29.7	1.9
Other taxes	550.7	592.8	554.0	623.9	631.1	178.6	42.2
1 year change	7.9	42.1	-38.8	70.0	7.2	-26.7	-31.3
% change	1.5	7.6	-6.5	12.6	1.1	-13.0	-42.6

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

Note: (1) Includes public space rental (in other taxes). (2) Deed tax collections will vary from payments to Recorder of Deeds (graphed on the next page) due to processing and timing effects.

(3) Data subject to accounting adjustments.

(4) This table and the graphs on the next page include adjustments to the timing and consistency of collection reporting which make comparisons with prior year periods more accurate; accordingly, the data may vary from other OCFO reports.

Source: OCFO/ORR

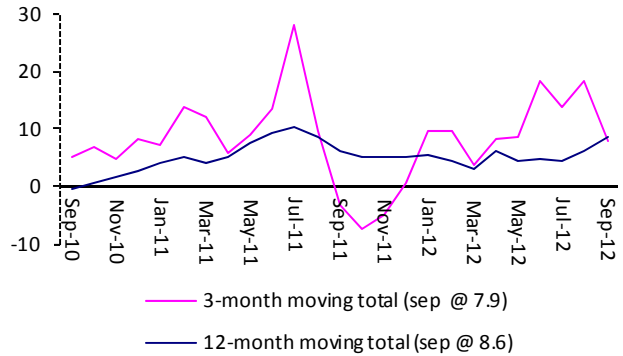
**Tax collections continued to be strong in September, the last month of FY 2012**

● For the 12-month period ending September, tax collections (before earmarking) were \$460.5 million (8.6%) more than a year earlier. Collections grew at a 6.2% rate in FY 2011.

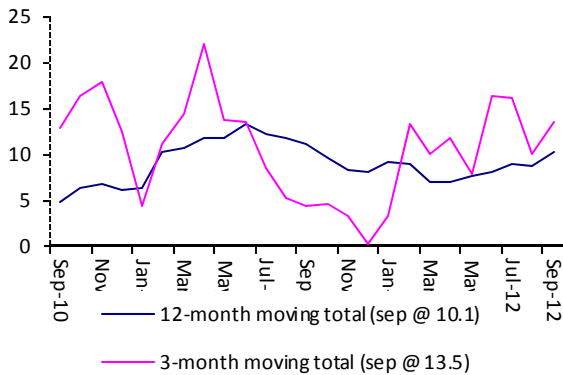
● In September the 3-month moving total for sales taxes was up 5.0% from last year, and withholding was up 13.5%.

● Deed tax payments to the DC Recorder of Deeds for transfers, recordation, and economic interest were up 44.3 % from the prior year for the 3 months ending September. For the last 12-month period, the payments were up 0.1%.

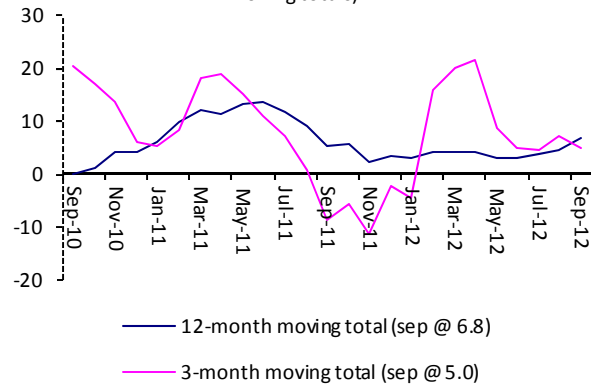
DC Tax Collections (before earmarking):  
September 2010 to September 2012  
(% change in 3-month and 12-month moving totals)



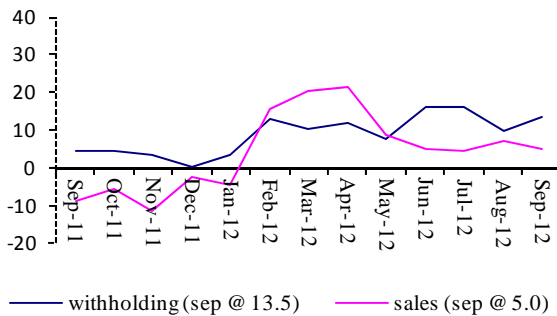
Withholding collections: Sep. 2010 to . 2012  
(% change from prior year in 3-month and 12-month moving totals)



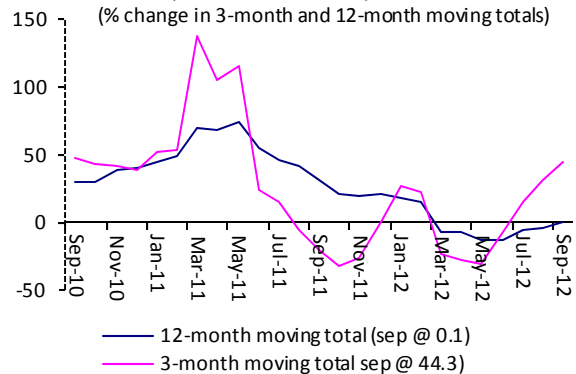
Sales tax collections: Sep. 2010 to Sep. 2012  
(% change from prior year in 3-month and 12-month moving totals)



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



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



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

## US economic forecasts

### The October Blue Chip Indicators cut growth forecasts for FY 2013.

- The October Blue Chip Indicators cut its FY 2013 forecast for real GDP to 1.8%.
- The September Blue Chip Indicators made no change in its inflation forecast for FY 2013. The forecast is for a 1.4% increase in the CPI in FY 2013.
- S and P 500: Global Insight's baseline forecast raised its estimate for the last quarter of calendar year 2012, and cut it for the first quarter of 2013. Economy.com made no change in its baseline forecast for the last quarter of 2012 and raised its estimate for the last quarter of 2013. The range of estimates: 2.3% to 12.0% increase for the last quarter of 2012; -5.1% to 9.7% for the last quarter of 2013.

Table 24. Forecasts for US nominal and real GDP:

FY 2011 through FY 2013 (% change from prior fiscal year)

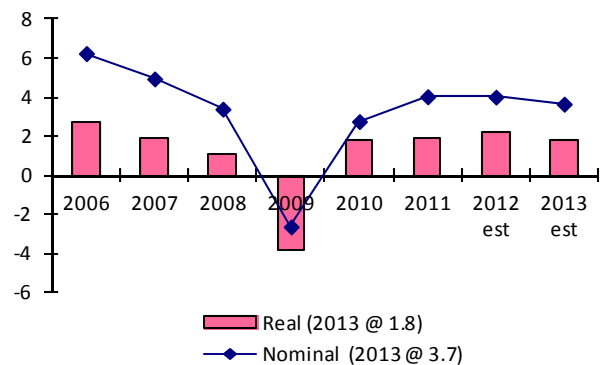
Forecast and date	real			nominal		
	2011	2012	2013	2011	2012	2013
<b>Congressional Budget Office</b>						
August 2011	2.5	2.5	2.0	4.0	3.8	3.0
January 2012	2.1	2.1	1.2	4.1	3.7	2.6
August	1.9	2.0	0.4	4.0	3.9	2.0
<b>Blue Chip</b>						
July	2.1	2.0	2.1	4.1	3.9	3.9
August	1.9	2.2	1.9	4.0	4.0	3.8
September	1.9	2.3	1.9	4.0	4.1	3.8
October	1.9	2.2	1.8	4.0	4.0	3.7

Sources: Blue Chip Indicators and the Congressional Budget Office.

Most recent Blue Chip FY 2011 is actual from BEA.

Blue Chip Indicators estimate of US Nominal and Real GDP: 2006 to 2013

(% change from the prior year; Oct. 2012 estimate)



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

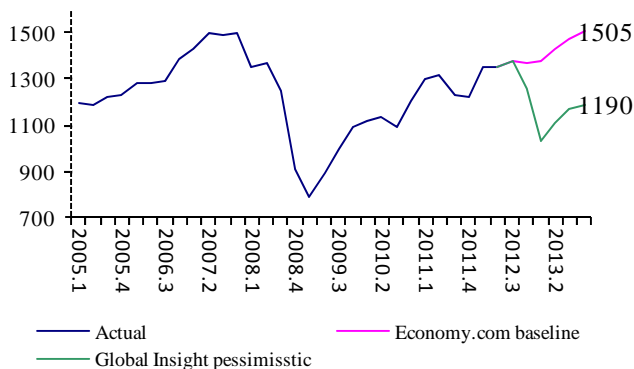


Table 25. Forecasts for S and P 500: 2011.4 to 2013.4

(% change from prior fiscal year)

Forecast date	% change from prior year			% change from prior year		
	2011.4	2012.4	2013.4	2011.4	2012.4	2013.4
<b>Global Insight: baseline</b>						
June	1.8	7.7	8.7	13.8	-2.5	-8.5
July	1.8	7.7	8.7	1.8	-14.9	14.1
August	1.8	9.3	7.0	1.8	-4.7	1.9
September	1.8	11.8	4.7	1.8	2.3	-5.1
<b>Economy.com baseline</b>						
June	1.8	12.2	7.9	1.8	6.1	8.3
July	1.8	12.2	7.9	1.8	9.4	8.8
August	1.8	12.0	9.3	1.8	8.9	1.2
September	1.8	12.0	9.7	1.8	8.9	1.6

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

Table 26. Blue Chip forecasts for CPI and 10 year Treasury interest rate: FY 2011 to FY 2013

(% change from prior fiscal year)

Forecast date	CPI			10 yr Treasury rate		
	2011	2012	2013	2011	2012	2013
Jul	2.6	2.4	1.3	3.0	2.0	2.3
Aug	2.6	2.4	1.3	3.0	1.9	2.0
Sep	2.6	2.4	1.4	3.0	1.9	2.0
Oct	2.6	2.4	1.4	3.0	1.9	1.9

Source: Blue Chip Indicators

**Little change in September forecasts for DC in FY 2013**

- **Employment:** The range of job changes are from 13,546 to 13,617 in FY 2012, and -7,879 to 6,107 in FY 2013.
- **Unemployment:** Unemployment rate forecasts were reduced. The unemployment rate forecast range for FY 2013 is from 8.9% to 11.0%.
- **Wages earned in DC:** The ranges: 3.4% to 3.5% in FY 2012; 0.8% to 3.5% in FY 2013.
- **Wages earned by DC residents:** Global Insight raised its forecasts for FY 2013; Economy.com cut theirs. The ranges: 3.7% to 4.3% in FY 2012; 2.5% to 4.5% in FY 2013.

**Table 27. Jobs in DC: forecasts for FY 2011 to FY 2013**

(amount of change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Jun	14,667	13,193	5,528	14,667	12,826	1,796	14,667	14,671	4,356	14,667	13,368	-7,622
Jul	14,667	15,789	7,832	14,667	15,548	4,229	14,667	14,190	4,786	14,667	13,039	-7,377
Aug	14,667	13,447	5,733	14,667	13,435	2,346	14,667	13,444	2,770	14,667	13,385	-8,370
Sep	14,667	13,617	6,107	14,667	13,546	2,991	14,667	13,606	3,188	14,667	13,548	-7,879

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

**Table 28. Unemployment rate in DC FY 2011 to FY 2013**

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Jun	10.2	9.8	9.2	10.2	9.8	9.7	10.2	9.7	9.3	10.2	9.9	11.7
Jul	10.2	9.7	9.2	10.2	9.8	9.7	10.2	9.6	9.4	10.2	9.8	11.8
Aug	10.2	9.7	9.3	10.2	9.8	9.9	10.2	9.6	9.4	10.2	9.6	11.4
Sep	10.2	9.6	8.9	10.2	9.7	9.3	10.2	9.6	9.0	10.2	9.6	11.0

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

**Table 29. Wages earned in DC FY 2011 to FY 2013**

(percent change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Jun	4.0	3.1	3.3	4.0	2.9	1.9	4.0	3.8	3.7	4.0	3.5	1.2
Jul	3.9	3.5	3.2	3.9	3.4	1.9	3.9	3.4	3.6	3.9	3.2	1.0
Aug	3.9	3.5	3.2	3.9	3.4	1.9	3.9	3.4	3.6	3.9	3.4	0.9
Sep	3.9	3.4	3.1	3.9	3.4	2.2	3.9	3.5	3.5	3.9	3.5	0.8

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

**Table 30. DC resident wages FY 2011 to FY 2013**

(percent change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Jun	4.4	2.8	3.5	4.4	2.6	1.6	4.4	5.3	5.2	4.4	5.1	3.4
Jul	4.4	3.8	3.8	4.4	3.5	2.2	4.4	4.6	5.3	4.4	4.4	3.4
Aug	4.4	3.7	4.0	4.4	3.6	2.1	4.4	4.6	5.3	4.4	4.6	3.3
Sep	4.4	3.7	4.2	4.4	3.7	2.6	4.4	4.3	4.5	4.4	4.3	2.5

Note: Estimated by ORA; assumes wage and salary supplements are the same % for DC resident wages as for wages earned in DC.

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

## DC revenue estimate

**The September revenue forecast did not change February's: tax revenue growth (before earmarks) of \$291 million (5.5%) in FY 2012, with less growth in FY 2013 due to effects of anticipated federal cutbacks**

- The FY 2012 increase in revenue follows a strong 6.4% increase in FY 2011.
- In FY 2012, real property, individual income, general sales, and business income all show significant gains.
- In FY 2013, the individual income tax is projected to decline and sales tax growth to slow, primarily the consequence of anticipated cutbacks in federal government employment, wages, and contracts due to deficit reduction measures. Considerable uncertainty exists, however, as to the exact nature of such cuts or when they might materialize.

**Table 31. DC Tax Revenue (before earmarks) for FY 2011 through FY 2013: February 2012 revenue estimate**

Tax	FY level (\$ million)			Change from prior year (\$ M)			% change from prior year		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Real property	1,715.1	1,838.3	1,953.2	-106.4	123.2	114.9	-5.8	7.2	6.3
Deed taxes	311.2	311.1	312.4	85.6	-0.1	1.3	37.9	0.0	0.4
General sales	1,014.9	1,045.9	1,066.2	38.2	31.0	20.2	3.9	3.1	1.9
Individual income	1,296.6	1,446.4	1,406.2	186.2	149.9	-40.3	16.8	11.6	-2.8
Withholding	1,192.2	1,303.6	1,336.3	118.3	111.5	32.7	11.0	9.4	2.5
non-withholding	104.4	142.8	69.9	67.8	38.4	-72.9	185.2	36.7	-51.1
Business income	359.7	387.9	400.1	36.0	28.3	12.2	11.1	7.9	3.1
Other	627.8	586.5	583.0	80.6	-41.3	-3.5	14.7	-6.6	-0.6
<b>Total</b>	<b>5,325.3</b>	<b>5,616.2</b>	<b>5,721.0</b>	<b>320.1</b>	<b>290.9</b>	<b>104.8</b>	<b>6.4</b>	<b>5.5</b>	<b>1.9</b>

Source: ORA. February 29, 2012 revenue estimate under existing legislation. The table includes tax revenue only, before all earmarks, and excludes all non-tax revenues, lottery, and "O-type" earmarked revenues.

**Table 32. DC labor market assumptions: FY 2011 to FY 2013**

item	2011	2012	2013
Wage and salary employment	713,042	716,640	709,713
1 year change	4,858	3,598	-6,927
% change	0.7	0.5	-1.0
DC resident employment	299,158	302,526	303,932
1 year change	-1,237	3,368	1,406
% change	-0.4	1.1	0.5
Unemployment rate	10.1	10.0	10.5

Source: ORA February 2012 revenue estimate

**Table 33. DC Income and stock market assumptions:**

item	FY 2011 to FY 2013 ( change from prior year)		
	2011	2012	2013
Wages and salaries earned in DC	3.4	3.1	0.7
Wages and salaries earned by DC residents	3.8	4.5	2.6
DC Personal income	5.9	3.3	2.1
S and P 500 stock index	1.8	0.0	3.9

Source: ORA February 2012 revenue estimate. Stock index, on a calendar year basis, represents the % change from the December quarter of the prior year.

**Table 34. DC tax revenue (before earmarks) and DC Personal Income: FY 2005 to FY 2014**

item	2005	2006	2007	2008	2009	2010	2011	2012 est	2013 est	2014 est
<b>Tax revenue (\$ million)</b>										
Level	4,249	4,516	5,155	5,325	5,052	5,005	5,325	5,616	5,721	5,859
Change from prior year	444	267	638	170	-273	-47	320	291	105	138
<b>Percent change from prior year</b>										
Tax revenue	11.7	6.3	14.1	3.3	-5.1	-0.9	5.6	5.6	1.8	2.6
Personal Income	8.3	8.2	8.1	9.6	-0.1	3.2	5.9	3.3	2.1	3.2
<b>Tax revenue as percent of Personal Income</b>	<b>13.5</b>	<b>13.3</b>	<b>14.0</b>	<b>13.2</b>	<b>12.5</b>	<b>12.0</b>	<b>12.1</b>	<b>12.3</b>	<b>12.3</b>	<b>12.2</b>

Source: ORA. February 2012 revenue estimate under existing legislation. The table includes tax revenue only, before all earmarks, and excludes all non-tax revenues, lottery, and "O-type" earmarked revenues.



**DC income growth, continued from p.1**

Shifts between the relative growth rates in DC of federal government and private sector wages and salaries have been notable over the past decade:

- ◇ Prior to the onset of the Great Recession in the last quarter of 2007, private sector wages in DC grew steadily, often at a rate approaching \$2 billion per year, peaking at an annual increase of \$2.01 billion (8.1%) in 2004.4. The amount of increase in the federal sector slowly fell during that time, falling to a rate of just \$250 million per year (1.5%) in the last quarter of 2006.
- ◇ With the US recession, however, wages in the federal sector increased while those in the private sector fell.
- ◇ In the recovery period, the situation once again was reversed. Federal wages slowed to the point where in 2011.4 and 2012.2 wages paid were less than a year earlier due to pay freezes and employment reductions. At the same time, private sector growth picked up, although not to the annual rate of increase that occurred in the four years before the start of the US recession.

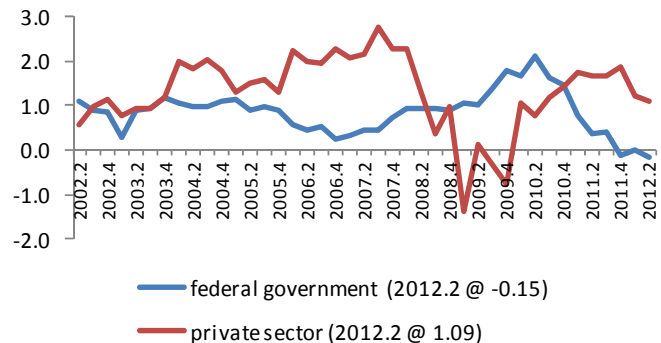
As the accompanying index chart shows, in the period from 2002 to the start of the US recession, wages and salaries earned in DC and by DC residents grew in percentage terms close to, but slightly above, that of the US as whole. With the recession, the US wages actually fell while amounts earned in DC—especially by DC residents—continued to grow with only minor occasional setbacks.

Although the US ended the last decade with growth in wages considerably below that which occurred in DC, over the past year and a half the annual rate of growth in the US has come to surpass that in DC. In the first quarter of 2011 the annualized percentage gain in wages earned in DC fell below that of wages earned in the US. Then a year later, for the first time in almost a decade, the percentage gain in DC resident wages also fell below the US average.

—Stephen Swaim, DC Office of Revenue Analysis

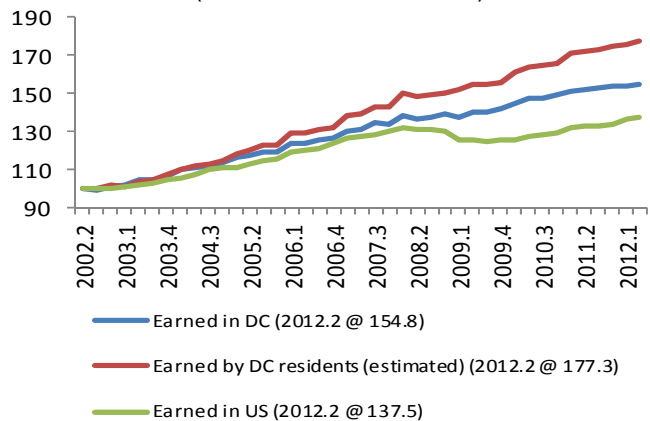
**Wages and salaries earned in DC's federal government and private sectors: 2002.2 to 2012.2**

(Amount of increase over the same quarter of the prior year, in \$ billion)

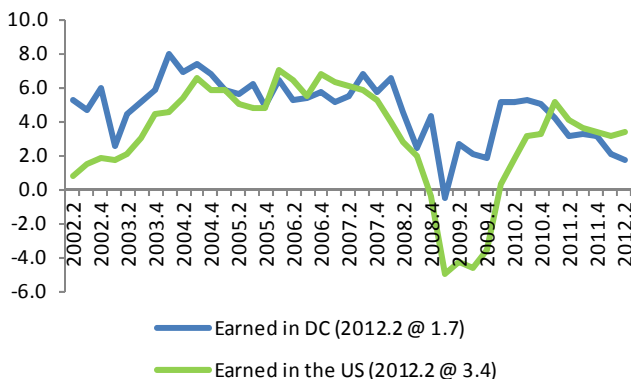


**Wages and salaries earned (1) in DC, (2) by DC residents (estimated) and (3) in the US: 2002.2 to 2012.2**

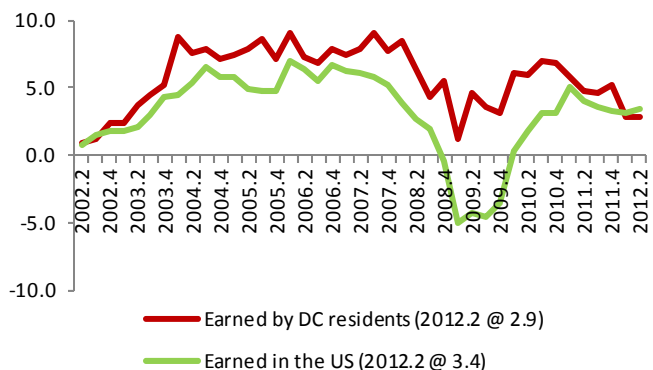
(index number: 2002.2 = 100)



**Annualized percent change in wages and salaries earned in DC and in the US: 2002.2 to 2012.2**



**Annualized percent change in wages and salaries earned by DC residents (estimated) and in US: 2002.2 to 2012.2**



## ORA Reports and Documents

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

### Recent ORA reports:

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

**D.C. Tax Expenditure Report.** July 2012. Estimates the revenue loss from more than 200 abatements, credits, deductions, and exclusions offered through the personal income, corporate income, real property, sales, personal property, and other taxes. The report describes the purpose and structure (eligibility requirements, amount of benefit) of each tax expenditure, along with a discussion of possible impacts and relevant research. This report, prepared every two years, also provides information on comparable provisions in Maryland and Virginia.

**FY 2013 Proposed Budget and Financial Plan.** June 22, 2012. The revenue chapter (Chapter 4 of Volume 1, the Executive Summary) of the Annual Operating Budget presents the revenue estimates for the budget. The chapter includes details about specific DC taxes and other revenue sources and about all proposed policy changes affecting revenues.

**June Quarterly Revenue Estimate.** June 22, 2012. Letter notes that the revenue estimates for FY 2012-FY 2016 remain unchanged from the February 2012 certification.

### About this report.

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

Table 35. Information sources

Indicator	Source	Period covered in this report	Next release
D.C. Jobs and Labor Force information	BLS	August	October 19
D.C. Personal Income	BEA	2012.2	December 29
D.C. Tax Collections	OTR/ORA	September	November 15
D.C. Housing Sales	MRIS*	September	c November 10
D.C. Commercial Office Building data	Delta Associates	2012.3	c January 10
DC Apartment data	Reis, inc	2012.2	c October 30
D.C. Hotel stay information	Smith Travel Research	August	c. October 30
Consumer Price Index	BLS	September	November 15
U.S. Jobs and Labor Force	BLS	August and September	November 2
U.S. GDP and Personal Income	BEA	2012.3	November 29
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 25
Moody's Economy.com D.C. forecast	Economy.com	September	c. October 25
Blue Chip Economic Indicators for the U.S.	Aspen Publishers	October	November 10

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

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

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

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