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 2010*

***Contents***



## New housing permits up sharply in the past year

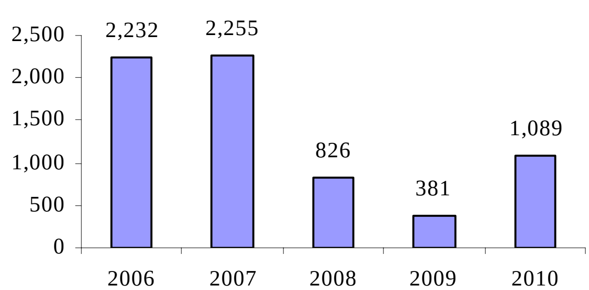
### *The number issued in the past year is still, however, about half as many as were issued in 2005, 2006, and 2007*

In the past 12-months, 1,089 new permits for construction of privately owned housing were issued in DC, according the US Bureau of the Census. This number, the total for the 12-months ending in August, was 708 (185%) more than in the preceding year.

The increase in housing permits represents a significant change in the direction of the District's housing market. However, it is less than the annual average over the past 10 years. From 2000 to 2010 there have been a total of 14,237 permits issued, for an average of 1,424 per year. The 2010 level is also lower than in 6 out of the past 10 years.

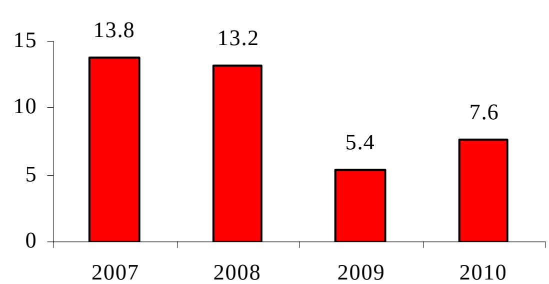
(*continued on p. 15*)

**Housing permits issued during the year ending in August: 2006 to 2010**
(number)




## The total value of residential and commercial real property transfers rose over the past year

**Total value of property transferred subject to Deed Transfer or Economic Interest Taxes: 2007 to 2010**
($ billion; 12-month total for period ending in August)




Here is another sign of change in DC's real property market: the value of property sold in the District during the past 12 months was 42.4% higher for the year ending in August compared to the comparable period of the prior year. The value is calculated from the taxes paid on transfers of (or transfers of economic interest in) real property in the District of Columbia.

*(continued on p. 15)*

## *Wage and salary employment*

***DC's wage and salary employment fell in August because the summer job program ended***

●August wage and salary employment in DC was 500 (-0.1%) below a year earlier. Federal jobs were up by 10,600 and the private sector by 5,600—but local government declined by 16,700 due to expiration of the DC summer youth program earlier than occurred in the priro year.

●The August gain in private sector employment was almost all in "miscellaneous business services", which was 12,800 (36.3%) above last year.

●DC's 8,500 (1.2%) job increase for the 3-month period ending in August accounted for about 30% of the 28,167 gain for the whole Washington metropolitan area.

●Employment in the Washington DC suburbs for the 3-month period ending in August was up 0.9% from a year earlier.

**Change in wage and salary employment located in DC, the DC suburbs, and the US: August 2008 to August 2010**

(% change from prior year in 3-month moving average)

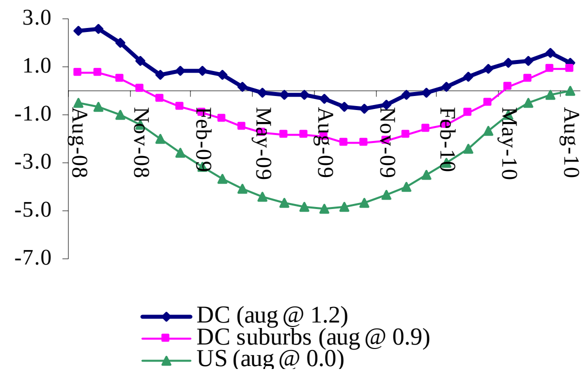



Table 1**. Wage and salary employment in DC, Washington Metro area, and the US: August 2010**

| Jurisdiction | FY 2007 | FY 2008 | FY 2009 | | 12-mo moving average | 3-mo moving average | This month |
|---|---|---|---|---|---|---|---|
| District of Columbia | 691,708 | 702,775 | 703,500 | | 707,667 | 719,500 | 709,900 |
| 1 year change | 5,483 | 11,067 | 725 | | 3,375 | 8,500 | -500 |
| *% change* | *0.8* | *1.6* | *0.1* | | *0.5* | *1.2* | *-0.1* |
| Washington metro area | 2,984,117 | 3,005,692 | 2,964,167 | | 2,952,808 | 2,994,667 | 2,973,700 |
| 1 year change | 27,200 | 21,575 | -41,525 | | -17,683 | 28,167 | 20,500 |
| *% change* | *0.9* | *0.7* | *-1.4* | | *-0.6* | *0.9* | *0.7* |
| Washington suburbs (% ch) | *1.0* | *0.5* | *-1.8* | | *-0.9* | *0.9* | *0.9* |
| US (% ch) | *1.3* | *0.1* | *-3.8* | | *-2.1* | *0.0* | *0.2* |

*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 2010**

| Sector | FY 2007 | FY 2008 | FY 2009 | | 12-month moving average | 3-month moving average | This month |
|---|---|---|---|---|---|---|---|
| Federal government | 190,942 | 192,767 | 198,050 | | 206,567 | 212,600 | 212,900 |
| 1 year change | -2,458 | 1,825 | 5,283 | | 9,092 | 10,133 | 10,600 |
| *% change* | *-1.3* | *1.0* | *2.7* | | *4.6* | *5.0* | *5.2* |
| Private sector | 460,983 | 468,458 | 463,542 | | 460,775 | 462,633 | 460,300 |
| 1 year change | 8,133 | 7,475 | -4,917 | | -4,250 | 4,500 | 5,600 |
| *% change* | *1.8* | *1.6* | *-1.0* | | *-0.9* | *1.0* | *1.2* |

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

Table 3. **Seasonally adjusted D.C. Employment: March 2010 to August 2010**

| Indicator | Mar | Apr | May | Jun | Jul | Aug |
|---|---|---|---|---|---|---|
| D.C. Wage and Salary employment | 709,700 | 709,900 | 710,300 | 711,500 | 724,800 | 705,000 |
| change from prior month | 4,400 | 200 | 400 | 1,200 | 13,300 | -19,800 |
| *% change from prior month* | *0.6* | *0.0* | *0.1* | *0.2* | *1.9* | *-2.7* |

*Source: BLS seasonally adjusted. August is preliminary*

***Apart from "miscellaneous business services", jobs in most of DC's private sector were fewer than last year***

●For the 3-month period ending in August business services (other than employment services) accounted for virtually all of the gains registered in various parts of DC's private sector. They were up by 12,233 (35.1%) from the prior year, an increase so rapid that it may be lowered in subsequent revisions.

●The only other private industries showing gains over the year were food service (533), accomodations (433), retail trade (333), and wholesale trade (33)..

●Industry sectors losing jobs included legal services (-1,733), non-legal professional and technical services (-2,400), health (-1,833), finance (-500), information (-467), employment services (-467),and construction (-233).

**Public and private sector wage and salary employment in DC: Aug 2008 to Aug 2010**
(% change from prior year in 3-month moving average)

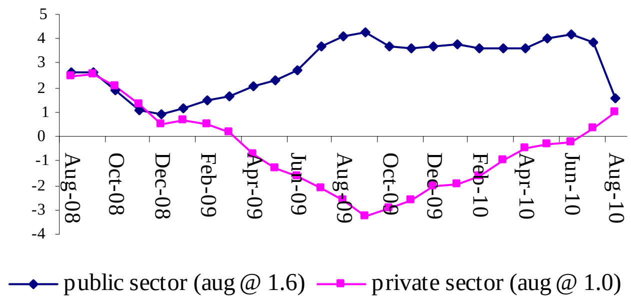



Table 4. **Wage and salary employment located in DC: August 2010**

| Industry sector | 3-month moving average: Aug 2009 | Aug 2010 | 1 year change: Amount | % | 12-month moving avg: % change | Sector % of all DC jobs, August 2010 | DC % in Aug. 2010 of all sector jobs in: metro area | US |
|---|---|---|---|---|---|---|---|---|
| Federal government | 202,467 | 212,600 | 10,133 | 5.0 | 4.6 | 29.5 | 55.3 | 6.93 |
| Local government | 50,400 | 44,267 | -6,133 | -12.2 | -3.5 | 6.2 | 14.3 | 0.24 |
| Legal services | 34,400 | 32,667 | -1,733 | -5.0 | -5.9 | 4.5 | *na* | 7.33 |
| Other Professional and technical | 68,633 | 66,233 | -2,400 | -3.5 | -1.0 | 9.2 | 21.6 | 0.96 |
| Employment services | 10,800 | 10,333 | -467 | -4.3 | -8.3 | 1.4 | 30.6 | 0.37 |
| Other Business services | 34,833 | 47,067 | 12,233 | 35.1 | 15.1 | 6.5 | 24.0 | 0.71 |
| Information | 19,067 | 18,600 | -467 | -2.4 | -5.9 | 2.6 | 23.7 | 0.68 |
| Finance | 26,633 | 26,133 | -500 | -1.9 | -4.4 | 3.6 | 18.1 | 0.34 |
| Organizations | 58,100 | 58,100 | 0 | 0.0 | -1.5 | 8.1 | 34.4 | 1.96 |
| Education | 42,700 | 42,467 | -233 | -0.5 | -0.3 | 5.9 | 50.7 | 1.47 |
| Health | 58,100 | 56,267 | -1,833 | -3.2 | 0.0 | 7.8 | 21.4 | 0.34 |
| Food service | 36,400 | 36,933 | 533 | 1.5 | 0.3 | 5.1 | 19.2 | 0.38 |
| Accomodations | 14,800 | 15,233 | 433 | 2.9 | 1.1 | 2.1 | 36.4 | 0.81 |
| Amusement and recreation | 7,000 | 6,967 | -33 | -0.5 | -1.6 | 1.0 | 15.4 | 0.32 |
| Retail trade | 17,333 | 17,667 | 333 | 1.9 | -0.8 | 2.5 | 6.8 | 0.12 |
| Wholesale trade | 4,567 | 4,600 | 33 | 0.7 | -3.9 | 0.6 | 6.9 | 0.08 |
| Construction | 11,533 | 11,300 | -233 | -2.0 | -12.7 | 1.6 | 7.7 | 0.19 |
| Personal and miscellaneous services | 6,933 | 5,800 | -1,133 | -16.3 | -9.8 | 0.8 | *na* | 0.24 |
| Other private | 6,300 | 6,267 | -33 | -0.5 | -0.9 | 0.9 | 5.3 | 0.04 |
| **Total** | **711,000** | **719,500** | **8,500** | **1.2** | **0.5** | **100.0** | **24.0** | **0.55** |
| *Public sector* | *252,867* | *256,867* | *4,000* | *1.6* | *3.2* | 35.7 | *37.0* | *1.18* |
| *Private sector* | *458,133* | *462,633* | *4,500* | *1.0* | *-0.9* | 64.3 | *20.0* | *0.43* |
| *Professional and all business* | *194,367* | *201,033* | *6,667* | *3.4* | *-0.4* | 27.9 | *22.1* | *0.93* |
| *Education, health, and organizations* | *158,900* | *156,833* | *-2,067* | *-1.3* | *-0.6* | 21.8 | *29.5* | *0.51* |
| *Hospitality and trade* | *80,100* | *81,400* | *1,300* | *1.6* | *-0.2* | 11.3 | *13.4* | *0.24* |
| *Other private sector* | *24,767* | *23,367* | *-1,400* | *-5.7* | *-9.0* | 3.2 | *8.9* | *0.09* |

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

## *Resident employment*

***Resident employment weaker in August***

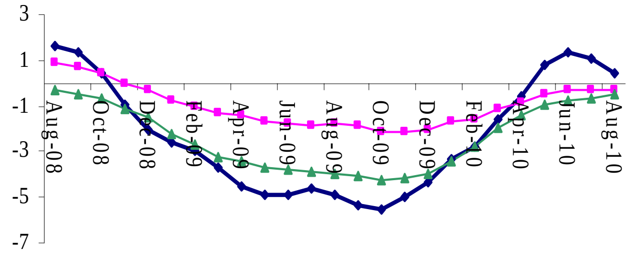
●DC resident employment in August grew for the fifth month in a row compared to a year earlier, but the increase was just 394 (0.1%). On a seasonally adjusted basis, resident employment fell by 2,919 (1.0%) from July, falling close to what it had been in March.

●DC's unemployment rate in August (9.9%%, seasonally adjusted) was unchanged from July. The unadjusted rate was 10.0%.

●Initial unemployment claims in August were 7.0% below a year earlier, and are down 17.9% for the 3-month period ending in August.

**Resident employment in DC, the DC suburbs, and the US: August 2008 to August 2010**

(% change from prior year in 3-month moving average)




**Jobs located in DC and DC resident employment:**

**August 2008 to August 2010**

(% change from prior yr. in 3-mo. moving avg.)

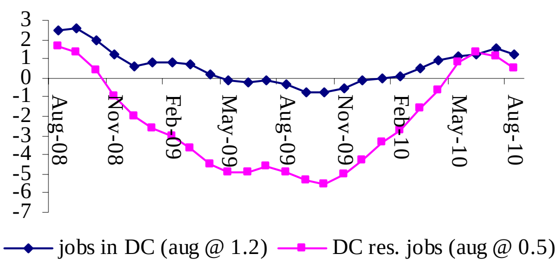



Table 5. **Unemployment rates for DC, metro area, and US: August 2010**

(percent of labor force)

| Jurisdiction | Not seasonally adj. Aug. 2009 | Not seasonally adj. Aug. 2010 | Seasonally adj. Aug. 2009 | Seasonally adj. Aug. 2010 |
|---|---|---|---|---|
| U.S. | 9.6 | 9.5 | 9.7 | 9.6 |
| DC metro area | 6.1 | 6.2 | na | na |
| DC | 10.8 | 10.0 | 10.8 | 9.9 |
| DC suburbs | 5.6 | 5.7 | na | na |

*Source: U.S. Bureau of Labor Statistics na= data not available*

Table 6. **Resident employment and unemployment: August 2010**

| Indicator | FY 2007 | FY 2008 | FY 2009 | 12-month moving average | 3-month moving average | This month |
|---|---|---|---|---|---|---|
| **DC Labor force** | | | | | | |
| Resident employment | 309,046 | 313,733 | 301,238 | 272,925 | 303,099 | 298,587 |
| 1 year change | 7,312 | 4,687 | -12,495 | -29,837 | 1,403 | 394 |
| *% change* | *2.4* | *1.5* | *-4.0* | *-9.9* | *0.5* | *0.1* |
| Labor Force | 326,759 | 333,744 | 331,910 | 306,663 | 337,804 | 331,729 |
| 1 year change | 6,278 | 6,985 | -1,834 | -25,629 | 836 | -2,441 |
| *% change* | *2.0* | *2.1* | *-0.5* | *-7.7* | *0.2* | *-0.7* |
| Unemployed | 17,713 | 20,011 | 30,671 | 33,738 | 34,705 | 33,142 |
| 1 year change | -1,034 | 2,298 | 10,660 | 4,207 | -567 | -2,835 |
| *% change* | *-5.5* | *13.0* | *53.3* | *14.2* | *-1.6* | *-7.9* |
| Unemployment rate | 5.4 | 6.0 | 9.2 | 10.1 | 10.3 | 10.0 |
| **DC Unemployment insurance (state program)** | | | | | | |
| Initial claims | 1,302 | 1,515 | 2,203 | 1,818 | 1,963 | 1,962 |
| 1 year change | -22 | 213 | 688 | -367 | -428 | -147 |
| *% change* | *-1.7* | *16.4* | *45.4* | *-16.8* | *-17.9* | *-7.0* |
| Weeks compensated | 26,568 | 34,738 | 54,474 | 55,583 | 51,961 | 56,436 |
| 1 year change | 414 | 8,170 | 19,736 | 1,746 | -13,328 | -8,011 |
| *% change* | *1.6* | *30.8* | *56.8* | *3.2* | *-20.4* | *-12.4* |

*Source: Labor force (BLS, preliminary for Aug.). Unemployment Insurance (US Dept of Labor). Not seasonally adj.*

Table 7. **Seasonally adjusted D.C. Resident employment and unemployment: March 2010 to August 2010**

| Indicator | Mar | Apr | May | Jun | Jul | Aug |
|---|---|---|---|---|---|---|
| D.C. Resident employment | 298,070 | 300,374 | 303,023 | 303,559 | 301,884 | 298,965 |
| change from prior month | *1,637* | *2,304* | *2,649* | *536* | *-1,675* | *-2,919* |
| *% change from prior month* | *0.6* | *0.8* | *0.9* | *0.2* | *-0.6* | *-1.0* |
| D.C. Unemployment rate (%) | 11.5 | 11.0 | 10.4 | 10.0 | 9.9 | 9.9 |

*Source: BLS seasonally adjusted. August is preliminary.*

### *DC wage growth slowed in the June quarter*

●Wages earned in the District of Columbia were 2.4% higher in the June quarter compared to the same quarter of 2009. In the first quarter the annualized growth rate had been 4.7%.

●In the June quarter, DC Personal Income was 2.2% above a year earlier, and estimated wages of DC residents were 1.4% higher.

●In the June quarter, federal wages and salaries earned in DC (at an annual rate) were $1.15 billion (5.9%) higher than a year earlier, which accounted for 87.2% of all DC wage growth. The private sector increase was $0.35 billion (1.1%).

●The large federal sector accounts for the more rapid wage and salary increase in DC compared to the US as a whole.

**Wages earned in DC, wages earned by DC residents, and wages earned in the US: 2007.4 to 2010.2**
(% change from the same quarter of the prior year)

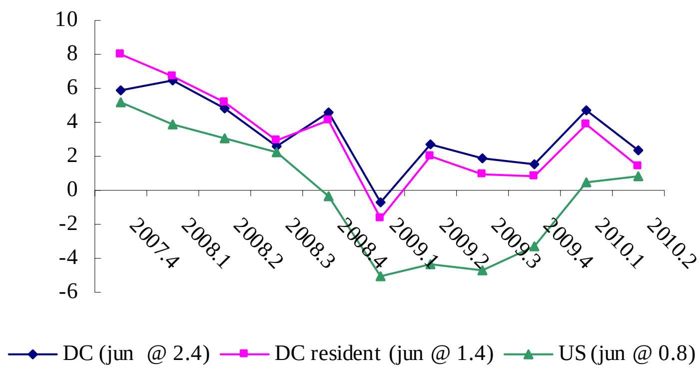



Table 8. **DC Wages and Personal Income: June 2010**
($ billion at seasonally adjusted annual rates unless otherwise noted)

| Indicator | FY 2007 | FY 2008 | FY 2009 | | 4-quarter moving average | Latest quarter (Jun) |
|---|---|---|---|---|---|---|
| Wages and salaries earned in D.C. | 51.80 | 54.34 | 55.48 | | 56.67 | 57.29 |
| 1 year change | 2.85 | 2.54 | 1.14 | | 1.44 | 1.32 |
| *% change* | *5.8* | *4.9* | *2.1* | | *2.6* | *2.4* |
| Supplements to wages & salaries | 14.59 | 15.27 | 16.18 | | 16.76 | 17.05 |
| *% change* | *4.0* | *4.7* | *5.9* | | *5.0* | *4.2* |
| Proprietors' income earned by DC residents* | 4.92 | 5.58 | 5.71 | | 5.66 | 5.74 |
| *% change* | *5.8* | *13.4* | *2.3* | | *-2.1* | *1.9* |
| Wages and salaries of DC residents*** | 19.36 | 20.45 | 20.72 | | 21.04 | 21.22 |
| change from one year ago | 1.45 | 1.09 | 0.27 | | 0.36 | 0.30 |
| *% change* | *8.1* | *5.6* | *1.3* | | *1.8* | *1.4* |
| Income earned by DC residents | 27.2 | 29.0 | 29.6 | | 29.9 | 30.3 |
| *% change* | *7.3* | *6.8* | *1.9* | | *1.3* | *1.7* |
| Property income of DC residents | 5.73 | 6.47 | 6.46 | | 6.37 | 6.44 |
| *% change* | *13.0* | *12.9* | *-0.2* | | *-2.9* | *1.1* |
| Pensions and other transfer payments of DC res. | 3.90 | 4.24 | 4.67 | | 5.02 | 5.16 |
| *% change* | *6.0* | *8.6* | *10.1* | | *11.0* | *6.3* |
| D.C. Personal Income** | 36.81 | 39.73 | 40.71 | | 41.34 | 41.86 |
| 1 year change | 2.74 | 2.93 | 0.98 | | 0.68 | 0.90 |
| *% change* | *8.0* | *8.0* | *2.5* | | *1.7* | *2.2* |
| *US Personal income* | *6.1* | *5.0* | *-1.1* | | *0.3* | *2.2* |
| *US Wages and salaries* | *6.2* | *3.5* | *-3.6* | | *-1.7* | *0.8* |
| *Addendum: Change from prior year in wages earned in DC by sector* | | | | | | |
| *Private sector (1 yr ch, $B)* | *2.31* | *1.60* | *-0.25* | | *0.21* | *0.35* |
| *Federal government (1 yr ch, $B)* | *0.37* | *0.85* | *1.16* | | *1.23* | *1.15* |
| *DC res. wages as % of wages earned in DC* | *37.4* | *37.6* | *37.3* | | *37.1* | *37.0* |

** 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) was released September 20, 2010*

## *Single family and condominium home sales*

***In August sales volumes were down for both single family and condo units***

●In August, single family home sales were down 5.5% from a year earlier; the average selling price was 3.1% higher.

●In August condominium sales were down 20.3% from a year earlier; average prices were up 23.5%.

●In August, calendar year-to-date median prices were down 4.7% for single family units, and condominium prices were up 3.9%.

●For the 3-month period ending in August, the total value of all home sales was 4.4% below a year earlier.

●For the 3-month period ending in August, foreclosure actions in DC were down 15.6% from a year earlier.

**Number and average selling price of condominium units sold in DC: Aug. 2007 to Aug. 2010**
(% change in 3-month moving averages)

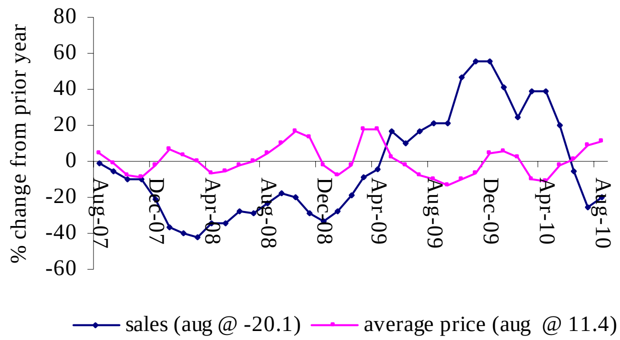



Table 9. **D.C. Residential Real Estate Indicators: August 2010**

| Indicator | FY 2007 | FY 2008 | FY 2009 | 12-month moving total | 3-month moving total | This month |
|---|---|---|---|---|---|---|
| **Number of sales** | | | | | | |
| Single family | 3,873 | 3,267 | 3,821 | 4,596 | 1,080 | 325 |
| 1 year change | -402 | -606 | 554 | 898 | -43 | -19 |
| *% change* | *-9.4* | *-15.6* | *17.0* | *24.3* | *-3.8* | *-5.5* |
| Condo | 4,147 | 2,979 | 2,935 | 3,265 | 761 | 235 |
| 1 year change | 195 | -1,168 | -44 | 406 | -191 | -60 |
| *% change* | *4.9* | *-28.2* | *-1.5* | *14.2* | *-20.1* | *-20.3* |
| Total | 8,020 | 6,246 | 6,756 | 7,861 | 1,841 | 560 |
| 1 year change | -207 | -1,774 | 510 | 1,304 | -234 | -79 |
| *% change* | *-2.5* | *-22.1* | *8.2* | *19.9* | *-11.3* | *-12.4* |
| **Average prices** | | | | | | |
| Single family ($) | 668,630 | 672,101 | 563,553 | 541,686 | 607,105 | 528,673 |
| 1 year change | 10,015 | 3,471 | -108,548 | -30,914 | 18,430 | -24,389 |
| *% change* | *1.5* | *0.5* | *-16.2* | *-5.4* | *3.1* | *-4.4* |
| Condo ($) | 406,926 | 411,270 | 407,613 | 415,746 | 431,360 | 452,262 |
| 1 year change | -9,127 | 4,344 | -3,657 | 4,067 | 44,275 | 85,918 |
| *% change* | *-2.2* | *1.1* | *-0.9* | *1.0* | *11.4* | *23.5* |
| **Total value of all sales** | 4,277.1 | 3,420.9 | 3,349.7 | 3,847.0 | 983.9 | 278.1 |
| 1 year change | -182.7 | -856.2 | -71.2 | 552.5 | -45.6 | -20.2 |
| *% change* | *-2.5* | *-22.1* | *-2.1* | *16.8* | *-4.4* | *-6.8* |
| **Ratio: active inventory to sales** | | | | | | |
| Single family | 4.1 | 6.0 | 5.2 | 3.4 | 3.7 | 4.2 |
| Condo | 3.9 | 5.7 | 5.7 | 4.5 | 5.0 | 5.1 |
| **Foreclosure actions*** | 392 | 3,282 | 2,883 | 2,734 | 682 | 195 |
| 1 year change | 273 | 2,890 | -399 | 95 | -126 | -128 |
| *% change* | *229.4* | *737.2* | *-12.2* | *3.6* | *-15.6* | *-39.6* |

*Median prices, CY to date in August 2010: single family $405,000 (-4.7% 1 yr ch); condo $369,000 (3.9% 1 yr ch)*

**scheduled for auction plus real estate owned by financial institutions.*

*Note: (1) Monthly average prices are calculated by ORA based on reported CY-to-date average prices.*

*Source: (1) Metropolitan Regional Information Systems (MRIS), accessed through the Greater Capital Area Assn. of Realtors (GCAAR). (2) Foreclosures: Realty.trac. Foreclosure data does not include notices of delinquency.*

***Vacancy rate continued to fall in September***

●For the quarter ending in September, the vacancy rate for DC commercial office space fell: to 8.0% (without sublet space), and to 9.1% (with sublet space). (In June, the rates were 8.8% and 10.0%, respectively.)

●DC's vacancy rate with sublet space was below the 12.2% rate for the metropolitan area.

●Occupied space increased in the September quarter by 1.79 million square feet from the June quarter. In the past year, occupied space has increased by 5.49 million square feet (4.8%).

●Delta Associates expects DC's vacancy rate (including sublet) to fall slightly (to 9.0%) over the next two years as new demand balances additional supply.

**Commercial office space vacancy rate (with sublet) and space under construction: 2007.3 to 2010.3**

(value at end of each quarter)

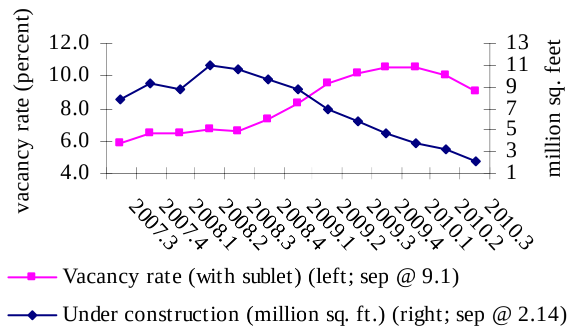



Table 10. **Commercial office space in DC: September 30, 2010**

*(In millions of square feet, unless noted otherwise)*

| Indicator | Sep. 30 2006 | Sep. 30 2007 | Sep. 30 2008 | Sep. 30 2009 | | last quarter (September 2010) Level | 1 Q ch | % ch |
|---|---|---|---|---|---|---|---|---|
| Inventory | 124.37 | 126.56 | 126.56 | 127.45 | | 131.95 | 0.67 | *0.5* |
| 1 year change | 0.87 | 3.05 | 3.05 | 3.86 | | 4.49 | | |
| *% change* | *0.7* | *2.5* | *2.5* | *3.1* | | *3.5* | | |
| Occupied space | 115.29 | 114.54 | 114.54 | 114.45 | | 119.94 | 1.79 | *1.5* |
| 1 year change | -0.30 | -0.70 | -0.70 | -0.99 | | 5.49 | | |
| *% change* | *-0.3* | *-0.6* | *-0.6* | *-0.9* | | *4.8* | | |
| Leased space | 116.19 | 116.04 | 116.29 | 116.25 | | 121.35 | 1.67 | *1.4* |
| Under construction | 5.94 | 7.92 | 10.60 | 5.75 | | 2.14 | -1.05 | *-32.9* |
| 1 year change | -2.03 | 1.98 | 2.68 | -4.85 | | -3.60 | | |
| *% change* | *-25.4* | *33.3* | *33.9* | *-45.8* | | *-62.7* | | |
| *% of inventory* | *5.1* | *6.5* | *8.6* | *4.5* | | *1.6* | | |
| Vacant (no sublet) | 6.38 | 6.37 | 7.31 | 11.20 | | 10.60 | -1.00 | *-8.6* |
| *% of inventory* | *5.4* | *5.2* | *5.9* | *8.8* | | *8.0* | | |
| Vacant (w sublet) | 7.29 | 7.10 | 8.16 | 13.00 | | 12.01 | -1.12 | *-8.5* |
| 1 year change | 0.37 | -0.20 | 1.06 | 4.84 | | -0.99 | | |
| *% ch from one year* | *5.3* | *-2.7* | *14.9* | *59.4* | | *-7.6* | | |
| *DC area vacancy rates (with sublet)* | | | | | | | | |
| *District of Columbia* | *6.2* | *5.8* | *6.6* | *10.2* | | *9.1* | *-0.9* | |
| *Northern Virginia* | *8.7* | *9.9* | *11.9* | *13.5* | | *13.4* | *-0.4* | |
| *Suburban Maryland* | *9.6* | *9.9* | *11.5* | *14.6* | | *14.5* | *-0.2* | |
| *DC Metropolitan area* | *8.1* | *8.6* | *10.1* | *12.6* | | *12.2* | *-0.6* | |
| Full service rent, Class A ($/sq ft) | $47.30 | $50.55 | $50.92 | $51.82 | | $53.87 | $1.33 | *2.5* |
| *% ch from 1 year ago* | *4.6* | *6.9* | *0.7* | *1.8* | | *4.0* | | |

*Source: Delta Associates, except for asking rent which is from CoStar. Rent excludes new construction and sublet.*

Table 11. **Delta Associates outlook for commercial office space in DC and the surrounding metro area: September 2010 to September 2012**

| Indicator | DC | No VA | Sub MD | Total | *DC % of total* |
|---|---|---|---|---|---|
| **Inventory September 2010** | | | | | |
| Inventory (msf) | 131.9 | 177.2 | 88.5 | 397.6 | *33.2* |
| *vacancy rate (%)* | *9.1* | *13.4* | *14.5* | *12.2* | |
| **Estimated net activity to September 2012** | | | | | |
| new supply (msf) | 2.4 | 1.8 | 1.2 | 5.4 | *44.4* |
| new demand (msf) | 2.4 | 4.8 | 2.2 | 9.4 | *25.5* |
| **Estimated Inventory September 2012** | | | | | |
| *vacancy rate (%)* | *9.0* | *11.6* | *13.2* | *11.1* | |

*Source: Delta Associates msf = million square feet*

## *Apartments, housing permits, and value of all real property transfers*

***Property sales and housing permits have both increased sharply in recent months***

- For the three month period ending in August, the value of property transfers was 84.1% more than in the same period of 2009.

- August's 12-month total value of property transferred—$7.65 billion—is 42.4% more than a year ago, but is also 52.8% below the December 2007 peak.

- There were 704 (0.9%) more apartments occupied in June 2010 than a year earlier, but the vacancy rate rose to 6.4% as inventory increased by 1,090.

- Average monthly effective apartment rent in June was up 3.2% from a year earlier.

- In the 3-month period ending in August, 218 building permits were issued in DC for new housing units, a 354% increase over a year ago.

**Value of all real property subject to deed transfer or economic interest taxes: Aug. 2002 to Aug. 2010**

($ billion, 12-month moving total)

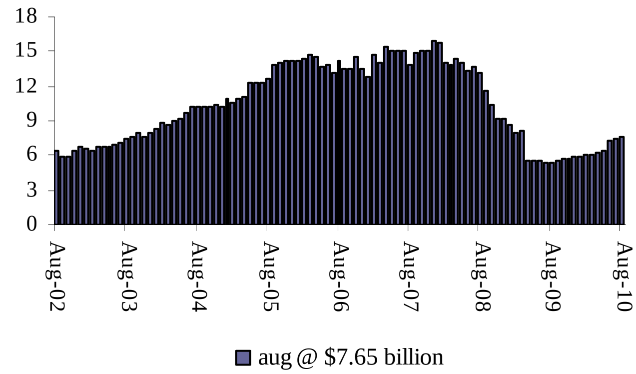



Table 12. **Apartment units in DC: June 30, 2010**

| Indicator | Sep. 30 2007 | Sep. 30 2008 | Sep. 30 2009 | | Latest Q (June 2010) amount | 1 Q ch | *% ch* |
|---|---|---|---|---|---|---|---|
| Inventory | 84,186 | 85,427 | 87,090 | | 87,970 | 182 | *0.2* |
| 1 year change | 262 | 1,241 | 1,663 | | 1,090 | | |
| *% change* | *0.3* | *1.5* | *1.9* | | *1.3* | | |
| Occupied units | 80,819 | 81,521 | 81,964 | | 82,308 | -151 | *-0.2* |
| 1 year change | 175 | 702 | 443 | | 704 | | |
| *% change* | *0.2* | *0.9* | *0.5* | | *0.9* | | |
| Vacant units | 3,367 | 3,906 | 5,126 | | 5,662 | 333 | *6.2* |
| 1 year change | 87 | 539 | 1,220 | | 386 | | |
| *% change* | *2.7* | *16.0* | *31.2* | | *7.3* | | |
| % of inventory | 4.0 | 4.6 | 5.9 | | 6.4 | | |
| Average effective monthly rent | $1,288 | $1,340 | $1,341 | | $1,377 | $21 | *3.4* |
| *% change from 1 year* | *8.1* | *4.0* | *0.1* | | *3.2* | | |

*Source: Reis. Includes units in private sector buildings with 40+ units. Condominium conversions are not in inventory.*

Table 13. **Housing unit building permits issued in DC: August 2010**

| | FY 2007 | FY 2008 | FY 2009 | | 12-month moving total | 3-month moving total | This month |
|---|---|---|---|---|---|---|---|
| Total units | 2,196 | 690 | 499 | | 1,089 | 218 | *117* |
| change from 1 year ago | -211 | -1,506 | -191 | | 708 | 170 | *99* |
| *% change from 1 year* | *-8.8* | *-68.6* | *-27.7* | | *185.8* | *354.2* | *550.0* |

*Source: Census Bureau (permits issued during period)*

Table 14. **Market Value of Real Property transfers subject to the Deed Transfer or Economic Interest tax: August 2010**

| | FY 2007 | FY 2008 | FY 2009 | | 12-month moving total | 3-month moving total | This month |
|---|---|---|---|---|---|---|---|
| All property transfers ($ million) | 14,834.9 | 11,527.3 | 5,591.2 | | 7,648.8 | 2,808.7 | 744.3 |
| change from one year ago ($M) | 1,403.7 | -3,307.6 | -5,936.1 | | 2,278.8 | 1,282.7 | 167.9 |
| *% change from 1 year ago* | *10.5* | *-22.3* | *-51.5* | | *42.4* | *84.1* | *29.1* |

*Note: represents value of property or economic interest transferred as of date deed noted by the Recorder of Deeds.*

*Source: OCFO/OTR and OCFO/ORA (calculated from tax collections and deposits adjusted for tax rate changes).*

***Tourism strong the past few months***

●Hotel and restaurant sales taxes transferred to the DC Convention Center were up 10.2% in the 3-month period ending in August compared to a year earlier.

●In the 3-month period ending in August, the number of rooms sold and the average room rate were both up from last year; revenues from room sales were 8.3% higher.

●In the 3 months ending in July 2010, airline traffic into the DC area was up 3.6% from a year earlier. Traffic into Reagan Washington National Airport was up 1.3%.

**Transfer of a portion of hotel and restaurant sales taxes to the DC Convention Center: Aug. 2008 to Aug. 2010**
(% change from prior year in 12-month and 3-month moving totals)

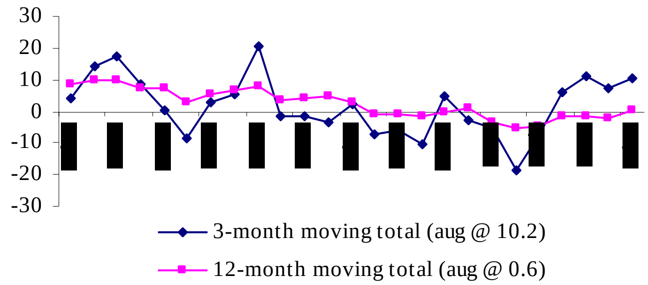


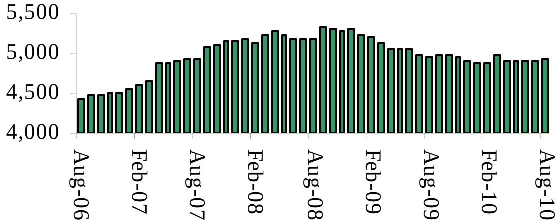

Table 15. **Hospitality Industry: July and August 2010**

| Indicator | Units | date | FY 2007 | FY 2008 | FY 2009 | | 12-month moving total or average* | 3-month moving total or average* | This month |
|---|---|---|---|---|---|---|---|---|---|
| **Hotel stays** | | | | | | | | | |
| Hotel room-days sold | ('M) | aug | 7.082 | 7.125 | 7.121 | | 7.331 | 2.042 | 0.644 |
| | 1 yr ch | | 0.203 | 0.044 | -0.004 | | 0.215 | 0.047 | 0.030 |
| | *1 yr % ch* | | *3.0* | *0.6* | *-0.1* | | *3.0* | *2.4* | *4.9* |
| Average room rate | $ | aug | 198.44 | 208.99 | 203.13 | | 197.73 | 183.63 | 157.86 |
| | 1 yr ch | | 9.69 | 10.55 | -5.86 | | -7.10 | 10.13 | 6.48 |
| | *1 yr % ch* | | *5.1* | *5.3* | *-2.8* | | *-3.5* | *5.8* | *4.3* |
| Occupancy rate | % | aug | 73.5 | 74.2 | 73.1 | | 73.3 | 81.2 | 76.2 |
| *(average)* | 1 yr ch | | 1.9 | 0.6 | -1.1 | | 0.2 | 1.5 | 3.8 |
| | *1 yr % ch* | | *2.6* | *0.9* | *-1.5* | | *0.2* | *1.9* | *5.2* |
| Room revenue | ($M) | aug | 1,405.3 | 1,489.1 | 1,446.5 | | 1449.5 | 375.0 | 101.7 |
| | 1 yr ch | | 107.0 | 83.8 | -42.6 | | -7.9 | 28.9 | 8.7 |
| | *1 yr % ch* | | *8.2* | *6.0* | *-2.9* | | *-0.5* | *8.3* | *9.4* |
| **Airline passengers** | | | | | | | | | |
| DCA | 1 yr % ch | jul | 2.0 | -3.2 | -2.9 | | -0.4 | 1.3 | -0.3 |
| IAD | 1 yr % ch | jul | 6.8 | -2.3 | -4.4 | | 0.9 | 2.8 | 2.2 |
| BWI | 1 yr % ch | jul | 1.7 | 0.0 | -3.3 | | 4.9 | 6.2 | 4.4 |
| Total | 1 yr % ch | jul | 3.7 | -1.8 | -3.6 | | 1.9 | 3.6 | 2.3 |
| **Convention Center Transfer** | | | | | | | | | |
| | $ M | aug | 83.3 | 91.5 | 90.4 | | 92.9 | 27.9 | 9.7 |
| | 1 yr ch | | 3.6 | 8.2 | -1.0 | | 0.5 | 2.6 | 2.0 |
| | *1 yr % ch* | | *4.5* | *9.8* | *-1.1* | | *0.6* | *10.2* | *26.6* |
| **Employment** | | | | | | | | | |
| Accommodations | level ('000) | aug | 15.5 | 15.2 | 14.9 | | 15.1 | 15.2 | 15.1 |
| | 1 yr ch | | 0.1 | -0.3 | -0.3 | | 0.2 | 0.4 | 0.5 |
| | 1 yr % ch | | *0.5* | *-2.2* | *-1.9* | | *1.1* | *2.9* | *3.4* |
| Food and bev | level ('000) | aug | 33.4 | 35.4 | 35.8 | | 36.0 | 36.9 | 36.5 |
| | 1 yr ch | | 0.7 | 2.0 | 0.4 | | 0.1 | 0.5 | 0.7 |
| | 1 yr % ch | | *2.1* | *5.8* | *1.2* | | *0.3* | *1.5* | *2.0* |
| Arts and entertain. | level ('000) | aug | 6.0 | 6.9 | 7.1 | | 7.0 | 7.0 | 6.9 |
| | 1 yr ch | | 0.0 | 0.9 | 0.2 | | -0.1 | 0.0 | -0.1 |
| | 1 yr % ch | | *0.1* | *14.8* | *3.1* | | *-1.6* | *-0.5* | *-1.4* |
| Retail | level ('000) | aug | 18.2 | 18.4 | 17.8 | | 17.7 | 17.7 | 17.4 |
| | 1 yr ch | | 0.2 | 0.3 | -0.6 | | -0.1 | 0.3 | 0.0 |
| | 1 yr % ch | | *1.3* | *1.6* | *-3.4* | | *-0.8* | *1.9* | *0.0* |

** 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)*

## *DC Tax collections*

**Total DC tax collections: Aug. 2006 to Aug. 2010**
(12-month moving total in $ million)




**Change from prior year in total taxes collected in the preceeding 12-months: Aug. 2008 to Aug. 2010**
($ million)

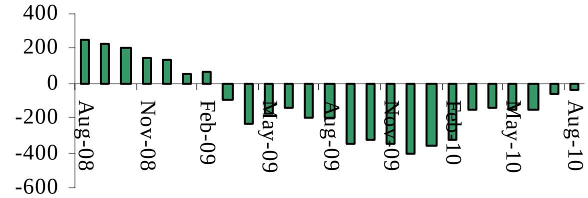



Table 16. **Tax Collections (before earmarking): August 2010**
($ million)

| Tax | FY 2007 | FY 2008 | FY 2009 | | 12-month moving total | FY 2010 to date | 3-month moving total | This month |
|---|---|---|---|---|---|---|---|---|
| Total taxes | 5,085.2 | 5,315.0 | 4,970.5 | | 4,928.1 | 3,767.5 | 892.7 | 319.0 |
| 1 year change | 615.1 | 229.7 | -344.5 | | -34.2 | -42.4 | 30.7 | 22.2 |
| *% change* | 13.8 | 4.5 | -6.5 | | -0.7 | -1.1 | 3.6 | 7.5 |
| Real property | 1,443.7 | 1,684.8 | 1,798.7 | | 1,837.3 | 991.6 | 63.2 | 49.6 |
| 1 year change | 296.1 | 241.2 | 113.9 | | 112.2 | 38.6 | 13.2 | 7.6 |
| *% change* | *25.8* | *16.7* | *6.8* | | *6.5* | *4.0* | *26.3* | *18.2* |
| General sales | 958.8 | 1,011.6 | 963.5 | | 952.9 | 884.3 | 267.3 | 75.7 |
| 1 year change | 62.0 | 52.8 | -48.1 | | -14.6 | -10.7 | 21.1 | 2.0 |
| *% change* | *6.9* | *5.5* | *-4.8* | | *-1.5* | *-1.2* | *8.6* | *2.7* |
| Individual income | 1,313.1 | 1,353.2 | 1,127.2 | | 1,112.5 | 993.7 | 266.9 | 86.3 |
| 1 year change | 80.7 | 40.1 | -226.0 | | -49.4 | -14.7 | -8.6 | 3.0 |
| *% change* | *6.5* | *3.1* | *-16.7* | | *-4.3* | *-1.5* | *-3.1* | *3.6* |
| withholding | 974.8 | 1,004.2 | 1,021.2 | | 1,058.4 | 987.8 | 270.9 | 92.7 |
| 1 year change | 4.2 | 29.5 | 17.0 | | 22.0 | 37.2 | 12.3 | 5.8 |
| *% change* | *0.4* | *3.0* | *1.7* | | *2.1* | *3.9* | *4.7* | *6.7* |
| non-withholding | 338.3 | 349.0 | 106.0 | | 54.1 | 5.9 | -4.0 | -6.4 |
| 1 year change | 76.5 | 10.7 | -243.0 | | -71.4 | -51.9 | -20.9 | -2.8 |
| *% change* | *29.2* | *3.2* | *-69.6* | | *-56.9* | *-89.7* | *-123.9* | *-82.0* |
| Corporate income | 250.7 | 289.8 | 220.7 | | 219.9 | 178.9 | 40.0 | 1.9 |
| 1 year change | 30.9 | 39.1 | -69.2 | | -26.4 | -0.7 | -2.5 | -2.5 |
| *% change* | *14.1* | *15.6* | *-23.9* | | *-10.7* | *-0.4* | *-5.9* | *-56.4* |
| Unincorporated Bus. | 166.4 | 128.9 | 121.3 | | 125.0 | 104.7 | 22.7 | 0.9 |
| 1 year change | 25.5 | -37.5 | -7.6 | | 13.4 | 3.7 | 0.4 | -0.1 |
| *% change* | *18.1* | *-22.5* | *-5.9* | | *12.0* | *3.7* | *1.9* | *-8.7* |
| Deed taxes* | 442.0 | 323.2 | 187.4 | | 179.9 | 154.3 | 47.1 | 24.0 |
| 1 year change | 81.7 | -118.8 | -135.8 | | -29.9 | -7.5 | 1.2 | 7.6 |
| *% change* | *22.7* | *-26.9* | *-42.0* | | *-14.2* | *-4.6* | *2.7* | *46.4* |
| Other taxes | 510.5 | 523.3 | 551.7 | | 500.6 | 460.0 | 185.5 | 80.4 |
| 1 year change | 38.0 | 12.8 | 28.4 | | -39.5 | -51.1 | 5.8 | 4.5 |
| *% change* | *8.0* | *2.5* | *5.4* | | *-7.3* | *-10.0* | *3.2* | *5.9* |

**Due to processing changes, collections for April through August cannot reliably be compared with the prior year.*
*Deed taxes include deed recordation, deed transfer, and economic interest taxes on real property transactions.*
*Source: OCFO/OTR and OCFO/ORA*

***The 12-month moving total of tax collections increased in August***

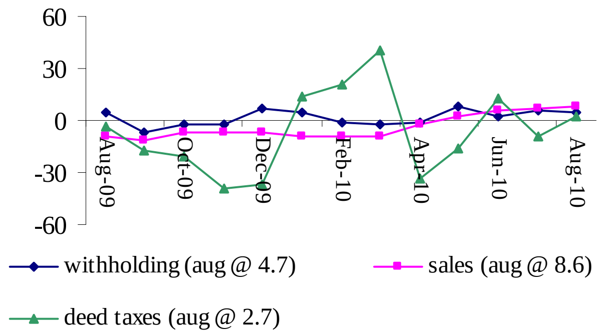
●The 12-month moving total for tax collections was $4.93 billion in August—$34 million (0.7%) below August 2009. The 12-month total has fallen for 18 months in a row, but appears to be nearing the turning point.

●For the 3-months ending in August , sales taxes were up 8.6% from the prior year, and withholding was up 4.7%.

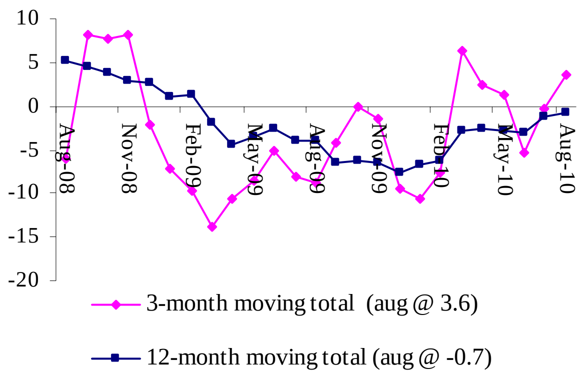
●Deed tax collections for the 3-month period ending in August were 2.7% higher than a year ago, and processing changes may be obsuring an increase greater than that.

●At the 11 months point, FY 2010 tax collections were running 1.1% below collections for the same period of FY 2009.

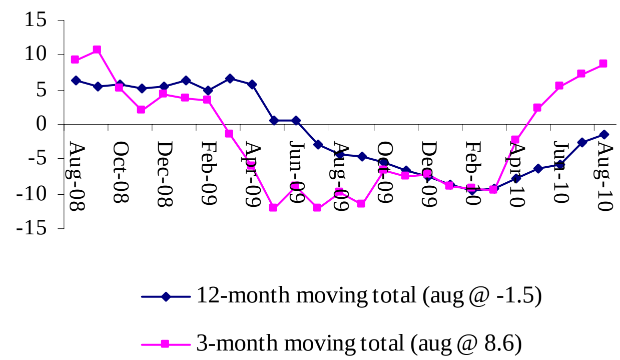
**Collections for the General Sales tax, Individual Income tax withholding, and Deed taxes: Aug. 2009 to Aug. 2010**
(% change in 3-month moving total)



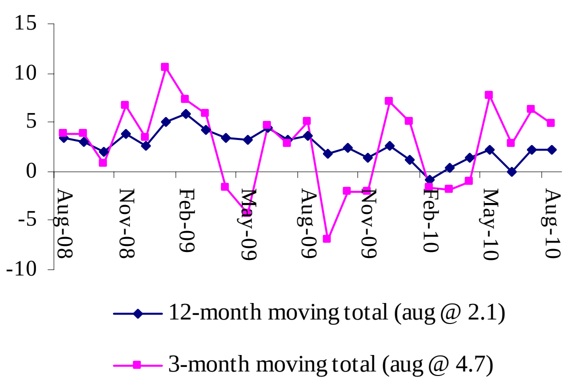

**DC Tax Collections (before earmarking): August 2008 to August 2010**
(% change in 3-month and 12-month moving totals)



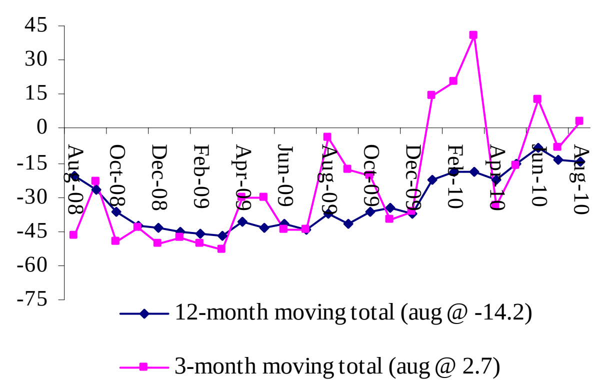

**Sales tax collections: Aug. 2008 to Aug. 2010**
(% change from prior year in 3-month and 12-month moving totals)




**Withholding collections: Aug. 2008 to Aug. 2010**
(% change from prior year in 3-month and 12-month moving totals)




**Deed Tax collections: Aug. 2008 to Aug. 2010**
(% change from prior year in 3-month and 12-month moving totals)



## *U.S. economic indicators*

***Employment again fell back in August***

●For the third month in a row, US employment (seasonally adjusted) lost ground in August, losing 54,000 jobs compared to July. The loss was all in the public sector; the private sector gained 67,000. Since the low point of December 2009, the private sector has added 763,000 jobs, a gain of 0.7%. The number of wage and salary jobs in the US in August 2010 was 7.64 million (5.5%) lower than at the start of the recession in December 2007.

●The US unemployment rate (seasonally adjusted) rose to 9.6% in August even though resident employment rose by 290,000; the labor force also rose by 550,000.

●Wages and salaries earned in the US in the June quarter were 0.9% above those of a year ago, and Personal Income was 2.2% higher.

●The S & P 500 stock market index in September rose 3.2% from August, reaching approximately the same level it had been in May 2010. The September index was 7.4% above a year earlier, but 27.1% below the October 2007 peak.

Table 17**. Selected US Indicators: August 2010 and 2010.2**
(percent change from same period of prior year)

| Indicator | Date of latest indicator | | FY 2007 | FY 2008 | FY 2009 | 12-month moving average | 2010.2 or June 3-mo moving avg | August |
|---|---|---|---|---|---|---|---|---|
| US GDP real* | 1st Q 2010 | 1 yr % ch | 2.0 | 1.3 | -3.4 | 0.7 | 3.0 | |
| US GDP nominal* | 1st Q 2010 | 1 yr % ch | 5.0 | 3.6 | -2.1 | 1.2 | 3.9 | |
| US Personal income* | 1st Q 2010 | 1 yr % ch | 6.1 | 5.0 | -1.1 | 0.3 | 2.2 | |
| US wages* | 1st Q 2010 | 1 yr % ch | 6.2 | 3.5 | -3.6 | -1.7 | 0.9 | |
| US jobs | jul | 1 yr % ch | 1.3 | 0.1 | -3.8 | -2.1 | 0.0 | 0.2 |
| US resident empl. | jul | 1 yr % ch | 1.5 | 0.0 | -3.2 | -2.1 | -0.5 | -0.1 |
| US unemployment rate | jul | level (%) | 4.5 | 5.3 | 8.5 | 9.7 | 9.6 | 9.5 |
| US CPI | jul | 1 yr % ch | 2.3 | 4.4 | -0.3 | 1.5 | 1.1 | 1.1 |
| *Balt//Wash. area CPI* | *may* | *1 yr % ch* | *3.3* | *5.0* | *0.3* | *1.4* | *na* | *0.8* |

*Source: BEA and BLS. GDP=Gross Domestic Product *seasonally adjusted annual rate*
*BEA's GDP, Personal Income, and wage data revised as of September 30, 2010.*
*Personal income and wage data may differ from amounts shown in table 8 due to differences in BEA source tables.*

Table 18. **Quarter to quarter change in US GDP and income: 2009.1 to 2010.2**
(percent change from previous quarter at seasonally adjusted annual rates)

| Indicator | Date of indicator | units | Calendar Year Quarter 2009.1 | 2009.2 | 2009.3 | 2009.4 | 2010.1 | 2010.2 |
|---|---|---|---|---|---|---|---|---|
| US GDP real | 2 nd Q 2010 | % ch from prior Q at saar | -4.9 | -0.7 | 1.6 | 5.0 | 3.7 | 1.7 |
| US GDP nominal | 2 nd Q 2010 | % ch from prior Q at saar | -3.9 | -0.4 | 2.3 | 4.7 | 4.8 | 3.7 |
| Wages and salaries | 2 nd Q 2010 | % ch from prior Q at saar | -14.6 | 1.8 | -1.5 | 1.3 | 0.4 | 3.2 |
| Personal income | 2 nd Q 2010 | % ch from prior Q at saar | -8.5 | 3.6 | -1.3 | 2.5 | 3.6 | 4.0 |

*Note: GDP=Gross Domestic Product saar=seasonally adjusted at annual rate Source: BEA, updated on September 30, 2010*

Table 19. **Monthly change in selected US Indicators: March 2010 to September 2010**

| Indicator | Mar | Apr | May | Jun | Jul | Aug | Sep |
|---|---|---|---|---|---|---|---|
| S and P stock index (level) | 1152 | 1197 | 1125 | 1083 | 1080 | 1087 | 1122 |
| *% change from prior month* | 5.8 | 3.9 | -6.0 | -3.7 | -0.3 | 0.7 | 3.2 |
| *% change from 1 year ago* | *52.2* | *41.2* | *24.7* | *17.0* | *15.4* | *7.7* | 7.4 |
| 10 yr Treas. Int. rate (level) | 3.72 | 3.82 | 3.41 | 3.19 | 2.98 | 2.69 | 2.64 |
| CPI % ch from prior month *(seasonally adjusted)* | 0.06 | -0.07 | -0.16 | -0.14 | 0.31 | 0.25 | |
| Jobs (seasonally adjusted level, in millions) | 129.85 | 130.16 | 130.59 | 130.42 | 130.37 | 130.31 | |
| change from prior month (thousands) | 208 | 313 | 432 | -175 | -54 | -54 | |
| *% change from prior month* | *0.2* | *0.2* | *0.3* | *-0.1* | *0.0* | *0.0* | |
| Resident employment (season. adj. level, in millions) | 138.91 | 139.46 | 139.42 | 139.12 | 138.96 | 139.25 | |
| change from prior month (thousands) | 264 | 550 | -35 | -301 | -159 | 290 | |
| *% change from prior month* | *0.2* | *0.4* | *0.0* | *-0.2* | *-0.1* | *0.2* | |
| Unemployment rate (seasonally adj.) | 9.7 | 9.9 | 9.7 | 9.5 | 9.5 | *9.6* | |

*Source: BLS and Yahoo! Finance.*

***Forecasts lowered for the US economy in FY 2010 and FY 2011***

●In September the Blue Chip Indicators once again lowered its estimate of growth in real GDP for both FY 2010 and FY 2011.

●Global Insight also lowered its baseline and pessimistic real GDP forecast for FY 2010 and FY 2011.

●For the S and P stock index, in September Global Insight made little or no change to its estimates for CY 2010 and CY 2011. Economy.com lowered both its baseline and pessimistic forecasts for CY 2010, but raised them for CY 2011.

Table 20. **Forecasts for US nominal and real GDP: FY 2008 through FY 2012**

(% change from prior fiscal year)

| Forecast and date | Real GDP FY 2008 | Real GDP FY 2009 | Real GDP FY 2010 | Real GDP FY 2011 | Real GDP FY 2012 | Nominal GDP FY 2008 | Nominal GDP FY 2009 | Nominal GDP FY 2010 | Nominal GDP FY 2011 | Nominal GDP FY 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Congressional Budget Office** | | | | | | | | | | |
| January | 1.5 | -2.9 | 1.6 | 1.8 | 3.9 | 3.9 | -1.4 | 2.5 | 2.7 | 4.9 |
| August | 1.3 | -3.4 | 2.4 | 2.3 | 2.9 | 3.6 | -2.1 | 3.1 | 3.3 | 4.1 |
| **Blue Chip** | | | | | | | | | | |
| June | 1.5 | -2.9 | 2.5 | 3.1 | | 3.9 | -1.4 | 3.2 | 4.5 | |
| August | 1.3 | -3.4 | 2.0 | 2.7 | | 3.6 | -2.1 | 2.2 | 4.1 | |
| September | 1.3 | -3.4 | 1.8 | 2.4 | | 3.6 | -2.1 | 2.1 | 3.7 | |
| **Global Insight (baseline)** | | | | | | | | | | |
| June | 1.5 | -2.9 | 2.6 | 3.0 | 2.9 | 3.9 | -1.5 | 3.4 | 4.4 | 4.6 |
| August | 1.3 | -3.4 | 2.2 | 2.3 | 2.8 | 3.6 | -2.1 | 2.9 | 3.5 | 4.3 |
| September | 1.3 | -3.4 | 2.1 | 2.0 | 3.0 | 3.6 | -2.1 | 2.8 | 3.4 | 4.3 |
| **Global Insight (pessimistic)** | | | | | | | | | | |
| June | 1.5 | -2.9 | 2.2 | 0.4 | 1.0 | 3.9 | -1.5 | 3.1 | 2.0 | 2.9 |
| August | 1.3 | -3.4 | 2.1 | 0.0 | 1.1 | 3.6 | -2.1 | 2.9 | 1.1 | 2.1 |
| September | 1.3 | -3.4 | 2.0 | -0.3 | 1.2 | 3.6 | -2.1 | 2.7 | 0.9 | 2.0 |

*Sources: Blue Chip Indicators, Global Insight, and the Congressional Budget Office. Blue Chip forecast for FY 2012 will not be available until January 2011. August 2008 and FY 2009 are revised BEA actuals.*

Table 21. **Forecasts for S and P 500: 2008.4 to 2012.4**

(% change from prior fiscal year)

| Forecast and date | Level 2008.4 | Level 2009.4 | Level 2010.4 | Level 2011.4 | Level 2012.4 | % change from prior year 2008.4 | % change from prior year 2009.4 | % change from prior year 2010.4 | % change from prior year 2011.4 | % change from prior year 2012.4 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Global Insight (baseline)** | | | | | | | | | | |
| June | 909.8 | 1088.7 | 1190.1 | 1286.7 | 1370.7 | -39.1 | 19.7 | 9.3 | 8.1 | 6.5 |
| Aug | 909.8 | 1088.7 | 1110.2 | 1196.8 | 1291.5 | -39.1 | 19.7 | 2.0 | 7.8 | 7.9 |
| Sep | 909.8 | 1088.7 | 1103.6 | 1190.1 | 1284.8 | -39.1 | 19.7 | 1.4 | 7.8 | 8.0 |
| **Global Insight (pessimistic)** | | | | | | | | | | |
| June | 909.8 | 1088.7 | 1004.6 | 1232.0 | 1321.1 | -39.1 | 19.7 | -7.7 | 22.6 | 7.2 |
| Aug | 909.8 | 1088.7 | 981.3 | 1081.3 | 1199.7 | -39.1 | 19.7 | -9.9 | 10.2 | 10.9 |
| Sep | 909.8 | 1088.7 | 975.4 | 1075.3 | 1193.5 | -39.1 | 19.7 | -10.4 | 10.2 | 11.0 |
| **Economy.com (baseline)** | | | | | | | | | | |
| June | 909.8 | 1088.7 | 1181.0 | 1227.8 | 1298.4 | -39.1 | 19.7 | 8.5 | 4.0 | 5.8 |
| Aug | 909.8 | 1088.7 | 1193.4 | 1255.8 | 1331.7 | -39.1 | 19.7 | 9.6 | 5.2 | 6.0 |
| Sep | 909.8 | 1088.7 | 1127.6 | 1245.5 | 1331.7 | -39.1 | 19.7 | 3.6 | 10.5 | 6.9 |
| **Economy.com (pessimistic)** | | | | | | | | | | |
| June | 909.8 | 1088.7 | 1054.2 | 1118.4 | 1298.4 | -39.1 | 19.7 | -3.2 | 6.1 | 16.1 |
| Aug | 909.8 | 1088.7 | 1065.4 | 1129.5 | 1308.4 | -39.1 | 19.7 | -2.1 | 6.0 | 15.8 |
| Sep | 909.8 | 1088.7 | 1006.5 | 1134.6 | 1331.7 | -39.1 | 19.7 | -7.5 | 12.7 | 17.4 |

*Source: Global Insight, Economy.com*

## *Forecasts of the D.C. economy*

***Mixed results in expectations for DC in FY 2011 and FY 2012***

●In September Global Insight reduced its baseline estimates for DC employment in FY 2011 and FY 2012, lowered its estmates for wage earned in DC, and raised its estimates for the unemployment rate.

●Economy.com raised its estimates for wages earned in DC and earned by DC residents in both FY 2011 and FY 2012. Compared to Global Insight, Economy.com expects fewer jobs and more unemployment—but higher wage growth.

●The range of unemployment rates forecasts for FY 2011 by the two groups is from 9.6% (Global Insight baseline and pessimistic) to 12.2% (Economy.com pessimistic).

Table 22. **Global Insight forecast of D.C. economy: FY 2008 to FY 2012**
(percent change from prior year)

| Indicator | Date of estimate | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **baseline** | | | | | **pessimistic** | | | | |
| Jobs in DC | jun | 1.6 | 0.1 | 0.9 | 1.7 | 1.5 | 1.6 | 0.1 | 0.9 | 1.3 | 1.0 |
| | aug | 1.6 | 0.1 | 0.5 | 0.3 | 1.5 | 1.6 | 0.1 | 0.5 | -0.1 | 1.0 |
| | sep | 1.6 | 0.1 | 0.6 | 0.2 | 1.4 | 1.6 | 0.1 | 0.6 | -0.1 | 0.9 |
| DC unemployment rate | jun | 6.0 | 9.2 | 11.0 | 8.3 | 7.0 | 6.0 | 9.2 | 11.0 | 8.4 | 7.1 |
| | aug | 6.0 | 9.2 | 11.0 | 9.1 | 8.0 | 6.0 | 9.2 | 11.0 | 9.1 | 8.1 |
| | sep | 6.0 | 9.2 | 11.0 | 9.6 | 8.5 | 6.0 | 9.2 | 11.0 | 9.6 | 8.6 |
| Wages and salaries | jun | 4.8 | 3.1 | 3.8 | 5.1 | 5.0 | 4.8 | 3.1 | 3.8 | 4.7 | 4.3 |
| earned in DC | aug | 4.8 | 2.6 | 3.3 | 3.3 | 5.2 | 4.8 | 2.6 | 3.3 | 2.5 | 4.0 |
| | sep | 4.8 | 2.6 | 3.3 | 2.9 | 5.0 | 4.8 | 2.6 | 3.2 | 2.1 | 3.6 |
| Wages and salaries | jun | 5.2 | 1.5 | 4.0 | 9.0 | 6.1 | 5.2 | 1.5 | 4.0 | 8.6 | 5.8 |
| earned by DC residents* | aug | 5.2 | 1.1 | 1.6 | 5.9 | 5.5 | 5.2 | 1.1 | 1.6 | 5.1 | 5.6 |
| | sep | 5.2 | 1.1 | 1.5 | 5.8 | 6.5 | 5.2 | 1.1 | 1.5 | 4.5 | 5.1 |

** Estimated by ORA; assumes wage and salary supplements are the same % for DC resident wages as for wages earned in DC.*
*Source: Global Insight. The pessimistic scenario is given a 20% probability.*

Table 23. **Economy.com forecasts of D.C. economy: FY 2008 to FY 2012**
(percent change from prior year)

| Indicator | Date of estimate | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **baseline** | | | | | **pessimistic** | | | | |
| Jobs in DC | jun | 1.6 | 0.1 | 1.1 | 0.6 | 1.4 | 1.6 | 0.1 | 1.0 | -0.2 | 1.4 |
| | aug | 1.6 | 0.1 | 0.5 | -0.1 | 1.3 | 1.6 | 0.1 | 0.3 | -1.1 | 1.3 |
| | sep | 1.6 | 0.1 | 0.6 | 0.0 | 1.0 | 1.6 | 0.1 | 0.4 | -0.9 | 1.0 |
| DC unemployment rate | jun | 6.0 | 9.3 | 11.9 | 12.0 | 10.1 | 6.0 | 9.3 | 12.3 | 14.0 | 13.0 |
| | aug | 6.0 | 9.3 | 11.1 | 10.8 | 9.7 | 6.0 | 9.3 | 11.3 | 12.8 | 12.7 |
| | sep | 6.0 | 9.3 | 11.0 | 10.8 | 9.8 | 6.0 | 9.3 | 11.1 | 12.2 | 12.1 |
| Wages and salaries | jun | 4.8 | 3.1 | 4.4 | 4.4 | 5.3 | 4.8 | 3.1 | 4.2 | 2.7 | 3.4 |
| earned in DC | aug | 4.8 | 2.6 | 3.9 | 3.9 | 5.1 | 4.8 | 2.6 | 3.8 | 2.1 | 3.6 |
| | sep | 4.8 | 2.6 | 3.9 | 4.6 | 5.7 | 4.8 | 2.6 | 3.7 | 2.8 | 4.3 |
| Wages and salaries | jun | 5.2 | 1.5 | 4.4 | 9.5 | 9.5 | 5.2 | 1.5 | 4.3 | 8.2 | 8.2 |
| earned by DC residents* | aug | 5.2 | 1.1 | 1.7 | 7.8 | 9.6 | 5.2 | 1.1 | 1.6 | 6.4 | 8.5 |
| | sep | 5.2 | 1.1 | 1.8 | 8.8 | 10.2 | 5.2 | 1.1 | 1.7 | 7.4 | 9.1 |

** Estimated by ORA; assumes wage and salary supplements are the same % for DC resident wages as for wages earned in DC.*
*Source: Economy.com. The pessimistic scenario is considered to have a 25% probability.*

***DC housing permits, continued from p. 1***

Typically, the number of housing permits issued has been closely associated with the number of housing starts. The accompanying chart shows the Global Insight estimate of housing permits issued in DC and starts by fiscal year from 1995 to 2010. For most of the years, permits and starts were closely related. However, in FY 2006 and FY 2007 the market changed: the number of starts was less than half of the number of permits. The same is estimated to be true in FY 2010.

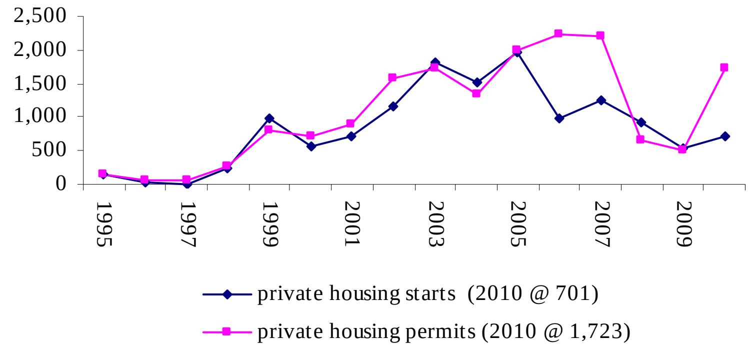
It is uncertain at this point whether substantial permitting activity will continue to take place in the coming months as new development projects are planned, and how quickly the new permits will translate into actual construction of new housing units. —*Stephen Swaim, Office of Revenue Analysis*

**Private housing permits issued in DC: 2000 to 2010**
(number for 12-month periods ending in August)

| period | number |
|---|---|
| Sep 2000 to Aug 2001 | 777 |
| Sep 2001 to Aug 2002 | 1,374 |
| Sep 2002 to Aug 2003 | 1,897 |
| Sep 2003 to Aug 2004 | 1,286 |
| Sep 2004 to Aug 2005 | 2,130 |
| Sep 2005 to Aug 2006 | 2,232 |
| Sep 2006 to Aug 2007 | 2,255 |
| Sep 2007 to Aug 2008 | 826 |
| Sep 2008 to Aug 2009 | 381 |
| Sep 2009 to Aug 2010 | 1,089 |

*Source: US Census Bureau*

**Private housing starts and housing permits in DC: FY 1995 to FY 2010**
(number)



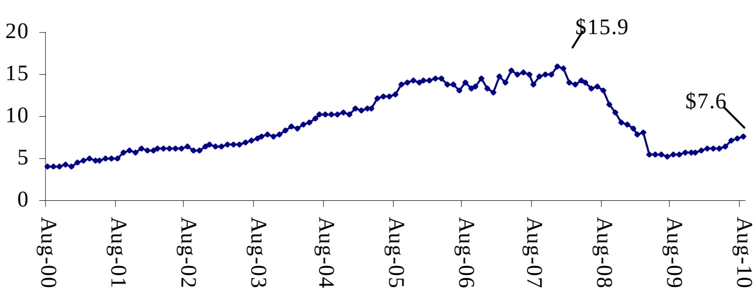

*Source: Global Insight. The full year 2010 is estimated.*

***Value of real property transfers, continued from p. 1***

The value of real property transfers includes both commercial and residential property. As the accompanying chart shows, a significant slowdown in the value of property transfers in DC coincided with the onset of the national recession in December 2007. While declines occurred in the value of both residential and commercial property, most of the reduction was in the commercial part of the market. Even with the recent increase in the value of transactions, the level for the year ending in August was less than half of that at the market's peak.

—*Stephen Swaim, Office of Revenue Analysis*

**Value of real property transferred subject to DC's Deed Transfer or Economic Interest Taxes: August 2000 to August 2010**
($ billion; 12-month moving total)




*Source: DC OCFO*

## ORA Reports and Briefing Notes

From time to time the Office of Revenue Analysis prepares reports and Briefing Notes on subjects that have bearing on DC 's economy and taxes. These documents are generally posted on the OCFO web site. (www.cfo.dc.gov.).

***Recent ORA reports:***

**FY2011 Budget and Financial Plan (Revenue portion).** The FY2011 Budget outlines the District's FY 2011 budget recommendation including revenue related proposals. Chapter 4 of the Executive Summary contains information about the most recent revenue estimate, the District's revenue proposals and other useful information related to the District budget. The Budget can be found on the CFO website: www.cfo.dc.gov under "Annual Operating Budget and Capital Plan."

**Tax Expenditure Budget**. Estimates the revenue forgone during fiscal years 2010 through 2013 for more than 200 tax exclusions, exemptions, credits, deferrals, and abatements. The tax expenditure budget and its accompanying report describe the statutory basis, year of enactment, purpose, eligibility critieria, and intended beneficiaries of each provision. The tax expenditure budget can be found on the CFO website, www.cfo.dc.gov, under "Tax Rates and Revenues."

**Special-Purpose Revenue Report**. Describes more than 200 special-purpose revenue funds ("O-type" funds) that set aside fees, fines, and other assessments collected by an agency in order to support its programs. The report provides the statutory basis, year of enactment, purpose, and revenue source for each fund. The special-purpose revenue report can be found on the CFO website, www.cfo.dc.gov, under "Tax Rates and Revenues."

## About this report.

The *Review of District of Columbia Economic and Revenue Trends* is generally issued soon after the first week of every month. Employment and most other DC information reported on a monthly basis will be from two months prior to the *Trends* date (October report has mostly August 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 (click on *Economic Trends, Monthly Review*).

Table 24. **Information sources**

| Indicator | Source | Period covered in this report | Next release |
|---|---|---|---|
| D.C. Jobs and Labor Force information | BLS | August | October 22 |
| D.C. Personal Income | BEA | 2010.2 | December 17 |
| D.C. Tax Collections | OTR/ORA | August | October 15 |
| D.C. Housing Sales | GCAAR* | August | c October10 |
| D.C. Commercial Office Building data | Delta Associates | 2010.3 | c January 15 |
| DC Apartment data | Reis, inc | 2010.2 | c October 25 |
| D.C. Hotel stay information | Smith Travel Research | August | c. November 5 |
| Consumer Price Index | BLS | August | October 15 |
| U.S. Jobs and Labor Force | BLS | August | October 8 |
| U.S. GDP and Personal Income | BEA | 2010.2 | October 29 |
| S and P 500 Stock Index | Financial press | September | November 1 |
| Interest rate on 10-Year Treasury Securities | Financial press | September | November 1 |
| Global Insight D.C. forecast | Global Insight | September | c. October 20 |
| Economy.com D.C. forecast | Economy.com | September | c. October 20 |
| Blue Chip Economic Indicators for the U.S. | Aspen Publishers | September | October 10 |

**Greater Capital Area Association of Realtors (data from the Metropolitan Regional Information Systems)*

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

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

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