

**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: *February 2011*

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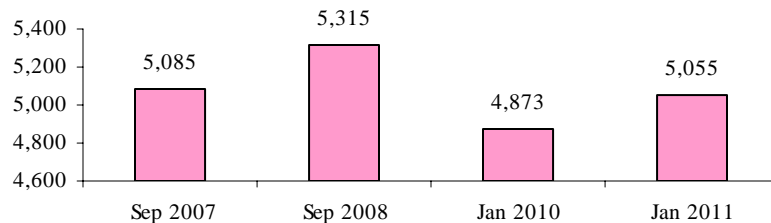
DC tax collections in January, 3.7% above a year ago, were still 4.9% below the September 2008 peak

The delayed impact of the recession on real property taxes will slow revenue growth this year

January 2011 not quite at the September 2007 level

Total tax collections for the 12-months ending in January reached \$5.06 billion, an increase of \$182 million (3.7%) from a year ago. This upturn in collections is welcome news, but recovery from the impact of the recent recession still has quite a way to go. January collections remained below those in September 2007, and were \$260 million (4.9%) below September 2008 (the month revenues peaked).

DC tax collections (before earmarks): 12-month moving totals, September 2007 to January 2011
(\$ million)



Despite the increase in tax collections this fiscal year to date, the impact of the recession on DC's real property taxes has yet to be felt. Payments for FY 2011 real property taxes are not due until March 2011, and the assessments on which they will be paid reflect 2009 property values, many of which (especially for commercial property) were

January 2011 tax collections (12-month moving total) compared to the levels in three earlier months

time period	Amount of change (\$ million)	percent change
September 2007 to January 2011	-30	-0.6
September 2008 to January 2011	-260	-4.9
January 2010 to January 2011	182	3.7

lower than the prior year. The outlook for this year therefore depends on the extent to which the FY 2011 downturn in real property collections is offset by the rebound in sales, individual income, deed, and other taxes.

(continued on p. 17)

Source: ORA See notes for tables on p. 17.

Wage and salary employment

DC's wage and salary employment grew in December at a rate almost twice that of the suburbs

●December wage and salary employment in DC was 22,100 (3.1%) higher than a year earlier. Federal jobs were up by 8,100 and private sector jobs by 15,300.

●DC's 21,933 (3.1%) job increase for the 3-month period ending in December accounted for about 43% of the 51,200 gain for the whole Washington metropolitan area.

●Suburban Washington employment, which continues to grow more slowly than in DC, was up 1.6% in December from December 2009.

●Seasonally adjusted wage and salary employment in DC was lower in December than in July.

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

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

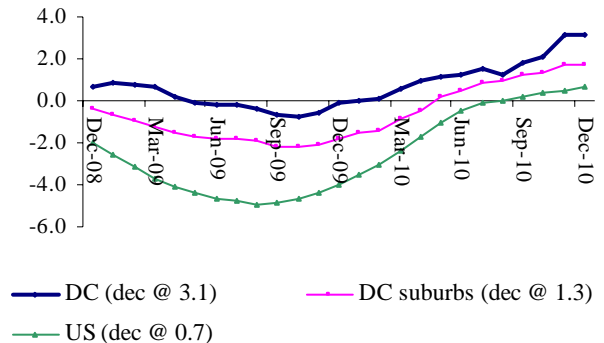


Table 1. Wage and salary employment in DC, Washington Metro area, and the US: December 2010

Jurisdiction	FY 2008	FY 2009	FY 2010	12-mo avg	3-mo moving average	This month
District of Columbia	702,775	703,500	709,633	715,117	726,533	726,100
1 year change	11,067	725	6,133	11,858	21,933	22,100
% change	1.6	0.1	0.9	1.7	3.1	3.1
Washington metro area	3,005,692	2,964,167	2,957,017	2,969,817	3,002,700	3,007,200
1 year change	21,575	-41,525	-7,150	19,608	51,200	57,500
% change	0.7	-1.4	-0.2	0.7	1.7	1.9
Washington suburbs (% ch)	0.5	-1.8	-0.6	0.3	1.3	1.6
US (% ch)	0.1	-3.8	-1.7	-0.5	0.7	0.8

Not seasonally adjusted. Suburban employment is the difference between the metro area total and the DC portion.
Source: BLS. December data is preliminary

Table 2. Federal government and private sector wage and salary employment in DC: December 2010

Sector	FY 2008	FY 2009	FY 2010	12-mo avg	3-month moving average	This month
Federal government	192,767	198,050	207,375	209,383	211,933	212,500
1 year change	1,825	5,283	9,325	9,275	8,033	8,100
% change	1.0	2.7	4.7	4.6	3.9	4.0
Private sector	468,458	463,542	462,083	465,942	476,967	475,700
1 year change	7,475	-4,917	-1,458	4,792	15,433	15,300
% change	1.6	-1.0	-0.3	1.0	3.3	3.3

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

Table 3. Seasonally adjusted DC Employment: July 2010 to December 2010

Indicator	Jul	Aug	Sep	Oct	Nov	Dec
D.C. Wage and Salary employment	724,800	705,600	722,500	724,300	724,800	723,600
change from prior month	13,300	-19,200	16,900	1,800	500	-1,200
% change from prior month	1.9	-2.6	2.4	0.2	0.1	-0.2

Source: BLS seasonally adjusted. December is preliminary

Sectors of the economy

Non-professional business services continue to be the biggest source of private sector job growth; education and food services are the next biggest gainers

•For the 3-month period ending in December business services (other than employment services) accounted for most of the gains registered in DC's private sector. They were up by 10,533 (28.5%) from the prior year.

•Other private industries showing gains over the year include education (4,233), food service (1,233), organizations (833), and construction (433).

•Industry sectors losing jobs include legal services (-1,367), retail trade (-333), and miscellaneous personal services (-867).

•Local government declined 1,533

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

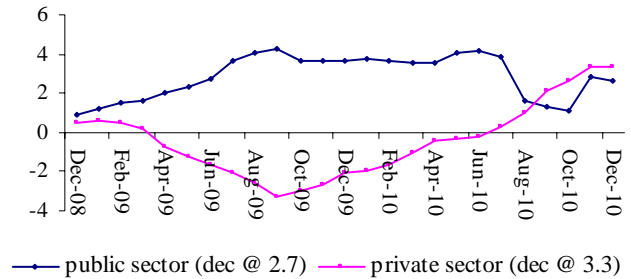


Table 4. Wage and salary employment located in DC: December 2010

Industry sector	3-month moving average				12-month moving avg: % change	Sector % of all DC jobs, Dec 2010	DC % in Dec 2010 of all sector jobs in:	
	Dec 2009	Dec 2010	1 year change				metro area	US
			Amount	%				
Federal government	203,900	211,933	8,033	3.9	4.6	29.2	55.7	7.47
Local government	39,167	37,633	-1,533	-3.9	-5.3	5.2	12.0	0.19
Legal services	33,633	32,267	-1,367	-4.1	-4.8	4.4	na	2.91
Other Professional and technical	68,067	67,900	-167	-0.2	-1.0	9.3	21.9	1.07
Employment services	10,600	10,667	67	0.6	-3.6	1.5	31.6	0.36
Other Business services	36,933	47,467	10,533	28.5	23.6	6.5	23.7	0.72
Information	18,433	18,600	167	0.9	-2.2	2.6	23.8	0.68
Finance	26,033	26,367	333	1.3	-2.1	3.6	18.4	0.35
Organizations	57,467	58,300	833	1.5	-0.2	8.0	35.9	1.97
Education	48,100	52,333	4,233	8.8	3.6	7.2	50.5	1.57
Health	57,667	58,067	400	0.7	-0.6	8.0	22.1	0.35
Food service	36,167	37,400	1,233	3.4	1.3	5.1	19.8	0.39
Accommodations	15,233	15,033	-200	-1.3	1.0	2.1	36.5	0.88
Amusement and recreation	7,067	7,033	-33	-0.5	-1.1	1.0	21.2	0.39
Retail trade	17,867	17,533	-333	-1.9	0.4	2.4	6.6	0.12
Wholesale trade	4,400	4,600	200	4.5	0.0	0.6	7.0	0.08
Construction	10,933	11,367	433	4.0	-6.1	1.6	8.2	0.20
Personal and miscellaneous services	6,733	5,867	-867	-12.9	-13.7	0.8	na	0.24
Other private	6,200	6,167	-33	-0.5	-1.1	0.8	5.4	0.04
Total	704,600	726,533	21,933	3.1	1.7	100.0	24.2	0.55
<i>Public sector</i>	<i>243,067</i>	<i>249,567</i>	<i>6,500</i>	<i>2.7</i>	<i>2.9</i>	<i>34.4</i>	<i>35.9</i>	<i>1.10</i>
<i>Private sector</i>	<i>461,533</i>	<i>476,967</i>	<i>15,433</i>	<i>3.3</i>	<i>1.0</i>	<i>65.6</i>	<i>20.7</i>	<i>0.44</i>
<i>Professional and all business</i>	<i>193,700</i>	<i>203,267</i>	<i>9,567</i>	<i>4.9</i>	<i>2.4</i>	<i>28.0</i>	<i>22.3</i>	<i>0.93</i>
<i>Education, health, and organizations</i>	<i>163,233</i>	<i>168,700</i>	<i>5,467</i>	<i>3.3</i>	<i>0.8</i>	<i>23.2</i>	<i>30.9</i>	<i>0.55</i>
<i>Hospitality and trade</i>	<i>80,733</i>	<i>81,600</i>	<i>867</i>	<i>1.1</i>	<i>0.7</i>	<i>11.2</i>	<i>13.7</i>	<i>0.24</i>
<i>Other private sector</i>	<i>23,867</i>	<i>23,400</i>	<i>-467</i>	<i>-2.0</i>	<i>-7.0</i>	<i>3.2</i>	<i>9.3</i>	<i>0.09</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

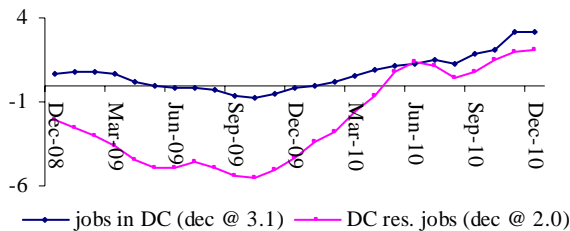
Although higher than a year ago, resident employment is less than it was 8 months ago

- In December DC resident employment was up 6,865 (2.4%) from the same month of the prior year.
- Seasonally adjusted, however, DC's resident employment is now less than it was in April, and the labor force is about 5,000 less.
- In December the unemployment rate (seasonally adjusted) declined slightly to 9.7% from 9.8% in November.
- Initial unemployment insurance claims jumped 28.4% over last year for the 3-months ending in December.

Jobs located in DC and DC resident employment:

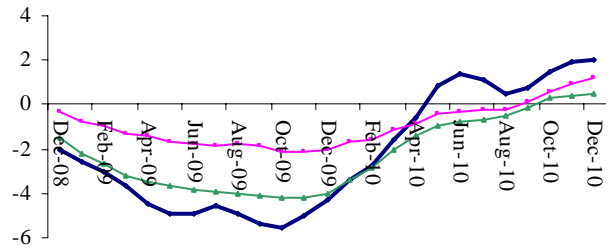
December 2008 to December 2010

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



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

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



— DC (dec @ 2.0) — DC suburbs (dec @ 1.2) — US (dec @ 0.5)

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

(percent of labor force)

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	Dec 2009	Dec 2010	Dec 2009	Dec 2010
US	9.7	9.1	10.0	9.4
DC metro area	6.2	5.7	na	na
DC	11.9	9.2	11.9	9.7
DC suburbs	5.5	5.3	na	na

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

Table 6. Resident employment and unemployment: December 2010

Indicator	FY 2008	FY 2009	FY 2010	12-month moving avg	3-month moving average	This month
DC Labor force						
Resident employment	313,733	301,238	298,329	299,828	298,898	298,697
1 year change	4,687	-12,495	-2,909	1,891	5,996	6,865
% change	1.5	-4.0	-1.0	0.6	2.0	2.4
Labor Force	333,744	331,910	334,365	334,125	330,787	328,908
1 year change	6,985	-1,834	2,455	2,173	-957	-2,494
% change	2.1	-0.5	0.7	0.7	-0.3	-0.8
Unemployed	20,011	30,671	36,035	34,297	31,889	30,211
1 year change	2,298	10,660	5,364	282	-6,953	-9,359
% change	13.0	53.3	17.5	0.8	-17.9	-23.7
Unemployment rate	6.0	9.2	10.8	10.3	9.6	9.2
DC Unemployment insurance (state program)						
Initial claims (monthly avg.)	1,515	2,203	1,799	1,941	2,570	4,210
1 year change	213	688	-404	-211	569	2,171
% change	16.4	45.4	-18.3	-9.8	28.4	106.5
Weeks compensated (mo. avg.)	34,738	54,474	53,592	50,380	46,883	47,596
1 year change	8,170	19,736	-881	-7,727	-12,850	-19,316
% change	30.8	56.8	-1.6	-13.3	-21.5	-28.9

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

Table 7. Seasonally adjusted DC Resident employment and unemployment: July 2010 to December 2010

Indicator	Jul	Aug	Sep	Oct	Nov	Dec
DC Resident employment	301,884	298,995	298,573	298,745	299,009	300,118
change from prior month	-1,675	-2,889	-422	172	264	1,109
% change from prior month	-0.6	-1.0	-0.1	0.1	0.1	0.4
DC Unemployment rate (%)	9.9	9.9	9.8	9.7	9.8	9.7

Source: BLS seasonally adjusted. December is preliminary.

Wages and income

The private sector accounted for more than half of the September quarter wage growth

•Wages earned in the District of Columbia were 5.4% higher in the September quarter compared to the same quarter of 2009.

•In the September quarter, DC Personal Income was 4.2% above a year earlier, and estimated wages of DC residents were 4.6% higher.

•In the September quarter, the private sector accounted for \$1.68 billion (55%) of the increase in wages earned in DC.

Wages earned in DC, wages earned by DC residents, and wages earned in the US: 2007.4 to 2010.3
(% change from the same quarter of the prior year)

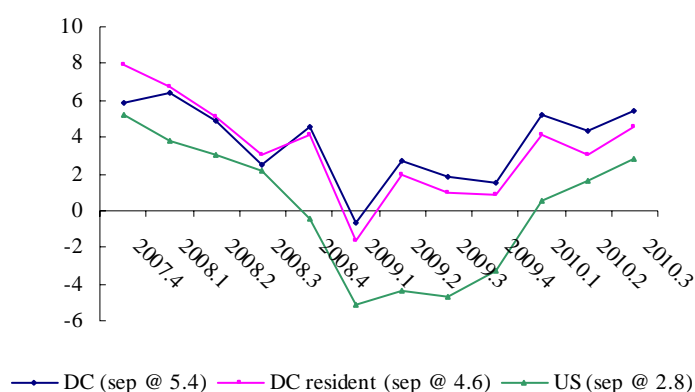


Table 8. DC Wages and Personal Income: September 2010
(\$ billion at seasonally adjusted annual rates unless otherwise noted)

Indicator	FY 2008	FY 2009	FY 2010	4-quarter moving average	Latest quarter (Sep)
Wages and salaries earned in DC	54.34	55.48	57.77	57.77	58.82
1 year change	2.54	1.14	2.29	2.29	3.03
% change	4.9	2.1	1.4	4.1	5.4
Supplements to wages & salaries	15.27	16.18	17.09	17.09	17.41
% change	4.7	5.9	5.4	5.7	6.2
Proprietors' income earned by DC residents*	5.58	5.71	5.70	5.70	5.78
% change	13.4	2.3	-2.1	-0.2	3.0
Wages and salaries of DC residents***	20.45	20.72	21.37	21.37	21.74
change from one year ago	1.09	0.27	0.65	0.65	0.95
% change	5.6	1.3	0.5	3.2	4.6
Income earned by DC residents	29.0	29.6	30.4	30.4	30.9
% change	6.8	1.9	0.5	2.7	4.3
Property income of DC residents	6.47	6.46	6.40	6.40	6.40
% change	12.9	-0.2	-3.4	-0.9	1.4
Pensions and other transfer payments of DC res.	4.24	4.67	5.11	5.11	5.24
% change	8.6	10.1	12.0	9.4	7.3
DC Personal Income**	39.73	40.71	41.88	41.88	42.50
1 year change	2.93	0.98	1.17	1.17	1.72
% change	8.0	2.5	1.1	2.9	4.2
US Personal income	5.0	-1.1	1.8	1.8	3.6
US Wages and salaries	3.5	-3.6	0.4	0.4	2.8
<i>Addendum: Change from prior year in wages earned in DC by sector</i>					
Private sector (1 yr ch, \$B)	1.60	-0.25	0.91	0.91	1.68
Federal government (1 yr ch, \$B)	0.85	1.16	1.33	1.33	1.23
DC res. wages as % of wages earned in DC	37.6	37.3	37.0	37.0	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 September was released in December 2010					

Single family and condominium home sales

January average selling prices were higher for single family and lower for condo units

- January single family home sales were down 8.1% from a year earlier, and the average selling price was 11.0% higher.
- January condominium sales were 21.2% less than a year earlier, and average selling prices were 9.9% lower.
- January median prices were up 14.2% for single family units, and 1.4% for condominiums.
- For the 3-month period ending January, the total value of all home sales was 9.9% above a year earlier.
- January foreclosure actions in DC were down sharply (88.5%) from last year. The decline is 81.4% for the 3-month period ending January.

Number and average selling price of single family homes sold in DC: Jan. 2008 to Jan. 2011
(% change from prior year in 3-month moving averages)

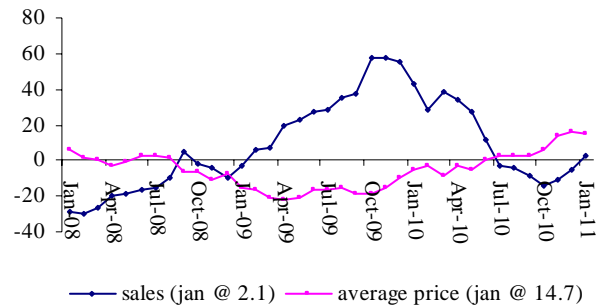


Table 9. D.C. Residential Real Estate Indicators: January 2011

Indicator	FY 2007	FY 2008	FY 2009	FY 2010	12-mo moving total or average	3-mo moving total or average	This month
Number of sales (contracts)							
Single family	3,873	3,267	3,821	4,543	4,463	939	294
1 year change	-402	-606	554	722	141	19	-26
% change	-9.4	-15.6	17.0	18.9	3.3	2.1	-8.1
Condo	4,147	2,979	2,935	3,222	3,015	549	186
1 year change	195	-1,168	-44	287	-272	-64	-50
% change	4.9	-28.2	-1.5	9.8	-8.3	-10.4	-21.2
Total	8,020	6,246	6,756	7,765	7,478	1,488	480
1 year change	-207	-1,774	510	1,009	-131	-45	-76
% change	-2.5	-22.1	8.2	14.9	-1.7	-2.9	-13.7
Average prices of units that sold*							
Single family (\$)	668,630	672,101	563,553	544,322	567,673	597,119	533,474
1 year change	10,015	3,471	-108,548	-19,231	21,604	76,473	52,924
% change	1.5	0.5	-16.2	-3.4	4.0	14.7	11.0
Condo (\$)	406,926	411,270	407,613	415,229	422,763	430,809	382,511
1 year change	-9,127	4,344	-3,657	7,617	11,876	29,308	-42,049
% change	-2.2	1.1	-0.9	1.9	2.9	7.3	-9.9
Total value of all sales	4,277.1	3,420.9	3,349.7	3,810.7	3,808.2	797.2	228.0
1 year change	-182.7	-856.2	-71.2	461.0	97.5	72.1	-26.0
% change	-2.5	-22.1	-2.1	13.8	2.6	9.9	-10.2
Ratio: active inventory to sales							
Single family	4.1	6.0	5.2	3.4	3.5	4.1	4.1
Condo	3.9	5.7	5.7	4.6	5.0	6.1	5.7
Foreclosure actions**							
	392	3,282	2,883	2,722	2,281	135	22
1 year change	273	2,890	-399	-161	-683	-590	-170
% change	229.4	737.2	-12.2	-5.6	-23.0	-81.4	-88.5

Median prices, CY to date in Jan. 2011: single family \$399,000 (14.2% 1 yr ch); condo \$347,950 (1.4% 1 yr ch)

*Monthly average prices are calculated by ORA based on reported CY-to-date average prices. This measure, which depends on the mix of properties sold, can be volatile on a month to month basis and does not necessarily reflect changes in the value of all property.

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

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.

Apartments and single family home transactions

Sales of lower priced homes rose faster than higher priced ones over the past 3 months. Rents are higher.

- For the 3 month period ending in January sales of houses below \$300,000 gained 9.2%, and those more than \$1 million decreased 5.7%, compared to a year ago.
- The FHFA house price index for DC in the quarter ending Sep. showed values up 2.2% over a year ago. For the US, there was a 1.2% decline.

**FHFA housing transaction index for DC and the US:
2002.3 to 2010.3**
(% change in index from same quarter of prior year)

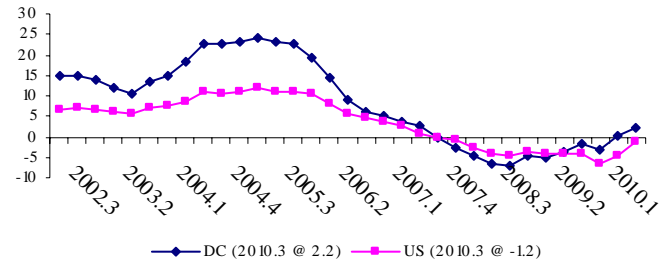


Table 10. D.C. Single family home sales contracts, \$300,000 or less and \$1 million or more: January 2011

Category of contract price	FY 2007	FY 2008	FY 2009	FY 2010	12-mo moving total or average	3-mo moving total or average	This month
\$300,000 or less	738	748	1,433	1,731	1,709	402	133
1 year change	-34	10	685	298	71	34	-27
% change	-4.4	1.4	91.6	20.8	4.3	9.2	-16.9
percent of all sales	19.1	22.9	37.5	38.1	38.3	42.8	45.2
\$1 million or more	423	436	341	475	464	83	26
1 year change	-69	13	-95	134	67	-5	1
% change	-14.0	3.1	-21.8	39.3	16.9	-5.7	4.0
percent of all sales	10.9	13.3	8.9	10.5	10.4	8.8	8.8

Source: Metropolitan Regional Information Systems (MRIS), accessed through the Greater Capital Area Assn. of Realtors (GCAAR). Sales are ratified contracts, not all of which may go to settlement.

Table 11. Federal Housing Finance Agency Price Index for single family property in DC and US: September 2010

Indicator	Fiscal year average				Quarter			
	FY 2007	FY 2008	FY 2009	FY 2010	2009.4	2010.1	2010.2	2010.3
% change from prior year in value of index								
DC	4.3	-3.6	-5.2	-0.6	-1.5	-3.0	0.1	2.2
US	2.9	-2.1	-4.1	-4.2	-4.3	-6.5	-4.6	-1.2
<i>Addendum: % change from prior year in average single family sales contract</i>								
Average DC sales price	1.5	0.5	-16.2	-3.4	-9.9	-8.5	0.0	3.1

Source: (1) Federal Housing Finance Agency all transaction index (sales plus appraisals). This index is a broad measure of the movement of single-family house prices. The index is a weighted, repeat-sales index, meaning that it measures average price changes in repeat sales or refinancings on the same properties. This information is obtained by reviewing repeat mortgage transactions on single-family properties whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac since January 1975. (2) Average sales price: Table 9.

Table 12. Apartment units in DC: December 31, 2010

Indicator	Sep. 30 2007	Sep. 30 2008	Sep. 30 2009	Sep. 30 2010	Latest Q (December 2010)		
					amount	1 Q ch	% ch
Inventory	84,186	85,427	87,090	87,970	88,360	390	0.4
1 year change	262	1,241	1,663	880	572		
% change	0.3	1.5	1.9	1.0	0.7		
Occupied units	80,819	81,521	81,964	82,965	83,477	512	0.6
1 year change	175	702	443	1,001	1,062		
% change	0.2	0.9	0.5	1.2	1.3		
Vacant units	3,367	3,906	5,126	5,005	4,883	-122	-2.4
1 year change	87	539	1,220	-121	-490		
% change	2.7	16.0	31.2	-2.4	-9.1		
% of inventory	4.0	4.6	5.9	5.7	5.5		
Average effective monthly rent	\$1,288	\$1,340	\$1,342	\$1,380	\$1,403	\$23	1.6
% change from 1 year	8.1	4.0	0.1	2.8	3.7		

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

Commercial office space

Vacancy rate continued to fall in December

•For the quarter ending in December, the vacancy rate for DC commercial office space fell: to 7.6% (without sublet space), and to 8.5% (with sublet space). (In September, the rates were 8.0% and 9.1%, respectively.)

•DC's vacancy rate with sublet space was below the 11.9% rate for the metropolitan area.

•Occupied space increased in the December quarter by 1.16 million square feet from the September quarter. In the past year, occupied space has increased by 5.48 million square feet (4.7%).

•In the December quarter, average effective rents for leases of class A commercial office space were down 7.4% from a year earlier.

Occupied office space: 2008.4 to 2010.4
(million square feet)

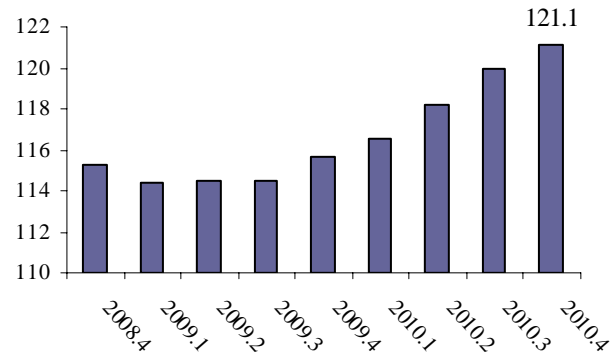


Table 13. Commercial office space in DC: December 31, 2010

(In millions of square feet, unless noted otherwise)

Indicator	Sep. 30 2007	Sep. 30 2008	Sep. 30 2009	Sep. 30 2010	last quarter (December 2010)		
					Level	1 Q ch	% ch
Inventory	122.41	123.60	127.45	131.95	132.35	0.40	0.3
1 year change	4.75	1.19	3.86	4.49	3.17		
% change	4.0	1.0	3.1	3.5	2.5		
Occupied space	115.31	115.44	114.45	119.94	121.10	1.16	1.0
1 year change	4.95	0.13	-0.99	5.49	5.48		
% change	4.5	0.1	-0.9	4.8	4.7		
Leased space	115.31	116.29	116.25	121.35	122.35	1.00	0.8
Under construction	7.92	10.60	5.75	2.14	2.22	0.07	3.5
1 year change	1.98	2.68	-4.85	-3.60	-2.56		
% change	33.3	33.9	-45.8	-62.7	-53.6		
% of inventory	6.5	8.6	4.5	1.6	1.7		
Vacant (no sublet)	6.37	7.31	11.20	10.60	10.00	-0.60	-5.6
% of inventory	5.2	5.9	8.8	8.0	7.6		
Vacant (w sublet)	7.10	8.16	13.00	12.01	11.25	-0.76	-6.3
1 year change	-0.20	1.06	4.84	-0.99	-2.31		
% ch from one year	-2.7	14.9	59.4	-7.6	-17.1		
<i>DC area vacancy rates (with sublet)</i>							
District of Columbia	5.8	6.6	10.2	9.1	8.5	-0.6	
Northern Virginia	9.9	11.9	13.5	13.4	13.2	-0.2	
Suburban Maryland	9.9	11.5	14.6	14.5	14.1	-0.4	
DC Metropolitan area	8.6	10.1	12.6	12.2	11.9	-0.3	

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: 2007.4 to 2010.4 (\$ per square foot of gross floor space)

Indicator	Amount during 6-month period ending on date shown:						
	2007.4	2008.2	2008.4	2009.2	2009.4	2010.2	2010.4
Average effective rent	45.75	46.25	46.25	45.75	43.30	40.70	40.10
% ch from prior year	3.6	4.0	1.1	-1.1	-6.4	-11.0	-7.4
Average value of improvements for tenants	55.00	56.00	57.00	60.00	65.00	80.00	80.00

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

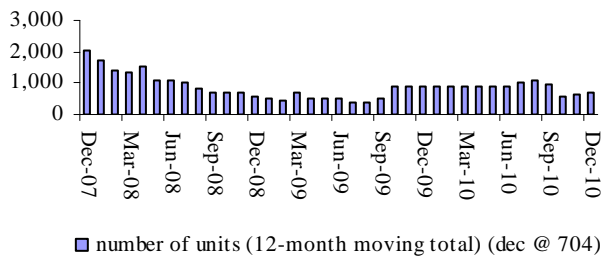
Housing permits, office and apartment outlook, and value of property transfers

Housing permits are down, but the value of property sales continues to rise. Vacancy rates are expected to fall.

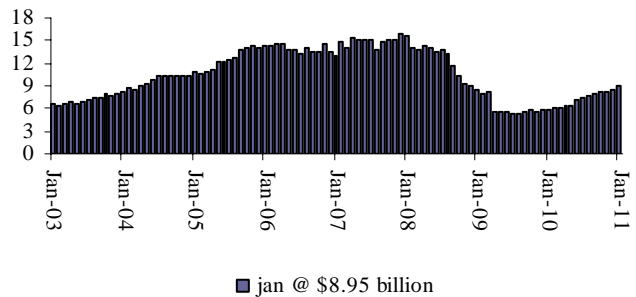
- In the 3-month period ending in December, 139 building permits were issued in DC, a 67.0% one-year decline.
- Delta Associates expects DC's vacancy rate (including sublet) to fall slightly (to 8.4%) over the next two years as new demand balances additional supply.

Housing permits issued in DC: Dec. 2007 to Dec. 2010

(12-month moving total)



Value of all real property subject to deed transfer or economic interest taxes: Jan. 2003 to Jan. 2011
(\$ billion, 12-month moving total)



- Reis expects 3,003 new apartment units to be added to inventory in CY 2011 and CY 2012, and occupancy to grow by 4,055.
- The value of January property transfers was 113.4% more than in January 2010. The value of property transferred in the 3 months ending January was 48.9% higher than a year earlier.

Table 15. Housing unit building permits issued in DC: December 2010

	FY 2007	FY 2008	FY 2009	FY 2010	12-month moving total	3-month moving total	This month
Total units	2,196	690	499	986	704	139	83
change from 1 year ago	-211	-1,506	-191	487	-174	-282	59
% change from 1 year ago	-8.8	-68.6	-27.7	97.6	-19.8	-67.0	245.8

Source: Census Bureau (permits issued during period)

Table 16. Delta Associates outlook for commercial office space in DC and the surrounding metro area: December 2010 to December 2012

Indicator	DC	No VA	Sub MD	Total	DC % of total
Inventory December 2010					
Inventory (msf)	132.3	177.9	88.5	398.7	33.2
vacancy rate (%)	8.5	13.2	14.1	11.9	
Estimated net activity to December 2012					
new supply (msf)	2.5	2.3	1.7	6.6	37.9
new demand (msf)	2.5	5.0	2.3	9.8	25.5
Estimated Inventory December 2012					
vacancy rate (%)	8.4	11.6	13.2	10.9	

Source: Delta Associates msf = million square feet

Table 17 DC market rate apartment units: 2006 to 2015

CY	Inventory	1 yr ch	% vacant	Occupied	1 yr ch
2006	84,150	427	4.0	80,751	221
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 est	88,847	487	4.7	84,678	1,201
2012 est	91,363	2,516	4.2	87,532	2,854
2013 est	92,735	1,372	3.6	89,407	1,875
2014 est	93,874	1,139	3.1	90,987	1,580
2015 est	95,386	1,512	3.6	91,961	974

Source: Reis (see note in table 12)

Table 18. Market Value of Real Property transfers subject to the Deed Transfer or Economic Interest tax: January 2011

	FY 2007	FY 2008	FY 2009	FY 2010	12-month moving total	3-month moving total	This month
All property transfers (\$ million)	14,834.9	11,527.3	5,591.2	7,914.3	8,946.6	2,308.1	702.0
change from one year ago (\$M)	1,403.7	-3,307.6	-5,936.1	2,323.1	3,026.4	758.3	373.0
% change from 1 year ago	10.5	-22.3	-51.5	41.5	51.1	48.9	113.4

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

Hospitality

December hotel room rates and demand were moderately higher than last year

• In December the number of hotel room-days sold was 1.1% higher than a year earlier and the average room rate was 2.2% higher, leading to a 3.3% gain in room revenue. The gain in room revenue was 8.6% for the 3-month period ending in December.

• Employment in food services was 3.4% higher for the 3-month period ending in December; hotel, retail, and entertainment employment declined.

• In the 3 months ending in December, airline traffic into the DC area was up 7.0% from a year earlier. Reagan National Airport's gain was 9.1%.

Hotel room-days sold: December 2008 to December 2010

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

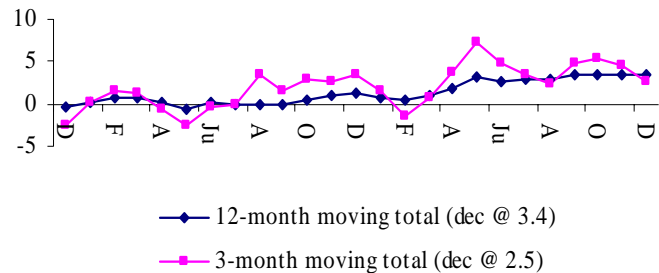


Table 19. **Hospitality Industry: December 2010**

Indicator	Units	date	FY 2008	FY 2009	FY 2010	12-mo total or average*	3-month moving total or average*	This month
Hotel stays								
Hotel room-days sold	('M)	dec	7.125	7.123	7.369	7.410	1.678	0.425
1 yr ch			0.044	-0.003	0.247	0.241	0.041	0.005
1 yr % ch			0.6	0.0	3.5	3.4	2.5	1.1
Average room rate	\$	dec	208.99	203.16	199.27	201.85	206.41	169.87
1 yr ch			10.55	-5.83	-3.90	3.30	11.50	3.69
1 yr % ch			5.3	-2.8	-1.9	1.7	5.9	2.2
Occupancy rate (average)	%	dec	74.2	73.1	73.7	74.1	66.5	50.0
1 yr ch			0.6	-1.1	0.7	1.3	1.5	0.4
1 yr % ch			0.9	-1.5	0.9	1.8	2.3	0.8
Room revenue	(\$M)	dec	1,489.1	1,447.0	1,468.5	1495.8	346.4	72.3
1 yr ch			83.8	-42.0	21.4	72.4	27.3	2.3
1 yr % ch			6.0	-2.8	1.5	5.1	8.6	3.3
Airline passengers								
DCA	1 yr % ch	dec	-3.2	-2.9	0.5	3.1	9.1	11.8
IAD	1 yr % ch	dec	-2.3	-4.4	1.2	2.2	5.3	4.8
BWI	1 yr % ch	dec	0.0	-3.3	4.6	4.6	7.0	7.0
Total	1 yr % ch	dec	-1.8	-3.6	2.1	3.3	7.0	7.5
Convention Center Transfer								
	\$ M	dec	91.5	90.4	94.1	95.0	24.6	7.3
1 yr ch			8.2	-1.0	3.7	3.5	0.9	-0.8
1 yr % ch			9.8	-1.1	4.0	3.9	3.8	-10.0
Employment								
Accommodations	level ('000)	dec	15.2	14.9	15.1	15.0	15.0	14.9
1 yr ch			-0.3	-0.3	0.2	0.1	-0.2	-0.1
1 yr % ch			-2.2	-1.9	1.5	1.0	-1.3	-0.7
Food and bev	level ('000)	dec	35.4	35.8	36.1	36.4	37.4	36.9
1 yr ch			2.0	0.4	0.3	0.5	1.2	1.2
1 yr % ch			5.8	1.2	0.9	1.3	3.4	3.4
Arts and entertain.	level ('000)	dec	6.9	7.1	7.0	7.0	7.0	6.9
1 yr ch			0.9	0.2	-0.1	-0.1	0.0	0.0
1 yr % ch			14.8	3.1	-1.4	-1.1	-0.5	0.0
Retail	level ('000)	dec	18.4	17.8	17.8	17.7	17.5	17.6
1 yr ch			0.3	-0.6	-0.1	0.1	-0.3	-0.6
1 yr % ch			1.6	-3.4	-0.3	0.4	-1.9	-3.3

* 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)

In the December quarter, the level of GDP surpassed the prior peak. The stock market continued to gain. Job growth is still slow.

- Expansion has begun: after 2 1/2 years, the level of GDP has passed the prior peak of June 2008.
- US employment (seasonally adjusted) increased by a scant 36,000 in January over the level of the prior month. The job gain in the last 4 months was 421,000 (0.3%).
- The US unemployment rate (seasonally adjusted) fell to 9.0% in January, but fewer people were working than 4 months ago.
- The stock market in January gained 3.3% from Dec.

Quarterly change in US Real and Nominal GDP:
2008.4 to 2010.4
(% change from the previous quarter at annual rates)

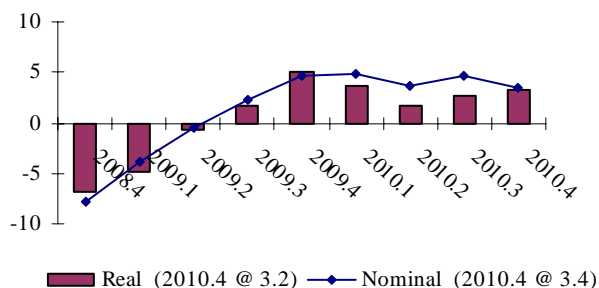


Table 20. US GDP, Income, corporate profits, and inflation: 2010.4 and December 2010

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

Indicator	Date of latest indicator		FY 2007	FY 2008	FY 2009	FY 2010		12-mo avg	2010.4	latest mo.
US GDP real	4th Q 2010	1 yr % ch	2.0	1.3	-3.4	2.2		2.9	2.8	
US GDP nominal	4th Q 2010	1 yr % ch	5.0	3.6	-2.1	2.9		3.8	4.2	
US Personal income	4th Q 2010	1 yr % ch	6.1	5.0	-1.1	1.8		3.0	3.9	
US wages	4th Q 2010	1 yr % ch	6.2	3.5	-3.6	0.4		2.1	3.4	
Corporate profits	4th Q 2010	1 yr % ch	-3.2	-10.6	-16.5	35.4		na	na	
S and P stock index	dec		14.1	-5.7	-34.3	23.7		20.9	10.6	11.8
US CPI	dec	1 yr % ch	2.3	4.4	-0.3			1.6	1.3	1.5
Balt/Wash. area CPI	nov	1 yr % ch	3.3	5.0	0.3			1.7	na	1.6

Source: BEA (data revised as of January 28, 2011), 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: 2009.2 to 2010.4

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

Indicator	Date of indicator	units	Calendar year Quarter						
			2009.2	2009.3	2009.4	2010.1	2010.2	2010.3	2010.4
US GDP real	3rd Q 2010	% ch from prior Q at saar	-0.7	1.6	5.0	3.7	1.7	2.6	3.2
US GDP nominal	3rd Q 2010	% ch from prior Q at saar	-0.4	2.3	4.7	4.8	3.7	4.6	3.4
Wages and salaries	3rd Q 2010	% ch from prior Q at saar	1.8	-1.5	1.3	0.4	6.2	3.3	3.5
Personal income	3rd Q 2010	% ch from prior Q at saar	3.6	-1.3	2.5	3.6	5.4	2.4	4.1

Note: GDP=Gross Domestic Product saar=seasonally adjusted at annual rate Source: BEA, updated on January 28, 2011

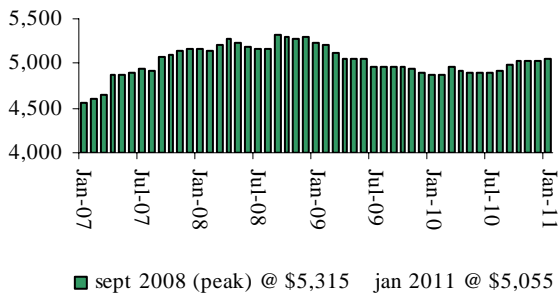
Table 22. Monthly change in selected US Indicators: July 2010 to January 2011

Indicator	Jul	Aug	Sep	Oct	Nov	Dec	Jan
S and P stock index (level)	1080	1087	1122	1172	1199	1242	1283
% change from prior month	-0.3	0.7	3.2	4.4	2.3	3.6	3.3
% change from 1 year ago	15.4	7.7	7.4	9.7	10.2	11.8	14.2
10 yr. Treasury Interest rate (level)	2.98	2.69	2.64	2.51	2.74	3.28	3.34
CPI % ch from prior month (seasonally adjusted)	0.35	0.21	0.16	0.25	0.12	0.43	0.40
CPI % ch from prior year (seasonally adjusted)	1.3	1.2	1.1	1.2	1.1	1.4	1.7
Jobs (seasonally adjusted level, in millions)	129.93	129.87	129.84	130.02	130.11	130.23	130.27
change from prior month (thousands)	-49	-59	-29	171	93	121	36
% change from prior month	0.0	0.0	0.0	0.1	0.1	0.1	0.0
Resident employment (season. adj. level, in millions)	138.99	139.27	139.38	139.08	138.91	139.21	139.32
change from prior month (thousands)	-101	276	111	-294	-175	297	117
% change from prior month	-0.1	0.2	0.1	-0.2	-0.1	0.2	0.1
Unemployment rate (seasonally adj.)	9.5	9.6	9.6	9.7	9.8	9.4	9.0

Source: BLS and Yahoo! Finance.

DC tax collections

**Total DC tax collections (before earmarking):
January 2007 to January 2011**
(12-month moving total in \$ million)



**Change from prior year in total taxes collected
in the preceding 12-months (before
earmarking): January 2009 to January 2011**
(\$ million)

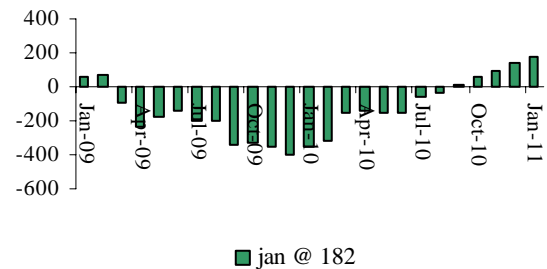


Table 23. Tax Collections (before earmarking): January 2011
(\$ million)

Tax	FY 2007	FY 2008	FY 2009	FY 2010	12-month moving total	FY 2011 to date	3-month moving total	This month
Total taxes	5,085.2	5,315.0	4,970.5	4,977.6	5,055.0	1,101.1	825.7	320.7
1 year change	615.1	229.7	-344.5	7.0	182.3	77.4	29.8	26.0
% change	13.8	4.5	-6.5	0.1	3.7	7.6	3.7	8.8
Real property	1,443.7	1,684.8	1,798.7	1,835.0	1,854.8	58.5	32.0	10.8
1 year change	296.1	241.2	113.9	36.3	37.6	19.9	8.9	7.4
% change	25.8	16.7	6.8	2.0	2.1	nm	nm	nm
General sales	958.8	1,011.6	963.5	965.3	977.6	333.8	242.9	77.0
1 year change	62.0	52.8	-48.1	1.8	40.0	12.2	4.2	-8.6
% change	6.9	5.5	-4.8	0.2	4.3	3.8	1.8	-10.0
Individual income	1,313.1	1,353.2	1,127.2	1,107.1	1,170.5	452.6	349.6	170.7
1 year change	80.7	40.1	-226.0	-20.1	88.2	63.3	37.1	41.4
% change	6.5	3.1	-16.7	-1.8	8.1	16.3	11.9	32.0
withholding	974.8	1,004.2	1,021.2	1,070.6	1,091.6	394.7	300.1	115.7
1 year change	4.2	29.5	17.0	49.4	52.7	21.0	3.6	-4.5
% change	0.4	3.0	1.7	4.8	5.1	5.6	1.2	-3.8
non-withholding	338.3	349.0	106.0	36.5	78.9	57.9	49.4	55.1
1 year change	76.5	10.7	-243.0	-69.5	35.4	42.4	33.5	45.9
% change	29.2	3.2	-69.6	-65.6	81.5	273.4	210.0	501.3
Corporate income	250.7	289.8	220.7	207.9	207.4	59.7	41.8	11.2
1 year change	30.9	39.1	-69.2	-12.8	-11.2	-0.5	-10.0	2.9
% change	14.1	15.6	-23.9	-5.8	-5.1	-0.8	-19.2	35.0
Unincorporated Bus.	166.4	128.9	121.3	120.7	116.1	31.5	28.2	9.1
1 year change	25.5	-37.5	-7.6	-0.6	-9.5	-4.6	0.3	3.5
% change	18.1	-22.5	-5.9	-0.5	-7.6	-12.6	1.1	62.2
Deed taxes*	442.0	323.2	187.4	224.2	217.9	59.0	48.1	16.2
1 year change	81.7	-118.8	-135.8	36.8	25.4	-6.3	-6.9	-13.3
% change	22.7	-26.9	-42.0	19.6	13.2	-9.6	-12.6	-45.1
Other taxes	510.5	523.3	551.7	517.4	510.7	106.0	83.1	25.7
1 year change	38.0	12.8	28.4	-34.3	11.8	-6.7	-3.8	-7.3
% change	8.0	2.5	5.4	-6.2	2.4	-5.9	-4.4	-22.2

nm=not meaningful due to negative numbers or trivial collection amounts

*Deed taxes include deed recordation, deed transfer, and economic interest taxes on real property transactions. Amounts accounted for as tax collections in this table may vary from payments to Recorder of Deeds due to processing and timing effects.

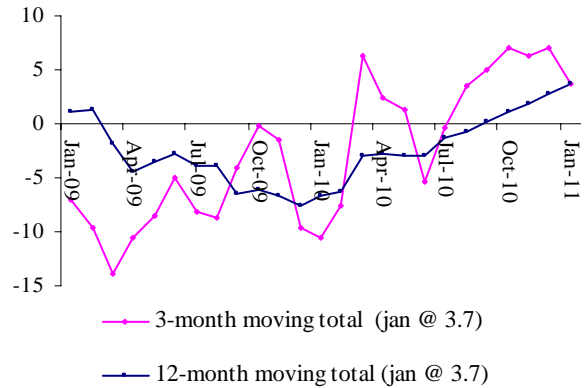
Source: OCFO/OTR and OCFO/ORA

Tax collections are rising

- For the 12-month period ending in January, tax collections (before earmarking) were \$182 million (3.7%) more than a year earlier.
- General sales and withholding for the individual income tax have played a large role in the collections rebound. FY 2011 to date, sales taxes were up 3.8% and withholding 5.6%. Gains for the last 3 months have slowed, however, to 1.8% and 1.2%, respectively.
- The non-withholding part of the Individual Income tax, a primary source of revenue decline, has increased thus far in FY 2011.
- Deed tax payments to the DC Recorder of Deeds for transfers, recordation, and economic interest were up 52.5% for the 3 months ending January.

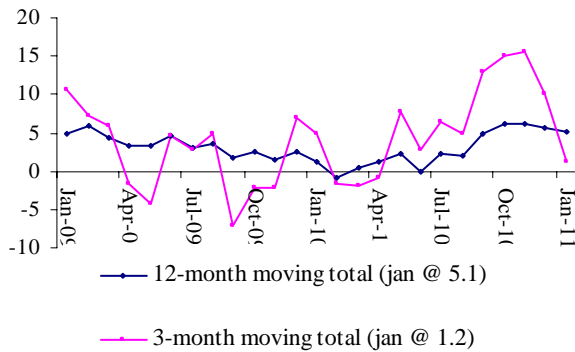
**DC Tax Collections (before earmarking):
January 2007 to January 2011**

(% change in 3-month and 12-month moving totals)



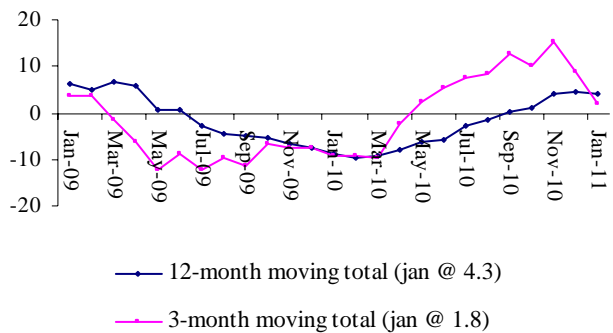
Withholding collections: Jan. 2009 to Jan. 2011

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



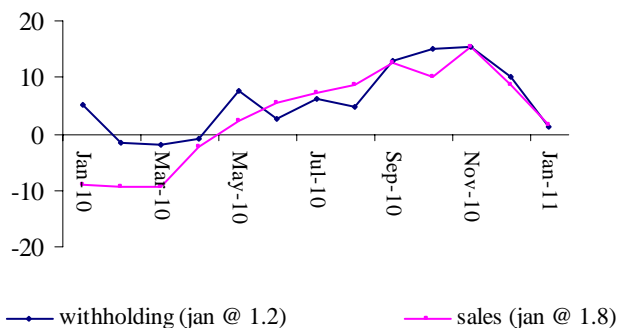
Sales tax collections: Jan. 2009 to Jan. 2011

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



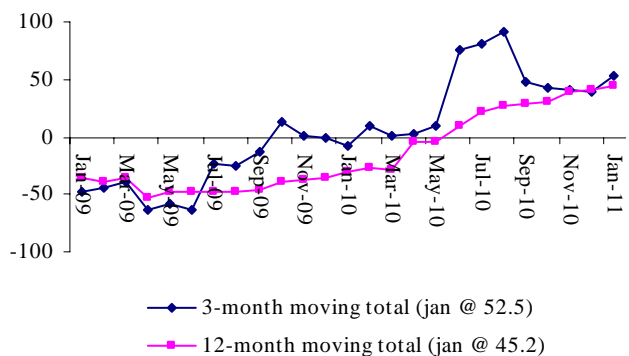
Collections for the General Sales tax and Individual Income tax withholding: Jan. 2010 to Jan. 2011

(% change in 3-month moving total)



Payments to DC Recorder of Deeds for transfer, economic interest, and recordation taxes: January 2009 to January 2011

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



US economic forecasts

Outlook for the US economy has improved

- The February Blue Chip Indicators forecast for FY 2012 increased slightly. Growth in real GDP is now forecast to be 3.0% in FY 2011 and 3.4% in FY 2012.
- CBO raised its January forecast for both FY 2011 and FY 2012; its outlook is for less growth than the Blue Chip forecast.
- Blue Chip raised its estimate for inflation in FY 2011 and FY 2012, and also the interest rate on 10 year Treasury securities.
- Global Insight did not change its outlook for S and P stock index; Economy.com pessimistic forecast cut growth in 2011 to account for higher growth at the end of 2010. The range in the forecasts for 2011 is from -5.0% to +10.0%.

Table 24. Forecasts for US nominal and real GDP:

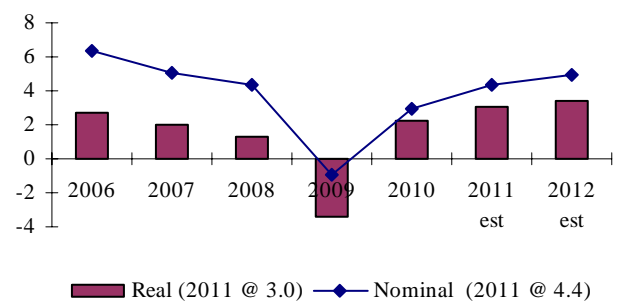
FY 2010 through FY 2012 (% change from prior fiscal year)

Forecast and date	2010	2011	2012	2010	2011	2012
	real			nominal		
Congressional Budget Office						
August	2.4	2.3	2.9	3.1	3.3	4.1
January	2.2	2.5	3.2	2.9	3.6	4.4
Blue Chip						
November	1.9	2.3		2.2	3.9	
December	1.9	2.5		2.2	4.1	
January	2.2	3.0	3.3	2.9	4.6	4.9
February	2.2	3.0	3.4	2.9	4.4	5.0

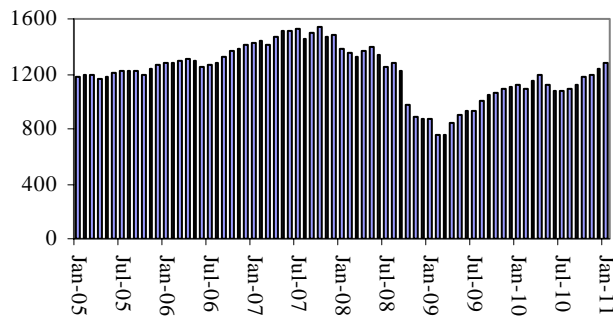
Sources: Blue Chip Indicators and the Congressional Budget Office.

Blue Chip Indicators estimate of US Nominal and Real GDP: 2006 to 2012

(% change from the prior year; Feb. 2011 estimate)



S and P 500 stock index: Jan. 2005 to Jan. 2011



■ S and P 500 stock index (jan @ 1283)

Table 25. Forecasts for S and P 500: 2010.4 to 2012.4

(% change from prior fiscal year)

Forecast date	2010.4	2011.4	2012.4	2010.4	2011.4	2012.4
	% change from prior year			% change from prior year		
	Global Insight: baseline			Global Insight: pessimistic		
Oct	2.3	7.8	7.9	-2.3	1.9	10.9
Nov	9.3	3.3	7.7	7.5	-5.0	10.7
Dec	9.0	4.5	7.6	8.4	-5.0	10.7
Jan	9.0	4.5	7.6	8.4	-5.0	10.7
Economy.com baseline						
Oct	2.6	11.2	5.8	-8.4	13.5	16.1
Nov	8.9	8.7	4.4	-2.8	10.9	14.6
Dec	9.4	8.9	4.2	-2.4	11.1	14.4
Jan	10.6	10.0	1.1	10.6	0.2	11.0

Note: actual change from 2009.4 to 2010.4 was 10.6%

Source: Global Insight and Moody's Economy.com. Global Insight's pessimistic probability is 20%, Economy.com's is 25%.

Table 26. Blue Chip forecasts for CPI and 10 year Treasury interest rate: FY 2010 to FY 2012

(% change from prior fiscal year)

Forecast date	2010	2011	2012	2010	2011	2012
	CPI			10-yr Treasury interest rate		
Nov	1.7	1.3		3.6	2.8	
Dec	1.7	1.4		3.4	2.9	
Jan	1.7	1.5	1.8	3.4	3.3	4.1
Feb	1.7	1.7	2.0	3.4	3.4	4.2

Source: Blue Chip Indicators

Slight improvement in Global Insight and Economy.com January forecasts.

- **Employment:** Both forecasts raised the outlook for employment, calling for about 16,000 to 20,000 more jobs in DC in FY 2011 and another 3,000 to 11,000 in FY 2012.
- **Unemployment:** Little change in expectations. Global Insight forecasts lower rates than Economy.com.
- **Wages earned in DC:** Both boosted estimates for FY 2011 and FY 2012. Each has baseline growth of about 6% in FY 2011 and FY 2012.
- **Wages earned by DC residents:** Both substantially raised forecasts for FY 2011; even the most pessimistic is about 10%.

Table 27. Jobs in DC: forecasts for FY 2010 to FY 2012

(amount of change from prior year)

Date of estimate	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
oct	3,025	-1,418	10,146	3,011	-3,816	6,049	3,025	6,738	6,911	3,025	-841	6,838
nov	6,150	9,661	10,647	6,183	8,886	6,873	6,150	6,336	4,379	6,150	78	2,590
dec	6,183	10,241	10,859	6,183	8,886	6,873	6,183	6,513	4,423	6,183	617	2,859
jan	6,183	20,730	11,409	6,183	19,809	8,141	6,183	21,274	10,121	6,183	16,333	2,601

Source: Global Insight and Moody's Economy.com. Global Insight's pessimistic probability is 20%, Economy.com's is 25%.

Table 28. Unemployment rate in DC FY 2010 to FY 2012

Date of estimate	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
oct	10.9	9.4	8.3	10.9	9.4	8.4	11.0	10.7	9.7	11.0	12.2	12.0
nov	10.9	9.4	8.5	10.9	9.4	8.6	10.9	10.3	9.6	10.9	11.6	12.0
dec	10.9	9.4	8.5	10.9	9.4	8.6	10.9	10.3	10.1	10.9	11.6	12.4
jan	10.9	9.4	8.5	10.9	9.4	8.6	10.9	9.9	8.8	10.9	11.0	11.9

Source: Global Insight and Moody's Economy.com. Global Insight's pessimistic probability is 20%, Economy.com's is 25%.

Table 29. Wages earned in DC FY 2010 to FY 2012

(percent change from prior year)

Date of estimate	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
oct	2.8	2.9	5.0	2.8	2.0	3.5	2.9	4.7	5.6	2.9	2.8	4.1
nov	3.2	4.3	5.4	3.2	3.6	3.9	3.4	4.1	4.4	3.4	2.6	2.8
dec	3.2	4.6	5.1	3.0	2.5	3.3	3.6	4.9	4.8	3.6	3.6	3.1
jan	4.1	6.2	5.7	4.1	5.6	4.3	4.1	5.6	5.6	4.1	4.5	3.5

Source: Global Insight and Moody's Economy.com. Global Insight's pessimistic probability is 20%, Economy.com's is 25%.

Table 30. DC resident wages FY 2010 to FY 2012

(percent change from prior year)

Date of estimate	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
oct	2.1	5.6	6.4	2.0	4.2	4.9	2.4	8.6	9.6	2.4	7.2	8.5
nov	2.7	8.3	9.2	2.7	7.1	7.6	3.5	7.9	8.7	3.5	6.8	7.5
dec	2.8	8.6	8.7	2.8	7.4	7.0	3.6	8.2	8.8	3.6	7.2	7.6
jan	3.1	12.4	8.8	3.1	11.3	7.2	3.1	10.8	8.3	3.1	9.9	6.8

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

Source: Global Insight and Moody's Economy.com. Global Insight's pessimistic probability is 20%, Economy.com's is 25%.

DC revenue estimate

The February 2011 forecast is for tax revenue (before earmarks) to decline \$35.3 million (0.7%) in FY 2011, then increase by \$307 million (6.2%) in FY 2012

- The 2011 decline is driven by a \$214 million (11.8%) decline in real property taxes due to lower assessments that reflect the market values prevailing at the end of 2009.
- The largest increases in FY 2011 are in General Sales and Individual Income tax withholding.
- In FY 2012 rebound in real property is the largest source of growth. The non-withholding part of the individual income tax is the second largest source of growth, marking the end of a three year, \$320 million (92%), decline in this revenue source.
- In FY 2011 through FY 2013 taxes as a share of Personal Income are lower than in the preceding years.

Table 31. DC Tax Revenue (before earmarks) for FY 2010 through FY 2012: February 2011 revenue estimate

Tax	FY level (\$ million)			Change from prior year (\$ M)			% change from prior year		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
Real property	1,821.5	1,607.4	1,729.2	-1.2	-214.0	121.8	-0.1	-11.8	7.6
Deed taxes	225.6	255.8	270.0	38.2	30.2	14.1	20.4	13.4	5.5
General sales	976.7	1,018.8	1,061.0	3.3	42.2	42.1	0.3	4.3	4.1
Individual income	1,110.4	1,183.3	1,296.8	-25.5	72.8	113.5	-2.2	6.6	9.6
Withholding	1,073.8	1,155.4	1,182.2	52.6	81.6	26.8	5.2	7.6	2.3
non-withholding	36.6	27.9	114.5	-78.1	-8.7	86.7	-68.1	-23.9	310.9
Business income	323.7	346.1	356.3	-18.4	22.4	10.2	-5.4	6.9	2.9
Other	547.3	558.4	563.6	-10.7	11.1	5.2	-1.9	2.0	0.9
Total	5,005.2	4,969.8	5,276.7	-14.4	-35.3	306.9	-0.3	-0.7	6.2

Source: ORA. February 28, 2011 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 2010 to FY 2012

item	2010	2011	2012
Wage and salary employment	709,584	723,666	733,412
1 year change	6,184	14,083	9,746
% change	0.9	2.0	1.3
DC resident employment	298,153	303,447	310,165
1 year change	-3,257	5,294	6,718
% change	-1.1	1.8	2.2
Unemployment rate	10.9	9.6	8.7

Source: ORA February 2011 revenue estimate

Table 33. DC Income and stock market assumptions:

FY 2010 to FY 2012 (change from prior year)

item	2010	2011	2012
Wages and salaries earned in DC	4.1	4.8	5.1
Wages and salaries earned by DC residents	3.1	4.9	6.3
DC Personal income	2.9	4.4	3.8
S and P 500 stock index	10.6	4.7	5.9

Source: ORA February 2011 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 2004 to FY 2013

item	2004	2005	2006	2007	2008	2009	2010	2011 est	2012 est	2013 est
Tax revenue (\$ million)										
Level	3,805	4,249	4,516	5,155	5,325	5,052	5,005	4,970	5,277	5,521
Change from prior year	420	444	267	638	170	-273	-47	-35	307	244
Percent change from prior year										
Tax revenue	12.4	11.7	6.3	14.1	3.3	-5.1	-0.9	-0.7	6.2	4.6
Personal Income	6.9	8.3	8.2	8.0	8.0	2.5	2.9	4.4	3.8	4.5
Tax revenue as percent of Personal Income										
Personal Income	13.1	13.5	13.3	14.0	13.4	12.4	12.0	11.4	11.6	11.6

Source: ORA. February 28, 2011 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.

Tax collections, continued from p. 1.

Comparing 12-month collections for various taxes in January 2011 with those from September 2007, September 2008, and January 2010 show how the US recession, which began in December 2007, affected real property and other DC taxes.

—*September 2007 to January 2011*: a \$411 million increase in real property collections (collections reflecting pre-recession property values) offset about 70% of the declines in the non-withholding part of the individual income tax (in large measure reflecting capital losses incurred by taxpayers), business income, and deed taxes. Withholding was 12% more, sales 2%.

—*September 2008 to January 2011*: declines in non-withholding, business income, sales, and deed taxes were too great to be offset by increased collections for real property and withholding.

—*January 2010 to January 2011*: all taxes except business income show gains over the year. But the boost from real property was small.

—Stephen Swaim, Office of Revenue Analysis

Comparison of tax collections: September 2007 and January 2011
(12-month moving total, in millions of dollars)

tax	Sep 2007	Jan 2011	Change for period	
			\$	%
Real property	1,444	1,855	411	28.5
Deed taxes	442	218	-224	-50.7
General sales	959	978	19	2.0
Withholding for the individual income tax	975	1,092	117	12.0
Non-withholding for the individual income tax	338	79	-259	-76.7
Business income	417	323	-94	-22.4
All other taxes	511	511	0	0.0
Total	5,085	5,055	-30	-0.6

Source: ORA Underlying collections data are 12-month moving totals as of dates shown. Collections are before earmarks, and do not reflect revenue accounting adjustments. Non-withholding for the individual income tax is primarily payments with returns, declaration, and refunds. Deed taxes are recordation, transfer, and economic interest.

Comparison of tax collections: September 2008 and January 2011
(12-month moving total, in millions of dollars)

tax	Sep 2008	Jan 2011	Change for period	
			\$	%
Real property	1,685	1,855	170	10.1
Deed taxes	323	218	-105	-32.6
General sales	1,012	978	-34	-3.4
Withholding for the individual income tax	1,004	1,092	87	8.7
Non-withholding for the individual income tax	349	79	-270	-77.4
Business income	419	323	-95	-22.7
All other taxes	523	511	-13	-2.4
Total	5,315	5,055	-260	-4.9

Source: ORA Underlying collections data are 12-month moving totals as of dates shown. Collections are before earmarks, and do not reflect revenue accounting adjustments. Non-withholding for the individual income tax is primarily payments with returns, declaration, and refunds. Deed taxes are recordation, transfer, and economic interest.

Comparison of tax collections: January 2010 and January 2011
(12-month moving total, in millions of dollars)

tax	Jan 2010	Jan 2011	Change for period	
			\$	%
Real property	1,817	1,855	38	2.1
Deed taxes	192	218	25	13.2
General sales	938	978	40	4.3
Withholding for the individual income tax	1,039	1,092	53	5.1
Non-withholding for the individual income tax	43	79	35	81.5
Business income	344	323	-21	-6.0
All other taxes	499	511	12	2.4
Total	4,873	5,055	182	3.7

Source: ORA Underlying collections data are 12-month moving totals as of dates shown. Collections are before earmarks, and do not reflect revenue accounting adjustments. Non-withholding for the individual income tax is primarily payments with returns, declaration, and refunds. Deed taxes are recordation, transfer, and economic interest.

ORA Reports and Documents

From time to time the Office of Revenue Analysis prepares fiscal impact studies 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).

Recent ORA reports:

Tax Rates and Tax Burdens—A Nationwide Comparison 2009. This annual publication compares DC tax rates and the estimated DC tax burdens for households of different income levels with the rates and burdens of state and local taxes in the principal cities in all 50 states.

Tax 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 criteria, 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 *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 is from one or two months prior to the *Trends* date (February report has mostly December and January 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 35. **Information sources**

Indicator	Source	Period covered in this report	Next release
D.C. Jobs and Labor Force information	BLS	December	March 10, 2011
D.C. Personal Income	BEA	2010.3	March 23
D.C. Tax Collections	OTR/ORA	January	March 15
D.C. Housing Sales	GCAAR*	January	c March 10
D.C. Commercial Office Building data	Delta Associates	2010.4	c March 15
DC Apartment data	Reis, inc	2010.4	c April 1
D.C. Hotel stay information	Smith Travel Research	December	c. February 15
Consumer Price Index	BLS	December and January	March 17
U.S. Jobs and Labor Force	BLS	December and January	March 4
U.S. GDP and Personal Income	BEA	2010.4	February 25
S and P 500 Stock Index	Financial press	January	March 1
Interest rate on 10-Year Treasury Securities	Financial press	January	March 1
Global Insight D.C. forecast	Global Insight	January	c. February 20
Economy.com D.C. forecast	Economy.com	January	c. February 20
Blue Chip Economic Indicators for the U.S.	Aspen Publishers	February	March 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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