

**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: *January 2011*

### Contents

Wage and salary employment ...2
Sectors of the DC economy .....3
Resident employment and unem- ployment ..... 4
Wages and income.....5
Residential real estate.....6
Commercial office space.....8
Real estate construction outlook and value of transactions.....9
Hospitality .....10
US economy and inflation .....11
DC tax collections.....12
US and DC forecasts.....14
DC revenue estimate.....16
ORA reports & documents.....18
About this report.....18
ORA contact information.....18

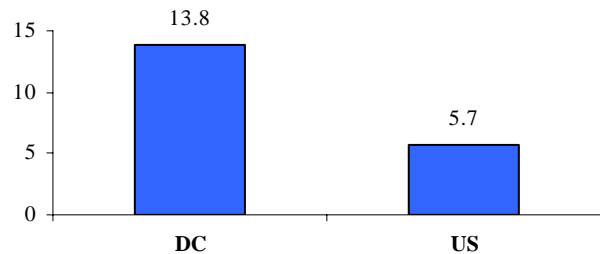
### DC Personal Income up 13.8% over the past 3 years

***DC percent gain more than twice the US average. DC residents' wage and salary gains far outpaced the US.***

From the end of FY 2007 to FY 2010, DC Personal Income grew 13.8% according to the US Bureau of Economic Analysis. For the same period of time Personal Income in the US as a whole rose by just 5.7%. The period FY 2007 to FY 2010 encompasses the entire US recession (which began in December 2007) and recovery through September 2010.

The principal reason why DC Personal Income increased much more than in the US as a whole concerns the wage and salary portion of Personal Income (which accounts for about half of Personal Income). In the United States as a whole, there was virtually no increase in wages and salaries, *(continued on p. 17)*

**3-year change in DC and US Personal Income:  
% change from 2007.3 to 2010.3**



### Federal agency house price index shows DC housing values fell 8.4% over the past 3 years

***The drop about the same as the US average***

Every quarter, the Federal Housing Finance Agency (FHFA) compiles an index of the value of single family houses in jurisdictions throughout the US. This index is based on the changes in the value of the houses that (1) have been sold or refinanced any time during the past 35 years, and (2) have received federally guaranteed mortgages. Because it is based on a set of houses that changes but little from one period to the next, this provides a more accurate measure of changes in property values than does short term fluctuation the average prices of houses sold.

According to the most recent FHFA index, the value of single family houses in the District of Columbia declined by 8.4% from September 2007 *(continued on p. 17)*

## Wage and salary employment

### DC's wage and salary employment grew in November at a rate 3 times greater than the suburbs

- November wage and salary employment in DC was 23,900 (3.4%) higher than a year earlier. Federal jobs were up by 7,700 and private sector jobs by 17,900.
- DC's 22,500 (3.2%) job increase for the 3-month period ending in November accounted for about 46% of the 48,700 gain for the whole Washington metropolitan area.
- Suburban Washington employment, which continues to grow more slowly than in DC, was up 1.1% in November from November 2009.

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

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

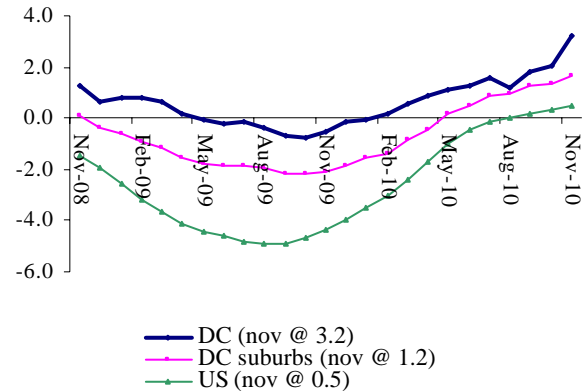


Table 1. Wage and salary employment in DC, Washington Metro area, and the US: November 2010

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	713,342	724,333	728,300
1 year change	11,067	725	6,133	10,033	22,500	23,900
% change	1.6	0.1	0.9	1.4	3.2	3.4
Washington metro area	3,005,692	2,964,167	2,957,017	2,964,833	2,993,167	3,002,800
1 year change	21,575	-41,525	-7,150	9,883	48,700	49,200
% change	0.7	-1.4	-0.2	0.3	1.7	1.7
Washington suburbs (% ch)	0.5	-1.8	-0.6	0.0	1.2	1.1
US (% ch)	0.1	-3.8	-1.7	-0.9	0.5	0.6

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

Table 2. Federal government and private sector wage and salary employment in DC: November 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	208,667	211,400	211,500
1 year change	1,825	5,283	9,325	9,250	8,433	7,700
% change	1.0	2.7	4.7	4.6	4.2	3.8
Private sector	468,458	463,542	462,083	464,775	475,467	479,400
1 year change	7,475	-4,917	-1,458	2,850	15,767	17,900
% change	1.6	-1.0	-0.3	0.6	3.4	3.9

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

Table 3. Seasonally adjusted DC Employment: June 2010 to November 2010

Indicator	Jun	Jul	Aug	Sep	Oct	Nov
D.C. Wage and Salary employment	711,500	724,800	705,600	722,500	724,300	725,600
change from prior month	1,200	13,300	-19,200	16,900	1,800	1,300
% change from prior month	0.2	1.9	-2.6	2.4	0.2	0.2

*Source: BLS seasonally adjusted. November is preliminary*

## Sectors of the economy

### **Non-professional or technical business services continue to be the biggest source of private sector job growth; education also has gained**

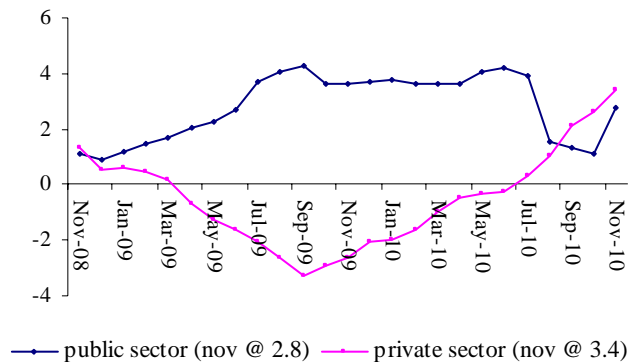
•For the 3-month period ending in November business services (other than employment services) accounted for most of the gains registered in DC's private sector. They were up by 11,633 (32.3%) from the prior year.

•Other private industries showing gains over the year include education (4,300), food service (1,300), organizations (733), and construction (500).

•Industry sectors losing jobs include legal services (-1,167), health (-533), and miscellaneous personal services (-867).

•In the public sector, the local government decline of 1,700 offset about 20% of the increase in federal jobs.

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



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

Industry sector	3-month moving average				12-month moving avg: % change	Sector % of all DC jobs, Nov 2010	DC % in Nov 2010 of all sector jobs in:	
	Nov 2009	Nov 2010	1 year change				metro area	US
			Amount	%				
Federal government	202,967	211,400	8,433	4.2	4.6	29.2	55.8	7.44
Local government	39,167	37,467	-1,700	-4.3	-4.9	5.2	12.1	0.19
Legal services	33,267	32,100	-1,167	-3.5	-4.9	4.4	na	2.90
Other Professional and technical	67,633	67,533	-100	-0.1	-0.9	9.3	21.9	1.07
Employment services	10,700	10,533	-167	-1.6	-4.8	1.5	31.2	0.35
Other Business services	36,033	47,667	11,633	32.3	22.4	6.6	23.8	0.72
Information	18,567	18,600	33	0.2	-3.3	2.6	23.7	0.68
Finance	26,200	26,267	67	0.3	-2.8	3.6	18.4	0.35
Organizations	57,600	58,333	733	1.3	-0.6	8.1	35.7	1.97
Education	46,967	51,267	4,300	9.2	2.7	7.1	51.2	1.57
Health	58,000	57,467	-533	-0.9	-0.7	7.9	21.9	0.35
Food service	36,233	37,533	1,300	3.6	1.3	5.2	19.8	0.39
Accommodations	15,233	15,200	-33	-0.2	1.1	2.1	36.7	0.87
Amusement and recreation	7,100	7,067	-33	-0.5	-1.3	1.0	19.8	0.38
Retail trade	17,667	17,600	-67	-0.4	0.3	2.4	6.7	0.12
Wholesale trade	4,400	4,600	200	4.5	-0.9	0.6	7.0	0.08
Construction	11,067	11,567	500	4.5	-7.8	1.6	8.1	0.20
Personal and miscellaneous services	6,833	5,967	-867	-12.7	-12.9	0.8	na	0.25
Other private	6,200	6,167	-33	-0.5	-1.2	0.9	5.4	0.04
<b>Total</b>	<b>701,833</b>	<b>724,333</b>	<b>22,500</b>	<b>3.2</b>	<b>1.4</b>	<b>100.0</b>	<b>24.2</b>	<b>0.55</b>
<i>Public sector</i>	<i>242,133</i>	<i>248,867</i>	<i>6,733</i>	<i>2.8</i>	<i>3.0</i>	<i>34.4</i>	<i>36.1</i>	<i>1.11</i>
<i>Private sector</i>	<i>459,700</i>	<i>475,467</i>	<i>15,767</i>	<i>3.4</i>	<i>0.6</i>	<i>65.6</i>	<i>20.6</i>	<i>0.44</i>
<i>Professional and all business</i>	<i>192,400</i>	<i>202,700</i>	<i>10,300</i>	<i>5.4</i>	<i>1.9</i>	<i>28.0</i>	<i>22.3</i>	<i>0.93</i>
<i>Education, health, and organizations</i>	<i>162,567</i>	<i>167,067</i>	<i>4,500</i>	<i>2.8</i>	<i>0.3</i>	<i>23.1</i>	<i>30.8</i>	<i>0.55</i>
<i>Hospitality and trade</i>	<i>80,633</i>	<i>82,000</i>	<i>1,367</i>	<i>1.7</i>	<i>0.7</i>	<i>11.3</i>	<i>13.8</i>	<i>0.25</i>
<i>Other private sector</i>	<i>24,100</i>	<i>23,700</i>	<i>-400</i>	<i>-1.7</i>	<i>-7.6</i>	<i>3.3</i>	<i>9.3</i>	<i>0.09</i>

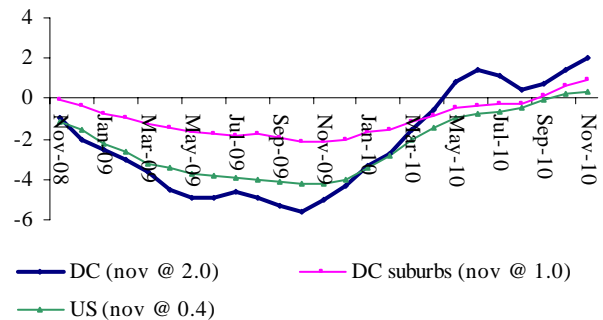
Source: BLS. not seasonally adjusted. na=not available; for the metro area, legal is included in other professional and technical, and personal and miscellaneous services is included in organizations (a category BLS calls "other services")

## Resident employment

### Resident employment has not grown in 7 months

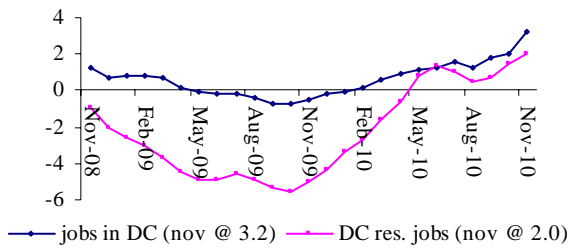
- In November DC resident employment was up 4,829 (1.6%) from the same month of the prior year.
- Seasonally adjusted, however, DC's resident employment is less now than it was in April.
- In November the unemployment rate edged up to 9.8% from 9.7% in October.
- DC's gain in resident employment over the prior year has been faster than in the DC suburbs or the US.

**Resident employment in DC, the DC suburbs, and the US: November 2008 to November 2010**  
(% change from prior year in 3-month moving average)



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

**November 2008 to November 2010**  
(% change from prior yr. in 3-mo. moving avg.)



**Table 5. Unemployment rates for DC, metro area, and US: November 2010**  
(percent of labor force)

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	Nov. 2009	Nov. 2010	Nov. 2009	Nov. 2010
US	9.4	9.3	10.0	9.8
DC metro area	6.1	6.0	na	na
DC	11.5	10.2	11.6	9.8
DC suburbs	5.4	5.5	na	na

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

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

Indicator	FY 2008	FY 2009	FY 2010	12-month moving avg	3-month moving average	This month
<b>DC Labor force</b>						
Resident employment	313,733	301,238	298,329	299,265	299,305	298,135
1 year change	4,687	-12,495	-2,909	367	5,806	4,829
% change	1.5	-4.0	-1.0	0.1	2.0	1.6
Labor Force	333,744	331,910	334,365	334,350	331,669	332,003
1 year change	6,985	-1,834	2,455	2,500	154	547
% change	2.1	-0.5	0.7	0.8	0.0	0.2
Unemployed	20,011	30,671	36,035	35,086	32,364	33,868
1 year change	2,298	10,660	5,364	2,133	-5,651	-4,282
% change	13.0	53.3	17.5	6.5	-14.9	-11.2
Unemployment rate	6.0	9.2	10.8	10.5	9.8	10.2
<b>DC Unemployment insurance (state program)</b>						
Initial claims (monthly avg.)	1,515	2,203	1,799	1,761	1,709	1,670
1 year change	213	688	-404	-439	-229	-135
% change	16.4	45.4	-18.3	-19.9	-11.8	-7.5
Weeks compensated (mo. avg.)	34,738	54,474	53,592	51,989	47,027	47,403
1 year change	8,170	19,736	-881	-4,483	-14,374	-8,014
% change	30.8	56.8	-1.6	-7.9	-23.4	-14.5

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

**Table 7. Seasonally adjusted DC Resident employment and unemployment: June 2010 to November 2010**

Indicator	Jun	Jul	Aug	Sep	Oct	Nov
DC Resident employment	303,559	301,884	298,995	298,573	298,745	299,052
change from prior month	536	-1,675	-2,889	-422	172	307
% change from prior month	0.2	-0.6	-1.0	-0.1	0.1	0.1
DC Unemployment rate (%)	10.0	9.9	9.9	9.8	9.7	9.8

Source: BLS seasonally adjusted. November is preliminary.

## Wages and income

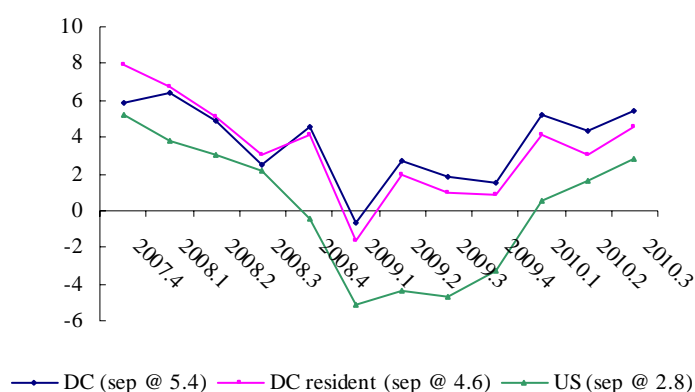
### *The private sector accounted for more than half of the September quarter wage growth*

•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

### November average selling prices were higher for both single family and condo units

- November single family home sales were up 7.4% from a year earlier, and the average selling price was also 18.0% higher.
- November condominium sales were down 7.7% from a year earlier, but average selling prices were 30.6% higher.
- November calendar year-to-date median prices were up 1.0% for single family units, and 4.5% for condominiums.
- For the 3-month period ending in November, the total value of all home sales was 4.9% below a year earlier.
- November foreclosure actions in DC were down sharply (83.1%) from last year. The decline is 19.8% for the 3-month period ending in November.

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

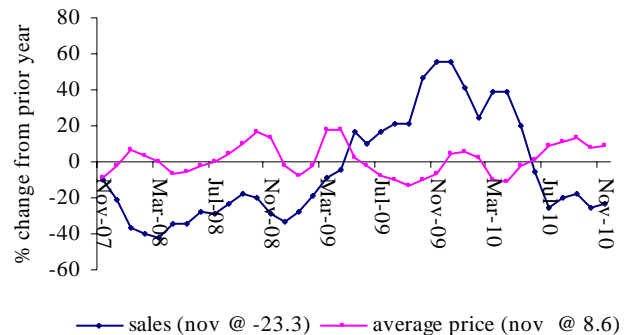


Table 9. D.C. Residential Real Estate Indicators: November 2010

Indicator	FY 2007	FY 2008	FY 2009	FY 2010	12-mo moving total or average	3-mo moving total or average	This month
<b>Number of sales (contracts)</b>							
Single family	3,873	3,267	3,821	4,543	4,468	1,086	349
1 year change	-402	-606	554	722	329	-128	24
% change	-9.4	-15.6	17.0	18.9	7.9	-10.5	7.4
Condo	4,147	2,979	2,935	3,222	3,062	667	203
1 year change	195	-1,168	-44	287	-108	-203	-17
% change	4.9	-28.2	-1.5	9.8	-3.4	-23.3	-7.7
Total	8,020	6,246	6,756	7,765	7,530	1,753	552
1 year change	-207	-1,774	510	1,009	221	-331	7
% change	-2.5	-22.1	8.2	14.9	3.0	-15.9	1.3
<b>Average prices of units that sold*</b>							
Single family (\$)	668,630	672,101	563,553	544,322	559,313	594,841	641,989
1 year change	10,015	3,471	-108,548	-19,231	9,925	70,479	97,788
% change	1.5	0.5	-16.2	-3.4	1.8	13.4	18.0
Condo (\$)	406,926	411,270	407,613	415,229	424,517	430,030	452,024
1 year change	-9,127	4,344	-3,657	7,617	19,324	34,206	106,001
% change	-2.2	1.1	-0.9	1.9	4.8	8.6	30.6
<b>Total value of all sales</b>	<b>4,277.1</b>	<b>3,420.9</b>	<b>3,349.7</b>	<b>3,810.7</b>	<b>3,798.9</b>	<b>932.8</b>	<b>315.8</b>
1 year change	-182.7	-856.2	-71.2	461.0	240.5	-48.1	62.8
% change	-2.5	-22.1	-2.1	13.8	6.8	-4.9	24.8
<b>Ratio: active inventory to sales</b>							
Single family	4.1	6.0	5.2	3.4	3.5	4.0	4.1
Condo	3.9	5.7	5.7	4.6	4.9	5.9	6.3
<b>Foreclosure actions**</b>							
	392	3,282	2,883	2,722	2,570	664	61
1 year change	273	2,890	-399	-161	-397	-164	-301
% change	229.4	737.2	-12.2	-5.6	-13.4	-19.8	-83.1

Median prices, CY to date in Nov. 2010: single family \$419,000 (1.0% 1 yr ch); condo \$371,000 (4.5% 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

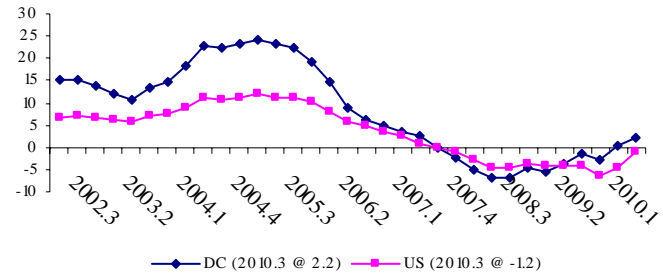
**Sales of expensive houses are growing, lower price sales are falling. Rents are rising.**

●For the 3 month period ending in November, sales of houses below \$300,000 declined 20%, and those of more than \$1million increased 15.8%.

●The FHFA house price index for DC showed values up 2.2% over a year ago.

●In the September quarter, apartment occupancy was up by 1,001 (1.2%) and rents were up 2.9% from a year earlier

**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: November 2010**

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	1,672	403	134
1 year change	-34	10	685	298	92	-101	-3
% change	-4.4	1.4	91.6	20.8	5.8	-20.0	-2.2
percent of all sales	19.1	22.9	37.5	38.1	37.4	37.1	38.4
\$1 million or more	423	436	341	475	465	132	36
1 year change	-69	13	-95	134	80	18	-4
% change	-14.0	3.1	-21.8	39.3	20.8	15.8	-10.0
percent of all sales	10.9	13.3	8.9	10.5	10.4	12.2	10.3

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
<b>% change from prior year in value of index</b>								
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
<b>Addendum: % change from prior year in average single family sales contract</b>								
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: September 30, 2010**

Indicator	Sep. 30 2007	Sep. 30 2008	Sep. 30 2009	Latest Q (September 2010)		
				amount	1 Q ch	% ch
Inventory	84,186	85,427	87,090	87,970	0	0.0
1 year change	262	1,241	1,663	880		
% change	0.3	1.5	1.9	1.0		
Occupied units	80,819	81,521	81,964	82,965	657	0.8
1 year change	175	702	443	1,001		
% change	0.2	0.9	0.5	1.2		
Vacant units	3,367	3,906	5,126	5,005	-657	-11.6
1 year change	87	539	1,220	-121		
% change	2.7	16.0	31.2	-2.4		
% of inventory	4.0	4.6	5.9	5.7		
Average effective monthly rent	\$1,288	\$1,340	\$1,341	\$1,380	\$3	0.2
% change from 1 year	8.1	4.0	0.1	2.9		

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)

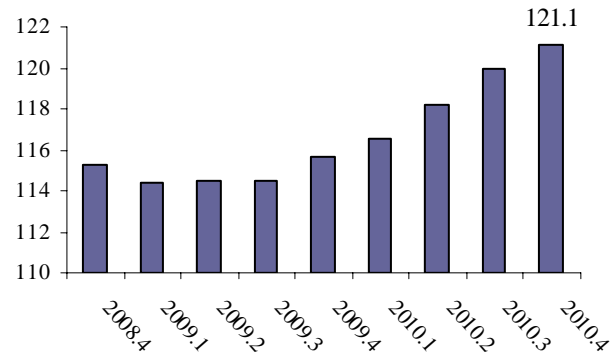


Table 13. Commercial office space in DC: December 31, 2010

(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.)

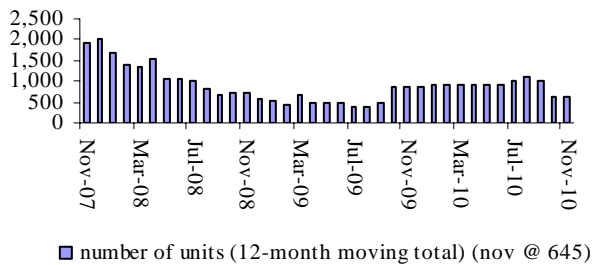


## Housing permits, office and apartment outlook, and value of property transfers

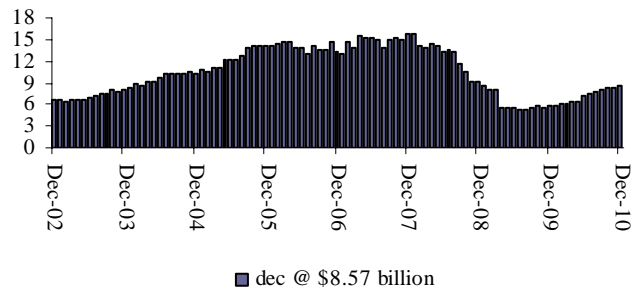
**Housing permits are down, and the value of property sales continues to rise. Vacancy rates are expected to fall.**

- In the 3-month period ending in November, 73 building permits were issued in DC, an 86% 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: Nov. 2007 to Nov. 2010  
(12-month moving total)



Value of all real property subject to deed transfer or economic interest taxes: Dec. 2002 to Dec. 2010  
(\$ billion, 12-month moving total)



- Reis expects 3,638 new apartment units to be added to inventory over the next 2 years, and occupancy to grow by 4,612.
- The value of December property transfers was 33.5% more than in December 2009. The value of property transferred in the 3 months ending in November was 36.4% higher than a year earlier.

**Table 15. Housing unit building permits issued in DC: November 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	645	73	45
change from 1 year ago	-211	-1,506	-191	487	-220	-444	44
% change from 1 year	-8.8	-68.6	-27.7	97.6	-25.4	-85.9	4,400.0

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
<b>Inventory December 2010</b>					
Inventory (msf)	132.3	177.9	88.5	398.7	33.2
vacancy rate (%)	8.5	13.2	14.1	11.9	
<b>Estimated net activity to December 2012</b>					
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
<b>Estimated Inventory December 2012</b>					
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 2014**

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	87,603	1,020	6.1	82,247	-218
2010 est	88,442	839	6.2	82,924	677
2011 est	90,467	2,025	5.1	85,841	2,917
2012 est	92,080	1,613	4.9	87,536	1,695
2013 est	93,303	1,223	4.7	88,961	1,425
2014 est	94,430	1,127	4.1	90,546	1,585

Source: Reis (see note in table 12)

**Table 18. Market Value of Real Property transfers subject to the Deed Transfer or Economic Interest tax: December 2010**

	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	8,573.6	2,472.2	961.9
change from one year ago (\$M)	1,403.7	-3,307.6	-5,936.1	2,323.1	2,756.6	659.3	241.1
% change from 1 year ago	10.5	-22.3	-51.5	41.5	47.4	36.4	33.5

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).

## Hospitality

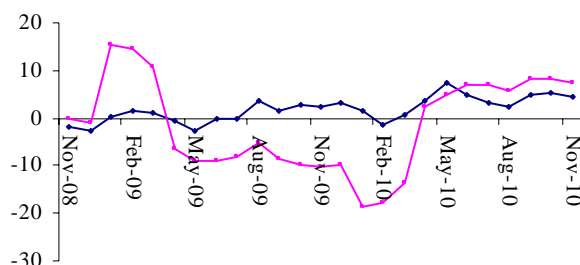
### November room rates and demand were moderately higher than last year

● In November, the number of hotel room-days sold was 1.8% higher than a year earlier and the average room rate was 0.8% higher, leading to a 2.6% gain in room revenue. The gain in room revenue was 12.0% for the 3-month period ending in November.

● Employment in food services was 3.6% higher for the 3-month period ending in November; hotel, retail, and entertainment employment declined.

● In the 3 months ending in November 2010, airline traffic into the DC area was up 6.1% from a year earlier. Reagan Washington National Airport's gain was 7.4%.

DC hotel room days sold and average room rate:  
November 2008 to November 2010  
(% change from prior year in 3-mo. moving total)



—◆— Room days sold (nov @ 4.4) —■— average room rate (nov @ 7.2)

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

Indicator	Units	date	FY 2008	FY 2009	FY 2010	12-mo total or average*	3-month moving total or average*	This month	
<b>Hotel stays</b>									
Hotel room-days sold	('M)	nov	7.125	7.123	7.370	7.407	1.890	0.533	
			1 yr ch	0.044	-0.003	0.248	0.250	0.080	0.010
			1 yr % ch	0.6	0.0	3.5	3.5	4.4	1.8
Average room rate	\$	nov	208.99	203.16	199.25	201.64	217.35	193.19	
			1 yr ch	10.55	-5.83	-3.91	2.55	14.69	1.57
			1 yr % ch	5.3	-2.8	-1.9	1.3	7.2	0.8
Occupancy rate (average)	%	nov	74.2	73.1	73.8	74.1	75.9	64.7	
			1 yr ch	0.6	-1.1	0.7	1.1	3.2	1.0
			1 yr % ch	0.9	-1.5	0.9	1.6	4.4	1.6
Room revenue	(\$M)	nov	1,489.1	1,447.0	1,468.5	1493.5	410.9	102.9	
			1 yr ch	83.8	-42.0	21.5	68.7	44.0	2.7
			1 yr % ch	6.0	-2.8	1.5	4.8	12.0	2.6
<b>Airline passengers</b>									
DCA	1 yr % ch	nov	-3.2	-2.9	0.5	1.6	7.4	10.2	
IAD	1 yr % ch	nov	-2.3	-4.4	1.2	1.7	5.2	4.7	
BWI	1 yr % ch	nov	0.0	-3.3	4.6	4.3	5.8	6.8	
Total	1 yr % ch	nov	-1.8	-3.6	2.1	2.5	6.1	7.0	
<b>Convention Center Transfer</b>									
	\$ M	nov	91.5	90.4	94.1	95.8	24.3	8.8	
			1 yr ch	8.2	-1.0	3.7	5.9	2.9	1.6
			1 yr % ch	9.8	-1.1	4.0	6.6	13.4	23.0
<b>Employment</b>									
Accommodations	level ('000)	nov	15.2	14.9	15.1	15.1	15.2	15.1	
			1 yr ch	-0.3	-0.3	0.2	0.2	0.0	-0.2
			1 yr % ch	-2.2	-1.9	1.5	1.1	-0.2	-1.3
Food and bev	level ('000)	nov	35.4	35.8	36.1	36.3	37.5	37.6	
			1 yr ch	2.0	0.4	0.3	0.5	1.3	1.6
			1 yr % ch	5.8	1.2	0.9	1.3	3.6	4.4
Arts and entertain.	level ('000)	nov	6.9	7.1	7.0	7.0	7.1	7.1	
			1 yr ch	0.9	0.2	-0.1	-0.1	0.0	-0.1
			1 yr % ch	14.8	3.1	-1.4	-1.3	-0.5	-1.4
Retail	level ('000)	nov	18.4	17.8	17.8	17.7	17.6	17.7	
			1 yr ch	0.3	-0.6	-0.1	0.1	-0.1	0.0
			1 yr % ch	1.6	-3.4	-0.3	0.3	-0.4	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)

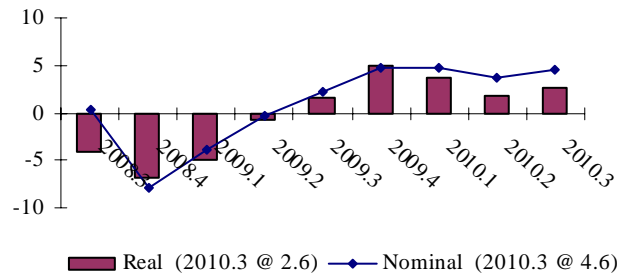
## US economy

**GDP growth picked up in the September quarter. The stock market continues to gain. Job growth is slow.**

- US employment (seasonally adjusted) increased by a scant 103,000 in December over the level of the prior month. The job gain in the last 3 months was 384,000.
- The US unemployment rate (seasonally adjusted) fell to 9.4% in December, but resident employment is down by 172,000 over the past 3 months.
- Wages and salaries earned in the US in the September quarter were 2.8% above those of a year ago, and Personal Income was 3.5% higher.

**Quarterly change in US Real and Nominal GDP: 2008.3 to 2010.3**

(% change from the previous quarter at annual rates)



**Table 20. US GDP, Income, corporate profits, and inflation: 2010.3 and November 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	2010.3	latest mo.
US GDP real	3rd Q 2010	1 yr % ch	2.0	1.3	-3.4	2.2		2.2	3.2	
US GDP nominal	3rd Q 2010	1 yr % ch	5.0	3.6	-2.1	2.9		2.9	4.5	
US Personal income	3rd Q 2010	1 yr % ch	6.1	5.0	-1.1	1.8		1.8	3.5	
US wages	3rd Q 2010	1 yr % ch	6.2	3.5	-3.6	0.4		0.4	2.8	
Corporate profits	3rd Q 2010	1 yr % ch	-3.2	-10.6	-16.5	35.4		35.4	26.4	
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 December 22, 2010), BLS, and Yahoo finance

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: 2009.1 to 2010.3**

(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	2010.3
US GDP real	3rd Q 2010	% ch from prior Q at saar	-4.9	-0.7	1.6	5.0	3.7	1.7	2.6
US GDP nominal	3rd Q 2010	% ch from prior Q at saar	-3.9	-0.4	2.3	4.7	4.8	3.7	4.6
Wages and salaries	3rd Q 2010	% ch from prior Q at saar	-14.6	1.8	-1.5	1.3	0.4	6.2	3.3
Personal income	3rd Q 2010	% ch from prior Q at saar	-8.5	3.6	-1.3	2.5	3.6	5.4	2.4

Note: GDP=Gross Domestic Product saar=seasonally adjusted at annual rate Source: BEA, updated on December 22, 2010

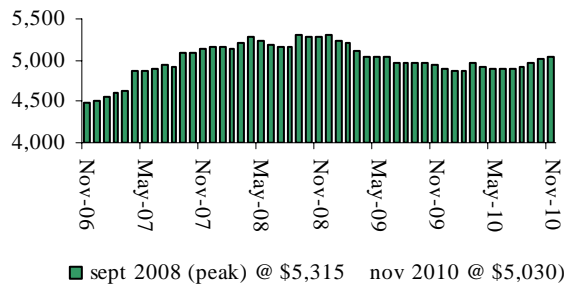
**Table 22. Monthly change in selected US Indicators: June 2010 to December 2010**

Indicator	Jun	Jul	Aug	Sep	Oct	Nov	Dec
S and P stock index (level)	1083	1080	1087	1122	1172	1199	1242
% change from prior month	-3.7	-0.3	0.7	3.2	4.4	2.3	3.6
% change from 1 year ago	17.0	15.4	7.7	7.4	9.7	10.2	11.8
10 yr. Treasury Interest rate (level)	3.19	2.98	2.69	2.64	2.51	2.74	3.28
CPI % ch from prior month (seasonally adjusted)	-0.14	0.31	0.25	0.10	0.23	0.12	0.50
CPI % ch from prior year (seasonally adjusted)	1.1	1.3	1.2	1.1	1.2	1.1	1.4
Jobs (seasonally adjusted level, in millions)	130.42	130.35	130.35	130.33	130.54	130.61	130.71
change from prior month (thousands)	-175	-66	-1	-24	210	71	103
% change from prior month	-0.1	-0.1	0.0	0.0	0.2	0.1	0.1
Resident employment (season. adj. level, in millions)	139.09	138.99	139.27	139.38	139.08	138.91	139.21
change from prior month (thousands)	-261	-101	276	111	-294	-175	297
% change from prior month	-0.2	-0.1	0.2	0.1	-0.2	-0.1	0.2
Unemployment rate (seasonally adj.)	9.5	9.5	9.6	9.6	9.7	9.8	9.4

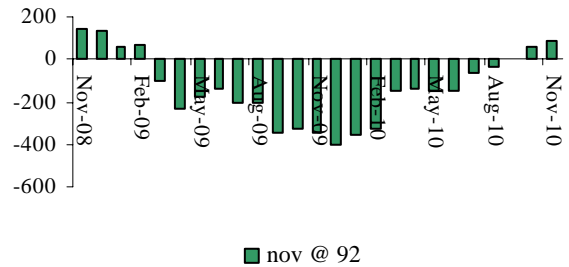
Source: BLS and Yahoo! Finance.

## DC tax collections

**Total DC tax collections (before earmarking):  
November 2006 to November 2010**  
(12-month moving total in \$ million)



**Change from prior year in total taxes collected in  
the preceding 12-months (before earmarking):  
November 2008 to November 2010**  
(\$ million)



**Table 23. Tax Collections (before earmarking): November 2010**  
(\$ 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	5,029.7	498.2	1,708.2	222.8
1 year change	615.1	229.7	-344.5	7.0	91.6	52.1	101.6	4.5
% change	13.8	4.5	-6.5	0.1	1.9	11.7	6.3	2.0
Real property	1,443.7	1,684.8	1,798.7	1,835.0	1,844.2	30.8	874.1	4.2
1 year change	296.1	241.2	113.9	36.3	40.7	9.2	6.9	-1.7
% change	25.8	16.7	6.8	2.0	2.3	nm	0.8	nm
General sales	958.8	1,011.6	963.5	965.3	988.3	184.2	265.2	93.3
1 year change	62.0	52.8	-48.1	1.8	39.2	22.9	35.4	14.9
% change	6.9	5.5	-4.8	0.2	4.1	14.2	15.4	19.0
Individual income	1,313.1	1,353.2	1,127.2	1,107.1	1,138.2	197.2	310.6	94.2
1 year change	80.7	40.1	-226.0	-20.1	10.8	31.1	25.7	4.8
% change	6.5	3.1	-16.7	-1.8	1.0	18.7	9.0	5.4
withholding	974.8	1,004.2	1,021.2	1,070.6	1,095.6	194.5	277.3	99.9
1 year change	4.2	29.5	17.0	49.4	64.4	25.0	37.3	7.6
% change	0.4	3.0	1.7	4.8	6.2	14.8	15.5	8.3
non-withholding	338.3	349.0	106.0	36.5	42.6	2.7	33.3	-5.7
1 year change	76.5	10.7	-243.0	-69.5	-53.6	6.1	-11.5	-2.8
% change	29.2	3.2	-69.6	-65.6	-55.7	nm	-25.8	nm
Corporate income	250.7	289.8	220.7	207.9	208.0	12.0	41.1	-5.8
1 year change	30.9	39.1	-69.2	-12.8	-12.4	0.1	-11.9	-9.3
% change	14.1	15.6	-23.9	-5.8	-5.6	1.1	-22.5	nm
Unincorporated Bus.	166.4	128.9	121.3	120.7	113.6	2.5	18.5	-0.8
1 year change	25.5	-37.5	-7.6	-0.6	-8.7	-7.1	-11.4	-2.2
% change	18.1	-22.5	-5.9	-0.5	-7.1	-73.8	-38.2	nm
Deed taxes*	442.0	323.2	187.4	224.2	225.3	25.6	95.4	14.7
1 year change	81.7	-118.8	-135.8	36.8	48.2	1.1	45.4	0.5
% change	22.7	-26.9	-42.0	19.6	27.2	4.6	90.7	3.2
Other taxes	510.5	523.3	551.7	517.4	512.1	45.9	103.3	23.0
1 year change	38.0	12.8	28.4	-34.3	-26.2	-5.3	11.5	-2.5
% change	8.0	2.5	5.4	-6.2	-4.9	-10.4	12.5	-9.8

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

\*Due to processing changes, collections for April through August 2010 cannot reliably be compared with the prior year.

\*\*Preliminary collections for FY 2010; additional amounts may be added or subtracted as part of the fiscal year close process.

Comparisons with FY 2009 are based on final accounting for total collections for FY 2009.

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

Source: OCFO/OTR and OCFO/ORA

## DC tax collections

### Tax collections are rising

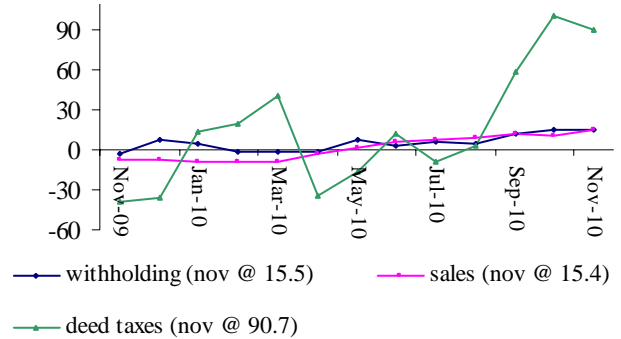
● For the 12-month period ending in November, tax collections (before earmarking) were \$92 million (1.9%) more than a year earlier.

● General sales, withholding for the individual income tax, and deed taxes have led the rebound in collections. For the 3-months ending in November, sales taxes were up 15.4%, withholding 15.5%, and deed taxes 90.7% compared with the same period of last year.

● Collections showing declines over the past 3 months compared with the prior year include the non-withholding part of the individual income tax and business income taxes.

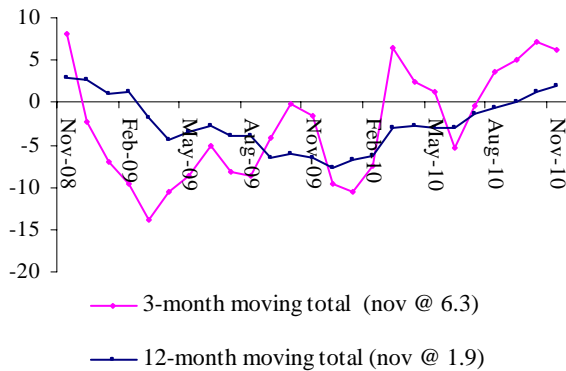
### Collections for the General Sales tax, Individual Income tax withholding, and Deed taxes: Nov. 2009 to Nov. 2010

(% change in 3-month moving total)



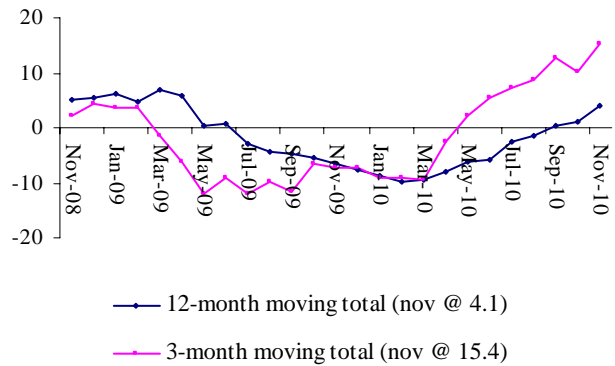
### DC Tax Collections (before earmarking): November 2008 to November 2010

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



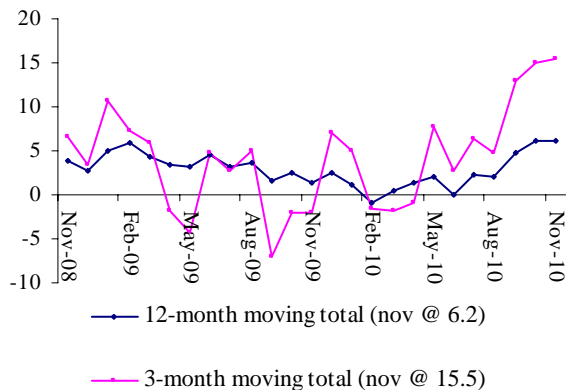
### Sales tax collections: Nov. 2008 to Nov. 2010

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



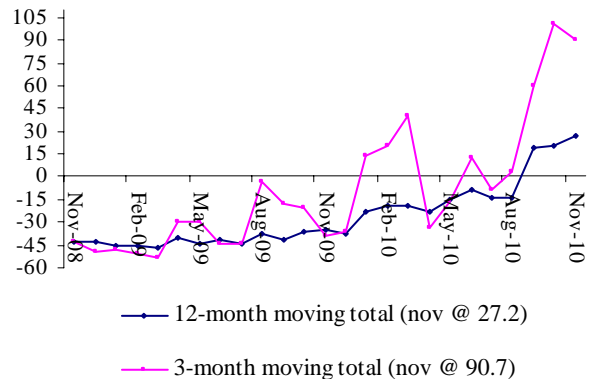
### Withholding collections: Nov. 2008 to Nov. 2010

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



### Deed Tax collections: Nov. 2008 to Nov. 2010

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



**Outlook for the US economy has improved**

- The January Blue Chip Indicators forecast for FY 2010 and FY 2011 increased significantly. Growth in real GDP is now forecast to be 3.0% in FY 2011, up from December's 2.5% estimate. Blue Chip now expects the previous 2007.4 peak for real GDP to be reached in 2010.4.
- The inflation outlook, though low, is forecast by Blue Chip to increase slightly to 1.8% in FY 2012, and the interest rate on 10 year Treasury securities is also expected to rise to 4.1% in FY 2012, a level not reached in 2 1/2 years.
- For the S and P stock index, there is little change in the Global Insight and Economy.com forecasts for the next year. Economy.com has a more optimistic view than Global Insight of changes in the stock market over the next two years.

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		
<b>Congressional Budget Office</b>						
January	1.6	1.8	3.9	2.5	2.7	4.9
August	2.4	2.3	2.9	3.1	3.3	4.1
<b>Blue Chip</b>						
October	1.9	2.4		2.1	3.7	
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

Sources: Blue Chip Indicators and the Congressional Budget Office.

Blue Chip Indicators estimate of US Nominal and Real GDP: 2006 to 2011

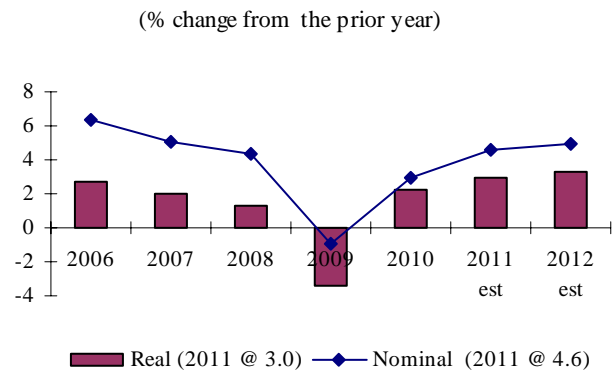


Table 25. Forecasts for S and P 500: 2010.4 to 2012.4

(% 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		
Aug	2.0	7.8	7.9	-9.9	10.2	10.9
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
	Economy.com baseline			Economy.com pessimistic		
Aug	9.6	5.2	6.0	-2.1	6.0	15.8
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

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%.

S and P 500 stock index: Dec. 2004 to Dec. 2010

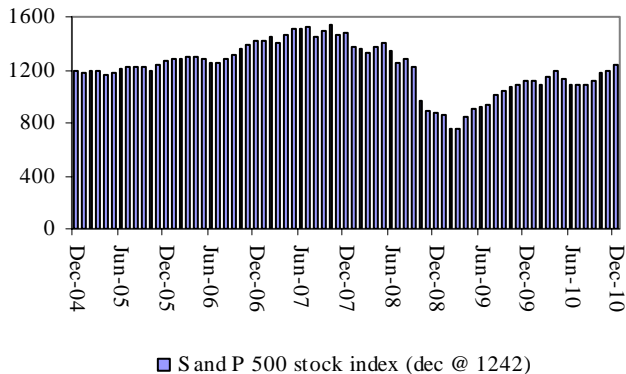


Table 26. Blue Chip forecasts for CPI and 10 year Treasury interest rate: FY 2010 to FY 2012

(% change from prior fiscal year)

Forecast date	2010	2011	2012	2010	2011	2012
	CPI			10-yr Treasury interest rate		
Oct	1.7	1.3		3.4	3.0	
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

Source: Blue Chip Indicators

## DC economic forecasts

### Slight improvement in Global Insight and Economy.com December forecasts.

- **Employment:** small increases in baseline estimates, with Global Insight having a considerably more optimistic view of employment gains over the next 2 years.
- **Unemployment:** Forecasts for stubbornly high unemployment held fairly steady in December. Global Insight anticipates a somewhat faster decline over the next two years than does Economy.com.
- **Wages earned in DC:** Baseline forecasts are for gains of 4.6% to 5.1% in each of the next two years. The pessimistic forecasts assume growth does not appreciably change from the FY 2010 rate.
- **Wages earned by DC residents:** Both forecasting services expect substantial increases in the wages of DC residents in both FY 2011 and FY 2012.

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		
sep	3,894	1,643	10,277		3,870	-751	6,399		3,941	75	6,827		3,155	-6,587	6,684
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

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		
sep	11.0	9.6	8.5		11.0	9.6	8.6		11.0	10.8	9.8		11.1	12.2	12.1
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

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		
sep	3.3	2.9	5.0		3.2	2.1	3.6		3.9	4.6	5.7		3.7	2.8	4.3
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

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		
sep	1.5	5.8	6.5		1.5	4.5	5.1		1.8	8.8	10.2		1.7	7.4	9.1
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

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 September forecast is for tax revenue to decline 2.9% in FY 2011, increase 3.5% in FY 2012**

- In December no change was made to the revenue forecast made in September.
- The 2011 decline is driven by a \$236 million (12.9%) decline in real property taxes due to lower assessments that reflect the market values prevailing in 2009. In the years prior to FY 2011 gains in real property had offset weaknesses in other taxes.
- The largest increases in FY 2011 and FY 2012 are in General Sales and Individual Income tax withholding.
- In FY 2011 and FY 2012 taxes are expected to fall as a share of Personal Income.

**Table 31. DC Tax Revenue (before earmarks) for FY 2010 through FY 2012: September 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	1,833.8	1,597.5	1,617.2	11.1	-236.4	19.7	0.6	-12.9	1.2
Deed taxes	219.4	201.0	207.4	32.0	-18.4	6.4	17.1	-8.4	3.2
General sales	977.5	1,008.1	1,049.5	4.1	30.6	41.4	0.4	3.1	4.1
Individual income	1,140.0	1,197.0	1,257.8	4.1	57.0	60.8	0.4	5.0	5.1
Withholding	1,050.0	1,111.6	1,166.6	28.8	61.6	55.0	2.8	5.9	4.9
non-withholding	90.0	85.4	91.2	-24.8	-4.6	5.8	-21.6	-5.1	6.8
Business income	348.5	364.4	397.9	6.4	15.9	33.5	1.9	4.6	9.2
Other	498.3	502.3	510.5	-59.6	4.0	8.2	-10.7	0.8	1.6
Total	5,017.6	4,870.3	5,040.4	-2.0	-147.3	170.1	0.0	-2.9	3.5

Source: ORA. September revenue estimate. Does not reflect policy changes or end of year accounting adjustments.

**Table 32. DC labor market assumptions: FY 2010 to FY 2012**

item	2010	2011	2012
Wage and salary employment	709,342	710,732	717,815
1 year change	5,942	1,390	7,083
% change	0.8	0.2	1.0
DC resident employment	297,346	304,445	309,002
1 year change	-4,064	7,099	4,558
% change	-1.3	2.4	1.5
Unemployment rate	11.3	10.1	9.1

Source: ORA September 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	3.3	3.3	4.0
Wages and salaries earned by DC residents	2.2	4.8	3.9
DC Personal income	2.9	2.7	2.0
S and P 500 stock index	-0.8	6.0	10.9

Source: ORA September 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 2012**

item	2004	2005	2006	2007	2008	2009	2010 est	2011 est	2012 est
<b>Percent change from prior year</b>									
Tax revenue	12.4	11.7	5.8	14.0	3.4	-5.2	0.0	-2.9	3.5
Personal Income	7.6	8.7	8.7	7.5	4.8	1.4	2.9	2.7	2.0
<b>Tax revenue as percent of Personal Income</b>									
	13.1	13.4	13.1	13.8	13.7	12.8	12.4	11.7	11.9

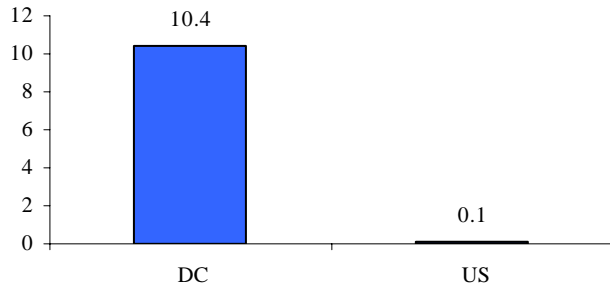
Source: ORA September revenue estimate. Does not reflect BEA's December revisions to Personal Income.



**Personal Income, continued from p. 1.**

as US wages and salaries increased only 0.1%. By contrast the estimated wages and salaries earned by DC residents increased by 10.4%. This increase in DC resident wages occurred despite a 3.5% decrease in resident employment and a virtual doubling of DC's unemployment rate (to 10.8%). The percentage changes in DC resident employment and unemployment rate were only somewhat less than that which occurred in the US economy. (See the accompanying table.)

**3-year change in wages and salaries earned by DC residents and throughout the US: % change from FY 2007 to FY 2010**



In the District of Columbia, the largest percentage increase in Personal Income (23.8%) occurred in transfers, retirement, and benefits, a category that accounts for about one-fifth of DC's Personal Income. For the US as a whole, this category grew by 30.8% and was virtually the only source of Personal Income growth over the entire 3-year period.

—Stephen Swaim, Office of Revenue Analysis

**Personal Income, wages, resident employment and unemployment in DC and the US: FY 2007 and FY 2010**

item	District of Columbia				US			
	FY 2007	FY 2010	1 year change		FY 2007	FY 2010	1 year change	
			amount	%			amount	%
Personal Income (\$B)	36.81	41.88	5.07	13.8	11,740	12,415	675	5.7
Resident wages and salaries (\$B)*	19.36	21.37	2.02	10.4	6,333	6,342	9	0.1
Proprietors' and property income	10.65	12.10	1.44	13.5	3,245	3,246	1	0.0
Transfers, retirement, and benefits	6.79	8.41	1.61	23.8	2,162	2,827	665	30.8
Resident employment	309,046	298,329	-10,717	-3.5	145,882	138,885	-6,997	-4.8
Unemployment rate	5.4	10.8	5.4	98.8	4.5	9.7	5.2	114.2

\*For DC, wages and salaries earned by DC residents, estimated by ORA from BEA data assuming that supplements (benefits) associated with wages and salaries are the same for working DC residents as for persons working in DC.

Source: BEA and BLS.

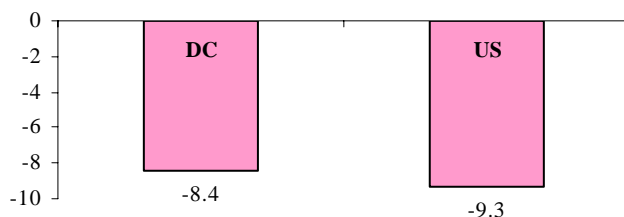
**Housing prices, continued from p. 1.**

to September 2010. For the US as a whole, the decline was 9.3%.

In the 3-year period from September 2004 to September 2007, values rose twice as much in DC as in the US: 37.9% v 18.6%. Consequently, after values declined, the value of the single family price index in DC was 26.4% higher in September 2010 than in September 2004, 6 years earlier. For the US, the net change over the 6-year period was 7.5%.

—Stephen Swaim, Office of Revenue Analysis

**3-year change in FHFA house price index in DC and the US: % change from September 2007 to September 2010**



**Percent change in the value of single family houses in DC and the US in selected periods: 2004.3 to 2010.3**

location	Price-change time periods		
	2004.3 to 2007.3	2007.3 to 2010.3	2004.3 to 2010.3
DC	37.9	-8.4	26.4
US	18.6	-9.3	7.5

Source: Federal Housing Finance Agency all transactions index (sales plus refinance)

## 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](http://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](http://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](http://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 two months prior to the *Trends* date (January report has mostly November data). Lags can be greater with quarterly data such as Personal Income and commercial real estate. Data in the tables are believed to be reliable, but original sources are definitive. All data are subject to revision by the information source. The *Trends* report is available at the DC Chief Financial Officer web-site: [www.cfo.dc.gov](http://www.cfo.dc.gov) (click on *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	November	January 25
D.C. Personal Income	BEA	2010.3	March 23
D.C. Tax Collections	OTR/ORA	November	January 15
D.C. Housing Sales	GCAAR*	November	c January 10
D.C. Commercial Office Building data	Delta Associates	2010.4	c March 15
DC Apartment data	Reis, inc	2010.3	c January 15
D.C. Hotel stay information	Smith Travel Research	November	c. January 10
Consumer Price Index	BLS	November	January 14
U.S. Jobs and Labor Force	BLS	November and December	January 7
U.S. GDP and Personal Income	BEA	2010.3	January 28
S and P 500 Stock Index	Financial press	December	February 1
Interest rate on 10-Year Treasury Securities	Financial press	December	February 1
Global Insight D.C. forecast	Global Insight	December	c. January 20
Economy.com D.C. forecast	Economy.com	December	c. January 20
Blue Chip Economic Indicators for the U.S.	Aspen Publishers	December	January 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](mailto:stephen.swaim@dc.gov) See also the *Economic Indicators* issued monthly by the D.C. Office of the Chief Financial Officer ([www.cfo.dc.gov](http://www.cfo.dc.gov)).

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

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