



# District of Columbia Economic and Revenue Trends: December 2020

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

Fitzroy Lee, Deputy CFO & Chief Economist  
Norton Francis, Director-Revenue Estimation

## Highlights:

- ◇ DC job growth stalls...2,4
- ◇ Home sales strong .....11
- ◇ Deed taxes down significantly.....16

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## Share of individual income taxpayers who itemize falls after federal tax changes

***The limitation of the state and local tax (SALT) deduction to \$10,000 combined with higher standard deductions were the main factors***

Prior to the passage of the federal Tax Cuts and Jobs Act (TCJA), the federal income tax system allowed taxpayers to deduct certain state and local taxes (SALT), including property and income or sales taxes paid to state and local governments, from adjusted gross income when calculating their taxable income. Some key features of TCJA included reducing federal income tax rates, increasing the standard deduction and eliminating the personal exemption.

Effective tax year 2018, the TCJA limited the SALT deduction to \$10,000 and raised the standard deduction levels from \$6,500 to \$12,000, for singles, from \$13,000 to \$24,000 for married couples and from \$9,350 to \$18,000 for head of household filers. For the US as well as the District, Maryland, and Virginia the result was a decline in the number of filers who itemized as well as the amount of the total itemized deduction.

Tax year 2018 is the latest year state level IRS data is available and is the first post-TCJA year. As Table 1 shows, after TCJA the share of taxpayers who itemize declined from 30.9% of all taxpayers to almost 11.5% in the US. The DC area had a higher share of itemizers than the US before TCJA and although the TCJA changes reduced that share significantly, the share of itemizers in DC, Maryland, and Virginia remain higher than that of the US. Taxpayers who no longer itemize take the standard deduction which increased significantly after TCJA. *(continued on page 21.)*

**Table 1: Share of taxpayers itemizing deductions**

	DC	MD	VA	US
TY 2015	39.9%	45.9%	37.4%	29.8%
TY 2016	40.2%	46.4%	37.8%	30.3%
TY 2017	40.9%	46.7%	38.1%	30.9%
<b>TY 2018</b>	<b>22.3%</b>	<b>24.0%</b>	<b>17.7%</b>	<b>11.5%</b>

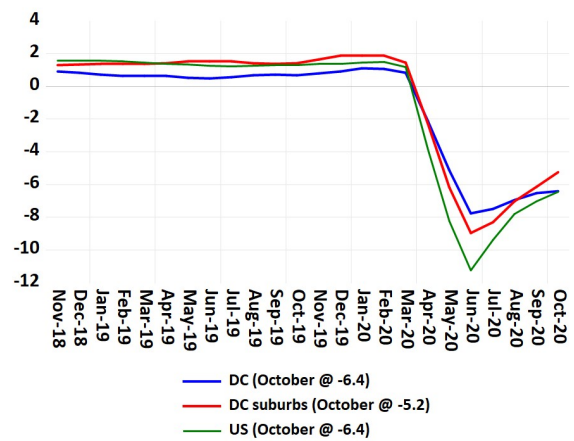
Source: IRS/SOI

## Wage and salary employment

### DC lags the suburbs in employment growth

- DC has lost 50,500 jobs since last October, a 6.3% decline. The decline in the 3-month average was 6.4%, compared to the suburban decline of 5.2%.
- Federal sector employment growth of 2.9 percent contrasts sharply with private sector decline of 10.1% in October. In FY 2020, which ended September 2020, private sector employment declined 27,350 or 4.9 percent.
- Seasonally adjusted employment was 1,000 lower in October than September, suggesting a softening of the labor market.

Wage and salary employment located in DC, DC suburbs and US:  
November 2018 to October 2020  
(% change from prior year in 3-month moving average)



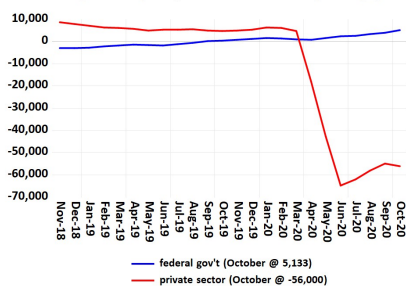
**Table 1. Wage and Salary Employment in DC, Washington Metro area, and the US: October 2020**

Jurisdiction	FY 2018	FY 2019	FY 2020	12-mo avg	3-mo avg	This month
District of Columbia	791,092	796,475	771,483	767,275	747,567	753,700
1 year change	8,508	5,383	-24,992	-29,667	-51,000	-50,500
% change	1.1	0.7	-3.1	-3.7	-6.4	-6.3
Washington metro area	3,297,742	3,338,633	3,238,258	3,223,783	3,172,700	3,203,500
1 year change	39,108	40,892	-100,375	-118,858	-185,133	-173,700
% change	1.2	1.2	-3.0	-3.6	-5.5	-5.1
Washington suburbs (%ch)	1.2	1.4	-3.0	-3.5	-5.2	-4.8
US (%ch)	1.6	1.4	-3.9	-4.6	-6.4	-6.0

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

Source: BLS. October 2020 is preliminary

Federal gov. and private sector wage and salary employment in DC:  
November 2018 to October 2020  
(Ch. from prior year in 3-month moving average)



**Table 2. Federal government and private sector wage and salary employment in DC: October 2020**

Sector	FY 2018	FY 2019	FY 2020	12-mo avg	3-mo avg	This month
Federal government	196,983	195,442	197,567	198,033	201,100	201,500
1 year ch.	-3,225	-1,542	2,125	2,542	5,133	5,600
% change	-1.6	-0.8	1.1	1.3	2.6	2.9
Private sector	552,375	558,450	531,100	526,350	504,567	509,500
1 year ch.	11,125	6,075	-27,350	-32,500	-56,000	-57,000
% change	2.1	1.1	-4.9	-5.8	-10.0	-10.1

Source: BLS. Not seasonally adjusted. October is preliminary

**Table 3. Seasonally Adjusted DC Employment: May 2020 to October 2020**

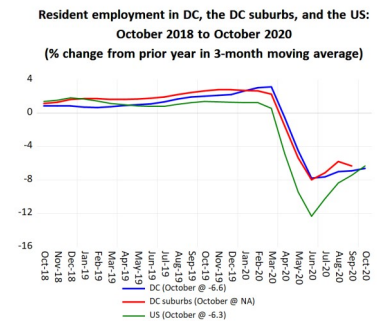
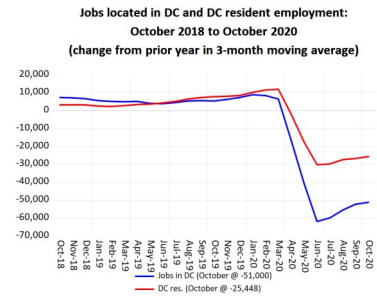
Indicator	May	June	July	August	September	October
D.C. Wage and Salary Employment	730,800	739,000	746,700	746,500	750,300	749,300
change from prior month	-7,500	8,200	7,700	-200	3,800	-1,000
%change from prior month	-1.0	1.1	1.0	0.0	0.5	-0.1

Source: BLS seasonally adjusted. October is preliminary.

## Resident employment and unemployment

### Resident employment declines even as unemployment rate decreases in October

- In October DC resident employment was down 25,448 (6.6%) from a year earlier (3-mo. moving average). The labor force fell by 12,905 (3.2%)—and the number of unemployed rose 12,542 (57.2%).
- Initial claims for unemployment insurance continues to be elevated. The 3-mo. moving average was 7,164, 5,255 higher than the same period in 2019.



**Table 4. Unemployment rates for DC, metro area, and US: October 2020**

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	Oct-19	Oct-20	Oct-19	Oct-20
US	3.3	6.6	3.6	6.9
DC	5.3	8.2	5.3	8.2
DC metro area	2.9	6.6	na	na
DC suburbs	2.6	6.4	na	na

Source: BLS; na=data not available.

**Table 5. Resident employment and unemployment: October 2020**

Indicator	FY 2018	FY 2019	FY 2020	12-mo avg	3-mo avg	This month
<b>DC Labor force summary</b>						
Resident Employment	380,897	385,356	376,309	374,241	361,122	363,390
1 year ch.	5,511	4,460	-9,048	-11,758	-25,448	-24,819
% change	1.5	1.2	-2.3	-3.0	-6.6	-6.4
Labor Force	404,151	408,085	405,518	404,363	395,605	395,863
1 year ch.	4,375	3,934	-2,567	-4,292	-12,905	-13,863
% change	1.1	1.0	-0.6	-1.1	-3.2	-3.4
Unemployed residents	23,254	22,729	29,209	30,122	34,483	32,473
1 year ch.	-1,135	-525	6,480	7,466	12,542	10,956
% change	-4.7	-2.3	28.5	33.0	57.2	50.9
Unemployment rate	5.8	5.6	7.3	7.5	8.7	8.2

#### DC Unemployment insurance (state program)

Initial Claims (mo. avg)	1,611	2,299	12,886	13,299	7,164	7,005
1 year ch.	139	106	687	11,027	5,255	4,950
% change	2.2	7.1	42.7	485.5	275.3	240.9
Weeks compensated (mo. avg)	31,355	30,429	27,473	149,789	224,788	146,935
1 year ch.	1,094	-926	-2,956	122,614	199,461	120,110
% change	3.6	-3.0	-9.7	451.2	787.5	447.8

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

**Table 6. Seasonally Adjusted DC resident employment and unemployment: May 2020 to October 2020**

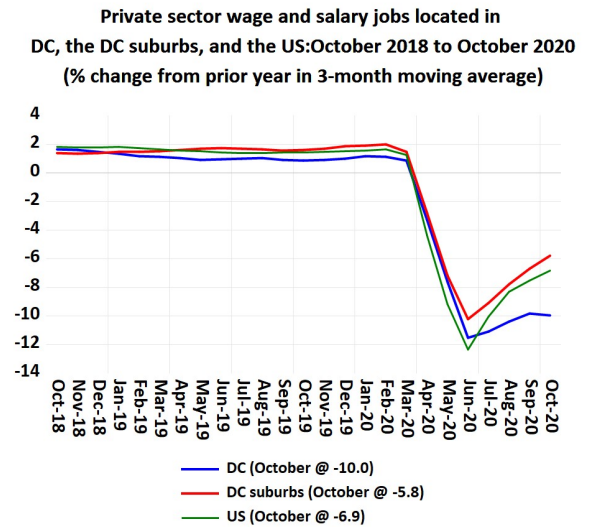
Indicator	May	June	July	August	September	October
DC resident employment	353,764	359,702	360,407	363,417	363,614	365,294
change from prior month	-1,691	5,938	705	3,010	197	1,680
% change from prior month	-0.5	1.7	0.2	0.8	0.1	0.5
DC unemployment rate	8.8	8.7	8.5	8.6	9.0	8.2

Source: BLS seasonally adjusted. October is preliminary.

## Jobs by sectors of the economy

### Professional and technical services added jobs while most private sector industries lost them

- In October professional and technical services (not including legal) added 1,567 jobs over last year despite extensive job losses elsewhere in the economy. (3-month moving avg.)
- Wholesale trade, construction, personal and miscellaneous services, and professional and technical services were the only private sectors that grew over the prior year.
- Private sector industries losing the most jobs were food services, accommodations, business services (excluding employment services), and amusement and recreation.
- Federal government rose by 5,133 (2.6%) while local government fell 133 (0.3%).
- The federal government accounted for 26.7% of all DC jobs in October. Federal jobs located in DC accounted for 53.5% of metro area federal jobs and 6.7% of US federal jobs.



**Table 7. Wage and salary employment located in DC: October 2020**

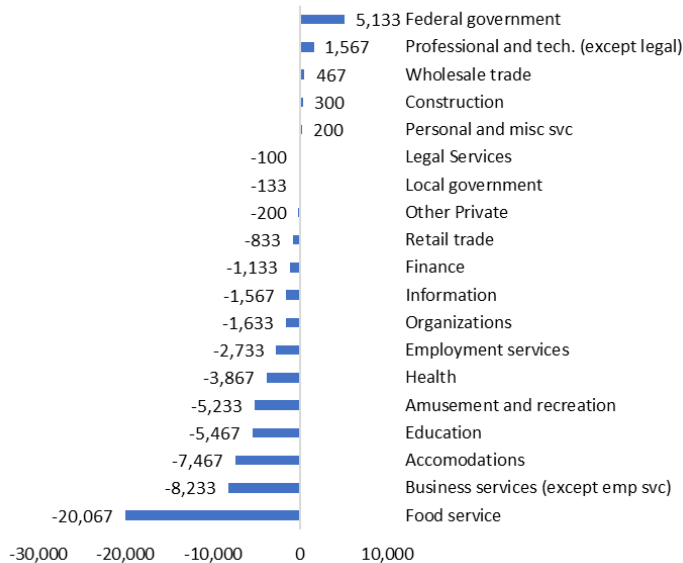
3-month moving average

Industry sector	Oct 2019	Oct 2020	1 year change		12 mo. moving avg: %change	Sector % of all DC jobs, October 2020	DC share (%) in October 2020 of all sector jobs in: metro area	
			Amount	%			area	US
Federal government	195,967	201,100	5,133	2.6	1.3	26.7	53.5	6.7
Local government	42,033	41,900	-133	-0.3	0.7	5.7	13.0	0.2
Legal Services	28,767	28,667	-100	-0.3	0.3	3.8		2.6
Professional and tech. (except legal)	92,933	94,500	1,567	1.7	3.3	12.5	22.5	1.1
Employment services	13,900	11,167	-2,733	-19.7	-10.5	1.5	28.4	0.3
Business services (except emp svc)	34,000	25,767	-8,233	-24.2	-12.2	3.4	17.7	0.5
Information	20,267	18,700	-1,567	-7.7	-0.8	2.5	25.3	0.7
Finance	29,900	28,767	-1,133	-3.8	-1.7	3.8	18.0	0.3
Organizations	69,133	67,500	-1,633	-2.4	-0.3	8.9	37.2	2.3
Education	57,867	52,400	-5,467	-9.4	-5.4	7.2	49.6	1.5
Health	70,833	66,967	-3,867	-5.5	-4.5	8.9	21.6	0.3
Food service	55,667	35,600	-20,067	-36.0	-27.2	4.9	19.0	0.4
Accommodations	16,667	9,200	-7,467	-44.8	-25.6	1.4	36.6	0.8
Amusement and recreation	9,833	4,600	-5,233	-53.2	-32.0	0.6	14.8	0.3
Retail trade	23,133	22,300	-833	-3.6	-2.0	3.0	8.5	0.1
Wholesale trade	5,233	5,700	467	8.9	7.5	0.8	9.1	0.1
Construction	14,933	15,233	300	2.0	-2.2	2.0	9.1	0.2
Personal and misc svc	8,500	8,700	200	2.4	2.5	1.1		0.3
Other Private	9,000	8,800	-200	-2.2	-2.5	1.2	5.7	0.0
<b>Total</b>	<b>798,567</b>	<b>747,567</b>	<b>-51,000</b>	<b>-6.4</b>	<b>-3.7</b>	<b>100.0</b>	<b>23.5</b>	<b>0.5</b>
<i>Public Sector</i>	<i>238,000</i>	<i>243,000</i>	<i>5,000</i>	<i>2.1</i>	<i>1.2</i>	<i>32.4</i>	<i>34.7</i>	<i>1.1</i>
<i>Private Sector</i>	<i>560,567</i>	<i>504,567</i>	<i>-56,000</i>	<i>-10.0</i>	<i>-5.8</i>	<i>67.6</i>	<i>20.4</i>	<i>0.4</i>

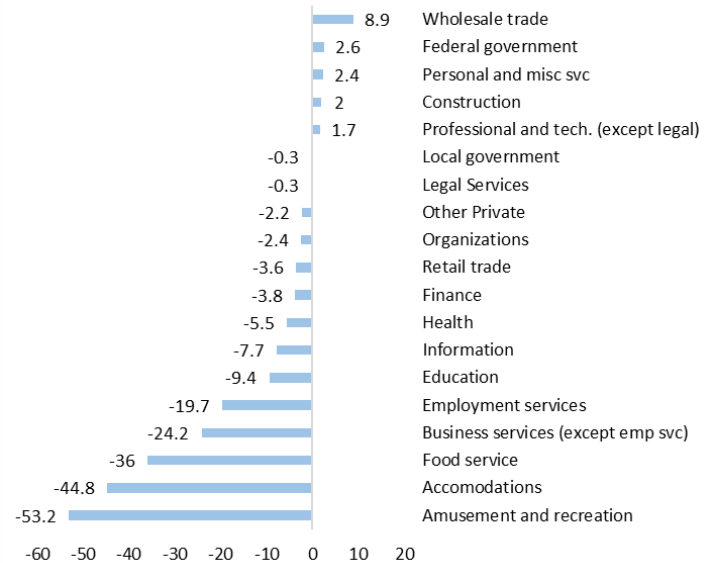
Source: BLS. Not seasonally adjusted. na=not available. For metro area, legal is included in other professional and technical and personal and miscellaneous service is included in organizations.

## Jobs and wages by sector

**Change in wage and salary jobs in DC:  
October 2019 to October 2020  
(Calculated from 3-month moving average)**



**% change in wage and salary jobs in DC:  
October 2019 to October 2020  
(Calculated from 3-month moving average)**



**Over the year ending June, the professional and management services sector had the highest growth in jobs and wages in DC followed by local government for job growth and business services for wage growth.**

- For the year ending June the federal government accounted for 26.9% of all jobs and 30.4% of all wages and salaries in DC. Over the 4 quarters, federal jobs increased just 0.6% while wages grew 1.3%. Note data for employment shown as quarterly to compare to wages.
- Professional and management services jobs increased 3,550 in the quarter ending June 2020, offsetting some of the losses in other sectors while wages in the sector grew 4.4 percent. Wages in this sector account for 25% of DC wages while jobs are 17.5%.
- Information and finance and organizations and personal services were the only other private sectors to add jobs, adding 1,333 jobs from last year. These sectors accounted for 17.1% of DC jobs and 19.2 % of wages.
- Business services jobs, mostly office building support, fell but wages grew by 3.7%, Education and health services employment fell over the past year but wages grew modestly at 0.9%.

**Table 8. Employment and income by sector of the DC economy: Quarter ending June 2020**

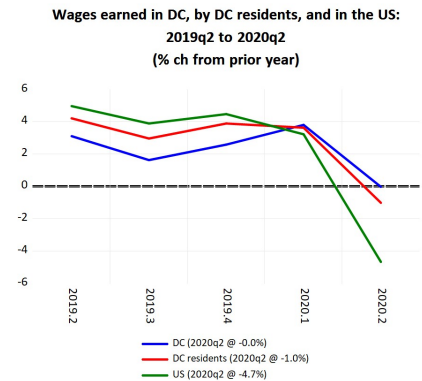
Sector	4 qtr avg. wage and salary employment in DC ending June 2020			4 qtr avg. wages and salaries earned in DC ending June 2020			Percentage Distributions			
	Level	Change from June 2019		Level (\$b)	Change (\$b) from June 2019		Employment Change in share from June 2019	Wages Change in share from June 2019		
		2019	% change		2019	% change		June 2020	June 2020	
Total	784,508	-10,558	-1.3	79.19	1.54	2.0	100.0		100.0	
Federal government	196,583	1,192	0.6	23.37	0.31	1.3	26.9	2.4	30.4	1.0
Local government	43,092	633	1.5	3.63	0.09	2.4	5.7	0.5	4.6	0.0
Professional and Management	126,150	3,550	2.9	18.88	0.79	4.4	17.5	2.0	25.0	1.7
Business services	45,067	-1,600	-3.4	2.65	0.10	3.7	5.2	-0.7	3.1	-0.2
Information and financial services	49,892	592	1.2	7.25	0.20	2.9	6.6	0.4	9.4	0.2
Education and health services	127,133	-3,858	-2.9	7.86	0.07	0.9	16.3	0.1	9.6	-0.5
Trade and hospitality	98,300	-10,600	-9.7	4.24	-0.34	-7.3	8.8	-5.2	3.5	-2.6
Organizations and personal services	77,775	742	1.0	7.67	0.24	3.3	10.4	0.7	9.8	0.2
Other private	20,517	-1,208	-5.6	3.64	0.09	2.4	2.6	-0.1	4.7	0.1
Private sector	544,833	-12,383	-2.2	52.19	1.15	2.3	67.4	-2.9	65.1	-1.0
Government	239,675	1,825	0.8	27.01	0.39	1.5	32.6	2.9	34.9	1.0

Source: BLS and BEA. Federal government wages and salaries includes military.

## Wages and income

### DC's personal income grew but wages did not in the June 2020 quarter.

- Wages and salaries earned in the District of Columbia were the same in the June quarter compared to the same quarter of 2019 while they declined for DC residents and the US.
- In the June quarter, DC Personal Income grew 6.5%, compared to 10.4% for the US average.
- Proprietors' income declined 1.1% and property income by 1.5% in the June quarter.
- Pensions and other transfers, where federal pandemic relief showed up, grew 61.4% over last year in the June quarter.



**Table 9. DC Wages and Personal Income: June 2020**

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

Indicator	FY 2017	FY 2018	FY 2019	4-qtr. moving avg	Latest qtr. June 2020
Wages and salaries earned in DC	72.0	75.5	78.0	79.2	78.1
1 yr change	2.7	3.4	2.5	1.5	0.0
% change	3.9	4.8	3.3	2.0	0.0
Supplements to wages and salaries	18.5	19.5	20.3	20.7	20.7
1 yr change	0.6	1.1	0.8	0.4	0.4
% change	3.1	5.7	4.1	2.2	1.9
Income earned in DC*	87.9	91.2	94.1	95.6	94.3
% change	3.2	3.7	3.3	2.1	0.0
Net resident adjustment**	-50.1	-51.9	-53.4	-54.2	-53.7
% change	2.8	3.7	2.7	1.7	0.7
Income earned by DC residents*	37.8	39.2	40.8	41.5	40.6
% change	3.8	3.8	4.0	2.6	-0.9
Wages and salaries of DC residents***	27.1	29.0	30.3	30.8	30.2
1 yr change	1.4	1.9	1.3	0.7	-0.3
% change	5.4	7.0	4.6	2.4	-1.0
Proprietors income earned by DC residents****	7.6	6.9	6.8	7.0	6.8
% change	-1.4	-10.1	-0.3	4.1	-1.1
Property income of DC residents	10.2	10.6	10.6	10.6	10.5
% change	3.4	4.1	0.7	-0.9	-1.5
Pensions and other transfers	6.6	6.8	7.0	8.2	11.5
% change	2.8	1.8	3.4	18.4	61.4
DC personal income	54.6	56.6	58.4	60.3	62.5
1 yr change	1.9	2.0	1.9	2.2	3.8
% change	3.6	3.6	3.3	3.9	6.5
US Personal income (% change from prior year)	4.3	5.5	4.3	5.1	10.4
US Wages and Salaries (% change from prior year)	4.1	5.3	4.6	1.7	-4.7
<b>Addendum:</b>					
DC res. wages as % of wages earned in DC	37.6	38.4	38.9	38.9	38.6
DC Personal income as % of US	0.33	0.32	0.32	0.31	0.31

\*Excludes social insurance paid by individuals. Wage and salary amounts do include social insurance paid by individuals.

\*\*Algebraic sum of (1) income earned in DC by non residents (negative) and (2) income earned by DC residents outside of DC (positive). Since this is a negative number, the larger the increase (or faster the rate of growth), the less growth for income earned by DC residents.)

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

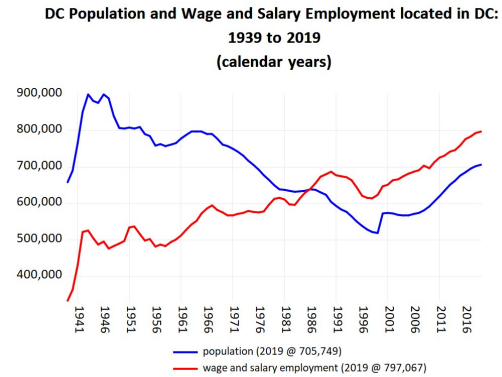
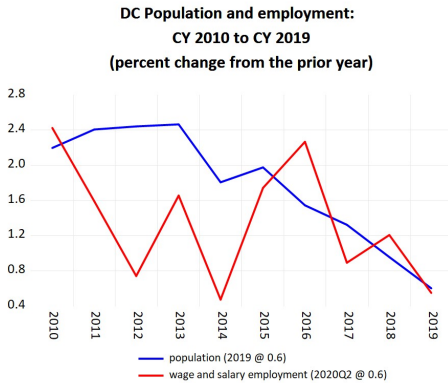
\*\*\*\*Est. by ORA; assumes wage and salary suppl. are the same % for DC resident wages as for wages earned in DC; excludes social insurance paid by individuals.

Source: BEA; data released Sept 24, 2020

## Population, jobs, and per capita income

**DC's growth rates for per capita income grew slower than US while wages per job grew faster in the June quarter.**

- At mid-year 2019, population was 4,202 (0.6%) higher than the prior year and wage and salary employment increased by 4,367 (0.6%).
- In 2019 population and jobs grew less than half of their annual average increase over the 5 years 2014 to 2019.
- In the June quarter, DC's per capita income grew at a 5.8% rate compared to 9.8% in the US.
- In the June quarter, wages per job in DC grew faster than in the US (8.4% v 7.4%).



**Table 10. DC Population and wage and salary employment located in DC: 2011 to 2019**

Calendar Year	Population			Wage and salary employment		
	Number	Change from prior year Number	%	Number	Change from prior year Number	%
2011	619,800	14,574	2.4	725,167	11,367	1.6
2012	634,924	15,124	2.4	730,533	5,367	0.7
2013	650,581	15,657	2.5	742,633	12,100	1.7
2014	662,328	11,747	1.8	746,133	3,500	0.5
2015	675,400	13,072	2.0	759,133	13,000	1.7
2016	685,815	10,415	1.5	776,333	17,200	2.3
2017	694,906	9,091	1.3	783,267	6,933	0.9
2018	701,547	6,641	1.0	792,700	9,433	1.2
2019	705,749	4,202	0.6	797,067	4,367	0.6
<i>Ch. from 2014 to 2019</i>		<b>43,421</b>	<b>6.6</b>		<b>50,933</b>	<b>6.8</b>
<i>Avg. annual ch.(2014 to 2019)</i>		<b>8,684</b>			<b>10,187</b>	

Source: US Bureau of the Census (Population); BLS seasonally adjusted for year ending June quarter.

**Table 11. Per capita income and wages per job in DC and the US: FY 2017 to June 2020**

	DC					US				
	FY 2017	FY 2018	FY 2019	4-qtr moving avg (June 2020)	2020Q2	FY 2017	FY 2018	FY 2019	4-qtr moving avg (June 2020)	2020Q2
<b>Per capita Income</b>	<b>78,830</b>	<b>80,807</b>	<b>82,888</b>	<b>85,144</b>	<b>88,033</b>	<b>51,493</b>	<b>54,028</b>	<b>56,057</b>	<b>58,225</b>	<b>61,827</b>
% ch in per capita income	2.2	2.5	2.6	3.2	5.8	3.6	4.9	3.8	4.6	9.8
% ch in population	1.4	1.0	0.7	0.6	0.6	0.7	0.6	0.5	0.5	0.5
% ch in personal income	3.6	3.6	3.3	3.9	6.5	4.3	5.5	4.3	5.1	10.4
<b>Wages per job</b>	<b>92,044</b>	<b>95,393</b>	<b>97,885</b>	<b>101,060</b>	<b>106,285</b>	<b>57,306</b>	<b>59,429</b>	<b>61,302</b>	<b>63,207</b>	<b>66,022</b>
% ch in wages per job	2.9	3.6	2.6	3.5	8.4	2.5	3.7	3.2	3.8	7.4
% ch in wage and salary jobs	1.0	1.1	0.7	-1.3	-7.8	1.6	1.6	1.4	-1.9	-11.3
% ch in total wages	3.9	4.8	3.3	2.0	0.0	4.1	5.3	4.6	1.7	-4.7
	<i>Washington Metro</i>					<i>U.S.</i>				
<i>Consumer price index</i>	<i>0.9</i>	<i>2.1</i>	<i>1.3</i>	<i>0.9</i>	<i>-0.1</i>	<i>2.1</i>	<i>2.4</i>	<i>1.9</i>	<i>1.6</i>	<i>0.4</i>

Source: BEA for per capita income, population, and personal income; BLS for CPI. Note: % changes are from the same period of the prior year.

# Multifamily-unit housing and housing permits

## New housing permit issuance has slowed

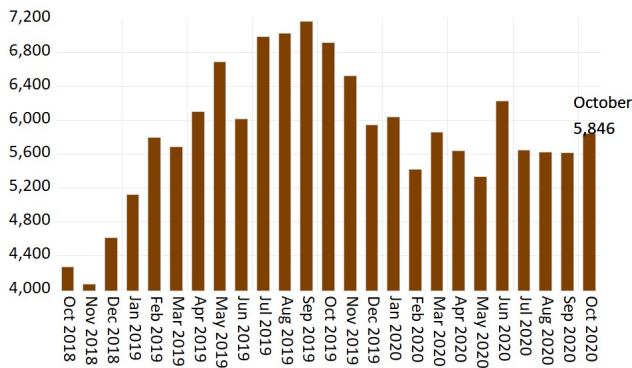
- For the 12-month period ending October, 5,846 housing permits were issued, down 15.5% from last year. The 3-month total (1,727) was 13.2% above the same period last year.
- According to CoStar, in the quarter ending September 2020, the inventory of apartments and condominiums increased by 6,049 (3.1%) from a year earlier.
- Of the increase in inventory of multifamily units in the third quarter, 86.7% were in apartments. Of the housing permits issued over the past year, 95.1% were included in 42 buildings with 5 or more units.
- As of the end of September, 14,494 multi-family units were under construction in 98 buildings. Of the construction, apartments accounted for 79.6% of the buildings and 95.4% of the units.

**Table 12. Housing unit building permits issued in DC: October 2020**

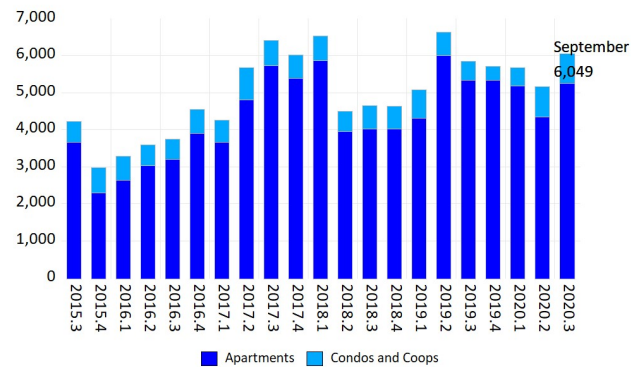
	FY 2017	FY 2018	FY 2019	12-mo avg	3-mo avg	This month
Total units	4,048	4,640	7,168	5,846	1,727	1,001
1 year ch.	-1,081	592	2,528	-1,072	201	228
% change	-21.1	14.6	54.5	-15.5	13.2	29.5
Multifamily projects with 5 or more units						
number	38	46	63	42	13	6
average size	101	85	122	128	118	159
Units in small projects with up to 4 units						
with up to 4 units	398	179	218	288	102	47
% of all units	9.8	3.9	3.0	4.9	5.9	4.7

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

**Housing permits issued in DC: October 2018 to October 2020 (12-mo moving total)**



**Inventory of multifamily housing units in DC: net change from prior year, September 2015 to September 2020**



**Table 13. Inventory and construction for private sector apartments and condominiums in DC: 2014 to 2020q3**

CY	Inventory									Under Construction					
	All units			Apartments			Condominiums			Apartments			Condominiums		
	Number	1 yr Change	%	buildings	units	1 yr ch.	buildings	units	1 yr ch.	buildings	units	units per bldg	buildings	units	units per bldg
2014	170,409	4,917	3.0%	2,864	128,769	4,785	609	32,878	132	42	6,571	155	38	972	54
2015	173,386	2,977	1.7%	2,885	131,070	2,301	640	33,554	676	56	10,008	178	41	1,054	52
2016	177,940	4,554	2.6%	2,906	134,977	3,907	671	34,201	647	61	10,802	176	36	1,393	51
2017	183,958	6,018	3.4%	2,930	140,356	5,379	688	34,816	615	58	10,814	185	28	1,297	51
2018	188,589	4,631	2.5%	2,956	144,385	4,029	704	35,418	602	67	13,406	199	22	1,144	50
2019	194,293	5,704	3.0%	2,986	149,720	5,335	715	35,787	369	68	13,828	202	21	1,169	50
2020q3	199,373	6,049	3.1%	3,008	154,027	5,247	724	36,560	802	78	13,830	177	20	664	33
1 Q Ch.	1,951			9	1,897		0	57		0	-773		0	57	

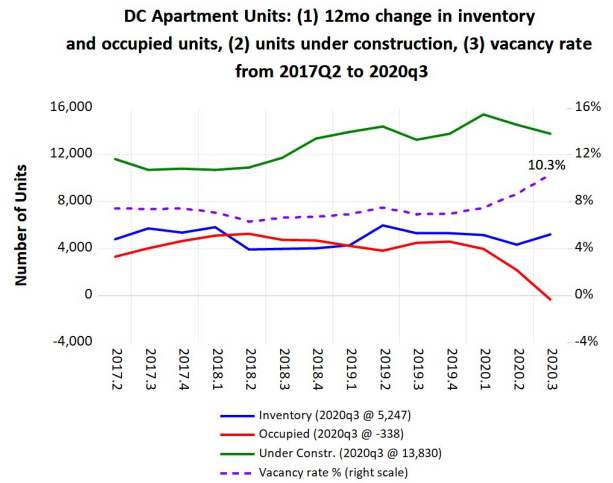
Source: CoStar. Includes units in privately-owned buildings with 5 or more units. CY amounts are last quarter of the year. Includes affordable units. Data is as of November 3, 2020. All units include cooperative apartments, not shown separately. In 2020 there were 121 co-op buildings with 8,786 units with an average building size of 73 units.



# Apartments

## Apartment vacancy rates were increasing and rents fell in September

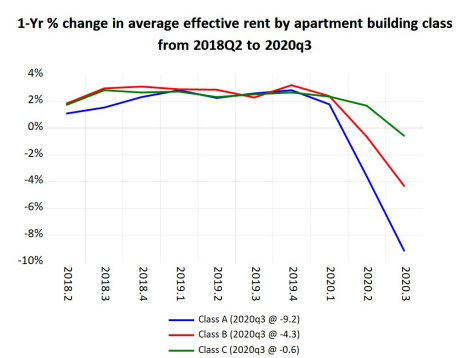
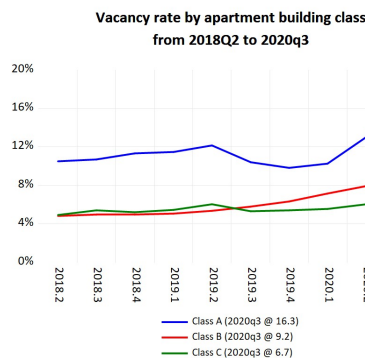
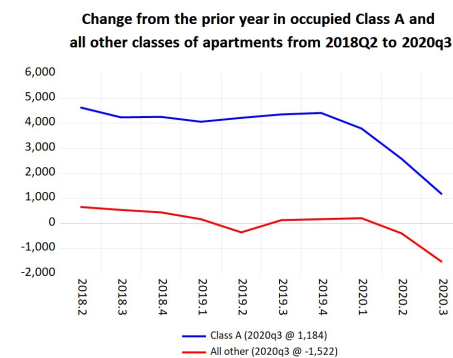
- According to CoStar, for the quarter ending September, 2020, occupied apartments declined by 338 (0.2%) from the prior year. The overall vacancy rate rose to 10.3% and average rents fell 5.6%.
- In September, Class A units accounted for 27.9% of all units in the city and 26% of occupied units.
- Over the past year effective rent in all classes of apartments decreased led by Class A declining 9.2%.
- Vacancy rates in September: Class A 16.3%, Class B 9.2%, and Class C 6.7%.
- There are 77 buildings under construction, mostly Class A, which will add a total of 13,830 units to inventory.



**Table 14. Apartment Units in DC: 2014 to 2020q3**

	Level				Change from prior year						Average Rent		1 yr ch in units under constr.
	Inventory	Occupied	Vacant	% vacant	inventory units	%ch	Occupied units	%ch	Vacant units	%ch	Effective rent per unit	1yr %ch	
2014	128,769	118,908	10,107	7.8	4,785	3.9	3,753	3.3	1,179	13.2	\$1,788	1.0	-193
2015	131,070	122,858	8,375	6.4	2,301	1.8	3,950	3.3	-1,732	-17.1	\$1,851	3.5	3,437
2016	134,977	125,425	9,715	7.2	3,907	3.0	2,567	2.1	1,340	16.0	\$1,870	1.0	794
2017	140,356	130,108	10,411	7.4	5,379	4.0	4,683	3.7	696	7.2	\$1,878	0.4	12
2018	144,385	134,816	9,737	6.7	4,029	2.9	4,708	3.6	-674	-6.5	\$1,928	2.7	2,592
2019	149,720	139,404	10,484	7.0	5,335	3.7	4,588	3.4	747	7.7	\$1,985	3.0	422
2020q3	154,027	138,288	15,907	10.3	5,247	3.5	-338	-0.2	5,585	54.1	\$1,872	-5.6	533
1 Q ch	1,897	-776	2,673								-\$72		

Source: CoStar, as of November 3, 2020



# Commercial office space

## Office vacancy rate rose to 12.7%

- According to CoStar, for the 12-month period ending September occupied office space declined by 0.09 million sq. ft.(msf) from last year and inventory increased by 1.75 msf. The vacancy rate has edged up to 12.7% (including sublet) and average base rent rose 0.7%.
- The vacancy rate for class A space was 13.5% in September and rent barely rose 0.6% over the past year.
- Space under construction in September 2020 (2.6 million square feet in 18 buildings) was up 0.13 msf from the prior quarter.
- For Class B and Class C properties, occupancy declined over the past year. Rents for Class B and C properties increased at a faster rate than for Class A ones.

DC Office Space (millions sq ft): (1) 12mo change in inventory and occupied units, (2) units under construction, (3) vacancy rate from 2017Q2 to 2020q3

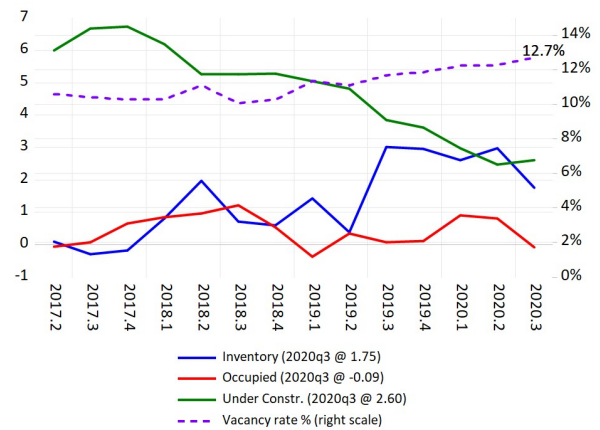
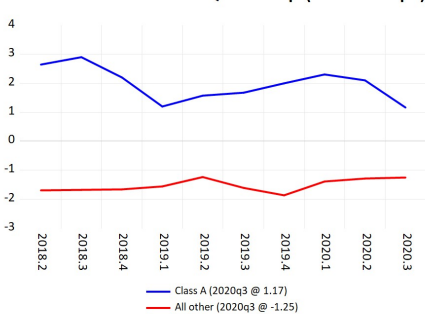


Table 16. DC Commercial office space: 2015 to 2020q3

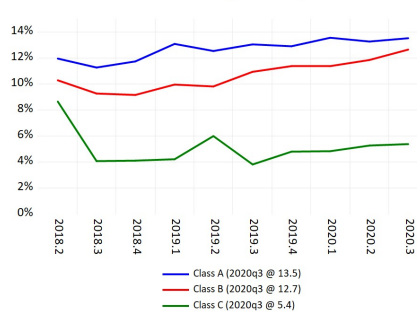
CY (year end)	Inventory			Occupied space			Vacant space			Base rent (direct)		Under constr.			
	Buildings	Level (msf)	1 yr ch (msf)	1 yr % ch	Level (msf)	1 yr ch (msf)	% ch	Level (msf)	Direct only %	Total %	\$ per sq ft	1 yr % ch	Buildings	msf	Avg, sf / bldg
2015	2,395	156.73	0.31	0.2	140.93	-1.18	-0.8	15.8	9.7	10.1	\$48.33	1.5	16	3.32	207,267
2016	2,393	157.45	0.73	0.5	140.47	-0.46	-0.3	17.0	10.3	10.8	\$50.13	3.7	21	5.32	253,163
2017	2,385	157.28	-0.18	-0.1	141.13	0.66	0.5	16.1	9.6	10.3	\$51.22	2.2	23	6.73	292,563
2018	2,383	157.87	0.60	0.4	141.67	0.54	0.4	16.2	9.6	10.3	\$52.20	1.9	21	5.29	251,837
2019	2,393	160.83	2.96	1.9	141.79	0.12	0.1	19.0	11.0	12.1	\$53.34	2.2	21	3.62	172,542
2020q3	2,396	162.32	1.75	1.1	141.71	-0.09	-0.1	20.6	11.6	12.7	\$53.46	0.7	18	2.60	144,681
1 Q ch	0	-0.02			-0.75	0.00		0.3	0.4	-\$0.07			1	0.13	

Source: CoStar, as of November 3, 2020

Change from the prior year in occupied Class A and all other classes from 2018Q2 to 2020q3 (millions of sq ft)



Vacancy rate by office building class from 2018Q2 to 2020q3



1-Yr % change in average effective rent by office building class from 2018Q2 to 2020q3

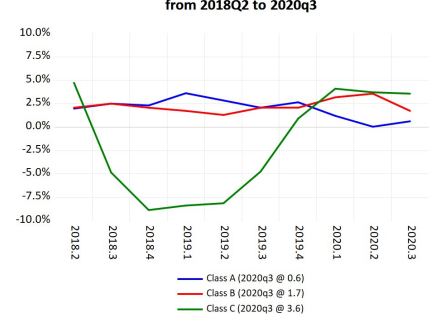


Table 17. DC Class A, B, and C commercial office space: 2020q3

Class	Inventory			Occupied space			Vacant space			Base rent (direct)		Under const.		
	Buildings	Level (msf)	1 yr ch (msf)	1 yr % ch	Level (msf)	1 yr ch (msf)	1 yr % ch	Level (msf)	Direct %	Total %	\$	1 yr %ch	buildings	msf
Class A	333	93.06	1.84	2.0	80.49	1.17	1.5	12.57	12.2	13.5	\$57.43	0.6	14	2.50
Class B	929	59.15	-0.06	-0.1	51.66	-1.06	-2.0	7.49	11.8	12.7	\$49.46	1.7	4	0.10
Class C	1,130	10.09	-0.03	-0.3	9.55	-0.19	-1.9	0.54	4.3	5.4	\$34.76	3.6	0	0.00

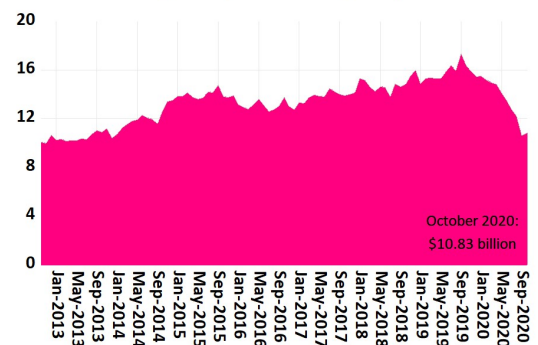
Source: CoStar, as of November 3, 2020

## Property transfers and deed taxes

**In October the value of sales fell for all property transactions even though brokered home sales increased.**

- The value of property transfers in October, \$10.83 billion, was 33.7% below a year ago as measured by the 12-month moving total. The 3-month moving total, \$2.6 billion, was 42.5% below last year.
- Over the 12-month period ending October the estimated value of brokered home sales was 15.2% above last year while the value of all other real property transfers was 62% below last year. For the last 3 months, the value of non-home transfers was 83.7% below last year, and brokered home transfers were 40.7% higher.

Value of all real property subject to deed transfer or economic interest taxes:  
October 2012 to October 2020  
(billions, 12mo moving total)



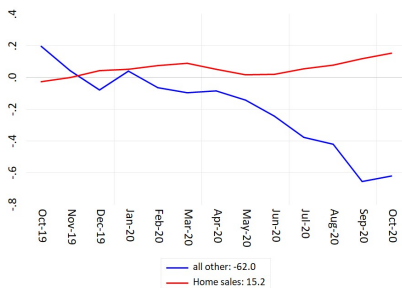
**Table 18. Market value of real property transfers subject to the deed transfer or economic interest tax: FY 2017 to October 2020**

	FY 2017	FY 2018	FY 2019	12mo moving total	3mo moving total	This month
All property transfers (\$M)	13,998.6	14,646.3	17,355.2	10,833.7	2,609.2	945.3
change from one year ago (\$M)	962.6	647.8	2,708.8	-5,507.3	-1,928.1	245.8
% change from one year ago	7.4	4.6	18.5	-33.7	-42.5	35.2

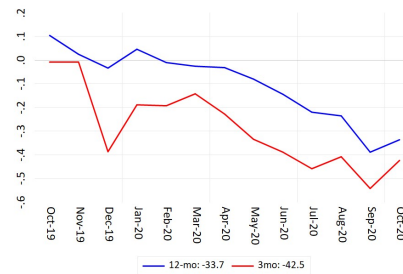
Note: represents value of property or economic interest transferred as of date deed noted by the Recorder of Deeds.

Source: OCFO/Recorder of Deeds and OCFO/ORR (calculated from tax collections and deposits adjusted for tax rate changes).

Value of all real property subject to deed transfer or economic interest taxes:  
October 2019 to October 2020  
(% change in 12-month moving total)



Value of all real property subject to deed transfer or economic interest taxes:  
October 2019 to October 2020  
(% change in 12- and 3-month moving total)



**Table 19. Value of (1) brokered home sales and (2) all other real property subject to the deed transfer and economic interest taxes: FY 2017 to October**

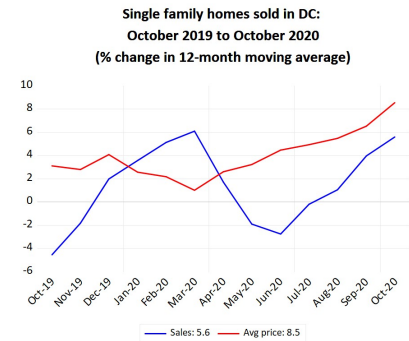
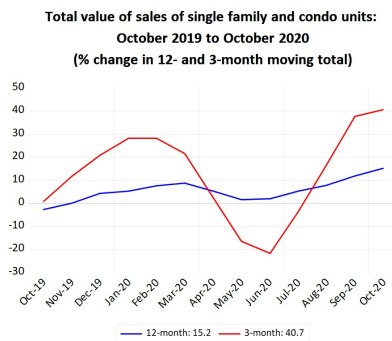
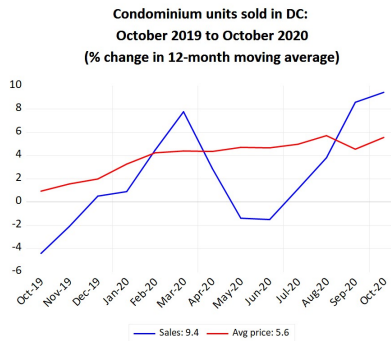
	FY 2017	FY 2018	FY 2019	12mo moving total	3mo moving total
Brokered home sales (\$m)	5,823,255	6,184,228	5,985,645	6,905,125	2,114,040
All other property (\$m)	8,175,298	8,462,120	11,369,507	3,928,624	495,127
% Change from 1 year ago					
Brokered home sales	6.5	6.2	-3.2	15.2	40.7
All other property	8.0	3.5	34.4	-62.0	-83.7

Source: Brokered sales of single family homes and condominium units are from MarketStats by ShowingTime; Other property transfers equals the difference between the value of all real property transfers calculated from deed tax collections reported by the OCFO and the value of brokered sales.

## Single family and condominium housing

### Sales volume and average sale prices were significantly higher in October

- Single family home sales for October were up 5.6% from a year earlier (12-month average), while the average selling price was 8.5% higher. For the past three months, sales volume was up 21.7% and the average selling price was 15.7% higher.
- October condominium sales were up 9.4% from last year (12-month average) and the average selling price was 5.6% higher. For the past three months, sales volume was up 32.7% and prices were up 5.8%.
- The total value of all home sales for the 12-month period ending October rose 15.2% from last year. The 3-month moving total was 40.7% higher.



**Table 20. Residential real estate indicators: October**

	FY 2017	FY 2018	FY 2019	12mo moving total	3mo moving total	This month
<b>Number of single family sales (settled contracts)</b>						
Single family homes	4,552	4,717	4,439	4,693	1,357	474
1 year change	167	165	-278	248	242	79
% change	3.8	3.6	-5.9	5.6	21.7	20.0
Condominium	4,046	4,240	3,995	4,404	1,391	448
1 year change	91	194	-245	380	343	66
% change	2.3	4.8	-5.8	9.4	32.7	17.3
<b>Total</b>	<b>8,598</b>	<b>8,957</b>	<b>8,434</b>	<b>9,097</b>	<b>2,748</b>	<b>922</b>
1 year change	258	359	-523	628	585	145
% change	3.1	4.2	-5.8	7.4	27.0	18.7
<b>Average prices of units sold</b>						
Single family homes	\$819,925	\$828,741	\$861,921	\$934,143	\$976,860	\$1,033,415
1 year change	31,441	8,816	33,180	73,549	132,845	190,210
% change	4.0	1.1	4.0	8.5	15.7	22.6
Condominium	\$510,610	\$528,229	\$537,663	\$566,010	\$565,589	\$573,295
1 year change	12,194	17,620	9,433	29,838	30,804	48,234
% change	2.4	3.5	1.8	5.6	5.8	9.2
<b>Total Value of All Sales (\$M)</b>	<b>\$5,823</b>	<b>\$6,184</b>	<b>\$5,986</b>	<b>\$6,905</b>	<b>\$2,114</b>	<b>\$747</b>
1 year change	358	361	-199	912	611	213
% change	6.5	6.2	-3.2	15.2	40.7	39.9

Note: Closed (settled) contracts. Average prices calculated by ORA based on number of sales and total value of sales.

Source: MarketStats by ShowingTime, accessed by BrightMLS. Sales are ones closed during period shown.

## Single family and condominium housing

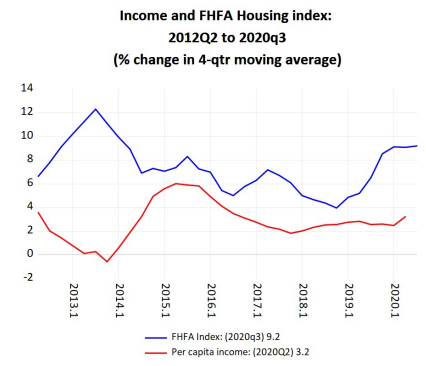
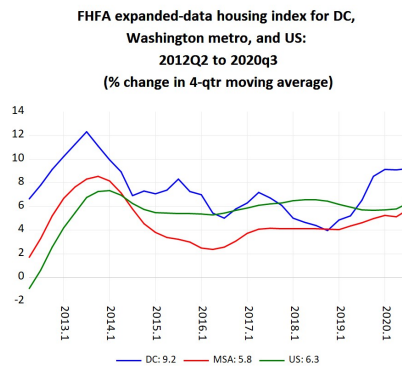
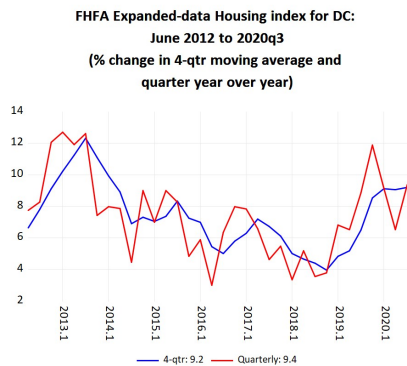
### *The FHFA house price index for DC was rising faster than the national average in the 3rd Quarter*

- The percentage change from the prior year in DC home prices was 9.4% higher in the September quarter, according to the Federal Housing Finance Agency Index of single-family same-property transactions. The US index and the Washington metropolitan area were up 7.4%. Home price growth accelerated over the summer.
- 43.5% of all single family sales in October were for properties greater than \$1 million and sales of these properties grew 55%. Sales of condominiums greater than \$1 million accounted for 5.2% of condominium sales and sales of these condominiums grew 25% in October over last October.

**Table 21. Federal Housing Finance Agency Price Index for single family property in DC, DC metro area, and US: June 2020**

Indicator	Fiscal year average			Last 2 Q's	
	FY 2018	FY 2019	FY 2020	2020q2	2020q3
%change from prior year in value of index					
DC	3.6	8.9	9.4	6.5	9.4
DC metro area	3.8	4.9	7.4	4.6	7.4
US	6.3	5.5	7.4	5.8	7.4

Source: Federal Housing Finance Agency



**Table 22. D.C. Single family and condominium home sales at prices of \$1 million or more: October**

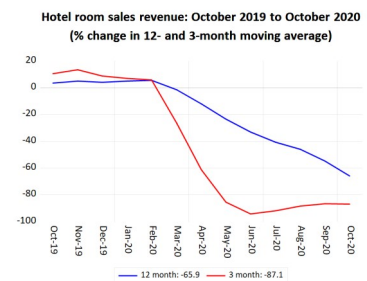
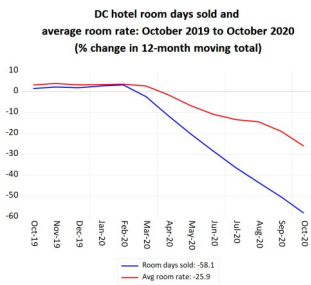
	FY 2017	FY 2018	FY 2019	12mo moving	3mo moving	This month
				total	total	
Single family homes	1,057	1,192	1,232	1,464	468	172
1 year change	121	135	40	224	175	61
% change	12.9	12.8	3.4	18.1	59.7	55.0
% all single family sales	24.1	26.2	26.1	32.9	42.0	43.5
Condominium	189	222	213	256	68	20
1 year change	22	33	-9	47	19	4
% change	13.2	17.5	-4.1	22.5	38.8	25.0
% all condominium sales	4.8	5.5	5.0	6.4	6.5	5.2

Source: MarketStats by ShowingTime, accessed by BrightMLS. Sales are ones closed during period shown.

# Hospitality

## Hotel stays in October were 78.3% below last year

- In October, the number of room-days sold was 78.3% fewer than a year ago, little changed from September. The average room rate was down 49.1% and hotel room sales revenue was 89% lower.
- Occupancy which is historically around 75% was 23.4% in October. However, the number of hotels in the survey have decreased as some have closed or temporarily suspended service.
- Air passengers through the regional airports were down 70.3% in September from last year, a small improvement over August travel.
- Employment in food services was 33% less in October than a year earlier and hotel employment was down 36.1%. As measured by the 3-month moving averages, the declines were 36% and 44.8%, respectively, suggesting some improvement.



**Table 23. Hospitality Industry: October 2020**

Indicator	Units	FY 2017	FY 2018	FY 2019	12-mo moving average/sum*	3-mo moving average/sum*	This Month
<b>Hotel Stays (updated October)</b>							
Hotel room-days sold	(M)	8,747	9,019	9,128	3,841	0,513	0,189
	1 yr ch	0.414	0.272	0.109	-5.318	-1.921	-0.684
	1 yr % ch	5.0	3.1	1.2	-58.1	-78.9	-78.3
Average room rate	\$	232	220	216	164	141	142
	1 yr ch	14	-12	-4	-57	-88	-137
	1 yr % ch	6.5	-5.0	-1.6	-25.9	-38.4	-49.1
Room revenue	(\$M)	2,038.4	2,020.2	2,038.7	704.5	72.5	26.8
	1 yr ch	191.6	-18.3	18.5	-1,362.0	-489.4	-216.0
	1 yr % ch	10.4	-0.9	0.9	-65.9	-87.1	-89.0
Occupancy rate	%	78.5	78.0	76.3	36.9	27.1	23.4
Number of hotels in survey		131	136	140	124	120	125
<b>Airline passengers (updated September)</b>							
DCA	1 yr %ch	1.5	-1.2	0.7	-47.9	-78.3	-78.4
IAD	1 yr %ch	4.4	4.1	4.3	-45.1	-78.6	-73.1
BWI	1 yr %ch	4.3	4.5	-1.4	-42.1	-63.2	-60.5
Total	1 yr %ch	3.4	2.5	1.1	-44.9	-73.0	-70.3
<b>Employment (updated October)</b>							
Accommodations	level (000s)	15.1	15.6	16.2	12.1	9.2	10.8
	1 yr ch	0.3	0.5	0.6	-4.2	-7.5	-6.1
	1 yr % ch	1.8	3.1	3.6	-25.6	-44.8	-36.1
Food and beverage	level (000s)	52.2	54.6	55.4	40.3	35.6	37.2
	1 yr ch	0.7	2.5	0.8	-15.1	-20.1	-18.3
	1 yr % ch	1.3	4.7	1.4	-27.2	-36.0	-33.0

\* Total for hotel rooms and room revenue.

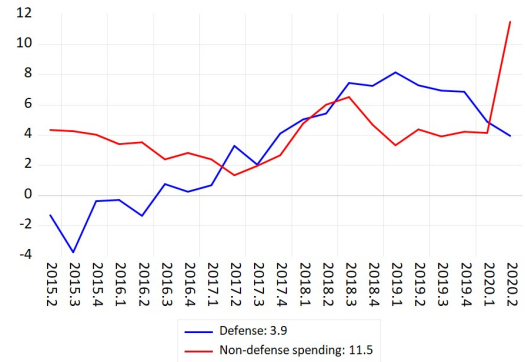
Source: STR (hotel data); BLS (employment); BWI Airport (passenger data)

# US economy and the federal government sector

## Federal non-defense spending increased faster than nominal GDP over the past 3 quarters

- Federal government non-defense spending for consumption and investment increased 11.5% in the June 2020 quarter from a year earlier. Defense spending grew 3.9%.
- Compared to the same quarter a year ago, in the June quarter nominal GDP contracted 8.5% and real GDP fell 9.0%. On a seasonally adjusted annual rate, nominal GDP fell 31.4% in the June quarter.
- The US employment rate (seas. adj.) was 6.9% in October.
- In October, the average S&P 500 index was 14.8% above a year earlier.

Defense and non-defense spending: 2015Q2 to 2020Q2  
(1 yr % change)



Federal non-defense spending and US GDP: 2015Q2 to 2020Q2  
(1 yr % change)

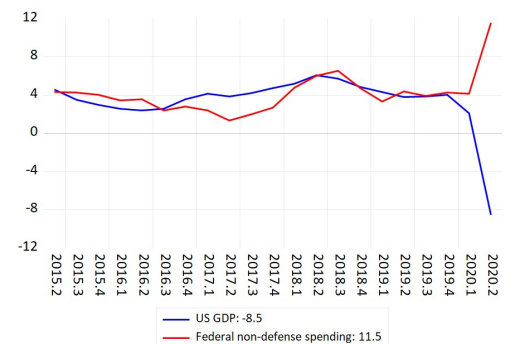


Table 25. Federal government consumption and investment, US GDP accounts: FY2017 to 2020Q2

(percent change from prior year)

Indicator	FY 2017	FY 2018	FY 2019	4q mov	
				avg	2020Q2
<b>Non-defense</b>	<b>2.1</b>	<b>5.0</b>	<b>4.1</b>	<b>6.0</b>	<b>11.5</b>
Compensation of employees	3.8	3.7	3.0	2.7	3.0
Purchases of goods and services	1.5	5.7	3.7	5.9	13.8
Gross investment	3.9	2.9	5.2	6.1	5.0
<b>Defense</b>	<b>1.6</b>	<b>5.5</b>	<b>7.4</b>	<b>5.6</b>	<b>3.9</b>
Compensation of employees	1.5	4.0	4.5	3.5	3.5
Purchases of goods and services	1.8	4.8	6.4	4.6	2.2
Gross investment	0.7	8.6	11.7	9.9	11.0

All federal consumption and investment

Note: federal spending does not include social security, medicare, or grants.

Table 26. US GDP, Income, and Inflation: FY2017 to 2020Q2

(percent change from prior year)

Indicator	FY 2017	FY 2018	FY 2019	4q mov	
				avg	2020Q2
GDP real	2.2	3.1	2.2	-1.1	-9.0
GDP nominal	4.0	5.4	4.2	0.3	-8.5
Personal Income	4.3	5.5	4.3	5.1	10.4
Consumption	4.3	5.0	4.0	0.0	-9.7
Investment	4.1	7.8	5.2	-4.1	-16.3
Corporate profits*	4.5	5.9	1.5	-6.3	-19.3
S and P stock index	13.8	16.2	3.3	8.0	1.6
US CPI	2.1	2.4	1.9	1.6	0.4

\* Before tax, without IVA and CCadj.

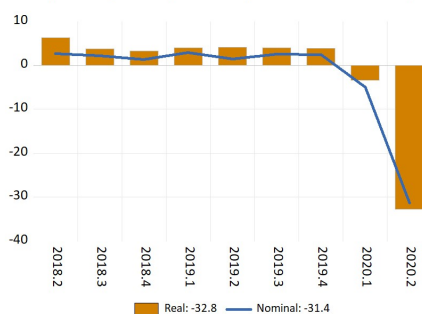
Source: BEA Aug 27, 2020; BLS (cpi); Dow Jones Indices (SP500)

Table 26. Monthly selected indicators: June to October

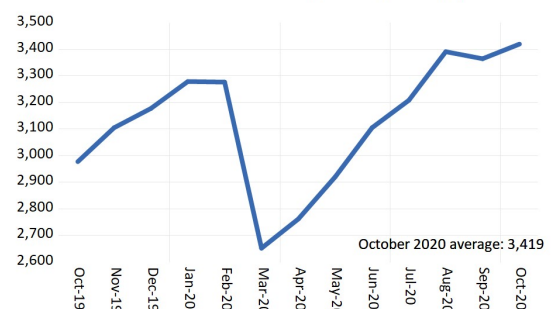
Indicator	June	July	August	September	October
S & P stock market index (level)	3,105	3,208	3,392	3,366	3,419
% change from prior year	7.42	7.06	17.06	12.86	14.81
10 yr Treasury Interest rate (level)	1.0	1.0	1.0	1.0	1.0
CPI % change from prior month (seas. adj.)	0.6	0.6	0.4	0.2	0.0
CPI % change from prior year (seas. adj.)	0.7	1.0	1.3	1.4	1.2
Jobs (seas. adj.) millions	137.81	139.57	141.06	141.74	142.37
change from prior month (thousands)	4,781	1,761	1,493	672	638
% change from prior month	3.59	1.28	1.07	0.48	0.45
Resident employment (seas. adj.) millions	142.18	143.53	147.29	147.56	149.81
change from prior month (thousands)	4,940	1,350	3,756	275	2,243
% change from prior month	3.6	0.95	2.62	0.19	1.52
Unemployment rate (seas. adj.)	11.1	10.2	8.4	7.9	6.9

Source: BLS; Dow Jones Indices; Federal Reserve

Quarterly change in US real and nominal GDP: 2018Q2 to 2020Q2  
(% change from previous quarter at annual rate)

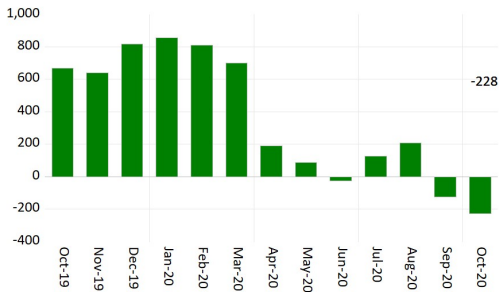


Standard & Poors Stock Market Index (SP500):  
2019m10 to 2020m10 (Monthly average)

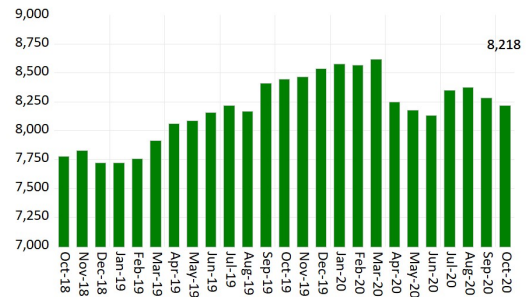


## DC tax collections

DC tax collections (before earmarking): October 2019 to October 2020  
(1 yr \$ change 12-mo moving total (\$M))



DC tax collections (before earmarking): October 2018 to October 2020  
(\$ million, 12-mo moving total)



**Table 27. Tax Collections (before earmarks): October 2020**

Tax	Annual Revenue (From CAFR)			Tax Collections			
	FY 2018	FY 2019	FY 2020*	12-mo mov total	FY 2021 to date	3-mo mov total	This month
<b>Total taxes</b>	7,771.3	8,455.3	8,284.4	8,218.0	402.8	2,650.1	402.8
1 yr change	298.7	684.0	-170.9	-228.1	-66.4	-129.0	-66.4
% change	4.0	8.8	-2.0	-2.7	-14.2	-4.6	-14.2
<b>Real Property</b>	2,554.2	2,710.1	2,774.4	2,798.9	48.0	1,377.6	48.0
1 yr change	80.9	155.9	64.3	71.9	24.5	29.8	24.5
% change	3.3	6.1	2.4	2.6	104.4	2.2	n.m.
<b>General sales</b>	1,492.6	1,597.7	1,306.1	1,243.7	96.9	244.8	96.9
1 yr change	73.4	105.2	-291.7	-399.0	-62.4	-199.9	-62.4
% change	5.2	7.0	-18.3	-24.3	-39.2	-45.0	-39.2
<b>Individual income</b>	2,066.8	2,299.3	2,367.8	2,365.0	173.3	590.9	173.3
1 yr change	108.6	232.5	68.5	55.0	-2.8	21.1	-2.8
% change	5.5	11.2	3.0	2.4	-1.6	3.7	-1.6
withholding	1,818.2	1,942.9	2,050.1	2,053.9	170.1	483.5	170.1
1 yr change	51.6	124.7	107.2	96.6	3.8	21.7	3.8
% change	2.9	6.9	5.5	4.9	2.3	4.7	2.3
non-withholding	248.7	356.4	317.7	311.2	3.1	107.4	3.1
1 yr change	56.9	107.8	-38.7	-41.6	-6.5	-0.6	-6.5
% change	29.7	43.3	-10.9	-11.8	-67.6	-0.6	n.m.
<b>Corporate franchise</b>	436.5	507.9	570.6	576.6	14.2	130.4	14.2
1 yr change	47.3	71.4	62.7	72.4	6.0	12.2	6.0
% change	12.2	16.4	12.3	14.4	73.3	10.3	n.m.
<b>Unincorporated bus.</b>	138.2	134.7	155.6	153.4	4.0	33.8	4.0
1 yr change	-26.8	-3.5	20.9	-8.3	-2.2	-12.1	-2.2
% change	-16.2	-2.5	15.5	-5.1	-35.9	-26.4	-35.9
<b>Deed Taxes<sup>^</sup></b>	472.3	560.9	466.3	452.0	36.7	94.2	36.7
1 yr change	11.6	88.7	-94.6	-113.1	-14.3	-77.5	-14.3
% change	2.5	18.8	-16.9	-20.0	-28.1	-45.2	-28.1
<b>Other taxes</b>	610.7	644.6	643.5	628.4	29.8	178.5	29.8
1 yr change	3.7	33.9	-1.0	92.9	-15.2	97.5	-15.2
% change	0.6	5.5	-0.2	17.4	-33.7	n.m.	-33.7

\* preliminary estimate (not CAFR); ^ Deed taxes include deed recordation, deed transfer, and tax on transfers of economic interest in real property.

Note: (1) Revenues for fiscal years 2017 through 2019 are based on the CAFR; (2) tax collections subject to accounting adjustments at year end; (3) The table and charts on this page may include adjustments to the timing and consistency of collection reporting intended to make comparisons with the prior year more meaningful. The data may differ from other published OCFO reports

Source: OCFO/ORR; n.m. = not meaningful



**Tax collections for October continue to decline**

● For the 12 month period ending October total tax collections (before earmarking) were \$228 million (2.7%) less than in the prior year. For the last 3 months they were down 4.6% from last year.

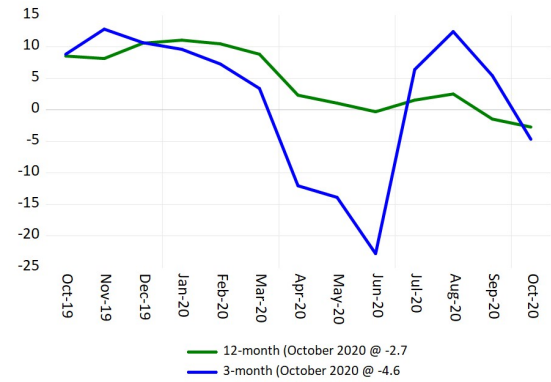
● Individual income tax collections were 2.4% above last year for the 12-months ending October because of 4.9% growth in withholding. For the past 3 months, total income tax collections were up 3.7% while withholding was up 4.7%.

● General sales tax collections were 24.3% below last year for the 12-months ending October. For the past 3 months, they were down 45% from last year.

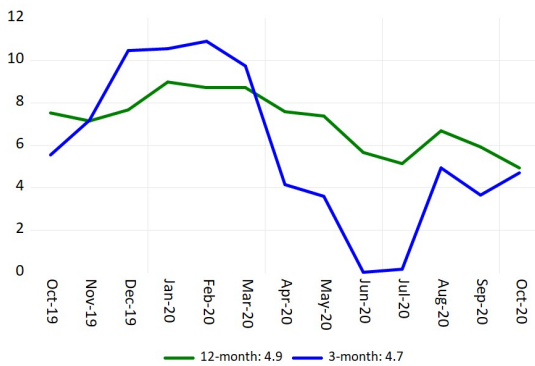
● Deed tax collections for the 12-months ending October were down 20% from last year; for the past 3 months they were down over 45.2%.

● Corporate income taxes for the 12 months ending October were up 14.4% while unincorporated business income taxes were down 5.1% over last year.

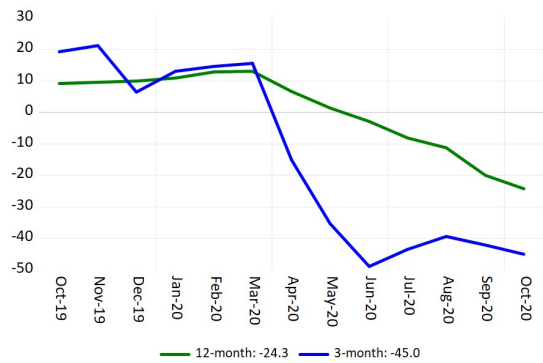
**Tax collections (before earmarking):  
October 2019 to October 2020  
(% change 12- and 3-month totals)**



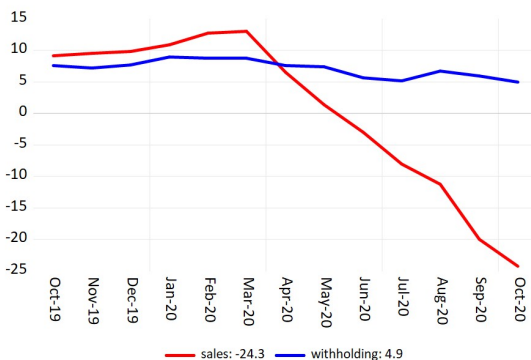
**Withholding for individual income tax collections:  
October 2019 to October 2020  
(% change 12- and 3-month totals)**



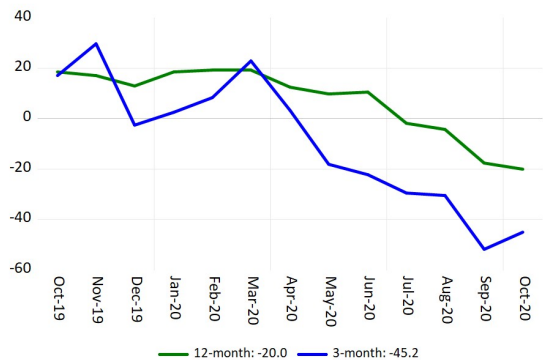
**General sales tax collections (before earmarking):  
October 2019 to October 2020  
(% change 12- and 3-month totals)**



**General sales tax collections and withholding:  
October 2019 to October 2020  
(% change 12- and 3-month totals)**



**Deed tax collections (before earmarking):  
October 2019 to October 2020  
(% change 12- and 3-month totals)**



## US economic forecasts

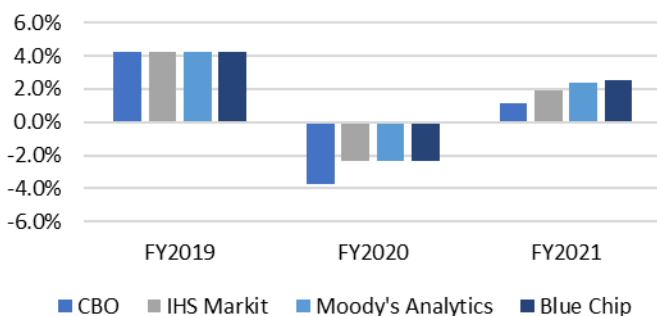
### Forecasts are for negative real GDP growth in FY 2020 and weak growth in FY 2021

- IHS Markit and Moody's Analytics November forecasts for real US GDP growth show negative growth for FY 2020 (both down 2.3%), with slow growth in FY 2021. Faster growth picks up in FY 2022.
- S&P 500 November baseline forecasts: IHS Markit believes the stock market in FY 2021 will be 11.7% above FY 2020, followed by a 1.8% gain the next fiscal year. Moody's expects a 6.7% increase in FY 2021 and 1.8% in FY 2022..
- The November Blue Chip Indicators estimates real GDP growth for FY 2020 at -2.3%, and FY 2021 at 2.5%.
- CBO's July 2020 economic outlook: real GDP declines 3.8% in FY 2020 and gains 1.1% in FY 2021,
- The forecasts since March for real GDP and the stock market have changed significantly. Real GDP, according to IHS Markit, has gotten considerably weaker with the pandemic while the opposite is true for the S&P 500.

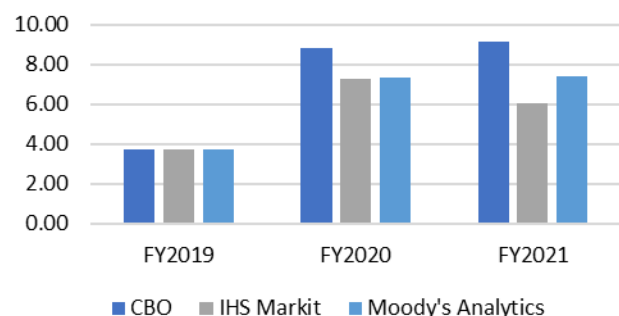
**Table 29. Forecasts for US Nominal and real GDP, Personal income, unemployment, CPI, Interest rate, and S&P500**

Indicator	IHS Markit (November 2020)				Moody's Analytics (November 2020)			
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2019	FY 2020	FY 2021	FY 2022
Real GDP (% ch from prior yr)	2.2	-2.3	1.9	2.3	2.2	-2.3	2.3	4.6
Nominal GDP (% ch from prior year)	4.2	-1.1	3.7	4.4	4.2	-1.1	3.9	6.8
Personal income (%ch from prior yr)	4.3	6.0	-0.9	2.8	4.3	6.0	2.4	1.4
Unemployment (%)	3.7	7.3	6.0	4.9	3.7	7.3	7.4	6.6
CPI (% ch from prior year)	1.9	1.5	2.0	2.7	1.9	1.5	1.6	2.6
10 Year Treasury (%)	2.5	1.1	0.9	1.2	-0.1	-0.5	-0.2	1.0
S&P 500 (level)	2,814	3,102	3,466	3,530	2,814	3,102	3,310	3,369

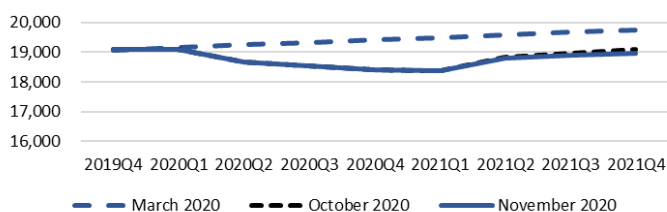
**Real US GDP (% ch from prior year)**



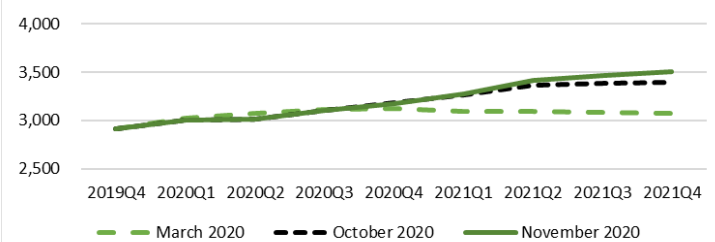
**US Unemployment Rate (%)**



**Evolution of IHS Markit Real GDP Forecast (\$billions)**



**Evolution of IHS Markit S&P 500 Forecast**

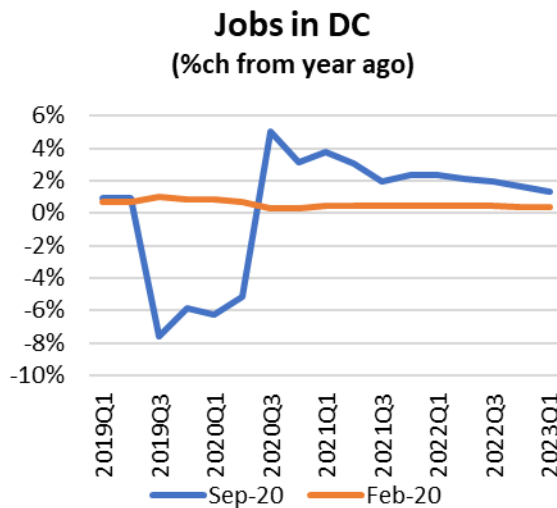


**IHS Markit and Moody's differ on how much the recession's impact will carry over to FY 2021**

- **Jobs:** IHS Markit and Moody's both forecast about 3% job loss in FY 2020. For FY 2021, however, IHS Markit anticipates a rebound of 0.9% while Moody's says they will decline by another 2.1%. ORA's September outlook was closer to the current Moody's outlook. Both jobs and unemployment outlooks have changed considerably since the onset of the pandemic.
- **Population:** IHS Markit anticipates DC population growth will continue to slow each year, essentially ruling out any net in-migration. Moody's expects the amount of growth to edge up each year reflecting some net in-migration.
- **Income:** Both IHS Markit and Moody's raised their estimates for personal income growth in FY 2020 to 3.9% and 3.7%, respectively. Moody's has negative growth of 1.0% in FY 2021, while IHS Markit expects a modest 1.6% increase.
- **Apartments and office space.** Delta Associates anticipates that the supply of new Class A apartment space will outpace demand over the next 3 years, and the supply of new office space is also a little higher than demand for the next 2 years.

**Table 30. Forecasts for Select DC indicators**

Indicator	IHS Markit (November 2020)				Moody's Analytics (November 2020)				ORA (September 2020)			
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2019	FY 2020	FY 2021	FY 2022	FY 2019	FY 2020	FY 2021	FY 2022
Real GDP-DC (% ch from year ago)	1.1	-0.9	1.8	2.8	1.1	-0.6	2.6	4.7	1.8	-0.9	-0.4	2.8
Personal income (% ch from year ago)	3.3	3.9	1.6	3.4	3.3	3.7	-1.0	2.9	3.8	4.3	-2.7	4.1
Wages in DC (% ch from year ago)	3.3	1.9	5.4	5.4	3.3	1.5	-1.0	3.1	3.8	1.8	1.2	3.6
Jobs in DC (% ch from year ago)	0.7	-3.1	0.9	3.0	0.7	-3.0	-2.1	1.8	0.7	-2.9	-1.0	2.8
Unemployment rate (%)	5.6	7.2	6.8	6.2	5.6	7.3	9.1	7.7	5.6	7.3	8.7	7.7
Population (% ch from year ago)	0.7	0.5	0.4	0.5	0.6	0.7	0.8	0.8	0.7	0.6	0.6	0.7
Households (% ch from year ago)	1.0	0.6	0.4	1.1	1.1	1.3	1.1	1.2	1.0	0.8	0.4	0.8



Source: ORA September 2020 Revenue Estimate

**Table 31. Outlook for Class A Apartments and Office Space for DC and Surrounding metro area**

Indicator	CLASS A APARTMENTS					CLASS A COMMERCIAL OFFICE SPACE					
	DC	Northern VA	Suburban MD	Total	DC share %	DC	Northern VA	Suburban MD	Total	DC share %	
<b>Inventory (June 2020)</b>											
Number of Units	32,848	72,461	42,613	147,922	22.2%	Million square feet (msf)	149.6	185.8	86.6	422.0	35.5%
<b>Estimated Net Activity to June 2023</b>						<b>Estimated Net Activity to June 2022</b>					
New supply (units)	18,907	14,567	8,848	42,322	44.7%	New supply (msf)	3.1	6.9	2.6	12.6	24.6%
New demand (units)	9,880	10,400	5,720	26,000	38.0%	New demand (msf)	0.7	3.2	1.0	4.9	14.3%

Source: Delta Associates

## DC revenue estimate

**September 2020 revenue estimate: FY 2020 tax revenue falls \$359 million (4.2%) below the FY 2019 level and \$137 million in FY 2021 (-1.7%). Revenue doesn't recover 2019 level until FY 2022.**

- The real property tax grows \$71.7 million (2.6%) in FY 2020 helping to buffer the fall in other revenue sources, but growth slows after that (0.9% in FY 2021) and declines by 0.6% in FY 2022.
- Individual income tax revenue, which rose 11.2% in FY 2019, is expected to grow just 1.2% in FY 2020 and 2.5% in FY 2021.
- The General sales tax, which grew 7.0% in FY 2019, is expected to experience a 21.4% decline in FY 2020 and an additional 12.7% decline in FY 2021. Growth picks up again in FY 2022, rebounding 24.2%.
- Deed taxes grew 18.8% FY 2019, but are expected to fall 17.4% in FY 2020. By FY 2024, deed tax collections regain the FY 2019 level.
- As a % of DC Personal Income, tax revenue rose to 14.3% in FY 2019 but is expected to fall back to 13.4% in FY 2020.

**Table 32. DC Tax Revenue (before earmarks) for September 2020**

Tax	FY Level (\$m)				Change from prior FY (\$m)				%change from prior FY			
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2019	FY 2020	FY 2021	FY 2022	FY 2019	FY 2020	FY 2021	FY 2022
Real Property	2,710.1	2,781.8	2,806.0	2,789.3	155.9	71.7	24.3	-16.8	6.1%	2.6%	0.9%	-0.6%
Deed taxes	561.1	463.6	459.3	560.1	88.8	-97.4	-4.3	100.8	18.8%	-17.4%	-0.9%	21.9%
General Sales	1,597.7	1,255.9	1,096.6	1,362.4	105.2	-341.8	-159.3	265.8	7.0%	-21.4%	-12.7%	24.2%
Individual Income	2,299.3	2,326.8	2,385.2	2,478.8	232.5	27.5	58.4	93.6	11.2%	1.2%	2.5%	3.9%
withholding	1,942.9	2,017.5	2,086.0	2,183.2	201.8	74.6	68.6	97.2	11.6%	3.8%	3.4%	4.7%
non-withholding	356.4	309.3	299.1	295.6	30.6	-47.1	-10.2	-3.6	9.4%	-13.2%	-3.3%	-1.2%
Business Income	642.7	669.8	621.9	645.6	67.9	27.1	-47.8	23.7	11.8%	4.2%	-7.1%	3.8%
Other	1,287.2	1,268.7	1,213.2	1,251.1	101.8	-18.6	-55.5	37.9	8.6%	-1.4%	-4.4%	3.1%
<b>Total</b>	<b>8,455.4</b>	<b>8,096.8</b>	<b>7,960.3</b>	<b>8,441.6</b>	<b>684.1</b>	<b>-358.6</b>	<b>-136.5</b>	<b>481.4</b>	<b>8.8%</b>	<b>-4.2%</b>	<b>-1.7%</b>	<b>6.0%</b>

Source: ORA, September 2020 revenue estimate. Table includes tax revenue before earmarked dedications and excludes nontax revenue, lottery, and special purpose revenue.

**Table 33. DC gross tax revenue and selected economic variables: September 2020 estimate**

Item	2013	2014	2015	2016	2017	2018	2019	2020 (est)	2021 (est)	2022 (est)
<b>Tax revenue</b>										
Level (\$m)	6,100	6,297	6,917	7,234	7,473	7,771	8,455	8,097	7,960	8,442
Change from prior year	239	197	620	317	239	299	684	-359	-137	481
% Change from prior year	4.1%	3.2%	9.8%	4.6%	3.3%	4.0%	8.8%	-4.2%	-1.7%	6.0%
<b>Personal income</b>	2.7%	5.3%	8.0%	4.8%	3.6%	4.6%	3.8%	4.3%	-2.7%	4.1%
Wages in DC	2.5%	2.9%	5.0%	3.3%	4.1%	4.7%	3.8%	1.8%	1.2%	3.6%
Wages of DC residents	4.8%	5.1%	7.6%	3.7%	5.0%	5.2%	3.7%	1.1%	1.9%	4.4%
Population	2.4%	1.9%	1.9%	1.6%	1.3%	1.0%	0.7%	0.6%	0.6%	0.7%
Employment	1.6%	0.7%	1.7%	2.1%	1.0%	1.1%	0.7%	-2.9%	-1.0%	2.8%
SP 500	24.8%	13.6%	2.0%	6.4%	19.2%	3.3%	14.7%	-1.2%	4.0%	4.0%

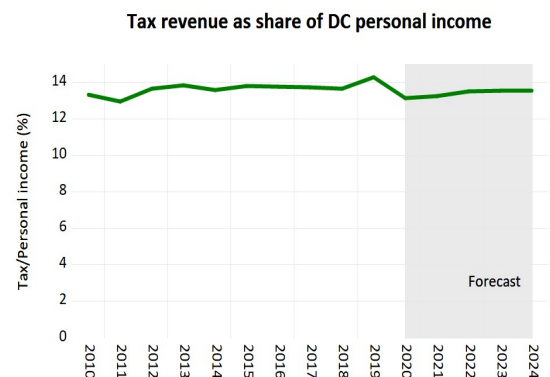
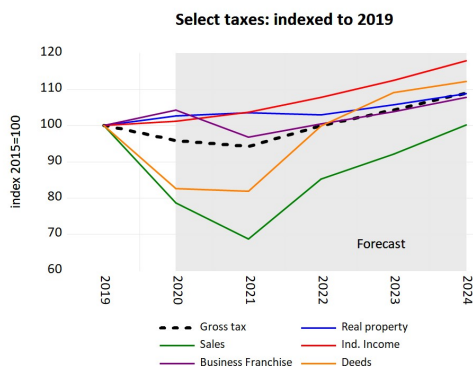


Table 2 shows that in tax year 2017, prior to the TCJA, about \$5.1 billion in SALT was deducted from taxable income for DC residents and following TCJA, that amount dropped to \$2.9 billion. Similar drops were experienced in Maryland and Virginia.

**Table 2: Decline in Total Itemized Deductions**

\$ billions	DC	MD	VA	US
TY 2017	5.1	41.0	42.8	1,403.3
TY 2018	2.9	21.9	23.0	650.1
<b>% Change</b>	<b>-44.0%</b>	<b>-46.6%</b>	<b>-46.3%</b>	<b>-53.7%</b>

Source: IRS/SOI

Table 3 shows SALT limitation impact on taxpayers by income. As income rises, the average value of SALT rose in tax year 2017. In 2018, however, the limitation had a clear effect and the average SALT deduction for taxpayers with income above \$100,000 was right at the \$10,000 limit. (*continued page 22*).

**Table 3: SALT Totals by Size of Adjusted Gross Income (\$000's)**

		Under \$1	\$1 under \$10,000	\$10,000 under \$25,000	\$25,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 or more
TY 2017	\$ Amt (000s)	0	\$4,517	\$13,752	\$58,565	\$100,576	\$142,148	\$547,887	\$696,302	\$303,265	\$660,580
	<i>Avg SALT per return</i>	0	\$3,226	\$2,421	\$3,086	\$5,039	\$7,419	\$12,257	\$27,511	\$68,768	\$291,004
TY 2018	\$ Amt (000s)	0	1,763	4,572	18,786	42,318	67,139	227,467	174,405	39,433	22,294
	<i>Avg SALT per return</i>	0	\$3,598	\$3,337	\$3,669	\$5,296	\$7,158	\$9,311	\$9,915	\$9,958	\$9,997

Source: IRS/SOI: TY2017/TY2018

Table 4 shows the shares of itemized deductions by size of AGI. Almost half (47.5%) of 2017 itemized deductions were claimed by taxpayers earning between \$100,000 and \$500,000. In 2018, that share increased to 50.7%.

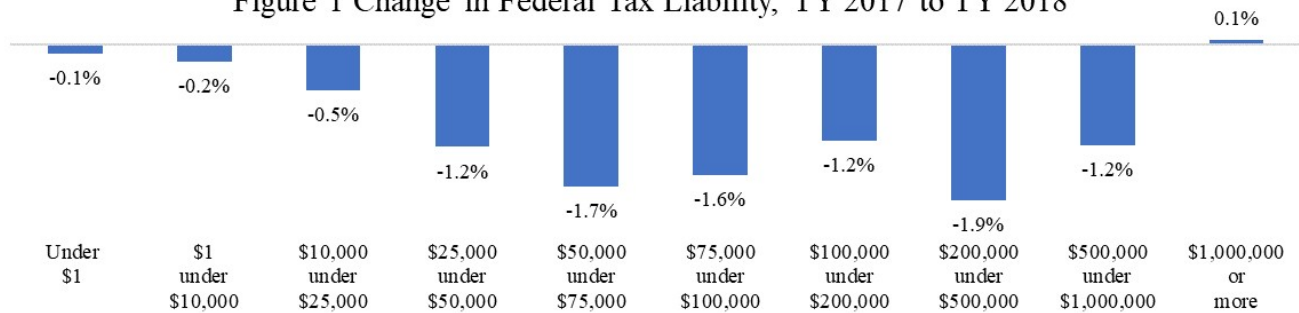
**Table 4: Share of Itemize Deduction Totals by Size of Adjusted Gross Income, TY 2017 – TY 2018**

		Under \$1	\$1 under \$10,000	\$10,000 under \$25,000	\$25,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 or more
TY 2017		0.0%	0.5%	1.7%	6.4%	7.7%	7.8%	22.9%	24.6%	9.0%	19.5%
TY 2018		0.0%	0.5%	1.3%	4.7%	7.4%	8.6%	26.0%	24.7%	8.3%	18.5%

Source: IRS/SOI: ORA Calculation

Absent any other changes in TCJA, the limitation of SALT would have been a tax increase as it increased federal taxable income by billions of dollars. However, the reduction in tax rates, higher standard deductions, and expansion of the child tax credit were part of TCJA and the combined impact did result in lower federal taxes for DC residents. As Figure 1 shows, except for taxpayers with aggregate gross income (AGI) of \$1 million or greater, DC taxpayers benefitted across the income spectrum. Interestingly, nationally taxpayers with AGI greater than \$1 million also had a reduction in tax share of AGI but DC taxpayers at this income level have a different composition of income sources and so the net effect was slightly higher individual income tax burden in 2018.

Figure 1 Change in Federal Tax Liability, TY 2017 to TY 2018



**Shows the change in the income tax after credits share of adjusted gross income**

Source: IRS SOI: ORA Calculation

As this analysis shows, the SALT limit increased the taxable income of many District taxpayers but combined with higher standard deduction, lower tax rates, and expanded child credit, most taxpayers still benefitted from lower federal tax.

Data for this report comes from the Internal Revenue Service Statistics of Income Division, Individual Master File, August 2020 (Table 2) available at [www.irs.gov/statistics/soi-tax-stats-historic-table-2](http://www.irs.gov/statistics/soi-tax-stats-historic-table-2). These data show federal income tax return data by state by tax year through 2018.

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

**District, Measured.** Information on the economic and demographic trends taking shape in the city can be found on the ORA Blog, District, Measured ([districtmeasured.com](http://districtmeasured.com)). You can sign up at the blog page to receive updates as new articles are posted.

**Recent ORA reports:**

**September revenue estimate. September 30, 2020.**

**DC Tax Facts, 2019.** Details on all DC taxes. (*Released September 2020*)

**DC Tax Facts Visual Guide Report.** A visual guide to DC's tax system. (*Released December 2019*)

**Tax Rates and Tax Burdens 2018 Nationwide.** This annual publication compares DC tax rates and estimated DC tax burdens for households of different income levels with the rates and burdens of state and local taxes in the principal cities in all 50 states. (*Released June 2020*)

**Tax Rates and Tax Burdens 2018 Washington Metropolitan Area.** This annual publication compares DC tax rates and estimated DC tax burdens for households of different income levels with the rates and burdens of the surrounding jurisdictions in the DC metropolitan area. (*Released March 2020*)

**Tax Expenditure Report.** A compendium of tax expenditures for 2020. (*Released December 2020*)

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

For further information or to comment on this report, contact: Norton Francis (202-442-8242) [Norton.francis@dc.gov](mailto:Norton.francis@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.

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