



District of Columbia Economic and Revenue Trends: February 2014

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Highlights:

- ◇ January employment and labor force data not yet available.
- ◇ Moderating housing market.....6

Indicator updates:

Wage and salary employment.....	2
Sectors of the DC economy	3
Resident employment and unemployment	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	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 revenues adjusted for inflation grew more slowly after the Great Recession

The February estimate anticipates continued growth of real revenues at a steady, slower pace

The release of the FY 2013 CAFR and the February revenue estimate provides an opportunity to look both backward and forward at DC revenue trends. This note looks at actual revenues from FY 2004 to FY 2013, and at those forecast through FY 2016, with all amounts adjusted for inflation.

Expressed in constant dollars (\$2010), FY 2013 DC revenues (before earmarks) were \$6.10 billion. From 2004 to 2013, real revenues increased by \$1.24 billion (25.6%). A number of things happened during this nine year period, including the Great Recession (officially December 2007 to June 2009), growth and then cutbacks in the federal sector, DC population growth, and tax policy changes. Not surprisingly, changes in inflation-adjusted revenue from year to year varied considerably: from a high of 11.3% (in FY 2007, the last year before the recession), to a low of -5.4% (in 2009, at the end of the recession).

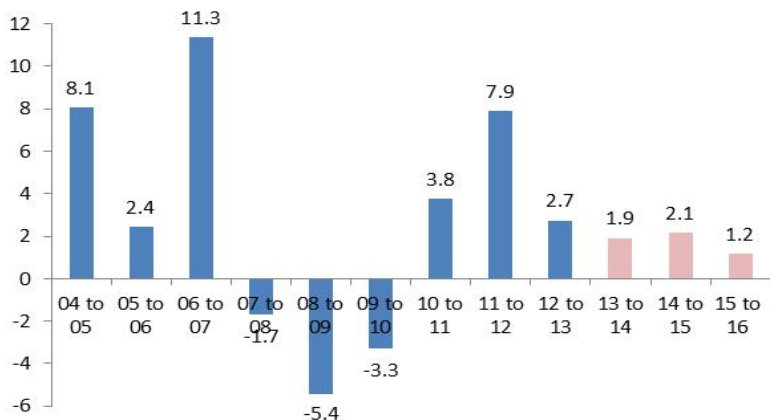
As can be seen in the chart below, however, the period from FY 2004 to FY 2013 can be divided into three sub-periods:

(1) *Before the recession (FY 2004 to FY 2007)*. The period of fastest growth, revenues grew by \$1.03 billion (21.2%). Real property increased by the largest amount (see tables on p. 17), but all other major revenue sources grew as well.

(2) *The recession's direct impact (FY 2007 to FY 2010)*. Revenues fell by \$596 million (-10.1%), with capital gains, deed, and business income taxes contributing the most to the decline. Real property continued to grow.

(3) *Post-recession recovery (FY 2010 to FY 2013)*. Revenues re- (cont'd p.17)

Inflation-adjusted DC Revenues: percent change from prior year: FY 2004 to FY 2016 (estimate)



Wage and salary employment

No job growth as private sector gains were not quite enough to offset federal cutbacks.

- December wage and salary employment in DC was down by 133 (-0.0%) from a year earlier as measured by the 3-month moving average.
- Federal government employment for December was down by 6,267 (-3.0%); the private sector gained 5,633 (1.1%).
- Total year-over-year DC metropolitan area employment increased by 24,233 (0.8%) in December as measured by the 3-month moving average.
- There was an increase of 1.0% in suburban Washington employment in December from a year earlier
- Seasonally adjusted wage and salary employment in DC declined by 1,900 in December from the prior month. Seasonally adjusted employment was down by 300 from six months earlier in June.

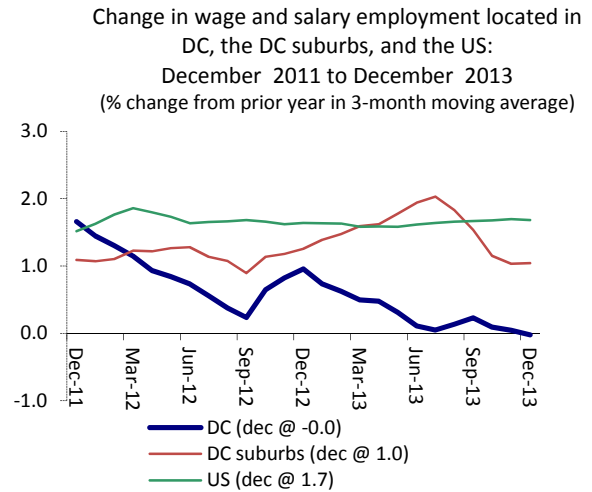


Table 1. Wage and salary employment in DC, Washington Metro area, and the US: December 2013

Jurisdiction	FY 2011	FY 2012	FY 2013	12-mo avg	3-mo average	This month
District of Columbia	723,233	730,033	733,317	733,283	736,400	734,700
1 year change	14,158	6,800	3,283	1,500	-133	-400
% change	2.0	0.9	0.4	0.2	0.0	-0.1
Washington metro area	2,998,442	3,030,808	3,070,483	3,076,542	3,096,767	3,101,100
1 year change	42,208	32,367	39,675	36,742	24,233	25,800
% change	1.4	1.1	1.3	1.2	0.8	0.8
Washington suburbs (% ch)	1.2	1.1	1.6	1.5	1.0	1.1
US (% ch)	1.2	1.7	1.6	1.6	1.7	1.6

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

Source: BLS. December is preliminary.

Table 2. Federal government and private sector wage and salary employment in DC: December 2013

Sector	FY 2011	FY 2012	FY 2013	12-mo avg	3-month average	This month
Federal government	213,258	208,600	204,308	202,742	200,400	200,100
1 year change	5,025	-4,658	-4,292	-5,208	-6,267	-6,300
% change	2.4	-2.2	-2.1	-2.5	-3.0	-3.1
Private sector	474,833	486,708	494,867	496,275	502,100	500,500
1 year change	10,733	11,875	8,158	7,008	5,633	5,100
% change	2.3	2.5	1.7	1.4	1.1	1.0

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

Table 3. Seasonally adjusted DC Employment: June 2013 to December 2013

Indicator	Jun	Jul	Aug	Sep	Oct	Nov	Dec
D.C. Wage and Salary employment	732,700	731,900	730,400	735,700	735,200	734,300	732,400
change from prior month	-1,100	-800	-1,500	5,300	-500	-900	-1,900
% change from prior month	-0.1	-0.1	-0.2	0.7	-0.1	-0.1	-0.3

Source: BLS seasonally adjusted. December is preliminary

Food services, professional services lead private sector job growth

- In December food services gained 3,867 jobs over last year . Professional services (other than legal) gained 1,733 jobs. The two sectors together accounted for about 100% of all private sector net job growth. (3-month moving averages.)
- Finance (967), business services (other than employment) (700), and health (633) also showed significant gain.
- Private sector industries losing jobs included employment services, information, education, and construction.
- Local government rose by 500.
- Over the past year, DC's share of federal employment fell slightly in both the US and the metro area.

Change in private sector wage and salary jobs located in DC, the DC suburbs, and the US: December 2011 to December 2013 (% change from prior year in 3-month moving average)

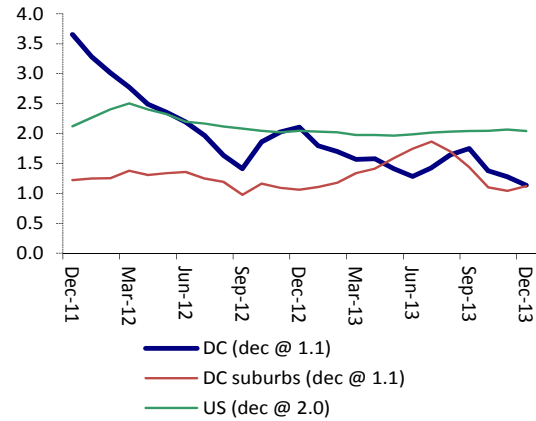


Table 4. Wage and salary employment located in DC: December 2013

Industry sector	3-month moving average				12-mo. moving avg: % change	Sector % of all DC jobs, dec 2013	DC share (%) in Dec 2013 of all sector jobs in:		Change from Dec 2012 to Dec 2013 in DC share of sector jobs in:	
	dec 2012	dec 2013	Amount	%			metro area	US	metro area	US
Federal government	206,667	200,400	-6,267	-3.0	-2.5	27.2	54.6	7.38	-0.4	-0.01
Local government	33,400	33,900	500	1.5	-0.9	4.6	10.3	0.17	0.0	0.00
Legal services	29,800	30,333	533	1.8	-0.1	4.1		2.68		0.04
Other Professional and technical	77,967	79,700	1,733	2.2	3.3	10.8	23.0	1.13	0.6	-0.01
Employment services	13,567	12,167	-1,400	-10.3	-5.8	1.7	32.6	0.34	-1.7	-0.07
Other Business services	33,833	34,533	700	2.1	2.2	4.7	18.0	0.48	-0.1	0.00
Information	16,900	16,300	-600	-3.6	-4.2	2.2	21.6	0.61	-0.4	-0.02
Finance	28,167	29,133	967	3.4	2.5	4.0	18.6	0.37	-0.2	0.01
Organizations	60,700	61,033	333	0.5	1.2	8.3	36.9	2.07	0.3	0.01
Education	55,800	55,067	-733	-1.3	4.0	7.5	50.1	1.56	-2.3	-0.04
Health	64,333	64,967	633	1.0	0.9	8.8	23.1	0.37	0.3	0.00
Food service	42,867	46,733	3,867	9.0	5.5	6.3	21.8	0.45	0.4	0.02
Accommodations	15,533	15,967	433	2.8	0.7	2.2	37.6	0.89	0.6	0.01
Amusement and recreation	6,967	6,767	-200	-2.9	-3.7	0.9	17.8	0.35	-1.2	-0.02
Retail trade	18,600	18,667	67	0.4	-2.5	2.5	6.8	0.12	-0.1	0.00
Wholesale trade	5,067	5,100	33	0.7	1.5	0.7	8.0	0.11	0.1	0.02
Construction	13,667	13,000	-667	-4.9	-0.9	1.8	9.2	0.22	-0.4	-0.02
Personal and miscellaneous ser.	7,733	7,733	0	0.0	-4.5	1.1		0.30		0.00
Other private	4,967	4,900	-67	-1.3	-2.9	0.7	4.4	0.03	-0.1	0.00
Total	736,533	736,400	-133	0.0	0.2	100.0	23.8	0.53	-0.2	-0.01
Public sector	240,067	234,300	-5,767	-2.4	-2.3	31.8	33.7	1.05	-0.7	-0.02
Private sector	496,467	502,100	5,633	1.1	1.4	68.2	20.9	0.43	0.0	0.00
Professional and all business	200,233	202,167	1,933	1.0	1.2	27.5	21.5	0.83	0.1	-0.02
Education, health, and orgs.	180,833	181,067	233	0.1	1.9	24.6	31.4	0.57	-0.1	-0.01
Hospitality and trade	89,033	93,233	4,200	4.7	2.0	12.7	14.7	0.27	0.2	0.01
Other private sector	26,367	25,633	-733	-2.8	-2.3	3.5	10.2	0.09	-0.3	-0.01

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 lower than a year ago.

- In December DC resident employment was 1,988 (-0.6%) below a year earlier (3-mo. moving average).
- Seasonally adjusted DC resident employment rose in December for the second month in a row. In December it was 3,300 below the June level.
- In December the unemployment rate (seasonally adjusted) fell to 8.1%, the lowest level in 5 years.
- December initial unemployment insurance claims were up 26.9% (3-month moving average).

Resident employment in DC, the DC suburbs, and the US: December 2011 to December 2013 (% change from prior year in 3-month moving average)

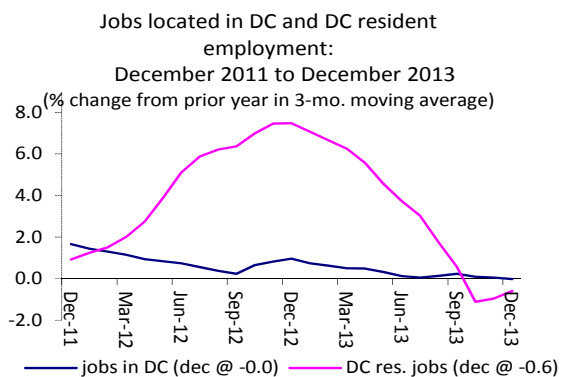
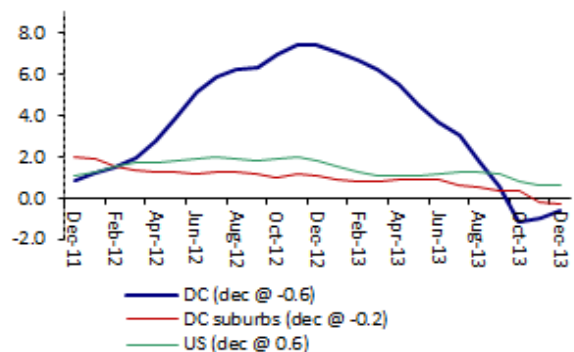


Table 5. Unemployment rates for DC, metro area, and US:

December 2013

(percent of labor force)

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013
US	7.6	6.5	7.9	6.7
DC	8.6	6.9	8.4	8.1
DC metro area	5.3	4.6	na	na
DC suburbs	4.9	4.4	na	na

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

Table 6. Resident employment and unemployment: December 2013

Indicator	FY 2010	FY 2011	FY 2012	FY 2013	12-mo avg	3-month average	
						average	This month
DC Labor force summary							
Resident employment	308,513	312,148	323,412	337,777	337,280	334,914	339,853
1 year change	4,332	3,635	11,264	14,365	8,010	-1,988	3,087
% change	1.4	1.2	3.6	4.4	2.4	-0.6	0.9
Labor Force	343,475	347,470	356,439	369,446	368,499	364,059	364,997
1 year change	9,339	3,995	8,969	13,007	6,889	-3,786	-3,389
% change	2.8	1.2	2.6	3.6	1.9	-1.0	-0.9
Unemployed	34,962	35,322	33,027	31,669	31,219	29,144	25,144
1 year change	5,007	360	-2,295	-1,359	-1,121	-1,798	-6,476
% change	16.7	1.0	-6.5	-4.1	-3.5	-5.8	-20.5
Unemployment rate	10.2	10.2	9.3	8.6	8.5	8.0	6.9
DC Unemployment insurance (state program)							
Initial claims (monthly avg.)	1,799	2,101	1,784	1,915	2,038	2,321	1,871
1 year change	-404	302	-317	131	254	492	97
% change	-18.3	16.8	-15.1	7.3	14.3	26.9	5.5
Weeks compensated (mo. avg.)	53,592	46,423	45,170	42,862	43,879	47,829	51,601
1 year change	-881	-7,169	-1,253	-2,308	-267	4,068	10,027
% change	-1.6	-13.4	-2.7	-5.1	-0.6	9.3	24.1

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

Table 7. Seasonally adjusted DC Resident employment and unemployment: June 2013 to December 2013

Indicator	Jun	Jul	Aug	Sep	Oct	Nov	Dec
DC Resident employment	340,057	337,536	332,988	332,442	330,170	332,626	336,757
change from prior month	-505	-2,521	-4,548	-546	-2,272	2,456	4,131
% change from prior month	-0.1	-0.7	-1.3	-0.2	-0.7	0.7	1.2
DC Unemployment rate (%)	8.5	8.6	8.7	8.6	8.9	8.6	8.1

Source: BLS seasonally adjusted. December is preliminary

The percentage growth of DC wages and salaries remains below the US average

- Wages and salaries earned in the District of Columbia were 2.2% higher in the September quarter compared to the same quarter of 2012.
- Wages earned in DC have now grown at a slower rate than the US average for 11 quarters.
- In the September quarter, estimated wages of DC residents grew 2.7%. DC Personal Income grew 3.2%.
- In the September quarter, the private sector accounted for 135% of the \$1.33 billion increase in wages earned in DC; federal wages declined by \$690 million.

Wages earned in DC, wages earned by DC residents, and wages earned in the US: 2011.3 to 2013.3

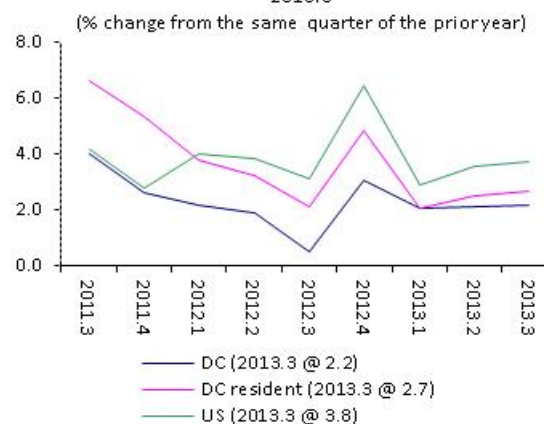


Table 8. DC Wages and Personal Income: September 2013

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

Indicator	FY 2009	FY 2010	FY 2011	FY 2012	4-quarter moving average	Latest quarter (Sep.)
Wages and salaries earned in DC	54.92	57.24	59.56	60.62	62.05	62.08
1 year change	1.24	2.33	2.31	1.07	1.43	1.33
% change	2.3	4.2	4.0	1.8	2.4	2.2
Supplements to wages & salaries	14.08	14.93	16.11	16.23	16.10	16.07
% change	4.5	6.0	7.9	0.7	-0.8	0.3
Proprietors' income earned by DC residents*	5.83	5.35	5.56	5.80	6.16	6.27
% change	-4.1	-8.2	4.0	4.3	6.2	7.6
Wages and salaries of DC residents***	20.76	22.03	23.48	24.33	25.06	25.18
change from one year ago	0.93	1.27	1.45	0.85	0.73	0.66
% change	4.7	6.1	6.6	3.6	3.0	2.7
Income earned by DC residents	29.0	30.1	32.5	33.7	34.4	34.6
% change	2.9	3.8	7.9	3.7	2.1	2.2
Property income of DC residents	6.76	6.16	7.08	7.51	7.88	8.03
% change	-11.1	-8.8	14.9	6.1	4.8	6.8
Pensions and other transfer of DC residents	4.61	5.19	5.68	5.65	5.82	5.97
% change	12.1	12.7	9.3	-0.4	2.9	4.7
DC Personal Income**	40.40	41.50	45.27	46.87	48.12	48.56
1 year change	0.49	1.10	3.77	1.60	1.24	1.51
% change	1.2	2.7	9.1	3.5	2.7	3.2
US Personal income (% change from prior year)	-2.0	1.3	5.9	4.0	3.7	3.6
US Wages and salaries (% change from prior year)	-3.3	0.2	4.2	3.4	4.1	3.8
<i>Addendum: Change from prior year in wages earned in DC by sector</i>						
Private sector (1 yr ch, \$B)	-0.08	0.49	1.76	1.35	1.78	1.79
Federal government (1 yr ch, \$B)	1.12	1.77	0.68	-0.35	-0.40	-0.69
DC res. wages as % of wages earned in DC	37.8	38.5	39.4	40.1	40.4	40.6

* 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 were released December 19, 2013

Single family and condominium home sales

The single family home market has seen more moderate growth in recent months

- The January 3-month moving total of single family home sales was up 3.0% from a year earlier, and the average selling price was 0.1% higher.
- January condominium sales were 6.4% above a year earlier as measured by the 3-month moving total; the average selling price was 7.0% higher.
- The total value of all home sales in January was 6.8% more than a year earlier as measured by the 3-month moving total.
- January year-to-date median prices were up 23.9% for single family units, and down 3.7% for condominiums.
- The January ratios of inventory to sales rose slightly to 1.9 for single family units and 2.3 for condominiums (3-mo. moving average).

Number and average selling price of single family homes sold in DC: Jan. 2012 to Jan. 2014
(% change from prior year in 3-month moving averages)



Table 9. D.C. Residential Real Estate Indicators: January 2014

Indicator	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	12-mo moving		This month
						total or average	3-mo moving total or average	
Number of sales (settled contracts)								
Single family	3,259	4,084	3,800	3,563	3,979	4,100	917	265
1 year change	237	825	-284	-237	416	402	27	30
% change	7.8	25.3	-7.0	-6.2	11.7	10.9	3.0	12.8
Condo	2,590	2,884	2,469	2,784	3,487	3,573	736	197
1 year change	-206	294	-415	315	703	563	44	0
% change	-7.4	11.4	-14.4	12.8	25.3	18.7	6.4	0.0
Total	5,849	6,968	6,269	6,347	7,466	7,673	1,653	462
1 year change	31	1,119	-699	78	1,119	965	71	30
% change	0.5	19.1	-10.0	1.2	17.6	14.4	4.5	6.9
Average prices of units that sold								
Single family (\$)	597,269	538,395	601,026	630,109	712,799	711,253	680,759	673,926
1 year change	-70,098	-58,874	62,631	29,083	82,690	56,670	826	53,997
% change	-10.5	-9.9	11.6	4.8	13.1	8.7	0.1	8.7
Condo (\$)	359,952	414,030	423,365	429,611	447,827	456,226	479,566	465,490
1 year change	-52,283	54,078	9,336	6,245	18,216	21,802	31,538	39,206
% change	-12.7	15.0	2.3	1.5	4.2	5.0	7.0	9.2
Total value of all sales (\$ million)								
	2,878.8	3,392.9	3,329.2	3,441.1	4,397.8	4,546.2	977.2	270.3
1 year change	-290.6	514.1	-63.7	111.9	956.7	818.0	62.0	40.6
% change	-9.2	17.9	-1.9	3.4	27.8	21.9	6.8	17.7
Ratio: active inventory to sales								
Single family	5.2	3.4	3.3	2.3	1.6	1.6	1.9	1.6
Condo	5.7	4.6	4.9	2.9	1.7	1.7	2.3	1.9

Median contract prices, CY to date in January 2014: single family \$559,700 (23.9% 1 yr ch); condo \$384,950 (-3.7% 1 yr ch)

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

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

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

Apartments and single family home transactions

15% of single family home sales were above \$1 million

• In September the quarterly Federal Housing Finance Agency house price index for DC was 10.7% higher than a year ago. The metro area increase was 9.4%, and the US was 8.8%.

• Sales of single family units at prices above \$1 million were up 0.7% in January from a year ago as measured by the 3-month moving total; they accounted for 15.0% of sales.

FHFA expanded-data housing price index for DC and the US: 2004:3 to 2013:3
(% change from prior yr. in the 12-mo. moving avg.)

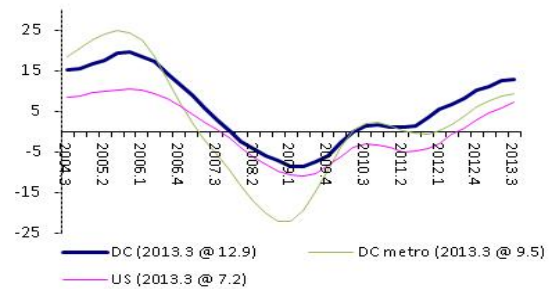


Table 10. D.C. Single family and condominium home sales at prices of \$1 million or more: January 2014

Category	Fiscal year average					12-mo	3-mo	This month
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	moving total	moving total	
Single family homes	333	418	489	458	689	701	138	38
1 year change	-102	85	71	-31	231	176	1	11
% change	-23.4	25.5	17.0	-6.3	50.4	33.5	0.7	40.7
percent of all single family sales	10.2	10.2	12.9	12.9	17.3	17.1	15.0	14.3
Condominiums	62	89	87	72	112	116	30	9
1 year change	-15	27	-2	-15	40	30	2	5
% change	-19.5	43.5	-2.2	-17.2	55.6	34.9	7.1	125.0
percent of all condominium sales	2.4	3.1	3.5	2.6	3.2	3.2	4.1	4.6

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

Table 11. Federal Housing Finance Agency Price Index for single family property in DC, DC metro area, and US: September 2013

Indicator	Fiscal year average					Quarter				
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	2012.3	2012.4	2013.1	2013.2	2013.3
% change from prior year in value of index										
DC	-7.5	1.5	1.6	8.2	12.9	9.9	14.8	12.9	13.1	10.7
DC metro area	-14.9	1.9	-0.4	3.7	9.5	6.9	9.1	9.5	9.9	9.4
US	-10.2	-2.9	-4.7	0.9	7.2	3.5	5.6	6.6	7.6	8.8

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

Average DC sales price	-10.5	-9.9	11.6	4.8	13.1	7.7	18.5	5.5	12.4	15.3
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Source: (1) Federal Housing Finance Agency "Expanded-data HPI Index" (sales plus refinancings) (nsa). This index is a broad measure of the movement of single-family house prices. It measures average price changes in repeat sales or refinancings on the same properties. This information is obtained from transactions whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac since January 1975. It is augmented by data on mortgages endorsed by FHA and country recorder data licensed from DataQuick Information Systems. (2) Average DC sales price is the average price of houses that sold during the period (settled contracts); see Table 9. Not seas. adj.

Table 12. Market-rate units in larger DC apartment buildings: September 30, 2013

Indicator	Fiscal year average				Latest Q (September 30, 2013)		
	Sep. 30 2010	Sep. 30 2011	Sep. 30 2012	Sep. 30 2013	amount	1 Q ch	% ch
Inventory	87,970	88,710	89,464	92,580	92,580	1,459	1.6
1 year change	880	740	754	3,116	3,116		
% change	1.0	0.8	0.8	3.5	3.5		
Occupied units	82,965	84,125	85,620	88,182	88,182	954	1.1
1 year change	1,001	1,160	1,495	2,562	2,562		
% change	1.2	1.4	1.8	3.0	3.0		
Vacant units	5,005	4,585	3,844	4,398	4,398	505	13.0
1 year change	-121	-420	-741	554	554		
% change	-2.4	-8.4	-16.2	14.4	14.4		
% of inventory	5.7	5.2	4.3	4.8	4.8		
Average effective monthly rent	\$1,380	\$1,422	\$1,481	\$1,511	\$1,511	\$12	0.8
% change from 1 year	2.8	3.0	4.1	2.0	2.0		

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

Commercial office space

Commercial office market mixed in the December quarter—more space rented, rents down

- For the quarter ending December the vacancy rate for DC commercial office space rose slightly to 9.3% (including sublet).
- DC's vacancy rate in December was below the 13.4% rate for the metropolitan area.
- Occupied space in the December quarter rose by 2.03 million square feet (1.7%) from the prior year, reaching a new high.
- Space under construction in December (2.39 million square feet) was down slightly from the last quarter.
- In the December quarter, average effective rents for class A office space leases were down 2.0% from a year earlier.

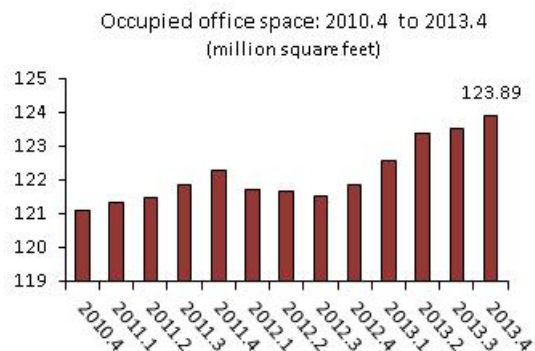


Table 13. Commercial office space in DC: December 31, 2013

(In millions of square feet, unless noted otherwise)

Indicator	Sep. 30	Sep. 30	Sep. 30	Sep. 30	last quarter (December 2013)		
	2010	2011	2012	2013	Level	1 Q ch	% ch
Inventory	131.95	133.50	133.99	136.03	136.59	0.56	0.4
1 year change	4.49	1.56	0.48	2.05	2.24		
% change	3.5	1.2	0.4	1.5	1.7		
Occupied space	119.94	121.89	121.52	123.52	123.89	0.37	0.3
1 year change	5.49	1.95	-0.36	1.99	2.03		
% change	4.8	1.6	-0.3	1.6	1.7		
Leased space	121.35	123.06	122.82	124.43	124.67	0.24	0.2
Under construction	2.14	2.42	2.74	2.42	2.39	-0.03	-1.2
1 year change	-3.60	0.27	0.33	-0.33	-0.25		
% change	-62.7	12.7	13.5	-11.9	-9.4		
% of inventory	1.6	1.8	2.0	1.8	1.75		
Vacant (no sublet)	10.60	10.44	11.17	11.60	11.93	0.33	2.8
% of inventory	8.0	7.8	8.3	8.5	8.7		
Vacant (w sublet)	12.01	11.61	12.46	12.51	12.70	0.19	1.5
1 year change	-0.99	-0.39	0.85	0.05	0.21		
% ch from one year	-7.6	-3.3	7.3	0.4	1.7		
DC area vacancy rates (with sublet)							
District of Columbia	9.1	8.7	9.3	9.2	9.3	0.1	
Northern Virginia	13.4	13.5	15.2	15.8	15.8	0.0	
Suburban Maryland	14.5	14.2	14.5	14.7	14.5	-0.2	
DC Metropolitan area	12.2	12.1	13.1	13.4	13.4	0.0	

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 in Downtown DC by year: 2009 to 2013

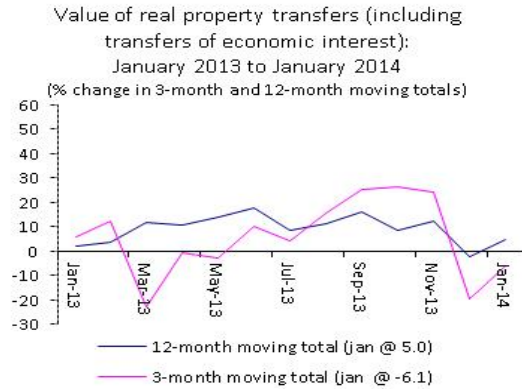
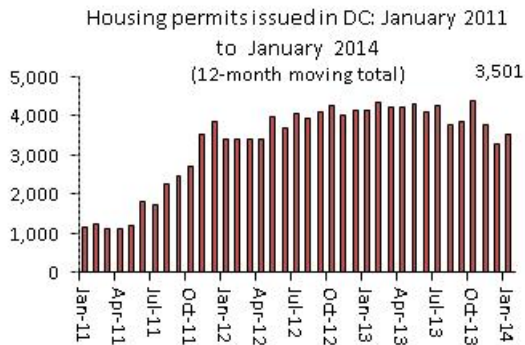
Indicator	\$ per square foot of gross floor space ending on date shown:				
	2009	2010	2011	2012	2013
Average effective rent	50.80	48.65	48.54	47.80	46.85
% ch from prior year		-4.2	-0.2	-1.5	-2.0
Average value of improvements for tenants				80.00	82.00

Source: Delta Associates. Rent is for full service (including operating expenses and taxes), less concessions (free rent, etc.). Class A is defined as buildings greater than 50,000 square feet and built after 1997.

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

The pace for issuing new housing permits is off a bit from last year

- For the 12-month period ending January 3,501 housing unit building permits were issued, a 15.5% decline over the prior 12-month period. Permits were down 70.7% from the prior year for the 3-month avg.
- Delta Associates expects DC's office vacancy rate (including sublet) to fall to 9.0% over the next two years.



- Reis expects 5,464 new apartment units to be added to inventory in CY 2014 and CY 2015, and occupancy to grow by 5,143.
- The value of January property transfers was down by 6.1% from last year as measured by the 3-month moving total. The 12-month moving total (\$10.71 billion) was 5.0% higher than last year.

Table 15. Housing unit building permits issued in DC: January 2014

	FY 2010	FY 2011	FY 2012	FY 2013	12-month moving total	3-month moving total	This month
Total units	986	2,459	4,091	3,855	3,501	356	300
change from 1 year ago	487	1,473	1,632	-236	-640	-857	245
% change from 1 year	97.6	149.4	66.4	-5.8	-15.5	-70.7	445.5

Source: Census Bureau (permits issued during period).

Table 16. Delta Associates outlook for commercial office space in DC and the surrounding metro area: Dec. 2013 to Dec. 2015

Indicator	DC	No VA	Sub MD	Total	DC % of total
Inventory December 2013					
Inventory (msf)	136.6	190.9	94.1	421.6	32.4
vacancy rate (%)	9.3	15.8	14.5	13.4	
Estimated net activity to December 2015					
new supply (msf)	2.8	3.2	1.5	7.4	37.8
new demand (msf)	3.0	4.8	1.5	9.3	32.3
Estimated Inventory December 2015					
vacancy rate (%)	9.0	14.7	14.2	12.7	

Source: Delta Associates msf = million square feet

Table 17 DC market rate apartment units: 2009 to 2017

CY	Inventory			Occupied units		
	Number	1 yr ch	% vacant	number	1 yr ch	% ch
2009	87,788	1,205	6.1	82,415	-50	-0.1
2010	88,360	572	5.5	83,477	1,062	1.3
2011	88,817	457	4.7	84,632	1,155	1.4
2012	90,433	1,616	4.3	86,500	1,868	2.2
2013 est	94,199	3,766	4.9	89,604	2,737	3.6
2014 est	97,747	3,548	4.7	93,150	3,495	4.0
2015 est	99,663	1,916	4.7	95,021	1,648	2.0
2016 est	101,016	1,353	4.8	96,130	1,111	1.2
2017 est	102,440	1,424	5.0	97,318	1,232	1.2

Source: Reis, September 2013. (see note in table 12)

Table 18. Market Value of Real Property transfers subject to the Deed Transfer or Economic Interest tax: January 2014

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	12-month moving total	3-month moving total	This month
All property transfers (\$ million)	5,591.2	7,789.1	10,059.5	9,494.3	11,045.3	10,710.7	2,751.4	843.3
change from one year ago (\$M)	-5,936.1	2,197.9	2,270.4	-565.3	1,551.1	513.3	-177.4	292.9
% change from 1 year ago	-51.5	39.3	29.1	-5.6	16.3	5.0	-6.1	53.2

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).

Hospitality

Demand for hotel rooms continues to grow

● In Dec. the 3-month moving total for hotel room-days sold was 2.0% more than a year earlier. The average room rate rose 3.5%, leading to a 5.6% gain in room revenue.

● Employment in food services was 9.0% more in December than a year earlier as measured by the 3-month moving average. Hotel employment rose 2.8%, and retail 0.4%.

● November airline traffic into the DC area was down 1.4% compared to a year earlier as measured by the 3-month moving total. Reagan National Airport was down 2.1%.

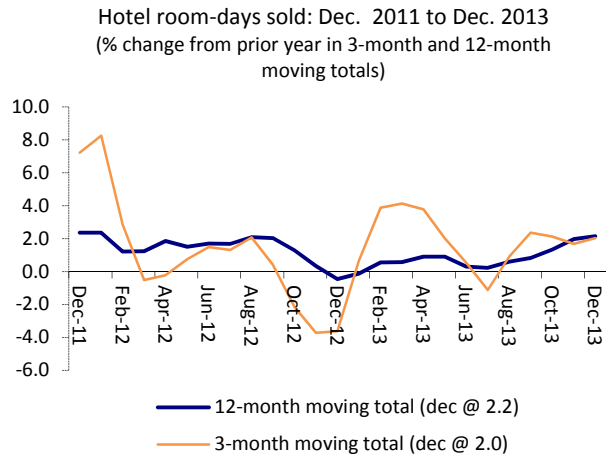


Table 19. Hospitality Industry: December 2013

Indicator	Units	date	FY 2011	FY 2012	FY 2013	3-month		This month
						12-mo total or average*	moving total or average*	
Hotel stays								
Hotel room-days sold	('M)	dec	7.465	7.617	7.680	7.715	1.770	0.489
	1 yr ch		0.095	0.152	0.063	0.163	0.035	0.010
	1 yr % ch		1.3	2.0	0.8	2.2	2.0	2.0
Average room rate	\$	dec	206.60	203.57	207.14	208.74	209.61	167.24
	1 yr ch		7.49	-3.03	3.57	5.49	7.06	0.78
	1 yr % ch		3.8	-1.5	1.8	2.7	3.5	0.5
Occupancy rate (average)	%	dec	74.2	75.4	75.8	76.1	69.6	57.7
	1 yr ch		0.5	1.2	0.5	1.3	1.2	1.6
	1 yr % ch		0.6	1.6	0.6	1.7	1.8	2.9
Room revenue	(\$M)	dec	1,542.3	1,550.7	1,590.8	1,610.4	371.0	81.7
	1 yr ch		74.8	8.4	40.2	75.5	19.6	2.0
	1 yr % ch		5.1	0.5	2.6	4.9	5.6	2.5
Airline passengers								
DCA	1 yr % ch	nov	6.2	2.8	5.5	4.2	-2.1	-5.9
IAD	1 yr % ch	nov	0.6	-2.9	-4.0	-3.0	-1.1	-4.4
BWI	1 yr % ch	nov	4.2	1.0	-1.5	-1.4	-0.9	-4.7
Total	1 yr % ch	nov	3.4	0.1	-0.3	-0.3	-1.4	-5.0
Employment								
Accommodations	level ('000)	dec	15.3	15.3	15.5	15.6	16.0	15.9
	1 yr ch		0.3	0.0	0.0	0.1	0.4	0.4
	1 yr % ch		2.0	0.1	-0.1	0.7	2.8	2.6
Food and bev	level ('000)	dec	37.0	39.3	44.3	45.3	46.7	46.1
	1 yr ch		1.2	2.3	1.6	2.4	3.9	3.6
	1 yr % ch		3.3	6.2	3.8	5.5	9.0	8.5
Arts and entertain.	level ('000)	dec	7.0	6.8	6.8	6.8	6.8	6.6
	1 yr ch		-0.1	-0.2	-0.1	-0.3	-0.2	-0.1
	1 yr % ch		-1.5	-2.5	-1.1	-3.7	-2.9	-1.5
Retail	level ('000)	dec	18.3	18.6	18.2	18.2	18.7	19.2
	1 yr ch		0.5	0.2	-0.6	-0.5	0.1	0.5
	1 yr % ch		3.0	1.3	-3.4	-2.5	0.4	2.7

* Total for hotel rooms sold and room revenue

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

US economic growth slowed in the 4th quarter.

- December was the 11th consecutive quarter of real GDP growth. The revised 2.4% annual rate of growth for the quarter was about average for the post-recession recovery.
- US employment (seas. adj.) increased by 113,000 in January.
- The US unemployment rate (seasonally adj.) fell to 6.6% in Jan.
- In January the S & P 500 index rose 0.8% from December and was 23.1% above last year.
- Compared to a year earlier, the rate of inflation rose in January to 1.6% (sa).

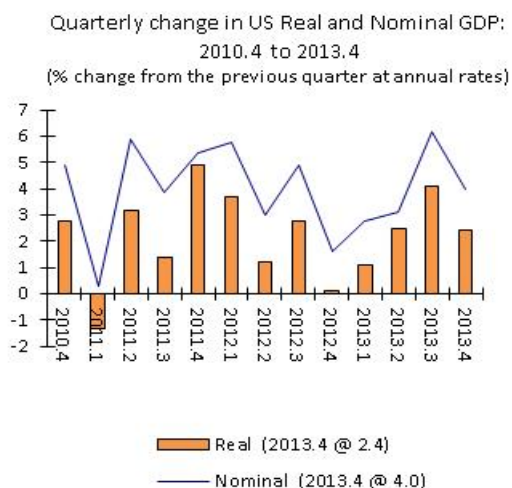


Table 20. US GDP, income, corporate profits, and inflation: 2013.4 and December 2013

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

Indicator	Date of latest indicator		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	12-mo avg	2013.4	Dec.
US GDP real	2013.4	1 yr % ch	-3.4	1.7	2.0	2.8	1.7	1.9	2.5	
US GDP nominal	2013.4	1 yr % ch	-2.3	2.6	4.0	4.6	3.3	3.4	4.0	
US Personal income	2013.4	1 yr % ch	-1.9	1.3	5.9	4.0	3.9	2.8	1.6	
US wages	2013.4	1 yr % ch	-3.2	0.3	4.2	3.4	4.1	3.1	2.1	
Corporate profits	2013.4	1 yr % ch	-10.3	33.5	9.9	8.5	3.7	na	na	
S and P stock index	dec	1 yr % ch	-34.3	23.7	13.8	5.4	16.7	19.1	24.8	27.1
US CPI	dec	1 yr % ch	-0.3	1.7	2.7	2.4	1.6	1.5	1.2	1.5
Balt//Wash. area CPI	nov	1 yr % ch	0.3	1.7	3.0	2.4	1.6	1.5	na	1.7

Table 21. Quarter to quarter change in US GDP and income: 2012.2 to 2013.4

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

Indicator	units	calendar year quarter						
		2012.2	2012.3	2012.4	2013.1	2013.2	2013.3	2013.4
US GDP real	% ch from prior Q at saar	1.2	2.8	0.1	1.1	2.5	4.1	2.4
US GDP nominal	% ch from prior Q at saar	3.0	4.9	1.6	2.8	3.1	6.2	4.0
Wages and salaries	% ch from prior Q at saar	1.8	1.8	10.5	-2.6	4.4	2.5	3.9
Personal income	% ch from prior Q at saar	3.0	1.5	10.8	-4.2	4.6	3.9	2.2

Note: GDP=Gross Domestic Product saar=seasonally adjusted at annual rate Source: BEA, updated on February 28, 2014.

Table 22. Monthly selected US Indicators: July 2013 to January 2014

Indicator	July	August	September	October	November	December	January
S and P stock index (level)	1668	1670	1687	1720	1784	1808	1822
% change from prior month	3.0	0.1	1.0	1.9	3.7	1.4	0.8
% change from 1 year ago	22.6	19.0	16.9	19.6	27.9	27.1	23.1
10 yr. Treasury Interest rate (level)	2.57	2.73	2.80	2.60	2.71	2.89	2.85
CPI % ch from prior month (seasonally adjusted)	0.16	0.09	0.18	-0.06	0.03	0.30	0.14
CPI % ch from prior year (seasonally adjusted)	1.96	1.52	1.18	0.94	1.22	1.49	1.56
Jobs (seasonally adjusted level, in millions)	136.43	136.64	136.80	137.04	137.31	137.39	137.50
change from prior month (thousands)	149	202	164	237	274	75	113
% change from prior month	0.11	0.15	0.12	0.17	0.20	0.05	0.08
Resident employment (season. adj. level, in mil.)	144.29	144.18	144.27	143.49	144.44	144.59	145.22
change from prior month (thousands)	210	-106	91	-785	958	143	638
% change from prior month	0.15	-0.07	0.06	-0.54	0.67	0.10	0.44
Unemployment rate (seasonally adj.)	7.3	7.2	7.2	7.2	7.0	6.7	6.6

Source: BLS and Yahoo! Finance.

DC tax collections

Total DC tax collections (before earmarking):
January 2009 to January 2014
 (12-month moving total in \$ million)

January 2014 @ 6,066.3M

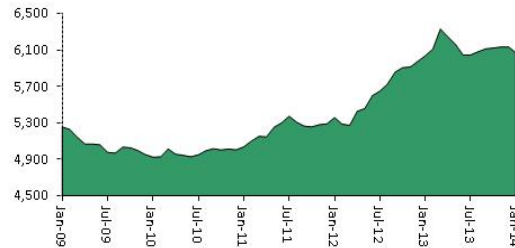


Table 23. Tax Collections (before earmarking): January 2014 (Preliminary)

Tax	Revenue (from CAFR)				Tax collections			
	FY 2010	FY 2011	FY 2012	FY 2013	12-month moving total	FY 2014 to date	3-month moving total	This month
Total taxes	5,005.2	5,325.3	5,853.3	6,105.5	6,066.3	1,339.0	1,018.6	401.6
1 year change	-47.0	320.1	528.0	252.2	74.1	-44.7	-55.2	-67.0
% change	-0.9	6.4	9.9	4.3	1.2	-3.2	-5.1	-14.3
Real property	1,821.5	1,715.1	1,822.0	1,914.8	1,906.7	18.9	1.6	4.5
1 year change	-1.2	-106.4	106.9	92.8	71.2	-10.5	-9.5	5.5
% change	-0.1	-5.8	6.2	5.1	3.9	nm	nm	nm
General sales	976.7	1,014.9	1,111.0	1,137.9	1,143.5	387.7	279.6	91.5
1 year change	1.8	51.7	67.6	26.8	3.0	12.3	4.9	-3.1
% change	0.3	3.9	9.5	2.4	0.3	3.3	1.8	-3.3
Individual income	1,110.4	1,296.6	1,490.7	1,640.9	1,647.6	588.9	459.7	220.1
1 year change	-25.5	186.2	194.1	150.2	65.2	-14.3	-27.6	-29.8
% change	-2.2	16.8	15.0	10.1	4.1	-2.4	-5.7	-11.9
withholding	1,073.8	1,192.2	1,321.6	1,390.3	1,413.3	487.9	365.3	144.2
1 year change	52.6	118.3	129.5	68.7	49.7	10.2	-6.8	-4.9
% change	5.2	11.0	10.9	5.2	3.6	2.1	-1.8	-3.3
non-withholding	36.6	104.4	169.1	250.6	234.3	101.0	94.3	75.9
1 year change	-78.1	67.8	64.6	81.5	15.5	-24.6	-20.8	-24.8
% change	-68.1	185.2	61.9	48.2	7.1	-19.6	-18.1	-24.6
Corporate income	207.3	216.3	302.9	299.0	284.9	71.6	62.4	10.3
1 year change	-14.6	9.0	86.6	-3.9	-44.7	-17.2	-16.9	-13.1
% change	-6.6	4.3	40.1	-1.3	-13.6	-19.3	-21.3	-55.9
Unincorporated Bus.	116.4	143.4	163.0	154.3	154.0	31.8	28.4	6.2
1 year change	-3.9	27.0	19.6	-8.7	-1.6	-6.4	-3.8	0.1
% change	-3.2	23.2	13.6	-5.3	-1.1	-16.8	-11.8	2.4
Deed taxes*	225.6	311.2	306.6	367.3	366.8	121.2	95.2	31.7
1 year change	38.2	85.6	-4.5	60.6	45.7	0.4	4.5	-25.3
% change	20.4	37.9	-1.5	19.8	14.2	0.3	5.0	-44.4
Other taxes	547.3	627.8	657.0	591.3	562.9	118.8	91.8	37.3
1 year change	-43.3	80.6	29.2	-65.7	-64.7	-9.0	-6.8	-1.3
% change	-7.3	14.7	4.6	-10.0	-10.3	-7.0	-6.9	-3.3

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

Note: (1) Revenues for the fiscal years shown are based on the CAFR for those years.

(2) Tax collections data subject to accounting adjustments.

(3) This table and the graphs on the next page may include adjustments to the timing and consistency of collection reporting intended to make comparisons with prior year periods more meaningful. The data may therefore vary from other OCFO reports.

Source: OCFO/ORR nm=not meaningful due to small amount or negative numbers

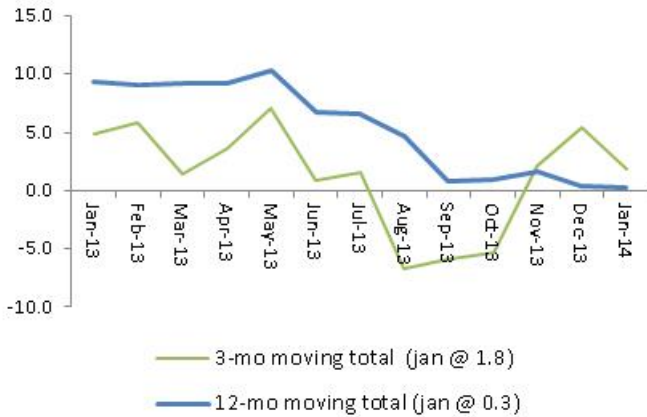
FY 2014 is starting out with modest gains in tax collections

- For the 12 month period ending January total collection (before earmarking) were \$74.1 million (1.2%) more than in the prior year. For FY 2013, which ended in September, revenues were 4.3% above the prior year. Collections for the last 3 months were 5.1% below last year.
- Individual income tax collections were respectively 4.1% above and 5.7% below the prior year for the 12-month and 3-month periods ending January. For withholding, the 12-month and 3-month increases are 3.6% higher and 1.8% lower, respectively.
- General sales collections were 0.3% and 1.8%, respectively, above last year for the 12-months and 3-months ending January.
- Deed tax collections were up 14.2% from the prior year for the 12-months ending December, and for the past three months they were 5.0% above the prior year.

**Total tax collections (before earmarks):
January 2013 to January 2014**
(% change from prior year: 3-month and 12-month moving totals)



**General Sales tax collections (before earmarks):
January 2013 to January 2014**
(% change from prior year: 3-months and 12-month moving totals)



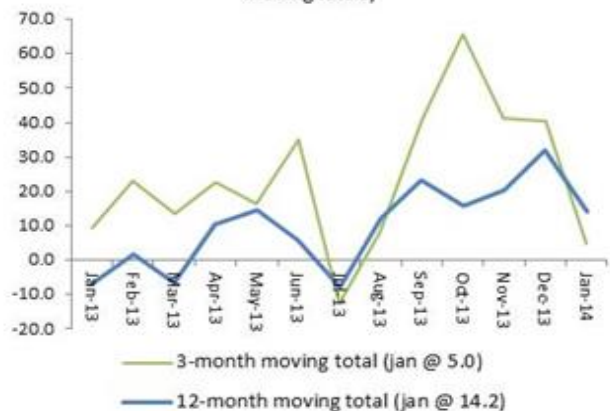
**Withholding for the Individual Income tax:
January 2013 to January 2014**
(% change from prior year: 3-month and 12-month moving totals)



General Sales tax and Withholding for the Individual Income tax: January 2013 to January 2014
(% change from prior year in the 3-month moving total)



**Deed tax collections (before earmarks):
January 2013 to January 2014**
(% change from prior year: 3-month and 12-month moving totals)



US economic forecasts

The US economy is expected to grow more rapidly in FY 2014 and FY 2015 than in FY 2013

- The Blue Chip Indicator February forecast for real GDP expects growth in FY 2015 of 2.9%, compared with 2.9% in FY 2014 and 1.7% in FY 2013. The growth rate in nominal GDP in FY 2015 is expected to rise to 4.8%.
- The Blue Chip Indicator February forecast for inflation (CPI) remains at 1.5% for FY 2014 and rises to 2.0% for FY 2015.
- S and P 500: The range of February forecasts by Global Insight and Economy.com for the change in the last quarter of 2014 compared to the last quarter of 2013: -5.7% to 4.9%.

Table 24 A. Forecasts for US nominal and real GDP:
FY 2013 through FY 2015 (% change from prior fiscal year)

Fiscal year and date of forecast	real			nominal		
	Blue Chip	Moody's Economy.com	IHS Global Insight	Blue Chip	Moody's Economy.com	IHS Global Insight
FY 2013 Actual	1.7	1.7	1.7	3.3	3.3	3.3
FY 2014						
November	2.4	2.6	2.3	4.0	4.4	5.3
December	2.4	2.8	2.4	4.0	4.2	5.3
January	2.6	3.0	2.7	4.1	4.6	5.6
February	2.9	3.0	2.8	4.4	4.4	5.1
FY 2015						
November		4.2	3.0		6.4	6.5
December		4.0	3.0		6.0	6.4
January	2.9	3.7	3.0	4.8	5.9	6.5
February	2.9	3.9	3.0	4.8	6.0	7.0

Sources: BEA, Blue Chip Indicators, Moody's Economy.com, and IHS Global Insight.

Table 24 B. CBO estimates of GDP and other indicators:

FY 2013 to FY 2016

Indicator	FY 2013	FY 2014	FY 2015	FY 2016
Real GDP (% ch from prior yr.)	1.7	2.4	3.3	3.4
Nominal GDP (% ch from prior yr.)	3.3	3.9	4.9	5.3
CPI (% ch from prior yr.)	1.6	1.5	1.9	2.1
10 yr. Treasury bond rate	2.1	3.0	3.6	4.2
Unemployment rate	7.6	6.9	6.6	6.2

Source: Congressional Budget Office, *The Budget and Economic Outlook: 2014 to 2024*, February 2014

Table 25. Blue Chip forecasts for CPI and 10 year Treasury interest rate: FY 2013 to FY 2015

(% change from prior fiscal year)

Forecast date	CPI			10 yr Treasury rate		
	2013	2014	2015	2013	2014	2015
Nov	1.6	1.6		2.1	2.9	
Dec	1.6	1.5		2.1	3.0	
Jan	1.6	1.5	1.9	2.1	3.0	3.6
Feb	1.6	1.5	2.0	2.1	3.0	3.6

Source: Blue Chip Indicators

Table 26A. IHS Global Insight forecast for S and P 500: 2012.4 to 2014.4

(% change from prior fiscal year)

Forecast date	% change from prior year			% change from prior year		
	2013.4	2014.4	2015.4	2013.4	2014.4	2015.4
	Global Insight: baseline			Global Insight: pessimistic		
November	22.6	3.2	4.3	20.2	-5.4	4.7
December	24.7	3.2	4.3	24.1	-6.8	4.7
January	24.7	3.2	4.3	24.7	-7.3	4.7
February	24.8	4.9	4.3	24.8	-5.7	4.7

Source: IHS Global Insight

Table 26 B. Moody's Economy.com forecast for S and P 500: 2013.4 to 2015.4

(% change from prior fiscal year)

Forecast date	% change from prior year			% change from prior year		
	2013.4	2014.4	2015.4	2013.4	2014.4	2015.4
	Economy.com baseline			Economy.com pessimistic		
November	12.8	4.7	0.5	12.7	0.3	3.1
December	25.4	1.1	0.3	25.4	-3.2	3.3
January	24.8	1.6	0.4	24.8	-2.8	3.3
February	24.8	2.4	0.3	24.8	-2.0	3.2

Source: Moody's Economy.com.

February DC forecasts by Global Insight and Economy.com: reductions for FY 2014

Global Insight and Economy.com have generally lowered their forecasts for FY 2014. For FY 2015, Global Insight sees more job growth in DC than does Economy.com, however Global Insight's income gains are less.

●**Employment:** The range of change in wage and salary employment for FY 2014: -1,437 to 2,579. For FY 2015 the range is -3,783 to 10,489. Baseline forecasts expect resident employment to fall in FY 2014, then increase from a range of 4,130 to 8,538 in FY 2015. Baseline unemployment rate forecasts remain high: 8.2% in 2014, and 7.5% to 8.2% in FY 2015.

●**Income.** Baseline forecasts for Personal Income are from 2.0% to 2.9% in FY 2014, and 4.3% in FY 2015.

Table 27. Jobs in DC: forecasts for FY 2013 to FY 2015

(amount of change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
Nov	3,143	5,172	10,992	3,143	3,627	7,537	2,867	-2,495	9,760	2,867	-6,730	452
Dec	3,559	6,668	10,858	3,558	4,978	7,646	3,558	3,860	8,843	3,558	2,796	1,455
Jan	3,559	5,000	11,379	3,558	4,057	8,541	3,558	1,065	3,931	3,558	-556	-3,859
Feb	3,559	2,579	10,489	3,558	1,737	8,186	3,558	192	4,060	3,558	-1,437	-3,783

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

Table 28. DC Personal Income: forecasts for FY 2013 to FY 2015

(percent change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
Nov	2.5	2.4	3.3	2.5	0.5	0.0	2.3	3.0	5.5	2.3	2.1	3.4
Dec	2.6	2.5	3.4	2.6	0.5	0.1	2.5	3.9	6.1	2.5	2.5	4.6
Jan	2.7	2.7	3.5	2.7	0.9	0.3	2.7	3.4	4.4	2.7	3.1	3.0
Feb	2.7	2.0	4.3	2.7	0.5	1.0	2.7	2.9	4.3	2.7	2.8	2.9

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

Table 29. DC resident emp.: forecasts for FY 2013 to FY 2015

(amount of change from prior year)

Date of estimate	Global Insight: baseline			Economy.com: baseline		
	2013	2014	2015	2013	2014	2015
Nov	15,187	762	6,994	14,482	-1,084	4,496
Dec	14,837	-1,658	7,944	14,837	27	5,037
Jan	14,837	-1,754	7,943	14,837	-2,902	4,625
Feb	14,837	-2,312	8,538	14,837	-2,229	4,130

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

Table 30. Unemployment rate in DC FY 2013 to FY 2015

Date of estimate	Global Insight: baseline			Economy.com: baseline		
	2013	2014	2015	2013	2014	2015
Nov	8.6	8.4	7.7	8.6	8.7	8.7
Dec	8.6	8.2	7.5	8.6	8.1	8.0
Jan	8.6	8.1	7.4	8.6	8.3	8.2
Feb	8.6	8.2	7.5	8.6	8.2	8.2

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

Table 31. Wages earned in DC FY 2013 to FY 2015

(percent change from prior year)

Date of estimate	Global Insight: baseline			Economy.com: baseline		
	2013	2014	2015	2013	2014	2015
Nov	2.2	2.4	4.5	2.1	3.1	7.0
Dec	2.2	2.5	4.6	2.3	4.1	7.5
Jan	2.4	2.4	4.6	2.4	2.6	5.2
Feb	2.4	1.7	4.3	2.4	1.8	5.0

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

Table 32. DC resident wages FY 2013 to FY 2015

(percent change from prior year)

Date of estimate	Global Insight: baseline			Economy.com: baseline		
	2013	2014	2015	2013	2014	2015
Nov	2.8	0.5	2.0	2.8	2.4	5.4
Dec	2.9	0.6	2.1	3.0	3.6	5.9
Jan	3.0	1.0	2.2	3.0	2.8	4.1
Feb	3.0	0.2	3.6	3.0	2.3	3.9

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

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

DC revenue estimate

The February revenue estimate adds to revenue growth in FY 2015

● Anticipated tax revenue growth (before earmarks) is \$234.7 million in FY 2014 and \$278.5 million in FY 2015. The percentage gains of 3.8% and 4.4%, respectively, are close to what occurred in FY 2013 (a 4.2% increase of \$247.2 million). This reflects continued growth in the DC economy as well as cutbacks in federal spending.

● The real property tax accounts for 42% of the growth in FY 2014 and 59% of growth in FY 2015. Personal Income, sales, and business income taxes increase in each year.

● As a share of DC Personal Income, tax collections in FY 2014 and FY 2015 are the same as FY 2013—12.7%.

Table 33. DC Tax Revenue (before earmarks) for FY 2012 through FY 2015: February 2014 revenue estimate

Tax	FY level (\$ million)				Change from prior year (\$ M)			% change from prior year		
	2012	2013	2014	2015	2013	2014	2015	2013	2014	2015
Real property	1,822.0	1,914.8	2,014.2	2,178.5	92.8	99.3	164.3	5.1	5.2	8.2
Deed taxes	306.6	367.3	317.7	326.5	60.6	-49.6	8.9	19.8	-13.5	2.8
General sales	1,111.0	1,137.9	1,189.6	1,237.1	26.8	51.7	47.5	2.4	4.5	4.0
Individual income	1,490.7	1,640.9	1,721.2	1,780.2	150.2	80.3	59.0	10.1	4.9	3.4
Withholding	1,321.6	1,391.2	1,446.7	1,491.5	69.6	55.5	44.8	5.3	4.0	3.1
non-withholding	169.1	249.6	274.5	288.7	80.6	24.8	14.2	47.7	9.9	5.2
Business income	465.9	453.3	474.9	494.8	-12.6	21.6	19.9	-2.7	4.8	4.2
Other	657.0	586.3	617.6	596.6	-70.7	31.3	-21.0	-10.8	5.3	-3.4
Total	5,853.3	6,100.5	6,335.1	6,613.6	247.2	234.7	278.5	4.2	3.8	4.4

Source: ORA. Feb 26, 2014 revenue estimate under existing legislation. The table includes tax revenue only, before all earmarks, and excludes all non-tax revenues, lottery, and "O-type" earmarked revenues. FY 2012 and FY 2013 are from the FY 2013 CAFR

Table 34. DC labor market assumptions: FY 2012 to FY 2015

item	2012	2013	2014	2015
Wage and salary employment	730,025	733,584	736,983	744,490
1 year change	6,659	3,559	3,399	7,507
% change	0.9	0.5	0.5	1.0
DC resident employment	323,512	338,349	341,709	346,383
1 year change	11,397	14,837	3,360	4,674
% change	3.7	4.6	1.0	1.4
Unemployment rate	9.3	8.6	8.1	7.4

Source: ORA February 2014 revenue estimate

Table 35. DC Income and stock market assumptions:

item	FY 2012 to FY 2015 (% change from prior year)			
	2012	2013	2014	2015
Wages and salaries earned in DC	1.8	2.4	2.2	4.0
Wages and salaries earned by DC residents	3.6	3.0	2.7	4.3
DC Personal income	3.5	2.7	3.7	4.7
S and P 500 stock index	15.7	24.7	2.4	3.0

Source: ORA February 2014 revenue estimate. Stock index, on a calendar year basis, represents the % change from the December quarter of the prior year.

Table 36. DC tax revenue (before earmarks) and DC Personal Income: FY 2006 to FY 2015

item	2006	2007	2008	2009	2010	2011	2012	2013 est	2014 est	2015 est
Tax revenue (\$ million)										
Level	4,516	5,155	5,325	5,052	5,005	5,325	5,853	6,100	6,335	6,614
Change from prior year	267	638	170	-273	-47	320	528	247	235	279
Percent change from prior year										
Tax revenue	6.3	14.1	3.3	-5.1	-0.9	6.4	9.9	4.2	3.8	4.4
Personal Income	8.7	7.4	9.4	1.2	2.7	9.1	3.5	2.7	3.7	4.7
Tax revenue as percent of Personal Income	13.3	14.1	13.3	12.5	12.1	11.8	12.5	12.7	12.7	12.7

Source: ORA. February 2014 revenue estimate under existing legislation. The table includes tax revenue only, before all earmarks, and excludes all non-tax revenues, lottery, and "O-type" earmarked revenues.

bounded by \$812 million (15.4%). Over half of the increase was from the Individual Income tax (both withholding and other), but all revenue sources gained except for real property (which experienced delayed impact from the recession due to the time delays in the assessment cycle).

Looking ahead to FY 2013 to FY 2016, the February forecast anticipates a \$334 (5.5%) million increase in inflation-adjusted revenues. The increase is only 41% of the amount of increase in the prior 3-year period, and less than a third of that in the three years before the recession. Real property accounts for 58% of the increase over these three years.

Since DC's economy is expected to continue to grow, one might wonder why inflation-adjusted revenue growth through FY 2016 could be significantly less than in the preceding three years. Two reasons. First, although the economy is always uncertain, some indicators that affect DC taxes seem likely to grow more slowly, such as jobs, population, Personal Income, and the stock market. Second, tax policy affects the outlook. The FY 2010 to FY 2013 period got revenue boosts from temporary higher tax rates—income (8.95% top rate) and sales tax (6% general rate)—which are reversed by FY 2016. Combined reporting, single weighted sales, and higher minimum taxes for DC business income taxes started in FY 2012, and federal deficit reduction legislation accelerated capital gains taxes into FY 2013 (to avoid 2014's higher federal tax rates). In addition, caps on real property tax increases appear to affect FY 2016 revenues.

—Stephen Swaim, ORA

Total nominal and inflation-adjusted DC tax and non-tax revenues (before earmarks): FY 2004 to FY 2016 (est) (selected years)

	Level in \$ million					Amt. of change in \$ million (\$2010)				Percent change			
	2004	2007	2010	2013	2016 est	04 to 07	07 to 10	10 to 13	13 to 16	04 to 07	07 to 10	10 to 13	13 to 16
Nominal	4,093	5,452	5,290	6,468	7,261	1,360	-162	1,178	793	33.2	-3.0	22.3	12.3
Inflation-adjusted (\$ 2010)	4,858	5,886	5,290	6,103	6,437	1,028	-596	812	334	21.2	-10.1	15.4	5.5

Source: OCFO/ORO. Note: Total revenues excludes the miscellaneous non-tax category and also O-type revenues. Estimate is the February 26, 2014 estimate.

**Inflation-adjusted change in major revenue sources by period:
FY 2004 to FY 2016 est (\$ 2010)**

Revenue source	FY 2004 to FY 2007	FY 2007 to FY 2010	FY 2010 to FY 2013	FY 2013 to FY 2016 est
Real property -related taxes				
Real property tax		439	258	-15
Deed taxes		60	-254	121
Individual Income tax				
Withholding		13	21	238
Other (primarily capital gains)		168	-329	200
Sales and business income				
General sales		166	-60	97
Business income		151	-132	104
All other tax and non-tax		30	-100	68
Total revenue	1,028	-596	812	334

Source: ORA See detailed table.

Selected economic indicators by period: FY 2004 to FY 2016 (est)

Indicator	FY 2004 to FY 2007	FY 2007 to FY 2010	FY 2010 to FY 2013	FY 2013 to FY 2016 est
Change in DC population	6,098	29,653	39,807	30,740
Change in Jobs located in DC:				
All jobs	20,217	17,608	24,567	19,212
Federal government	-825	17,208	-3,842	-10,984
All private sector	19,792	4,648	29,694	29,202
DC Personal Income: % ch, inflation adjusted	14.6	5.4	9.4	6.9
S and P 500 stock index: % ch, inflation adjusted	16.9	-25.4	38.6	1.6
DC single-family home sales: % ch, inflation adjusted	27.3	-24.2	24.9	13.4

Source: BLS (employment), BEA (Personal income), Yahoo finance (S and P), MRIS Information Systems (housing prices), and ORA (February 2014 revenue estimate)

Inflation-adjusted DC major tax and non-tax revenues (before earmarks): FY 2004 to FY 2016 (est) (selected years)

category	Level in \$ million (\$2010)					Percent change:			
	2004	2007	2010	2013	2016 est	04 to 07	07 to 10	10 to 13	13 to 16
Real property tax	1,125	1,564	1,821	1,807	2,001	39.0	16.5	-0.8	10.8
Deed taxes	419	479	226	347	300	14.4	-52.9	53.6	-13.5
Individual income tax	1,237	1,418	1,110	1,548	1,634	14.7	-21.7	39.4	5.6
<i>Withholding</i>	1,039	1,052	1,074	1,312	1,343	1.3	2.0	22.2	2.3
<i>Other</i>	198	366	37	236	292	85.0	-90.0	545.5	23.5
General sales	870	1,036	977	1,074	1,137	19.1	-5.8	9.9	5.9
Business income	305	456	324	428	451	49.7	-29.0	32.1	5.4
All other tax and non-tax	902	932	832	900	914	3.4	-10.7	8.1	1.5
Total	4,858	5,886	5,290	6,103	6,437	21.2	-10.1	15.4	5.5

Source: OCFO/ORO. Note: Revenues excludes miscellaneous non-tax and O-type revenues. Estimate is the February 26, 2014 estimate.

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) under subcategories of "Reports and Publications" and "Budget and Revenue."

Recent ORA reports:

Revised Revenue estimates for FY 2014 to FY 2018, February 26 2014. Quarterly revenue estimate shows differences from the prior estimate, describes economic assumptions and changes in each tax, and contains details of each tax and of key economic variables.

Briefing documents. A series with information related to DC's economy and taxes.

DC Tax Facts, 2013. Details on all DC taxes.

Tax Rates and Tax Burdens 2012 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.

Tax Rates and Tax Burdens 2012 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.

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 (click on *Budget and Revenue/Economy/ Economic and Revenue Trends*).

Table 37. Information sources

Indicator	Source	Period covered in this report	Next release
D.C. Jobs and Labor Force information	BLS	December	March 17
D.C. Personal Income	BEA	2013.3	March 25
D.C. Tax Collections	OTR/ORA	January	March 15
D.C. Housing Sales	MRIS*	January	c March 10
D.C. Commercial Office Building data	Delta Associates	2013.4	c April 1
DC Apartment data	Reis, inc	2013.3	c February 1
D.C. Hotel stay information	Smith Travel Research	December	c. February 30
Consumer Price Index	BLS	January	March 18
U.S. Jobs and Labor Force	BLS	December and January	March 7
U.S. GDP and Personal Income	BEA	2013.4	March 27
S and P 500 Stock Index	Financial press	January	March 1
Interest rate on 10-Year Treasury Securities	Financial press	January	March 1
IHS Global Insight D.C. forecast	Global Insight	February	c. March 25
Moody's Economy.com D.C. forecast	Economy.com	February	c. March 25
Blue Chip Economic Indicators for the U.S.	Aspen Publishers	February	March 10

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

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

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

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