



District of Columbia Economic and Revenue Trends: March 2014

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Highlights:

- ◇ Job growth leveling out...2
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Revised data added 11,000 to DC's private sector, mostly in education and retail

Revisions also show professional jobs in the suburbs were more affected than in DC as the sequester took effect

Each March the US Bureau of Labor Statistics revises prior estimates of state and metropolitan area wage and salary employment based on more complete source data. Two notable points about DC's private sector employment contained in this year's revisions concern (1) the size and composition of DC's private sector, and (2) the impact of the federal sequester on professional and technical services in both DC and the suburbs.

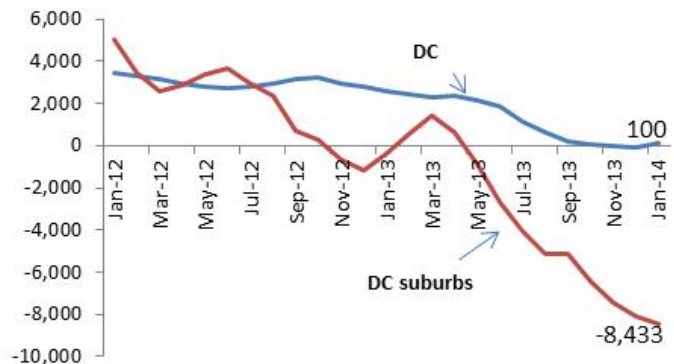
DC's private sector. DC's private sector was revised upward to 511,500 jobs as of December 2013, an increase of 11,000 (2.2%) from the prior estimate. By far the biggest increase was in education, where the total was increased by 7,500 (13.9%), all in higher education. Retail, the next big gainer, increased by 2,800 (14.6%). See detail on p. 17.

This boost to DC's private sector shows that it grew more, rather than less, quickly than the US private sector as a whole over most of the past 2 years. It should be noted, however, that the upward revision to the level of DC's private sector does not change the fact that month-to-month growth in DC's private sector has virtually come to a halt over the past several months. (See p. 17 graph.)

Sequester's impact on professional and technical services. High wage professional and technical service jobs are an important part of the economy in the DC metropolitan area. They account for about one in every 5 private sector jobs in both DC and the suburbs; the sector is about half the size of the federal government in DC and twice the size of the federal government in the suburbs. Revised data show that over the past year when the federal sequester was authorized and implemented professional and technical employment ceased to become a source of growth in both DC and the suburbs. (Continued on p.17)

Professional and technical employment in DC and the DC suburbs: January 2012 to January 2014

(change in number of employees from prior year, calculated from 3-month moving averages)



Wage and salary employment

Revised data boosts private sector job gain over last year, but growth has slowed in recent months

• January wage and salary employment in DC was up by 4,900 (0.7%) from a year earlier as measured by the 3-month moving average.

• Federal government employment for January was down by 5,967 (-2.9%); the private sector more than offset this loss with a gain of 10,333 (2.1%).

• Total year-over-year DC metropolitan area employment increased by 17,633 (0.6%) in January as measured by the 3-month moving average.

• There was an increase of 0.5% in suburban Washington employment in January from a year earlier

• Seasonally adjusted wage and salary employment in DC declined by 1,400 in January from the prior month. Seasonally adjusted employment was down by 5,800 from September, four months earlier.

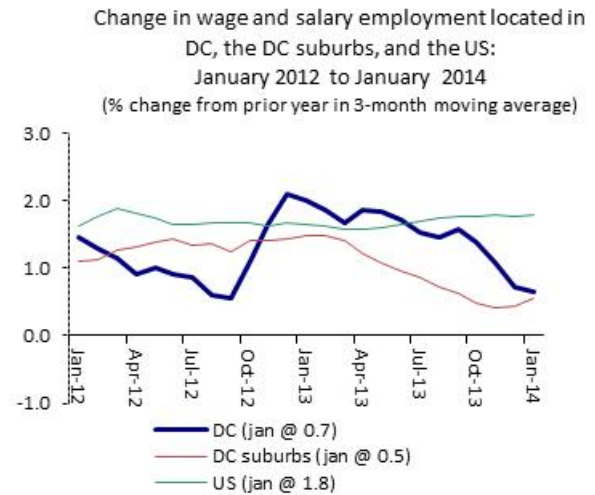


Table 1. Wage and salary employment in DC, Washington Metro area, and the US: January 2014

Jurisdiction	FY 2011	FY 2012	FY 2013	12-mo avg	3-mo average	This month
District of Columbia	723,233	730,950	743,892	745,725	746,300	739,500
1 year change	14,158	7,717	12,942	9,967	4,900	5,900
% change	2.0	1.1	1.8	1.4	0.7	0.8
Washington metro area	3,000,142	3,036,558	3,075,142	3,080,758	3,088,833	3,052,000
1 year change	42,375	36,417	38,583	28,008	17,633	20,900
% change	1.4	1.2	1.3	0.9	0.6	0.7
Washington suburbs (% ch)	1.3	1.3	1.1	0.8	0.5	0.7
US (% ch)	1.2	1.7	1.7	1.7	1.8	1.8

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

Source: BLS. January is preliminary.

Table 2. Federal government and private sector wage and salary employment in DC: January 2014

Sector	FY 2011	FY 2012	FY 2013	12-mo avg	3-month average	This month
Federal government	213,258	208,575	206,042	204,158	201,433	199,600
1 year change	5,025	-4,683	-2,533	-3,933	-5,967	-6,800
% change	2.4	-2.2	-1.2	-1.9	-2.9	-3.3
Private sector	474,833	487,642	502,992	506,567	510,133	505,200
1 year change	10,733	12,808	15,350	13,717	10,333	11,800
% change	2.3	2.7	3.1	2.8	2.1	2.4

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

Table 3. Seasonally adjusted DC Employment: July 2013 to January 2014

Indicator	Jul	Aug	Sep	Oct	Nov	Dec	Jan
D.C. Wage and Salary employment	745,700	742,500	751,800	748,400	747,800	747,400	746,000
change from prior month	1,400	-3,200	9,300	-3,400	-600	-400	-1,400
% change from prior month	0.2	-0.4	1.3	-0.5	-0.1	-0.1	-0.2

Source: BLS seasonally adjusted. January is preliminary

Education and food services lead private sector job growth

- In January education gained 4,767 jobs over last year; food services added 2,033 jobs. The two sectors together accounted for about two-thirds of all private sector net job growth. (3-month moving averages.)
- Health (1,533) and retail (1,367) also showed significant gain.
- Private sector industries losing jobs included employment services, information, and construction.
- Local government rose by 533.
- The federal government accounted for 27.0% of all DC jobs in January. Over the past year, DC's share of federal employment fell slightly in both the US and the metro area.

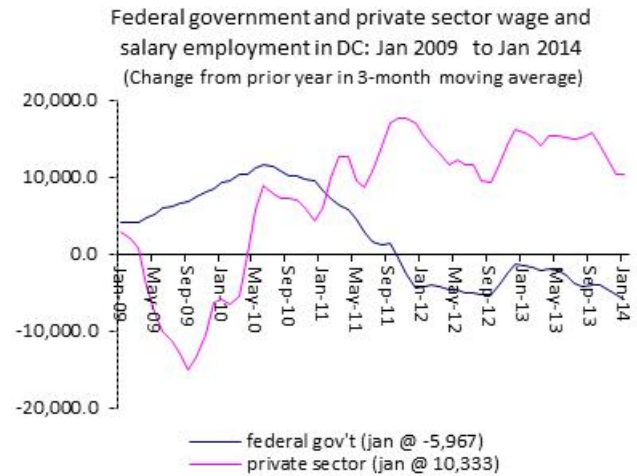


Table 4. Wage and salary employment located in DC: January 2014

Industry sector	3-month moving average				12-mo. moving avg: % change	Sector % of all DC jobs, Jan 2014	DC share (%) in Jan 2014 of all sector jobs in:		Change from Jan 2013 to Jan 2014 in DC share of sector jobs in:	
	Jan 2013	Jan 2014	Amount	%			metro area	US	metro area	US
Federal government	207,400	201,433	-5,967	-2.9	-1.9	27.0	54.6	7.39	-0.3	-0.02
Local government	34,200	34,733	533	1.6	0.5	4.7	10.9	0.18	0.0	0.00
Legal services	29,700	29,833	133	0.4	-0.1	4.0		2.63		0.00
Other Professional and technical	77,667	77,633	-33	0.0	1.2	10.4	22.7	1.09	0.4	-0.03
Employment services	14,900	14,533	-367	-2.5	3.7	1.9	35.0	0.42	-0.6	-0.05
Other Business services	33,300	33,767	467	1.4	0.2	4.5	18.3	0.47	0.4	-0.01
Information	17,367	17,033	-333	-1.9	-2.0	2.3	22.7	0.64	0.1	-0.01
Finance	28,300	28,833	533	1.9	1.7	3.9	18.9	0.37	0.0	0.00
Organizations	60,933	60,900	-33	-0.1	1.2	8.2	36.2	2.10	-0.2	0.00
Education	57,100	61,867	4,767	8.3	11.7	8.3	54.1	1.80	0.7	0.12
Health	64,767	66,300	1,533	2.4	2.7	8.9	23.1	0.37	0.3	0.00
Food service	42,933	44,967	2,033	4.7	5.4	6.0	21.2	0.44	-0.1	0.00
Accommodations	14,933	15,500	567	3.8	0.5	2.1	37.0	0.87	1.2	0.02
Amusement and recreation	6,533	6,700	167	2.6	-0.7	0.9	18.4	0.35	-0.6	-0.01
Retail trade	19,933	21,300	1,367	6.9	5.5	2.9	7.7	0.14	0.3	0.01
Wholesale trade	4,967	4,933	-33	-0.7	-1.7	0.7	7.9	0.09	0.0	0.00
Construction	13,733	13,267	-467	-3.4	1.0	1.8	9.1	0.23	-0.4	-0.02
Personal and miscellaneous ser.	7,633	7,967	333	4.4	1.7	1.1		0.31		0.01
Other private	5,100	4,800	-300	-5.9	-1.6	0.6	2.6	0.03	-2.0	0.00
Total	741,400	746,300	4,900	0.7	1.4	100.0	24.2	0.54	0.0	-0.01
<i>Public sector</i>	<i>241,600</i>	<i>236,167</i>	<i>-5,433</i>	<i>-2.2</i>	<i>-1.5</i>	<i>31.6</i>	<i>34.3</i>	<i>1.07</i>	<i>-0.6</i>	<i>-0.02</i>
<i>Private sector</i>	<i>499,800</i>	<i>510,133</i>	<i>10,333</i>	<i>2.1</i>	<i>2.8</i>	<i>68.4</i>	<i>21.3</i>	<i>0.44</i>	<i>0.2</i>	<i>0.00</i>

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

Resident employment

Resident employment was up modestly over last year, and appears to be on an upswing

- In January DC resident employment was 850 (0.3%) above a year earlier (3-mo. moving average). The labor force and the unemployment rate both fell.
- Seasonally adjusted DC resident employment rose in January for the 5th month in a row. In January it was 4,677 above the September, four months earlier.
- In January the unemployment rate (seasonally adjusted) fell to 7.4%, the lowest level in more than 5 years.

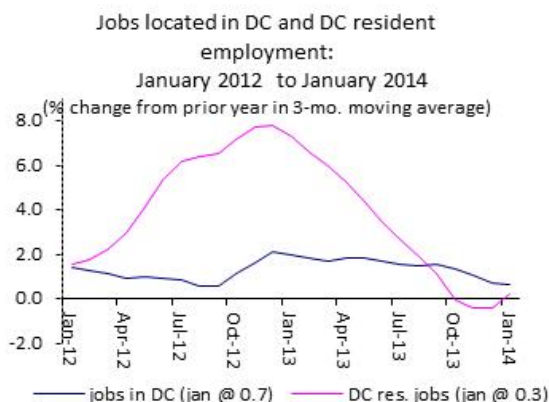
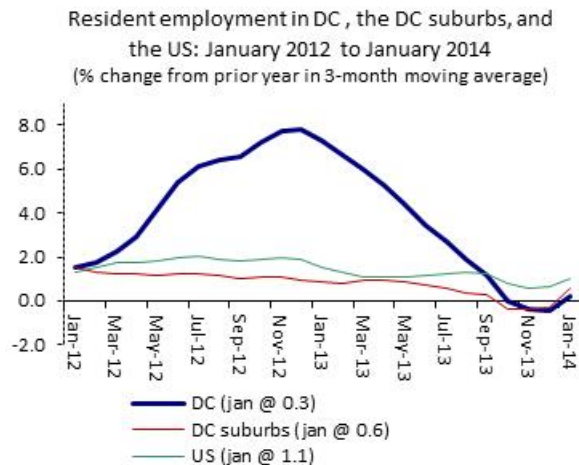


Table 5. Unemployment rates for DC, metro area, and US: January 2014
(percent of labor force)

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	Jan. 2013	Jan. 2014	Jan. 2013	Jan. 2014
US	8.5	7.0	7.9	6.6
DC	9.4	7.5	8.6	7.4
DC metro area	5.7	5.0	na	na
DC suburbs	5.3	4.7	na	na

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

Table 6. Resident employment and unemployment: January 2014

Indicator	FY 2010	FY 2011	FY 2012	FY 2013	12-mo avg	3-month average	This month
DC Labor force summary							
Resident employment	308,814	313,267	325,322	340,055	339,879	340,104	339,899
1 year change	4,557	4,453	12,055	14,734	6,703	850	2,049
% change	1.5	1.4	3.8	4.5	2.0	0.3	0.6
Labor Force	343,870	348,877	358,972	371,745	370,041	366,273	367,418
1 year change	9,706	5,007	10,095	12,773	3,860	-5,543	-5,299
% change	2.9	1.5	2.9	3.6	1.1	-1.5	-1.4
Unemployed	35,056	35,611	33,651	31,690	30,161	26,169	27,519
1 year change	5,149	554	-1,960	-1,961	-2,843	-6,393	-7,348
% change	17.2	1.6	-5.5	-5.8	-8.6	-19.6	-21.1
Unemployment rate	10.2	10.2	9.4	8.5	8.2	7.1	7.5
DC Unemployment insurance (state program)							
Initial claims (monthly avg.)	1,799	2,101	1,784	1,915	1,990	1,786	1,854
1 year change	-404	302	-317	131	183	-240	-572
% change	-18.3	16.8	-15.1	7.3	10.2	-11.9	-23.6
Weeks compensated (mo. avg.)	53,592	46,423	45,170	42,862	43,134	45,782	44,325
1 year change	-881	-7,169	-1,253	-2,308	-808	132	-8,942
% change	-1.6	-13.4	-2.7	-5.1	-1.8	0.3	-16.8

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

Table 7. Seasonally adjusted DC Resident employment and unemployment: July 2013 to January 2014

Indicator	Jul	Aug	Sep	Oct	Nov	Dec	Jan
DC Resident employment	337,748	337,281	337,597	338,125	339,115	340,191	342,274
change from prior month	-1,124	-467	316	528	990	1,076	2,083
% change from prior month	-0.3	-0.1	0.1	0.2	0.3	0.3	0.6
DC Unemployment rate (%)	8.4	8.3	8.2	8.0	7.8	7.6	7.4

Source: BLS seasonally adjusted. January is preliminary

Wages and income

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

●Wages and salaries earned in the District of Columbia were 0.6% higher in the December quarter compared to the same quarter of 2012. This is the slowest year over year growth in more than 4 years.

●Wages earned in DC have now grown at a slower rate than the US average for 11 quarters.

●In the December quarter, estimated wages of DC residents grew 0.7%. DC Personal Income grew 1.1%.

●In the December quarter, the private sector wages and salaries earned in DC grew by \$840 million over the prior year; the federal sector declined by \$360 million.

Wages earned in DC, wages earned by DC residents, and wages earned in the US: 2010.4 to 2013.4

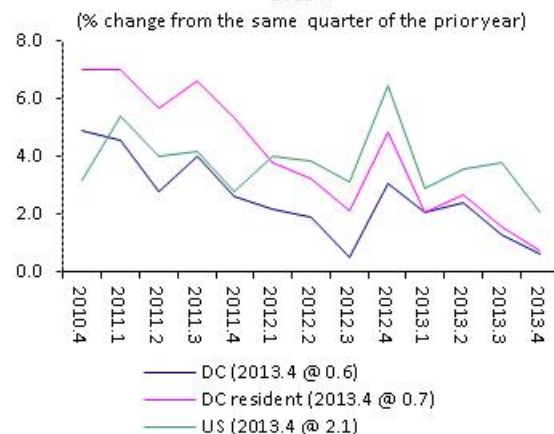


Table 8. DC Wages and Personal Income: December 2013

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

Indicator	FY 2010	FY 2011	FY 2012	FY 2013	4-quarter moving average	Latest quarter (Dec.)
Wages and salaries earned in DC	57.24	59.56	60.62	61.96	62.05	62.18
1 year change	2.33	2.31	1.07	1.33	0.96	0.37
% change	4.2	4.0	1.8	2.2	1.6	0.6
Supplements to wages & salaries	14.93	16.11	16.23	16.07	16.06	15.96
% change	6.0	7.9	0.7	-1.0	-0.3	-0.1
Proprietors' income earned by DC residents*	5.35	5.56	5.80	6.16	6.24	6.34
% change	-8.2	4.0	4.3	6.2	6.4	5.2
Wages and salaries of DC residents***	22.03	23.48	24.33	25.00	25.04	25.17
change from one year ago	1.27	1.45	0.85	0.67	0.43	0.18
% change	6.1	6.6	3.6	2.8	1.7	0.7
Income earned by DC residents	30.1	32.5	33.7	34.3	34.4	34.6
% change	3.8	7.9	3.7	1.9	1.1	0.3
Property income of DC residents	6.16	7.08	7.51	7.87	7.90	8.05
% change	-8.8	14.9	6.1	4.8	3.5	1.3
Pensions and other transfer of DC residents	5.19	5.68	5.65	5.82	5.89	5.97
% change	12.7	9.3	-0.4	2.9	4.2	5.3
DC Personal Income**	41.50	45.27	46.87	48.04	48.17	48.59
1 year change	1.10	3.77	1.60	1.17	0.89	0.51
% change	2.7	9.1	3.5	2.5	1.9	1.1
US Personal income (% change from prior year)	1.3	5.9	4.0	3.7	2.6	1.4
US Wages and salaries(% change from prior year)	0.2	4.2	3.4	4.2	3.1	2.1
<i>Addendum: Change from prior year in wages earned in DC by sector</i>						
Private sector (1 yr ch, \$B)	0.49	1.76	1.35	1.74	1.38	0.84
Federal government (1 yr ch, \$B)	1.77	0.68	-0.35	-0.39	-0.38	-0.36
DC res. wages as % of wages earned in DC	38.5	39.4	40.1	40.3	40.4	40.5

* 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 December were released March 25, 2014

Single family and condominium home sales

The single family and condo sales continue at a fairly brisk pace

- The February 3-month moving total of single family home sales was up 9.9% from a year earlier, and the average selling price was 2.9% higher.
- February condominium sales were 12.5 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 February was 15.7% more than a year earlier as measured by the 3-month moving total.
- February year-to-date median prices were up 15.4% for single family units, and down 1.6% for condominiums.
- The February ratios of inventory to sales fell to 1.7 for single family units and 2.0 for condominiums (3-mo. moving average).

Sales of single family and condo units:
February 2012 to February 2014
(% change from prior year in 3-mo. moving totals)

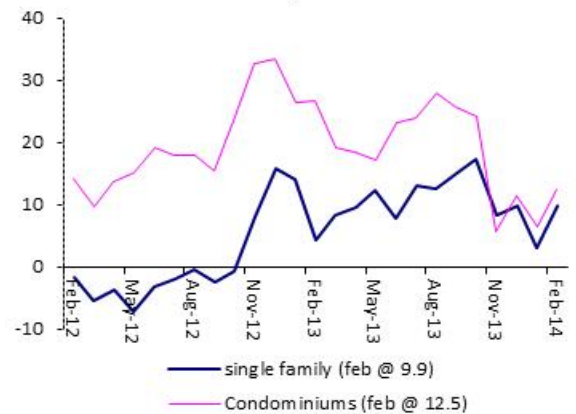


Table 9. D.C. Residential Real Estate Indicators: February 2014

Indicator	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	12-mo moving	3-mo moving	This month
						total or average	total or average	
Number of sales (settled contracts)								
Single family	3,259	4,084	3,800	3,563	3,979	4,098	876	248
1 year change	237	825	-284	-237	416	404	79	-2
% change	7.8	25.3	-7.0	-6.2	11.7	10.9	9.9	-0.8
Condo	2,590	2,884	2,469	2,784	3,487	3,589	756	247
1 year change	-206	294	-415	315	703	508	84	16
% change	-7.4	11.4	-14.4	12.8	25.3	16.5	12.5	6.9
Total	5,849	6,968	6,269	6,347	7,466	7,687	1,632	495
1 year change	31	1,119	-699	78	1,119	912	163	14
% change	0.5	19.1	-10.0	1.2	17.6	13.5	11.1	2.9
Average prices of units that sold								
Single family (\$)	597,269	538,395	601,026	630,109	712,799	716,855	687,048	738,290
1 year change	-70,098	-58,874	62,631	29,083	82,690	55,752	19,242	92,048
% change	-10.5	-9.9	11.6	4.8	13.1	8.4	2.9	14.2
Condo (\$)	359,952	414,030	423,365	429,611	447,827	458,495	476,502	465,687
1 year change	-52,283	54,078	9,336	6,245	18,216	23,725	31,301	34,592
% change	-12.7	15.0	2.3	1.5	4.2	5.5	7.0	8.0
Total value of all sales (\$ million)								
	2,878.8	3,392.9	3,329.2	3,441.1	4,397.8	4,583.2	962.1	298.1
1 year change	-290.6	514.1	-63.7	111.9	956.7	801.6	130.7	37.0
% change	-9.2	17.9	-1.9	3.4	27.8	21.2	15.7	14.2
Ratio: active inventory to sales								
Single family	5.2	3.4	3.3	2.3	1.6	1.6	1.7	1.5
Condo	5.7	4.6	4.9	2.9	1.7	1.7	2.0	1.7

Median contract prices, CY to date in February 2014: single family \$559,700 (15.4% 1 yr ch); condo \$390,000 (-1.6% 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 December the quarterly Federal Housing Finance Agency house price index for DC was 7.3% higher than a year ago. The metro area increase was 8.7%, and the US was 7.7%.

• Sales of single family units at prices above \$1 million were up 7.3% in February from a year ago as measured by the 3-month moving total; they accounted for 15.2% of sales.

FHFA expanded-data housing price index for DC and the US: 2004.4 to 2013.4
(% change from prior yr. in the 12-mo. moving avg.)

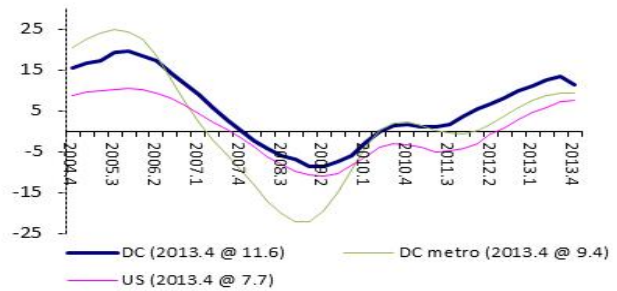


Table 10. D.C. Single family and condominium home sales at prices of \$1 million or more: February 2014

Category	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	12-mo		3-mo	
						moving total	moving total	This month	
Single family homes	333	418	489	458	689	711	133	46	
1 year change	-102	85	71	-31	231	175	9	10	
% change	-23.4	25.5	17.0	-6.3	50.4	32.6	7.3	27.8	
percent of all single family sales	10.2	10.2	12.9	12.9	17.3	17.3	15.2	18.5	
Condominiums	62	89	87	72	112	123	36	13	
1 year change	-15	27	-2	-15	40	35	10	7	
% change	-19.5	43.5	-2.2	-17.2	55.6	39.8	38.5	116.7	
percent of all condominium sales	2.4	3.1	3.5	2.6	3.2	3.4	4.8	5.3	

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

Indicator	Fiscal year average					Quarter				
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	2012.4	2013.1	2013.2	2013.3	2013.4
% change from prior year in value of index										
DC	-7.5	1.4	1.6	8.1	13.5	14.7	12.9	13.6	12.8	7.3
DC metro area	-14.9	1.9	-0.4	3.6	9.4	8.9	9.5	10.0	9.3	8.7
US	-10.3	-2.9	-4.8	0.9	7.2	5.6	6.7	7.7	8.7	7.7

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	18.5	5.8	12.7	14.9	-2.2
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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 county 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: December 31, 2013

Indicator	Sep. 30 2010	Sep. 30 2011	Sep. 30 2012	Sep. 30 2013	Latest Q (Dec. 31, 2013)		
					amount	1 Q ch	% ch
Inventory	87,970	88,710	89,719	92,576	93,247	671	0.7
1 year change	880	740	1,009	2,857	2,559		
% change	1.0	0.8	1.1	3.2	2.8		
Occupied units	82,965	84,125	85,859	88,086	88,730	644	0.7
1 year change	1,001	1,160	1,734	2,227	1,993		
% change	1.2	1.4	2.1	2.6	2.3		
Vacant units	5,005	4,585	3,860	4,490	4,517	27	0.6
1 year change	-121	-420	-725	630	566		
% change	-2.4	-8.4	-15.8	16.3	14.3		
% of inventory	5.7	5.2	4.3	4.9	4.8		
Average effective monthly rent	\$1,380	\$1,422	\$1,479	\$1,511	\$1,513	\$2	0.1
% change from 1 year	2.8	3.0	4.0	2.2	1.6		

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.

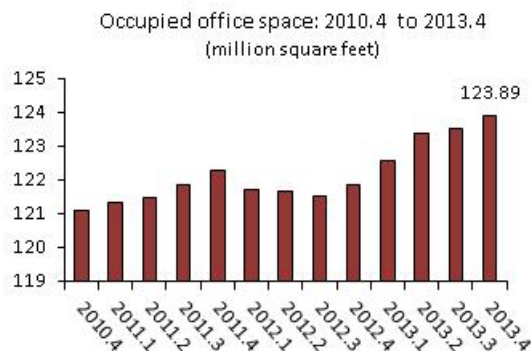


Table 13. Commercial office space in DC: December 31, 2013

(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

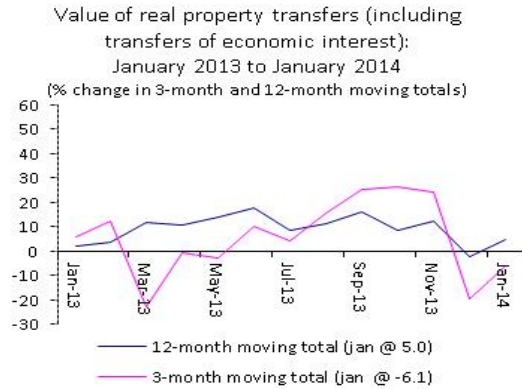
Indicator	\$ per square foot of gross floor space ending on date shown:				
	2009	2010	2011	2012	2013
Average effective rent	50.80	48.65	48.54	47.80	46.85
% ch from prior year		-4.2	-0.2	-1.5	-2.0
Average value of improvements for tenants				80.00	82.00

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

Housing permits continue at a pace exceeding 4,000 per year

- For the 12-month period ending February 4,114 housing unit building permits were issued, a 4.7% decline over the prior 12-month period. Permits were up 43.7% 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 5,964 new apartment units to be added to inventory in CY 2014 and CY 2015, and occupancy to grow by 5,898.
- 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: February 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	4,114	1,183	849
change from 1 year ago	487	1,473	1,632	-236	-202	360	613
% change from 1 year	97.6	149.4	66.4	-5.8	-4.7	43.7	259.7

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: 2010 to 2018

CY	Inventory	1 yr ch	% vacant	Occupied	1 yr ch
2010	88,360	572	5.5	83,477	1,062
2011	88,817	457	4.7	84,632	1,155
2012	90,688	1,871	4.4	86,737	2,105
2013	93,247	2,559	4.8	88,730	1,993
2014 est	97,221	3,974	4.6	92,726	3,996
2015 est	99,211	1,990	4.6	94,628	1,902
2016 est	100,590	1,379	4.7	95,826	1,198
2017 est	102,044	1,454	4.8	97,101	1,275
2018 est	103,544	1,500	5.1	98,276	1,175

Source: Reis, December 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

Hotel room revenues are down over last year, which was the 2013 Inauguration period

● In January, the 3-month moving total for hotel room-days sold was 1.4% more than a year earlier. The average room rate fell, however, by 8.7%, resulting in a 7.4% fall in room revenue.

● Employment in food services was 4.7% more in January than a year earlier as measured by the 3-month moving average. Hotel employment rose 3.8% and retail 6.9%.

● January airline traffic into the DC area was down 1.5% compared to a year earlier as measured by the 3-month moving total. Reagan National Airport was down 0.5%.



Table 19. Hospitality Industry: January 2014

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)	jan	7.465	7.617	7.680	7.696	1.557	0.469
1 yr ch			0.095	0.152	0.063	0.112	0.021	-0.019
1 yr % ch			1.3	2.0	0.8	1.5	1.4	-4.0
Average room rate	\$	jan	206.60	203.57	207.28	205.54	179.93	171.08
1 yr ch			7.49	-3.03	3.70	-0.95	-17.09	-54.05
1 yr % ch			3.8	-1.5	1.8	-0.5	-8.7	-24.0
Occupancy rate (average)	%	jan	74.2	75.4	75.8	76.0	61.7	55.4
1 yr ch			0.5	1.2	0.5	0.8	1.1	-1.8
1 yr % ch			0.6	1.6	0.6	1.1	1.8	-3.1
Room revenue	(\$M)	jan	1,542.3	1,550.7	1,591.9	1,581.8	280.1	80.3
1 yr ch			74.8	8.4	41.2	15.8	-22.4	-29.7
1 yr % ch			5.1	0.5	2.7	1.0	-7.4	-27.0
Airline passengers								
DCA	1 yr % ch	jan	6.2	2.8	5.5	2.8	-0.5	0.1
IAD	1 yr % ch	jan	0.6	-2.9	-4.0	-2.9	-3.7	-5.7
BWI	1 yr % ch	jan	4.2	1.0	-1.5	-1.1	-0.3	-3.2
Total	1 yr % ch	jan	3.4	0.1	-0.3	-0.5	-1.5	-3.1
Employment								
Accommodations	level ('000)	jan	15.3	15.4	15.2	15.4	15.5	15.2
1 yr ch			0.0	0.1	-0.2	0.1	0.6	0.7
1 yr % ch			0.1	0.7	-1.1	0.5	3.8	4.8
Food and bev	level ('000)	jan	39.3	42.7	44.9	45.6	45.0	44.1
1 yr ch			2.3	3.4	2.2	2.3	2.0	1.8
1 yr % ch			6.2	8.5	5.2	5.4	4.7	4.3
Arts and entertain.	level ('000)	jan	6.8	6.9	6.9	7.0	6.7	6.4
1 yr ch			-0.2	0.1	0.0	0.0	0.2	0.1
1 yr % ch			-2.5	1.3	0.6	-0.7	2.6	1.6
Retail	level ('000)	jan	18.6	18.8	19.7	20.1	21.3	21.1
1 yr ch			0.2	0.3	0.8	1.1	1.4	1.6
1 yr % ch			1.3	1.4	4.5	5.5	6.9	8.2

* 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 175,000 in February.
- The US unemployment rate (seasonally adj.) rose to 6.7% in Feb.
- In February the S & P 500 index fell 0.3% from January and was 20.1% above last year.
- Compared to a year earlier, the rate of inflation fell in February to 1.1% (sa).

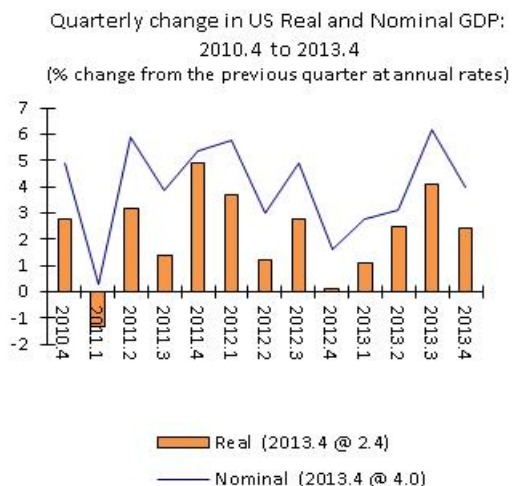


Table 20. US GDP, income, corporate profits, and inflation: 2013.4 and February 2014

(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	Feb.
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	feb	1 yr % ch	-34.3	23.7	13.8	5.4	16.7	20.5	24.8	20.1
US CPI	feb	1 yr % ch	-0.3	1.7	2.7	2.4	1.6	1.4	1.2	1.1
Balt//Wash. area CPI	jan	1 yr % ch	0.3	1.7	3.0	2.4	1.6	1.5	na	1.9

Source: BEA (data revised as of February 28, 2014), BLS, and Yahoo finance. na = not available

Personal income and wage data may differ from amounts shown in table 8 due to differences in BEA source tables.

Table 21. Quarter to quarter change in US GDP and income: 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: August 2013 to February 2014

Indicator	August	September	October	November	December	January	February
S and P stock index (level)	1670	1687	1720	1784	1808	1822	1817
% change from prior month	0.1	1.0	1.9	3.7	1.4	0.8	-0.3
% change from 1 year ago	19.0	16.9	19.6	27.9	27.1	23.1	20.1
10 yr. Treasury Interest rate (level)	2.73	2.80	2.60	2.71	2.89	2.85	2.70
CPI % ch from prior month (seasonally adjusted)	0.09	0.18	-0.06	0.11	0.24	0.14	0.10
CPI % ch from prior year (seasonally adjusted)	1.52	1.18	0.94	1.23	1.51	1.56	1.10
Jobs (seasonally adjusted level, in millions)	136.64	136.80	137.04	137.31	137.40	137.52	137.70
change from prior month (thousands)	202	164	237	274	84	129	175
% change from prior month	0.15	0.12	0.17	0.20	0.06	0.09	0.13
Resident employment (season. adj. level, in mil.)	144.18	144.27	143.49	144.44	144.59	145.22	145.27
change from prior month (thousands)	-106	91	-785	958	143	638	42
% change from prior month	-0.07	0.06	-0.54	0.67	0.10	0.44	0.03
Unemployment rate (seasonally adj.)	7.2	7.2	7.2	7.0	6.7	6.6	6.7

Source: BLS and Yahoo! Finance.

DC tax collections

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

February 2014 @ 6,065.3M

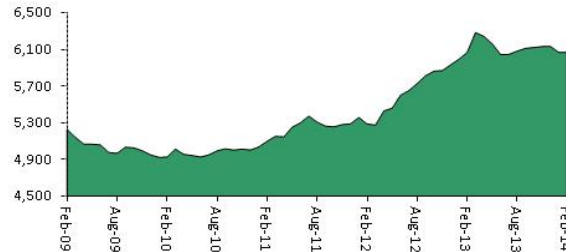


Table 23. Tax Collections (before earmarking): February 2014 (Preliminary)

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	6,065.3	1,563.5	972.2	226.3
1 year change	-47.0	320.1	528.0	252.2	-1.1	-45.7	-65.3	0.7
% change	-0.9	6.4	9.9	4.3	0.0	-2.8	-6.3	0.3
Real property	1,821.5	1,715.1	1,822.0	1,914.8	1,913.8	27.7	12.1	8.7
1 year change	-1.2	-106.4	106.9	92.8	77.5	-2.7	2.4	7.0
% change	-0.1	-5.8	6.2	5.1	4.2	nm	nm	nm
General sales	976.7	1,014.9	1,111.0	1,137.9	1,132.7	464.3	254.6	76.6
1 year change	1.8	51.7	67.6	26.8	-12.3	1.4	-16.4	-10.8
% change	0.3	3.9	9.5	2.4	-1.1	0.3	-6.1	-12.3
Individual income	1,110.4	1,296.6	1,490.7	1,640.9	1,647.8	646.7	408.6	59.2
1 year change	-25.5	186.2	194.1	150.2	9.8	-14.1	-22.0	1.6
% change	-2.2	16.8	15.0	10.1	0.6	-2.1	-5.1	2.7
withholding	1,073.8	1,192.2	1,321.6	1,390.3	1,432.6	620.5	389.3	133.9
1 year change	52.6	118.3	129.5	68.7	23.6	29.5	16.7	20.6
% change	5.2	11.0	10.9	5.2	1.7	5.0	4.5	18.1
non-withholding	36.6	104.4	169.1	250.6	215.3	26.2	19.3	-74.7
1 year change	-78.1	67.8	64.6	81.5	-13.8	-43.6	-38.7	-19.0
% change	-68.1	185.2	61.9	48.2	-6.0	-62.5	-66.7	nm
Corporate income	207.3	216.3	302.9	299.0	294.4	75.6	61.7	4.0
1 year change	-14.6	9.0	86.6	-3.9	-21.9	-7.6	-12.2	9.6
% change	-6.6	4.3	40.1	-1.3	-6.9	-9.2	-16.6	-171.2
Unincorporated Bus.	116.4	143.4	163.0	154.3	151.4	31.6	26.4	-0.2
1 year change	-3.9	27.0	19.6	-8.7	-5.9	-8.9	-5.3	-2.5
% change	-3.2	23.2	13.6	-5.3	-3.7	-22.0	-16.8	nm
Deed taxes*	225.6	311.2	306.6	367.3	373.2	149.8	93.9	28.5
1 year change	38.2	85.6	-4.5	60.6	45.7	6.9	0.5	6.5
% change	20.4	37.9	-1.5	19.8	14.0	4.8	0.5	29.5
Other taxes	547.3	627.8	657.0	591.3	551.9	167.8	115.0	49.5
1 year change	-43.3	80.6	29.2	-65.7	-94.2	-20.7	-12.1	-10.6
% change	-7.3	14.7	4.6	-10.0	-14.6	-11.0	-9.5	-17.6

*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

Tax collections continue to slow

● For the 12 month period ending February total tax collections (before earmarking) were \$1.1 million (0.0%) less than in the prior year. For the first 5 months of FY 2014, tax collections are \$45.7 million (2.8%) below last year, and for the last 3 months they were 6.3% below last year.

● It is not possible to draw conclusions at this point about the outlook for FY 2014 revenues. Key components of real property and income taxes have yet to be collected, and last year sales tax collections in January and February reflected the 2013 Inauguration.

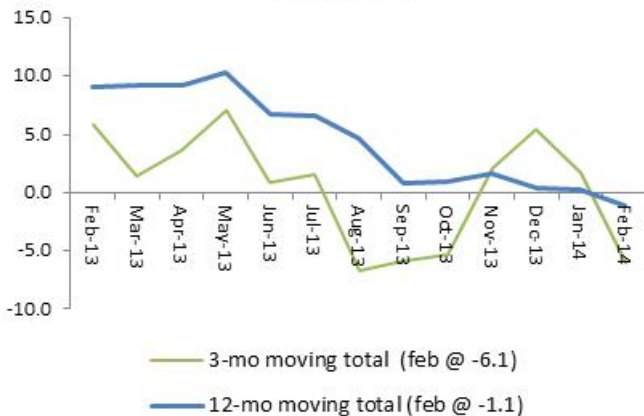
● Individual income tax collections were, respectively, 0.6% above and 5.1% below the prior year for the 12-month and 3-month periods ending February. For withholding, the 12-month and 3-month increases were 1.7% and 4.5% higher, respectively.

● General sales collections were -1.1% and -6.1%, respectively, below last year for the 12-months and 3-months ending Feb.

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



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



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



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



**Deed tax collections (before earmarks):
February 2013 to February 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						
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		2.8	4.4		5.2
March	2.6		2.5	4.2		5.1
FY 2015						
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
March	2.9		3.1	4.8		6.8

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

Forecast date	CPI			10 yr Treasury rate		
	2013	2014	2015	2013	2014	2015
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
Mar	1.6	1.5	2.1	2.1	2.9	3.6

Source: Blue Chip Indicators

Table 26A. IHS Global Insight forecast for S and P 500: 2013.4 to 2015.4

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		
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
March	24.8	7.1	4.3	24.8	-3.4	4.7

Source: IHS Global Insight

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

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
March						

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.

However, the impact on the suburbs was much greater than in DC. From January 2013 to January 2014, suburban professional and technical employment declined by 8,433 (-2.3%). This decline was three times as great as the 2,800 suburban decline in federal employment. DC still had 100 more professional and technical jobs in January 2014 than a year earlier, but it also experienced a decline of 6,000 in federal employment.

Looking back two years, private sector employment in the suburbs grew at a pace of about 25,000 to 30,000 a year until the spring of 2013, when the increase began to fall. In January 2014 the increase was 10,467 over the prior year. DC's private sector added jobs at a pace close to 15,000 per year until the fall of 2013, the period when the federal sequester took effect, at which time the pace fell to about 10,000 and the percentage change in DC's private sector fell to that of the nation as a whole.

—Stephen Swaim, Office of Revenue Analysis *Source: BLS, not seasonally adjusted.*

Private sector jobs in DC in December 2013: original and revised estimates

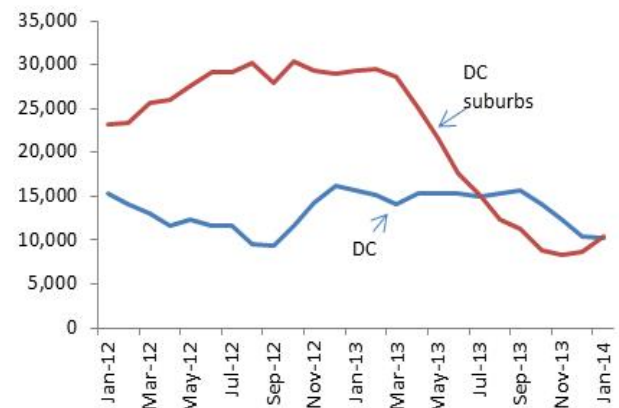
Sector	Level in Dec. 2013		Amount of revision	% change
	Original	Revised		
Professional and technical	110,500	108,000	-2,500	-2.3
Business services	46,600	48,400	1,800	3.9
Educational Services	54,000	61,500	7,500	13.9
Health care	65,100	66,500	1,400	2.2
Organizations	60,600	61,000	400	0.7
Retail Trade	19,200	22,000	2,800	14.6
Leisure and Hospitality	68,600	67,300	-1,300	-1.9
Information	16,300	17,000	700	4.3
Financial Activities	29,200	28,900	-300	-1.0
Construction	12,700	13,300	600	4.7
Other Services	7,700	7,900	200	2.6
All other private sector	10,000	9,700	-300	-3.0
Private sector	500,500	511,500	11,000	2.2
Federal Government	200,100	202,300	2,200	1.1
State and local government	34,100	34,800	700	2.1
Total, all sectors	734,700	748,600	13,900	1.9

Wage and salary employment in (1) Professional and technical services, (2) the entire private sector, and (3) the federal government: January 2012 to January 2014 (3 months moving average for dates shown)

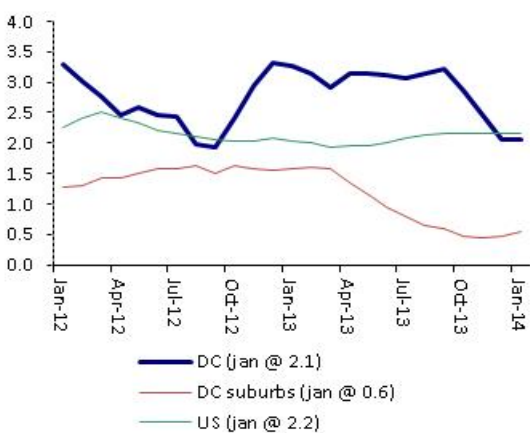
	Level			Change:	
	Jan 2012	Jan 2013	Jan 2014	Jan 12 to Jan 13	Jan 13 to Jan 14
DISTRICT OF COLUMBIA					
Professional and technical	104,800	107,367	107,467	2,567	100
All private sector	484,033	499,800	510,133	15,767	10,333
Federal government	208,933	207,400	201,433	-1,533	-5,967
DC SUBURBS					
Professional and technical	374,133	373,767	365,333	-367	-8,433
All private sector	1,850,467	1,879,867	1,890,333	29,400	10,467
Federal government	168,800	170,133	167,333	1,333	-2,800

Source: BLS

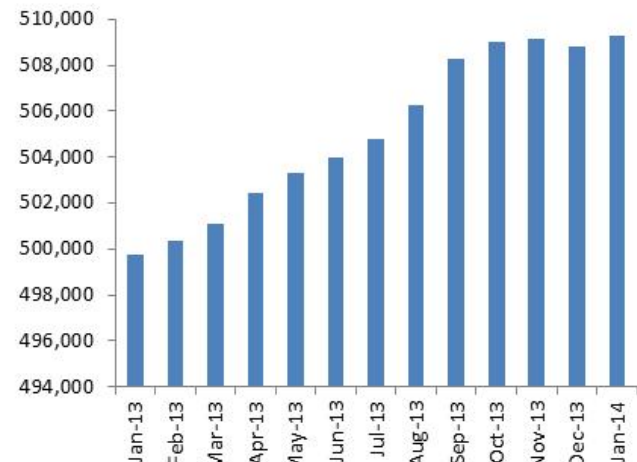
Change from prior year in all private sector employment in DC and the DC suburbs (change in 3-month moving average)



Change in private sector wage and salary jobs located in DC, the DC suburbs, and the US: January 2012 to January 2014 (% change from prior year in 3-month moving average)



DC private sector employment, January 2013 to January 2014 (seasonally adjusted)



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	January	March 28
D.C. Personal Income	BEA	2013.4	June 24
D.C. Tax Collections	OTR/ORA	February	c. April 15
D.C. Housing Sales	MRIS*	February	c. April 10
D.C. Commercial Office Building data	Delta Associates	2013.4	c April 1
DC Apartment data	Reis, inc	2013.4	c May 1
D.C. Hotel stay information	Smith Travel Research	January	c. March 30
Consumer Price Index	BLS	February	April 15
U.S. Jobs and Labor Force	BLS	January and February	April 4
U.S. GDP and Personal Income	BEA	2013.4	March 27
S and P 500 Stock Index	Financial press	February	April 1
Interest rate on 10-Year Treasury Securities	Financial press	February	April 1
IHS Global Insight D.C. forecast	Global Insight	March	c. April 25
Moody's Economy.com D.C. forecast	Economy.com	February	c. March 31
Blue Chip Economic Indicators for the U.S.	Aspen Publishers	March	April 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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