



District of Columbia Economic and Revenue Trends: May 2016

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

Fitzroy Lee, Deputy CFO & Chief Economist
 Stephen Swaim, Senior Economist

Highlights:

- ◇ Continued job growth1
- ◇ Increase in home sales.....6
- ◇ More hotel stays11

Indicator updates:

Wage and salary employment.....2

Sectors of the DC economy3

Resident employment and unemployment 4

Wages and income.....5

Residential real estate and population.....6

Commercial office space10

Property transfers.....11

Hospitality12

US economy and federal government.....13

DC tax collections.....14

US and DC forecasts.....16

DC revenue estimate.....18

ORA reports , documents, & blog.....22

About this report.....22

ORA contact information.....22

Resident employment grew four times faster in DC than in the suburbs over the past 4 years

DC population growth is the principal reason

According to the US Bureau of Labor Statistics, the number of employed DC residents rose from 323,823 in April 2012 to 370,204 in April 2016, a 14.3% increase of 46,381. This increase stands out in the context of recent labor market trends in the US and in the Washington metropolitan area:

- The percentage increase was more than twice that in both the US economy (6.6%) and four times the increase in the DC suburbs (3.5%),
- The increase represented almost one-third of the increase in the entire metropolitan area, although DC’s regional resident employment share is just under 12%.
- The percentage change in DC’s resident employment was more than twice the increase in jobs located in DC. (14.3 v. 6.2%). For the US and the rest of the metropolitan area, resident employment actually grew a little less rapidly than wage and salary employment.
- The increase, averaging 11,595 per year, is about equal to the growth in DC’s population over that period.

Percent change in jobs and resident employment in DC, the DC suburbs, and the US: April 2012 to April 2016

	Jobs (place of work)	Res ident employment
US	7.5	6.6
Washington metro area	5.6	4.6
DC	6.2	14.3
Suburbs	5.4	3.5

Source: BLS

Three places to look in helping to explain this remarkable increase in employed DC residents are: (1) growth of wage and salary jobs in DC, (2) unemployed persons returning to work, and (3) labor force growth. As noted below, all of these have contributed, but the most important explanation lies with labor force growth and related dynamics, particularly population growth.

(Continued on p. 19)

Wage and salary employment

DC job growth continues at about 11,000 per year

- April wage and salary employment in DC was up by 11,000 (1.4%) from a year earlier as measured by the 3-month moving average.
- Federal government employment in DC for April was up by 800 (0.4%). The private sector gained 8,367 (1.6%).
- Total year-over-year DC metropolitan area employment increased by 75,433 (2.4%) in April as measured by the 3-month moving average.
- Suburban Washington employment in April increased by 2.7% from a year earlier.
- Seasonally adjusted DC jobs increased in April by 3,600 from the prior month.

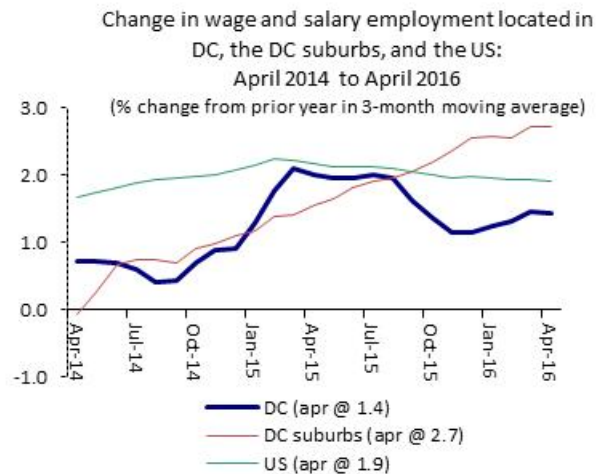


Table 1. Wage and salary employment in DC, Washington Metro area, and the US: April 2016

Jurisdiction	FY 2012	FY 2013	FY 2014	FY 2015	12-mo avg	3-mo average	This month
District of Columbia	730,950	745,375	751,842	764,250	770,167	774,100	778,800
1 year change	7,717	14,425	6,467	12,408	11,475	11,000	11,500
% change	1.1	2.0	0.9	1.7	1.5	1.4	1.5
Washington metro area	3,053,050	3,091,067	3,103,833	3,138,300	3,196,092	3,206,167	3,232,300
1 year change	36,617	38,017	12,767	36,000	67,167	75,433	71,700
% change	1.2	1.2	0.4	1.2	2.1	2.4	2.3
Washington suburbs (% ch)	1.3	1.0	0.3	1.6	2.3	2.7	2.5
US (% ch)	1.7	1.6	1.8	2.1	2.0	1.9	1.9

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

Source: BLS. April is preliminary.

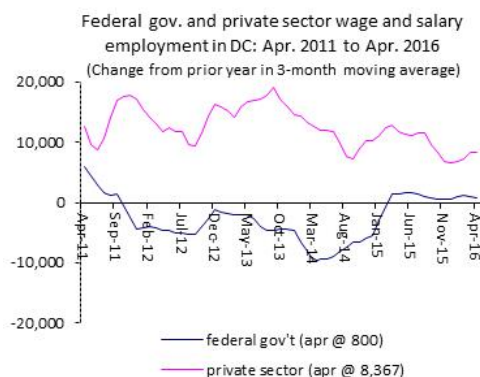


Table 2. Federal government and private sector wage and salary employment in DC: April 2016

Sector	FY 2013	FY 2014	FY 2015	12-mo avg	3-month average	This month
Federal government	205,900	198,367	197,950	198,408	198,433	198,500
1 year ch.	-2,675	-7,533	-417	925	800	900
% change	-1.3	-3.7	-0.2	0.5	0.4	0.5
Private sector	504,275	515,808	526,775	531,250	535,433	540,000
1 year ch.	16,633	11,533	10,967	8,775	8,367	8,700
% change	3.4	2.3	2.1	1.7	1.6	1.6

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

Table 3. Seasonally adjusted DC Employment: November 2015 to April 2016

Indicator	November	December	January	February	March	April
D.C. Wage and Salary employment	768,400	768,100	775,200	775,000	773,800	777,400
change from prior month	400	-300	7,100	-200	-1,200	3,600
% change from prior month	0.1	0.0	0.9	0.0	-0.2	0.5

Source: BLS seasonally adjusted. April is preliminary

Jobs by sectors of the economy

Food services and retail added the most private sector jobs over the past year

- In April the 1,967 increase in food services jobs was more than any other sector. (3-month moving average.)
- In the private sector, retail (1,733), other professional services (1,267) and health (1,167) also grew by more than 1,000 jobs.
- Private sector industries losing jobs included business services (other than temporary employment) and organizations.
- Local government rose by 1,833 (4.8%).
- The federal government accounted for 25.8% of all DC jobs in April. Over the past year, DC's share of US federal employment fell slightly in both the metro area and the US.

Change in private sector wage and salary jobs located in DC, the DC suburbs, and the US: April 2014 to April 2016
(% change from prior year in 3-month moving average)

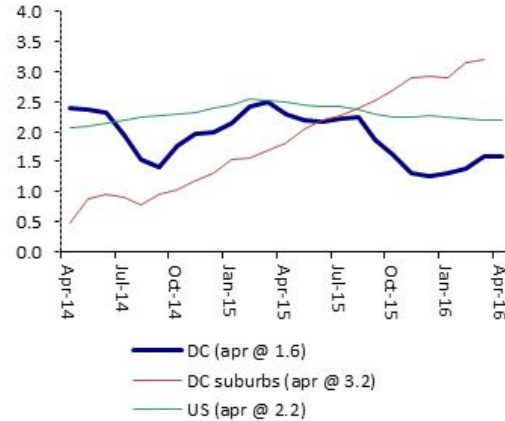


Table 4. Wage and salary employment located in DC: April 2016

Industry sector	3-month moving average				12-mo. moving avg: % change	Sector % of all DC jobs, Apr 2016	DC share (%) in Apr 2016 of all sector jobs in:		Change from Apr 2015 to Apr 2016 in DC share of sector jobs in:	
	Apr 2015	Apr 2016	Amount	1 year change %			metro area	US	metro area	US
Federal government	197,633	198,433	800	0.4	0.5	25.8	54.3	7.19	-0.1	-0.02
Local government	38,400	40,233	1,833	4.8	4.6	5.2	11.9	0.20	0.3	0.01
Legal services	28,300	29,167	867	3.1	-0.4	3.8		2.57		0.00
Other Professional and technical	82,500	83,767	1,267	1.5	4.6	10.9	22.8	1.10	-0.2	-0.01
Employment services	14,300	14,767	467	3.3	2.4	1.9	34.0	0.41	0.0	0.00
Other Business services	34,767	34,400	-367	-1.1	-0.4	4.5	18.1	0.45	-0.4	-0.02
Information	16,800	16,933	133	0.8	-0.1	2.2	22.5	0.62	0.6	0.00
Finance	30,300	30,433	133	0.4	0.2	3.9	19.7	0.37	-0.2	0.00
Organizations	63,000	62,767	-233	-0.4	0.1	8.1	35.4	2.13	-1.1	-0.01
Education	64,833	65,133	300	0.5	-0.3	8.5	53.1	1.77	-2.4	-0.08
Health	66,367	67,533	1,167	1.8	0.9	8.8	22.2	0.35	-0.3	-0.01
Food service	49,400	51,367	1,967	4.0	5.2	6.7	22.3	0.46	0.0	0.01
Accommodations	15,033	15,300	267	1.8	0.0	2.0	37.2	0.82	1.2	0.00
Amusement and recreation	7,633	7,800	167	2.2	2.1	1.0	18.1	0.38	-2.5	-0.02
Retail trade	21,833	23,567	1,733	7.9	6.0	3.1	8.5	0.15	0.5	0.01
Wholesale trade	4,933	4,767	-167	-3.4	-1.7	0.6	7.8	0.08	-0.3	0.00
Construction	13,733	14,167	433	3.2	1.1	1.8	9.3	0.22	-0.3	-0.01
Personal and miscellaneous ser.	7,700	7,500	-200	-2.6	0.0	1.0		0.29		-0.01
Other private	5,633	6,067	433	7.7	9.3	0.8	5.1	0.03	0.3	0.00
Total	763,100	774,100	11,000	1.4	1.6	100.5	24.0	0.54	-0.2	0.00
Public sector	236,033	238,667	2,633	1.1	1.2	31.0	34.1	1.07	0.0	0.01
Private sector	527,067	535,433	8,367	1.6	1.7	69.5	21.2	0.44	-0.3	0.00

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 and unemployment

DC resident employment growth rises to more than 12,000 per year

- In April DC resident employment was up 12,043 (3.4%) from a year earlier (3-mo. moving average). The labor force grew by 9,520 (2.5%).
- The seasonally unadjusted unemployment rate fell to 5.5%, while the seasonally adjusted went down to 6.4%. Seasonally adjusted employment grew by 5,779 in April from March.
- April initial unemployment insurance claims were down 6.4% from last year (3-month moving average).

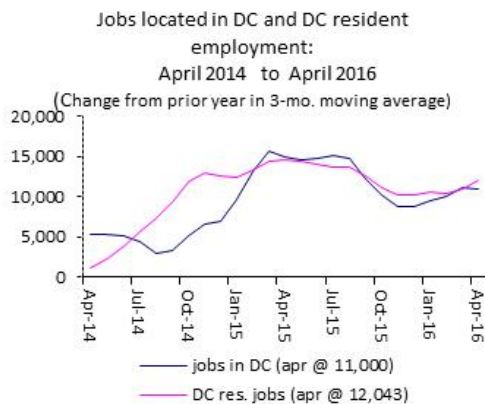
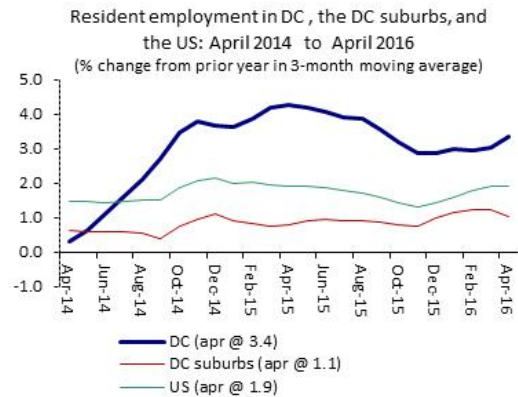


Table 5. Unemployment rates for DC, metro area, and US: April 2016

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	Apr. 2015	Apr. 2016	Apr. 2015	Apr. 2016
US	5.1	4.7	5.4	5.0
DC	6.5	5.5	7.1	6.4
DC metro area	3.9	3.3	na	na
DC suburbs	4.3	3.7	na	na

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

Table 6. Resident employment and unemployment: April 2016

Indicator	FY 2012	FY 2013	FY 2014	FY 2015	12-mo avg	3-mo. avg.	This month
DC Labor force summary							
Resident employment	325,712	341,727	345,573	358,984	365,487	370,204	374,168
1 year change	11,026	16,015	3,846	13,410	11,904	12,043	14,603
% change	3.5	4.9	1.1	3.9	3.4	3.4	4.1
Labor Force	359,327	374,045	375,222	386,668	391,379	394,826	395,952
1 year change	9,639	14,718	1,177	11,447	8,844	9,520	11,450
% change	2.8	4.1	0.3	3.1	2.3	2.5	3.0
Unemployed	33,615	32,317	29,648	27,685	25,892	24,622	21,784
1 year change	-1,387	-1,298	-2,669	-1,963	-3,061	-2,523	-3,153
% change	-4.0	-3.9	-8.3	-6.6	-10.6	-9.3	-12.6
Unemployment rate	9.4	8.7	7.9	7.2	6.6	6.2	5.5
DC Unemployment insurance (state program)							
Initial claims (monthly avg.)	1,784	1,915	1,851	1,596	1,493	1,244	1,281
1 year change	-317	131	-64	-255	-171	-85	-103
% change	-15.1	7.3	-3.3	-13.8	-10.3	-6.4	-7.4
Weeks compensated (mo. avg.)	45,170	42,862	42,133	32,811	30,985	29,876	25,818
1 year change	-1,253	-2,308	-729	-9,322	-4,943	-2,135	-2,614
% change	-2.7	-5.1	-1.7	-22.1	-13.8	-6.7	-9.2

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

Table 7. Seasonally adjusted DC Resident employment and unemployment: Nov. 2015 to Apr. 2016

Indicator	November	December	January	February	March	April	
DC Resident employment	364,703	364,977	366,350	367,082	368,554	374,333	
change from prior month		424	274	1,373	732	1,472	5,779
% change from prior month		0.1	0.1	0.4	0.2	0.4	1.6
DC Unemployment rate (%)	6.6	6.6	6.5	6.5	6.5	6.4	

Source: BLS seasonally adjusted. April is preliminary.

Wage growth in DC and for DC residents was above the US average at the end of 2015

- Wages and salaries earned in the District of Columbia were 5.3% higher in the December quarter compared to the same quarter of 2014.
- Wages earned by DC residents grew by 4.9% in the December quarter compared to last year.
- In the December quarter, DC Personal Income grew 4.9%, above the US increase (4.0%).
- Federal wages and salaries were \$1.07 billion (4.9%) higher in December than a year earlier.
- In the December quarter, private sector wages and salaries earned in DC grew by \$2.20 billion over the prior year, a 5.4% gain.

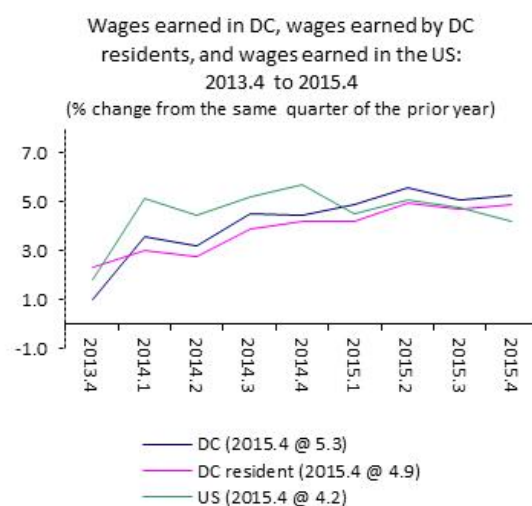


Table 8. DC Wages and Personal Income: December 2015
(\$ billion at seasonally adjusted annual rates unless otherwise noted)

Indicator	FY 2012	FY 2013	FY 2014	FY 2015	4-qr. moving avg.	Latest qtr. (Dec.)
Wages and salaries earned in DC	60.65	62.07	63.97	67.17	68.03	69.00
1 year change	1.13	1.41	1.90	3.20	3.37	3.45
% change	1.9	2.3	3.1	5.0	5.2	5.3
Supplements to wages & salaries	16.50	16.44	17.24	18.12	18.33	18.53
% change	0.9	-0.4	4.8	5.1	5.2	4.9
Proprietors' income earned by DC residents*	5.87	5.85	5.98	6.37	6.45	6.59
% change	5.9	-0.3	2.2	6.4	6.2	5.5
Wages and salaries of DC residents***	20.77	21.69	22.34	23.35	23.63	23.99
change from one year ago	0.91	0.92	0.65	1.01	1.06	1.11
% change	4.6	4.4	3.0	4.5	4.7	4.9
Income earned by DC residents	29.7	30.3	31.1	32.7	33.1	33.6
% change	4.9	2.0	2.8	5.0	5.1	5.0
Property income of DC residents	7.78	8.26	8.48	8.77	8.88	9.00
% change	11.0	6.2	2.6	3.5	3.9	4.8
Pensions and other transfer of DC residents	5.73	5.90	6.01	6.03	6.10	6.20
% change	-0.3	2.8	1.9	0.4	2.1	4.6
DC Personal Income**	43.21	44.44	45.63	47.50	48.07	48.83
1 year change	2.14	1.23	1.18	1.87	2.05	2.29
% change	5.2	2.8	2.7	4.1	4.5	4.9
US Personal income (% change from prior year)	4.6	3.0	2.9	4.7	4.4	4.0
US Wages and salaries(% change from prior year)	3.4	3.9	4.1	5.0	4.6	4.2
<i>Addendum: Change from prior year in wages earned in DC by sector</i>						
Private sector (1 yr ch, \$B)	1.35	1.79	1.33	2.15	2.11	2.20
Federal government (1 yr ch, \$B)	-0.37	-0.43	0.48	0.85	1.01	1.07
DC res. wages as % of wages earned in DC	34.2	34.9	34.9	34.8	34.7	34.8

* 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 24, 2016

Single family and condominium housing

Sales of both single family and condominium units are well above a year ago

- The 3-month moving total of single family home sales in April was up 8.7% from a year earlier, and the average selling price was 0.8% higher. The year-to-date median sales price (\$637,500) was up 2.0% from the prior year.
- April condominium sales were up 8.3% from last year as measured by the 3-month moving total, and the average selling price was 2.5% higher. The year-to-date median sales price (\$430,000) was unchanged from last year.
- The total value of all home sales in April moved up to 7.2% above last year as measured by the 12-month moving total.
- The increase in DC home prices slowed in the March quarter, according to the Federal Housing Finance Agency Index of single-family same-property transactions. DC's gain over the prior year was 2.8%. The US index was up 5.6%. The Washington metropolitan area gain was only 0.8%.

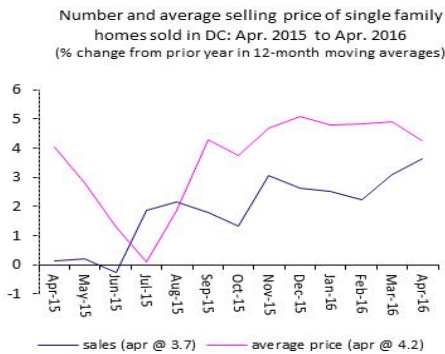


Table 9. D.C. Residential Real Estate Indicators: April 2016

Indicator	FY 2012	FY 2013	FY 2014	FY 2015	12-mo moving total or average	3-mo moving total or average	This month
Number of sales (settled contracts)							
Single family	3,563	3,979	4,024	4,097	4,201	975	381
1 year change	-237	416	45	73	148	78	37
% change	-6.2	11.7	1.1	1.8	3.7	8.7	10.8
Condo	2,784	3,487	3,592	3,832	3,901	917	390
1 year change	315	703	105	240	195	70	23
% change	12.8	25.3	3.0	6.7	5.3	8.3	6.3
Total	6,347	7,466	7,616	7,929	8,102	1,892	771
1 year change	78	1,119	150	313	343	148	60
% change	1.2	17.6	2.0	4.1	4.4	8.5	8.4
Average prices of units that sold							
Single family (\$)	630,109	712,799	736,362	767,870	788,013	745,142	782,819
1 year change	29,083	82,690	23,563	31,508	32,049	5,629	-13,034
% change	4.8	13.1	3.3	4.3	4.2	0.8	-1.6
Condo (\$)	429,611	447,827	472,419	499,650	492,488	491,609	484,554
1 year change	6,245	18,216	24,592	27,232	1,805	12,143	21,259
% change	1.5	4.2	5.5	5.8	0.4	2.5	4.6
Total value of all sales (\$ million)							
	3,441.1	4,397.8	4,660.0	5,060.6	5,231.6	1,177.3	487.2
1 year change	111.9	956.7	262.2	400.6	349.2	107.9	43.4
% change	3.4	27.8	6.0	8.6	7.2	10.1	9.8
Ratio: active inventory to sales							
Single family	2.3	1.6	1.6	1.5	1.4	1.3	1.2
Condo	2.9	1.7	1.9	1.7	1.7	1.6	1.5

Median contract prices, CY to date in April 2016 : single family \$637,500 (2.0% 1 yr ch); condo \$430,000 (0.0% 1 yr ch)

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

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

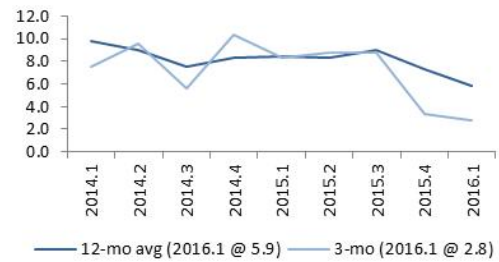
Single family and condominium housing

Table 10. Federal Housing Finance Agency Price Index for single family property in DC, DC metro area, and US: March 2016 (2016.1)

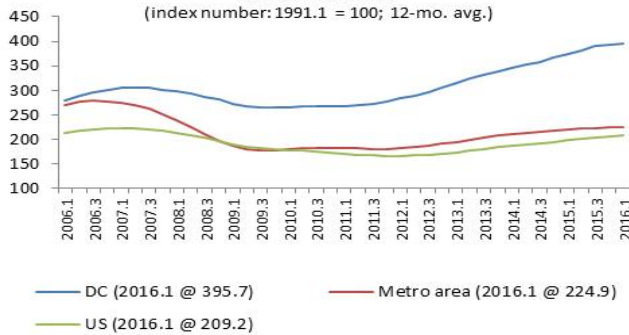
Indicator	Fiscal year average				Last 2 Q's	
	FY 2012	FY 2013	FY 2014	FY 2015	2015.4	2016.1
% change from prior year in value of index						
DC	8.2	12.8	7.5	9.0	3.4	2.8
DC metro area	3.4	8.7	6.0	3.7	2.2	0.8
US	0.8	6.9	6.5	6.0	5.6	5.6

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 price, measuring the average price changes in repeat sales or refinancings of the same properties. This information is estimated using Enterprise, FHA, and Real Property County Recorder data licensed from DataQuick.

FHFA Expanded-data housing price index for DC:
2014.1 to 2016.1
(% change from prior year in 3-mo and 12-mo avg)



FHFA expanded-data housing price index for DC, the Washington Metropolitan Area, and the US:
2006.1 to 2016.1
(index number: 1991.1 = 100; 12-mo. avg.)



FHFA expanded-data housing price index for DC, the Washington Metropolitan Area, and the US:
2013.1 to 2016.1
(% change from prior yr. in the 12-mo. moving avg.)

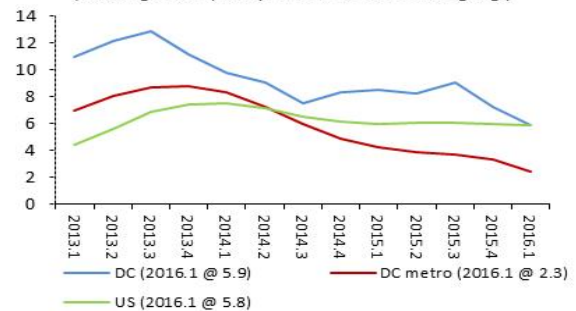


Table 11. D.C. Single family and condominium home sales at prices of \$1 million or more: April 2016

Category	FY 2013	FY 2014	FY 2015	12-mo	3-mo	This month
				moving total	moving total	
Single family homes	689	734	765	830	186	82
1 year change	231	45	31	63	15	7
% change	50.4	6.5	4.2	8.2	8.8	9.3
percent of all single family sales	17.3	18.2	18.7	19.8	19.1	21.5
Condominiums	112	128	160	146	35	13
1 year change	40	16	32	-6	2	1
% change	55.6	14.3	25.0	-3.9	6.1	8.3
percent of all condominium sales	3.2	3.6	4.2	3.7	3.8	3.3

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

Table 12. Single family housing permits in DC and sales of new DC condominium units: FY 2012 to 2016.1

	Single family housing permits	Sales of new condo units
FY 2012	236	479
FY 2013	368	442
FY 2014	267	516
FY 2015	293	483
12-mo. ending:		
2016.1	334	544
1 yr ch	102	29
% ch.	44.0	5.6

Source: Census Bureau (permits), and Delta Associates (condo sales)

Table 13. Condominium units (1) currently being marketed or under construction, or (2) planned: March 2016

item	projects	units	Avg. units per project
Unsold units in projects currently marketing or under construction	43	1,301	
Planned with probable sales within 36 months	21	1,801	86
subtotal	64	3,102	
Proposed/rumored with long term delivery	18	1,222	68

Note: an additional 12,840 units in 24 projects are planned as either condominium or rental

Source: Delta Associates. See p.11 For definition of planned and proposed.

Population and apartments

In the first quarter of 2016, inventory, number of occupied units, and rents increased. The vacancy rate also increased, and construction slowed slightly

- In March occupied apartment units increased 4,288 (2.6%) from a year earlier; inventory was up 3,983 (3.6%).
- The vacancy rate was 3.6%, up from 3.3% in Dec., but down from 3.9% a year earlier; rents rose 3.9% over the prior year.
- 10,866 apartment units were under construction in March, down 929 from the prior quarter.

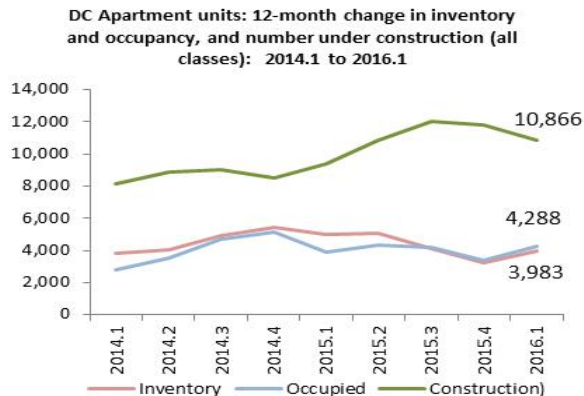


Table 17. Market rate apartment units in DC: 2010 to 2015 (2016.1)

CY	Inventory				Occupied units			Effective monthly rent		Under Construction	
	Buildings	Number	Units		Number	1 yr ch	% ch	\$ per month		Buildings	Units
			1 yr ch	% vacant				per unit	1 yr % ch		
2010	3,191	160,447	1,106	2.8	156,034	2,118	1.4	\$1,423	1.3	18	2,422
2011	3,200	161,984	1,537	2.8	157,524	1,490	1.0	\$1,514	6.4	20	4,774
2012	3,208	164,051	2,067	2.8	159,434	1,910	1.2	\$1,552	2.5	36	8,075
2013	3,223	167,848	3,797	3.4	162,154	2,720	1.7	\$1,595	2.8	50	7,878
2014	3,251	173,283	5,435	3.5	167,278	5,124	3.2	\$1,631	2.3	79	8,533
2015	3,298	176,525	3,242	3.3	170,670	3,392	2.0	\$1,691	3.7	94	11,795
2016.1	3,312	177,628	3,983	3.6	171,198	4,288	2.6	\$1,692	3.9	93	10,866
1 Q change	14	1,103			528			1		-1	-929

Source: CoStar. Includes units in private buildings with 5 or more units. CY amounts are last quarter of the year. Includes some affordable units in market rate buildings. Vacancy rate is unoccupied units as % of inventory

Table 15. DC Population and Households: 2005 to 2015

Calendar year	Population				Households (estimated)			
	Number	Change from prior yr.		Number	Change from prior yr.		% pop/hh ratio	
		number	%		number	%		
2005	567,136	-618	-0.1	253,232	763	0.3	2.24	
2006	570,681	3,545	0.6	254,435	1,204	0.5	2.24	
2007	574,404	3,723	0.7	255,715	1,279	0.5	2.25	
2008	580,236	5,832	1.0	257,928	2,213	0.9	2.25	
2009	592,228	11,992	2.1	262,868	4,941	1.9	2.25	
2010	605,126	12,898	2.2	268,196	5,327	2.0	2.26	
2011	620,472	15,346	2.5	274,519	6,324	2.4	2.26	
2012	635,342	14,870	2.4	280,611	6,092	2.2	2.26	
2013	649,540	14,198	2.2	286,385	5,774	2.1	2.27	
2014	659,836	10,296	1.6	290,422	4,037	1.4	2.27	
2015	672,228	12,392	1.9	295,362	4,940	1.7	2.28	
Change from 10 to 15		67,102	11.1		27,166	10.1	2.47	

Source: U.S. Census Bureau. Estimate is as of July 1 of the year shown. Households estimated by ORA based on DC Office of Planning data.

Apartments and housing permits

Housing permits at about 4,700 for the past year

- For the the 12-month period ending April, 4,666 housing permits were issued, up 20.1% from a year ago; the 3-month total was, however, 32.1% lower than last year.
- Class A units account for 23% of all apartment units, 22% of the occupied units, and 94% of new construction.
- Class A vacancy rate of 8.2% in March was down from 8.5% a year earlier. Average rent per unit was up 2.5% from the prior year.
- Delta expects 5,931 deliveries in the coming year, with substantial fall off in the following two years.

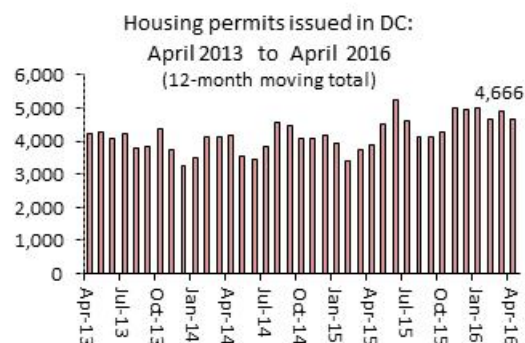


Table 16. Delta Associates apartment summary and forecast: March 2016 (Class A)

Deliveries, last 12 months	1,761
Net absorption, last 12 months	3,537
Starts, last 12 months	2,130*
Rent increase, last 12 months	3.2
Under construction or marketing	9,499
Planned for possible delivery in 36 months	7,226
Long term planning or rumored	12,337
New supply, next 3 years	11,306**
New demand for units, next 3 years	8,410

*490 in 2016.1 quarter

**9,499 Already under construction or marketing plus 25% of units in the planning stage.

Note: Deliveries for next 3 years:
 year ending 2017.1 (5,931)
 year ending 2018.1 (2,856)
 year ending 2019.1 (1,363).

For definition of planning and long term planning stages see box on p.11. Source: Delta Associates

Table 14. Housing unit building permits issued in DC: April 2016

	FY 2013	FY 2014	FY 2015	12-mo. moving total	3-month moving total	This month
Total units	3,855	4,467	4,131	4,666	672	25
change from 1 yr ago	-236	612	-336	780	-318	-219
% change from 1 year	-5.8	15.9	-7.5	20.1	-32.1	-89.8
Multi-family projects with 5 or more units						
number	36	32	37	43	8	0
average size	107	140	112	109	84	na

Source: Census Bureau (permits issued during period).

Vacancy rate and 1 year % change in rent for Class A, Class B, and Class C Apartment units: 2014.1 to 2016.1

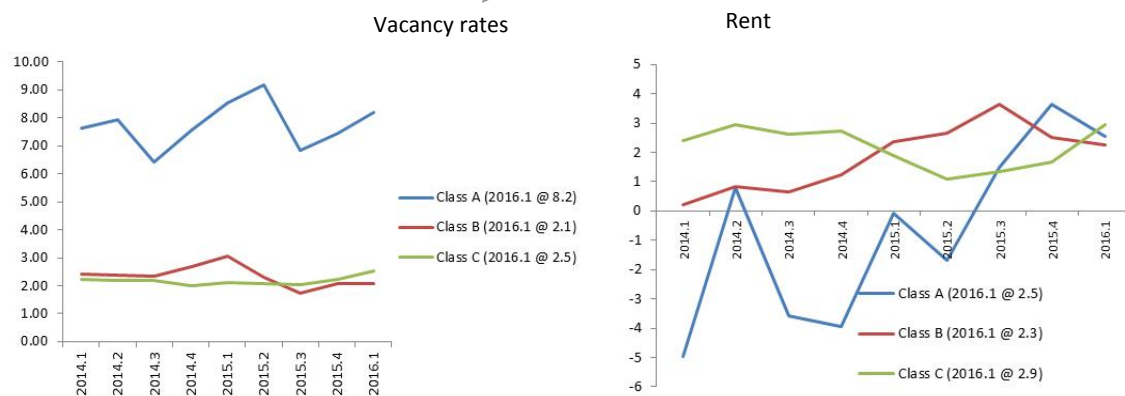


Table 18. Market rate apartment units in DC, Classes A, B, and C: 2016.1

Class	Inventory				Occupied units			Effective monthly rent		Under construction		
	Buildings	Number	1 yr ch	% vacant	Number	1 yr ch	% ch	\$ per month	1 yr % ch	Buildings	Units	Avg. size
Class A	250	40,369	3,816	8.2	37,058	3,628	10.9	\$2,413	2.5	63	10,242	163
Class B	1,016	76,327	177	2.1	74,750	915	1.2	\$1,587	2.3	30	624	21
Class C	2,032	60,684	-10	2.5	59,154	-255	-0.4	\$1,157	2.9	0	-	-

Source: CoStar. Includes units in private sector buildings with 5 or more units. CY amounts are last quarter of the year. Includes some affordable units in market rate buildings. Vacancy rate is unoccupied units as % of inventory.

Commercial office space

Last quarter, occupied commercial office space fell slightly, and the vacancy rate increased slightly

- According to CoStar, for the the 12-month period ending March, occupied occupied space fell 0.1% from the prior year; base rent rose 2.3%.
- Class A office space accounted for 15% of all office buildings, 62% of office space, 61% of occupied space, and 99% of new construction. The vacancy rate for class A space was 12.5%, up from 11.9% in the Dec. quarter and from 12.0% a year ago. Class A rent rose 3.2% over the past year.
- Space under construction in March 2016 (3.29 million square feet in 13 buildings) was 720,000 less than the prior quarter and virtually the same as a year earlier.

DC Commercial office space: 1 year change in inventory and occupancy ,and under construction: 2014.1 to 2016.1 (all classes, msf):



Table 19. DC commercial office space: 2010 to 2016.1

CY (year end)	Buildings	Inventory		Occupied space			Vacancy %		Base rent (direct)		Under constr.	
		Level (msf)	1 yr ch (msf)	Level (msf)	1 yr ch (msf)	% ch	Direct	Total	\$ per sq ft.	1 yr % ch	buildings	msf
2010	2,358	151.48	2.56	134.78	3.16	2.4	10.0	11.0	\$45.61	1.6	6	1.56
2011	2,353	152.38	0.90	135.68	0.91	0.7	10.3	11.0	\$46.15	1.2	9	2.05
2012	2,343	152.12	-0.26	137.16	1.47	1.1	9.2	9.8	\$45.18	-2.1	8	2.23
2013	2,340	152.90	0.78	137.45	0.29	0.2	9.5	10.1	\$46.08	2.0	11	2.12
2014	2,333	152.86	-0.03	136.95	-0.50	-0.4	9.9	10.4	\$47.24	2.5	12	2.35
2015	2,325	153.24	0.38	136.73	-0.22	-0.2	10.3	10.8	\$47.94	1.5	19	4.01
2016.1	2,324	153.33	0.36	136.51	-0.09	-0.1	10.4	11.0	\$48.14	2.3	13	3.29
1 Q ch	-1	0.09		-0.22			0.1	0.2	\$0.20		-6	-0.72

Source: CoStar. All classes, all sizes.

Vacancy rate and 1 year % change in rent for all commercial office space and for Class A office space: 2014.1 to 2016.1



Table 20. DC Class A, B, and C commercial office space: 2016.1

CY (year end)	Buildings	Inventory		Occupied space			Vacancy %		Base rent (direct)		Under constr.	
		Level (msf)	1 yr ch (msf)	Level (msf)	1 yr ch (msf)	% ch	Direct	Total	\$ per sq ft.	1 yr % ch	buildings	msf
Class A	350	94.81	1.13	82.96	0.49	0.9	11.8	12.5	\$52.07	3.2	10	3.26
Class B	860	48.14	-0.69	43.54	-0.58	-1.3	9.0	9.6	\$42.30	1.3	3	0.03
Class C	1,113	10.34	-0.09	10.00	0.00	0.0	3.2	3.3	\$33.18	5.3	0	0.00

Source: CoStar.

Office outlook and value of all property transfers

The value of property transfers now running close to last year's level

•Delta Associates expects the demand for new office space in DC to exceed the new supply over the next two years. DC's share of regional office new supply is estimated at 43% and the share of demand at 37%.

•The value of April property transfers was down 0.4% from last year as measured by the 3-month moving total. The 12-month moving total (\$13.18 billion) was 4.1% lower than last year.

Table 21. Delta Associates outlook for commercial office space: March 2016 (million square feet)

Vacant	9.70
New supply, next 2 years:*	
Under construction	1.60
Part of planned for delivery in 2 yr.	--
Total	1.60
Demand, next 2 years	2.80
Planned for possible delivery in 2 years	8.09
Proposed/rumored with long term delivery	14.03

*Supply for next two years represents office buildings currently under construction and a portion of those planned that could deliver by March 2018.

For definitions of planned and proposed, see box.

Source: Delta Associates.

Table 22. Delta Associates outlook for commercial office space in DC and the surrounding metro area: Mar. 2016 to Mar. 2018

Indicator	DC	No VA	Sub MD	Total	DC % of total
Inventory March 2016					
Inventory (msf)	141.9	179.9	86.0	407.8	34.8
Estimated net activity to March 2018					
new supply (msf)	1.6	1.9	0.2	3.7	43.2
new demand (msf)	2.8	3.6	1.2	7.6	36.8

Source: Delta Associates msf = million square feet

Note: Planned and proposed projects

Planned projects: Permits are filed, a ground-break date is established, size and location is determined, and the project is in one of many phases of the planning process (site plan review, design review, environmental compliance review, zoning, etc.).

Proposed projects: a developer has proposed to build a project (either formally or informally) but has not submitted any plans for review and permits have not yet been filed.

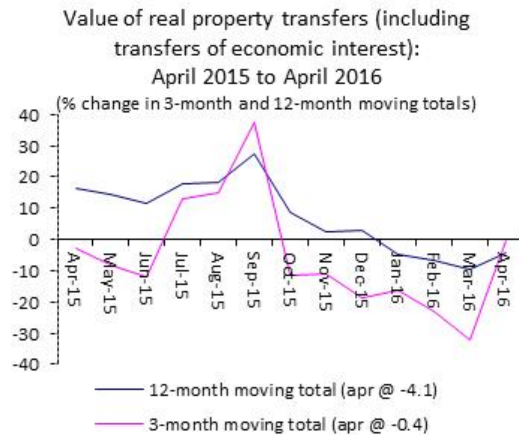
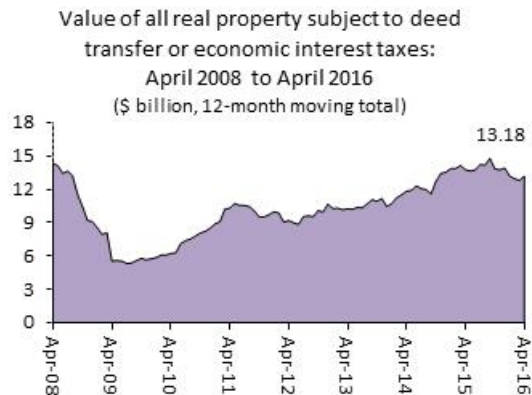


Table 23. Market Value of Real Property transfers subject to the Deed Transfer or Economic Interest tax: April 2016

	FY 2012	FY 2013	FY 2014	FY 2015	12-mo moving total	3-month moving total	This month
All property transfers (\$ million)	9,533.3	11,063.9	11,569.8	14,766.3	13,181.8	2,952.2	1,050.8
change from one year ago (\$M)	-526.2	1,530.6	505.8	3,196.5	-568.0	-12.0	393.9
% change from 1 year ago	-5.2	16.1	4.6	27.6	-4.1	-0.4	60.0

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 sales up 6.5% from a year ago

- In April the 3-month moving total for hotel room-days sold was 2.9% above a year earlier. The average room rate was 3.5% higher, and revenue was up 6.5%.
- Employment in food services was 4.0% more in April than a year earlier as measured by the 3-month moving average. Hotel employment was up 1.8%.
- March airline traffic into the DC area was up 5.4% compared to a year earlier as measured by the 3-month moving total. Reagan National was up 6.5%. For the past 12-months, total traffic into the DC area was 6.6% higher.

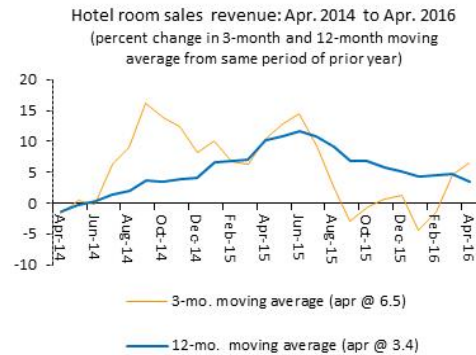
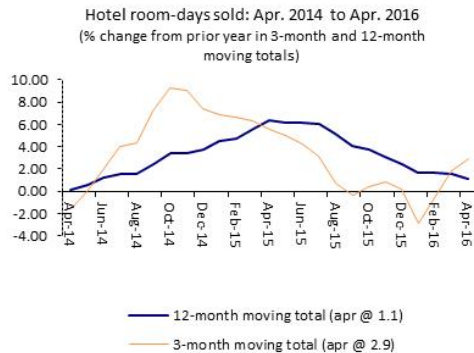


Table 24. Hospitality Industry: April 2016

Indicator	Units	date	FY 2013	FY 2014	FY 2015	12-month moving total or average*	3-month moving total or average*	This month
Hotel stays								
Hotel room-days sold	('M)	apr	7.680	7.869	8.193	8.240	2.146	0.784
	1 yr ch		0.062	0.189	0.324	0.090	0.061	0.009
	1 yr % ch		0.8	2.5	4.1	1.1	2.9	1.2
Average room rate	\$	apr	207.31	209.87	215.35	217.84	242.73	266.95
	1 yr ch		3.74	2.56	5.47	4.89	8.13	7.67
	1 yr % ch		1.8	1.2	2.6	2.3	3.5	3.0
Occupancy rate (average)	%	apr	75.8	76.6	77.5	77.8	83.0	89.2
	1 yr ch		0.5	0.8	0.9	0.7	1.6	0.0
	1 yr % ch		0.6	1.0	1.2	0.9	2.0	0.0
Room revenue	(\$M)	apr	1,592.1	1,651.4	1,764.3	1,795.0	520.9	209.2
	1 yr ch		41.4	59.4	112.8	59.4	31.8	8.4
	1 yr % ch		2.7	3.7	6.8	3.4	6.5	4.2
Airline passengers								
DCA	1 yr % ch	mar	5.5	0.0	10.3	10.2	6.5	8.1
IAD	1 yr % ch	mar	-4.0	-1.9	0.3	1.1	-0.5	2.3
BWI	1 yr % ch	mar	-1.5	-0.5	4.1	8.3	9.7	9.0
Total	1 yr % ch	mar	-0.3	-0.8	4.8	6.6	5.4	6.6
Employment								
Accommodations	level ('000)	apr	15.2	15.2	15.1	15.3	15.3	15.5
	1 yr ch		-0.2	0.0	-0.1	0.0	0.3	0.3
	1 yr % ch		-1.2	-0.2	-0.3	0.2	1.8	2.0
Food and bev	level ('000)	apr	45.1	47.1	49.7	51.0	51.4	52.4
	1 yr ch		2.5	2.0	2.6	2.5	2.0	1.6
	1 yr % ch		5.7	4.3	5.5	5.0	4.0	3.1

* Total for hotel rooms sold and room revenue.

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

US real GDP growth slowed in the first quarter of 2016

● US real GDP growth in the March quarter was 0.8%; nominal growth was 1.4% (seasonally adjusted, annual rates).

● Federal government consumption and investment for all activities was 1.4% higher in the 2016.1 quarter than a year earlier.

● US employment (seas. adj.) increased by 160,000 in April from the month before.

● The US unemployment rate (seas. adj.) stayed at 5.0% in April.

● In April the average S&P 500 index for the month rose 2.6% from March, but was 0.9% below a year earlier.

● Inflation rose slightly in April and was 1.1% above a year earlier.

Quarterly change in US Real and Nominal GDP: 2014.1 to 2016.1 (% change from the previous quarter at annual rates)

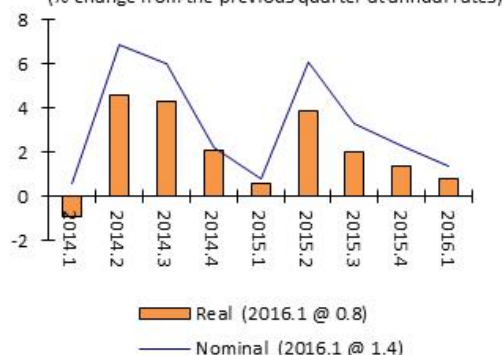


Table 27. Federal government sector, US GDP accounts: 2016.1

(percent change from same period of prior year)

Indicator	FY 2013	FY 2014	FY 2015	12-mo avg	
				2015.1	2016.1
Non-defense					
Compensation of employees	-0.2	1.8	4.2	4.9	4.8
Purchases of goods and services	-5.4	-1.0	0.7	-1.1	0.6
Gross investment	-3.0	-1.6	2.6	3.0	3.4
Defense					
Compensation of employees	-3.5	-0.5	-0.7	0.5	2.0
Purchases of goods and services	-8.5	-9.1	-2.9	-1.7	-3.1
Gross investment	-8.3	-2.8	-3.3	-1.4	2.4
All federal consumption and investment	-3.9	-2.0	-0.1	0.7	1.4

Source: BEA (May 27, 2016). Nominal values.

Federal government consumption and investment and US GDP: 2014.1 to 2016.1

(Nominal.; % change from same quarter of the prior year)



Federal government defense and domestic consumption and investment : 2014.1 to 2016.1

(Nominal.; % change from same quarter of the prior year)

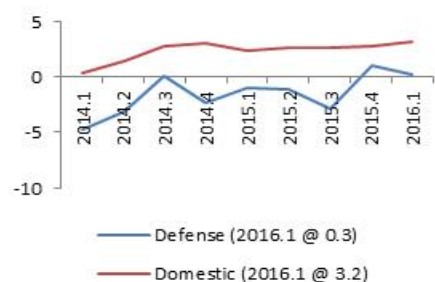


Table 26. Qtr. to Qtr. ch. in US GDP: 2015.1 to 2016.1

(% ch. from previous quarter at seasonally adj. annual rates)

Indicator	2015.1 to 2016.1				
	2015.1	2015.2	2015.3	2015.4	2016.1
US GDP real	0.6	3.9	2.0	1.4	0.8
US GDP nominal	0.8	6.1	3.3	2.3	1.4
Wages and salaries	2.6	5.7	4.0	6.4	4.6
Personal income	3.3	5.2	4.4	4.1	3.7

Note: GDP=Gross Domestic Product Source: BEA, updated May 27, 2016.

Table 25. US GDP, income, and inflation: 2016.1

(percent change from same period of prior year)

Indicator	FY 2013 to 2016.1				
	FY 2013	FY 2014	FY 2015	12-mo avg	2016.1
US GDP real	1.2	2.4	2.6	2.2	2.0
US GDP nominal	2.9	4.2	3.6	3.3	3.3
US Personal income	3.0	3.0	4.7	4.5	4.4
US wages	3.9	4.1	5.0	5.0	5.3
Corporate profits*	3.1	3.0	4.2	0.9	-3.0
S and P stock index	16.7	20.3	9.7	2.2	-2.8
US CPI	1.6	1.6	0.3	0.4	1.1
Balt//Wash. area CPI	1.6	1.7	0.4	0.7	na

Source: BEA (May 27, 2016), BLS, Yahoo.

na= not available. *Before tax, w/o IVV and CCAAdj.

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

Table 28. Monthly selected US Indicators: January 2016 to April 2016

Indicator	January	February	March	April
S and P stock index (level)	1919	1904	2022	2076
% change from prior month	-6.6	-0.7	6.2	2.6
% change from 1 year ago	-5.4	-8.5	-2.8	-0.9
10 yr. Treasury Interest rate (level)	2.08	1.78	1.89	1.80
CPI % ch from prior month (seasonally adjusted)	0.03	-0.17	0.09	0.41
CPI % ch from prior year (seasonally adjusted)	1.34	0.97	0.87	1.14
Jobs (seasonally adjusted level, in millions)	143.31	143.55	143.76	143.92
change from prior month (thousands)	168	233	208	160
% change from prior month	0.12	0.16	0.14	0.11
Resident employment (season. adj. level, in mil.)	150.544	151.074	151.32	151.00
change from prior month (thousands)	615	530	246	-316
% change from prior month	0.41	0.35	0.16	-0.21
Unemployment rate (seasonally adj.)	4.9	4.9	5.0	5.0

Source: BLS and Yahoo! Finance.

DC tax collections

Total DC tax collections (before earmarking):

April 2011 to April 2016

(12-month moving total in \$ million)

April 2016 @ \$6,993M

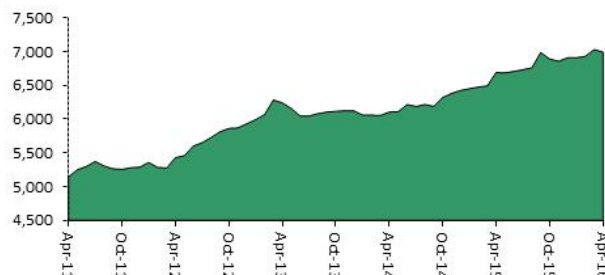


Table 29. Tax Collections (before earmarking): April 2016 (Preliminary)

Tax	Revenue (from CAFR)				Tax collections			
	FY 2012	FY 2013	FY 2014	FY 2015	12-month moving total	FY 2016 to date	3-month moving total	This month
Total taxes	5,853.3	6,100.5	6,290.0	6,916.8	6,993.2	3,866.2	2,340.9	981.7
1 year change	528.0	247.2	189.5	656.9	305.4	9.5	83.8	-36.3
% change	9.9	4.2	3.1	10.0	4.6	0.2	3.7	-3.6
Real property	1,822.0	1,914.8	2,015.6	2,194.5	2,302.3	1,177.3	1,150.0	433.0
1 year change	106.9	92.8	100.7	178.9	210.9	-12.3	74.1	-42.7
% change	6.2	5.1	5.3	8.9	10.1	-1.0	6.9	-9.0
General sales	1,111.0	1,137.9	1,172.1	1,315.3	1,299.3	748.8	306.2	127.0
1 year change	67.6	26.8	34.2	143.2	81.9	45.1	27.7	13.7
% change	9.5	2.4	3.0	12.2	6.7	6.4	10.0	12.1
Individual income	1,490.7	1,640.9	1,679.2	1,868.0	1,856.0	1,097.6	418.7	260.7
1 year change	194.1	150.2	38.3	188.9	31.1	-17.6	-56.5	-30.7
% change	15.0	10.1	2.3	11.2	1.7	-1.6	-11.9	-10.5
withholding	1,321.6	1,391.2	1,472.9	1,553.2	1,594.5	974.3	428.2	146.5
1 year change	129.5	69.6	81.7	80.3	41.8	14.7	-6.2	3.5
% change	10.9	5.3	5.9	5.4	2.7	1.5	-1.4	2.4
non-withholding	169.1	249.6	206.2	314.8	261.5	123.3	-9.5	114.2
1 year change	64.6	80.6	-43.4	108.6	-10.7	-32.3	-50.3	-34.1
% change	61.9	47.7	-17.4	52.6	-3.9	-20.8	-123.2	-23.0
Corporate income	302.9	299.0	280.2	308.0	352.6	219.5	129.1	30.7
1 year change	86.6	-3.9	-18.8	27.8	49.8	35.5	17.8	0.6
% change	40.1	-1.3	-6.3	9.9	16.5	19.3	16.0	1.9
Unincorporated Bus.	163.0	154.3	135.4	139.8	151.0	100.8	64.6	54.3
1 year change	19.6	-8.7	-18.9	4.4	-2.4	2.4	9.3	5.9
% change	13.6	-5.3	-12.3	3.2	-1.6	2.5	16.7	12.2
Deed taxes*	312.5	372.8	391.2	480.6	435.7	236.1	105.5	42.7
1 year change	1.3	60.3	18.4	89.4	-14.3	-44.9	8.2	22.6
% change	0.4	19.3	4.9	22.8	-3.2	-16.0	8.4	113.1
Other taxes	651.1	580.8	616.4	610.6	596.3	286.1	166.9	33.2
1 year change	23.3	-70.4	35.6	-5.8	-51.7	1.2	3.2	-5.8
% change	3.7	-10.8	6.1	-0.9	-8.0	0.4	2.0	-14.9

*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.

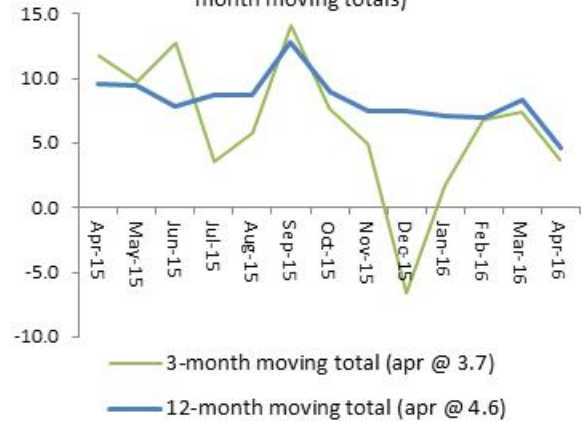
Source: OCFO/OR

Individual income tax collections were down almost 12% in the last 3 months compared to last year

- For the 12 month period ending April total tax collections (before earmarking) were \$305 million (4.6%) more than in the prior year. For the last 3 months they were 3.7% above last year.
- Individual income tax collections were 1.7% above last year for the 12-months ending April and withholding was 2.7% higher. For the past 3 months, withholding was down by 1.4% and all collections were down 11.9%.
- General sales tax collections were 6.7% above last year for the 12-months ending April. For the past 3 months, they were 10.0% above last year.
- Deed tax collections for the 12-months ending April were down 3.2% from last year; for the past 3 months they were up 8.4%.
- Corporate income taxes in April were up 16.5% and unincorporated business income taxes fell 1.6% from last year (12-mo. total).

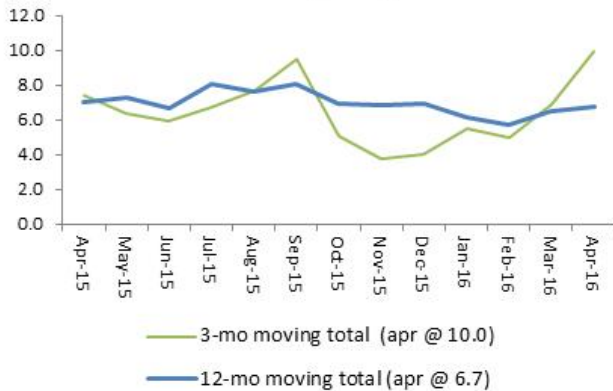
**Total tax collections (before earmarks):
April 2015 to April 2016**

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



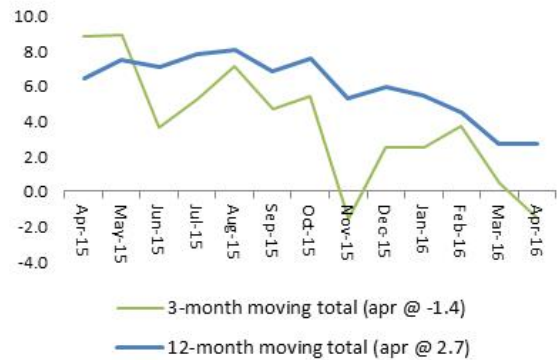
**General Sales tax collections (before earmarks):
April 2015 to April 2016**

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



**Withholding for the Individual Income tax:
April 2015 to April 2016**

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



**General Sales tax and Withholding for the Individual
Income tax:
April 2015 to April 2016**

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



**Deed tax collections (before earmarks):
April 2015 to April 2016**

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



US economic forecasts

The May Blue Chip forecast for the US economy was slightly weaker for FY 2016 and FY 2017

- The May Blue Chip Indicators lowered its forecast for real GDP growth in FY 2016 to 1.8% from 1.9%. The FY 2017 estimate fell to 2.2%. Both years are lower than the actual for 2014 and 2015 (2.4% and 2.6%, respectively).
- The Blue Chip Indicators May forecast for inflation (CPI) : 0.9% for FY 2016 and 2.1% in FY 2017. The FY 2016 estimate is down from 1.0% in the April estimate.
- S&P 500 May baseline Global Insight forecast: 3.9% annual gain in the 4th quarter of 2016 is up from a 2.4% estimate in April. Moody's Analytics expects a 3.3% 4th quarter decline in 2016.

Table 30. Forecasts for US nominal and real GDP:

Fiscal year and date of forecast	FY 2013 through FY 2017 (% change from prior fiscal year)					
	real			nominal		
	Blue Chip	Moody's Analytics	IHS Global Insight	Blue Chip	Moody's Analytics	IHS Global Insight
FY 2013 Actual	1.2	1.2	1.2	2.9	2.9	2.9
FY 2014 Actual	2.4	2.4	2.4	4.2	4.2	4.2
FY 2015 Actual	2.6	2.6	2.6	3.6	3.6	3.6
FY 2016						
February	1.9	2.0	2.1	3.3	3.5	4.0
March	2.0	2.1	2.1	3.3	3.4	4.0
April	1.9	2.0	2.0	3.3	3.4	4.2
May	1.8	1.8	1.7	3.0	3.1	3.1
FY 2017						
February	2.4	3.0	2.9	4.4	5.0	6.5
March	2.4	3.0	2.7	4.3	4.9	6.1
April	2.3	2.8	2.7	4.2	4.7	6.0
May	2.2	2.8	2.5	4.1	4.7	5.7

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

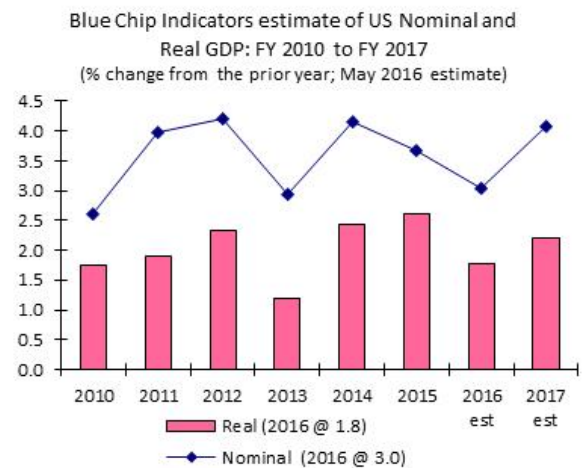


Table 31. CBO estimates of GDP and other indicators: FY 2015 to FY 2018

Indicator	FY 2015	FY 2016	FY 2017	FY 2018
Real GDP (% ch from prior yr.)	2.6	2.3	2.6	2.3
Nominal GDP (% ch from prior yr.)	3.6	3.8	4.3	4.3
CPI (% ch from prior yr.)	0.3	1.0	2.2	2.4
10 yr. Treasury bond rate	2.2	2.6	3.3	3.8
Unemployment rate	5.5	4.8	4.4	4.5

Source: Congressional Budget Office, *The Budget and Economic Outlook: 2016 to 2026*, January 2016

Table 32. Blue Chip forecasts for CPI and 10 year Treasury interest rate: FY 2015 to FY 2017

Forecast date	CPI (% change from prior fiscal year)			10 yr Treasury rate		
	2015	2016	2017	2015	2016	2017
	Feb	0.3	1.0	2.1	2.2	2.3
Mar	0.3	1.0	2.1	2.2	2.2	2.8
Apr	0.3	1.0	2.1	2.2	2.1	2.6
May	0.3	0.9	2.1	2.2	2.0	2.5

Source: Blue Chip Indicators

Table 33. IHS Global Insight forecast for S and P 500: 2014.4 to 2016.4

Forecast date	% change from prior year			% change from prior year		
	2014.4	2015.4	2016.4	2014.4	2015.4	2016.4
	Global Insight: baseline			Global Insight: pessimistic		
February	13.6	2.0	-0.6	13.6	2.0	-38.0
March	13.6	2.0	-0.8	13.6	2.0	-30.8
April	13.6	2.0	2.4	13.6	2.0	-28.5
May	13.6	2.0	3.9	13.6	2.0	-3.3

Source: IHS Global Insight

Table 34. Moody's Analytics forecast for S and P 500: 2014.4 to 2016.4

Forecast date	% change from prior year			% change from prior year		
	2014.4	2015.4	2016.4	2014.4	2015.4	2016.4
	Economy.com baseline			Economy.com pessimistic		
February	13.6	2.0	-2.0	13.6	2.0	-6.4
March	13.6	2.0	-3.6	13.6	2.0	-7.9
April	13.6	2.0	3.9	13.6	2.0	-6.6
May	13.6	2.0	-3.2	13.6	2.0	-6.6

Source: Moody's Analytics (Economy.com.)

May baseline forecasts for DC: continued growth in FY 2016 and FY 2017.

●**Employment:** Employment forecasts for FY 2016 are close to FY 2015 actual, with slower gains in FY 2017. The growth in the number of employed DC residents is close to the number of new jobs located in DC. DC's unemployment rate expected to stay about 6.5% in FY 2016.

●**Income.** Although similar in their job outlooks, Global Insight and Moody's Analytics differ in their outlook for income. Global Insight estimates DC Personal Income will be higher in FY 2016 and FY 2017 than it was in FY 2015; Moody's Analytics says it will be lower each year. Global Insight's Personal Income growth for DC is above the national average, whereas Moody's Analytics shows it below the US average.

Table 35. Jobs in DC: forecasts for FY 2014 to FY 2017

(amount of change from prior year, in thousands of jobs)

Date of estimate	Global Insight: baseline				Global Insight: pessimistic				Moody's Analytics: baseline				Moody's Analytics: pessimistic			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Feb	6.0	11.3	10.8	5.7	6.0	11.3	10.0	0.0	6.0	11.3	9.4	6.4	6.0	11.3	8.1	-0.4
Mar	6.0	11.3	10.8	6.5	6.0	11.3	9.8	0.1	6.3	12.5	10.3	7.8	6.3	12.5	4.0	-1.0
Apr	6.3	12.5	11.4	8.1	6.3	12.5	10.5	1.6								
May	6.3	12.5	10.8	7.5	6.3	12.5	10.4	3.4	6.3	12.5	9.8	7.5	6.3	12.5	9.4	1.4

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

Table 36. DC Resident employment: forecasts for FY 2014 to FY 2017

(amount of change from prior year, in thousands of jobs)

Date of estimate	Global Insight: baseline				Global Insight: pessimistic				Moody's Analytics: baseline				Moody's Analytics: pessimistic			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Feb	3.4	11.7	10.6	7.2	3.4	11.7	10.3	4.6	3.4	11.7	9.8	6.3	3.4	11.7	9.1	3.7
Mar	3.4	11.7	10.5	7.6	3.4	11.7	10.1	4.3	3.9	13.3	9.5	6.9	3.9	13.3	9.8	4.8
Apr	3.9	13.3	8.9	7.5	3.9	13.3	8.6	4.0								
May	3.9	13.3	9.1	7.3	3.9	13.3	8.9	5.0	3.9	13.3	9.0	6.4	3.9	13.3	8.8	3.7

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

Table 37. DC Personal Income: forecasts for FY 2014 to FY 2017

(percent change from prior year)

Date of estimate	Global Insight: baseline				Global Insight: pessimistic				Moody's Analytics: baseline				Moody's Analytics: pessimistic			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Feb	2.7	4.2	4.7	5.3	2.7	4.2	4.3	2.2	2.7	4.2	3.6	1.5	2.7	4.2	3.0	-0.2
Mar	2.7	4.2	4.8	5.4	2.7	4.2	4.0	0.5	2.7	4.2	3.8	1.5	2.7	4.2	2.1	-0.5
Apr	2.7	4.1	4.9	5.2	2.7	4.1	4.0	0.3								
May	2.7	4.1	5.0	4.9	2.7	4.1	5.1	5.3	2.7	4.1	3.7	1.5	2.7	4.1	3.6	-0.4

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

Table 38. May forecasts for employment and Personal Income for DC, the metro area, and the US: FY 2014 to FY 2017

(percent change from prior year)

Indicator	Global Insight				Moody's Analytics			
	2014	2015	2016	2017	2014	2015	2016	2017
Wage and salary jobs								
DC	0.8	1.7	1.4	1.0	0.8	1.7	1.3	1.0
Metro area					0.4	1.6	2.1	1.5
US	1.8	2.1	1.9	1.6	1.8	2.1	1.9	1.7
Personal Income								
DC	2.7	4.1	5.0	4.9	2.7	4.1	3.7	1.5
Metro area					0.7	3.8	3.3	3.7
US	3.0	4.7	3.8	4.5	3.0	4.7	4.0	5.6

Source: IHS Global Insight and Moody's Analytics. Baseline forecasts

Table 39. May DC forecasts for wages and unemployment: FY 2014 to FY 2017

(percent change from prior year)

Global Insight				Moody's Analytics			
2014	2015	2016	2017	2014	2015	2016	2017
Wages and salaries earned in DC							
3.1	5.0	4.6	4.3	3.1	5.0	4.3	3.5
DC resident wages and salaries							
3.0	4.5	5.6	5.6	3.0	4.5	3.4	-1.7
DC Unemployment rate (level)							
7.9	7.2	6.5	6.2	7.9	7.2	6.6	6.7

Source: IHS Global Insight and Moody's Analytics (Economy.com). Baseline forecasts.

DC revenue estimate

The February revenue estimate: \$31 million less in FY 2016 than in FY 2015, followed by a \$244 million increase in FY 2017

● Anticipated tax revenue decline (before earmarks) is 0.4% in FY 2016, followed by a 3.5% increase in FY 2017. The estimates reflect growth in the DC economy, but the decline in FY 2016 results from a one-time revenue gain in FY 2015 from settlement payments for past due sales taxes from on-line hotel bookings, extraordinary gains from certain taxes, and the effects of scheduled tax cuts enacted in September 2015.

● Real property tax growth of \$163 million in FY 2016 is offset by decreases in other taxes in that year. Real property is also the leading source of revenue gain in FY 2017. Individual income tax revenue increased 11.2% in FY 2015, but is estimated to fall 0.6% in FY 2016 reflecting both tax cuts and extraordinary capital gains in FY 2015. Sales (due to the hotel booking settlement), deed taxes, and business income are projected to fall in FY 2016.

● As a share of DC Personal Income, tax revenue in FY 2016 is expected to fall to 13.9% compared from 14.6 in FY 2015.

Table 40. DC Tax Revenue (before earmarks) for FY 2014 through FY 2017: February 2016 revenue estimate

Tax	FY level (\$ million)				Change from prior year (\$ M)				% change from prior year			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Real property	2,015.6	2,194.5	2,357.2	2,456.7	100.7	178.9	162.7	99.5	5.3	8.9	7.4	4.2
Deed taxes	391.2	480.6	361.2	367.7	24.0	89.4	-119.4	6.5	6.5	22.8	-24.8	1.8
General sales	1,172.1	1,315.3	1,290.8	1,344.4	34.2	143.2	-24.4	53.5	3.0	12.2	-1.9	4.1
Individual income	1,679.2	1,868.0	1,857.0	1,930.4	38.3	188.9	-11.1	73.4	2.3	11.2	-0.6	4.0
Withholding	1,472.9	1,553.2	1,615.0	1,678.9	81.7	80.3	61.7	64.0	5.9	5.5	4.0	4.0
non-withholding	206.2	314.8	242.0	251.5	-43.4	108.6	-72.8	9.5	-17.4	52.7	-23.1	3.9
Business income	415.6	447.8	420.9	427.7	-37.7	32.2	-26.9	6.8	-8.3	7.8	-6.0	1.6
Other	616.4	610.6	599.0	603.5	30.1	-5.8	-11.7	4.6	5.1	-0.9	-1.9	0.8
Total	6,290.0	6,916.8	6,886.1	7,130.5	189.5	626.9	-30.8	244.4	3.1	10.0	-0.4	3.5

Source: ORA. February 26, 2016 revenue estimate under existing legislation. Deed taxes include economic interest. The table includes tax revenue only, before all earmarks, and excludes all non-tax revenues, lottery, and "O-type" earmarked revenues. FY 2014 and FY 2015 are from the CAFR.

Table 41. DC labor market assumptions: FY 2014 to FY 2017

item	2014	2015	2016	2017
Wage and salary employment	751,483	762,800	772,403	778,754
1 year change	6,000	11,317	9,603	6,351
% change	0.8	1.5	1.3	0.8
DC resident employment	344,826	356,540	365,433	370,564
1 year change	3,434	11,714	8,893	5,130
% change	1.0	3.4	2.5	1.4
Unemployment rate	7.9	7.4	6.5	6.4

Source: ORA February 2016 revenue estimate.

Table 42. DC Income and stock market assumptions: FY 2014 to FY 2017 (% change from prior year)

item	2014	2015	2016	2017
Wages and salaries earned in DC	3.1	5.1	4.2	3.9
Wages and salaries earned by DC residents	3.0	4.6	4.5	4.0
DC Personal income	2.7	4.2	4.0	4.2
S and P 500 stock index	13.6	2.0	0.5	3.5

Source: ORA February 2016 revenue estimate. Stock index, on a calendar year basis, represents the % change from the December quarter of the prior year.

Table 43. DC tax revenue (before earmarks) and DC Personal Income: FY 2009 to FY 2018

item	2009	2010	2011	2012	2013	2014	2015	2016 est	2017 est	2018 est	
Tax revenue (\$ million)											
Level		5,052	5,005	5,325	5,853	6,100	6,290	6,917	6,886	7,130	7,381
Change from prior year		-273	-47	320	528	247	189	627	-31	244	251
Percent change from prior year											
Tax revenue		-5.1	-0.9	6.4	9.9	4.2	3.1	10.0	-0.4	3.5	3.5
Personal Income		-0.7	1.5	8.0	5.2	2.8	2.7	4.2	4.0	4.2	4.7
Tax revenue as percent of Personal Income											
		13.5	13.2	13.0	13.5	13.7	13.8	14.6	13.9	13.8	13.7

Source: ORA. February 26, 2016 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.

Wage and salary employment located in DC. DC employers added 45,467 wage and salary jobs from April 2012 to April 2016, about the same number of jobs as the increase in resident employment. These new jobs could certainly be a source of employment for additional DC residents. Although DC’s jobs grew a little faster than those in the suburbs, there was, however, nothing very unusual about this increase. DC’s share of the new jobs in the metropolitan area over the past four years (26.6%) was close to its recent average share of all metropolitan area jobs (about 24%).

A growing job base no doubt helps to attract workers to the District of Columbia, but job growth in DC cannot explain why employed residents grew by 14.3% while jobs grew 6.2%. It should be noted that from April 2012 to April 2016 the percentage increase in resident employment (6.6%) in the US economy was actually a little less than the 7.5% wage and salary job growth, and the Washington metropolitan area growth pattern was similar, albeit a little slower—4.6% for resident employment and 5.6% jobs.

Wage and salary jobs by place of work in DC and in the Washington metropolitan area: April 2012 to April 2016

	Level		
	April 2012	April 2016	change
DC	728,633	774,100	45,467
Metro area	3,035,133	3,206,167	171,033
DC % of metro area	24.0	24.1	26.6

Source: BLS

Unemployment. DC unemployment declined by 8,481 from April 2012 to April 2016, which represents about 18% of the increase in resident employment. However, falling unemployment cannot explain why resident employment increased so much faster in DC than elsewhere. DC’s percentage decline in unemployment was less than in the Washington metropolitan area suburbs and the US.

Looked at another way, over the past four years, it took an increase of 5.5 DC employed residents to reduce unemployment by one (46,381 increase in resident employment divided by 8,481 decline in unemployment). In the US the ratio was 2.1 new employed resident for every decline of one in unemployment, and in the suburbs the ratio was 1.9 new employed resident for every reduction of one in unemployment.

Percent change in resident employment, labor force, population, and unemployment in DC, the DC suburbs, and the US: April 2012 to April 2016

	Resident employment	Labor force	Population	Unemployment
US	6.6	2.9	3.2	-37.9
Metro area	4.6	2.5	5.1	-31.5
DC	14.3	10.6	7.5	-25.6
Suburbs	3.5	1.5	4.8	-32.7

Source: BLS and Moody's Analytics (population). Population is from 2012.1 to 2016.1

Resident employment in DC and in the Washington metropolitan area: April 2012 to April 2016

	Level		
	April 2012	April 2016	change
DC	323,823	370,204	46,381
Metro area	3,025,829	3,166,460	140,631
DC % of metro area	10.7	11.7	33.0

Source: BLS

Unemployment in DC and in the Washington metropolitan area: April 2012 to April 2016

	Level		
	April 2012	April 2016	change
DC	33,103	24,622	-8,481
Metro area	187,869	128,707	-59,162
DC % of metro area	17.6	19.1	14.3

Source: BLS

Labor force dynamics. By definition, the increase in resident employment must be equal to the sum of the reduction in unemployment plus the increase in the labor force. Consequently, over 80% of the growth in resident employment is accounted for by labor force growth.

Components of change in DC resident employment from April 2012 to April 2016

component	Amount of change	% of total
Reduction in unemployment	8,481	18.3
Labor force increase	37,901	81.7
Resident employment	46,381	100.0

Source: BLS. Detail does not add due to rounding.

Along with resident employment, the increase in DC’s labor market represents another unusual change over the past four years. The 10.6% increase in DC’s labor force was 3.7 times greater than in the US (2.9%) and more than 7 times greater than in the suburbs (1.5%). With about 12 percent of the region’s labor force, DC accounted for 46.5% of the region’s increase over the past four years.

Labor force in DC and in the Washington metropolitan area: April 2012 to April 2016

	Level		
	April 2012	April 2016	change
DC	356,925	394,826	37,901
Metro area	3,213,698	3,295,167	81,470
DC % of metro area	11.1	12.0	46.5

Source: BLS

Population in DC and in the Washington metropolitan area: April 2012 to April 2016

	Level		
	2012.1	2016.1	change
DC	631,600	678,700	47,100
Metro area	5,849,500	6,148,900	299,400
DC % of metro area	10.8	11.0	15.7

Source: Moody's Analytics

Population growth is the principal reason why DC’s labor force is rising so significantly. Over the past four years DC’s population grew 7.5%, compared to 4.8% in the suburbs and 3.2% in the US. If DC’s labor force had grown at the same rate as population, the labor force would have grown by 26,617. This growth in labor force due strictly to population would account for about 70% of the 37,901 labor force increase, and 57% of the 4 year increase in DC resident employment. About 30% of the labor force increase, however, is related to factors other than population growth. These factors cannot be explained by this data. For example, DC’s rising population may have an unusually large share of people in the labor force. Or the entire population may be changing so that the proportion persons in the labor force is rising. Or rising employment opportunities may be pulling more of the people who have left the labor force into DC’s labor market, although it is not obvious why this should be more true in DC than elsewhere.

Components of change in DC resident employment showing impact of population and other reasons for labor force growth: April 2012 to April 2016

component	Change in resident employment	Percentage of change
Reduction in unemployment	8,481	18.3
Increase in labor force at same rate as population growth (7.5%)	26,617	57.4
Other reasons for labor force growth	11,284	24.3
Total	46,381	100.0

Source: BLS and Moody's Analytics (for population). Population is for the March quarters of 2012 and 2016. Detail does not add due to rounding.

Where do the additional DC employed residents work? The BLS data used in this survey do not indicate the place of employment for DC residents. The increase in DC resident employment from April 2012 to April 2016 is the result of some combination of (1) a portion of the increase in new wage and salary jobs added in DC, (2) DC residents filling jobs formerly held by commuters who retired or otherwise left their positions, (3) additional DC residents commuting to the suburbs, and (4) additional DC workers who report they are working but are not as wage and salary employees.

The importance of commuting patterns is underscored by trends in suburban jobs and resident employment over the April 2012 to April 2016 period. During those four years suburban resident employment growth was far below the percentage change in jobs located in the suburbs (3.5% v 5.4%), and the increase in wage and salary jobs exceeded the growth of resident employment by more than 30,000. This difference between job growth and resident employment growth in the suburbs would appear to provide employment opportunities for DC residents commuting to the suburbs—and employment opportunities as well for persons commuting from outside of the Washington DC metropolitan area. In addition, the relatively slow growth in the suburban labor force could indicate a slowing of interest in commuting to the District of Columbia.

**Labor market changes in the suburban areas of the Washington DC metropolitan area:
April 2012 to April 2016**

	Level		Change over period	
	April 2012	April 2016	number	%
Wage and salary jobs	2,306,500	2,432,067	125,567	5.4
Resident employment	2,702,006	2,796,256	94,250	3.5
Labor force	2,856,772	2,900,341	43,569	1.5
Unemployment	154,766	104,085	-50,681	-32.7

Source: BLS

—Stephen Swaim, DC Office of Revenue Analysis

Note about data:

This analysis of labor market trends in the US and the DC area covers the period from April 2012 to April 2016, a time that includes the most recent four years of recovery from the Great Recession. (Recovery from the recession officially began in June 2009.) The analysis uses data from two Bureau of Labor Statistics surveys that are conducted each month: (1) wage and salary employment data by place of work and (2) labor market data by place of residence, which includes labor force, resident employment, and unemployment. The data for April 2012 and April 2016 are three month averages for February, March, and April. Population data for the first quarters of 2012 and 2016 are from Moody's Analytics.

It should be noted that the data presented here can be revised as Census and BLS sort through additional information that becomes available to them.

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."

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

Recent ORA reports:

Revised revenue estimate, February 26, 2016.

Tax expenditure report, May 2014. Comprehensive description of all DC tax expenditures.

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

DC Tax Facts, 2015. Details on all DC taxes.

Tax Rates and Tax Burdens 2014 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 2014 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 44. Information sources

Indicator	Source	Period covered in this report	Next release
D.C. Jobs and Labor Force information	BLS	April	June 17
D.C. Personal Income	BEA	2015.4	June 22
D.C. Tax Collections	OTR/ORA	April	c. June 15
D.C. Housing Sales	MRIS*	April	c. June 10
D.C. Commercial Office Building data	CoStar and Delta	2016.1	c. July 10
DC Apartment data	CoStar and Delta	2016.1	c. July 10
D.C. Hotel stay information	Smith Travel Research	April	c. June 20
Consumer Price Index	BLS	April	June 16
U.S. Jobs and Labor Force	BLS	April	June 3
U.S. GDP and Personal Income	BEA	2016.1	June 28
S and P 500 Stock Index	Financial press	April	May 1
Interest rate on 10-Year Treasury Securities	Financial press	April	May 1
IHS Global Insight D.C. forecast	Global Insight	May	c. June 15
Moody's Analytics D.C. forecast	Moody's Analytics	May	c. June 25
Blue Chip Economic Indicators for the U.S.	Aspen Publishers	May	c. June 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.

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