



# December 2023 Revenue Estimate

December 29, 2023

# DC Economic and Fiscal Outlook Unchanged from September



- Despite facing high and rising interest rates, the U.S. economy has been resilient, and real GDP grew by 5.2% in Q3 2023.
- Strong personal consumption expenditures and increased inventory investment drove economic expansion nationally, but depleted excess household savings may force consumers to cut spending.
- Inflationary pressures are easing, and the Federal Reserve is signaling potential rate cuts in 2024, but there remains uncertainty regarding the magnitude and timing of the rate cuts.
- The District's economy lags the national and regional economy in all indicators except for personal income, which grew faster than the nation's in Q2 of 2023.
- DC's job market is tight, but growth has slowed. Resident unemployment has risen from a record low of 4% in 2022 to an average of 5% in the past five months.
- DC's population is growing again after the COVID-19 pandemic declines. The latest data from the U.S. Census Bureau shows an increase of 8,023 residents (1.1%) from July 2022 to July 2023.
- Mortgage rates are high, and commercial office vacancy rates remain at the high levels as anticipated in our previous forecast.

# FY 2023 - FY 2027 Financial Plan



## December 2023 Revenue Estimate Compared to Previous Estimate

Local Source, General Fund Revenue Estimate (\$M)	Actual	Preliminary Actual	Estimated		Projected	
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<i>September 2023 Revenue Estimate</i>	9,886.8	9,890.8	9,909.7	10,190.0	10,393.4	10,667.3
<i>December Revision to the Estimate</i>		82.9	0.0	0.0	0.0	0.0
<b>December 2023 Revenue Estimate</b>	<b>9,886.8</b>	<b>9,973.7</b>	<b>9,909.7</b>	<b>10,190.0</b>	<b>10,393.4</b>	<b>10,667.3</b>
<b>Revenue Change From Previous Year</b>						
Amount		86.9	(64.0)	280.3	203.4	273.9
<i>Year-Over-Year Percent Change</i>	<i>13.3%</i>	<i>0.9%</i>	<i>-0.6%</i>	<i>2.8%</i>	<i>2.0%</i>	<i>2.6%</i>

# Risks to Outlook



## ✓ National:

- Federal government shutdown and decisions on spending levels
- Geopolitical turmoil: escalation of the war in Ukraine and Middle East
- Risk of U.S. recession from high-interest rates diminished but still looms

## ✓ District:

- Potential reduction in Metro Service
- Remote work expands beyond current levels
- Significantly larger deterioration in the commercial real estate market
- Federal employment continues to decline
- Population recovery stalls

# Questions?