



District of Columbia Economic and Revenue Trends: September/October 2020

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

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

Highlights:

- ◇ DC jobs down sharply...2,4
- ◇ Surge in DC unemployment abates moderately3
- ◇ Drop in tax collections less severe16

Wage and salary employment.....2

Resident employment and unemployment.....3

Sectors of the economy..... 4

Wages and income 6

Income and population.....7

Multifamily housing and housing permits.....8

Commercial office space and property transfers.....10

Single family and condominium housing sales.....12

Hospitality14

US economy and federal government.....15

DC tax collections.....16

US and DC forecasts.....18

DC revenue estimate.....20

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

About this report.....22

ORA contact information.....22

Hospitality sector weakness due to COVID-19 reduces sales tax collections

Hotel tax collections were about 10 percent of their prior year level in August, 2020, and restaurant tax collections were 33 percent below.

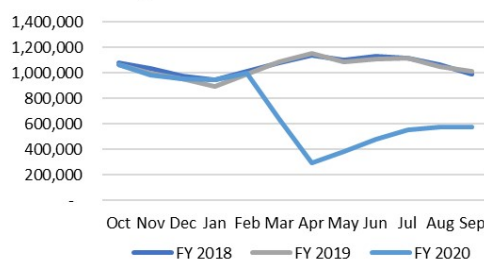
In December 2019, the Office of Revenue Analysis (ORA) estimated that sales tax revenue for fiscal year 2020 would reach \$1.7 billion, a growth of 6.6 percent over 2019, which itself was a strong year of sales tax growth. In February as the first inklings of the COVID-19 pandemic surfaced, disrupting global supply chain and reducing international travel, ORA reduced the forecast modestly despite the strong growth in sales taxes from October to January. We now estimate that sales tax collections for 2020 will be \$1.2 billion, \$500 million less than the December forecast, illustrating the devastating impact of the pandemic on the District's retail and hospitality economy.

The stay-at-home orders implemented both in the District and internationally to prevent the spread of COVID-19 kept commuters and DC residents out of restaurants, bars, theaters, and nightclubs. The cancellation of conventions and most business and leisure travel shut down the tourist economy. The estimated daytime population in the District (based on smartphone geolocation data) went from over 1 million to under 400,000 in March and has recently picked up some but is still about 60% of the prior year levels.

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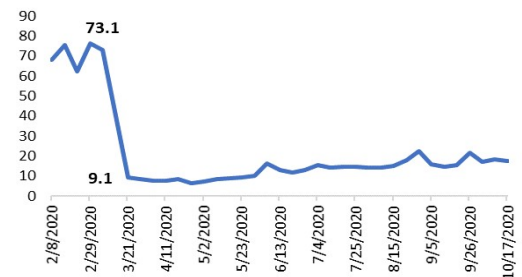


Smartphones located in District



Source: Thasos

DC Hotel Occupancy (%)



Source: STR, Inc, adjusted by EventsDC for closed hotels

Wage and salary employment

DC's percent drop in job growth was less than in the US and about the same as in the suburbs

- August wage and salary employment in DC was down 55,567 (6.9%) from a year earlier as measured by the 3-month moving average.
- Federal government employment in DC for August was up 3,400 (1.7%). The private sector lost 58,100 (10.4%).
- Total year-over-year DC metropolitan area employment fell 235,267 (7.0%) in August as measured by the 3-month moving average. Of the decrease, 23.6% was in DC.
- Suburban Washington employment in August decreased 7.0% from a year earlier.
- On a seasonally adjusted basis, employment in DC declined 0.2% in August from July.

Wage and salary employment located in DC, DC suburbs and US:

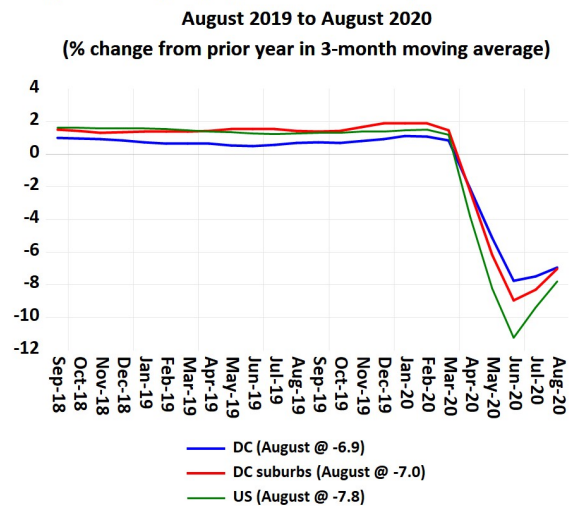


Table1. Wage and Salary Employment in DC, Washington Metro area, and the US: August 2020

Jurisdiction	FY 2017	FY 2018	FY 2019	12-mo avg	3-mo avg	This month
District of Columbia	782,583	791,092	796,475	775,633	744,700	741,000
1 year change	7,400	8,508	5,383	-20,375	-55,567	-52,700
% change	1.0	1.1	0.7	-2.6	-6.9	-6.6
Washington metro area	3,258,633	3,297,742	3,338,633	3,253,125	3,129,967	3,142,600
1 year change	54,600	39,108	40,892	-82,017	-235,267	-203,300
% change	1.7	1.2	1.2	-2.5	-7.0	-6.1
Washington suburbs (%ch)	1.9	1.2	1.4	-2.4	-7.0	-5.9
US (%ch)	1.6	1.6	1.4	-3.3	-7.8	-6.9

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

Source: BLS. August 2020 is preliminary

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

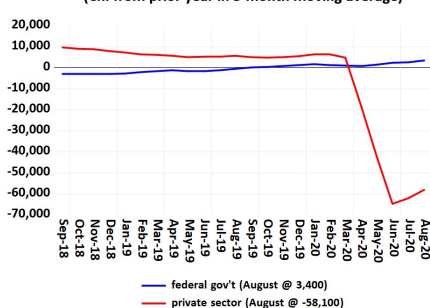


Table 2. Federal government and private sector wage and salary employment in DC: August 2020

Sector	FY 2017	FY 2018	FY 2019	12-mo avg	3-mo avg	This month
Federal government	200,208	196,983	195,442	197,183	199,833	201,000
1 year ch.	492	-3,225	-1,542	1,783	3,400	5,200
% change	0.2	-1.6	-0.8	0.9	1.7	2.7
Private sector	541,250	552,375	558,450	535,667	500,700	499,500
1 year ch.	6,125	11,125	6,075	-22,408	-58,100	-56,200
% change	1.1	2.1	1.1	-4.0	-10.4	-10.1

Source: BLS. Not seasonally adjusted. August is preliminary

Table 3. Seasonally Adjusted DC Employment: March 2020 to August 2020

Indicator	March	April	May	June	July	August
D.C. Wage and Salary Employment	801,200	738,300	730,800	739,000	746,700	745,500
change from prior month	-2,700	-62,900	-7,500	8,200	7,700	-1,200
%change from prior month	-0.3	-7.9	-1.0	1.1	1.0	-0.2

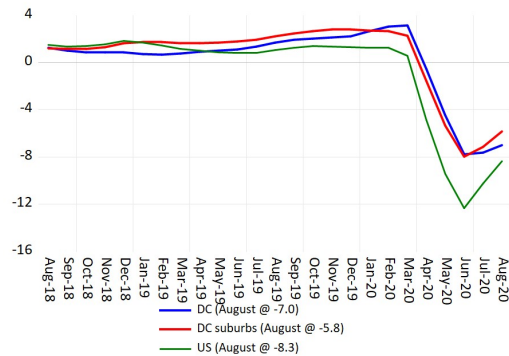
Source: BLS seasonally adjusted. August is preliminary.

Resident employment and unemployment

Resident employment fell less sharply in DC and DC suburbs than in the US

- In August DC resident employment was down 27,193 (7.0%) from a year earlier (*3-mo. moving average*). The labor force fell by 15,240 (3.7%)—and unemployment rose 50.8%.
- The seasonally adjusted unemployment rate was 8.6% in August, down from the peak 11.7% in April, 2020.
- Seasonally adjusted resident employment in August was up 3,010 from July, a 0.8% increase.
- Initial unemployment insurance claims in August were up 409% from last year (*3-month moving average*).

Resident employment in DC, the DC suburbs, and the US:
August 2018 to August 2020
(% change from prior year in 3-month moving average)



Jobs located in DC and DC resident employment:
August 2018 to August 2020
(change from prior year in 3-month moving average)

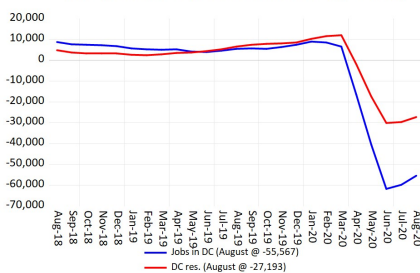


Table 4. Unemployment rates for DC, metro area, and US: August 2020
(percent of labor force)

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	Aug-19	Aug-20	Aug-19	Aug-20
US	3.8	8.5	3.7	8.4
DC	5.5	8.8	5.3	8.6
DC metro area	3.2	6.9	na	na
DC suburbs	2.9	6.6	na	na

Source: BLS; na=data not available.

Table 5. Resident employment and unemployment: August 2020

Indicator	FY 2017	FY 2018	FY 2019	12-mo avg	3-mo avg	This month
DC Labor force summary						
Resident Employment	375,386	380,897	385,356	378,504	361,574	360,218
1 year ch.	6,079	5,511	4,460	-6,192	-27,193	-25,181
% change	1.6	1.5	1.2	-1.6	-7.0	-6.5
Labor Force	399,776	404,151	408,085	406,515	397,067	394,931
1 year ch.	5,869	4,375	3,934	-996	-15,240	-12,886
% change	1.5	1.1	1.0	-0.2	-3.7	-3.2
Unemployed residents	24,390	23,254	22,729	28,011	35,492	34,713
1 year ch.	-210	-1,135	-525	5,196	11,953	12,295
% change	-0.9	-4.7	-2.3	22.8	50.8	54.8
Unemployment rate	6.1	5.8	5.6	6.9	8.9	8.8
DC Unemployment insurance (state program)						
Initial Claims (mo. avg)	1,505	1,611	2,299	12,444	11,259	7,468
1 year ch.	33	106	687	10,159	9,046	5,514
% change	2.2	7.1	42.7	444.6	408.7	282.2
Weeks compensated (mo. avg)	31,355	30,429	27,473	118,696	270,616	251,194
1 year ch.	1,094	-926	-2,956	91,014	244,415	225,267
% change	3.6	-3.0	-9.7	328.8	932.8	868.9

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

Table 6. Seasonally Adjusted DC resident employment and unemployment: March 2020 to August 2020

Indicator	March	April	May	June	July	August
DC resident employment	395,074	355,455	353,764	359,702	360,407	363,417
change from prior month	2,058	-39,619	-1,691	5,938	705	3,010
% change from prior month	0.5	-10.0	-0.5	1.7	0.2	0.8
DC unemployment rate	6.0	11.7	8.8	8.7	8.5	8.6

Source: BLS seasonally adjusted. August is preliminary.

Jobs by sectors of the economy

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

● In August professional and technical services (not including legal) added 2,967 jobs over last year despite extensive job losses elsewhere in the economy. (3-month moving avg.)

● No other industry in the private sector added more than 1,000 jobs in August.

● Wholesale trade and professional and technical services were the sectors with the fastest rates of growth over the prior year.

● Private sector industries losing the most jobs were food services, accommodations, and business services (excluding employment services).

● Federal government rose by 3,400 (1.7%) while local government fell 867 (1.9%).

● The federal government accounted for 27.1% of all DC jobs in August, a rising share of the total. Federal jobs located in DC accounted for 53.3% of metro area federal jobs and 6.3% of US federal jobs.

Private sector wage and salary jobs located in DC, the DC suburbs, and the US: August 2018 to August 2020 (% change from prior year in 3-month moving average)

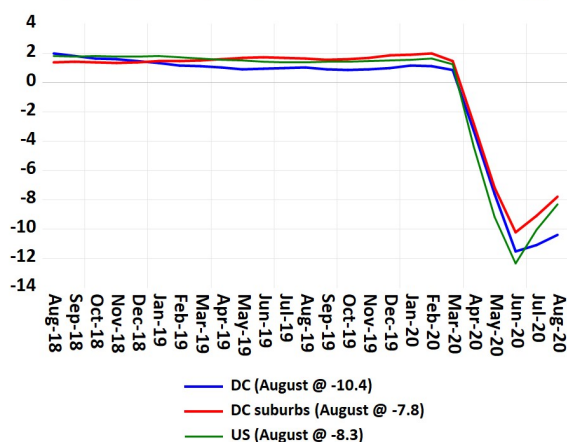


Table 7. Wage and salary employment located in DC: August 2020

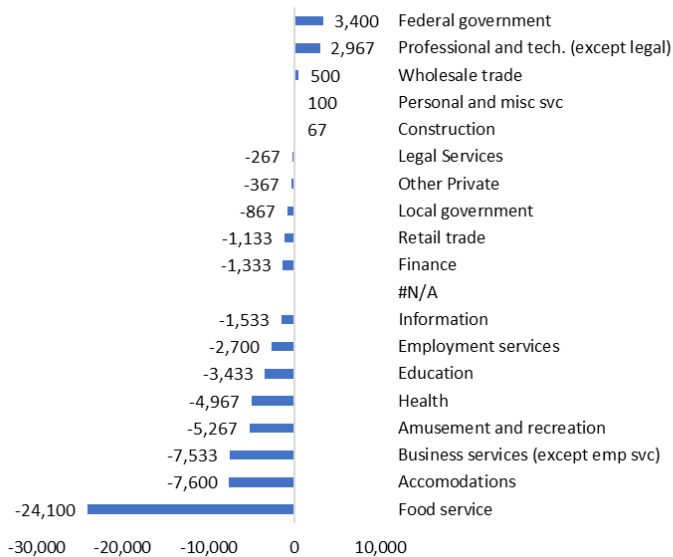
3-month moving average

Industry sector	August 2019	August 2020	1 year change		12 mo. moving avg: %change	Sector % of all DC jobs, August 2020	DC share (%) in August 2020 of all sector jobs in: metro area US	
			Amount	%			area	US
Federal government	196,433	199,833	3,400	1.7	0.9	27.1	53.3	6.3
Local government	45,033	44,167	-867	-1.9	0.6	5.5	13.2	0.2
Legal Services	29,400	29,133	-267	-0.9	0.6	3.9		2.6
Professional and tech. (except legal)	92,633	95,600	2,967	3.2	3.5	12.9	22.9	1.2
Employment services	13,833	11,133	-2,700	-19.5	-6.7	1.5	31.3	0.4
Business services (except emp svc)	33,233	25,700	-7,533	-22.7	-7.2	3.5	17.6	0.5
Information	20,200	18,667	-1,533	-7.6	1.4	2.5	25.4	0.7
Finance	30,133	28,800	-1,333	-4.4	-1.0	3.9	18.2	0.3
Organizations	69,667	68,167	-1,500	-2.2	0.4	9.2	37.5	2.4
Education	55,400	51,967	-3,433	-6.2	-4.2	6.9	48.5	1.6
Health	70,833	65,867	-4,967	-7.0	-3.7	9.0	22.2	0.3
Food service	56,067	31,967	-24,100	-43.0	-21.3	4.5	17.9	0.3
Accommodations	16,633	9,033	-7,600	-45.7	-18.4	0.9	29.5	0.4
Amusement and recreation	9,800	4,533	-5,267	-53.7	-22.8	0.6	13.4	0.3
Retail trade	23,000	21,867	-1,133	-4.9	-1.1	3.0	8.7	0.1
Wholesale trade	5,100	5,600	500	9.8	6.8	0.8	9.0	0.1
Construction	15,133	15,200	67	0.4	-3.4	2.1	9.2	0.2
Personal and misc svc	8,567	8,667	100	1.2	1.4	1.2		0.3
Other Private	9,167	8,800	-367	-4.0	-3.2	1.1	5.2	0.0
Total	800,267	744,700	-55,567	-6.9	-2.6	100.0	23.6	0.5
<i>Public Sector</i>	<i>241,467</i>	<i>244,000</i>	<i>2,533</i>	<i>1.0</i>	<i>0.9</i>	<i>32.6</i>	<i>35.3</i>	<i>1.2</i>
<i>Private Sector</i>	<i>558,800</i>	<i>500,700</i>	<i>-58,100</i>	<i>-10.4</i>	<i>-4.0</i>	<i>67.4</i>	<i>20.3</i>	<i>0.4</i>

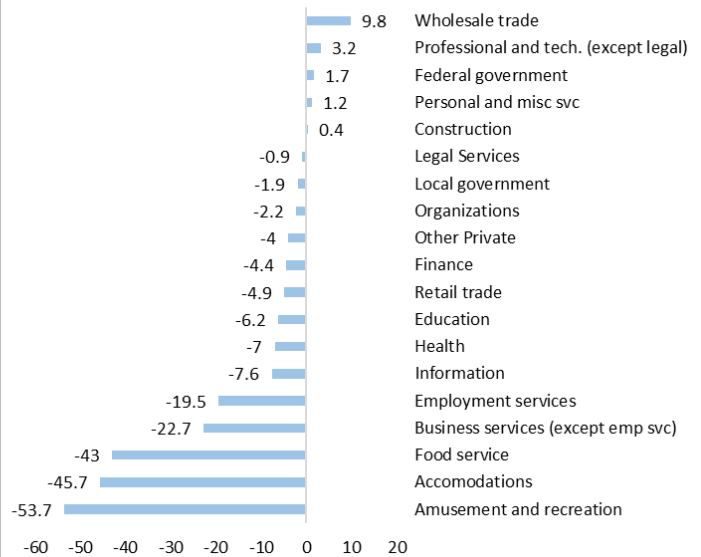
Source: BLS. Not seasonally adjusted. na=not available. For metro area, legal is included in other professional and technical and personal and miscellaneous service is included in organizations.

Jobs and wages by sector

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



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



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

• For the year ending June the federal government accounted for 26.9% of all jobs and 30.4% of all wages and salaries in DC. Over the 4 quarters, federal jobs increased just 0.6% while wages grew 1.3%. Note data for employment shown as quarterly to compare to wages.

• Professional and management services jobs increased 3,550 in the quarter ending June 2020, offsetting some of the losses in other sectors while wages in the sector grew 4.4 percent. Wages in this sector account for 25% of DC wages while jobs are 17.5%.

• Information and finance and organizations and personal services were the only other private sectors to add jobs, adding 1,333 jobs from last year. These sectors accounted for 17.1% of DC jobs and 19.2 % of wages.

• Business services jobs, mostly office building support, fell but wages grew by 3.7%, Education and health services employment fell over the past year but wages grew modestly at 0.9%.

• Trade and hospitality jobs fell 9.7% over the past year and was the only sector to experience a decline in wages (7.3%).

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

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

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

Wages and income

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

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

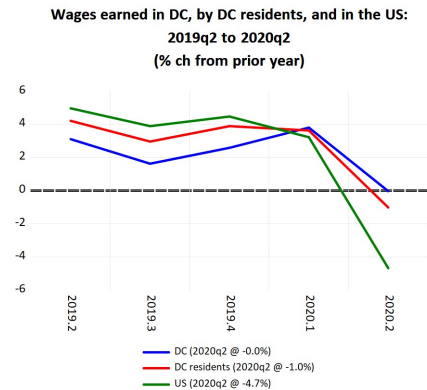


Table 9. DC Wages and Personal Income: June 2020

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

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

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

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

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

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

Source: BEA; data released Sept 24, 2020

Population, jobs, and per capita income

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

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

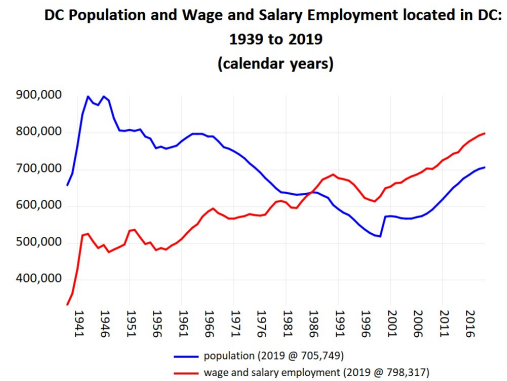
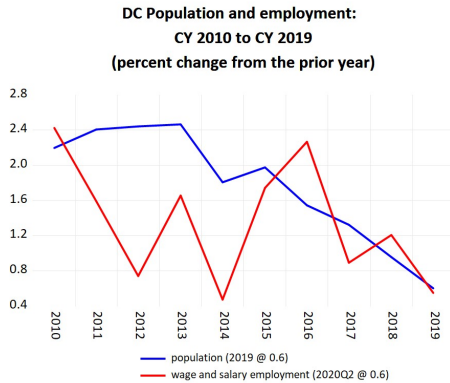


Table 10. DC Population and wage and salary employment located in DC: 2011 to 2019

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

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

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

	DC					US				
	4-qtr moving avg (June 2020)					4-qtr moving avg (June 2020)				
	FY 2017	FY 2018	FY 2019	2020Q1	2020Q2	FY 2017	FY 2018	FY 2019	2020Q1	2020Q2
Per capita income	78,830	80,807	82,888	85,144	88,033	51,493	54,028	56,057	58,225	61,827
% ch in per capita income	2.2	2.5	2.6	3.2	5.8	3.6	4.9	3.8	4.6	9.8
% ch in population	1.4	1.0	0.7	0.6	0.6	0.7	0.6	0.5	0.5	0.5
% ch in personal income	3.6	3.6	3.3	3.9	6.5	4.3	5.5	4.3	5.1	10.4
Wages per job	92,044	95,393	97,885	101,060	106,285	57,306	59,429	61,302	63,207	66,022
% ch in wages per job	2.9	3.6	2.6	3.5	8.4	2.5	3.7	3.2	3.8	7.4
% ch in wage and salary jobs	1.0	1.1	0.7	-1.3	-7.8	1.6	1.6	1.4	-1.9	-11.3
% ch in total wages	3.9	4.8	3.3	2.0	0.0	4.1	5.3	4.6	1.7	-4.7
Washington Metro						U.S.				
Consumer price index	0.9	2.1	1.3	0.9	-0.1	2.1	2.4	1.9	1.6	0.4

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

Multifamily-unit housing and housing permits

New housing permit issuance has slowed

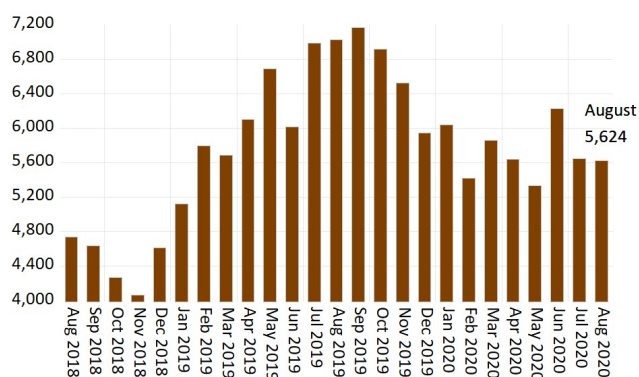
- For the 12-month period ending August, 5,624 housing permits were issued, down 20.0% from last year. The 3-month total (1,802) was 19.3% above the same period last year.
- According to CoStar, in the quarter ending June 2020, the inventory of apartments and condominiums increased by 5,167 (2.7%) from a year earlier.
- Of the increase in inventory of multifamily units in 2020.2, 84.1% were in apartments. Of the housing permits issued over the past year, 96.5% were included in 43 buildings with 5 or more units.
- As of the end of June, 15,279 multi-family units were under construction in 98 buildings. Of the construction, apartments accounted for 80.6% of the buildings and 96.1% of the units.

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

	FY 2017	FY 2018	FY 2019	12-mo avg	3-mo avg	This month
Total units	4,048	4,640	7,168	5,624	1,802	363
1 year ch.	-1,081	592	2,528	-1,403	291	-21
% change	-21.1	14.6	54.5	-20.0	19.3	-5.5
Multifamily projects with 5 or more units						
number	38	46	63	43	11	3
average size	101	85	122	124	153	108
Units in small projects with up to 4 units	398	179	218	250	78	40
% of all units	9.8	3.9	3.0	4.4	4.3	11.0

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

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



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

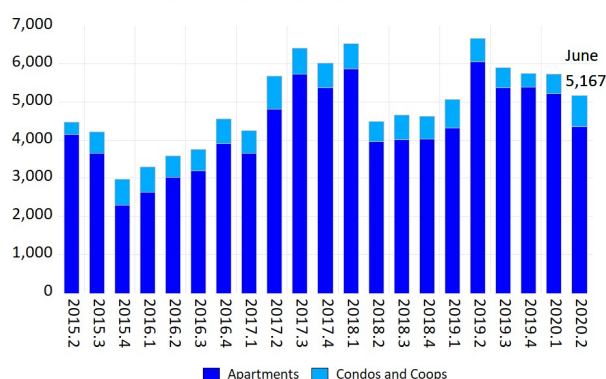


Table 13. Inventory and construction for private sector apartments and condominiums in DC: 2014 to 2020Q2

CY	Inventory									Under Construction					
	All units			Apartments			Condominiums			Apartments			Condominiums		
	Number	1 yr Change	%	buildings	units	1 yr ch.	buildings	units	1 yr ch.	buildings	units	units per bldg	buildings	units	units per bldg
2014	170,933	4,917	3.0%	2,862	128,890	4,785	614	33,222	132	42	6,567	155	38	972	54
2015	173,906	2,973	1.7%	2,883	131,187	2,297	645	33,898	676	56	10,008	178	41	1,054	53
2016	178,460	4,554	2.6%	2,904	135,094	3,907	676	34,545	647	61	10,802	176	36	1,393	51
2017	184,478	6,018	3.4%	2,928	140,473	5,379	693	35,160	615	59	10,865	183	28	1,297	51
2018	189,109	4,631	2.5%	2,954	144,502	4,029	709	35,762	602	68	13,457	197	22	1,144	50
2019	194,864	5,755	3.0%	2,985	149,888	5,386	720	36,131	369	68	13,828	202	21	1,169	50
2020Q2	197,993	5,167	2.7%	2,998	152,298	4,346	727	36,850	821	79	14,689	186	19	590	31
1 Q Ch.	1,810			6	1,467		-3	-335		0	-866		-3	-335	

Source: CoStar. Includes units in privately-owned buildings with 5 or more units. CY amounts are last quarter of the year. Includes affordable units. Data is as of October 13, 2020. All units include cooperative apartments, not shown separately. In 2020 there were 123 co-op buildings with 8,845 units with an average building size of 72 units.

Apartment vacancy rates were increasing and rents a little higher in June

• According to CoStar, for the quarter ending June, 2020, occupied apartments rose by 2,362 (1.7%) from the prior year. The overall vacancy rate was 8.6% and average rents fell 1.4%.

• In June, Class A units accounted for 27.2% of all units in the city and 41.3% of vacant ones.

• Over the past year effective rent in all classes but Class C of apartments decreased: Class A and B decreased by 3.5% and 0.5% respectively. Class C rent increased by 1.5%.

• Vacancy rates in June: Class A 13.2%, Class B 8.0%, and Class C 6.1%.

DC Apartment Units: (1) 12mo change in inventory and occupied units, (2) units under construction, (3) vacancy rate from 2017Q2 to 2020Q2

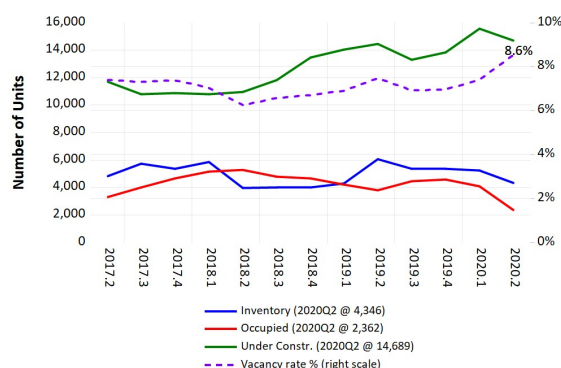
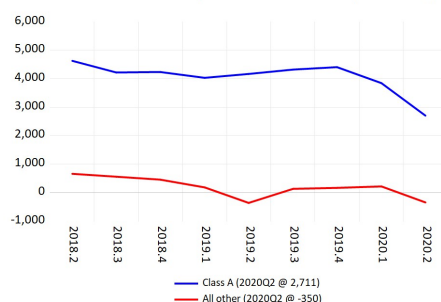


Table 14. Apartment Units in DC: 2014 to 2020Q2

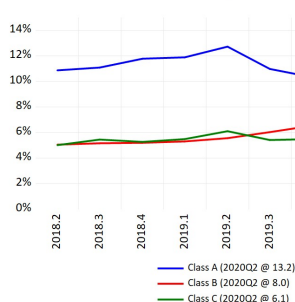
	Level				Change from prior year						Average Rent		1 yr ch in units under constr.
	Inventory	Occupied	Vacant	% vacant	inventory units	%ch	Occupied units	%ch	Vacant units	%ch	Effective rent per unit	1yr %ch	
2014	128,890	118,803	9,998	7.8	4,785	3.9	3,719	3.2	1,149	13.0	\$1,789	1.1	-197
2015	131,187	122,709	8,306	6.3	2,297	1.8	3,906	3.3	-1,692	-16.9	\$1,852	3.5	3,441
2016	135,094	125,270	9,652	7.1	3,907	3.0	2,561	2.1	1,346	16.2	\$1,872	1.1	794
2017	140,473	129,955	10,346	7.4	5,379	4.0	4,685	3.7	694	7.2	\$1,881	0.5	63
2018	144,502	134,643	9,687	6.7	4,029	2.9	4,688	3.6	-659	-6.4	\$1,930	2.6	2,592
2019	149,888	139,231	10,434	7.0	5,386	3.7	4,588	3.4	747	7.7	\$1,987	3.0	371
2020Q2	152,298	139,044	13,031	8.6	4,346	2.9	2,362	1.7	1,984	18.0	\$1,946	-1.4	242
1 Q ch	1,467	-434	1,901								-\$43		

Source: CoStar, as of October 13, 2020

Change from the prior year in occupied Class A and all other classes of apartments from 2018Q2 to 2020Q2



Vacancy rate by apartment building class from 2018Q2 to 2020Q2



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

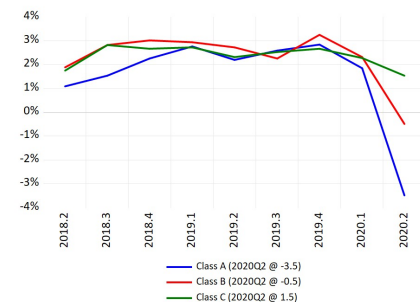


Table 15. Market rate apartment units in DC, Classes A, B, and C: 2020Q2

Class	Inventory					Occupied			Effective monthly rent		Under construction		
	Buildings	Number	1 yr ch	% ch	% vacant	Number	1 yr ch	% ch	\$ per month	1 yr % ch	Buildings	Units	Avg. size
Class A	193	41,388	3,348	8.8	13.2	35,915	2,711	8.2	2,553	-3.5	44	11,880	270
Class B	867	52,301	1,450	2.9	8.0	48,115	96	0.2	1,872	-0.5	34	2,807	83
Class C	1,925	58,515	-452	-0.8	6.1	54,923	-446	-0.8	1,388	1.5	0	0	0

Source: CoStar; includes units in privately-owned buildings with 5 or more units, including affordable units. Vacancy rate is occupied units divided by inventory. Data is as of October 13, 2020.

Commercial office space

In June: occupied space rose slightly, the vacancy rate rose, and construction slowed

• According to CoStar, for the 12-month period ending June occupied office space rose by 0.78 million sq. ft. (msf) from the prior year while inventory increased by 2.98 msf. The vacancy rate has edged up to 12.3% (including sublet) and average base rent rose 1.1%.

• The vacancy rate for class A space was 13.3% in June, up from 12.6% a year ago. Class A rent barely rose 0.1% over the past year.

• Space under construction in June 2020 (2.48 million square feet in 17 buildings) was 2.4 msf (49.0%) less than a year earlier.

• For Class B and Class C properties, occupancy declined over the past year. Rents for Class B and C properties increased at a faster rate than for Class A ones.

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

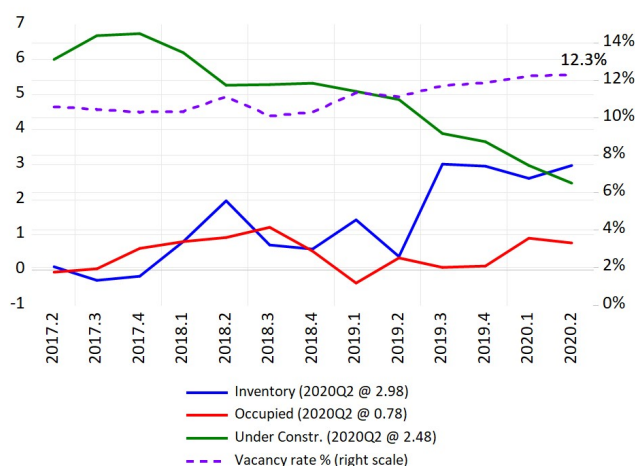
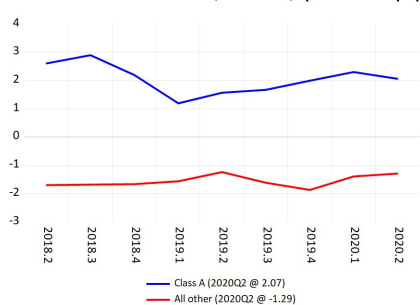


Table 16. DC Commercial office space: 2015 to 2020Q2

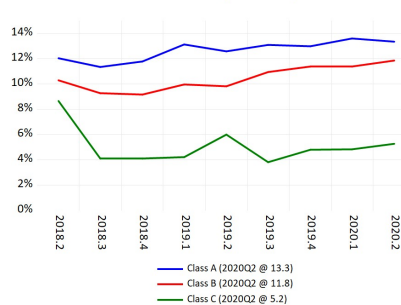
CY (year end)	Inventory			Occupied space			Vacant space			Base rent (direct)			Under constr.		
	Buildings	Level (msf)	1 yr ch (msf)	1 yr % ch	Level (msf)	1 yr ch (msf)	% ch	Level (msf)	Direct only %	Total %	\$ per sq ft	1 yr % ch	Buildings	msf	Avg, sf / bldg
2015	2,394	156.71	0.31	0.2	140.92	-1.18	-0.8	15.8	9.7	10.1	\$48.33	1.5	16	3.32	207,267
2016	2,392	157.44	0.73	0.5	140.46	-0.46	-0.3	17.0	10.3	10.8	\$50.13	3.7	21	5.32	253,163
2017	2,384	157.26	-0.18	-0.1	141.08	0.62	0.4	16.2	9.6	10.3	\$51.22	2.2	23	6.73	292,563
2018	2,382	157.86	0.60	0.4	141.62	0.54	0.4	16.2	9.6	10.3	\$52.20	1.9	22	5.32	241,935
2019	2,392	160.82	2.96	1.9	141.74	0.12	0.1	19.1	11.0	12.1	\$53.34	2.2	22	3.66	166,244
2020Q2	2,396	162.33	2.98	1.9	142.38	0.78	0.6	19.9	11.2	12.3	\$53.53	1.1	17	2.48	145,684
1 Q ch	0	0.50			0.35	0.00			0.0	0.1	-\$0.10		-2	-0.50	

Source: CoStar, as of October 13, 2020

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



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



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

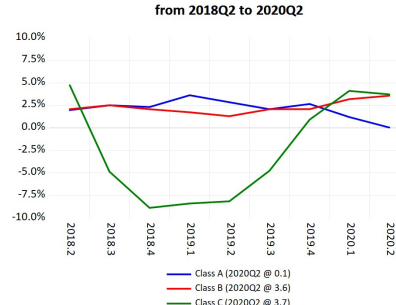


Table 17. DC Class A, B, and C commercial office space: 2020Q2

Class	Inventory			Occupied space			Vacant space			Base rent (direct)		Under const.	
	Buildings	Level (msf)	1 yr ch (msf)	1 yr % ch	Level (msf)	1 yr ch (msf)	1 yr % ch	Level (msf)	Direct %	Total %	\$ 1 yr %ch	buildings	msf
Class A	333	93.06	3.17	3.5	80.65	2.07	2.6	12.42	12.1	13.3	\$57.21 0.1	13	2.37
Class B	929	59.15	0.04	0.1	52.15	-1.15	-2.2	7.00	11.1	11.8	\$49.87 3.6	4	0.10
Class C	1,129	10.10	-0.23	-2.2	9.57	-0.14	-1.4	0.53	4.2	5.2	\$35.20 3.7	0	0.00

Source: CoStar, as of October 13, 2020

Property transfers and deed taxes

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

- The value of property transfers in August, \$12.20 billion, was 23.5% below a year ago as measured by the 12-month moving total. The 3-month moving total, \$2.7 billion, was 40.9% below last year.

- Over the 12-month period ending August the estimated value of brokered home sales was 7.8% above last year while the value of all other real property transfers was 42.1% below last year. For the last 3 months, the value of non-home transfers was 75.7% below last year, and home transfers were 16.5% higher.

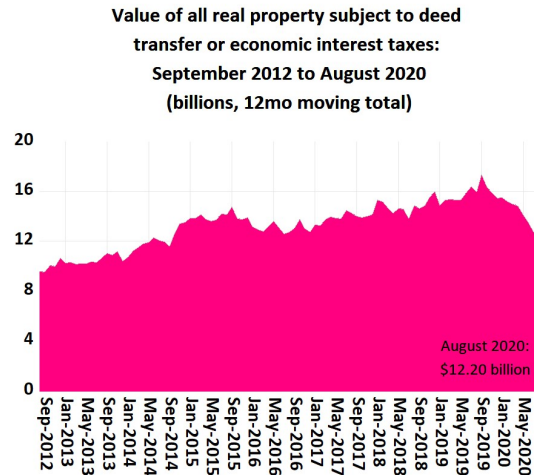


Table 18. Market value of real property transfers subject to the deed transfer or economic interest tax: FY 2017 to August 2020

	FY 2017	FY 2018	FY 2019	12mo moving total	3mo moving total	This month
All property transfers (\$million)	13,998.6	14,646.3	17,355.2	12,201.8	2,730.8	846.8
change from one year ago (\$m)	962.6	647.8	2,708.8	-3,750.8	-1,887.9	-560.0
% change from one year ago	7.4	4.6	18.5	-23.5	-40.9	-39.8

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).

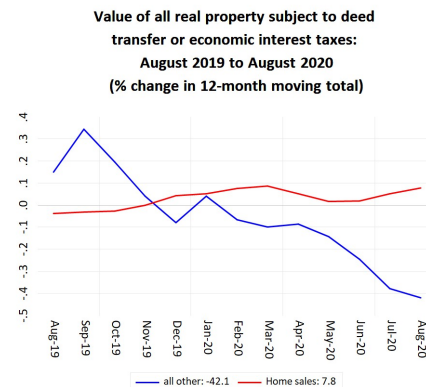
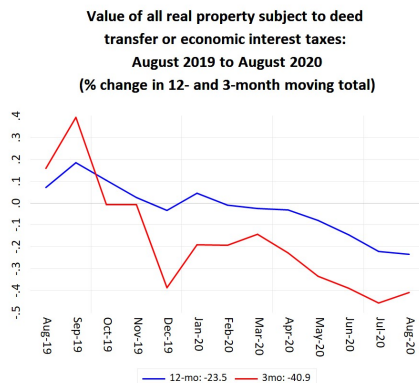


Table 19. Value of (1) brokered home sales and (2) all other real property subject to the deed transfer and economic interest taxes: FY 2017 to August

	FY 2017	FY 2018	FY 2019	12mo moving total	3mo moving total
Brokered home sales (\$m)	5,823,255	6,184,228	5,985,645	6,415,253	2,031,168
All other property (\$m)	8,175,298	8,462,120	11,369,507	5,786,584	699,632
% Change from 1 year ago					
Brokered home sales	6.5	6.2	-3.2	7.8	16.5
All other property	8.0	3.5	34.4	-42.1	-75.7

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

Single family and condominium housing

Sales volume and average sale prices were higher in August

- Single family home sales for August were up 1.1% from a year earlier (12-month average), while the average selling price was 5.5% higher. For the past three months, sales volume was down 5.9% and the average selling price was 10% higher.
- August condominium sales were up 3.8% from last year (12-month average) and the average selling price was 5.7% higher. For the past three months, sales volume was up 10.9% and prices were up 4.5%.
- The total value of all home sales in August rose 21.7% from last year. The 3-month moving total was 16.5% higher and the 12-month total was 7.8% higher.

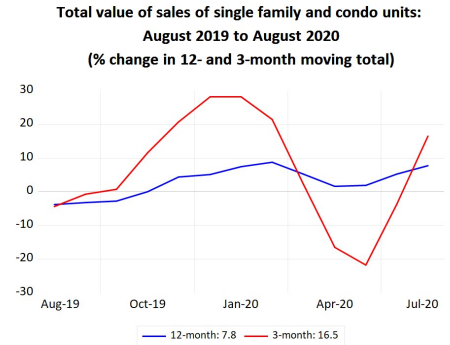
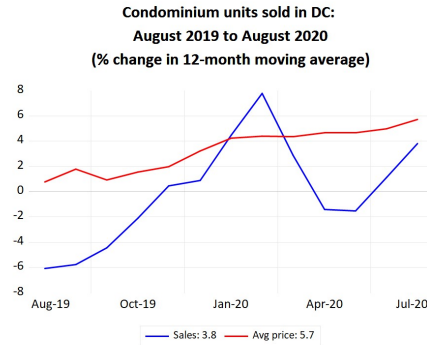
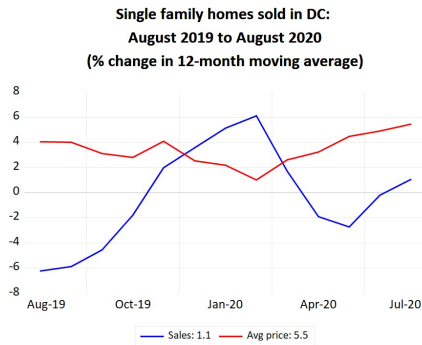


Table 20. Residential real estate indicators: August

	FY 2017	FY 2018	FY 2019	12mo moving total	3mo moving total	This month
Number of single family sales (settled contracts)						
Single family homes	4,552	4,717	4,439	4,486	1,363	447
1 year change	167	165	-278	47	76	35
% change	3.8	3.6	-5.9	1.1	5.9	8.5
Condominium	4,046	4,240	3,995	4,140	1,279	458
1 year change	91	194	-245	152	126	79
% change	2.3	4.8	-5.8	3.8	10.9	20.8
Total	8,598	8,957	8,434	8,626	2,642	905
1 year change	258	359	-523	199	202	114
% change	3.1	4.2	-5.8	2.4	8.3	14.4
Average prices of units sold						
Single family homes	\$819,925	\$828,741	\$861,921	\$906,364	\$972,289	\$948,903
1 year change	31,441	8,816	33,180	46,989	88,317	65,190
% change	4.0	1.1	4.0	5.5	10.0	7.4
Condominium	\$510,610	\$528,229	\$537,663	\$562,043	\$549,585	\$560,064
1 year change	12,194	17,620	9,433	30,329	23,532	44,812
% change	2.4	3.5	1.8	5.7	4.5	8.7
Total Value of All Sales (\$M)	\$5,823	\$6,184	\$5,986	\$6,415	\$2,031	\$681
1 year change	358	361	-199	463	288	121
% change	6.5	6.2	-3.2	7.8	16.5	21.7

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

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

Single family and condominium housing

The FHFA house price index for DC was rising faster than the national average in June

- The percentage change from the prior year in DC home prices was 6.0% higher in the June quarter, according to the Federal Housing Finance Agency Index of single-family same-property transactions. The US index was up 5.7%, and the Washington metropolitan area gain was 4.6%. Home price growth in DC and DC metro area have slowed since last quarter.
- 37.6% of all single family sales in August were for properties greater than \$1 million and sales of these properties grew 37.6%. Sales of condominiums greater than \$1 million accounted for 6.1% of condominium sales and were up 35.3% in August.
- In the June quarter, sales of new condominiums over the past 12 months were 21.0% higher than a year earlier.

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

Indicator	Fiscal year average			Last 2 Q's	
	FY 2017	FY 2018	FY 2019	2020Q1	2020Q2
%change from prior year in value of index					
DC	5.0	3.4	8.7	6.8	6.0
DC metro area	3.9	3.8	4.9	5.2	4.6
US	6.3	6.4	5.6	5.7	5.7

Source: Federal Housing Finance Agency

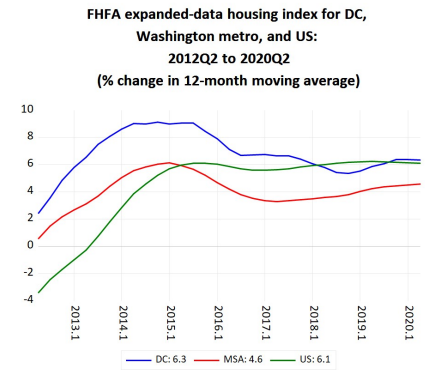
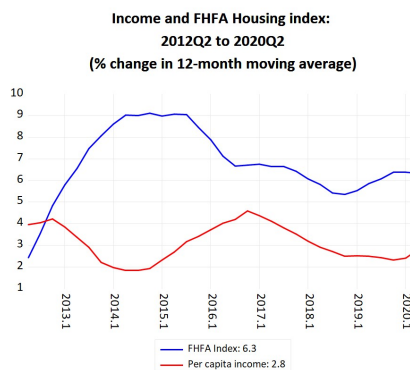
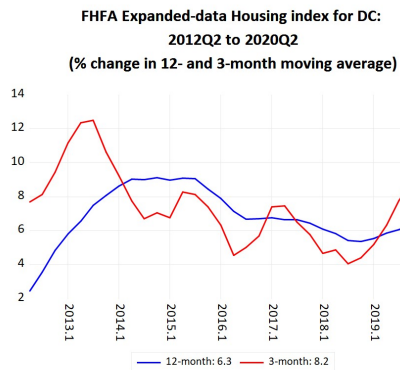


Table 22. D.C. Single family and condominium home sales at prices of \$1 million or more: August

	FY 2017	FY 2018	FY 2019	12mo moving total	3mo moving total	This month
Single family homes	1,057	1,192	1,232	1,340	465	155
1 year change	121	135	40	117	96	51
% change	12.9	12.8	3.4	9.6	26.0	49.0
% all single family sales	24.1	26.2	26.1	30.2	36.1	37.6
Condominium	189	222	213	243	60	23
1 year change	22	33	-9	35	9	6
% change	13.2	17.5	-4.1	16.8	17.6	35.3
% all condominium sales	4.8	5.5	5.0	6.1	5.2	6.1

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

Table 23. Single Family Housing Permits and sales of new condo units in DC: FY 2017 to 2020Q2

	Permits	Condo sales
FY 2017	370	482
FY 2018	133	525
FY 2019	148	478
12 mo ending:2020Q2	114	535
1 yr ch %ch	-49 -30.1	93 21.0

Source: Census (permits); Delta Associates (condo sales)

Hospitality

Hotel stays in August were 80.1% below last year

- In August, the number of room-days sold was 80.1% fewer than a year ago, the average room rate was down 15.2%, and hotel room sales revenue was 83.1% lower.
- Occupancy which is historically around 75% was 35% in August. However, the number of hotels in the survey have decreased as some have closed.
- Air passengers through the regional airports were down 74.6% in July from last year
- Employment in food services was 39.6% less in August than a year earlier and hotel employment was down 61.2%. As measured by the 3-month moving averages, the declines were 43.0% and 45.7%, respectively.

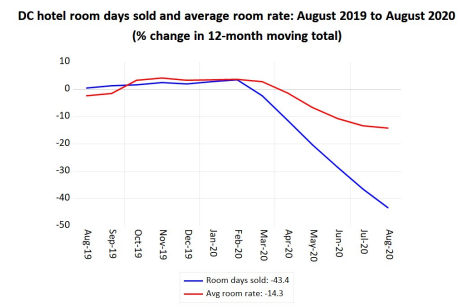
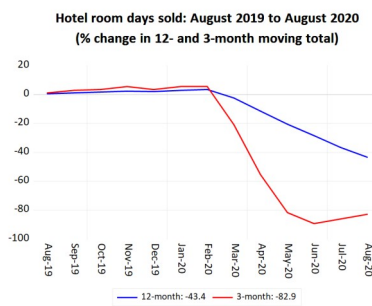
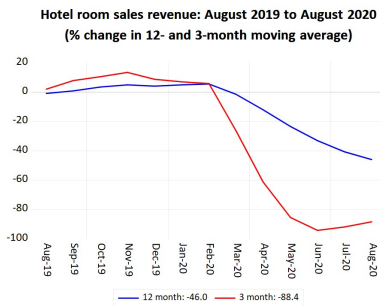


Table 24. Hospitality Industry: August 2020

Indicator	Units	FY 2017	FY 2018	FY 2019	12-mo moving average/sum*	3-mo moving average/sum*	This Month
Hotel Stays (updated August)							
Hotel room-days sold	(M)	8.747	9.019	9.128	5.137	0.425	0.156
	1 yr ch	0.414	0.272	0.109	-3.942	-2.065	-0.625
	1 yr % ch	5.0	3.1	1.2	-43.4	-82.9	-80.1
Average room rate	\$	231.537	219.907	216.367	183.955	137.393	139.540
	1 yr ch	14.146	-11.629	-3.540	-30.745	-63.957	-24.980
	1 yr % ch	6.5	-5.0	-1.6	-14.3	-31.8	-15.2
Room revenue	(\$M)	2,038.445	2,020.169	2,038.698	1,087.150	58.343	21.717
	1 yr ch	191.613	-18.276	18.529	-924.881	-445.581	-106.758
	1 yr % ch	10.4	-0.9	0.9	-46.0	-88.4	-83.1
Occupancy rate	(\$M)	78.46	78.02	76.31	46.64	26.27	35.20
Number of hotels in survey		131	136	140	127	108	117
Airline passengers (updated July)							
DCA	1 yr %ch	1.5	-1.2	0.7	-34.4	-85.0	-78.1
IAD	1 yr %ch	4.4	4.1	4.3	-31.3	-87.4	-82.8
BWI	1 yr %ch	4.3	4.5	-1.4	-30.9	-74.0	-63.7
Total	1 yr %ch	3.4	2.5	1.1	-32.2	-81.9	-74.6
Employment (updated August)							
Accommodations	level (000s)	15.1	15.6	16.2	13.1	9.0	6.4
	1 yr ch	0.3	0.5	0.6	-3.0	-7.6	-10.1
	1 yr % ch	1.8	3.1	3.6	-18.4	-45.7	-61.2
Food and beverage	level (000s)	52.2	54.6	55.4	43.5	32.0	33.4
	1 yr ch	0.7	2.5	0.8	-11.8	-24.1	-21.9
	1 yr % ch	1.3	4.7	1.4	-21.3	-43.0	-39.6

* Total for hotel rooms and room revenue.

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

US economy and the federal government sector

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

- Federal government non-defense spending for consumption and investment increased 11.5% in the June 2020 quarter from a year earlier. Defense spending grew 3.9%.
- Compared to the same quarter a year ago, in the June quarter nominal GDP contracted 8.5% and real GDP fell 9.0%. On a seasonally adjusted annual rate, nominal GDP fell 31.4% in the June quarter.
- The US employment rate (seas. adj.) was 8.4% in August.
- In August, the average S&P 500 index was 17.0% above a year earlier.

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

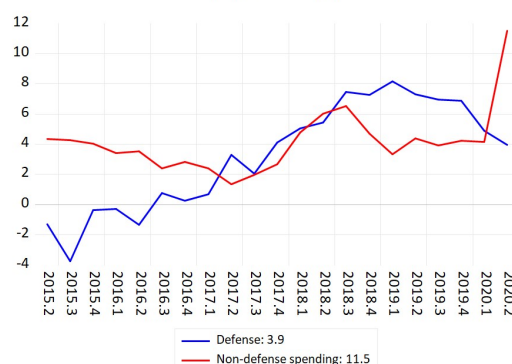


Table 25. Federal government consumption and investment, US GDP accounts: FY2017 to 2020Q2
(percent change from prior year)

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

All federal consumption and investment

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

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

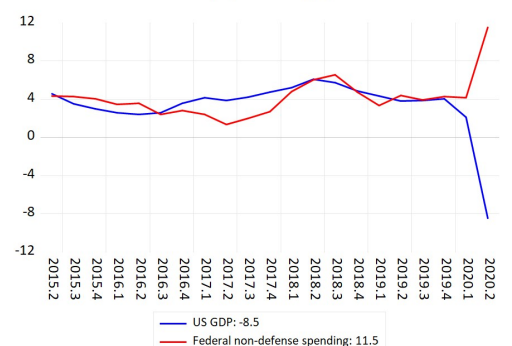


Table 26. US GDP, Income, and Inflation: FY2017 to 2020Q2
(percent change from prior year)

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

* Before tax, without IVA and CCadj.

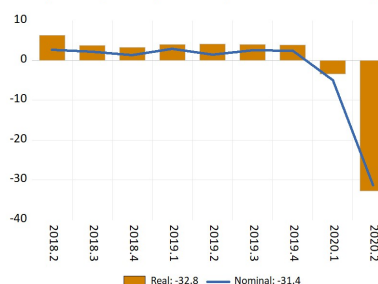
Source: BEA Aug 27, 2020; BLS (cpi); Dow Jones Indices (SP500)

Table 27. Monthly selected indicators: March to August

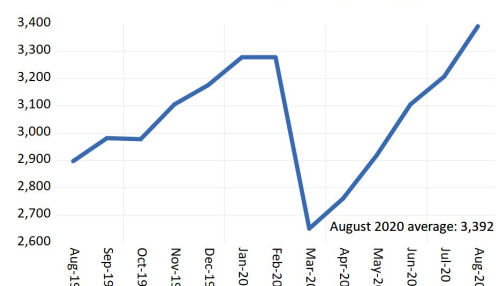
Indicator	April	May	June	July	August
S & P stock market index (level)	2,762	2,920	3,105	3,208	3,392
% change from prior year	-4.88	2.27	7.42	7.06	17.06
10 yr Treasury Interest rate (level)	1	1	1	1	1
CPI % change from prior month (seas. adj.)	-0.8	-0.05	0.57	0.59	0.37
CPI % change from prior year (seas. adj.)	0.38	0.24	0.71	1.03	1.32
jobs (seas. adj.) millions	130.3	133.03	137.81	139.57	141.06
change from prior month (thousands)	-20787	2725	4781	1761	1489
% change from prior month	-13.76	2.09	3.59	1.28	1.07
Resident employment (seas. adj.) millions	133.4	137.24	142.18	143.53	147.29
change from prior month (thousands)	-22369	3839	4940	1350	3756
% change from prior month	-14.36	2.88	3.6	0.95	2.62
Unemployment rate (seas. adj.)	14.7	13.3	11.1	10.2	8.4

Source: BLS; Dow Jones Indices; Federal Reserve

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

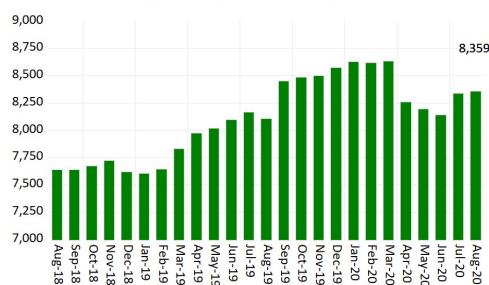


Standard & Poors Stock Market Index (SP500):
2019m8 to 2020m8(Monthly average)



DC tax collections

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



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

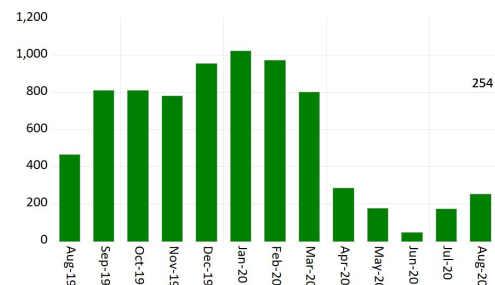


Table 28. Tax Collections (before earmarks): August 2020

Tax	Annual Revenue (From CAFR)			Tax Collections			
	FY 2017	FY 2018	FY 2019	12-mo mov total	FY 2020 to date	3-mo mov total	This month
Total taxes	7,472.7	7,771.3	8,455.3	8,358.9	6,521.6	1,748.6	533.4
1 yr change	239.1	298.7	684.0	254.1	-92.6	165.8	23.7
% change	3.3	4.0	8.8	3.1	-1.4	10.5	4.6
Real Property	247,332.8	255,422.8	271,008.0	281,138.7	160,234.8	23,297.5	15,757.2
1 yr change	11582.5	8090.0	15585.2	28013.8	7989.7	9270.8	4224.4
% change	4.9	3.3	6.1	11.1	5.2	n.m.	36.6
General sales	141,919.7	149,256.6	159,772.7	139,644.4	122,917.5	25,757.8	7,102.2
1 yr change	7612.3	7336.9	10516.1	-17669.6	-23684.3	-16734.6	-4716.3
% change	5.7	5.2	7.0	-11.2	-16.2	-39.4	-39.9
Individual income	195,827.7	206,684.2	229,932.6	238,515.1	213,280.3	74,221.9	18,257.2
1 yr change	5041.5	10856.5	23248.4	10430.8	9125.0	19925.0	4117.4
% change	2.6	5.5	11.2	4.6	4.5	36.7	29.1
withholding	176,655.8	181,818.2	194,289.3	205,780.9	190,269.1	48,712.9	16,594.7
1 yr change	13898.1	5162.4	12471.1	12904.8	12243.5	2294.6	2560.3
% change	8.5	2.9	6.9	6.7	6.9	4.9	18.2
non-withholding	19171.9	24866.0	35643.4	32734.1	23011.3	25509.0	1662.5
1 yr change	-8856.6	5694.1	10777.4	-2474.0	-3118.5	17630.4	1557.0
% change	-31.6	29.7	43.3	-7.0	-11.9	n.m.	n.m.
Corporate franchise	38921.8	43652.6	50791.1	56301.5	46657.9	16901.3	1218.6
1 yr change	213.7	4730.8	7138.5	6810.5	5306.8	7676.6	-138.7
% change	0.6	12.2	16.4	13.8	12.8	n.m.	-10.2
Unincorporated bus.	16502.7	13821.9	13474.5	17545.4	13109.5	5308.5	524.7
1 yr change	-436.0	-2680.8	-347.4	4449.8	2437.3	3730.9	994.4
% change	-2.6	-16.2	-2.5	34.0	22.8	n.m.	n.m.
Deed Taxes*	46068.6	47226.9	56092.8	50879.3	44044.0	10725.1	3159.2
1 yr change	1656.8	1158.3	8865.9	-2285.2	-5778.3	-4698.7	-2075.7
% change	3.7	2.5	18.8	-4.3	-11.6	-30.5	-39.7
Other taxes	60694.8	61068.8	64457.8	51870.1	51915.6	18644.5	7319.8
1 yr change	-1761.1	374.0	3389.0	-4339.2	-4656.7	-2587.6	-37.7
% change	-2.8	0.6	5.5	-7.7	-8.2	-12.2	-0.5

* Deed taxes include deed recordation, deed transfer, and tax on transfers of economic interest in real property.

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

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

Tax collections rebound in August but sales and deed taxes are well below last year

• For the 12 month period ending August total tax collections (before earmarking) were \$254 million (3.1%) more than in the prior year. For the last 3 months they were up 10.5% from last year.

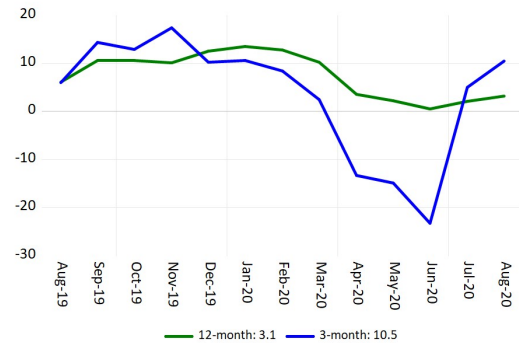
• Individual income tax collections were 4.6% above last year for the 12-months ending August and withholding was 6.7% higher. For the past 3 months, total income tax collections were up 36.7% while withholding was up 4.9%. Payments deferred from April contributed to the 3 month growth from last year.

• General sales tax collections were 11.2% below last year for the 12-months ending August. For the past 3 months, they were down 39.4% from last year.

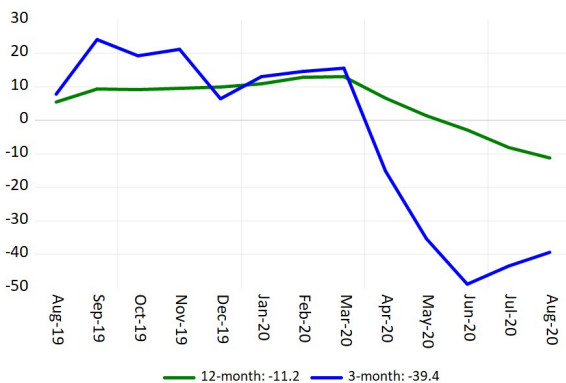
• Deed tax collections for the 12-months ending August were down 4.3 from last year; for the past 3 months they were down 30.5%.

• Corporate income taxes for the 12 months ending August were up 13.8% while unincorporated business income taxes were 34.0% below last year.

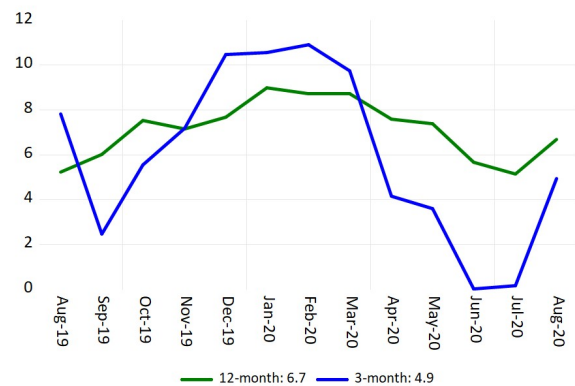
Tax collections (before earmarking):
August 2019 to August 2020
(% change 12- and 3-month totals)



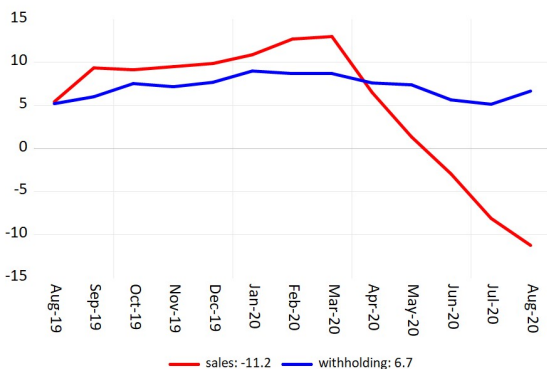
General sales tax collections (before earmarking):
August 2019 to August 2020
(% change 12- and 3-month totals)



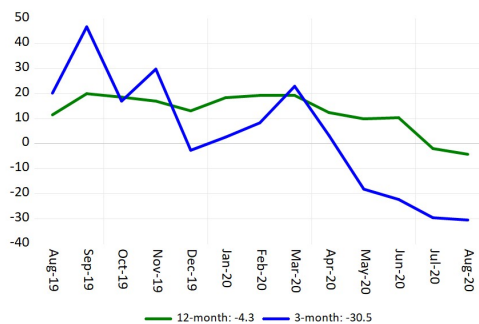
Withholding for individual income tax collections:
August 2019 to August 2020
(% change 12- and 3-month totals)



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



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



US economic forecasts

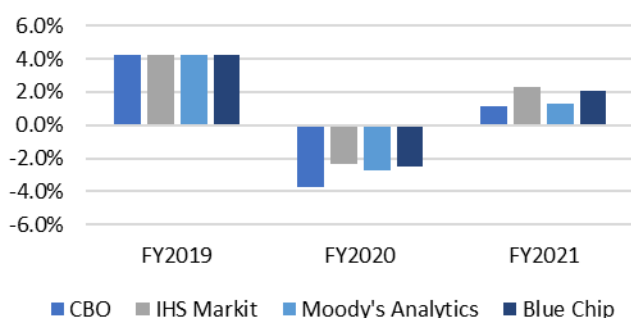
Forecasts are for negative real GDP growth in FY 2020 and weak growth in FY 2021

- IHS Markit and Moody's Analytics October forecasts for real US GDP growth show negative growth for FY 2020 (down 2.3% and 2.7% respectively), with slow growth in FY 2021. Faster growth picks up in FY 2022.
- S&P 500 October baseline forecasts: IHS Markit believes the stock market in FY 2021 will be 9.2% above FY 2020, followed by a 3.9% gain the next fiscal year. Moody's expects a 1.7% increase in FY 2021 and 4.4% in FY 2022..
- The October Blue Chip Indicators estimates real GDP growth for FY 2020 at -2.5%, and FY 2021 at 2.1%, a more optimistic real outlook than over the summer.
- CBO's July 2020 economic outlook: real GDP declines 3.8% in FY 2020 and gains 1.1% in FY 2021,
- The forecasts since March for real GDP and the stock market have changed significantly. Real GDP, according to IHS Markit, has gotten considerably weaker with the pandemic while the opposite is true for the S&P 500.

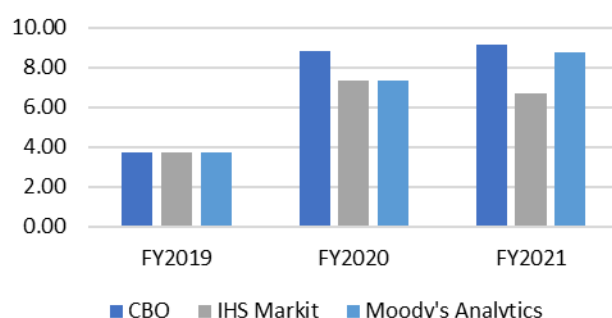
Table 29. Forecasts for US Nominal and real GDP, Personal income, unemployment, CPI, Interest rate, and S&P500

Indicator	IHS Markit (October 2020)				Moody's Analytics (October 2020)			
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2019	FY 2020	FY 2021	FY 2022
Real GDP (% ch from prior yr)	2.2	-2.3	2.3	3.0	2.2	-2.7	1.3	4.9
Nominal GDP (% ch from prior year)	4.2	-1.1	3.8	4.7	4.2	-1.6	2.3	7.1
Personal income (%ch from prior yr)	4.3	5.7	1.1	2.0	4.3	5.7	-3.3	3.7
Unemployment (%)	3.7	7.3	6.7	5.4	3.7	7.3	8.8	7.0
CPI (% ch from prior year)	1.9	1.5	2.2	2.5	1.9	1.5	1.8	2.5
10 Year Treasury (%)	2.5	1.1	0.8	1.1	-0.1	-0.5	-0.2	1.1
S&P 500 (level)	2,814	3,102	3,387	3,520	2,814	3,102	3,155	3,294

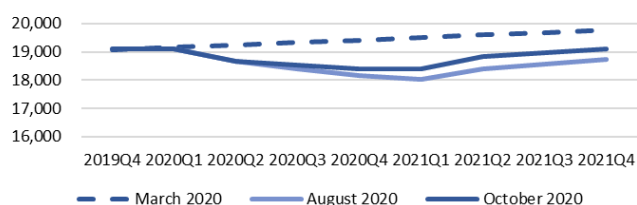
Real US GDP (% ch from prior year)



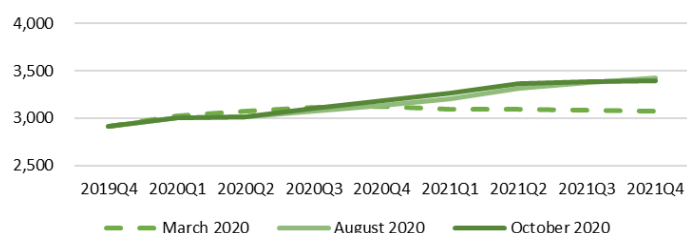
US Unemployment Rate (%)



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



Evolution of IHS Markit SP500 Forecast



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

●**Jobs:** IHS Markit and Moody's both forecast about 3% job loss in FY 2020. For FY 2021, however, IHS Markit anticipates a rebound of 0.9% while Moody's says they will decline by another 2.1%. ORA's September outlook was closer to the current Moody's outlook. Both jobs and unemployment outlooks have changed considerably since the onset of the pandemic.

●**Population:** IHS Markit anticipates DC population growth will continue to slow each year, essentially ruling out any net in-migration. Moody's expects the amount of growth to edge up each year reflecting some net in-migration.

●**Income:** Both IHS Markit and Moody's raised their estimates for personal income growth in FY 2020 to 3.9% and 3.7%, respectively. Moody's has negative growth of 1.0% in FY 2021, while IHS Markit expects a modest 1.6% increase.

●**Apartments and office space.** Delta Associates anticipates that the supply of new Class A apartment space will outpace demand over the next 3 years, and the supply of new office space is also a little higher than demand for the next 2 years.

Table 30. Forecasts for Select DC indicators

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

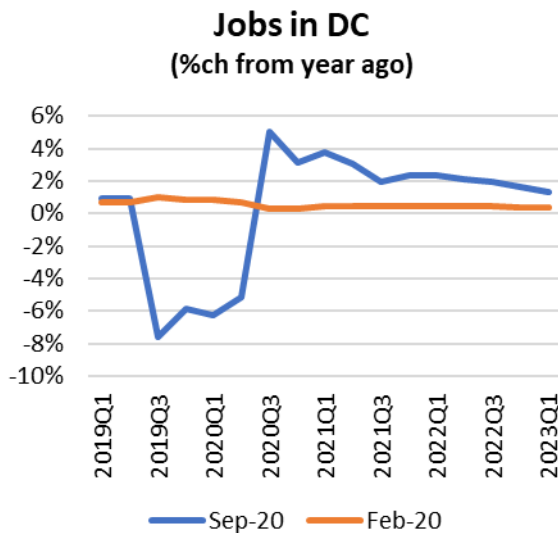


Table 31. Outlook for Class A Apartments and Office Space for DC and Surrounding metro area

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

Source: Delta Associates

DC revenue estimate

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

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

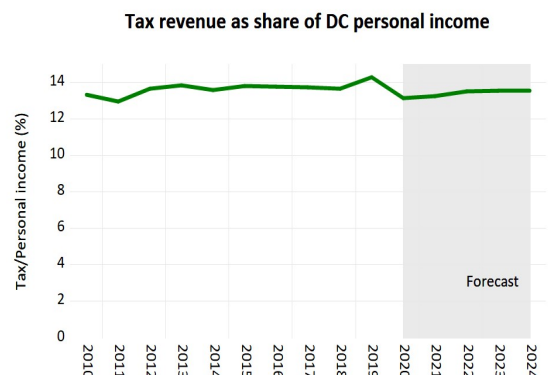
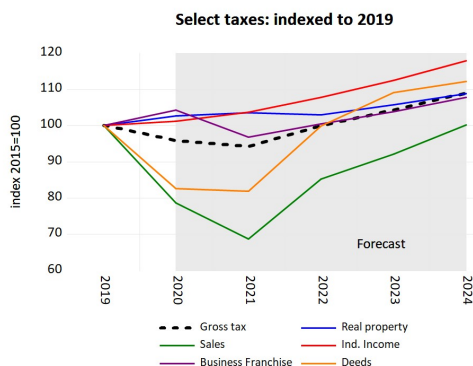
Table 32. DC Tax Revenue (before earmarks) for September 2020

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

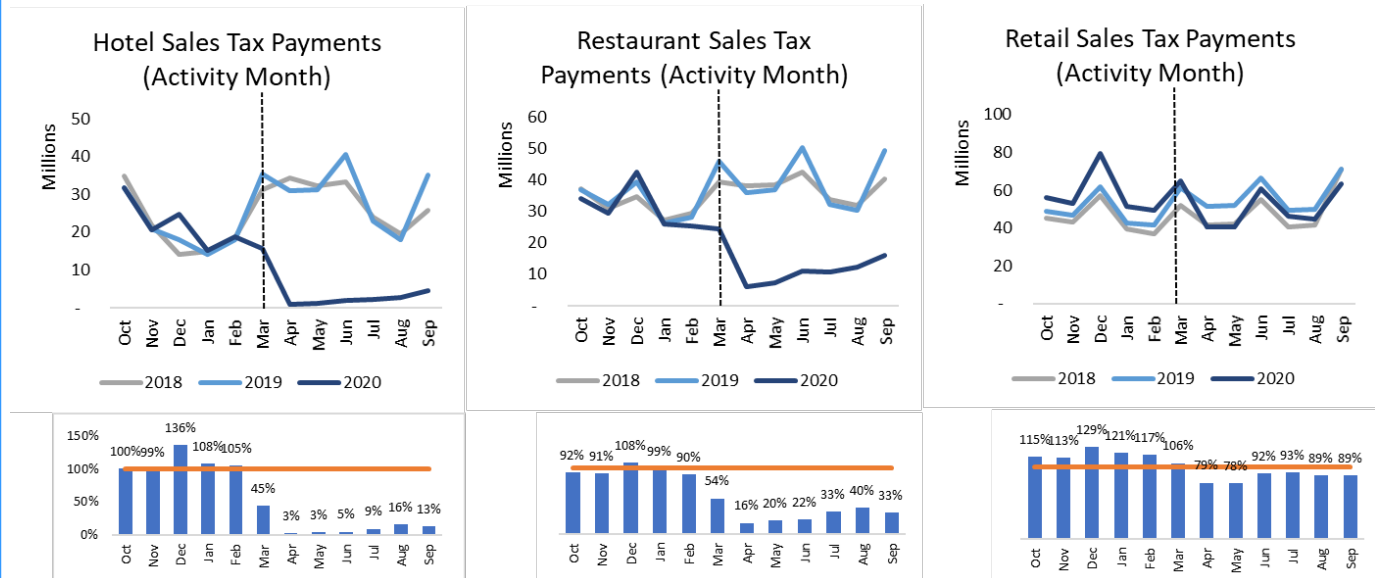
Source: ORA, September 2020 revenue estimate. Table includes tax revenue before earmarked dedications and excludes nontax revenue, lottery, and special purpose revenue.

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

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



As a result, sales tax revenue related to hospitality, which accounts for 50% of sales tax revenue, was the most severely impacted of District revenue sources. Hotel sales were higher than the prior year in the early months of fiscal year 2020, which started October 2019, and all but vanished beginning in late March.



By September, hotel sales tax was just 13 percent of the level in August 2019. Restaurant sales were already a little weaker in the first five months of FY 2020 but then, like hotels, dropped precipitously in April. Delivery and carryout and the easing of some restrictions allowed restaurant revenue to grow a little faster than hotel revenue and by September was one-third of the August 2019 level. Retail sales, less exposed to tourism and commuter spending, has averaged about 90% of 2019 levels.

As the public health emergency continues into the fall, sales taxes will continue to be weak especially if colder weather reduces the ability to dine outdoors. The September 2020 revenue estimate forecasts a slow recovery beginning in 2021 but no return to prior year levels until late 2021.

-Norton Francis

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:

September revenue estimate. September 30, 2020.

DC Tax Facts, 2019. Details on all DC taxes.

DC Tax Facts Visual Guide Report. A visual guide to DC's tax system.

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

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

Review of economic development tax expenditures. November 2018. Comprehensive description and analysis of DC tax expenditures related to economic development incentives.

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

Information sources

Indicator	Source	Period covered in this report	Next release
D.C. Jobs and Labor Force information	BLS	September	November 20, 2020
D.C. Personal Income	BEA	2020.2	December 17, 2020
D.C. Tax Collections	OTR/ORA	September	November 15, 2020
D.C. Housing Sales	MarketStats by ShowingTime*	August	c. Nov 10
D.C. Commercial Office Building data	CoStar and Delta	2020.2	c. July 10
DC Apartment data	CoStar and Delta	2020.2	c. July 10
D.C. Hotel stay information	STR	September	c. July 20
Consumer Price Index	BLS	May	July 14
U.S. Jobs and Labor Force	BLS	September	July 2
U.S. GDP and Personal Income	BEA	2020.2	July 30
S and P 500 Stock Index	FRED (St. Louis Fed Reserve)	September	July 1
Interest rate on 10-Year Treasury Securities	FRED (St. Louis Fed Reserve)	September	July 1
IHS Markit D.C. forecast	IHS Markit	October	c. Nov 20
Moody's Analytics D.C. forecast	Moody's Analytics	October	c. Nov 20
Blue Chip Economic Indicators for the U.S.	Wolters Kluwer	October	c. Nov 20

*Accessed through Bright MLS.

For further information or to comment on this report, contact: Norton Francis (202-442-8242—Norton.francis@dc.gov). See also the *Economic Indicators* issued monthly by the D.C. Office of the Chief Financial Officer (www.cfo.dc.gov).

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