



District of Columbia Economic and Revenue Trends: April 2014

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Highlights:

- ◇ Job growth leveling out...2
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Income Inequality in the District and the D.C. Tax System's Effect on the Income Gap

The income gap in American cities has gotten a lot of attention lately, with stories in the New York Times and reports by the Brookings Institution and the D.C. Fiscal Policy Institute focusing on this issue. This got us thinking: where is the greatest income gap across different types of taxpayers and to what extent does the income tax system help close the gap? To answer these questions, we looked at data from people filing income taxes in D.C. in 2011.

The District, as an urban location, houses both the poor and the rich. It also has a progressive tax system with higher marginal tax rates on top earners, and refundable tax credits for those with very low incomes. Even before accounting for other social programs (health and human services, housing subsidies, and extensions on federal programs such as TANF and unemployment insurance), the tax system works to distribute some income from high earners to low earners.

For this piece, our measure of income is federal adjusted gross income (FAGI), which includes income sources such as wages and tips, business profits or losses, capital gains or losses, dividend and interest income, pension income, income from rents, royalties, and distributions from retirement accounts. In 2011, roughly 308,000 tax filers in the District collectively reported a total income of \$26.7 billion.

D.C. Income Tax Filer Overview, Tax Year 2011			
Filer Type	Number of Filers	Total Income ¹ (\$ in billions)	Total Taxes ² (\$ in billions)
All filers ³	308,010	\$26.74	\$1.23
Filers with no tax liability	21,413	\$0.41	\$0.00
Part-time filers (with tax liability)	30,649	\$2.59	\$0.07
Full-time filers (with tax liability)	255,948	\$23.74	\$1.16

¹As measured by federal adjusted gross income

²Taxes minus refundable credits

³Excludes records with data errors, filers who are dependents of others, and filers with blank FAGI and no taxes owed or tax credits

We exclude from our analysis 21,413 filers with no tax liability (or credits)—these filers generally report large losses, from either their businesses or rental properties. These reported losses do not always reflect the socioeconomic status of the filers, but the fact that their businesses or rental properties suffered losses at some point in the past five years. We also exclude 30,649 part-time residents so we can focus on full-year residents who pay their taxes over their entire incomes.

This leaves us with almost 256,000 filers who collectively received an income of \$23.7 billion, and collectively paid \$1.2 billion in income taxes. Our analysis of income inequality is on these taxpayers.

(Continued on p.17)

Wage and salary employment

Job growth in DC slowing, but not as much as in the Washington area suburbs

- March wage and salary employment in DC was up by 4,800 (0.7%) from a year earlier as measured by the 3-month moving average.
- Federal government employment for March was down by 5,767 (-2.8%); the private sector more than offset this loss with a gain of 9,667 (1.9%).
- Total year-over-year DC metropolitan area employment increased by 10,367 (0.3%) in March as measured by the 3-month moving average.
- There was an increase of 0.2% in suburban Washington employment in March from a year earlier
- Seasonally adjusted wage and salary employment in DC stayed the same in March from the prior month. Seasonally adjusted employment was down by 6,100 from September, six months earlier.



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

Jurisdiction	FY 2011	FY 2012	FY 2013	12-mo avg	3-mo average	This month
District of Columbia	723,233	730,950	743,892	746,433	742,633	745,200
1 year change	14,158	7,717	12,942	8,600	4,800	3,700
% change	2.0	1.1	1.8	1.2	0.7	0.5
Washington metro area	3,000,142	3,036,558	3,075,142	3,081,608	3,055,067	3,064,700
1 year change	42,375	36,417	38,583	21,808	10,367	5,500
% change	1.4	1.2	1.3	0.7	0.3	0.2
Washington suburbs (% ch)	1.3	1.3	1.1	0.6	0.2	0.1
US (% ch)	1.2	1.7	1.7	1.7	1.7	1.6

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

Source: BLS. March is preliminary.

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

Sector	FY 2011	FY 2012	FY 2013	12-mo avg	3-month average	This month
Federal government	213,258	208,575	206,042	203,283	200,233	199,900
1 year change	5,025	-4,683	-2,533	-4,475	-5,767	-6,000
% change	2.4	-2.2	-1.2	-2.2	-2.8	-2.9
Private sector	474,833	487,642	502,992	508,000	507,600	510,400
1 year change	10,733	12,808	15,350	12,767	9,667	8,800
% change	2.3	2.7	3.1	2.6	1.9	1.8

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

Table 3. Seasonally adjusted DC Employment: September 2013 to March 2014

Indicator	Sep	Oct	Nov	Dec	Jan	Feb	Mar
D.C. Wage and Salary employment	751,800	748,400	747,800	747,400	747,000	745,700	745,700
change from prior month	9,300	-3,400	-600	-400	-400	-1,300	0
% change from prior month	1.3	-0.5	-0.1	-0.1	-0.1	-0.2	0.0

Source: BLS seasonally adjusted. March is preliminary

Education leads private sector job growth

- In March education gained 5,600 jobs over last year. The sector accounted for more than half of all of the private sector's net growth. (3-month moving averages.)
- Retail (1,667), health (1,300), and food service (1,233) also showed significant gain.
- Private sector industries losing jobs included organizations, information, and construction.
- Local government rose by 900.
- The federal government accounted for 27.0% of all DC jobs in March. Over the past year, DC's share of federal employment rose slightly in both the US and the metro area.

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

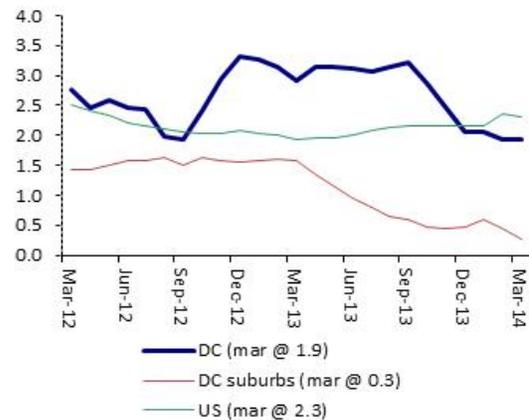


Table 4. Wage and salary employment located in DC: March 2014

Industry sector	3-month moving average				12-mo. moving avg: % change	Sector % of all DC jobs, Mar 2014	DC share (%) in Mar 2014 of all sector jobs in:			Change from Mar 2013 to Mar 2014 in DC share of sector jobs in:	
	Mar 2013	Mar 2014	Amount	%			metro area	US	metro area	US	
Federal government	206,000	200,233	-5,767	-2.8	-2.2	27.0	54.8	7.41	0.1	0.01	
Local government	33,900	34,800	900	2.7	0.9	4.7	10.9	0.18	0.1	0.00	
Legal services	29,467	29,567	100	0.3	0.2	4.0		2.62		0.00	
Other Professional and technical	77,600	77,733	133	0.2	0.6	10.5	22.8	1.09	0.6	-0.03	
Employment services	14,133	14,233	100	0.7	3.2	1.9	35.4	0.42	0.8	-0.04	
Other Business services	33,067	33,467	400	1.2	0.3	4.5	18.3	0.48	0.2	-0.01	
Information	17,167	16,967	-200	-1.2	-1.8	2.3	22.6	0.64	0.3	0.00	
Finance	28,400	28,567	167	0.6	1.5	3.8	18.8	0.36	-0.2	0.00	
Organizations	60,900	60,167	-733	-1.2	0.7	8.1	36.0	2.08	-0.5	-0.03	
Education	57,200	62,800	5,600	9.8	11.5	8.5	54.4	1.82	1.2	0.14	
Health	64,633	65,933	1,300	2.0	2.7	8.9	23.1	0.37	0.3	0.00	
Food service	43,267	44,500	1,233	2.9	5.0	6.0	21.4	0.43	-0.2	0.00	
Accommodations	14,833	15,133	300	2.0	0.8	2.0	36.8	0.85	0.9	0.01	
Amusement and recreation	6,567	6,567	0	0.0	-1.3	0.9	18.3	0.35	-1.1	-0.02	
Retail trade	19,500	21,167	1,667	8.5	6.1	2.9	8.0	0.14	0.5	0.01	
Wholesale trade	4,933	4,867	-67	-1.4	-2.2	0.7	7.8	0.08	-0.1	0.00	
Construction	13,600	13,167	-433	-3.2	-0.4	1.8	9.2	0.24	-0.4	-0.01	
Personal and miscellaneous ser.	7,533	7,967	433	5.8	2.6	1.1		0.31		0.01	
Other private	5,133	4,800	-333	-6.5	-2.7	0.6	4.5	0.03	-0.2	0.00	
Total	737,833	742,633	4,800	0.7	1.2	100.0	24.3	0.55	0.1	-0.01	
Public sector	239,900	235,033	-4,867	-2.0	-1.7	31.6	34.3	1.07	-0.5	-0.02	
Private sector	497,933	507,600	9,667	1.9	2.6	68.4	21.4	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

Resident employment was up modestly over last year

- In March DC resident employment was 649 (0.2%) above a year earlier (3-mo. moving average). The labor force and the unemployment rate both fell.
- Seasonally adjusted DC resident employment fell in March. It was 5,194 above September, six months earlier.
- In March the unemployment rate (seasonally adjusted) rose slightly to 7.5%.
- March initial unemployment insurance claims were down 17.7% (3-month moving average).

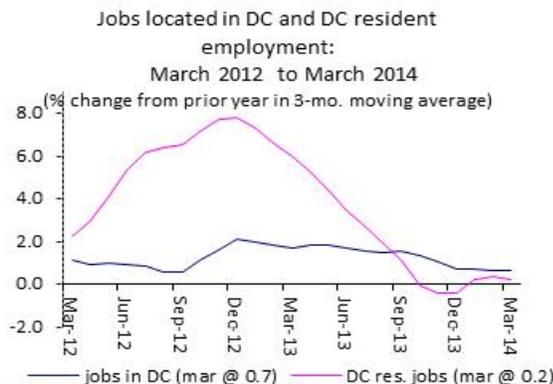
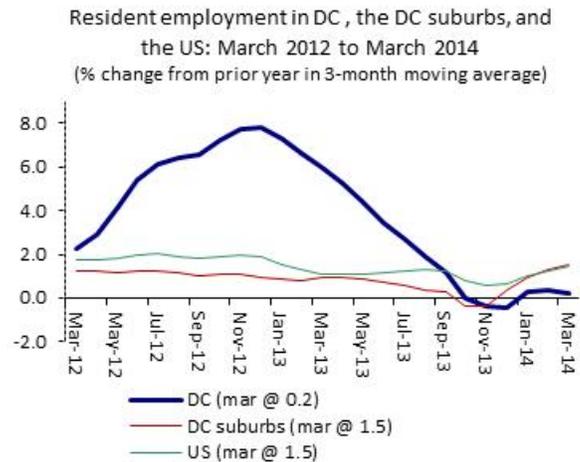


Table 5. Unemployment rates for DC, metro area, and US:

March 2014

(percent of labor force)

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	Mar. 2013	Mar. 2014	Mar. 2013	Mar. 2014
US	8.5	7.0	7.9	6.6
DC	8.4	7.6	8.5	7.5
DC metro area	5.4	5.0	na	na
DC suburbs	5.0	4.7	na	na

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

Table 6. Resident employment and unemployment: March 2014

Indicator	FY 2010	FY 2011	FY 2012	FY 2013	3-month		
					12-mo avg	average	This month
DC Labor force summary							
Resident employment	308,814	313,267	325,322	340,055	339,871	340,374	339,555
1 year change	4,557	4,453	12,055	14,734	3,629	649	-672
% change	1.5	1.4	3.8	4.5	1.1	0.2	-0.2
Labor Force	343,870	348,877	358,972	371,745	369,598	368,994	367,605
1 year change	9,706	5,007	10,095	12,773	750	-3,537	-3,684
% change	2.9	1.5	2.9	3.6	0.2	-0.9	-1.0
Unemployed	35,056	35,611	33,651	31,690	29,727	28,620	28,050
1 year change	5,149	554	-1,960	-1,961	-2,879	-4,186	-3,012
% change	17.2	1.6	-5.5	-5.8	-8.8	-12.8	-9.7
Unemployment rate	10.2	10.2	9.4	8.5	8.0	7.8	7.6
DC Unemployment insurance (state program)							
Initial claims (monthly avg.)	1,799	2,101	1,784	1,915	1,955	1,545	1,435
1 year change	-404	302	-317	131	126	-331	-171
% change	-18.3	16.8	-15.1	7.3	6.9	-17.7	-10.6
Weeks compensated (mo. avg.)	53,592	46,423	45,170	42,862	43,088	41,046	39,032
1 year change	-881	-7,169	-1,253	-2,308	-83	-3,163	478
% change	-1.6	-13.4	-2.7	-5.1	-0.2	-7.2	1.2

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

Table 7. Seasonally adjusted DC Resident employment and unemployment: September 2013 to March 2014

Indicator	Sep	Oct	Nov	Dec	Jan	Feb	Mar
DC Resident employment	337,597	338,125	339,115	340,191	342,202	343,396	342,791
change from prior month	316	528	990	1,076	2,011	1,194	-605
% change from prior month	0.1	0.2	0.3	0.3	0.6	0.3	-0.2
DC Unemployment rate (%)	8.2	8.0	7.8	7.6	7.4	7.4	7.5

Source: BLS seasonally adjusted. March is preliminary

Wages and income

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

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

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

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

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

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

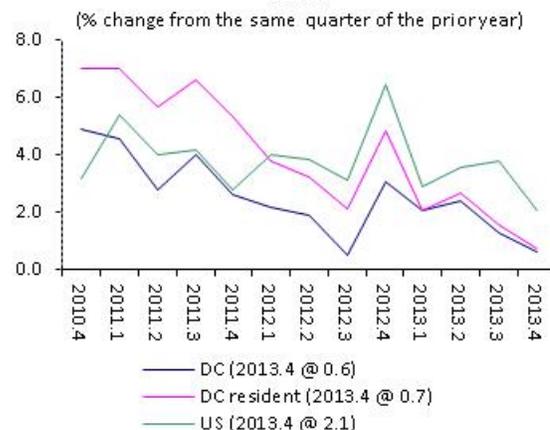


Table 8. DC Wages and Personal Income: December 2013

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

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

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

**Reflects deduction of social insurance paid by individuals. Wage and salary amounts shown are before this deduction.

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

Source: BEA; data for December were released March 25, 2014

Single family and condominium home sales

The number of single family sales is down slightly

- The March 3-month moving total of single family home sales was down 2.2% from a year earlier, and the average selling price was 6.7% higher.
- March condominium sales were 7.0% above a year earlier as measured by the 3-month moving total; the average selling price was 6.8% higher.
- The total value of all home sales in March was 7.9% more than a year earlier as measured by the 3-month moving total.
- March year-to-date median prices were up 8.6% for single family units, and there was no change for condominiums.
- The March ratios of inventory to sales was 1.5 for single family units and 1.8 for condominiums (3-mo. moving average).

Total value of sales of single family and condo units: March 2012 to March 2014
(% change from prior year in 3-mo. and 12-mo. moving totals)



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

Indicator	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	12-mo moving		This month
						total or average	3-mo moving total or average	
Number of sales (settled contracts)								
Single family	3,259	4,084	3,800	3,563	3,979	4,052	800	287
1 year change	237	825	-284	-237	416	300	-18	-46
% change	7.8	25.3	-7.0	-6.2	11.7	8.0	-2.2	-13.8
Condo	2,590	2,884	2,469	2,784	3,487	3,620	721	277
1 year change	-206	294	-415	315	703	539	47	31
% change	-7.4	11.4	-14.4	12.8	25.3	17.5	7.0	12.6
Total	5,849	6,968	6,269	6,347	7,466	7,672	1,521	564
1 year change	31	1,119	-699	78	1,119	839	29	-15
% change	0.5	19.1	-10.0	1.2	17.6	12.3	1.9	-2.6
Average prices of units that sold								
Single family (\$)	597,269	538,395	601,026	630,109	712,799	717,286	690,298	663,946
1 year change	-70,098	-58,874	62,631	29,083	82,690	55,460	43,568	-2,065
% change	-10.5	-9.9	11.6	4.8	13.1	8.4	6.7	-0.3
Condo (\$)	359,952	414,030	423,365	429,611	447,827	459,622	460,046	451,143
1 year change	-52,283	54,078	9,336	6,245	18,216	23,693	29,430	17,510
% change	-12.7	15.0	2.3	1.5	4.2	5.4	6.8	4.0
Total value of all sales (\$ million)								
2,878.8	3,392.9	3,329.2	3,441.1	4,397.8	4,570.3	883.9	315.5	
1 year change	-290.6	514.1	-63.7	111.9	956.7	744.0	64.7	-12.9
% change	-9.2	17.9	-1.9	3.4	27.8	19.4	7.9	-3.9
Ratio: active inventory to sales								
Single family	5.2	3.4	3.3	2.3	1.6	1.6	1.5	1.3
Condo	5.7	4.6	4.9	2.9	1.7	1.7	1.8	1.7

Median contract prices, CY to date in March 2014: single family \$559,450 (8.6% 1 yr ch); condo \$395,000 (0.0% 1 yr ch)

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

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

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

Apartments and single family home transactions

16% of single family home sales were above \$1 million

• In December the quarterly Federal Housing Finance Agency house price index for DC was 7.3% higher than a year ago. The metro area increase was 8.7%, and the US was 7.7%.

• Sales of single family units at prices above \$1 million were up 15.2% in March from a year ago as measured by the 3-month moving total; they accounted for 16.1% of sales.

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

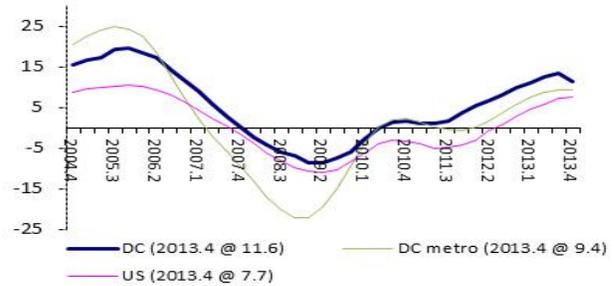


Table 10. D.C. Single family and condominium home sales at prices of \$1 million or more: March 2014

Category	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	12-mo		This month
						moving total	3-mo moving total	
Single family homes	333	418	489	458	689	707	129	45
1 year change	-102	85	71	-31	231	163	17	-4
% change	-23.4	25.5	17.0	-6.3	50.4	30.0	15.2	-8.2
percent of all single family sales	10.2	10.2	12.9	12.9	17.3	17.4	16.1	15.7
Condominiums	62	89	87	72	112	115	24	2
1 year change	-15	27	-2	-15	40	21	4	-8
% change	-19.5	43.5	-2.2	-17.2	55.6	22.3	20.0	-80.0
percent of all condominium sales	2.4	3.1	3.5	2.6	3.2	3.2	3.3	0.7

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

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

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

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

Average DC sales price	-10.5	-9.9	11.6	4.8	13.1	18.5	5.8	12.7	14.9	-2.2
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Source: (1) Federal Housing Finance Agency "Expanded-data HPI Index" (sales plus refinancings) (nsa). This index is a broad measure of the movement of single-family house prices. It measures average price changes in repeat sales or refinancings on the same properties. This information is obtained from transactions whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac since January 1975. It is augmented by data on mortgages endorsed by FHA and country recorder data licensed from DataQuick Information Systems. (2) Average DC sales price is the average price of houses that sold during the period (settled contracts): see Table 9. Not seas. adj.

Table 12. Market-rate units in larger DC apartment buildings: December 31, 2013

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

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

Commercial office space

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

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

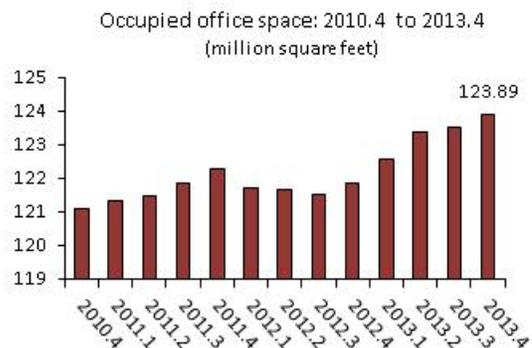


Table 13. Commercial office space in DC: December 31, 2013

(In millions of square feet, unless noted otherwise)

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

Source: Delta Associates. Includes single tenant and privately owned space as well as multi-tenant buildings.

Table 14. Average effective office rent for Class A commercial office leases in Downtown DC by year: 2009 to 2013

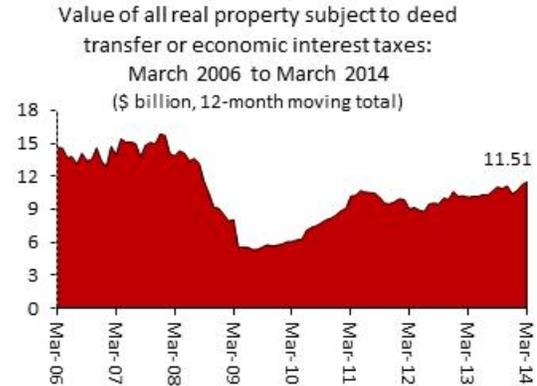
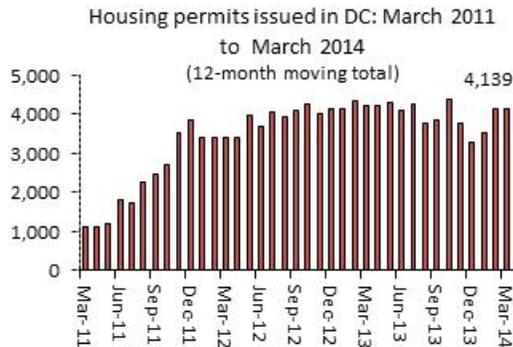
Indicator	\$ per square foot of gross floor space ending on date shown:				
	2009	2010	2011	2012	2013
Average effective rent	50.80	48.65	48.54	47.80	46.85
% ch from prior year		-4.2	-0.2	-1.5	-2.0
Average value of improvements for tenants				80.00	82.00

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

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

The total value of all real property transfers rose sharply in the March quarter

- For the 12-month period ending March 4,139 housing unit building permits were issued, a 1.3% decline over the prior 12-month period. Permits were up 264% from the prior year for the 3-month avg.
- Delta Associates expects DC's office vacancy rate (including sublet) to fall to 9.0% over the next two years.



- Reis expects 5,964 new apartment units to be added to inventory in CY 2014 and CY 2015, and occupancy to grow by 5,898.
- The value of March property transfers was up by 61.5% from last year as measured by the 3-month moving total. The 12-month moving total (\$11.51 billion) was 13.9% higher than last year.

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

	FY 2010	FY 2011	FY 2012	FY 2013	12-month moving total	3-month moving total	This month
Total units	986	2,459	4,091	3,855	4,139	1,218	69
change from 1 year ago	487	1,473	1,632	-236	-56	883	25
% change from 1 year	97.6	149.4	66.4	-5.8	-1.3	263.6	56.8

Source: Census Bureau (permits issued during period).

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

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

Source: Delta Associates msf = million square feet

Table 17 DC market rate apartment units: 2010 to 2018

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

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

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

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	12-month moving total	3-month moving total	This month
All property transfers (\$ million)	5,591.2	7,789.1	10,059.5	9,494.3	11,045.3	11,506.0	2,857.8	947.3
change from one year ago (\$M)	-5,936.1	2,197.9	2,270.4	-565.3	1,551.1	1,405.8	1,088.2	282.4
% change from 1 year ago	-51.5	39.3	29.1	-5.6	16.3	13.9	61.5	42.5

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 revenue over the past 12 months up slightly from a year earlier.

• In March, the 3-month moving total for hotel room-days sold was 2.0% less than a year earlier (a period that included the Inauguration). For the past 12 months, however, there was a 0.8% gain. The average room rate for the past 12 months was up 0.4%, and revenue up 1.2%.

• Employment in food services was 2.9% more in March than a year earlier as measured by the 3-month moving average. Hotel employment rose 2.0% and retail 8.5%.

• February airline traffic into the DC area was down 1.6% compared to a year earlier as measured by the 3-month moving total. Reagan National Airport was up 0.5%.



Table 19. Hospitality Industry: March 2014

Indicator	Units	date	FY 2011	FY 2012	FY 2013	3-month		This month
						12-mo total or average*	moving total or average*	
Hotel stays								
Hotel room-days sold	('M)	mar	7.465	7.617	7.680	7.680	1.713	0.701
1 yr ch			0.095	0.152	0.062	0.059	-0.035	-0.021
1 yr % ch			1.3	2.0	0.8	0.8	-2.0	-2.9
Average room rate	\$	mar	206.60	203.57	207.23	207.10	206.51	238.74
1 yr ch			7.49	-3.03	3.66	0.84	-7.62	17.13
1 yr % ch			3.8	-1.5	1.8	0.4	-3.6	7.7
Occupancy rate (average)	%	mar	74.2	75.4	75.8	76.0	69.7	82.8
1 yr ch			0.5	1.2	0.5	0.5	-0.5	-1.1
1 yr % ch			0.6	1.6	0.6	0.6	-0.7	-1.3
Room revenue	(\$M)	mar	1,542.3	1,550.7	1,591.5	1,590.6	353.8	167.4
1 yr ch			74.8	8.4	40.8	18.6	-20.5	7.4
1 yr % ch			5.1	0.5	2.6	1.2	-5.5	4.6
Airline passengers								
DCA	1 yr % ch	feb	6.2	2.8	5.5	1.9	0.5	-3.5
IAD	1 yr % ch	feb	0.6	-2.9	-4.0	-2.9	-4.6	-7.6
BWI	1 yr % ch	feb	4.2	1.0	-1.5	-1.4	-0.7	-7.0
Total	1 yr % ch	feb	3.4	0.1	-0.3	-0.9	-1.6	-6.1
Employment								
Accommodations	level ('000)	mar	15.3	15.4	15.2	15.4	15.1	15.1
1 yr ch			0.0	0.1	-0.2	0.1	0.3	-0.1
1 yr % ch			0.1	0.7	-1.1	0.8	2.0	-0.7
Food and bev	level ('000)	mar	39.3	42.7	44.9	45.7	44.5	45.6
1 yr ch			2.3	3.4	2.2	2.2	1.2	1.4
1 yr % ch			6.2	8.5	5.2	5.0	2.9	3.2
Arts and entertain.	level ('000)	mar	6.8	6.9	6.9	7.0	6.6	6.8
1 yr ch			-0.2	0.1	0.0	-0.1	0.0	-0.1
1 yr % ch			-2.5	1.3	0.6	-1.3	0.0	-1.4
Retail	level ('000)	mar	18.6	18.8	19.7	20.4	21.2	21.3
1 yr ch			0.2	0.3	0.8	1.2	1.7	1.8
1 yr % ch			1.3	1.4	4.5	6.1	8.5	9.2

* Total for hotel rooms sold and room revenue

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

US economic growth slowed in the 4th quarter.

- December was the 11th consecutive quarter of real GDP growth. The revised 2.6% annual rate of growth for the quarter was about average for the post-recession recovery.
- US employment (seas. adj.) increased by 192,000 in March.
- The US unemployment rate (seasonally adj.) stayed at 6.7% in March.
- In March the S & P 500 index rose 2.6% from February and was 20.2% above last year.
- Compared to a year earlier, the rate of inflation rose in March to 1.5% (sa).

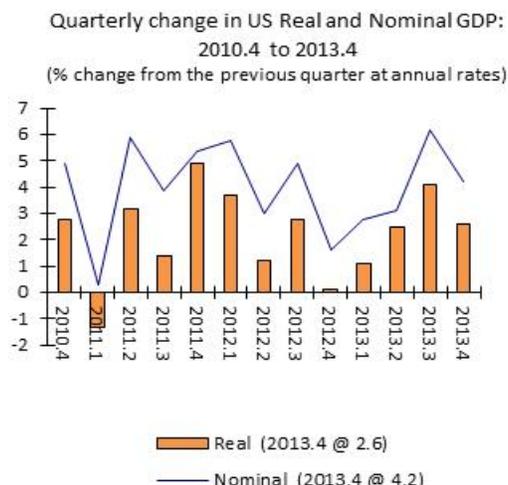


Table 20. US GDP, income, corporate profits, and inflation: 2013.4 and March 2014

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

Indicator	Date of latest indicator		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	12-mo avg	2013.4	Mar
US GDP real	2013.4	1 yr % ch	-3.4	1.7	2.0	2.8	1.7	1.9	2.6	
US GDP nominal	2013.4	1 yr % ch	-2.3	2.6	4.0	4.6	3.3	3.4	4.1	
US Personal income	2013.4	1 yr % ch	-1.9	1.3	5.9	4.0	3.9	2.8	1.6	
US wages	2013.4	1 yr % ch	-3.2	0.3	4.2	3.4	4.1	3.1	2.1	
Corporate profits	2013.4	1 yr % ch	-10.3	33.5	9.9	8.5	3.7	4.6	6.2	
S and P stock index	mar	1 yr % ch	-34.3	23.7	13.8	5.4	16.7	21.2	21.1	20.2
US CPI	mar	1 yr % ch	-0.3	1.7	2.7	2.4	1.6	1.4	1.4	1.5
Balt//Wash. area CPI	mar	1 yr % ch	0.3	1.7	3.0	2.4	1.6	1.6	na	1.9

Source: BEA (data revised as of March 27, 2014), BLS, and Yahoo finance. na = not available

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

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

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

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

Note: GDP=Gross Domestic Product saar=seasonally adjusted at annual rate Source: BEA, updated on March 27,2014.

Table 22. Monthly selected US Indicators: September 2013 to March 2014

Indicator	September	October	November	December	January	February	March
S and P stock index (level)	1687	1720	1784	1808	1822	1817	1864
% change from prior month	1.0	1.9	3.7	1.4	0.8	-0.3	2.6
% change from 1 year ago	16.9	19.6	27.9	27.1	23.1	20.1	20.2
10 yr. Treasury Interest rate (level)	2.80	2.60	2.71	2.89	2.85	2.70	2.72
CPI % ch from prior month (seasonally adjusted)	0.18	-0.06	0.11	0.24	0.14	0.10	0.20
CPI % ch from prior year (seasonally adjusted)	1.18	0.94	1.23	1.51	1.56	1.10	1.54
Jobs (seasonally adjusted level, in millions)	136.80	137.04	137.31	137.40	137.54	137.74	137.93
change from prior month (thousands)	164	237	274	84	144	197	192
% change from prior month	0.12	0.17	0.20	0.06	0.10	0.14	0.14
Resident employment (season. adj. level, in mil.)	144.27	143.49	144.44	144.59	145.22	145.27	145.74
change from prior month (thousands)	91	-785	958	143	638	42	476
% change from prior month	0.06	-0.54	0.67	0.10	0.44	0.03	0.33
Unemployment rate (seasonally adj.)	7.2	7.2	7.0	6.7	6.6	6.7	6.7

Source: BLS and Yahoo! Finance.

DC tax collections

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

March 2014 @ \$6,054.0M

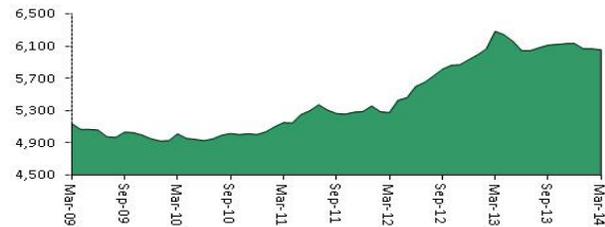


Table 23. Tax Collections (before earmarking): March 2014 (Preliminary)

Tax	Revenue (from CAFR)				Tax collections			
	FY 2010	FY 2011	FY 2012	FY 2013	12-month moving total	FY 2014 to date	3-month moving total	This month
Total taxes	5,005.2	5,325.3	5,853.3	6,105.5	6,054.0	2,530.1	1,594.5	966.6
1 year change	-47.0	320.1	528.0	252.2	-229.2	-57.0	-77.6	-11.3
% change	-0.9	6.4	9.9	4.3	-3.6	-2.2	-4.6	-1.2
Real property	1,821.5	1,715.1	1,822.0	1,914.8	1,857.0	648.9	634.5	621.2
1 year change	-1.2	-106.4	106.9	92.8	-214.8	-59.5	-44.3	-56.8
% change	-0.1	-5.8	6.2	5.1	-10.4	-8.4	-6.5	-8.4
General sales	976.7	1,014.9	1,111.0	1,137.9	1,134.2	543.9	247.7	79.6
1 year change	1.8	51.7	67.6	26.8	-12.2	3.0	-12.4	1.6
% change	0.3	3.9	9.5	2.4	-1.1	0.5	-4.8	2.0
Individual income	1,110.4	1,296.6	1,490.7	1,640.9	1,664.0	733.5	366.1	86.8
1 year change	-25.5	186.2	194.1	150.2	25.2	2.1	-12.0	16.1
% change	-2.2	16.8	15.0	10.1	1.5	0.3	-3.2	22.8
withholding	1,073.8	1,192.2	1,321.6	1,390.3	1,437.4	746.2	403.8	125.7
1 year change	52.6	118.3	129.5	68.7	18.6	34.4	20.5	4.8
% change	5.2	11.0	10.9	5.2	1.3	4.8	5.3	4.0
non-withholding	36.6	104.4	169.1	250.6	226.6	-12.7	-37.7	-38.9
1 year change	-78.1	67.8	64.6	81.5	6.6	-32.3	-32.5	11.3
% change	-68.1	185.2	61.9	48.2	3.0	nm	nm	nm
Corporate income	207.3	216.3	302.9	299.0	282.5	145.0	83.8	69.4
1 year change	-14.6	9.0	86.6	-3.9	-46.1	-19.5	-15.5	-11.9
% change	-6.6	4.3	40.1	-1.3	-14.0	-11.9	-15.6	-14.6
Unincorporated Bus.	116.4	143.4	163.0	154.3	148.3	37.4	11.7	5.7
1 year change	-3.9	27.0	19.6	-8.7	-12.2	-12.1	-5.5	-3.1
% change	-3.2	23.2	13.6	-5.3	-7.6	-24.4	-32.0	-35.3
Deed taxes*	225.6	311.2	306.6	367.3	397.4	186.7	97.2	36.9
1 year change	38.2	85.6	-4.5	60.6	89.5	31.0	5.3	24.1
% change	20.4	37.9	-1.5	19.8	29.0	19.9	5.8	188.9
Other taxes	547.3	627.8	657.0	591.3	570.6	234.7	153.6	66.9
1 year change	-43.3	80.6	29.2	-65.7	-58.6	-2.0	6.8	18.7
% change	-7.3	14.7	4.6	-10.0	-9.3	-0.8	4.6	38.8

*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/ORA nm=not meaningful due to small amount or negative numbers

Tax collections continue to slow

• For the 12 month period ending March total tax collections (before earmarking) were \$ 229 million (3.6%) less than in the prior year. For the first 6 months of FY 2014, tax collections are \$57 million (2.2%) below last year, and for the last 3 months they were 4.6% below last year.

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

• Individual income tax collections were 1.5% above last year for the 12-months ending March; withholding was 1.3% higher. For the past three months, total individual income tax collections were 3.2% less than last year, while withholding was 5.3% higher.

• General sales collections were -1.1% and -4.8%, respectively, below last year for the 12-months and 3-months ending March.

**Total tax collections (before earmarks):
March 2013 to March 2014**

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



**General Sales tax collections (before earmarks):
March 2013 to March 2014**

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



**Withholding for the Individual Income tax:
March 2013 to March 2014**

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



**General Sales tax and Withholding for the Individual
Income tax: March 2013 to March 2014**

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



**Deed tax collections (before earmarks):
March 2013 to March 2014**

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



US economic forecasts

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

- The Blue Chip Indicator April forecast for real GDP expects growth in FY 2015 of 2.9%, compared with 2.7% in FY 2014 and 1.7% in FY 2013. The growth rate in nominal GDP in FY 2015 is expected to rise to 4.8%.
- The Blue Chip Indicator April forecast for inflation (CPI) is 1.5% for FY 2014 and 2.0% for FY 2015.
- S and P 500: The range of April forecasts by Global Insight and Economy.com for the change in the last quarter of 2014 compared to the last quarter of 2013: -3.4% to 7.1%.

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

Fiscal year and date of forecast	real			nominal		
	Blue Chip	Moody's Economy.com	IHS Global Insight	Blue Chip	Moody's Economy.com	IHS Global Insight
FY 2013 Actual	1.7	1.7	1.7	3.3	3.3	3.3
FY 2014						
January	2.6	3.0	2.7	4.1	4.6	5.6
February	2.9	3.0	2.8	4.4	4.4	5.2
March	2.6	2.9	2.5	4.2	4.3	5.1
April	2.7	2.9	2.5	4.2	4.3	4.9
FY 2015						
January	2.9	3.7	3.0	4.8	5.9	6.5
February	2.9	3.9	3.0	4.8	6.0	7.0
March	2.9	3.9	3.1	4.8	5.9	6.8
April	2.9	3.9	2.7	4.8	5.9	6.5

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

Table 24 B. CBO estimates of GDP and other indicators:
FY 2013 to FY 2016

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

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

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

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

Source: Blue Chip Indicators

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

(% change from prior fiscal year)

Forecast date	% change from prior year			% change from prior year		
	2013.4	2014.4	2015.4	2013.4	2014.4	2015.4
	Global Insight: baseline			Global Insight: pessimistic		
January	24.7	3.2	4.3	24.7	-7.3	4.7
February	24.8	4.9	4.3	24.8	-5.7	4.7
March	24.8	7.1	4.3	24.8	-3.4	4.7
April	24.8	7.1	4.3	24.8	-3.4	4.8

Source: IHS Global Insight

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

(% change from prior fiscal year)

Forecast date	% change from prior year			% change from prior year		
	2013.4	2014.4	2015.4	2013.4	2014.4	2015.4
	Economy.com baseline			Economy.com pessimistic		
January	24.8	1.6	0.4	24.8	-2.8	3.3
February	24.8	2.4	0.3	24.8	-2.0	3.2
March	24.8	2.8	0.1	24.8	-1.6	2.5
April	24.8	4.9	0.2	24.8	0.5	1.3

Source: Moody's Economy.com.

April DC forecasts by Global Insight and Economy.com: fairly weak FY 2014 and a stronger FY 2015

Global Insight and Economy.com baseline forecasts assume that FY 2015 will be stronger than FY 2014 in both income and employment.

●**Employment:** The range of change in wage and salary employment for FY 2014: 831 to 4,670. For FY 2015 the range is -2,034 to 6,879. Baseline forecasts expect resident employment to increase in FY 2014 by almost 3,000, then increase from a range of 4,128 to 8,078 in FY 2015. Baseline unemployment rate forecasts are a reduced slightly, but remain at 7% or higher through FY 2015.

●**Income.** Baseline forecasts for Personal Income are from 0.8% to 1.8% in FY 2014, and 0.5% to 4.8% in FY 2015.

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

(amount of change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
Jan	3,559	5,000	11,379	3,558	4,057	8,541	3,558	1,065	3,931	3,558	-556	-3,859
Feb	3,559	2,579	10,489	3,558	1,737	8,186	3,558	1,065	3,931	3,558	-1,437	-3,783
Mar	3,559	2,580	9,903	3,558	1,684	7,316	3,558	192	4,060	3,558	-1,437	-3,783
Apr	12,892	2,646	6,751	12,892	2,035	2,013	12,892	4,670	6,879	12,892	831	-2,034

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

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

(percent change from prior year)

Date of estimate	Global Insight: baseline			Global Insight: pessimistic			Economy.com: baseline			Economy.com: pessimistic		
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
Jan	2.7	2.7	3.5	2.7	0.9	0.3	2.7	3.4	4.4	2.7	3.1	3.0
Feb	2.7	2.0	4.3	2.7	0.5	1.0	2.7	2.9	4.3	2.7	2.8	2.9
Mar	2.7	1.7	3.7	2.7	0.2	0.4	2.7	3.0	4.9	2.7	2.8	2.9
Apr	2.5	1.6	3.4	2.5	0.8	0.5	2.5	1.8	4.8	2.5	1.5	3.4

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

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

(amount of change from prior year)

Date of estimate	Global Insight: baseline			Economy.com: baseline		
	2013	2014	2015	2013	2014	2015
Jan	14,837	-1,754	7,943	14,837	-2,902	4,625
Feb	14,837	-2,312	8,538	14,837	-2,229	4,130
Mar	14,837	-2,125	8,442	14,471	1,974	4,346
Apr	14,471	2,914	8,078	14,471	2,806	4,128

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

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

Date of estimate	Global Insight: baseline			Economy.com: baseline		
	2013	2014	2015	2013	2014	2015
Jan	8.6	8.1	7.4	8.6	8.3	8.2
Feb	8.6	8.2	7.5	8.6	8.2	8.2
Mar	8.6	8.1	7.5	8.5	7.6	7.6
Apr	8.5	7.4	7.0	8.5	7.5	7.4

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

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

(percent change from prior year)

Date of estimate	Global Insight: baseline			Economy.com: baseline		
	2013	2014	2015	2013	2014	2015
Jan	2.4	2.4	4.6	2.4	2.6	5.2
Feb	2.4	1.7	4.3	2.4	1.8	5.0
Mar	2.4	1.6	4.3	2.4	1.7	5.4
Apr	2.2	1.0	3.9	2.2	1.0	5.3

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

Table 32. DC resident wages FY 2013 to FY 2015

(percent change from prior year)

Date of estimate	Global Insight: baseline			Economy.com: baseline		
	2013	2014	2015	2013	2014	2015
Jan	3.0	1.0	2.2	3.0	2.8	4.1
Feb	3.0	0.2	3.6	3.0	2.3	3.9
Mar	3.0	0.0	2.8	3.0	2.2	4.2
Apr	2.8	0.2	2.2	2.8	0.9	4.0

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

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

DC revenue estimate

The February revenue estimate adds to revenue growth in FY 2015

- Anticipated tax revenue growth (before earmarks) is \$234.7 million in FY 2014 and \$278.5 million in FY 2015. The percentage gains of 3.8% and 4.4%, respectively, are close to what occurred in FY 2013 (a 4.2% increase of \$247.2 million). This reflects continued growth in the DC economy as well as cutbacks in federal spending.
- The real property tax accounts for 42% of the growth in FY 2014 and 59% of growth in FY 2015. Personal Income, sales, and business income taxes increase in each year.
- As a share of DC Personal Income, tax collections in FY 2014 and FY 2015 are the same as FY 2013—12.7%.

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

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

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

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

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

Source: ORA February 2014 revenue estimate

Table 35. DC Income and stock market assumptions:

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

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

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

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

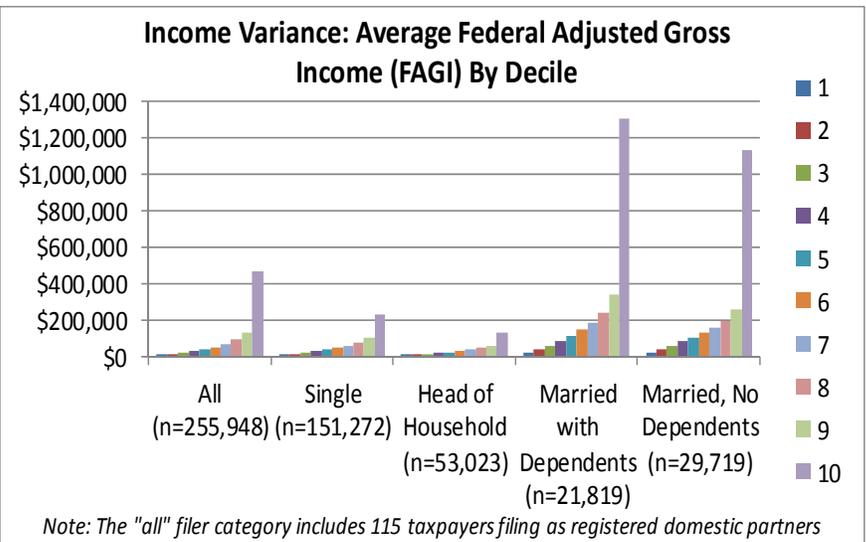
Source: ORA. February 2014 revenue estimate under existing legislation. The table includes tax revenue only, before all earmarks, and excludes all non-tax revenues, lottery, and "O-type" earmarked revenues.

The Income Gap

The income gap before accounting for District taxes is large. Among all taxpayers in the District, the average income, before District taxes, is about \$6,800 among the bottom ten percent of filers and \$465,000 among the top ten percent. This is a difference of around \$459,000. The greatest income inequality is among married filers, who in the top decile have average incomes that are separated from the bottom decile by a measure of over \$1 million. This difference is only \$226,500 for singles and \$127,200 for heads of households.

Average FAGI by Decile and Filer Status					
FAGI Decile	All	Single	Head of Household	Married with Dependents	Married, No Dependents
0-10%	\$6,792	\$5,939	\$6,368	\$18,074	\$20,566
10-20%	\$15,602	\$15,479	\$11,278	\$38,268	\$42,184
20-30%	\$23,365	\$23,378	\$15,046	\$59,231	\$61,395
30-40%	\$32,096	\$32,383	\$19,254	\$86,230	\$81,395
40-50%	\$41,660	\$41,278	\$24,070	\$116,812	\$102,212
50-60%	\$52,741	\$50,504	\$29,249	\$149,913	\$126,135
60-70%	\$67,789	\$61,761	\$35,466	\$188,775	\$154,819
70-80%	\$90,233	\$77,441	\$44,320	\$241,231	\$192,193
80-90%	\$131,805	\$102,073	\$59,020	\$337,717	\$257,048
90-100%	\$465,403	\$232,468	\$133,583	\$1,305,021	\$1,130,741

The high variation in incomes of married couples and families is largely driven by very high average incomes in the top decile, as shown in the graph to the right. The top ten percent of the married earners (whether with kids or not) report incomes that are four times the incomes of those in the second highest decile. The group with the smallest variation is the heads of households. In this group, the top decile receive incomes about twenty times the bottom decile. While this number is large, it is relatively small compared to all filers, where top incomes are sixty-nine times the bottom incomes.



Taxes' Effect on Income, by FAGI Decile (All Filer Types)				
FAGI Decile	Avg. FAGI Before Taxes	Avg. Tax Effect on Income	Post-Tax Income	Effective tax rate
0-10%	\$6,792	+\$606	\$7,399	-8.9%
10-20%	\$15,602	+\$597	\$16,199	-3.8%
20-30%	\$23,365	-\$147	\$23,217	0.6%
30-40%	\$32,096	-\$881	\$31,215	2.7%
40-50%	\$41,660	-\$1,565	\$40,095	3.8%
50-60%	\$52,741	-\$2,268	\$50,473	4.3%
60-70%	\$67,789	-\$3,260	\$64,529	4.8%
70-80%	\$90,233	-\$4,788	\$85,445	5.3%
80-90%	\$131,805	-\$7,554	\$124,251	5.7%
90-100%	\$465,403	-\$26,235	\$439,168	5.6%

The Tax System's Effect on Income

To calculate the income tax's effect on an individual taxpayer we totaled any local income tax credits the taxpayer received (including EITC, the property tax credit, and other refundable credits) and subtracted local income taxes they owed. We've summarized the results of our analysis in the table below.

In effect, the tax system closes the income gap by about \$27,000. The bottom decile's average income increases from \$6,800 to \$7,400, or by 8.9 percent, after tax credits such as the District's earned income tax credit and Schedule H credits. The top decile's average income is reduced from around \$465,000 to \$439,000, or by 5.6 percent, from income taxes. This makes the gap in average income between the top and bottom deciles about \$432,000 after taxes, compared to \$459,000 before. That's a reduction of about 6 percent.

(Continued on p. 18)

How much the income gap closes after taxes varies with filing status. Singles and heads of household see the biggest income gap reductions from local taxes, of 6.7 and 6.5 percent, respectively. Married filers with no dependents see the smallest reduction in the gap—4.5 percent.

How Progressive is this Tax System?

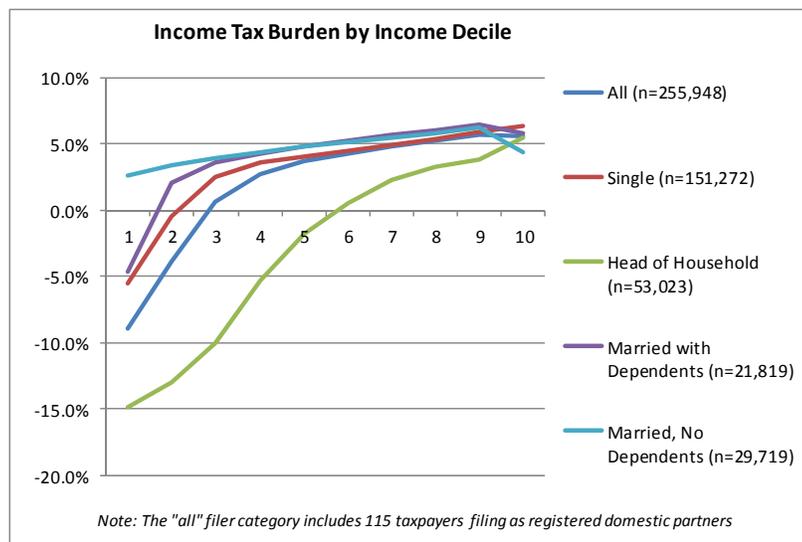
A roughly 6 percent reduction in the income gap might seem small, but D.C.’s income tax system is progressive. The percent of income paid towards taxes increases with income, as shown in the graph below. However, tax burdens do vary with filing status, and quite dramatically so for those in the lowest income deciles. The tax burden for the bottom ten percent of filers ranges

from a 15 percent tax *credit* for heads of household to a 2.6 percent tax *burden* for married filers with no dependents. For heads of households, for whom median income is close to \$27,000, tax credits support more than half the tax filers. The appendix tables break down the effective tax rates across deciles for four types of filers captured in the graph below. One important note is that in Tax Year 2011, the highest marginal tax rate was 8.5

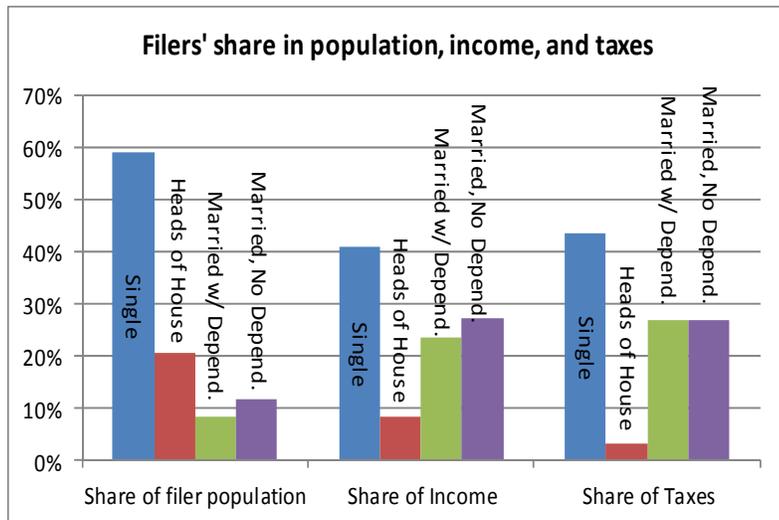
Income Gap ¹ Reduction by Filer Type				
Filer Type	Income Gap Before Taxes	Income Gap After Taxes	Difference	Percent Reduction
Single	\$226,529	\$211,340	\$15,189	6.7%
Head of Household	\$127,215	\$118,954	\$8,261	6.5%
Married w/ Dependents	\$1,286,947	\$1,209,855	\$77,092	6.0%
All	\$458,611	\$431,770	\$26,841	5.9%
Married, No Dependents	\$1,110,175	\$1,060,661	\$49,514	4.5%

¹Gap is defined as the difference in average income between the top and bottom income deciles. Federal adjusted gross income is used as the income measure.

percent on incomes above \$40,000. Starting Tax Year 2012, the District has been imposing an 8.95 percent marginal rate on incomes above \$350,000. The impact of this higher rate is not captured in our analysis.



Comparing different filing groups’ share of income and taxes is another way to look at the tax burden. The graph below shows that heads of households, who constitute twenty percent of filers and take in less than eight percent of income earned in the city, pay three percent of the taxes, collectively. On the other hand, married filers with or without dependents, who constitute one fifth of the filers and receive nearly half the income earned in District, contribute over \$623 million in (or 54 percent of the) tax revenue.



We found that D.C.’s income tax system is somewhat more progressive than the average of 51 cities across the country in our [2012 Tax Rates and Tax Burdens](#) report. Our report found that for a family with an income of \$25,000, D.C.’s income tax burden is less than the 51-city average. For families at income levels of \$50,000, \$75,000, \$100,000, and \$150,000, the income tax burden is higher in D.C. than the 51-city average.

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APPENDIX:

SINGLE FILERS				
FAGI Decile	Avg. FAGI Before Taxes	Avg. Tax Effect on Income	Post-Tax Income	Tax Effect as % of FAGI
1	\$5,939	\$327.70	\$6,267	5.5%
2	\$15,479	\$66.83	\$15,546	0.4%
3	\$23,378	-\$587.20	\$22,791	-2.5%
4	\$32,383	-\$1,162.52	\$31,221	-3.6%
5	\$41,278	-\$1,675.58	\$39,603	-4.1%
6	\$50,504	-\$2,259.45	\$48,245	-4.5%
7	\$61,761	-\$3,039.05	\$58,722	-4.9%
8	\$77,441	-\$4,175.95	\$73,265	-5.4%
9	\$102,073	-\$6,014.46	\$96,058	-5.9%
10	\$232,468	-\$14,861.13	\$217,607	-6.4%

HEADS OF HOUSEHOLD				
FAGI Decile	Avg. FAGI Before Taxes	Avg. Tax Effect on Income	Post-Tax Income	Tax Effect as % of FAGI
1	\$6,368	\$949.34	\$7,317	14.9%
2	\$11,278	\$1,465.28	\$12,743	13.0%
3	\$15,046	\$1,513.22	\$16,559	10.1%
4	\$19,254	\$1,017.87	\$20,272	5.3%
5	\$24,070	\$442.44	\$24,513	1.8%
6	\$29,249	-\$139.46	\$29,110	-0.5%
7	\$35,466	-\$801.70	\$34,664	-2.3%
8	\$44,320	-\$1,466.80	\$42,854	-3.3%
9	\$59,020	-\$2,281.04	\$56,739	-3.9%
10	\$133,583	-\$7,312.02	\$126,271	-5.5%

MARRIED FILERS WITH NO DEPENDENTS				
FAGI Decile	Avg. FAGI Before Taxes	Avg. Tax Effect on Income	Post-Tax Income	Tax Effect as % of FAGI
1	\$20,566	-\$528.16	\$20,037	-2.6%
2	\$42,184	-\$1,448.66	\$40,736	-3.4%
3	\$61,395	-\$2,436.13	\$58,959	-4.0%
4	\$81,395	-\$3,577.55	\$77,817	-4.4%
5	\$102,212	-\$4,868.44	\$97,343	-4.8%
6	\$126,135	-\$6,498.99	\$119,636	-5.2%
7	\$154,819	-\$8,474.67	\$146,345	-5.5%
8	\$192,193	-\$11,119.60	\$181,074	-5.8%
9	\$257,048	-\$15,960.53	\$241,087	-6.2%
10	\$1,130,741	-\$50,042.06	\$1,080,699	-4.4%

MARRIED FILERS WITH DEPENDENTS				
FAGI Decile	Avg. FAGI Before Taxes	Avg. Tax Effect on Income	Post-Tax Income	Tax Effect as % of FAGI
1	\$18,074	\$834.81	\$18,908	4.6%
2	\$38,268	-\$795.61	\$37,473	-2.1%
3	\$59,231	-\$2,132.82	\$57,098	-3.6%
4	\$86,230	-\$3,658.13	\$82,572	-4.2%
5	\$116,812	-\$5,604.56	\$111,207	-4.8%
6	\$149,913	-\$7,896.81	\$142,016	-5.3%
7	\$188,775	-\$10,670.45	\$178,105	-5.7%
8	\$241,231	-\$14,611.25	\$226,620	-6.1%
9	\$337,717	-\$21,764.56	\$315,953	-6.4%
10	\$1,305,021	-\$76,257.55	\$1,228,763	-5.8%

Total Income received (\$ millions)					
FAGI Decile	All ¹	Singles	Heads of Household	Married with Dependents	Married, No Dependents
1	\$174	\$90	\$34	\$39	\$61
2	\$399	\$234	\$60	\$84	\$125
3	\$598	\$354	\$80	\$129	\$182
4	\$822	\$490	\$102	\$188	\$242
5	\$1,066	\$624	\$128	\$255	\$304
6	\$1,350	\$764	\$155	\$327	\$375
7	\$1,735	\$934	\$188	\$412	\$460
8	\$2,310	\$1,171	\$235	\$526	\$571
9	\$3,374	\$1,544	\$313	\$737	\$764
10	\$11,912	\$3,517	\$708	\$2,848	\$3,361
TOTAL²	\$23,739	\$9,722	\$2,002	\$5,545	\$6,445

Total Taxes Paid (\$ millions)					
FAGI Decile	All ¹	Singles	Heads of Household	Married with Dependents	Married, No Dependents
1	(\$16)	(\$5)	(\$5)	(\$2)	\$2
2	(\$15)	(\$1)	(\$8)	\$2	\$4
3	\$4	\$9	(\$8)	\$5	\$7
4	\$23	\$18	(\$5)	\$8	\$11
5	\$40	\$25	(\$2)	\$12	\$14
6	\$58	\$34	\$1	\$17	\$19
7	\$83	\$46	\$4	\$23	\$25
8	\$123	\$63	\$8	\$32	\$33
9	\$193	\$91	\$12	\$47	\$47
10	\$671	\$225	\$39	\$166	\$149
TOTAL²	\$1,164	\$505	\$35	\$311	\$312

¹Excludes tax payers with no tax liability nor tax credits.

²Total taxes paid by each filing category add up to less than the total taxes paid by all filers because all filers include 115 taxpayers filing under registered domestic partner status.

ORA Reports and Documents

From time to time the Office of Revenue Analysis prepares revenue estimates, fiscal impact statements on pending legislation, reports, and other documents on subjects related to DC 's economy and taxes. These documents are posted on the OCFO web site (www.cfo.dc.gov) under subcategories of "Reports and Publications" and "Budget and Revenue."

Recent ORA reports:

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

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

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

Tax Rates and Tax Burdens 2012 Nationwide. This annual publication compares DC tax rates and estimated DC tax burdens for households of different income levels with the rates and burdens of state and local taxes in the principal cities in all 50 states.

Tax Rates and Tax Burdens 2012 Washington Metropolitan Area. This annual publication compares DC tax rates and estimated DC tax burdens for households of different income levels with the rates and burdens of the surrounding jurisdictions in the DC metropolitan area.

About this report.

District of Columbia Economic and Revenue Trends is generally issued toward the end of every month. Employment and most other DC information reported on a monthly basis is from one to two months prior to the *Trends* date. Lags can be greater with quarterly data such as Personal Income and commercial real estate. Data in the tables are believed to be reliable, but original sources are definitive. All data are subject to revision by the information source. The *Trends* report is available at the DC Chief Financial Officer web-site: www.cfo.dc.gov (click on *Budget and Revenue/Economy/ Economic and Revenue Trends*).

Table 37. Information sources

Indicator	Source	Period covered in this report	Next release
D.C. Jobs and Labor Force information	BLS	March	May 16
D.C. Personal Income	BEA	2013.4	June 24
D.C. Tax Collections	OTR/ORA	March	c. May 15
D.C. Housing Sales	MRIS*	March	c. May 10
D.C. Commercial Office Building data	Delta Associates	2013.4	c May 15
DC Apartment data	Reis, inc	2013.4	c May 1
D.C. Hotel stay information	Smith Travel Research	March	c. May 20
Consumer Price Index	BLS	March	May 15
U.S. Jobs and Labor Force	BLS	March	May 2
U.S. GDP and Personal Income	BEA	2013.4	April 30
S and P 500 Stock Index	Financial press	March	May 1
Interest rate on 10-Year Treasury Securities	Financial press	March	May 1
IHS Global Insight D.C. forecast	Global Insight	April	c. May 20
Moody's Economy.com D.C. forecast	Economy.com	April	c. May
Blue Chip Economic Indicators for the U.S.	Aspen Publishers	April	May

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

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

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

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