

Finally, Some Good News Out of Washington—But Where are the Media?

March 31, 2015 | By Len Bogorad, Managing Director

Seems like the media are only interested in reporting on bad news about Washington, D.C., these days—and, to be fair, there has been plenty, ranging from Downton Abbey-esque Congressional office makeovers, to Secret Service officers crashing into a suspected bomb crime scene. But where is the front page article in the Washington Post or Washington Business Journal about JOBS, JOBS, and more JOBS? In the latest correction, the BLS now reports that the Washington region added over 50,000 jobs in February 2015 compared with the same month one year ago. That’s up from a paltry 18,000 in late 2014 before the correction—and yet no ink above the fold, or even below it!

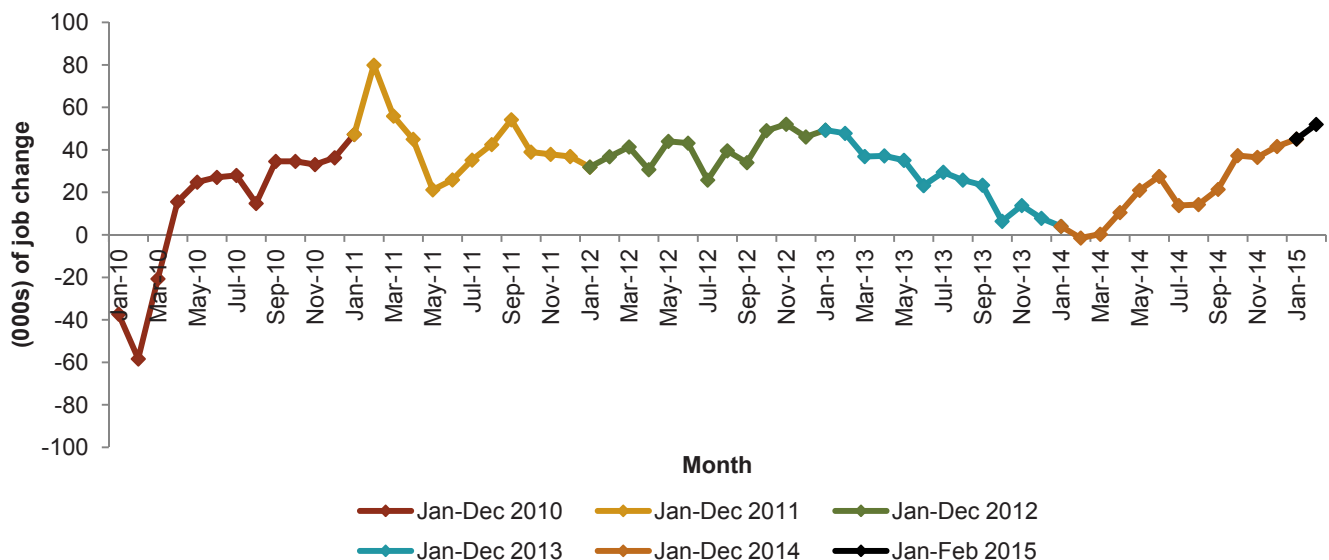
Regardless of one’s political persuasion, there is no doubt that the federal budget sequestration that went into effect on March 1, 2013, has adversely affected the Washington, D.C., metropolitan area economy. In 2011 and 2012, after the recovery began but before the sequestration, regional job growth was averaging

about 40,000—similar to the long-term average. BLS job increase numbers for a given month over the same month a year earlier (“month over year”) had been declining ever since the sequestration until they showed some signs of modest improvement towards the end of 2014. But even by the end of 2014, month over year job growth had not exceeded 20,000.

But it turns out that the 2014 numbers were way off. BLS’s annual revision (“benchmarking”) now shows that job growth was back to pre-sequestration levels by Dec. 2014, when there were 41,600 more jobs than in Dec. 2013. And the news has gotten even better since, with just-released job growth of 52,000 in Feb. 2015 relative to Feb. 2014—the highest growth since Sep. 2011.

It is also encouraging that the job growth in the past year is fairly evenly distributed among Northern Virginia (17,100), D.C. (15,900), and Suburban Maryland (11,700). Much of the growth regionally continues to

Annual Job Change in Washington, D.C., MSA (Month over year)



Source: BLS; GMU Center for Regional Analysis; RCLCO

be in industries such as Education & Health Services, Leisure & Hospitality (which includes restaurants), and Retail Trade, which together account for 52% of the growth. But it is reassuring that Professional & Business Services (including many government contractors) now shows growth of 11,000 over a year ago, and even the federal government experienced an increase of 1,000 jobs, based on data compiled by the George Mason University Center for Regional Analysis.

These revised job growth numbers go a long way to help to explain the record rental apartment absorption the region has been experiencing, and perhaps offer some hope for improvement in the troubled office market.

Article and research prepared by Len Bogorad, Managing Director.

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