Economic Outlook for the District of Columbia

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Welcome and Introductions

- REMI models
- Big Picture: REMI Regional Growth Matrix
- Economic outlook
  - Short-term forecast
  - Long-term forecast
- Model demonstration

Model

Regional Economic Models, Inc. (REMI) was founded in 1980 on a transformative idea: *government decision-makers should test the economic effects of their policies before they're implemented.* We are the nation's leader in dynamic local, state and national policy modeling. Our clients use REMI models to perform rigorous economic analysis that critically influences local, state and national policies.

OUR CLIENTS:

Business Roundtable • Sandia National Laboratories • Ernst & Young • Texas Comptroller
University of Michigan • Tennessee Valley Authority • National Education Association
South Coast Air Quality Management District • Florida Legislature
North Carolina Department of Commerce • Wyoming Department of Administration & Information
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what does REMI say? [sm]
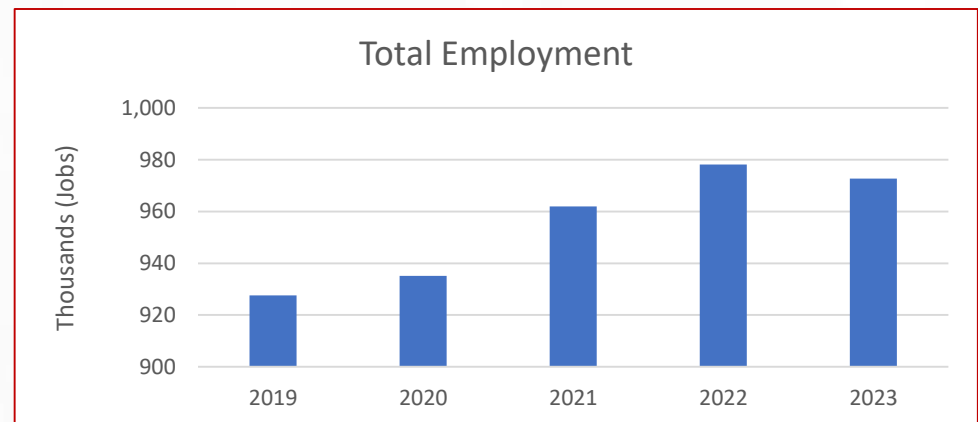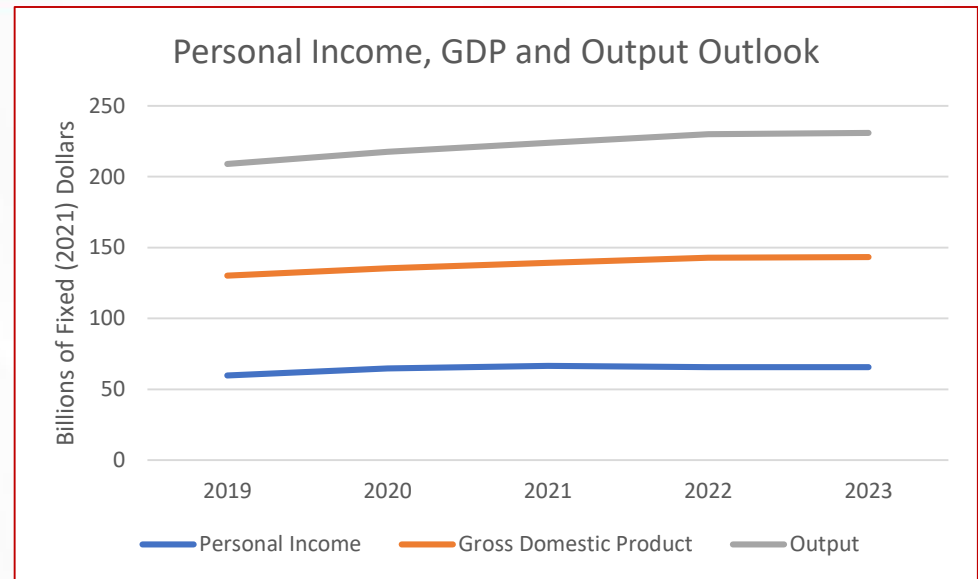
District of Columbia Economy

- Population of .70 million; median age of 33.9; and a median household income of $85,203.[1]

- Key industries include professional, scientific and technical services, public administration, health care and social assistance.

- Top domestic production in dollars include Furniture ($757M), Alcoholic beverages ($742M), and waste/scrap ($690M).

[1]DataUSA.com (2018 data)   [2]WDCEP.com

what does REMI say? [sm]

Short-Term Outlook: District of Columbia

- Years 2019-2023

- Growth 2020-2021
  - Personal income : 2.8%
  - GDP: 2.8%
  - Output: 3.0%
  - Employment: 27 thousand jobs

- Uncertainty

what does REMI say? sm

Personal Income, GDP and Output Outlook

Billions of Fixed (2021) Dollars

Legend: Personal Income — Gross Domestic Product — Output

Total Employment

Thousands (Jobs)

REMI Regional Growth Matrix: Economic & Demographic Factors

Economic Factors

	Industry Growth	Industry Clusters	Pay	Productivity	Business Cost
Favorable	Growing	Strong	High-paid industries	High	Low
Unfavorable	Declining	Weak	Low-paid industries	Low	High

Demographic Factors

	Population Age	Retirees	Immigration	Amenities	Housing Cost
Favorable	Younger	Gains retirees	Immigration gateway	High	Low
Unfavorable	Older	Loses retirees	Low internat'l immigration	Low	High

what does REMI say? [sm]

Regional Growth Matrix

Favorable

Employment

*Renaissance Economies
(Massachusetts)*

*Growth Economies
(Colorado, Texas)*

Unfavorable

Favorable

*Transitional Economies
(Maine, West Virginia)*

*Lifestyle Economies
(Virginia)*

Unfavorable

Population
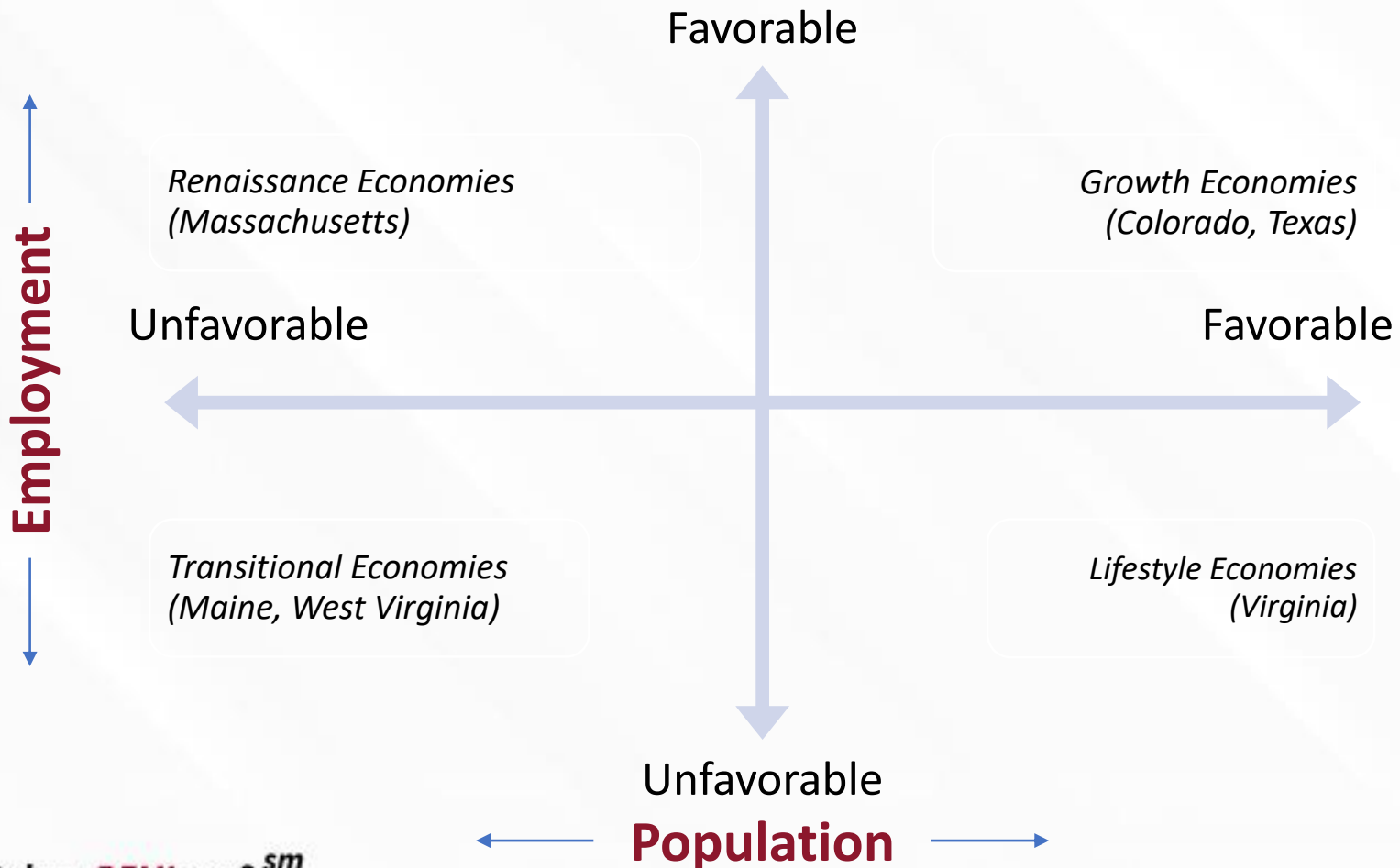
Growth Matrix

Difference in Growth from US Average (2021-2022)

	US Average	D.C.	Difference
Employment growth	1.9%	1.7%	-0.2%
Population growth	0.7%	1.8%	1.1%

what does **REMI** say? sm
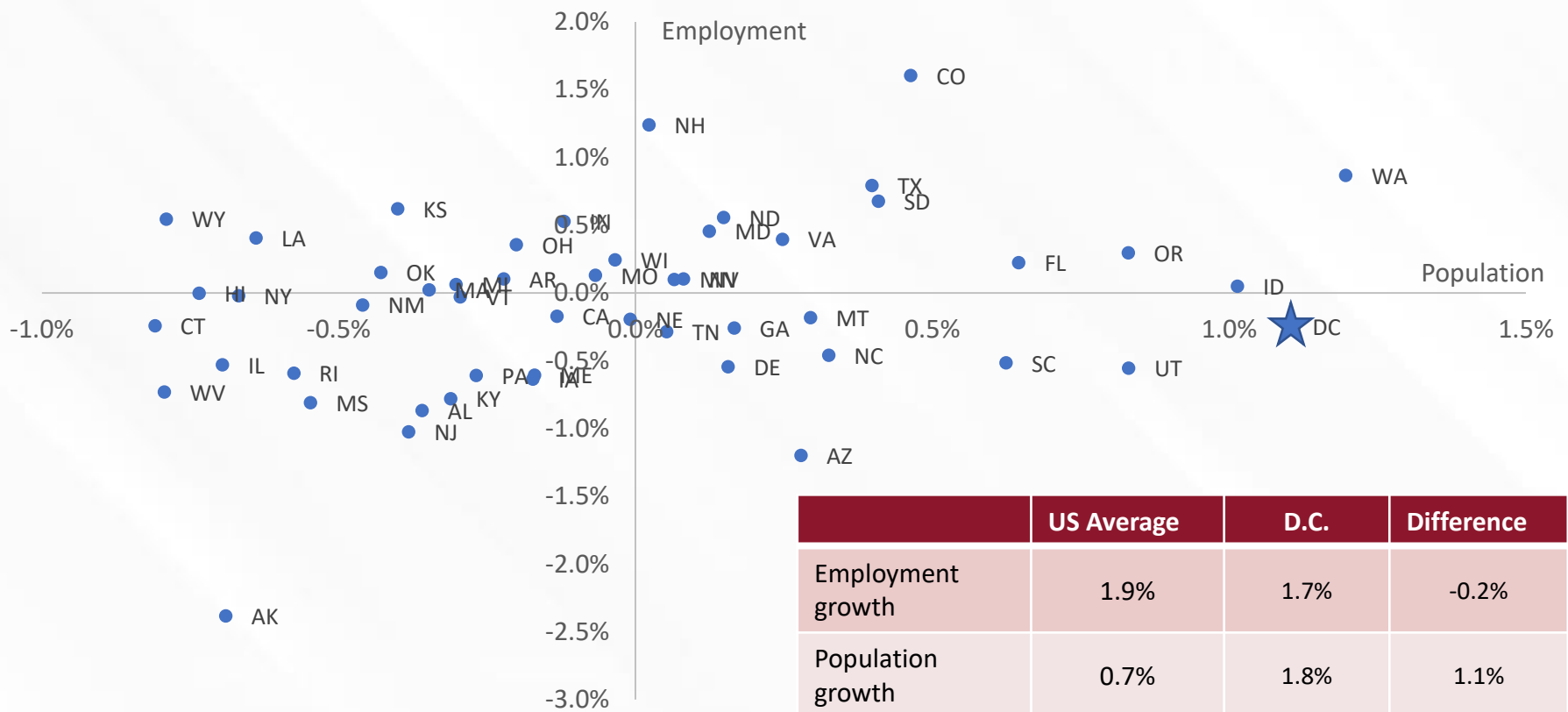
Data Sources

- Baseline (Standard National Control)
  - BLS Forecast Data
- Economic Forecast Update March 2021
  - 2019-2020 historical data from BEA
  - The U.S. Economic Outlook for 2020-2022 from the University of Michigan's Research Seminar in Quantitative Economics (RSQE)
  - An update to the Economics Outlook from CBO
  - Includes $1.6 trillion stimulus, additional vaccination, and additional consumer spending[1]
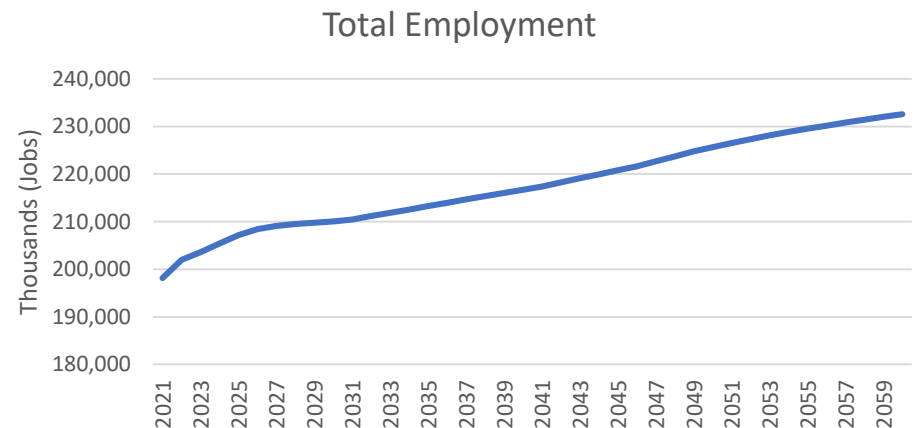
National Outlook
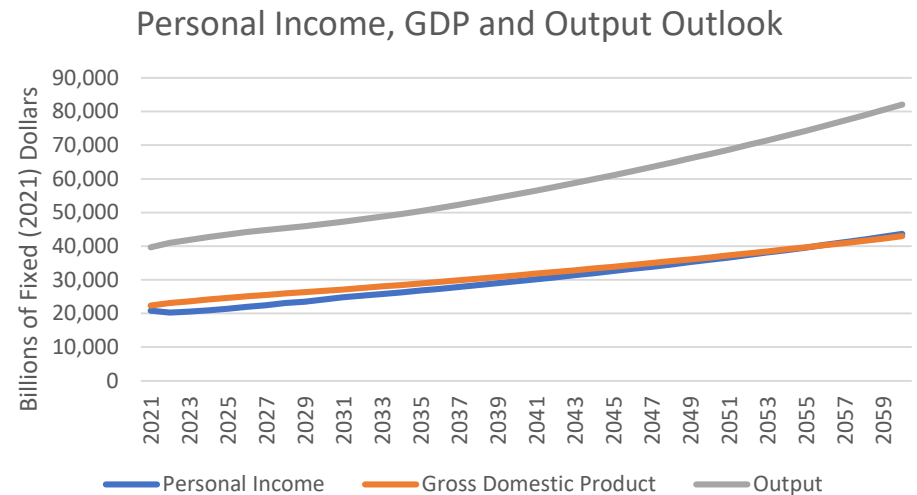
Short-Term Outlook: the U.S.

- Years 2019-2023

- Growth 2020-2021
  - Personal income: 2.9%
  - GDP: 4.4%
  - Output: 4.4%
  - Employment: +7 million jobs

Personal Income, GDP and Output Outlook

Total Employment

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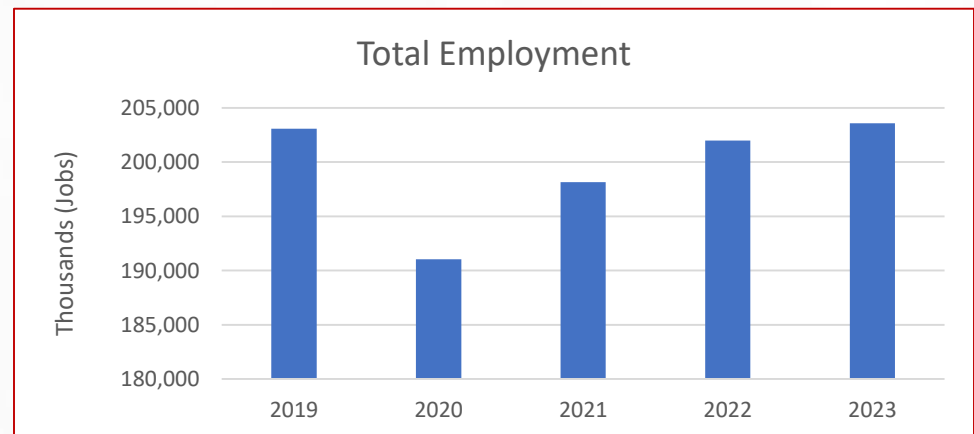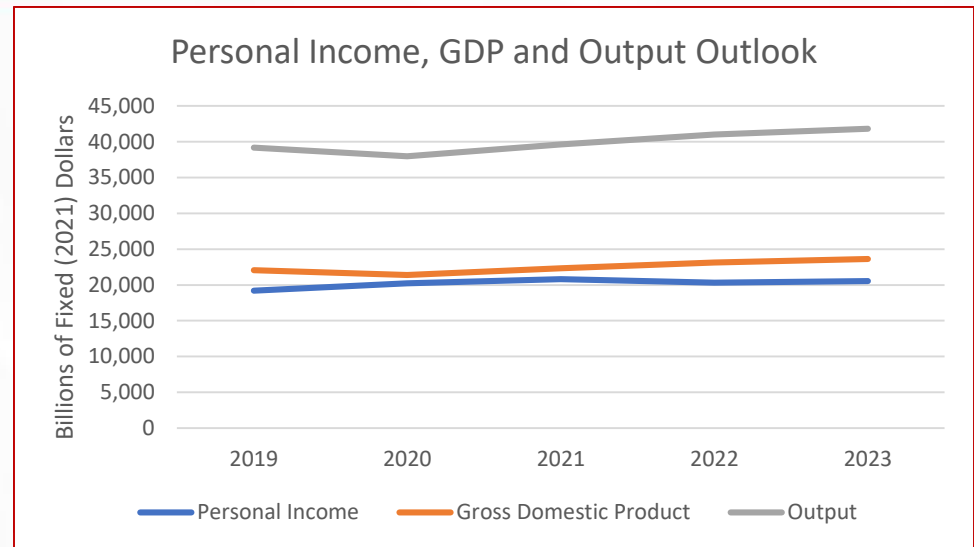
Long-Term Outlook: The U.S.

- Years 2021-2060
- Average growth / year
  - Personal income: 1.9%
  - GDP: 1.8%
  - Output: 1.9%
 - Total employment: +1,038 thousand jobs

Personal Income, GDP and Output Outlook

Legend: Personal Income — Gross Domestic Product — Output

Total Employment

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Regional Outlook: District of Columbia

Short-Term Outlook: Employment by Industry

- Industries with largest employment growth rates in 2021

- 2020 - 2021: 10,994 jobs increasing in the top 5 fast growing industries

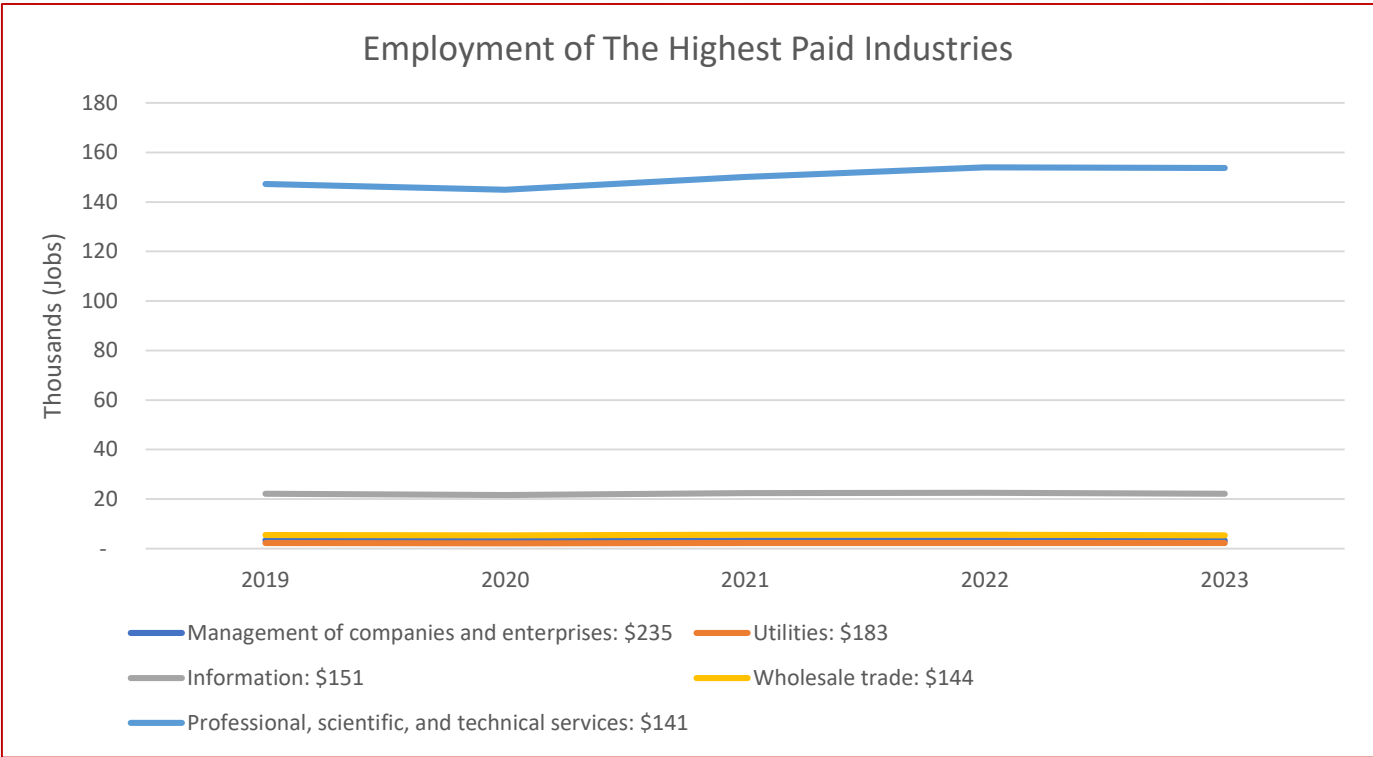### Job Increase in The Fastest Growing Industries in 2021
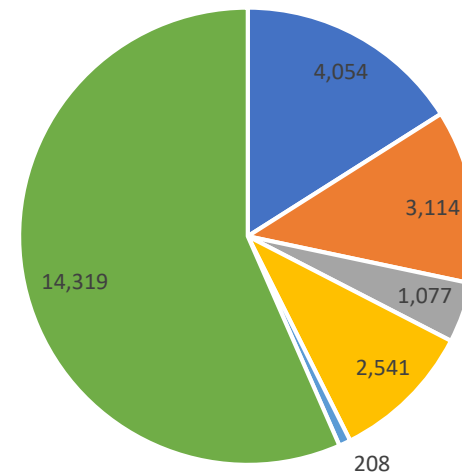
- Health care and social assistance: 5.67%
- Educational services; private: 5.42%
- Retail trade: 3.95%
- Accommodation and food services: 3.91%
- Wholesale trade: 3.90%
- All other industries

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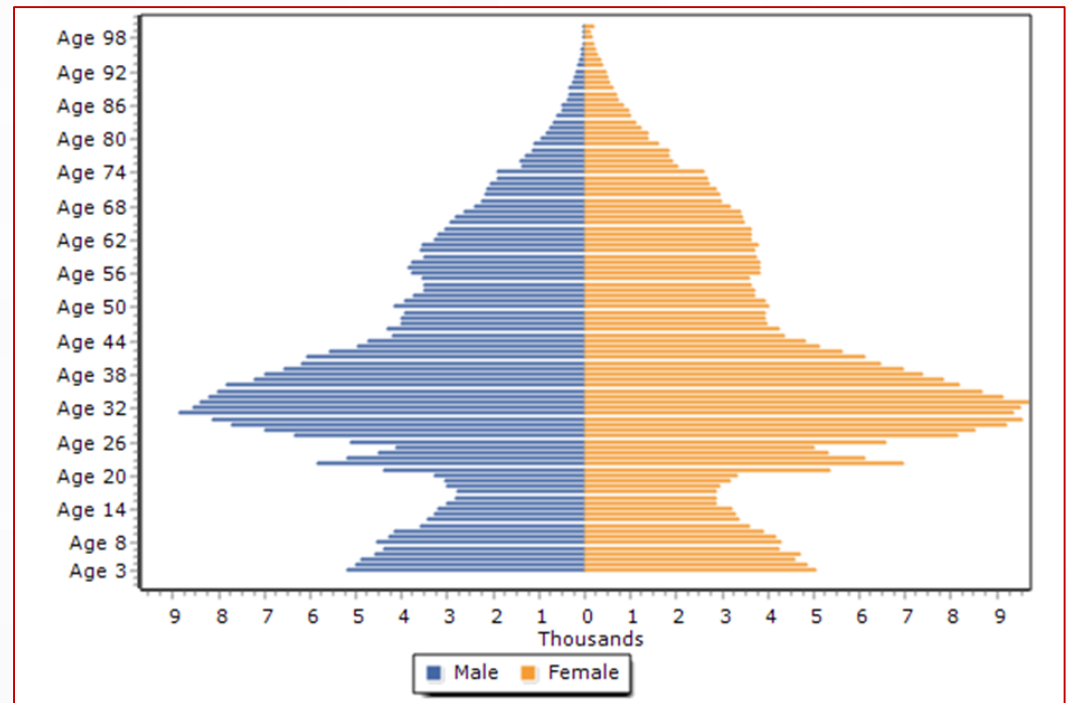# Short-Term Outlook: Employment by Industry

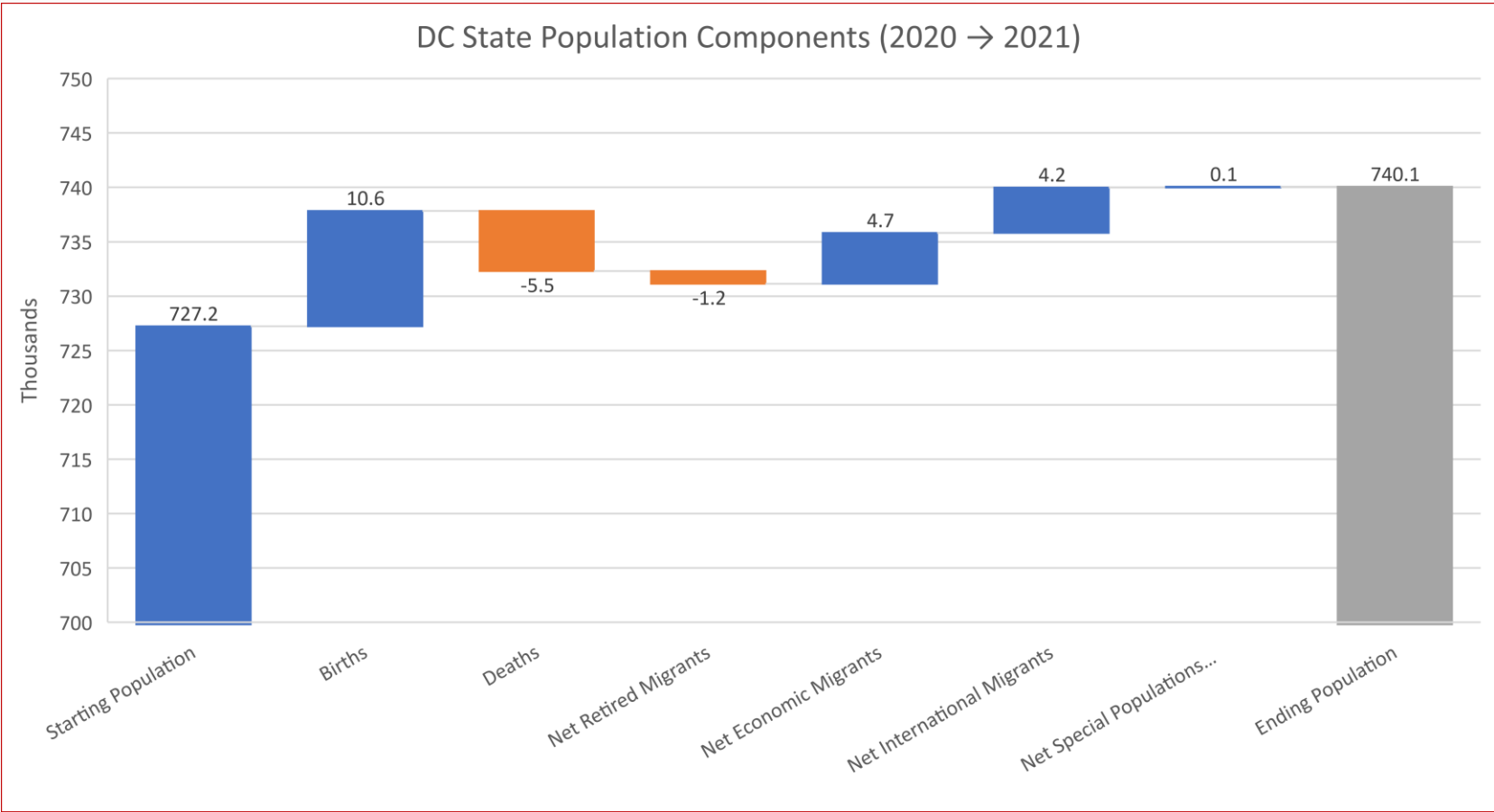- Industries with highest average annual compensation rates in 2021

Short-Term Outlook: Population Pyramid (2021)

- Year 2021

- Large population of ages 25-39
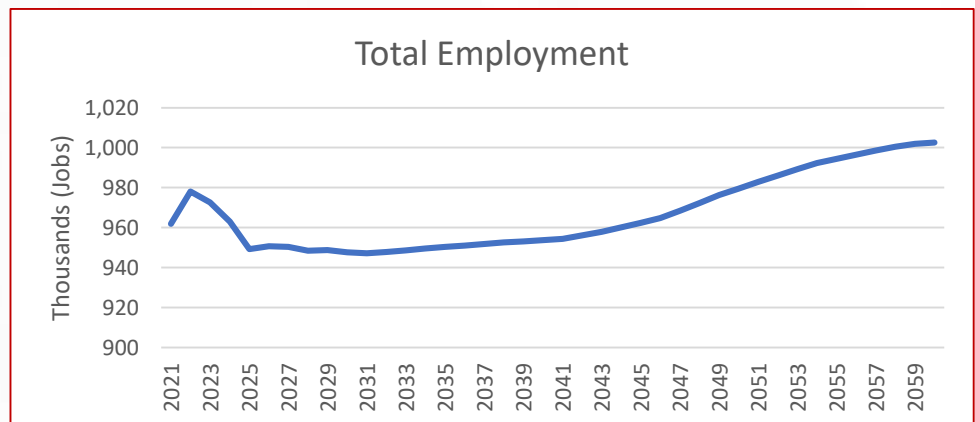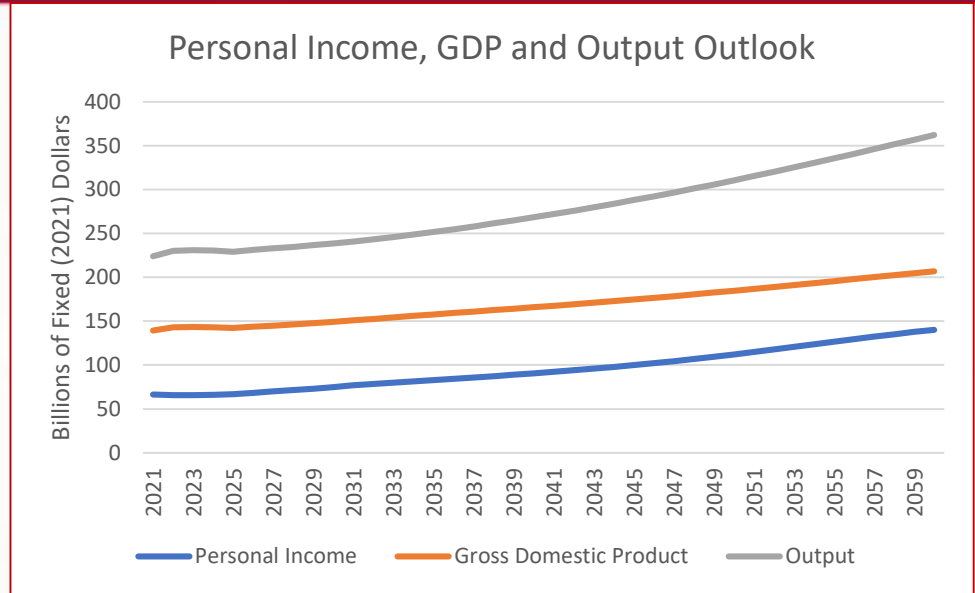
- Small population of ages 10-19

Short-Term Outlook: Population Components

DC State Population Components (2020 → 2021)

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Long-Term Outlook: District of Columbia

- Years 2021-2060

- Average growth / year
  - Personal income: 2.0%
  - GDP: 1.1%
  - Output: 1.3%
  - Total employment: 2 thousand jobs

Personal Income, GDP and Output Outlook

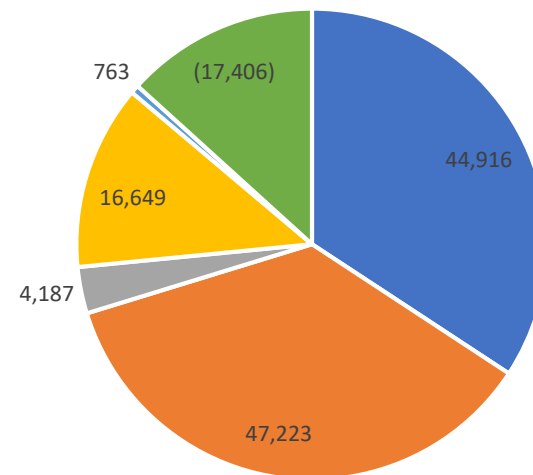Total Employment

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Long-Term Outlook: Employment by Industry

- Industries with fastest employment increasing

- 2020 - 2060: 113,738 jobs increasing in the top 5 fast growing industries

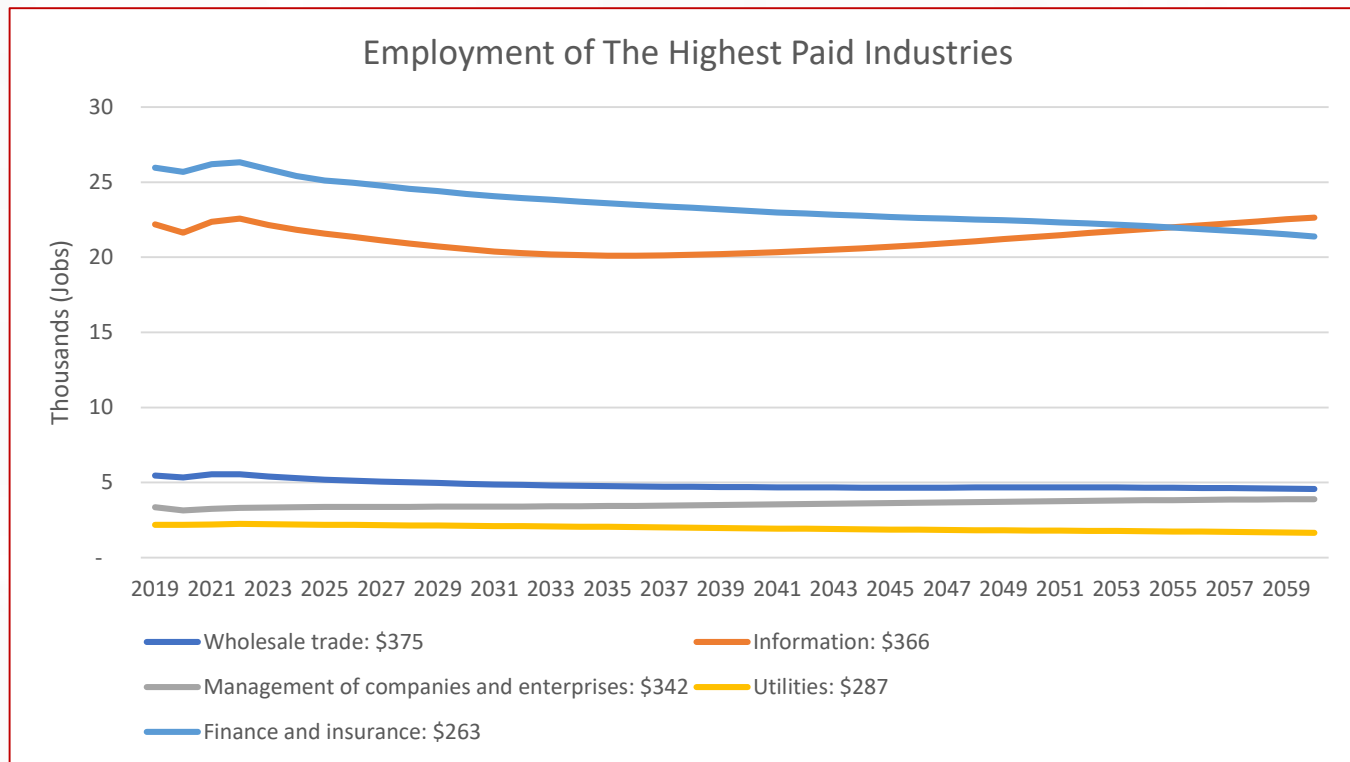### Job Increase in The Fastest Growing Industries (2020 → 2060)

- Health care and social assistance: 1.23%
- Professional, scientific, and technical services: 0.71%
- Transportation and warehousing: 0.58%
- Accommodation and food services: 0.57%
- Management of companies and enterprises: 0.55%
- All other industries

Pie chart values: 44,916; 47,223; 4,187; 16,649; 763; (17,406)

Long-Term Outlook: Employment by Industry

- Employment of industries with highest average annual compensation rates in 2060

Employment of The Highest Paid Industries

Legend:
- Wholesale trade: $375
- Information: $366
- Management of companies and enterprises: $342
- Utilities: $287
- Finance and insurance: $263

Long-Term Outlook: Population Pyramid
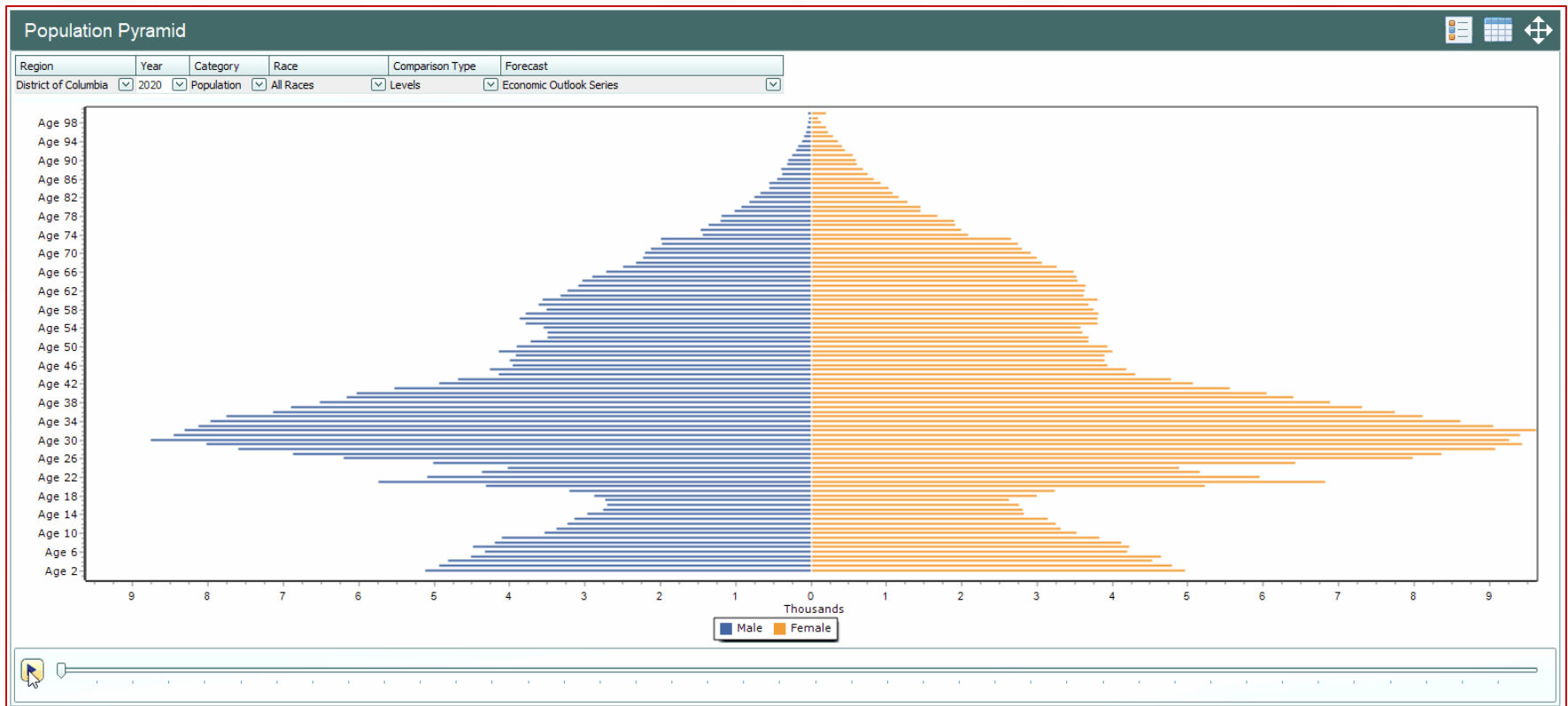
- Year 2060

Long-Term Outlook: Population Pyramid

- Year 2060
- Constrictive

Population Components

DC Population Components (2020 → 2060)

Model Demonstration

what does **REMI** say? [sm]
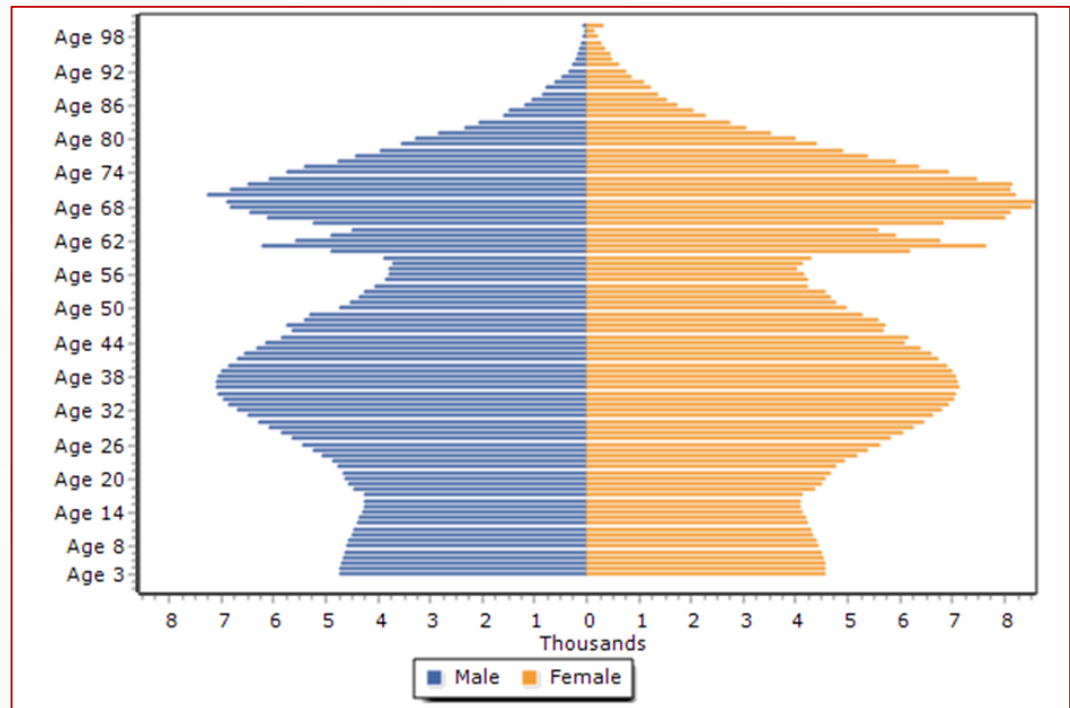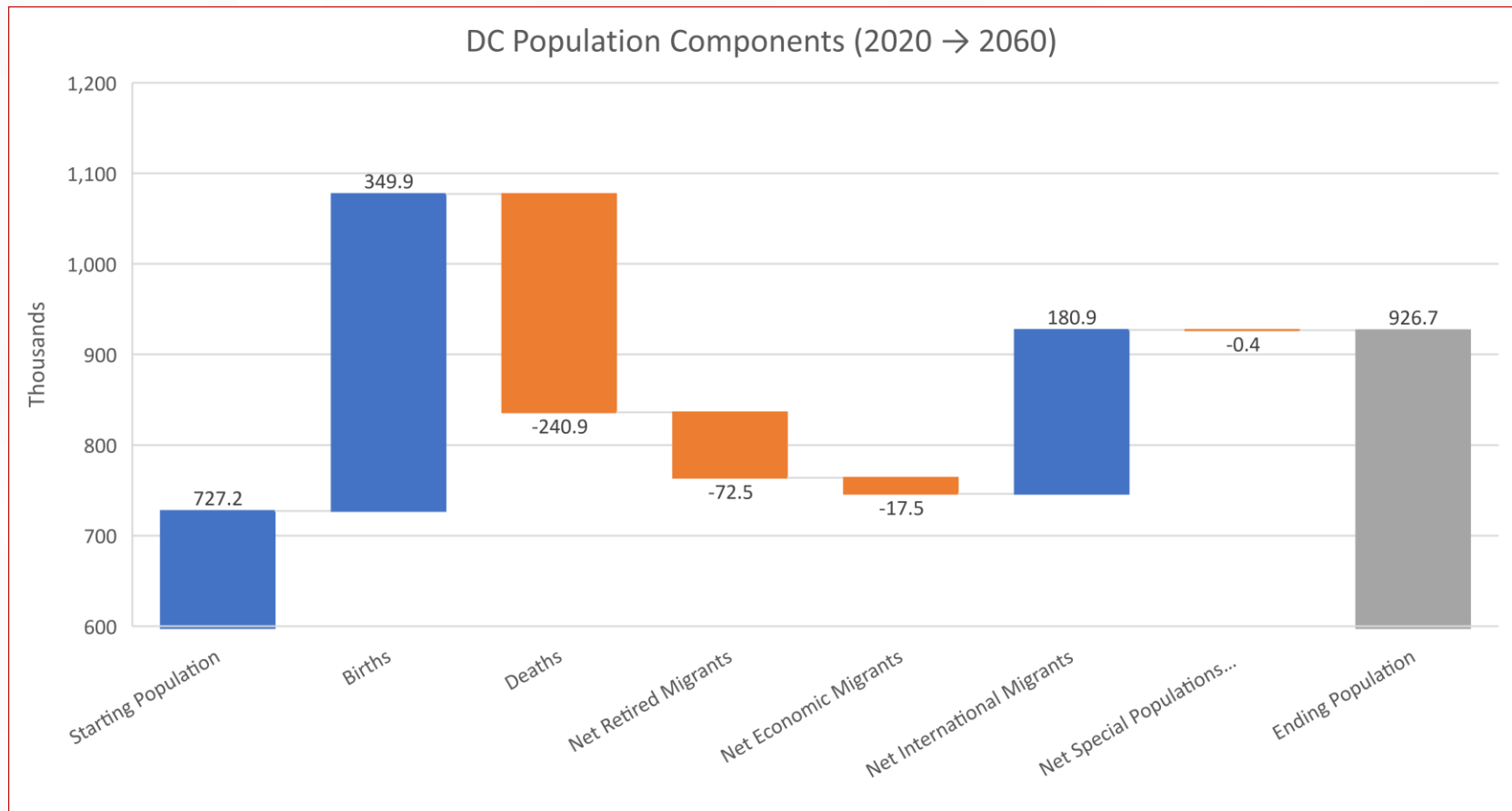
The Scenario

- Optimistic Outlook
  - Baseline – Total employment slowly comes back accompanied by steady growth
  - Uncertainty
    - large pent-up consumer demand
    - supports of vaccine
    - stimulus checks
- Macroeconomic update
  - Increase GDP growth rate by 2%
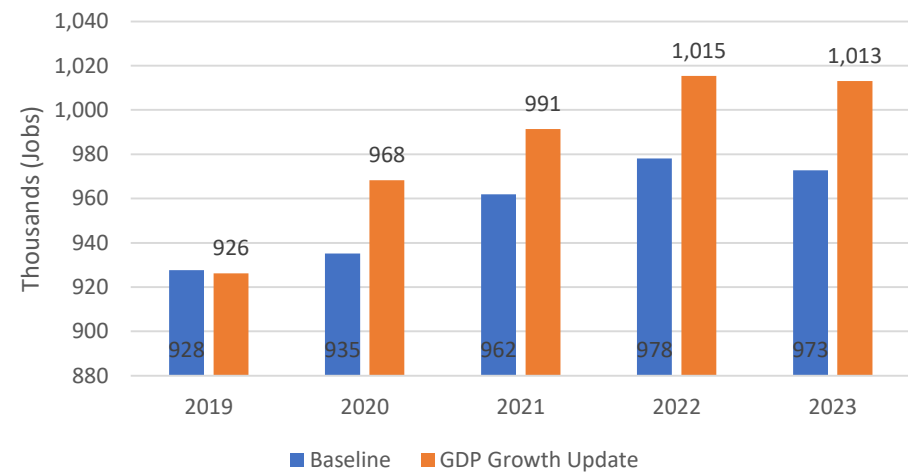- Total Employment
  - The US vs District of Columbia

Optimistic Outlook

- Year 2019-2023

Total Employment of the US
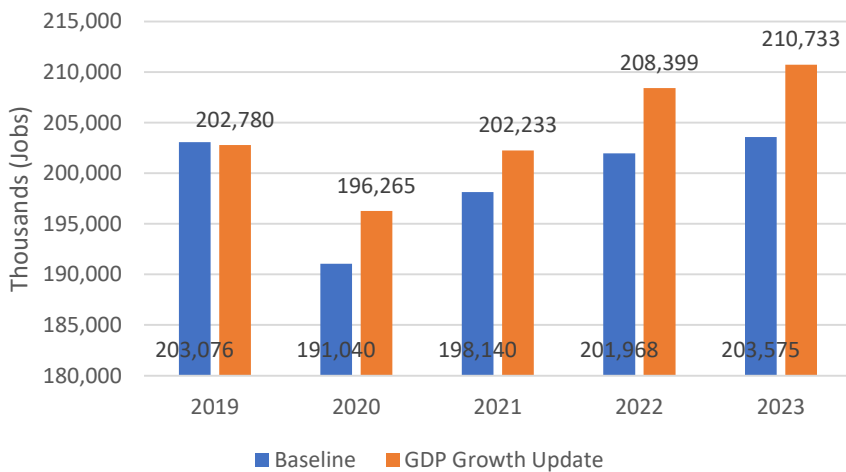
Total Employment of District of Columbia

Conclusion

- Economic forecasts can be difficult
  - The outbreak of COVID-19
  - The election of a new president
  - General uncertainty about the economy
- REMI can help
  - Forecasts: Macro modeling used to clarify, calculate, and communicate
  - Simulations: What-if scenarios
  - Dynamic results

what does REMI say? sm

Citations

1. Ehrlich, Gabriel M. "The U.S. Economic Outlook for 2021-2022 -- Executive Summary: February 2021." *College of Literature, Science, and the Arts, University of Michigan*, Research Seminar of Quantitative Economics, University of Michigan, 19 Feb. 2021, lsa.umich.edu/content/dam/econ-assets/Econdocs/RSQE%20PDFs/Exec_Sum_Feb_2021.pdf.

Q & A

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