



District of Columbia Economic and Revenue Trends: June 2015

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DC hotel demand and revenues up sharply the last 12 months, the best year of the past decade

Room demand increased 6.2% over the prior year for the 12 months ending May 2015, and room revenue grew 10.7%

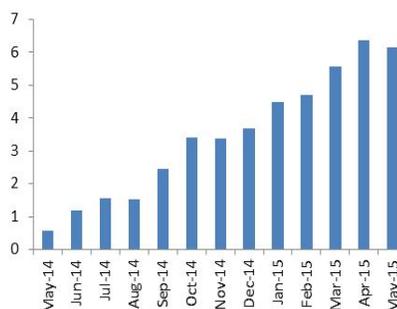
More people are staying in DC hotels and they are paying more for their rooms. According to STR, Inc. total demand for DC hotel rooms for the 12-months ending May 2015 was 6.2% higher than in the prior 12-month period. Combined with an average room rate 4.3% above the prior year's, hotel revenue grew a remarkable 10.7%.

The increase in hotel sales added to DC's tax revenue. Hotel accommodations are taxed at 14.5%, about one-third of which is used to pay for Convention Center bonds and tourism promotion. In FY 2014 the hotel tax generated \$226 million in revenue, 19.2% of all sales taxes. The 10.7% gain in hotel sales translates to roughly \$22 million in additional tax revenue over the May 2014 to May 2015 period, accounting for about a quarter of the \$84 million increase in all DC sales tax collections over the past 12-months. (See the table on p.14).

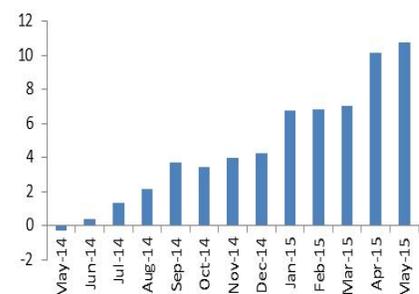
The gain in hotel room demand and revenue appears, however, to have done little for employment in the industry. According to the US Bureau of Labor Statistics, the annual average number of full and part-time hotel workers in DC's accommodation sector actually declined 0.2% from May 2014 to May 2015. (Cont'd on p. 19)

Compared to the same periods of the prior year, the increases in room demand and revenue at DC hotels grew larger as the year progressed from May 2014 to May 2015

DC hotel room demand (room-days sold): May 2014 to May 2015
 (% change from the prior year in the 12-month moving total)



DC hotel revenue from room sales: May 2014 to May 2015
 (% change from the prior year in the 12-month moving total)



Wage and salary employment

Job growth slowed in DC in the Spring

• May wage and salary employment in DC was up by 9,500 (1.3%) from a year earlier as measured by the 3-month moving average.

• Federal government employment in DC for May was up by 1,267 (0.6%). The private sector gained 7,233 (1.4%).

• Total year-over-year DC metropolitan area employment increased by 56,733 (1.8%) in May as measured by the 3-month moving average. This was the biggest yearly gain in 4 years.

• Suburban Washington employment in May increased by 2.0% from a year earlier.

• Seasonally adjusted wage and salary employment in DC increased 3,700 from April to May.

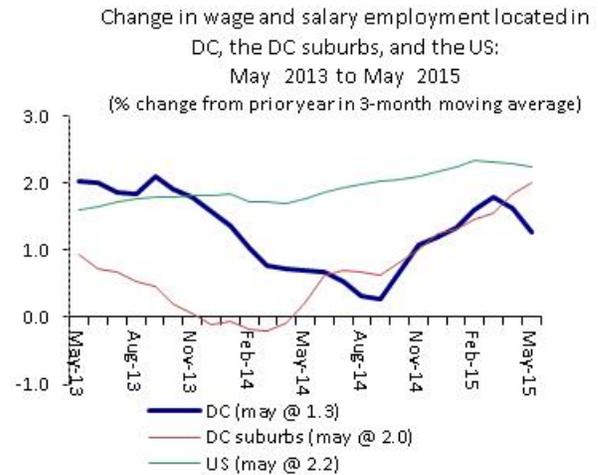


Table 1. Wage and salary employment in DC, Washington Metro area, and the US: May 2015

Jurisdiction	FY 2011	FY 2012	FY 2013	FY 2014	12-mo avg	3-mo average	This month
District of Columbia	723,233	730,950	745,375	751,492	758,483	761,133	761,200
1 year change	14,158	7,717	14,425	6,117	7,975	9,500	6,700
% change	2.0	1.1	2.0	0.8	1.1	1.3	0.9
Washington metro area	3,015,650	3,052,417	3,090,375	3,101,983	3,133,783	3,157,067	3,181,100
1 year change	42,592	36,767	37,958	11,608	38,217	56,733	57,000
% change	1.4	1.2	1.2	0.4	1.2	1.8	1.8
Washington suburbs (% ch)	1.3	1.3	1.0	0.2	1.3	2.0	2.1
US (% ch)	1.2	1.7	1.7	1.9	2.2	2.2	2.2

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

Source: BLS. May is preliminary.

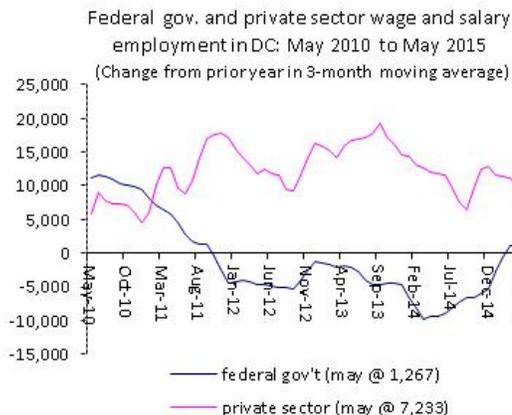


Table 2. Federal government and private sector wage and salary employment in DC: May 2015

Sector	FY 2012	FY 2013	FY 2014	12-mo avg	3-month average	This month
Federal government	208,575	205,900	198,367	197,542	197,333	197,100
1 year ch.	-4,683	-2,675	-7,533	-3,200	1,267	1,200
% change	-2.2	-1.3	-3.7	-1.6	0.6	0.6
Private sector	487,642	504,275	515,608	522,592	525,967	526,100
1 year ch.	12,808	16,633	11,333	9,617	7,233	4,600
% change	2.7	3.4	2.2	1.9	1.4	0.9

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

Table 3. Seasonally adjusted DC Employment: November 2014 to May 2015

	November	December	January	February	March	April	May
D.C. Wage and Salary employment	762,300	761,400	759,700	762,800	760,300	761,800	765,500
change from prior month	2,800	-900	-1,700	3,100	-2,500	1,500	3,700
% change from prior month	0.4	-0.1	-0.2	0.4	-0.3	0.2	0.5

Source: BLS seasonally adjusted. May is preliminary

Non-lawyer professional services and business services top DC's private sector job growth

- In May the increase of 2,533 jobs in Professional and technical services (except for legal) was more than that of any other sector. (3-month moving average.)
- Five other private sectors grew by more than 1,000 jobs: other business services (1,900), organizations (1,633), employment services (1,367), health (1,233), and retail trade (1,200).
- Private sector industries losing jobs included education, food services, and accommodations.
- Local government rose by 1,000 (2.7%).
- The federal government accounted for 25.9% of all DC jobs in May. 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: May 2013 to May 2015 (% change from prior year in 3-month moving average)

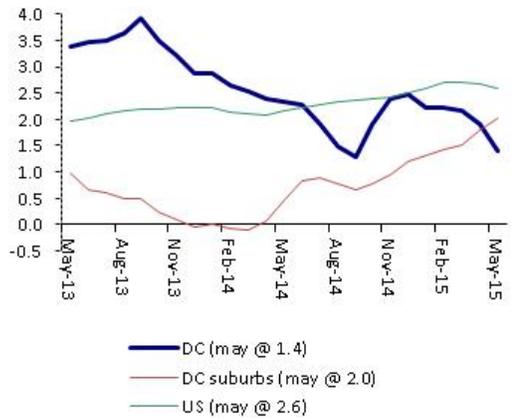


Table 4. Wage and salary employment located in DC: May 2015

Industry sector	3-month moving average				12-mo. moving avg: % change	Sector % of all DC jobs, May 2015	DC share (%) in May 2015 of all sector jobs in:		Change from May 2014 to May 2015 in DC share of sector jobs in:	
	May 2014	May 2015	Amount	1 year change %			metro area	US	metro area	US
Federal government	196,067	197,333	1,267	0.6	-1.6	25.9	54.5	7.25	0.1	0.03
Local government	36,833	37,833	1,000	2.7	4.2	5.0	11.5	0.19	0.2	0.00
Legal services	29,100	29,100	0	0.0	-1.0	3.8		2.61		0.00
Other Professional and technical	78,600	81,133	2,533	3.2	2.5	10.7	23.1	1.11	0.4	0.02
Employment services	14,233	15,600	1,367	9.6	7.1	2.0	34.5	0.43	-0.2	0.00
Other Business services	34,033	35,933	1,900	5.6	3.7	4.7	18.9	0.47	0.6	0.00
Information	17,200	16,867	-333	-1.9	0.0	2.2	22.3	0.61	0.0	-0.02
Finance	30,067	30,600	533	1.8	3.3	4.0	20.4	0.38	0.5	0.00
Organizations	62,400	64,033	1,633	2.6	2.0	8.4	36.4	2.12	0.0	0.00
Education	63,500	61,367	-2,133	-3.4	-1.3	8.1	54.8	1.80	-0.3	0.01
Health	66,133	67,367	1,233	1.9	1.6	8.9	22.6	0.37	-0.1	0.00
Food service	48,000	47,667	-333	-0.7	1.9	6.3	21.4	0.44	-0.7	-0.01
Accommodations	15,167	14,900	-267	-1.8	-0.2	2.0	36.2	0.83	0.2	0.01
Amusement and recreation	7,533	7,767	233	3.1	4.4	1.0	19.6	0.36	-0.7	-0.02
Retail trade	21,000	22,200	1,200	5.7	7.6	2.9	8.4	0.15	0.5	0.01
Wholesale trade	4,900	4,767	-133	-2.7	0.0	0.6	7.7	0.08	-0.1	0.00
Construction	13,967	14,300	333	2.4	1.9	1.9	9.5	0.23	-0.1	-0.01
Personal and miscellaneous ser.	7,633	6,967	-667	-8.7	-1.4	0.9		0.30		0.01
Other private	5,267	5,400	133	2.5	3.6	0.7	4.6	0.03	-0.1	0.00
Total	751,633	761,133	9,500	1.3	1.1	100.0	24.3	0.54	0.0	0.00
Public sector	232,900	235,167	2,267	1.0	-0.7	30.9	34.0	1.06	0.0	0.01
Private sector	518,733	525,967	7,233	1.4	1.9	69.1	21.5	0.45	0.0	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 and unemployment

Resident employment continued its strong gains

- In May DC resident employment was up 12,019 (3.5%) from a year earlier (3-mo. moving average). The labor force grew by 10,619 (3.4%).
- Seasonally adjusted DC resident employment grew by 367 from April and the seasonally adjusted unemployment rate fell to 7.3%, the lowest rate since November 2008.
- May initial unemployment insurance claims were down 9.6% from last year (3-month moving average).

Resident employment in DC, the DC suburbs, and the US: May 2013 to May 2015
(% change from prior year in 3-month moving average)

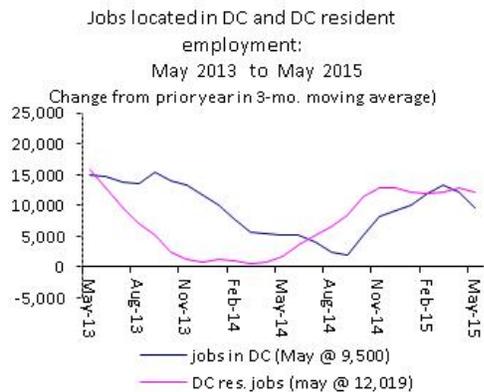
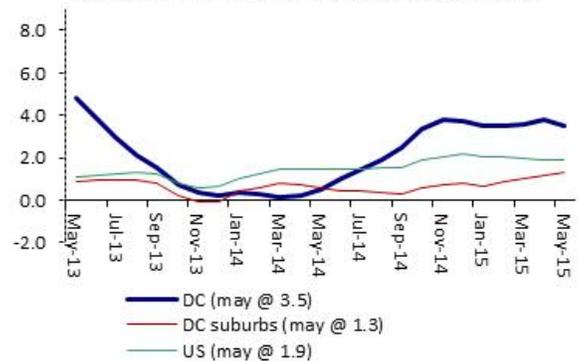


Table 5. Unemployment rates for DC, metro area, and US:
May 2015
(percent of labor force)

Jurisdiction	Not seasonally adj.		Seasonally adj.	
	May 2014	May 2015	May 2014	May 2015
US	6.1	5.3	6.3	5.5
DC	7.4	6.7	7.8	7.3
DC metro area	5.0	4.7	na	na
DC suburbs	4.7	4.4	na	na

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

Table 6. Resident employment and unemployment: May 2015

Indicator	FY 2011	FY 2012	FY 2013	FY 2014	12-mo avg	3-mo. avg.	This month
DC Labor force summary							
Resident employment	314,748	325,671	341,547	344,855	353,164	355,617	354,750
1 year change	3,378	10,923	15,876	3,308	10,883	12,019	9,920
% change	1.1	3.5	4.9	1.0	3.2	3.5	2.9
Labor Force	349,827	359,299	373,874	374,475	382,407	381,919	380,225
1 year change	5,524	9,471	14,576	600	9,817	10,615	8,017
% change	1.6	2.7	4.1	0.2	2.6	2.9	2.2
Unemployed	35,079	33,627	32,327	29,620	29,242	26,302	25,475
1 year change	2,146	-1,452	-1,300	-2,707	-1,066	-1,404	-1,903
% change	6.5	-4.1	-3.9	-8.4	-3.5	-5.1	-7.0
Unemployment rate	10.0	9.4	8.7	7.9	7.6	6.9	6.7
DC Unemployment insurance (state program)							
Initial claims (monthly avg.)	2,101	1,784	1,915	1,851	1,652	1,414	1,518
1 year change	302	-317	131	-64	-287	-151	-144
% change	16.8	-15.1	7.3	-3.3	-14.8	-9.6	-8.7
Weeks compensated (mo. avg.)	46,423	45,170	42,862	42,133	35,185	30,161	26,007
1 year change	-7,169	-1,253	-2,308	-729	-7,666	-8,862	-8,918
% change	-13.4	-2.7	-5.1	-1.7	-17.9	-22.7	-25.5

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

Table 7. Seasonally adjusted DC Resident employment and unemployment: November 2014 to May 2015

Indicator	November	December	January	February	March	April	May
DC Resident employment	354,181	355,108	355,695	355,333	354,726	356,199	356,566
change from prior month	1,243	927	587	-362	-607	1,473	367
% change from prior month	0.4	0.3	0.2	-0.1	-0.2	0.4	0.1
DC Unemployment rate (%)	7.7	7.7	7.7	7.8	7.7	7.5	7.3

Source: BLS seasonally adjusted. May is preliminary.

Wages and salaries of DC residents continue to grow faster than all wages earned in DC

● Wages and salaries earned in the District of Columbia were 2.6% higher in the March quarter compared to the same quarter of 2014.

● Wages earned in DC have now grown at a slower rate than the US average for more than four years.

● In the March quarter, estimated wages of DC residents grew 3.4%. DC Personal Income grew 3.6%, the same rate as the previous quarter.

● Federal wages and salaries were \$44 million higher in March.

● In the March quarter, private sector wages and salaries earned in DC grew by \$1.11 billion over the prior year, a 2.8% gain.

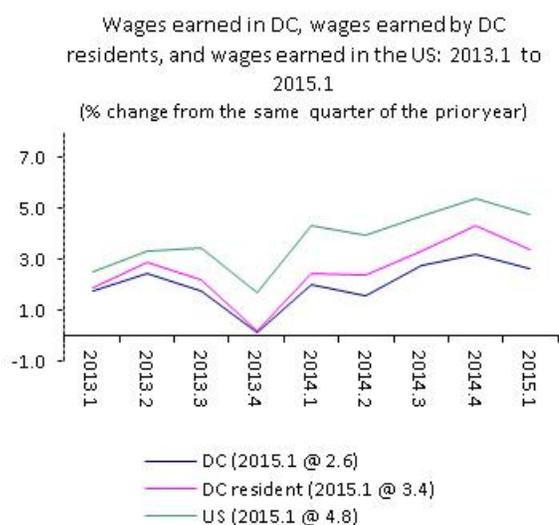


Table 8. DC Wages and Personal Income: March 2015

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

Indicator	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	4-quarter moving average	Latest quarter (Mar.)
Wages and salaries earned in DC	57.24	59.53	60.62	62.05	63.05	63.97	64.73
1 year change	2.32	2.29	1.10	1.43	1.00	1.58	1.66
% change	4.2	4.0	1.8	2.4	1.6	2.5	2.6
Supplements to wages & salaries	15.05	16.31	16.42	16.31	16.35	16.42	16.56
% change	7.5	8.3	0.7	-0.7	0.3	0.6	1.7
Proprietors' income earned by DC residents*	5.35	5.54	5.88	5.98	6.25	6.43	6.56
% change	-8.2	3.6	6.1	1.7	4.4	5.9	5.3
Wages and salaries of DC residents***	21.98	23.43	24.59	25.44	25.96	26.46	26.81
change from one year ago	1.27	1.45	1.16	0.85	0.53	0.86	0.87
% change	6.1	6.6	5.0	3.4	2.1	3.4	3.4
Income earned by DC residents	30.1	32.4	34.1	34.6	35.2	35.9	36.4
% change	3.8	7.9	5.2	1.5	1.8	3.4	3.6
Property income of DC residents	6.06	6.96	7.69	8.29	8.51	8.66	8.72
% change	-9.1	14.8	10.5	7.8	2.7	3.5	3.5
Pensions and other transfer of DC residents	5.20	5.66	5.67	5.78	6.07	6.13	6.19
% change	13.1	8.9	0.2	2.0	4.9	3.0	3.5
DC Personal Income**	41.31	45.04	47.46	48.69	49.83	50.70	51.33
1 year change	1.08	3.73	2.42	1.23	1.13	1.65	1.76
% change	2.7	9.0	5.4	2.6	2.3	3.4	3.6
US Personal income (% change from prior year)	1.2	6.0	4.7	3.8	2.8	4.2	4.4
US Wages and salaries (% change from prior year)	0.2	4.2	3.5	4.0	3.7	4.7	4.8
<i>Addendum: Change from prior year in wages earned in DC by sector</i>							
Private sector (1 yr ch, \$B)	0.48	1.72	1.41	1.76	1.27	1.61	1.11
Federal government (1 yr ch, \$B)	1.77	0.69	-0.38	-0.35	-0.33	-0.08	0.44
DC res. wages as % of wages earned in DC	38.4	39.4	40.6	41.0	41.2	41.4	41.4

* 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 March were released June 22, 2015

Single family and condominium housing

The housing market continued to show gains in sales and prices

- The 3-month moving total of single family home sales in May was up 2.1% from a year earlier, while the average selling price was 2.5% higher. Sales over \$1 million accounted for 19.7% of sales.
- May condominium sales were up 5.5% from last year as measured by the 3-month moving total, and the average selling price was 1.7% higher.
- The total value of all home sales in May was 5.7% above last year as measured by the 3-month moving total.
- May year-to-date median prices were up 7.4% for single family units, and 3.8% for condominiums.

Total value of sales of single family and condo units: May 2014 to May 2015
(% change from prior year in 3-mo. and 12-mo. moving totals)

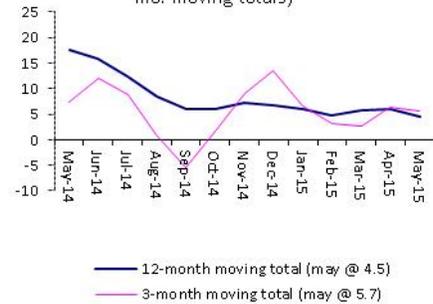


Table 9. D.C. Residential Real Estate Indicators: May 2015

Indicator	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	12-mo moving total or average	3-mo moving total or average	This month
Number of sales (settled contracts)								
Single family	4,084	3,800	3,563	3,979	4,024	4,048	1,026	383
1 year change	825	-284	-237	416	45	8	21	-5
% change	25.3	-7.0	-6.2	11.7	1.1	0.2	2.1	-1.3
Condo	2,884	2,469	2,784	3,487	3,592	3,690	1,023	372
1 year change	294	-415	315	703	105	59	53	-16
% change	11.4	-14.4	12.8	25.3	3.0	1.6	5.5	-4.1
Total	6,968	6,269	6,347	7,466	7,616	7,738	2,049	755
1 year change	1,119	-699	78	1,119	150	67	74	-21
% change	19.1	-10.0	1.2	17.6	2.0	0.9	3.7	-2.7
Average prices of units that sold								
Single family (\$)	538,395	601,026	630,109	712,799	736,362	755,820	784,541	852,117
1 year change	-58,874	62,631	29,083	82,690	23,563	20,581	19,356	-258
% change	-9.9	11.6	4.8	13.1	3.3	2.8	2.5	0.0
Condo (\$)	414,030	423,365	429,611	447,827	472,419	491,866	486,538	513,958
1 year change	54,078	9,336	6,245	18,216	24,592	24,737	8,285	12,210
% change	15.0	2.3	1.5	4.2	5.5	5.3	1.7	2.4
Total value of all sales (\$ million)	3,392.9	3,329.2	3,441.1	4,397.8	4,660.0	4,874.5	1,302.7	517.6
1 year change	514.1	-63.7	111.9	956.7	262.2	208.0	69.8	-7.8
% change	17.9	-1.9	3.4	27.8	6.0	4.5	5.7	-1.5
Ratio: active inventory to sales								
Single family	3.4	3.3	2.3	1.6	1.6	1.6	1.2	1.2
Condo	4.6	4.9	2.9	1.7	1.9	1.8	1.4	1.5

Median contract prices, CY to date in May 2015: single family \$639,000 (7.4% 1 yr ch); condo \$434,000 (3.8% 1 yr ch)

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

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

Table 10. D.C. Single family and condominium home sales at prices of \$1 million or more: May 2015

Category	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	12-mo moving total	3-mo moving total	This month
Single family homes	418	489	458	689	734	758	202	77
1 year change	85	71	-31	231	45	31	13	-9
% change	25.5	17.0	-6.3	50.4	6.5	4.3	6.9	-10.5
percent of all single family sales	10.2	12.9	12.9	17.3	18.2	18.7	19.7	20.1
Condominiums	89	87	72	112	128	157	42	20
1 year change	27	-2	-15	40	16	38	13	5
% change	43.5	-2.2	-17.2	55.6	14.3	31.9	44.8	33.3
percent of all condominium sales	3.1	3.5	2.6	3.2	3.6	4.3	4.1	5.4

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

Single family and condominium housing

Federal DC home price index increase in the March quarter again topped the US average

- In March the quarterly Federal Housing Finance Agency house price index for DC was 7.1% higher than a year ago.
- DC's 7.1% price gain in the March quarter was higher than that in the DC metro area (3.2%) and the US (5.8%).
- Sales of new condominium units for the 12-months ending March totalled 515—8.2% more than a year earlier.

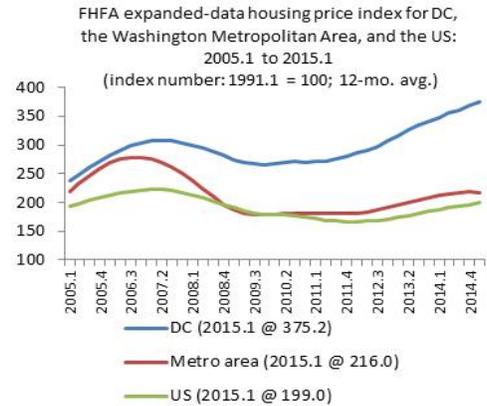


Table 11. Federal Housing Finance Agency Price Index for single family property in DC, DC metro area, and US: March 2015 (2015.1)

Indicator	Fiscal year average					Quarter				
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	2014.1	2014.2	2014.3	2014.4	2015.1
% change from prior year in value of index										
DC	1.3	1.7	8.0	13.0	7.5	7.2	9.0	5.8	9.2	7.1
DC metro area	1.9	-0.5	3.5	9.1	6.3	7.6	5.1	3.9	3.9	3.2
US	-3.0	-4.7	0.8	7.0	6.9	7.2	6.4	6.0	5.9	5.8

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

Average DC sales price	-9.9	11.6	4.8	13.1	3.3	6.7	12.2	-3.1	7.0	3.0
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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 of the same properties. This information is estimated using Enterprise, FHA, and Real Property County Recorder data licensed from DataQuick.

(2) Average DC sales price is the average price only of houses that sold during the period (settled contracts): see Table 9. Not seas. adj.

Table 12. Single family housing permits: 2005 to May 2015

FY	#	FY	#	12-month moving total	
2005	134	2010	104	May 2014	352
2006	77	2011	267	May 2015	241
2007	605	2012	236	ch	-111
2008	223	2013	368	% ch	-31.5
2009	135	2014	267	Source: Census Bureau	

Table 13. New condominium unit sales: 2005 to 2015.1

FY	#	FY	#	12-month moving total	
2005	2,649	2010	542	Mar. 2014	476
2006	1,623	2011	371	Mar. 2015	515
2007	996	2012	468	ch	39
2008	347	2013	514	% ch	8.2
2009	524	2014	476	Source: Delta Associates	

Table 14. Condominium units under construction or planned: March 2015

Area of DC	Remaining units		Planned with probable sales within 36 mo		Proposed/rumored w long term delivery		Total pipeline*	
	projects	units	projects	units	projects	units	projects	units
Central	6	235	7	634	1	20	14	889
Mideast	24	605	4	300	3	258	31	1,163
Upper NW	2	40	1	23	3	152	6	215
Capitol East	17	498	8	655	7	742	32	1,895
Total	49	1,378	20	1,612	14	1,172	83	4,162

Source: Delta Associates *Does not include 11,829 units in 22 projects planned either as condo or rental

Table 14a. Delta Associates: Condominium pipeline for next 36 months

Date of report	2014.4	2015.1
Unsold units	1,307	1,378
New units	1,737	1,612
total	3,044	2,990

Source: Delta Associates

Planned projects: Permits are filed, a ground-break date is established, size and location is determined, and the project is in one of many phases of the planning process (site plan review, design review, environmental compliance review, zoning, etc.).

Proposed projects: a developer has proposed to build a project (either formally or informally) but has not submitted any plans for review and permits have not yet been filed.

Apartments and population

DC population reached 658,893 in 2014, but growth was the slowest in 6 years

•DC's population in July 2014 was estimated by the Census Bureau at 658,893, an increase of 9,782 (1.5%) from 2013. This is the slowest annual growth since 2008.

•In the March quarter, occupied apartment units increased 2,280 (2.6%) from a year earlier; effective rents rose 1.8%, and the vacancy rate rose to 6.6%.

•For the five years 2009 through 2014, the number of occupied market rate apartment units increased by 8,200, about 33% of the estimated 24,638 increase in households in DC.

DC occupied market rate apartment units: 2013.1 to 2015.1

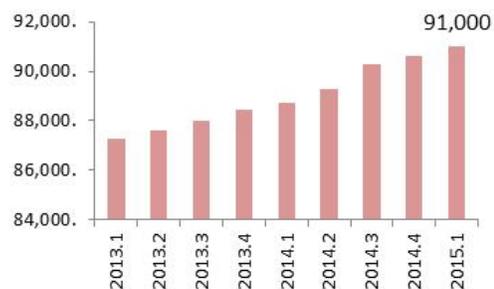


Table 15. Reis summary of DC market rate apartment units: 2005 to 2019 (est)

CY	Inventory			Occupied units			Effective rent	
	Number	1 yr ch	% vacant	Number	1 yr ch	% ch	\$ per month	1 yr % ch
2005	83,723	-1,113	3.8	80,530	79	0.1	\$1,142	2.8
2006	84,150	427	4.0	80,751	221	0.3	\$1,228	7.5
2007	84,618	468	3.9	81,284	533	0.7	\$1,307	6.4
2008	86,583	1,965	4.8	82,465	1,181	1.5	\$1,346	3.0
2009	87,788	1,205	6.1	82,415	-50	-0.1	\$1,353	0.5
2010	88,360	572	5.5	83,477	1,062	1.3	\$1,403	3.7
2011	88,817	457	4.7	84,632	1,155	1.4	\$1,440	2.6
2012	90,962	2,145	4.6	86,776	2,144	2.5	\$1,487	3.3
2013	93,528	2,566	5.4	88,459	1,683	1.9	\$1,519	2.2
2014	97,214	3,686	6.8	90,615	2,156	2.4	\$1,537	1.2
2015 est	101,244	4,030	7.6	93,593	2,978	2.3	\$1,566	1.9
2016 est	105,384	4,140	8.1	96,810	3,217	1.4	\$1,596	1.9
2017 est	109,098	3,714	8.6	99,754	2,944	1.4	\$1,625	1.8
2018 est	110,437	1,339	8.3	101,322	1,568	1.1	\$1,656	1.9
2019 est	111,293	856	7.9	102,471	1,149	2.1	\$1,694	2.3

latest quarter: 2015.1

2015.1	97,428	3,419	6.6	91,000	2,280	2.6	\$1,539	1.8
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Source: Reis. Includes units in competitive, private sector buildings with 40 or more units. Excludes condo conversions. CY amounts are last quarter of the year.

Table 16. DC Population and Households: 2004 to 2014

Calendar year	Population			Households (estimated)			
	Number	Change from prior yr. number	%	Number	Change from prior yr. number	% pop/hh ratio	
2004	567,754	-748	-0.1	252,468	1,095	0.4	2.25
2005	567,136	-618	-0.1	253,232	763	0.3	2.24
2006	570,681	3,545	0.6	254,435	1,204	0.5	2.24
2007	574,404	3,723	0.7	255,715	1,279	0.5	2.25
2008	580,236	5,832	1.0	257,928	2,213	0.9	2.25
2009	592,228	11,992	2.1	262,868	4,941	1.9	2.25
2010	605,210	12,982	2.2	268,233	5,365	2.0	2.26
2011	620,427	15,217	2.5	273,901	5,668	2.1	2.27
2012	635,040	14,613	2.4	279,259	5,358	2.0	2.27
2013	649,111	14,071	2.2	284,338	5,079	1.8	2.28
2014	658,893	9,782	1.5	287,506	3,168	1.1	2.29

Change from 09 to 14 66,665 11.3 24,638 9.4 2.71

Source: U.S. Census Bureau. Estimate is as of July 1 of the year shown. Households estimated by ORA based on DC Office of Planning data.

Apartments and housing permits

Almost 4,500 housing permits were issued in the past year

• For the the 12-month period ending May 4,494 housing permits were issued up 26.9% from a year ago; the 3-month total was 532% higher than last year.

• Apartment demand is expected to more than keep pace with that of the past several years. According to Reis, in the 3 years 2012, 2013, and 2014 there was an increase of about 6,000 in the number of occupied market rate apartments. Over the next 3 years, occupied units are expected to increase by 8,957 according to Reis, and 6,875 according to Delta.

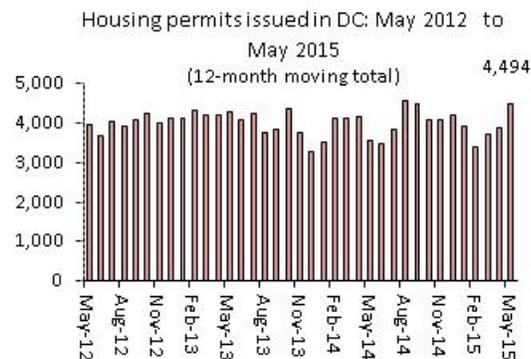


Table 19. Delta Associates apartment summary and forecast: March 2015 (Class A and B, investment grade)

Date of report	2014.4	2015.1
Class A		
Net absorption, last 12 months	3,091	3,368
Rent increase, last 12 months	-0.4	-1.3
Supply of units, next 3 years		
vacant units	705	978
new supply	10,968	11,508
total pipeline	11,673	12,486
New demand for units, next 3 years	6,875	6,875
Stabilized vacancy rate this quarter	4.5	6.0
Stabilized vacancy rate in 3 years	4.7	5.0
Class B		
net absorption, last 12 mo.	152	76
Rent increase, last 12 mo.	5.4	2.1

Source: Delta Associates. Investment grade, Classes A and B

Table 17. Housing unit building permits issued in DC: May 2015

	FY 2012	FY 2013	FY 2014	12-mo. moving total	3-month moving total	This month
Total units	4,091	3,855	4,467	4,494	1,295	649
change from 1 yr ago	1,632	-236	612	952	1,090	608
% change from 1 year	66.4	-5.8	15.9	26.9	531.7	1,482.9
Multi-family projects with 5 or more units	21	36	32	30	9	3

Table 18. Reis apartment summary and forecast: March 2015

Date of report	2014.4	2015.1
Net absorption, last 12 months	2,462	2,280
Vacancy rate (%)	6.4	6.6
Rent increase, last 12 months (% ch)	1.0	1.8
New supply of units, next 3 years	11,693	11,741
New demand for units, next 3 years	8,527	8,957

Source: Reis, see table 15. 3 year estimate of supply and demand estimated by ORA from Table 15.

Table 20. Apartment units under construction, planned, or contemplated by area of DC: March 2015

Area of DC	Under construction and/or marketing		Planned for possible delivery in next 36 mo		Longer-term planned or rumored	
	projects	units	projects	units	projects	units
Upper NW	6	935	1	140	1	30
Columbia Heights/Shaw	9	923	4	650	5	1,012
Central	10	1,168	5	366	5	1,412
NoMa/H Street	10	2,278	4	832	15	3,579
Capitol Hill/Riverfront	17	3,861	5	1,032	19	4,564
Upper GA	3	275	0	0	1	210
Northeast	4	1,110	3	547	5	1,425
River east	0	0	1	71	6	1,107
Total	59	10,550	22	3,638	57	13,339

Addendum : Pipeline of units currently vacant or likely to deliver by Mar. 2018: **12,486**.

Approximately 26% of the planned units are expected to materialize by Mar. 2018.

Demand for new apartments by Mar. 2018: 6,875 (2,292 per year)

Source: Delta Associates

Planned projects: Permits are filed, a ground-break date is established, size and location is determined, and the project is in one of many phases of the planning process (site plan review, design review, environmental compliance review, zoning, etc.).

Proposed projects: a developer has proposed to build a project (either formally or informally) but has not submitted any plans for review and permits have not yet been filed.

Commercial office space

Commercial office leasing continues to show gains

For the quarter ending March the vacancy rate in Delta Associates' broader office market measure was 6.8%; the Cushman and Wakefield measure was 11.8% (both without sublet).

According to Delta, DC's vacancy rate in March was 38.7% lower than the metropolitan area average. Rents were 48.3% higher than the region average.

According to Delta, in March occupied space rose 1.4% from the prior year; effective rent rose 3.7%.

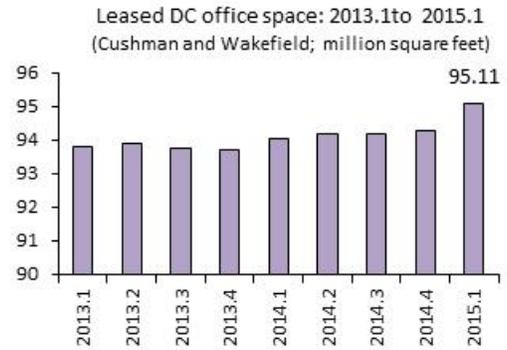


Table 21. Delta Associates summary of DC commercial office space: 2005 to March 2015 (2015.1)

Time period	Inventory		Occupied (leased) space			Effective rent			Direct vacancy (msf)	Under construction (msf)
	Level (msf)	1 yr ch (msf)	Level (msf)	1 yr ch (msf)	% ch	\$ per sq ft.	1 yr % ch			
Calendar Year (year end)										
2005	119.05		113.41			4.7	46.45		5.64	
2006	124.62	5.57	117.34	3.93	3.5	5.8	48.36	4.1	7.28	
2007	128.86	4.24	122.11	4.77	4.1	5.2	50.19	3.8	6.75	
2008	129.73	0.87	121.64	-0.47	-0.4	6.2	51.25	2.1	8.09	
2009	134.54	4.81	122.51	0.87	0.7	8.9	47.81	-6.7	12.03	
2010	137.71	3.17	127.74	5.23	4.3	7.2	44.47	-7.0	9.97	
2011	138.34	0.64	129.16	1.43	1.1	6.6	44.16	-0.7	9.18	
2012	138.78	0.44	129.25	0.09	0.1	6.9	43.27	-2.0	9.53	
2013	140.21	1.43	130.38	1.13	0.9	7.0	42.05	-2.8	9.83	
2014	140.67	0.46	130.97	0.59	0.5	6.9	42.81	1.8	9.69	
Last Quarter: 2015.1										
DC	140.95	0.74	131.41	1.83	1.4	6.8	43.68	3.7	9.53	1.82
Metro area	406.03	2.17	360.93	1.92	0.5	11.1	29.46	1.4	45.09	4.91
DC share/ difference %	34.7		36.4			-38.7	+48.3		21.1	37.0

Source: Delta Associates: includes single tenant and privately owned space. Excludes government owned space. Direct vacancy rate excludes space for sublet; occupied space is the same as leased space. msf = million square feet.

Table 22. Cushman and Wakefield summary of commercial office space in DC: 2011 to 2015.1

Calendar year (end of year)	Inventory		Direct vacancy rate	Occupied	Overall vacancy rate	Asking face rent (\$/sf)	Under construction
	(msf)	Leased (msf)	rate	(msf)	rate		(msf)
2011	104.95	93.66	10.8	92.5	11.9	50.63	1.60
2012	106.61	94.02	11.8	92.7	13.0	51.58	0.82
2013	107.95	93.72	13.2	92.4	14.4	50.96	1.78
2014	107.46	94.30	12.2	93.5	13.0	51.66	2.09
Last quarter: 2015.1							
DC	107.81	95.11	11.8	94.2	12.6	51.61	2.04
Metro area total	297.03	245.72	17.3	242.54	18.3	36.40	4.57
DC share/DC difference	36.3	38.7	-31.8	38.5	-31.1	+41.8	44.7
DC year-over-year change							
Amount	-0.27	1.07	-1.2	1.44	-1.6	0.65	0.94
%	-0.3	1.1		1.5		1.3	85.6
DC change from prior quarter							
Amount	0.35	0.81	-0.4	0.75	-0.4	-0.05	-0.05
% ch	0.3	0.9		0.8		-0.1	-2.2

Source: Cushman and Wakefield: For-rent buildings 25,000 sf and larger. Excludes owner or government occupied properties. Rent includes taxes and utilities. msf = million square feet.

Commercial office space outlook and value of all property transfers

Property transfers have slowed in the past several months

- The value of May property transfers was down 8.1% from last year as measured by the 3-month moving total. The 12-month moving total (\$13.62 billion) was 14.5% higher than last year.
- In March Delta Associates increased slightly its 2-year estimate of increased demand for office space to 2.6 million square feet. The vacancy rate is also expected fall to 6.3 % as 2.1 million square feet are added.
- The amount of office space currently under construction (1.82 msf) in March was about 1.3% of the existing inventory. Construction is up 0.69msf (62%) from a year earlier, and 0.32msf (26%) from the prior quarter.

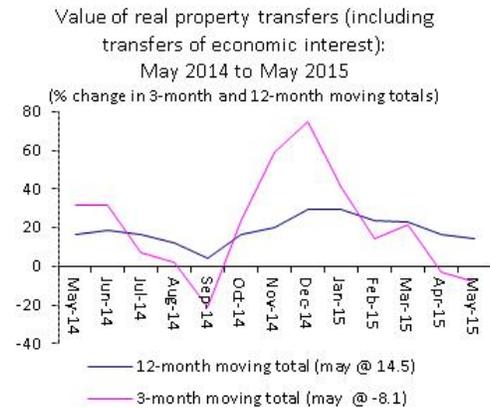


Table 23. Market Value of Real Property transfers subject to the Deed Transfer or Economic Interest tax: May 2015

August	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	12-mo moving total	3-month moving total	This month
All property transfers (\$ million)	5,591.2	7,789.1	10,059.5	9,533.3	11,063.9	11,569.8	13,619.1	2,548.5	653.6
change from one year ago (\$M)	-5,936.1	2,197.9	2,270.4	-526.2	1,530.6	505.8	1,724.8	-224.0	-130.7
% change from 1 year ago	-51.5	39.3	29.1	-5.2	16.1	4.6	14.5	-8.1	-16.7

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 24. Delta Associates outlook for commercial office space in DC and the surrounding metro area: Mar. 2015 to Mar. 2017

Indicator	DC	No VA	Sub MD	Total	DC % of total
Inventory March 2015					
Inventory (msf)	140.9	179.4	85.7	406.0	34.7
vacancy rate (%)	6.8	13.5	13.2	11.1	
Estimated net activity to March 2017					
new supply (msf)	2.1	3.1	0.4	5.6	37.5
new demand (msf)	2.6	3.5	1.3	7.4	35.1
Estimated vacancy rate for March 2017					
vacancy rate (%)	6.3	13.1	12.1	10.5	

Source: Delta Associates msf = million square feet

Table 25 Delta two year forecasts for office outlook: March 2015

Date of forecast	2014.4	2015.1
2 year pipeline (msf)	1.7	2.1
2 year demand (msf)	2.5	2.6

Source: Delta Associates. Pipeline is office buildings under construction plus those planned that may deliver in 2 years.

Table 26. DC Office market, existing and future space, by area of DC: March 2015 (million square feet)

Indicator	Area of DC							
	Total	CBD	East End	Capitol Hill/Noma/Capitol Waterfront	Southwest	West End	George-town	Uptown
Total existing rentable building area	140.95	46.67	44.61	18.92	11.85	4.55	2.82	11.55
Vacant	9.53	2.05	3.16	2.42	0.98	0.24	0.18	0.49
Under Construction	1.82	0.13	0.74	0.96				
Planned	10.60	0.44	1.70	6.69	1.78			
Proposed	10.08	0.16	0.26	5.87	3.11			0.68

Note: pipeline of projects under construction and planned expected to deliver by March 2017 is 2.1 msf (see table 24).

Source: Delta Associates with data from Reis. See below for definitions of planned and proposed

Planned projects: Permits are filed, a ground-break date is established, size and location is determined, and the project is in one of many phases of the planning process (site plan review, design review, environmental compliance review, zoning, etc.).

Proposed projects: a developer has proposed to build a project (either formally or informally) but has not submitted any plans for review and permits have not yet been filed.

Hospitality

Hotel stays and revenue continue well above a year ago

• In May the 3-month moving total for hotel room-days sold was 5.0% above a year earlier. The average room rate was up 7.3%, and revenue rose 12.7%.

• Employment in food services was 0.7% less in May than a year earlier as measured by the 3-month moving average. Hotel employment was down 1.8%, and retail was 5.7% higher.

• April airline traffic into the DC area was up 3.8% compared to a year earlier as measured by the 3-month moving total. Reagan National was up 10.4%. For the past 12-months, total traffic into the DC area rose 1.5%.

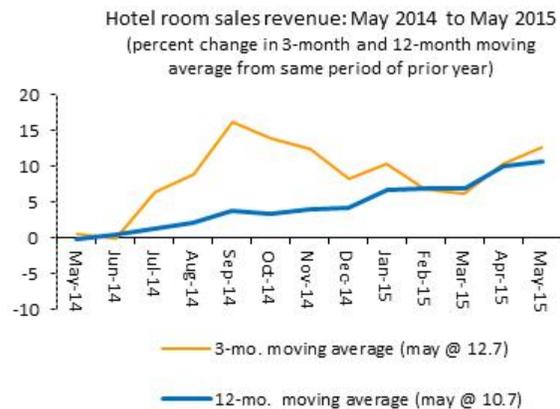
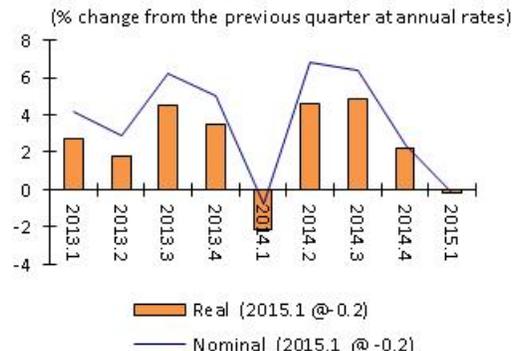


Table 27. Hospitality Industry: May 2015

Indicator	Units	date	FY 2012	FY 2013	FY 2014	3-month		
						12-mo total or average*	moving total or average*	This month
Hotel stays								
Hotel room-days sold	('M)	may	7.617	7.680	7.869	8.174	2.295	0.774
	1 yr ch		0.152	0.062	0.189	0.474	0.110	0.023
	1 yr % ch		2.0	0.8	2.5	6.2	5.0	3.0
Average room rate	\$	may	203.57	207.31	209.89	215.15	250.36	252.38
	1 yr ch		-3.03	3.74	2.58	8.91	17.08	22.49
	1 yr % ch		-1.5	1.8	1.2	4.3	7.3	9.8
Occupancy rate (average)	%	may	75.4	75.8	76.6	77.3	86.3	85.8
	1 yr ch		1.2	0.5	0.8	1.2	1.0	2.0
	1 yr % ch		1.6	0.6	1.0	1.6	1.2	2.4
Room revenue	(\$M)	may	1,550.7	1,592.1	1,651.5	1,758.6	574.5	195.5
	1 yr ch		8.4	41.4	59.5	170.7	64.8	22.7
	1 yr % ch		0.5	2.7	3.7	10.7	12.7	13.1
Airline passengers								
DCA	1 yr % ch	apr	2.8	5.5	0.0	5.1	10.4	9.5
IAD	1 yr % ch	apr	-2.9	-4.0	-1.9	-1.6	-3.5	-1.5
BWI	1 yr % ch	apr	1.0	-1.5	-0.5	1.1	4.5	5.7
Total	1 yr % ch	apr	0.1	-0.3	-0.8	1.5	3.8	4.6
Employment								
Accommodations	level ('000)	may	15.4	15.2	15.2	15.1	14.9	15.0
	1 yr ch		0.1	-0.2	0.0	0.0	-0.3	-0.5
	1 yr % ch		0.7	-1.2	-0.1	-0.2	-1.8	-3.2
Food and bev	level ('000)	may	42.7	45.1	47.0	47.5	47.7	48.8
	1 yr ch		3.4	2.5	1.9	0.9	-0.3	-0.4
	1 yr % ch		8.5	5.7	4.2	1.9	-0.7	-0.8
Arts and entertain.	level ('000)	may	6.9	6.9	7.1	7.3	7.8	7.9
	1 yr ch		0.1	0.0	0.2	0.3	0.2	0.4
	1 yr % ch		1.3	0.2	2.2	4.4	3.1	5.3
Retail	level ('000)	may	18.8	19.7	21.1	22.2	22.2	22.0
	1 yr ch		0.3	0.9	1.4	1.6	1.2	0.9
	1 yr % ch		1.4	4.7	6.9	7.6	5.7	4.3

US economic growth down 0.2% in the first quarter of 2015

Quarterly change in US Real and Nominal GDP: 2013.1 to 2015.1
(% change from the previous quarter at annual rates)



- US real GDP growth in the March quarter was -0.2%; nominal growth was also down 0.2% (seasonally adjusted, annual rates).
- US employment (seas. adj.) increased by 280,000 in May from the month before.
- The US unemployment rate (seas. adj.) rose to 5.5% in May.
- In May the S & P 500 index rose 0.8% from April and was 11.8% above last year.
- Compared to a year earlier, there was no inflation in May (seas. adj.).

Table 28. US GDP, income, corporate profits, and inflation: 2015.1 and May 2015

(percent change from same period of prior year)

Indicator	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	12-mo avg	2015.1	Mzy
US GDP real	1.7	1.9	2.3	1.8	2.6	2.6	2.9	
US GDP nominal	2.6	4.0	4.2	3.5	4.1	4.0	3.8	
US Personal income	1.3	5.9	4.7	3.8	2.9	4.2	4.5	
US wages	0.3	4.2	3.5	4.0	3.7	4.7	4.8	
Corporate profits	33.5	-1.1	14.9	6.3	4.4	5.4	5.9	
S and P stock index	23.7	13.8	5.4	16.7	20.3	14.6	11.6	11.8
US CPI	1.7	2.7	2.4	1.6	1.6	0.9	-0.1	0.0
Balt//Wash. area CPI	1.7	3.0	2.4	1.6	1.7	0.8	na	0.4

Source: BEA (data revised as of June 24, 2015), 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 28a. Federal government sector, US GDP accounts: 2015.1

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

Indicator	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	12-mo avg	2015.1
All federal consumption and investment	6.5	2.0	-0.9	-4.1	-2.1	-0.2	0.7
Civilian consumption	8.7	0.7	1.5	-0.6	-0.8	0.4	0.9
Employee compensation	8.8	3.1	0.8	-0.3	0.3	1.4	1.9
Purchased goods and ser.	12.9	-4.8	-1.9	-4.9	-6.2	-3.1	-2.6

Source: BEA (data revised as of June 24, 2015). Nominal values.

Table 29. Quarter to quarter change in US GDP and income: 2013.4 to 2015.1

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

Indicator	calendar year quarter					
	2013.4	2014.1	2014.2	2014.3	2014.4	2015.1
US GDP real	3.5	-2.1	4.6	5.0	2.2	-0.2
US GDP nominal	5.0	-0.8	6.8	6.4	2.4	-0.2
Wages and salaries	3.5	7.3	2.8	4.7	6.3	4.9
Personal income	1.8	4.8	4.9	4.1	4.5	4.1

Note: GDP=Gross Domestic Product Source: BEA, updated on June 24, 2015.

Table 30. Monthly selected US Indicators: November 2014 to May 2015

Indicator	November	December	January	February	March	April	May
S and P stock index (level)	2045	2054	2028	2082	2080	2095	2112
% change from prior month	5.5	0.5	-1.3	2.7	-0.1	0.7	0.8
% change from 1 year ago	14.6	13.6	11.3	14.6	11.6	12.4	11.8
10 yr. Treasury Interest rate (level)	2.32	2.21	1.87	1.97	2.04	1.93	2.192
CPI % ch from prior month (seasonally adjusted)	-0.26	-0.33	-0.68	0.22	0.24	0.10	0.44
CPI % ch from prior year (seasonally adjusted)	1.28	0.68	-0.20	-0.07	-0.02	-0.11	0.03
Jobs (seasonally adjusted level, in millions)	140.26	140.59	140.79	141.06	141.18	141.40	141.679
change from prior month (thousands)	423	329	201	266	119	221	280
% change from prior month	0.30	0.23	0.14	0.19	0.08	0.16	0.20
Resident employment (season. adj. level, in mil.)	147.33	147.44	148.20	148.30	148.33	148.523	148.795
change from prior month (thousands)	71	111	759	96	34	192	272
% change from prior month	0.05	0.08	0.51	0.06	0.02	0.13	0.18
Unemployment rate (seasonally adj.)	5.8	5.6	5.7	5.5	5.5	5.4	5.5

Source: BLS and Yahoo! Finance.

DC tax collections

Total DC tax collections (before earmarking):

May 2010 to May 2015

(12-month moving total in \$ million)

May 2015 @ \$6,636M

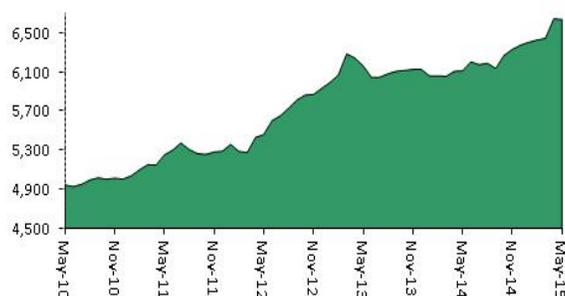


Table 31. Tax Collections (before earmarking): May 2015 (Preliminary)

Tax	Revenue (from CAFR)				Tax collections			
	FY 2011	FY 2012	FY 2013	FY 2014	12-month moving total	FY 2015 to date	3-month moving total	This month
Total taxes	5,325.3	5,853.3	6,100.5	6,290.0	6,635.8	4,200.5	2,346.5	337.1
1 year change	320.1	528.0	247.2	189.5	526.5	501.0	210.5	-4.8
% change	6.4	9.9	4.2	3.1	8.6	13.5	9.9	-1.4
Real property	1,715.1	1,822.0	1,914.8	2,015.6	2,075.9	1,192.3	1,078.3	3.7
1 year change	-106.4	106.9	92.8	100.7	139.1	191.9	105.6	-8.7
% change	-5.8	6.2	5.1	5.3	7.2	19.2	10.9	-70.2
General sales	1,014.9	1,111.0	1,137.9	1,172.1	1,222.7	819.6	311.8	115.9
1 year change	51.7	67.6	26.8	34.2	83.5	62.2	18.7	5.3
% change	3.9	9.5	2.4	3.0	7.3	8.2	6.4	4.8
Individual income	1,296.6	1,490.7	1,640.9	1,679.2	1,833.0	1,234.1	516.0	118.9
1 year change	186.2	194.1	150.2	38.3	192.1	147.1	75.6	8.1
% change	16.8	15.0	10.1	2.3	11.7	13.5	17.2	7.3
withholding	1,192.2	1,321.6	1,391.2	1,472.9	1,560.6	1,081.2	412.5	121.5
1 year change	118.3	129.5	69.6	81.7	108.7	81.7	33.6	7.9
% change	11.0	10.9	5.3	5.9	7.5	8.2	8.9	7.0
non-withholding	104.4	169.1	249.6	206.2	272.5	153.0	103.4	-2.6
1 year change	67.8	64.6	80.6	-43.4	83.4	65.4	42.0	0.2
% change	185.2	61.9	47.7	-17.4	44.1	74.7	68.4	na
Corporate income	216.3	302.9	299.0	280.2	310.2	196.1	121.0	12.1
1 year change	9.0	86.6	-3.9	-18.8	28.6	22.3	22.5	7.5
% change	4.3	40.1	-1.3	-6.3	10.2	12.8	22.8	162.2
Unincorporated Bus.	143.4	163.0	154.3	135.4	155.3	102.6	58.5	4.4
1 year change	27.0	19.6	-8.7	-18.9	17.2	16.4	3.9	2.3
% change	23.2	13.6	-5.3	-12.3	12.4	19.1	7.2	102.4
Deed taxes*	311.2	306.6	367.3	386.0	446.1	301.6	87.4	20.7
1 year change	85.6	-4.5	60.6	18.8	55.9	54.9	-9.5	-3.9
% change	37.9	-1.5	19.8	5.1	14.3	22.3	-9.8	-15.8
Other taxes	627.8	657.0	586.3	621.6	592.6	354.2	173.7	61.4
1 year change	80.6	29.2	-70.7	35.3	10.2	6.1	-6.3	-15.5
% change	14.7	4.6	-10.8	6.0	1.7	1.7	-3.5	-20.1

*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/ORR na=not applicable due to negative number or not meaningful

Tax collections continue to show strong growth.

- For the 12 month period ending May, total tax collections (before earmarking) were \$526 million (8.6%) more than in the prior year. For the last 3 months they were 9.9% above last year.
- Individual income tax collections were 11.7% above last year for the 12-months ending May and withholding was 7.5% higher. For the past 3 months, withholding was up 8.9%.
- General sales tax collections were 7.3% above last year for the 12-months ending May. For the past 3 months, they were 6.4% above last year.
- Deed tax collections for the 12-months ending May were up 14.3% from last year; for the past 3 months they were down 9.8%.
- Corporate income taxes in May were up 10.2% and unincorporated business income taxes rose 12.4% from last year (12-mo. total).

**Total tax collections (before earmarks):
May 2014 to May 2015**

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



**General Sales tax collections (before earmarks):
May 2014 to May 2015**

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



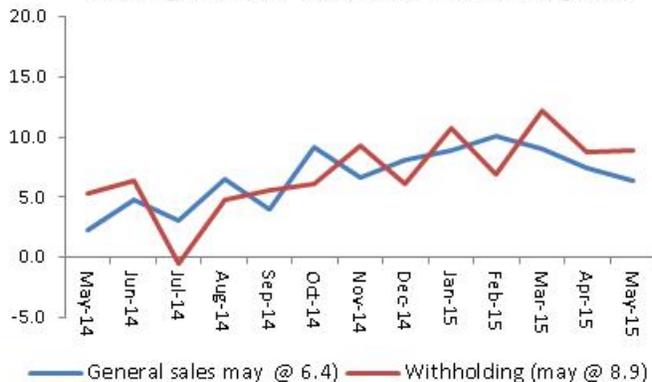
**Withholding for the Individual Income tax:
May 2014 to May 2015**

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



**General Sales tax and Withholding for the Individual Income tax:
May 2014 to May 2015**

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



**Deed tax collections (before earmarks):
May 2014 to May 2015**

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



US economic forecasts

The May Blue Chip forecast for the US economy increased real GDP growth FY 2015 and cut it in FY 2016

- The Blue Chip Indicator June forecast for real GDP growth now falls from 2.6% in FY 2014 to 2.3% in FY 2015. For FY 2016 the forecast is for growth to pick up somewhat to 2.6%.
- The Blue Chip Indicator June forecast for inflation (CPI): to 0.3% for FY 2015 and 1.8% in FY 2016.
- S & P 500: little change in baseline forecasts. Growth during 2015 and 2016 is expected to be much less than it was in 2014.

Table 32. Blue Chip Forecast for US nominal and real GDP: FY 2013 through FY 2016

(% change from prior fiscal year)

Fiscal year and date of forecast	Real	Nominal
FY 2013 Actual	1.8	3.5
FY 2014 Actual	2.6	4.1
FY 2015		
March	2.9	4.0
April	2.8	3.8
May	2.1	3.1
June	2.3	3.3
FY 2016		
March	2.9	4.7
April	2.8	4.7
May	3.1	4.9
June	2.6	4.4

Sources: BEA, Blue Chip Indicators

Addendum:

June US GDP forecasts by Global Insight and Economy.com:

Global Insight 2015: 2.2 real, 3.4 nom. 2016: 2.7 real, 5.8 nom.

Economy.com 2015: 2.3 real, 3.0 nom. 2016 3.0 real, 4.3 nom.

Blue Chip Indicators estimate of US Nominal and Real GDP: FY 2009 to FY 2016
(% change from the prior year; June, 2015 estimate)

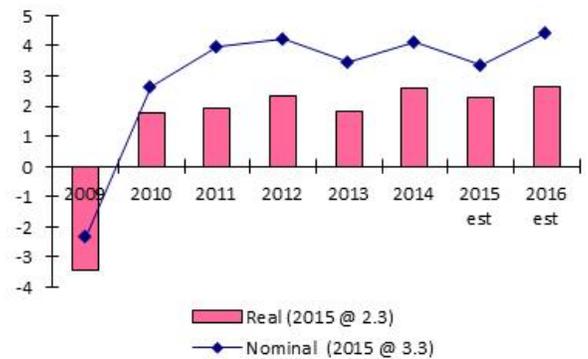


Table 34. Blue Chip forecasts for CPI and 10 year Treasury interest rate: FY 2014 to FY 2016

(% change from prior fiscal year)

Forecast date	CPI			10 yr Treasury rate		
	2014	2015	2016	2014	2015	2016
Mar	1.6	0.4	1.8	2.7	2.3	3.0
Apr	1.6	0.3	1.8	2.7	2.2	2.9
May	1.6	0.2	1.8	2.7	2.2	2.8
Jun	1.6	0.3	1.8	2.7	2.2	2.8

Source: Blue Chip Indicators

Table 33. 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.)	1.8	2.5	2.7	3.0
Nominal GDP (% ch from prior yr.)	3.5	4.0	4.4	4.5
CPI (% ch from prior yr.)	1.6	1.6	1.1	2.0
10 yr. Treasury bond rate	2.1	2.7	2.6	3.2
Unemployment rate	7.6	6.5	5.8	5.4

Source: Congressional Budget Office, *The Budget and Economic Outlook: 2015 to 2025*, January 2015

Table 35. IHS Global Insight forecast for S and P 500: 2014.4 to 2016.4

Forecast date	% change from prior year			% change from prior year		
	2014.4	2015.4	2016.4	2014.4	2015.4	2016.4
	Global Insight: baseline			Global Insight: pessimistic		
March	13.6	7.3	3.8	13.6	0.8	1.2
April	13.6	6.5	3.8	13.6	0.0	1.2
May	13.6	6.8	3.8	13.6	0.1	1.4
June	13.6	7.5	3.8	13.6	-5.3	-18.6

Source: IHS Global Insight

Table 36. Moody's Analytics forecast for S and P 500: 2014.4 to 2016.4

Forecast date	% change from prior year			% change from prior year		
	2014.4	2015.4	2016.4	2014.4	2015.4	2016.4
	Economy.com baseline			Economy.com pessimistic		
March	13.6	4.3	1.0	13.6	2.5	2.4
April	13.6	4.5	1.4	13.6	2.8	2.9
May	13.6	5.3	3.3	13.6	1.4	2.5
June	13.6	4.2	1.7	13.6	-0.2	0.8

Source: Moody's Analytics (Economy.com)

Little change in May baseline DC forecasts: jobs and income in DC economy stronger in FY 2015 and FY 2016 than they were in FY 2014

●**Employment:** From 2014 to 2015 employment growth doubles, both for jobs in DC and for DC residents. Global Insight expects the DC unemployment rate to dip below 7% in FY 2016.

●**Income.** Growth is expected to be well above FY 2014 in both FY 2015 and FY 2016. Global Insight expects DC Personal Income growth to be slower than in the US in FY 2015 and FY 2016, Economy.com does not. The Economy.com forecast for Personal Income growth in FY 2016, 6.7%, is considerably greater than Global Insight's 3.9%.

Table 37. Jobs in DC: forecasts for FY 2014 to FY 2017

(amount of change from prior year, in thousands of jobs)

Date of estimate	Global Insight: baseline				Global Insight: pessimistic				Economy.com: baseline				Economy.com: pessimistic			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Mar	5.0	14.6	7.6	5.5	5.0	13.5	2.4	0.1	6.0	13.7	11.9	9.1	5.0	11.0	2.2	12.1
Apr	6.0	13.0	6.9	5.5	6.0	12.3	2.1	-0.2	6.0	13.5	11.0	8.9	6.0	12.1	4.4	11.6
May	6.0	11.3	6.9	6.7	6.0	10.5	2.1	1.3	6.0	11.3	9.5	11.0	6.0	10.9	3.3	8.8
Jun	6.0	11.6	7.1	6.3	6.0	11.3	3.1	0.5	6.0	11.2	9.6	11.8	6.0	11.1	4.1	8.4

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

Table 38. DC Resident employment: forecasts for FY 2014 to FY 2017

(amount of change from prior year, in thousands of jobs)

Date of estimate	Global Insight: baseline				Global Insight: pessimistic				Economy.com: baseline				Economy.com: pessimistic			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Mar	2.1	13.3	6.0	5.8	2.1	13.0	3.8	3.2	3.4	12.7	7.2	5.9	2.1	11.3	2.2	6.4
Apr	3.4	12.0	8.0	6.2	3.4	11.7	5.5	3.2	3.4	11.7	7.5	6.4	3.4	12.1	5.3	7.3
May	3.4	11.7	8.0	6.5	3.4	11.4	5.6	3.6	3.4	11.6	7.8	6.5	3.4	11.5	5.5	6.8
Jun	3.4	11.6	8.0	6.5	3.4	11.5	6.3	3.7	3.4	11.6	7.8	6.5	3.4	11.5	5.6	6.9

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

Table 39. DC Personal Income: forecasts for FY 2014 to FY 2017

(percent change from prior year)

Date of estimate	Global Insight: baseline				Global Insight: pessimistic				Economy.com: baseline				Economy.com: pessimistic			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Mar	2.7	4.6	3.6	4.8	2.7	3.6	0.6	2.0	2.7	4.9	6.9	7.1	2.7	3.7	4.5	7.3
Apr	2.5	4.3	3.9	4.8	2.5	3.5	1.0	2.0	2.5	3.9	7.5	7.3	2.5	4.4	5.3	7.8
May	2.5	4.0	3.9	5.2	2.5	3.2	1.0	2.5	2.5	3.3	6.7	7.3	2.5	3.2	4.8	7.3
Jun	2.5	4.0	3.9	4.6	2.5	3.6	1.7	1.3	2.5	3.3	6.7	7.3	2.5	3.1	5.0	7.1

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

Table 40. June forecasts for employment and Personal Income for DC, the metro area, and the US: FY 2014 to FY 2017

(percent change from prior year)

Indicator	Global Insight				Economy.com			
	2014	2015	2016	2017	2014	2015	2016	2017
Wage and salary jobs								
DC	0.8	1.5	0.9	0.8	0.8	1.5	1.3	1.5
Metro area					0.4	1.5	1.6	2.0
US	1.8	2.2	1.6	1.4	1.8	2.2	2.1	2.4
Personal Income								
DC	2.5	4.0	3.9	4.6	2.5	3.3	6.7	7.3
Metro area					1.7	4.1	6.3	6.8
US	2.9	4.4	4.2	5.1	2.9	4.6	5.9	6.9

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

Table 41. June DC forecasts for wages and unemployment: FY 2014 to FY 2017

(percent change from prior year)

Global Insight				Economy.com			
2014	2015	2016	2017	2014	2015	2016	2017
Wages and salaries earned in DC							
2.2	3.7	4.2	4.3	2.2	3.7	6.5	7.0
DC resident wages and salaries							
2.3	4.5	3.9	4.0	2.3	3.7	7.2	7.3
DC Unemployment rate (level)							
7.9	7.5	6.6	6.3	7.9	7.6	7.4	7.1

Source: IHS Global Insight and Moody's Analytics (Economy.com). Baseline forecasts.

DC revenue estimate

The February revenue estimate: \$472.8 million more tax revenue in FY 2015, and another \$187.4 million in FY 2016.

• Anticipated tax revenue growth (before earmarks) is 7.5% in FY 2015 and 2.8% in FY 2016. FY 2014 tax revenue growth was 3.1%. The estimates reflect growth in the DC economy and federal spending constraints due to sequestration.

• The real property tax accounts for 40% of revenue growth in FY 2015, and 63% in FY 2016. Individual income and sales increase in both FY 2015 and FY 2016; business income falls in FY 2016.

• As a share of DC Personal Income, tax revenue in FY 2015 and FY 2016 is expected rise compared to FY 2014—from 12.6% in FY 2014 to 13.0% in FY 2015 and 12.7% in FY 2016.

Table 43. DC Tax Revenue (before earmarks) for FY 2014 through FY 2017: June 2015 revenue estimate

Tax	FY level (\$ million)				Change from prior year (\$ M)				% change from prior year			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
Real property	2,015.6	2,202.4	2,319.6	2,384.1	100.7	186.8	117.2	64.4	5.3	9.3	5.3	2.8
Deed taxes	391.2	406.7	401.1	409.1	24.0	15.5	-5.6	8.0	6.5	4.0	-1.4	2.0
General sales	1,172.1	1,254.2	1,304.7	1,359.5	34.2	82.1	50.5	54.8	3.0	7.0	4.0	4.2
Individual income	1,679.2	1,830.1	1,862.0	1,945.6	38.3	150.9	31.9	83.6	2.3	9.0	1.7	4.5
Withholding	1,472.9	1,548.9	1,612.9	1,684.9	81.7	75.9	64.0	72.0	5.9	5.2	4.1	4.5
non-withholding	206.2	281.2	249.1	260.7	-43.4	75.0	-32.1	11.6	-17.4	36.4	-11.4	4.6
Business income	415.6	459.3	443.1	459.9	-37.7	43.8	-16.3	16.8	-8.3	10.5	-3.5	3.8
Other	616.4	610.0	619.6	624.3	30.1	-6.4	9.6	4.7	5.1	-1.0	1.6	0.8
Total	6,290.0	6,762.8	6,950.2	7,182.4	189.5	472.8	187.4	232.2	3.1	7.5	2.8	3.3

Source: ORA. June 30, 2015 revenue estimate under existing legislation. Deed taxes include economic interest. The table includes tax revenue only, before all earmarks, and excludes all non-tax revenues, lottery, and "O-type" earmarked revenues. FY 2014 is from the FY 2014 CAFR

Table 44. DC labor market assumptions: FY 2014 to FY 2017

item	2014	2015	2016	2017
Wage and salary employment	751,483	762,813	771,228	779,626
1 year change	6,000	11,329	8,415	8,398
% change	0.8	1.5	1.1	1.1
DC resident employment	344,826	355,199	362,249	368,162
1 year change	3,434	10,374	7,050	5,913
% change	1.0	3.0	2.0	1.6
Unemployment rate	7.9	7.5	7.0	6.7

Source: ORA June 2015 revenue estimate

Table 45. DC Income and stock market assumptions: FY 2014 to FY 2017 (% change from prior year)

item	2014	2015	2016	2017
Wages and salaries earned in DC	2.2	3.8	4.4	4.7
Wages and salaries earned by DC residents	2.3	5.4	5.3	5.3
DC Personal income	2.5	4.4	4.6	5.6
S and P 500 stock index	13.6	6.0	3.6	2.2

Source: ORA June 2015 revenue estimate. Stock index, on a calendar year basis, represents the % change from the December quarter of the prior year.

Table 46. DC tax revenue (before earmarks) and DC Personal Income: FY 2008 to FY 2017

item	2008	2009	2010	2011	2012	2013	2014	2015 est	2016 est	2017 est
Tax revenue (\$ million)										
Level	5,325	5,052	5,005	5,325	5,853	6,100	6,290	6,763	6,950	7,182
Change from prior year	170	-273	-47	320	528	247	189	473	187	232
Percent change from prior year										
Tax revenue	3.3	-5.1	-0.9	6.4	9.9	4.2	3.1	7.5	2.8	3.3
Personal Income	9.6	1.3	2.7	9.0	5.4	2.6	2.5	4.4	4.6	5.6
Tax revenue as percent of Personal Income										
	13.4	12.6	12.1	11.8	12.3	12.5	12.6	13.0	12.7	12.5

Source: ORA. June 30, 2015 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.

Looking back over the past decade (the 10 years from May 2005 to May 2015), the year just ended was by far the best one for growth in room demand and revenue as measured by the 12-month moving total. The past year, the first full year in which the new Convention Center hotel began operating, also saw the highest occupancy rate of the decade (77.3%) for all hotels in DC. After growing at about the same rate as supply for the years May 2005 to May 2010, in the past 5 years, demand has outpaced supply even with the new 1,200 room hotel. (See Figures 1 and 2.)

The 4.3% increase in average room in the past year was also the highest percent change in 4 years. For the first half of the decade, increases in the inflation-adjusted average room rates were responsible for most of the gains in inflation-adjusted hotel revenue. With the onset of the Great recession, however, real rates fell. Since May 2011 most of the gain in revenue has been attributable to increasing demand rather than higher room rates. (See Figure 3)

Although there has been a 16.3% increase in room demand and a 20.5% increase in inflation-adjusted revenues over the past decade, there has been virtually no gain in wage and salary employment reported by BLS for the DC accommodations industry sector. (See Figure 4.) The accommodations industry includes more than the hotels included in the STR, Inc. statistics, but the lack of increase in reported employment likely also reflects some combination of change in the mix of hotel types, productivity increases, and changes in proportion of full-time and part-time employment in the hotels.

—Stephen Swaim, DC Office of Revenue Analysis

Percent change in DC hotel Indicators: May 2005 to May 2015

(% change in 12-month moving total for the last year and the last 10 years)

Indicator	Last year: (May 2014 to May 2015)	Last 10 years: (May 2005 to May 2015)
Room demand	6.2	16.3
Average room rate	4.3	26.3
Inflation-adjusted room rate	3.0	3.6
Revenues	10.7	46.8
Inflation-adjusted revenues	9.4	20.5
Room supply	4.5	10.3

Source: STR inc.

Figure 2

Demand for and supply of DC hotel rooms: May 2005 to May 2015

(Index number of 12-month moving total: May 2005 = 100)

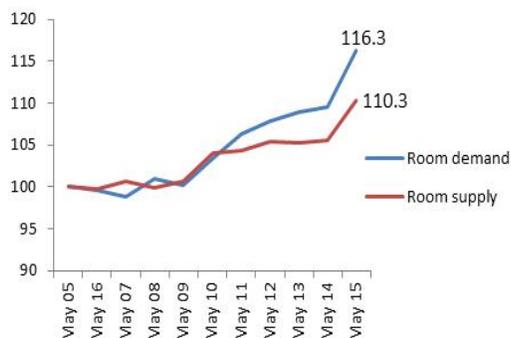


Figure 1

Occupancy rate for DC hotel rooms: May 2005 to May 2015

(rooms sold as % of all hotel rooms)

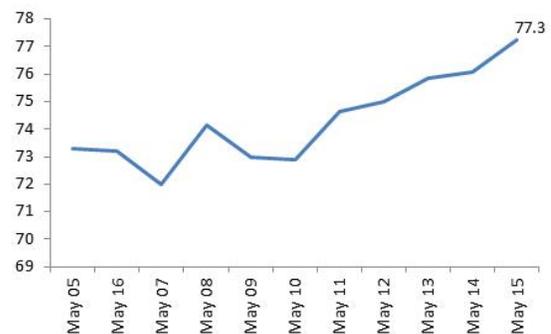


Figure 3

Demand for DC hotel rooms and Inflation-adjusted average room rate: May 2005 to May 2015

(Index number of 12-month moving total for demand, moving average for room rate: May 2005 = 100)

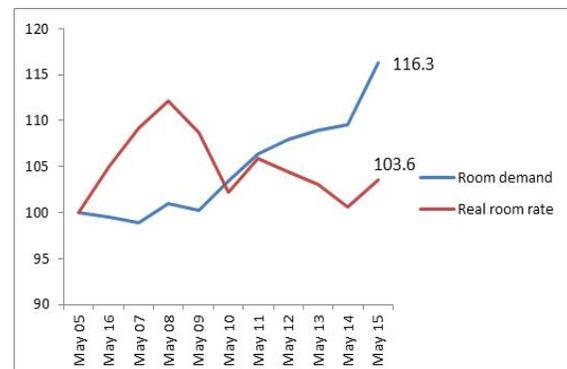
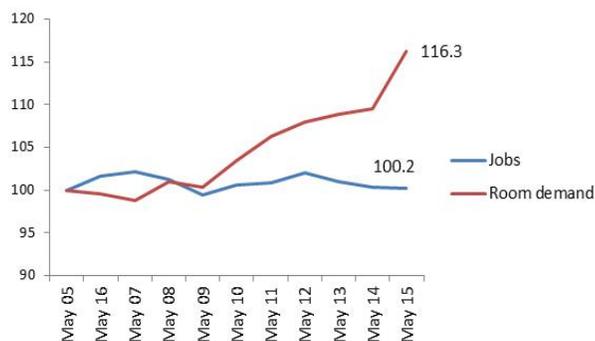


Figure 4

Demand for DC hotel rooms and wage and salary employment in the DC accommodations sector: May 2005 to May 2015

(Index number of 12-month moving total: May 2005 = 100)



DC hotel indicators and DC accommodations employment: May 2005 to May 2015

(12-month moving total or average for period shown)

Item	May-05	May-06	May-07	May-08	May-09	May-10	May-11	May-12	May-13	May-14	May-15
Total room demand (million)	7.029	6.998	6.948	7.100	7.050	7.275	7.473	7.586	7.655	7.699	8.174
Average room rate room rate	170.39	184.40	196.68	207.00	207.82	195.15	204.63	205.07	208.05	206.24	215.15
Inflation-adjusted room rate (\$2012)	175.60	184.41	191.72	196.90	190.98	179.47	185.91	183.36	180.94	176.58	181.93
Total revenue from room sales (\$ million)	1,197.7	1,290.5	1,366.4	1,469.8	1,465.1	1,419.6	1,529.2	1,555.6	1,592.6	1,587.9	1,758.6
Inflation-adjusted revenues (\$ million \$2012)	1,234.4	1,290.5	1,332.0	1,398.1	1,346.4	1,305.5	1,389.3	1,390.9	1,385.1	1,359.5	1,487.1
Total room supply (million)	9.589	9.560	9.652	9.578	9.661	9.983	10.013	10.114	10.091	10.122	10.580
Average number of rooms	26,268	26,191	26,443	26,231	26,466	27,351	27,433	27,710	27,646	27,726	28,986
Average occupancy rate (%)	73.3	73.2	72.0	74.1	73.0	72.9	74.6	75.0	75.9	76.1	77.3
Average industry wage and salary employment	15,108	15,350	15,442	15,292	15,025	15,208	15,242	15,408	15,267	15,167	15,142

Note: Room demand is the number of room-nights demanded (sold) for the 12-month period

Room supply is the number of room-nights available for sale to the public for the 12-month period.

Average occupancy rate is the proportion of room supply that is demanded.

Wage and salary employment includes both full time and part time jobs.

Average room rate and room revenue are adjusted for inflation to \$2012 using the US CPI.

Source: STR, inc. for hotel data. BLS for wage and salary employment

DC hotel indicators and DC accommodations employment: May 2006 to May 2015

(% change in 12-month moving total or average for period shown)

Item	May-06	May-07	May-08	May-09	May-10	May-11	May-12	May-13	May-14	May-15
Total room demand (million)	-0.4	-0.7	2.2	-0.7	3.2	2.7	1.5	0.9	0.6	6.2
Average room rate room rate	8.2	6.7	5.2	0.4	-6.1	4.9	0.2	1.5	-0.9	4.3
Inflation-adjusted room rate (\$2012)	5.0	4.0	2.7	-3.0	-6.0	3.6	-1.4	-1.3	-2.4	3.0
Total revenue from room sales (\$ million)	7.7	5.9	7.6	-0.3	-3.1	7.7	1.7	2.4	-0.3	10.7
Inflation-adjusted revenues (\$ million \$2012)	4.5	3.2	5.0	-3.7	-3.0	6.4	0.1	-0.4	-1.8	9.4
Total room supply (million)	-0.3	1.0	-0.8	0.9	3.3	0.3	1.0	-0.2	0.3	4.5
Average number of rooms	-0.3	1.0	-0.8	0.9	3.3	0.3	1.0	-0.2	0.3	4.5
Average occupancy rate (%)	-0.1	-1.7	3.0	-1.6	-0.1	2.4	0.5	1.1	0.3	1.6
Average industry wage and salary employment	1.6	0.6	-1.0	-1.7	1.2	0.2	1.1	-0.9	-0.7	-0.2

Source: STR, inc. for hotel data. BLS for wage and salary employment

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:

Revised revenue estimate, June 30, 2015.

Tax expenditure report, May 2014. Comprehensive description of all DC tax expenditures.

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

DC Tax Facts, 2014. Details on all DC taxes.

Tax Rates and Tax Burdens 2013 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 2013 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 47. Information sources

Indicator	Source	Period covered in this report	Next release
D.C. Jobs and Labor Force information	BLS	May	July 21
D.C. Personal Income	BEA	2015.1	September 30
D.C. Tax Collections	OTR/ORA	May	c. July 15
D.C. Housing Sales	MRIS*	May	c. July 10
D.C. Commercial Office Building data	Delta / Cushman and Wakefield	2015.1	c. July 15
DC Apartment data	Reis, inc	2015.1	c July 20
D.C. Hotel stay information	Smith Travel Research	May	c. July 25
Consumer Price Index	BLS	May	July 17
U.S. Jobs and Labor Force	BLS	May	July 2
U.S. GDP and Personal Income	BEA	2015.1	July 30
S and P 500 Stock Index	Financial press	May	July 1
Interest rate on 10-Year Treasury Securities	Financial press	May	July 1
IHS Global Insight D.C. forecast	Global Insight	June	c. July 25
Moody's Analytics Economy.com D.C. forecast	Economy.com	June	c. July 25
Blue Chip Economic Indicators for the U.S.	Aspen Publishers	June	c. July 10

*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* and *Cash Reports* 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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