

# 2022 MID-YEAR ECONOMIC UPDATE

FEATURING DR. TERRY CLOWER



MATTHEWS, CARTER & BOYCE  
CPAs • ADVISORS

**75** Years  
1947-2022 | [mcb.cpa](https://mcb.cpa)

May 25, 2022

[info@mcb.cpa](mailto:info@mcb.cpa)

# Today's Speaker



**Dr. Terry L. Clower**

Director, Center for Regional Analysis  
at George Mason University



**MATTHEWS, CARTER & BOYCE**  
CPAs • ADVISORS

**75** Years  
1947-2022 | [mcb.cpa](http://mcb.cpa)

# Washington Area Economy: Mid-Year Outlook

*Presentation to:*

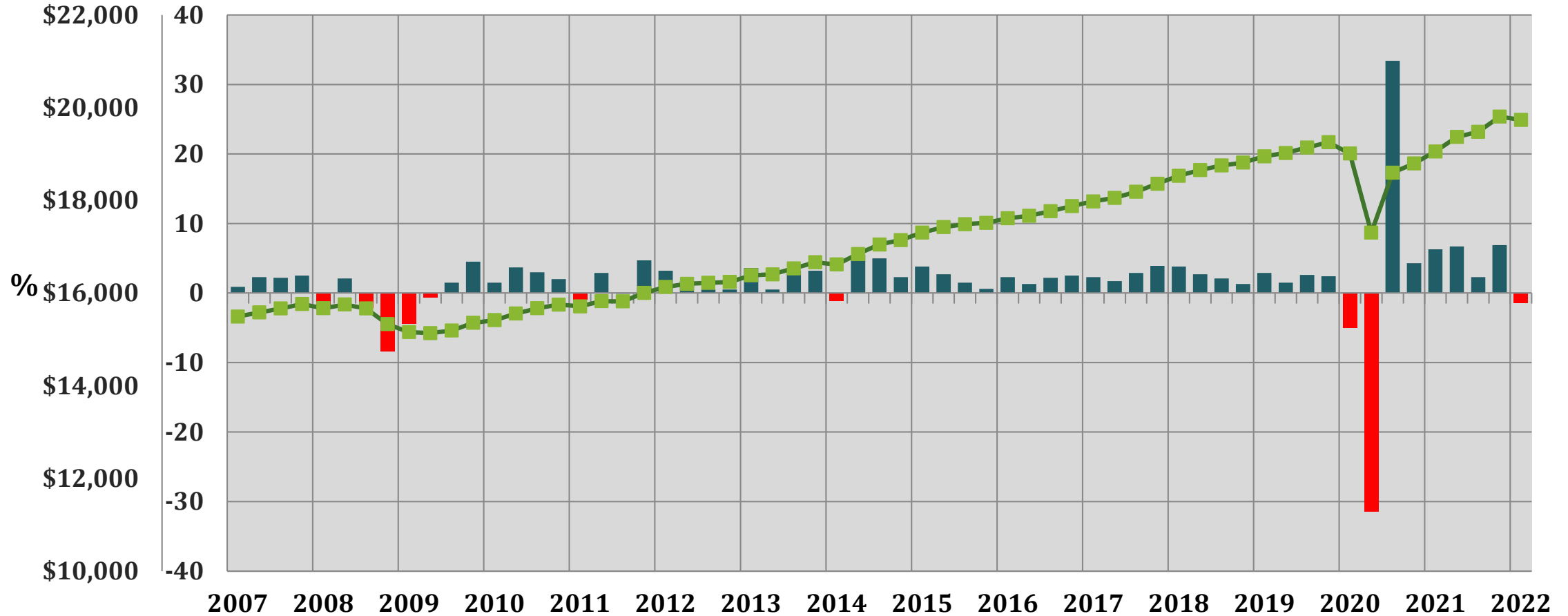
## Matthews Carter & Boyce Annual Economic Outlook

Terry L. Clower, Ph.D.  
Center for Regional Analysis  
Schar School of Policy and Government  
George Mason University

**May 25, 2022**

# U. S. Gross Domestic Product

■ Quarterly Change    ■ Real GDP (Billions)



Q4 2020-Q4 2021 5.4%

Source: Bureau of Economic Analysis (Seasonally Adjusted, Chained 2012 Dollars )

# Unpacking GDP

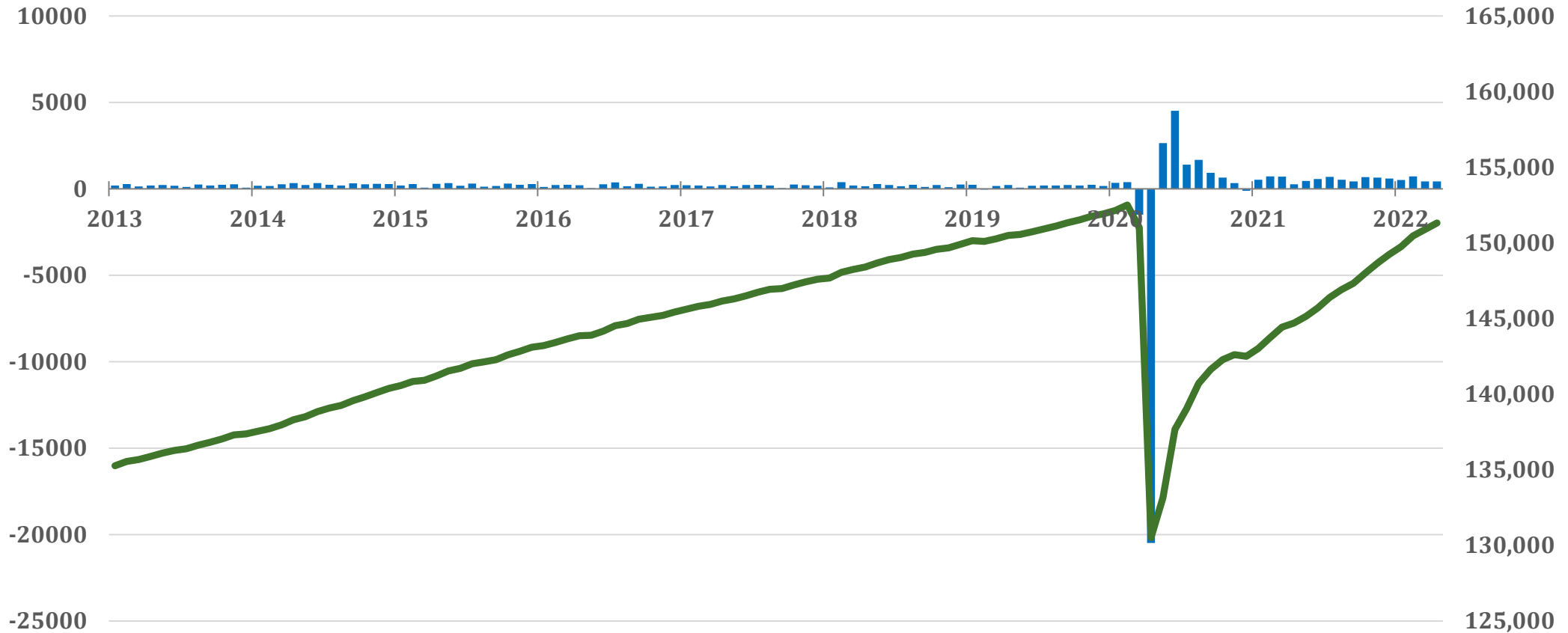
(% Change at Annual Rate)

	2020				2021				2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Gross domestic product	-5.1	-31.2	33.8	4.5	6.3	6.7	2.3	6.9	-1.4
Percentage points at annual rates:									
Personal consumption expenditures	-4.79	-24.1	25.51	2.26	7.44	7.92	1.35	1.76	1.83
Goods	0.04	-1.89	9.92	-0.07	5.69	2.99	-2.21	0.28	-0.03
Services	-4.83	-22.21	15.59	2.34	1.75	4.93	3.57	1.48	1.86
Gross private domestic investment	-0.92	-9.64	11.71	4.01	-0.37	-0.65	2.05	5.82	0.43
Net exports of goods and services	-0.05	1.53	-3.25	-1.65	-1.56	-0.18	-1.26	-0.23	-3.2
Exports	-1.95	-8.34	4.64	2.07	-0.3	0.8	-0.59	2.24	-0.68
Imports	1.9	9.87	-7.89	-3.73	-1.26	-0.99	-0.68	-2.46	-2.53
Government consumption expenditures and gross investment	0.63	0.97	-0.19	-0.09	0.77	-0.36	0.17	-0.46	-0.48
Federal	0.16	1.42	-0.32	-0.22	0.78	-0.38	-0.35	-0.29	-0.39
National defense	-0.03	0.16	0.11	0.22	-0.25	-0.04	-0.07	-0.24	-0.33
Nondefense	0.2	1.26	-0.43	-0.44	1.02	-0.34	-0.29	-0.05	-0.06
State and local	0.47	-0.45	0.13	0.14	-0.01	0.02	0.52	-0.17	-0.08

# U.S. Payroll Jobs

**1-mo. change  
 (in thousands)**

**total payroll jobs  
 (in millions)**



**Since 2010  
 (Jan 2010)  
 +21.5M**

**Since 2021  
 (12-mo. Δ)  
 6.6M**

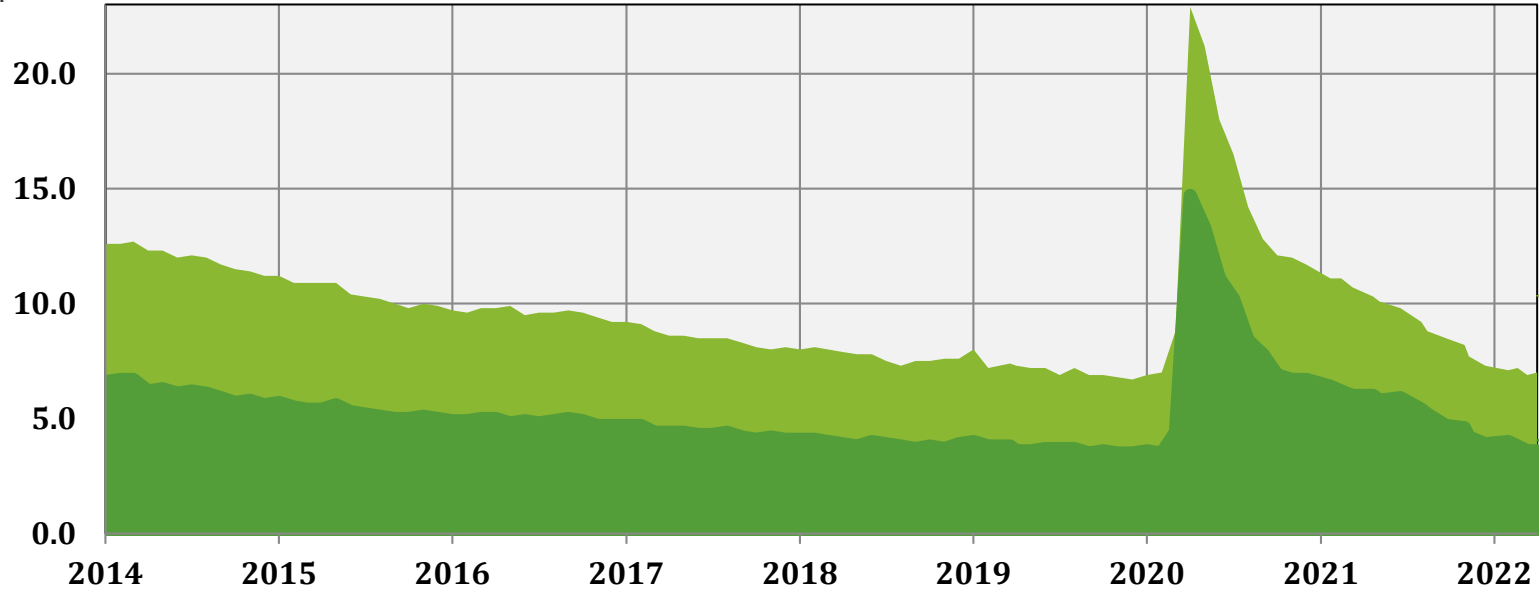
**Mar 22 -  
 Apr 22  
 (1 mo. Δ)  
 +428K**

Source: Bureau of Labor Statistics (Seasonally Adjusted), GMU Center for Regional Analysis

# U. S. Unemployment

**U-6**

**UR**



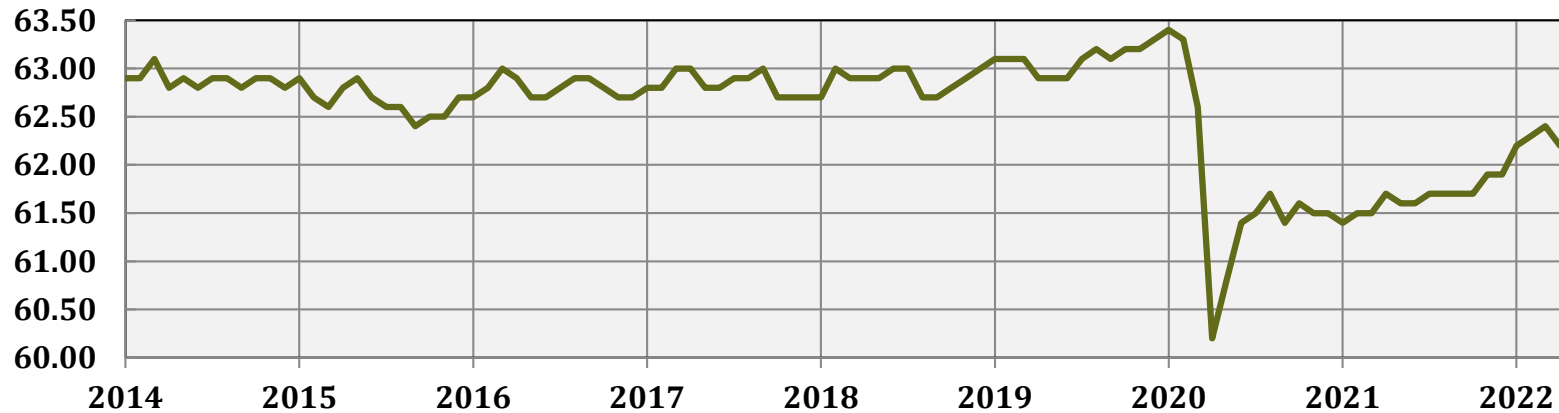
Apr  
7.0%

Apr  
3.6%

**Apr 2022 -  
 Apr 2021  
 (12-mo.)  
 change:**

**U-6 -3.3%  
 UR -2.4%  
 LFPR 0.5%**

**LFPR**

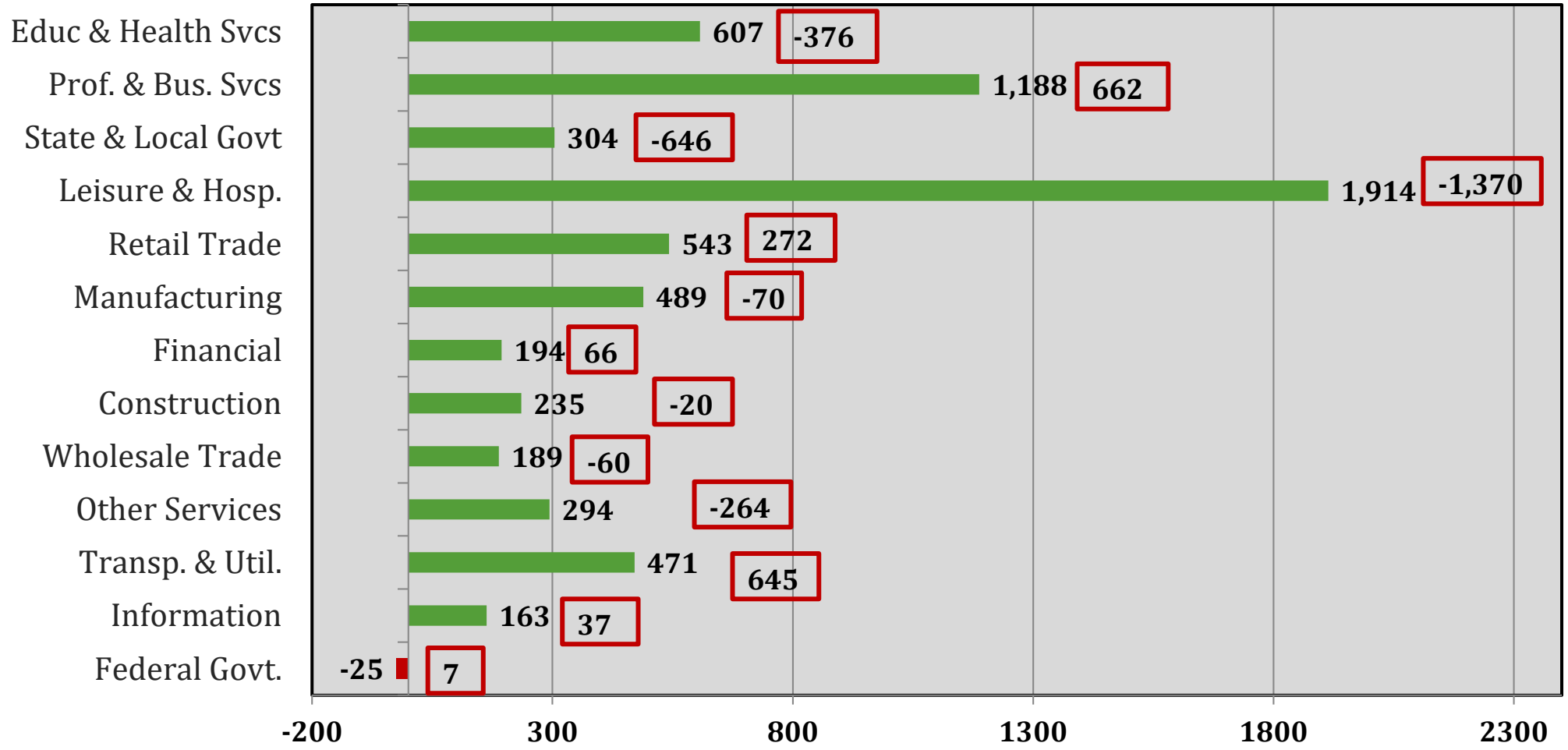


Apr  
62.2%

# U.S. Payroll Job Change by Sector

## 12-Month Net Change (Apr 2022)

Ranked by Size in 2019 (000s) total = 6.6M

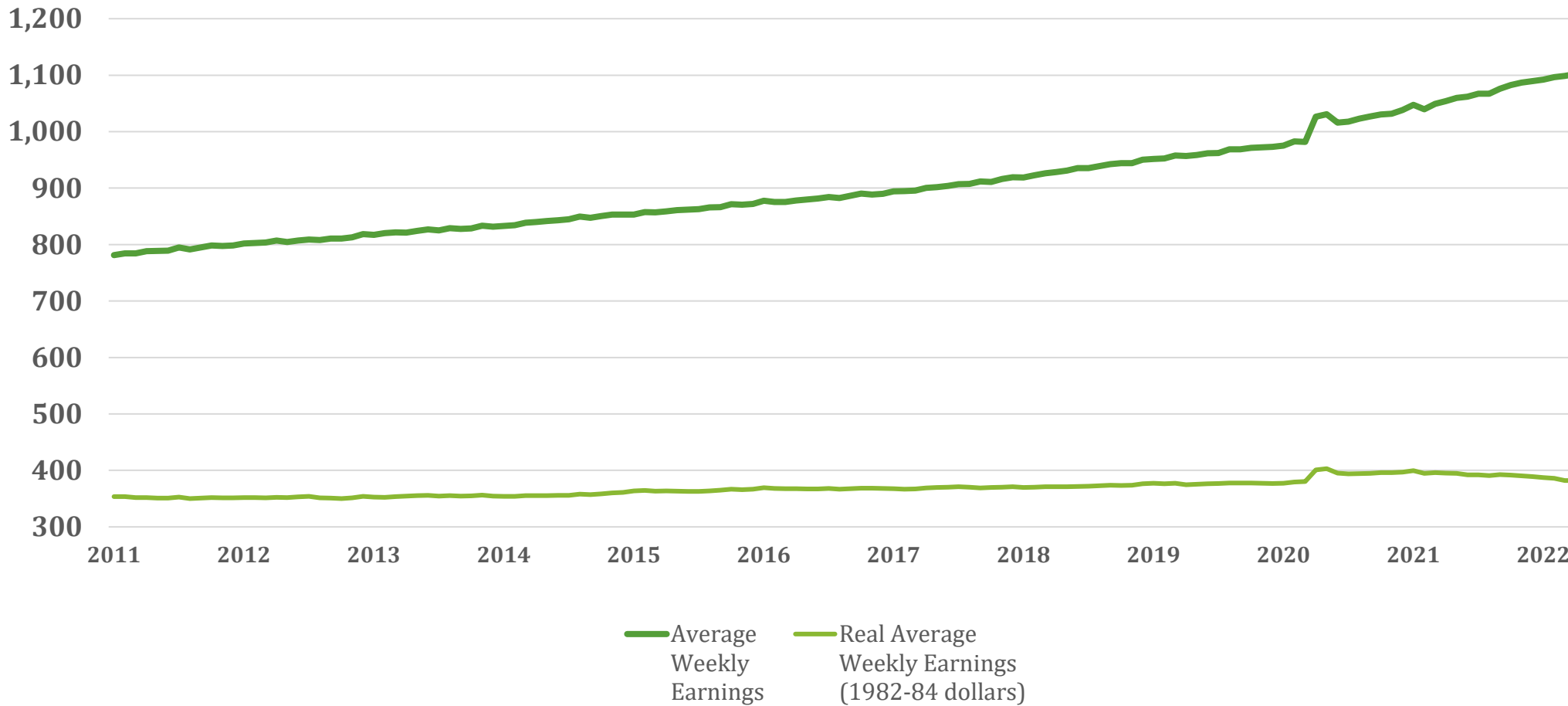


Source: Bureau of Labor Statistics (Seasonally Adjusted), GMU Center for Regional Analysis



# Average Weekly Earnings

## U. S., Total Private, Across all Industries



**12-month  
% change  
(MOTYC)**

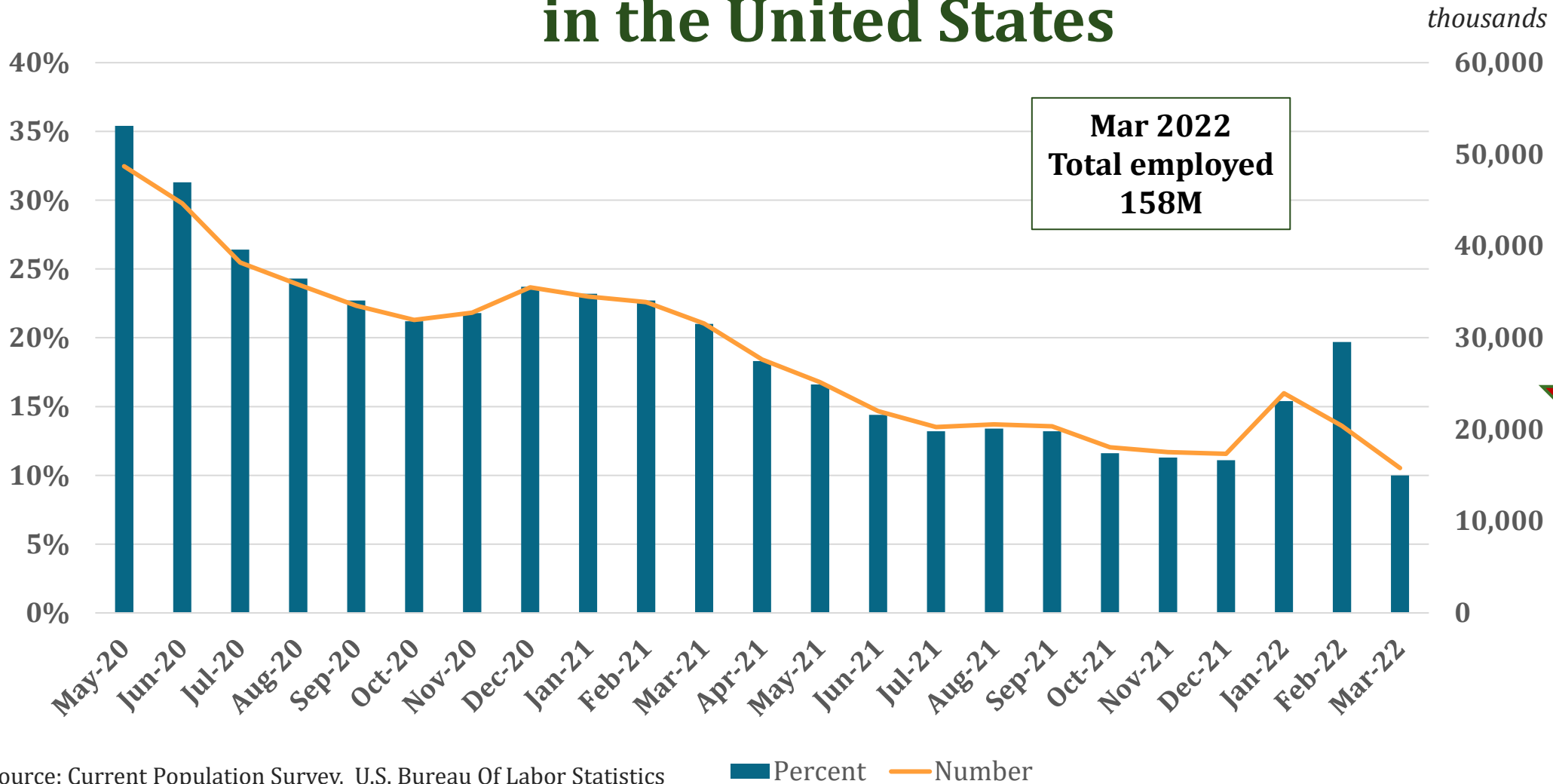
**Apr 2022**

 **Avg Hourly  
Wages  
+5.5%**

 **Avg Weekly  
Earnings  
+4.6%**

 **Real Avg  
Weekly  
Earnings  
-3.4%**

# Paid Employees Who Worked At Home Due To The Coronavirus Pandemic in the United States



**Mar 2022  
 Total employed  
 158M**

**Feb 22  
 -  
 Mar 22  
 -4600**

# Remote Work

**47,770 current listings for fully remote jobs**  
(5/23/22, the Ladders.com)

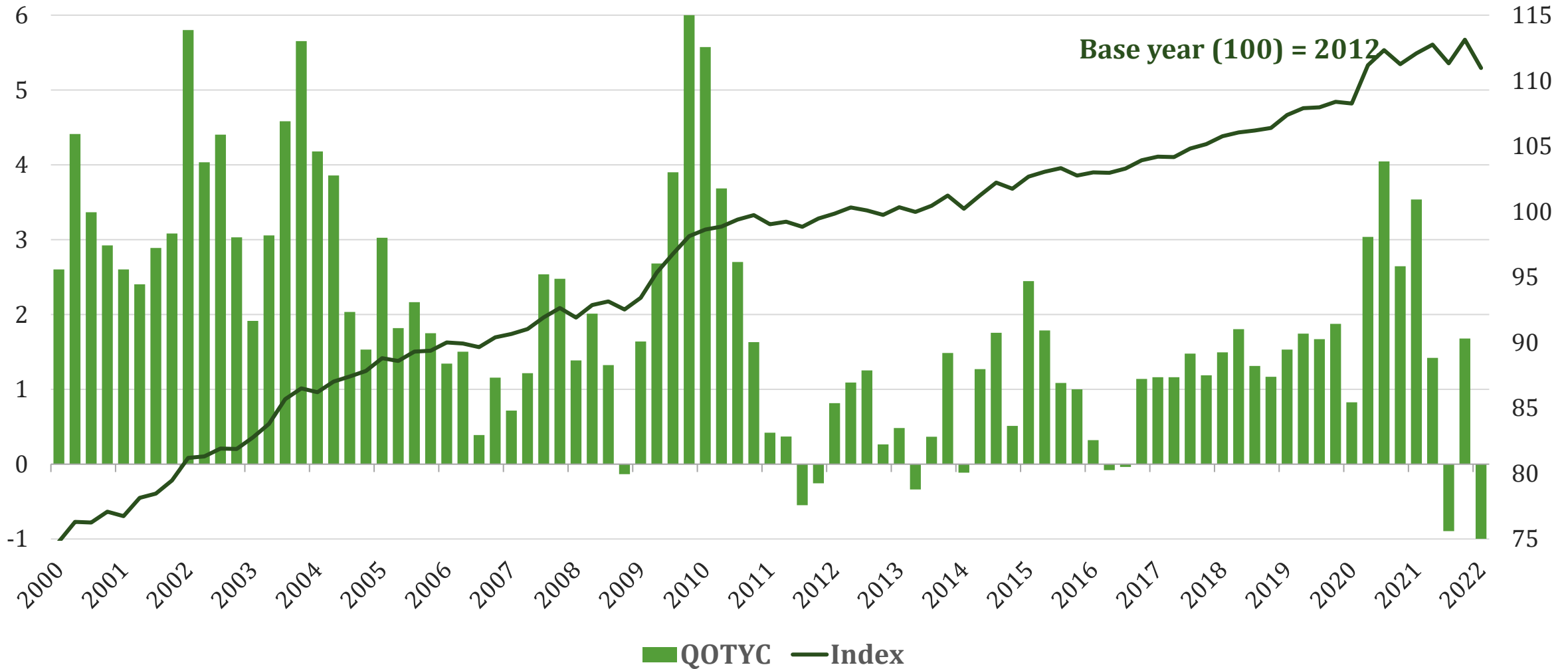
- High paying, skilled jobs moving remote
  - \$100k+ salaries
  - Survey of 50,000 employers across US
- Prior to pandemic
  - 4% of high paying jobs available for remote work
  - End of 2020: 9%
  - End of 2021: 18%
  - 3 million HP jobs moved to remote in 4Q21
  - 20+ million total remote jobs

## Most Remote Opportunities by Occupation

1. Senior Software Engineer
2. Software Engineer
3. Account Executive
4. Enterprise Account Executive
5. Product Manager
6. Senior Product Manager
7. DevOps Engineer
8. Data Engineer
9. Project Manager
10. Product Marketing Manager

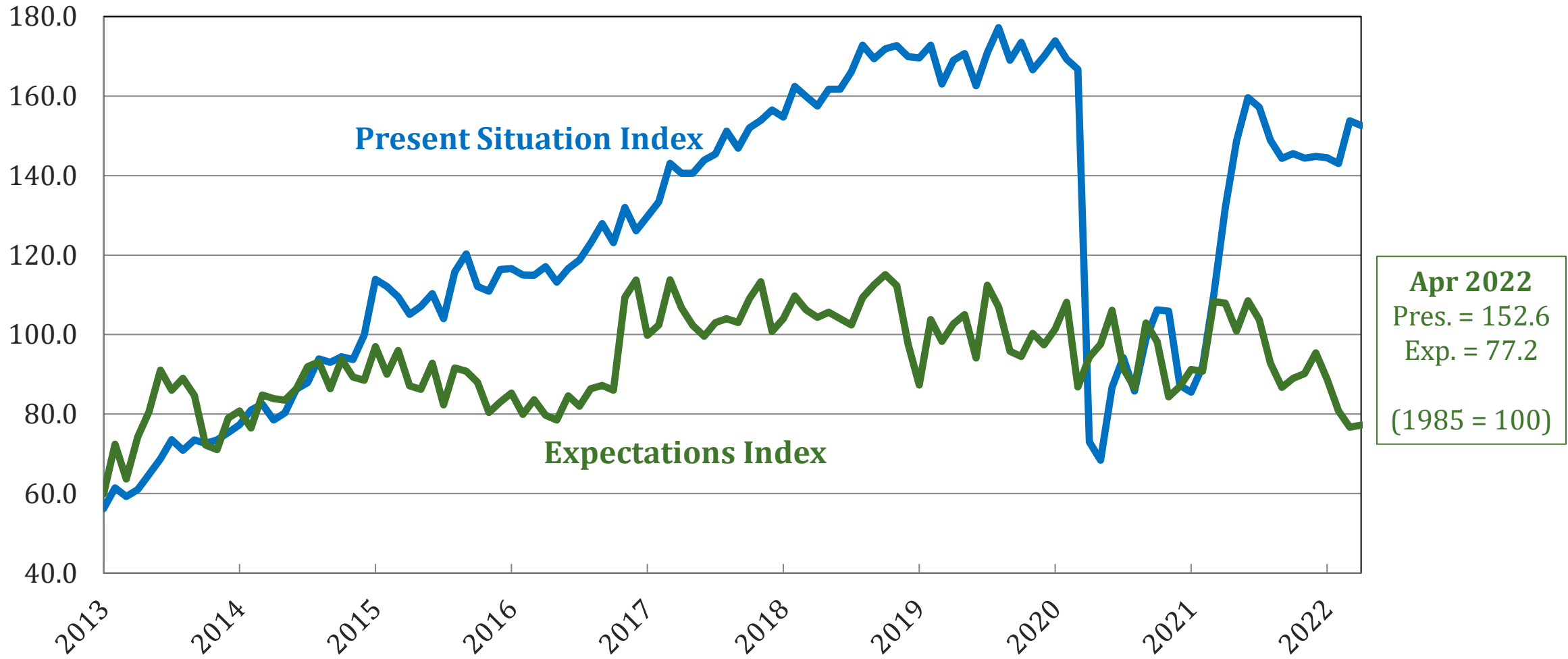
# Labor Productivity

## *Nonfarm business, seasonally adjusted*



Source: Bureau of Labor Statistics, GMU Center for Regional Analysis

# Consumer Confidence



# Annual Consumer Prices 2001-2021

## Year over Year % Change



Source: Bureau of Labor Statistics, GMU Center for Regional Analysis

# Monthly Consumer Prices 2001 - 2022



Source: Bureau of Labor Statistics, GMU Center for Regional Analysis

# Consumer & Producer Prices

## Index Change Month-over-Year

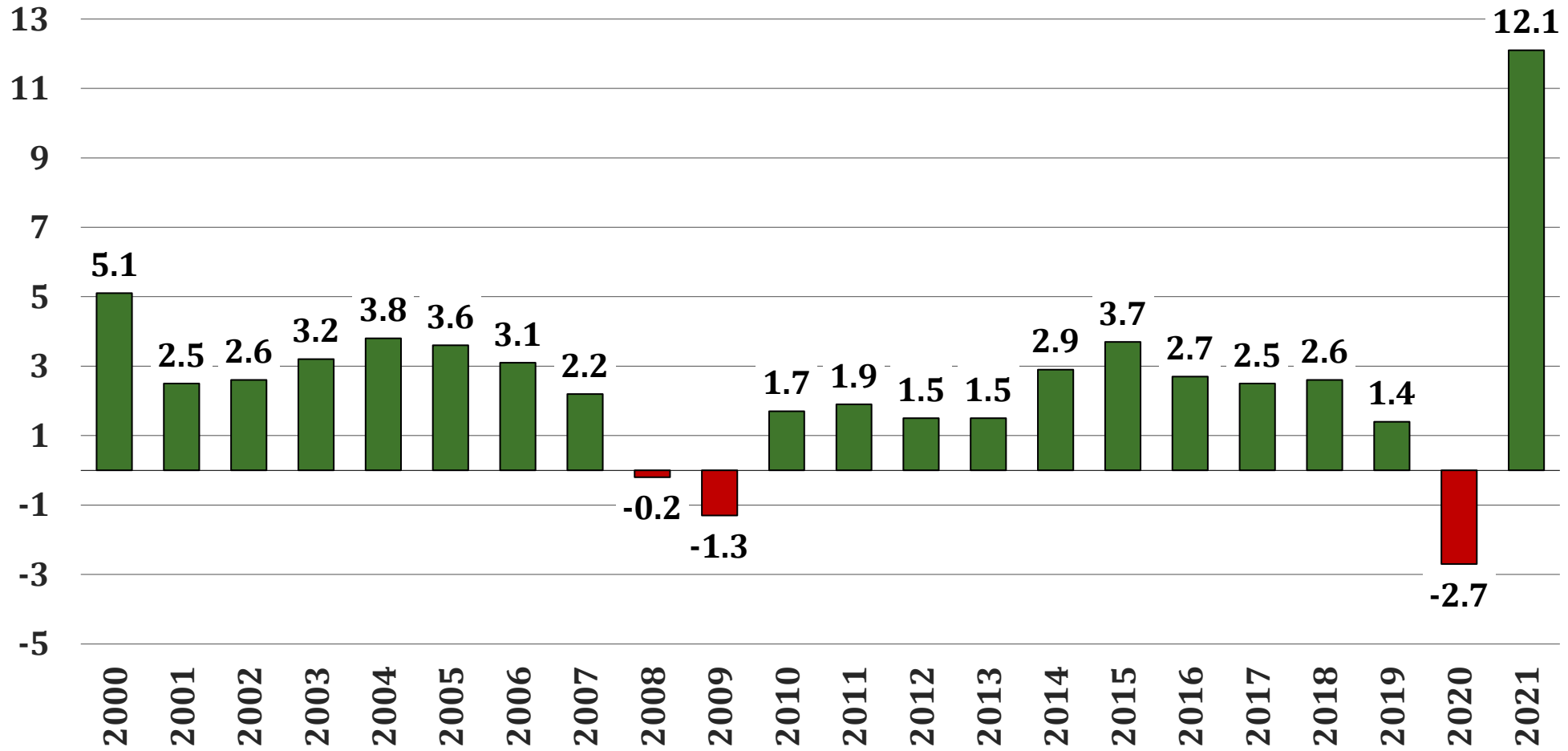
### 2011 - 2021



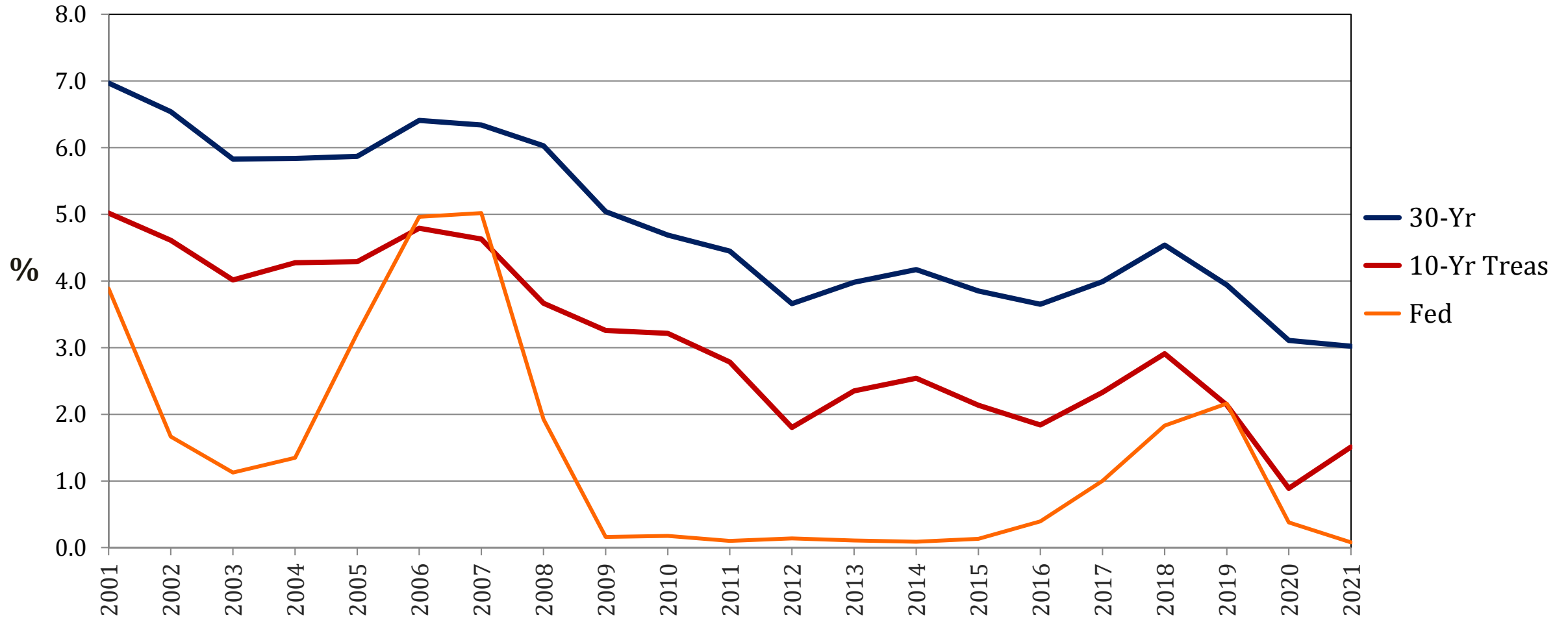
Source: Bureau of Labor Statistics, GMU Center for Regional Analysis



# Change in U. S. Personal Consumption Expenditures



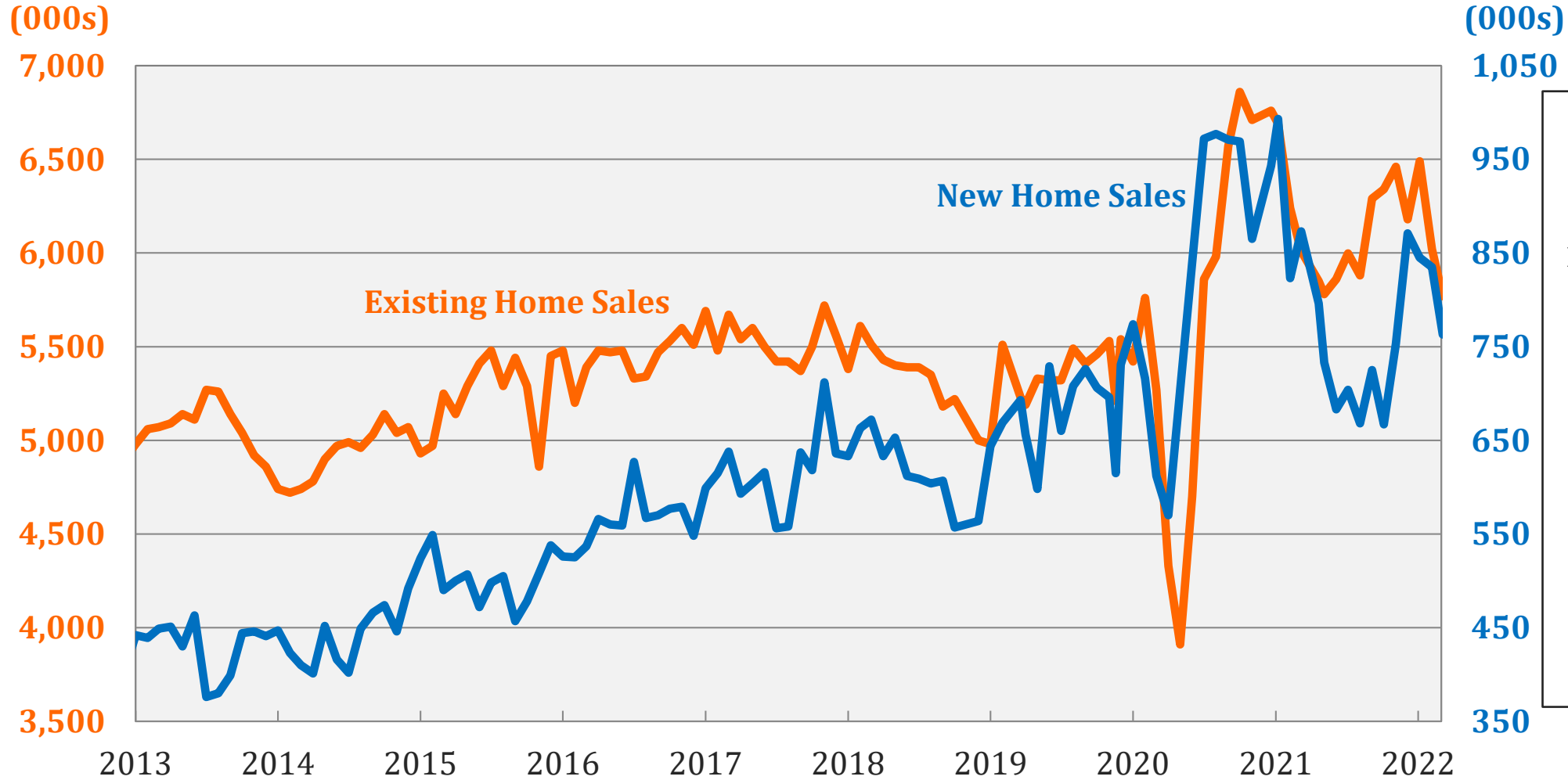
# Interest Rates 2001 - 2021



Source: Federal Reserve Bank of St. Louis, GMU Center for Regional Analysis

# U. S. Home Sales

## New and Existing (2013-Present)



**Existing Home Sales**  
 12-month change  
 Mar 21 - Mar 22  
 -4.0%

**New Home Sales**  
 12-month change  
 Mar 21 - Mar 22  
 -12.6%

Source: U.S. Census (New Home Sales) [Seasonally Adjusted Annual Rate], National Association of Realtors (Existing Home Sales)

# U.S. Outlook

(compared to January)

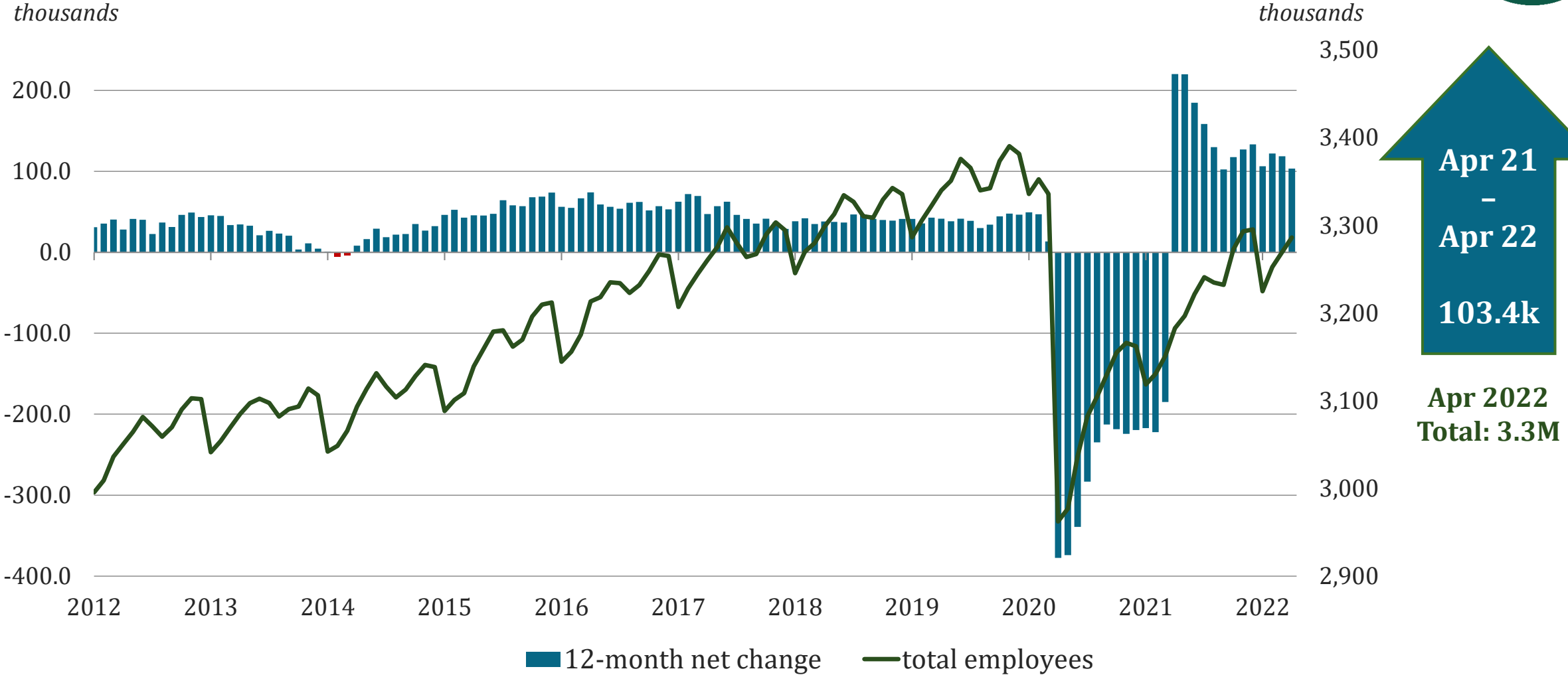
- Fed respond to inflation 
  - ~~3 x 25 pts~~ — 7 x 25 pts some inc. 50 pt jumps
- Demand curve still shifting upwards
- Supply chain backups unwinding in 3Q/4Q 🙏
- Consumer spending, especially luxury goods still strong for most of year.
- Build-Back-Better scaled back or dead 📄
- Labor market tight for skilled workers
- Inflation ~~4%~~ 6.2% ✓ —
- GDP ~~3.8%~~ 2.6% ?
- Stock market volatile but up for year ?

## Factors

- Will Fed get it right?
  - Probably not
- Pandemic ➡ Endemic
  - Not done, more variants
- War in Ukraine does not spread
- China backs off zero-COVID
- Oil prices stabilize
- Consumer does not get spooked

# The Washington Economy

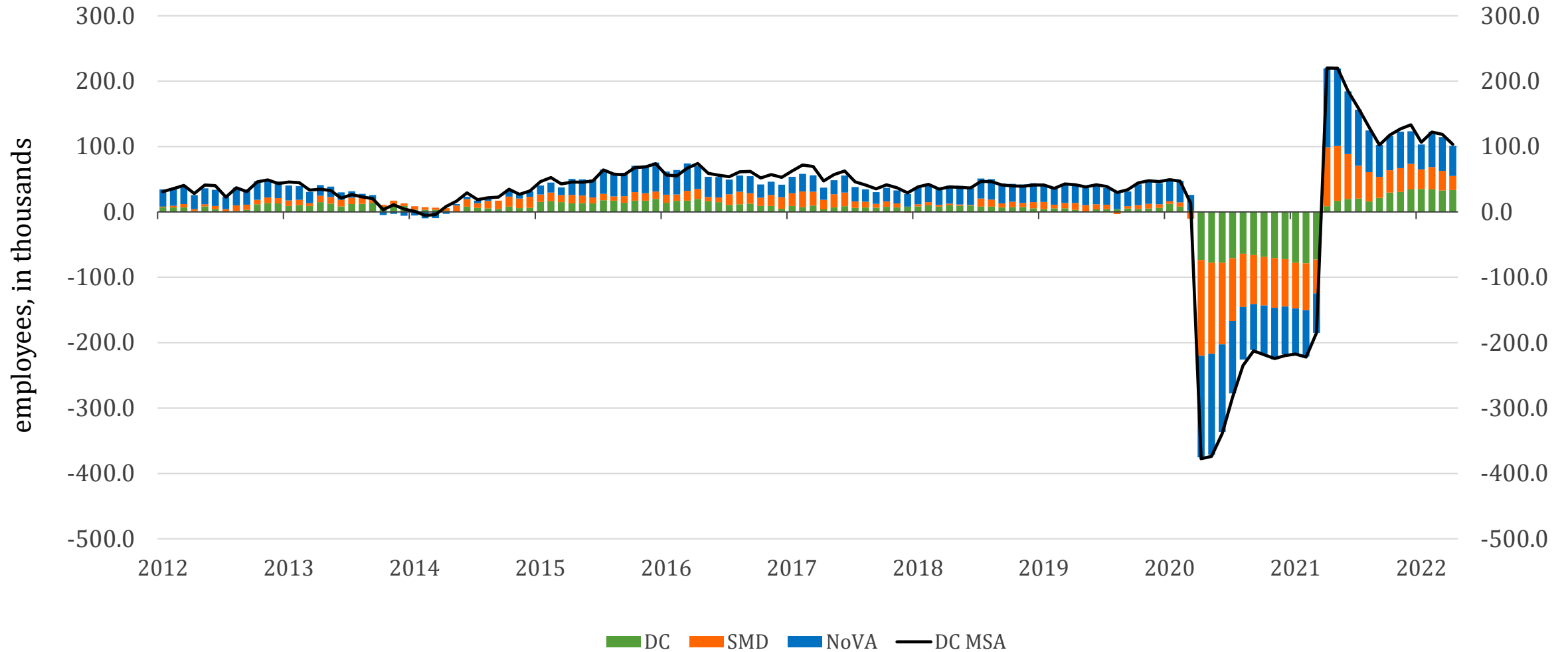
# Annual Job Change Washington MSA (2012-2022)



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

# Annual Job Change

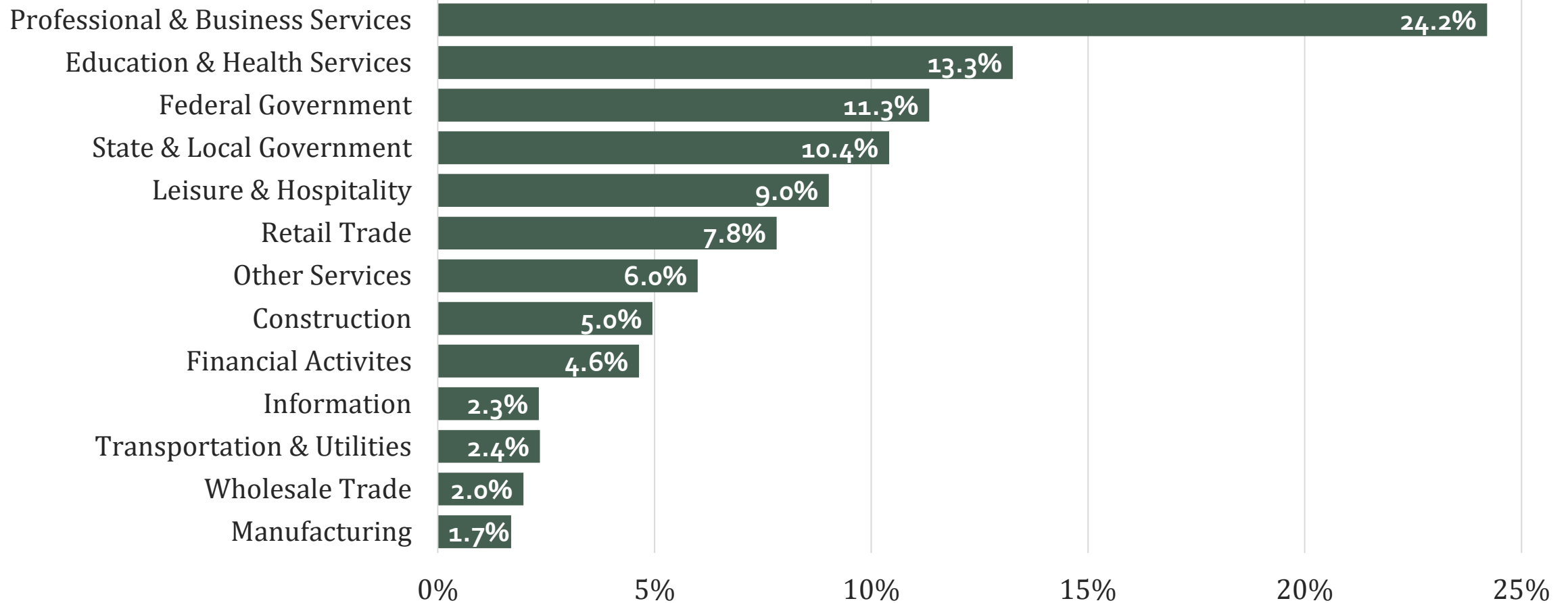
## Washington MSA, DC-SMD-NoVA (2012-2022)



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

# Employment Composition by Sector

## Washington MSA Apr 2022

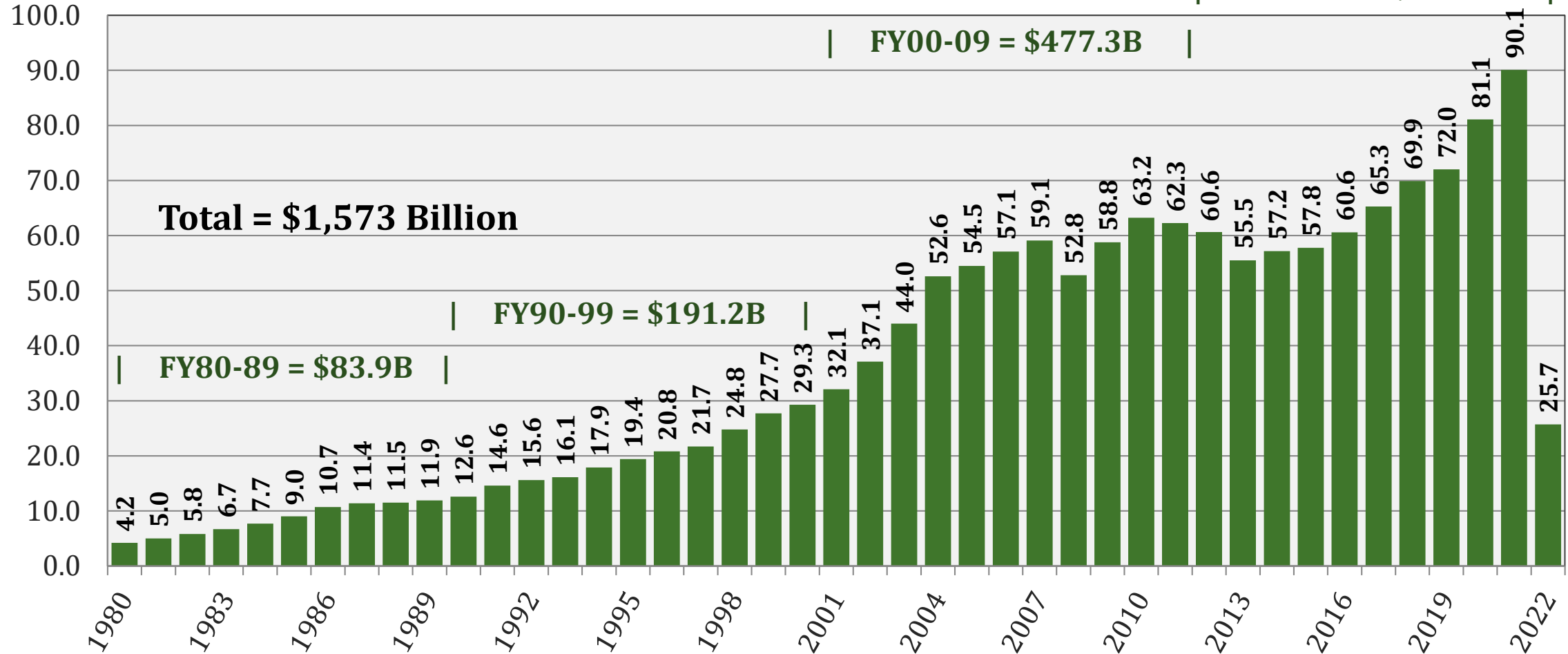




# Federal Spending in the Washington MSA

## Fiscal Years 1980-2022

(\$ Billions)



Source: USAspending.gov

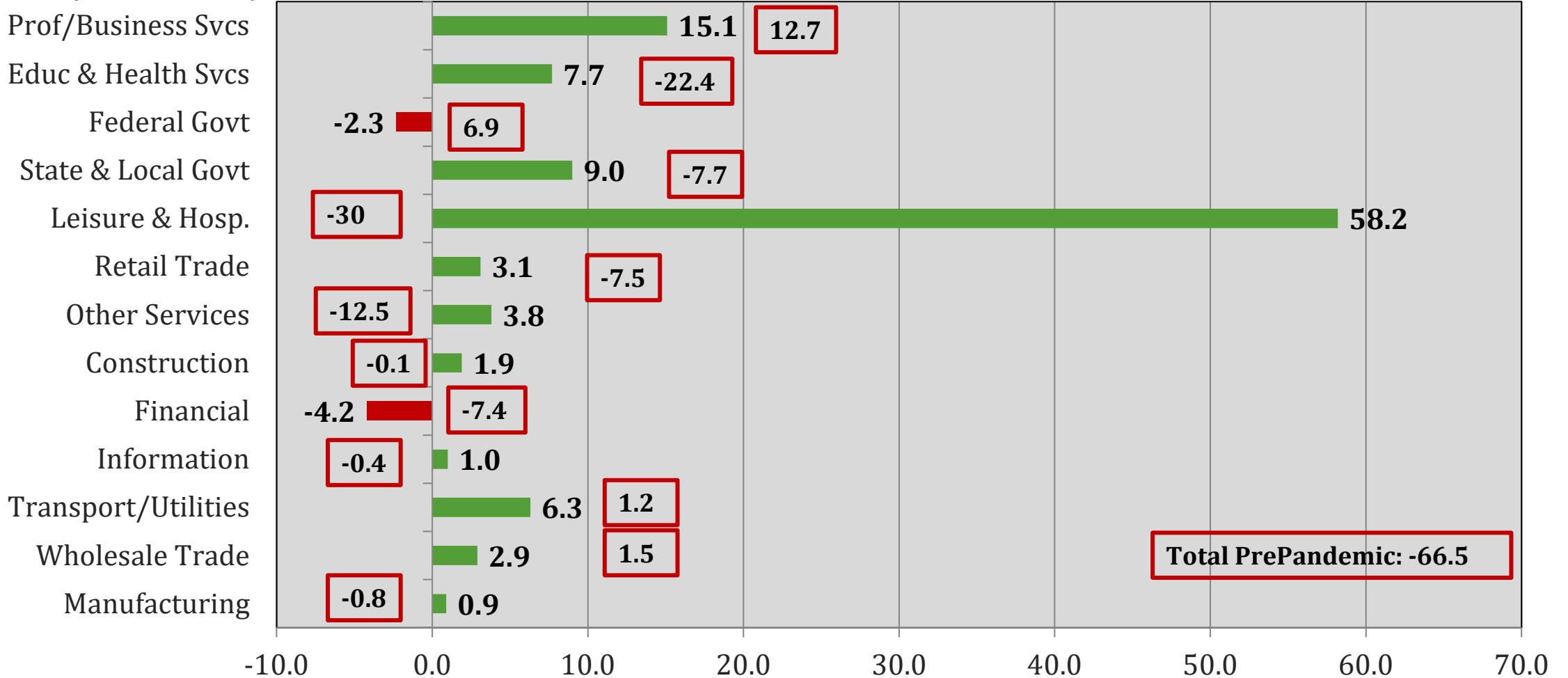
# Job Change by Sector Washington MSA

Apr 2021 – Apr 2022

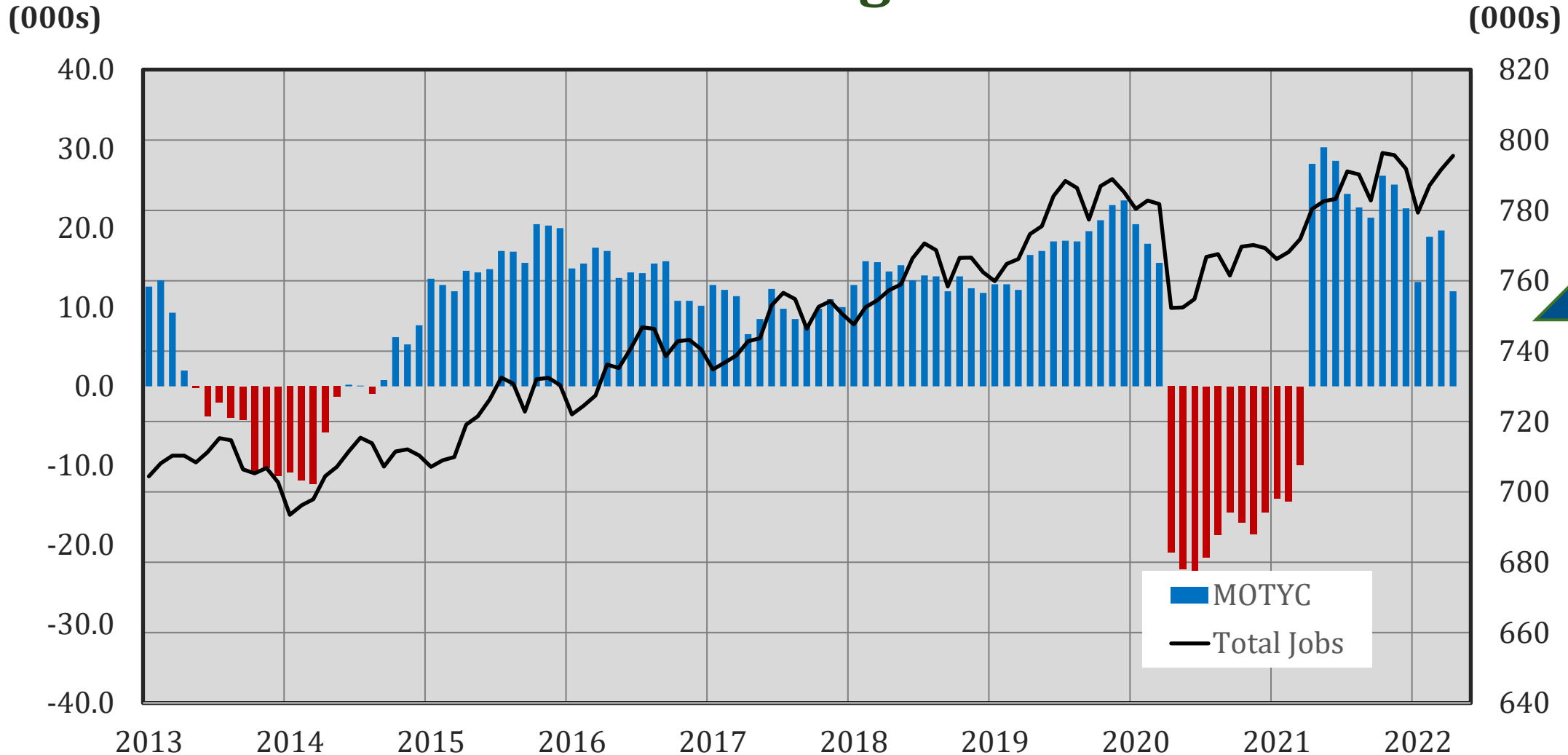
(Ranked by Size in 2019)

(000s)

Total = +103 k

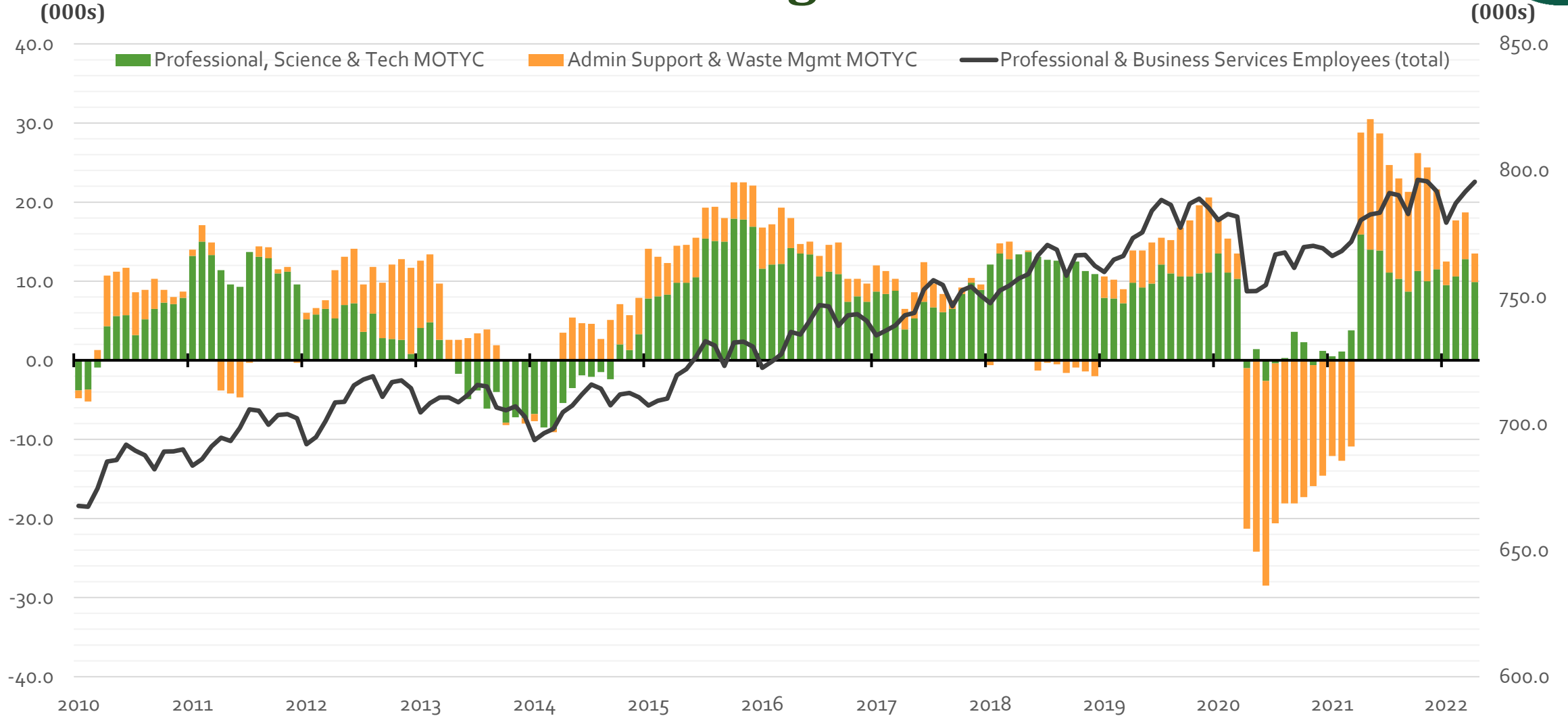


# Professional & Business Services Washington MSA



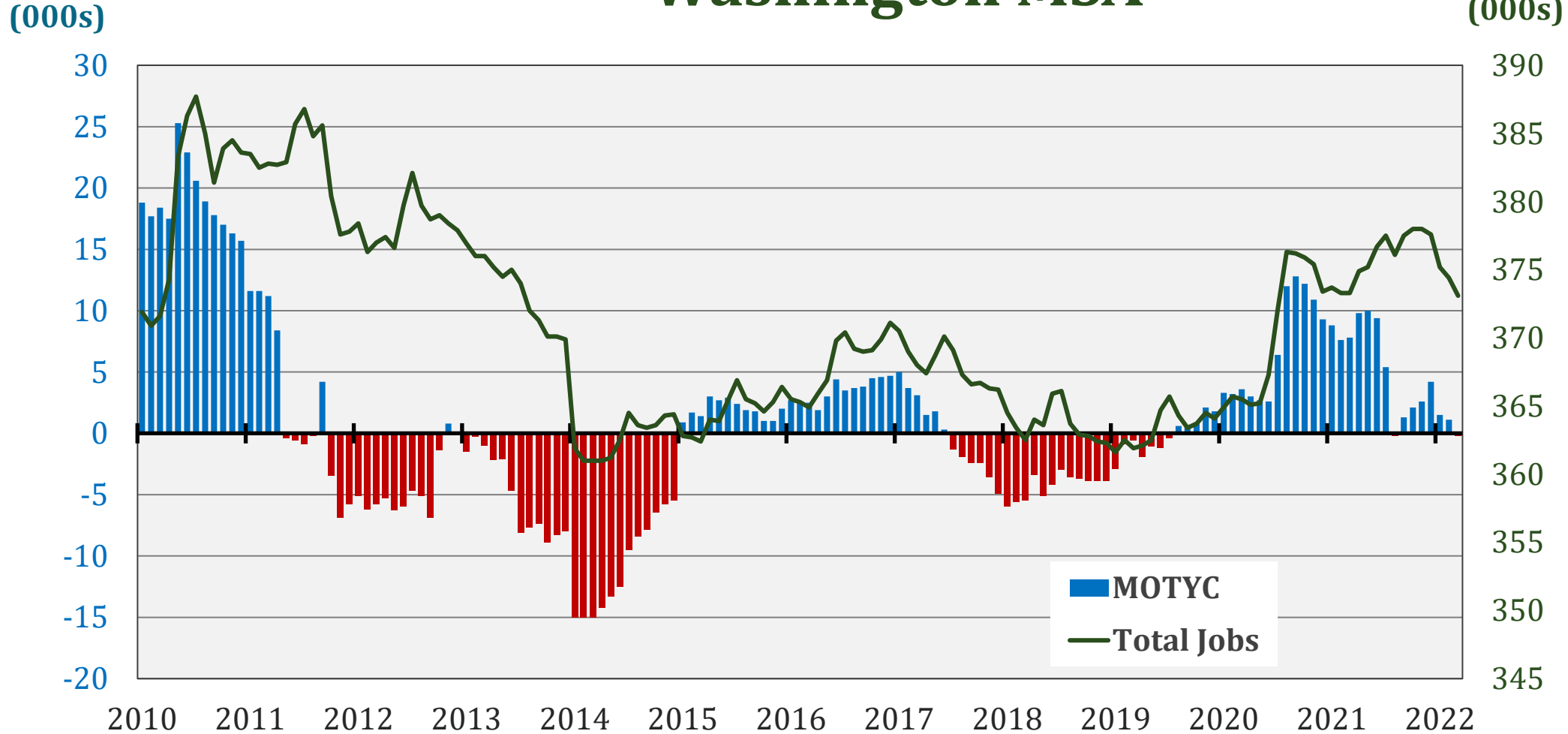
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

# Professional & Business Services Washington MSA



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

# Federal Government Washington MSA



**Apr 21**  
 -  
**Apr 22**  
 -2.3 k

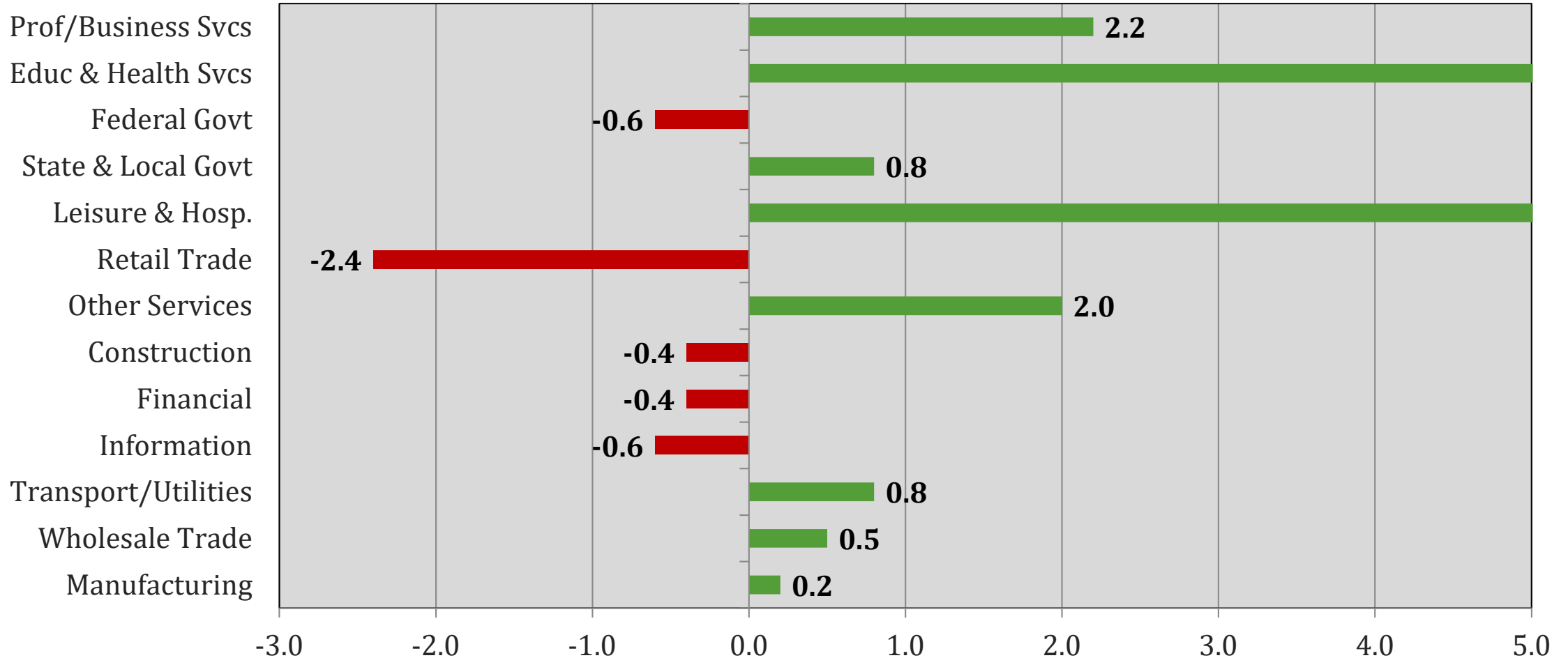
**Apr 2022**  
**Total: 372.6k**

# Job Change by Sector Washington MSA

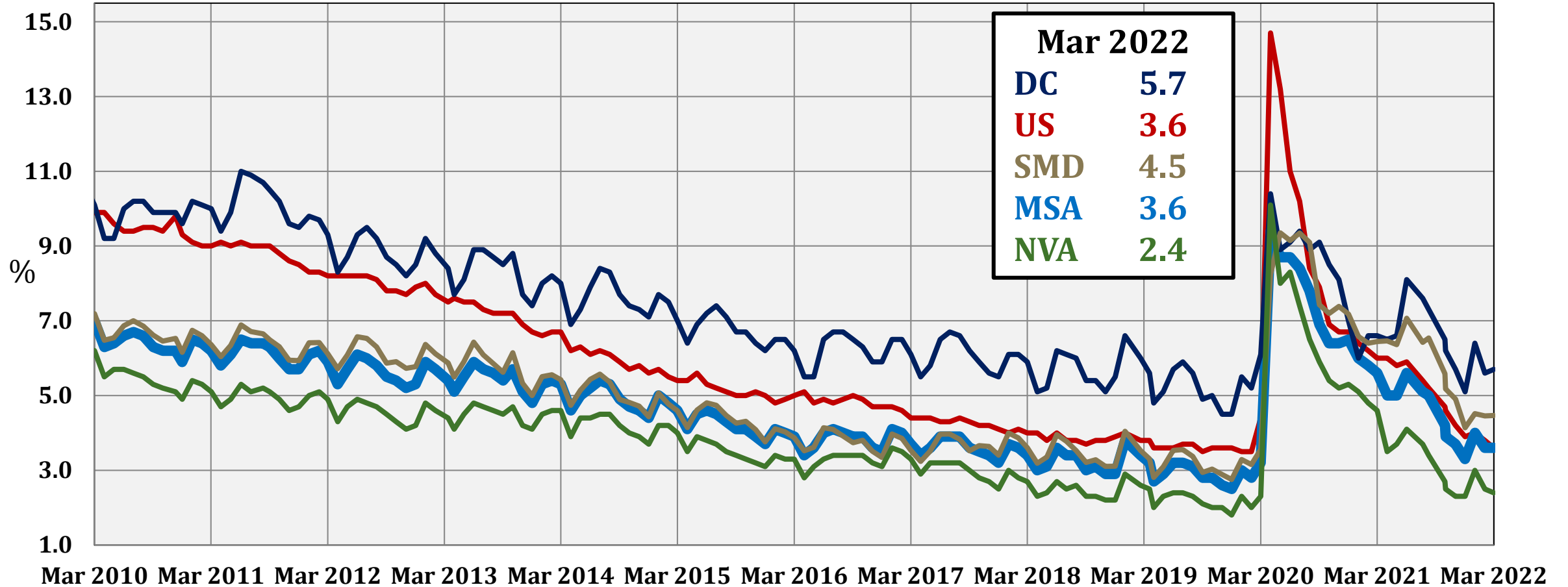
Mar 2022 – Apr 2022

(Ranked by Size in 2019) (000s)

Total: +16.7k

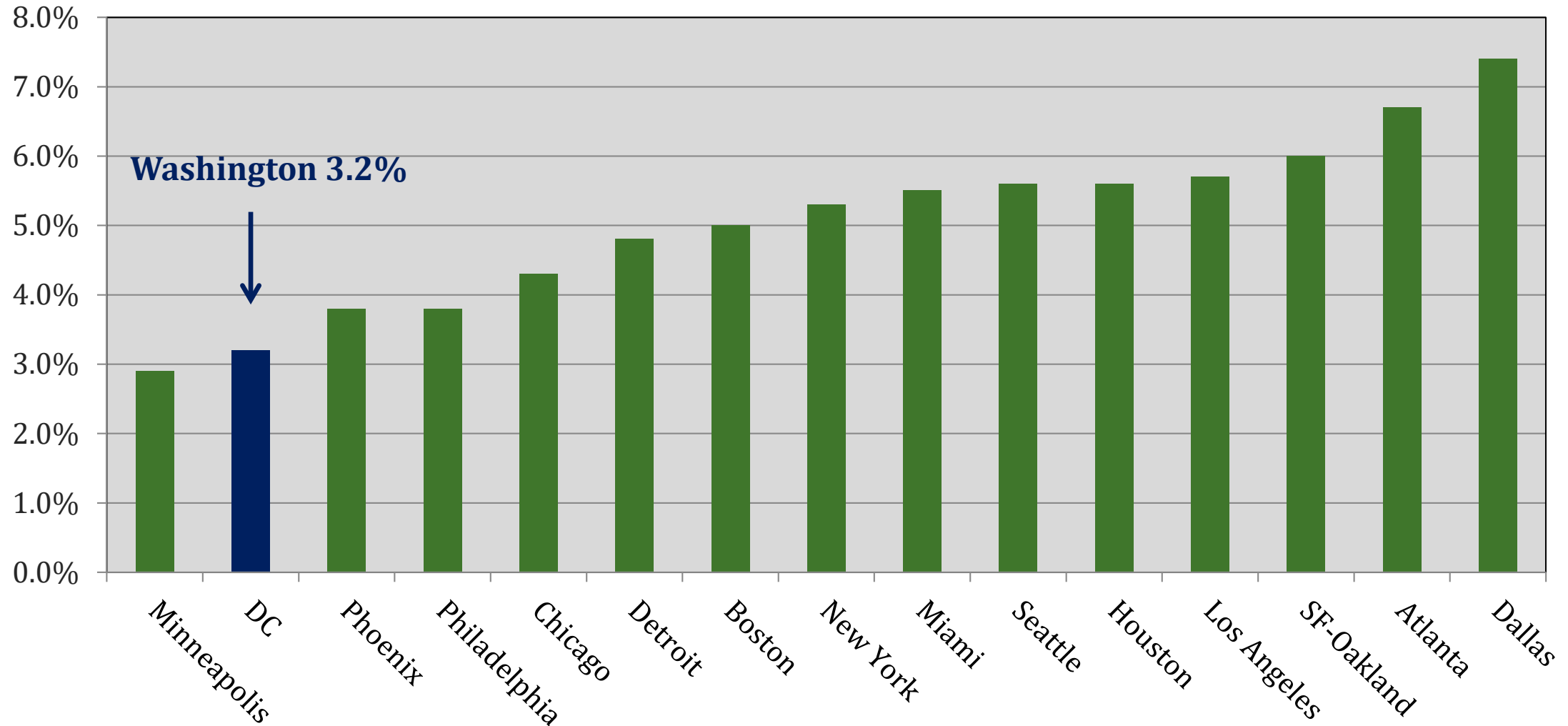


# Unemployment Rates in the WMSA By Sub-State Area



Source: Bureau of Labor Statistics (Region - Not Seasonally Adjusted, US – Seasonally Adjusted)

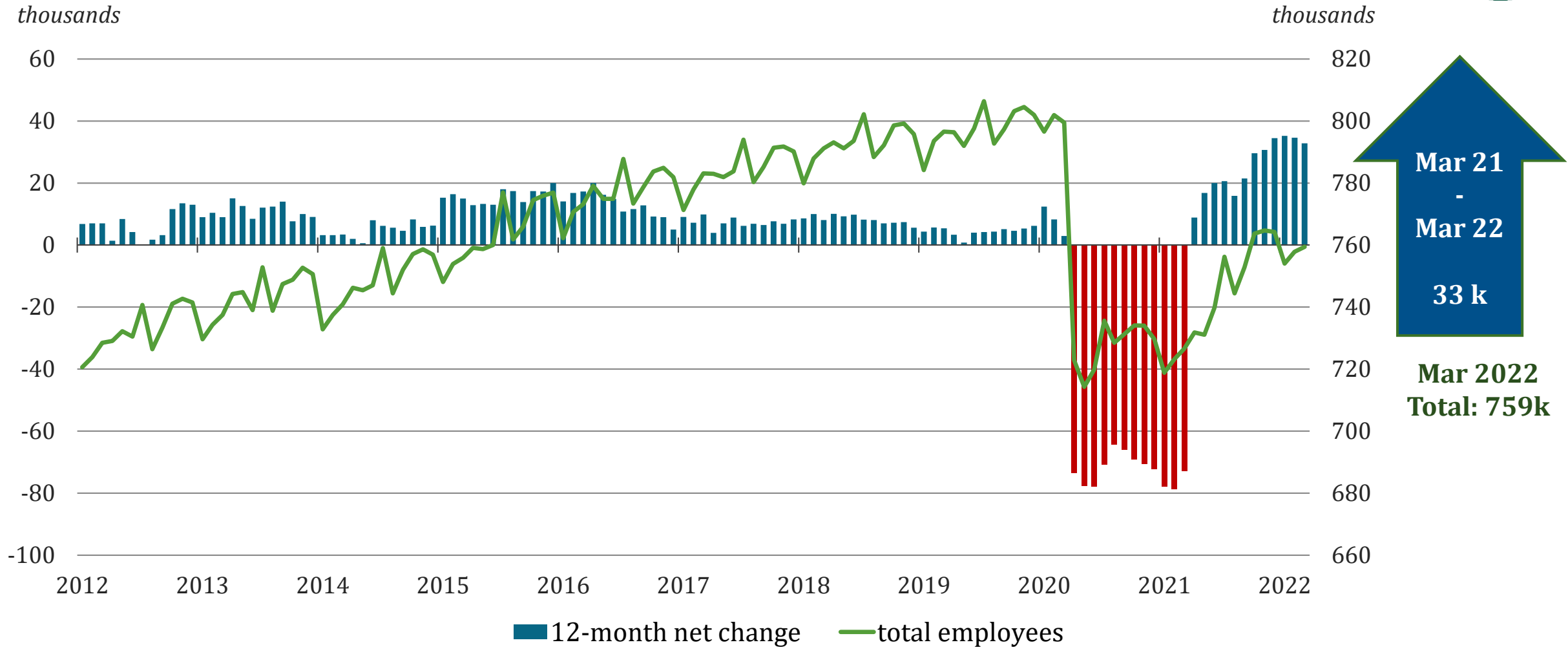
# 15 Largest Job Markets Job Change Mar 2021 – Mar 2022





# Annual Job Change

## District of Columbia (2012-2022)



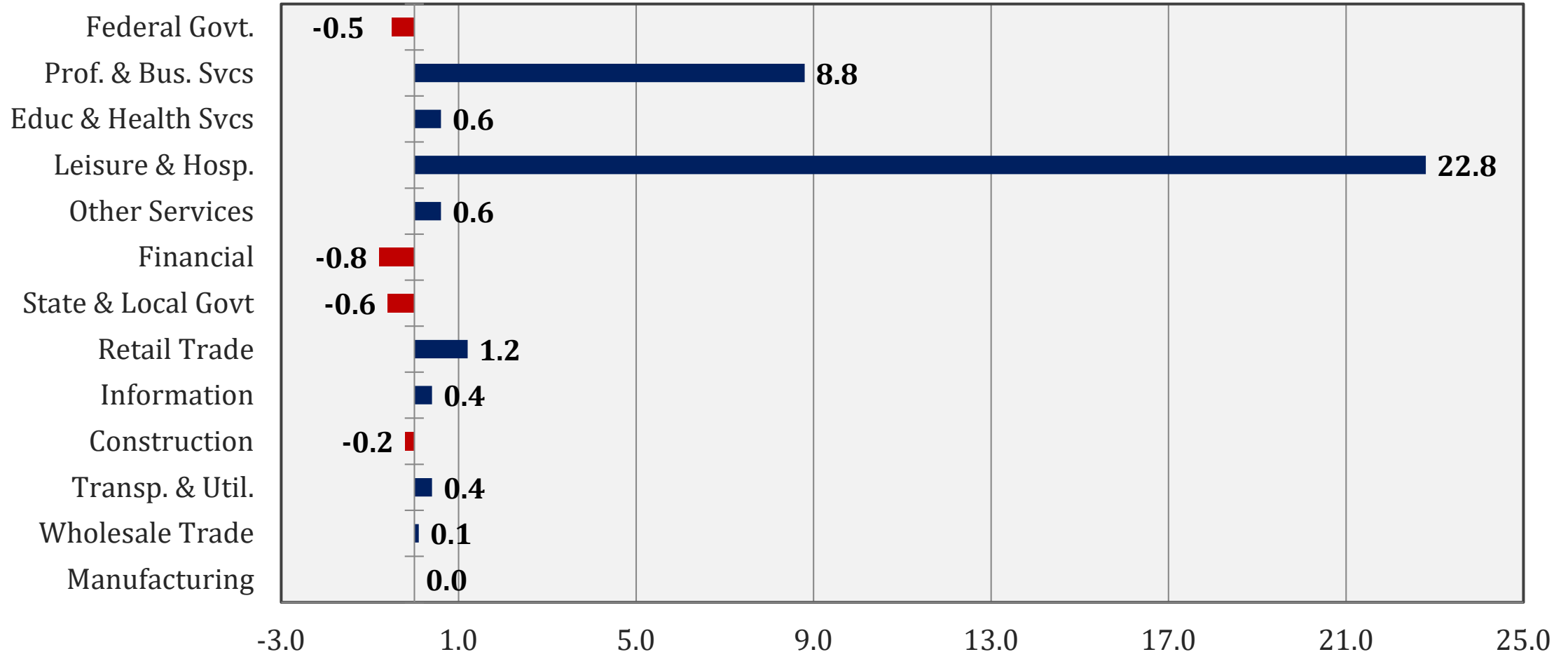
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

# Job Change by Sector District of Columbia

Mar 2021 – Mar 2022

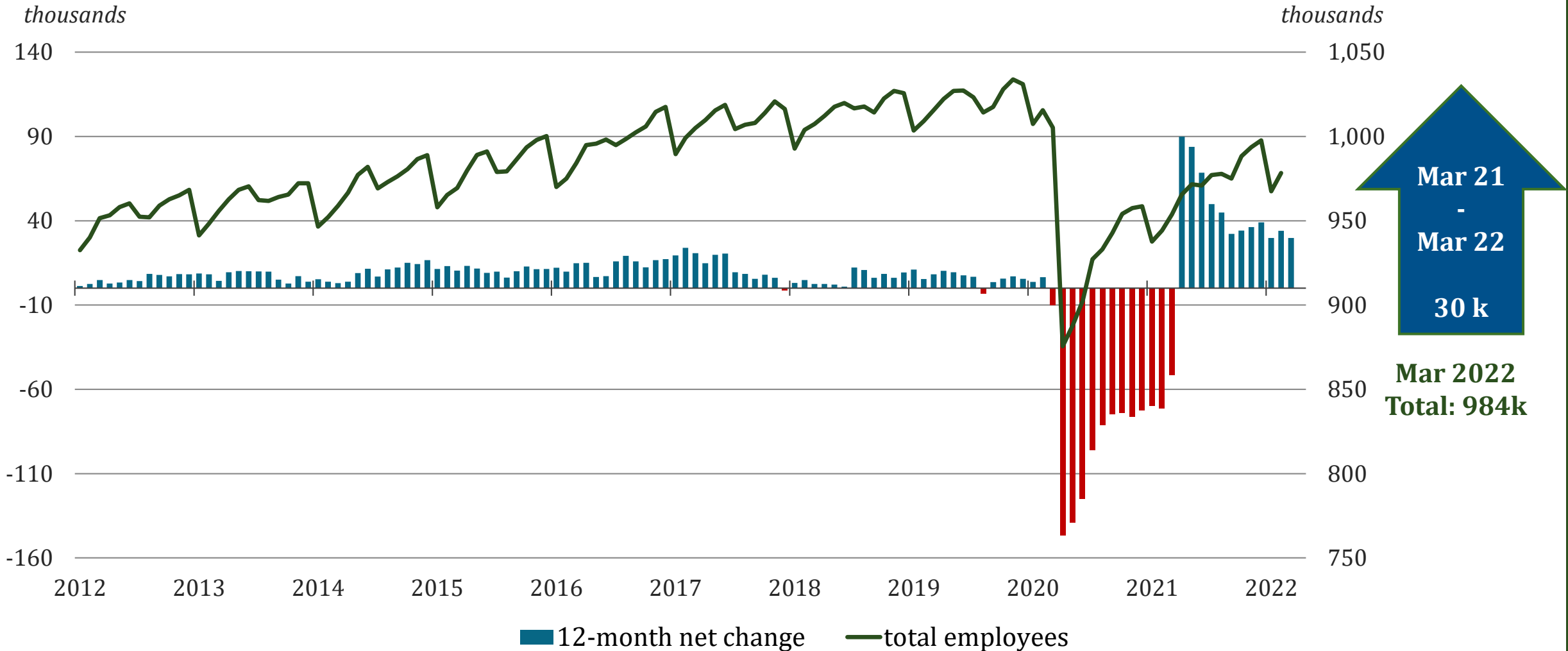
(Ranked by Size in 2019) (000s)

**Total: +33k**



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

# Annual Job Change Suburban Maryland (2012-2022)



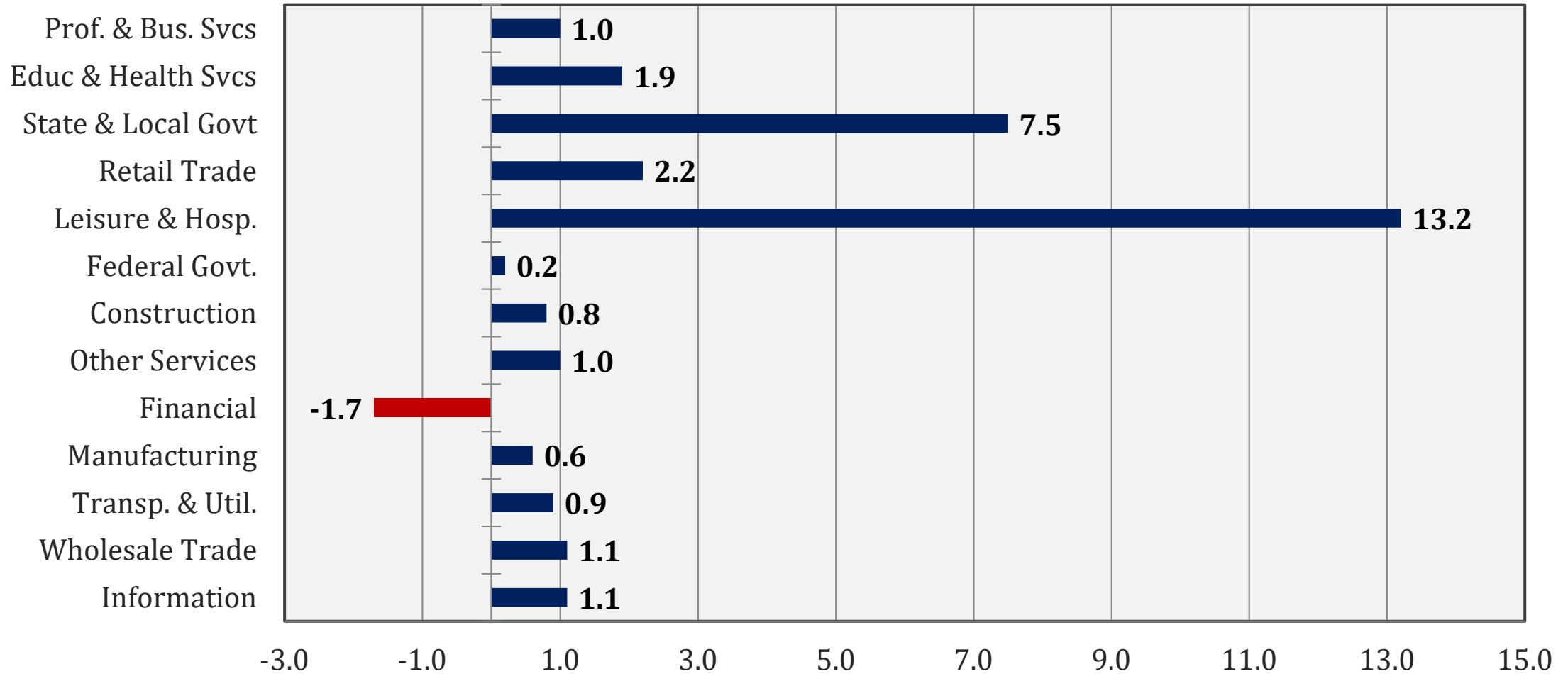
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

# Job Change by Sector Suburban Maryland

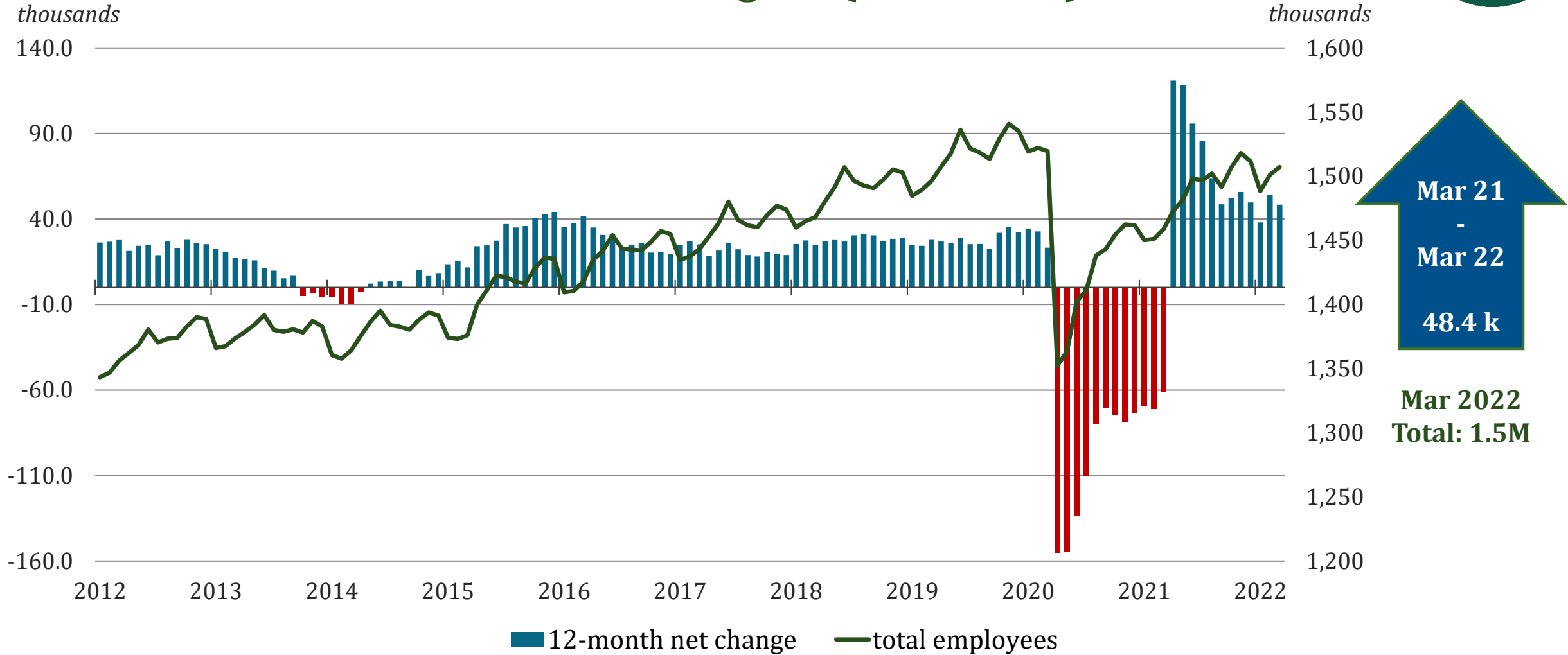
Mar 2021 – Mar 2022

(Ranked by Size in 2019) (000s)

**Total: +30k**



# Annual Job Change Northern Virginia (2012-2022)



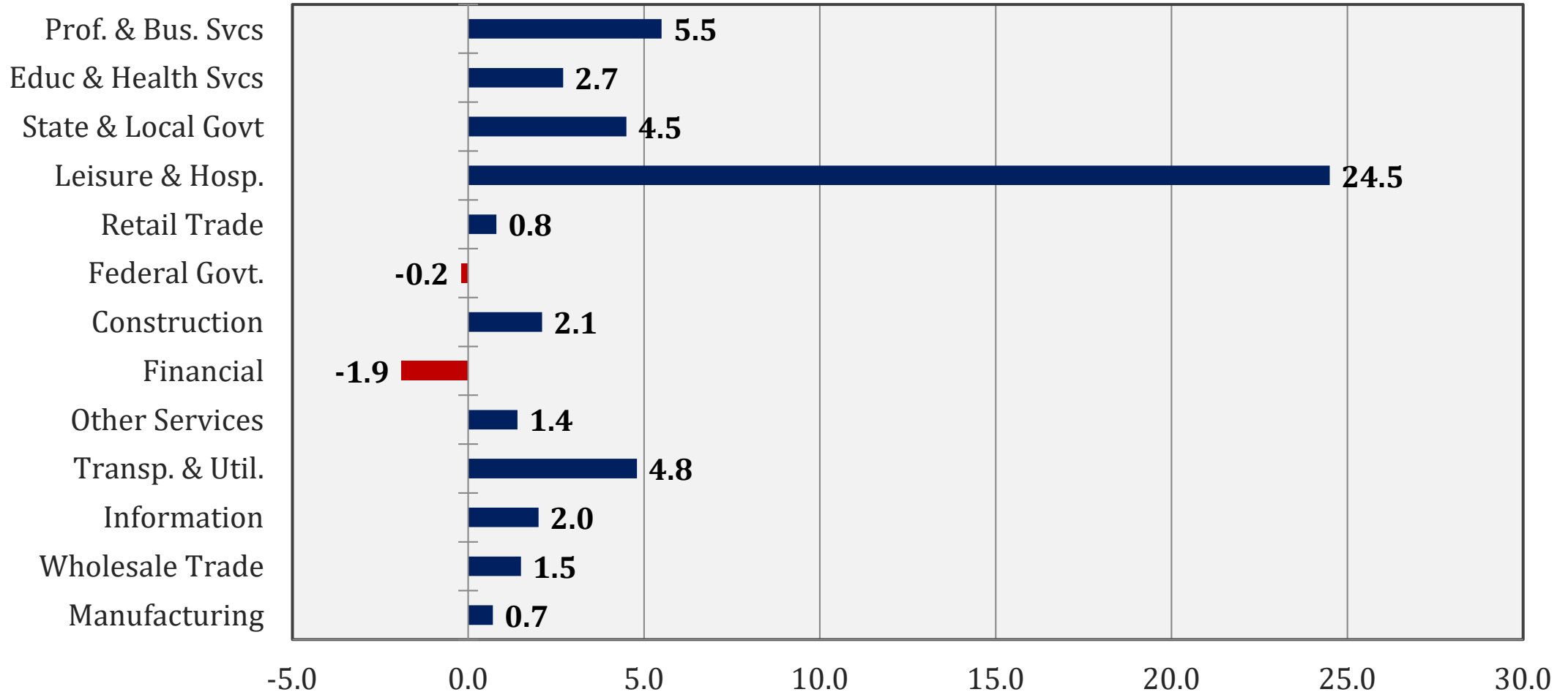
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

# Job Change by Sector Northern Virginia

Mar 2021 – Mar 2022

(Ranked by Size in 2019) (000s)

**Total: + 48.4k**

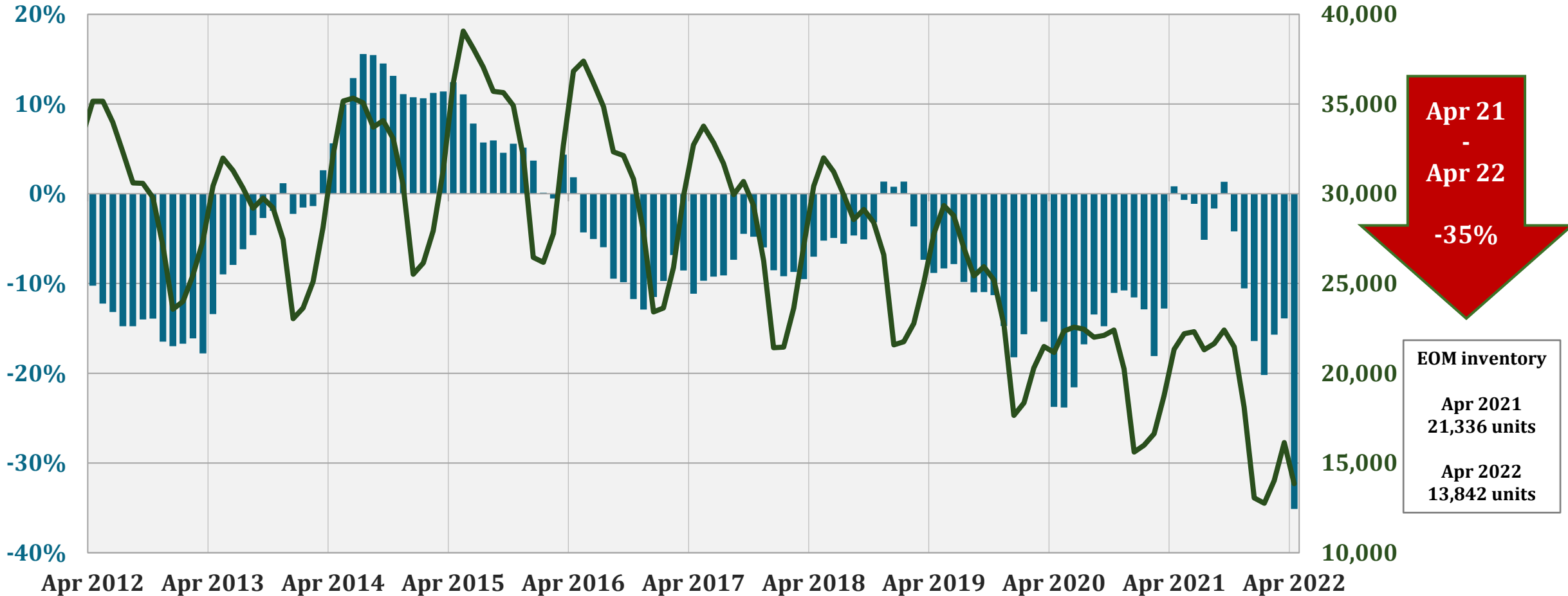


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

# Housing Market Trends

# Inventories of Existing Homes

## Washington MSA MOTYC (2012-2022)



Source: GMU Center for Regional Analysis (CRA); RealEstate Business Intelligence (RBI) SmartCharts (using Bright MLS data)

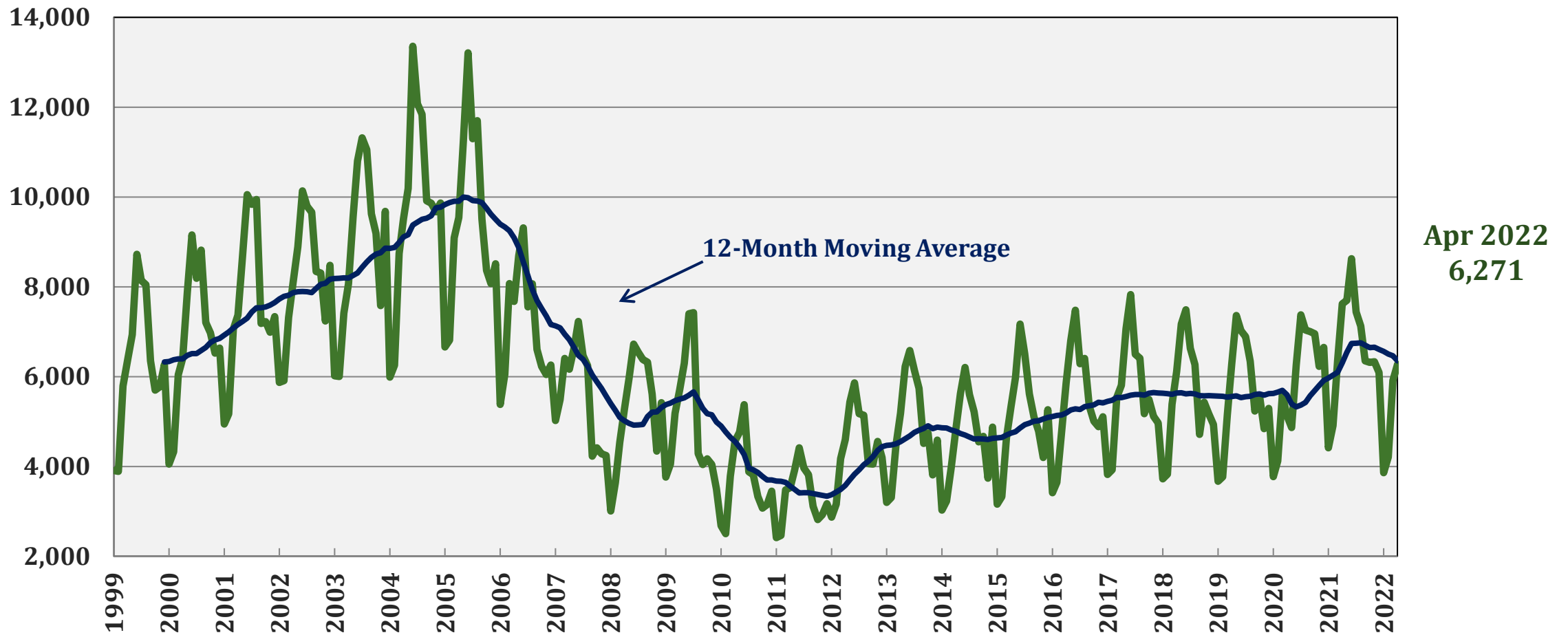
**Note:** End of month inventory includes:  
(1) All Pending Listings and (2) Active Listings.



# Existing Home Sales

## Washington MSA (DC Metro Region)

### Jan 1999 – Apr 2022

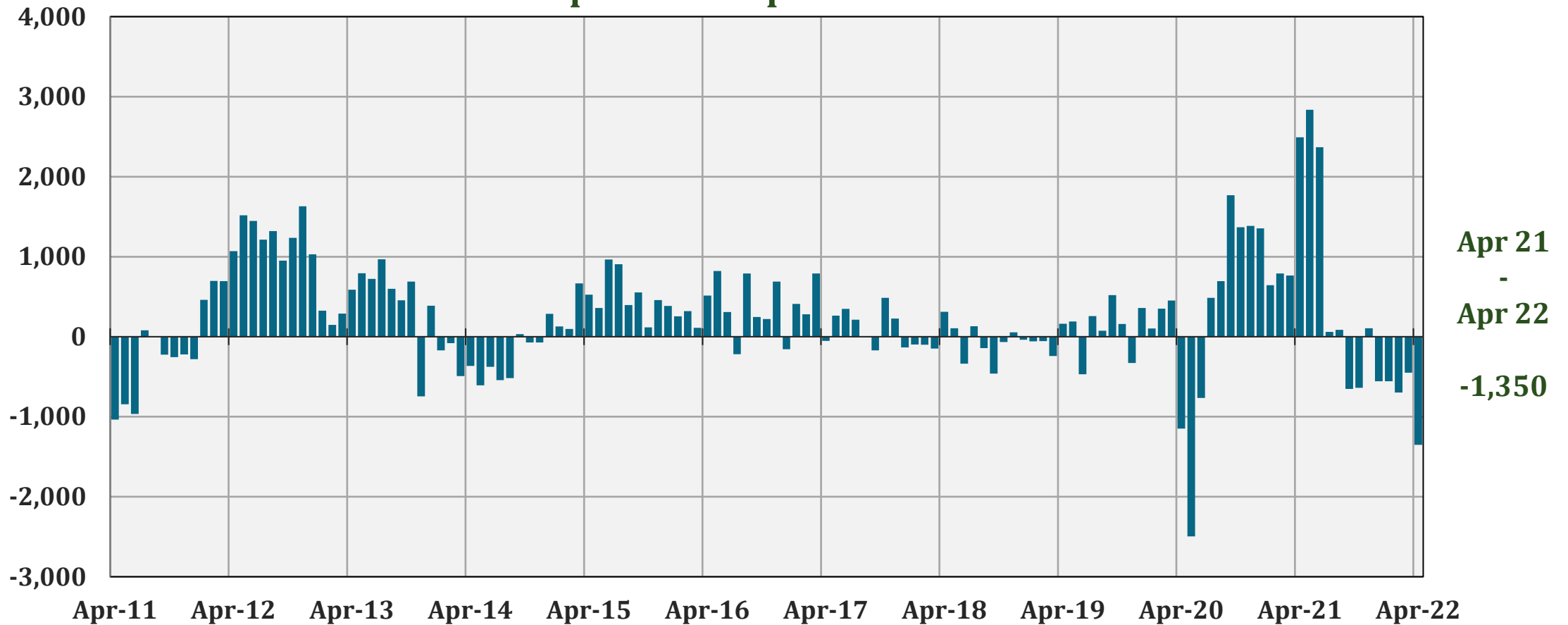


# Existing Home Sales

## Washington MSA (DC Metro Region)

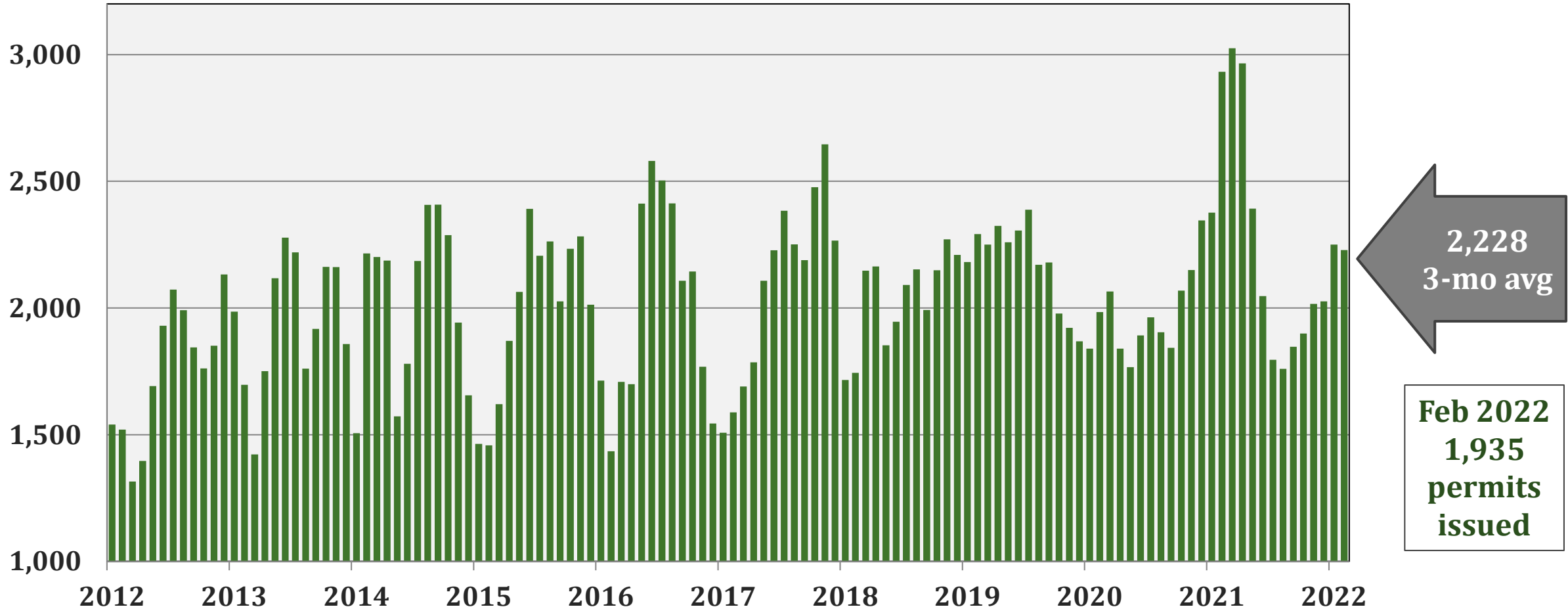
### Month-Over-Year Change

#### Apr 2011 – Apr 2022

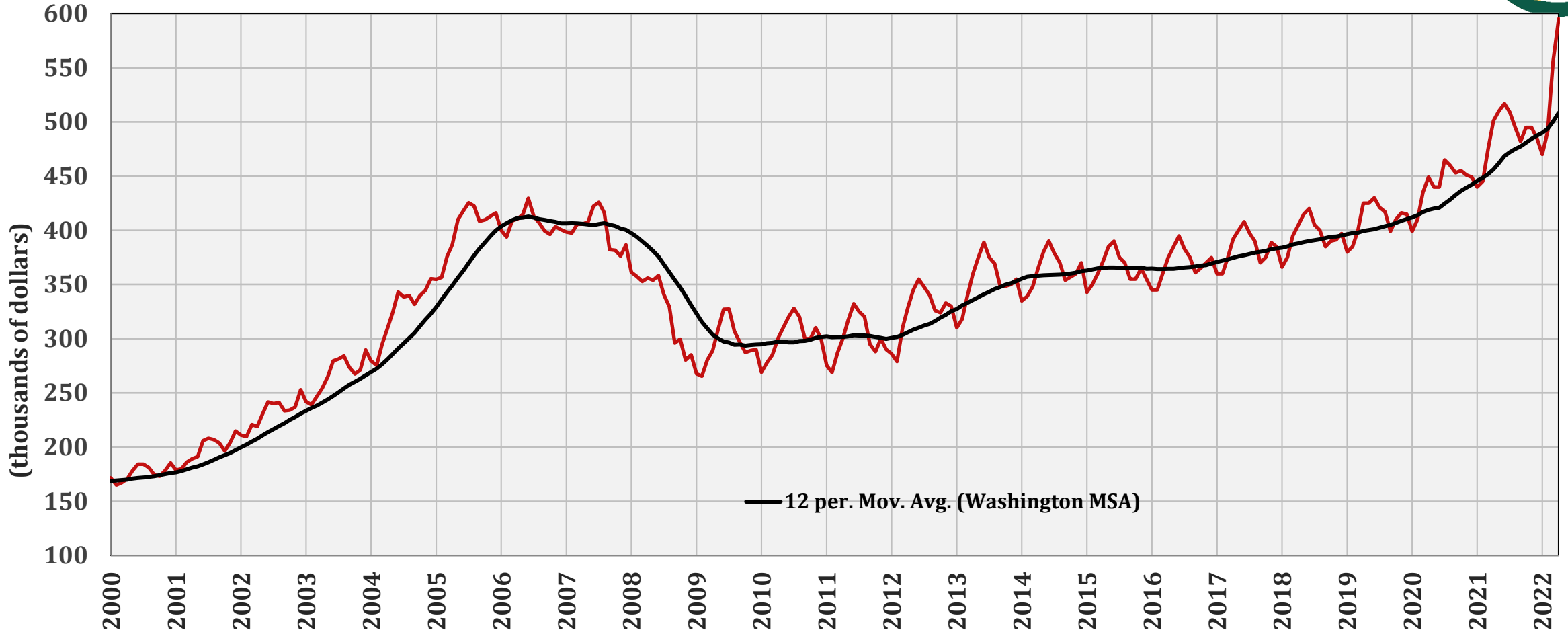


Source: GMU Center for Regional Analysis (CRA); RealEstate Business Intelligence (RBI) SmartCharts (using Bright MLS data)

# Washington MSA Building Permits 2012-2022, Three-Month Moving Average



# Median Home Sales Price Washington MSA

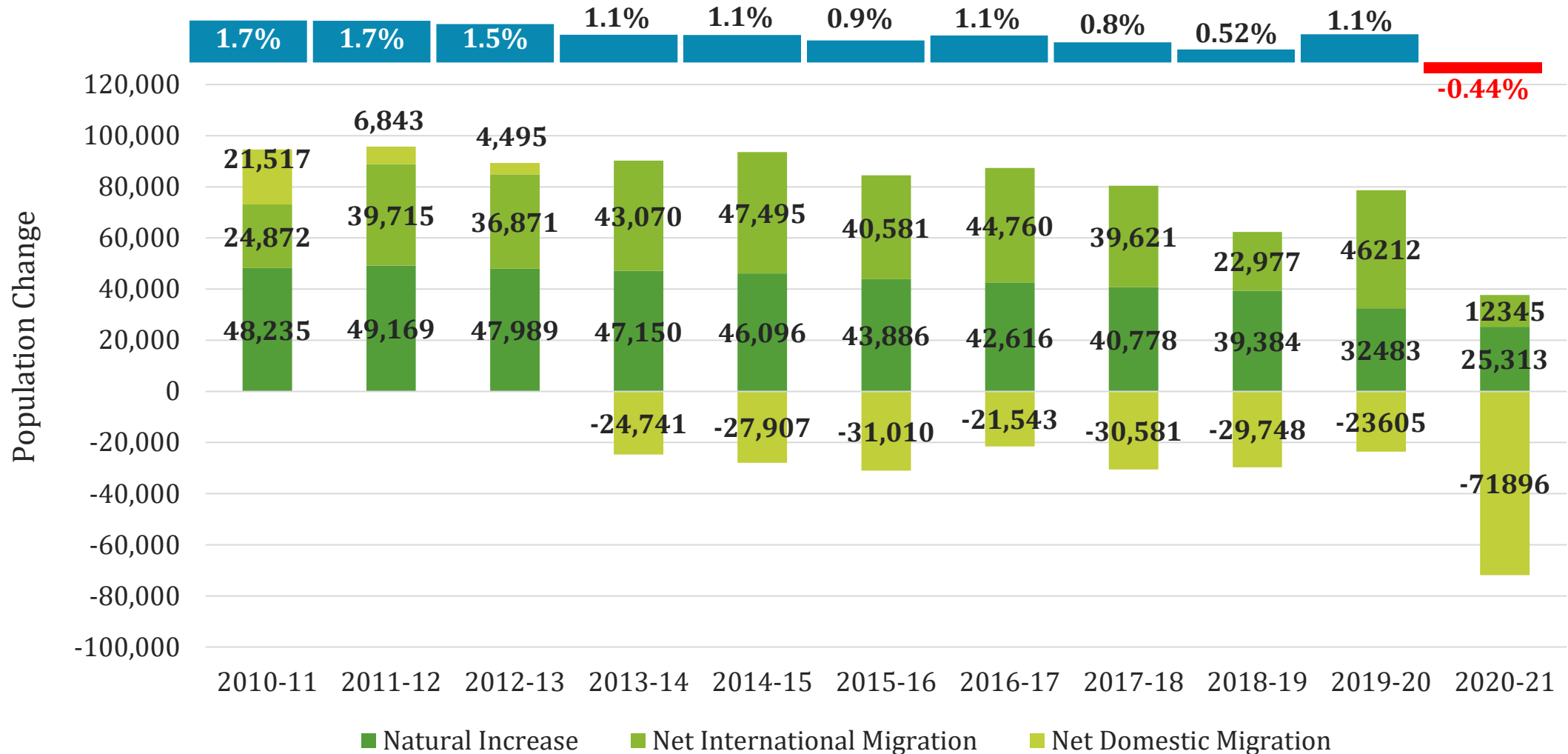


Source: GMU Center for Regional Analysis (CRA); RealEstate Business Intelligence (RBI) SmartCharts (using Bright MLS data)

**April 2022: \$595,000**

# Regional Outlook Update

# Elements of Population Change Washington MSA



Source: U. S. Census Bureau, Population Estimates Program

# Regional Conditions

- Travel is coming back:
  - 19 citywide events booked in DC this year
  - Domestic rebounding more quickly
- We are seeing uptick in COVID cases – and few seem to care
- 7 months before fiscal obstruction!
- Talent
  - Retention should be getting more action
  - Hybrid/remote work issues
- Housing
  - Rents increasingly beyond “competitively affordable” but ownership is worse
    - Local housing policies
    - Large scale investor ownership of housing
- Federal spending will remain strong
  - Not helping inflation but keeps the region going
- Small business funding will be more challenging
- Job growth/recovery continuing but at a slower pace

# Regional Outlook

(compared to January)

- Federal Money Flowing 
  - \$500 million in pandemic funding not allocated
- Leisure travel looking strong
- Business travel improving  —
  - long way to go
- DC office market struggles. Tyson's / Reston / Loudoun doing well
- Boeing HQ (bonus)
- Labor market tight for skilled workers
- Employment growth 75k

## Factors

- Leverage Boeing?
- Metro get its act together?
  - Probably not
  - Does that hurt talent attraction?
  - Eventually
- Federal government rules on hybrid/remote – zero sum game
- Approaches to housing policy
- Region will become more attractive if national economy falls into recession



# Q&A

[cra.gmu.edu](http://cra.gmu.edu)

# Thank You For Attending

Visit [mcb.cpa](https://mcb.cpa) for our upcoming seminars and to sign-up for our monthly MCB Insight e-newsletter.

## Stay in Touch with MCB!



Matthews, Carter & Boyce CPAs



@MCBCPA



@MCBcpas



MCB CPAs & Advisors



MATTHEWS, CARTER & BOYCE  
CPAs • ADVISORS

75 Years  
1947-2022 | [mcb.cpa](https://mcb.cpa)

