

**Virginia Government
Finance Officers' Association**

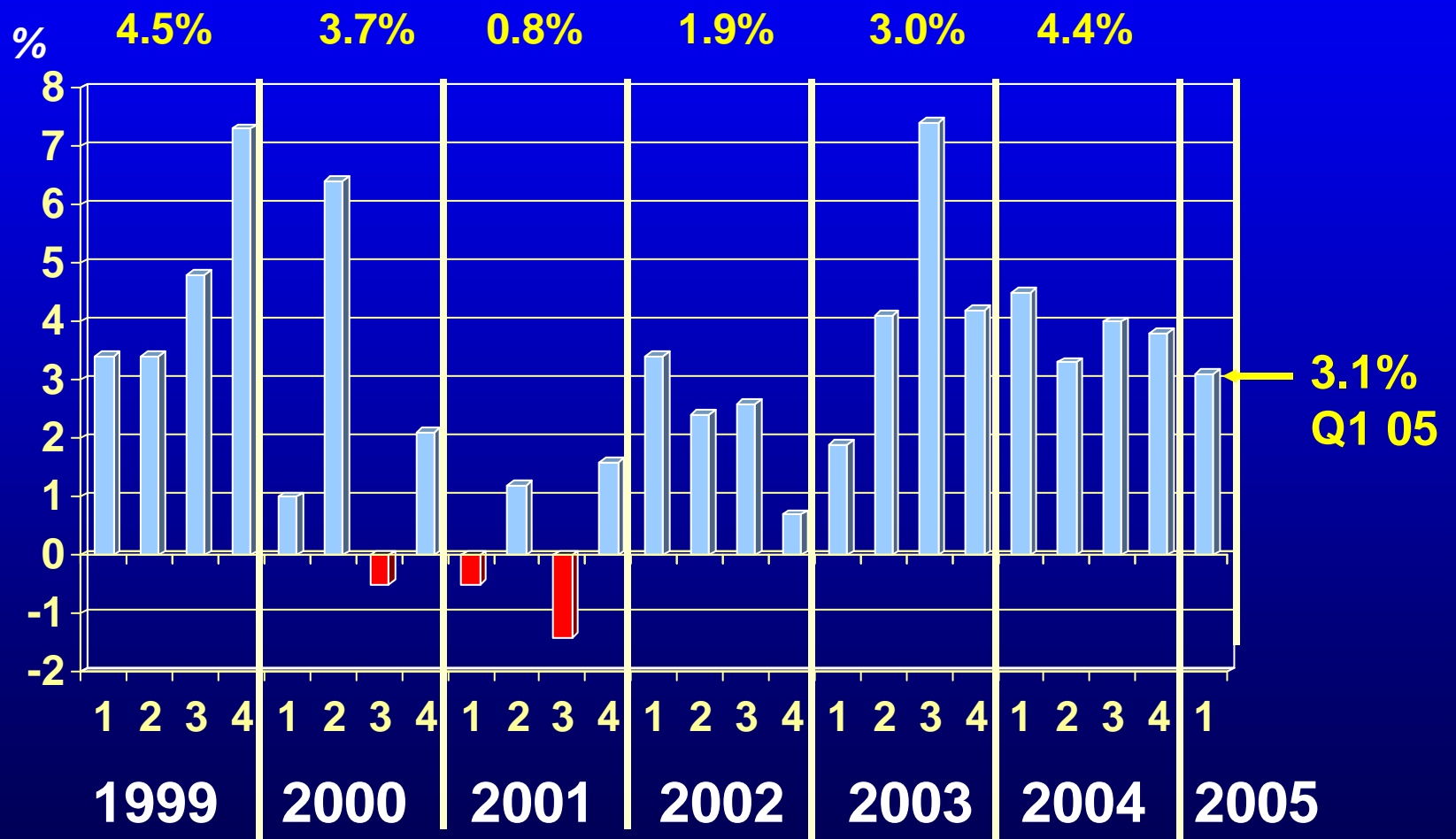
**The Virginia
Economy in
2005 and Beyond**

**John C. McClain, AICP
Senior Fellow and Deputy Director
Center for Regional Analysis, School of Public Policy
George Mason University**

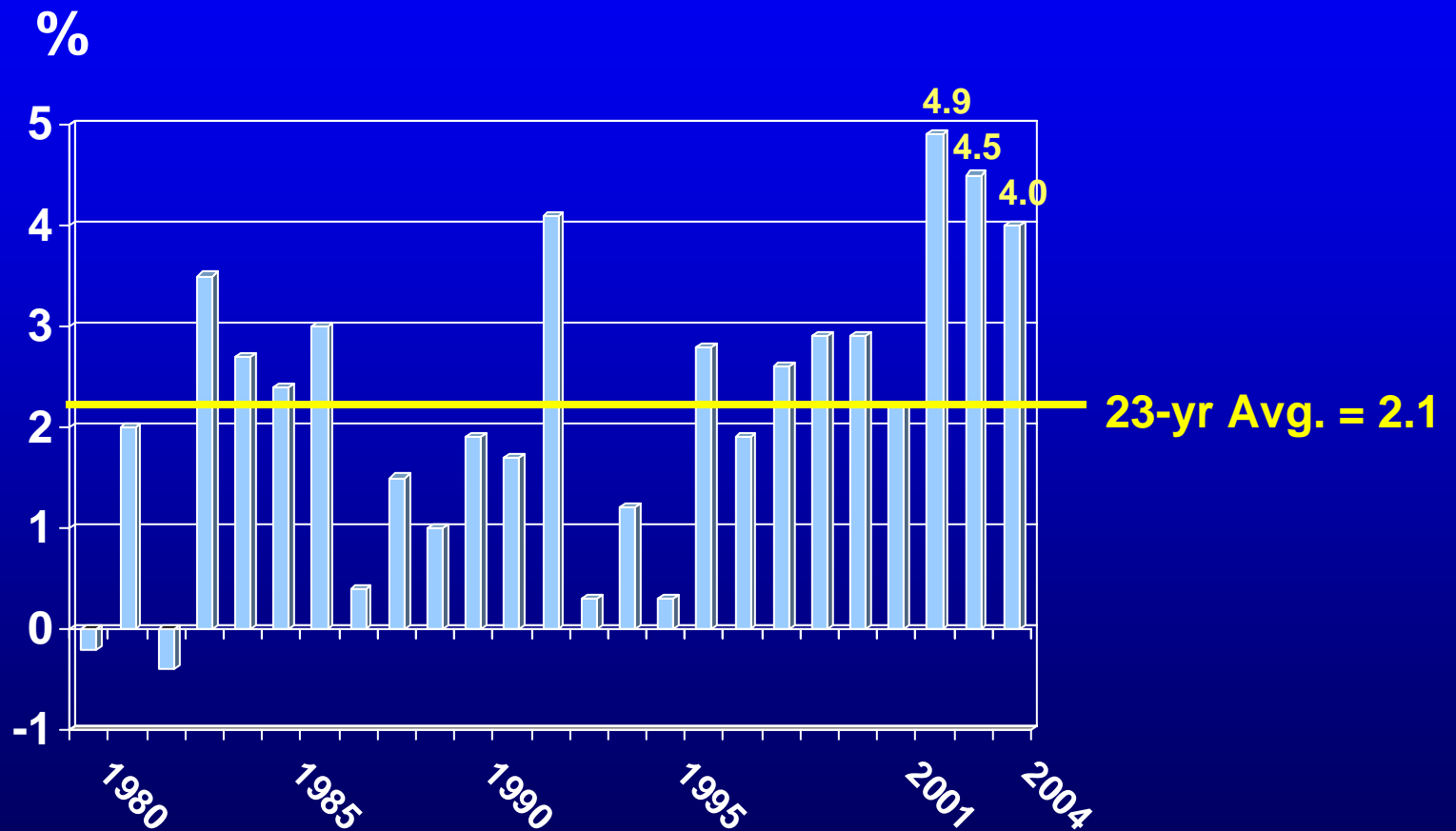
May 2, 2005

The National Economy

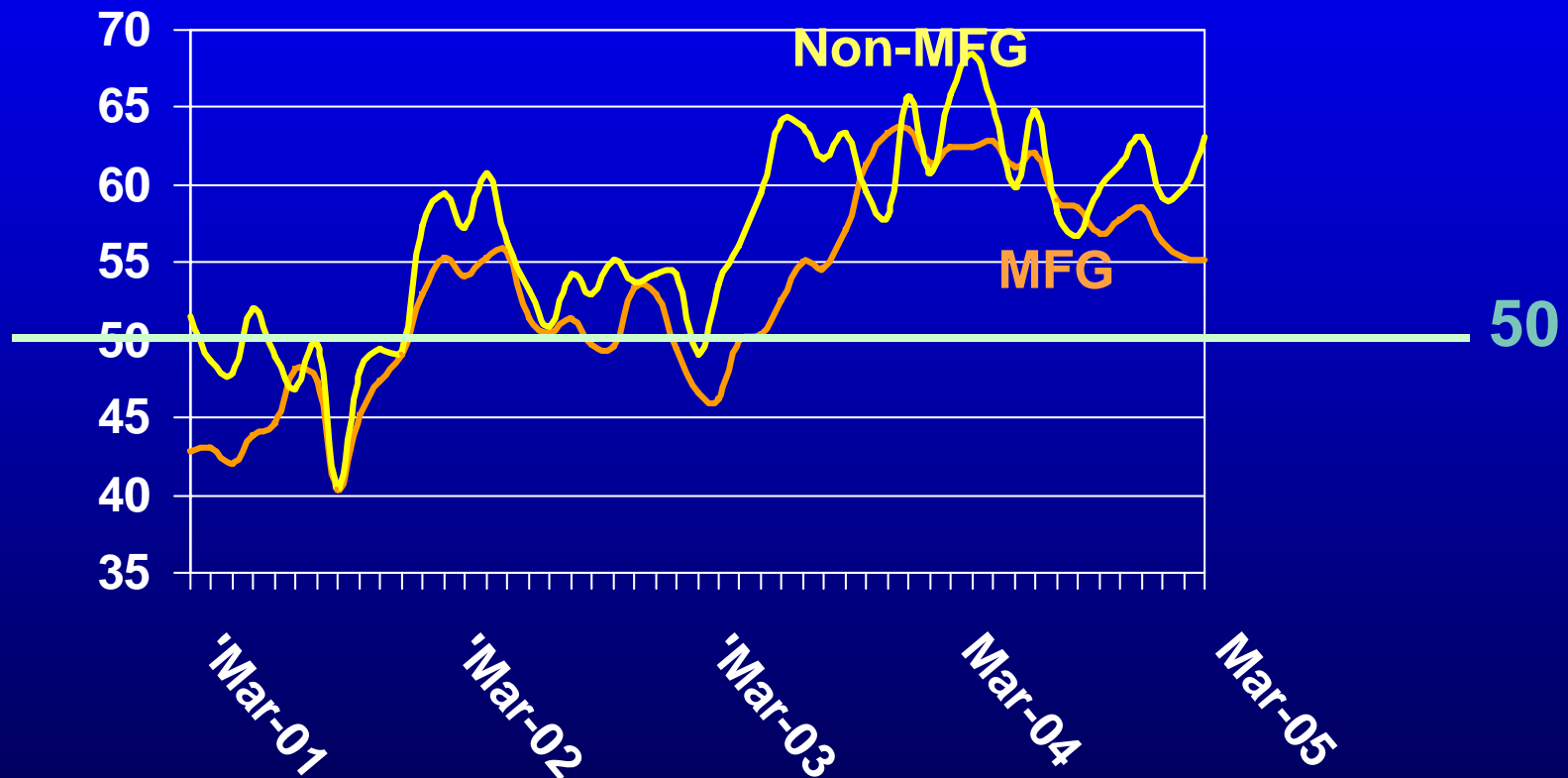
U.S. Gross Domestic Product



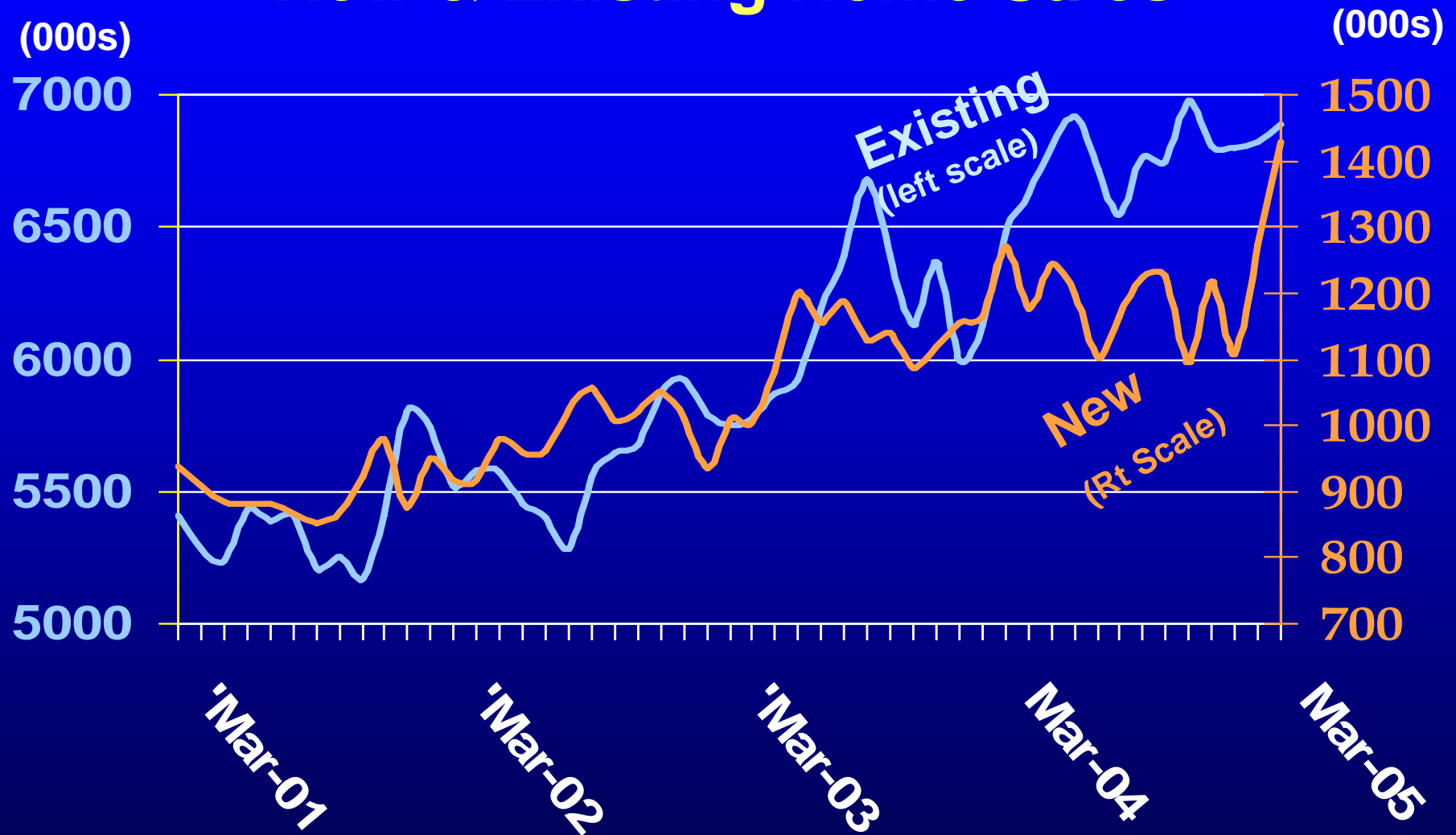
Productivity



ISM Manufacturing and Non-Manufacturing Indices



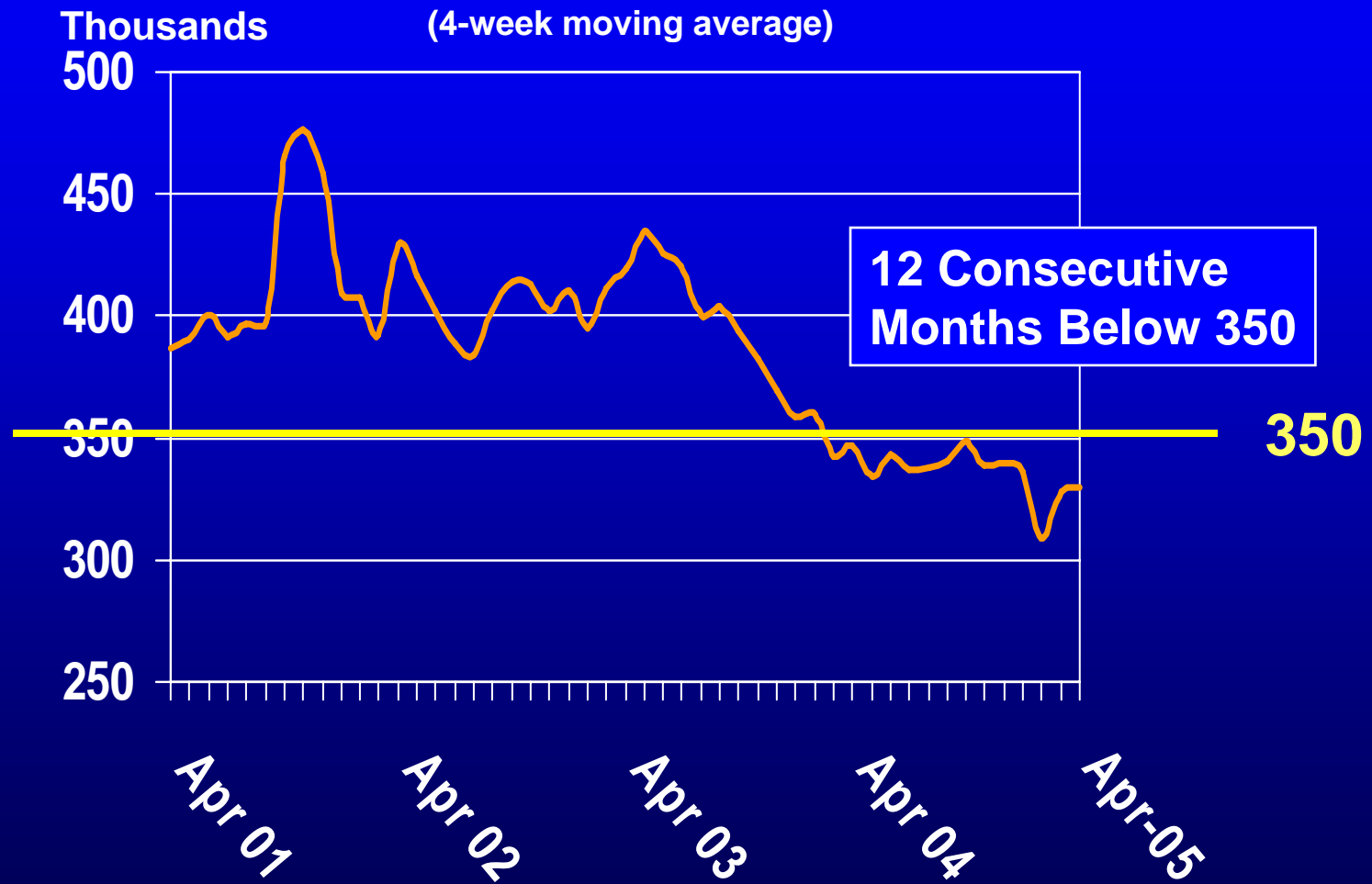
Housing Trends: New & Existing Home Sales



Consumer Confidence

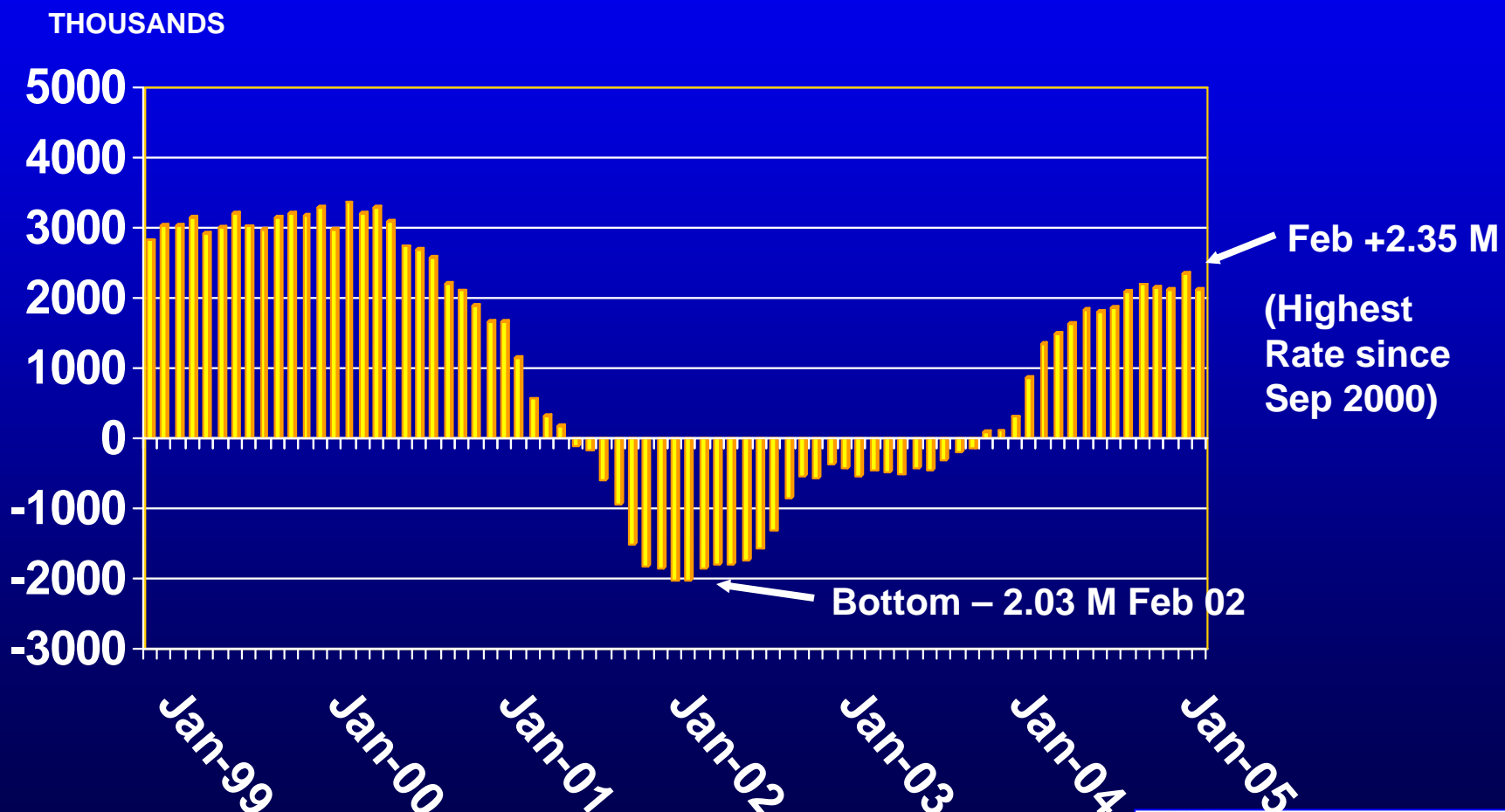


Initial Unemployment Claims



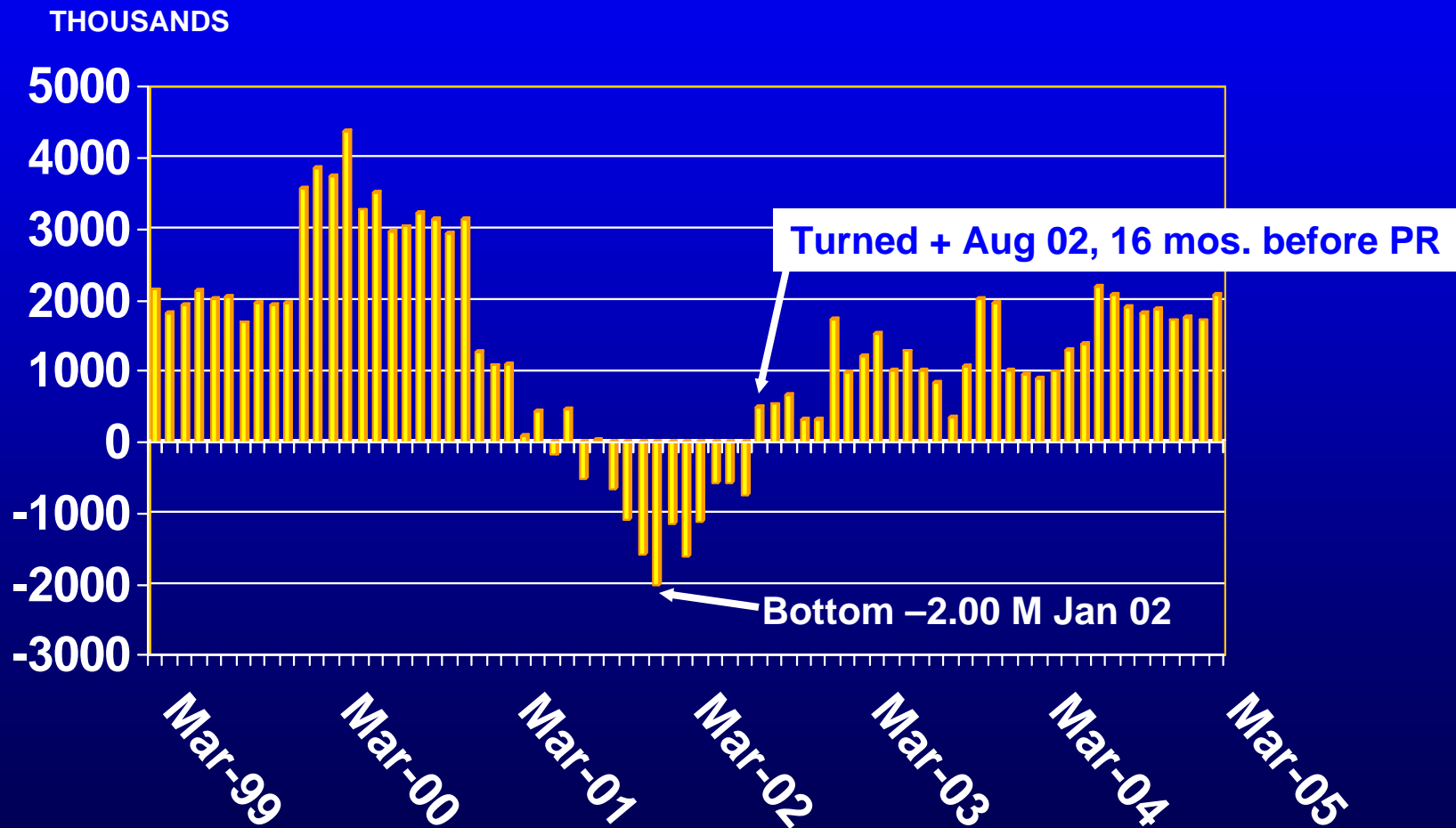
Annual Rate of Change in Jobs - US

Thru Mar 2005

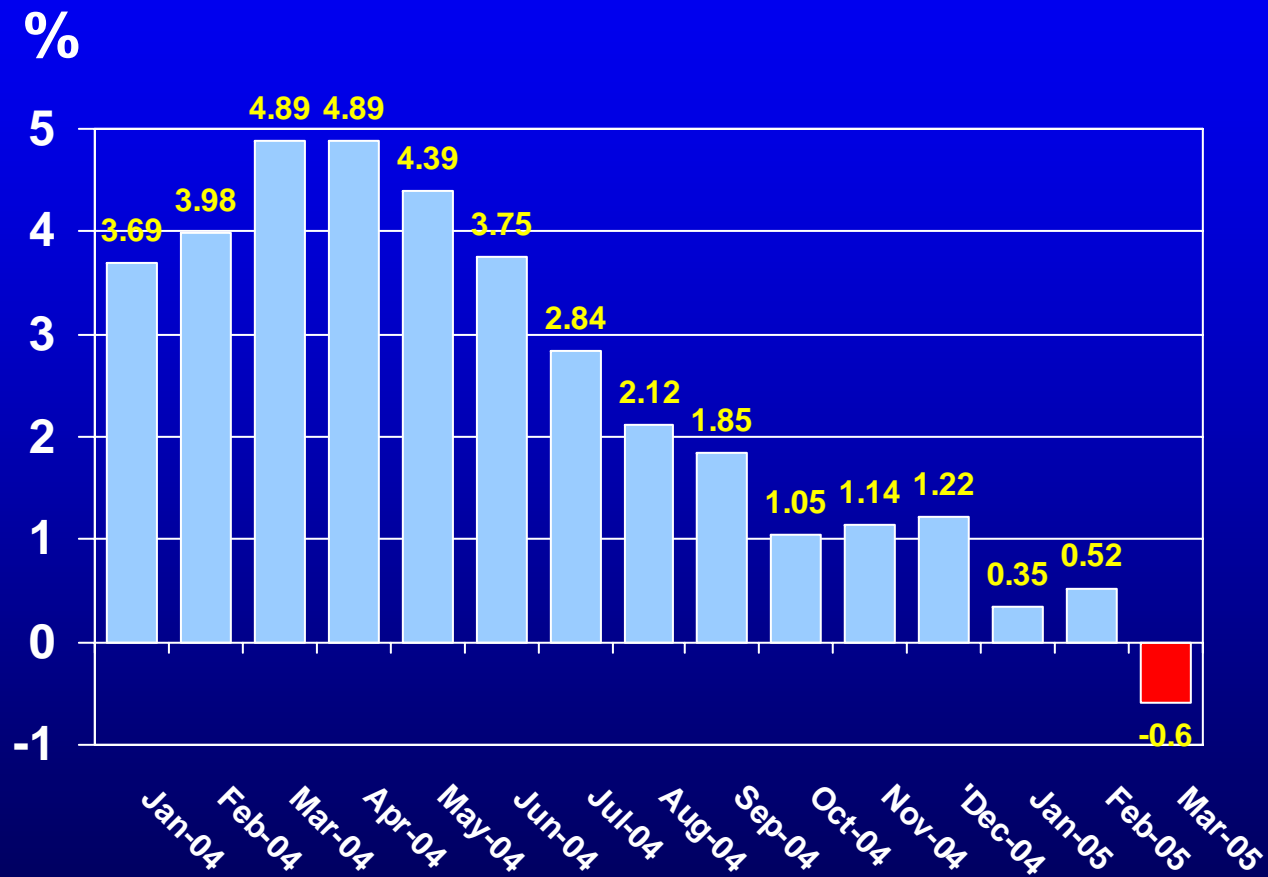


Annual Rate of Change in Employed (HH Survey)

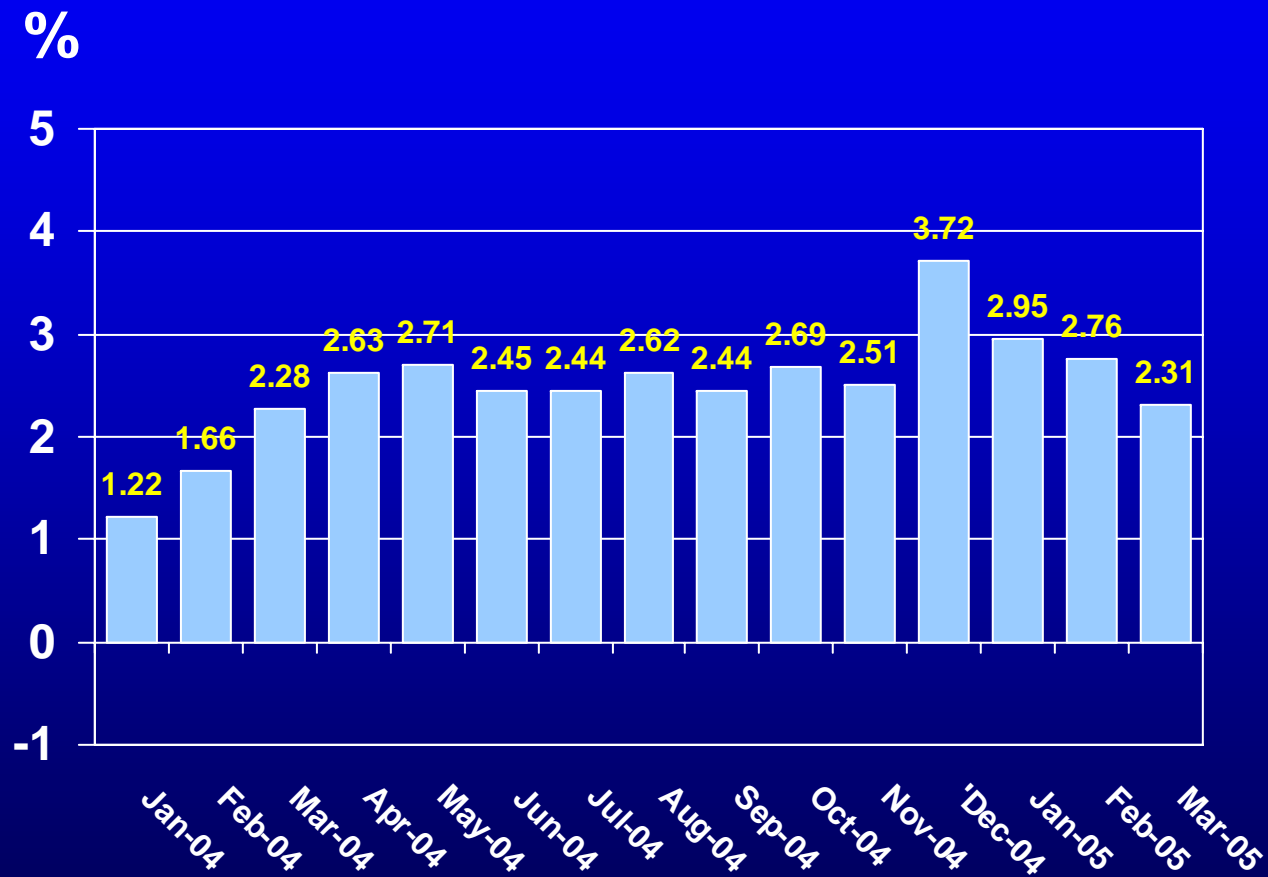
Thru Mar 2004



Leading Index Monthly Over-the-Year Percent Changes

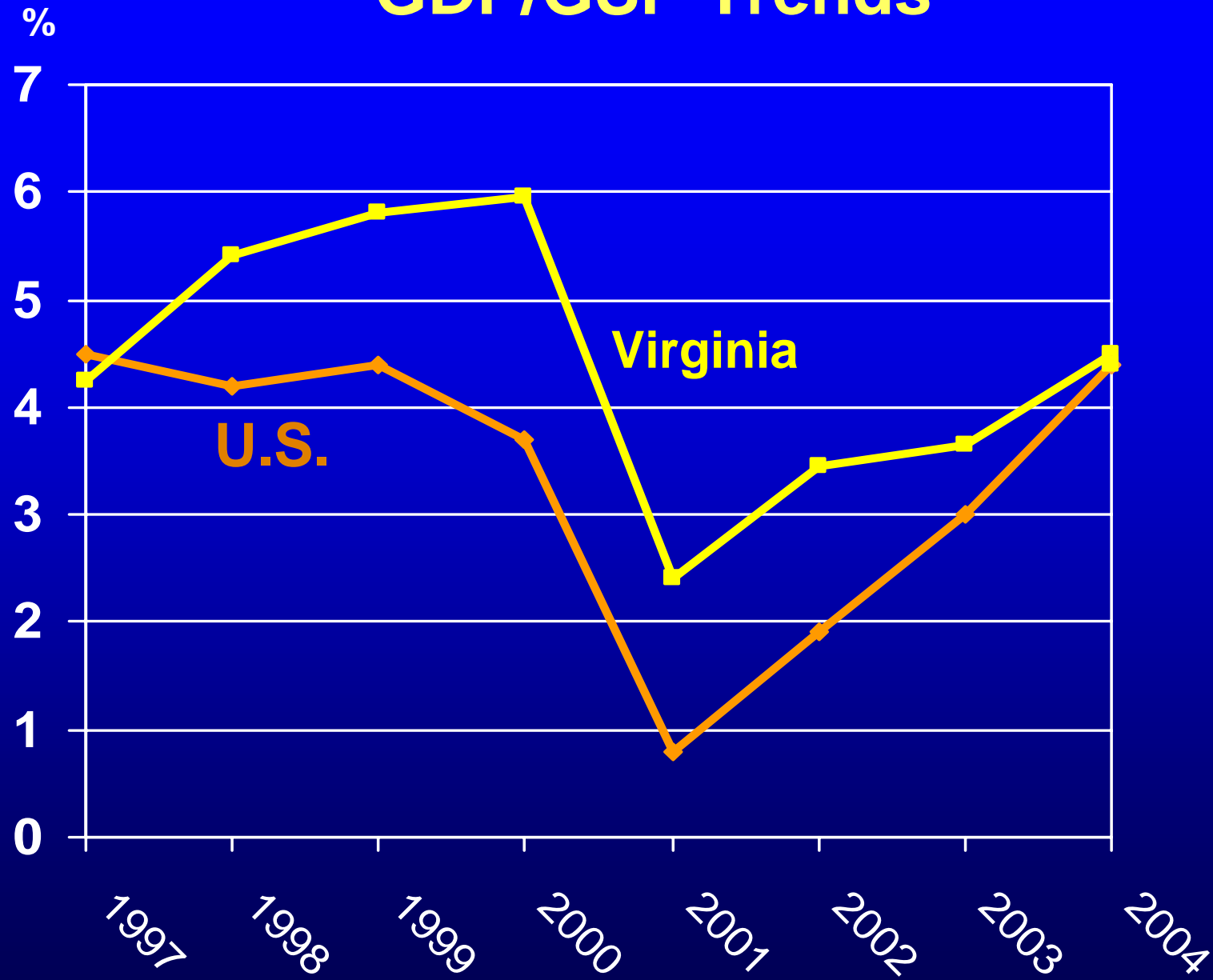


Coincident Index Monthly Over-the-Year Percent Changes

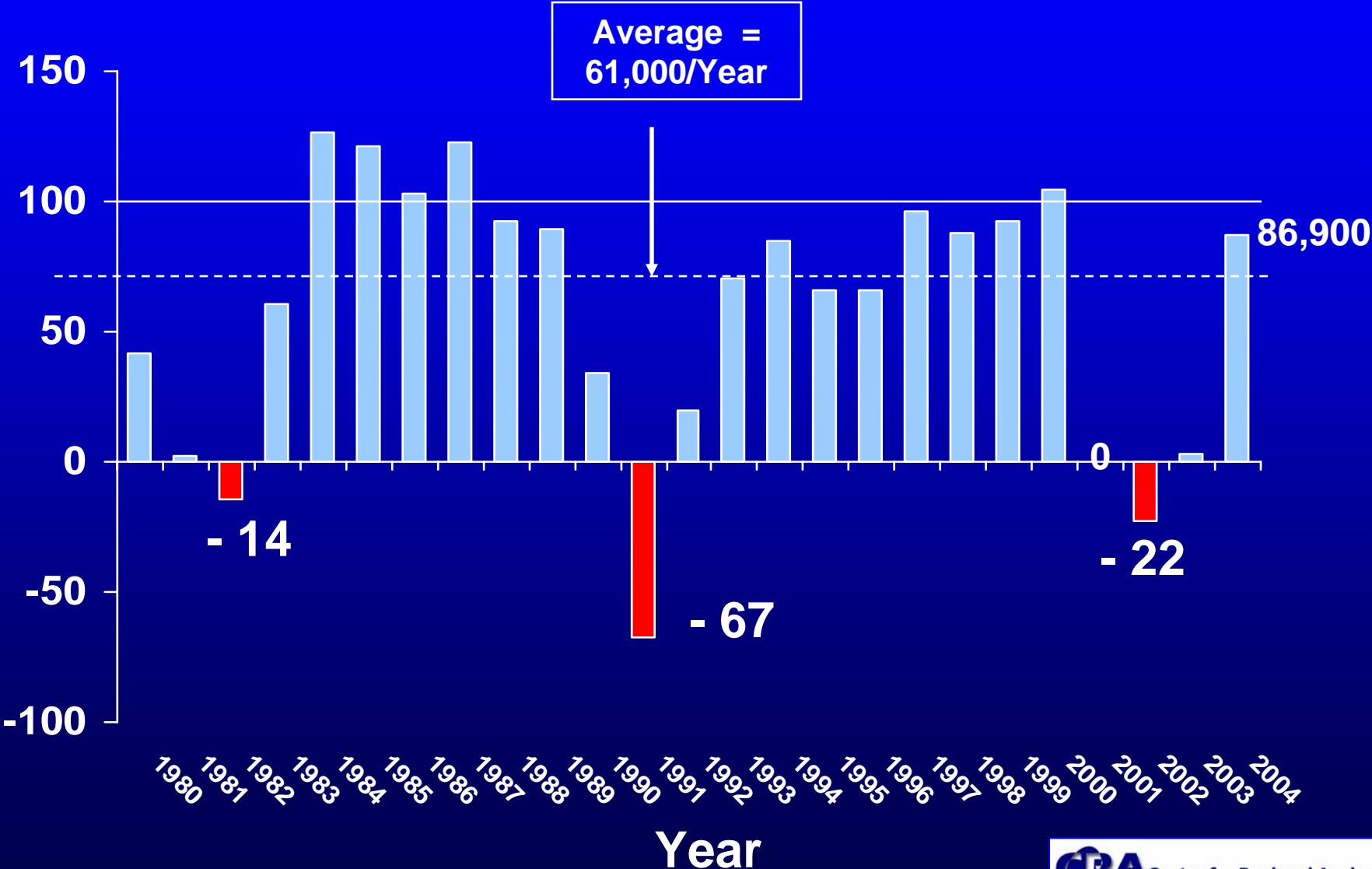


The Virginia Economy

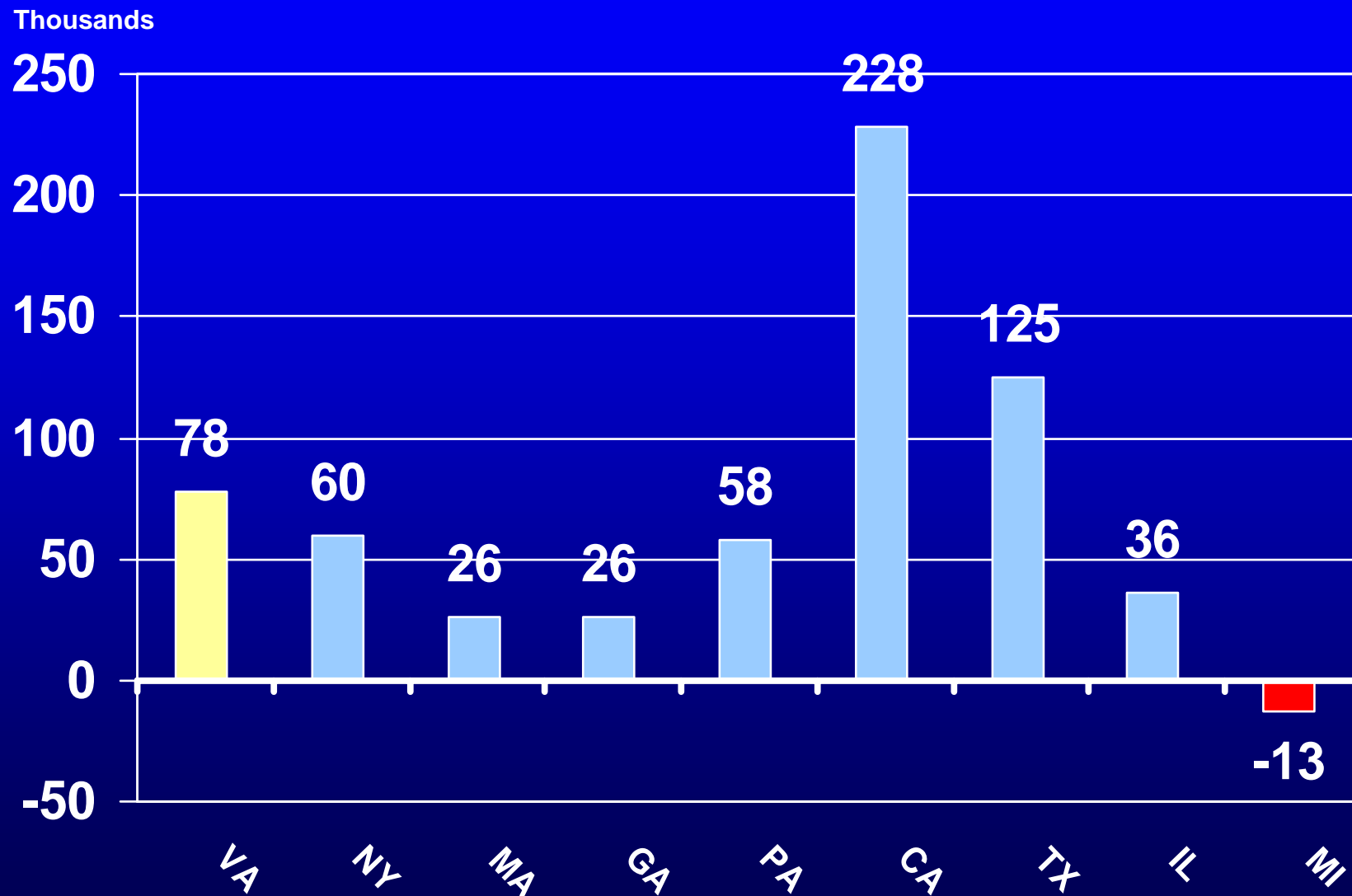
GDP/GSP Trends



Virginia Annual Job Change: 1980 - 2004

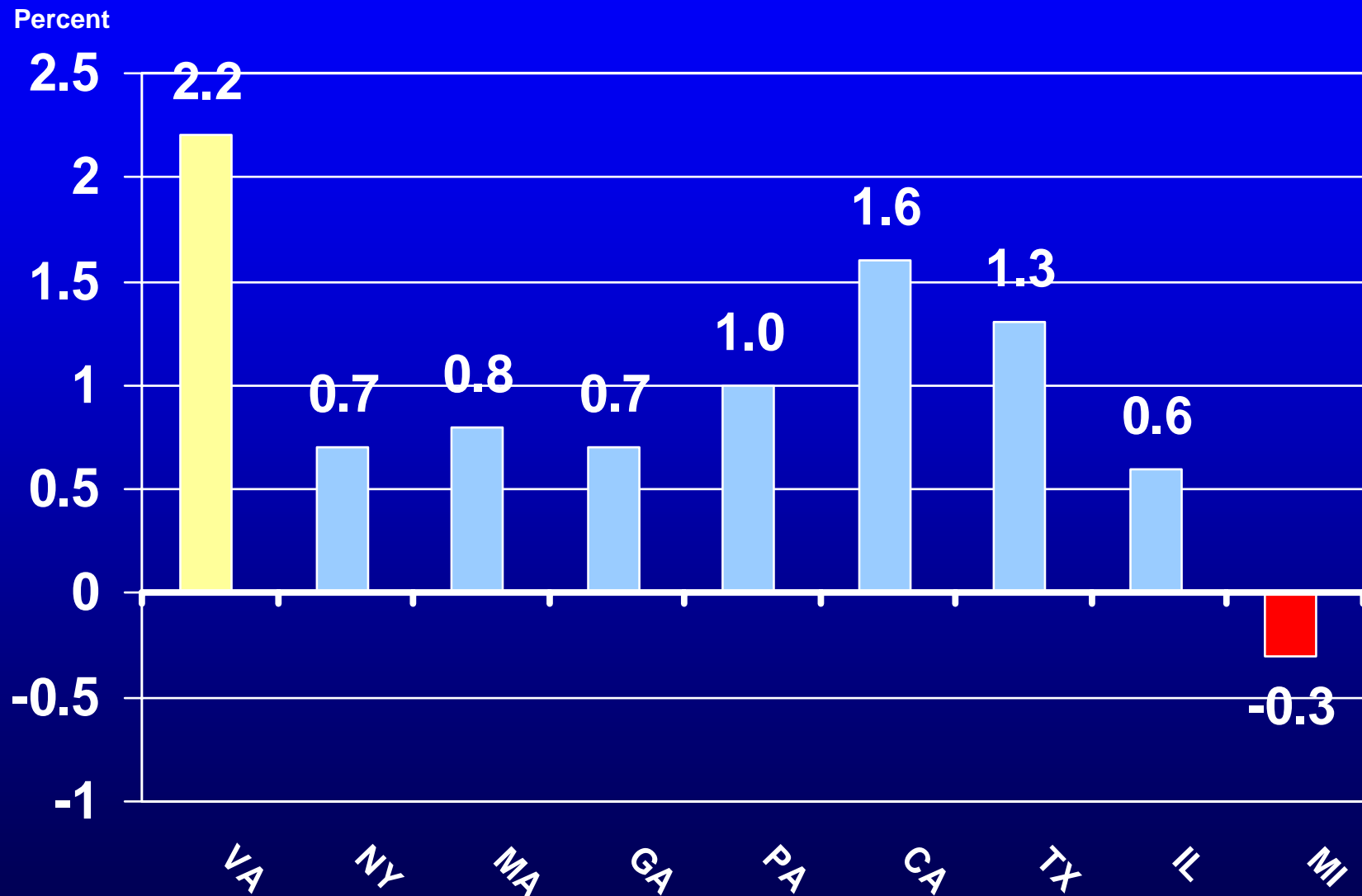


Virginia and Selected States Job Change Mar 04 – Mar 05



Not Seasonally Adjusted

Virginia and Selected States Job Change Mar 04 – Mar 05

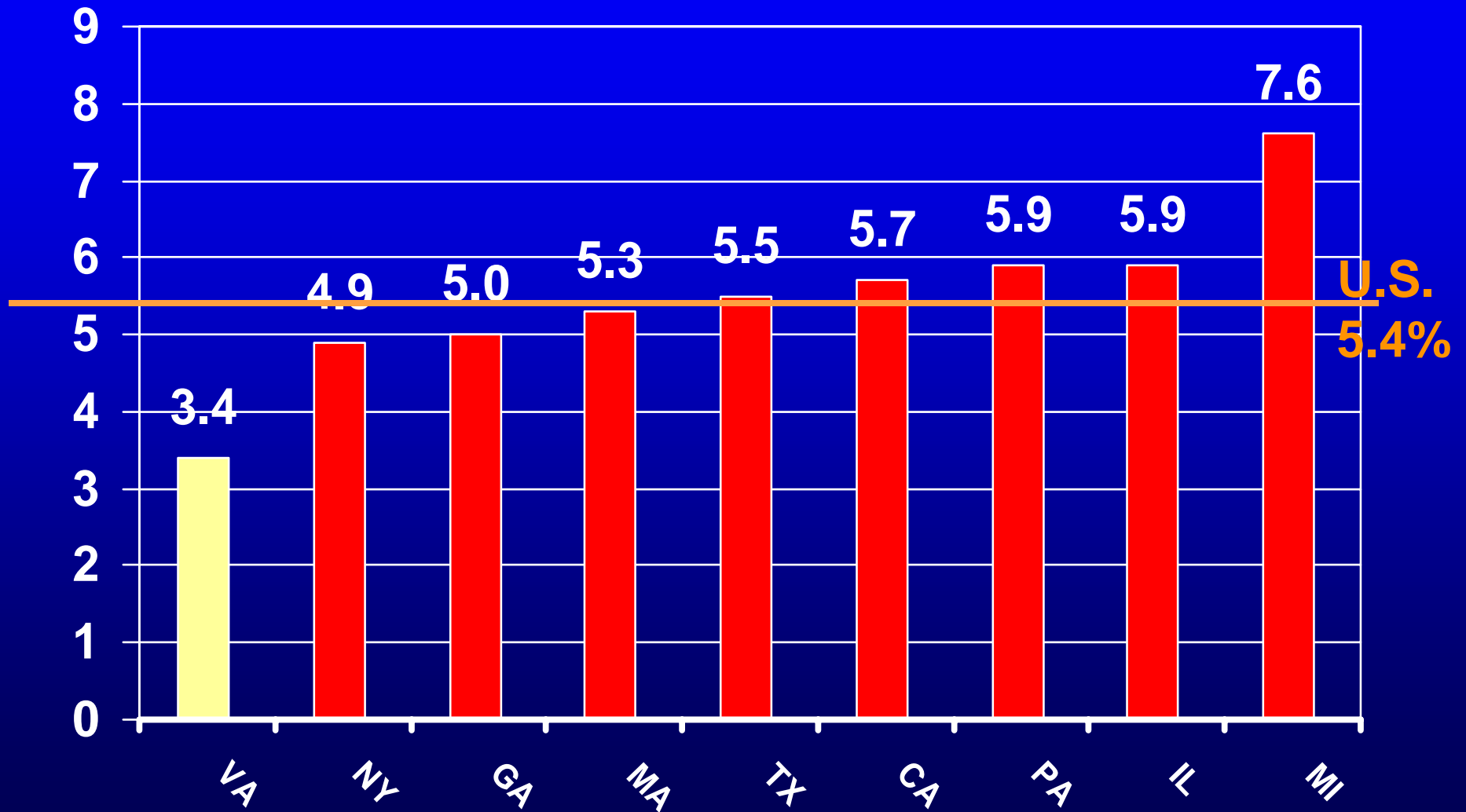


Not Seasonally Adjusted

Virginia and Selected States Ranked by Unemployment Rate

March 2005

Percentage



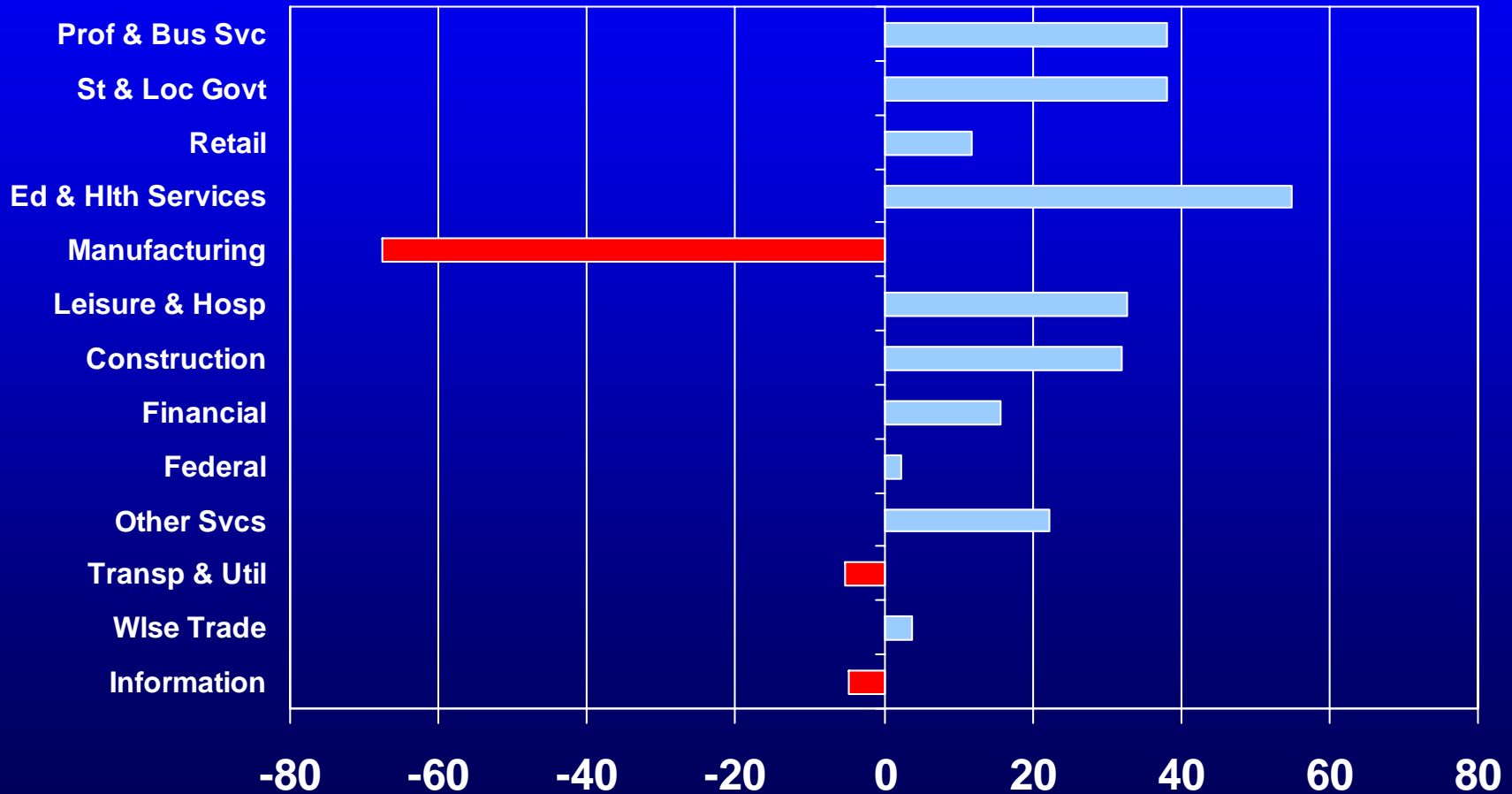
Not Seasonally Adjusted

1999 - 2004 Job Change By Sector - Virginia

(Ranked by Size of Sector)

(000s)

Total = 172,000

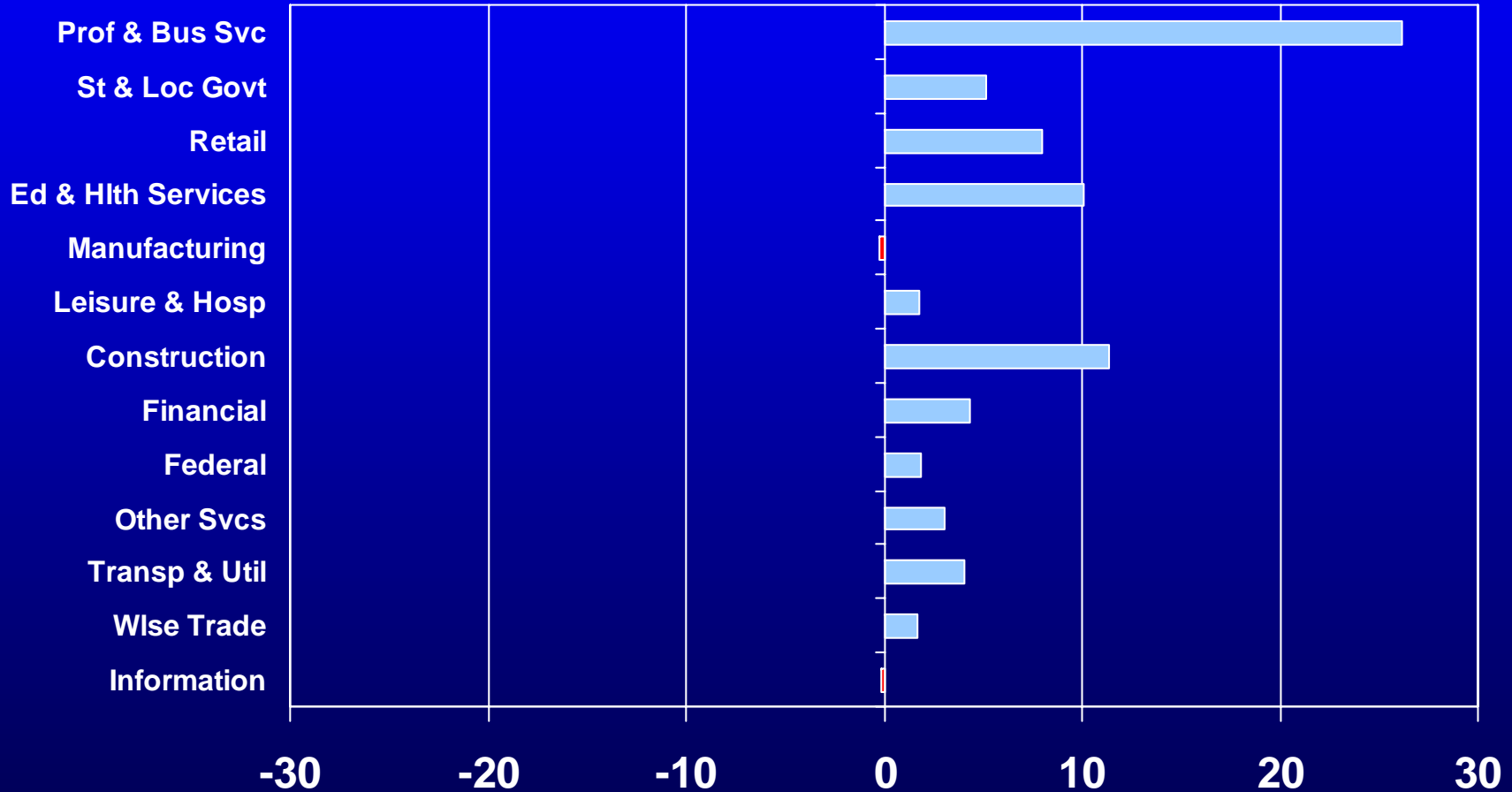


Mar 04 – Mar 05 Job Change By Sector - Virginia

(Ranked by Size of Sector)

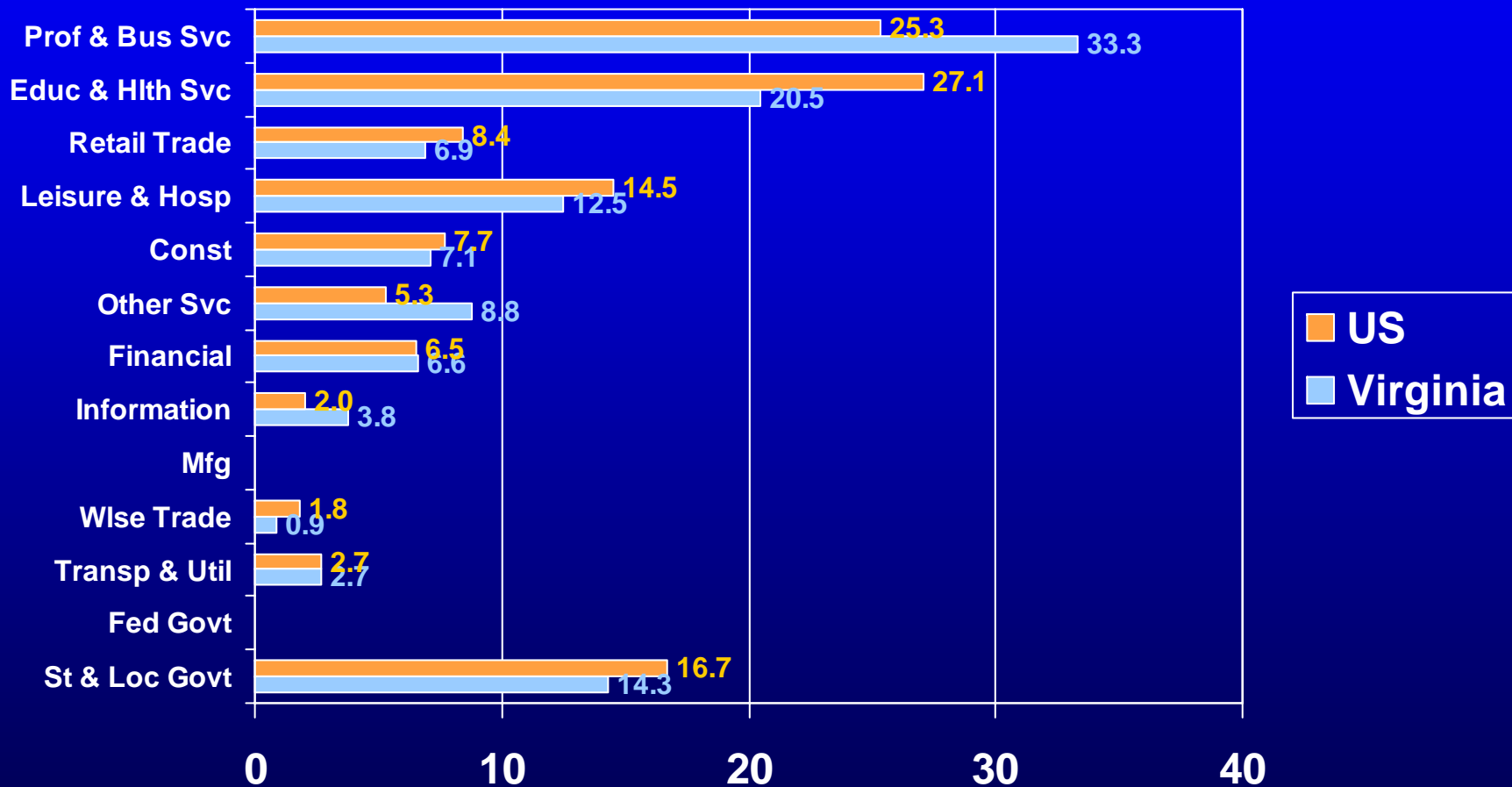
(000s)

Total = 78,200



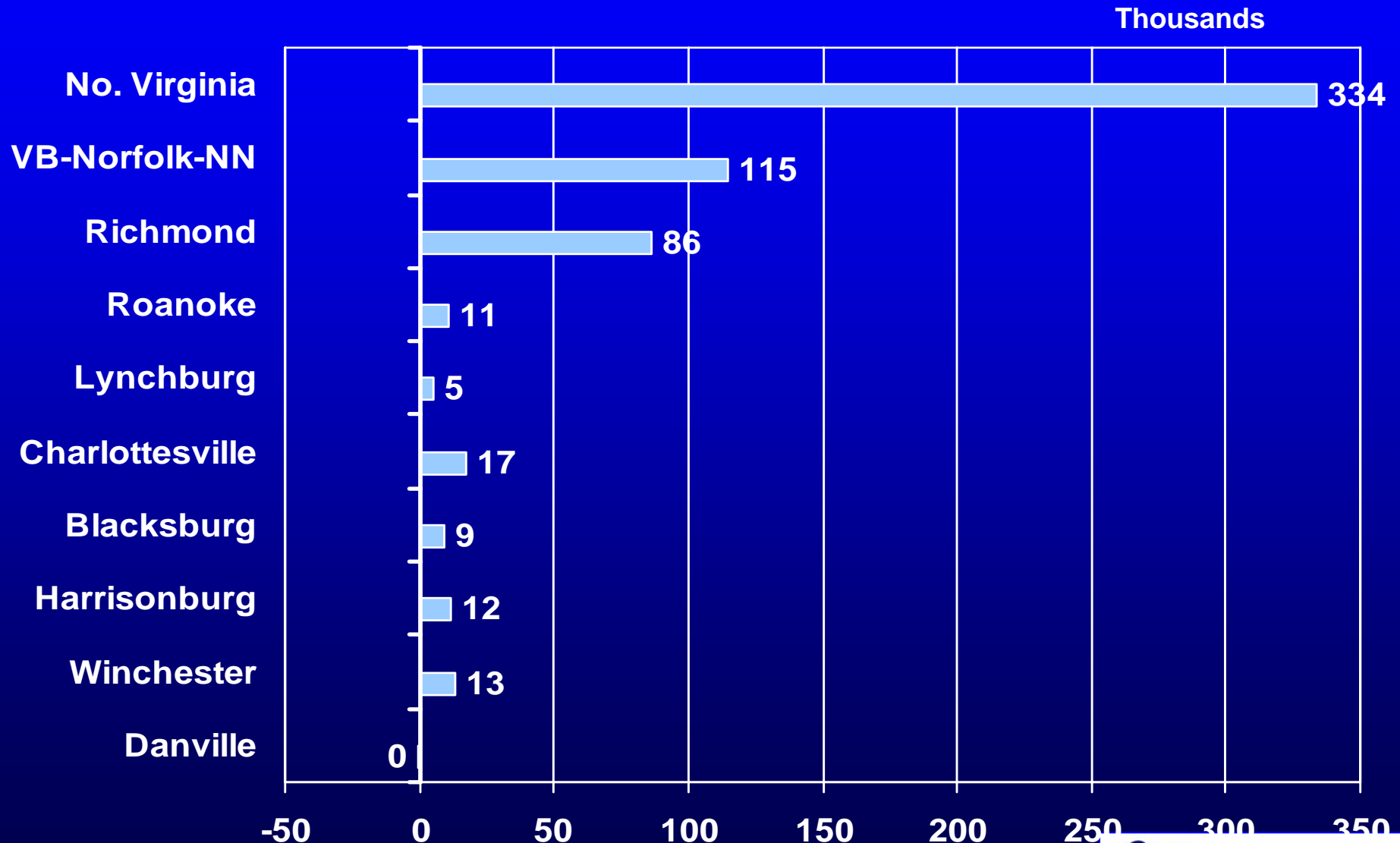
1990 - 2004 Share of Job Growth By Sector U.S. vs Virginia

%

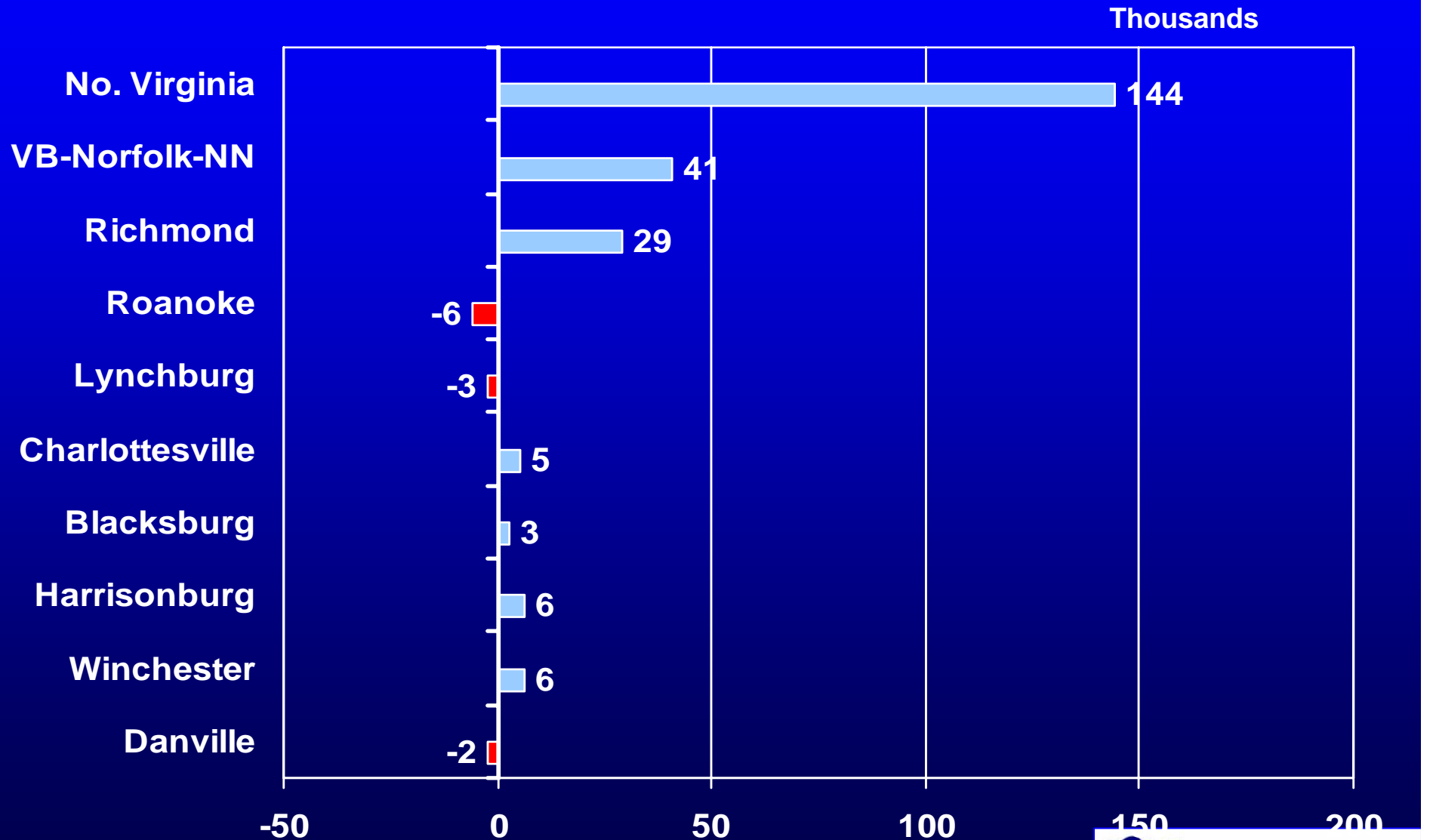


The Virginia Economy by Metro Area

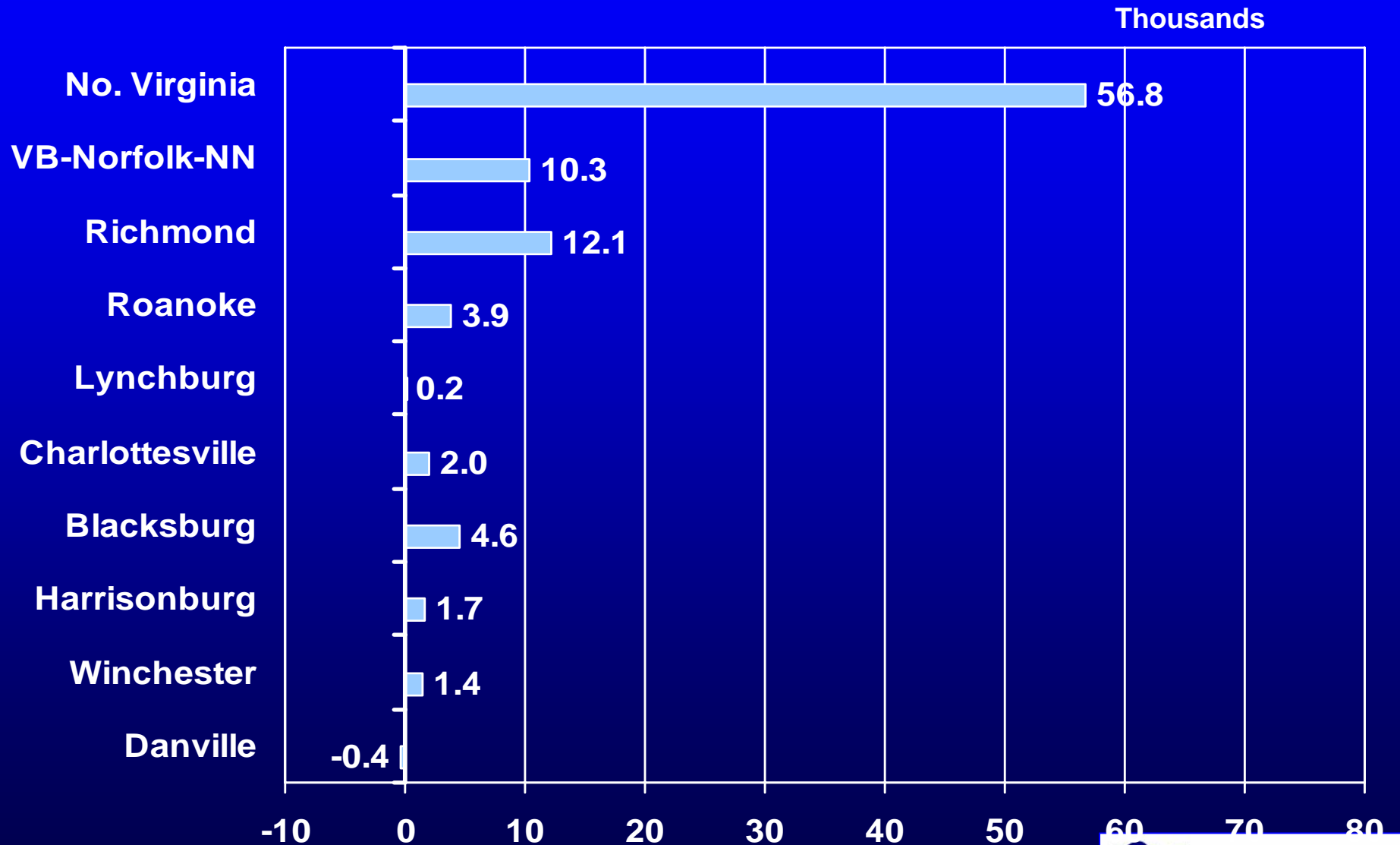
Metro Areas in Virginia Job Change Last Ten Years



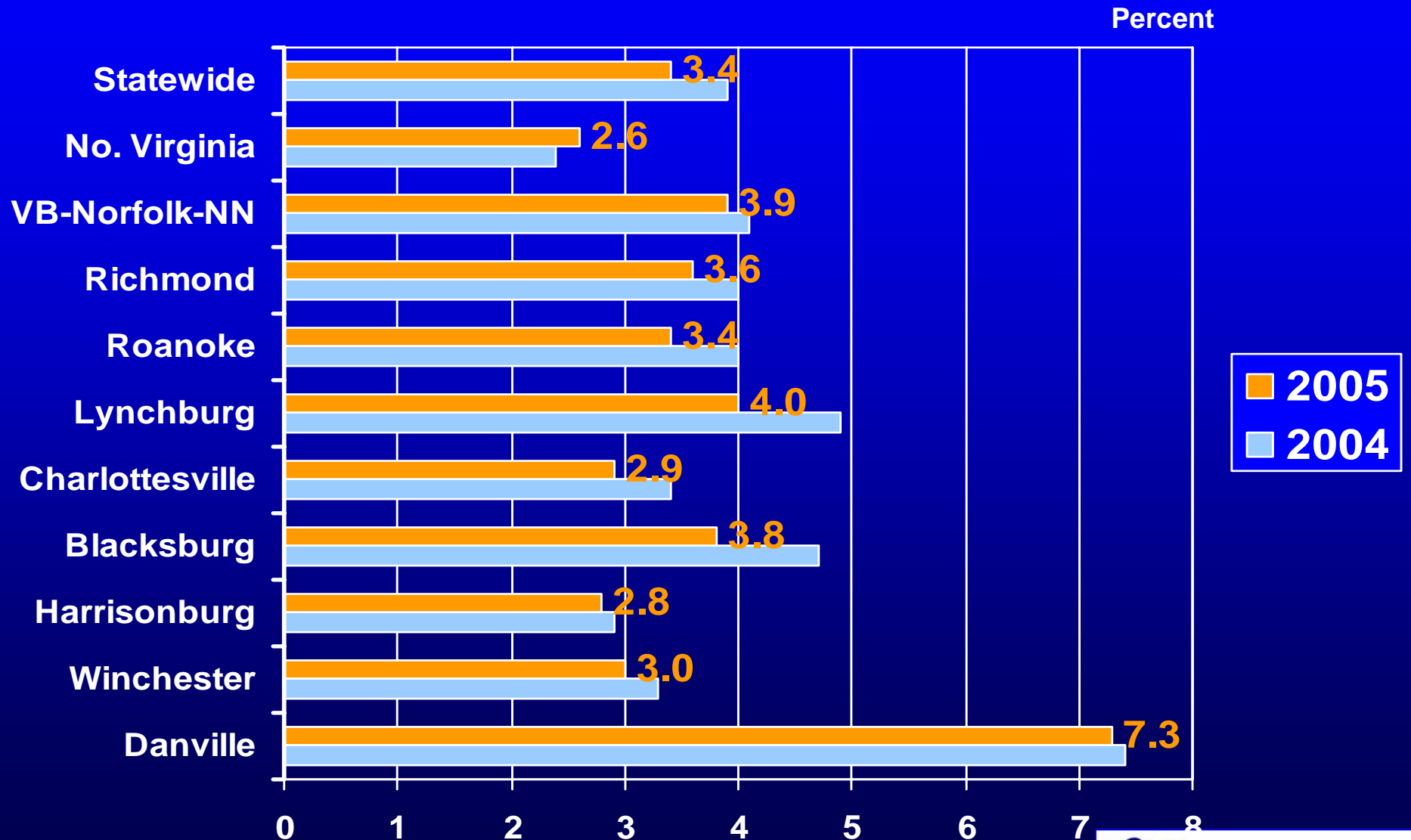
Metro Areas in Virginia Job Change Last Five Years



Metro Areas in Virginia Job Change Last 12 Months



Metro Areas in Virginia Unemployment Rate



Metro Area Unemployment Rates in March – BLS Press Release 4/28

- **Lowest of All Metro Areas**
 - 2.6% Honolulu, HI
 - 2.8% Harrisonburg, VA
 - 2.9% Charlottesville, VA
 - 3.0% Winchester, VA-WV
- **Of Metro Areas with 1 Million + Population**
 - 3.6% Richmond,VA, Washington-Arlington-Alex DC-MD-VA-WV (No. Virginia = 2.6%)
 - 3.9% Las Vegas, VA Beach-Norfolk-NN, VA

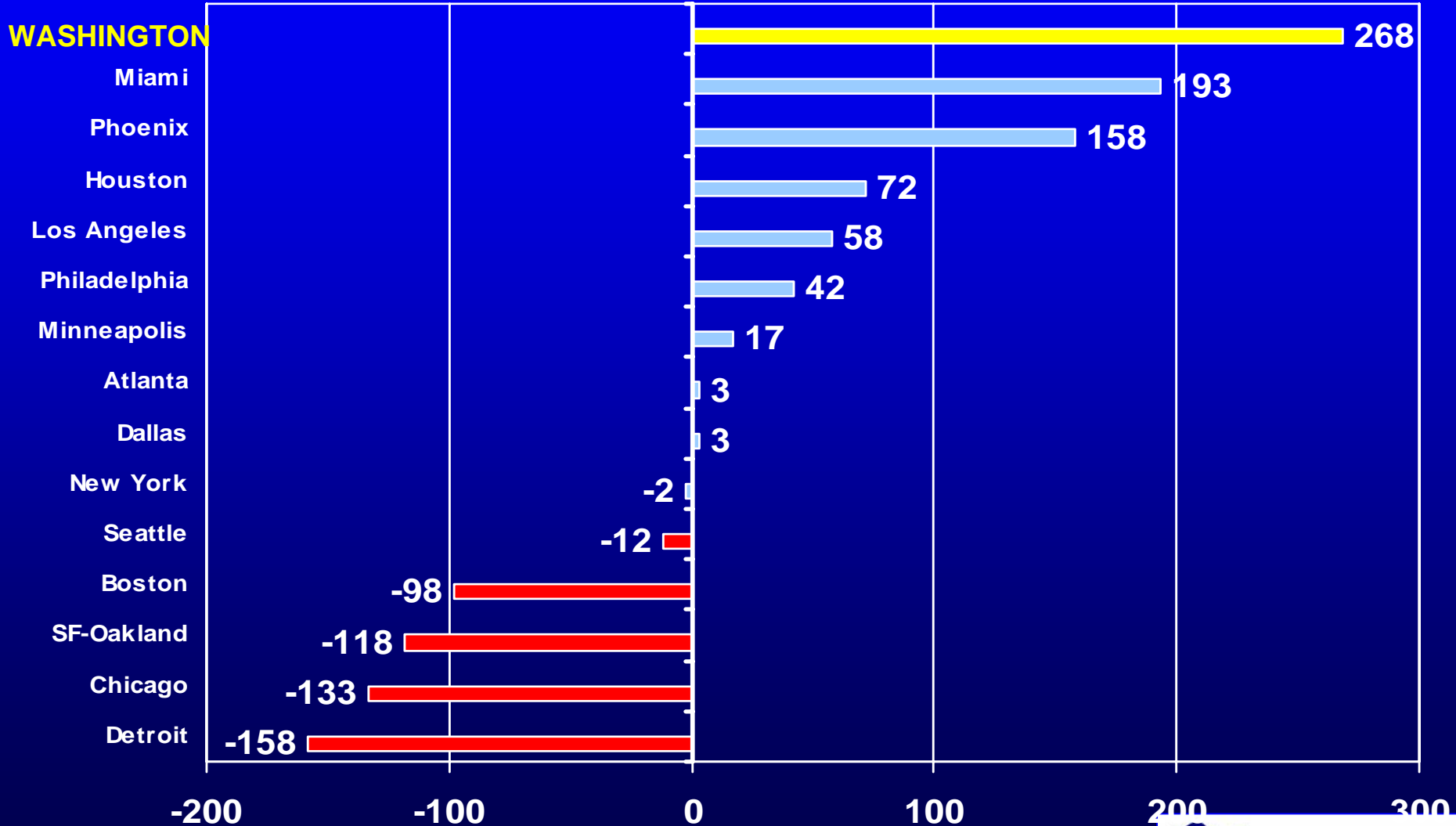
The Importance of Federal Spending to the Virginia Economy

Metro Comparisons Job Change Last Five Years

(2/00 – 2/05)

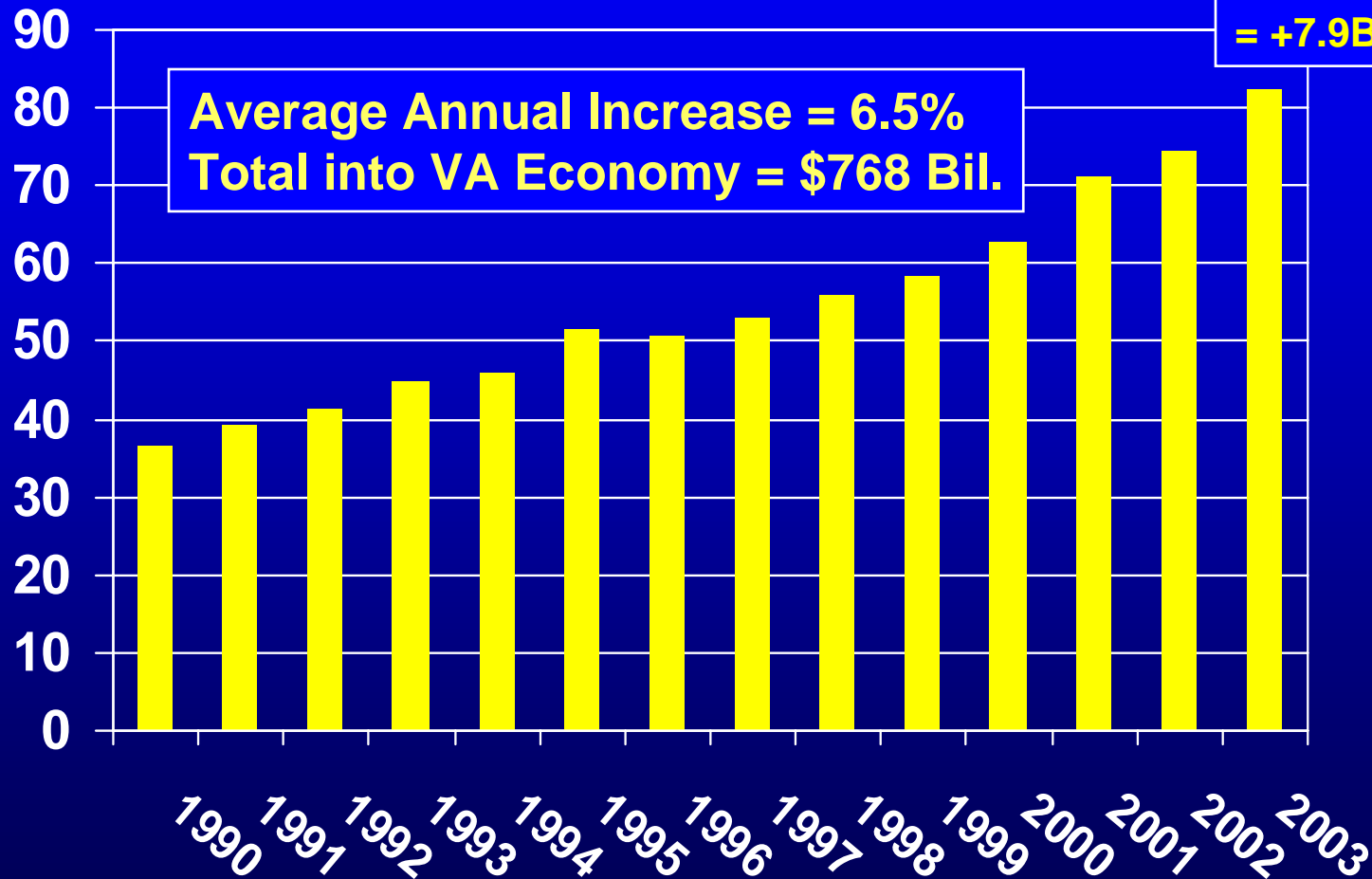
15 Largest Metro Areas

Thousands



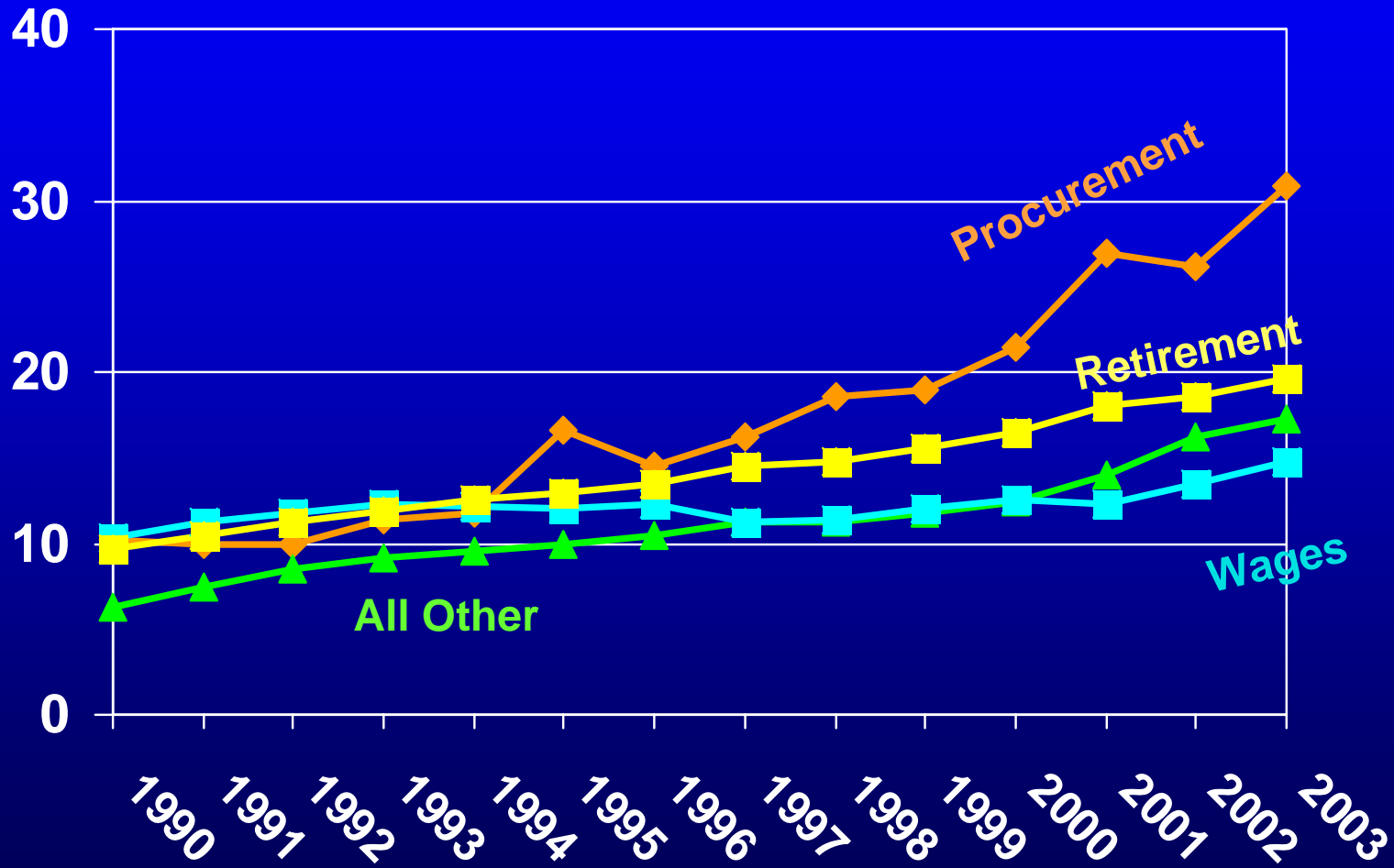
Total Federal Spending in Virginia

Billions Current \$

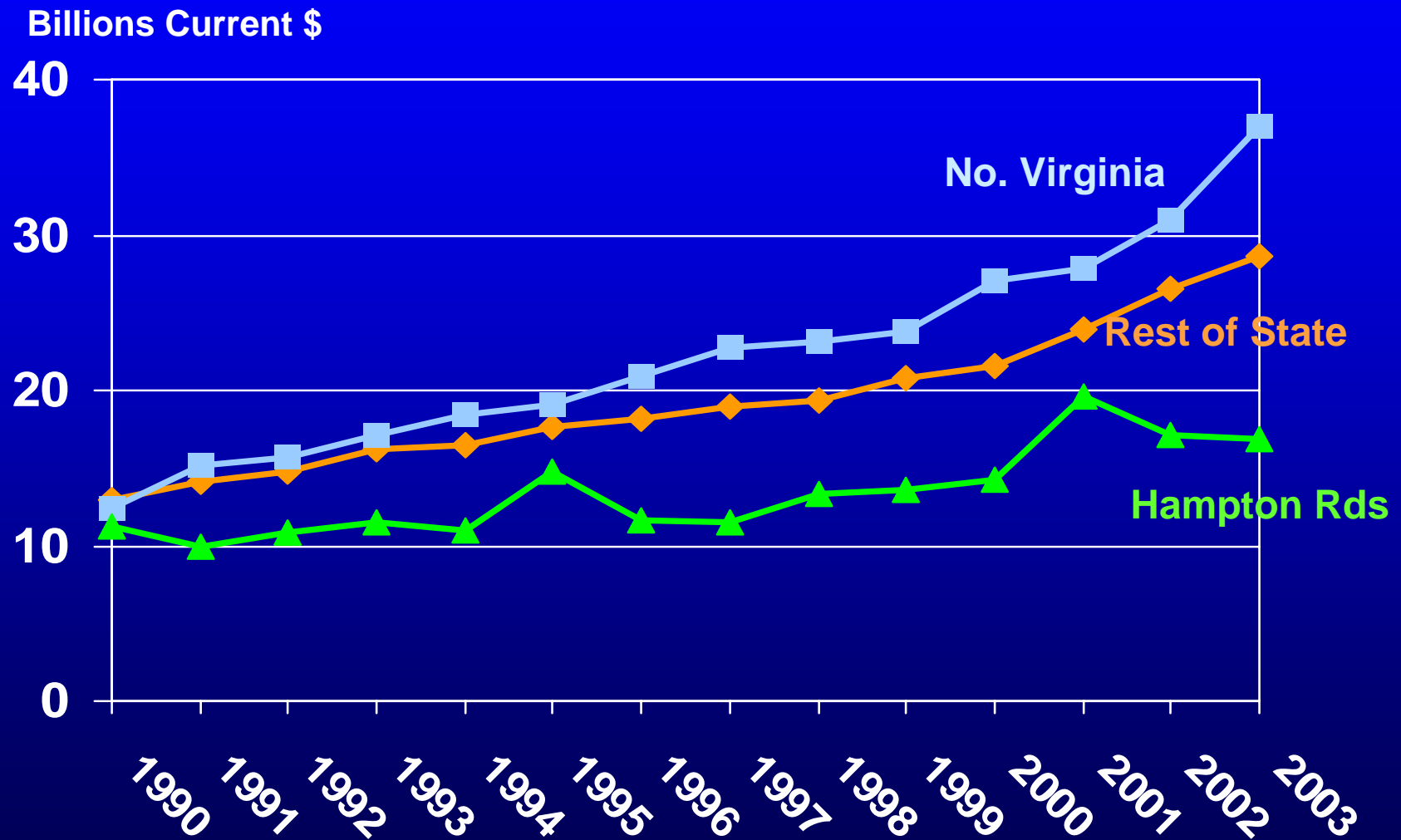


Federal Spending by Type Virginia

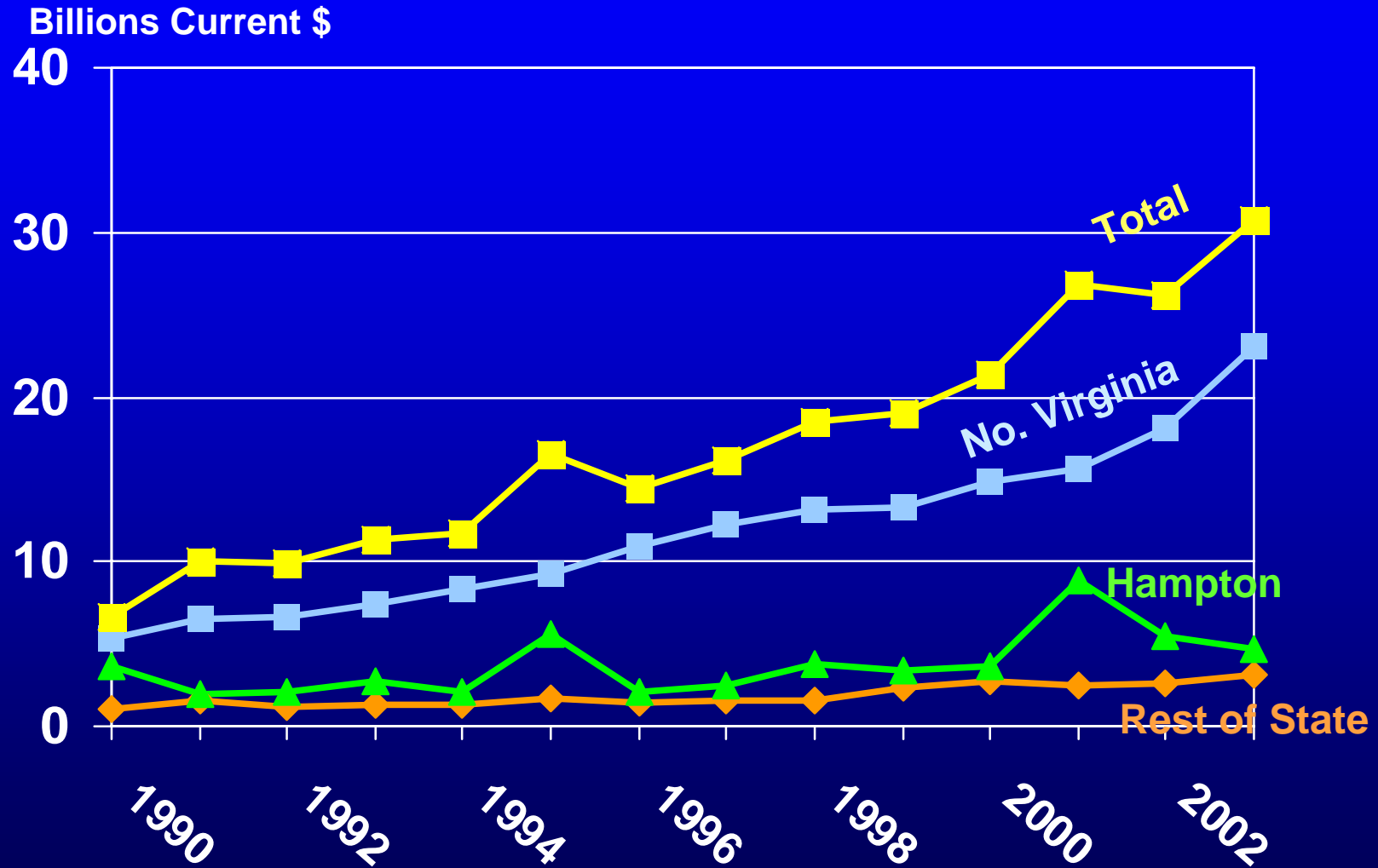
Billions Current \$



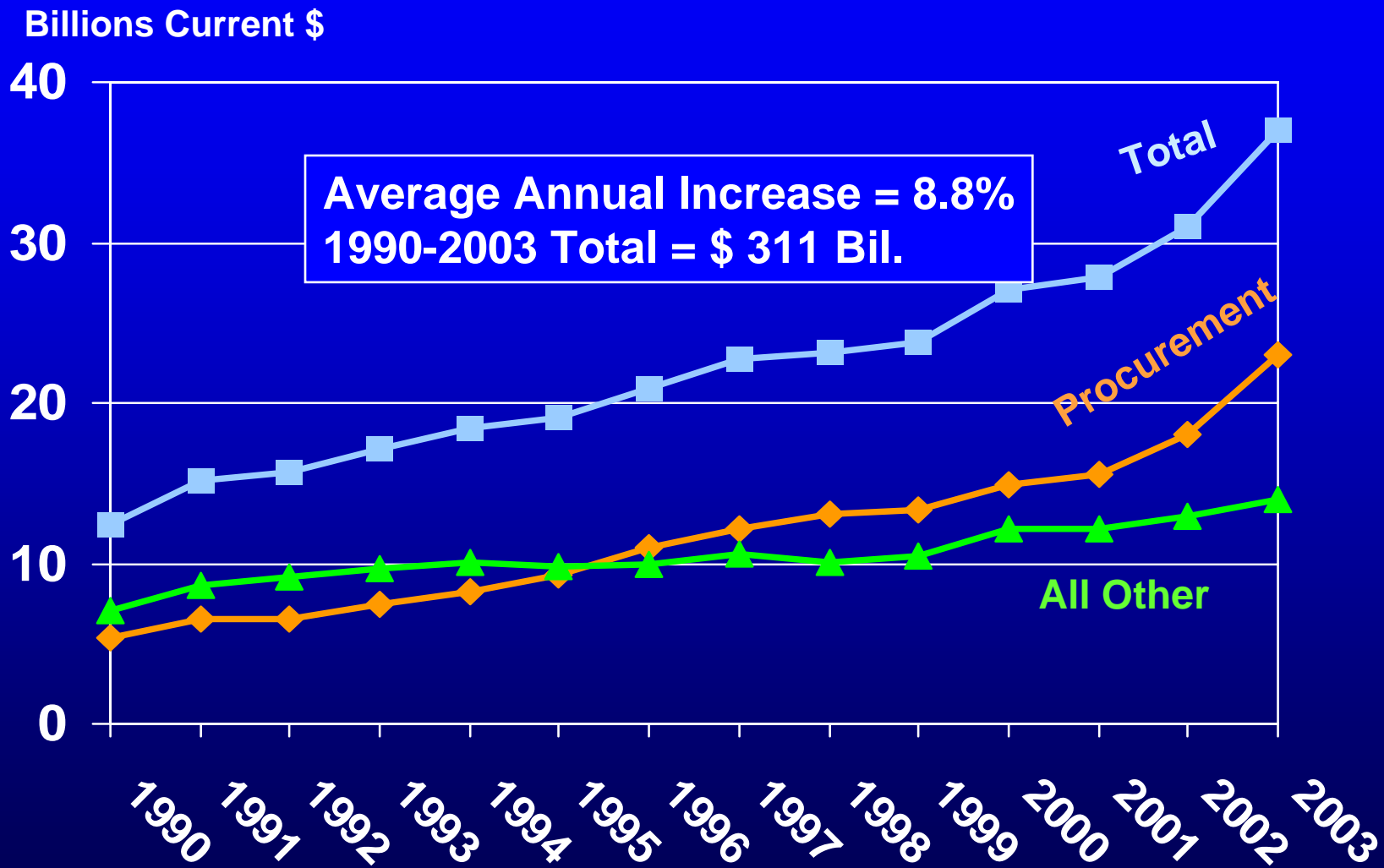
Total Federal Spending in Virginia by Area



Federal Procurement in Virginia

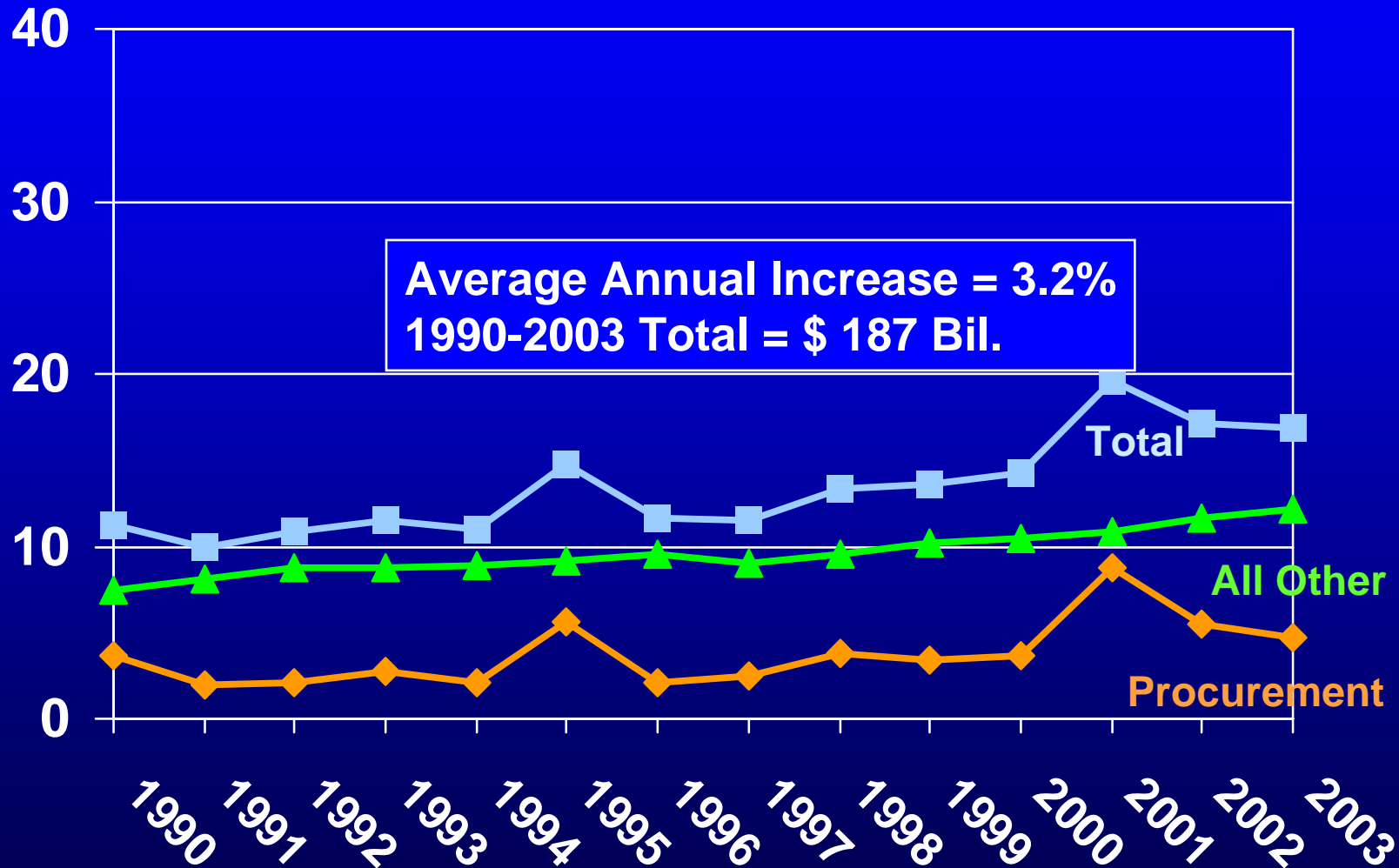


Federal Spending by Type Northern Virginia



Federal Spending by Type Hampton Roads

Billions Current \$



Procurement Dollars Are More Important Than Salary Dollars

Virginia Economic Multipliers

	Total Output	Jobs*	Personal Earnings**
Payroll \$	1.89	21.0	.475
Procurement \$	1.95	20.9	.567

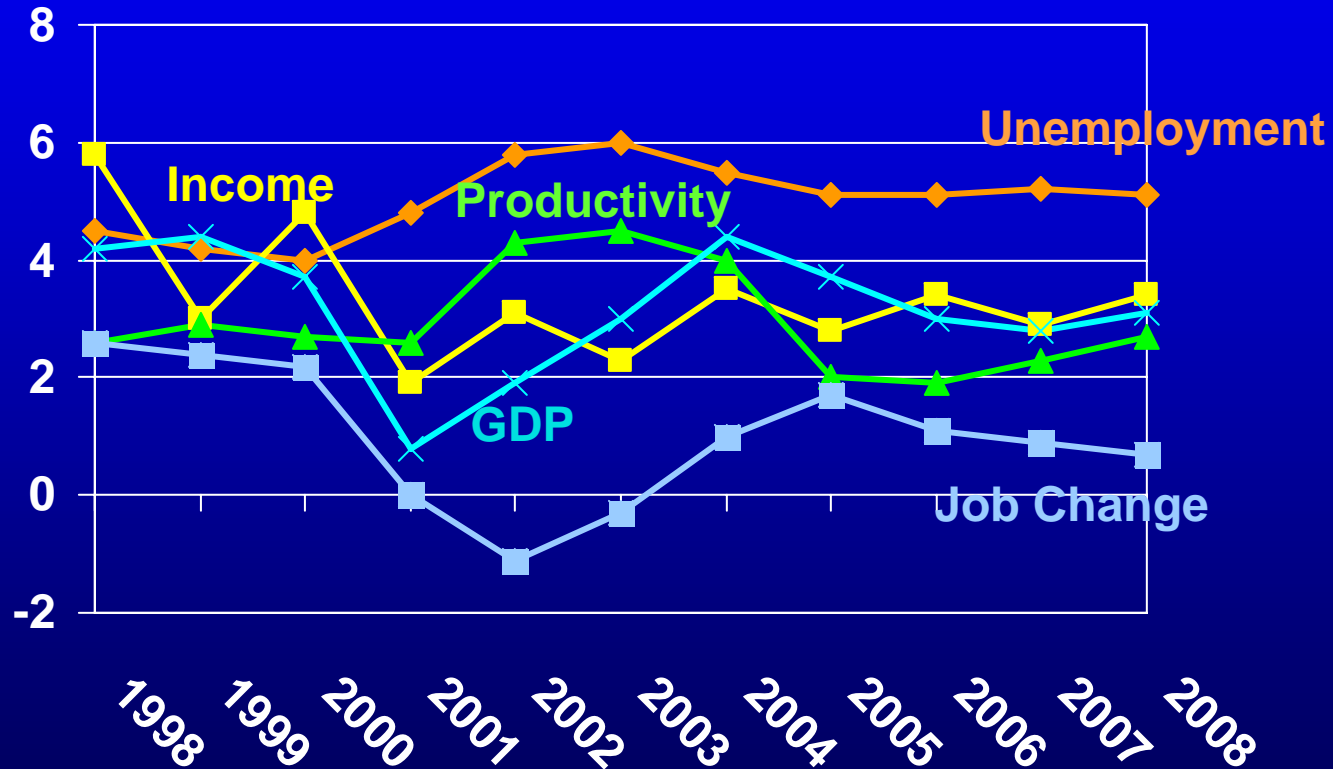
* Per \$1 Million

** Procurement-related job has higher earnings (\$4,380)

The Outlook for 2005+

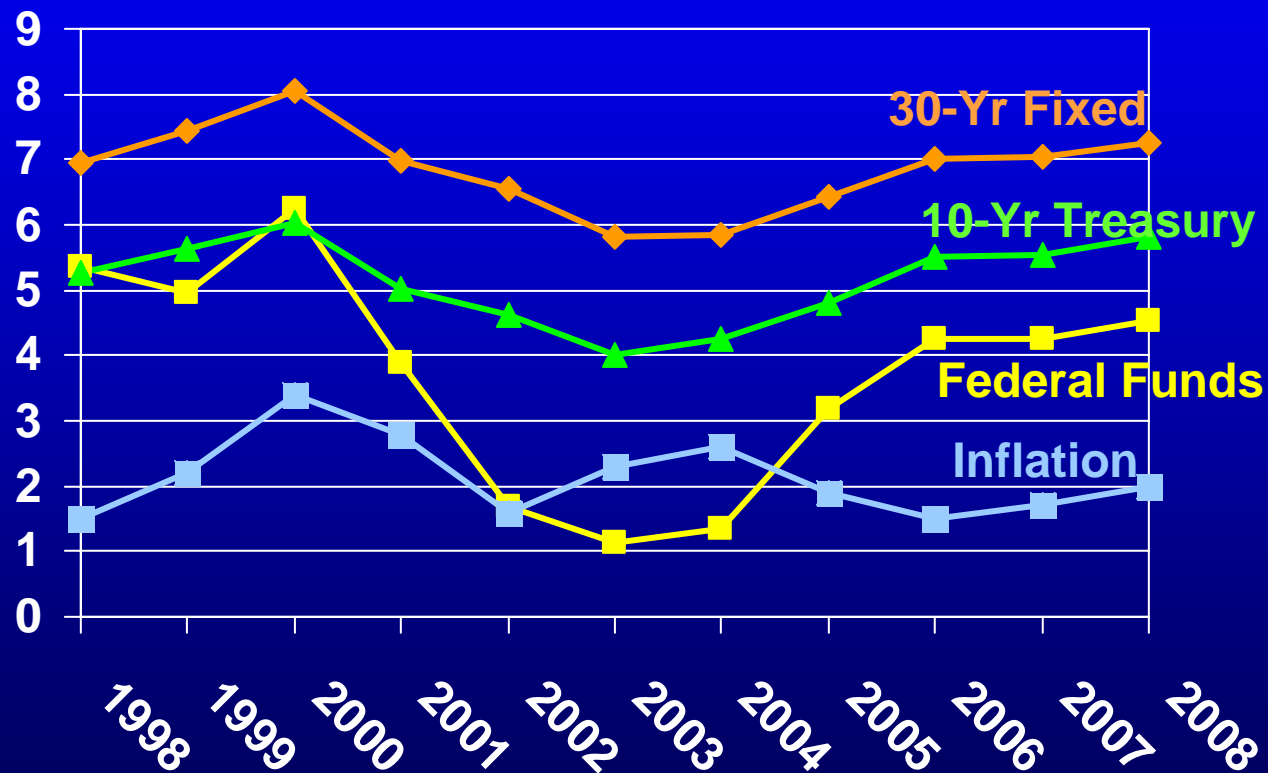
Productivity, Unemployment and Job Growth

Annual Percent Change, 1998-2008

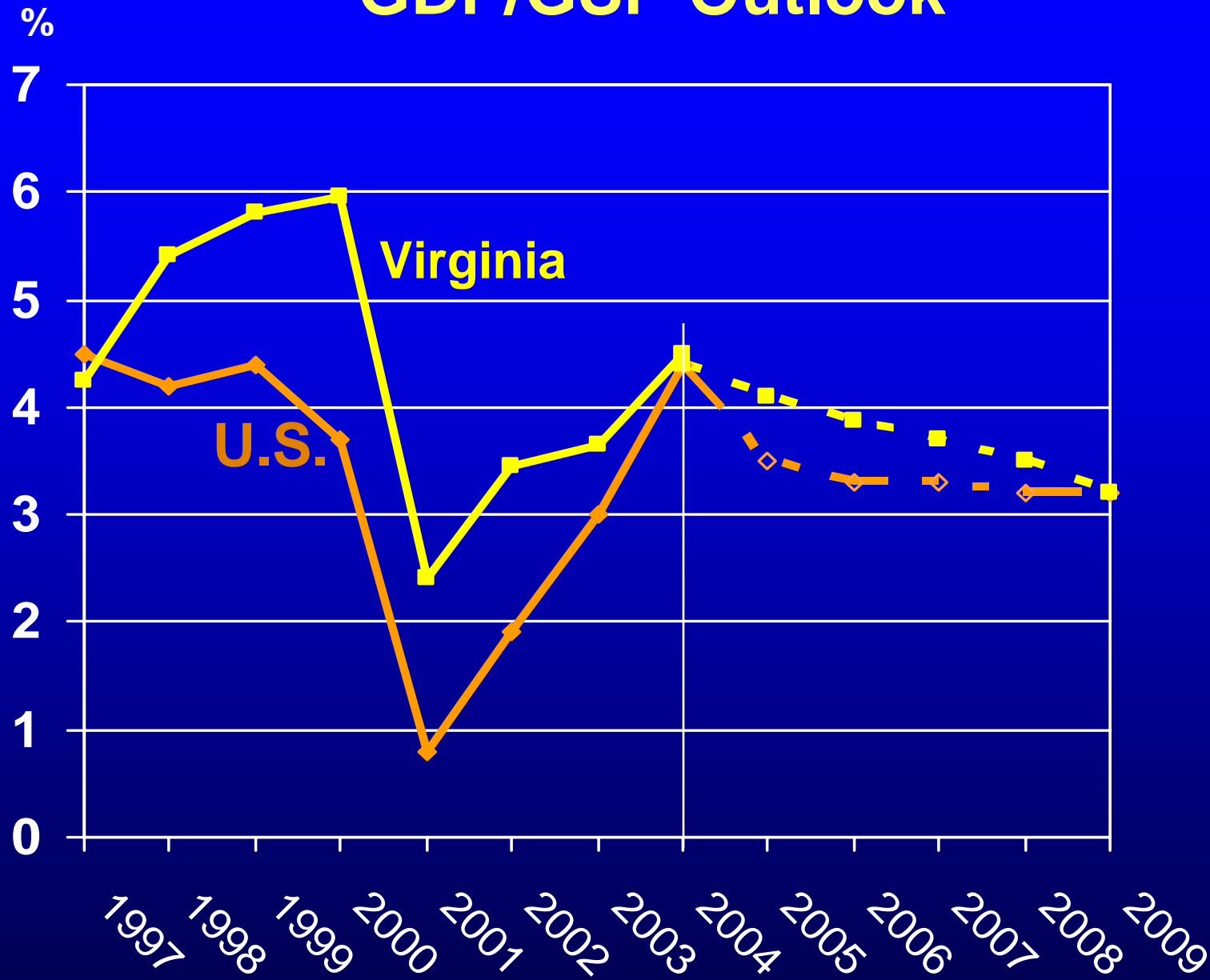


Interest Rate Trends and Outlook

Average Annual Rate, 1998-2008



GDP/GSP Outlook



Economic Outlook – 2010

(Annual % Change)



Job Change in Virginia

Annual Average 94-04	58,000
2003	2,700
2004	86,900
2005	97,000
2006	85,000
2007	75,000



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