

# “Big Picture” Economic Development Study of Falls Church

Center for Regional Analysis  
School of Public Policy  
George Mason University

May 2005

# Purpose and Objectives

Examine major trends at the national, regional, and local levels in terms of the implications and relevance of the development trends for the future of the City of Falls Church

2005 Study

# Development Trends and How they could impact Falls Church

2005 Study

# Falls Church's 2 Economies

- Internal Demand
  - Residents
  - Businesses
  - Government and Non-profits
- External Demand from Surrounding Markets
  - Federal Government/Contractors
  - Tyson's Corner
  - Northern Virginia

2005 Study

# Key Trends Driving Falls Church's Development

- Northern Virginia's rapid growth
- Growth of high quality jobs
- Aging of population and growth of "early" and "empty" nesters
- Shortage of housing and increasing housing prices

2005 Study

# Key Trends Driving Falls Church's Development

- Increased commuting and congestion costs making close-in areas even more in demand
- Changing patterns of density and mix of uses to meet the needs and preferences of an increasingly diverse and urban population

2005 Study

# Public Policy Actions That Could Effect Trends

- Homeland Security
- BRAC – DOD Agency Relocation from Leased Office Space
- Metro Extension to Dulles and Loudoun County

2005 Study

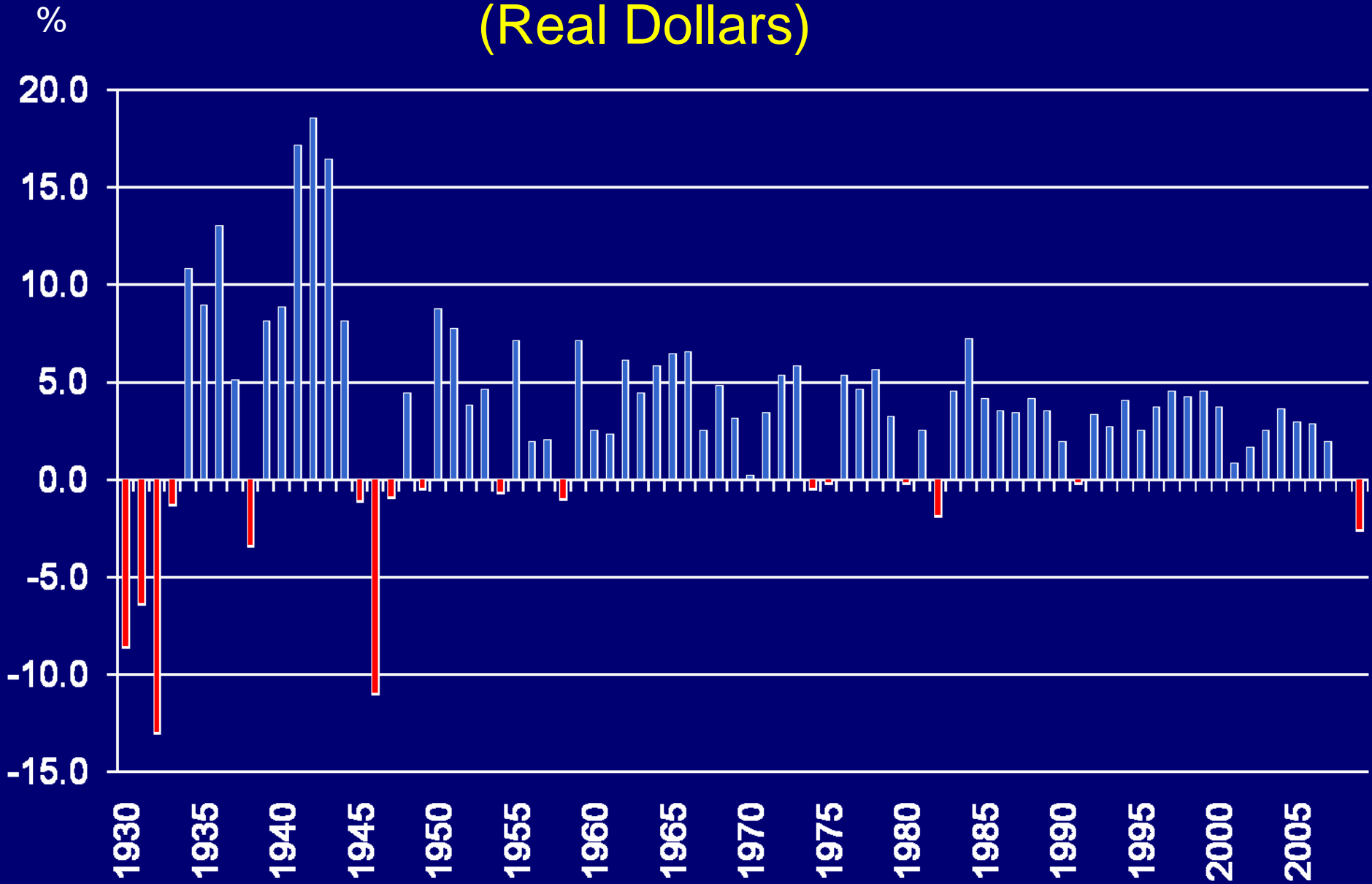
# Public Policy Actions That Could Effect Trends

- I-66 Widening
- Doubling of Tyson's Expansion
- Redevelopment/Intensification of East Falls Church Metro
- City of Falls Church Land Use and Economic Development Policies

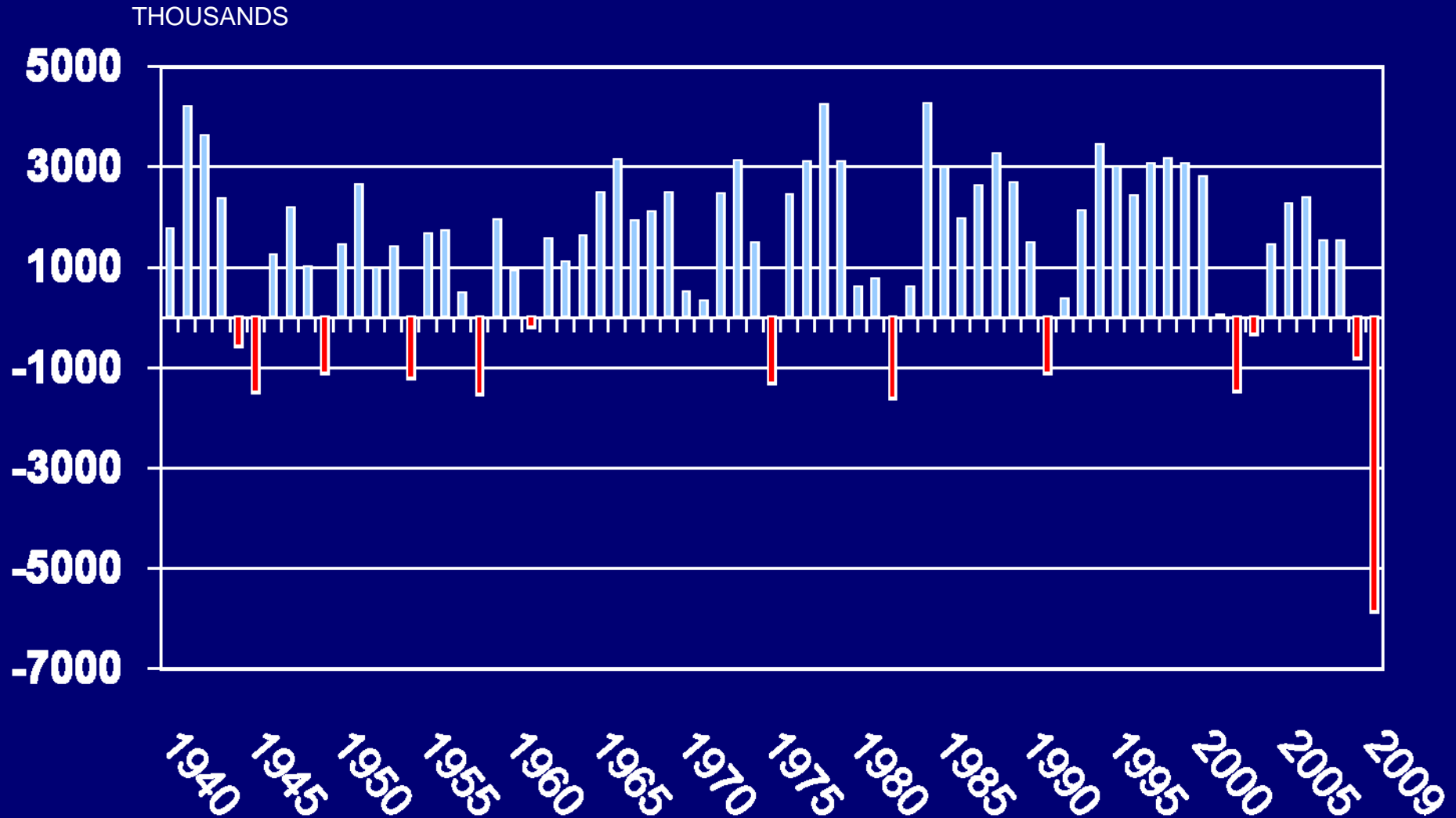
2005 Study

# The National Economy

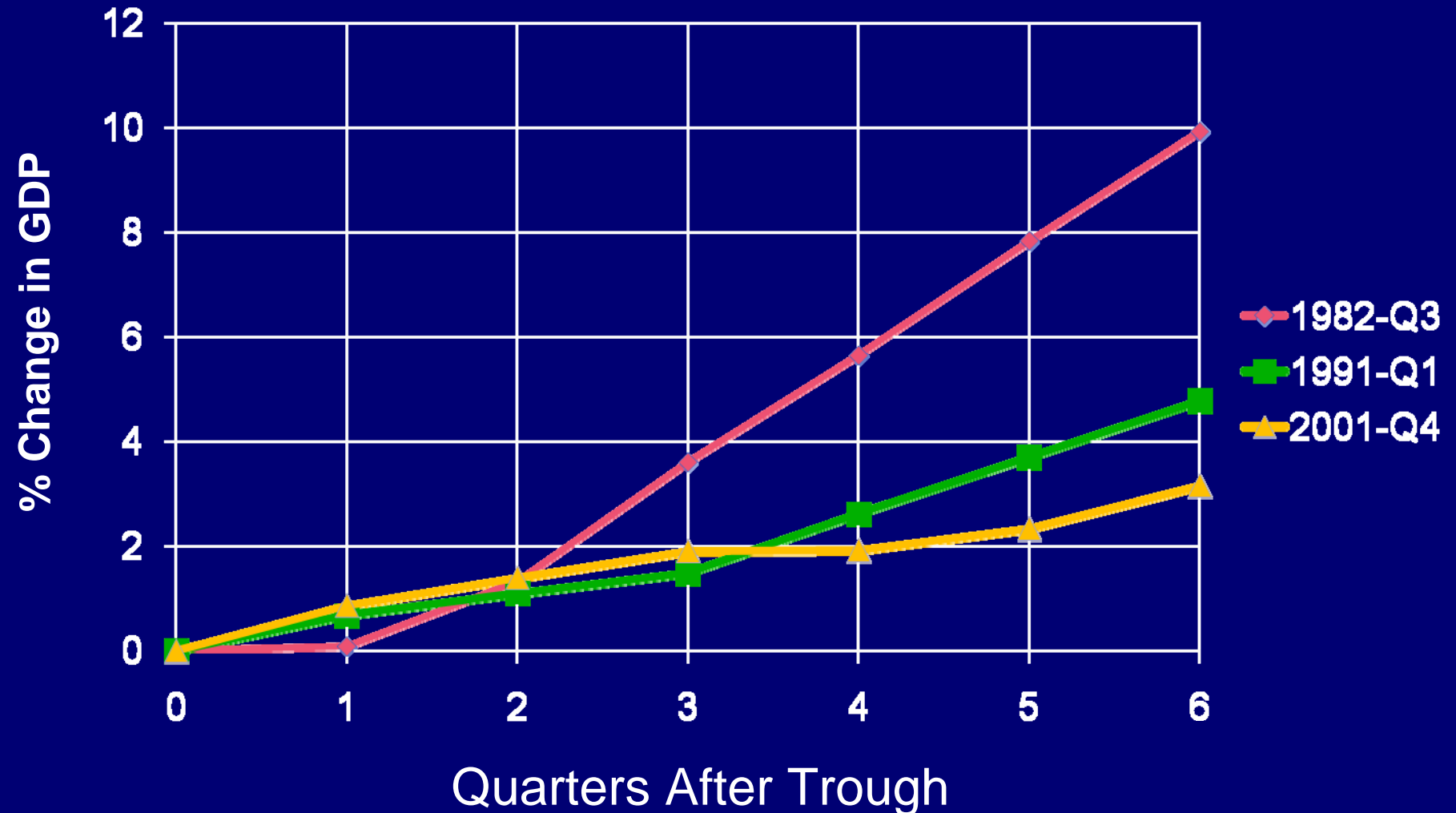
# GDP Percent Change, 1930-2009



# Annual Change in Jobs – US 1940 - 2009



# Recession Recovery Patterns of GDP Previous Three Recessions



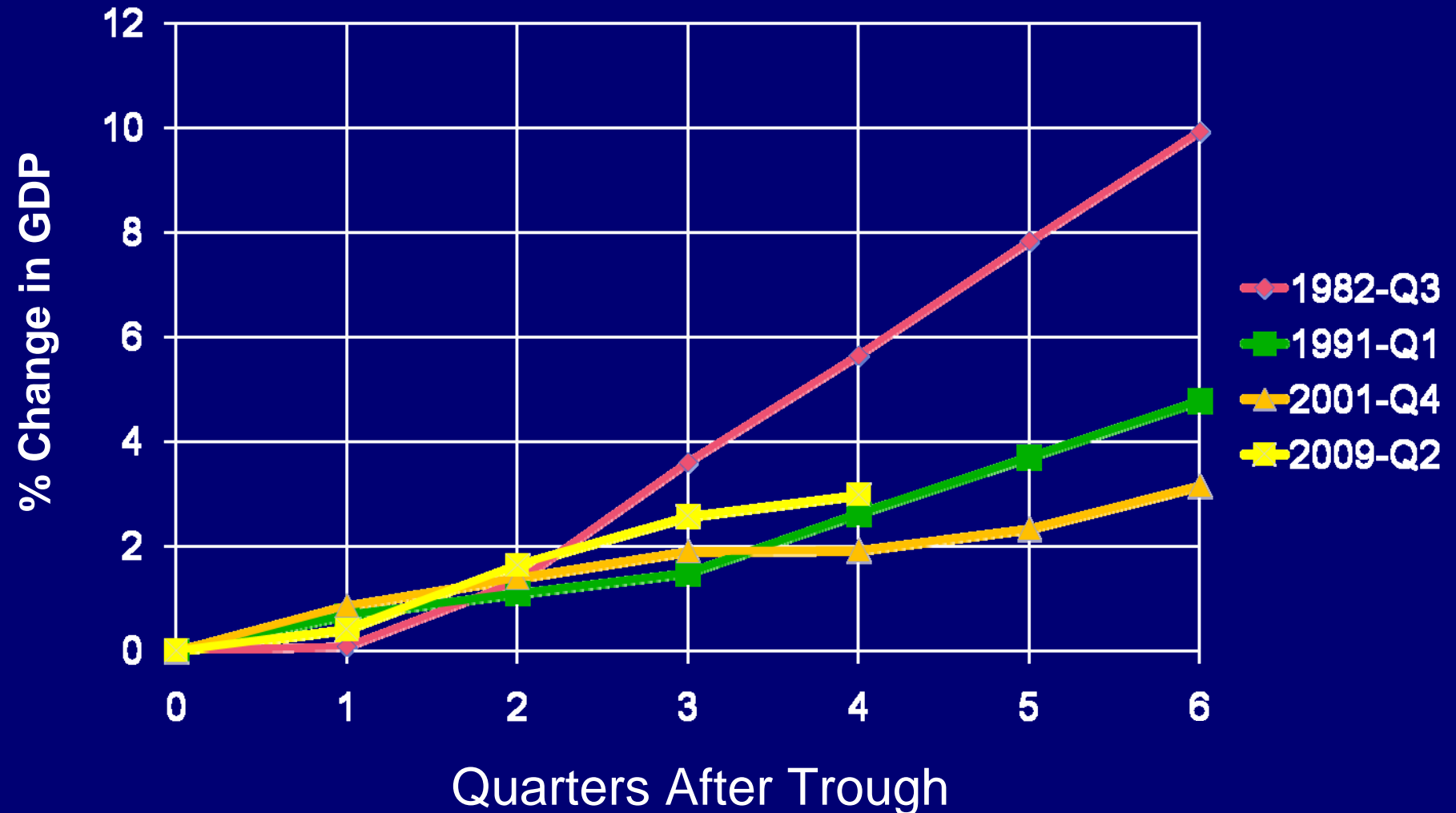
*Falls Church City Council Retreat*

***The 2<sup>nd</sup> Year of the Recovery:***  
*Outlook for the U.S.,*  
*Washington Area and Northern Virginia*

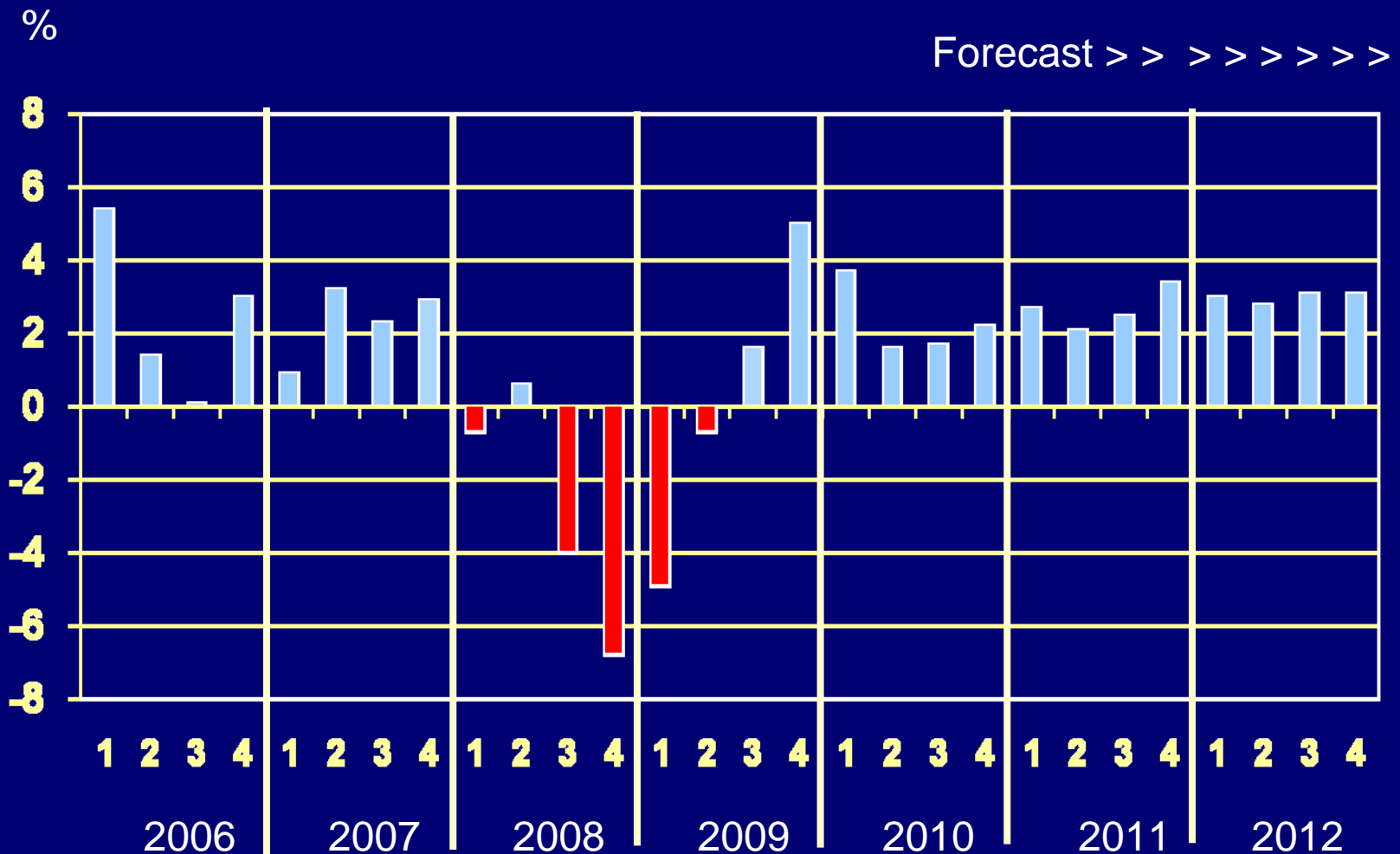
John McClain, AICP, Senior Fellow and  
Deputy Director, Center for Regional Analysis  
School of Public Policy  
George Mason University

September 25, 2010

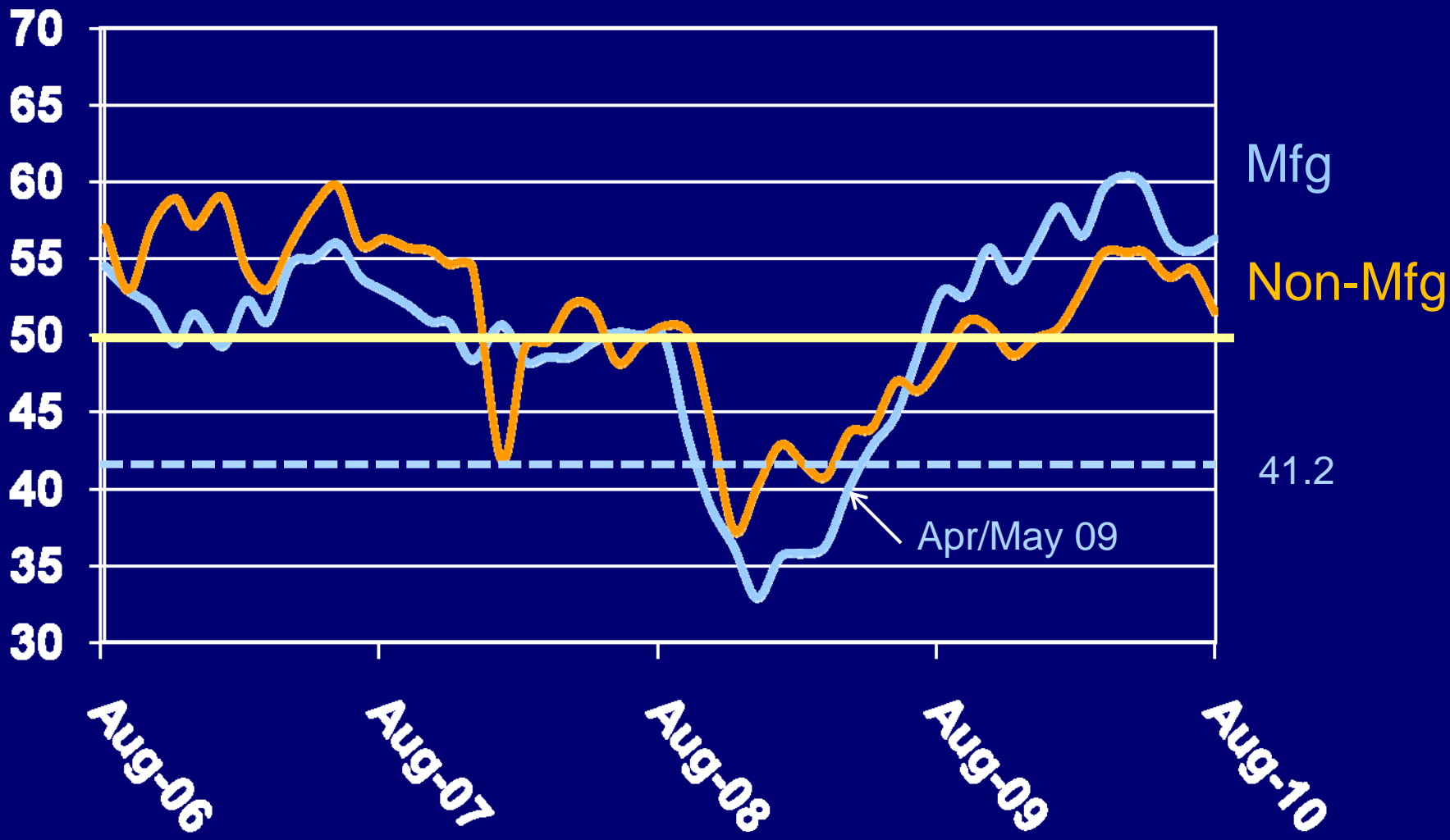
# Recession Recovery Patterns of GDP Past Four Recessions



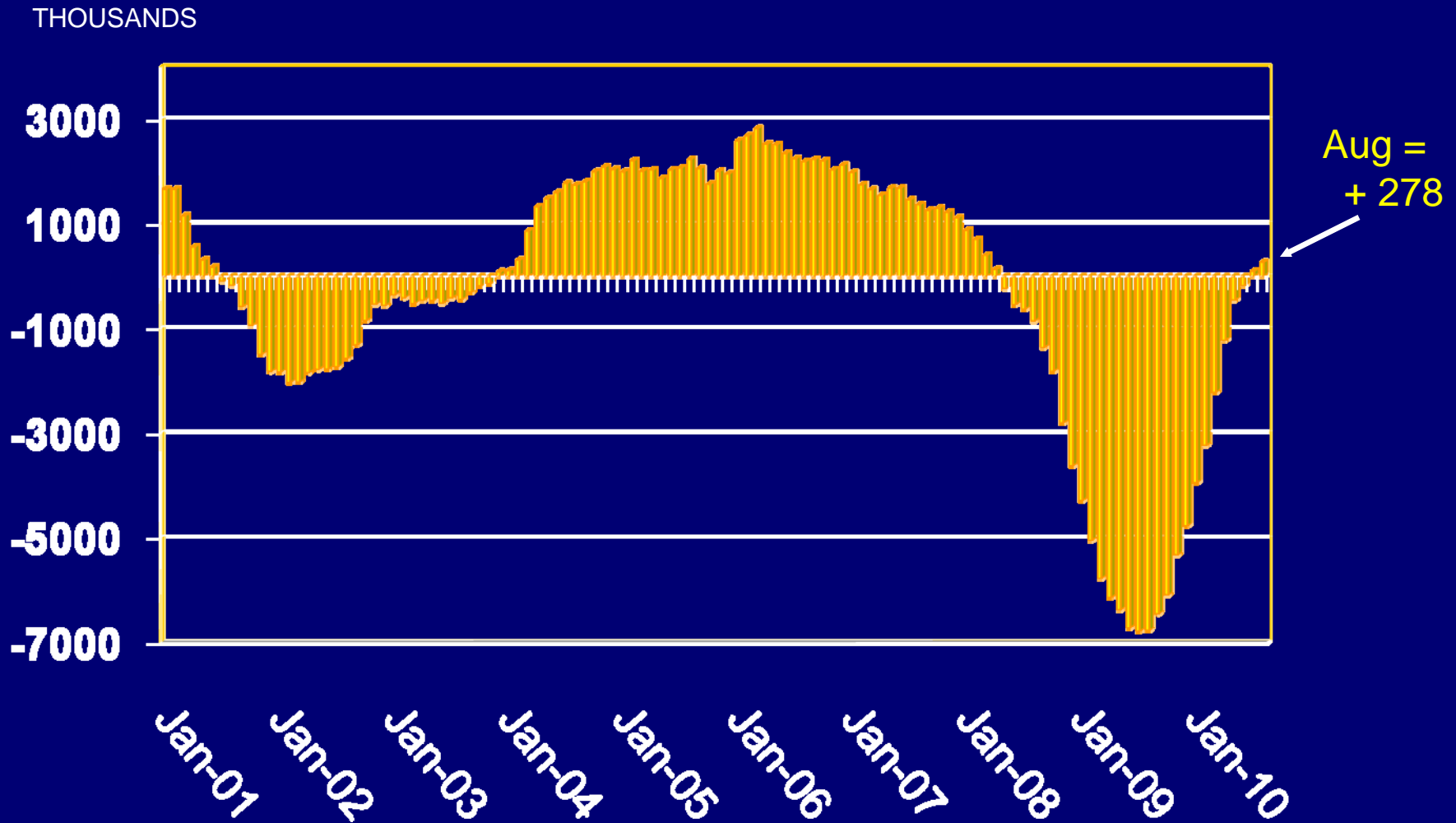
# U.S. Gross Domestic Product Quarterly Change: 2006 – 2012



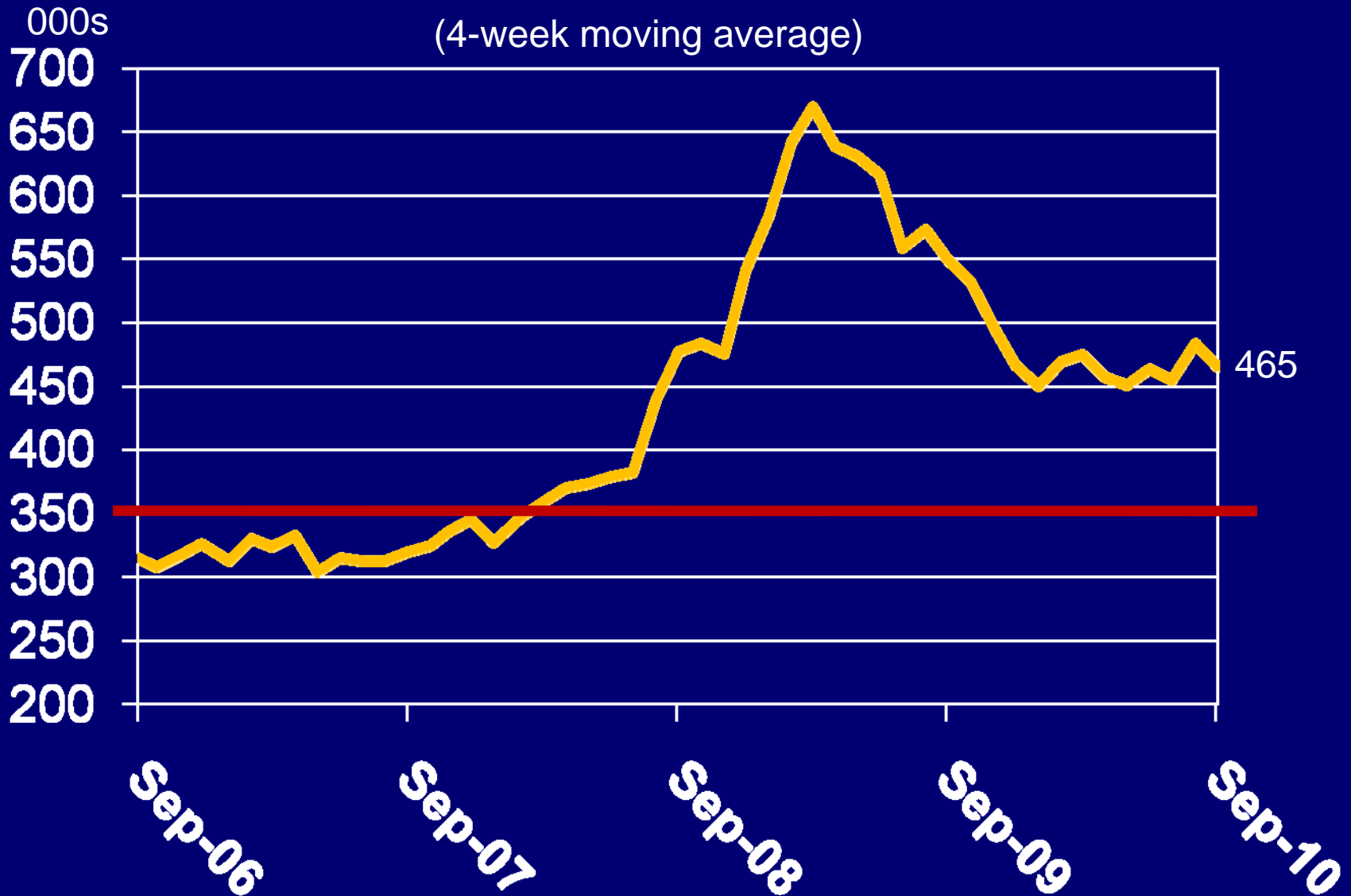
# ISM Manufacturing and Non-Manufacturing Indices



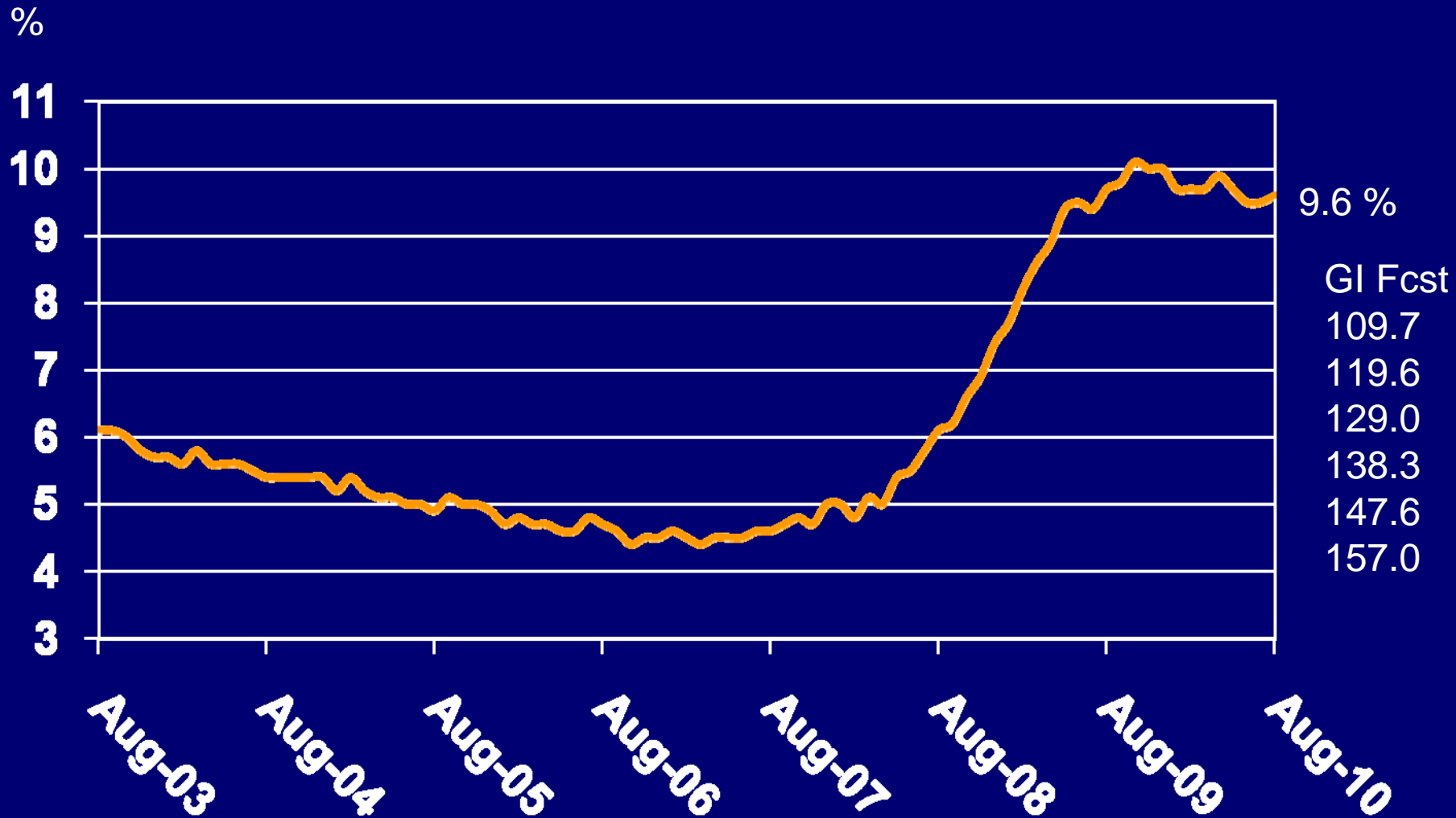
# Annual Change in Payroll Jobs - US



# Initial Unemployment Claims



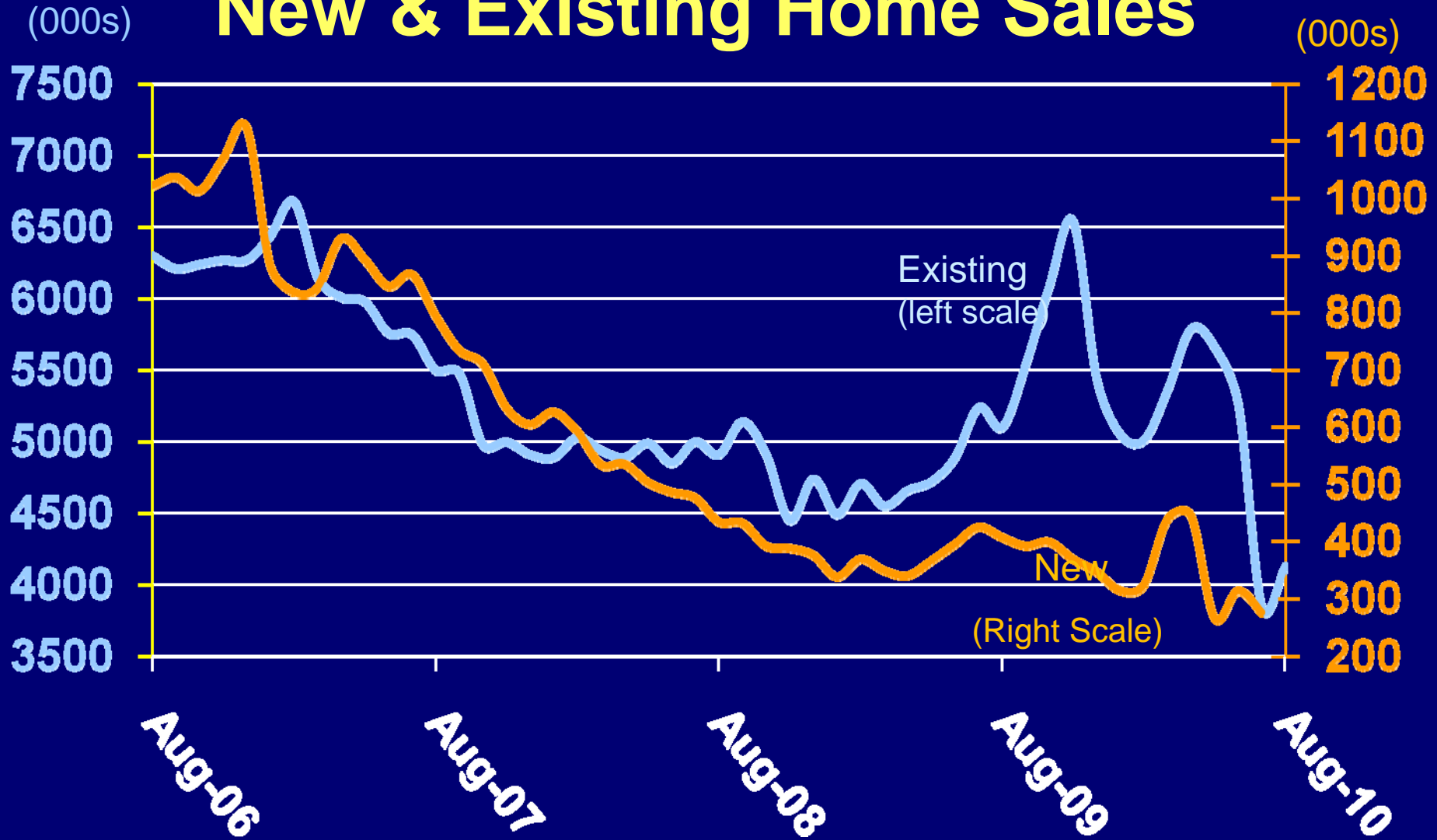
# U.S. Unemployment Rate



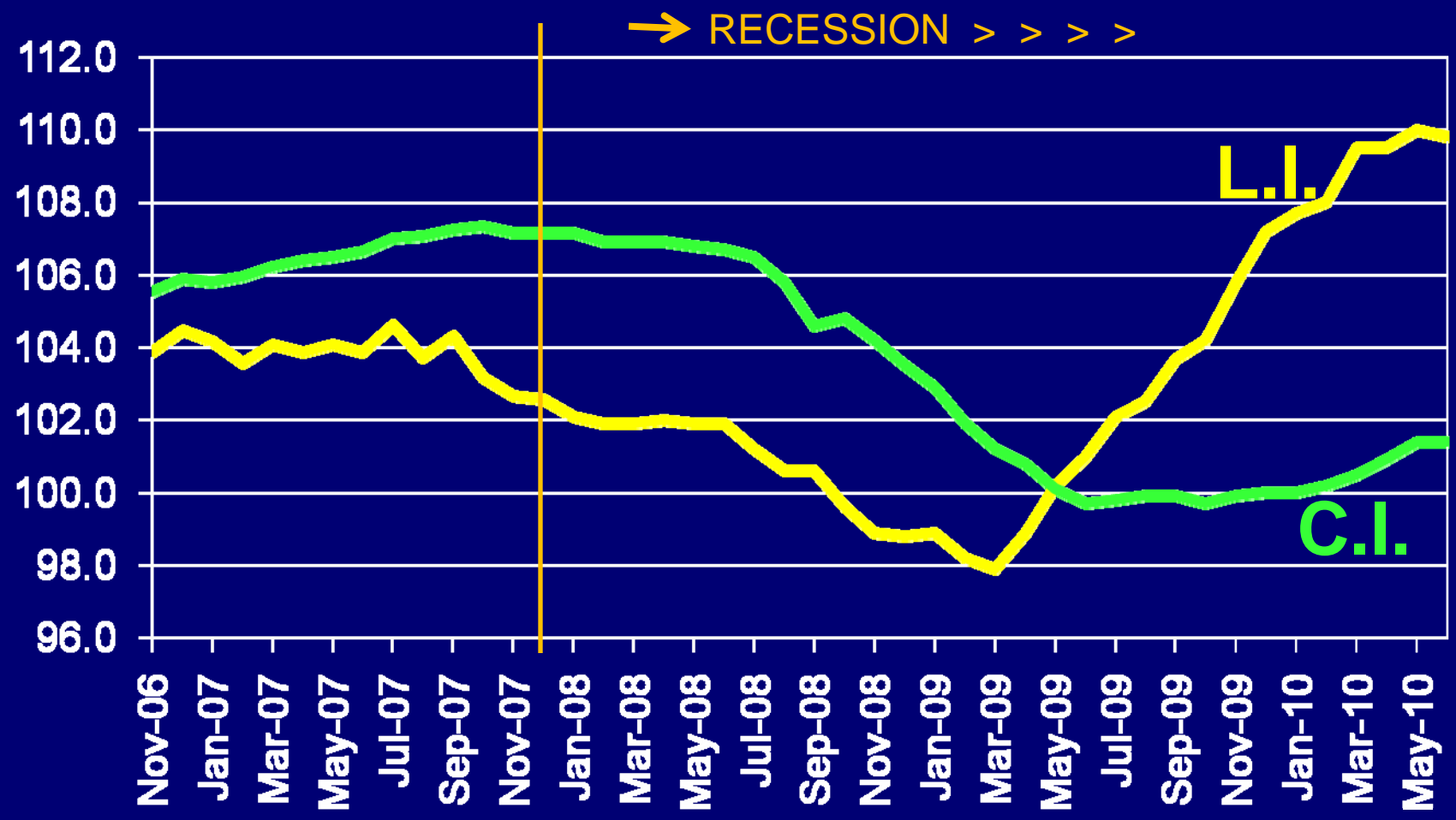
Source: BLS, Seasonally Adjusted

# U.S. Housing Trends

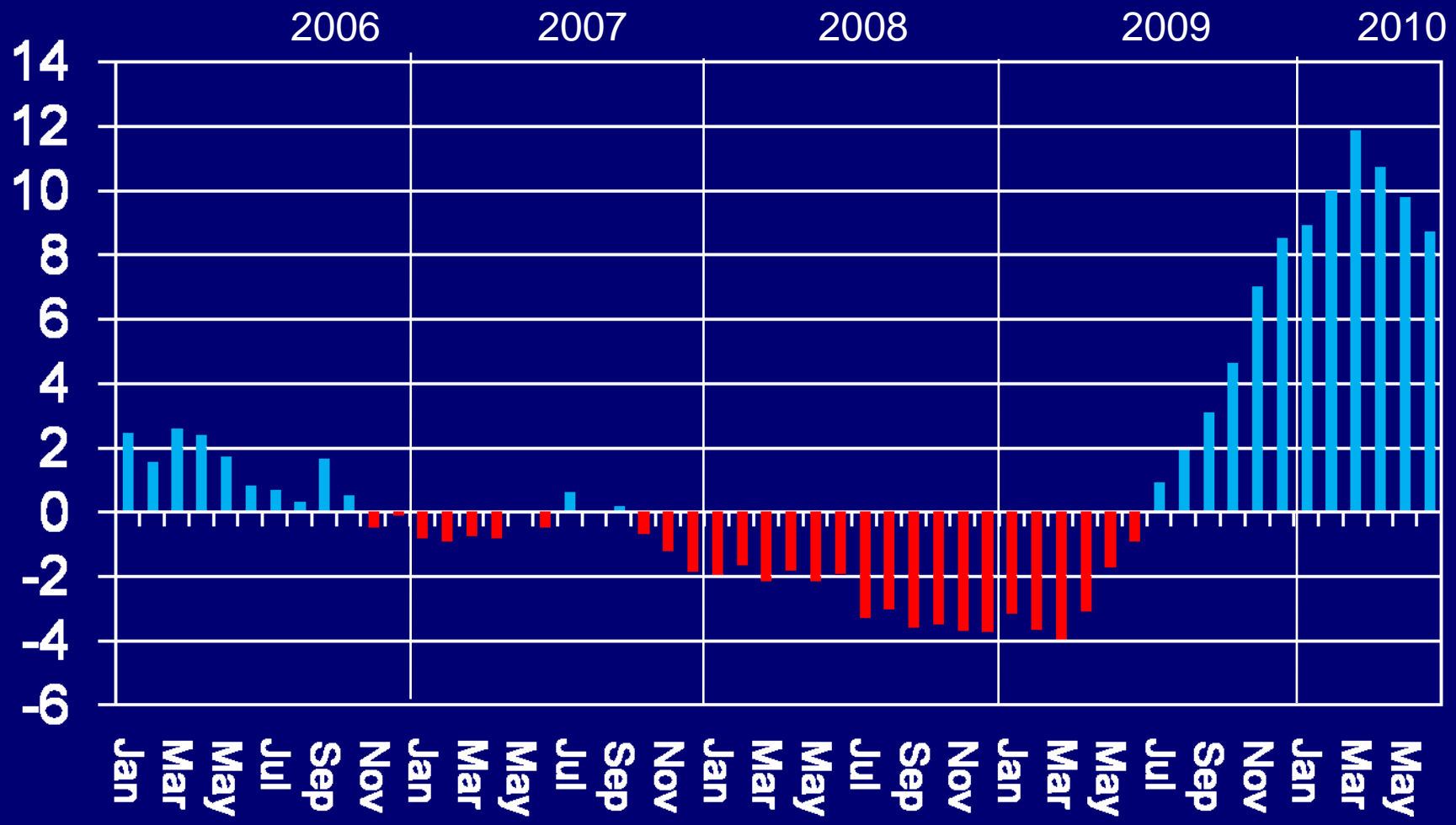
## New & Existing Home Sales



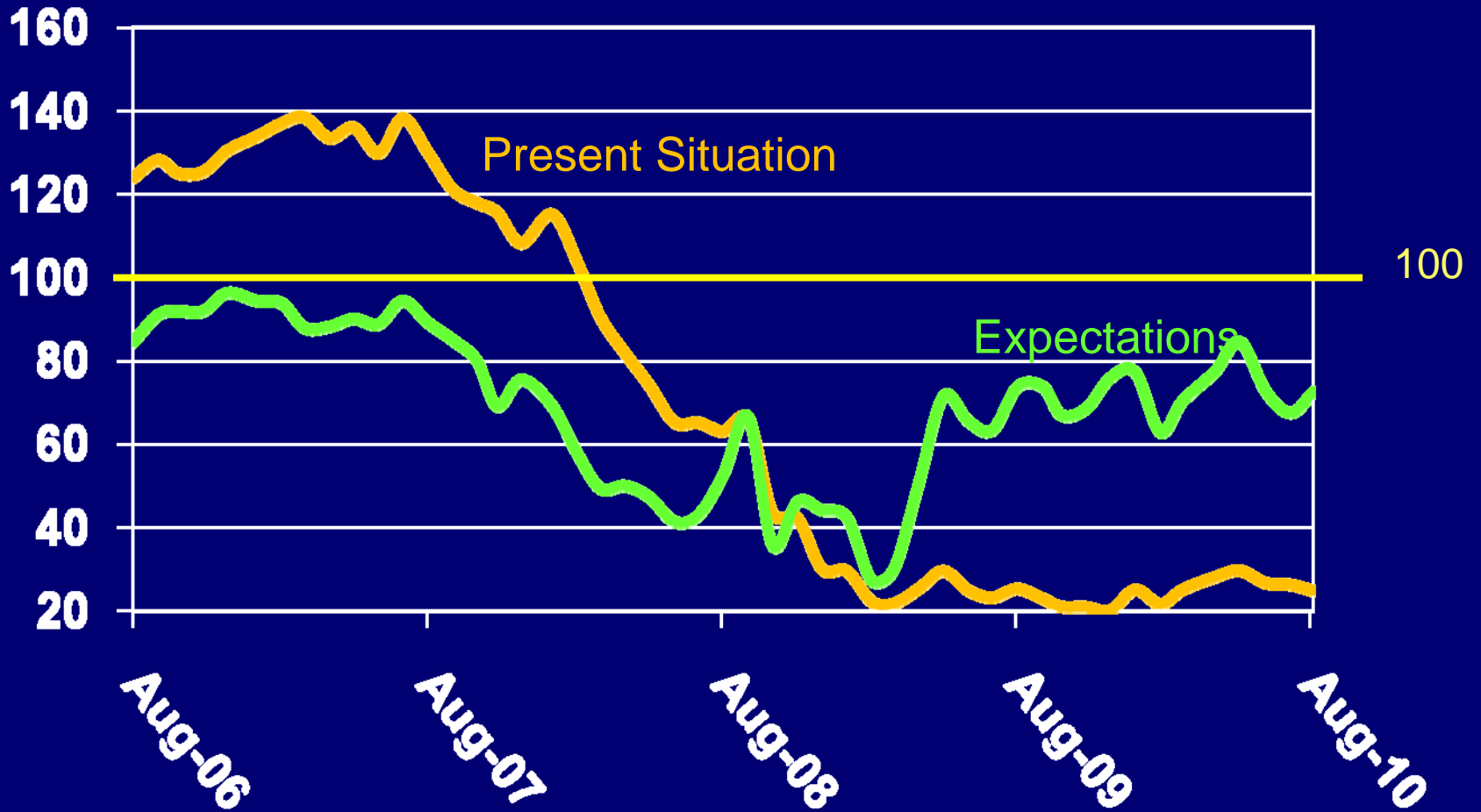
# U.S. Coincident and Leading Indices Nov 2006 – Jun 2010



# U.S. Leading Index

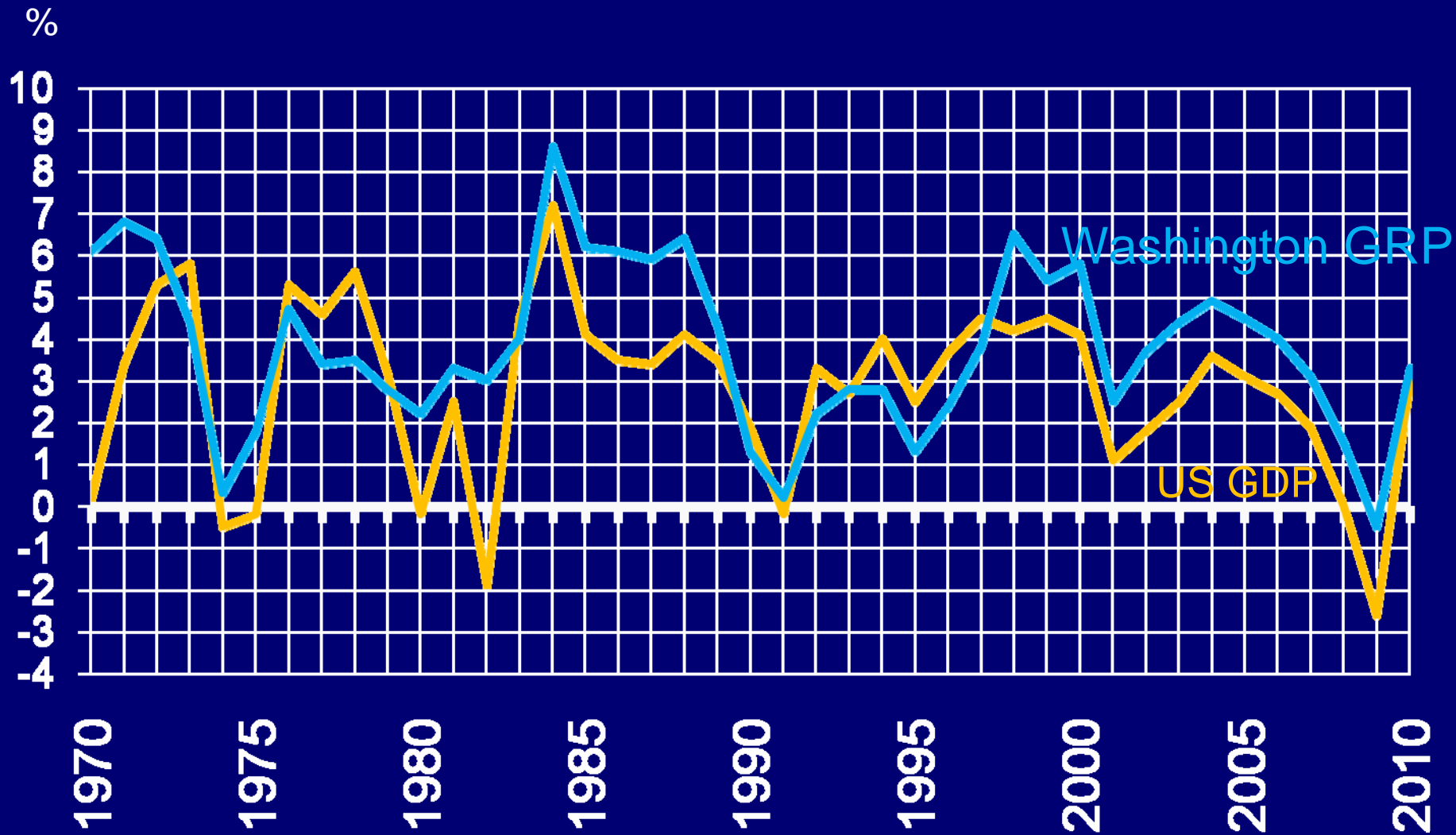


# Consumer Confidence

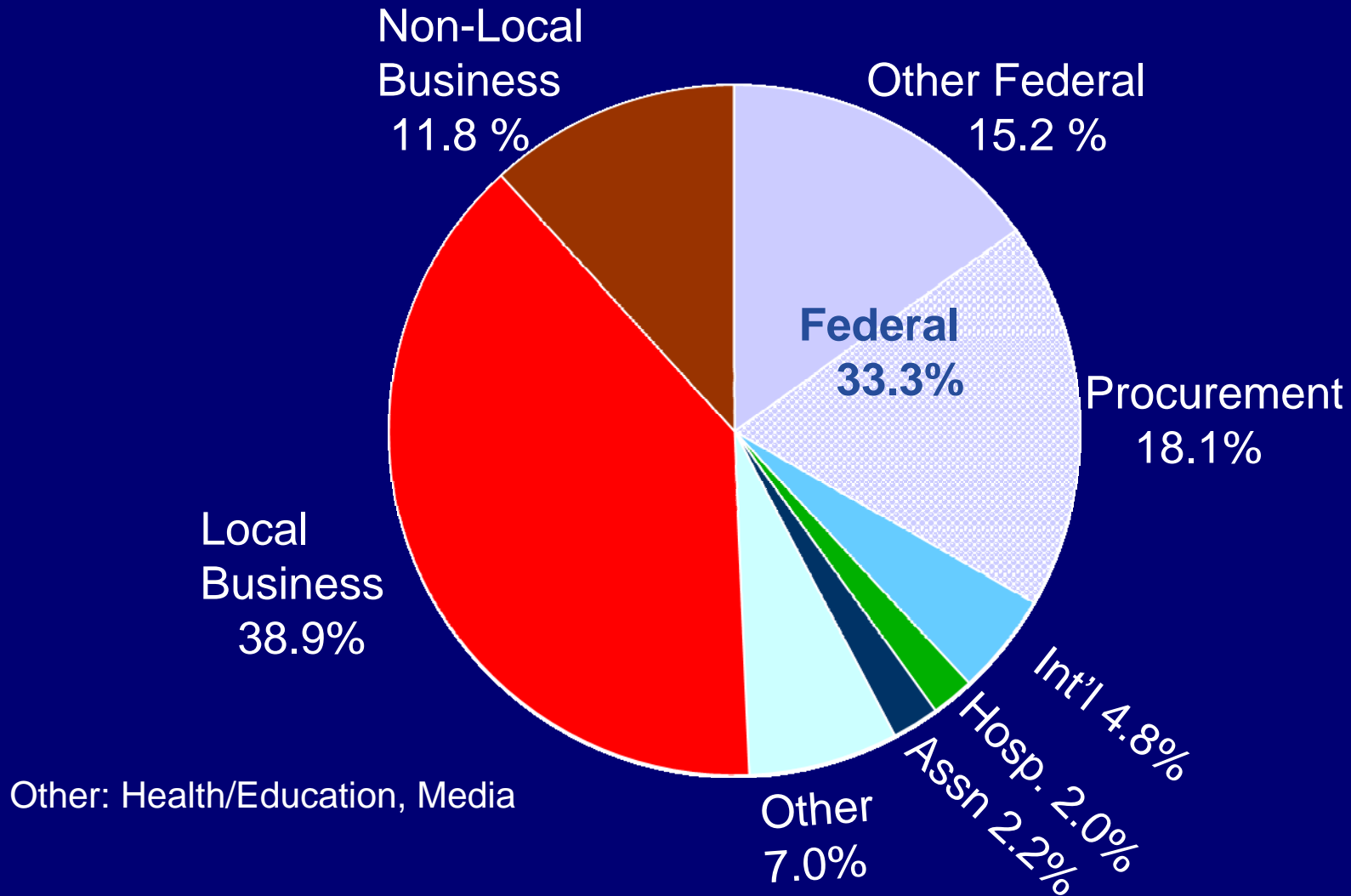


# The Washington Area Economy

# US GDP and Washington GRP

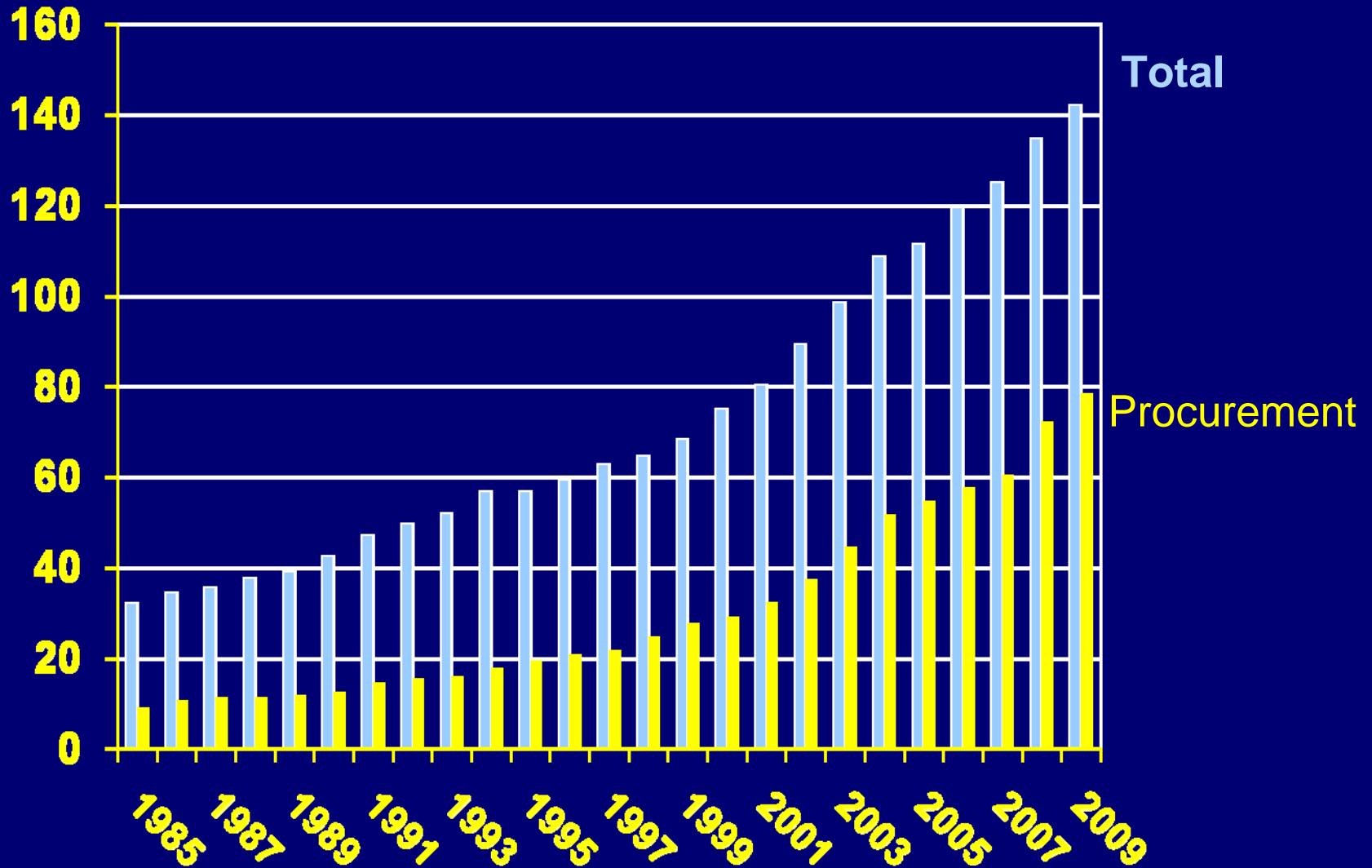


# 2009 Structure of the Greater Washington Economy



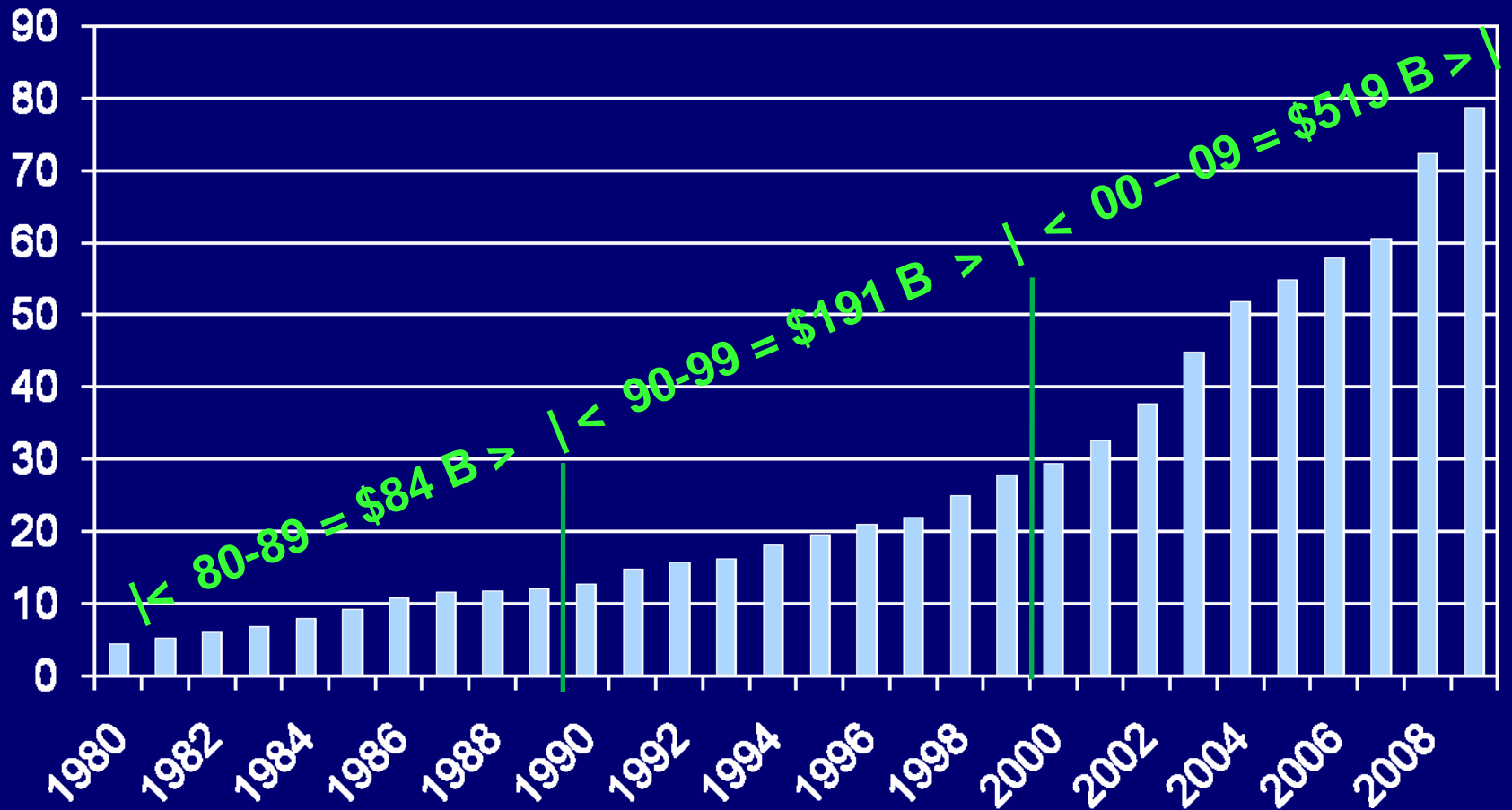
# Total Federal Spending Washington Metro Area

Billions Current \$

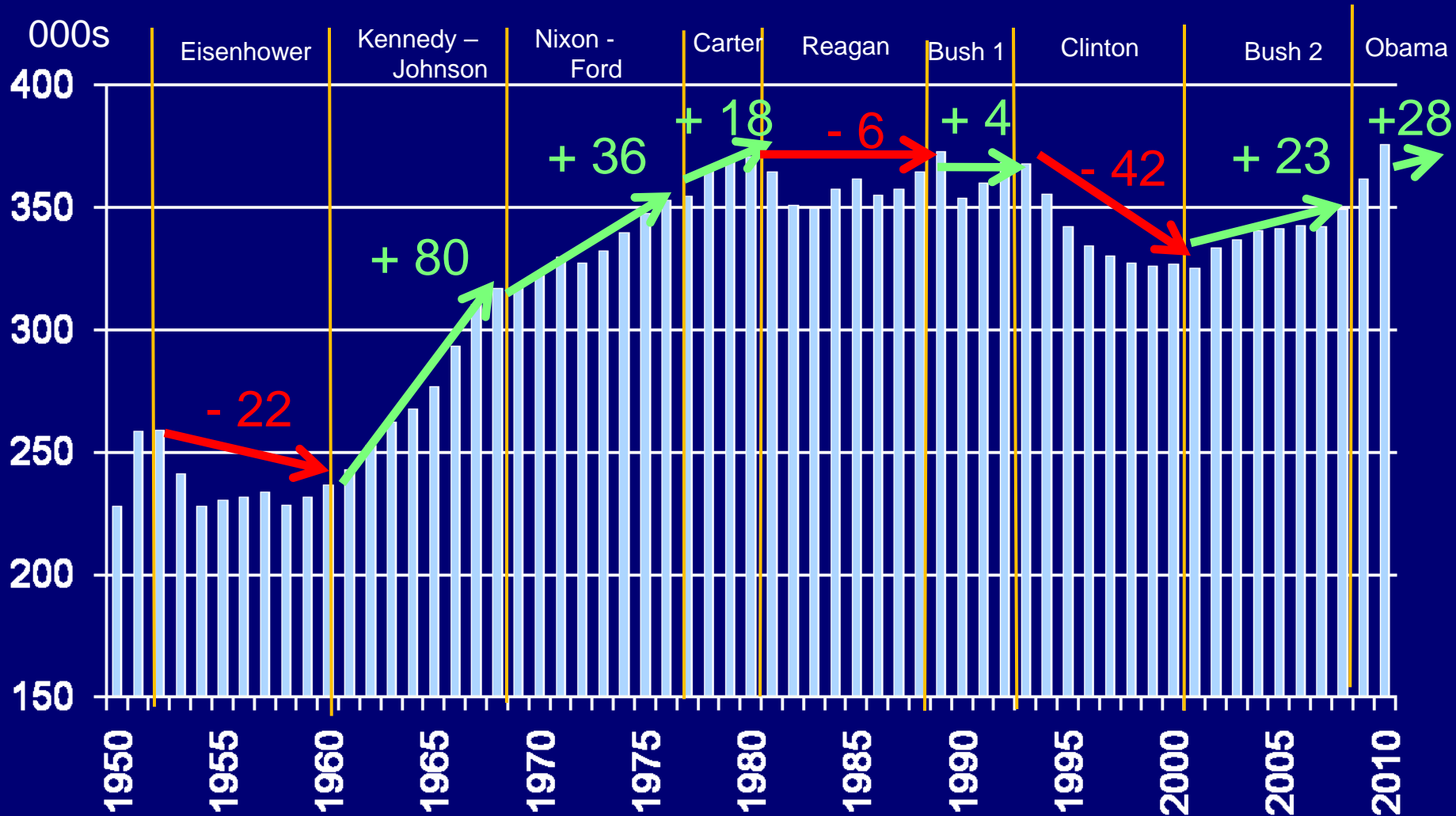


# Federal Procurement Washington Metro Area

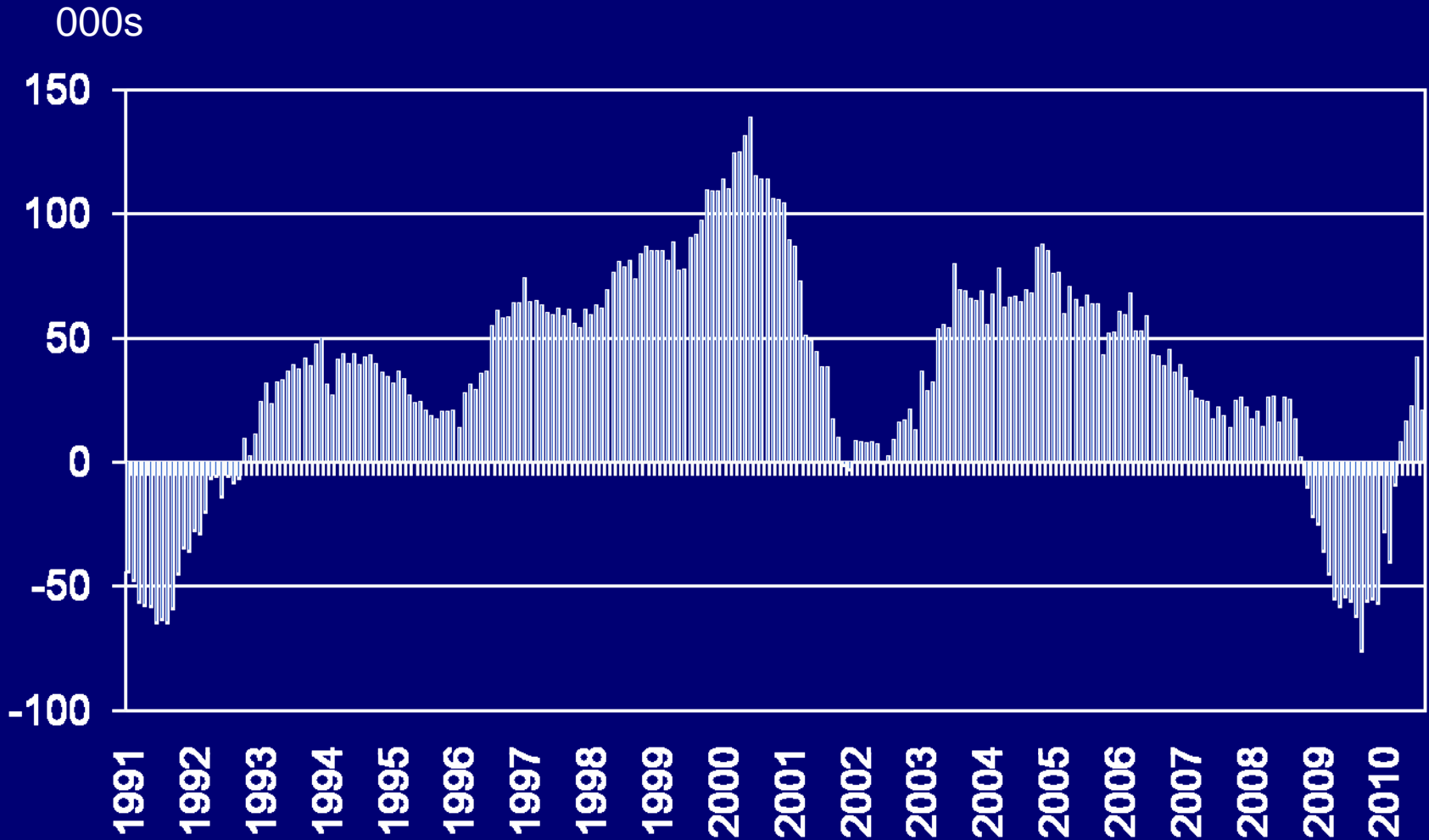
\$ Billions



# Federal Employment Washington Metro Area

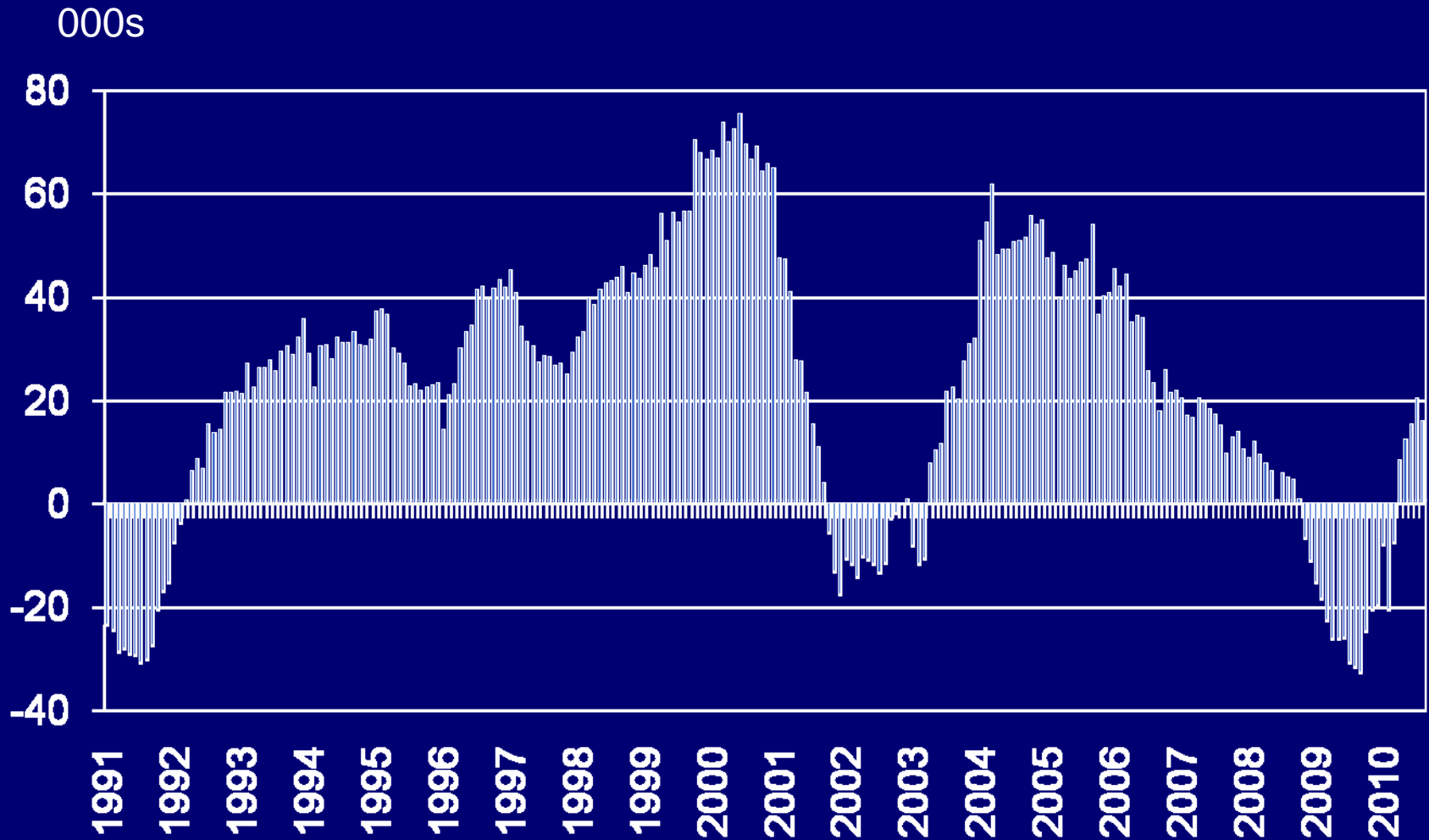


# Annual Job Change – MOTYC Washington MSA



Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

# Annual Job Change – MOTYC Northern Virginia



# 15 Largest Job Markets Job Change Aug 09 – Aug 10

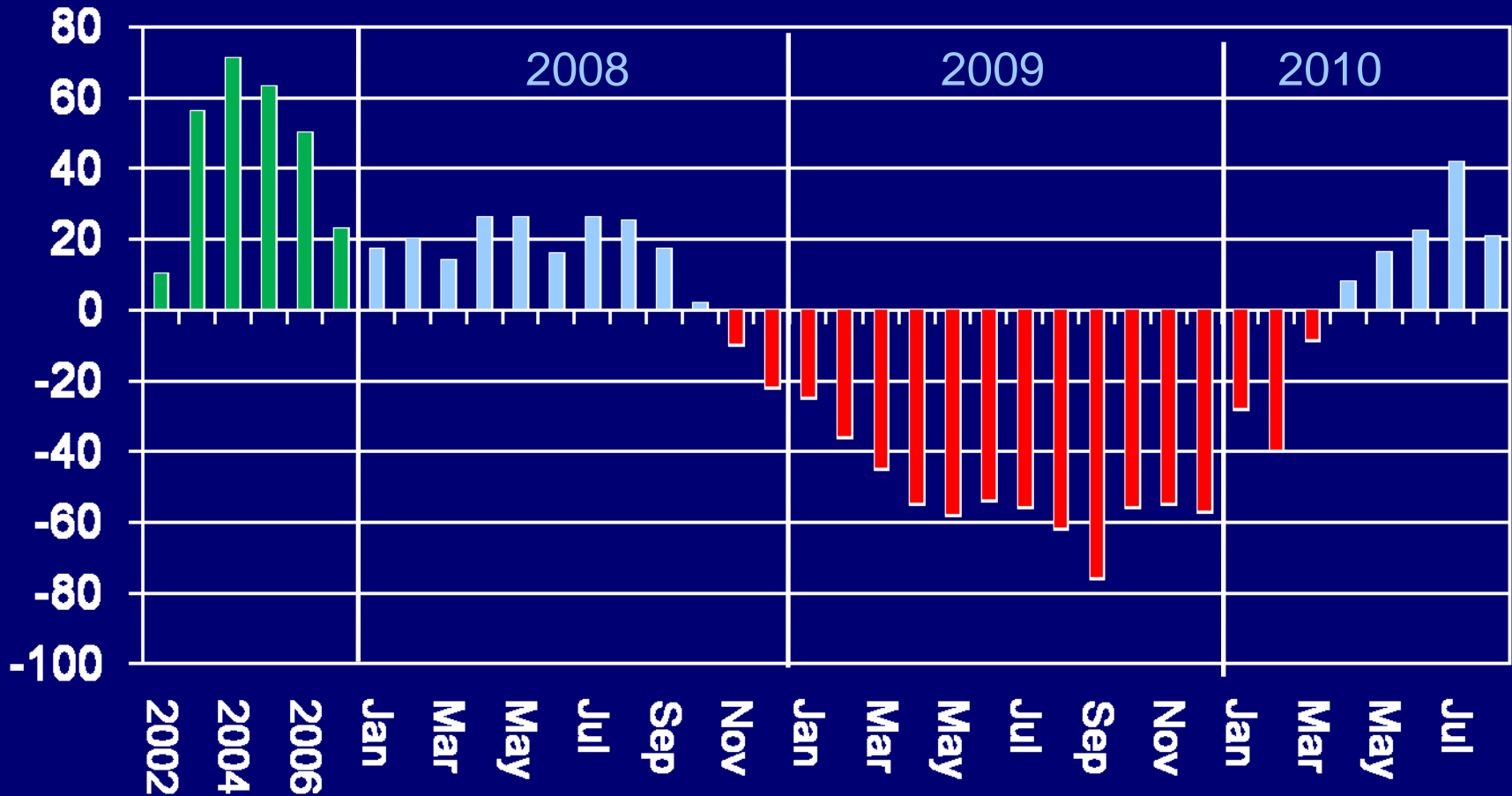


# Annual Job Change Washington MSA

000s

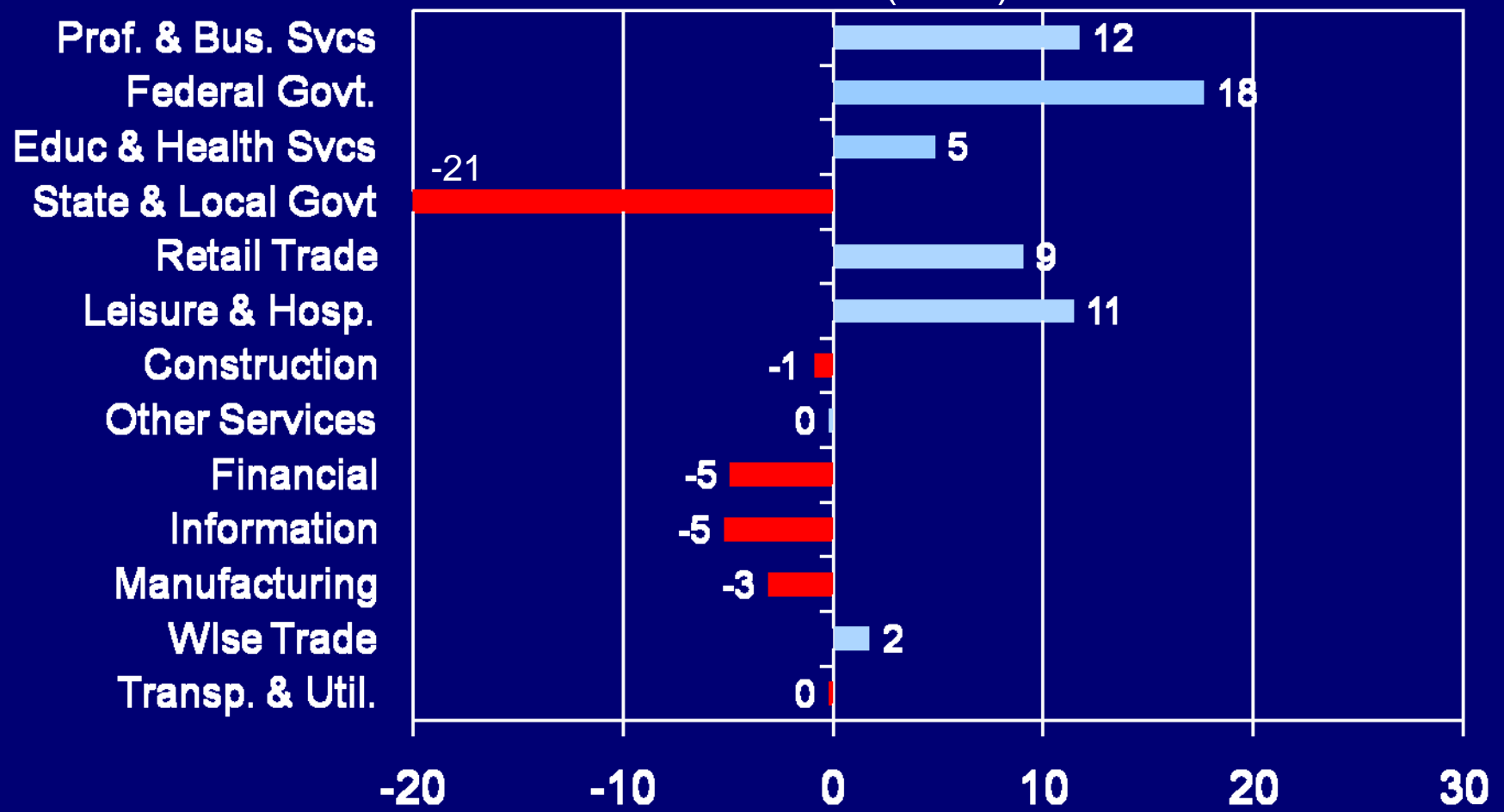
Annual Data

Annual Month over Year



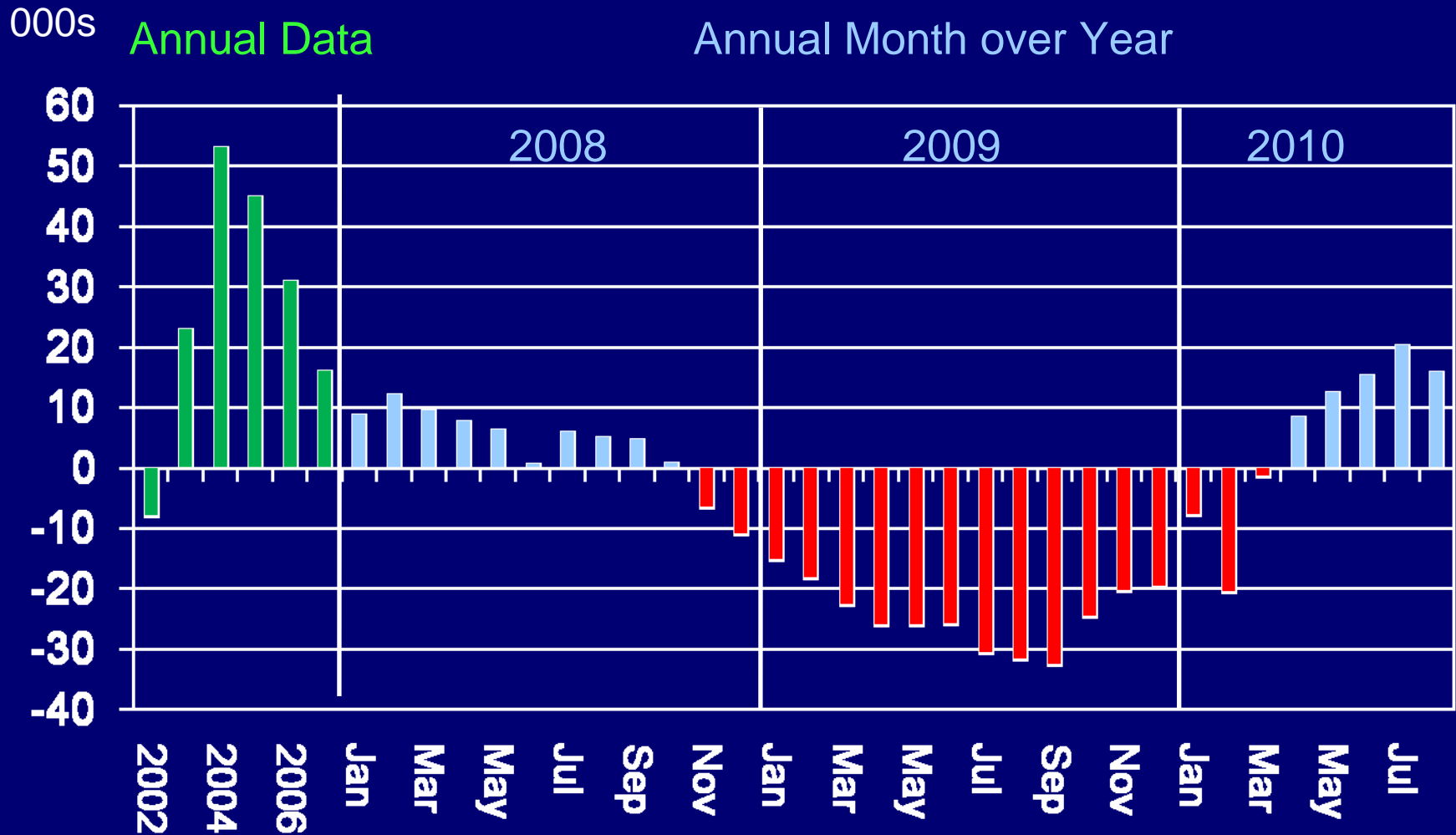
# Job Change by Sector Aug 2009 – Aug 2010 Washington MSA

(000s) Total 20,500



Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

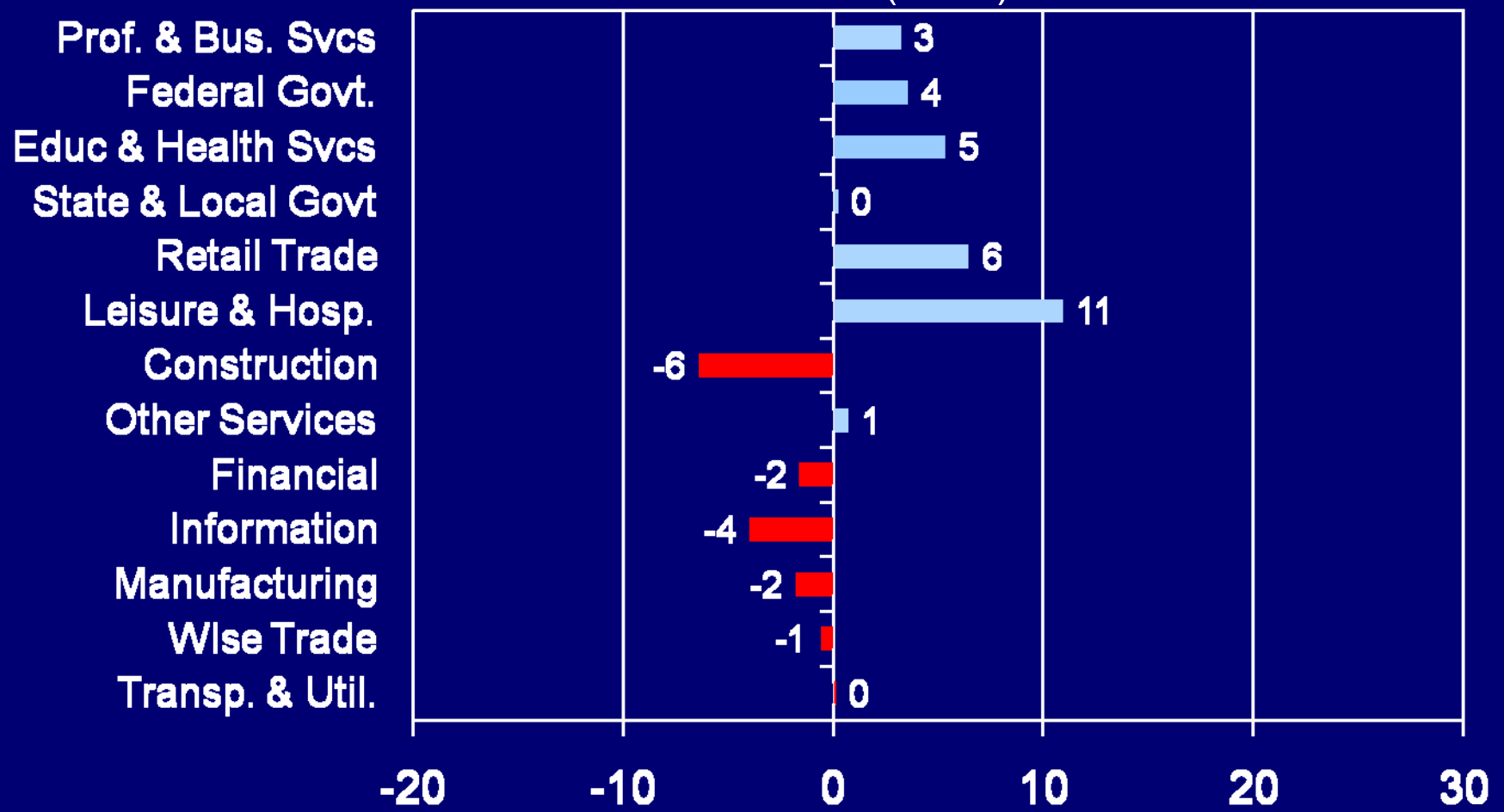
# Annual Job Change Northern Virginia



# Job Change by Sector Aug 2009 – Aug 2010 Northern Virginia

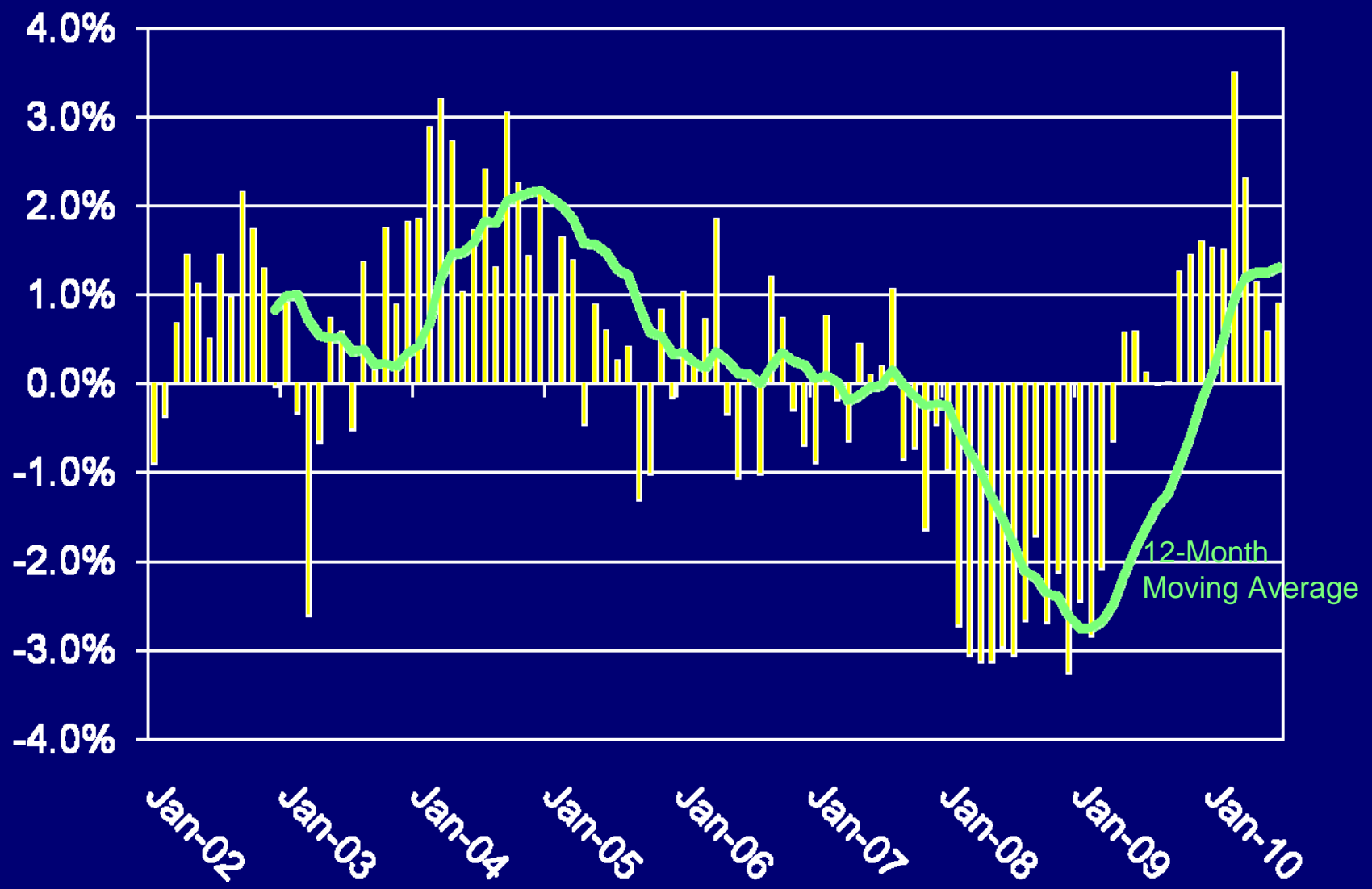
(000s)

Total 15,900



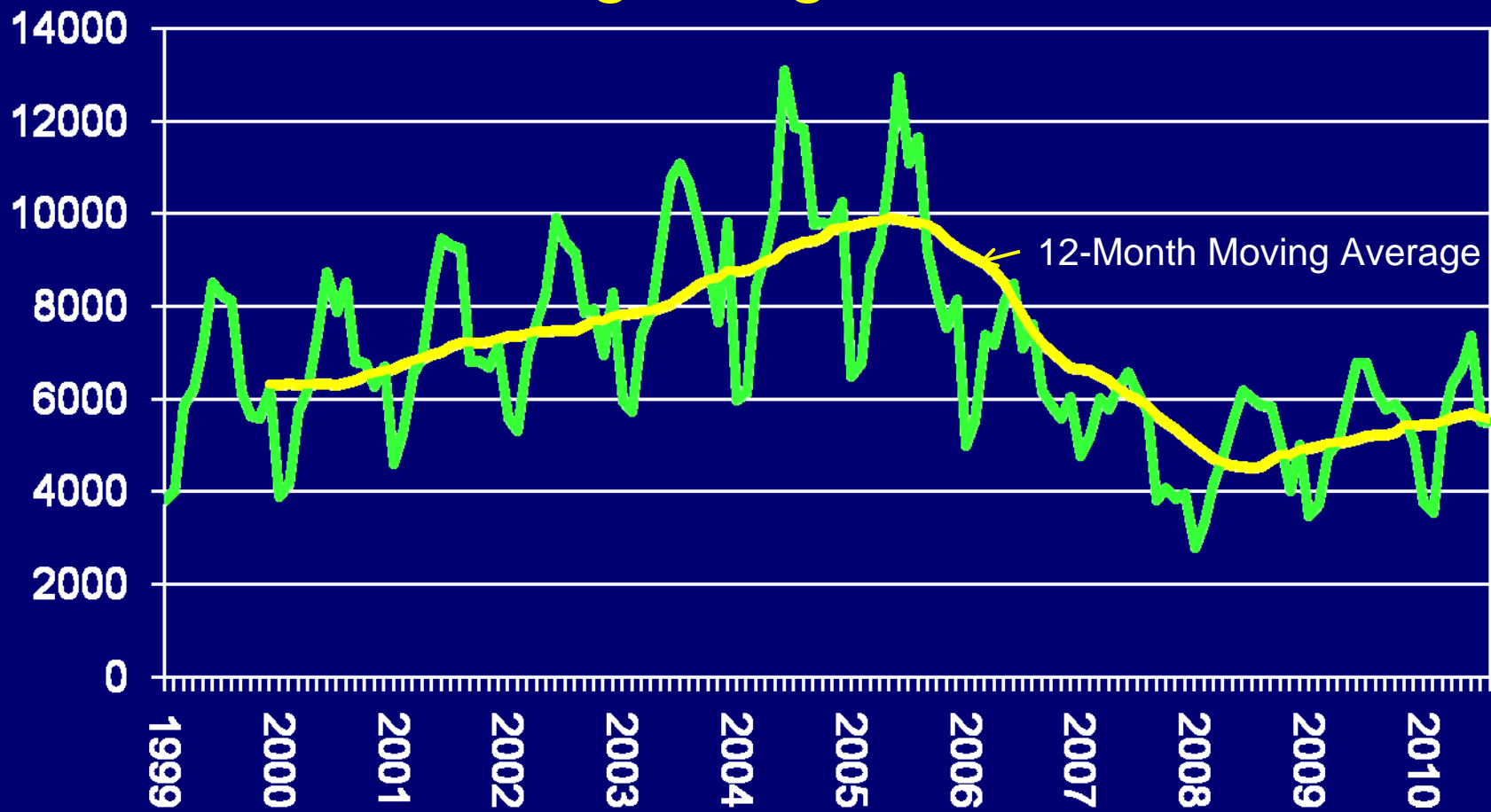
Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

# Washington MSA Leading Economic Index Month-Over-Year Percent Change



# The Housing Market

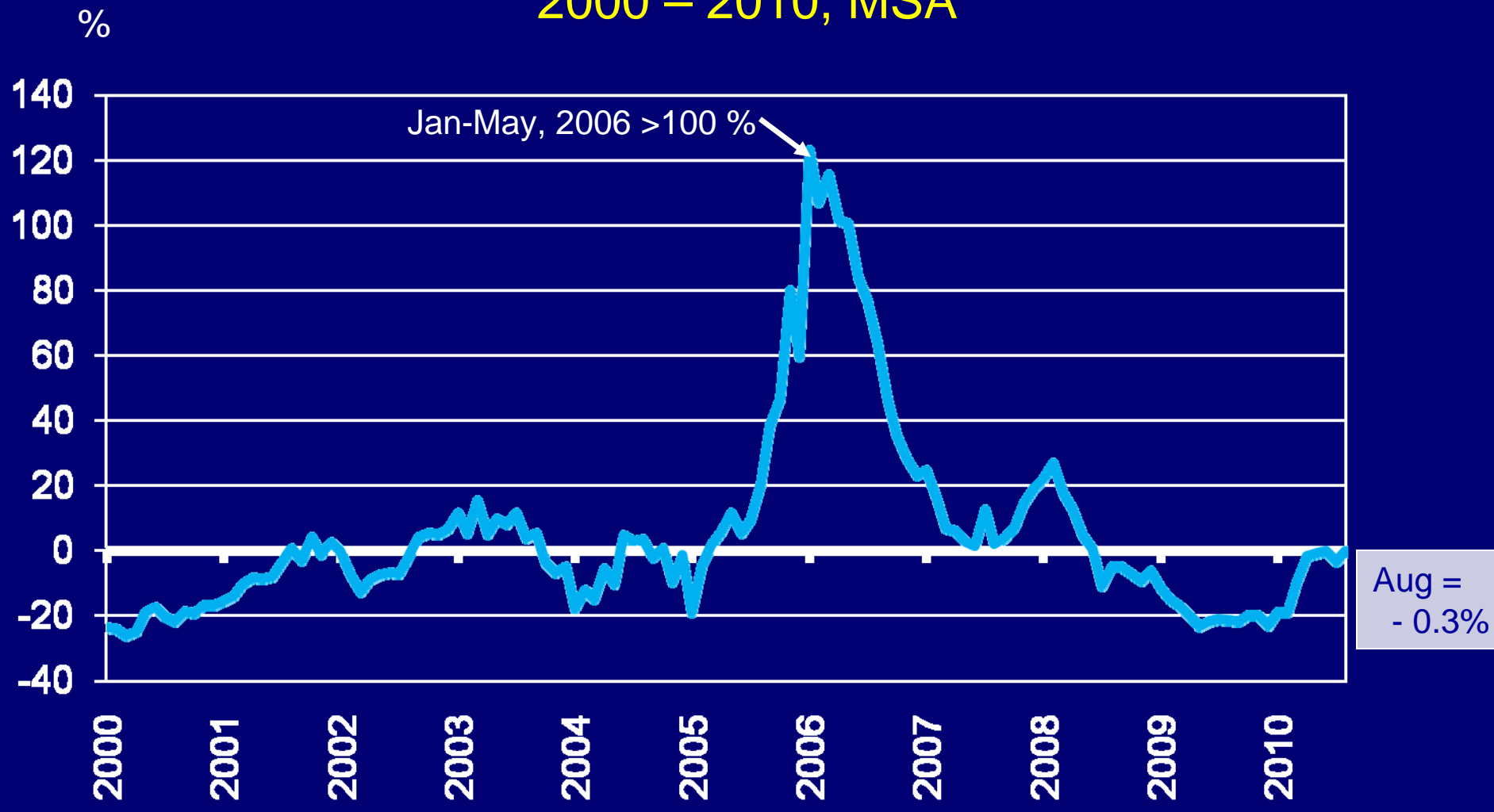
# Existing Home Sales Washington MSA Through August 2010



# Percent Change in Inventories of Existing Homes

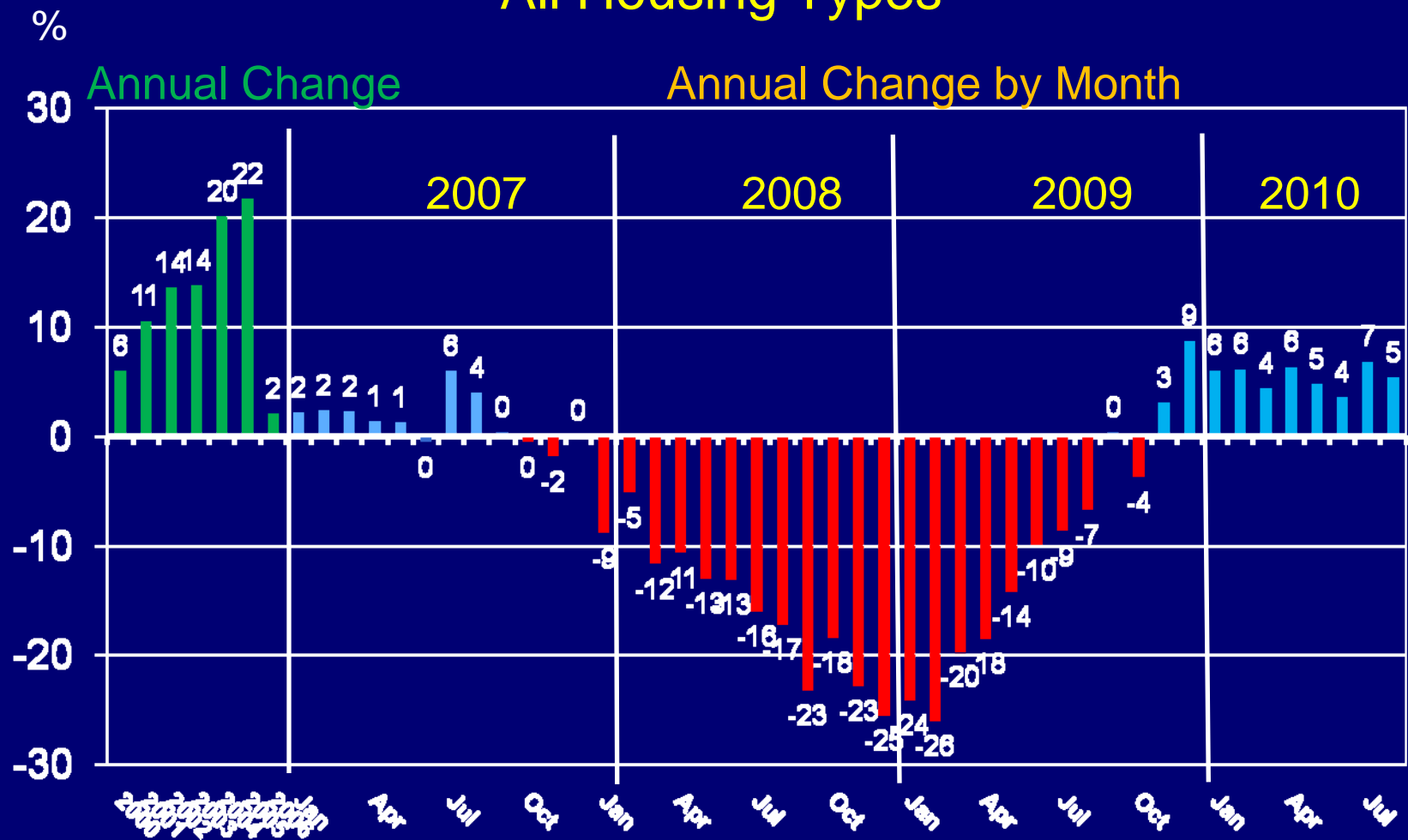
## Month-Over-the-Year-Change

### 2000 – 2010, MSA



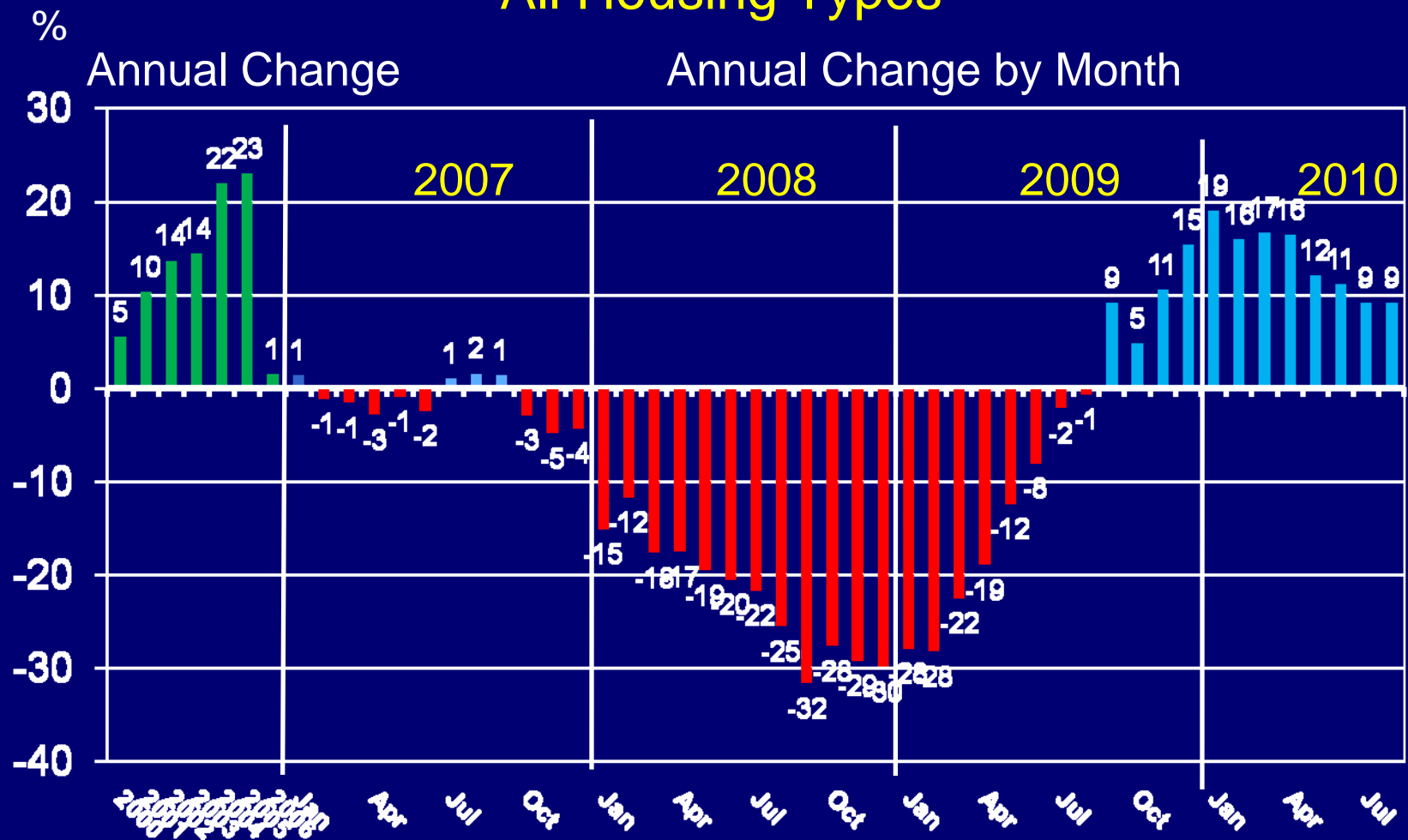
Source: MRIS, GMU Center for Regional Analysis

# Average Sales Price Percent Change Washington MSA All Housing Types



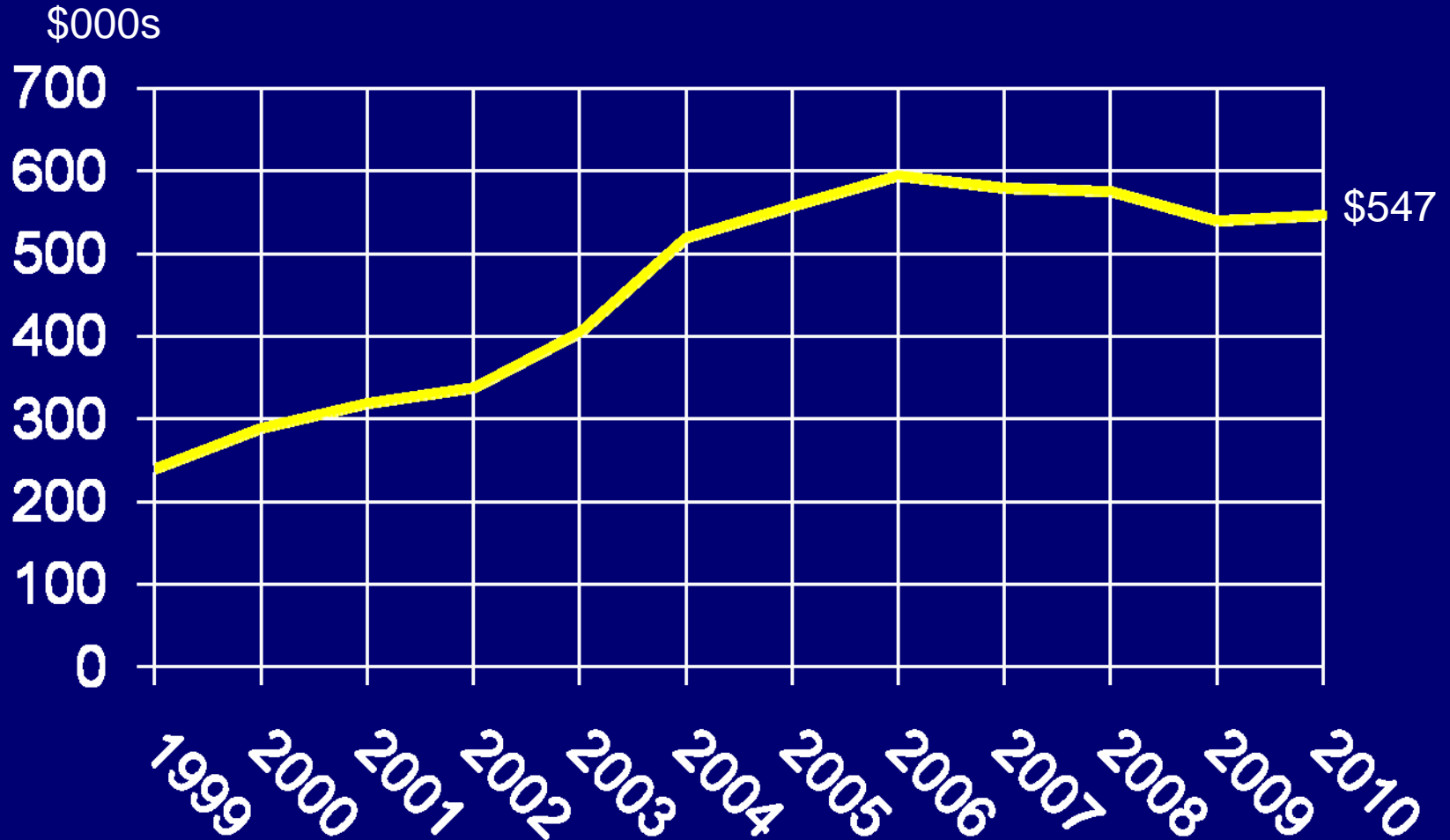
Source: MRIS, GMU Center for Regional Analysis

# Average Sales Price Percent Change Northern Virginia All Housing Types



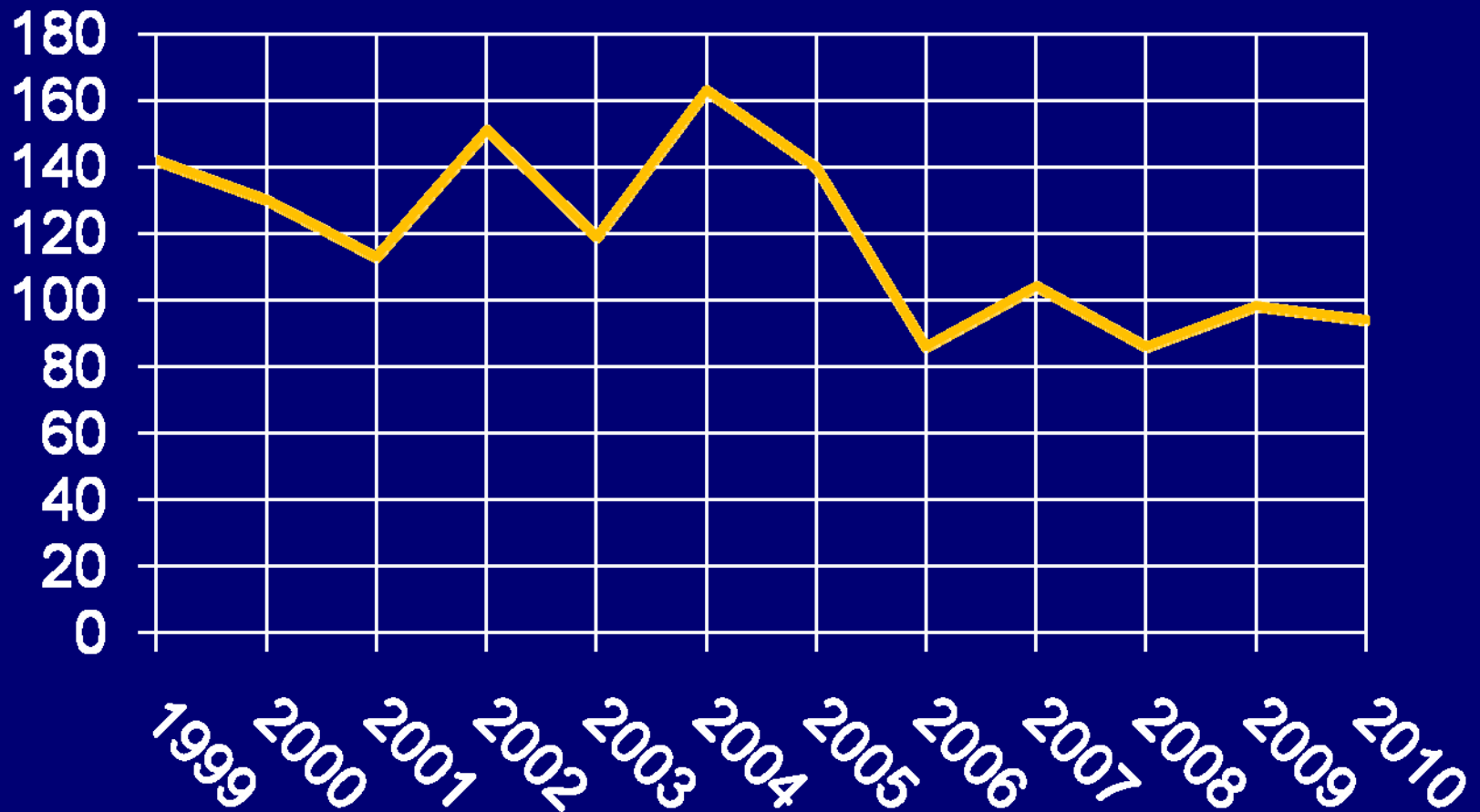
Source: MRIS, GMU Center for Regional Analysis

# City of Falls Church Median House Sales Price



Source: MRIS, GMU Center for Regional Analysis

# City of Falls Church House Sales, Jan-Aug Each Year



Source: MRIS, GMU Center for Regional Analysis

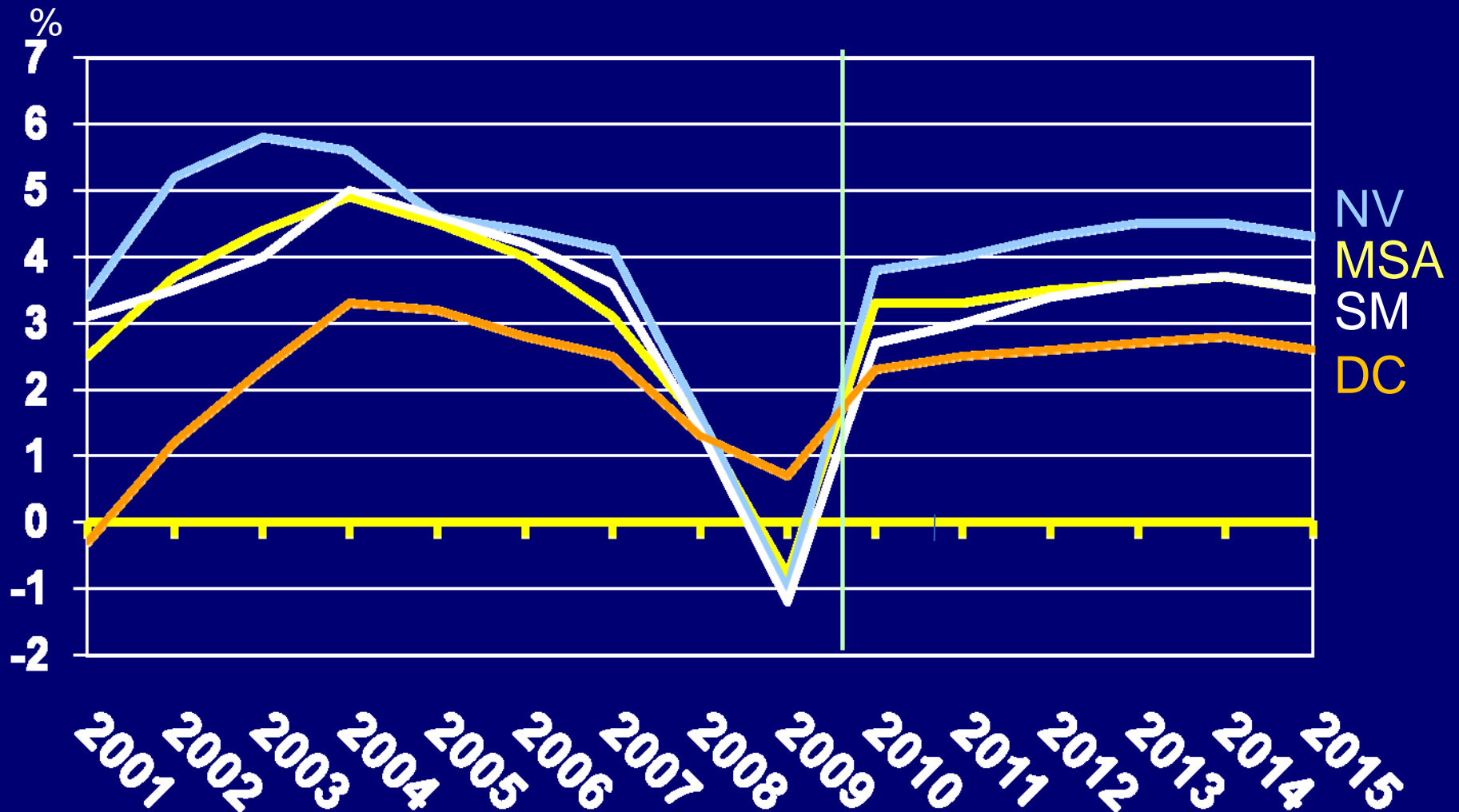
# The Office Market

(millions of square feet)

	<b>6/2010</b>	<b>Pipeline (1)</b>	<b>Totals</b>	<b>Space Available (1)</b>	<b>Demand (1)</b>	<b>Vacancy 6/10</b>	<b>Vacancy 6/12</b>
<b>D.C.</b>	<b>131.2</b>	<b>3.5</b>	<b>134.7</b>	<b>13.1</b>	<b>2.3</b>	<b>10.0%</b>	<b>10.6%</b>
<b>Sub. MD</b>	<b>88.4</b>	<b>1.0</b>	<b>89.5</b>	<b>13.0</b>	<b>1.5</b>	<b>14.7%</b>	<b>14.0%</b>
<b>N. VA.</b>	<b>177.1</b>	<b>1.7</b>	<b>178.9</b>	<b>24.4</b>	<b>4.8</b>	<b>13.8%</b>	<b>12.0%</b>
<b>Metro</b>	<b>396.8</b>	<b>6.3</b>	<b>403.1</b>	<b>50.6</b>	<b>8.6</b>	<b>12.8%</b>	<b>12.0%</b>

# Economic Forecast

## Washington Area and Sub-state Portions (Annual % Change)

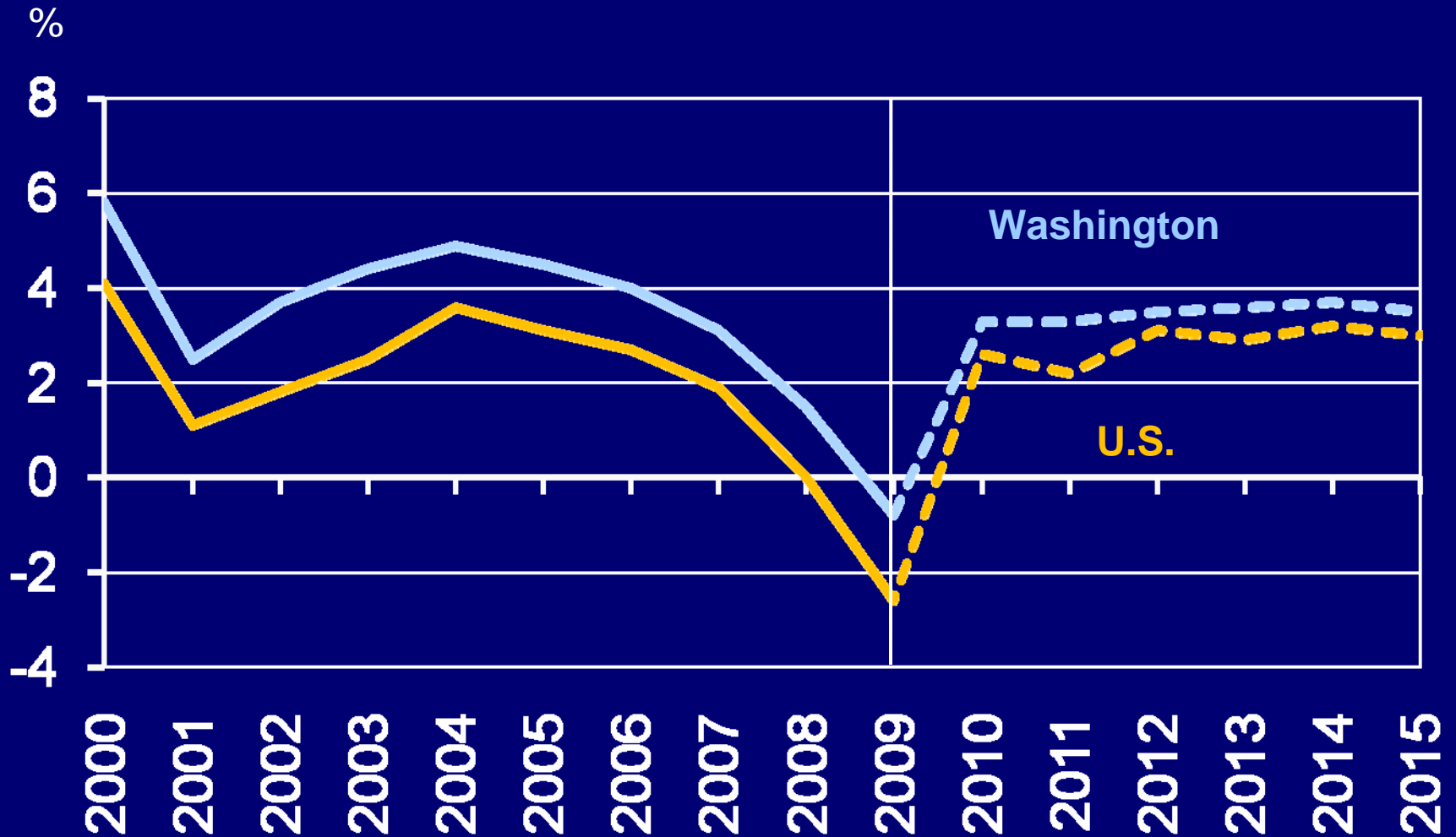


# Employment Change by Sub-state Region (000s)

	2007	2008	2009	2010	2011	2012	2013	2014
<b>D.C.</b>	5.3	10.1	-0.7	6.2	7.2	6.7	7.2	7.3
<b>Sub. MD</b>	4.8	-1.4	-26.7	9.3	9.7	11.1	13.3	14.7
<b>No. VA</b>	13.2	4.4	-24.5	16.7	20.4	26.5	28.3	29.9
<b>REGION</b>	23.3	12.9	-51.9	32.2	37.3	44.3	48.8	51.9

Average Annual Change 1990-2008 = 37,000

# GDP/GRP 2000 - 2015



With this backdrop on the national and regional economy -

What are the issues/challenges that the City of Falls Church faces in the next few years?

# Key Challenges Ahead for Falls Church

- Shape and Pace of Recovery in the Economy and Real Estate Markets
- Potential Changes in Federal Procurement Policy, especially DOD
- Shaping of Area Development Patterns by New Infrastructure
- Policy Responses by Adjacent Jurisdictions facing the Same Challenges

# Federal Procurement Spending

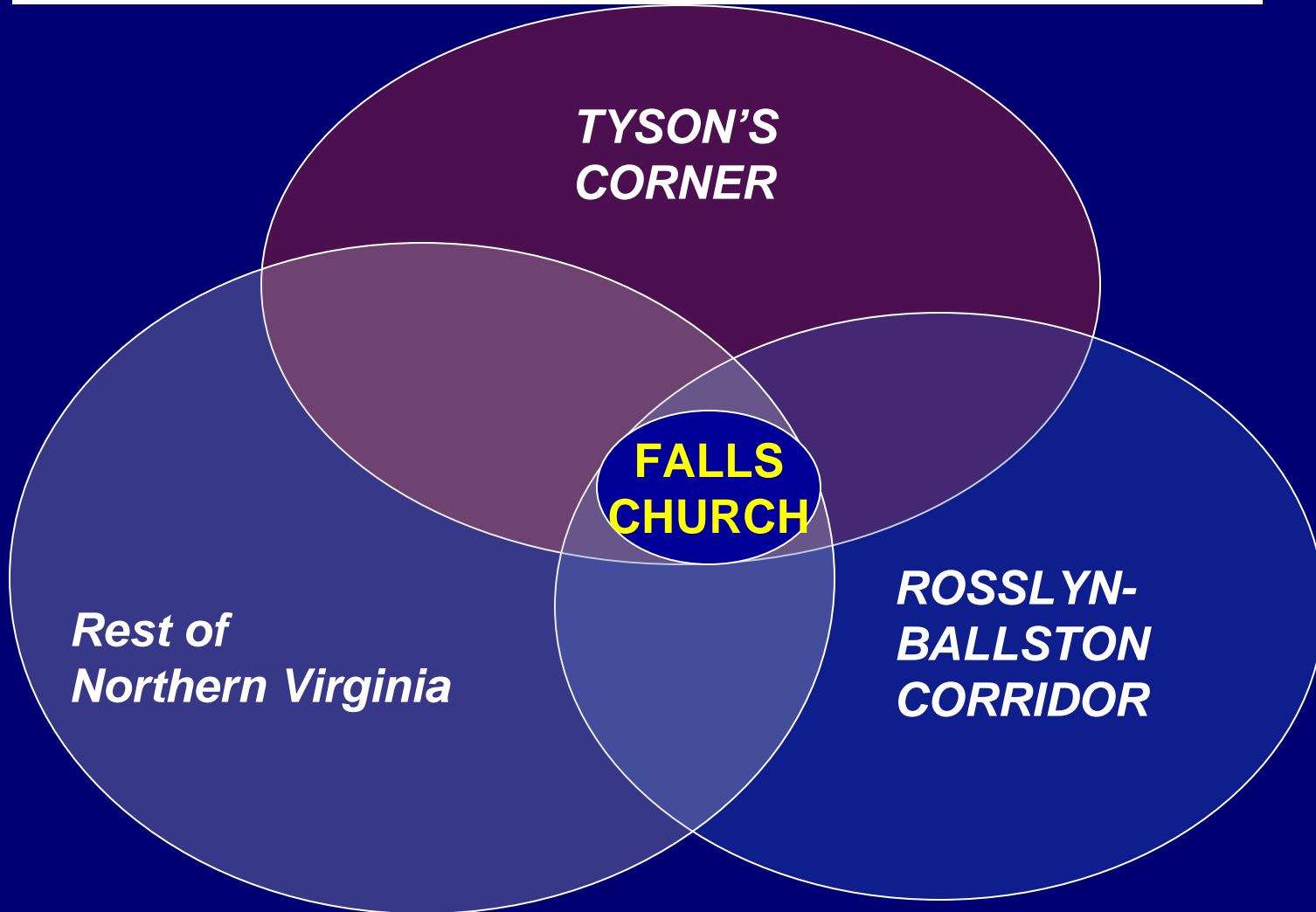
(in \$Billions)

	Total Procurement			DOD Procurement		
	2000	2008	% Change Per Year	2000	2008	% Change Per Year
Metro Area	\$29.3	\$68.9	11.3%	\$12.6	\$35.1	13.7%
Northern Virginia	\$15.3	\$37.9	12.0%	\$9.3	\$26.1	13.8%
Fairfax County	\$6.6	\$16.9	12.5%	\$3.9	\$12.0	15.1%
Falls Church Area	\$1.6	\$1.7	0.8%	\$1.3	\$1.3	0.0%

# Key Challenges

- Infrastructure
  - Dulles Rail a Reality
  - Beltway Hot Lanes
  - I-66 Improvements
- Competition's Actions & Responses
  - Plans for Tysons Corner
  - Merrifield Development
  - Arlington LU Plan Changes at East Falls Church
  - Fairfax Plan Changes from BRAC Developments

# LOCATION, LOCATION, LOCATION



*Falls Church is at a critical juncture in its development as a city and community with significant opportunities to shape its future....*

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