

ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC IN THE NATIONAL CAPITAL REGION

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COG Board of Directors
March 10, 2021

Overview

- Numerous actions have been taken to contain the pandemic spread of COVID-19 and to mitigate its threat to personal and public health.
- These actions have restricted socio-economic activities throughout the country, including the metropolitan Washington area.
- Staff from various COG departments are collaborating to develop a snapshot summary of observed impacts on the region from a multisectoral perspective.
- Sectors of analysis include:
 - Health
 - Economy
 - Transportation (Roadways and Public Transportation)
 - Environment

Overview

- A multisectoral approach will provide a snapshot summary of impacts from a broader perspective to provide more context.
- Analyses and findings, while empirical, are intended to provide a general contextual understanding of the impacts and are not intended to constitute a comprehensive “deep dive.”
- Analyses will measure what has occurred and will not be predictive in nature due to remaining uncertainties.
- Presentations to be made in two phases:
 - *Near-term Activities*: readily available data that can be presented to stakeholders starting in December.
 - *Longer-term Activities*: data collection and analysis activities that may take longer to complete

COVID Cases & Deaths in the Washington, DC Metropolitan Area

	ON MARCH 1	DAILY AVG. IN LAST 7 DAYS	PER 100,000	14-DAY CHANGE	TOTAL REPORTED
Cases	738	1,018	16	-30% ↘	400,540
Deaths	54	50	0.80	+153% ↗	6,685

New cases



Deaths



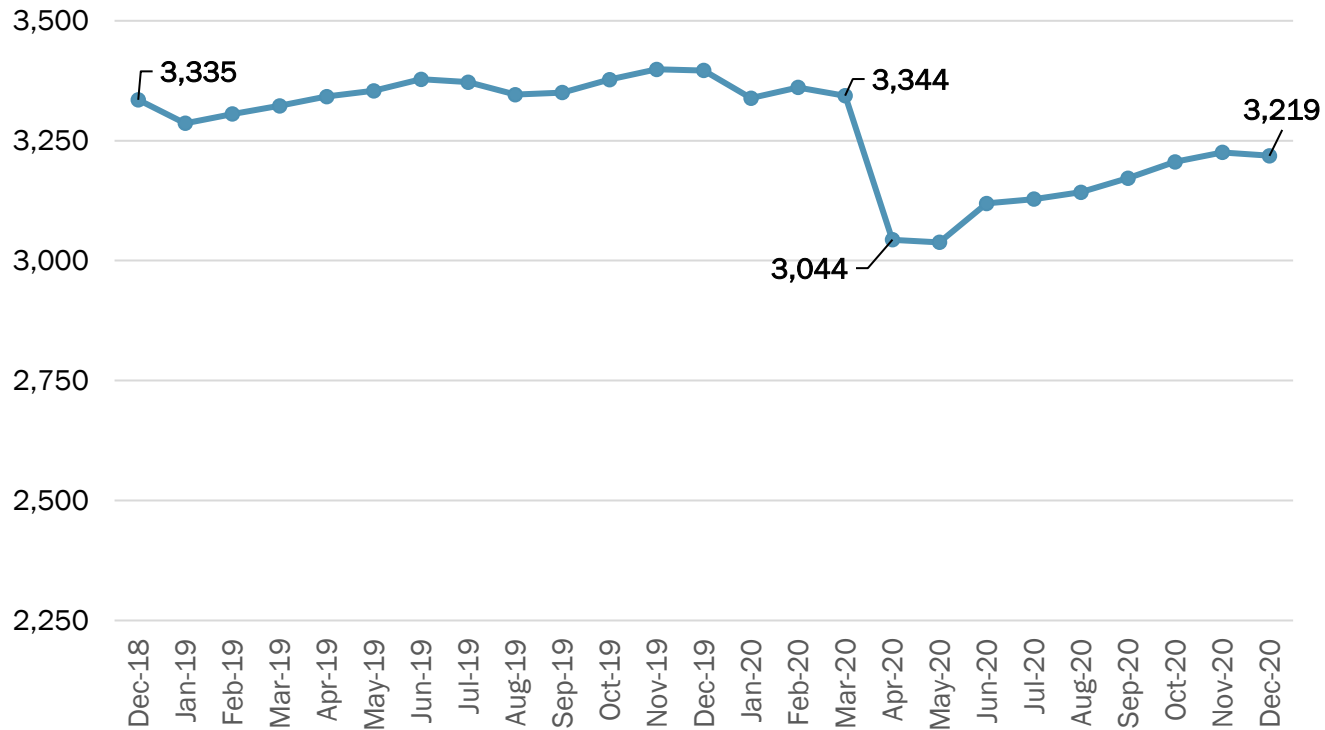
New York Times Cases & Deaths Tracker: <https://www.nytimes.com/interactive/2020/us/covid-cases-deaths-tracker.html#USA-MSA47900>. The Times uses reports from state, county and regional health departments.

March 1 Update: Over several days, Virginia added many deaths that occurred earlier in 2021.

Non-Farm Jobs - Washington MSA

December 2018 to December 2020

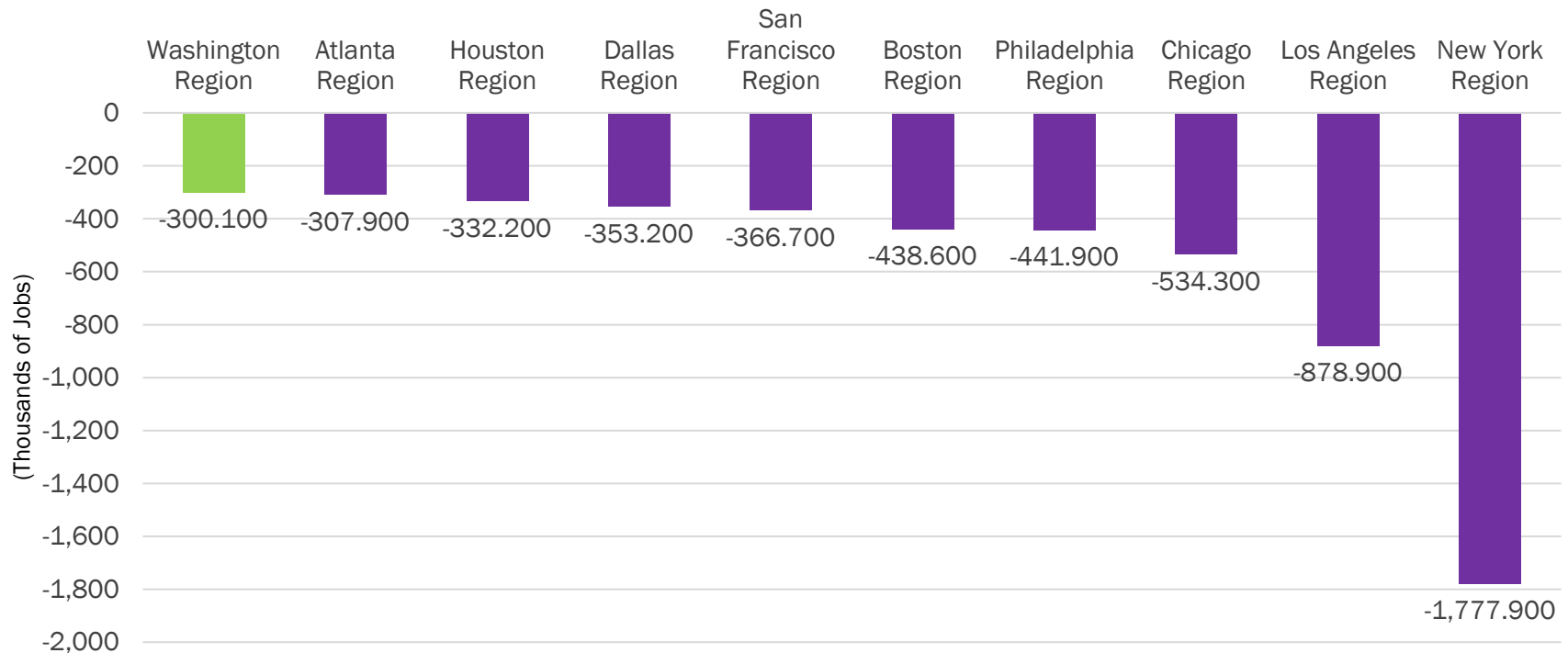
(Bureau of Labor Statistics, Not Seasonally-adjusted, Thousands)



The region lost 300,000 jobs between March and April of this year. As of December, 180,000 jobs have been added during our partial reopening

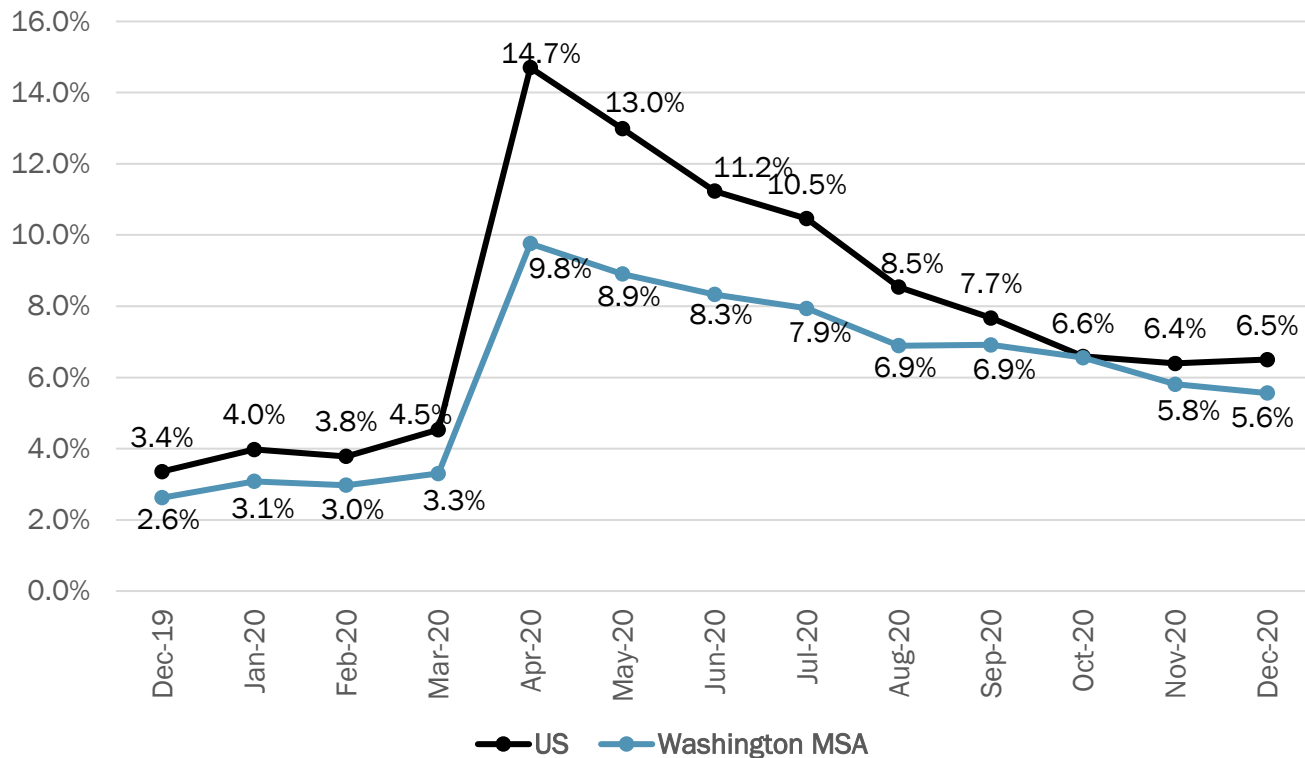
Non-Farm Job Loss March to April 2020 In 10 Largest MSAs

(Source: Bureau of Labor Statistics)



Our initial job losses were the lowest when compared to many of our peer regions. New York and Los Angeles experienced the most severe losses.

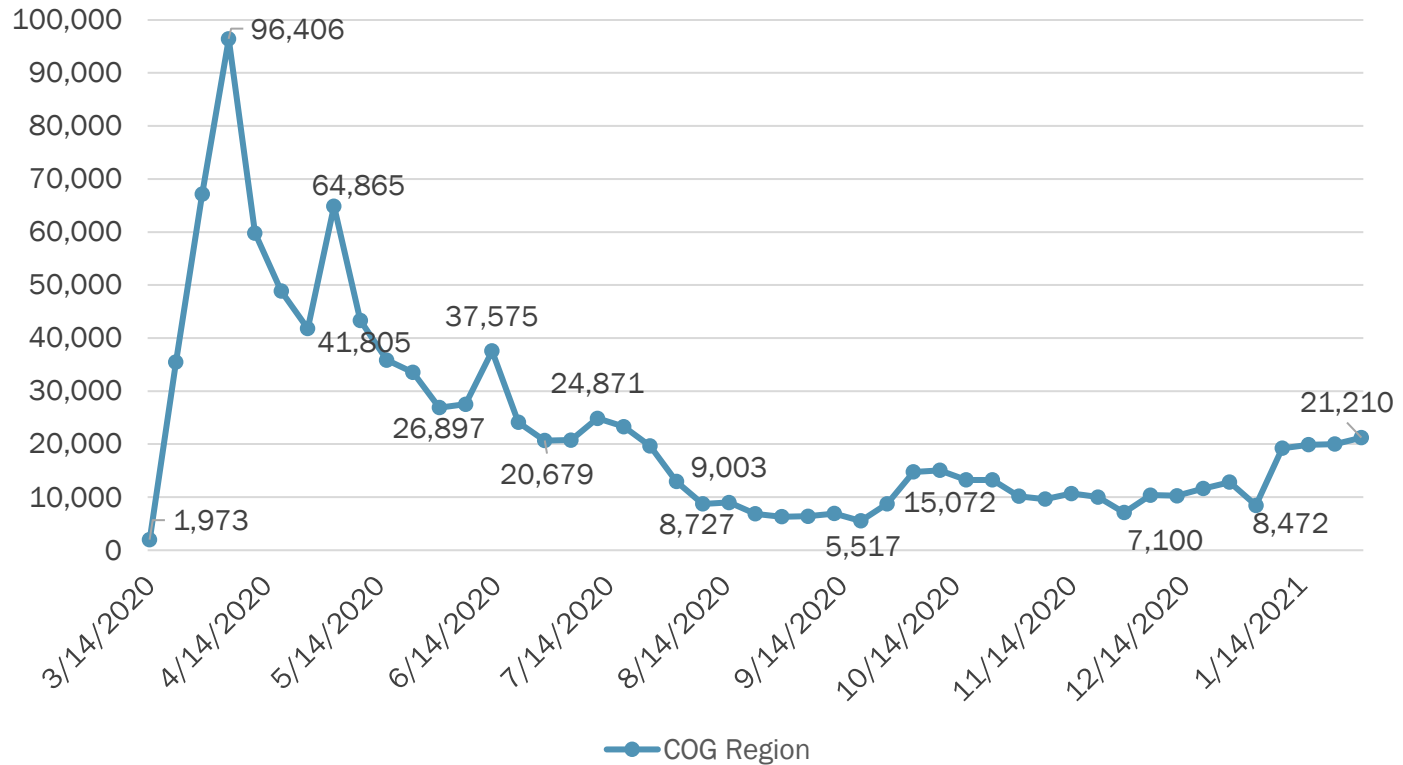
Unemployment Rate Washington MSA and US



Our unemployment rate nearly tripled with the onset of the pandemic but was still nearly 5 points below the nation. With reopening, the national and local rates did converge in October, but the December local rate is again below the national rate.

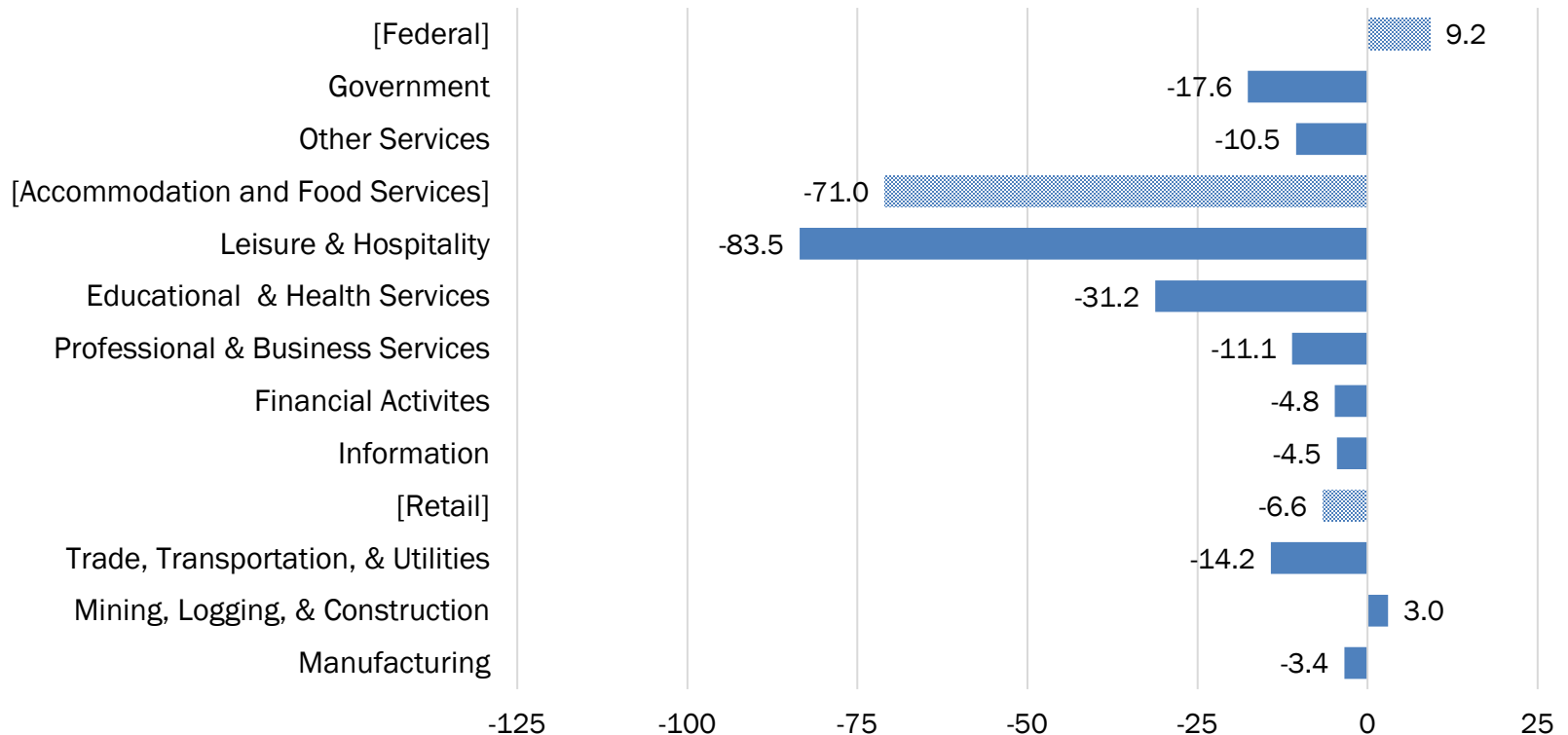
Unemployment Insurance Claims

(DC Department of Employment Services, Maryland Department of Labor, Licensing, and Regulation, and Virginia Employment Commission)



Weekly unemployment insurance claims peaked during April, declined steadily through September but increased slightly during January.

Over-the-year Job Change By Sector December 2020 vs December 2019 Washington MSA (Thousands)

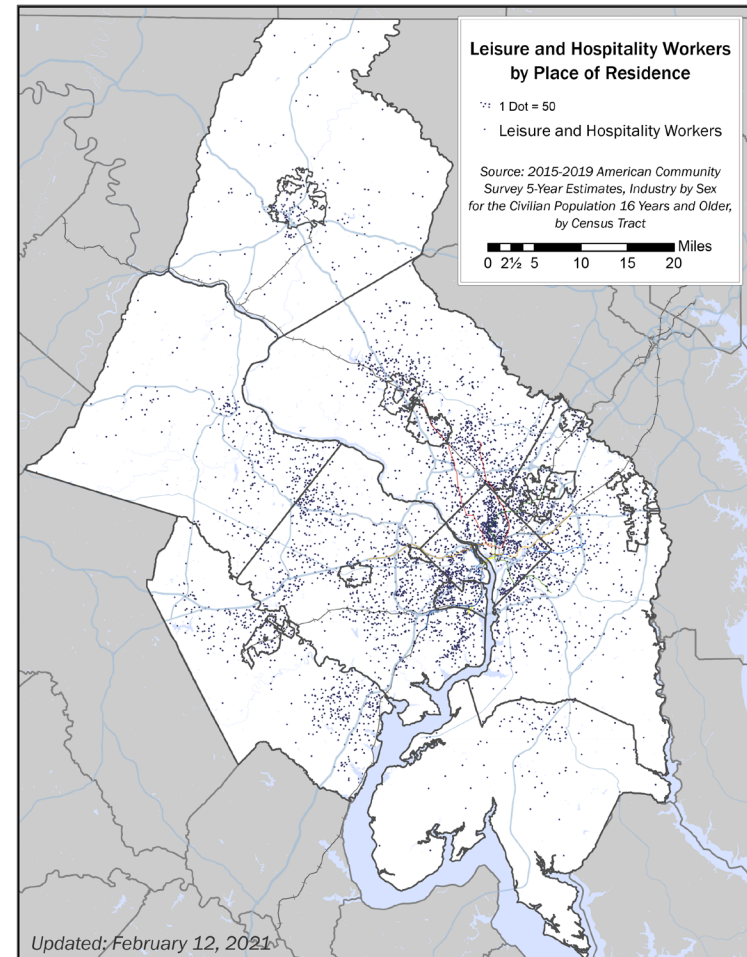


The most-current employment data shows job losses to be in hospitality, retail, and several service industry sectors.

Place of Residence for Leisure and Hospitality Workers

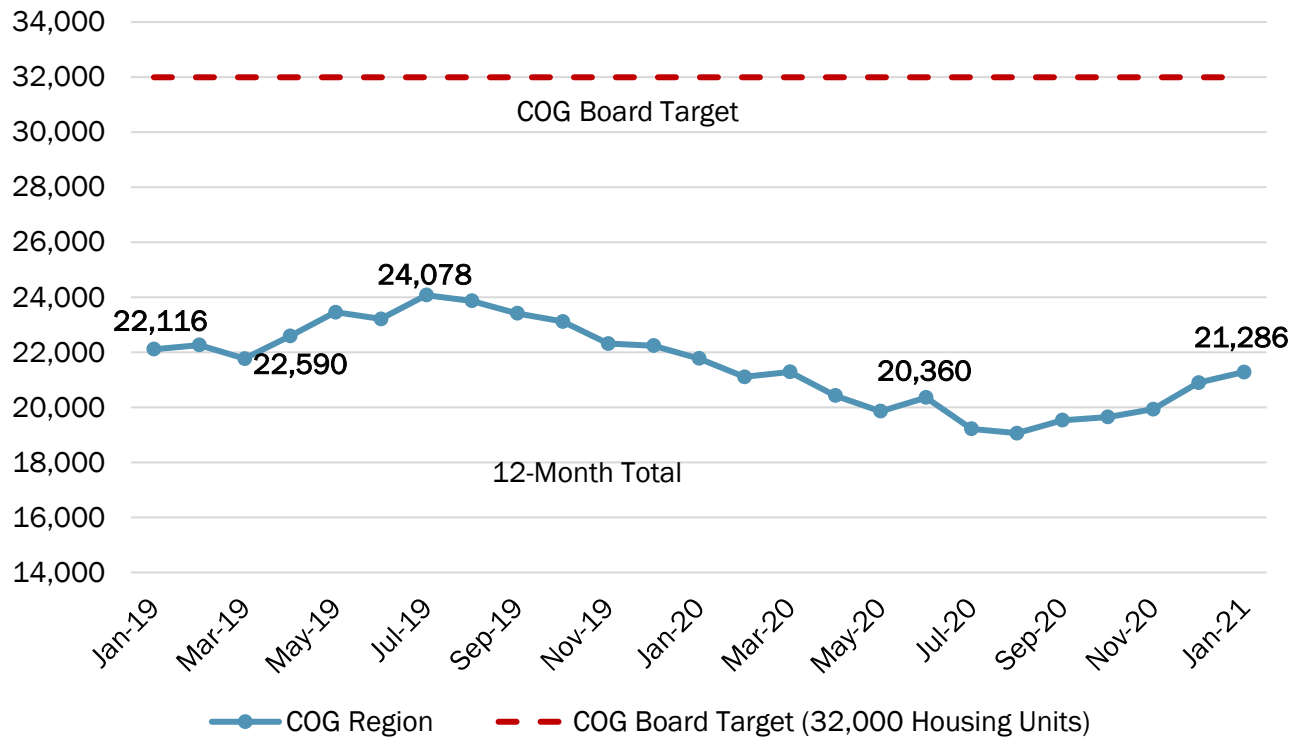
(Source: Census ACS)

- Leisure and Hospitality workers – the sector most vulnerable to layoffs – live throughout the region.
- Neighborhoods with the highest concentrations of leisure and hospitality workers include east of Rock Creek Park in the District of Columbia, western Alexandria, South Arlington, Herndon and Annandale in Fairfax County, along US 1 in Fairfax and Prince William Counties, and Wheaton and Twinbrook in Montgomery County.



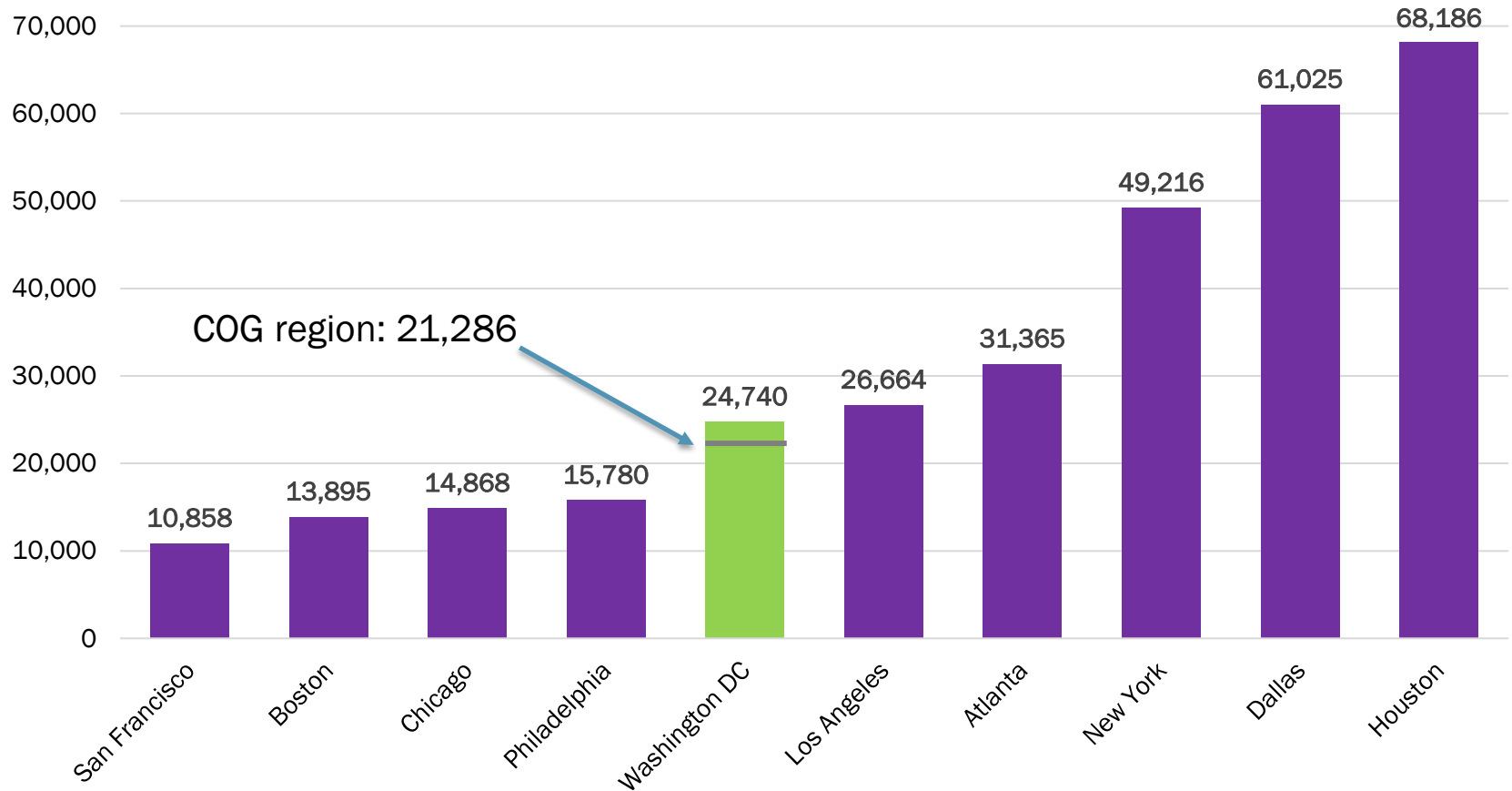
New Housing Units Authorized 12-month total for COG Region

(Source: US Census C-40 data)



The number of new housing permits has declined monthly since July 2019 and is far below the adopted COG target.

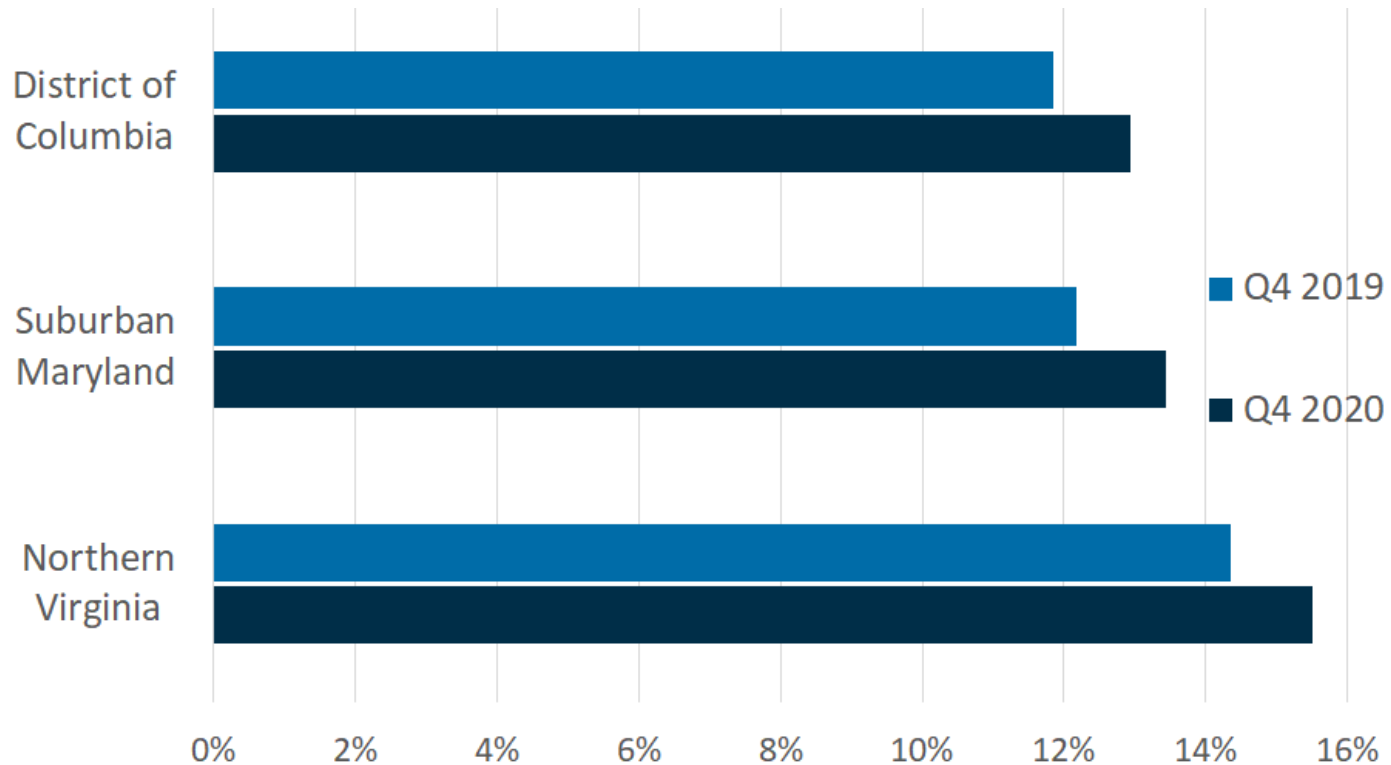
New Housing Units Authorized Issued in 10 Largest MSAs February 2020 to January 2021 (Source: Census Bureau)



Our region lags behind several large peer MSAs in current permitting activity, most notably Houston, Dallas and New York.

Change in Office Vacancy Rates Q4 2019 vs Q4 2020

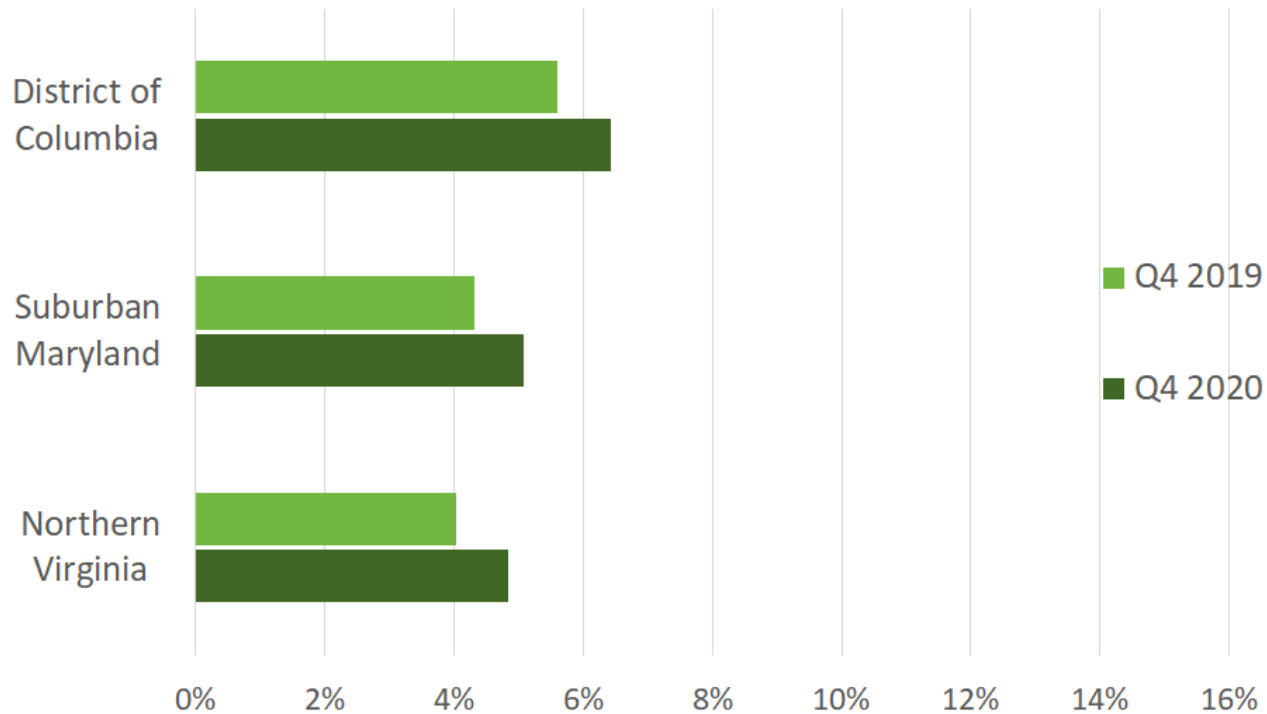
(Source: CoStar)



Office vacancy rates have increased slightly throughout the region. Office leases are for longer-term periods and will be monitored for changes.

Change in Retail Vacancy Rates Q4 2019 vs Q4 2020

(Source: CoStar)



Retail vacancy rates have also increased slightly throughout the region. Retail space is very susceptible to COVID-related closures and will also be monitored.

Potential Long-Lasting Effects of the Virus - Consumer

Sources: Harris Poll. WTIA, M & T Bank Corporation
January 2021

"Once the government provides information that the spread of the virus is flattening how long will it take you to do each of the following?"

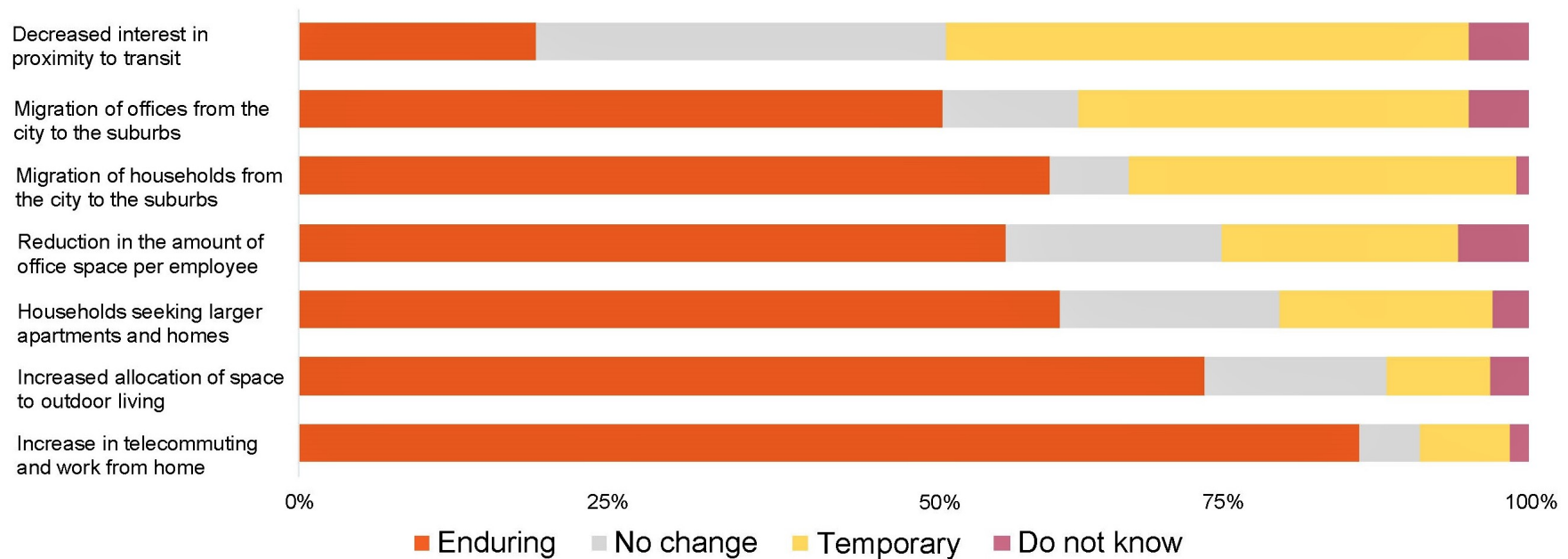
	Immediately to 30 days	Up to 6 mos.	From 7 to 11 mos.	>12 mos.	Never Again
Stay in a hotel	30%	63%	13%	20%	3%
Go to the movies	27%	61%	14%	21%	4%
Go out to dinner	40%	74%	10%	14%	2%
Travel by plane	21%	53%	16%	24%	7%
Attend sporting event	23%	56%	14%	22%	8%
Take a gym class	31%	65%	11%	16%	8%
Go to the office	42%	73%	9%	9%	9%
Use public transportation	27%	56%	14%	19%	11%
Host/attend a large social gathering	22%	56%	14%	23%	7%
Greet people with a handshake	27%	54%	10%	21%	15%

Harris national poll reveals concerns for a return to normal activities

Potential Long-Lasting Effects of the Virus – Real Estate

Sources: RCLCO Real Estate Advisors Year-End Sentiment Survey, January 2021.
WTIA, M & T Bank Corporation

National real estate market poll suggests some pandemic trends may endure



Planning Directors 2021 COVID Impacts Proposed Assessment Framework

Meeting Date	Theme	Committee member facilitator(s)
March 19	Public Participation	<i>Montgomery, Alexandria</i>
April 9	Transportation	<i>COG TPB Staff</i>
May 21	Office space/ telework	
June 18	Retail	<i>Prince William</i>
July 16	Housing	
September 17	Economic Recovery	<i>District of Columbia</i>
October 15	Resilience/ Planning Process	<i>District of Columbia</i>
November 19	Infrastructure	
December 17	Summary paper or PPT	<i>ALL</i>



Summary – Economy

- With the onset of the pandemic, the region lost nearly 300,000 jobs between March and April – more than were lost locally during the Great Recession. We have fared better than our peer regions and our economy has now regained more than 180,000 jobs.
- The region's unemployment rate nearly tripled but was still nearly 5 points below the nation. National and local unemployment rates have improved, and local unemployment filings increased in recent weeks.
- Local commercial real estate markets have not yet been affected but should be monitored. New housing permits remain well below the adopted COG targets, as well as the number approved in many other major metropolitan areas.
- The Planning Directors will focus their 2021 meetings on anticipating the range of post-COVID impacts on several key economic sectors

Next Steps

Staff from COG departments continue collaborating on the multisectoral assessment of COVID-19 impacts on the region.

- Deeper dive into more data
- Future presentations to be made (near term and longer term)
 - COG Board of Directors
 - Transportation Planning Board
 - Climate Energy and Environment Policy Committee
 - Metropolitan Washington Air Quality Committee
 - Chesapeake Bay and Water Resources Policy Committee
 - Human Services Policy Committee
 - Region Forward Coalition
 - Supporting Committees and Subcommittees

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