

COOPERATIVE FORECASTING: PLANNING FOR ROUND 10

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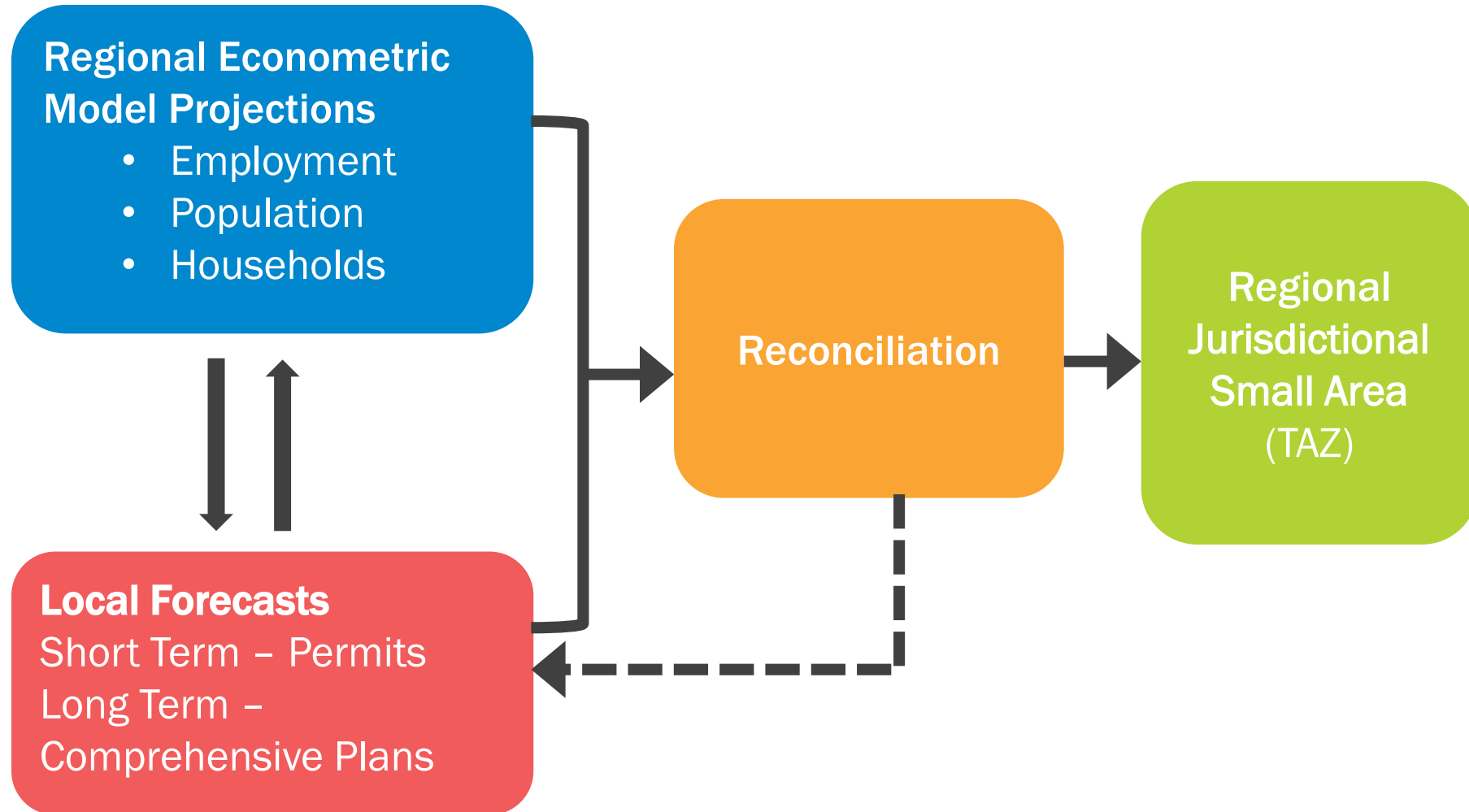
TPB Technical Committee
September 9, 2022

Agenda Item 9

Planning for Round 10

- **Forecasting Process and History**
- **Round 10 Work Plan**
- **Current Trends and Key Factors for Growth**
- **Next Steps**
- **Questions?**

COG Cooperative Forecasting Process



Prior Rounds of Cooperative Forecasts

Round 1 - 1976

Round 2 - 1979

Round 3 - 1983

Round 3.5 - 1985

Round IV - 1987

Round IV-1 - 1991

Round V - January 1994

Round 5.1 - May 1994

Round 5.2 - 1995

Round 5.3 - 1996

Round 5.4 - 1997

Round 6 - 1998

Round 6.1 - 1999

Round 6.2 - 2000

Round 6.3 - 2003

Round 6.4A - 2004

Round 7 - 2005

Round 7.0a - 2006

Round 7.1 - 2008

Round 7.2 - July 2009

Round 7.2A - October 2009

Round 8 - 2010

Round 8.0a - 2011

Round 8.1 - 2012

Round 8.2 - 2013

Round 8.3 - 2014

Round 8.4 - 2015

Round 9 - 2016

Round 9.1 - 2018

Round 9.1a - 2019

Round 9.2 - 2021

Round 10 - 2023 (Planned)

Summary of Draft Round 9.2 Forecasts

COG / TPB Planning Area (Thousands)

	<u>2020</u>	<u>2045</u>	2020 to 2045	
			<u>Number</u>	<u>Percent</u>
Employment	3,364.0	4,244.4	880.5	26%
Population	5,694.2	7,006.2	1,312.0	23%
Households	2,130.2	2,676.4	546.1	26%

Change in 2045 Forecast from Prior Round

COG / TPB Planning Area (Thousands)

	<u>Round 9.1a</u>	<u>Round 9.2</u>	<u>Number</u>	<u>Percent</u>
Employment	4,273.8	4,244.4	-29.4	-0.7%
Population	6,925.7	7,006.2	80.5	1.2%
Households	2,659.9	2,676.4	16.5	0.6%

Round 10 Work Plan

<p>Confirm key Round 10 planning assumptions and develop workplan & schedule</p>	<ul style="list-style-type: none">• Examine current economic trends• New Base Year (2020)• Planning Horizon Year of forecasts (2050)• TAZ system (COG 3722)• Land Use Employment Categories (Industrial Retail, Office, and Other)
<p>COVID-19 impacts to future growth</p>	<ul style="list-style-type: none">• Examine pre- and post-pandemic trends relating to teleworking and possible impact on future office space needs• Explore office conversions to residential trends• Impact of pandemic on outmigration on the Washington region
<p>Commercial space utilization assumptions (square feet per worker)</p>	<ul style="list-style-type: none">• Review current Sq. Ft. assumptions and make any recommendation for updating or revising.• Include other miscellaneous land uses such data centers or hotels
<p>Demographic assumptions</p>	<ul style="list-style-type: none">• Future Average Household Size Assumptions for Local Government Analysis

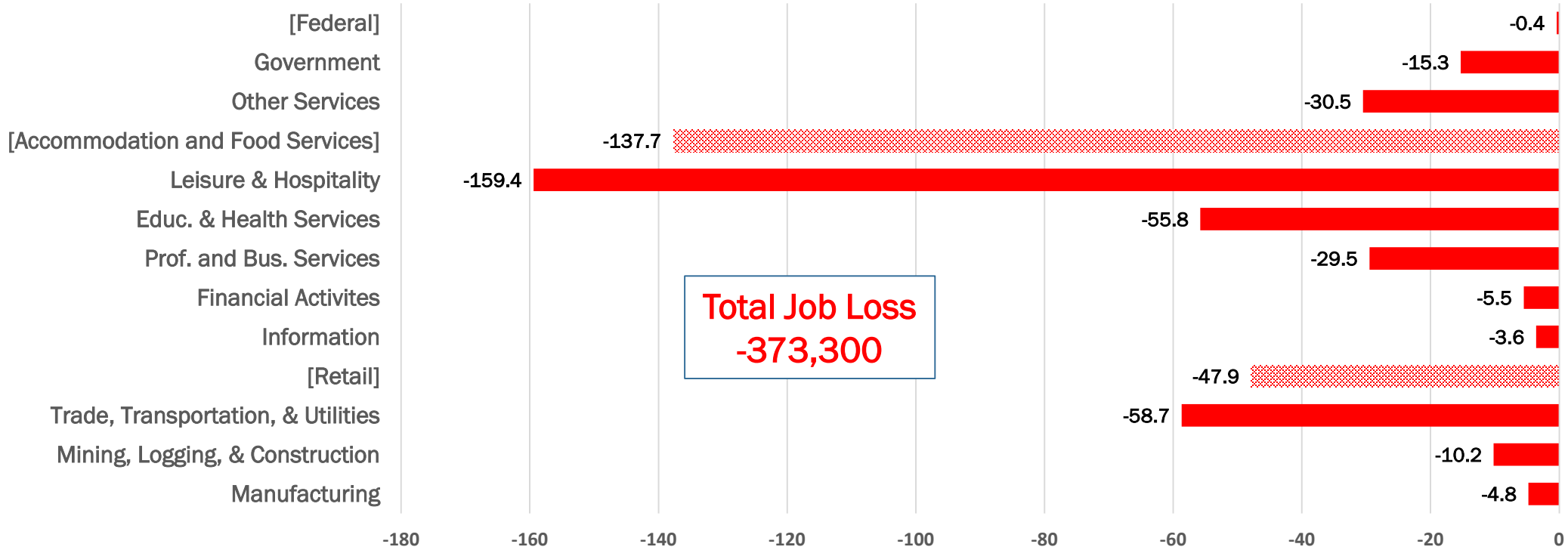
Round 10 Work Plan, continued

Benchmarking to Year 2020	<ul style="list-style-type: none">• Develop 2020 Census Base Year by Census Blocks into COG Transportation Analysis Zones (TAZ)• Develop 2020 Employment Base Year by TAZ
New Econometric Model	<ul style="list-style-type: none">• Develop Round 10 Econometric Model• Develop a range of 'regional' economic forecasts (Low, Intermediate, High)
Local Forecasting Procedures	<ul style="list-style-type: none">• Provide a presentation to the Cooperative Forecasting committee about your own forecasting procedures and methodology.• Submit initial Round 10 Jurisdictional Totals / Benchmark Totals• Submit Round 10 TAZ Level data
COG Forecasting Procedures	<ul style="list-style-type: none">• Acquire Forecasts for Non-COG/TPB Jurisdictions• Coordinate with FAMPO and BMC about receiving latest forecasts data.• Coordinate with Clarke, Fauquier, Calvert, St. Mary's, and Jefferson counties

COVID Onset: Job Change By Sector (Thousands)

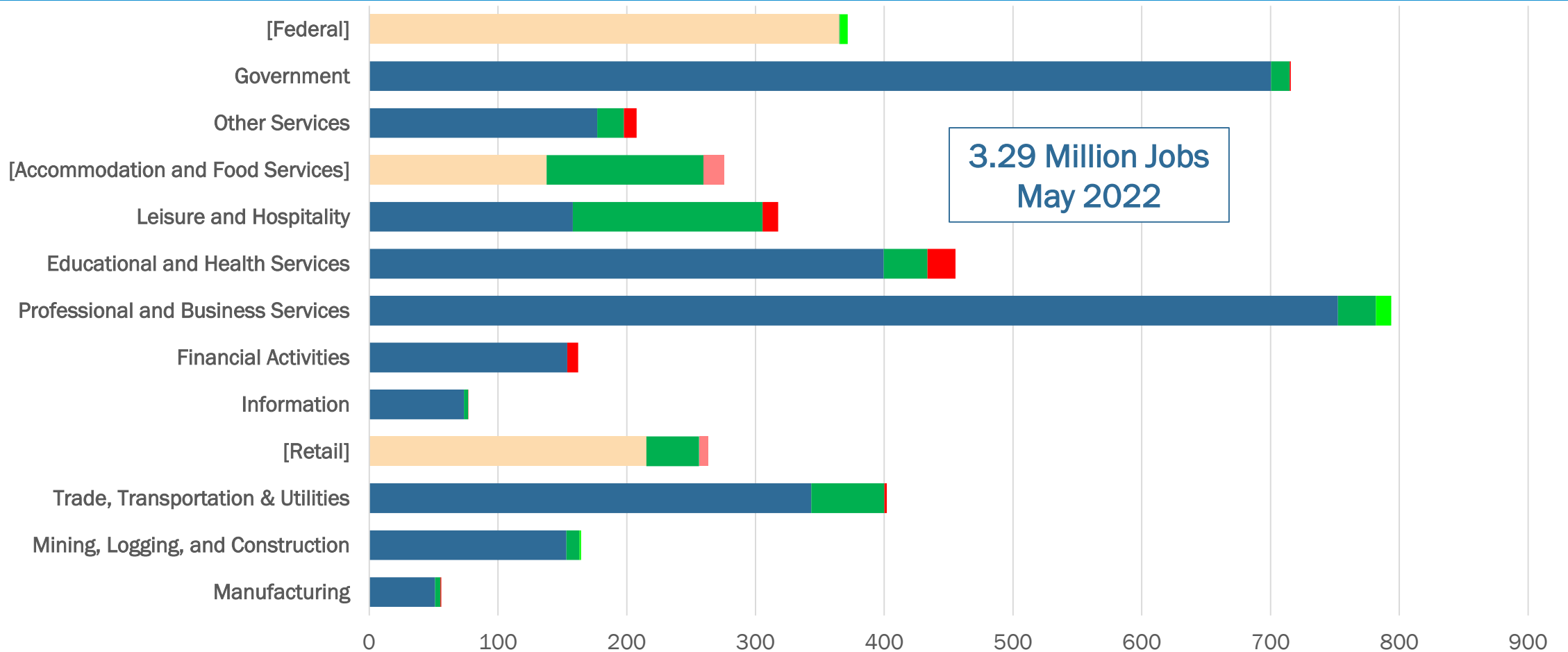
March 2020 to April 2020

Washington MSA



All employment sectors experienced losses at the outset of the pandemic. Leisure and hospitality, trade, and educational services (daycare) saw the greatest losses.

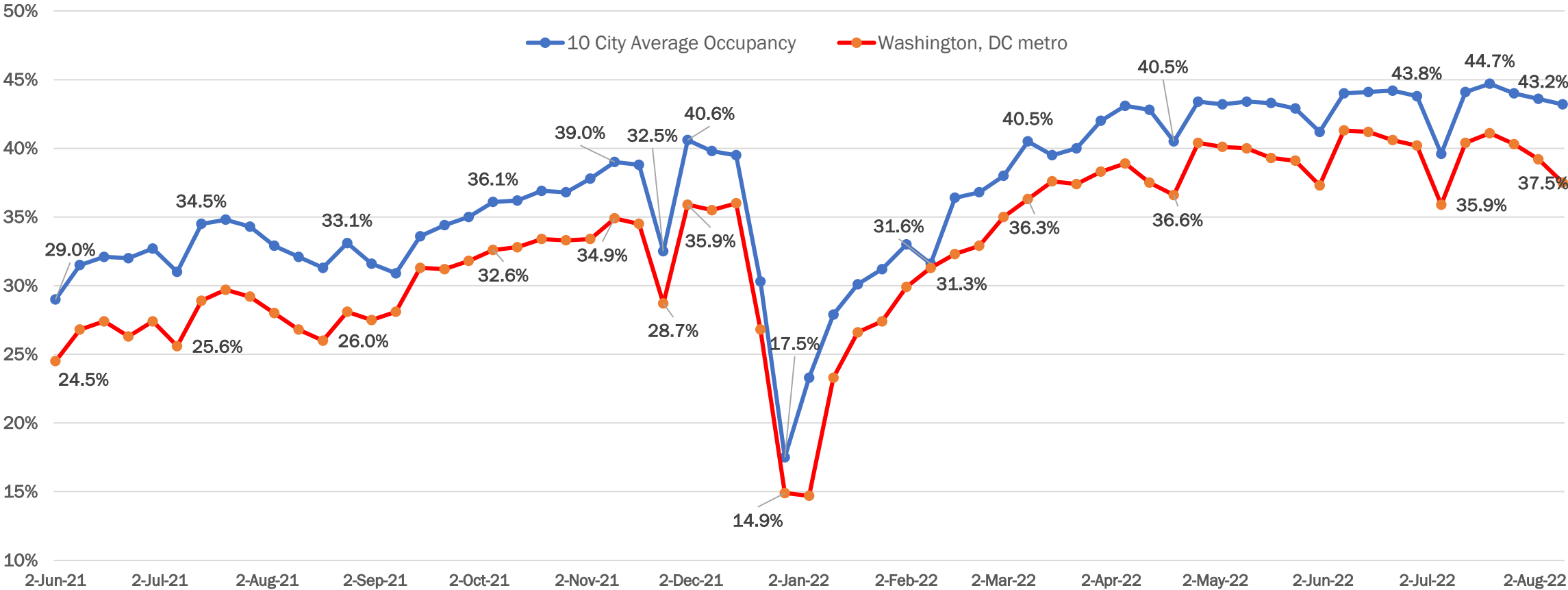
Pandemic Jobs Trends By Sector Washington MSA (Thousands) April 2020-May 2022



Office Occupancy Since June 2021

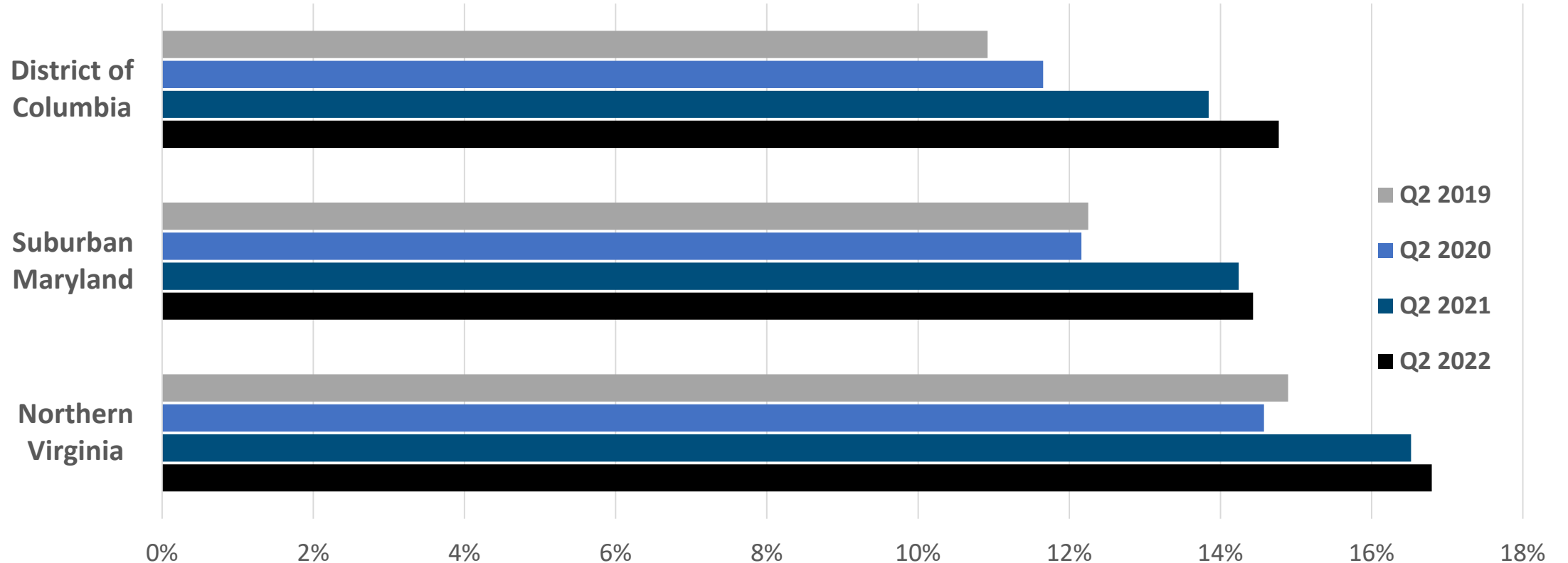
Average for 10 MSAs and Washington MSA

Source: COG tabulation of [Kastle Systems "Back to Work Barometer"](#)



Change in Office Vacancy Rates Q2 2019 to Q2 2022

Source: CoStar



Office vacancy rates increased during the pandemic. Several submarkets have rates approaching 20% vacant.

Assessing Potential Short- and Long-Term Effects of COVID on the Forecasts

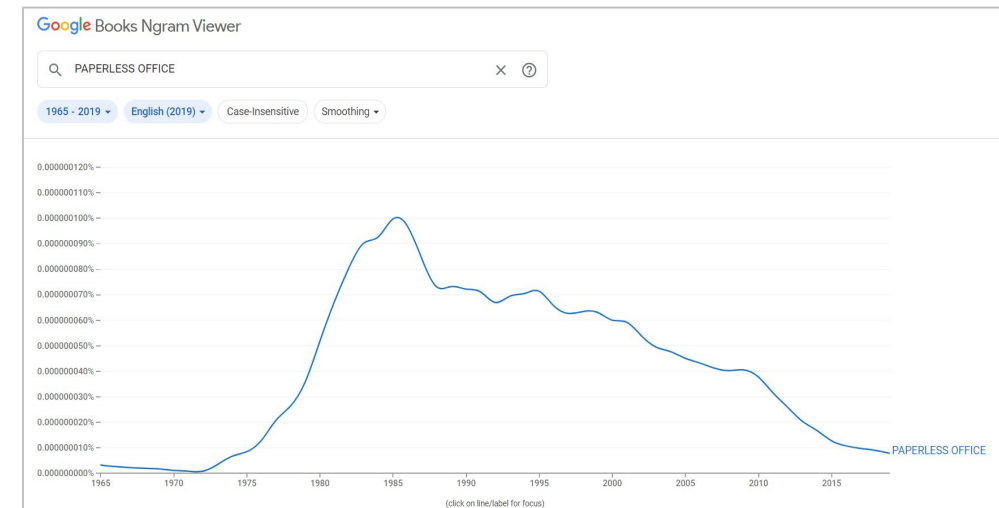
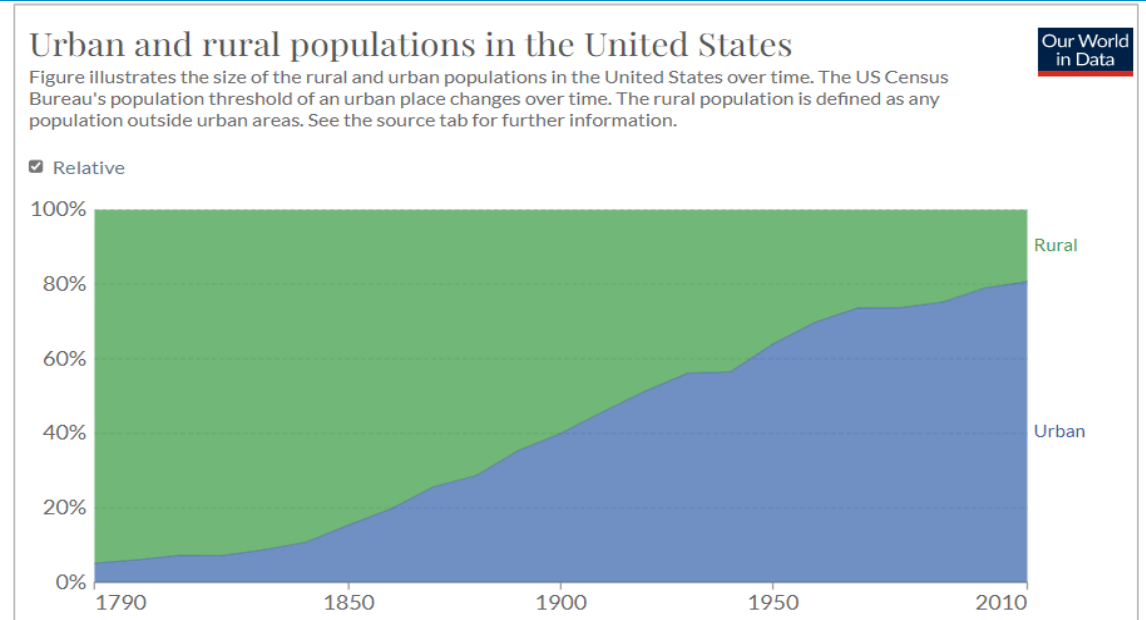
Technical Assistance from TPB on-call consultant to develop assessments of:

- A ‘range’ of regional economic forecasts. Jurisdictional forecasts will still be indexed to the intermediate or “most likely” regional economic projections.
- Potential changes to
 - future average household size, and
 - office and retail space usage density (*the square feet of space needed for each worker*)
- Impacts on the timing, location and amount of future housing

Way Back-casting

Lessons learned from the 1918 Flu Pandemic:

- 675K deaths in US - about twice the rate of COVID (so far)
- Other societal issues:
 - *The “Great War”*
 - *Birth / adolescence of zoning*
 - *New “travel” modes (streetcars, bikes, autos, telephones)*
- Urban growth continued: key societal changes were related to “public health”
- With most upheavals, the SWOT at year zero changes by year 20+



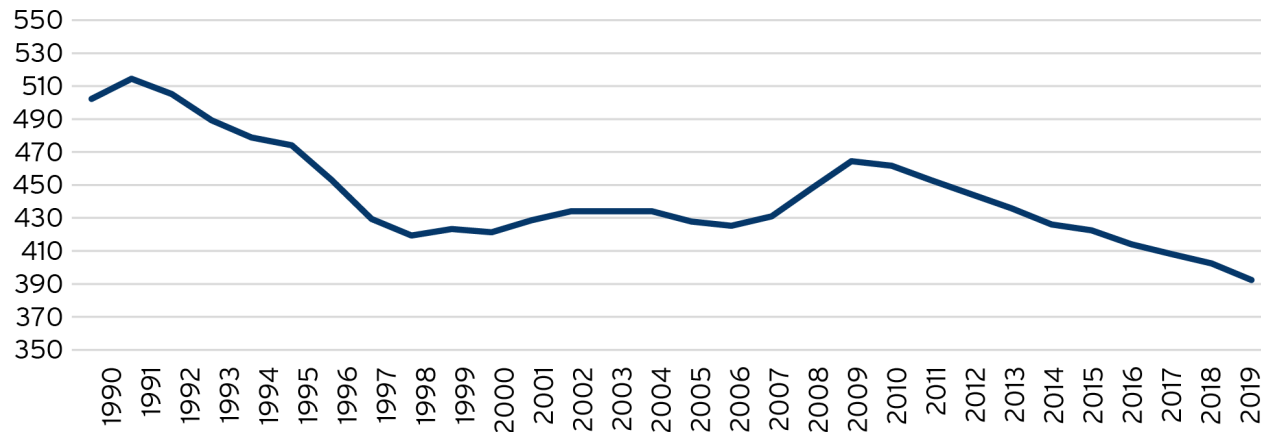
Office Space Trends

Source: ICF

- Knowledge industries are considering downsizing or reevaluating office space needs
- Coupled with the rise of remote work, office hoteling, and shared workspaces, square footage per worker is expected to further decrease after the COVID-19 pandemic

Figure 3. Median office square feet per worker

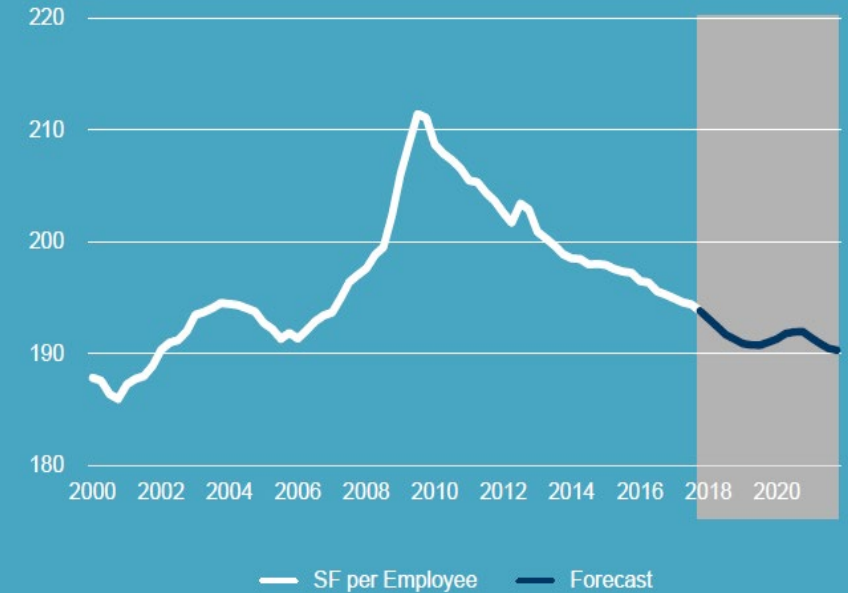
Top 10 US metropolitan areas



Source: Brookings analysis of CoStar data.

B Metropolitan Policy Program
at BROOKINGS

DENSIFICATION OF THE OFFICE

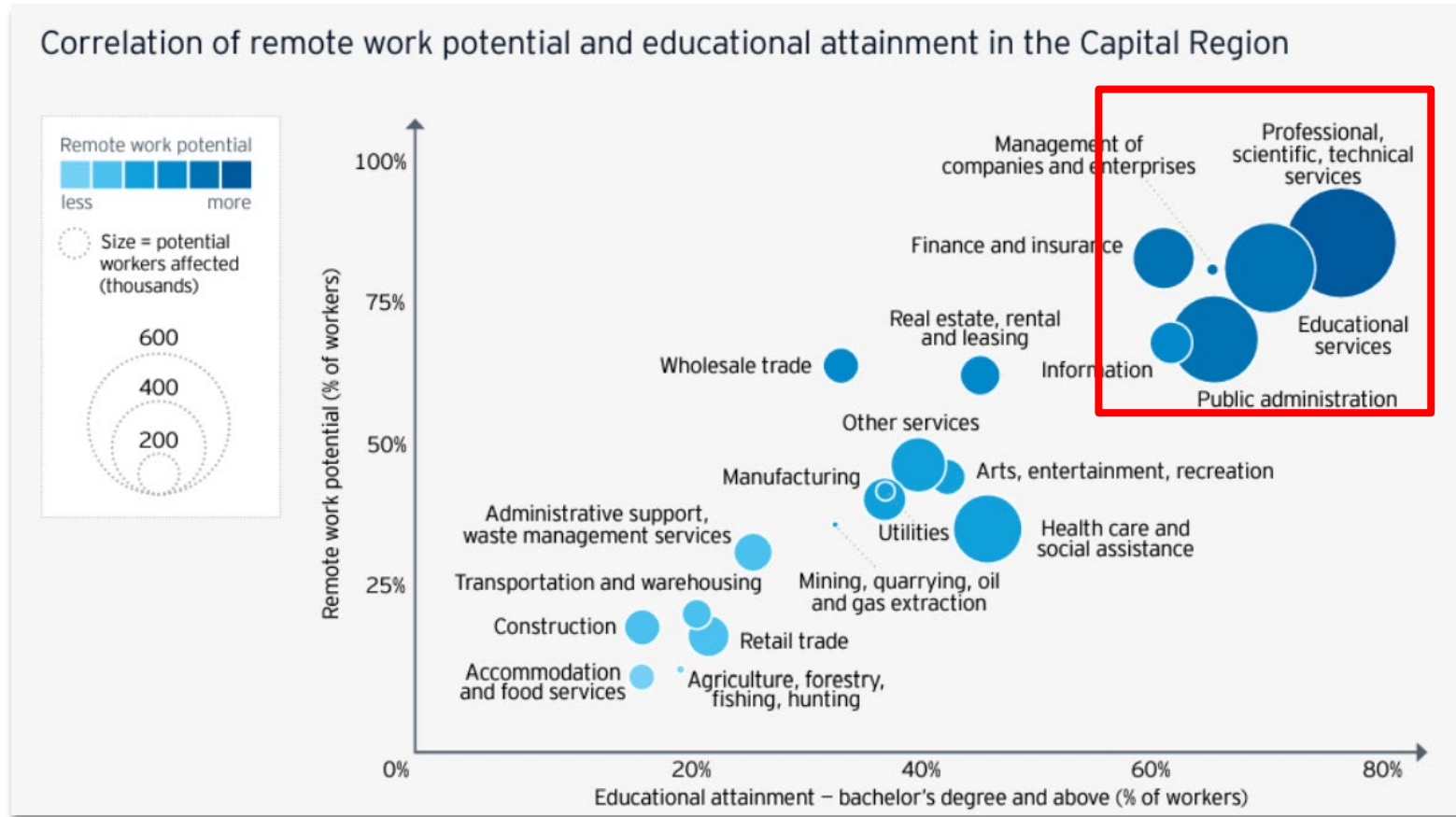


Cushman & Wakefield

Remote Work Potential

Source: ICF

Significant remote-work potential exists among the region's highly-educated work force and primary industries (scientific and technical services, FIRE)

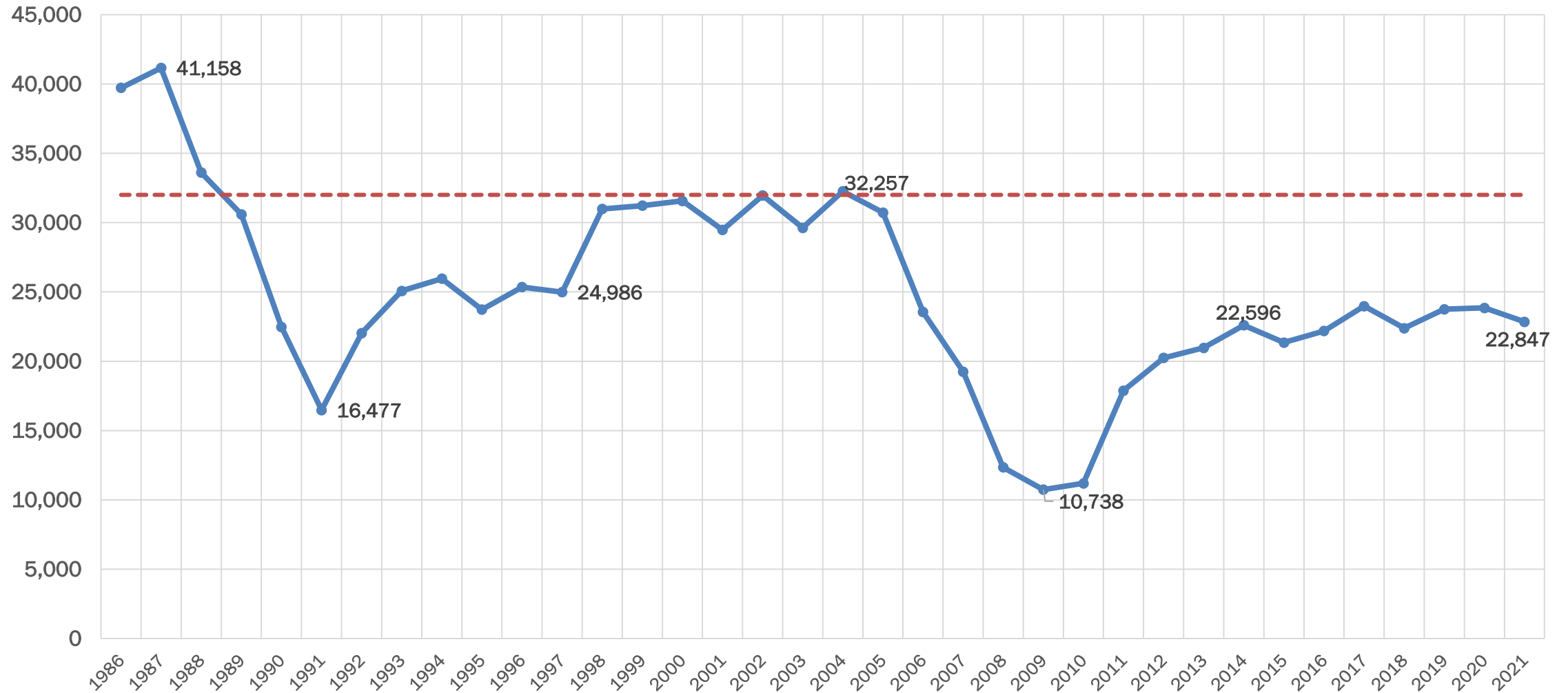


Industries that have historically driven the region's economy



Total Housing Units Authorized by Year by Permit

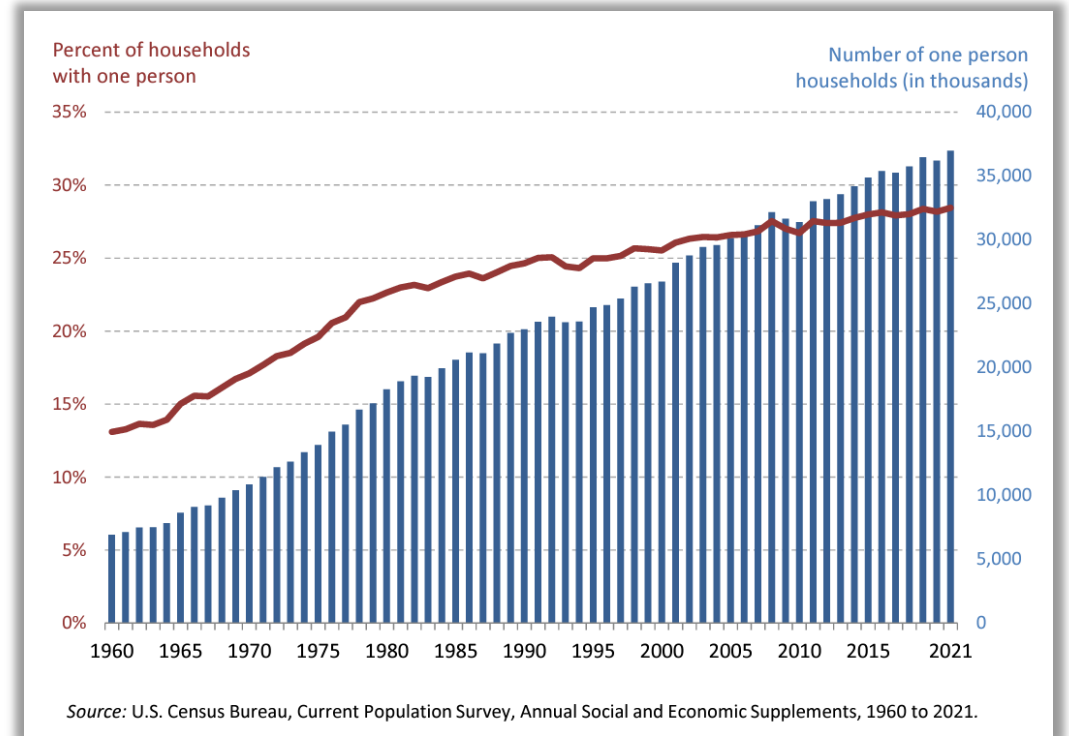
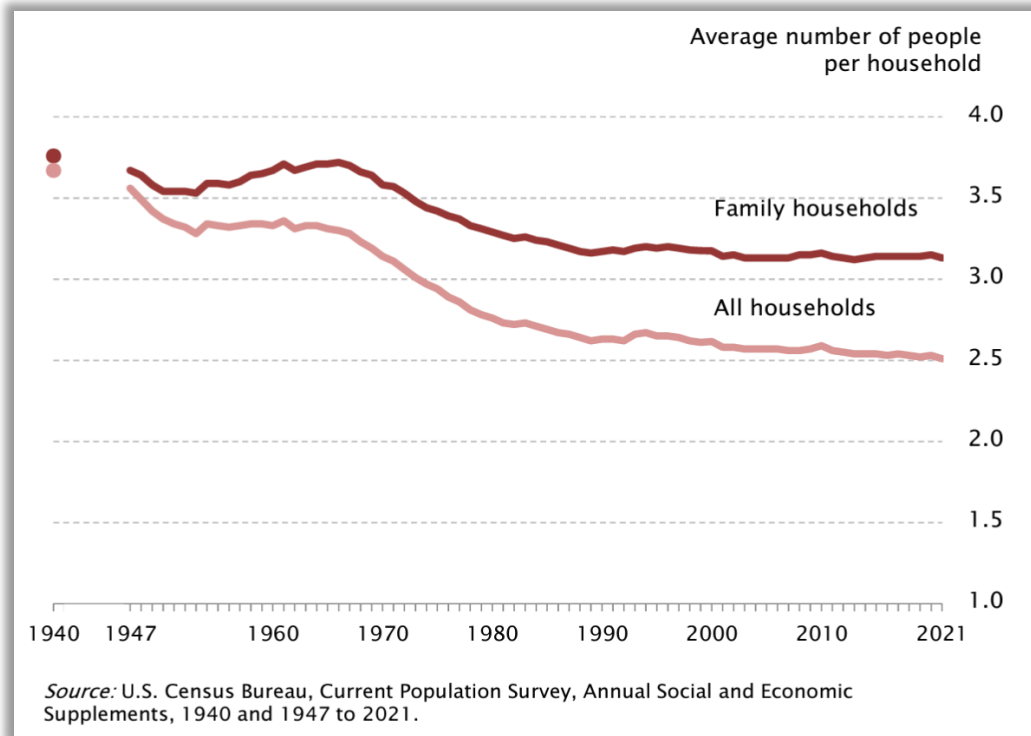
Source: Census C-40 data and COG



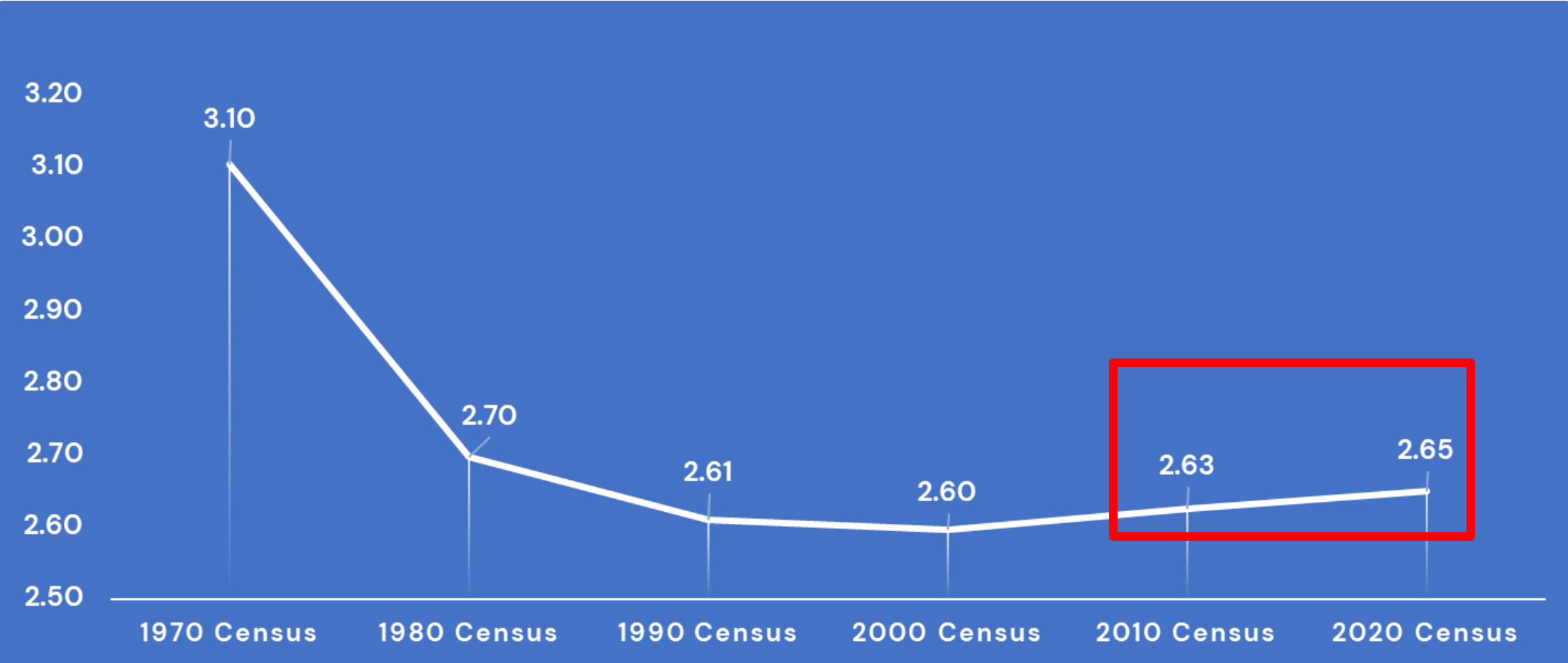
Household Size is Declining

Source: Census and ICF

- Consistent decline in household size dating back to mid-20th Century
- Single-person households now represent one-third of all households



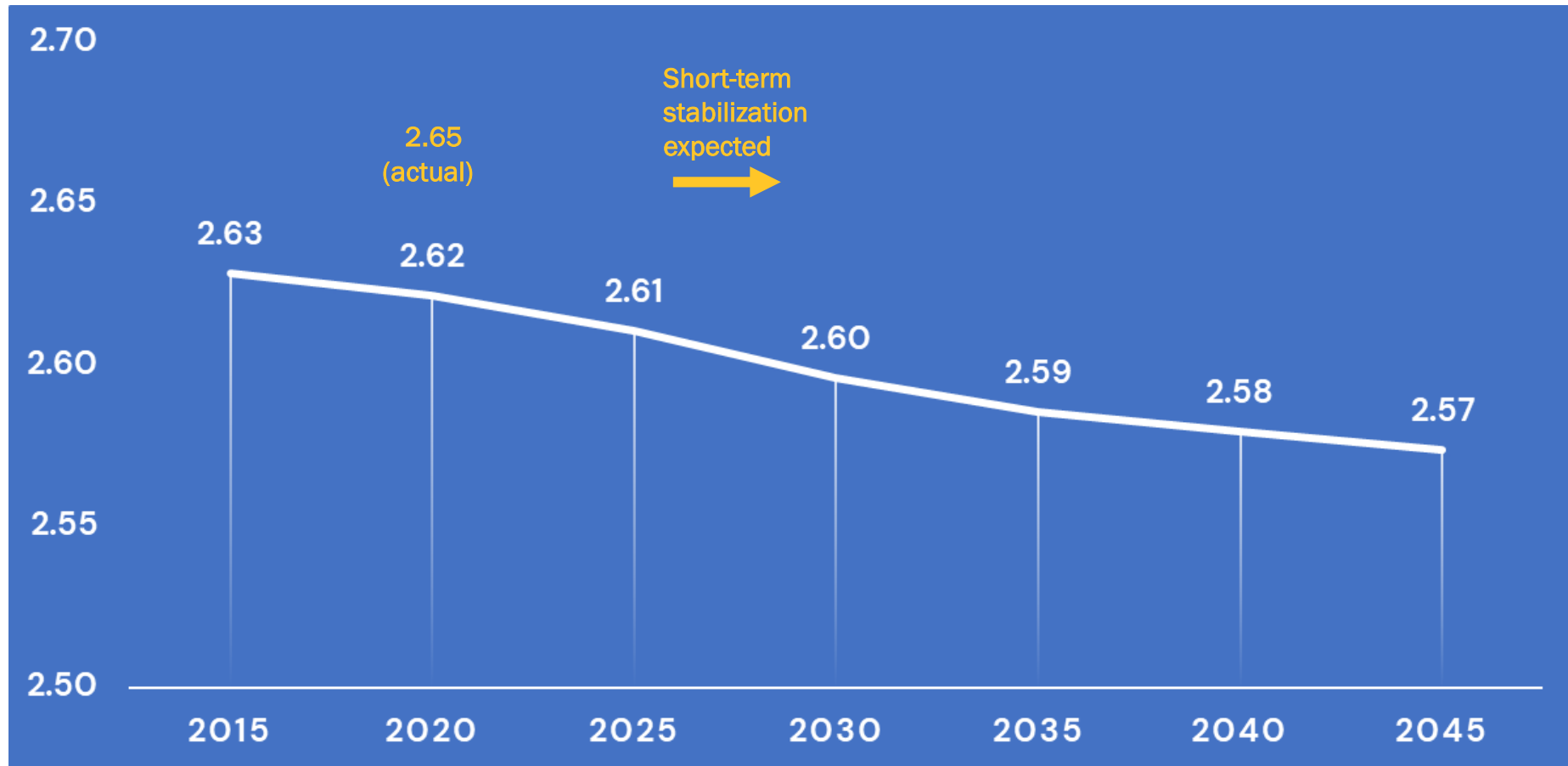
Historic Trends in Regional Household Size



COG Region Average Household Size (1970-2020)

Projected Regional Average Household Size

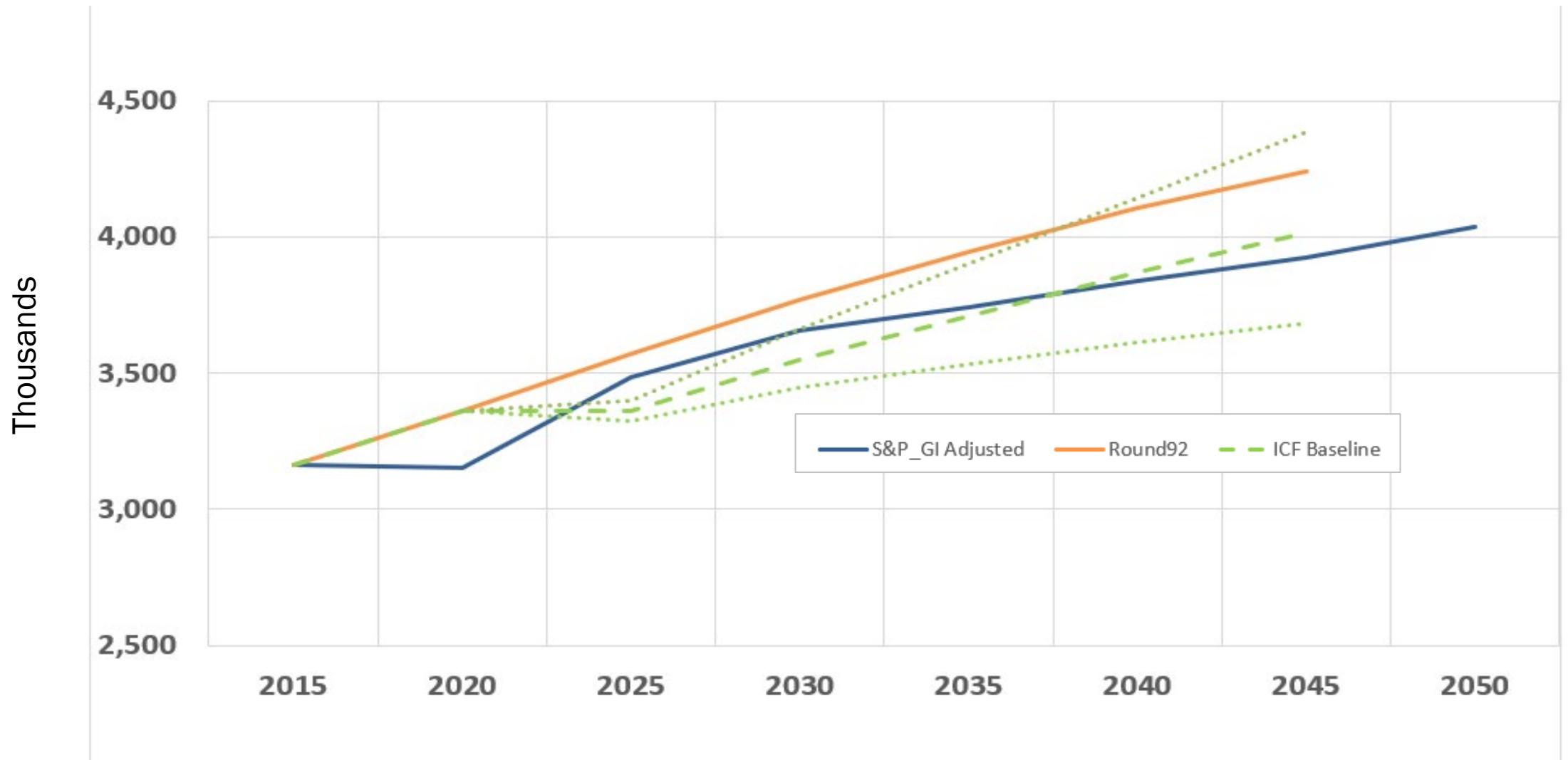
Source: COG and ICF



Source: COG Round 9.2 Forecast (2021)

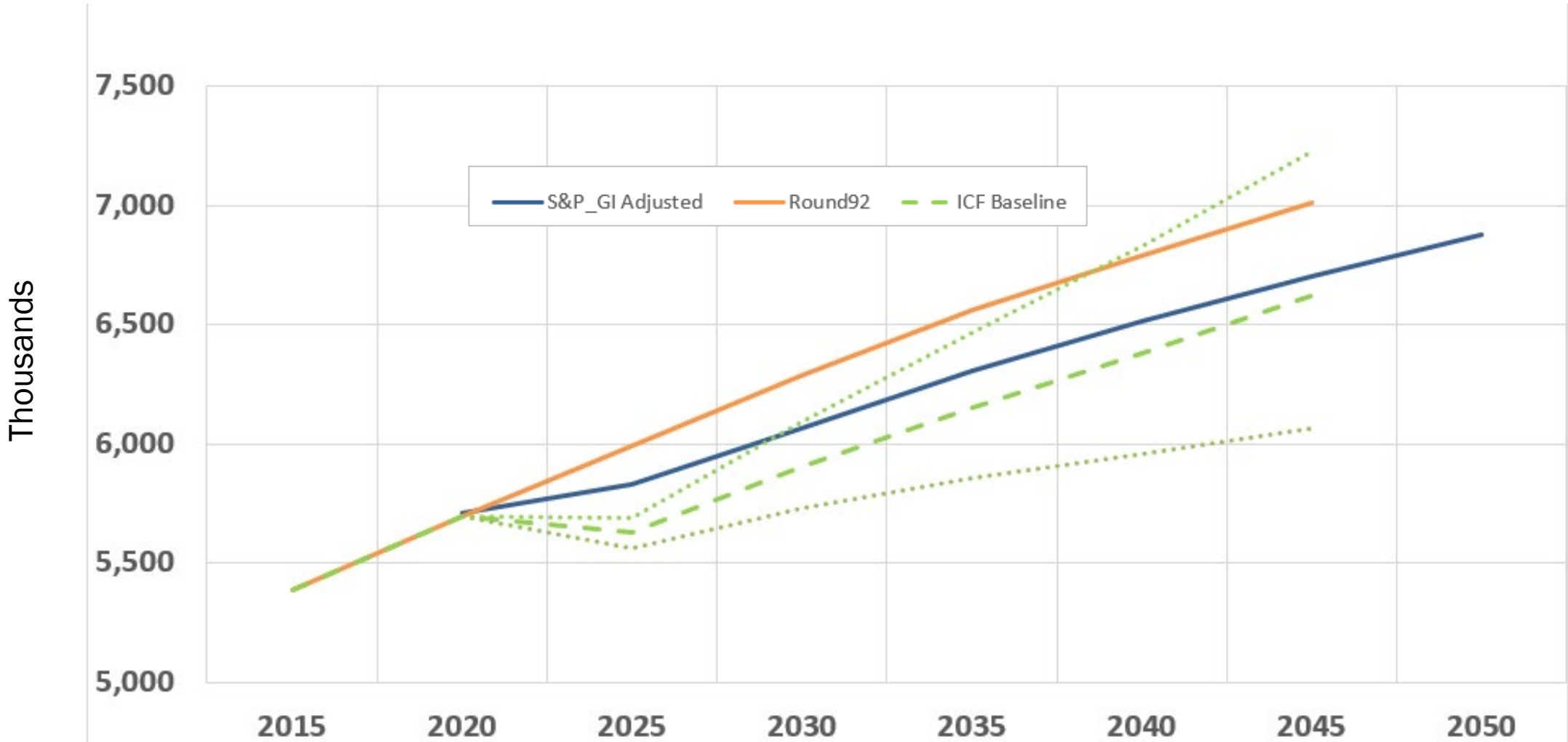
Potential Range of Forecast Employment Growth - COG Region

Thousands of Jobs Source: ICF



Potential Range of Forecast Population Growth - COG Region

Source: ICF



Next Steps

- **September 2022: Cooperative Forecasting Subcommittee and Planning Directors review Round 10 schedule and newly-updated Regional Economic Projections**
- **October to December: Preliminary reconciliation of draft jurisdictional projections**
- **Early 2023 – Planning Directors approve final draft Round 10 Forecasts and jurisdictions submit TAZ forecasts**

Questions?

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