The Effect of the Coronavirus Pandemic on the Washington Region’s Economy

Victor Hoskins, President & CEO, Fairfax County Economic Development Authority

Jeannette Chapman, Director, Stephen S. Fuller Institute in the Schar School of Policy and Government

George Mason University

Alex Iams, Vice President, Fairfax County Economic Development Authority

Business Continuity Webinar Series

Employer Exposures and Protecting Your Business:
Commercial Property and Casualty, Health and Welfare Impacts

Presented on March 13, 2020

Northern Virginia Chamber of Commerce partners with USI to focus on protecting your organization from liability aspects related to how Property and Casualty policies will respond to moving your workforce to remote locations.

As COVID-19 spreads rapidly across the globe, this webinar offers practical suggestions to protect your business from virus-related impact and loss (specifically property and casualty policies - not quarantine protocol). Join us to hear issues surrounding business and supply chain interruption (trade, cargo transport); workers compensation considerations; general liability, directors and officers, professional liability; international and domestic travel (business travel accident); employee health considerations (life, health and welfare plans); and contingency plans – what employers should be doing now.

Keeping Your Workforce and Business Healthy During (and After) the Coronavirus Outbreak: A Whole Community Approach

Presented on March 23, 2020

Northern Virginia Chamber of Commerce partners with the Fairfax County Health Department, Fairfax County Economic Development Authority and the Community Business Partnership to discuss how business leaders can partner with government and community to combat the Coronavirus.

The Coronavirus or COVID-19 is creating unprecedented challenges that requires government, businesses and individuals to do their part. No one can go this alone. We need a “whole community approach” to keep healthy and be resilient in the face of adversity.

www.novachamber.org/events
It's time to step up for our NOVA Business Community!

Visit www.NOVAMemberConnector.com for a list of member restaurants, entertainment providers, and service-focused companies who have had to close their doors or drastically cut back work during the COVID-19 virus outbreak.

Please help by purchasing gift cards or placing orders now that will help your fellow members recover in the future!

Stay Connected With Your Fellow Chamber Members

www.novachamber.org/weekly-virtual-networking

In the spirit of staying connected while promoting businesses within the Northern Virginia community, the Chamber will host three virtual networking events each week: Wake Up with the Chamber every Tuesday, Virtual Happy Hours every Thursday, and Lunch With the CEO every Friday. Please register early as we’ve found these events sell out quickly.

Every Tuesday, 8-9AM
Start off your Tuesday mornings by networking with your fellow members! Be prepared to ask questions, discuss current events, and meet new people over your favorite morning beverage. Register here.

Every Thursday, 4:30-5:30PM
It's been a long week. Why not unwind and enjoy networking with your fellow members during our Thursday virtual happy hours? Bring your own cocktail, wine, or beer and be prepared for fun. Register here.

Every Friday, 12-1PM
Take your Friday lunch break to the next level by networking with our Chamber CEO, Julie Coons, and fellow members of our business community. Lunch is optional. Register here.
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The Pandemic’s Economic Impact on the Washington Region

Jeannette Chapman
Director
The Stephen S. Fuller Institute
Schar School of Policy and Government
George Mason University

April 2, 2020
The Pre-Pandemic Performance of the U.S. Economy

Recession Recovery Patterns of GDP Past Four Recessions*

*In 1992 or 2009 Chained Dollars; **Quarters 40+ include the 2011 Recession; ***Quarters 32+ include the 1991 Recession; ****Quarters 25+ include the 2009 Recession

Sources: Bureau of Economic Analysis, The Stephen S. Fuller Institute at the Schar School, GMU
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Pre-Pandemic Forecast: U.S. GDP 2007 – 2018 – 2024 (Annual % Change)

Sources: IHS Markit (January 2020); The Stephen S. Fuller Institute at the Schar School, GMU

The Pre-Pandemic Performance & Prior Recessions in the Washington Region
U.S. GDP and Washington Region GRP
2002 – 2018 (Annual % Change)

-3% -2% -1% 0% 1% 2% 3% 4% 5% 6% 7%

Sources: U.S Bureau of Economic Analysis; The Stephen S. Fuller Institute at the Schar School, GMU (forecast as of December 2019)

Washington Region Annual Job Change
Monthly Over-The-Year Change

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU
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Washington Region Coincident Index
Monthly Over-the-Year Change

Source: The Stephen S. Fuller Institute at the Schar School, GMU

Washington Region Leading Index
Monthly Over-the-Year Change

Source: The Stephen S. Fuller Institute at the Schar School, GMU

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Unemployment Rate, Washington Region
Jan 1990 – Jan 2020

Jan 2020: 2.9%

Sources: U.S. Bureau of Labor Statistics (Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU

Unemployment Claims, D.C. (5-mo moving Average)

Prior to the Great Recession
Current Period

Sources: U.S. Department of Labor; The Stephen S. Fuller Institute at the Schar School, GMU
NOTE: Does not show the spike in Initial Claims related to the January 2019 Shutdown
Immediate Impact of the Pandemic

Change in TSA Checkpoint Throughput
Daily Over-the-Year Percent Change

Sources: TSA, The Stephen S. Fuller Institute at the Schar School, GMU
Weekly U.S. Hotel Occupancy Rate, 2019 & 2020

Change in OpenTable Reservations
Daily Over-the-Year Percent Change
Weekly U.S. Box Office Gross Revenue, (Millions)

Sources: Box Office Mojo; The Stephen S. Fuller Institute at the Schar School, GMU
Note: Dates shown correspond to the timeframe in 2020; 2019 reflects the corresponding Friday to Thursday periods.

Change in U.S. Retail Sales
Monthly Over-the-Year Percent Change

Sources: IHS Markit (March 31, 2020); The Stephen S. Fuller Institute at the Schar School, GMU
New Unemployment Insurance Claims, U.S.

- 13-Weeks During 2008/2010 Recession (Peak)
- Week Ending March 27, 2020

First Week of Pandemic = 31.6% of 13-week Recession Total

Sources: US DOES (NSA); The Stephen S. Fuller Institute at the Schar School, GMU

New Unemployment Insurance Claims

- 13-Weeks During 2008/2010 Recession (Peak)
- Week Ending March 27, 2020

100% of 13-week Recession Total
27% of 13-week Recession Total
35% of 13-week Recession Total

Sources: US DOES (NSA); The Stephen S. Fuller Institute at the Schar School, GMU
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Change in Miles Traveled by the INRIX Fleet, U.S.

<table>
<thead>
<tr>
<th>Overall</th>
<th>Personal Vehicles</th>
<th>Local Fleets</th>
<th>Long Haul Trucks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week Beginning 3/14</td>
<td>-18%</td>
<td>-38%</td>
<td>-42%</td>
</tr>
<tr>
<td>Week Beginning 3/21</td>
<td>-20%</td>
<td>-42%</td>
<td>-14%</td>
</tr>
<tr>
<td>Change</td>
<td>2%</td>
<td>-3%</td>
<td></td>
</tr>
</tbody>
</table>

Sources: INRIX; The Stephen S. Fuller Institute at the Schar School, GMU

Change in Miles Traveled by the INRIX Fleet
Recent Friday Compared to Typical Friday, Select Metros

<table>
<thead>
<tr>
<th>Metropolitan Area</th>
<th>March 20</th>
<th>March 27</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Francisco</td>
<td>-51%</td>
<td>-54%</td>
</tr>
<tr>
<td>Seattle</td>
<td>-29%</td>
<td>-33%</td>
</tr>
<tr>
<td>New York</td>
<td>-43%</td>
<td>-41%</td>
</tr>
<tr>
<td>Washington</td>
<td>-36%</td>
<td>-39%</td>
</tr>
<tr>
<td>Boston</td>
<td>-41%</td>
<td>-41%</td>
</tr>
<tr>
<td>Nationwide</td>
<td>-36%</td>
<td>-41%</td>
</tr>
</tbody>
</table>

Date of Initial Decline: San Francisco: 3/6/20; Seattle: 3/3/20; New York: 3/13/20; Washington: 3/12/20; Boston: 3/12/20; Nationwide: 3/13/20

Sources: INRIX; The Stephen S. Fuller Institute at the Schar School, GMU
Institute for Supply Management
Manufacturing and Non-Manufacturing Indices

Sources: The Institute for Supply Management, The Stephen S. Fuller Institute at the Schar School, GMU

Pandemic’s Economic Ramifications
Effect of the Coronavirus Pandemic on the Washington Region’s Economy

Presented April 2, 2020

Immediately At-Risk Industries
As a Share of Economic Activity, Washington Region, 2018

Sources: Bureau of Economic Analysis; Bureau of Labor Statistics; American Community Survey; The Stephen S. Fuller Institute at the Schar School, GMU

*Reflects the share of workers with a main job in the industry living in the region and counts part-time workers one time. **GRP is an estimate.

Household Income By Worker Type
Washington Region, 2018

Sources: American Community Survey; The Stephen S. Fuller Institute at the Schar School, GMU
Downside Risk: Does Not Scale Proportionally

- Semi-Shutdown of other sectors
- Income and net wealth losses
- Consumer sentiment
- Economic bottlenecks
**Effect of the Coronavirus Pandemic on the Washington Region’s Economy**

Presented April 2, 2020

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### Potentially At-Risk Industries

As a Share of Economic Activity, Washington Region, 2018

<table>
<thead>
<tr>
<th>Industry</th>
<th>Gross Regional Product</th>
<th>Wages</th>
<th>Workforce (Main Job)*</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Activities</td>
<td>18.6%</td>
<td>6.7%</td>
<td>3.5%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Prof., Tech. &amp; Sci. Mgt Svcs</td>
<td>19.3%</td>
<td>16.0%</td>
<td>16.7%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Construction</td>
<td>27.1%</td>
<td>4.3%</td>
<td>6.1%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Transportation &amp; Warehousing</td>
<td>27.1%</td>
<td>1.6%</td>
<td>1.3%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Reflects the share of workers with a main job in the industry living in the region and counts part-time workers one time. **GRP is an estimate.

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### U.S. Consumer Confidence

Monthly Over-the-Year Change, January 2015 – March 2020

- **Present**
- **Expectations**

Sources: The Conference Board, The Stephen S. Fuller Institute at the Schar School, GMU
RESOURCES FOR BUSINESSES AFFECTED BY THE CORONAVIRUS EMERGENCY

• CARES Act Summary

• Small Business Administration

• Commonwealth of Virginia
  https://www.virginia.gov/coronavirus/support-for-businesses/#854620

• Fairfax County EDA

• Fairfax County
  https://www.fairfaxcounty.gov/covid19/information-businesses-impacted-coronavirus

• Northern Virginia Chamber Business Continuity Webinar Series
  https://www.novachamber.org/business-continuity-webinar-recordings.html