

RED CAPITAL Research

Payroll Forecast Summary

March 2009

RED CAPITAL Research employs time-series econometric models to forecast future payroll employment trends for each of the fifty metropolitan areas that we cover from a research perspective, a group we call the “**RED 50**”. Each metro forecast is derived from a unique multivariate equation with predictive economic variables and coefficients calibrated to the specific characteristics of the local employment market.

Future values for predictive independent variables are obtained from economic forecasts published by Dr. Stuart Hoffman, chief economist of PNC Financial Services Group. Dr. Hoffman typically updates his forecast monthly. His latest forecast can be obtained using the following link: (<https://www.pnc.com/webapp/unsec/NCProductsAndService.do?siteArea=/PNC/Home/About+PNC/Media+Room/Economic+Reports>).

The attached *Metropolitan Payroll Forecast Summary* provides our latest metro payroll forecasts, expressed on annual and quarterly bases, incorporating up-to-date macro economic data and PNC forecasts. **RCR** intends to update the forecasts regularly to maintain conformity with Dr. Hoffman’s latest projections and to incorporate the latest Bureau of Labor Statistics payroll data and other government economic statistics. We hope this initiative will help our readers to stay abreast of economic developments and the **RCR** view of this most critical driver of metropolitan apartment demand.

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MARCH FORECAST DATA

Table 1: Summary of Key National Metrics			
	2008a	2009f	2010f
GDP	1.1%	-2.7%	1.7%
Consumption	0.2%	-2.7%	1.6%
Payroll Employment	-0.4%	-2.9%	0.7%
Fixed Investment	-4.9%	-10.0%	-3.3%
Nonresidential	1.7%	-9.4%	-4.1%
Residential	-20.7%	-11.7%	0.1%

Source: PNC Bank (March 2009)

Table 2: Metropolitan Payroll Growth Forecasts						
Metro Area	2008a		2009f		2010f	
Albuquerque	-300	-0.1%	-300	-0.1%	16,500	4.2%
Atlanta	-27,000	-1.1%	-102,500	-4.2%	27,500	1.2%
Austin	19,800	2.7%	-1,300	-0.2%	6,000	0.8%
Baltimore	-3,100	-0.2%	-24,300	-1.8%	0	0.0%
Boston	12,000	0.7%	-36,000	-2.1%	-200	0.0%
Charlotte	-300	0.0%	-28,500	-3.3%	-800	-0.1%
Chicago	-27,000	-0.7%	-79,900	-2.1%	13,100	0.3%
Cincinnati	-4,200	-0.4%	-12,300	-1.2%	7,500	0.7%
Cleveland	-13,100	-1.2%	-43,900	-4.1%	-8,200	-0.8%
Columbus	-1,600	-0.2%	-19,400	-2.1%	13,400	1.5%
Dallas	32,900	1.6%	-10,900	-0.5%	49,000	2.4%
Denver	9,800	0.8%	-36,500	-2.9%	3,100	0.3%
Detroit	-66,000	-3.3%	-48,200	-2.5%	2,100	0.1%
Fort Lauderdale	-18,100	-2.3%	-35,800	-4.5%	-2,900	-0.4%
Fort Worth	13,000	1.5%	-6,300	-0.7%	10,200	1.2%
Houston	58,000	2.4%	9,500	0.4%	38,100	1.5%
Indianapolis	-2,000	-0.2%	-7,900	-0.9%	15,000	1.7%
Inland Empire	-48,400	-3.8%	-56,800	-4.5%	-5,700	-0.5%
Jacksonville	-12,600	-2.0%	-14,700	-2.3%	-1,100	-0.2%
Kansas City	5,100	0.5%	-8,300	-0.8%	8,900	0.9%
Las Vegas	-12,700	-1.4%	-25,900	-2.8%	23,700	2.6%
Los Angeles	-52,800	-1.3%	-140,300	-3.4%	-22,900	-0.6%
Louisville	-3,300	-0.5%	-13,400	-2.1%	7,300	1.2%
Miami	-14,300	-1.4%	-28,400	-2.7%	8,900	0.9%
Milwaukee	-5,100	-0.6%	-23,700	-2.8%	3,000	0.4%
Minneapolis	-11,700	-0.7%	-49,500	-2.8%	3,400	0.2%
Nashville	-3,700	-0.5%	-16,400	-2.2%	20,400	2.7%
New York	44,600	0.9%	-118,800	-2.3%	30,500	0.6%
Norfolk	-6,900	-0.9%	-11,100	-1.4%	3,200	0.4%
Northern Virginia	4,100	0.3%	-1,200	-0.1%	25,900	2.0%
Oakland	-18,300	-1.8%	-31,600	-3.0%	-13,200	-1.3%
Orange County	-30,900	-2.0%	-58,800	-3.9%	-16,300	-1.1%
Orlando	-16,100	-1.5%	-37,100	-3.4%	1,300	0.1%
Philadelphia	3,800	0.2%	-13,200	-0.7%	22,000	1.2%
Phoenix	-46,600	-2.5%	-97,100	-5.1%	40,500	2.2%
Pittsburgh	3,000	0.3%	-10,100	-0.9%	-1,500	-0.1%
Portland	500	0.0%	-28,600	-2.8%	2,300	0.2%
Raleigh-Durham	9,400	1.2%	-9,800	-1.2%	11,700	1.5%
Sacramento	-21,200	-2.4%	-50,800	-5.6%	-23,900	-2.8%
Salt Lake City	4,700	0.8%	-7,000	-1.1%	11,000	1.7%
San Antonio	18,800	2.3%	-6,500	-0.8%	13,800	1.7%
San Diego	-9,600	-0.7%	-24,300	-1.9%	900	0.1%
San Francisco	5,900	0.6%	-46,700	-4.7%	-8,000	-0.8%
San Jose	3,900	0.4%	-9,600	-1.1%	-2,600	-0.3%
Seattle	17,300	1.0%	-55,000	-3.2%	3,800	0.2%
St. Louis	100	0.0%	-17,800	-1.3%	13,300	1.0%
Suburban Maryland	-1,300	-0.2%	-3,500	-0.6%	5,100	0.9%
Tampa	-34,300	-2.7%	-47,000	-3.7%	7,200	0.6%
Washington DC Metro	16,700	0.6%	-3,300	-0.1%	45,600	1.5%
West Palm Beach	-18,500	-3.3%	-15,200	-2.7%	11,400	2.1%

Table 3: Metropolitan Payroll Growth Quarterly Forecasts																
Metro Area	2009 Q1		2009 Q2		2009 Q3		2009 Q4		2010 Q1		2010 Q2		2010 Q3		2010 Q4	
Albuquerque	-2,400	-0.6%	-2,600	-0.7%	0	0.0%	3,700	3.5%	13,500	3.5%	16,600	4.2%	17,600	4.4%	18,500	4.6%
Atlanta	-105,600	-4.3%	-127,900	-5.2%	-108,100	-4.4%	-68,400	-0.9%	-20,500	-0.9%	24,500	1.1%	45,200	1.9%	61,000	2.5%
Austin	2,800	0.4%	-2,500	-0.3%	-2,800	-0.4%	-2,700	0.1%	400	0.1%	5,500	0.7%	7,600	1.0%	10,400	1.4%
Baltimore	-25,600	-2.0%	-28,200	-2.1%	-24,800	-1.9%	-18,500	-0.7%	-9,100	-0.7%	-1,600	-0.1%	2,400	0.2%	8,300	0.6%
Boston	-32,000	-1.9%	-38,800	-2.3%	-42,400	-2.5%	-30,600	-1.0%	-16,000	-1.0%	-4,200	-0.3%	4,900	0.3%	14,500	0.9%
Charlotte	-35,400	-4.2%	-34,300	-4.0%	-26,900	-3.1%	-17,400	-0.9%	-6,900	-0.9%	-1,600	-0.2%	800	0.1%	4,500	0.5%
Chicago	-95,400	-2.5%	-95,900	-2.5%	-84,400	-2.2%	-44,100	-0.5%	-19,600	-0.5%	5,400	0.1%	22,300	0.6%	44,300	1.1%
Cincinnati	-21,300	-2.1%	-16,800	-1.6%	-11,600	-1.1%	300	0.5%	5,100	0.5%	7,700	0.7%	8,000	0.8%	9,100	0.9%
Cleveland	-41,600	-3.9%	-49,100	-4.5%	-48,100	-4.5%	-36,800	-2.2%	-22,200	-2.2%	-8,200	-0.8%	-3,000	-0.3%	400	0.0%
Columbus	-20,600	-2.2%	-22,400	-2.4%	-21,200	-2.2%	-13,500	0.0%	400	0.0%	11,800	1.3%	18,900	2.0%	22,600	2.4%
Dallas	-12,300	-0.6%	-19,600	-0.9%	-14,400	-0.7%	2,600	1.3%	25,400	1.3%	45,500	2.2%	56,600	2.7%	68,700	3.3%
Denver	-35,600	-2.9%	-43,000	-3.5%	-41,300	-3.3%	-26,100	-0.9%	-10,100	-0.9%	1,100	0.1%	6,700	0.6%	14,800	1.2%
Detroit	-100,600	-5.2%	-63,100	-3.2%	-35,800	-1.8%	6,900	1.1%	20,300	1.1%	-300	0.0%	-7,200	-0.4%	-4,400	-0.2%
Fort Lauderdale	-35,800	-4.5%	-40,700	-5.1%	-37,100	-4.7%	-29,400	-2.3%	-17,700	-2.3%	-5,700	-0.8%	2,000	0.3%	9,800	1.3%
Fort Worth	-3,500	-0.4%	-10,500	-1.2%	-7,800	-0.9%	-3,500	0.3%	2,200	0.3%	9,000	1.1%	11,600	1.4%	18,100	2.1%
Houston	14,700	0.6%	3,300	0.1%	3,600	0.1%	16,400	1.1%	27,200	1.1%	36,700	1.4%	41,400	1.6%	47,200	1.8%
Indianapolis	-15,600	-1.7%	-14,500	-1.6%	-8,700	-0.9%	7,000	1.1%	9,800	1.1%	13,800	1.5%	16,300	1.8%	20,000	2.1%
Inland Empire	-75,300	-5.9%	-66,800	-5.2%	-53,000	-4.2%	-32,000	-1.3%	-16,100	-1.3%	-5,600	-0.5%	-1,300	-0.1%	300	0.0%
Jacksonville	-17,300	-2.7%	-18,300	-2.9%	-15,500	-2.5%	-7,700	-0.9%	-5,400	-0.9%	-1,900	-0.3%	200	0.0%	2,900	0.5%
Kansas City	-10,000	-1.0%	-11,100	-1.1%	-7,600	-0.7%	-4,600	0.8%	7,500	0.8%	8,800	0.9%	8,400	0.8%	11,100	1.1%
Las Vegas	-37,900	-4.1%	-27,100	-2.9%	-27,100	-2.9%	-11,400	1.8%	15,700	1.8%	16,400	1.8%	27,200	3.0%	35,600	3.9%
Los Angeles	-139,300	-3.4%	-169,500	-4.1%	-140,900	-3.4%	-111,600	-1.7%	-69,200	-1.7%	-32,600	-0.8%	-6,700	-0.2%	16,700	0.4%
Louisville	-16,200	-2.6%	-16,600	-2.6%	-15,300	-2.4%	-5,200	0.0%	-200	0.0%	6,200	1.0%	9,500	1.6%	13,600	2.2%
Miami	-32,900	-3.1%	-33,800	-3.2%	-30,200	-2.9%	-16,400	-0.3%	-3,600	-0.3%	6,400	0.6%	12,900	1.3%	19,700	1.9%
Milwaukee	-25,400	-3.0%	-27,100	-3.1%	-25,100	-2.9%	-17,400	-0.9%	-7,000	-0.9%	800	0.1%	6,400	0.8%	11,700	1.4%
Minneapolis	-51,600	-2.9%	-57,600	-3.2%	-53,400	-3.0%	-35,300	-0.9%	-15,900	-0.9%	-600	0.0%	9,900	0.6%	20,400	1.1%
Nashville	-22,900	-3.1%	-23,000	-3.0%	-15,400	-2.0%	-4,300	1.4%	10,100	1.4%	18,500	2.5%	23,800	3.2%	29,200	3.8%
New York	-106,300	-2.1%	-136,400	-2.6%	-143,700	-2.8%	-88,900	-0.5%	-25,600	-0.5%	21,200	0.4%	48,700	1.0%	77,700	1.5%
Norfolk	-11,100	-1.5%	-12,500	-1.6%	-10,600	-1.4%	-10,100	-0.5%	-4,000	-0.5%	2,700	0.4%	5,300	0.7%	9,000	1.2%
Northern Virginia	-8,200	-0.6%	-7,200	-0.5%	-2,800	-0.2%	13,500	1.4%	18,400	1.4%	24,400	1.9%	27,800	2.1%	33,200	2.5%
Oakland	-39,100	-3.8%	-37,200	-3.5%	-30,800	-2.9%	-19,400	-1.8%	-18,300	-1.8%	-12,500	-1.2%	-11,900	-1.2%	-10,100	-1.0%
Orange County	-66,700	-4.4%	-68,700	-4.5%	-58,600	-3.9%	-41,200	-1.9%	-27,700	-1.9%	-18,200	-1.3%	-12,700	-0.9%	-6,700	-0.5%
Orlando	-46,600	-4.3%	-44,500	-4.1%	-39,500	-3.6%	-17,900	0.5%	5,200	0.5%	4,300	0.4%	-2,500	-0.2%	-1,700	-0.2%
Philadelphia	-21,600	-1.1%	-20,100	-1.0%	-12,000	-0.6%	900	0.8%	14,900	0.8%	21,100	1.1%	23,300	1.2%	28,600	1.5%
Phoenix	-125,200	-6.6%	-119,200	-6.2%	-95,000	-5.0%	-49,000	0.3%	6,000	0.3%	35,600	2.0%	52,900	2.9%	67,600	3.6%
Pittsburgh	-8,200	-0.7%	-12,300	-1.1%	-12,900	-1.1%	-7,200	-0.5%	-5,900	-0.5%	-2,400	-0.2%	-800	-0.1%	3,200	0.3%
Portland	-28,200	-2.8%	-33,800	-3.3%	-32,800	-3.2%	-19,500	-1.0%	-10,100	-1.0%	600	0.1%	7,100	0.7%	11,700	1.1%
Raleigh-Durham	-17,000	-2.2%	-12,500	-1.6%	-7,700	-1.0%	-1,900	1.1%	8,800	1.1%	10,600	1.3%	12,200	1.5%	15,300	1.9%
Sacramento	-41,600	-4.6%	-54,200	-6.0%	-55,700	-6.2%	-51,600	-4.9%	-42,200	-4.9%	-26,200	-3.1%	-16,800	-2.0%	-10,400	-1.2%
Salt Lake City	-7,700	-1.2%	-10,100	-1.6%	-8,000	-1.3%	-2,300	0.5%	3,300	0.5%	10,400	1.7%	13,600	2.2%	16,600	2.6%
San Antonio	-3,400	-0.4%	-10,300	-1.2%	-9,200	-1.1%	-3,100	0.7%	5,500	0.7%	13,200	1.6%	16,500	2.0%	19,900	2.4%
San Diego	-27,900	-2.2%	-28,200	-2.2%	-23,000	-1.8%	-17,900	-0.4%	-5,600	-0.4%	-1,100	-0.1%	3,000	0.2%	7,200	0.6%
San Francisco	-36,100	-3.7%	-53,000	-5.4%	-53,700	-5.4%	-43,900	-2.8%	-26,400	-2.8%	-10,600	-1.1%	-2,200	-0.2%	7,200	0.7%
San Jose	-15,900	-1.8%	-10,100	-1.1%	-12,700	-1.4%	400	0.4%	3,500	0.4%	-2,800	-0.3%	-5,500	-0.6%	-5,500	-0.6%
Seattle	-45,900	-2.7%	-59,000	-3.4%	-68,300	-3.9%	-46,700	-1.3%	-22,100	-1.3%	-3,000	-0.2%	14,600	0.9%	26,000	1.5%
St. Louis	-23,900	-1.8%	-23,900	-1.7%	-16,900	-1.2%	-6,500	0.8%	10,100	0.8%	13,000	1.0%	13,800	1.0%	16,500	1.2%
Suburban Maryland	-4,200	-0.7%	-5,000	-0.9%	-3,500	-0.6%	-1,200	0.2%	1,200	0.2%	4,400	0.8%	6,300	1.1%	8,700	1.5%
Tampa	-50,100	-4.0%	-59,100	-4.7%	-45,900	-3.7%	-33,000	-1.1%	-13,900	-1.1%	10,300	0.9%	11,200	0.9%	21,400	1.7%
Washington DC Metro	-1,800	-0.1%	-10,500	-0.4%	-10,200	-0.3%	9,400	0.8%	23,000	0.8%	39,700	1.3%	53,800	1.8%	65,900	2.2%
West Palm Beach	-21,300	-3.7%	-18,600	-3.3%	-14,300	-2.6%	-6,700	1.4%	7,600	1.4%	11,800	2.2%	12,700	2.3%	13,400	2.4%

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