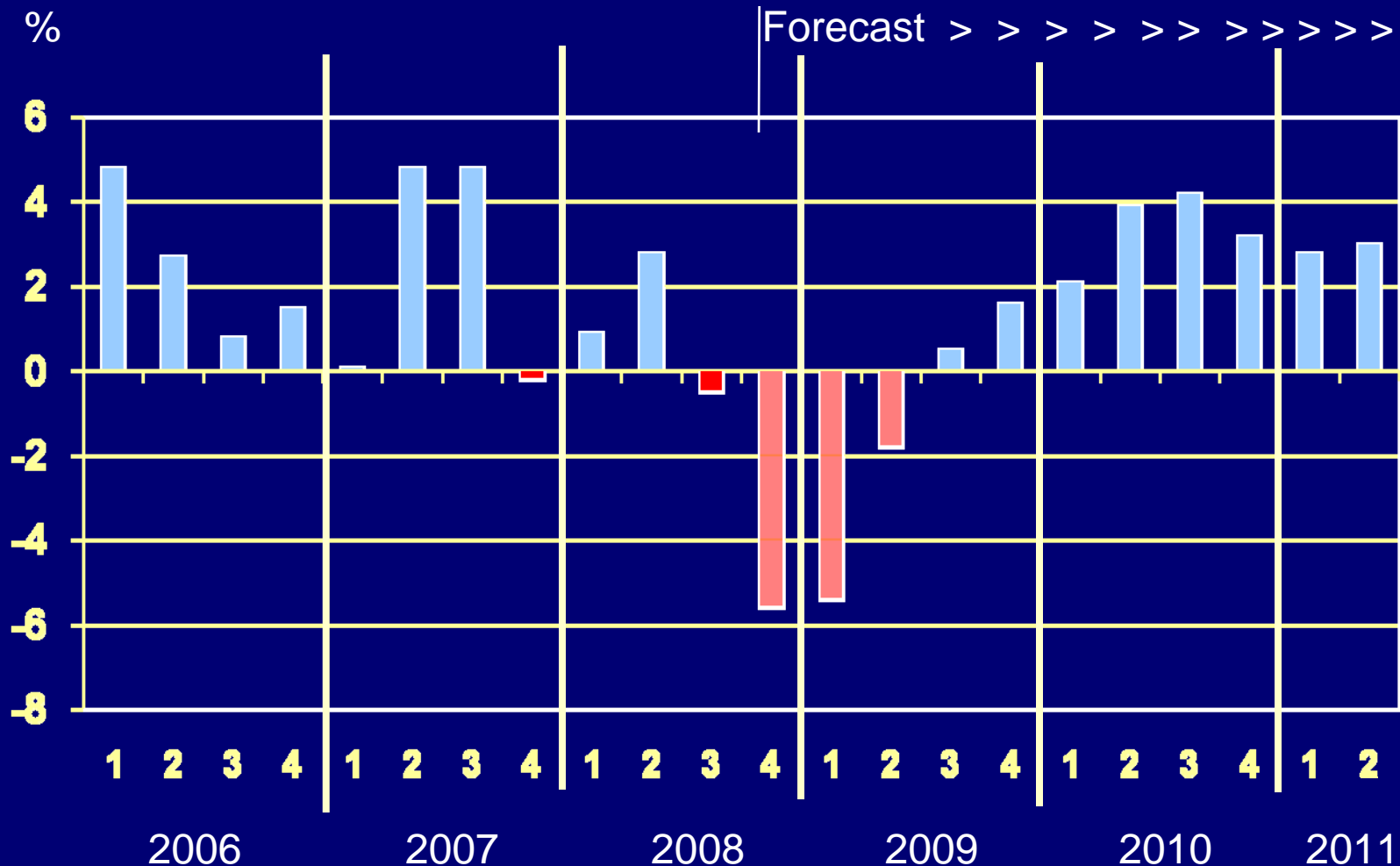


The Washington Region's Housing Market and Outlook

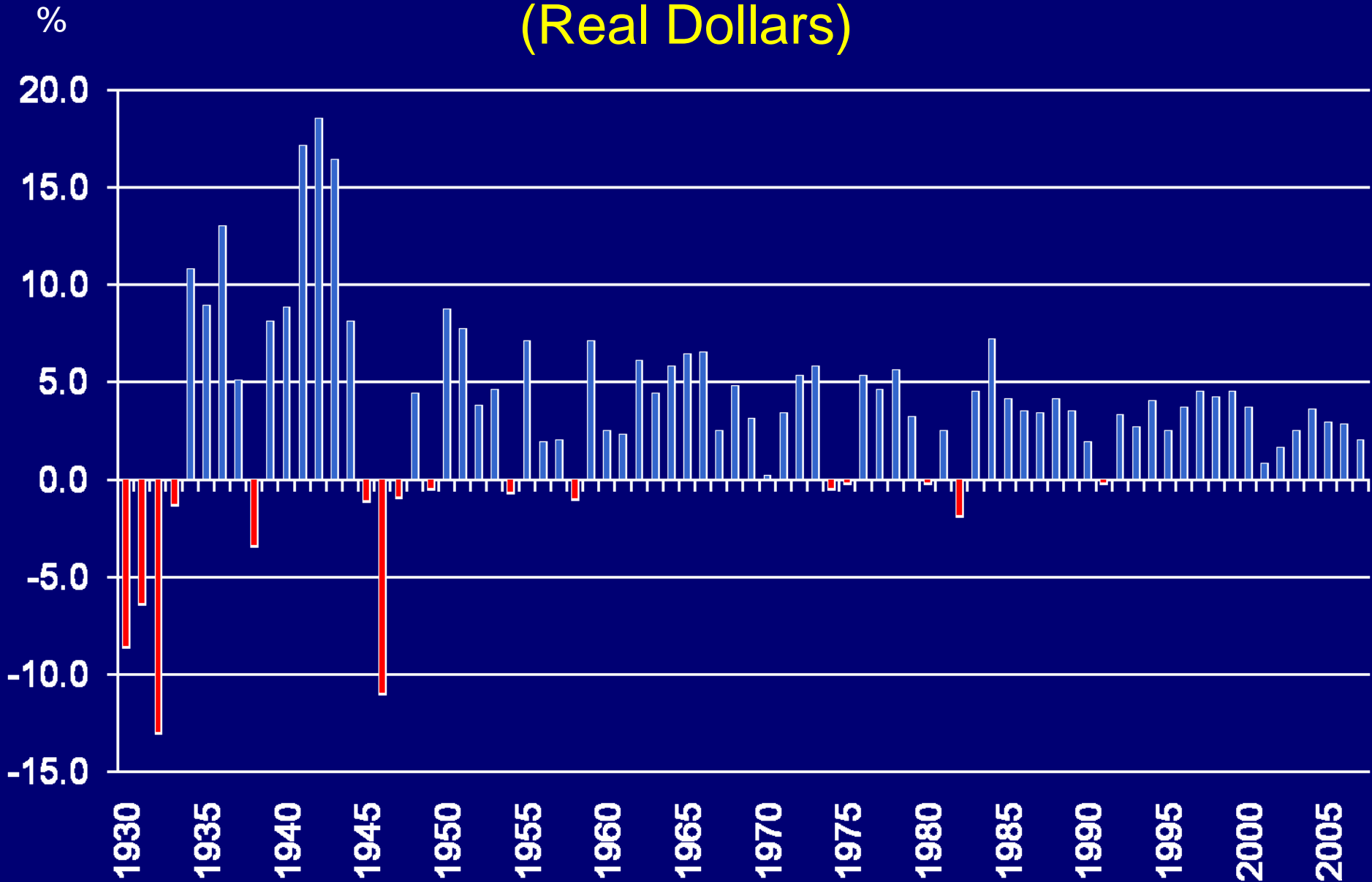
John McClain, AICP
Senior Fellow and Deputy Director,
Center for Regional Analysis, School of Public Policy
George Mason University

January 14, 2009

U.S. Gross Domestic Product Quarterly Change: 2006 – 2011

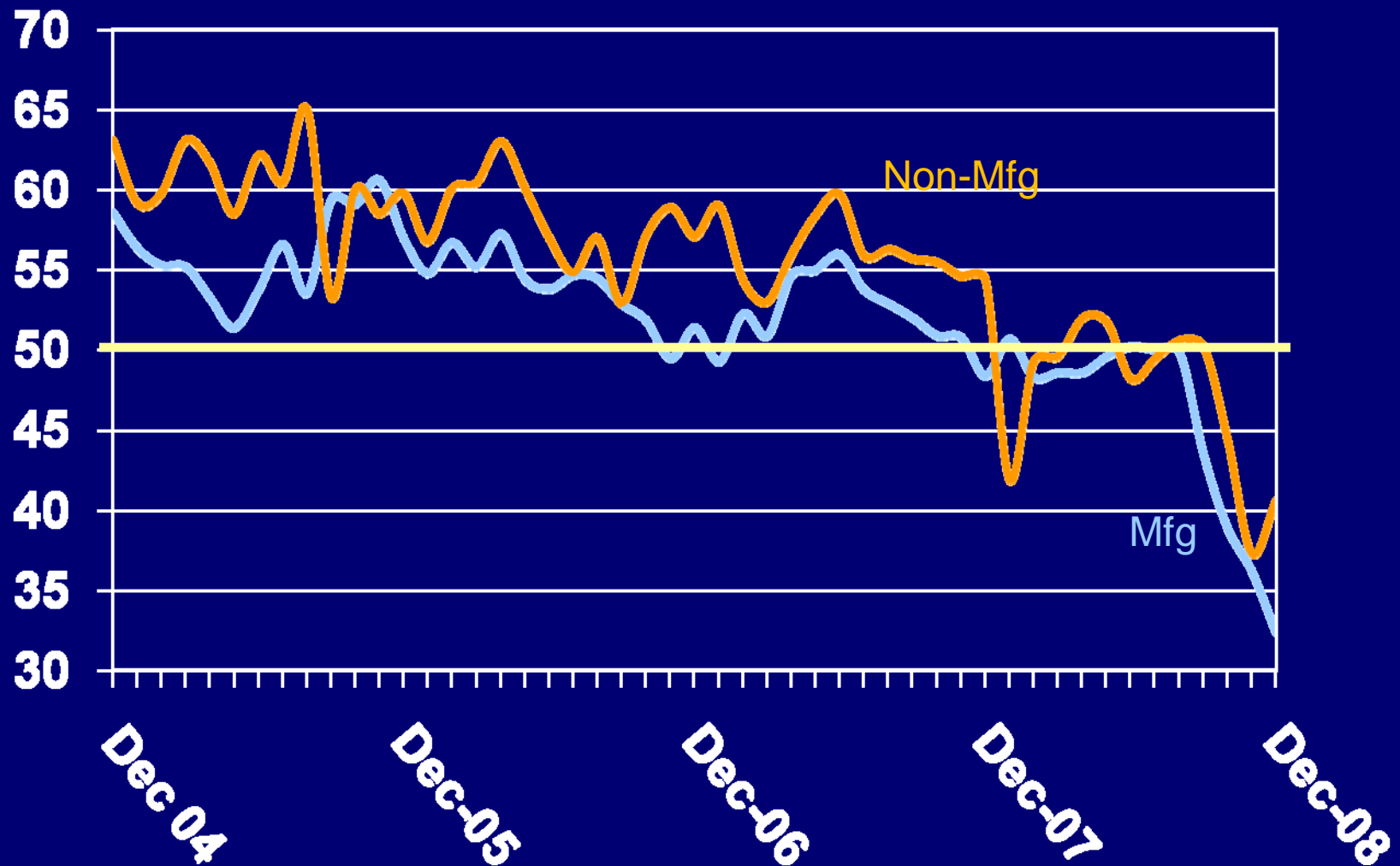


GDP Percent Change (Real Dollars)

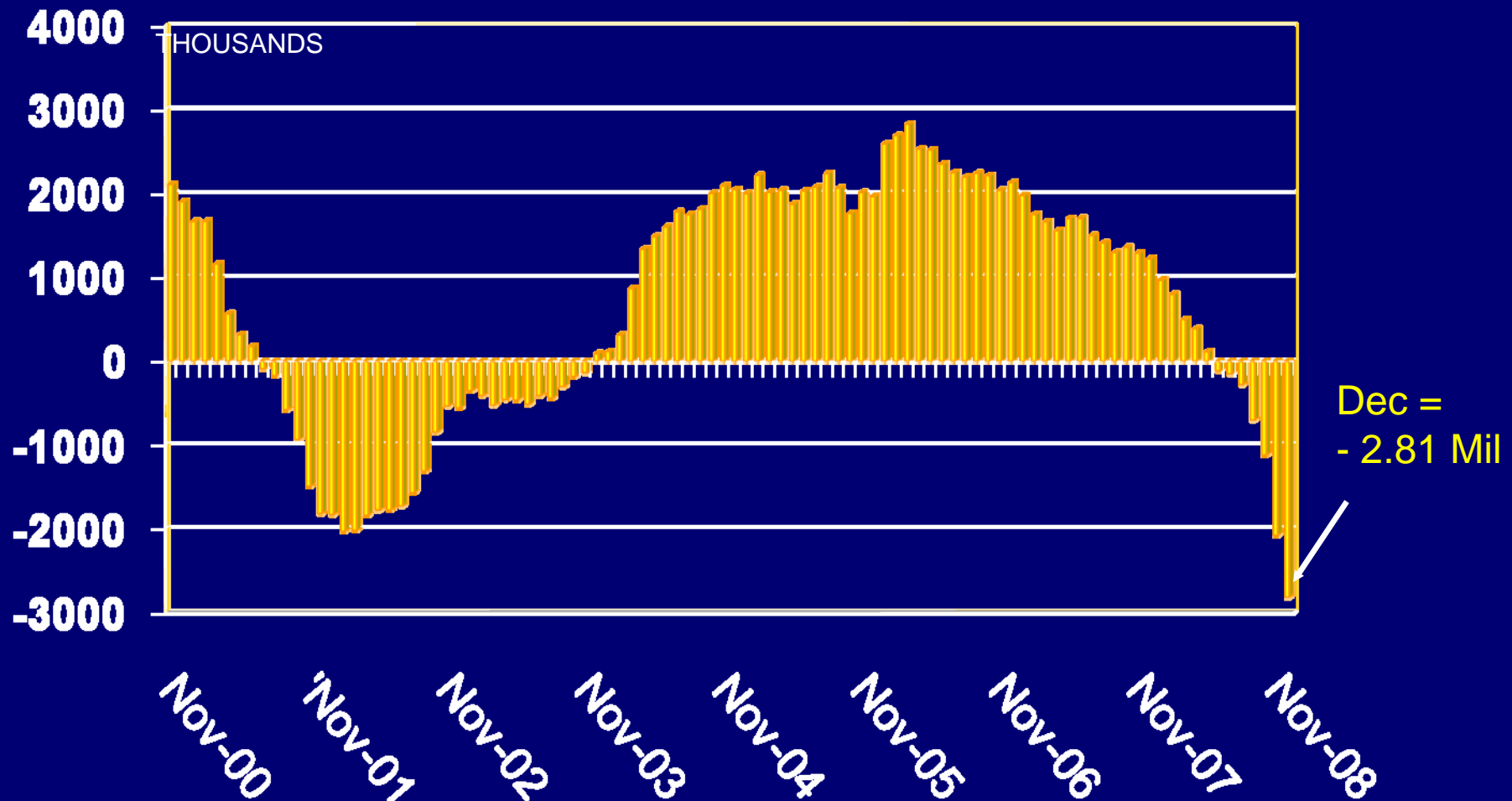


CURRENT CONDITIONS

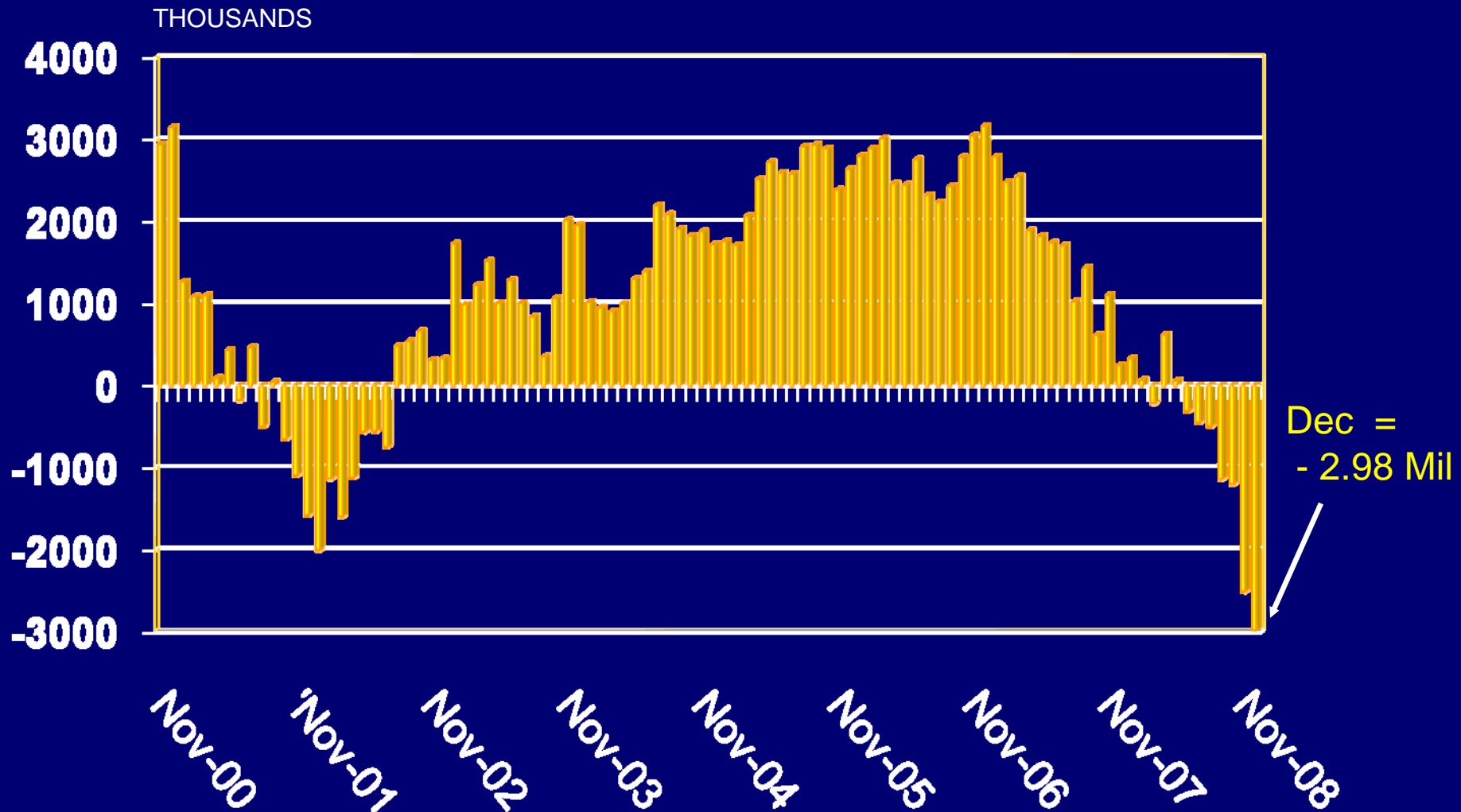
ISM Manufacturing and Non-Manufacturing Indices



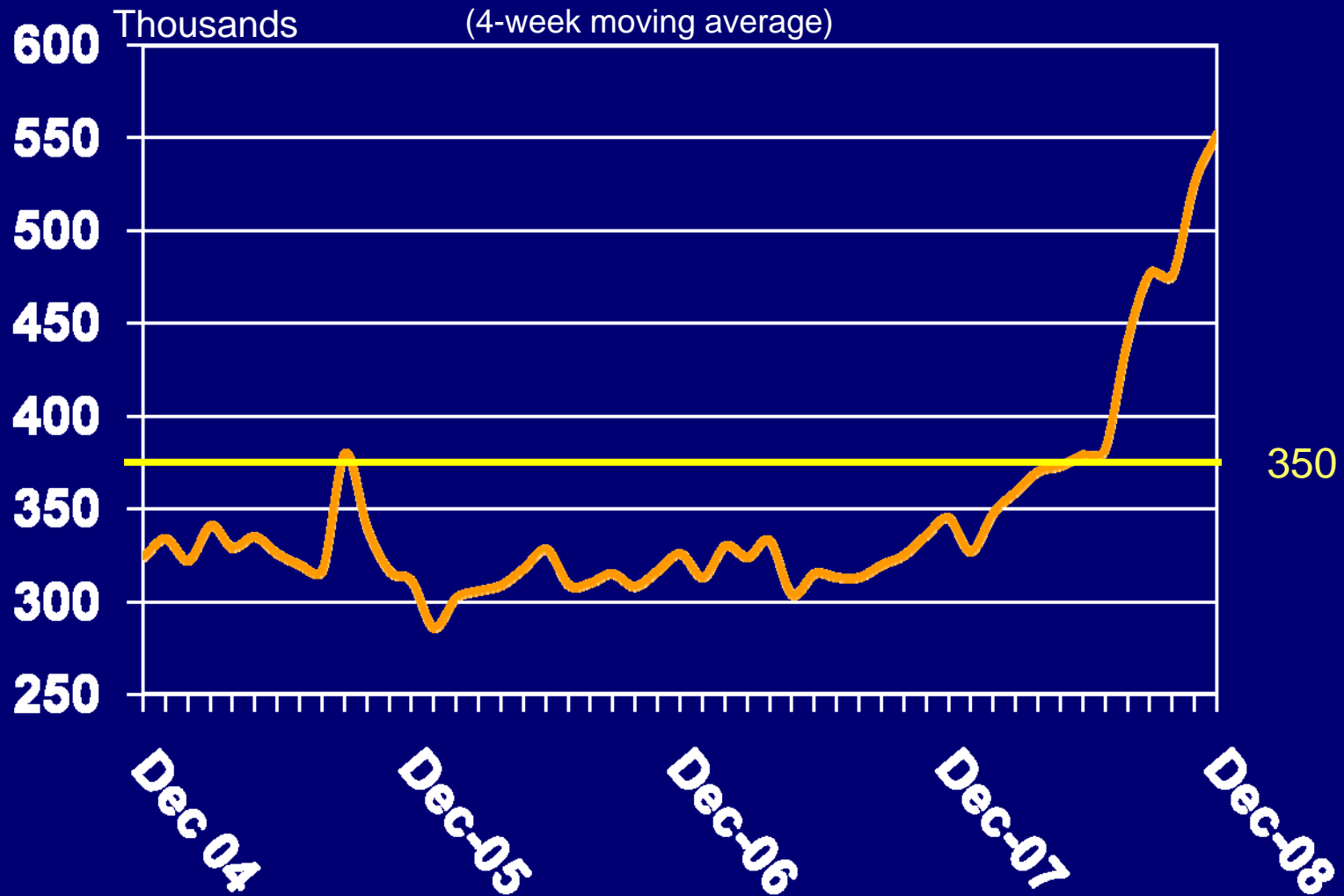
Annual Change in Payroll Jobs - US



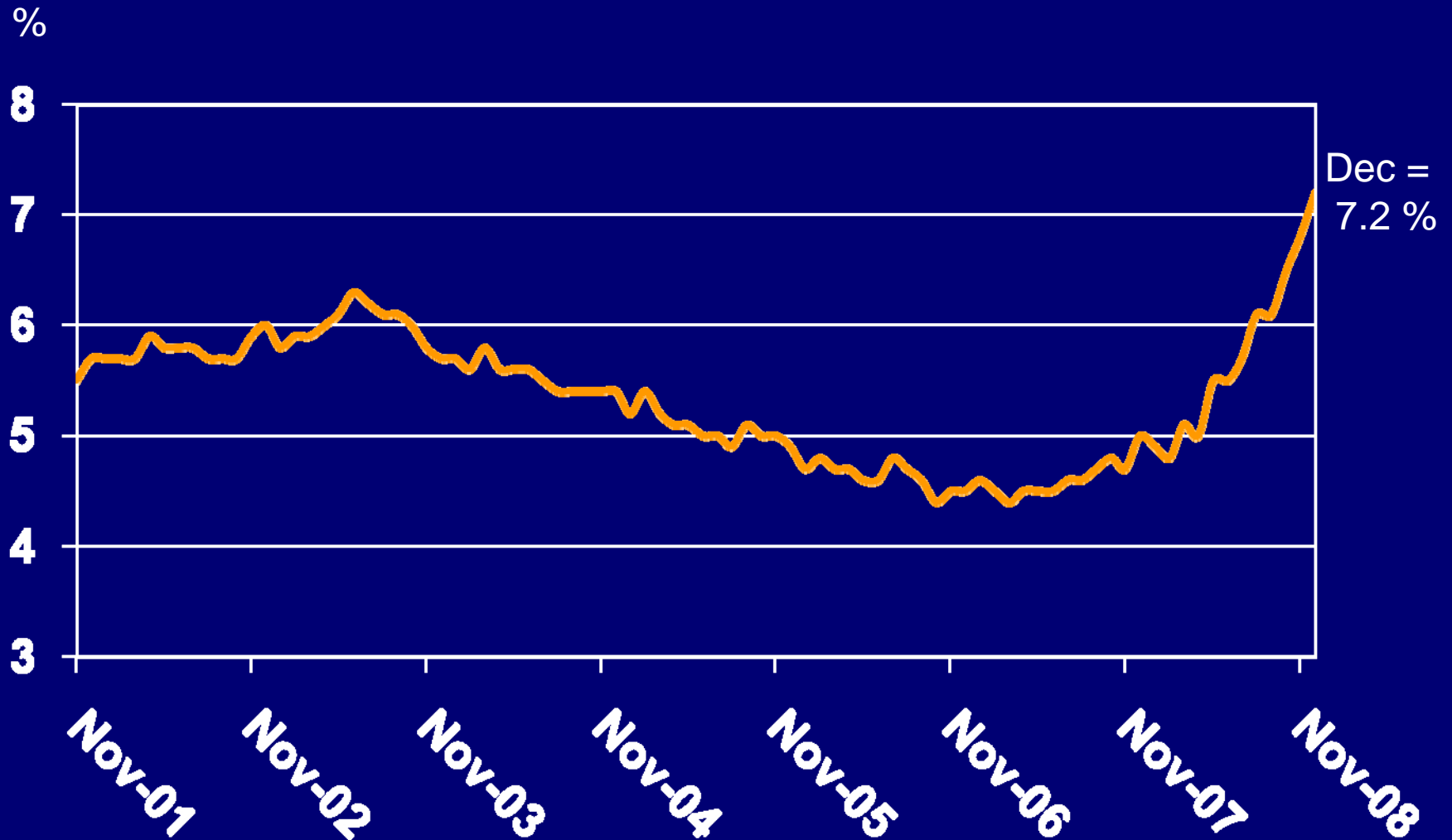
Annual Change in Employed - U.S.



Initial Unemployment Claims



U.S. Unemployment Rate

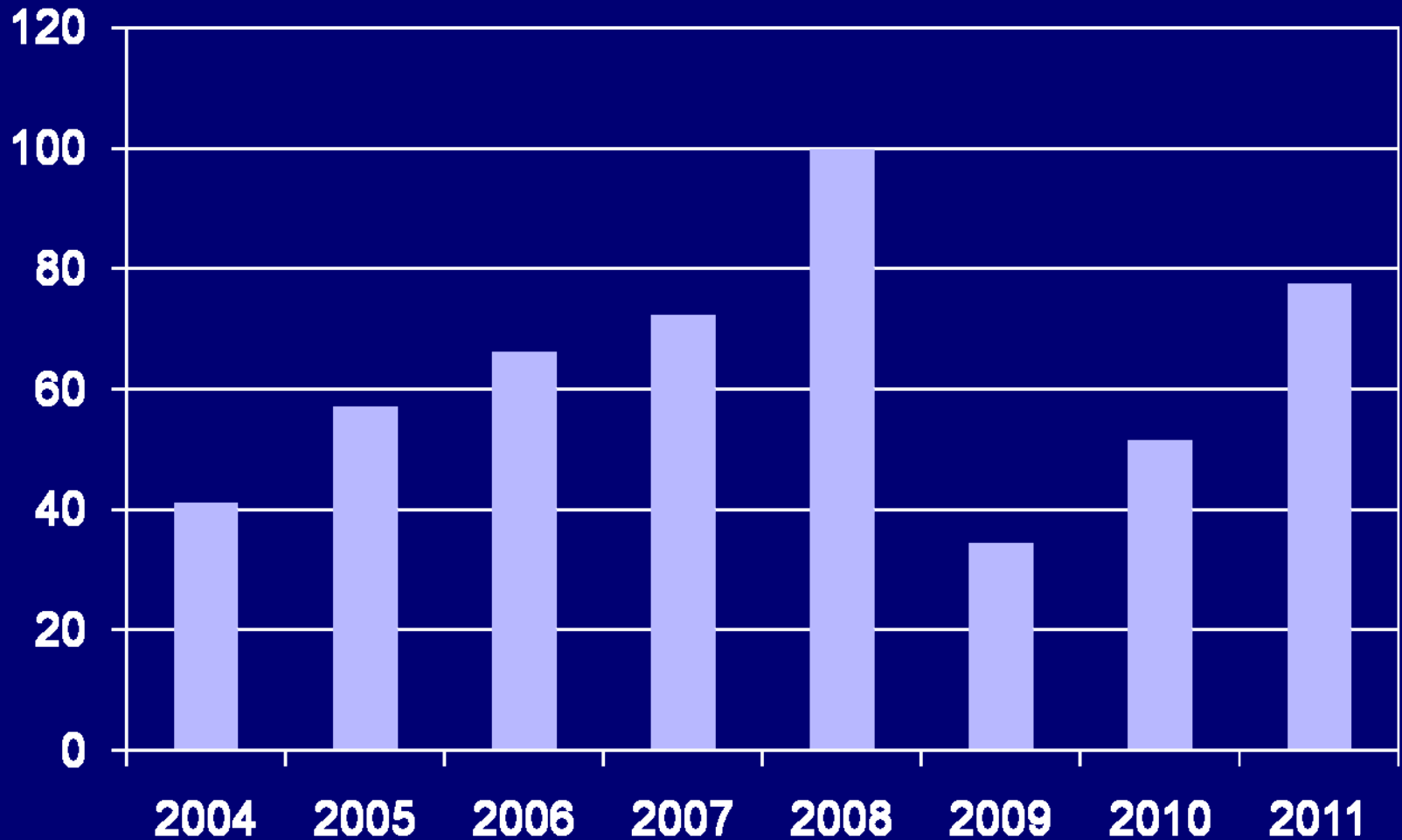


Source: BLS, Seasonally Adjusted

Oil Prices

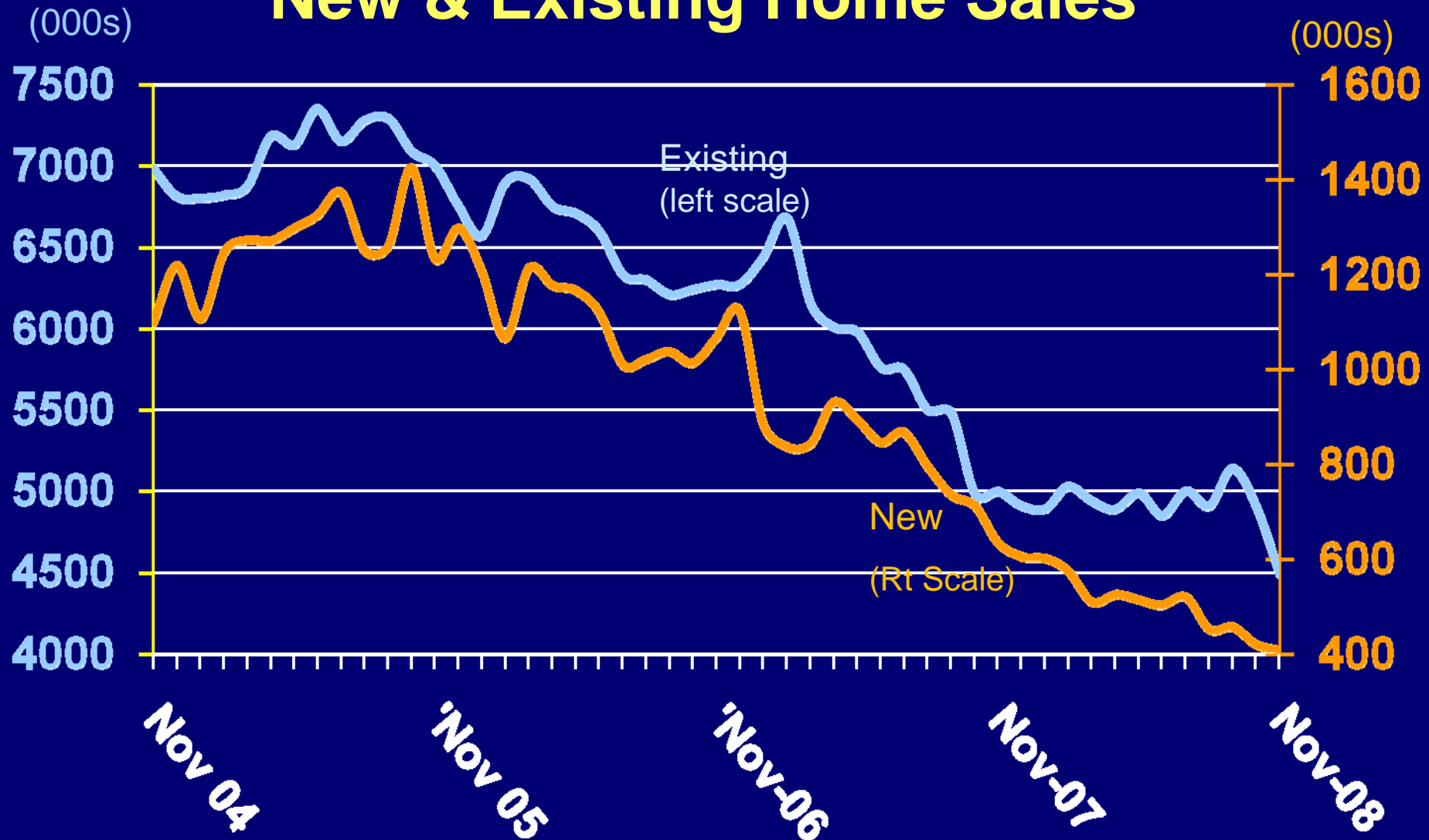
\$ per barrel

\$/barrel

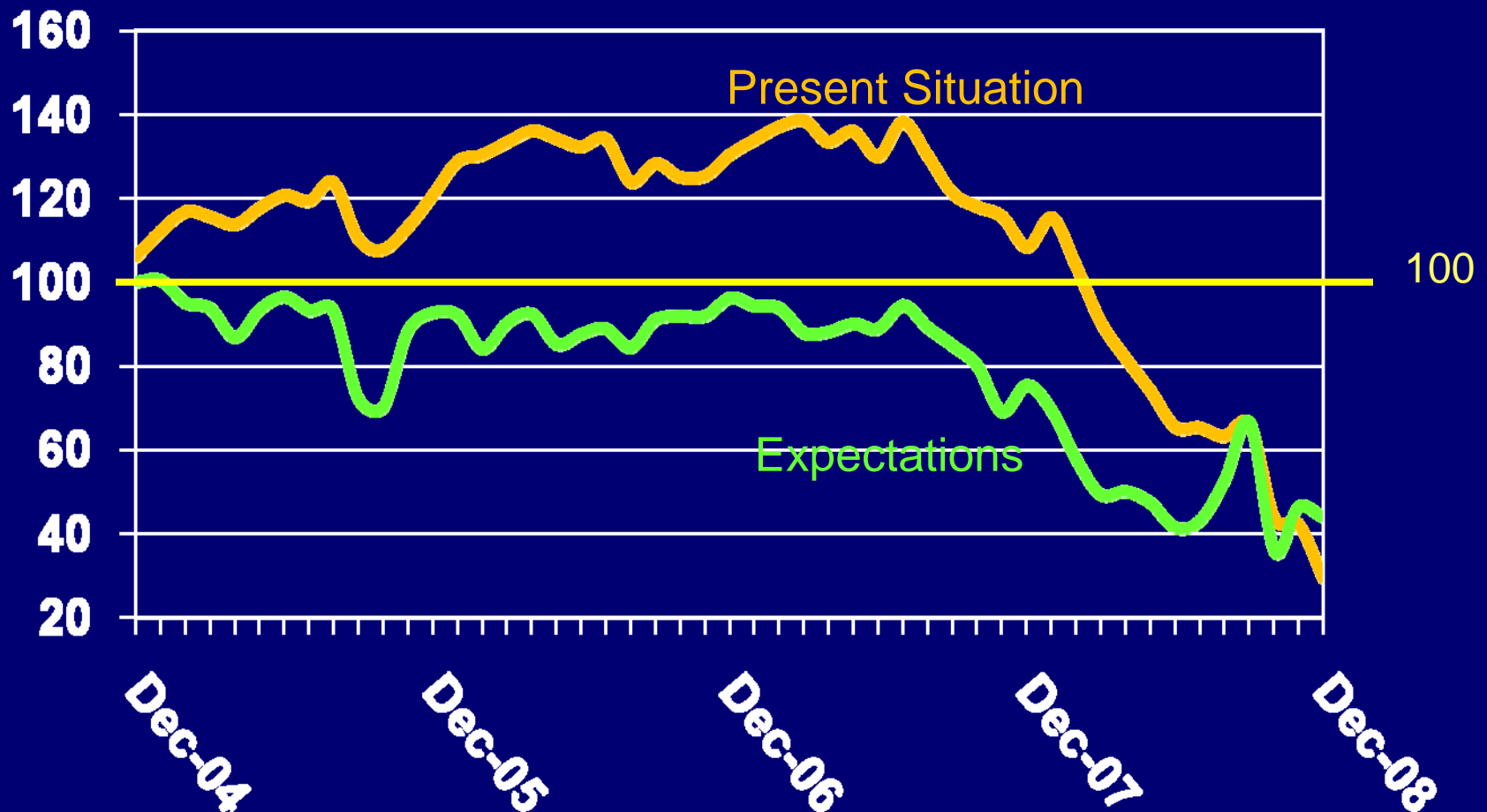


Source: Global Insight

Housing Trends: New & Existing Home Sales



Consumer Confidence



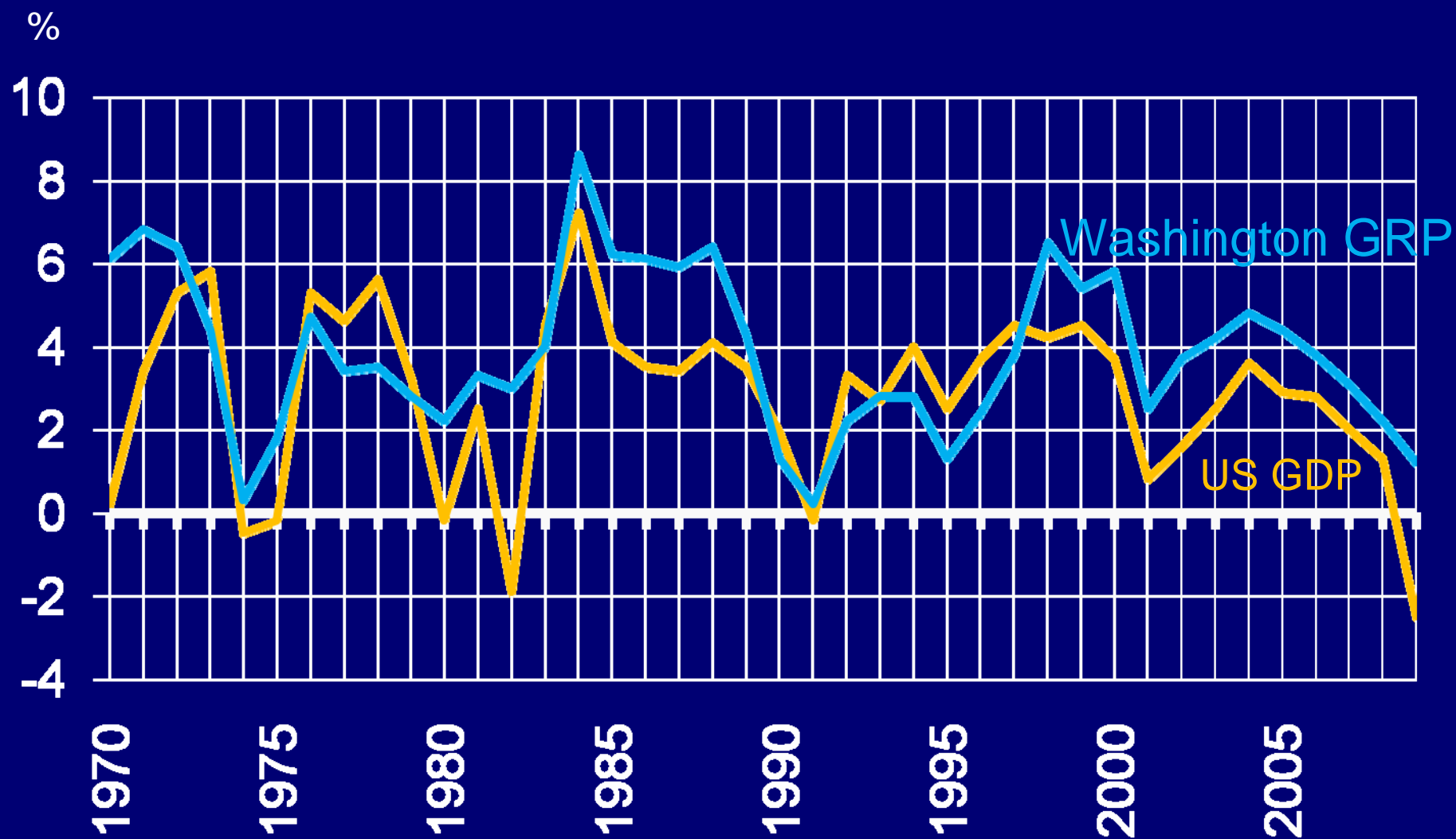
Source: Conference Board, GMU Center for Regional Analysis

The Washington Economy

Key Questions

- What's driving the Washington area economy?
- How vulnerable are these drivers to US/Global economic forces?
- What makes the Washington area economy different from other metropolitan economies?
- Will these differences protect the local economy or worsen the slowdown in 2009?

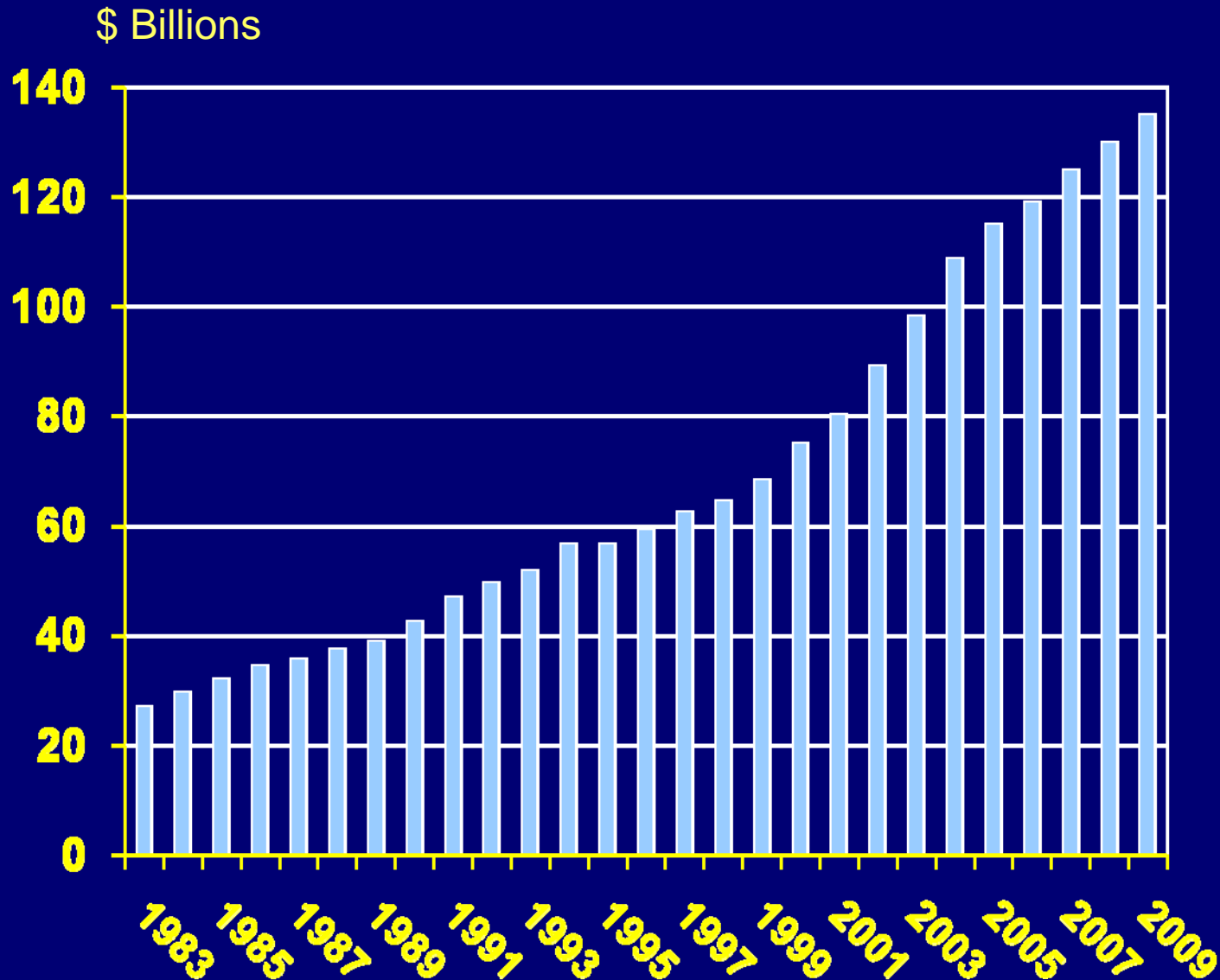
US GDP and Washington GRP



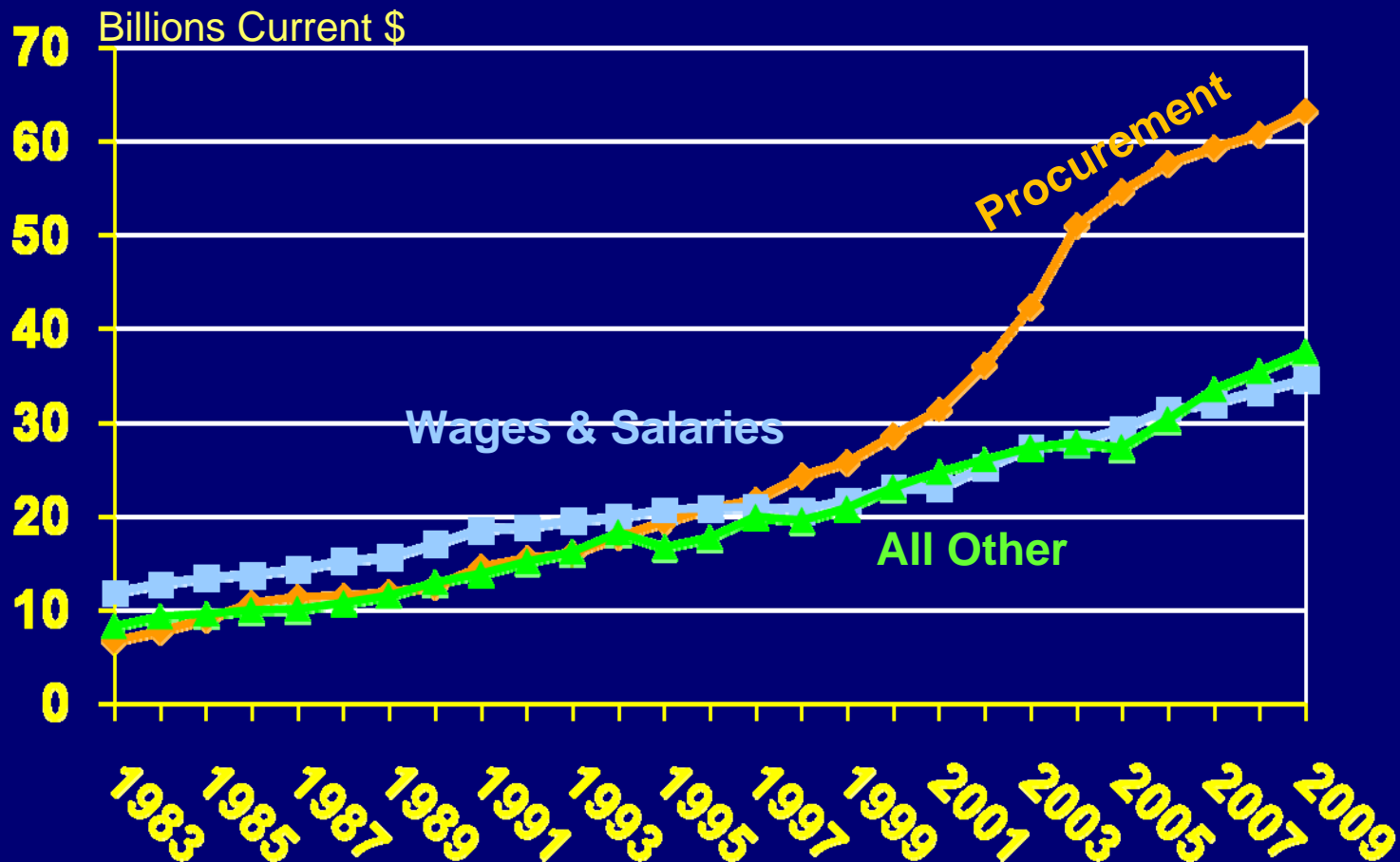
U.S and Washington Area Recent Recessions

U.S.	Washington Area GRP Change
3/01 - 11/01 (8)	2.5 %
7/90 - 3/91 (8)	0.2 %
7/81 - 11/82 (16)	3.1 %
1/80 - 7/80 (6)	2.3 %

Total Federal Spending Washington Metro Area

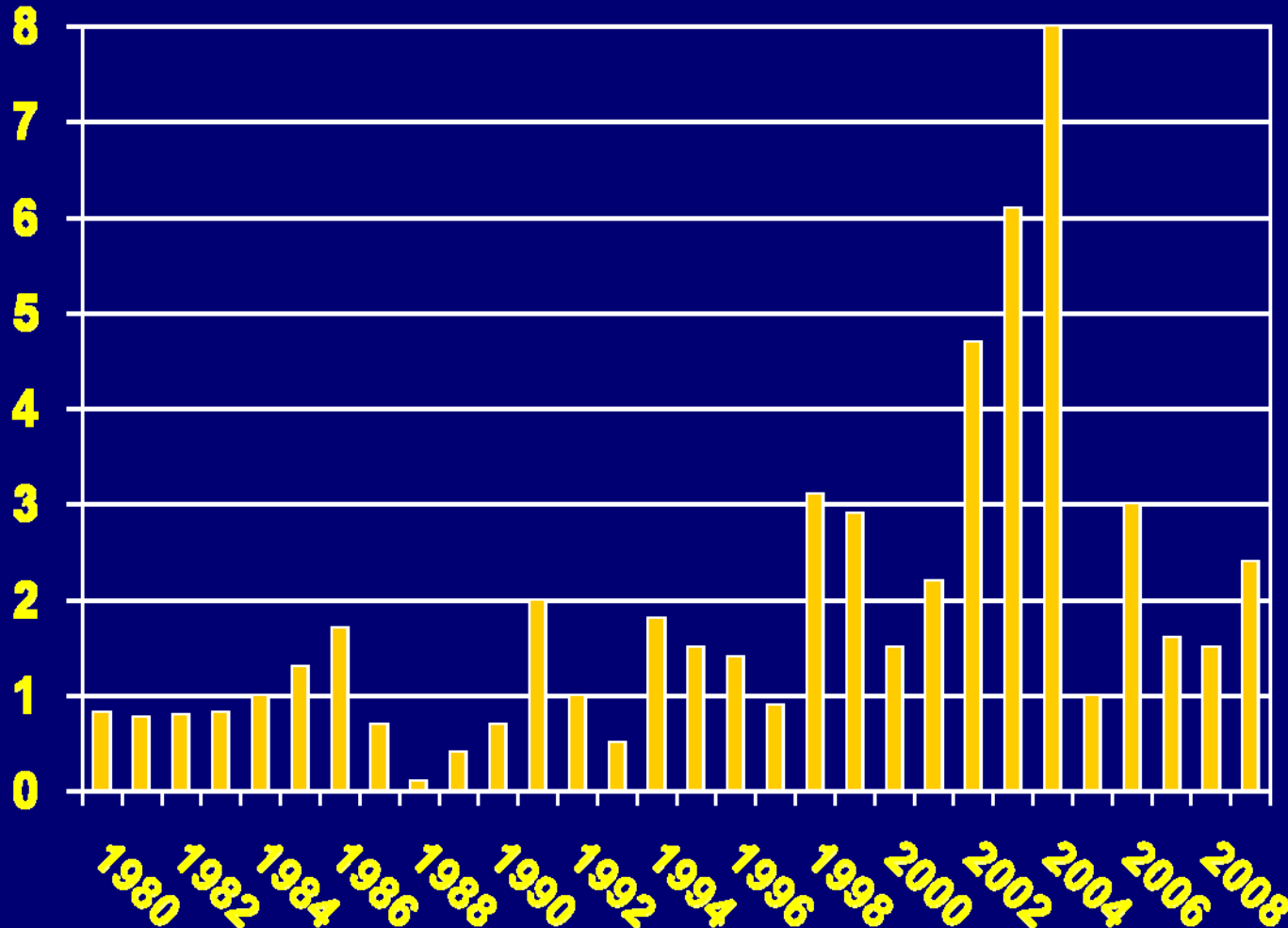


Federal Spending by Type 1983 - 2009



Annual Change in Federal Procurement Spending Washington Metro Area

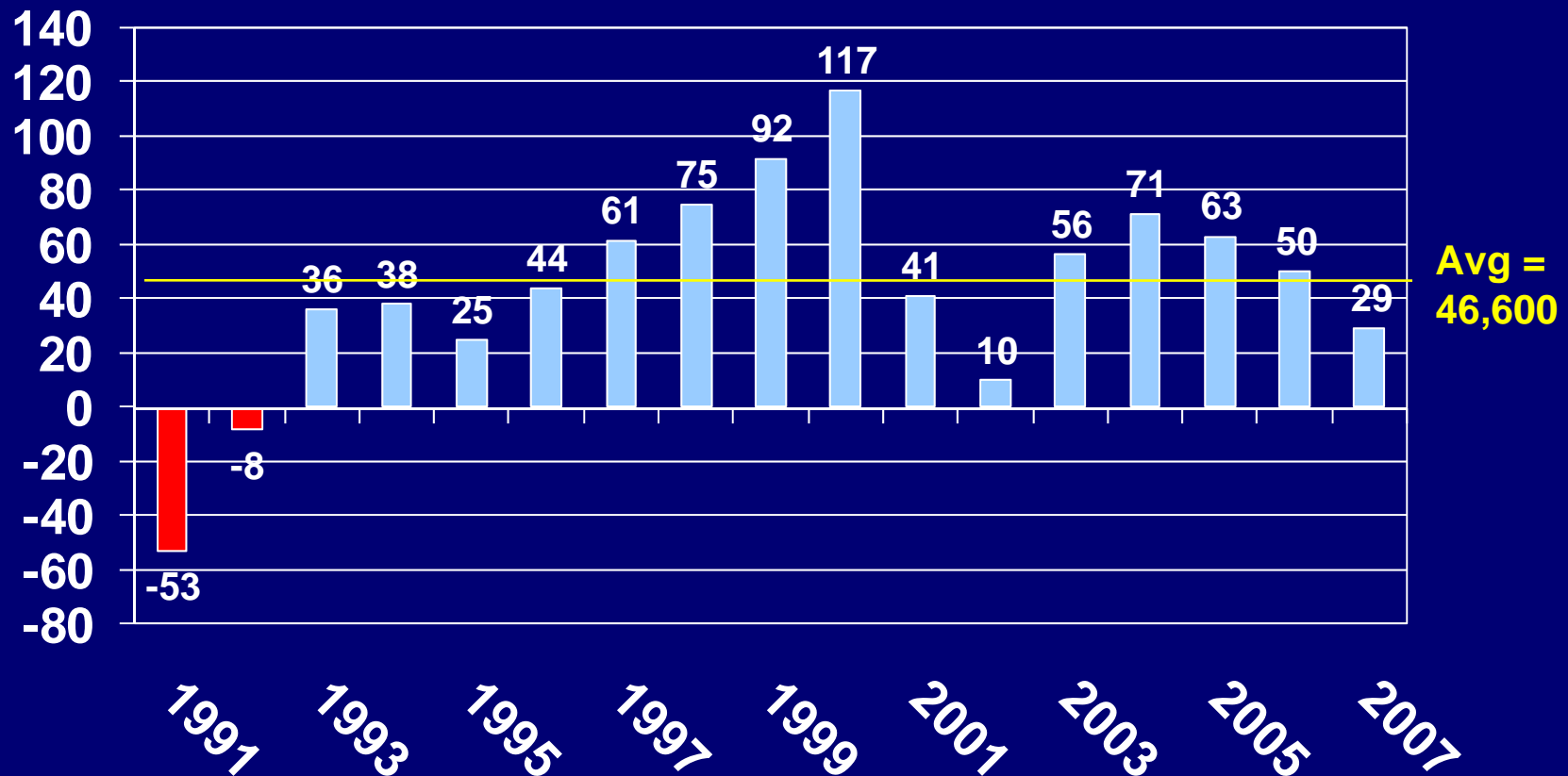
\$ Billions



2009 Est.
= + \$2.4 B

Annual Change in Jobs 1991 – 2007 Washington Metro

Thousands

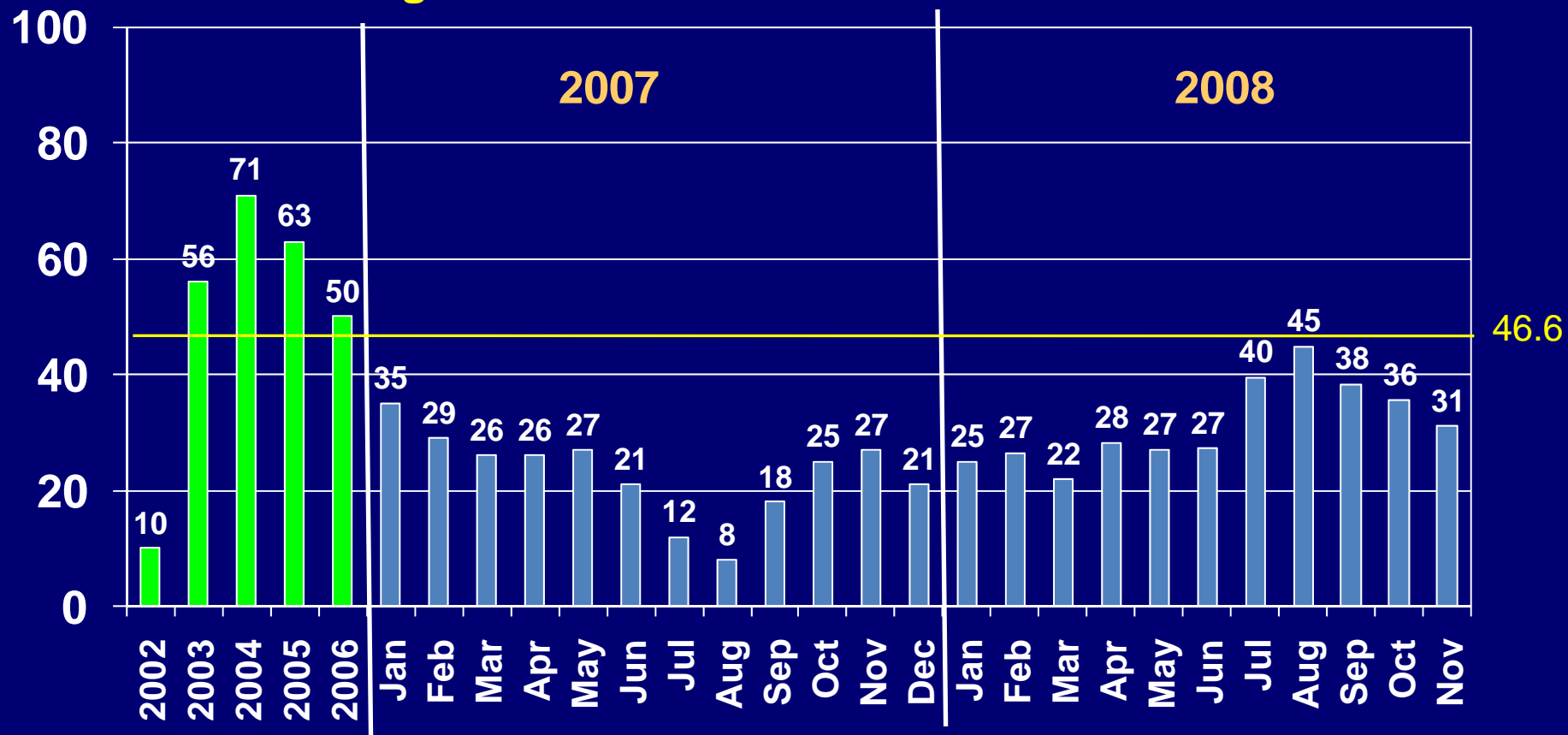


Annual Job Change Washington Metro Area

000s

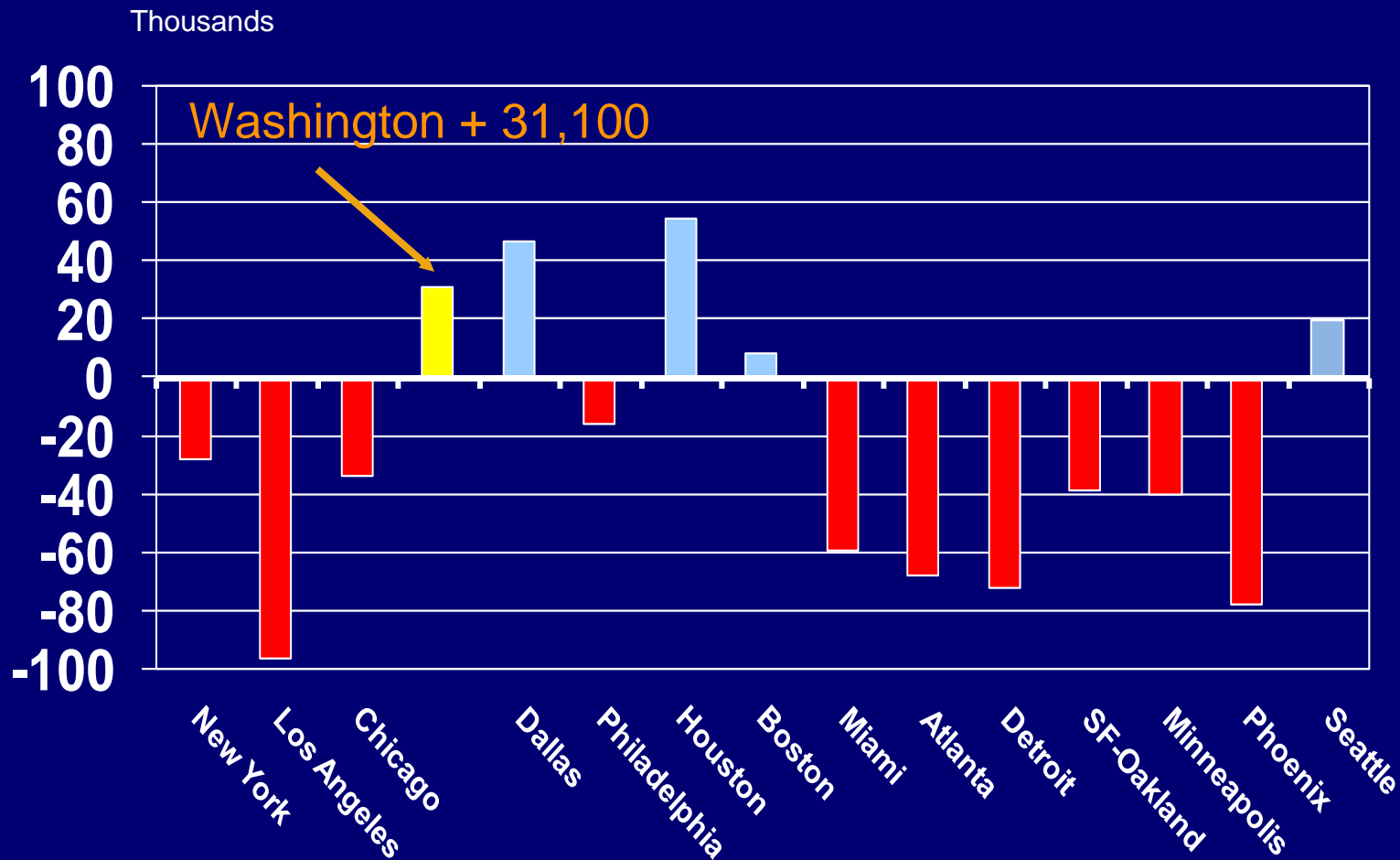
Annual Change

Annual Month-over-the-Year



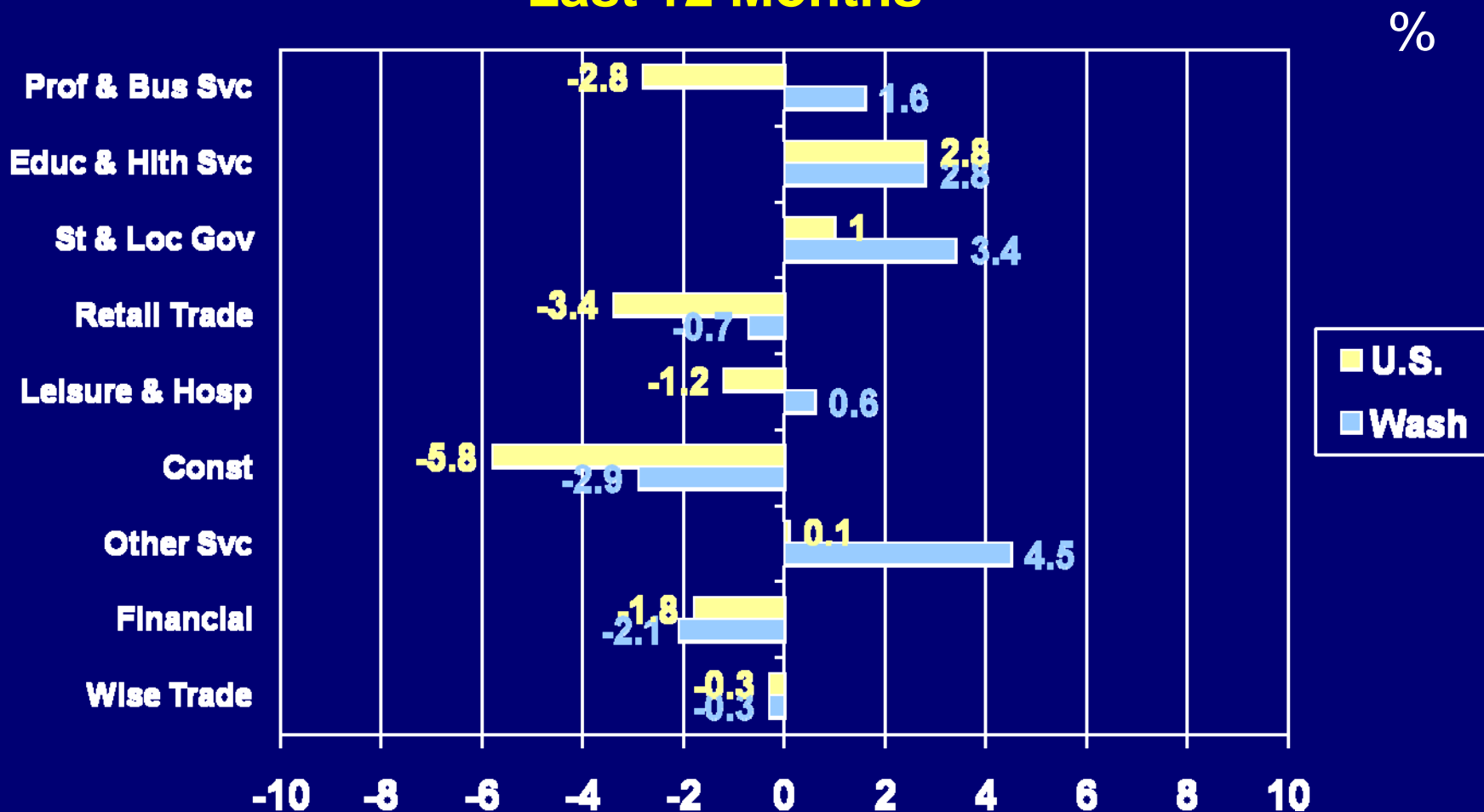
15 Largest Job Markets

Job Change Nov. 07– Nov. 08



Ranked by Total Jobs

Percent Change in Jobs By Sector U.S. and Washington MSA Last 12 Months

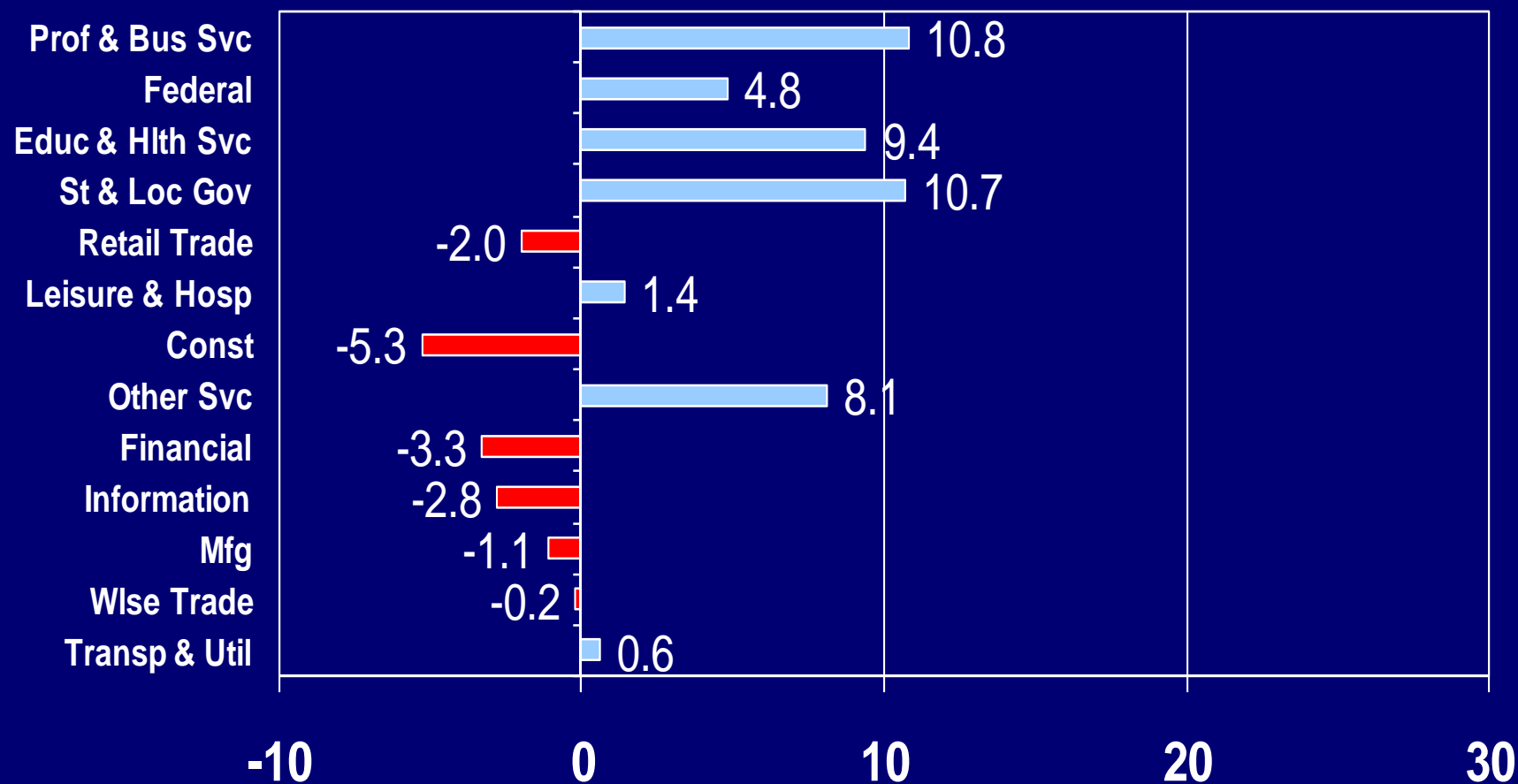


Nov. 2007 – Nov. 2008 Job Change By Sector MSA

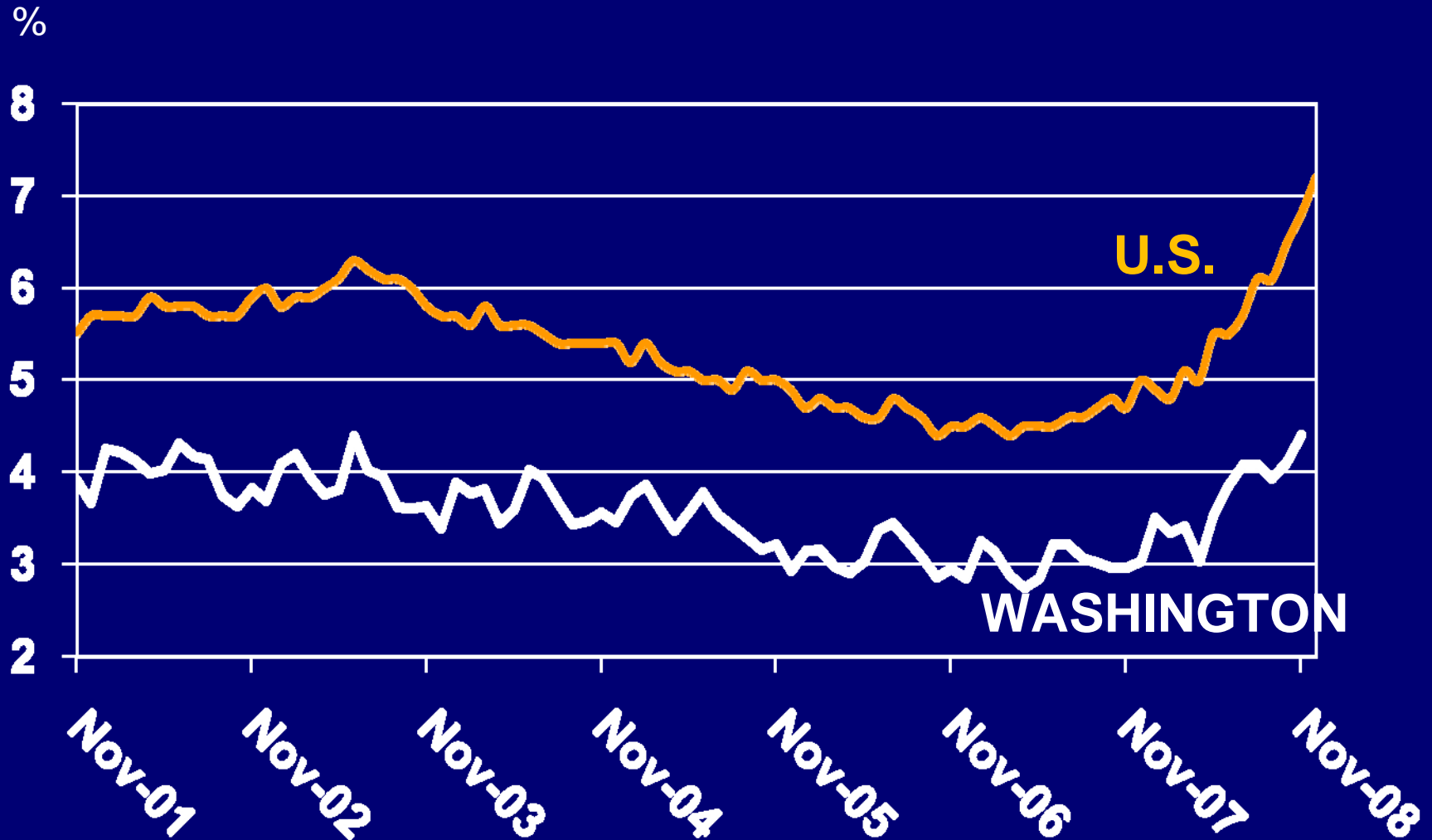
(Ranked by Size of Sector)

(000s)

Total = 31,100

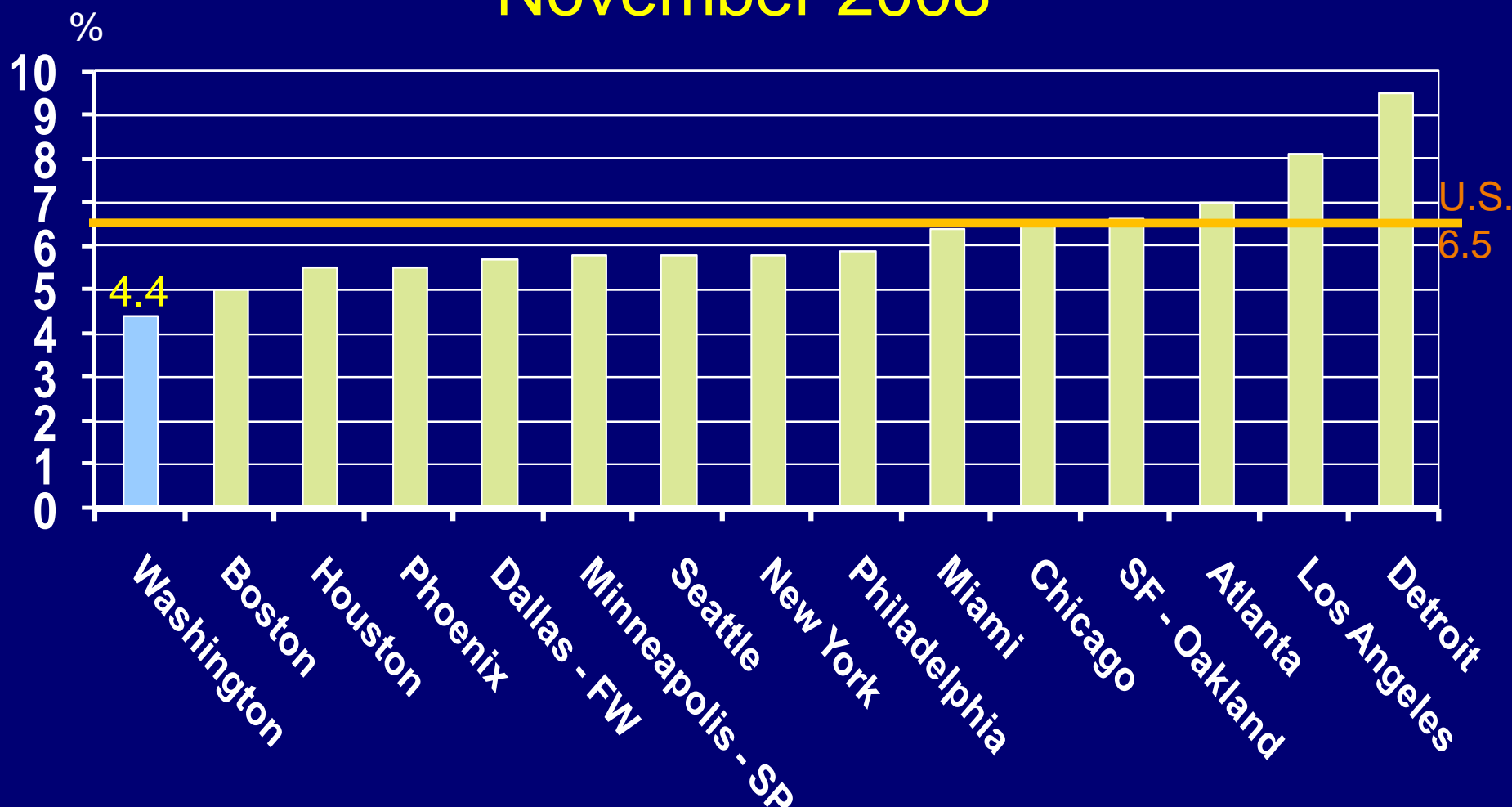


Unemployment Rate



Source: BLS, Not Seasonally Adjusted

15 Largest Job Markets Ranked by Unemployment Rate November 2008



The Washington Housing Market

MIKE LUCKOVICH
STATIONER
ATLANTA JOURNAL CONSTITUTION

MIKE LUCKOVICH
Atlanta Journal
Constitution



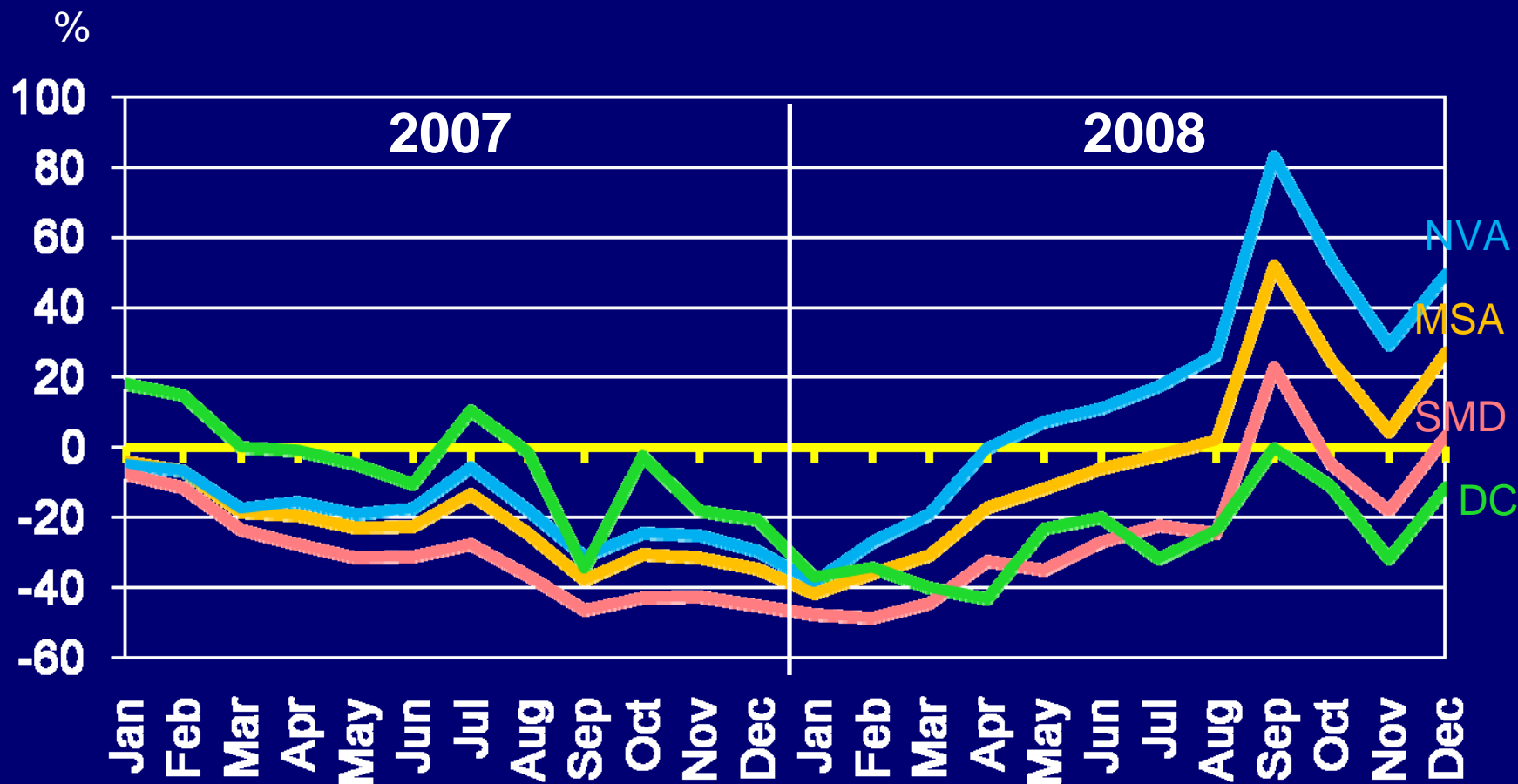
Where is the Housing Market?

- **Inventory/Supply**
- **Prices**
- **Foreclosures**

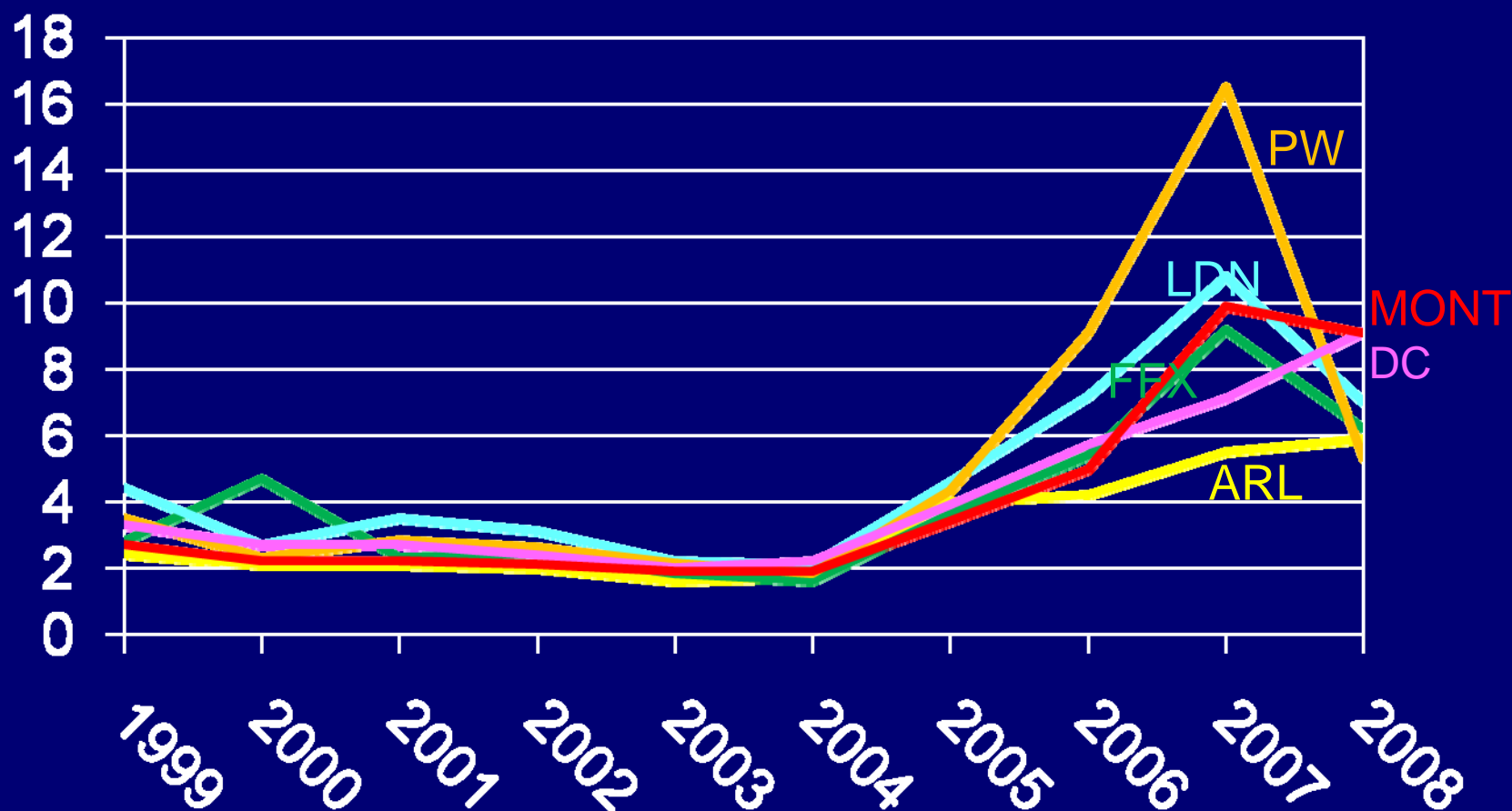
Sales and Total Active Listings Washington MSA, December Each Year



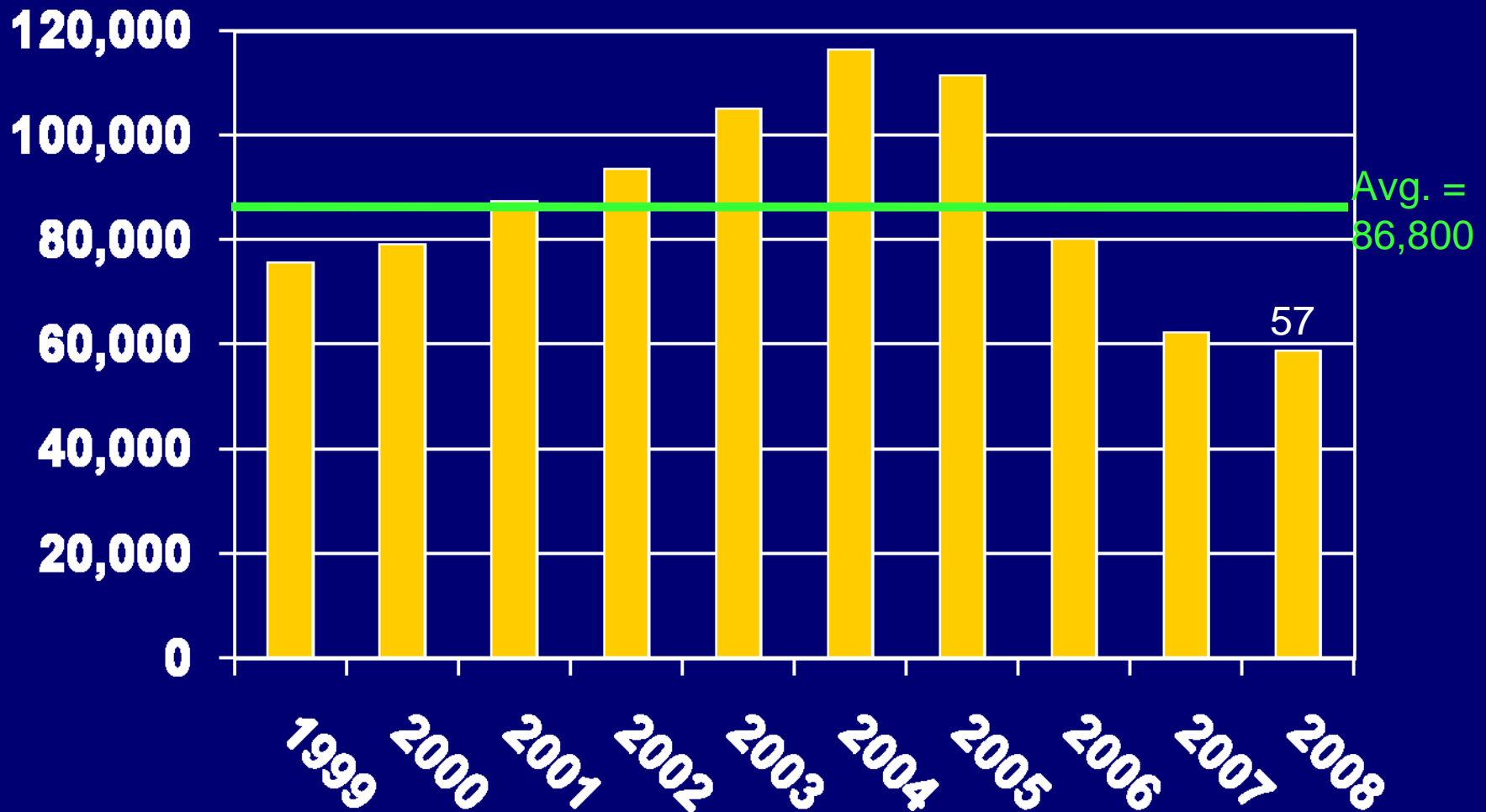
Units Sold Percent Change By Subregion All Housing Types



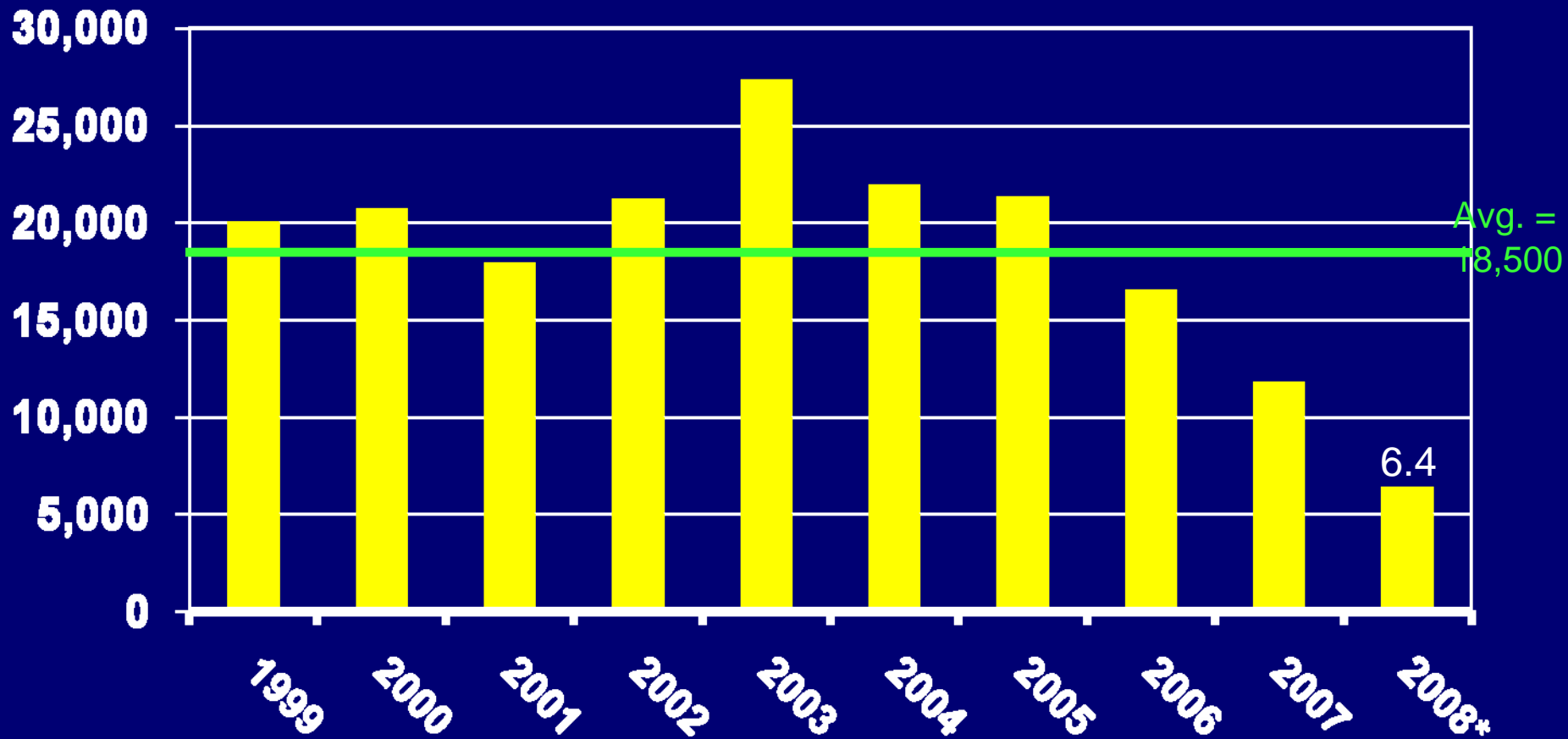
Total Active Listings Per Sale December Each Year



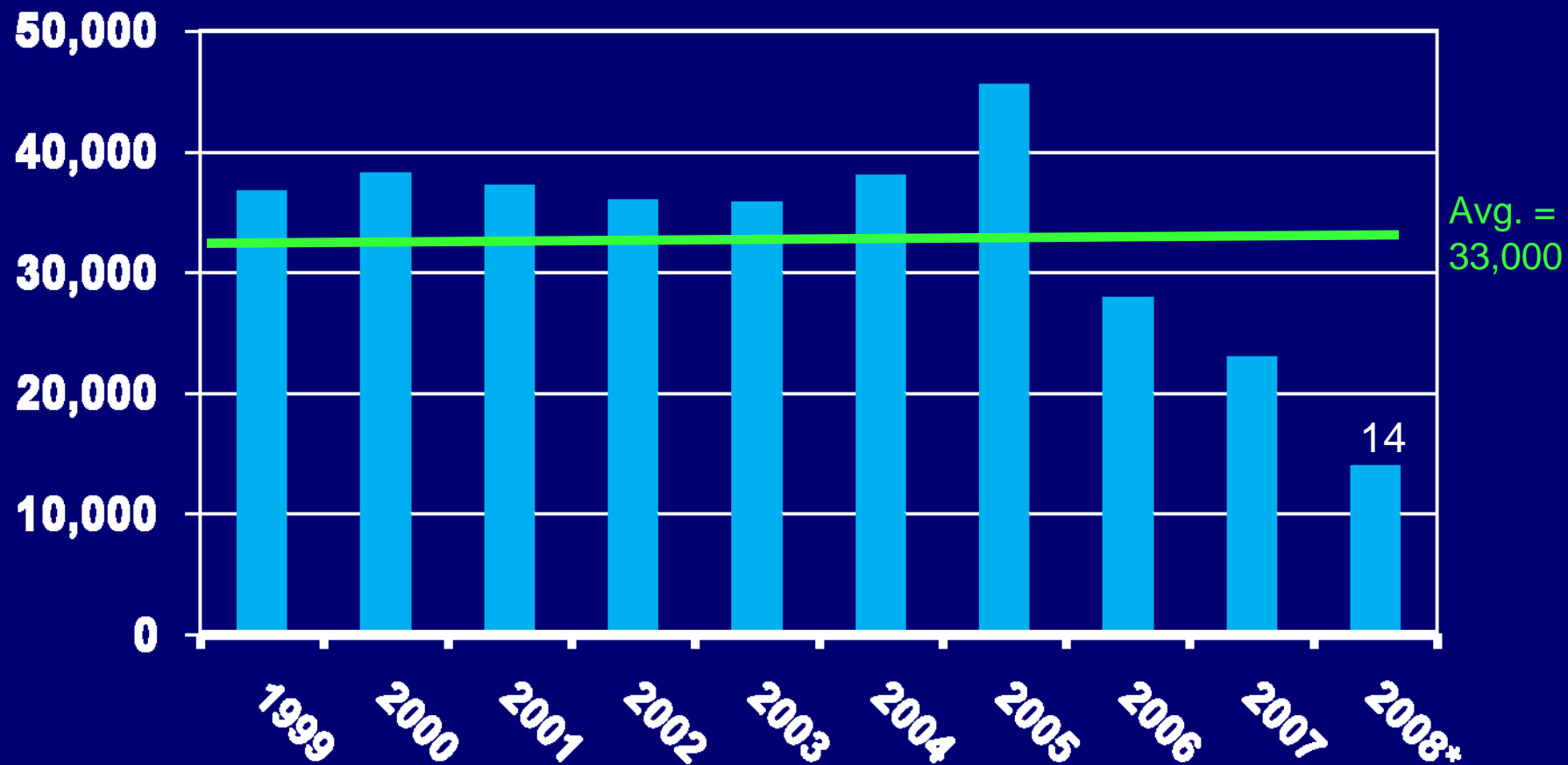
Total Existing Units Sold Washington Metro Area



New Housing Units Sold Washington Metro Area



Building Permits Washington MSA

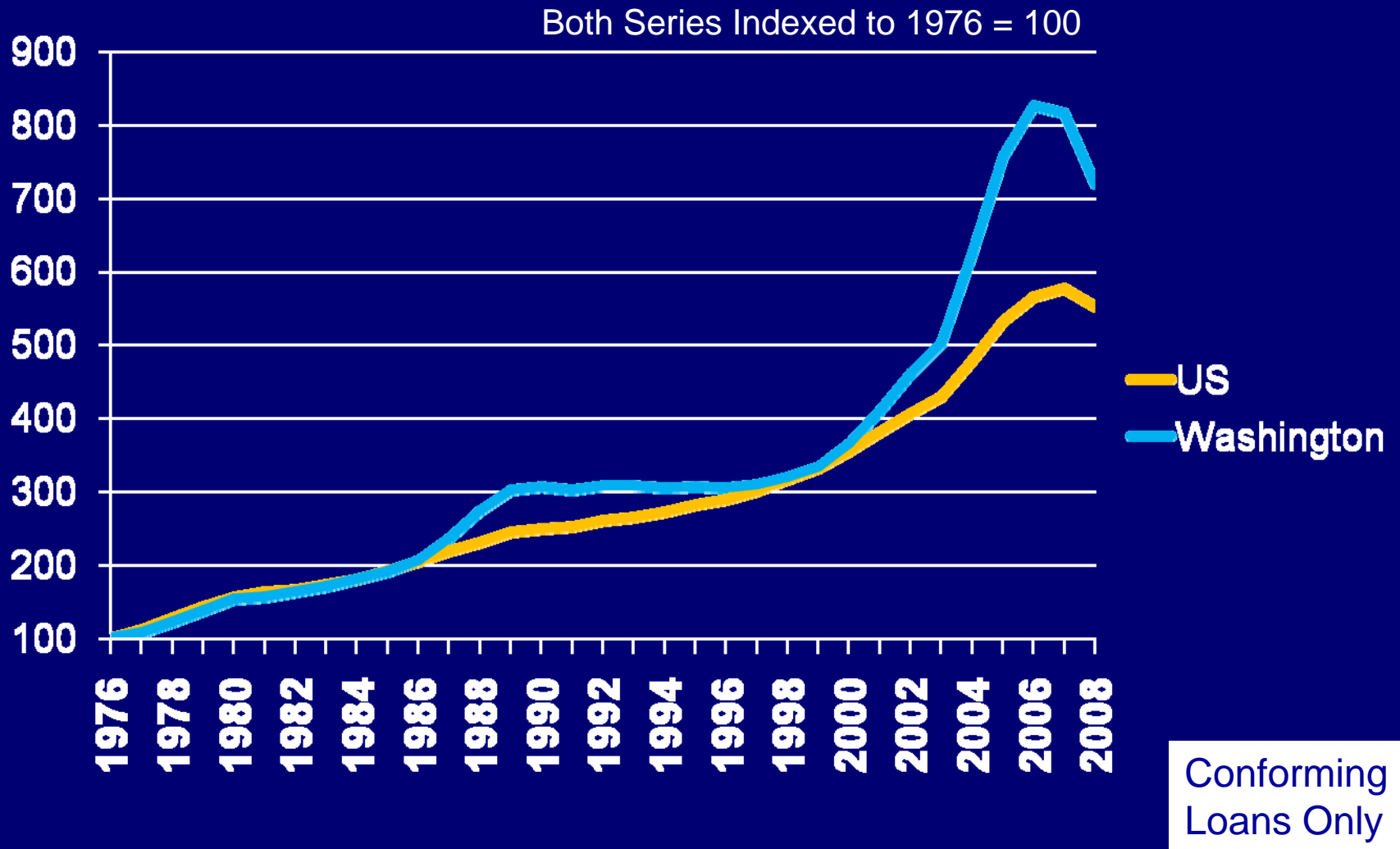


Source: US Census, GMU Center for Regional Analysis

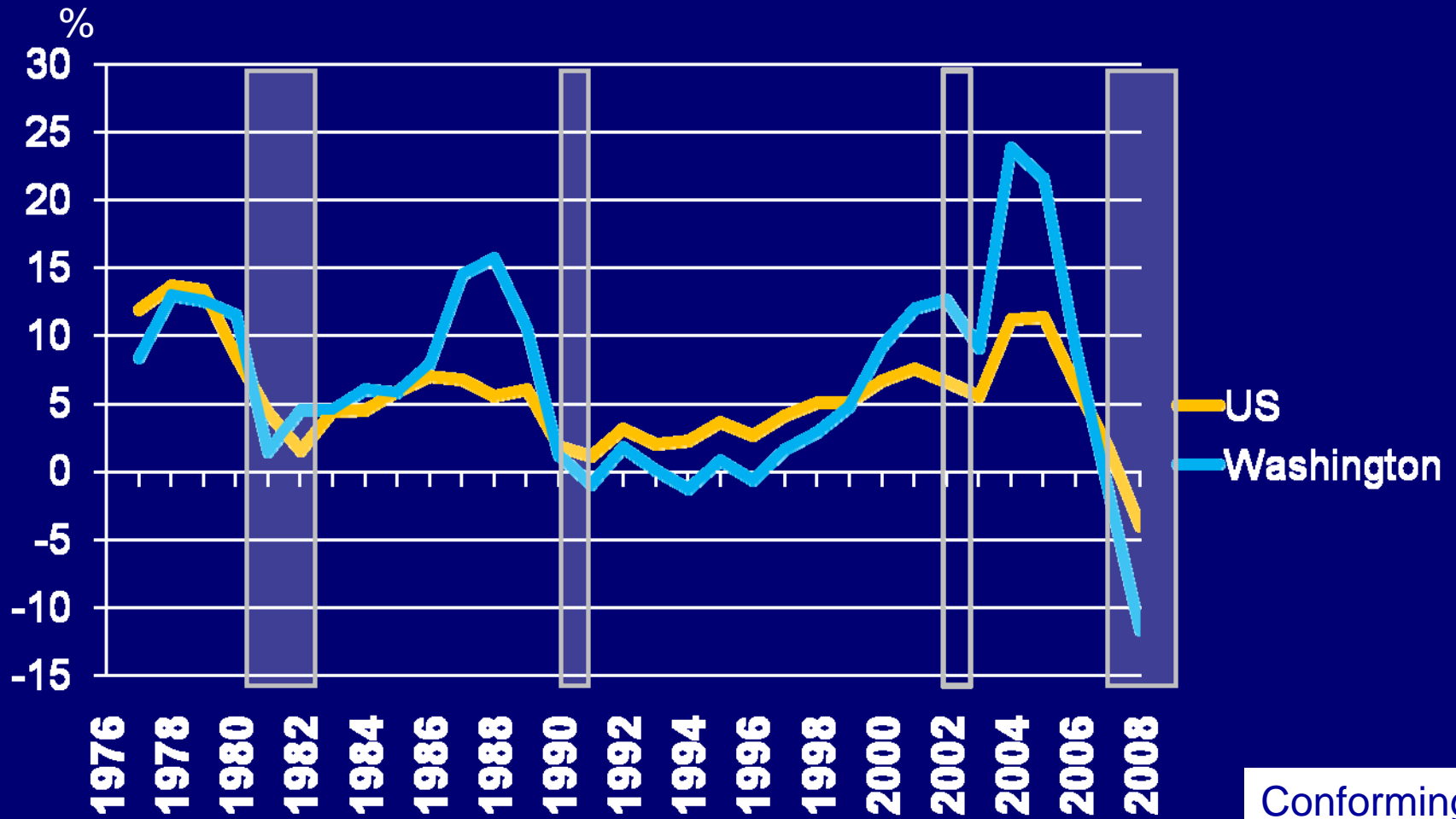
* Annualized

Housing Prices

Housing Price Index Trends U.S. and Washington Metro Area



Housing Price Index Annual Change U.S. and Washington Metro Area

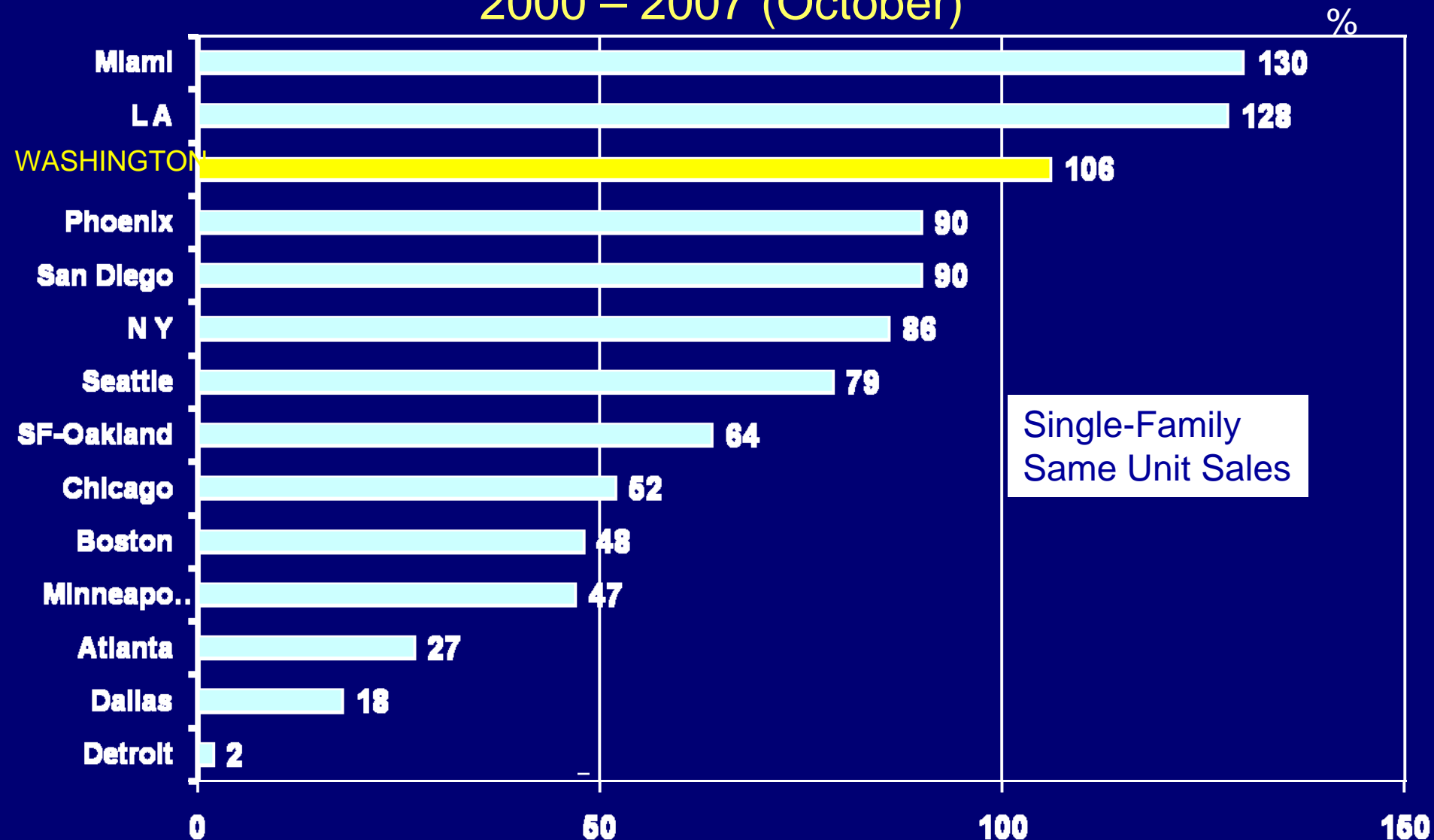


Conforming
Loans Only

Metro Comparisons

Percent Change in House Prices

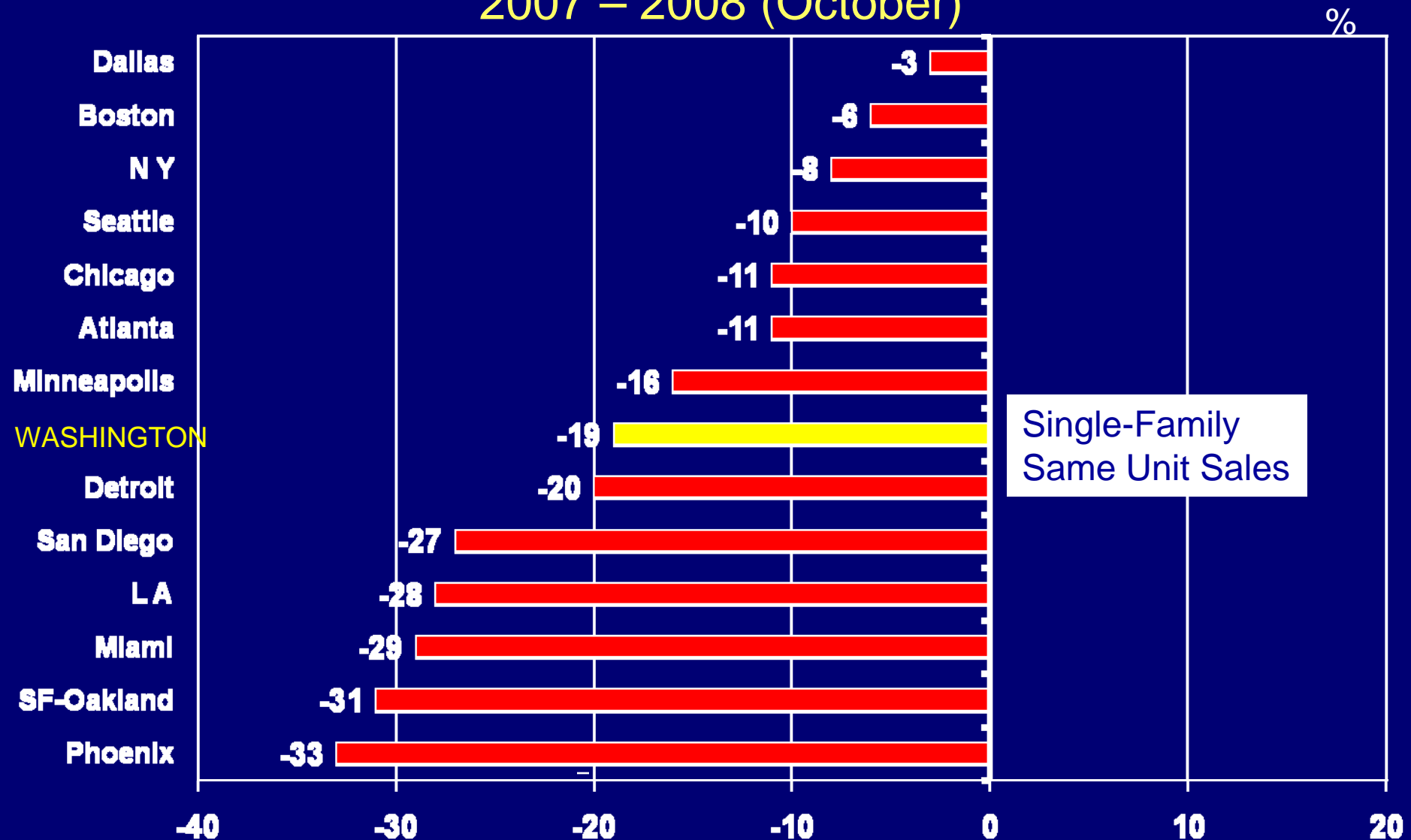
2000 – 2007 (October)



Metro Comparisons

Percent Change in House Prices

2007 – 2008 (October)



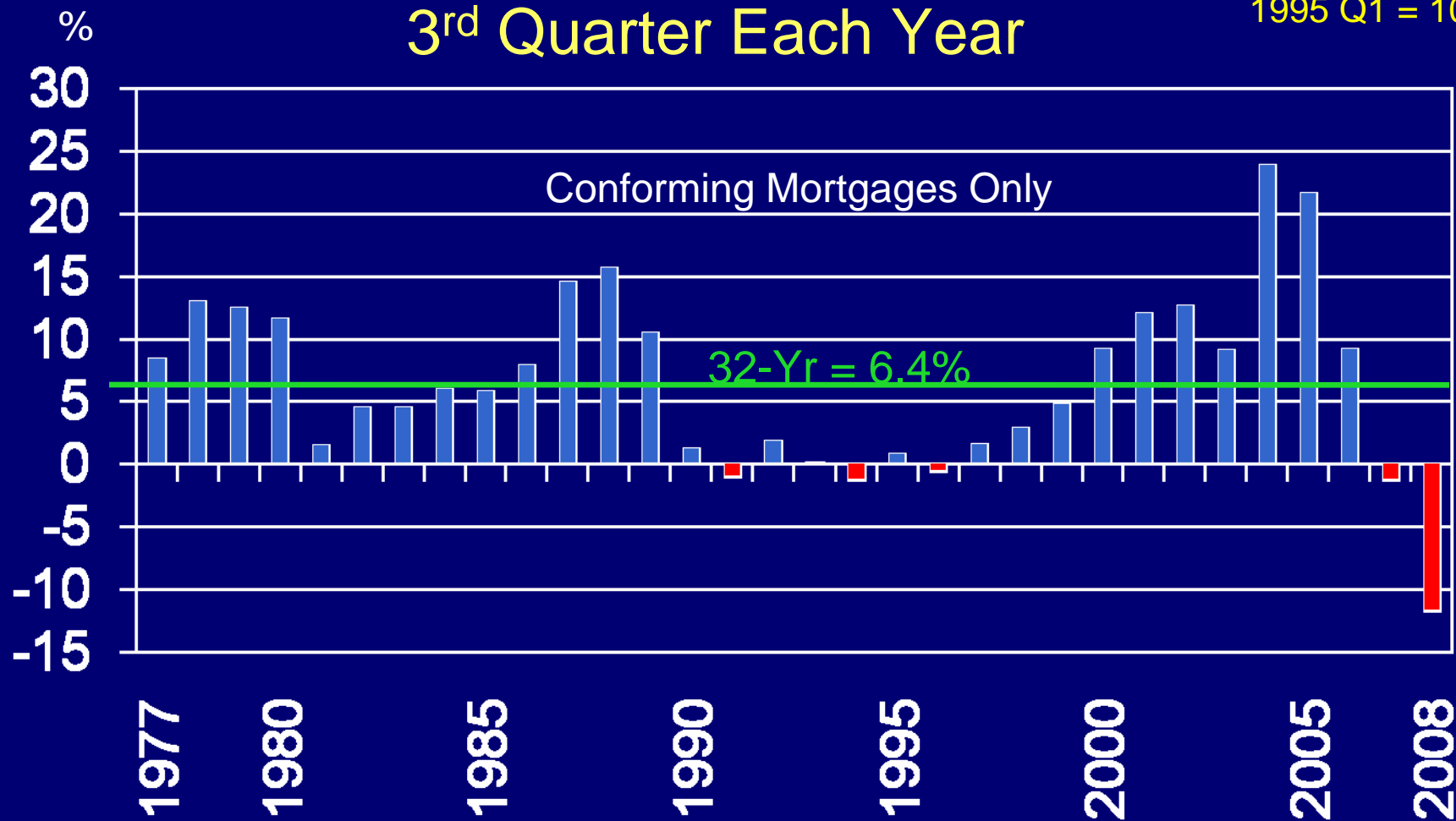
Housing Price Index

Annual % Change

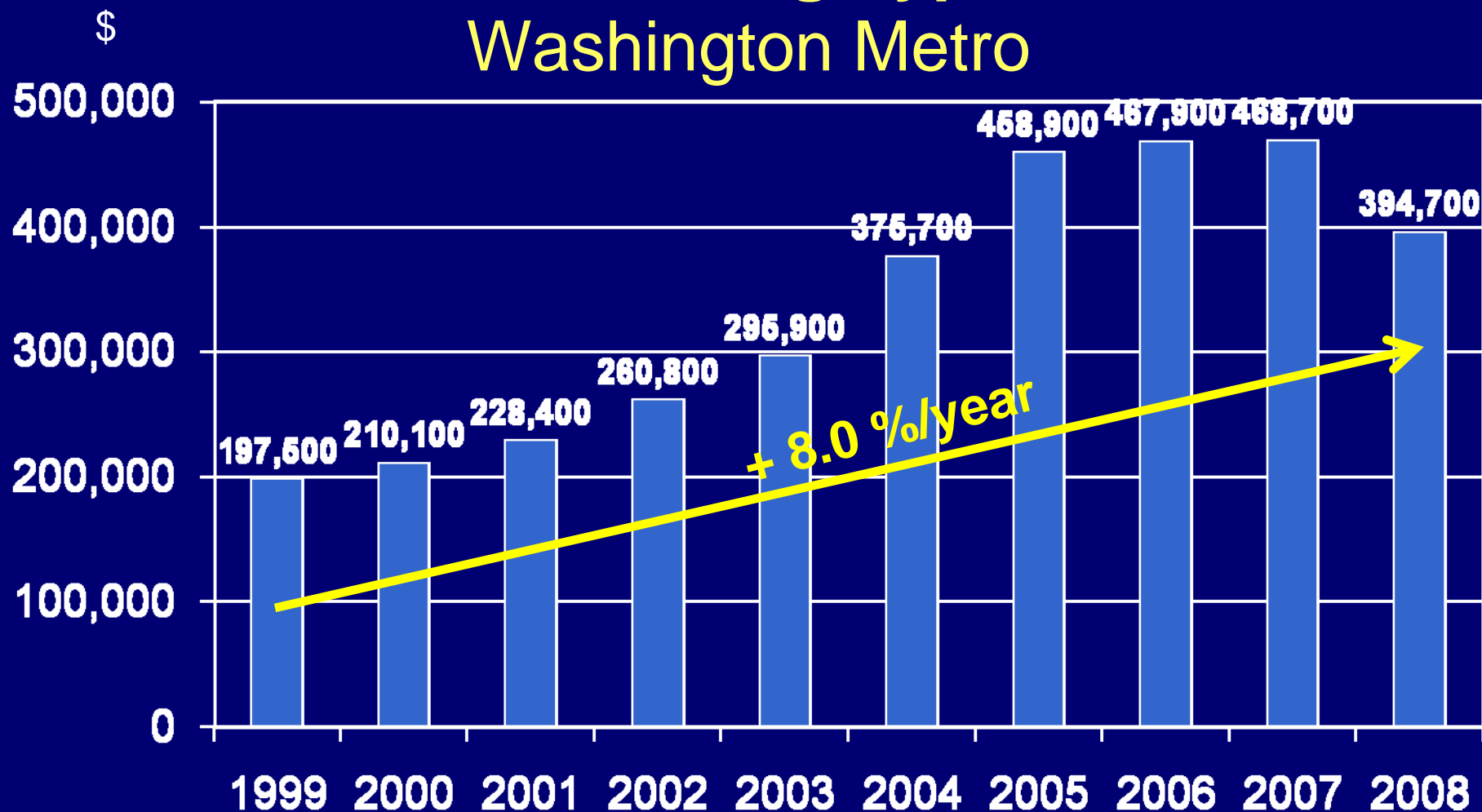
Washington MSA

3rd Quarter Each Year

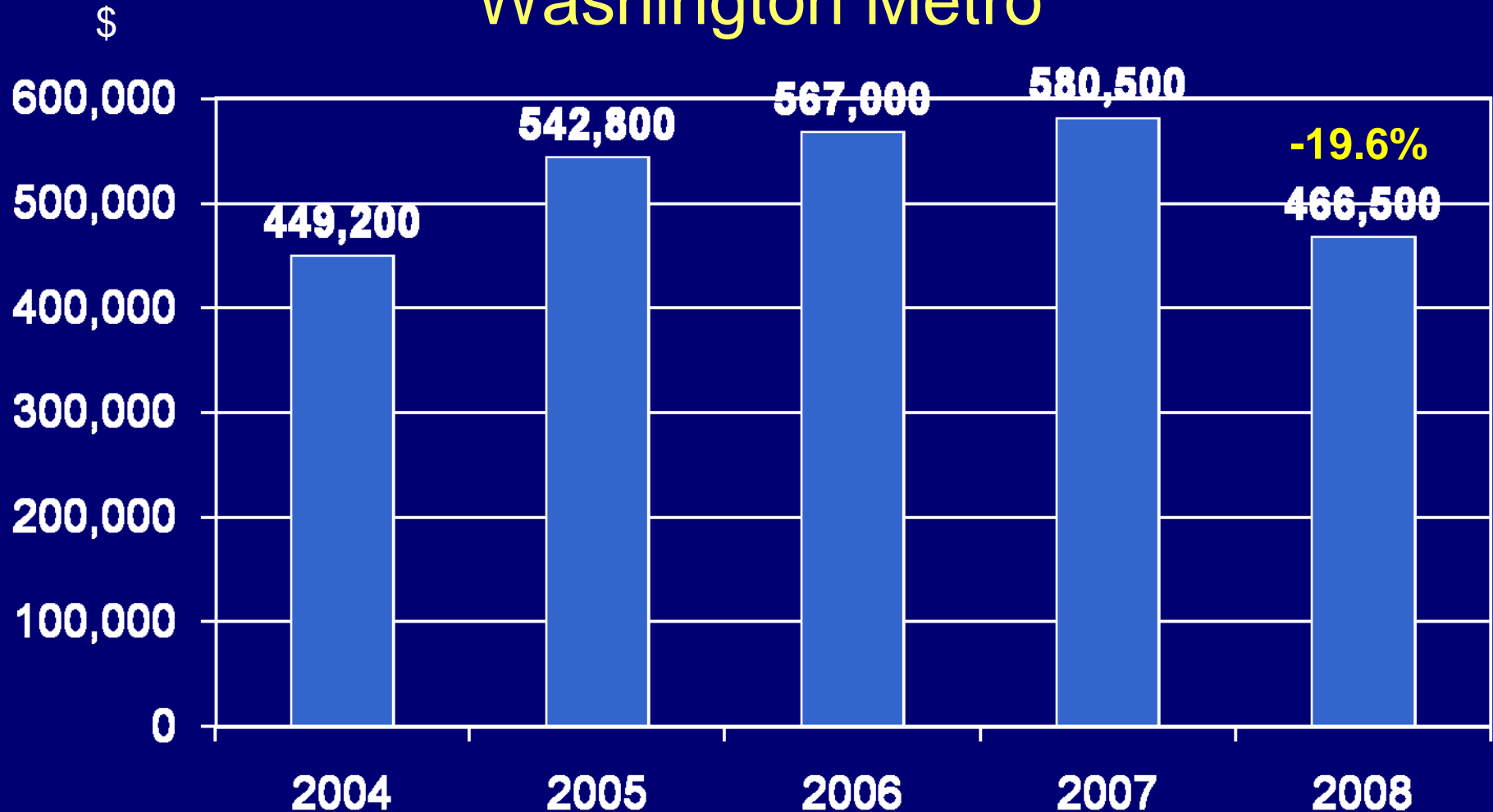
1995 Q1 = 100



Average Sales Price All Housing Types Washington Metro



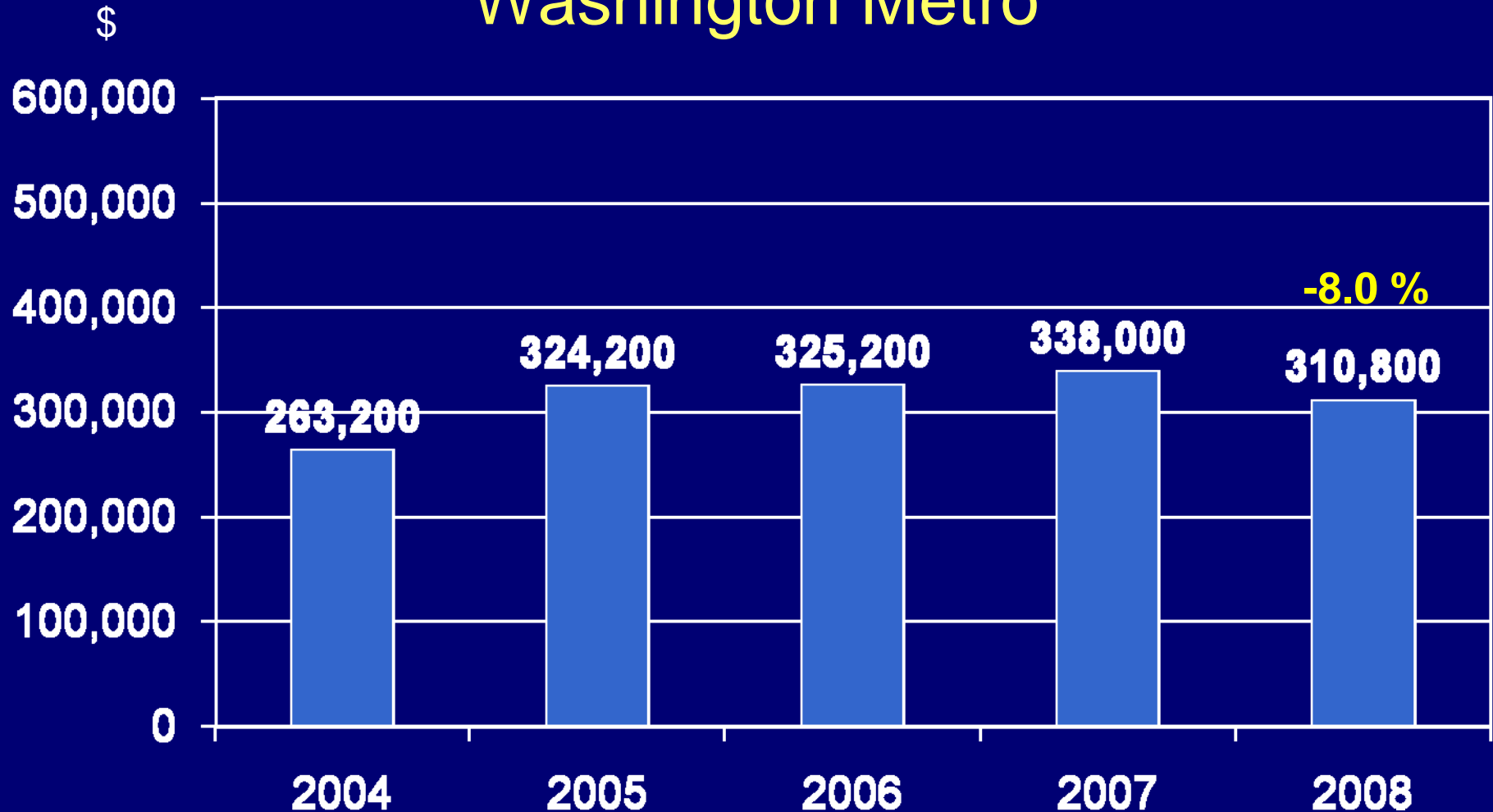
Average Sales Price Single-Family Detached Washington Metro



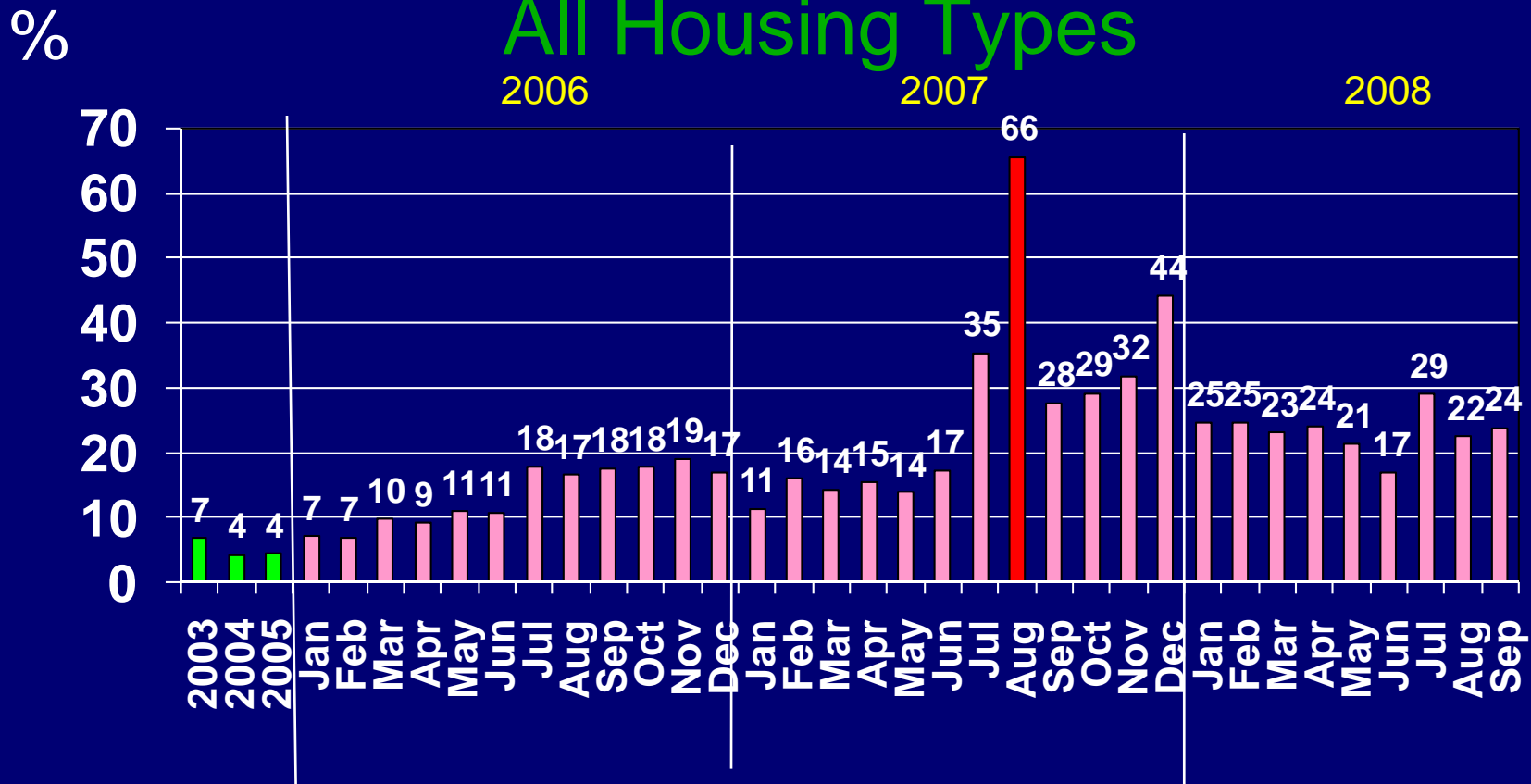
Average Sales Price Single-Family Attached / Townhouse Washington Metro



Average Sales Price Condominiums Washington Metro



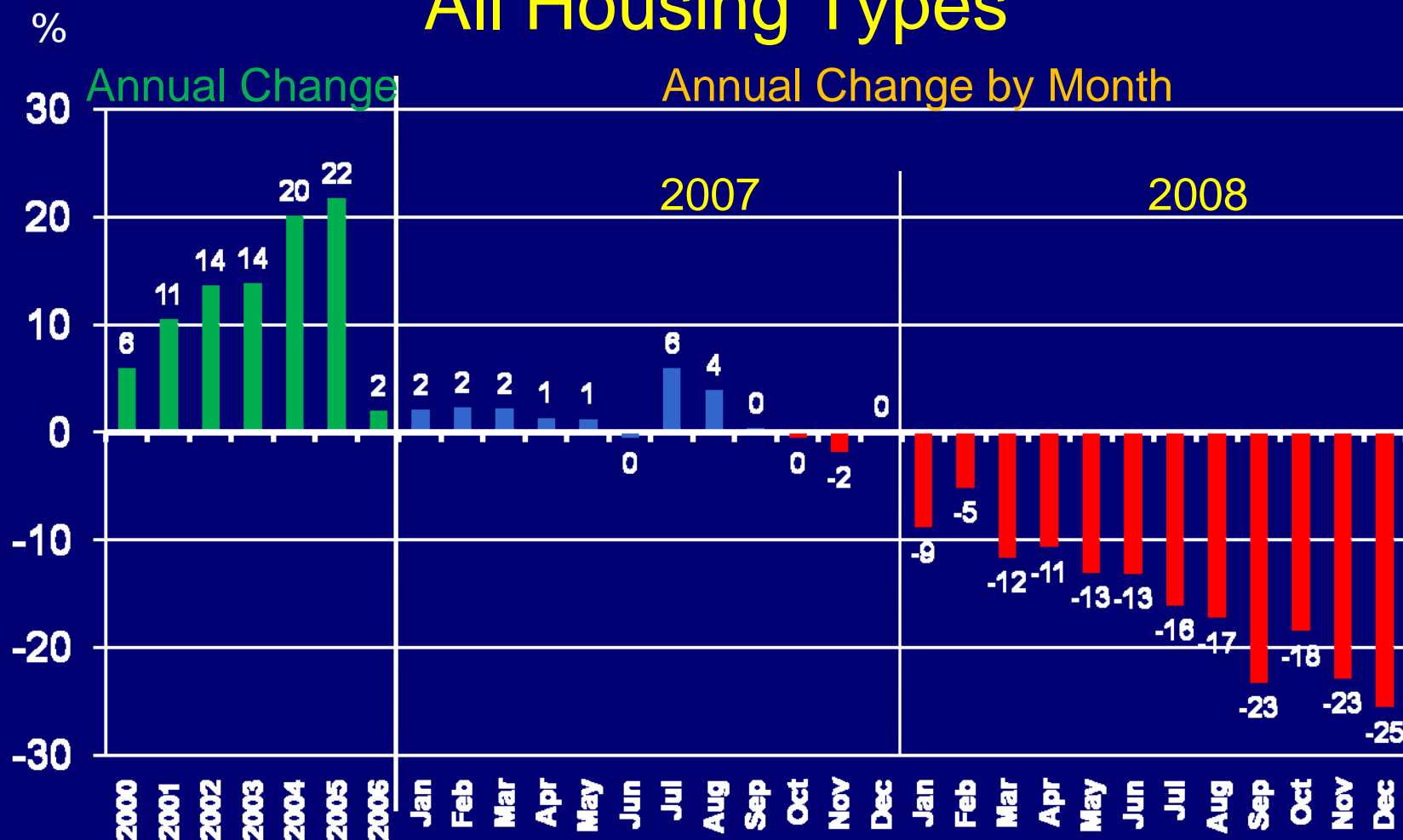
New Housing Contract Kick-Out Rate Washington MSA All Housing Types



Average Sales Price Percent Change

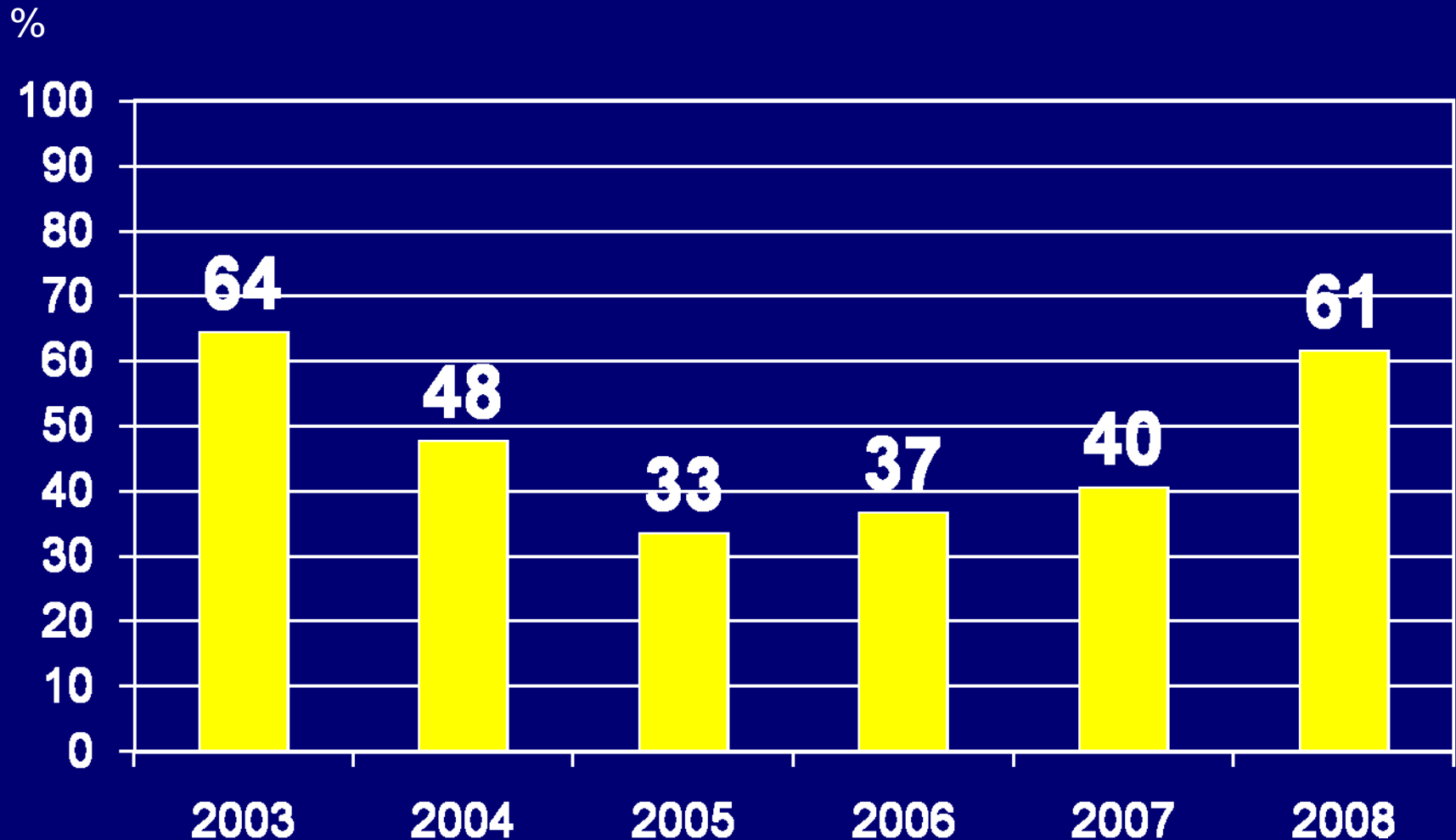
Washington MSA

All Housing Types



% of Sales at Price < \$400,000

NVAR (Arl., Alex., Fairfax)



Annual Price Changes by Jurisdiction

Area	2007 Price	2008 Price	Change	% Change
Dist. Of Columbia	\$537,400	\$543,500	+ \$6,100	+ 1.1 %
Arlington	\$559,000	\$539,300	- \$19,700	- 3.5 %
Alexandria	\$502,900	\$471,200	- \$31,700	- 6.3 %
Montgomery	\$550,200	\$503,900	- \$46,300	- 8.4 %
Prince George's	\$331,100	\$290,200	- \$40,900	- 12.4 %
Fairfax	\$542,000	\$445,900	- \$96,100	- 17.7 %
Loudoun	\$516,800	\$389,000	- \$127,800	- 24.7 %
Prince William	\$395,000	\$257,900	- \$137,100	- 34.7 %
MD SUBURBS	\$435,800	\$400,400	- \$35,400	- 8.1 %
VA SUBURBS	\$488,300	\$373,200	- \$115,100	- 23.6 %
METRO AREA	\$468,700	\$394,700	- \$74,000	- 15.8 %

FORECLOSURE


SOLUTIONS REALTY
GROUP



FOR SALE

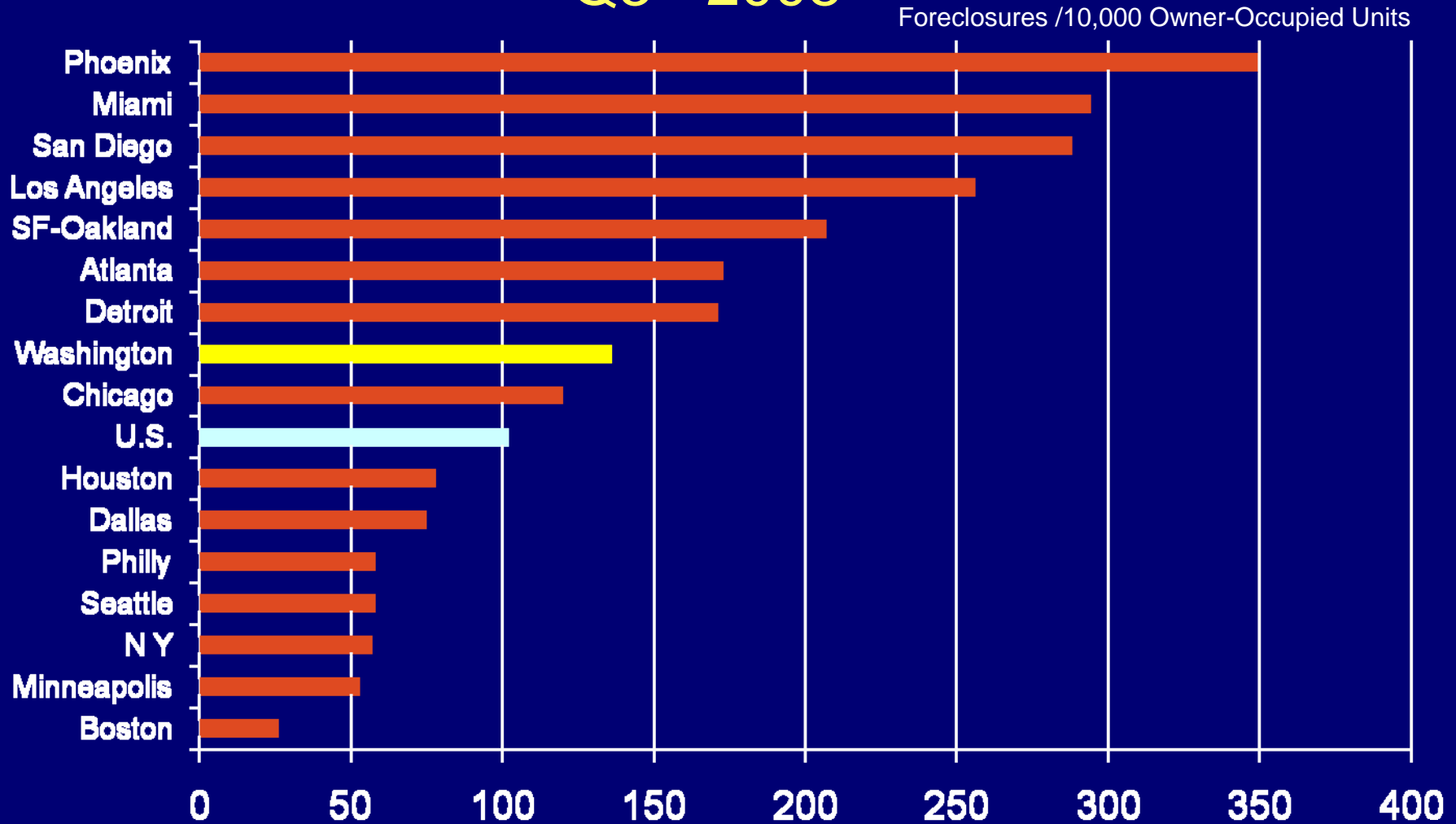
(703) 750-1450

WWW.SOLUTIONSRG.COM

Metro Comparisons

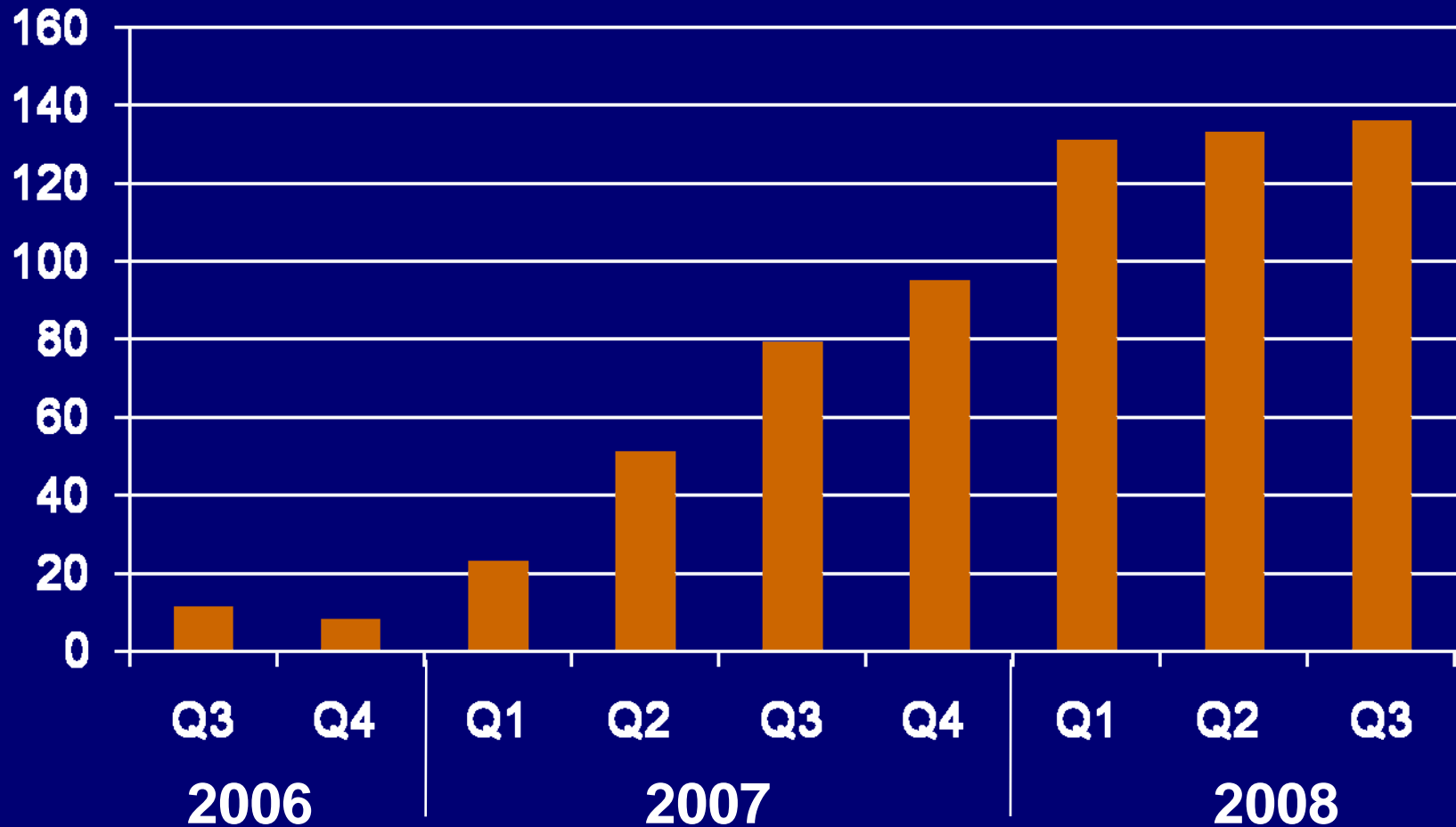
Mortgage Foreclosure Rates

Q3 - 2008



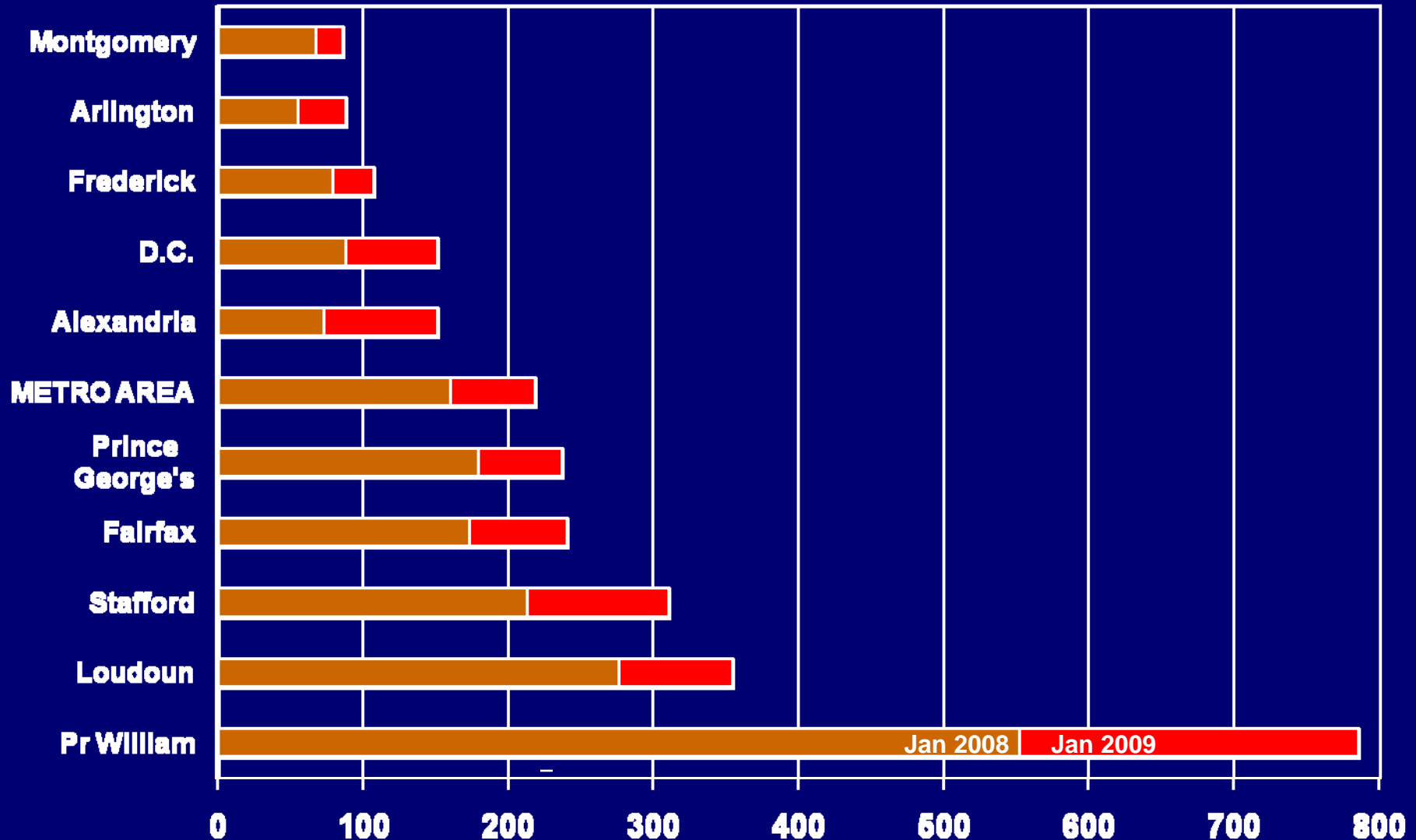
Foreclosure Rate by Quarter Washington Metro Area

Foreclosures/10,000 owner-occupied units



Mortgage Foreclosure Rates by County – Jan 08 & Jan 09

Foreclosures /10,000 units



Washington D.C. MSA Foreclosures: *Percentage of Housing Units Entering Foreclosure* 1Q:08 – 3Q:08

Percent by Block Group

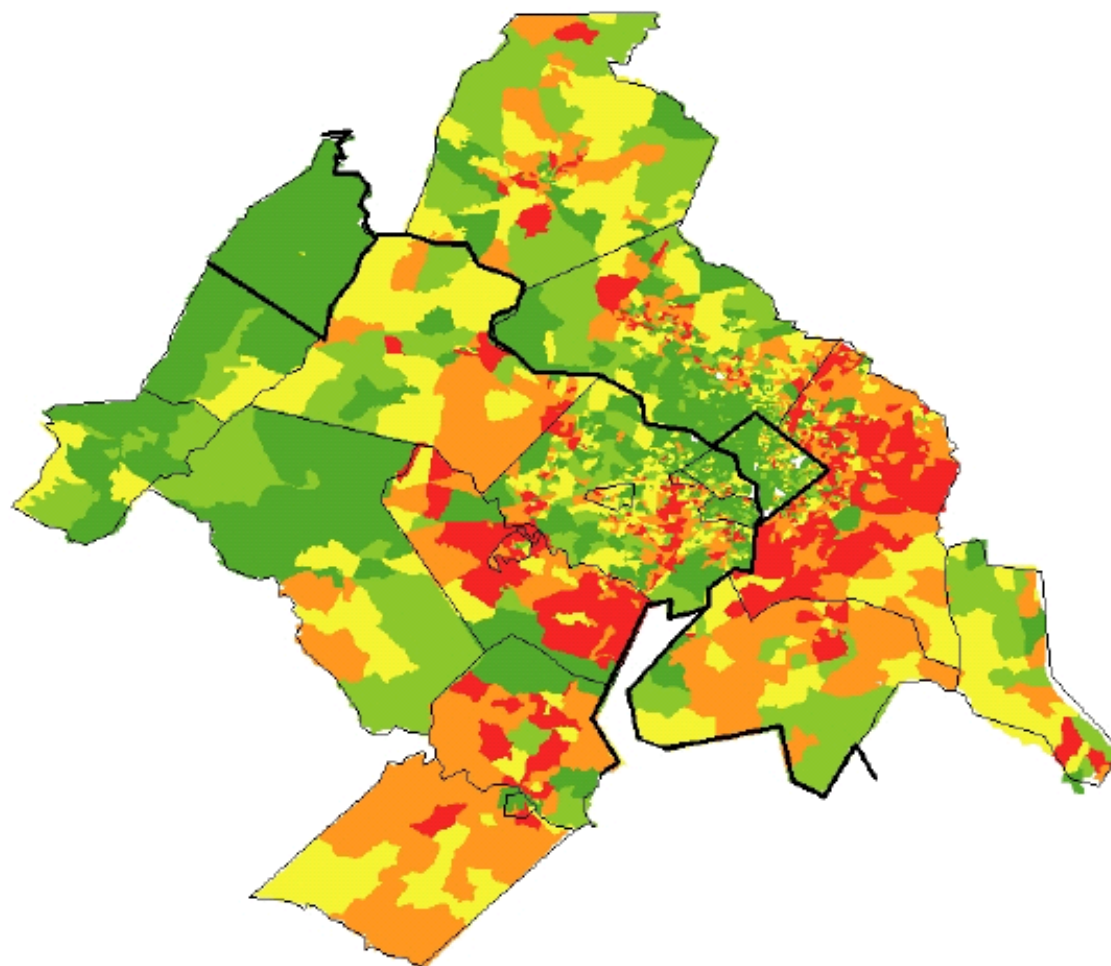
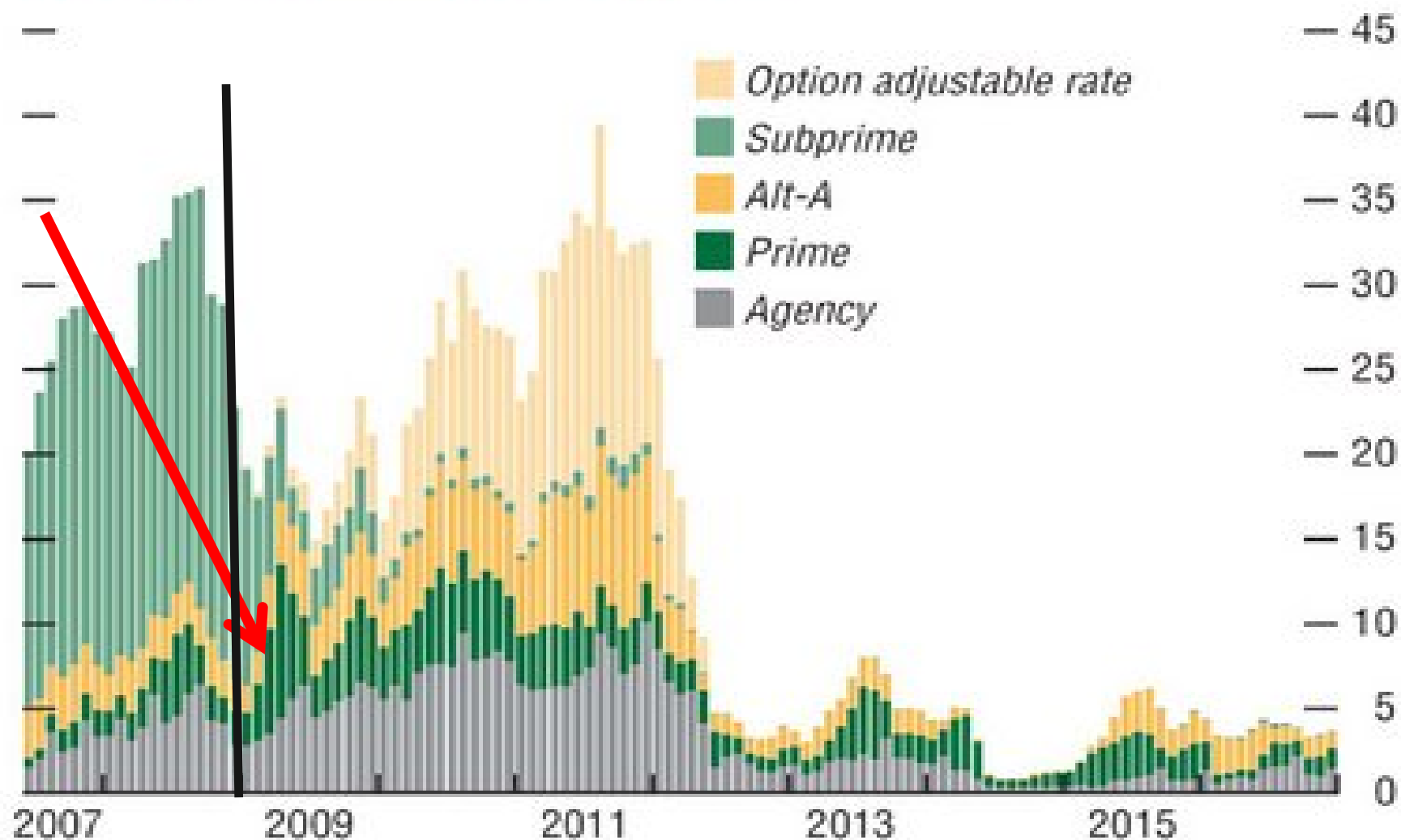


Figure 1.7. Monthly Mortgage Rate Resets

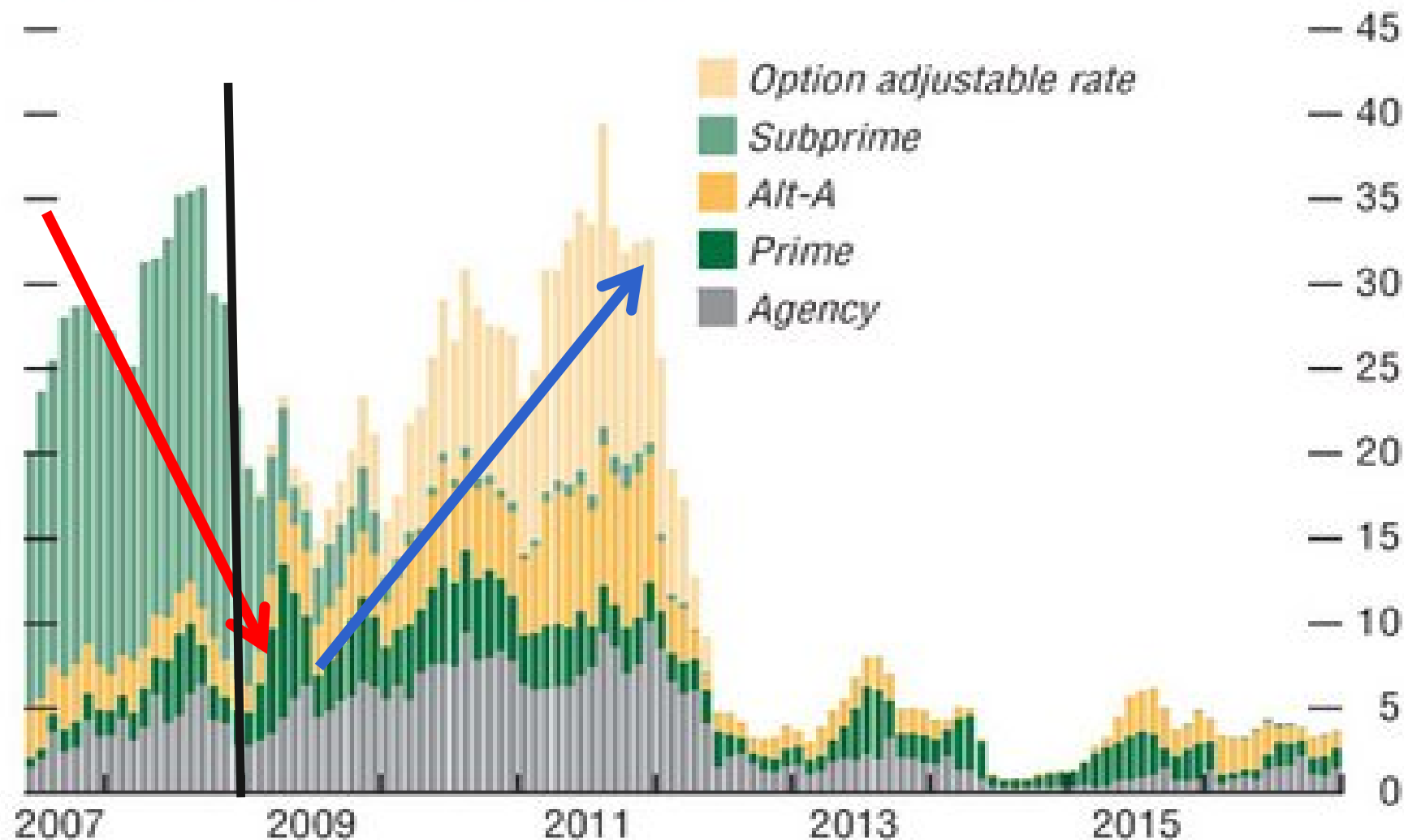
(First reset in billions of U.S. dollars)



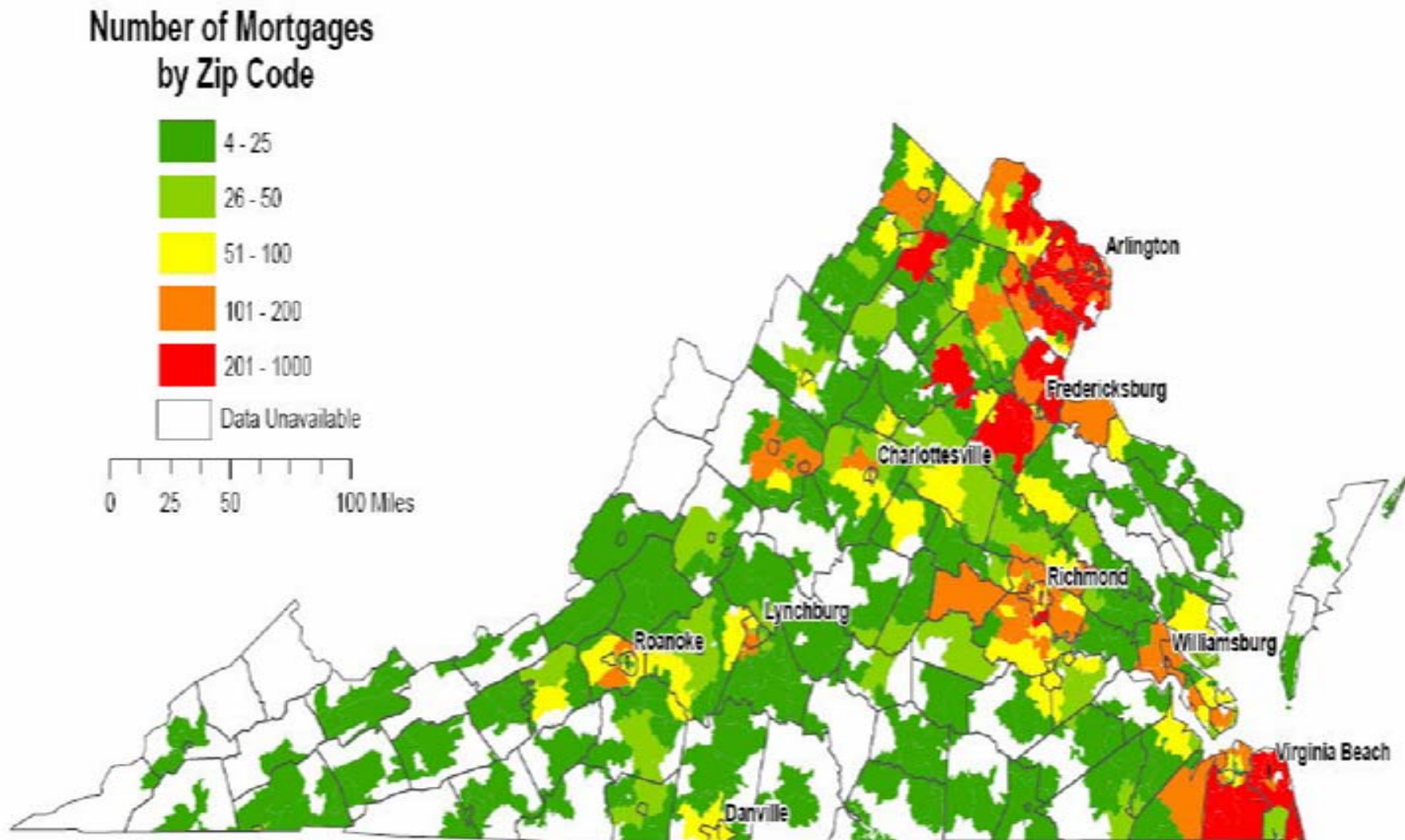
Source: Credit Suisse.

Figure 1.7. Monthly Mortgage Rate Resets

(First reset in billions of U.S. dollars)



Source: Credit Suisse.



Feb 2008 Richmond Fed
Reserve Data

Outlook

I HAVE ONE
OF THOSE
SUBPRIME
MORTGAGES,
SO I'M
STRAPPED...



SALE!



NO WAY
CAN I AFFORD
TO BE BUYING
A FANCY NEW
TV.



SALE!



OH,
BUT
SIR...

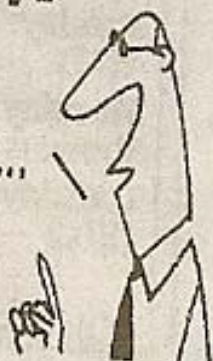
SALE!



THE TIMES-PICAYUNE
© 2 0 0 9

SKELLY

IT'S
NO MONEY
DOWN
AND
INTEREST-
FREE
FOR
SIX
MONTHS...



THE OUTLOOK

- **SUPPLY / INVENTORY**

- All indicators are in the positive direction, it will just take some time to work through

- **PRICES**

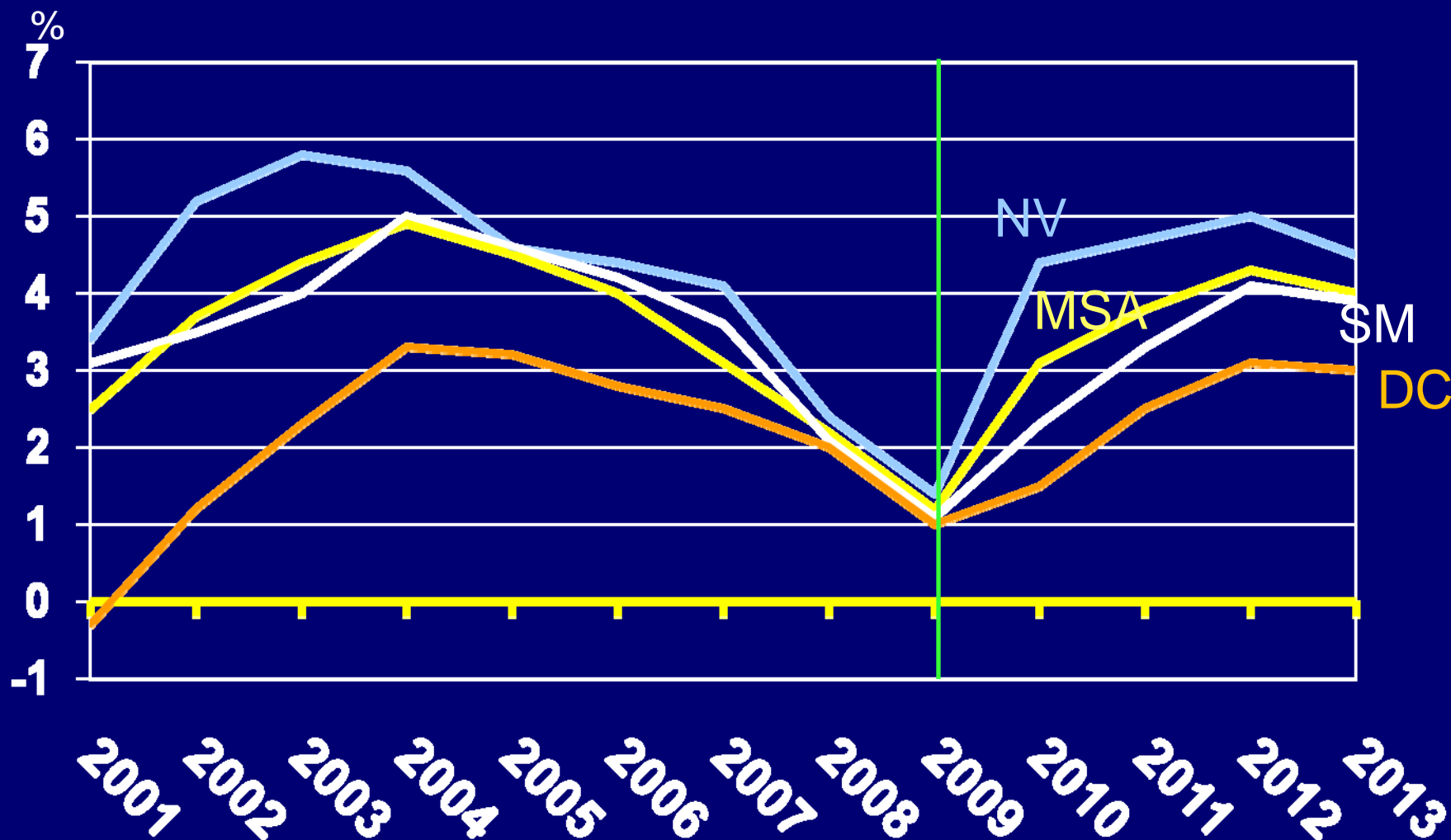
- Market norms will return depending on geographic area...close in areas now/soon...Beltway areas mid-late 2009...outer jurisdictions into 2010

- **FORECLOSURES**

- Subprime part of the problem ending soon...Alt A and Option Arm issues are looming and need to be addressed...there is time.

Economic Outlook (GRP) – 2013

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

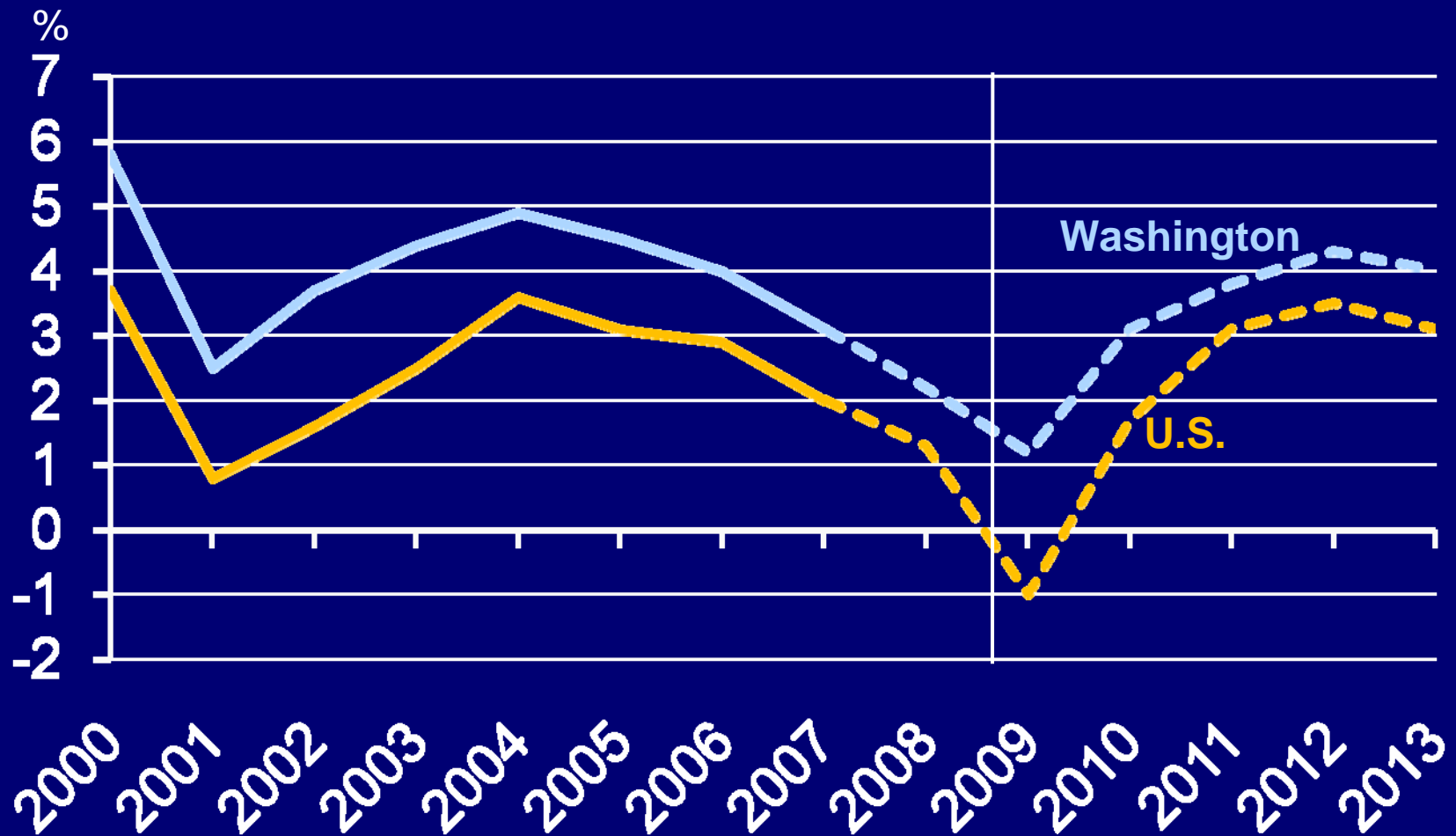


Employment Change by Sub-state Region (000s)

	2007	2008	2009	2010	2011	2012	2013
D.C.	7.2	6.6	5.5	6.0	6.4	7.0	6.5
Sub. MD	5.8	6.5	6.0	10.7	12.5	14.3	16.4
No. VA	15.5	12.5	12.2	19.8	23.5	26.8	31.1
REGION	28.5	25.6	23.7	36.5	42.4	48.1	54.0

Average Annual Change 1990-2007 = 46,600

GDP/GRP 2000 - 2012



www.cra-gmu.org