

2011 Real Estate Outlook Conference

The Washington Area Economic Performance and Outlook

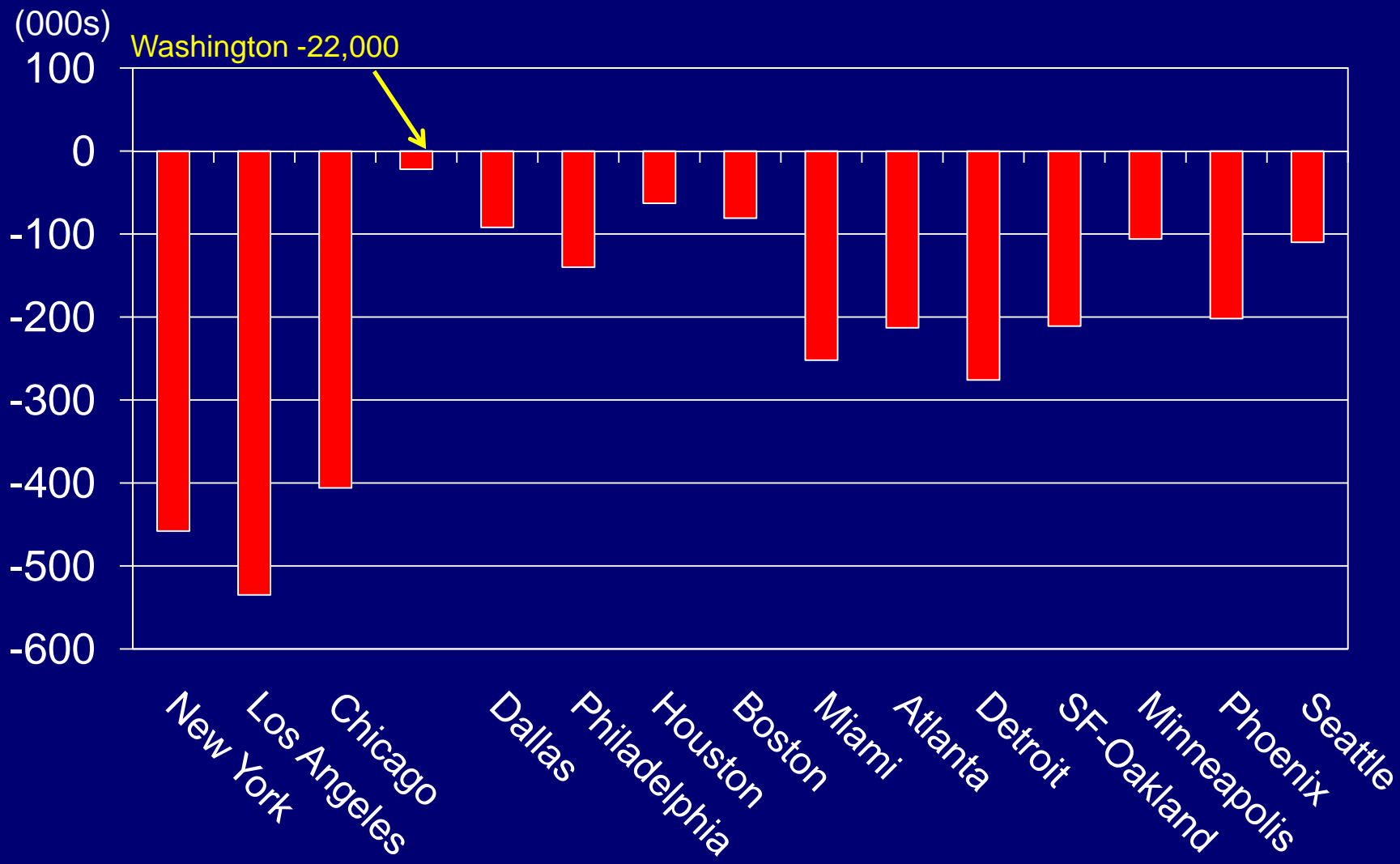
John McClain, AICP, Senior Fellow and
Deputy Director, Center for Regional Analysis
School of Public Policy, George Mason University

March 1, 2011

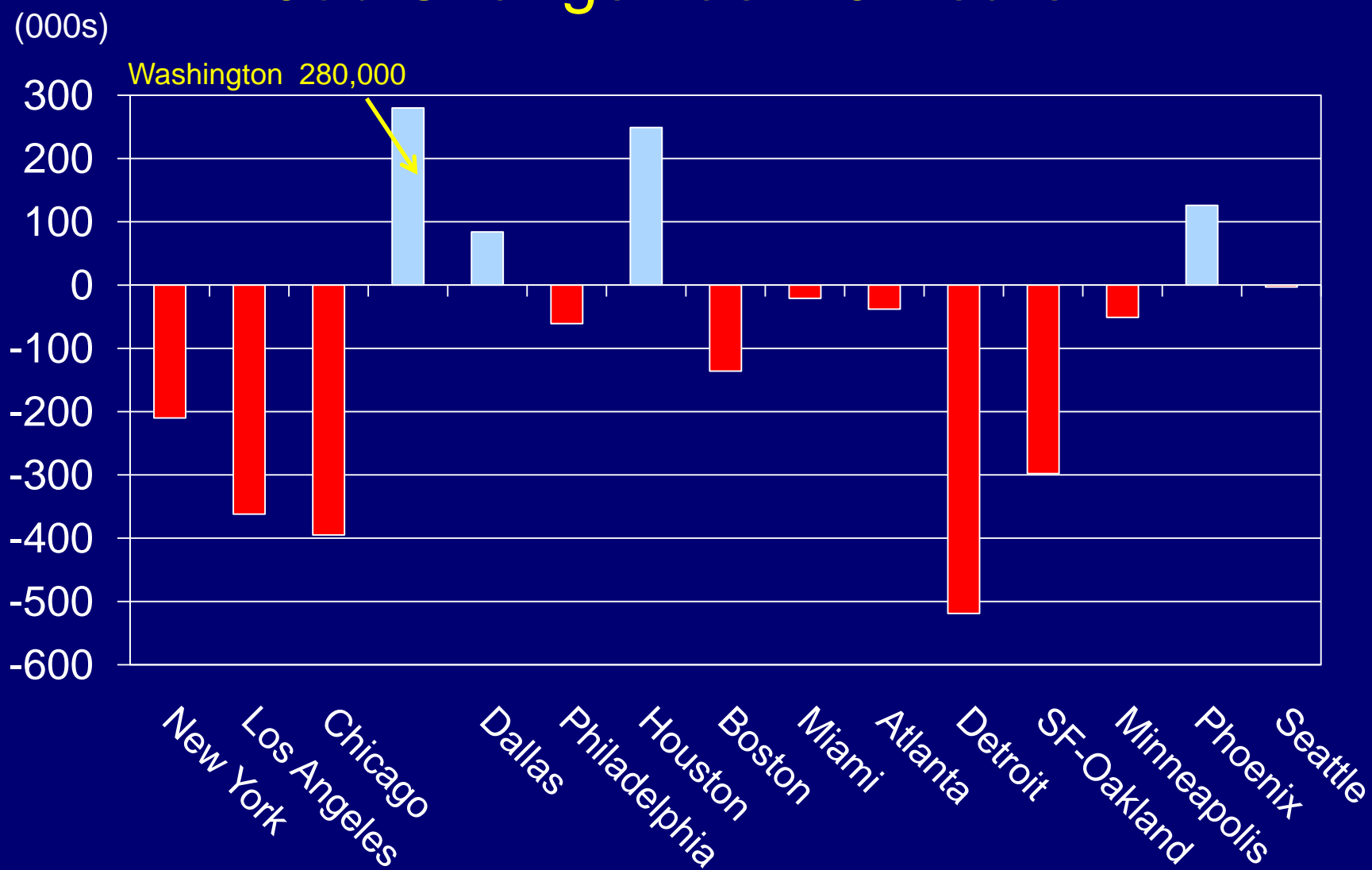
The Washington Economy

15 Largest Job Markets

Job Change from Recession Start (12/07)

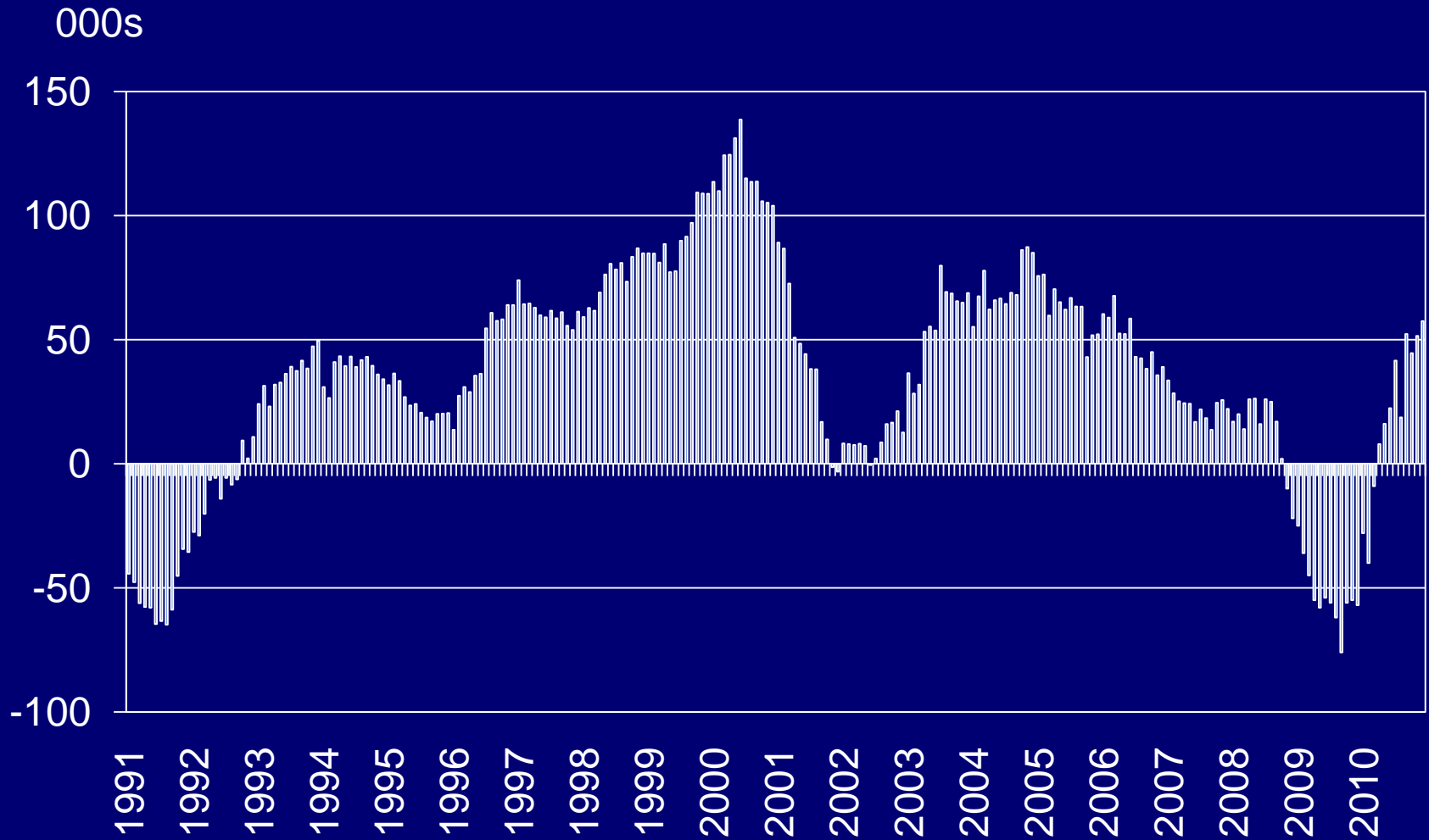


15 Largest Job Markets Job Change Last 10 Years



Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

Annual Job Change – MOTYC Washington MSA

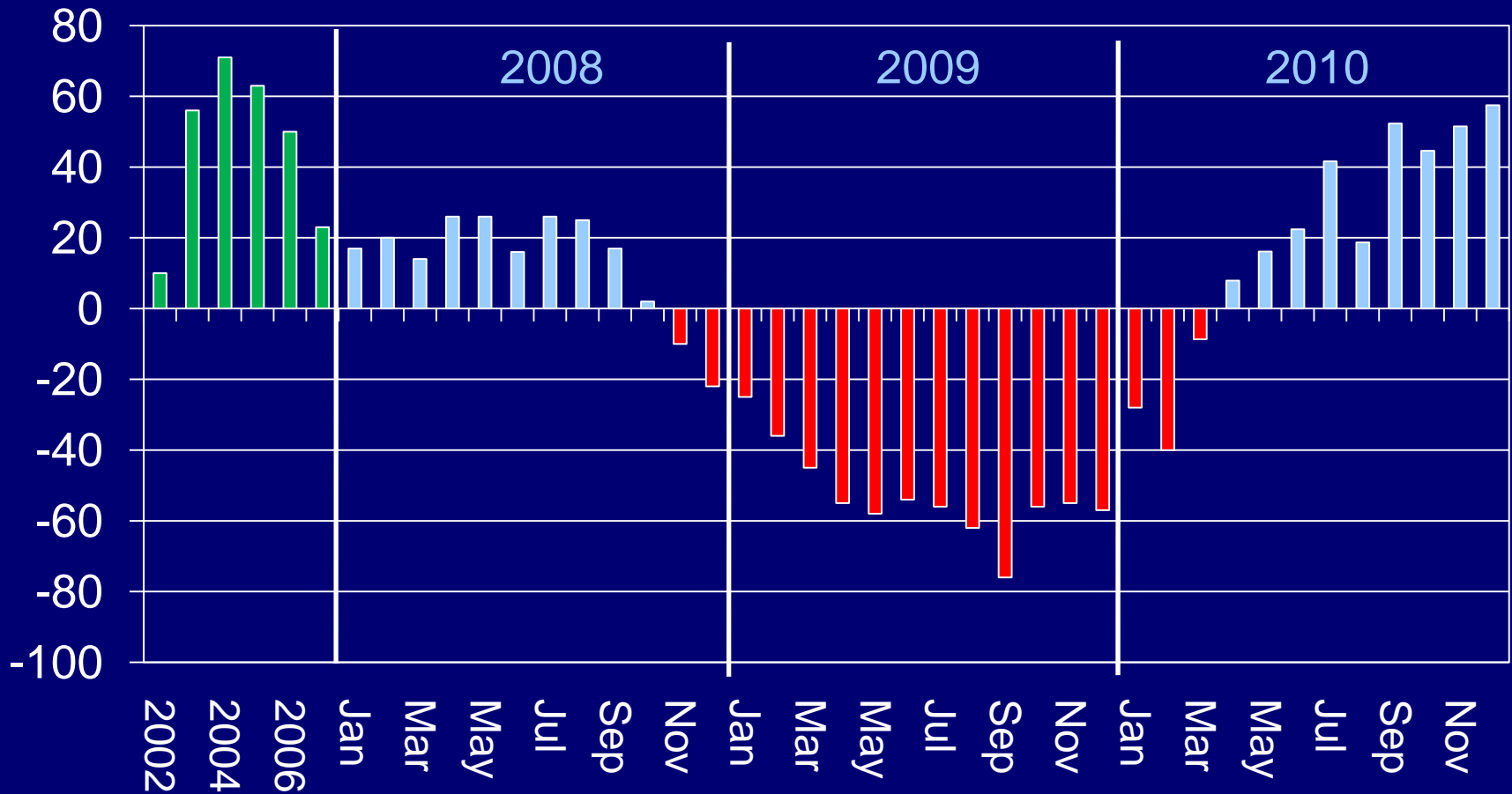


Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

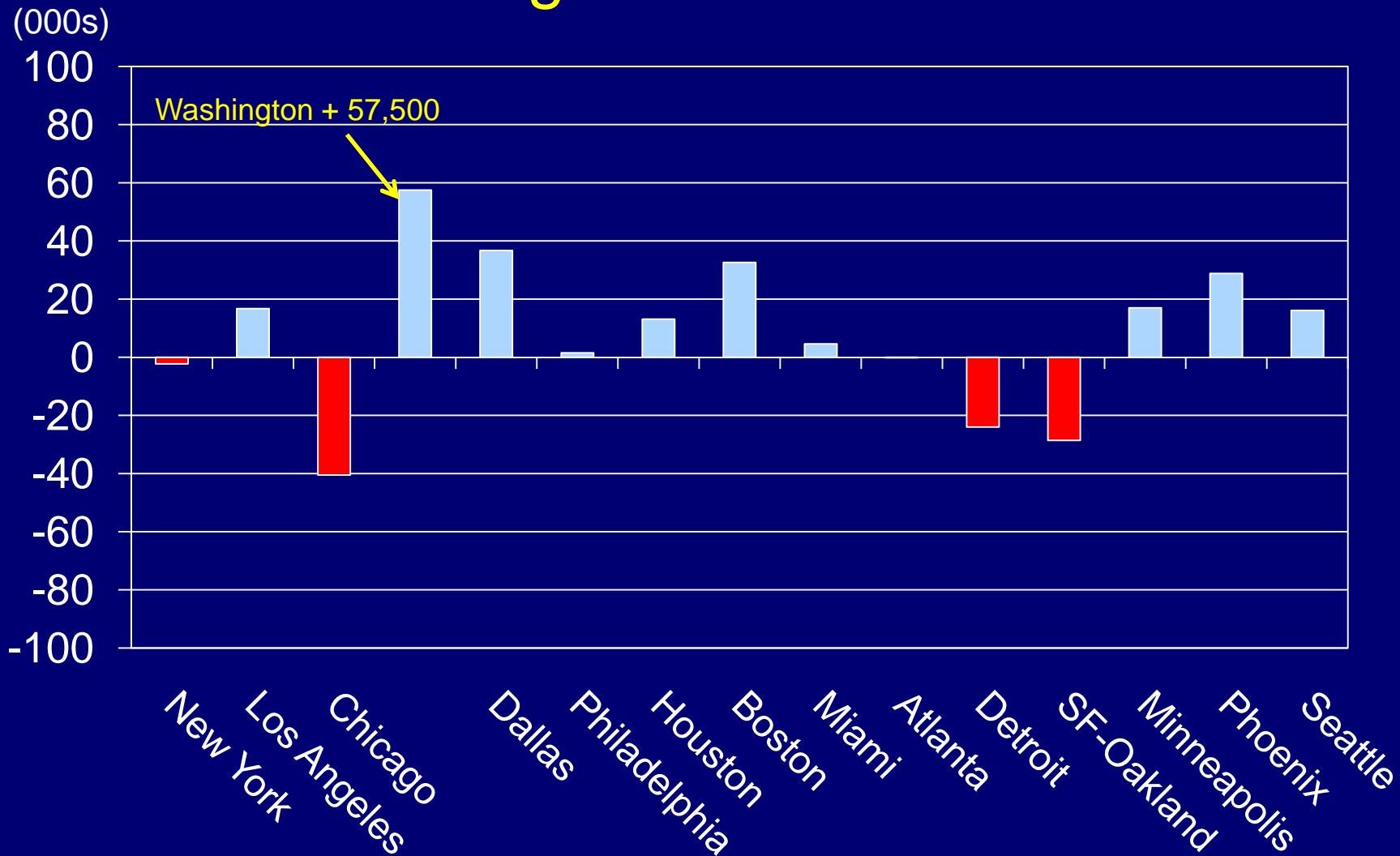
Annual Job Change Washington MSA

000s Annual Data

Annual Month over Year



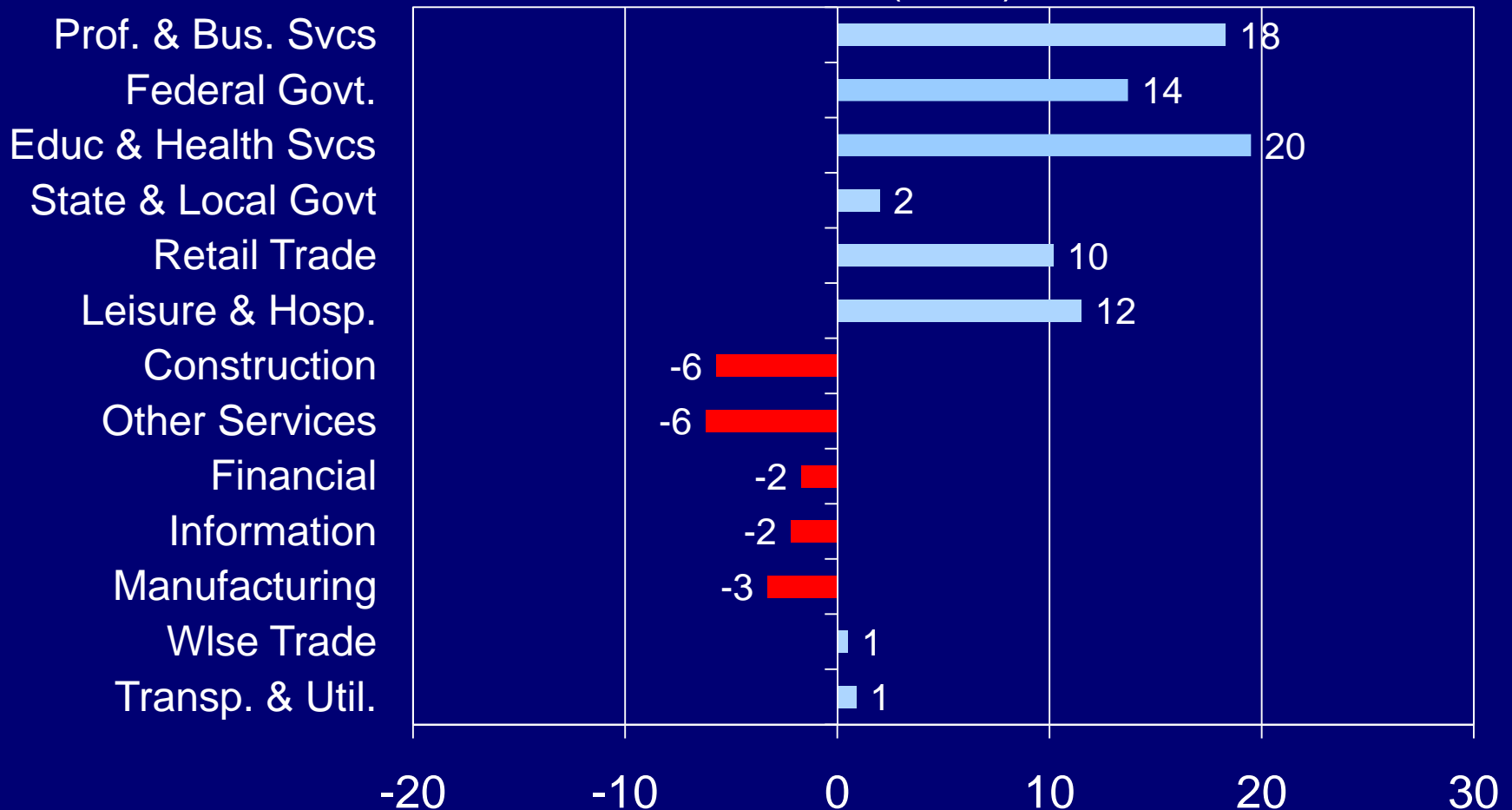
15 Largest Job Markets Job Change Dec 09 – Dec 10



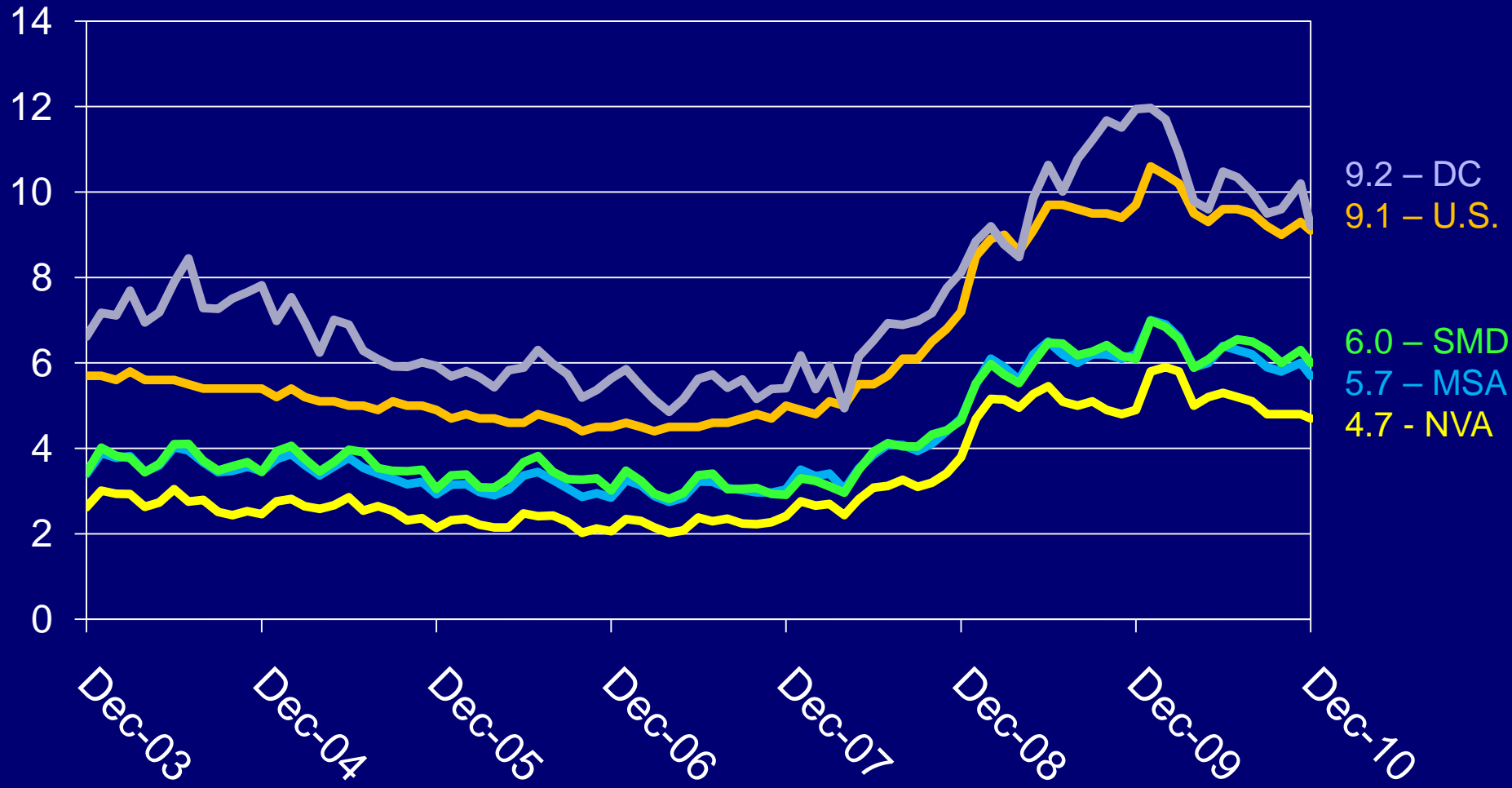
Job Change by Sector Dec 2009 – Dec 2010 Washington MSA

(000s)

Total 57,500

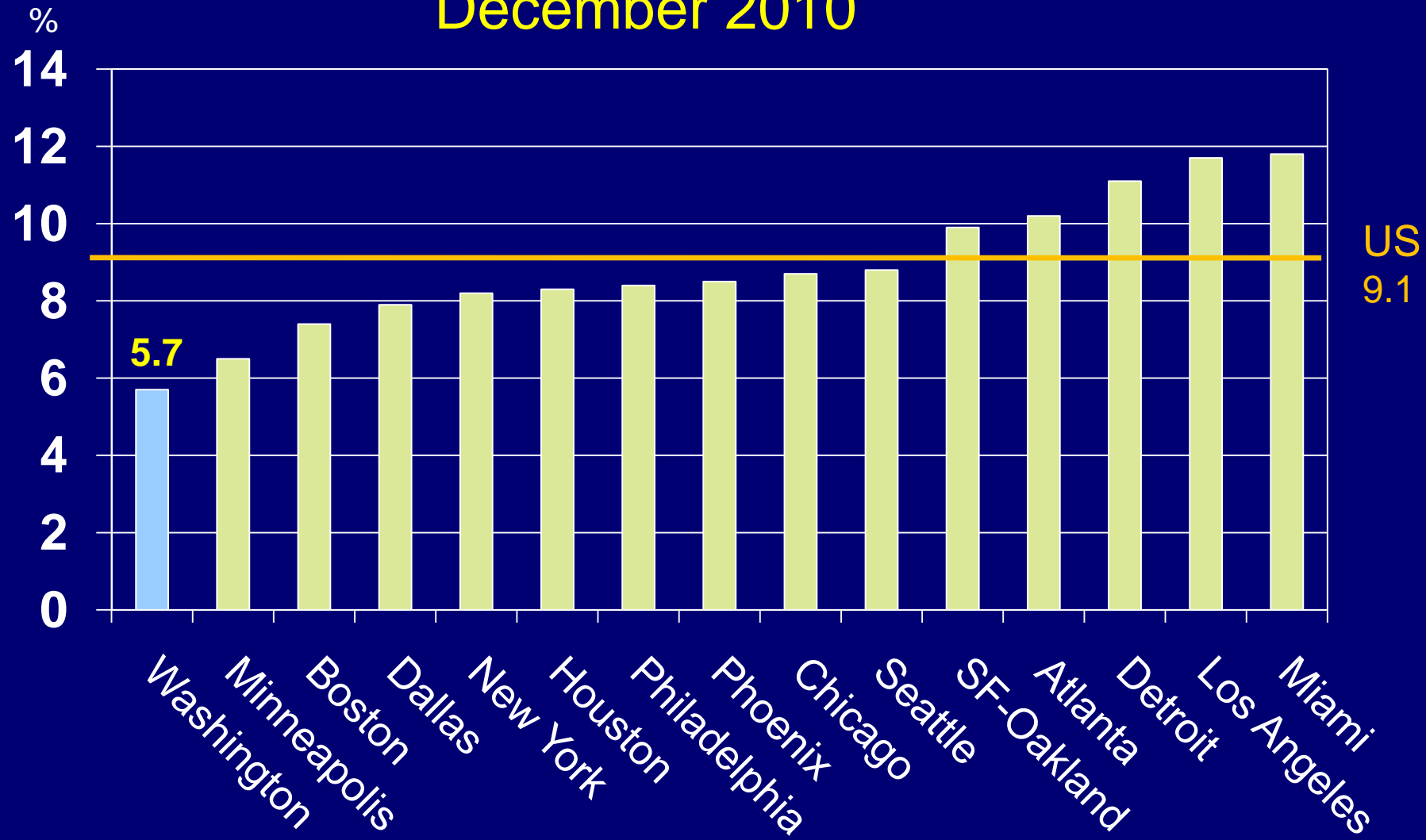


Unemployment Rate



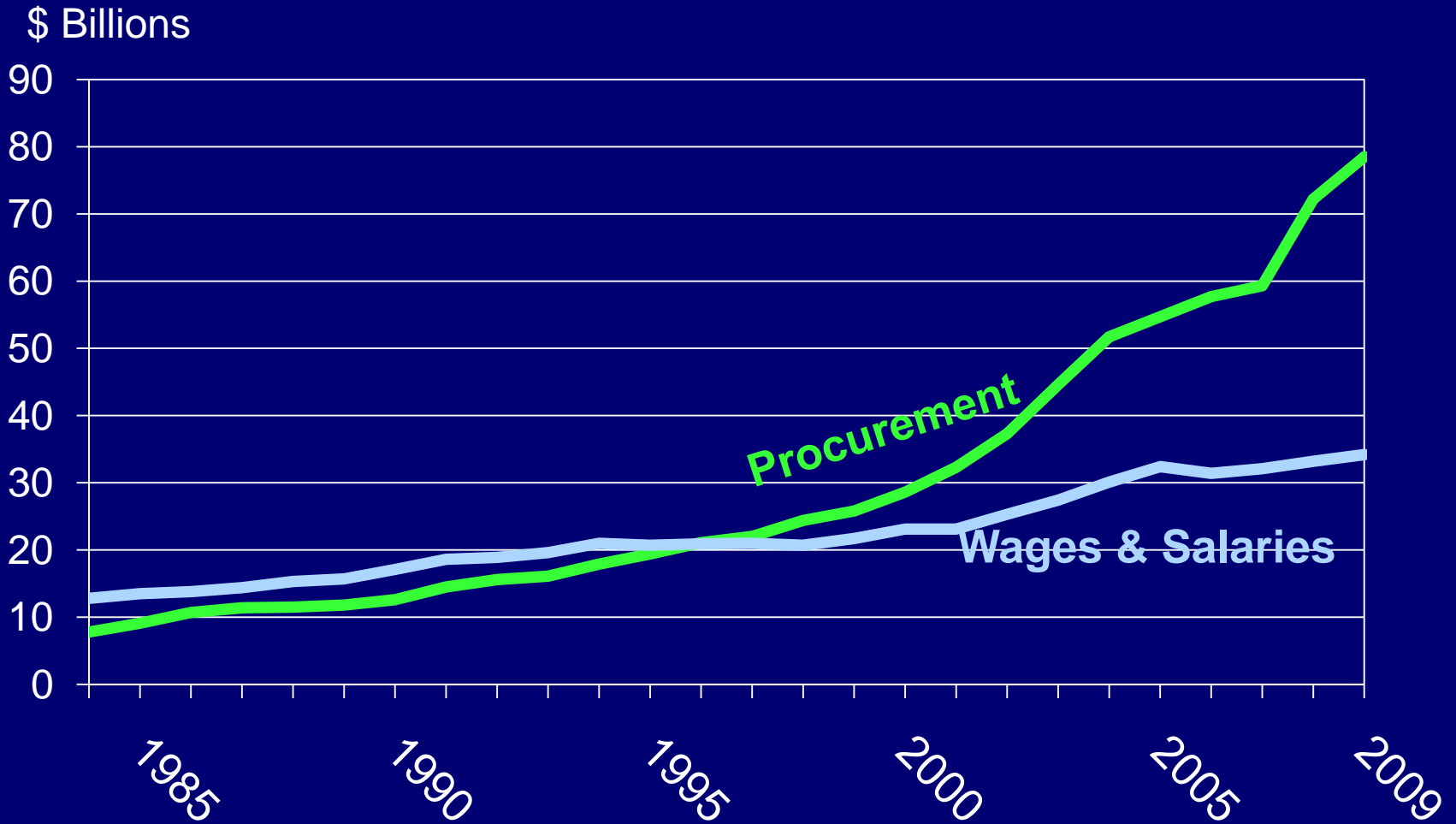
Source: BLS, Not Seasonally Adjusted

15 Largest Job Markets Ranked by Unemployment Rate December 2010



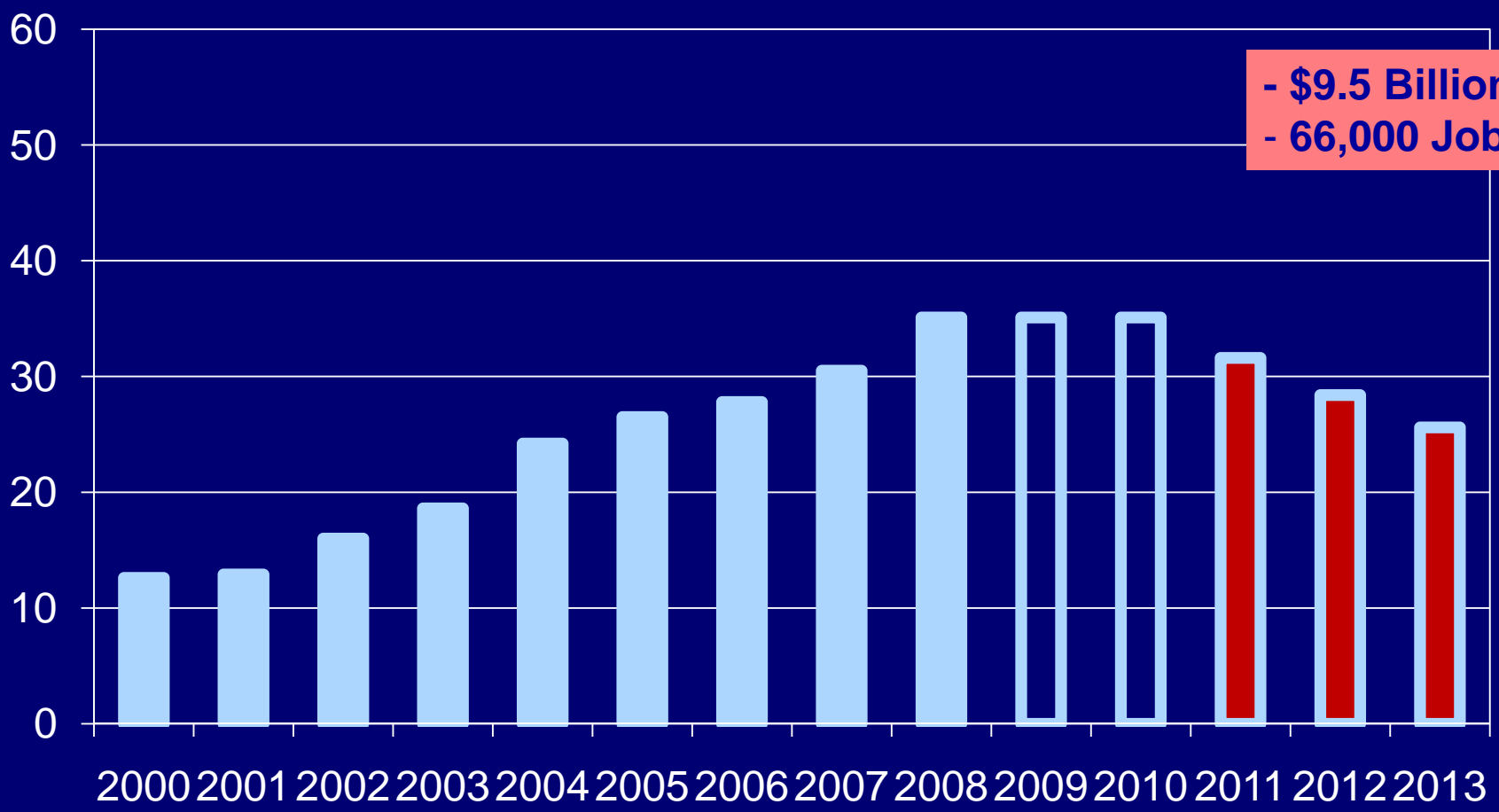
Source: BLS, NOT Seasonally Adjusted

Federal Spending By Type 1984 - 2009



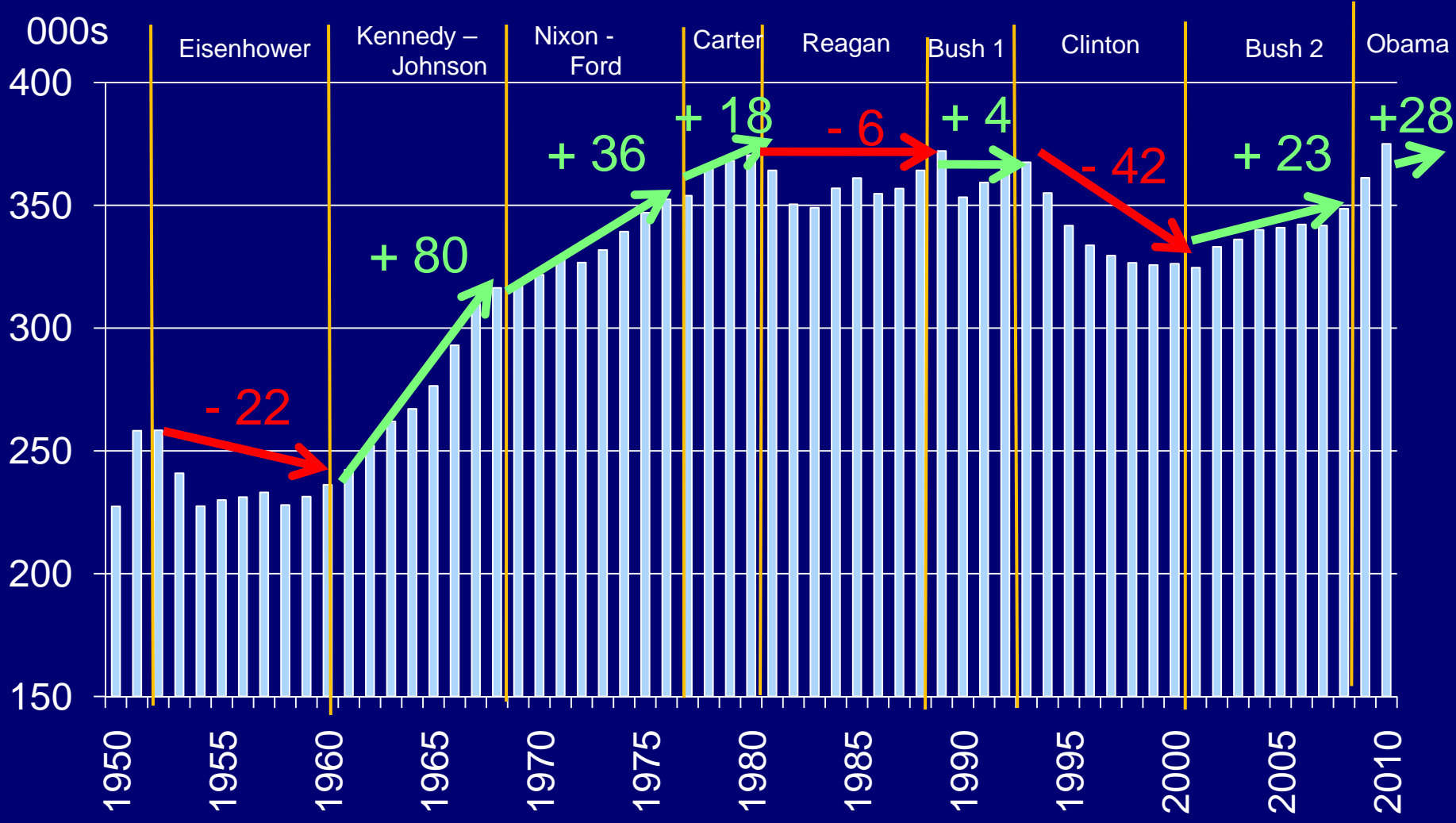
DOD Federal Procurement in MSA Projection of Sec. Gates Proposed Cuts

\$ Billions



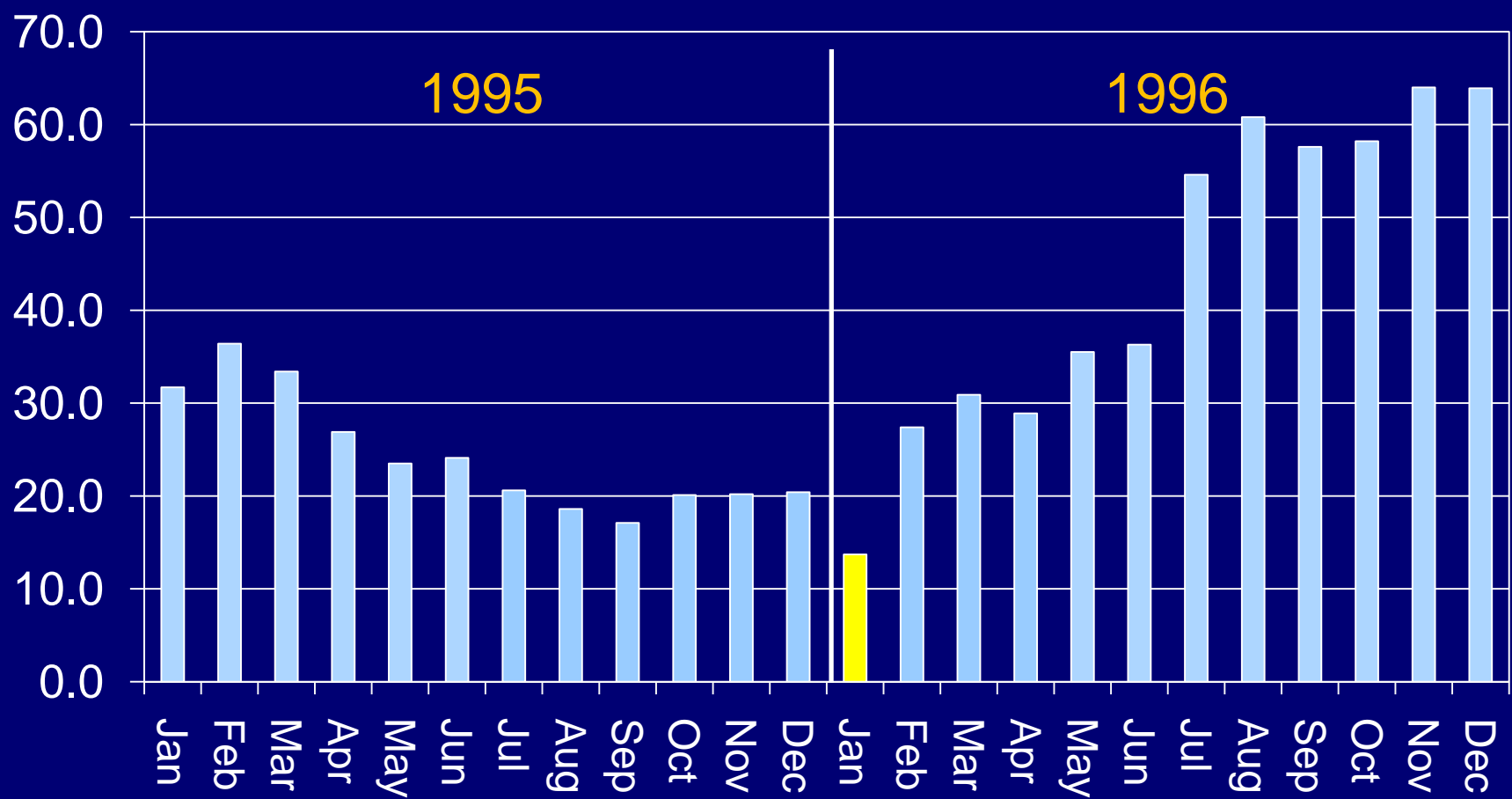
Source: Census Consolidated Federal Funds Reports

Federal Employment Washington Metro Area



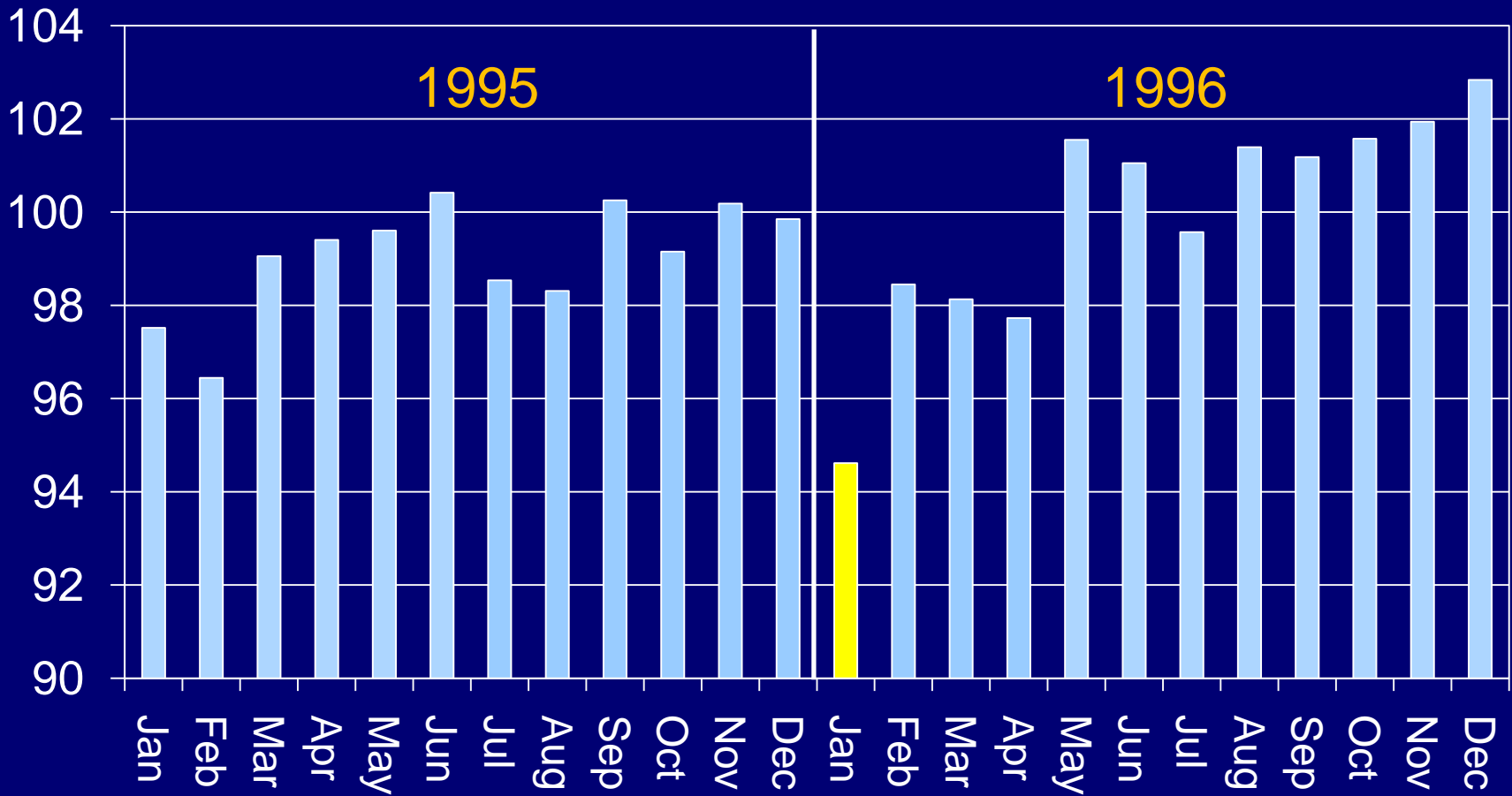
Annual Job Change Washington MSA – Federal Shutdown, 3 Weeks Dec-Jan

000s



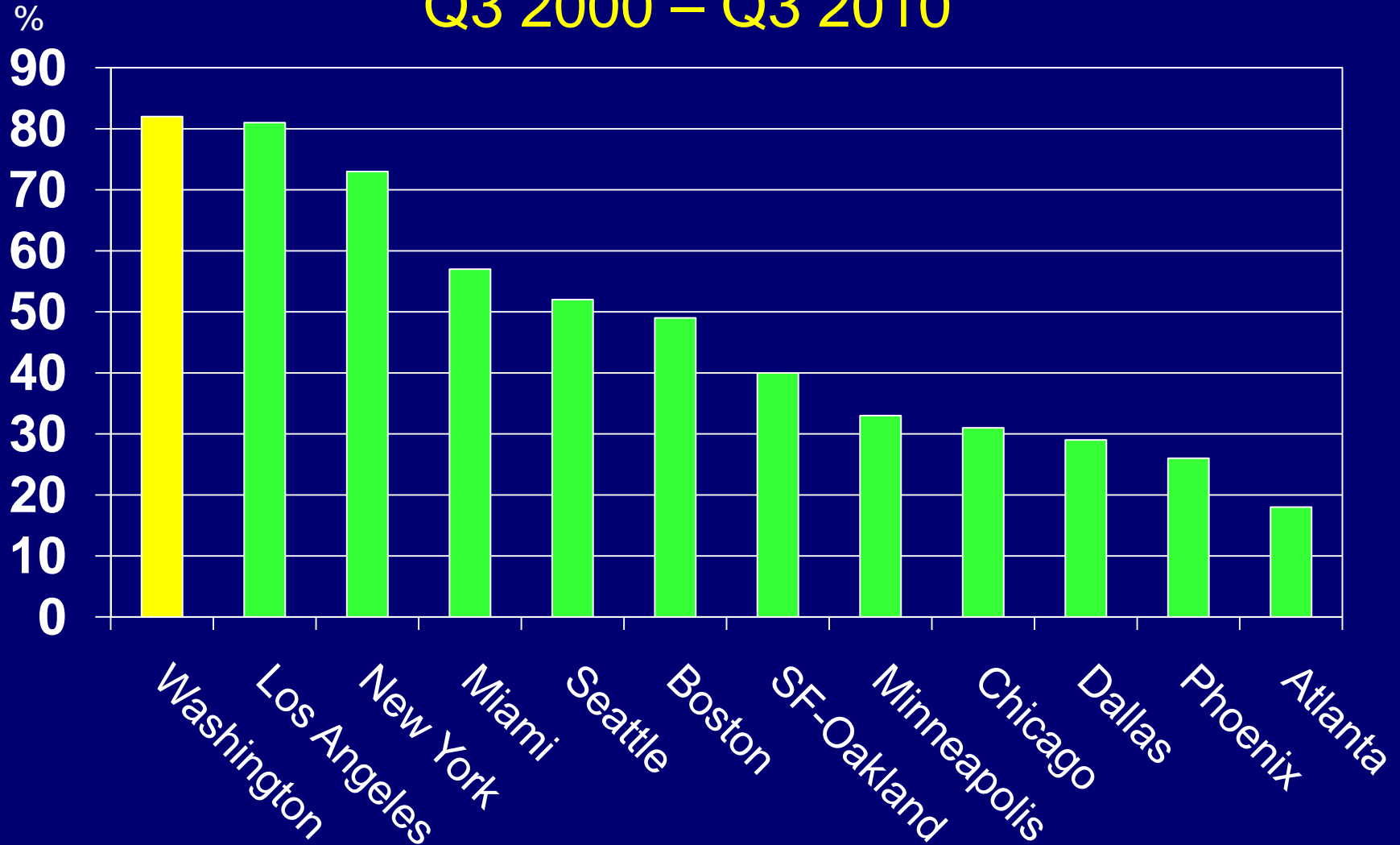
Source: BLS March 2010 Benchmark, GMU Center for Regional Analysis

Washington Current Economic Index Federal Shutdown, 3 Weeks Dec-Jan



Housing Market Trends

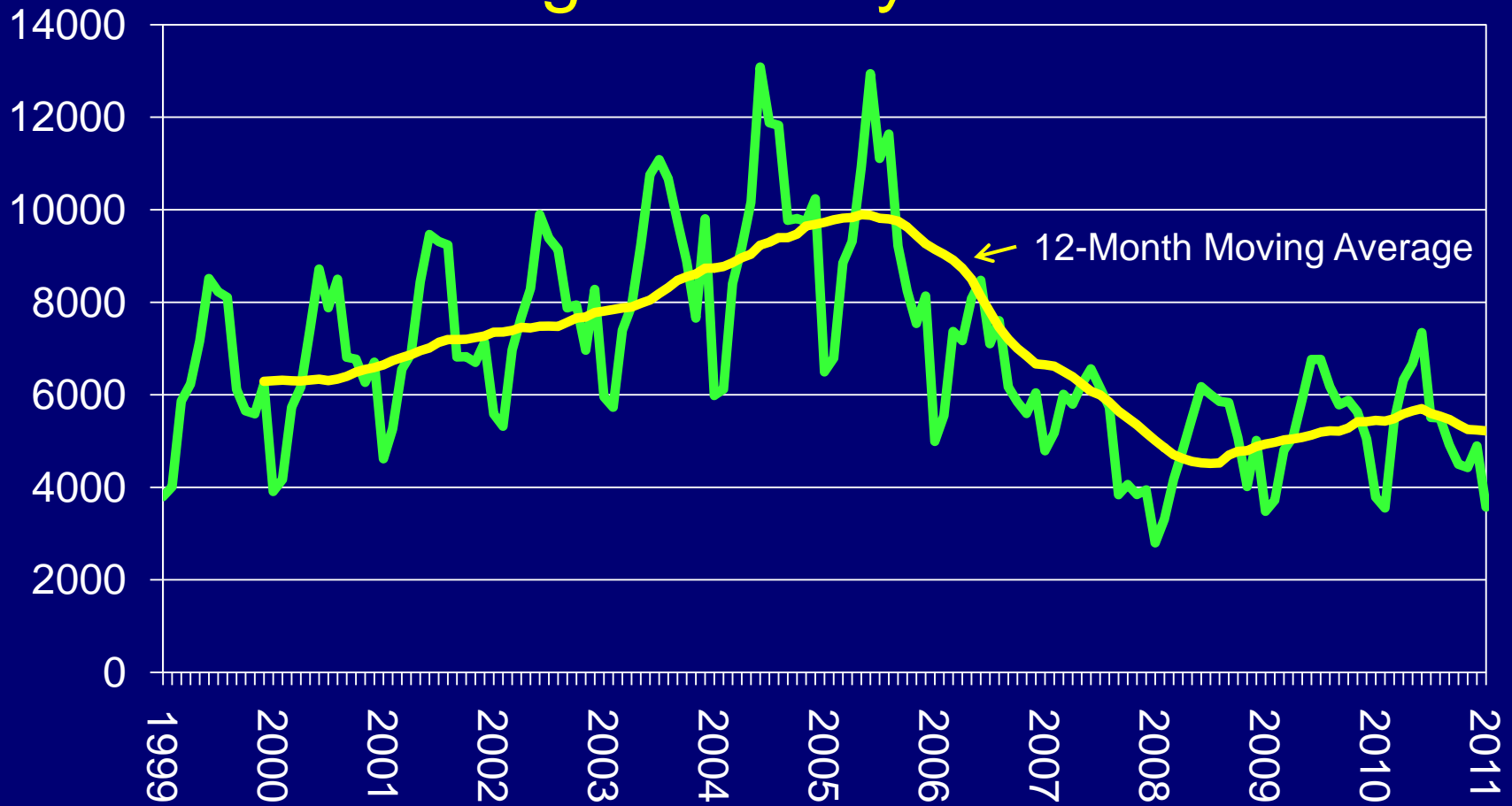
House Price Index Change Q3 2000 – Q3 2010



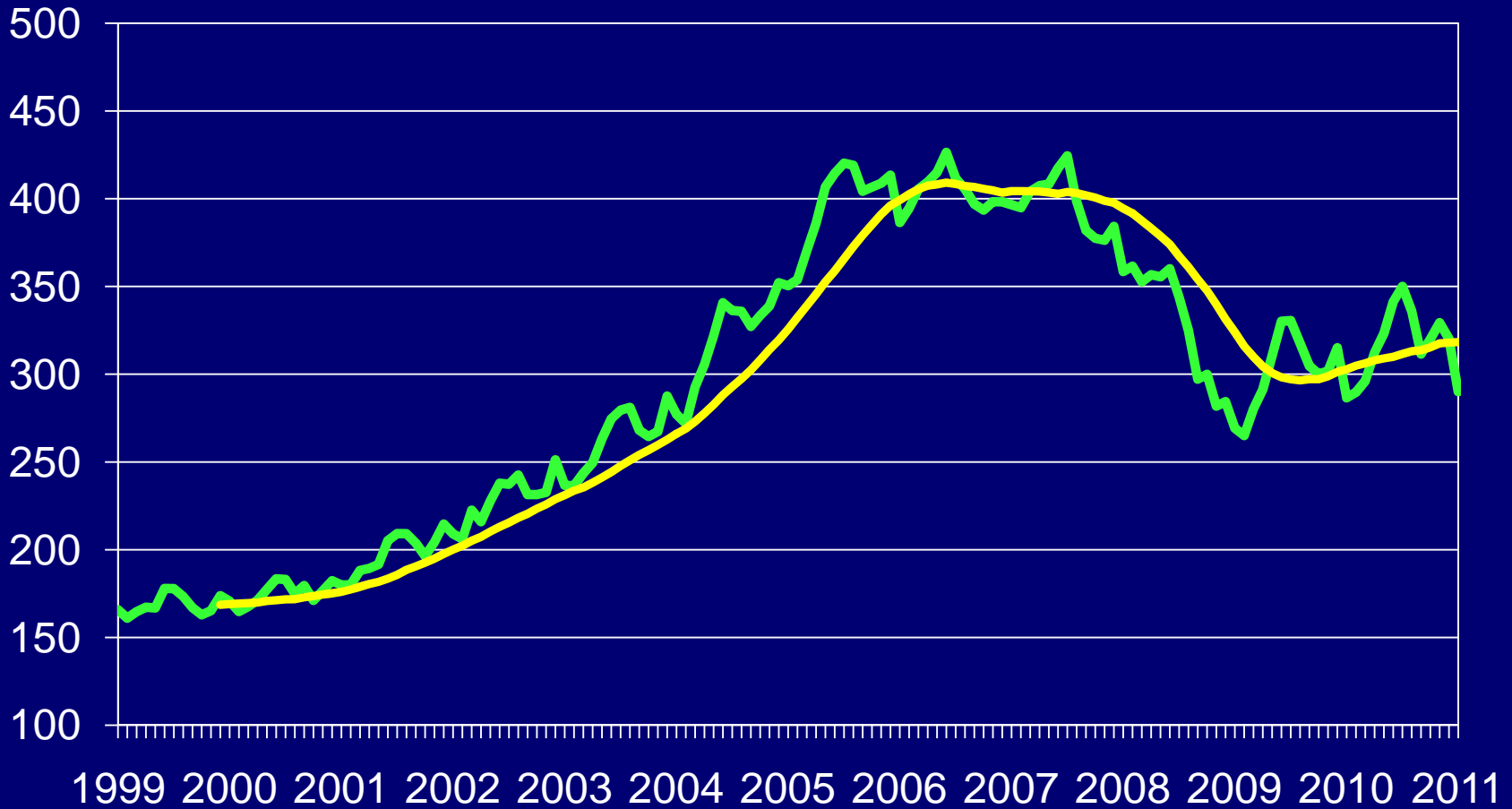
House Price Change Q4 2009 – Q4 2010



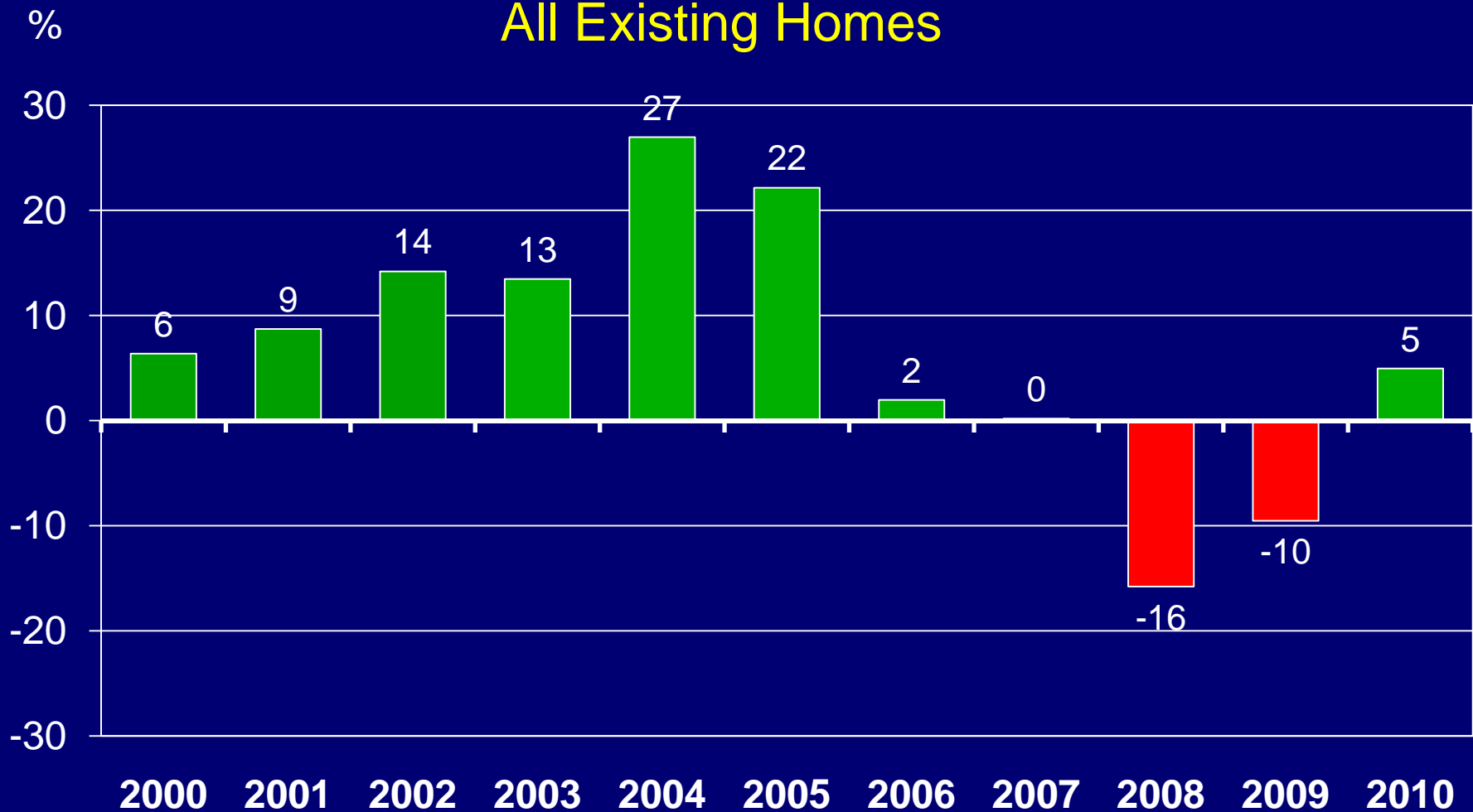
Existing Home Sales Washington MSA Through January 2011



Median House Sales Price Washington MSA



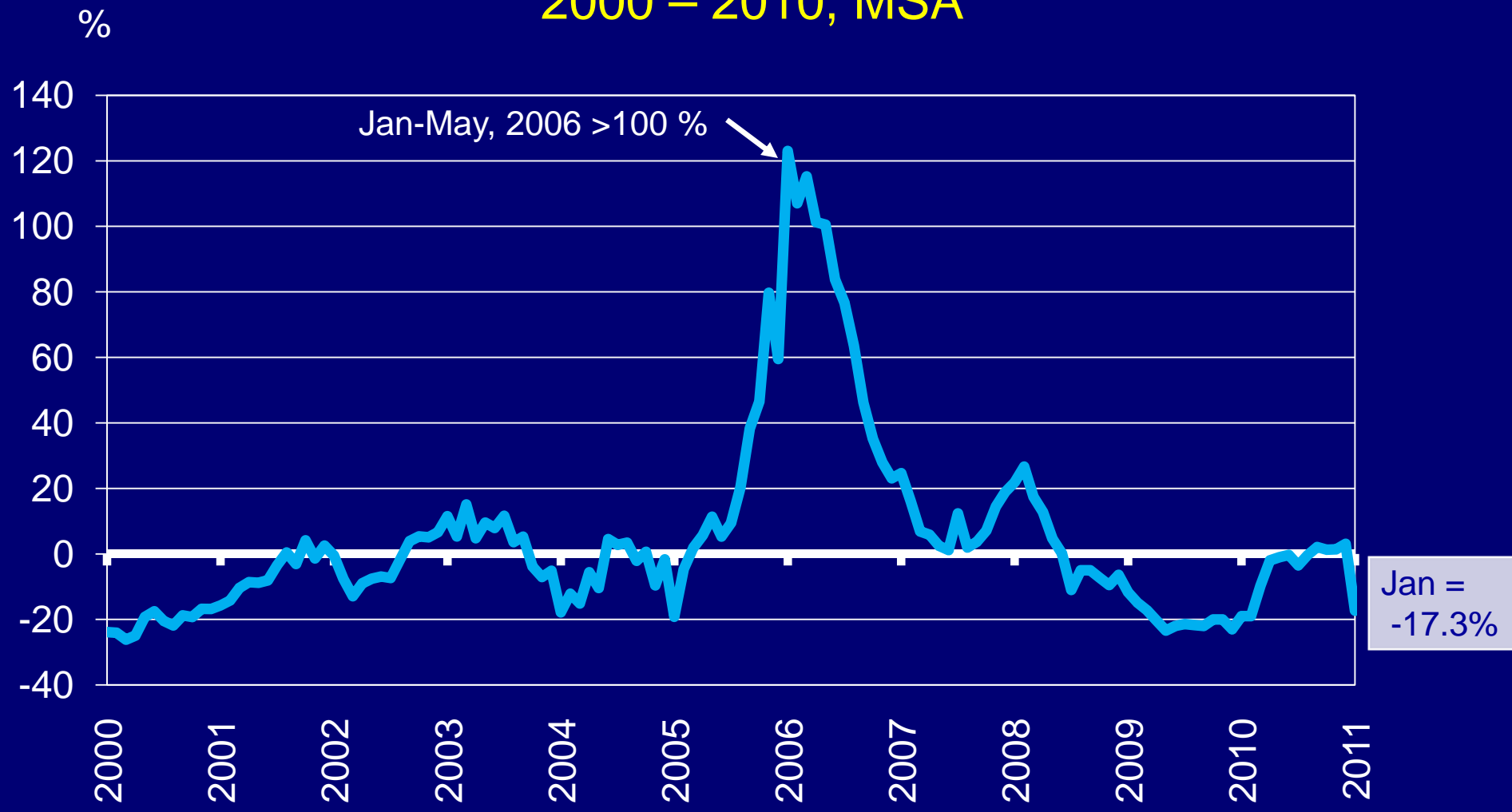
Average Sales Price Annual Percent Change Washington MSA All Existing Homes



Percent Change in Inventories of Existing Homes

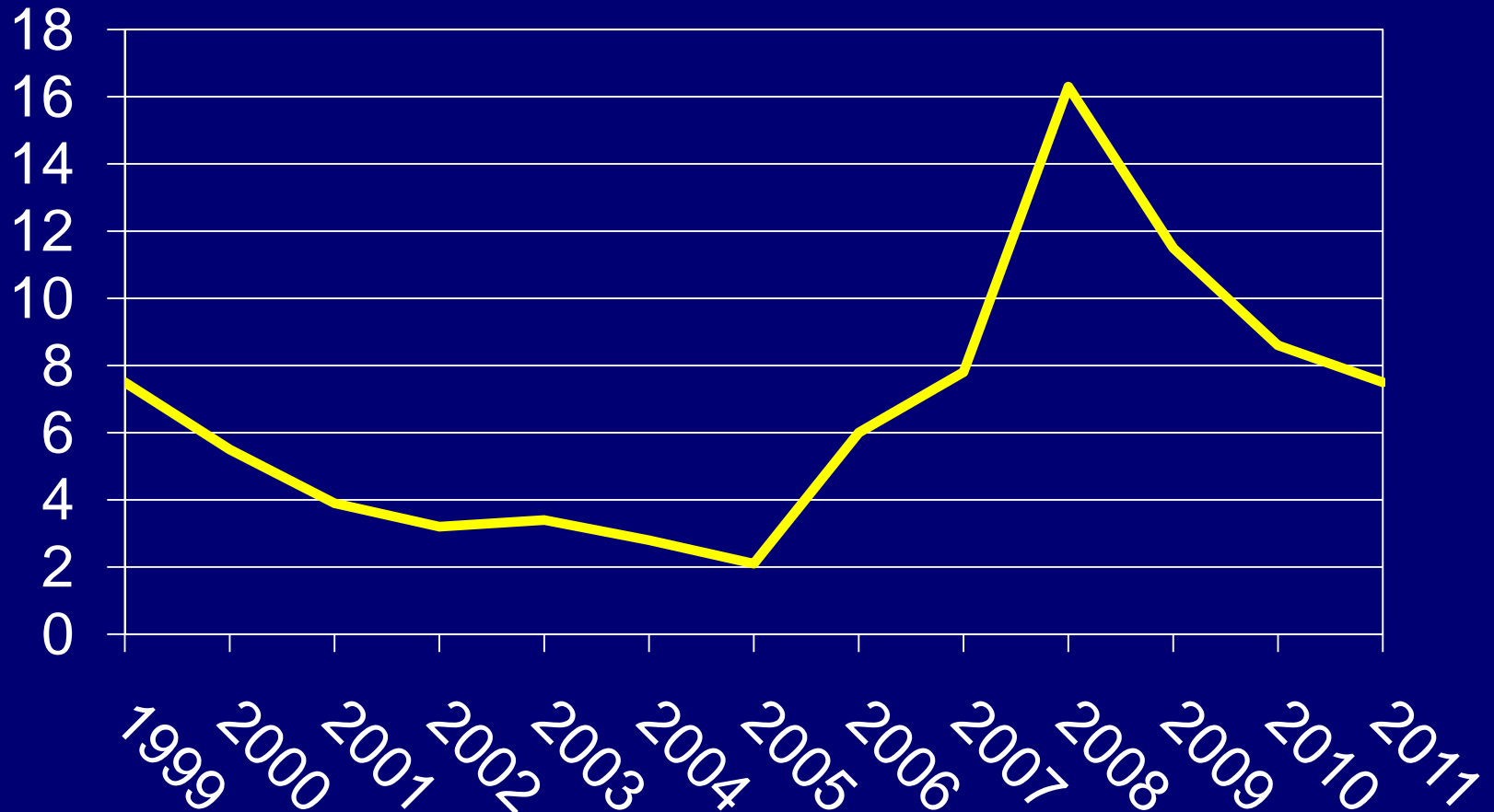
Month-Over-the-Year-Change

2000 – 2010, MSA



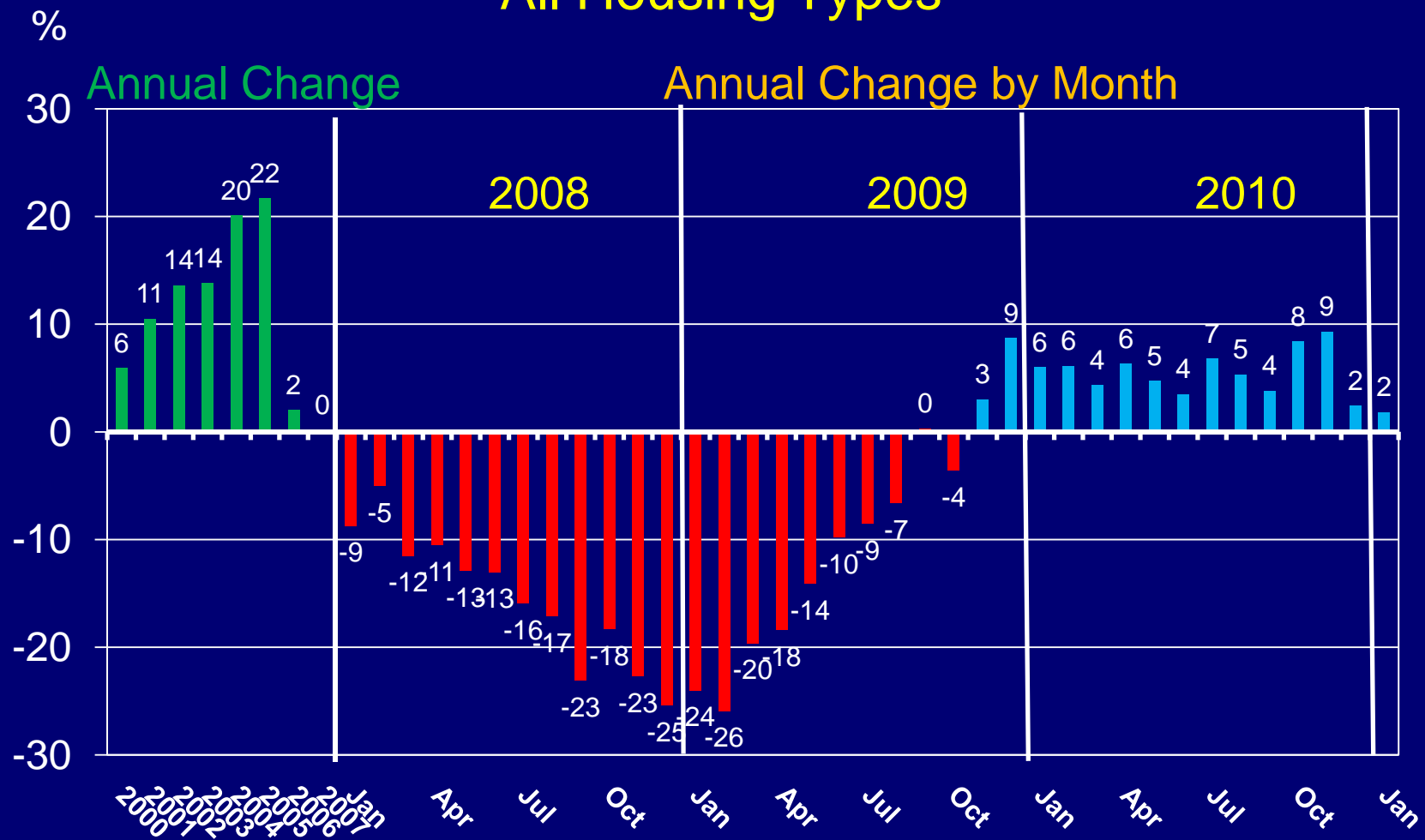
Source: MRIS, GMU Center for Regional Analysis

Total Active Listings Per Sale January Each Year – Metro Area



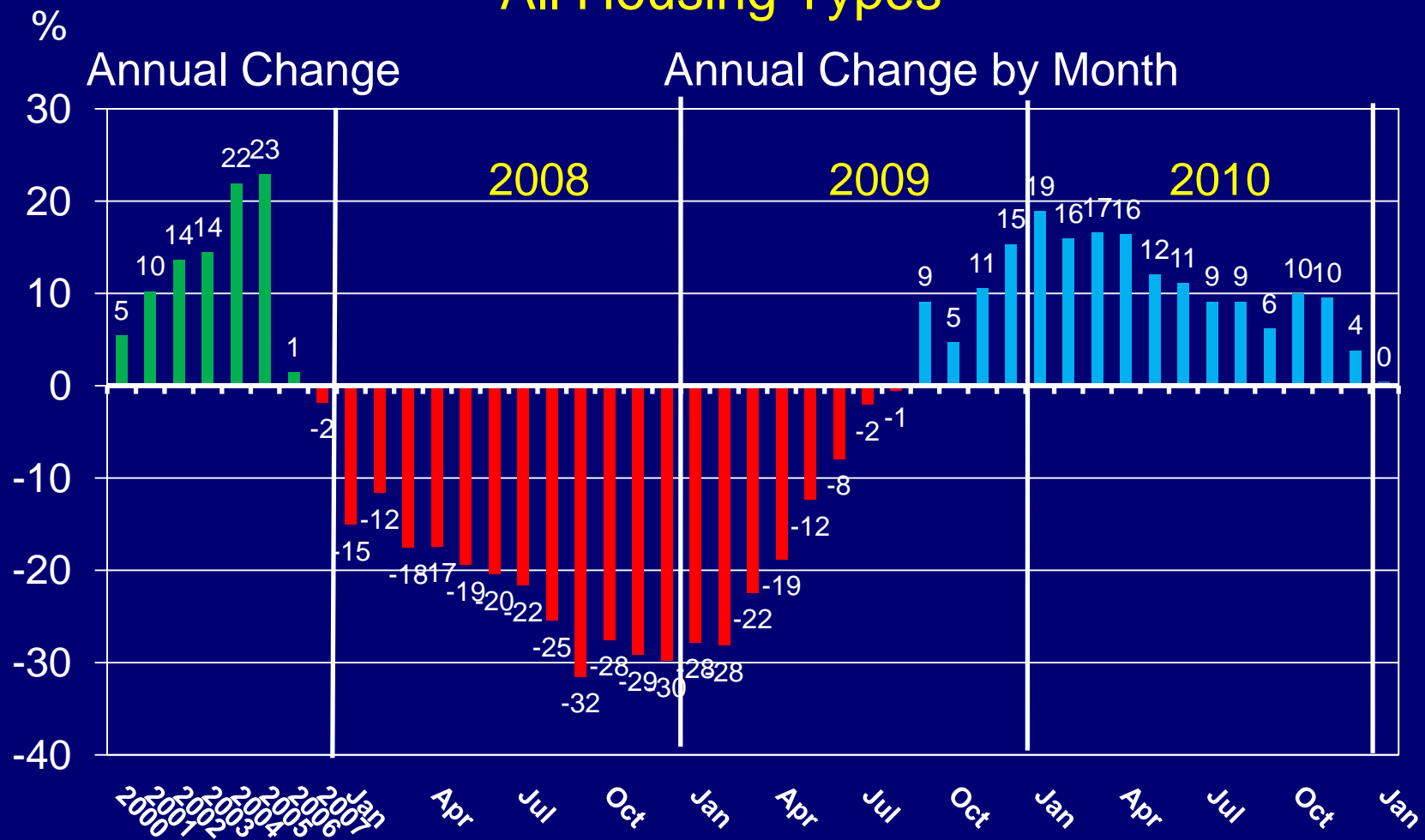
Source: MRIS, GMU Center for Regional Analysis

Average Sales Price Percent Change Washington MSA All Housing Types



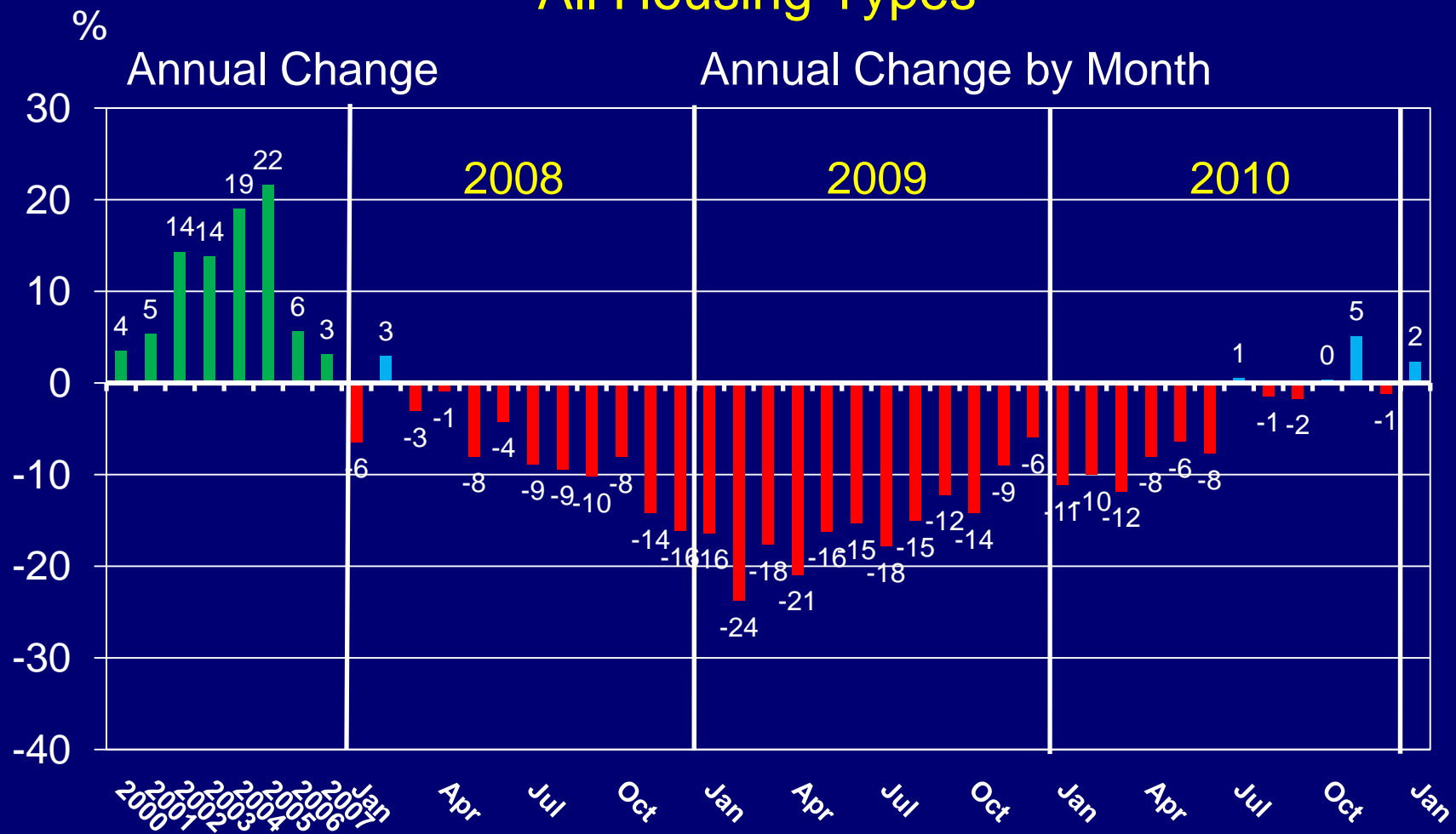
Source: MRIS, GMU Center for Regional Analysis

Average Sales Price Percent Change Northern Virginia All Housing Types



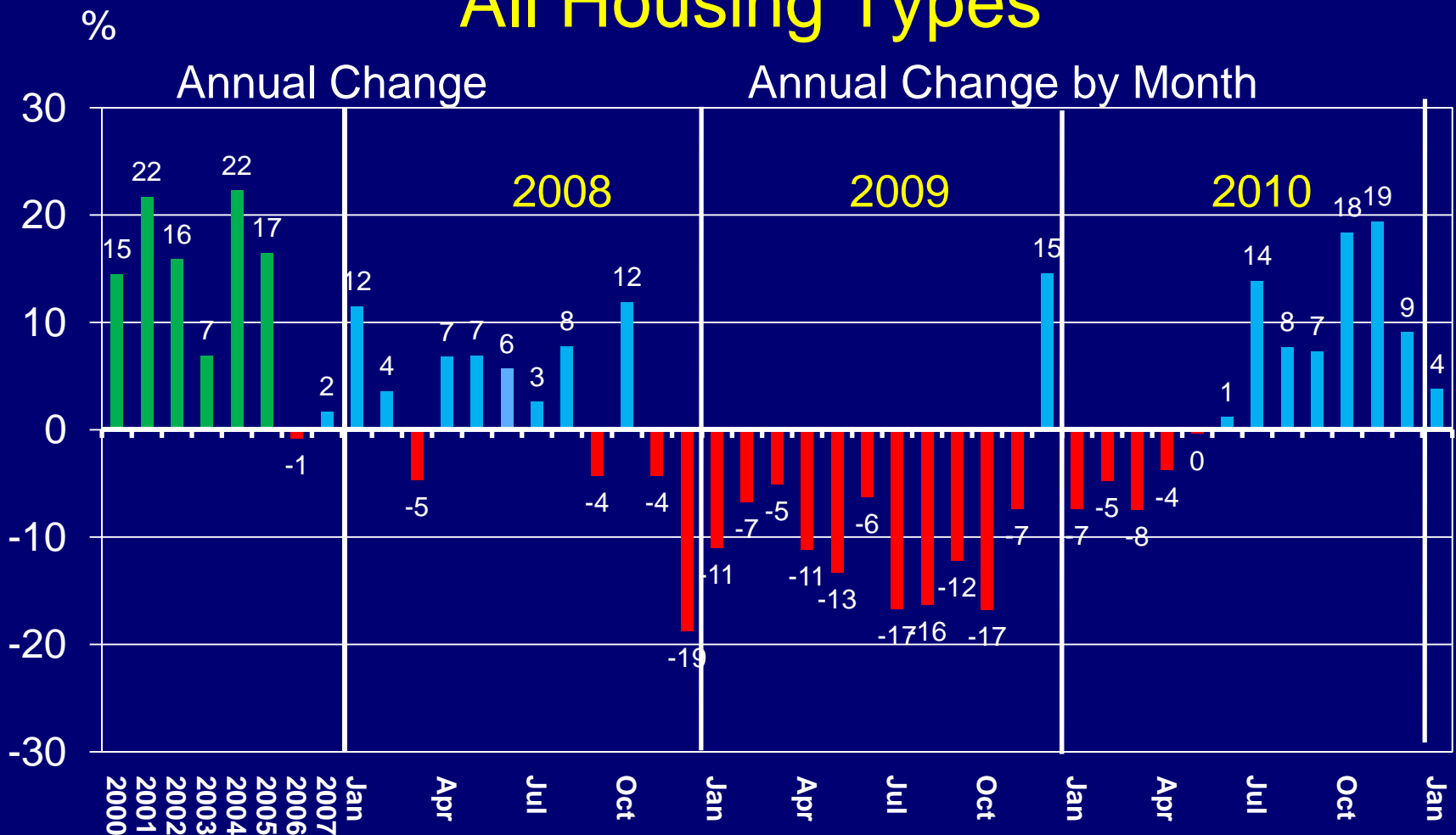
Source: MRIS, GMU Center for Regional Analysis

Average Sales Price Percent Change Suburban Maryland All Housing Types

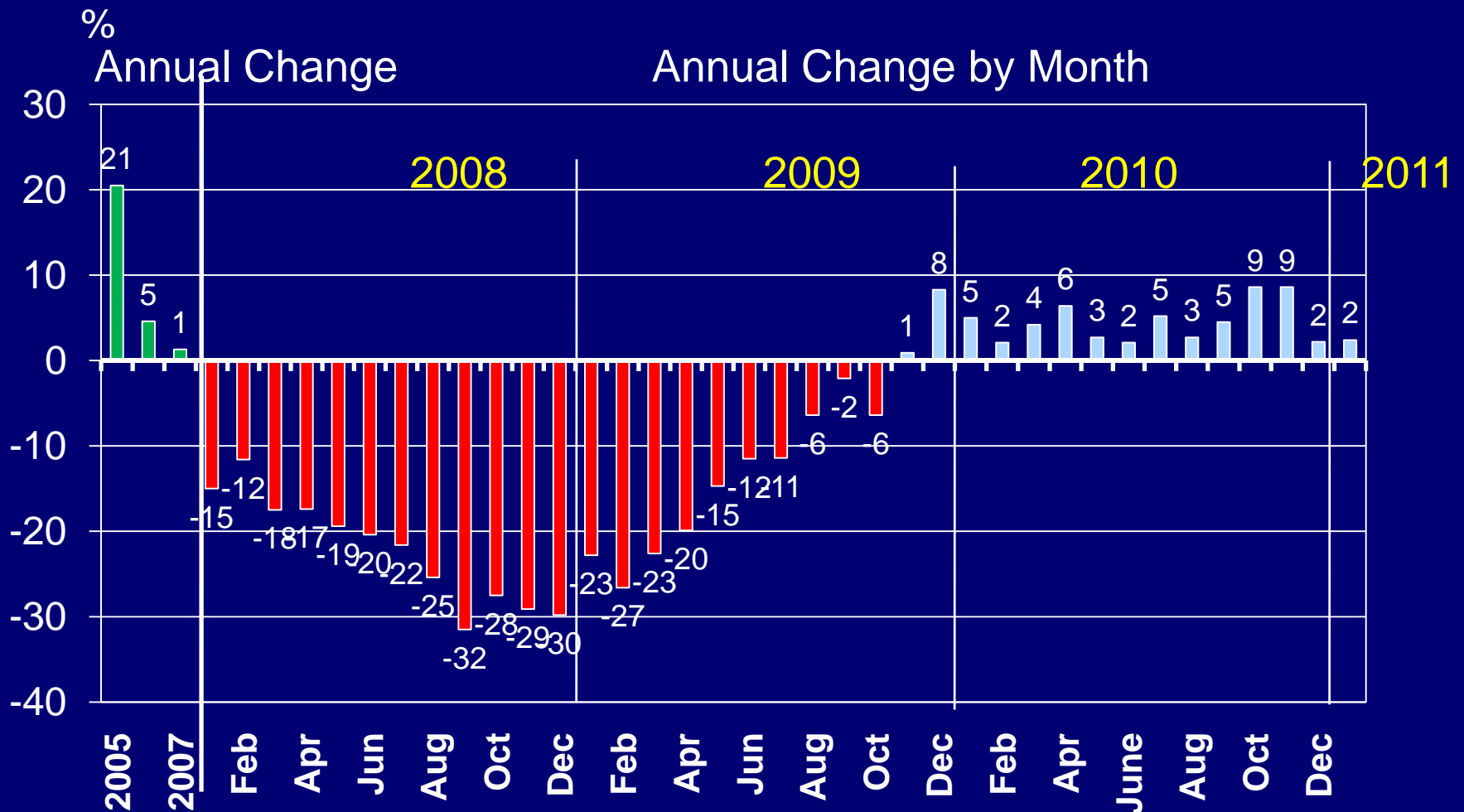


Source: MRIS, GMU Center for Regional Analysis

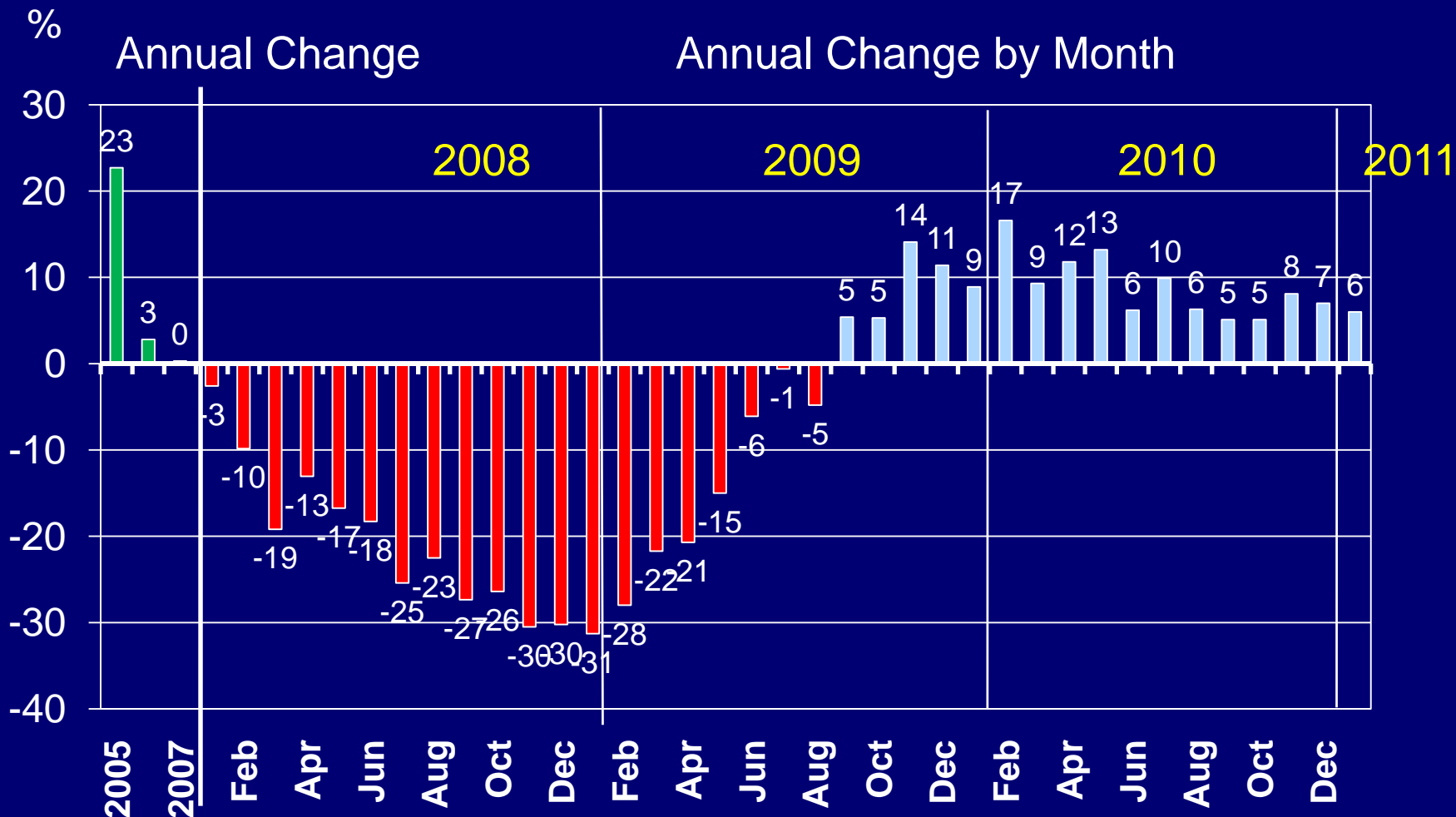
Average Sales Price Percent Change District of Columbia All Housing Types



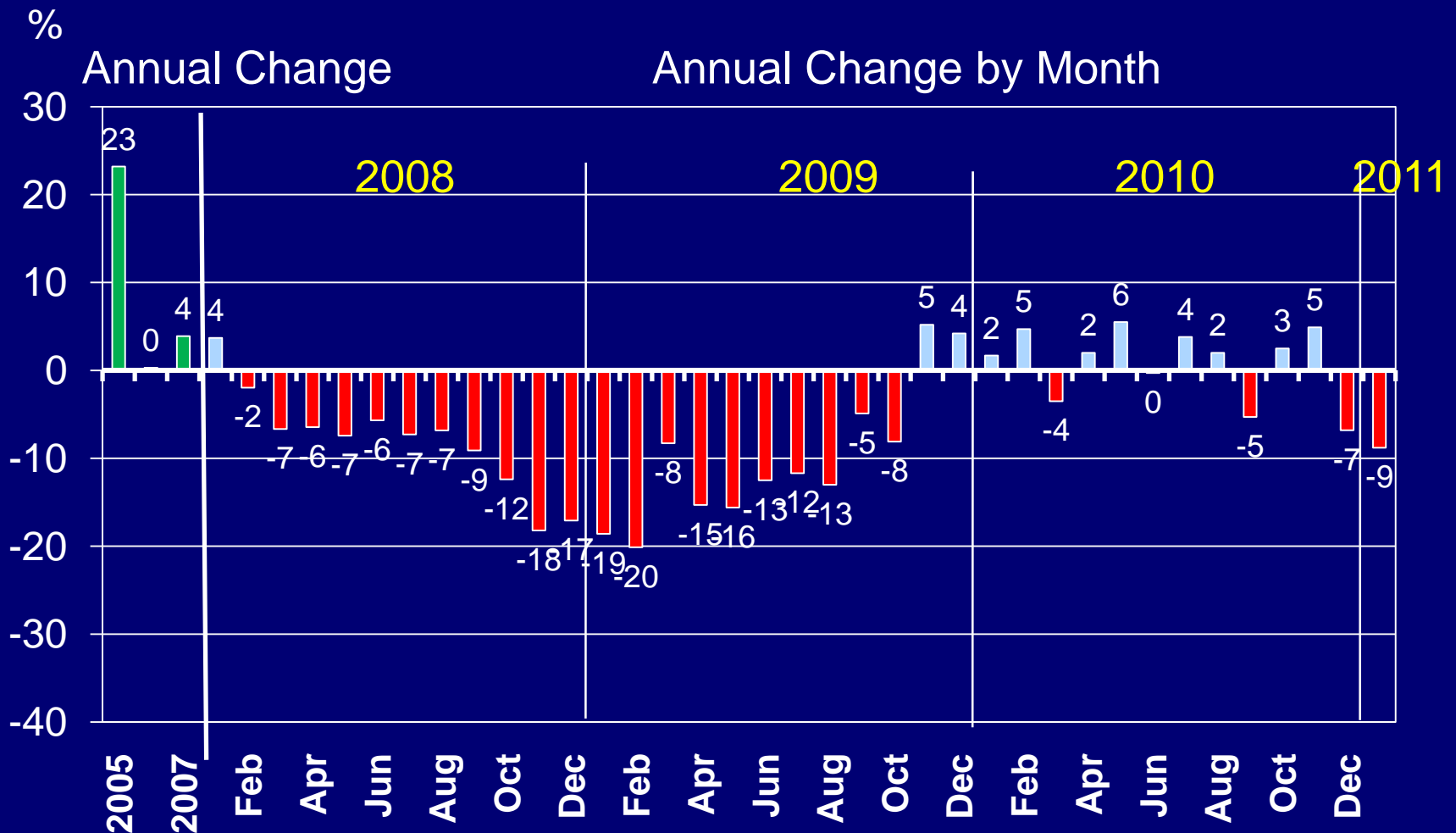
Average Sales Price Percent Change Metro Area – Single Family Detached



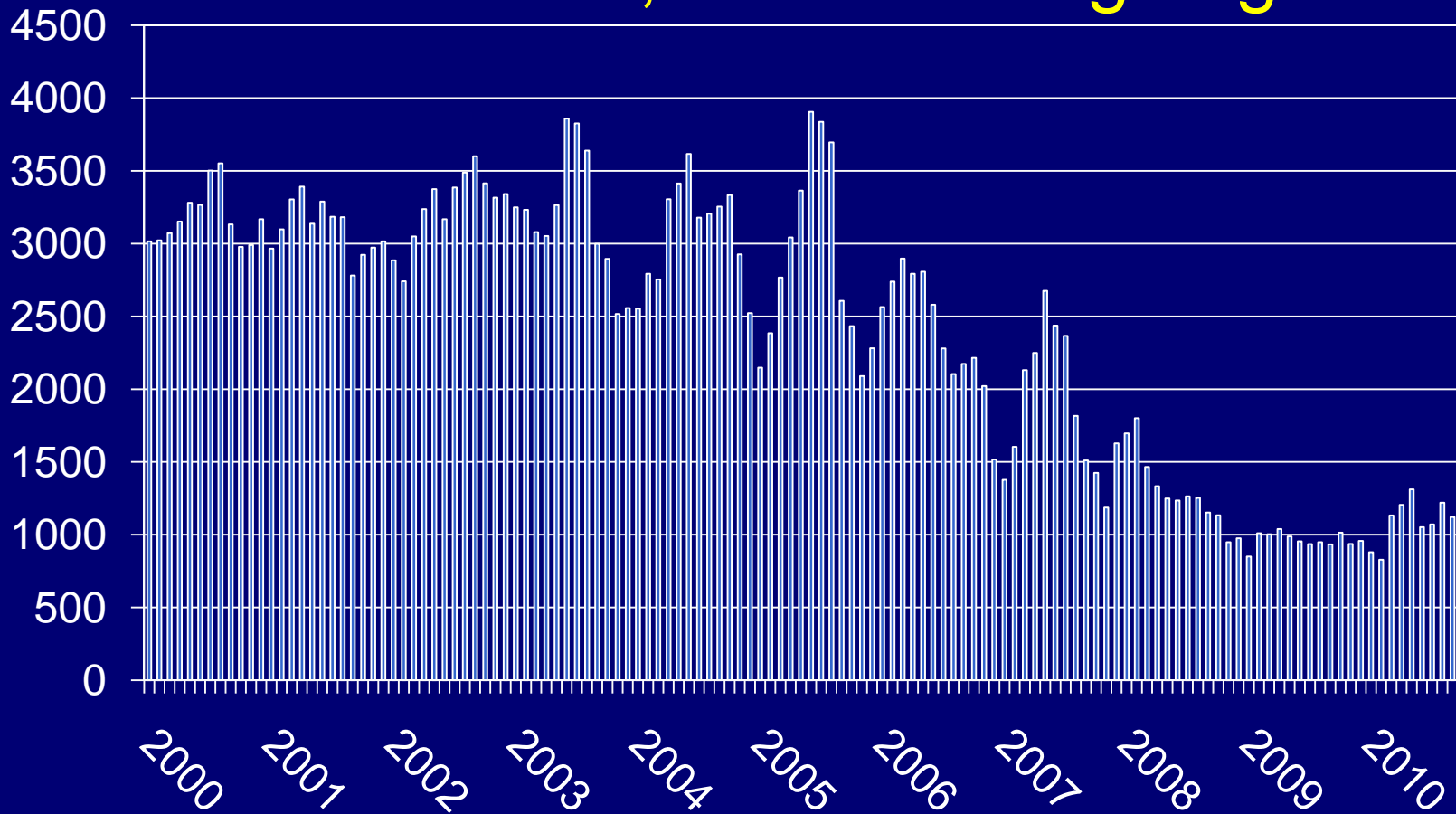
Average Sales Price Percent Change Metro Area – Single Family Attached



Average Sales Price Percent Change Metro Area – Condos



Washington MSA Building Permits 2000 – 2010, 3-Month Mvg Avg



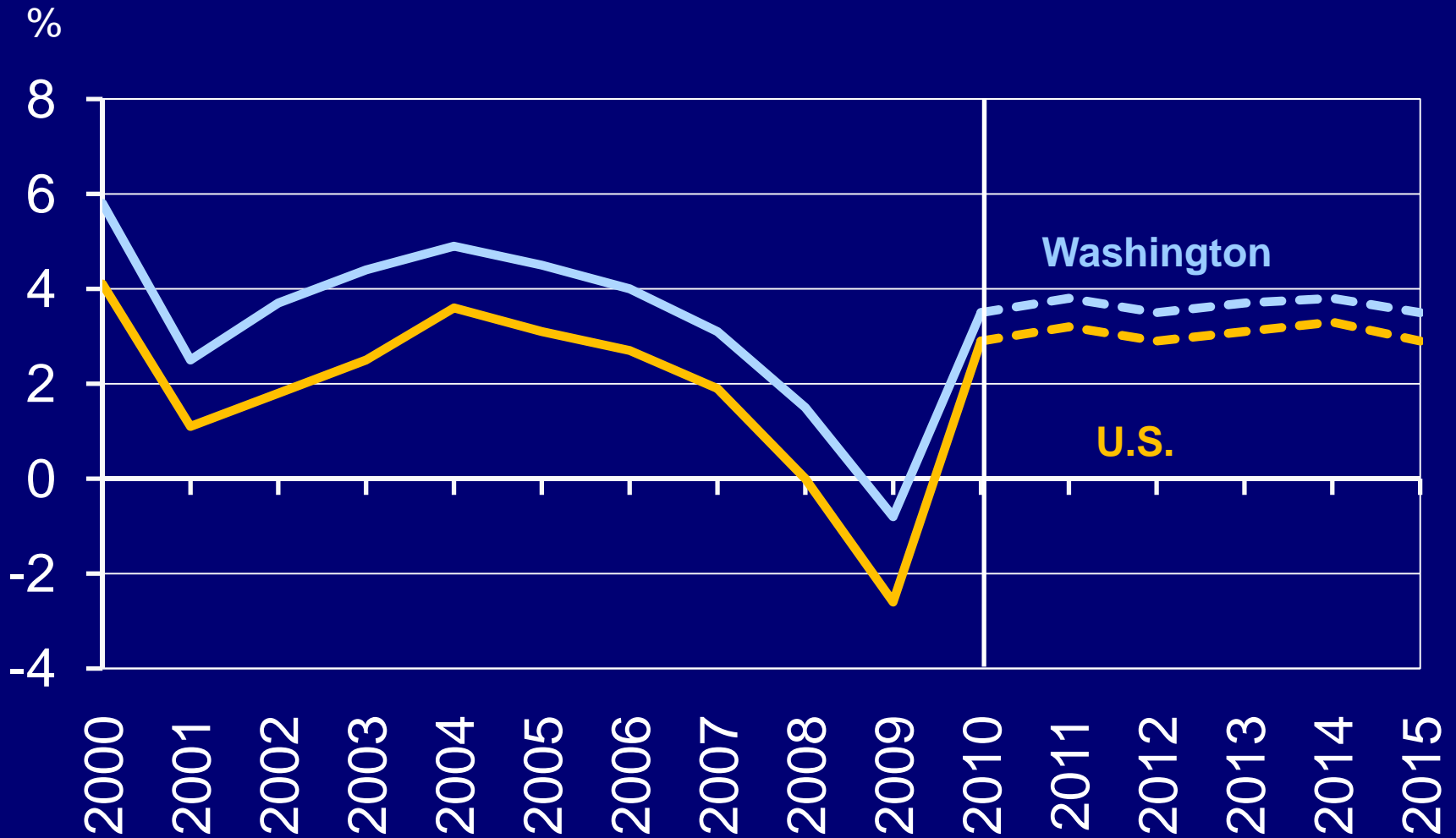
Economic Forecast

Employment Change by Sub-state Region (000s)

	2008	2009	2010	2011	2012	2013	2014	2015
D.C.	10.1	-0.6	10.5	10.5	9.7	9.3	9.6	9.4
Sub. MD	-4.3	-26.8	1.5	15.5	13.6	14.9	15.6	14.6
No. VA	3.6	-24.5	9.5	22.1	20.7	22.3	22.6	20.3
REGION	9.5	-51.9	21.5	48.1	44.0	46.5	47.8	44.2

Average Annual Change 1990-2010 = 36,000

GDP/GRP 2000 - 2015



Residential Construction - Forecasts

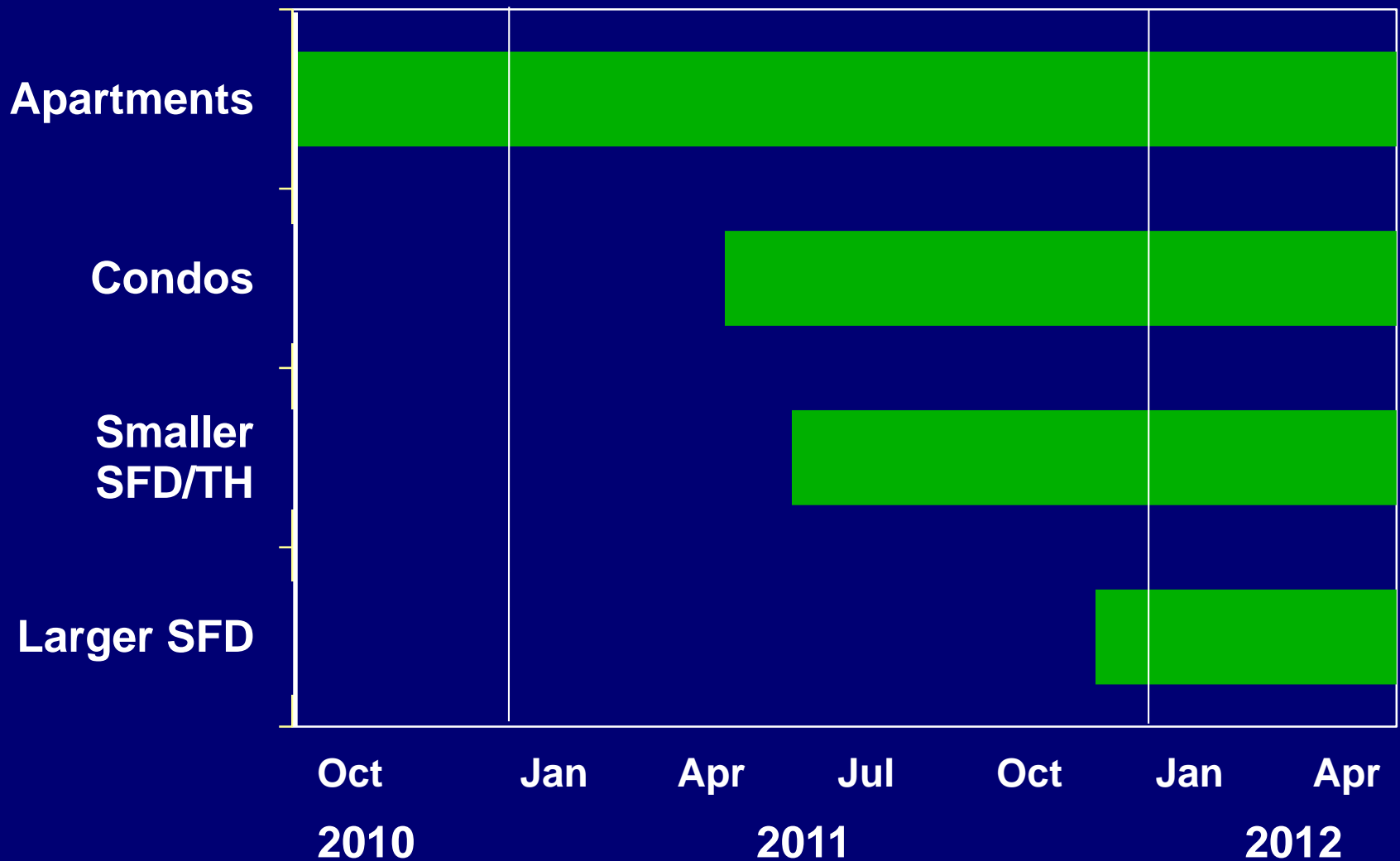
Housing Demand Up in 2011

- **Low unemployment**
- **Job growth**
 - Net new jobs
 - Retirees/replacement hires
- **Pent up demand**
 - Slowdown in household formation
 - Move up households
- **Low mortgage rates** – for now
- **Relatively low prices** – for now

Residential Construction - Forecasts Challenges in 2011

- **Low consumer confidence**
 - Cautious about housing market recovery
 - Fears generally about jobs, economy
- **More difficult lending process**
- **Lack of urgency**
- **Foreclosures remain in some jurisdictions**
- **Shift in housing preferences**

Forecasts of Residential Building Activity Washington MSA



SUMMARY

- Locally – Economy
 - Job growth, declining unemployment, and job growth in high-wage sectors
 - Federal shutdowns/slowdowns?
- Locally - Housing
 - Prices are stable, rising
 - Inventories moderate
 - Foreclosures still around
 - Given all and with mortgage rates low, sales ↗
 - New housing is yet to recover...later this year & 2012

policy-cra.gmu.org

Annual Job Change Washington MSA – Federal Shutdown, 3 Weeks Dec-Jan

000s

