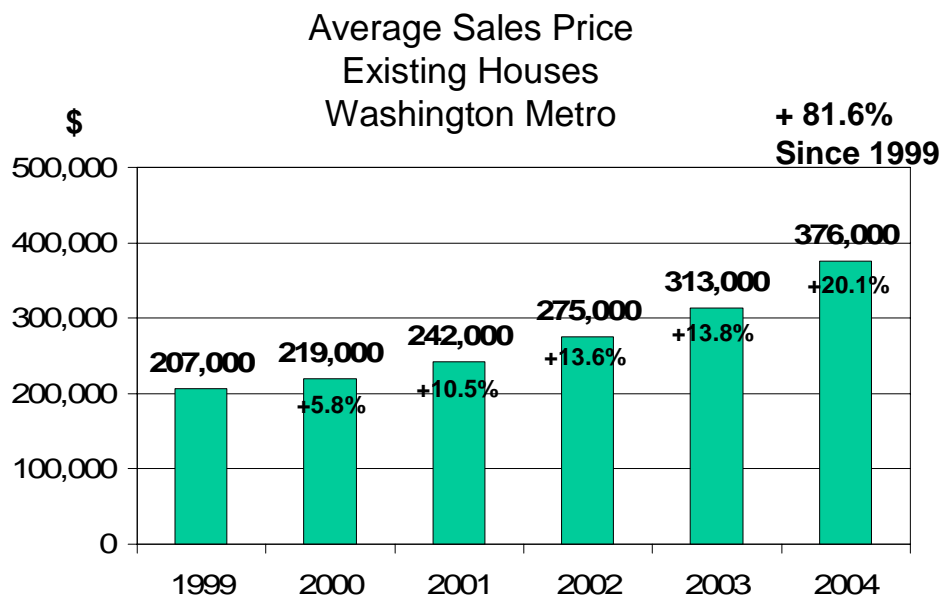


Trends Alert June 3, 2005

Prices of Existing Housing Units Have Almost Doubled in the Past Five Years – Sales Volume Has Bolstered Regional Economy No Signs Yet of Market Cooling

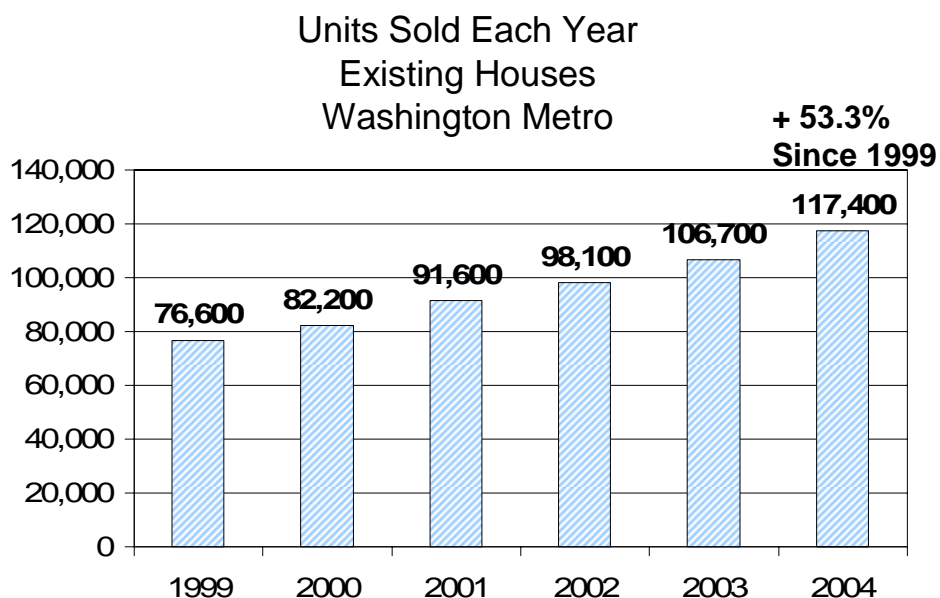
Housing prices in the Washington metropolitan area have increased dramatically in the past six years, increasing from an average of \$207,000 in 1999 to \$376,000 in 2004, an increase of 81.6%. The annual increases have been in double digits for the 2001-2004 period, with 2004 having the largest annual increase at 20.1 percent from 2003.



Source: MRIS, GMU Center for Regional Analysis

NOTE: This report is based on data available from Metropolitan Regional Information Systems, Inc, the multi-listing service for DC, Maryland, Virginia, West Virginia, and Pennsylvania.

Along with this ramp up in housing prices, the number of units sold has also increased very significantly and the average time on the market has dropped substantially. In 1999 there were 76,600 existing units sold. In 2004 the number of sales increased to 117,400 – an increase of 41,000 units sold on an annual basis and an increase from 1999 to 2004 of 53.3 percent

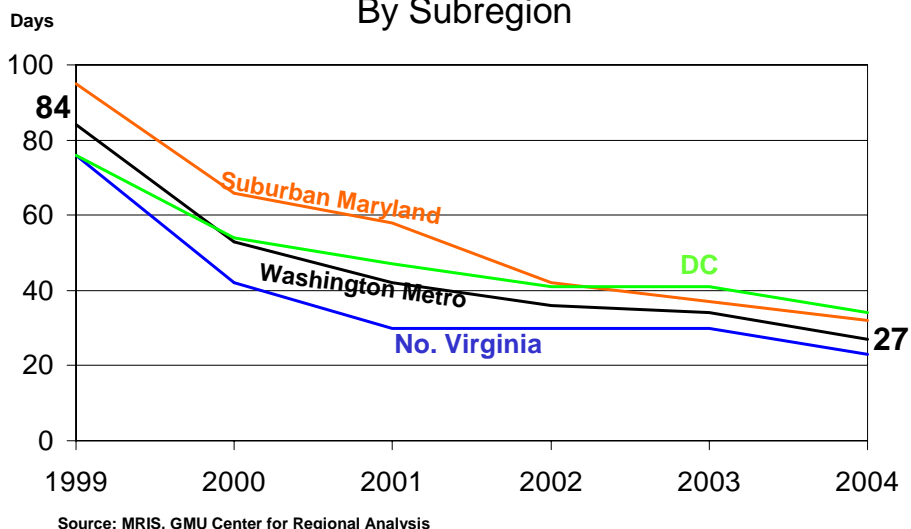


Source: MRIS, GMU Center for Regional Analysis

Reports in the media that have noted stories of multiple contracts and bidding wars for houses are basically confirmed by the data on average days on the market.

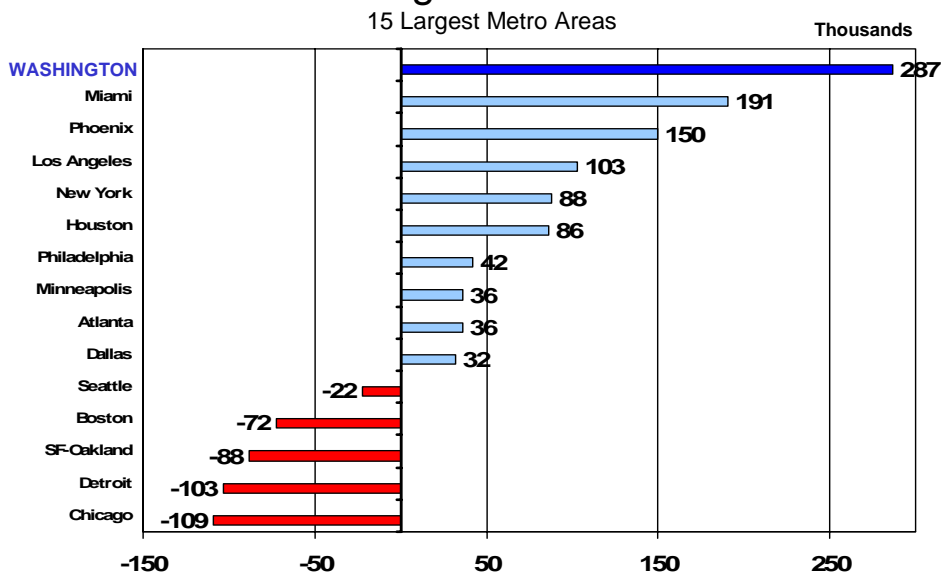
In 1999 region-wide, houses were on the market for an average of 84 days – almost three months. By 2004 the average time on the market had dropped to 27 days for the metropolitan area, and 24 days for Northern Virginia and in some jurisdictions it was even lower: 17 days in Manassas and 18 days in Arlington County, Alexandria, and Fairfax City.

Average Days on Market Existing Houses By Subregion



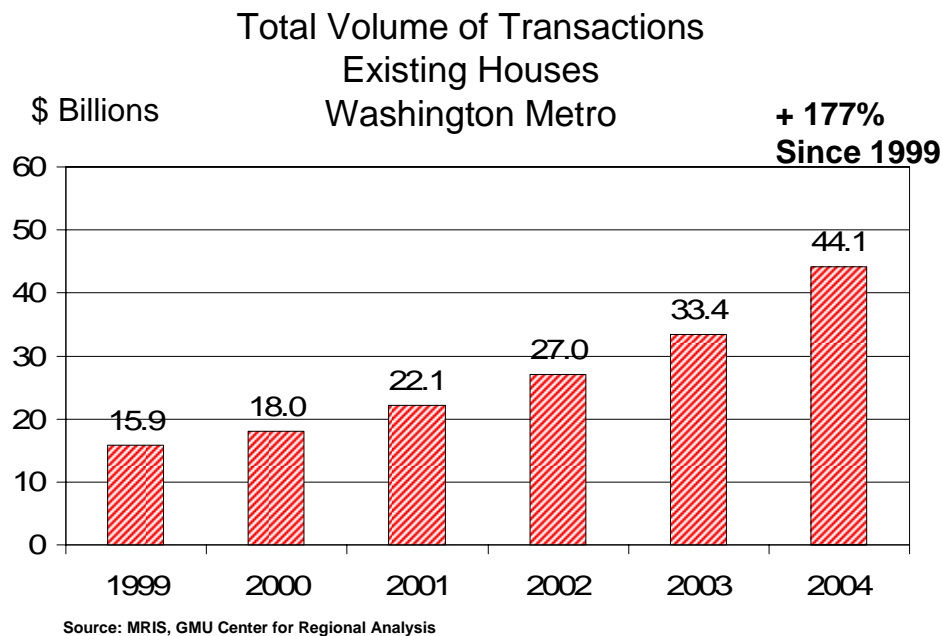
These trends in sales of existing houses in the region have helped to bolster the region’s economy during the slow job growth years of 2001 and 2002, and even accelerated throughout the 5-year period. Over this 5-year period, the Washington economy has outperformed all other metropolitan areas in the U.S., and that is one reason for the strong housing market.

Metro Comparisons Job Change Last Five Years



Clearly the very low interest rates have been one key factor in these recent trends. Another key factor and perhaps just as important is that not enough new housing is being constructed region-wide to meet the demands of economic growth. (See *FUTURE HOUSING SUPPLY AND DEMAND ANALYSIS FOR THE GREATER WASHINGTON AREA, November 2002, Center for Regional Analysis, George Mason University*).

This hot housing market has put a large amount of money into the regional economy in terms of total dollar volume of transactions. In 1999 with 76,600 existing housing units sold at an average price of \$207,000, the total dollar volume for that year was \$15.9 billion. In 2004 the total dollar volume was \$44.1 billion.



Average Prices by Jurisdiction

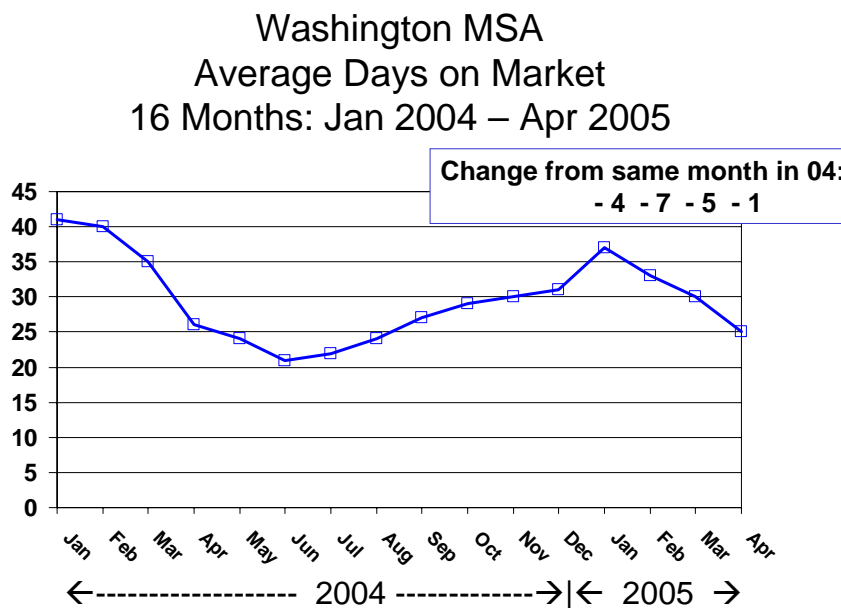
Over the past five years, prices have risen sharply across all areas of the Washington region in both changes in price as well as percent. Region-wide the increase has been an increase of \$168,300 for a 5-year change of 81.1 percent. Absolute changes have been the highest in the District of Columbia (+\$229,100), Arlington (+\$229,800) and the City of Falls Church (+\$262,800). The largest percentage increases were experienced in Manassas, Manassas Park, Prince William County, Clarke County, and the District of Columbia which all had increases of over 100 percent. Information by jurisdiction is shown on the following page.

Average Housing Sales Price: 1999 - 2004

Area	1999	2004	Change	% Change
District of Columbia	\$221,300	\$450,400	\$229,100	103.5%
Calvert	\$168,800	\$306,700	\$137,900	81.7%
Charles	\$153,700	\$268,900	\$115,200	75.0%
Frederick	\$160,900	\$283,500	\$122,600	76.2%
Montgomery	\$241,800	\$429,500	\$187,700	77.6%
Prince George's	\$138,200	\$238,300	\$100,100	72.4%
Suburban Maryland	\$194,400	\$328,300	\$133,900	68.9%
Arlington	\$230,000	\$459,800	\$229,800	99.9%
Clarke	\$177,900	\$367,000	\$189,100	106.3%
Fairfax	\$241,100	\$442,800	\$201,700	83.7%
Fauquier	\$237,800	\$405,000	\$167,200	70.3%
Loudoun	\$225,200	\$438,000	\$212,800	94.5%
Prince William	\$155,700	\$333,300	\$177,600	114.1%
Spotsylvania	\$142,600	\$263,900	\$121,300	85.1%
Stafford	\$156,200	\$303,600	\$147,400	94.4%
Warren	\$114,100	\$216,500	\$102,400	89.7%
Alexandria City	\$232,900	\$404,100	\$171,200	73.5%
Fairfax City	\$190,800	\$377,000	\$186,200	97.6%
Falls Church City	\$268,400	\$531,200	\$262,800	97.9%
Fredericksburg City	\$141,000	\$229,500	\$88,500	62.8%
Manassas City	\$129,000	\$272,300	\$143,300	111.1%
Manassas Park City	\$108,300	\$283,900	\$175,600	162.1%
Northern Virginia	\$215,600	\$397,800	\$182,200	84.5%
Jefferson Co WV	\$136,200	\$248,400	\$112,200	82.4%
Washington MSA	\$207,400	\$375,700	\$168,300	81.1%

Are There Signs of A Bubble or Cooling Off?

Through April of 2005, there appears to be no softening of the market -- in fact the market appears to be slightly stronger than in 2004. The annual change from 2003 to 2004 was 20.1 percent, but the change in average price of houses sold in the first four months of 2005 was 25.0 percent higher than the first quarter of 2004, and from April 2004 to April 2005 the increase was also 25.0 percent. In addition to the continued low interest rates contributing to this strength, the regional job growth is also stronger in 2005. On an annual basis the region grew by 64,200 jobs in 2004, but for the first four months in 2005 the region grew at an annual rate of 80,200 jobs, an increase of 25.3 percent from 2004. Also, data on days on the market for the last 16 months show no signs yet of the market cooling. This is shown in the chart below for the metro area, and the table on the following page shows housing price data for the first four months of 2004 and 2005 by jurisdiction.



A factor in some markets, especially the West Coast and Florida, is that of speculators (investors) buying houses to capitalize on the appreciation. Whether this is a factor locally is unknown, although it is unlikely to be as significant in this region because the Washington area continues to have a basic supply and demand problem. Some cooling in the market could be expected, however, when interest rates begin to rise significantly.

This report will be updated in a few months or when any changes are detected in the market trends.

Average Sales Price: Jan-Apr 2004 vs. Jan-Apr 2005

Area	Jan-Apr 2004	Jan-Apr 2005	Change	% Change
District of Columbia	\$407,900	\$506,000	\$98,100	24.1%
Calvert	\$278,100	\$352,700	\$74,600	26.8%
Charles	\$236,700	\$312,400	\$75,700	32.0%
Frederick	\$253,900	\$324,500	\$70,600	27.8%
Montgomery	\$390,500	\$462,300	\$71,800	18.4%
Prince George's	\$212,400	\$276,900	\$64,500	30.4%
Suburban Maryland	\$291,600	\$361,500	\$69,900	24.0%
Arlington	\$433,500	\$535,500	\$102,000	23.5%
Clarke	\$301,200	\$450,500	\$149,300	49.6%
Fairfax	\$404,900	\$499,800	\$94,900	23.4%
Fauquier	\$338,800	\$438,300	\$99,500	29.4%
Loudoun	\$390,500	\$494,500	\$104,000	26.6%
Prince William	\$290,100	\$385,500	\$95,400	32.9%
Spotsylvania	\$235,200	\$305,200	\$70,000	29.8%
Stafford	\$263,900	\$359,100	\$95,200	36.1%
Warren	\$188,700	\$267,500	\$78,800	41.8%
Alexandria City	\$377,900	\$462,600	\$84,700	22.4%
Fairfax City	\$246,100	\$436,400	\$190,300	77.3%
Falls Church City	\$560,600	\$545,100	-\$15,500	-2.8%
Fredericksburg City	\$206,200	\$326,300	\$120,100	58.2%
Manassas City	\$239,200	\$306,200	\$67,000	28.0%
Manassas Park City	\$241,400	\$322,900	\$81,500	33.8%
Northern Virginia	\$357,400	\$448,000	\$90,600	25.3%
Jefferson Co WV	\$218,300	\$299,800	\$81,500	37.3%
Washington MSA	\$336,200	\$420,100	\$83,900	25.0%