

Long and Foster

2008 Economic Forecast

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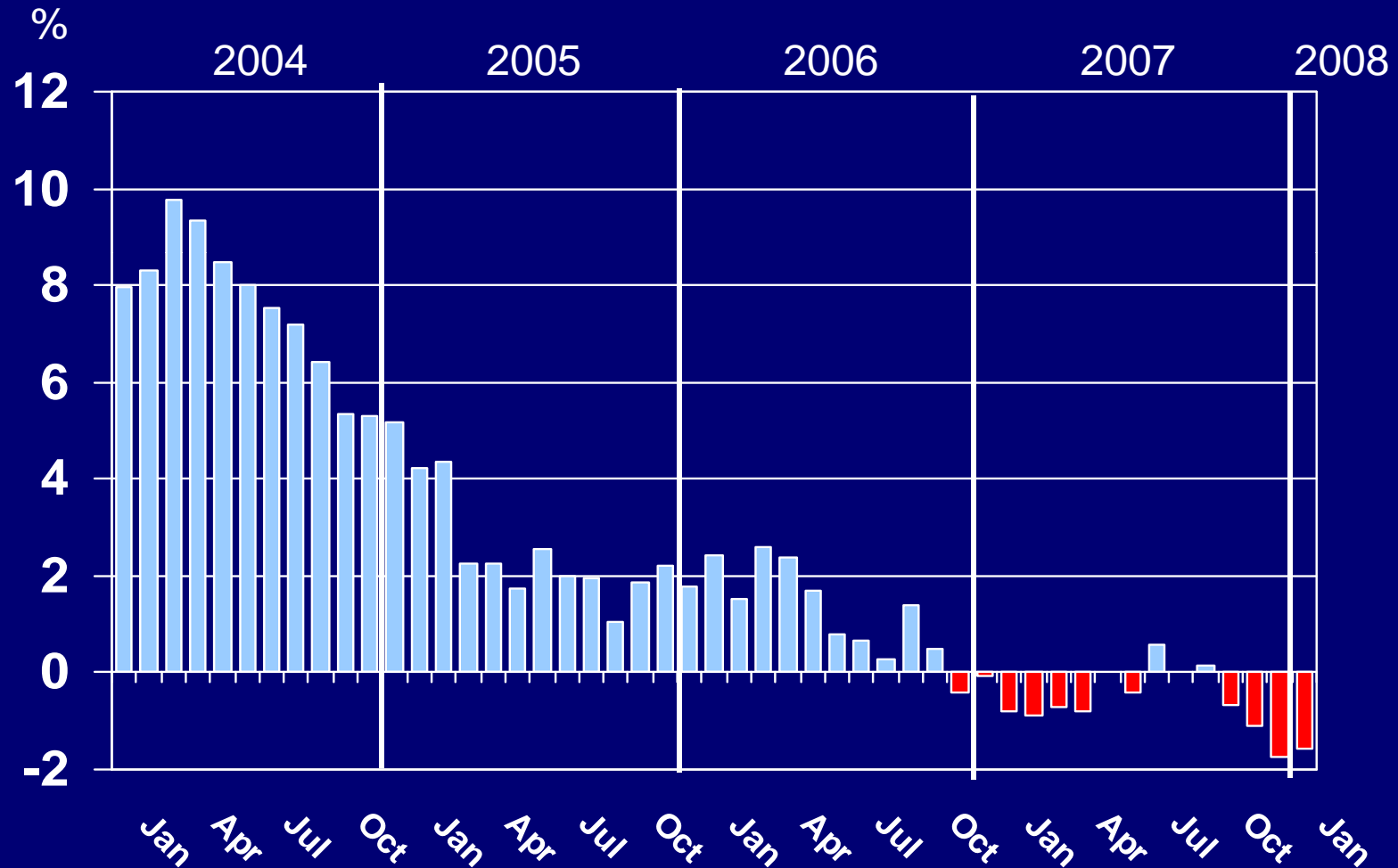
March 19, 2008

The U.S. Economy in 2008

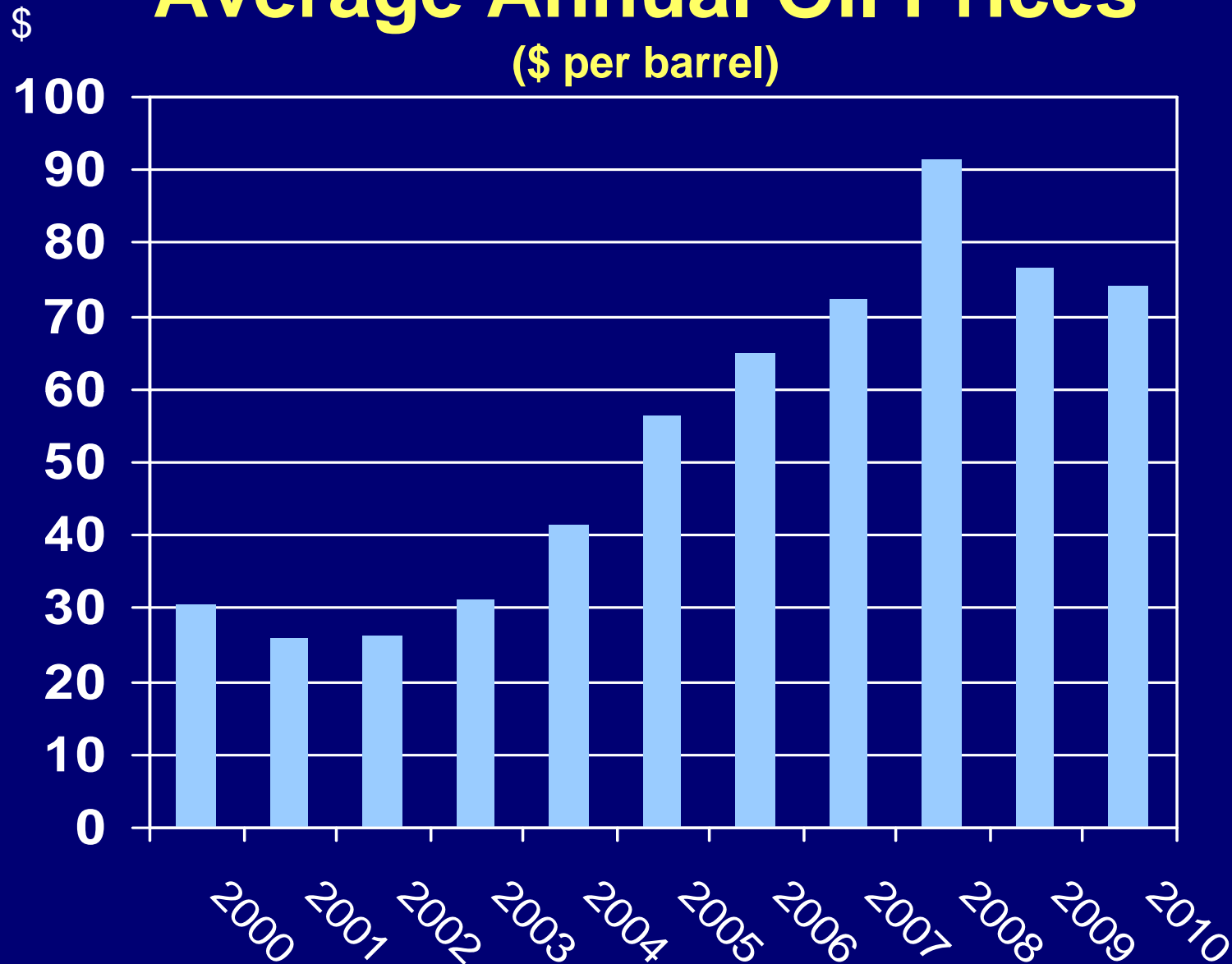
Re-establishing Momentum

U.S. Leading Index

Monthly Over-the-Year Percent Changes



Average Annual Oil Prices (\$ per barrel)

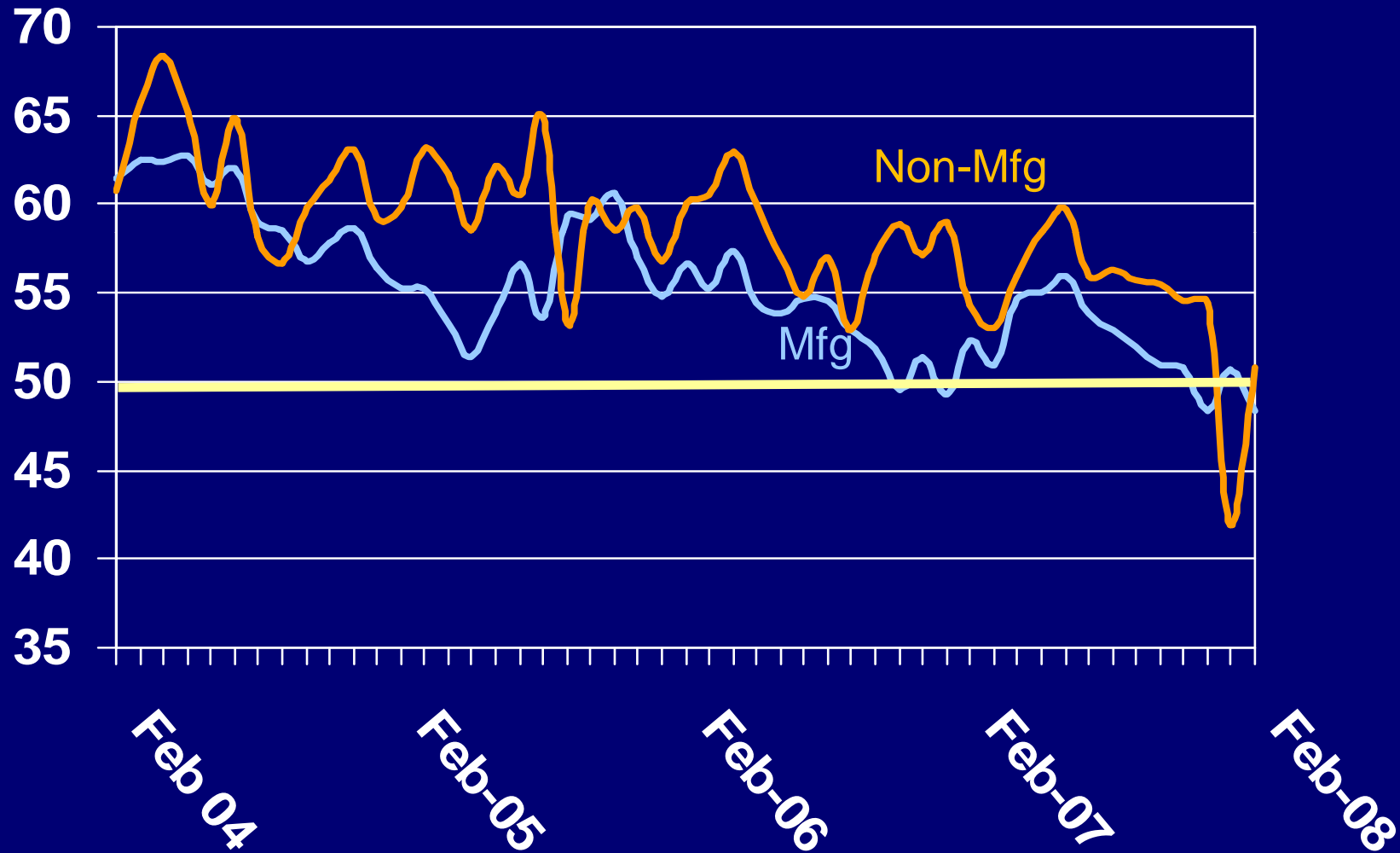


Source: Global Insight, GMU Center for Regional Analysis

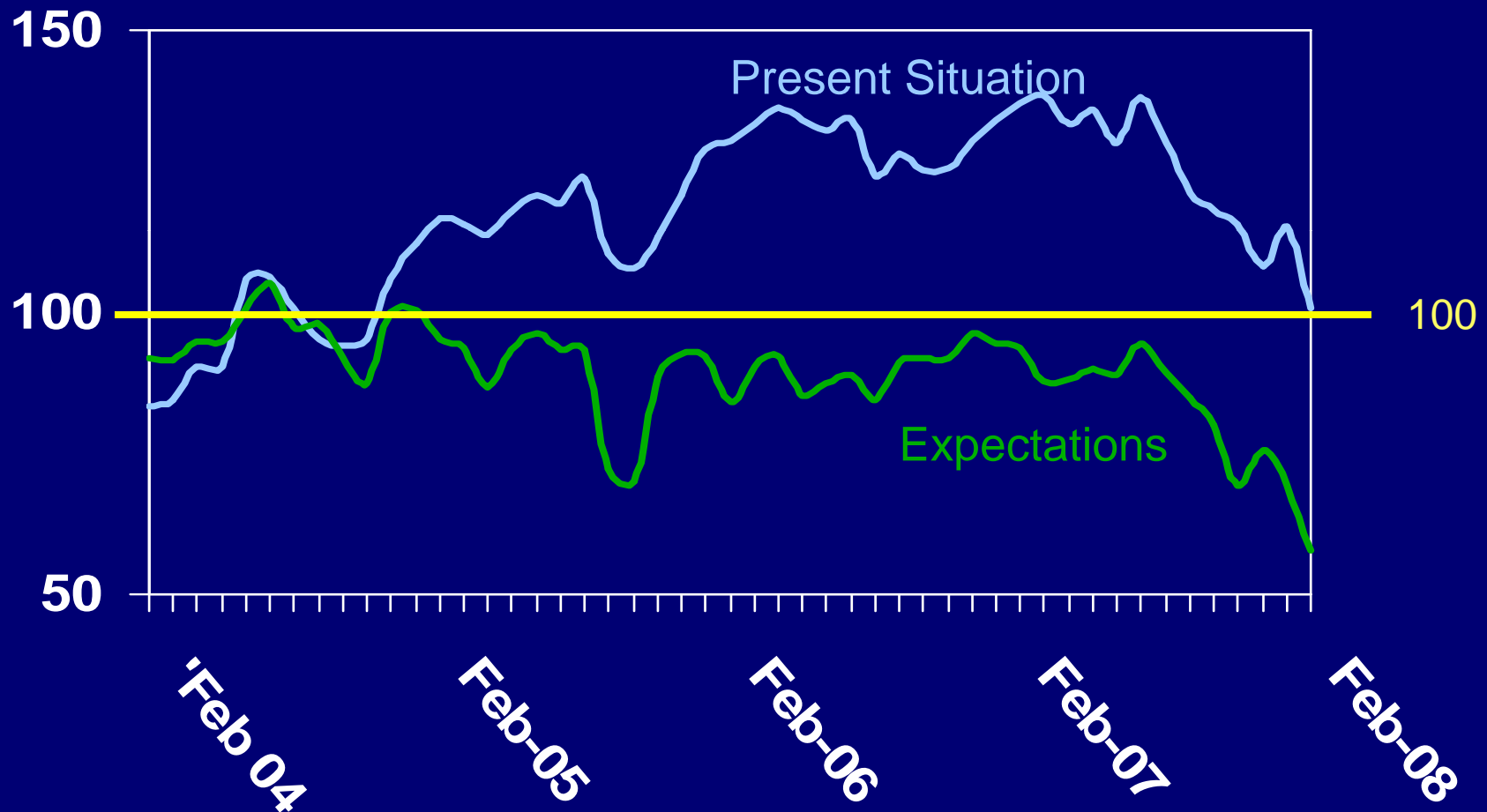
Housing Trends: New & Existing Home Sales



ISM Manufacturing and Non-Manufacturing Indices

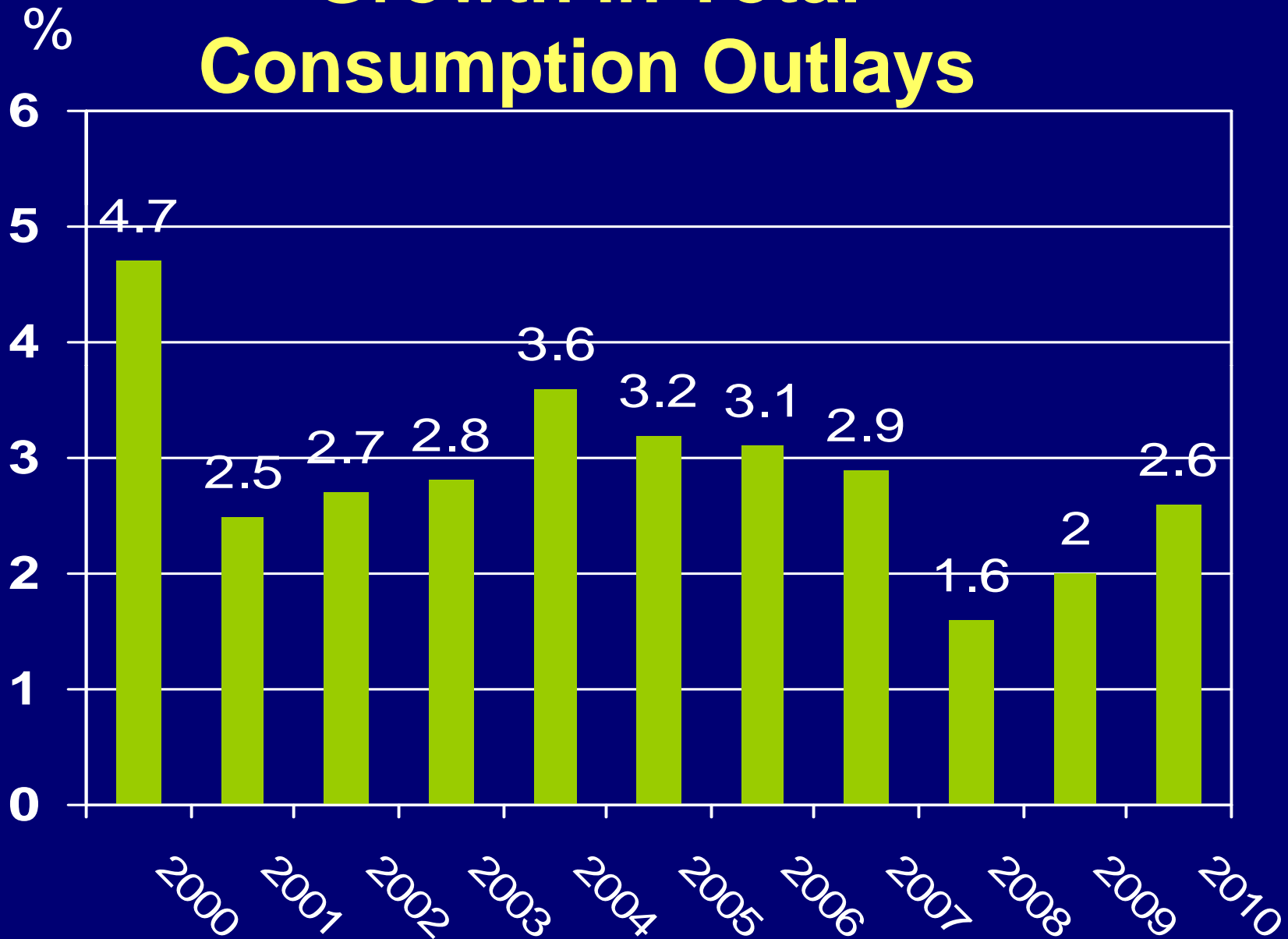


Consumer Confidence



Source: Conference Board, GMU Center for Regional Analysis

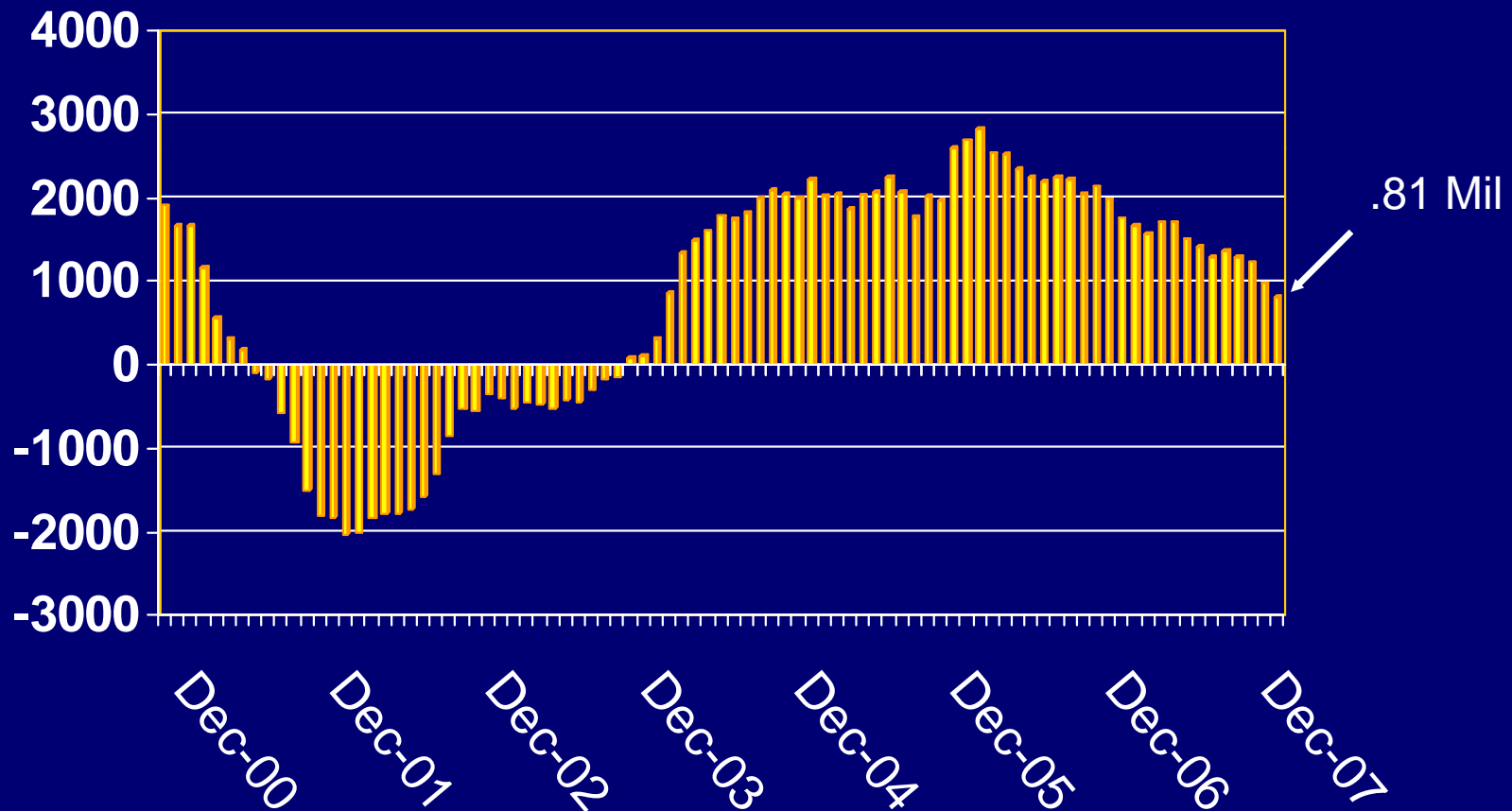
Growth in Total Consumption Outlays



Annual Change in Jobs - US

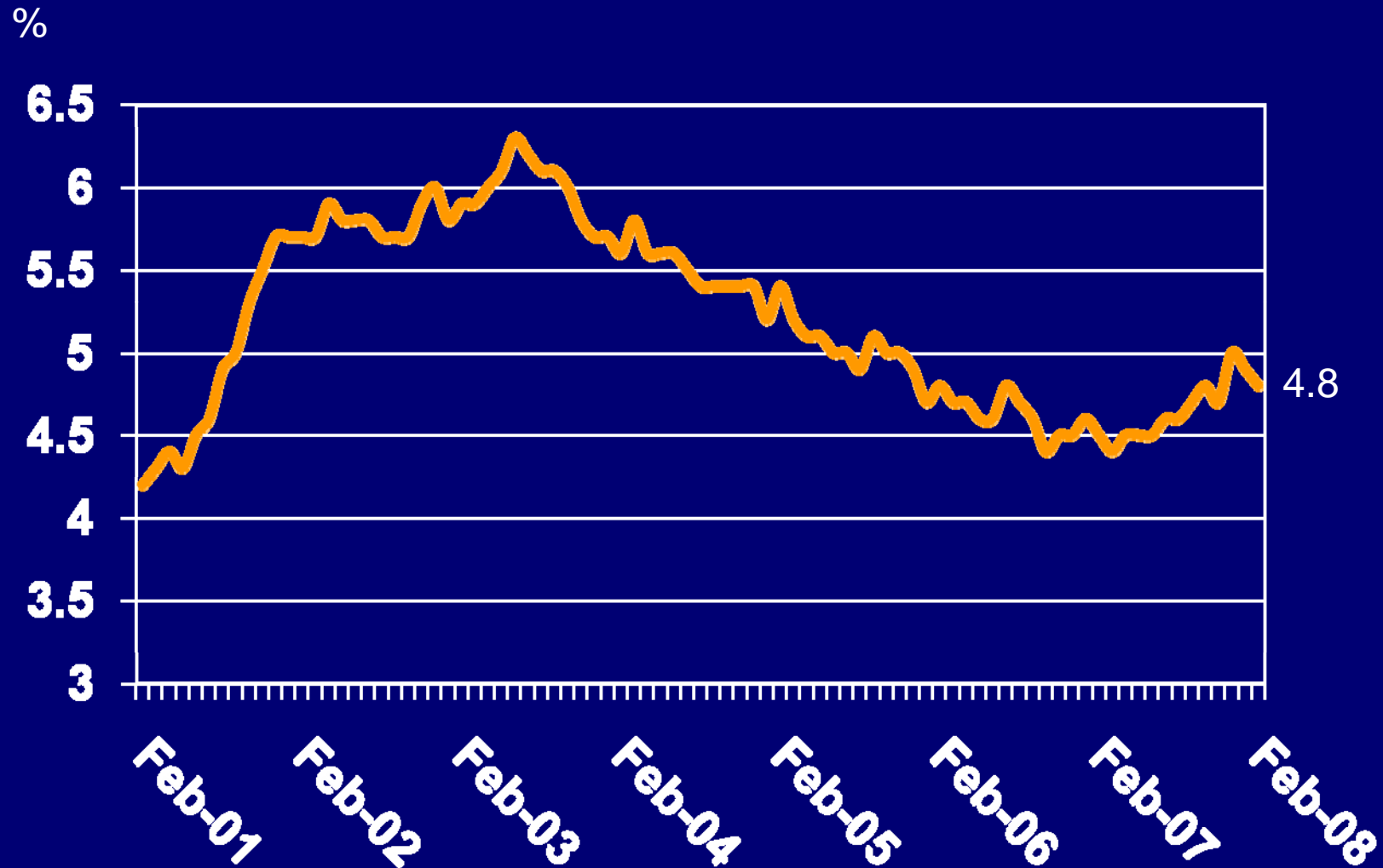
Thru February 2008

THOUSANDS



Source: BLS Establishment Survey

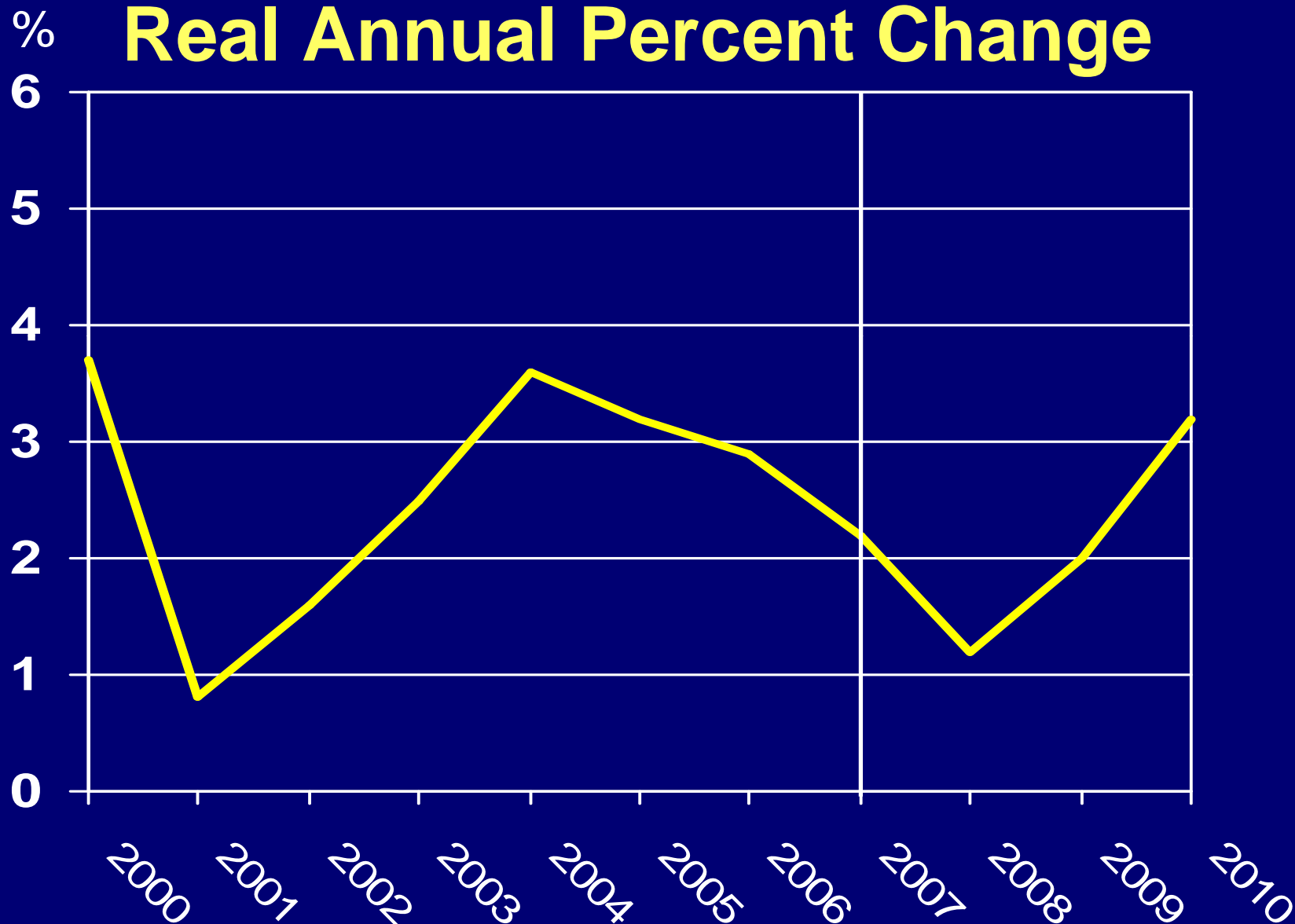
U.S. Unemployment Rate



Source: BLS, Seasonally Adjusted

GDP 2000 - 2010

Real Annual Percent Change



Source: Global Insight, Jan 2008, GMU Center for Regional Analysis

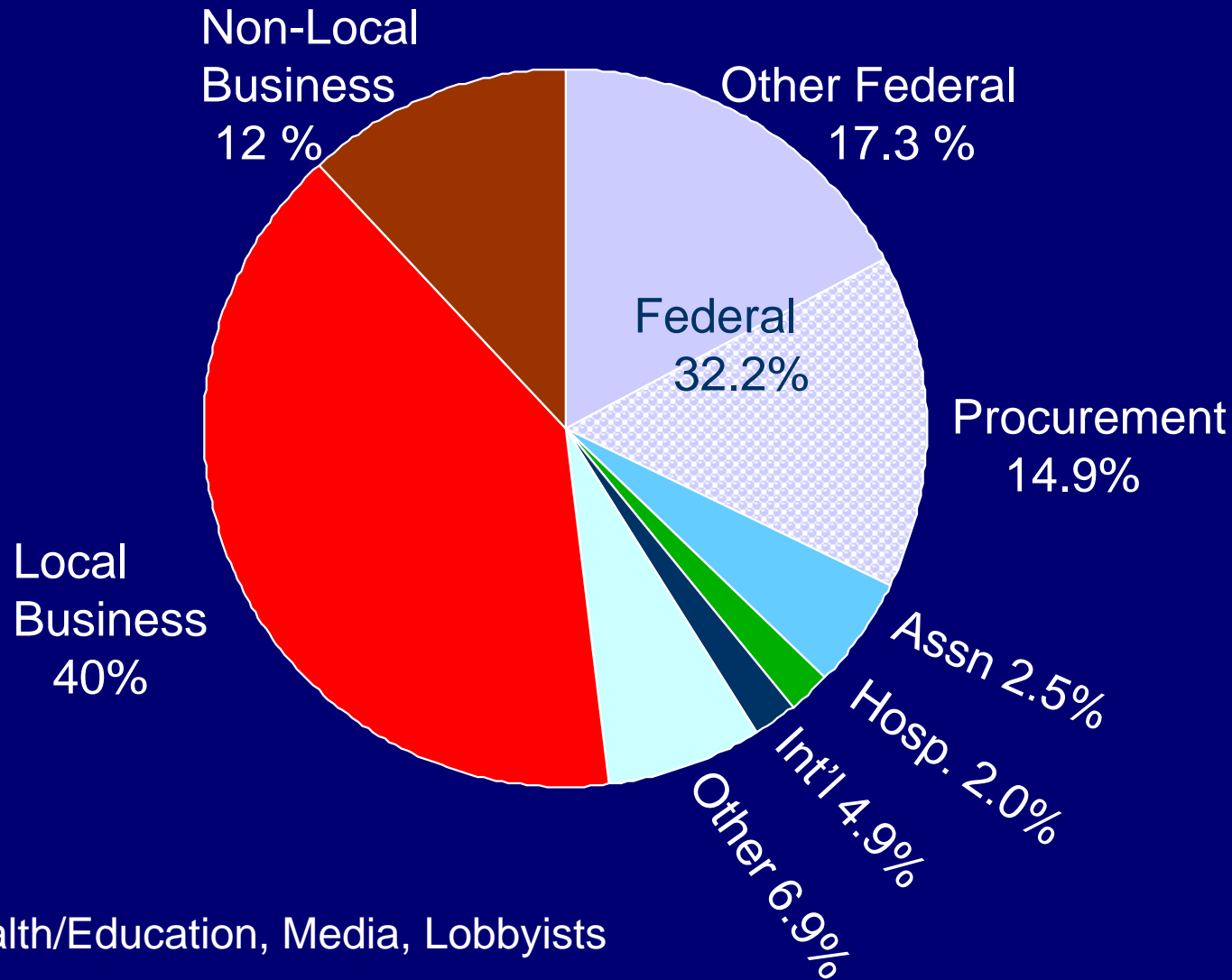
The Washington Area Economy

Current Performance

Key Questions

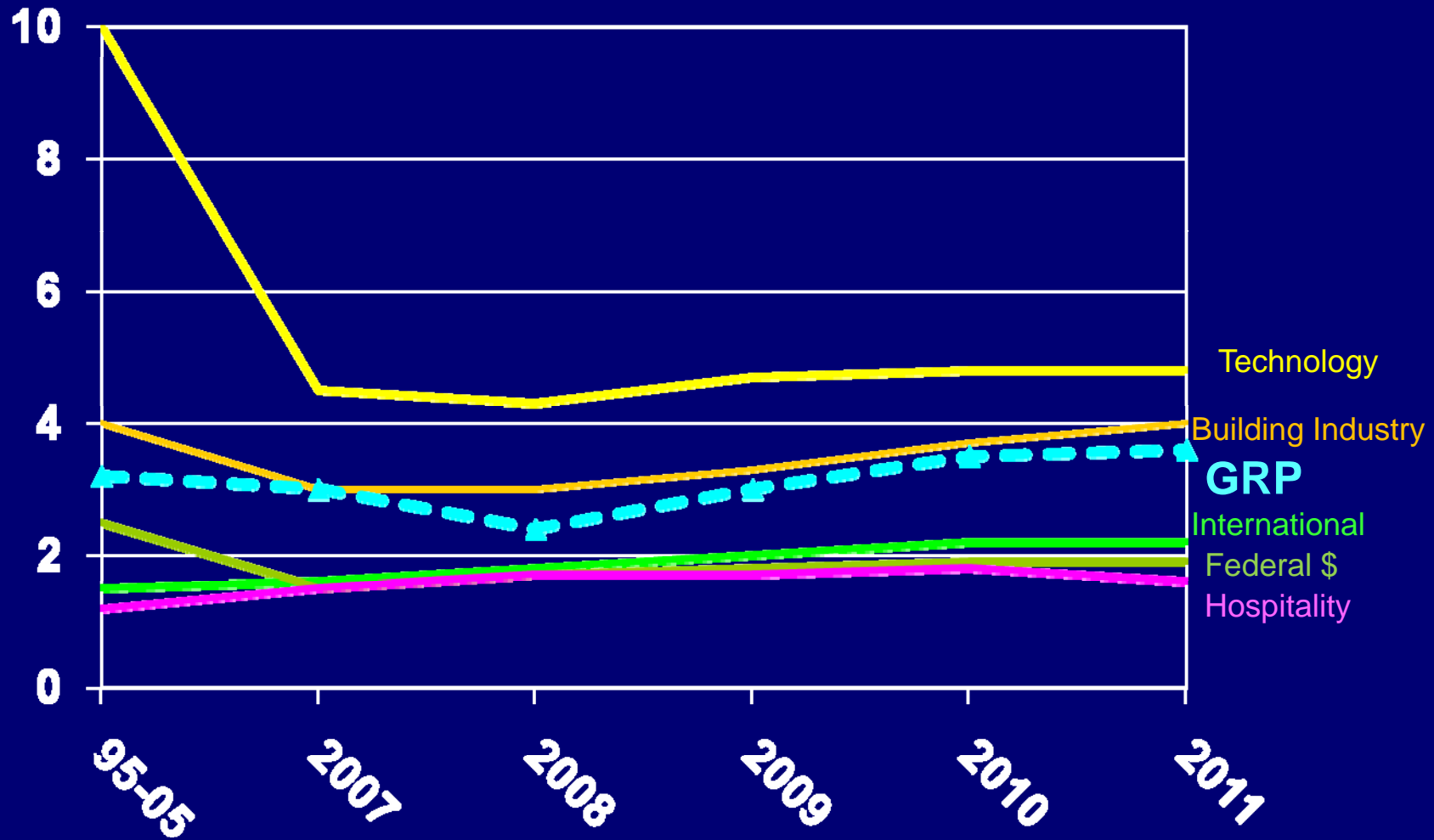
- What's driving the Washington area economy?
- What makes the Washington area economy different from other metropolitan economies?
- Will these differences protect the local economy or worsen the slowdown in 2008?

Structure of the Greater Washington Economy



Core Industry Outlook

(Annual real % change)



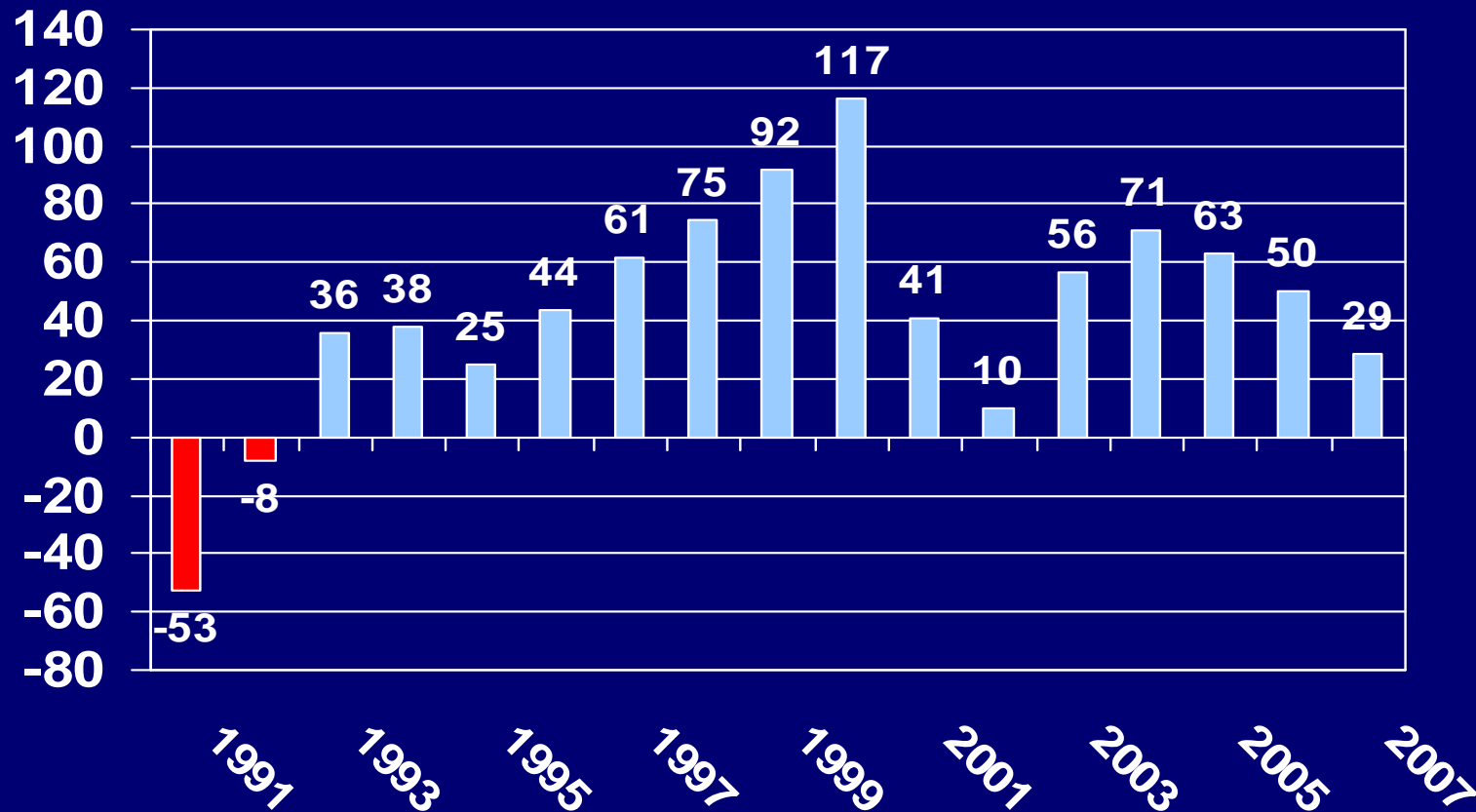
Source: GMU Center for Regional Analysis

Federal Spending by Type 1983 - 2007

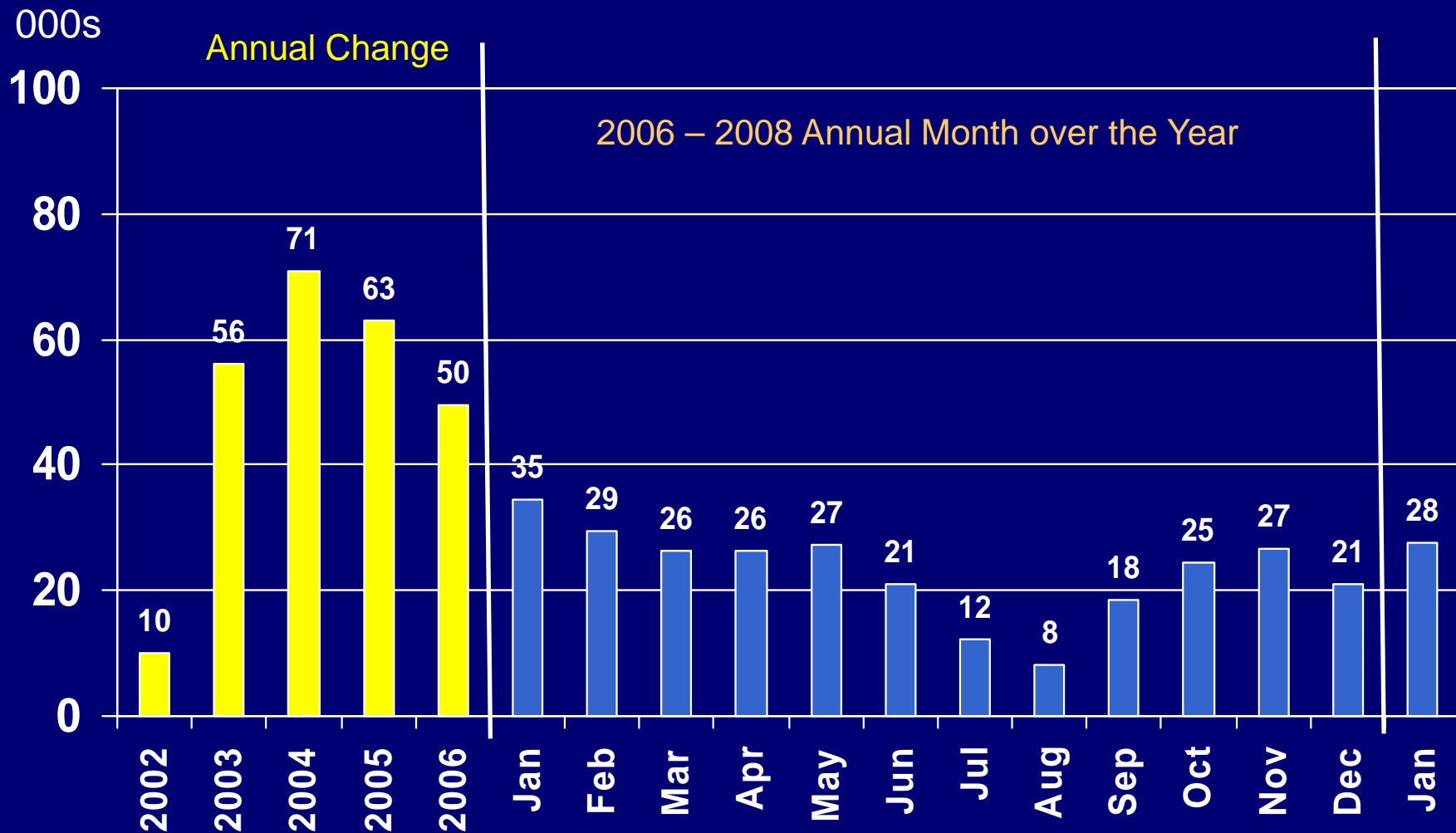


Annual Change in Jobs 1991 – 2007 Washington Metro

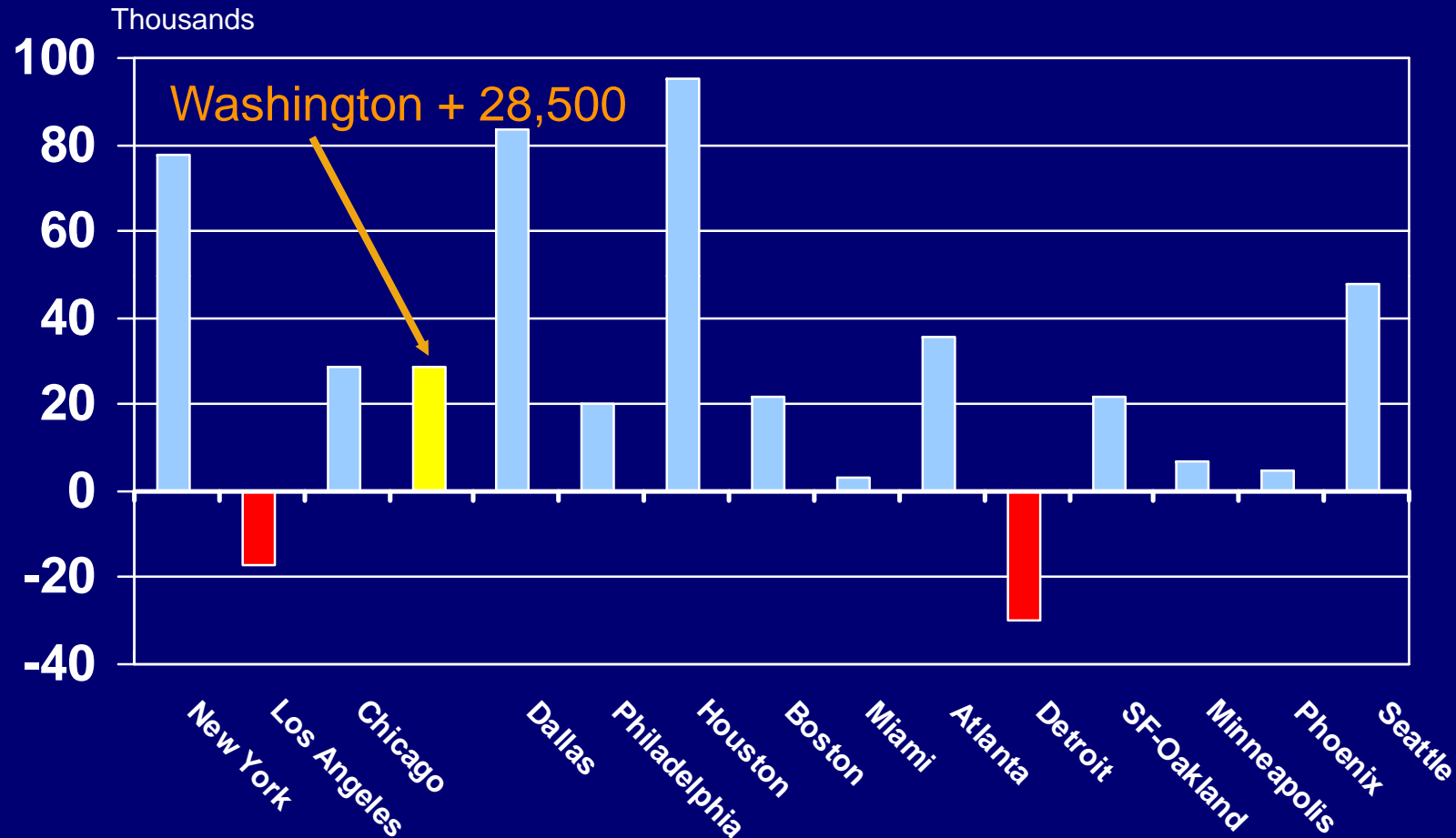
Thousands



Annual Job Change Washington Metro



15 Largest Job Markets Job Change Jan 07– Jan 08



Ranked by Total Jobs

15 Largest Job Markets Ranked by Unemployment Rate December 2007



The Washington Area Residential Market

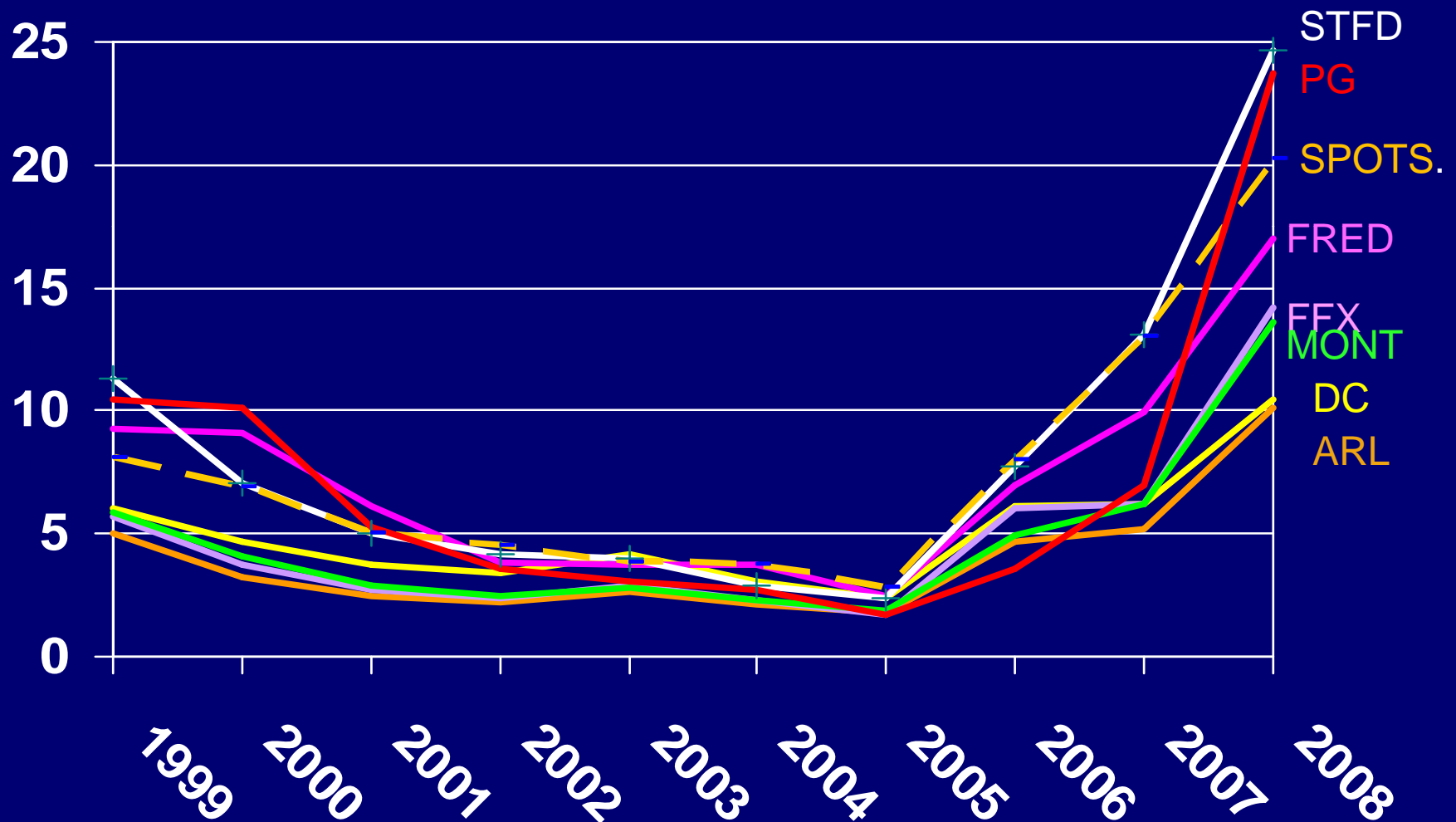
Sales and Total Active Listings Washington MSA, January Each Year



Source: MRIS, GMU Center for Regional Analysis

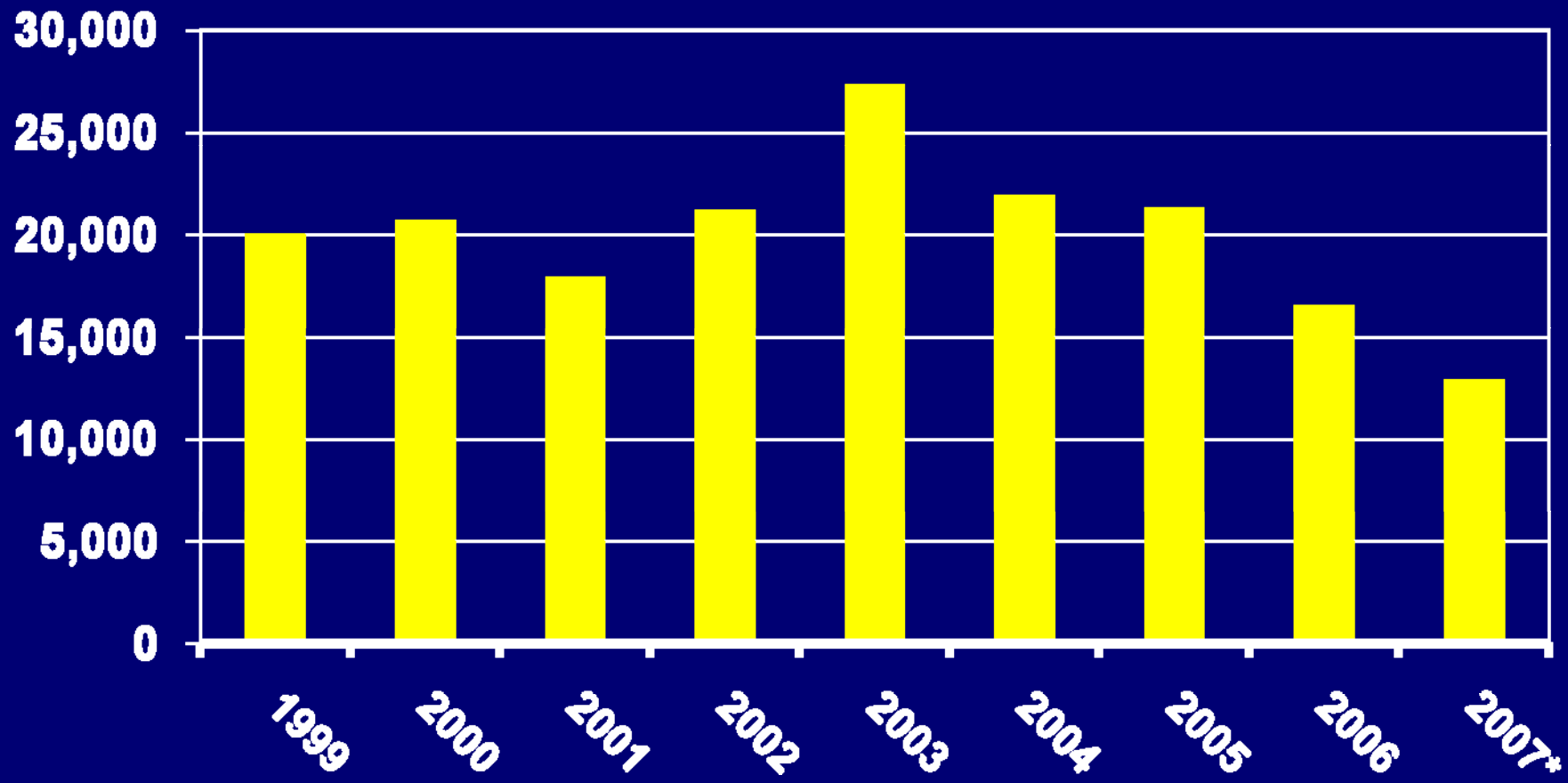
Total Active Listings per Sale

January Each Year



Source: MRIS, GMU Center for Regional Analysis

New Housing Units Sold Washington Metro Area



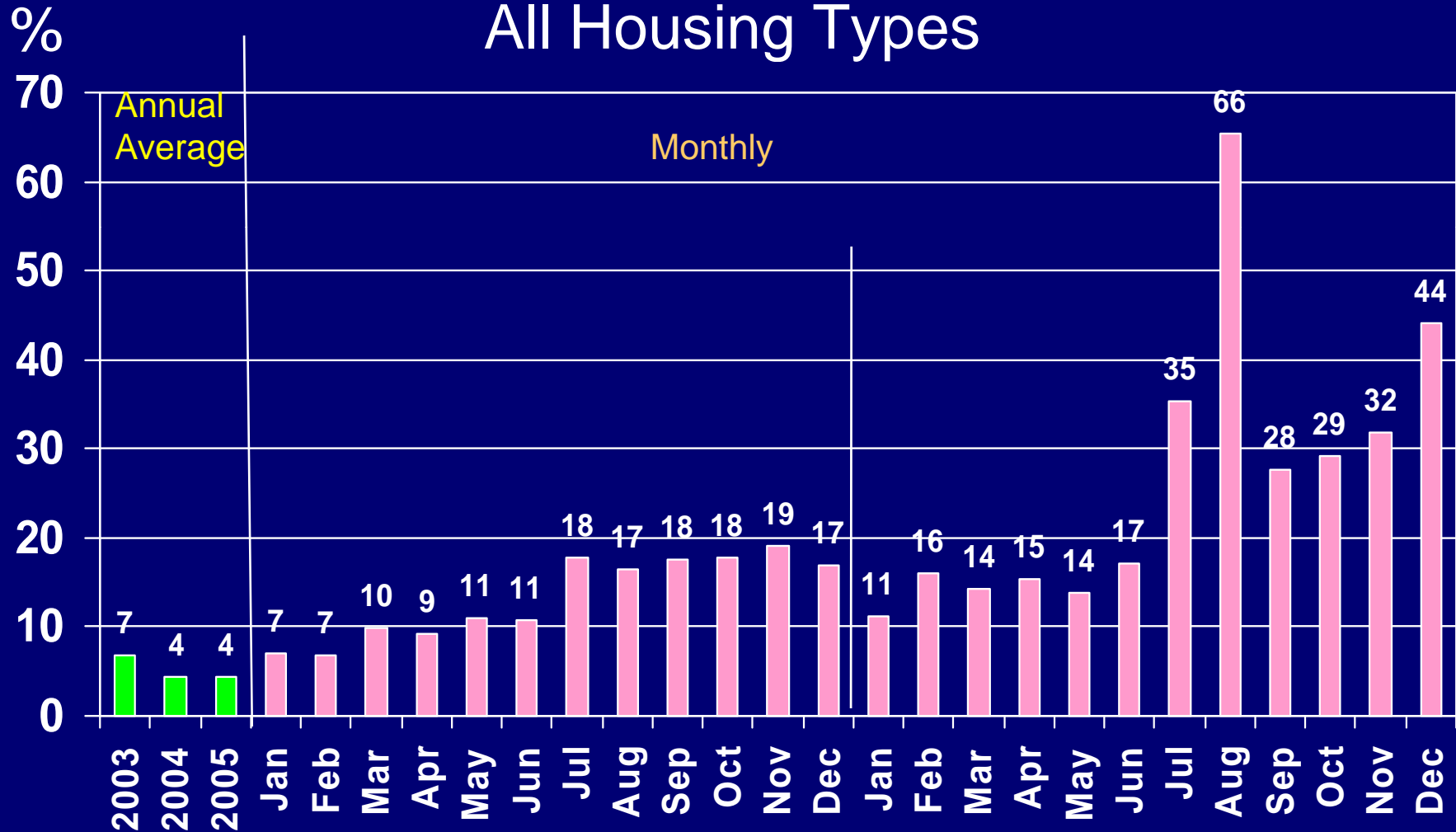
Source: Hanley-Wood, GMU Center for Regional Analysis

* Annualized

New Housing Contract Kick-Out Rate

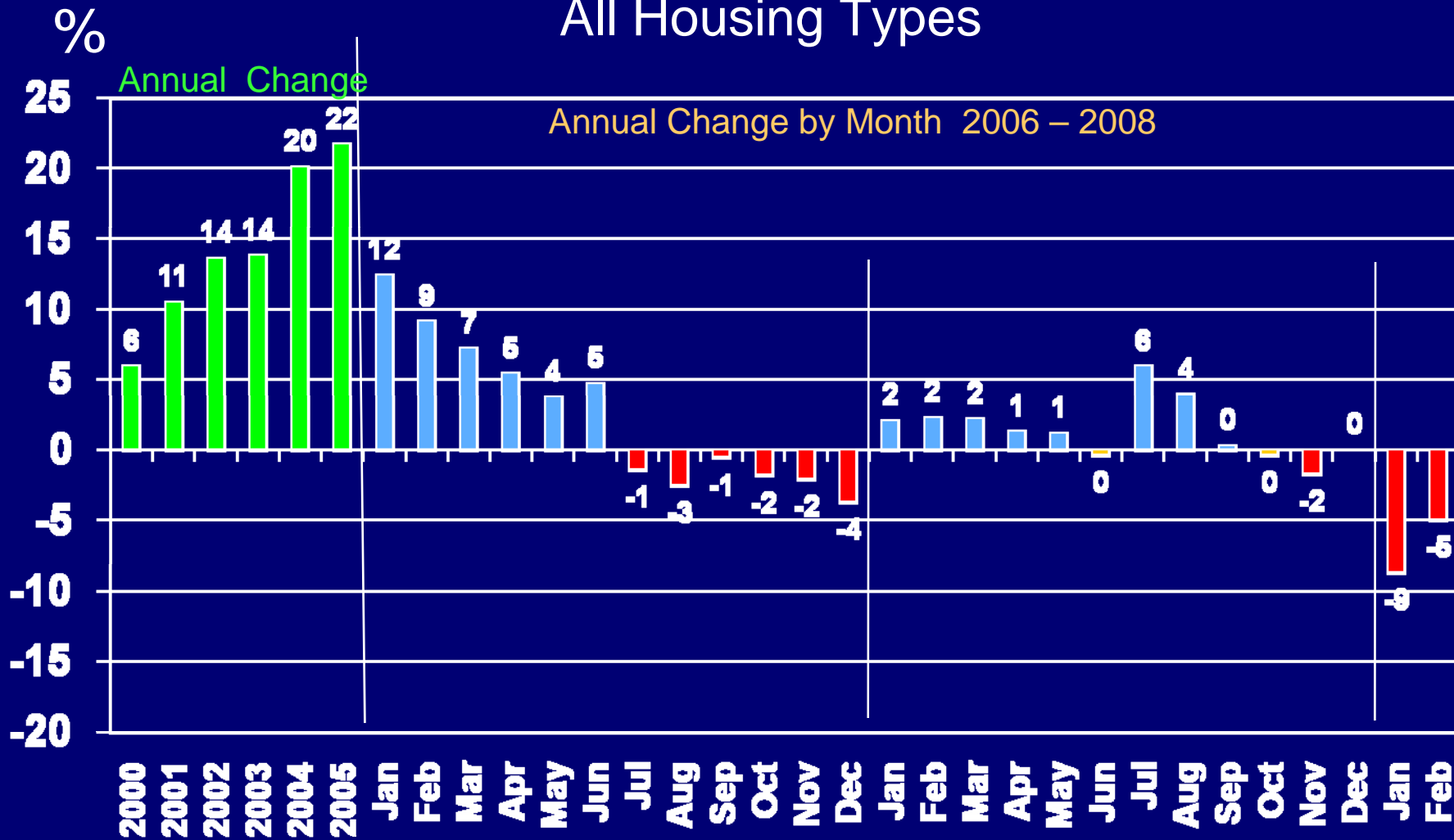
Washington MSA

All Housing Types



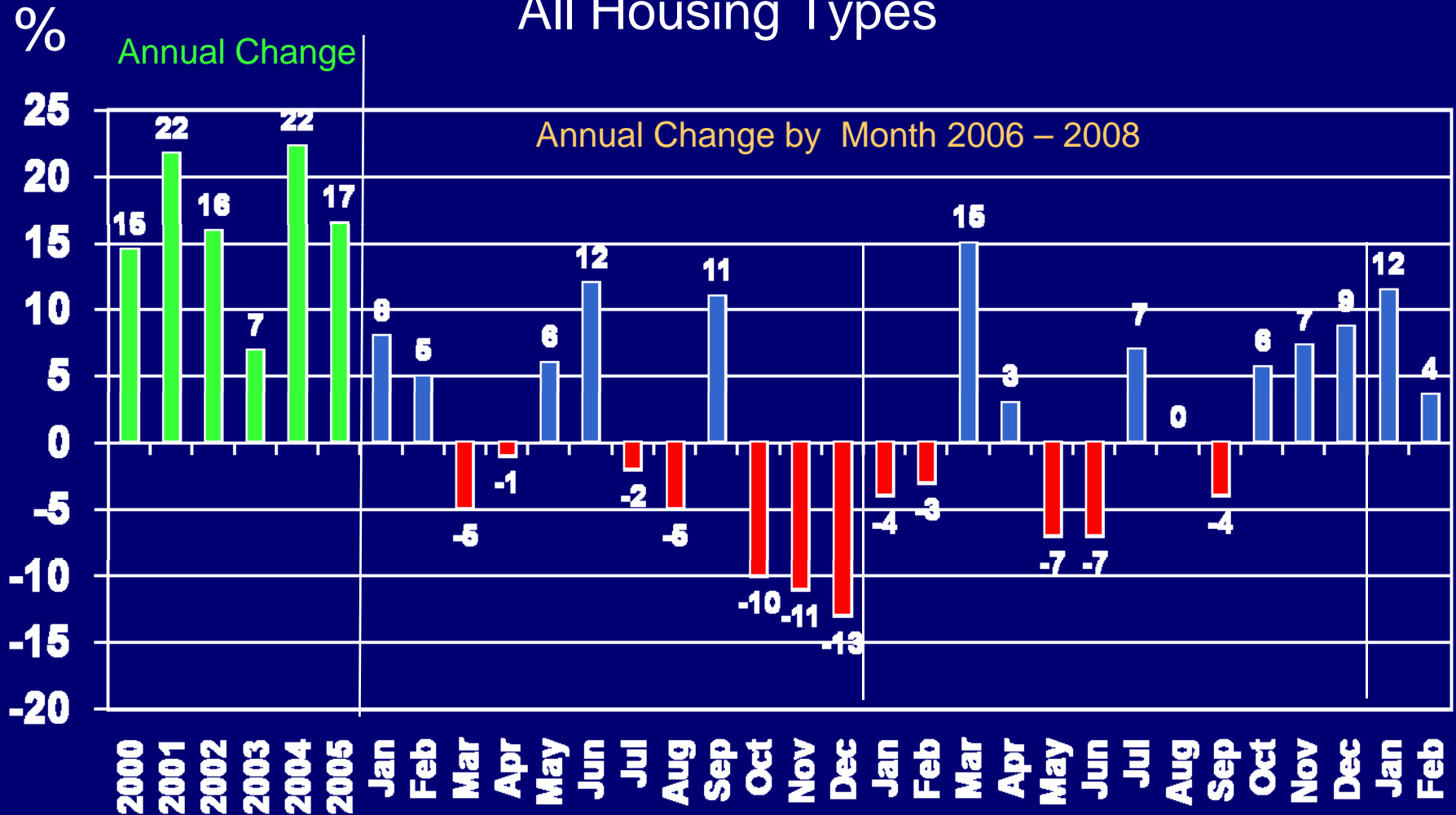
Average Sales Price Percent Change Washington MSA

All Housing Types



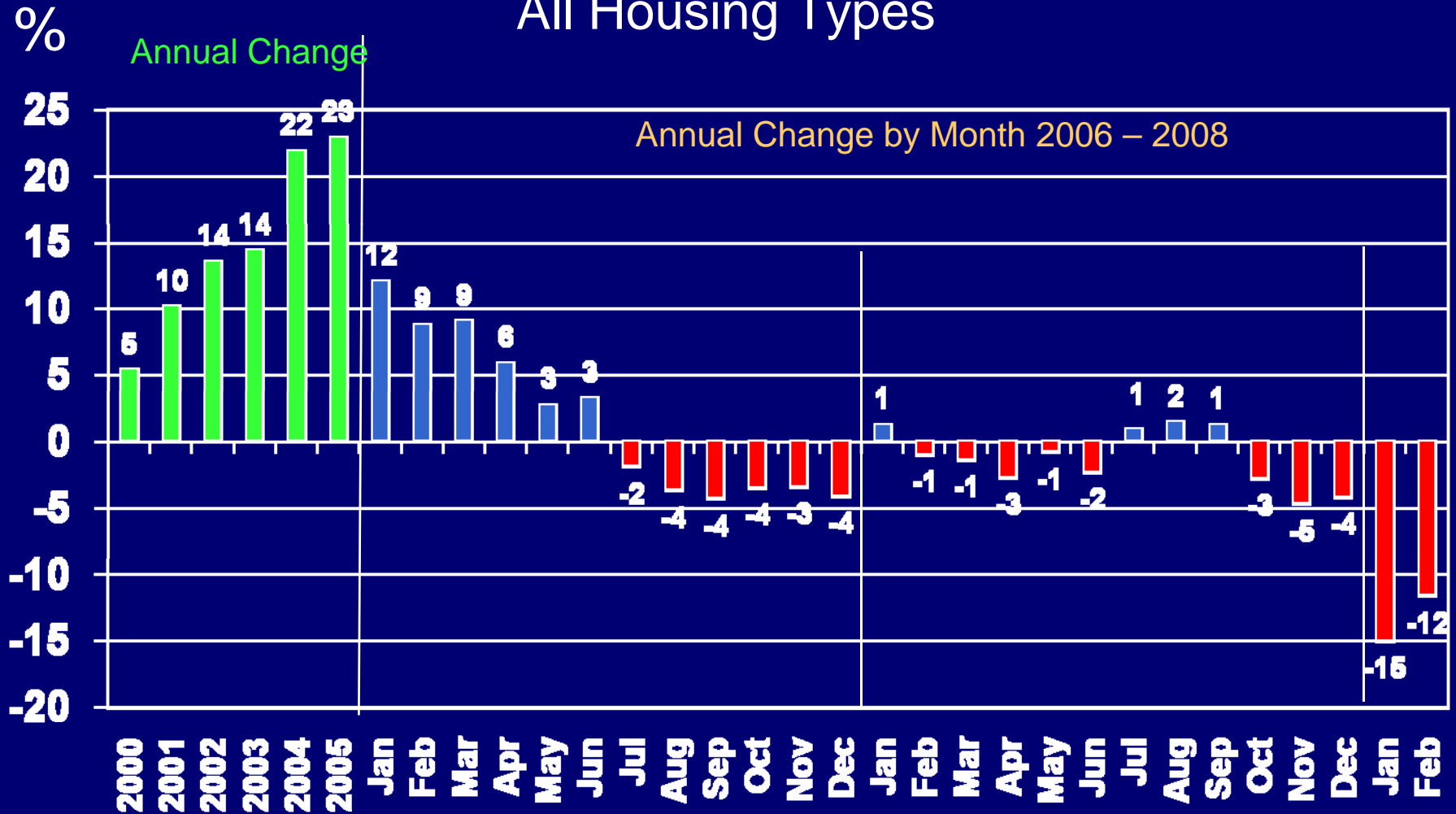
Average Sales Price Percent Change District of Columbia

All Housing Types



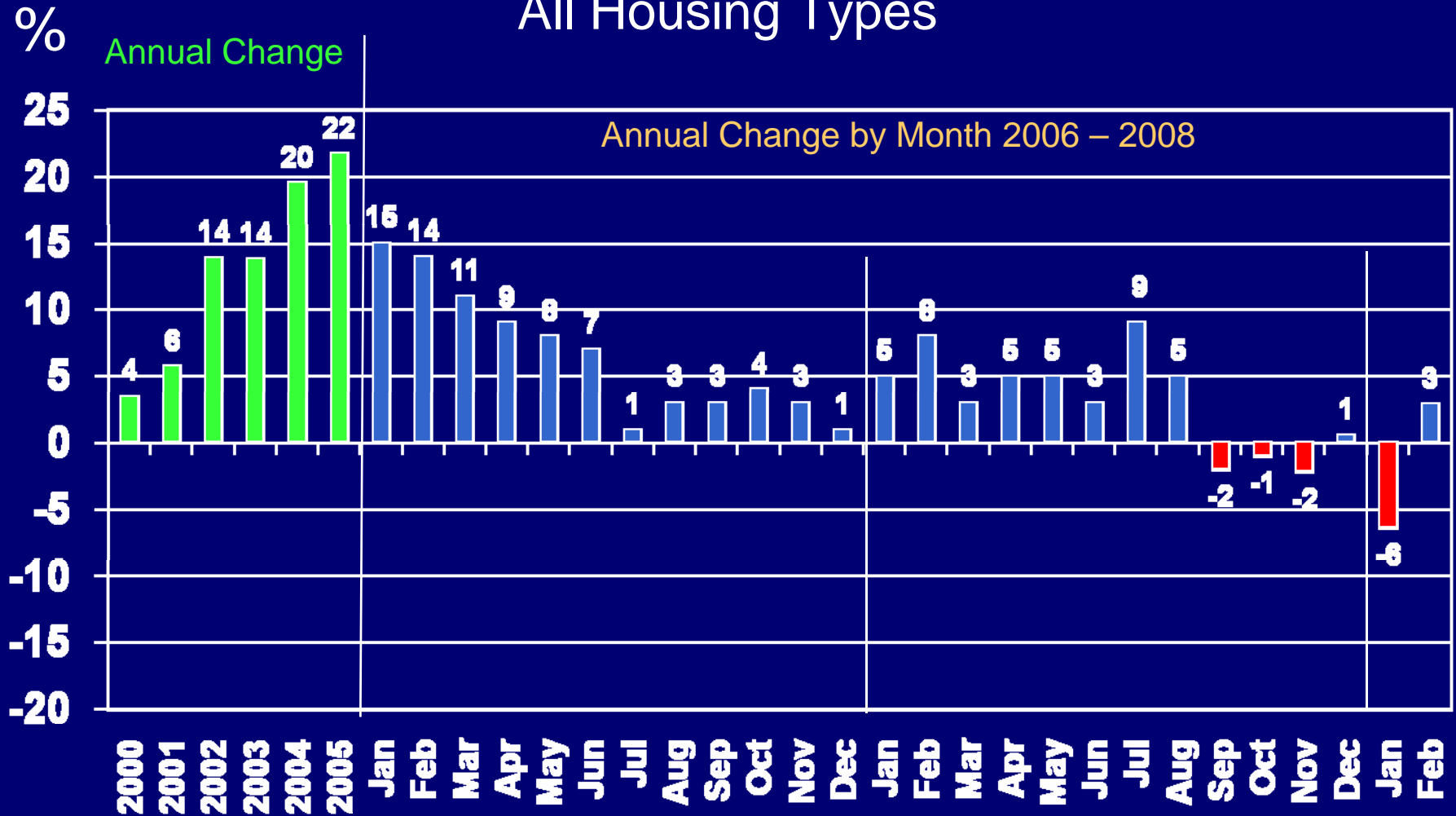
Average Sales Price Percent Change Northern Virginia

All Housing Types

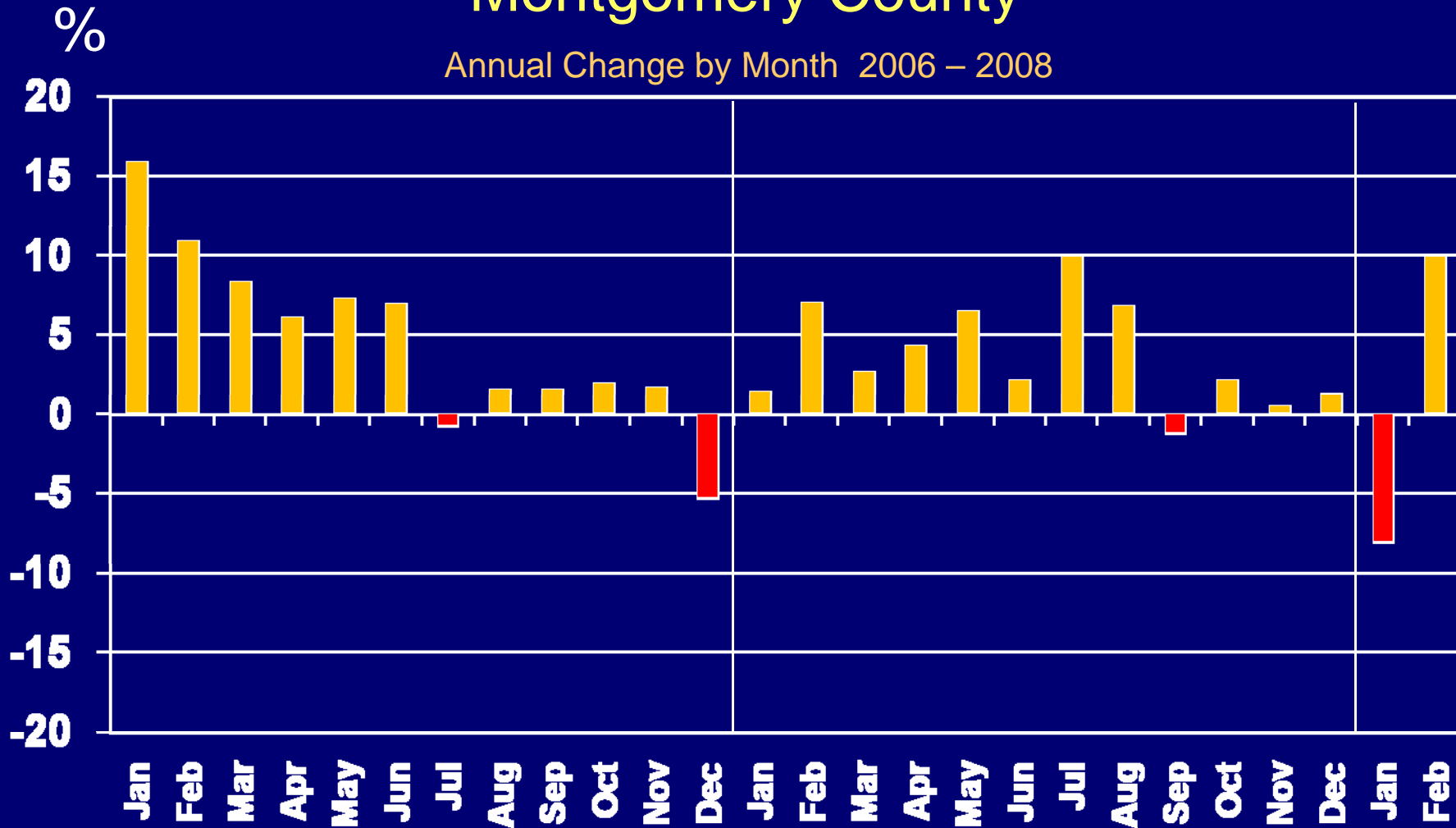


Average Sales Price Percent Change Suburban Maryland

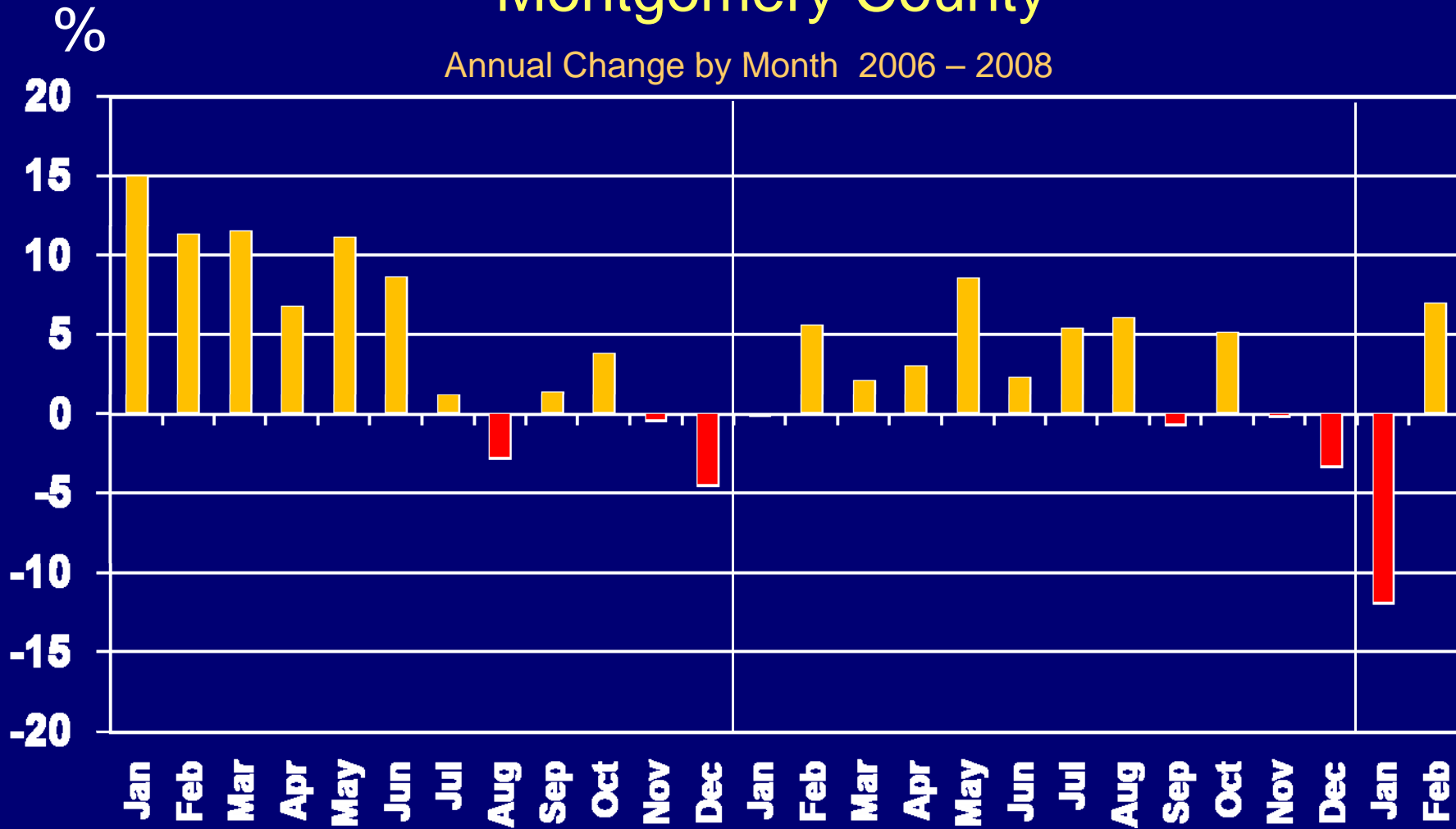
All Housing Types



Average Sales Price Percent Change Month-Over-The-Year, All Housing Types Montgomery County

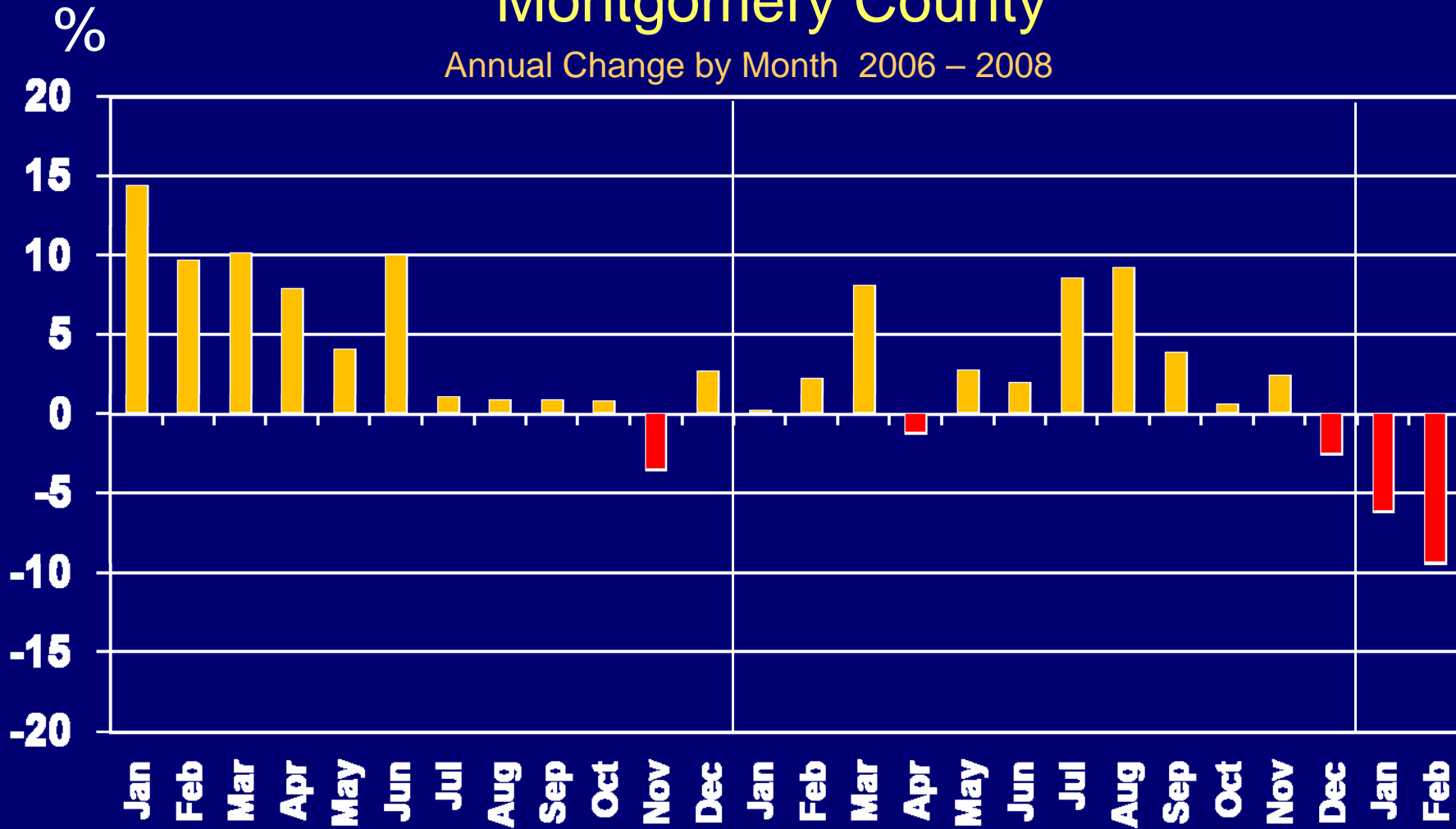


Average Sales Price Percent Change Month-Over-The-Year, Single-Family Detached Montgomery County



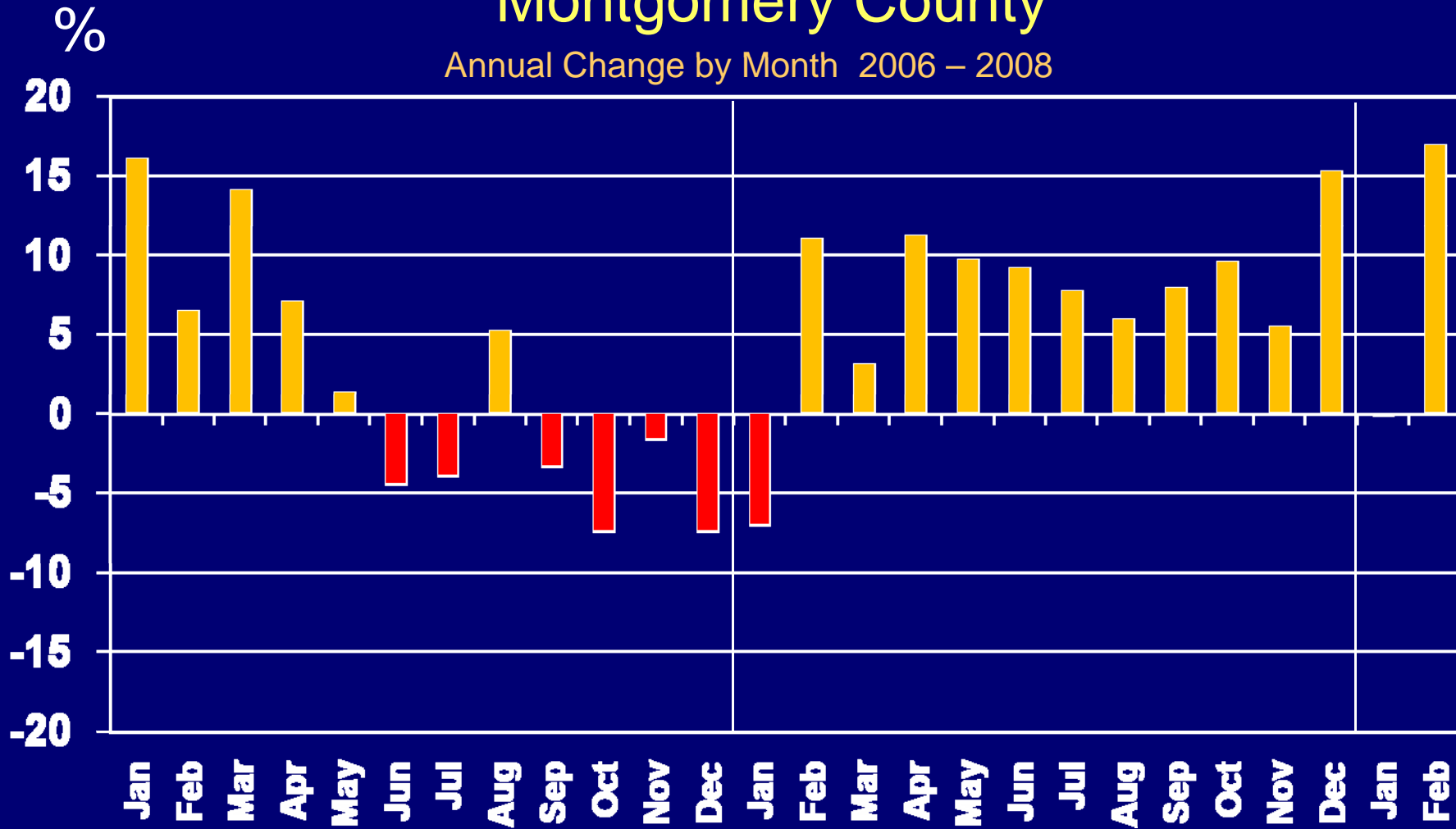
Average Sales Price Percent Change Month-Over-The-Year, Single-Family Attached Montgomery County

Annual Change by Month 2006 – 2008

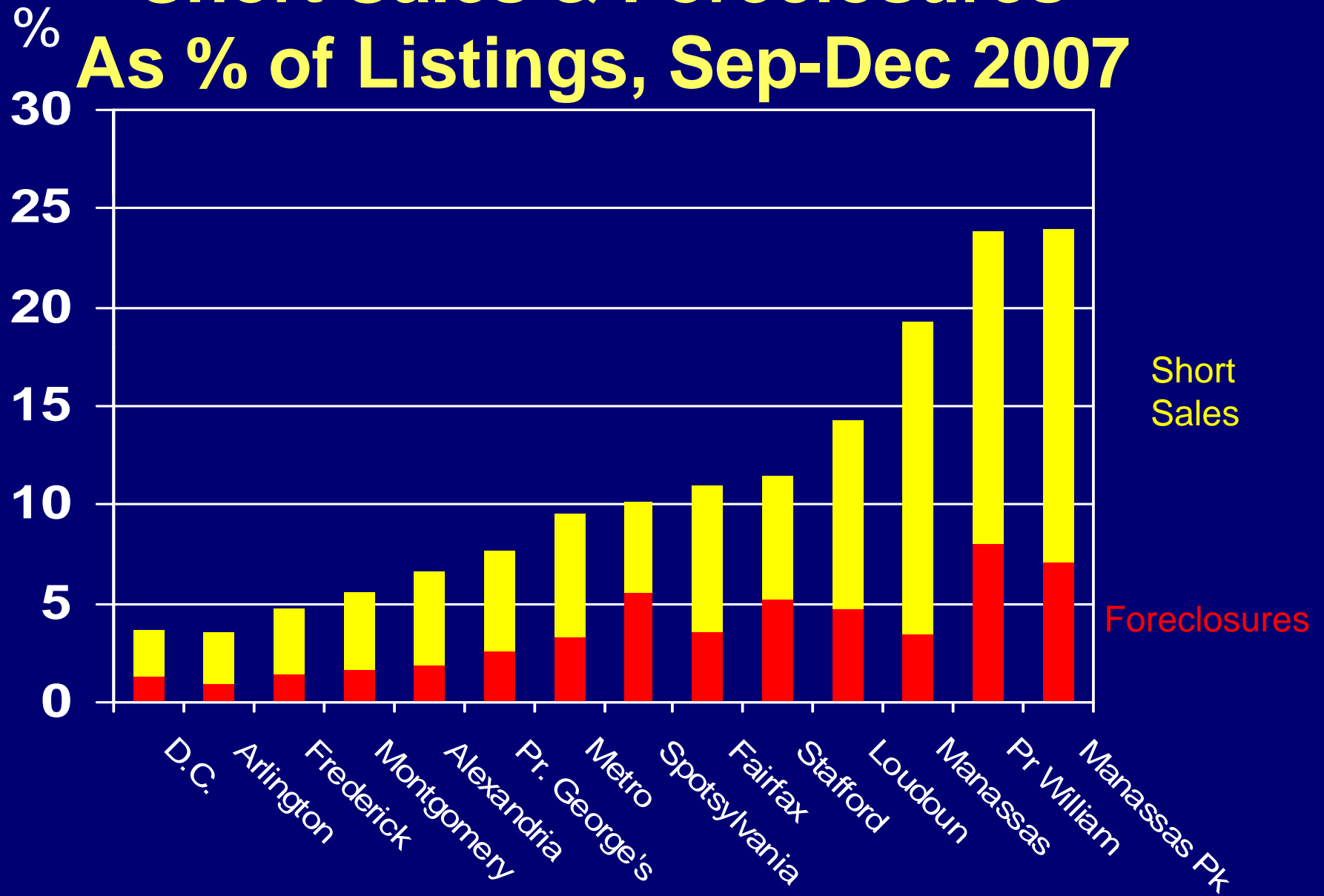


Average Sales Price Percent Change Month-Over-The-Year, Condominiums Montgomery County

Annual Change by Month 2006 – 2008



Short Sales & Foreclosures As % of Listings, Sep-Dec 2007

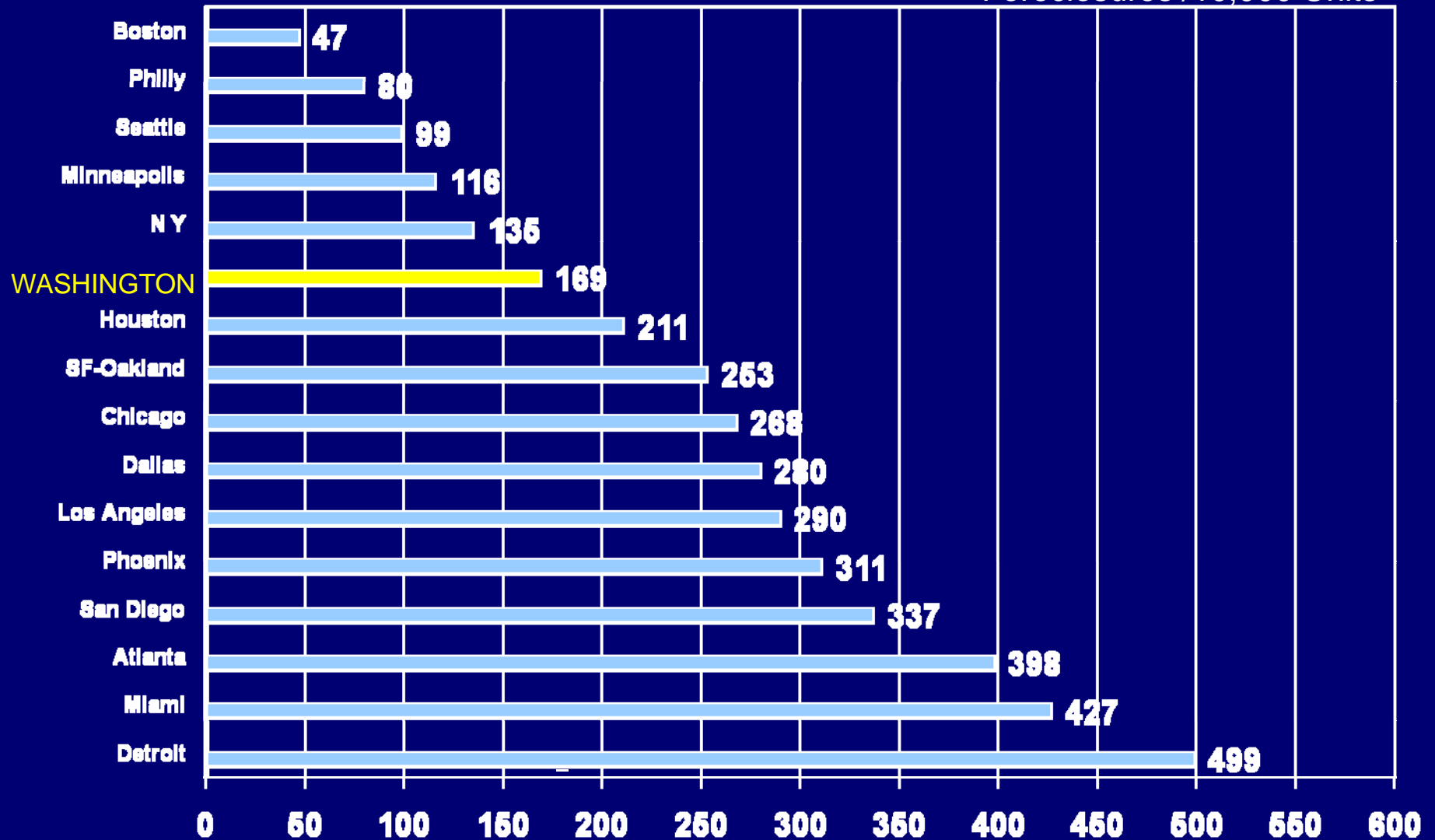


Metro Comparisons

Mortgage Foreclosure Rates

Q4 - 2007

Foreclosures /10,000 Units



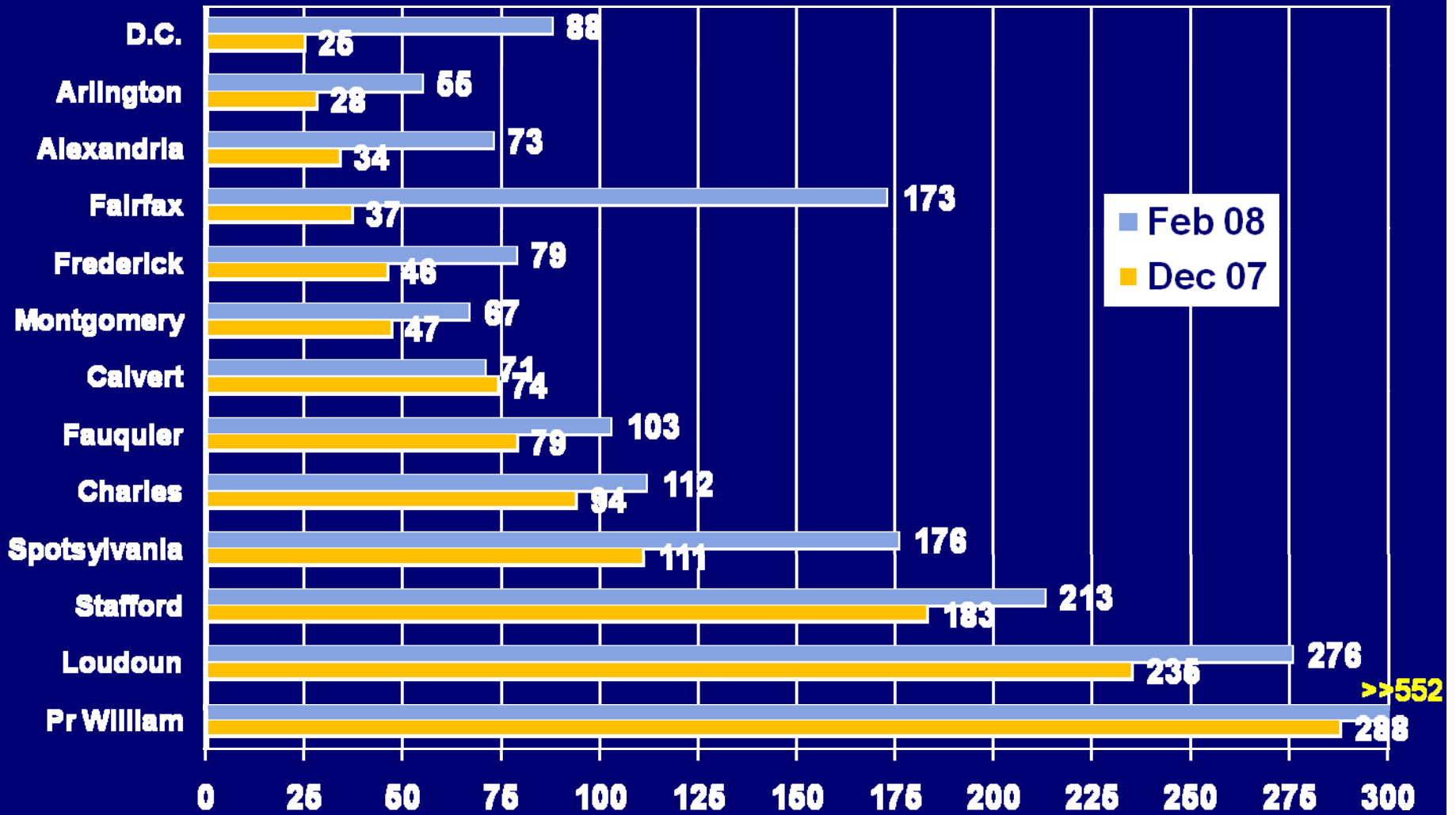
Source: RealtyTrac, GMU Center for Regional Analysis

U.S. = 171, 15 Metros = 210

Mortgage Foreclosure Rates by County

December 28, 2007 and February 15, 2008

Foreclosures /10,000 units



Area Economic Forecast

2008 - 2011

Employment Change by Sub-state Region (000s)

	2006	2007	2008	2009	2010	2011
D.C.	6.1	7.2	5.9	6.7	6.0	6.5
Sub. MD	10.6	5.8	5.5	10.1	12.5	13.5
No. VA	30.5	15.5	12.5	18.5	24.0	26.0
REGION	47.2	28.5	23.9	35.3	42.5	46.0

1.6%

1.5%

1.2%

1.3%

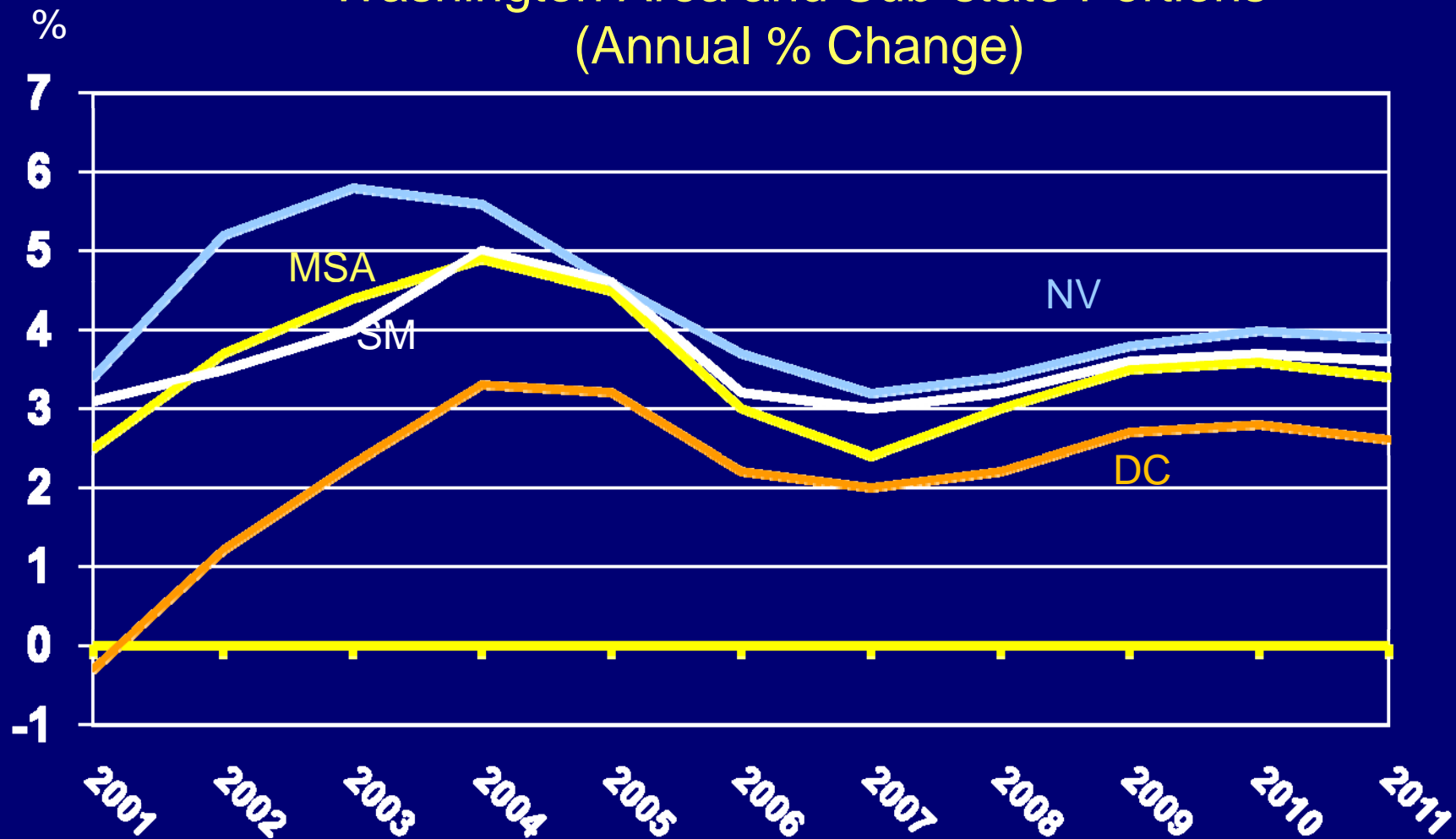
1.3%

1.4%

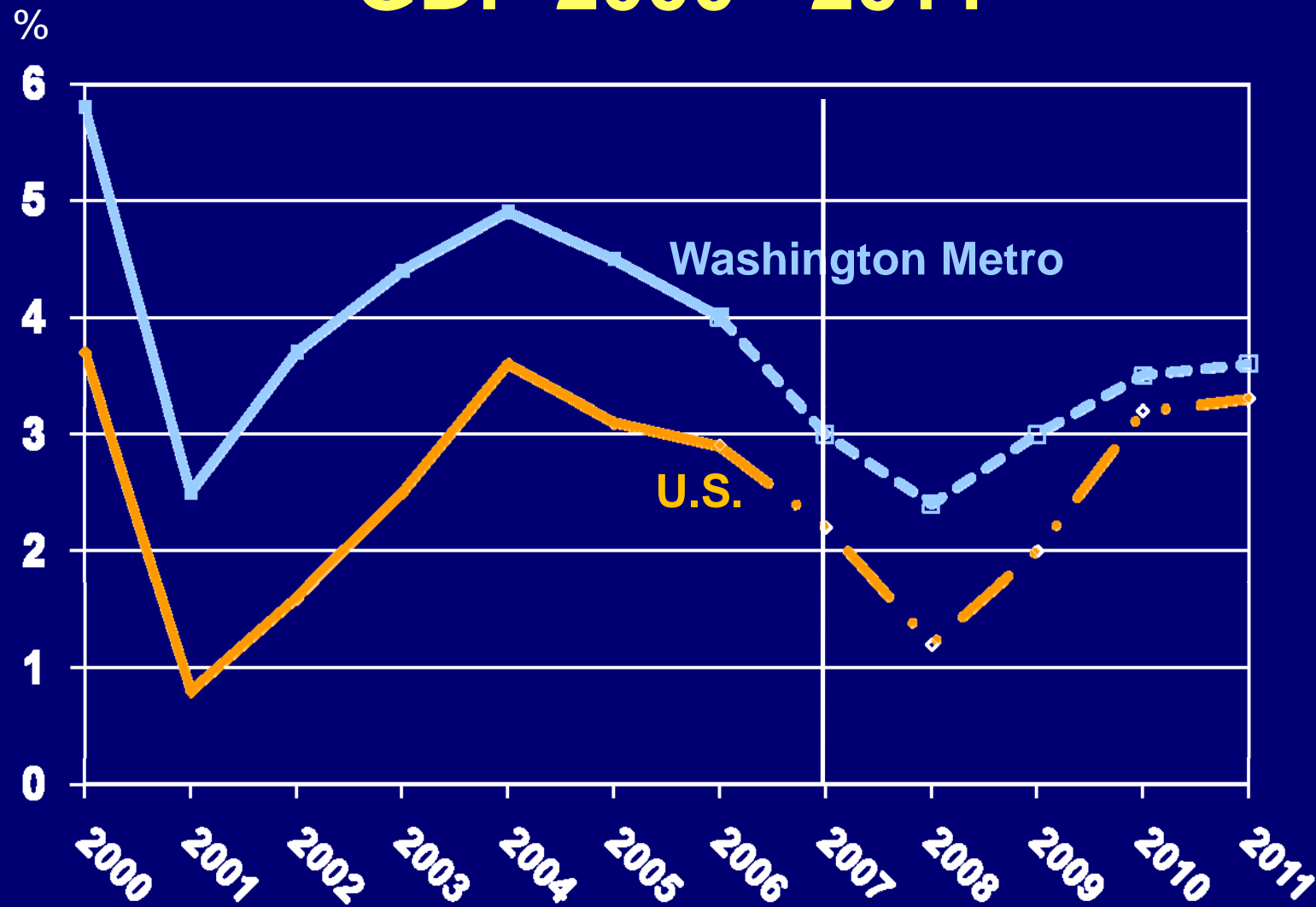
Average Annual Change 1990-2007 = 44,900

Economic Outlook (GRP) – 2011

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



GDP 2000 - 2011



Source: Global Insight, GMU Center for Regional Analysis

Threats to the Washington Area Economy's Future Performance

- Slowdown in consumer spending
- Shortage of qualified workers
- Increasing oil prices
- Continuing weakness in real estate market
- Slowing Federal spending

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