

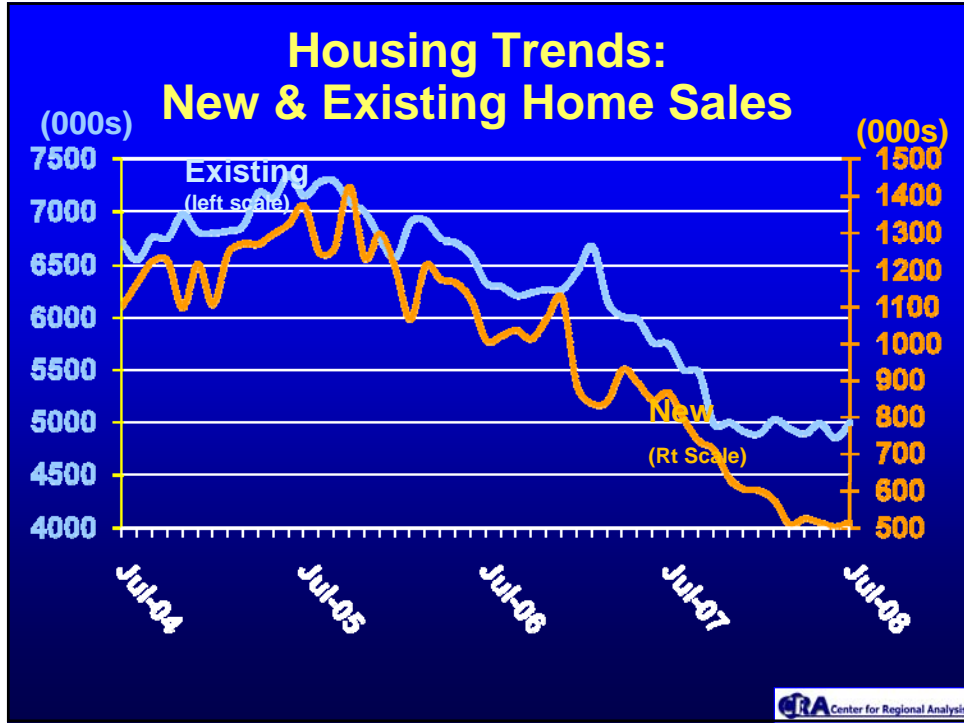
SMACNA Mid-Atlantic

***The Washington Region
Economy***

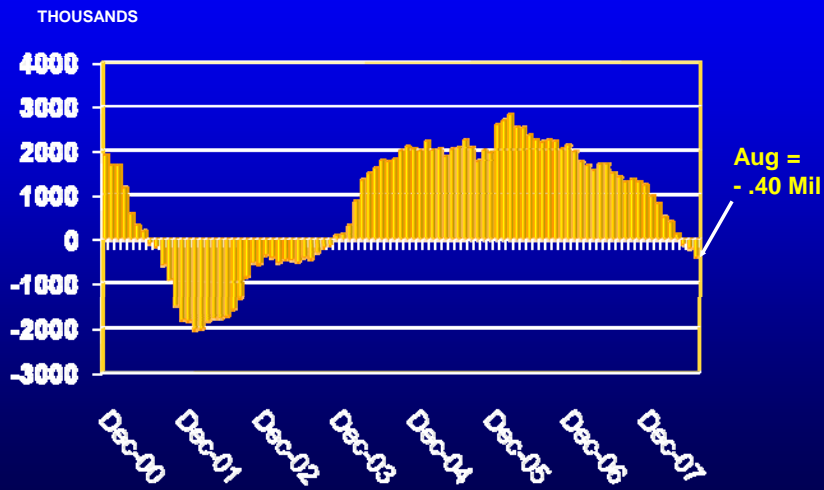
**John McClain, AICP
Senior Fellow and Deputy Director,
Center for Regional Analysis
George Mason University**

September 23, 2008

The U.S. Economy



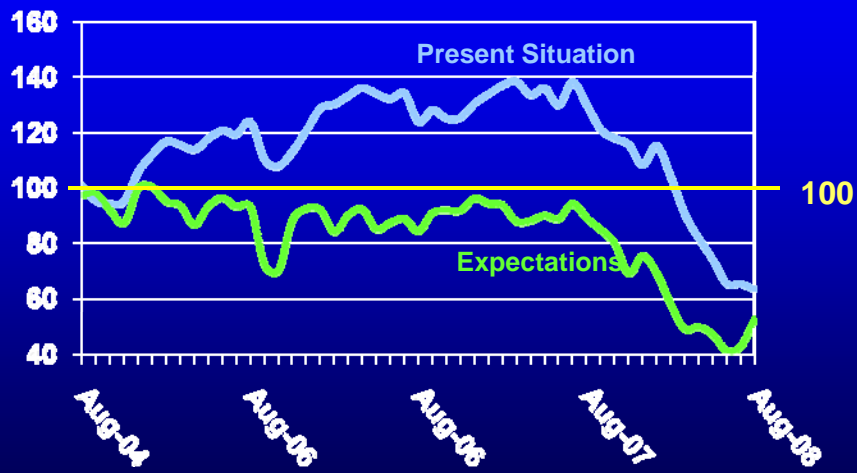
Annual Change in Jobs - US



Source: BLS Establishment Survey

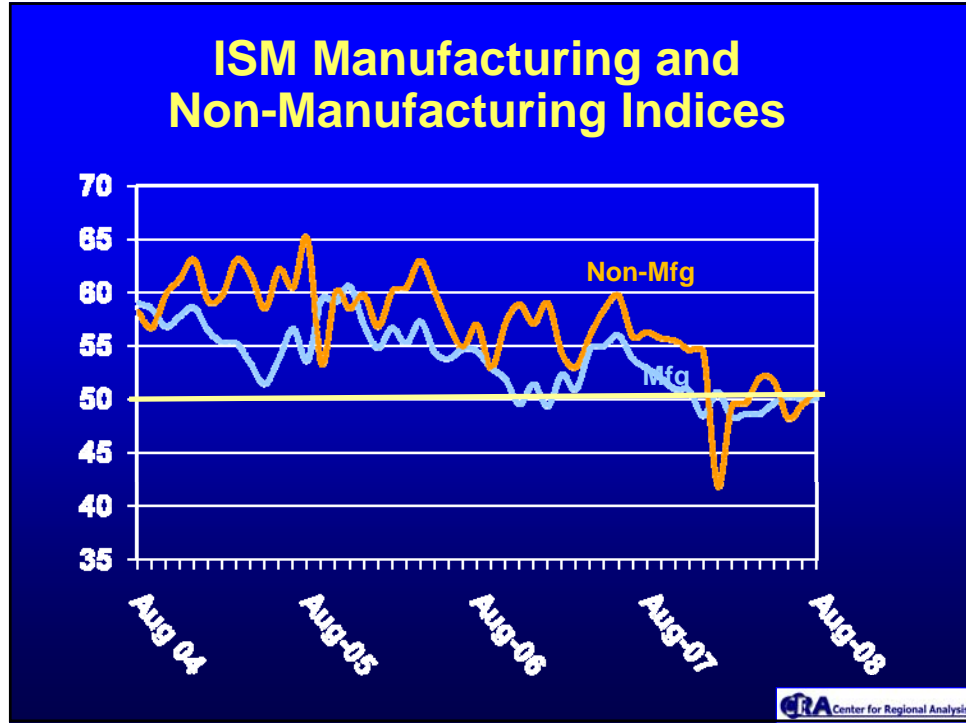
CRA Center for Regional Analysis

Consumer Confidence



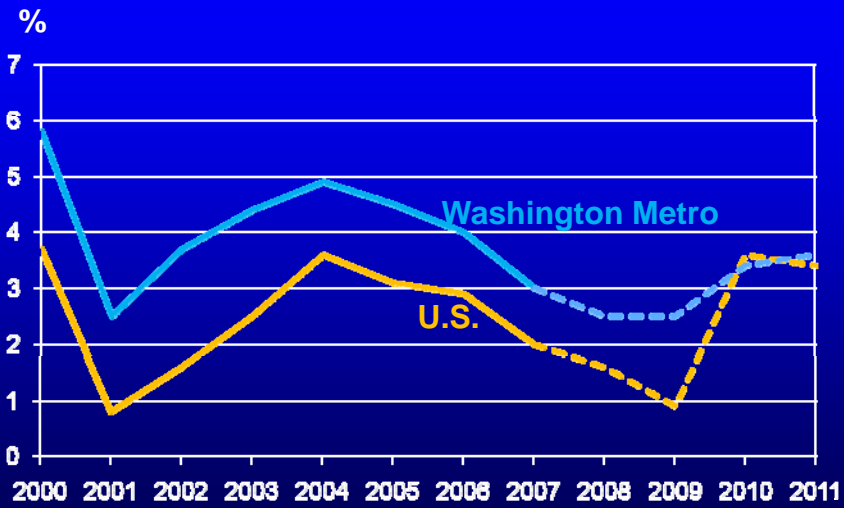
Source: Conference Board, GMU Center for Regional Analysis

CRA Center for Regional Analysis

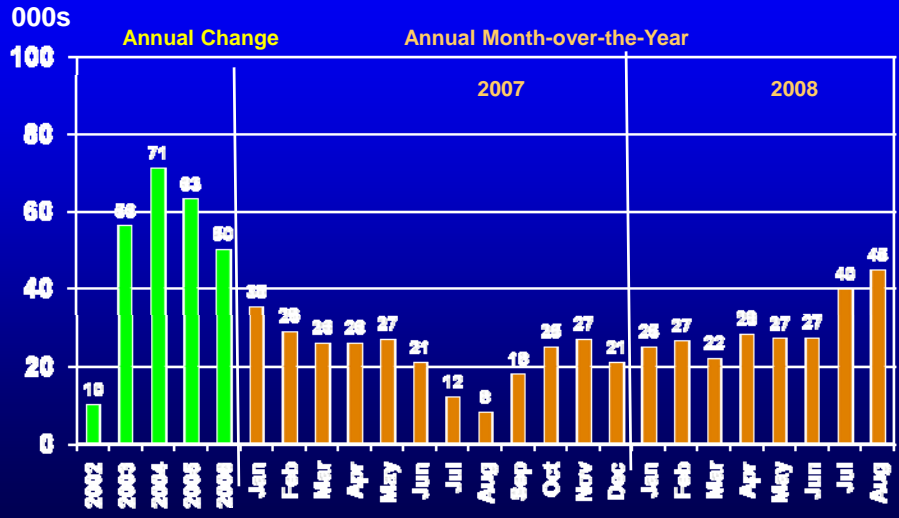


The Washington Economy

GDP/GRP 2000 - 2011



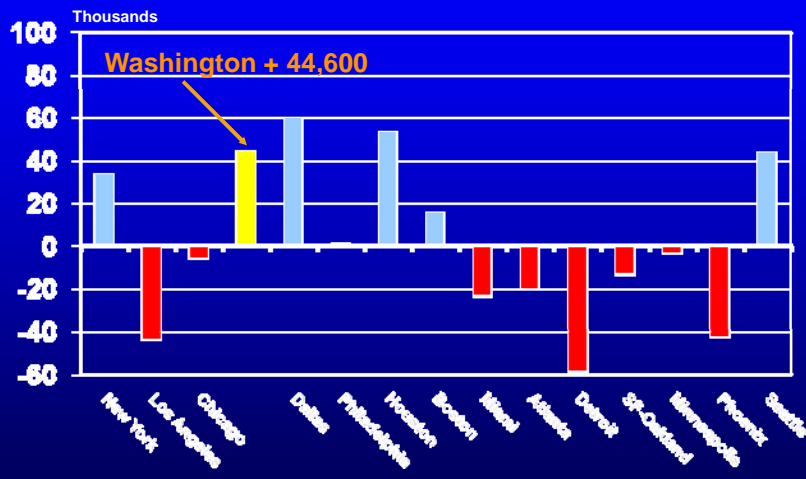
Annual Job Change Washington Metro Area



Source: BLS, GMU Center for Regional Analysis



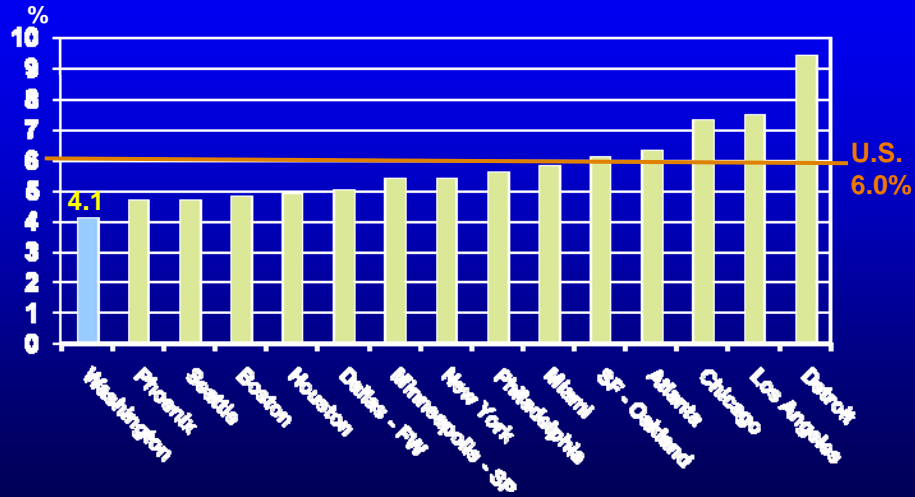
15 Largest Job Markets Job Change August 07– August 08



Ranked by Total Jobs



15 Largest Job Markets Ranked by Unemployment Rate July 2008



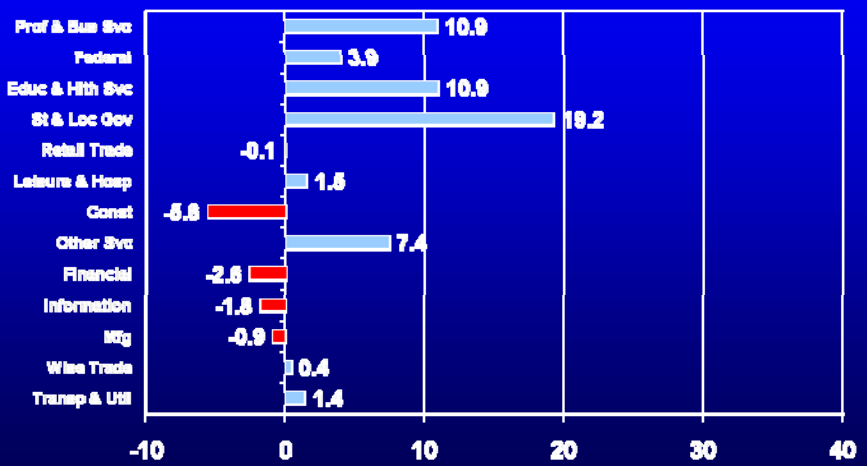
Source: BLS, GMU Center for Regional Analysis Data not seasonally adjusted **CRA** Center for Regional Analysis

August 2007 – August 2008 Job Change By Sector MSA

(000s)

Total = 44,600

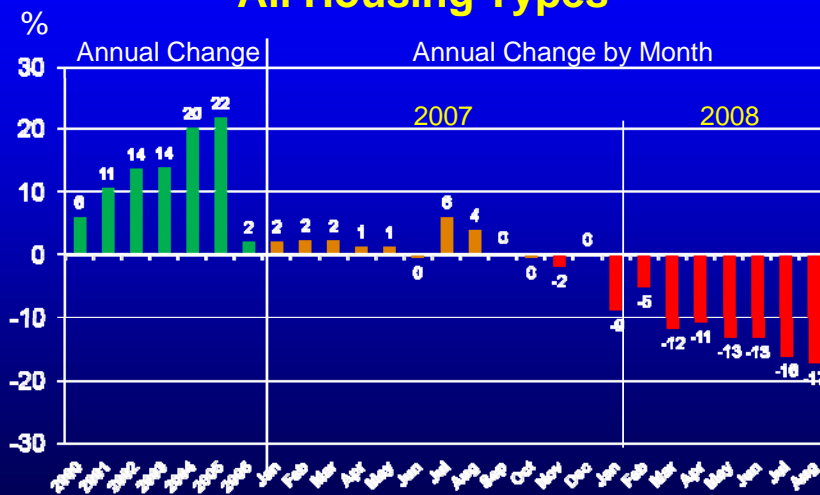
(Ranked by Size of Sector)



CRA Center for Regional Analysis

The Washington Area Housing Market

Average Sales Price Percent Change Washington MSA All Housing Types



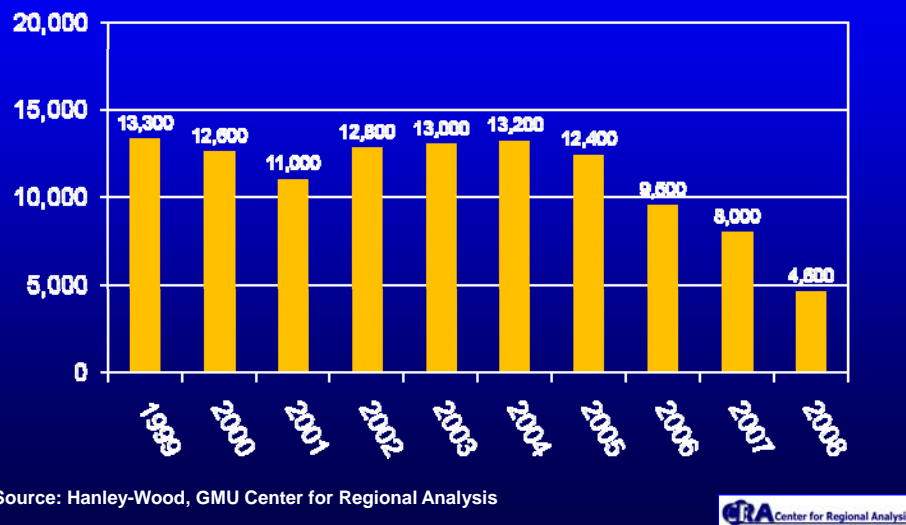
Source: MRIS, GMU Center for Regional Analysis



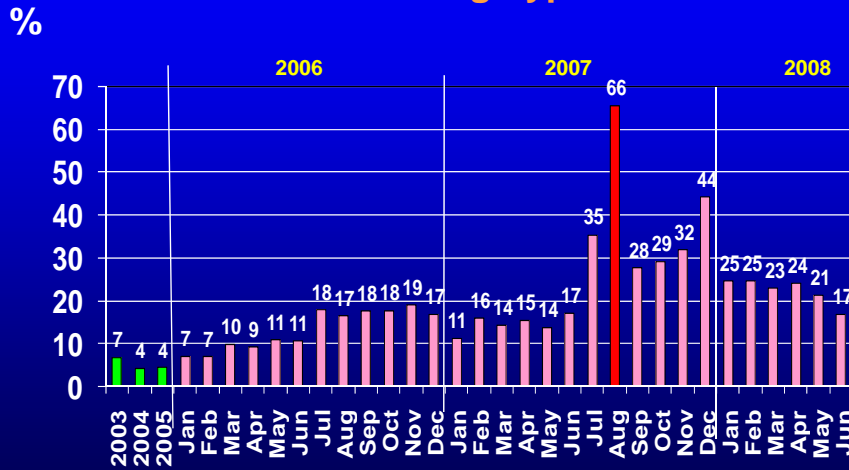
Sales and Total Active Listings Washington MSA, August Each Year



New Housing Sales Washington Metro Area First Half of Each Year



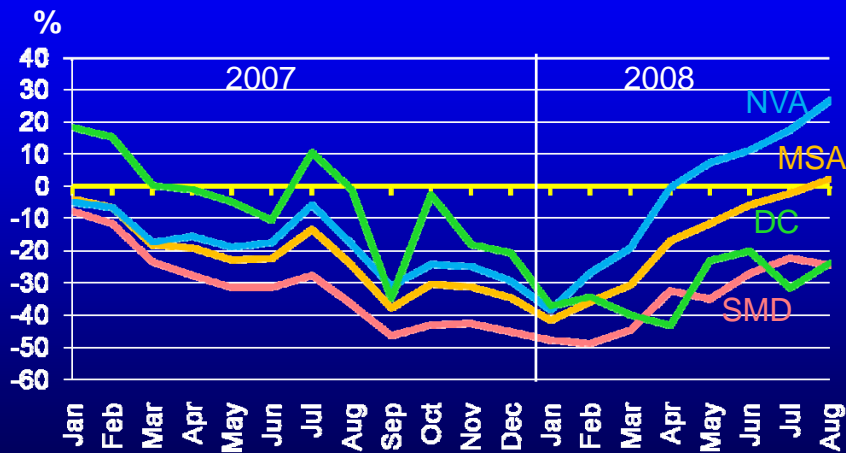
New Housing Contract Kick-Out Rate Washington MSA All Housing Types



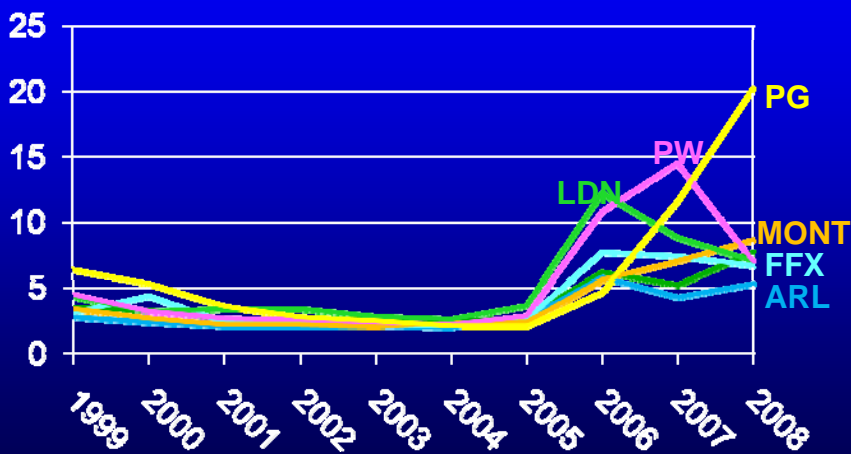
Source: Hanley-Wood, GMU Center for Regional Analysis



Units Sold Percent Change By Subregion All Housing Types

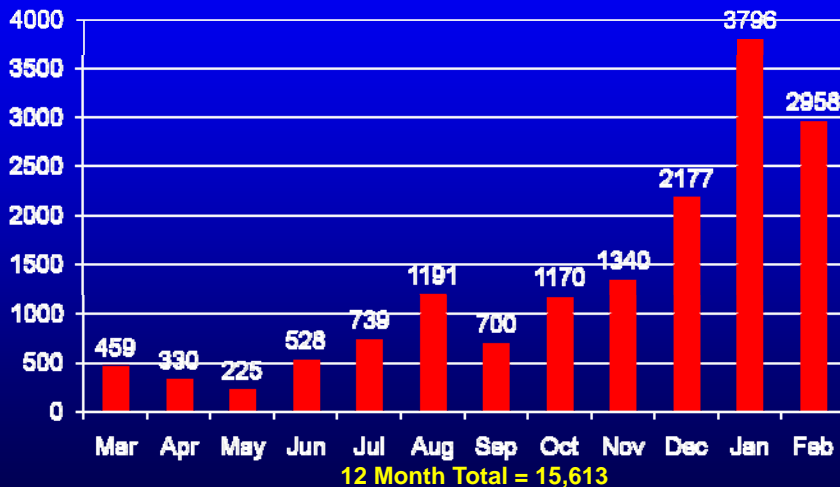


Total Active Listings Per Sale July Each Year



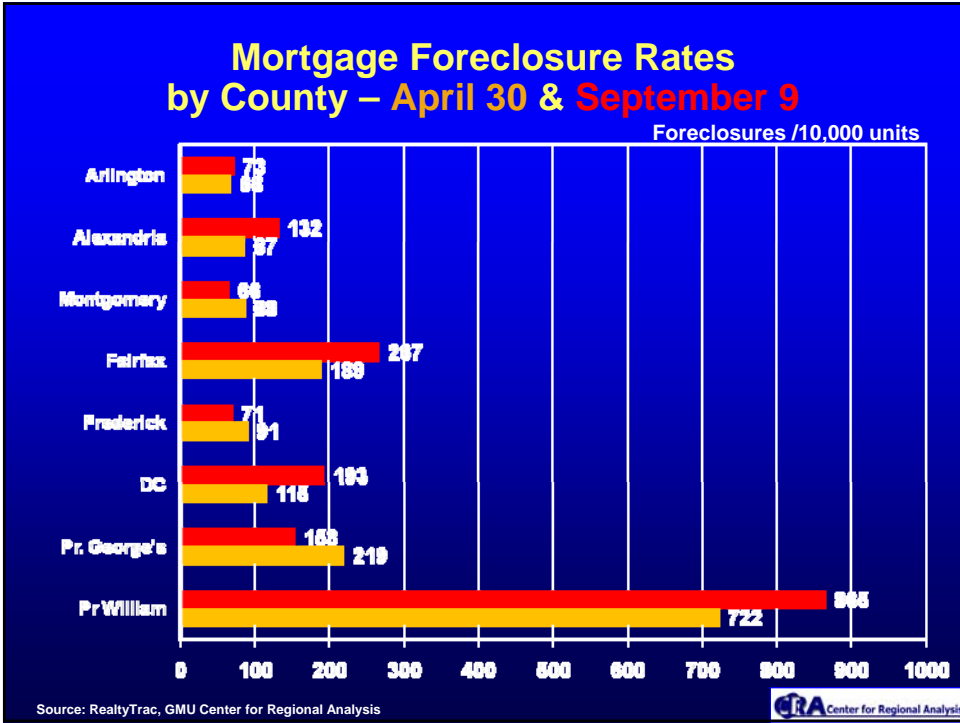
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Foreclosures by Month March 2007 – February 2008 Washington Metropolitan Area



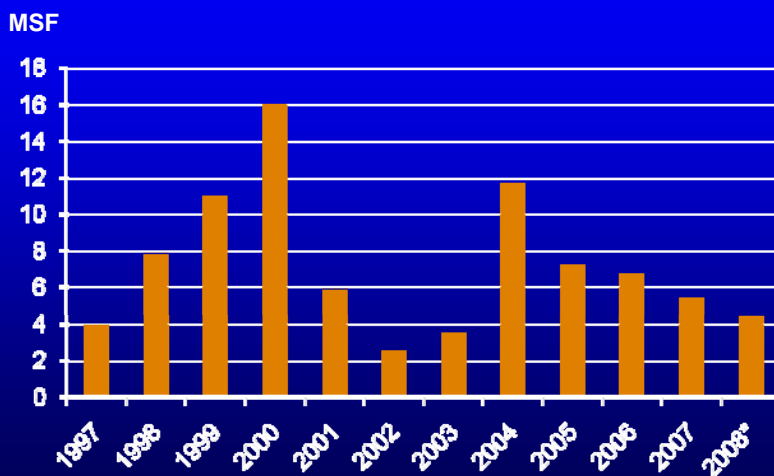
Source: RealtyTrac, GMU Center for Regional Analysis

CRA Center for Regional Analysis



The Washington Area Office Market Outlook

Net Office Space Absorption Washington Metro Area, 1997-2008



* Annualized

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Office Space Supply and Demand In the Washington Metro Area: 2007-2009 (millions of square feet)

	Deliveries	Demand	Surplus
District of Columbia	9.3	2.8	6.5
Suburban Maryland	3.3	2.4	0.9
Northern Virginia	8.0	6.4	1.6
TOTAL	20.6	11.6	9.0

Source: Delta Associates

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**Existing and Projected Office Vacancy
In the Washington Metro Area: 2007-2009**
(square feet in millions)

	2007*		2009*	
	SF	Rate	SF	Rate
Dist. of Columbia	7.9	6.4%	15.1	11.3%
Suburban Maryland	9.0	10.6%	10.4	11.7%
Northern Virginia	17.3	10.3%	19.6	11.1%
TOTAL	34.2	9.1%	45.1	11.3%

Source: Delta Associates

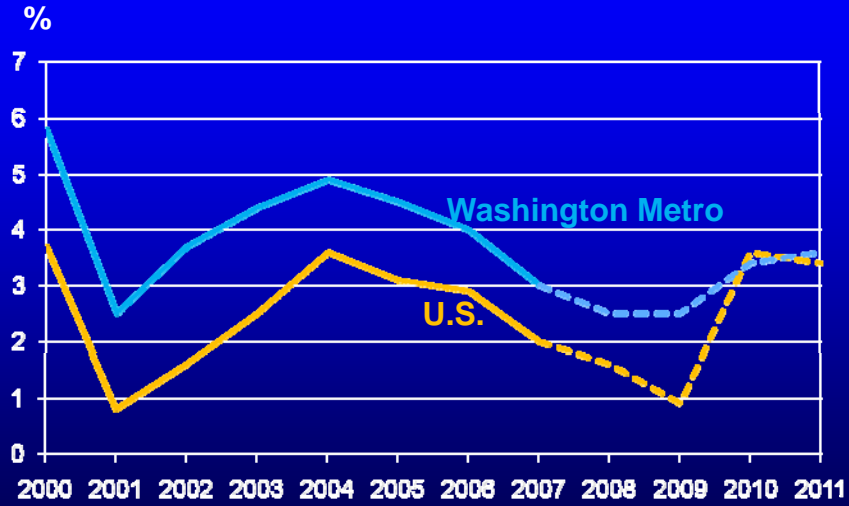
* End of Year



**Area Economic
Forecast**

2008 - 2011

GDP/GRP 2000 - 2011



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Employment Change by Sub-state Region (000s)

	2006	2007	2008	2009	2010	2011	2012
D.C.	6.1	7.2	5.9	6.1	6.0	6.5	6.2
Sub. MD	10.6	5.8	5.5	7.3	12.5	13.5	13.0
No. VA	30.5	15.5	12.5	15.6	24.0	26.0	25.8
REGION	47.2	28.5	23.9	29.0	42.5	46.0	46.0

Average Annual Change 1990-2007 = 44,900

Source: BLS, GMU Center for Regional Analysis

CRA Center for Regional Analysis

THE OUTLOOK

- Housing Market Continuing to Adjust
- Sub-Prime Mortgages Resets Ending Next Several Months
- ARMS Will Continue Longer
- Underlying Economic Fundamentals OK
- Federal Policy Effects?
- Recovering Slowly Beginning Q2 2009??
- Home-building Forecast for 2009 = 2006
- Office Construction Will Moderate in 2009...2010 Back-Fill...2011+

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