

RE/MAX

***The Washington Region Economy
and Residential Real Estate
Market in 2007***

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The U.S. Economy in 2007: Year of Changing Momentum

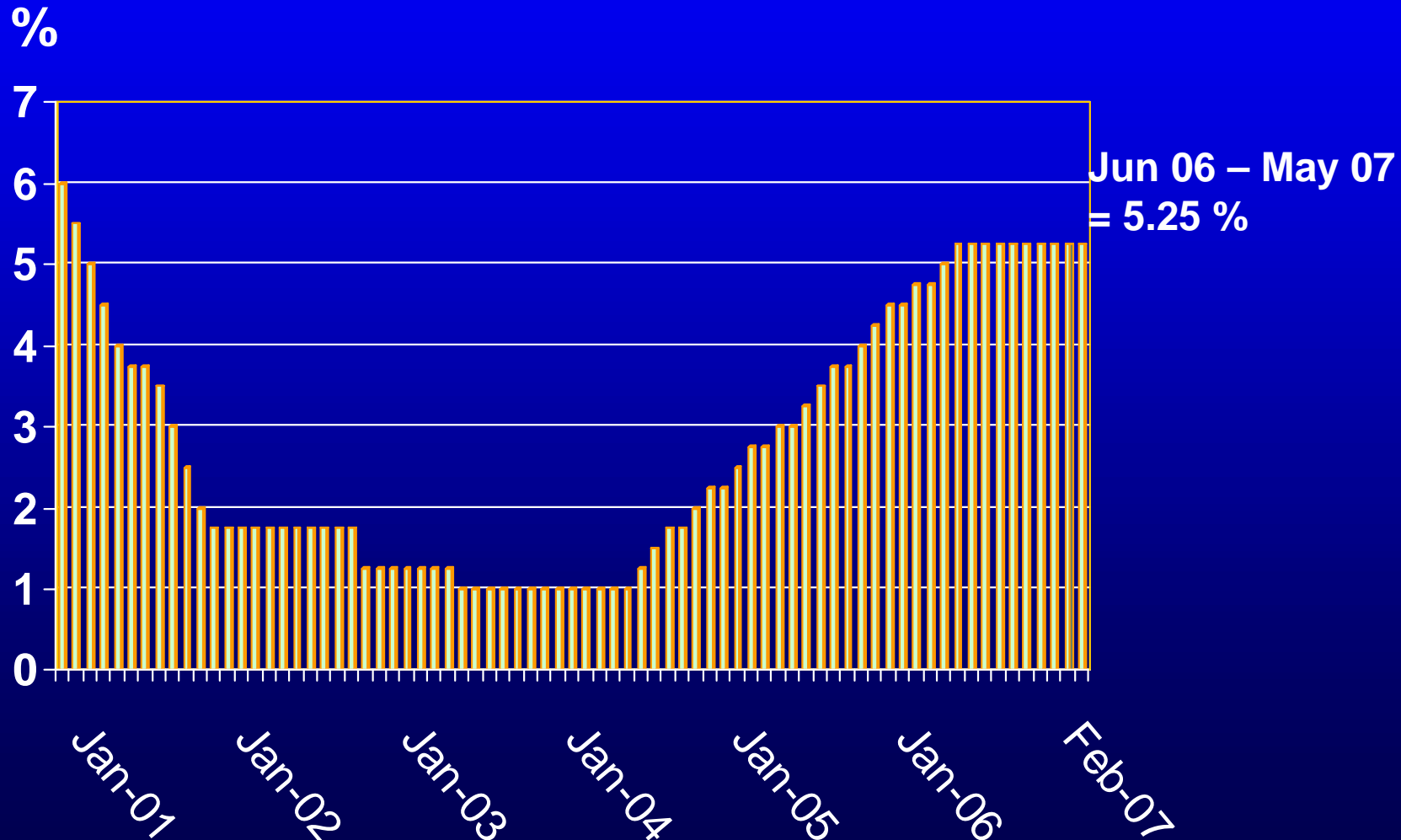
Major Factors Impacting GDP

- **Downturn in Housing Market**
- **Increase in Oil Prices**
- **Federal Funds Rate**
- **Slowing Business Investment**
- **Weaker Consumer Spending**
- **Below Average Productivity Growth**

Housing Trends: New & Existing Home Sales

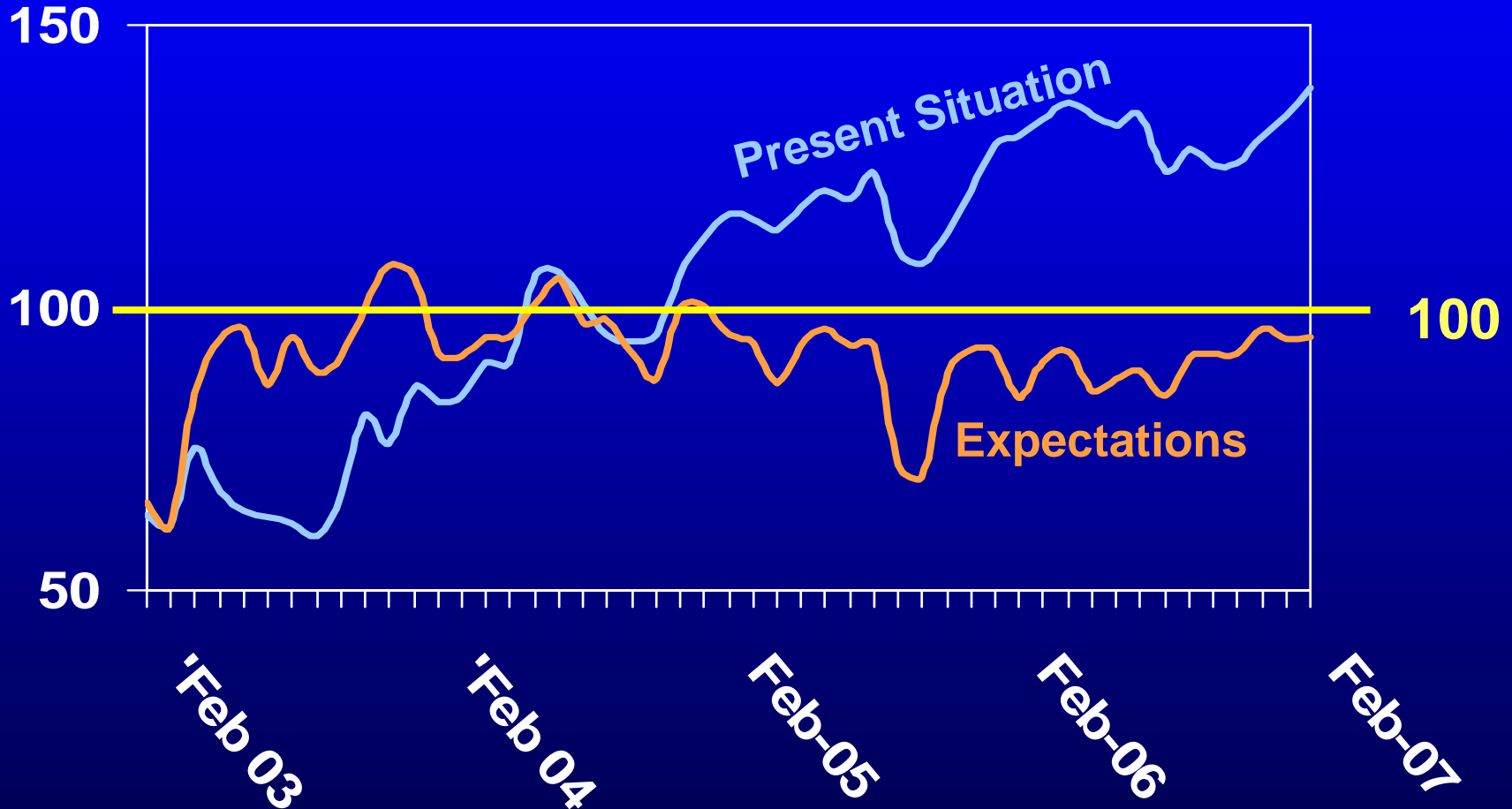


Federal Funds Interest Rate



Jun 06 – May 07
= 5.25 %

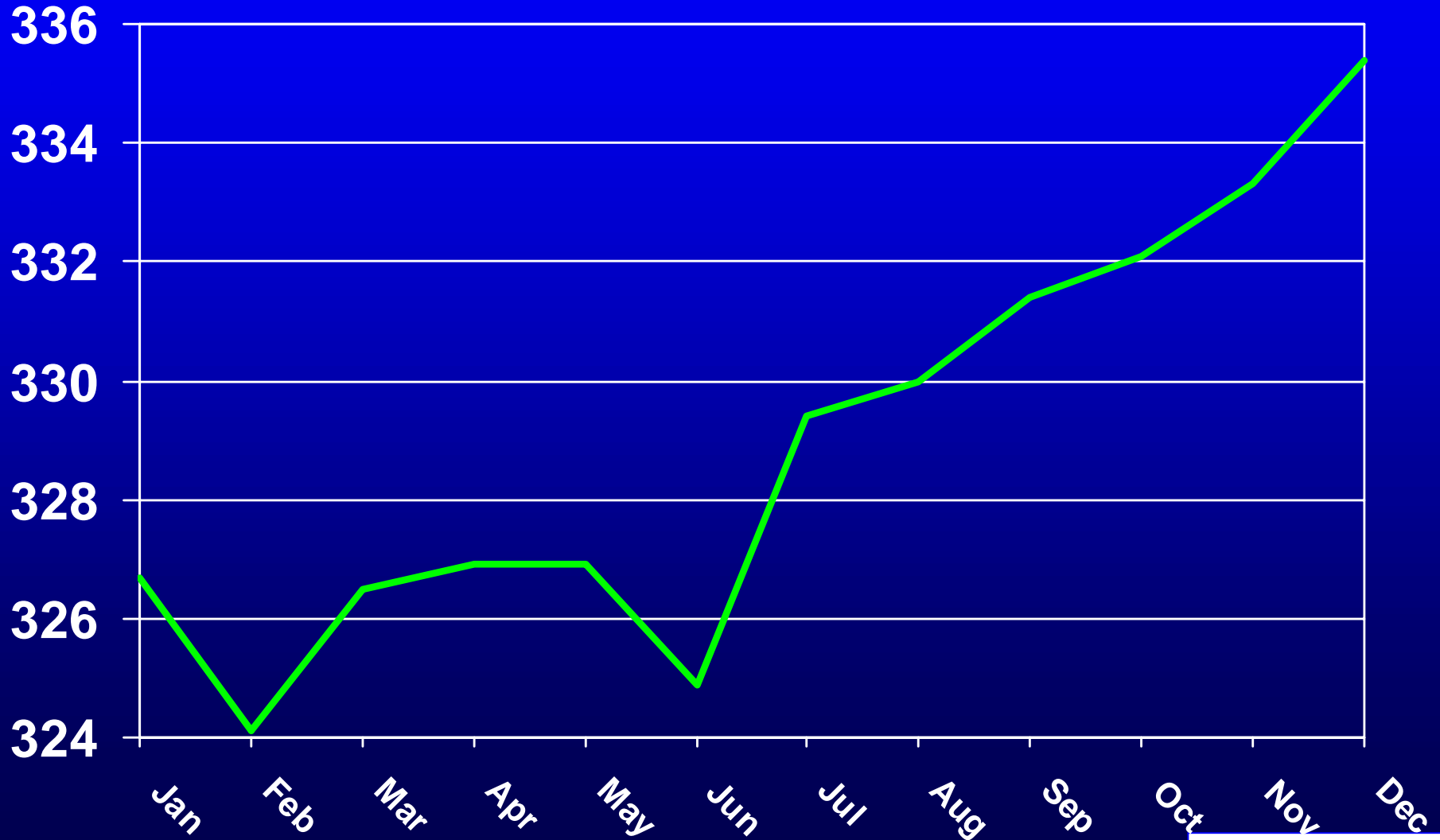
Consumer Confidence



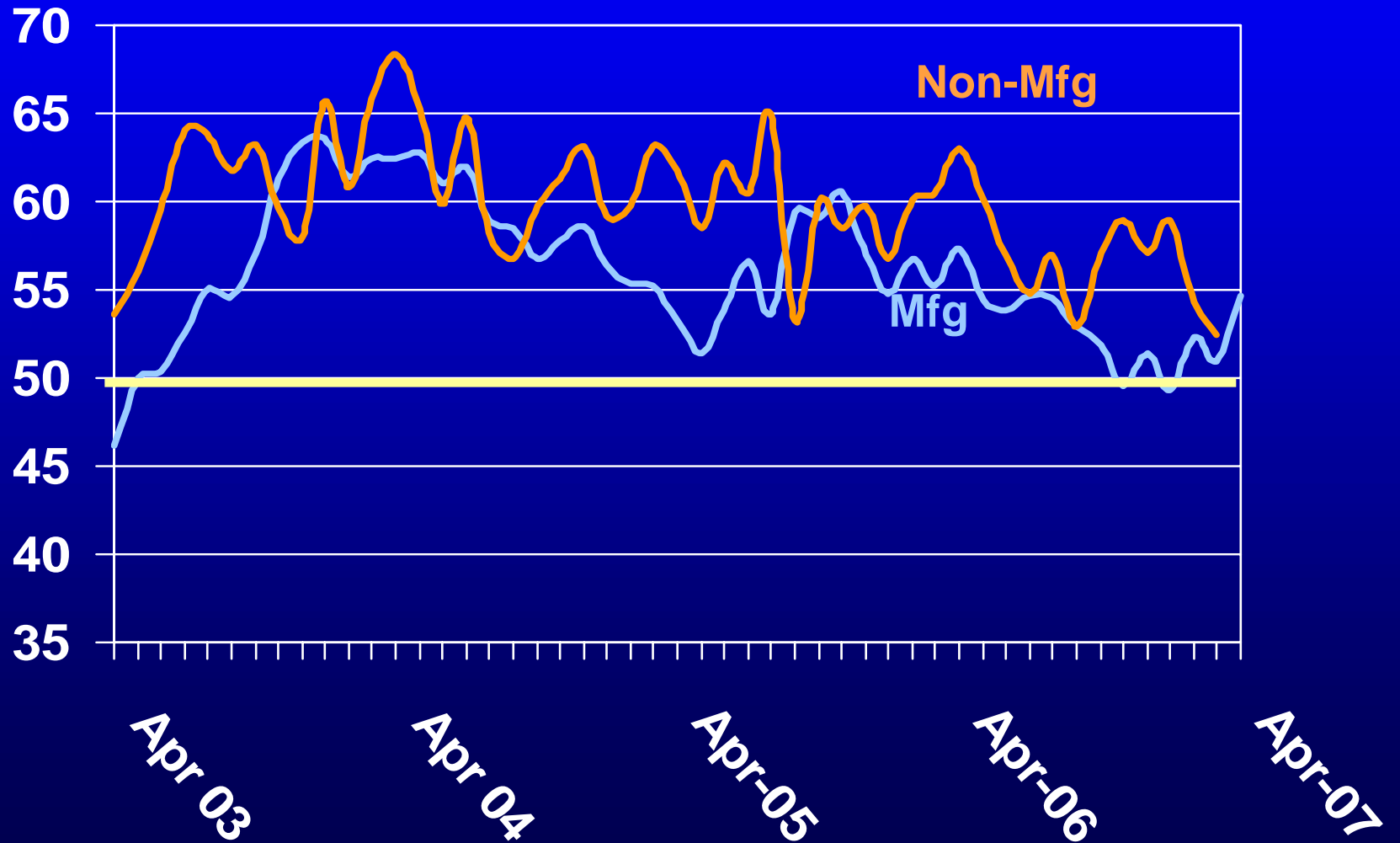
Source: Conference Board, GMU Center for Regional Analysis

Retail Sales, Excluding Gasoline Dec 05 – Dec 06

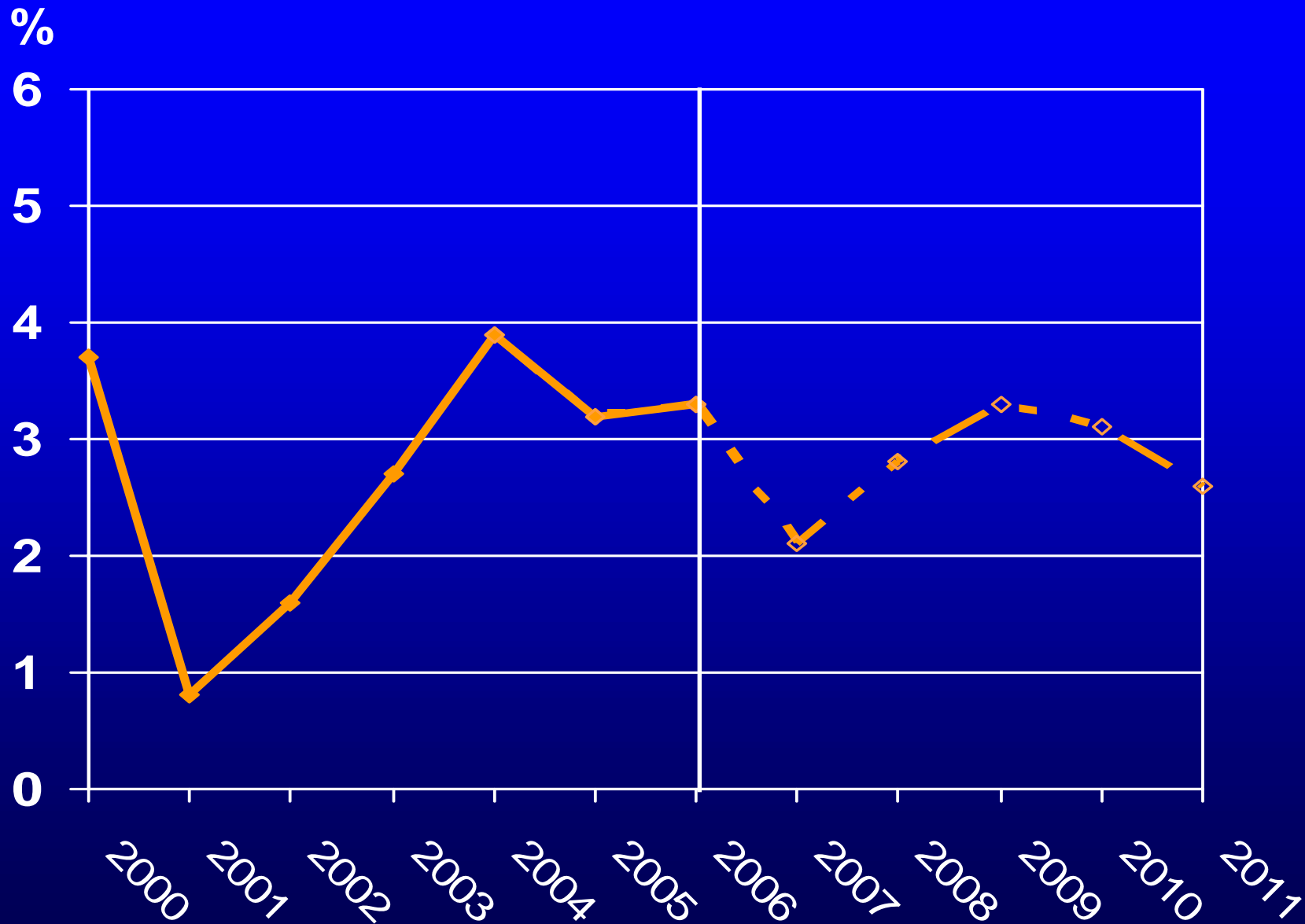
\$ Bil.



ISM Manufacturing and Non-Manufacturing Indices



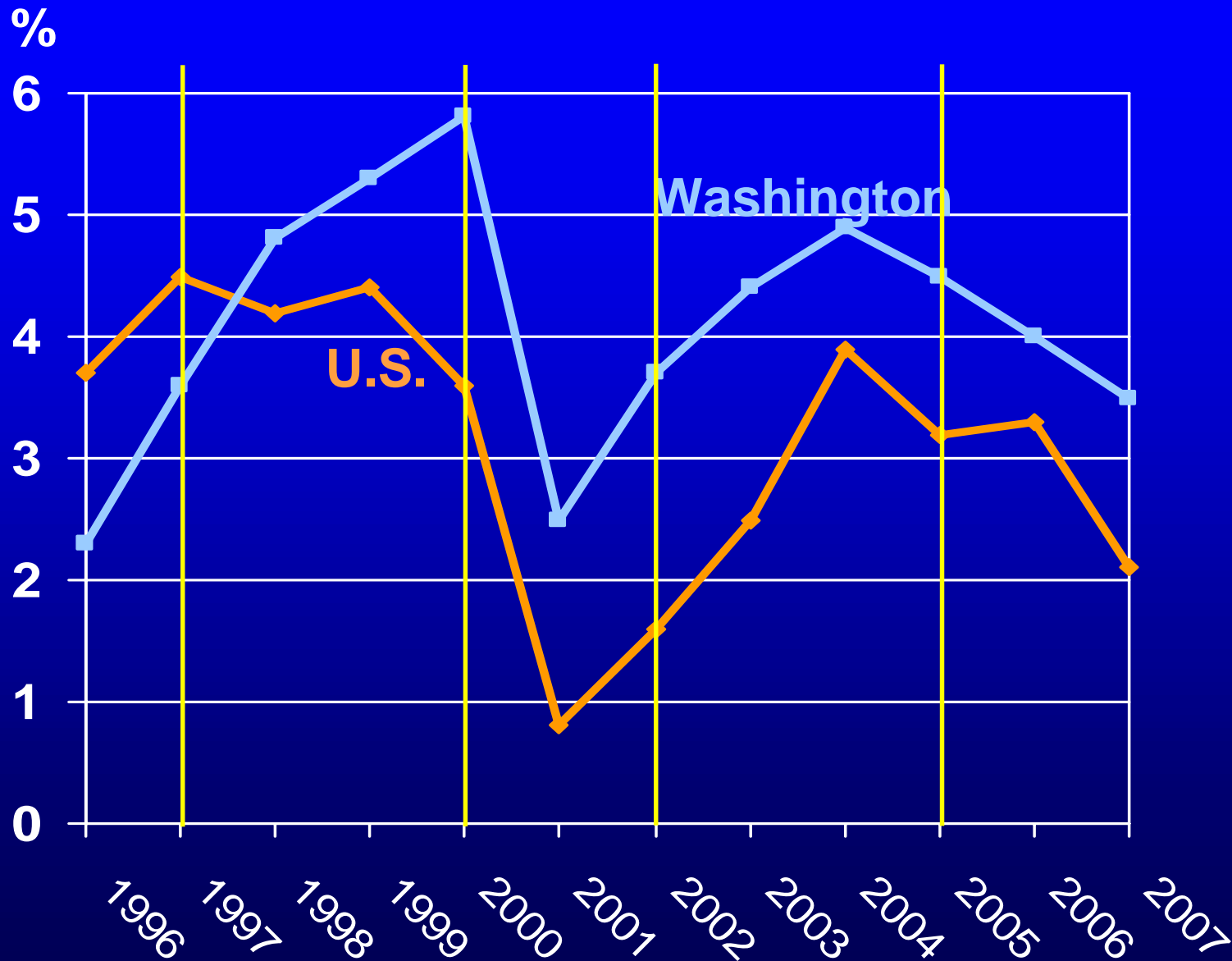
GDP 2000 - 2011



Source: Global Insight, GMU Center for Regional Analysis

The Washington Area Economy: Current Performance

GRP 1996 - 2007



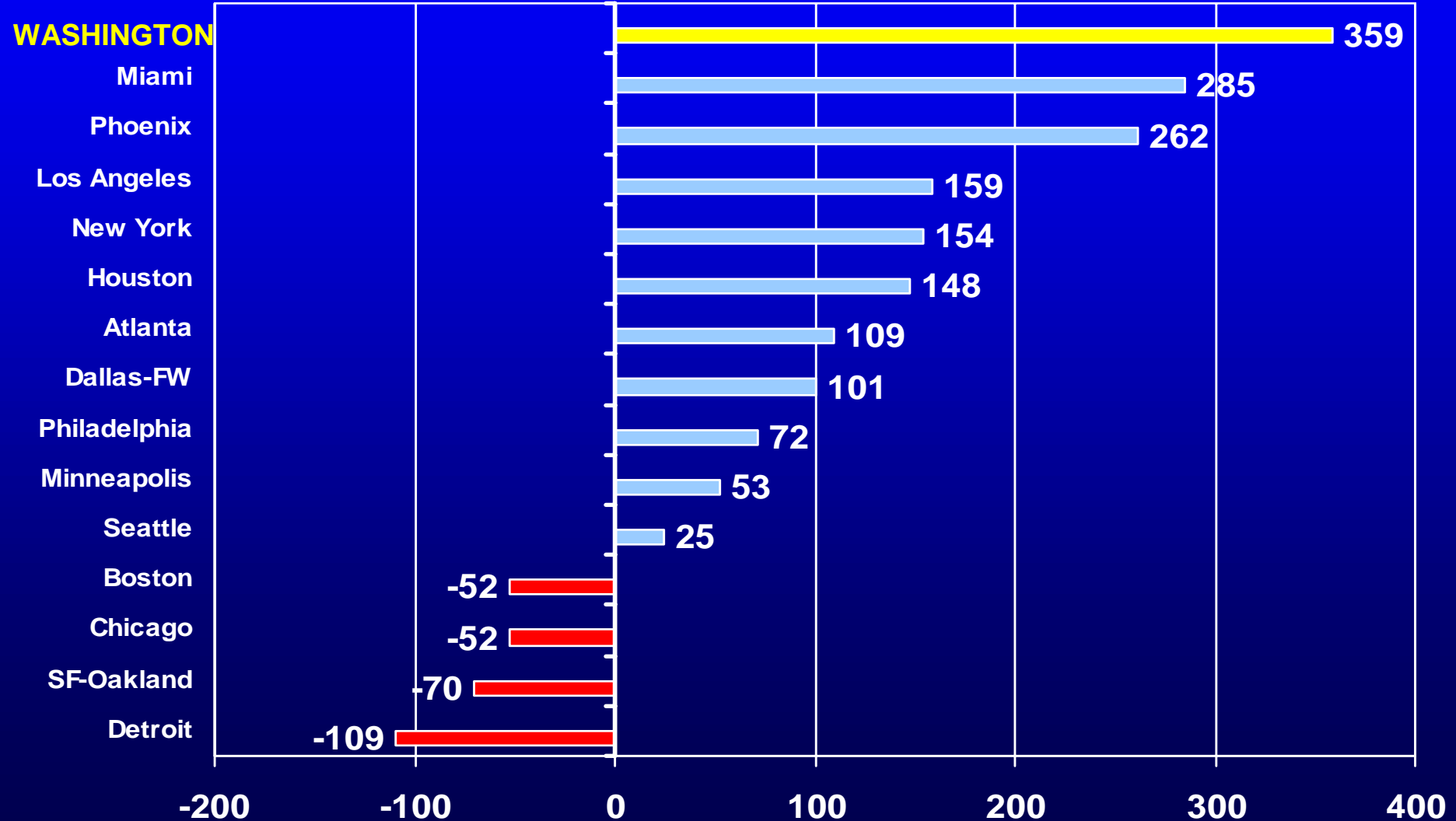
Source: GMU Center for Regional Analysis

Metro Comparisons

Job Change 2000-2005

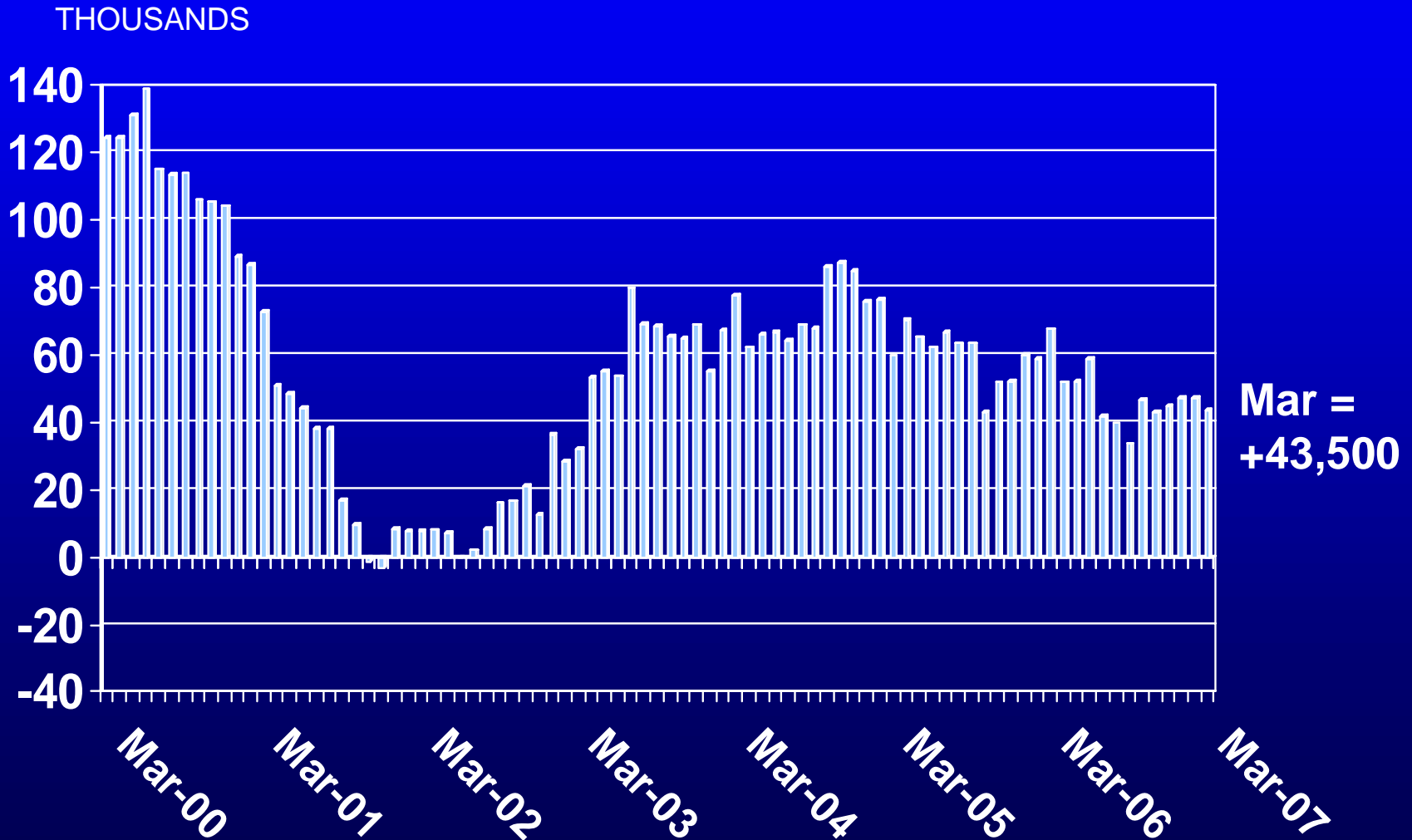
15 Largest Metro Areas

Thousands

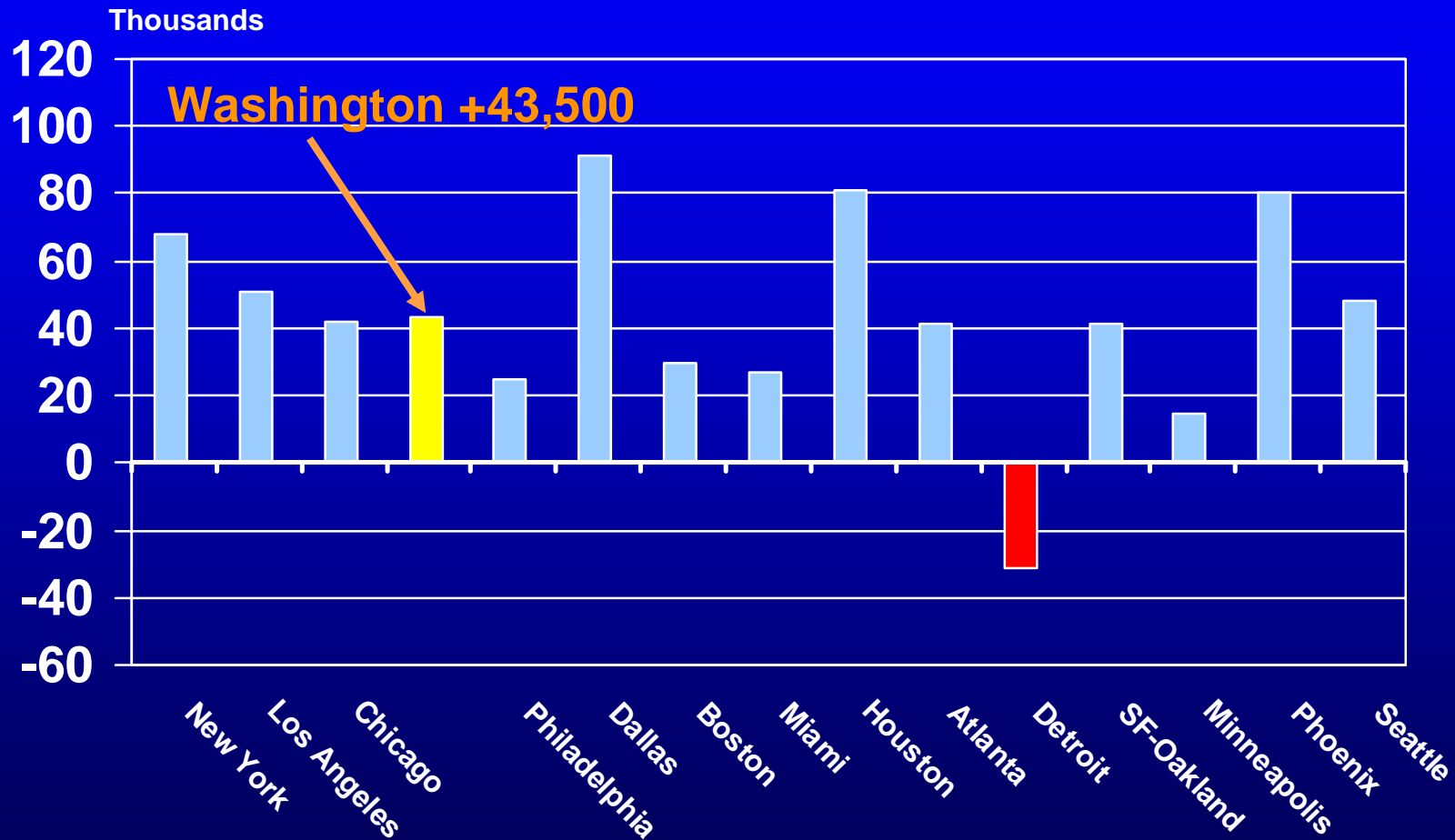


Source: BLS, GMU Center for Regional Analysis

Annual Job Change Washington MSA



15 Largest Job Markets Job Change Mar 06 – Mar 07



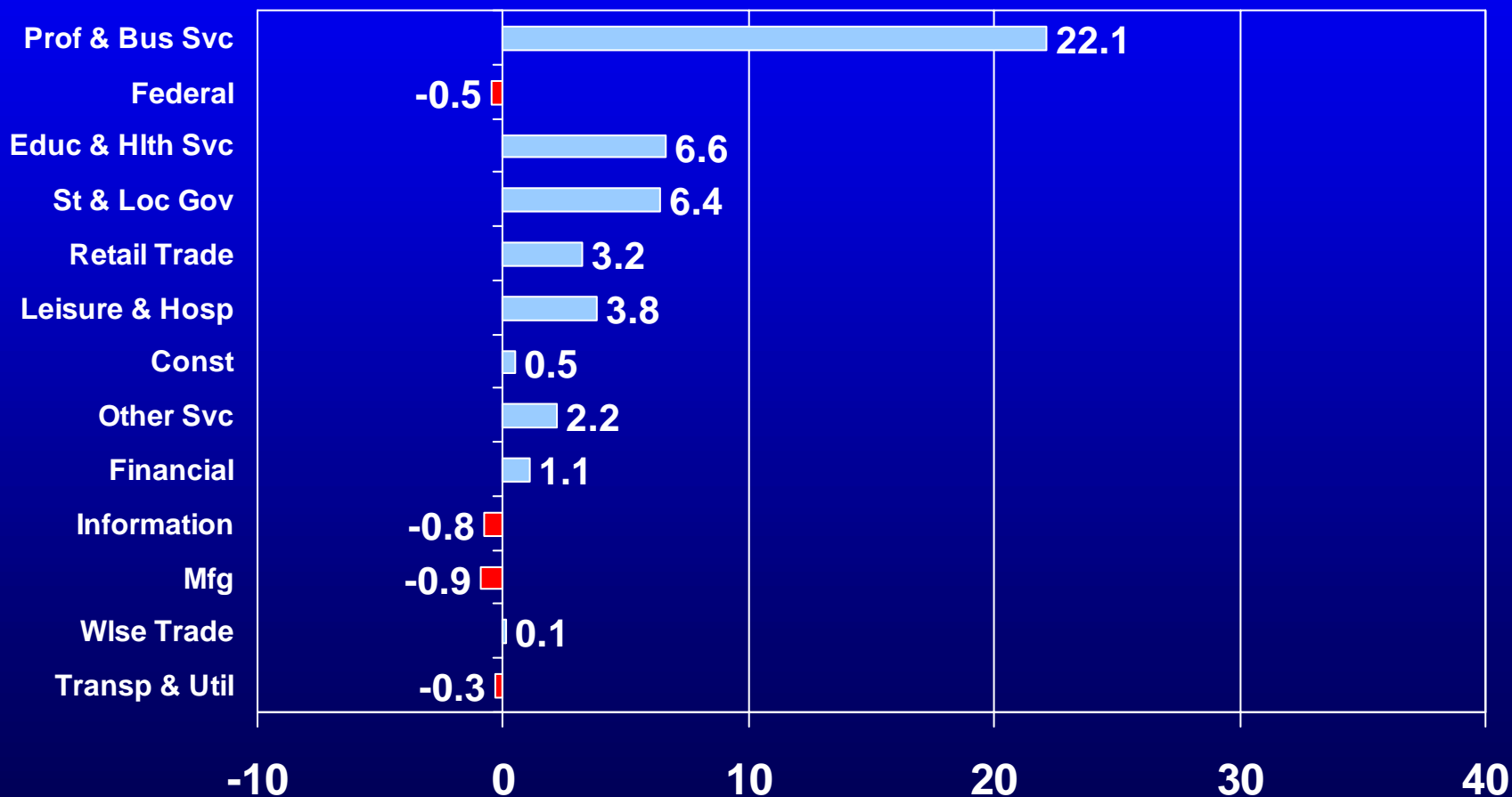
Ranked by Total Jobs

Mar 06 – Mar 07 Job Change By Sector MSA

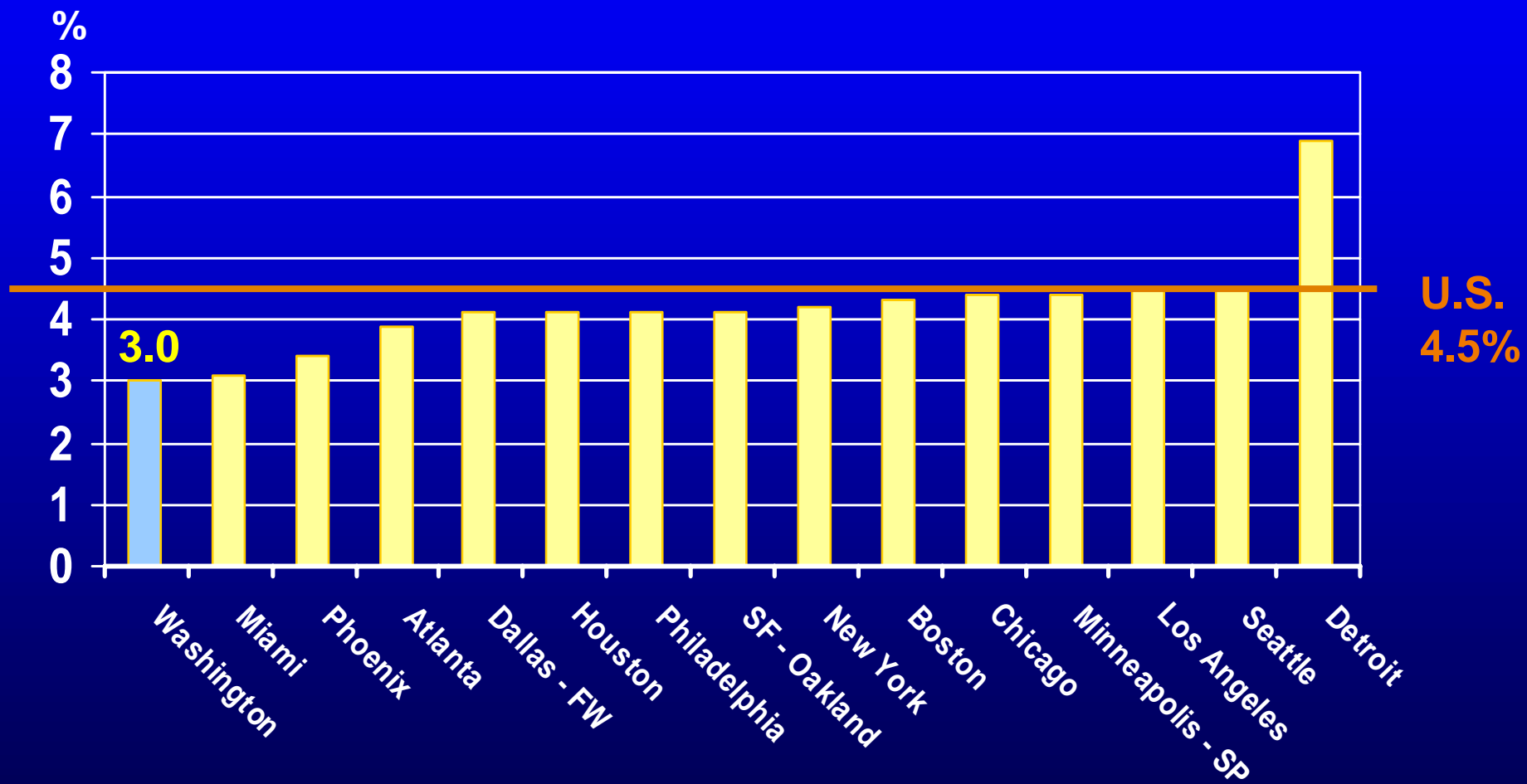
(000s)

Total = 43,500

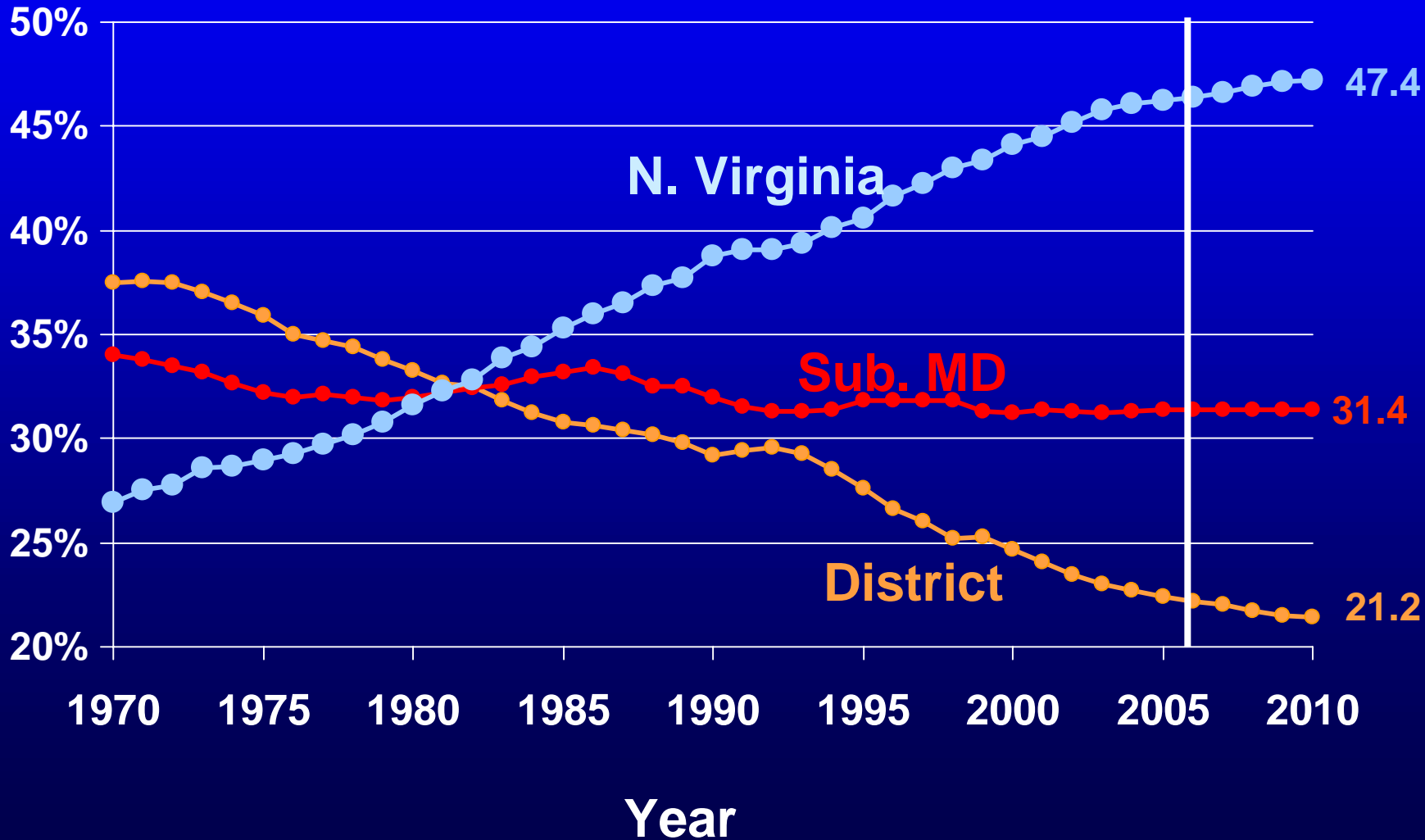
(Ranked by Size of Sector)



15 Largest Job Markets Ranked by Unemployment Rate March 2007



Share of Washington Area Economy 1970-2005



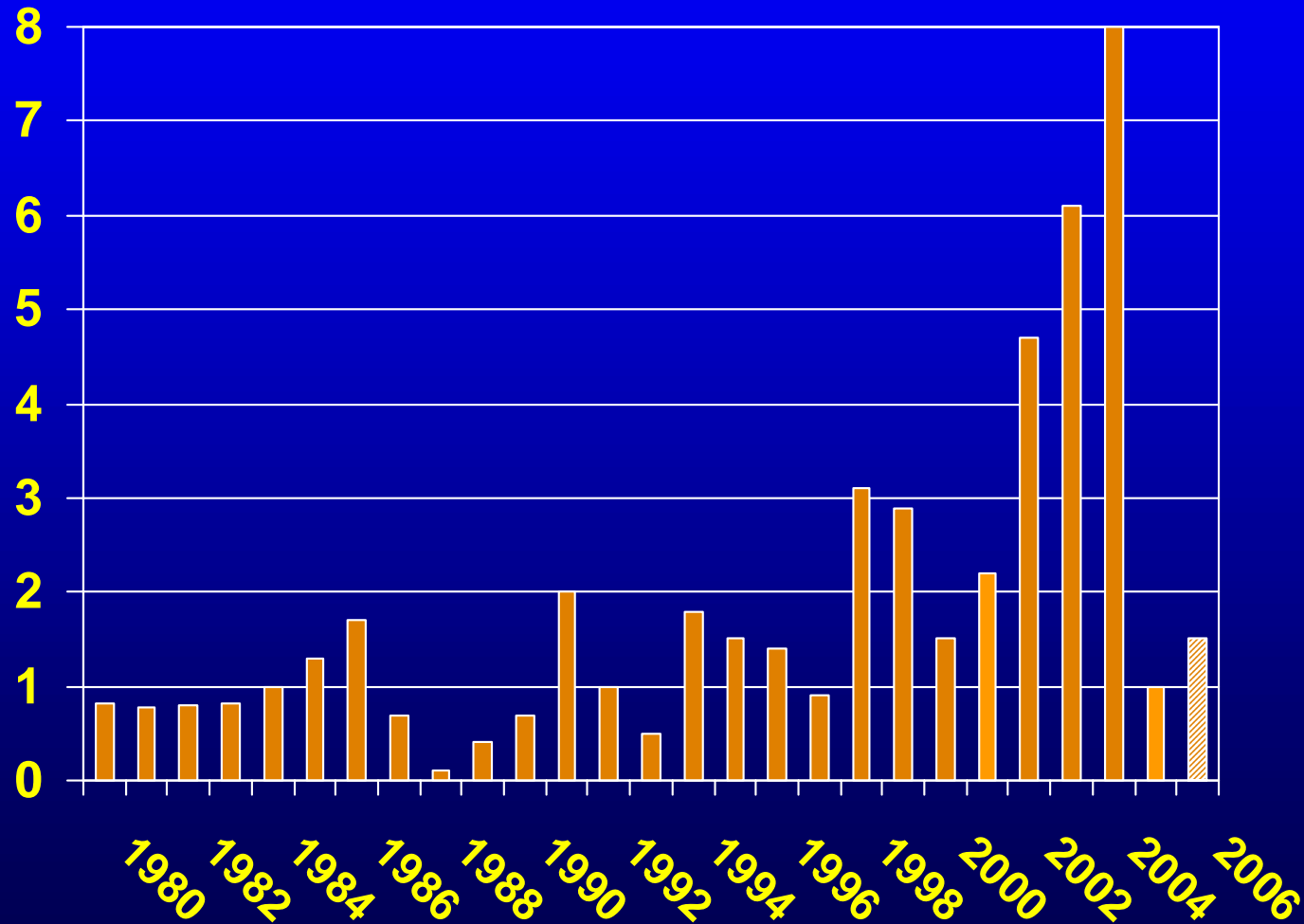
What is Different About The Washington Area Economy?

Federal Spending by Type 1983 - 2006



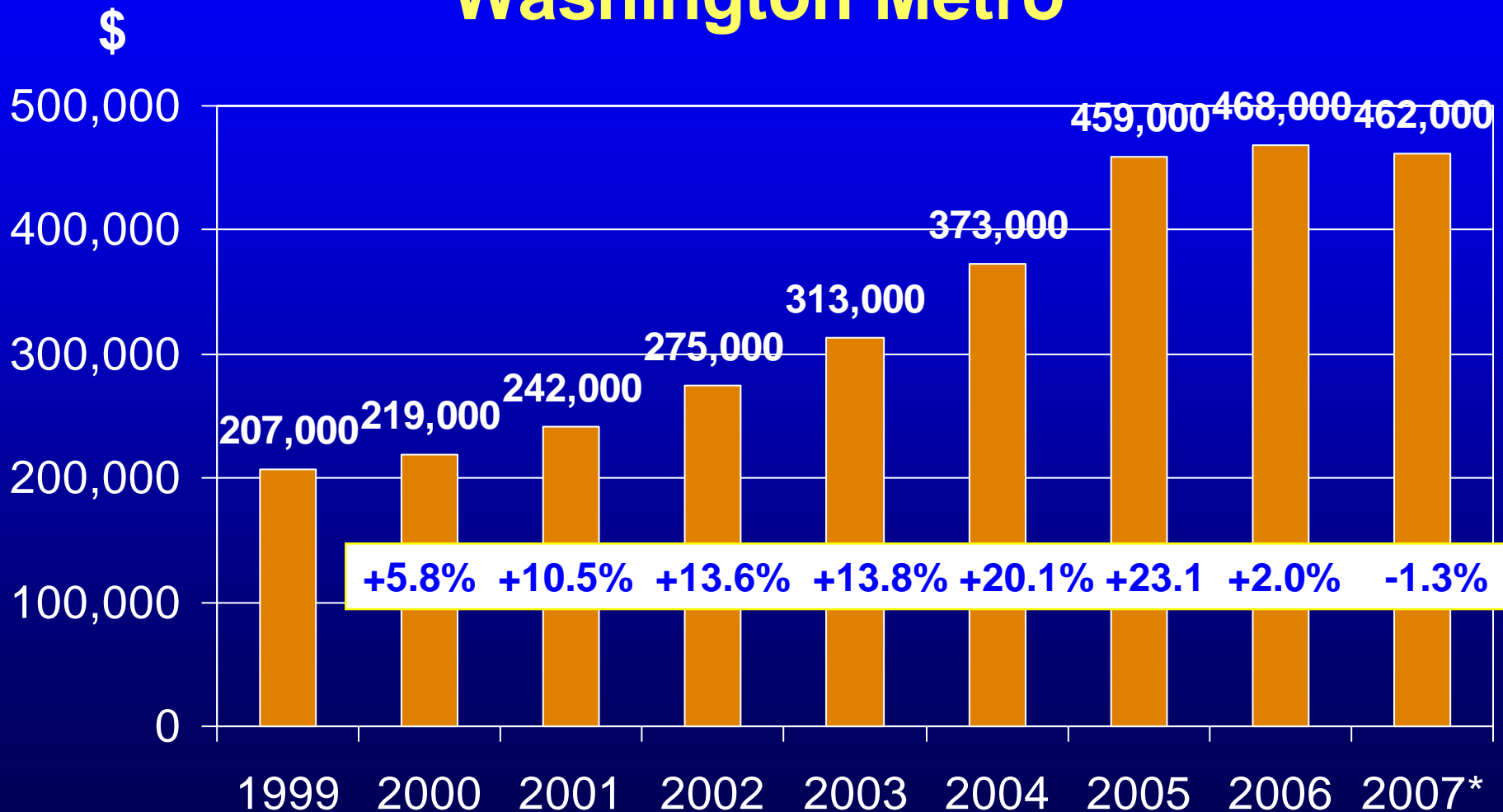
Annual Change in Federal Procurement Spending Washington Metro Area

\$ Billions



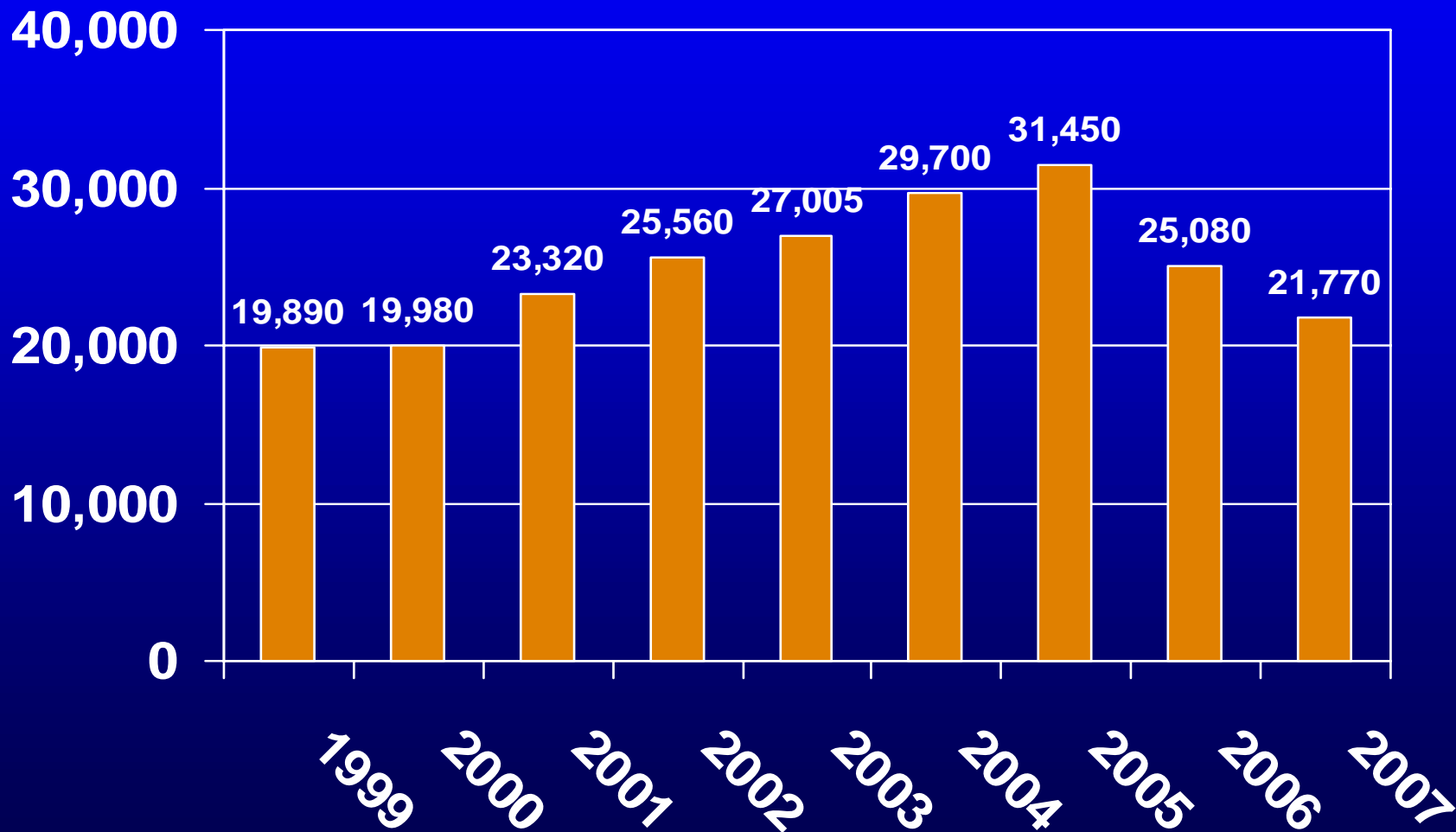
The Real Estate Market

Average Sales Price All Housing Types Washington Metro

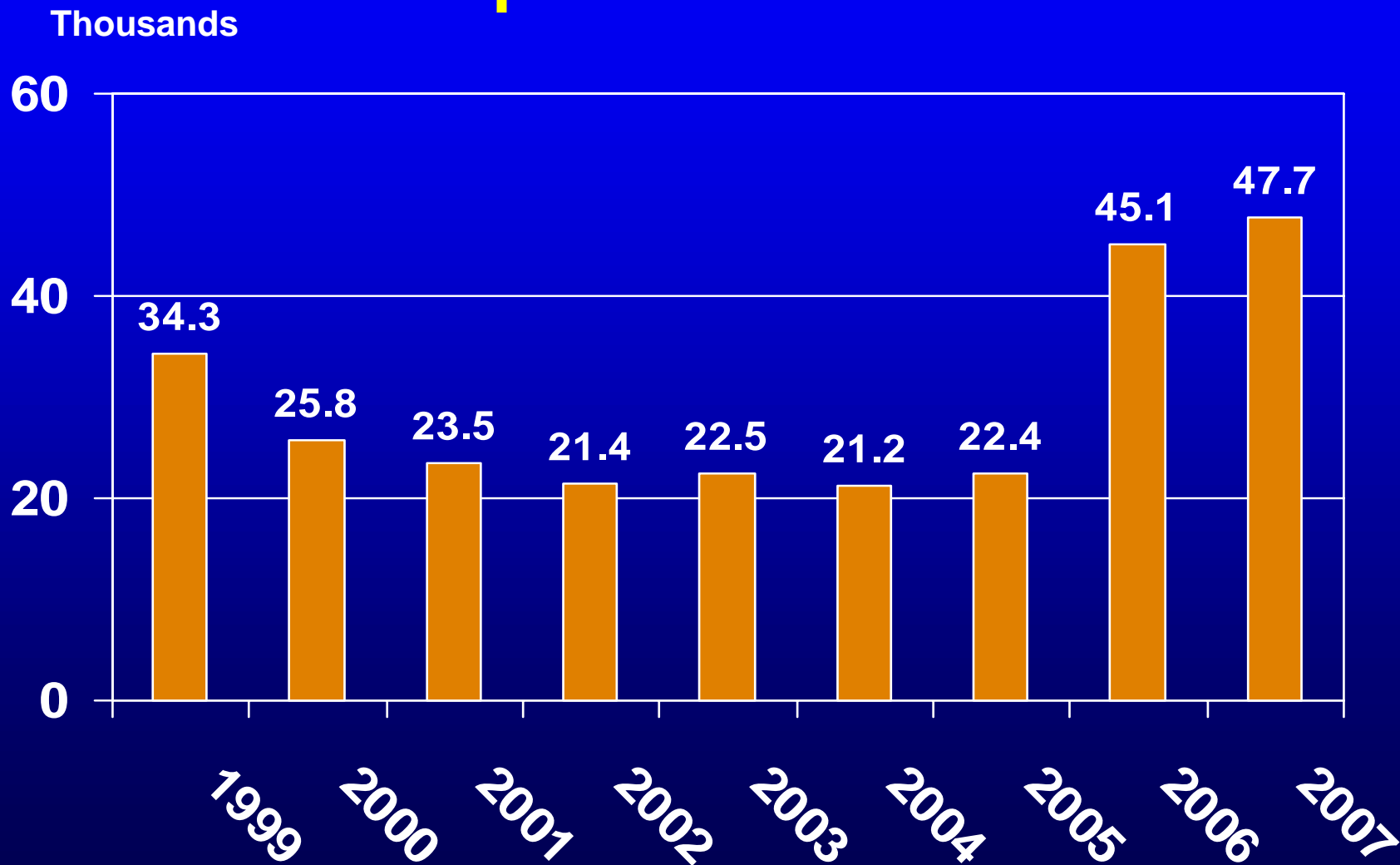


Source: MRIS, GMU Center for Regional Analysis

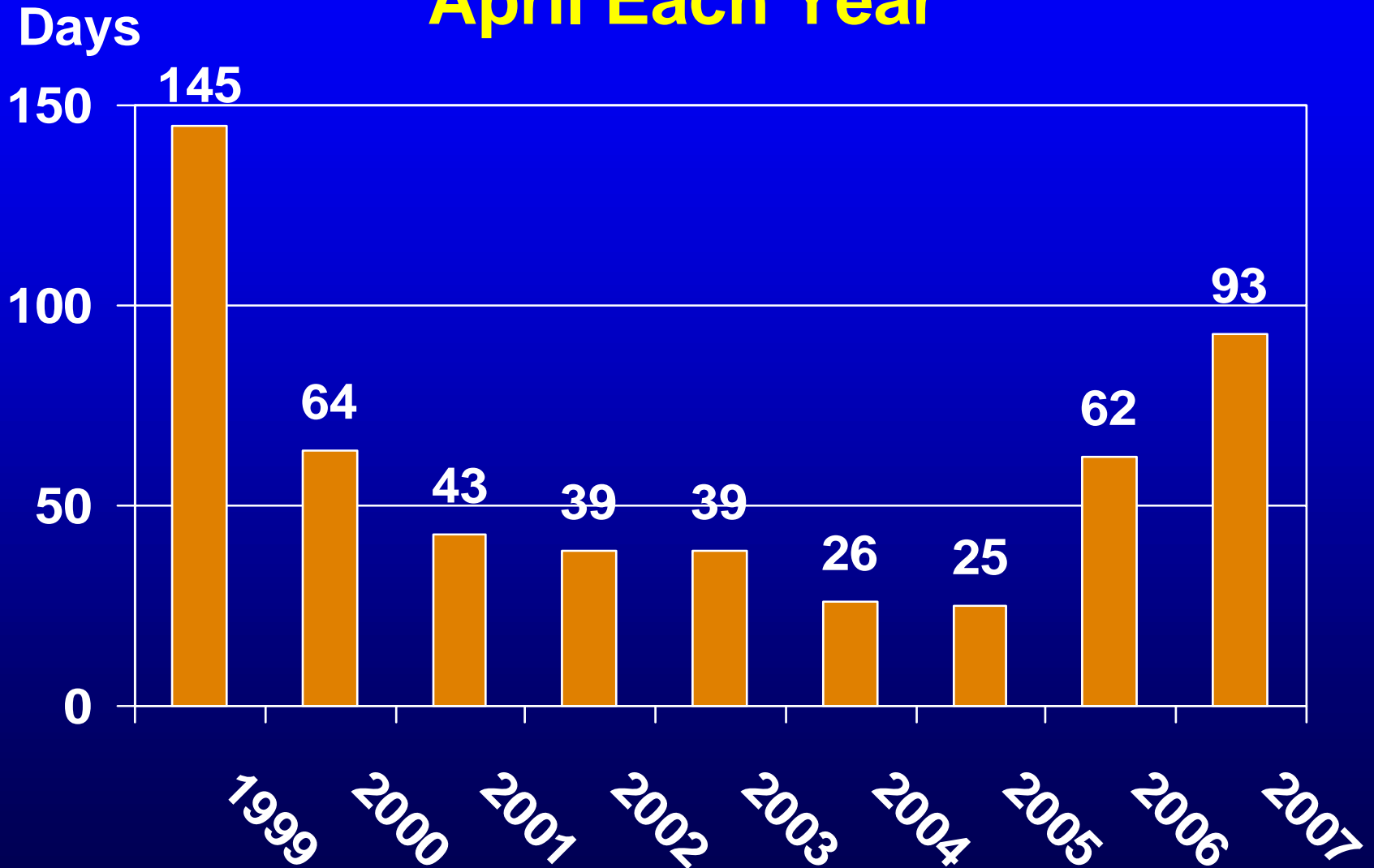
Total Units Sold Washington Metro Area Jan-Apr Each Year



Total Active Listings Washington Metro Area April Each Year

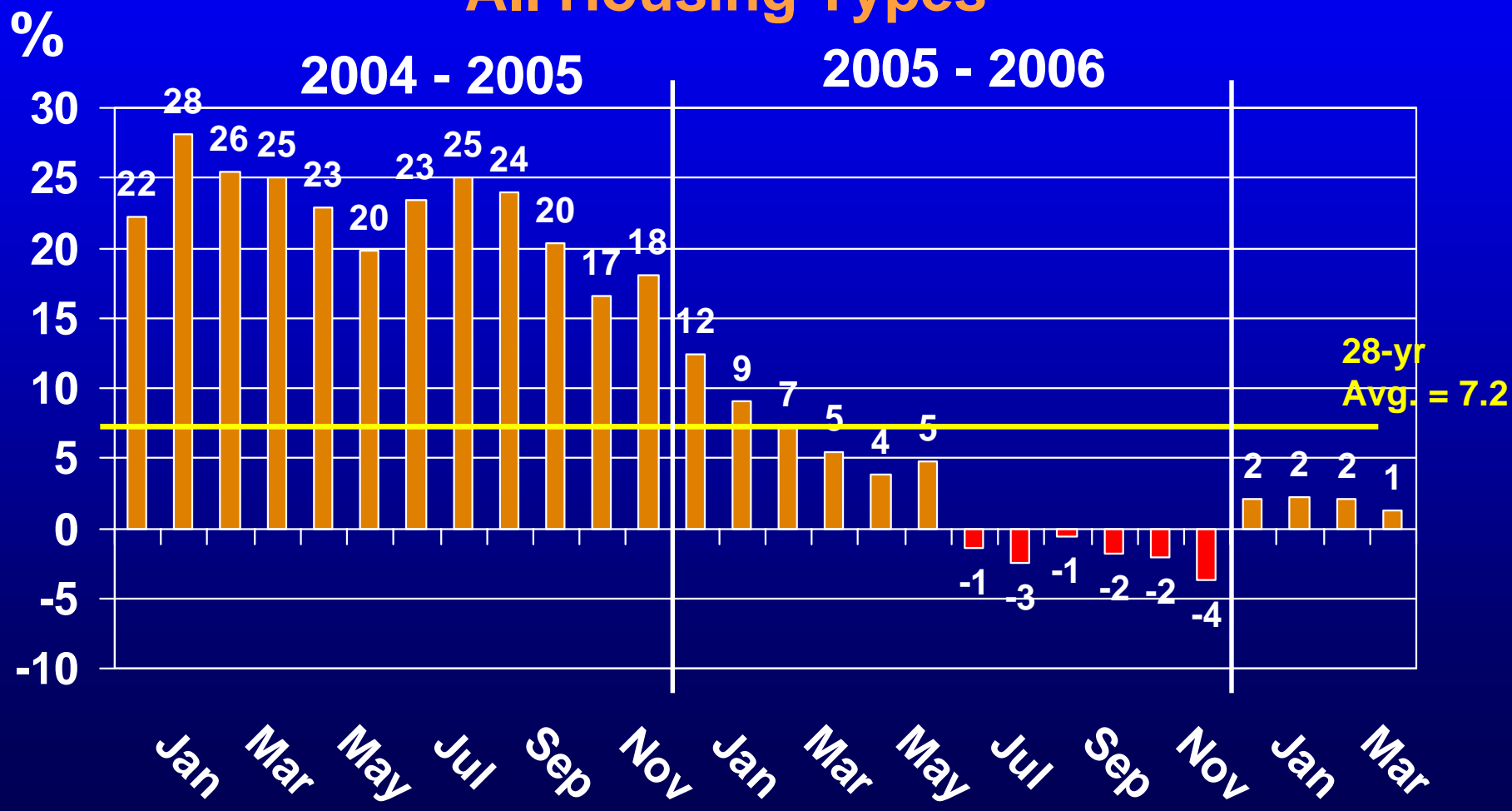


Days on Market Washington Metro Area April Each Year



Source: MRIS, GMU Center for Regional Analysis

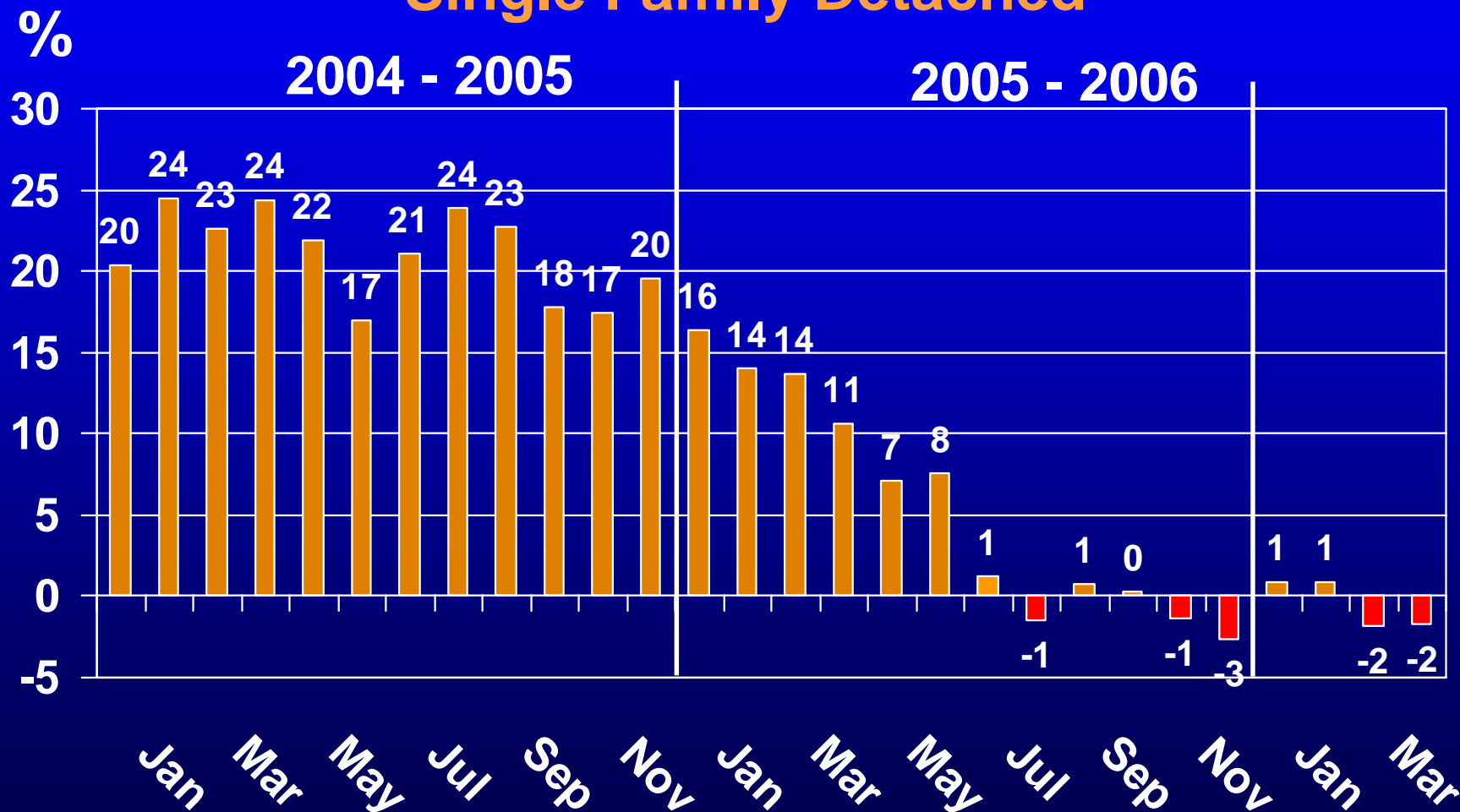
Average Sales Price Percent Change Month-over-the-year, 2004 - 2005 - 2006 Washington MSA All Housing Types



Average Sales Price Percent Change Month-over-the-year, 2004 - 2007

Washington MSA

Single Family Detached

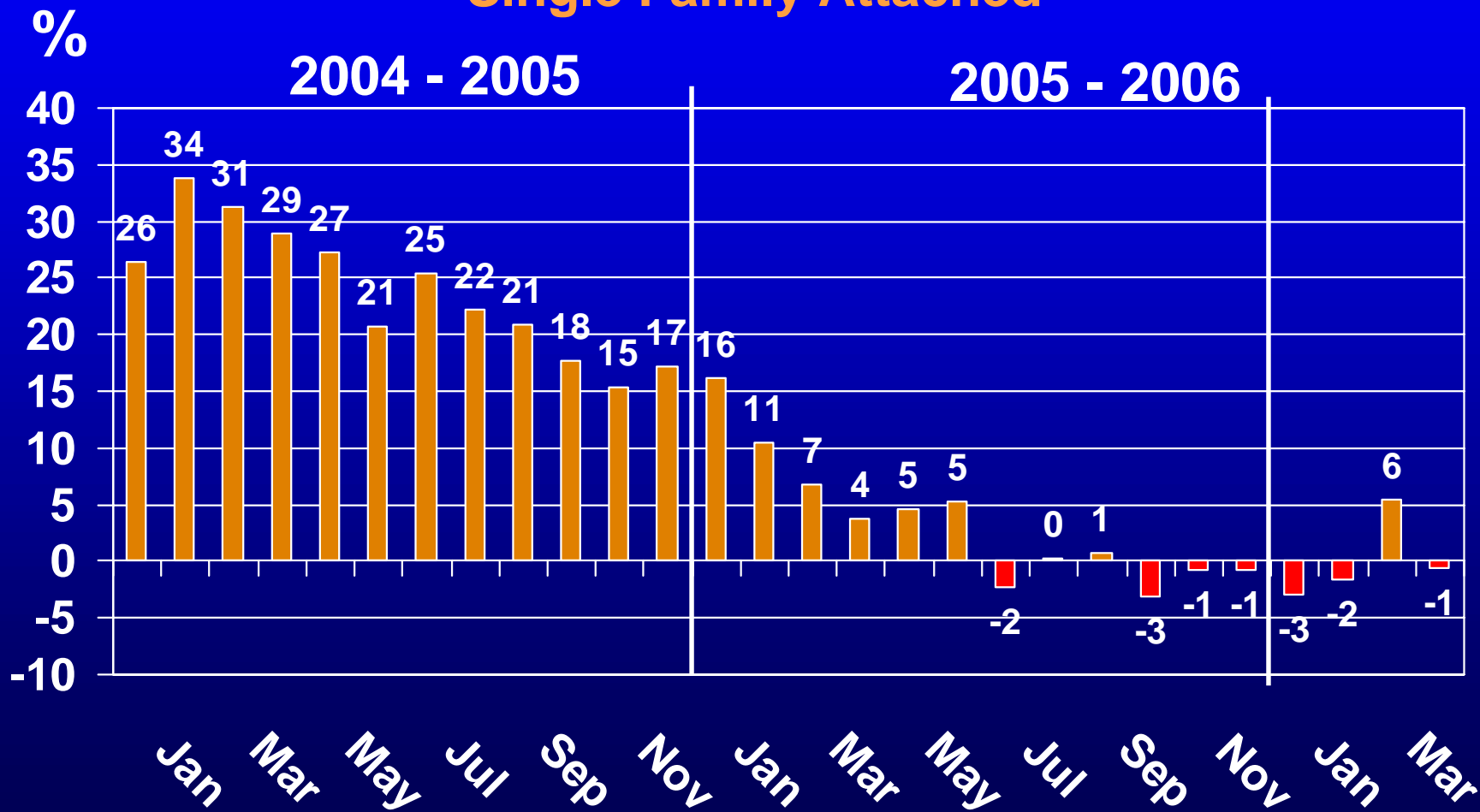


Source: MRIS, GMU Center for Regional Analysis

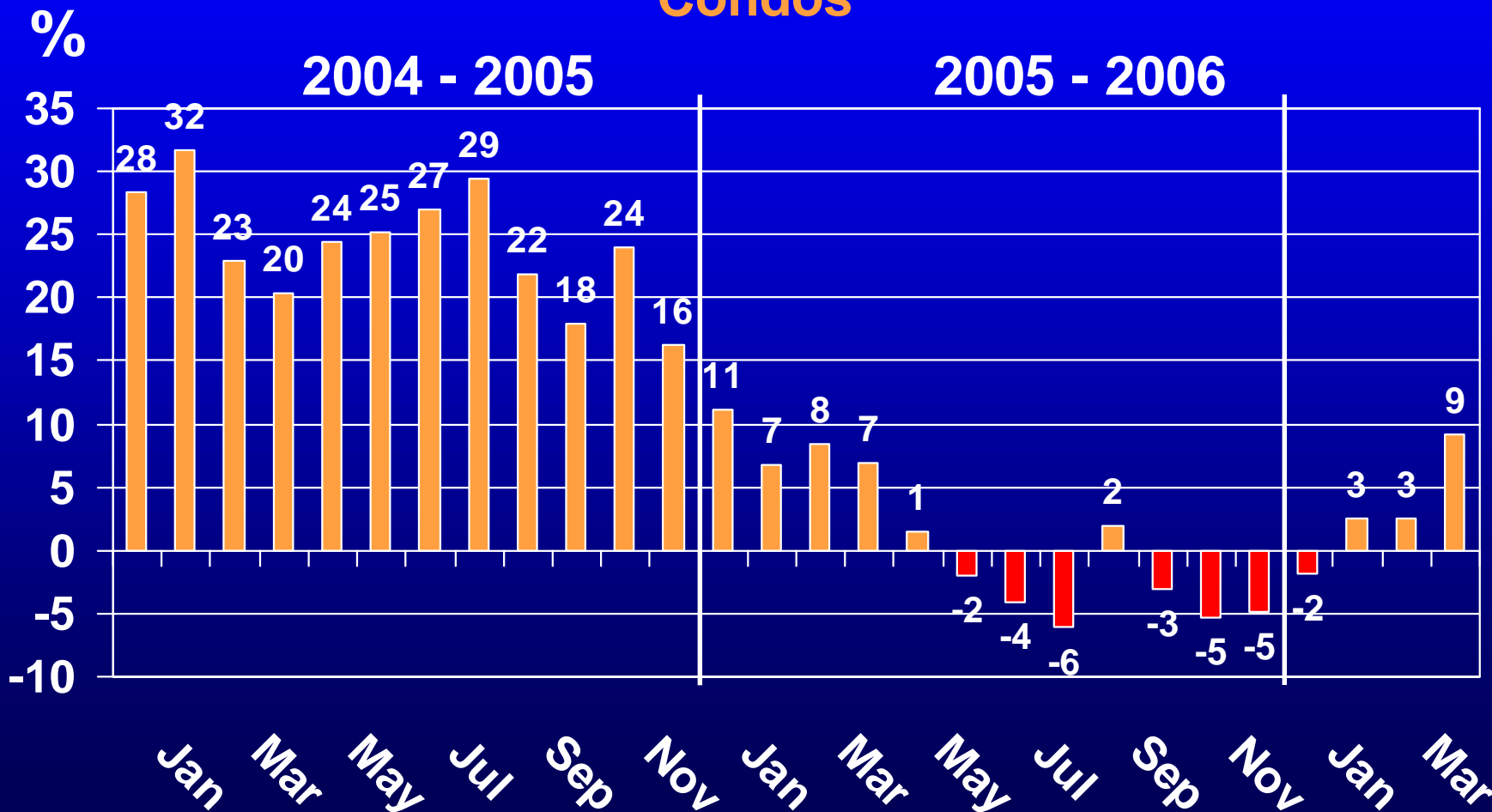
Average Sales Price Percent Change Month-over-the-year, 2004 - 2007

Washington MSA

Single Family Attached



Average Sales Price Percent Change Month-over-the-year, 2004 - 2007 Washington MSA Condos

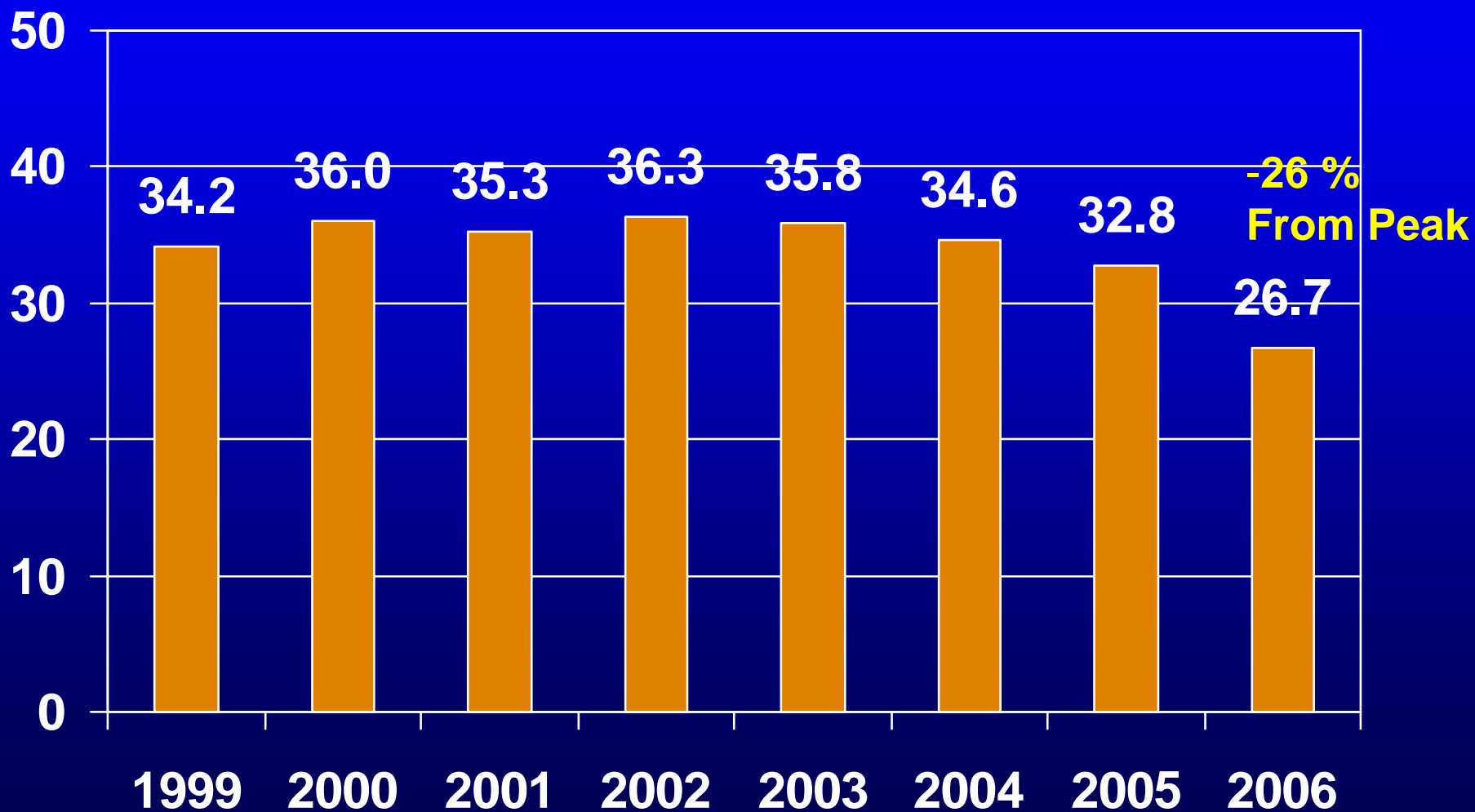


Percent Change in Inventories of Existing Homes Month-Over-the-Year-Change 2000 – 2007, MSA



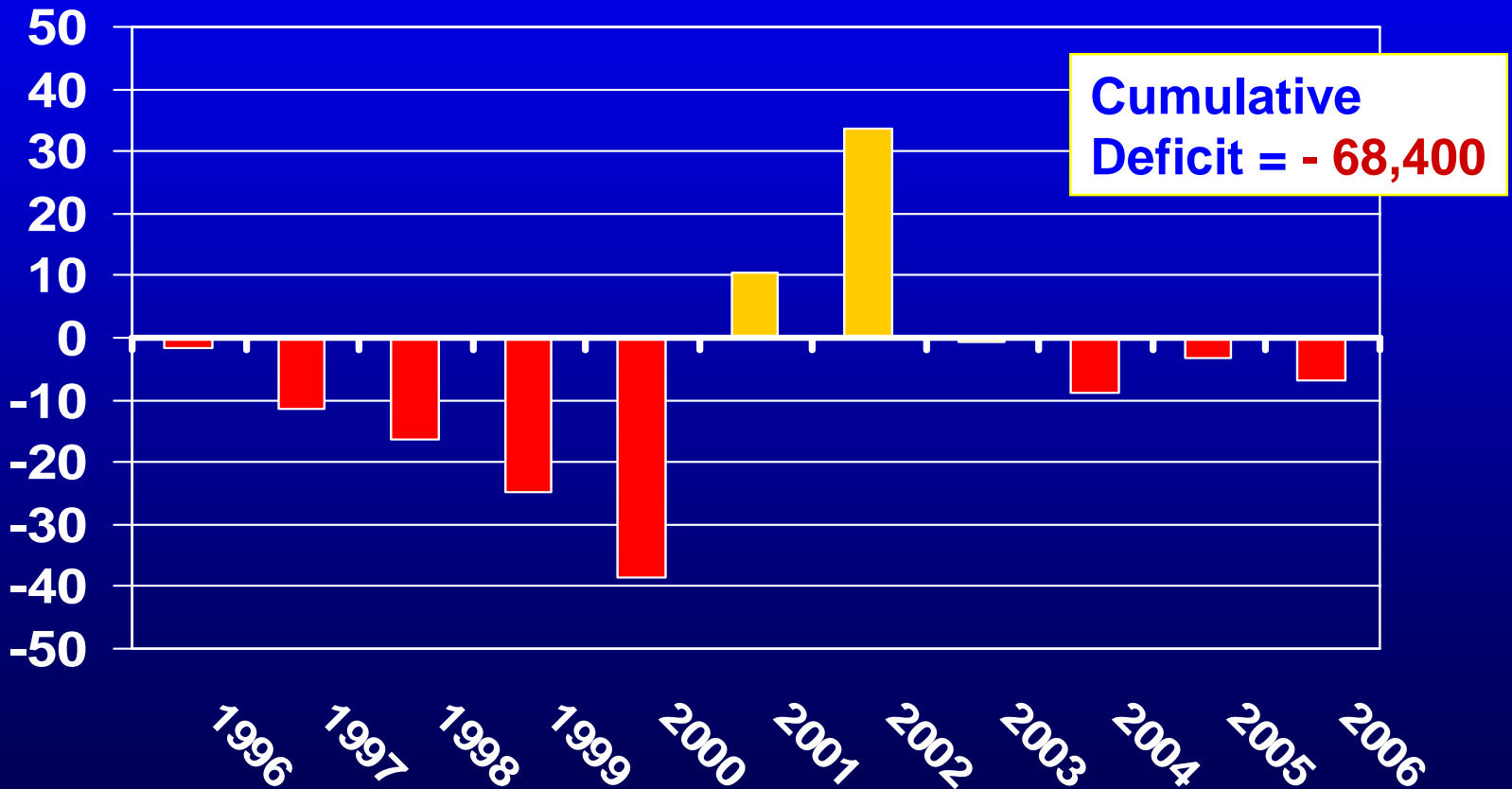
Building Permits Washington Metro Area

Thousands



Annual Change In Housing Demand vs. Housing Supply 1996 - 2006 Washington MSA

Units in 1000s



Major Metro Area Housing Market Slumps Since 1977

Metro Area	Housing Price Index Decline	Time Period	Annual Rate of Job Change During Decline
Los Angeles	- 22 %	90 – 93	- 120,000
Detroit	- 14 %	81 – 83	- 24,000
Boston	- 11 %	90 – 92	- 46,000
Washington	- 3 %	91 – 93	9,000

Housing Outlook for 2007

- **Market Adjustment nearing end – inventory stabilizing and prices will begin stabilizing**
- **2007 Prices will increase in the range of 0 - 5 %
- by 2008-9 returning to long-term normal of 7%**
- **Sales volume will drop back to 1998 – 1999 levels**
- **Days on Market leveling in the 90s**

Five-Year Forecast

Employment Change by Sub-state Region (000s)

	2006	2007	2008	2009	2010	2011
D.C.	6.1	5.3	5.7	5.0	4.6	4.1
S. MD	10.6	10.5	12.6	12.6	12.5	11.6
No. VA	30.5	28.7	32.9	31.4	29.6	25.9
REGION	47.2	44.5	51.2	49.0	46.7	41.6

1.6% 1.5% 1.7% 1.6% 1.5% 1.3%

Average Annual Change 1990-2006 = 45,000/yr

Based on 2006 BLS Benchmarked Data.



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