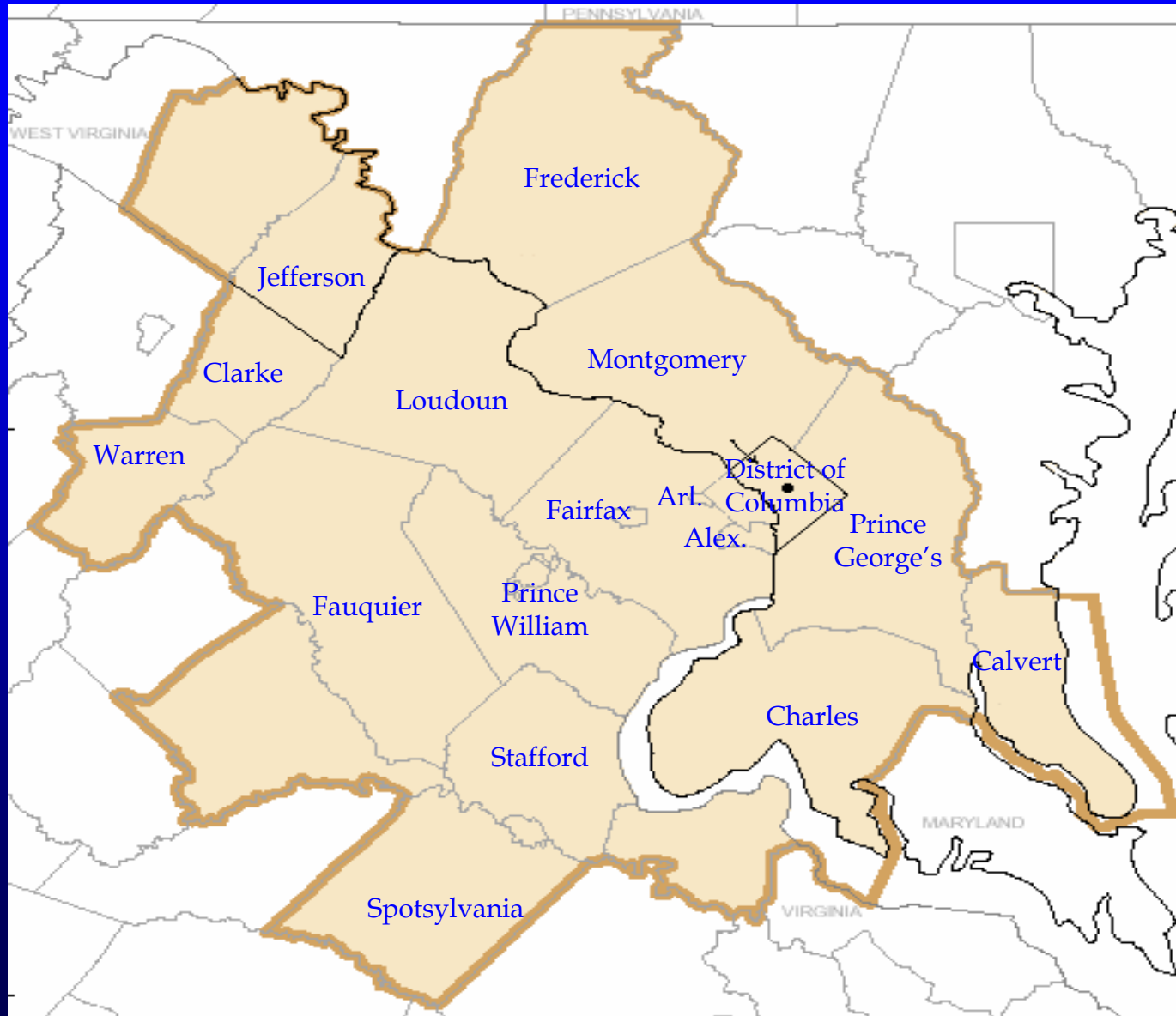


The Washington Area Economy Trends and Forecasts

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

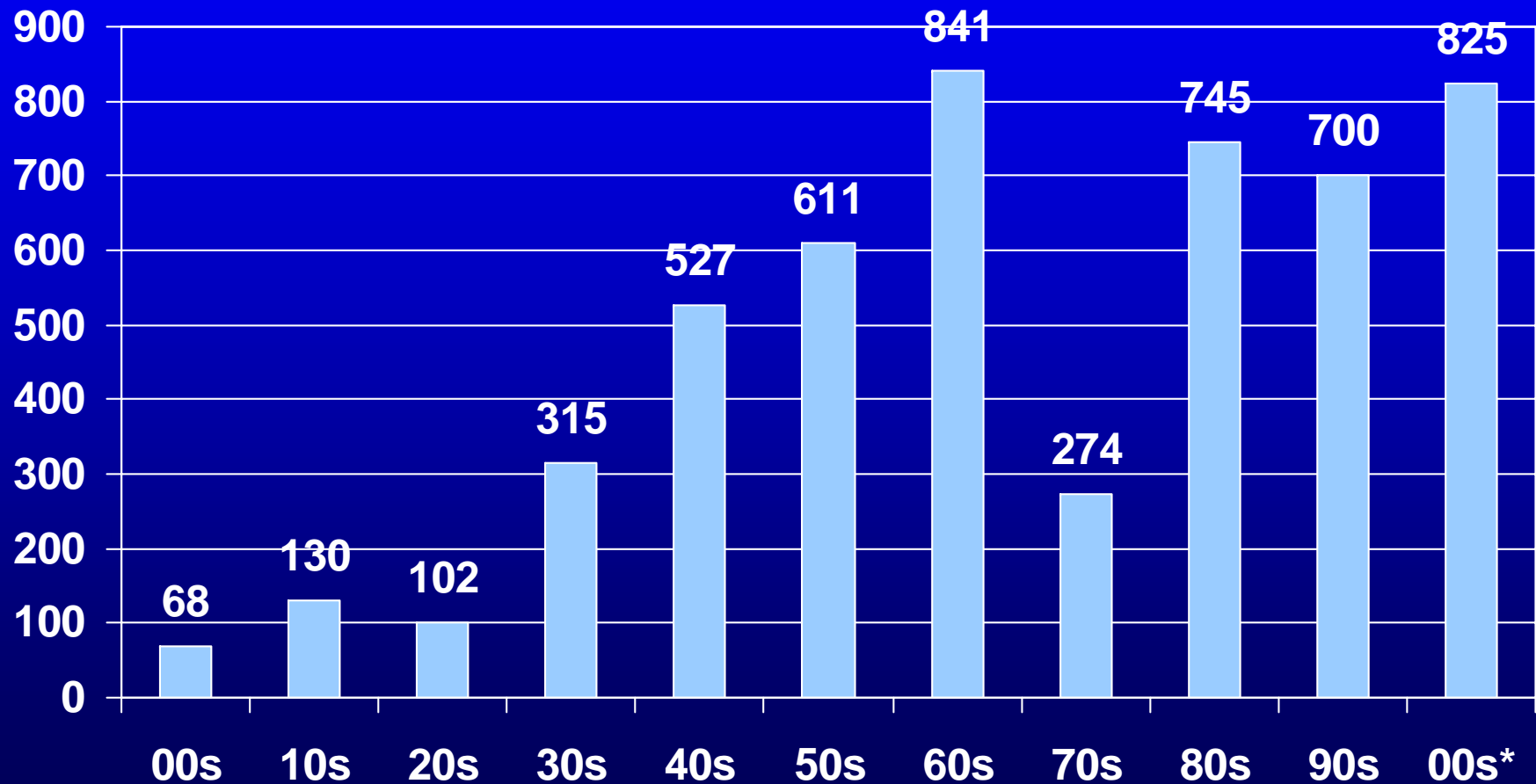
July 23, 2007

The Washington DC MSA



Population Growth by Decade Washington PMSA 1900 - 2010

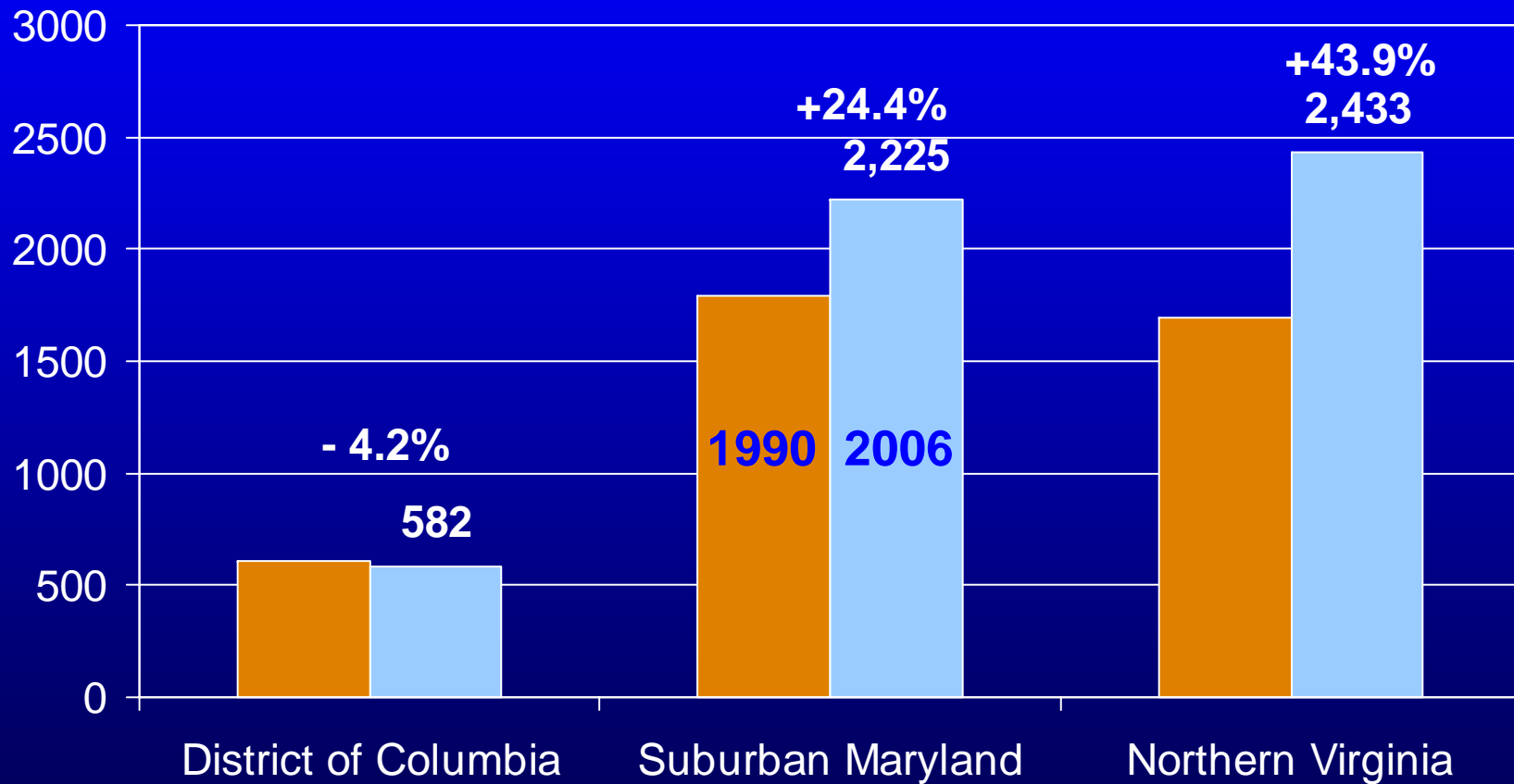
Thousands



* Extrapolated from 00-06 Data

Population Change 1990 - 2006

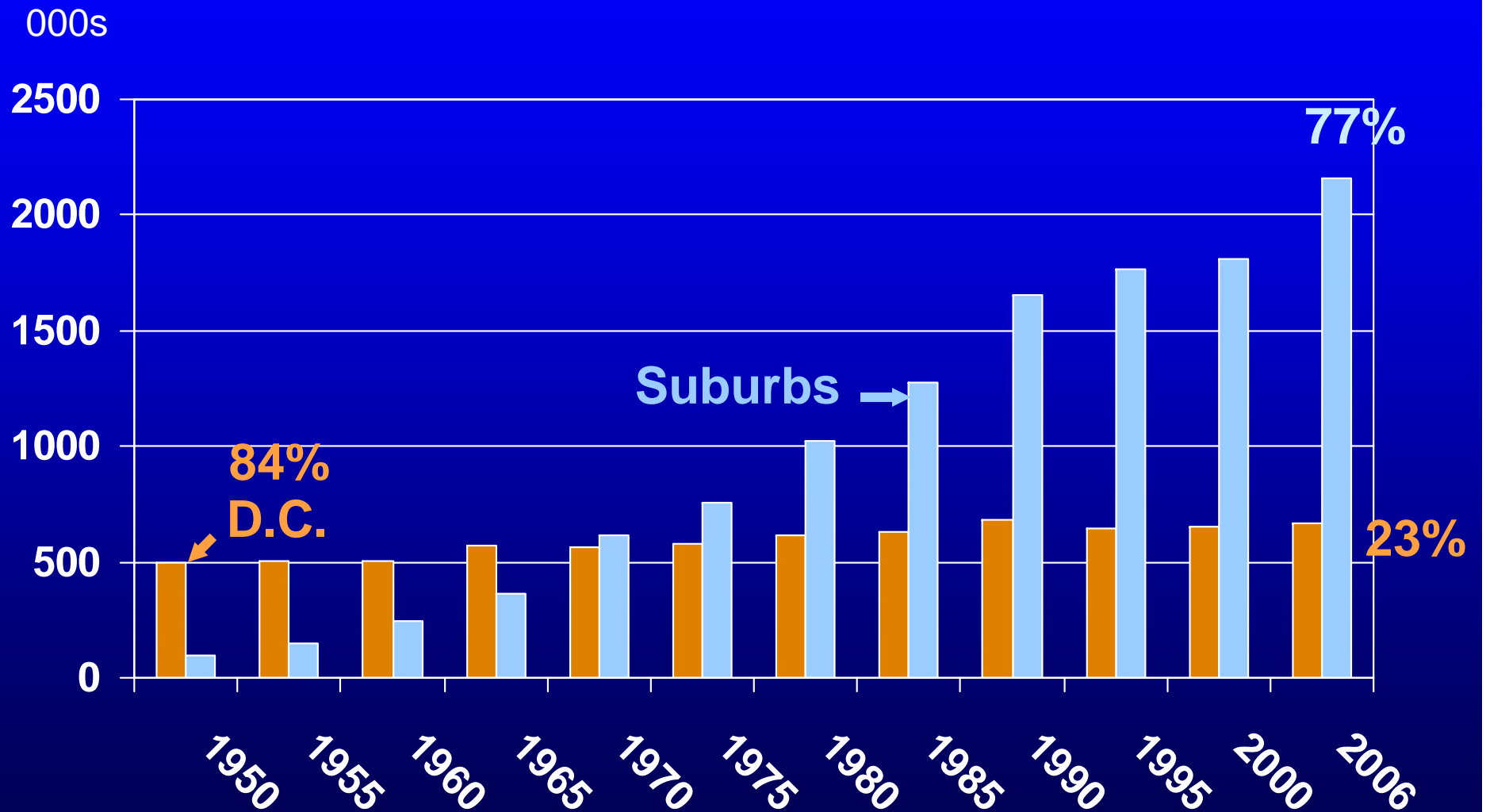
Thousands



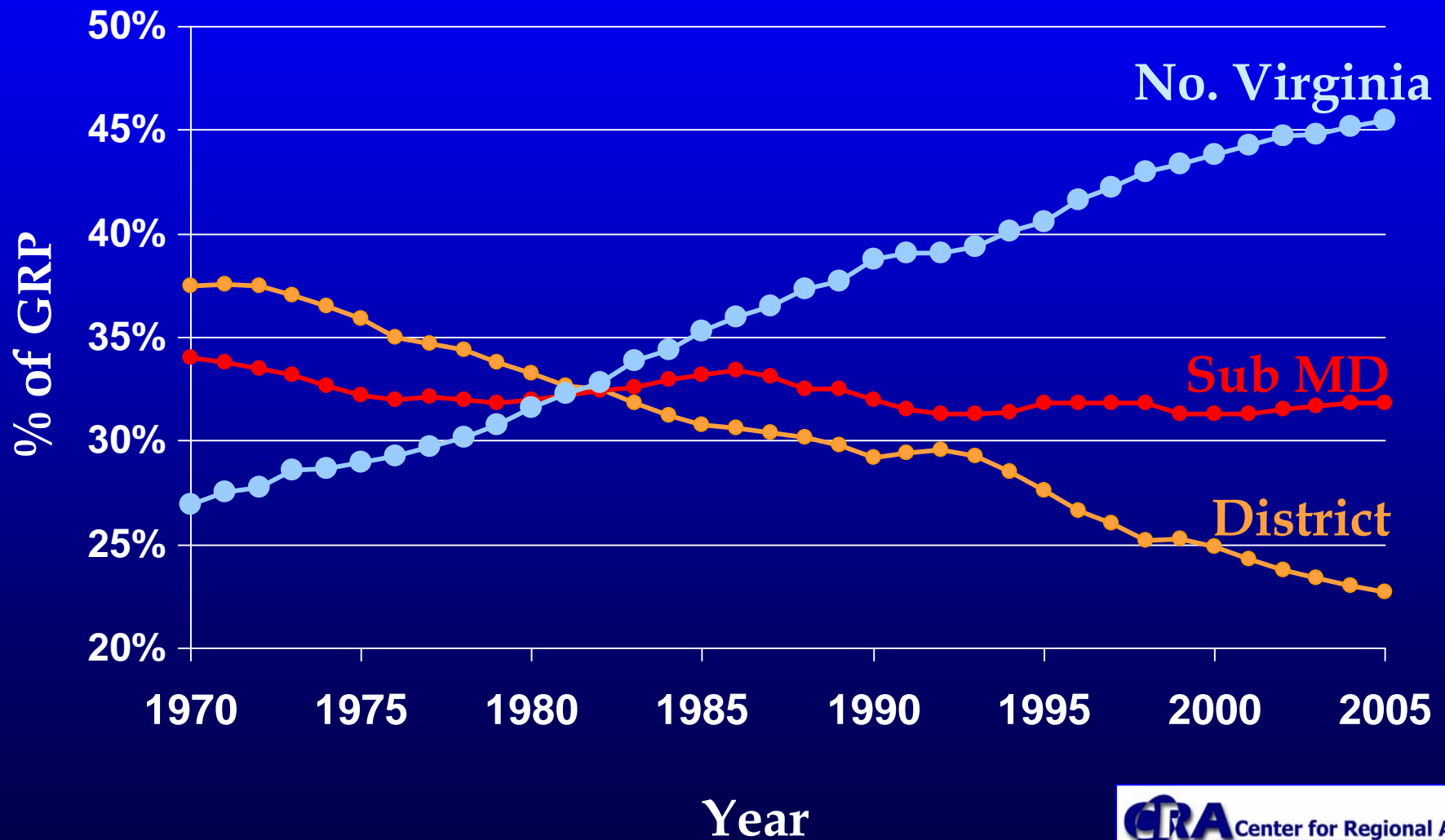
MSA = 5.3 Million

CSA = 8.2 Million

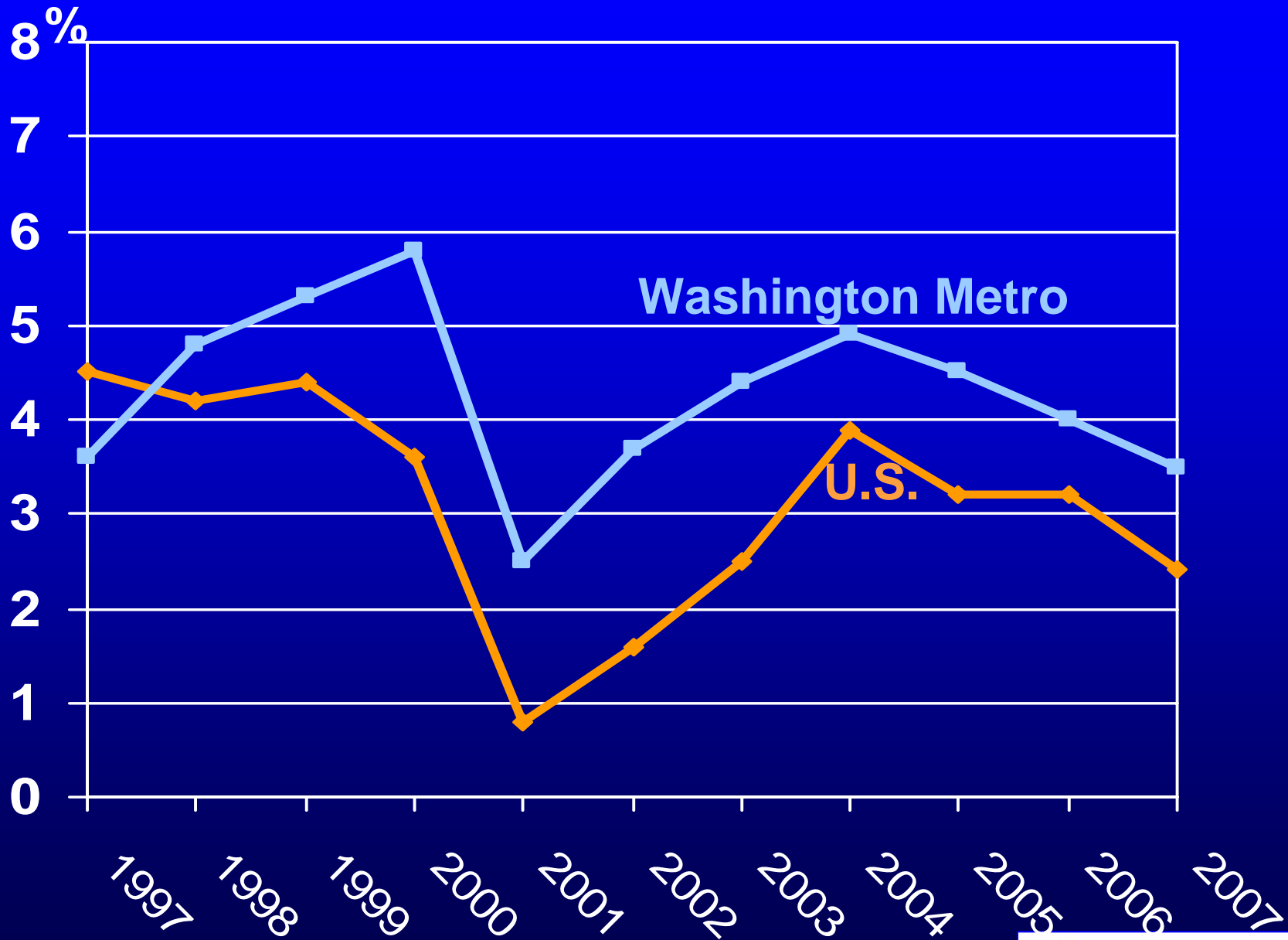
Jobs: DC and Suburbs 1950 - 2006



Share of Washington Area Economy 1970-2005



GRP 1997 - 2007

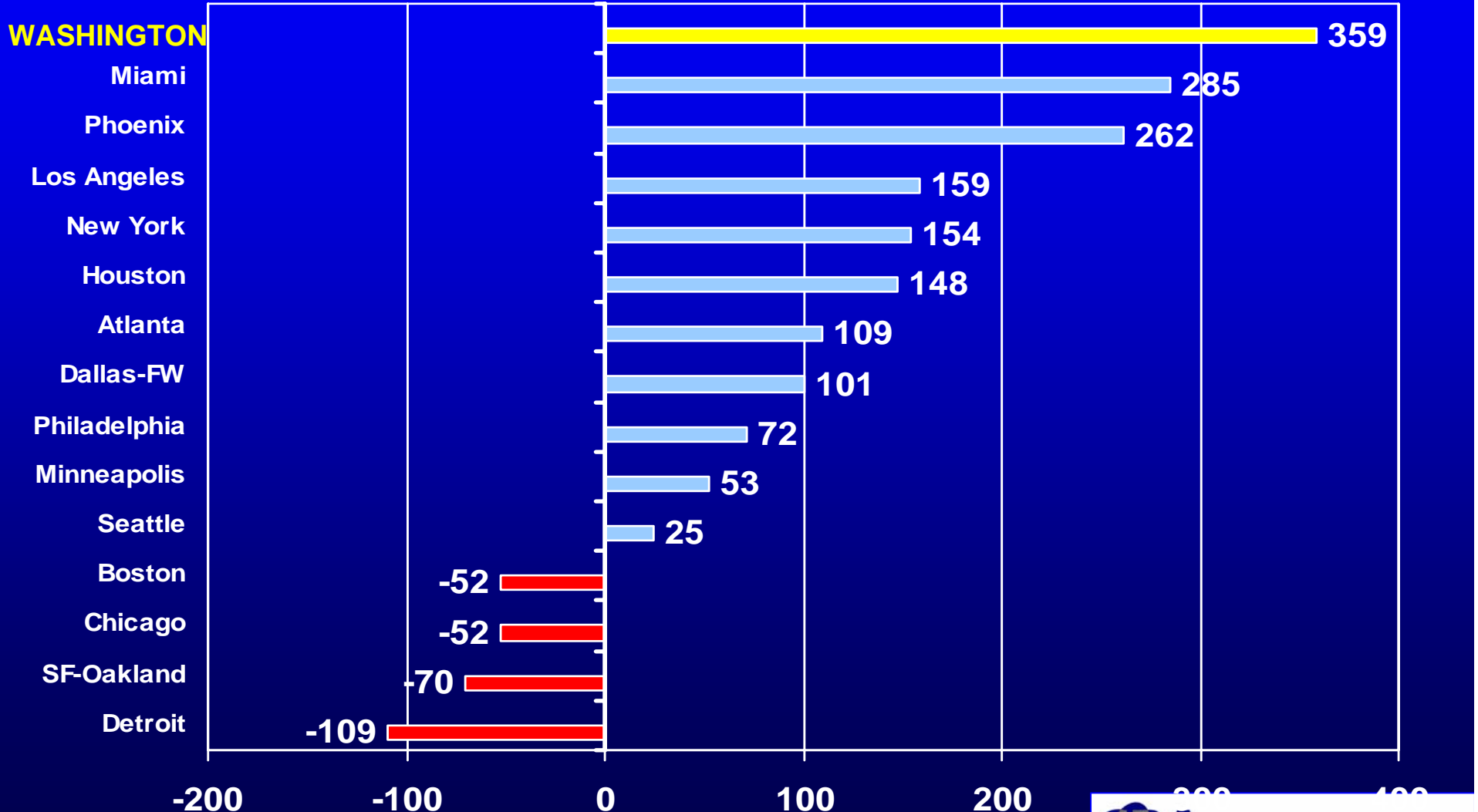


Source: GMU Center for Regional Analysis

Metro Comparisons Job Change 2000-2005

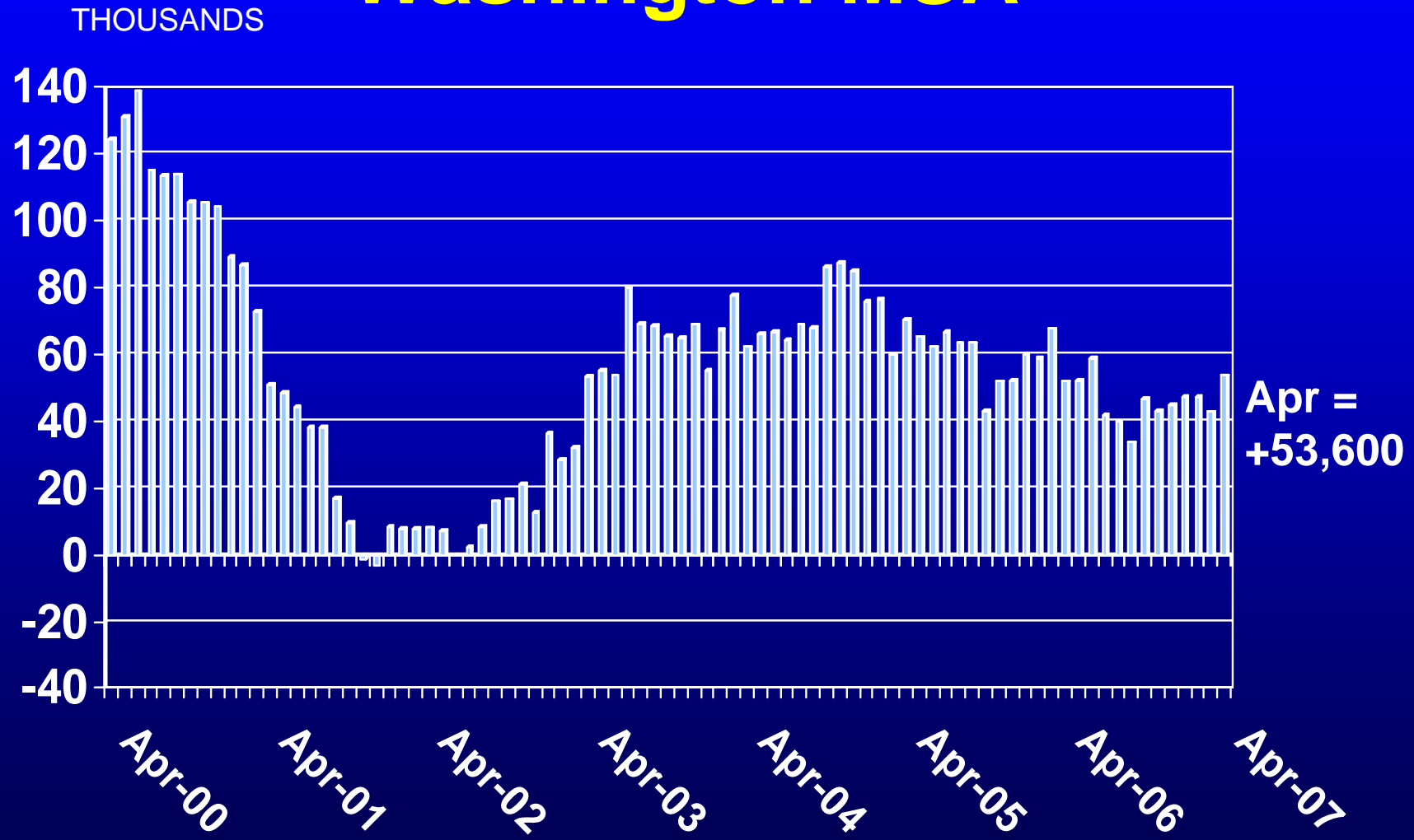
15 Largest Metro Areas

Thousands



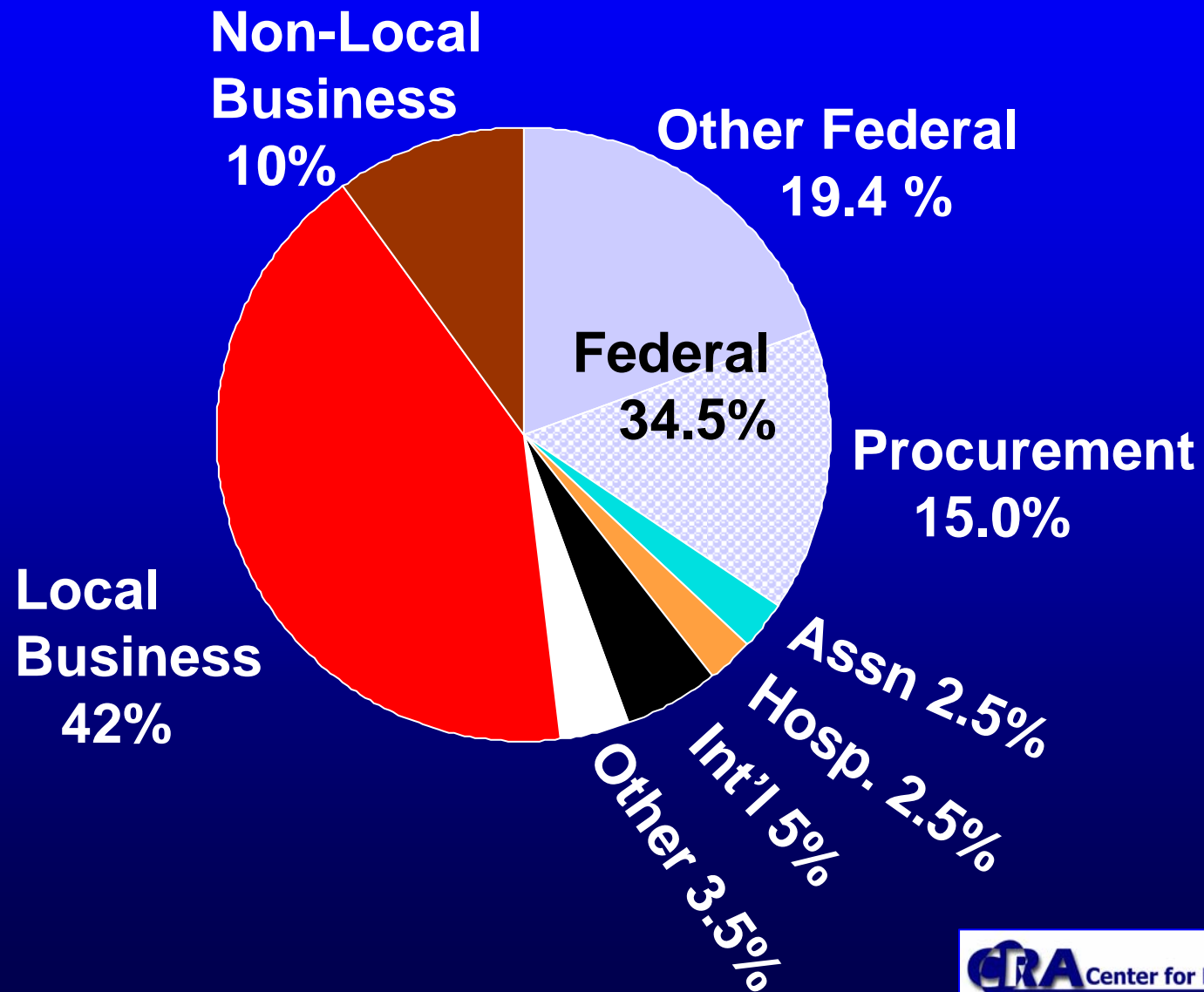
Source: BLS, GMU Center for Regional Analysis

Annual Job Change Washington MSA



Source: BLS Establishment Survey

Structure of the Greater Washington Economy

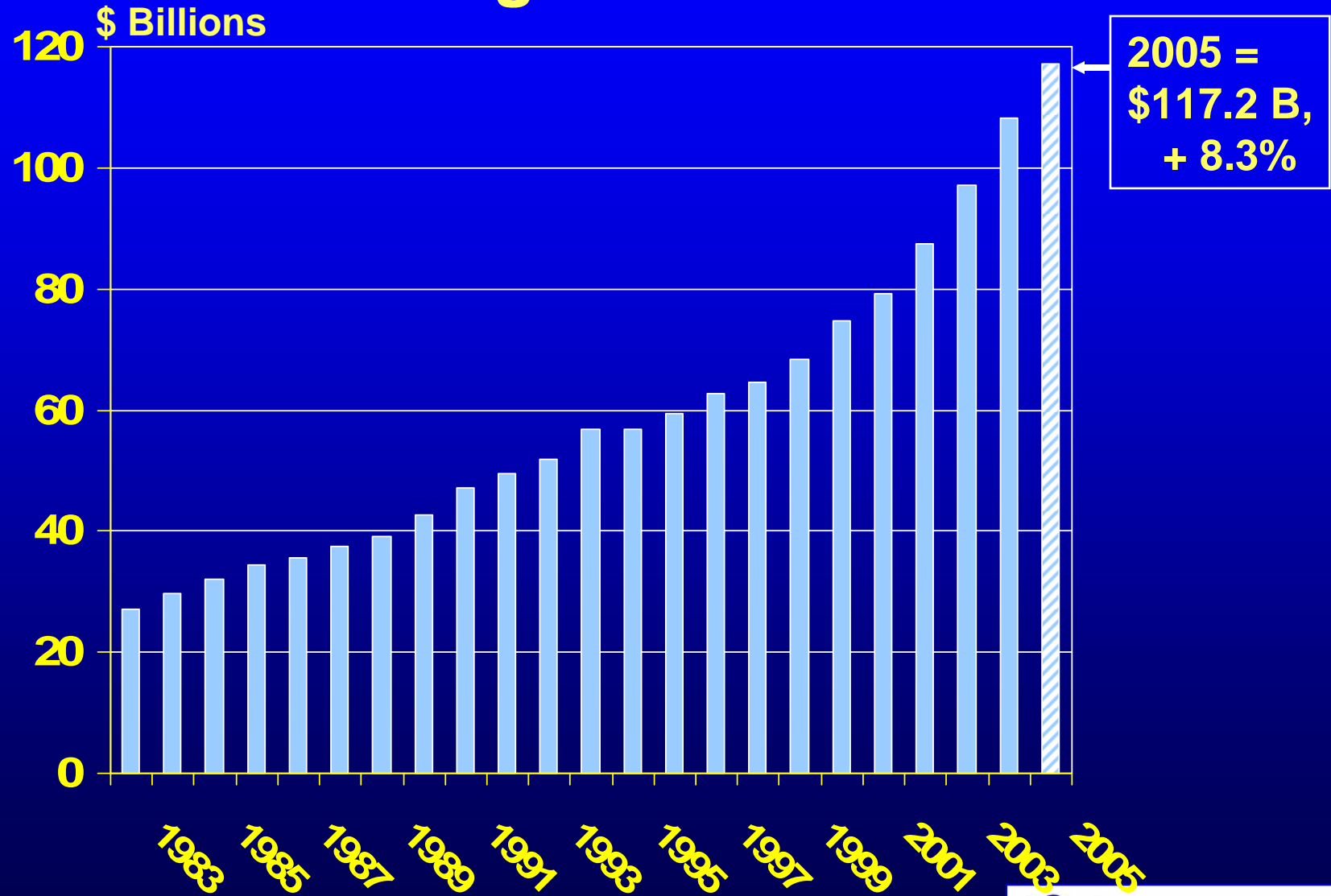


County Median Incomes, 2005 Rank in the U.S.

1	Loudoun (VA)	\$98,500
2	Fairfax (VA)	\$94,600
4	Howard (MD)	\$91,200
7	Calvert (MD)	\$84,400
10	Montgomery (MD)	\$82,200
11	Prince William (VA)	\$81,900
13	Arlington (VA)	\$80,400
17	Stafford (VA)	\$78,700

What is Different About The Washington Area Economy?

Total Federal Spending Washington Metro Area

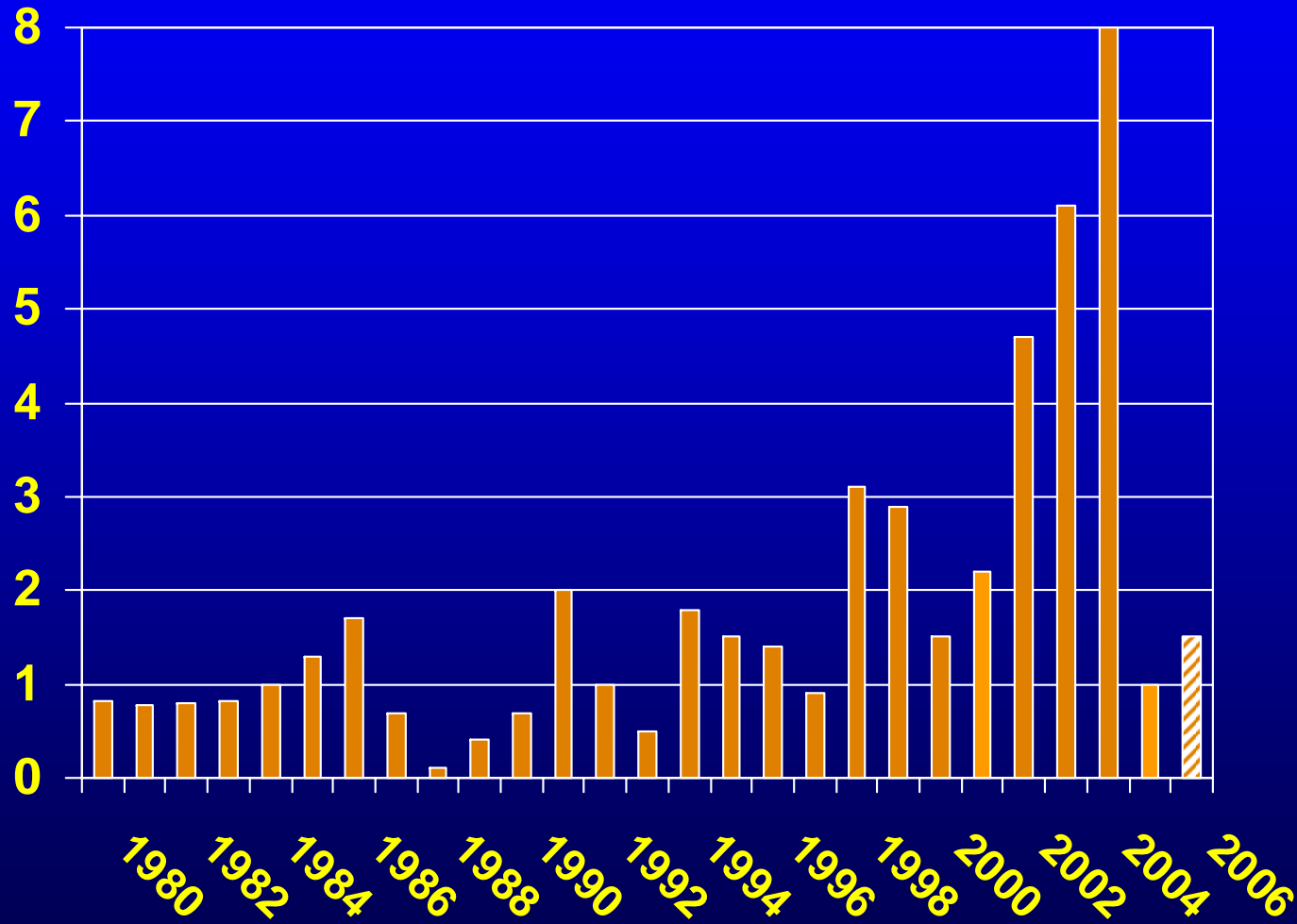


Federal Spending by Type 1983 - 2006



Annual Change in Federal Procurement Spending Washington Metro Area

\$ Billions



Federal Procurement Spending in Washington Metro Area FY 2004 and 2005*

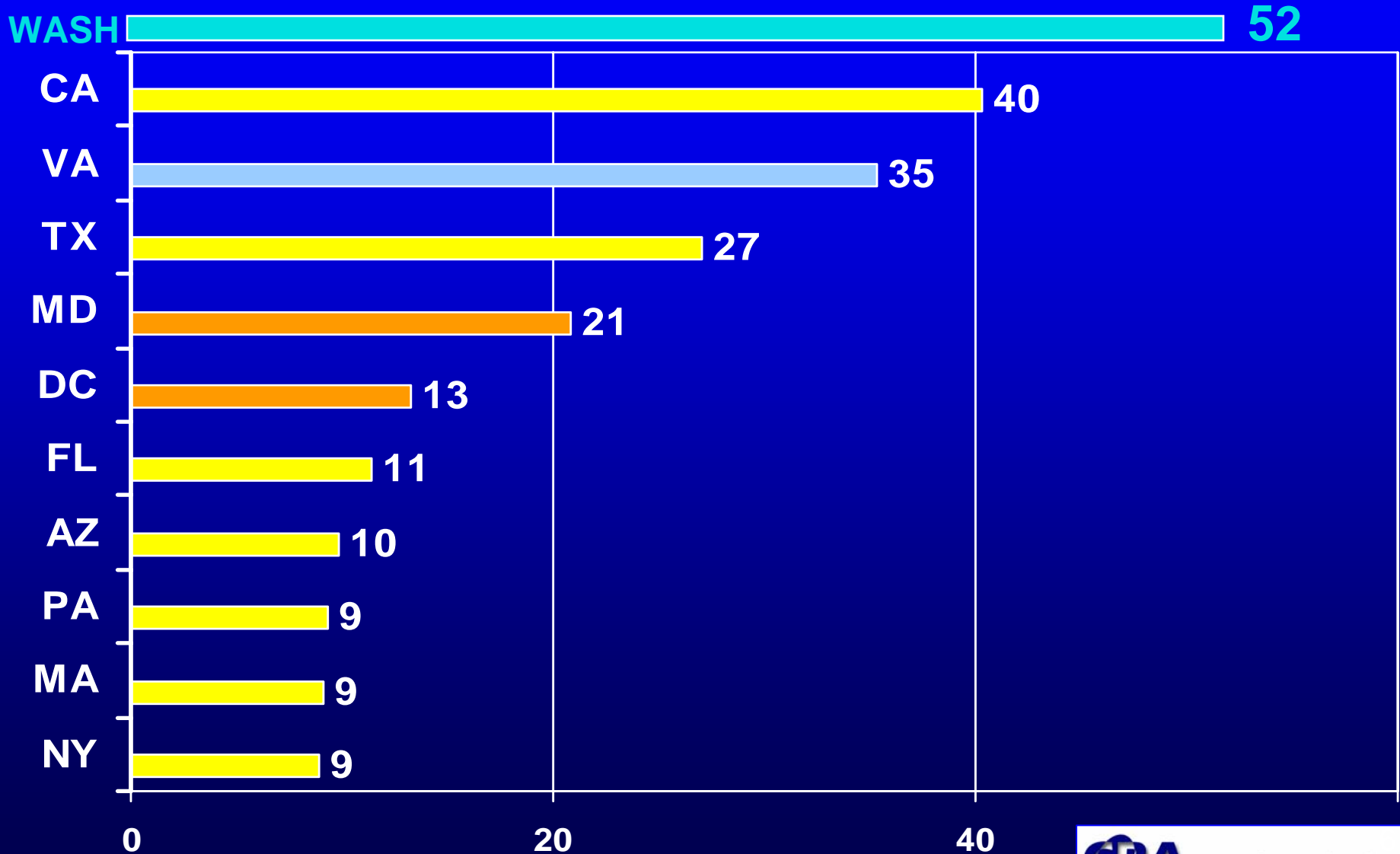
Area	2004	2005*	Change	% Change
DC	\$13.3	\$12.6	\$ - 0.7	- 5.8
Sub. MD	11.9	12.5	0.6	5.6
N VA	25.9	27.3	1.4	5.4
Total	\$51.1	\$52.4	\$1.3	2.5

Source: Eagle Eye Publishers; GMU CRA

* Excludes USPO, FAA, and other Off-budget outlays; 2005 preliminary reporting by some agencies incomplete.

2004 Federal Procurement

\$\$ Billion



Top Ten Federal Contractors (03)

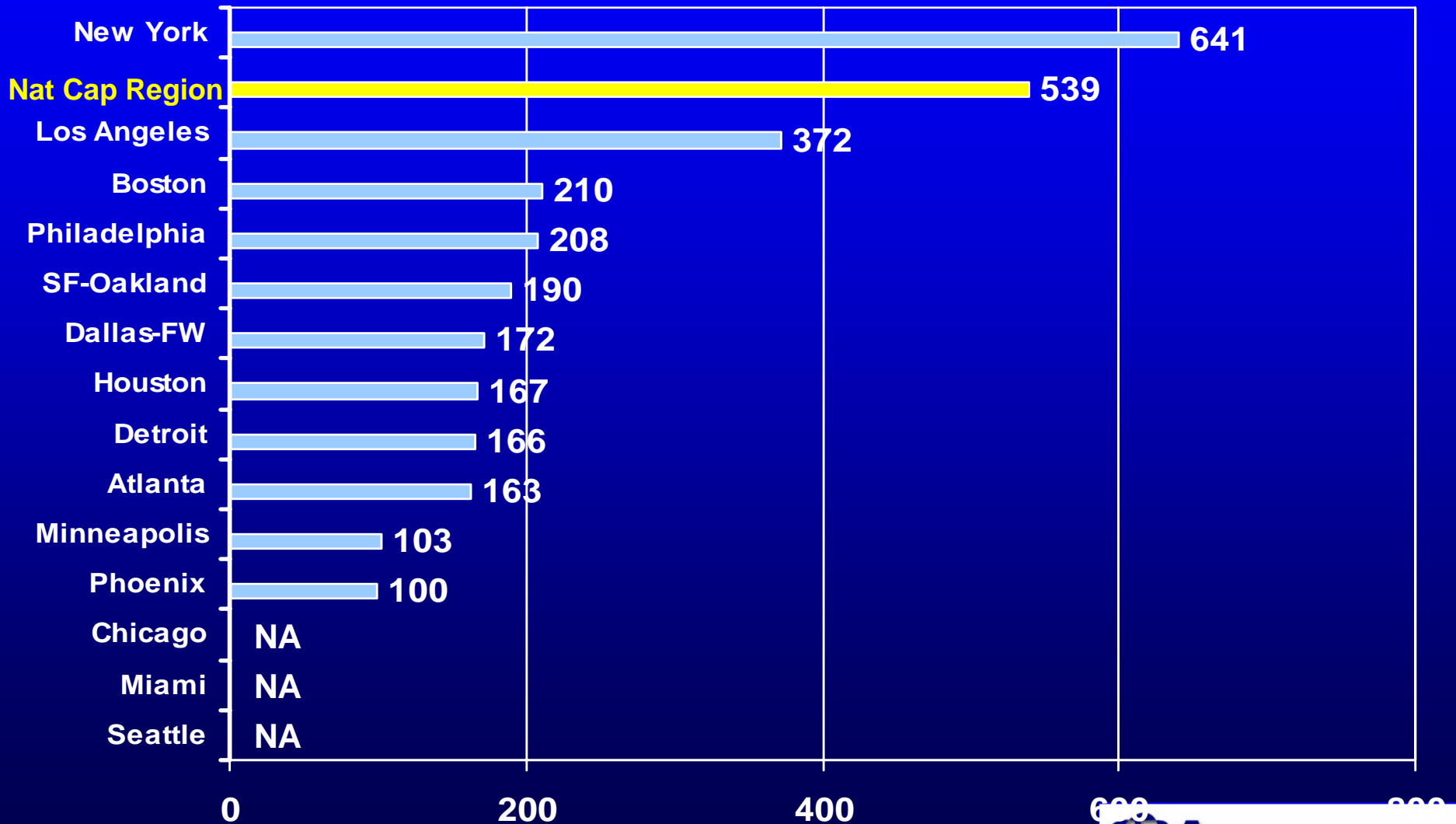
1. CSC/DynCorp	\$1,060 M
2. SAIC	594
3. Booz Allen	538
4. EDS	529
5. General Dynamics	417
6. MCI	356
7. Lockheed Martin	294
8. Northrup Grum./TRW	278
9. Raytheon	269
10. Mitre Corp	266

The Washington Regional Economy is Outperforming Because:

- 1. The Federal Government Moderates National Business Cycles – 35% of Regional Economy**
- 2. Federal Government Support of the Tech Sector – Over 70% of Sales**
- 3. Federal Government has been the Economic Stimulus via Procurement – Large increases in 02-04, now moderating**

15 Largest Job Markets Professional, Scientific and Technical Services Jobs, 2006

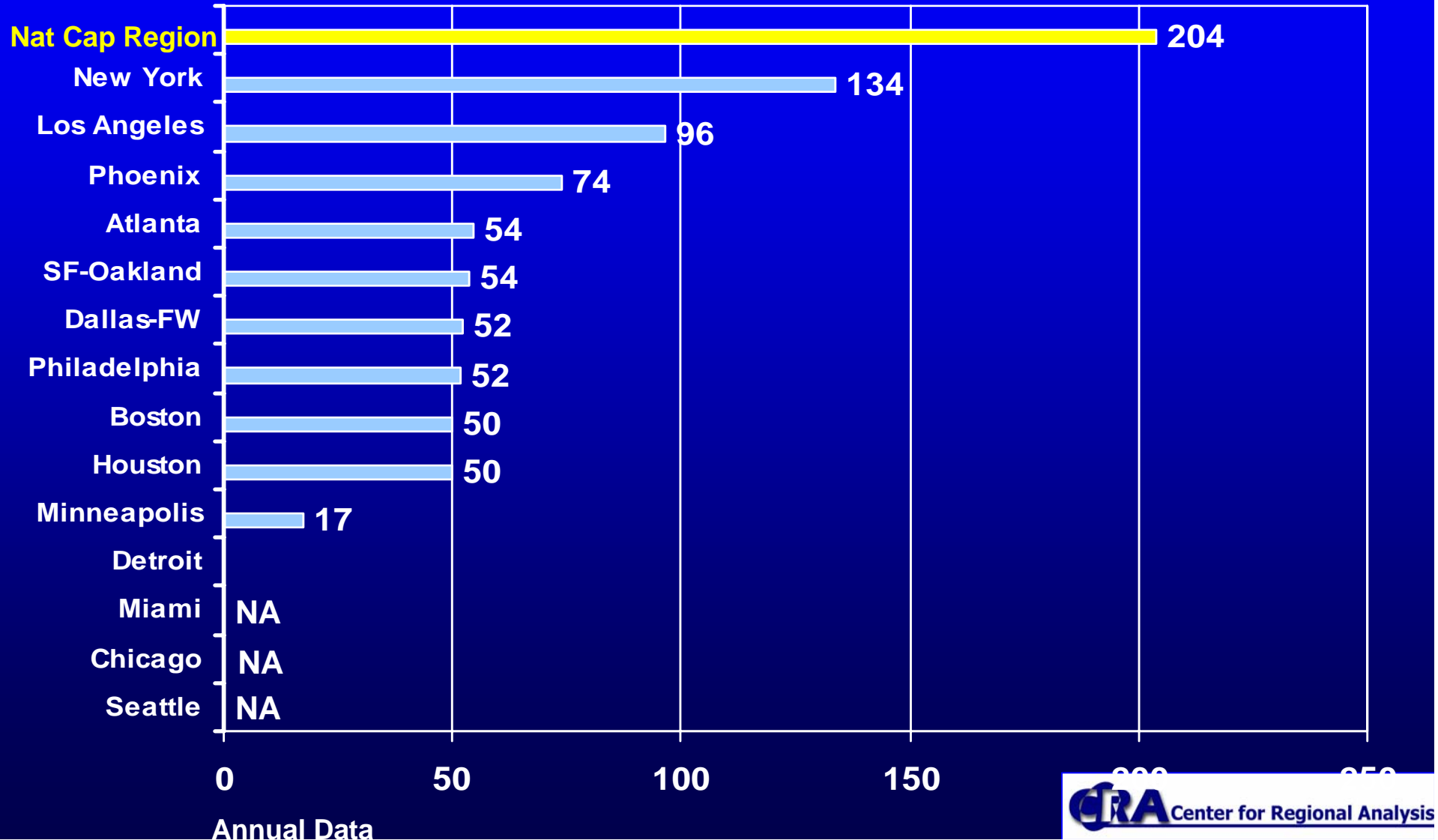
Thousands



Annual Data

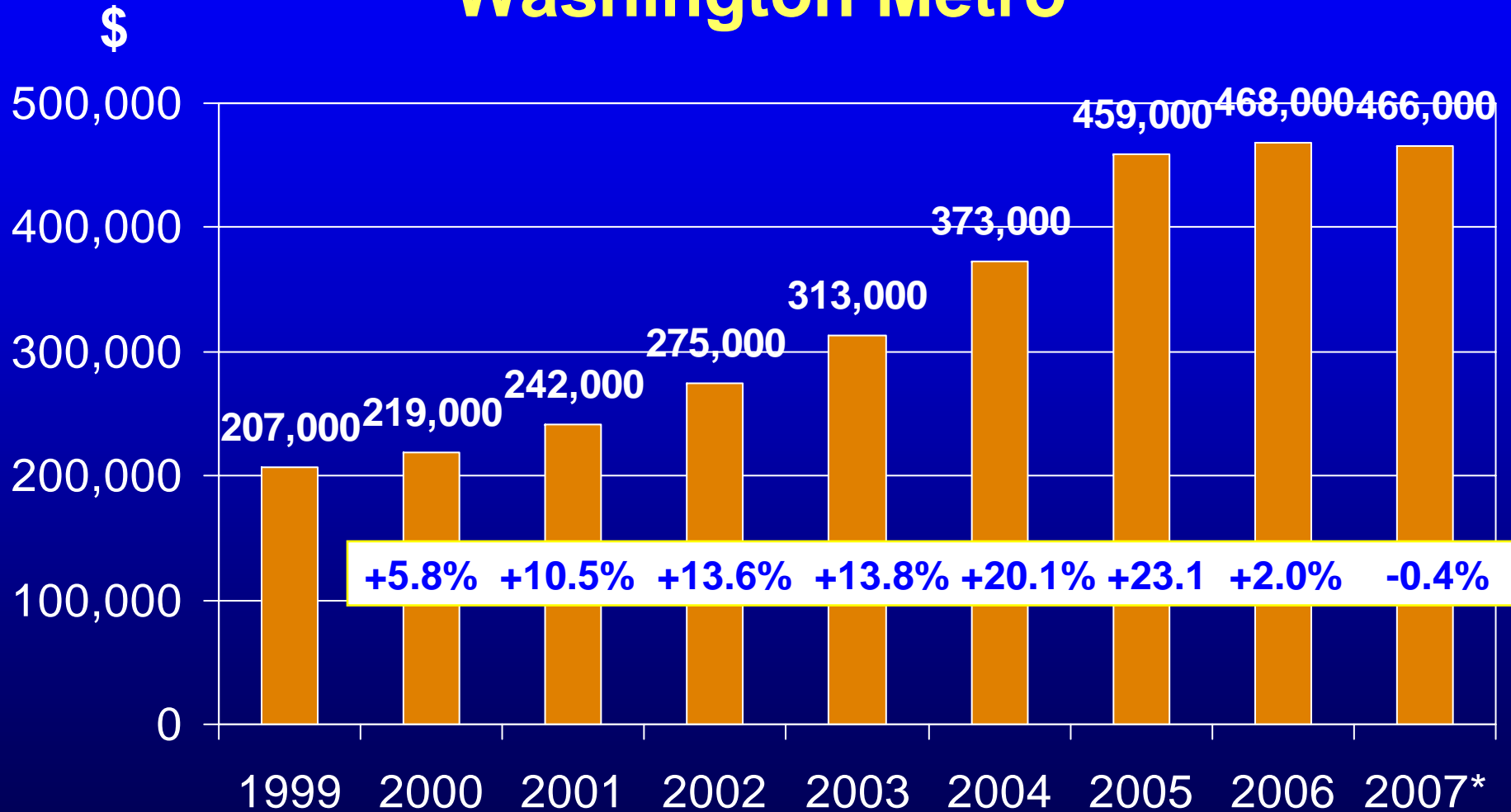
Growth in Professional, Scientific and Technical Services Jobs: 1996 - 2006

Thousands



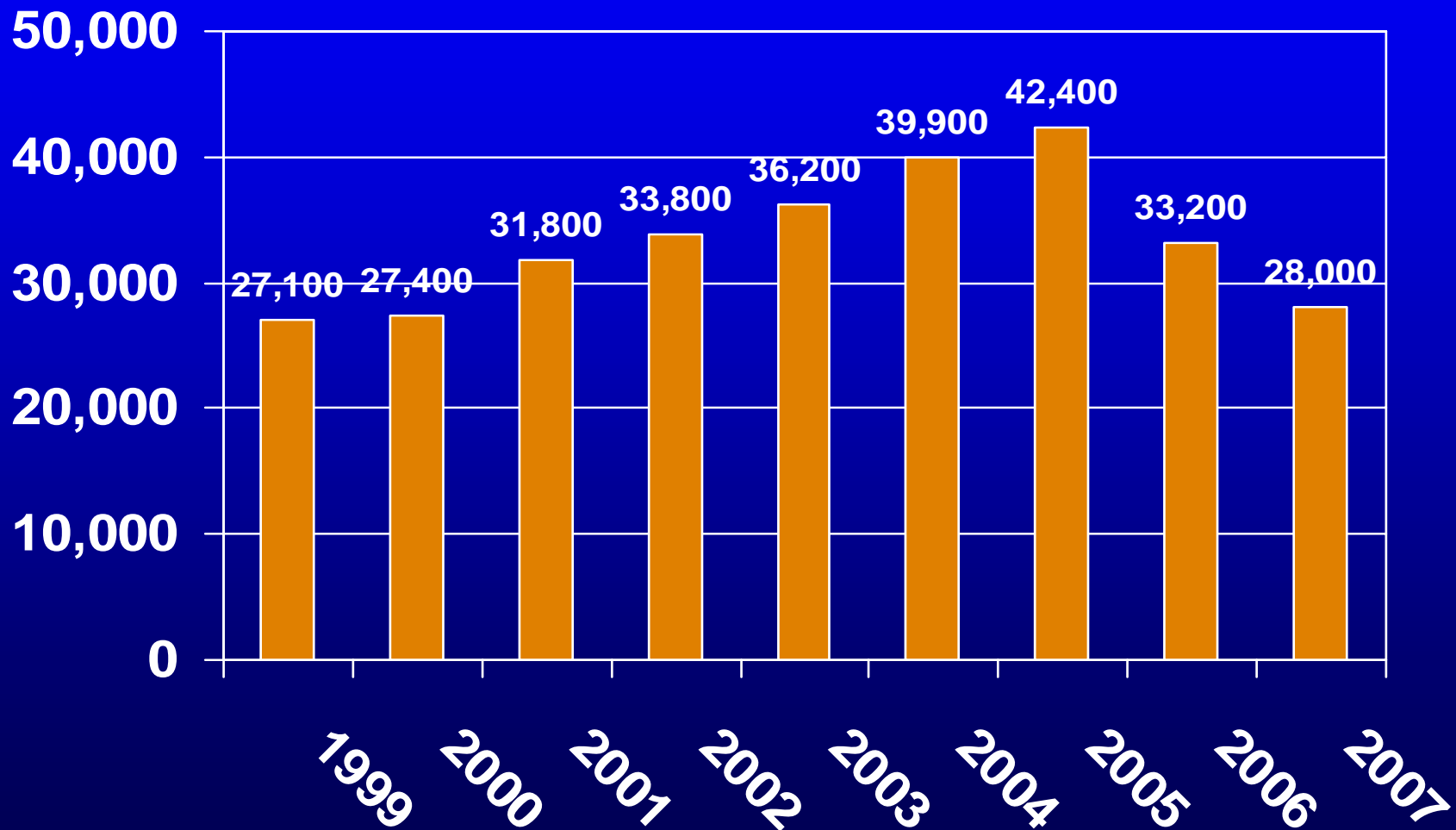
The Region's Housing Market

Average Sales Price All Housing Types Washington Metro



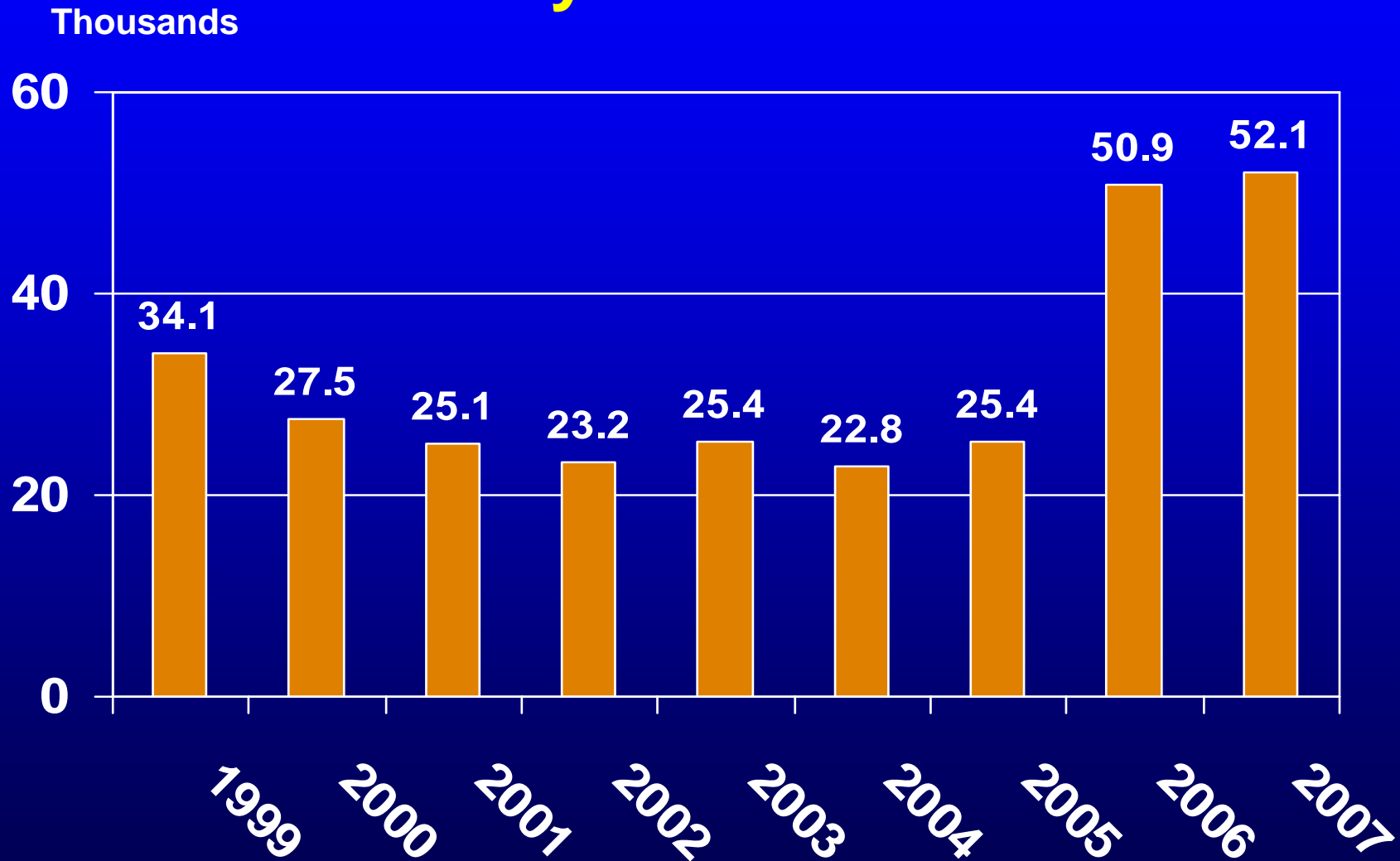
Source: MRIS, GMU Center for Regional Analysis

Total Units Sold Washington Metro Area Jan-May Each Year



Source: MRIS, GMU Center for Regional Analysis

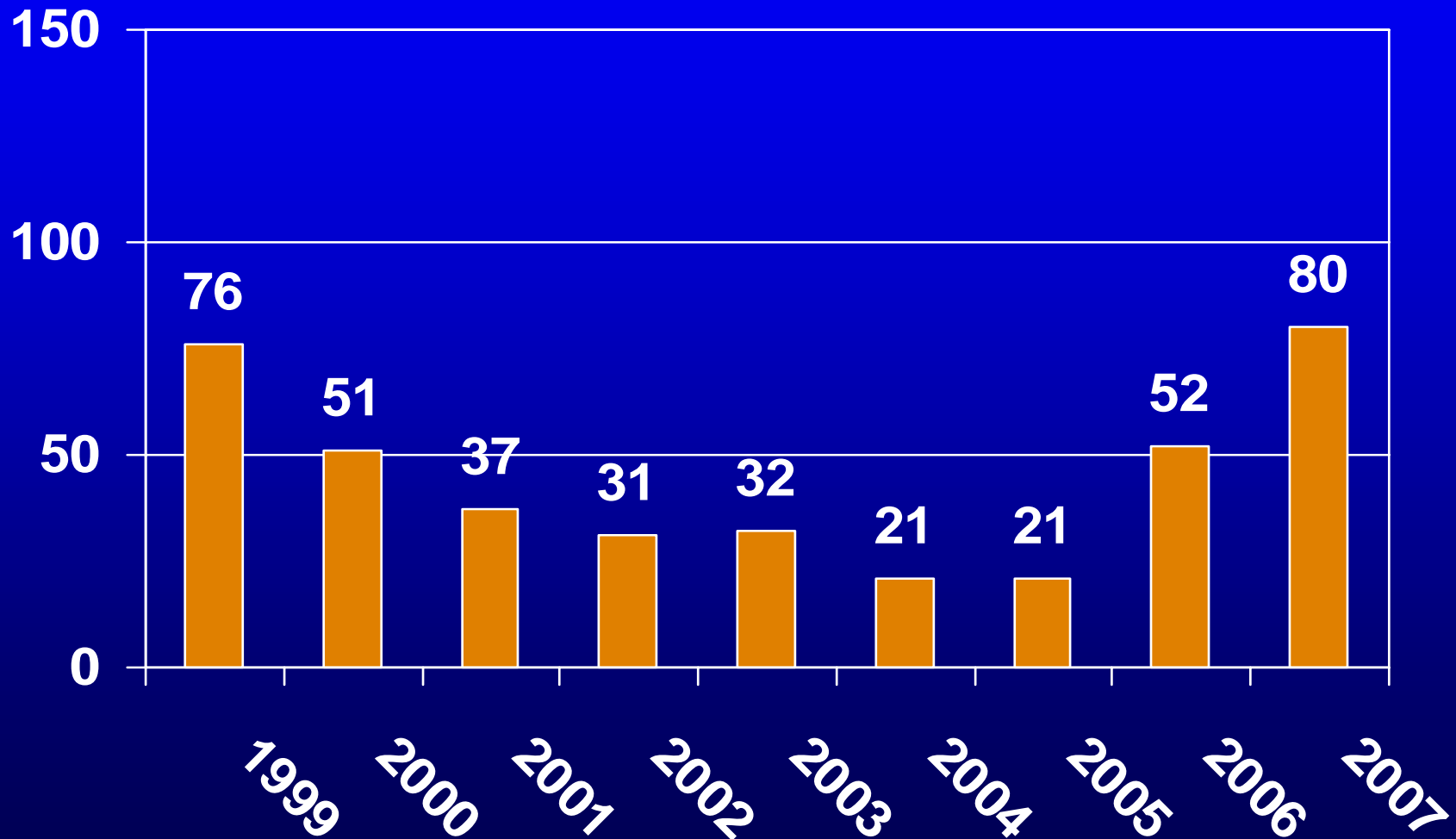
Total Active Listings Washington Metro Area May Each Year



Source: MRIS, GMU Center for Regional Analysis

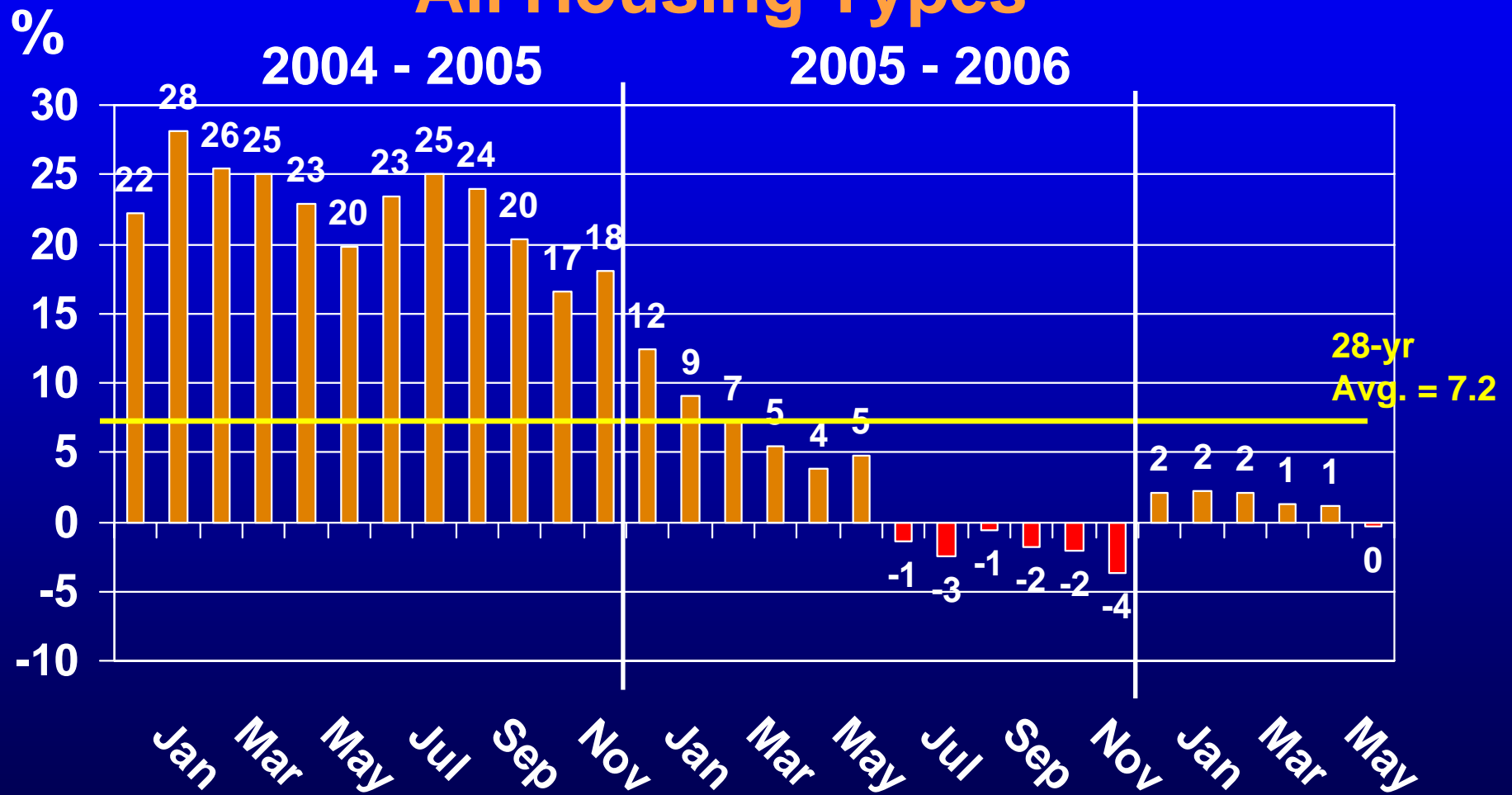
Days on Market Washington Metro Area June Each Year

Days

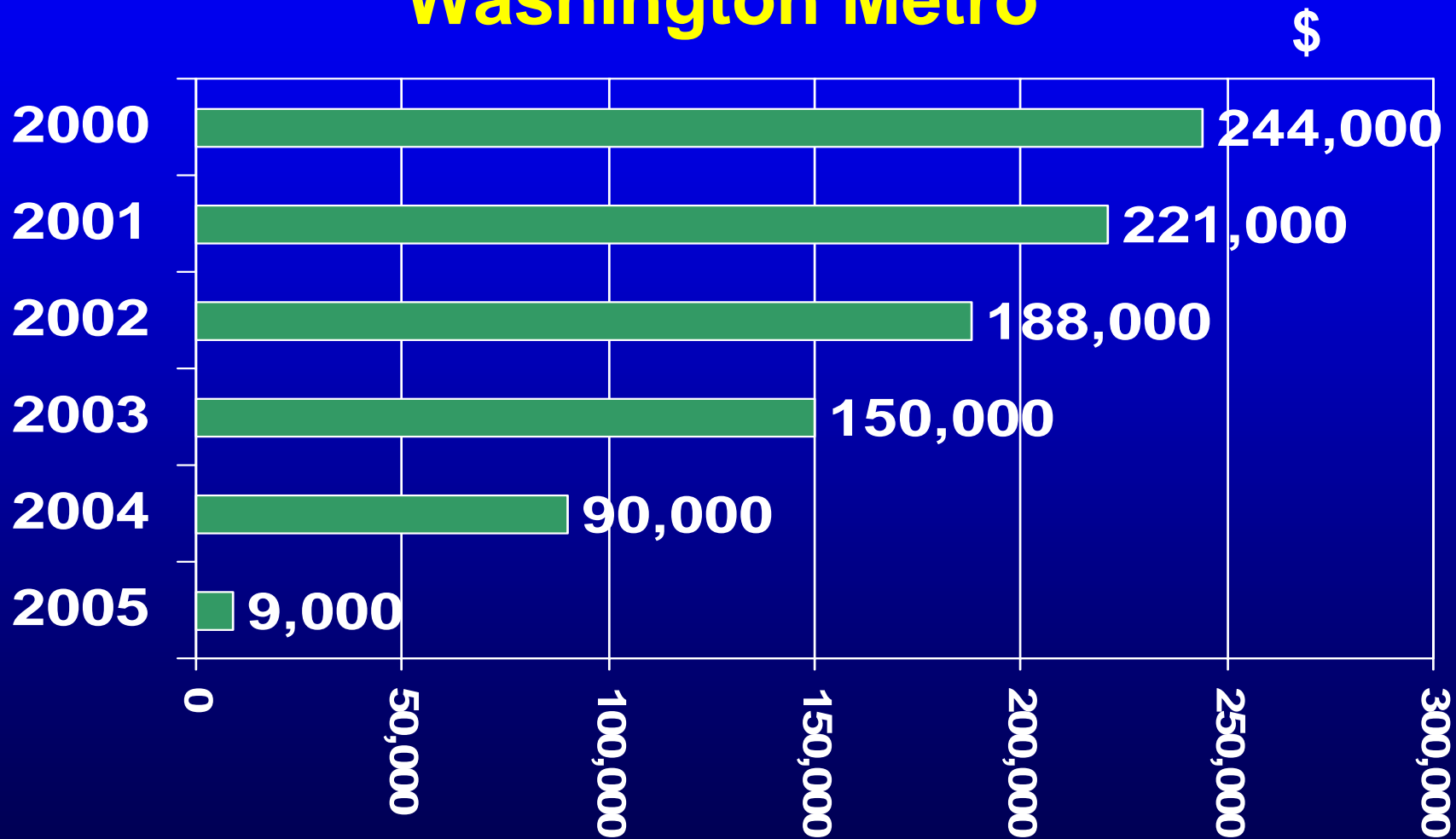


Source: MRIS, GMU Center for Regional Analysis

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

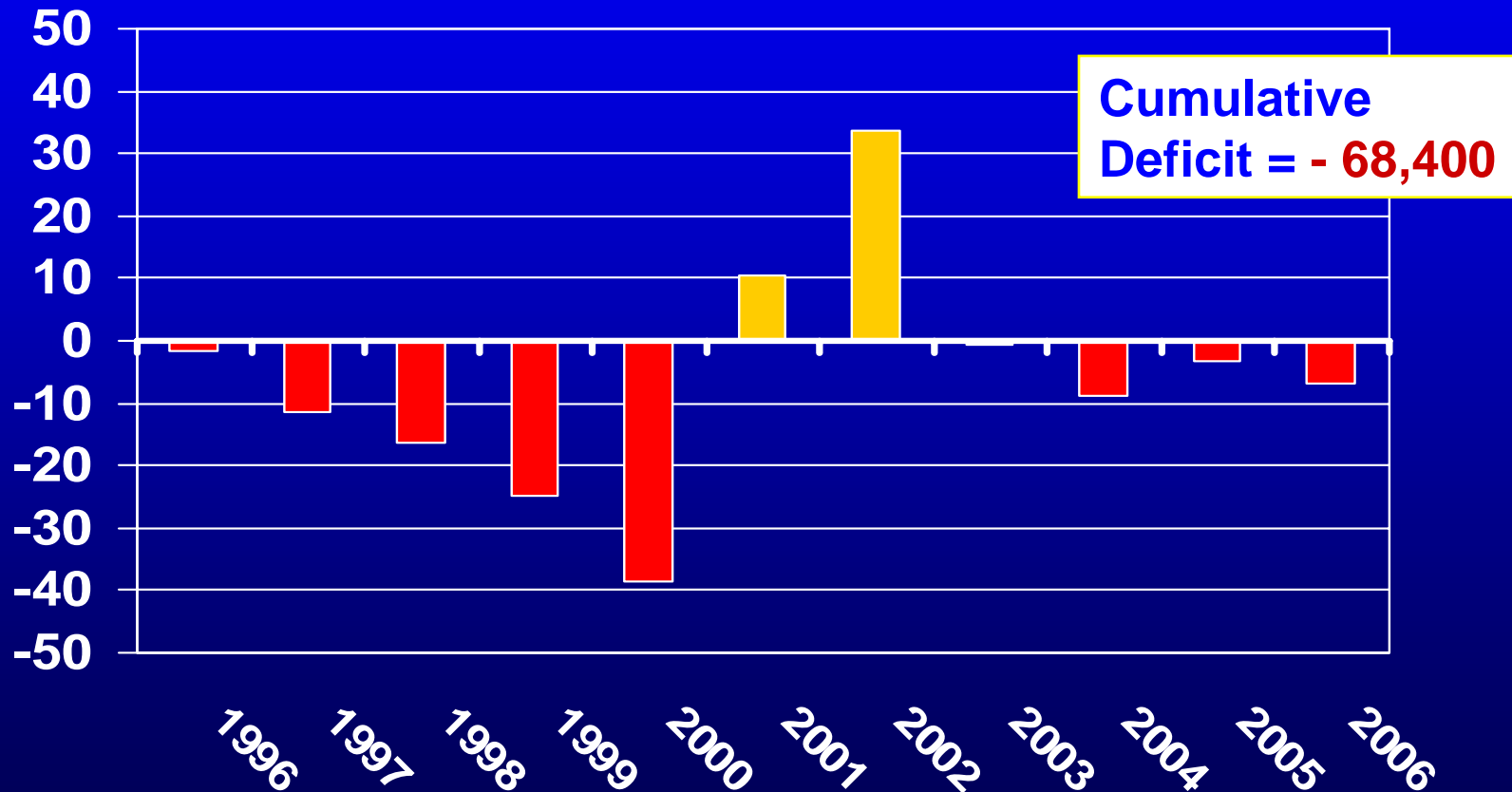


Increase in Equity By Year of Purchasing the Average-Priced House Washington Metro



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

Units in 1000s



Source: CRA

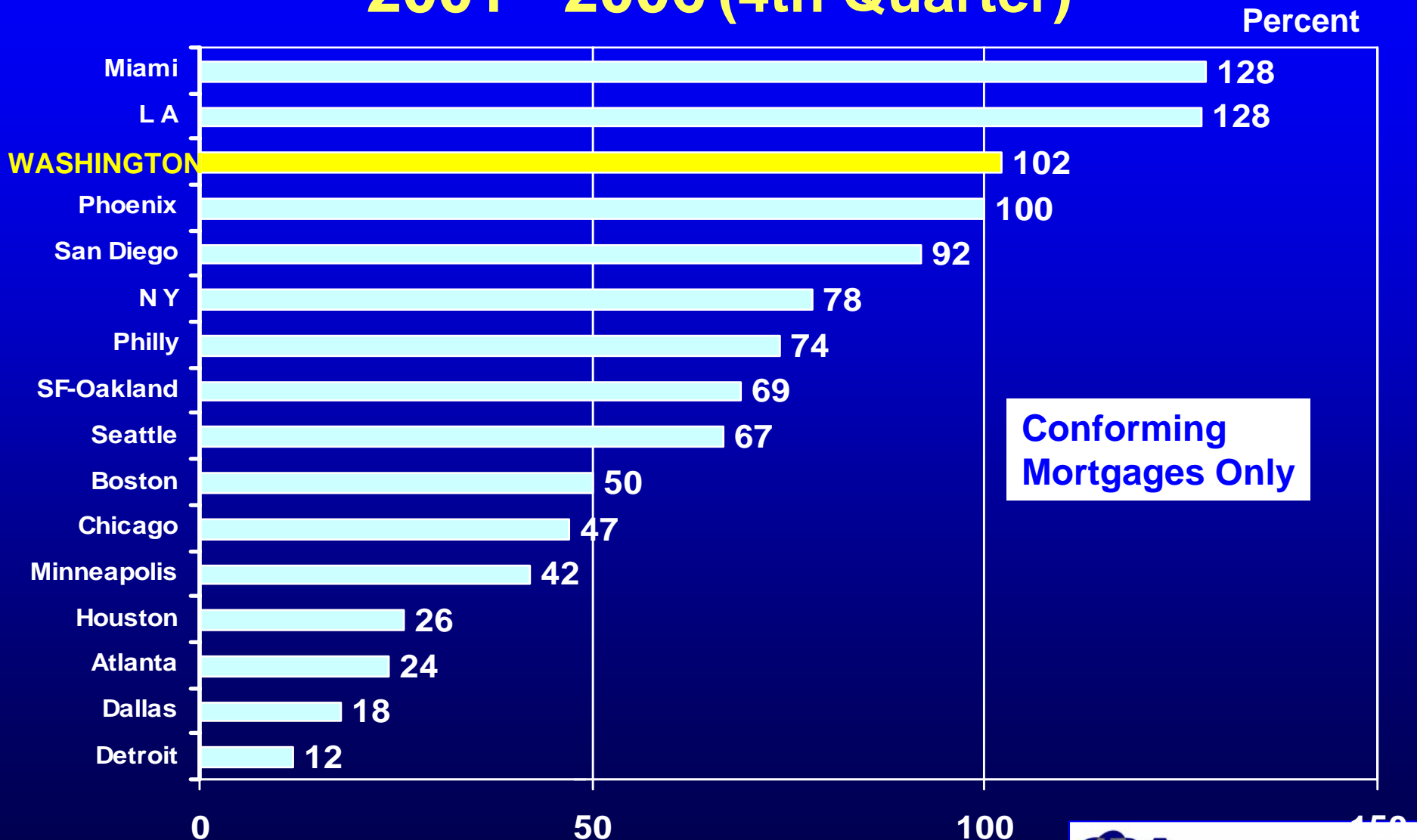
Supply = Building Permits, Demand = Jobs/ 1.5 workers/unit

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

Metro Comparisons

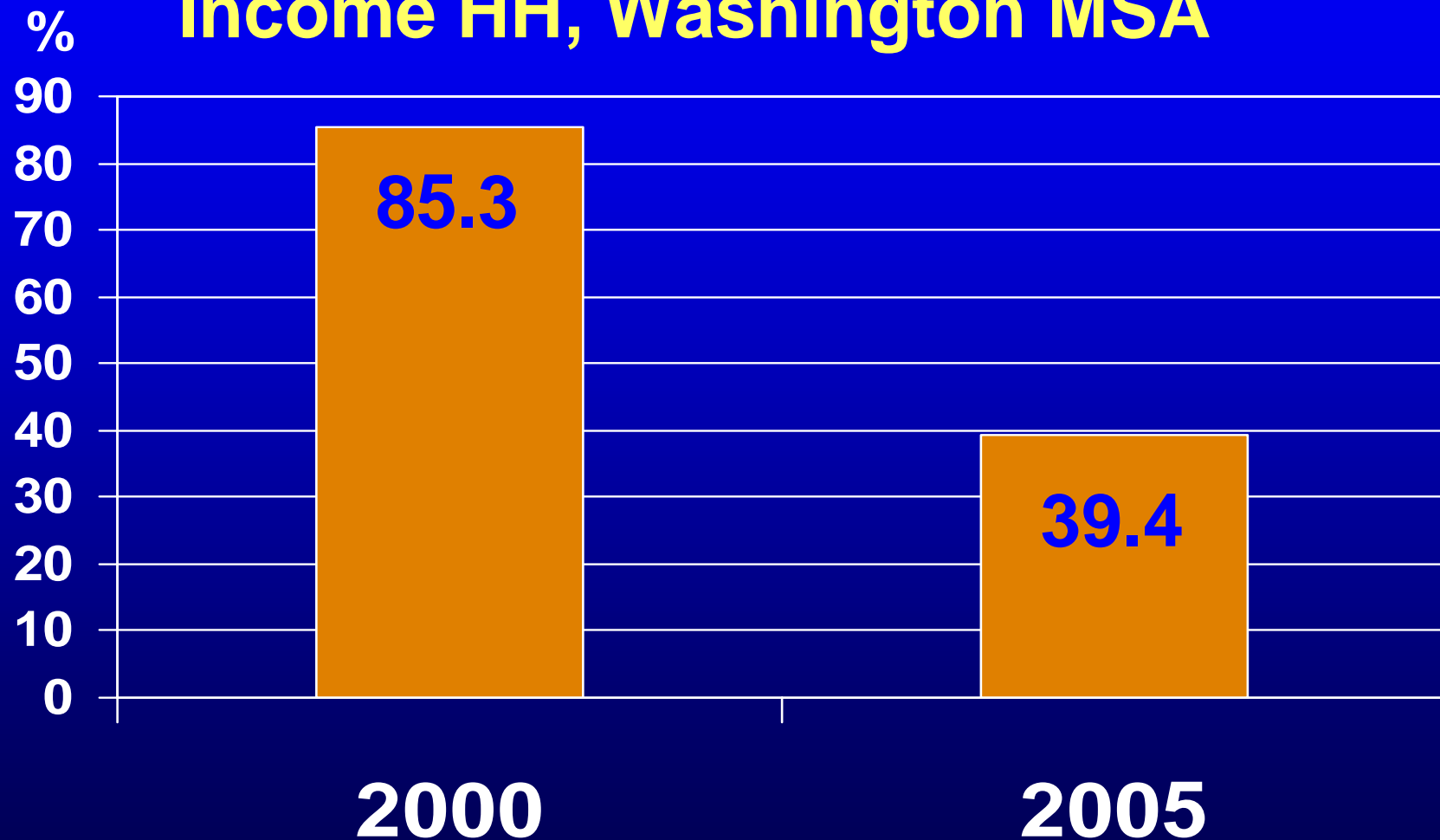
Percent Change in House Prices 2001 –2006 (4th Quarter)



Source: Office of Federal Housing Enterprise Oversight, GMU Center for Regional Analysis

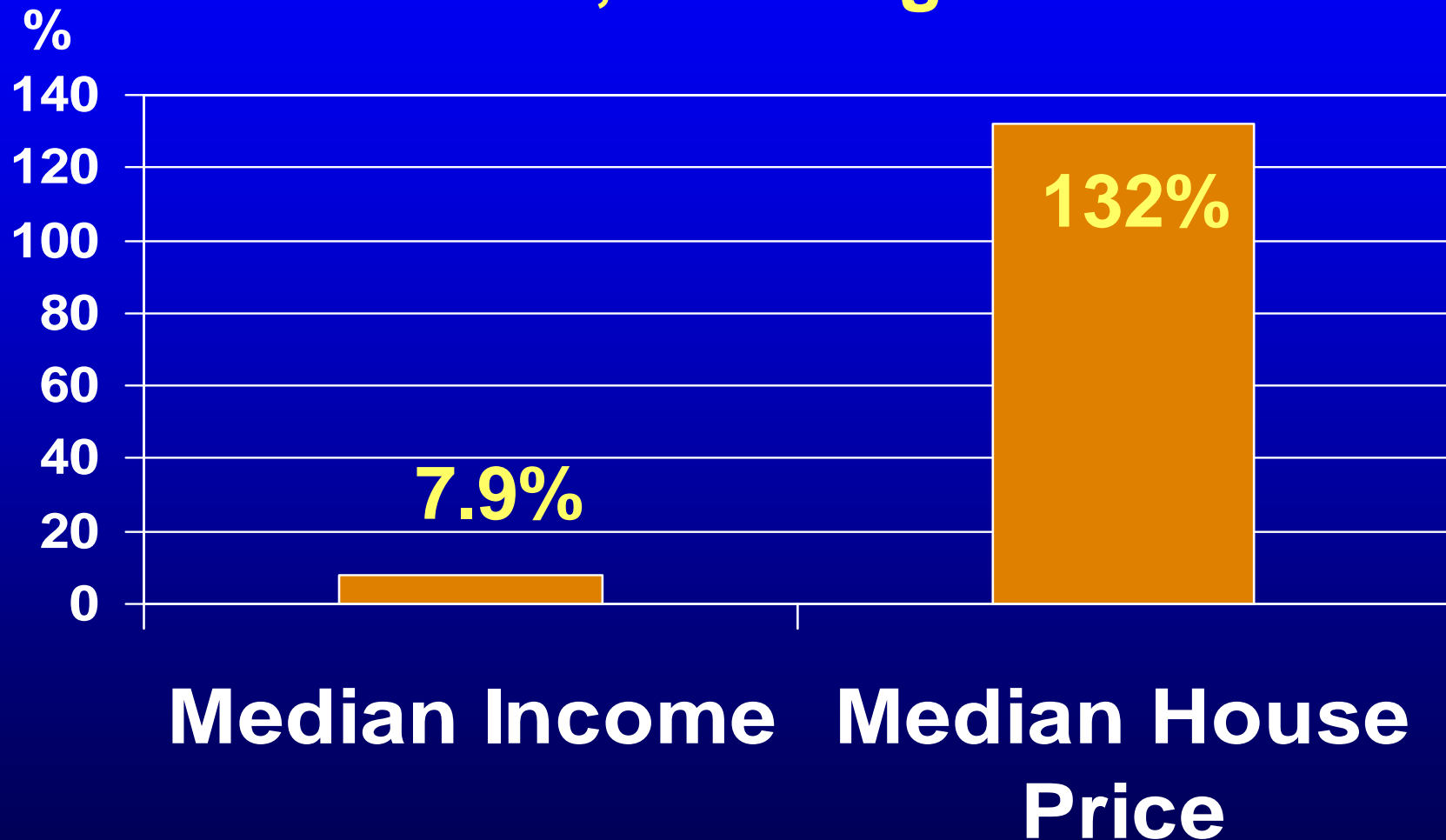
2000 – 2005

% of Houses For Sale That Could Be Afforded by Median Income HH, Washington MSA



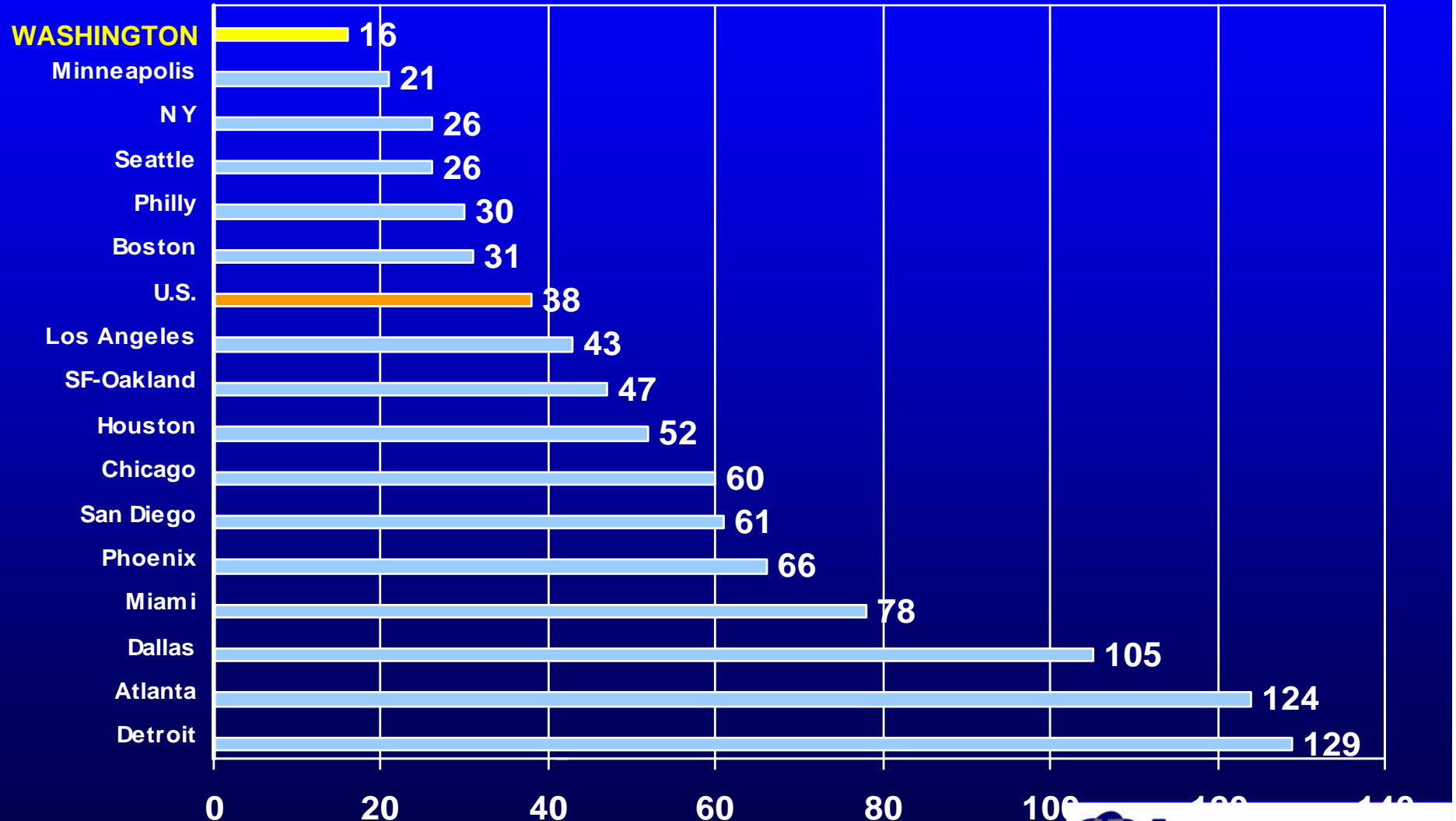
2000 – 2005

Change in Median Income and Median House Price, Washington MSA



Metro Comparisons Mortgage Foreclosure Rates Q1 2007

Foreclosures /10,000HH



Source: RealtyTrac, GMU Center for Regional Analysis

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.

Wild Cards / Threats to Washington Metro Economy

- **National & International Factors**
 - Economy
 - Terrorism/Middle-East
- **Transportation Infrastructure**
- **Workforce**
- **Housing Affordability**
- **BRAC**



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