

***DAAR Economic Summit
And Housing Forecast***

***Mid-Year Economic Review
and Forecast***

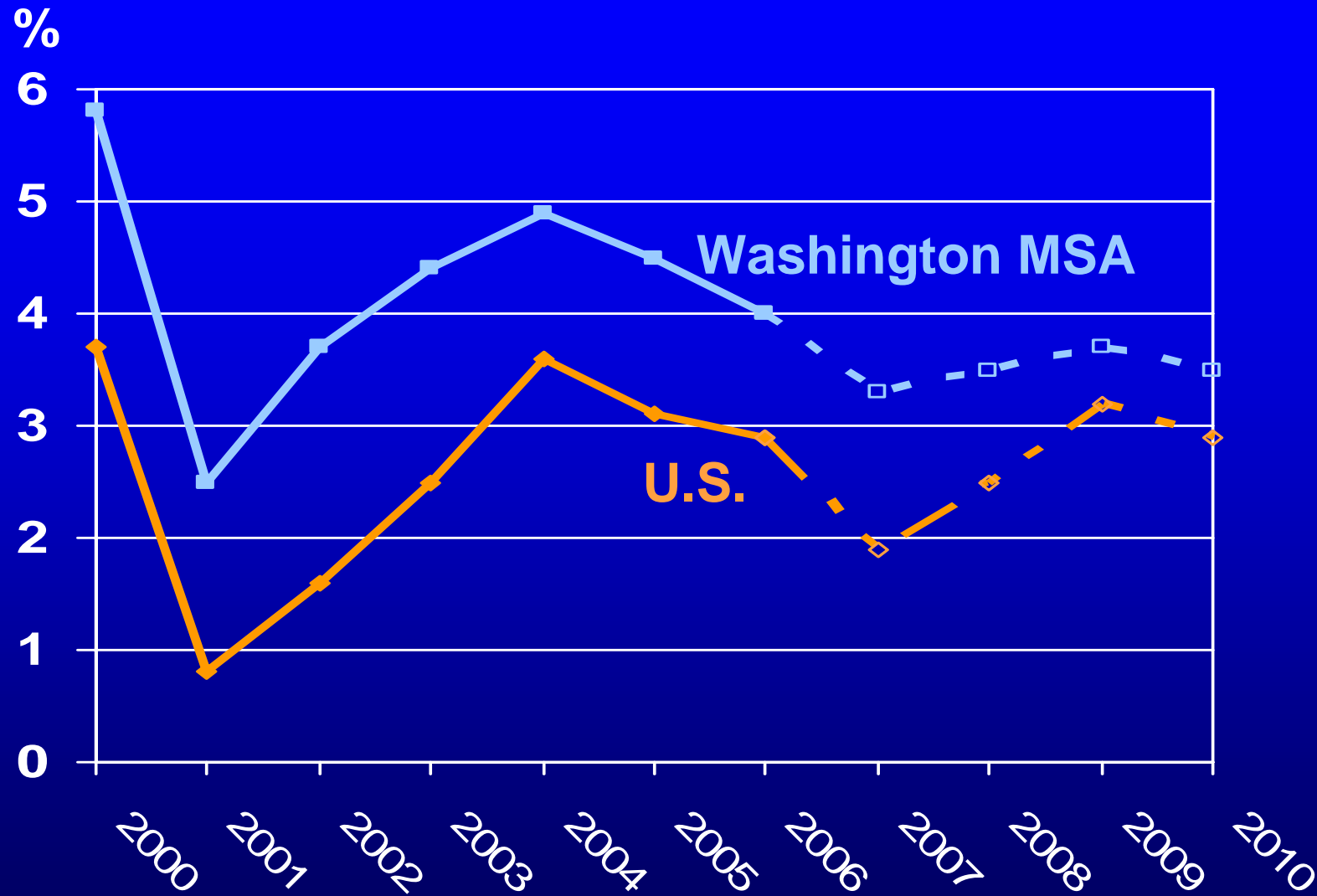
**John McClain, AICP
Senior Fellow and Deputy Director
Center for Regional Analysis
George Mason University**

October 17, 2007

The Washington Economy

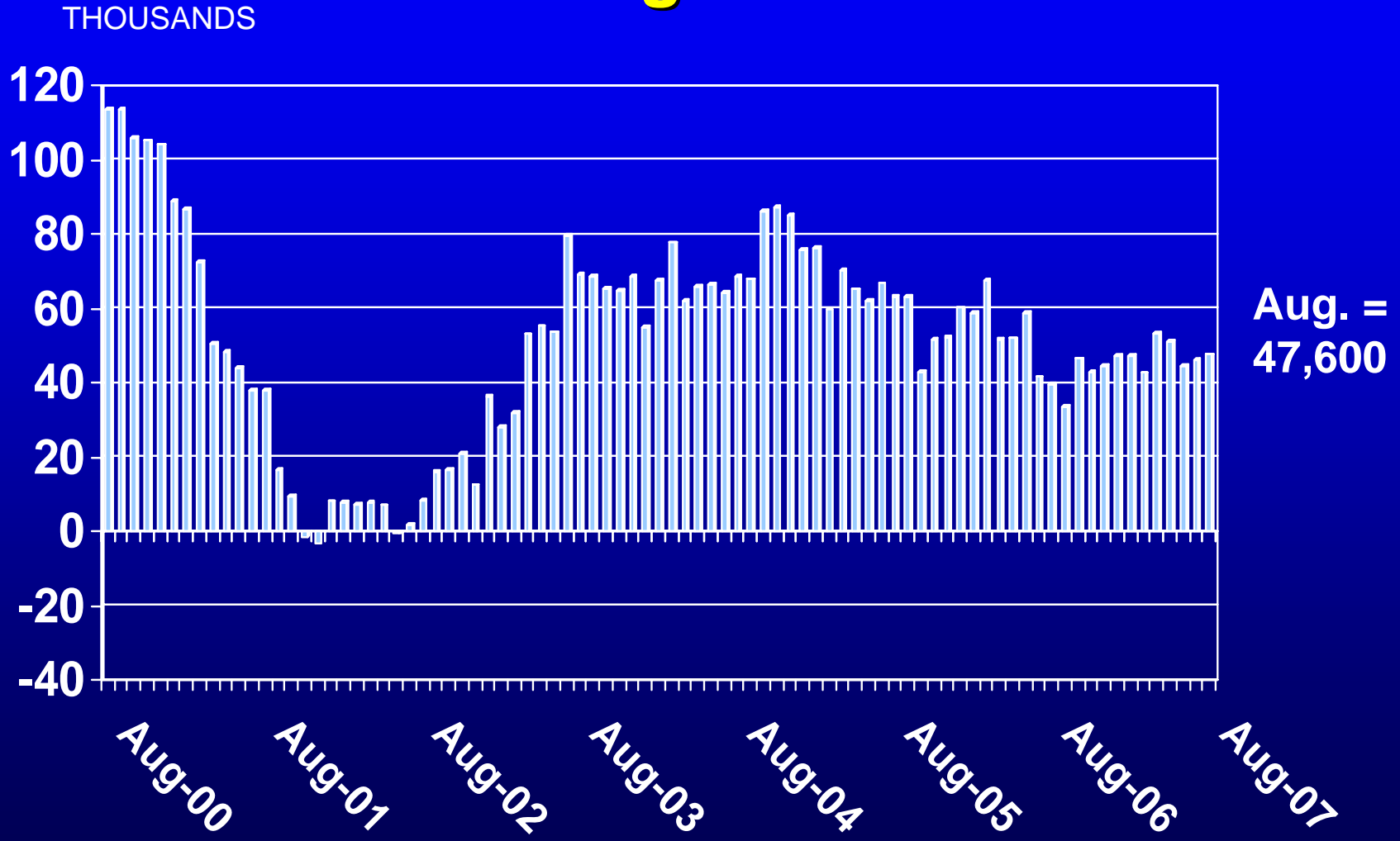
Current Performance

GDP 2000 - 2010



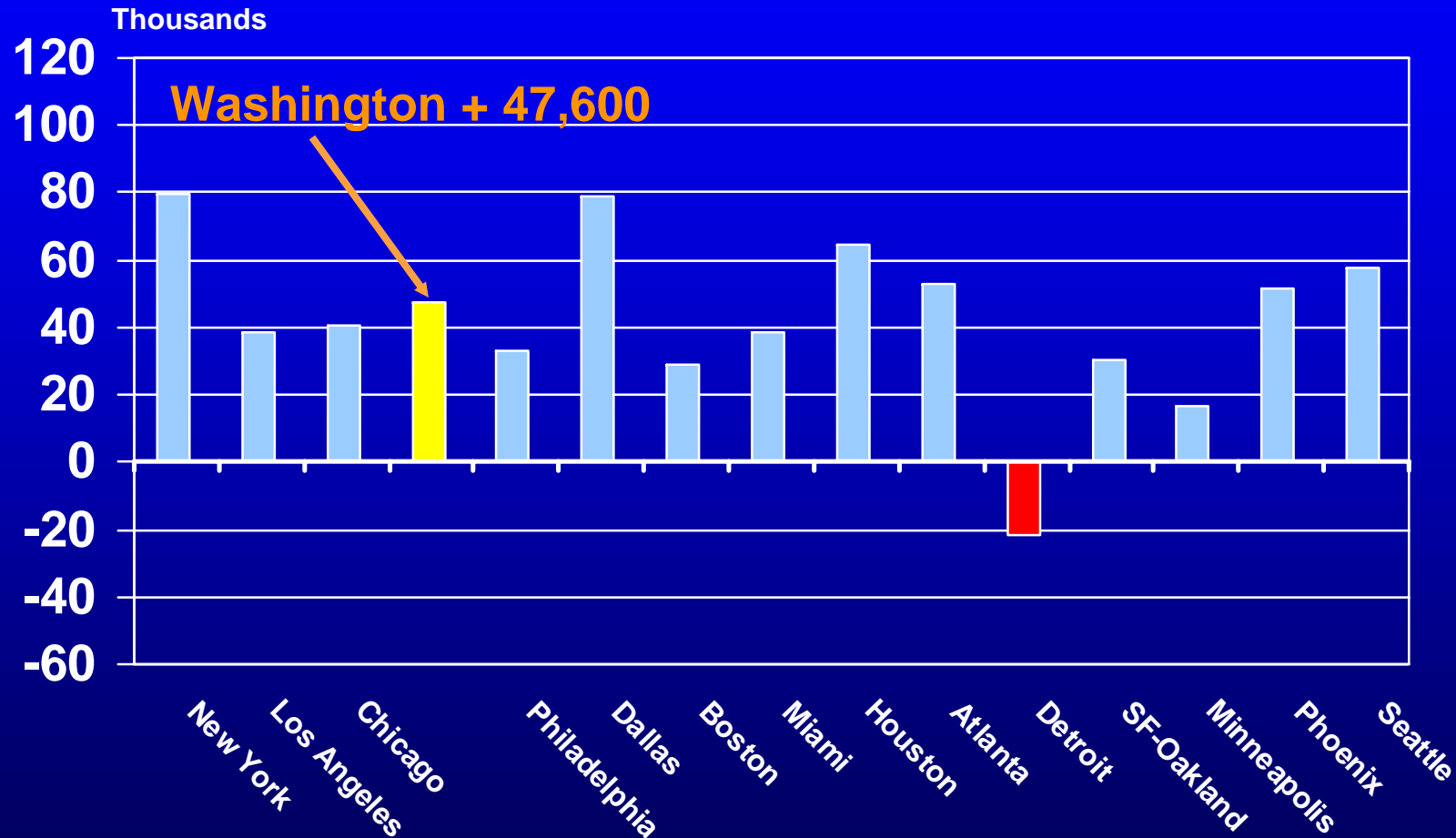
Source: Global Insight, GMU Center for Regional Analysis

Annual Job Change Washington MSA



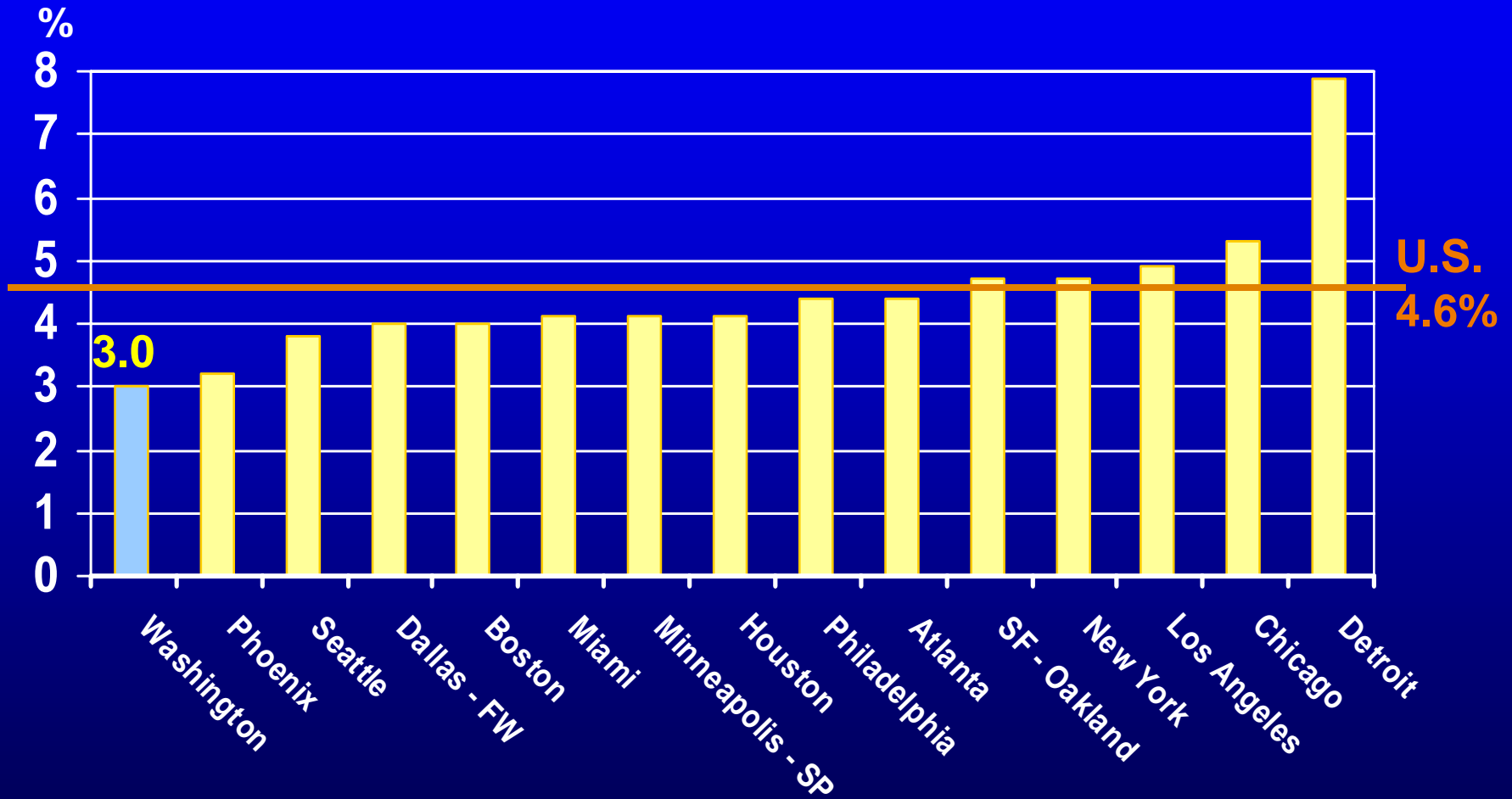
Source: BLS Establishment Survey

15 Largest Job Markets Job Change Aug 06 – Aug 07



Ranked by Total Jobs

15 Largest Job Markets Ranked by Unemployment Rate August 2007

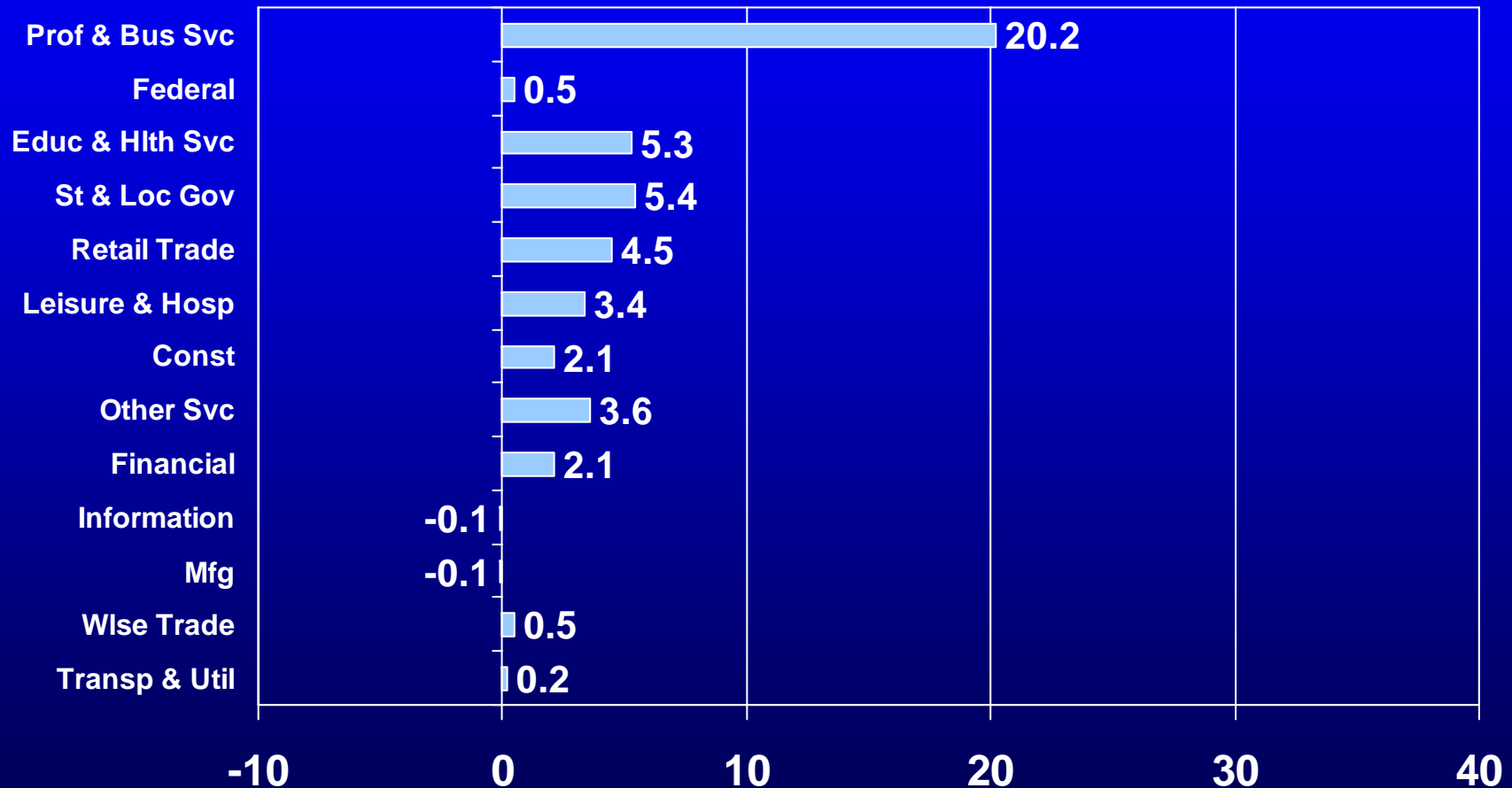


Aug 06 – Aug 07 Job Change By Sector MSA

(000s)

Total = 47,600

(Ranked by Size of Sector)

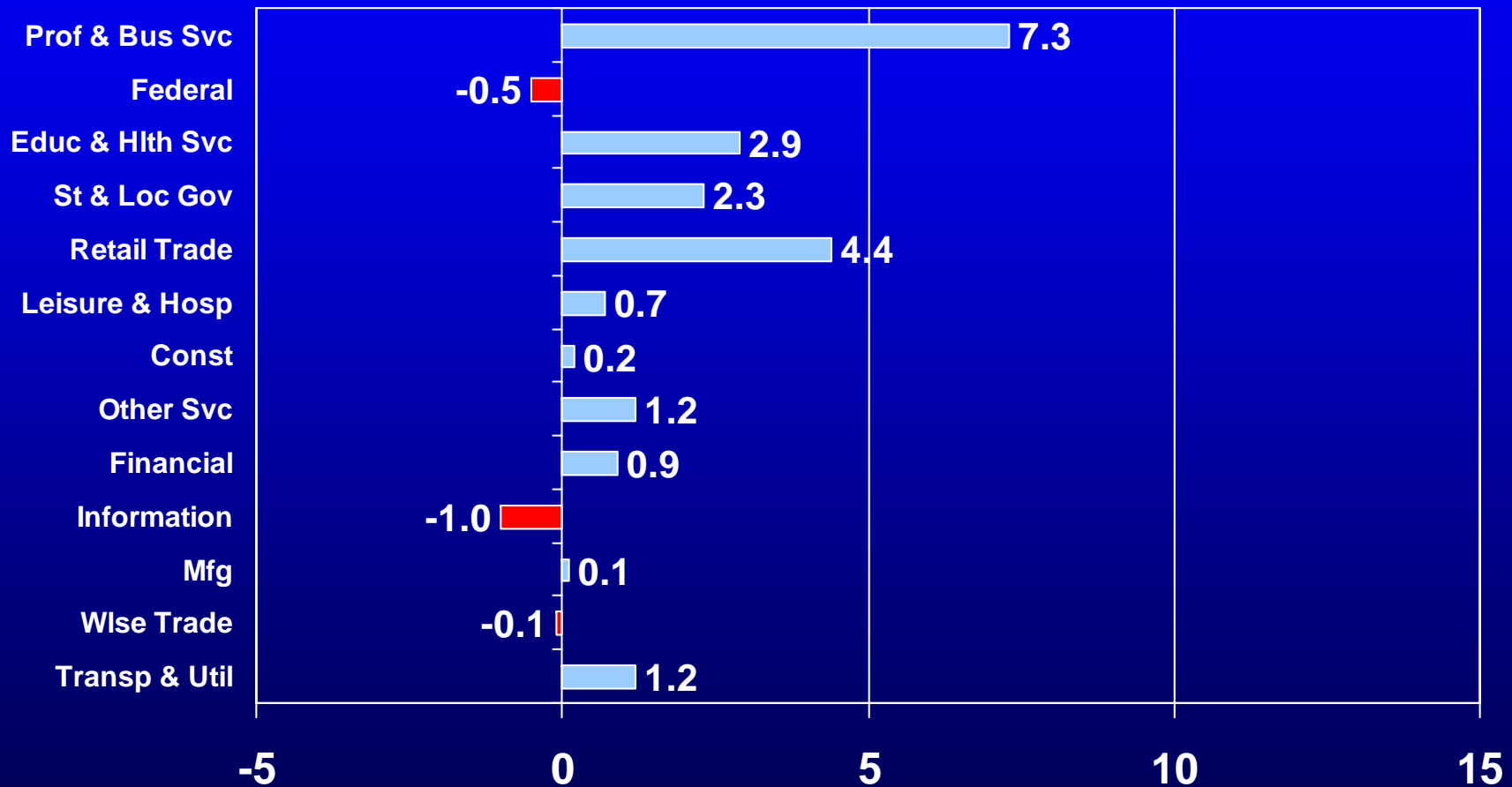


August 06 – August 07 Job Change By Sector – Northern VA

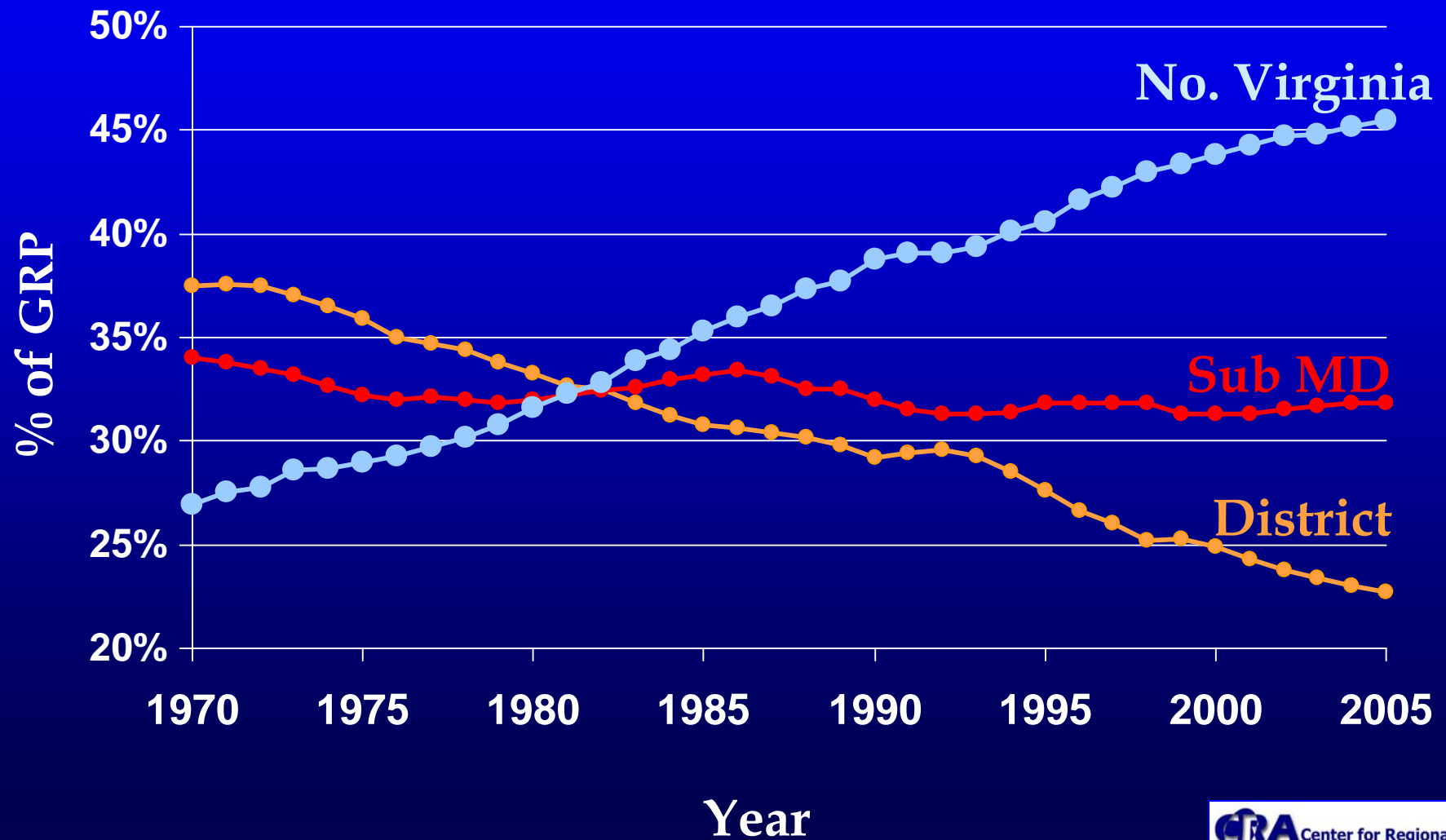
(000s)

Total = 19,600

(Ranked by Size of Sector)



Share of Washington Area Economy 1970-2005



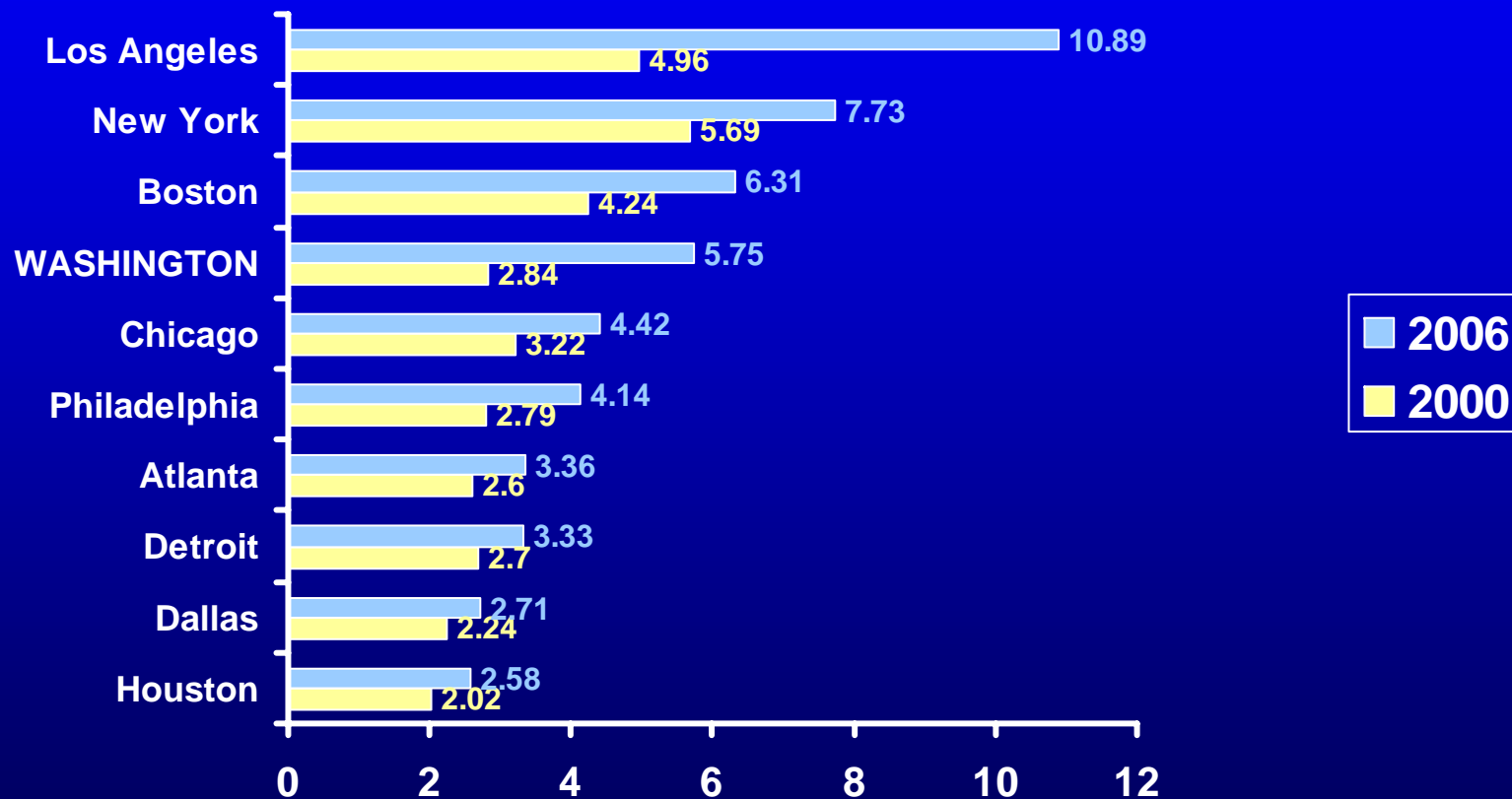
Threats to the Washington Region Economy's Future Performance

- **Slowing Federal Spending**
- **Area's Rising Cost of Living**
- **Increasing Oil Prices**
- **Turmoil in Financial Markets**
- **Continuing Weakness in RE Market**

Federal Spending by Type 1983 - 2006

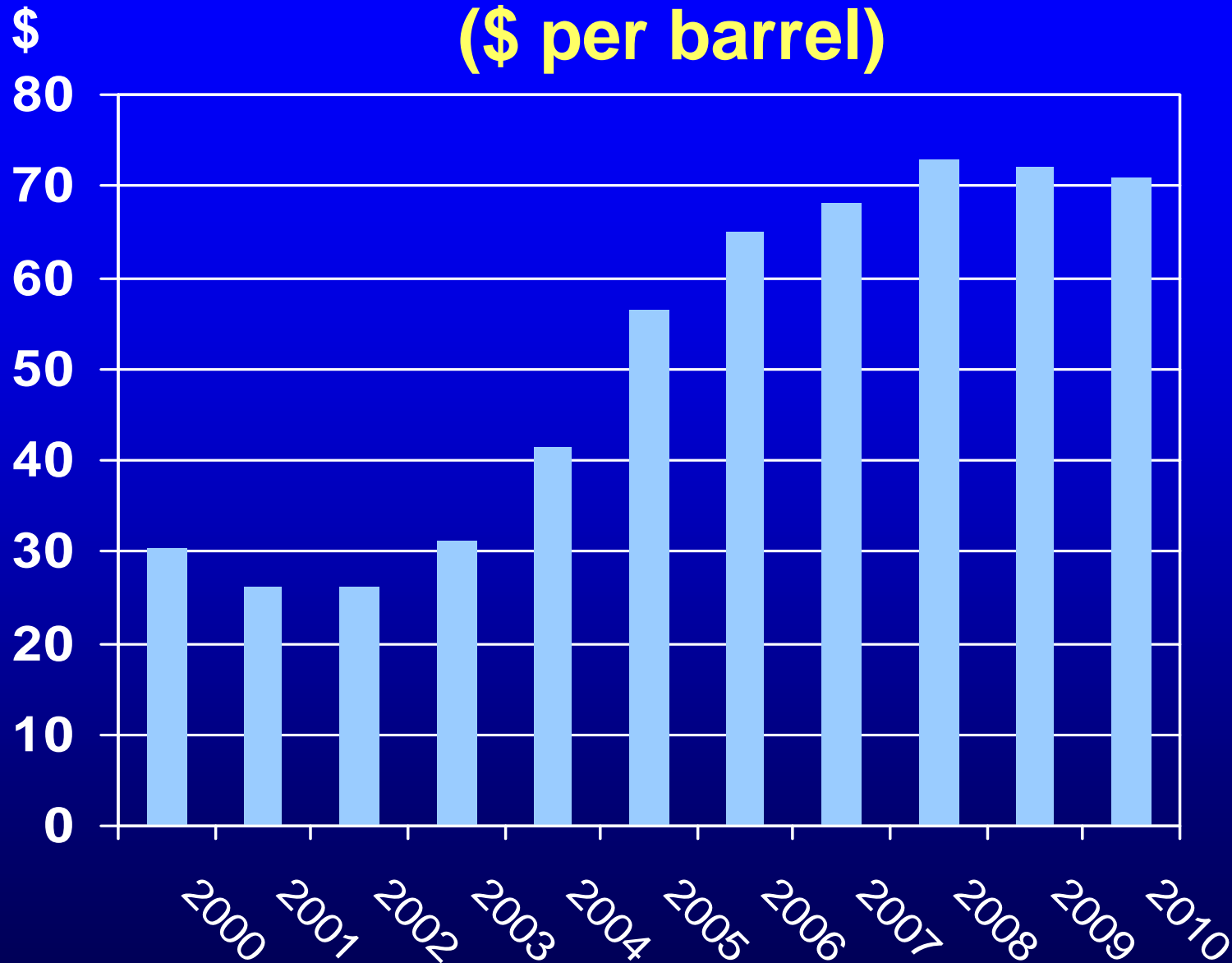


Ratio of Median Housing Value to Median Household Income 2000 - 2006



Source: 2000 Census, 2006 ACS, CRA

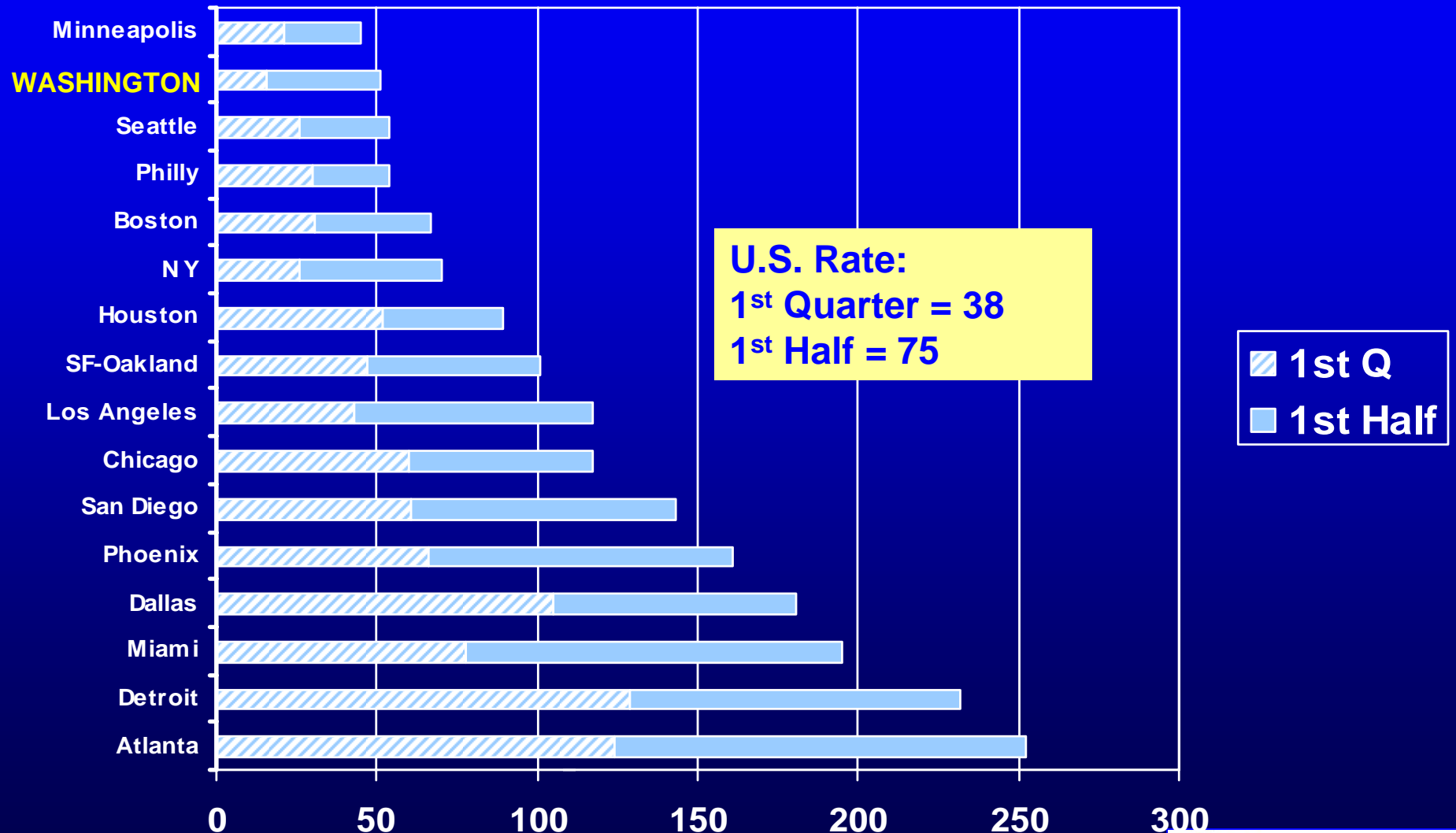
Average Annual Oil Prices (\$ per barrel)



Source: Global Insight, GMU Center for Regional Analysis

Metro Comparisons Mortgage Foreclosure Rates Jan - Jun 2007

Foreclosures /10,000HH



Outlook for the Region's Housing Market

Sales and Listings Northern Virginia September Each Year



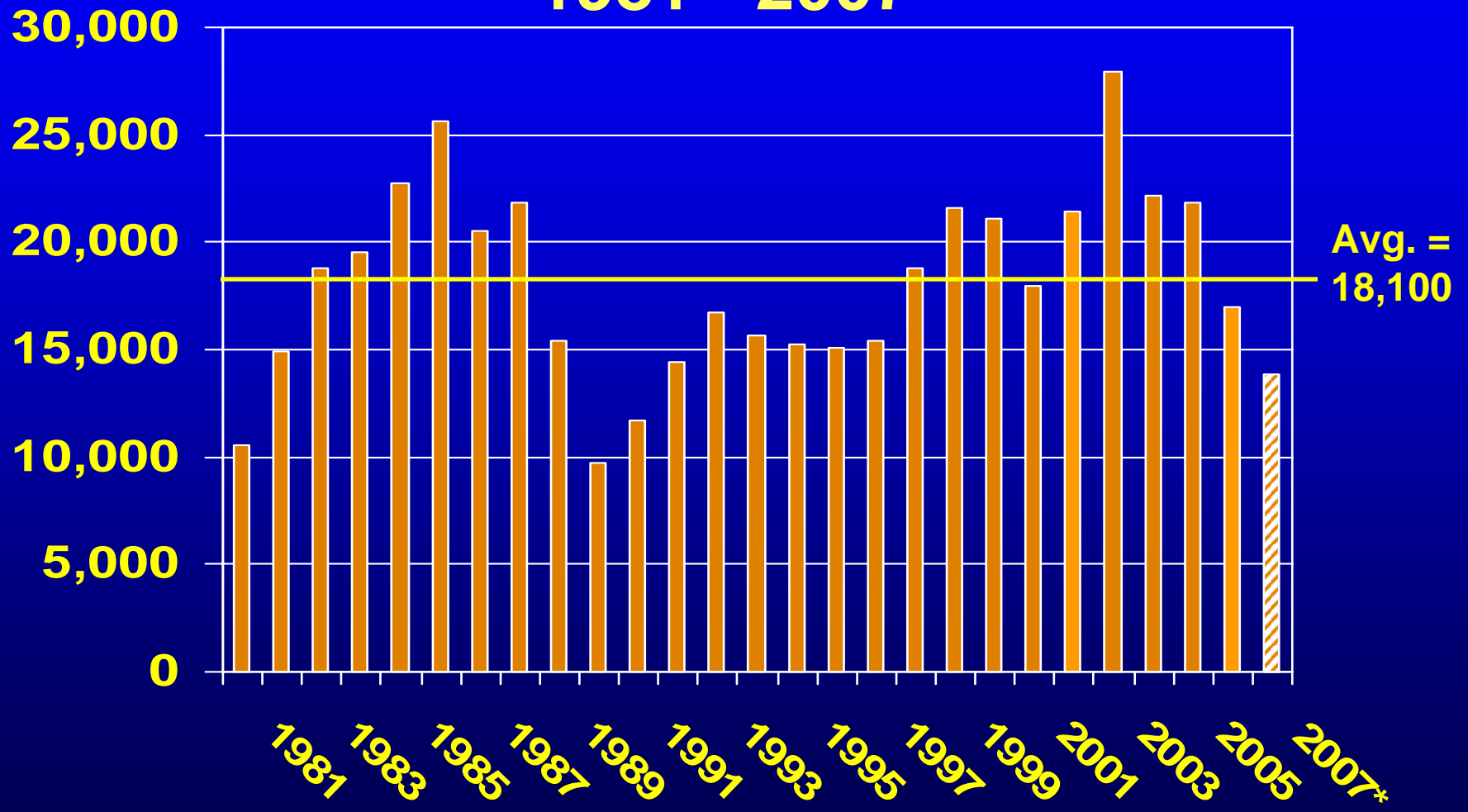
Source: MRIS, GMU Center for Regional Analysis

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



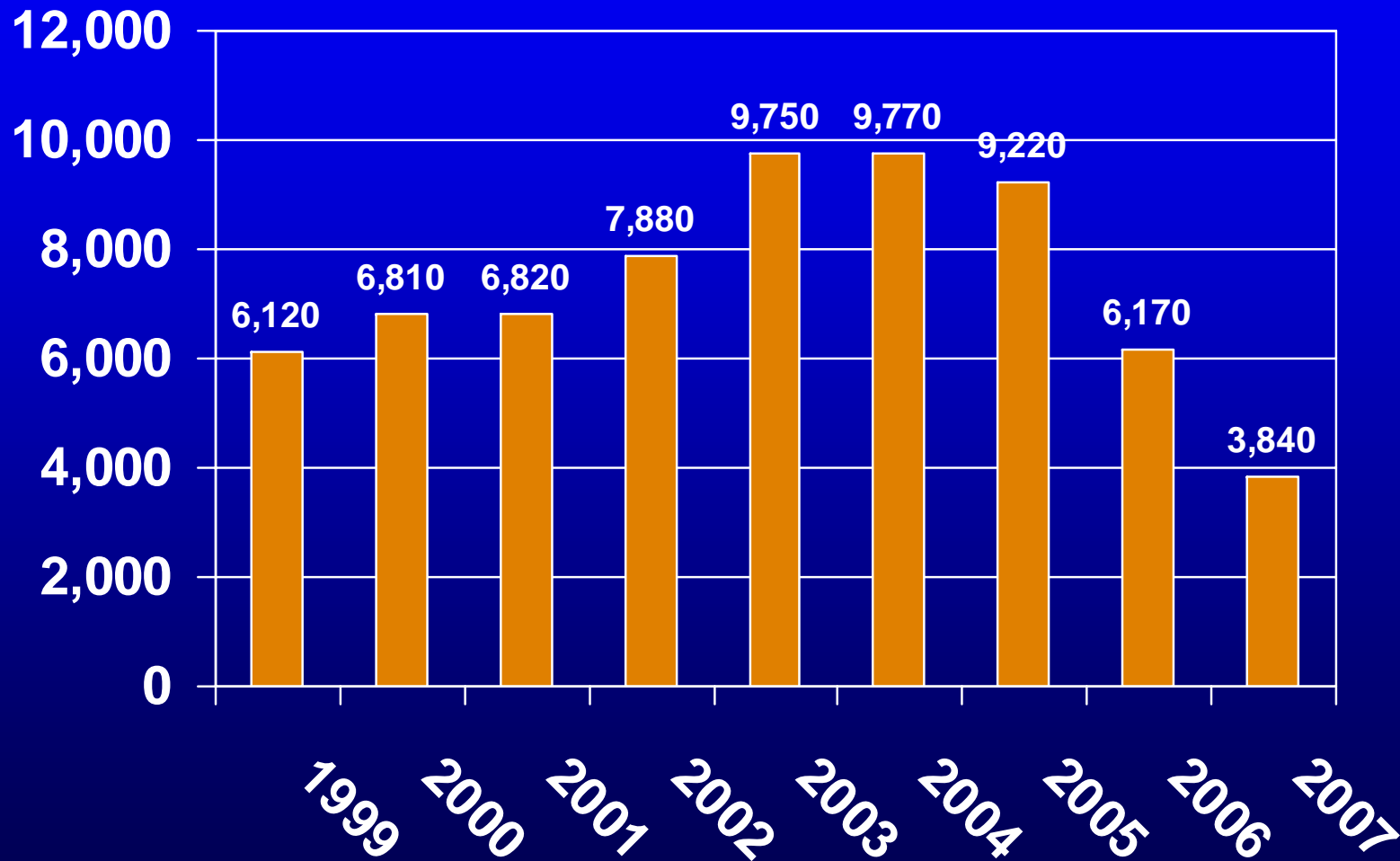
Source: NVAR, MRIS, GMU Center for Regional Analysis

New Home Sales Washington Metro Area 1981 - 2007



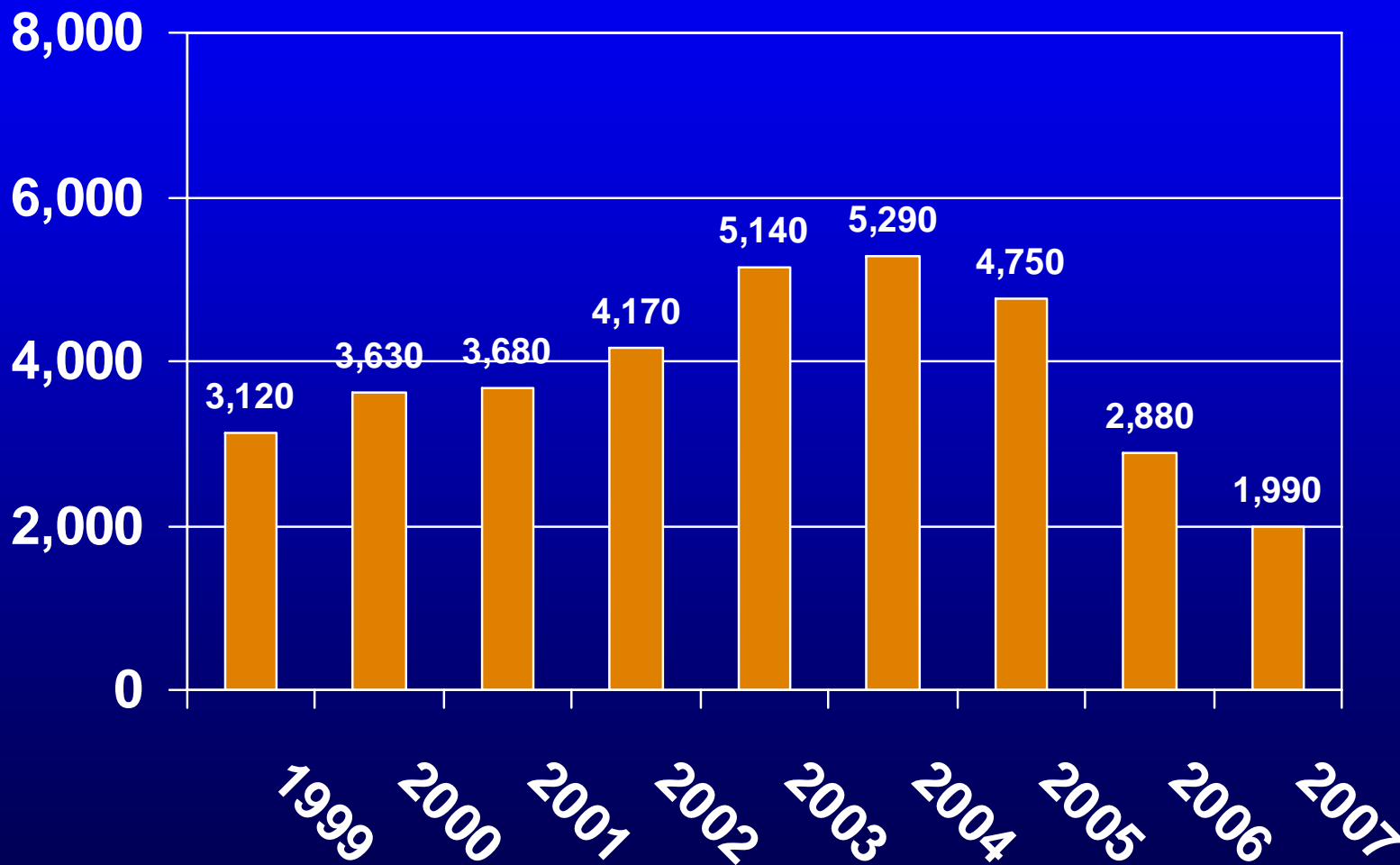
* 2007 Annualized

Total Existing Units Sold Washington Metro Area September Each Year



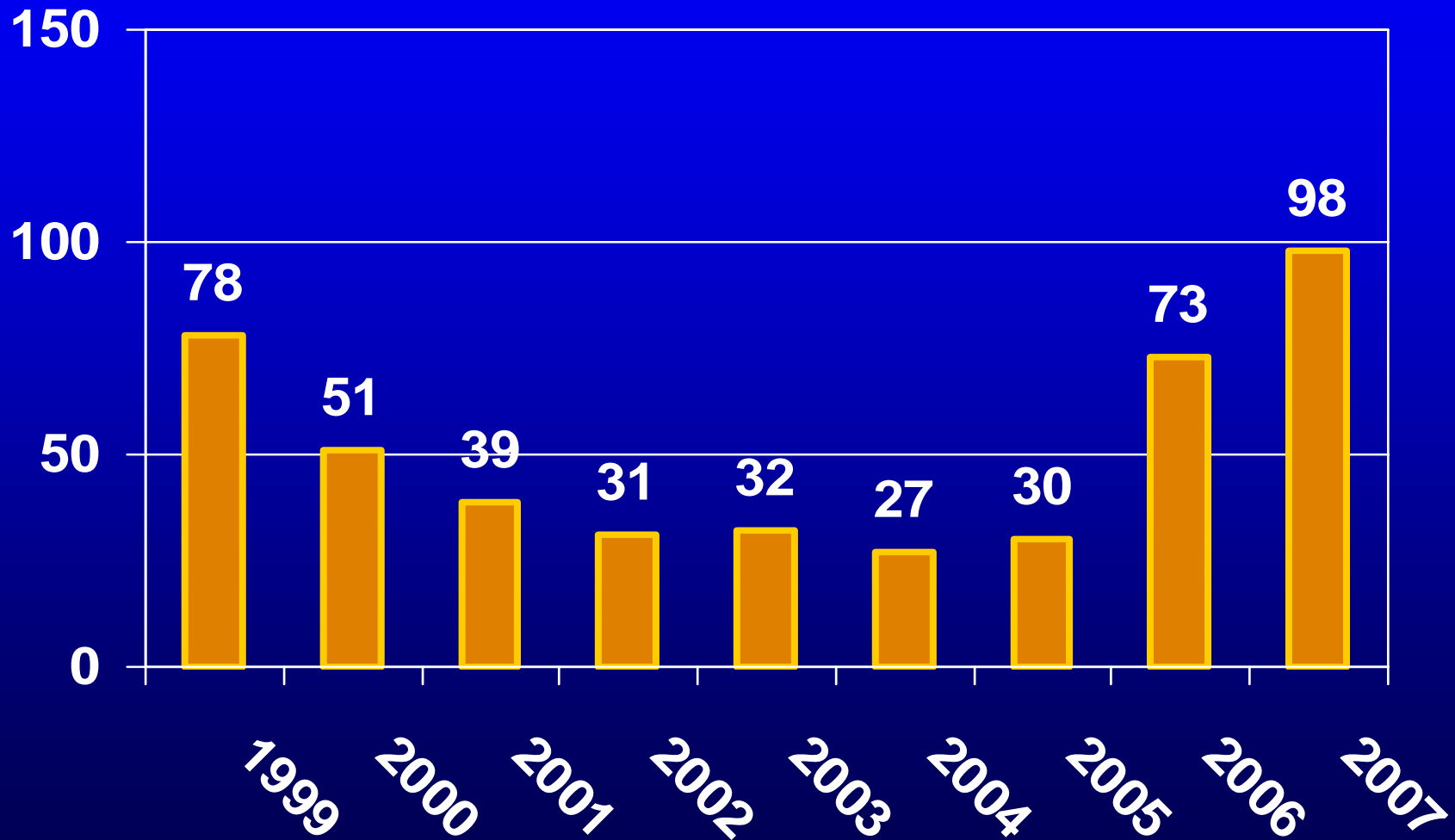
Source: MRIS, GMU Center for Regional Analysis

Total Existing Units Sold Northern Virginia September Each Year



Days on Market September Each Year Washington Metro

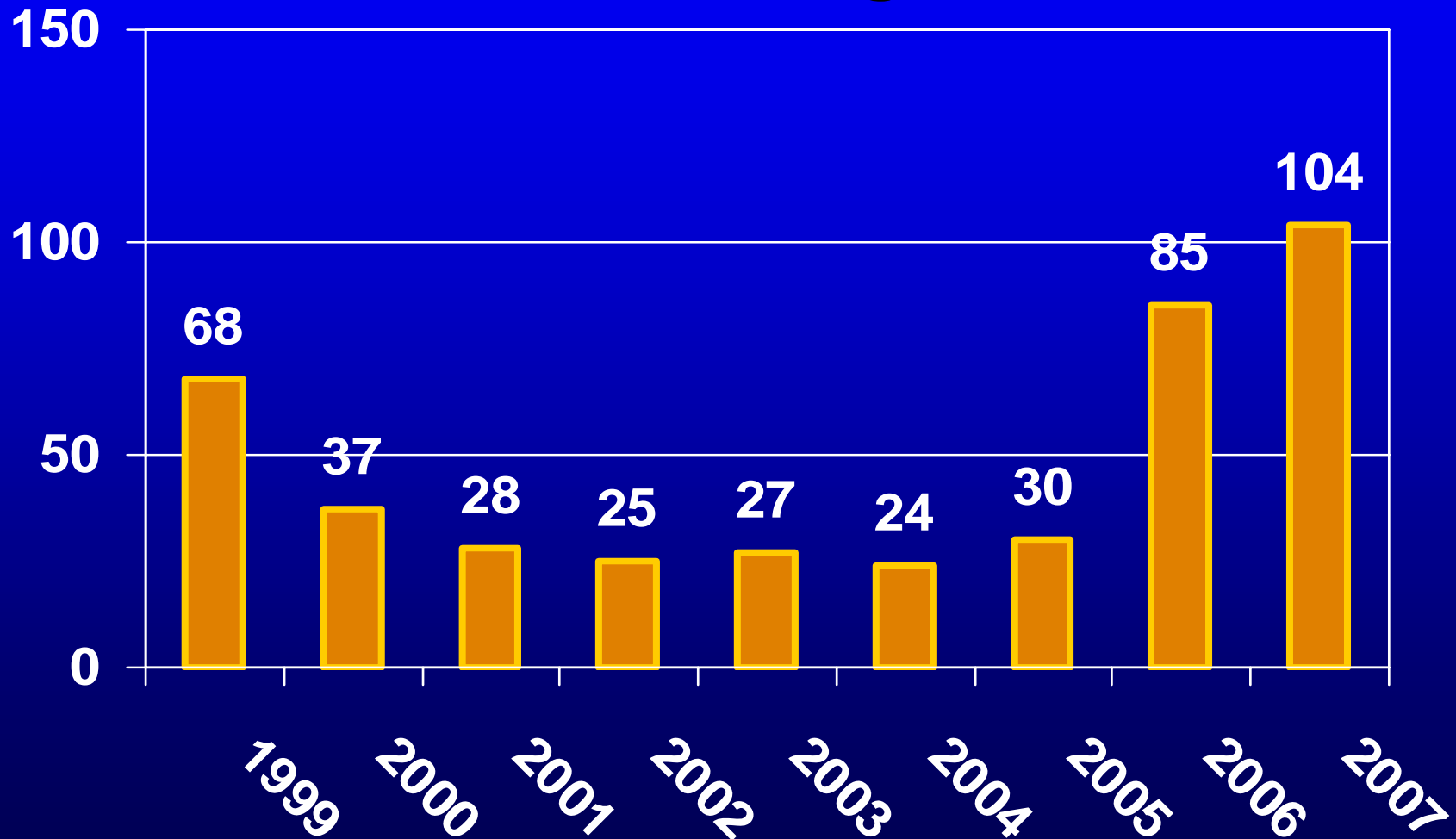
Days



Source: MRIS, GMU Center for Regional Analysis

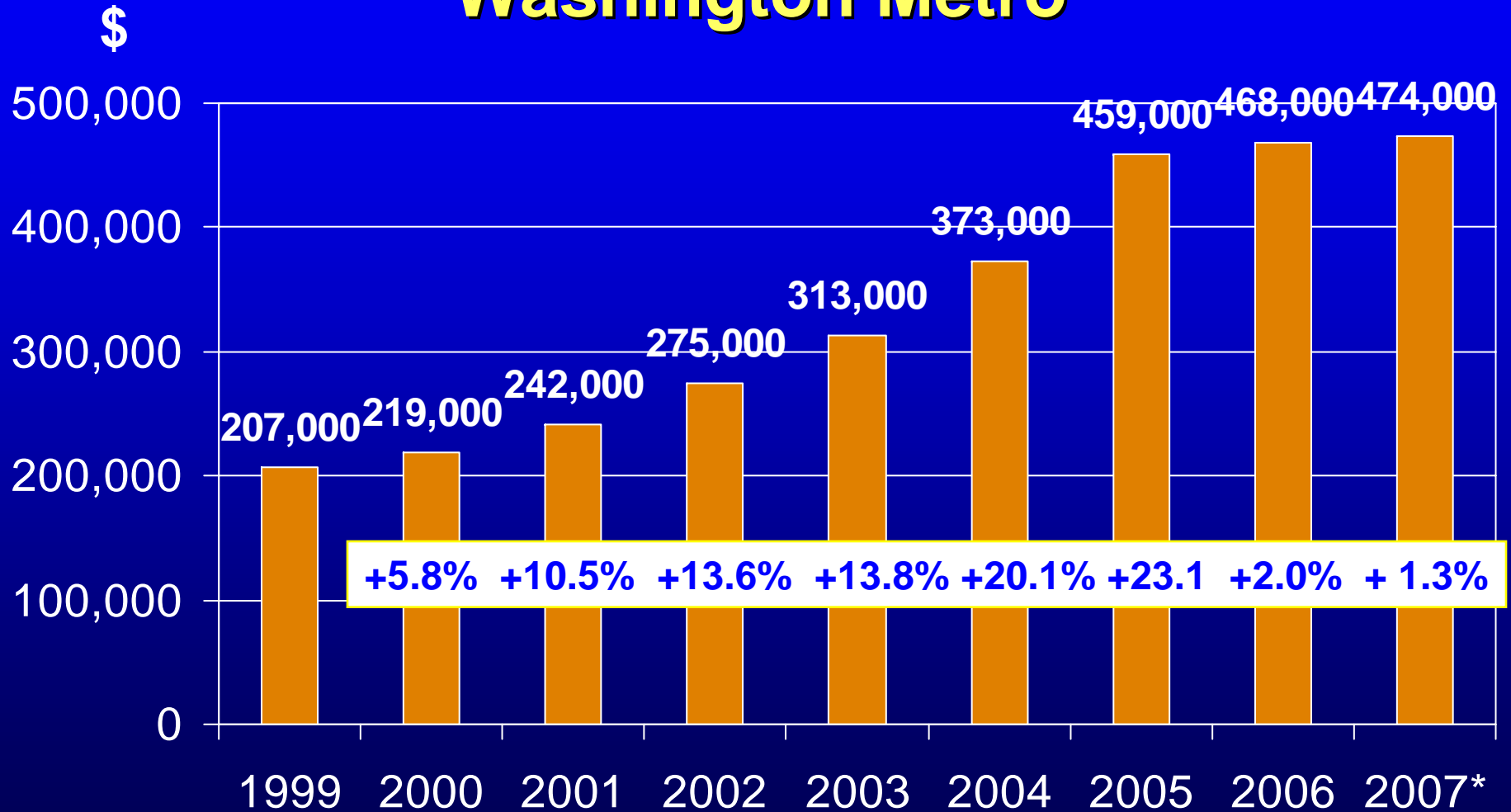
Days on Market September Each Year Northern Virginia

Days



Source: MRIS, GMU Center for Regional Analysis

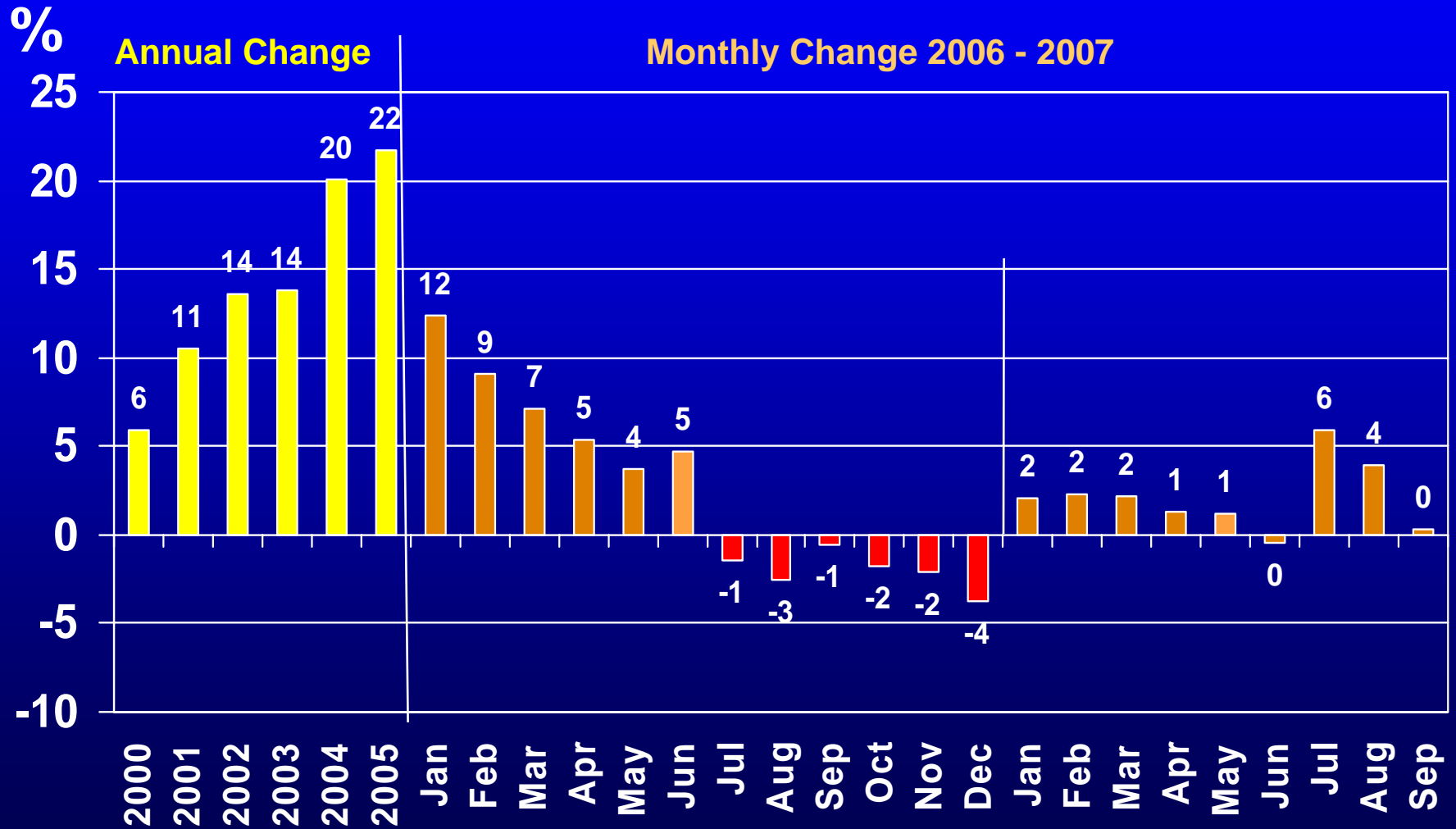
Average Sales Price All Housing Types Washington Metro



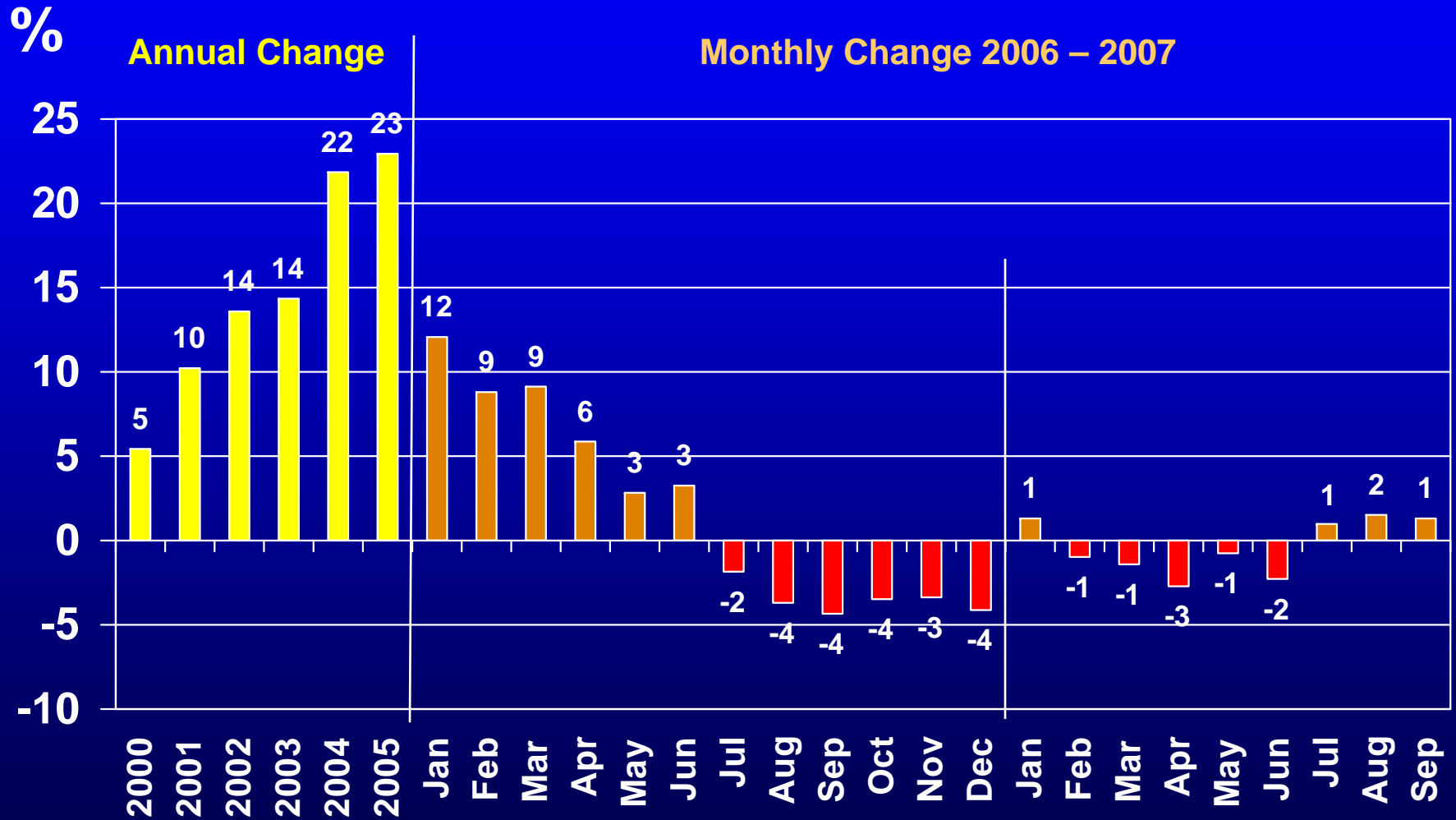
Source: MRIS, GMU Center for Regional Analysis

* Estimated

Average Sales Price Percent Change Washington MSA All Housing Types

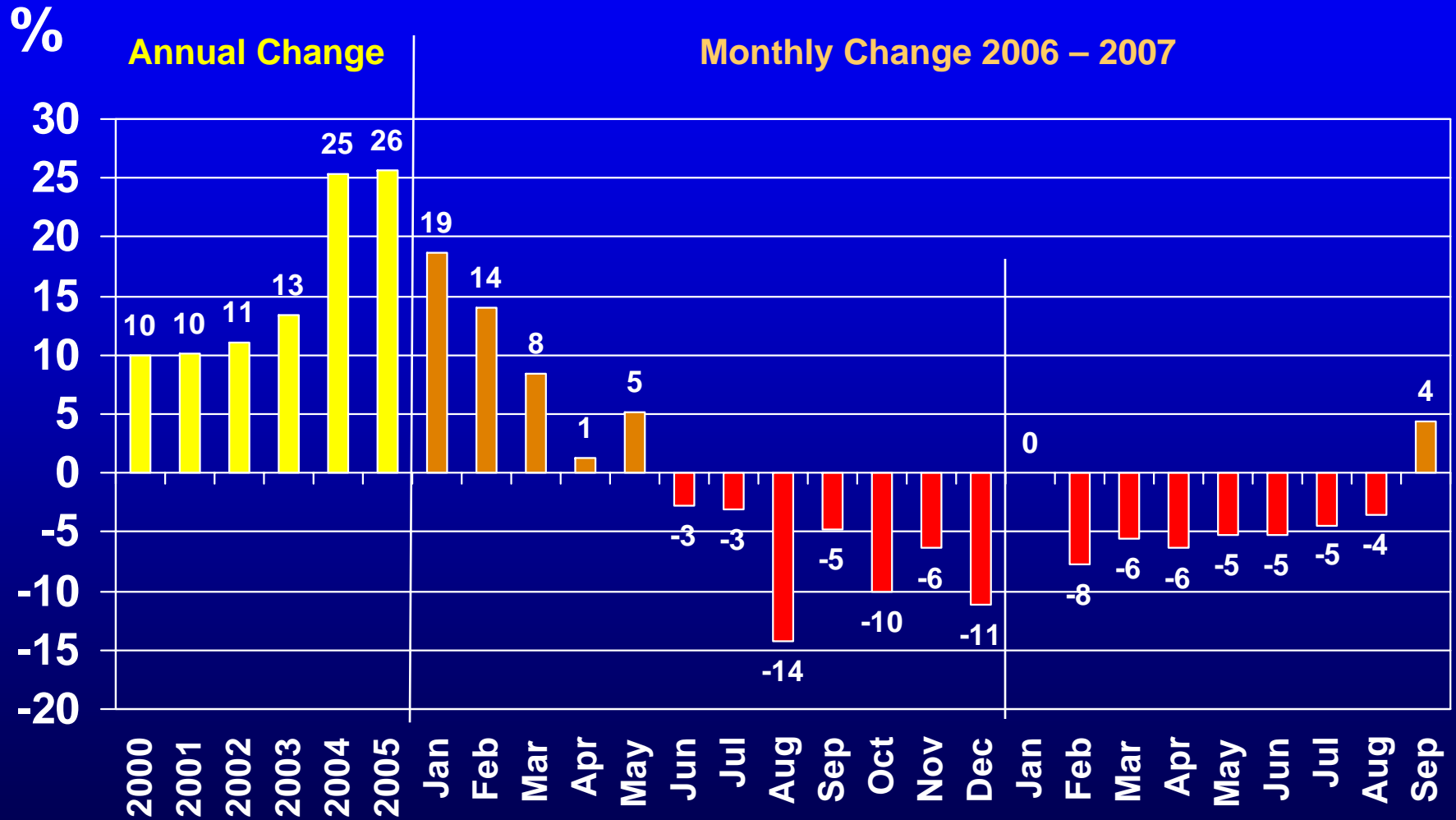


Average Sales Price Percent Change Northern Virginia All Housing Types

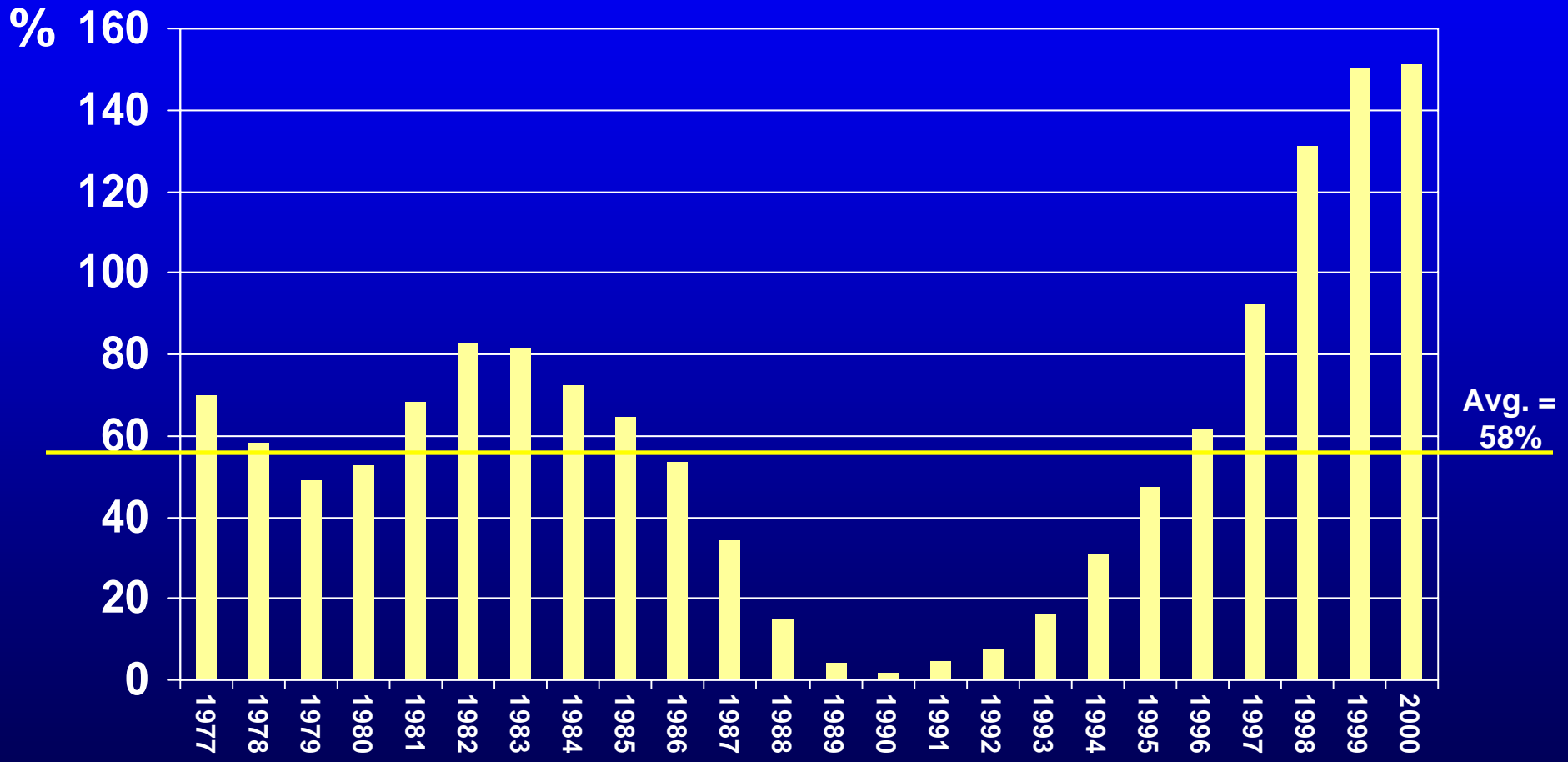


Source: MRIS, GMU Center for Regional Analysis

Average Sales Price Percent Change Loudoun County All Housing Types



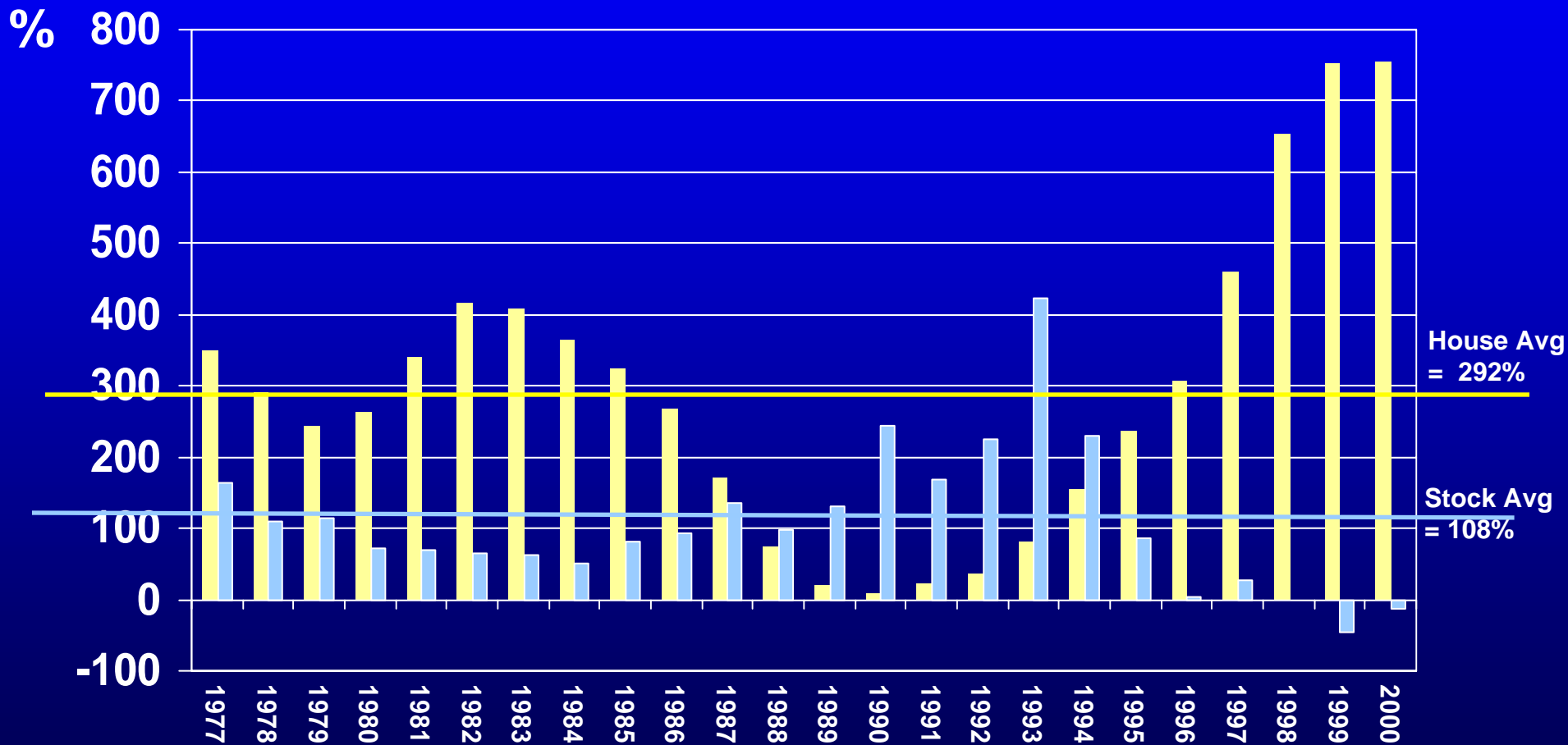
Increase in Home Value Over Seven Years By Year of Home Purchase Washington Metro



Source: GMU Center for Regional Analysis

7 Year Return on Investment Home Purchase vs NASDAQ Stock Index

(Assumes Investment of 20% Down of Average Priced Washington Area House in Year of Investment)



Source: GMU Center for Regional Analysis

Five-Year Forecast

Employment Change by Sub-state Region (000s)

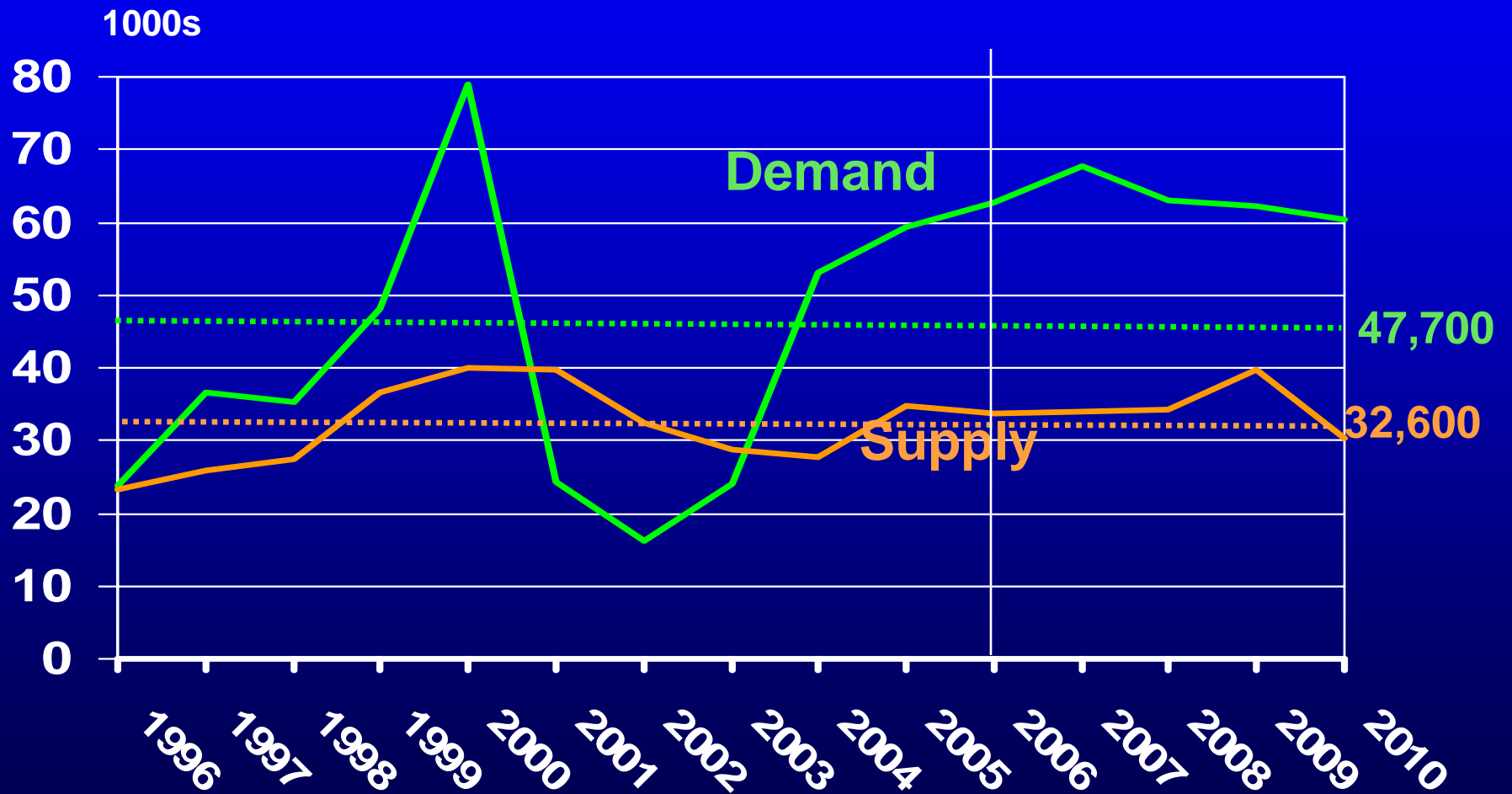
	2006	2007	2008	2009	2010	2011
D.C.	6.1	5.3	4.8	5.0	4.6	4.1
S. MD	10.6	10.5	11.2	12.6	12.5	11.6
No. VA	30.5	28.7	31.4	31.4	29.6	25.9
REGION	47.2	44.5	47.4	49.0	46.7	41.6

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

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

Based on 2006 BLS Benchmarked Data.

Annual Change In Housing Demand vs. Housing Supply 1995 - 2010 Washington MSA





<http://cra.gmu.edu>