

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

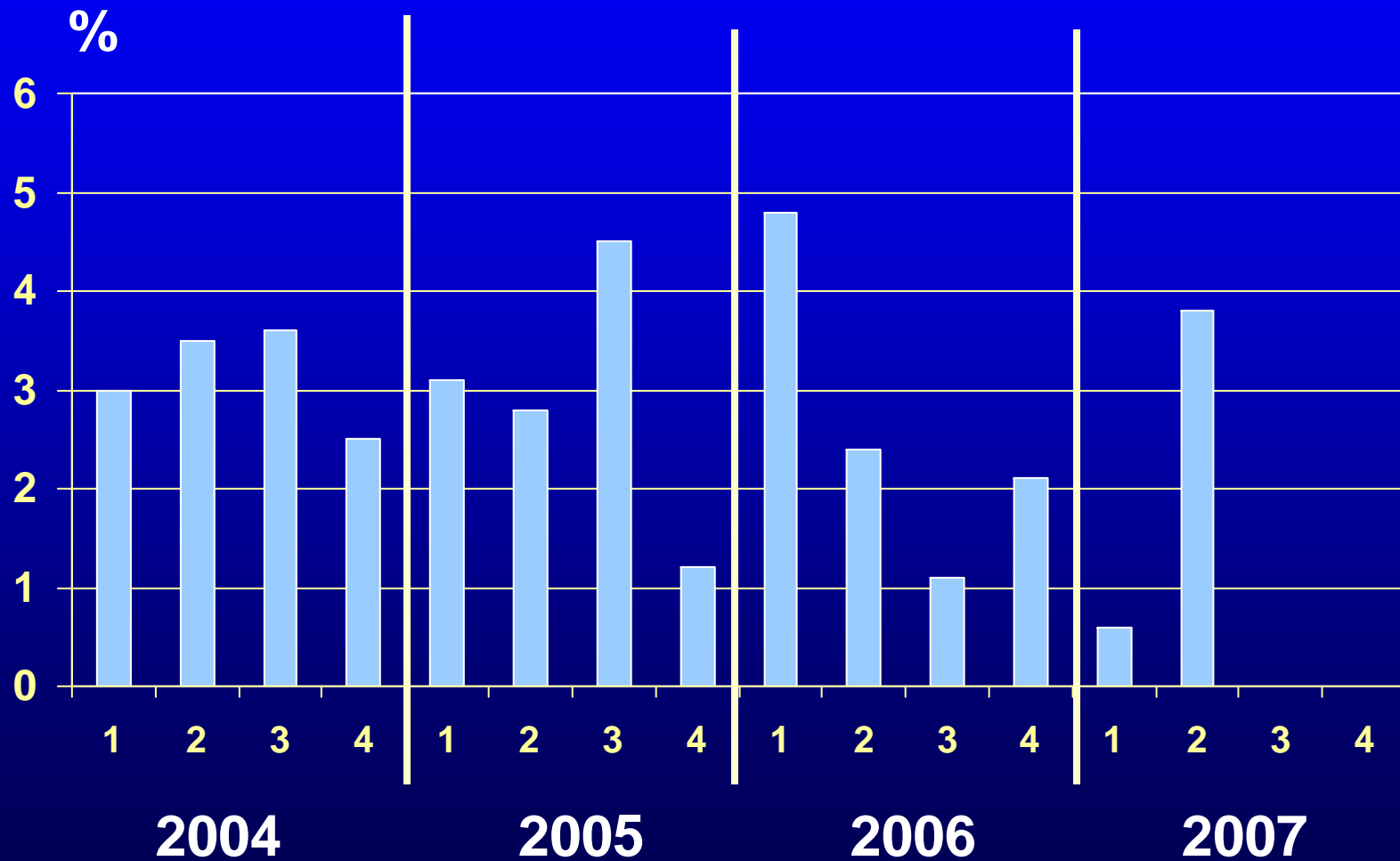
**Stephen S. Fuller, PhD  
Dwight Schar Faculty Chair and University Professor  
Director, Center for Regional Analysis  
George Mason University**

**October 9, 2007**

# **The National Economy**

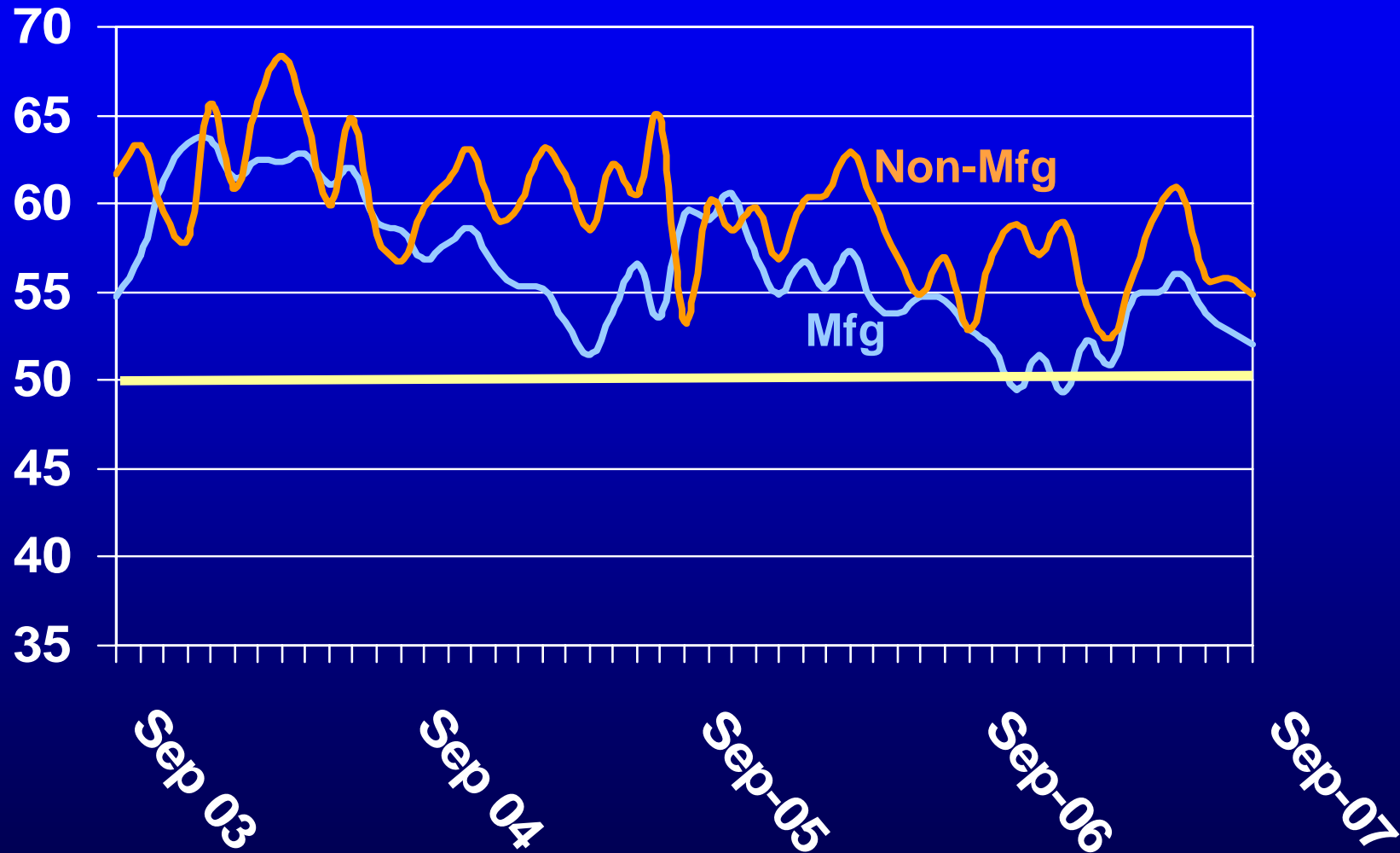
## **Current Performance**

# U.S. Gross Domestic Product Quarterly Change: 2004 – 2007

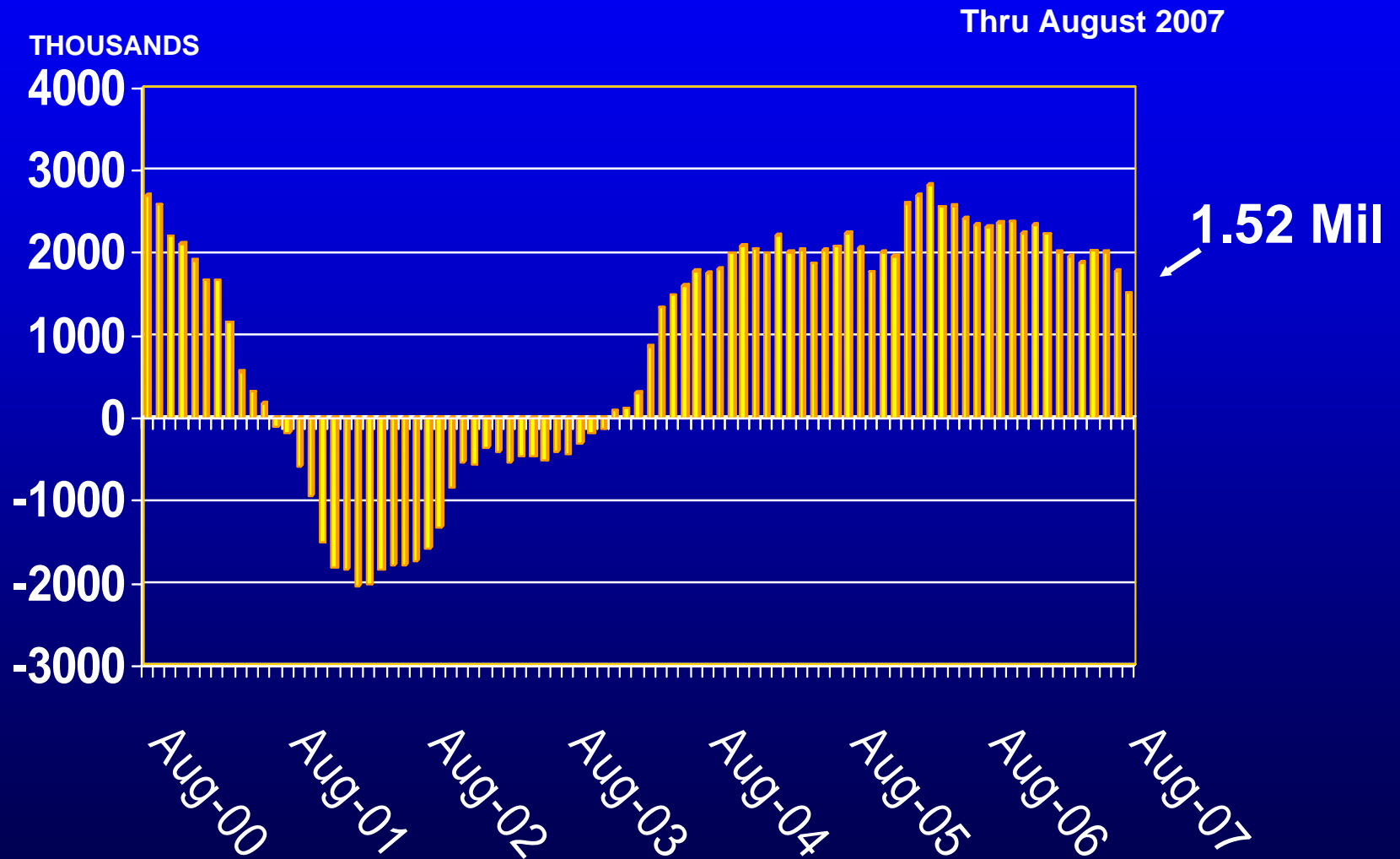


Source: BEA, GMU Center for Regional Analysis

# ISM Manufacturing and Non-Manufacturing Indices

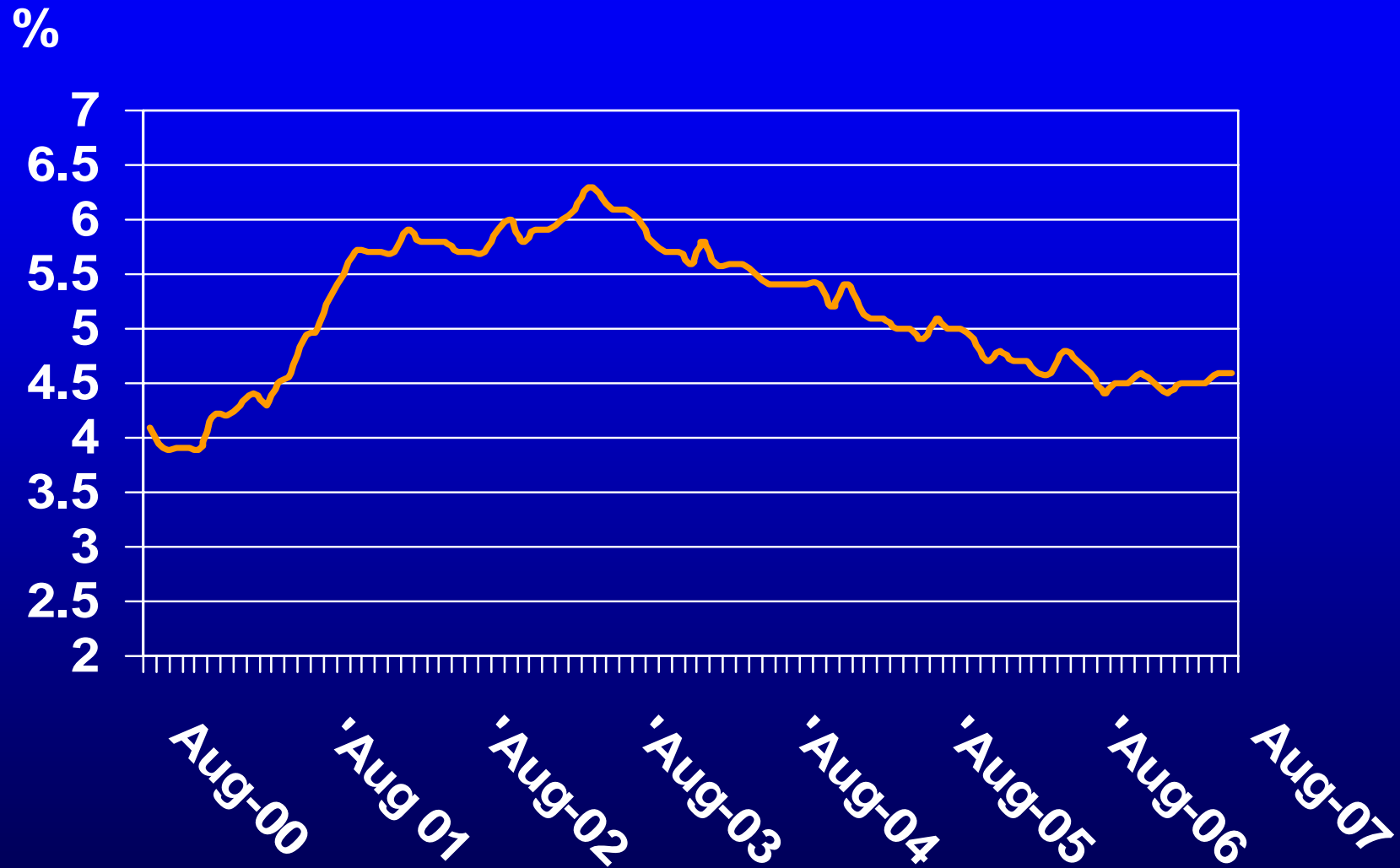


# Annual Change in Jobs - US



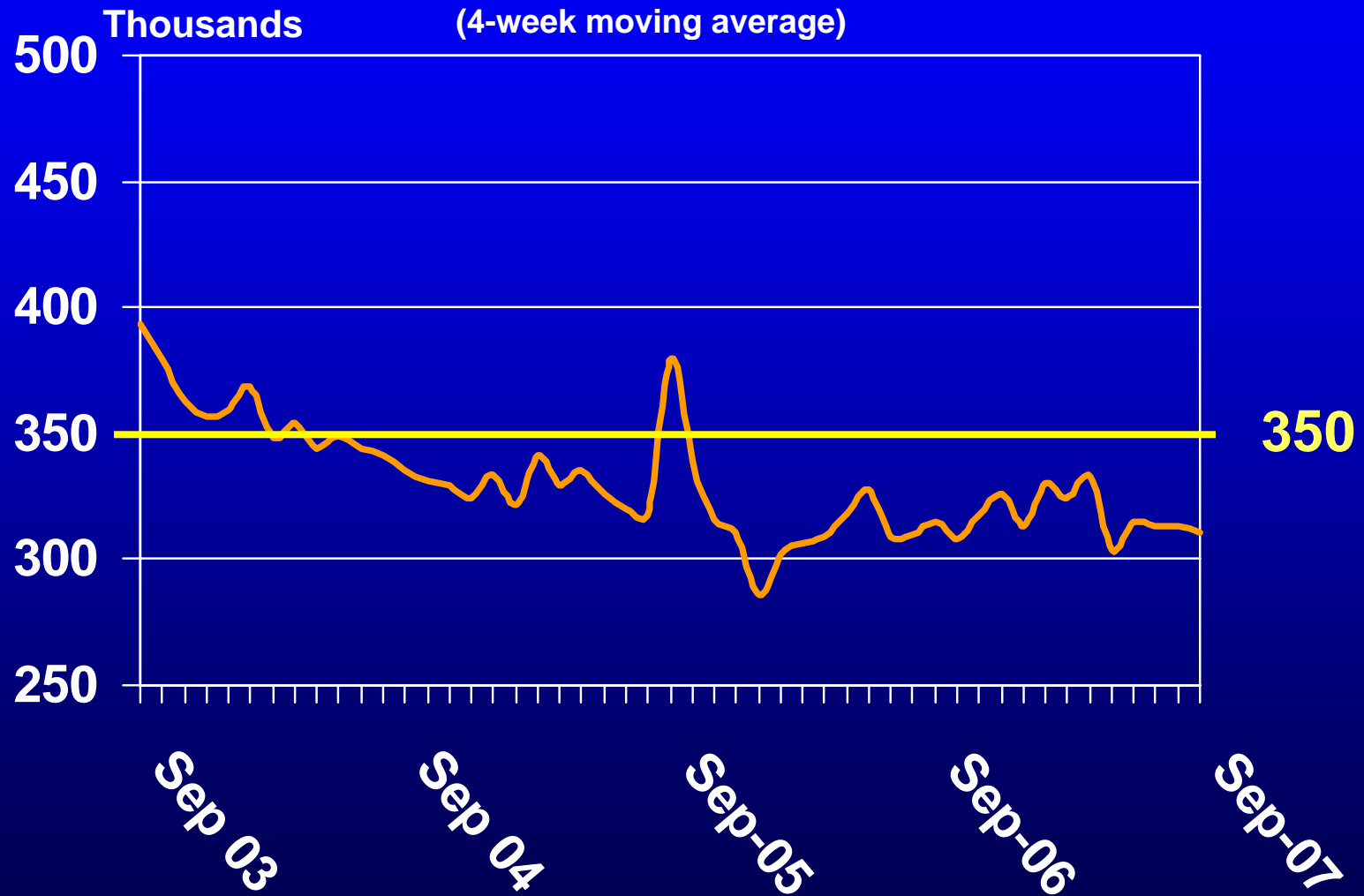
Source: BLS Establishment Survey

# U.S. Unemployment Rate

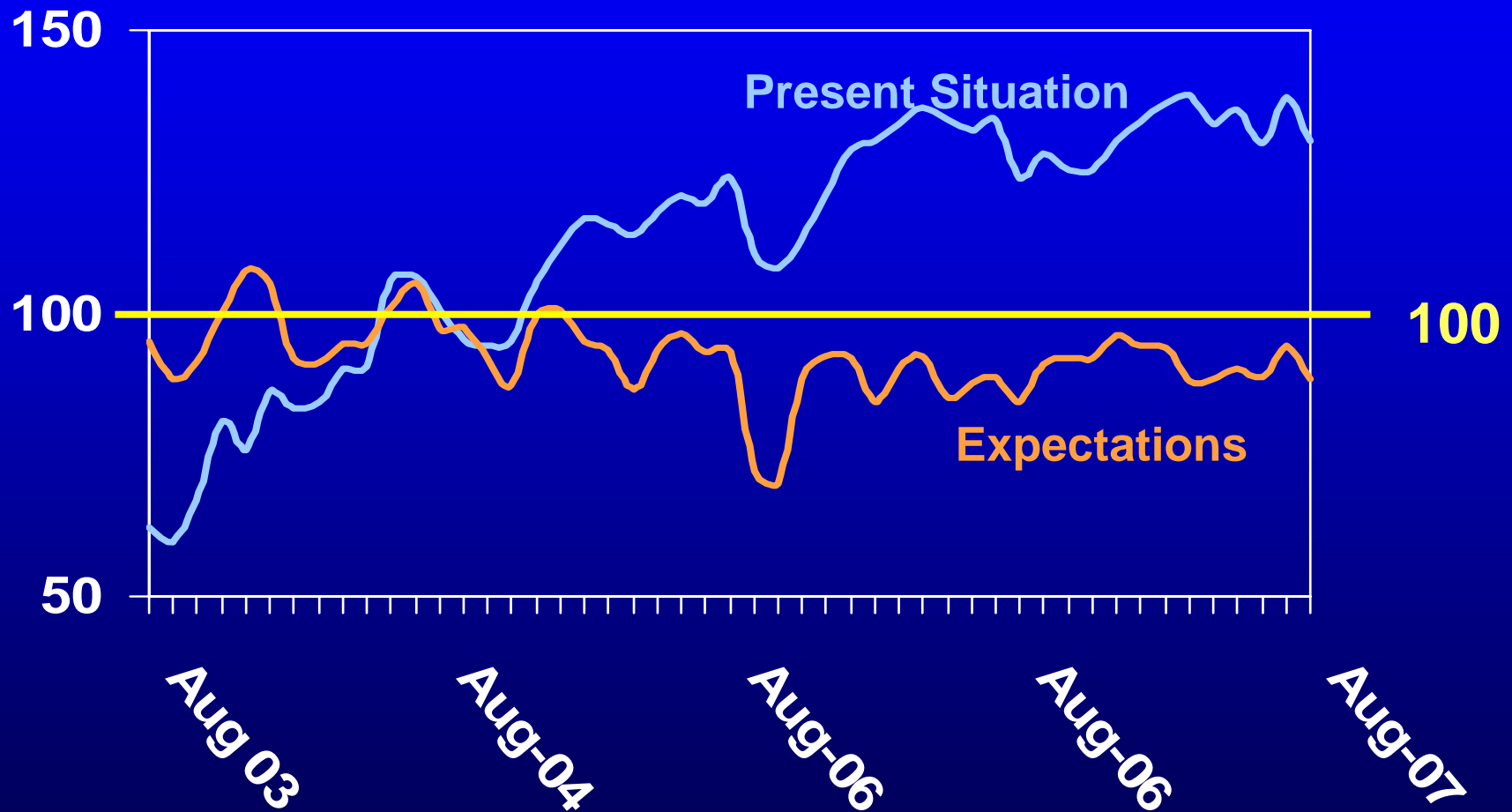


Source: BLS, Seasonally Adjusted

# Initial Unemployment Claims

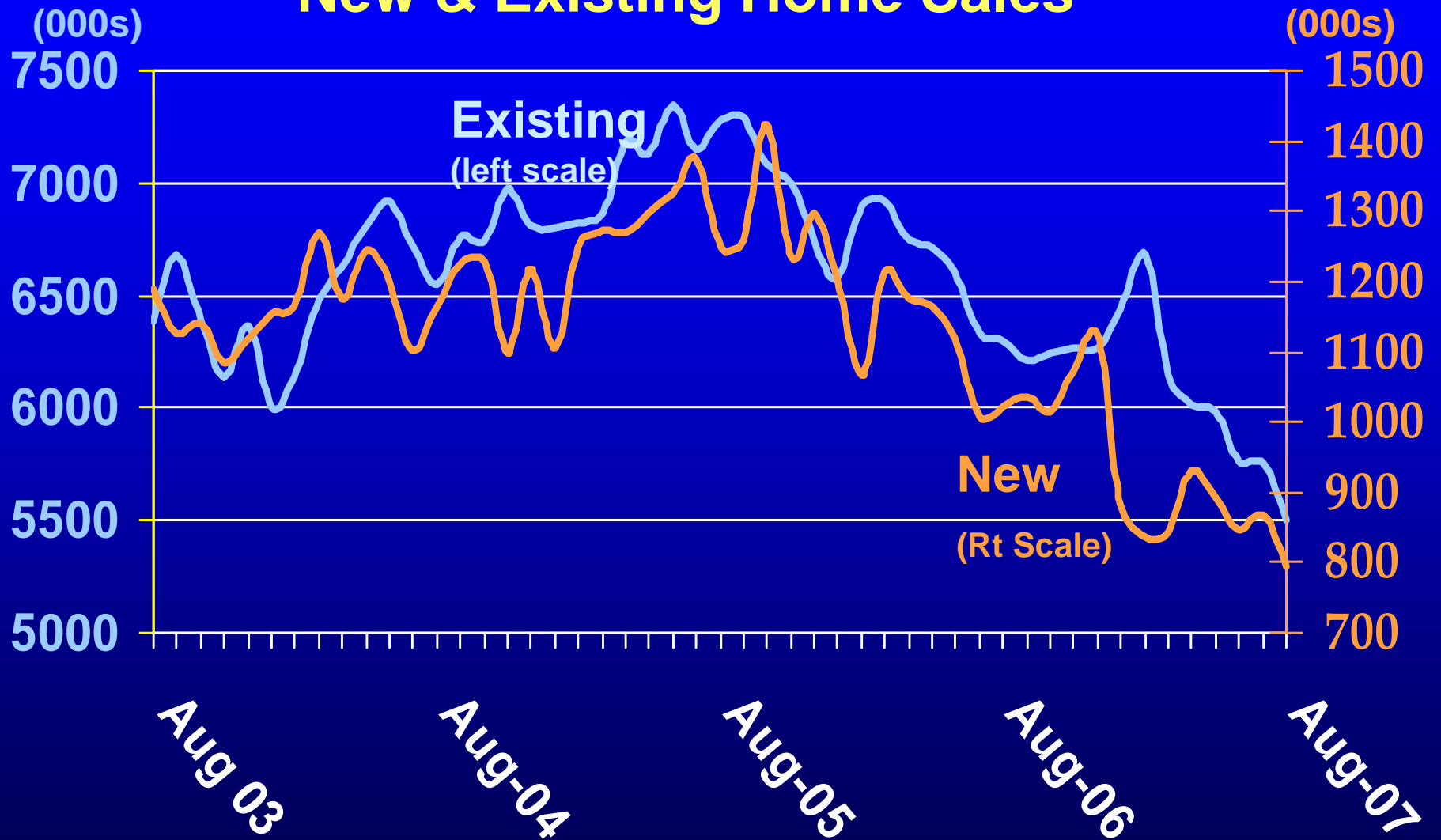


# Consumer Confidence

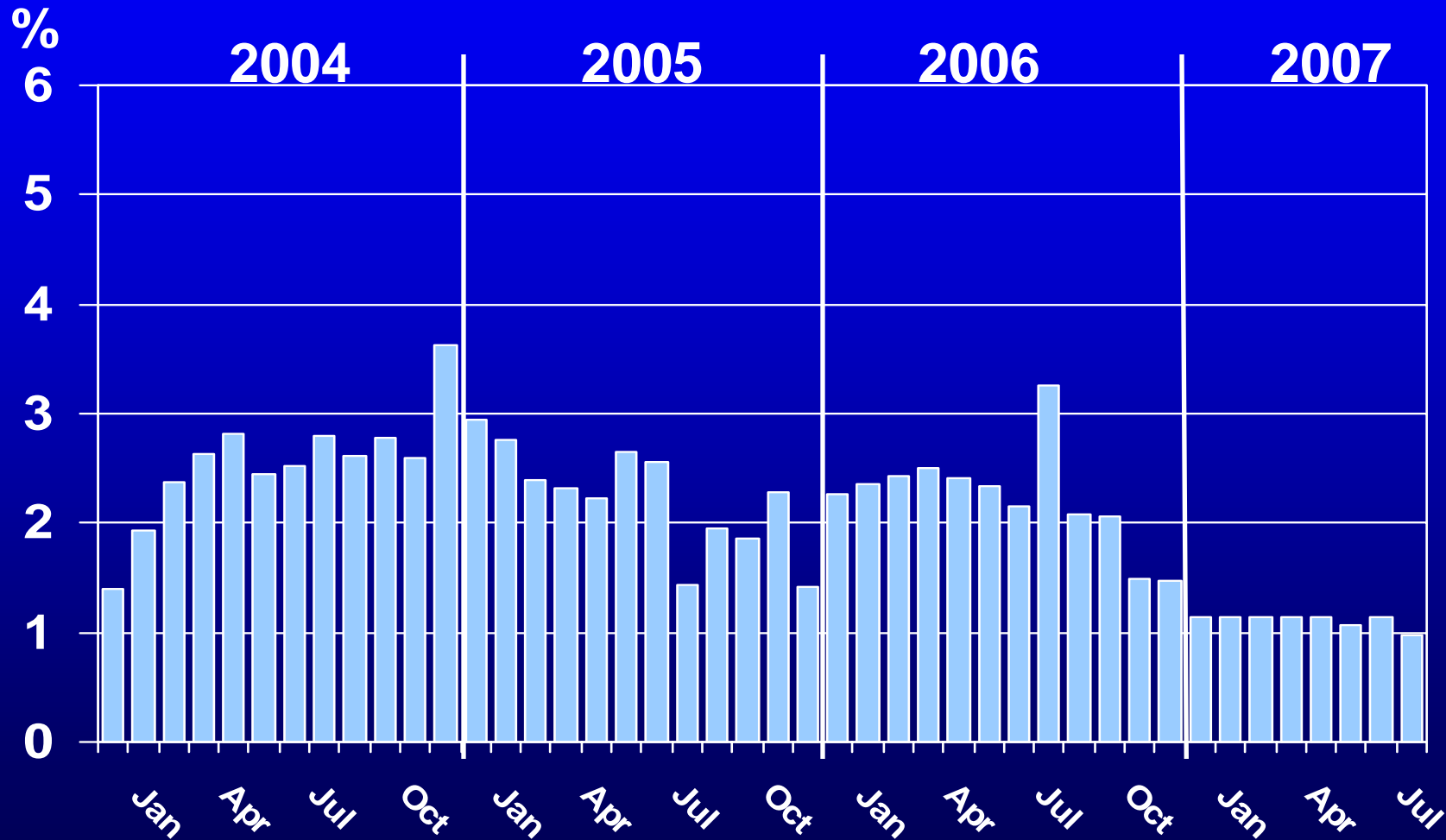


Source: Conference Board, GMU Center for Regional Analysis

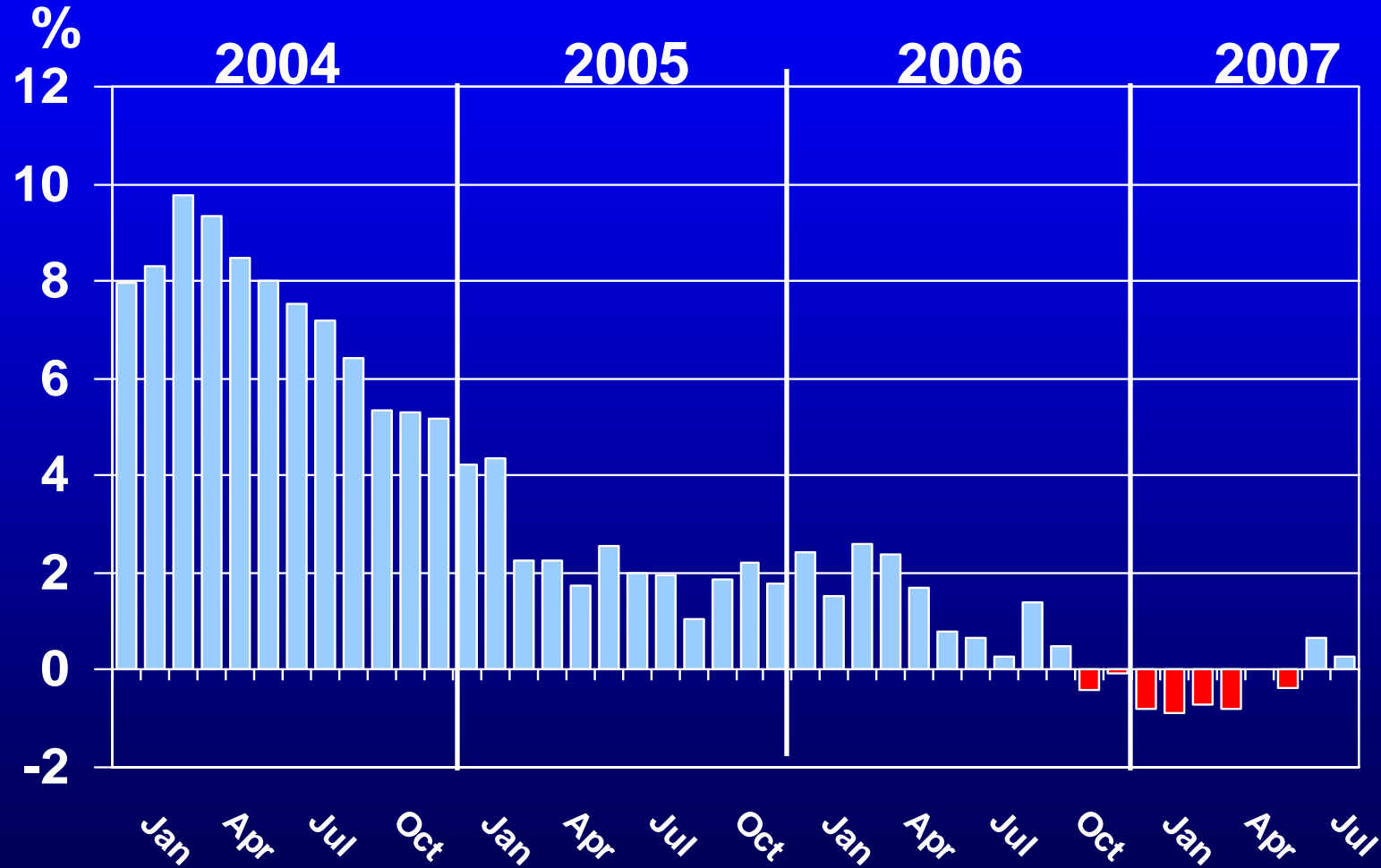
# Housing Trends: New & Existing Home Sales



# U.S. Coincident Index Monthly Over-the-Year Percent Changes



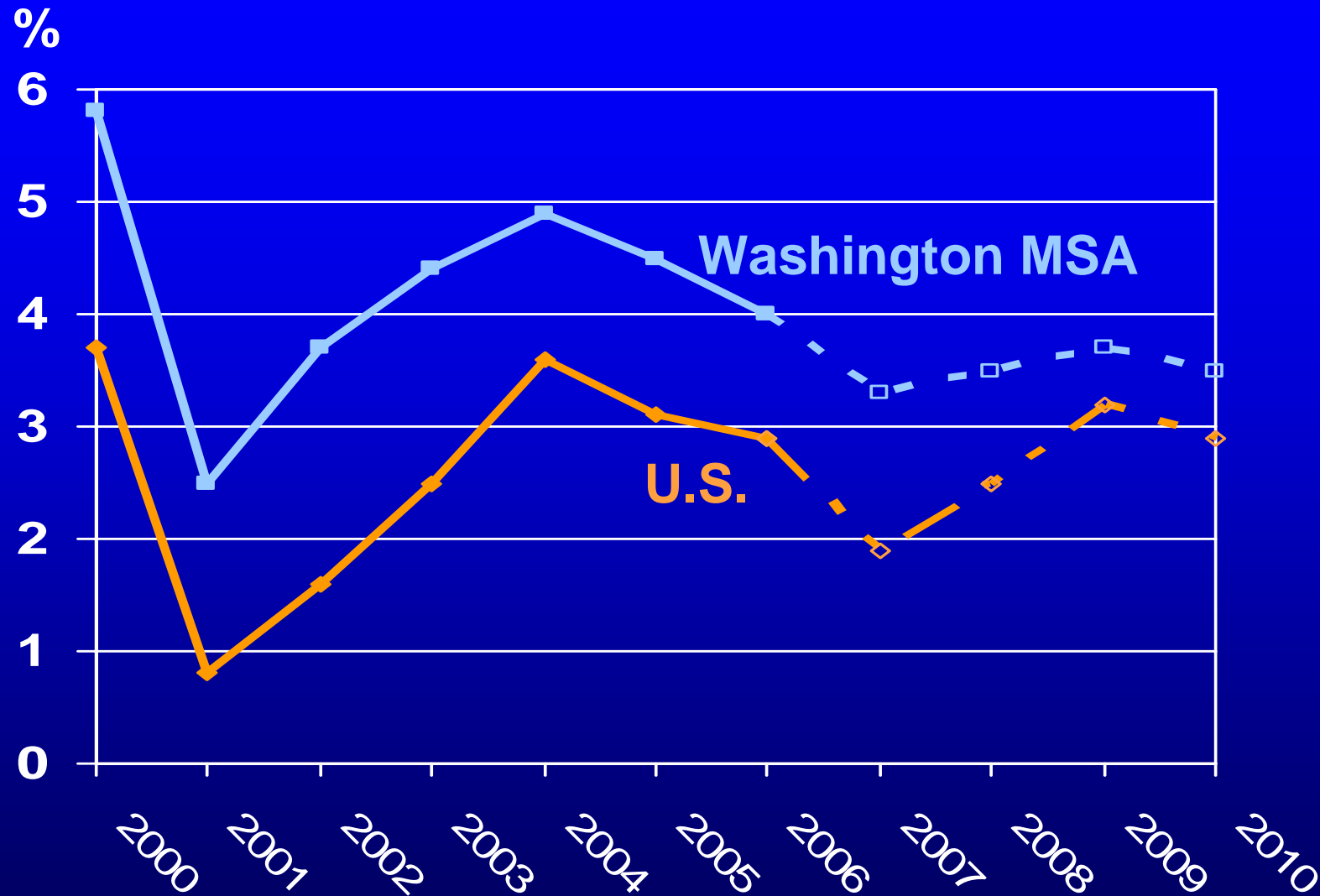
# U.S. Leading Index Monthly Over-the-Year Percent Changes



# **The Washington Economy**

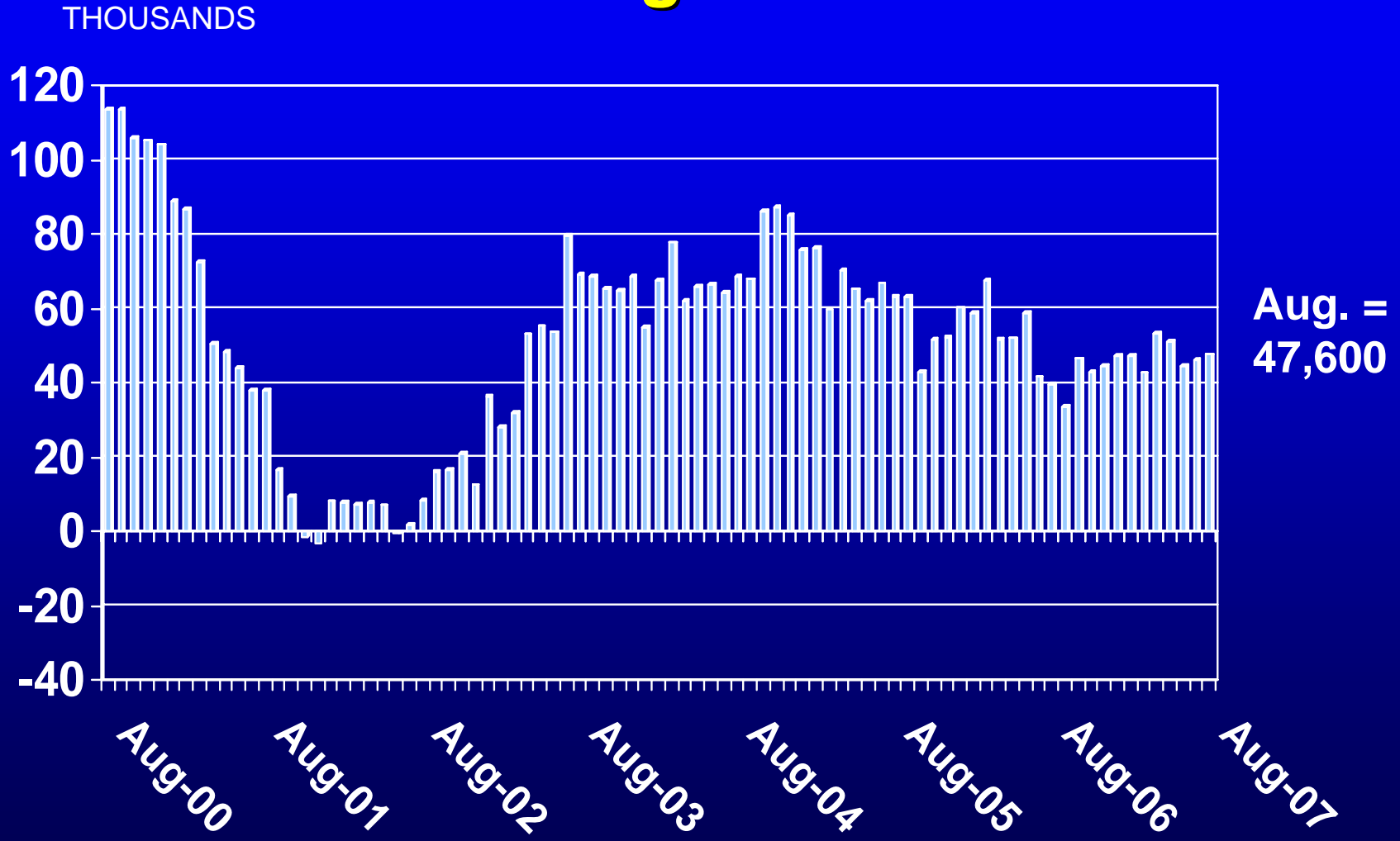
## **Current Performance**

# GDP 2000 - 2010



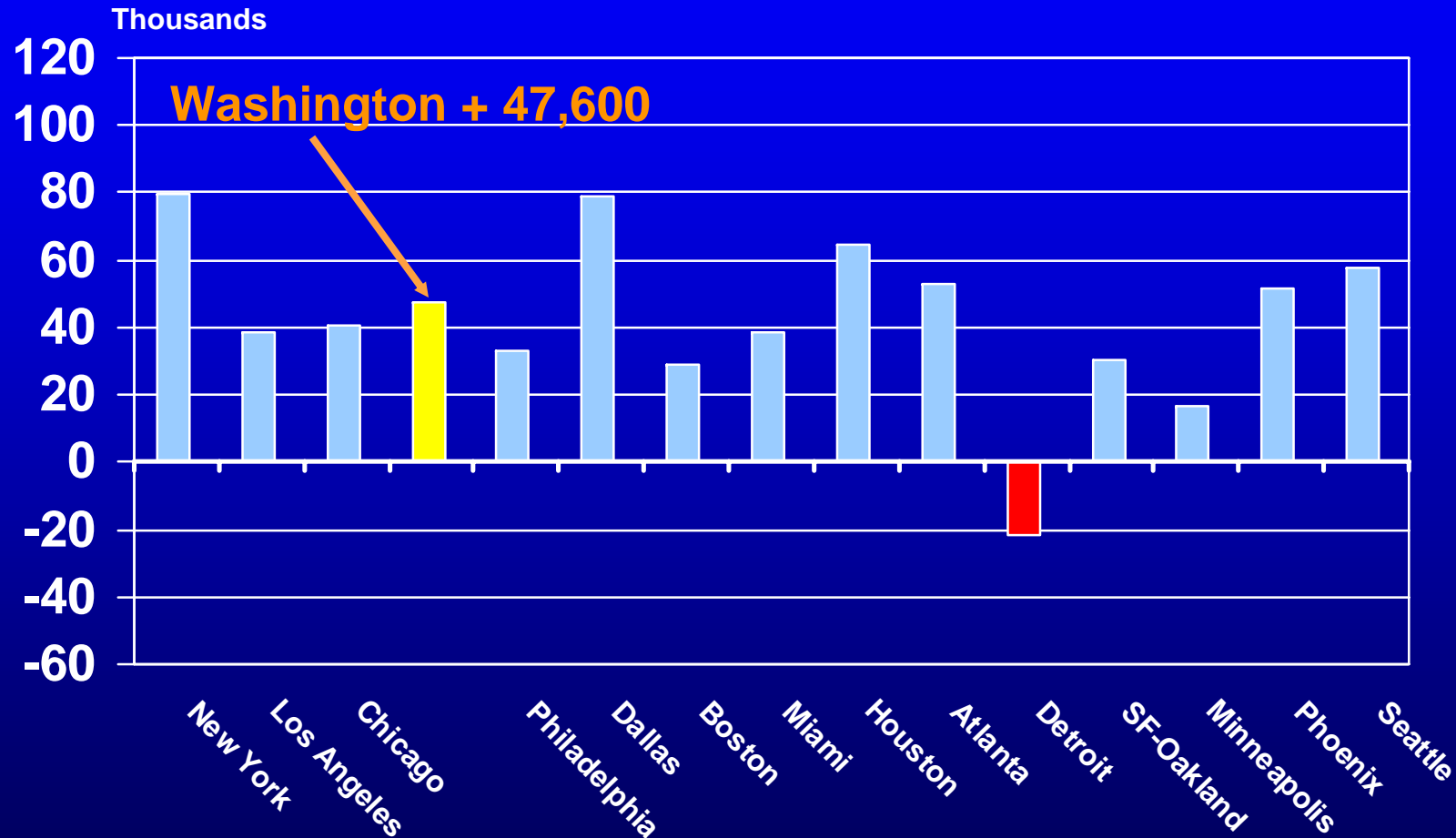
Source: Global Insight, GMU Center for Regional Analysis

# Annual Job Change Washington MSA



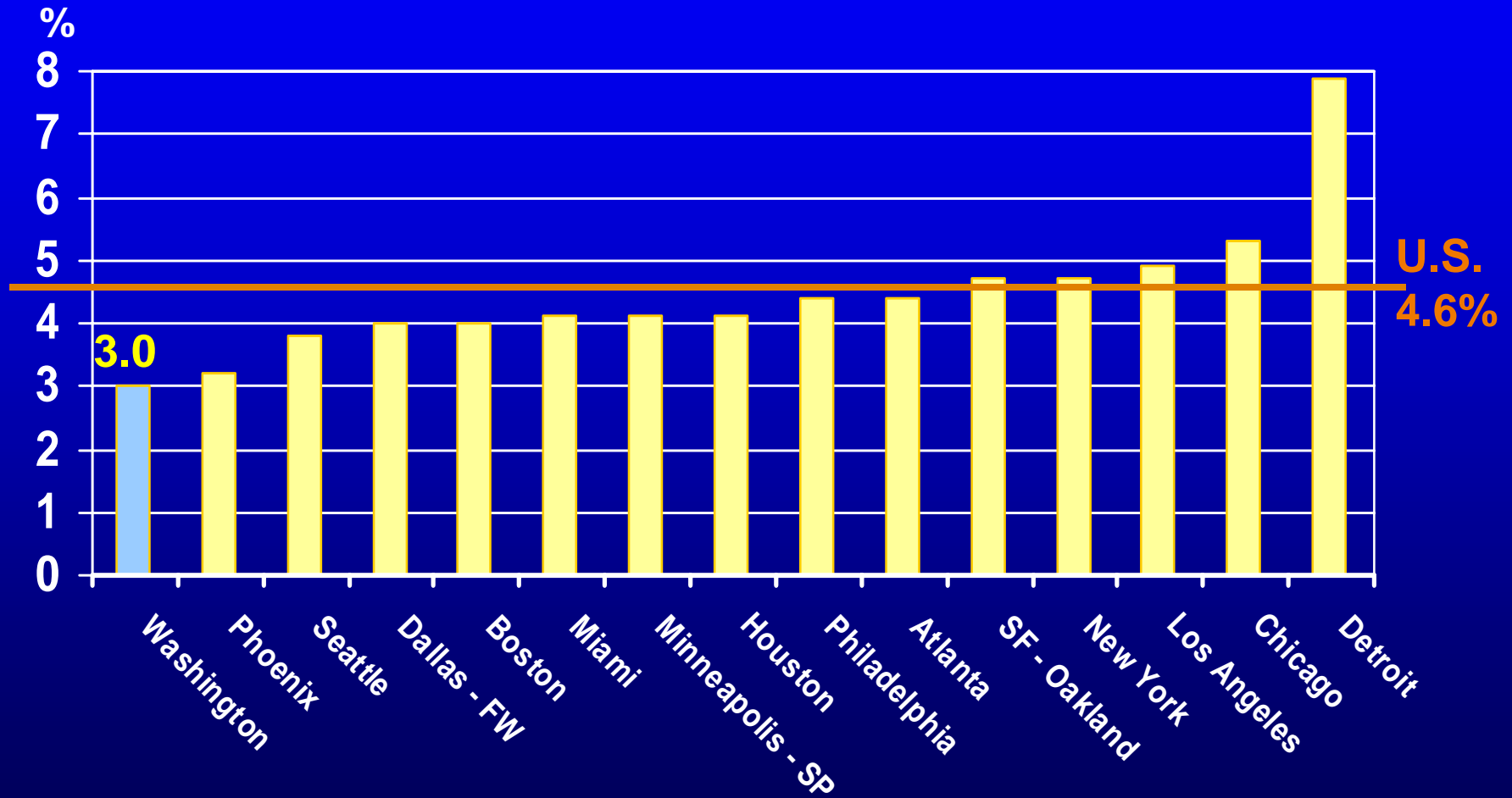
Source: BLS Establishment Survey

# 15 Largest Job Markets Job Change Aug 06 – Aug 07



Ranked by Total Jobs

# 15 Largest Job Markets Ranked by Unemployment Rate August 2007

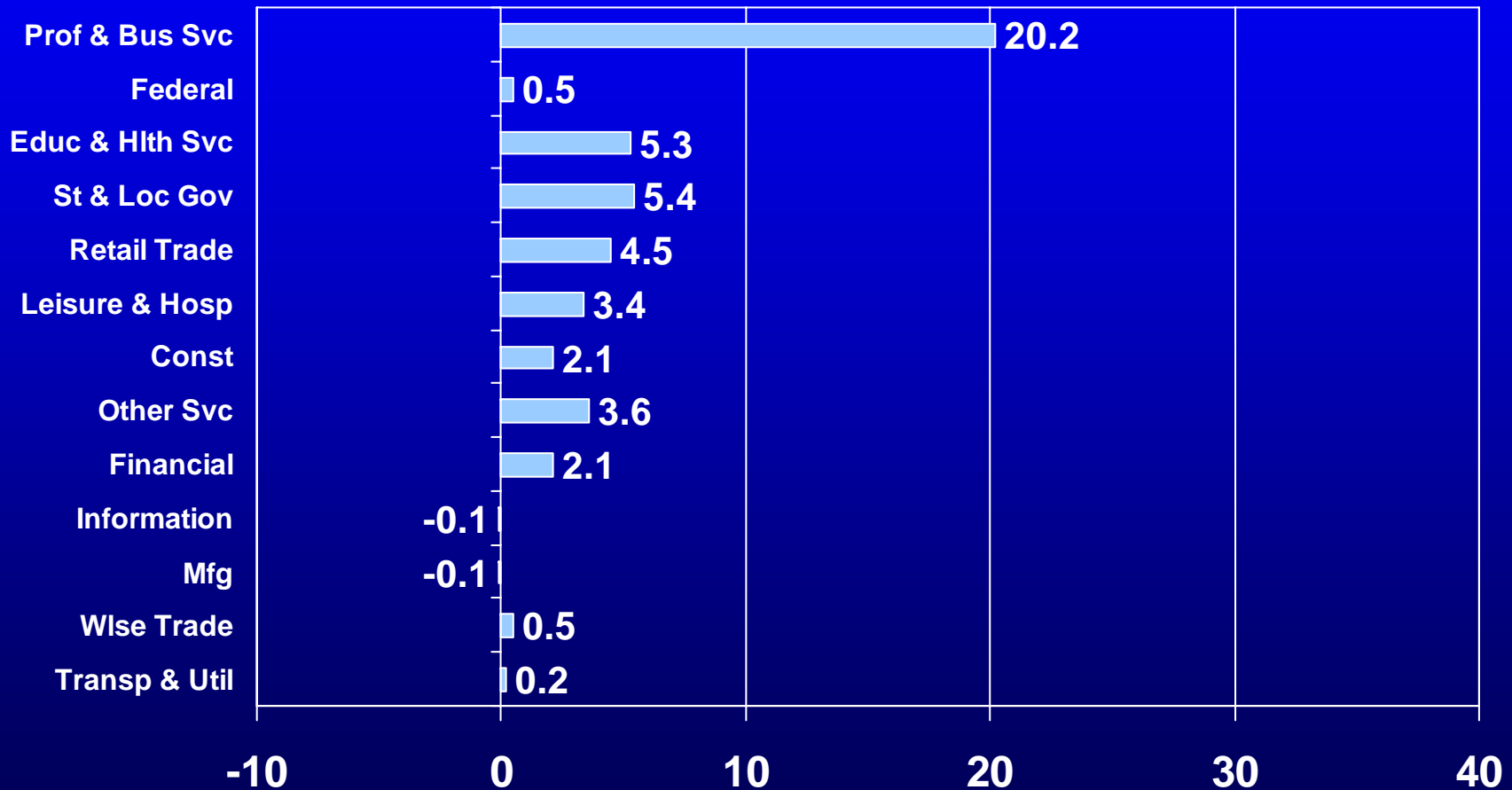


# Aug 06 – Aug 07 Job Change By Sector MSA

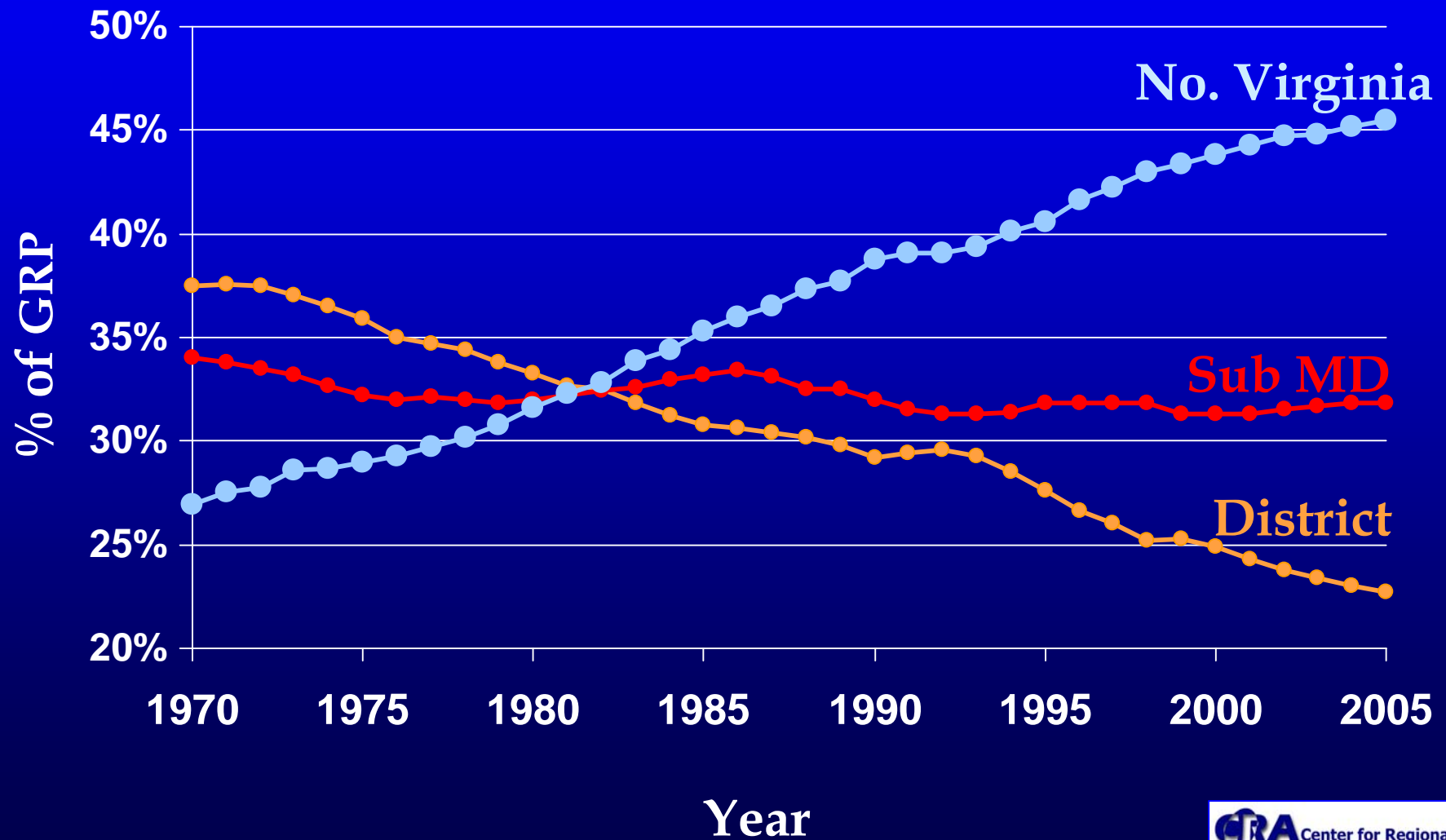
(000s)

Total = 47,600

(Ranked by Size of Sector)



# Share of Washington Area Economy 1970-2005



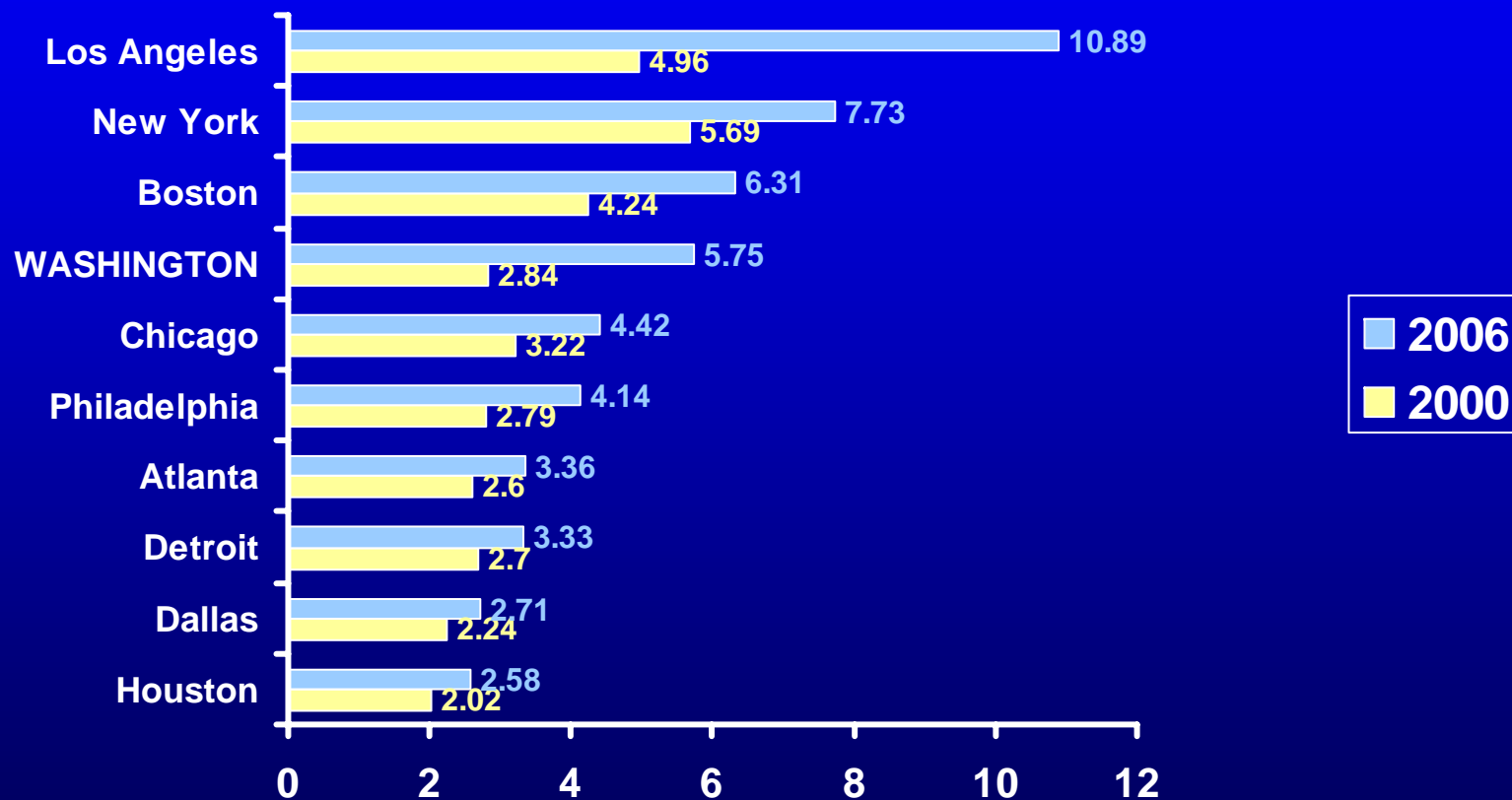
# Threats to the Washington Region Economy's Future Performance

- **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

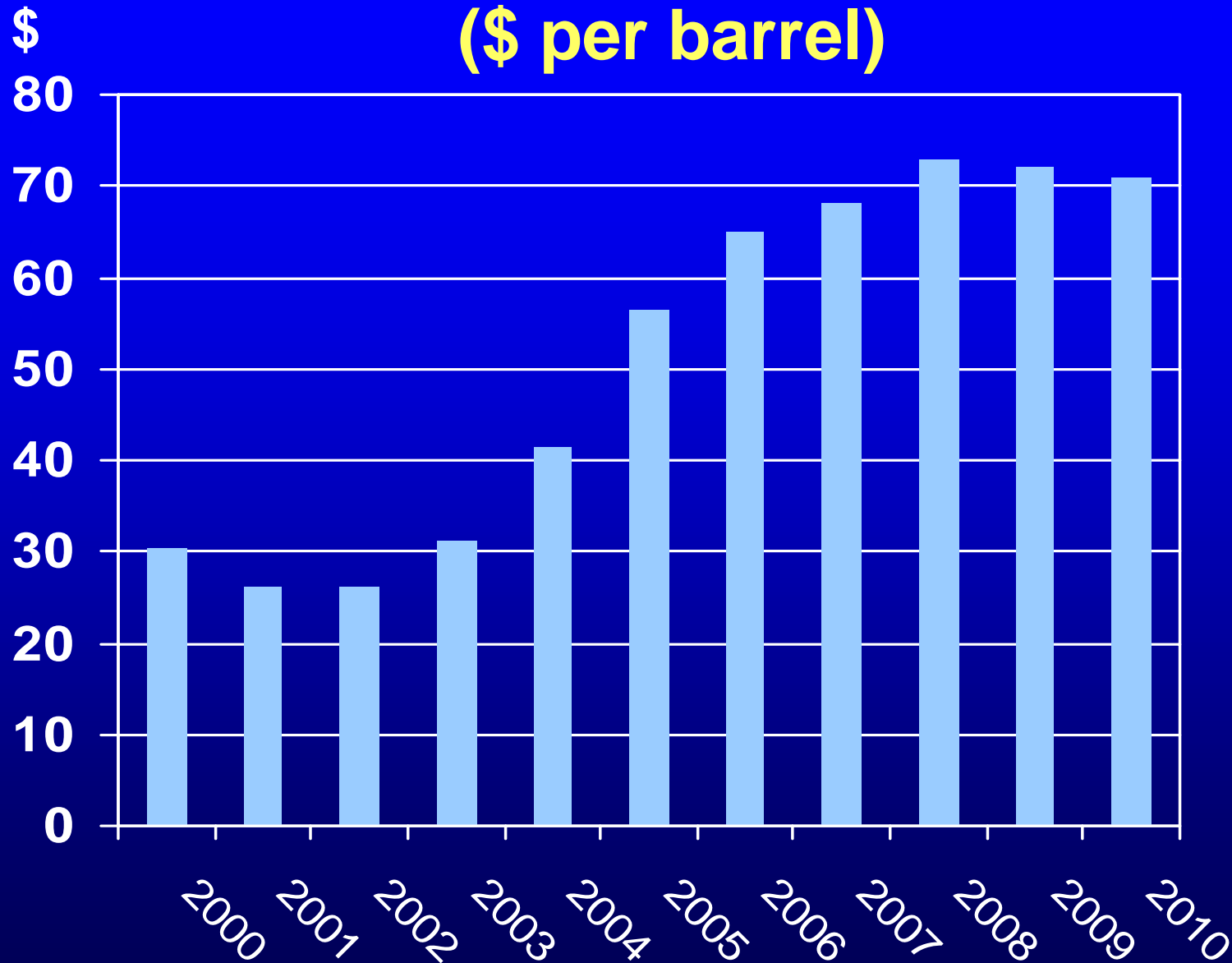


# Ratio of Median Housing Value to Median Household Income 2000 - 2006



Source: 2000 Census, 2006 ACS, CRA

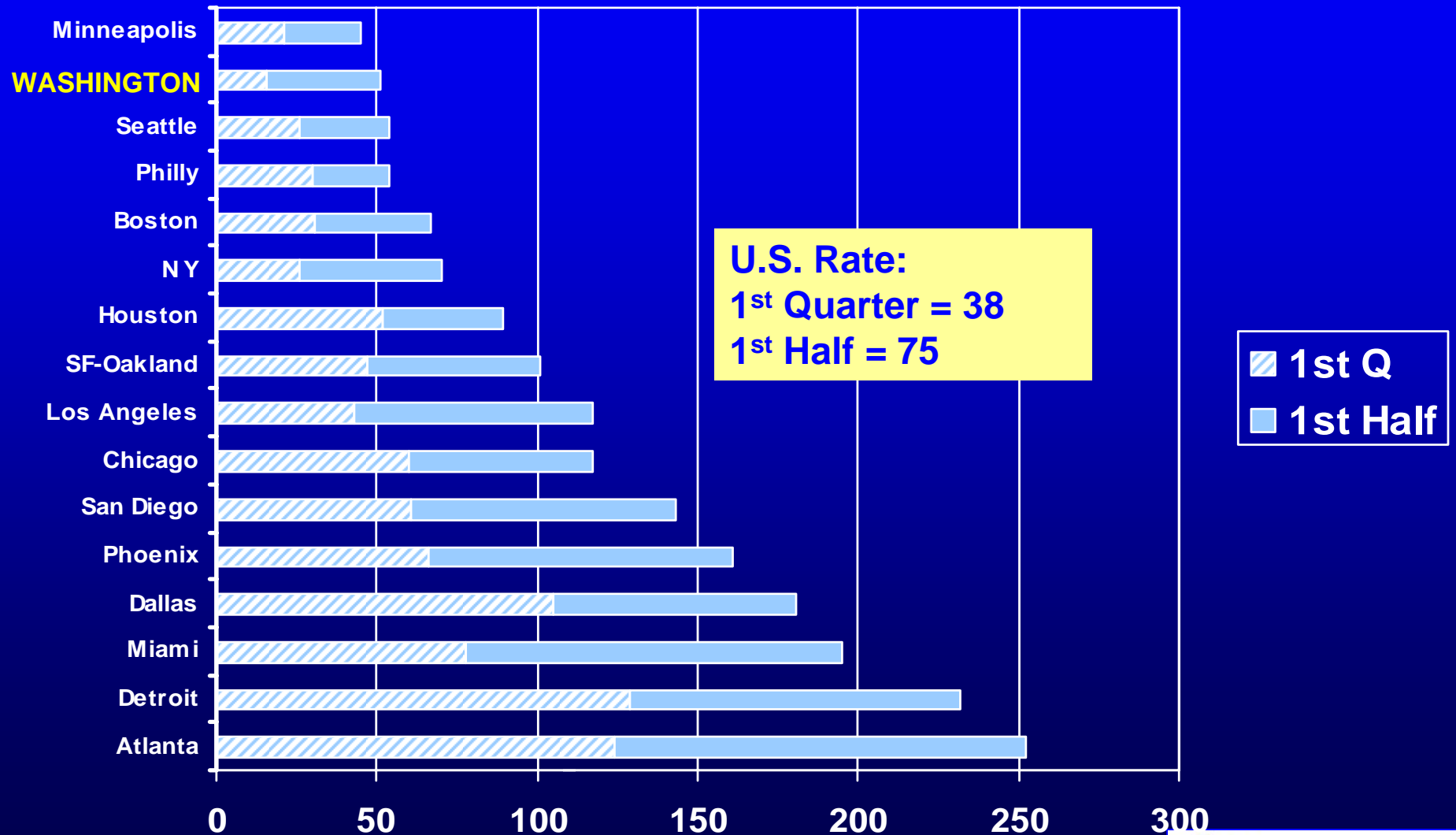
# Average Annual Oil Prices (\$ per barrel)



Source: Global Insight, GMU Center for Regional Analysis

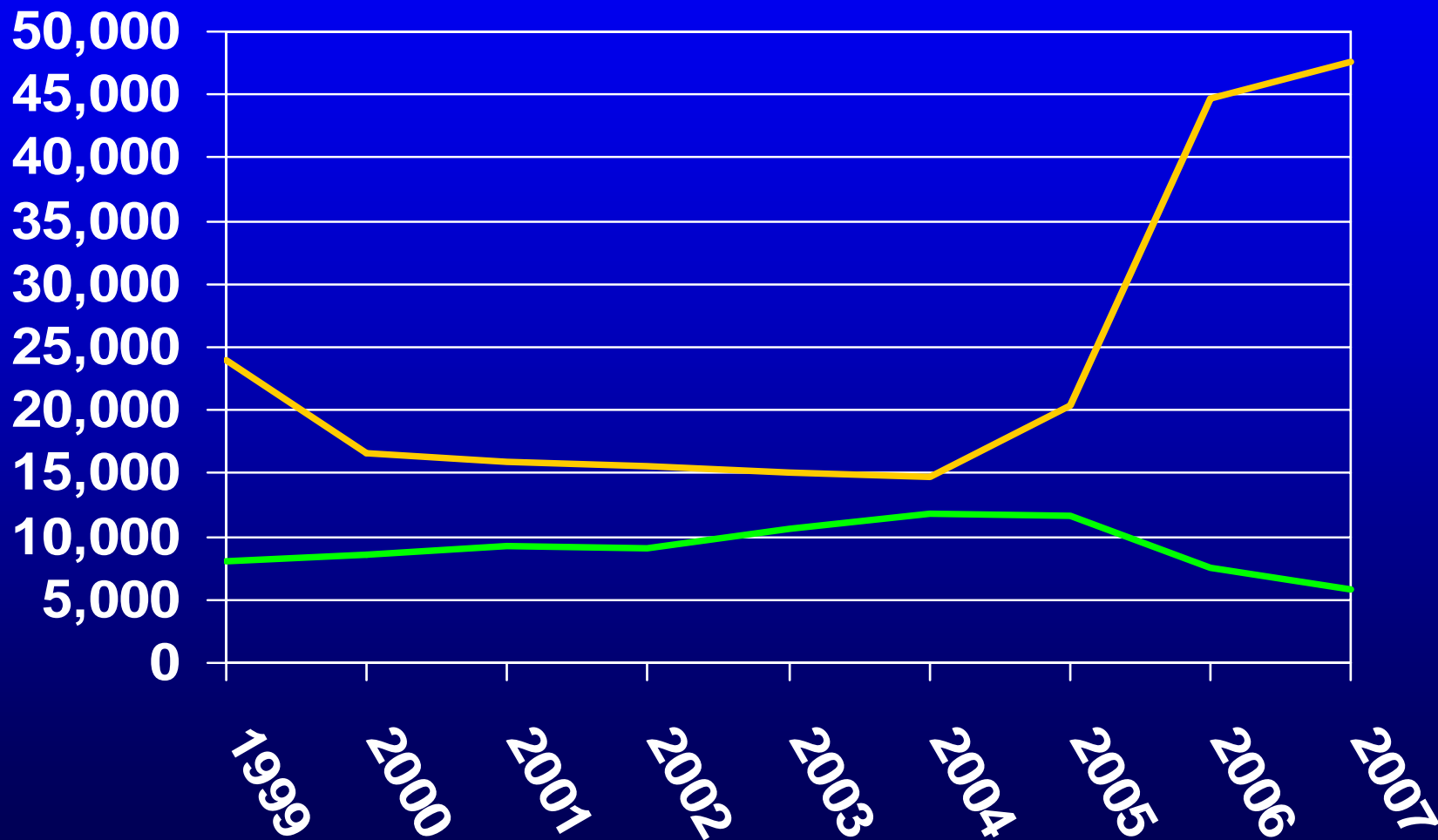
# Metro Comparisons Mortgage Foreclosure Rates Jan - Jun 2007

Foreclosures /10,000HH



# **Outlook for the Region's Housing Market**

# Sales and Listings Washington Metro Area August Each Year



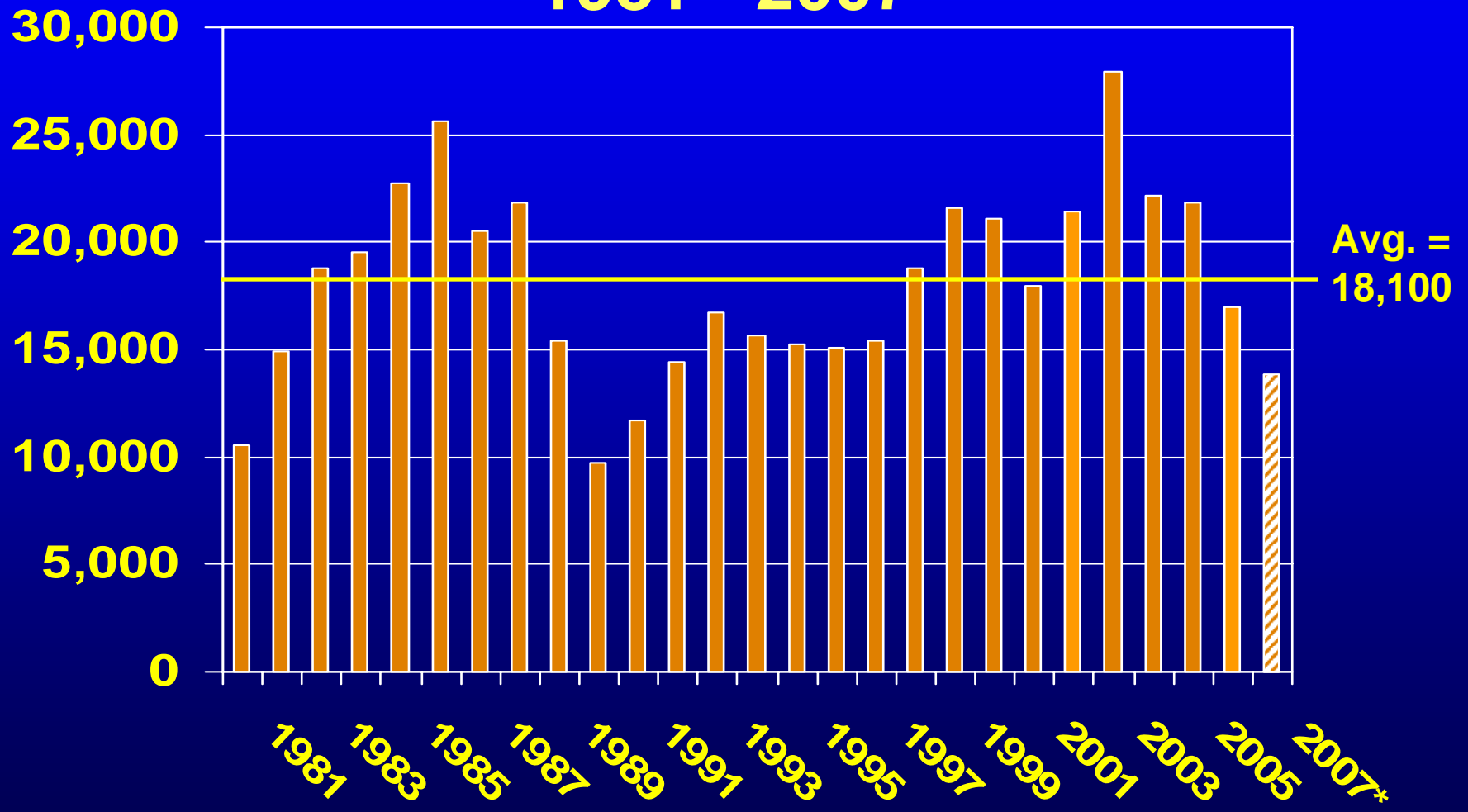
Source: MRIS, GMU Center for Regional Analysis

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



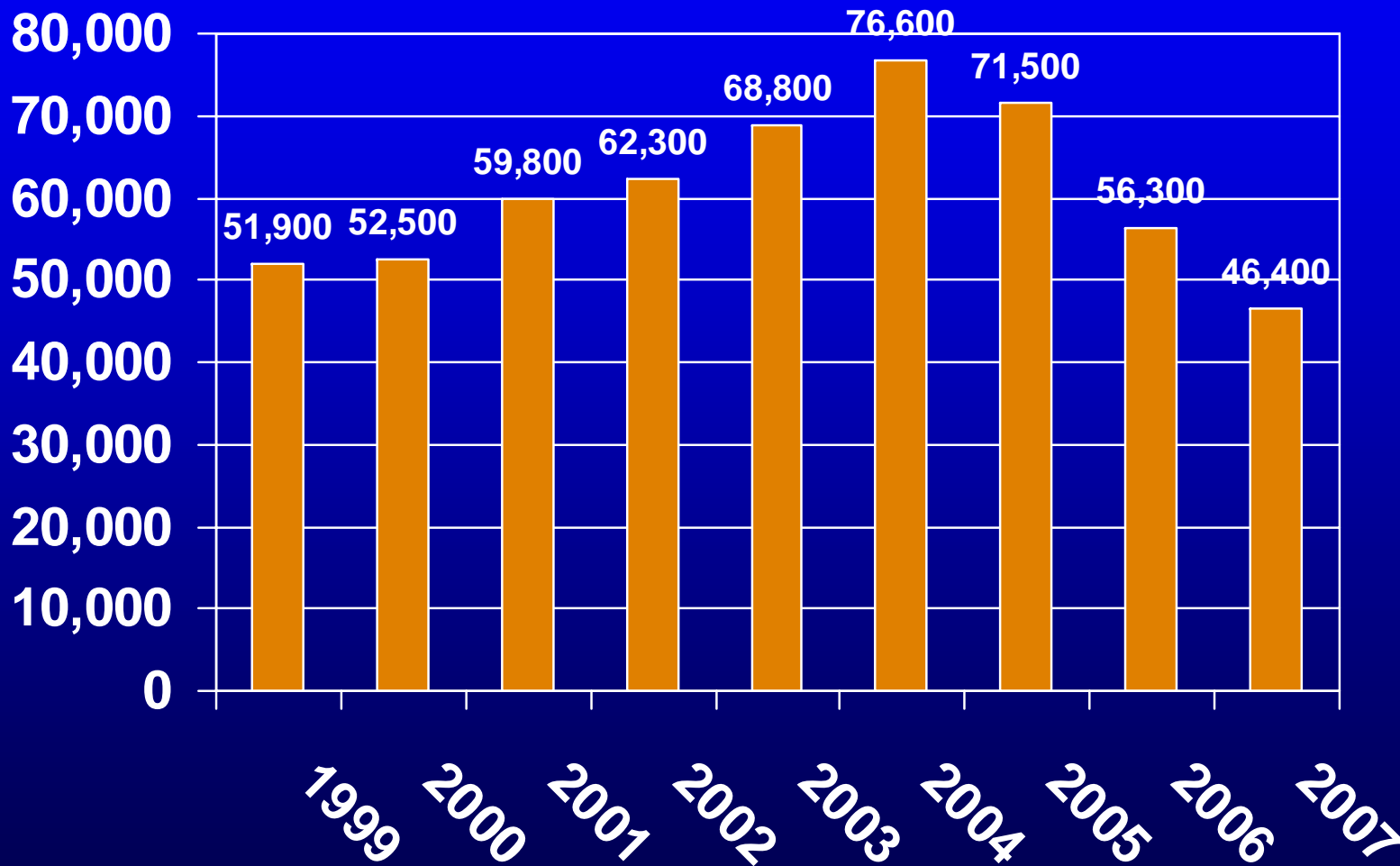
Source: NVAR, MRIS, GMU Center for Regional Analysis

# New Home Sales Washington Metro Area 1981 - 2007



\* 2007 Annualized

# Total Existing Housing Units Sold Washington Metro Area Jan - Aug Each Year



# Days on Market August Each Year

Days

150

100

50

0

Metro Area

NVAR  
Region

1999

2000

2001

2002

2003

2004

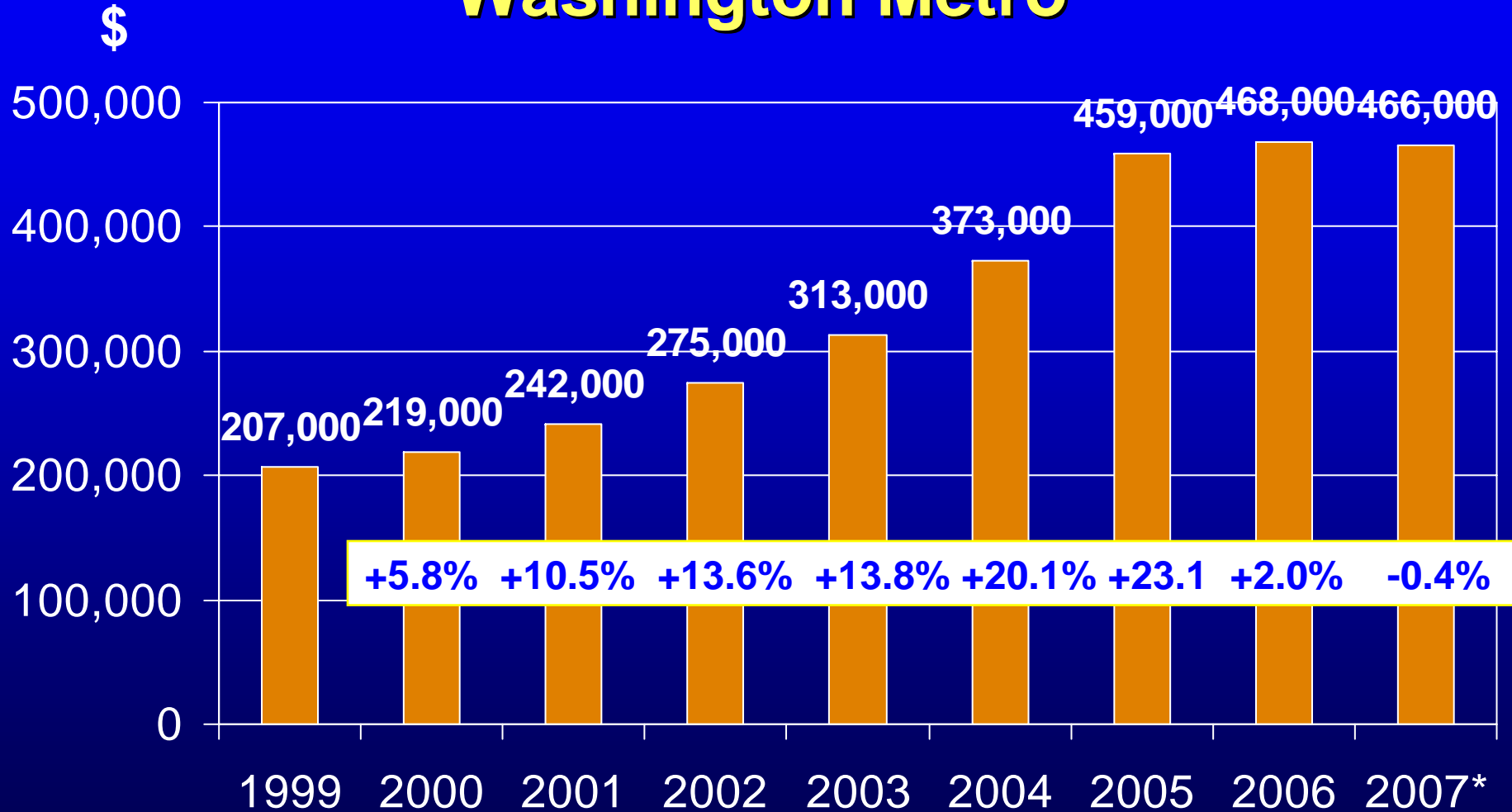
2005

2006

2007

Source: MRIS, GMU Center for Regional Analysis

# Average Sales Price All Housing Types Washington Metro



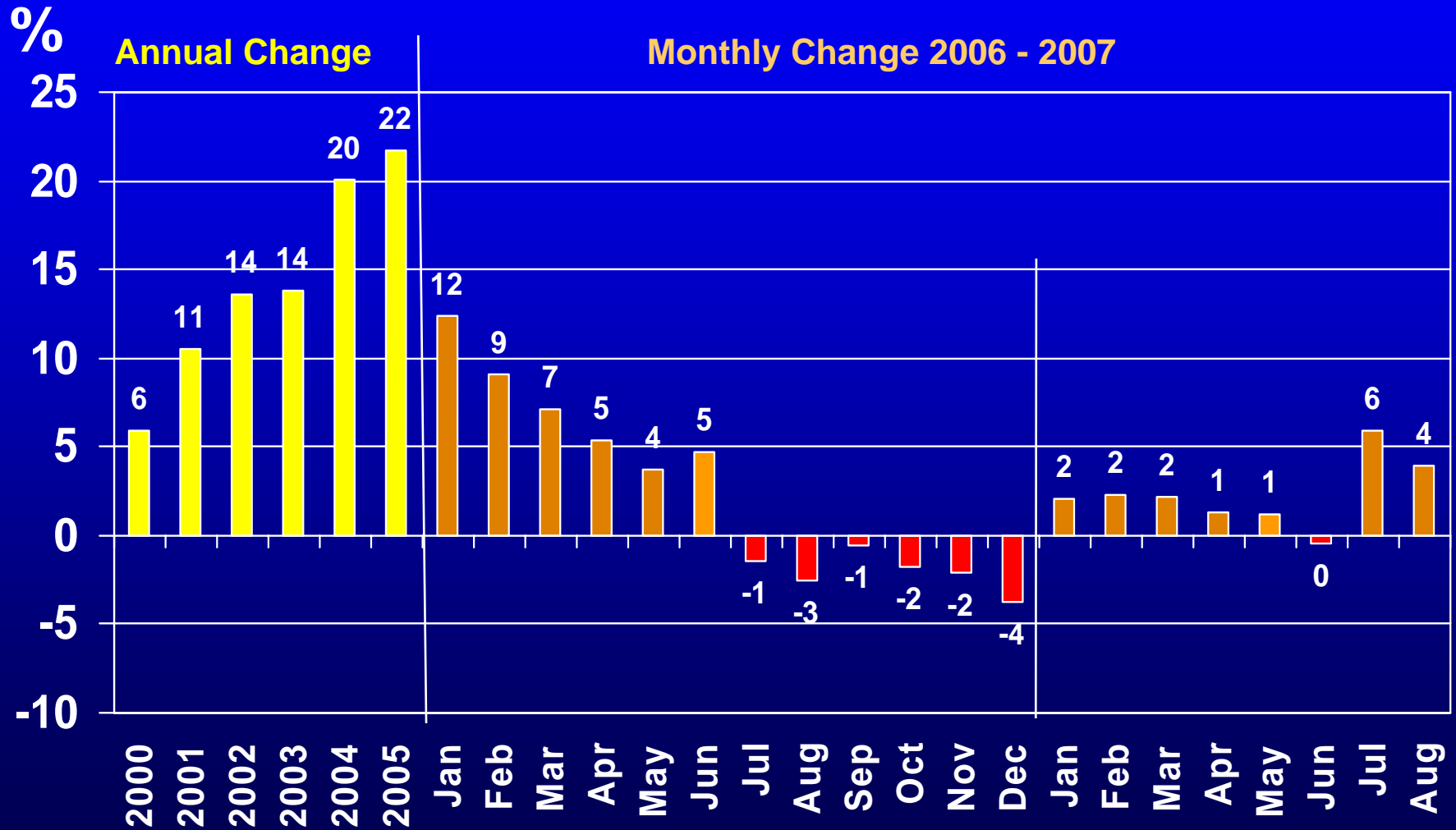
Source: MRIS, GMU Center for Regional Analysis

\* Estimated

# Average Sales Price Percent Change

## Washington MSA

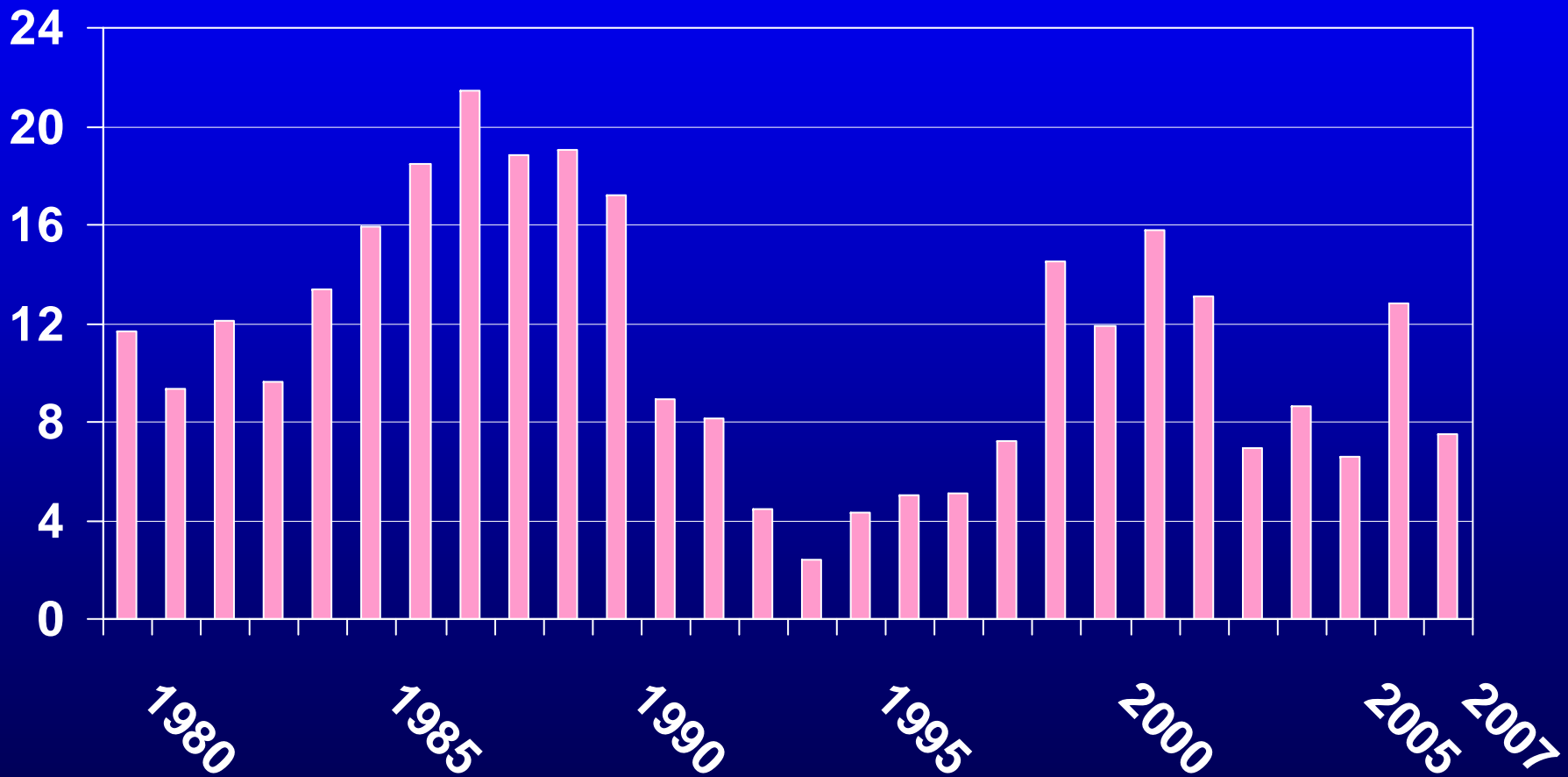
### All Housing Types



Source: MRIS, GMU Center for Regional Analysis

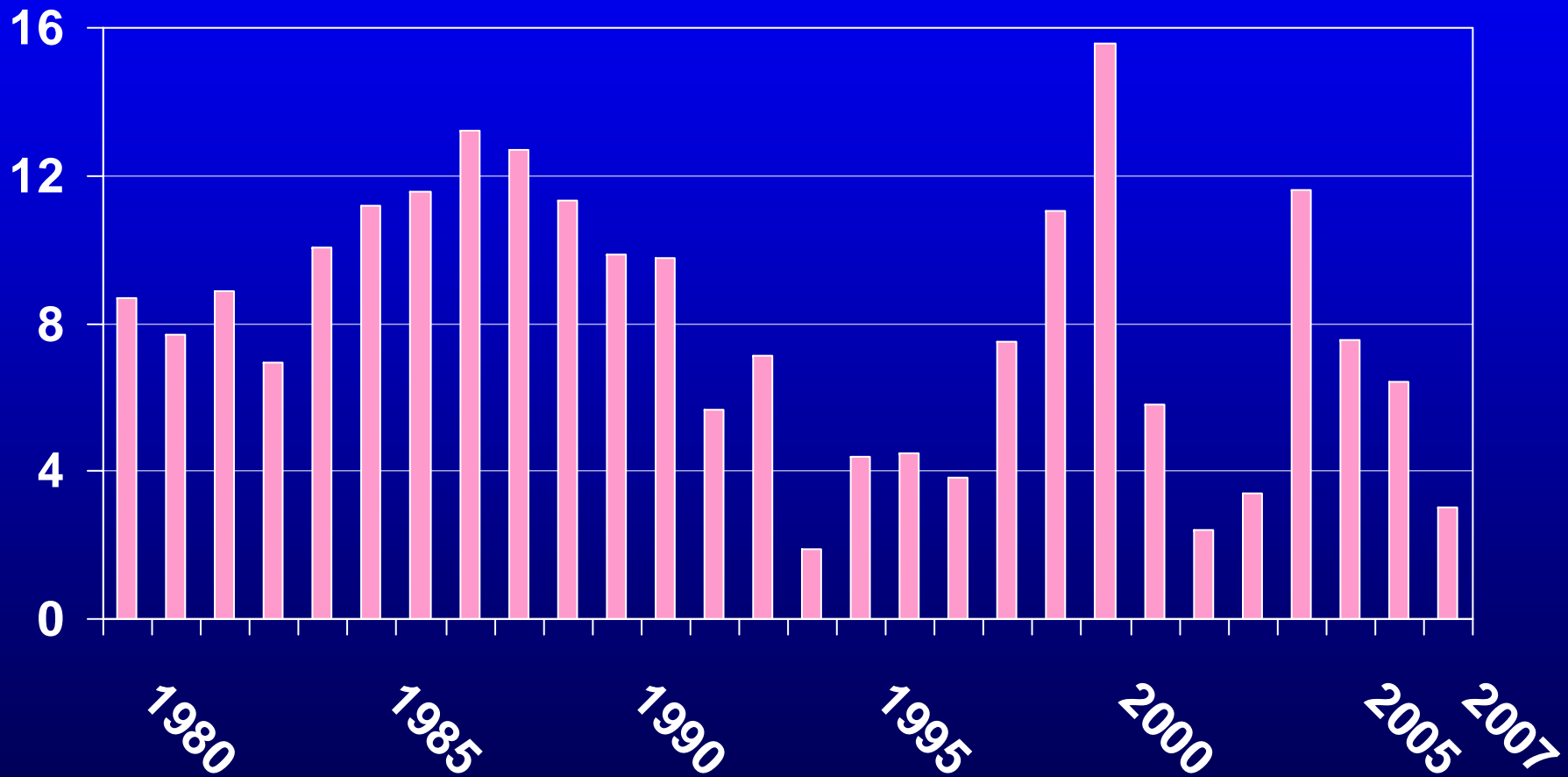
# Office Market Trends

# Office Space Deliveries Washington Metro Area 1980 Through Mid-2007



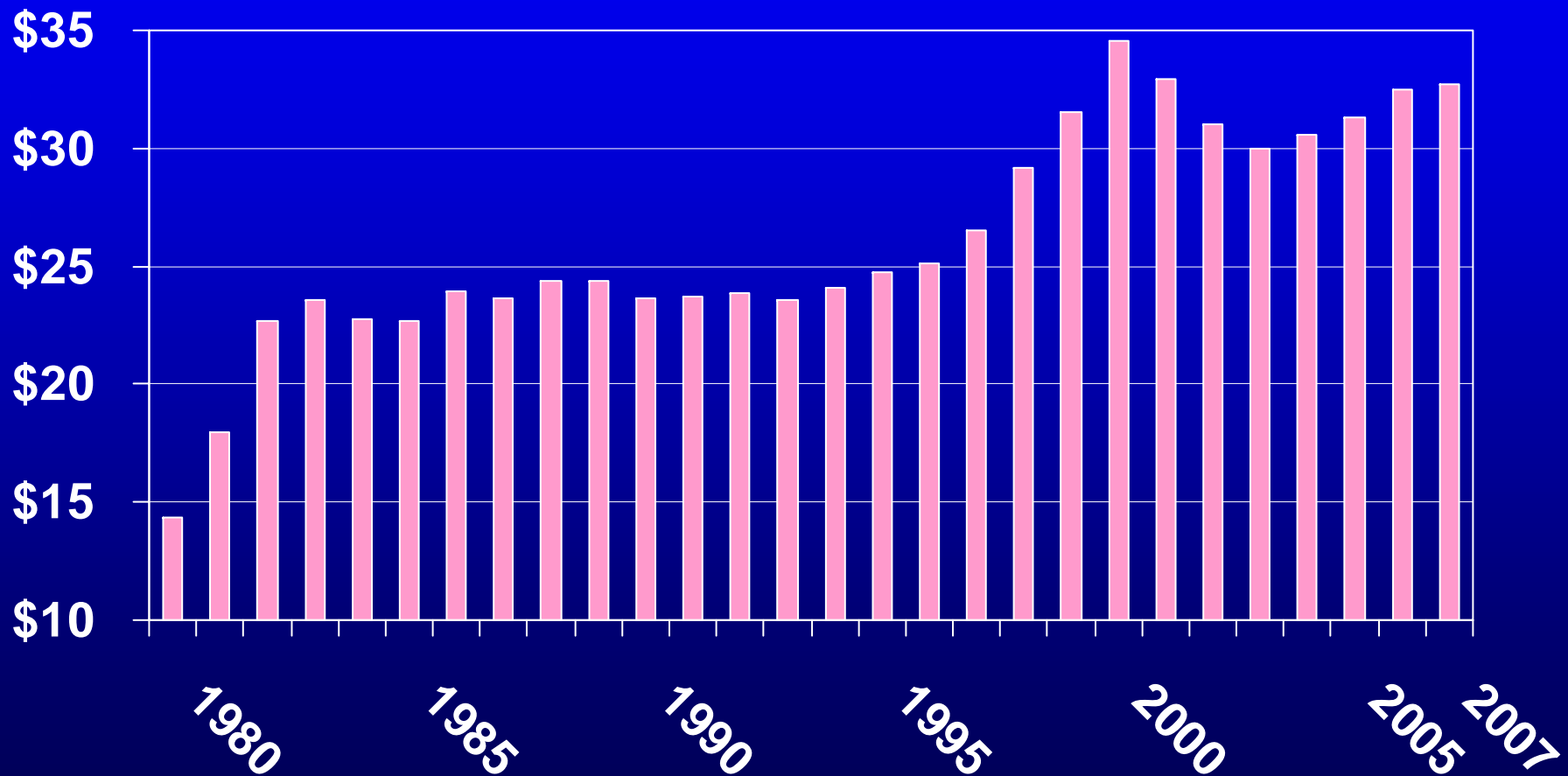
Source: Delta Associates

# Net Absorption of Office Space Washington MSA 1980 Through Mid-2007



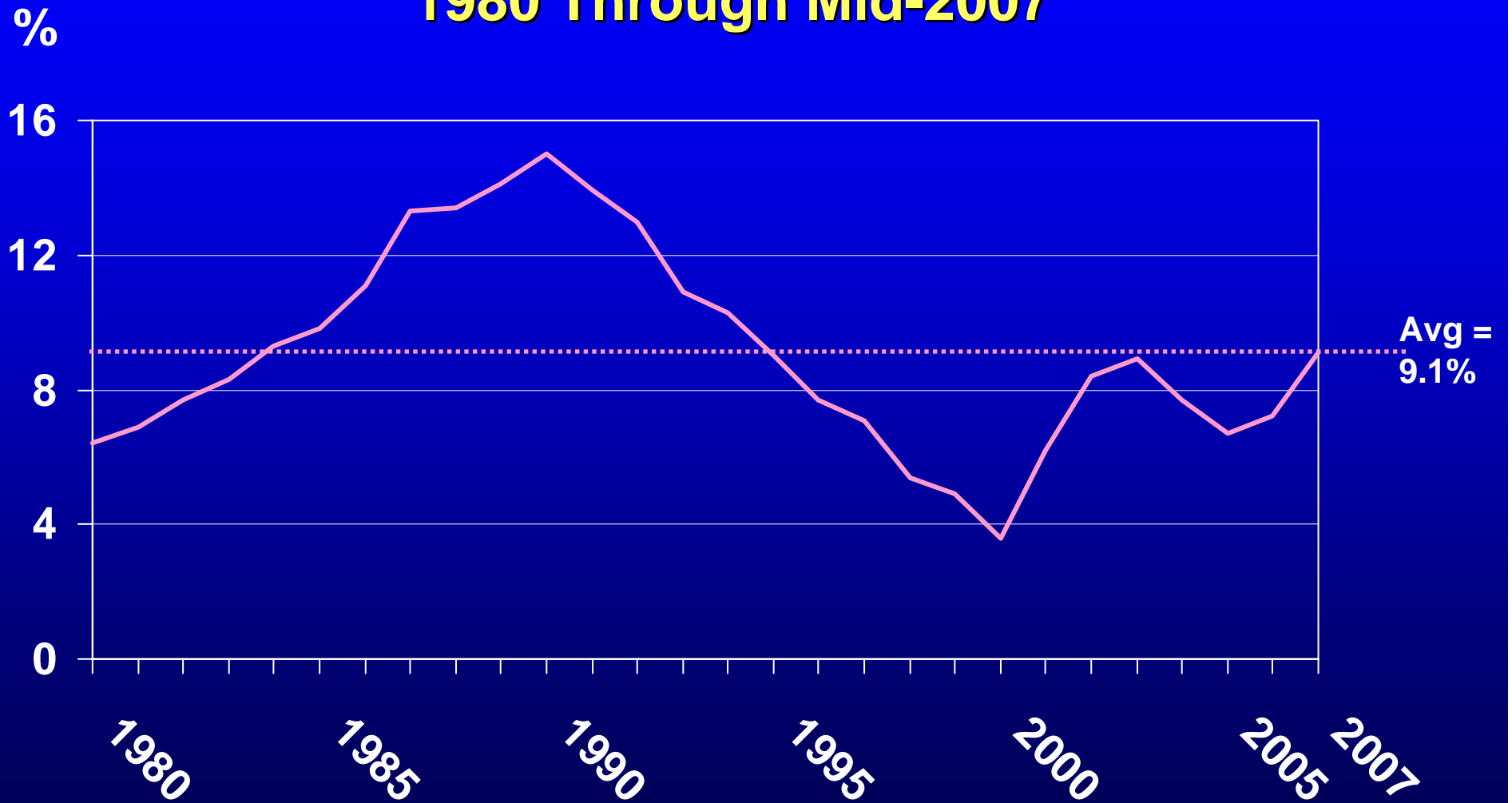
Source: Delta Associates

# Average Class A Office Rents Washington MSA 1980 Through Mid-2007



Source: Delta Associates

# Office Vacancy Rate Washington Metro Area 1980 Through Mid-2007



Source: Delta Associates

# Five-Year Forecast

## Employment Change by Sub-state Region (000s)

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

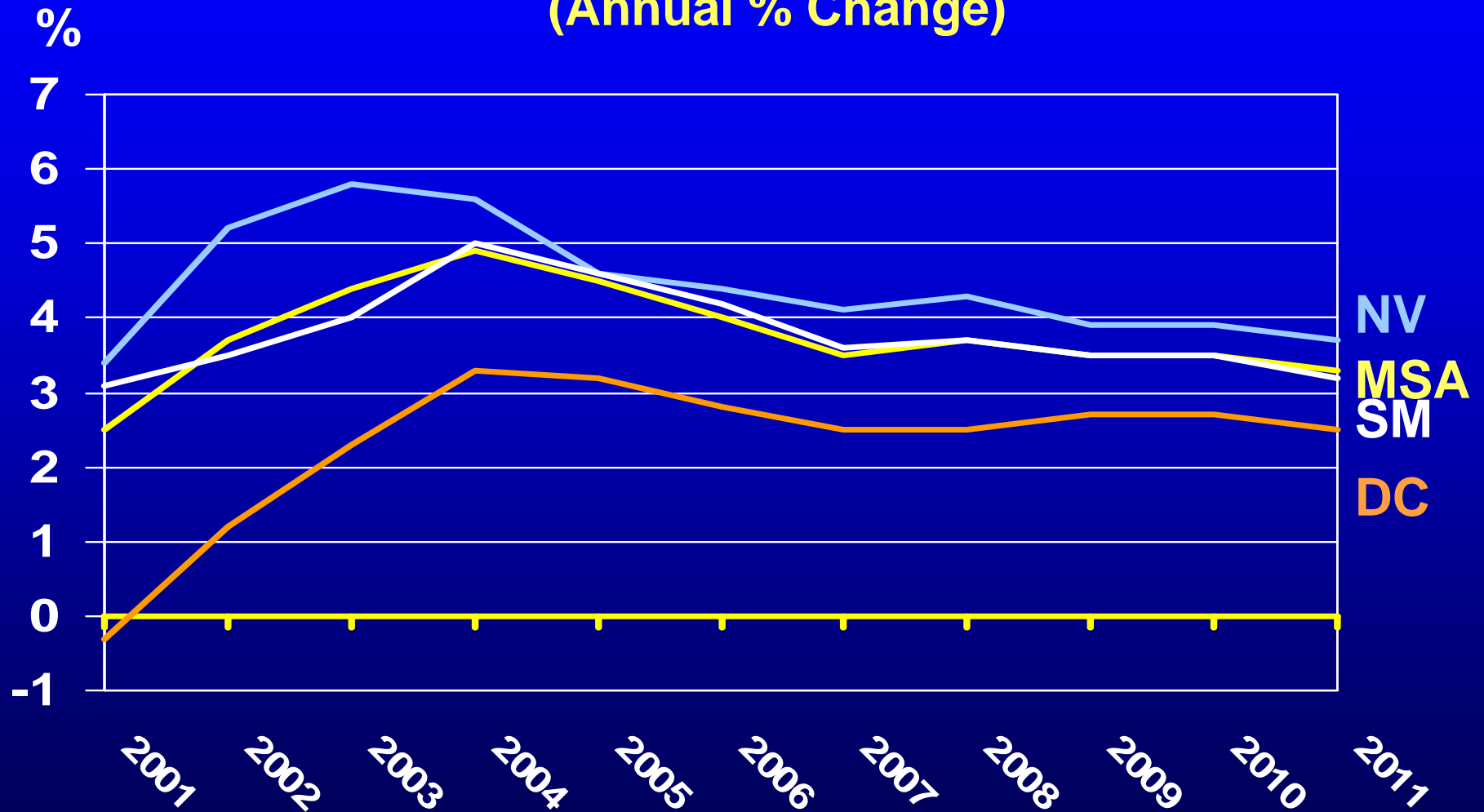
**1.6%    1.5%    1.6%    1.6%    1.5%    1.3%**

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

**Based on 2006 BLS Benchmarked Data.**

# Economic Outlook (GRP) – 2011

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





<http://cra.gmu.edu>