

# Greater Washington Association of Financial Professionals

## ***The Washington Area Annual Market Forecast***

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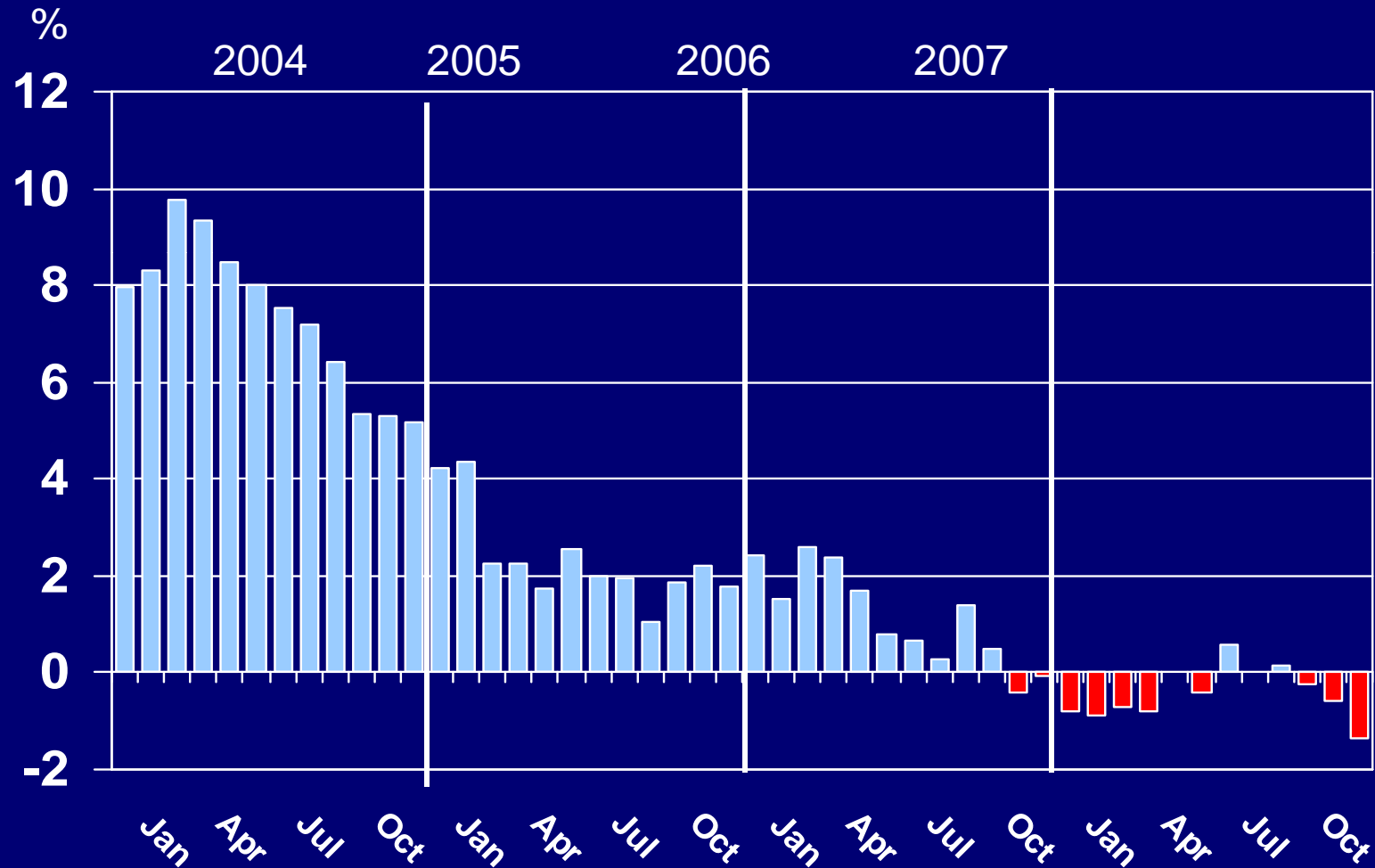
February 13, 2008

# The U.S. Economy in 2008

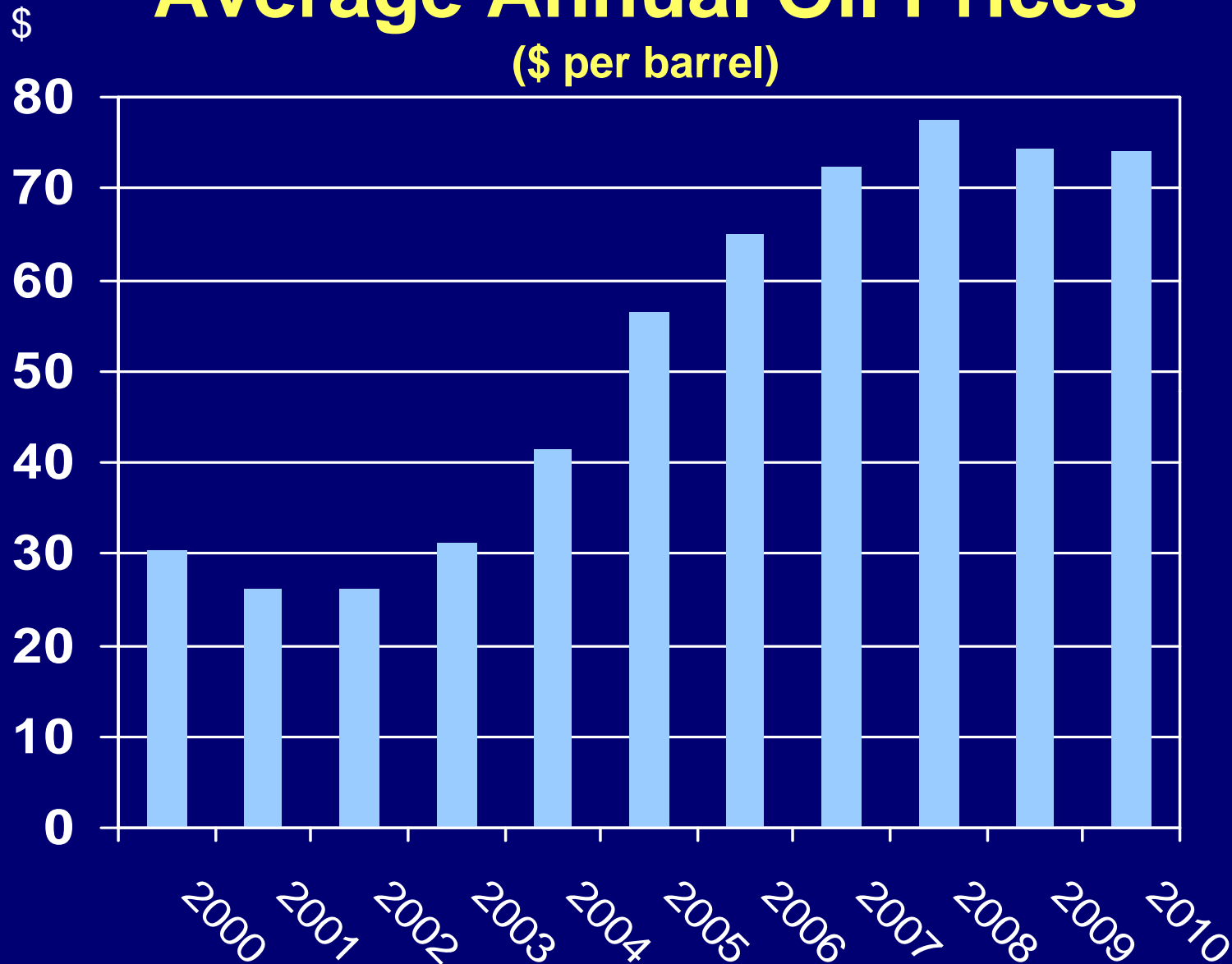
*Re-establishing Momentum*

# U.S. Leading Index

## Monthly Over-the-Year Percent Changes

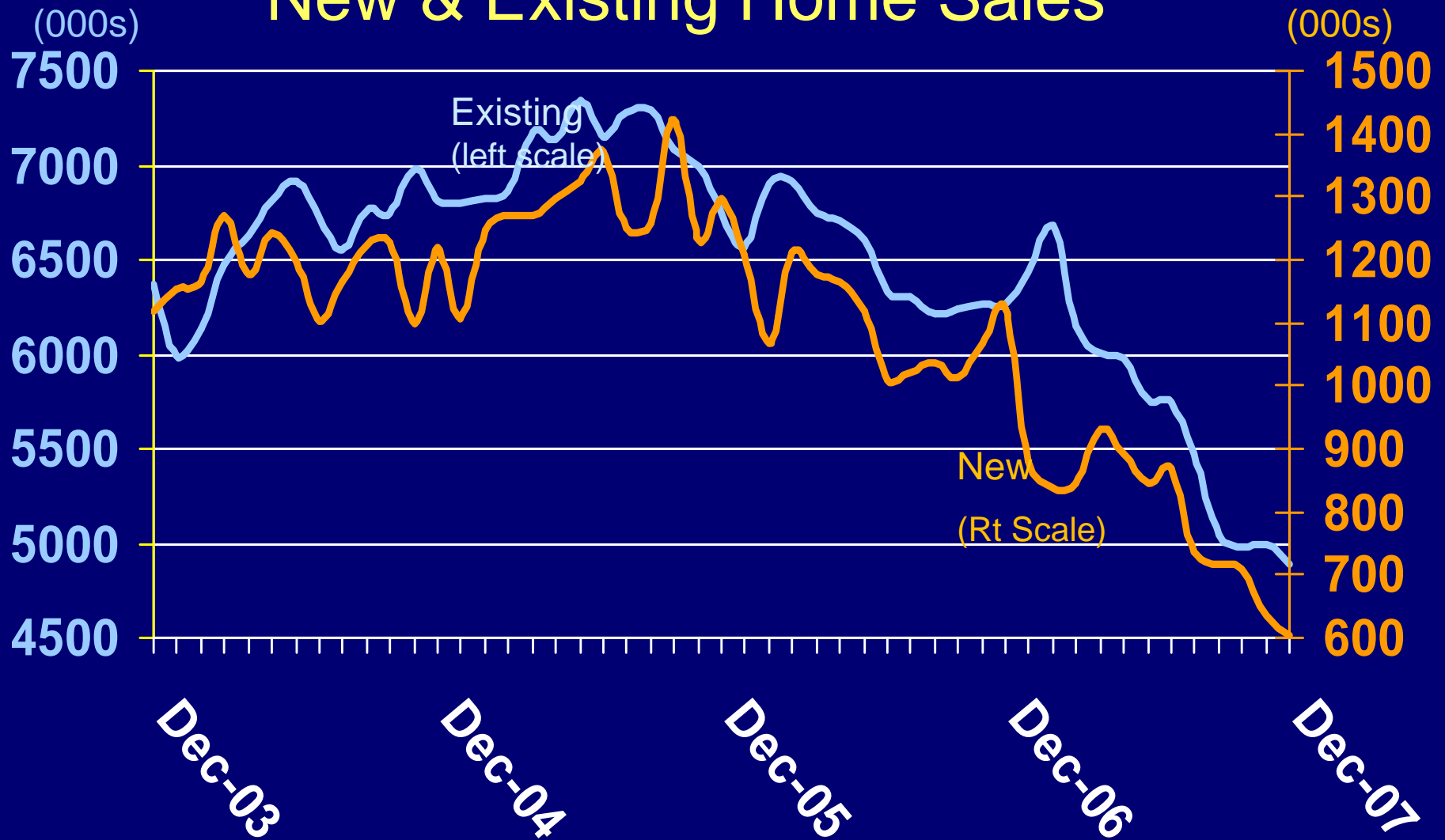


# Average Annual Oil Prices (\$ per barrel)

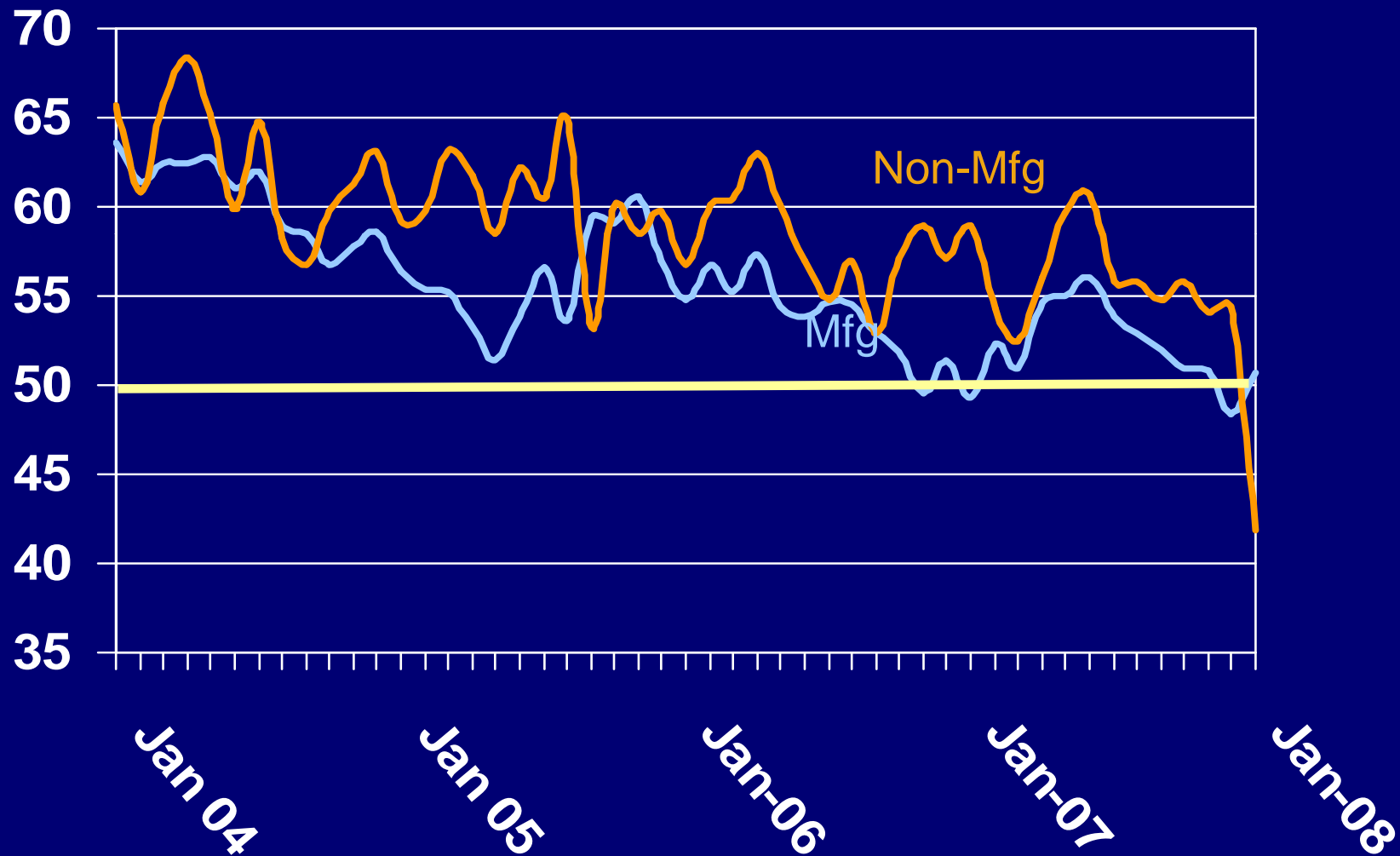


Source: Global Insight, GMU Center for Regional Analysis

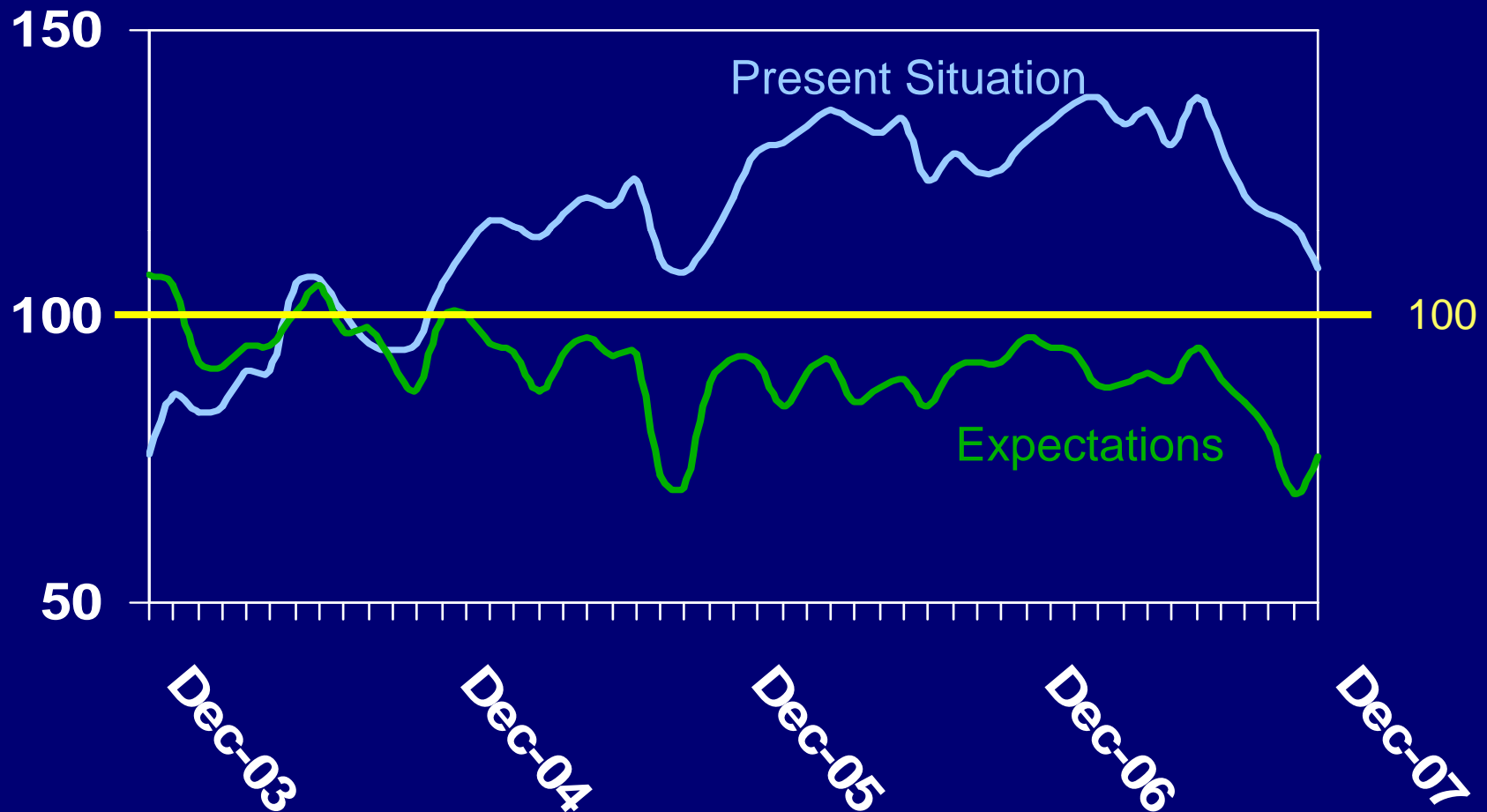
# Housing Trends: New & Existing Home Sales



# ISM Manufacturing and Non-Manufacturing Indices

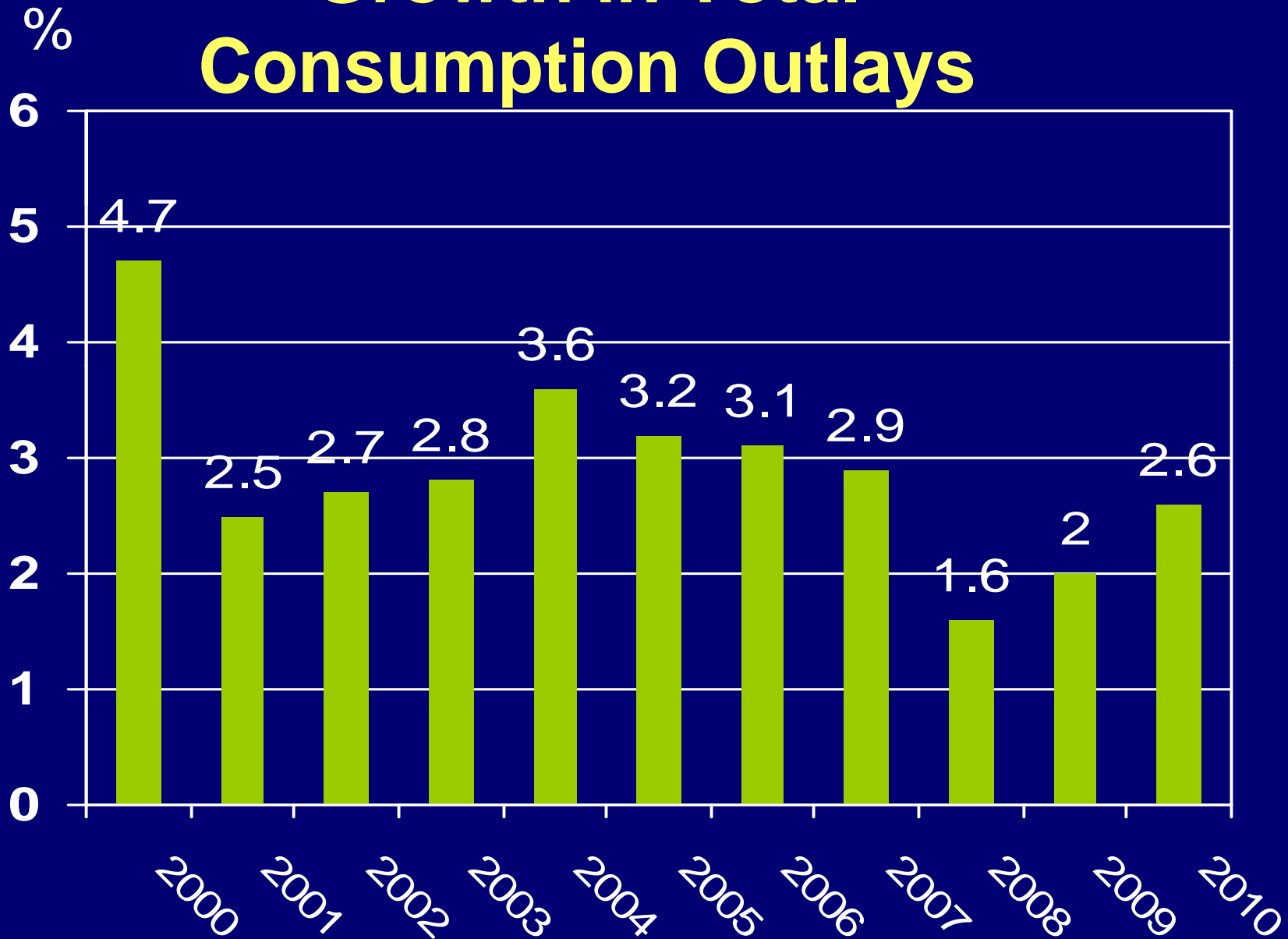


# Consumer Confidence



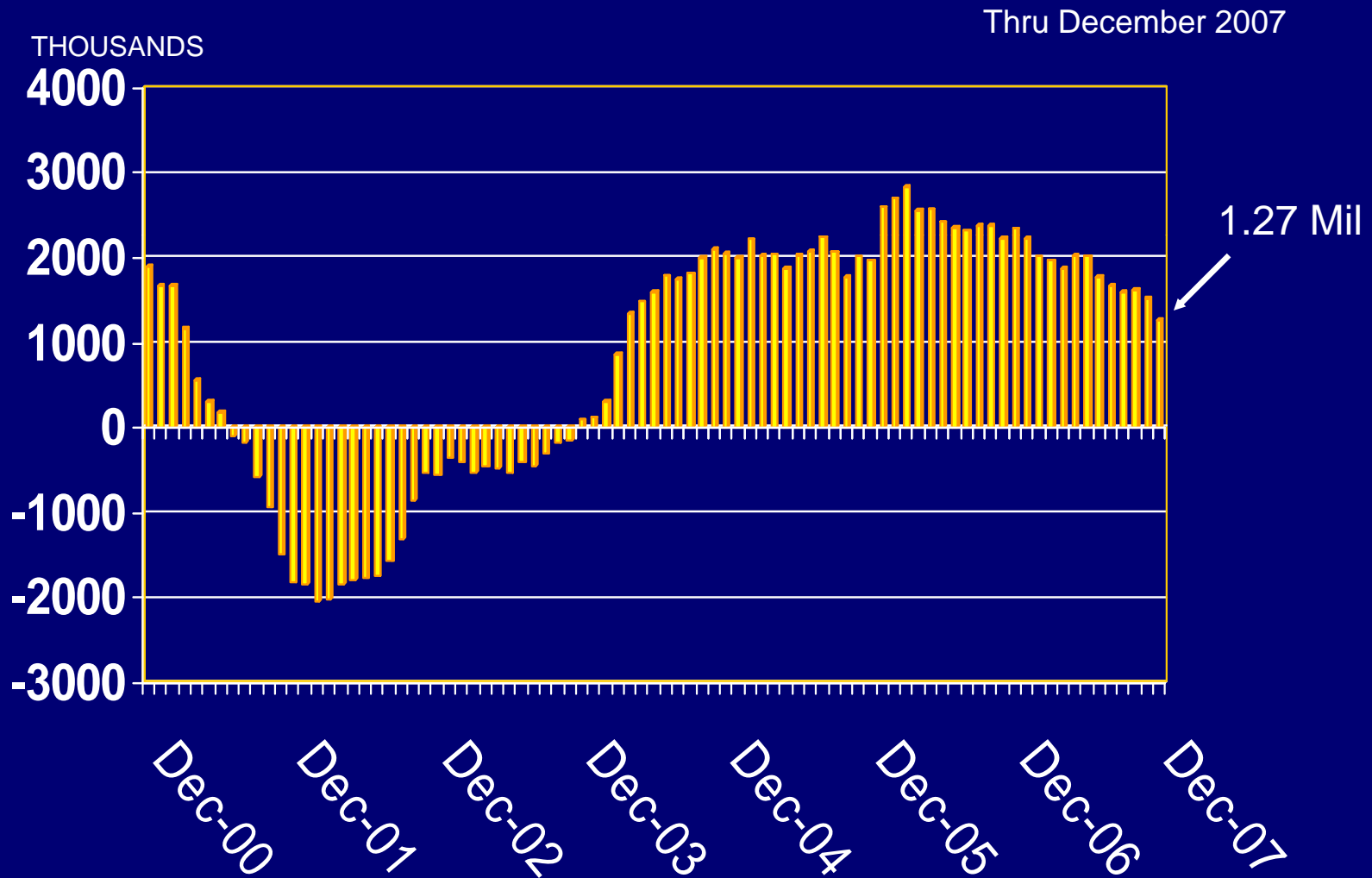
Source: Conference Board, GMU Center for Regional Analysis

# Growth in Total Consumption Outlays



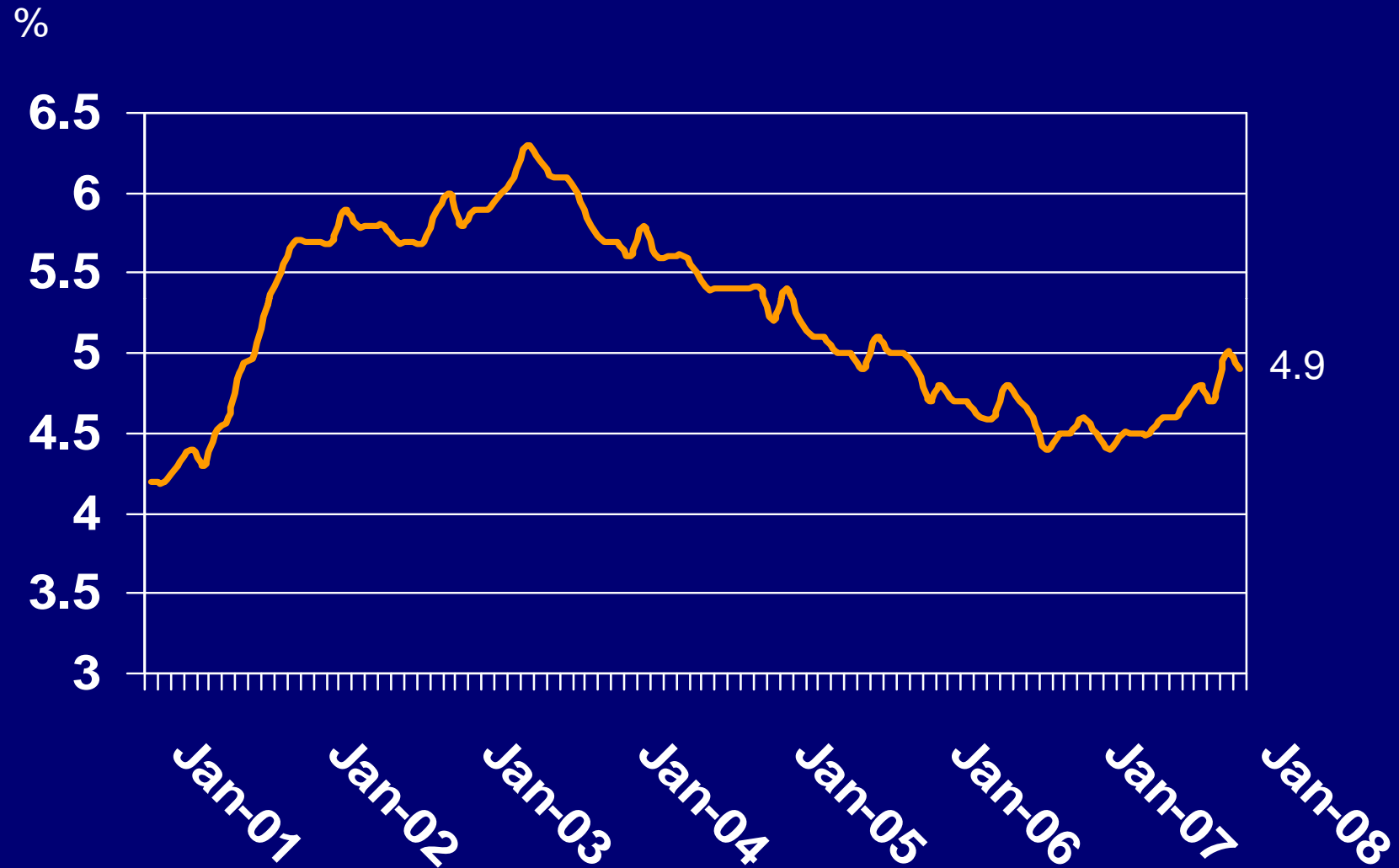
Source: Global Insight, January 2008, GMU Center for Regional Analysis

# Annual Change in Jobs - US



Source: BLS Establishment Survey

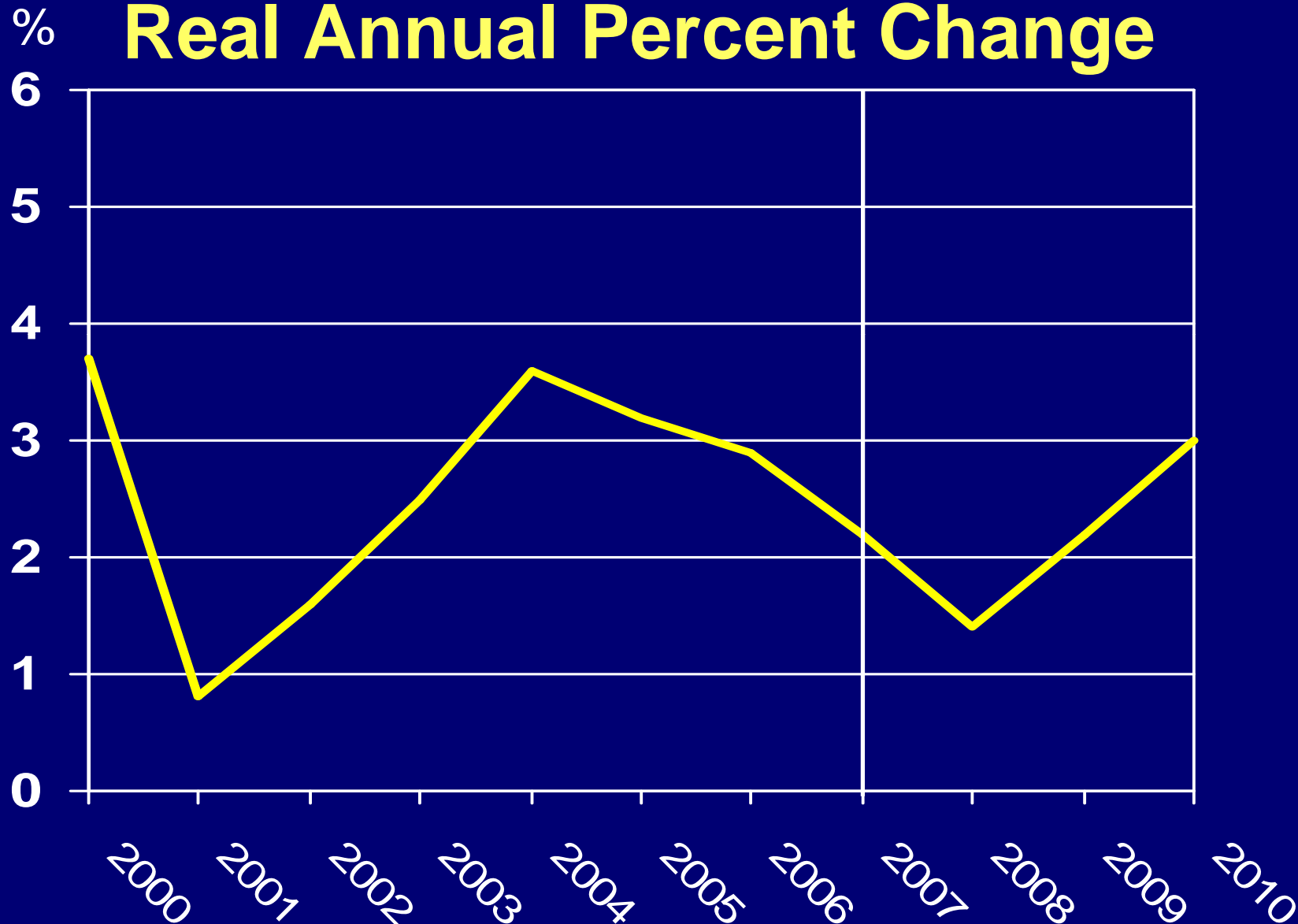
# U.S. Unemployment Rate



Source: BLS, Seasonally Adjusted

# GDP 2000 - 2010

## Real Annual Percent Change



Source: Global Insight, Jan 2008, GMU Center for Regional Analysis

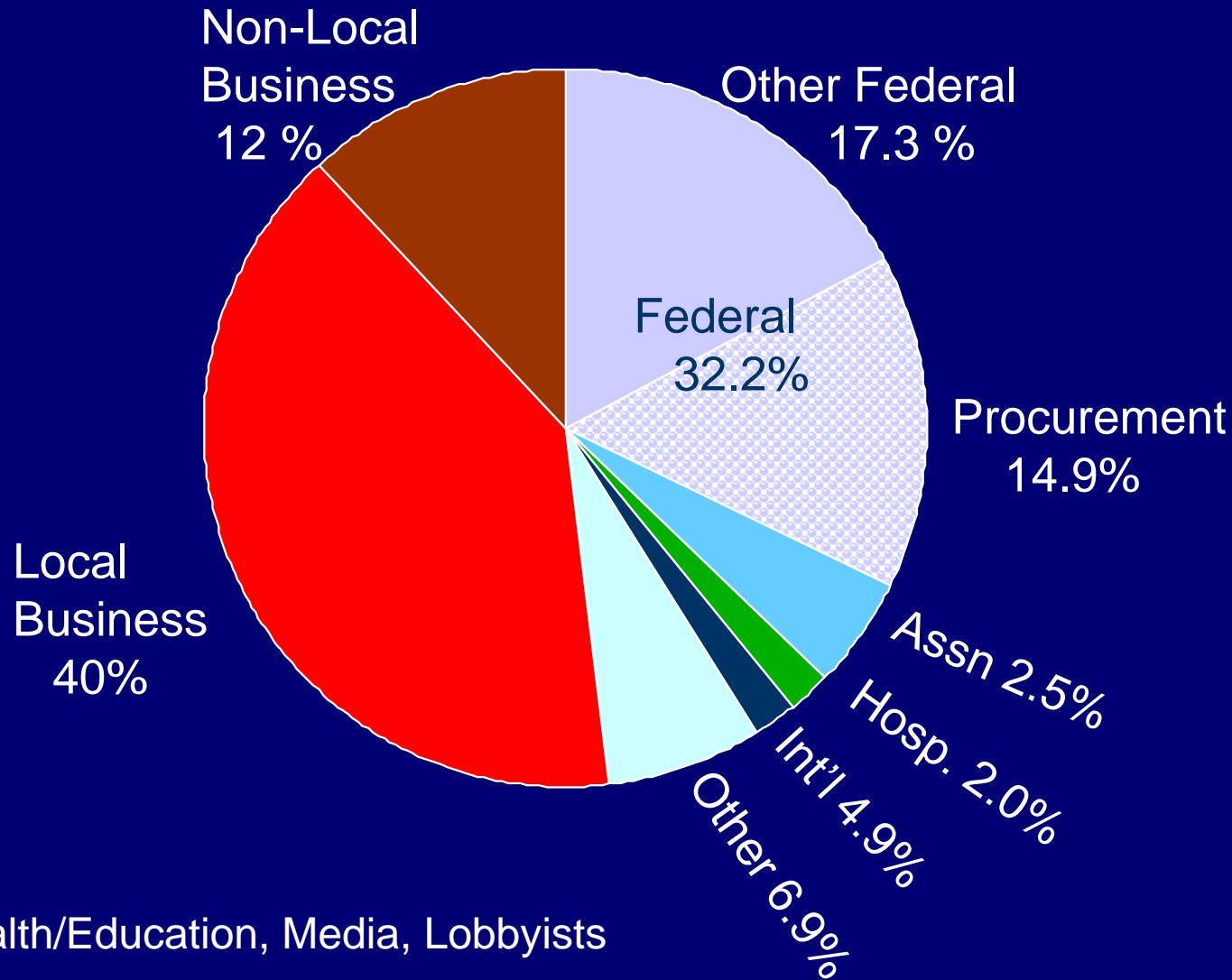
# The Washington Area Economy

## *Current Performance*

# Key Questions

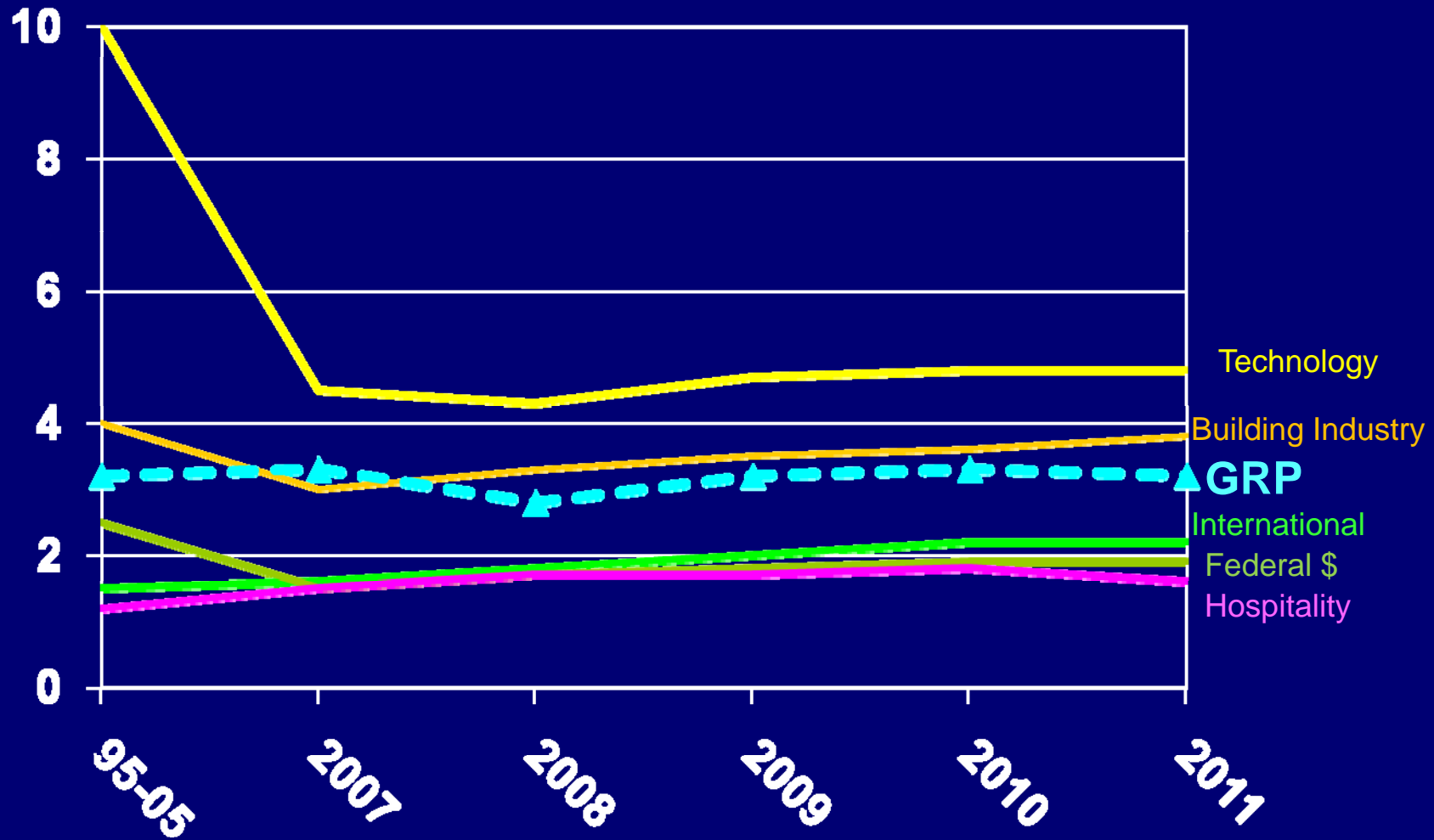
- What's driving the Washington area economy?
- What makes the Washington area economy different from other metropolitan economies?
- Will these differences protect the local economy or worsen the slowdown in 2008?

# Structure of the Greater Washington Economy



# Core Industry Outlook

(Annual real % change)



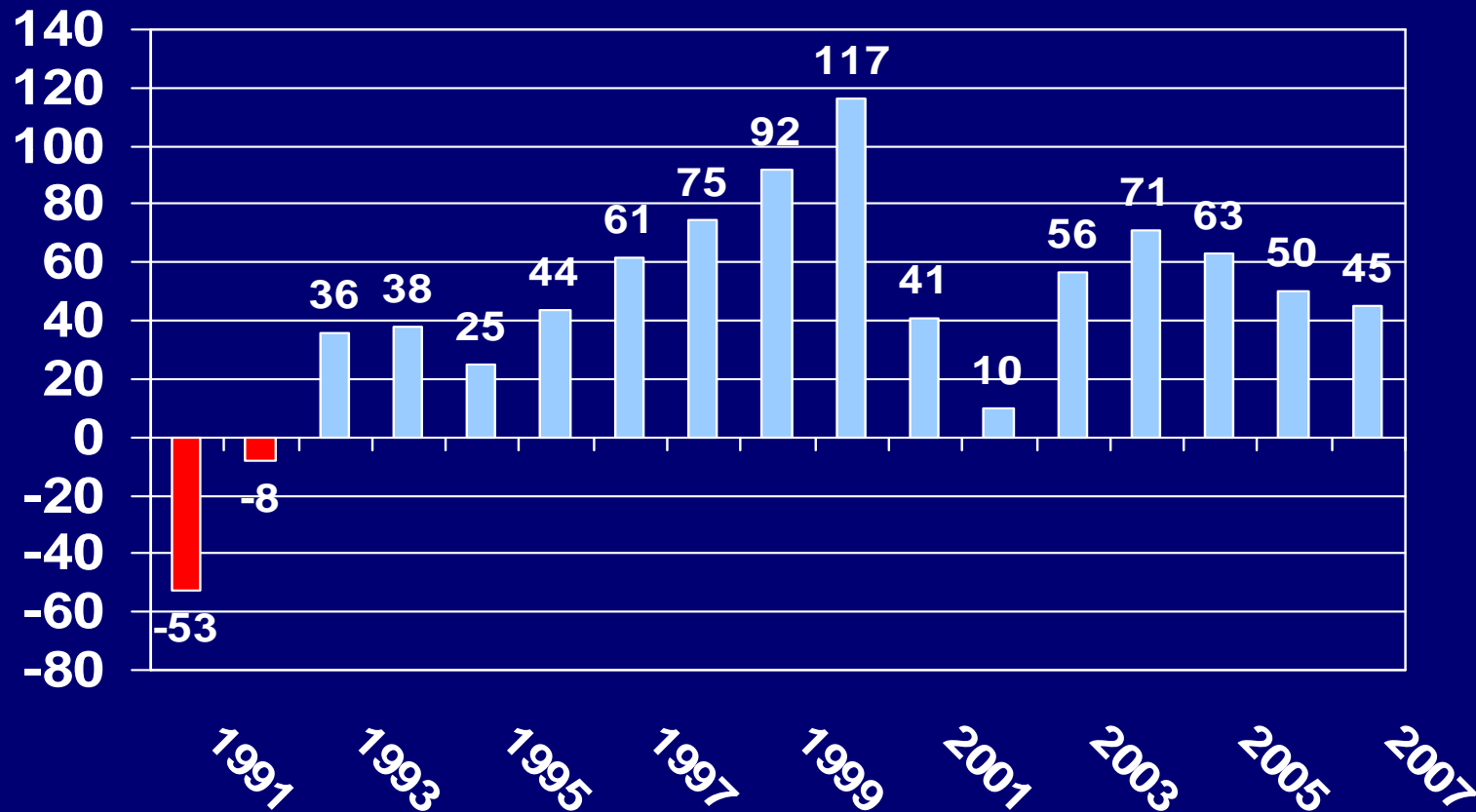
Source: GMU Center for Regional Analysis

# Federal Spending by Type 1983 - 2007

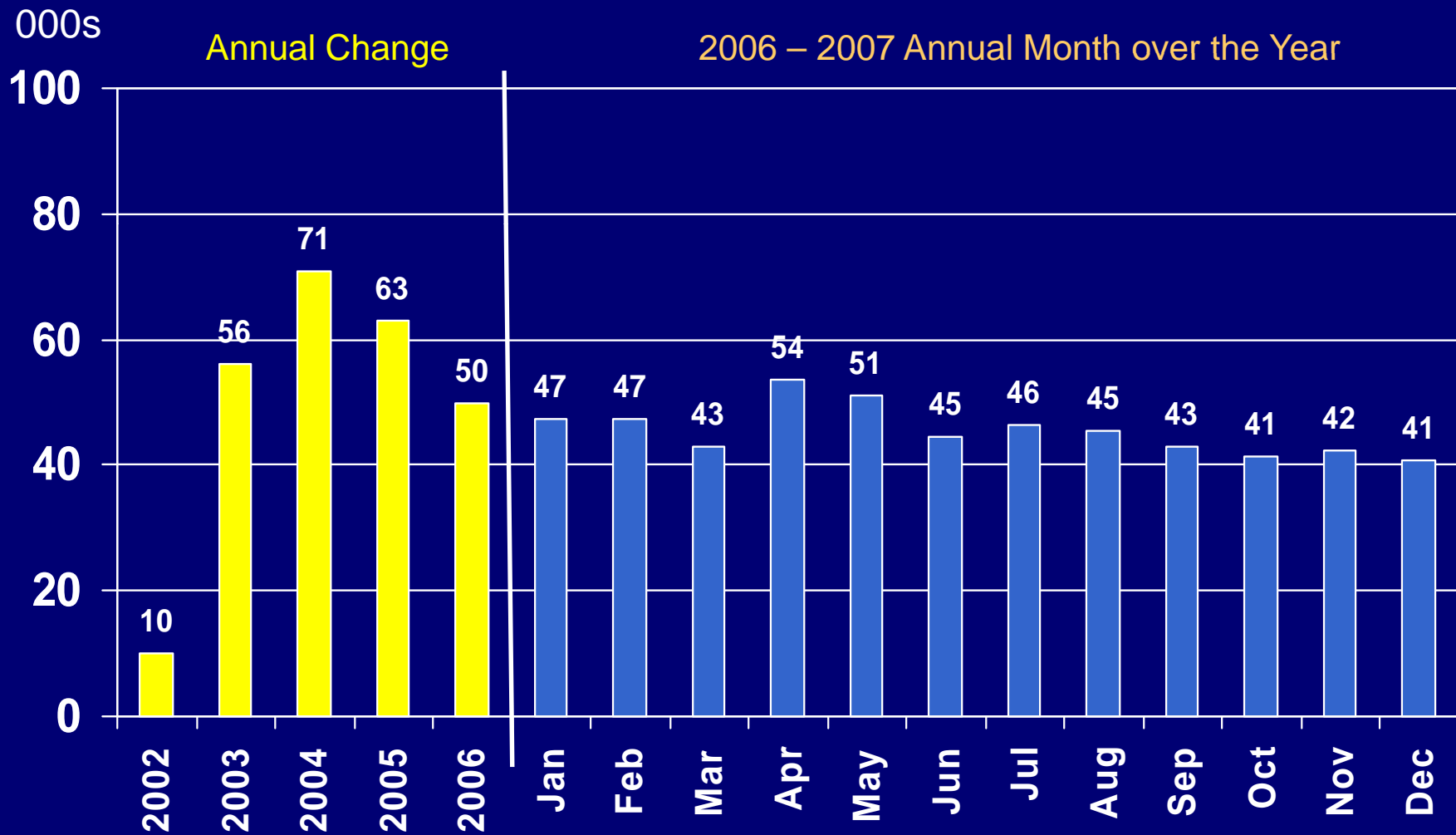


# Annual Change in Jobs 1991 – 2007 Washington Metro

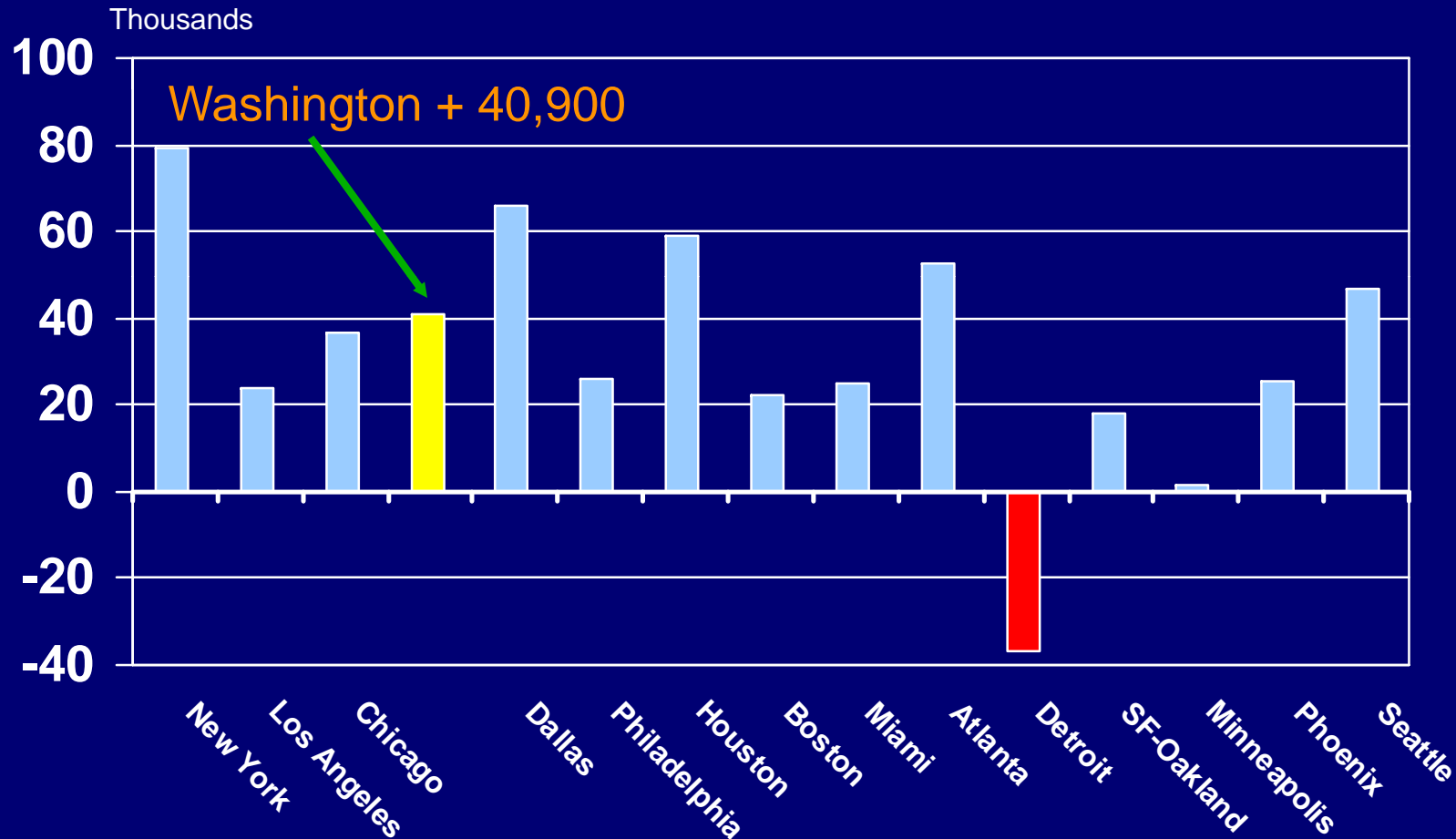
Thousands



# Annual Job Change Washington Metro

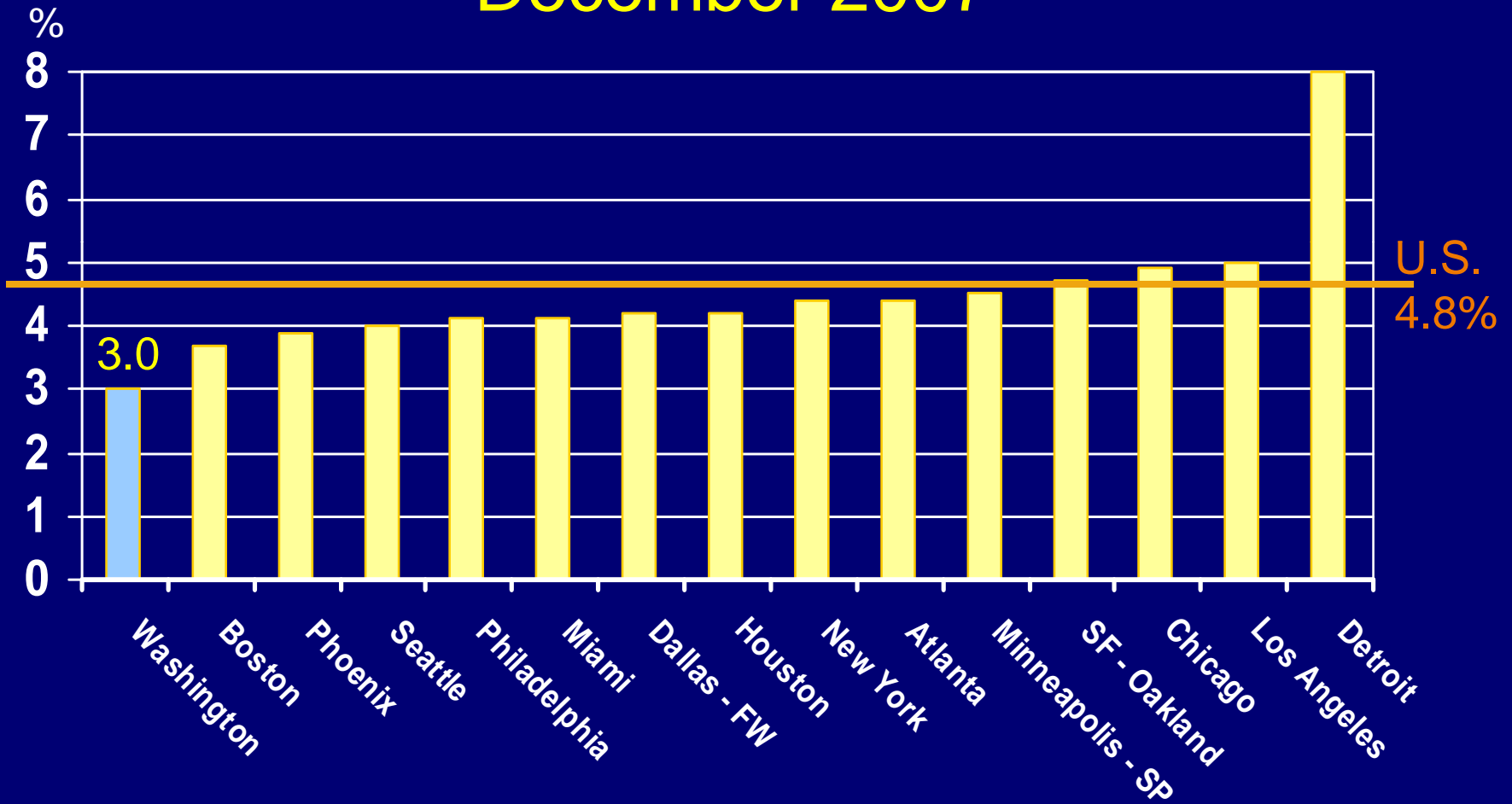


# 15 Largest Job Markets Job Change Dec 06 – Dec 07



Ranked by Total Jobs

# 15 Largest Job Markets Ranked by Unemployment Rate December 2007



# The Washington Area Residential Market

# Sales and Total Active Listings

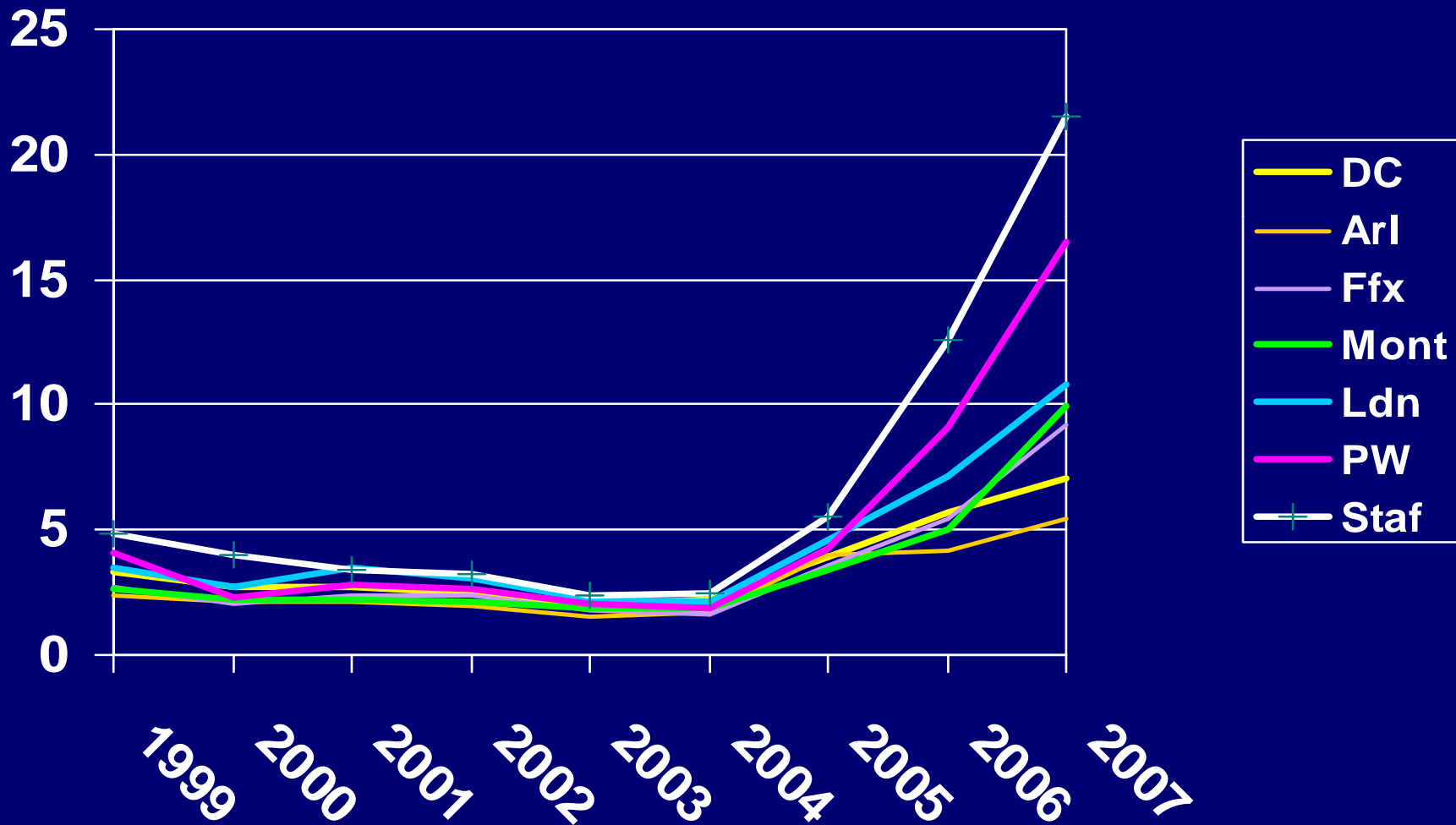
## Washington MSA, December Each Year



Source: MRIS, GMU Center for Regional Analysis

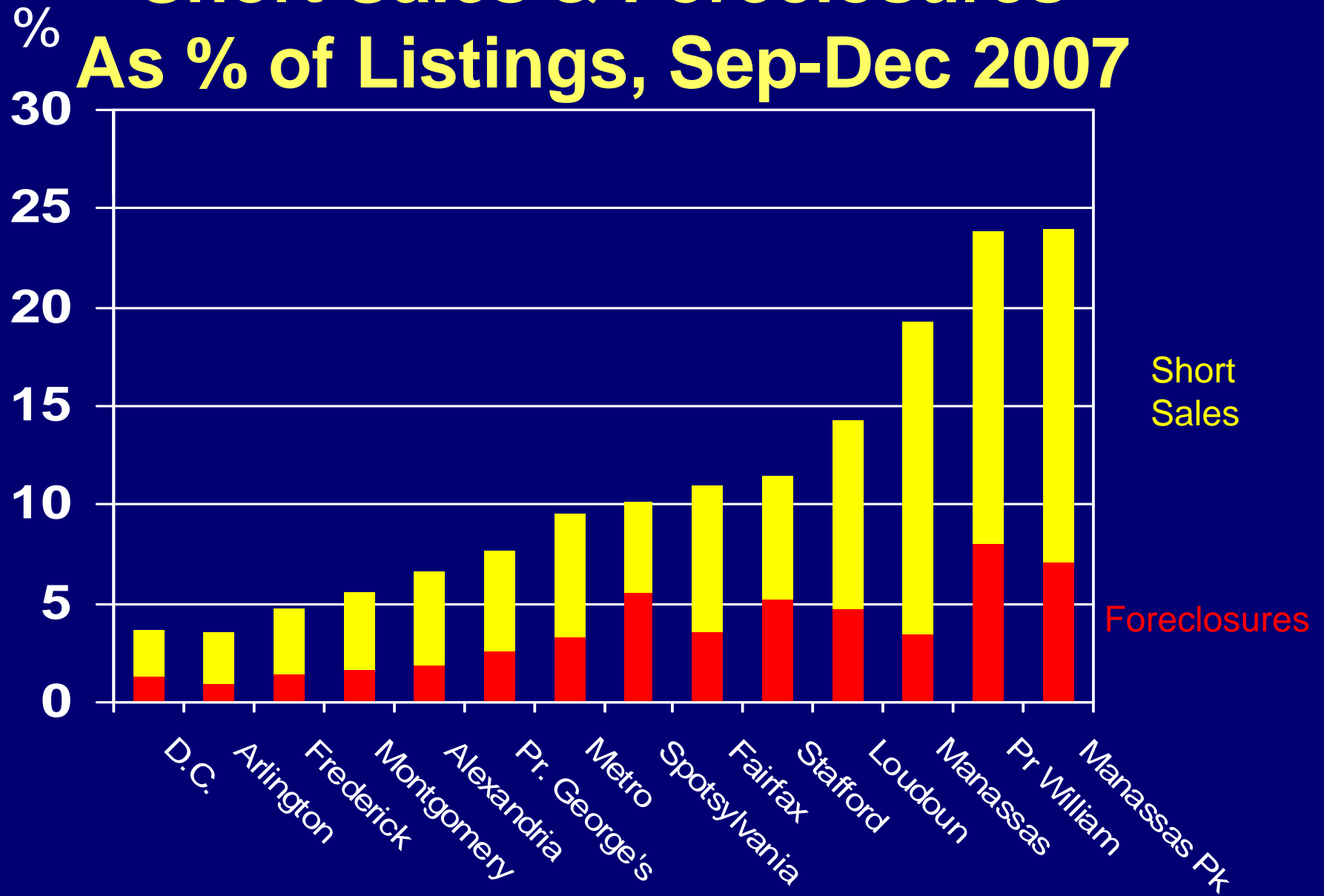
# Total Active Listings per Sale

## December Each Year

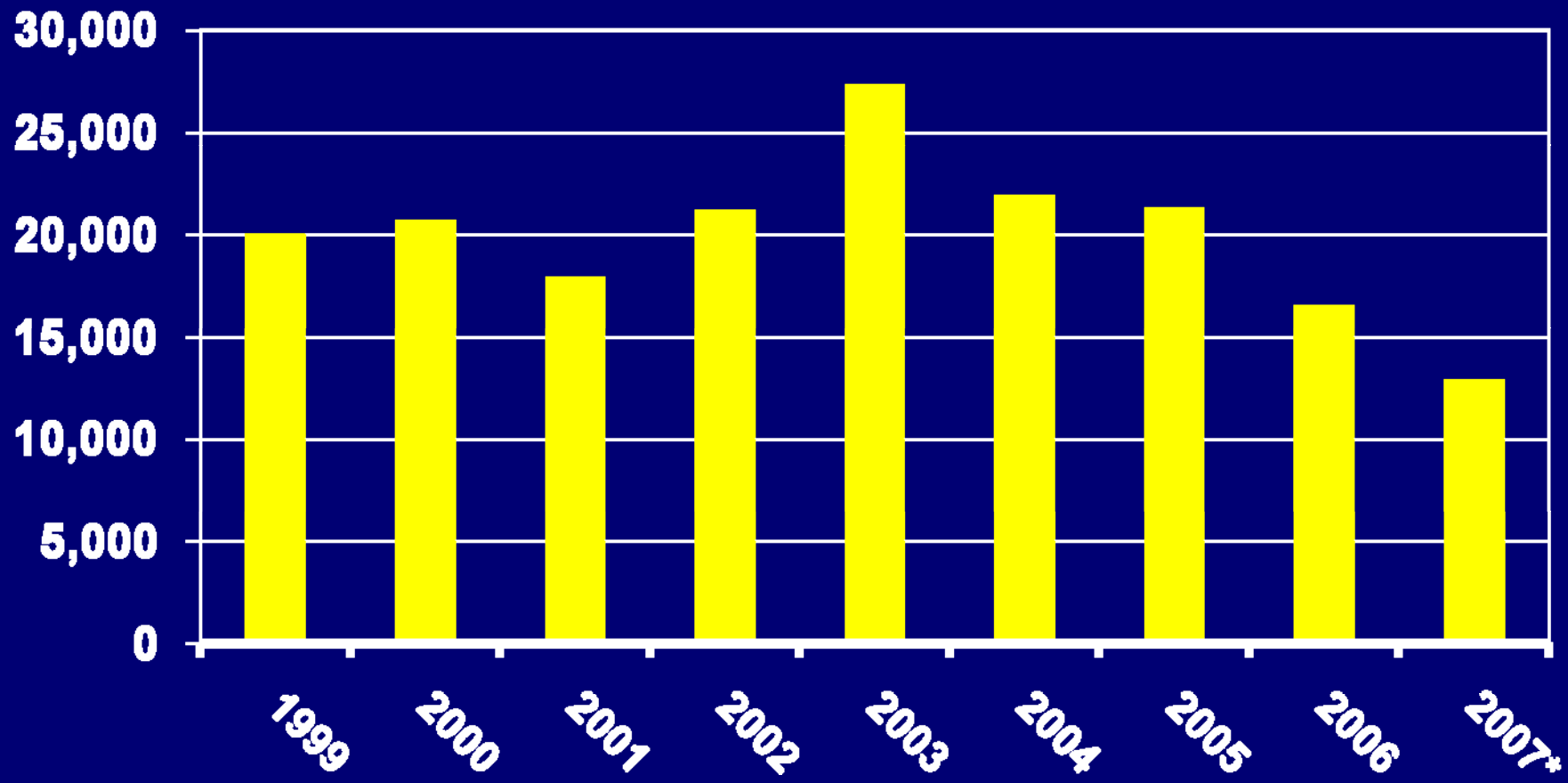


Source: MRIS, GMU Center for Regional Analysis

# Short Sales & Foreclosures As % of Listings, Sep-Dec 2007



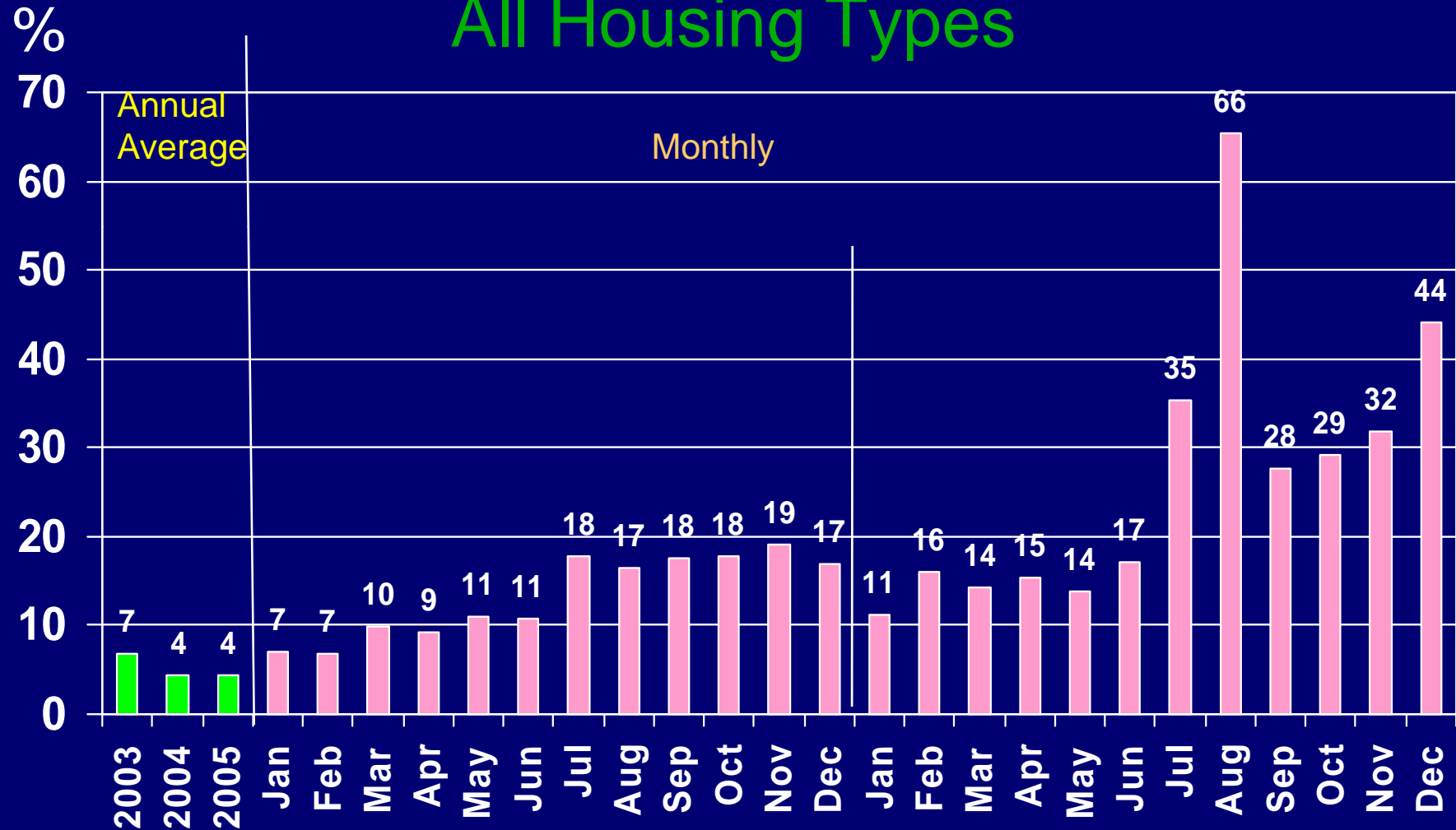
# New Housing Units Sold Washington Metro Area



Source: Hanley-Wood, GMU Center for Regional Analysis

\* Annualized

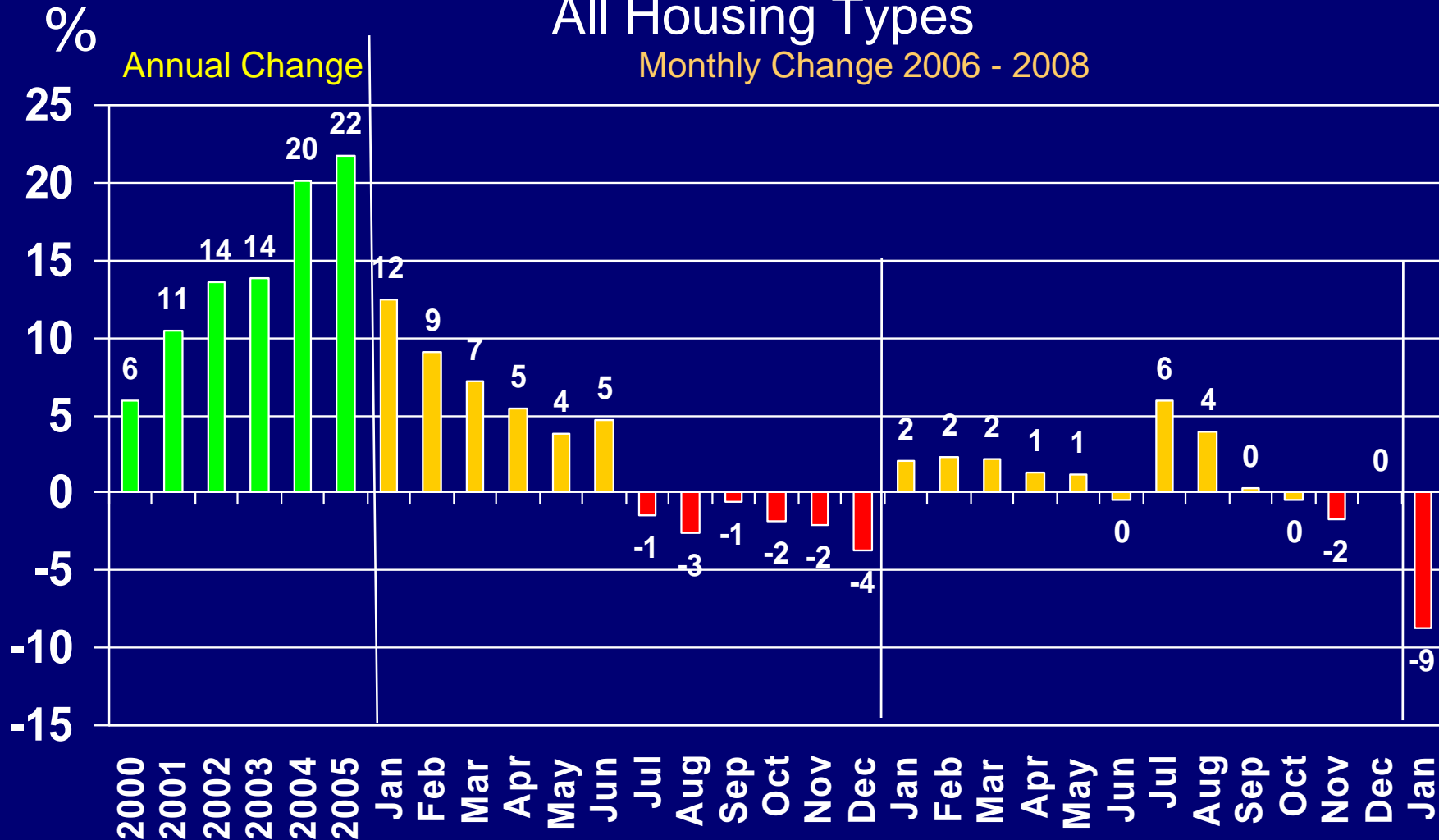
# New Housing Contract Kick-Out Rate Washington MSA All Housing Types



# Average Sales Price Percent Change Washington MSA

All Housing Types

Monthly Change 2006 - 2008



# The Washington Area Office Market Outlook

# 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, January 2008

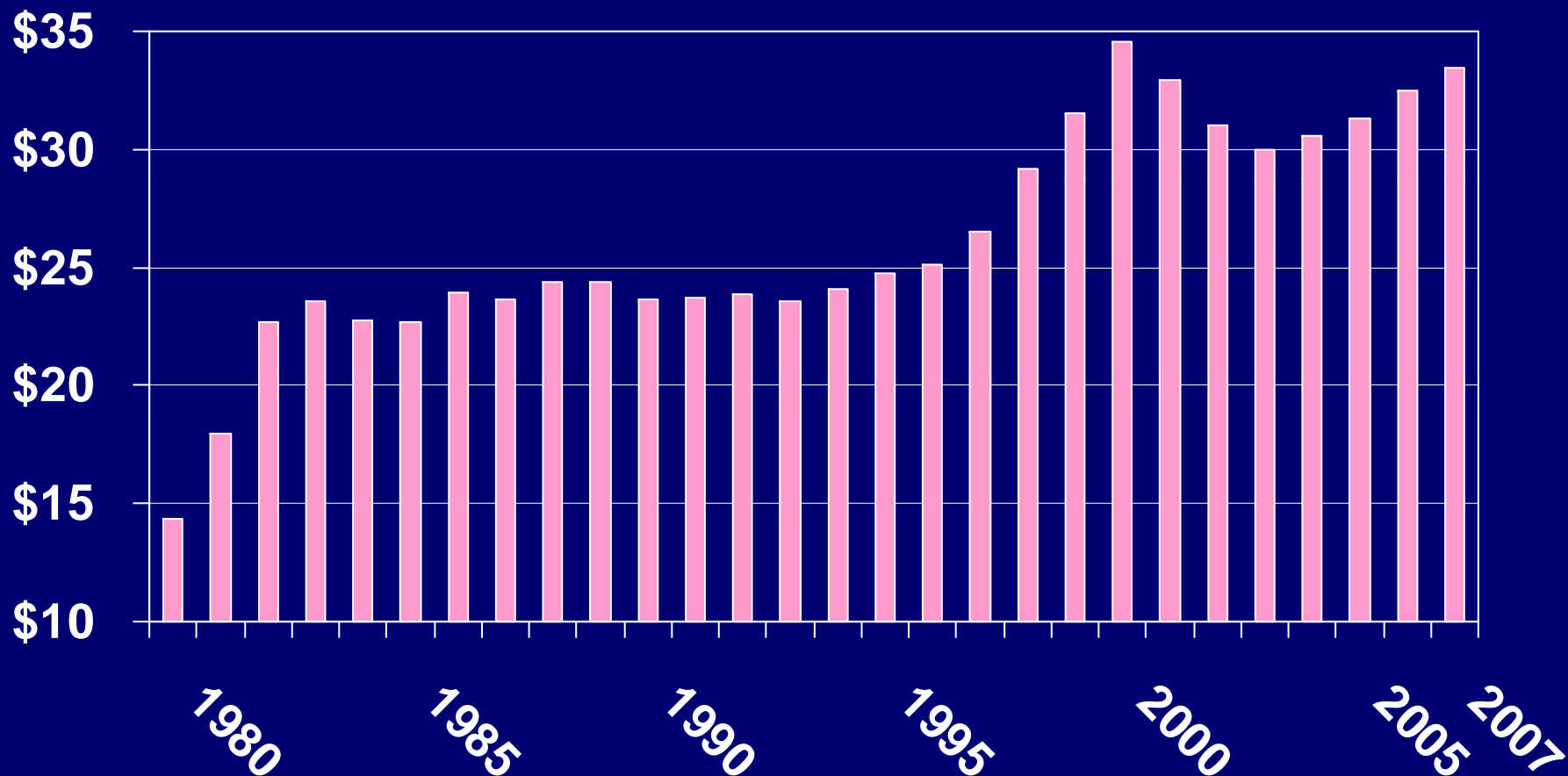
# Existing and Projected Office Vacancy In the Washington Metro Area: 2007-2009

(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%
<b>TOTAL</b>	<b>34.2</b>	<b>9.1%</b>	<b>45.1</b>	<b>11.3%</b>

\* End of Year

# Average Class A Office Rents Washington Metro 1980 - 2007



Source: Delta Associates

# Area Economic Forecast

2008 - 2011

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

	2006	2007	2008	2009	2010	2011
<b>D.C.</b>	<b>6.1</b>	<b>10.4</b> <b>(5.3)*</b>	<b>7.1</b>	<b>6.5</b>	<b>5.0</b>	<b>5.0</b>
<b>S. MD</b>	<b>10.6</b>	<b>10.3</b> <b>(10.5)*</b>	<b>10.0</b>	<b>11.5</b>	<b>12.5</b>	<b>13.0</b>
<b>No. VA</b>	<b>30.5</b>	<b>22.7</b> <b>(28.7)*</b>	<b>20.5</b>	<b>21.0</b>	<b>24.0</b>	<b>25.5</b>
<b>REGION</b>	<b>47.2</b>	<b>43.4</b> <b>(44.5)*</b>	<b>37.6</b>	<b>39.0</b>	<b>41.5</b>	<b>43.5</b>
	1.6%	1.5%	1.2%	1.3%	1.3%	1.4%

\* CRA Mid-2007 Forecast

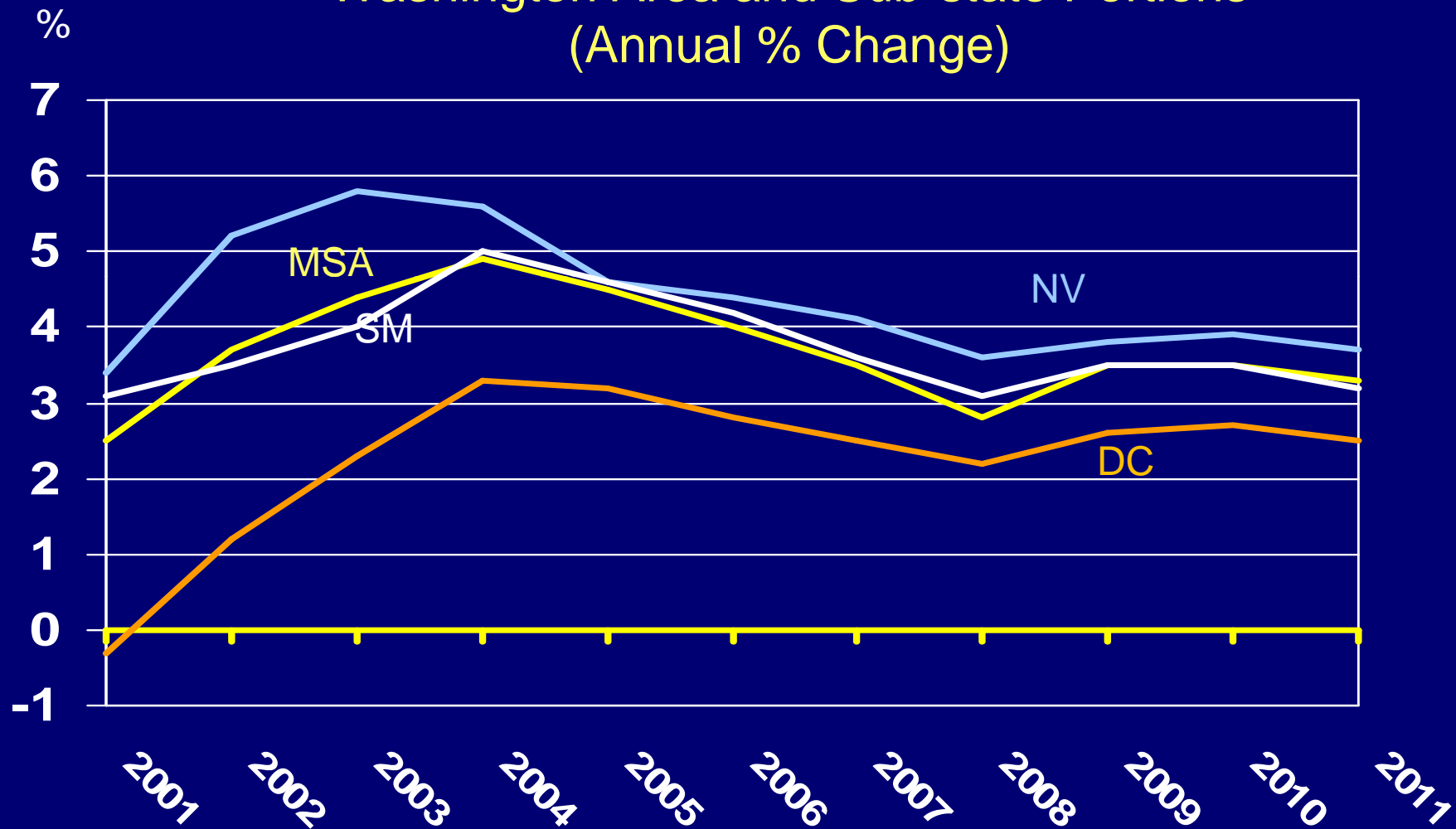
Average Annual Change 1990-2007 = 44,900

Source: GMU Center for Regional Analysis

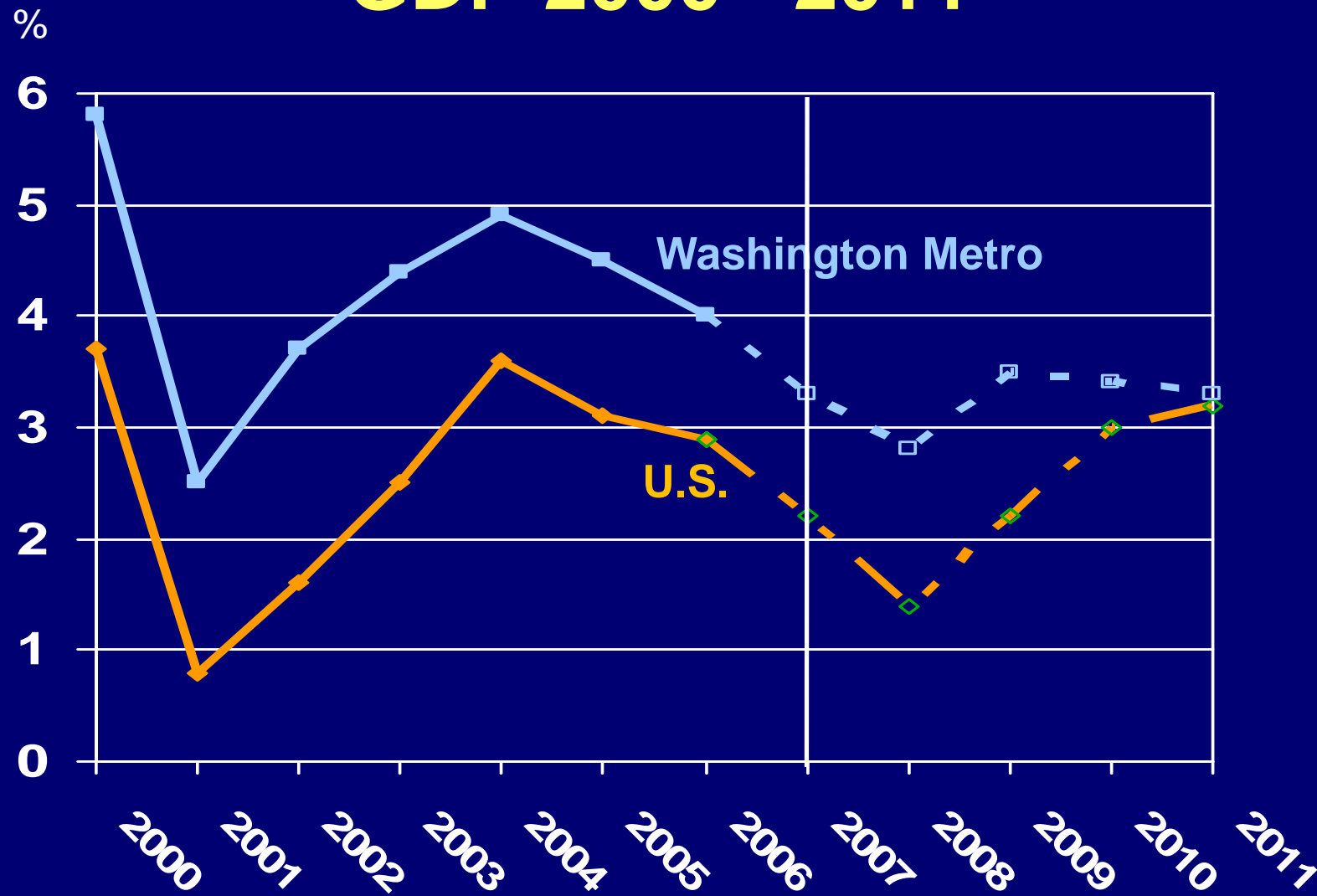
Based on 2006 BLS Benchmarked Data.

# Economic Outlook (GRP) – 2011

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



# GDP 2000 - 2011



Source: Global Insight, GMU Center for Regional Analysis

# Threats to the Washington Area Economy's Future Performance

- Slowdown in consumer spending
- Shortage of qualified workers
- Increasing oil prices
- Continuing weakness in real estate market
- Slowing Federal spending

[www.cra-gmu.org](http://www.cra-gmu.org)