

***The Regional Economy and Housing
Market:
Implications and Challenges***

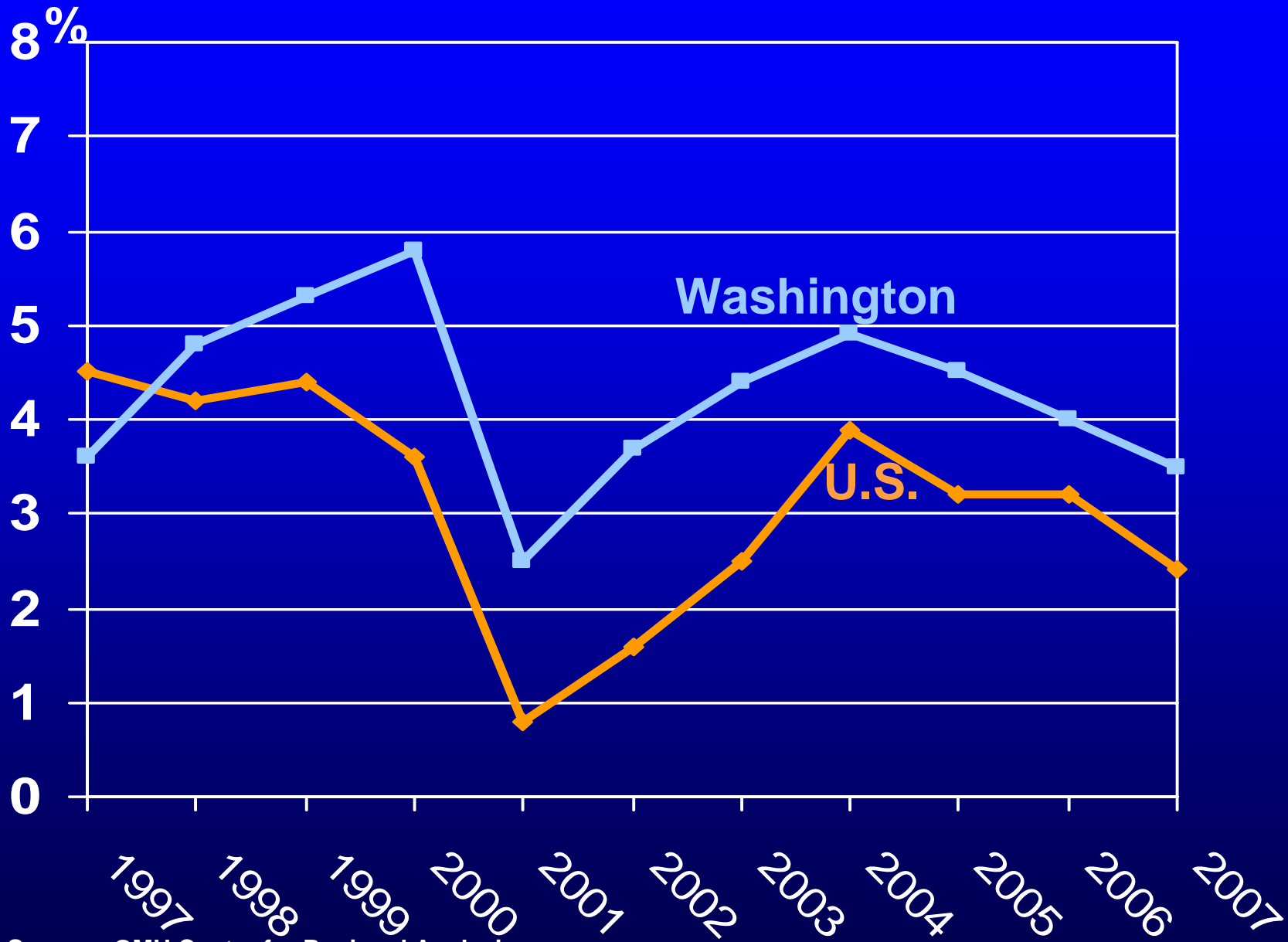
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Senior Fellow and Deputy Director
Center for Regional Analysis
School of Public Policy, George Mason University**

April 20, 2007

The Washington Area Economy

Recent Performance

GRP 1997 - 2007

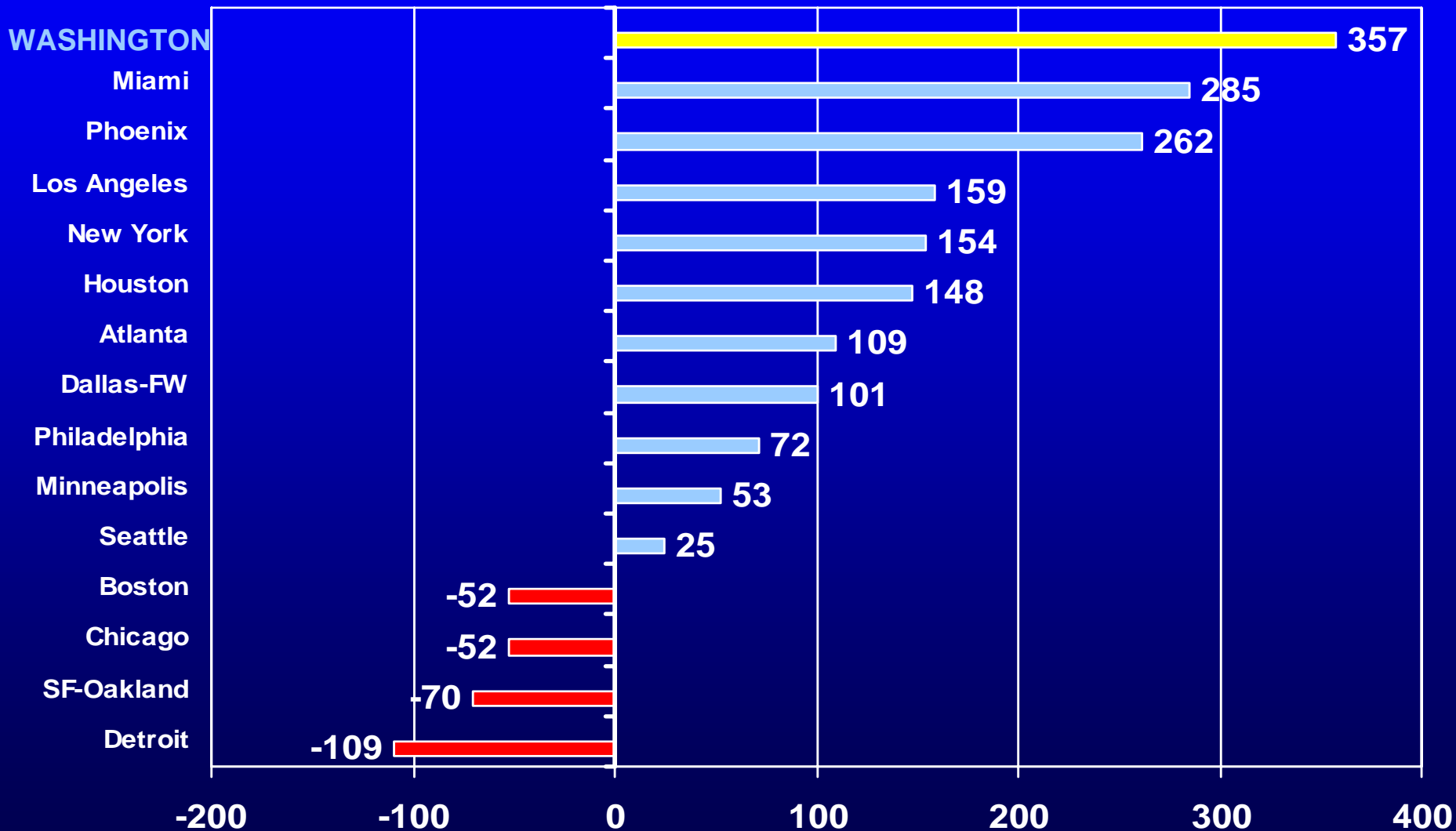


Source: GMU Center for Regional Analysis

Metro Comparisons Job Change 2000-2005

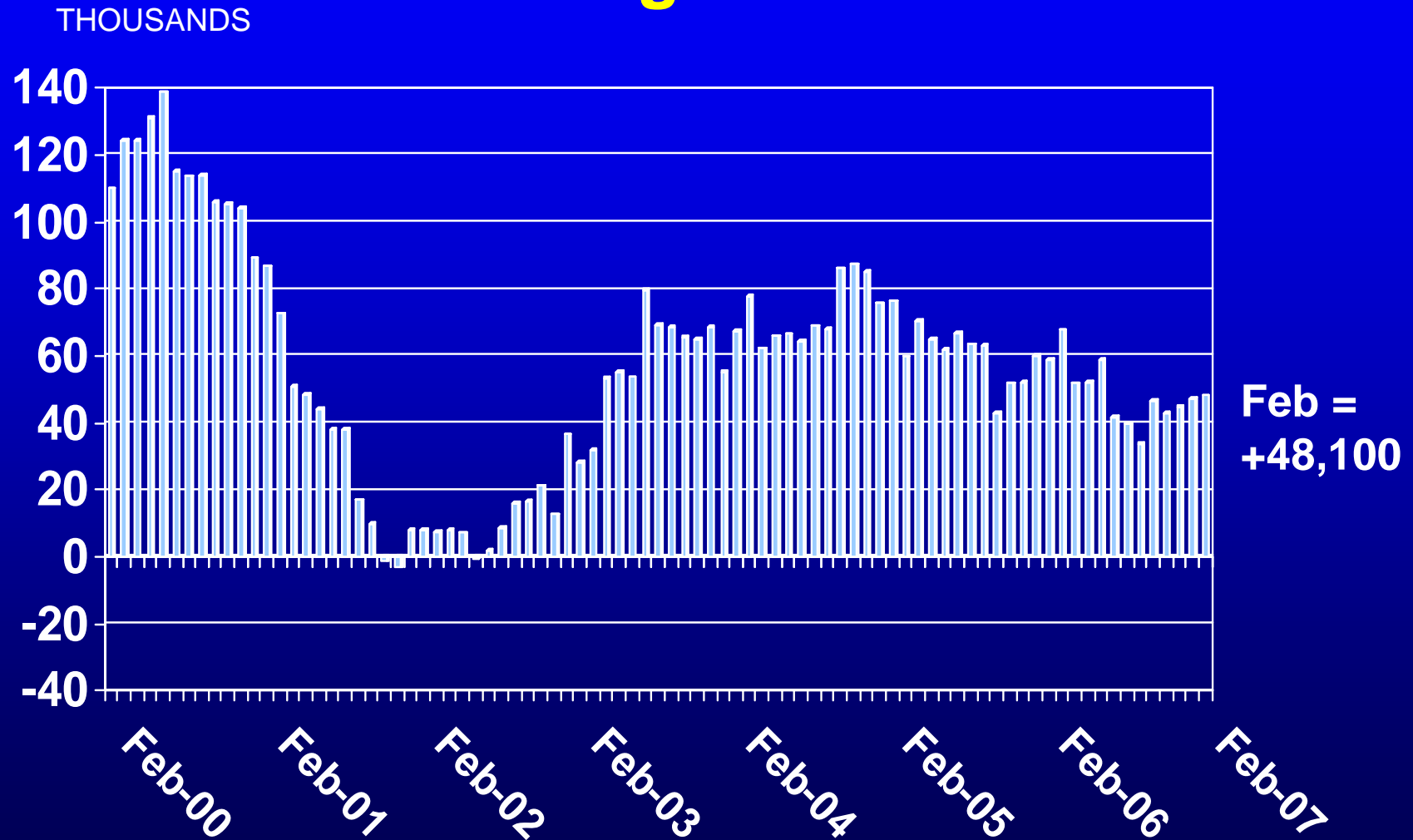
15 Largest Metro Areas

Thousands



Source: BLS, GMU Center for Regional Analysis

Annual Job Change Washington MSA



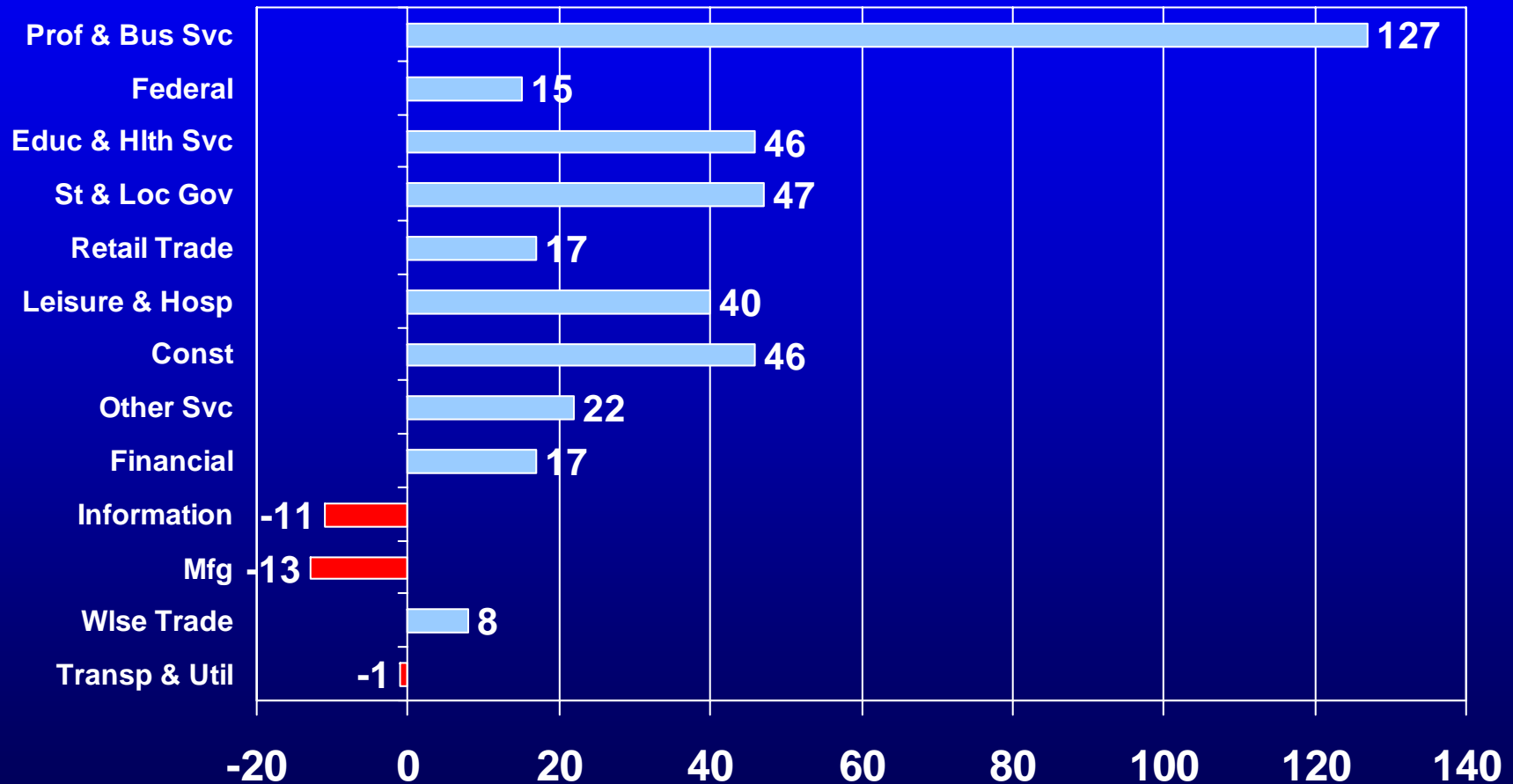
Source: BLS Establishment Survey

Job Change By Sector MSA 2000 - 2005

(000s)

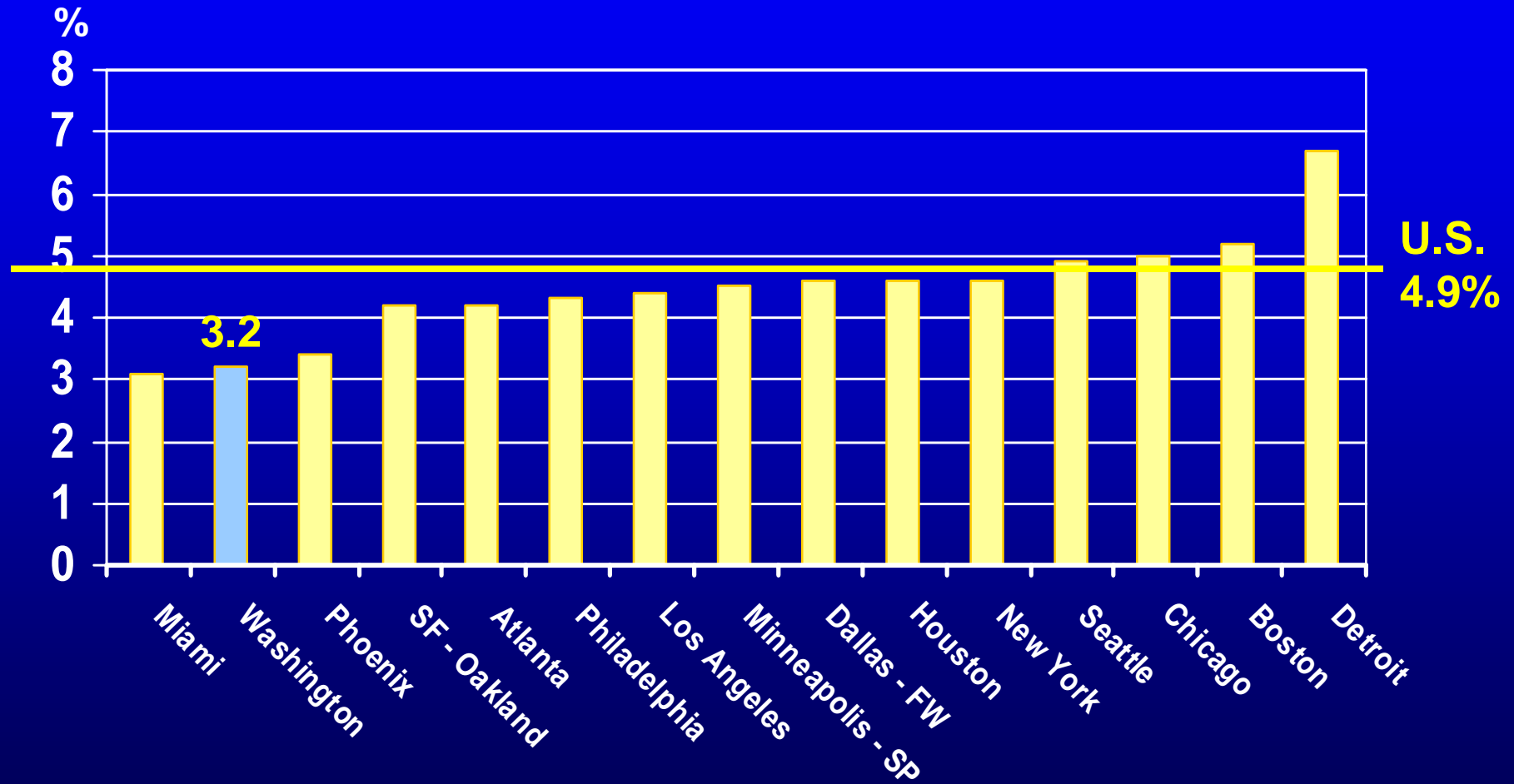
Total = 357,000

(Ranked by Size of Sector)

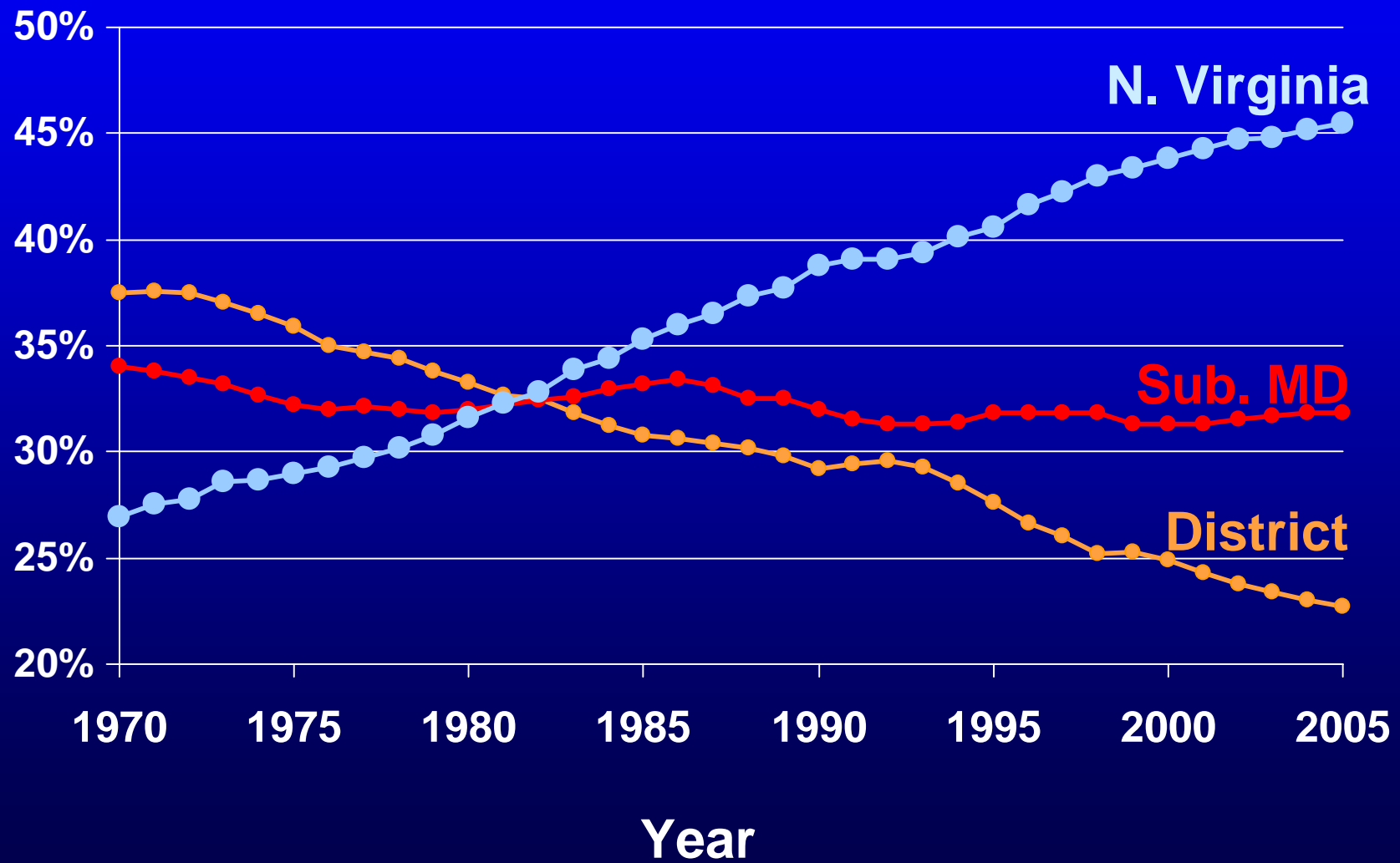


Source: BLS, GMU Center for Regional Analysis

15 Largest Job Markets Ranked by Unemployment Rate February 2007

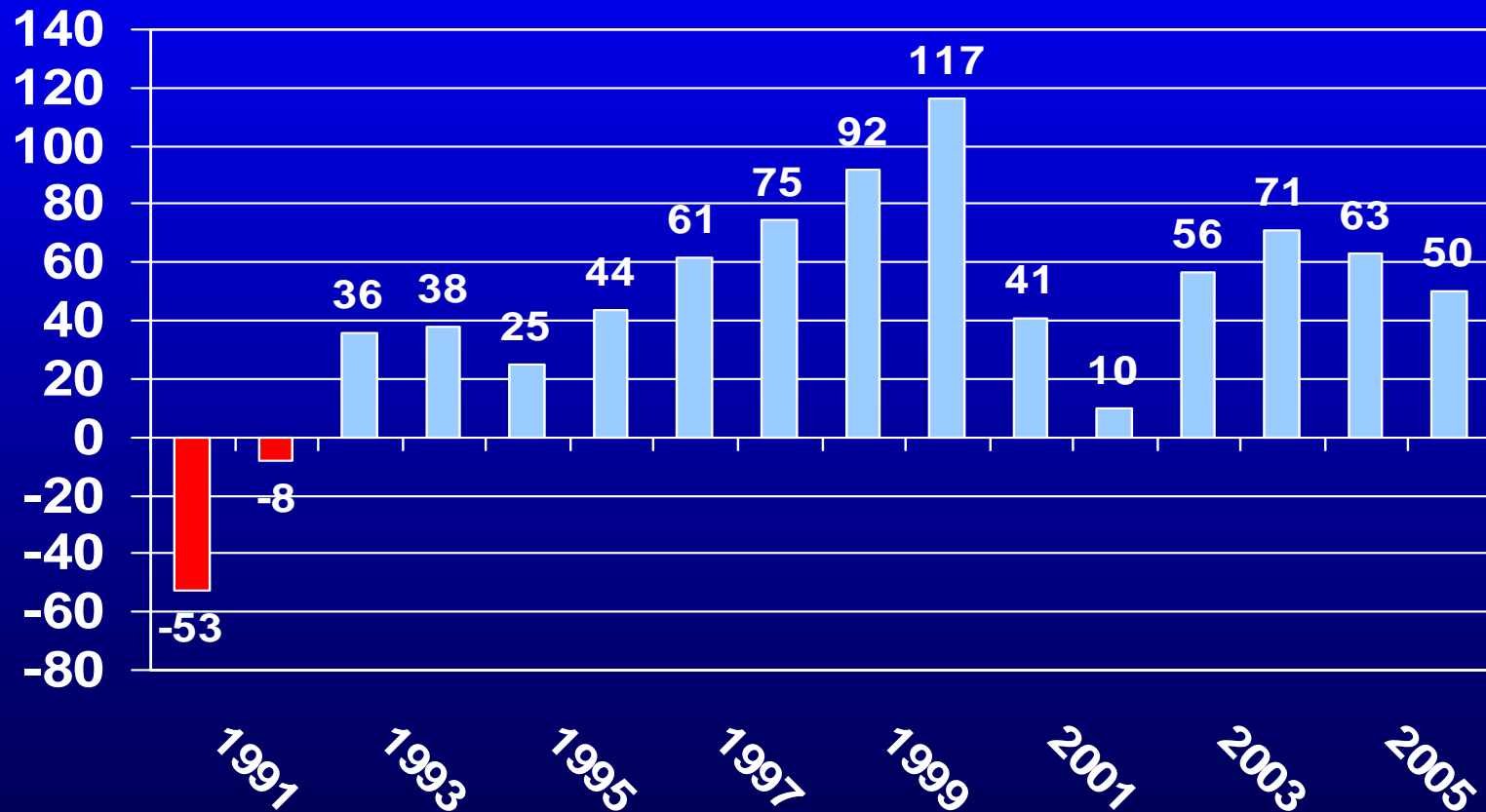


Share of Washington Area Economy 1970-2005



Annual Change in Jobs 1991 – 2006 Washington Metro

Thousands



16-Yr Average = 44,800/yr

Source: BLS, CRA

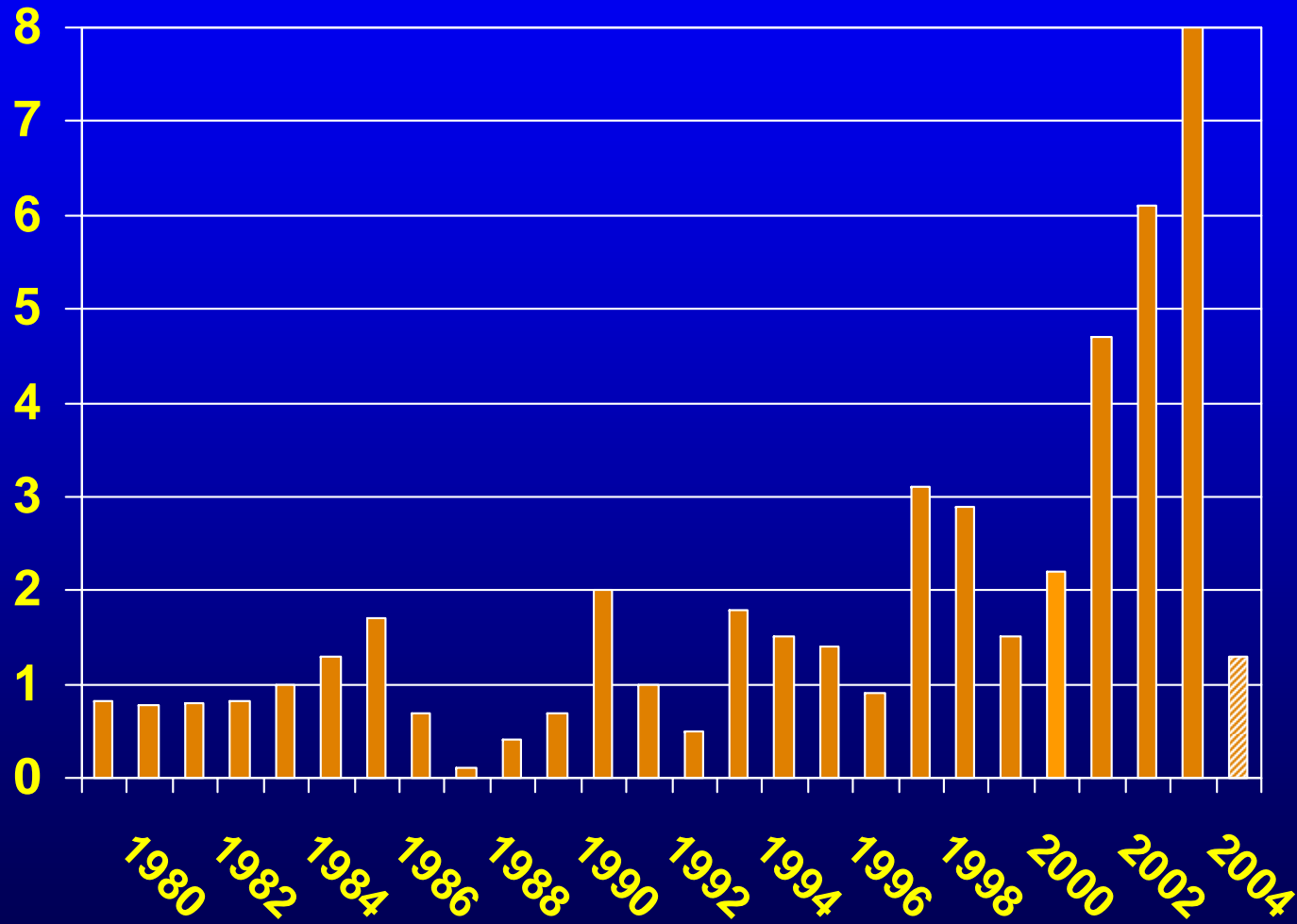
**What is Different
About The Washington
Area Economy?**

Federal Spending by Type 1983 - 2005



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

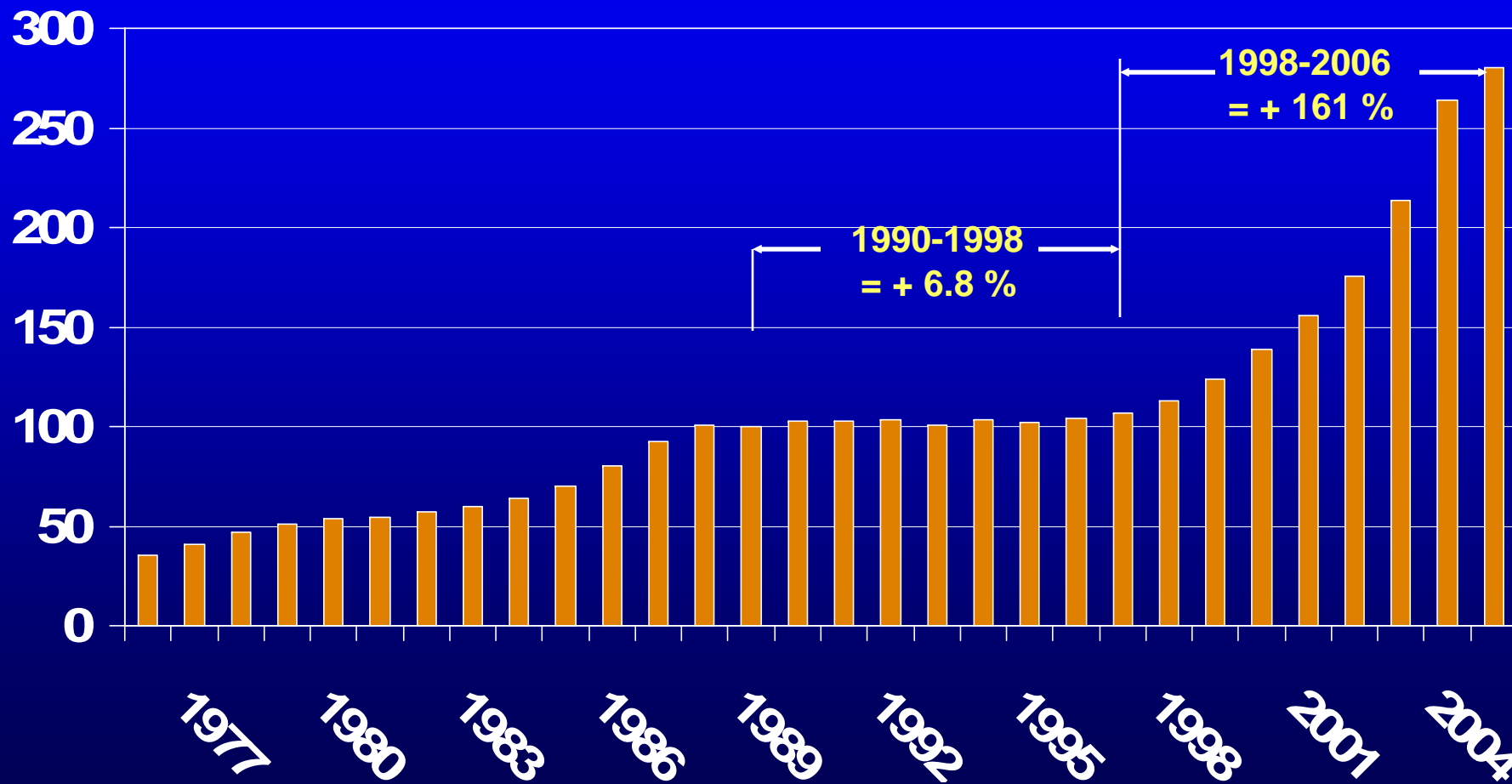
Source: Eagle Eye Publishers; GMU CRA

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

Residential Market Trends

Housing Price Index Washington MSA 4th Quarter Each Year

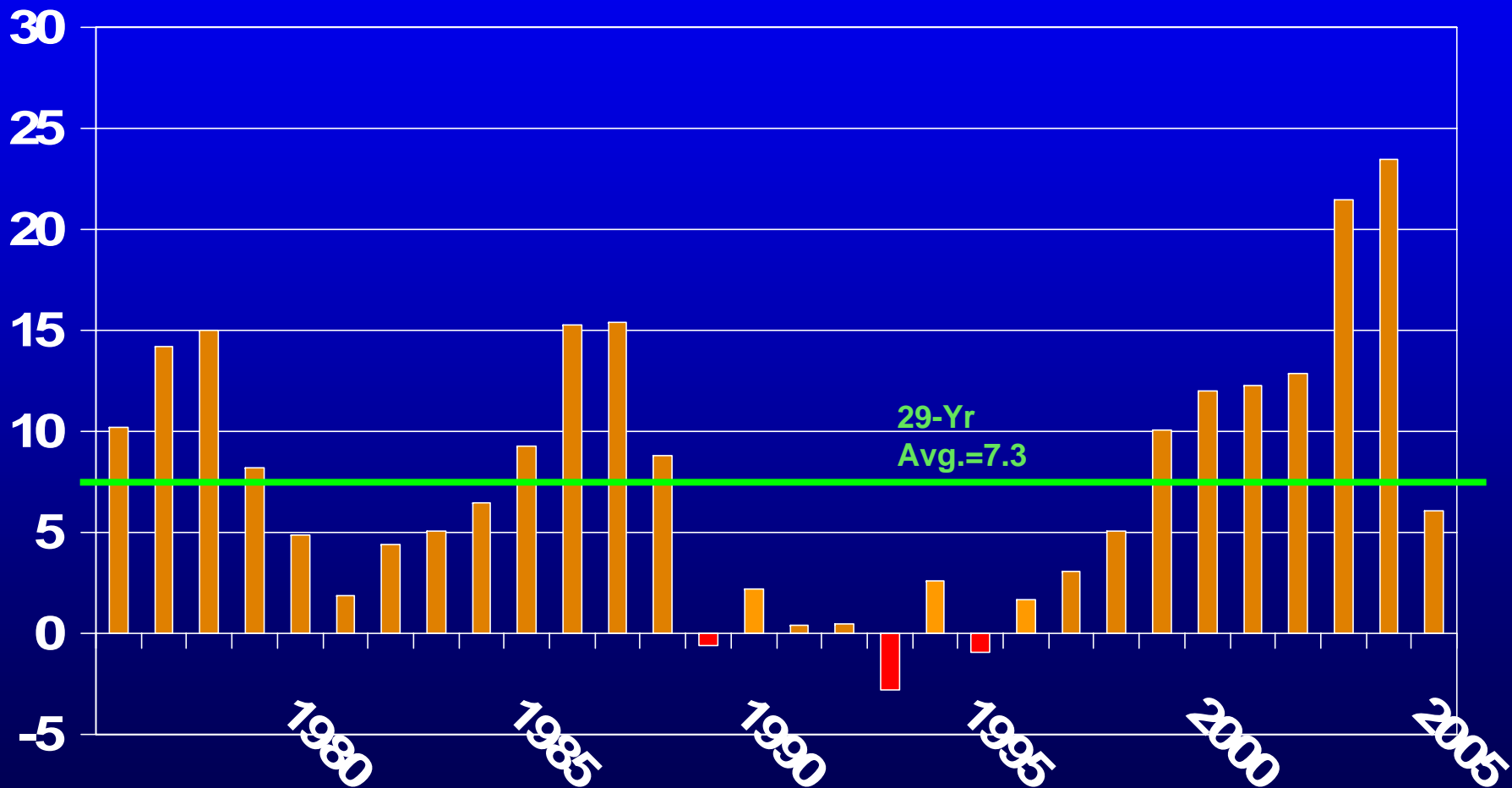
1995
Q1=100



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

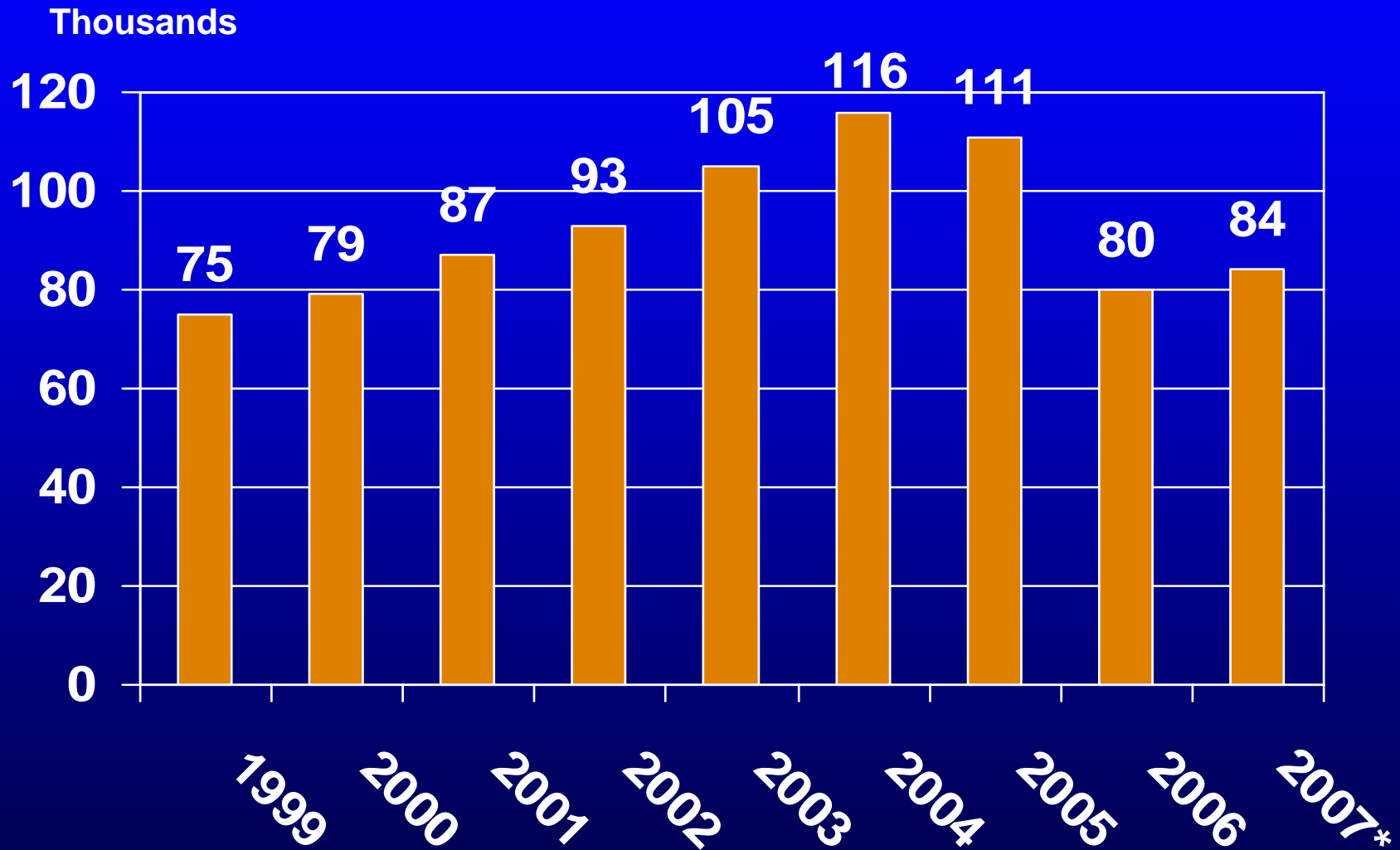
Housing Price Index Annual % Change Washington MSA 4th Quarter Each Year

1995 Q1=100



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

Total Units Sold Washington Metro Area

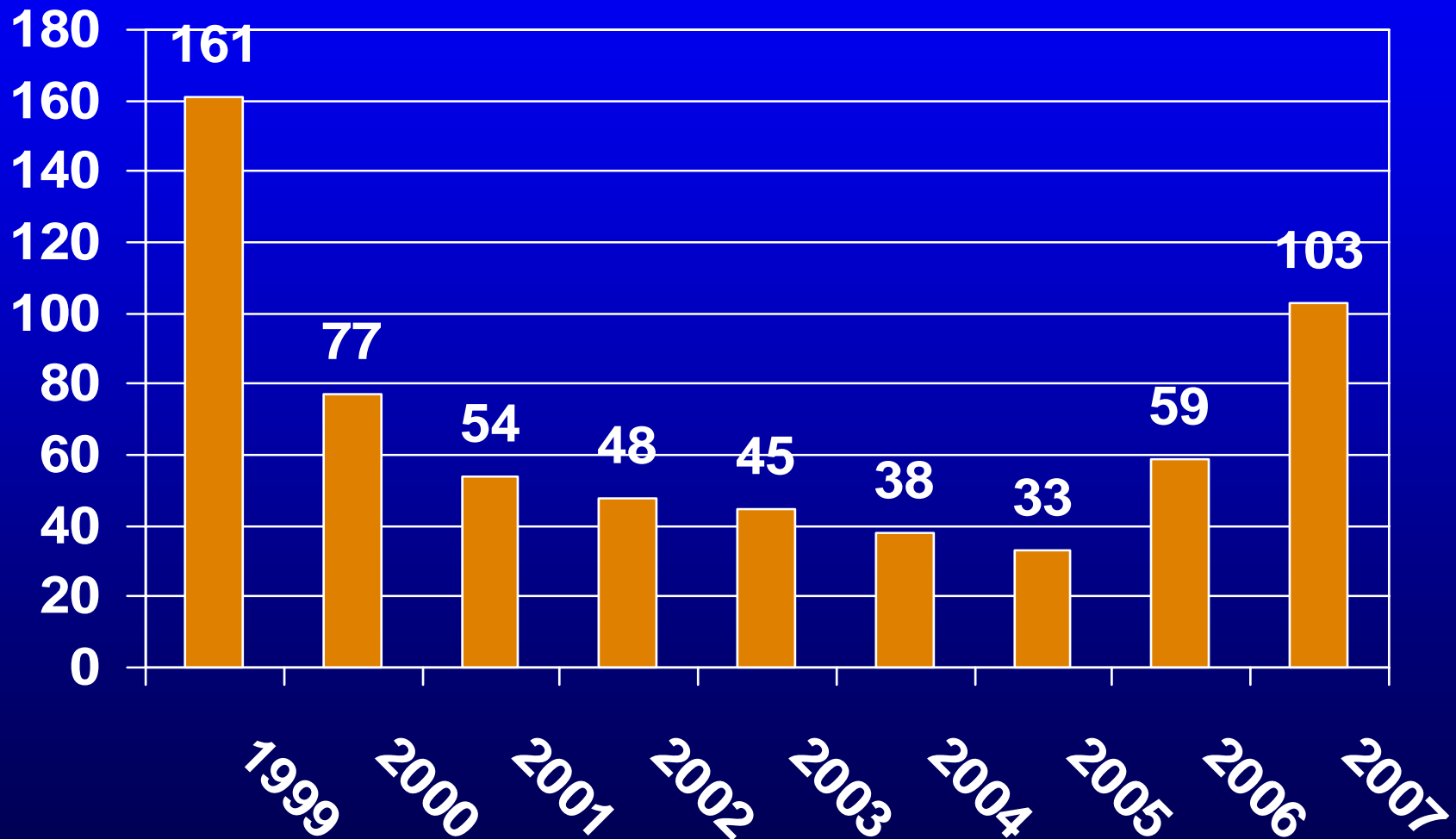


Source: MRIS, GMU Center for Regional Analysis

* Annualized 1st Q

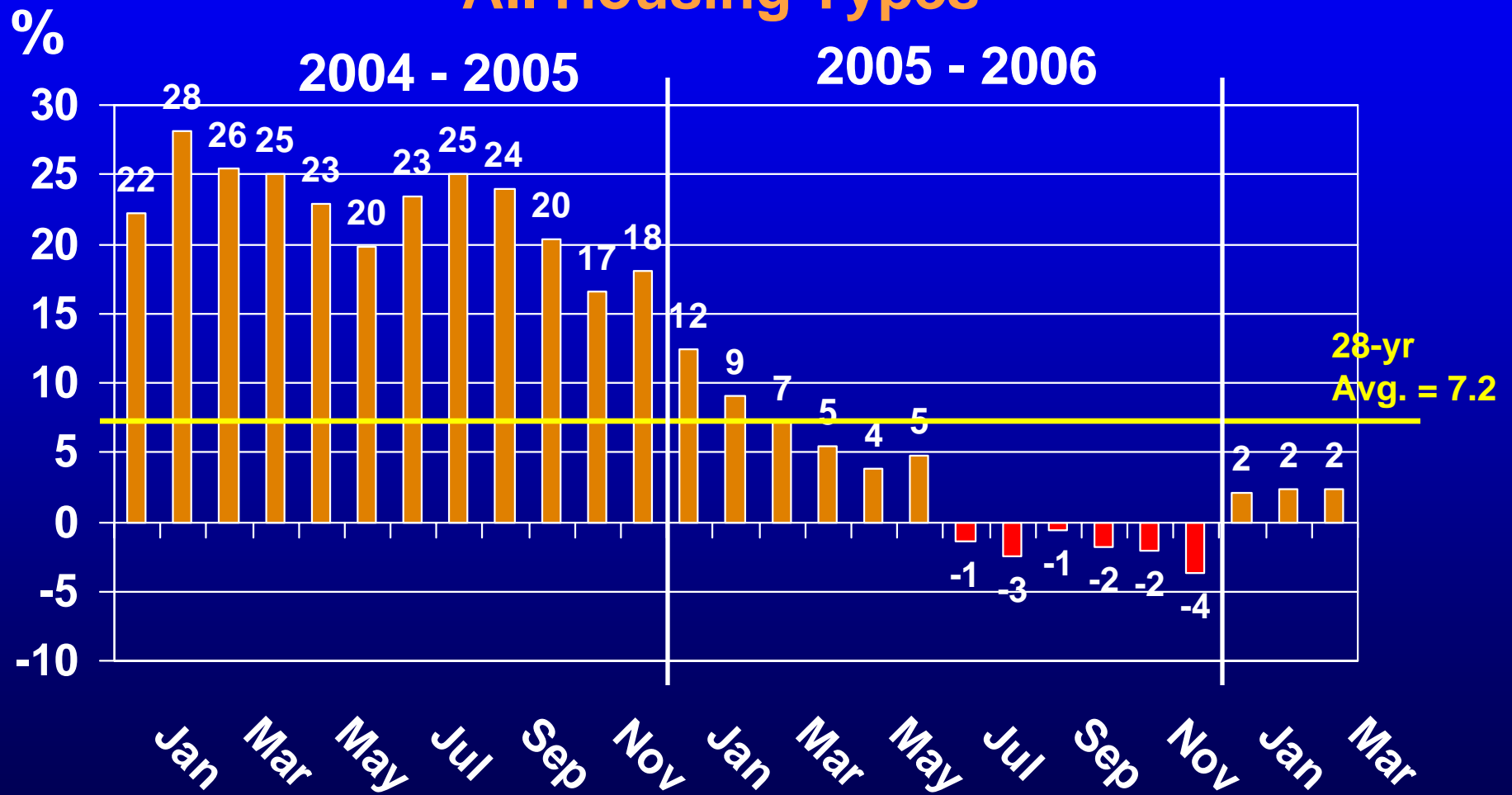
Days on Market Washington Metro Area 1st Quarter Each Year

Days



Source: MRIS, GMU Center for Regional Analysis

Average Sales Price Percent Change Month-over-the-year, 2004 - 2007 Washington MSA All Housing Types



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

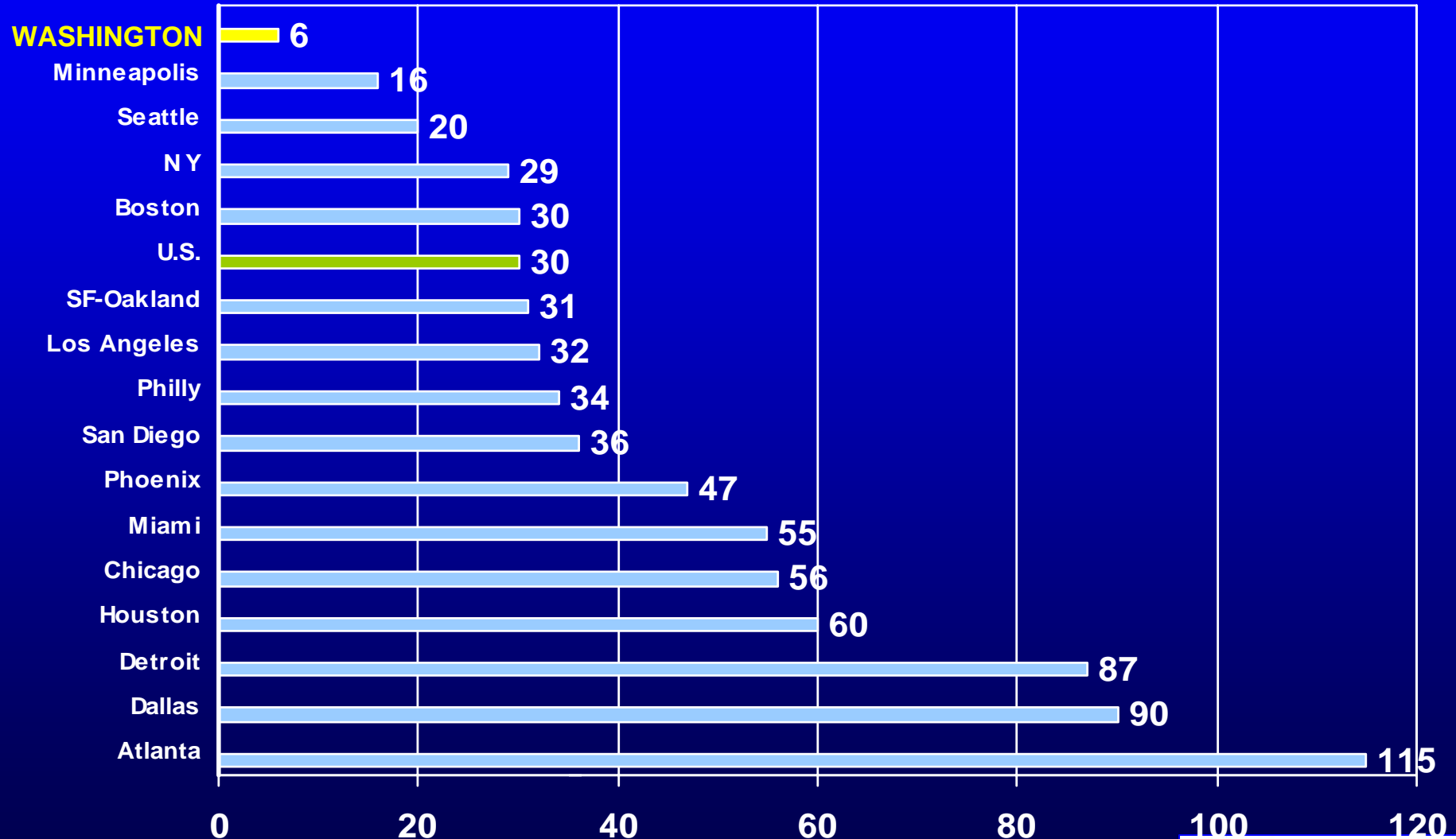


Source: NVAR, MRIS, GMU Center for Regional Analysis

Metro Comparisons Mortgage Foreclosure Rates

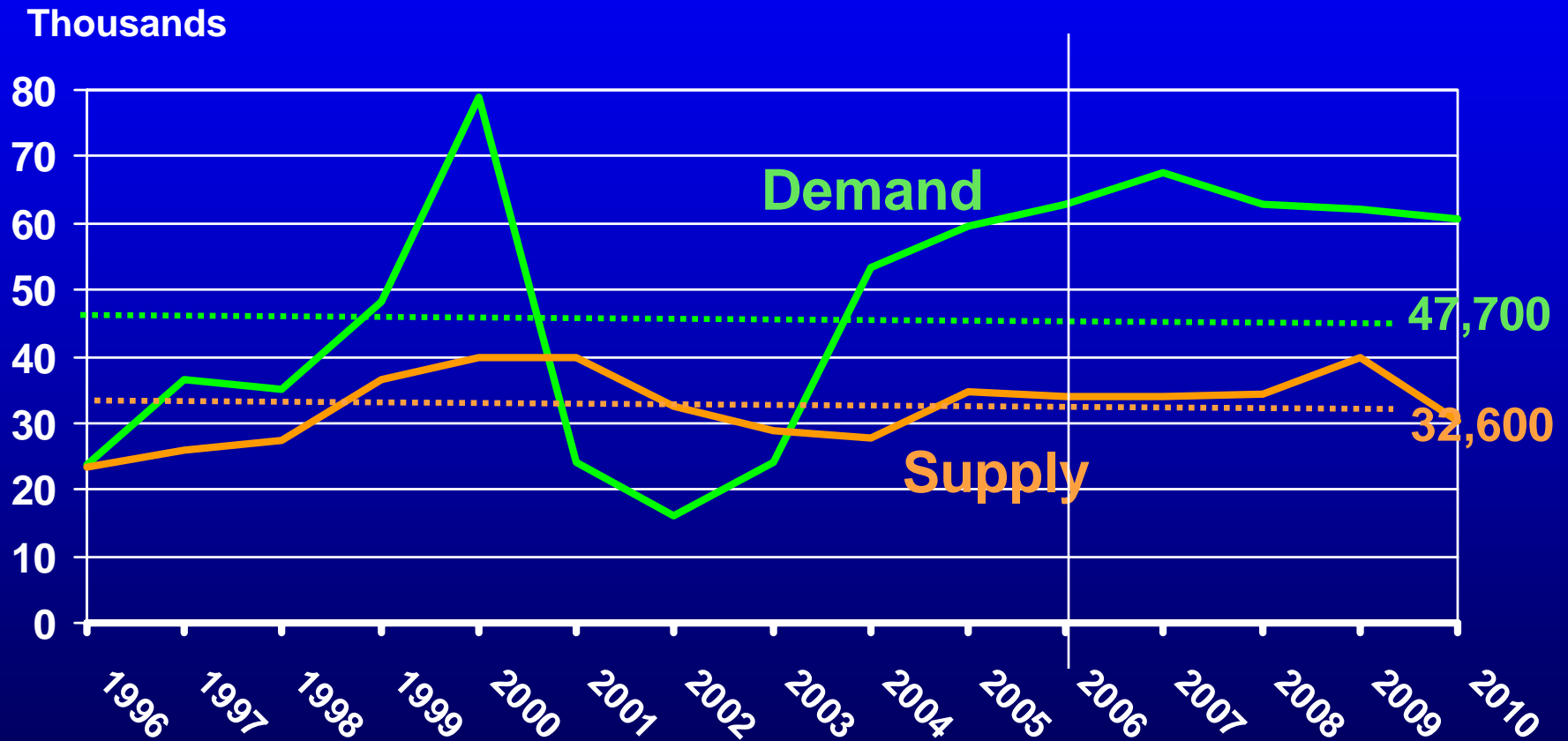
Q4 2006

Foreclosures /10,000HH



Source: RealtyTrac, GMU Center for Regional Analysis

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



Metro Comparisons

Percent Change in House Prices

2001 –2006 (4th Quarter)



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

Five-Year Forecast

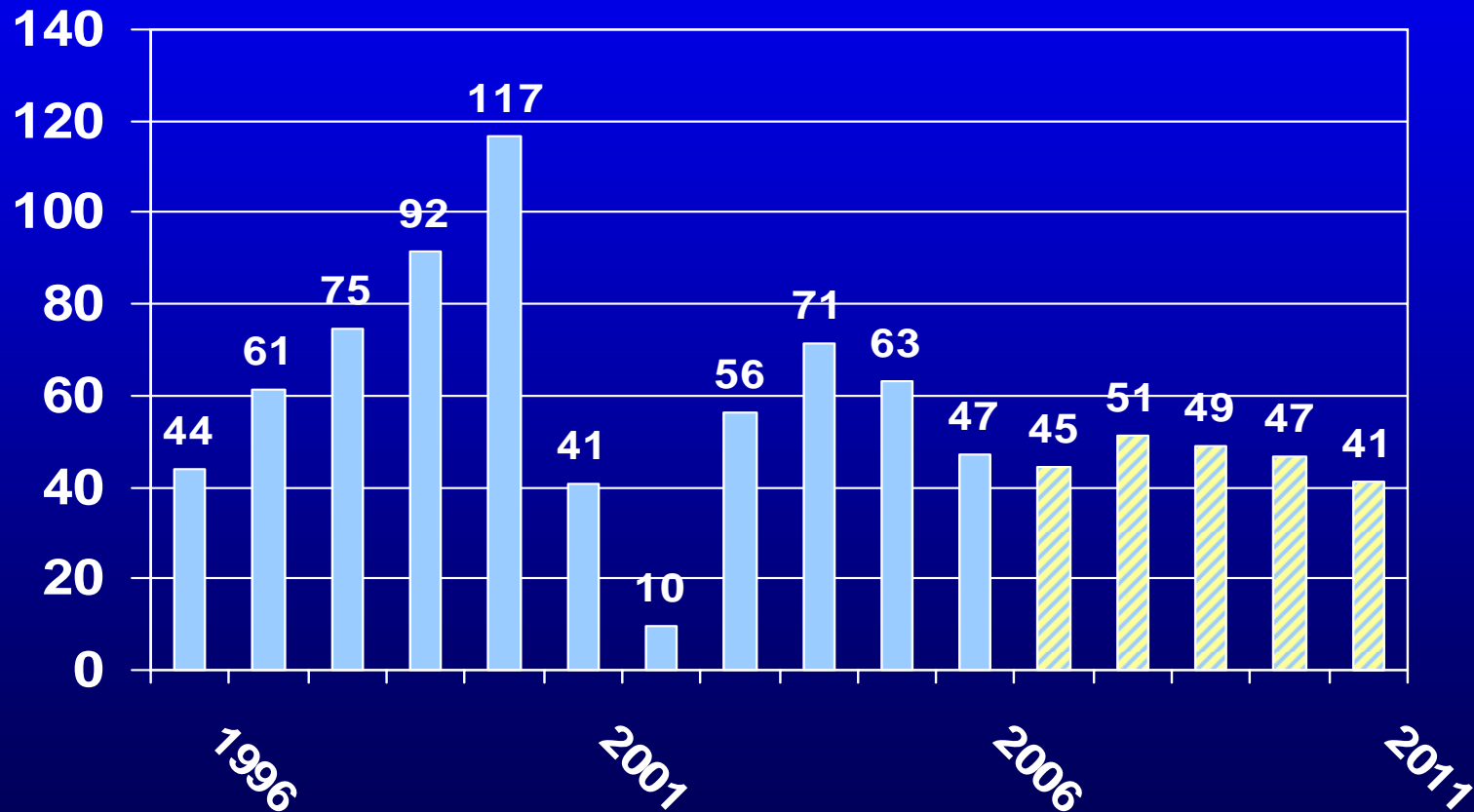
Employment Change by Sub-state Region (000s)

	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

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

Annual Change in Jobs 1996 – 2011 Washington Metro

Thousands



1996-2006 = 61,000/yr

2007-2011 = 47,000/yr

Source: BLS, CRA

The Challenges

- **Federal Procurement /
Economic Diversification**
- **Greatly Diminished
Competitive Edge in Housing
Affordability**
- **What About Our Mobility?**



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