

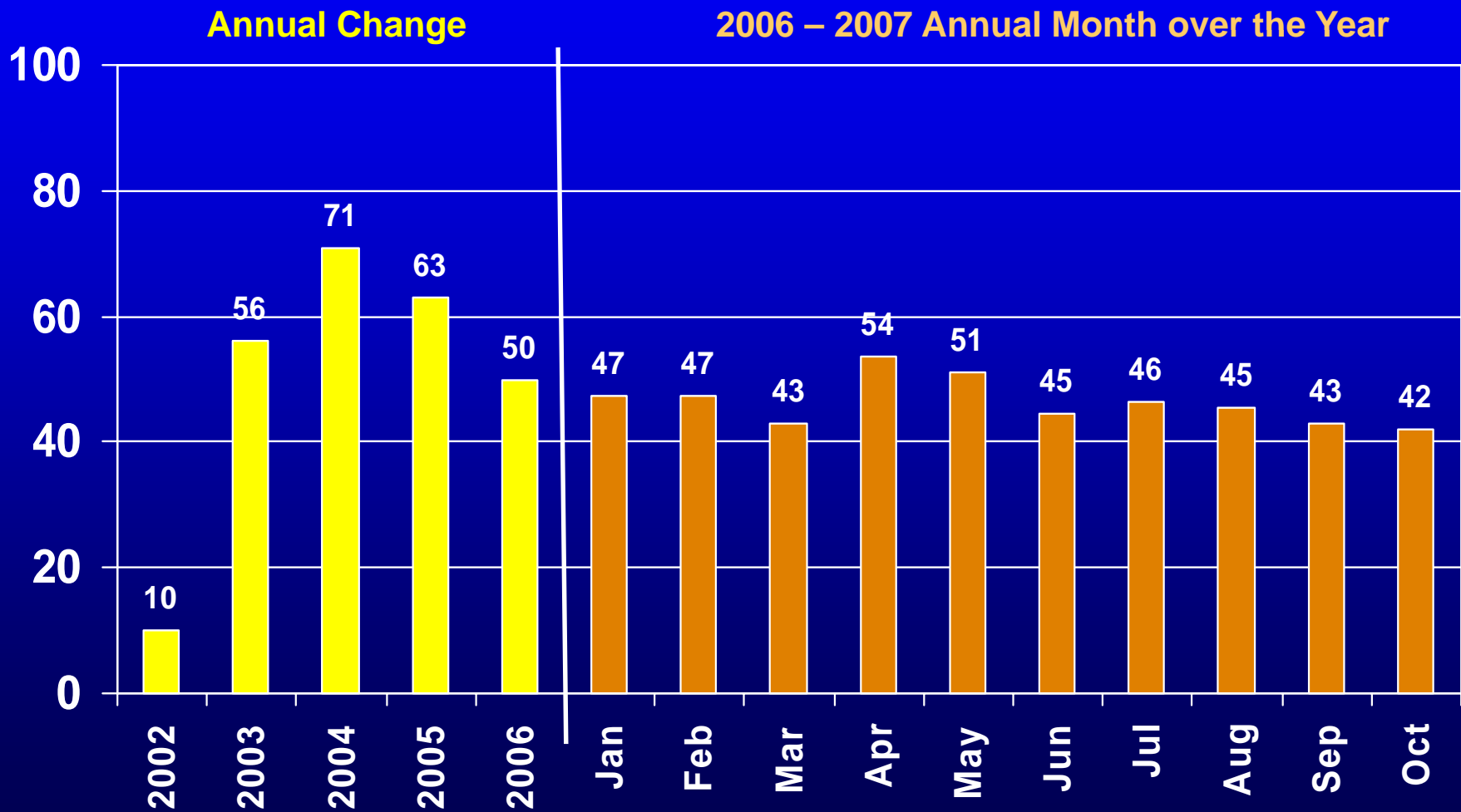
***2007 Economic Update
and 2008 Outlook -
Washington Metro Area***

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

December 11, 2007

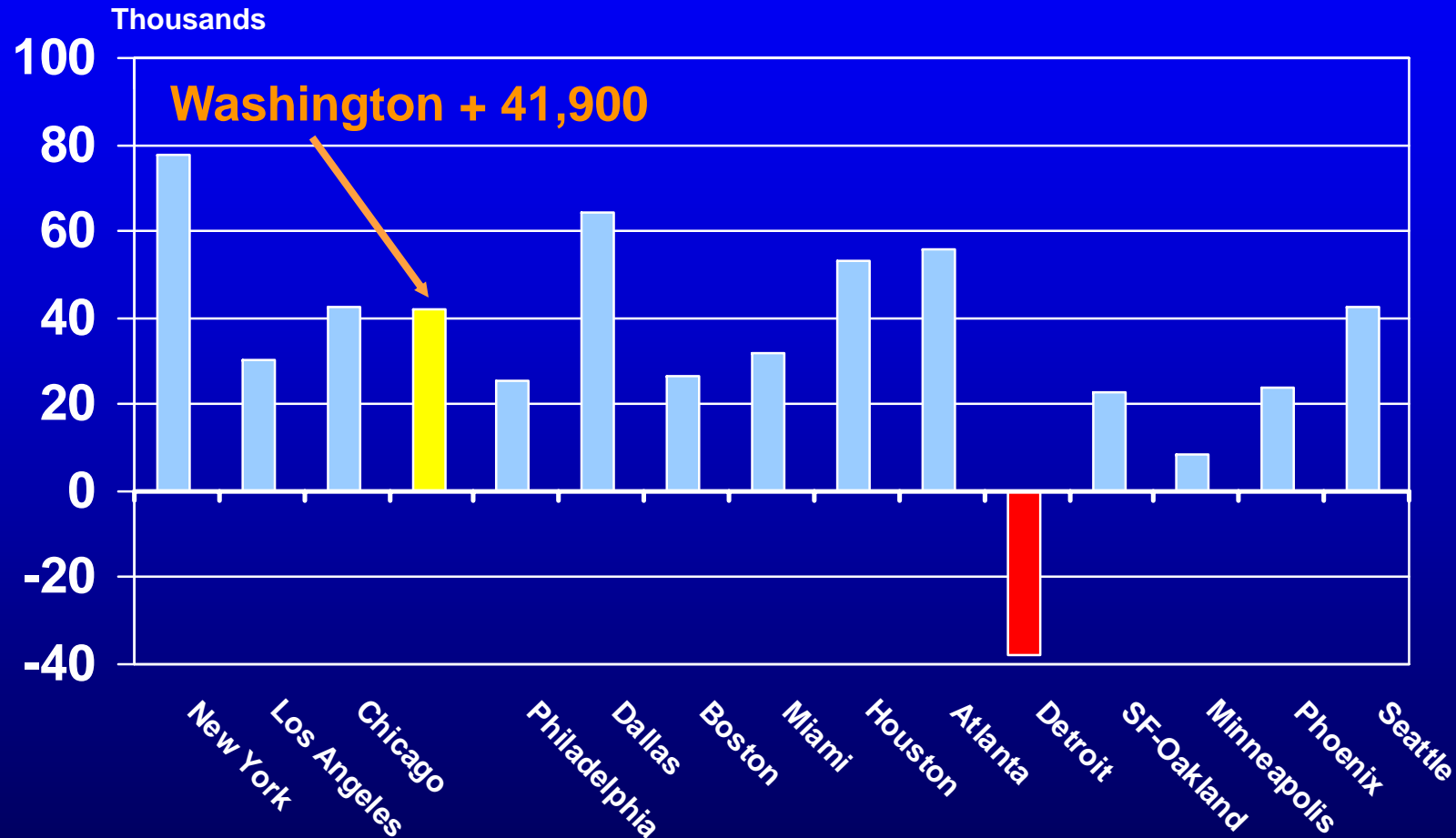
The Washington Economy: Current Performance

Annual Job Change Washington Metro



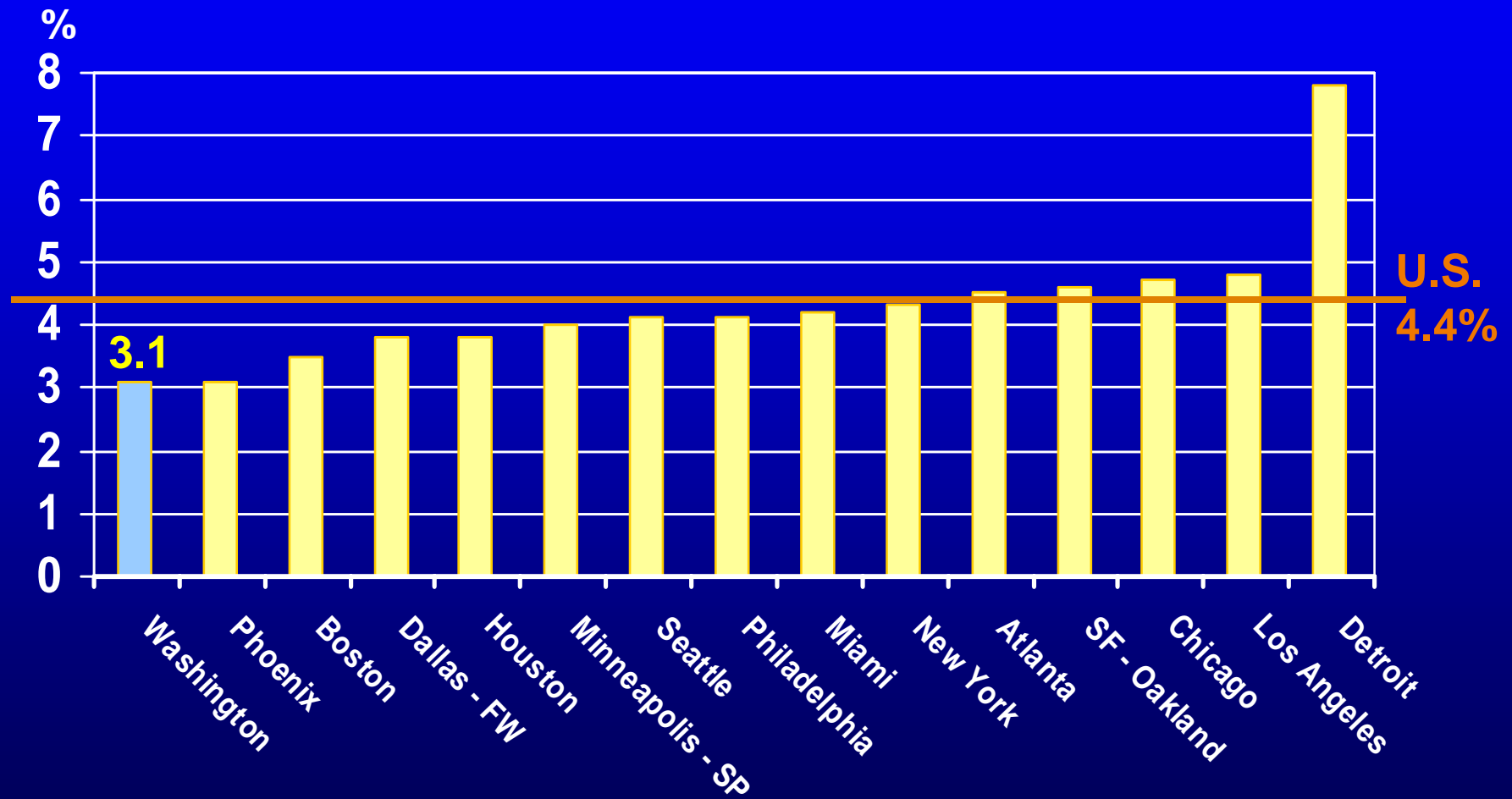
Source: MRIS, GMU Center for Regional Analysis

15 Largest Job Markets Job Change Oct 06 – Oct 07



Ranked by Total Jobs

15 Largest Job Markets Ranked by Unemployment Rate October 2007

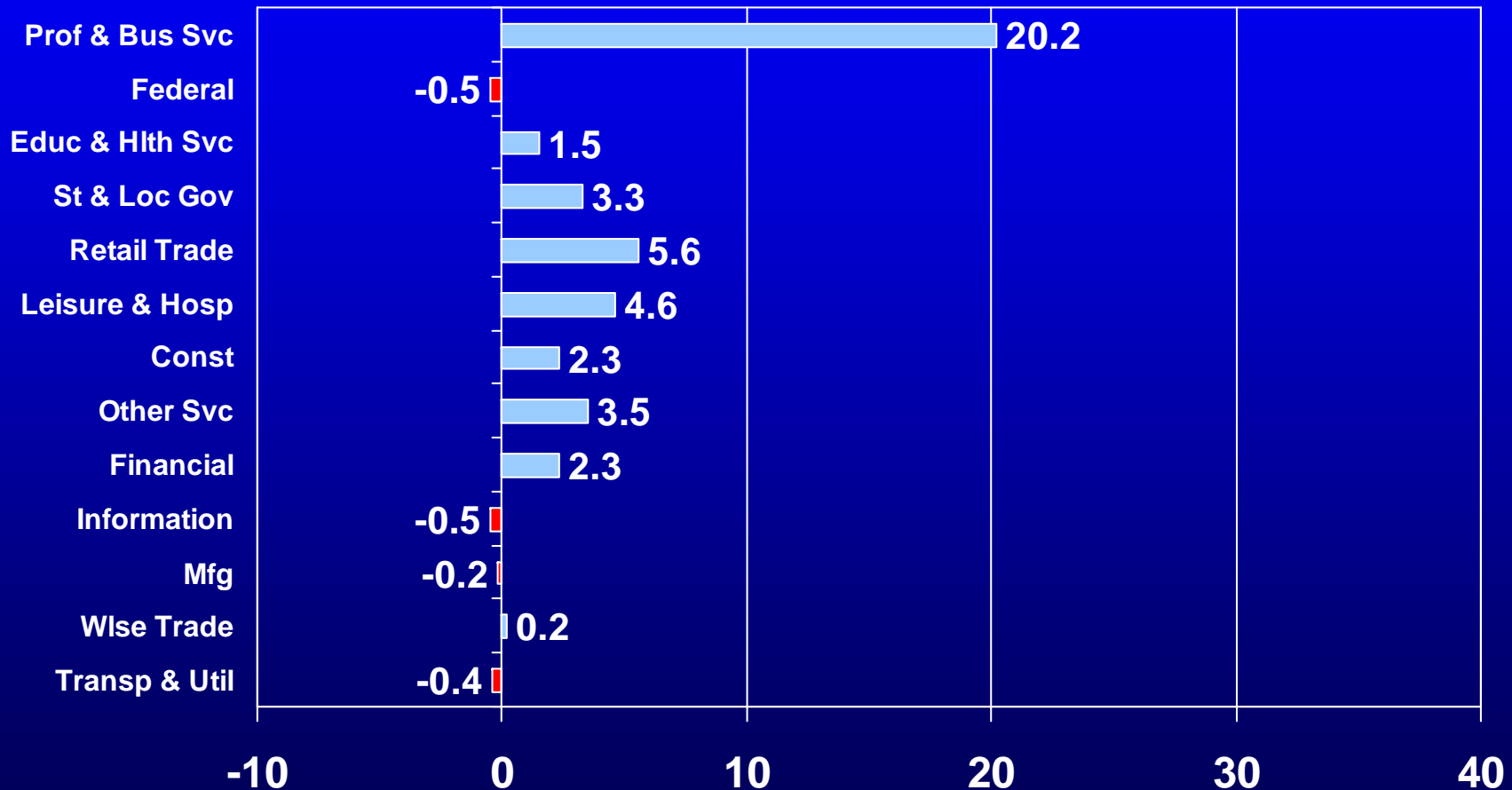


October 06 – October 07 Job Change By Sector MSA

(000s)

Total = 41,900

(Ranked by Size of Sector)



Threats to the Washington Metro Economy's Future Performance

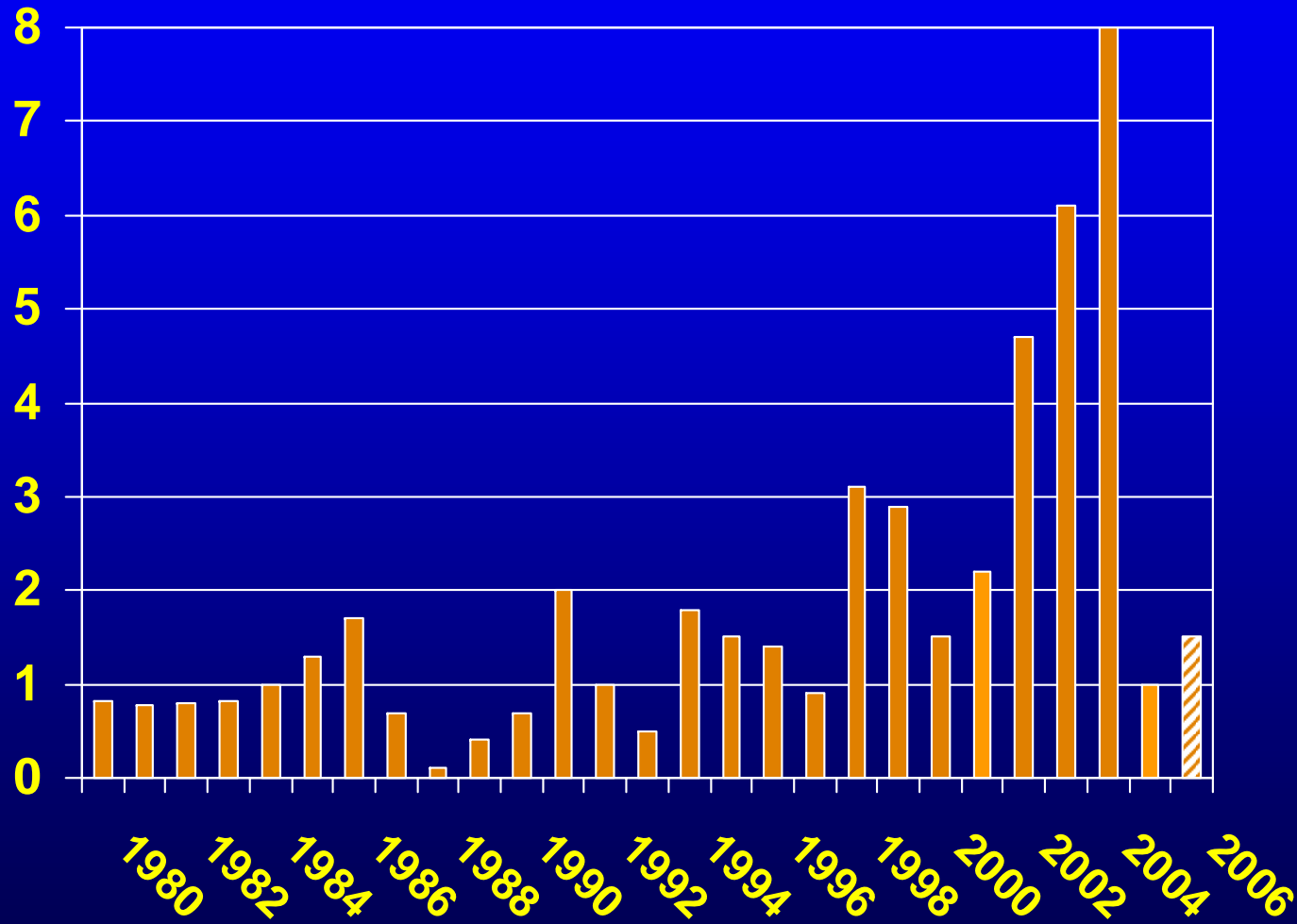
- **Slowing Federal Spending**
- **Area's Rising Cost of Living**
- **Increasing Oil Prices**
- **Turmoil in Financial Markets**
- **Continuing Weakness in RE Market**

Federal Spending by Type 1983 - 2006

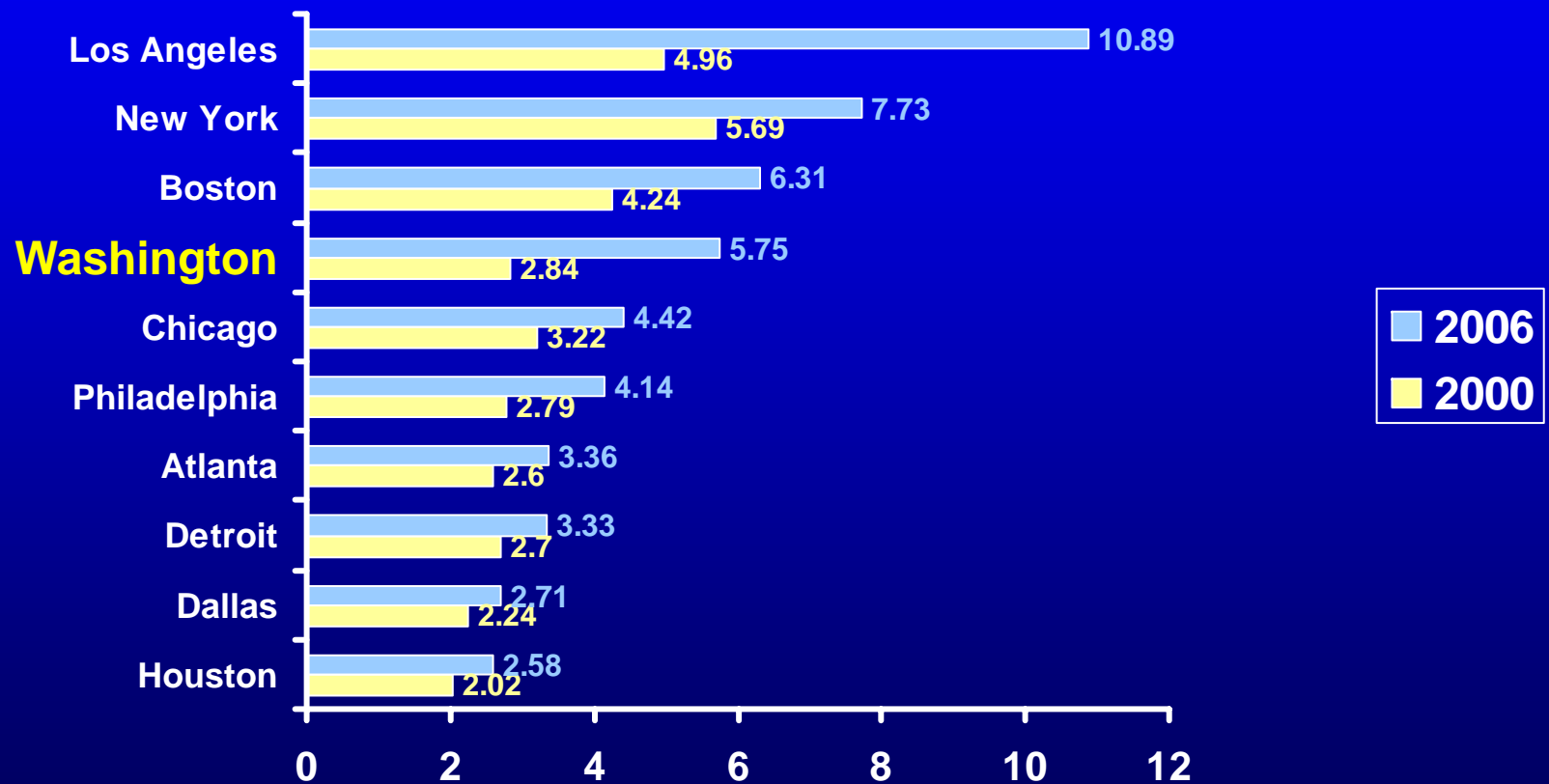


Annual Change in Federal Procurement Spending Washington Metro Area

\$ Billions

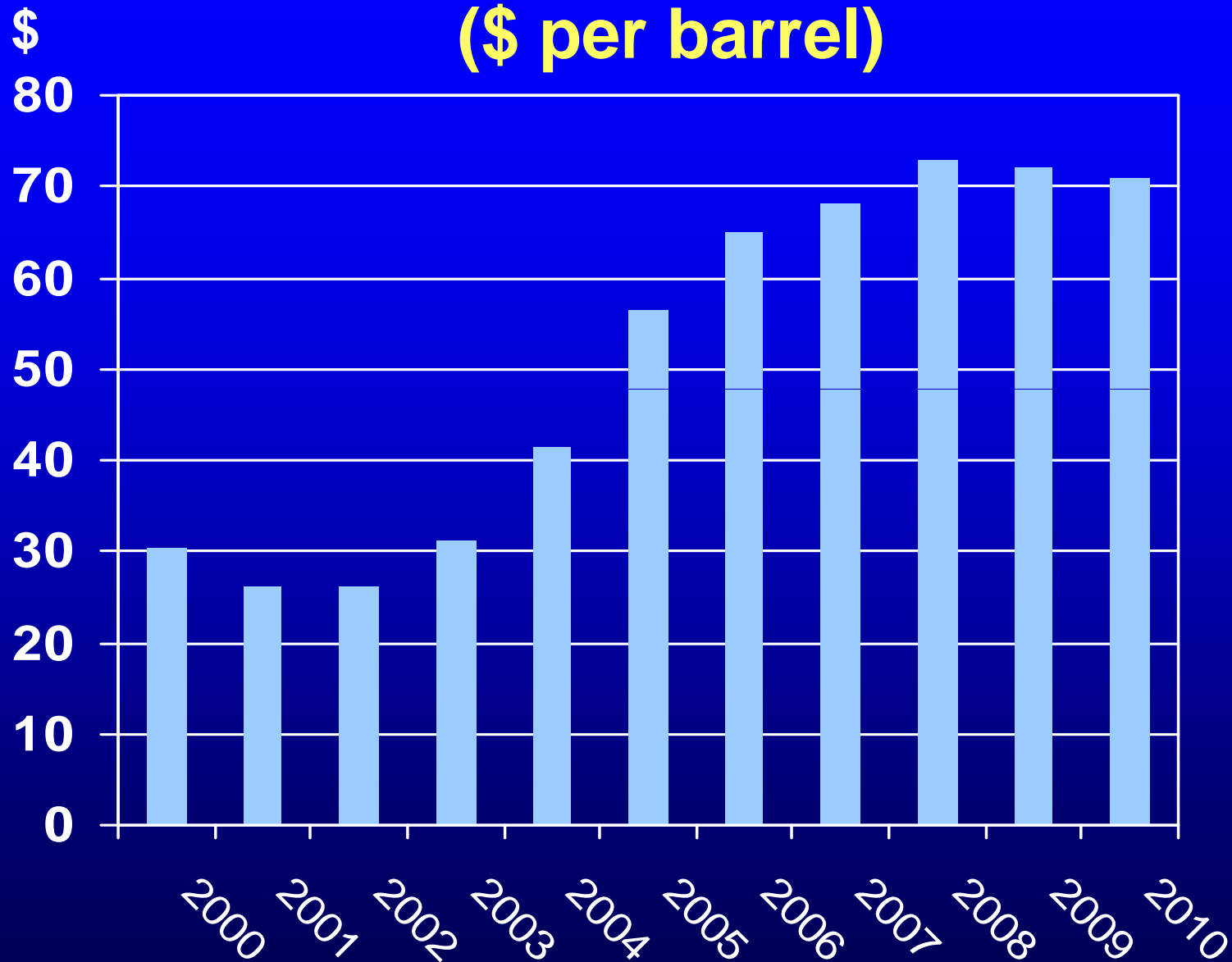


Ratio of Median Housing Value to Median Household Income 2000 - 2006



Source: 2000 Census, 2006 ACS, CRA

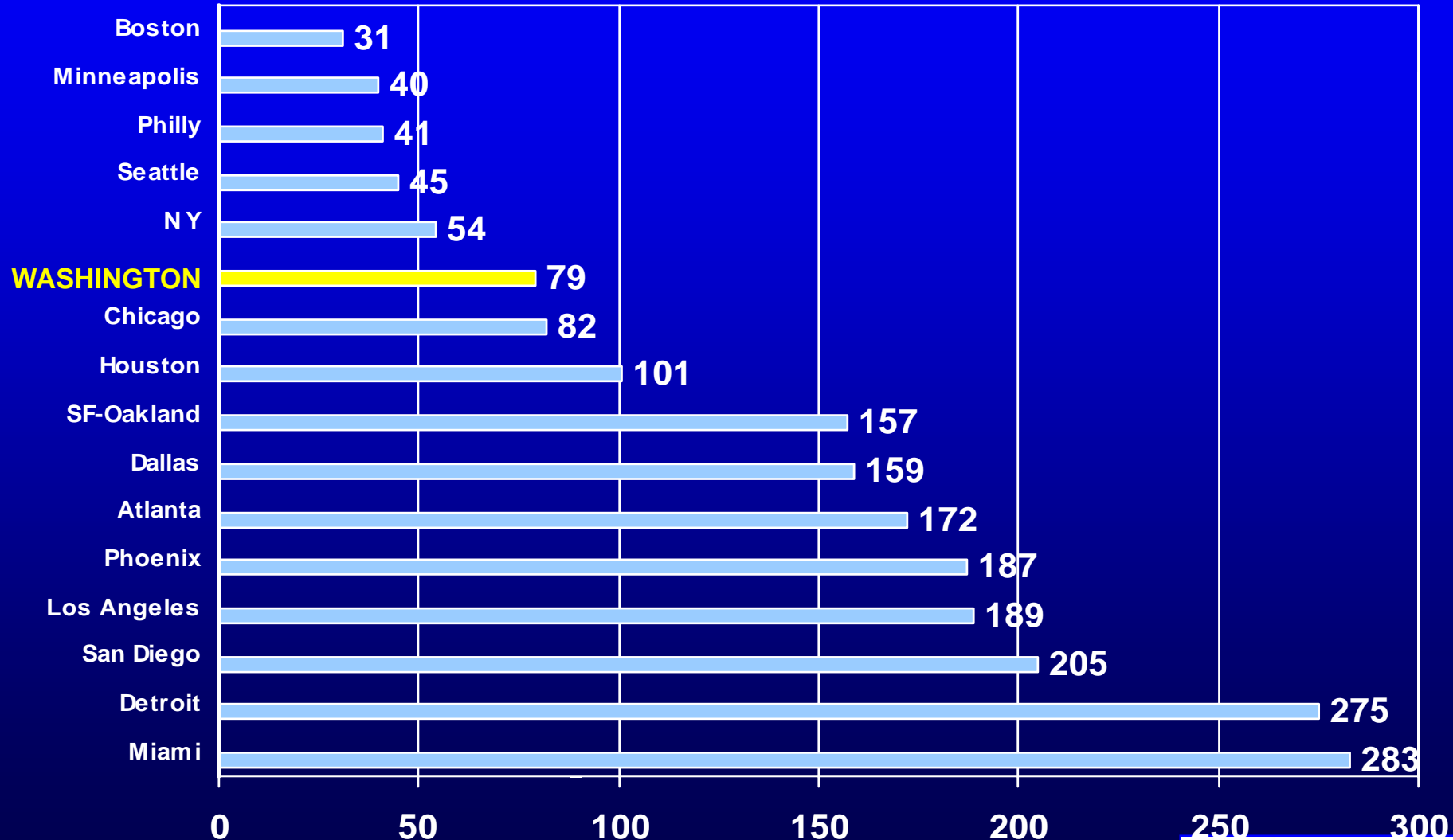
Average Annual Oil Prices (\$ per barrel)



Source: Global Insight, GMU Center for Regional Analysis

Metro Comparisons Mortgage Foreclosure Rates Q3 - 2007

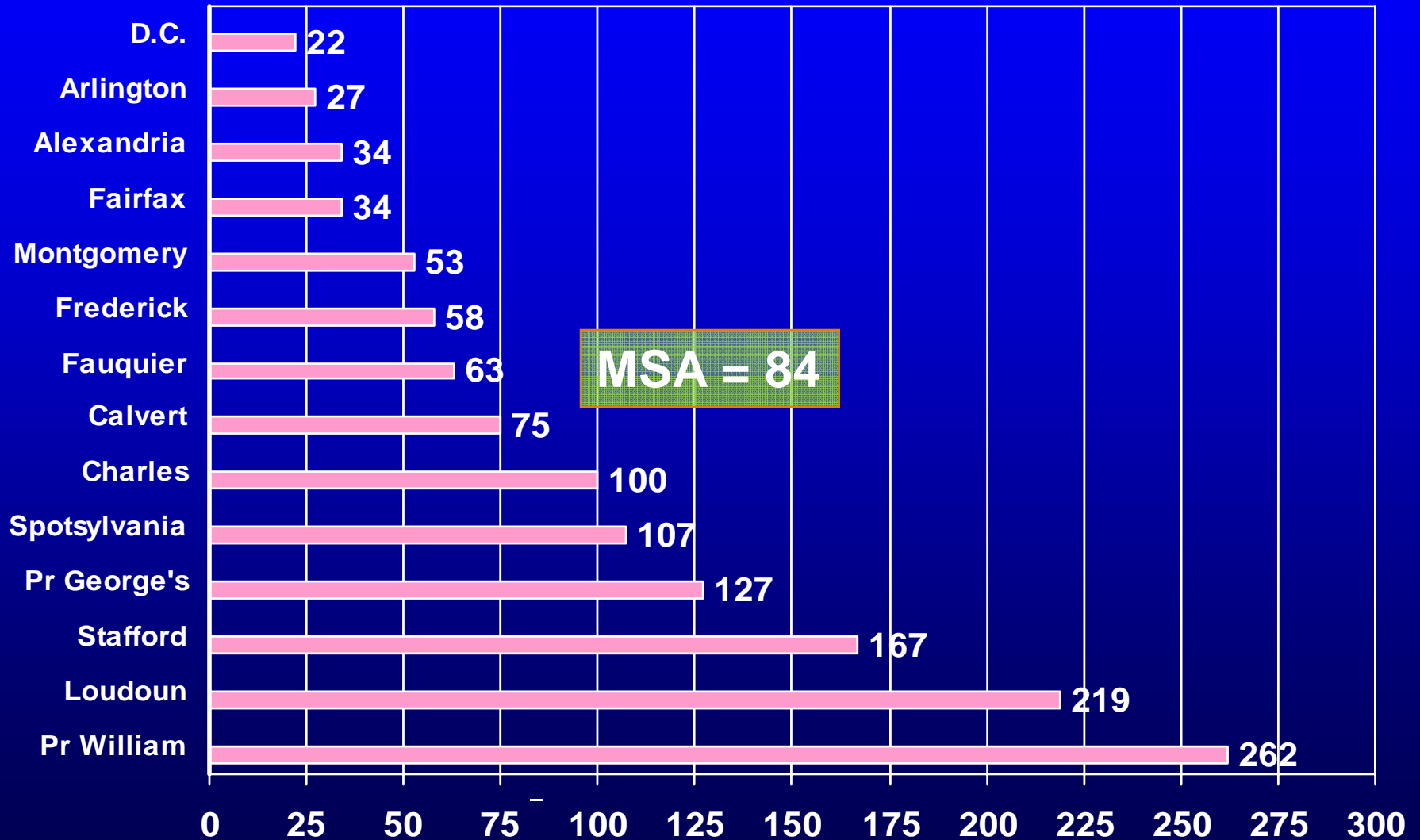
Foreclosures /10,000 Units



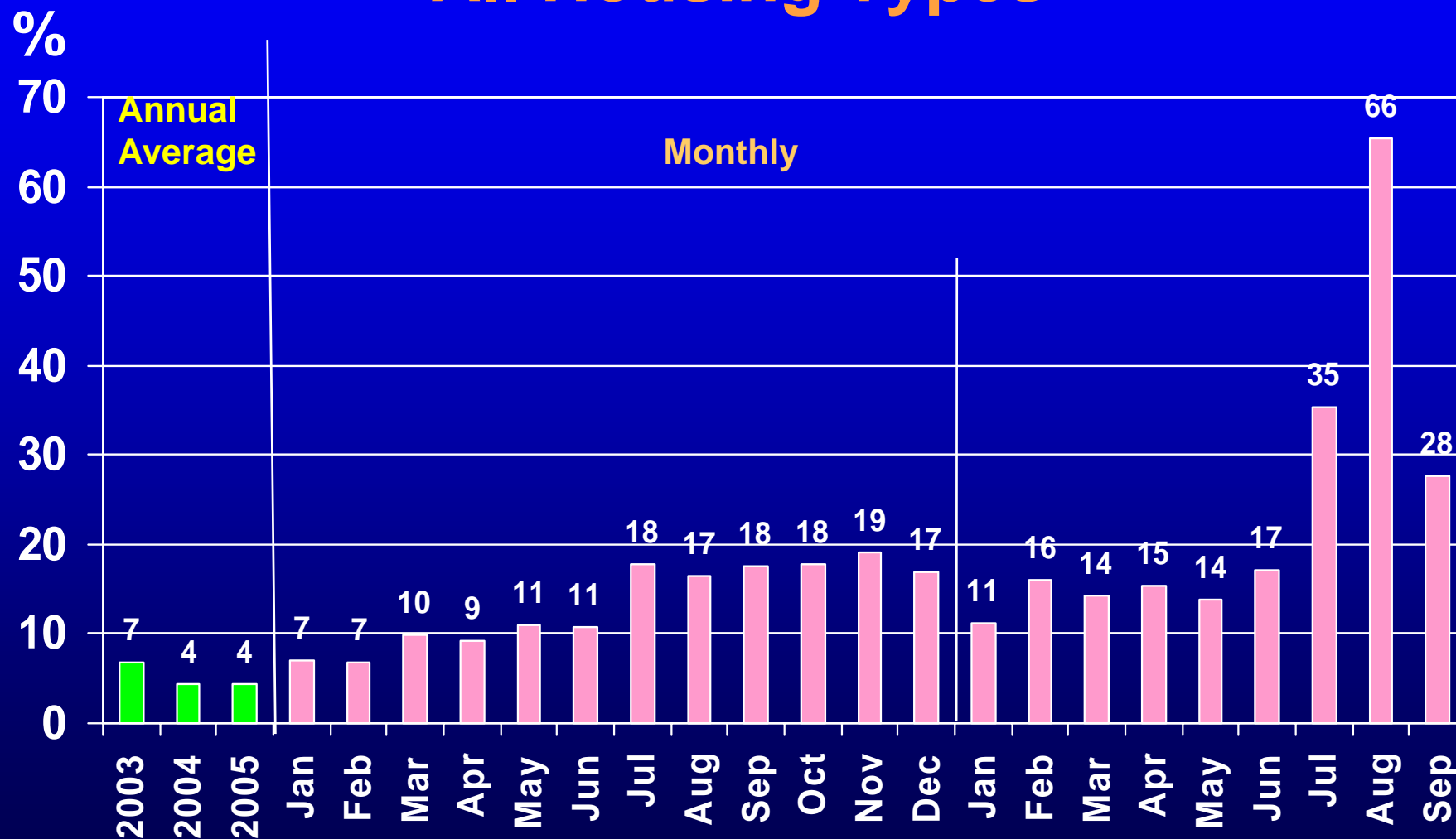
Source: RealtyTrac, GMU Center for Regional Analysis

Mortgage Foreclosure Rates by County – Nov 30, 2007

Foreclosures /10,000 units



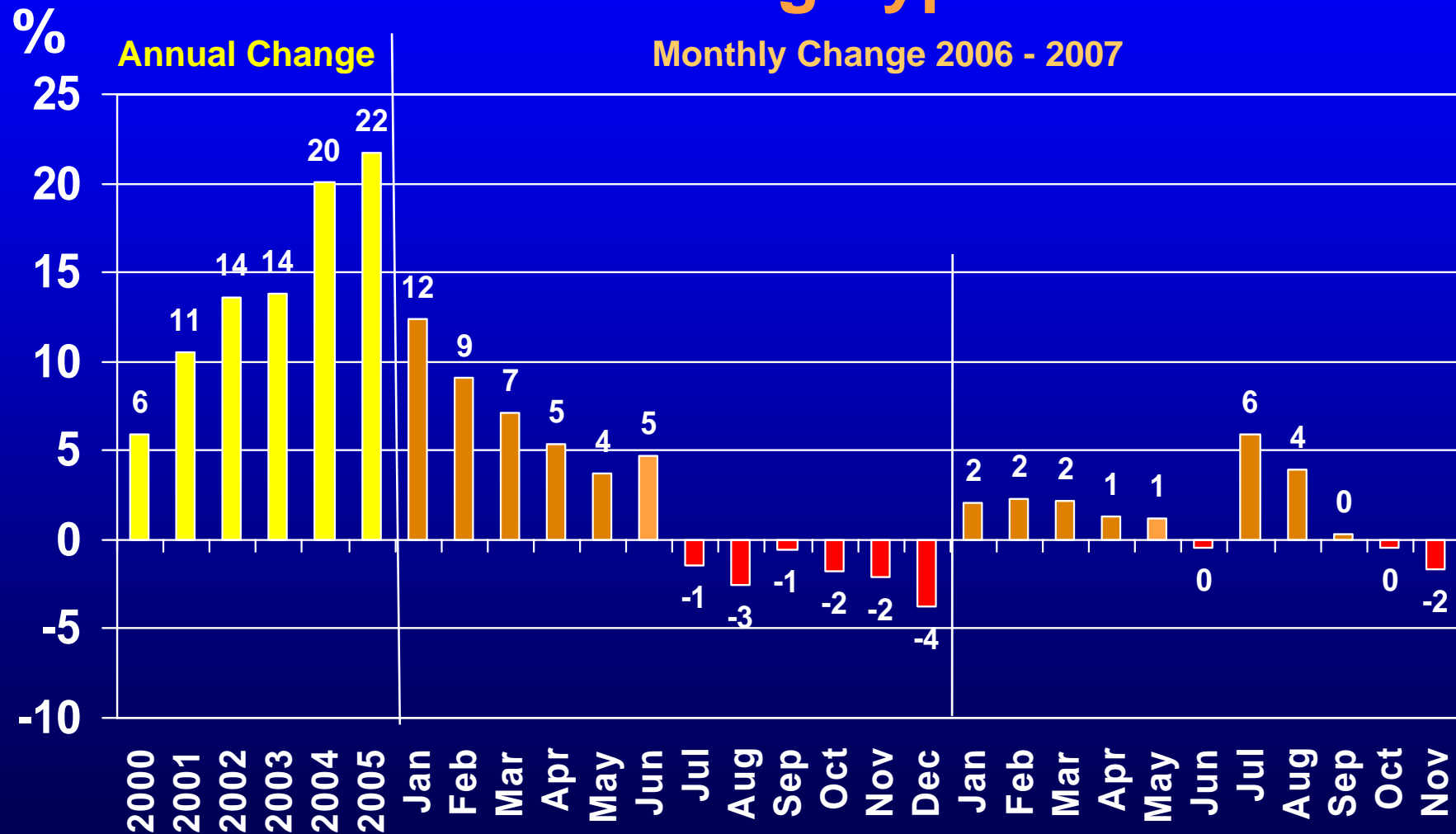
New Housing Contract Kick-Out Rate Washington MSA All Housing Types



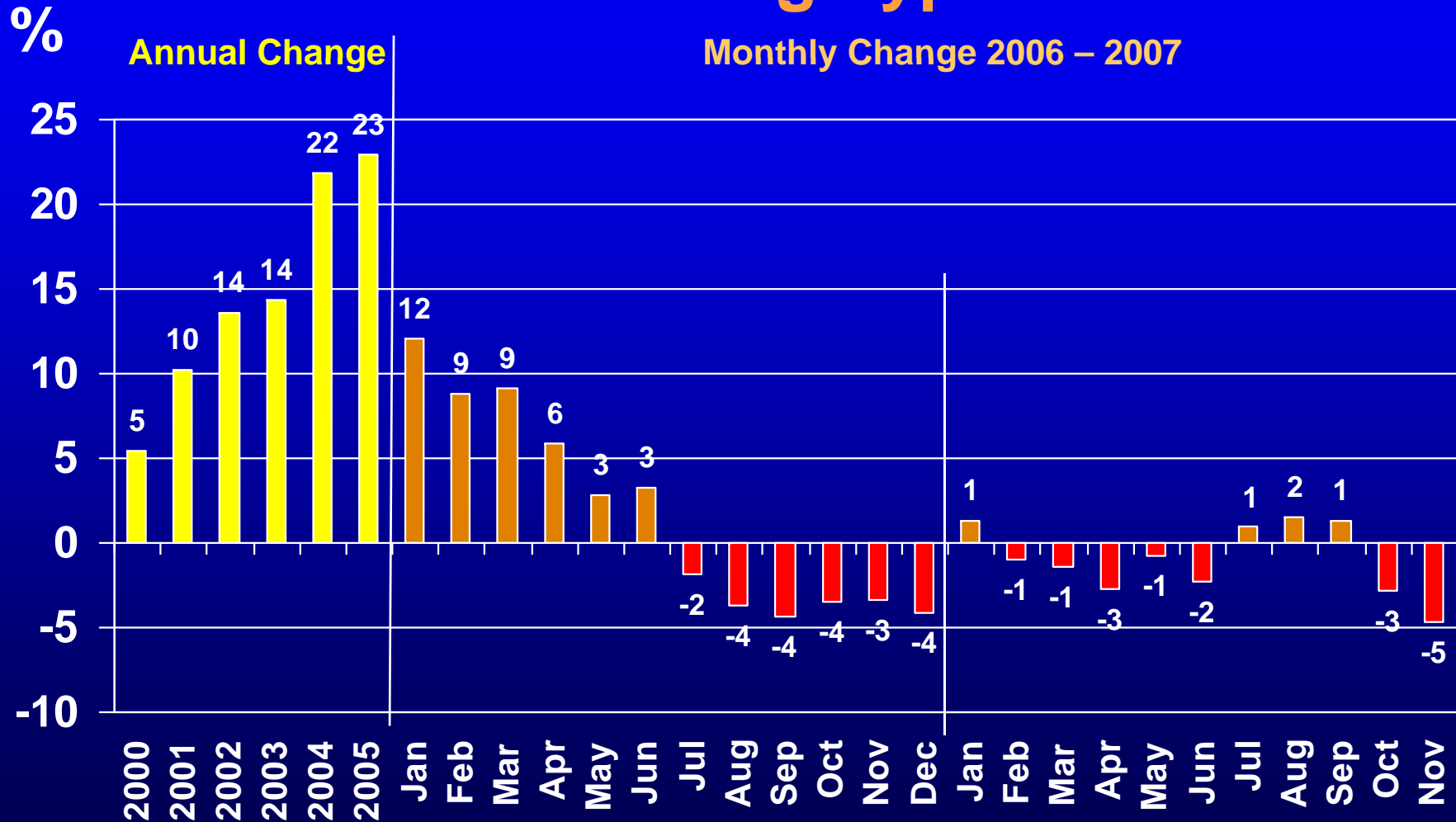
Source: Hanley-Woods, GMU Center for Regional Analysis

Housing Market

Average Sales Price Percent Change Washington MSA All Housing Types

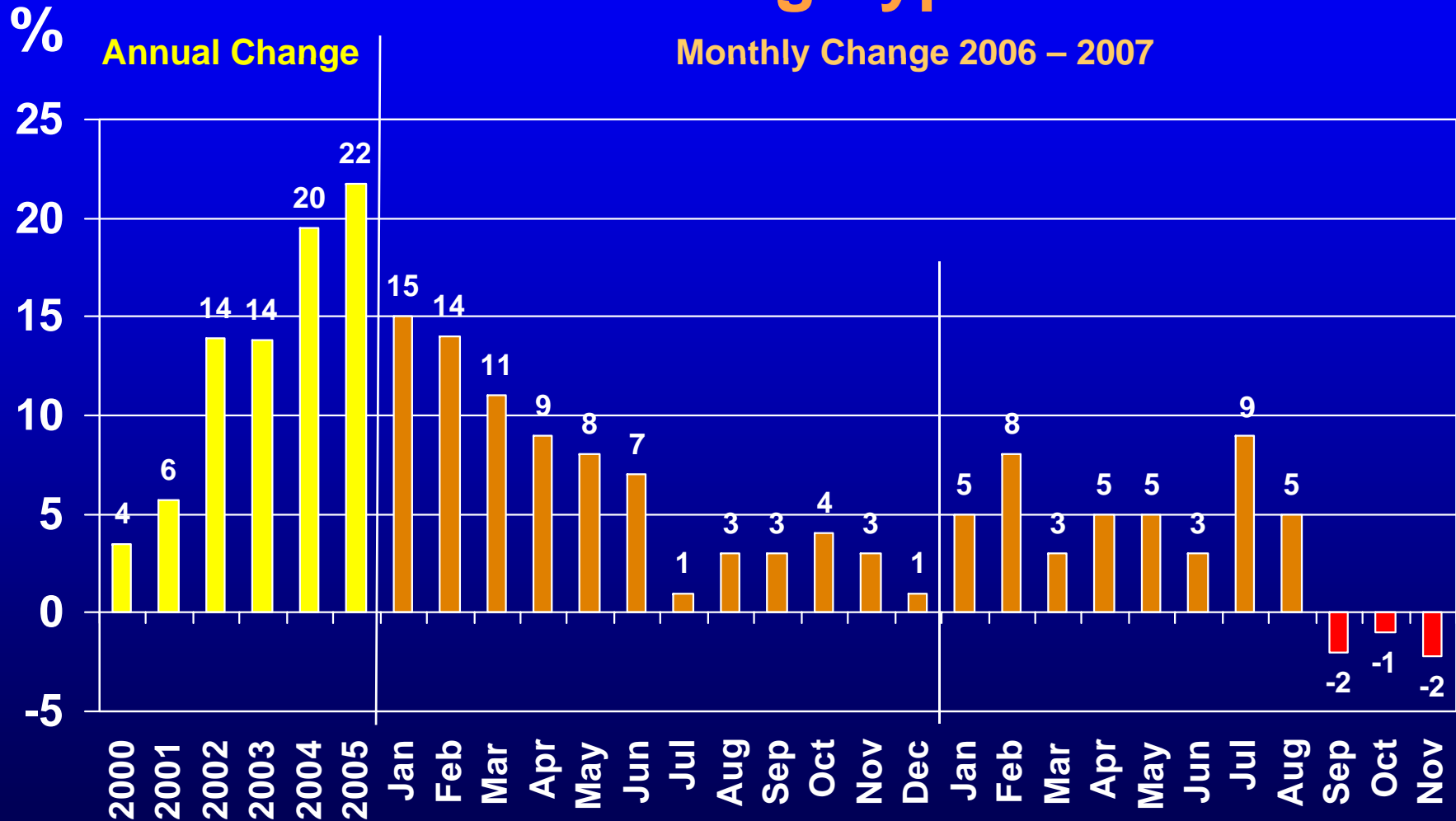


Average Sales Price Percent Change Northern Virginia All Housing Types

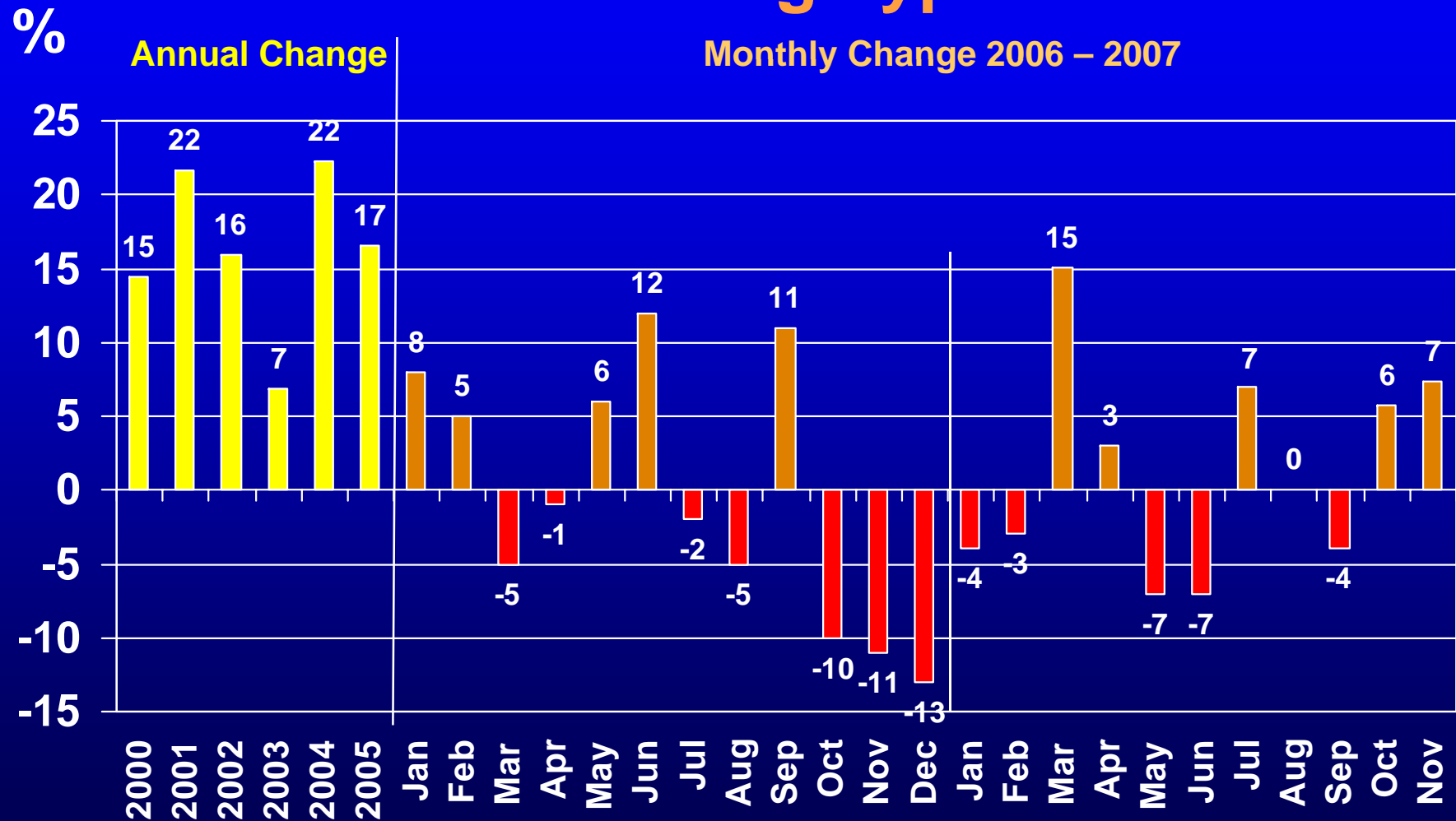


Source: MRIS, GMU Center for Regional Analysis

Average Sales Price Percent Change Suburban Maryland All Housing Types

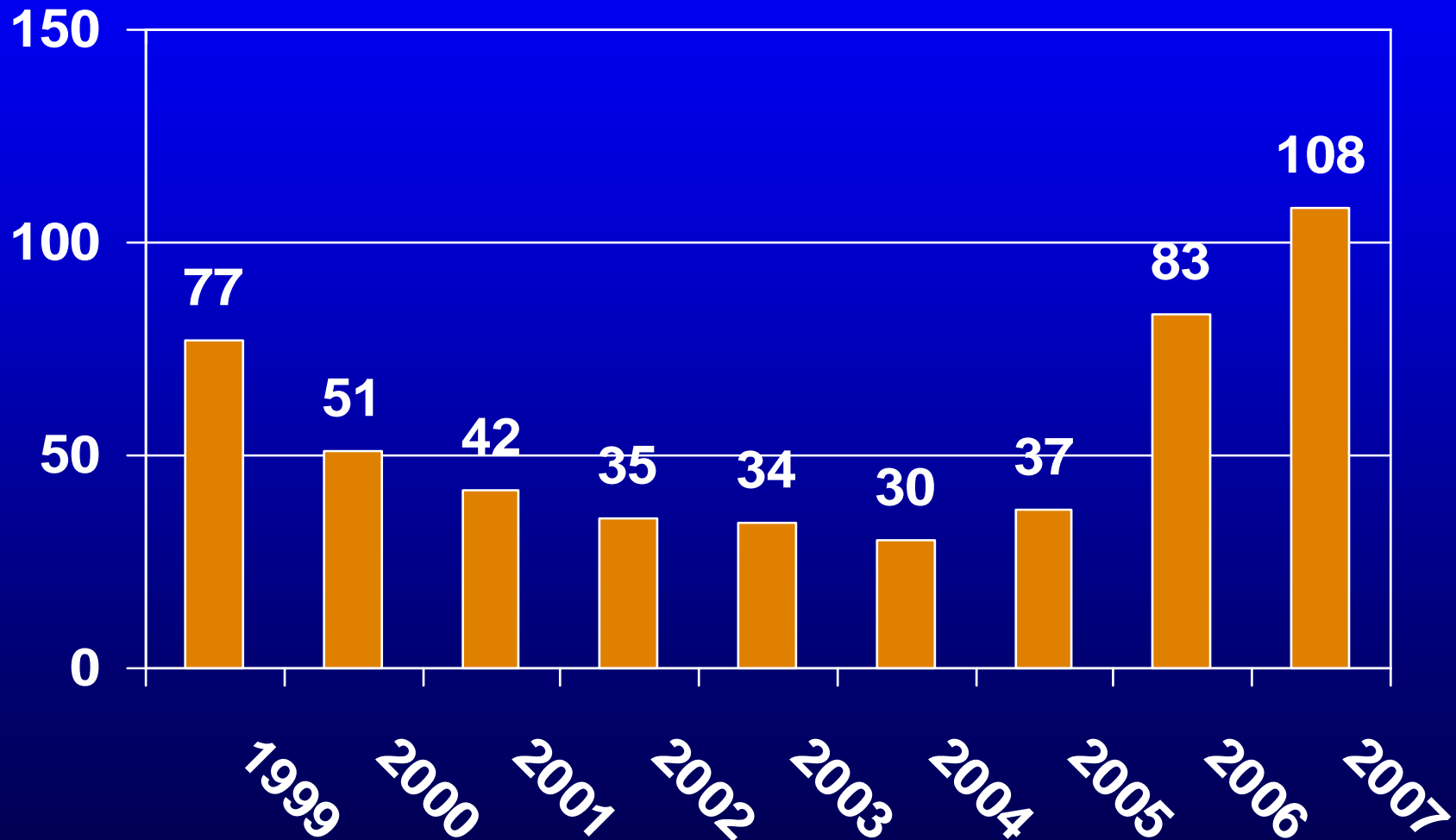


Average Sales Price Percent Change District of Columbia All Housing Types



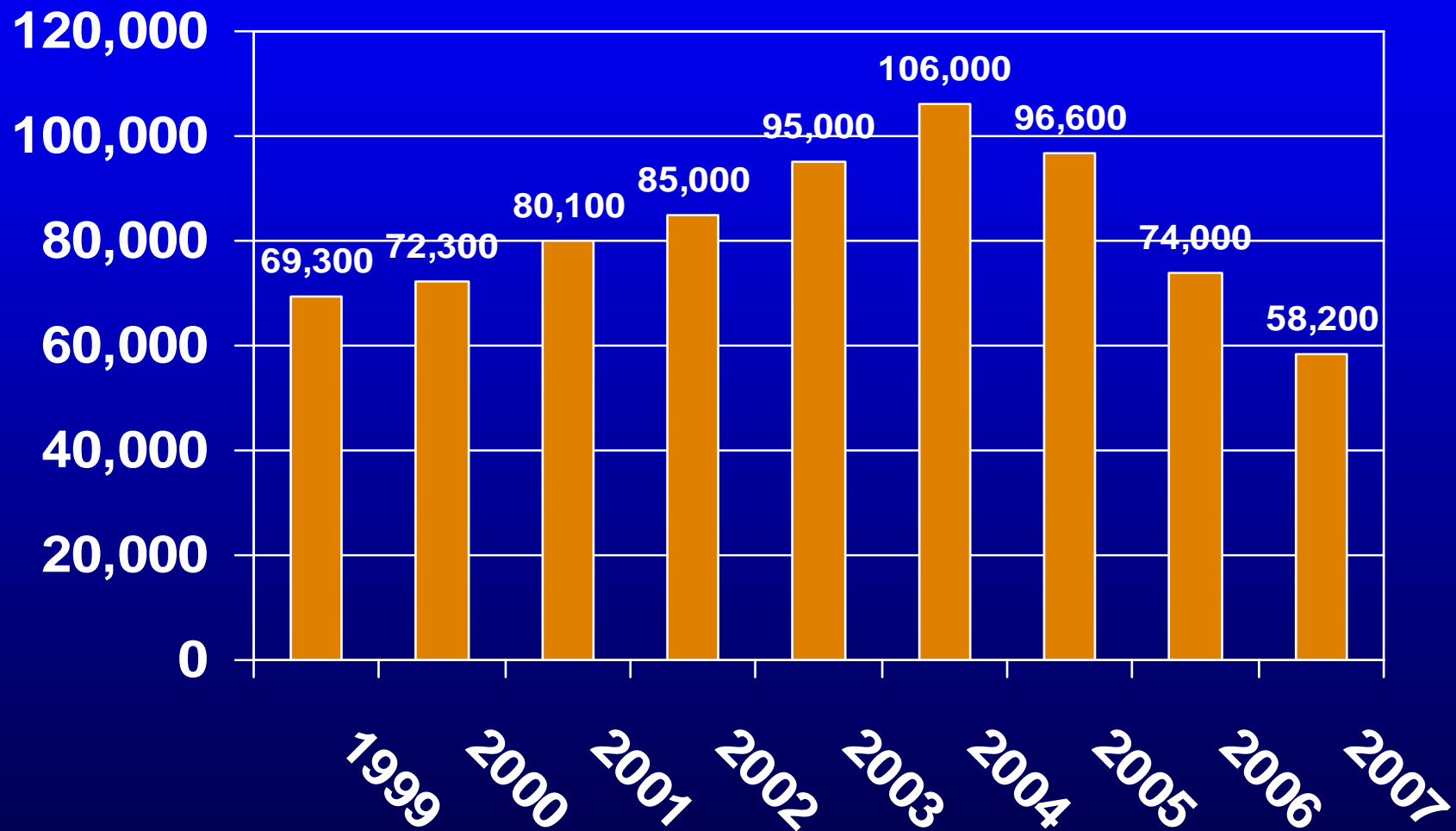
Days on Market Washington Metro November Each Year

Days



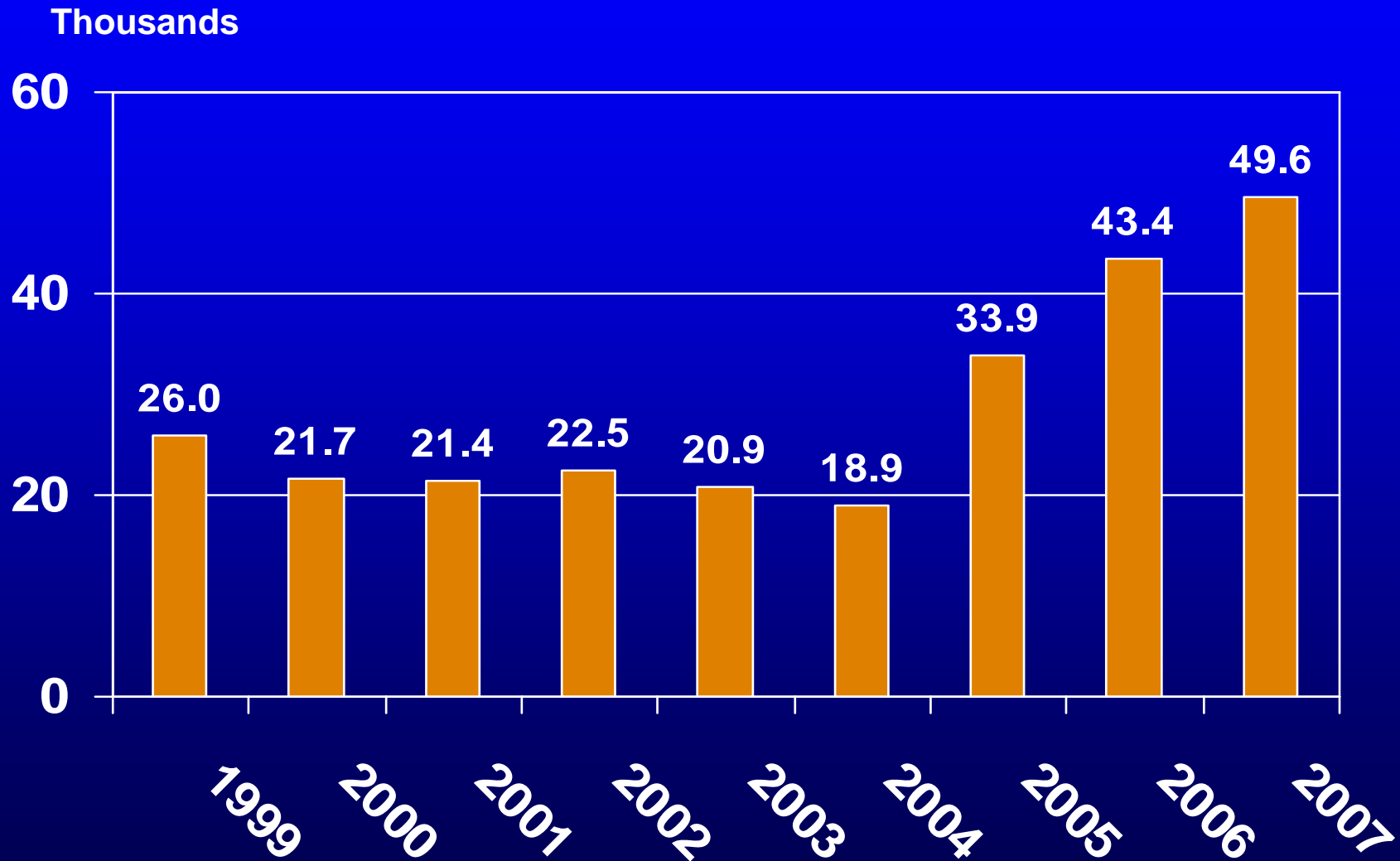
Source: MRIS, GMU Center for Regional Analysis

Total Units Sold Washington Metro Area Jan - Nov Each Year



Source: MRIS, GMU Center for Regional Analysis

Total Active Listings Washington Metro Area November 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

Outlook

Economy and Housing Market Outlook - 2008

- **Metro Area Economic Fundamentals are sound, 2008 will be moderately better than 2007**
- **Housing Sales Continue to be Below Long-term Levels, Inventories Continue Above Long-Term Levels, But Will Begin Moderating**
- **Housing Prices Will Be Flat Until at Least Spring – & Will be a Mixed Story Across the Region – Some Jurisdictions Will be Negative and Others Showing Increases**

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.



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WILL HOUSING RECOVERY
DRIVE GROWTH?

Friday, January 11, 2008
7:30 a.m. - 12:00 noon

16th Annual George Mason University &
Cardinal Bank Economic Conference

Location: McLean Hilton, Tysons Corner • 7920 Jones Branch Drive • McLean, VA 22102