

Property Management Association
October 18, 2007

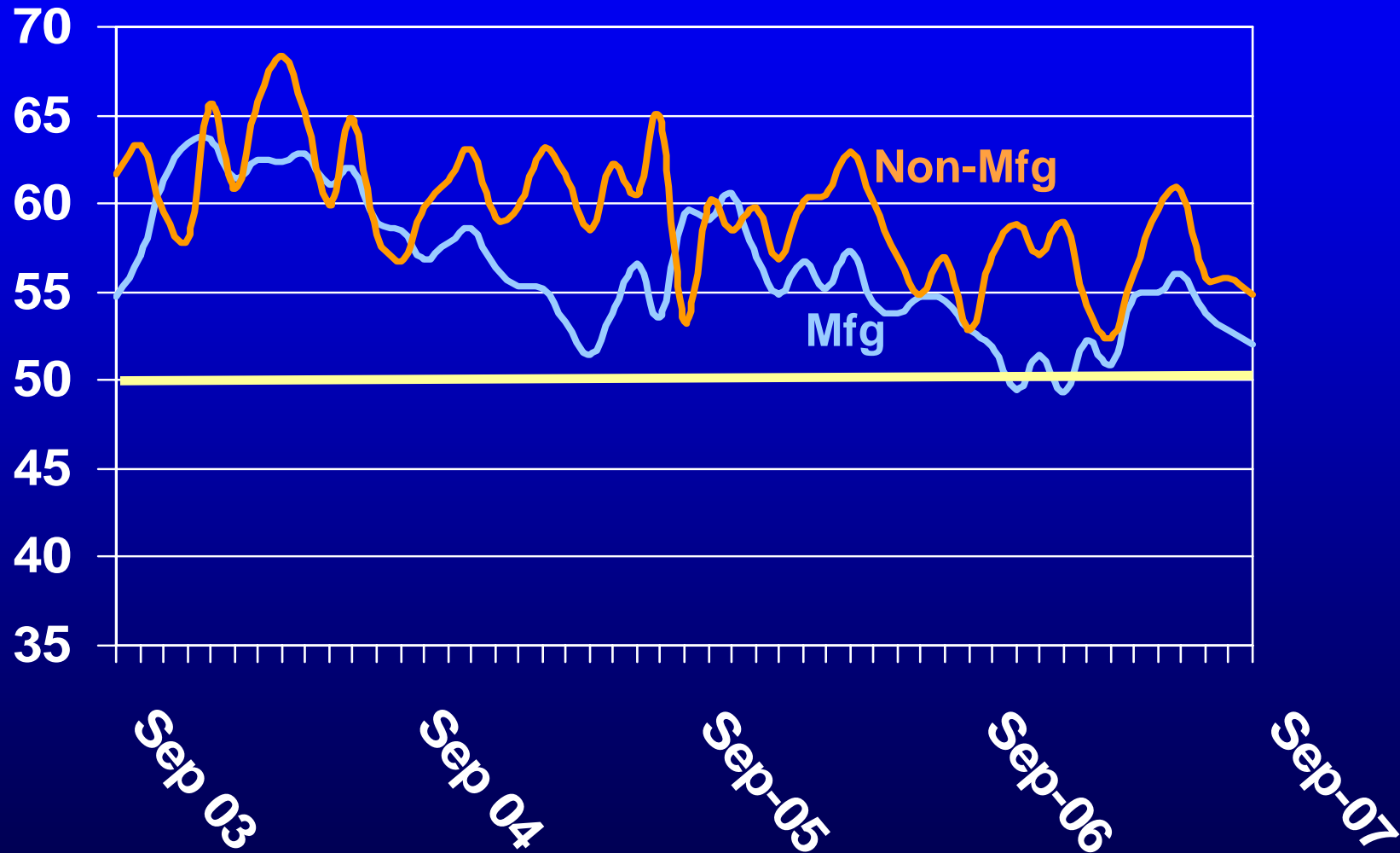
Washington Region
Economic Trends and Outlook

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

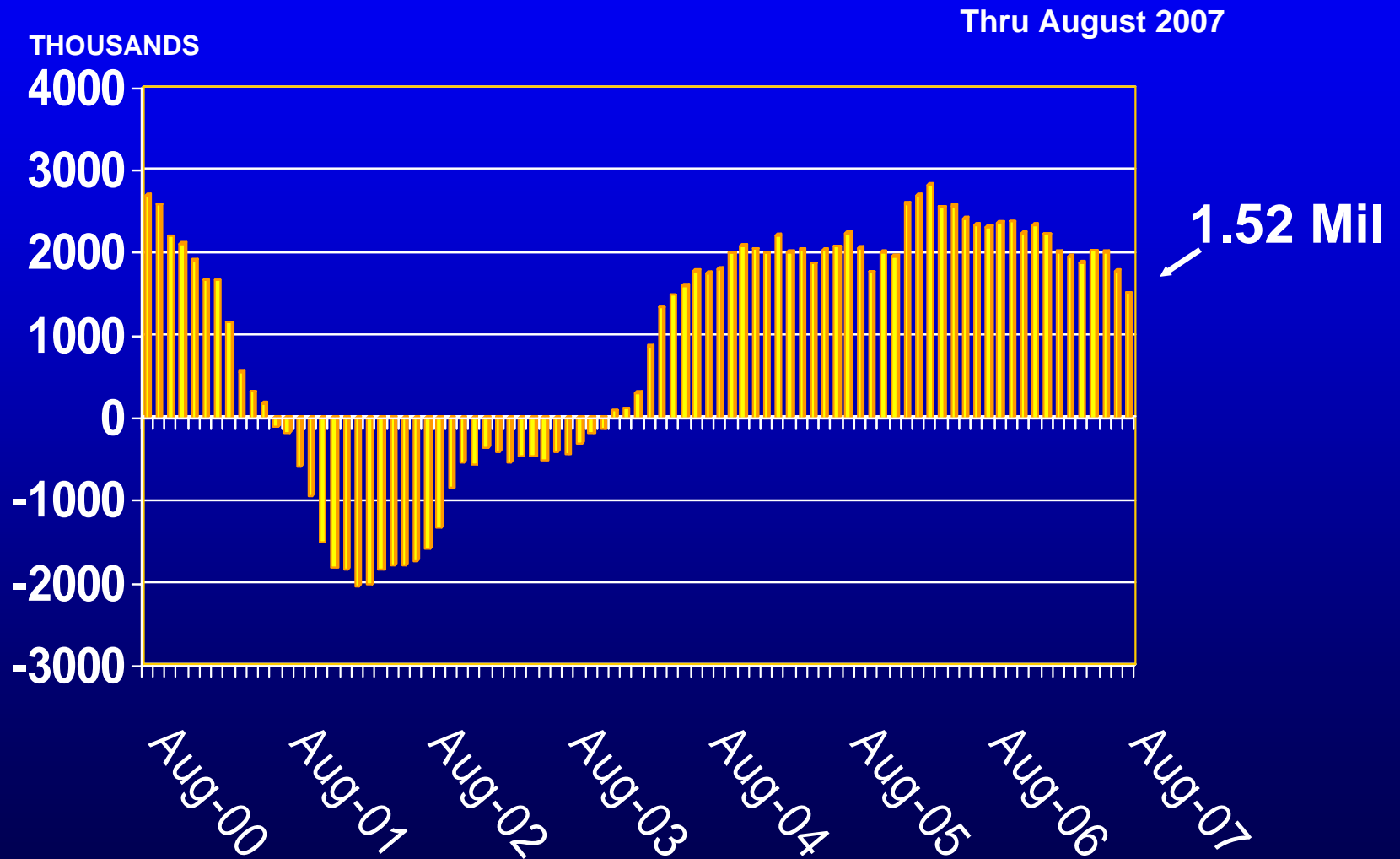
The National Economy

Current Performance

ISM Manufacturing and Non-Manufacturing Indices

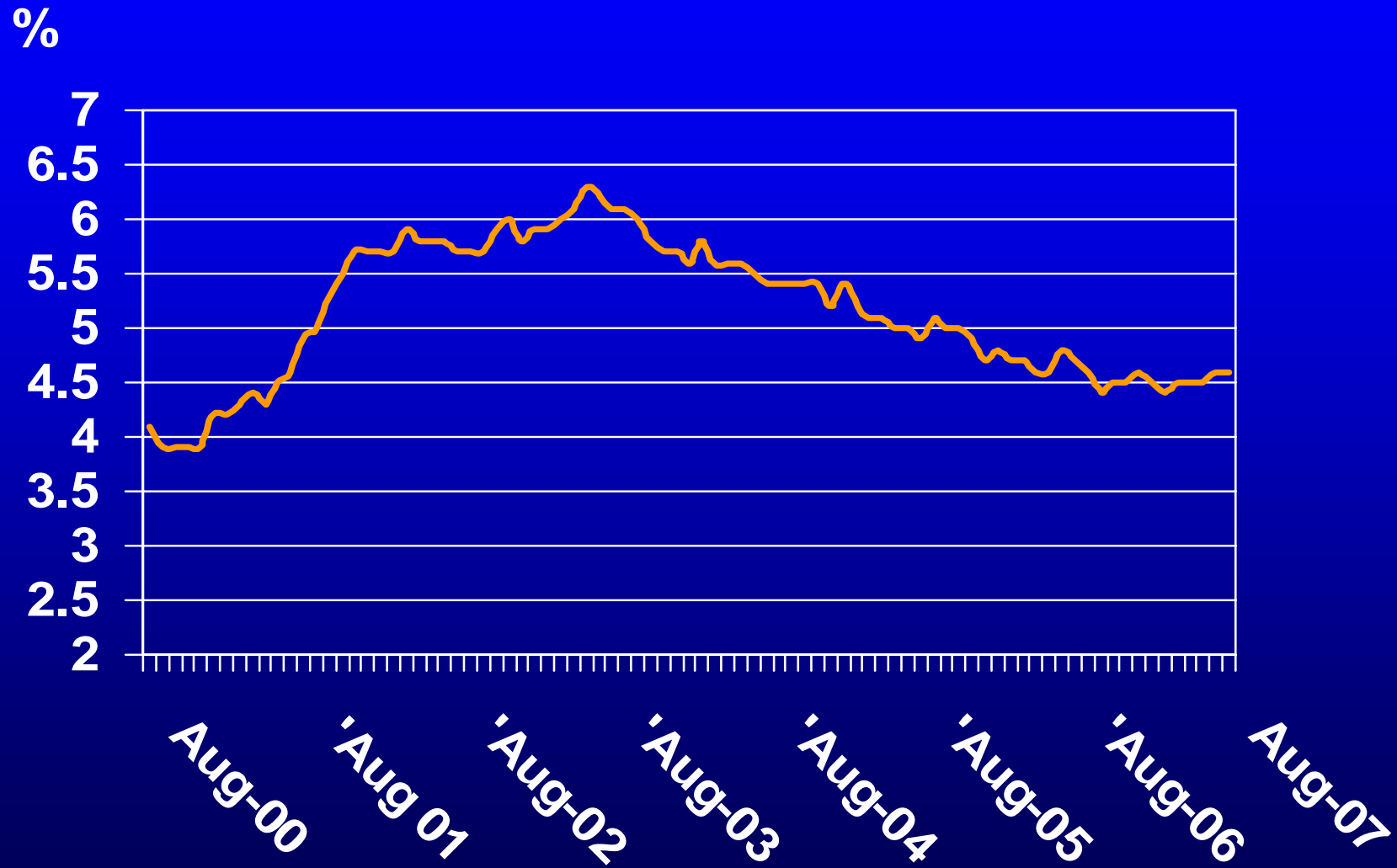


Annual Change in Jobs - US



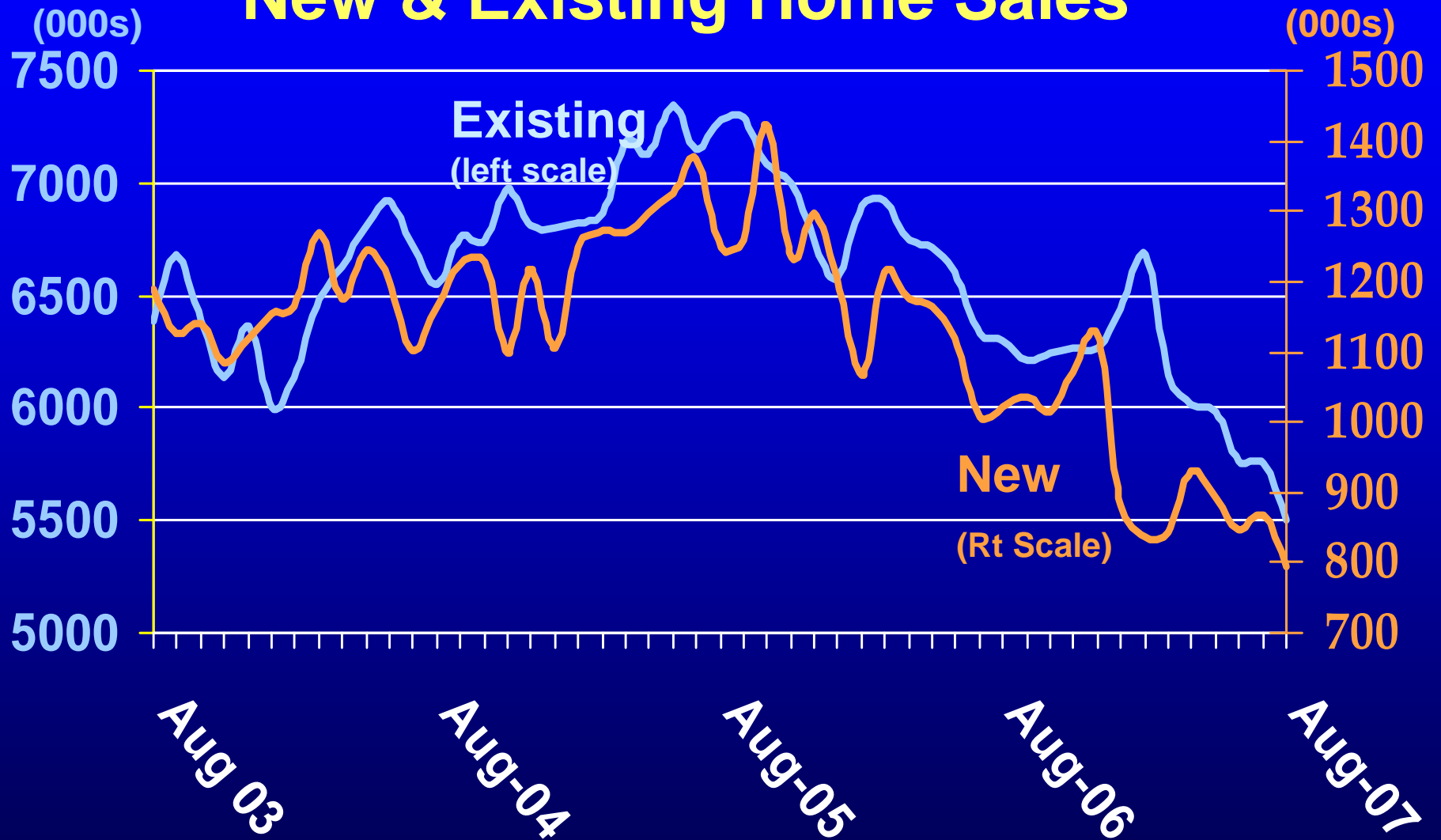
Source: BLS Establishment Survey

U.S. Unemployment Rate

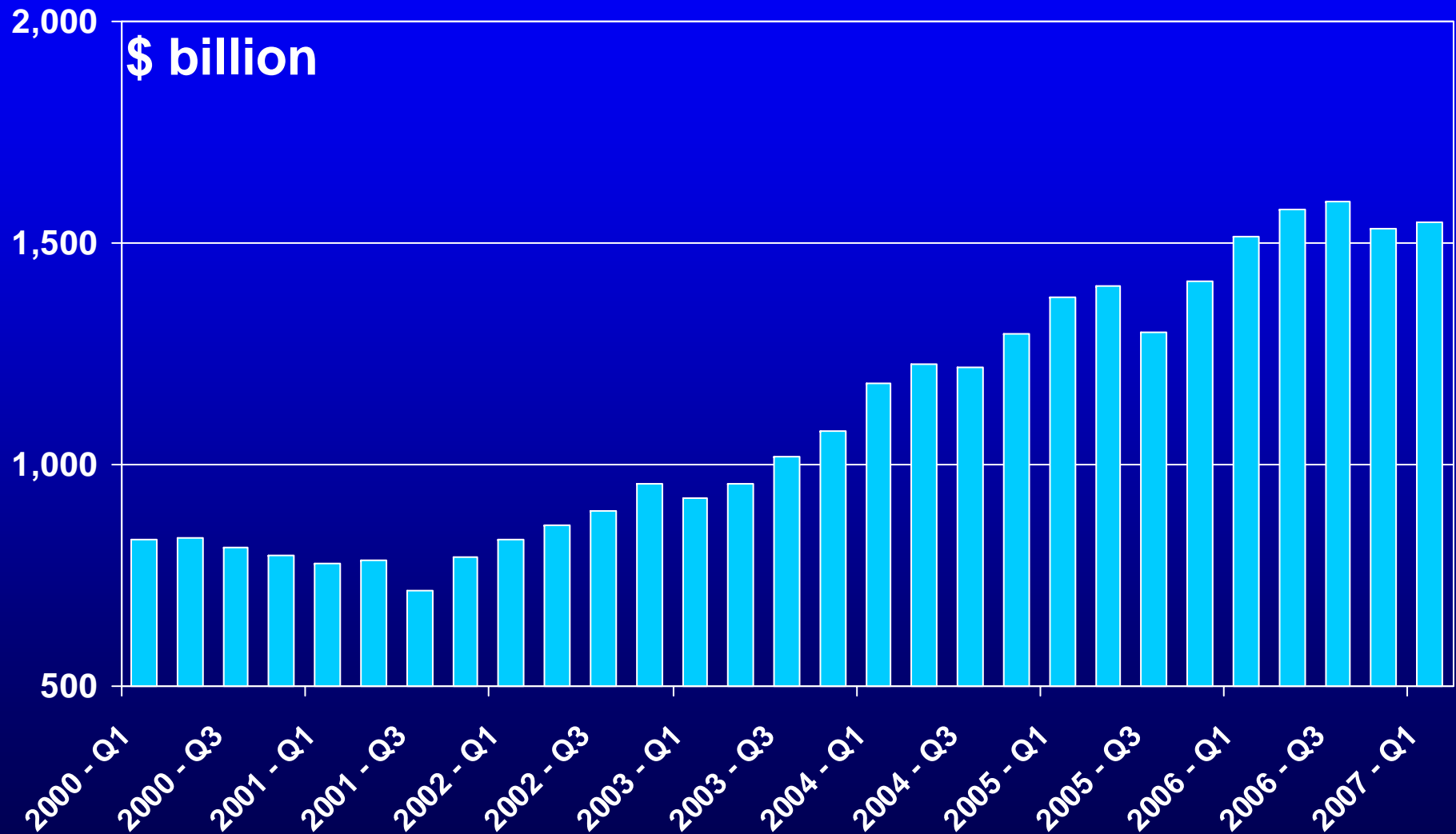


Source: BLS, Seasonally Adjusted

Housing Trends: New & Existing Home Sales



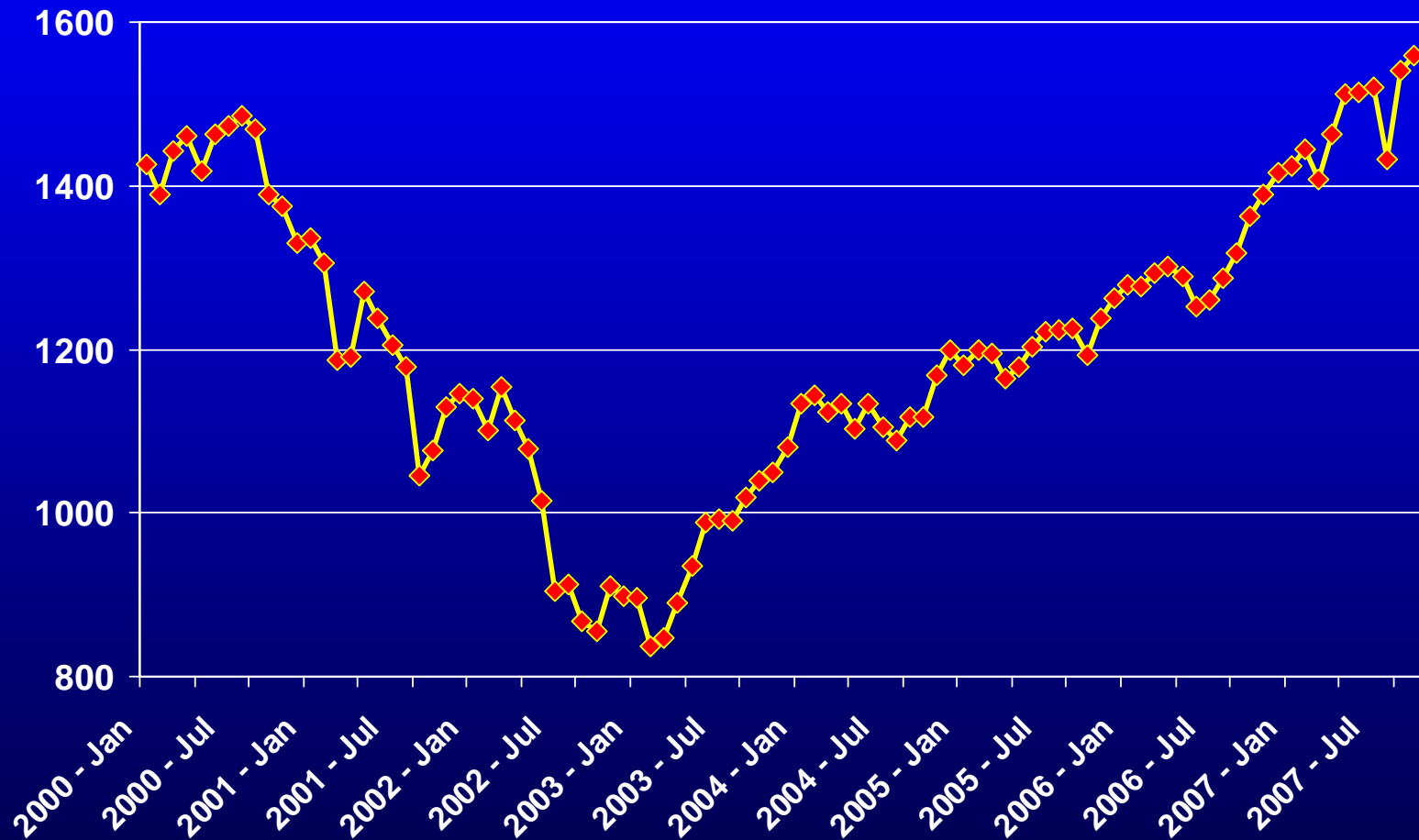
Corporate Profits – Record High



Source: BEA

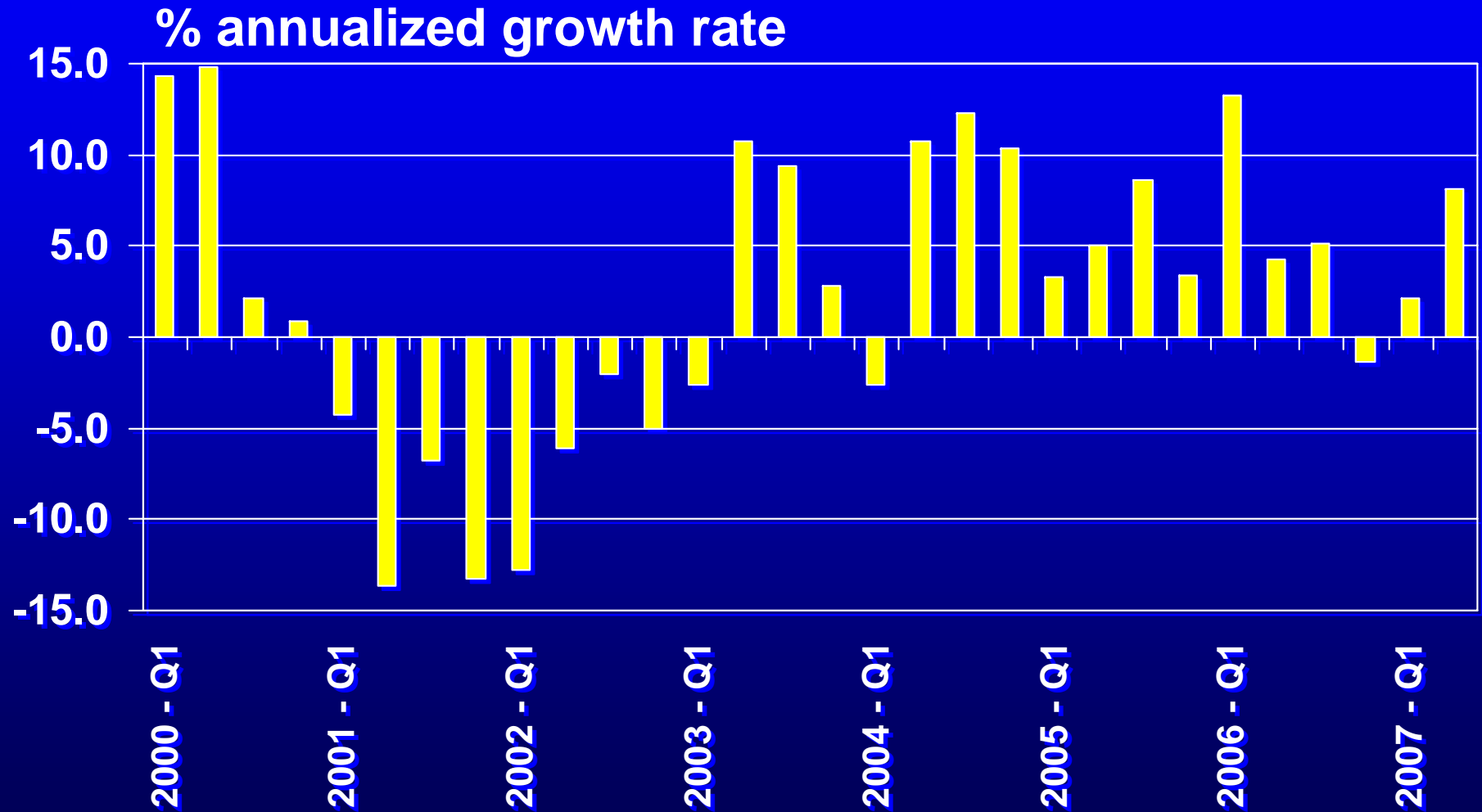
Stock Market at Record High

S&P 500 Index

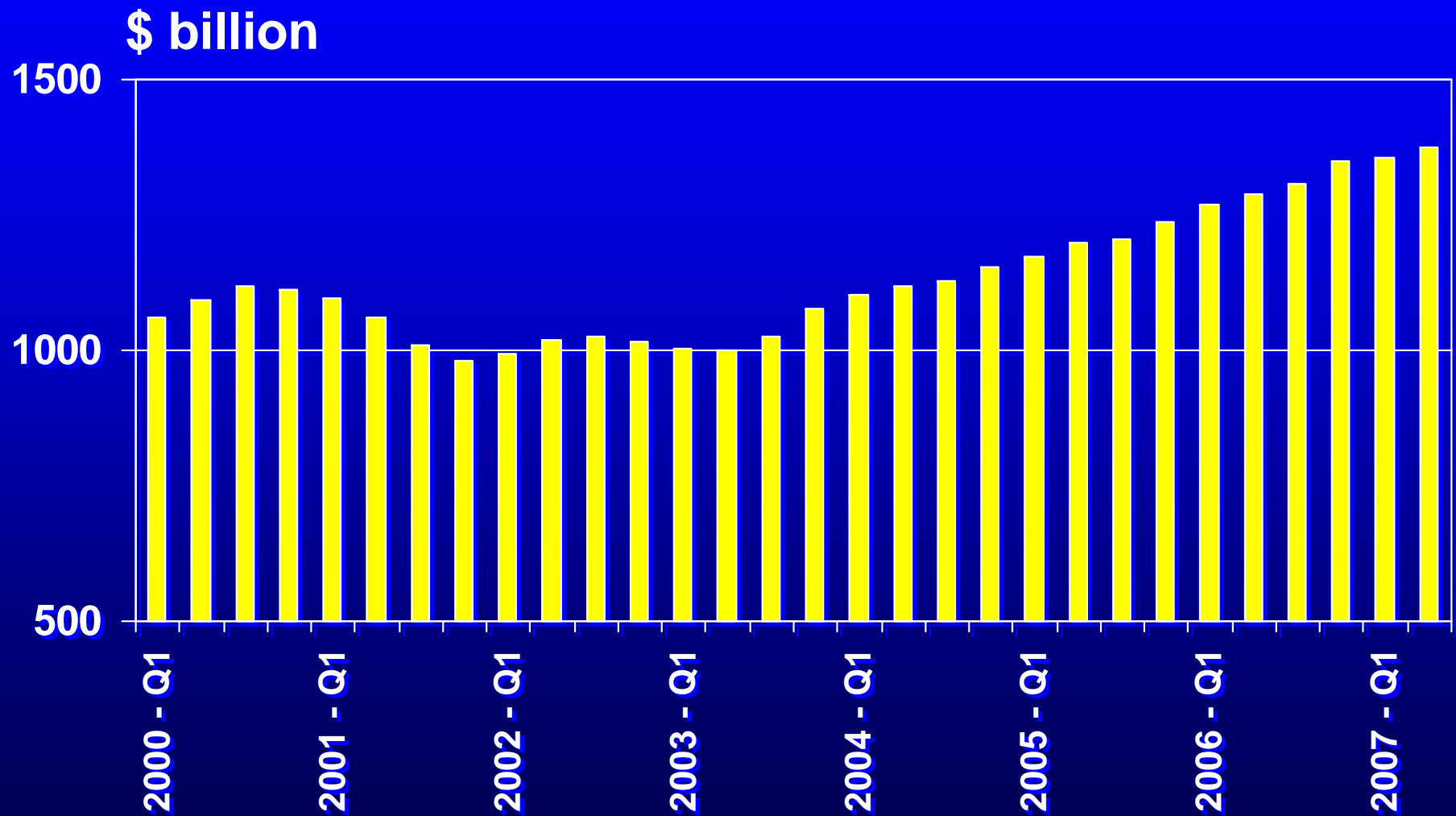


Source: NYSE

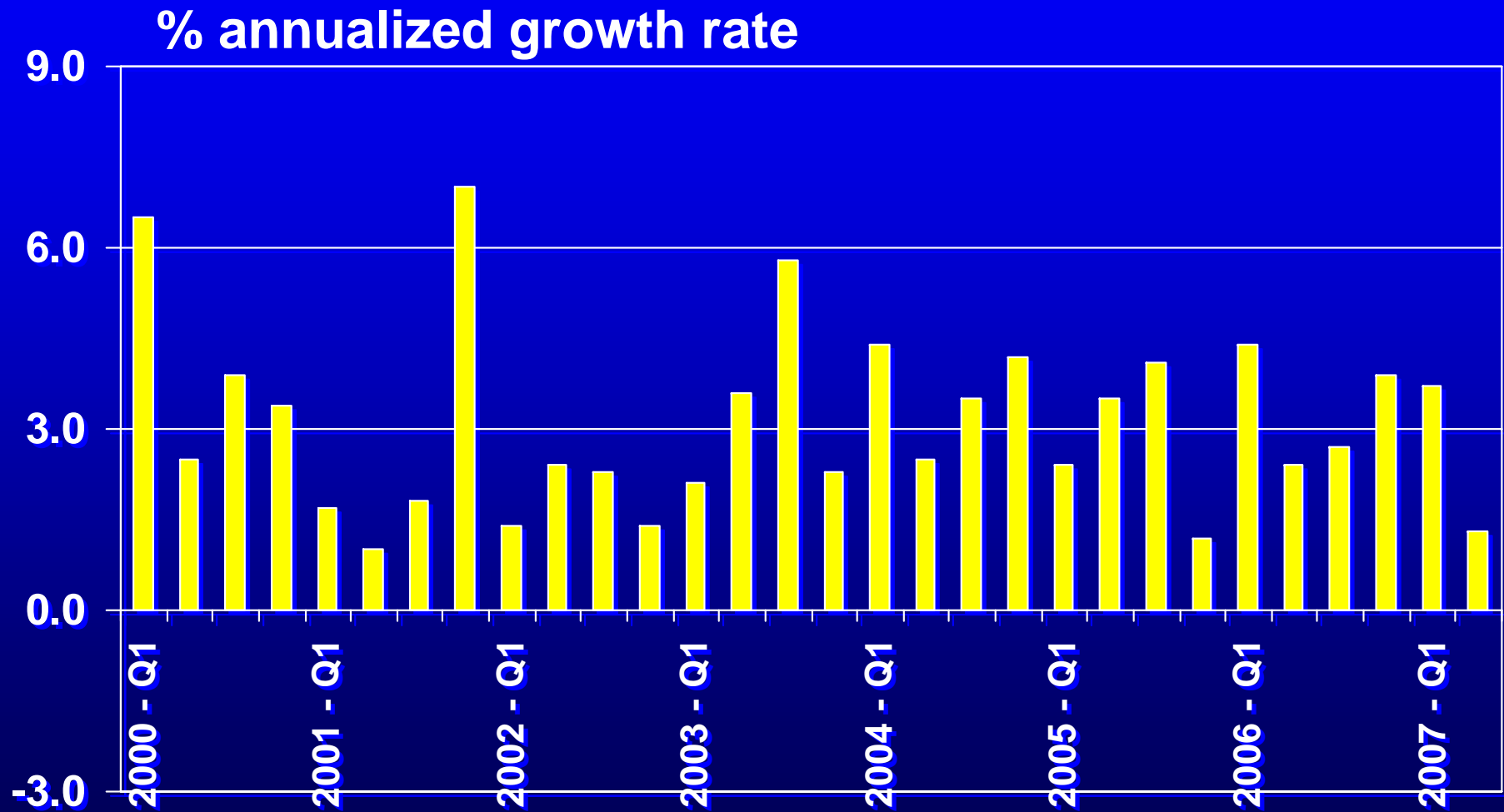
Business Spending



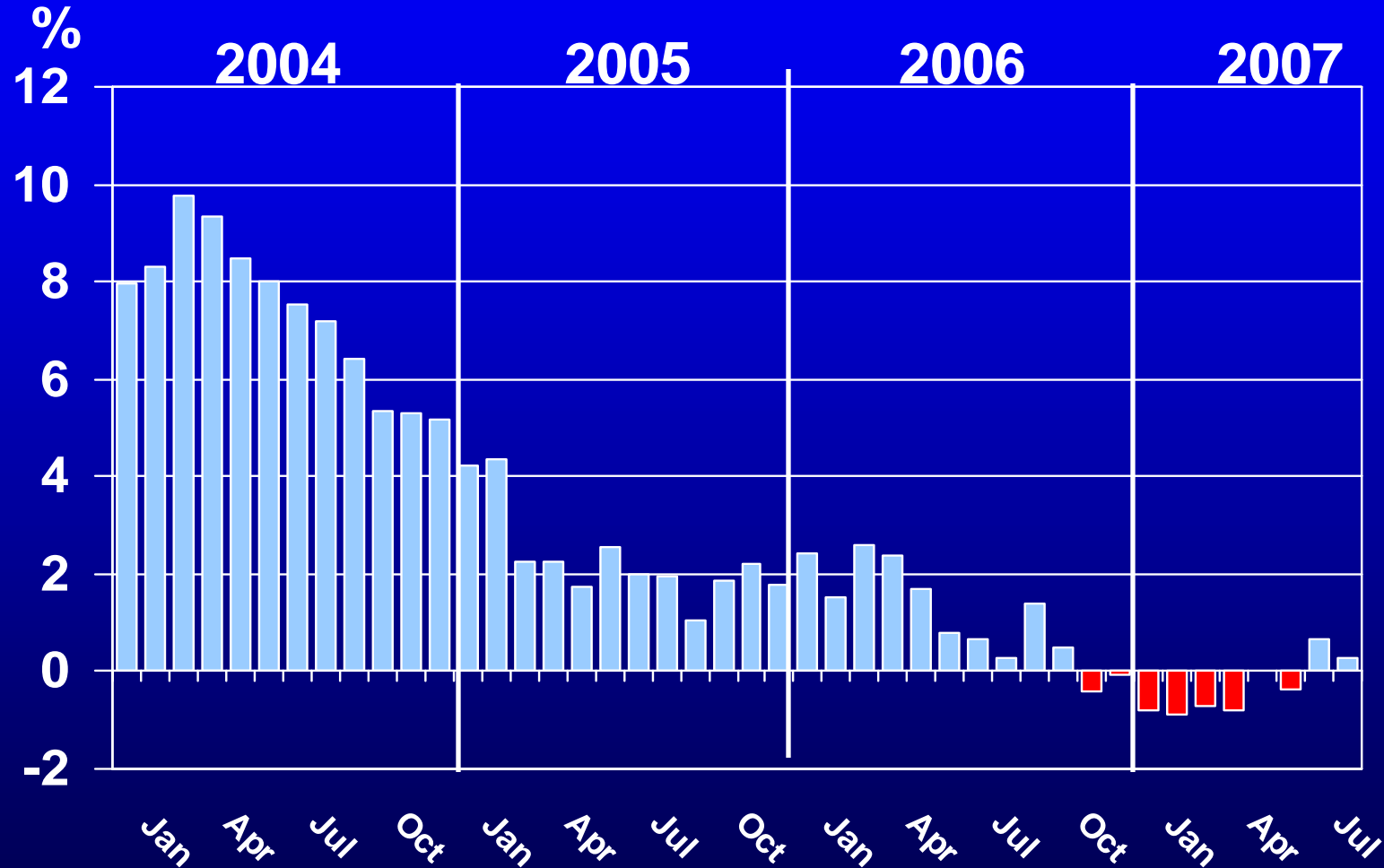
Export Growth



Consumer Spending



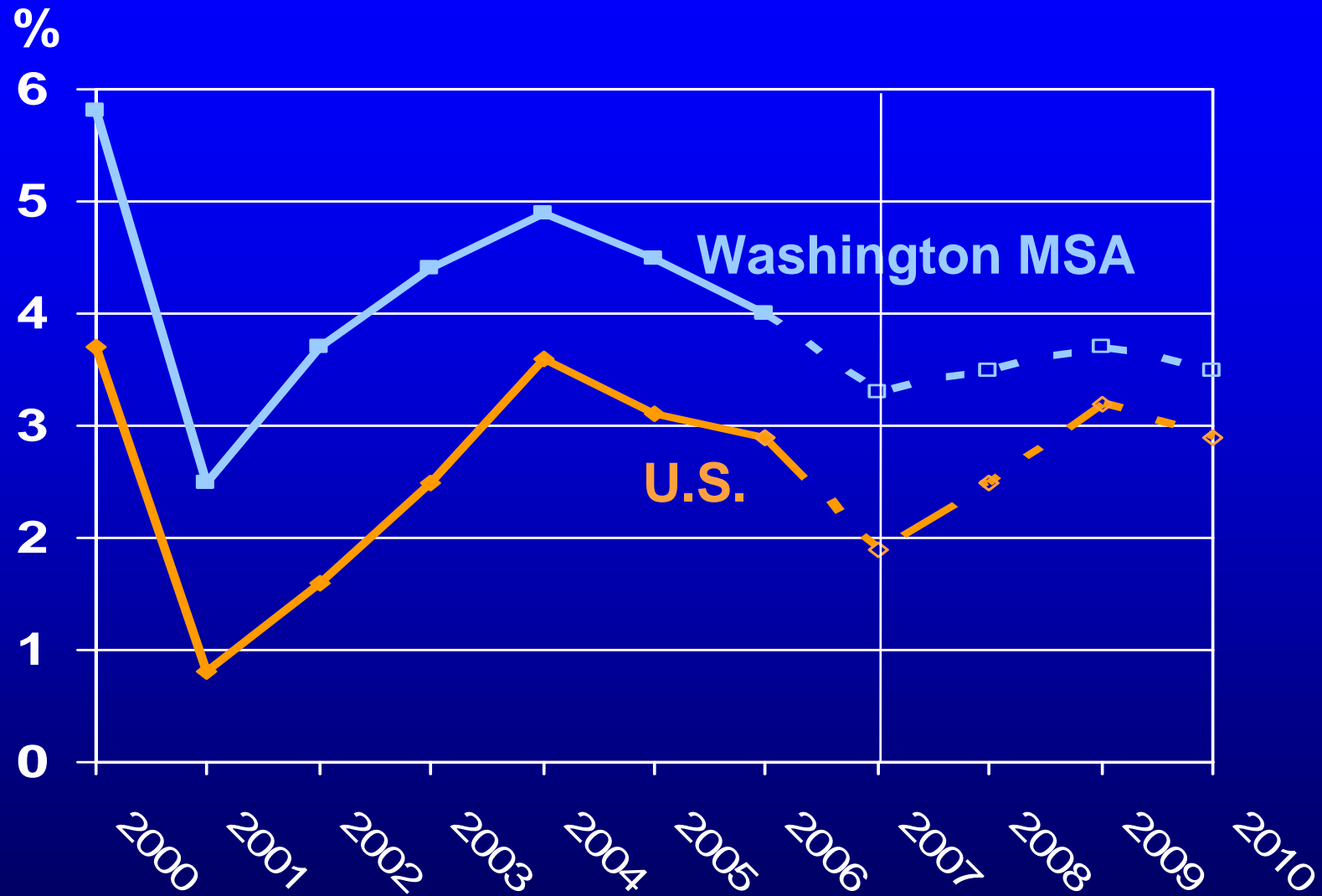
U.S. Leading Index Monthly Over-the-Year Percent Changes



The Washington Economy

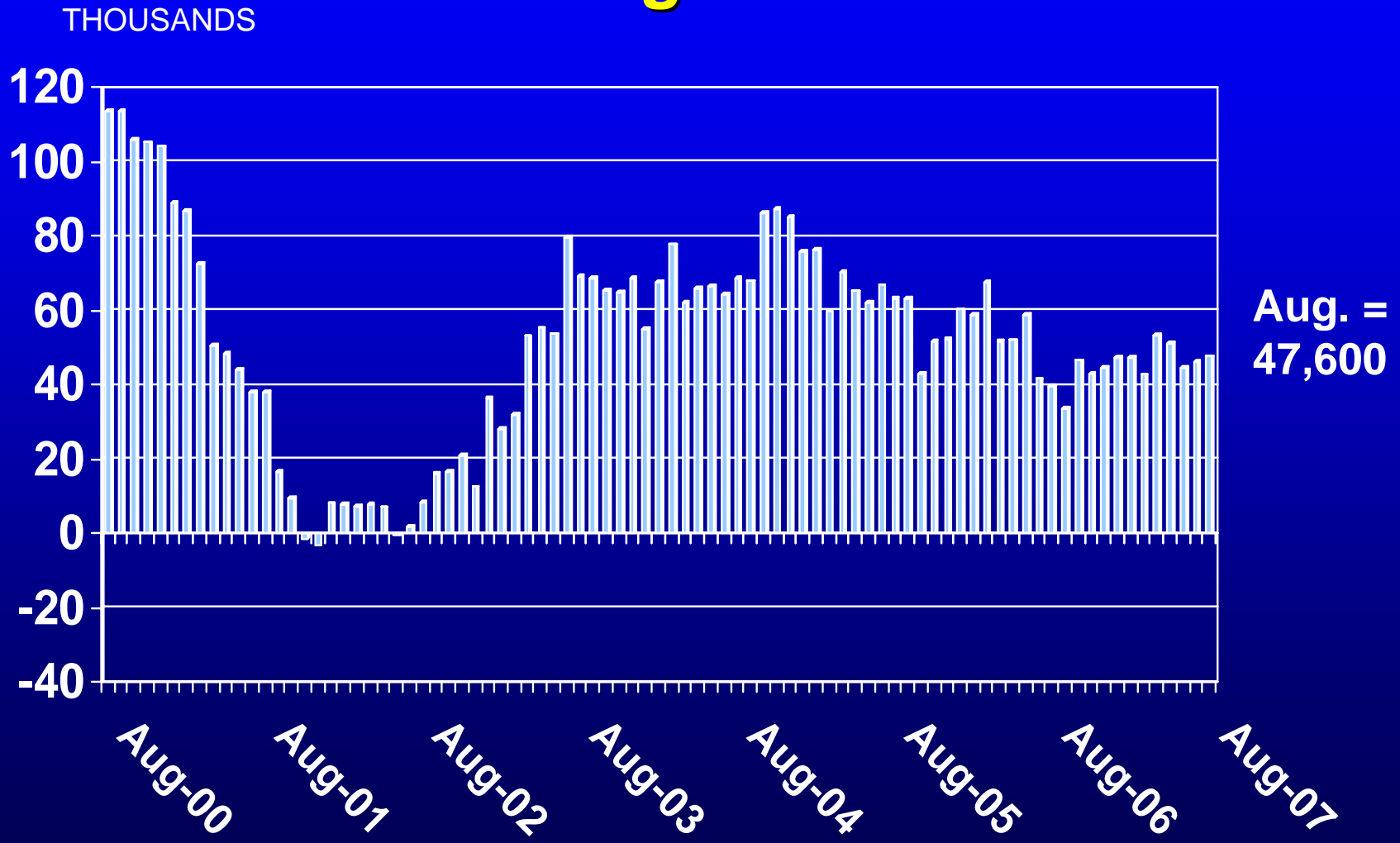
Current Performance

GDP 2000 - 2010



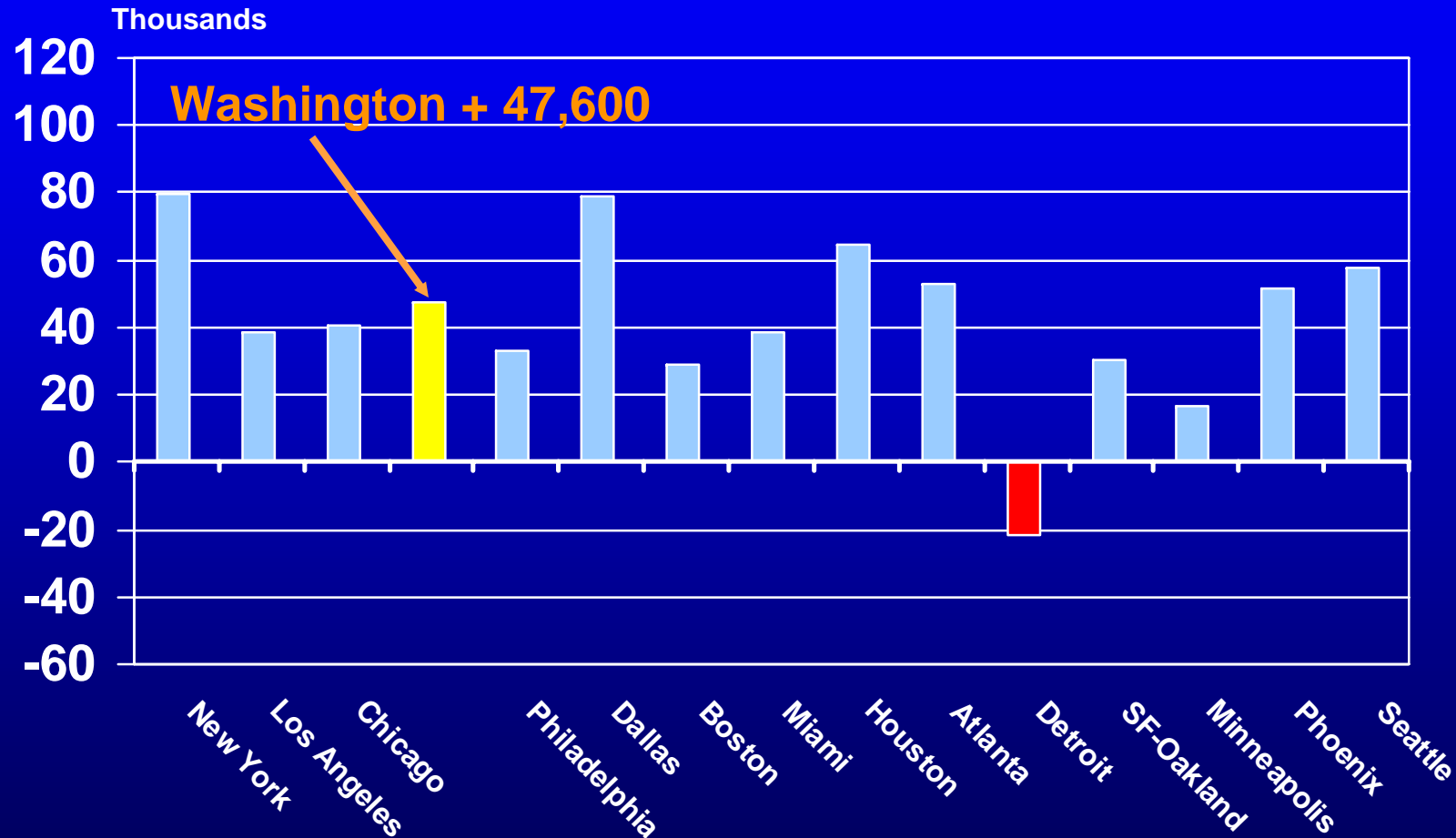
Source: Global Insight, GMU Center for Regional Analysis

Annual Job Change Washington MSA



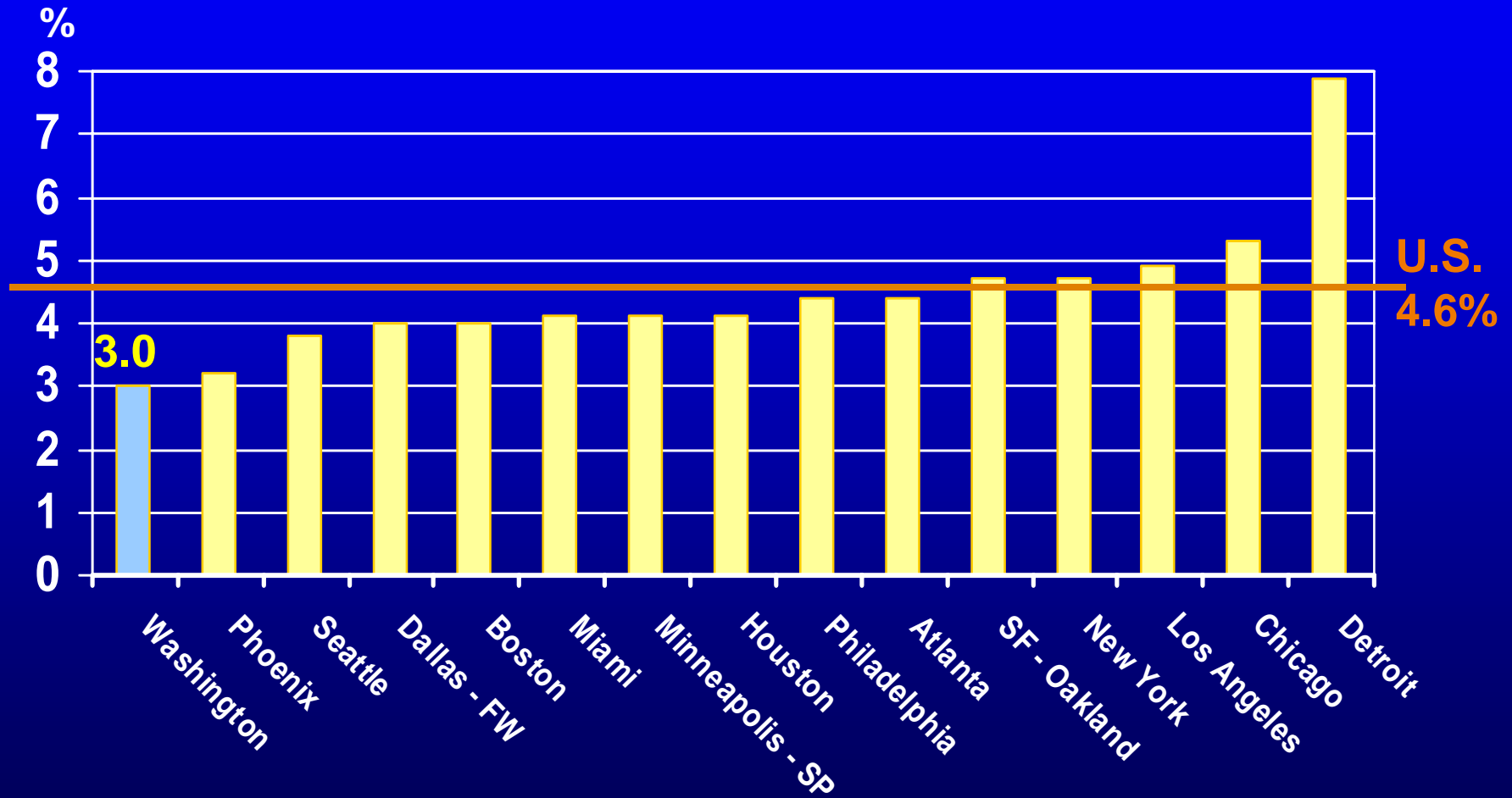
Source: BLS Establishment Survey

15 Largest Job Markets Job Change Aug 06 – Aug 07



Ranked by Total Jobs

15 Largest Job Markets Ranked by Unemployment Rate August 2007



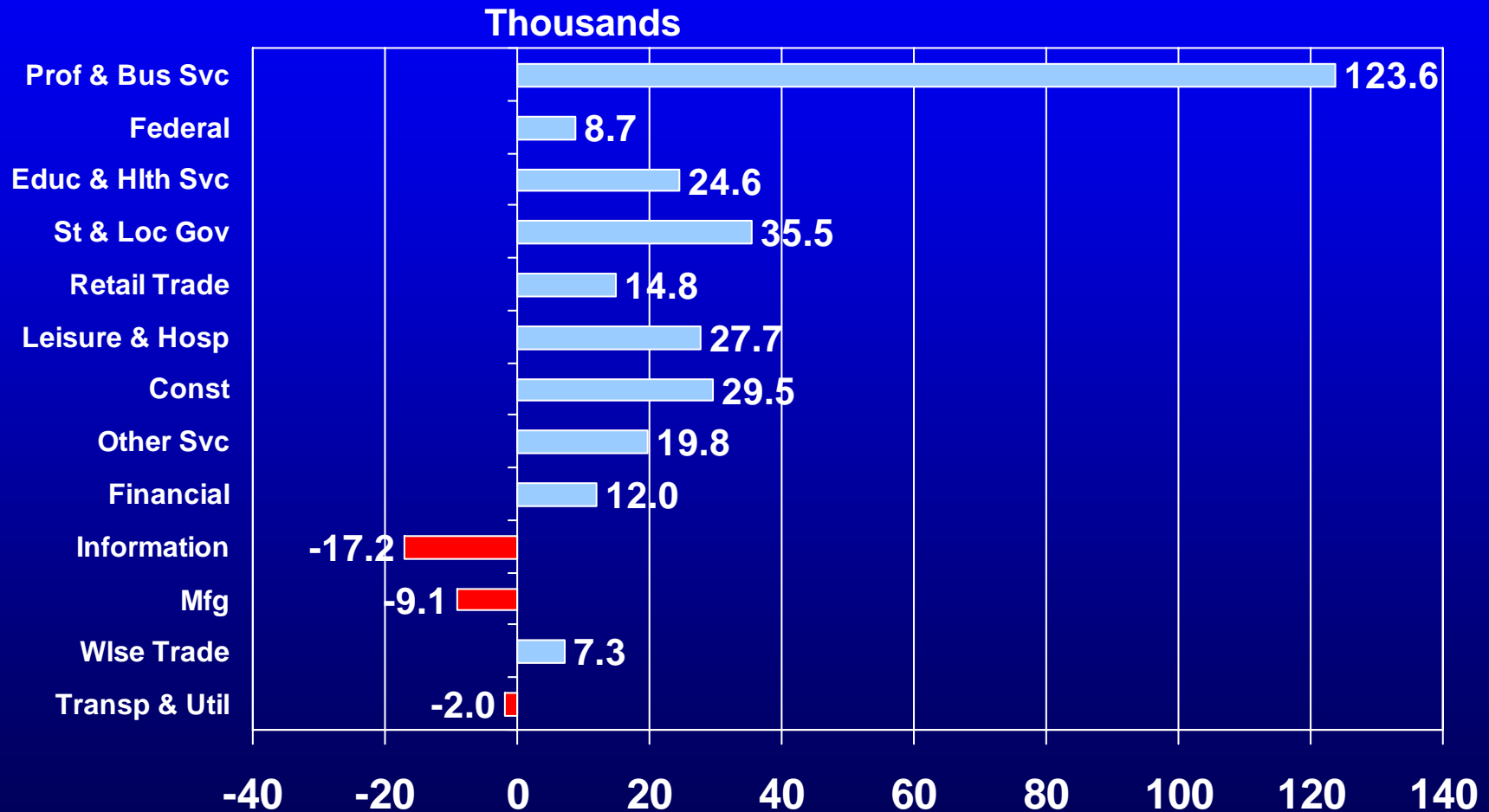
Source: BLS, GMU Center for Regional Analysis

Data not seasonally adjusted

Last 5 Years Job Change By Sector Metro Area

Total = 287,000

(Ranked by Size of Sector)

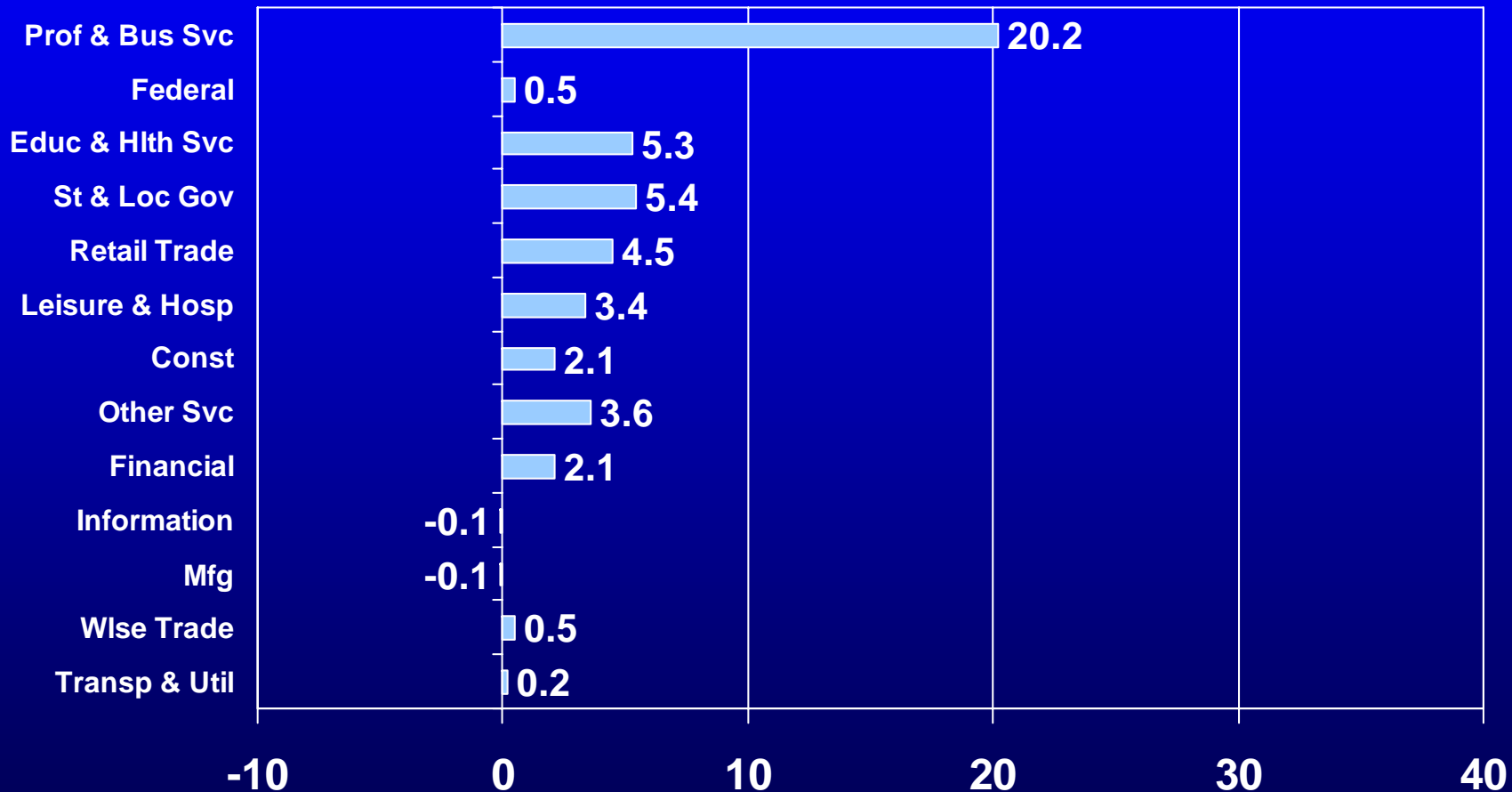


August 06 – August 07 Job Change By Sector MSA

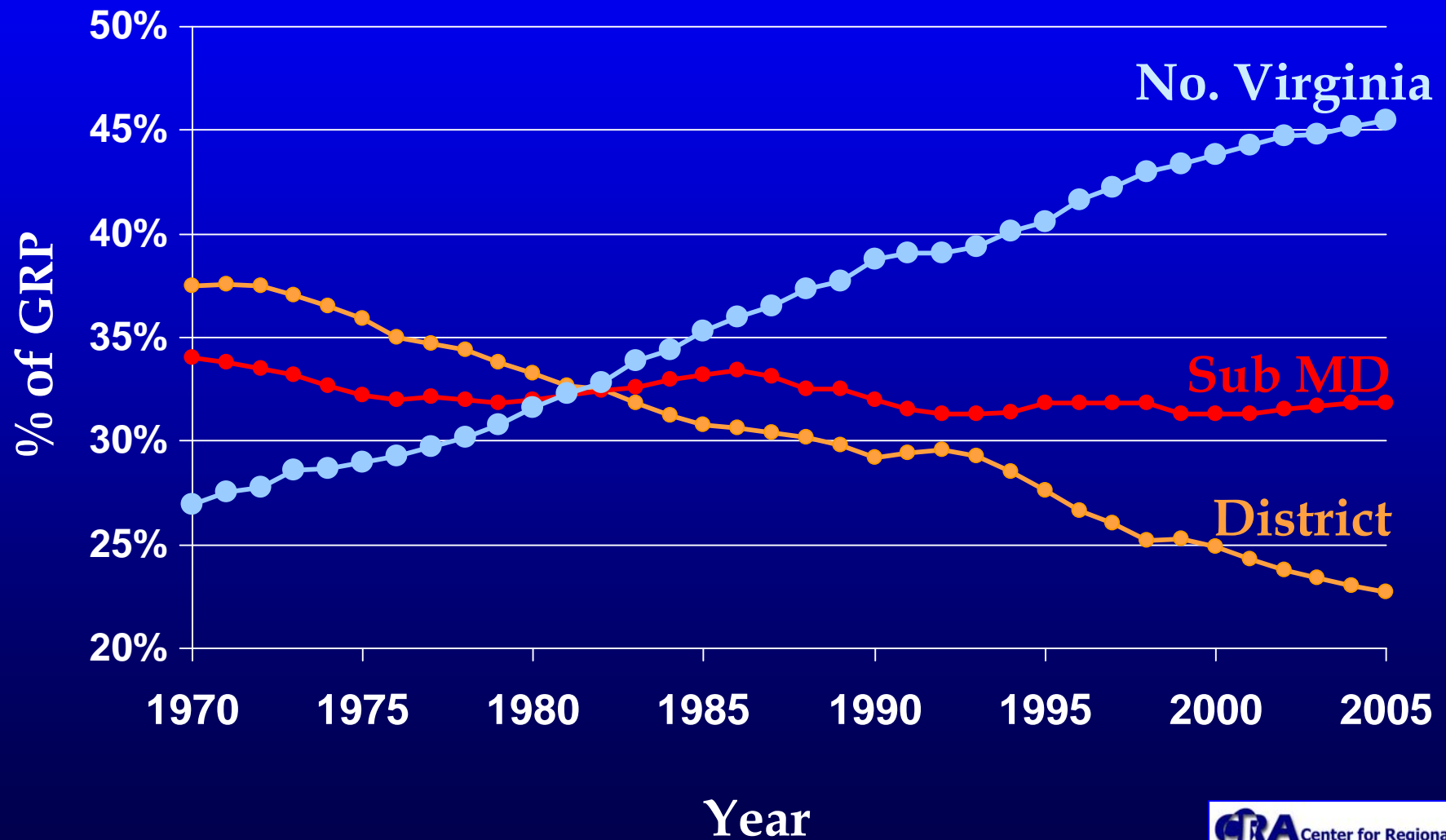
(000s)

Total = 47,600

(Ranked by Size of Sector)



Share of Washington Area Economy 1970-2005



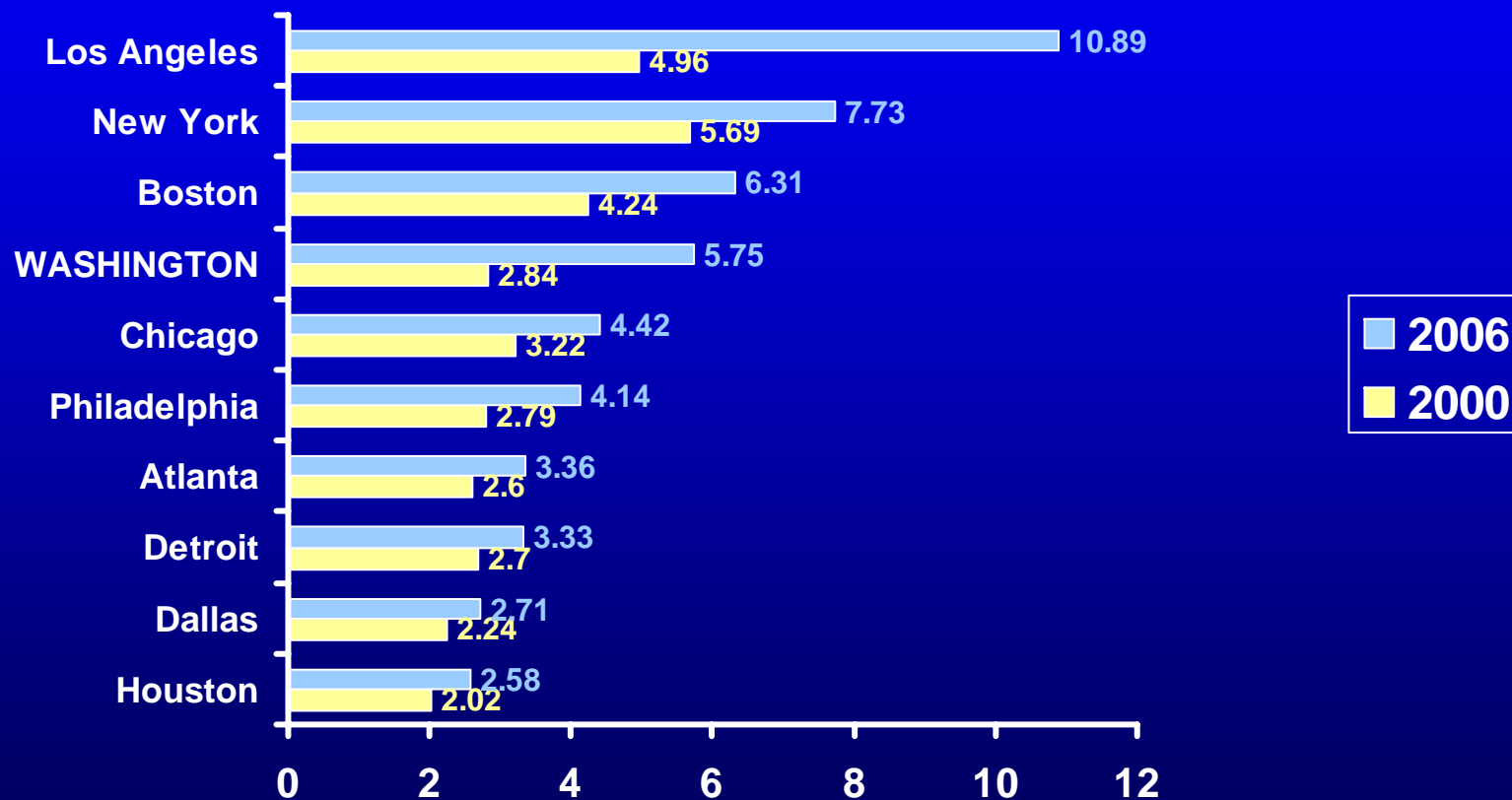
Threats to the Washington Region Economy's Future Performance

- **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

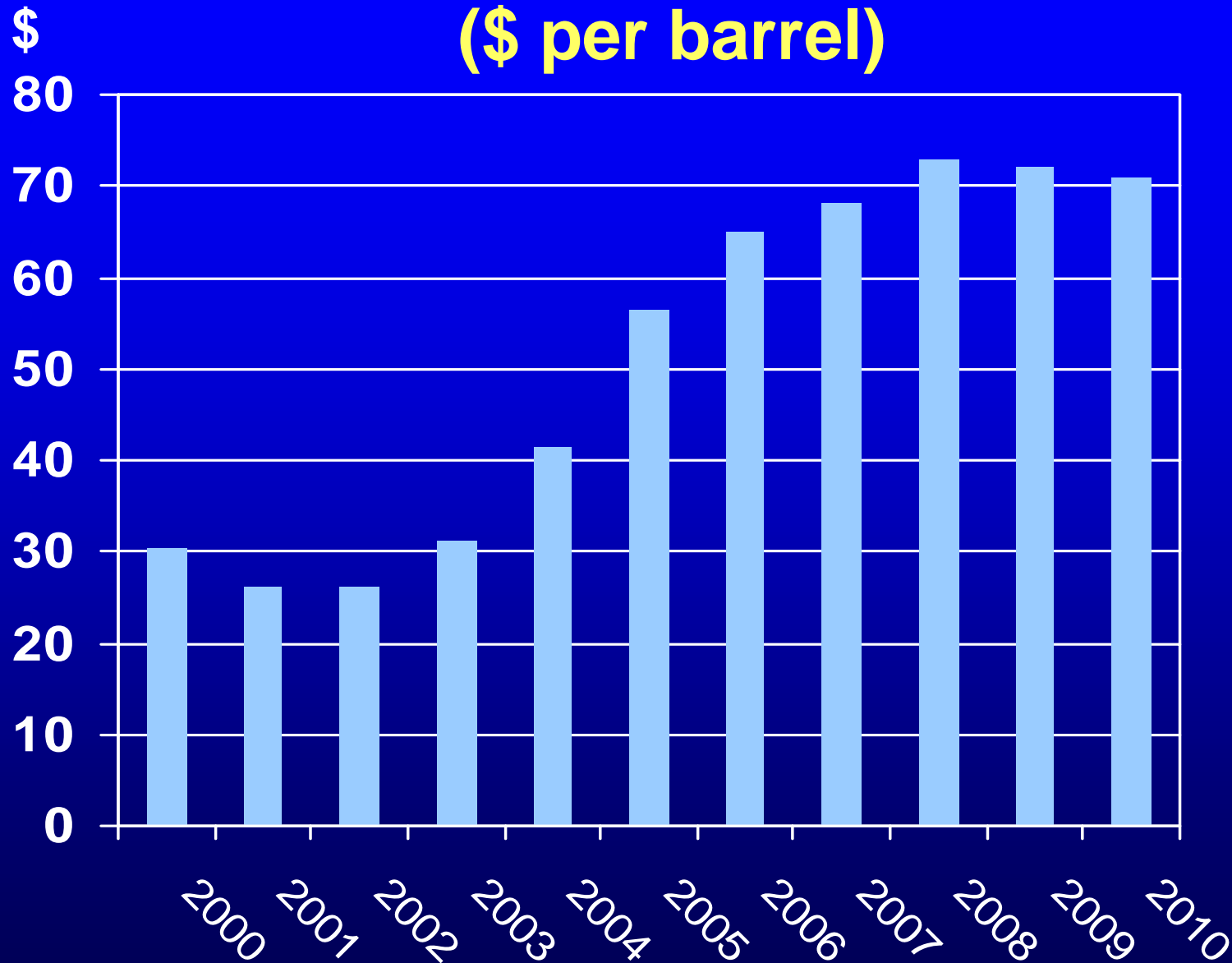


Ratio of Median Housing Value to Median Household Income 2000 - 2006



Source: 2000 Census, 2006 ACS, CRA

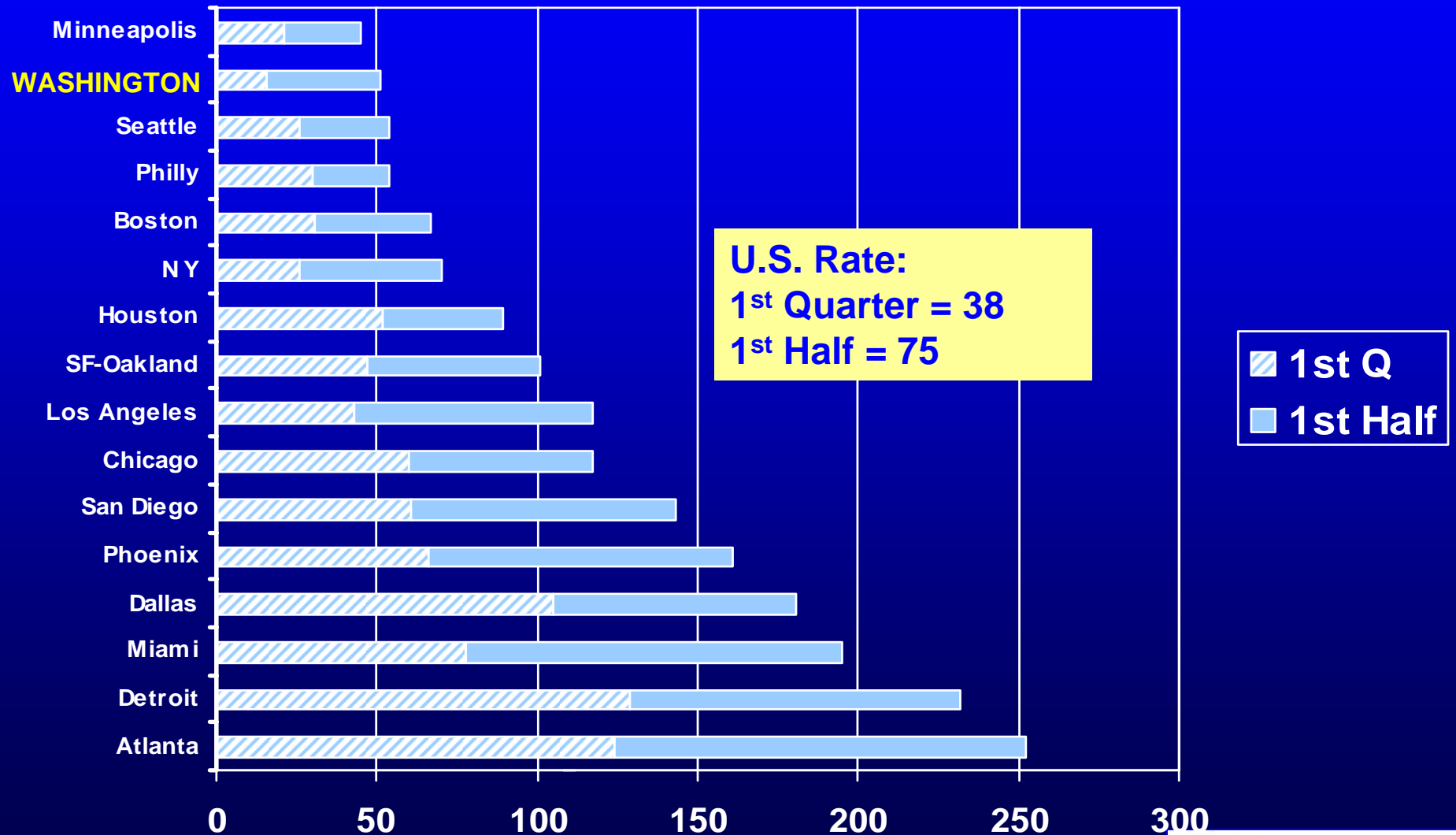
Average Annual Oil Prices (\$ per barrel)



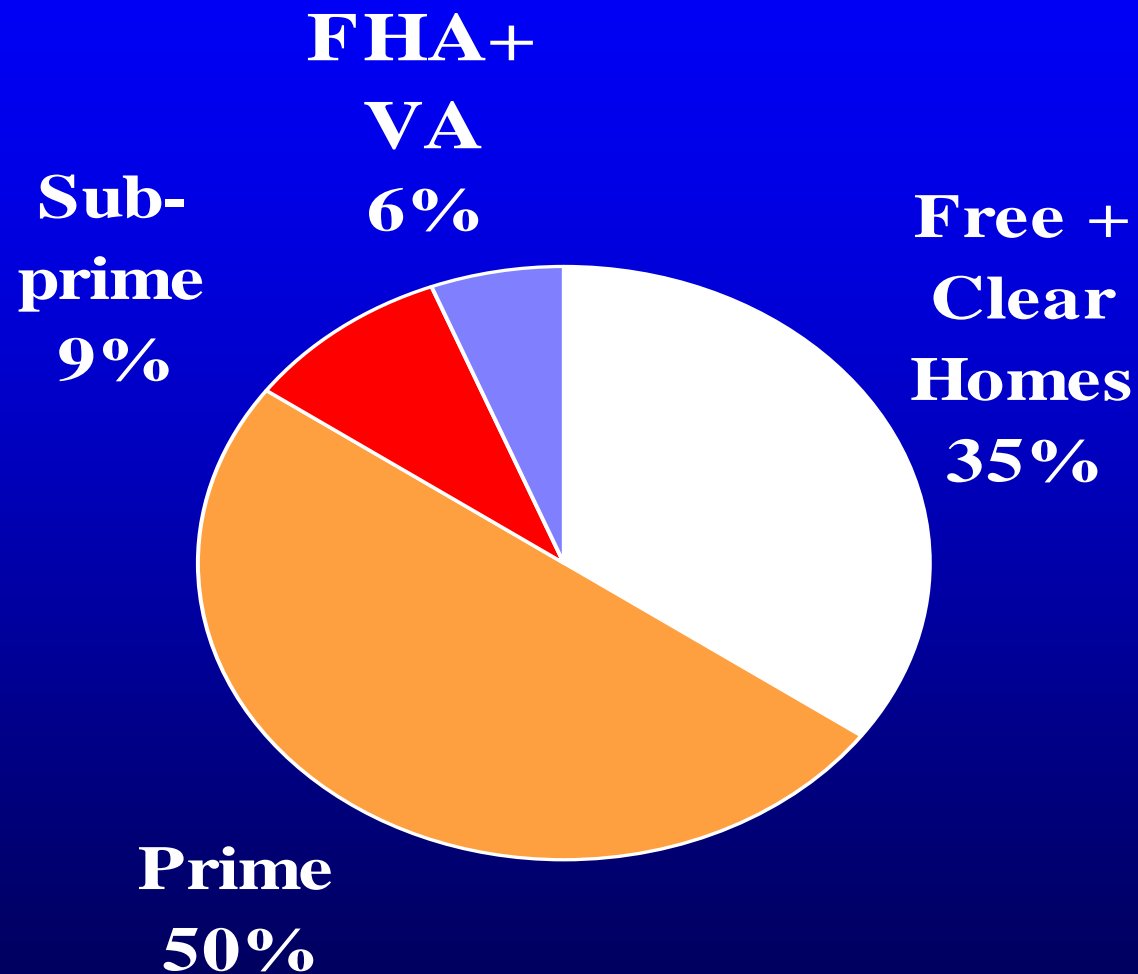
Source: Global Insight, GMU Center for Regional Analysis

Metro Comparisons Mortgage Foreclosure Rates Jan - Jun 2007

Foreclosures /10,000HH



Subprime Loan Exposure



Source: NAR Estimate

Outlook for the Region's Housing Market

Sales and Listings Washington Metro Area August Each Year

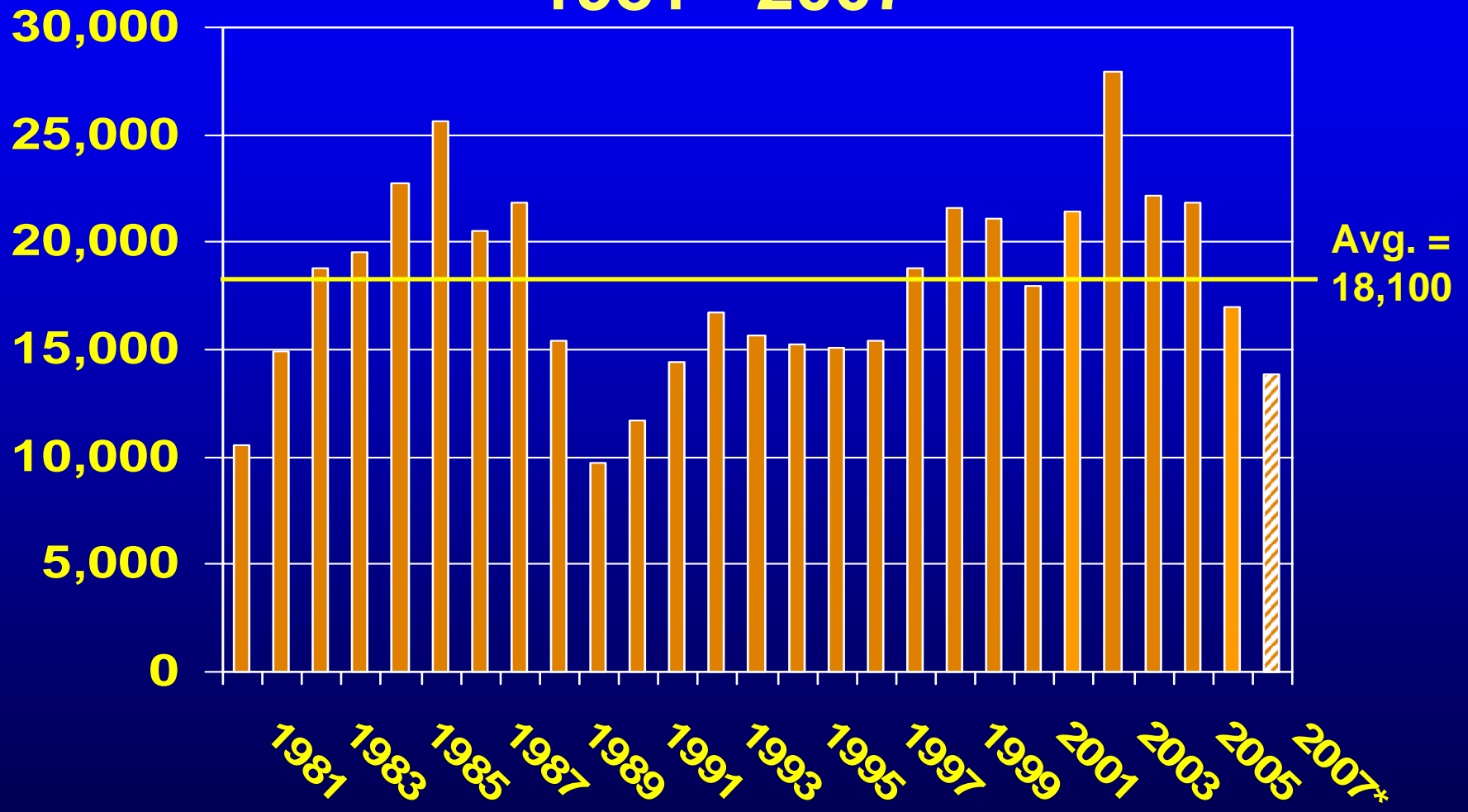


Percent Change in Inventories of Existing Homes Month-Over-the-Year-Change 2000 – 2007, MSA



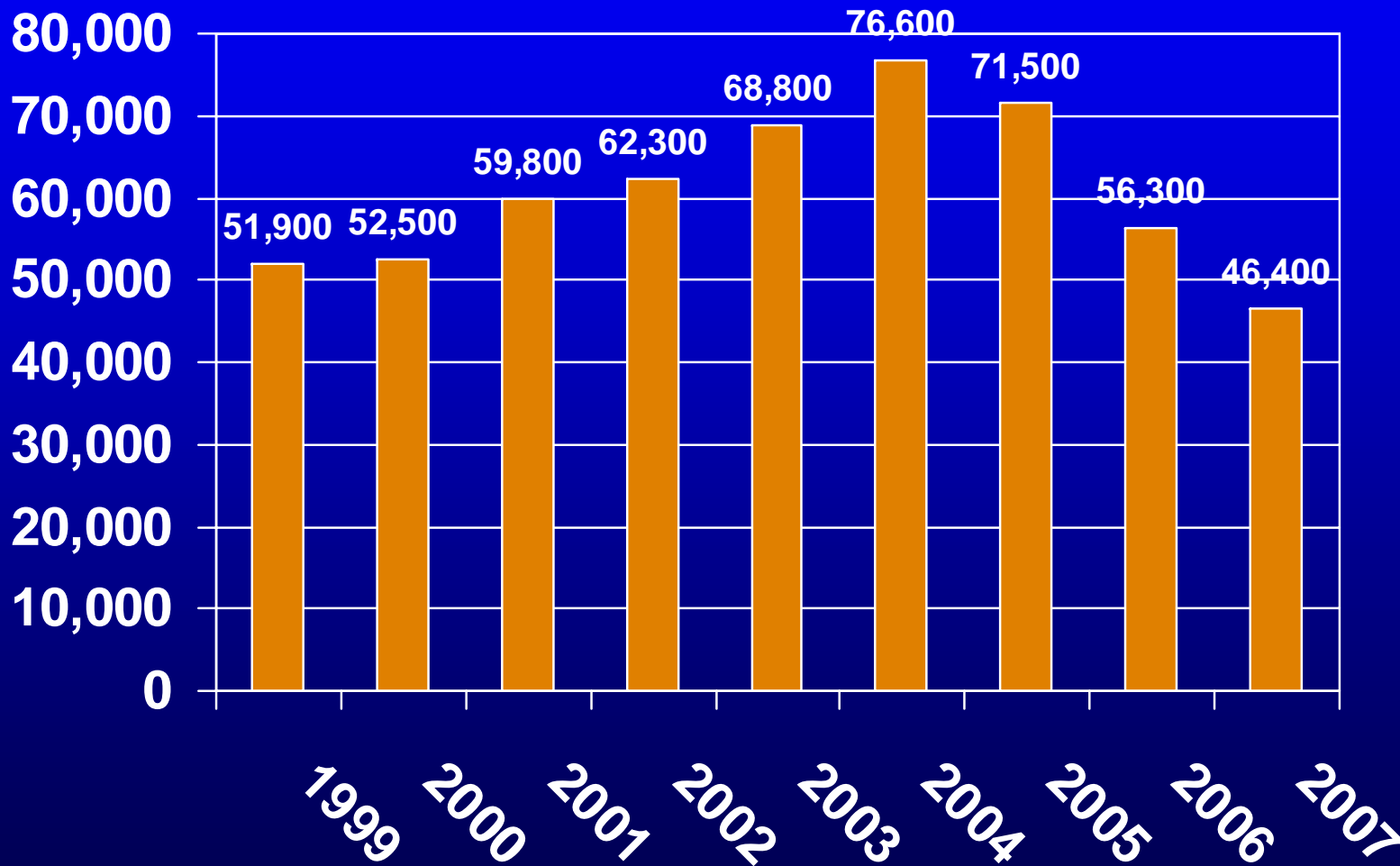
Source: NVAR, MRIS, GMU Center for Regional Analysis

New Home Sales Washington Metro Area 1981 - 2007



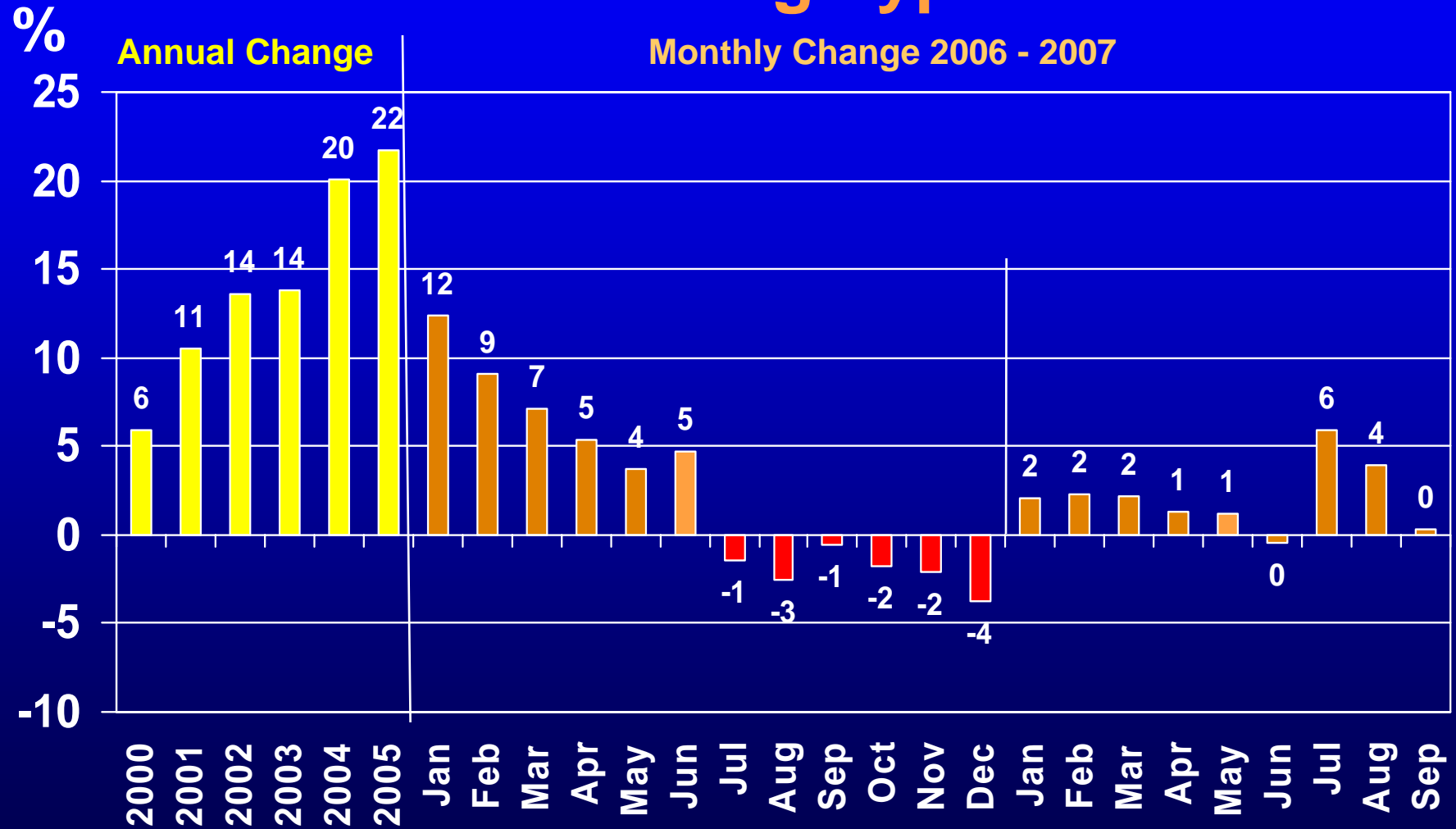
* 2007 Annualized

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



Source: MRIS, GMU Center for Regional Analysis

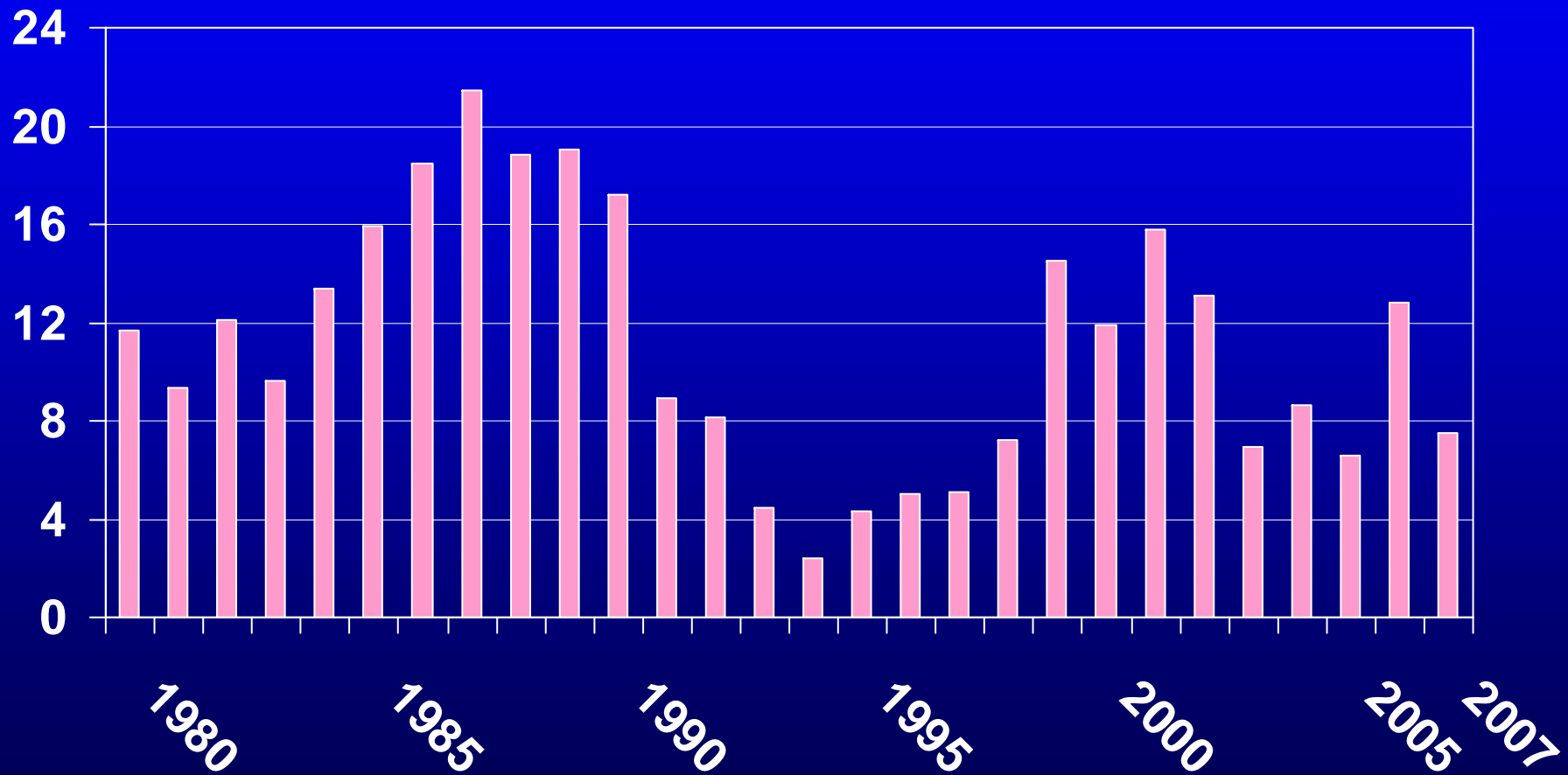
Average Sales Price Percent Change Washington MSA All Housing Types



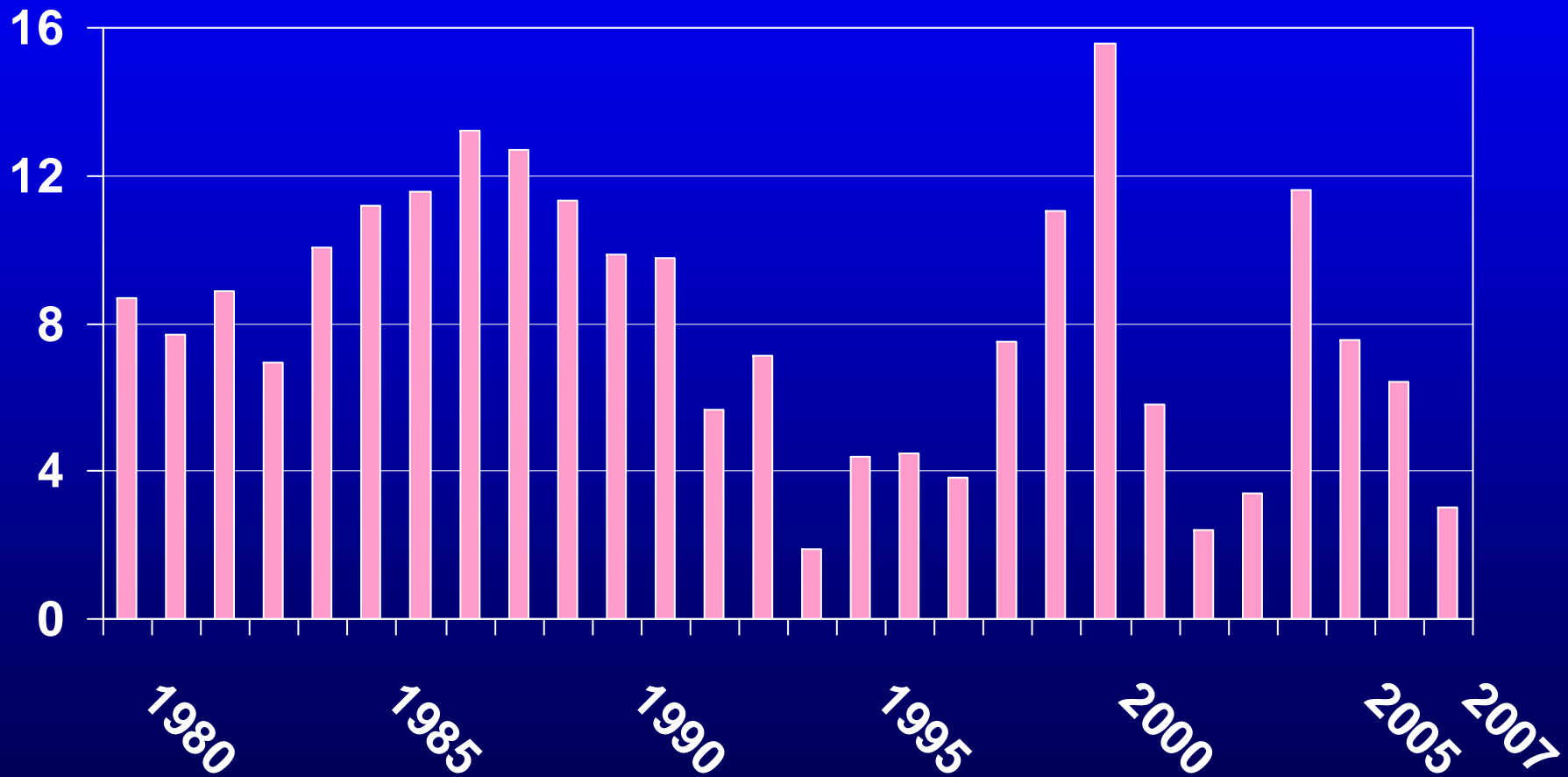
Source: MRIS, GMU Center for Regional Analysis

Office Market Trends

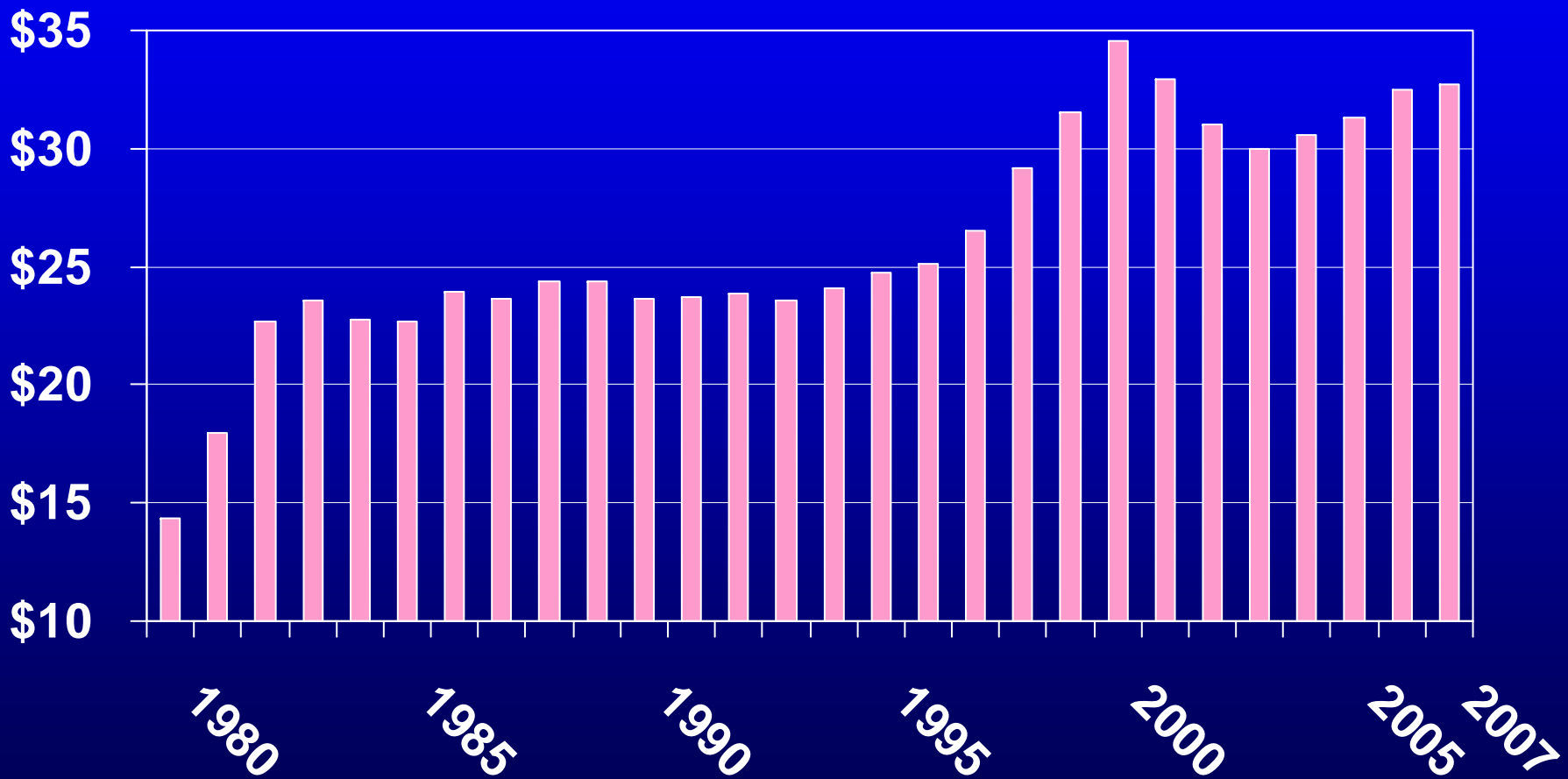
Office Space Deliveries Washington Metro Area 1980 Through Mid-2007



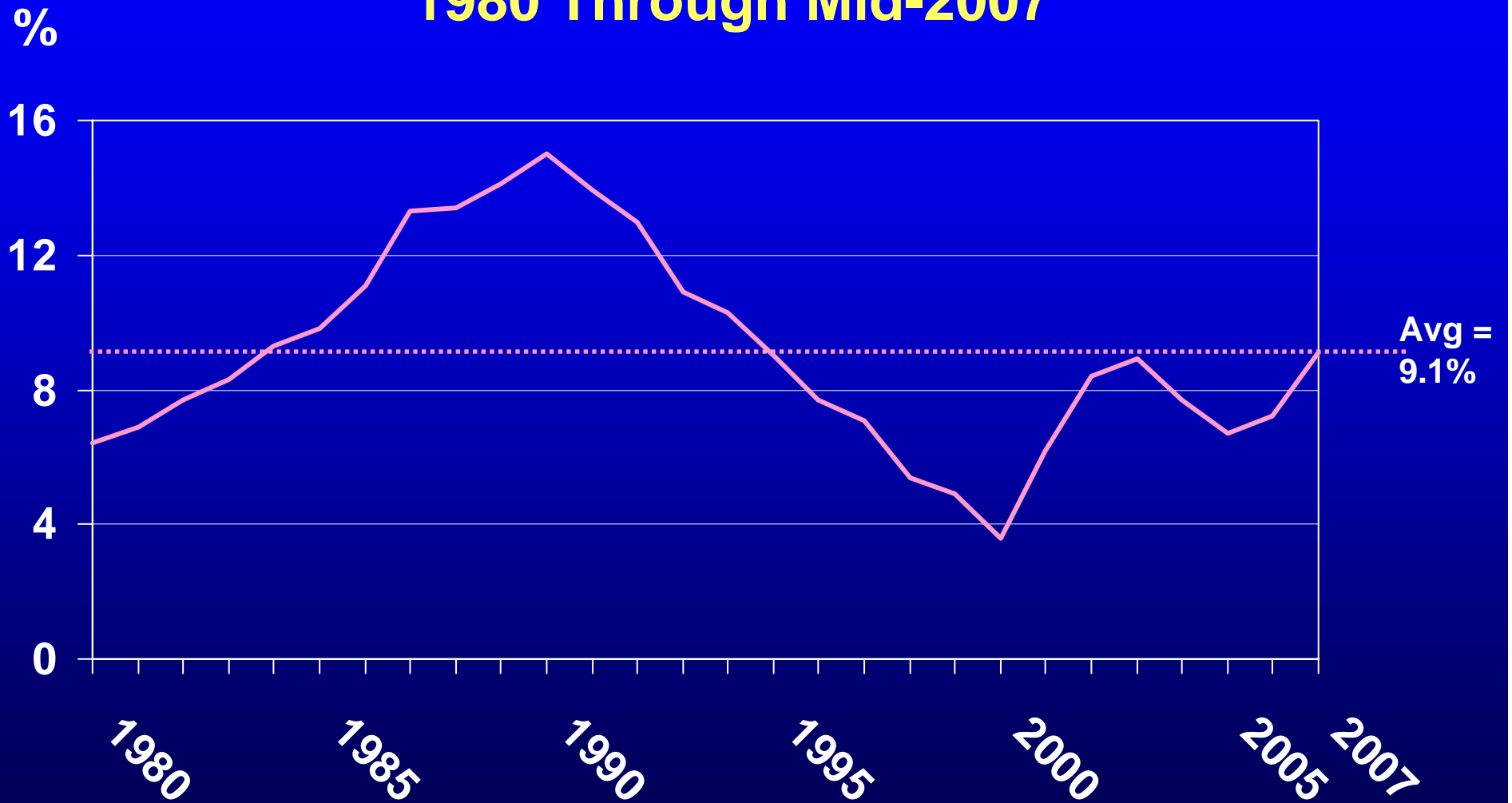
Net Absorption of Office Space Washington MSA 1980 Through Mid-2007



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



Office Vacancy Rate Washington Metro Area 1980 Through Mid-2007



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

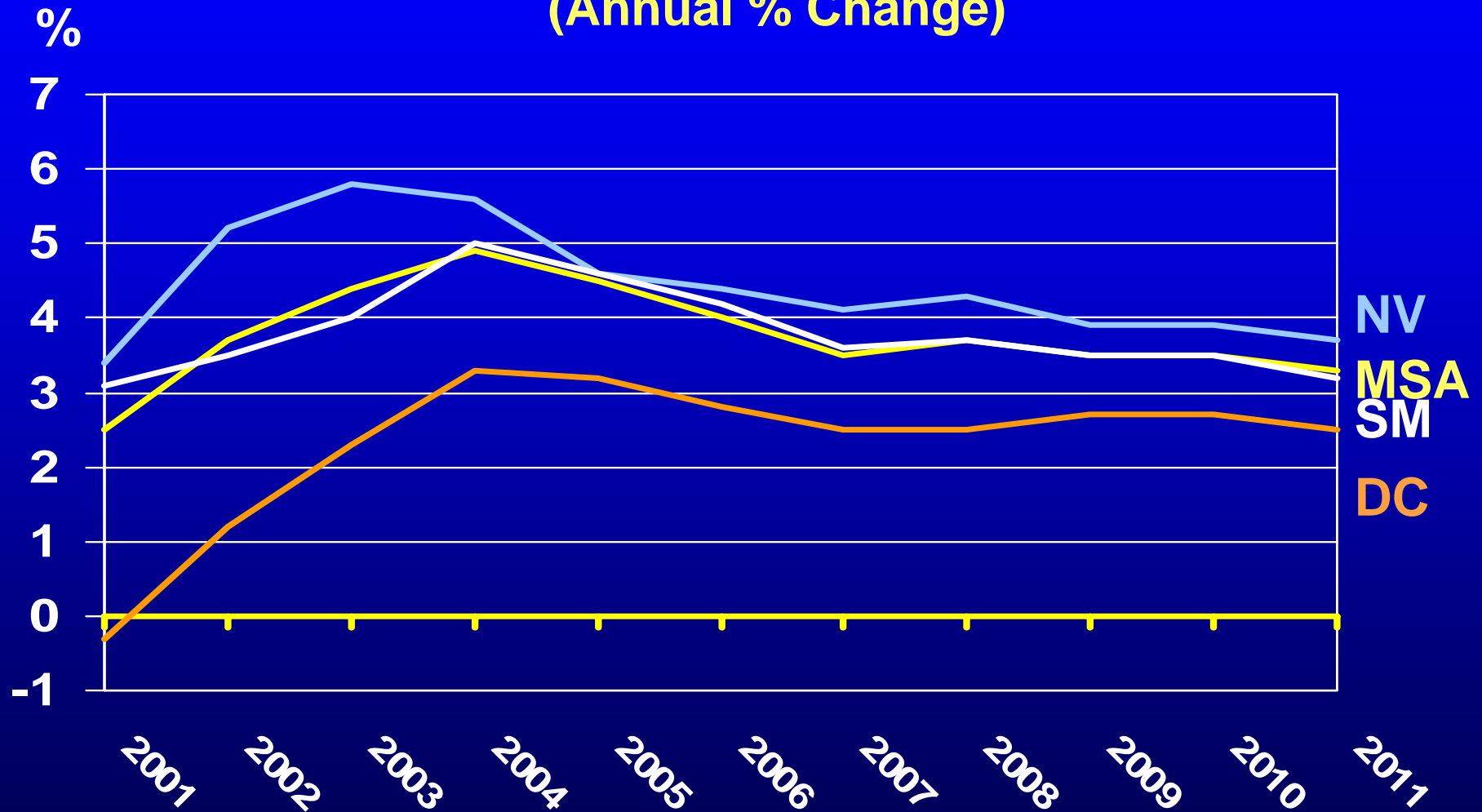
1.6% 1.5% 1.6% 1.6% 1.5% 1.3%

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

Based on 2006 BLS Benchmarked Data.

Economic Outlook (GRP) – 2011

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





<http://cra.gmu.edu>