

NVBIA – Prince William Chapter

***The Regional and Prince William
Economy and
Housing Market in 2007***

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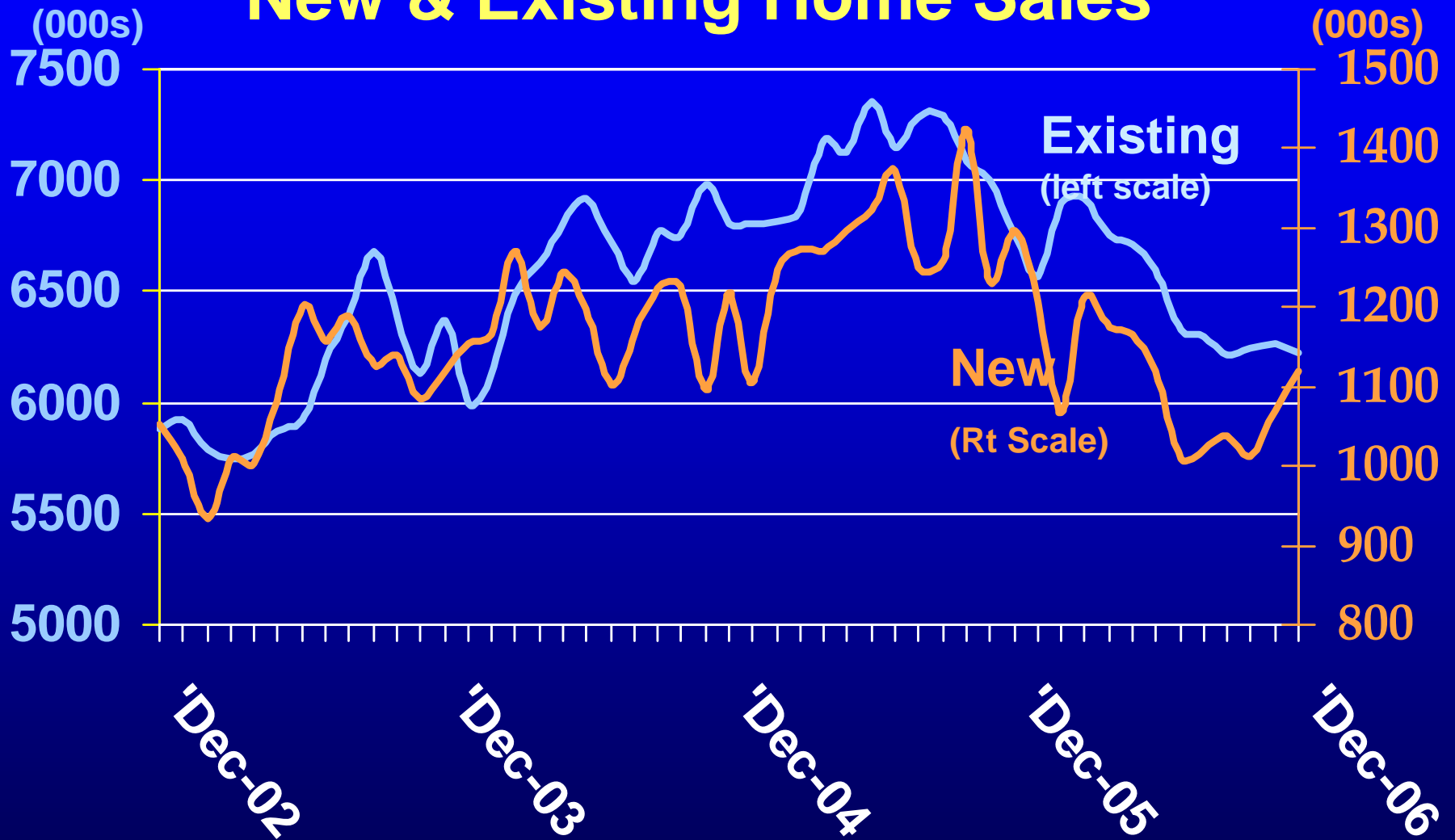
February 21, 2007

The U.S. Economy in 2007: Year of Changing Momentum

Major Factors Impacting GDP Growth

- **Downturn in Housing Market**
- **Increase in Oil Prices**
- **Increase in Federal Funds Rate**
- **Consumer Spending**

Housing Trends: New & Existing Home Sales

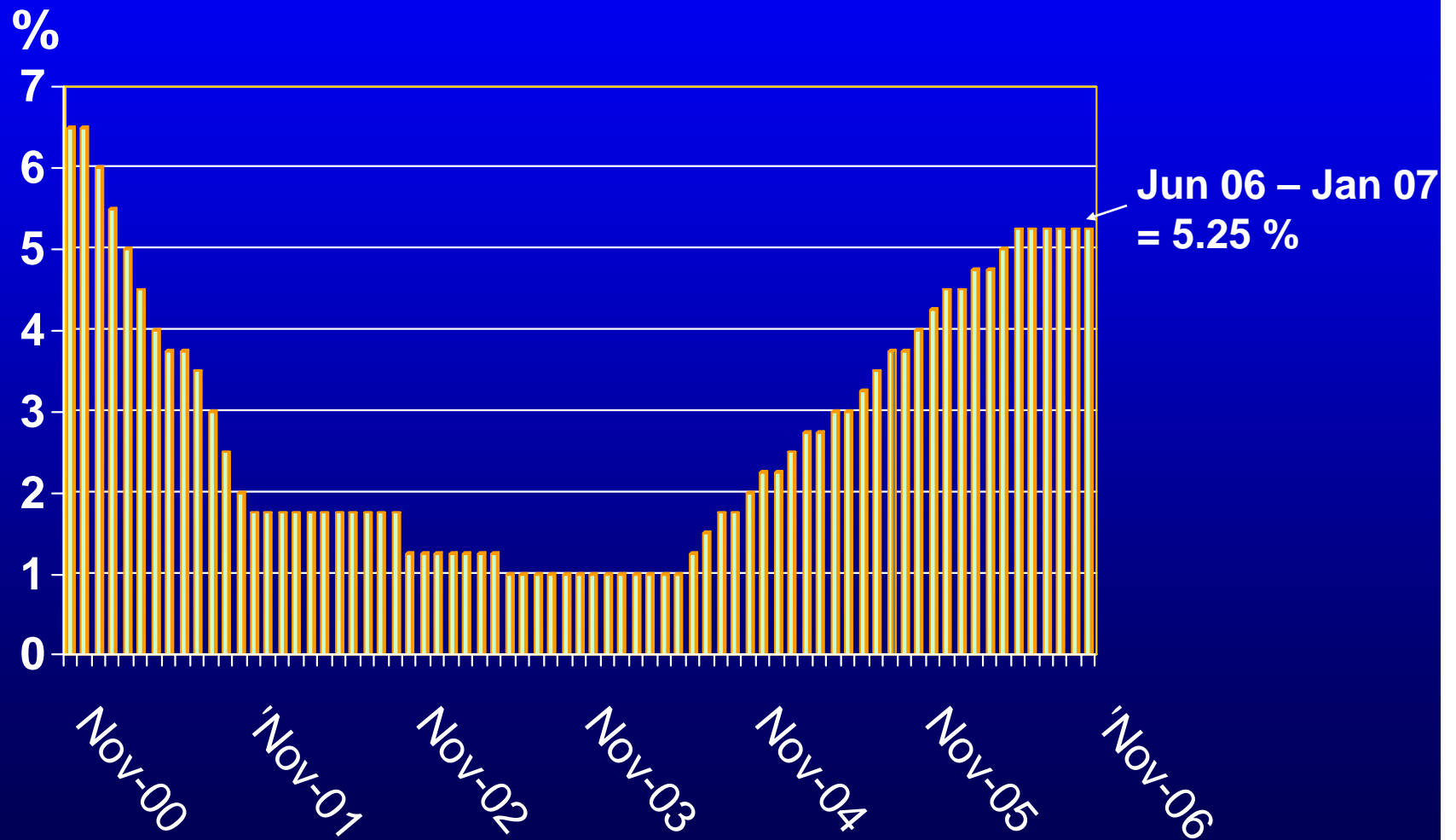


Oil Prices: 1999 – 2008 (\$ per barrel)



Source: Global Insight, GMU Center for Regional Analysis

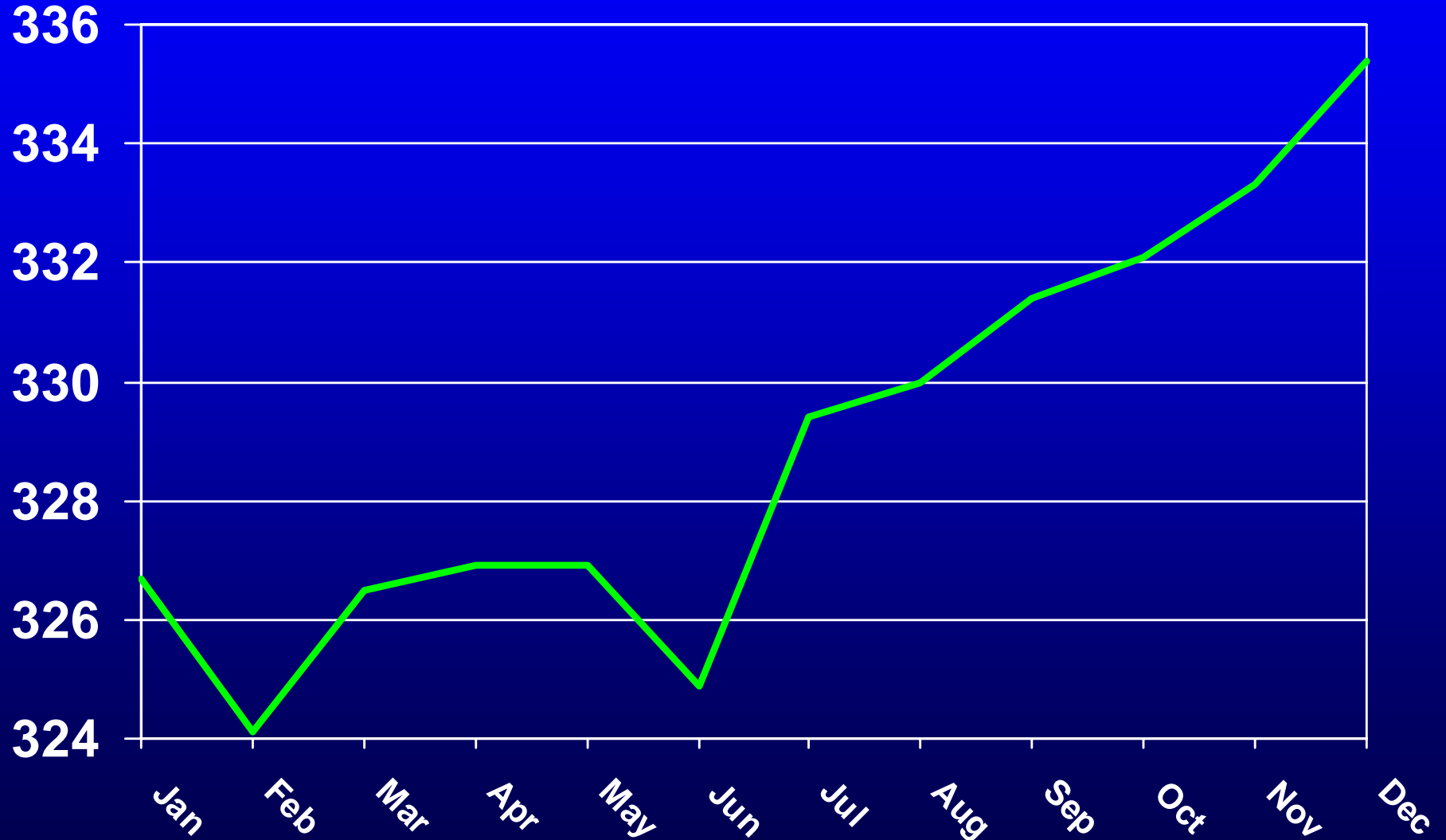
Federal Funds Interest Rate



Source: Federal Reserve, GMU Center for Regional Analysis

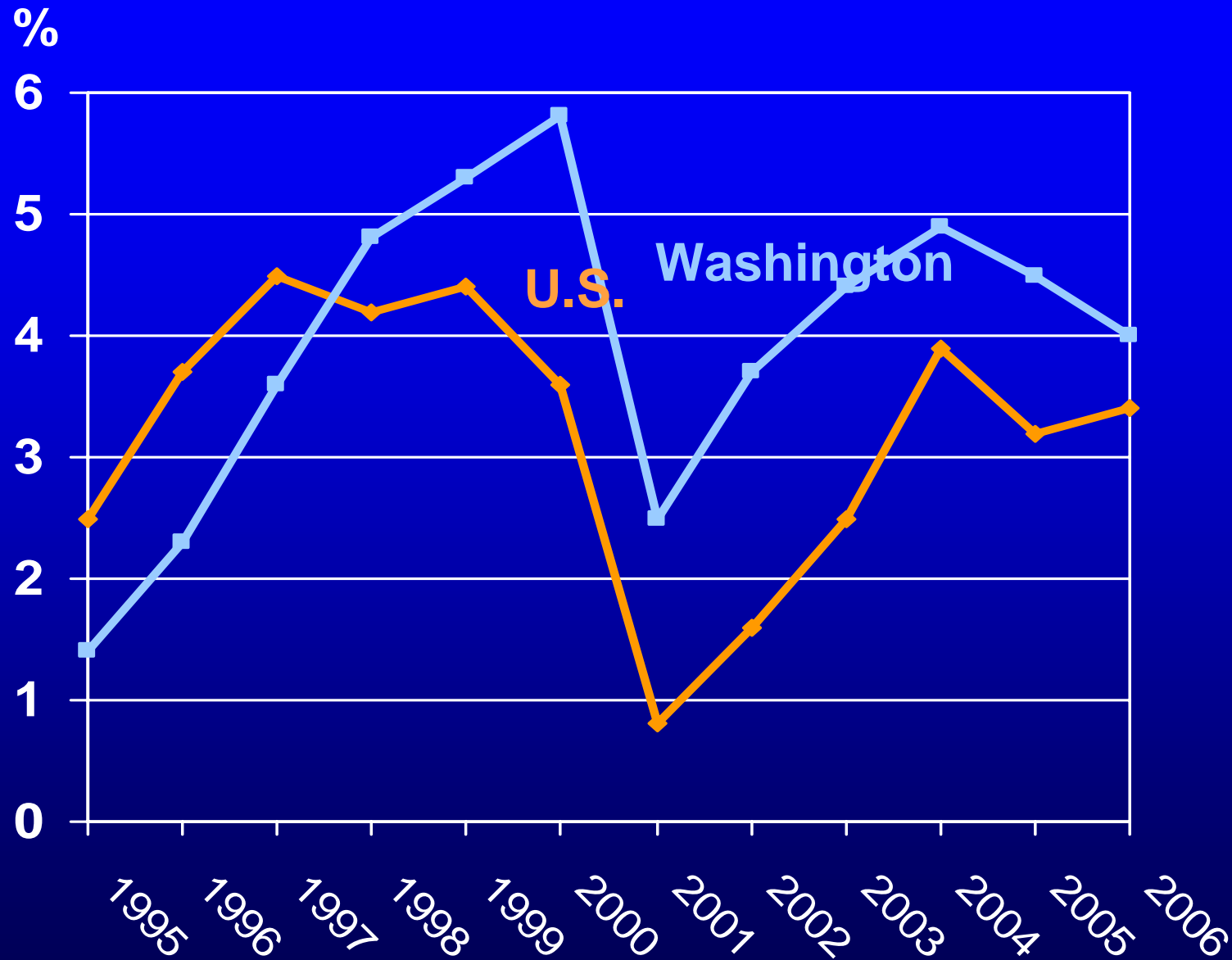
Retail Sales, Excluding Gasoline Dec 05 – Dec 06

\$ Bil.



The Washington Area Economy: Current Performance

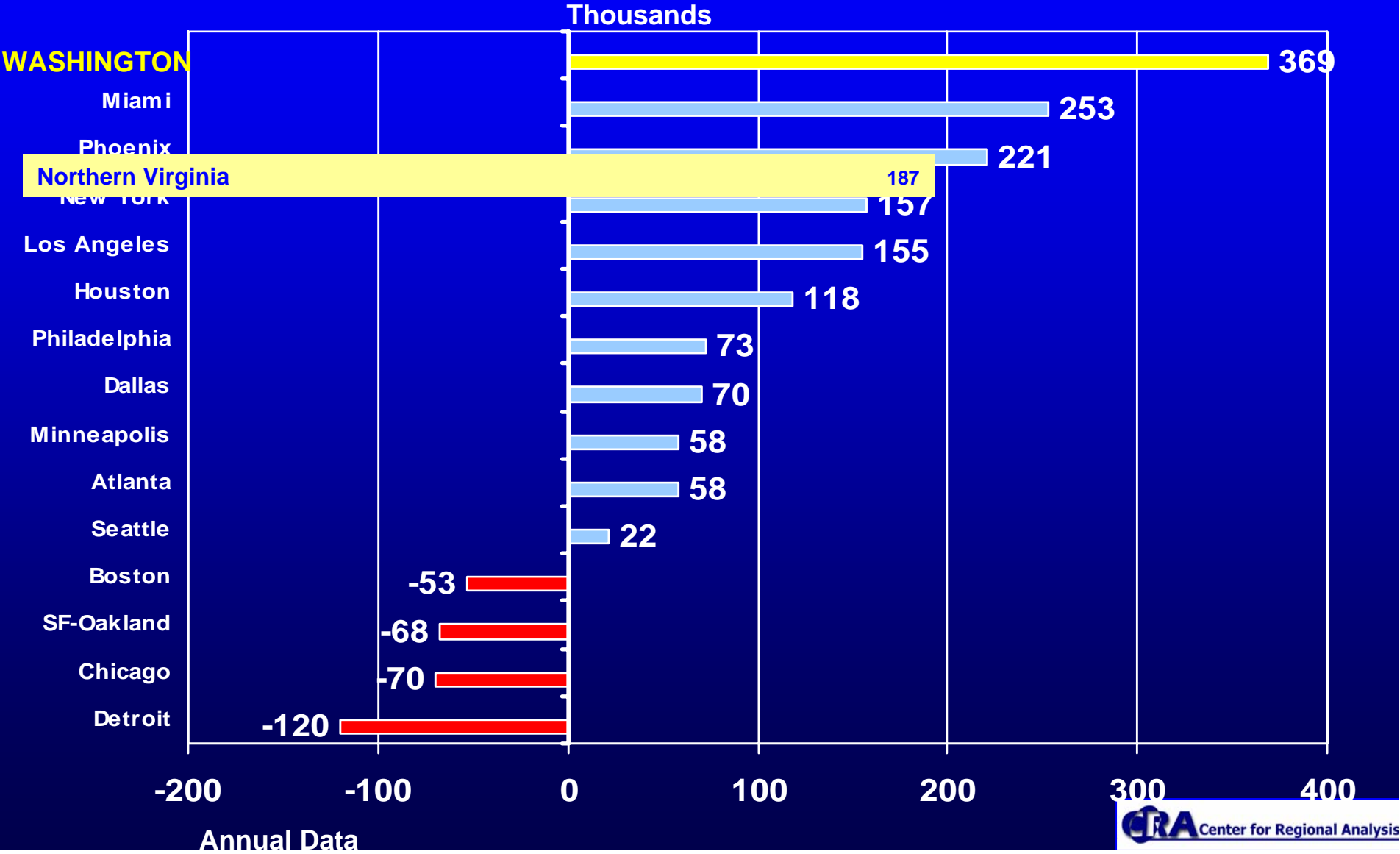
GRP 1995 - 2006



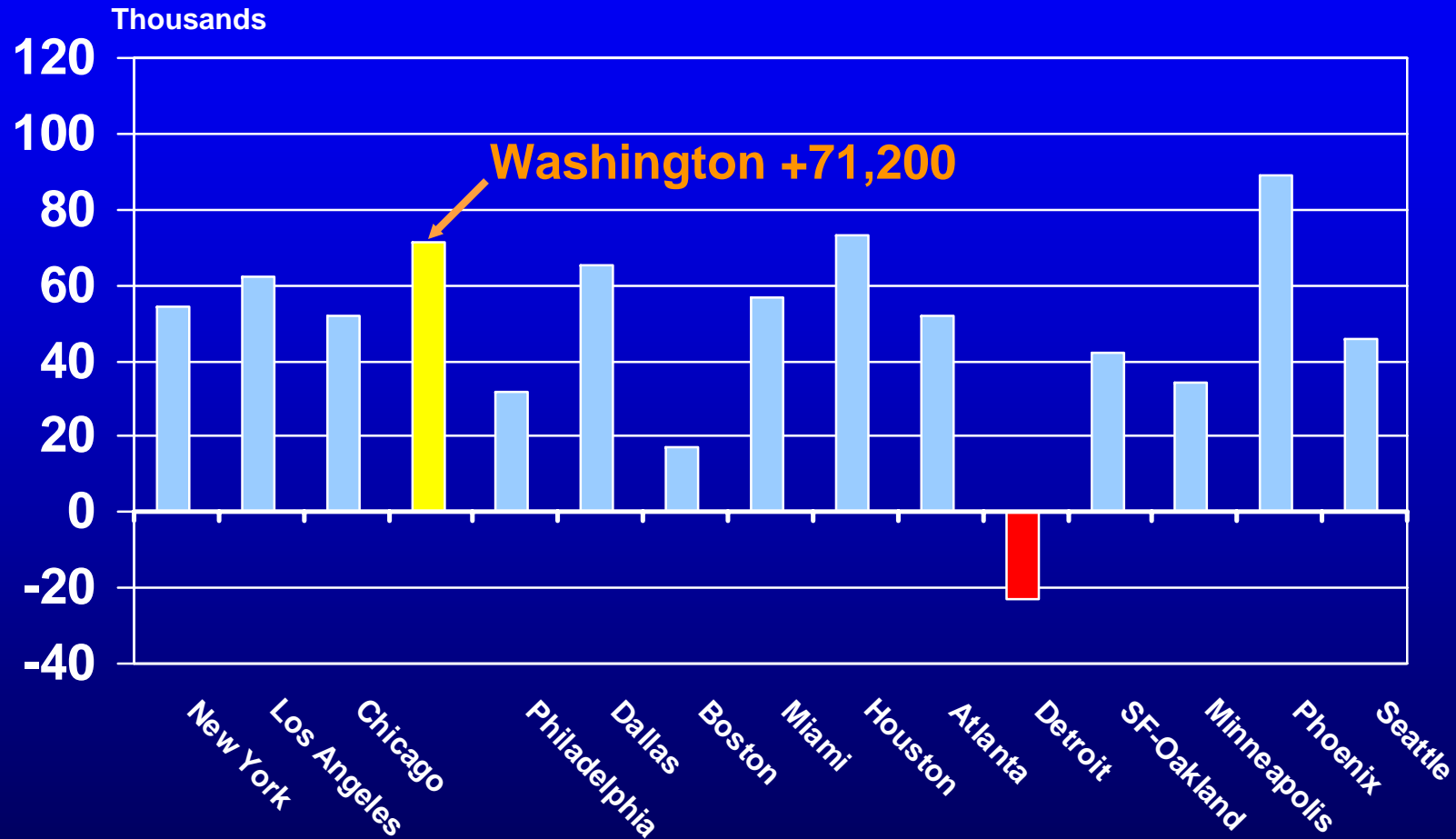
Source: GMU Center for Regional Analysis

Metro Comparisons Job Change 2000-2005

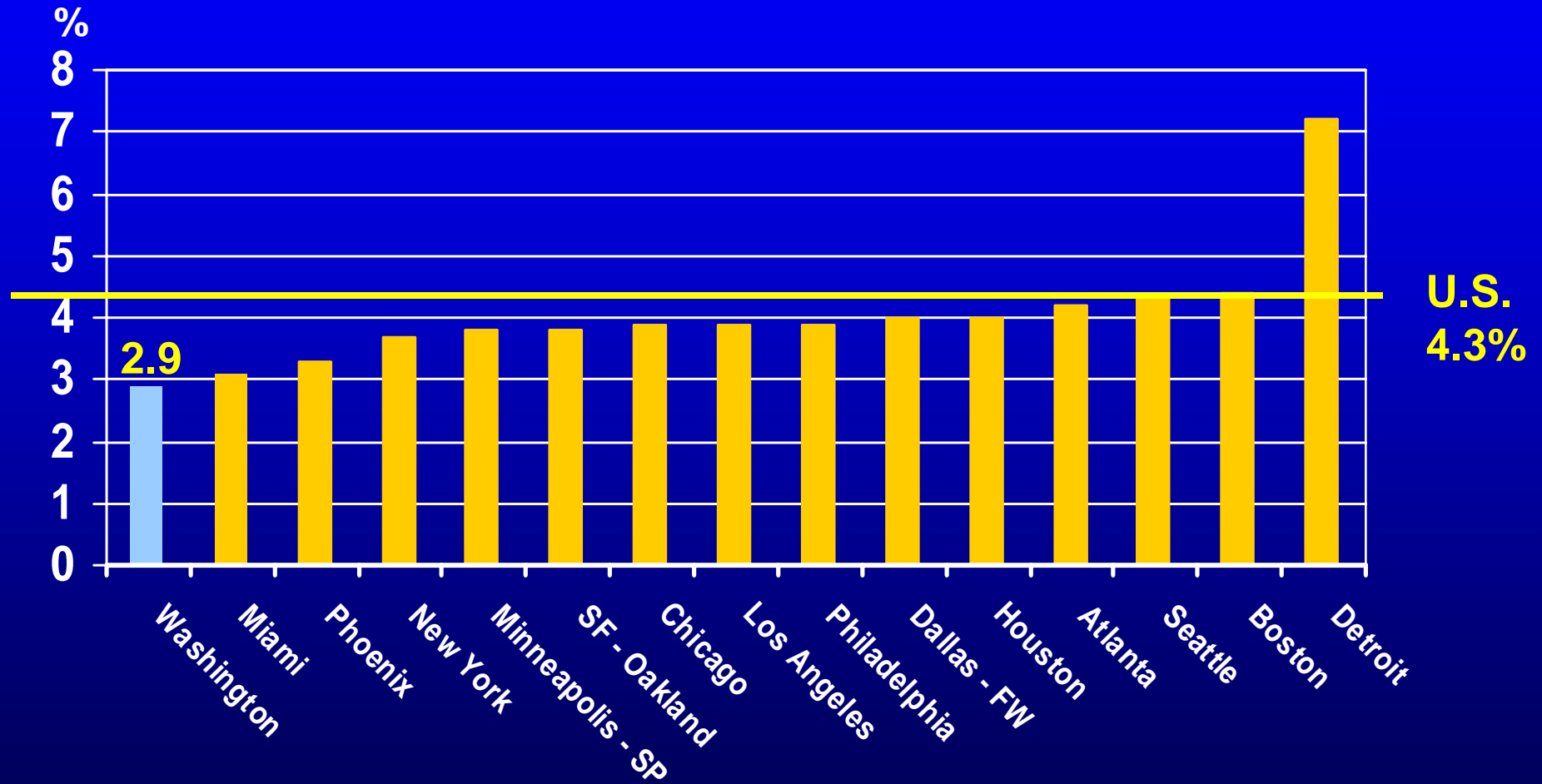
15 Largest Metro Areas



15 Largest Job Markets Job Change Dec 05 – Dec 06



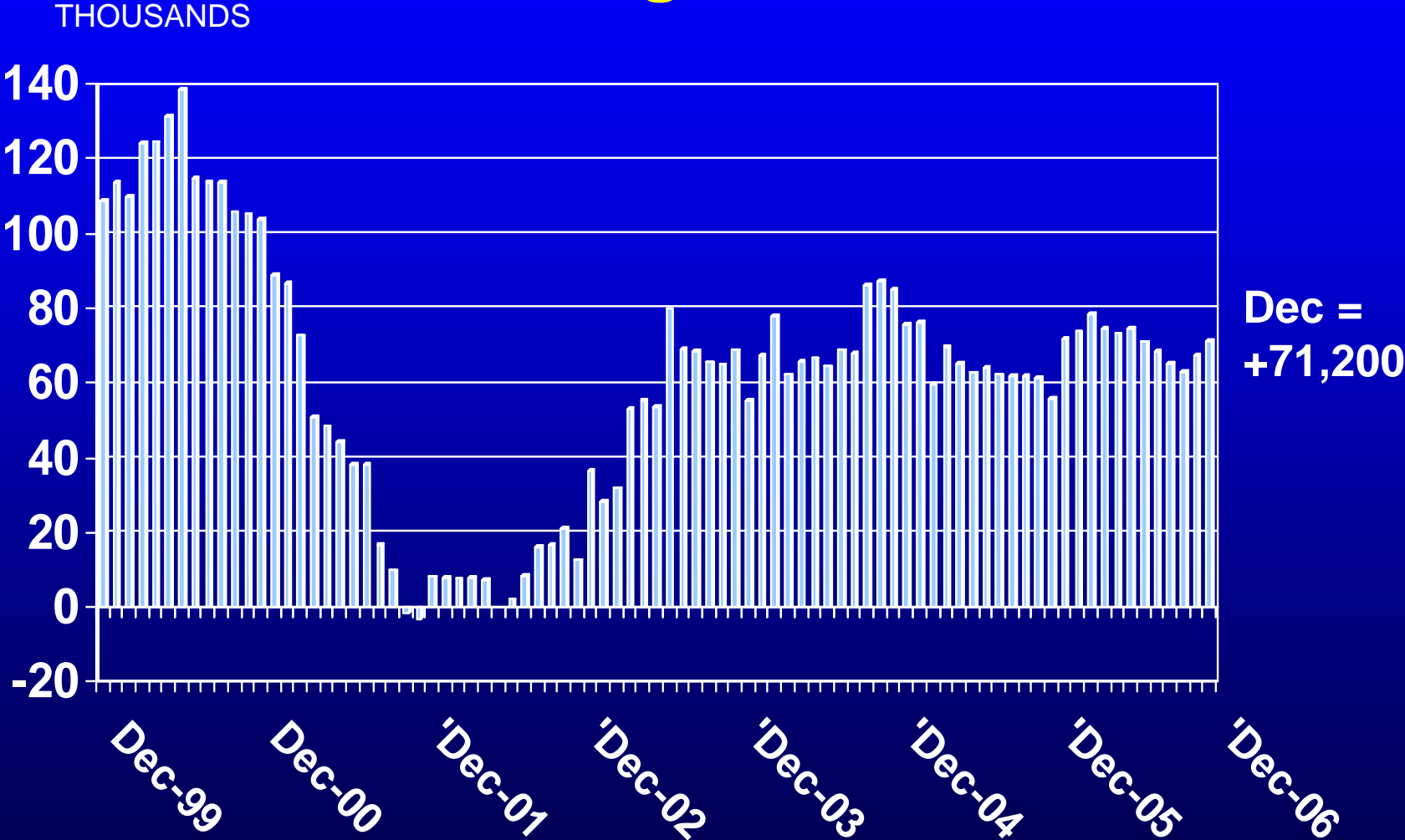
15 Largest Job Markets Ranked by Unemployment Rate December 2006



Source: BLS, GMU Center for Regional Analysis

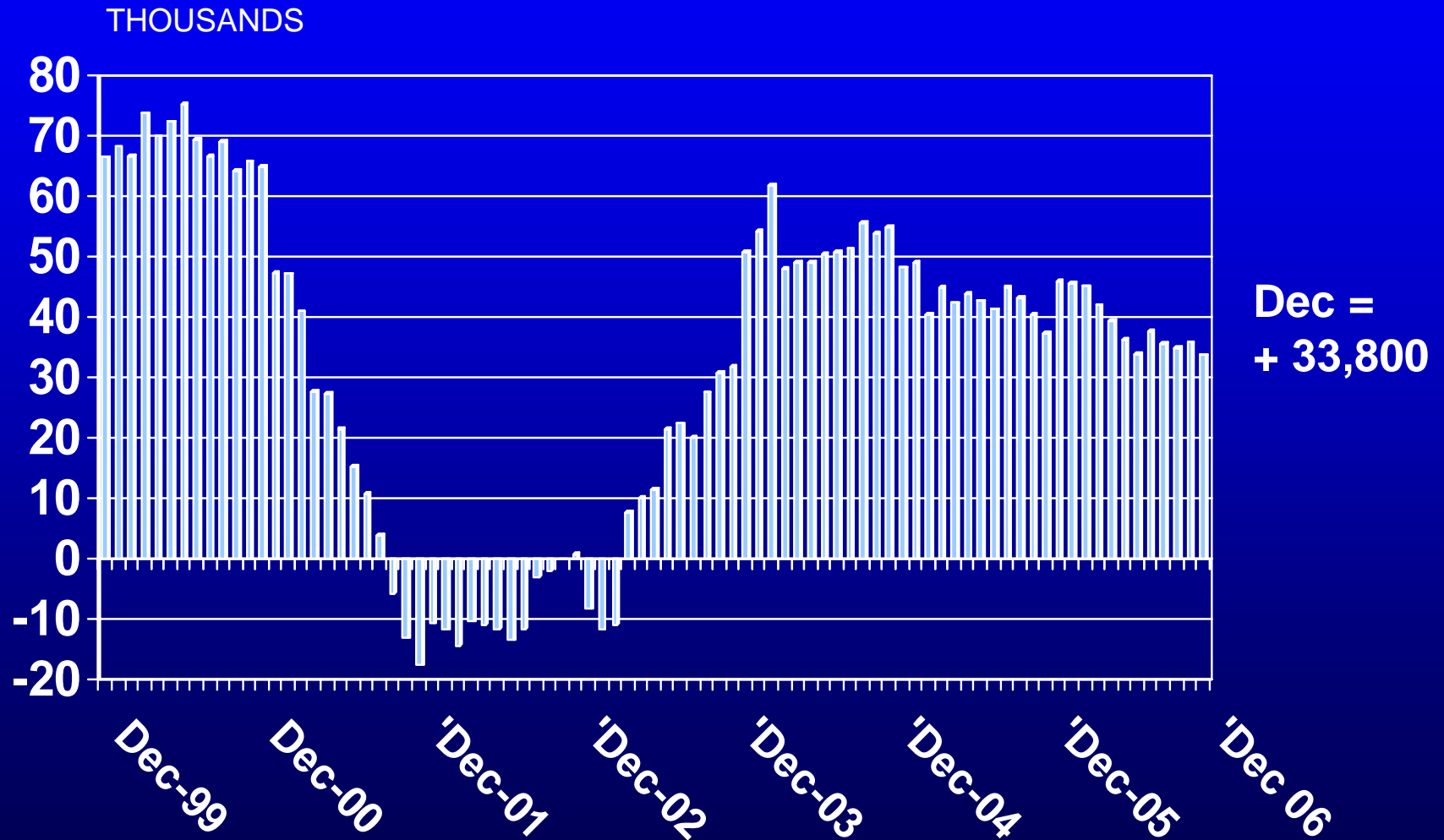
Data not seasonally adjusted

Annual Job Change Washington MSA



Source: BLS Establishment Survey

Annual Job Change Northern Virginia

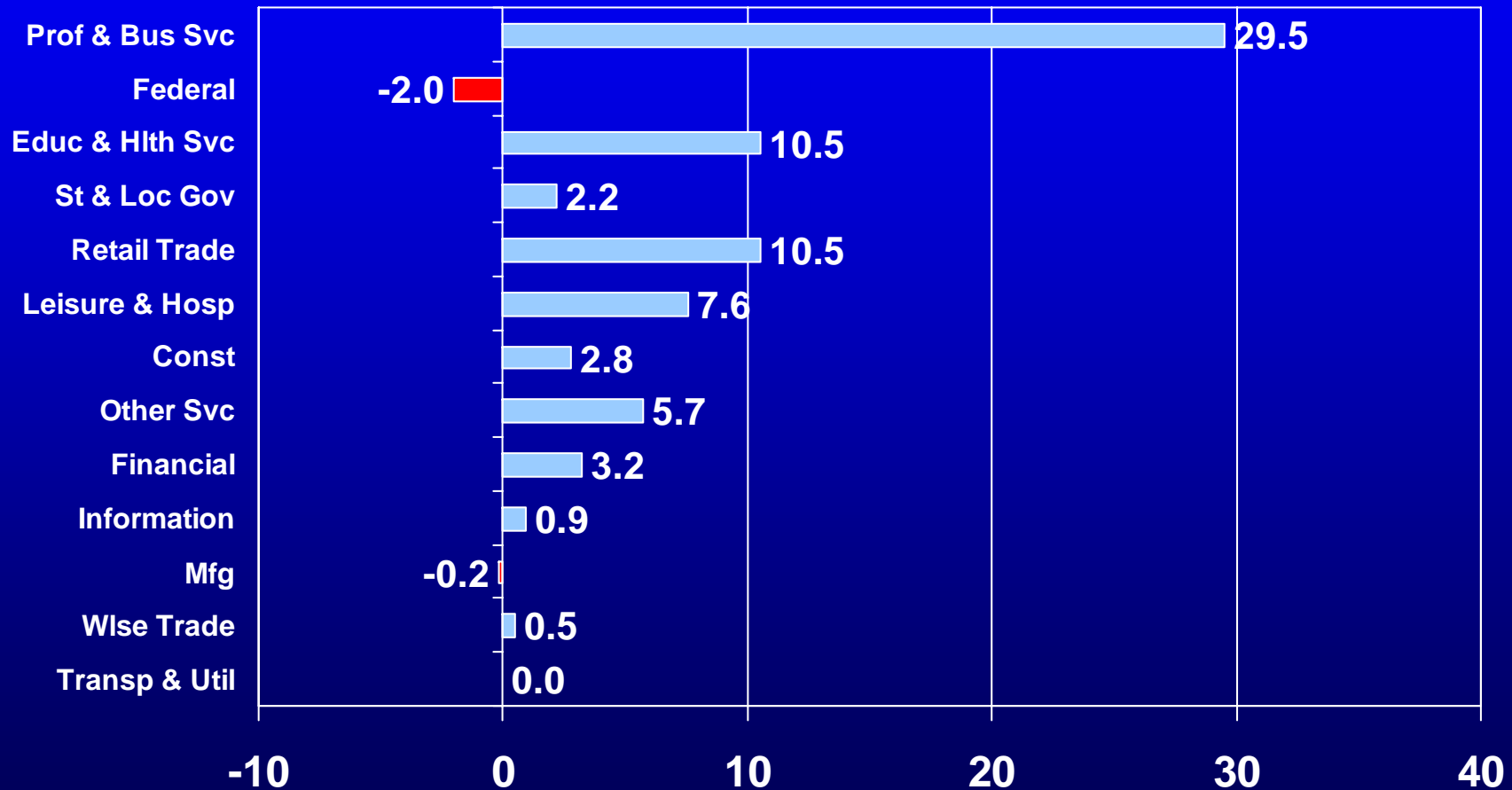


December 05 – December 06 Job Change By Sector MSA

(000s)

Total = 71,200

(Ranked by Size of Sector)

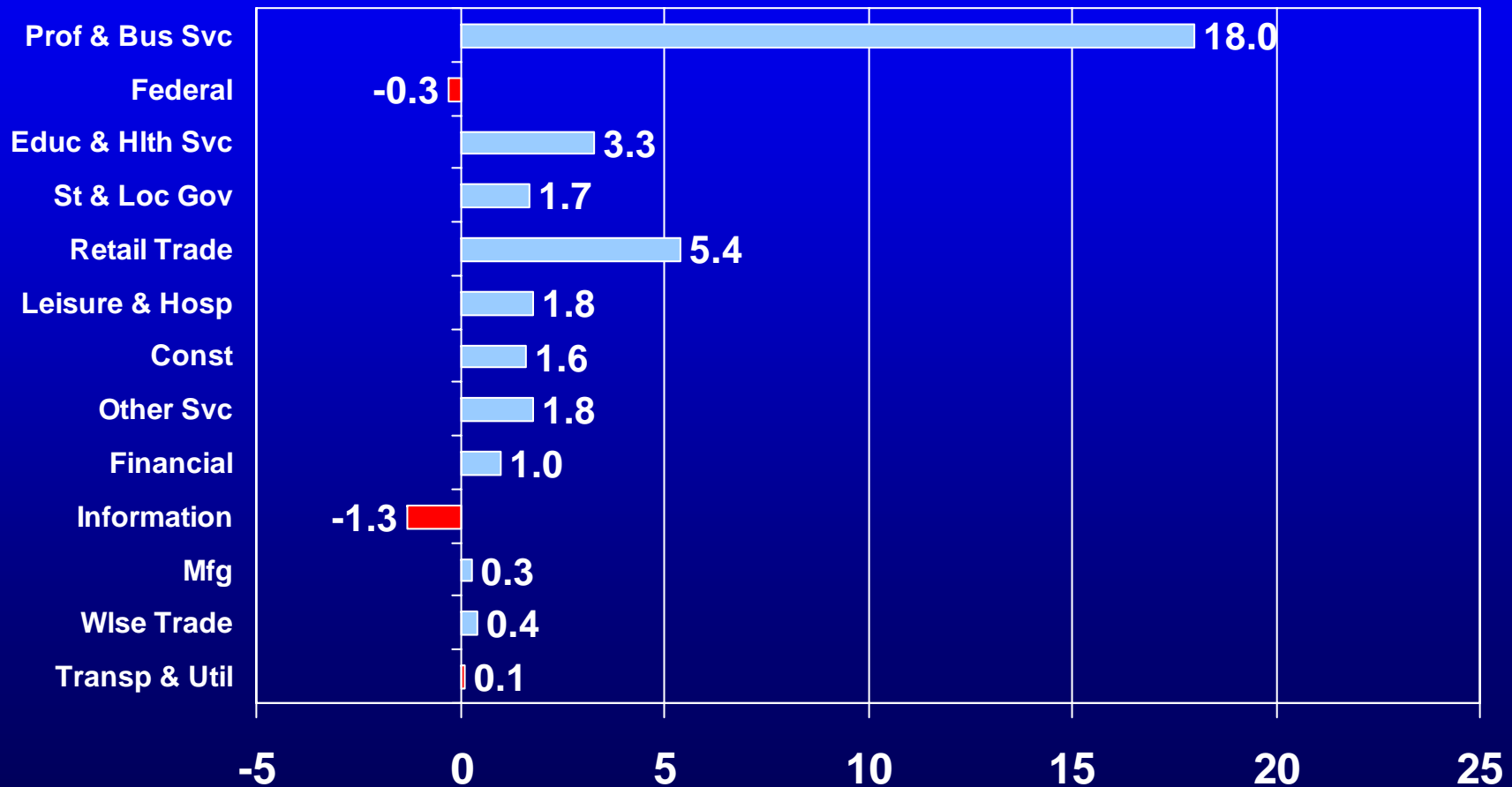


December 05 – December 06 Job Change By Sector – Northern VA

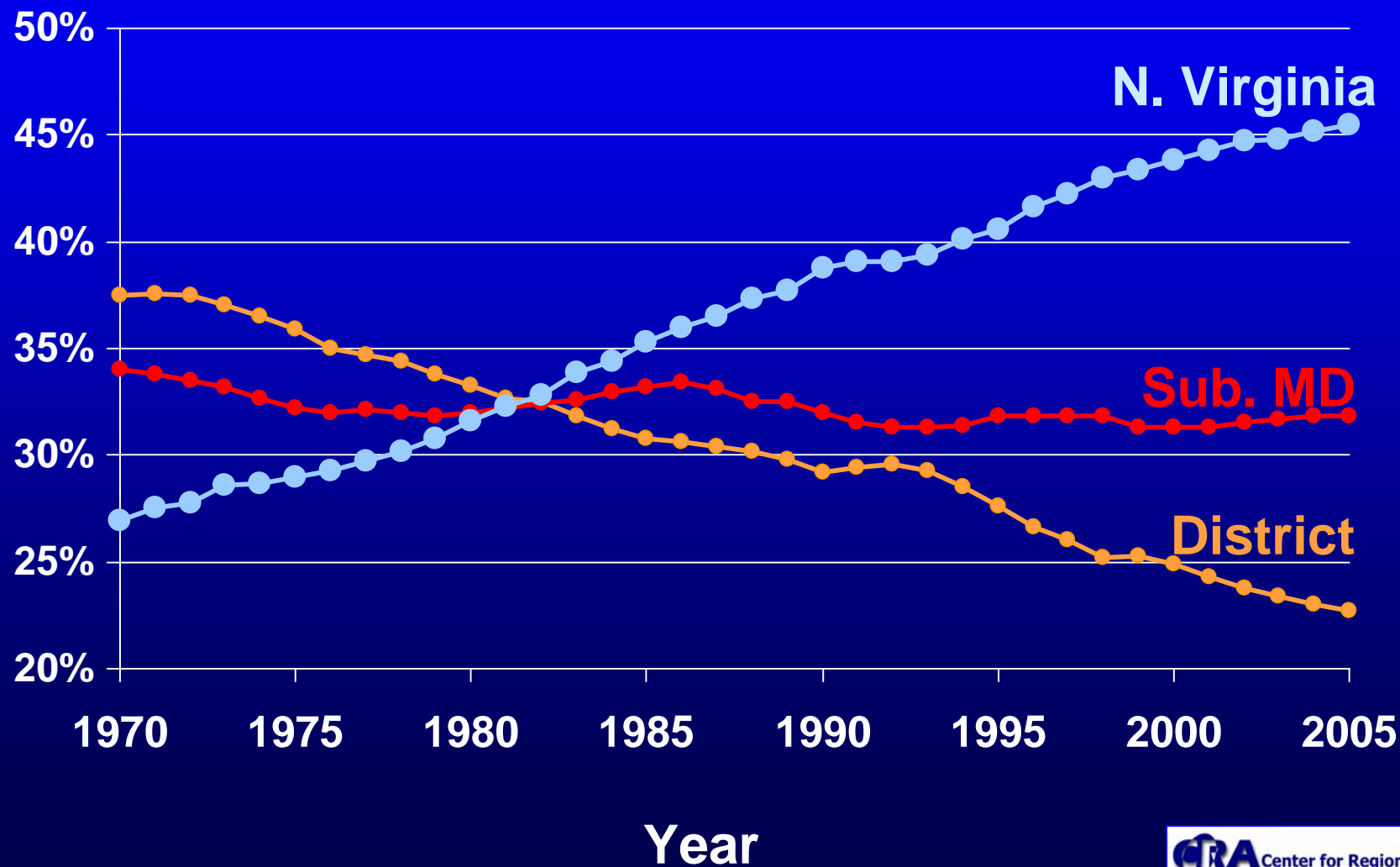
(000s)

Total = 33,800

(Ranked by Size of Sector)

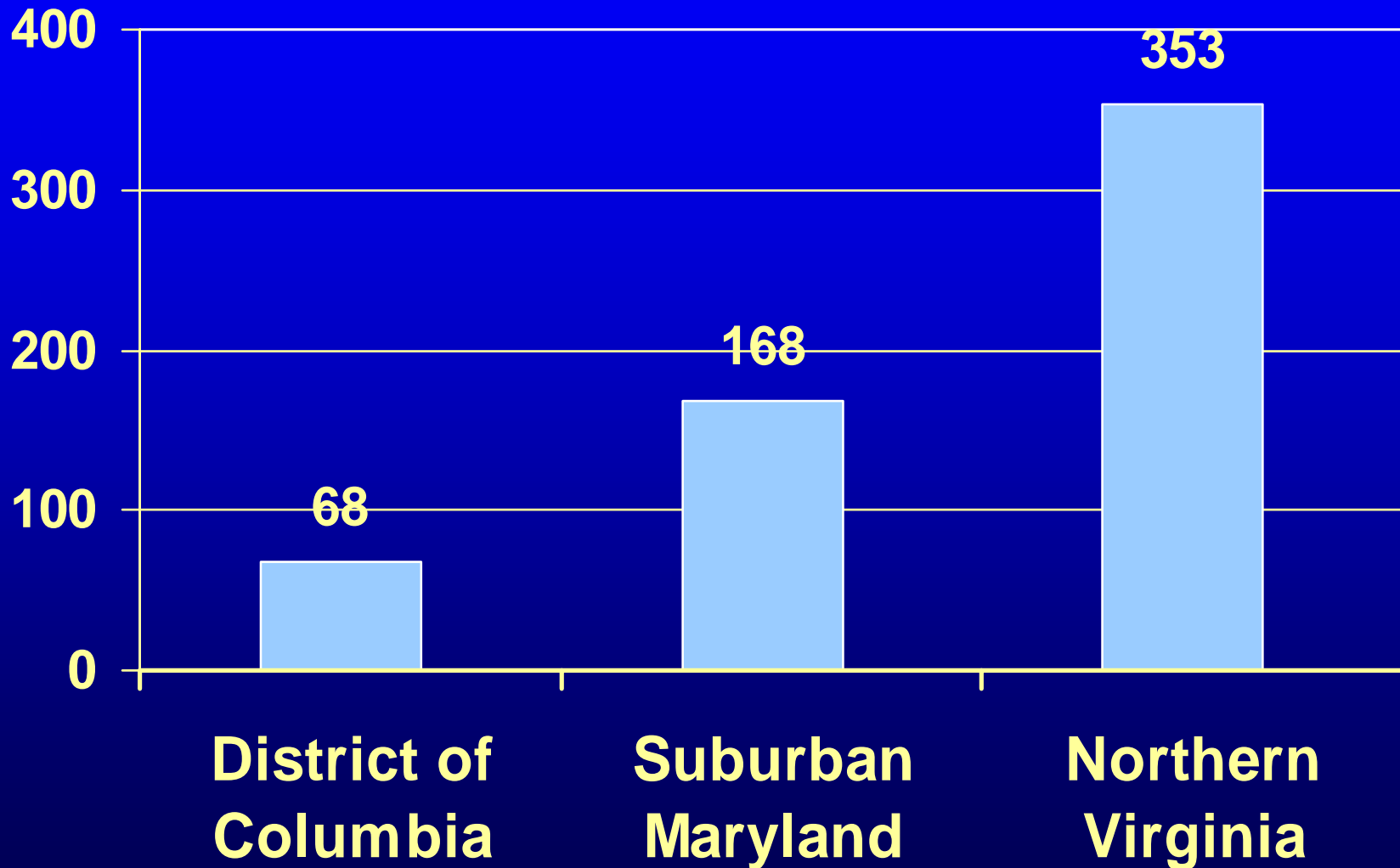


Share of Washington Area Economy 1970-2005



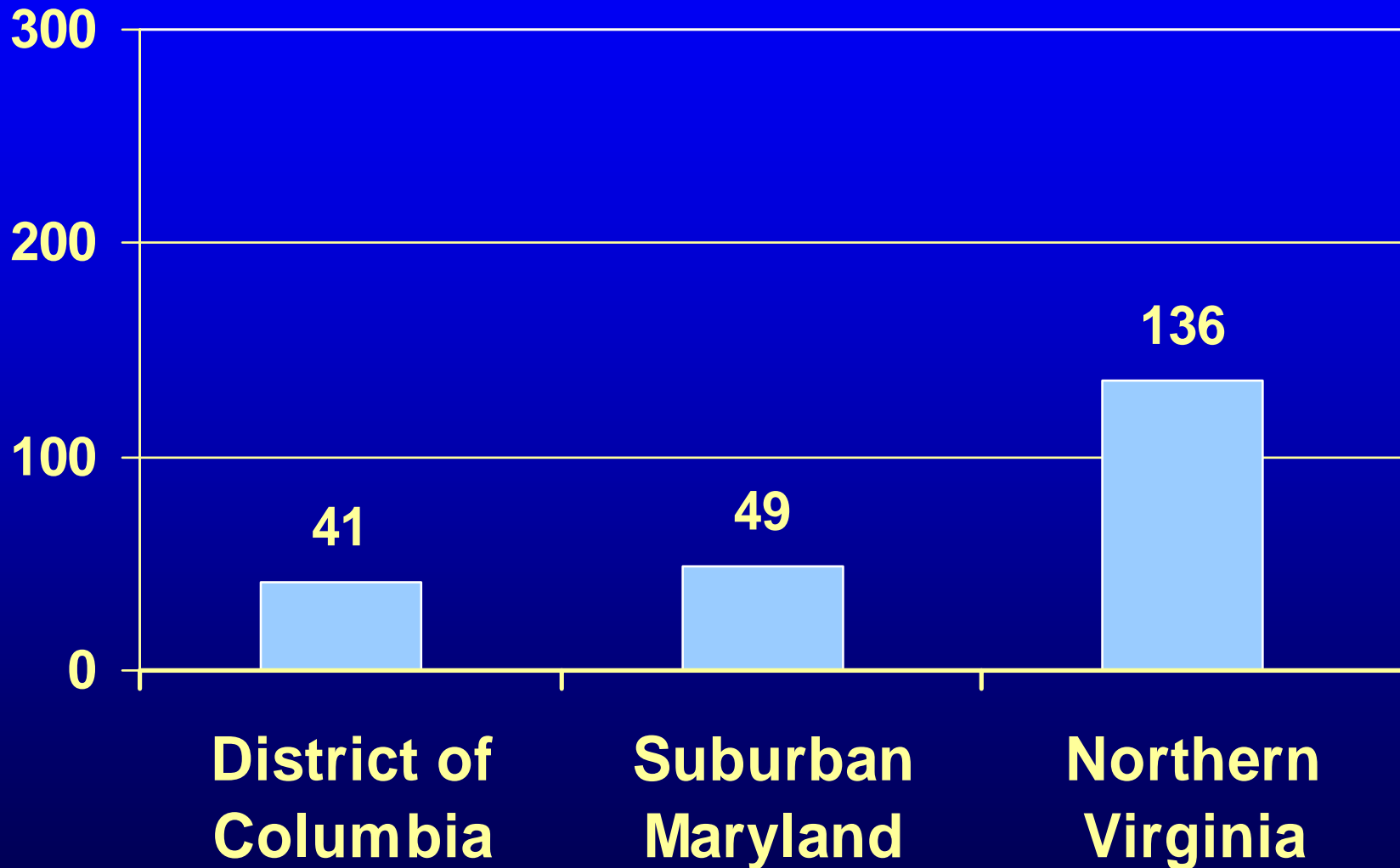
Total Job Change by Sub-state Region 1996 - 2006

Thousands



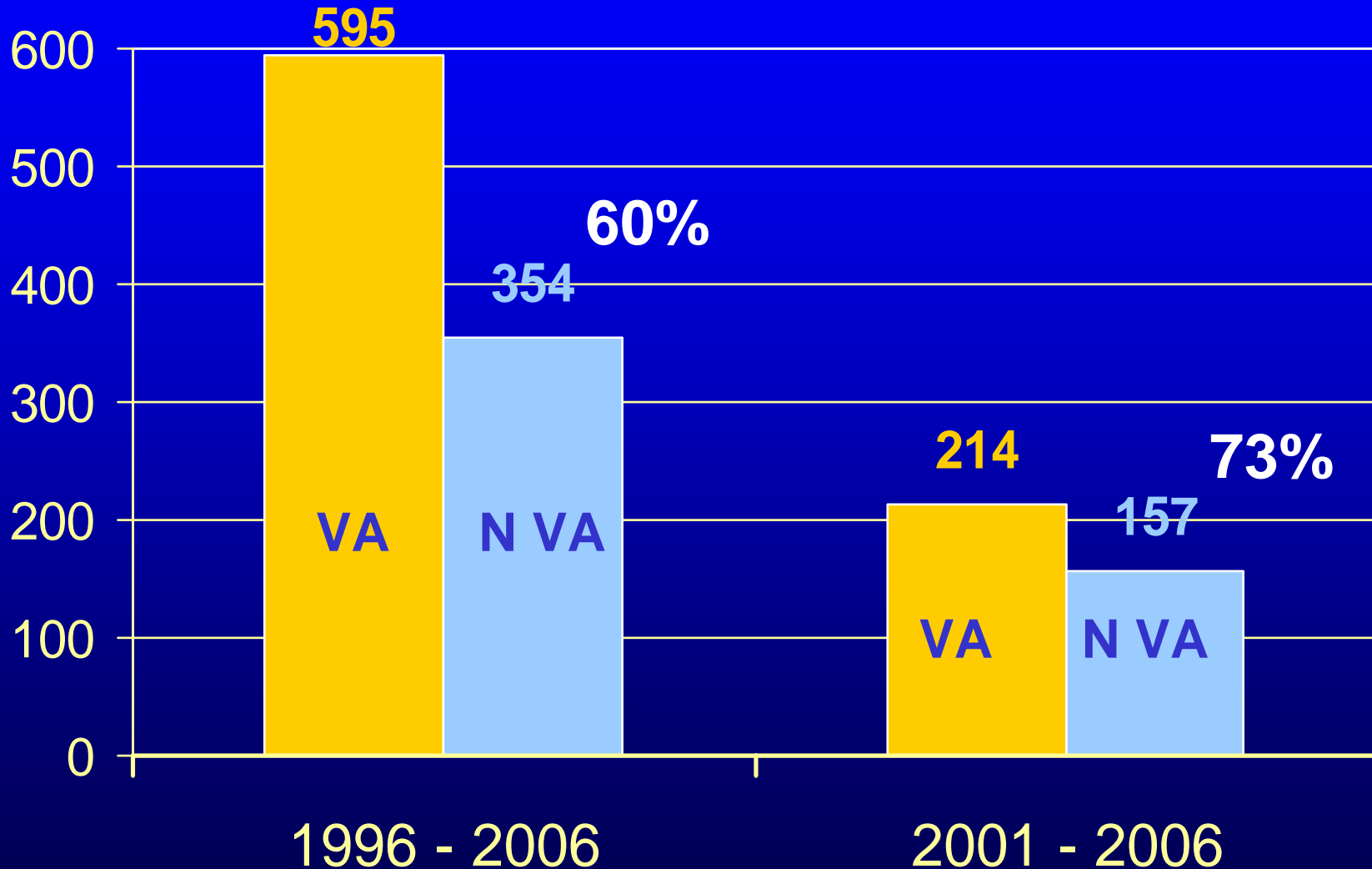
Professional and Business Services Job Change by Sub-state Region 1996 - 2006

Thousands



Total Job Change: Virginia and Northern Virginia

Thousands



Metropolitan Area Median Incomes, 2005

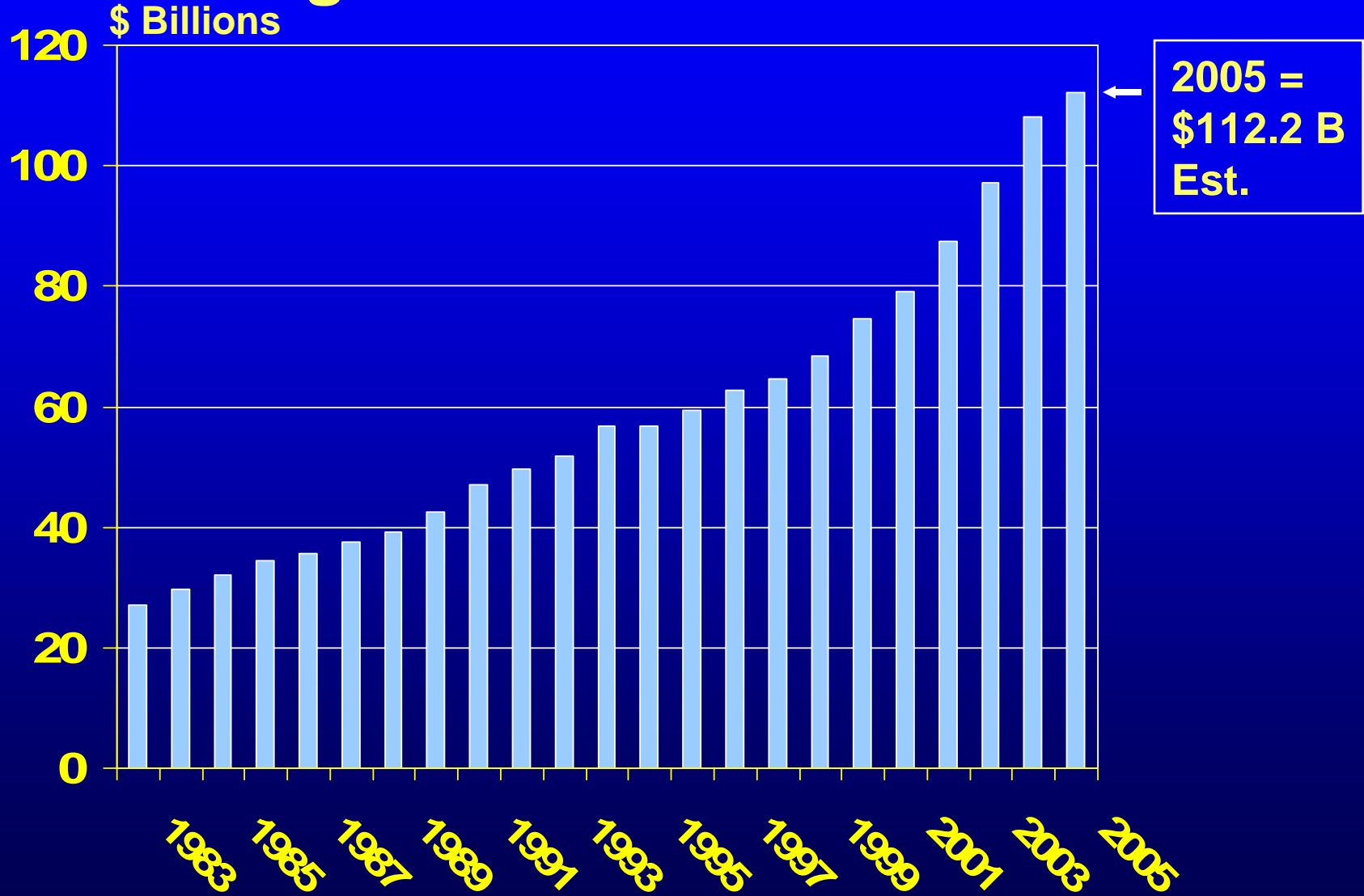
1	San Jose-Sunnyvale-Santa Clara	\$76,500
2	Washington-Arlington-Alexandria	\$74,700
3	Bridgeport-Stamford-Norwalk	\$71,600
4	Oxnard-Thousand Oaks-Ventura	\$66,900
5	San Francisco-Oakland-Fremont	\$65,400

County Median Incomes, 2005 Rank in the U.S.

1	Loudoun (VA)	\$98,500
2	Fairfax (VA)	\$94,600
4	Howard (MD)	\$91,200
7	Calvert (MD)	\$84,400
10	Montgomery (MD)	\$82,200
11	Prince William (VA)	\$81,900
13	Arlington (VA)	\$80,400
17	Stafford (VA)	\$78,700

What is Different About The Washington Area Economy?

Total Federal Spending Washington Metro Area: 1983 - 2005

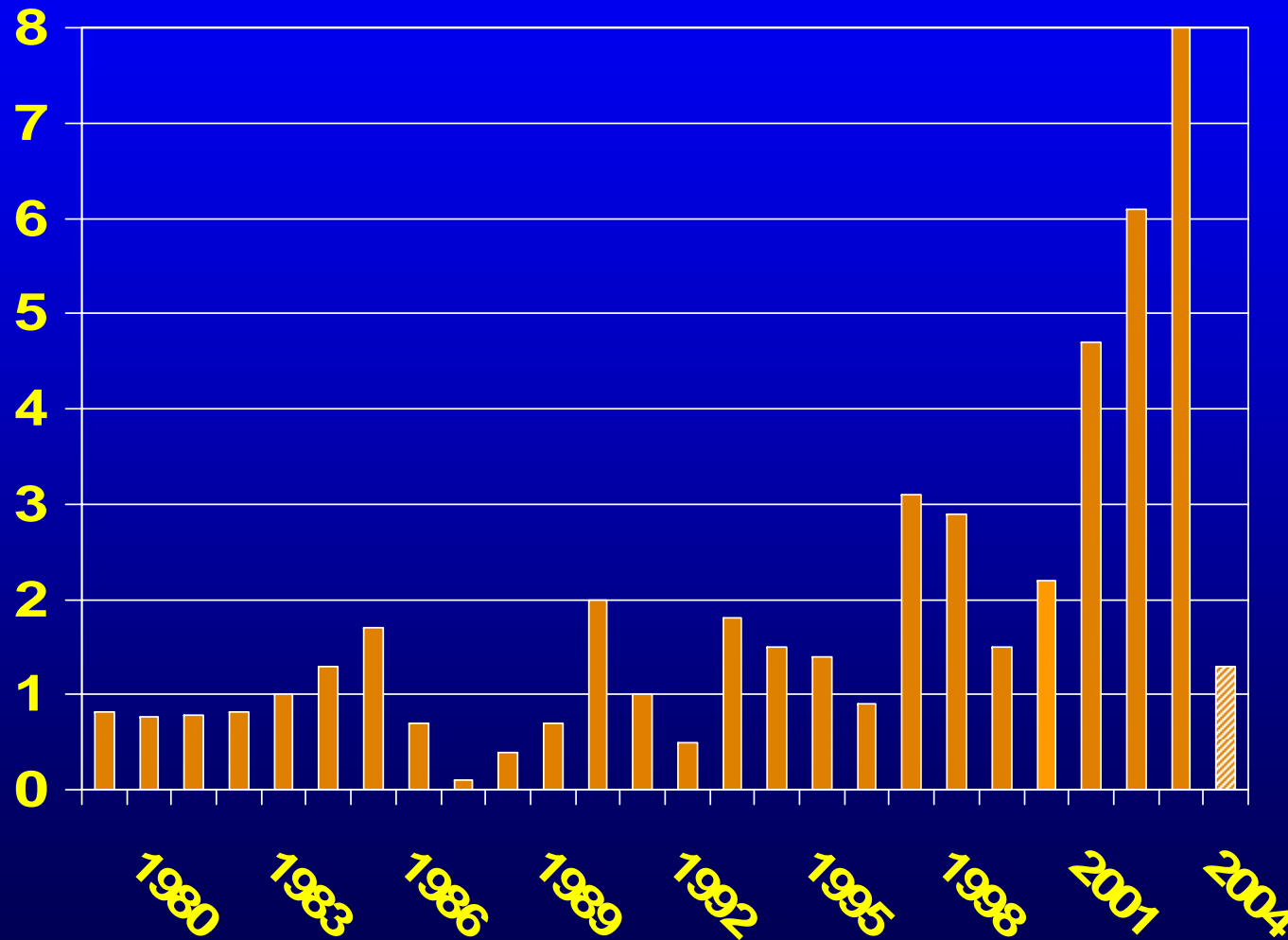


Federal Spending by Type 1983 - 2005



Annual Change in Federal Procurement Spending Washington Metro Area

\$ Billions



Federal Procurement Spending in Washington Metro Area FY 2004 and 2005*

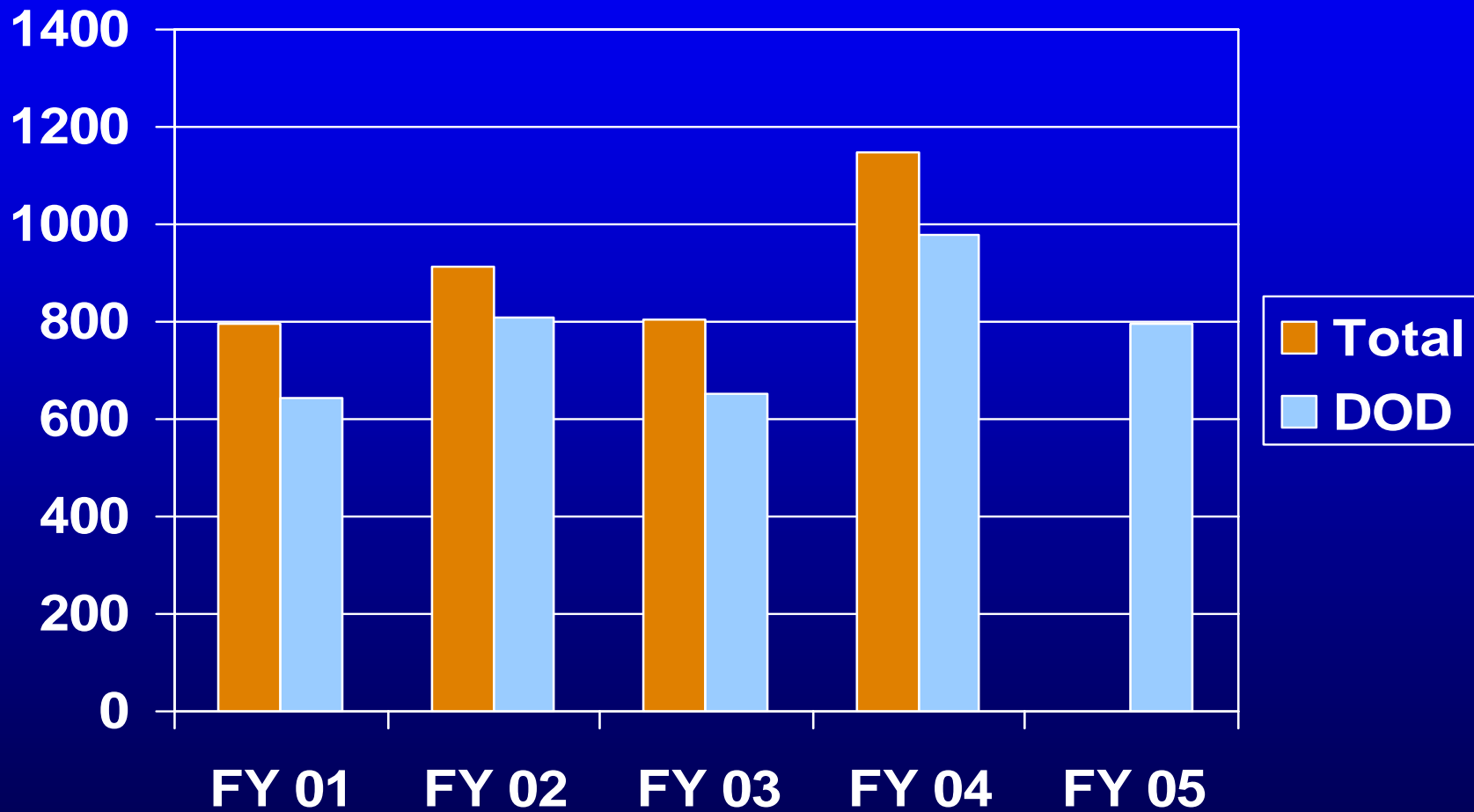
Area	2004	2005*	Change	% Change
DC	\$13.3	\$12.6	\$ - 0.7	- 5.8
Sub. MD	11.9	12.5	0.6	5.6
N VA	25.9	27.3	1.4	5.4
Total	\$51.1	\$52.4	\$1.3	2.5

Source: Eagle Eye Publishers; GMU CRA

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

Federal Procurement Prince William County

\$ Millions



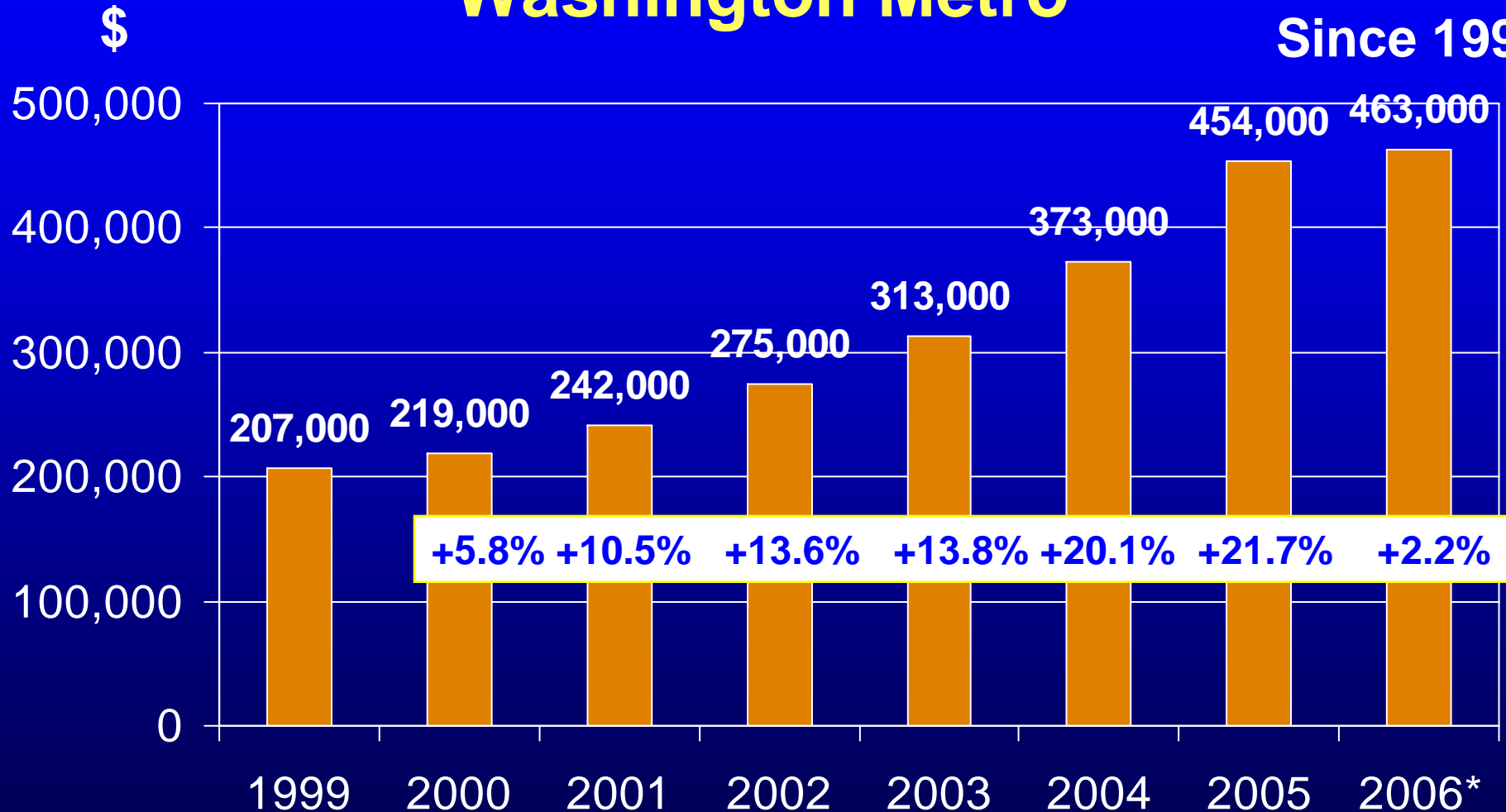
The Housing Market

Where Is the Market?

- **Record inventory levels in 2006**
- **Month-over-the-year price changes turned negative in July**
- **Inventory returning to normal levels at end of year**
- **Price changes likely to remain in negative territory through the winter**

Average Sales Price All Housing Types Washington Metro

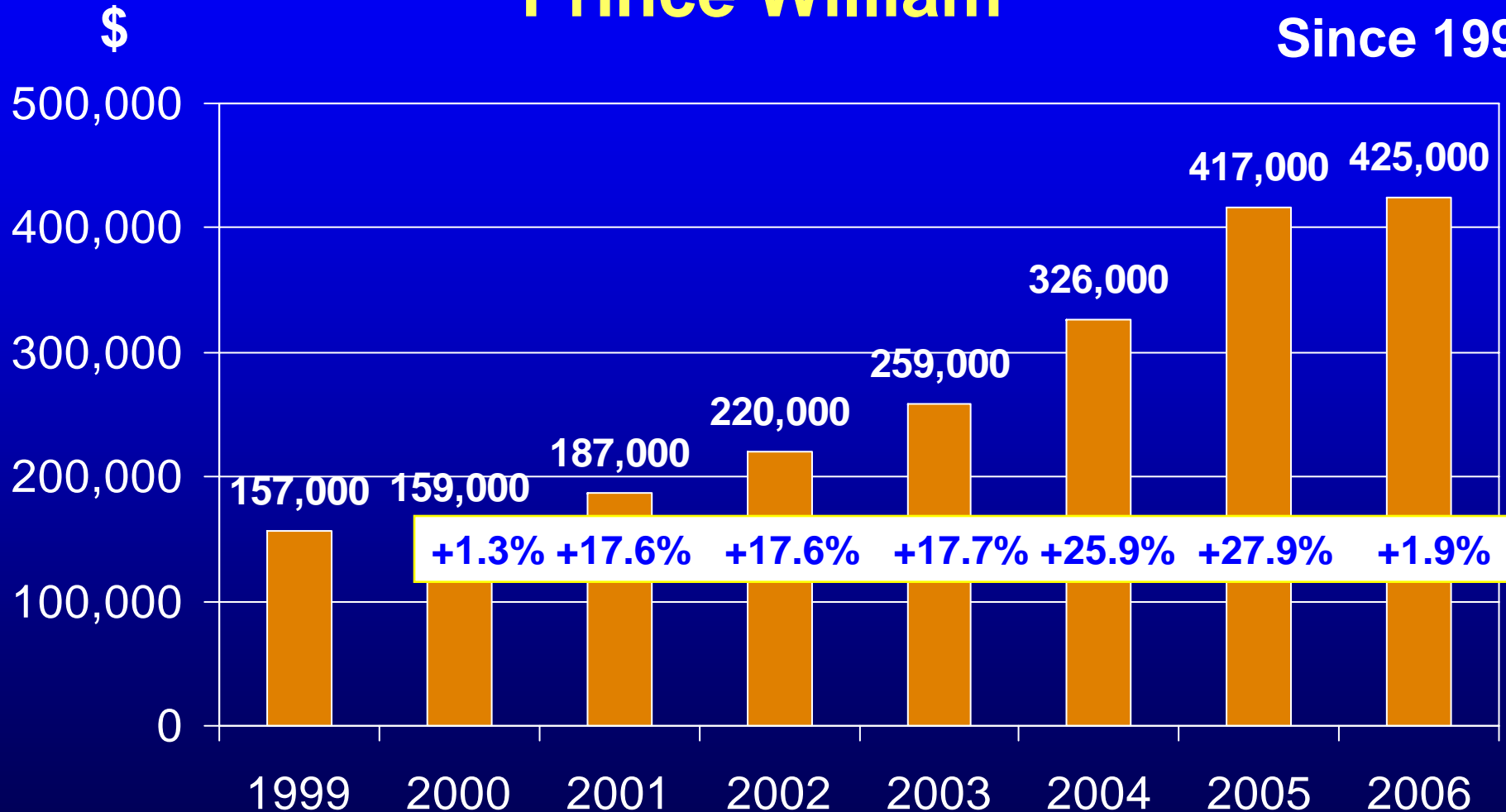
+ 124%
Since 1999



Source: MRIS, GMU Center for Regional Analysis

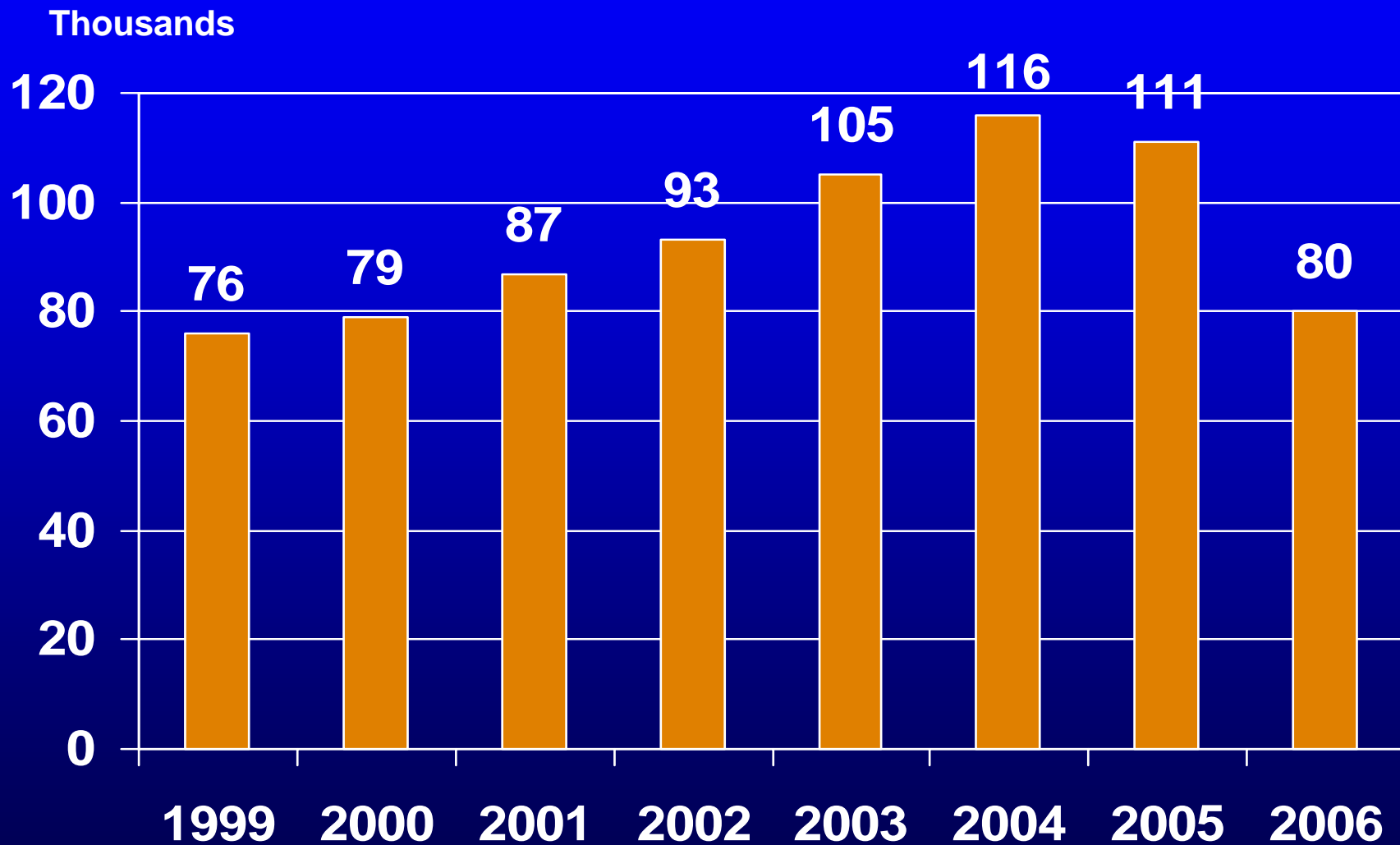
Average Sales Price All Housing Types Prince William

+ 171%
Since 1999



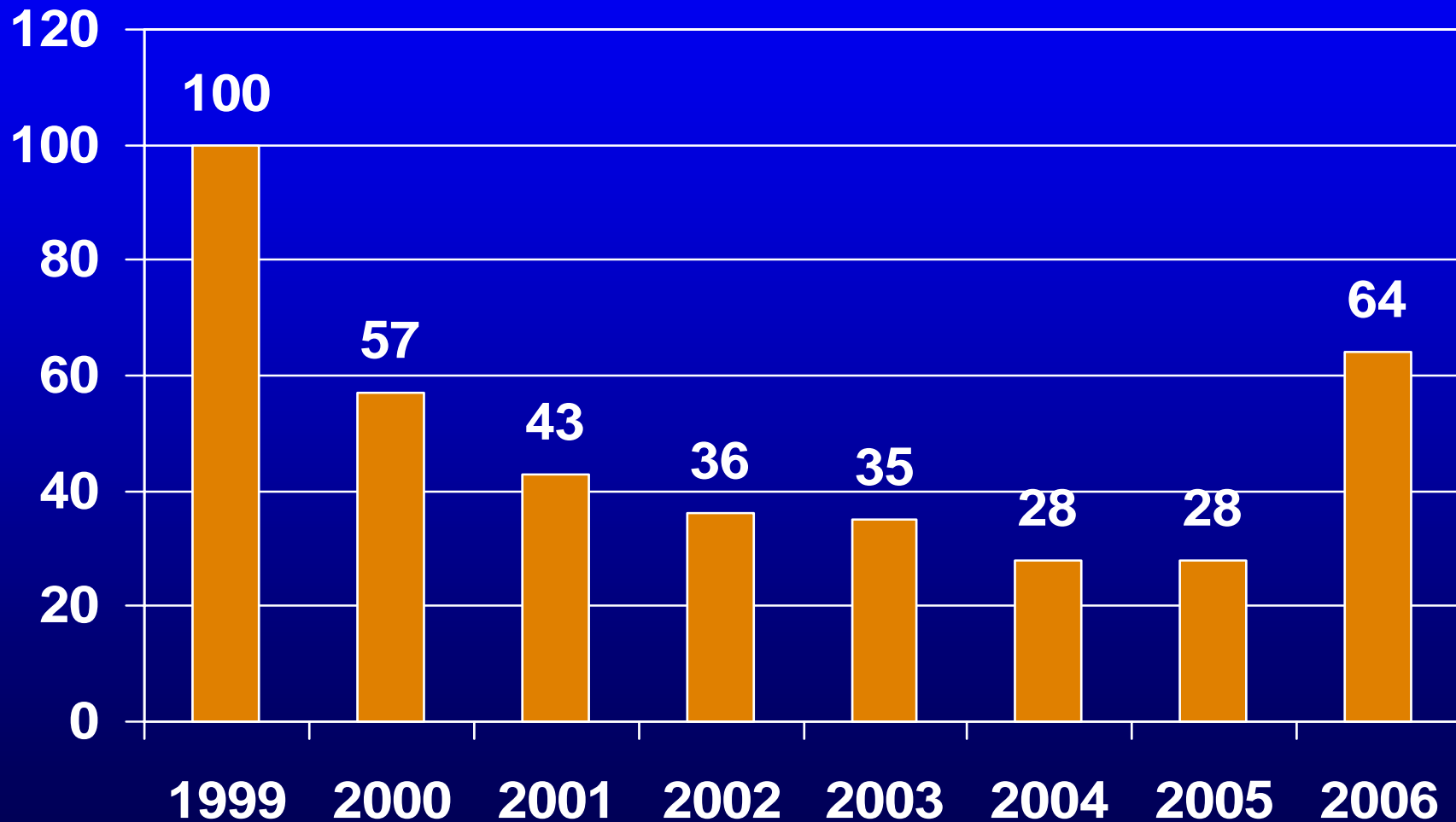
Source: MRIS, GMU Center for Regional Analysis

Total Units Sold Washington Metro Area



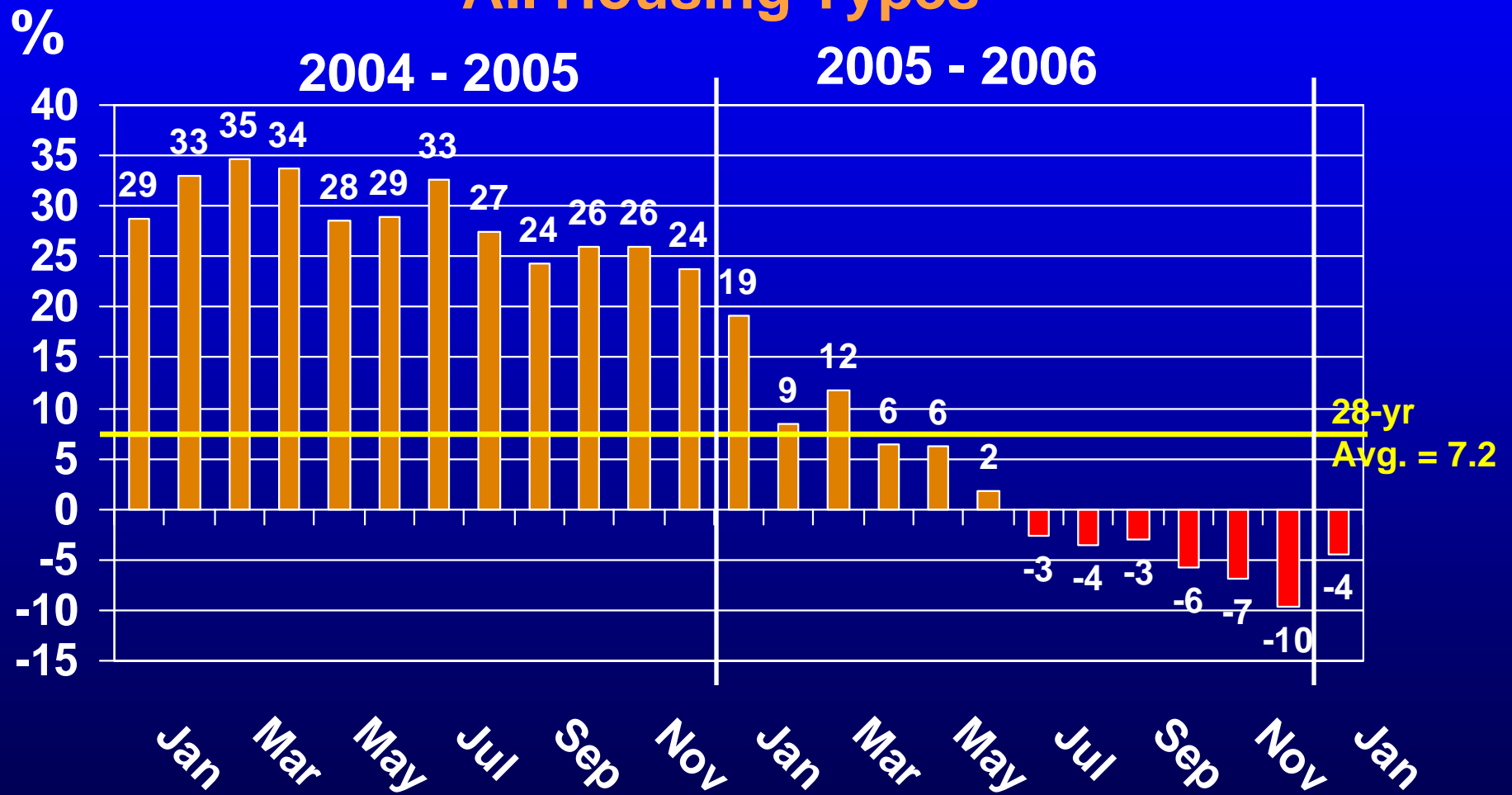
Days on Market Washington Metro Area

Days

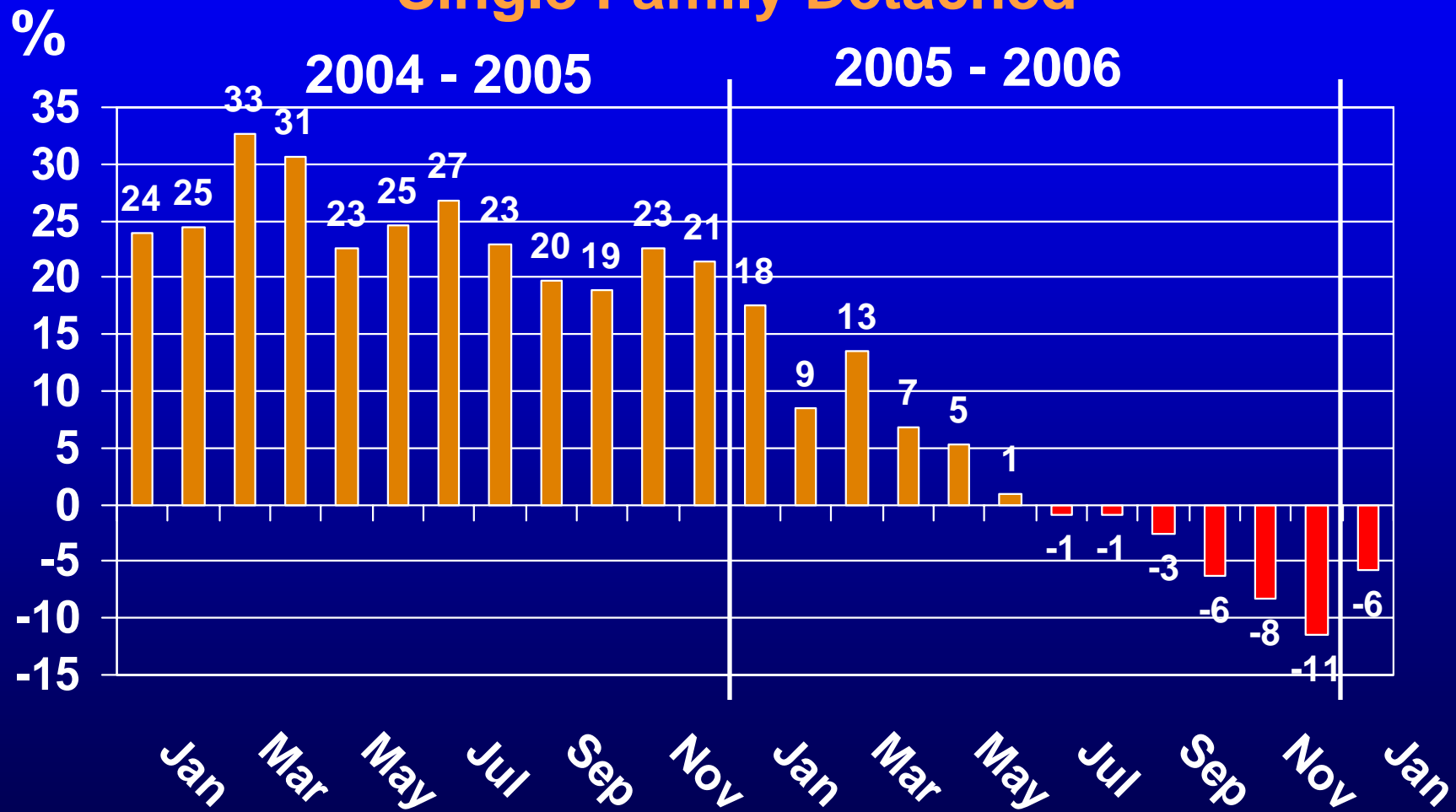


Source: MRIS, GMU Center for Regional Analysis

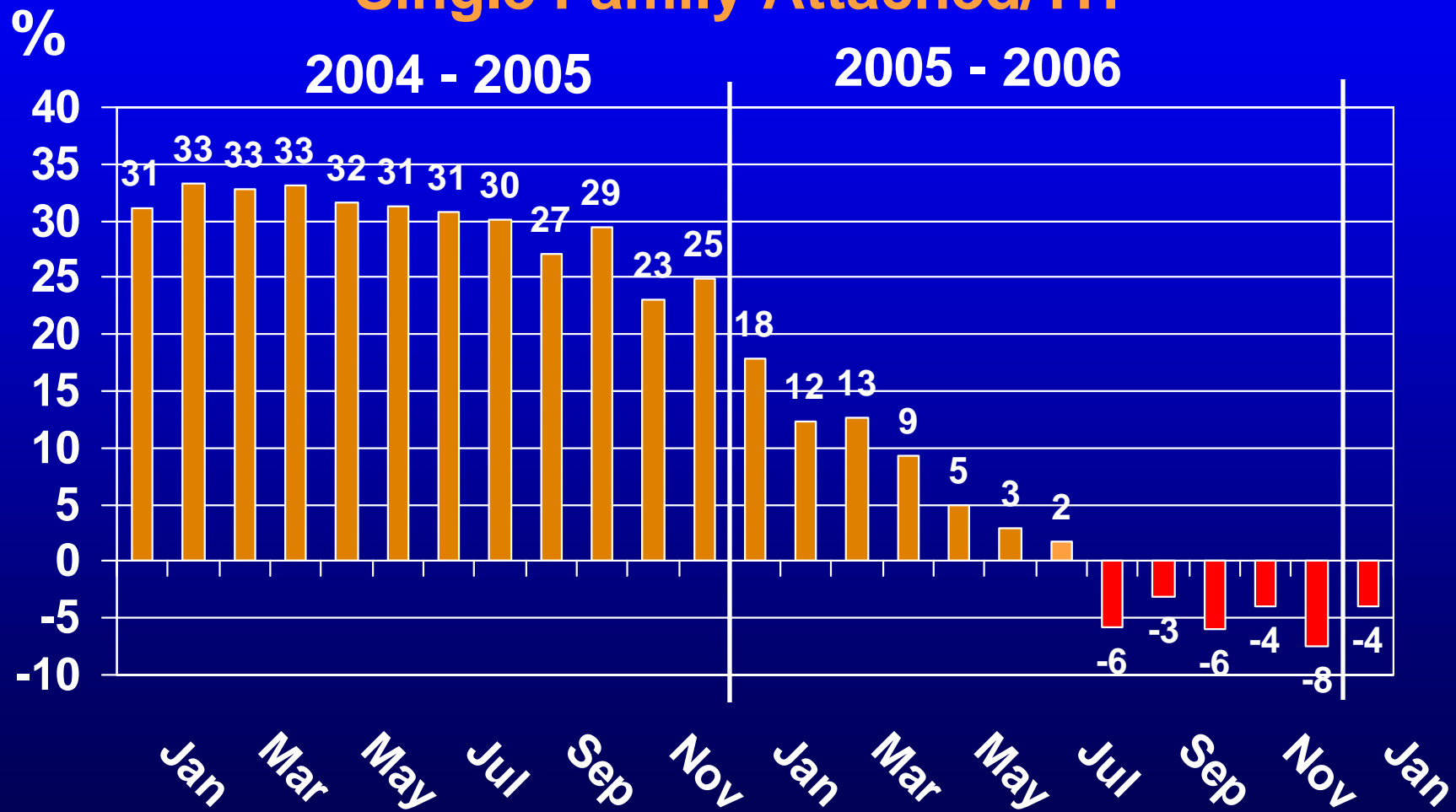
Average Sales Price Percent Change Month-over-the-year, 2004 - 2005 - 2006 Prince William All Housing Types



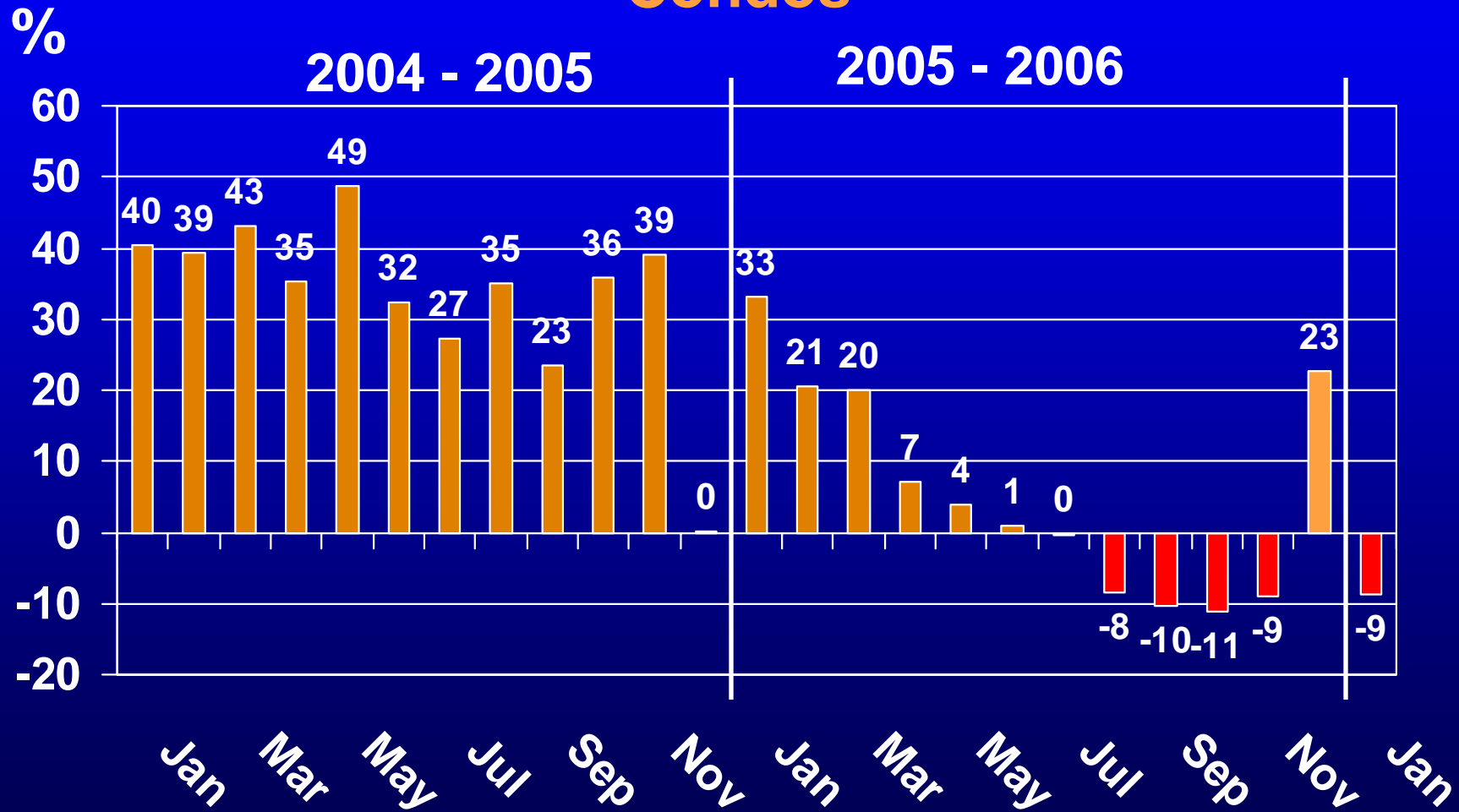
Average Sales Price Percent Change Month-over-the-year, 2004 - 2005 - 2006 Prince William Single Family Detached



Average Sales Price Percent Change Month-over-the-year, 2004 - 2005 - 2006 Prince William Single Family Attached/TH



Average Sales Price Percent Change Month-over-the-year, 2004 - 2005 - 2006 Prince William Condos

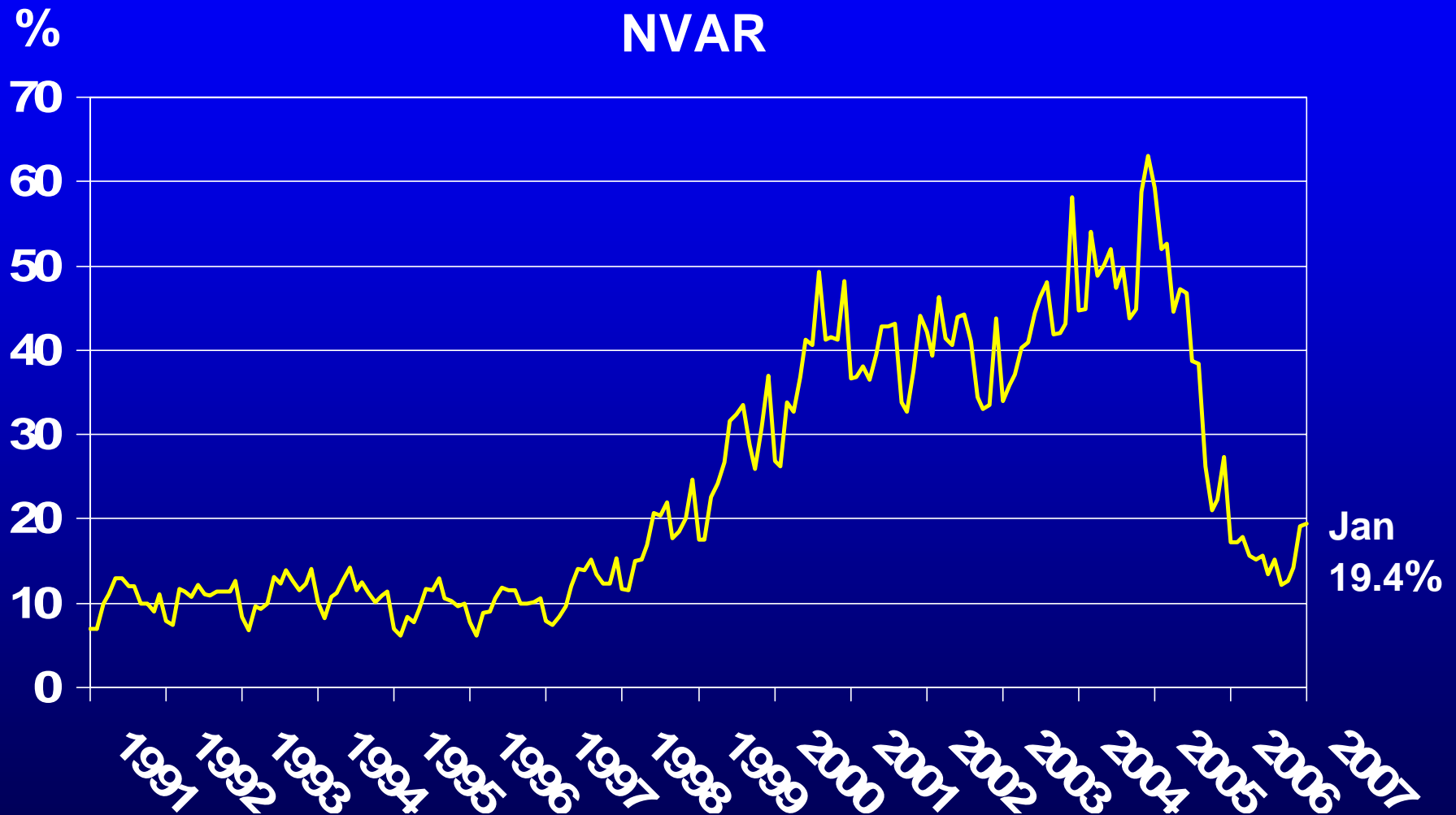


Percent Change in Inventories of Existing Homes Month-Over-the-Year-Change 1992 – 2007, NVAR



Source: NVAR, MRIS, GMU Center for Regional Analysis

Monthly Sold Units as a Percentage of Active Listings: 1991 – 2007 NVAR

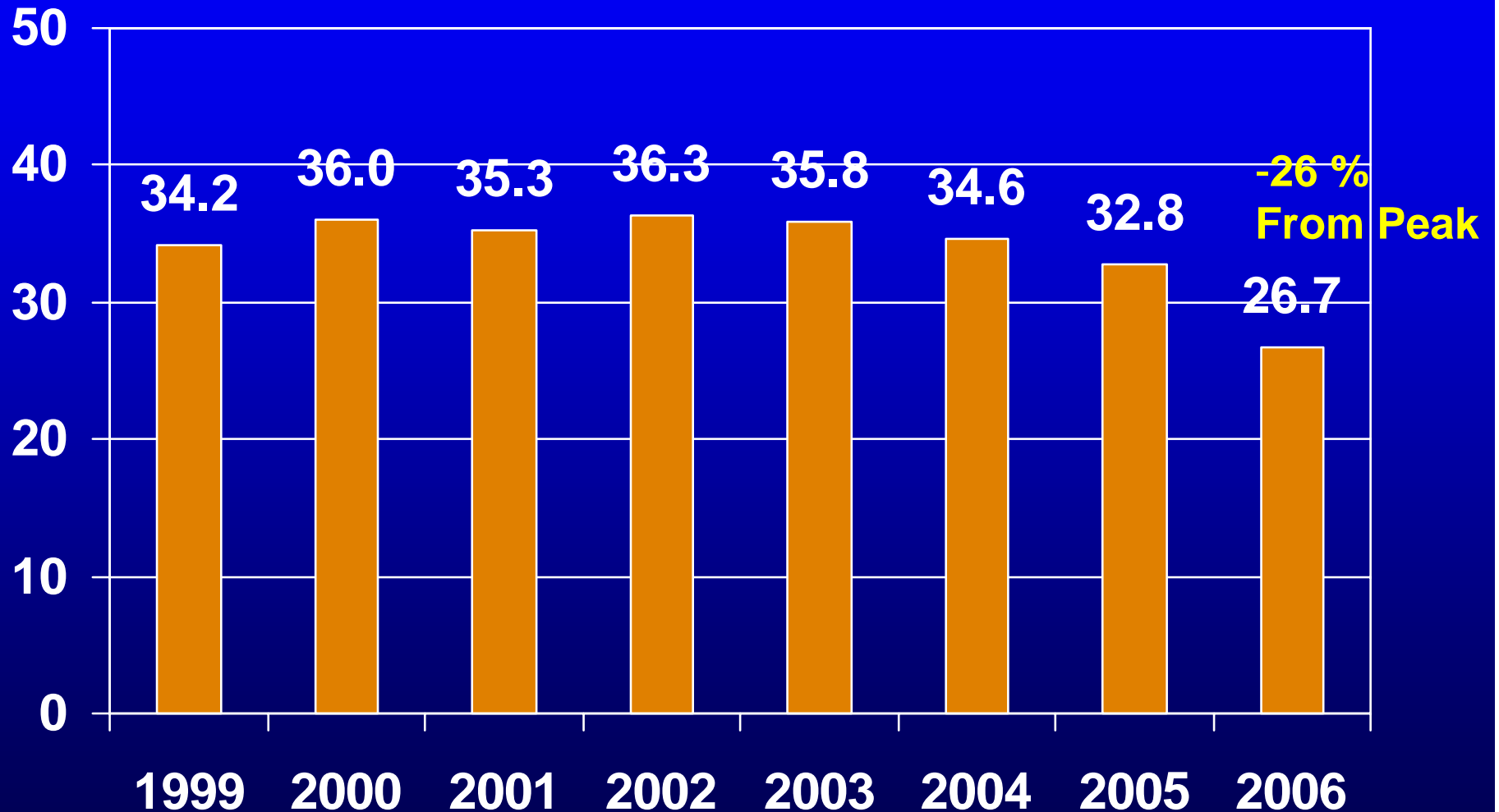


Source: MRIS, NVAR

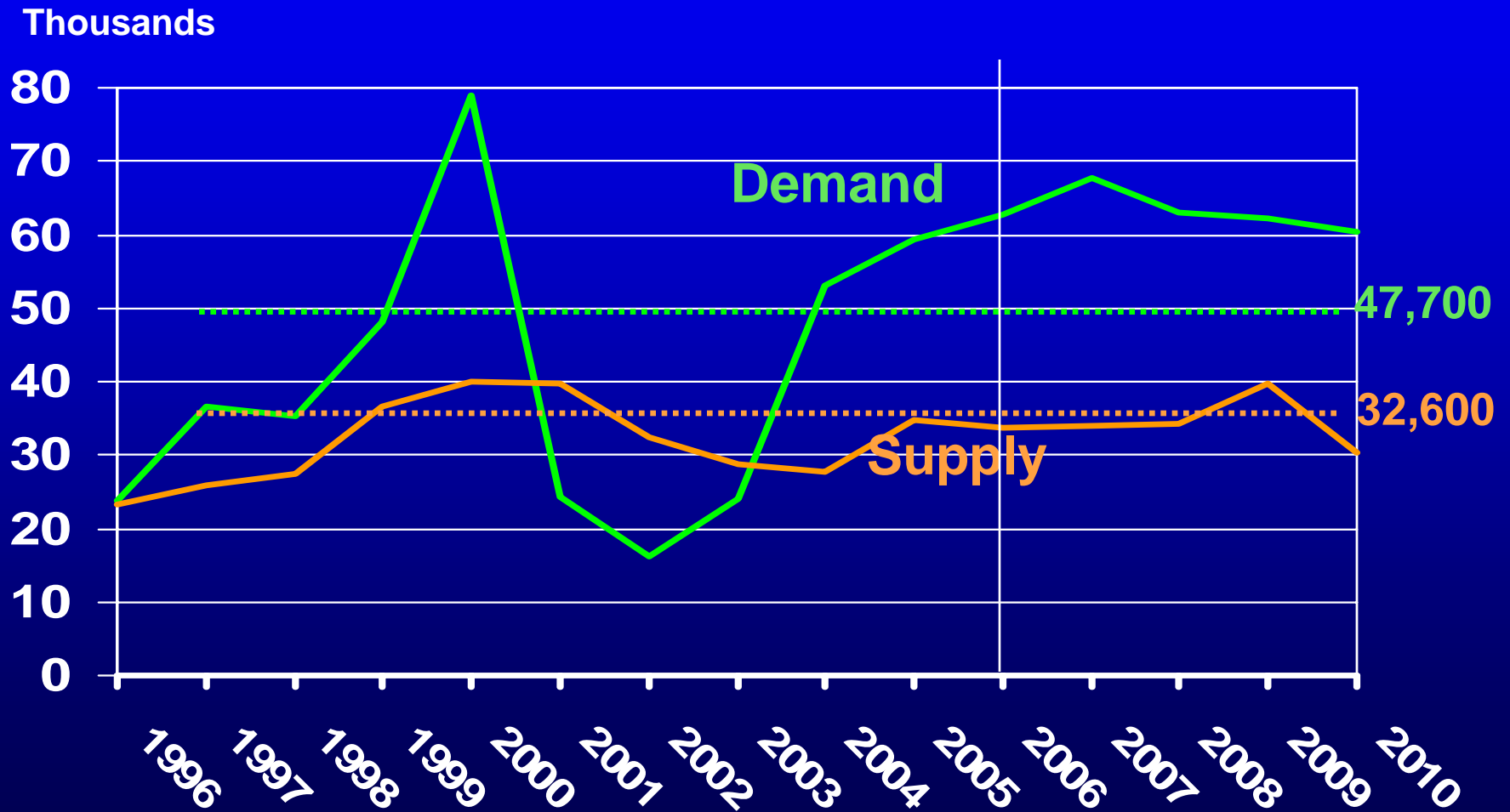
(NVAR: Arlington, Alexandria, Fairfax)

Building Permits Washington Metro Area

Thousands



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



Major Metro Area Housing Market Slumps Since 1977

Metro Area	Housing Price Index Decline	Time Period	Annual Rate of Job Change During Decline
Los Angeles	- 22 %	90 – 93	- 120,000
Detroit	- 14 %	81 – 83	- 24,000
Boston	- 11 %	90 – 92	- 46,000
Washington	- 3 %	91 – 93	9,000

Prince William Commuting

	1990	2000	Change	% Chg
Live and Work Here	58,300	68,900	10,600	18.2%
Live Here, Work Elsewhere	83,800	105,300	21,500	25.7%
Live Elsewhere, Work Here	29,700	37,400	7,700	25.9%

“Households” Relocating To Prince William County

- **IRS County-County Migration Files**
- **2000 – 2005 Into Prince William from:**
 - » **Fairfax** 30,200
 - » **Arlington/Alex** 8,400
 - » **Loudoun** 2,400
 - » **Fauq./Staf/Sp.** 4,200
 - » **Other State** 31,400

Housing Outlook for 2007

- **Market Adjustment nearing end – inventory stabilizing and prices will begin stabilizing**
- **2007 Prices will increase in the range of 0 - 5 %
- by 2008-9 returning to long-term normal of 7%**
- **Sales volume will drop back to 1998 – 1999 levels**
- **Days on Market leveling in the 90s**

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

	2006	2007	2008	2009	2010	2011
D.C.	7.5	6.5	7.0	6.5	4.5	3.5
S. MD	20.0	16.6	17.7	15.2	12.8	11.6
No. VA	38.0	33.5	36.0	34.0	30.0	26.5
REGION	65.5	56.6	60.7	55.7	47.3	41.6
	2.2%	1.9%	2.0%	1.8%	1.5%	1.3%

Pr. William **5.6** **5.4** **5.5** **5.0** **5.5** **6.5**

Threats to the Forecasts

- **Global / National Forces**
- **Federal Spending and Procurement Policy**
- **Labor Force Availability, Quality and Cost**
- **Housing Affordability and Supply**
- **Transportation Cost / Congestion**
- **BRAC**



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