

2008 Real Estate Success Conference

The Washington Area Economic Outlook

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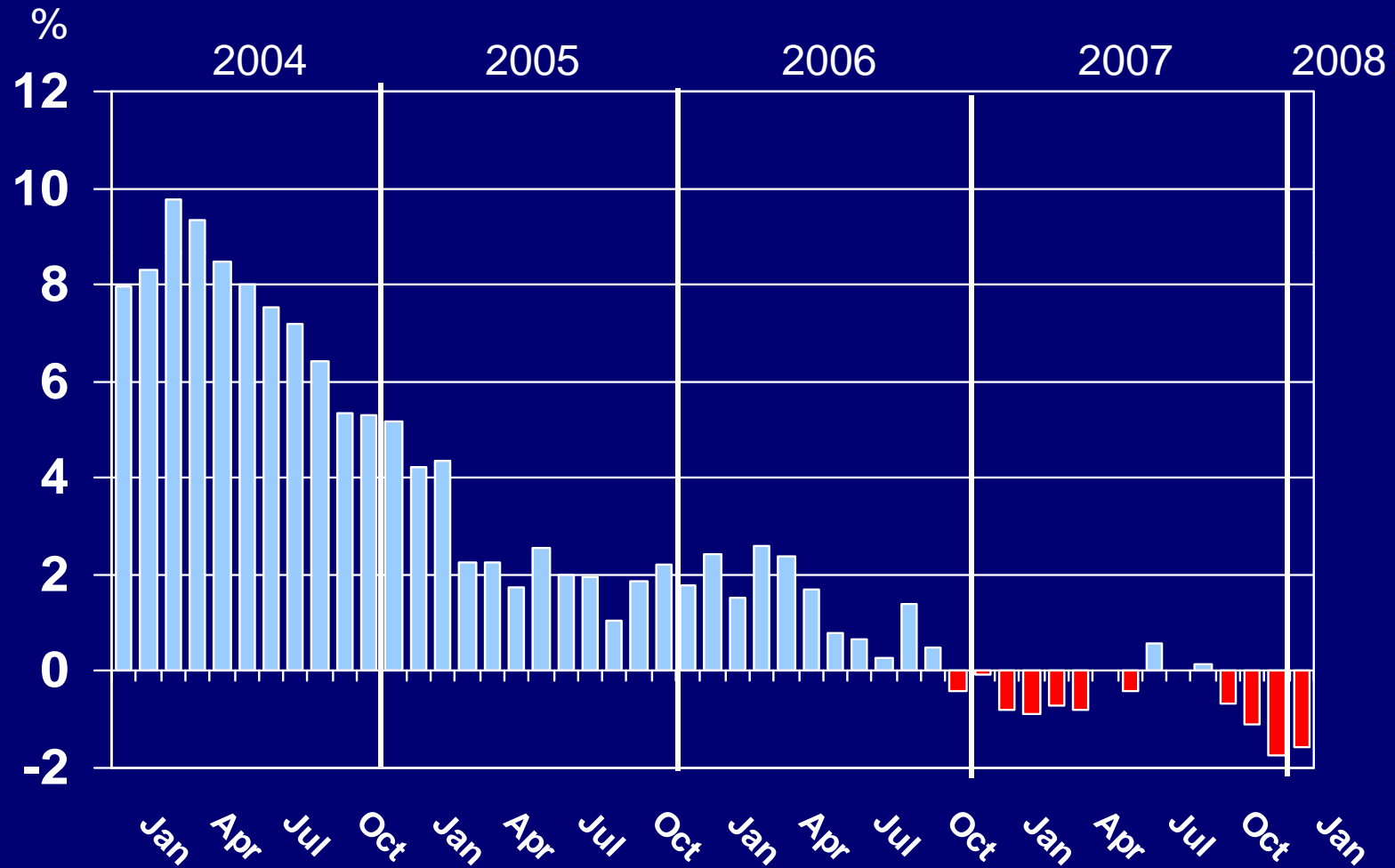
March 14, 2008

The U.S. Economy in 2008

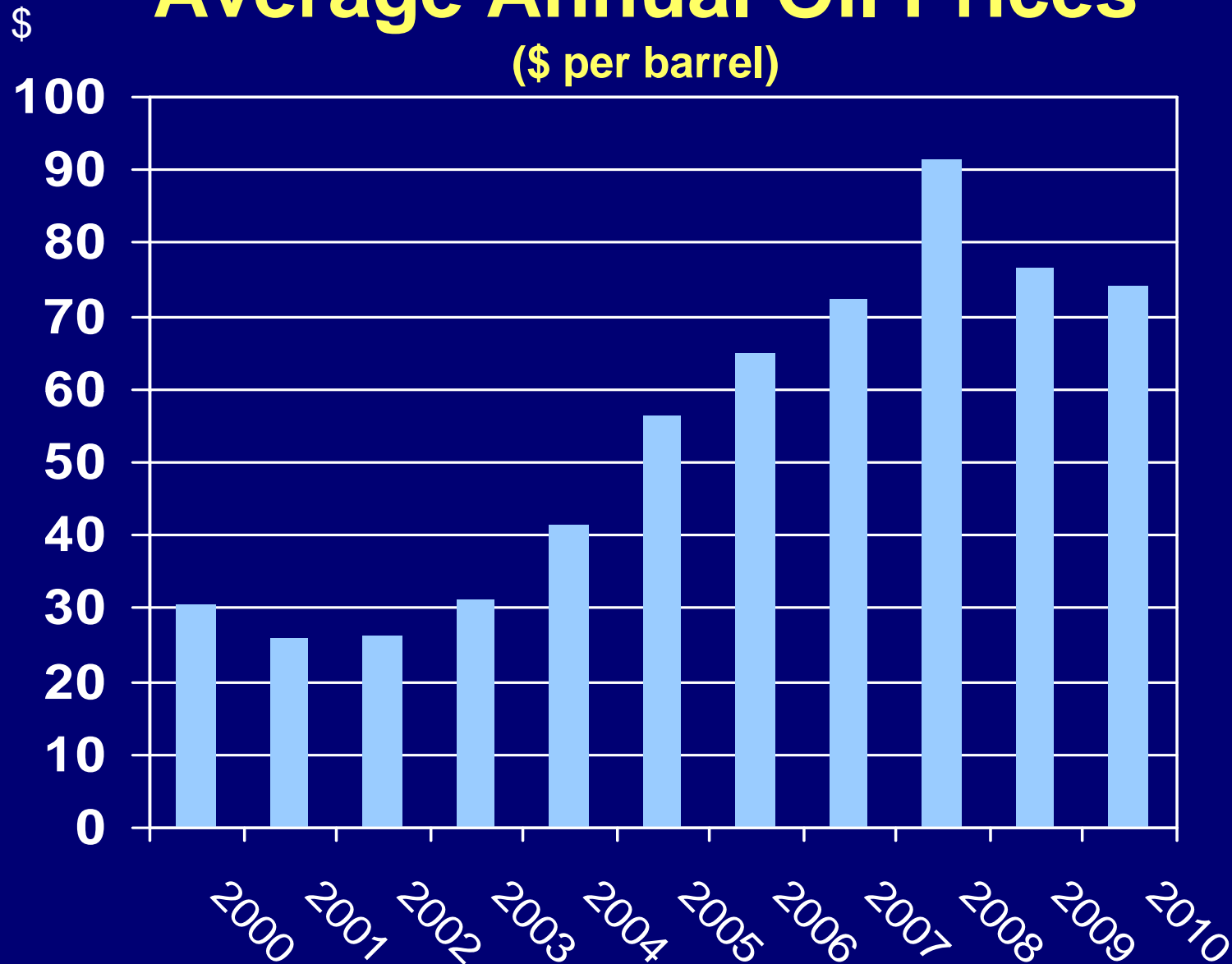
Re-establishing Momentum

U.S. Leading Index

Monthly Over-the-Year Percent Changes



Average Annual Oil Prices (\$ per barrel)

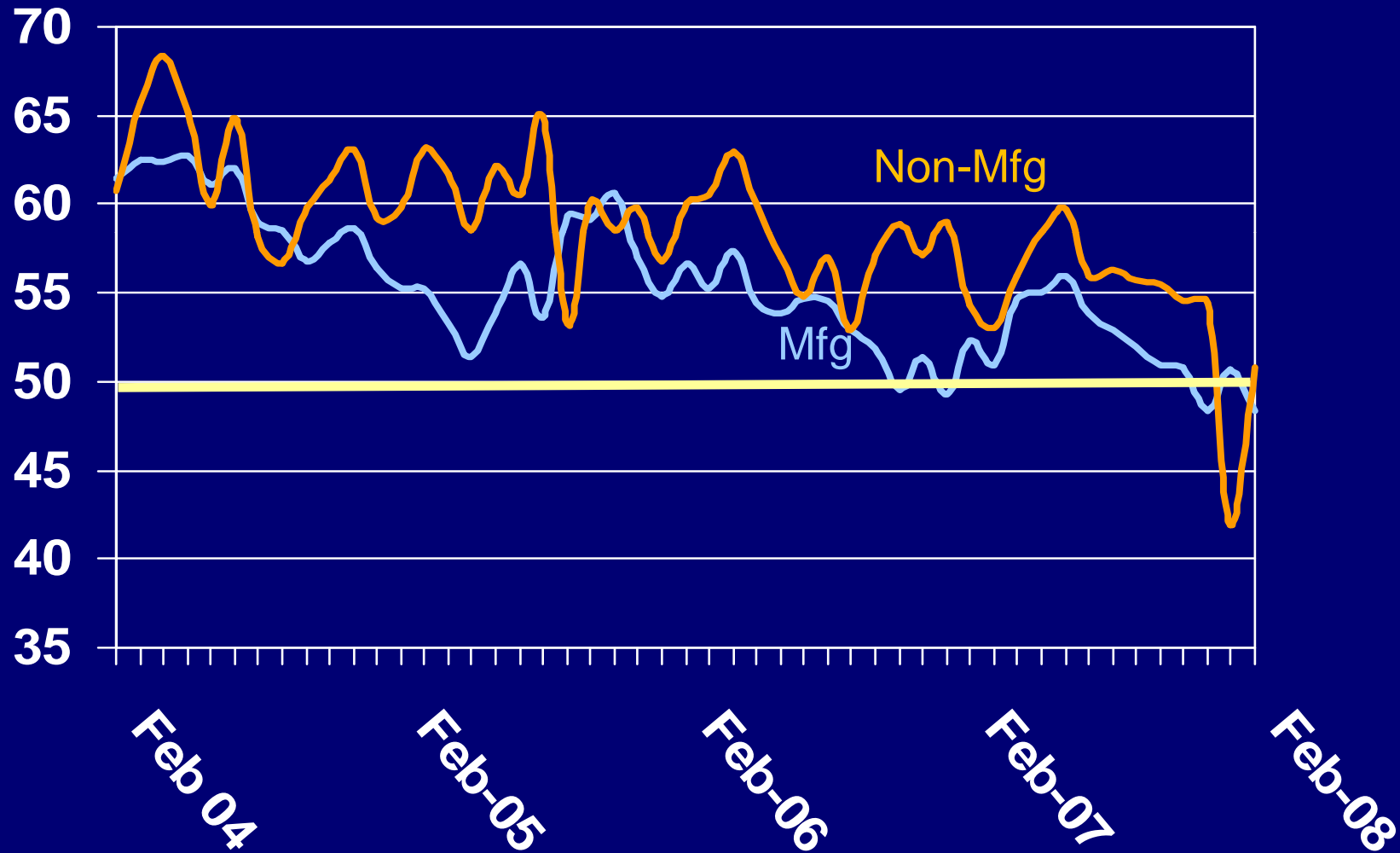


Source: Global Insight, GMU Center for Regional Analysis

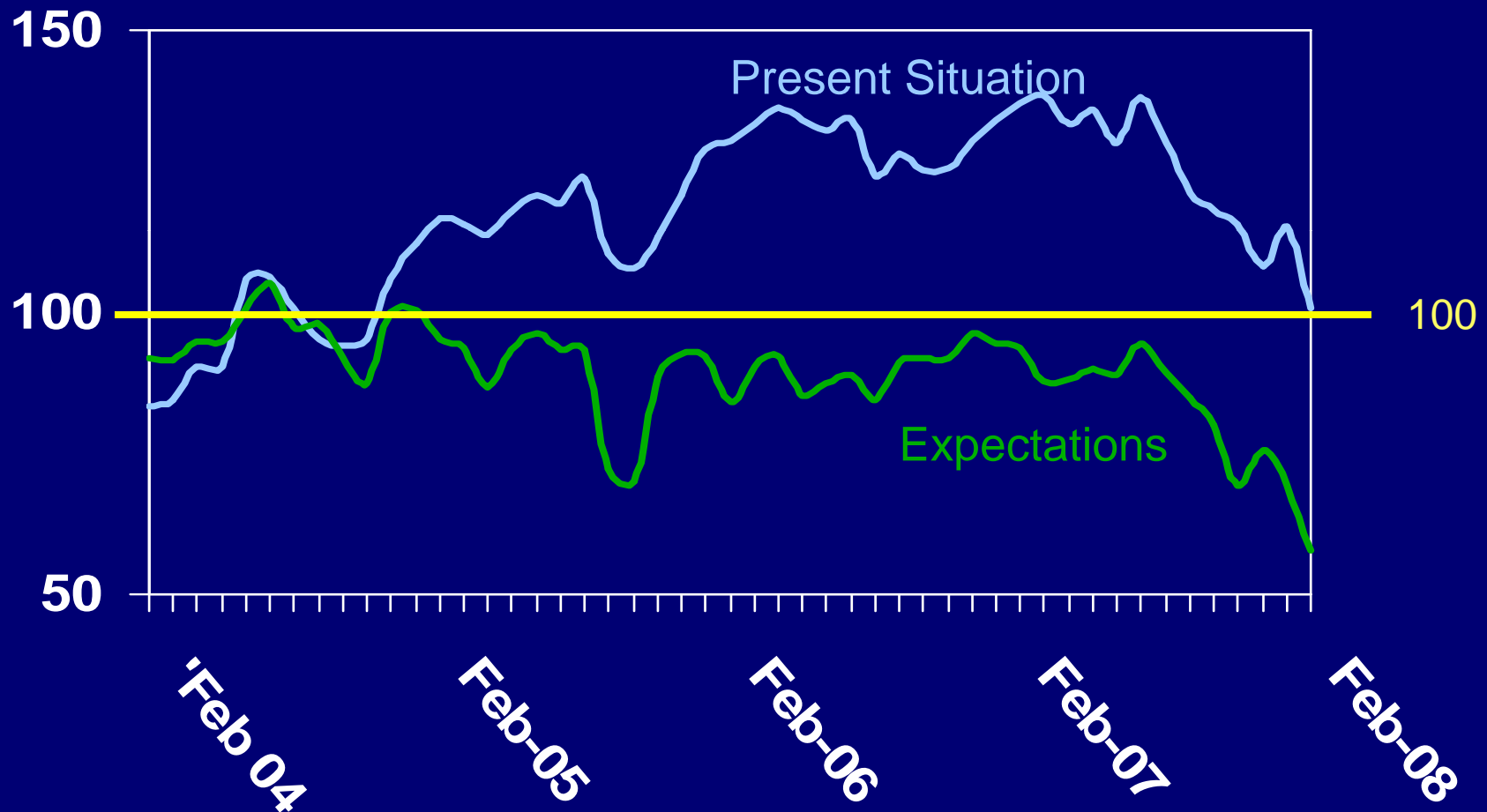
Housing Trends: New & Existing Home Sales



ISM Manufacturing and Non-Manufacturing Indices

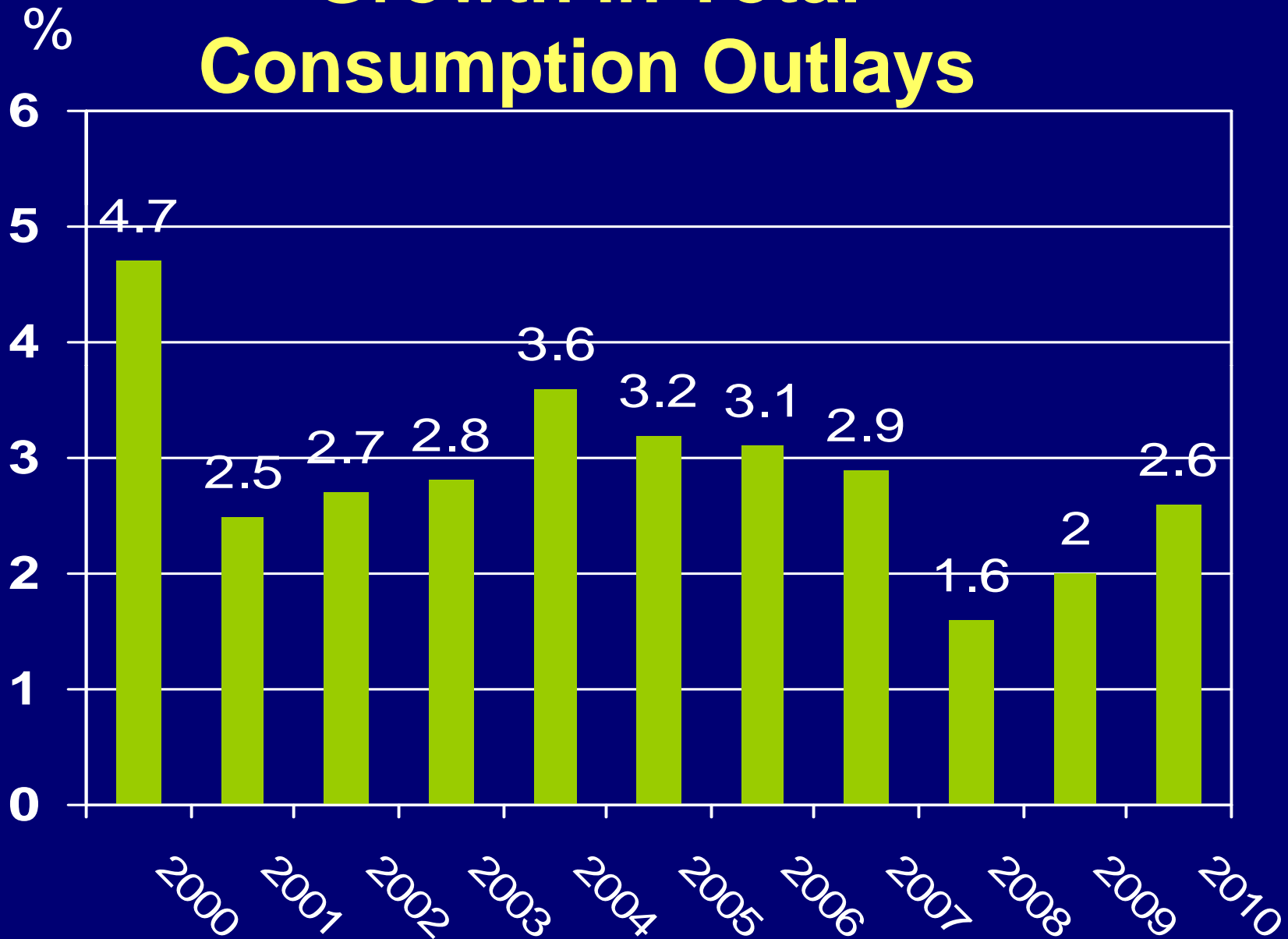


Consumer Confidence



Source: Conference Board, GMU Center for Regional Analysis

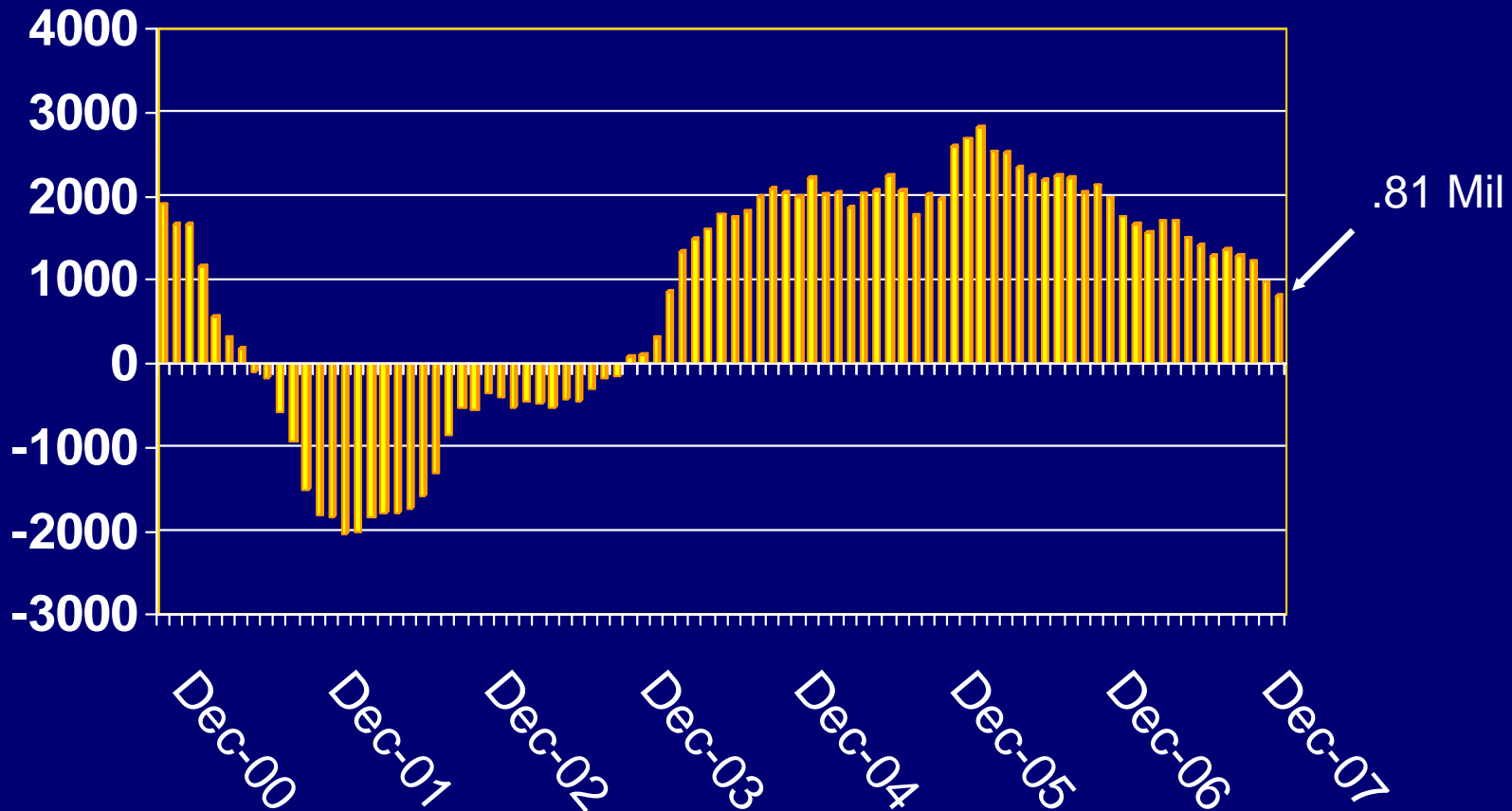
Growth in Total Consumption Outlays



Annual Change in Jobs - US

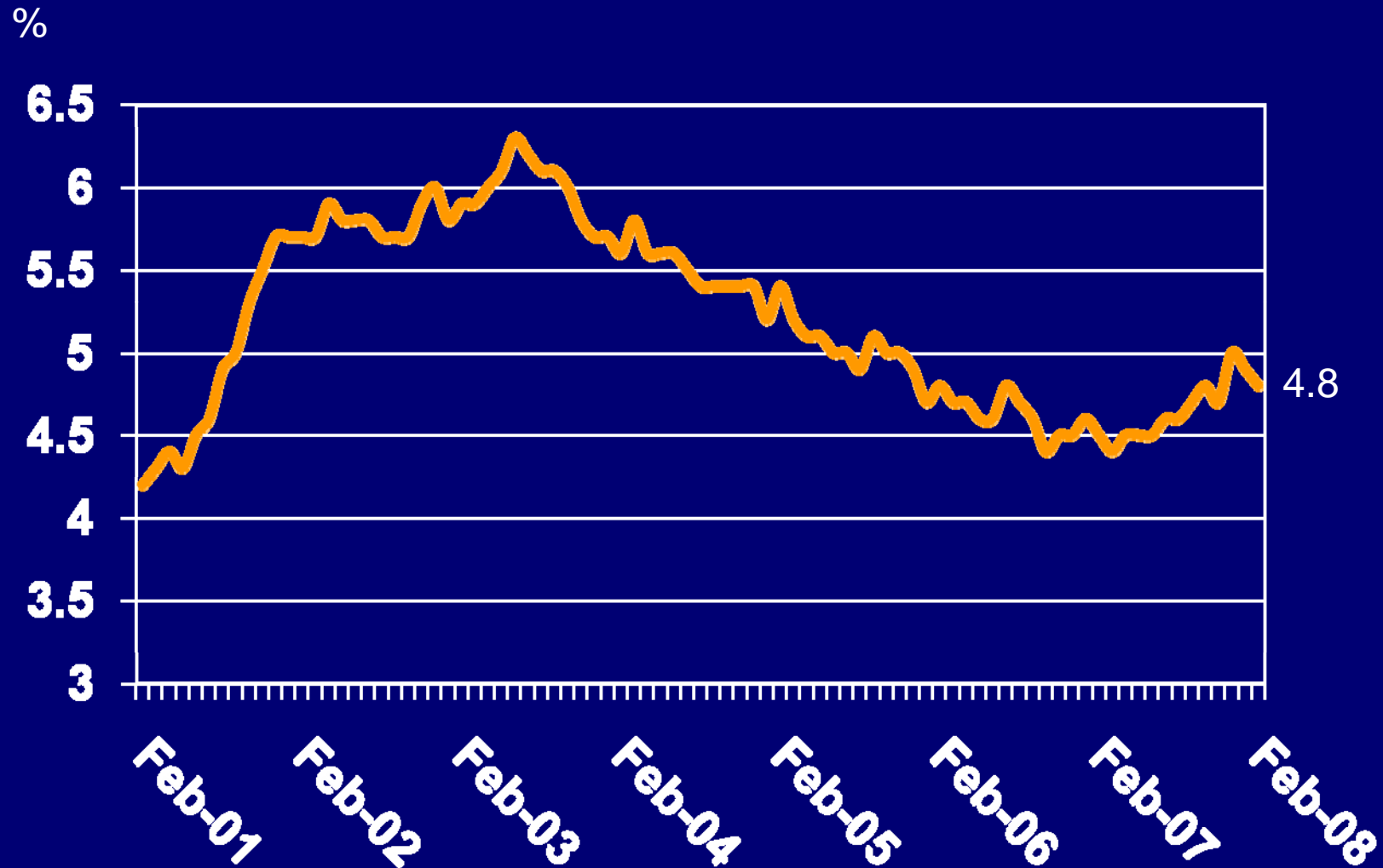
Thru February 2008

THOUSANDS



Source: BLS Establishment Survey

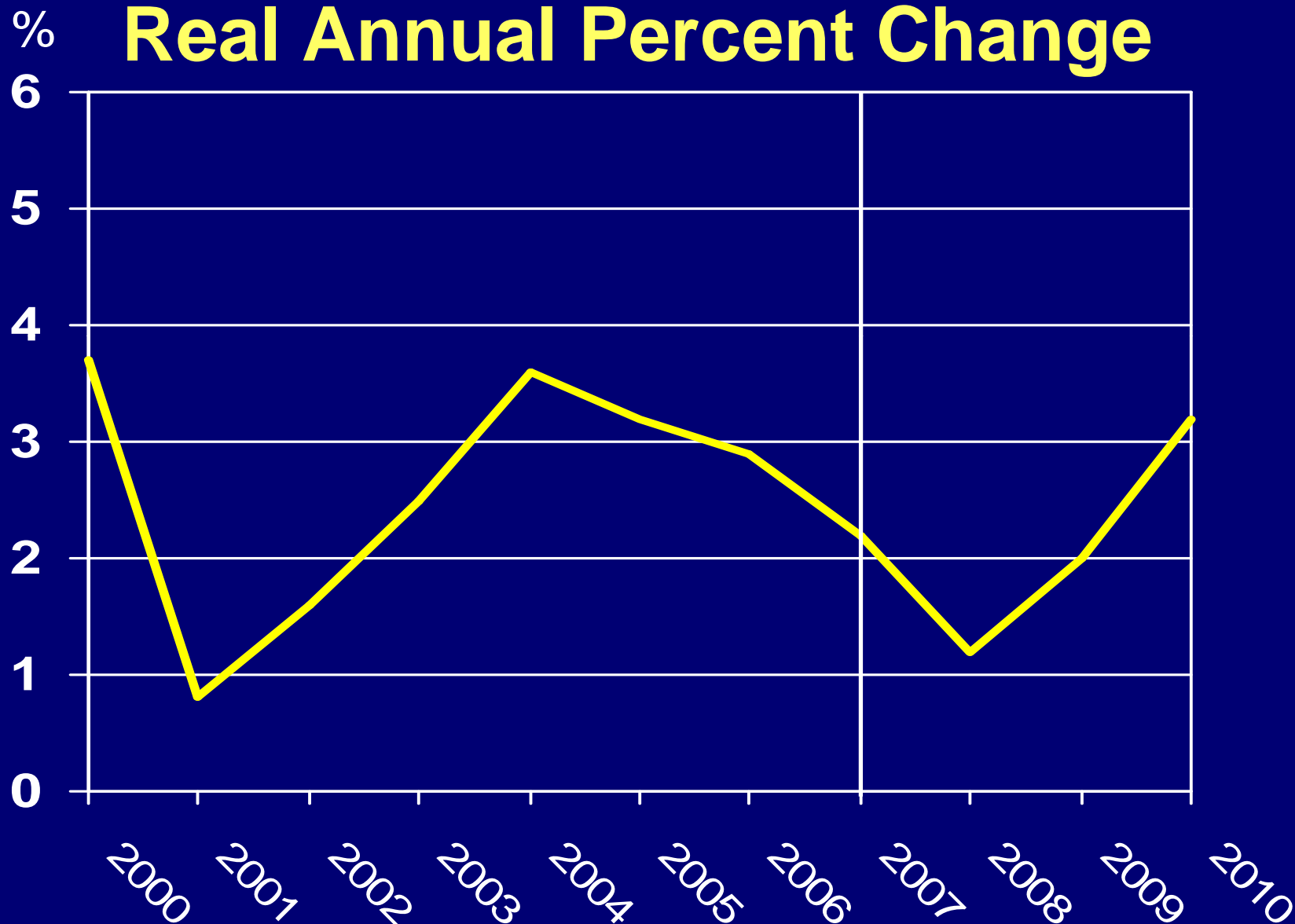
U.S. Unemployment Rate



Source: BLS, Seasonally Adjusted

GDP 2000 - 2010

Real Annual Percent Change



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

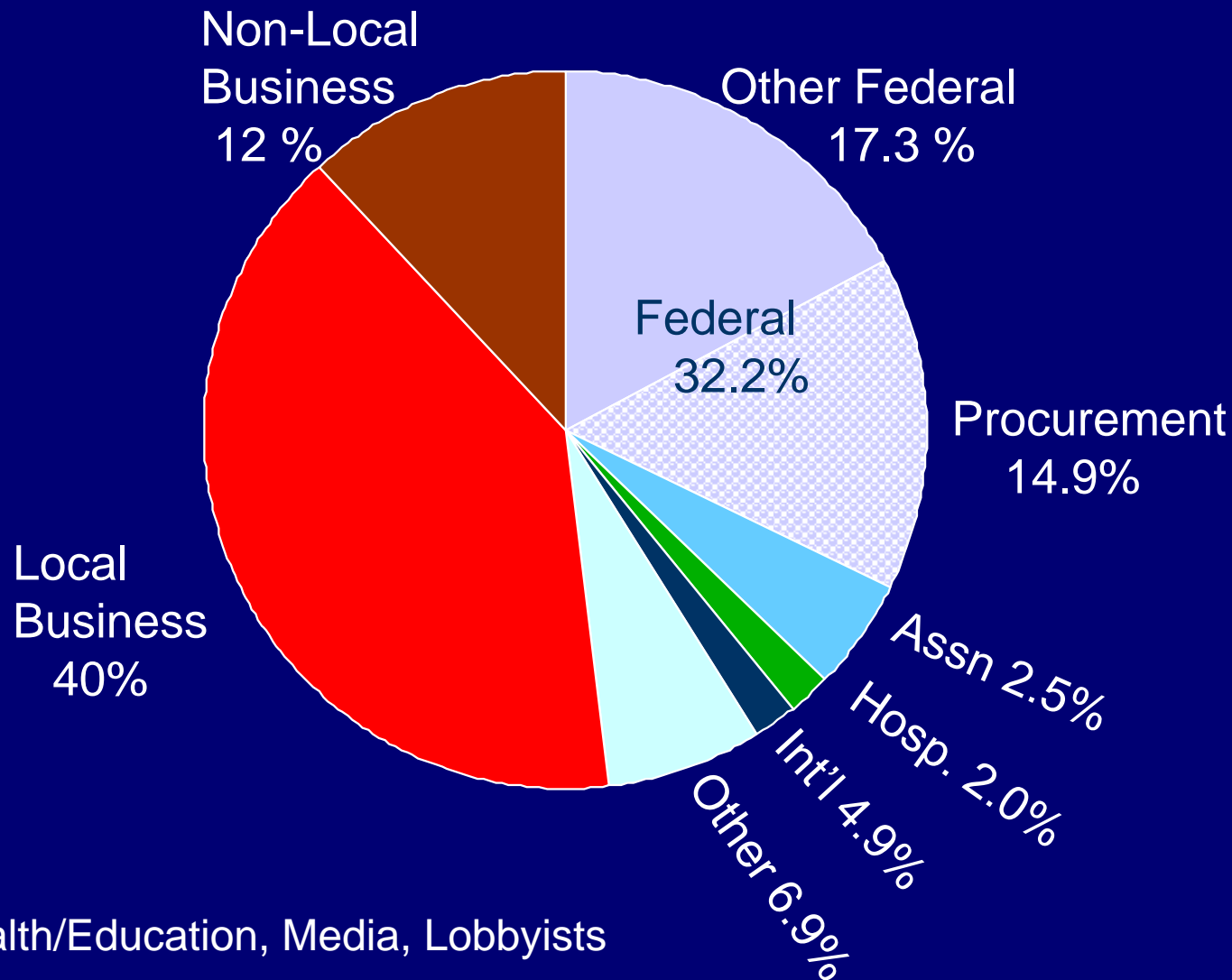
The Washington Area Economy

Current Performance

Key Questions

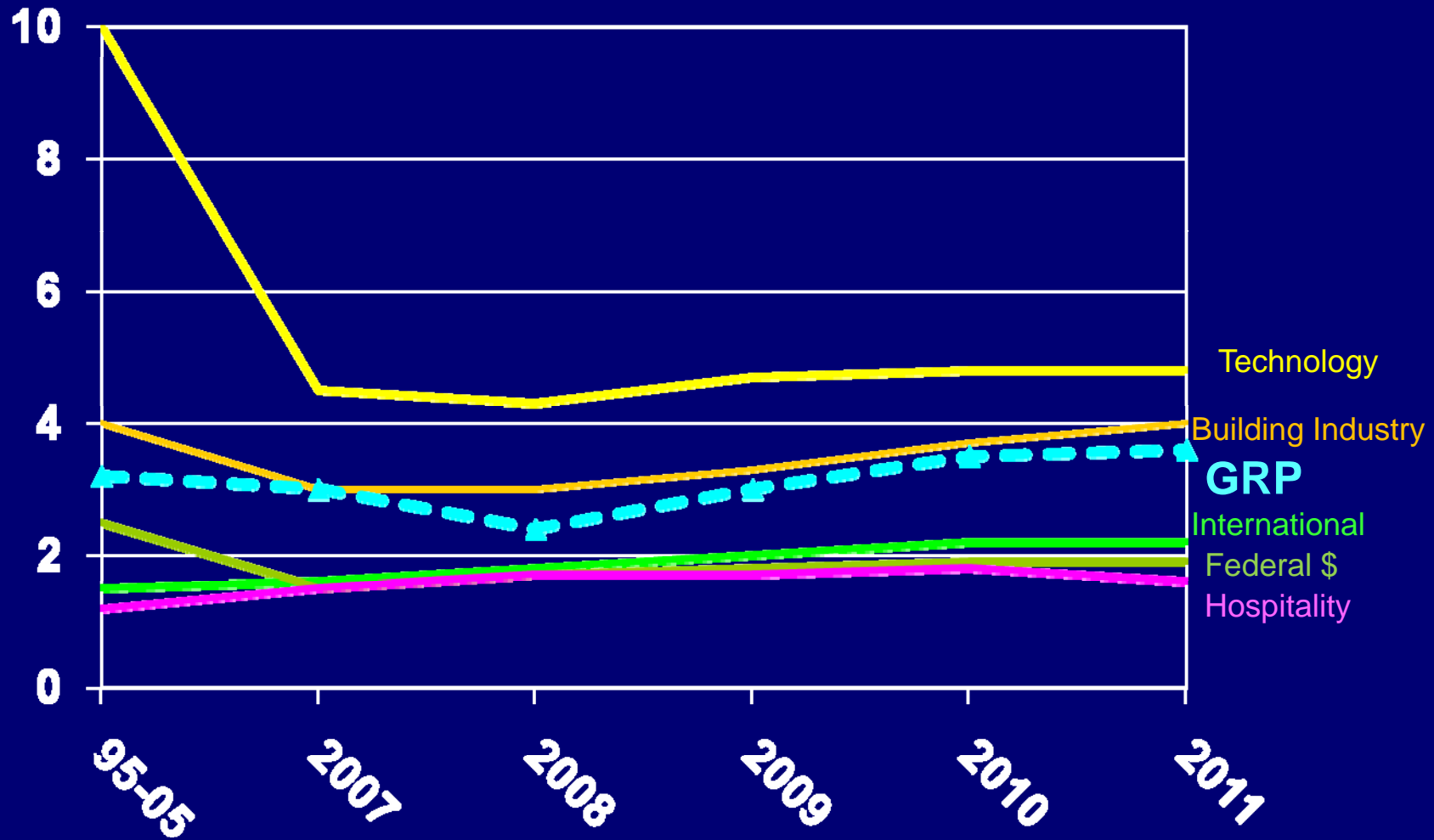
- What's driving the Washington area economy?
- What makes the Washington area economy different from other metropolitan economies?
- Will these differences protect the local economy or worsen the slowdown in 2008?

Structure of the Greater Washington Economy



Core Industry Outlook

(Annual real % change)



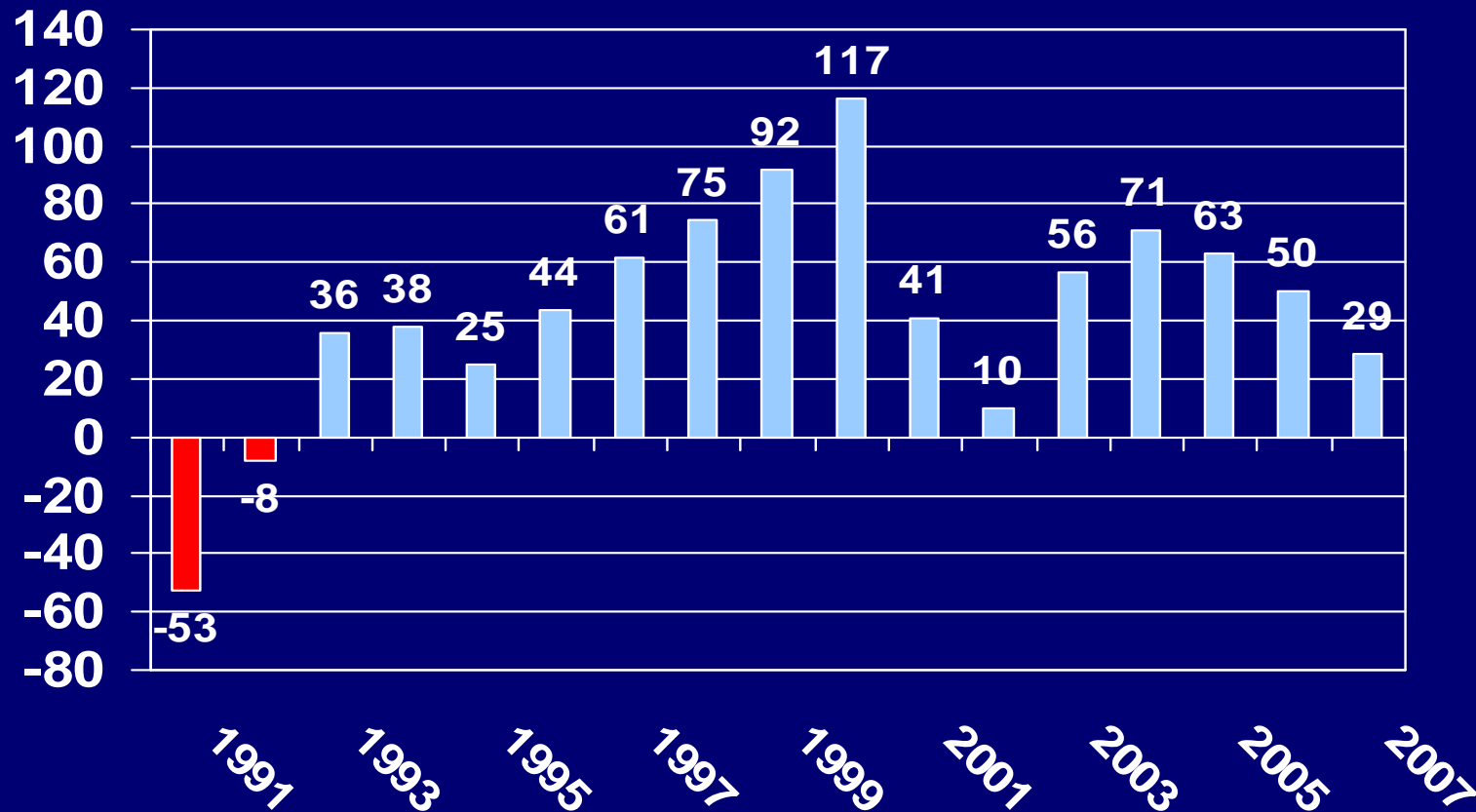
Source: GMU Center for Regional Analysis

Federal Spending by Type 1983 - 2007

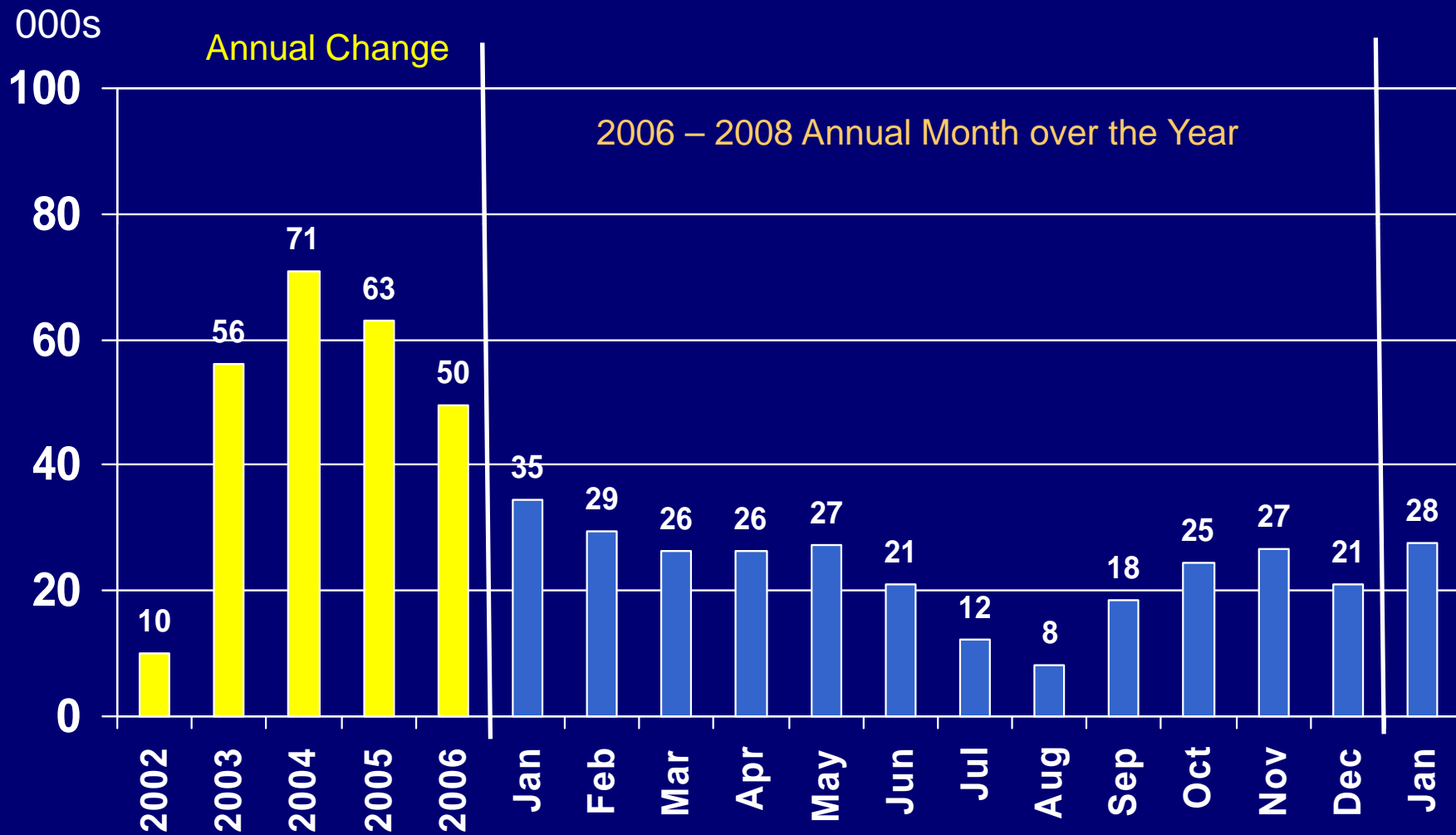


Annual Change in Jobs 1991 – 2007 Washington Metro

Thousands

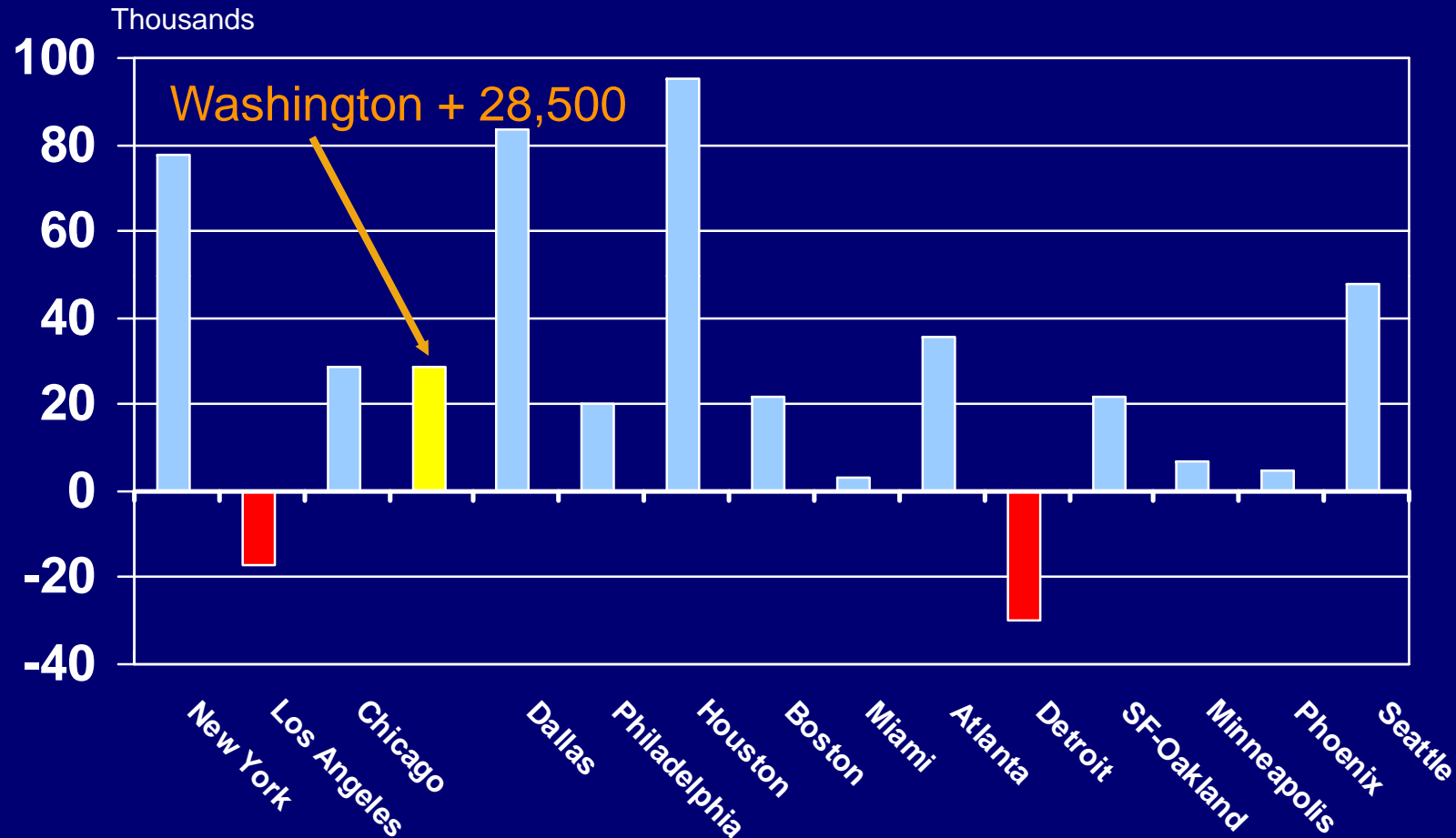


Annual Job Change Washington Metro



15 Largest Job Markets

Job Change Jan 07– Jan 08



Ranked by Total Jobs

15 Largest Job Markets Ranked by Unemployment Rate December 2007



The Washington Area Residential Market

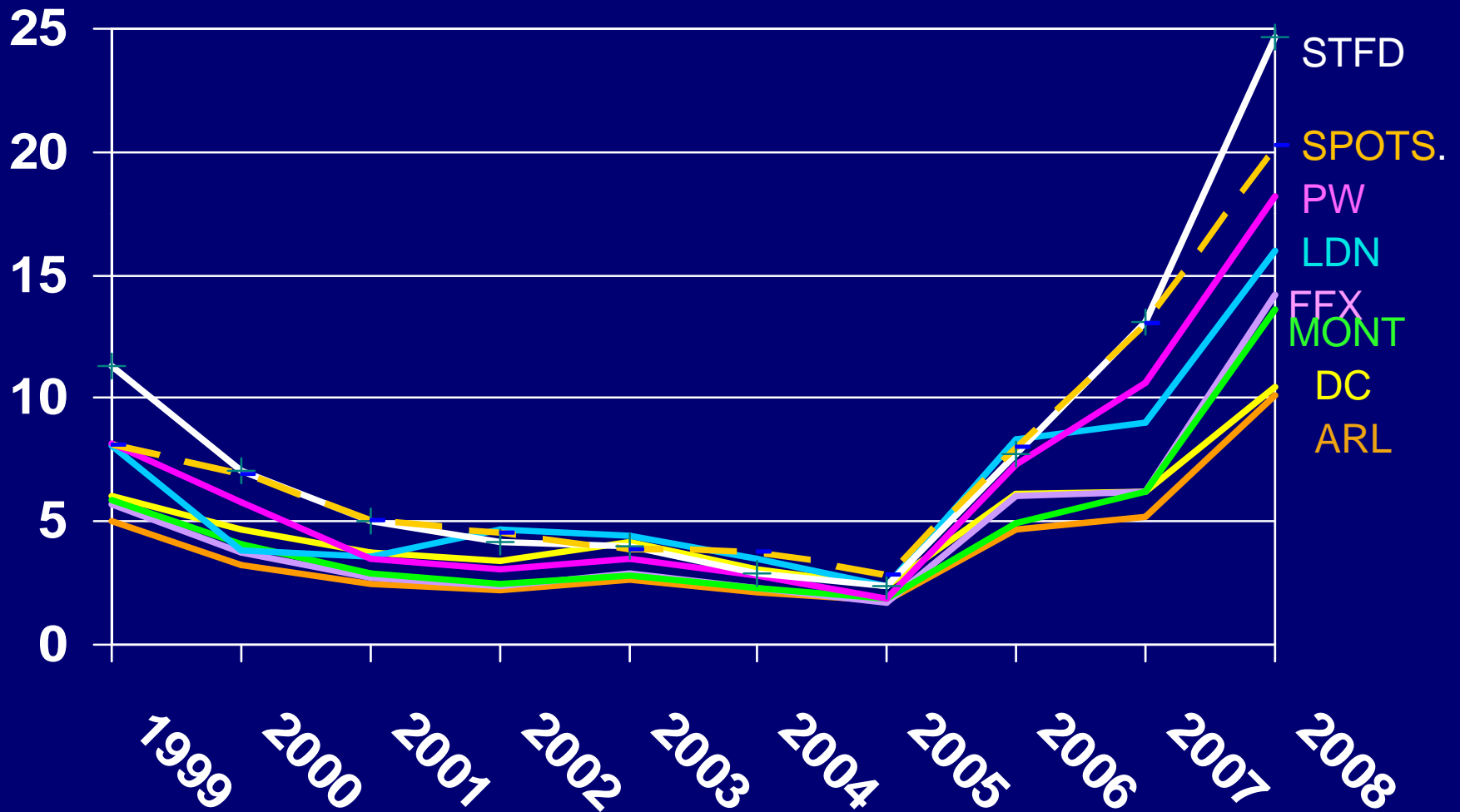
Sales and Total Active Listings Washington MSA, January Each Year



Source: MRIS, GMU Center for Regional Analysis

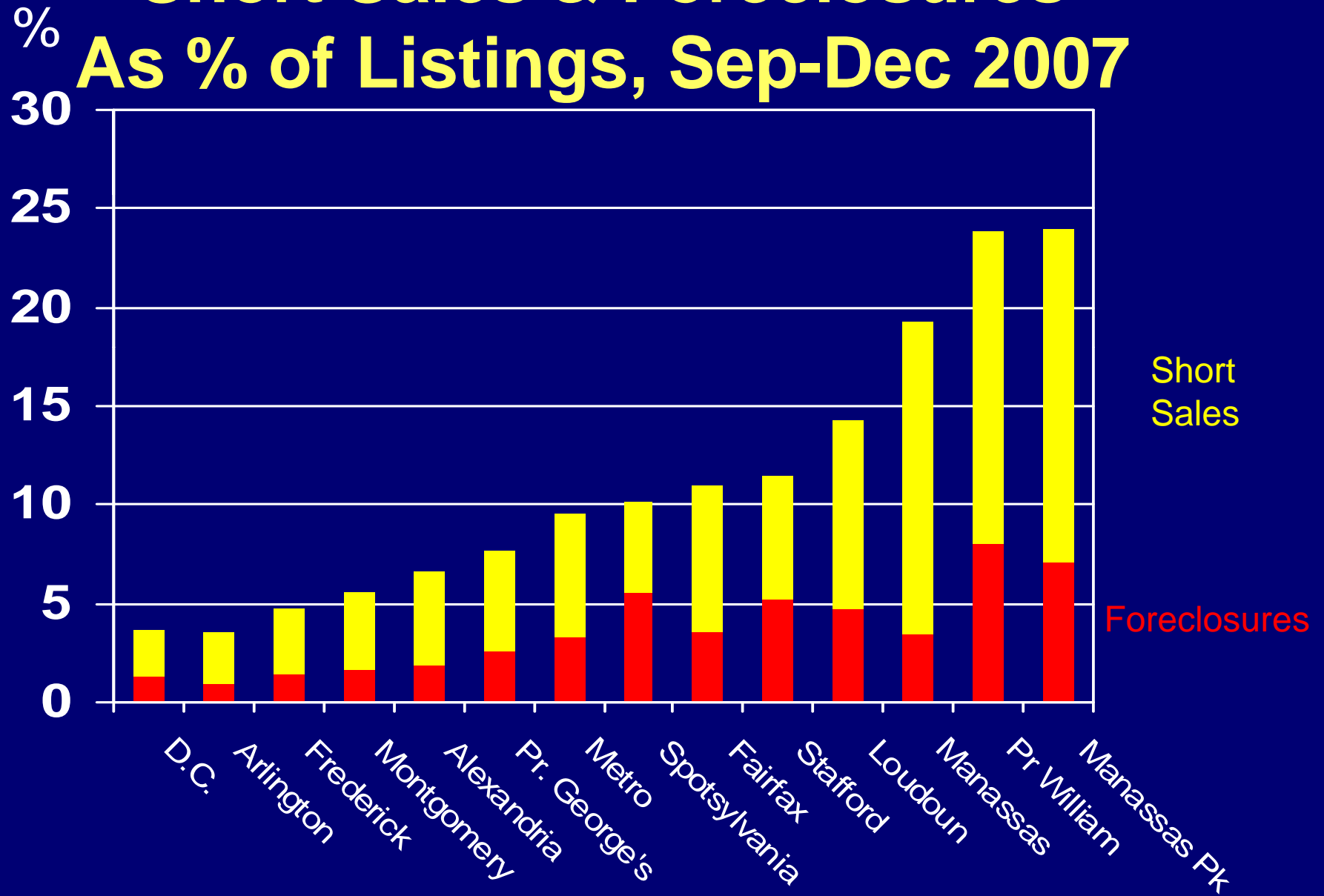
Total Active Listings per Sale

January Each Year

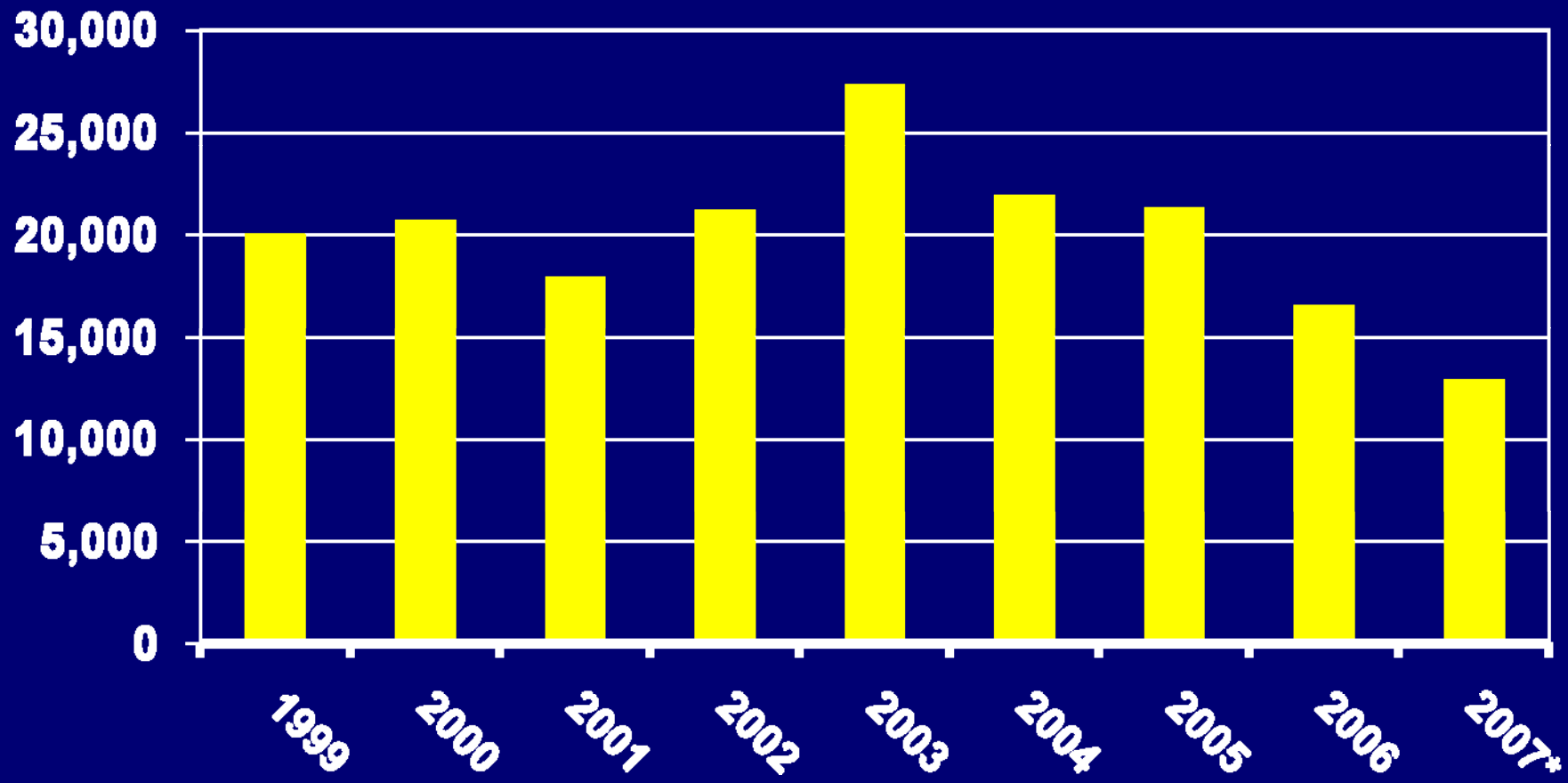


Source: MRIS, GMU Center for Regional Analysis

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



New Housing Units Sold Washington Metro Area



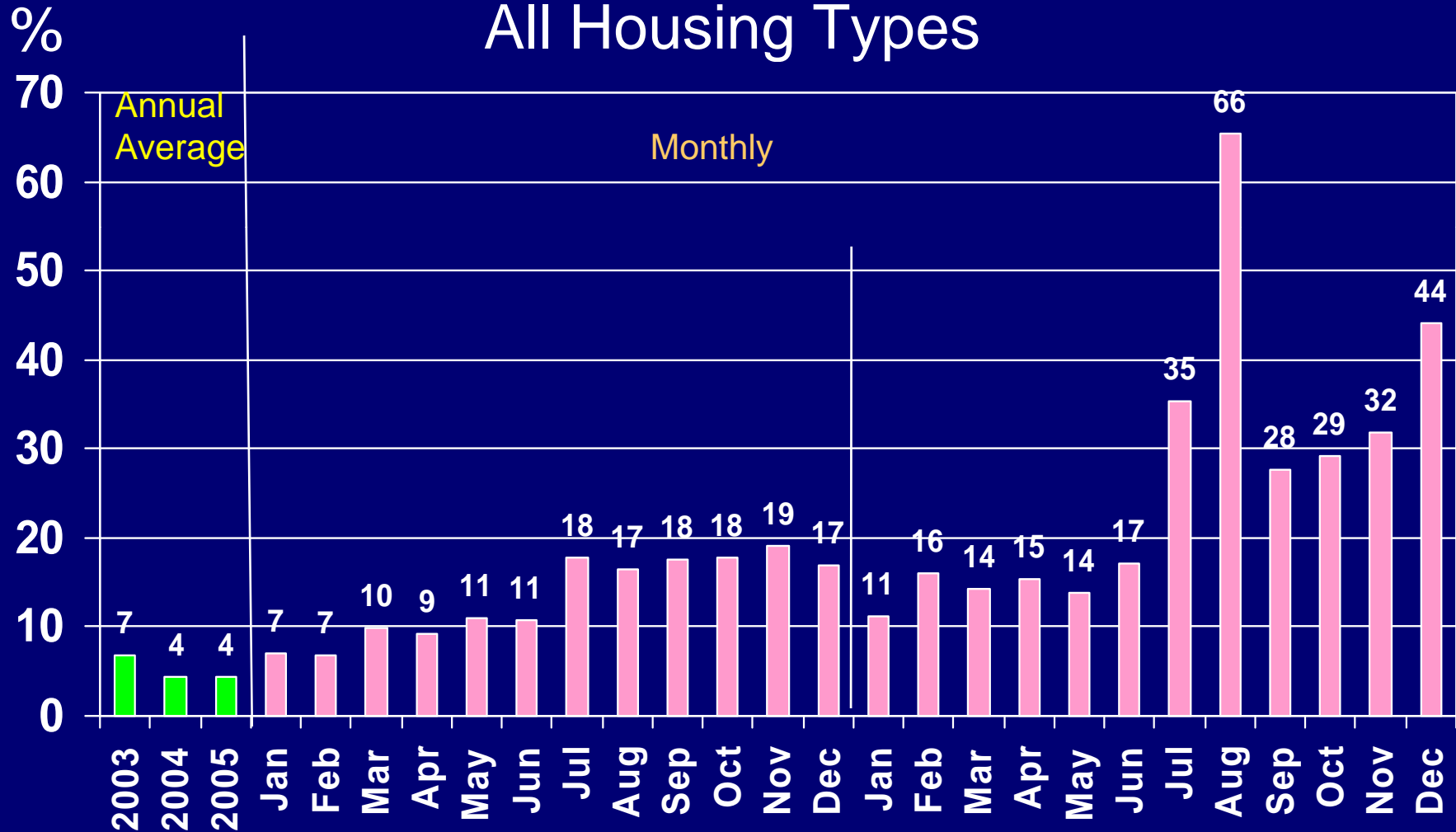
Source: Hanley-Wood, GMU Center for Regional Analysis

* Annualized

New Housing Contract Kick-Out Rate

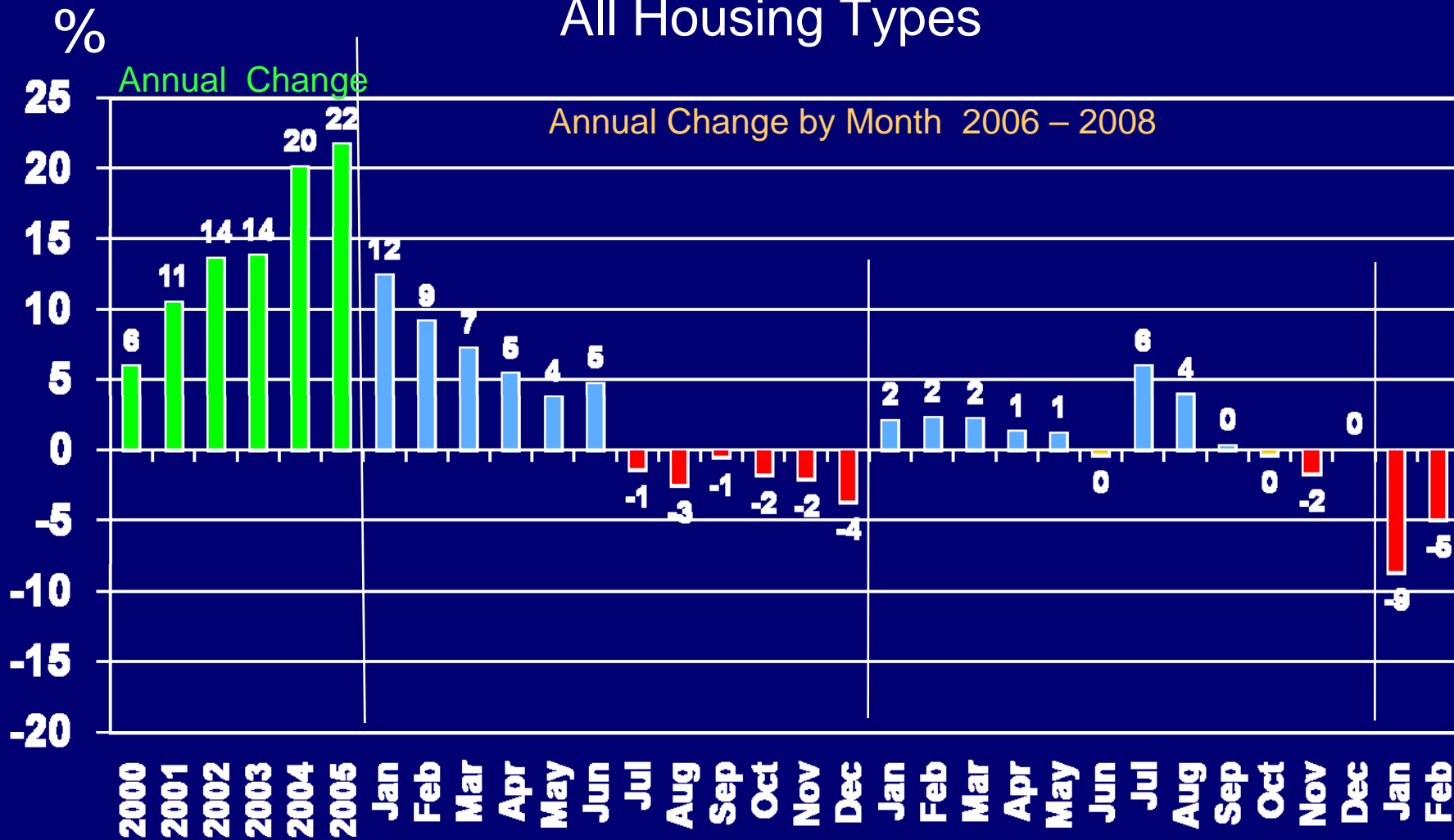
Washington MSA

All Housing Types



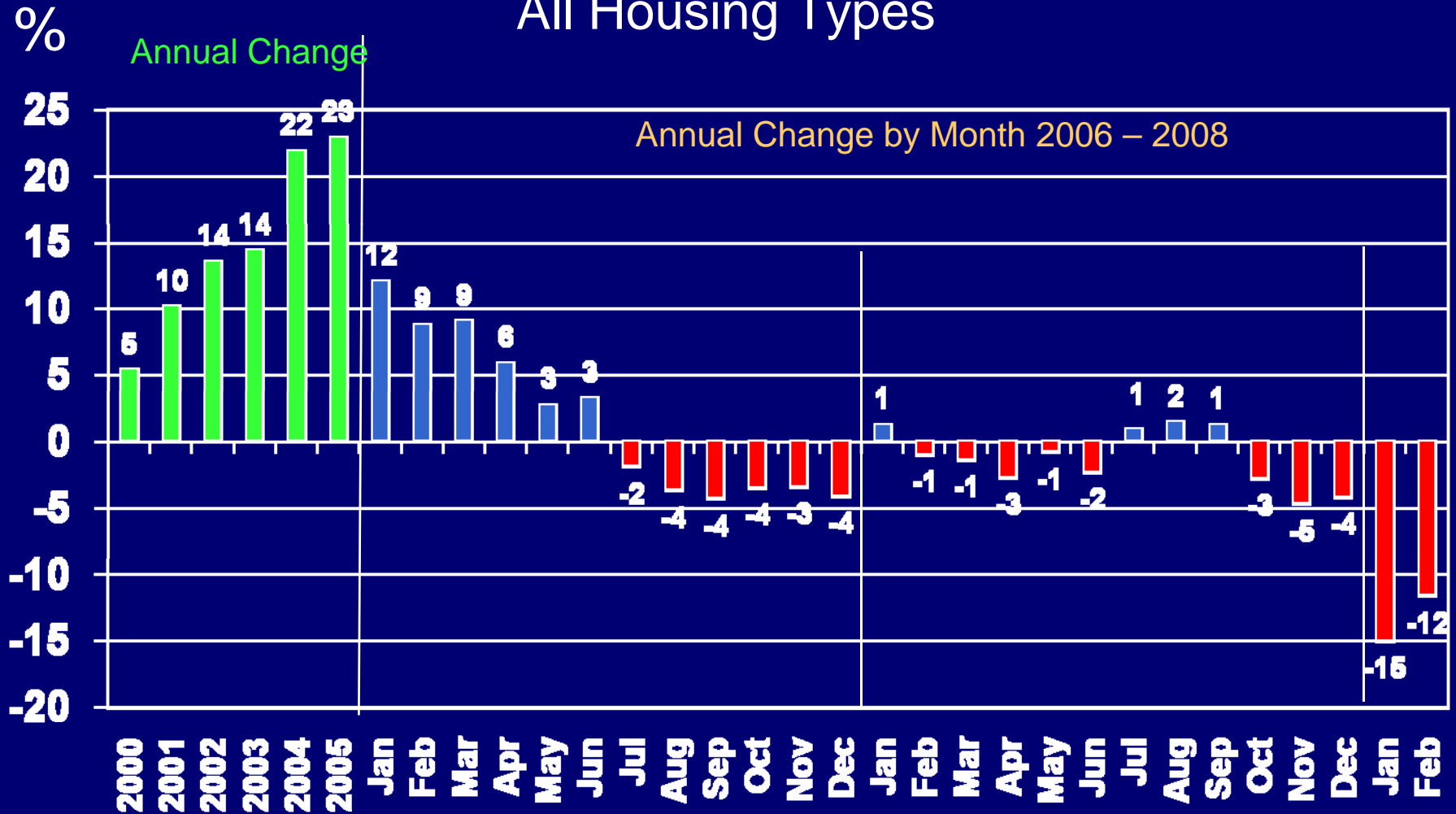
Average Sales Price Percent Change Washington MSA

All Housing Types



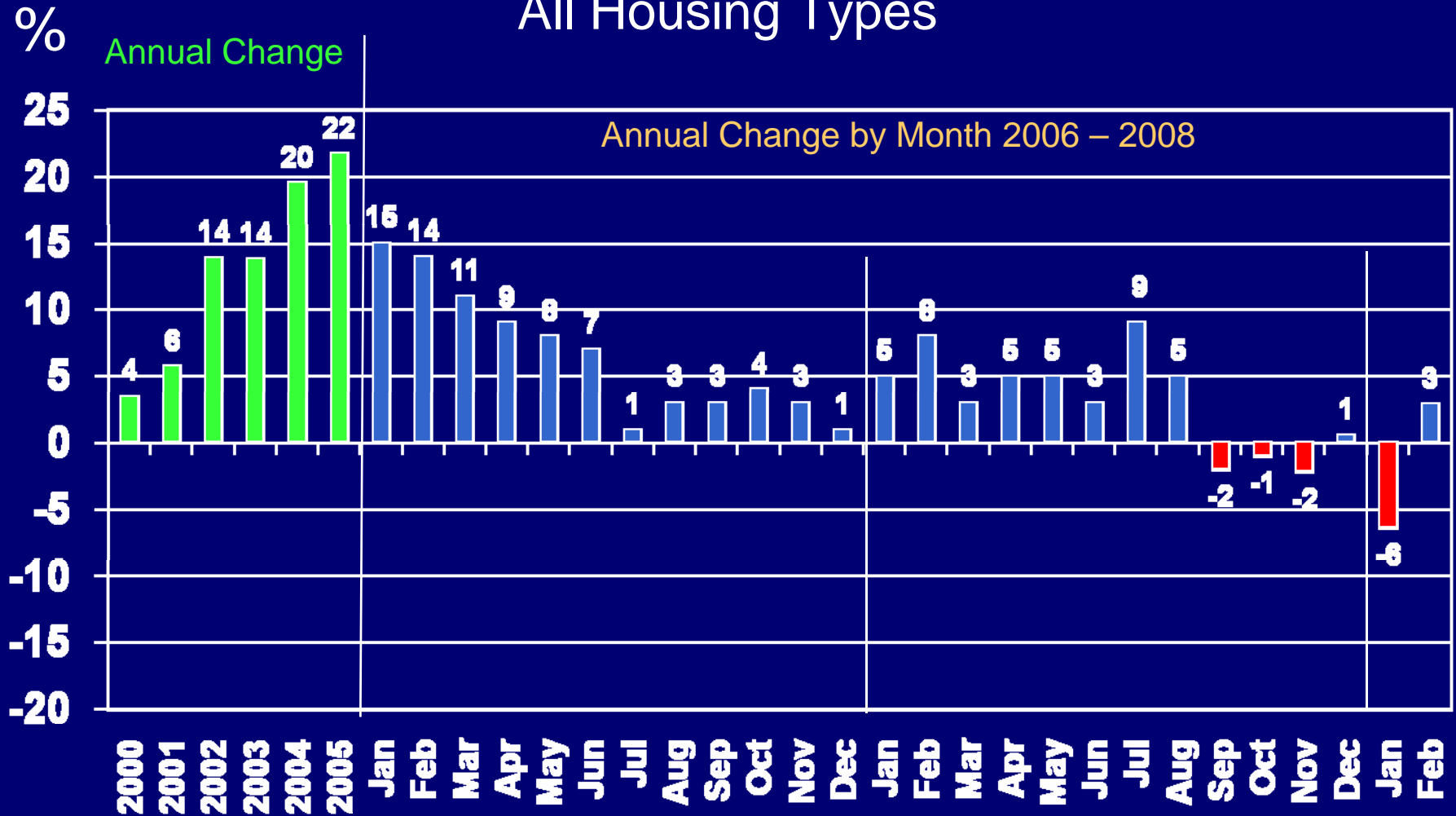
Average Sales Price Percent Change Northern Virginia

All Housing Types



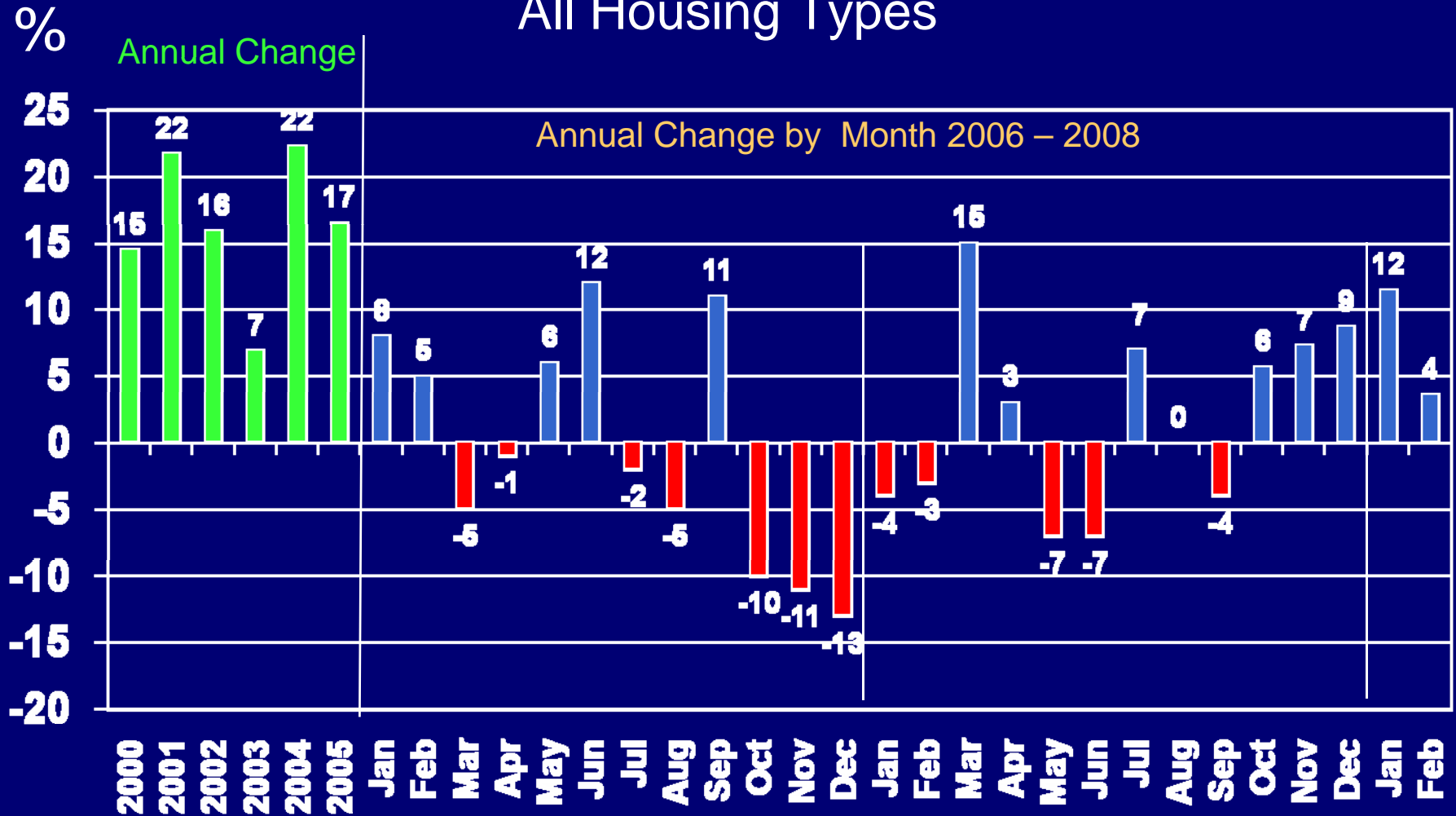
Average Sales Price Percent Change Suburban Maryland

All Housing Types



Average Sales Price Percent Change District of Columbia

All Housing Types



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

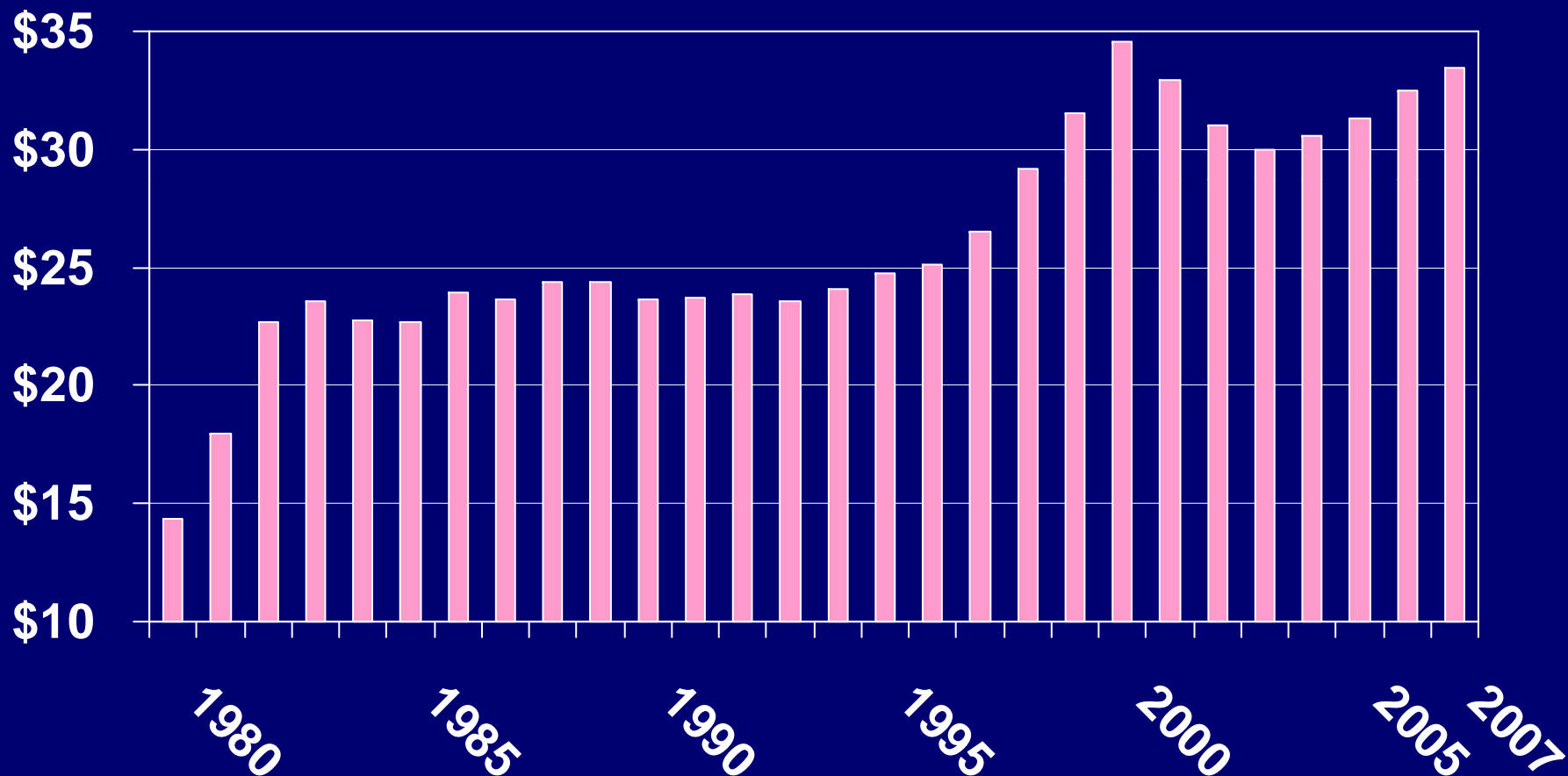
Existing and Projected Office Vacancy In the Washington Metro Area: 2007-2009

(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%
TOTAL	34.2	9.1%	45.1	11.3%

* 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
D.C.	6.1	7.2	5.9	6.7	6.0	6.5
Sub. MD	10.6	5.8	5.5	10.1	12.5	13.5
No. VA	30.5	15.5	12.5	18.5	24.0	26.0
REGION	47.2	28.5	23.9	35.3	42.5	46.0

1.6%

1.5%

1.2%

1.3%

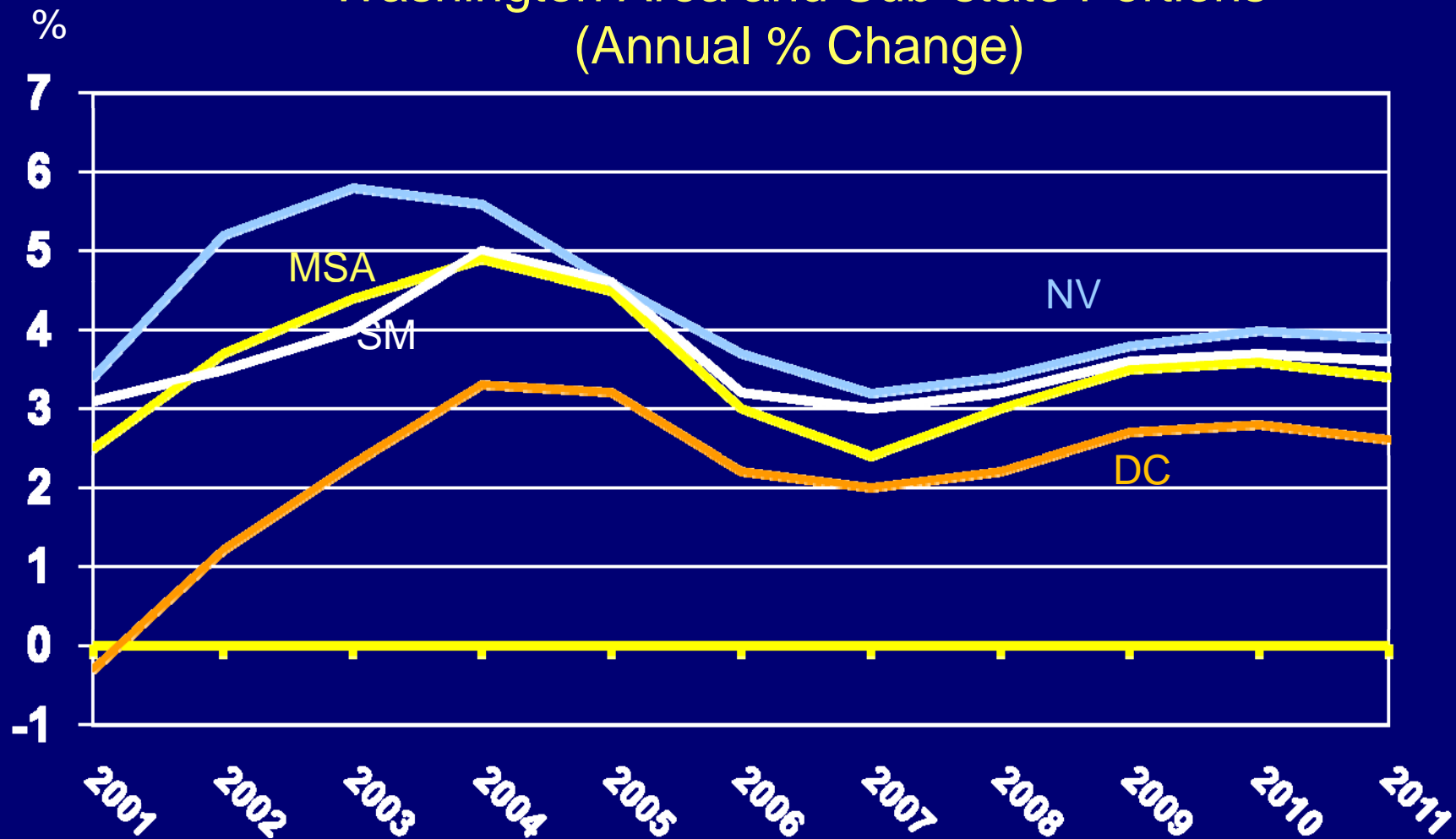
1.3%

1.4%

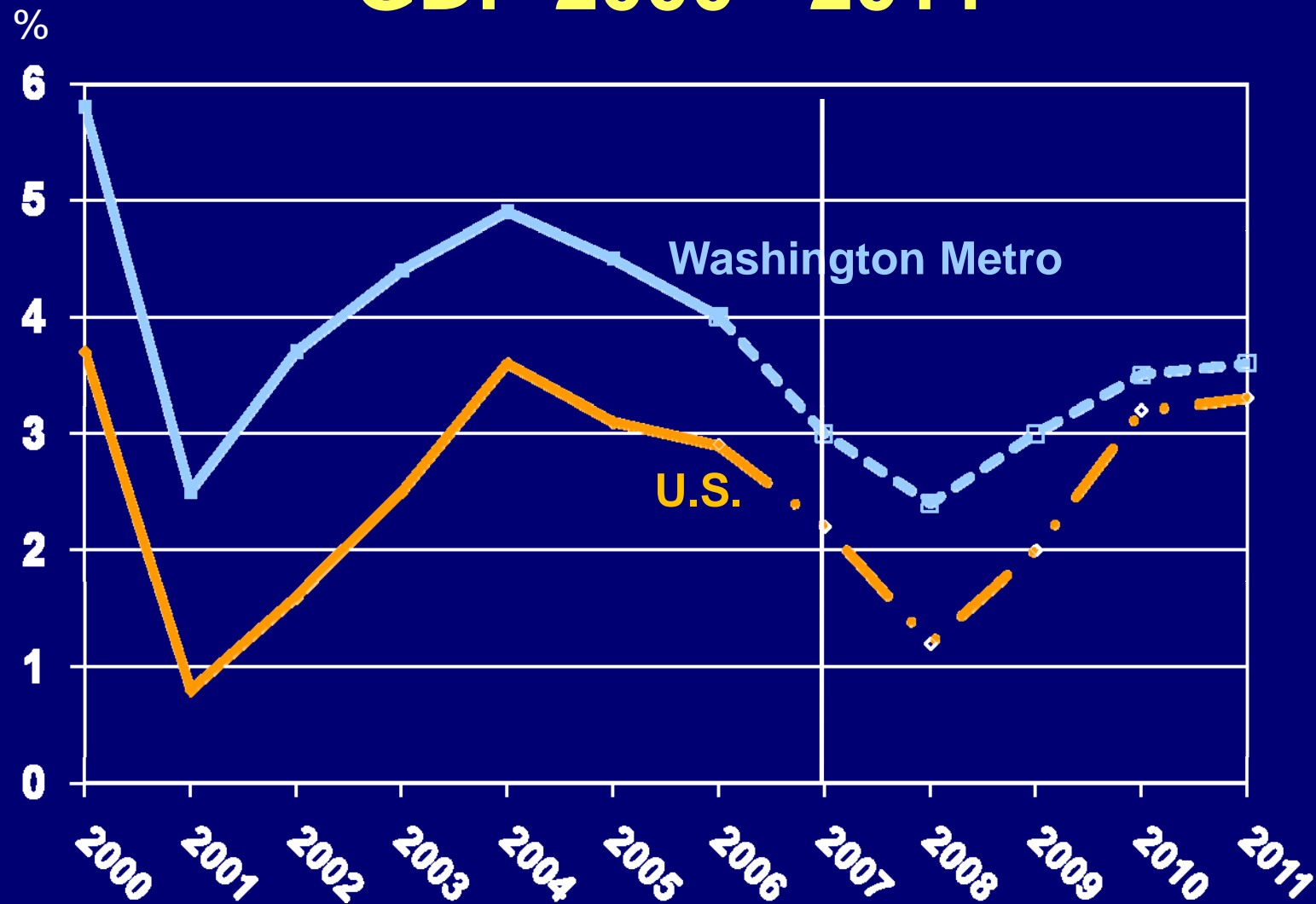
Average Annual Change 1990-2007 = 44,900

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

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