

Lambda Alpha International George Washington Chapter

The Washington Area Economy Is A Recession In Its Future?

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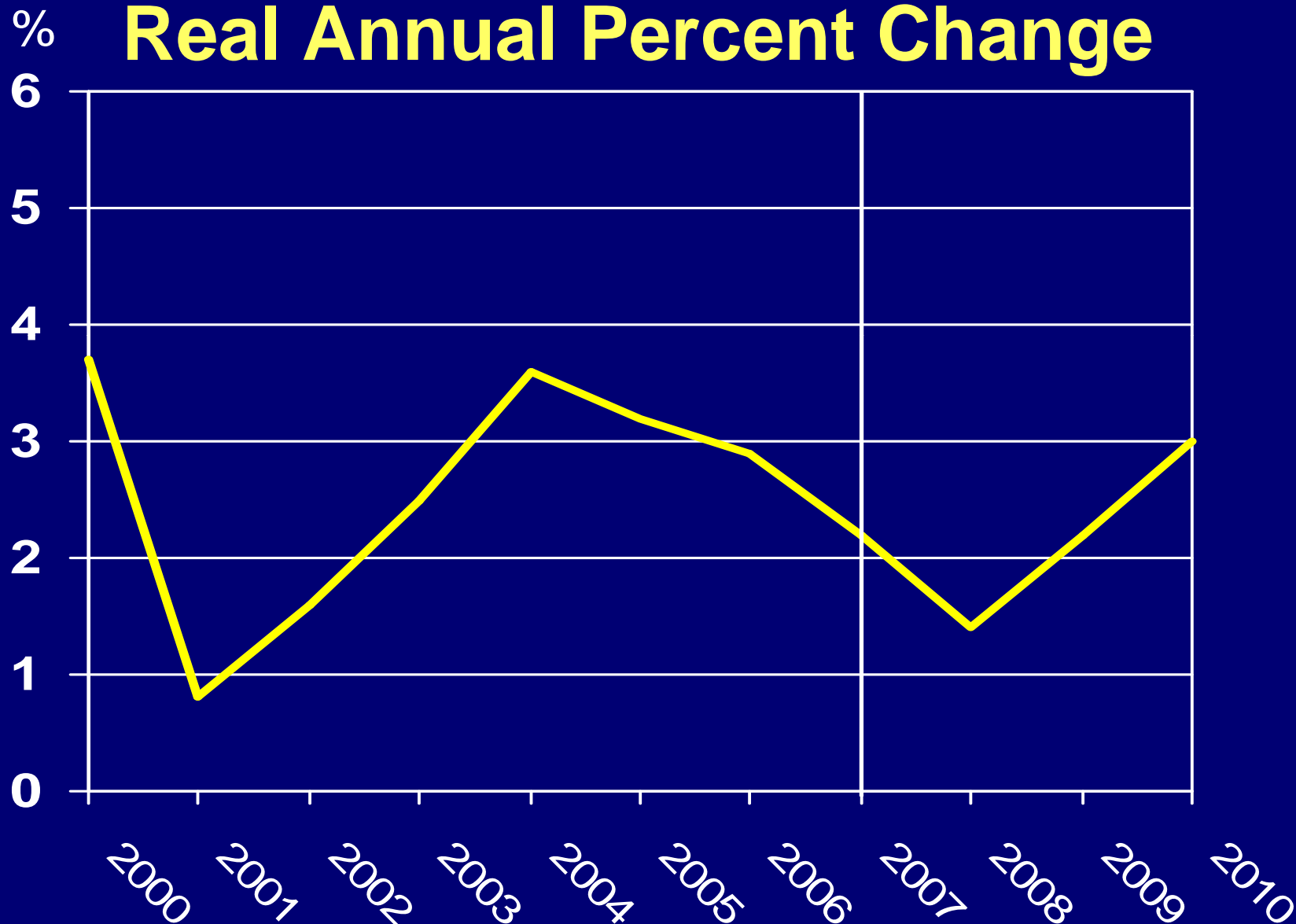
February 22, 2008

The U.S. Economy in 2008

Re-establishing Momentum

GDP 2000 - 2010

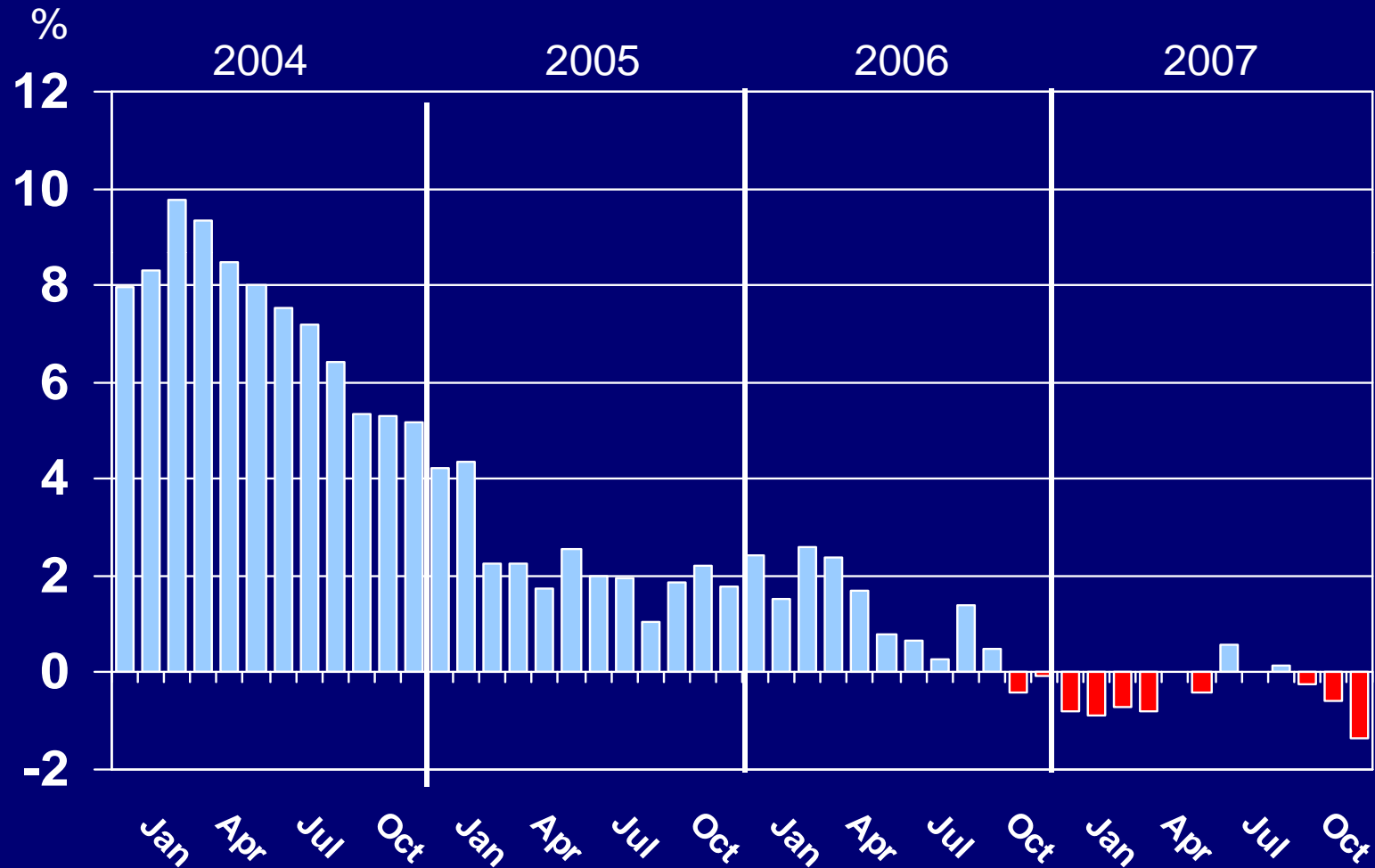
Real Annual Percent Change



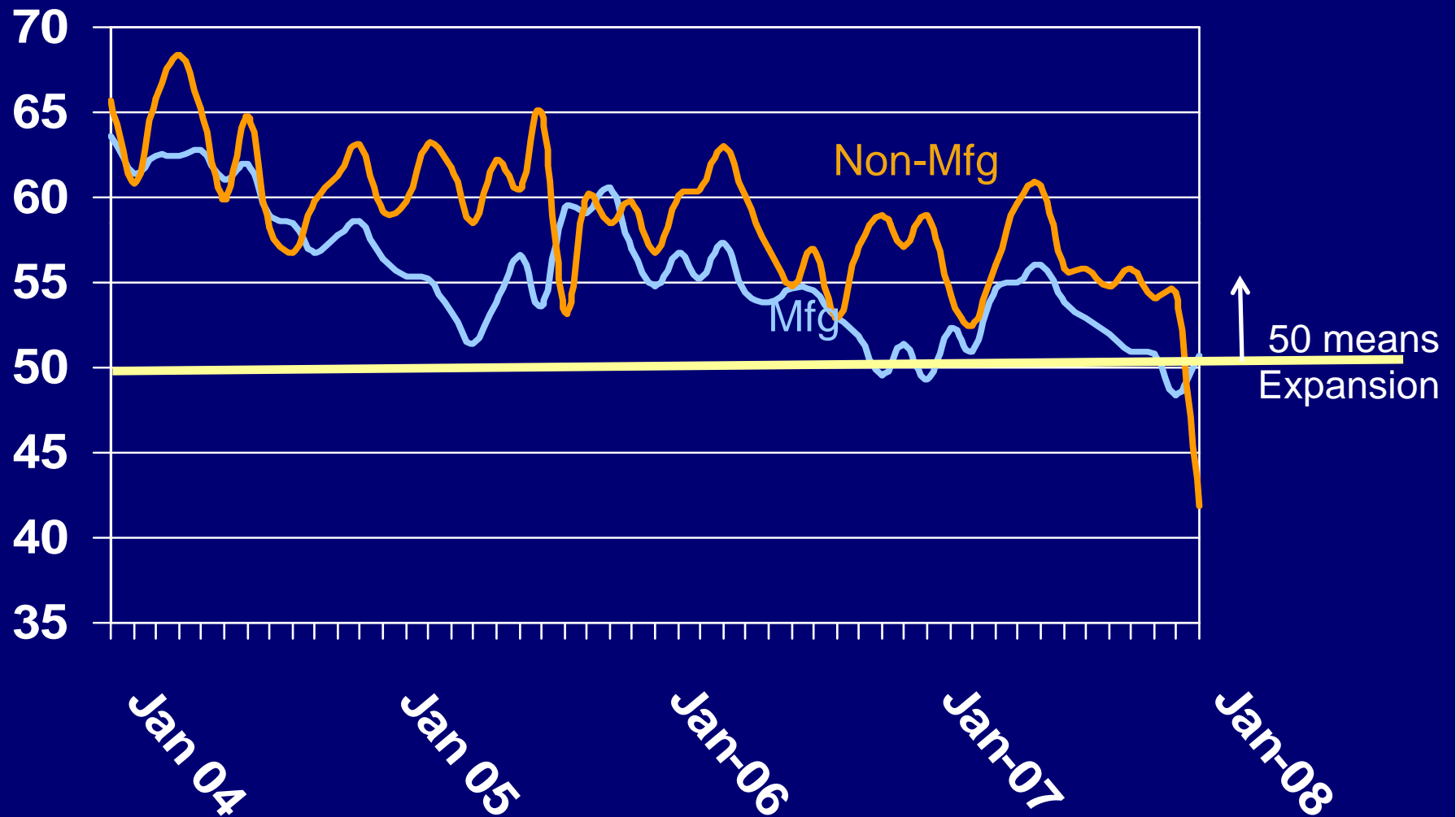
Source: Global Insight, Jan 2008, GMU Center for Regional Analysis

U.S. Leading Index

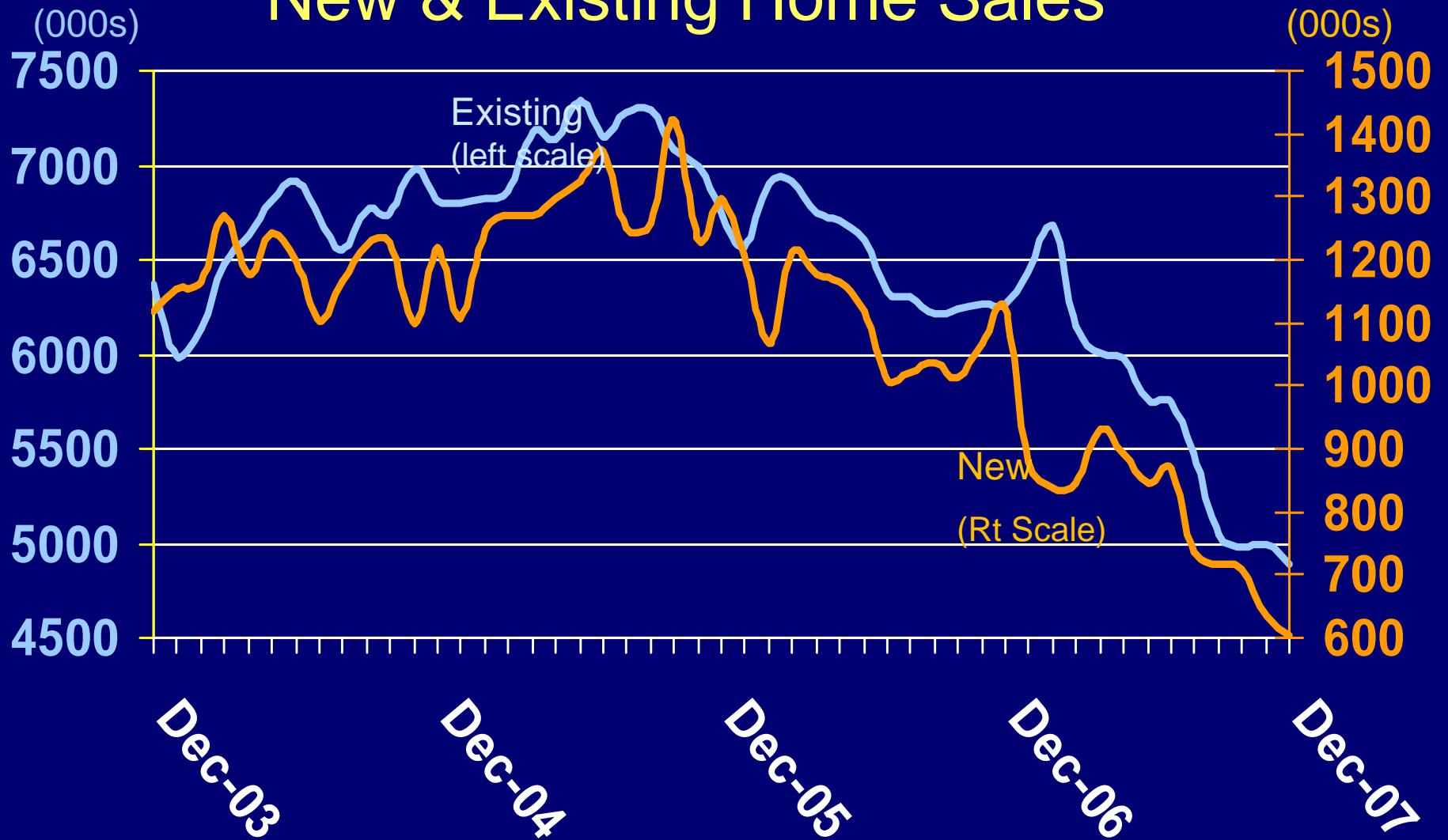
Monthly Over-the-Year Percent Changes



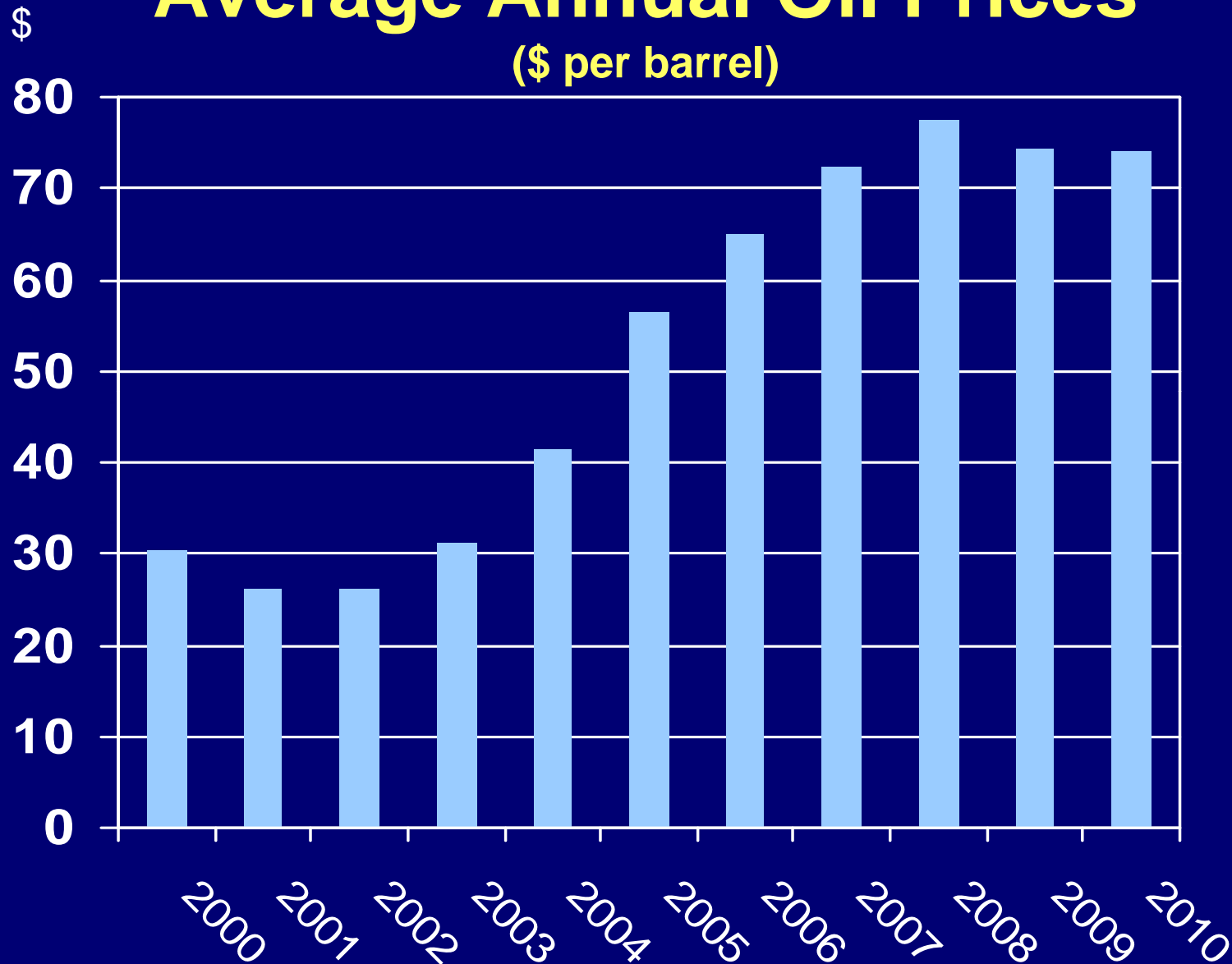
ISM Manufacturing and Non-Manufacturing Indices



Housing Trends: New & Existing Home Sales

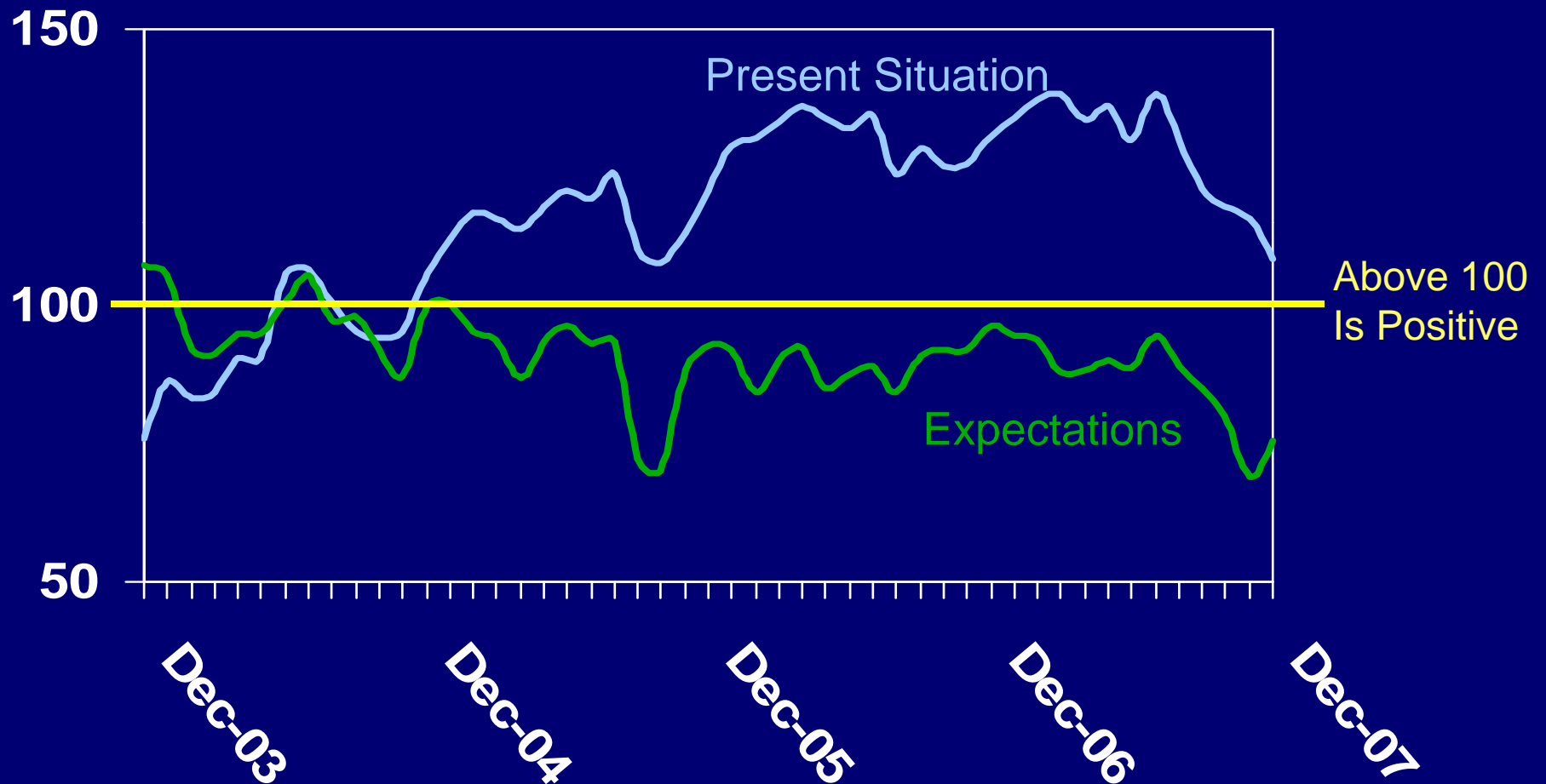


Average Annual Oil Prices (\$ per barrel)



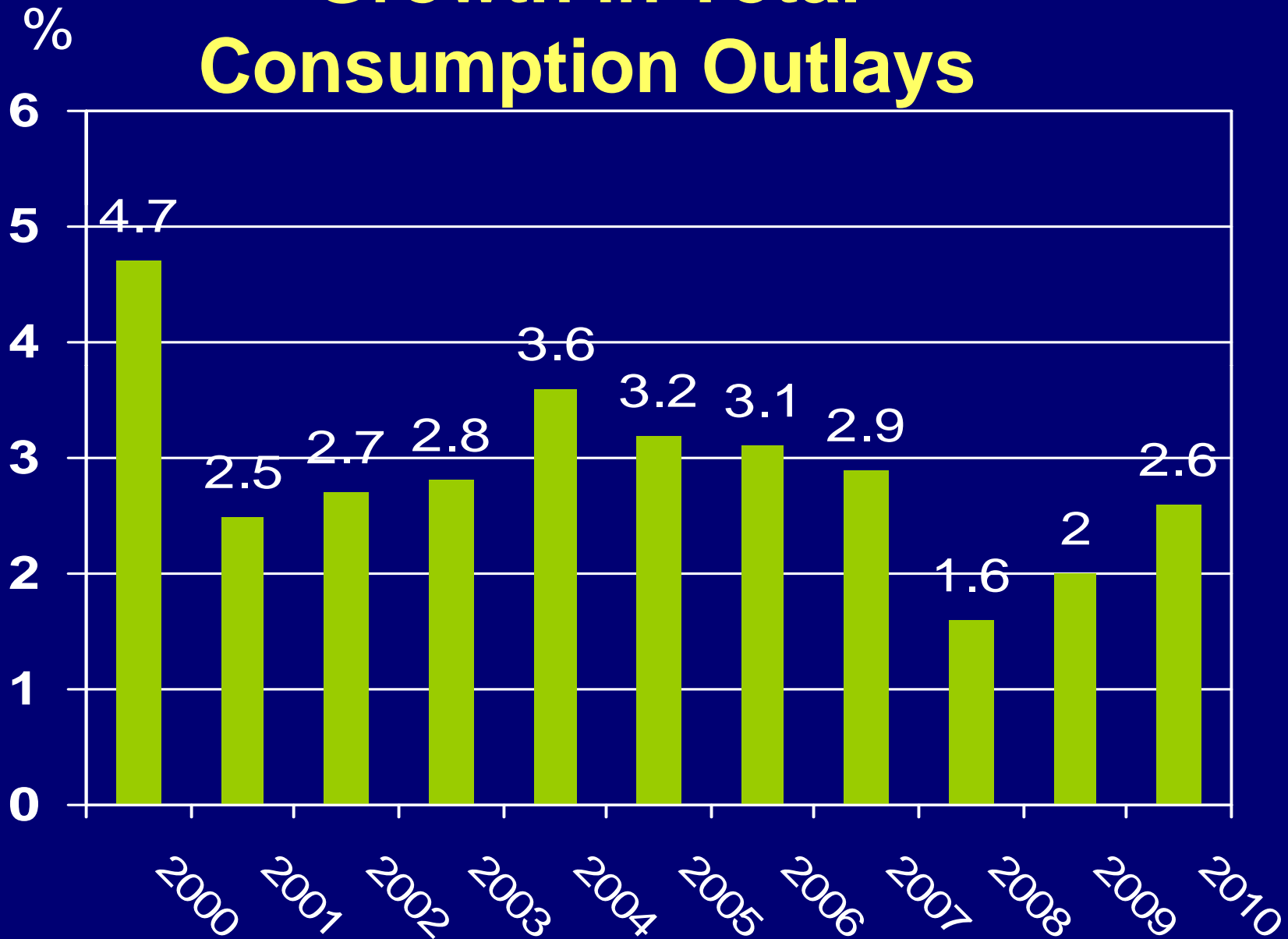
Source: Global Insight, GMU Center for Regional Analysis

Consumer Confidence



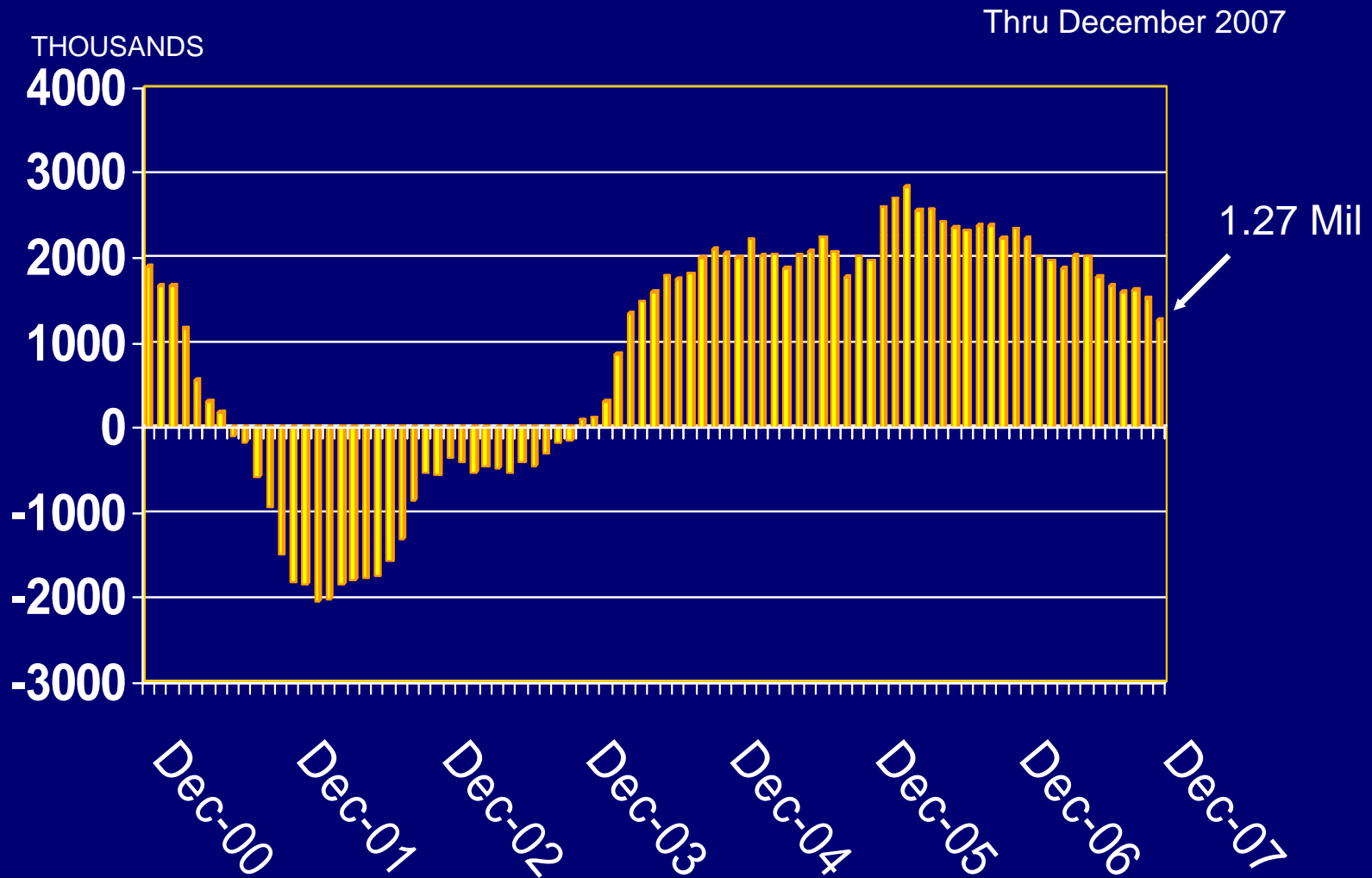
Source: Conference Board, GMU Center for Regional Analysis

Growth in Total Consumption Outlays



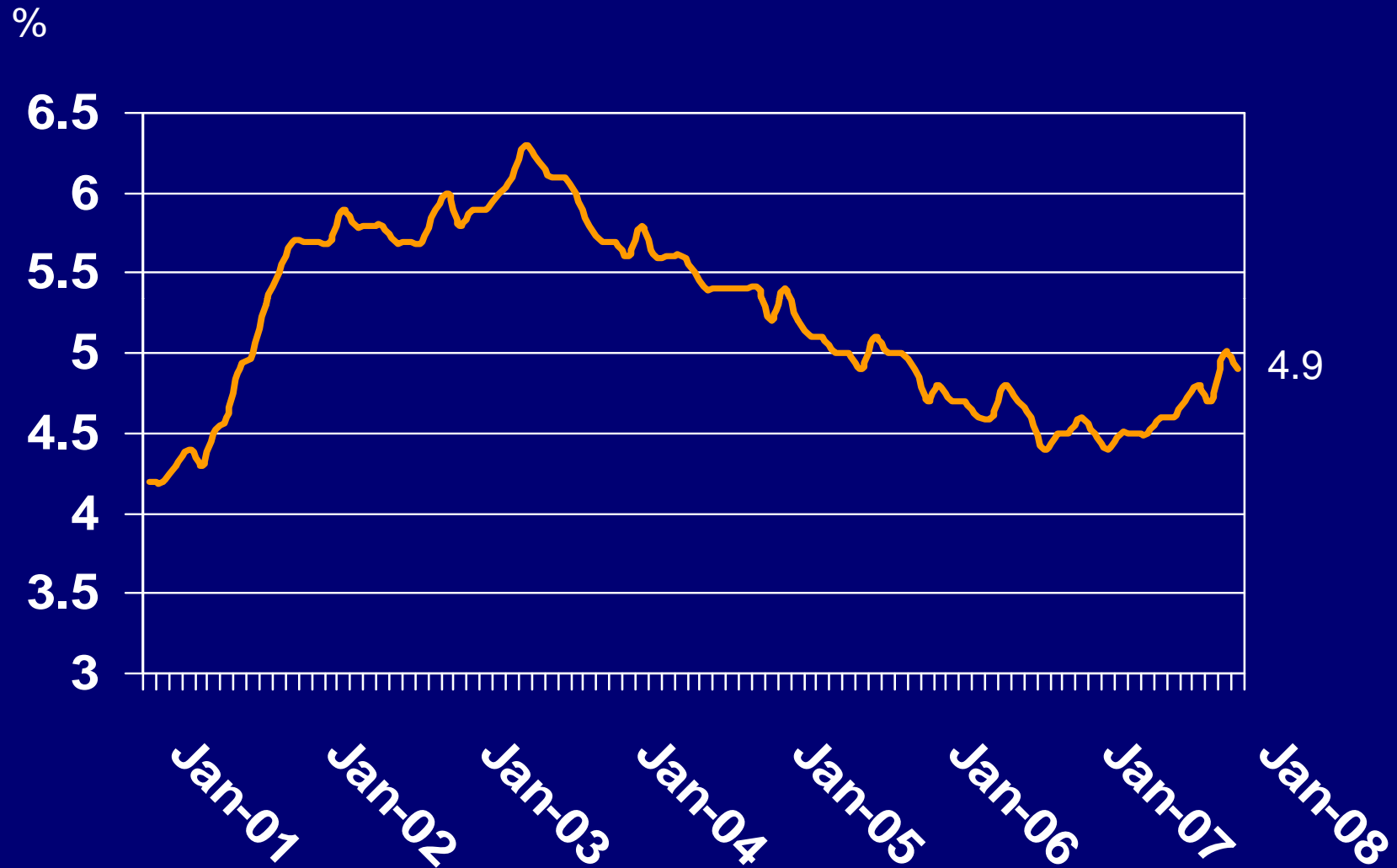
Source: Global Insight, January 2008, GMU Center for Regional Analysis

Annual Change in Jobs - US



Source: BLS Establishment Survey

U.S. Unemployment Rate



Source: BLS, Seasonally Adjusted

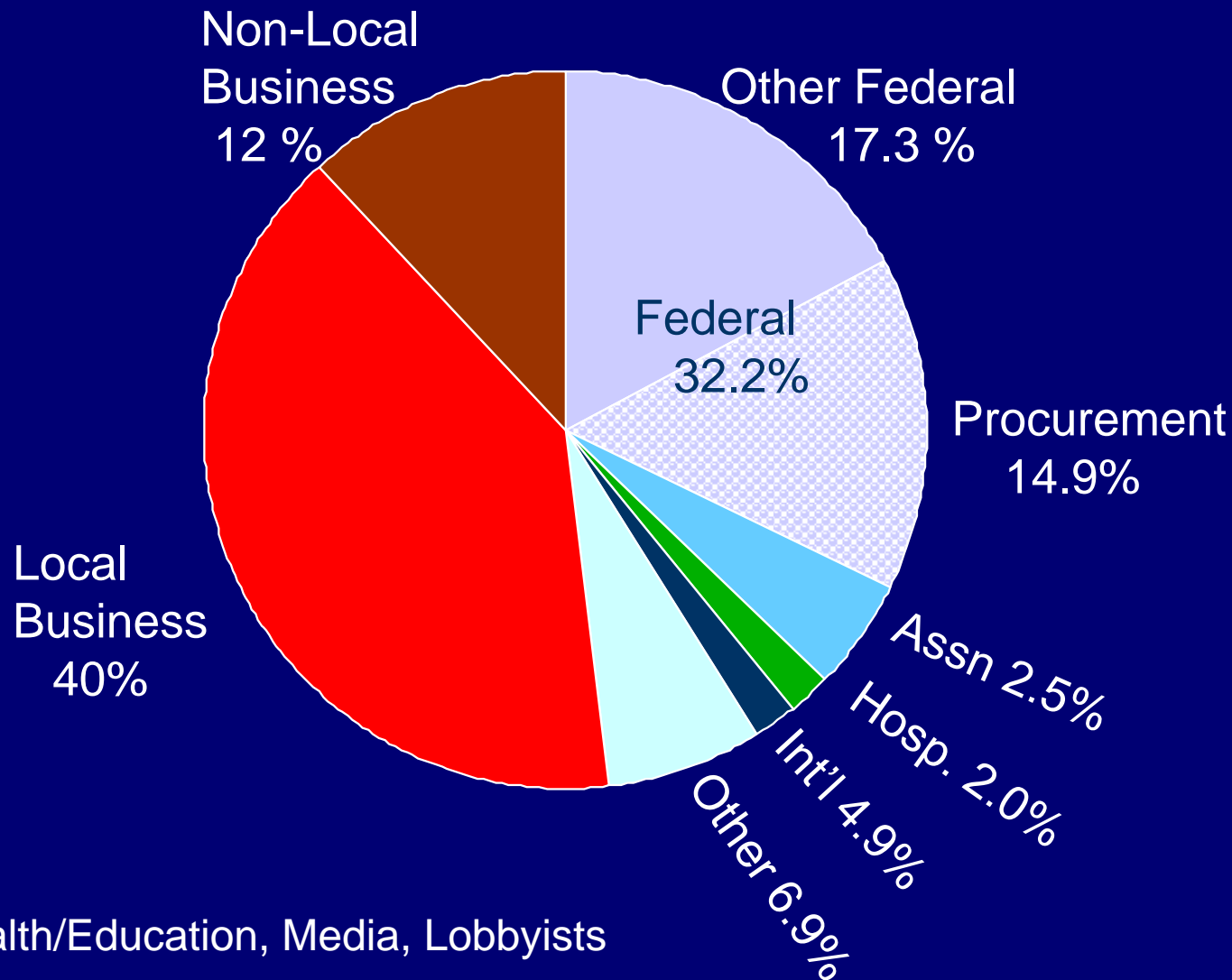
The Washington Area Economy

Current Performance

Key Questions

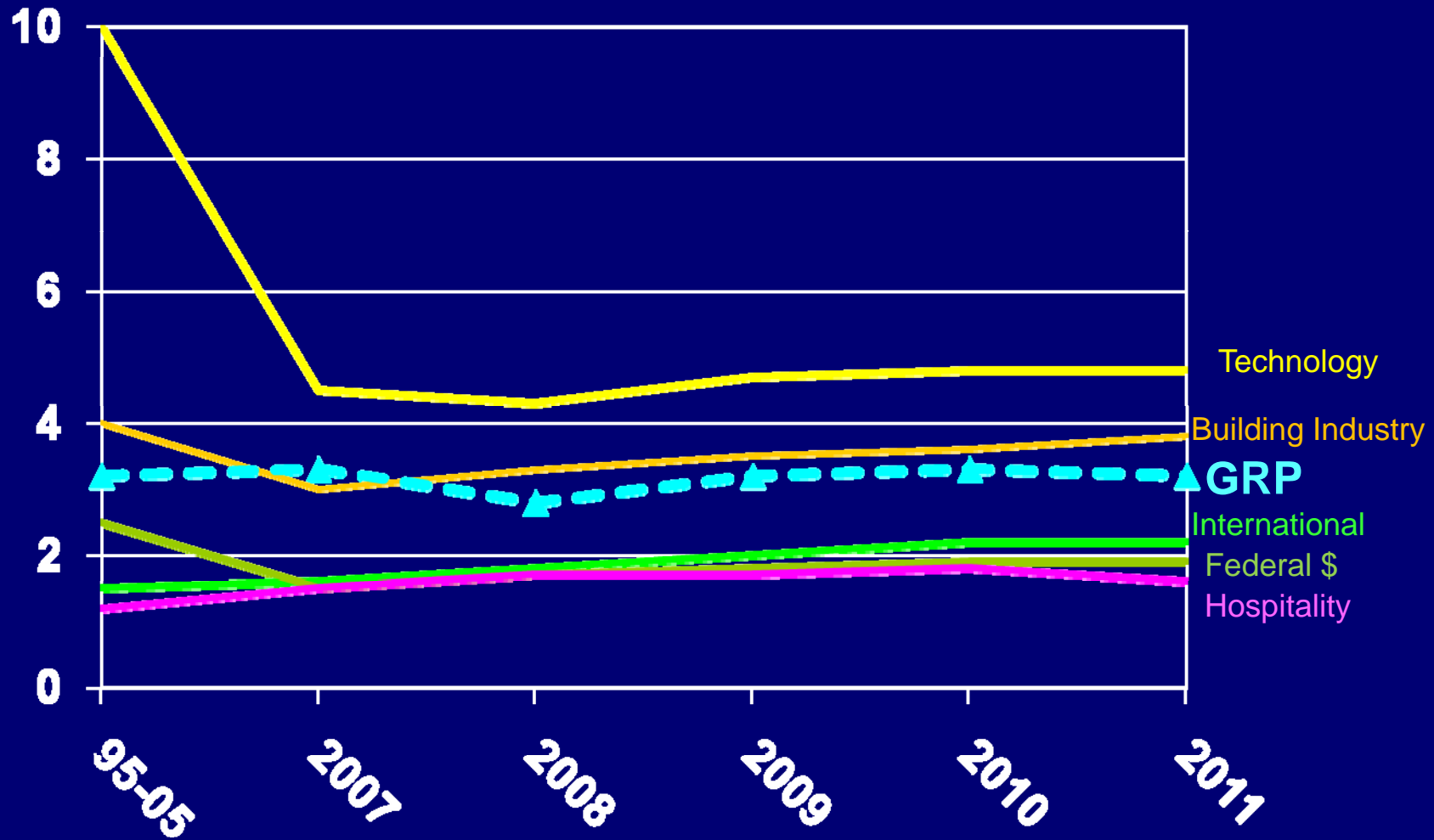
- What's driving the Washington area economy?
- What makes the Washington area economy different from other metropolitan economies?
- Will these differences protect the local economy or worsen the slowdown in 2008?

Structure of the Greater Washington Economy



Core Industry Outlook

(Annual real % change)



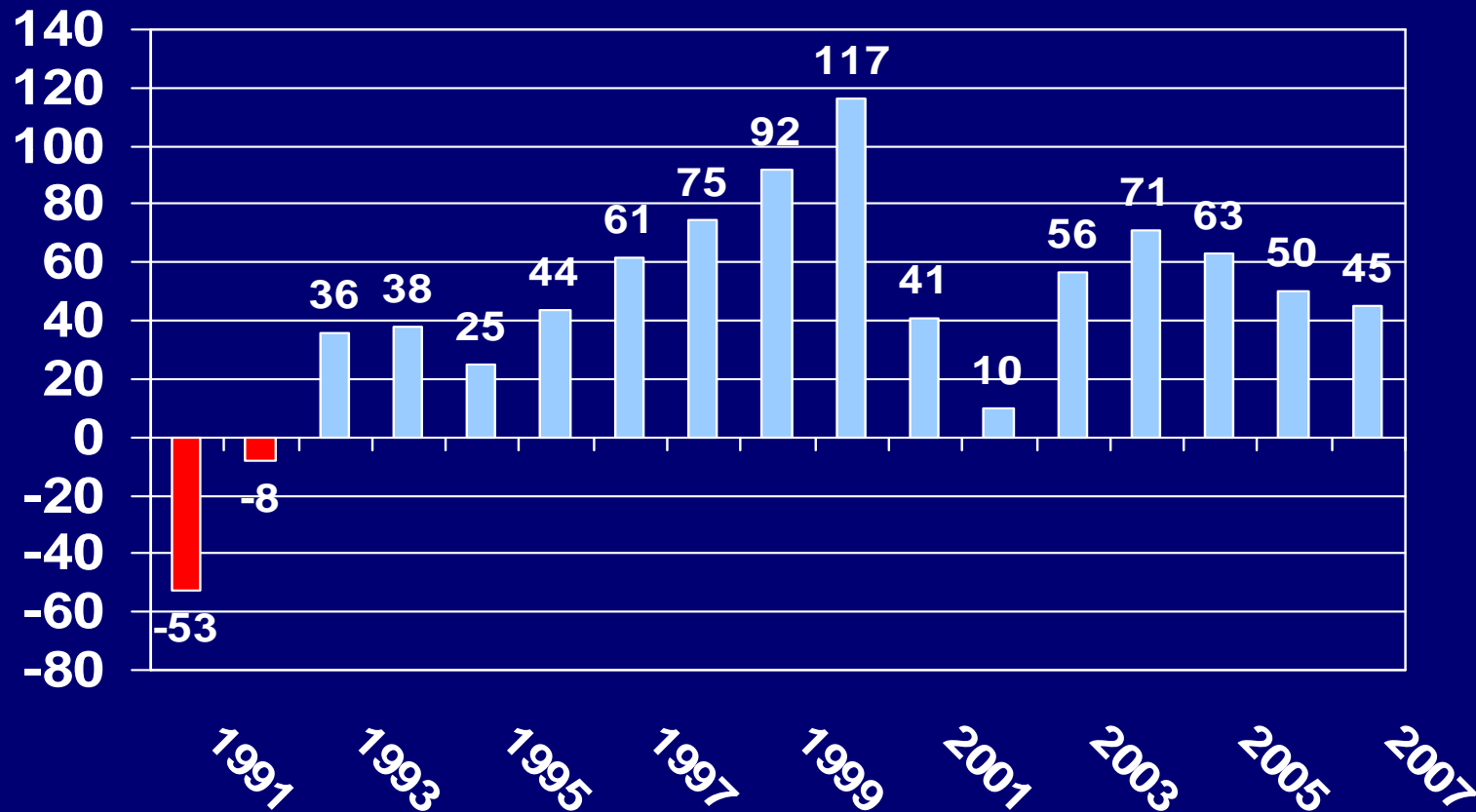
Source: GMU Center for Regional Analysis

Federal Spending by Type 1983 - 2007

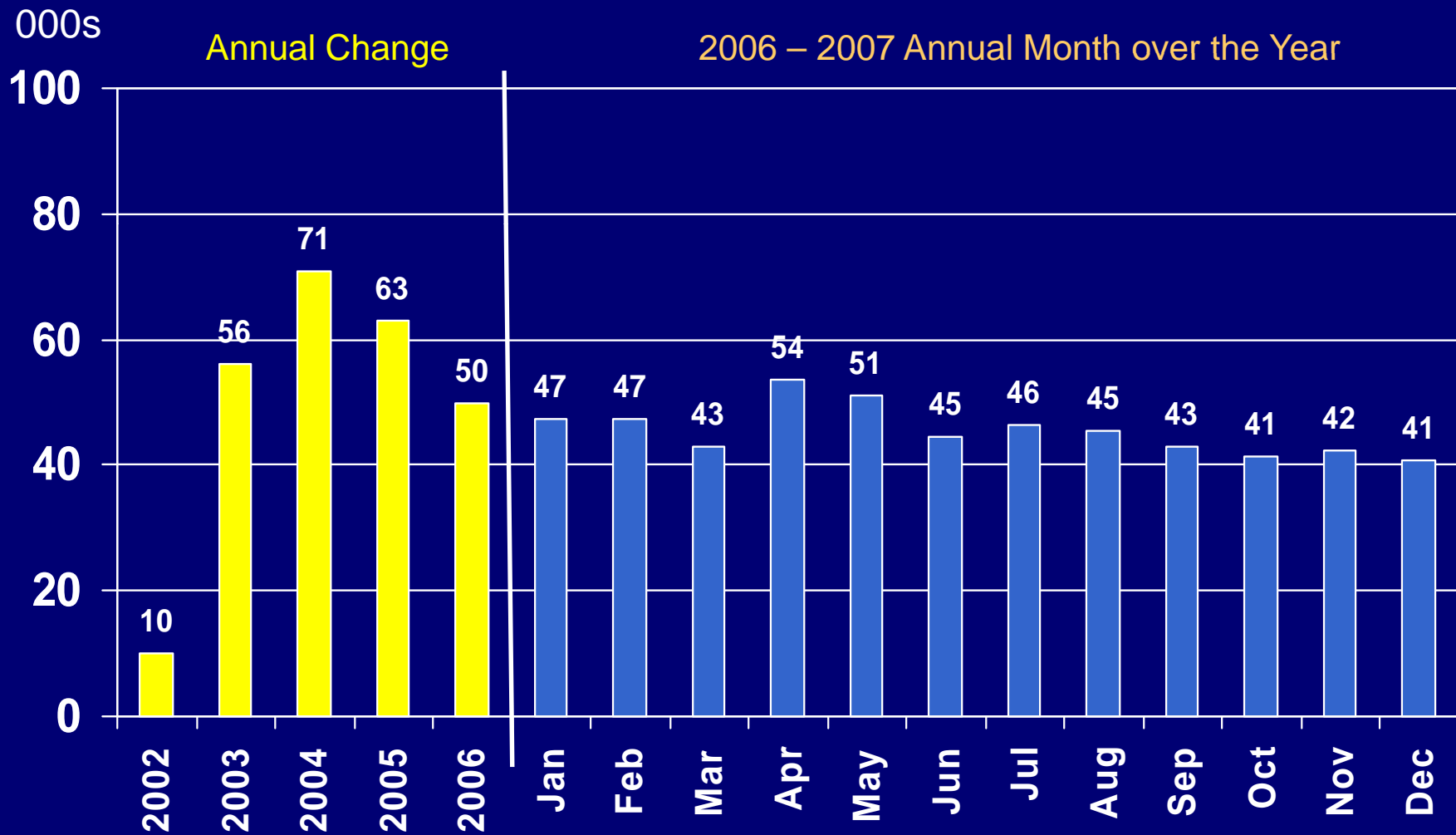


Annual Change in Jobs 1991 – 2007 Washington Metro

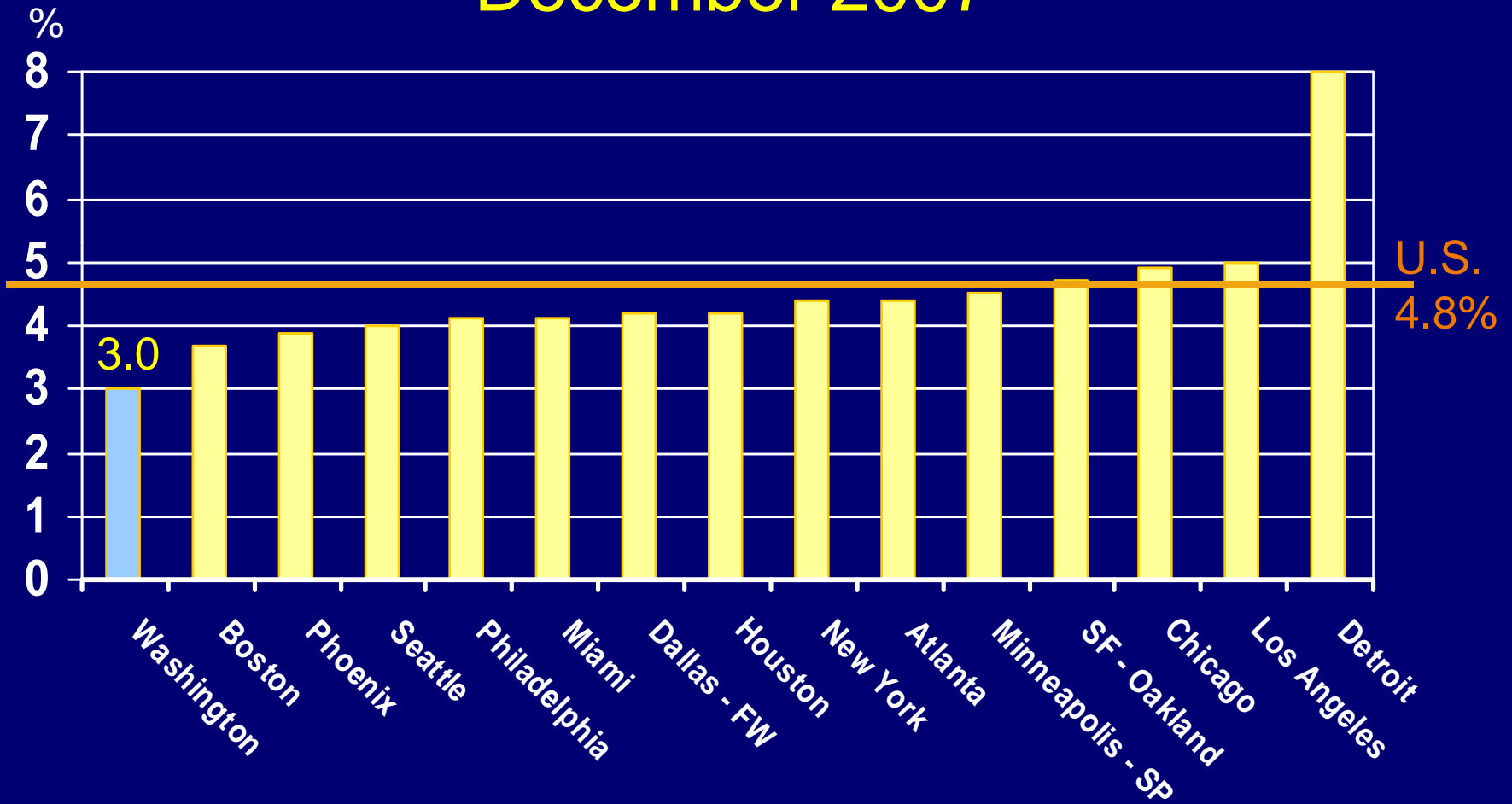
Thousands



Annual Job Change Washington Metro



15 Largest Job Markets Ranked by Unemployment Rate December 2007



The Washington Area Residential Market

Sales and Total Active Listings

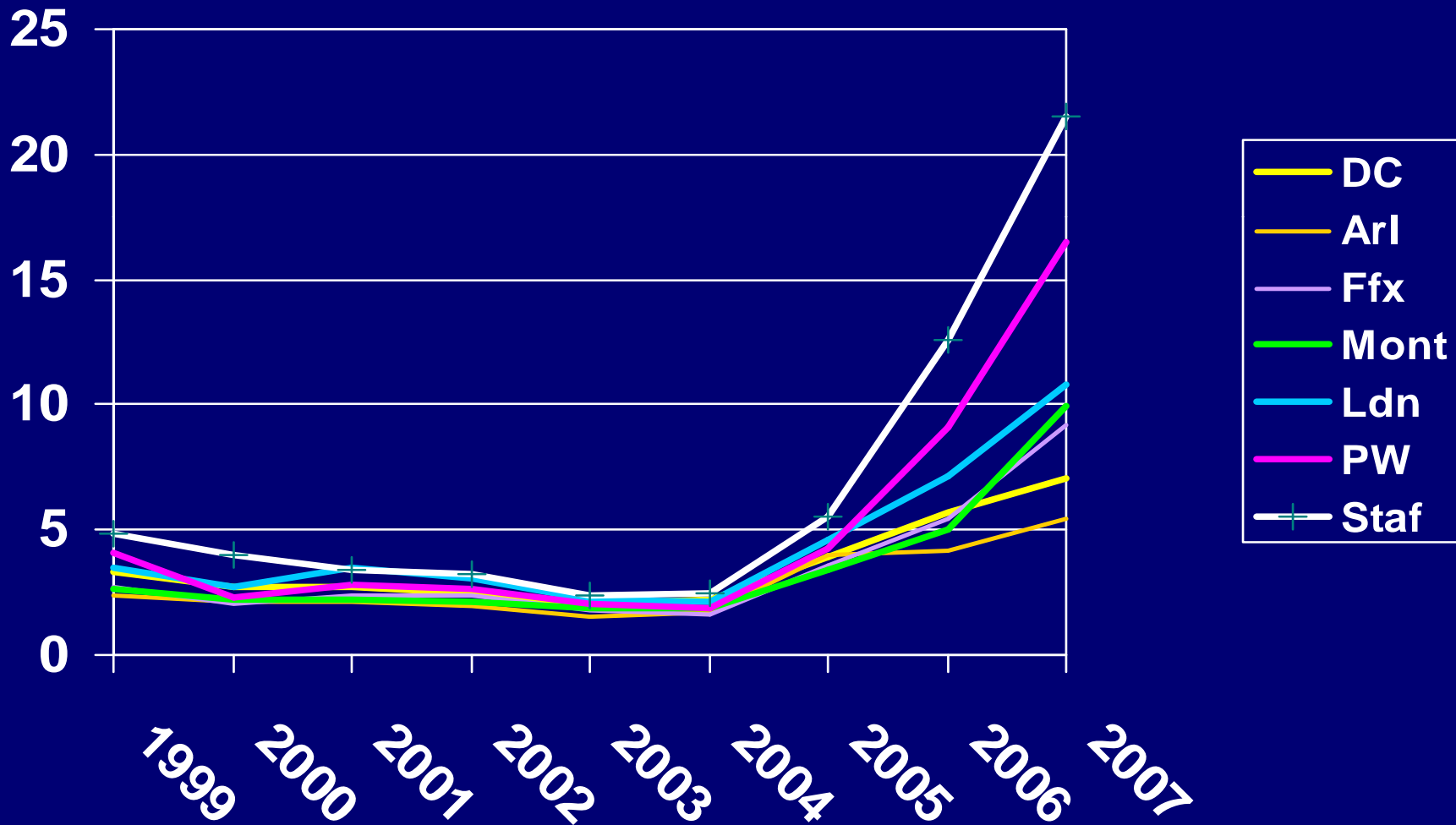
Washington MSA, December Each Year



Source: MRIS, GMU Center for Regional Analysis

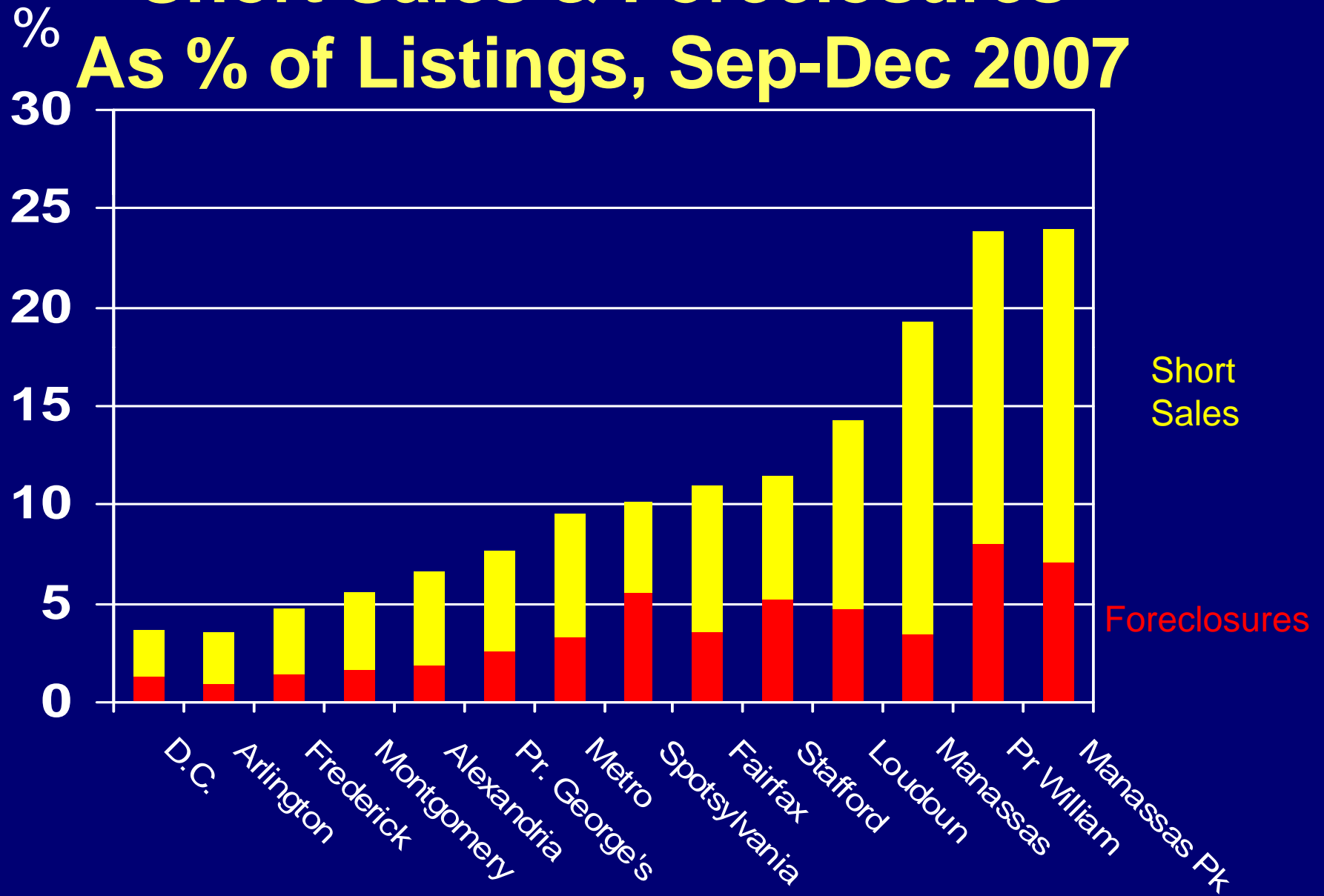
Total Active Listings per Sale

December Each Year

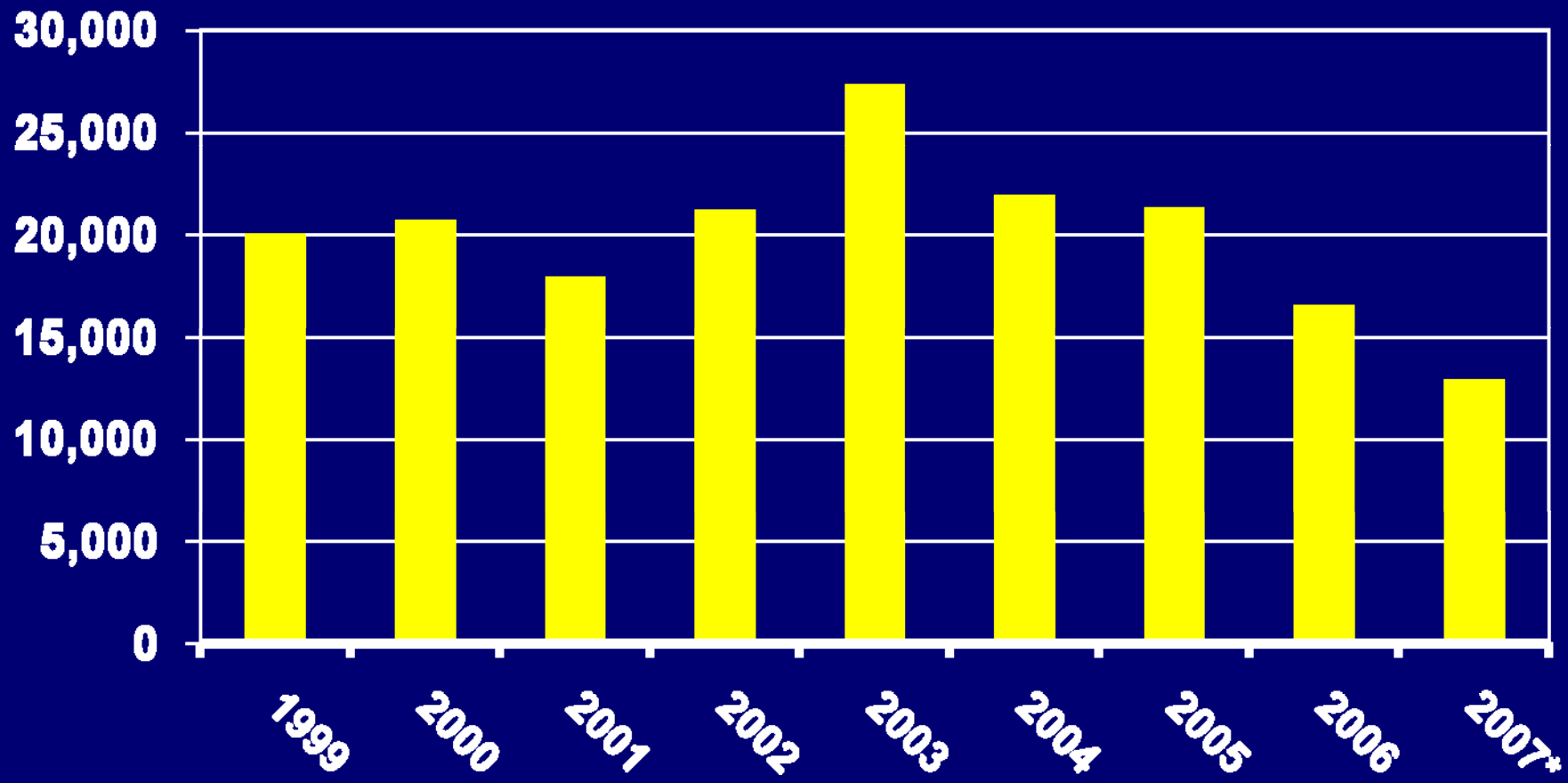


Source: MRIS, GMU Center for Regional Analysis

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



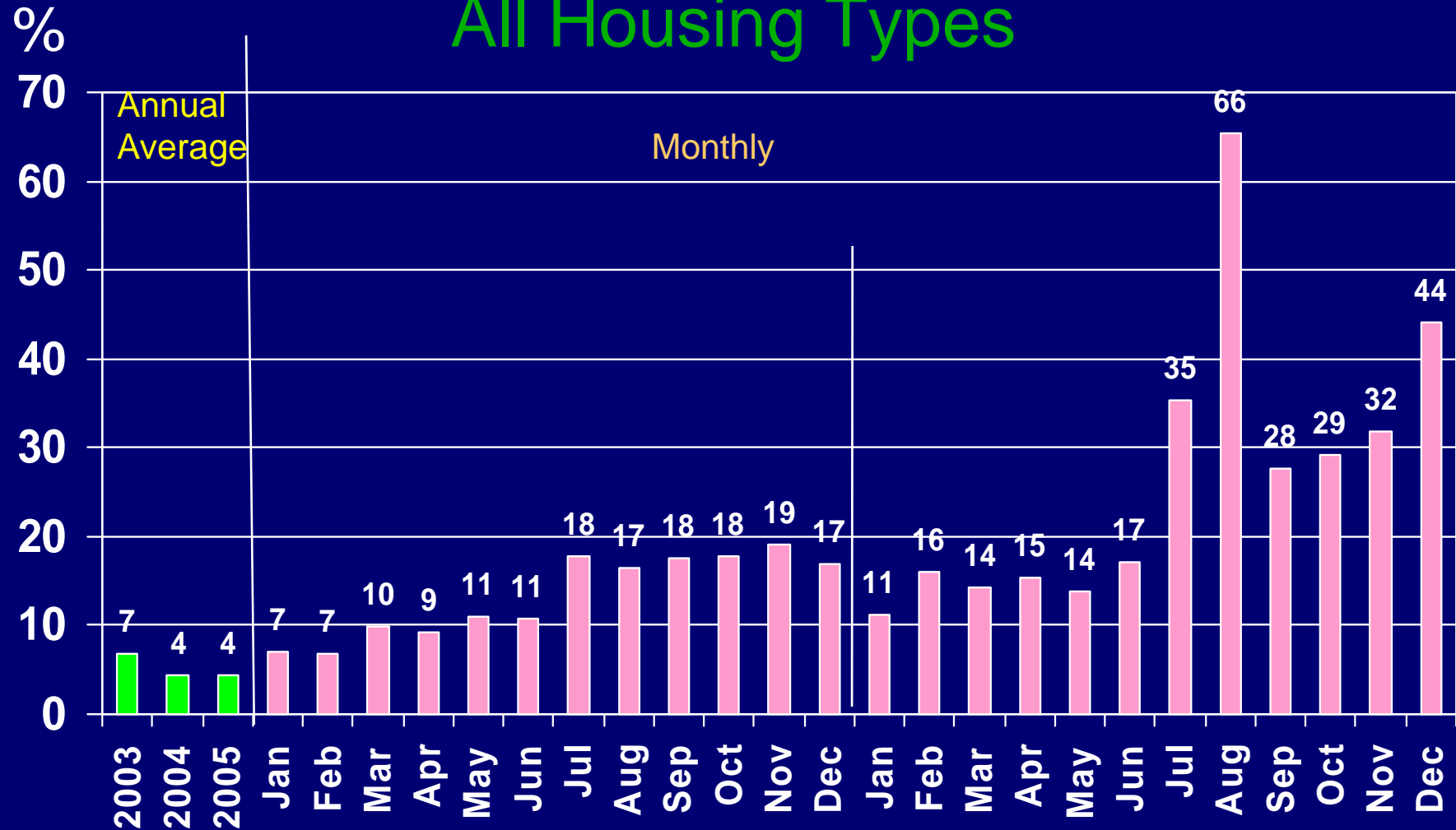
New Housing Units Sold Washington Metro Area



Source: Hanley-Wood, GMU Center for Regional Analysis

* Annualized

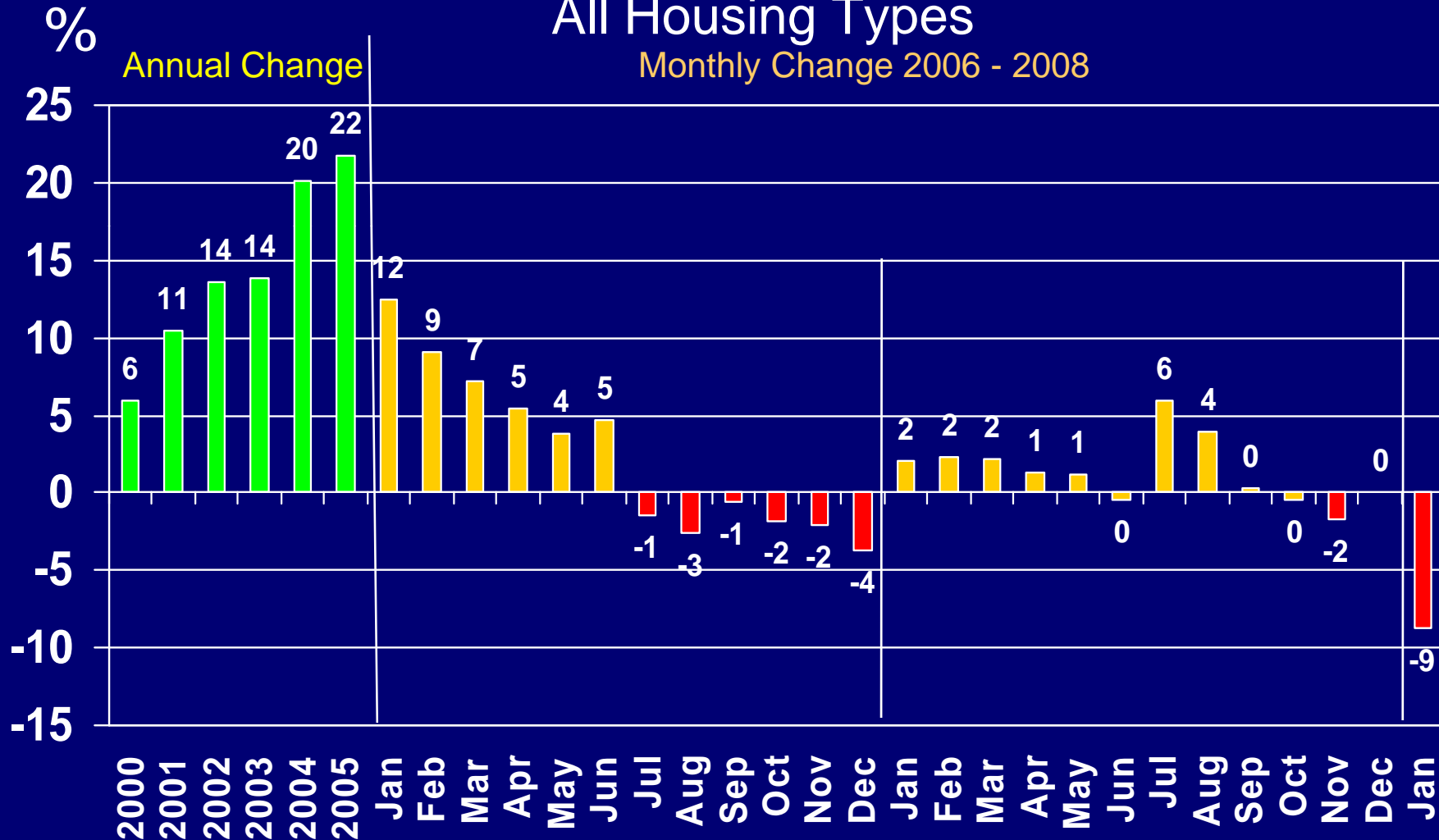
New Housing Contract Kick-Out Rate Washington MSA All Housing Types



Average Sales Price Percent Change Washington MSA

All Housing Types

Monthly Change 2006 - 2008



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)

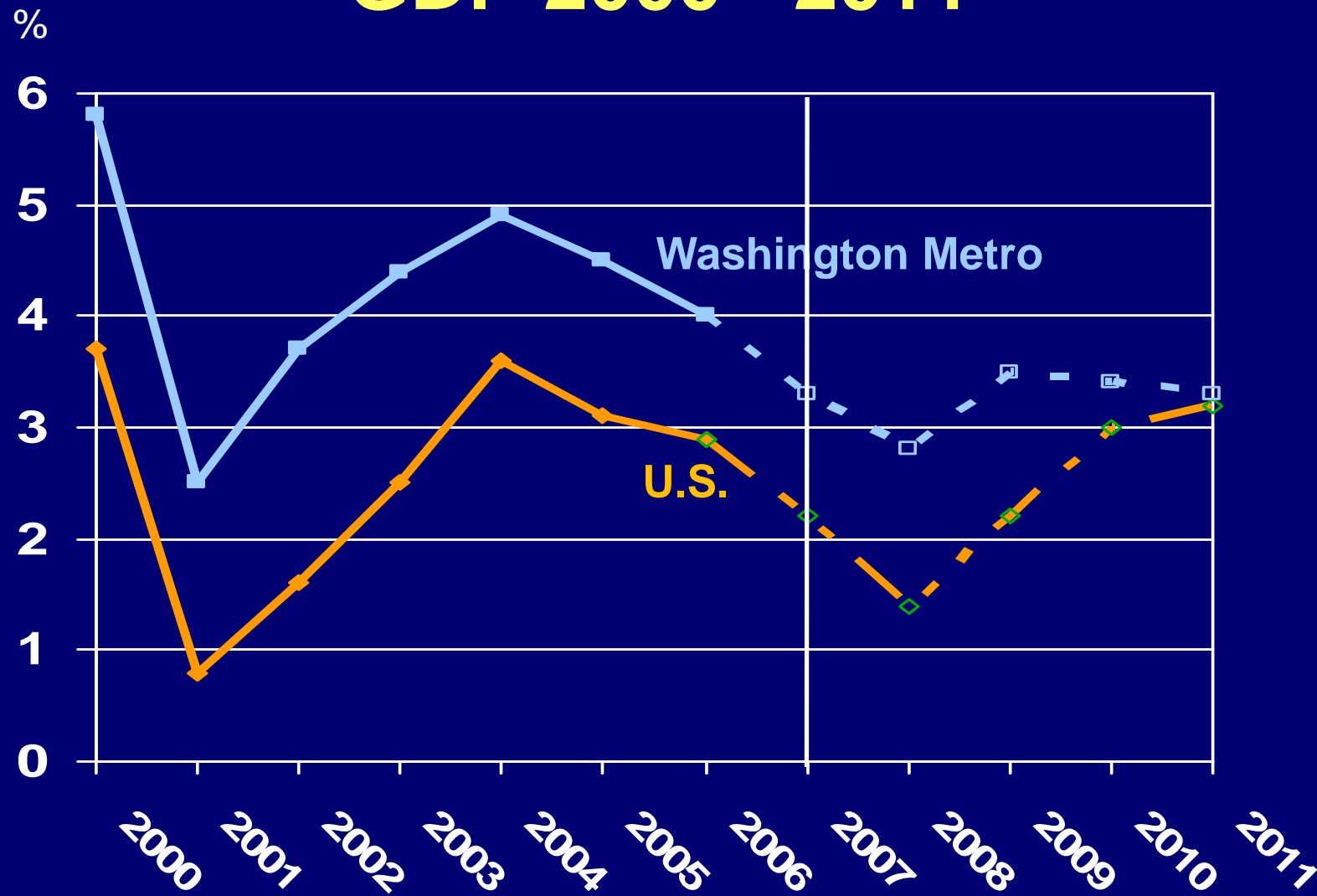
	2007*		2009*	
	SF	Rate	SF	Rate
Dist. of Columbia	7.9	6.4%	15.1	11.3%
Suburban Maryland	9.0	10.6%	10.4	11.7%
Northern Virginia	17.3	10.3%	19.6	11.1%
TOTAL	34.2	9.1%	45.1	11.3%

* End of Year

Area Economic Forecast

2008 - 2011

GDP 2000 - 2011



Source: Global Insight, GMU Center for Regional Analysis

Employment Change by Sub-state Region (000s)

	2006	2007	2008	2009	2010	2011
D.C.	6.1	10.4	7.1	6.5	5.0	5.0
S. MD	10.6	10.3	10.0	11.5	12.5	13.0
No. VA	30.5	22.7	20.5	21.0	24.0	25.5
REGION	47.2	43.4	37.6	39.0	41.5	43.5

1.6%

1.5%

1.2%

1.3%

1.3%

1.4%

* CRA Mid-2007 Forecast

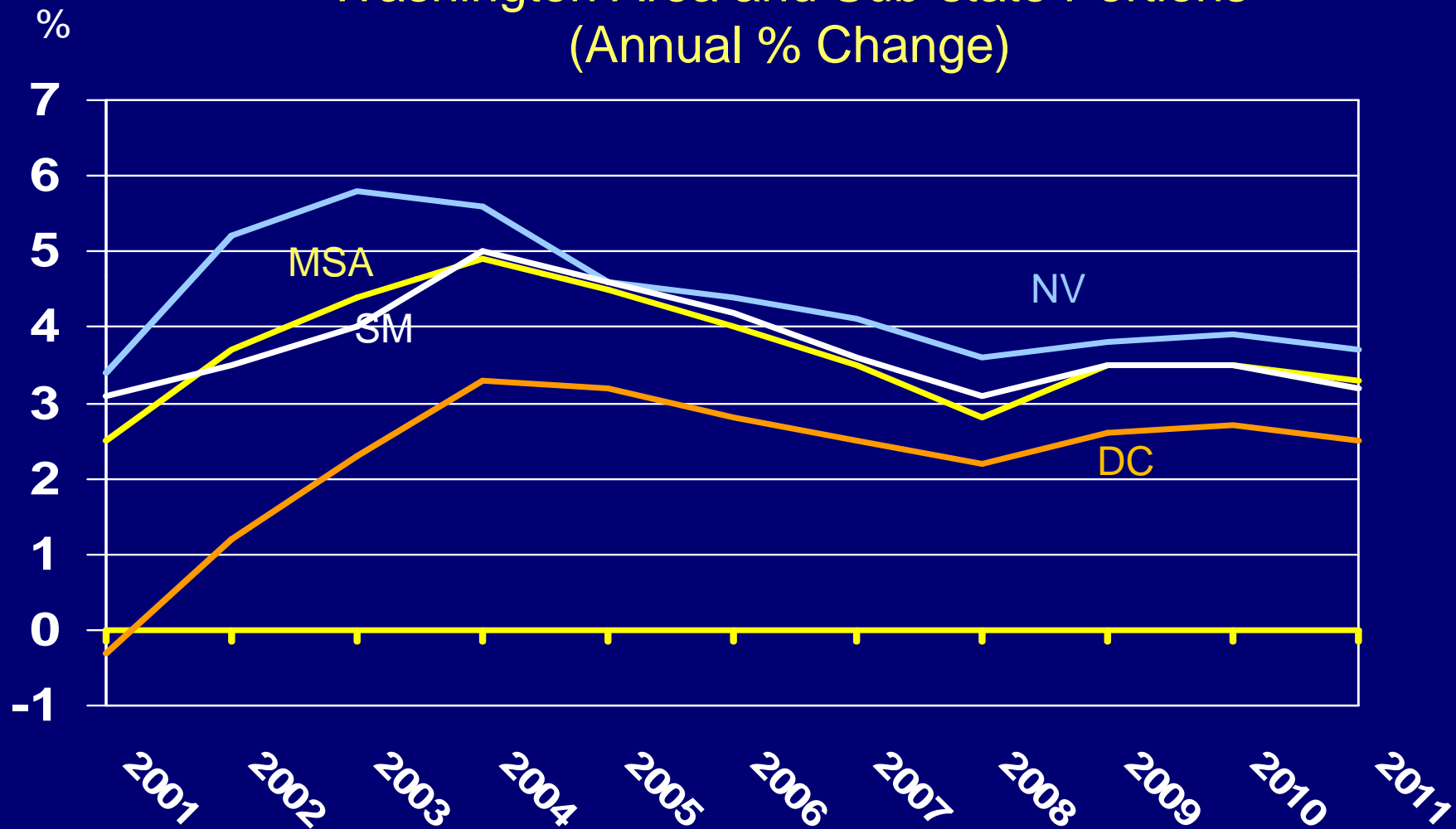
Average Annual Change 1990-2007 = 44,900

Source: GMU Center for Regional Analysis

Based on 2006 BLS Benchmarked Data.

Economic Outlook (GRP) – 2011

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



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

**The “R” Word
Means
RESILIENT
for the Washington Economy**

www.cra-gmu.org