

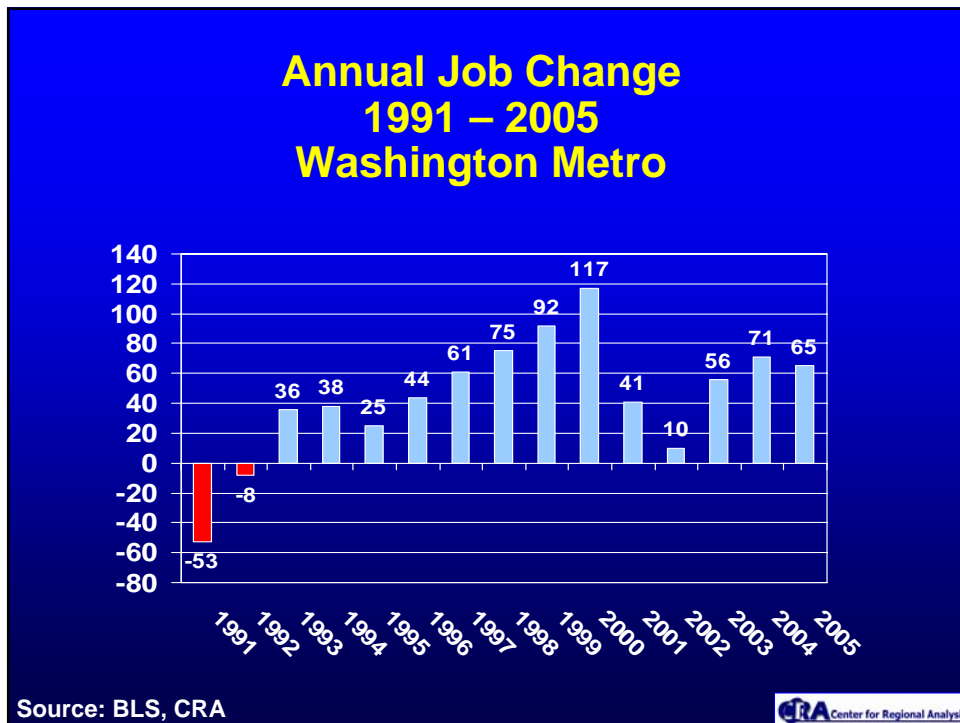
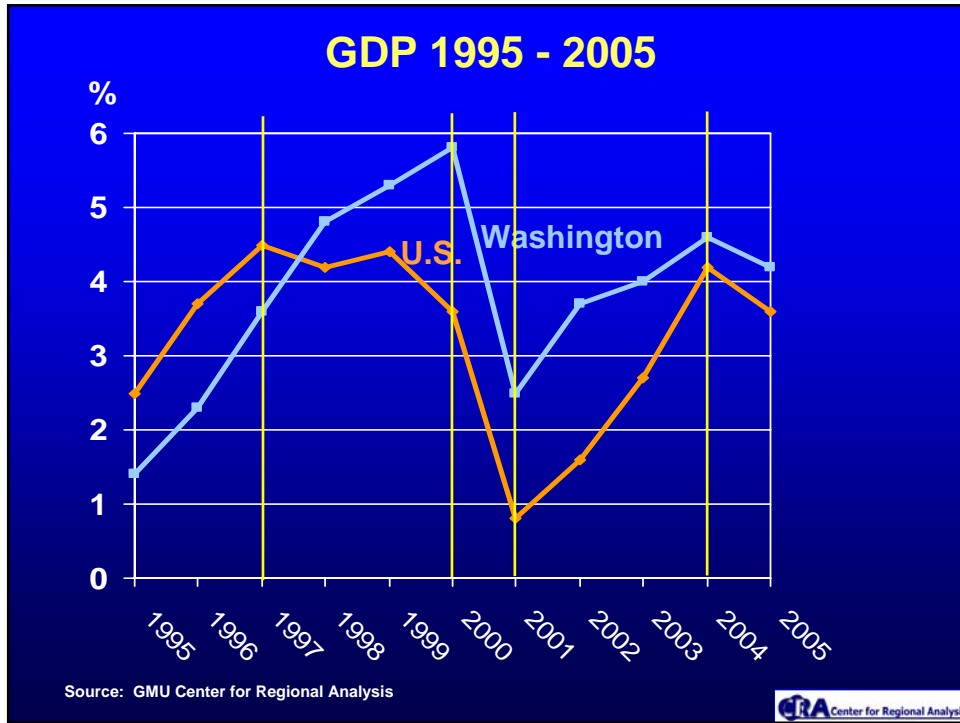
NVBIA
Real Estate Outlook Conference

The Washington Area Economy:
2006 Forecast and Beyond

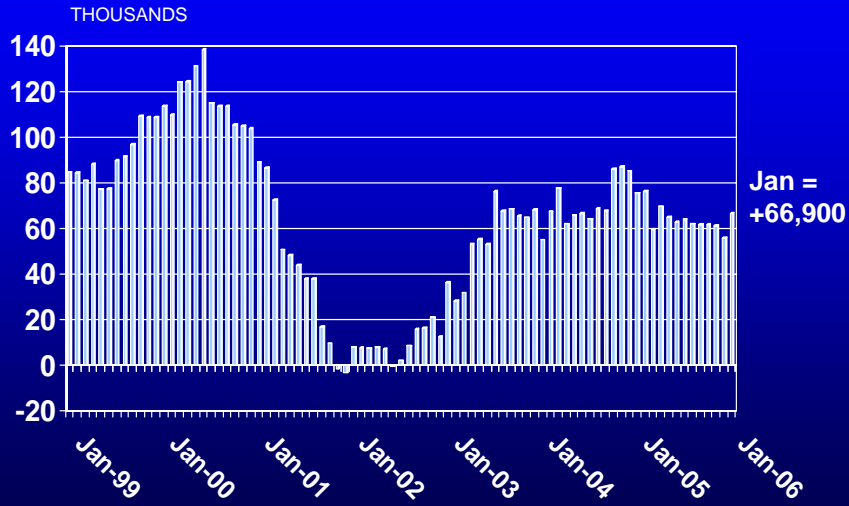
John McClain, AICP
Senior Fellow and Deputy Director,
Center for Regional Analysis
School of Public Policy, George Mason University

March 21, 2006

The Washington Economy:
Current Performance

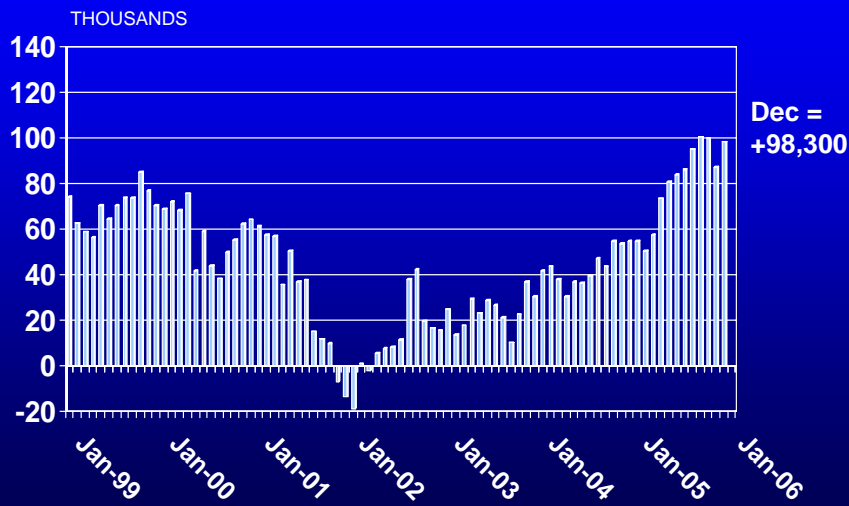


Annual Job Change Washington MSA



CRA Center for Regional Analysis

Annual Change of Employed Residents Washington MSA

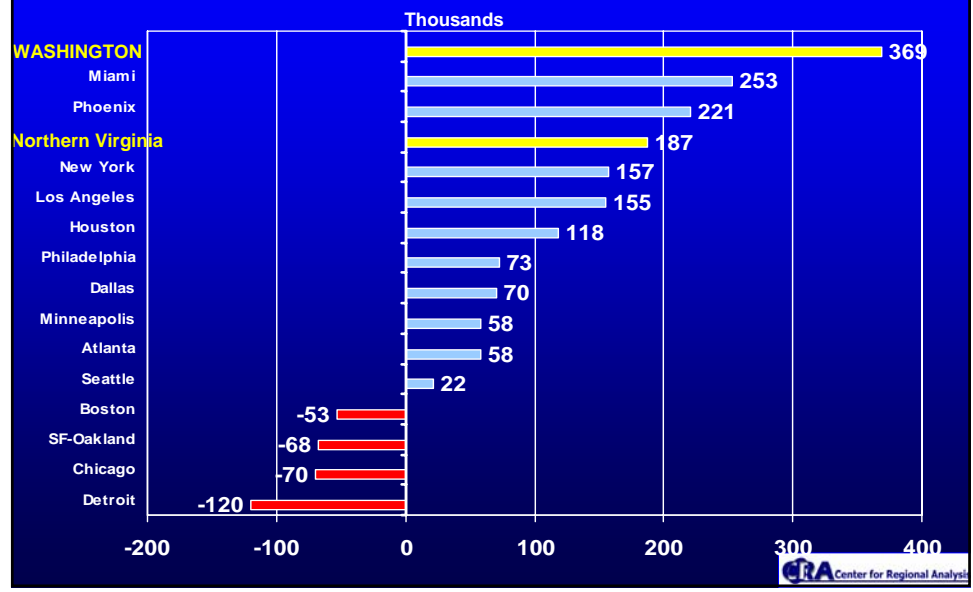


Source: BLS Household Survey

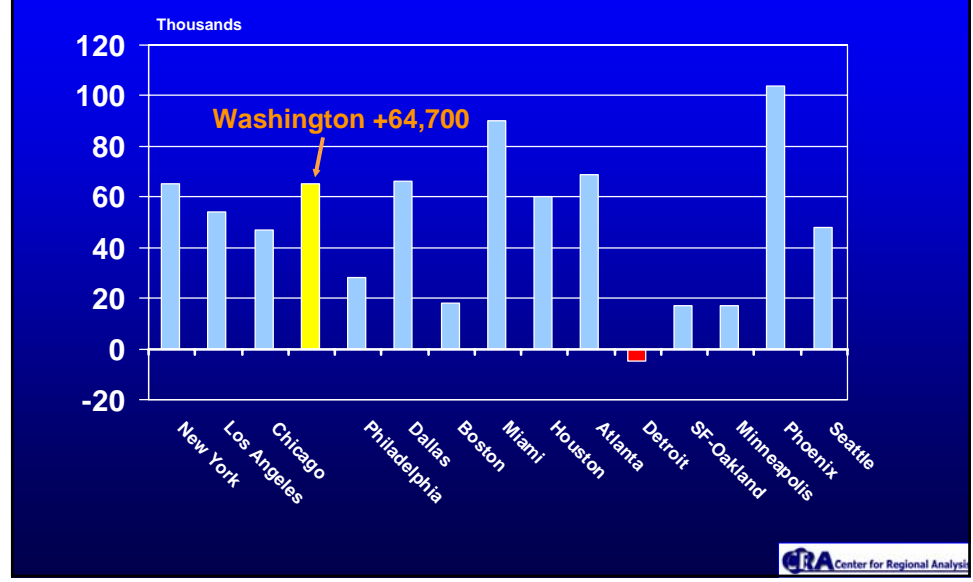
CRA Center for Regional Analysis

Metro Comparisons Job Change 1999-2005

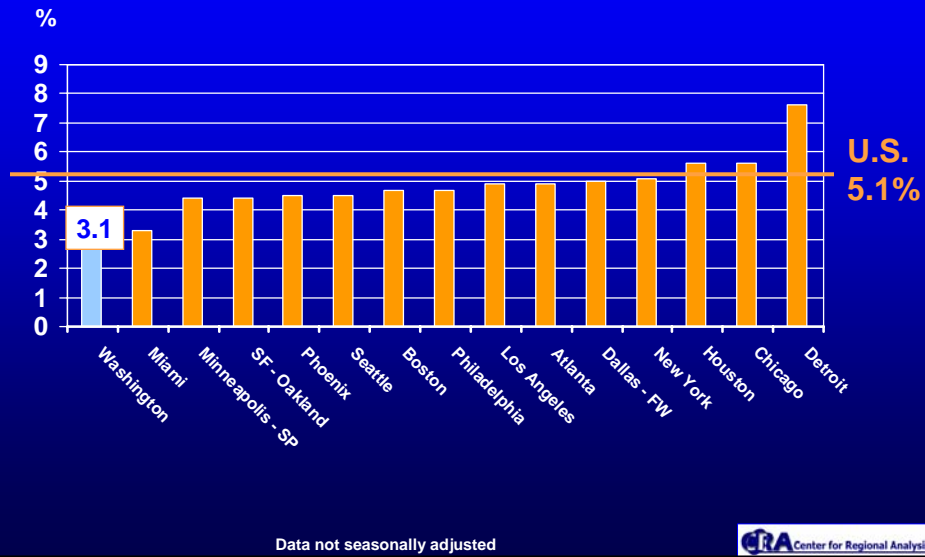
15 Largest Metro Areas



15 Largest Job Markets Job Change in 2005

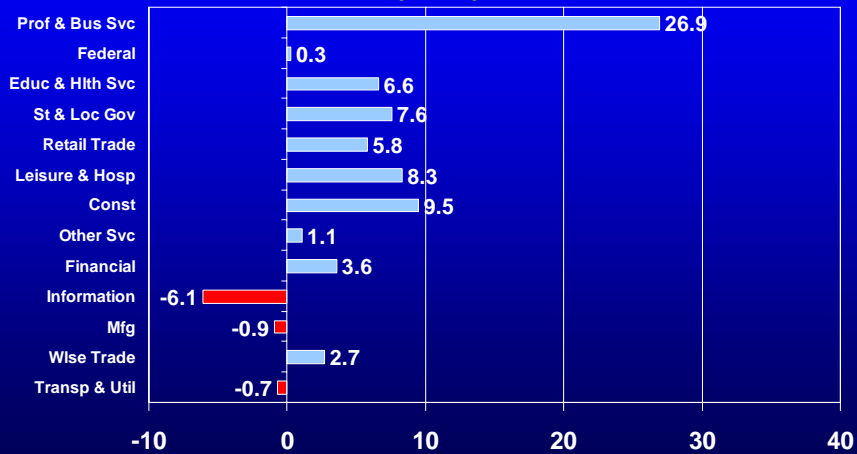


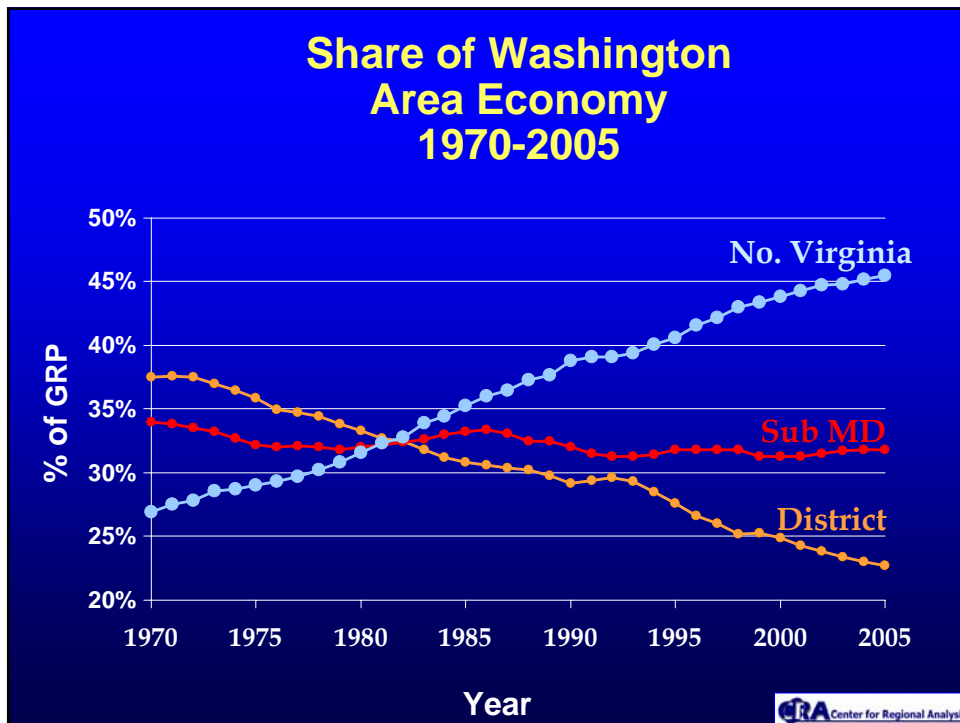
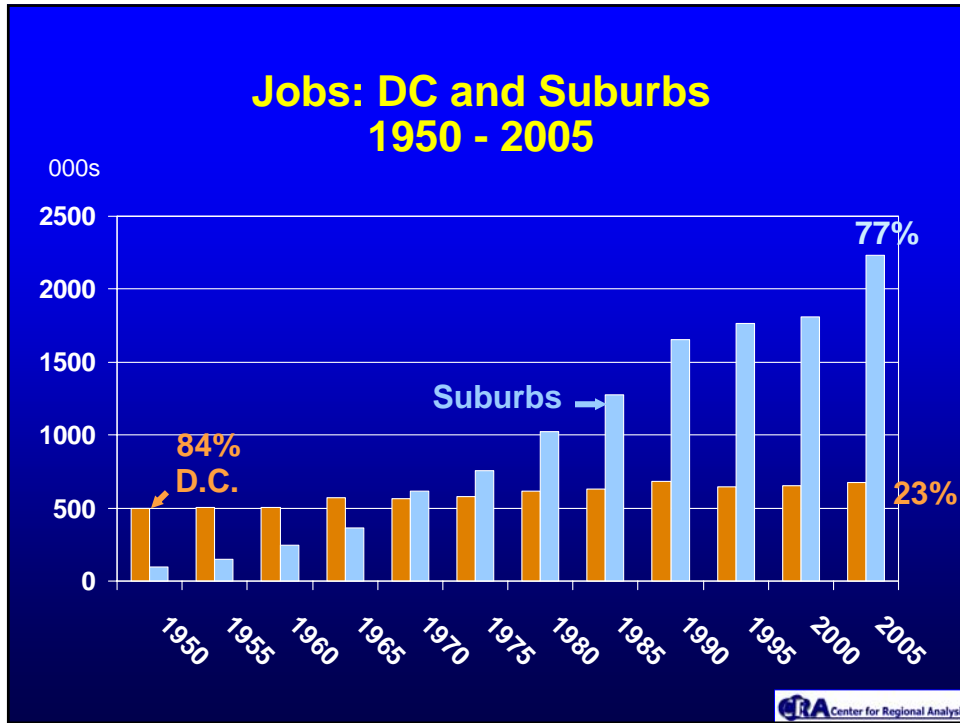
15 Largest Job Markets Ranked by Unemployment Rate January 2006



2004 - 2005 Job Change By Sector Washington MSA

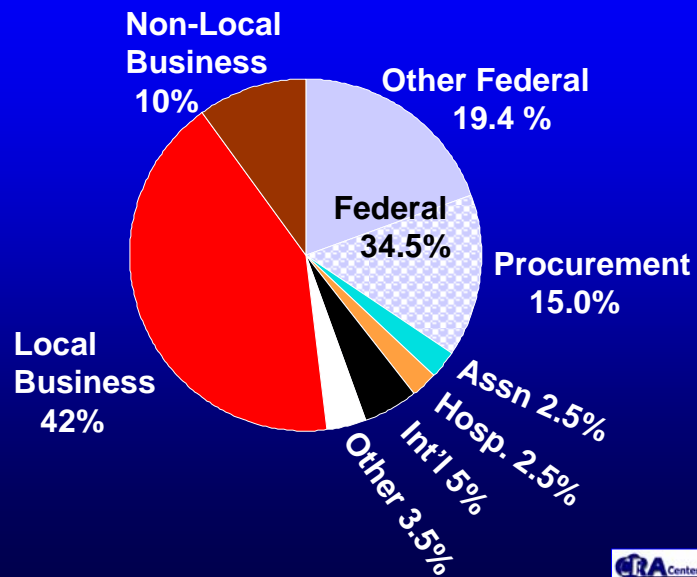
(Ranked by Size of Sector) (000s) Total = 64,700



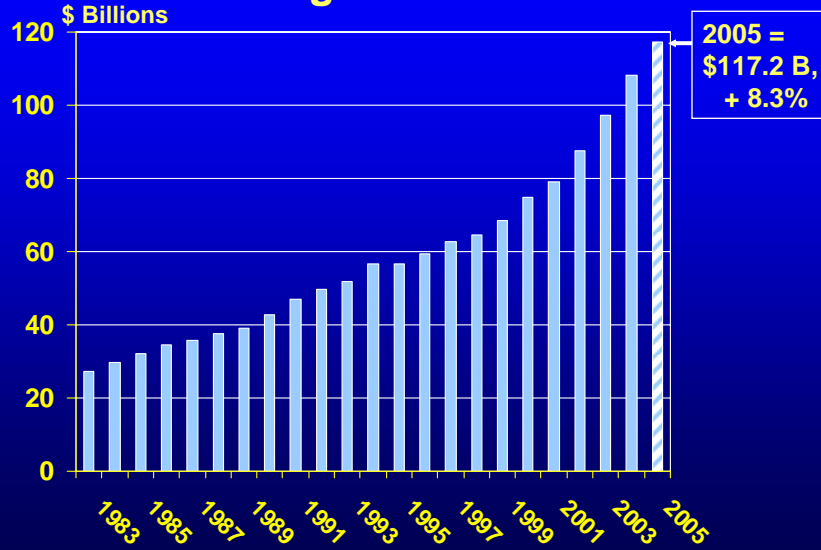


What is Different About The Washington Area Economy?

Structure of the Greater Washington Economy



Total Federal Spending Washington Metro Area



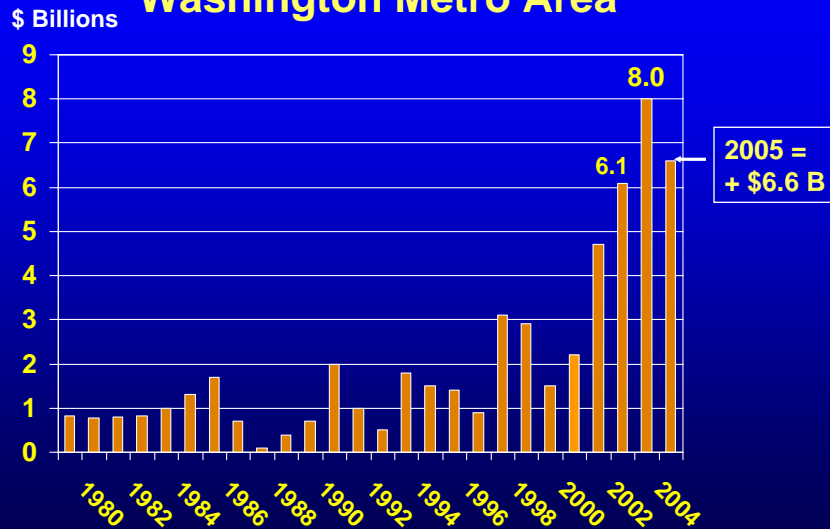
CRA Center for Regional Analysis

Federal Spending by Type 1983 - 2005



CRA Center for Regional Analysis

Annual Change in Federal Procurement Spending Washington Metro Area



CRA Center for Regional Analysis

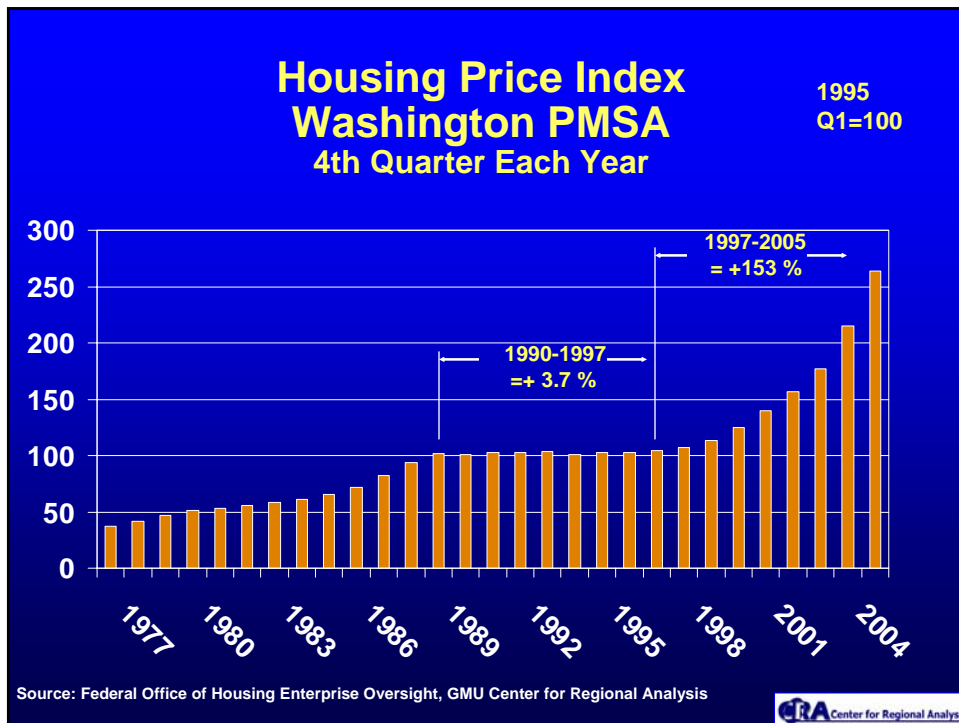
Federal Spending in 2004: U.S. and Washington MSA (\$ in billions)

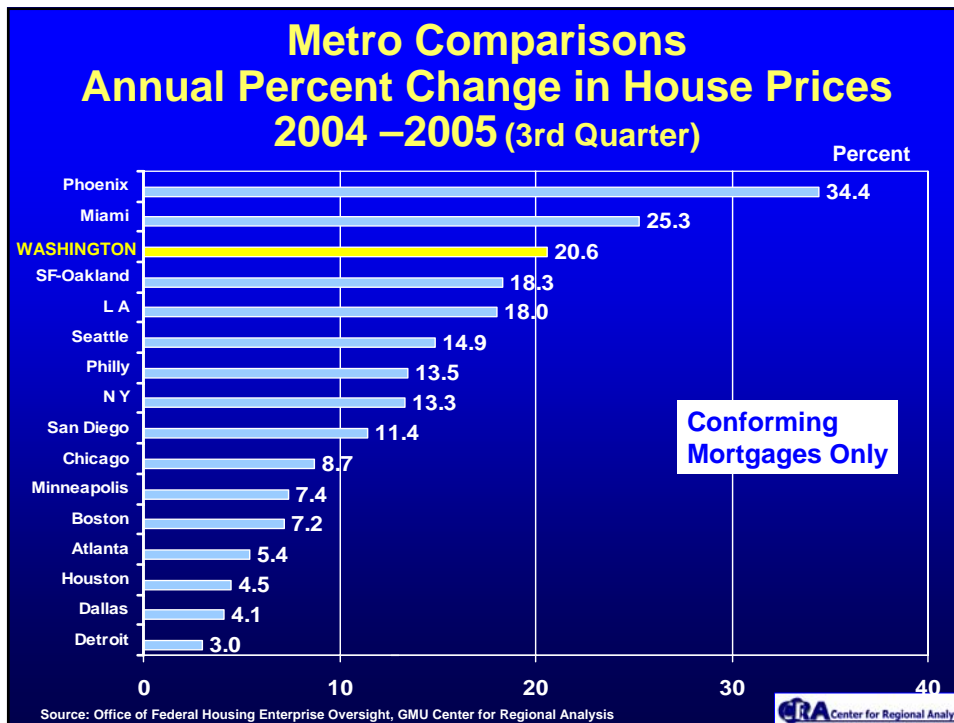
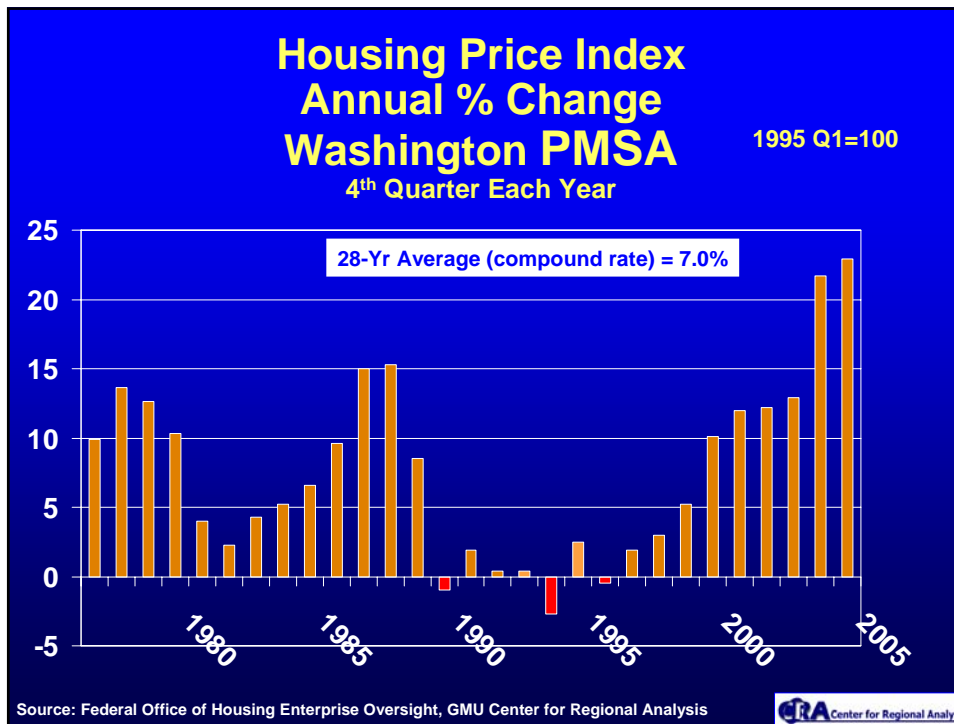
| | TOTAL | | PROCUREMENT | |
|-------------------------|-----------|----------------|-------------|----------------|
| | Amount | % Chg 03-04 | Amount | % Chg 03-04 |
| U.S. | \$2,162.2 | 4.9% | \$339.7 | 3.8% |
| Washington Metro | 108.2 | 11.4% | 52.6 | 19.0% |
| % Of U.S. in 04 | 5.0% | | 15.5% | |

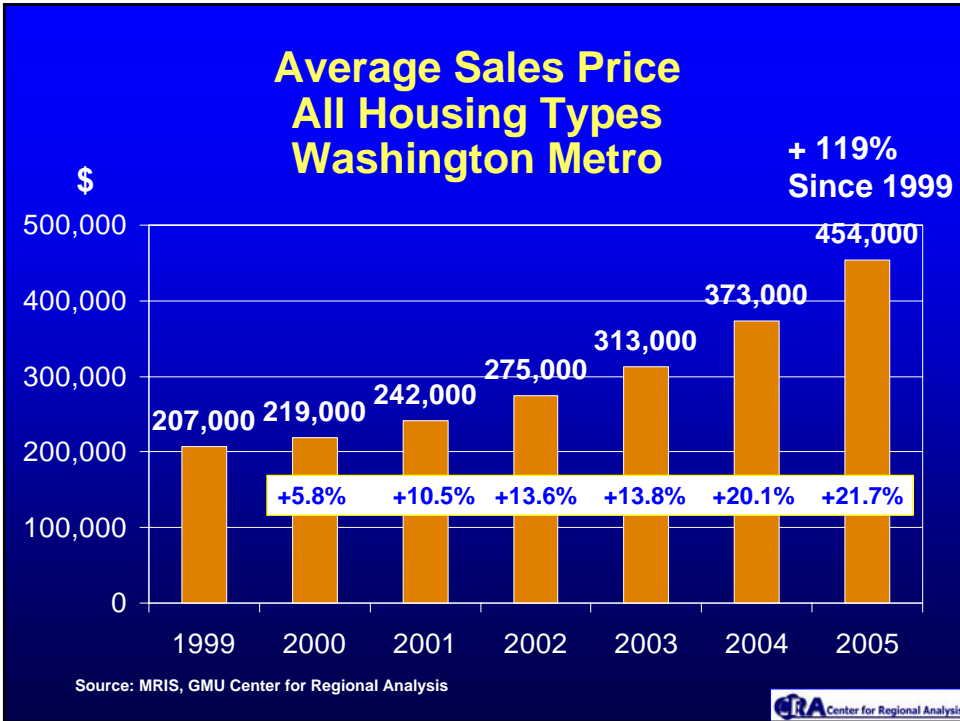
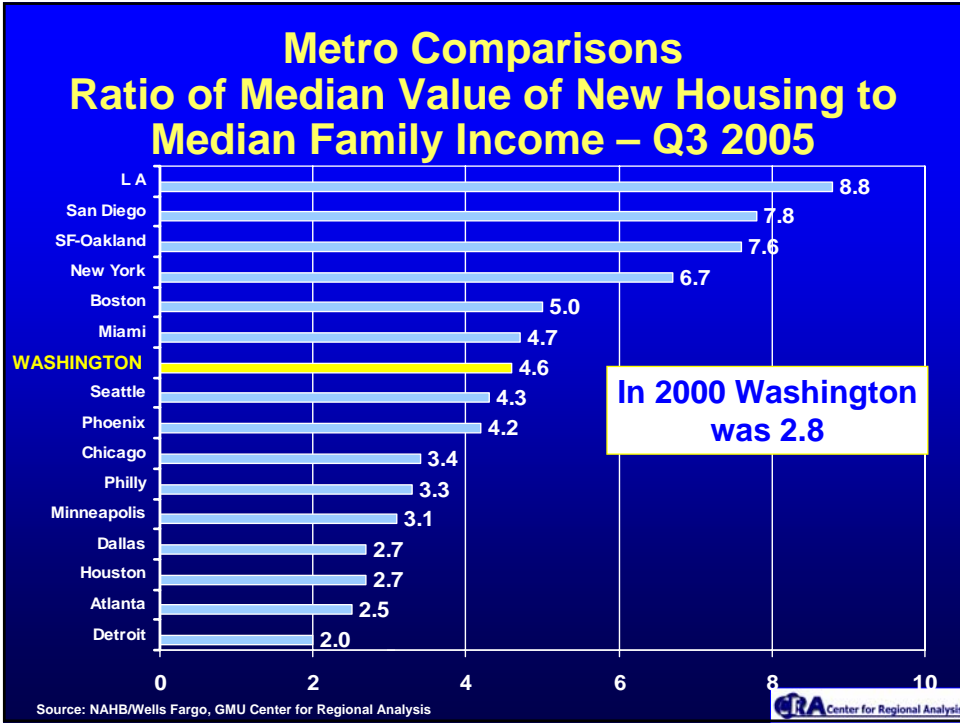
68.6% of the 2003-2004 increase in Federal Procurement nationally was in the Washington MSA

Source: US Census, GMU Center for Regional Analysis

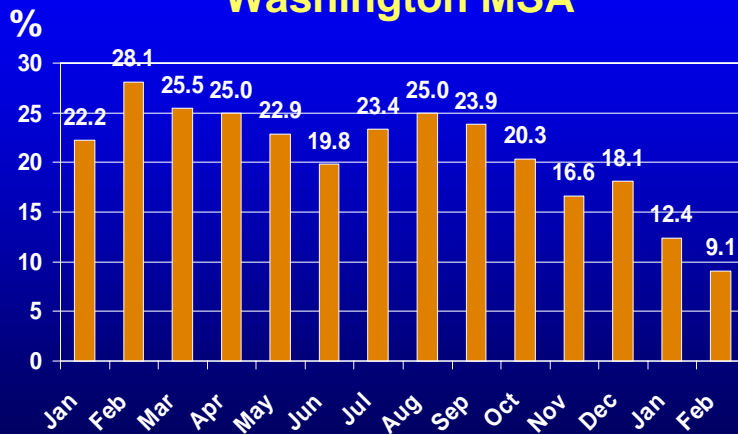
The Washington Area Housing Market





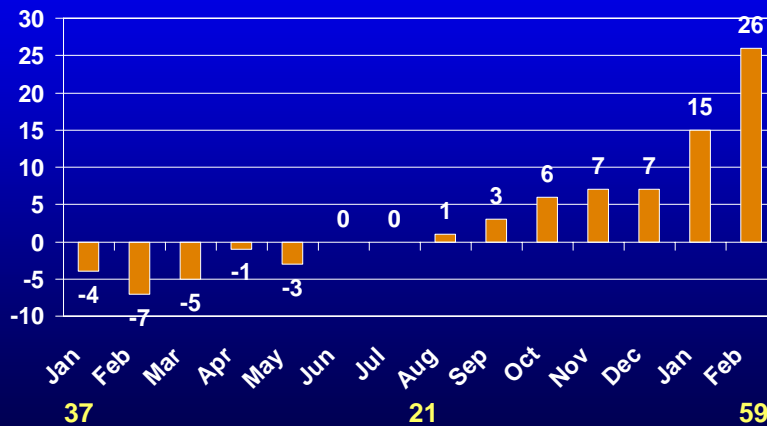


Average Sales Price Percent Change Month-over-the-year, All types 2004-2005-2006 Washington MSA



CRA Center for Regional Analysis

Average Days on the Market Change Month-over-the-year, All Types 2004-2005-2006 Washington MSA



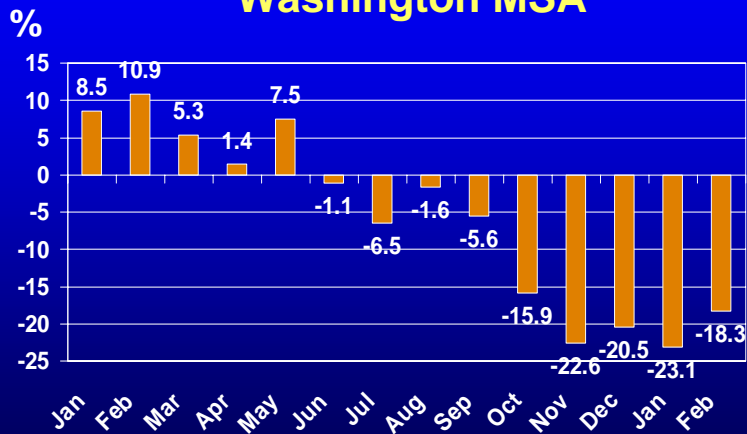
37

21

59

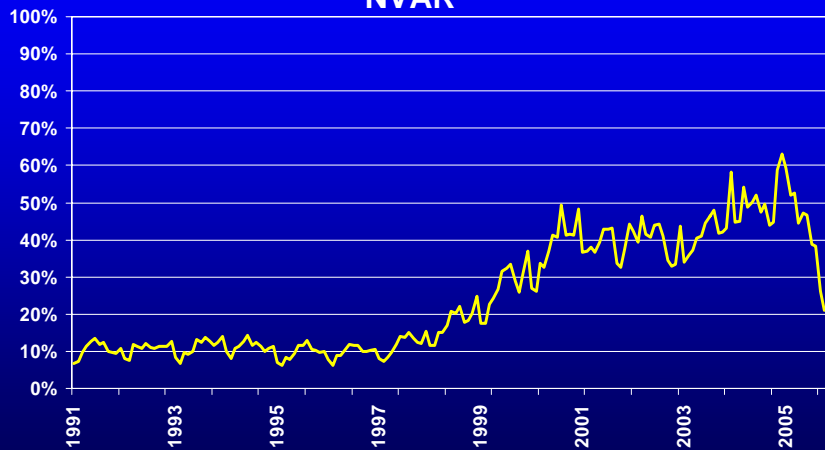
CRA Center for Regional Analysis

Total Unit Sales Change Month-over-the-year, All Types 2004-2005-2006 Washington MSA



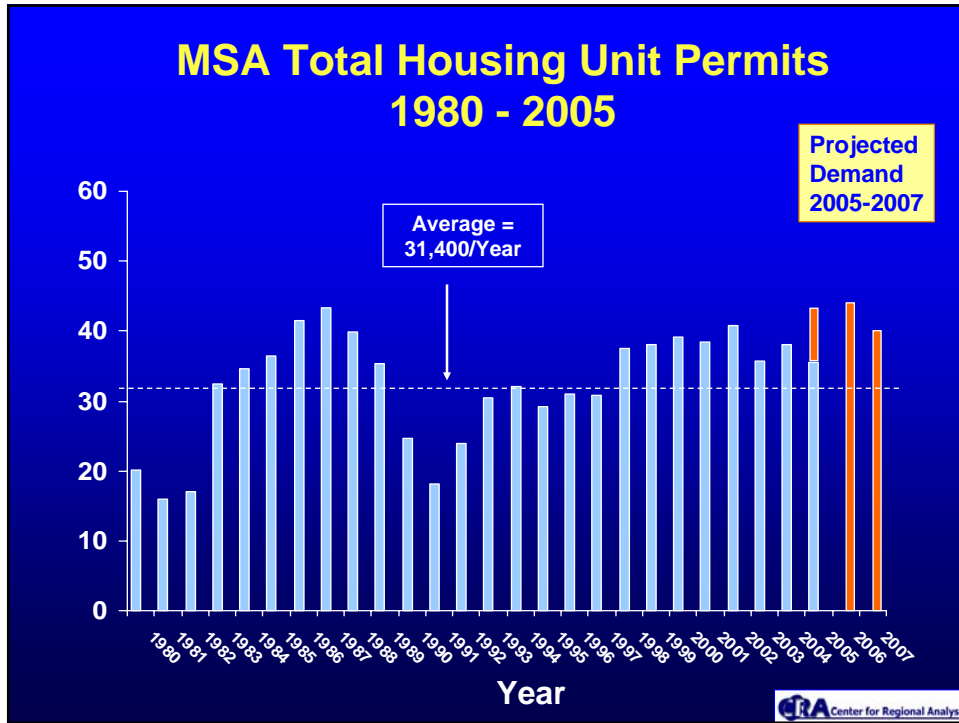
CRA Center for Regional Analysis

Monthly Sold Units as a Percentage of Active Listings: 1991 – 2005 NVAR



Source: MRIS, NVAR

CRA Center for Regional Analysis

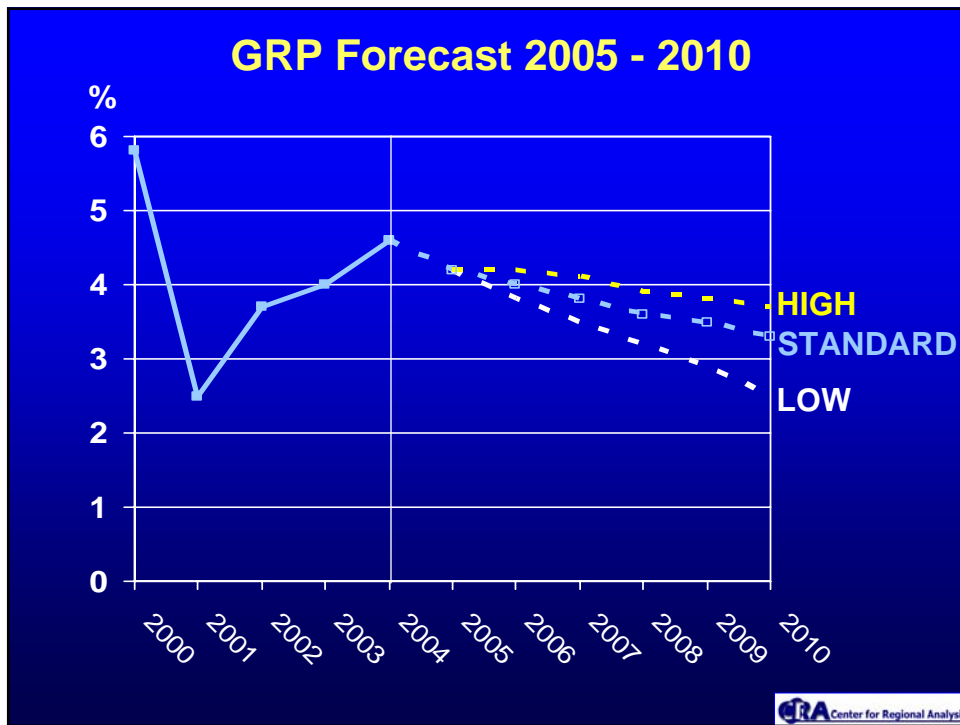


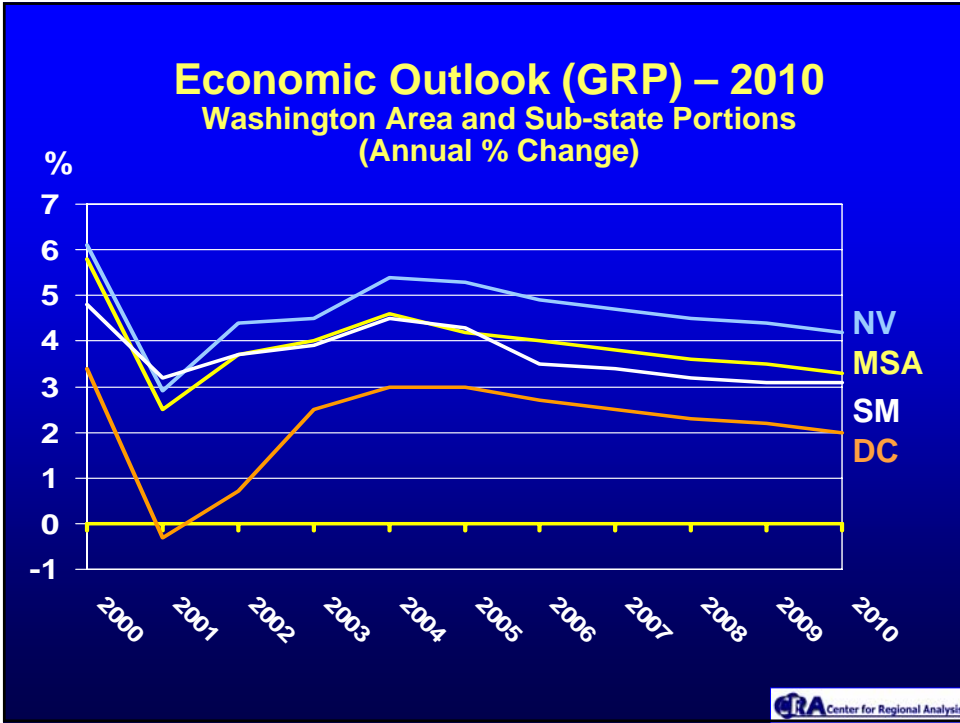
Housing Outlook for 2006 and 2007

Market will continue to cool –
returning to “more Normal”:

- 2006 Prices will increase in the range of 6% – 12% compared with 20+% in 2005
- Sales volume will drop back to 2002-2003 levels (98-100,000 transactions)
- Days on Market rising to 45-55 average

Looking Ahead





Employment Change by Sub-state Region (000s)

| | 10-Yr Avg.(1) | 2005 | 2006 | 2007 | 2008 | 2009 |
|---------------|------------------|-------------|-------------|-------------|-------------|-------------|
| D.C. | 3.9 | 7.5 | 8.0 | 7.5 | 6.0 | 4.0 |
| S. MD | 16.0 | 13.5 | 17.0 | 15.0 | 13.5 | 12.0 |
| No. VA | 34.9 | 43.3 | 41.5 | 38.5 | 35.0 | 31.5 |
| REGION | 54.8 | 64.3 | 65.5 | 59.5 | 53.5 | 47.5 |
| | 2.1% | 2.3% | 2.2% | 2.0% | 1.8% | 1.5% |

(1) 1995-2005

CRA Center for Regional Analysis

Local Threats to the Forecast

Local Threats to the Forecast

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



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