2012 Year-End Real Estate Market Watch

The Washington Area Economy and Housing Market: Trends and Outlook

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December 11, 2012

National Economy
Recession Recovery Patterns of GDP Past Four Recessions

% Change in GDP

Quarters After Trough

Sources: Bureau of Economic Analysis, GMU Center for Regional Analysis

Annual Change in Payroll Jobs – US Month-Over-Year

(000s)

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
**U.S. Payroll Job Change by Sector**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Change (000s)</th>
<th>Total (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educ &amp; Health Svcs</td>
<td>+26</td>
<td>414</td>
</tr>
<tr>
<td>State &amp; Local Govt</td>
<td>+141</td>
<td>525</td>
</tr>
<tr>
<td>Prof. &amp; Bus. Svcs</td>
<td>+83</td>
<td>189</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>-20</td>
<td>102</td>
</tr>
<tr>
<td>Leisure &amp; Hosp.</td>
<td>-40</td>
<td>-20</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-102</td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>+102</td>
<td></td>
</tr>
<tr>
<td>Wise Trade</td>
<td>+52</td>
<td>102</td>
</tr>
<tr>
<td>Construction</td>
<td>+26</td>
<td></td>
</tr>
<tr>
<td>Other Services</td>
<td>+414</td>
<td></td>
</tr>
<tr>
<td>Transp. &amp; Util.</td>
<td>+141</td>
<td></td>
</tr>
<tr>
<td>Federal Govt.</td>
<td>+340</td>
<td></td>
</tr>
<tr>
<td>Information</td>
<td>+525</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,949</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics (Seasonally Adjusted), GMU Center for Regional Analysis

**U.S. Unemployment Rate**

Source: Bureau of Labor Statistics (Seasonally Adjusted), Global Insight Nov. 8 2012

Oct = 7.9
Consumer Confidence

Source: The Conference Board, GMU Center for Regional Analysis

U.S. New and Existing Home Sales

Source: National Association of Home Builders (New), National Association of Realtors (Existing)

Source: Bureau of Economic Analysis, Global Insight Nov. 8 2012

The Washington Economy
Annual Job Change – MOTYC
Washington MSA

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change – MOTYC
District of Columbia

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Annual Job Change – MOTYC
Suburban Maryland

Annual Job Change – MOTYC
Northern Virginia

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Job Change by Sector
Washington MSA

Transp. & Util.
Wlse Trade
Manufacturing
Information
Financial
Other Services
Construction
Leisure & Hosp.
Retail Trade
State & Local Govt
Federal Govt.
Educ & Health Svcs
Prof. & Bus. Svcs

(000s)
Total = 37,400

-20 -10 0 10 20 30

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Unemployment Rate

The Impact of the Great Recession on the Washington Area Economy
2010 Structure of the Greater Washington Economy

- Local Serving Activities: 34.8%
- Non-Local Business: 12.0%
- Other Federal: 10.7%
- Fed Wages & Salaries: 10.0%
- Procurement: 19.1%
- Total Federal: 39.8%

Source: GMU Center for Regional Analysis

15 Largest Metro Areas 2010 GRP

- New York: 1,281
- Chicago: 736
- Washington: 692
- Houston: 425
- Dallas: 385
- Philadelphia: 374
- SF-Oakland: 347
- Boston: 328
- Atlanta: 314
- Miami: 272
- Seattle: 258
- Minneapolis: 231
- Detroit: 200
- Phoenix: 198
- Los Angeles: 191

Source: BEA, GMU Center for Regional Analysis
15 Largest Metro Areas
GRP Percent Change 2007-10

Source: BEA, GMU Center for Regional Analysis

15 Largest Job Markets
Job Change 2009 - 2010

Source: BLS March 2011 Benchmark, GMU Center for Regional Analysis
**15 Largest Job Markets**

*Job Change: 2010 – 2011 (000s)*

<table>
<thead>
<tr>
<th>City</th>
<th>Job Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington</td>
<td>+ 32,600</td>
</tr>
</tbody>
</table>

Source: BLS March 2011 Benchmark, GMU Center for Regional Analysis

**15 Largest Job Markets**

*Job Change: Oct 2011 – Oct 2012 (000s)*

<table>
<thead>
<tr>
<th>City</th>
<th>Job Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington</td>
<td>+ 37,400</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Professional & Business Services
Washington MSA

Annual Data

2008  2009  2010  2011  2012

Annual Month over Year

(000s)

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Tot 2011 = 688,700

Federal Government
Washington MSA

Annual Data

2008  2009  2010  2011  2012

Annual Month over Year

(000s)

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Tot 2011 = 383,600
Wash MSA Payroll Job: Private Sector
The Great Recession and Recovery To October 2012

Forecast Comparisons:
Washington Metropolitan Area
(in billions of 2005 $s, others in 000s)

<table>
<thead>
<tr>
<th>Metric</th>
<th>2008</th>
<th>2012</th>
<th>2030</th>
<th>Difference/ %</th>
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</thead>
<tbody>
<tr>
<td>GRP 2008</td>
<td>$368.2</td>
<td>$385.6</td>
<td>$768.2</td>
<td>108.6</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td>$670.8</td>
<td>- $97.4</td>
<td>82.2</td>
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<tr>
<td>Jobs 2008</td>
<td>3,003.2</td>
<td>4,189.0</td>
<td>39.5</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>3,033.4</td>
<td>3,977.9</td>
<td>- 211.1</td>
<td>32.4</td>
</tr>
<tr>
<td>Federal Jobs</td>
<td>2008 367.3</td>
<td>389.8</td>
<td>496.2</td>
<td>35.1</td>
</tr>
<tr>
<td>2012</td>
<td>380.4</td>
<td>354.7</td>
<td>-141.5</td>
<td>-3.4</td>
</tr>
<tr>
<td>Population</td>
<td>2008 5,392.7</td>
<td>7,233.4</td>
<td>34.1</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>5,810.1</td>
<td>7,155.5</td>
<td>- 77.5</td>
<td>32.7</td>
</tr>
</tbody>
</table>
Housing Market Trends

Percent Change in Inventories of Existing Homes
Month-Over-Year 2000 – 2012, MSA

Nov= -20.7%

Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis
Existing Home Sales
Washington MSA
Through November 2012

Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis

Average Sales Price Percent Change
Washington MSA
All Housing Types

Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis
Average Sales Price Percent Change
District of Columbia
All Housing Types

<table>
<thead>
<tr>
<th></th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>22</td>
<td>22</td>
<td>16</td>
<td>17</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>-1</td>
</tr>
<tr>
<td>2010</td>
<td>15</td>
<td>16</td>
<td>18</td>
<td>19</td>
<td>14</td>
<td>9</td>
<td>7</td>
<td>7</td>
<td>10</td>
<td>14</td>
<td>13</td>
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<tr>
<td>2011</td>
<td>12</td>
<td>14</td>
<td>15</td>
<td>16</td>
<td>10</td>
<td>9</td>
<td>8</td>
<td>8</td>
<td>7</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>2012</td>
<td>11</td>
<td>13</td>
<td>12</td>
<td>13</td>
<td>11</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-3.4</td>
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</table>

Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis

Average Sales Price Percent Change
Suburban Maryland
All Housing Types

<table>
<thead>
<tr>
<th></th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>4</td>
<td>5</td>
<td>14</td>
<td>14</td>
<td>19</td>
<td>22</td>
<td>6</td>
<td>3</td>
<td>-8</td>
<td>-16</td>
<td>-24</td>
</tr>
<tr>
<td>2010</td>
<td>6</td>
<td>3</td>
<td>-8</td>
<td>-16</td>
<td>-24</td>
<td>-16</td>
<td>-9</td>
<td>-12</td>
<td>-24</td>
<td>-21</td>
<td>-24</td>
</tr>
<tr>
<td>2011</td>
<td>5</td>
<td>4</td>
<td>7</td>
<td>5</td>
<td>8</td>
<td>6</td>
<td>8</td>
<td>6</td>
<td>5</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>2012</td>
<td>5</td>
<td>4</td>
<td>7</td>
<td>5</td>
<td>8</td>
<td>6</td>
<td>8</td>
<td>6</td>
<td>5</td>
<td>7</td>
<td>13</td>
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</tbody>
</table>

Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis
Looking Ahead
<table>
<thead>
<tr>
<th>What Has Changed?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Structural effects of the recession</td>
</tr>
<tr>
<td>• Federal spending trends</td>
</tr>
<tr>
<td>• State and local government fiscal and investment policies</td>
</tr>
<tr>
<td>• Sub-state competitive positions</td>
</tr>
<tr>
<td>• Demographic trends</td>
</tr>
<tr>
<td>– Aging of the population</td>
</tr>
<tr>
<td>– Migration: domestic and internat'l</td>
</tr>
<tr>
<td>• Changing consumption patterns as seen in demand for rental housing and urban vs suburban preferences</td>
</tr>
</tbody>
</table>

George Mason University
Center for Regional Analysis
cra.gmu.edu

GMU/Cardinal Bank 21st Annual Economic Forecasting Conference
McLean Hilton, Tysons Corner
January 11, 2013