



The Housing Market and Outlook

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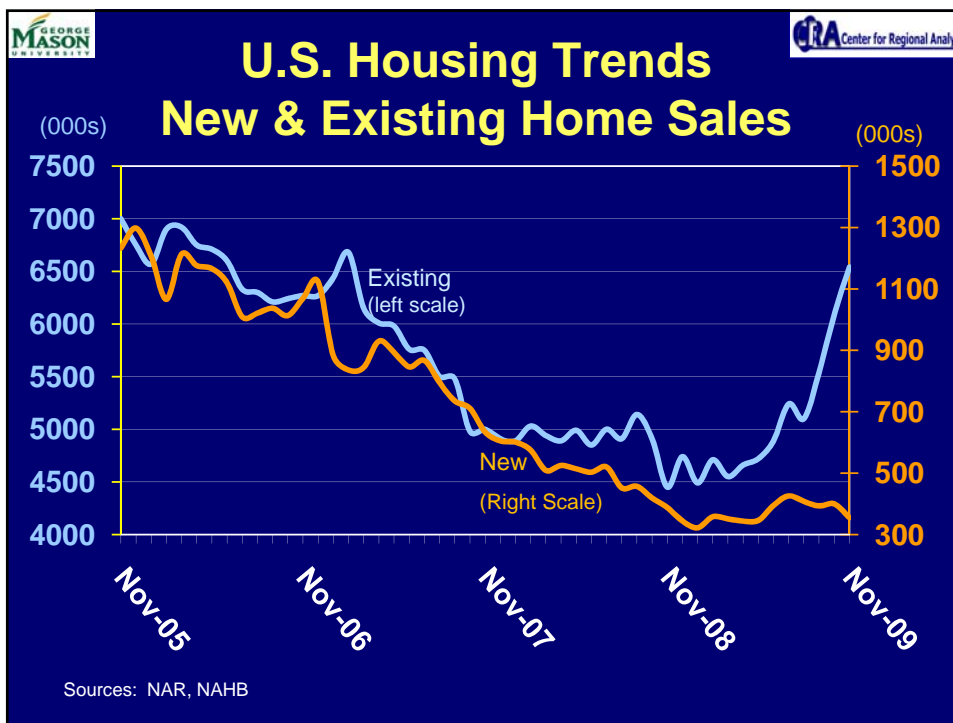
- **Where is the Housing Market Now?**
- **What is the Outlook for the Market Going Forward?**

- **Nationally**
- **Washington Region**

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The National Housing Market





Factors at the National Level

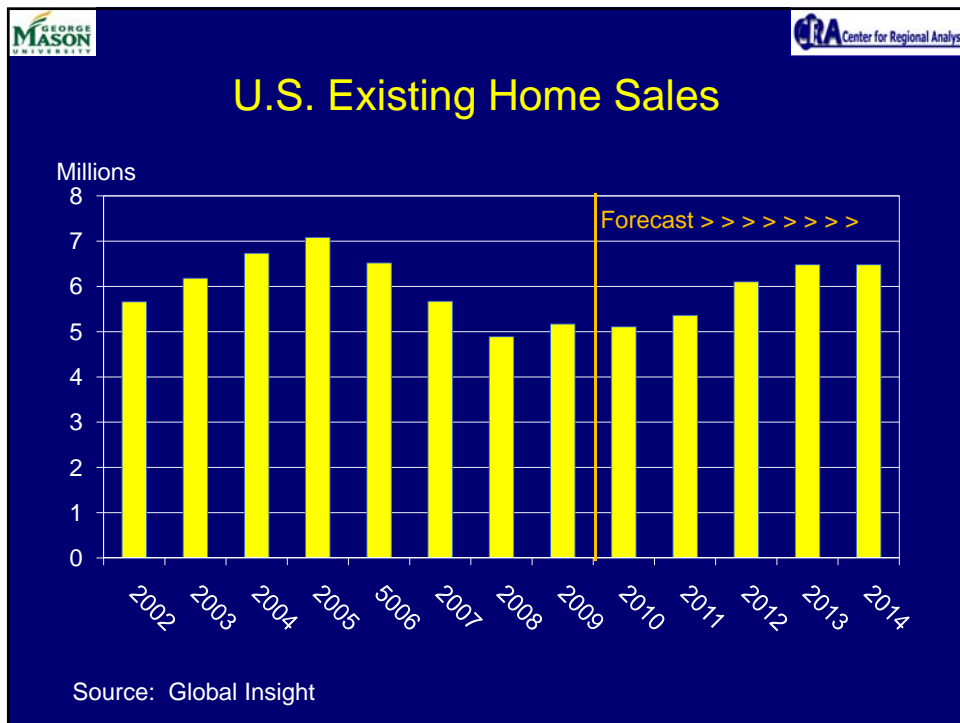
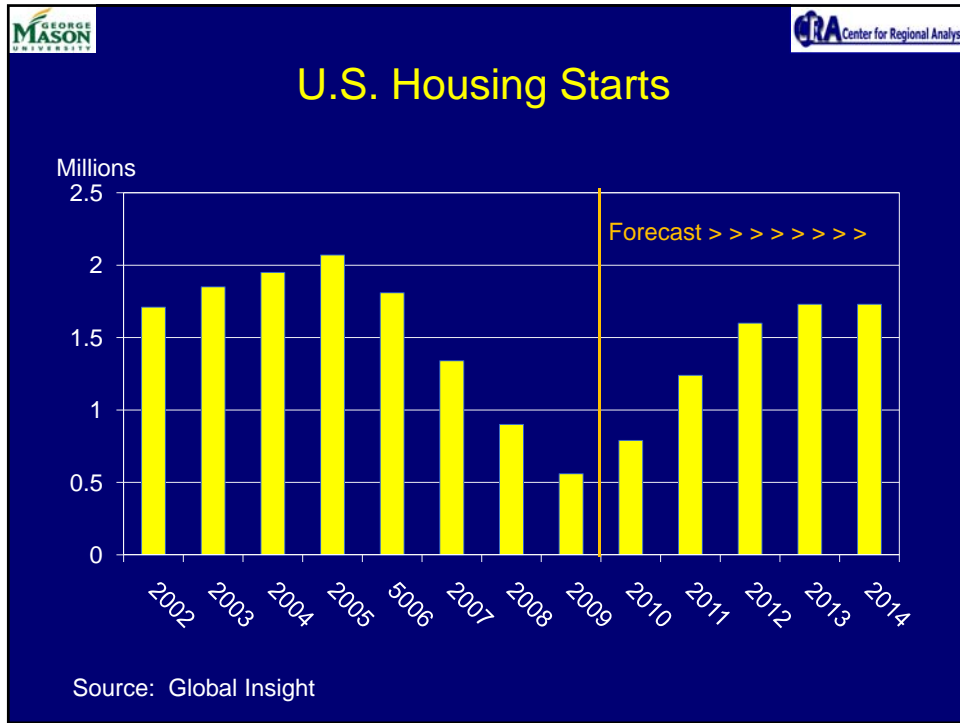
- Home Price Declines Have Moderated and by Some Measures Up Slightly in late 2009
- Foreclosures in 2009 up over 2008
- Household Growth/Formation Have Slowed
- US Population Increasing 3 Million Per Year = Need for 1.5 New Housing Units
- Renters with Qualifying Income to Buy Median Priced Home: 2000 = 11 Mil, 2009 = 16 Mil
- Housing Starts at Historic Lows, in 2009 = 30% of Need for “Average Year”

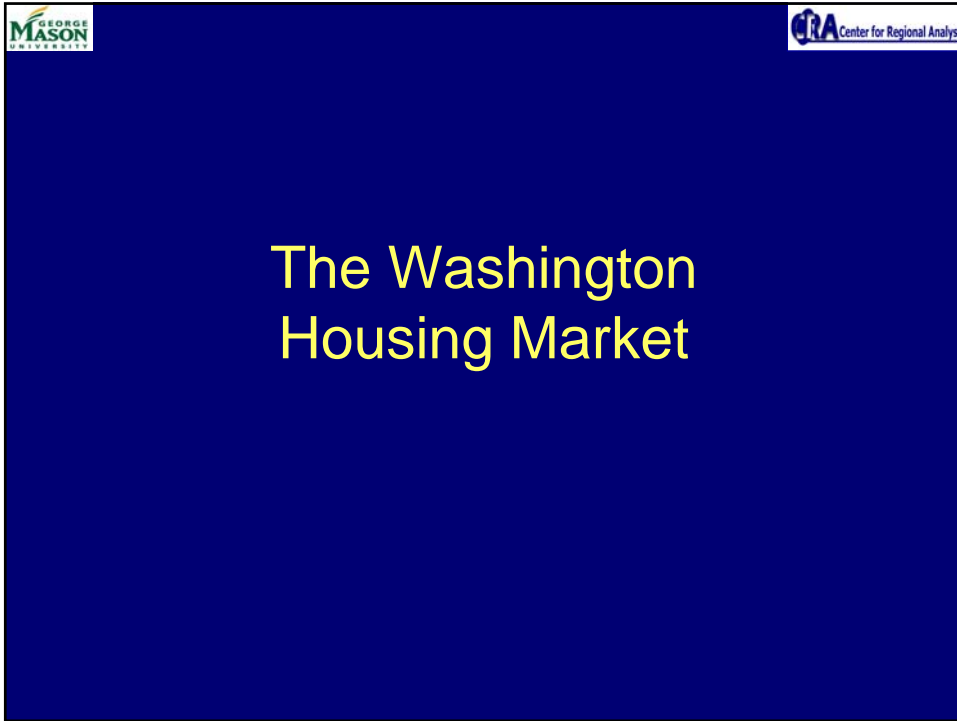


Factors at the National Level

- Programs to Purchase Mortgage-Backed Securities Coming to an End
- Home Buyer Tax Credit Ending in April

The Key Will be the Timing of the Unwinding – Will the Improving Economy Coupled With Demand Sustain and Grow Current Improvements in the Housing Market?

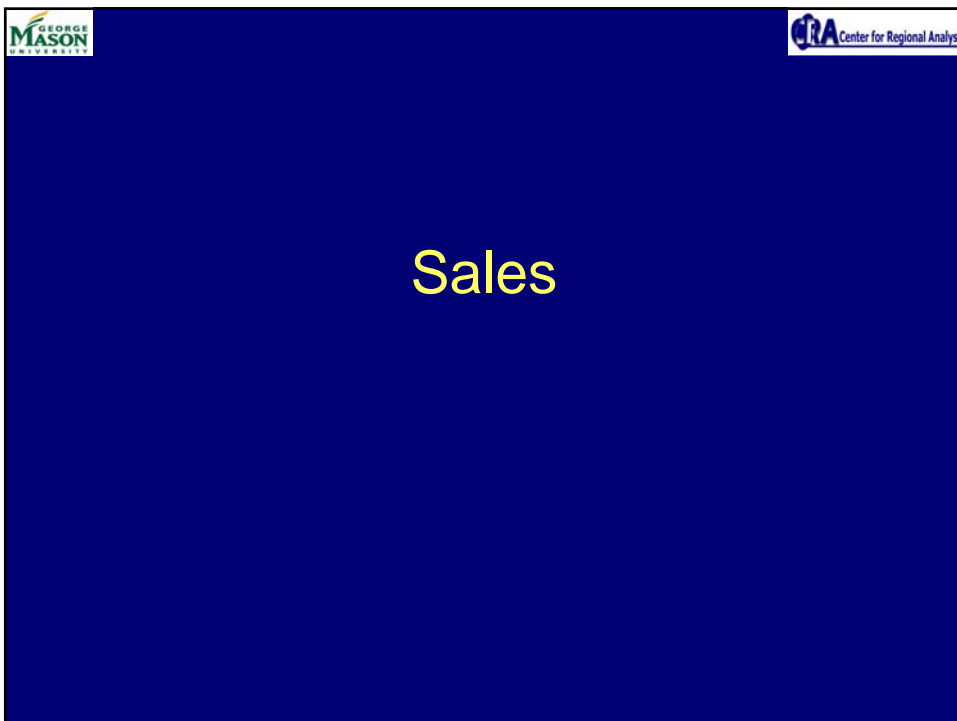




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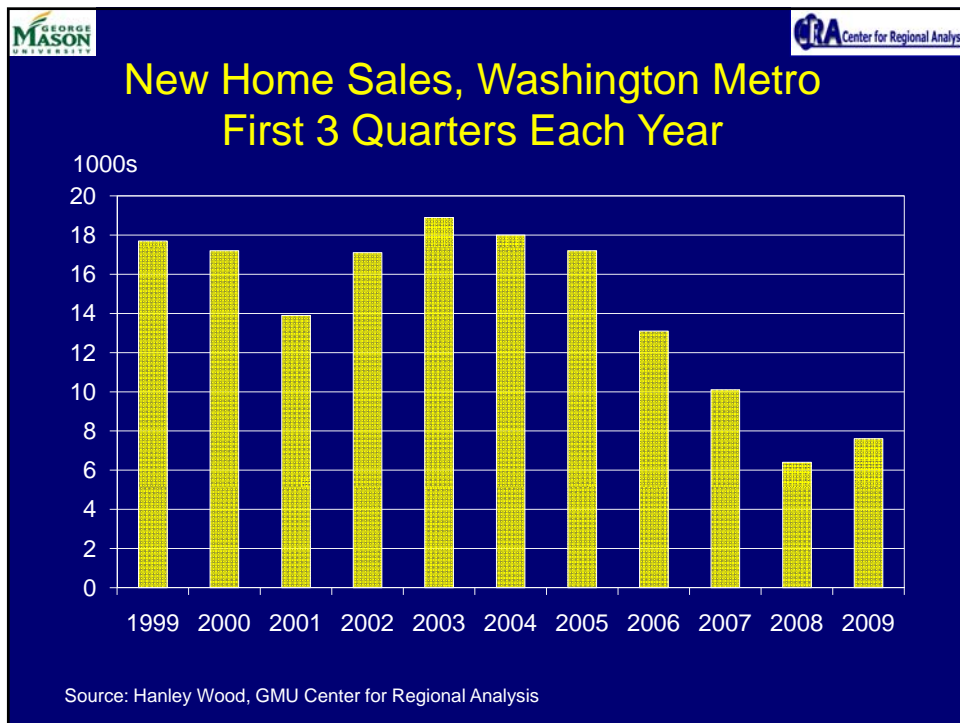
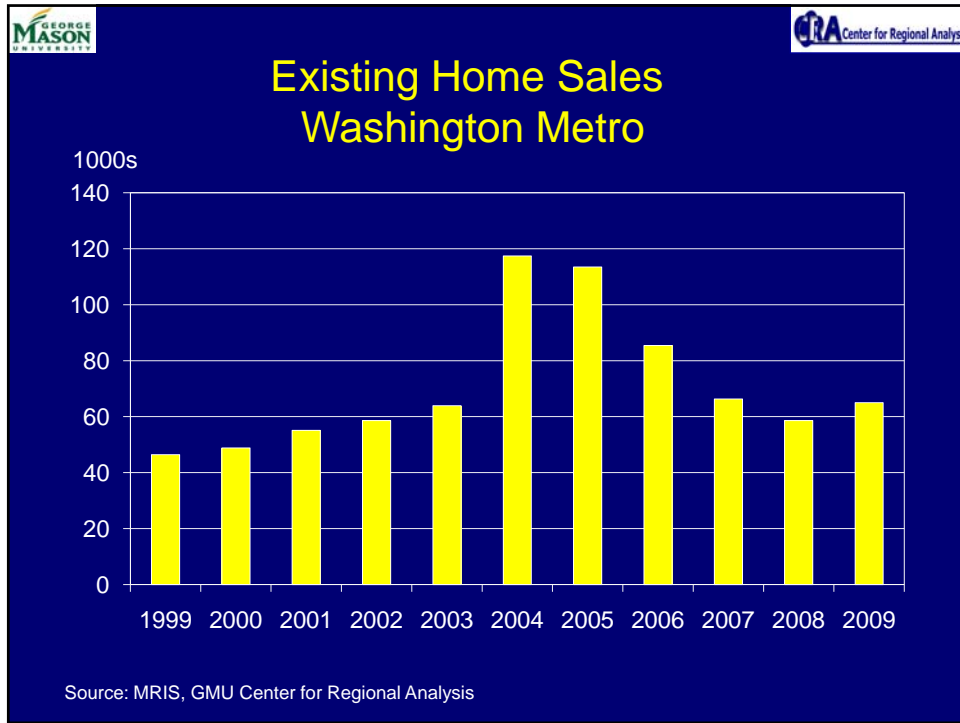
The Washington Housing Market

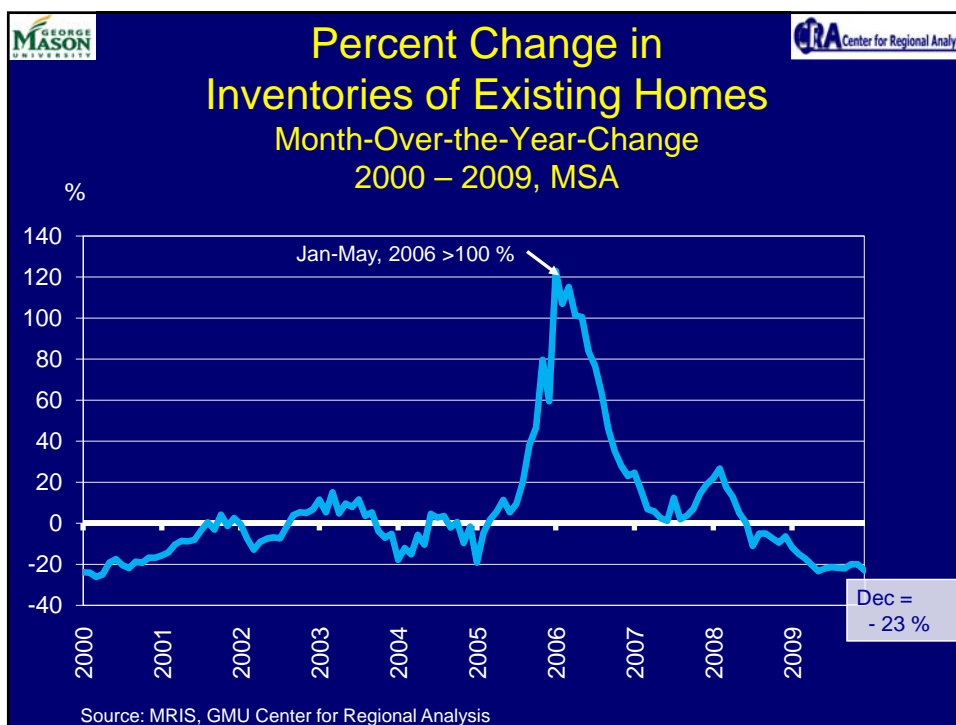
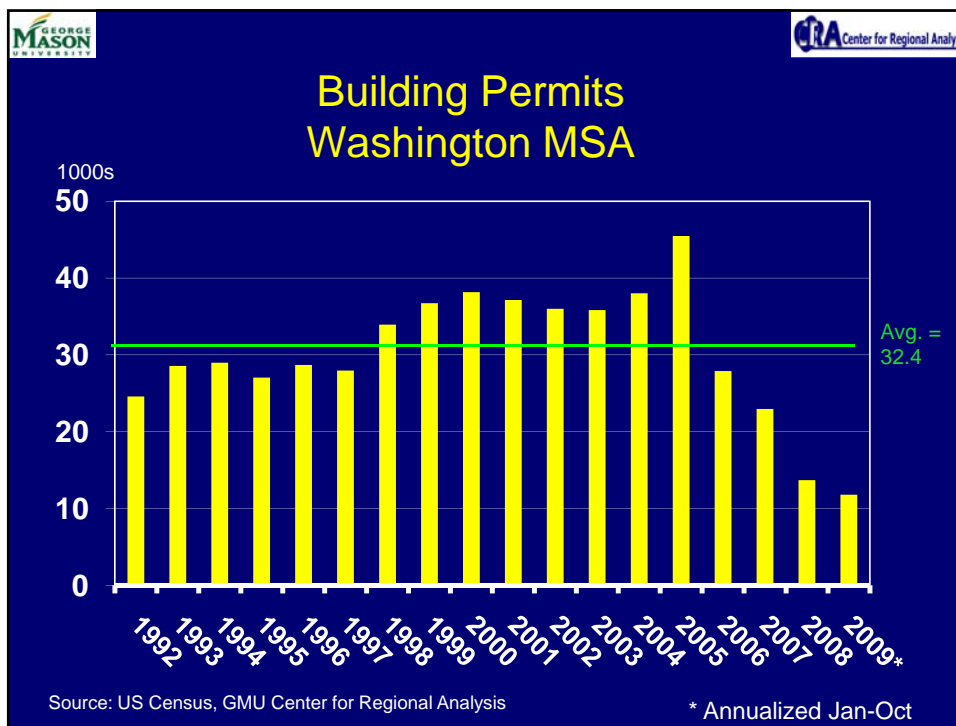


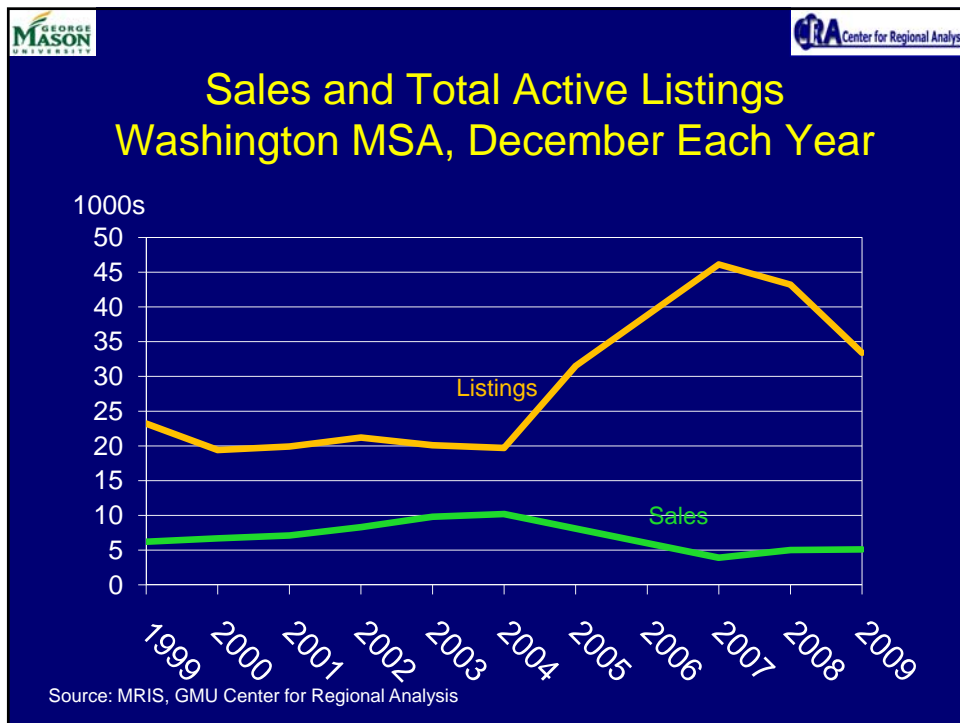
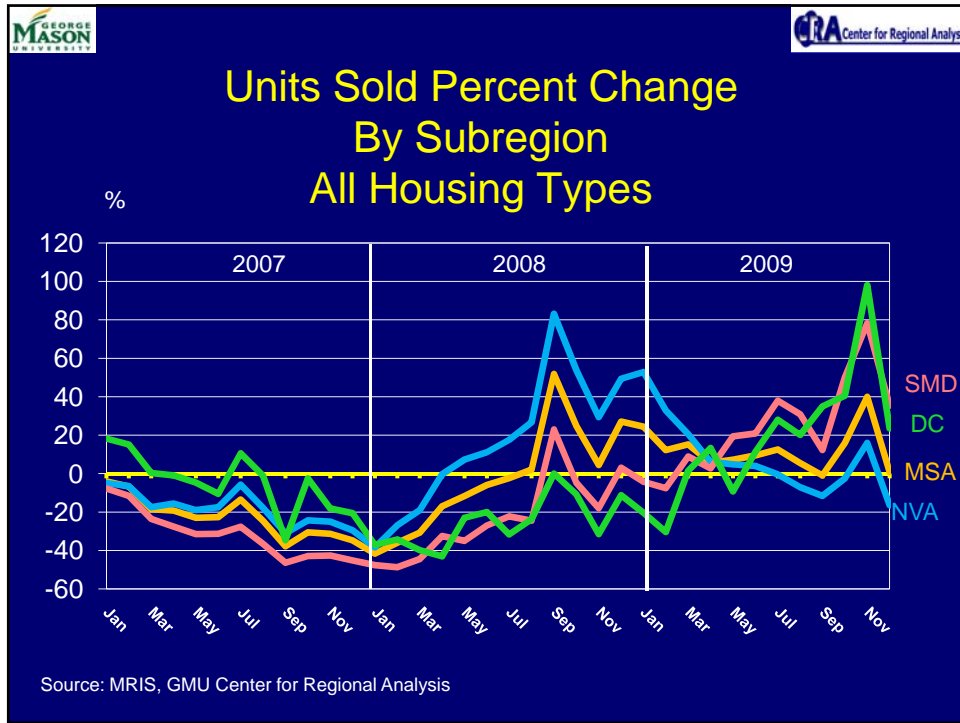
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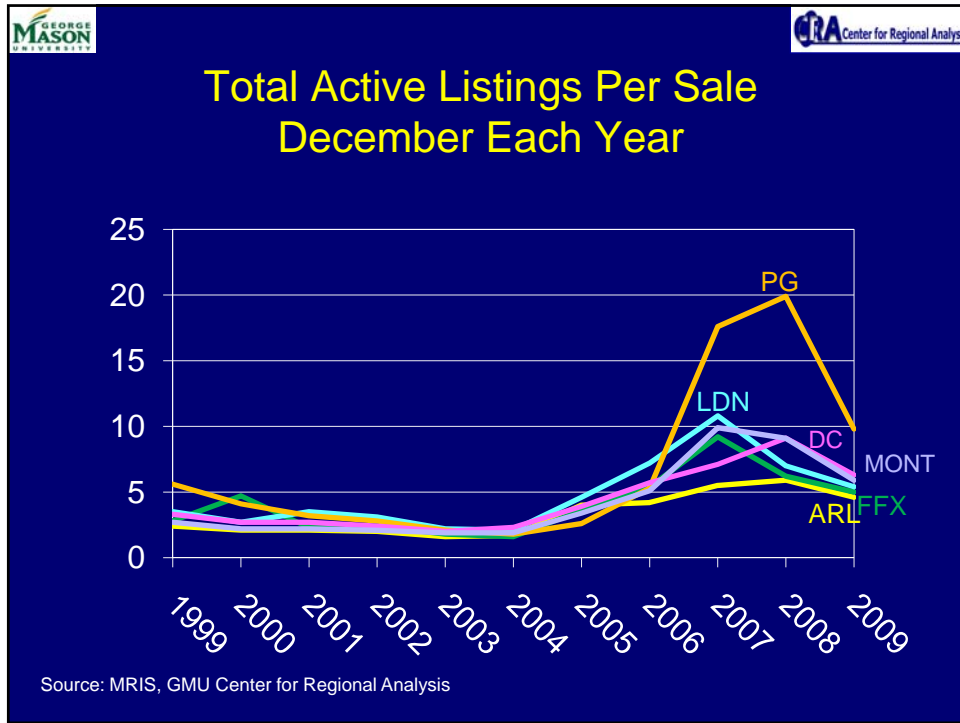
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Sales

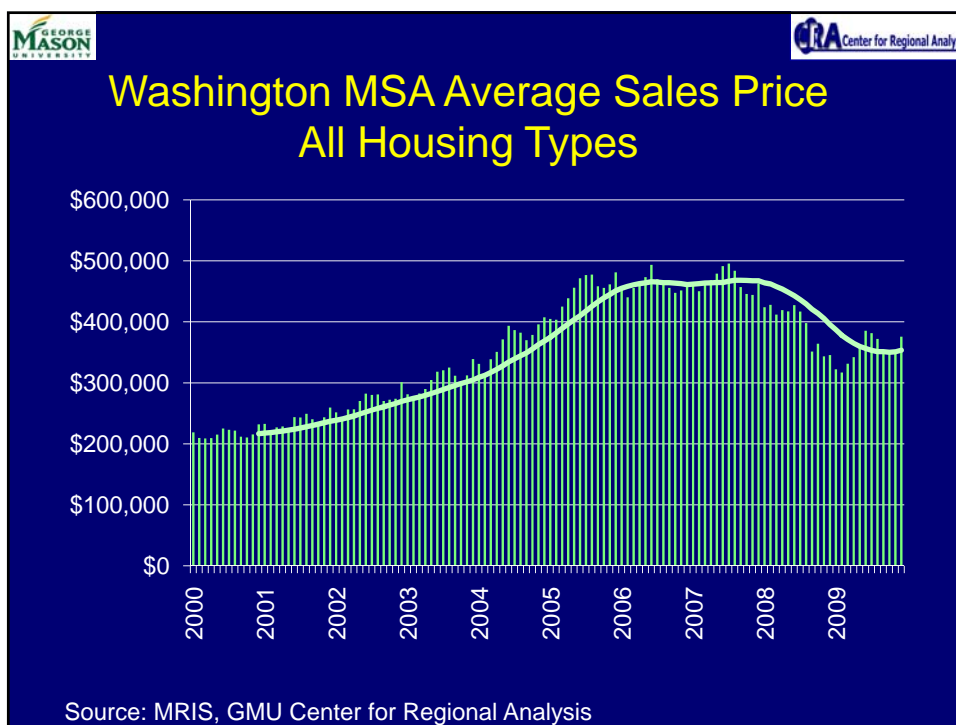
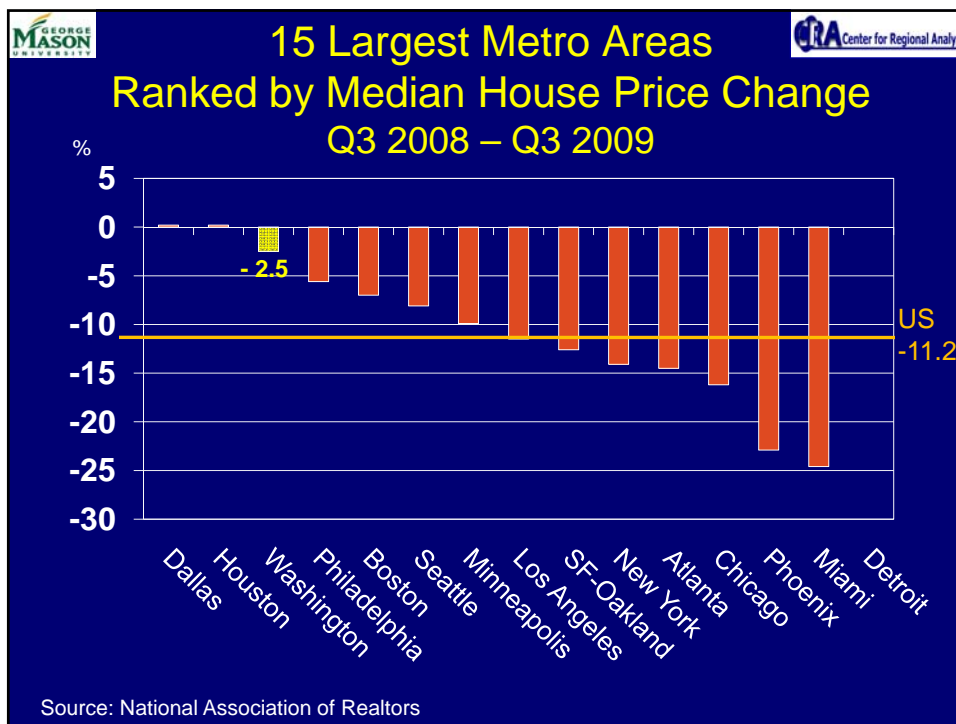


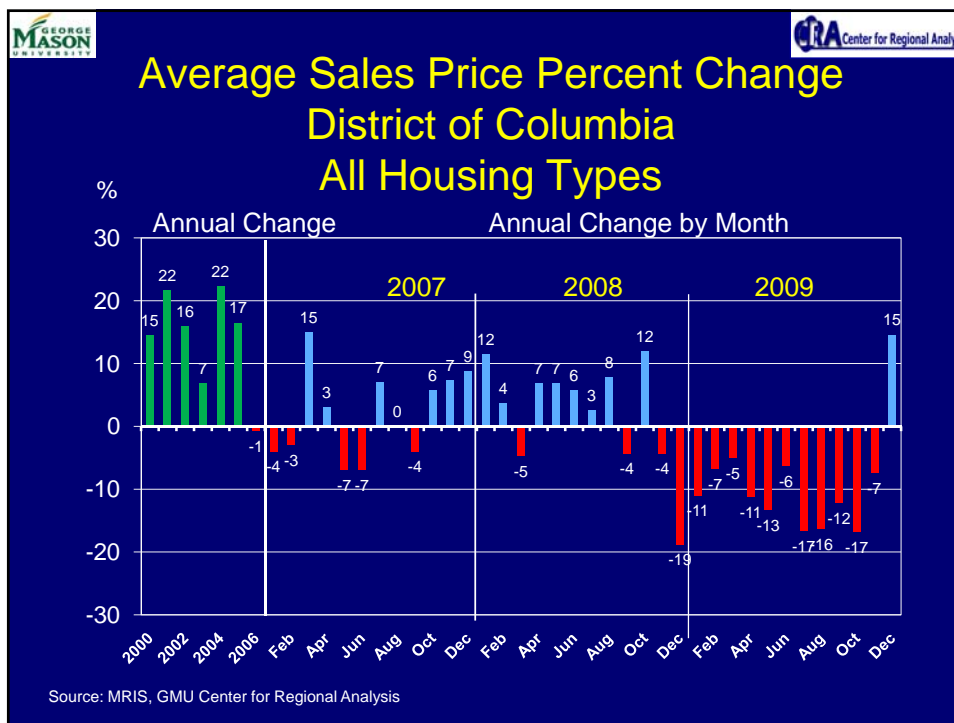
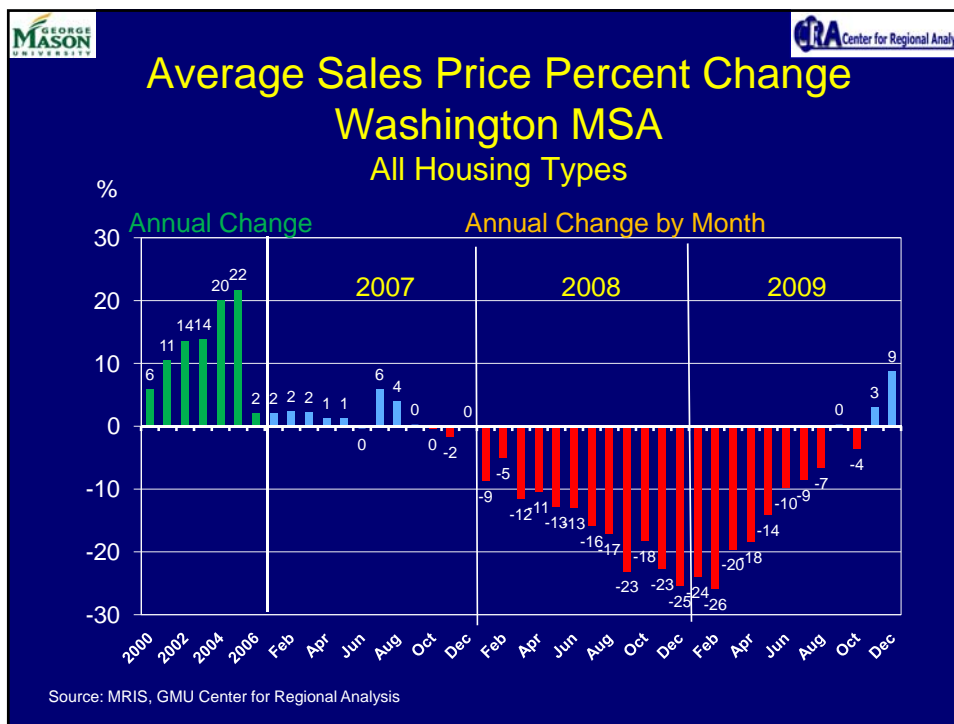


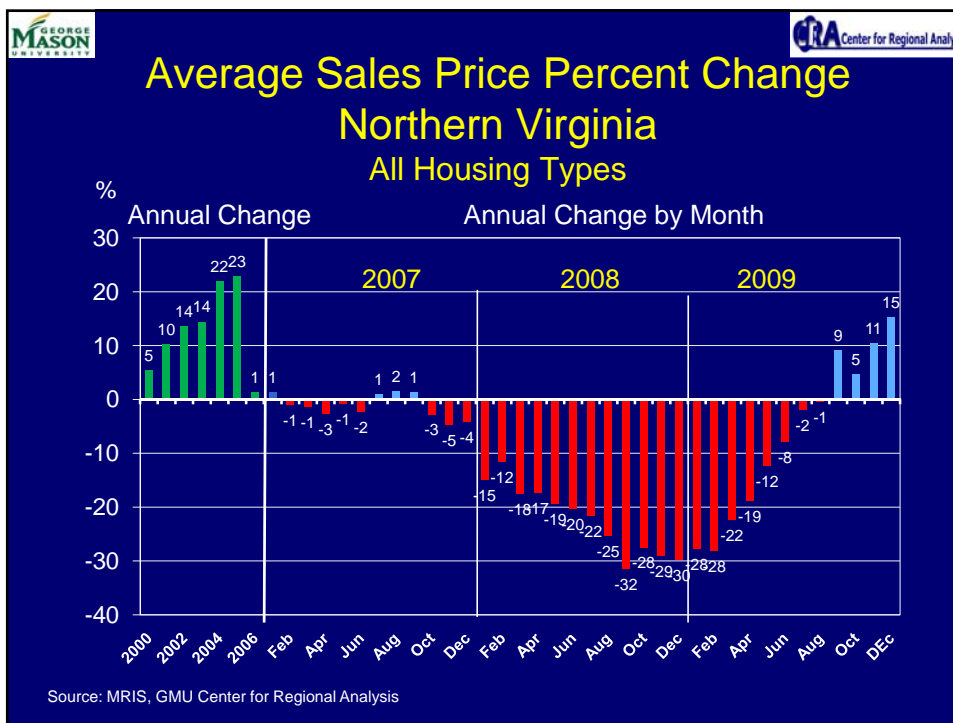
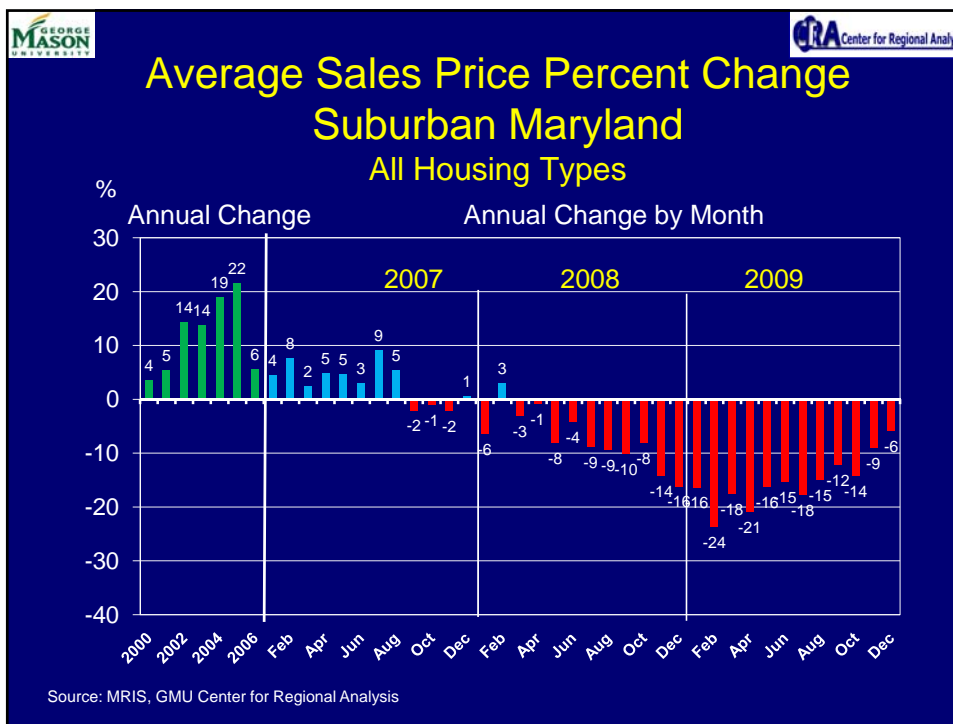


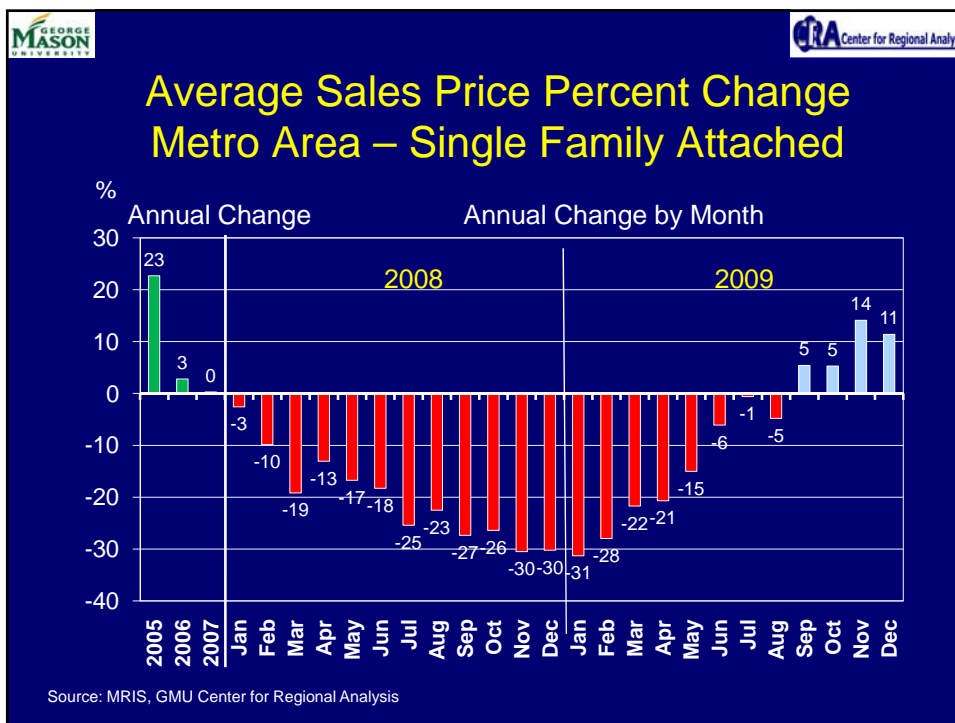
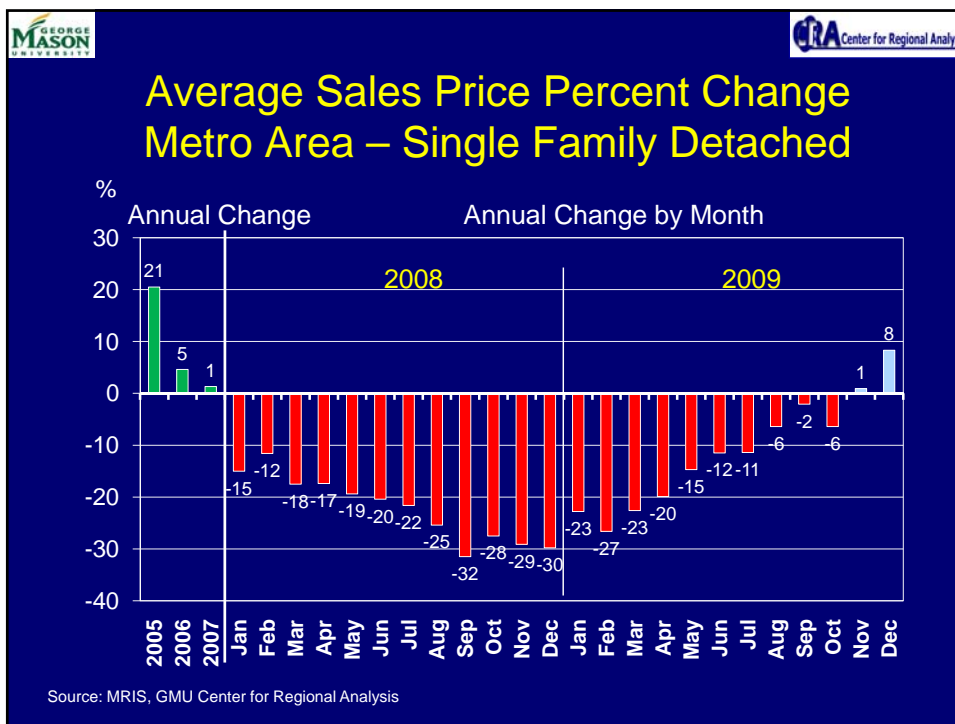


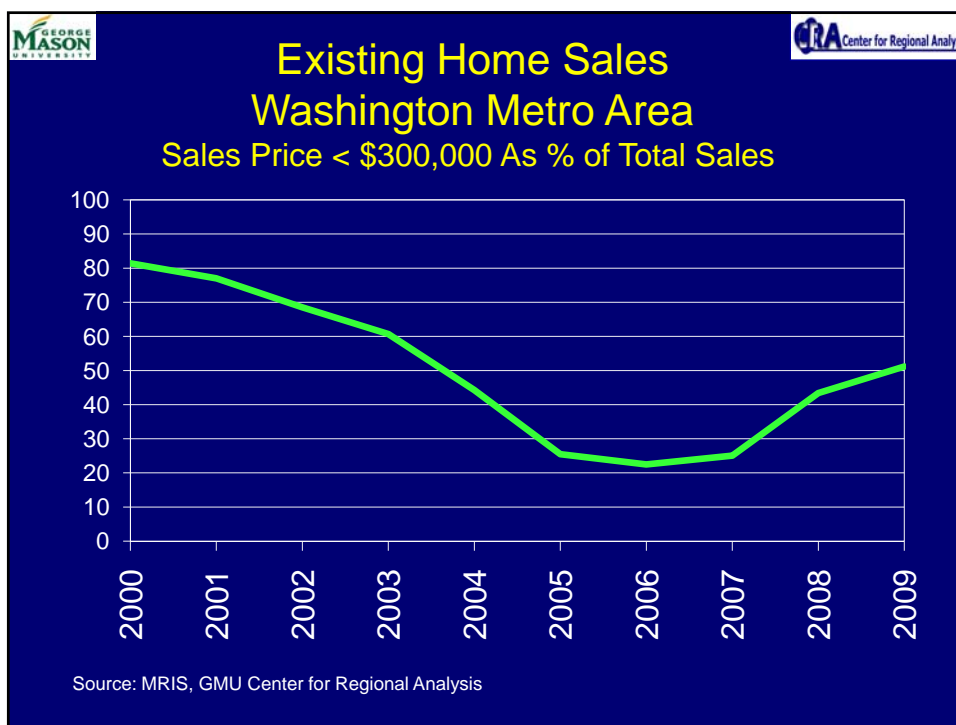
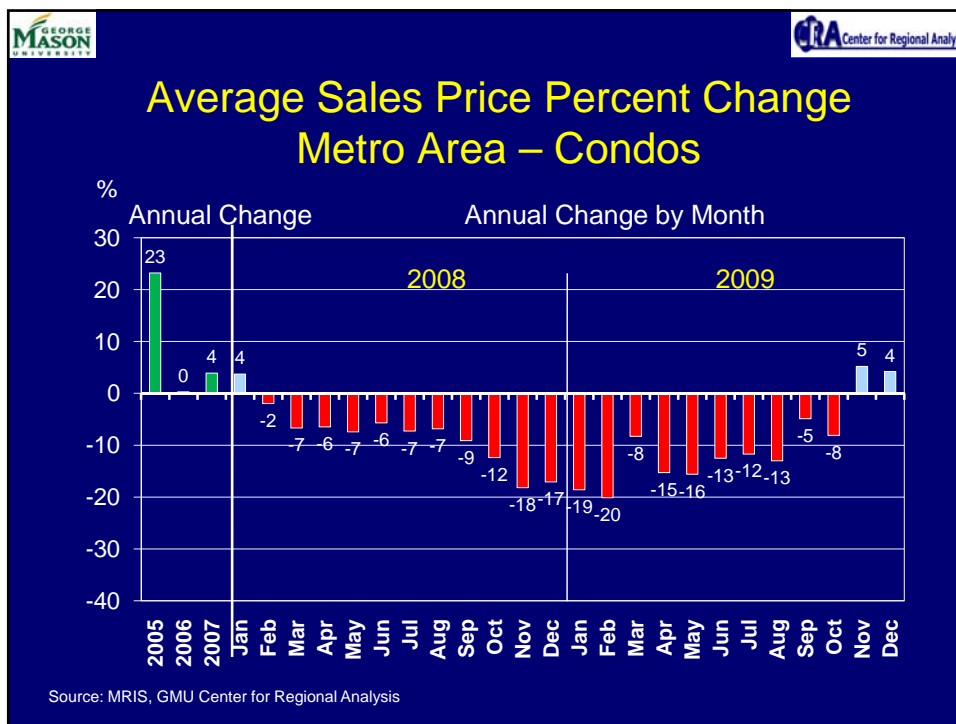
Prices







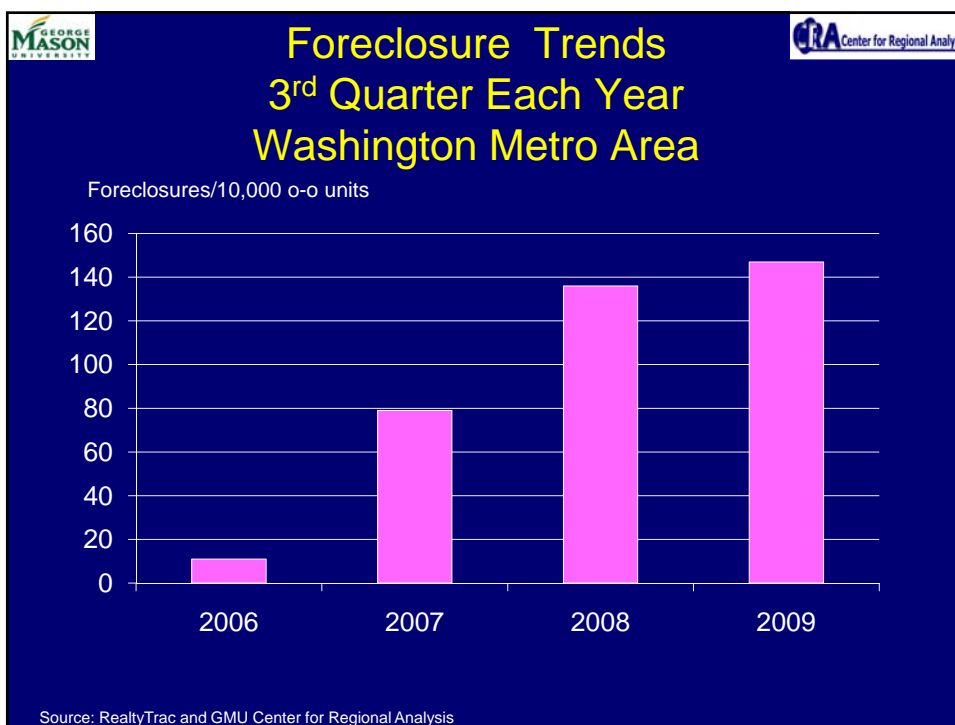


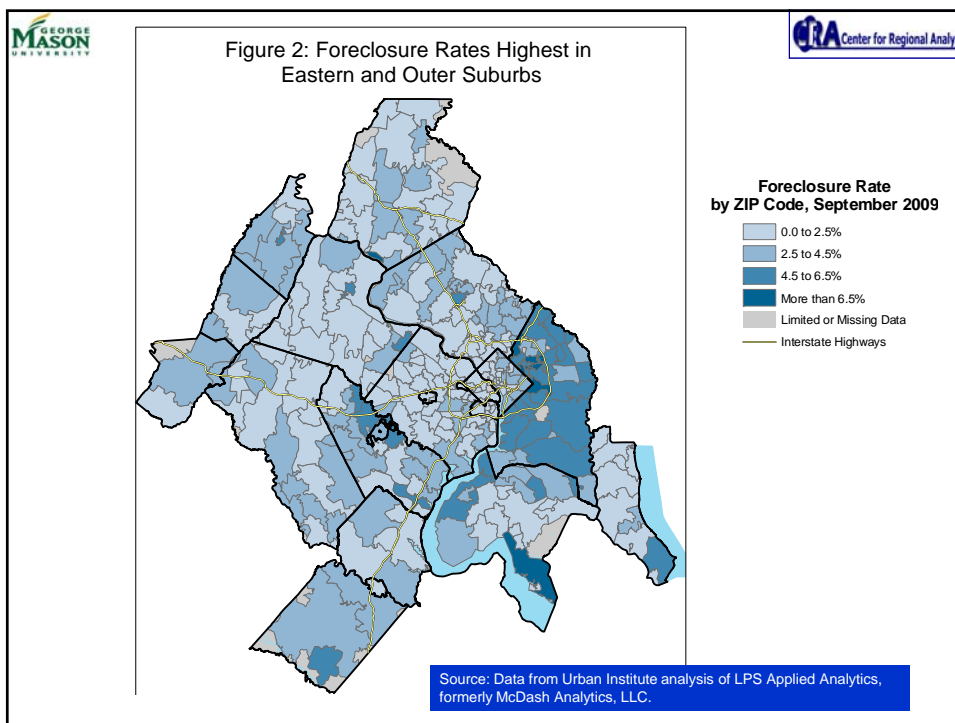
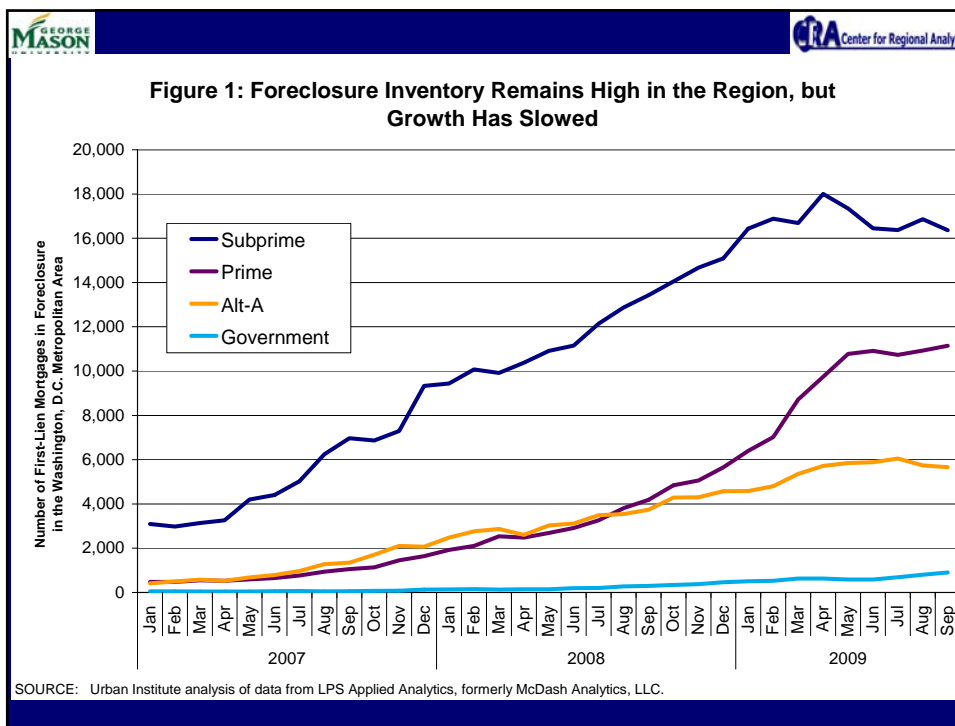


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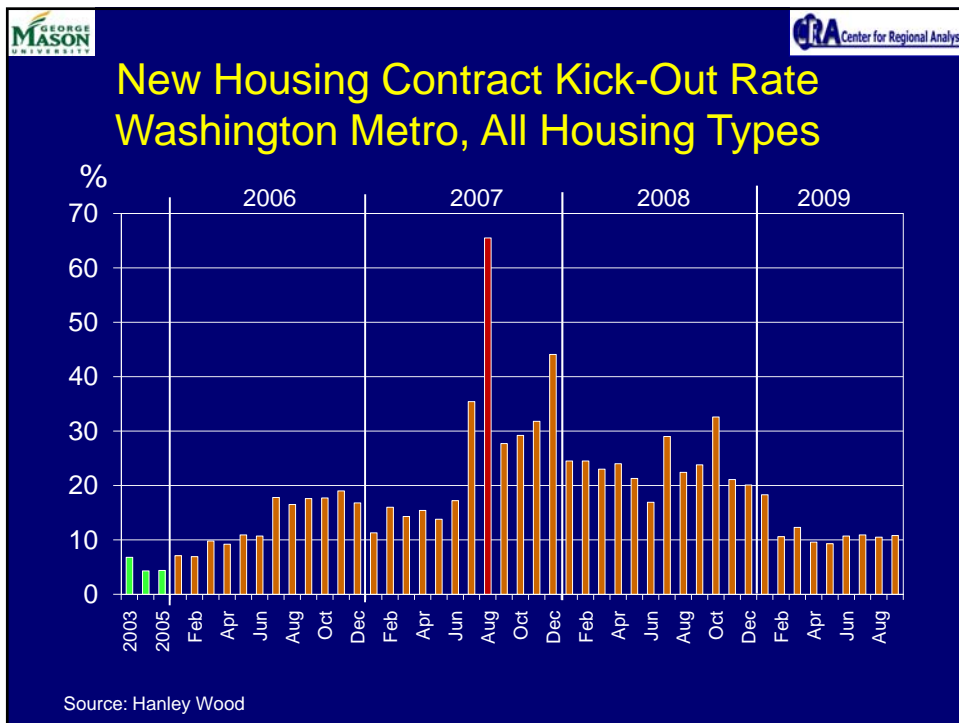
Foreclosures

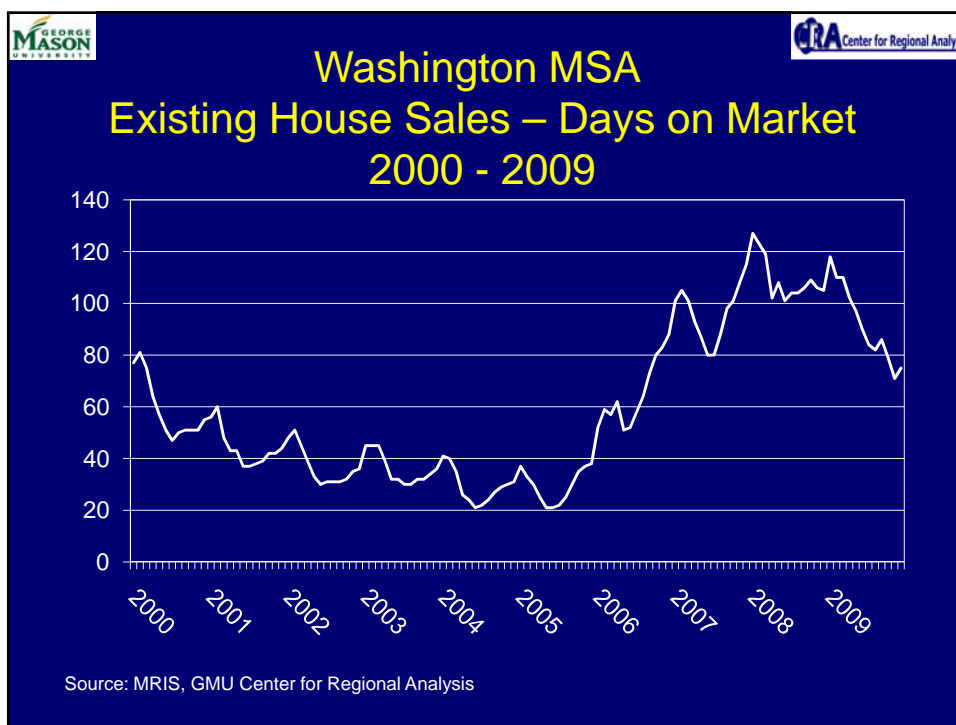


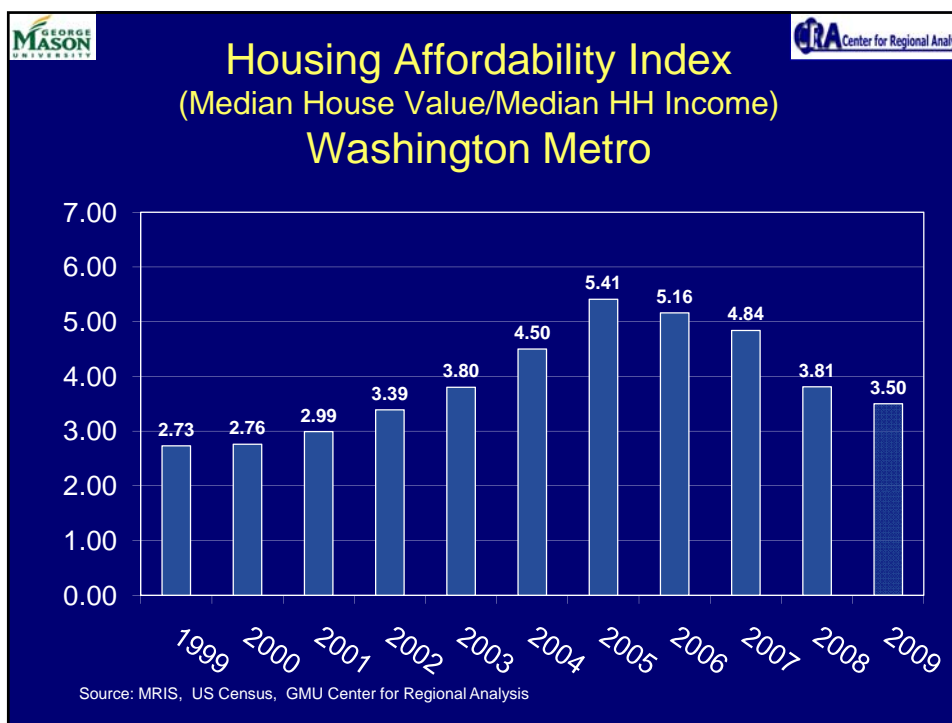


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The Outlook







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THE OUTLOOK

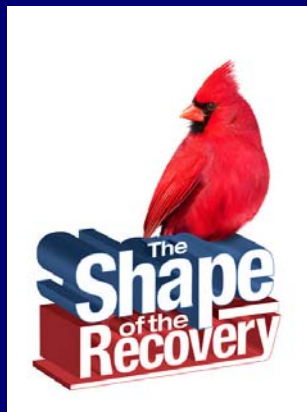
- **SUPPLY / INVENTORY**
 - All indicators are in the positive direction, have worked through much of the market excesses via foreclosure sales, short sales, price declines
- **PRICES**
 - Market is returning to “normal” but differences in timing by location in the region – close-in areas, close to Metro, Northern Virginia already, rest of the region more in 2010
- **FORECLOSURES**
 - Continue to be a problem and will be with us in parts of region into 2011, although much less of a problem here than U.S.



THE OUTLOOK

- Demand from increases in population and lower household formation in the past few years
 - Improved housing affordability with the decline in prices
 - Large drop in new home construction
 - And an improving local economy =
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- Housing Market Returning to More Normal in 2010 and Mostly Normal in 2011.

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18th Annual Economic Conference
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