The Current Economic Outlook & Area Housing Market Conditions

Stephen S. Fuller, Ph.D.
Dwight Schar Faculty Chair and University Professor
Director, Center for Regional Analysis
George Mason University

June 18, 2014

The U.S. Economy’s Current Performance and Outlook
U.S. Gross Domestic Product
Quarterly Change: 2007 – 2015

Source: Bureau of Economic Analysis, Global Insight June 10, 2014

Recession Recovery Patterns of GDP
Past Four Recessions

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

*in 1992 or 2009 Chained Dollars
Contributions to Post Recession Recoveries
Average Growth After 19 Quarters

Source: Bureau of Economic Analysis

4.8
3.2
3.0
2.2
3.1
2.2
2.1
1.6
0.6
0.3
0.2
0.1
0.4
0.8
0.6
0.7
0.0
1.0
2.0
3.0
4.0
5.0
6.0

1982-Q3 1991-Q1 2001-Q4 2009-Q2
Recession

Decreasing Role of Residential Investment
% of GDP 19 Quarters Post-Recession

Source: Bureau of Economic Analysis
U.S. Payroll Job Change by Sector
May 2013 – May 2014

<table>
<thead>
<tr>
<th>Sector</th>
<th>Change (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educ &amp; Health Svcs</td>
<td>363</td>
</tr>
<tr>
<td>State &amp; Local Govt</td>
<td>635</td>
</tr>
<tr>
<td>Prof. &amp; Bus. Svcs</td>
<td>-63</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>-31</td>
</tr>
<tr>
<td>Leisure &amp; Hosp.</td>
<td>-31</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-600</td>
</tr>
<tr>
<td>Financial</td>
<td>-400</td>
</tr>
<tr>
<td>Construction</td>
<td>-200</td>
</tr>
<tr>
<td>Wise Trade</td>
<td>0</td>
</tr>
<tr>
<td>Other Services</td>
<td>200</td>
</tr>
<tr>
<td>Transp. &amp; Util.</td>
<td>400</td>
</tr>
<tr>
<td>Federal Govt.</td>
<td>600</td>
</tr>
<tr>
<td>Information</td>
<td>Total = 2,379</td>
</tr>
</tbody>
</table>

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

U.S. Payroll Job Change by Sector
Apr 2014 – May 2014

<table>
<thead>
<tr>
<th>Sector</th>
<th>Change (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educ &amp; Health Svcs</td>
<td>63</td>
</tr>
<tr>
<td>State &amp; Local Govt</td>
<td>55</td>
</tr>
<tr>
<td>Prof. &amp; Bus. Svcs</td>
<td>-5</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>-5</td>
</tr>
<tr>
<td>Leisure &amp; Hosp.</td>
<td>-5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-100</td>
</tr>
<tr>
<td>Financial</td>
<td>-50</td>
</tr>
<tr>
<td>Construction</td>
<td>0</td>
</tr>
<tr>
<td>Wise Trade</td>
<td>50</td>
</tr>
<tr>
<td>Other Services</td>
<td>100</td>
</tr>
<tr>
<td>Transp. &amp; Util.</td>
<td>Total = 217</td>
</tr>
<tr>
<td>Federal Govt.</td>
<td></td>
</tr>
<tr>
<td>Information</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), IHS Global Insight  June  10, 2014

Initial Claims for Unemployment
2011-Present   4-Week Moving Average

Source: Department of Labor
U.S. New and Existing Home Sales

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

U.S. Residential Construction and Resales Forecast Revisions
December 2013 vs. June 2014 (millions of units)

<table>
<thead>
<tr>
<th>Year</th>
<th>Housing Starts</th>
<th>Existing House Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>2.073</td>
<td>7.076</td>
</tr>
<tr>
<td>2011</td>
<td>0.612</td>
<td>4.278</td>
</tr>
<tr>
<td>2012</td>
<td>0.784</td>
<td>4.659</td>
</tr>
<tr>
<td>2013</td>
<td>0.930 D-J</td>
<td>5.073 D-J</td>
</tr>
<tr>
<td>2014</td>
<td>1.059 - 8.9%</td>
<td>4.940 - 7.3% - 2.6%</td>
</tr>
<tr>
<td>2015</td>
<td>1.391 - 5.7%</td>
<td>5.591 - 3.2% 13.2%</td>
</tr>
<tr>
<td>2016</td>
<td>1.574 - 3.1%</td>
<td>5.716 - 0.4% 2.2%</td>
</tr>
<tr>
<td>2017</td>
<td>1.596 - 1.2%</td>
<td>5.418 n.c. - 5.2%</td>
</tr>
<tr>
<td>2018</td>
<td>1.575 - 2.4%</td>
<td>5.354 - 0.9% - 1.2%</td>
</tr>
</tbody>
</table>

Source: IHS Global Insight ‘US Executive Summary’ June 10, 2014
The Current Performance of the Washington Area Economy

U.S. GDP and Washington Area GRP
2001 – 2013 – 2018

Source: IHS Global Insight, GMU Center for Regional Analysis
15 Largest Job Markets
Job Change: May 2013 – May 2014

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

Annual Job Change
Washington MSA, 2002-2014

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Federal Government Jobs
Washington MSA

Annual Data

Annual Month over Year

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

Job Change by Sector
Mar 2014 – Apr 2014
Washington MSA

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Annual Job Change
District of Columbia, 2002-2014

Annual Data
Annual Month over Year

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

Job Change by Sector
May 2013 – May 2014
District of Columbia

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Job Change by Sector
Apr 2014 – May 2014
District of Columbia

<table>
<thead>
<tr>
<th>Sector</th>
<th>(000s)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prof. &amp; Bus. Svcs</td>
<td>-6</td>
<td></td>
</tr>
<tr>
<td>Federal Govt.</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Educ &amp; Health Svcs</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>State &amp; Local Govt</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Retail Trade</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Leisure &amp; Hosp.</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Other Services</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Information</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Wise Trade</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Transp. &amp; Util.</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Job Change by Sector
May 2013 – May 2014
Suburban Maryland

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

Job Change by Sector
Apr 2014 – May 2014
Suburban Maryland

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Annual Job Change
Northern Virginia, 2002-2014

![Graph showing annual job change in Northern Virginia from 2002 to 2014.](image)

Job Change by Sector
May 2013 – May 2014
Northern Virginia

![Graph showing job change by sector in Northern Virginia from May 2013 to May 2014.](image)

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis
Job Change by Sector
Apr 2014 – May 2014
Northern Virginia

<table>
<thead>
<tr>
<th>Sector</th>
<th>Change (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prof. &amp; Bus. Svcs</td>
<td>1</td>
</tr>
<tr>
<td>Federal Govt.</td>
<td>0</td>
</tr>
<tr>
<td>Educ &amp; Health Svcs</td>
<td>1</td>
</tr>
<tr>
<td>State &amp; Local Govt</td>
<td>-2</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>4</td>
</tr>
<tr>
<td>Leisure &amp; Hosp.</td>
<td>-2</td>
</tr>
<tr>
<td>Construction</td>
<td>1</td>
</tr>
<tr>
<td>Other Services</td>
<td>0</td>
</tr>
<tr>
<td>Financial</td>
<td>0</td>
</tr>
<tr>
<td>Information</td>
<td>0</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0</td>
</tr>
<tr>
<td>Wise Trade</td>
<td>1</td>
</tr>
<tr>
<td>Transp. &amp; Util.</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>4,800</td>
</tr>
</tbody>
</table>

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

Unemployment Rates in the WMSA
By Sub-State Area, 2007-2014

<table>
<thead>
<tr>
<th>Sub-State Area</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC</td>
<td>7.0</td>
</tr>
<tr>
<td>U.S.</td>
<td>6.3</td>
</tr>
<tr>
<td>SMD</td>
<td>4.8</td>
</tr>
<tr>
<td>MSA</td>
<td>4.5</td>
</tr>
<tr>
<td>NVA</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Housing Market Trends in the Washington Area and Northern Virginia

Percent Change in Inventories of Existing Homes
Month-Over-Year 2000 – 2014, WMSA

Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis. Total monthly inventory includes listings active at the end of the month plus sales during the month.
Active Listings
WMSA - All Housing Types
each month by year

Active Listings
Northern Virginia - All Housing Types
each month by year

Source: RealEstate Business Intelligence (RBI), Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis
Existing Home Sales
Washington MSA
Through May 2014

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

Total Sales by Sub-State Area
WMSA – All Property Types
12 months ending in May of each year

Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis
Total Sales by Property Type
WMSA – All Property Types
12 months ending in May of each year

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

Total Listings Per Sale
WMSA - May Each Year

Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis
Median House Sales Price
WMSA - All Housing Types

Average Sales Price Percent Change
WMSA – All Housing Types

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

Annual Change

Annual Change by Month

2010 2011 2012 2013

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

Median Sale Price
WMSA – All Housing Types
as measured in May of each year

Source: RealEstate Business Intelligence (RBI), Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis
Average Sale Price
WMSA – Single-Family Detached
as measured in May of each year

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

Average Sale Price
WMSA – Single-Family Attached
as measured in May of each year

Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis
Average Sale Price
WMSA – Condos
as measured in May of each year

[Graph showing average sale price for WMSA Condos from 1999 to 2014, with data points for D.C., MSA, No. VA, and Sub. MD.

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

Share of Closed Sales and Listings by Price in the WMSA, May 2014

[Chart showing share of closed sales and listings by price category in May 2014, with percentages for <$200K, $200-399K, $400-599K, $600-799K, $800-999K, and $1M+.

Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis]
Comparison of YoY Change in Closed Sales and Listings in the WMSA, May 2014

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

Building Permits
WMSA
2001 – 2014, 3-Month Mvg Avg

Source: Census Bureau, GMU Center for Regional Analysis
New Building Permits for Privately Owned Residential Units, WMSA


Source: Census Bureau, GMU Center for Regional Analysis

Economic Outlook for the Washington Metropolitan Area: 2013-2018
## Employment Change in the WMSA by Sub-State Area (000s)

<table>
<thead>
<tr>
<th>Sub-State Area</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.C.</td>
<td>14.1</td>
<td>5.6</td>
<td>11.0</td>
<td>6.5</td>
<td>8.5</td>
<td>7.5</td>
<td>8.0</td>
<td>5.6</td>
</tr>
<tr>
<td>Sub. MD</td>
<td>4.4</td>
<td>4.8</td>
<td>6.7</td>
<td>12.1</td>
<td>17.0</td>
<td>20.5</td>
<td>22.6</td>
<td>18.0</td>
</tr>
<tr>
<td>No. VA</td>
<td>26.4</td>
<td>23.5</td>
<td>12.6</td>
<td>21.6</td>
<td>25.8</td>
<td>31.1</td>
<td>34.5</td>
<td>32.7</td>
</tr>
<tr>
<td>REGION</td>
<td>42.6</td>
<td>32.2</td>
<td>30.3</td>
<td>40.2</td>
<td>51.3</td>
<td>59.1</td>
<td>65.1</td>
<td>56.3</td>
</tr>
</tbody>
</table>

Average Annual Change 1990-2010 = 35,800

Source: BLS, IHS Global Insight, GMU Center for Regional Analysis

NOTE: The regional totals include Jefferson, WV.

## Economic Outlook (GRP), 2001-2018

Washington Area and Sub-State Areas (Annual % Change)

Source: GMU Center for Regional Analysis
Capital One Bank and CRA Presents

The Washington Area Economy: A Mid-Year Review and Early Forecast for 2015

Thursday, August 21, 2014, 8:15-9:30 AM
Light breakfast begins at 7:30
Capital One Bank Auditorium
RSVP at Lauren.Rather@CapitalOne.com

Thank You
Questions

cra.gmu.edu