

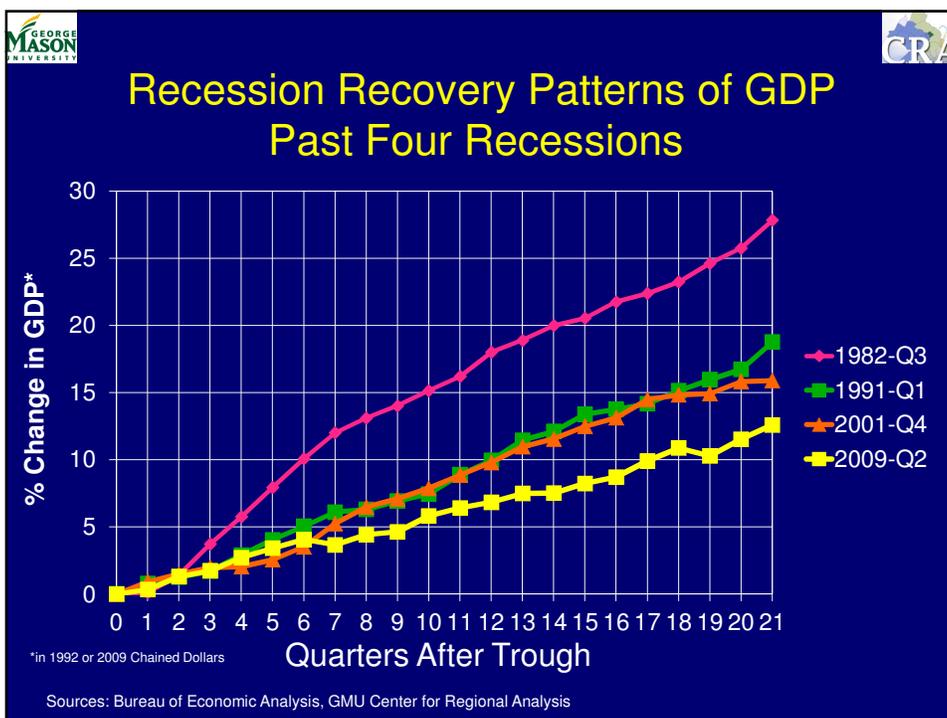


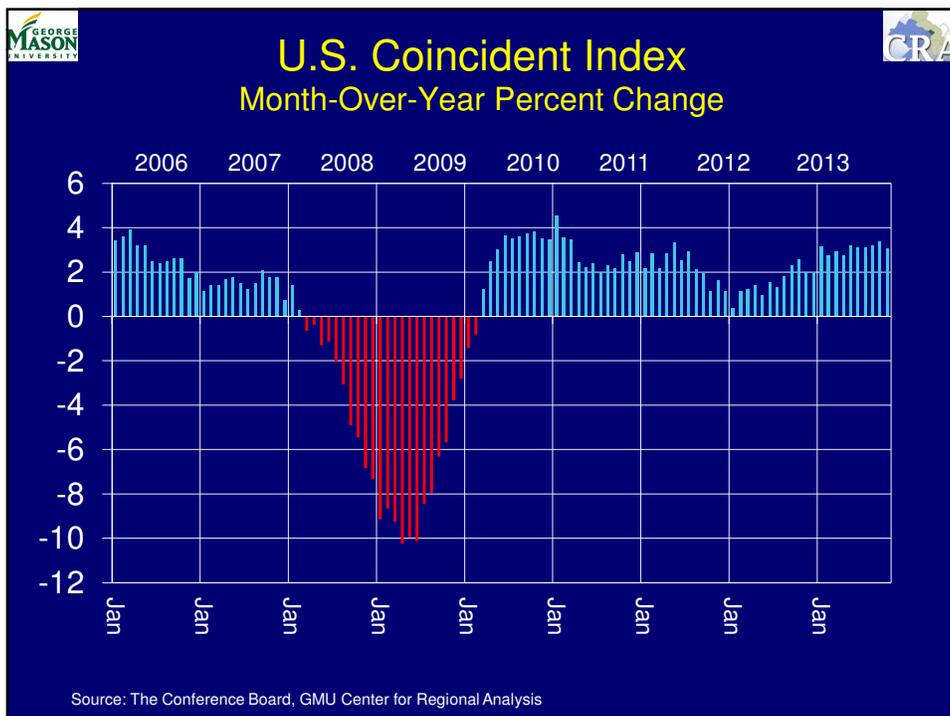

NVAR Small Brokers Forum

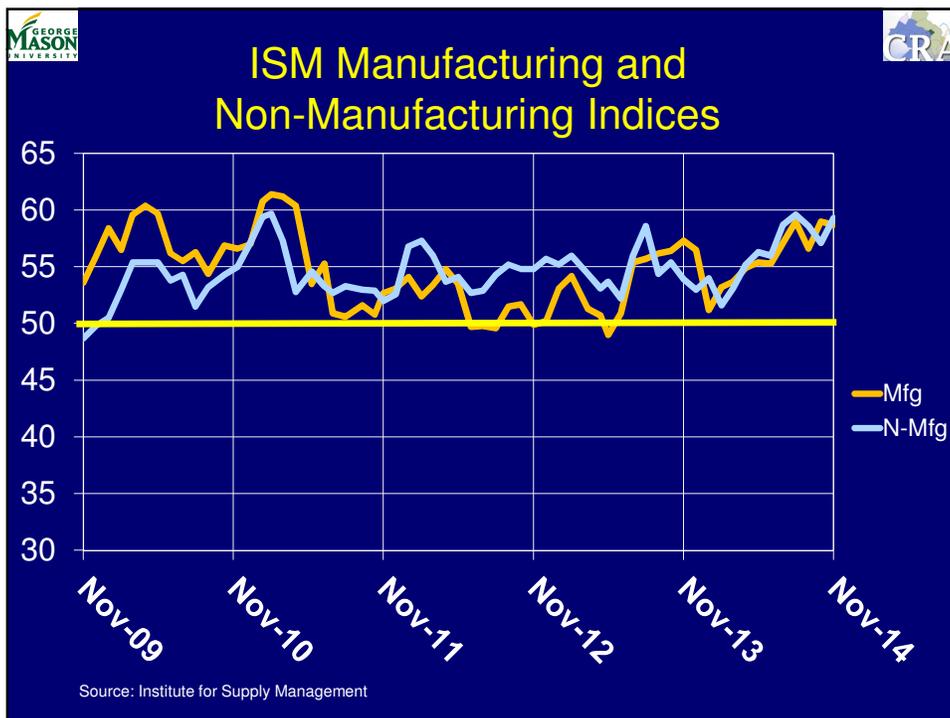
The Current Economic Outlook & Area Housing Market Conditions

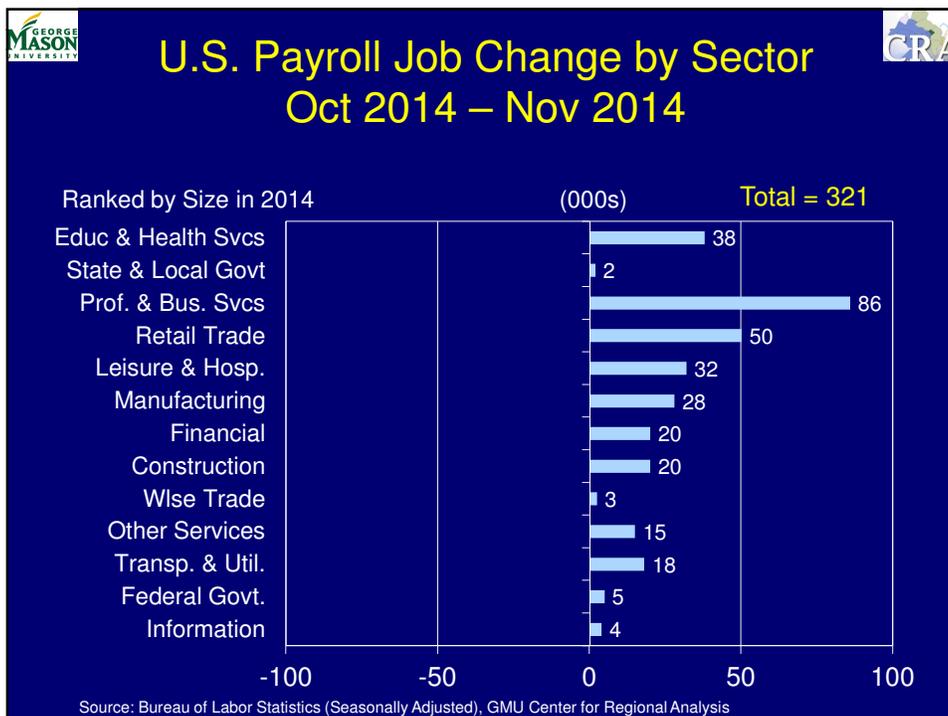
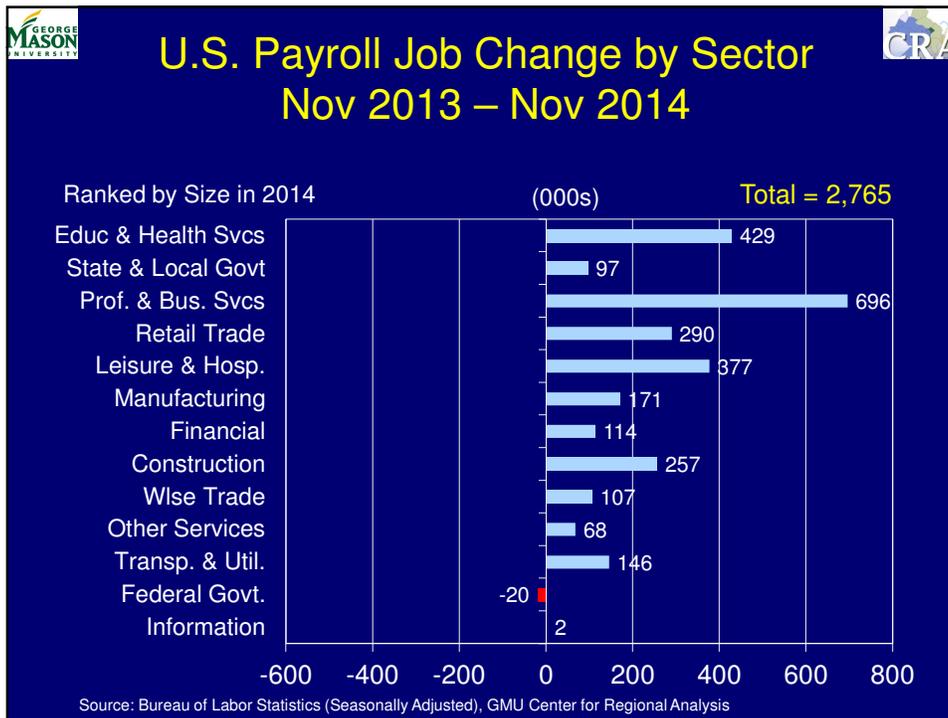
Stephen S. Fuller, Ph.D.
 Dwight Schar Faculty Chair and University Professor
 Director, Center for Regional Analysis
 George Mason University

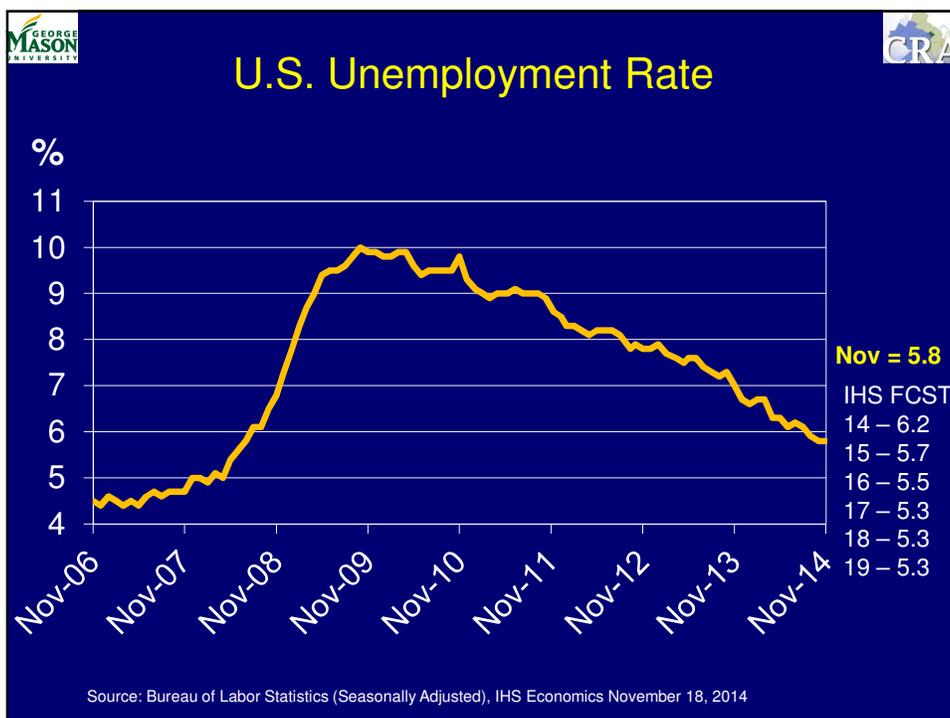
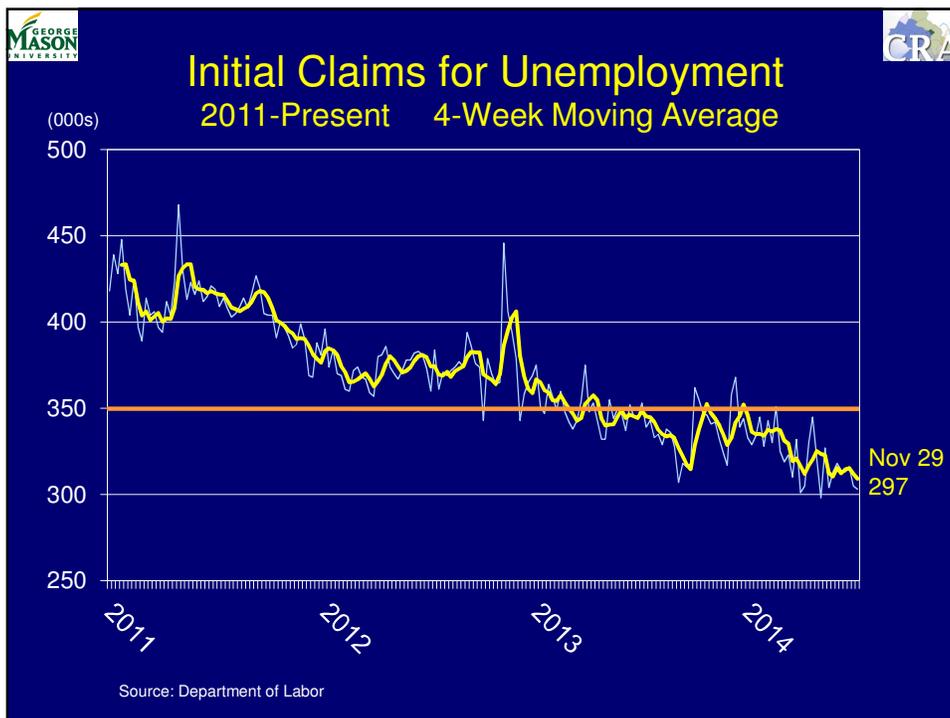
December 16, 2014

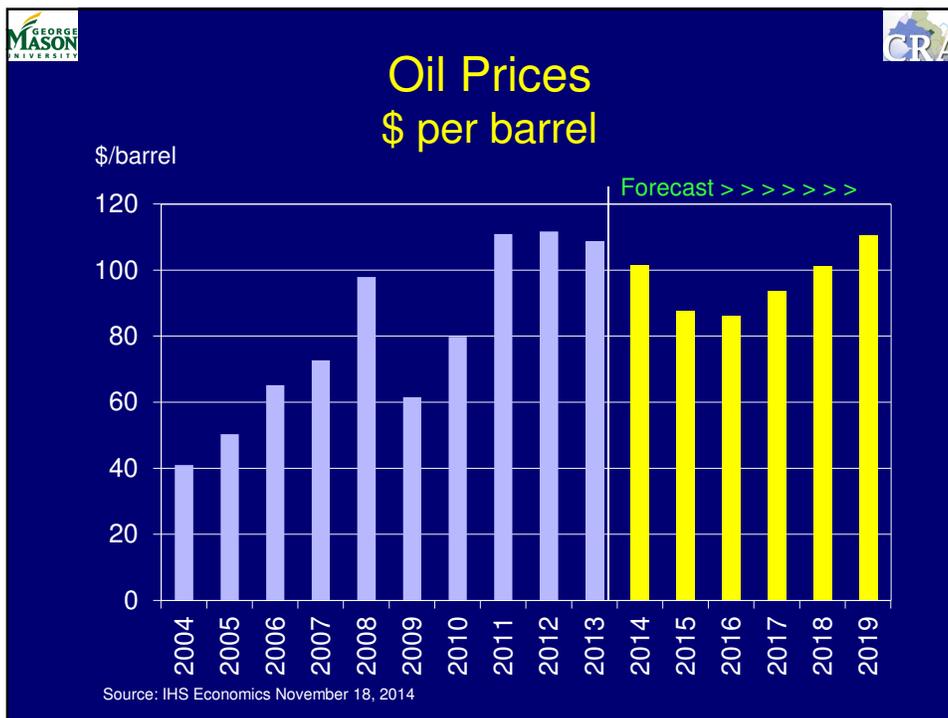


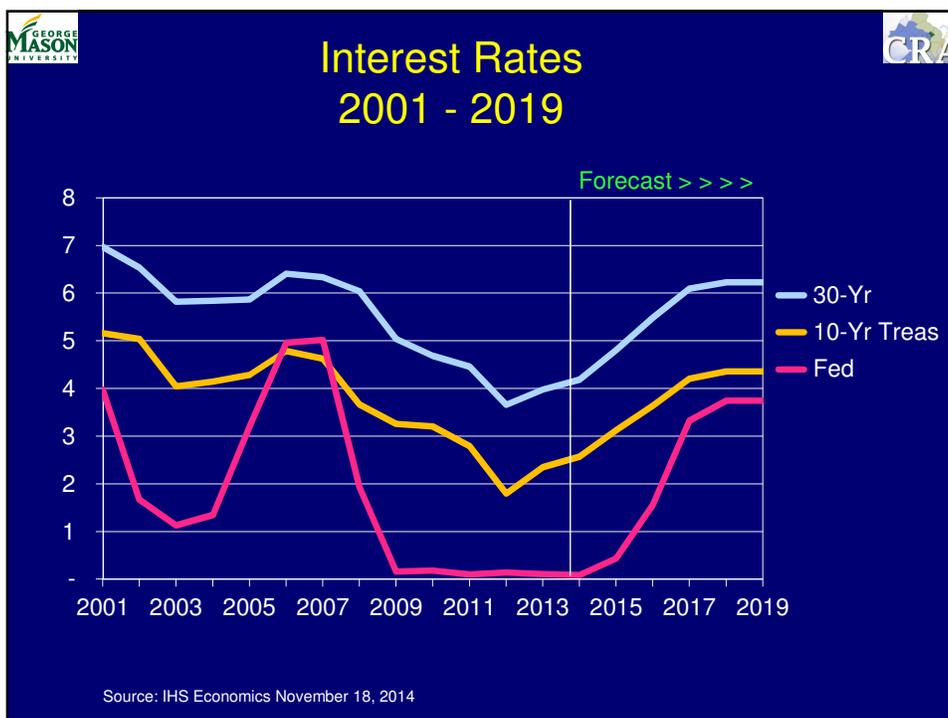
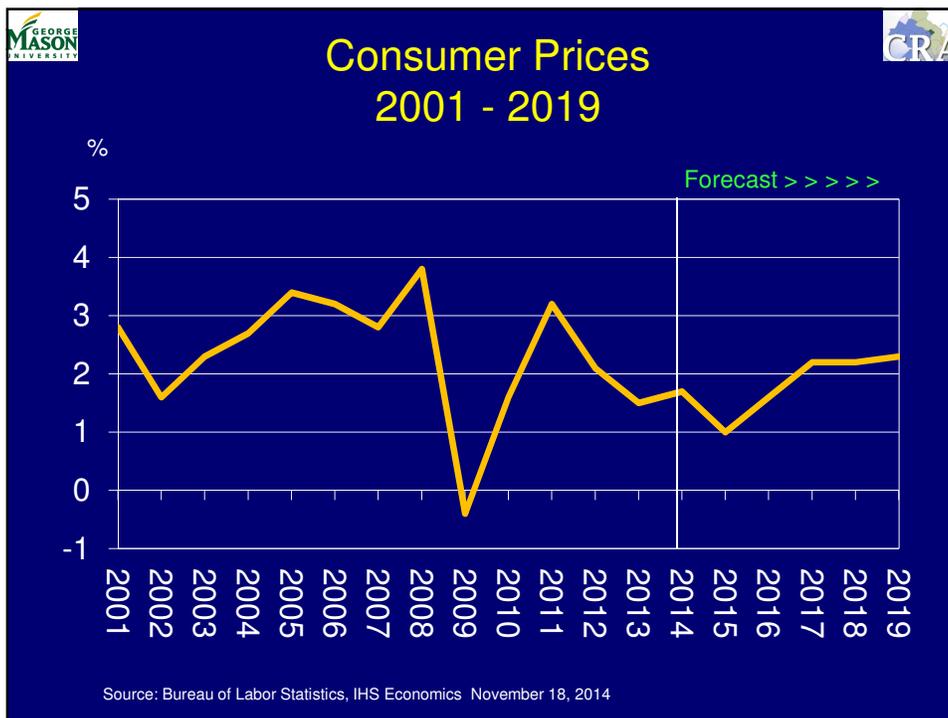


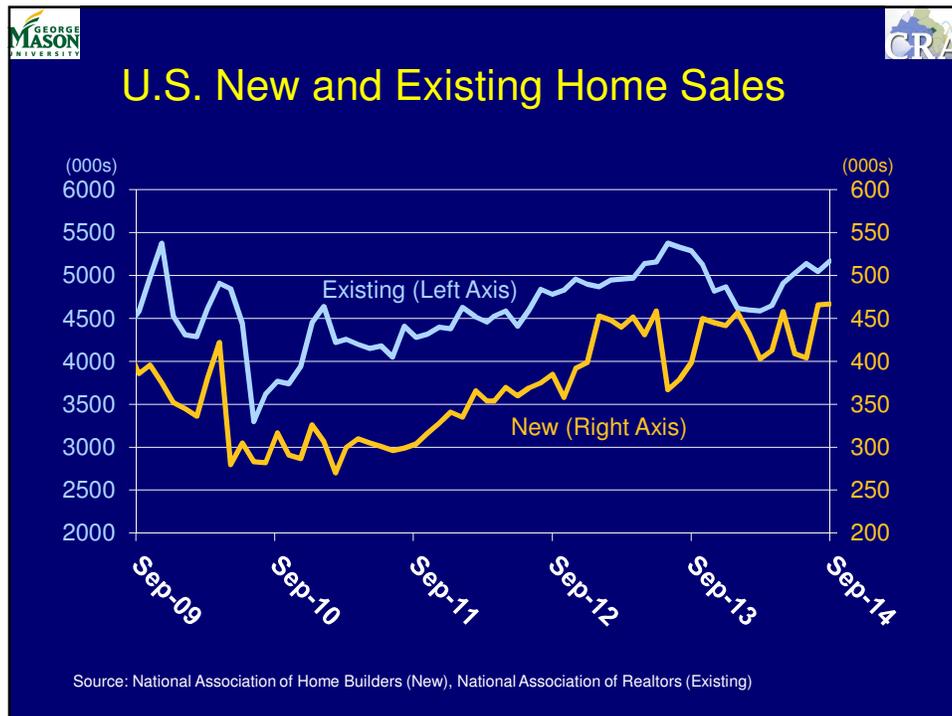












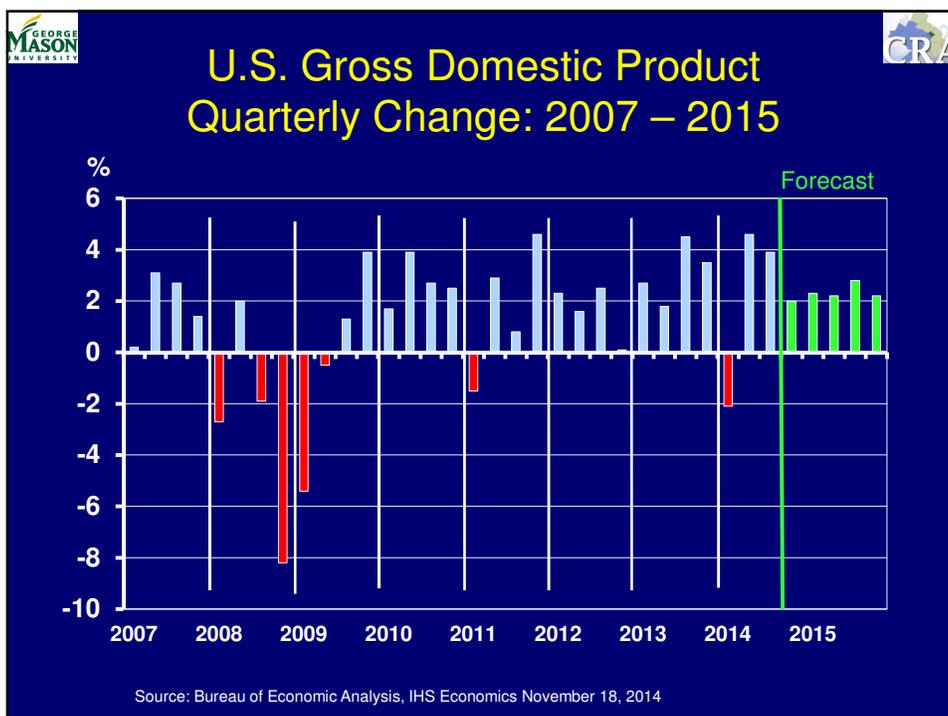
Household Formation Slowed in 2014: Contributing Causes

- Poor wage growth/weak growth in higher value added jobs
- Slower immigration
- Lower marriage rates
- Limited access to credit
- Degraded mobility
- Student loan burdens
- Uncertainty in global markets reduced international transfers of family money in support of housing purchases
- Changing generational values and preferences

U.S. Residential Construction and Resale Forecast (millions of units)
 D-D = % change in forecast since December 2013

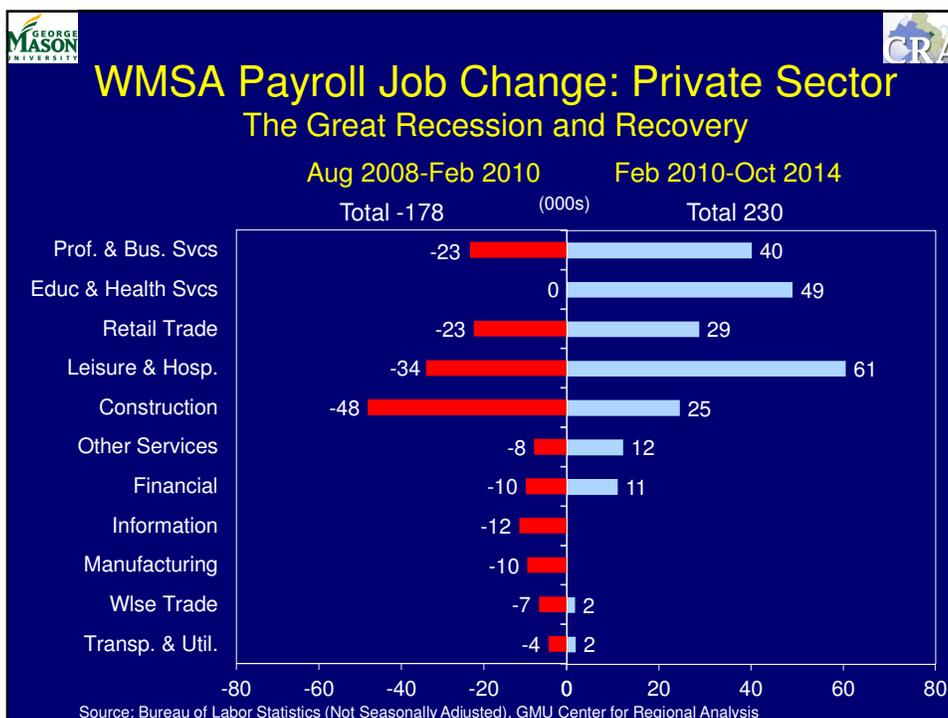
Year	Housing Starts		Existing House Sales	
2005	2.073		7.076	
2011	0.612		4.278	
2012	0.784		4.659	
2013	0.930	<u>D-D</u>	5.073	<u>D-D</u>
2014	0.990	- 12.7%	4.950	- 8.4%
2015	1.167	- 20.6%	5.485	- 4.9%
2016	1.330	- 17.7%	5.715	0.1%
2017	1.473	- 8.3%	5.448	1.0%
2018	1.515	- 6.8%	5.387	- 0.1%

Source: IHS Economics "US Executive Summary" December , 2014






The Current Performance Of the Washington Economy






The GRP* Effects of Private Sector Job Change in the Washington Metropolitan Area Aug 08-Sept 14 (in billions of current year \$s)

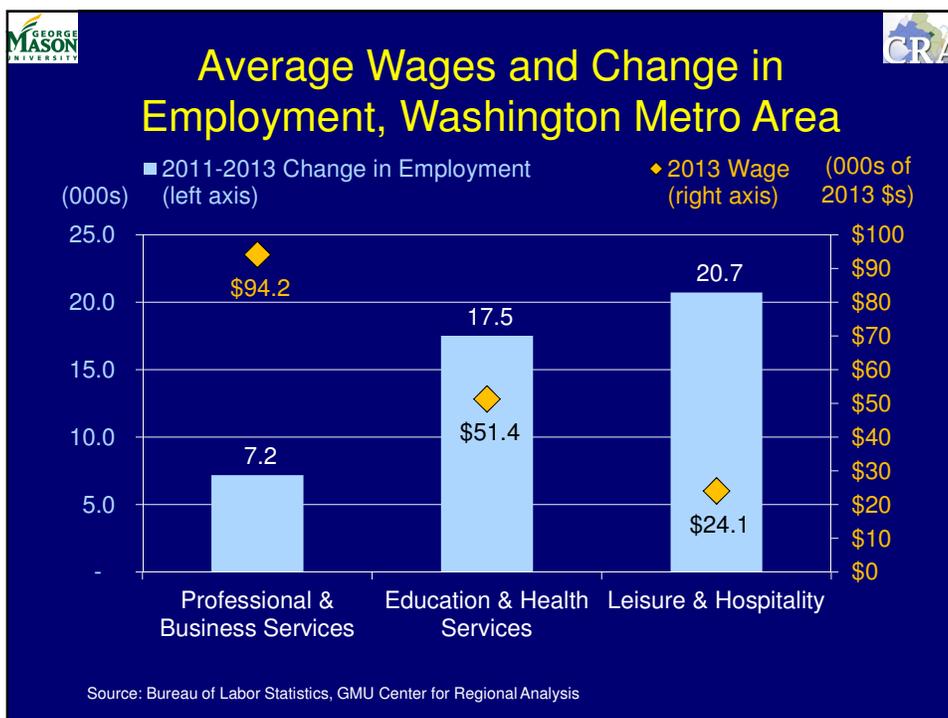
<u>Job Change</u>	<u>Total GRP Value</u>
- 177,700	- \$26,760,932,000 ¹
<u>+ 217,000</u>	<u>+ \$22,872,254,000²</u>
+ 39,300	- \$3,888,678,000

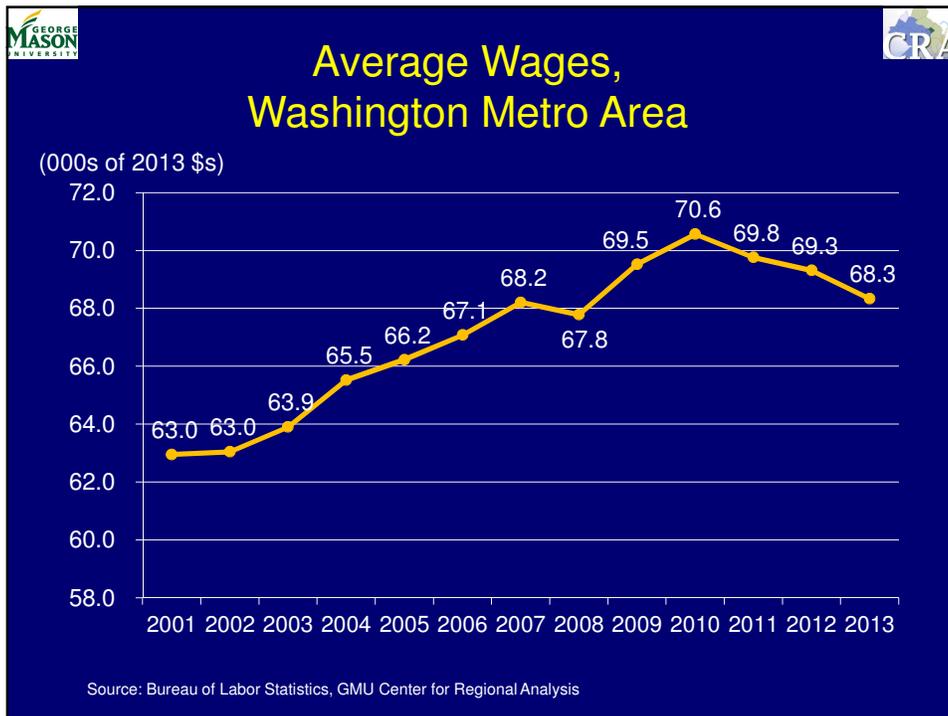
Source: GMU Center for Regional Analysis
 *Gross Regional Product
¹ \$150,596 per job contribution to GRP
² \$105,402 per job contribution to GRP




Summary of Federal Spending Trends in the Washington Metropolitan Area, 2010-2012

- Federal Procurement Outlays declined \$13.45 billion or 16.2% between FY 2010 and FY 2013.
- Federal employment has declined since peaking in July 2010, losing 24,000 jobs or 6.2%; 55% or 13,100 of these jobs were located in the District;
- Federal payroll declined by \$3.4 billion or 8% between FY 2010 and FY 2013 and will continue to decline as the workforce shrinks and older workers retire and are replaced by younger workers.

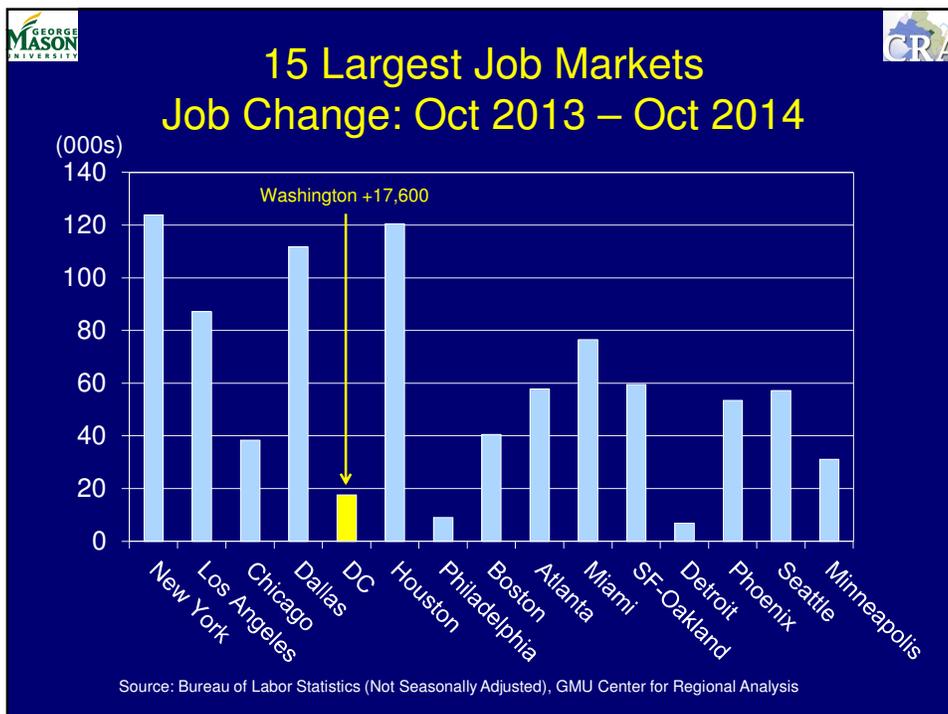
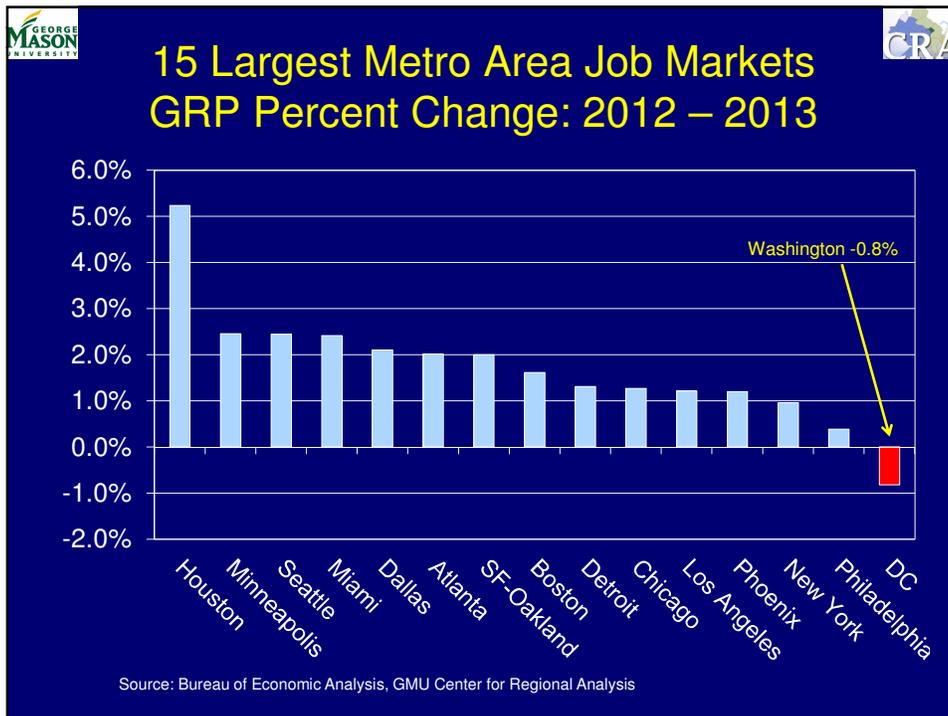


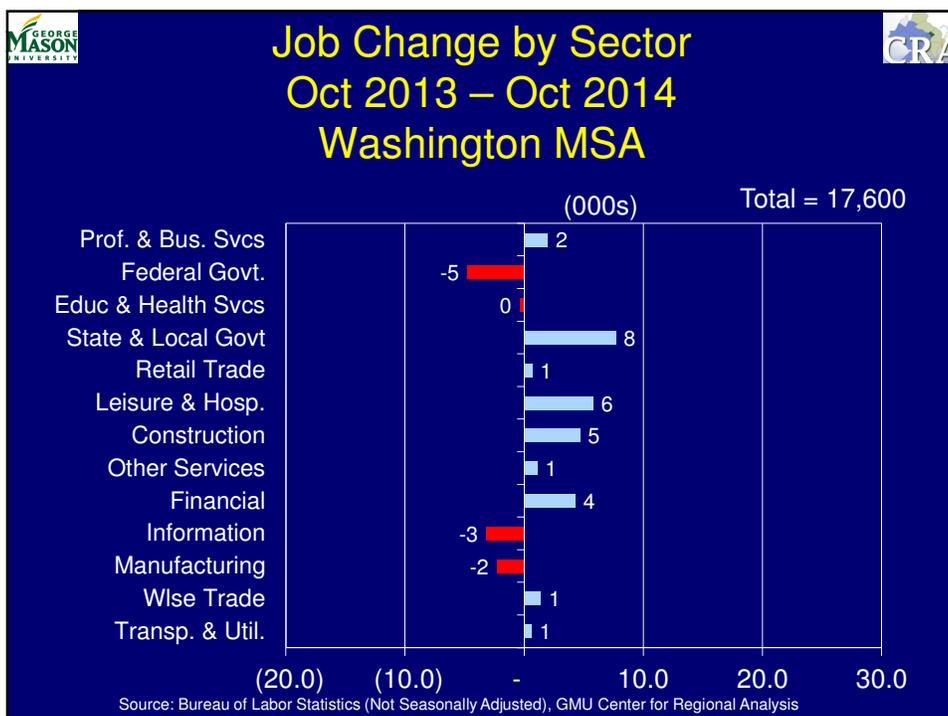
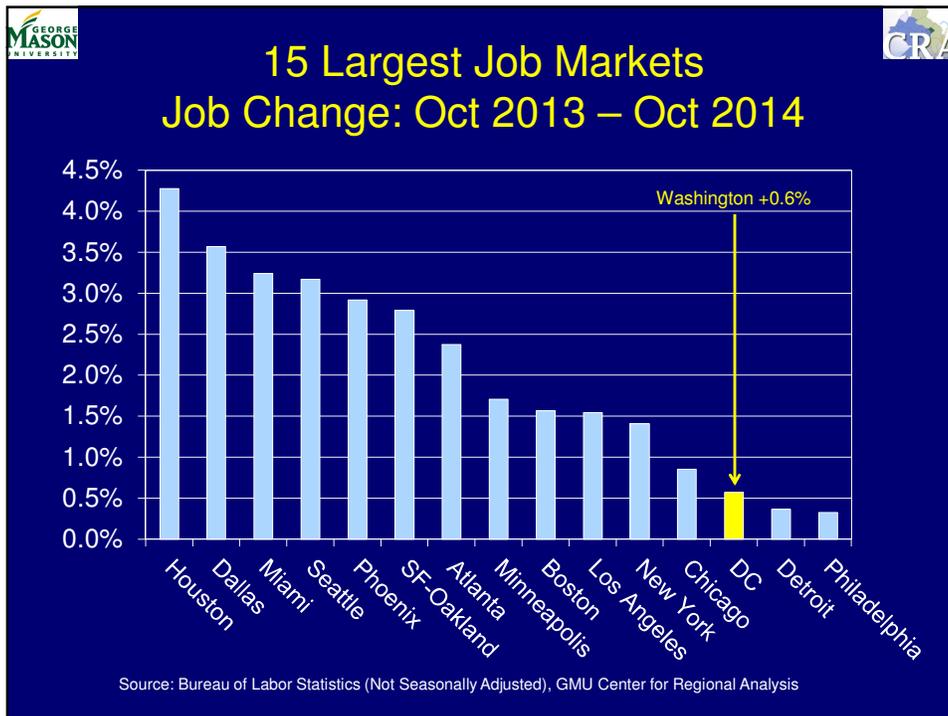


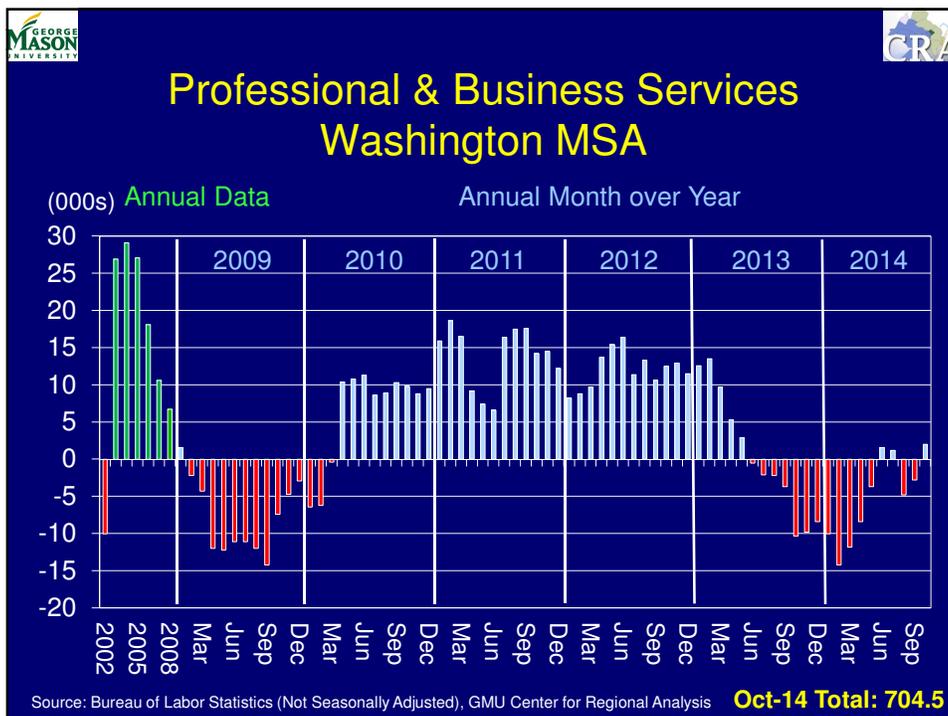
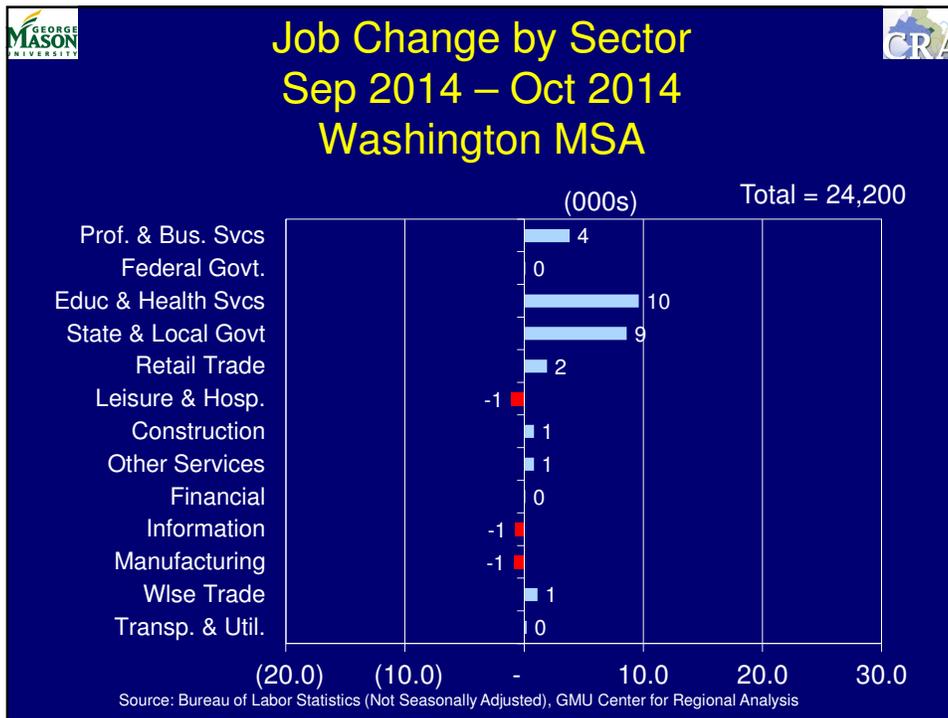
The Household Income Effects of Structural Change in Northern Virginia

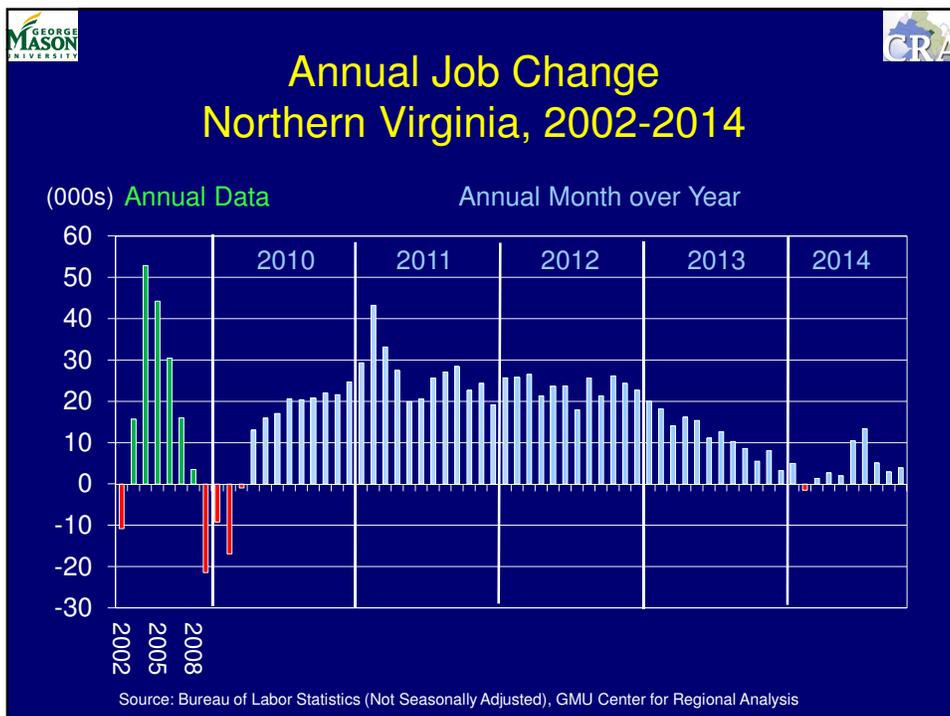
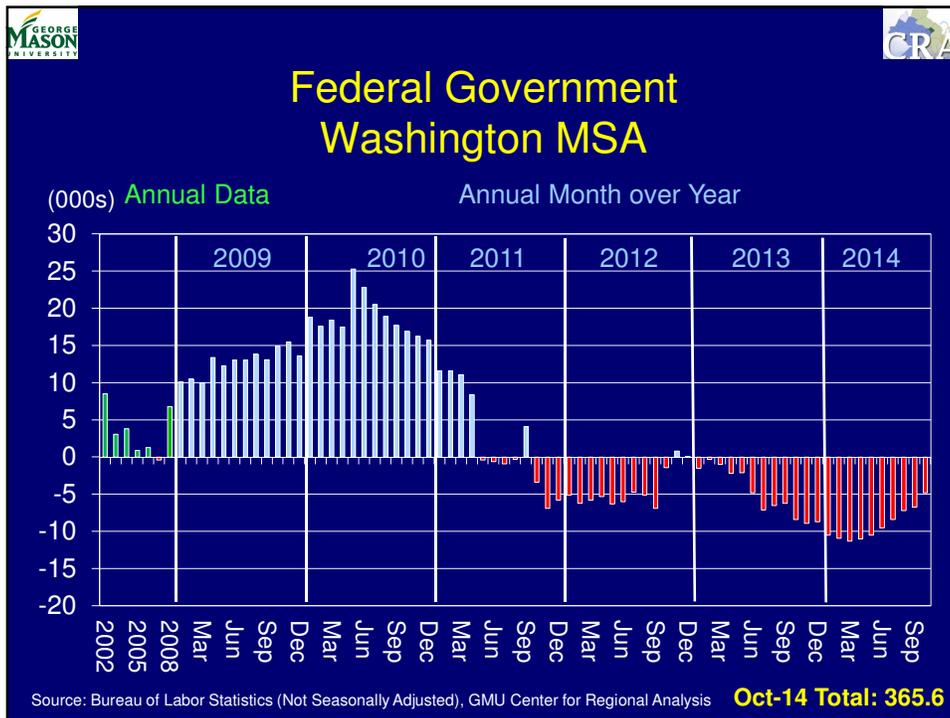
Jurisdiction	Median HH Income 2013*	Change from 2009*
Arlington County	\$102,501	- \$1,675
Fairfax County	111,079	- \$249
Fauquier County	82,823	- \$12,982
Loudoun County	116,768	- \$7,283
Prince Wm County	95,268	- \$2,234
Spotsylvania County	93,454	- \$10,869
Stafford County	71,901	- \$2,757
Alexandria City	86,775	\$2,985
Northern Virginia	\$103,381	- \$2,101
Total Metro Area	\$90,149	- \$2,287

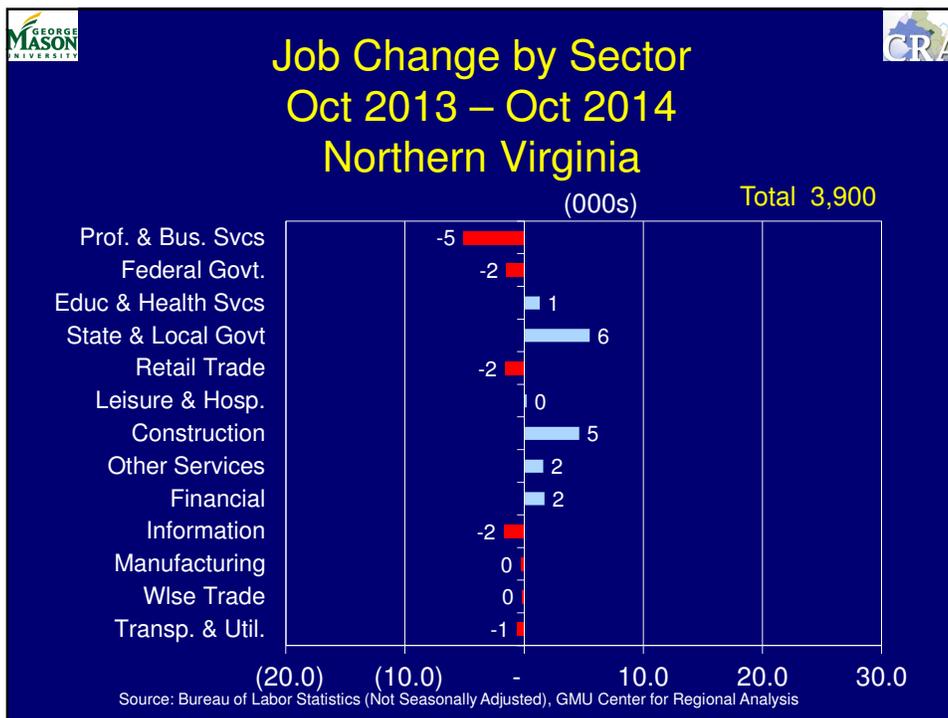
Source: U.S. Census, ACS 1-Year; GMU Center for Regional Analysis *in 2013 dollars







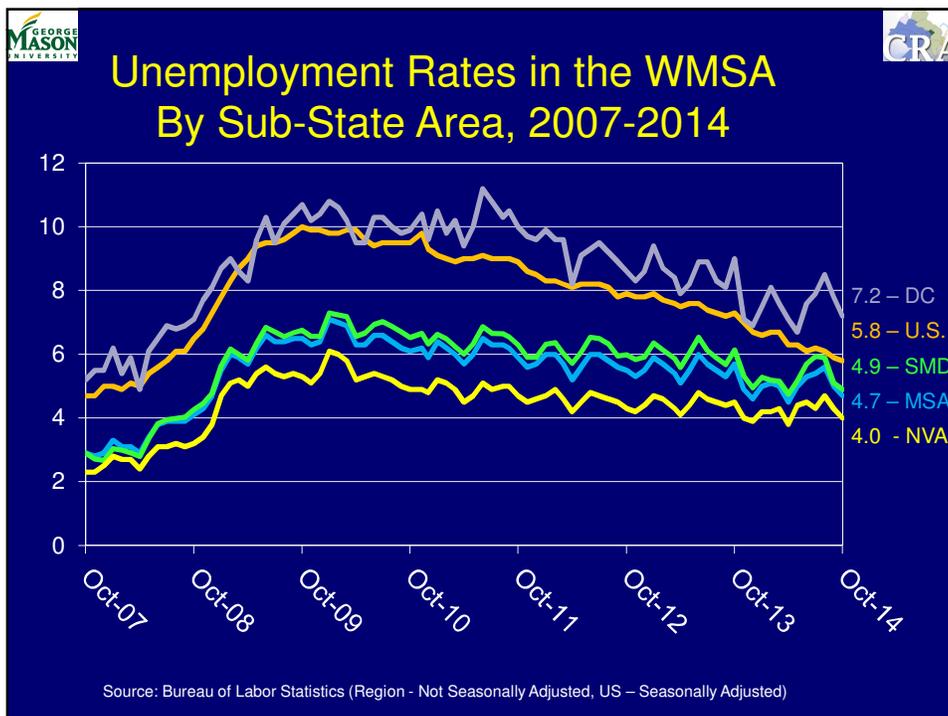
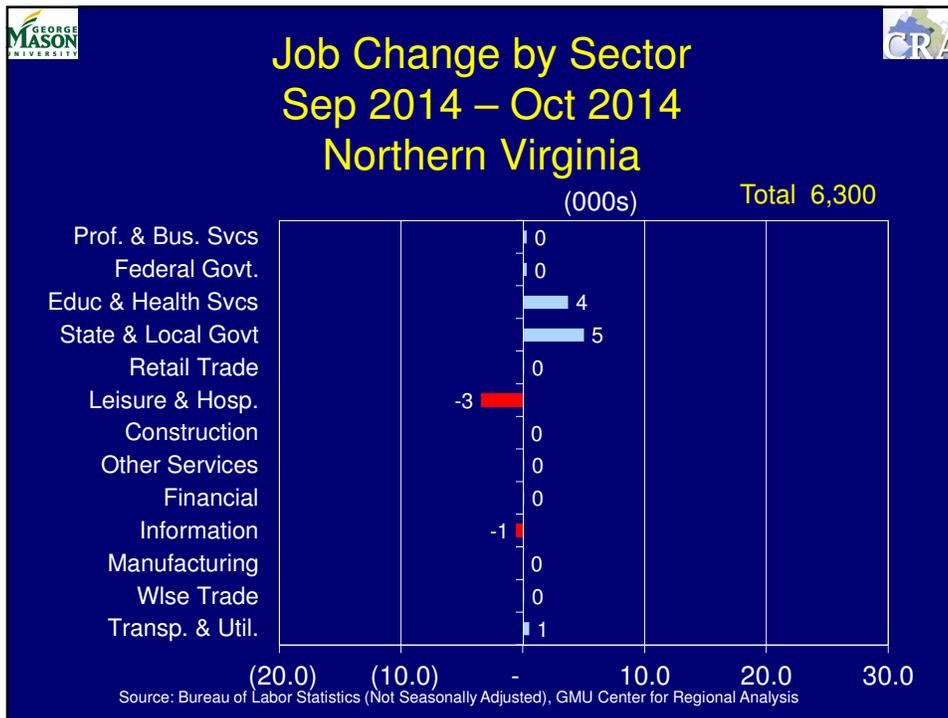




The GRP* Effects of Private Sector Job Change
in Northern Virginia, September 2013-14
 (in billions of 2014\$s)

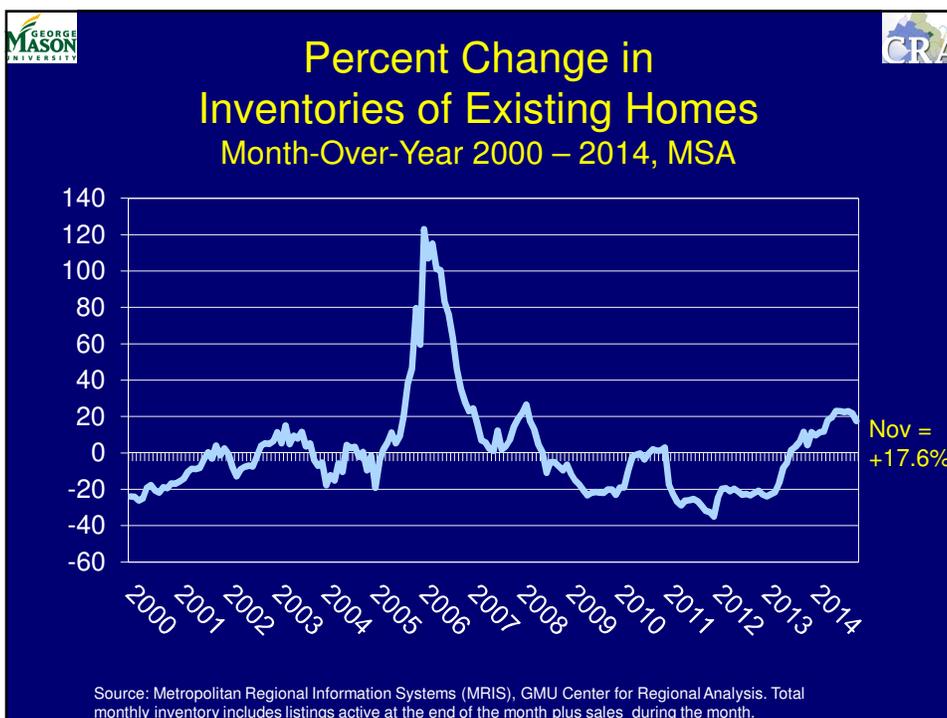
Job Change	Average GRP Value	Total GRP Value
- 11,100	\$179,432	\$1,991,695,200
+16,000	\$129,883	2,078,128,000
+ 4,900		+ \$86,433,800 ¹

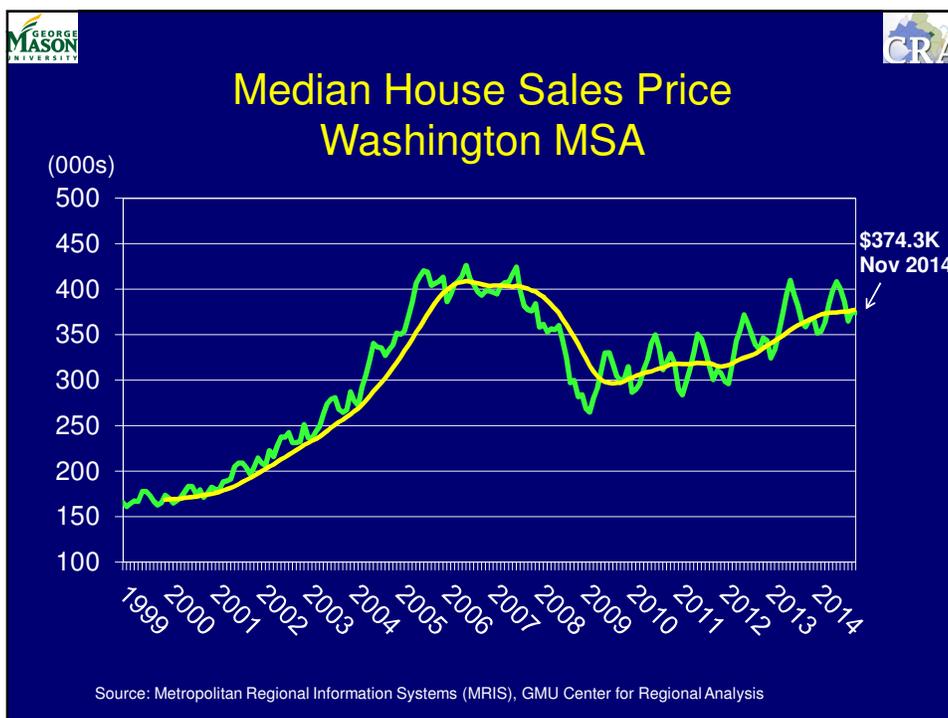
Source: GMU Center for Regional Analysis
 *Gross Regional Product
¹ Northern Virginia's GRP equals \$229.7 billion; \$86.4 million = 0.04% growth

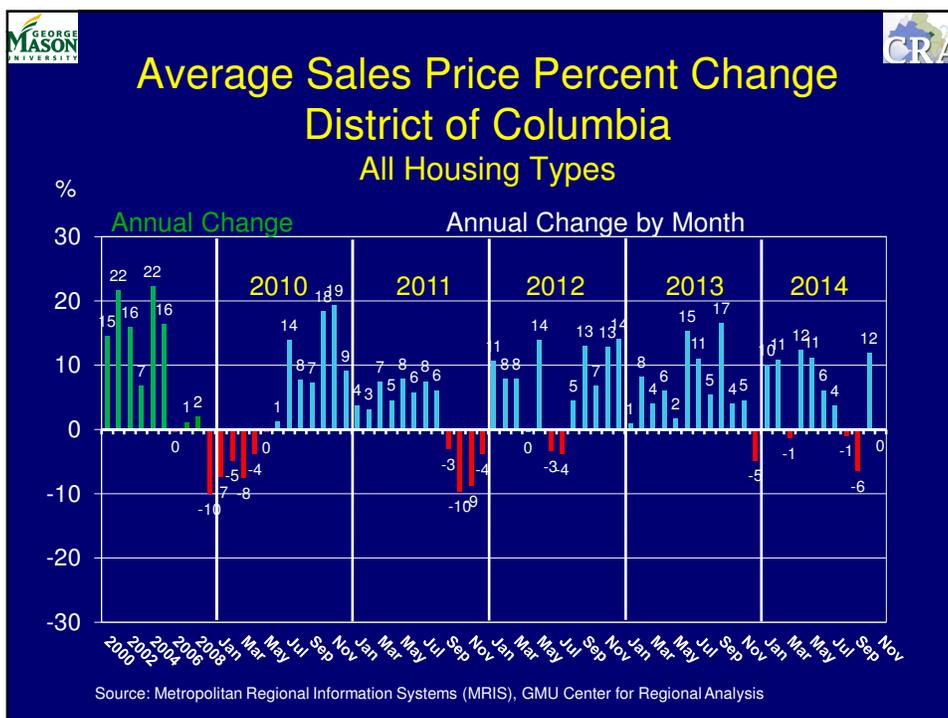
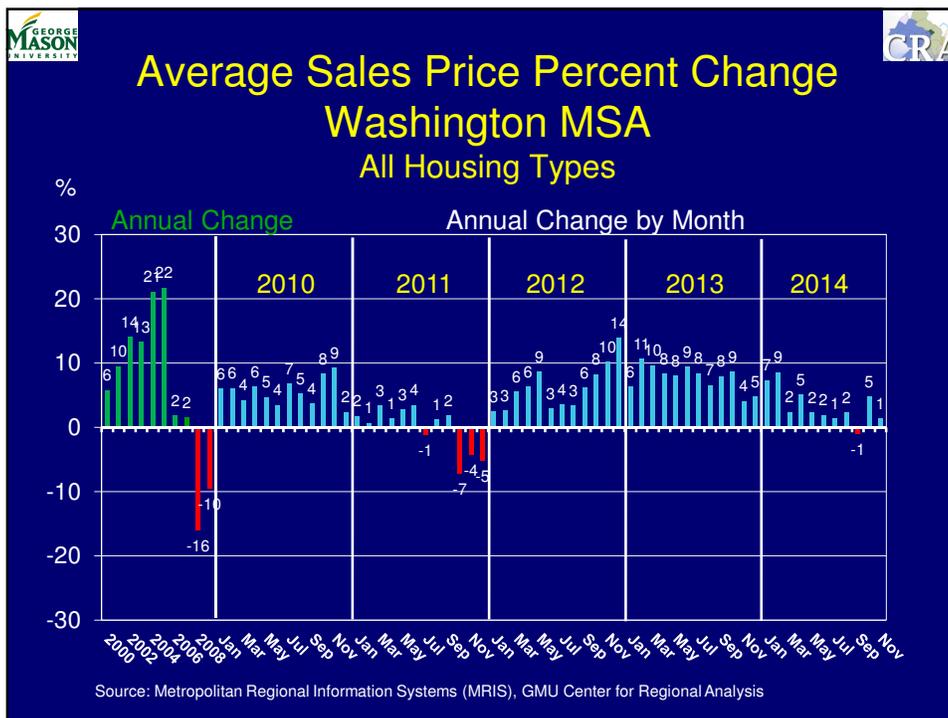


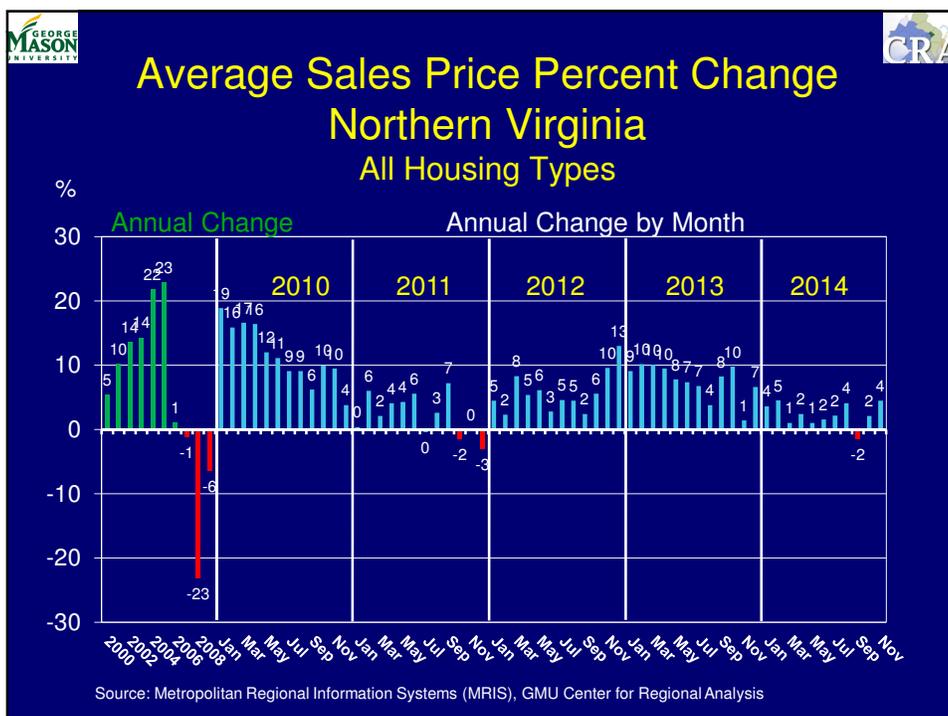
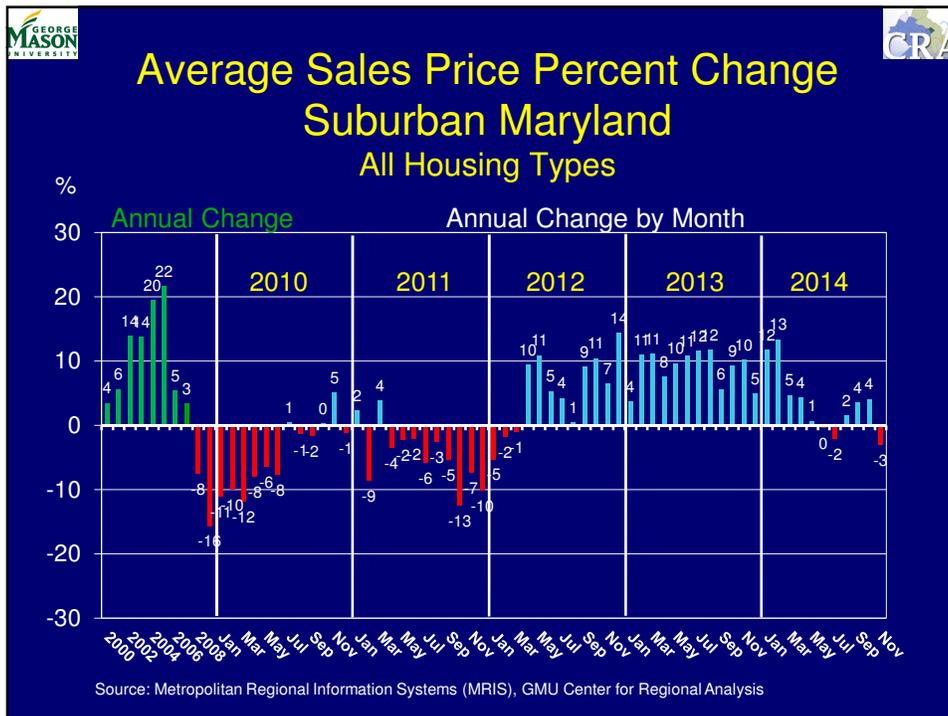
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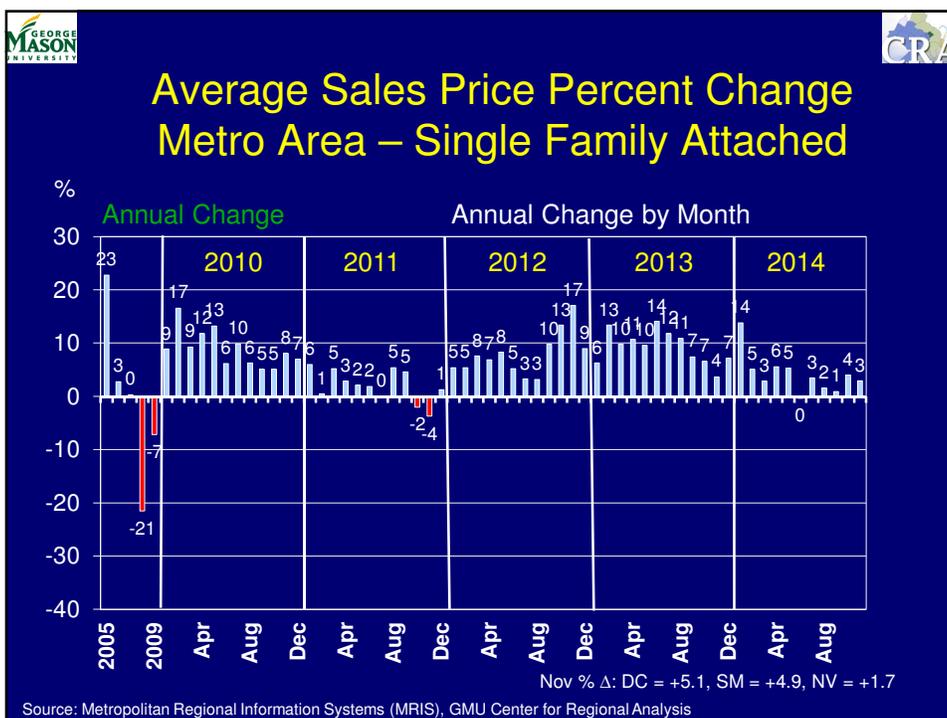
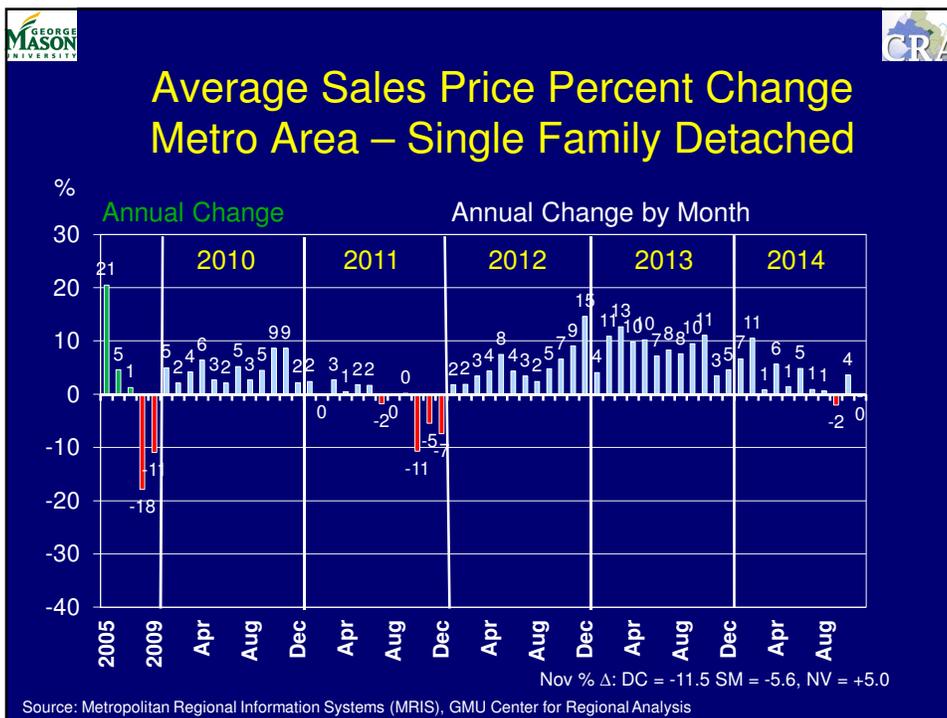
Housing Market Trends in the Washington Metro Area

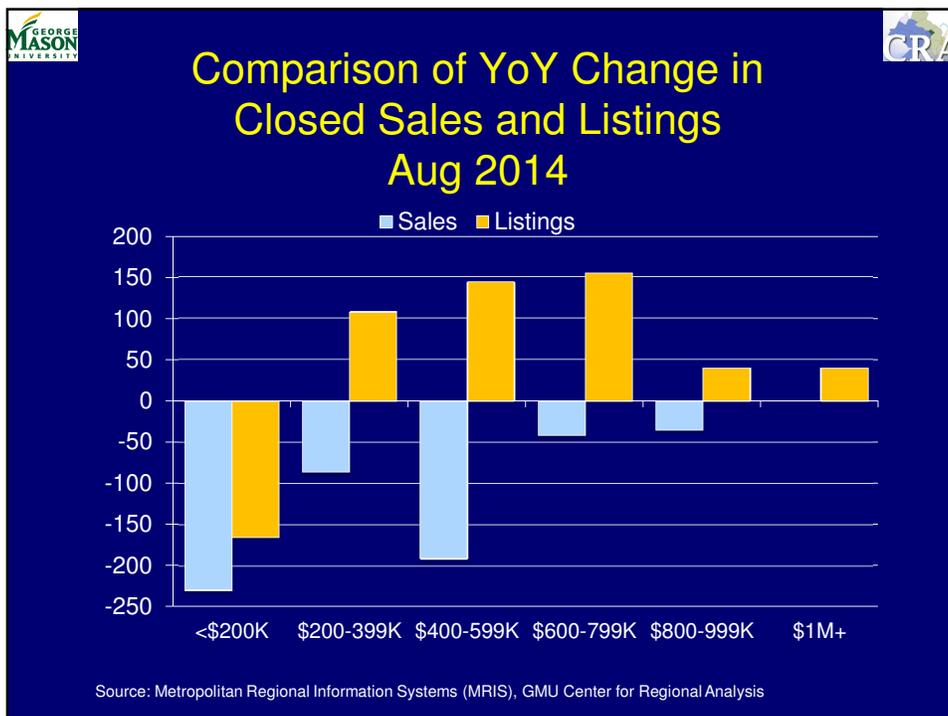
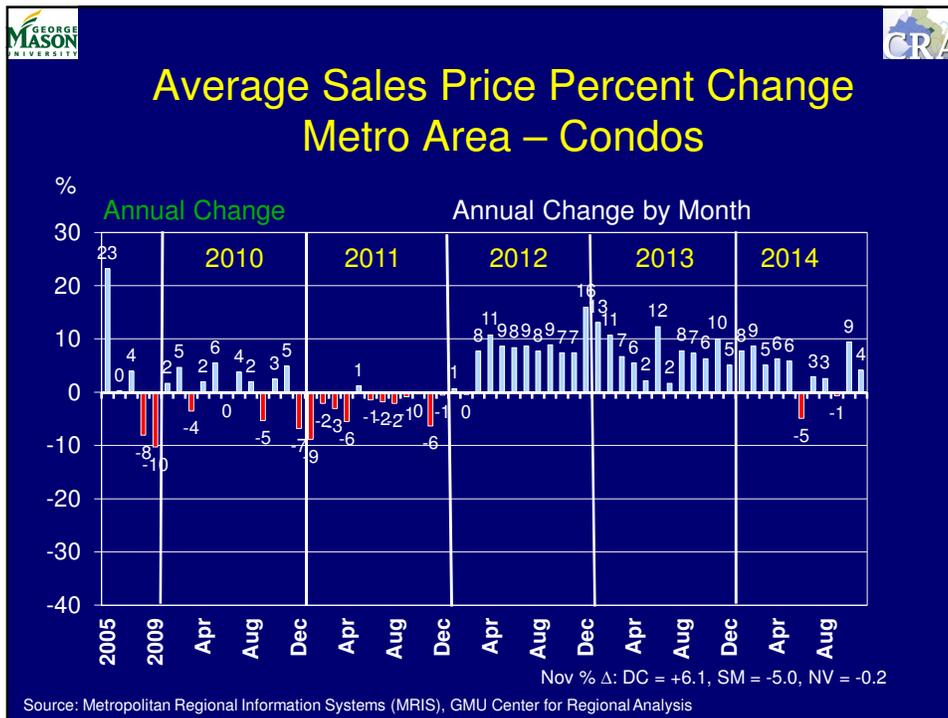


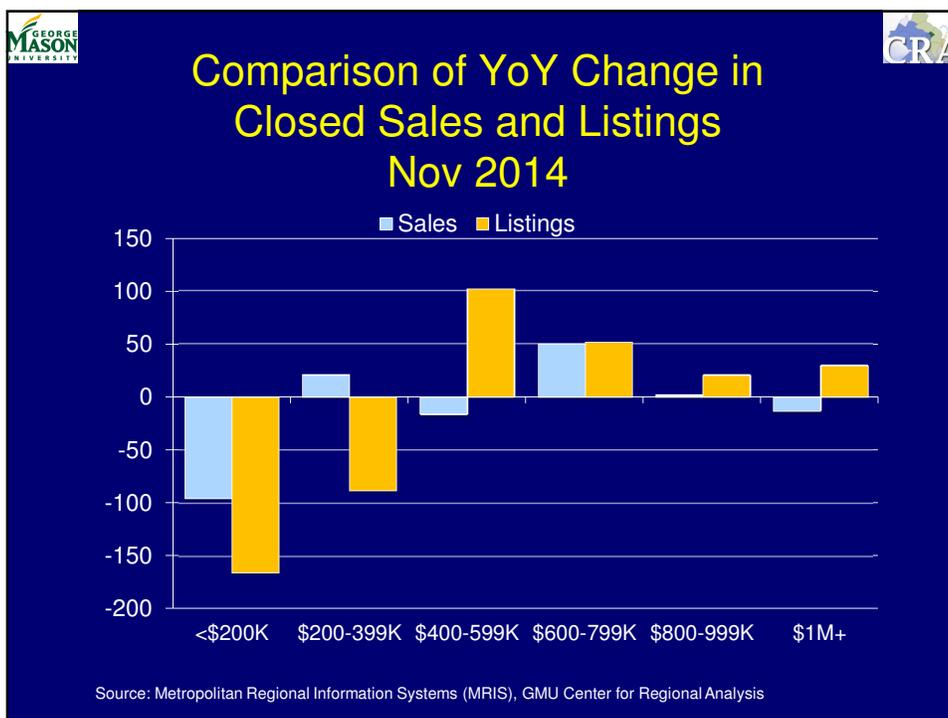
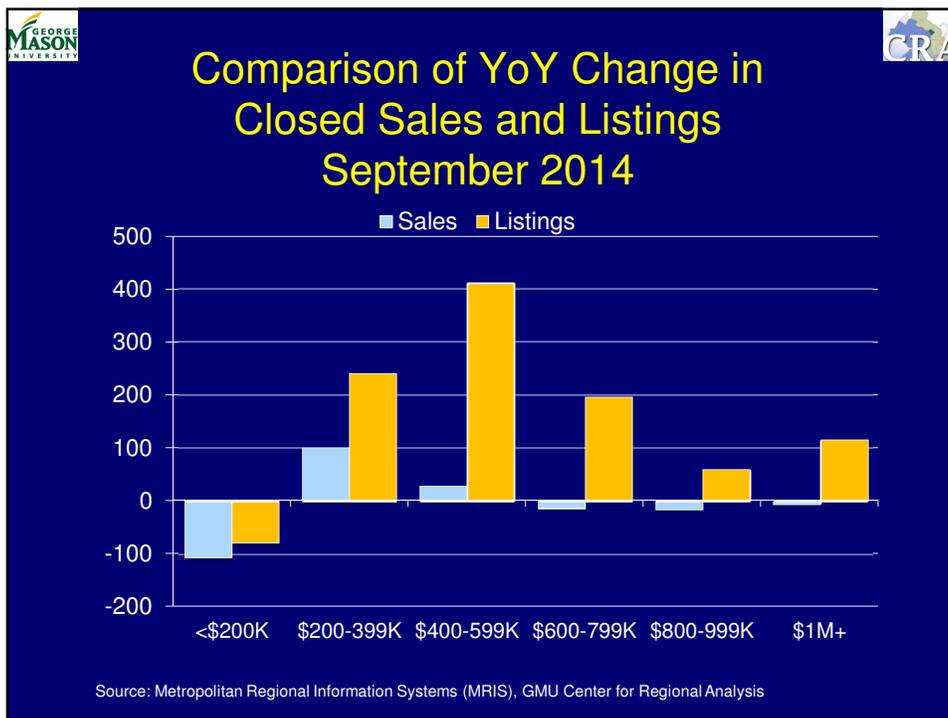


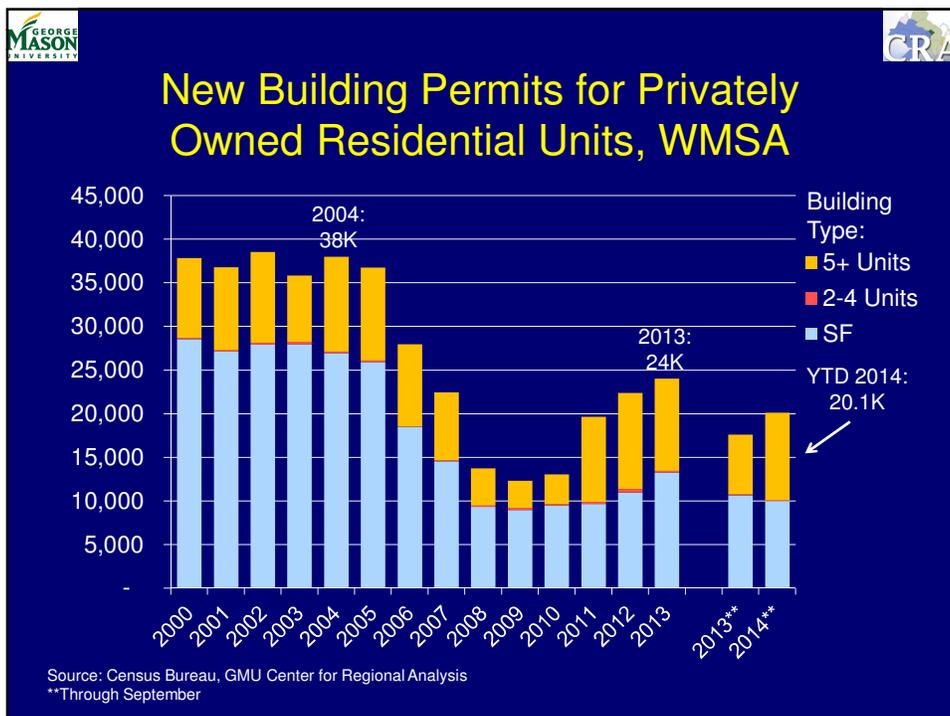
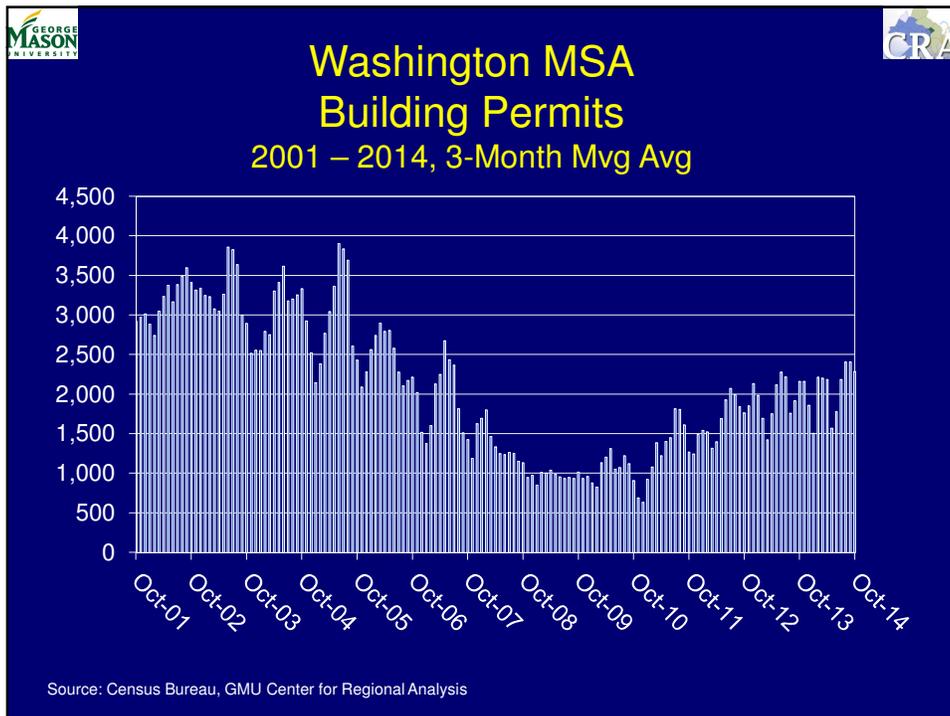






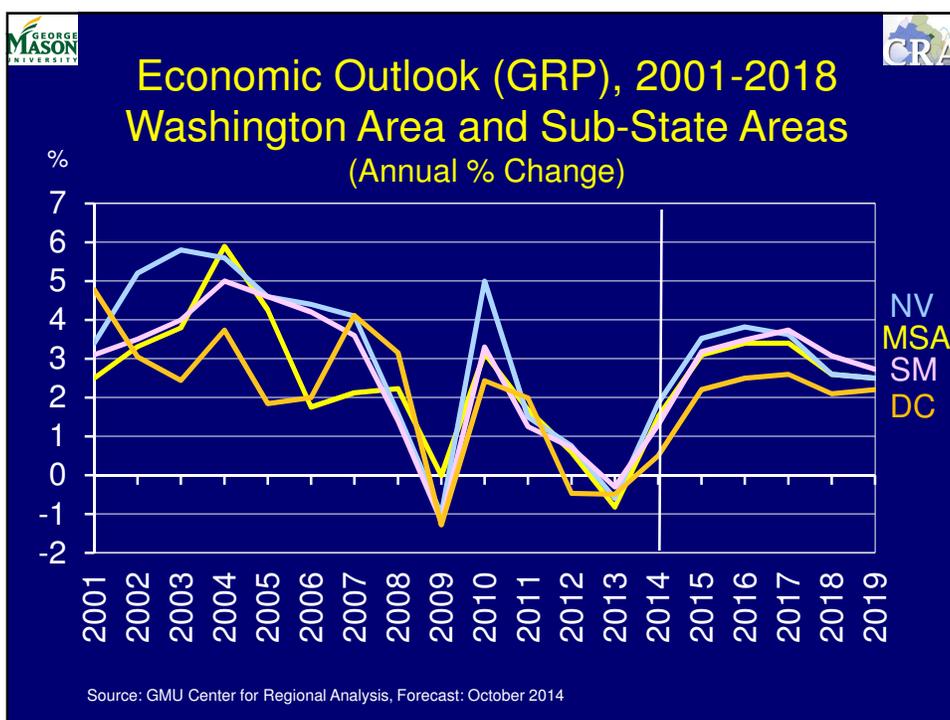






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Near-Term Outlook in the Washington Metropolitan Area

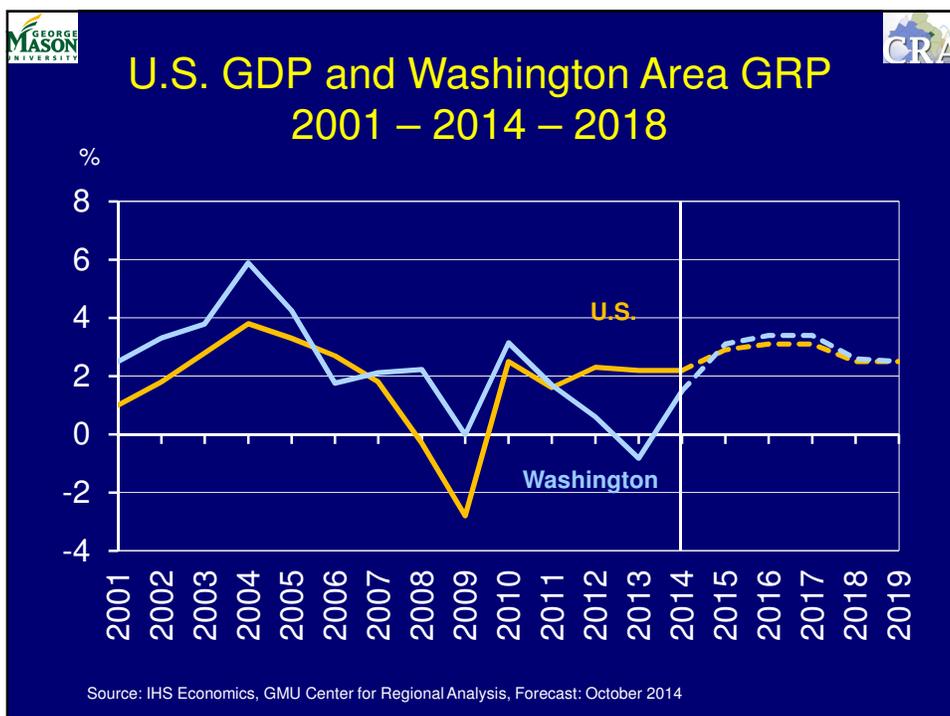


Employment Change in the WMSA by Sub-State Area (000s)

	2011	2012	2013	2014	2015	2016	2017	2018
D.C.	14.1	5.6	11.0	6.5	8.5	9.8	12.0	13.6
Sub. MD	4.4	4.8	6.7	12.1	17.0	20.5	21.9	21.2
No. VA	26.4	23.5	12.6	7.8	17.7	23.2	26.9	24.7
REGION	42.6	32.2	30.3	26.4	43.2	53.5	60.8	59.5

Average Annual Change 1990-2010 = 35,800

Source: BLS, IHS Economics, GMU Center for Regional Analysis
 NOTE: The regional totals include Jefferson, WV.





Thank You & Questions
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Save The Date:
GMU/Cardinal Bank
Economic Conference
January 15, 2015