

Leadership Alexandria

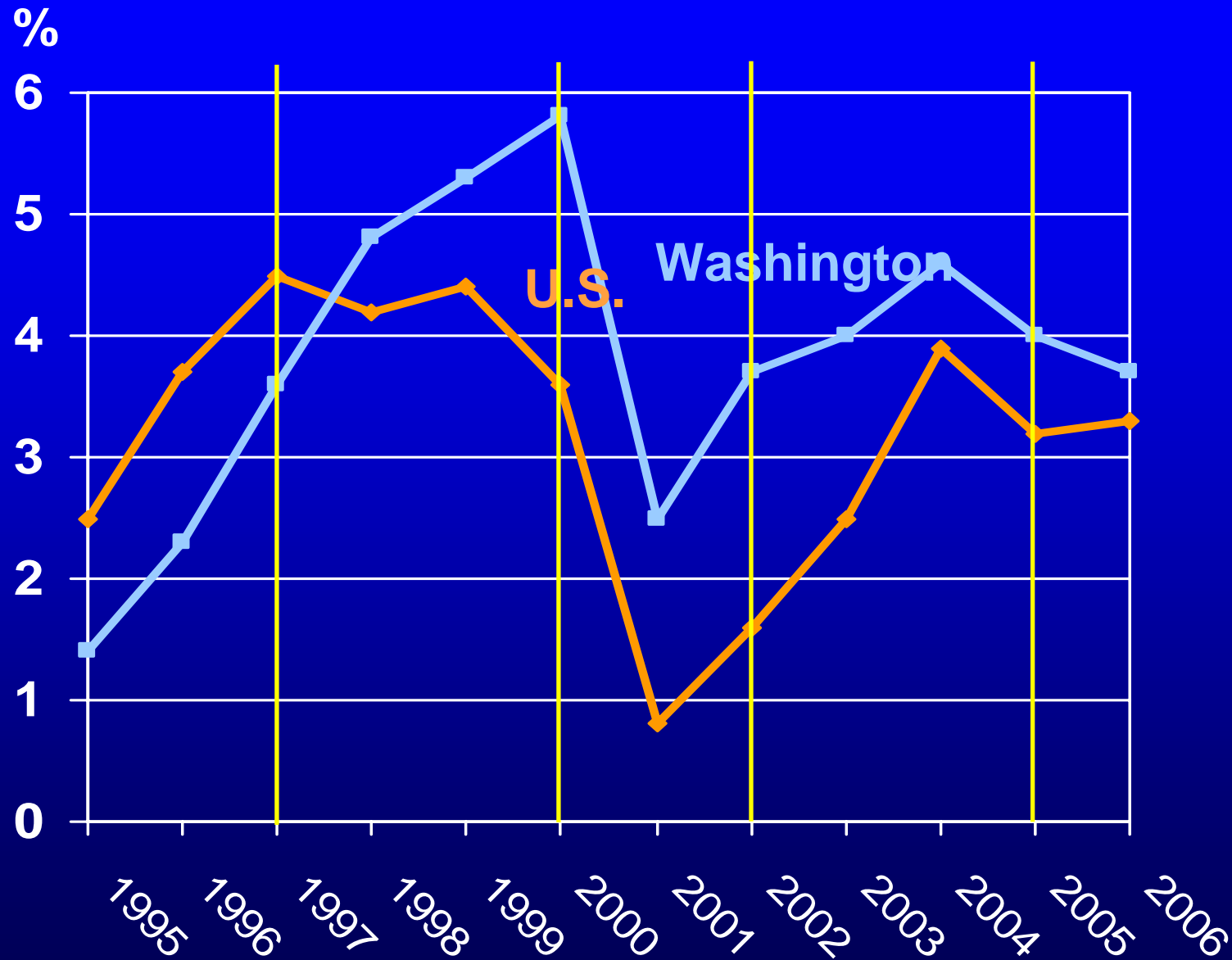
2006 Economic Update and 2007 Outlook

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

November 8, 2006

The Washington Economy: Current Performance

GDP 1995 - 2006



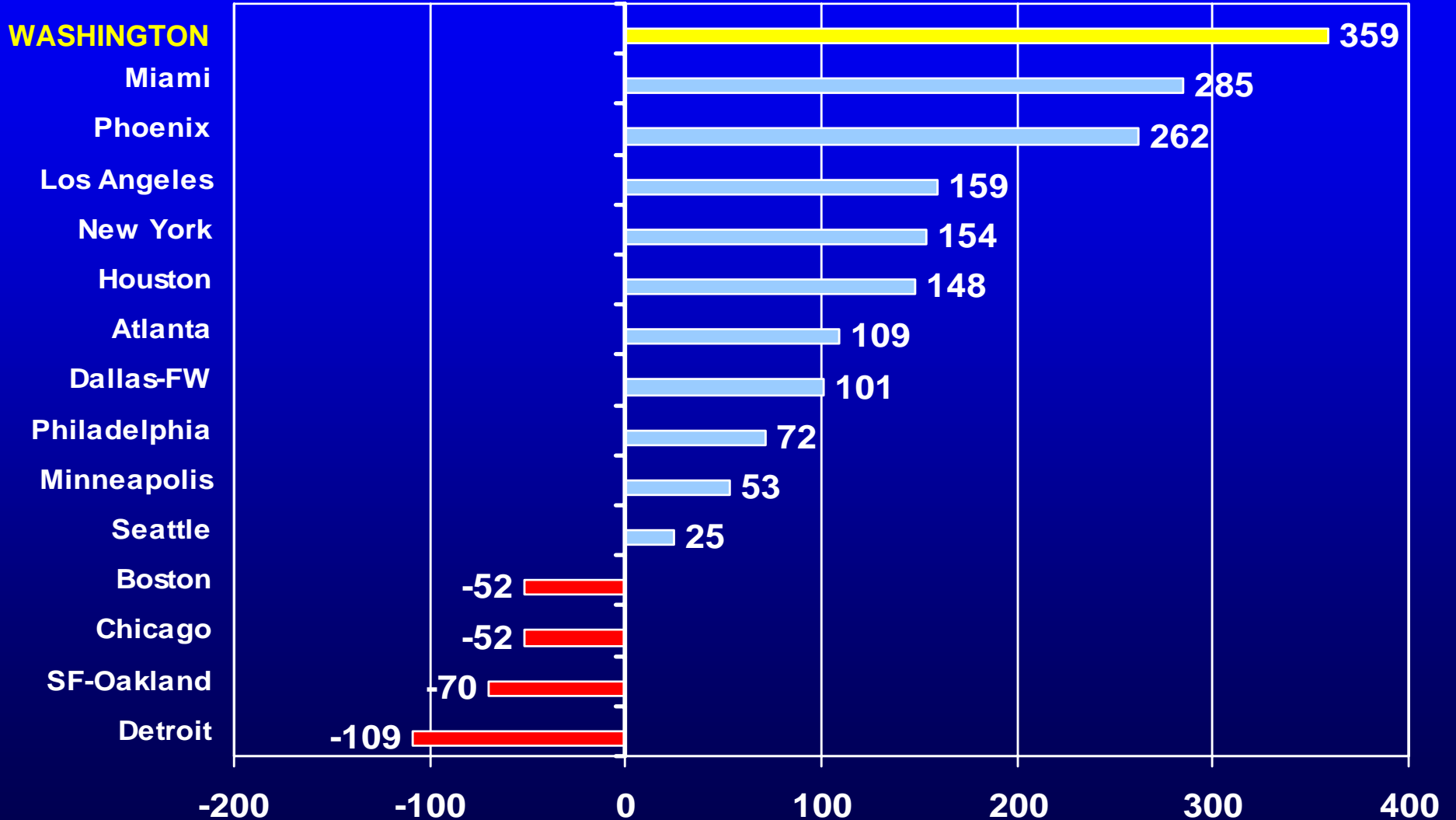
Source: GMU Center for Regional Analysis

Metro Comparisons

Job Change 2000-2005

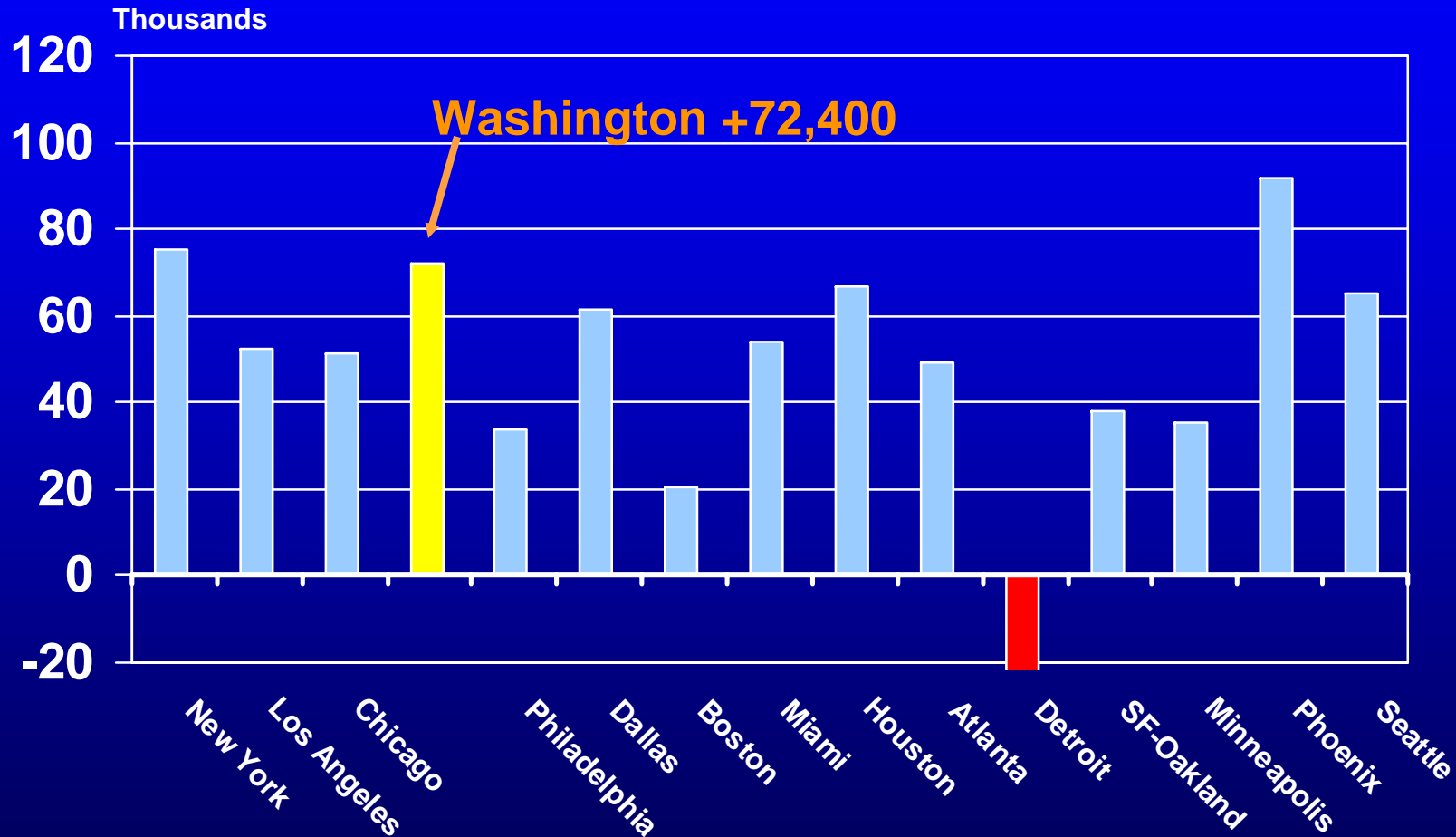
15 Largest Metro Areas

Thousands



Source: BLS, GMU Center for Regional Analysis

15 Largest Job Markets Job Change Sep 05 – Sep 06

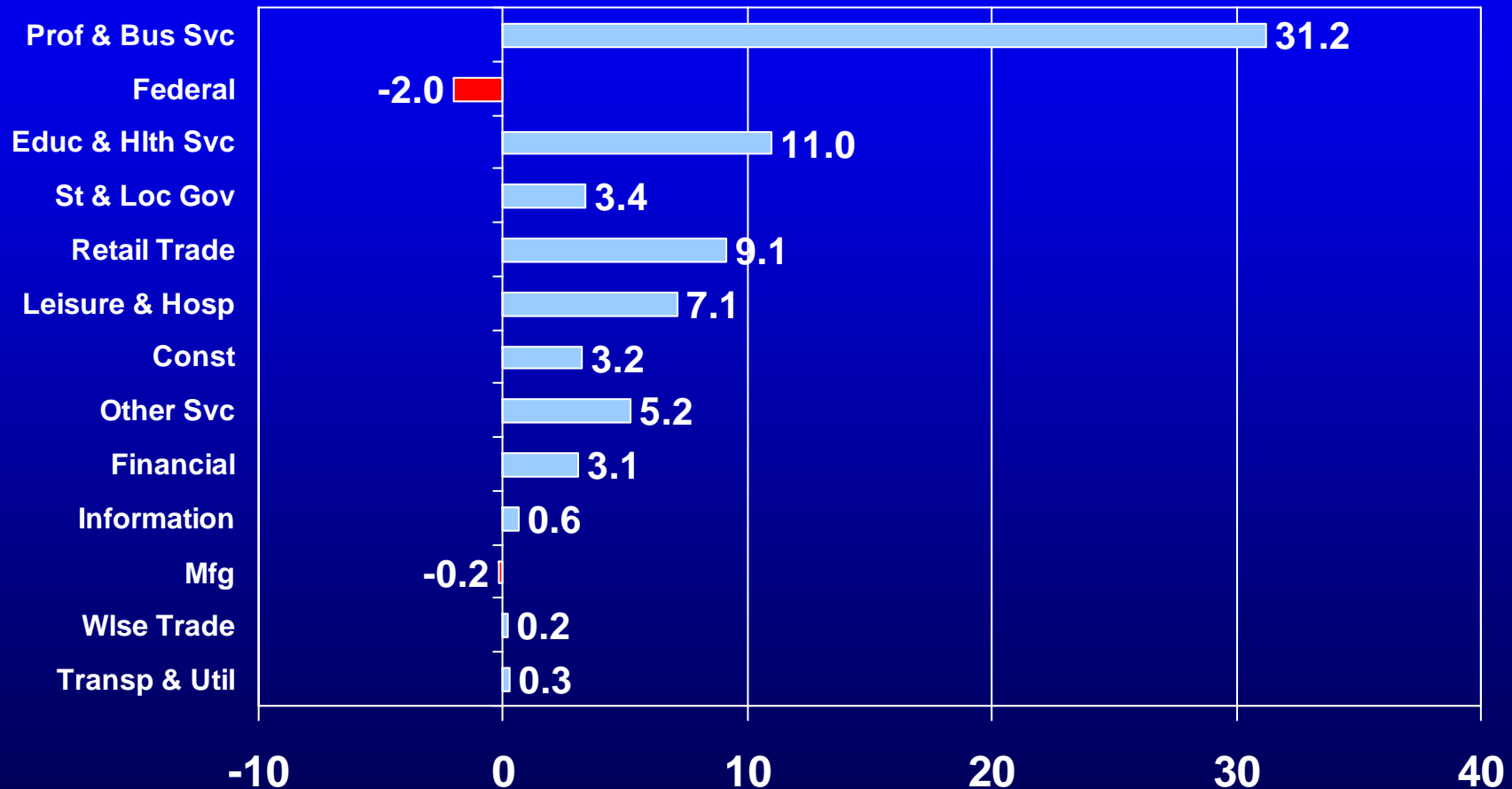


September 05 – September 06 Job Change By Sector MSA

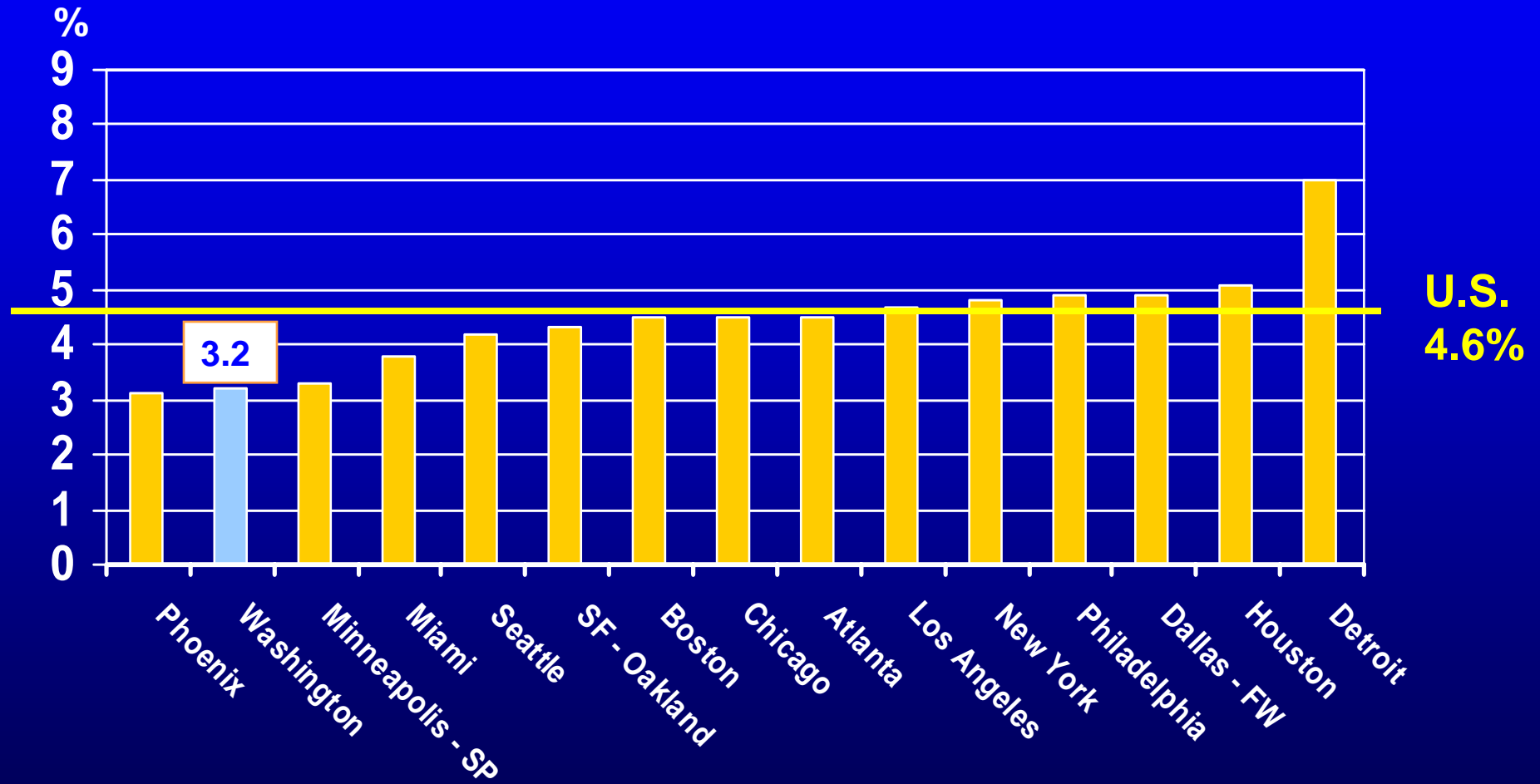
(000s)

Total = 72,200

(Ranked by Size of Sector)



15 Largest Job Markets Ranked by Unemployment Rate August 2006



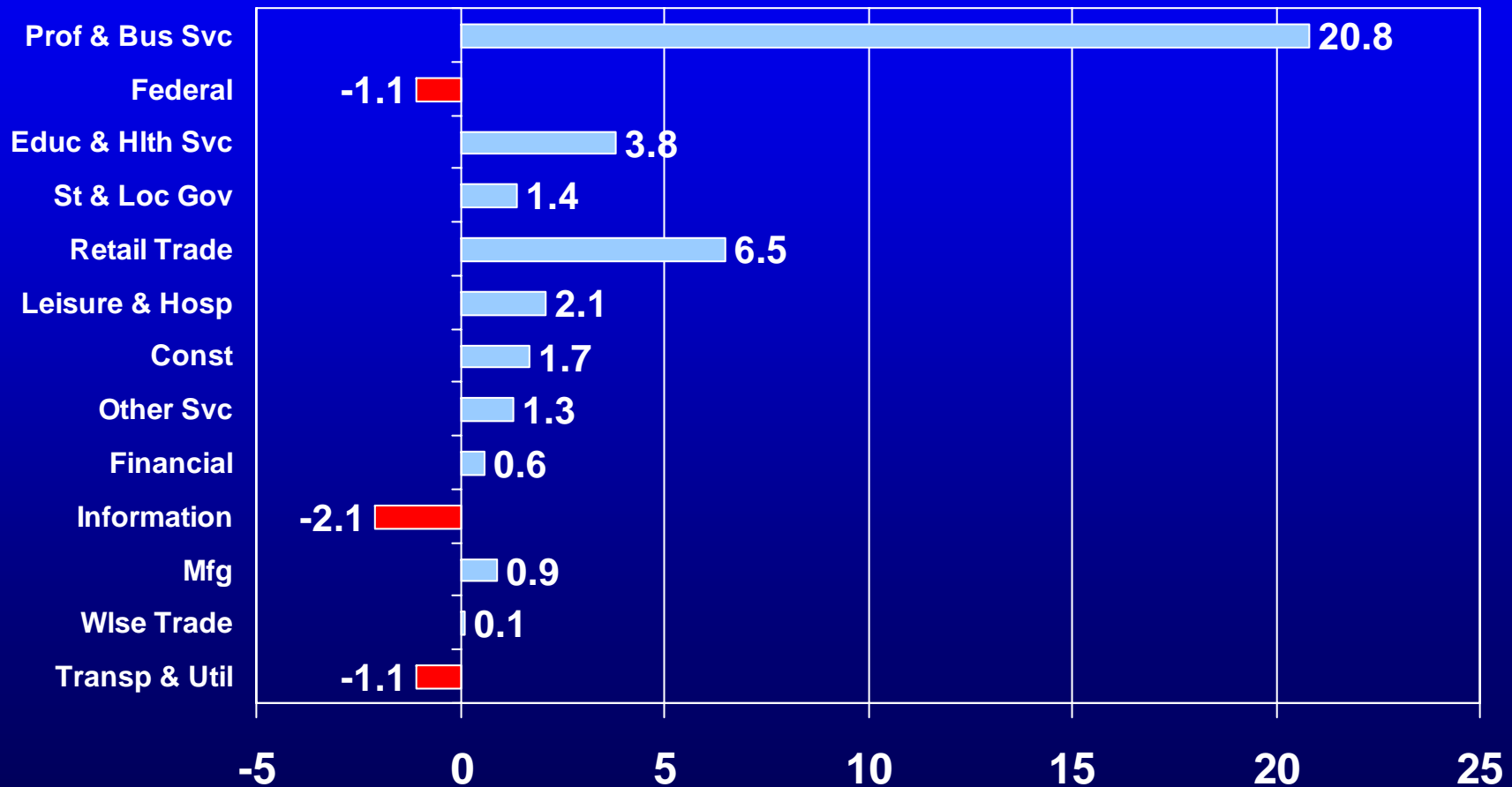
Data not seasonally adjusted

September 05 – September 06 Job Change By Sector – Northern VA

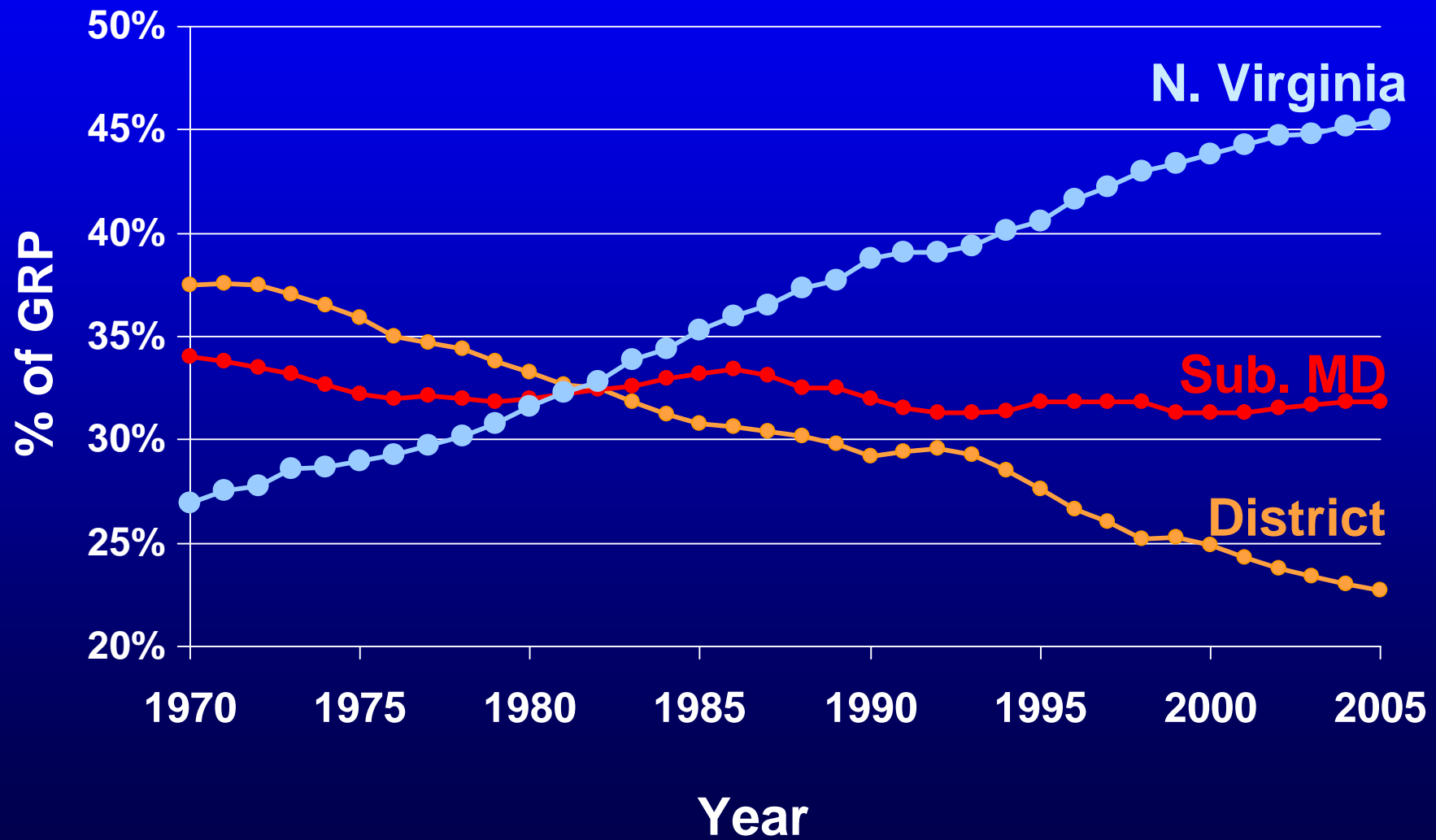
(000s)

Total = 34,900

(Ranked by Size of Sector)

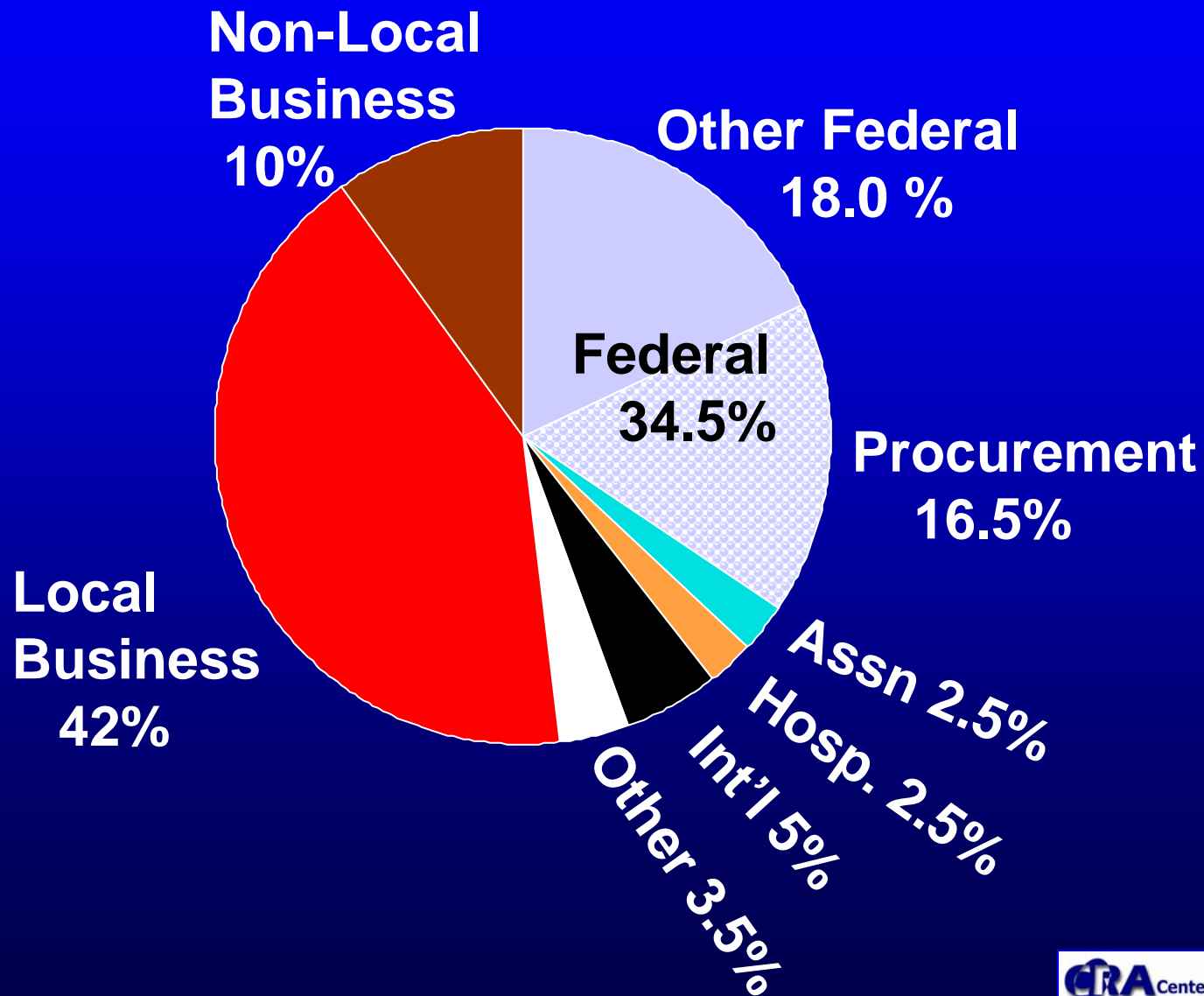


Share of Washington Area Economy 1970-2005

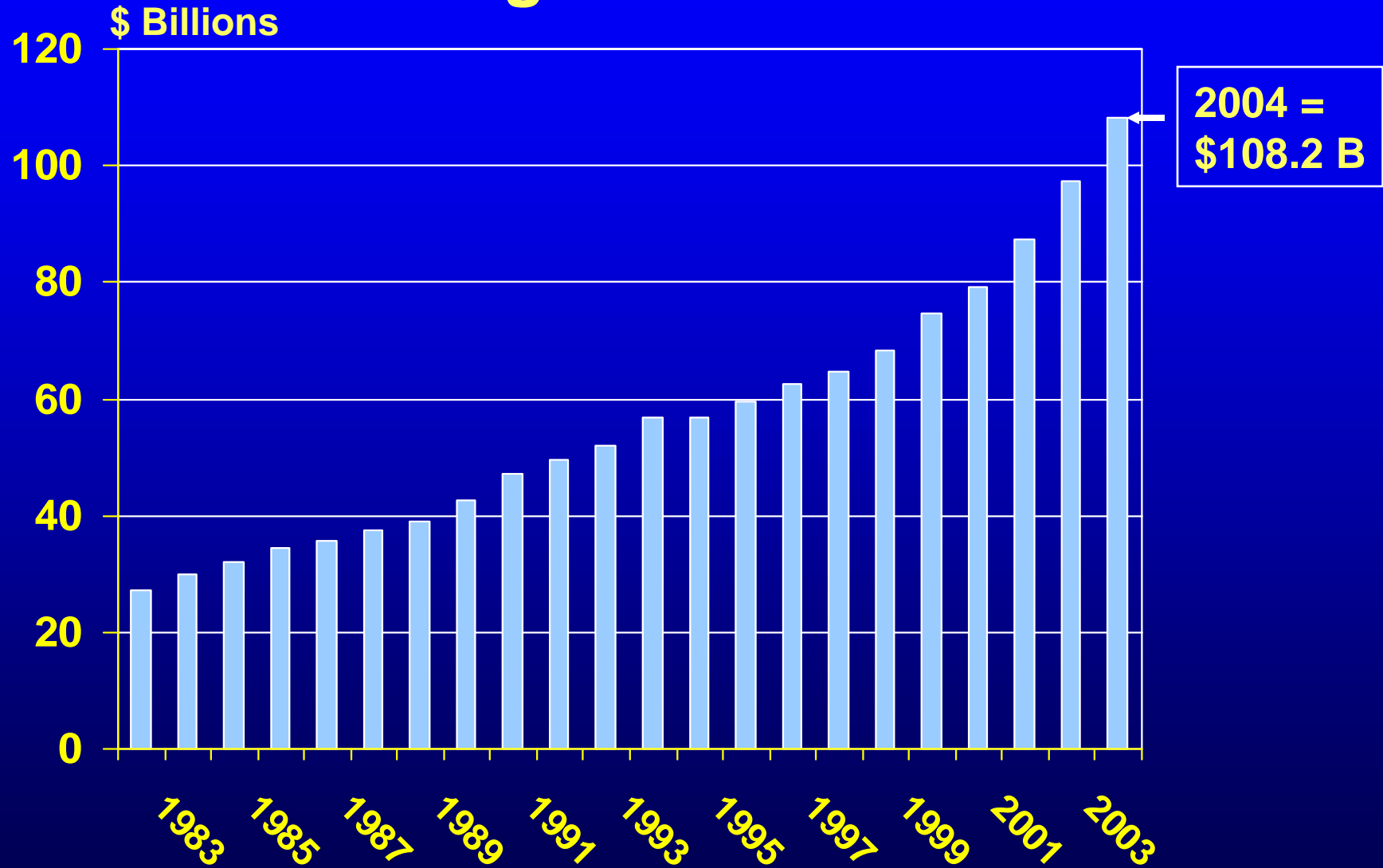


**What is Different
About The Washington
Area Economy?**

Structure of the Greater Washington Economy



Total Federal Spending Washington Metro Area

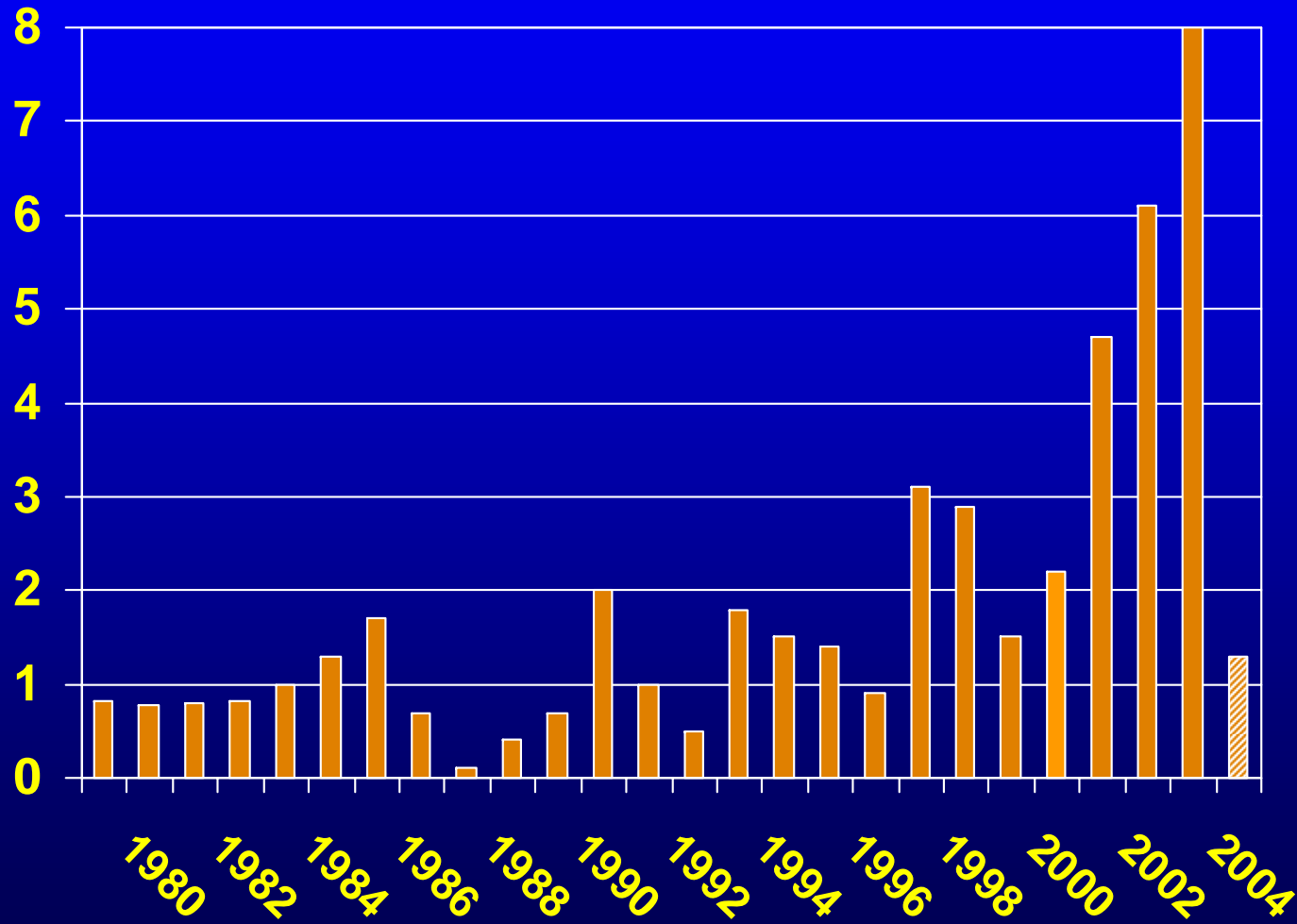


Federal Spending by Type 1983 - 2005



Annual Change in Federal Procurement Spending Washington Metro Area

\$ Billions



Federal Procurement Spending in Washington Metro Area FY 2004 and 2005*

Area	2004	2005*	Change	% Change
DC	\$13.3	\$12.6	\$ - 0.7	- 5.8
Sub. MD	11.9	12.5	0.6	5.6
N VA	25.9	27.3	1.4	5.4
Total	\$51.1	\$52.4	\$1.3	2.5

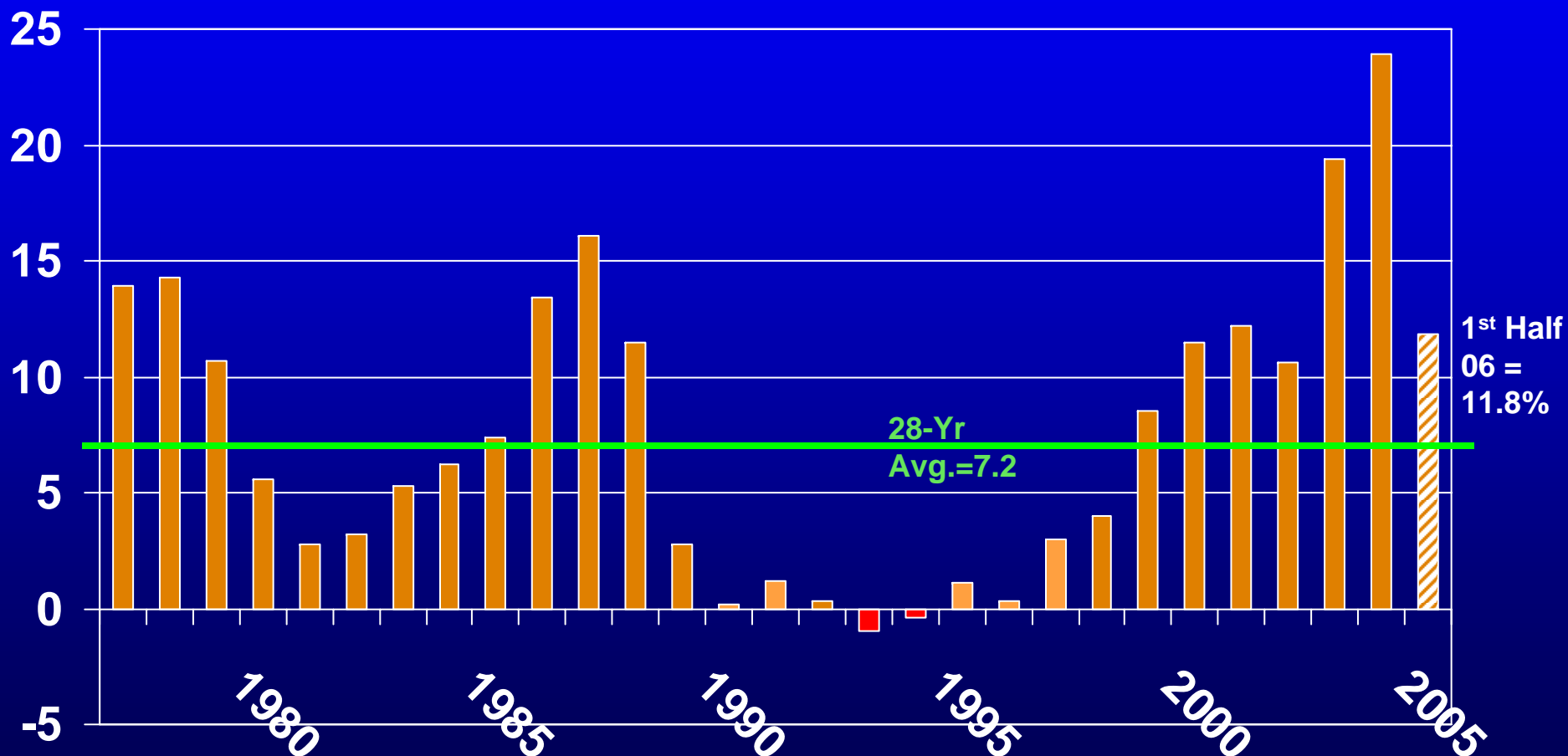
Source: Eagle Eye Publishers; GMU CRA

* Excludes USPO, FAA, and other Off-budget outlays; 2005 preliminary – reporting by some agencies incomplete.

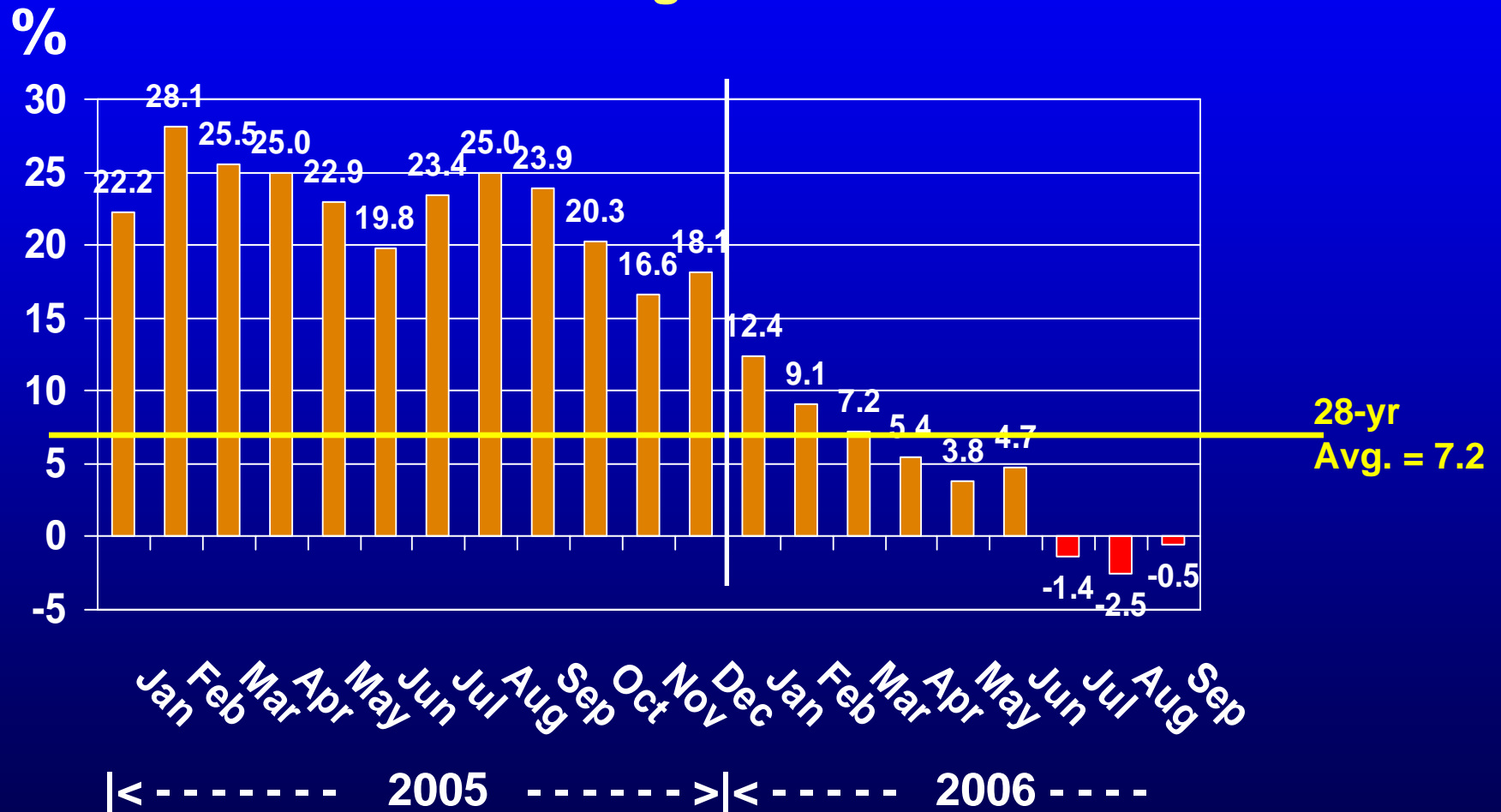
Housing Market

Housing Price Index Annual % Change Washington MSA Annualized Data

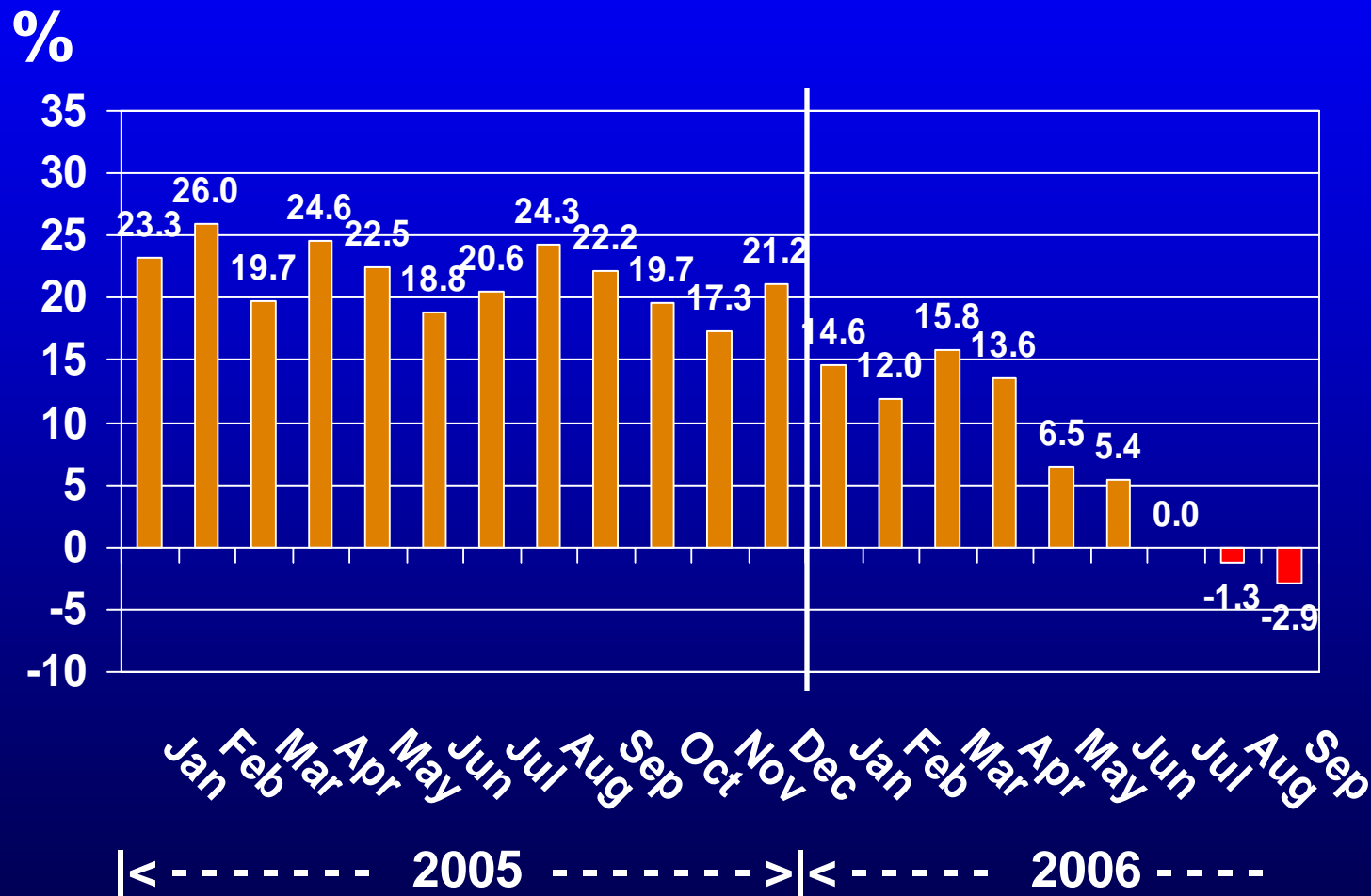
1995 Q1=100



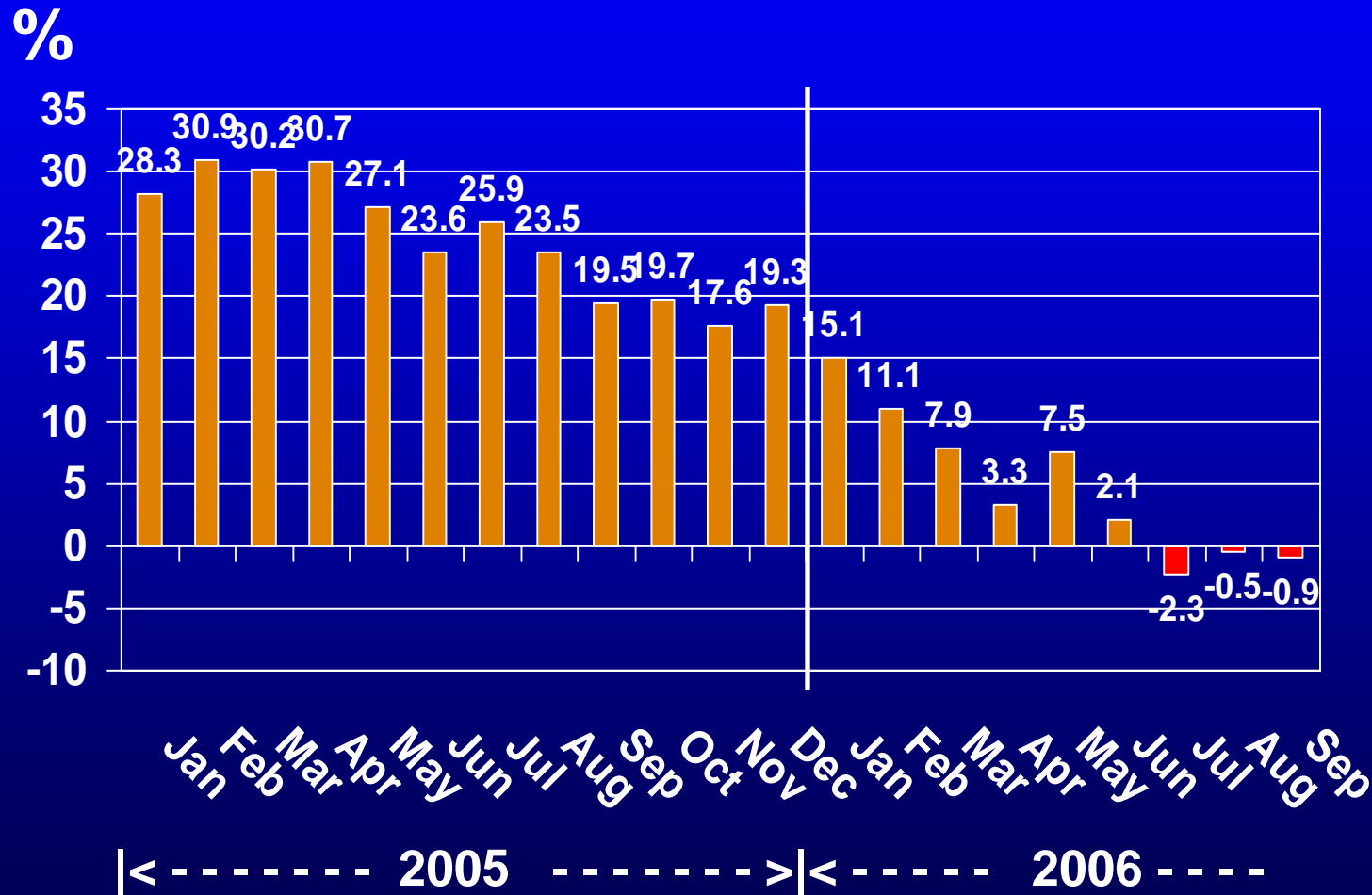
Average Sales Price Percent Change Month-over-the-year, All types 2004 - 2005 - 2006 Washington MSA



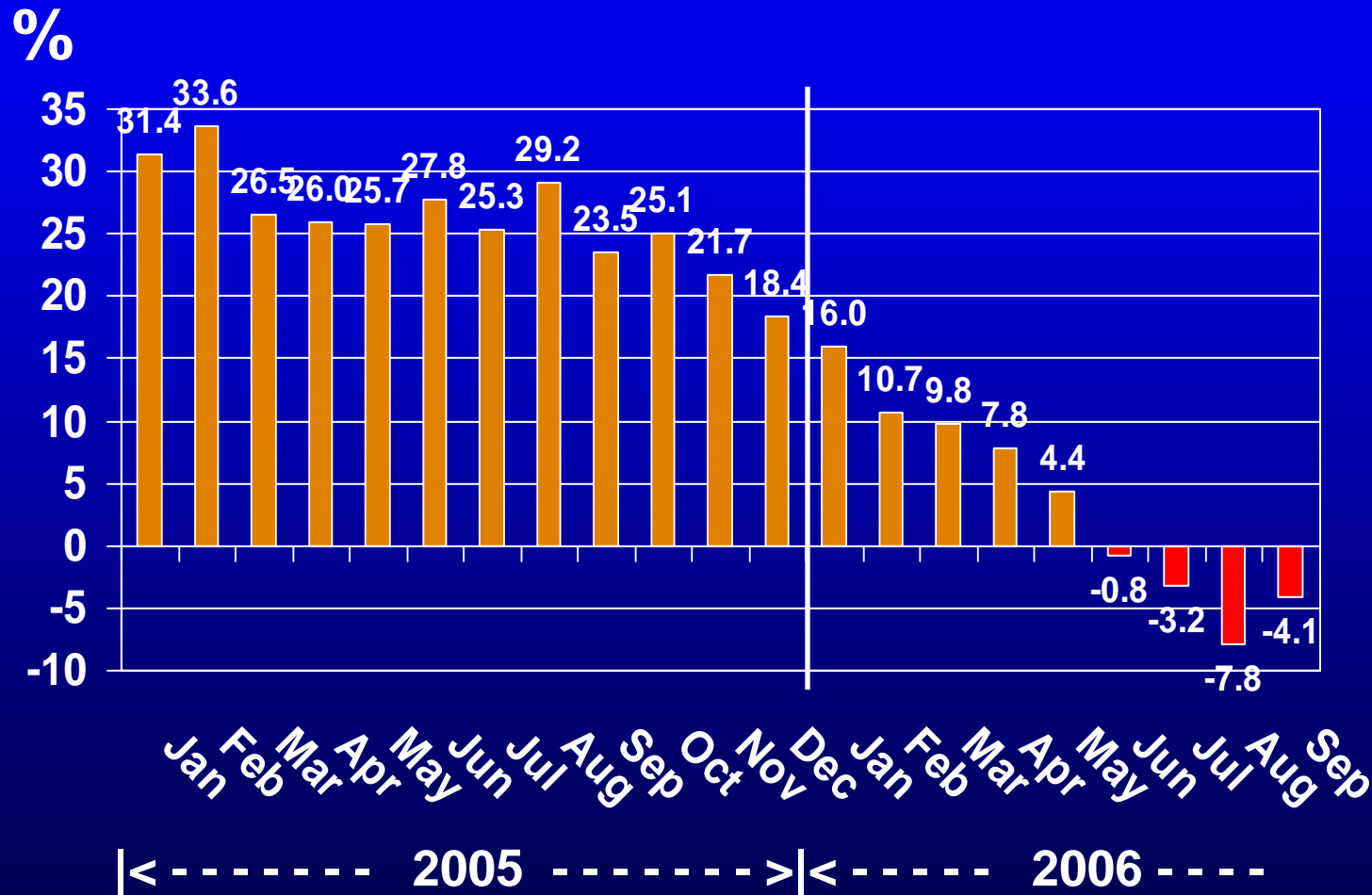
Average Sales Price Percent Change Month-over-the-year Northern Virginia, 2004 - 2005 - 2006 Single Family Detached



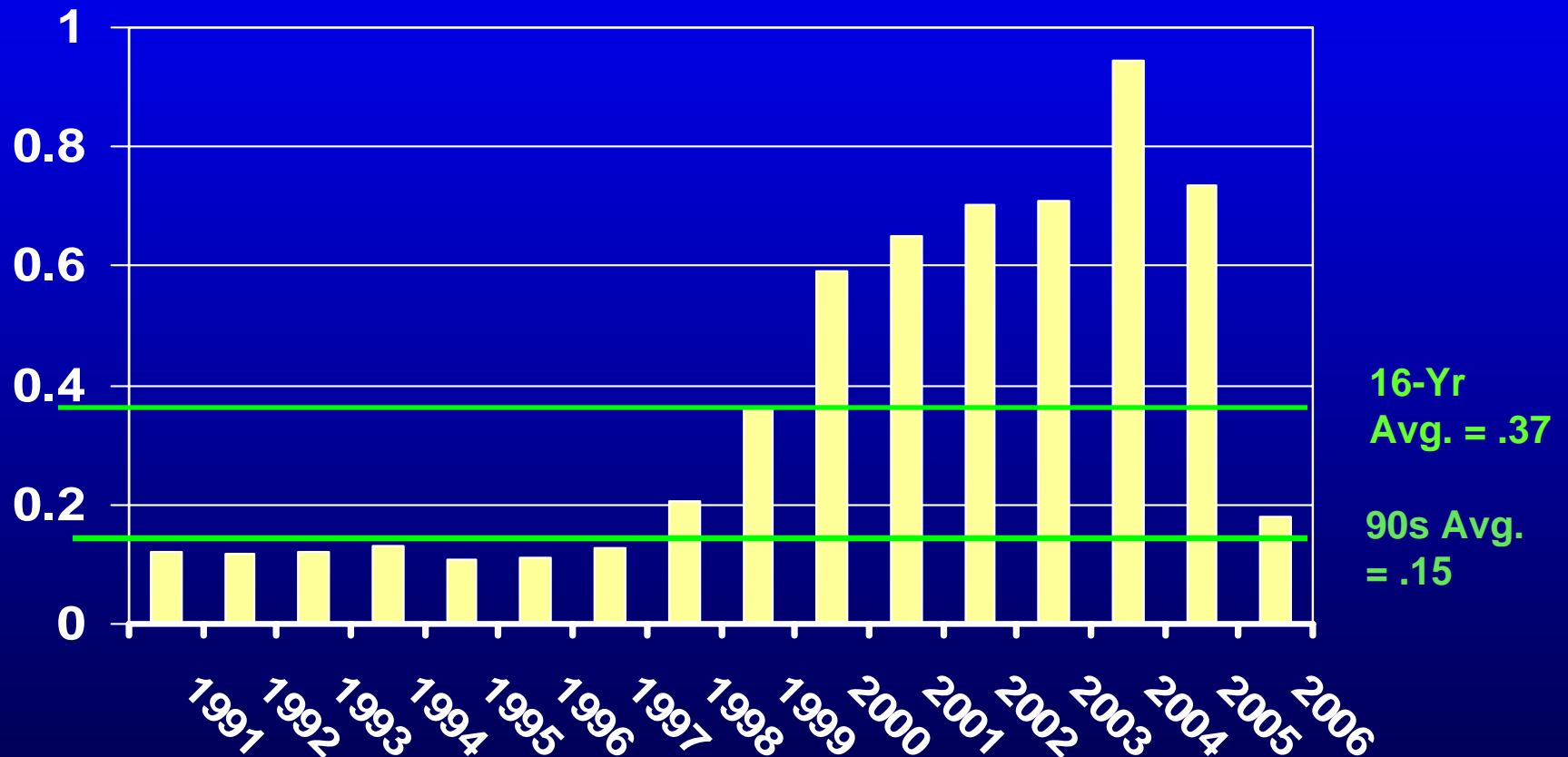
Average Sales Price Percent Change Month-over-the-year Northern Virginia 2004 - 2005 - 2006 Single Family Attached



Average Sales Price Percent Change Month-over-the-year Northern Virginia, 2004 - 2005 – 2006 Condos

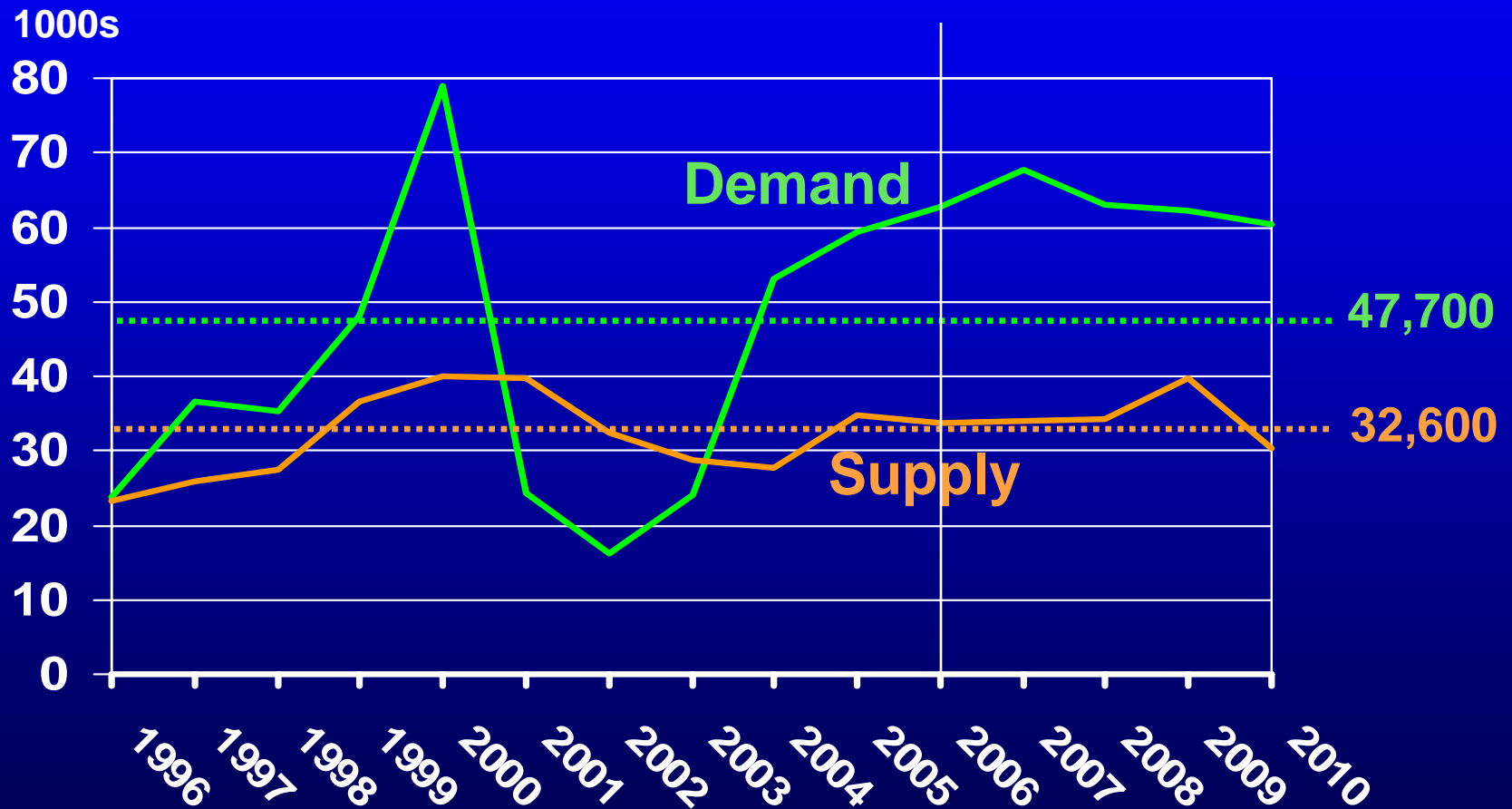


Ratio of Sales To Listings Jan - Sep Each Year 1991 - 2006 NVAR



Source: CRA

Annual Change In Housing Demand vs. Housing Supply 1995 - 2010 Washington MSA



Source: CRA

Major Metro Area Housing Market Slumps Since 1977

Metro Area	Housing Price Index Decline	Time Period	Annual Rate of Job Change During Decline
Los Angeles	- 22 %	90 – 93	- 120,000
Detroit	- 14 %	81 – 83	- 24,000
Boston	- 11 %	90 – 92	- 46,000
Washington	- 3 %	91 – 93	9,000

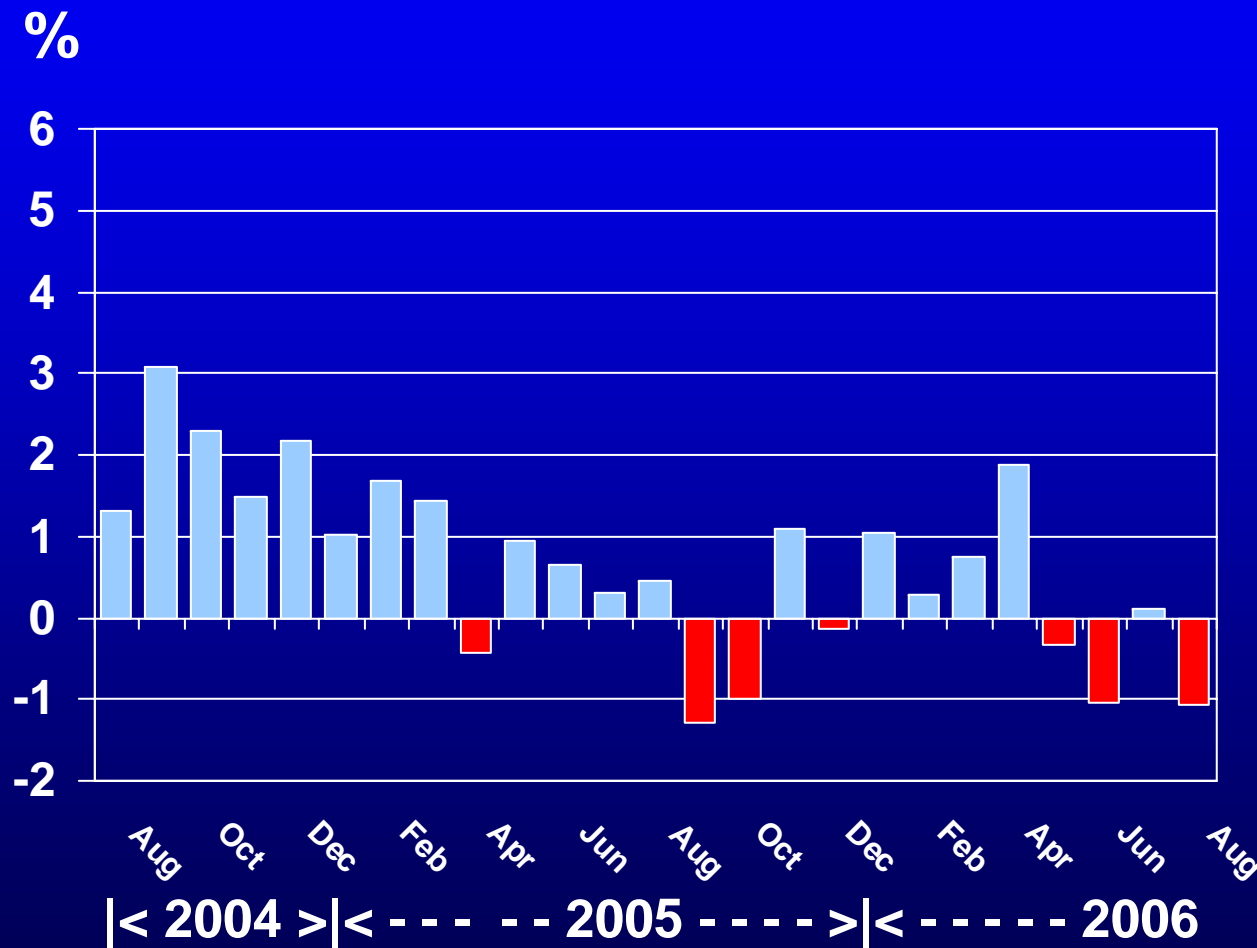
Housing Outlook for 2006 and 2007

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

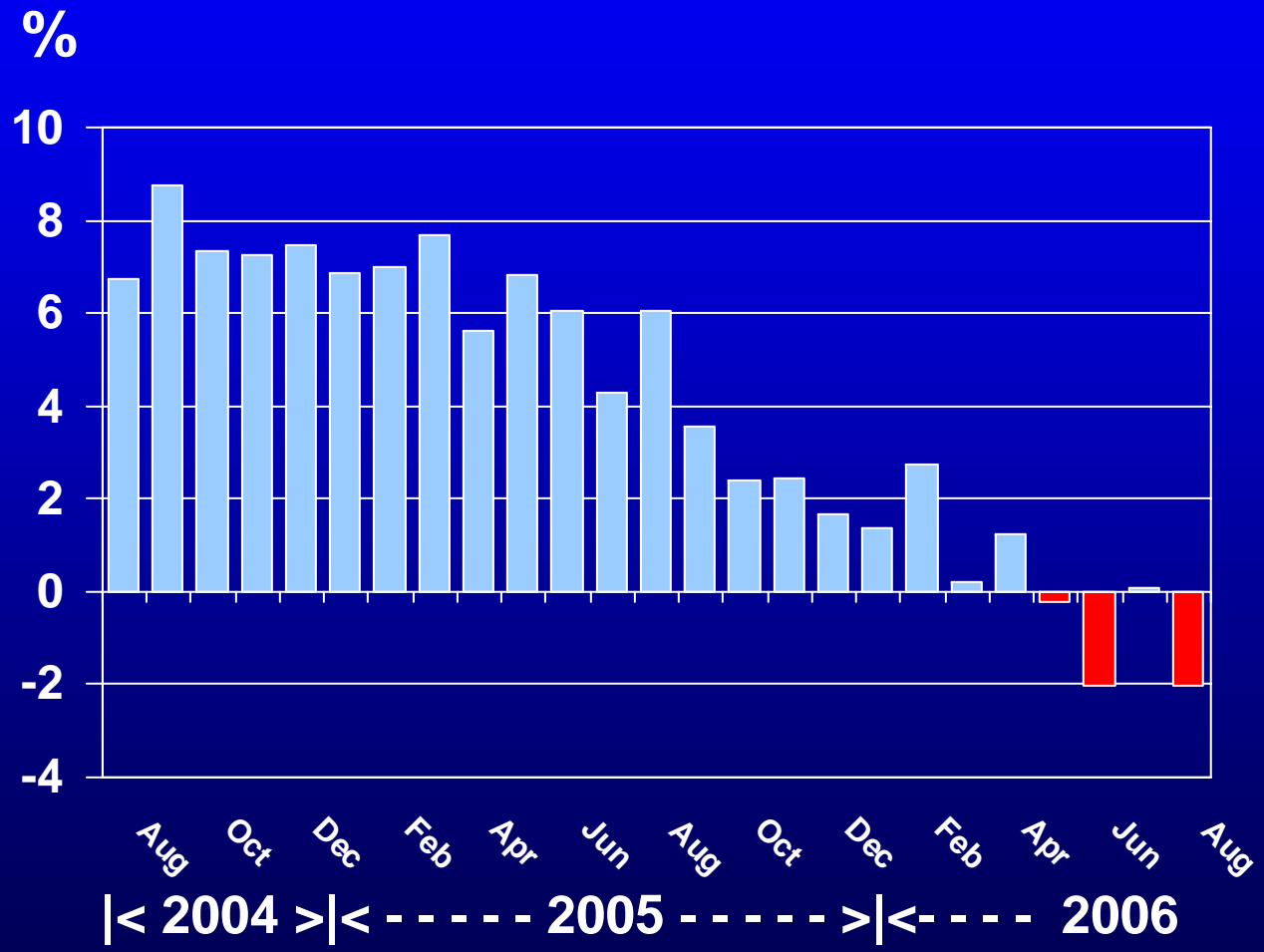
- **2006 Prices will increase in the range of 2 - 5 % compared with 22% in 2005**
- **Sales volume will drop back to 2001-2003 levels (75 - 90,000 transactions)**
- **Days on Market rising toward 90**

Five-Year Forecast

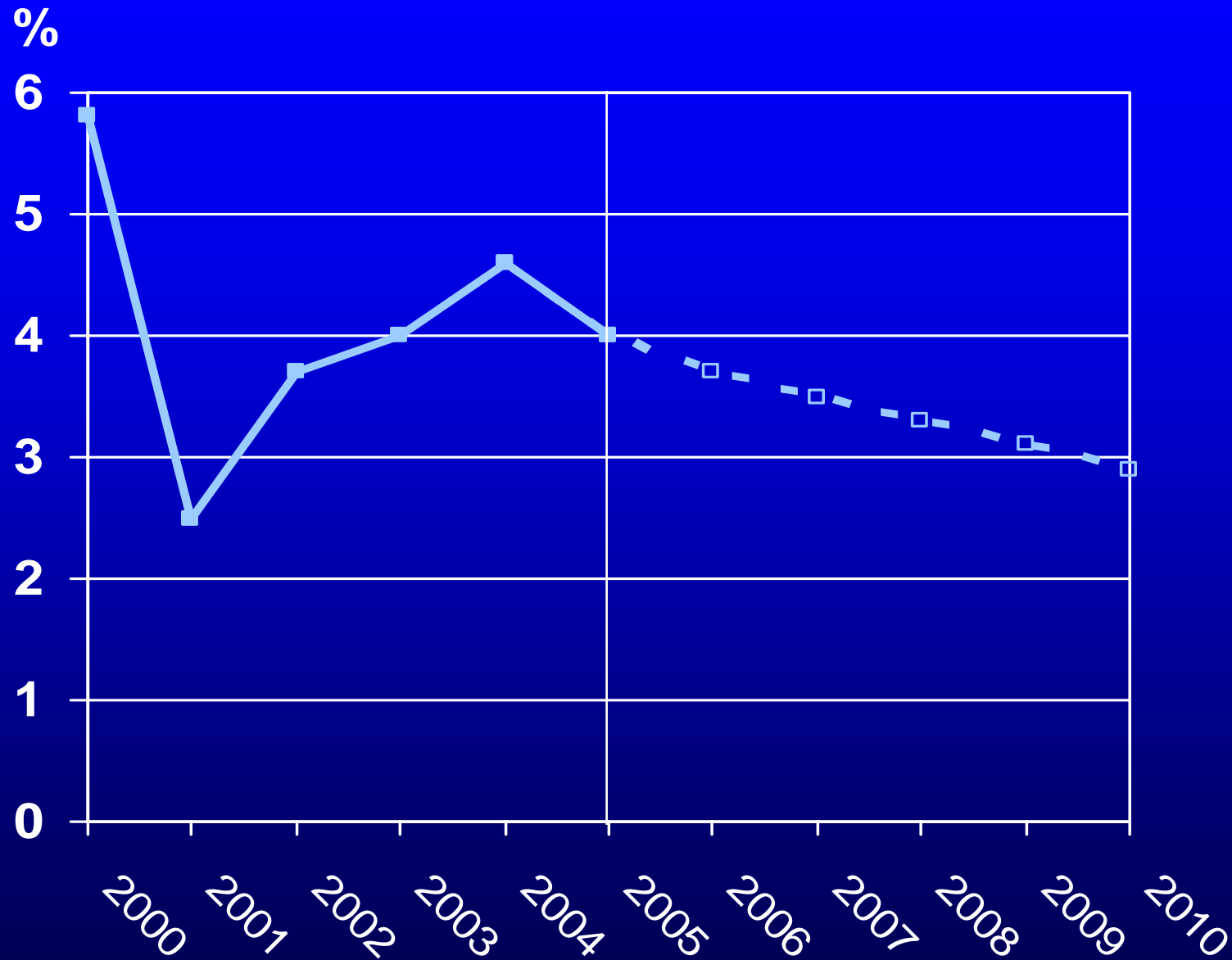
Washington Metro Leading Index Monthly Over-the-Year Percent Changes



Washington Metro Coincident Index Monthly Over-the-Year Percent Changes



GRP Forecast 2005 - 2010



Employment Change by Sub-state Region (000s)

	10-Yr Avg.(1)	2005	2006	2007	2008	2009	2010
D.C.	3.9	7.5	8.0	7.5	6.0	4.0	2.0
S. MD	16.0	13.5	17.0	15.0	13.5	12.0	10.3
No. VA	34.9	43.3	41.5	38.5	35.0	31.5	28.5
REGION	54.8	64.3	65.5	59.5	53.5	47.5	40.8
	2.1%	2.3%	2.2%	2.0%	1.8%	1.5%	1.3%

(1) 1994-2004



www.cra-gmu.org