MWCOG Chief Admin Officers Group

Trends and Outlook for the Washington Area Economy and Real Estate Markets

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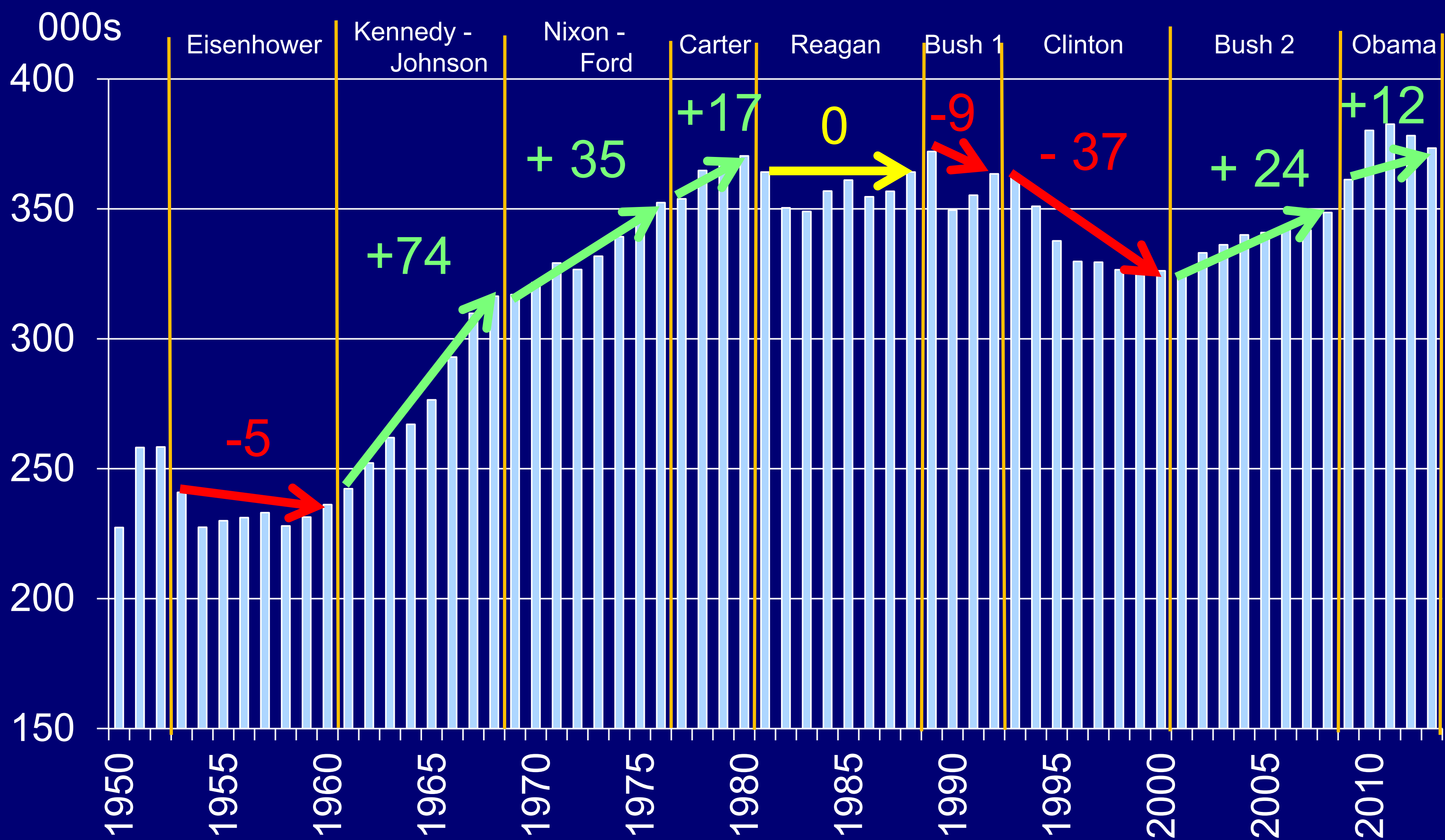
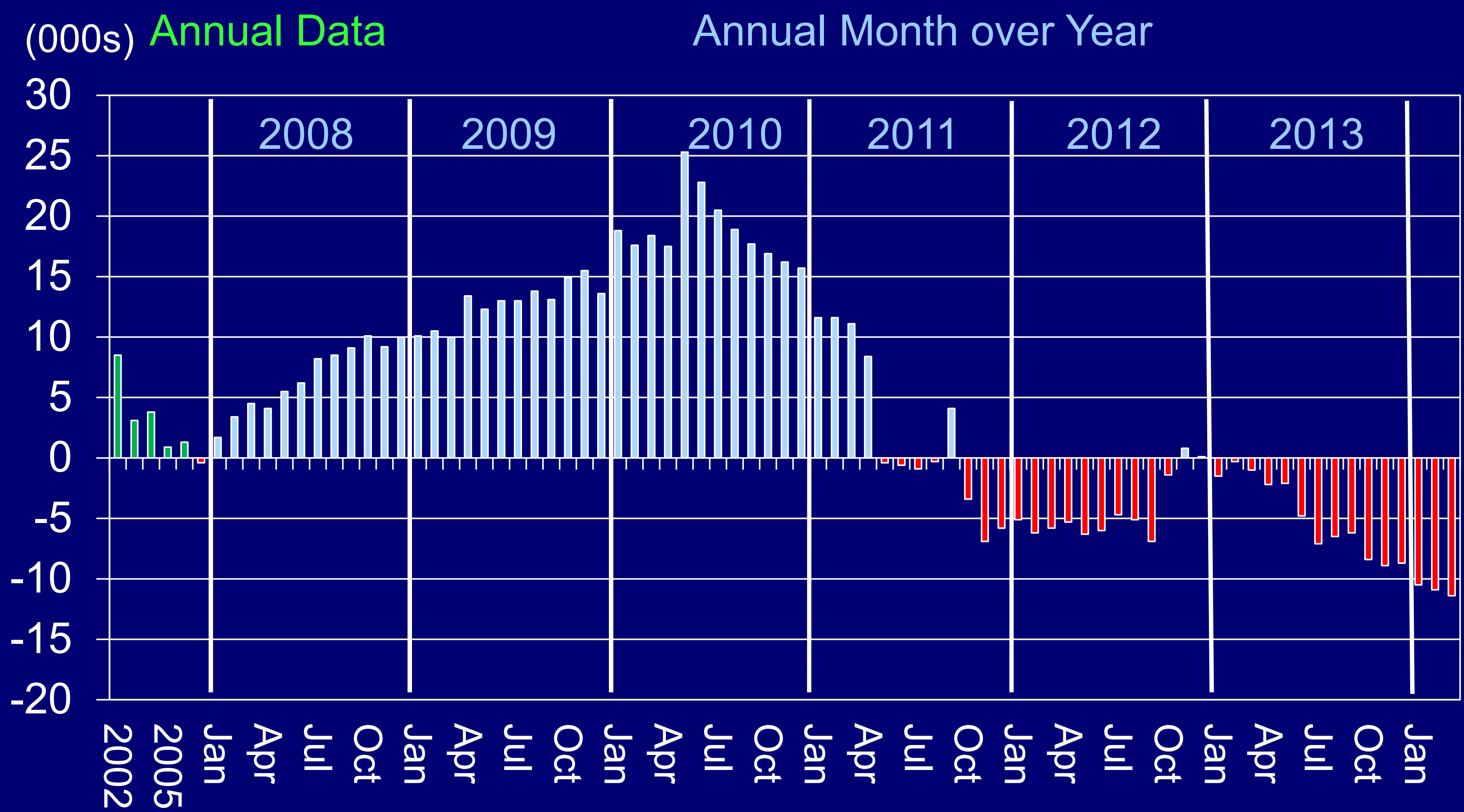
The Washington metro area economy is in a transitional period

Federal Employment in the Washington Metro Area, 1950-2013



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

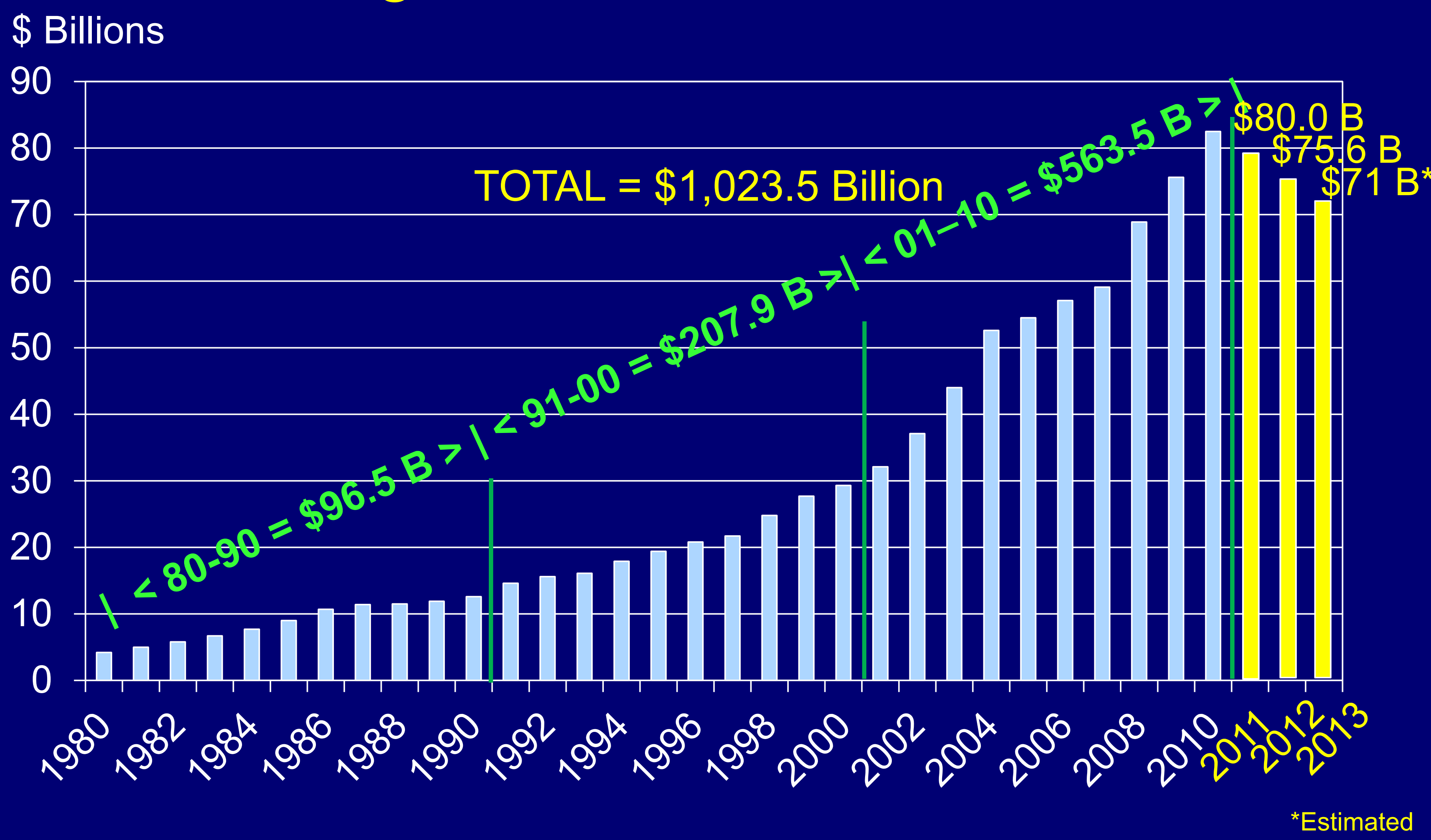
Federal Government Employment
Washington MSA



Jul 2010 = 387,500
Mar 2014 = 364,400

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

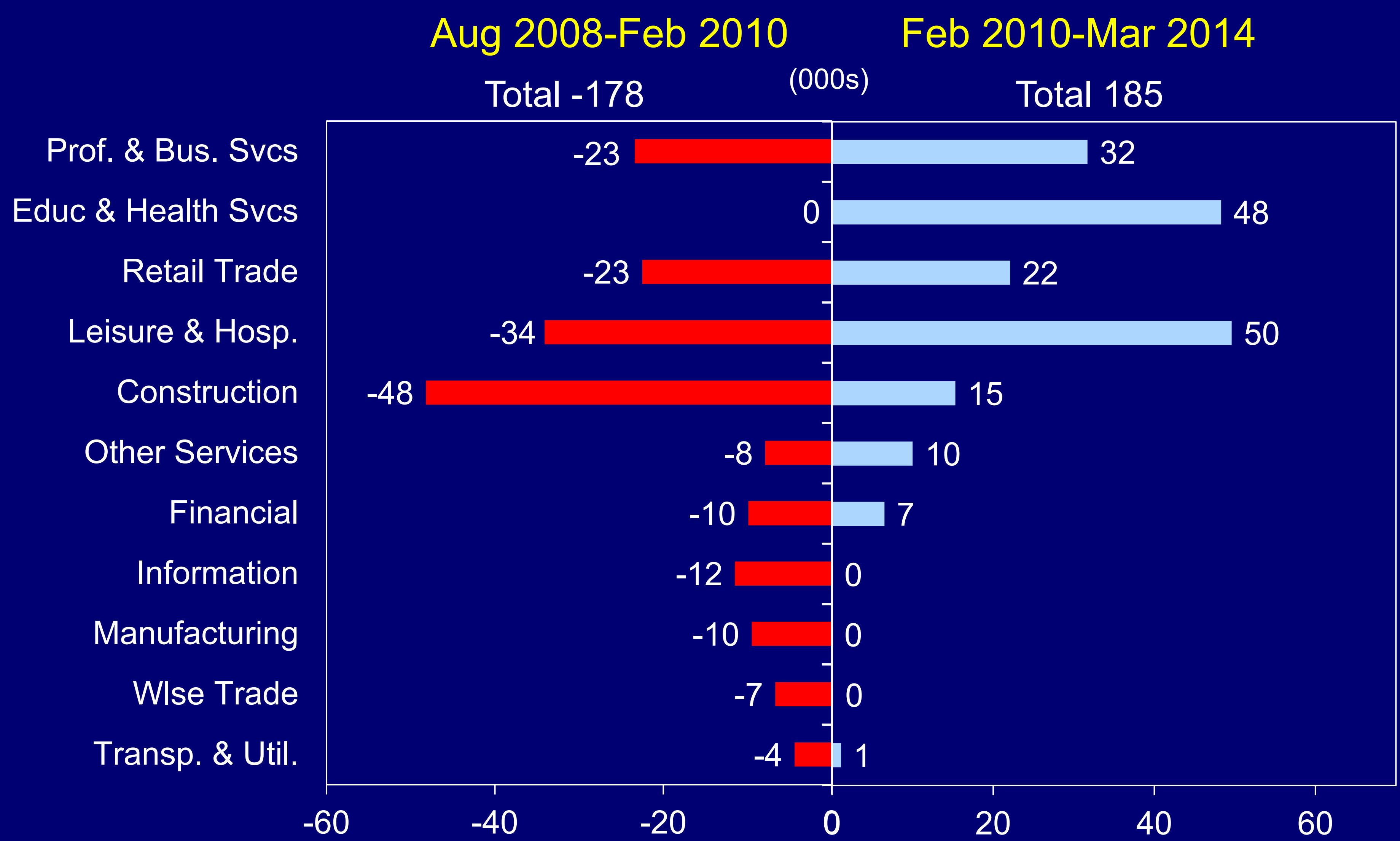
Federal Procurement in the Washington Metro Area, 1980-2013



Source: US Census, Consolidated Federal Funds Report

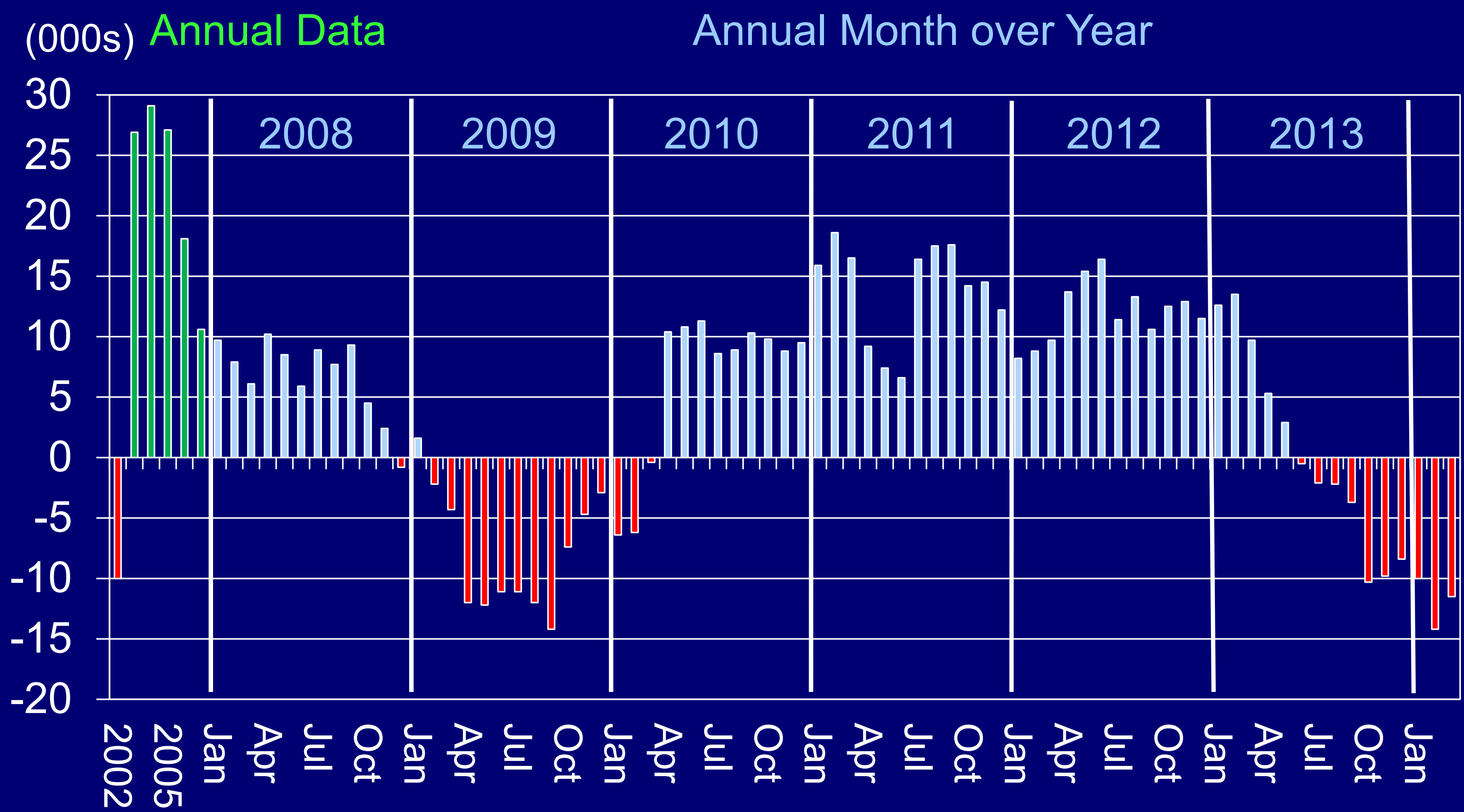
WMSA Payroll Job Change: Private Sector

The Great Recession and Recovery



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

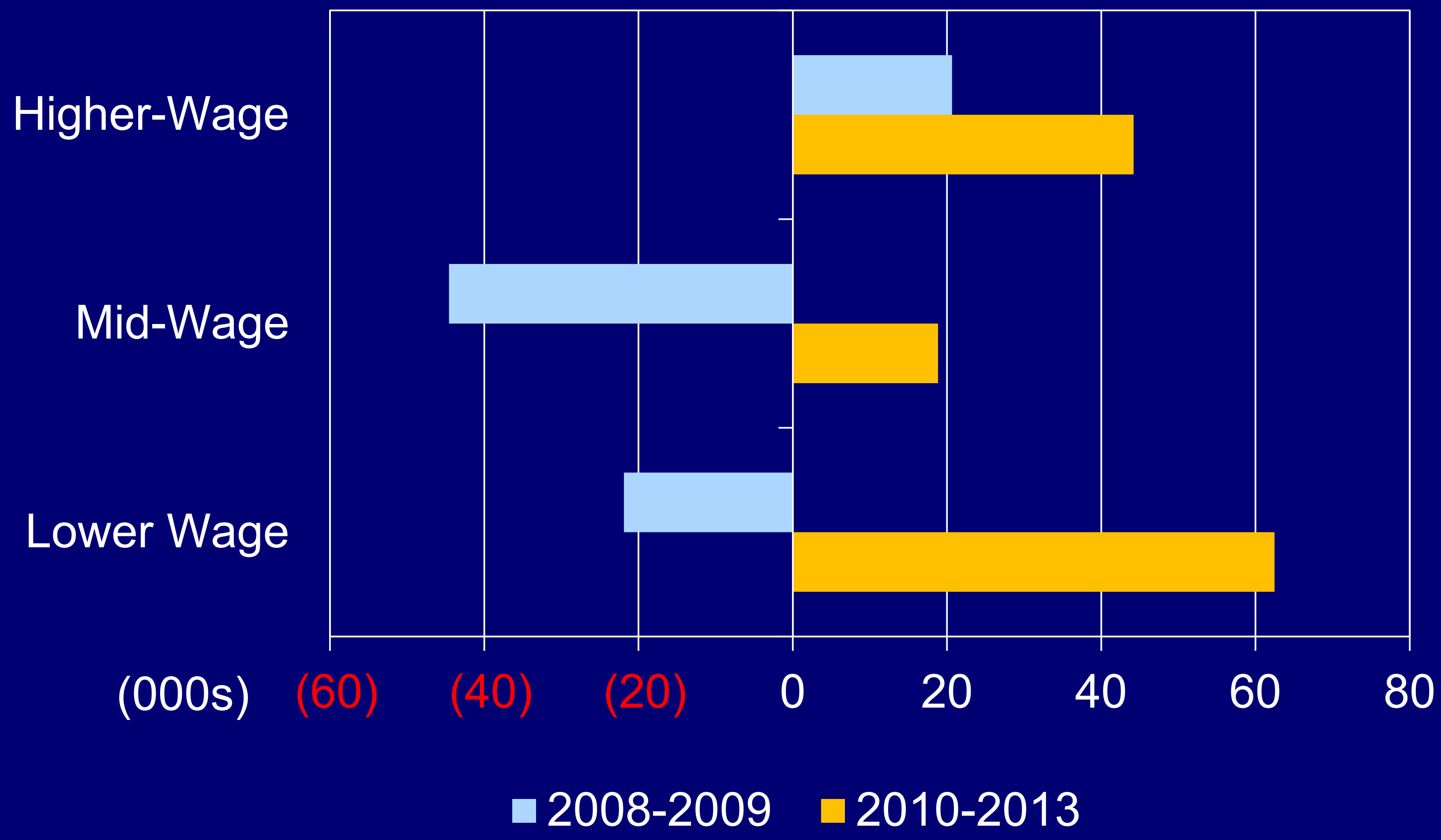
Prof. & Business Services Employment Washington MSA



Oct 2012 = 712,800
Mar 2014 = 696,100

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

Washington Metropolitan Area Job Change by Wage Category between 2008 to 2013



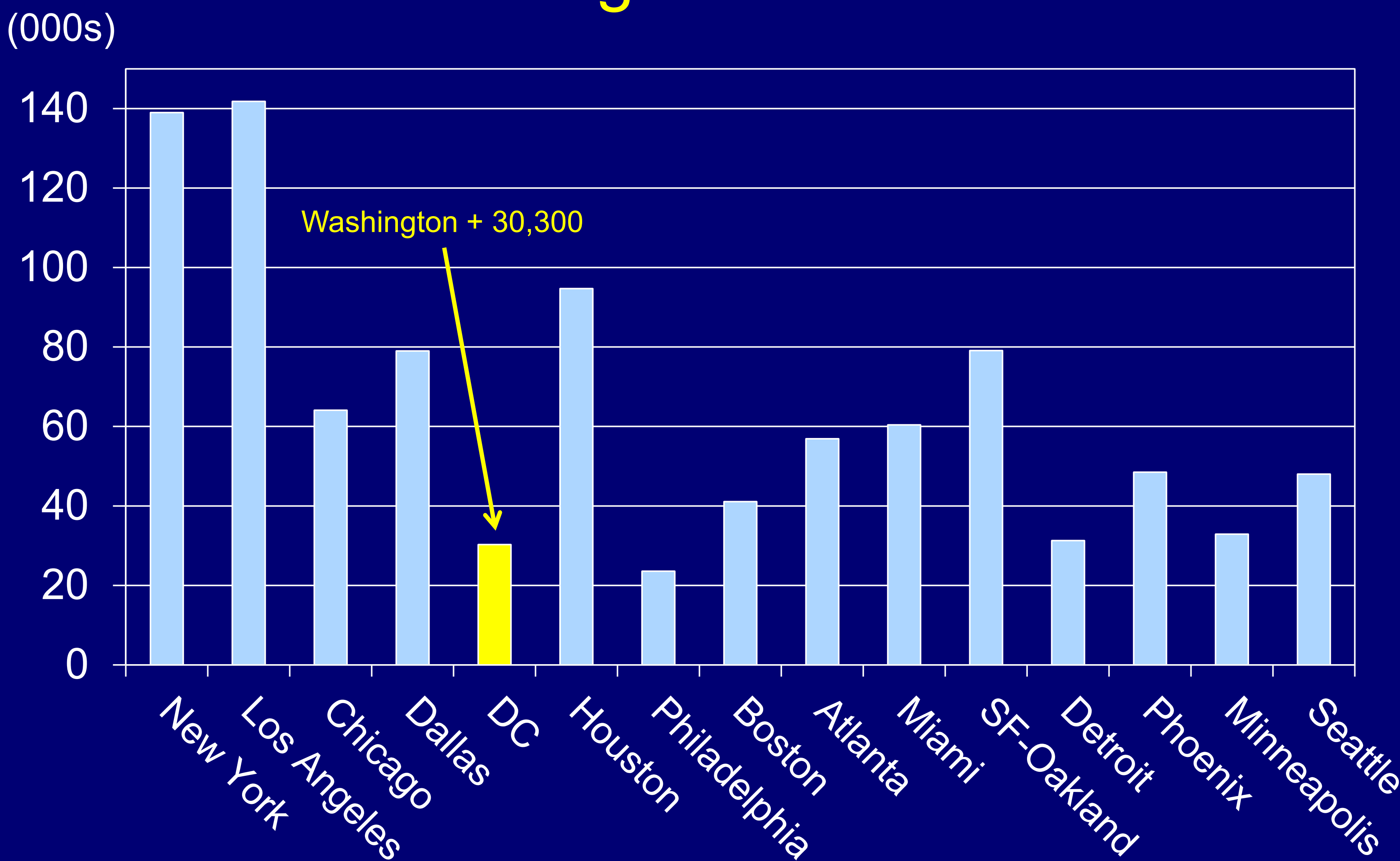
Sources: EMSI 2013.3 & GMU Center for Regional Analysis

Summary for Federal Spending Trends in the Washington Metropolitan Area, 2010-2013

- Federal Procurement Outlays declined 15% between FY 2010 and FY 2013.
- Federal employment has declined since peaking in July 2010, losing 17,100 jobs or 4.4%.
- Federal payroll is declining and will continue to decline as the workforce shrinks and older workers retire and are replaced by younger workers.

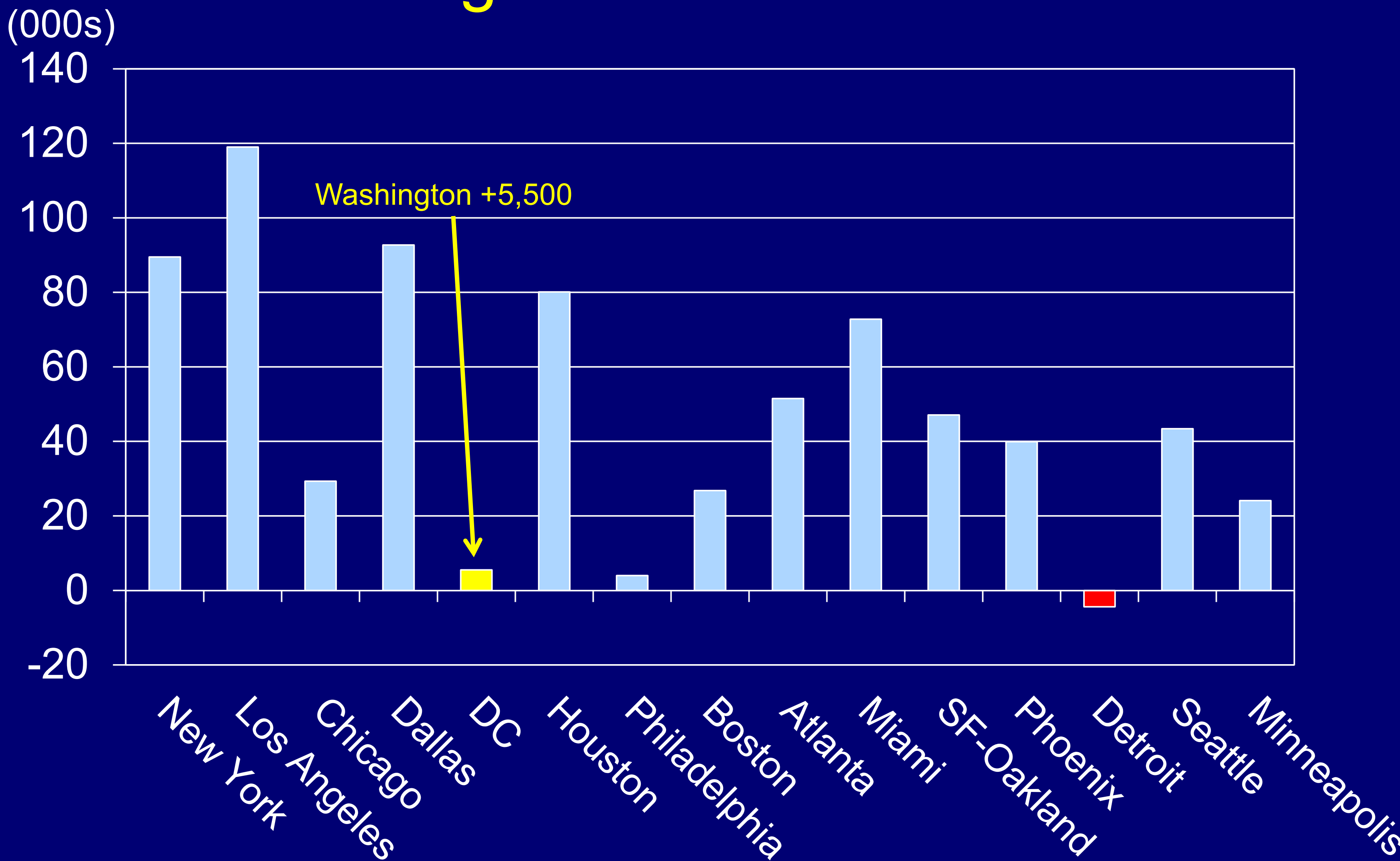
The Washington Area Economy: 2013 was a rough year

15 Largest Job Markets
Job Change: 2012 – 2013



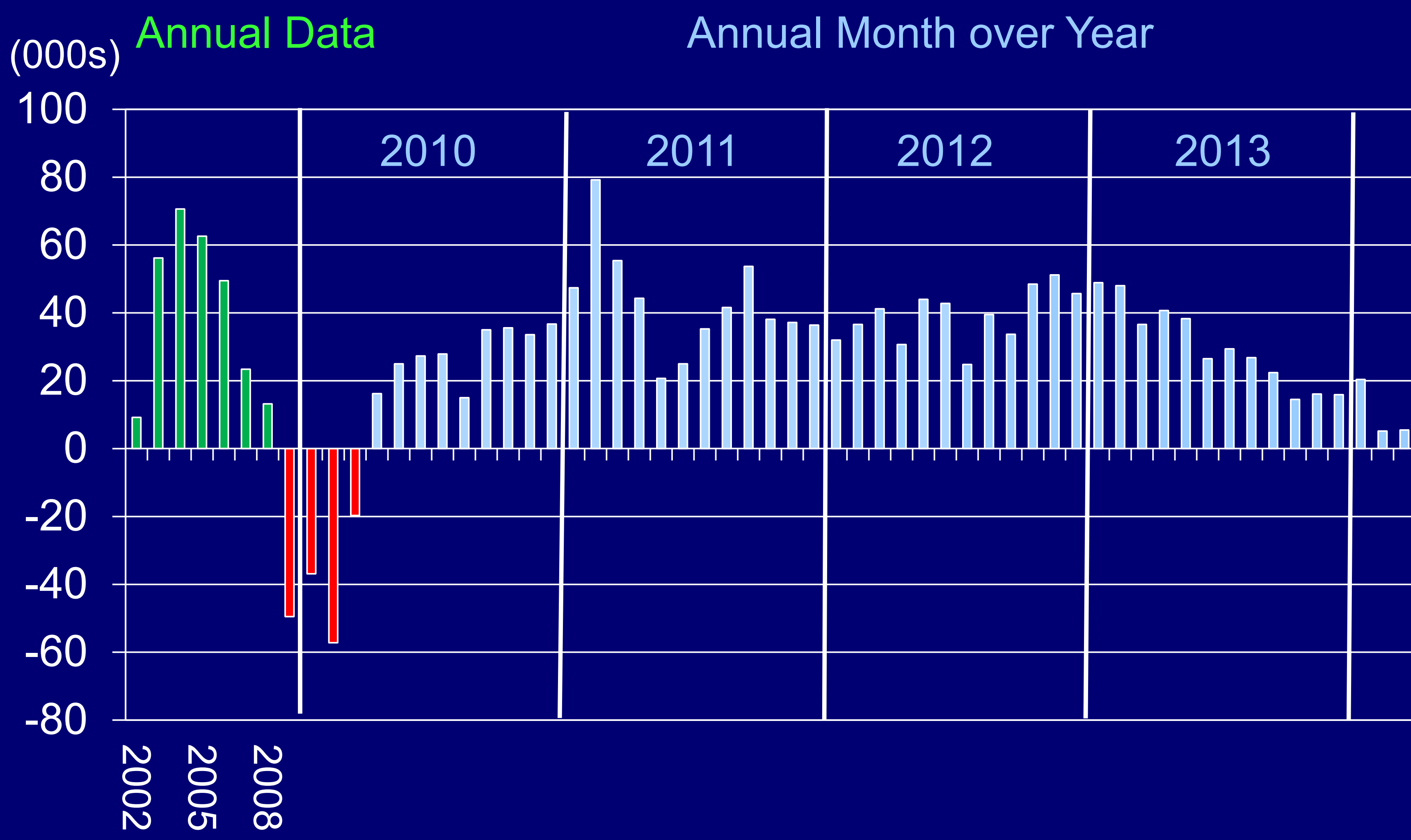
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

15 Largest Job Markets
Job Change: Mar 2013 – Mar 2014



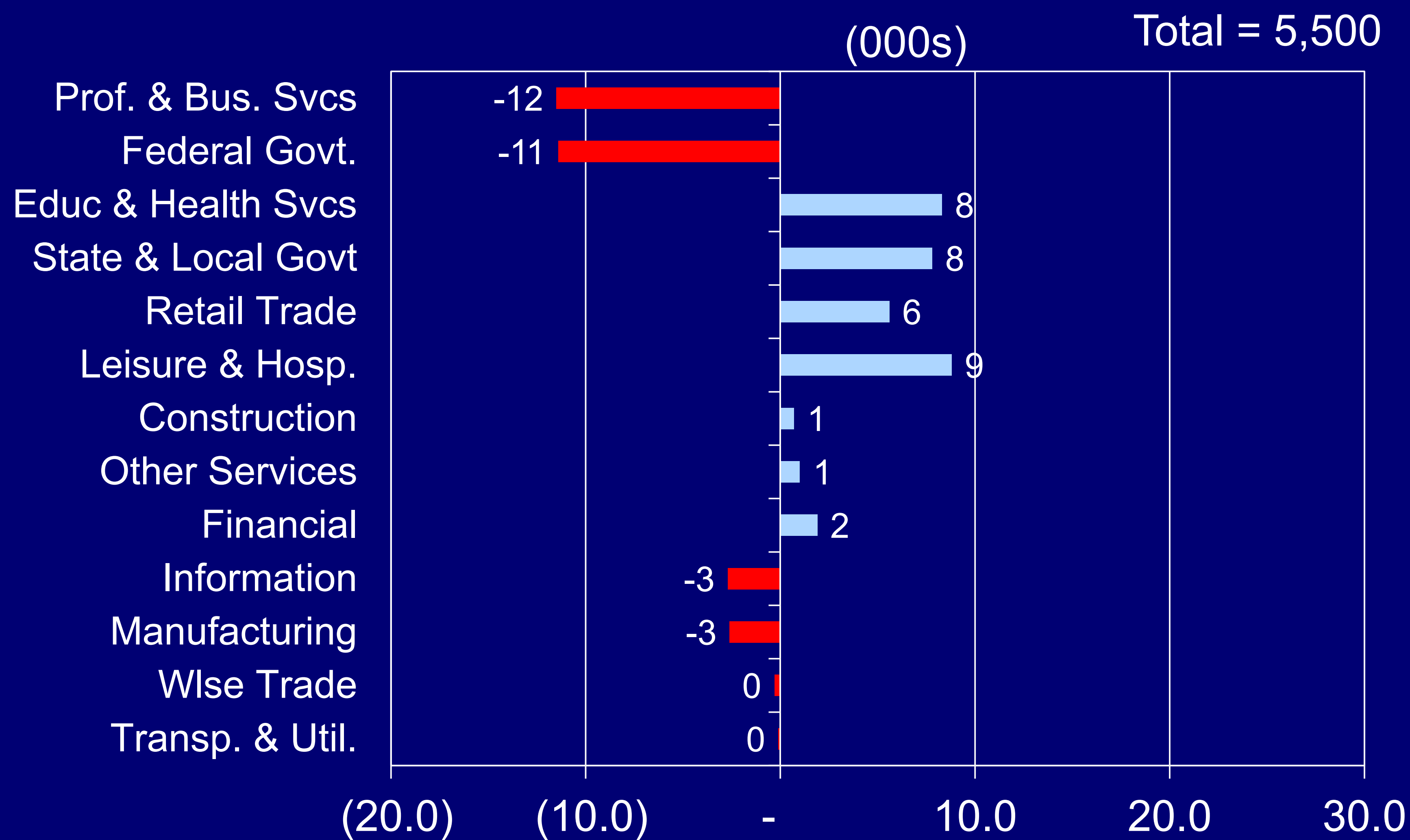
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change
Washington MSA, 2002-2014



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

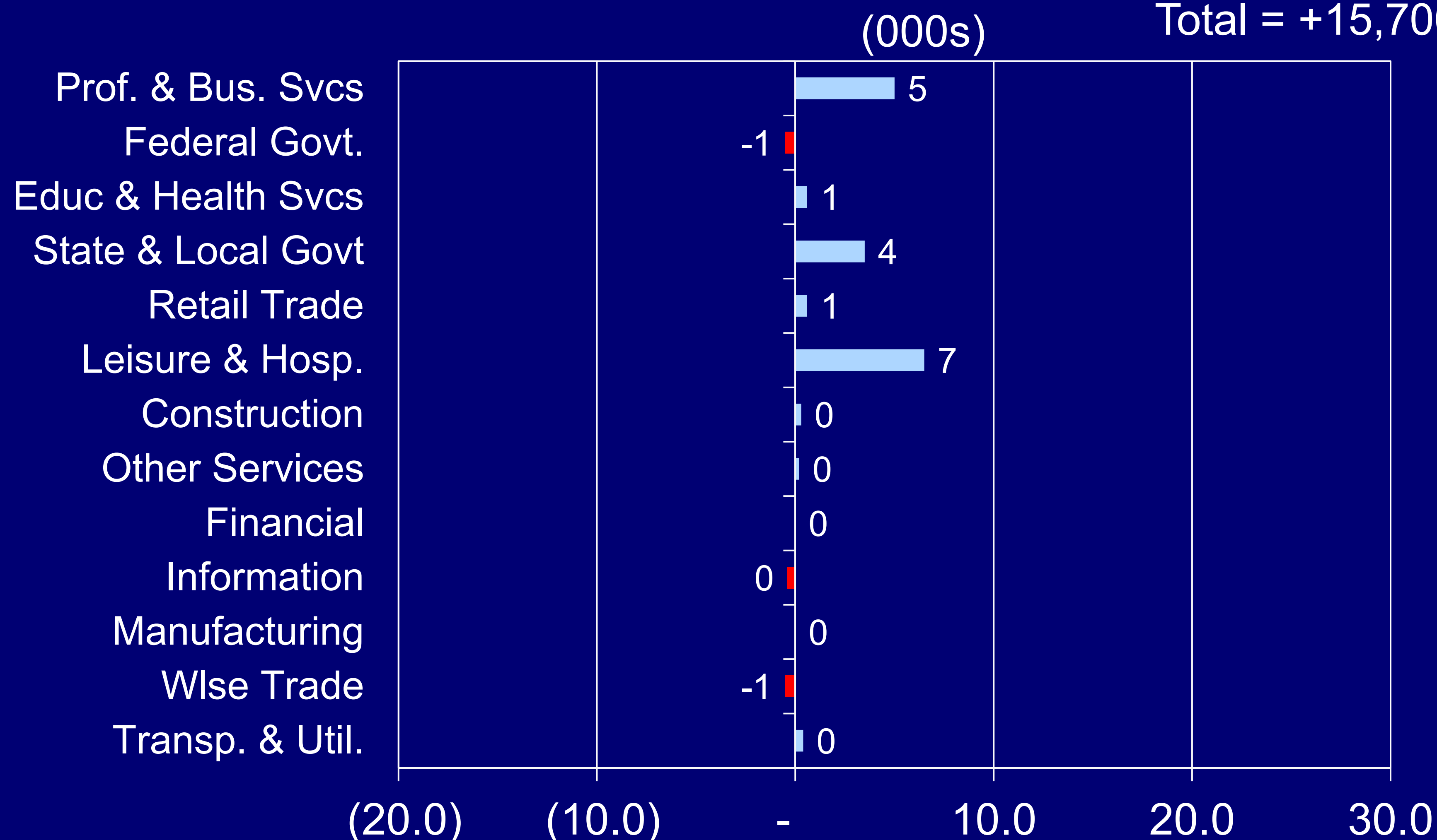
Job Change by Sector
Mar 2013 – Mar 2014
Washington MSA



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

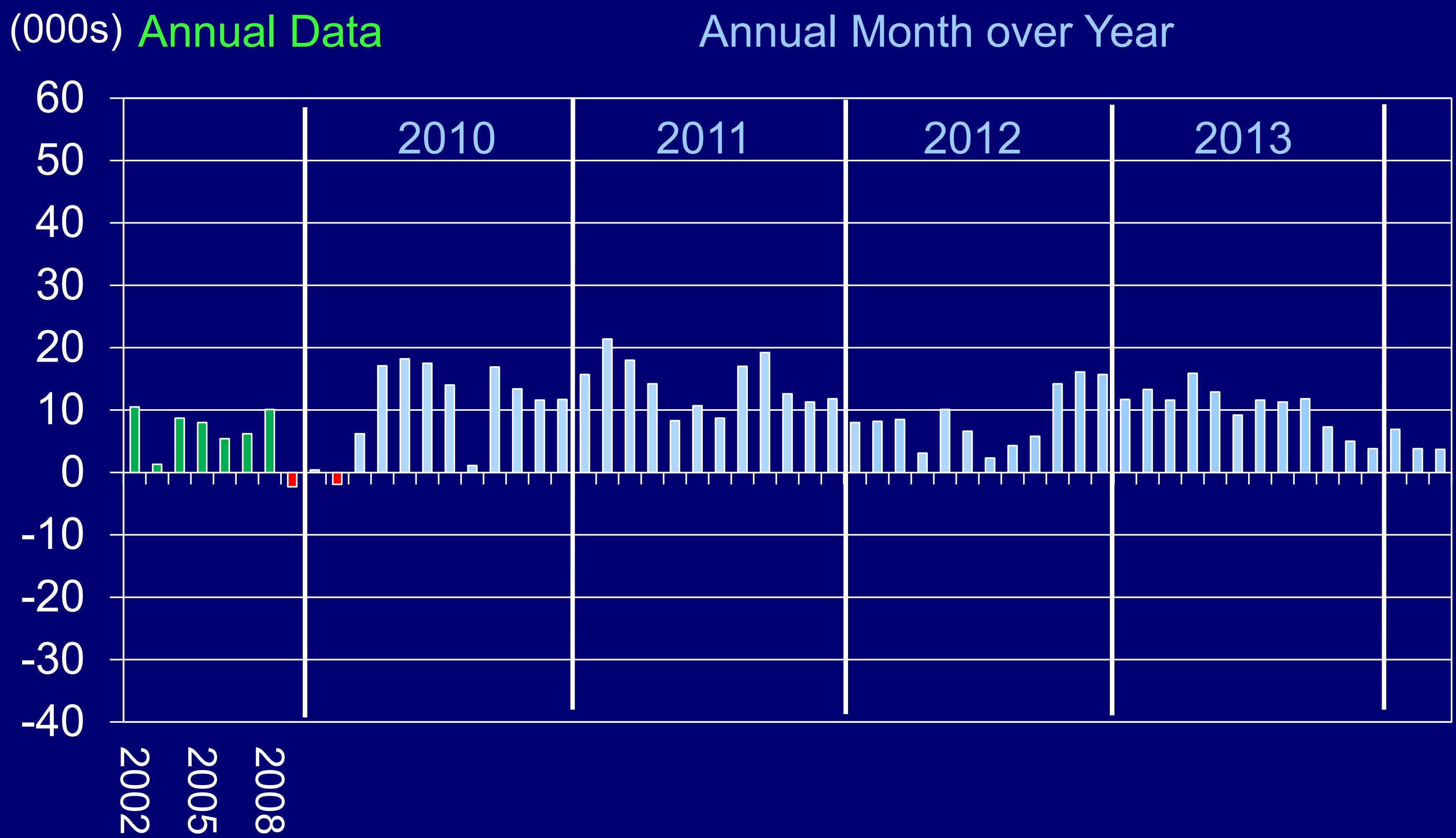
Job Change by Sector
Feb 2014 – Mar 2014
Washington MSA

Total = +15,700



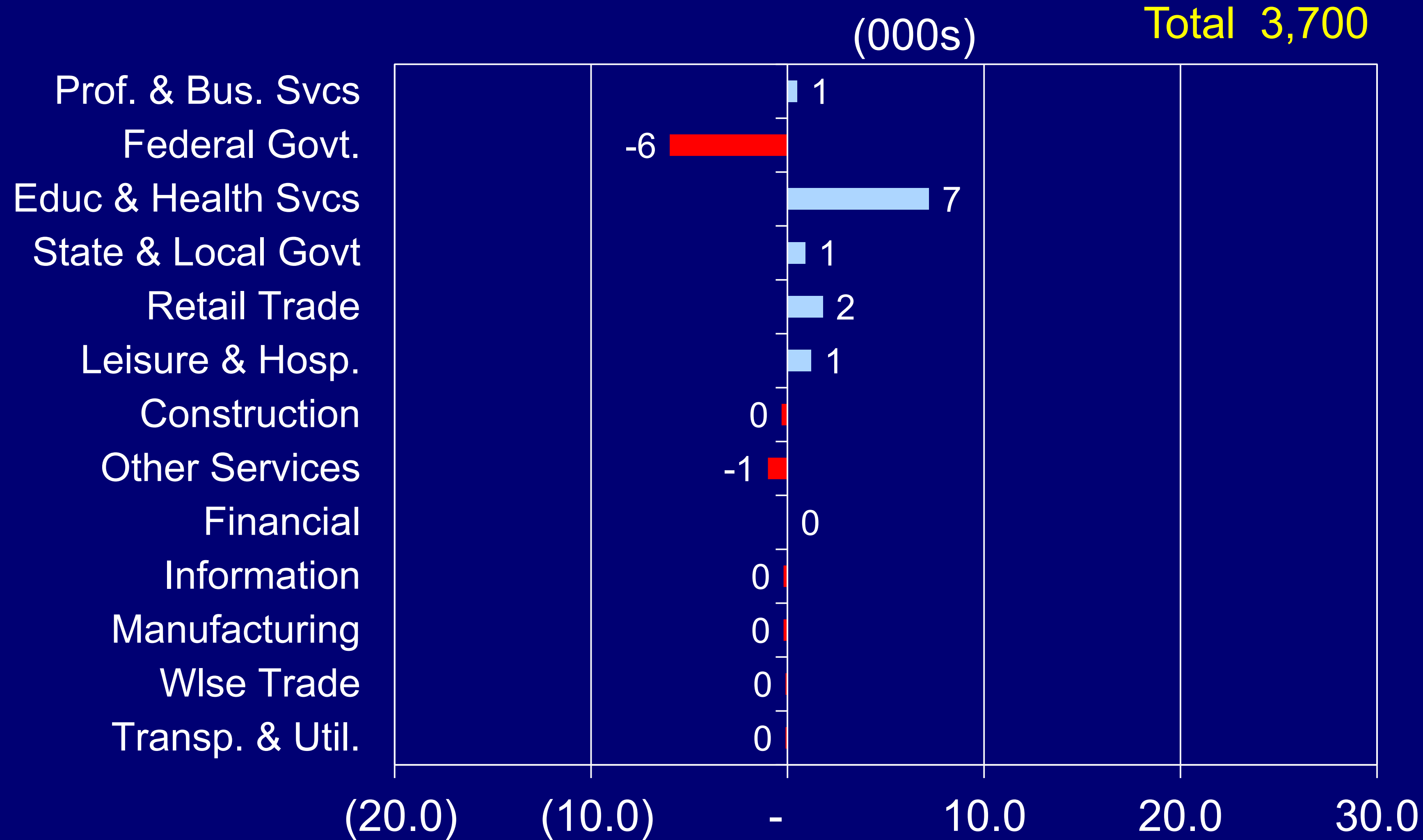
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change
District of Columbia, 2002-2014



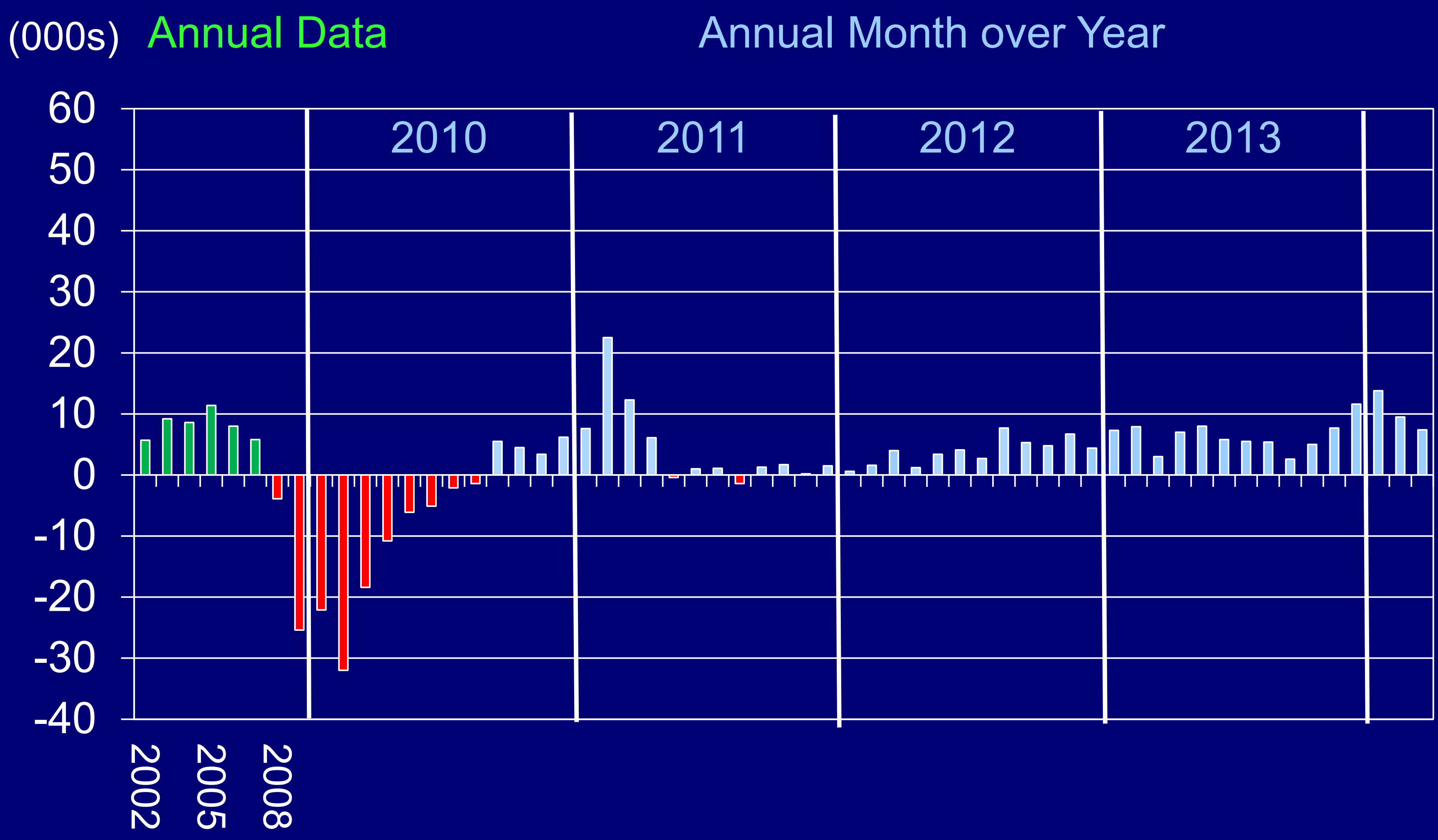
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

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



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

Annual Job Change
Suburban Maryland, 2002-2014

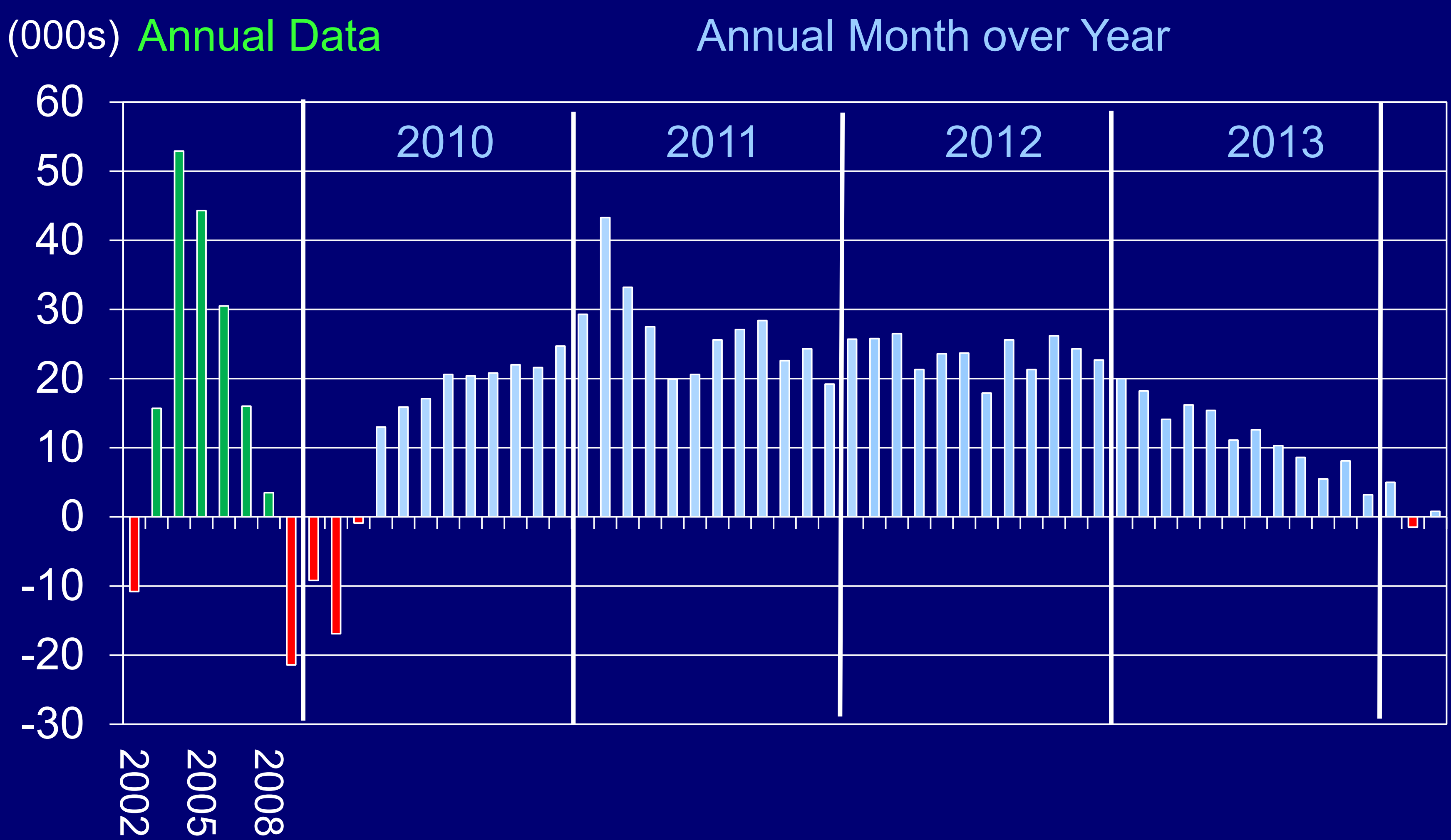


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector
Mar 2013 – Mar 2014
Suburban Maryland

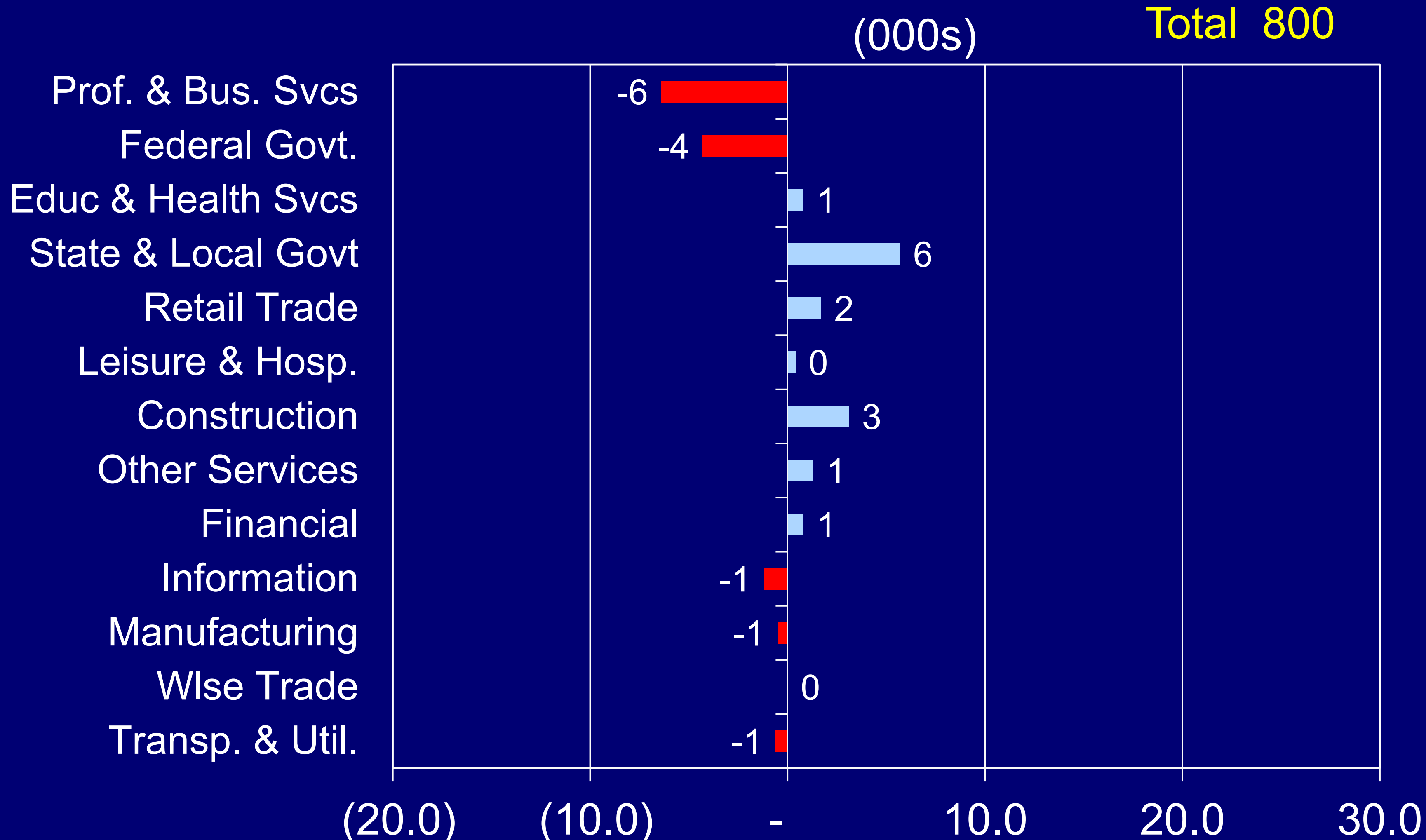
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Annual Job Change
Northern Virginia, 2002-2014



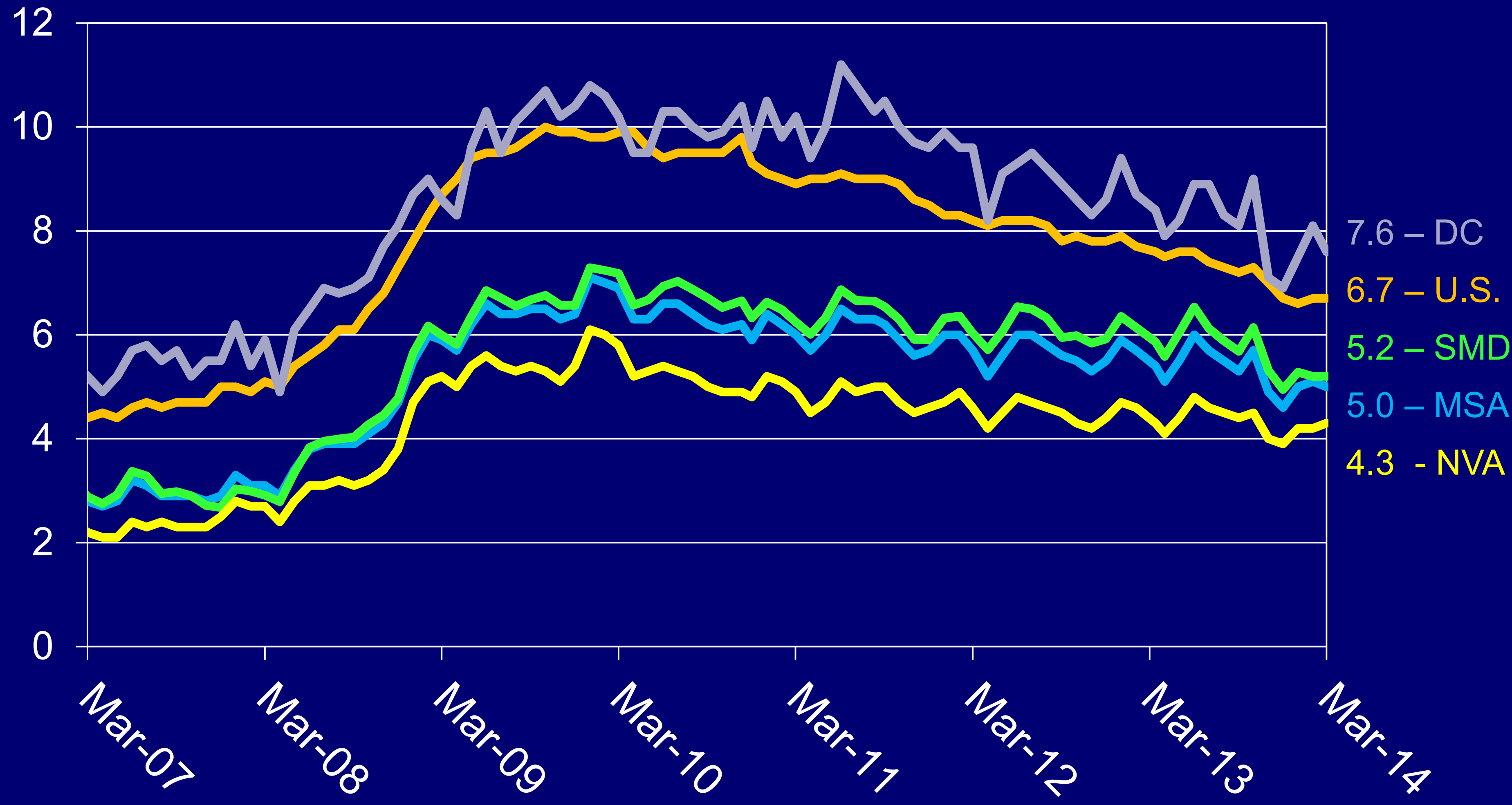
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector
Mar 2013 – Mar 2014
Northern Virginia



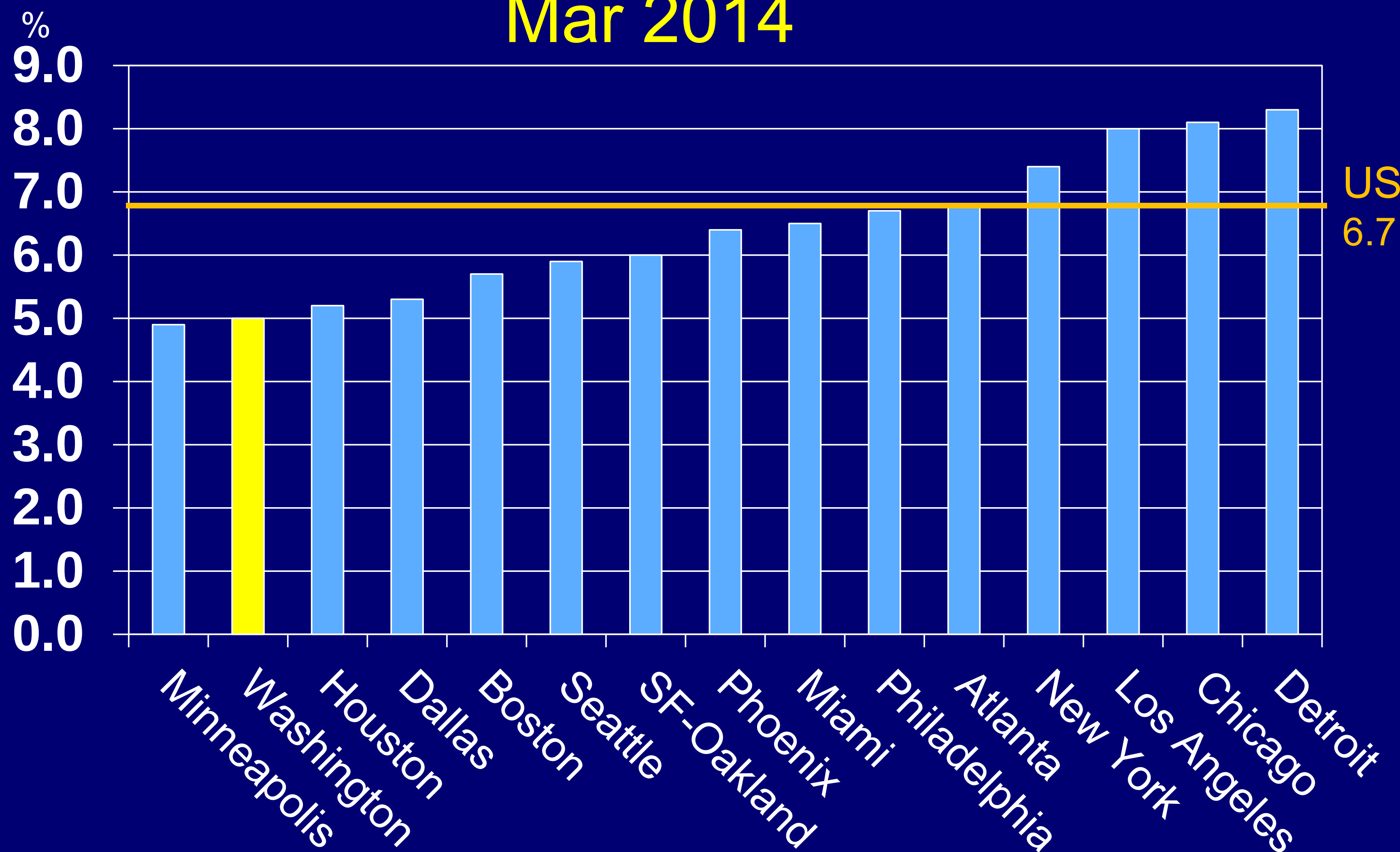
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

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



Source: Bureau of Labor Statistics (Region - Not Seasonally Adjusted, US – Seasonally Adjusted)

15 Largest Job Markets Ranked by Unemployment Rate Mar 2014

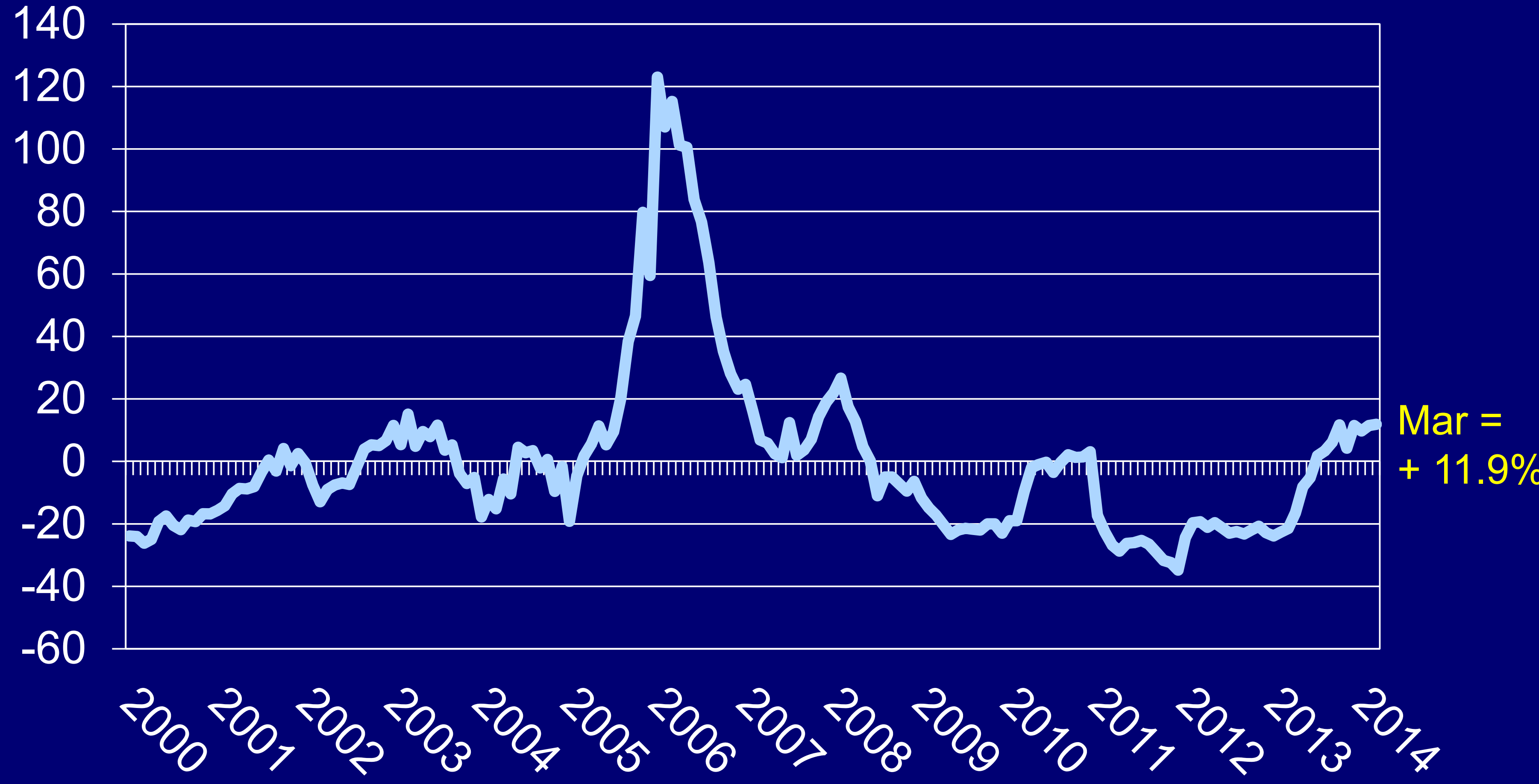


Source: Bureau of Labor Statistics (Region - Not Seasonally Adjusted, US – Seasonally Adjusted)

Housing indicators point to more activity and continued appreciation…for now

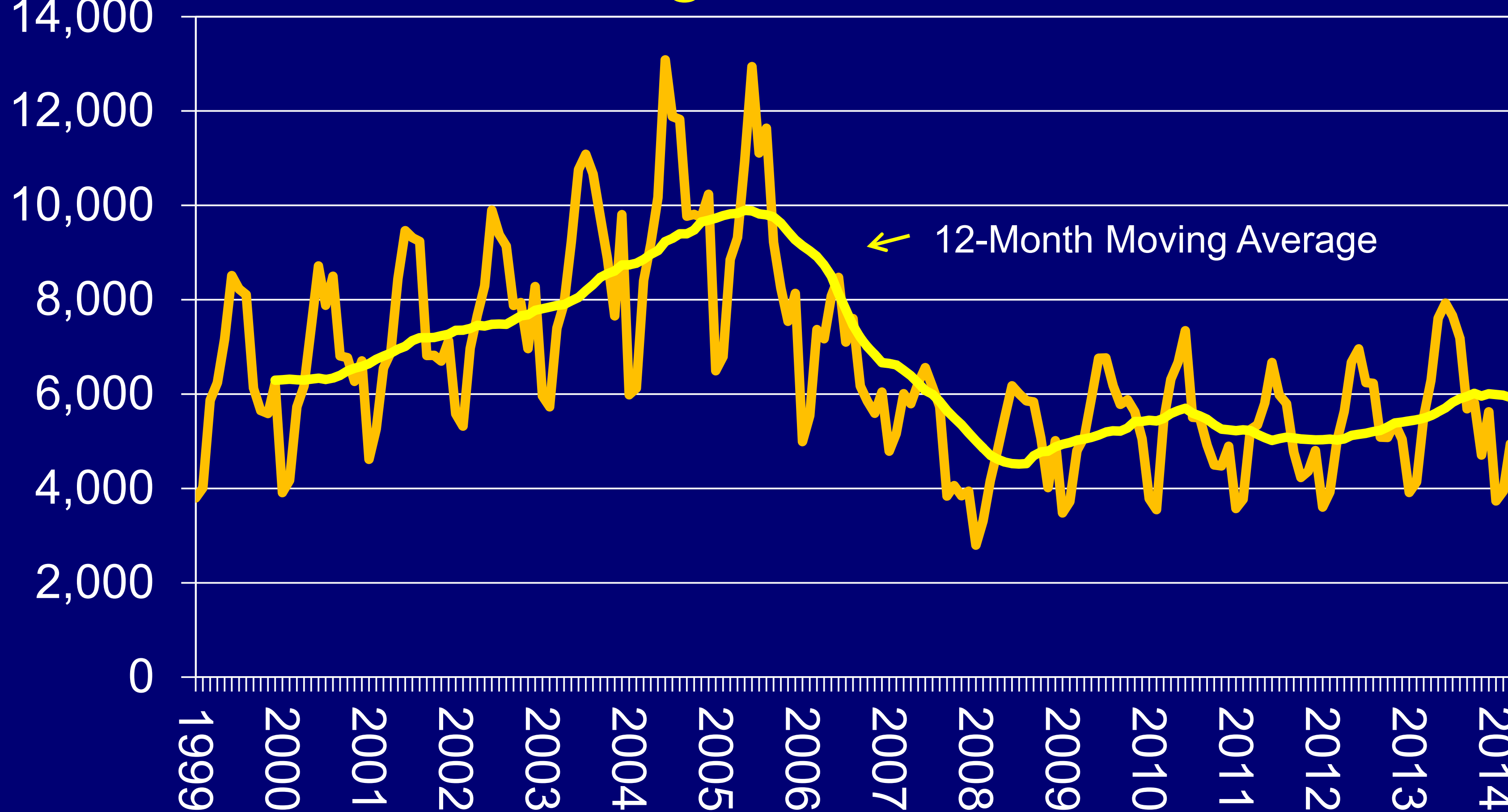
Percent Change in Inventories of Existing Homes

Month-Over-Year 2000 – 2014, MSA



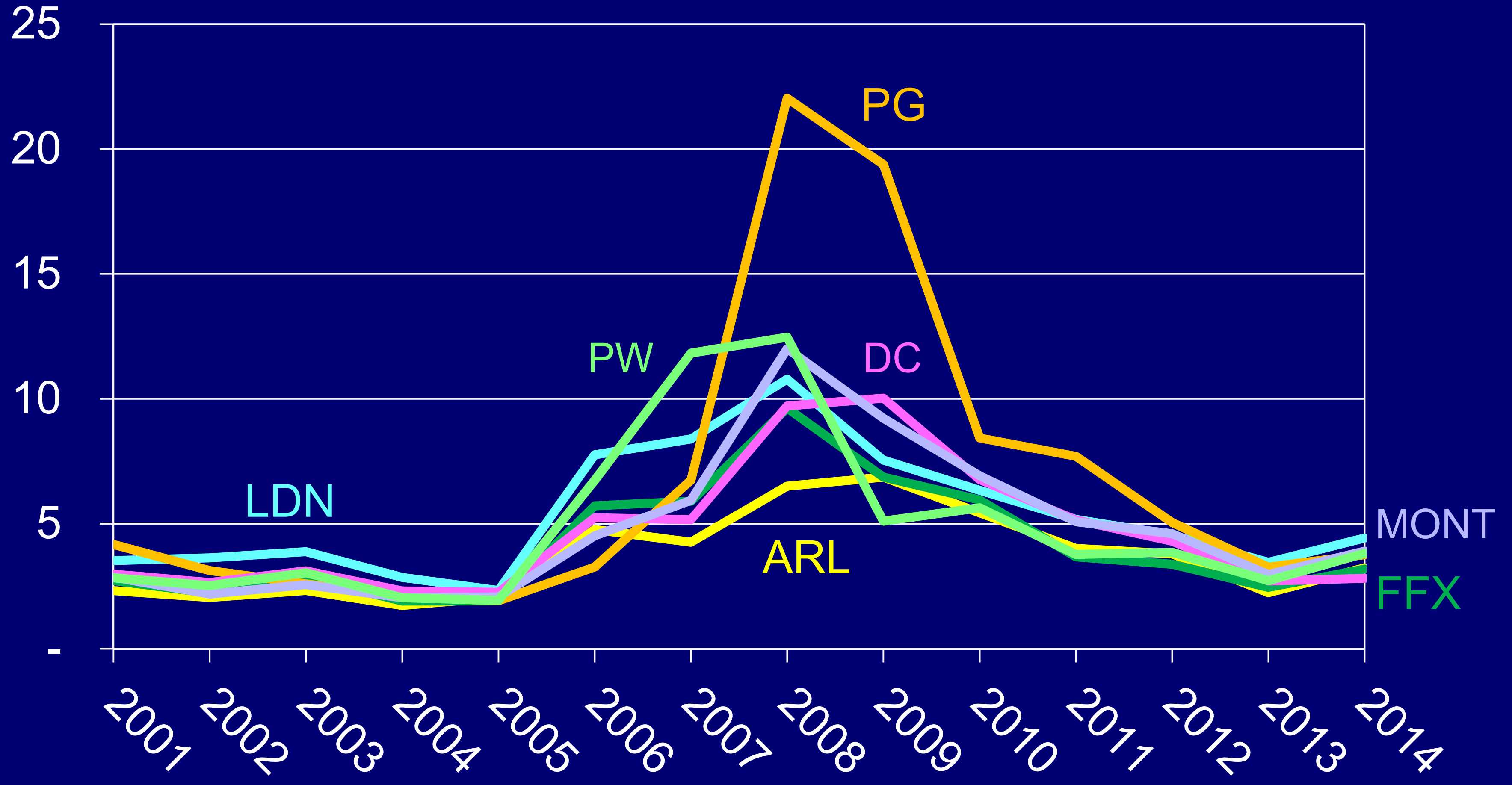
Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis. Total monthly inventory includes listings active at the end of the month plus sales during the month.

Existing Home Sales Washington MSA Through Mar 2014



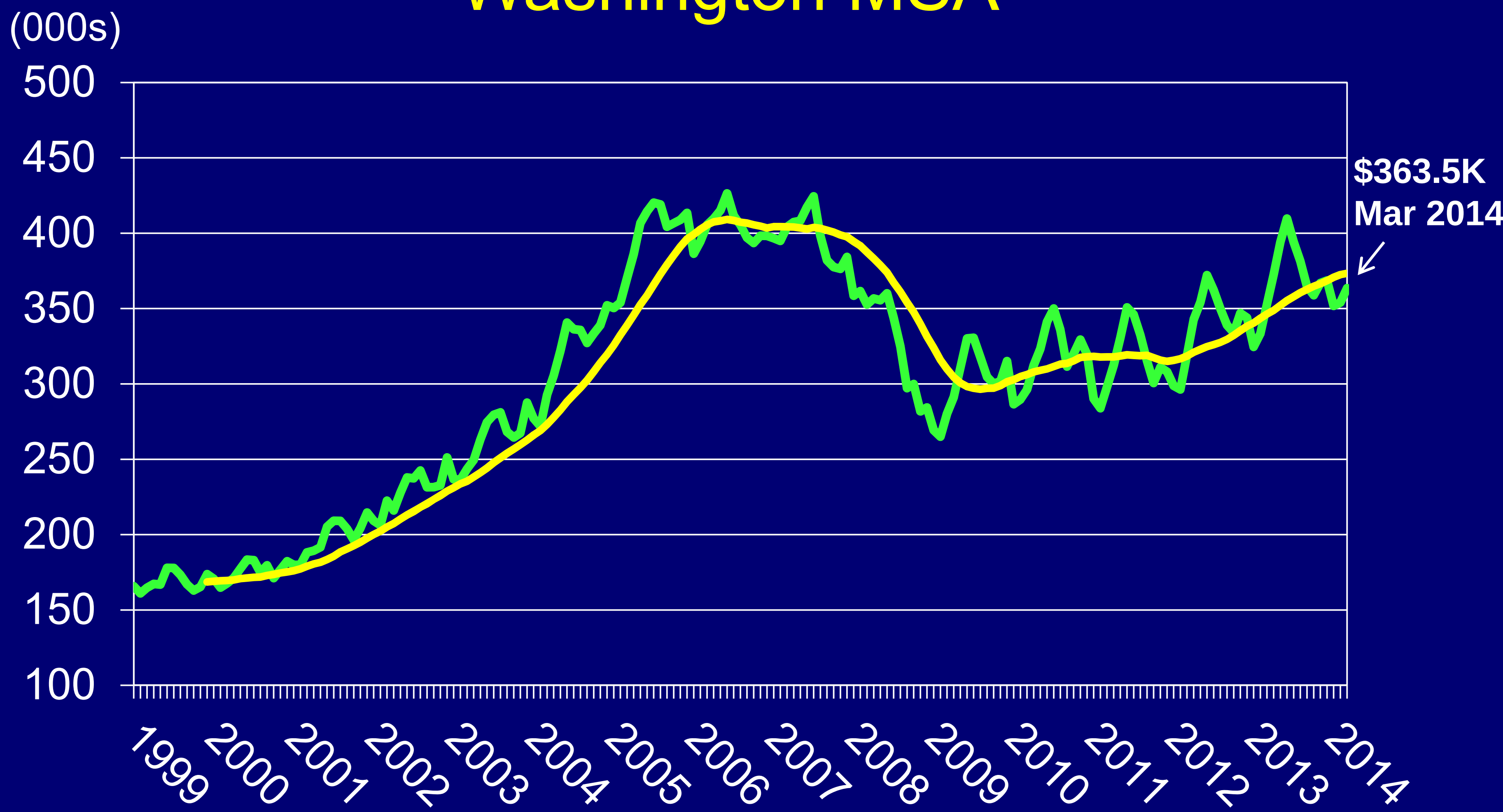
Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis

Total Listings Per Sale
Mar Each Year



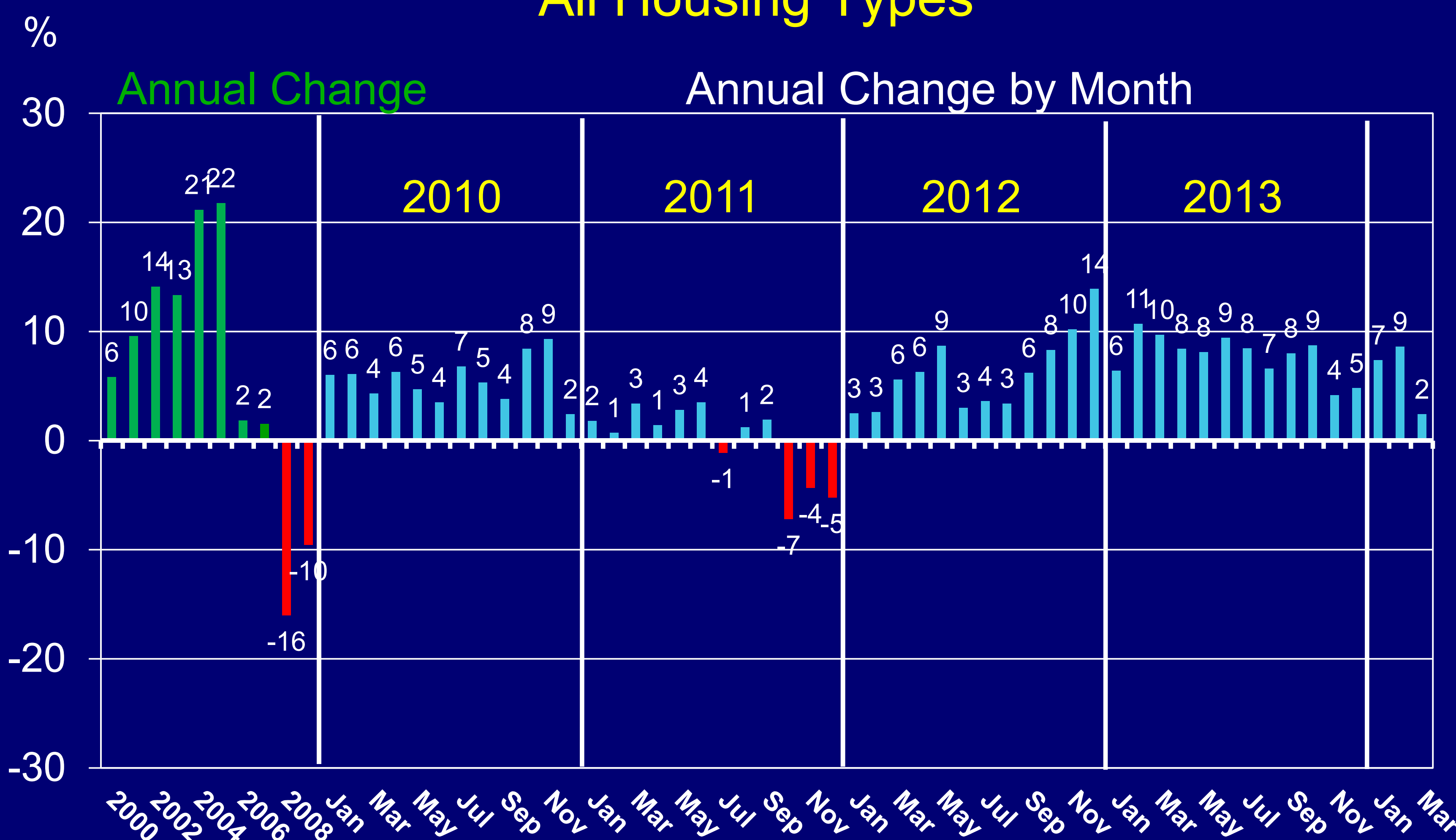
Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis

Median House Sales Price
Washington MSA



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

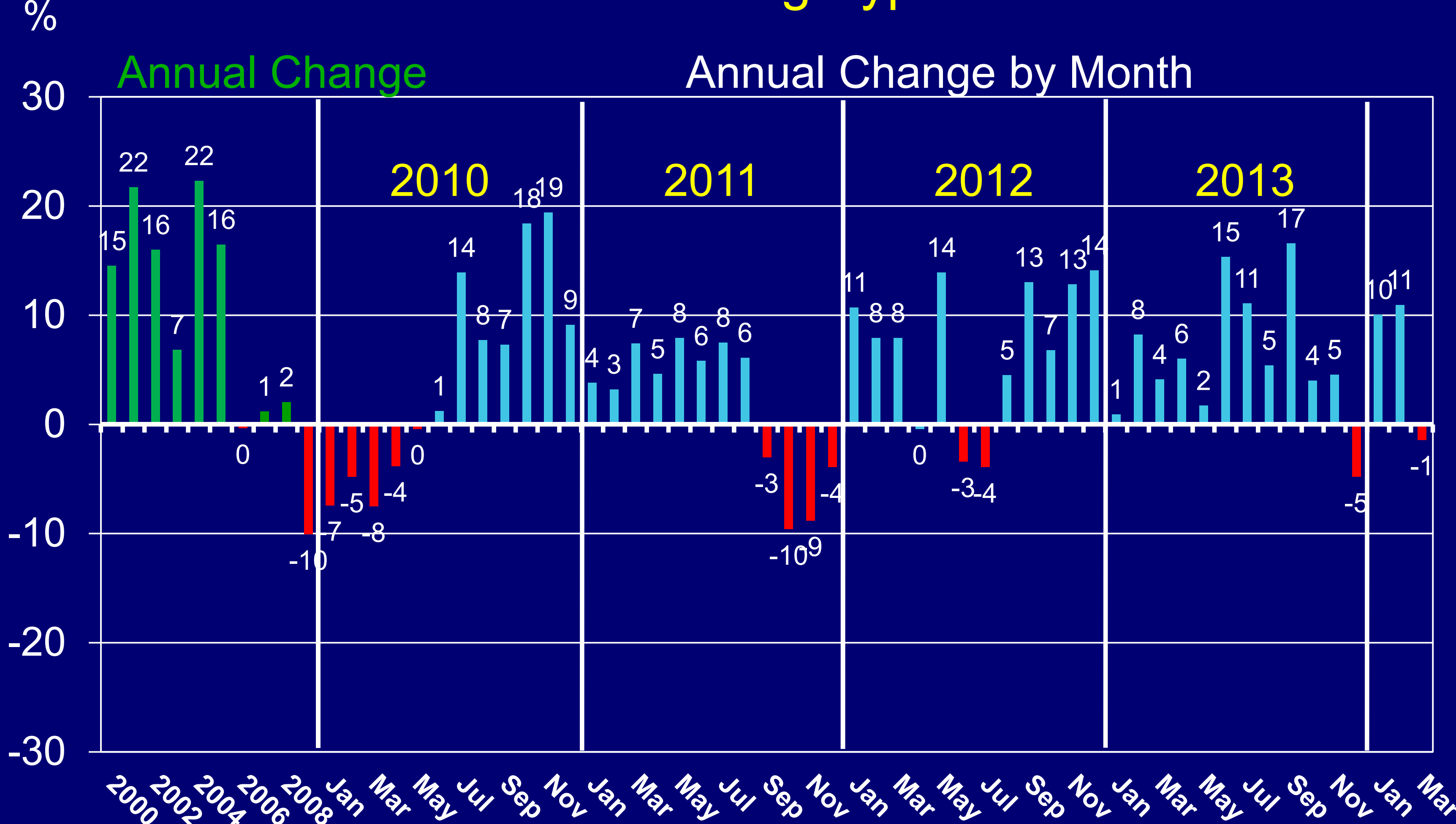
Average Sales Price Percent Change
Washington MSA
All Housing Types



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

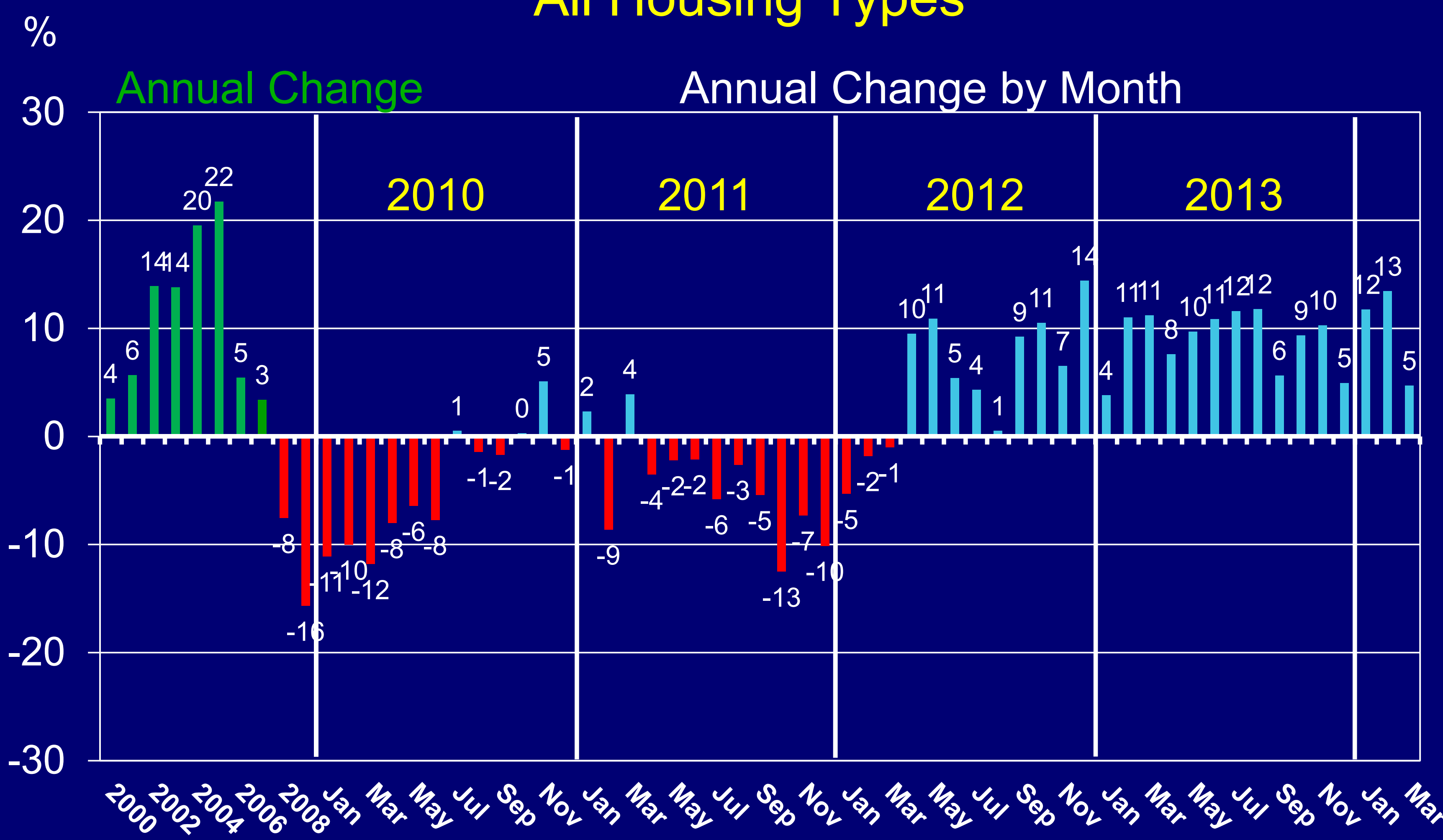
Average Sales Price Percent Change District of Columbia

All Housing Types



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

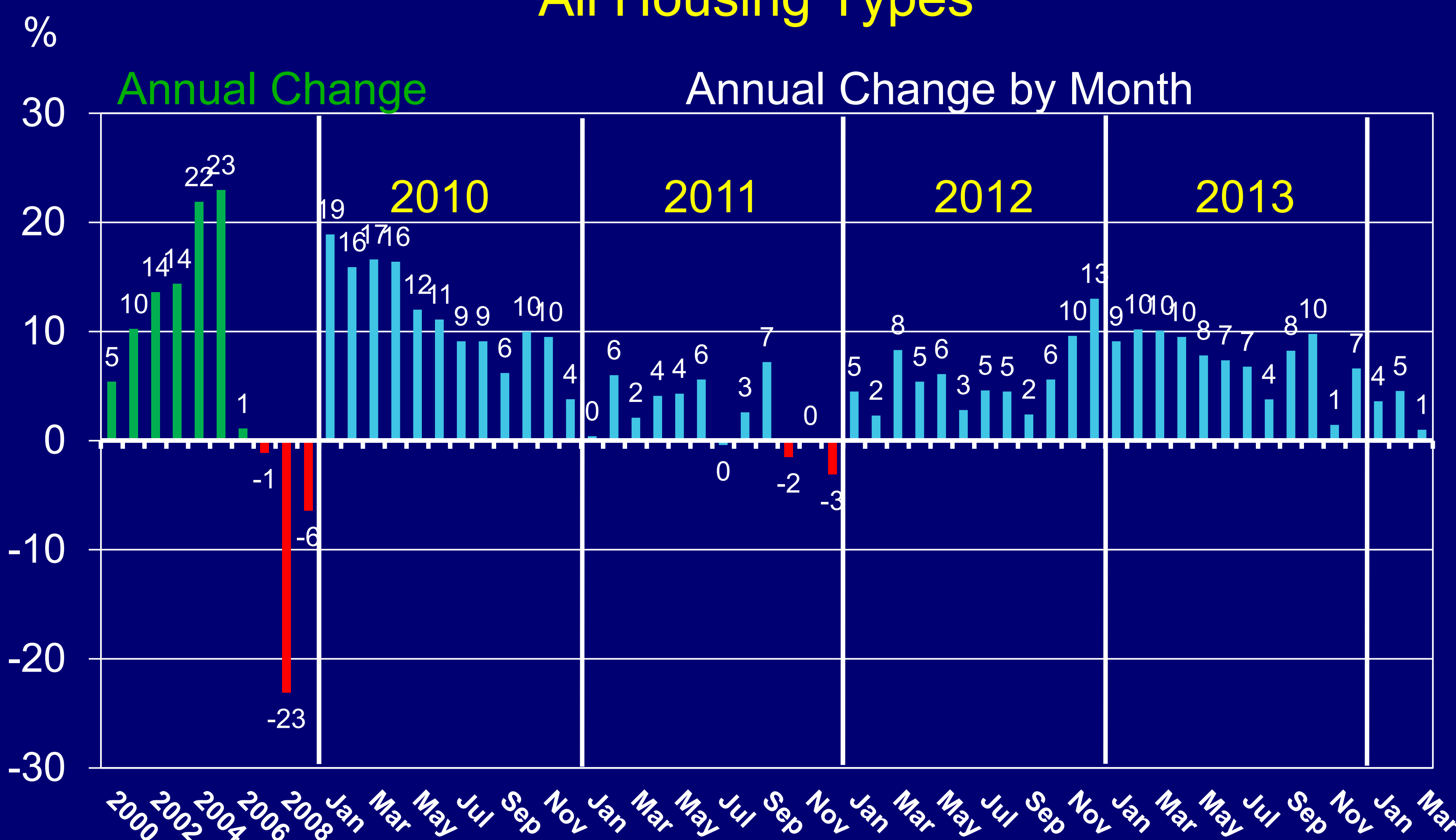
Average Sales Price Percent Change
Suburban Maryland
All Housing Types



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

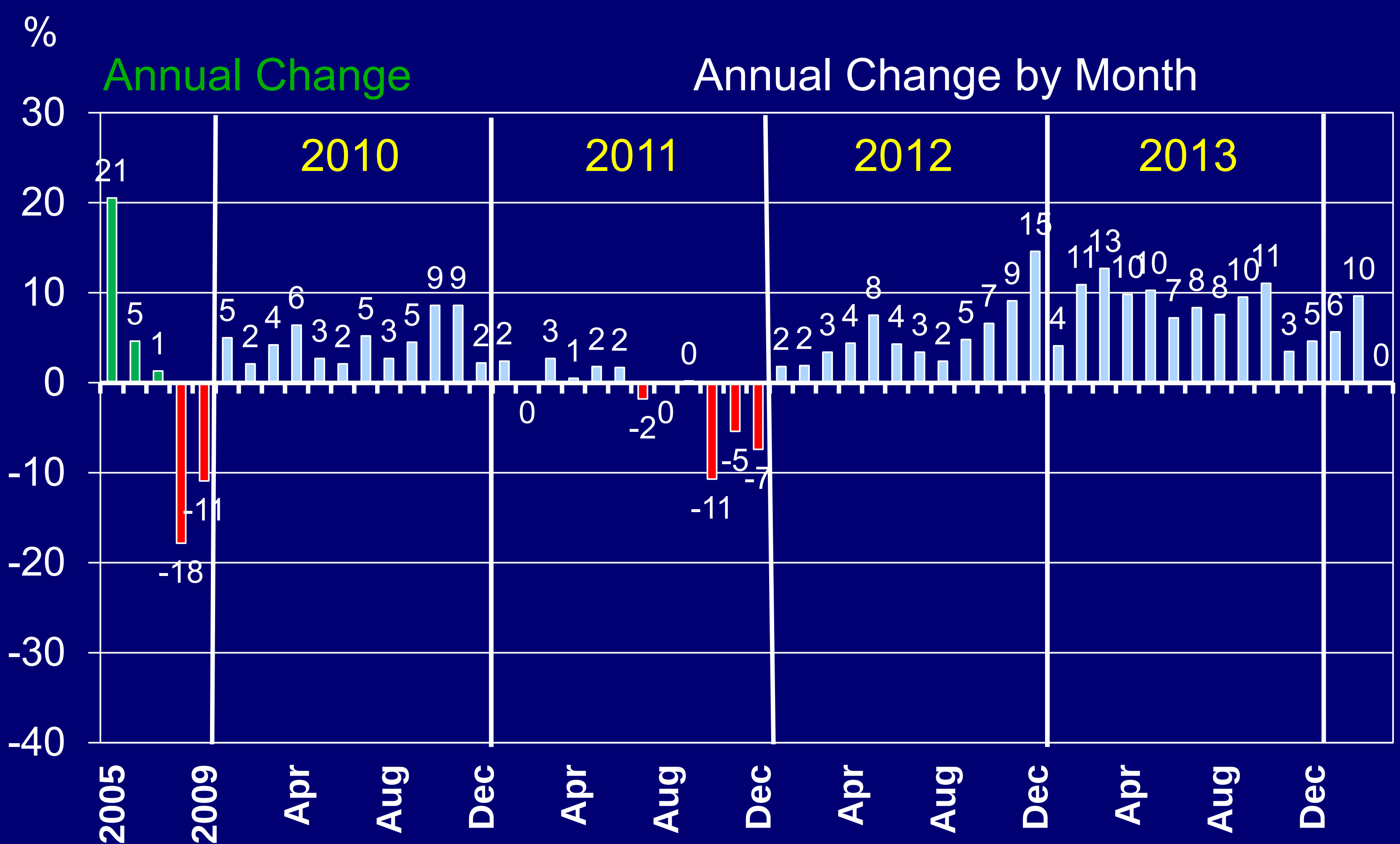
Average Sales Price Percent Change Northern Virginia

All Housing Types



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

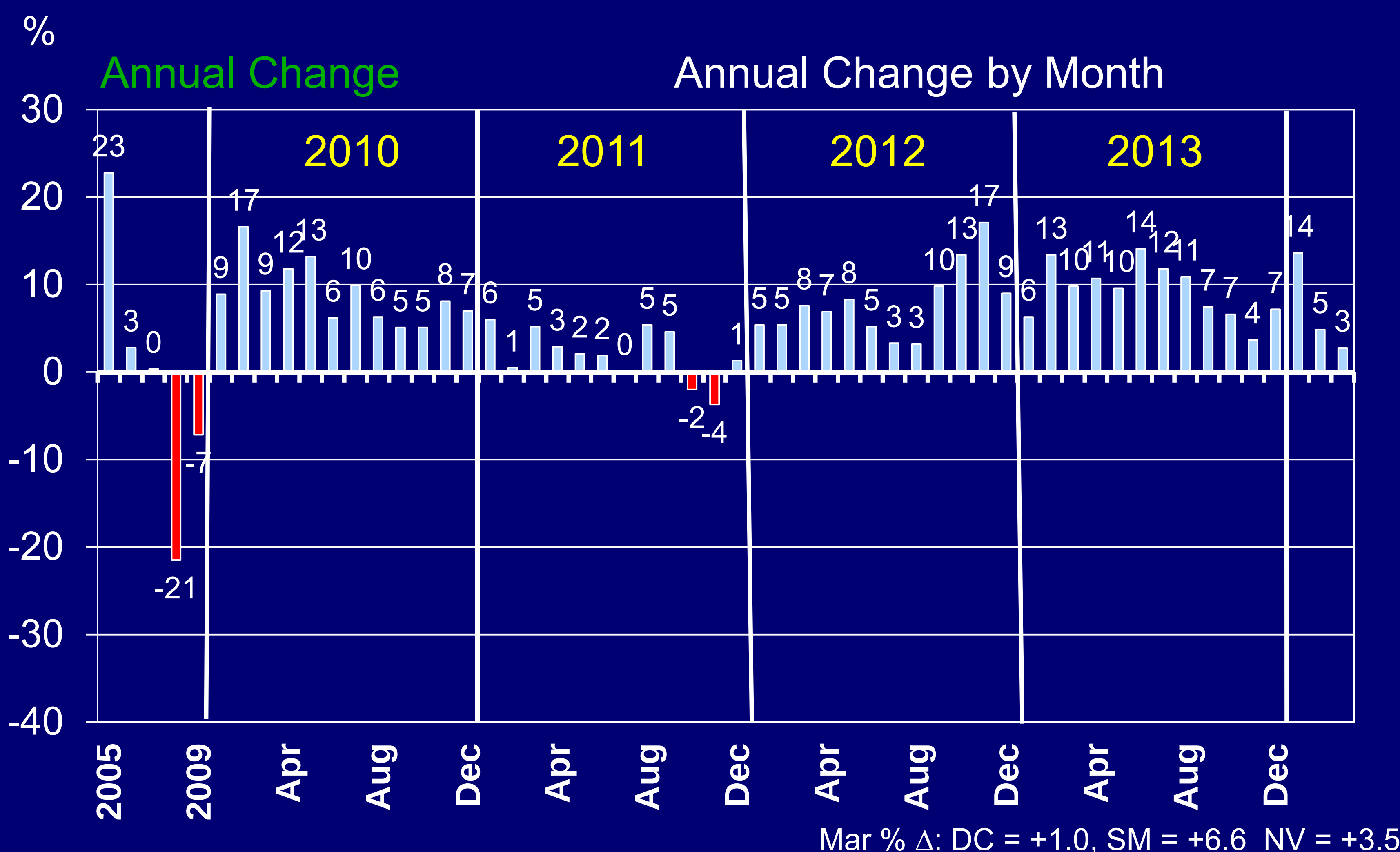
Average Sales Price Percent Change
Metro Area – Single Family Detached



Mar % Δ: DC = -13.6 SM = +3.0, NV = -0.1

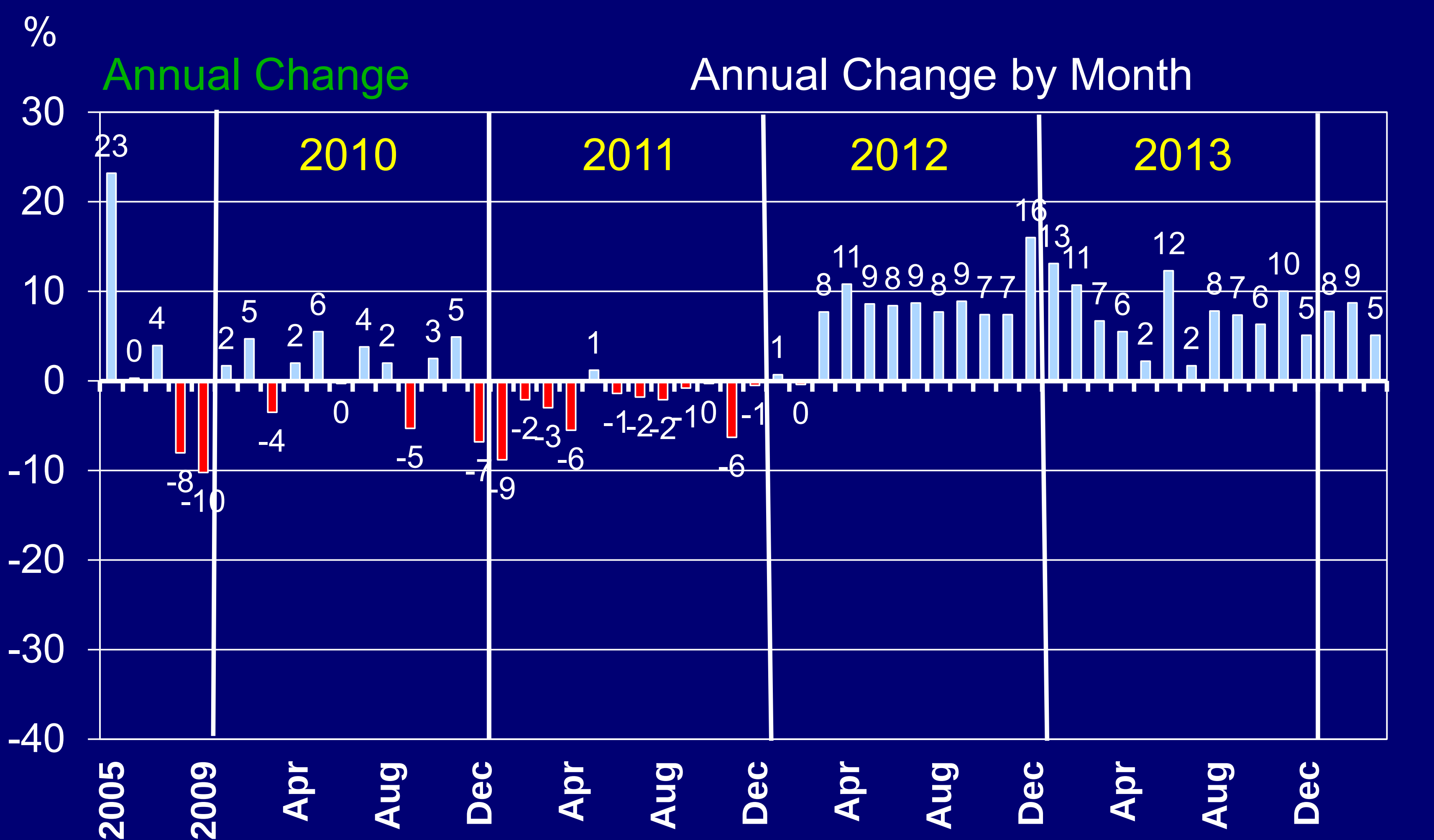
Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis

Average Sales Price Percent Change Metro Area – Single Family Attached



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

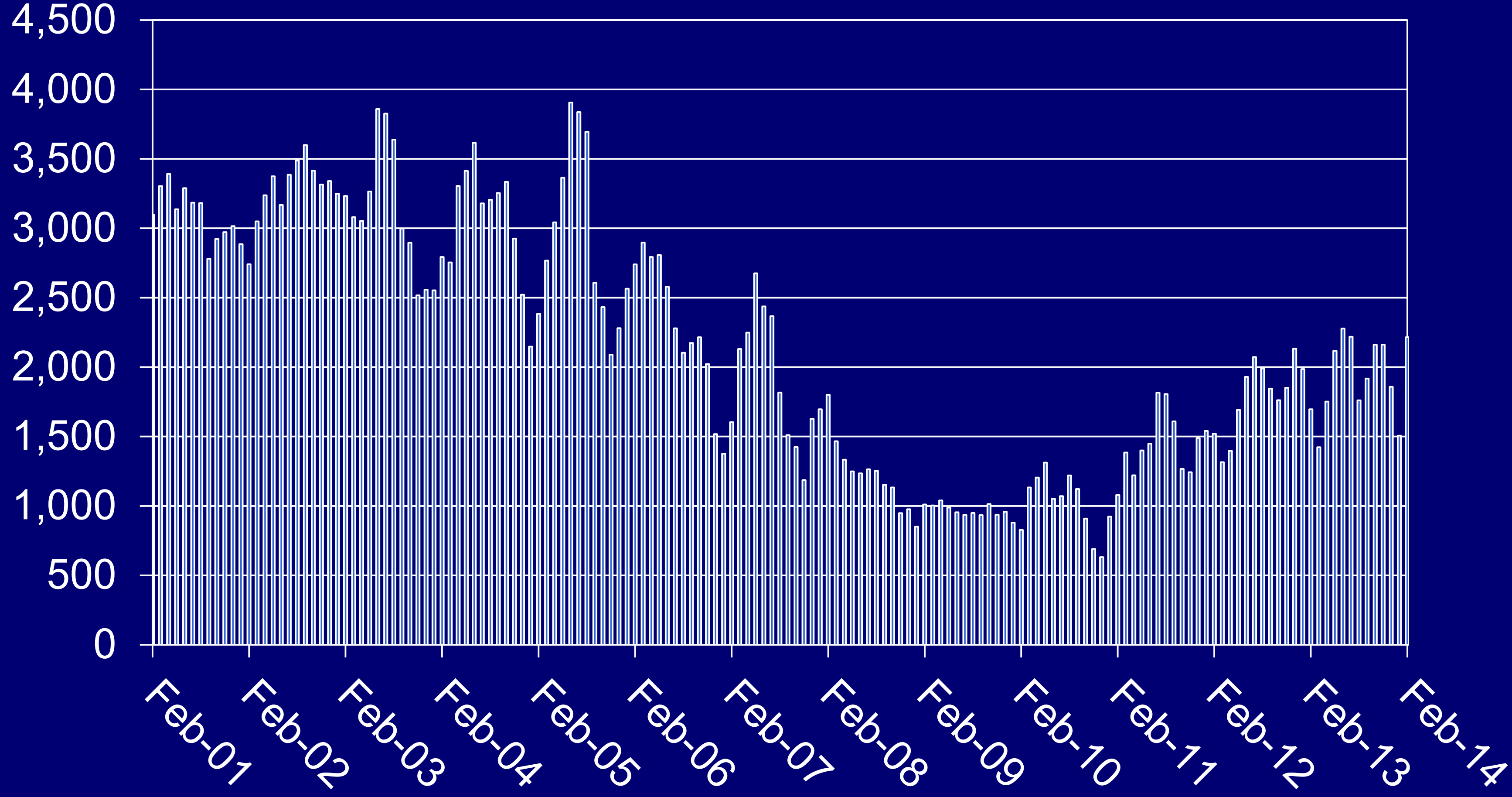
Average Sales Price Percent Change
Metro Area – Condos



Mar % Δ: DC = +2.1, SM = +1.6, NV = +3.7

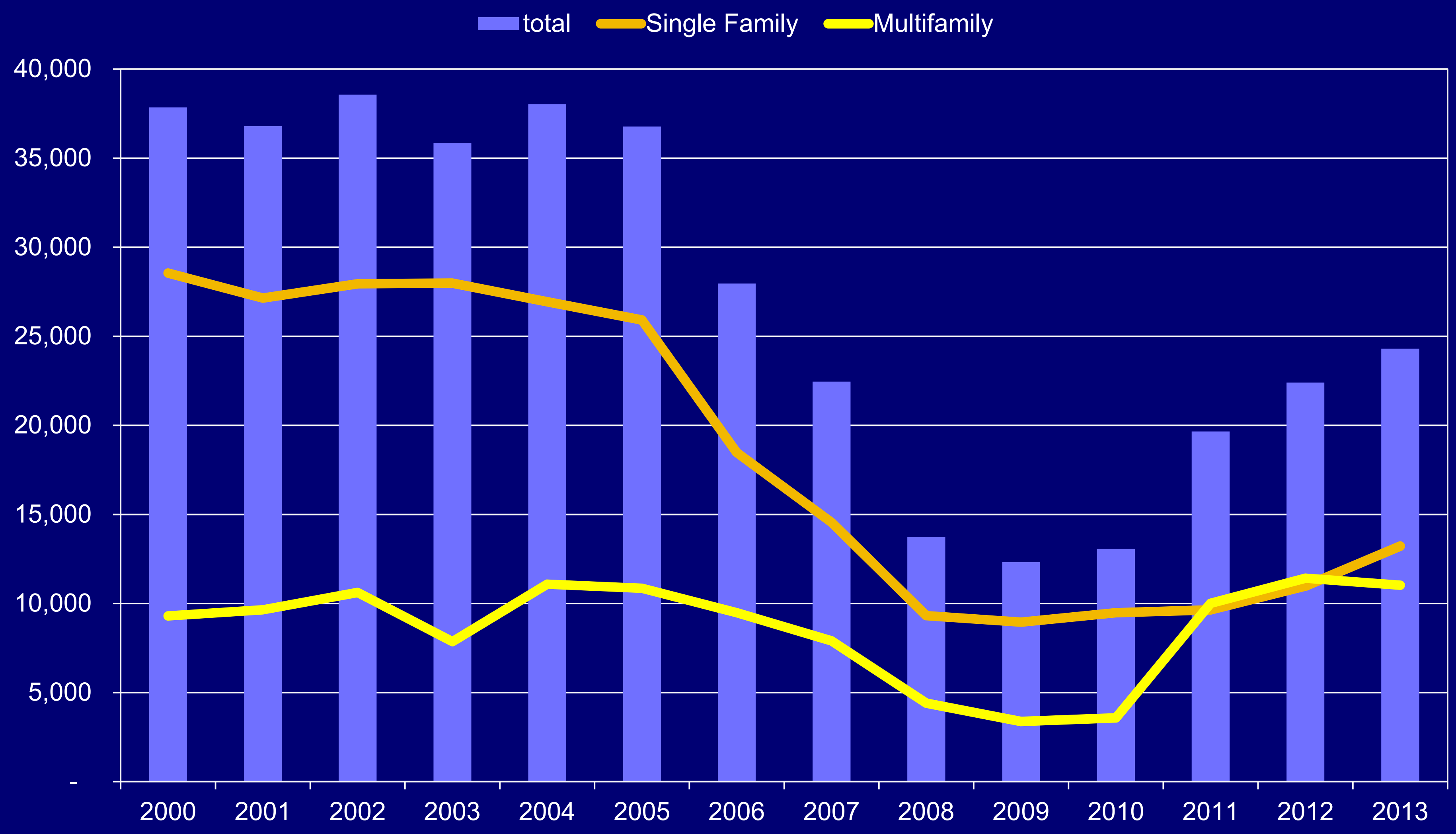
Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis

Washington MSA
Building Permits
2001 – 2014, 3-Month Mvg Avg



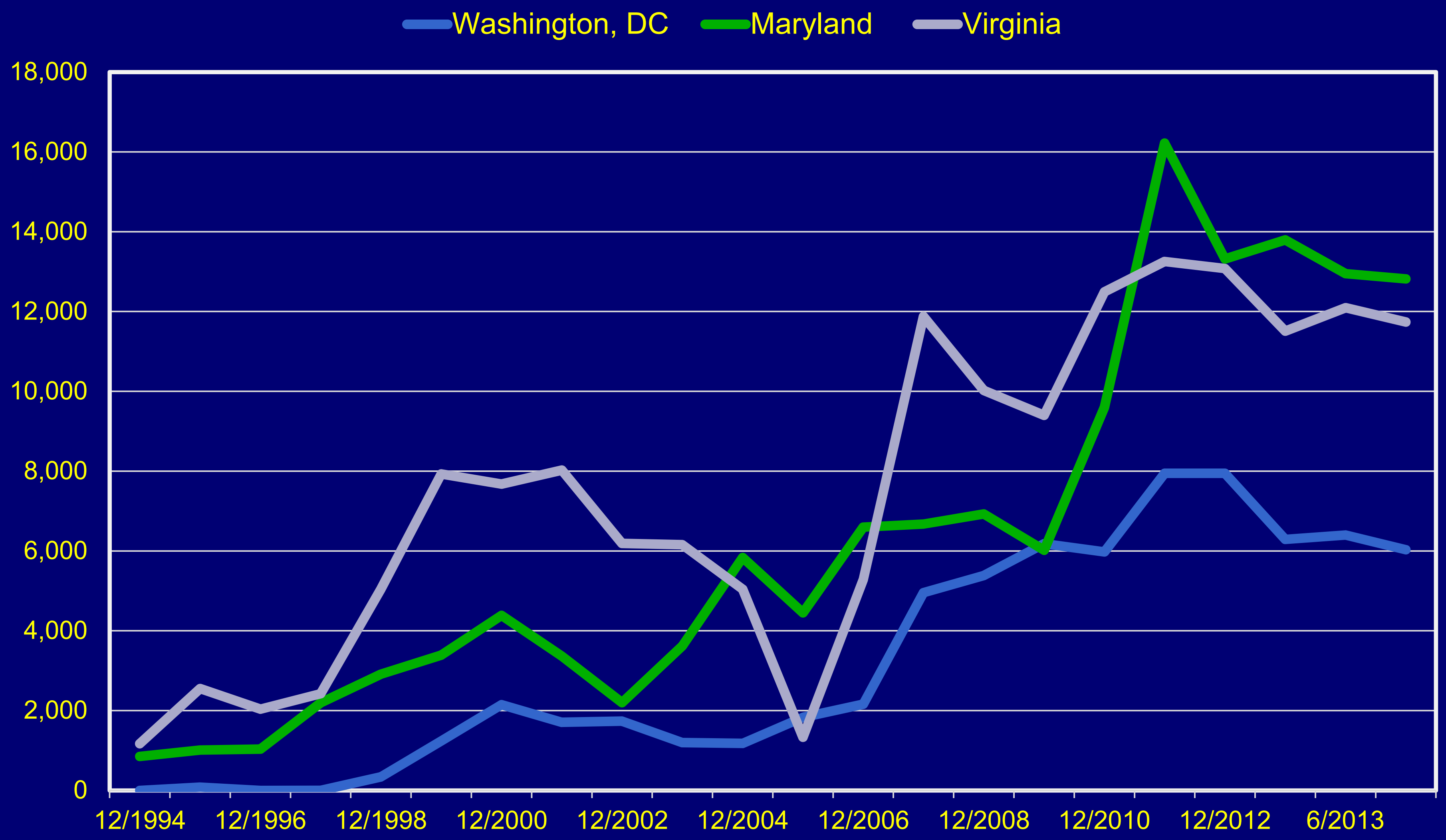
Source: Census Bureau, GMU Center for Regional Analysis

Washington MSA Building Permits 2000 – 2013



Source: Census Bureau, GMU Center for Regional Analysis

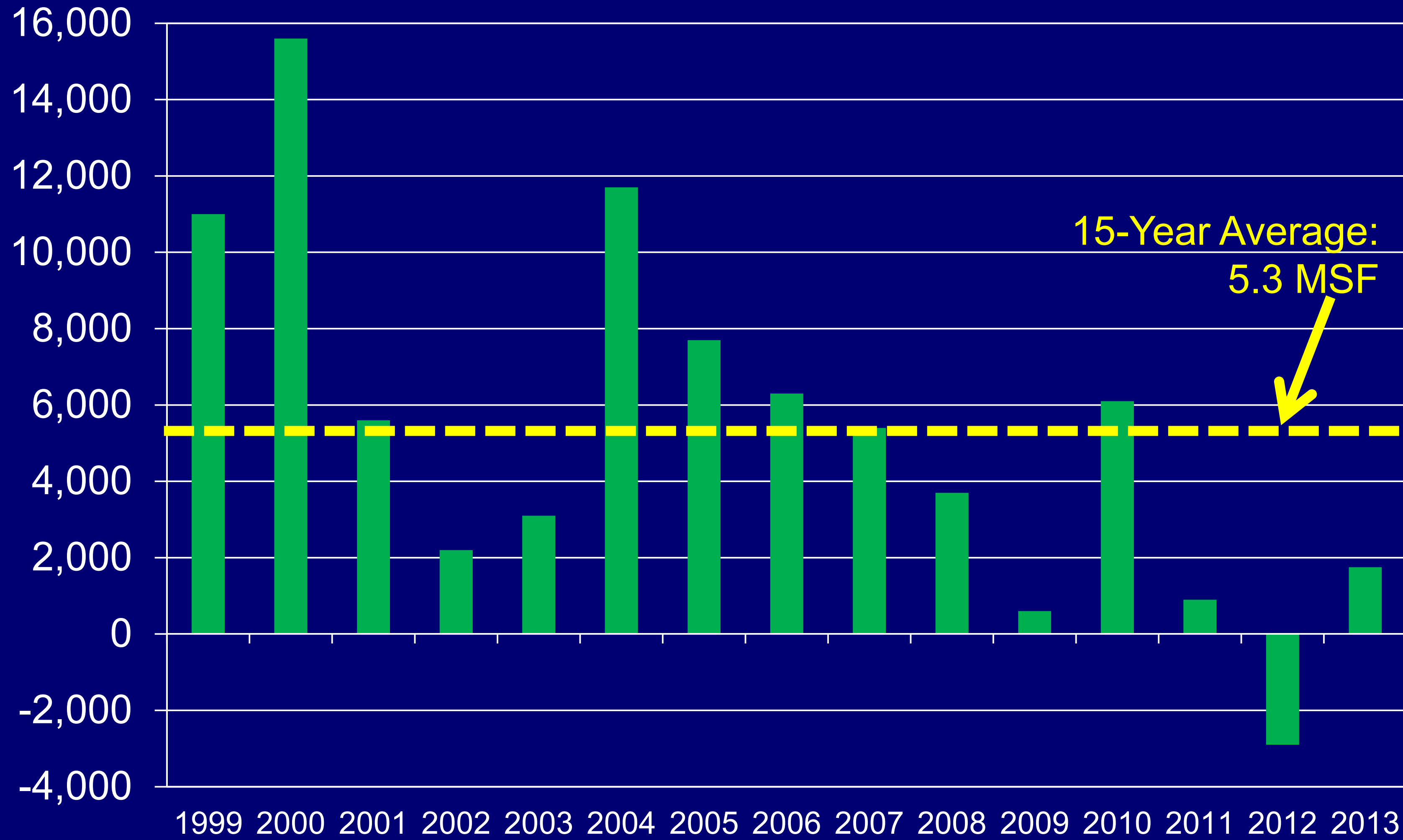
Multifamily Rental Housing Pipeline 1994 – 2013



Source: GMU Center for Regional Analysis

Regional office market is struggling; it's a bit better in District

Washington Metro Office Market
Net Office Absorption, 1999-present
(000s of SF)



Source: Delta Associates

Washington Area Office Market Profile Year End 2013

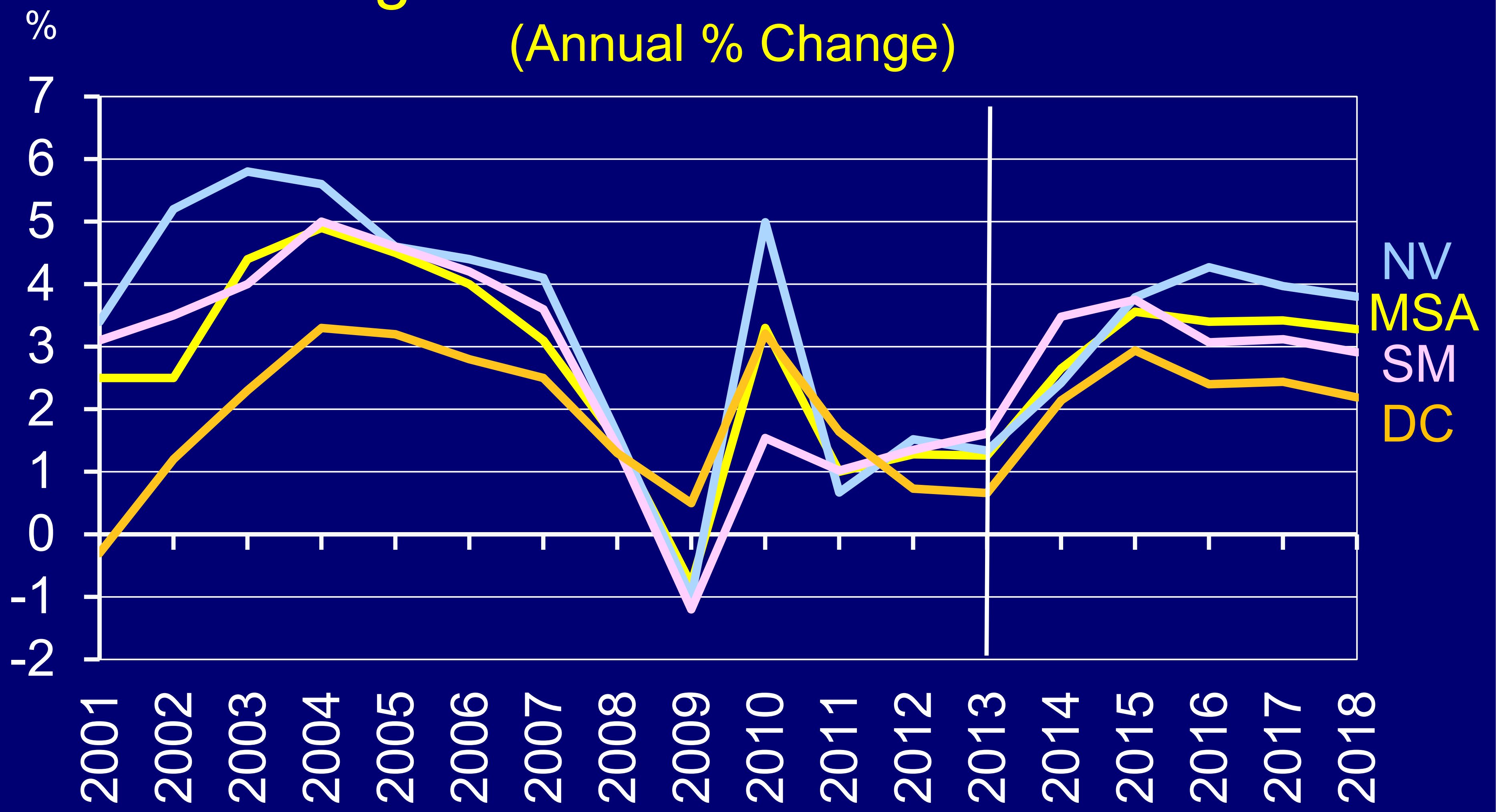
Area	Total Space (MSF)	Direct Vacancy Rate	MSF U/C or Renov.	2013 Net Absorption (000s)
District of Columbia	136.3	8.5%	2.4	744
Suburban Maryland	94.1	13.7%	1.3	235
Northern Virginia	190.4	14.5%	2.8	771
Region Total	**420.8**	**12.6%**	**6.4**	**1,750**

Source: Delta Associates

Outlook:
Growth will return, but will look different

Economic Outlook (GRP), 2001-2018
Washington Area and Sub-State Areas

(Annual % Change)



Source: GMU Center for Regional Analysis

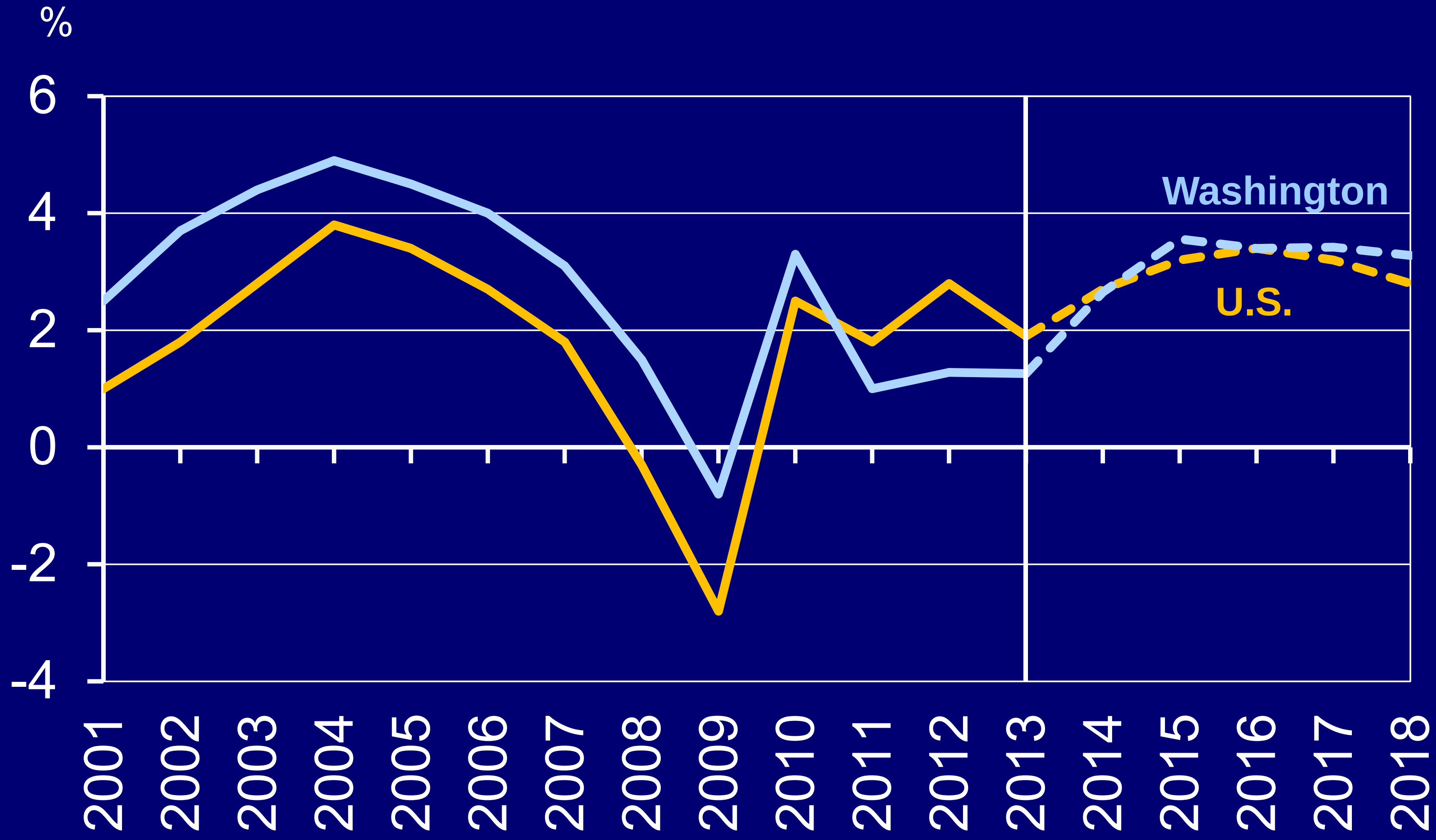
Employment Change in the WMSA by Sub-State Area (000s)

	2011	2012	2013	2014	2015	2016	2017	2018
D.C.	14.1	5.6	11.0	9.7	11.3	9.3	6.5	4.6
Sub. MD	4.4	4.8	6.7	18.1	22.7	20.0	14.3	12.2
No. VA	26.4	23.5	12.6	32.2	31.8	36.8	35.0	30.3
REGION	42.6	32.2	30.3	60.2	66.1	66.4	56.2	47.5

Average Annual Change 1990-2010 = 35,800

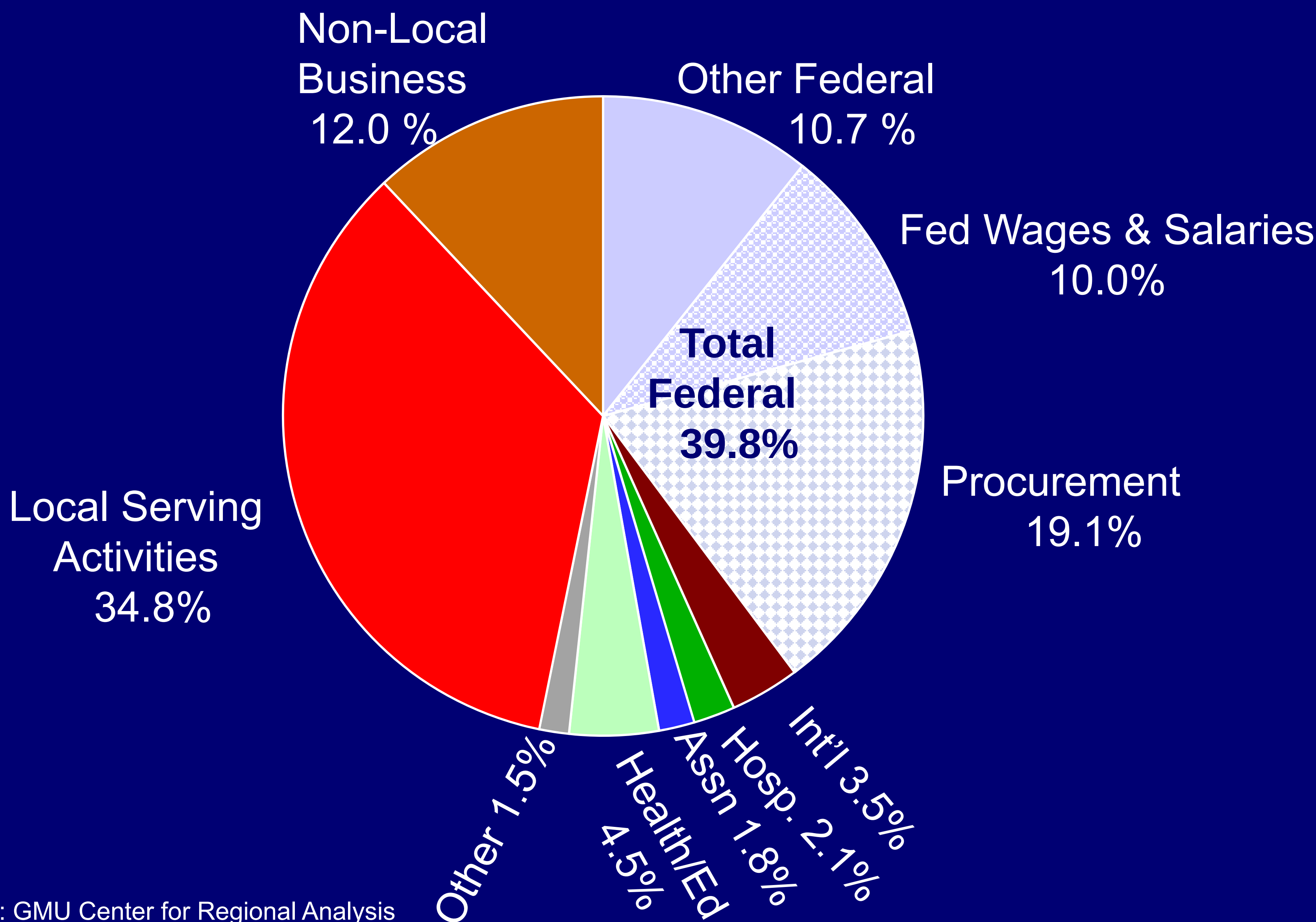
Source: BLS, IHS Global Insight, GMU Center for Regional Analysis
NOTE: The regional totals include Jefferson, WV.

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



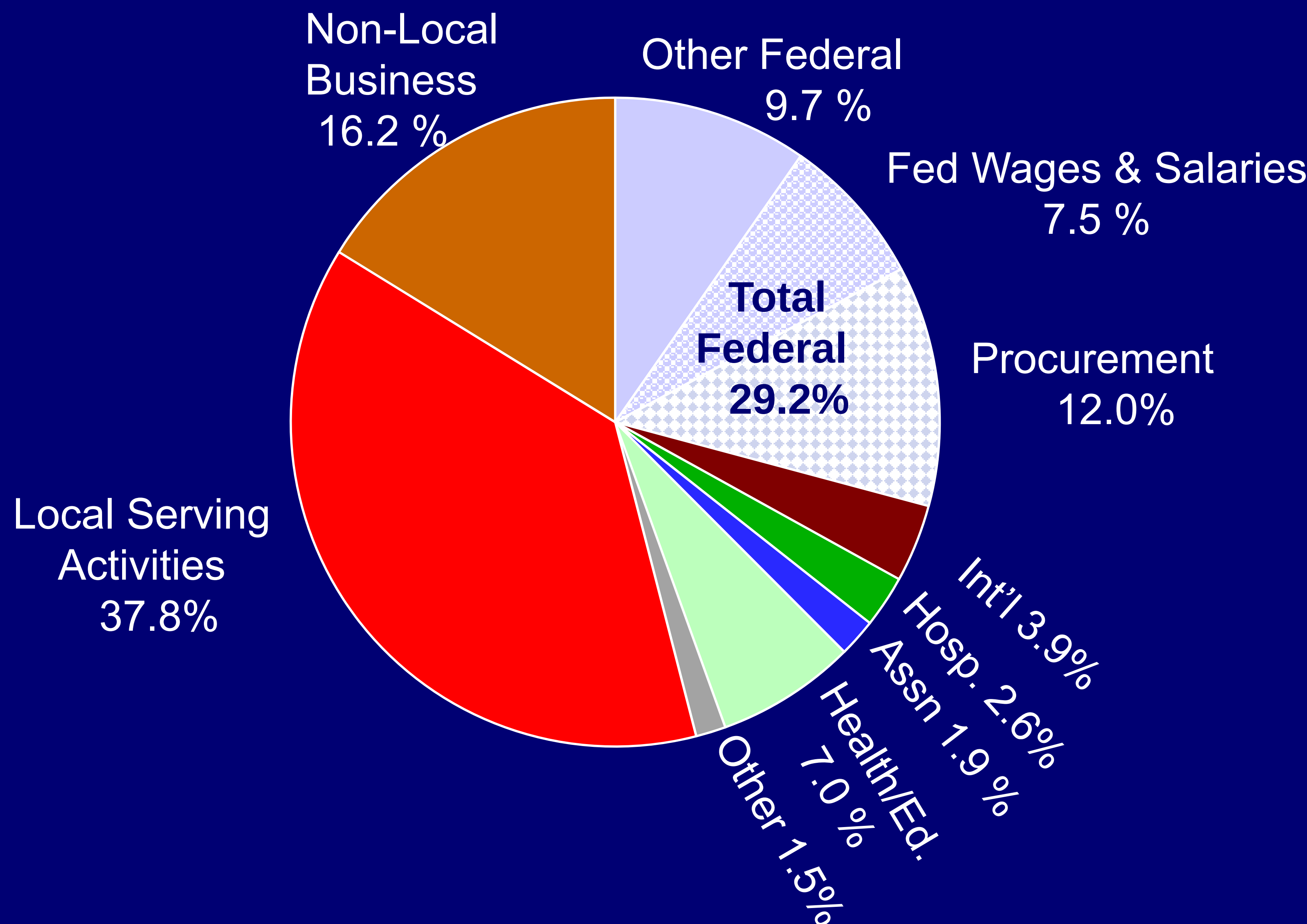
Source: IHS Global Insight, GMU Center for Regional Analysis

2010 Structure of the Greater Washington Economy



Source: GMU Center for Regional Analysis

2017 Structure of the Greater Washington Economy



Source: GMU Center for Regional Analysis

Economic forecasts for the Washington Area assume that:

(1) there will be a sufficient number of qualified workers to fill the jobs,

(2) there will be a sufficient supply of housing to house the future workforce at affordable costs, and

(3) the region will have the infrastructure required to support this future growth.

Estimated Housing Demand 2012-2032

	Single Family	Multi-Family	Total	Annual Average	% Multi-Family
DC	38,012	67,229	105,241	5,262	63.9%
Suburban MD	106,648	54,167	160,815	8,041	33.7%
Northern VA	197,575	81,430	279,005	13,950	29.2%
MSA Total	**344,624**	**203,674**	**548,298**	**27,415**	**37.1%**

Note: Assumes that all new residents will live and work in same jurisdiction
MSA Total includes Jefferson County, WV, so area totals do not add to MSA Total

Source: GMU Center for Regional Analysis

Housing Needs by Income/Price Range Washington MSA, 2012-2032

	LOW	MODERATE	HIGH	VERY HIGH
Household Income Range	<$50,000	$50,000 to $99,999	$100,000 to $149,999	$150,000+
Sale Price	<$200,000	$200,000 to 399,999	$400,000 to 599,999	$600,000+
Monthly Rent	<$1,250	$1,250 to 1,749	$1,750 to $2,249	$2,250+
Owner-Occupied	50,417	112,872	103,194	41,429
Renter-Occupied	106,044	93,444	35,166	5,733
Total Need	156,461	206,316	138,360	47,162
% of Total Demand	**29%**	**38%**	**25%**	**9%**

Source: Census Bureau and GMU Center for Regional Analysis

Thank You

Questions

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