

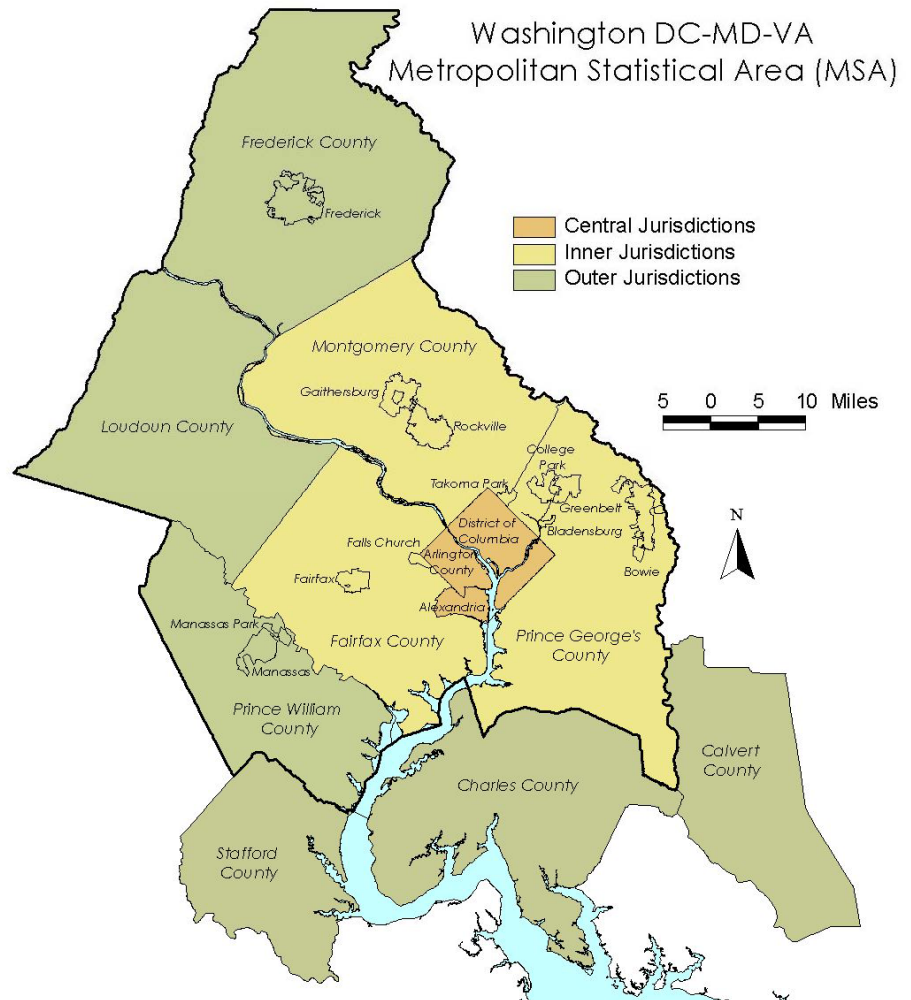
## in Metropolitan Washington: 2002-2006

### Welcome to Economic Trends in Metropolitan Washington!

This is an annual publication of the Metropolitan Washington Council of Governments. This year's report focuses on economic trends between the years 2002 and 2006, and is divided into sections covering population, employment, federal expenditures and obligations, labor force, construction, retail sales, mortgage rates and new home sales, personal income, inflation, and transportation.

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Throughout the report, information is presented at different levels of geographic specificity. These levels and their components are outlined below:

#### The Metropolitan Washington Council of Governments (COG) Region:

The 21 members of COG include the District of Columbia, Frederick County, Montgomery County, Prince George's County, and the Cities of Bowie, College Park, Frederick, Gaithersburg, Greenbelt, Rockville, and Takoma Park and the Town of Bladensburg in Maryland; and Arlington County, Fairfax County, Loudoun County, Prince William County, and the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park in Virginia.

#### The Washington DC-MD-VA Metropolitan Statistical Area (MSA) (see map):

As defined by the Office of Management and Budget (OMB) in 1983, extends beyond the membership of the COG to include Calvert and Charles counties in Maryland; and Stafford County in Virginia.

(Continued on back page)

# Executive Summary

## ECONOMIC TRENDS *AT A GLANCE*

### ■ POPULATION

The region grew by more than 288,900 people between 2002 and 2006. The majority of this growth occurred in the region's outer suburbs, which increased by 17.4 percent or 187,700 people. The inner suburbs, with the addition of 86,500 people, grew by 3.1 percent. The region's central jurisdictions gained 14,700 people, or 1.6 percent.

### ■ EMPLOYMENT

Between 2002 and 2006, the region added 169,875 jobs. As a result, the total number of jobs rose to 2.77 million in 2006. Between 2002 and 2006, more than 41 percent of total job growth occurred within the outer suburbs, followed by the inner suburbs with 40 percent and the central jurisdictions with 19 percent.

### ■ FEDERAL SPENDING

Federal spending in the Washington region increased to \$107.9 billion in FY 2004, up from \$97.1 billion in 2003. More than 48.9 percent, or \$52.8 billion, came in procurement contract awards which, for the sixth time, exceeded expenditures in the region for salaries and wages.

### ■ LABOR FORCE

Between 2002 and 2006, the civilian labor force in the Washington region increased by 220,600 people, to a total of 2,963,900. Of that number, 2,871,500 were employed and 92,400 were unemployed, putting the unemployment rate for the civilian labor force in the Washington region at 3.1 percent in 2006.

### ■ CONSTRUCTION

Commercial construction in the metropolitan Washington region increased during 2006, with developers breaking ground on more than 33.9 million square feet of space. In 2006, commercial construction in the region increased from the 2005 total of 24.4 million square feet, and was far below the 2000 total of 48.6 million. The number of new, privately owned housing units authorized in the region decreased from 32,849 in 2005 to 24,732 in 2006.

### ■ MORTGAGE RATES, HOME SALES, AND HOUSING-RELATED INFLATION

Mortgage rates continued to fall between 2002 and 2006 to a low of 6.4 percent in 2006 (fourth quarter). Average rates rose from 6.1 percent in 2005 to 6.6 percent in 2006. The number of homes sold in the region dropped dramatically between 2002 and 2006, from 93,186 units in 2002 to 80,691 units in 2006. The rate of change in the Consumer Price Index for housing in the Washington-Baltimore DC-MD-VA-WV CMSA increased from 3.8 percent between 2004 and 2005 to 4.4 percent between 2005 and 2006.

### ■ INFLATION

The rate of change in the Consumer Price Index for All Urban Consumers (CPI-U) for the Washington-Baltimore DC-MD-VA-WV CMSA increased 4.0 percent between 2004 and 2005 and increased by 3.6 percent between 2005 and 2006.

### ■ INCOME

Total personal income in the Washington region grew by an average annual rate of 5.6 percent between 2001 and 2005, leading to a 2005 total of \$245.1 billion. On a per capita basis, income varied greatly by jurisdiction, with a regional average of \$49,499.

### ■ RETAIL SALES

Retail sales in the region increased both in current and real terms between 2002 and 2006. The region's 2006 total of \$71.6 billion, when adjusted for inflation, was less than the total annual retail sales in 2005, \$72.2 billion, and more than the 2004 total of \$68.4 billion.

### ■ AIRLINE PASSENGERS

More than 62 million passengers flew into or out of the Washington region's three major airports in 2006, a 26.7 percent increase from 2002.

# Population

## Population of the Washington DC-MD-VA MSA, by Jurisdiction, 2002–2006

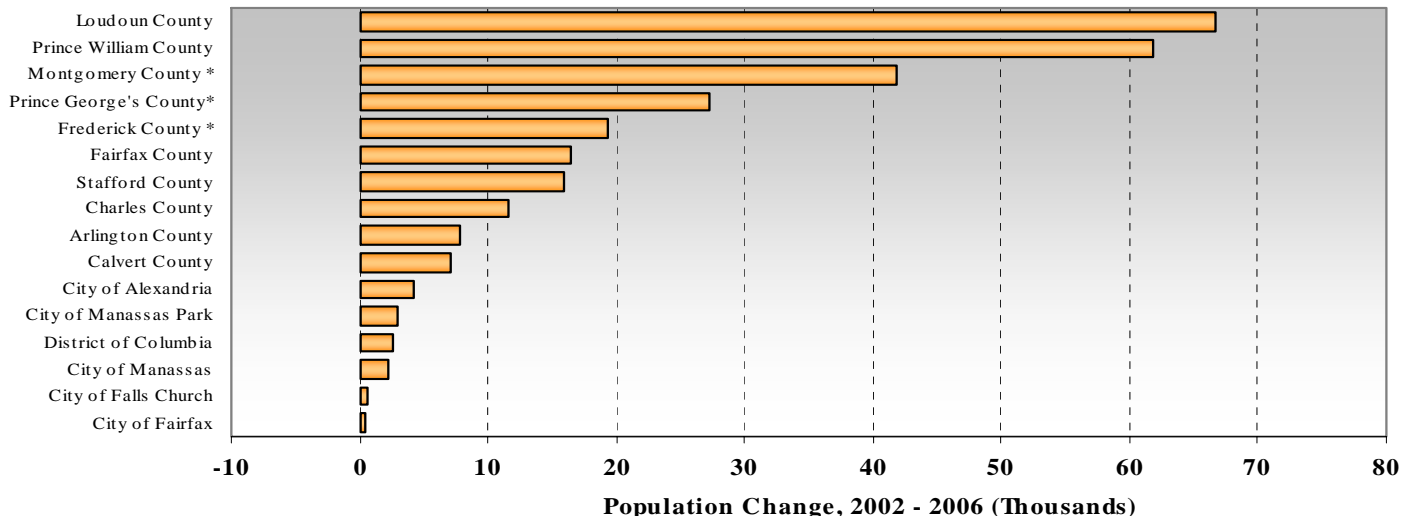
(Thousands of People)

The region grew by more than 288,900 people between 2002 and 2006. The majority of this growth occurred in the region's outer suburbs, which increased by 17.4 percent or 187,700 people. The inner suburbs, with the addition of 86,500 people, grew by 3.1 percent. The region's central jurisdictions gained 14,700 people, or 1.6 percent.

Despite the dramatic growth rate in the outer suburbs, the population remains anchored in the inner suburbs, where 57 percent of the region's population lives.

According to COG's Draft Round 7.1 Cooperative Forecasts, the inner suburbs will remain the most populous "ring" of the region. COG forecasts that in the year 2030, the region will hold nearly 6.6 million people (31.9 percent more than the 2005 population). Fifty-three percent of the 2030 population is expected to live in the inner suburbs.

| JURISDICTIONS                | Year           |                |                |                |                | Change 2002 - 2006 |              |
|------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------|
|                              | 2002           | 2003           | 2004           | 2005           | 2006           | Number             | Percentage   |
| <b>District of Columbia</b>  | <b>578.9</b>   | <b>577.5</b>   | <b>579.7</b>   | <b>582.0</b>   | <b>581.5</b>   | <b>2.6</b>         | <b>0.5%</b>  |
| Calvert County               | 80.9           | 84.1           | 86.5           | 86.8           | 88.0           | 7.1                | 8.8%         |
| Charles County               | 129.0          | 133.1          | 135.8          | 137.4          | 140.6          | 11.6               | 9.0%         |
| Frederick County             | 209.0          | 214.3          | 218.8          | 223.0          | 228.4          | 19.4               | 9.3%         |
| City of Frederick*           | 54.9           | 56.8           | 58.5           | 59.1           | 60.7           | 5.8                | 10.6%        |
| Montgomery County            | 910.2          | 924.0          | 934.0          | 942.0          | 952.0          | 41.8               | 4.6%         |
| City of Gaithersburg*        | 54.0           | 56.1           | 58.4           | 58.7           | 58.6           | 4.6                | 8.5%         |
| City of Rockville*           | 51.5           | 55.2           | 58.0           | 59.6           | 60.1           | 8.6                | 16.8%        |
| City of Takoma Park*         | 17.3           | 17.3           | 17.3           | 17.3           | 17.3           | 0.0                | 0.0%         |
| Prince George's County       | 833.1          | 838.7          | 843.0          | 852.9          | 860.3          | 27.2               | 3.3%         |
| City of Bowie*               | 52.7           | 52.7           | 54.6           | 54.6           | 54.6           | 1.9                | 3.6%         |
| City of College Park*        | 26.4           | 26.6           | 27.2           | 27.2           | 28.3           | 1.9                | 7.2%         |
| City of Greenbelt*           | 20.8           | 20.8           | 20.8           | 20.9           | 20.9           | 0.1                | 0.3%         |
| Town of Bladensburg*         | 7.7            | 7.7            | 7.7            | 7.7            | 7.7            | 0.0                | 0.0%         |
| <b>Maryland Suburbs</b>      | <b>2,162.2</b> | <b>2,194.2</b> | <b>2,218.1</b> | <b>2,242.2</b> | <b>2,269.3</b> | <b>107.1</b>       | <b>5.0%</b>  |
| Arlington County             | 193.2          | 195.9          | 197.4          | 199.3          | 201.0          | 7.8                | 4.0%         |
| City of Alexandria           | 134.0          | 135.0          | 134.0          | 137.0          | 138.3          | 4.3                | 3.2%         |
| Fairfax County               | 994.0          | 998.1          | 1,003.5        | 1,010.0        | 1,010.4        | 16.5               | 1.7%         |
| City of Fairfax              | 22.1           | 22.5           | 22.3           | 22.4           | 22.5           | 0.4                | 1.7%         |
| City of Falls Church         | 10.5           | 10.5           | 10.5           | 10.5           | 11.1           | 0.6                | 5.7%         |
| Loudoun County               | 196.3          | 211.1          | 228.3          | 242.0          | 263.0          | 66.7               | 34.0%        |
| Prince William County        | 309.4          | 321.6          | 336.8          | 354.4          | 371.2          | 61.8               | 20.0%        |
| City of Manassas             | 35.9           | 36.3           | 36.5           | 37.0           | 38.1           | 2.2                | 6.0%         |
| City of Manassas Park        | 10.9           | 11.6           | 12.5           | 13.3           | 13.9           | 3.0                | 27.5%        |
| Stafford County              | 104.2          | 109.2          | 114.4          | 118.0          | 120.2          | 16.0               | 15.3%        |
| <b>Virginia Suburbs</b>      | <b>2,010.5</b> | <b>2,051.8</b> | <b>2,096.2</b> | <b>2,143.9</b> | <b>2,189.6</b> | <b>179.1</b>       | <b>8.9%</b>  |
| <b>MSA Total</b>             | <b>4,751.6</b> | <b>4,823.5</b> | <b>4,894.0</b> | <b>4,968.1</b> | <b>5,040.4</b> | <b>288.9</b>       | <b>6.1%</b>  |
| <b>Central Jurisdictions</b> | <b>906.1</b>   | <b>908.4</b>   | <b>911.1</b>   | <b>918.3</b>   | <b>920.8</b>   | <b>14.7</b>        | <b>1.6%</b>  |
| <b>Inner Suburbs</b>         | <b>2,769.9</b> | <b>2,793.8</b> | <b>2,813.3</b> | <b>2,837.8</b> | <b>2,856.3</b> | <b>86.5</b>        | <b>3.1%</b>  |
| <b>Outer Suburbs</b>         | <b>1,075.6</b> | <b>1,121.3</b> | <b>1,169.6</b> | <b>1,211.9</b> | <b>1,263.3</b> | <b>187.7</b>       | <b>17.4%</b> |

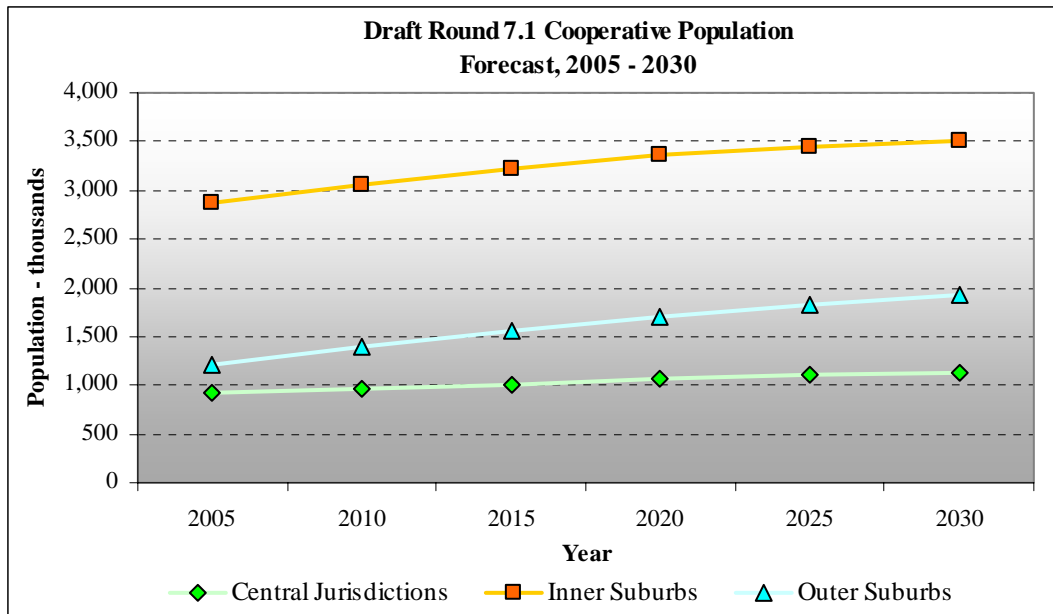


Sources: Census Bureau annual population estimates for the District of Columbia, Stafford County, and Fairfax County; Census 2000 population count for Takoma Park and Bladensburg; local government estimates for all other jurisdictions.  
\* Persons in Maryland cities are included in appropriate county totals.

# Population

Summary of Forecast of Population, by Jurisdiction,  
 Draft Round 7.1 Cooperative Forecasts for the Washington DC-MD-VA MSA  
 (Thousands of People)

| JURISDICTIONS                | Year           |                |                |                |                |                | Change 2005 - 2030 |              |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------|
|                              | 2005           | 2010           | 2015           | 2020           | 2025           | 2030           | Number             | Percentage   |
| <b>District of Columbia</b>  | <b>577.8</b>   | <b>601.1</b>   | <b>626.6</b>   | <b>665.2</b>   | <b>703.7</b>   | <b>714.1</b>   | <b>136.2</b>       | <b>23.6%</b> |
| Calvert County               | 82.8           | 91.0           | 93.5           | 96.0           | 98.3           | 101.4          | 18.6               | 22.5%        |
| Charles County               | 138.0          | 147.4          | 162.3          | 177.2          | 193.1          | 204.2          | 66.2               | 48.0%        |
| Frederick County             | 220.9          | 243.2          | 265.6          | 287.9          | 310.4          | 339.7          | 118.8              | 53.8%        |
| Montgomery County            | 938.0          | 990.0          | 1,035.0        | 1,075.0        | 1,112.0        | 1,145.8        | 207.0              | 22.1%        |
| City of Rockville a/         | 59.6           | 67.5.3         | 73.7           | 74.0           | 74.6           | 74.7           | 15.1               | 25.4%        |
| Prince George's County       | 852.9          | 900.8          | 936.9          | 961.6          | 979.8          | 992.9          | 140.0              | 16.4%        |
| <b>Maryland Suburbs</b>      | <b>2,232.6</b> | <b>2,372.4</b> | <b>2,493.2</b> | <b>2,597.7</b> | <b>2,693.6</b> | <b>2,783.2</b> | <b>550.6</b>       | <b>24.7%</b> |
| Arlington County             | 199.3          | 217.2          | 226.9          | 235.8          | 239.7          | 242.5          | 43.2               | 21.7%        |
| City of Alexandria           | 135.9          | 142.6          | 149.8          | 156.2          | 163.7          | 171.1          | 35.2               | 25.9%        |
| Fairfax County b/            | 1,043.7        | 1,135.5        | 1,214.4        | 1,278.8        | 1,306.6        | 1,334.0        | 290.3              | 27.8%        |
| City of Fairfax              | 22.1           | 23.5           | 25.0           | 25.6           | 25.7           | 26.5           | 4.4                | 19.8%        |
| City of Falls Church         | 10.6           | 12.3           | 13.9           | 14.7           | 14.9           | 15.4           | 4.8                | 45.4%        |
| Loudoun County               | 247.3          | 301.1          | 354.1          | 409.9          | 449.0          | 468.5          | 221.2              | 89.4%        |
| Prince William County        | 349.4          | 415.8          | 463.4          | 491.5          | 523.7          | 555.0          | 205.6              | 58.9%        |
| City of Manassas             | 37.6           | 38.6           | 40.3           | 40.8           | 41.2           | 41.9           | 4.2                | 11.3%        |
| City of Manassas Park        | 12.9           | 15.0           | 15.8           | 16.5           | 16.7           | 16.8           | 4.0                | 30.7%        |
| Stafford County c/           | 117.8          | 135.3          | 155.1          | 175.0          | 193.6          | 210.9          | 93.1               | 79.0%        |
| <b>Virginia Suburbs</b>      | <b>2,176.5</b> | <b>2,436.9</b> | <b>2,658.6</b> | <b>2,844.8</b> | <b>2,974.7</b> | <b>3,082.6</b> | <b>906.0</b>       | <b>41.6%</b> |
| <b>MSA Total</b>             | <b>4,986.9</b> | <b>5,410.4</b> | <b>5,778.4</b> | <b>6,107.7</b> | <b>6,372.0</b> | <b>6,579.8</b> | <b>1,592.9</b>     | <b>31.9%</b> |
| <b>Central Jurisdictions</b> | <b>912.9</b>   | <b>960.9</b>   | <b>1,003.2</b> | <b>1,057.2</b> | <b>1,107.0</b> | <b>1,127.6</b> | <b>214.7</b>       | <b>23.5%</b> |
| <b>Inner Suburbs</b>         | <b>2,867.3</b> | <b>3,062.1</b> | <b>3,225.2</b> | <b>3,355.7</b> | <b>3,439.1</b> | <b>3,513.8</b> | <b>646.5</b>       | <b>22.5%</b> |
| <b>Outer Suburbs</b>         | <b>1,206.7</b> | <b>1,387.4</b> | <b>1,550.0</b> | <b>1,694.7</b> | <b>1,826.0</b> | <b>1,938.4</b> | <b>731.7</b>       | <b>60.6%</b> |



Source: COG, Draft Round 7.1 Cooperative Forecasts. Draft Round 7.1 was approved by the Metropolitan Development Policy Committee, March 14, 2007.

a/ Included in Montgomery County total.

b/ Includes Fairfax County group quarters population at the Fairfax County Public Safety Center.

c/ Source: GWRC/FAMPO Regional Demographic Control Forecasts for 2035 CLRP, January 2007.

# Employment

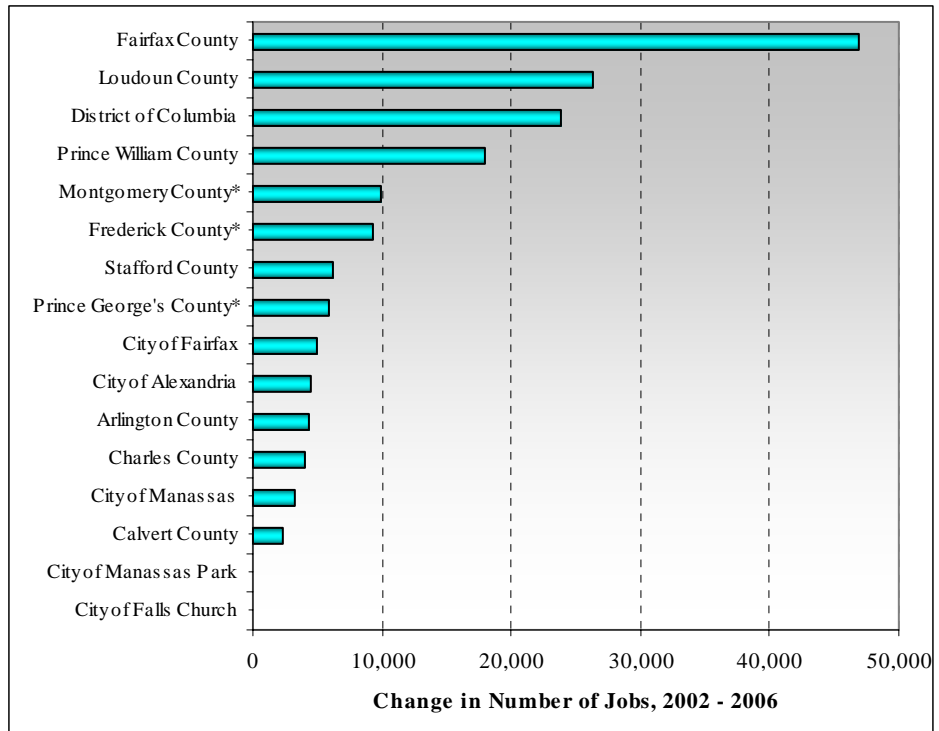
At-Place Employment in the Washington DC-MD-VA MSA, by Jurisdiction, 2002 - 2006

| JURISDICTIONS                | Year             |                  |                  |                  |                  | Change 2002 - 2006 |
|------------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
|                              | 2002             | 2003             | 2004             | 2005             | 2006*            |                    |
| <b>District of Columbia</b>  | <b>664,300</b>   | <b>665,500</b>   | <b>674,200</b>   | <b>682,300</b>   | <b>688,200</b>   | <b>23,900</b>      |
| Calvert County               | 19,506           | 19,915           | 20,705           | 20,810           | 21,421           | 2,365              |
| Charles County               | 37,669           | 38,523           | 39,766           | 40,769           | 41,657           | 3,988              |
| Frederick County             | 82,260           | 86,168           | 89,521           | 91,079           | 91,552           | 9,292              |
| Montgomery County            | 453,145          | 449,909          | 448,782          | 458,668          | 462,996          | 9,851              |
| Prince George's County       | 305,229          | 311,428          | 312,994          | 312,639          | 311,174          | 5,945              |
| <b>Maryland Suburbs</b>      | <b>897,359</b>   | <b>905,943</b>   | <b>911,768</b>   | <b>923,965</b>   | <b>928,800</b>   | <b>31,441</b>      |
| Arlington County             | 153,312          | 150,155          | 154,820          | 154,078          | 157,587          | 4,275              |
| City of Alexandria           | 89,369           | 91,006           | 92,926           | 93,717           | 93,924           | 4,555              |
| Fairfax County               | 525,405          | 532,969          | 544,110          | 564,968          | 572,349          | 46,944             |
| City of Fairfax              | 18,181           | 18,323           | 23,924           | 23,627           | 23,119           | 4,938              |
| City of Falls Church         | 14,506           | 14,168           | 14,459           | 14,609           | 14,569           | 63                 |
| Loudoun County               | 98,311           | 103,739          | 112,446          | 119,844          | 124,592          | 26,281             |
| Prince William County        | 85,704           | 88,634           | 95,710           | 100,515          | 103,613          | 17,909             |
| City of Manassas             | 21,352           | 21,427           | 23,080           | 24,404           | 24,635           | 3,283              |
| City of Manassas Park        | 3,801            | 3,779            | 3,682            | 3,830            | 3,950            | 149                |
| Stafford County              | 25,820           | 26,108           | 28,779           | 30,342           | 31,957           | 6,137              |
| <b>Virginia Suburbs</b>      | <b>1,035,761</b> | <b>1,050,308</b> | <b>1,093,936</b> | <b>1,129,934</b> | <b>1,150,295</b> | <b>114,534</b>     |
| <b>MSA Total</b>             | <b>2,597,420</b> | <b>2,621,751</b> | <b>2,679,904</b> | <b>2,736,199</b> | <b>2,767,295</b> | <b>169,875</b>     |
| <b>Central Jurisdictions</b> | 906,981          | 906,661          | 921,946          | 930,095          | 939,711          | 32,730             |
| <b>Inner Suburbs</b>         | 1,316,466        | 1,326,797        | 1,344,269        | 1,374,511        | 1,384,207        | 67,741             |
| <b>Outer Suburbs</b>         | 373,973          | 388,293          | 413,689          | 431,593          | 443,377          | 69,404             |

Between 2002 and 2006, the region added 169,875 jobs. As a result, the total number of jobs rose to 2.77 million in 2006.

Between 2002 and 2006, more than 41 percent of the total job growth occurred within the outer suburbs, followed by the inner suburbs with 40 percent and the central jurisdictions with 19 percent. More than 50 percent of the region's jobs, 1.4 million, remain in the inner suburbs. During the same time period, 57 percent of the region's job growth occurred in three jurisdictions: Fairfax County (46,944), Loudoun County (26,281 jobs), and the District of Columbia (23,900 jobs).

According to COG's Draft Round 7.1 Co-operative Forecasts, the inner suburbs and central jurisdictions will remain the region's employment center. In the year 2030, 30 percent of all jobs will be in the central jurisdictions, around 50 percent in the inner suburbs, and 20 percent in the outer suburbs.



Source: Compiled by COG from the District of Columbia Department of Employment Services, Labor Market Information Staff; Maryland Department of Labor, Licensing and Regulation, Employment and Payrolls Reports; Virginia Employment Commission, Economic Information Services Division. Figures do not include estimates of military personnel, self-employed, and other workers. Figures may not sum to total due to rounding.

Persons in Maryland cities are included in appropriate county totals.

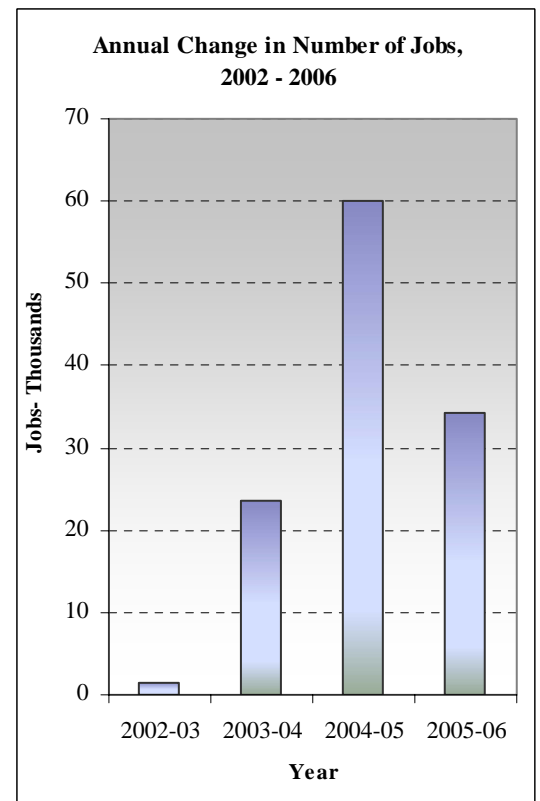
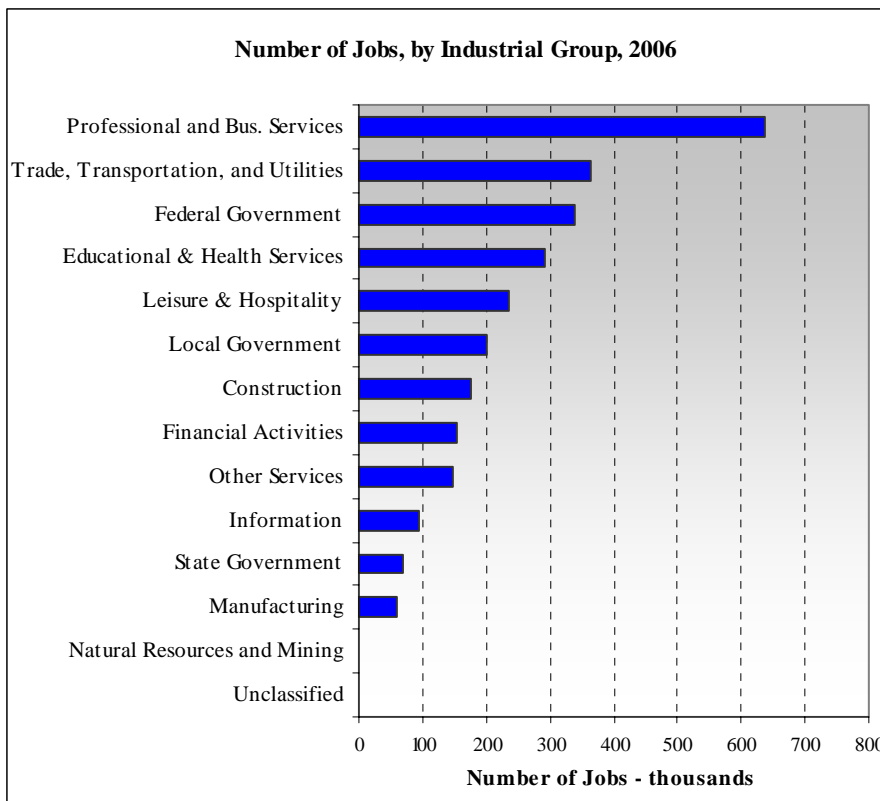
\*2006 Figures for Maryland and Virginia jurisdictions are estimates based on the first three quarters.



# Employment

At-Place Employment in the Washington DC-MD-VA MSA, by Industrial Group, 2002 - 2006

| NAICS -<br>INDUSTRIAL GROUP        | Year             |                  |                  |                  |                  | Change 2002 - 2006 |             |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|-------------|
|                                    | 2002             | 2003             | 2004             | 2005             | 2006*            | Number             | Percentage  |
| Natural Resources & Mining         | 1,413            | 1,513            | 1,571            | 1,652            | 1,703            | 290                | 20.5%       |
| Manufacturing                      | 65,027           | 61,121           | 60,138           | 59,643           | 58,420           | -6,607             | -10.2%      |
| Construction                       | 153,888          | 156,252          | 163,151          | 169,953          | 174,879          | 20,991             | 13.6%       |
| Trade, Transportation & Utilities  | 359,934          | 361,401          | 366,482          | 371,225          | 365,364          | 5,430              | 1.5%        |
| Information                        | 112,653          | 106,403          | 104,953          | 97,634           | 95,496           | -17,157            | -15.2%      |
| Financial Activities               | 145,522          | 150,267          | 149,804          | 153,778          | 153,248          | 7,726              | 5.3%        |
| Professional and Business Services | 550,678          | 562,996          | 587,323          | 613,742          | 636,691          | 86,013             | 15.6%       |
| Educational & Health Services      | 268,771          | 271,006          | 278,041          | 284,646          | 290,639          | 21,868             | 8.1%        |
| Leisure & Hospitality              | 213,988          | 220,039          | 227,342          | 234,071          | 234,667          | 20,679             | 9.7%        |
| Other Services                     | 140,121          | 141,957          | 144,964          | 145,792          | 146,978          | 6,857              | 4.9%        |
| Federal Government                 | 331,988          | 333,440          | 336,367          | 337,736          | 339,417          | 7,429              | 2.2%        |
| Local Government                   | 185,587          | 189,966          | 192,857          | 197,588          | 200,394          | 14,807             | 8.0%        |
| State Government                   | 66,193           | 64,560           | 65,927           | 67,922           | 68,715           | 2,552              | 3.9%        |
| Unclassified                       | 1,687            | 830              | 984              | 817              | 684              | -1,003             | -56.5%      |
| <b>Total</b>                       | <b>2,597,420</b> | <b>2,621,751</b> | <b>2,679,904</b> | <b>2,736,199</b> | <b>2,767,295</b> | <b>169,875</b>     | <b>6.5%</b> |



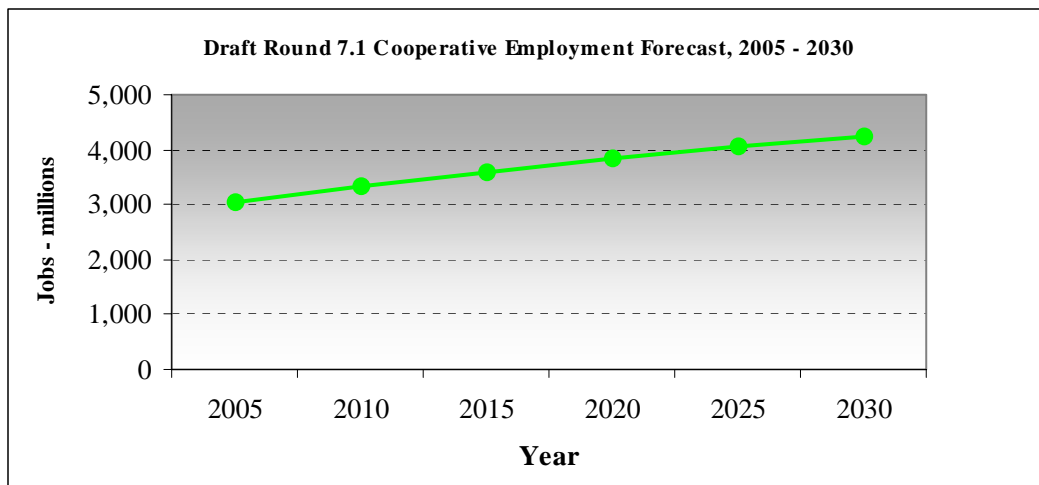
Source: Compiled by COG from the District of Columbia Department of Employment Services, Labor Market Information Staff; Maryland Department of Labor, Licensing and Regulation, Employment and Payrolls Reports; Virginia Employment Commission, Economic Information Services Division. Figures do not include estimates of military personnel, self-employed, and other workers. Figures may not sum to total due to rounding.

\*2006 Figures for Maryland and Virginia jurisdictions are estimates based on the first three quarters.

# Employment

**Summary of Forecast of Employment, by Jurisdiction**  
**Draft Round 7.1 Cooperative Forecast for the Washington DC-MD-VA MSA**  
 (Thousands of Jobs)

| JURISDICTIONS                | Year           |                |                |                |                |                | Change 2005 - 2030 |              |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------|
|                              | 2005           | 2010           | 2015           | 2020           | 2025           | 2030           | Number             | Percentage   |
| <b>District of Columbia</b>  | <b>745.3</b>   | <b>783.7</b>   | <b>818.8</b>   | <b>844.3</b>   | <b>869.0</b>   | <b>881.4</b>   | <b>136.1</b>       | <b>18.3%</b> |
| Calvert County a/            | 29.4           | 32.9           | 33.7           | 34.5           | 35.1           | 35.6           | 6.2                | 21.1%        |
| Charles County               | 56.5           | 62.9           | 64.8           | 66.8           | 67.9           | 69.1           | 12.6               | 22.4%        |
| Frederick County             | 122.2          | 142.4          | 151.5          | 158.3          | 163.5          | 167.3          | 45.1               | 36.9%        |
| Montgomery County b/         | 500.0          | 545.0          | 580.0          | 615.0          | 645.0          | 670.0          | 170.0              | 34.0%        |
| City of Rockville c/         | 78.7           | 94.1           | 103.3          | 104.9          | 108.2          | 108.8          | 30.1               | 38.3%        |
| Prince George's County       | 347.9          | 365.4          | 389.1          | 420.4          | 461.9          | 518.4          | 170.5              | 49.0%        |
| <b>Maryland Suburbs</b>      | <b>1,055.9</b> | <b>1,148.6</b> | <b>1,219.1</b> | <b>1,295.0</b> | <b>1,373.4</b> | <b>1,460.3</b> | <b>404.4</b>       | <b>38.3%</b> |
| Arlington County             | 194.9          | 215.4          | 217.6          | 241.8          | 251.8          | 258.4          | 63.5               | 32.6%        |
| City of Alexandria           | 105.7          | 107.9          | 119.3          | 124.5          | 134.7          | 141.5          | 35.8               | 33.8%        |
| Fairfax County               | 604.0          | 683.6          | 741.5          | 782.2          | 819.3          | 847.6          | 243.6              | 40.3%        |
| City of Fairfax d/           | 29.2           | 31.3           | 33.3           | 35.3           | 37.3           | 39.3           | 10.1               | 34.6%        |
| City of Falls Church         | 9.5            | 11.8           | 15.1           | 17.8           | 19.9           | 20.3           | 10.8               | 113.7%       |
| Loudoun County               | 130.3          | 166.9          | 203.8          | 241.3          | 270.4          | 290.7          | 160.4              | 123.1%       |
| Prince William County        | 111.6          | 128.6          | 143.7          | 159.1          | 173.5          | 186.0          | 74.4               | 66.7%        |
| City of Manassas             | 23.3           | 24.6           | 26.2           | 26.3           | 26.6           | 26.8           | 3.5                | 15.0%        |
| City of Manassas Park        | 3.0            | 4.5            | 4.6            | 4.7            | 4.8            | 4.9            | 2.0                | 66.3%        |
| Stafford County e/           | 38.3           | 44.1           | 52.4           | 57.1           | 62.3           | 67.9           | 29.6               | 77.3%        |
| <b>Virginia Suburbs</b>      | <b>1,249.8</b> | <b>1,418.6</b> | <b>1,557.6</b> | <b>1,690.2</b> | <b>1,800.6</b> | <b>1,883.5</b> | <b>633.7</b>       | <b>50.7%</b> |
| <b>MSA Total</b>             | <b>3,051.0</b> | <b>3,350.9</b> | <b>3,595.4</b> | <b>3,829.5</b> | <b>4,043.0</b> | <b>4,225.3</b> | <b>1,174.3</b>     | <b>38.5%</b> |
| <b>Central Jurisdictions</b> | <b>1,045.9</b> | <b>1,107.0</b> | <b>1,155.7</b> | <b>1,210.7</b> | <b>1,255.5</b> | <b>1,281.3</b> | <b>235.4</b>       | <b>22.5%</b> |
| <b>Inner Suburbs</b>         | <b>1,490.6</b> | <b>1,637.0</b> | <b>1,759.1</b> | <b>1,870.6</b> | <b>1,983.4</b> | <b>2,095.6</b> | <b>605.0</b>       | <b>40.6%</b> |
| <b>Outer Suburbs</b>         | <b>514.5</b>   | <b>606.9</b>   | <b>680.6</b>   | <b>748.2</b>   | <b>804.0</b>   | <b>848.3</b>   | <b>333.9</b>       | <b>64.9%</b> |



Source: COG, Draft Round 7.1 Cooperative Forecasts. Draft Round 7.1 was approved by the Metropolitan Development Policy Committee on March 14, 2007.

Includes forecasts of military, self-employed, mining, and other jobs.

a/ Tri-County Council for Southern Maryland develops ten-year incremental population, housing unit, and employment forecasts for Calvert County, Charles County, and St. Mary's County.

b/ Forecasts for years 2005 to 2030 include all of Takoma Park.

c/ Included in Montgomery County total.

d/ Forecasts for all years do not include Fairfax County Government employees (+/- 2,000 jobs) working at the Fairfax County Public Safety Center.

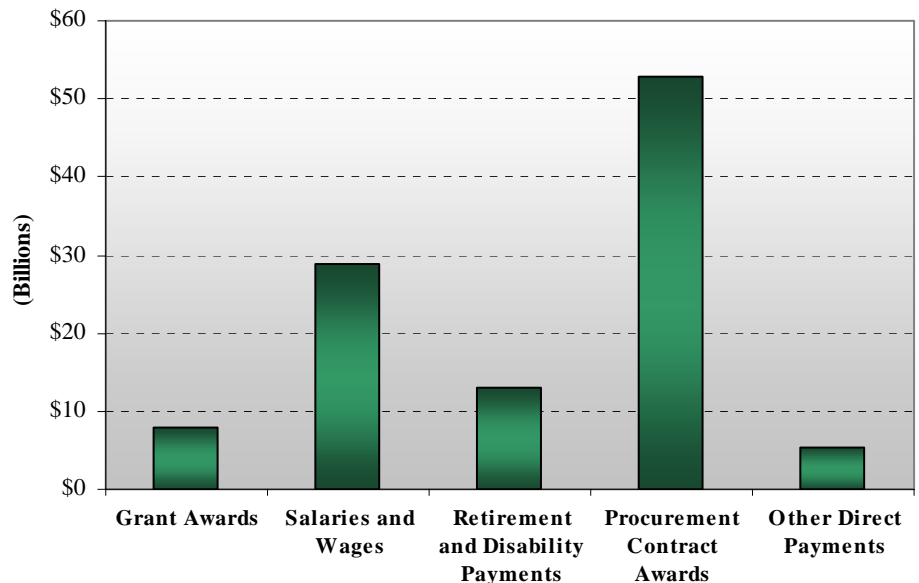
e/ Source: GWRC/FAMPO Regional Demographic Control Forecasts for 2035 CLR, January 2007.

# Federal Spending

Federal spending in the Washington region increased to \$107.9 billion in FY 2004, from \$97.1 billion in 2003. More than 48.9 percent, or \$52.8 billion, came in procurement contract awards which, for the sixth time, exceeded expenditures in the region for salaries and wages. More than 31.0 percent of the region's federal spending was from the Department of Defense.

Northern Virginia was home to more federal spending than either the District of Columbia or suburban Maryland, with more than half of the Northern Virginia total going to procurement contract awards. The District of Columbia received a large percentage of its federal funds from procurement and salaries and wages, while suburban Maryland's total was split among procurement, direct payments to individuals, and salaries and wages.

Federal Spending for Selected Categories, FY 2004



Direct Federal Expenditures and Obligations in the Washington DC-MD-VA MSA, by Jurisdiction, FY 2004 (Thousands of Dollars)

| JURISDICTIONS                | Grant Awards       | Salaries and Wages  | Retirement and Disability Payments | Procurement Contract Awards | Other Direct Payments | Total                | 2004 Total            |                     |
|------------------------------|--------------------|---------------------|------------------------------------|-----------------------------|-----------------------|----------------------|-----------------------|---------------------|
|                              |                    |                     |                                    |                             |                       |                      | Department of Defense | Non-Defense         |
| <b>District of Columbia</b>  | <b>\$4,204,862</b> | <b>\$15,525,884</b> | <b>\$1,882,456</b>                 | <b>\$13,346,641</b>         | <b>\$2,669,812</b>    | <b>\$37,629,655</b>  | <b>\$5,263,567</b>    | <b>\$32,366,088</b> |
| Calvert County               | 41,620             | 17,187              | 222,032                            | 14,324                      | 59,853                | \$355,016            | 43,712                | 311,304             |
| Charles County               | 82,750             | 162,000             | 382,184                            | 94,454                      | 93,525                | \$814,913            | 274,418               | 540,495             |
| Frederick County             | 329,038            | 232,429             | 473,135                            | 775,537                     | 136,944               | \$1,947,083          | 479,193               | 1,467,890           |
| Montgomery County            | 1,236,471          | 3,541,317           | 2,248,486                          | 7,510,566                   | 757,555               | \$15,294,395         | 2,661,203             | 12,633,192          |
| Prince George's County       | 801,235            | 2,264,601           | 2,190,784                          | 4,450,116                   | 665,731               | \$10,372,467         | 1,969,988             | 8,402,479           |
| <b>Maryland Suburbs</b>      | <b>\$2,491,114</b> | <b>\$6,217,534</b>  | <b>\$5,516,621</b>                 | <b>\$12,844,997</b>         | <b>\$1,713,608</b>    | <b>\$28,783,874</b>  | <b>\$5,428,514</b>    | <b>\$23,355,360</b> |
| Arlington County             | 194,928            | 3,629,849           | 515,536                            | 5,220,181                   | 164,827               | \$9,725,321          | 4,815,156             | 4,910,165           |
| City of Alexandria           | 242,999            | 684,388             | 646,989                            | 2,358,698                   | 171,790               | \$4,104,864          | 2,438,592             | 1,666,272           |
| Fairfax County               | 450,698            | 1,369,521           | 2,395,603                          | 12,820,256                  | 347,299               | \$17,383,377         | 9,796,914             | 7,586,463           |
| City of Fairfax              | 100,652            | 76,424              | 359,972                            | 2,450,710                   | 58,123                | \$3,045,881          | 1,616,453             | 1,429,428           |
| City of Falls Church         | 23,750             | 337,082             | 91,119                             | 1,065,595                   | 47,468                | \$1,565,014          | 859,424               | 705,590             |
| Loudoun County               | 43,184             | 355,324             | 358,691                            | 1,485,974                   | 52,371                | \$2,295,544          | 1,364,941             | 930,603             |
| Prince William County        | 125,218            | 637,253             | 694,292                            | 381,686                     | 76,230                | \$1,914,679          | 1,118,016             | 796,663             |
| City of Manassas             | 51,954             | 49,386              | 164,704                            | 766,104                     | 31,640                | \$1,063,788          | 730,504               | 333,284             |
| City of Manassas Park        | 10,354             | 4,663               | 3,460                              | 2,168                       | 521                   | \$21,166             | 5,657                 | 15,509              |
| Stafford County              | 28,873             | 59,100              | 238,011                            | 7,352                       | 28,736                | \$362,072            | 89,806                | 272,266             |
| <b>Virginia Suburbs</b>      | <b>\$1,272,610</b> | <b>\$7,202,990</b>  | <b>\$5,468,377</b>                 | <b>\$26,558,724</b>         | <b>\$979,005</b>      | <b>\$41,481,706</b>  | <b>\$22,835,463</b>   | <b>\$18,646,243</b> |
| <b>MSA Total</b>             | <b>\$7,968,586</b> | <b>\$28,946,408</b> | <b>\$12,867,454</b>                | <b>\$52,750,362</b>         | <b>\$5,362,425</b>    | <b>\$107,895,235</b> | <b>\$33,527,544</b>   | <b>\$74,367,691</b> |
| Percentage of Total          | 7.4%               | 26.8%               | 11.9%                              | 48.9%                       | 5.0%                  | 100.0%               | 31.1%                 | 68.9%               |
| <b>Central Jurisdictions</b> | <b>4,642,789</b>   | <b>19,840,121</b>   | <b>3,044,981</b>                   | <b>20,925,520</b>           | <b>3,006,429</b>      | <b>51,459,840</b>    | <b>12,517,315</b>     | <b>38,942,525</b>   |
| <b>Inner Suburbs</b>         | <b>2,612,806</b>   | <b>7,588,945</b>    | <b>7,285,964</b>                   | <b>28,297,243</b>           | <b>1,876,176</b>      | <b>47,661,134</b>    | <b>16,903,982</b>     | <b>30,757,152</b>   |
| <b>Outer Suburbs</b>         | <b>712,991</b>     | <b>1,517,342</b>    | <b>2,536,509</b>                   | <b>3,527,599</b>            | <b>479,820</b>        | <b>8,774,261</b>     | <b>4,106,247</b>      | <b>4,668,014</b>    |

Source: U.S. Dept. of Commerce, Economics and Statistics Administration, Bureau of the Census, Consolidated Federal Funds Report, FY 2004.

NOTE: Grant locations represent location of initial recipient. Salary and wage locations represent place of employment. Procurement location is the place of performance, and other data are assigned to the recipient location. Figures may not sum to total due to rounding.



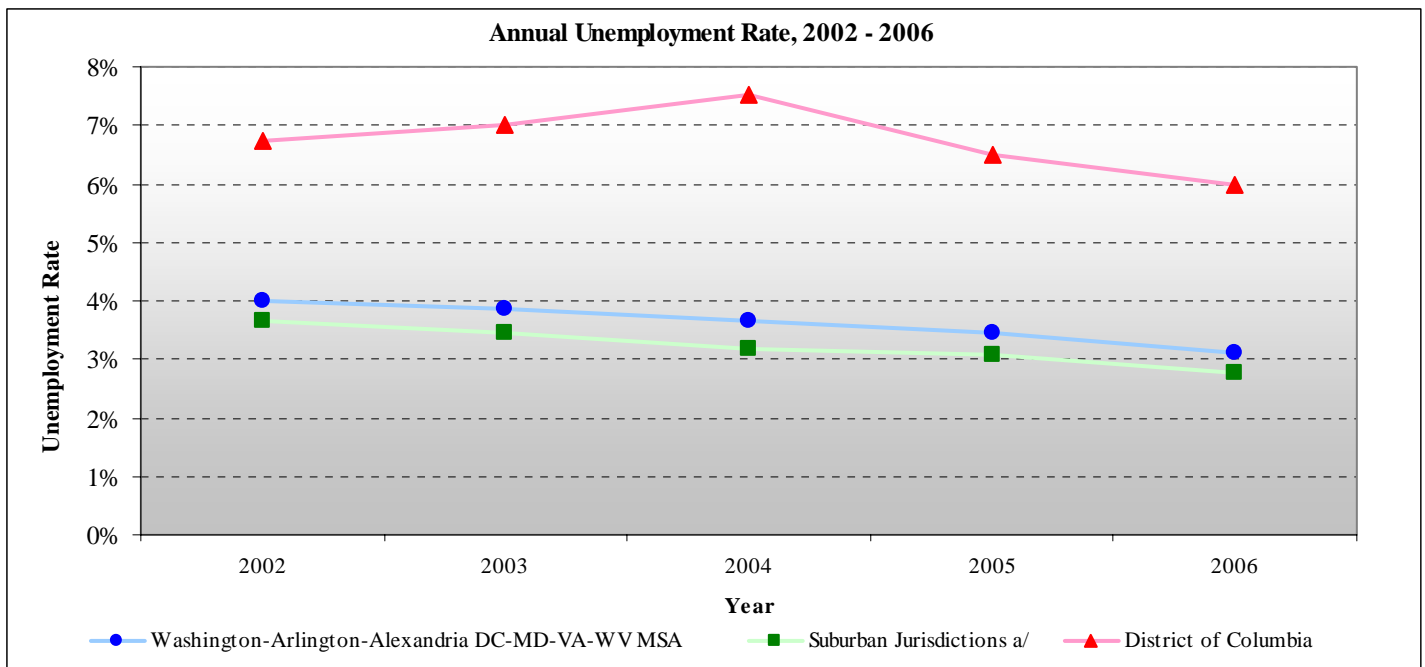
# Labor Force

Between 2002 and 2006 the civilian labor force in the Washington region increased by 220,600 people, to a total of 2,963,900. Of that number, 2,871,500 were employed and 92,400 were unemployed, putting the unemployment rate for the civilian labor force in the Washington region at 3.1 percent in 2006. The unemployment rate in the region has remained steady between 2002 and 2006, averaging 3.6 percent.

Unemployment in the District of Columbia, 6.0 percent in 2006, remained higher than in suburban jurisdictions, which averaged 2.8 percent.

**Labor Force by Place of Residence in the Washington-Arlington-Alexandria DC-MD-VA-WV MSA, 2002 - 2006**  
(Thousands)

| Jurisdictional Group                            | Structure Type       | Year    |         |         |         |         | Change 2002 - 2006 |            |
|---|----------------------|---------|---------|---------|---------|---------|--------------------|------------|
|   |                      | 2002    | 2003    | 2004    | 2005    | 2006    | Number             | Percentage |
| Washington-Arlington-Alexandria DC-MD-VA-WV MSA | Civilian Labor Force | 2,743.3 | 2,773.5 | 2,818.4 | 2,896.6 | 2,963.9 | 220.6              | 8.0%       |
|   | Employment           | 2,633.6 | 2,666.7 | 2,715.5 | 2,796.9 | 2,871.5 | 237.9              | 9.0%       |
|   | Unemployment         | 109.7   | 106.8   | 102.9   | 99.8    | 92.4    | -17.3              | -15.8%     |
|   | Unemployment Rate b/ | 4.0%    | 3.8%    | 3.6%    | 3.4%    | 3.1%    |                    |            |
| Suburban Jurisdictions a/                       | Civilian Labor Force | 2,438.1 | 2,468.3 | 2,509.9 | 2,582.3 | 2,648.0 | 209.9              | 8.6%       |
|   | Employment           | 2,349.0 | 2,383.0 | 2,429.9 | 2,503.0 | 2,574.5 | 225.5              | 9.6%       |
|   | Unemployment         | 89.1    | 85.4    | 79.7    | 79.4    | 73.5    | -15.6              | -17.6%     |
|   | Unemployment Rate b/ | 3.7%    | 3.5%    | 3.2%    | 3.1%    | 2.8%    |                    |            |
| District of Columbia                            | Civilian Labor Force | 305.2   | 305.2   | 308.7   | 314.3   | 315.9   | 10.7               | 3.5%       |
|   | Employment           | 284.6   | 283.7   | 285.6   | 293.9   | 297.0   | 12.4               | 4.4%       |
|   | Unemployment         | 20.6    | 21.4    | 23.2    | 20.4    | 18.9    | -1.7               | -8.3%      |
|   | Unemployment Rate b/ | 6.7%    | 7.0%    | 7.5%    | 6.5%    | 6.0%    |                    |            |



Source: U.S. Department of Labor, Bureau of Labor Statistics.

Figures may not sum to total due to rounding.

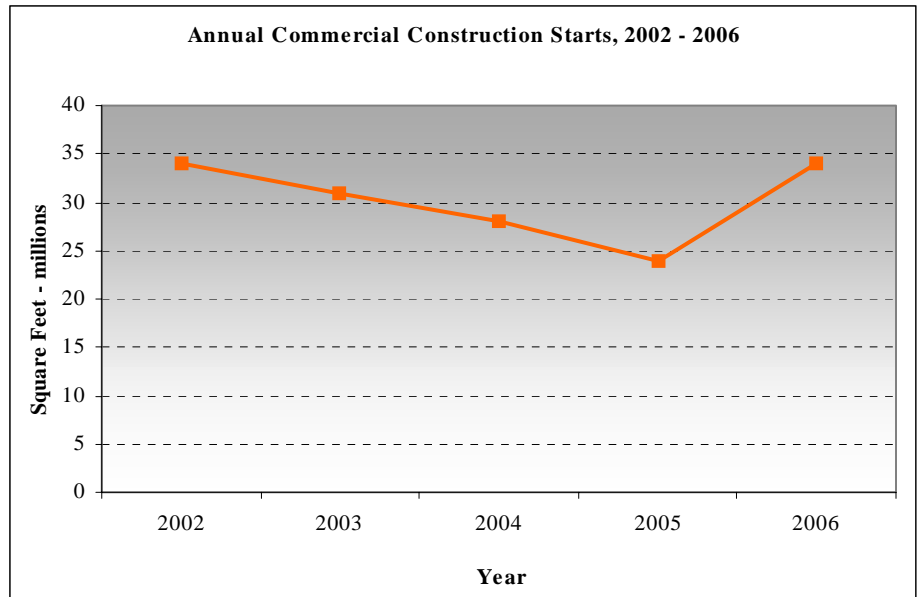
a/ Includes all jurisdictions within the Washington-Arlington-Alexandria DC-MD-VA-WV MSA except the District of Columbia.

b/ Seasonally unadjusted

# Construction

Commercial construction in the metropolitan Washington region increased during 2006, with developers breaking ground on more than 33.9 million square feet of space. In 2006, commercial construction in the region increased from the 2005 total of 24.4 million, and was far below the 2000 total of 48.6 million. Fairfax County saw the most new commercial construction with more than 7.4 million square feet, followed by the District of Columbia (6.5 million square feet) and Prince William County (3.9 million square feet).

The number of new, privately-owned housing units authorized in the region decreased from 32,849 in 2005 to 24,732 in 2006. Of the permits that were issued in 2006, almost half were in the outer suburbs.



**Total Square Feet of Commercial Construction Started by Jurisdiction, 2002- 2006**

| JURISDICTIONS                | Year              |                   |                   |                   |                   | Total<br>2002–2006 |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
|                              | 2002              | 2003              | 2004              | 2005              | 2006              |                    |
| <b>District of Columbia</b>  | <b>6,518,860</b>  | <b>6,113,563</b>  | <b>5,993,801</b>  | <b>3,978,259</b>  | <b>6,508,477</b>  | <b>29,112,960</b>  |
| Calvert County               | a/                | a/                | a/                | a/                | a/                | a/                 |
| Charles County               | 249,777           | 849,033           | 613,958           | 613,934           | 348,324           | 2,675,026          |
| Frederick County             | 948,061           | 1,656,847         | 1,278,112         | 2,099,670         | 3,801,012         | 9,783,702          |
| City of Frederick*           | 502,680           | 259,847           | 279,504           | 550,160           | 2,025,257         | 3,617,448          |
| Montgomery County            | 7,908,651         | 4,292,261         | 2,970,082         | 4,017,020         | 3,719,278         | 22,907,292         |
| City of Gaithersburg*        | 739,423           | 363,859           | 213,785           | 550,814           | 398,029           | 2,256,910          |
| City of Rockville*           | 812,857           | 924,230           | 179,290           | 1,066,919         | 1,054,320         | 4,037,616          |
| City of Takoma Park*         | 98,038            | 19,700            | 249,096           | 4,996             | 0                 | 371,830            |
| Prince George's County       | 2,125,407         | 4,034,609         | 4,818,770         | 3,872,345         | 2,571,980         | 17,423,111         |
| City of Bowie*               | 102,807           | 406,801           | 141,937           | 215,500           | 380,966           | 1,248,011          |
| City of College Park*        | 0                 | 725,303           | 480,000           | 0                 | 358,526           | 1,563,829          |
| City of Greenbelt*           | 0                 | 88,000            | 197,839           | 0                 | 0                 | 285,839            |
| Town of Bladensburg*         | 0                 | 0                 | 0                 | 0                 | 30,100            | 30,100             |
| <b>Maryland Suburbs</b>      | <b>11,231,896</b> | <b>10,832,750</b> | <b>9,680,922</b>  | <b>10,602,969</b> | <b>10,440,594</b> | <b>52,789,131</b>  |
| Arlington County             | 2,248,000         | 2,698,760         | 555,744           | 586,032           | 1,625,386         | 7,713,922          |
| City of Alexandria           | 4,312,836         | 168,355           | 662,536           | 367,606           | 384,258           | 5,895,591          |
| Fairfax County               | 4,472,477         | 3,983,504         | 4,803,064         | 2,993,703         | 7,410,803         | 23,663,551         |
| City of Fairfax              | 63,486            | 4,000             | 32,100            | 262,487           | 0                 | 362,073            |
| City of Falls Church         | 15,500            | 3,000             | 152,000           | 169,000           | 11,850            | 351,350            |
| Loudoun County               | 2,490,593         | 4,224,583         | 2,647,249         | 2,792,474         | 3,674,313         | 15,829,212         |
| Prince William County        | 2,050,972         | 2,741,414         | 3,044,044         | 2,476,152         | 3,859,302         | 14,171,884         |
| City of Manassas             | 235,116           | 360,315           | 171,345           | 192,000           | 0                 | 958,776            |
| City of Manassas Park        | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  |
| Stafford County              | a/                | a/                | a/                | a/                | a/                | a/                 |
| <b>Virginia Suburbs</b>      | <b>15,888,980</b> | <b>14,183,931</b> | <b>12,068,082</b> | <b>9,839,454</b>  | <b>16,965,912</b> | <b>68,946,359</b>  |
| <b>Region Total</b>          | <b>33,639,736</b> | <b>31,130,244</b> | <b>27,742,805</b> | <b>24,420,682</b> | <b>33,914,983</b> | <b>150,848,450</b> |
| <b>Central Jurisdictions</b> | <b>13,079,696</b> | <b>8,980,678</b>  | <b>7,212,081</b>  | <b>4,931,897</b>  | <b>8,518,121</b>  | <b>42,722,473</b>  |
| <b>Inner Suburbs</b>         | <b>14,585,521</b> | <b>12,317,374</b> | <b>12,776,016</b> | <b>11,314,555</b> | <b>13,713,911</b> | <b>64,707,377</b>  |
| <b>Outer Suburbs</b>         | <b>5,739,403</b>  | <b>9,471,877</b>  | <b>7,583,363</b>  | <b>7,982,230</b>  | <b>11,682,951</b> | <b>42,459,824</b>  |

\*Starts in Maryland cities are included in appropriate county totals.

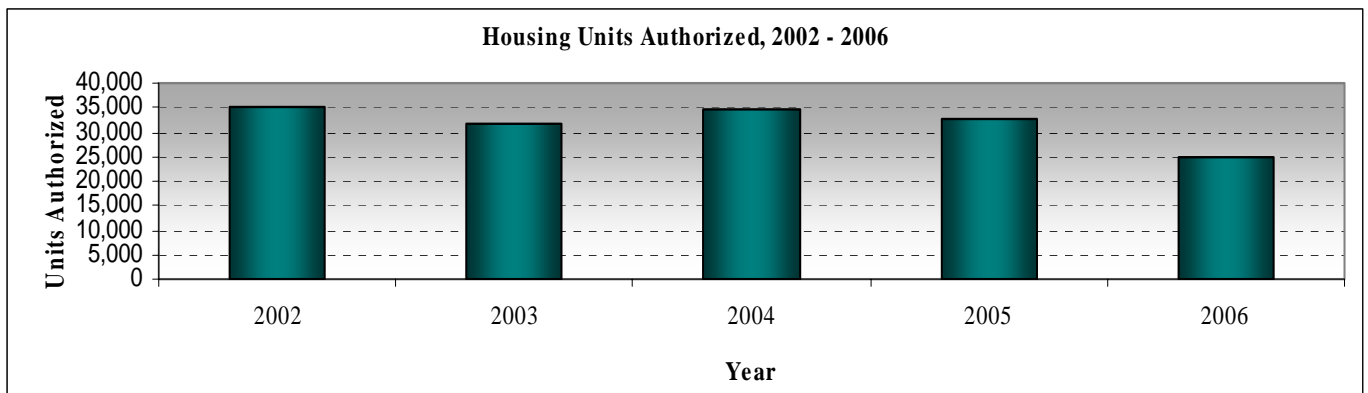
a/ The Commercial Construction Inventory does not include data for Calvert County or Stafford County.

Source: COG Commercial Construction Indicators 2006 Annual Summary, July 2007.

# Construction

## New Privately-Owned Housing Units Authorized in the Washington DC-MD-VA MSA, by Jurisdiction 2002 - 2006

| JURISDICTIONS                | 2002          |               | 2003          |               | 2004          |               | 2005          |               | 2006          |               |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                              | Total         | Single Family | Total         | Single Family | Total         | Single Family | Total         | Single Family | Total         | Single Family |
| <b>District of Columbia</b>  | <b>1,591</b>  | <b>383</b>    | <b>1,427</b>  | <b>152</b>    | <b>1,936</b>  | <b>226</b>    | <b>2,860</b>  | <b>125</b>    | <b>2,105</b>  | <b>126</b>    |
| Calvert County               | 928           | 855           | 791           | 791           | 525           | 525           | 488           | 488           | 305           | 305           |
| Charles County               | 1,470         | 1,404         | 1,244         | 1,152         | 1,000         | 1,000         | 1,309         | 931           | 1,327         | 1,146         |
| Frederick County             | 1,578         | 1,352         | 1,837         | 1,605         | 1,773         | 1,718         | 1,872         | 1,414         | 1,300         | 1,098         |
| City of Frederick*           | 14            | 14            | 489           | 296           | 556           | 518           | 728           | 344           | 357           | 231           |
| Montgomery County            | 5,013         | 2,909         | 4,428         | 2,339         | 3,821         | 2,376         | 3,591         | 1,700         | 3,031         | 1,237         |
| City of Gaithersburg*        | 523           | 414           | 479           | 172           | 0             | 0             | 196           | 124           | 94            | 74            |
| City of Rockville*           | 1,127         | 496           | 967           | 420           | 238           | 188           | 802           | 20            | 43            | 43            |
| City of Takoma Park*         | 0             | n/a           | 0             | n/a           | 0             | n/a           | 0             | n/a           | 0             | n/a           |
| Prince George's County       | 2,563         | 2,485         | 2,938         | 2,808         | 1,948         | 1,875         | 3,425         | 3,255         | 3,033         | 2,918         |
| City of Bowie*               | 0             | n/a           | 0             | n/a           | 0             | n/a           | 0             | n/a           | 0             | n/a           |
| City of College Park*        | 0             | n/a           | 0             | n/a           | 0             | n/a           | 0             | n/a           | 0             | n/a           |
| City of Greenbelt*           | 0             | n/a           | 0             | n/a           | 0             | n/a           | 0             | n/a           | 0             | n/a           |
| Town of Bladensburg*         | 0             | n/a           | 0             | n/a           | 0             | n/a           | 0             | n/a           | 0             | n/a           |
| <b>Maryland Suburbs</b>      | <b>11,552</b> | <b>9,005</b>  | <b>11,238</b> | <b>8,695</b>  | <b>9,067</b>  | <b>7,494</b>  | <b>10,685</b> | <b>7,788</b>  | <b>8,996</b>  | <b>6,704</b>  |
| Arlington County             | 17            | 17            | 7             | 7             | 1,274         | 184           | 1,275         | 166           | 2,960         | 203           |
| City of Alexandria           | 1,244         | 380           | 72            | 20            | 843           | 171           | 1,017         | 195           | 1,050         | 137           |
| Fairfax County               | 5,979         | 2,982         | 4,020         | 3,138         | 6,780         | 2,964         | 4,353         | 2,276         | 2,089         | 1,423         |
| City of Fairfax              | 27            | 27            | 16            | 16            | 47            | 47            | 28            | 28            | 27            | 27            |
| City of Falls Church         | 2             | 2             | 3             | 3             | 13            | 13            | 24            | 24            | 19            | 19            |
| Loudoun County               | 6,108         | 4,659         | 6,770         | 5,678         | 6,664         | 5,667         | 5,199         | 4,716         | 3,284         | 2,937         |
| Prince William County        | 6,014         | 4,998         | 6,572         | 5,006         | 5,822         | 5,307         | 5,427         | 5,140         | 3,191         | 3,007         |
| City of Manassas             | 142           | 142           | 132           | 132           | 147           | 147           | 154           | 154           | 137           | 137           |
| City of Manassas Park        | 213           | 65            | 162           | 69            | 189           | 76            | 188           | 81            | 0             | 0             |
| Stafford County              | 2,078         | 1,692         | 1,509         | 1,385         | 1,864         | 1,395         | 1,639         | 1,452         | 874           | 818           |
| <b>Virginia Suburbs</b>      | <b>21,824</b> | <b>14,964</b> | <b>19,263</b> | <b>15,454</b> | <b>23,643</b> | <b>15,971</b> | <b>19,304</b> | <b>14,232</b> | <b>13,631</b> | <b>8,708</b>  |
| <b>MSA Total</b>             | <b>34,967</b> | <b>24,352</b> | <b>31,928</b> | <b>24,301</b> | <b>34,646</b> | <b>23,691</b> | <b>32,849</b> | <b>22,145</b> | <b>24,732</b> | <b>15,538</b> |
| <b>Central Jurisdictions</b> | <b>2,852</b>  | <b>780</b>    | <b>1,506</b>  | <b>179</b>    | <b>4,053</b>  | <b>581</b>    | <b>5,152</b>  | <b>486</b>    | <b>6,115</b>  | <b>466</b>    |
| <b>Inner Suburbs</b>         | <b>13,584</b> | <b>8,405</b>  | <b>11,405</b> | <b>8,304</b>  | <b>12,609</b> | <b>7,275</b>  | <b>11,421</b> | <b>7,283</b>  | <b>8,199</b>  | <b>5,624</b>  |
| <b>Outer Suburbs</b>         | <b>18,531</b> | <b>15,167</b> | <b>19,017</b> | <b>15,818</b> | <b>16,459</b> | <b>14,310</b> | <b>16,276</b> | <b>14,376</b> | <b>10,418</b> | <b>9,448</b>  |



Source: U.S. Department of Commerce, Bureau of the Census, 2006 Annual Report, "Permit Authorized Construction in Permit-issuing Places by Metropolitan Area."

\* Included in county total.

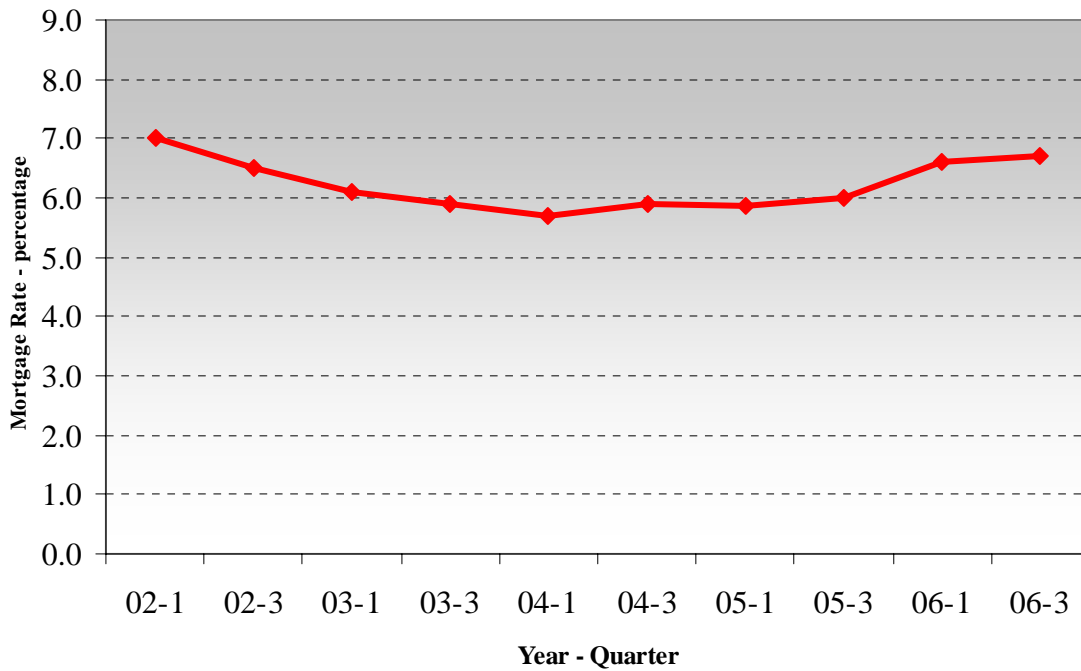
# Mortgage Rates

Mortgage rates continued to fall between 2002 and 2006 to a low of 6.4 percent in 2006 (fourth quarter). Average rates rose from 6.1 percent in 2005 to 6.6 percent in 2006.

Terms on Conventional Home Mortgages, Average for Closed Loans  
in the Washington-Baltimore DC-MD-VA-WV CMSA, 2002 - 2006

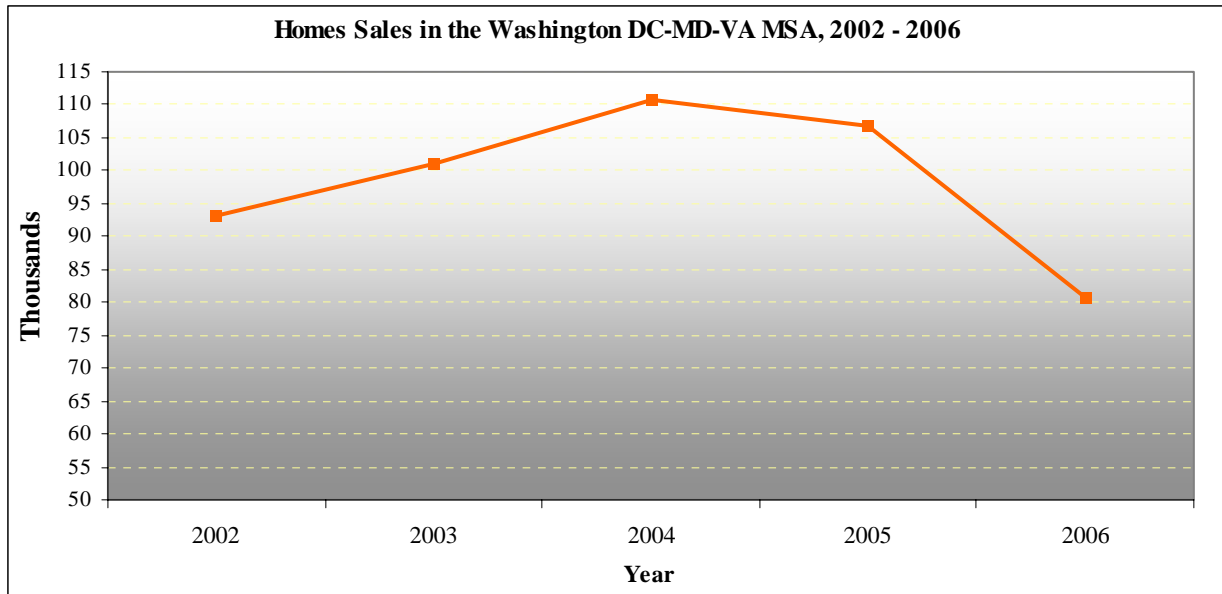
| Quarter | Year |      |      |      |      |
|---------|------|------|------|------|------|
|         | 2002 | 2003 | 2004 | 2005 | 2006 |
| First   | 7.0  | 6.1  | 5.7  | 5.9  | 6.6  |
| Second  | 6.9  | 5.9  | 5.8  | 5.9  | 6.7  |
| Third   | 6.5  | 5.9  | 5.9  | 6.0  | 6.7  |
| Fourth  | 6.2  | 6.1  | 5.9  | 6.5  | 6.4  |

Effective Mortgage Rate, 2002 - 2006



Source: Federal Housing Finance Board News Report. Terms on Conventional Home Mortgages, Table IV -Averages for Major Metropolitan Areas: Loans Closed.

The number of homes sold in the region dropped dramatically between 2002 and 2006, from 93,186 units in 2002 to 80,691 units in 2006. Fairfax County had the most homes sold in the region in 2006, with 16,314.



**Net Home Sales in the Washington DC-MD-VA MSA, by Jurisdiction, 2002 - 2006**

| JURISDICTIONS                | Year          |                |                |                |               | Change 2002 - 2006 |               |
|------------------------------|---------------|----------------|----------------|----------------|---------------|--------------------|---------------|
|                              | 2002          | 2003           | 2004           | 2005           | 2006          | Number             | Percentage    |
| <b>District of Columbia</b>  | <b>8,250</b>  | <b>8,706</b>   | <b>9,139</b>   | <b>9,179</b>   | <b>7,751</b>  | <b>-499</b>        | <b>-6.0%</b>  |
| Calvert County               | 1,633         | 1,667          | 1,628          | 1,675          | 1,257         | -376               | -23.0%        |
| Charles County               | 2,486         | 2,634          | 2,916          | 3,157          | 2,257         | 241                | 9.7%          |
| Frederick County             | 4,069         | 4,470          | 4,807          | 4,672          | 3,712         | -357               | -8.8%         |
| Montgomery County            | 16,071        | 16,533         | 17,753         | 17,011         | 13,523        | -2,548             | -15.9%        |
| Prince George's County       | 12,141        | 13,455         | 15,237         | 15,067         | 13,116        | 975                | 8.0%          |
| <b>Maryland Suburbs</b>      | <b>36,400</b> | <b>38,759</b>  | <b>42,341</b>  | <b>41,582</b>  | <b>34,335</b> | <b>-2,065</b>      | <b>-5.7%</b>  |
| Arlington County             | 3,397         | 3,675          | 3,924          | 3,490          | 3,082         | -315               | -9.3%         |
| City of Alexandria           | 3,077         | 3,260          | 3,531          | 3,256          | 2,544         | -533               | -17.3%        |
| Fairfax County               | 22,314        | 24,227         | 25,717         | 23,114         | 16,314        | -6,000             | -26.9%        |
| City of Fairfax              | 346           | 401            | 480            | 424            | 292           | -54                | -15.6%        |
| City of Falls Church         | 211           | 181            | 261            | 196            | 145           | -66                | -31.3%        |
| Loudoun County               | 6,736         | 8,270          | 9,381          | 9,123          | 5,919         | -817               | -12.1%        |
| Prince William County        | 8,885         | 9,686          | 11,557         | 11,920         | 7,302         | -1,583             | -17.8%        |
| City of Manassas             | 978           | 1,004          | 1,154          | 1,194          | 708           | -270               | -27.6%        |
| City of Manassas Park        | 321           | 340            | 437            | 480            | 267           | -54                | -16.8%        |
| Stafford County              | 2,271         | 2,519          | 2,861          | 2,962          | 2,032         | -239               | -10.5%        |
| <b>Virginia Suburbs</b>      | <b>48,536</b> | <b>53,563</b>  | <b>59,303</b>  | <b>56,159</b>  | <b>38,605</b> | <b>-9,931</b>      | <b>-20.5%</b> |
| <b>Region Total</b>          | <b>93,186</b> | <b>101,028</b> | <b>110,783</b> | <b>106,920</b> | <b>80,691</b> | <b>-12,495</b>     | <b>-13.4%</b> |
| <b>Central Jurisdictions</b> | <b>14,724</b> | <b>15,641</b>  | <b>16,594</b>  | <b>15,925</b>  | <b>13,377</b> | <b>-1,347</b>      | <b>-9.1%</b>  |
| <b>Inner Suburbs</b>         | <b>51,083</b> | <b>54,797</b>  | <b>59,448</b>  | <b>55,812</b>  | <b>43,390</b> | <b>-7,693</b>      | <b>-15.1%</b> |
| <b>Outer Suburbs</b>         | <b>27,379</b> | <b>30,590</b>  | <b>34,741</b>  | <b>35,183</b>  | <b>23,924</b> | <b>-3,455</b>      | <b>-12.6%</b> |

Source: Metropolitan Regional Information Systems, Inc., May 2007.

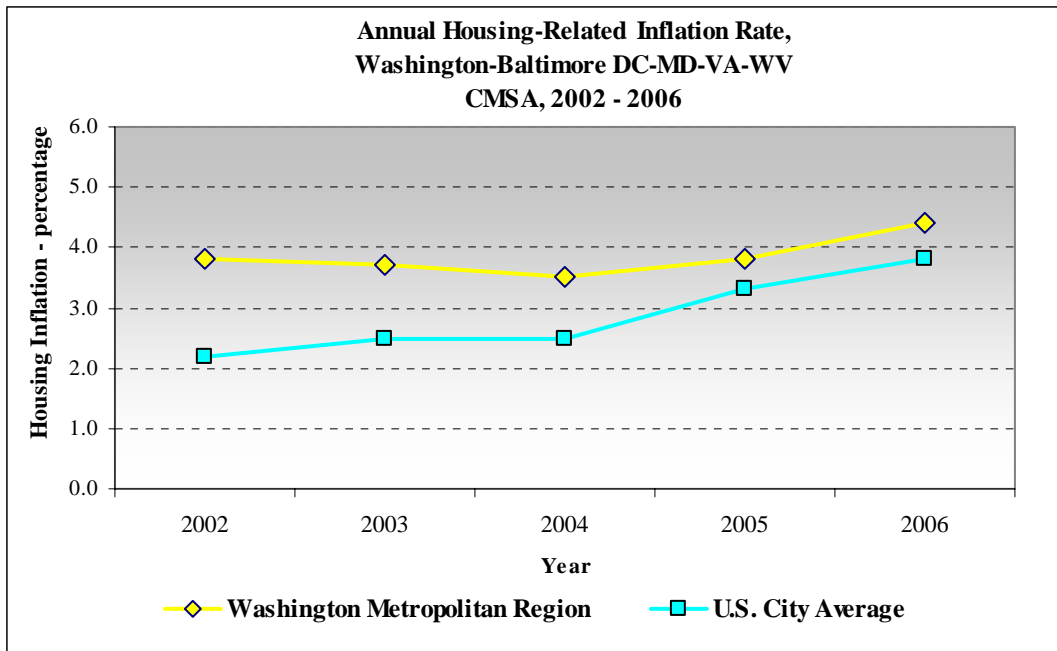


# Housing-Related Inflation

The rate of change in the Consumer Price Index for housing in the Washington-Baltimore DC-MD-VA-WV CMSA increased from 3.8 percent between 2004 and 2005 to 4.4 percent between 2005 and 2006. Nationally, housing inflation increased during the same time frame. This measure accounts for price changes in rents and mortgage payments, owner costs, fuels, furnishings, and household supplies.

**Housing Component of the Consumer Price Index\***  
**All Urban Consumers, Washington Baltimore DC-MD-VA-WV CMSA, 2002 - 2006**

|  | Year  |       |       |       |       |
|--|-------|-------|-------|-------|-------|
|  | 2002  | 2003  | 2004  | 2005  | 2006  |
| <b>Washington-Baltimore DC-MD-VA-WV CMSA</b> |       |       |       |       |       |
| CPI-U, Housing (Annual Average)              | 117.3 | 121.6 | 125.9 | 130.7 | 136.4 |
| Housing Inflation Rate (%) - % Change        | 3.8   | 3.7   | 3.5   | 3.8   | 4.4   |
| <b>U.S. City Average</b>                     |       |       |       |       |       |
| CPI-U, Housing (Annual Average)              | 180.3 | 184.8 | 189.5 | 195.7 | 203.2 |
| Housing Inflation Rate (%) - % Change        | 2.2   | 2.5   | 2.5   | 3.3   | 3.8   |



Source: U.S. Department of Labor, Bureau of Labor Statistics, "CPI Detailed Reports" for selected years.

For U.S. City Average, index is on a 1982-84=100 base.

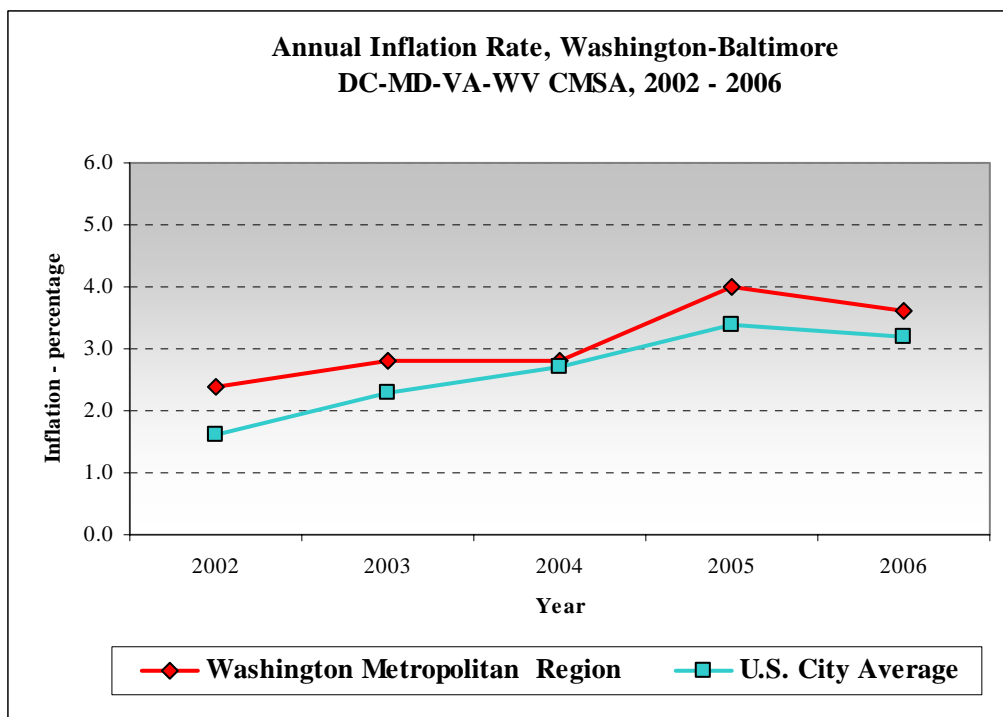
\* CPI data for the Washington DC-MD-VA MSA was no longer published separately after December 1997. Beginning in 1998, the Washington metropolitan region became a component of the Washington-Baltimore DC-MD-VA-WV CMSA.

For Washington-Baltimore, index is on a November 1997 = 100 base.

The rate of change in the Consumer Price Index for All Urban Consumers (CPI-U) for the Washington-Baltimore DC-MD-VA-WV CMSA decreased from 4.0 percent between 2004 and 2005 to 3.6 percent between 2005 and 2006. Nationally, the rate of change decreased from 3.4 percent between 2004 and 2005 to 3.2 percent between 2005 and 2006.

**Consumer Price Index\* and Inflation - All Urban Consumers  
in the Washington DC-MD-VA-WV CMSA, 2002 - 2006**

|                                       | Year  |       |       |       |       |
|---------------------------------------|-------|-------|-------|-------|-------|
|                                       | 2002  | 2003  | 2004  | 2005  | 2006  |
| <b>Washington Metropolitan Region</b> |       |       |       |       |       |
| CPI-U (Annual Average)                | 113   | 116.2 | 119.5 | 124.3 | 128.8 |
| Inflation Rate (%) - % Change         | 2.4   | 2.8   | 2.8   | 4.0   | 3.6   |
| <b>U.S. City Average</b>              |       |       |       |       |       |
| CPI-U (Annual Average)                | 179.9 | 184   | 188.9 | 195.3 | 201.6 |
| Inflation Rate (%) - % Change         | 1.6   | 2.3   | 2.7   | 3.4   | 3.2   |



Source: U.S. Department of Labor, Bureau of Labor Statistics, "CPI Detailed Reports" for selected years.

For U.S. City Average, index is on a 1982-84=100 base.

\* CPI data for the Washington DC-MD-VA MSA was no longer published separately after December 1997. Beginning in 1998, the Washington metropolitan region became a component of the Washington-Baltimore DC-MD-VA-WV CMSA.

For Washington-Baltimore, index is on a November 1996=100 base.

# Income

Total personal income in the Washington region grew by an average annual rate of 5.6 percent between 2001 and 2005, leading to a 2005 total of \$245.1 billion. Total income growth was fastest in the outer suburbs, where income increased by an average of 8.0 percent per year.

On a per capita basis, income varied greatly by jurisdiction. The City of Alexandria topped the region in per capita income at \$61,147. Stafford County had the lowest per capita income at \$32,529. The per capita income for the region was \$49,499 in 2005.

## Total Personal Income in the Washington DC-MD-VA MSA, by Jurisdiction, 2001 - 2005

(Thousands of Dollars)

| JURISDICTIONS                | Year                 |                      |                      |                      |                      | Avg. Annual Percentage Change 2001 - 2005 |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---|
|                              | 2001                 | 2002                 | 2003                 | 2004                 | 2005                 |   |
| <b>District of Columbia</b>  | <b>\$25,525,115</b>  | <b>\$25,786,286</b>  | <b>\$26,913,785</b>  | <b>\$29,125,104</b>  | <b>\$30,738,874</b>  | <b>5.7%</b>                               |
| Calvert County               | 2,513,986            | 2,674,927            | 2,834,014            | 3,051,852            | 3,270,323            | 7.7%                                      |
| Charles County               | 3,952,861            | 4,175,811            | 4,411,010            | 4,715,177            | 5,045,928            | 7.2%                                      |
| Frederick County             | 6,930,141            | 7,176,991            | 7,526,137            | 8,143,692            | 8,725,305            | 6.8%                                      |
| Montgomery County            | 45,537,627           | 47,041,902           | 48,533,753           | 52,215,427           | 55,600,356           | 5.0%                                      |
| Prince George's County       | 24,414,098           | 25,445,330           | 26,246,868           | 27,768,256           | 29,422,711           | 5.4%                                      |
| <b>Maryland Suburbs</b>      | <b>\$83,348,713</b>  | <b>\$86,514,961</b>  | <b>\$89,551,782</b>  | <b>\$95,894,404</b>  | <b>\$96,452,386</b>  | <b>5.4%</b>                               |
| Arlington County             | 10,170,933           | 10,323,312           | 10,690,799           | 11,262,182           | 11,863,663           | 4.2%                                      |
| City of Alexandria           | 6,931,579            | 7,039,735            | 7,280,299            | 7,974,750            | 8,413,975            | 5.3%                                      |
| Fairfax County a/            | 52,889,102           | 53,790,886           | 55,636,102           | 59,226,042           | 62,857,641           | 4.7%                                      |
| Loudoun County               | 7,718,740            | 7,799,414            | 8,363,373            | 9,435,492            | 10,562,712           | 9.2%                                      |
| Prince William County b/     | 10,983,002           | 11,492,607           | 12,176,485           | 13,437,793           | 14,618,081           | 8.3%                                      |
| Stafford County              | 2,935,570            | 3,105,579            | 3,310,754            | 3,620,955            | 3,955,302            | 8.7%                                      |
| <b>Virginia Suburbs</b>      | <b>\$91,628,926</b>  | <b>\$93,551,533</b>  | <b>\$97,457,812</b>  | <b>\$104,957,214</b> | <b>\$112,271,374</b> | <b>5.6%</b>                               |
| <b>MSA Total</b>             | <b>\$200,502,754</b> | <b>\$205,852,780</b> | <b>\$213,923,379</b> | <b>\$229,976,722</b> | <b>\$245,074,871</b> | <b>5.6%</b>                               |
| <b>Central Jurisdictions</b> | <b>\$42,627,627</b>  | <b>\$43,149,333</b>  | <b>\$44,884,883</b>  | <b>\$48,362,036</b>  | <b>\$51,016,512</b>  | <b>4.9%</b>                               |
| <b>Inner Suburbs</b>         | <b>\$122,840,827</b> | <b>\$126,278,118</b> | <b>\$130,416,723</b> | <b>\$139,209,725</b> | <b>\$147,880,708</b> | <b>5.1%</b>                               |
| <b>Outer Suburbs</b>         | <b>\$35,034,300</b>  | <b>\$36,425,329</b>  | <b>\$38,621,773</b>  | <b>\$42,404,961</b>  | <b>\$46,177,651</b>  | <b>8.0%</b>                               |

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System.

Data released April 26, 2007.

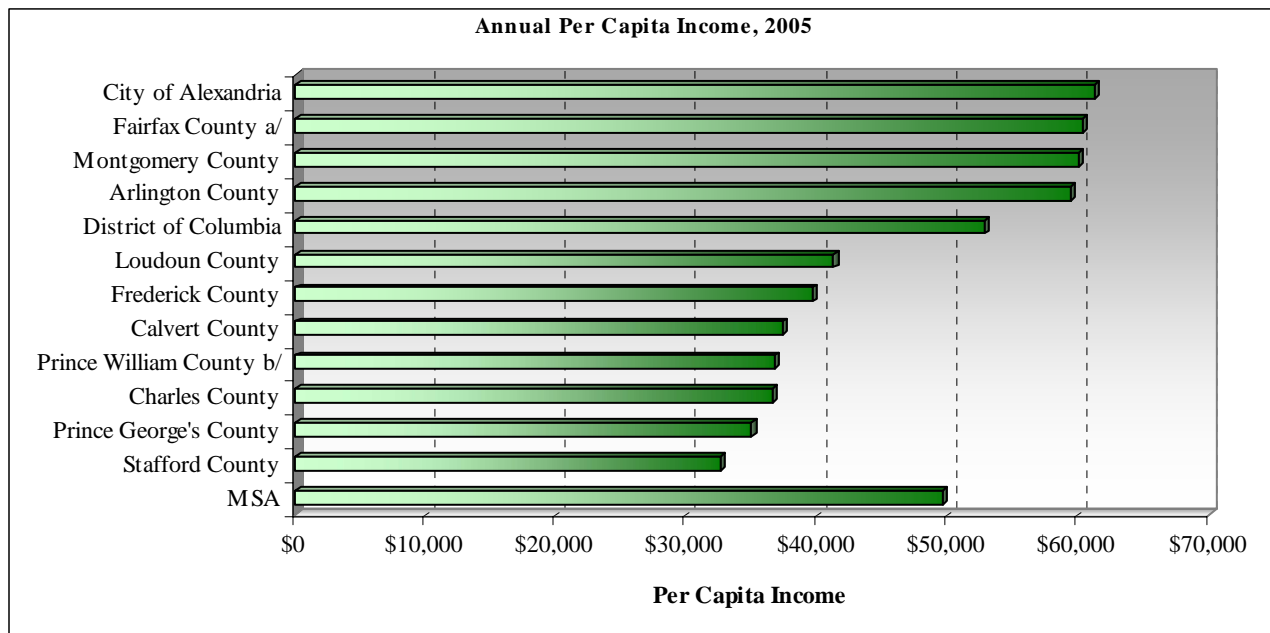
a/ Data for the Cities of Fairfax and Falls Church are included in Fairfax County.

b/ Data for the Cities of Manassas and Manassas Park are included in Prince William County.

Per Capita Income in the Washington DC-MD-VA MSA, by Jurisdiction, 2001 - 2005

(Dollars)

| JURISDICTIONS               | Year            |                 |                 |                 |                 | Avg. Annual Percentage Change 2001 - 2005 | Ratio to MSA 2005 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---|-------------------|
|                             | 2001            | 2002            | 2003            | 2004            | 2005            |   |                   |
| <b>District of Columbia</b> | <b>\$44,210</b> | <b>\$44,543</b> | <b>\$46,606</b> | <b>\$50,240</b> | <b>\$52,811</b> | <b>4.9%</b>                               | <b>106.7%</b>     |
| Calvert County              | \$32,383        | \$33,085        | \$33,740        | \$35,432        | \$37,323        | 3.8%                                      | 75.4%             |
| Charles County              | \$31,641        | \$32,596        | \$33,399        | \$34,830        | \$36,537        | 3.9%                                      | 73.8%             |
| Frederick County            | \$34,252        | \$34,324        | \$35,265        | \$37,486        | \$39,587        | 3.9%                                      | 80.0%             |
| Montgomery County           | \$50,904        | \$51,812        | \$52,973        | \$56,678        | \$59,953        | 4.4%                                      | 121.1%            |
| Prince George's County      | \$29,922        | \$30,812        | \$31,518        | \$33,143        | \$34,912        | 4.2%                                      | 70.5%             |
| <b>Maryland Suburbs</b>     | <b>\$39,401</b> | <b>\$40,206</b> | <b>\$41,108</b> | <b>\$43,631</b> | <b>\$46,052</b> | <b>4.2%</b>                               | <b>92.7%</b>      |
| Arlington County            | \$52,593        | \$52,729        | \$54,207        | \$56,893        | \$59,389        | 3.2%                                      | 120.0%            |
| City of Alexandria          | \$52,070        | \$52,259        | \$53,711        | \$58,365        | \$61,147        | 4.4%                                      | 123.5%            |
| Fairfax County a/           | \$51,874        | \$52,406        | \$53,981        | \$57,169        | \$60,289        | 4.1%                                      | 121.8%            |
| Loudoun County              | \$40,589        | \$38,242        | \$37,814        | \$39,378        | \$41,193        | 0.4%                                      | 83.2%             |
| Prince William County b/    | \$31,895        | \$32,071        | \$32,882        | \$34,877        | \$36,693        | 3.8%                                      | 74.1%             |
| Stafford County             | \$29,844        | \$29,809        | \$30,323        | \$31,664        | \$32,529        | 2.2%                                      | 65.7%             |
| <b>Virginia Suburbs</b>     | <b>\$46,302</b> | <b>\$46,235</b> | <b>\$47,216</b> | <b>\$49,747</b> | <b>\$52,153</b> | <b>3.2%</b>                               | <b>105.7%</b>     |
| <b>MSA Total</b>            | <b>\$42,919</b> | <b>\$43,300</b> | <b>\$44,382</b> | <b>\$47,055</b> | <b>\$49,499</b> | <b>3.8%</b>                               | <b>100.0%</b>     |



Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA), Regional Economic Information System.

Data released April 26, 2007.

a/ Data for the Cities of Fairfax and Falls Church are included in Fairfax County.

b/ Data for the Cities of Manassas and Manassas Park are included in Prince William County.

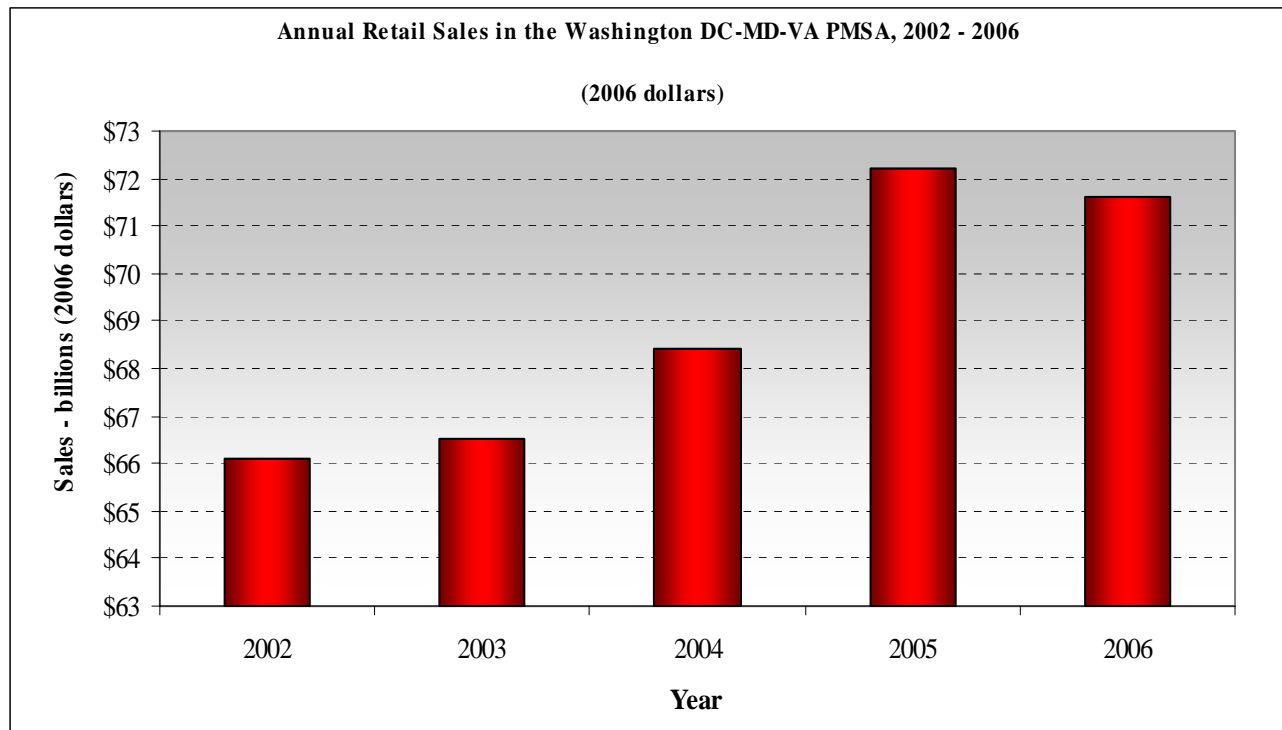
# Retail Sales

Retail sales in the region increased both in current and real terms between 2002 and 2006. The region's 2006 total of \$71.6 billion, when adjusted for inflation, was less than the total annual retail sales in 2005, \$72.2 billion, and more than the 2004 total of \$68.4 billion.

When adjusted for inflation, retail sales in the region increased by 8.4 percent between 2002 and 2006. Nationally, sales increased by 11.1 percent.

**Estimated Total Annual Sales in the Washington DC-MD-VA PMSA, 2002 - 2006**  
(Millions of Dollars)

|                                   | Year        |             |             |             |             | Change 2002 - 2006 |            |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|--------------------|------------|
|                                   | 2002        | 2003        | 2004        | 2005        | 2006        | Number             | Percentage |
| <b>Washington DC-MD-VA PMSA</b>   |             |             |             |             |             |                    |            |
| Sales estimated (Current Dollars) | \$58,958    | \$60,731    | \$64,099    | \$67,675    | \$71,642    | \$12,684           | 21.5%      |
| Sales estimated (2006 dollars)    | \$66,096    | \$66,518    | \$68,409    | \$72,225    | \$71,642    | \$5,546            | 8.4%       |
| <b>United States</b>              |             |             |             |             |             |                    |            |
| Sales reported (Current Dollars)  | \$3,134,322 | \$3,265,477 | \$3,474,340 | \$3,693,430 | \$3,904,305 | \$769,983          | 24.6%      |
| Sales reported (2006 dollars)     | \$3,513,814 | \$3,576,645 | \$3,707,940 | \$3,811,589 | \$3,904,305 | \$390,491          | 11.1%      |



Source: U.S. Department of Commerce, Bureau of the Census, Annual Benchmark Report for Retail Trade and Food Services: January 1992 Through February 2007.  
\*Published data from the Census Bureau for retail sales for the Washington DC-MD-VA MSA is no longer available after 1996. Data for 2002 - 2006 are estimated by The Center for Regional Analysis, George Mason University.



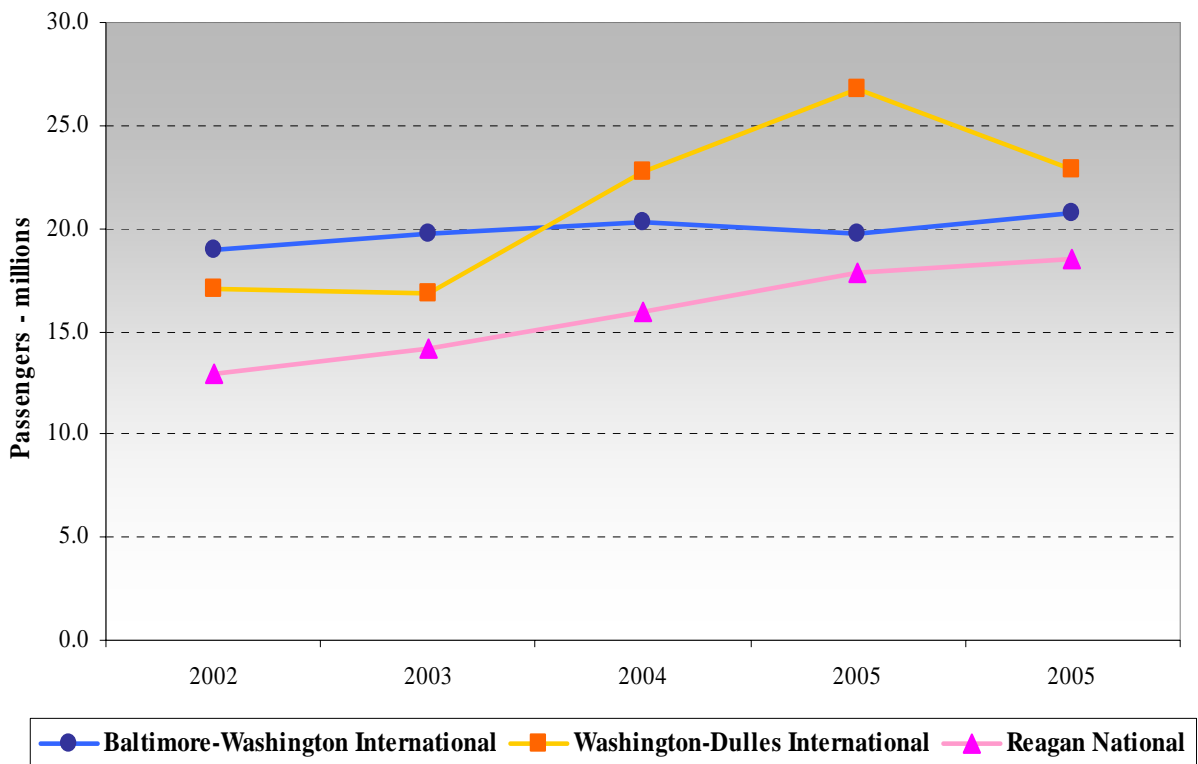
# Airline Passengers

More than 62 million passengers flew into or out of the Washington region's three major airports in 2006, a 26.7 percent increase from 2002. Washington-Dulles International led the three airports in total airline passengers served, with 22.8 million. 20.7 million passengers passed through Baltimore-Washington International, while Reagan Washington National Airport served 18.5 million.

Number of Air Passengers Traveling to or from BWI, Dulles, and Reagan National Airports, 2002 - 2006  
(Thousands of Passengers)

|  | Year          |               |               |               |               | Change 2002 - 2006 |              |
|--|---------------|---------------|---------------|---------------|---------------|--------------------|--------------|
|  | 2002          | 2003          | 2004          | 2005          | 2006          | Passengers         | Percentage   |
| Baltimore-Washington International Thurgood Marshall Airport | 19,013        | 19,696        | 20,342        | 19,742        | 20,699        | 1,686              | 8.9%         |
| Washington-Dulles International Airport                      | 17,076        | 16,768        | 22,660        | 26,843        | 22,813        | 5,737              | 33.6%        |
| Ronald Reagan Washington National Airport                    | 12,872        | 14,215        | 15,932        | 17,844        | 18,546        | 5,674              | 44.1%        |
| <b>Total Air Passengers</b>                                  | <b>48,961</b> | <b>50,679</b> | <b>58,934</b> | <b>64,429</b> | <b>62,058</b> | <b>13,097</b>      | <b>26.7%</b> |

Annual Airline Passengers Boardings and Alightings, 2002 - 2006



Source: Office for Financial Analysis and Planning, Division of Aviation Statistics and Analysis, Maryland Aviation Administration, Maryland Department of Transportation, Washington Area Airports Comparative Activity Summary Report Calendar Year 2006.

# Economic Trends in Metropolitan Washington, 2002—2006

*(Continued from front page)*

## **Central Jurisdictions**

The central jurisdictions are defined as the District of Columbia, Arlington County, and the City of Alexandria.

## **Inner Suburbs**

The inner suburbs are Montgomery County, Prince George's County, Fairfax County, and the Cities of Fairfax and Falls Church.

## **Outer Suburbs**

The outer suburbs are defined as Calvert County, Charles County, Frederick County, Loudoun County, Prince William County, Stafford County, and the Cities of Manassas and Manassas Park.

## **Washington Primary Metropolitan Statistical Area (PMSA)**

As a result of the 1990 Census, Office of Management and Budget has modified the definition of metropolitan areas for federal statistical purposes. Under this definition the Washington PMSA, the Baltimore PMSA and the Hagerstown PMSA have been combined into a new Consolidated Metropolitan Statistical Area (CMSA). The individual PMSAs are expanded and separately recognized as PMSAs. Unless otherwise noted, this report continues to use the 1983 definition of the MSA.

## **Washington-Arlington- Alexandria DC-MD-VA-WV (MSA)**

As a result of the 2000 Census, the new MSA includes the Bethesda-Gaithersburg-Frederick, MD Metropolitan Division and the Washington-Arlington-Alexandria, DC-MD-VA-WV Metropolitan Division. Whereas most of the data in the Economic Trends report is based on the 1983 MSA definition, the Labor Force data is based on this new level of geography. For more information regarding the new definition, please visit the U.S. Census Bureau web site at: [www.census.gov/population/www/estimates/metrodef.html](http://www.census.gov/population/www/estimates/metrodef.html).



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