

WTCCA

***The Washington Area
Economic Outlook***

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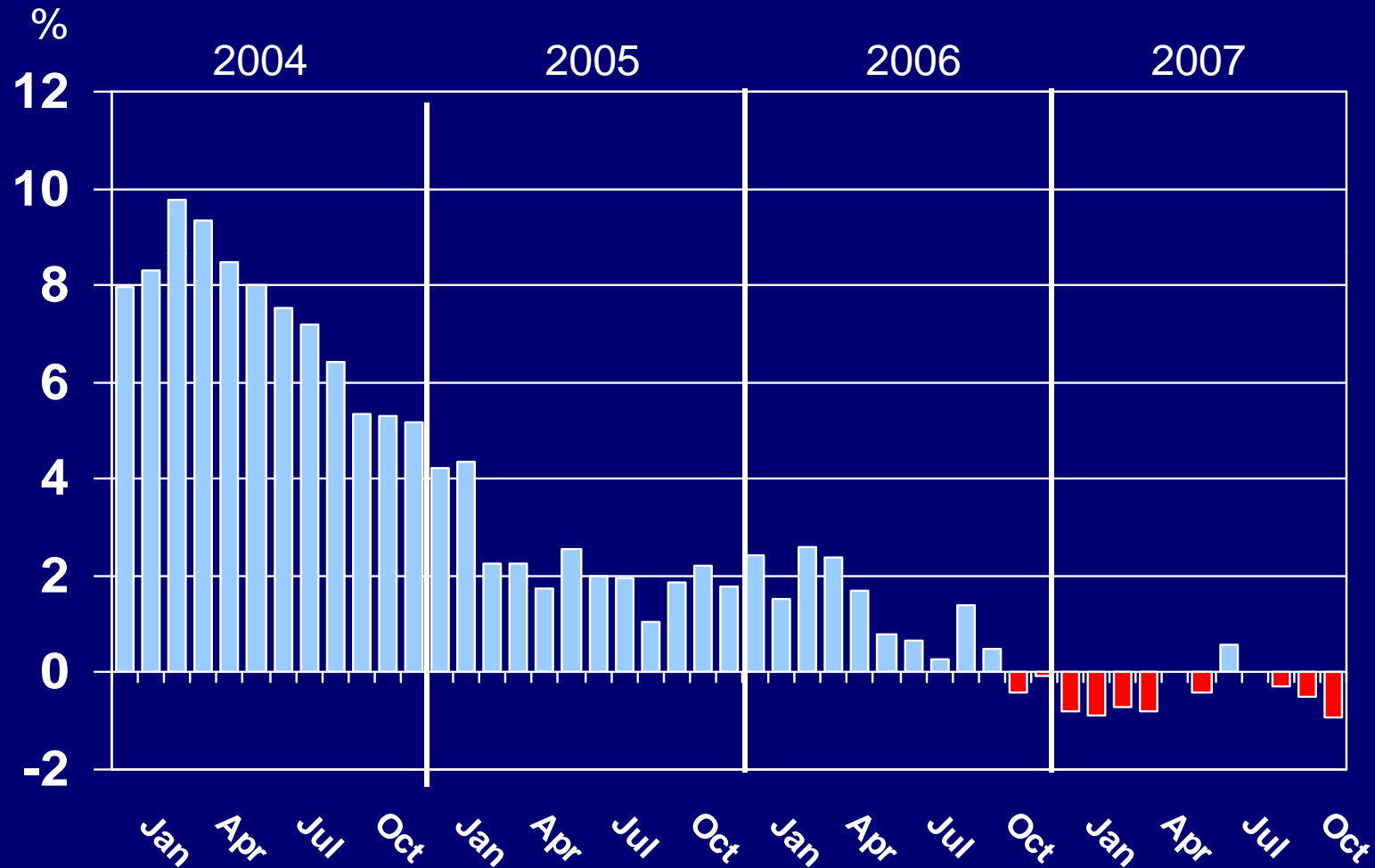
February 6, 2008

The U.S. Economy in 2008

Re-establishing Momentum

U.S. Leading Index

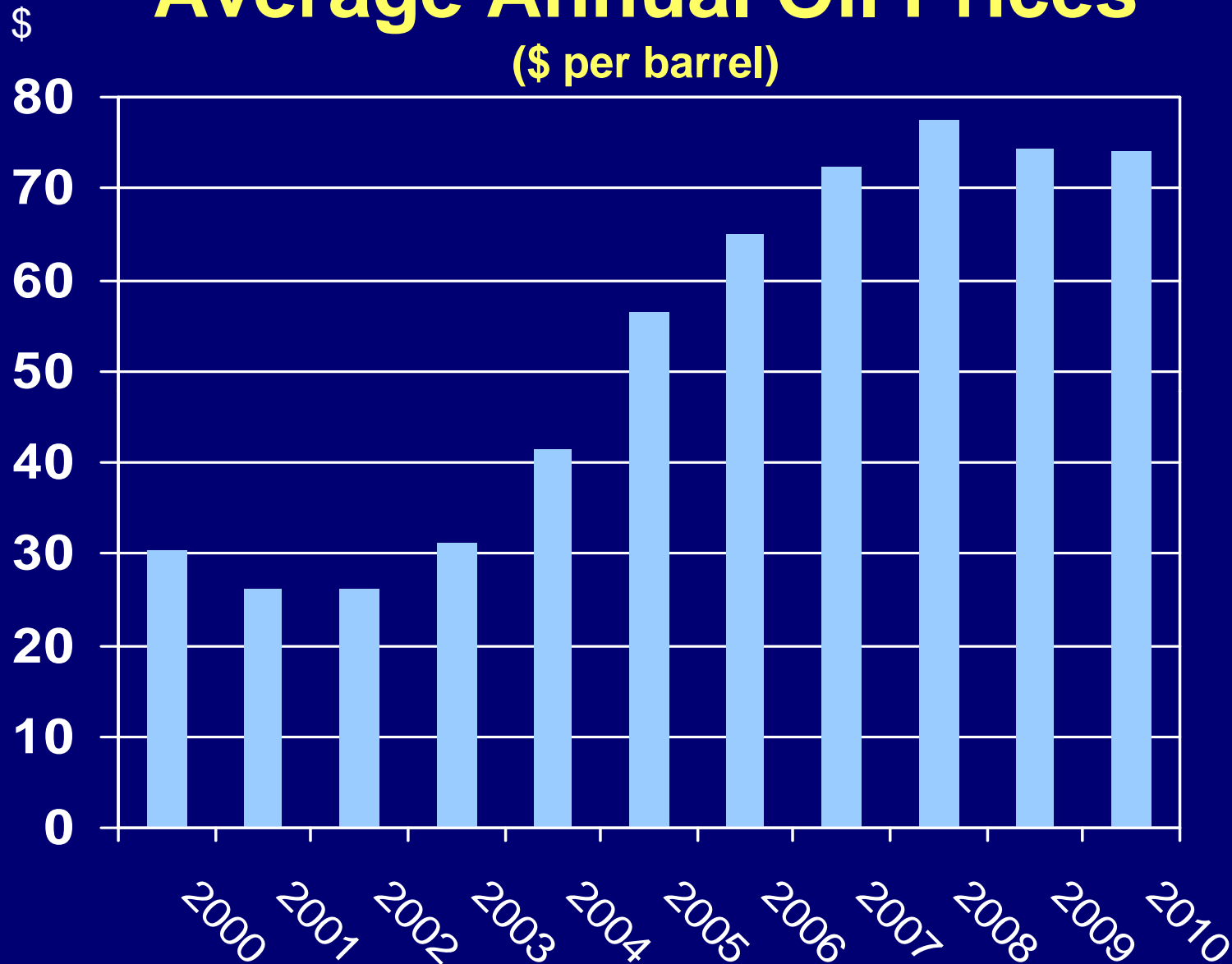
Monthly Over-the-Year Percent Changes



Source: Conference Board, GMU Center for Regional Analysis

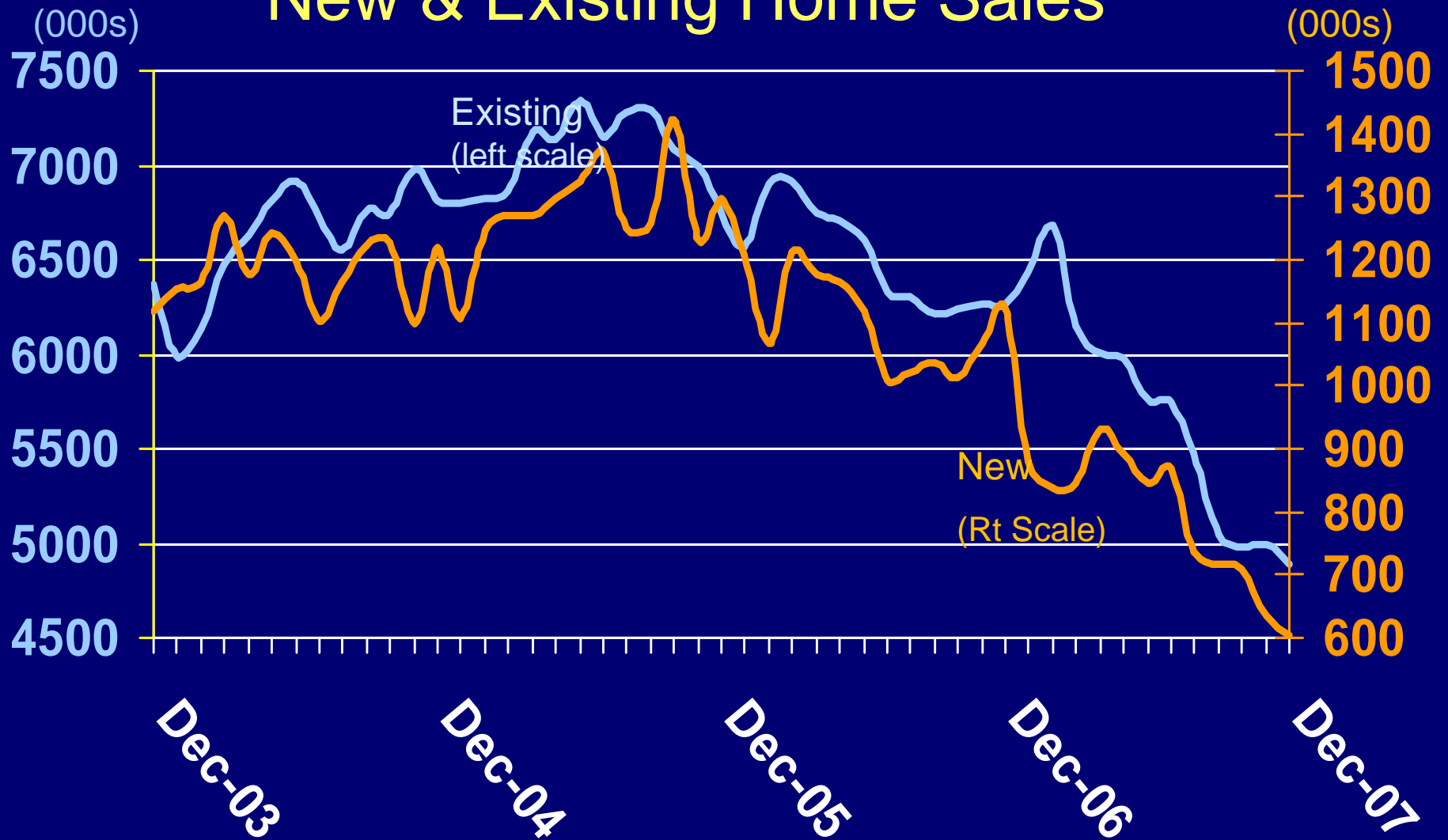
Average Annual Oil Prices

(\$ per barrel)

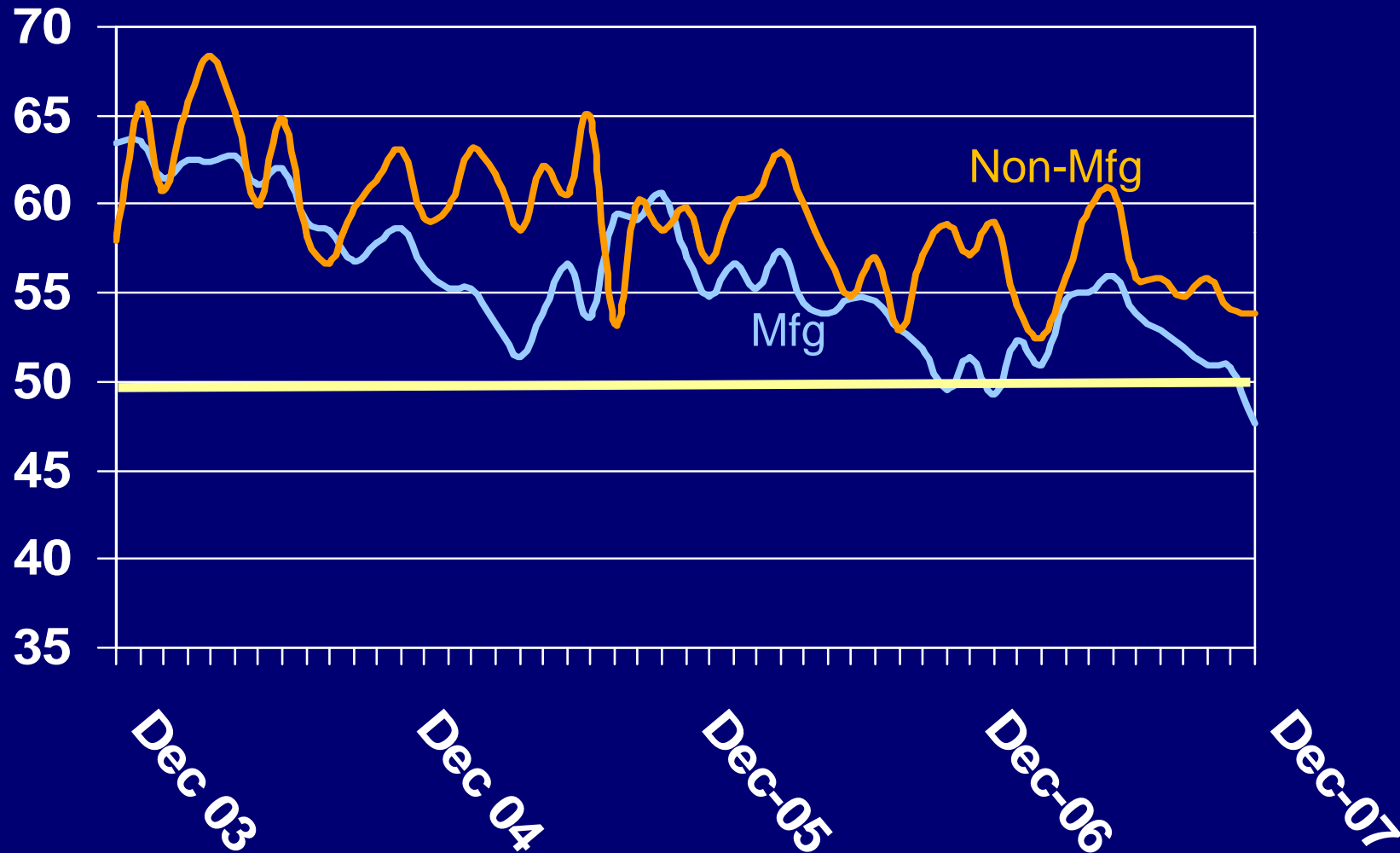


Source: Global Insight, GMU Center for Regional Analysis

Housing Trends: New & Existing Home Sales

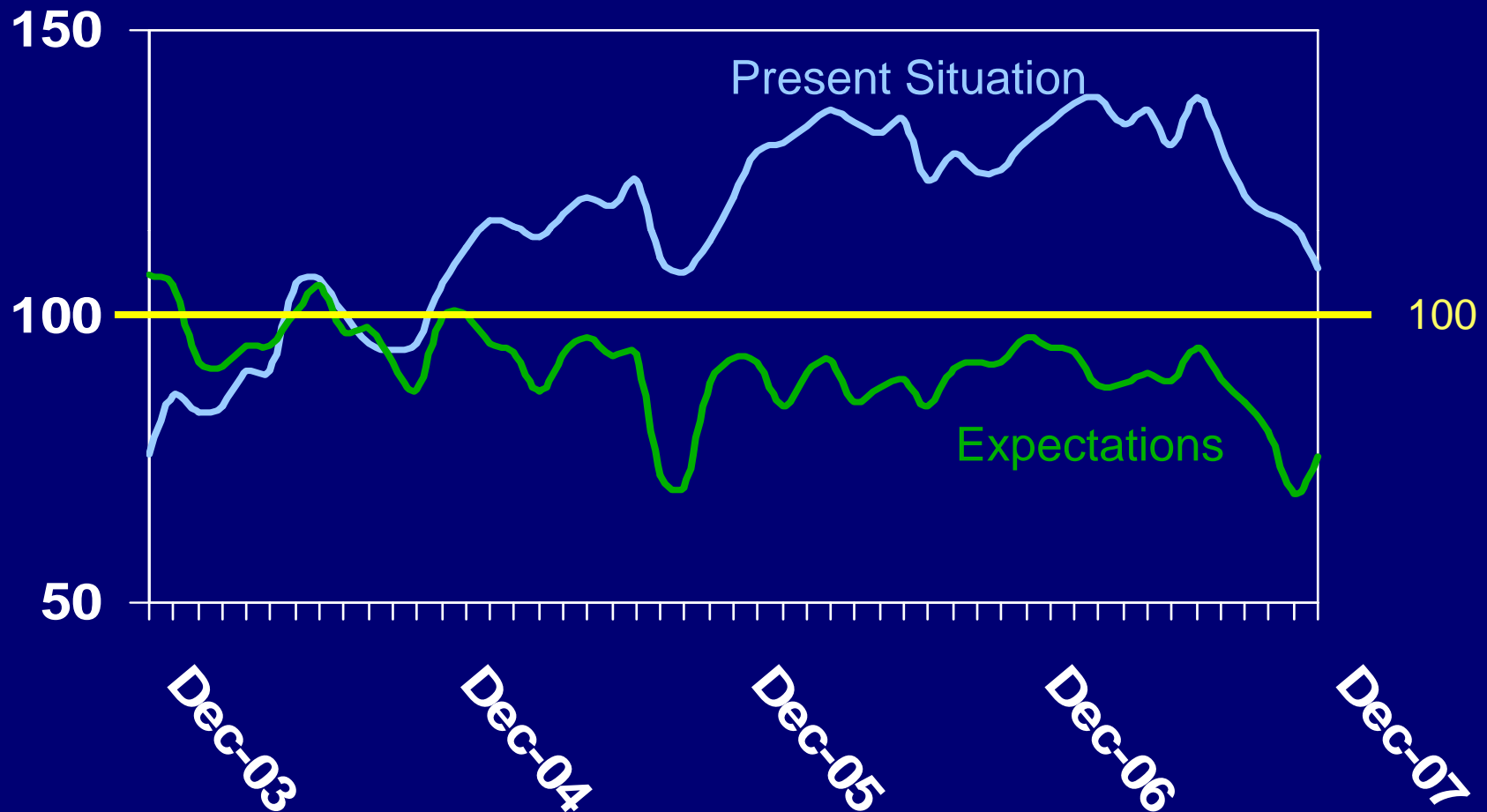


ISM Manufacturing and Non-Manufacturing Indices



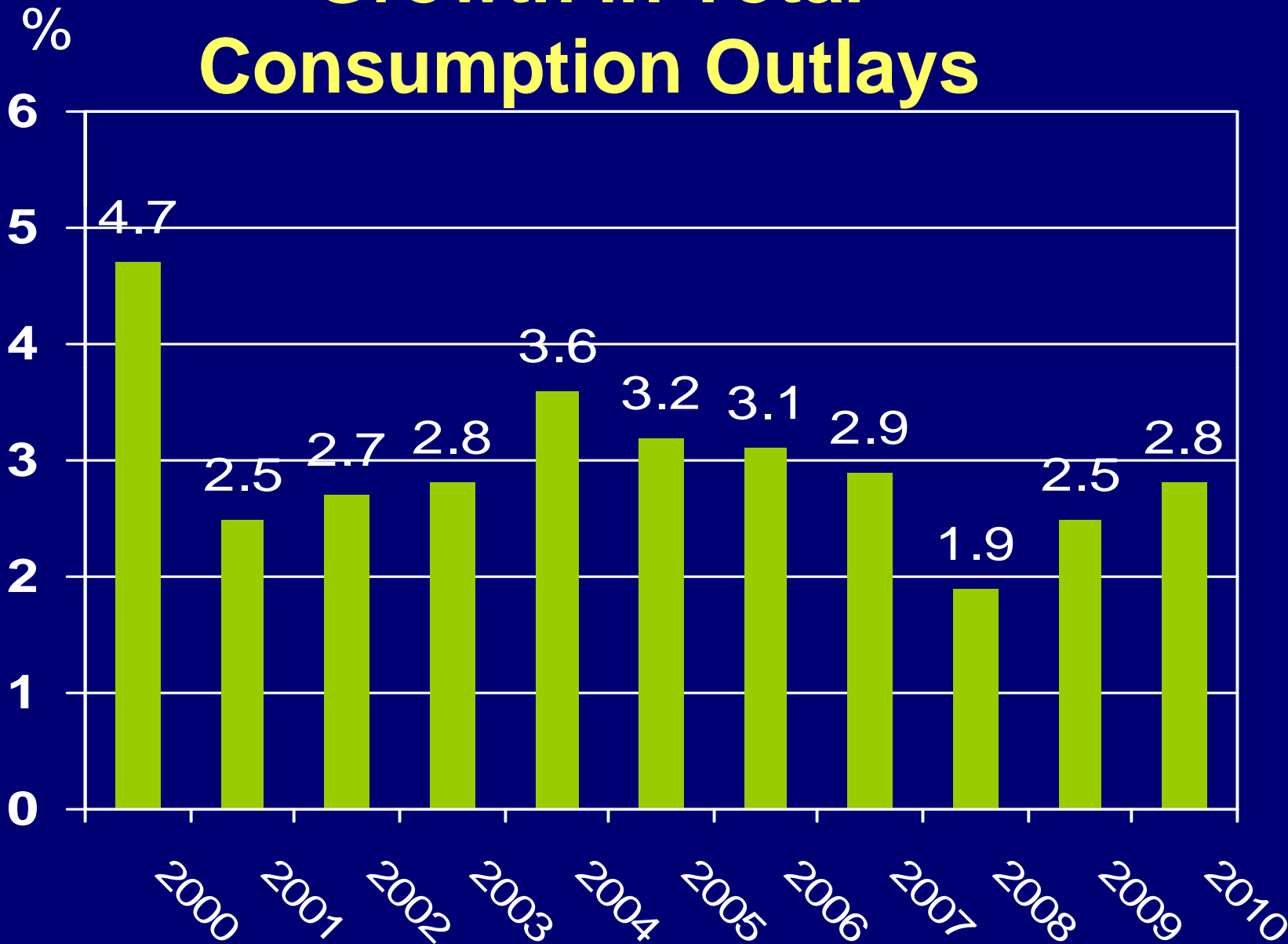
Source: Institute for Supply Management

Consumer Confidence

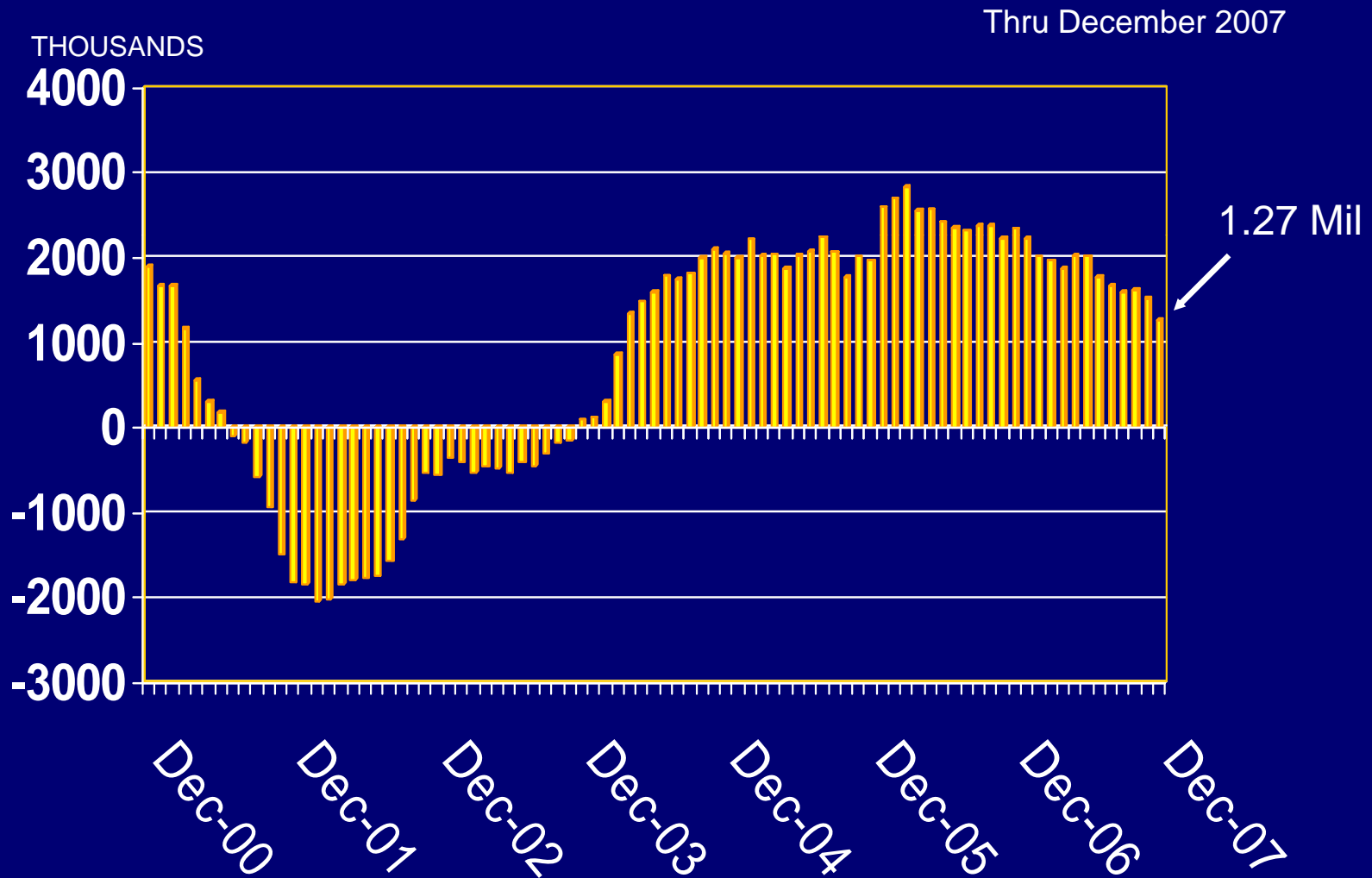


Source: Conference Board, GMU Center for Regional Analysis

Growth in Total Consumption Outlays

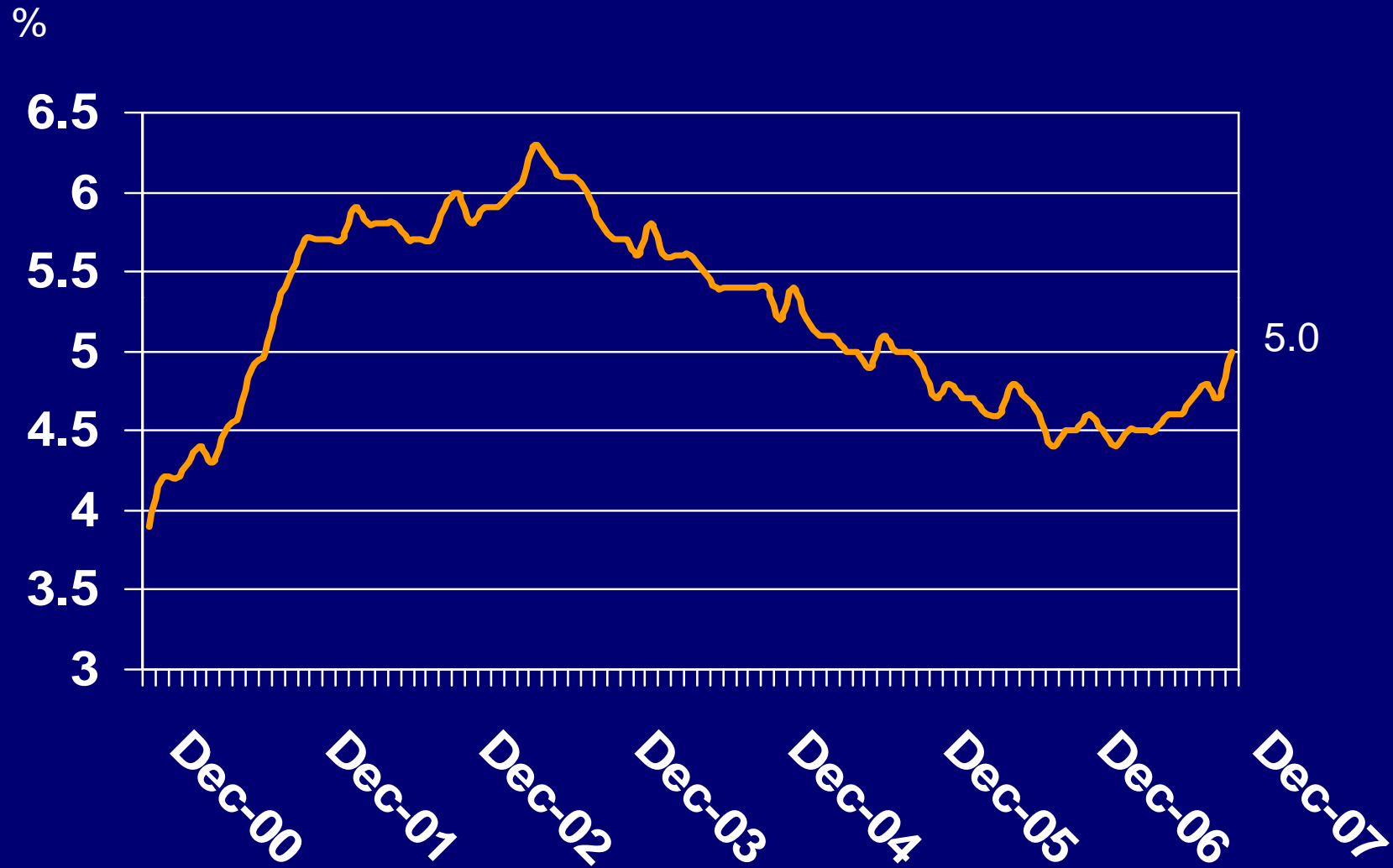


Annual Change in Jobs - US



Source: BLS Establishment Survey

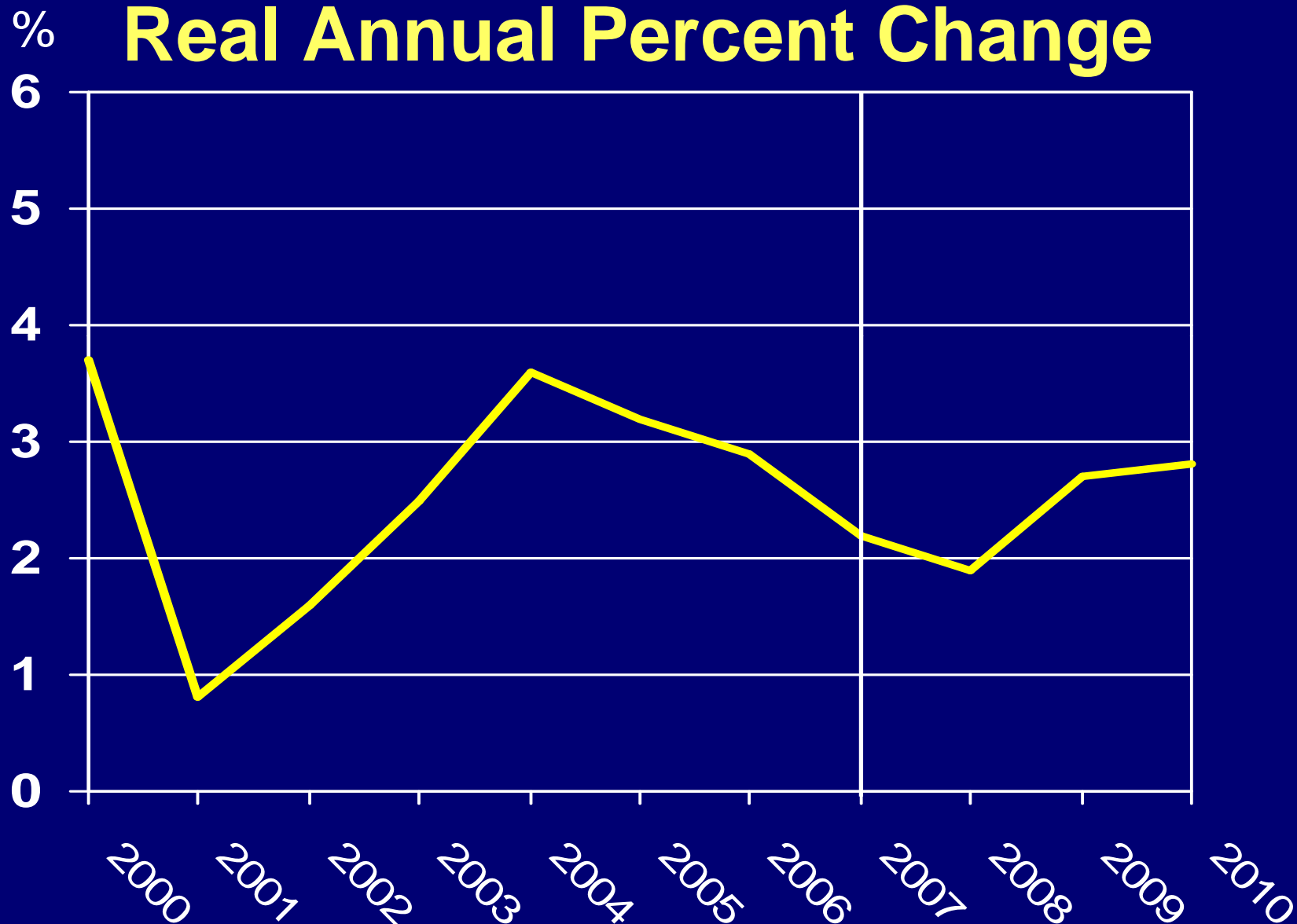
U.S. Unemployment Rate



Source: BLS, Seasonally Adjusted

GDP 2000 - 2010

Real Annual Percent Change



Source: Global Insight, Jan 2008, GMU Center for Regional Analysis

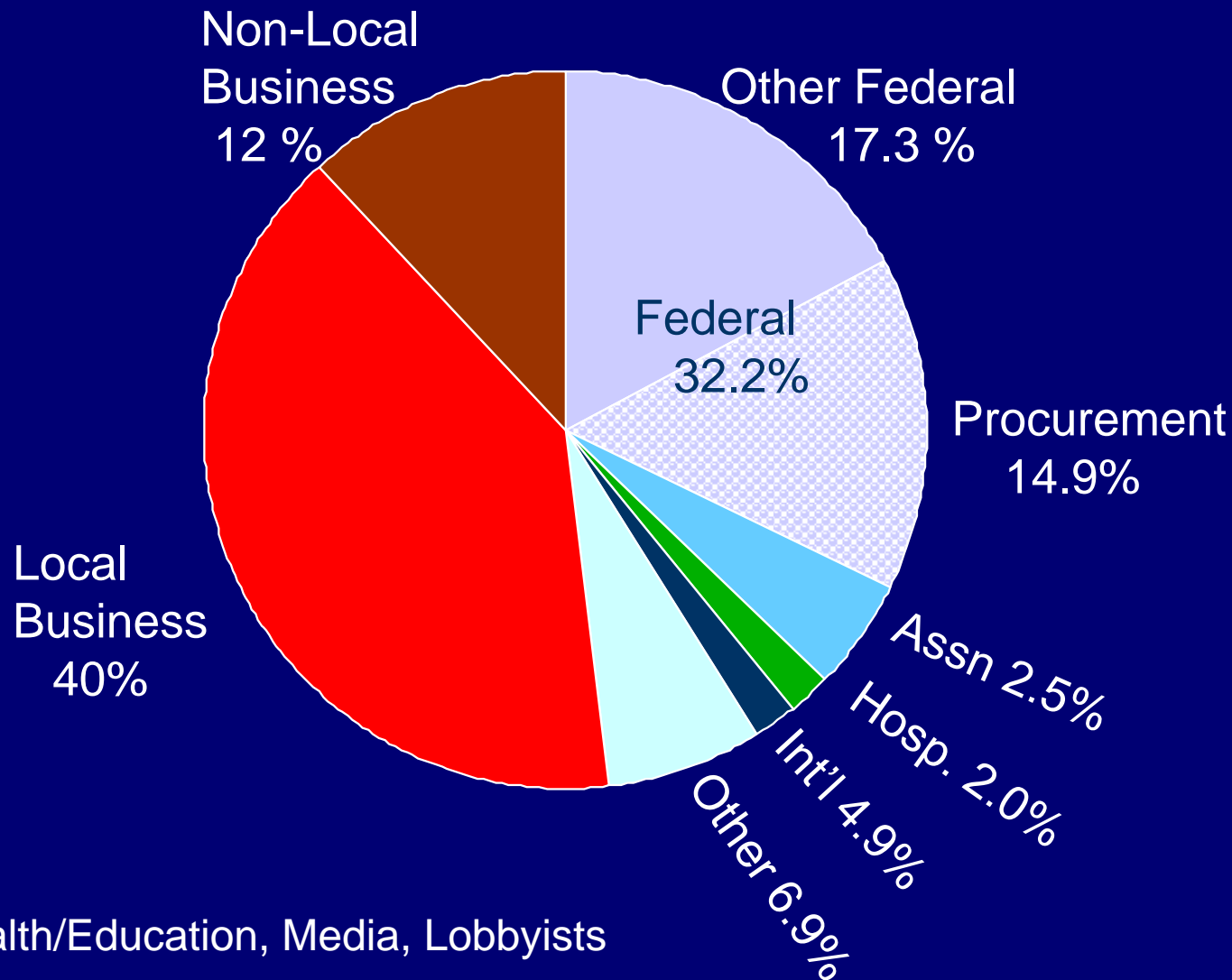
The Washington Area Economy

Current Performance

Key Questions

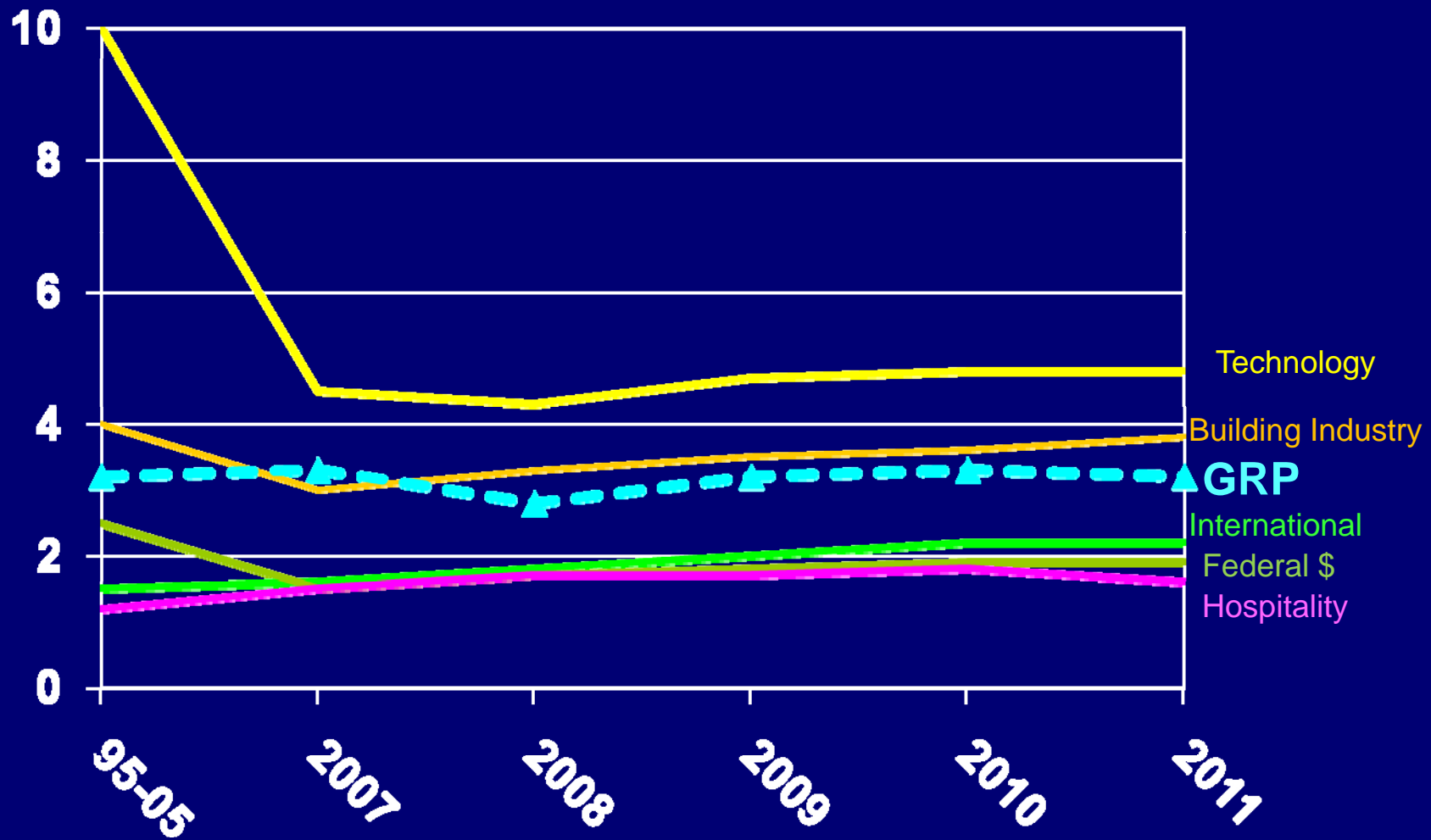
- What's driving the Washington area economy?
- What makes the Washington area economy different from other metropolitan economies?
- Will these differences protect the local economy or worsen the slowdown in 2008?

Structure of the Greater Washington Economy



Core Industry Outlook

(Annual real % change)



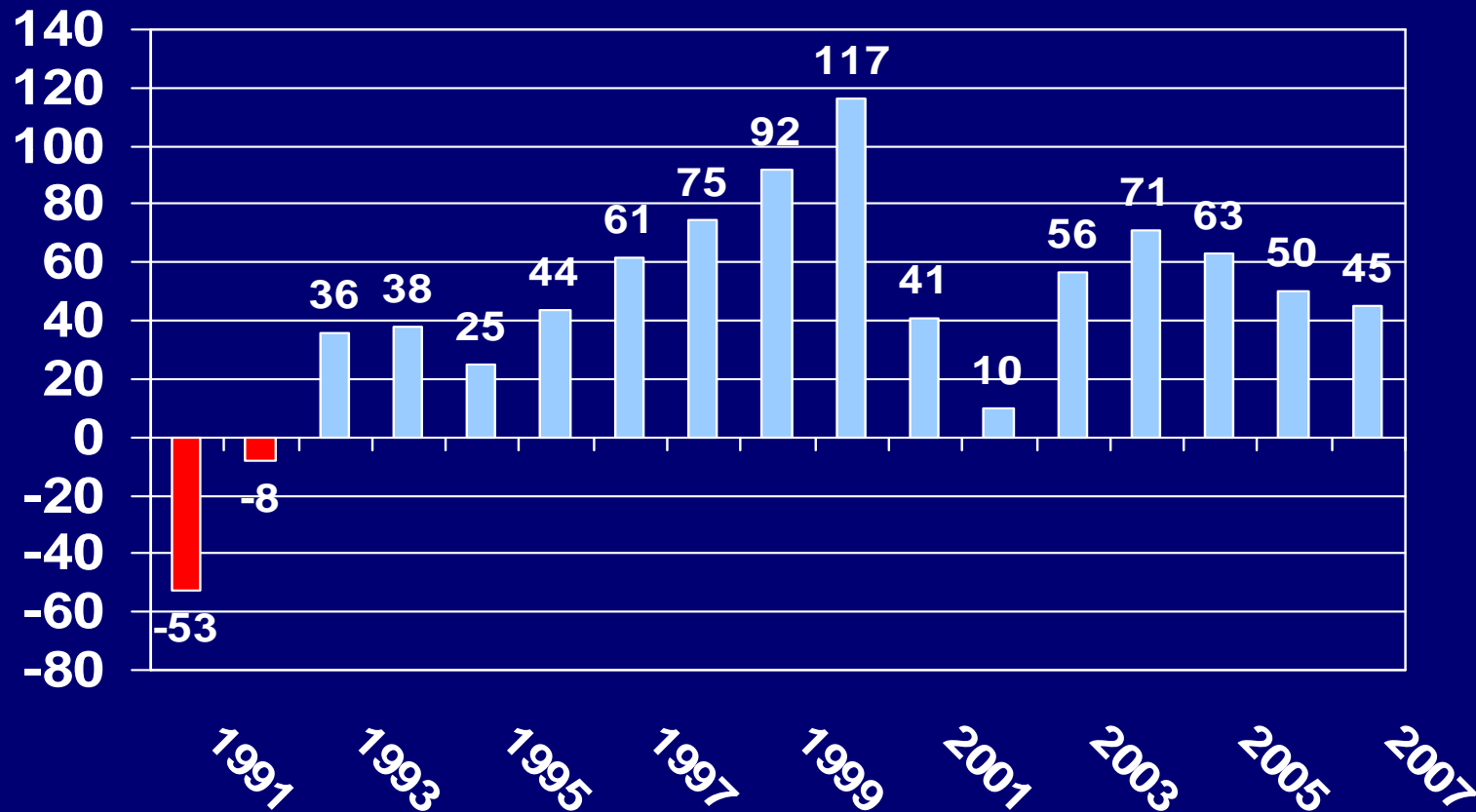
Source: GMU Center for Regional Analysis

Federal Spending by Type 1983 - 2007

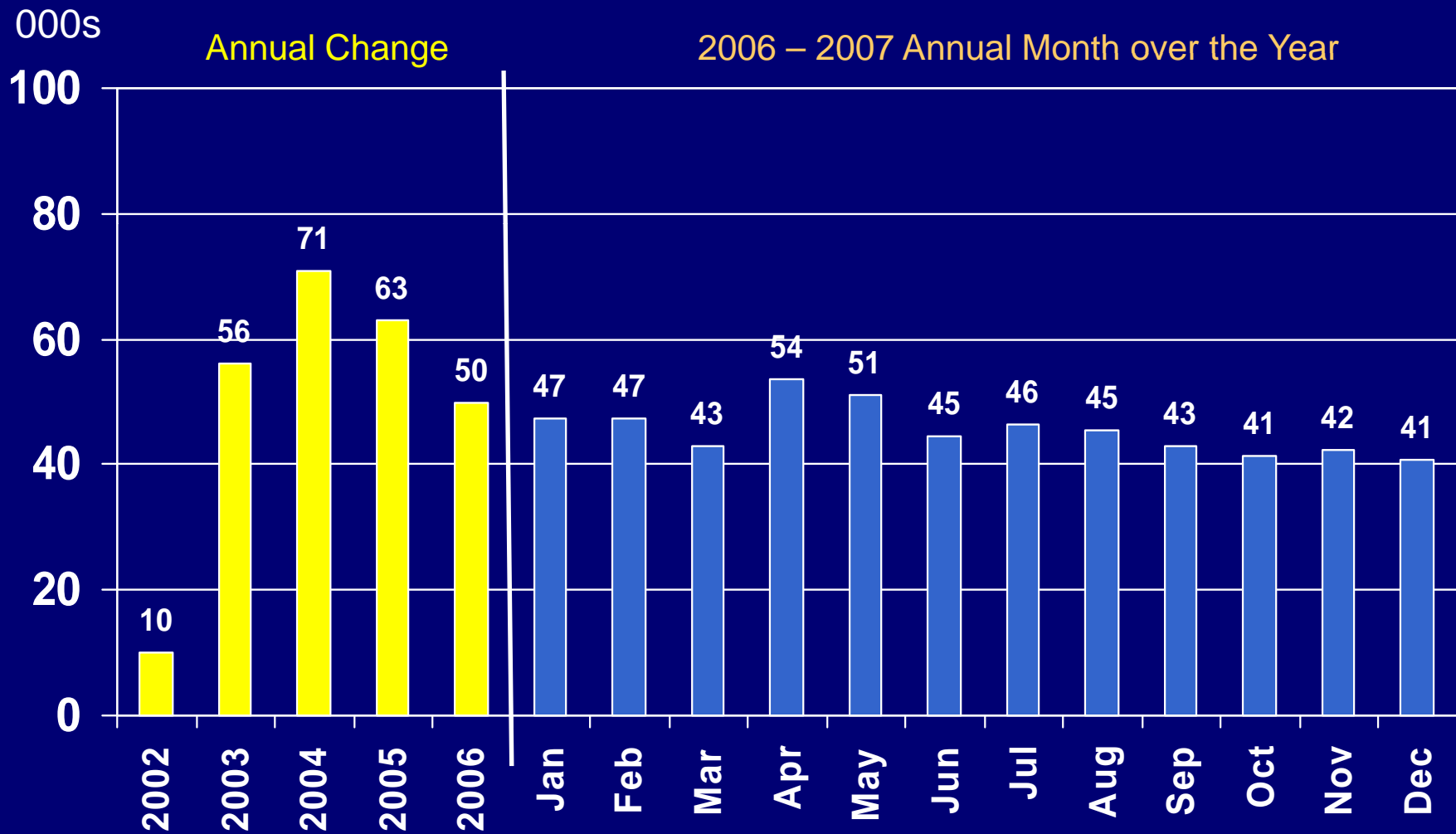


Annual Change in Jobs 1991 – 2007 Washington Metro

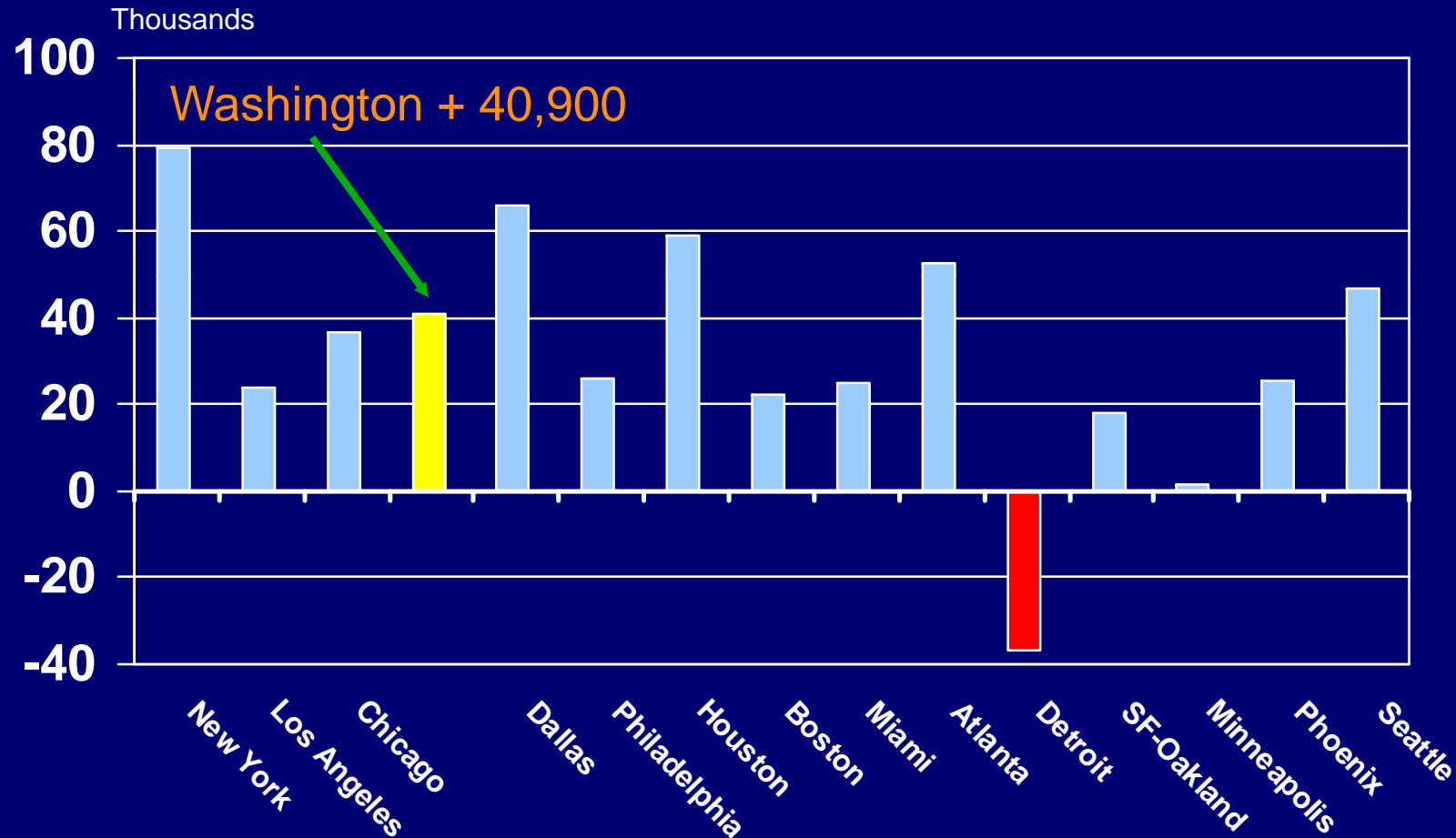
Thousands



Annual Job Change Washington Metro

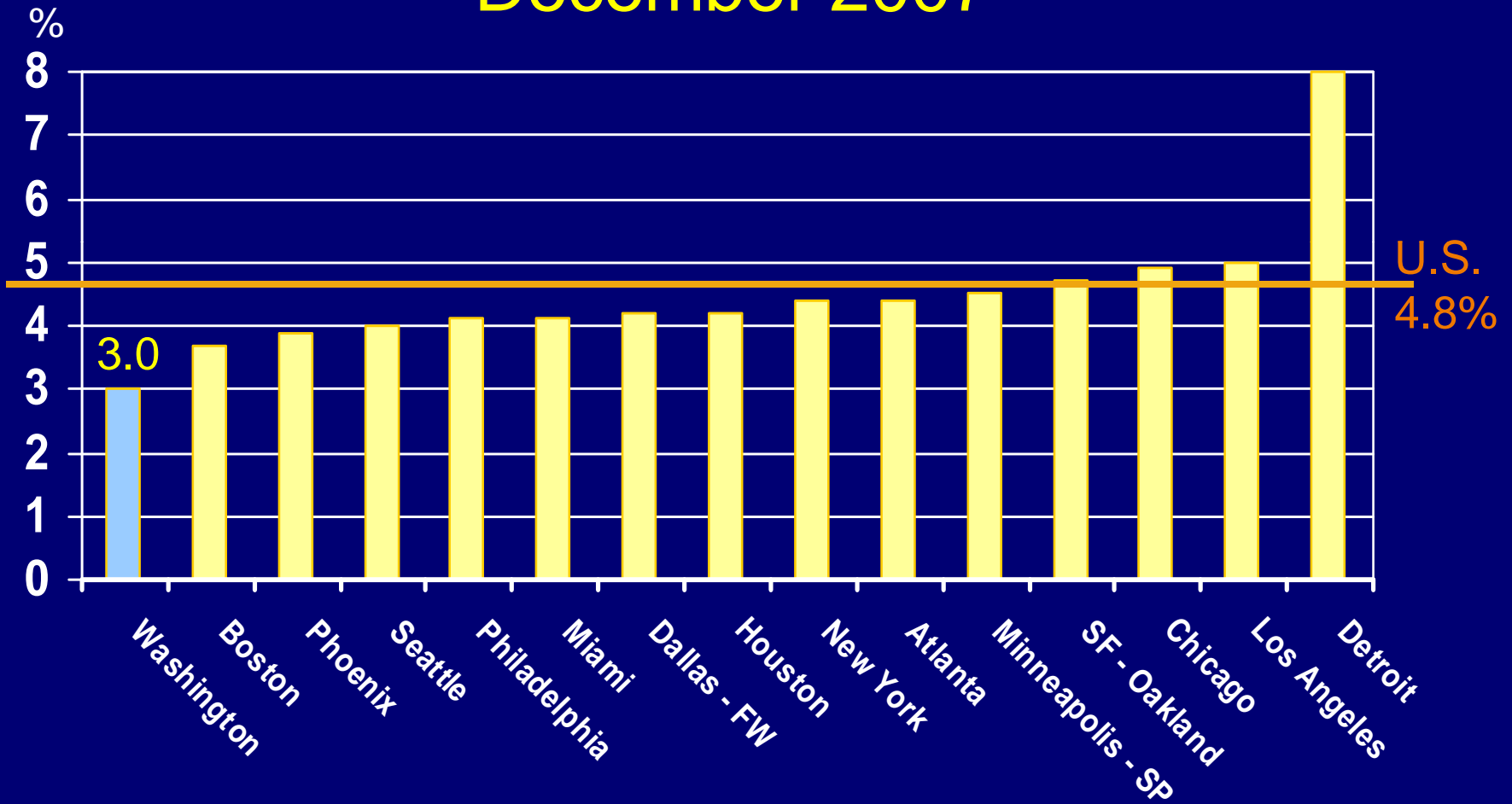


15 Largest Job Markets Job Change Dec 06 – Dec 07



Ranked by Total Jobs

15 Largest Job Markets Ranked by Unemployment Rate December 2007



The Washington Area Residential Market

Sales and Total Active Listings

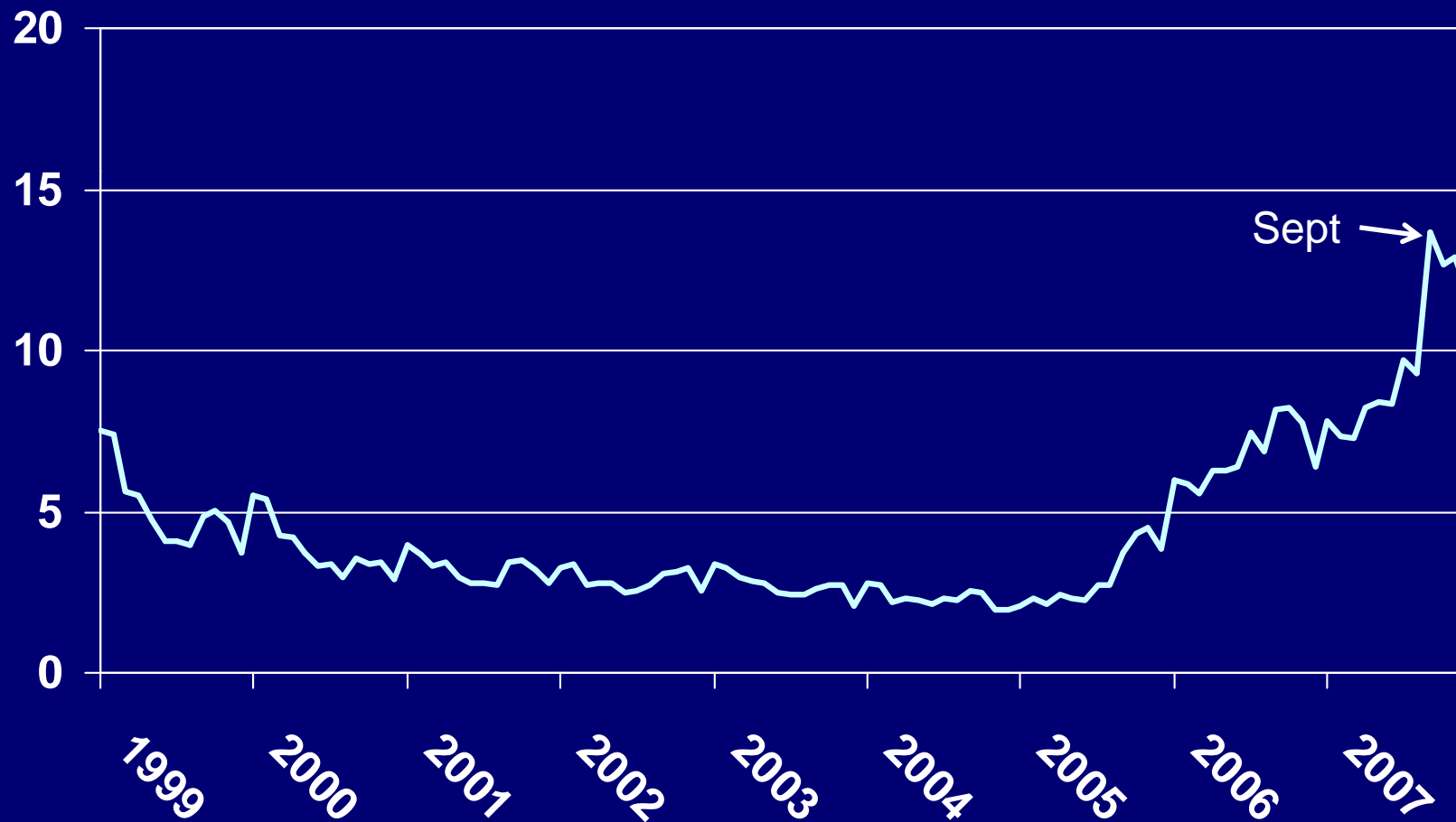
Washington MSA, December Each Year



Source: MRIS, GMU Center for Regional Analysis

Total Active Listings per Sale

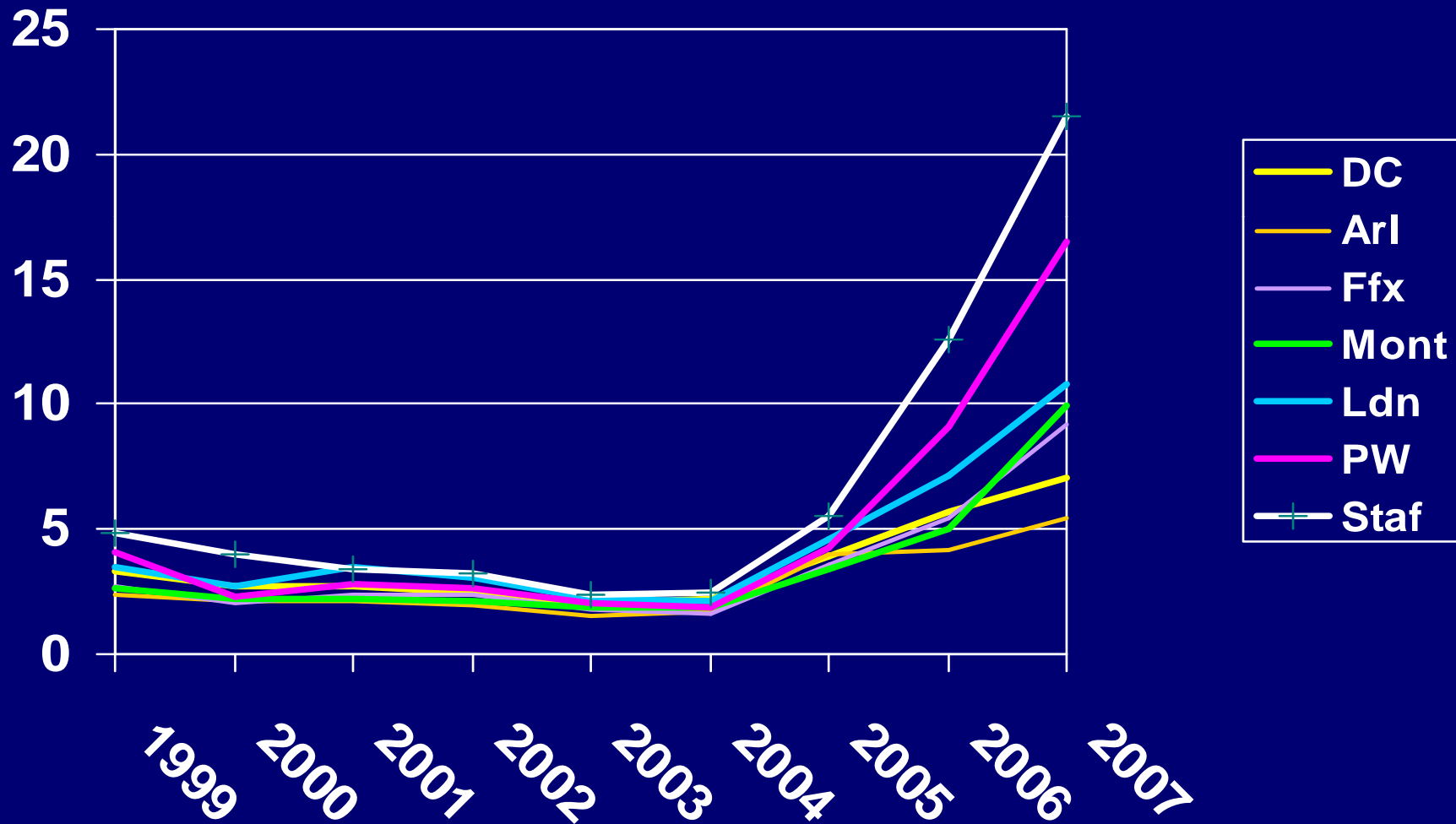
Monthly, 2000 – 2007, Metro Area



Source: MRIS, GMU Center for Regional Analysis

Total Active Listings per Sale

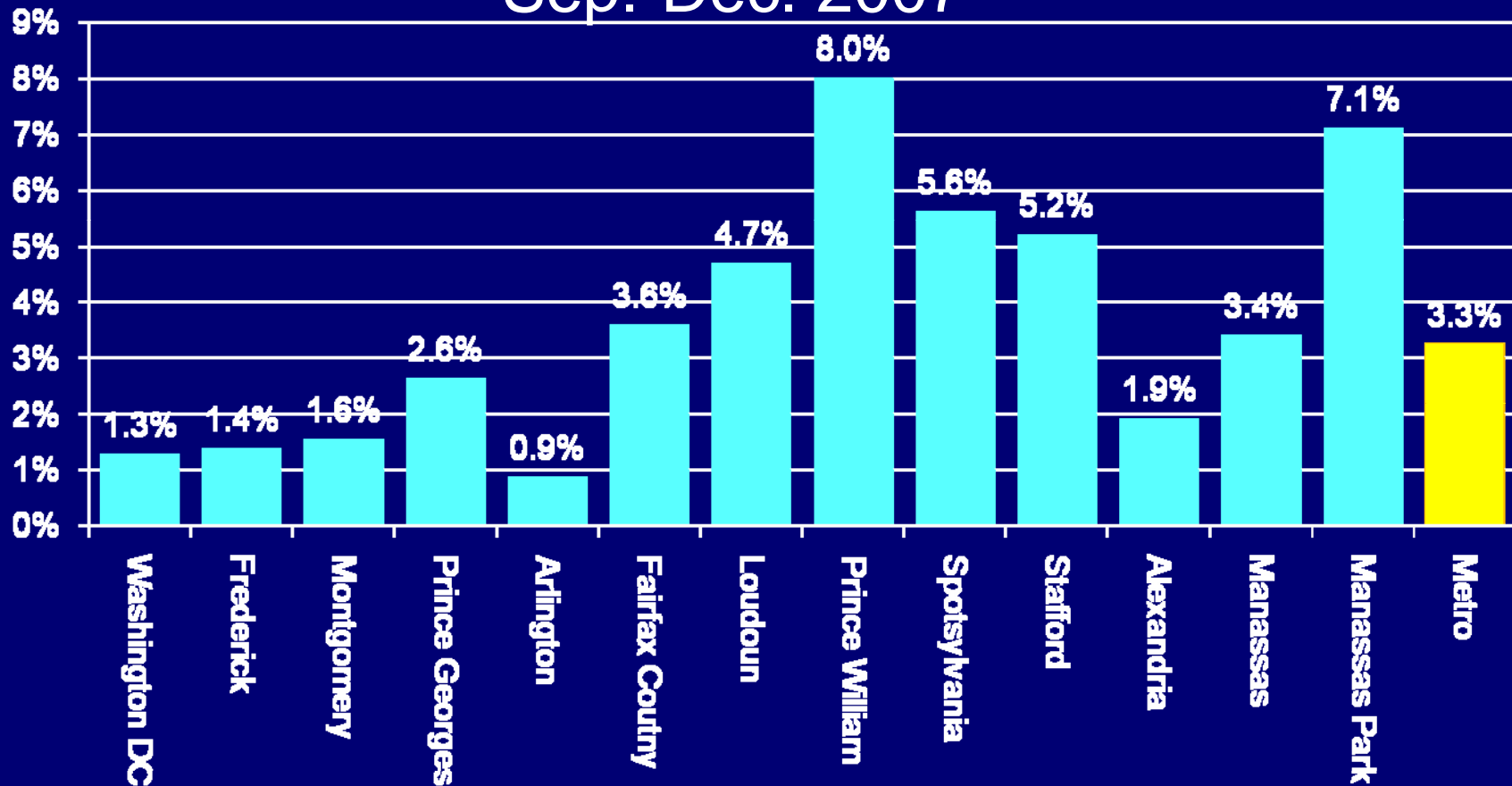
December Each Year



Source: MRIS, GMU Center for Regional Analysis

Recent Foreclosure Data

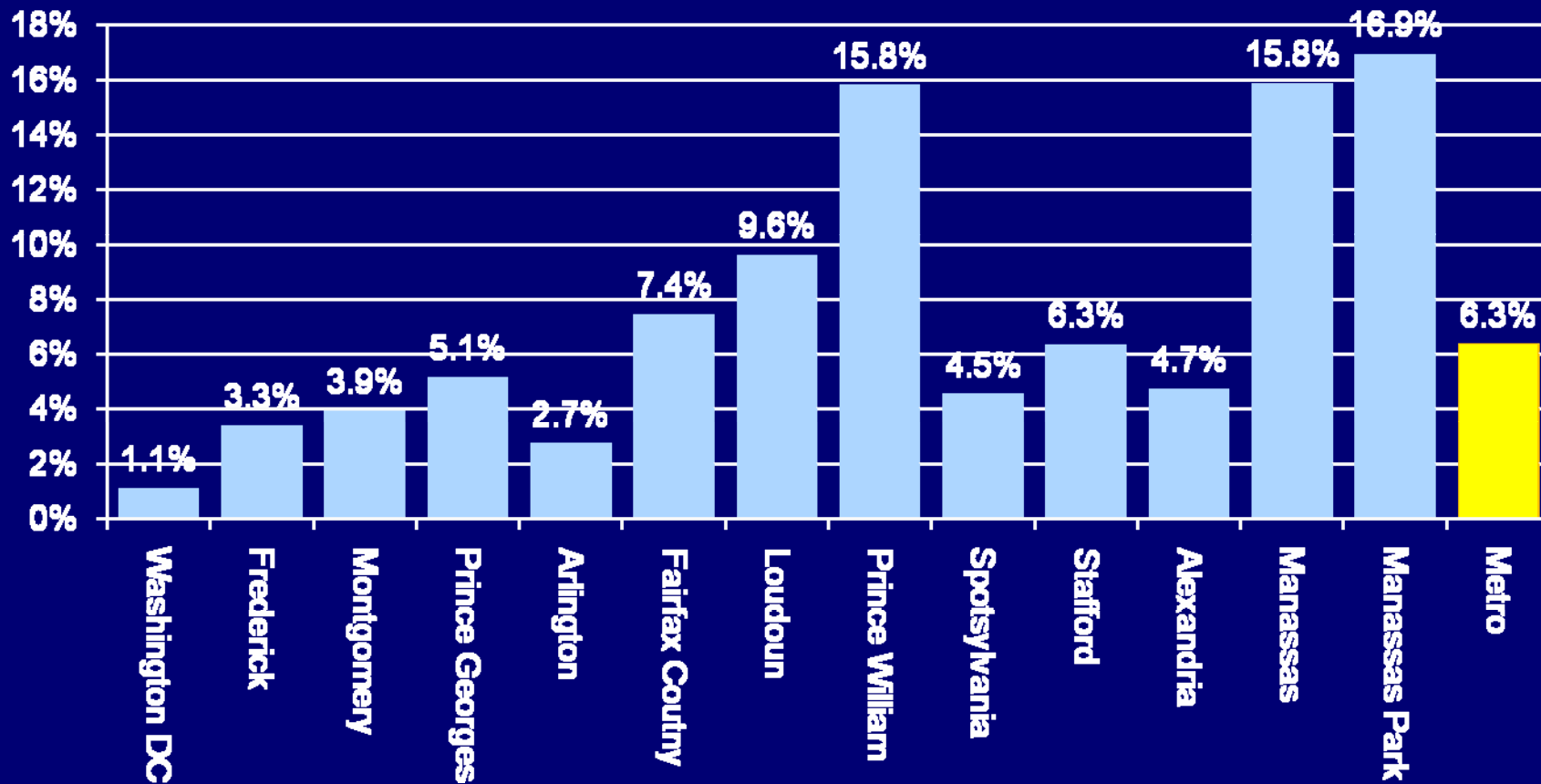
Foreclosures as a Percent of Total Listings
Sep.-Dec. 2007



Source: MRIS, GMU Center for Regional Analysis

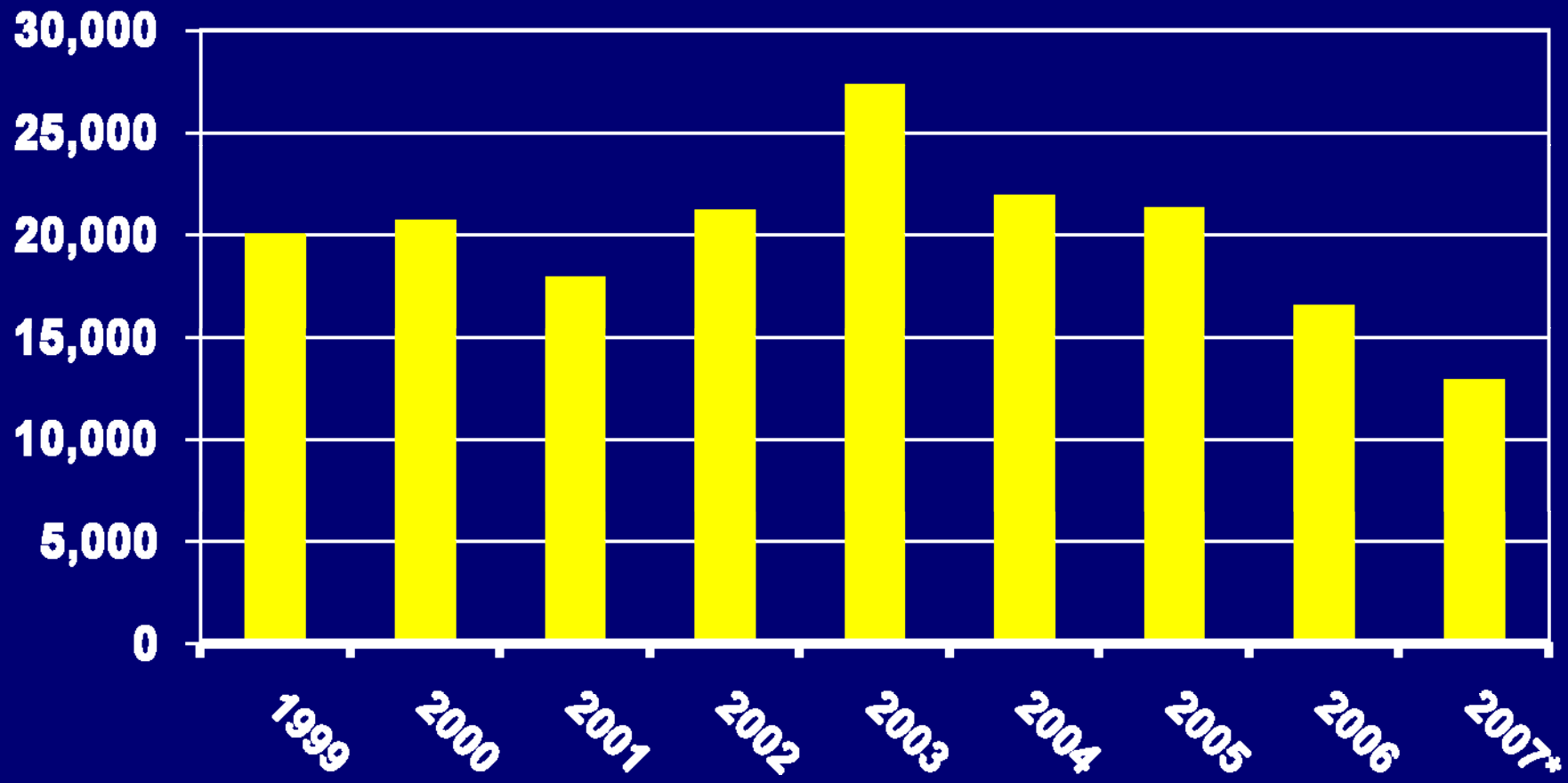
Recent Short Sales Data

Short Sales as a Percent of Total Listings
Sep.-Dec. 2007



Source: MRIS, GMU Center for Regional Analysis

New Housing Units Sold Washington Metro Area

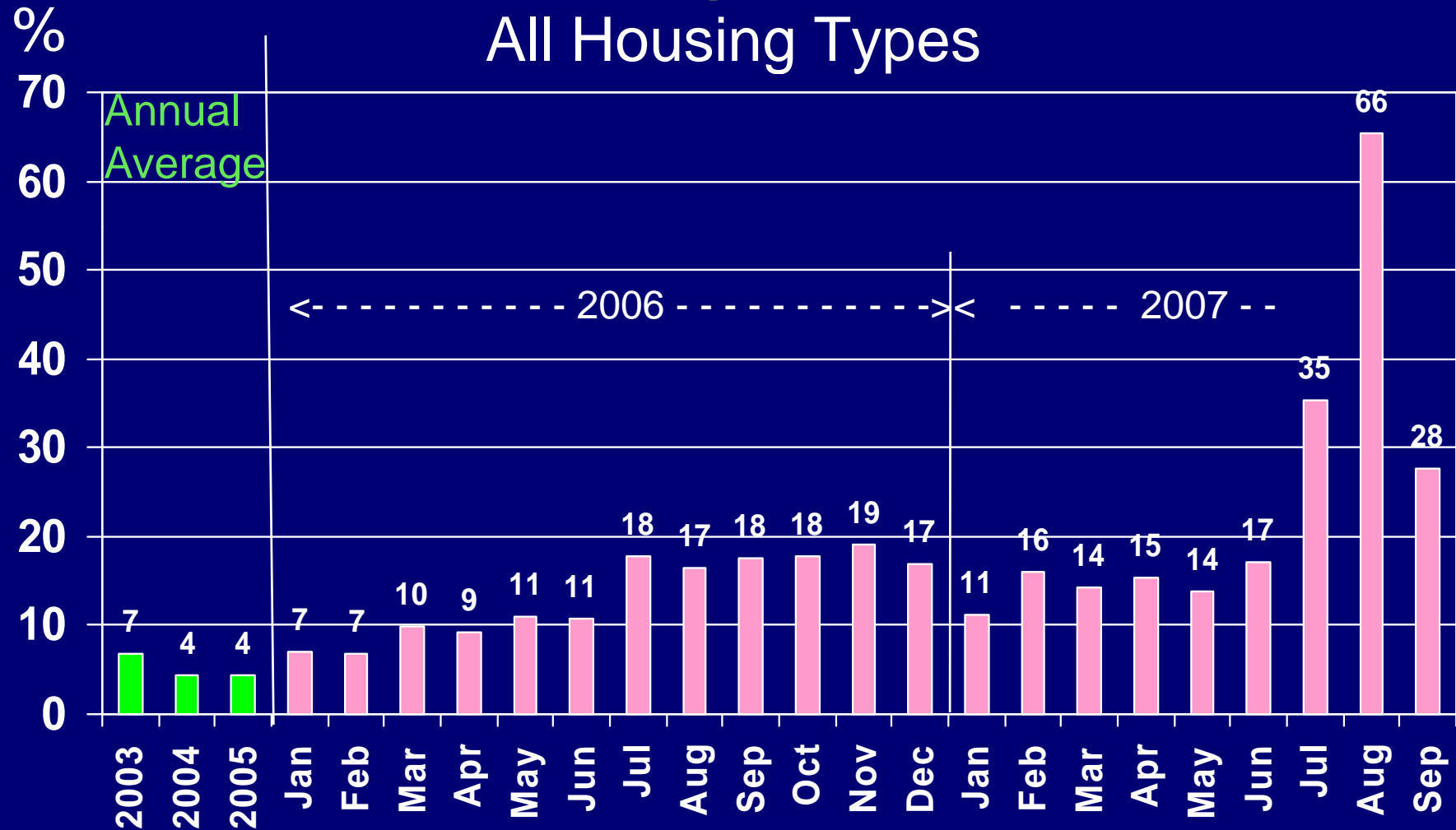


Source: Hanley-Wood, GMU Center for Regional Analysis

* Annualized

New Housing Contract Kick-Out Rate Washington MSA

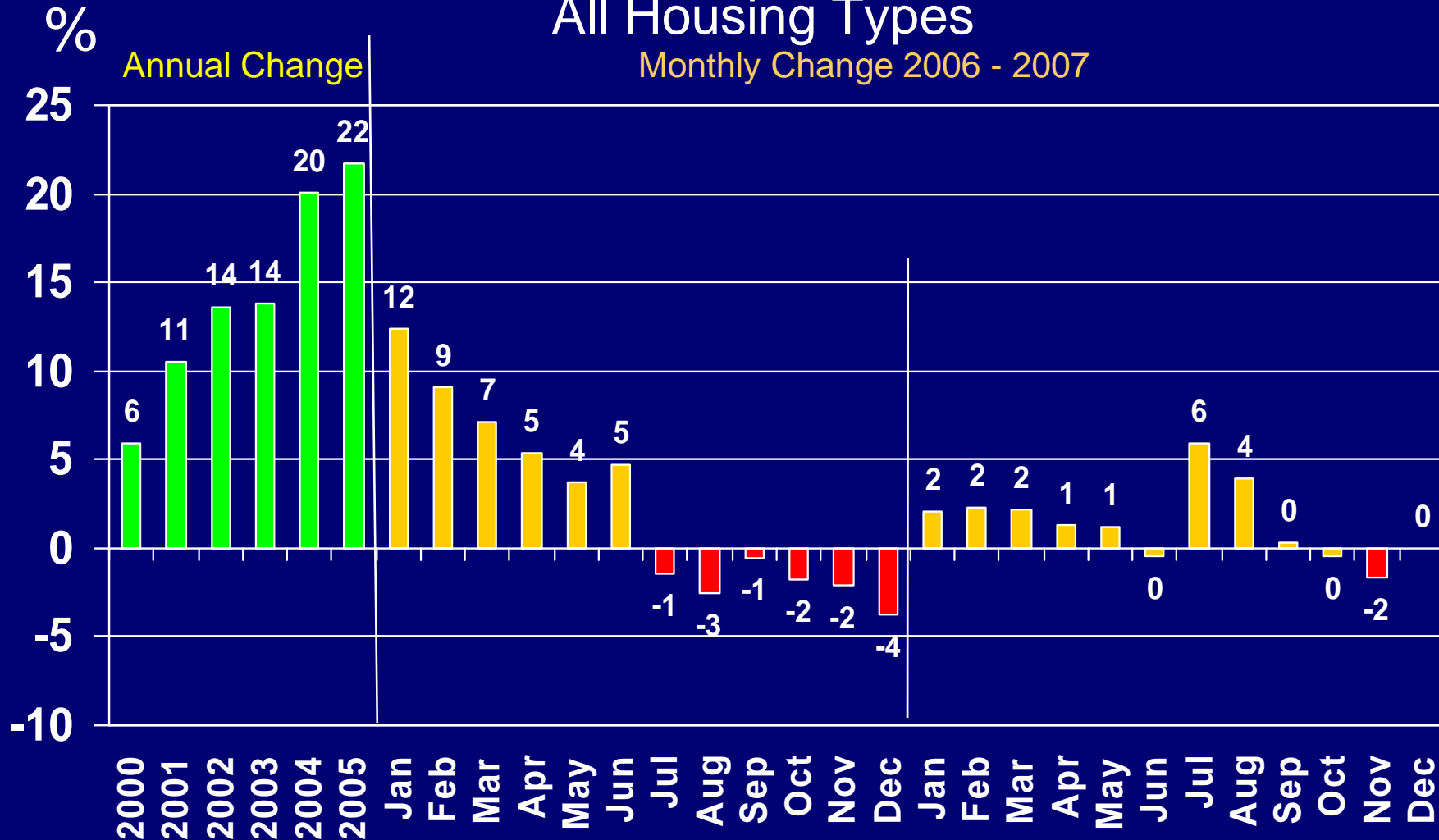
All Housing Types



Average Sales Price Percent Change Washington MSA

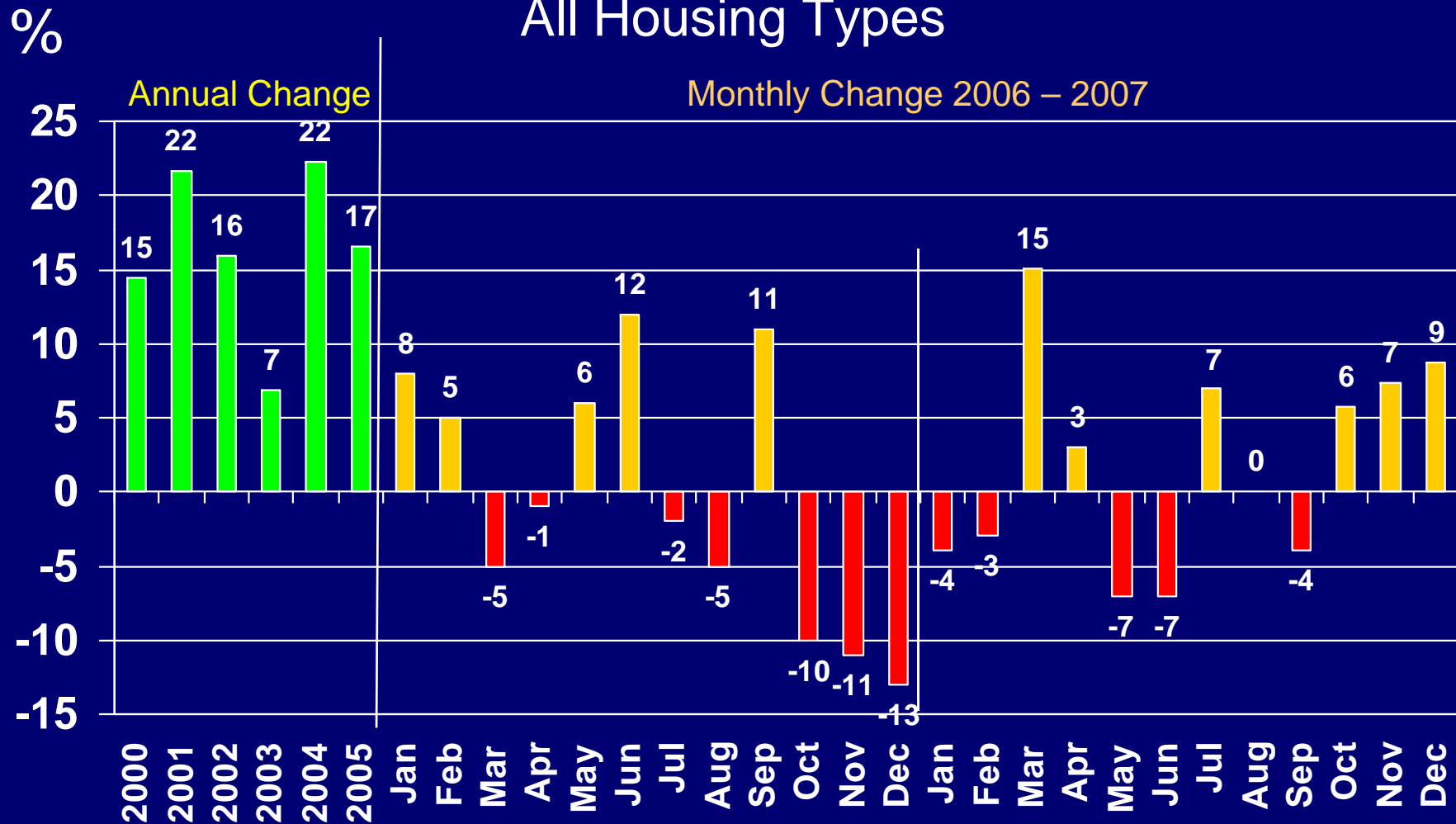
All Housing Types

Monthly Change 2006 - 2007



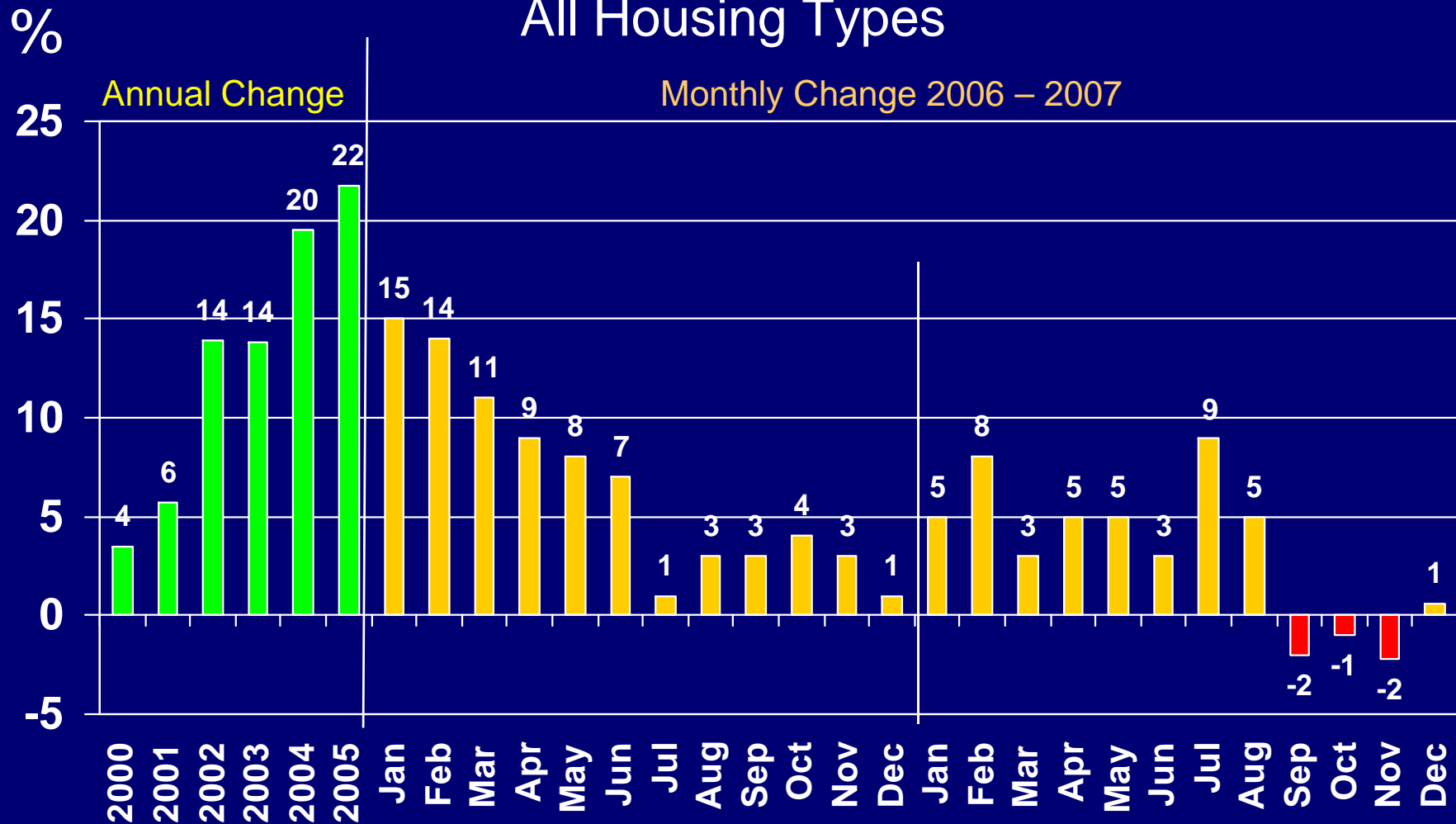
Average Sales Price Percent Change District of Columbia

All Housing Types



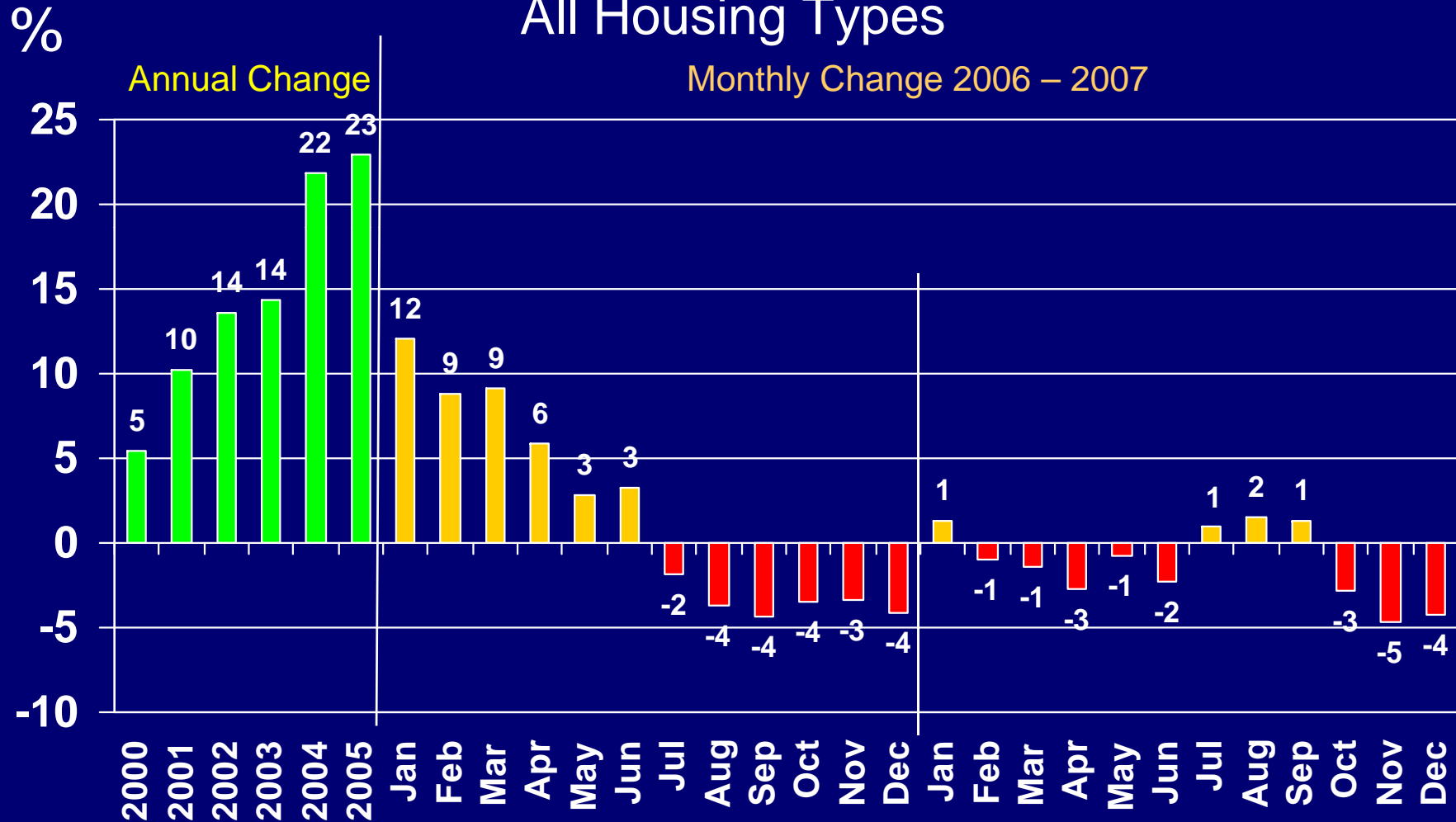
Average Sales Price Percent Change Suburban Maryland

All Housing Types



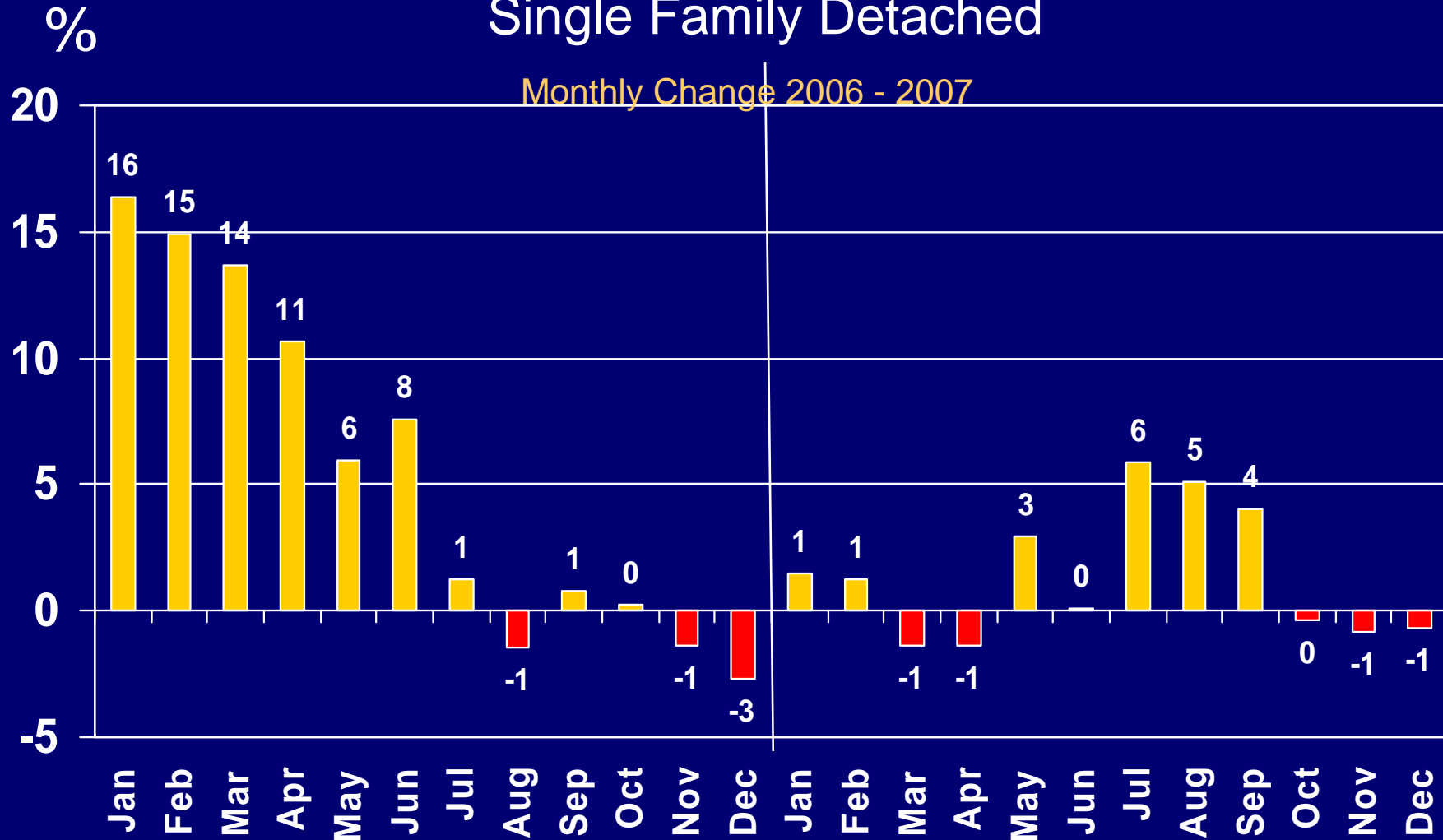
Average Sales Price Percent Change Northern Virginia

All Housing Types



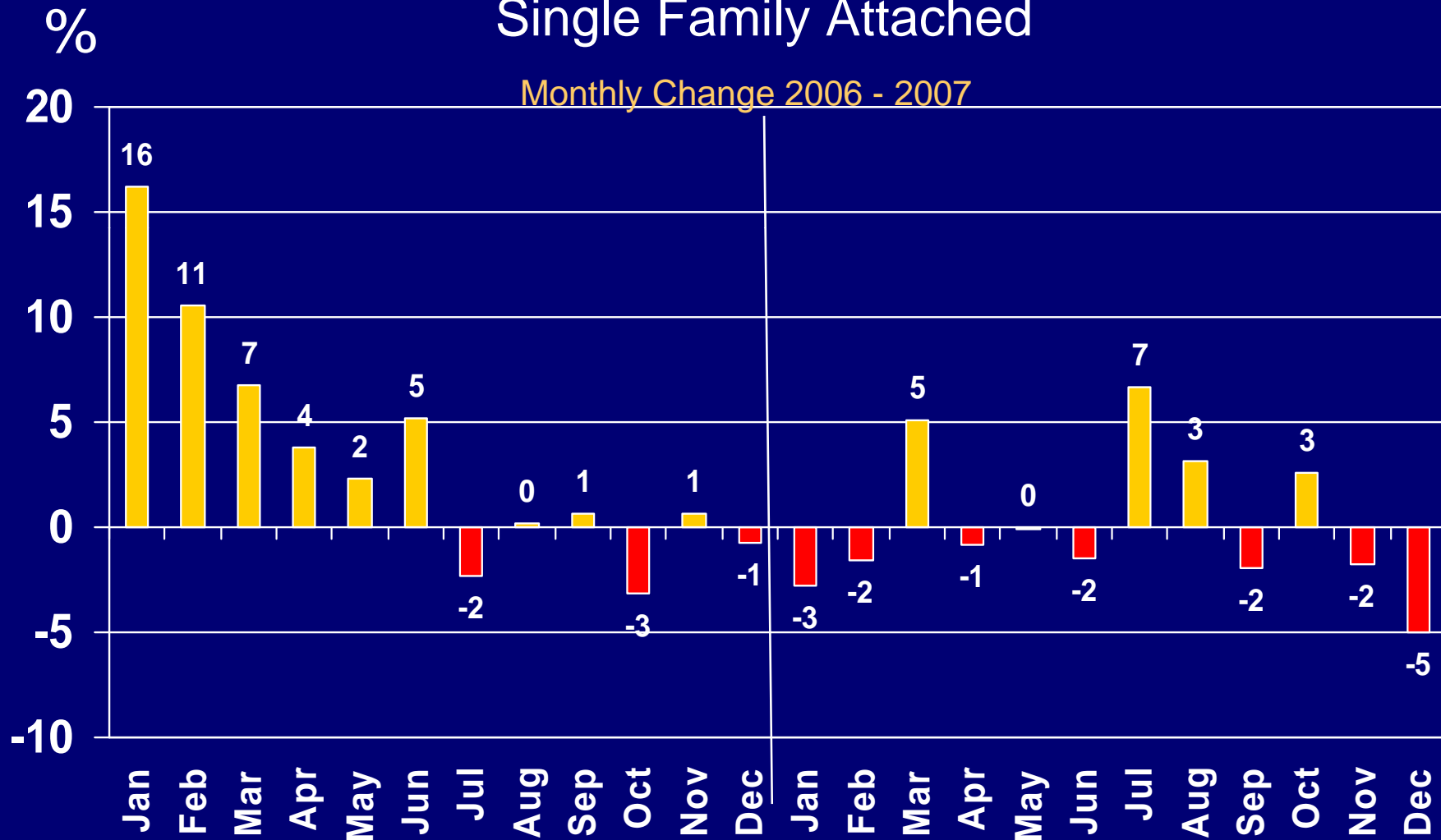
Average Sales Price Percent Change Washington MSA

Single Family Detached



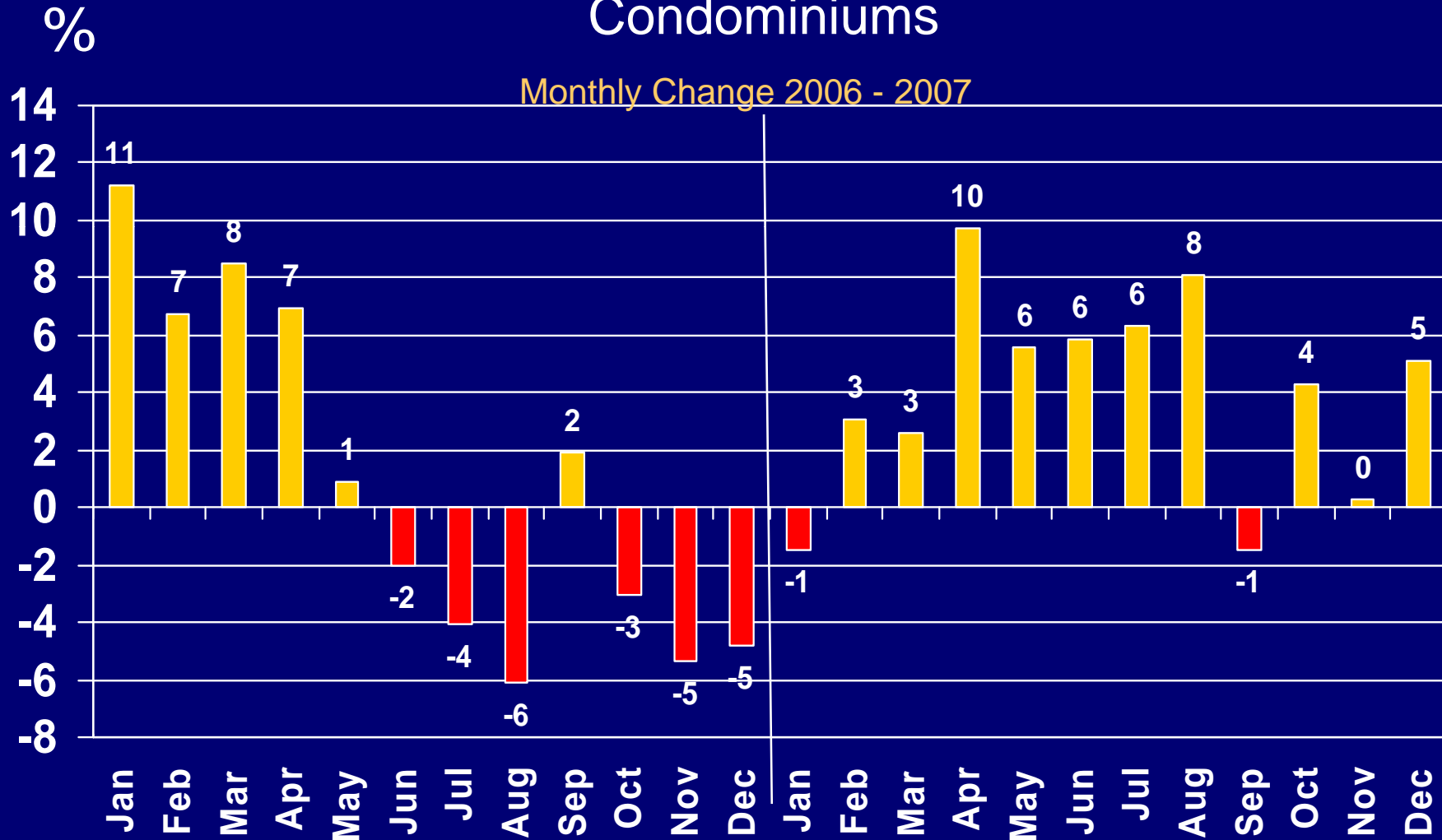
Average Sales Price Percent Change Washington MSA

Single Family Attached



Average Sales Price Percent Change Washington MSA

Condominiums



The Washington Area Office Market Outlook

Office Space Supply and Demand In the Washington Metro Area: 2007-2009

(millions of square feet)

| | Deliveries | Demand | Surplus |
|----------------------|-------------------|---------------|----------------|
| District of Columbia | 9.3 | 2.8 | 6.5 |
| Suburban Maryland | 3.3 | 2.4 | 0.9 |
| Northern Virginia | 8.0 | 6.4 | 1.6 |
| TOTAL | 20.6 | 11.6 | 9.0 |

Source: Delta Associates, January 2008

Existing and Projected Office Vacancy In the Washington Metro Area: 2007-2009

(square feet in millions)

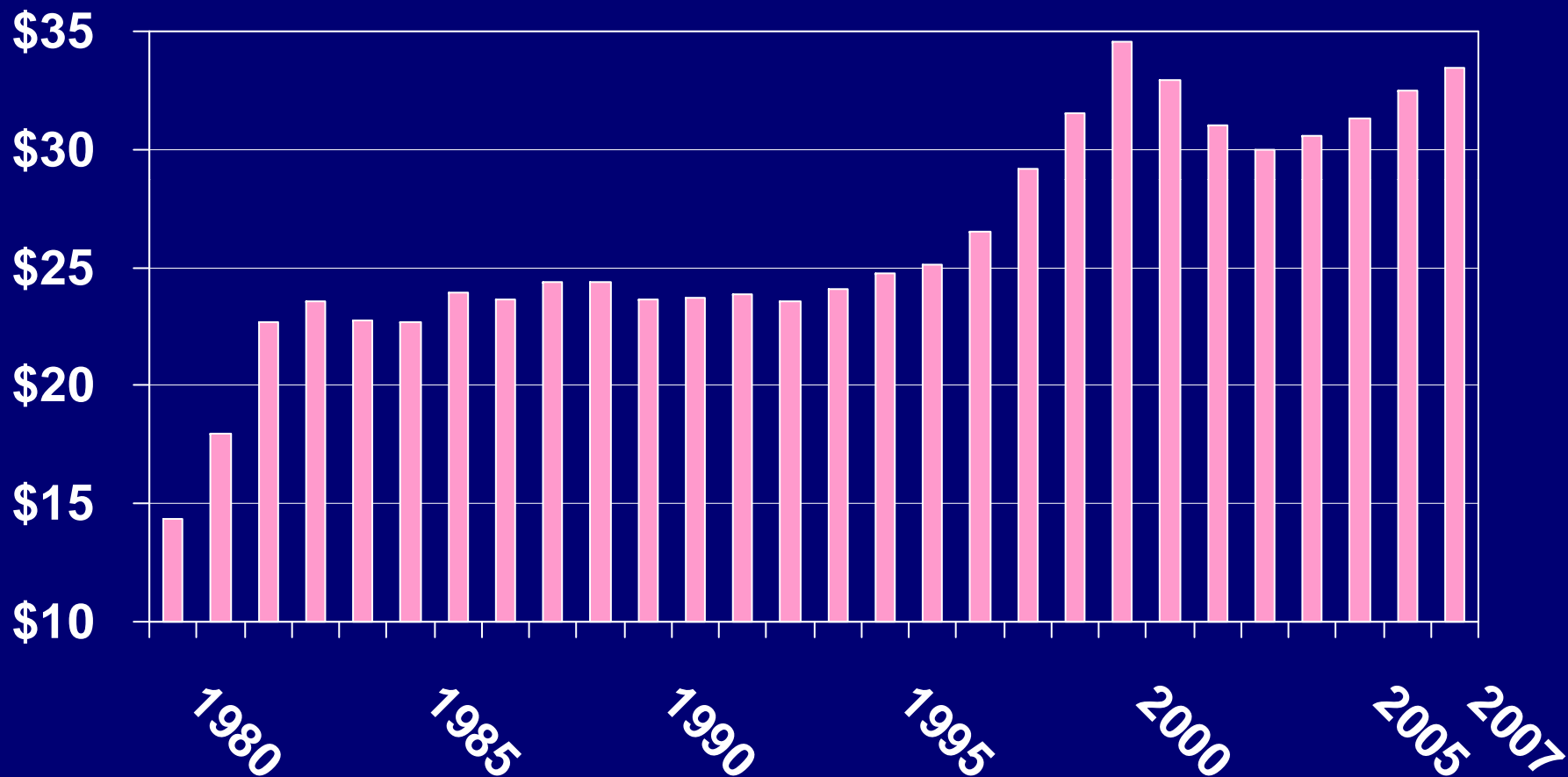
| | 2007* | | 2009* | |
|-------------------|-------------|-------------|-------------|--------------|
| | SF | Rate | SF | Rate |
| Dist. of Columbia | 7.9 | 6.4% | 15.1 | 11.3% |
| Suburban Maryland | 9.0 | 10.6% | 10.4 | 11.7% |
| Northern Virginia | 17.3 | 10.3% | 19.6 | 11.1% |
| TOTAL | 34.2 | 9.1% | 45.1 | 11.3% |

* End of Year

Average Class A Office Rents

Washington Metro

1980 - 2007



Source: Delta Associates

Area Economic Forecast

2008 - 2011

Employment Change by Sub-state Region (000s)

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------|-------------|-------------------------------|-------------|-------------|-------------|-------------|
| D.C. | 6.1 | 10.4 (5.3)* | 7.1 | 6.5 | 5.0 | 5.0 |
| S. MD | 10.6 | 10.3 (10.5)* | 10.0 | 11.5 | 12.5 | 13.0 |
| No. VA | 30.5 | 22.7 (28.7)* | 20.5 | 21.0 | 24.0 | 25.5 |
| REGION | 47.2 | 43.4 (44.5)* | 37.6 | 39.0 | 41.5 | 43.5 |
| | 1.6% | 1.5% | 1.2% | 1.3% | 1.3% | 1.4% |

* CRA Mid-2007 Forecast

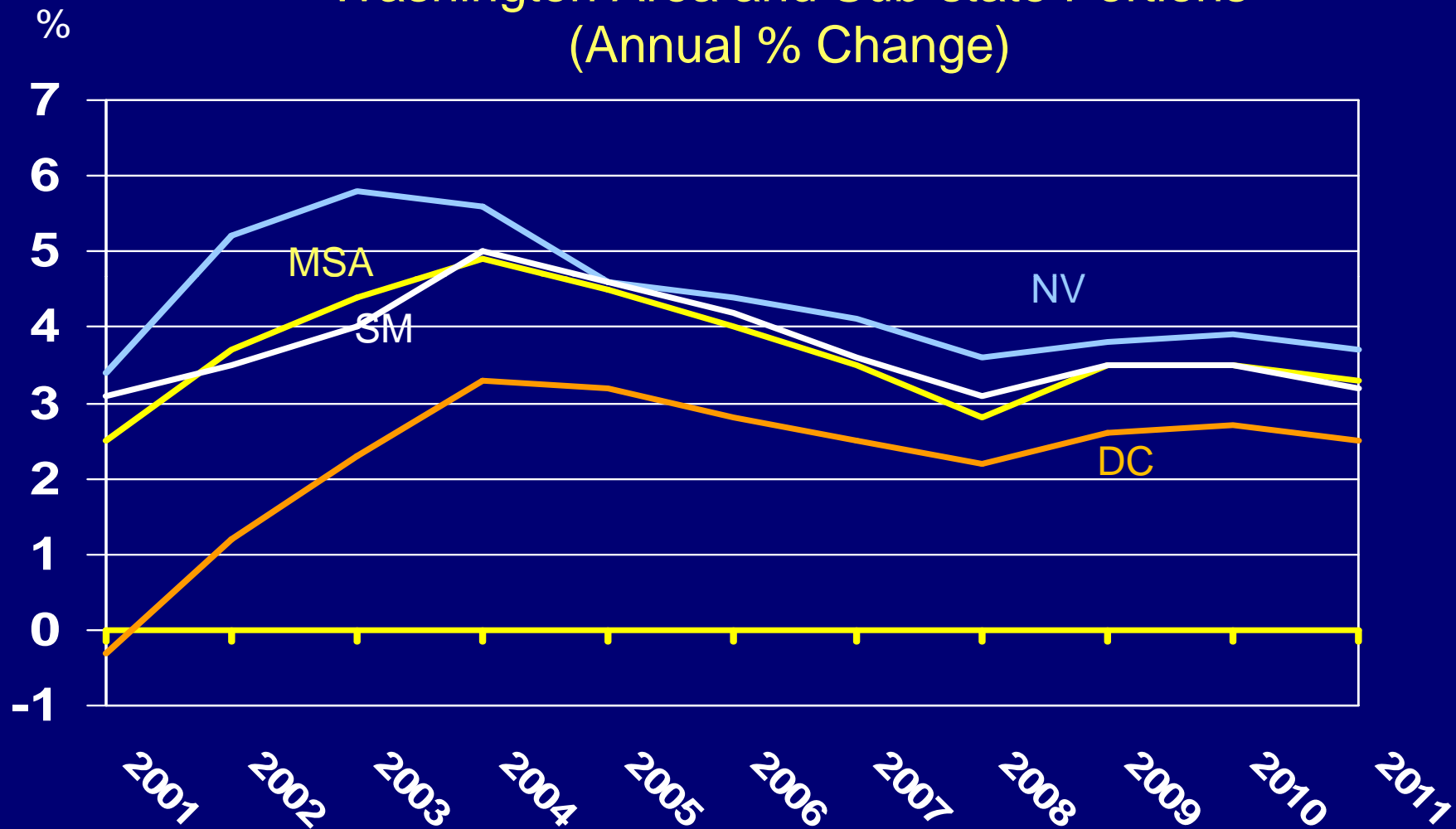
Average Annual Change 1990-2007 = 44,900

Source: GMU Center for Regional Analysis

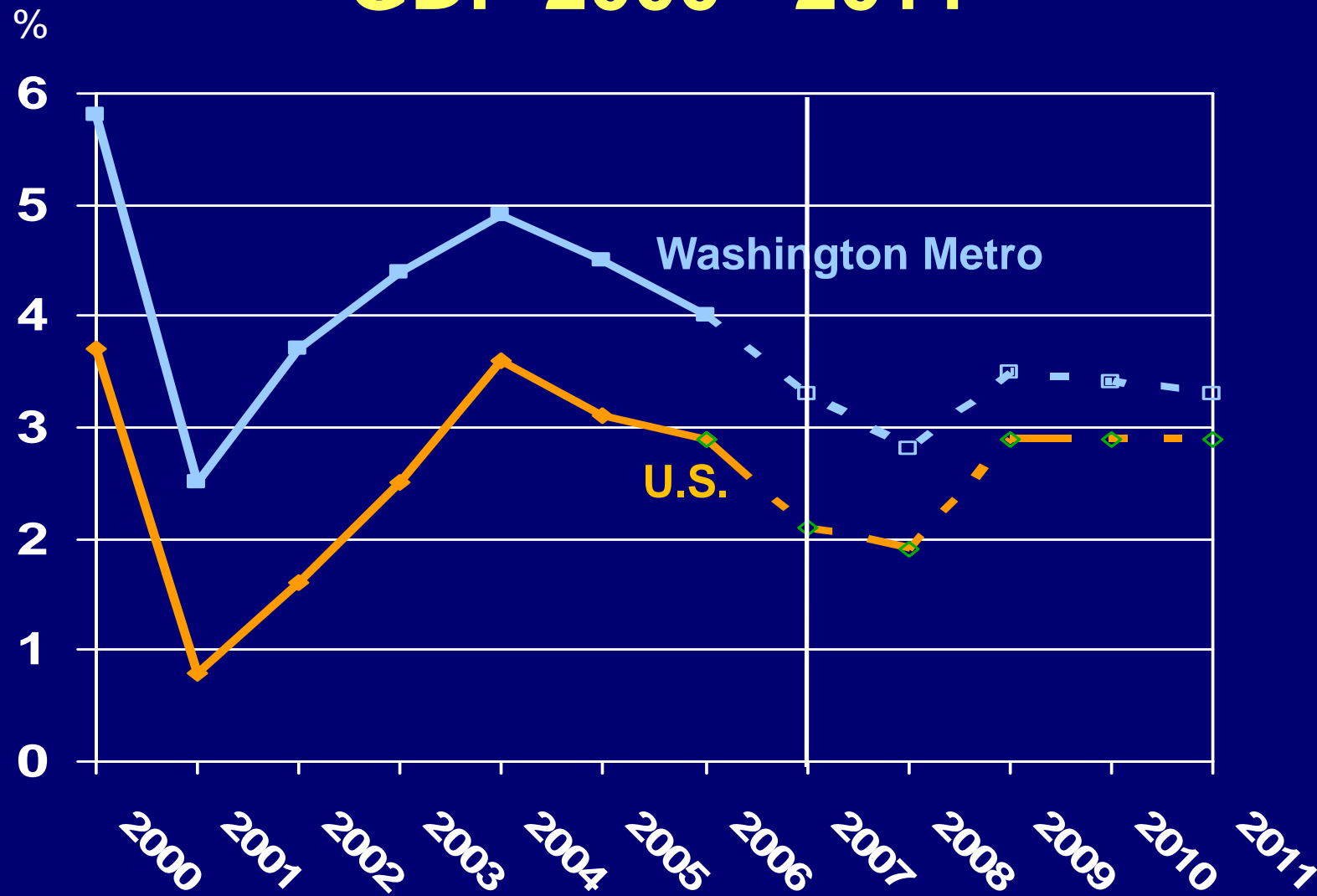
Based on 2006 BLS Benchmarked Data.

Economic Outlook (GRP) – 2011

Washington Area and Sub-state Portions
(Annual % Change)



GDP 2000 - 2011



Source: Global Insight, GMU Center for Regional Analysis

Threats to the Washington Area Economy's Future Performance

- Slowdown in consumer spending
- Shortage of qualified workers
- Increasing oil prices
- Continuing weakness in real estate market
- Slowing Federal spending

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