

The Northern Virginia Economy And Housing Market

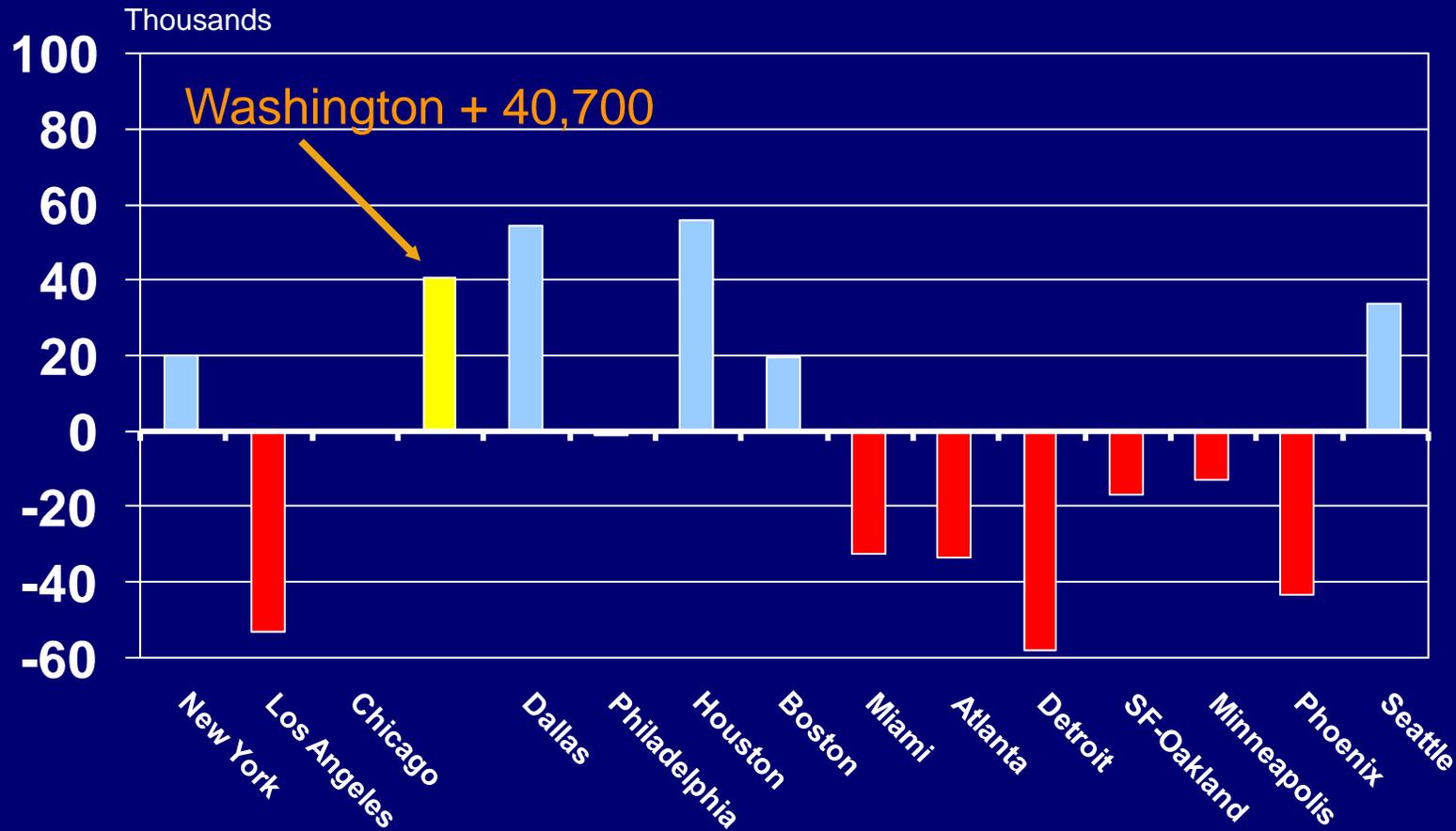
John C. McClain, AICP
Senior Fellow and Deputy Director
Center for Regional Analysis
School of Public Policy, George Mason University

November 18, 2008

THE NORTHERN VIRGINIA ECONOMY

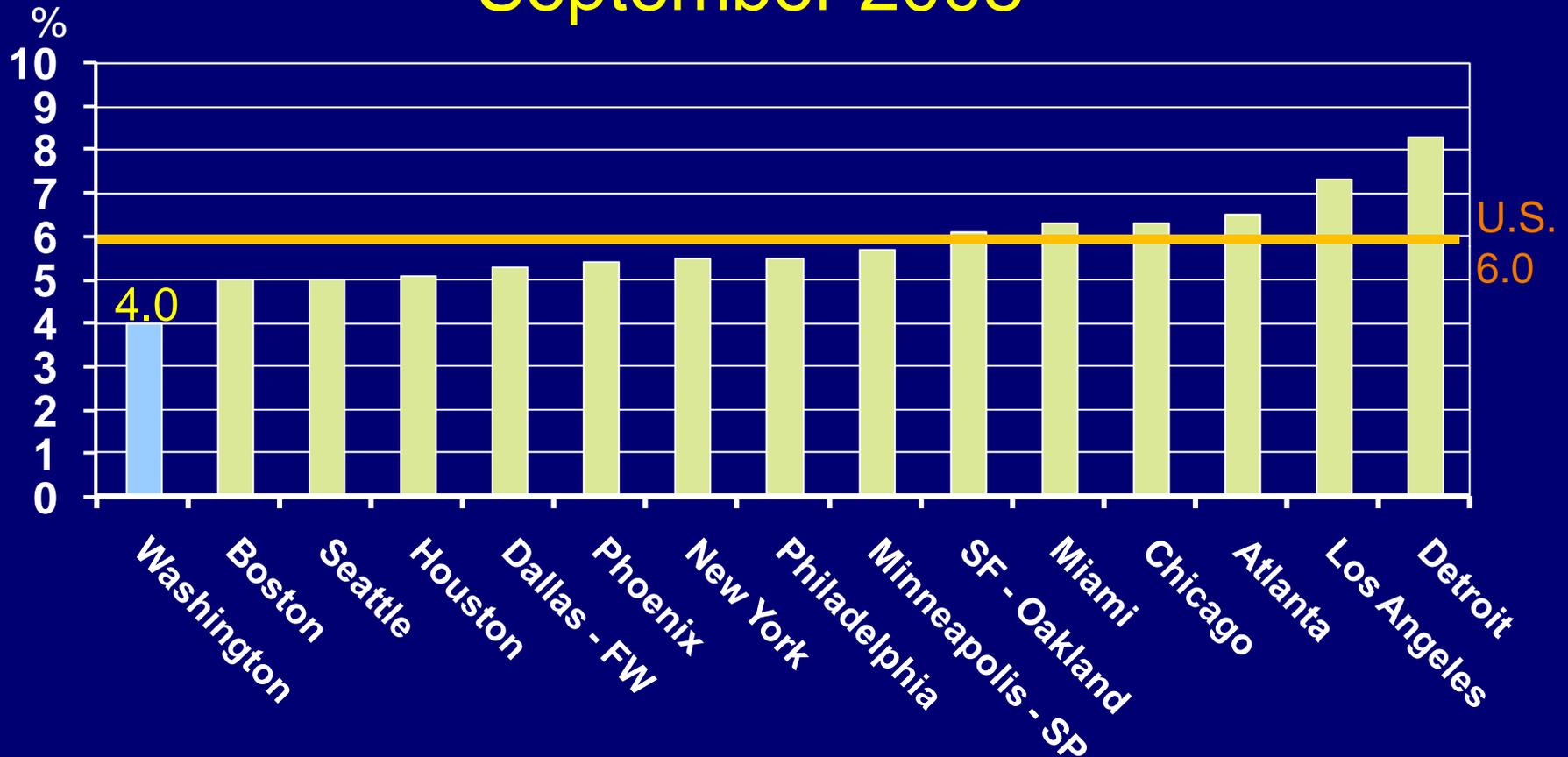
15 Largest Job Markets

Job Change Sept. 07– Sept. 08

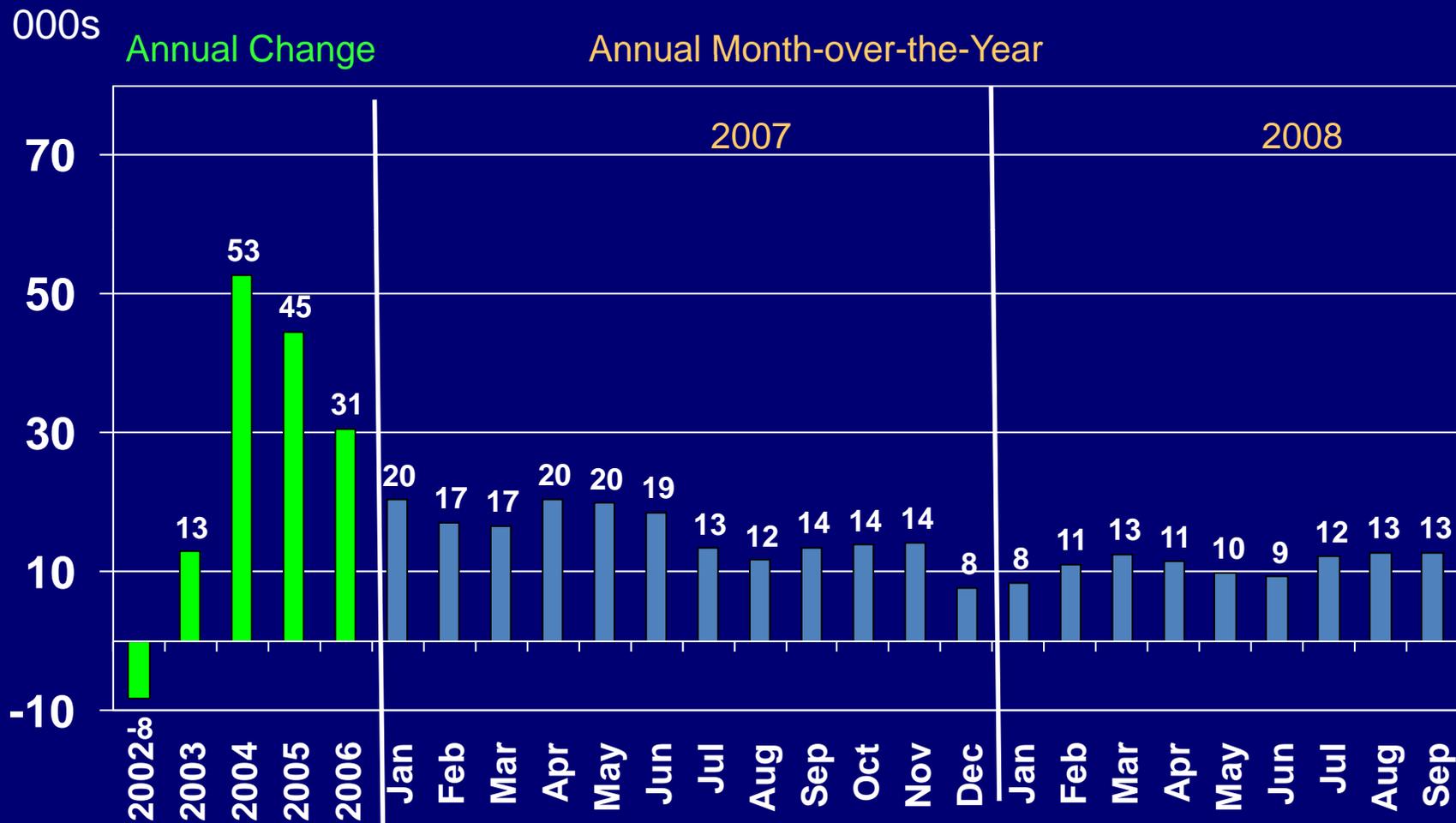


Ranked by Total Jobs

15 Largest Job Markets Ranked by Unemployment Rate September 2008



Annual Job Change Northern Virginia

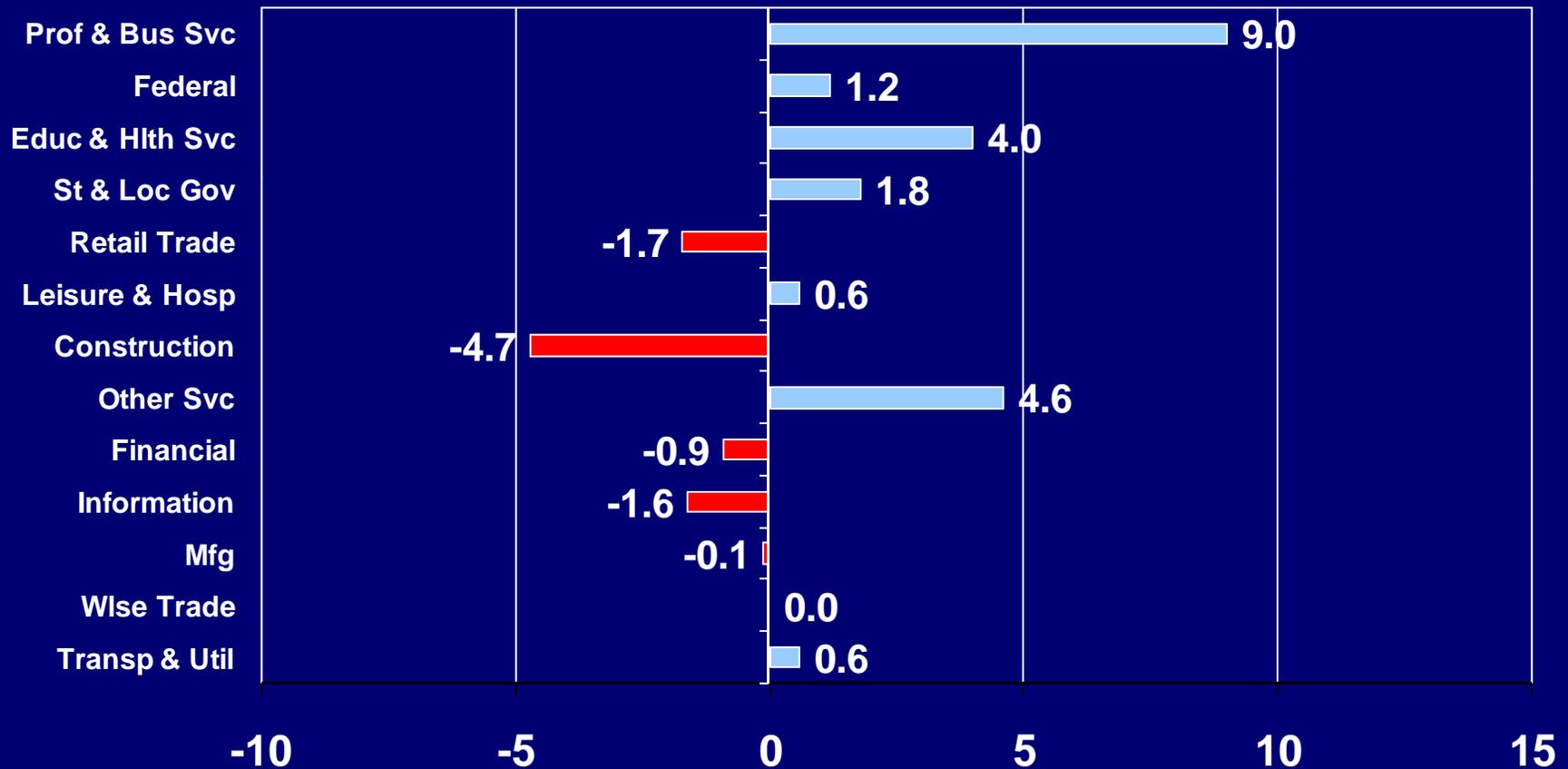


September 07 – September 08 Job Change By Sector – Northern VA

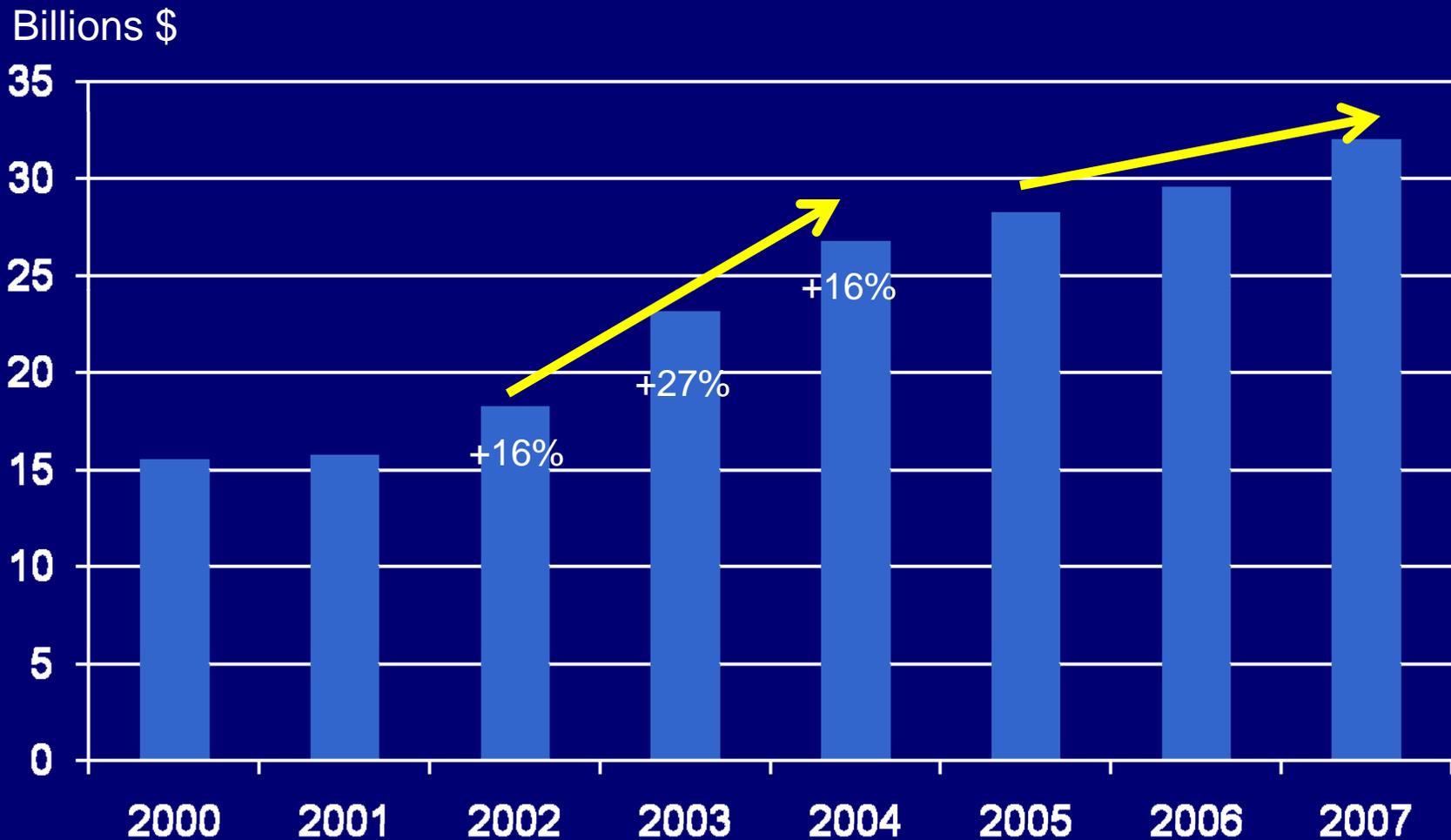
(Ranked by Size of Sector)

(000s)

Total = 12,800



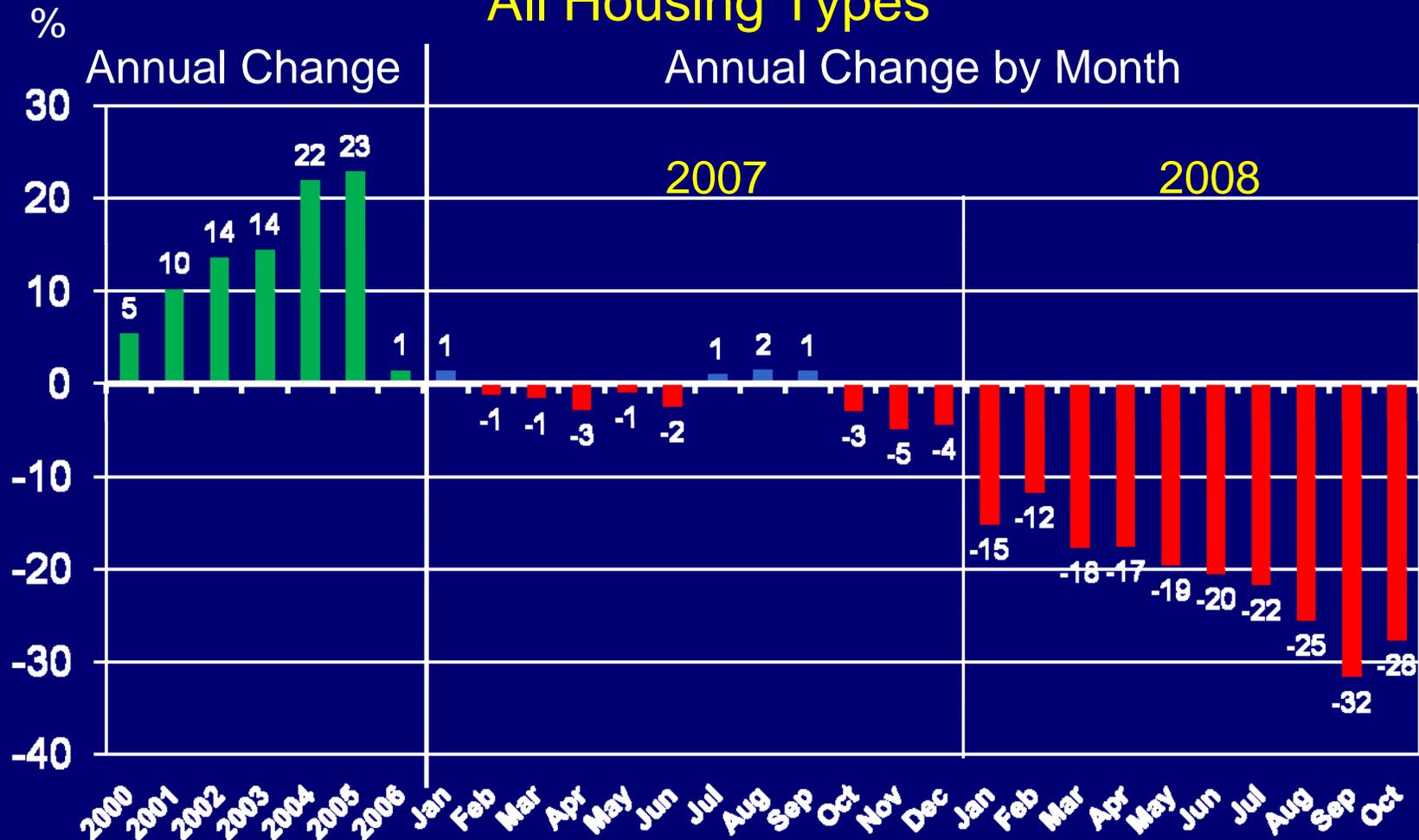
Federal Procurement – Northern Virginia



Source: Consolidated Federal Funds Reports, Eagle Eye, Inc., GMU Center for Regional Analysis

THE NORTHERN VIRGINIA HOUSING MARKET

Average Sales Price Percent Change Northern Virginia All Housing Types

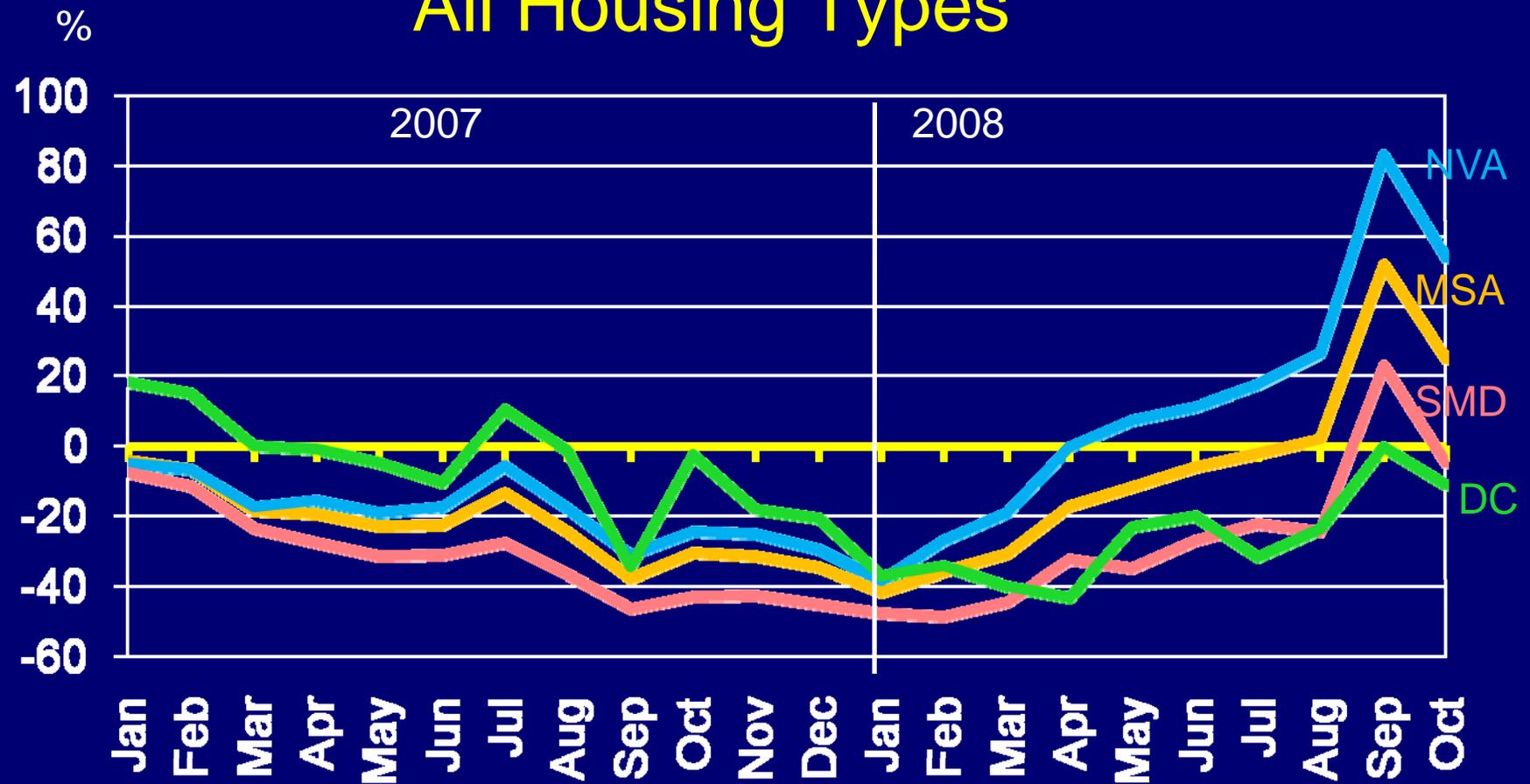


Source: MRIS, GMU Center for Regional Analysis

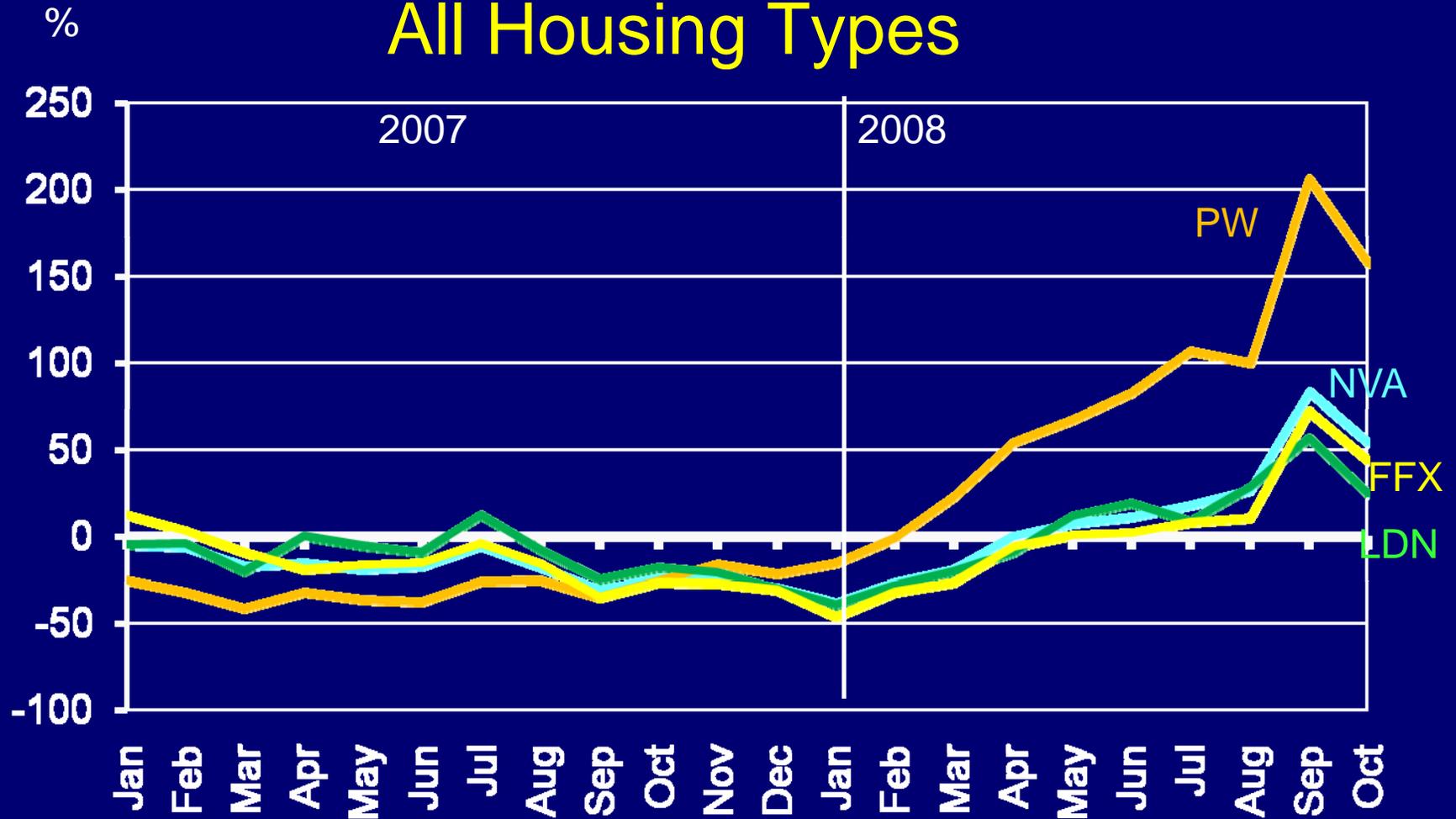
Sales and Total Active Listings Washington MSA, October Each Year



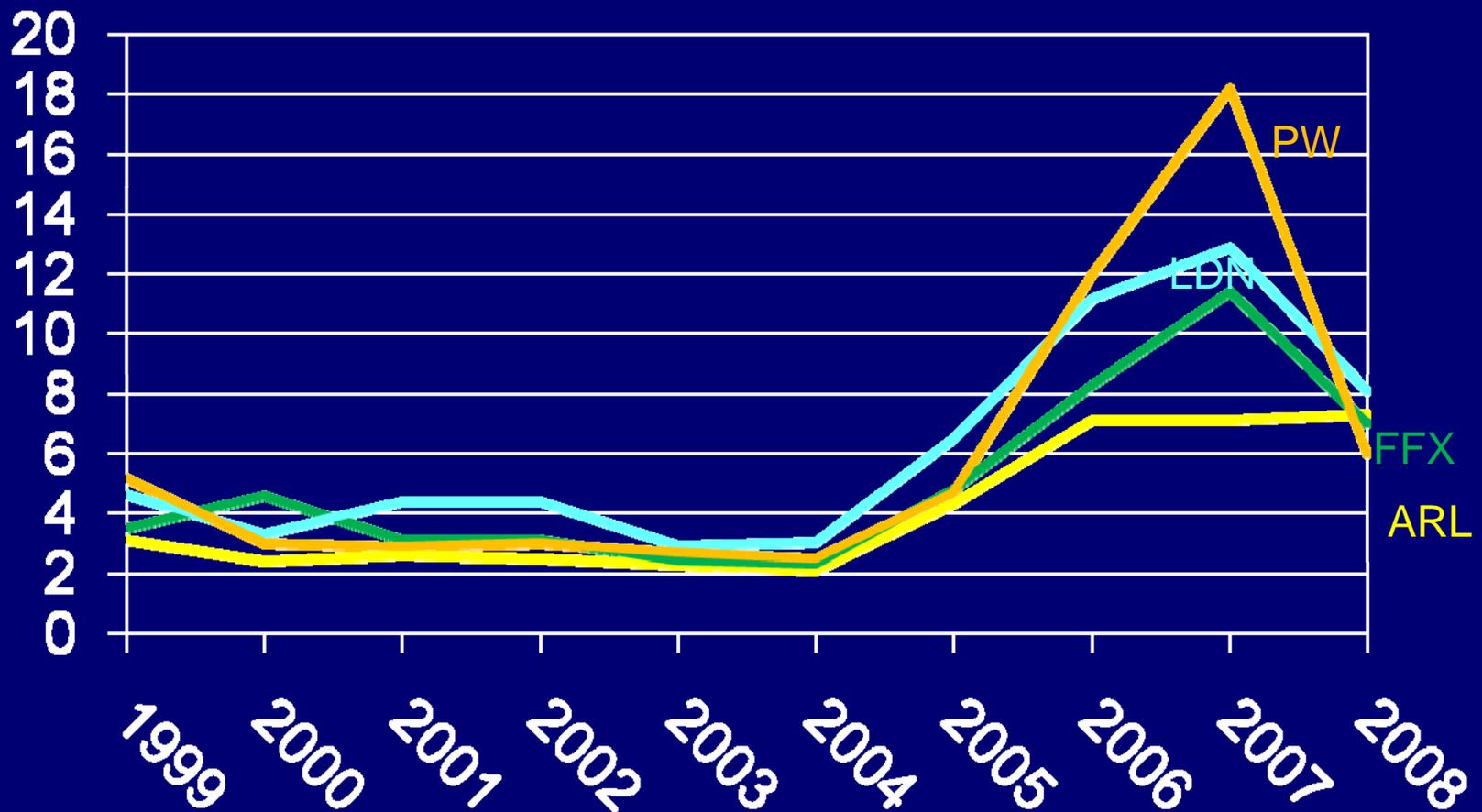
Units Sold Percent Change By Subregion All Housing Types



Units Sold Percent Change Northern Virginia All Housing Types

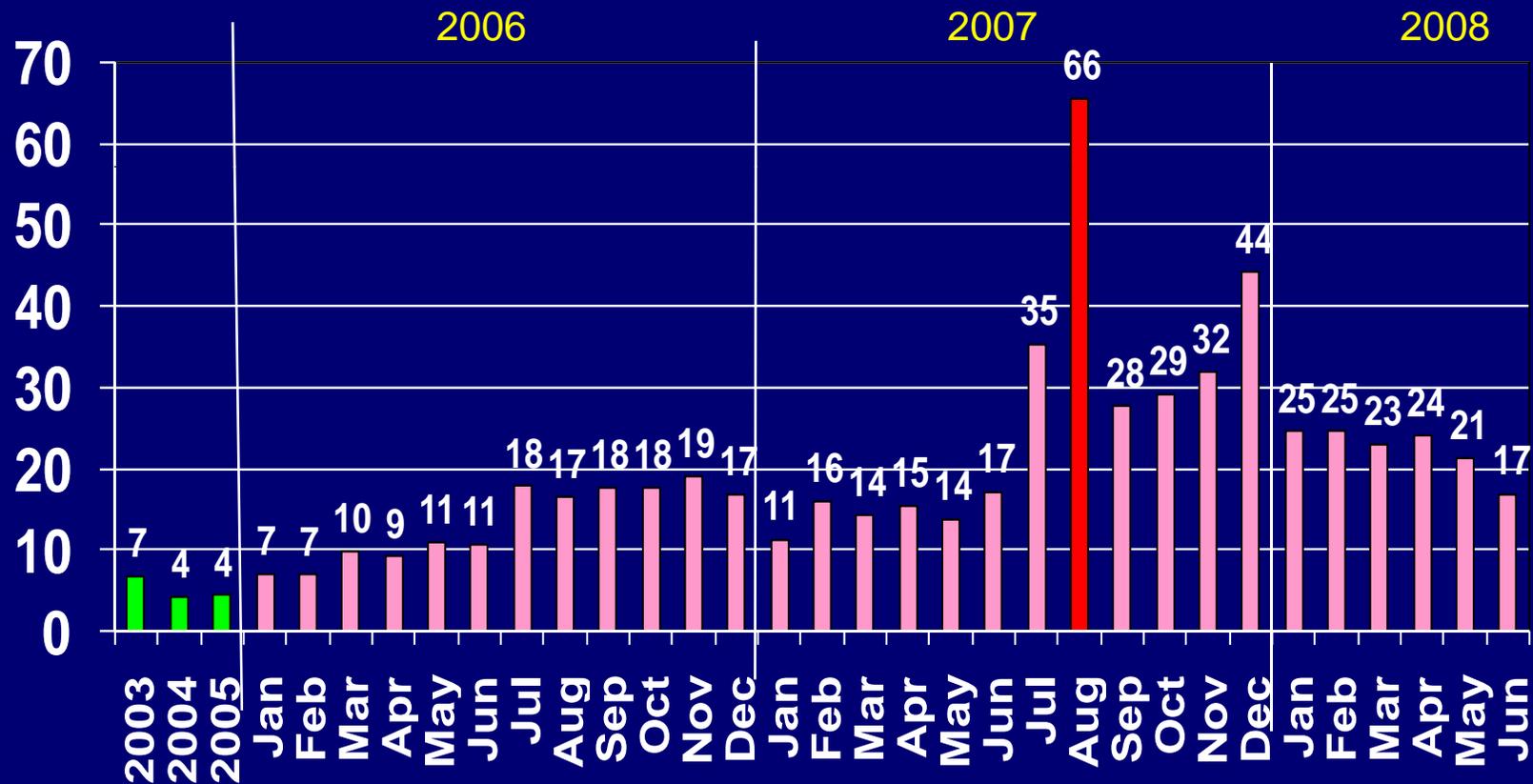


Total Active Listings Per Sale October Each Year

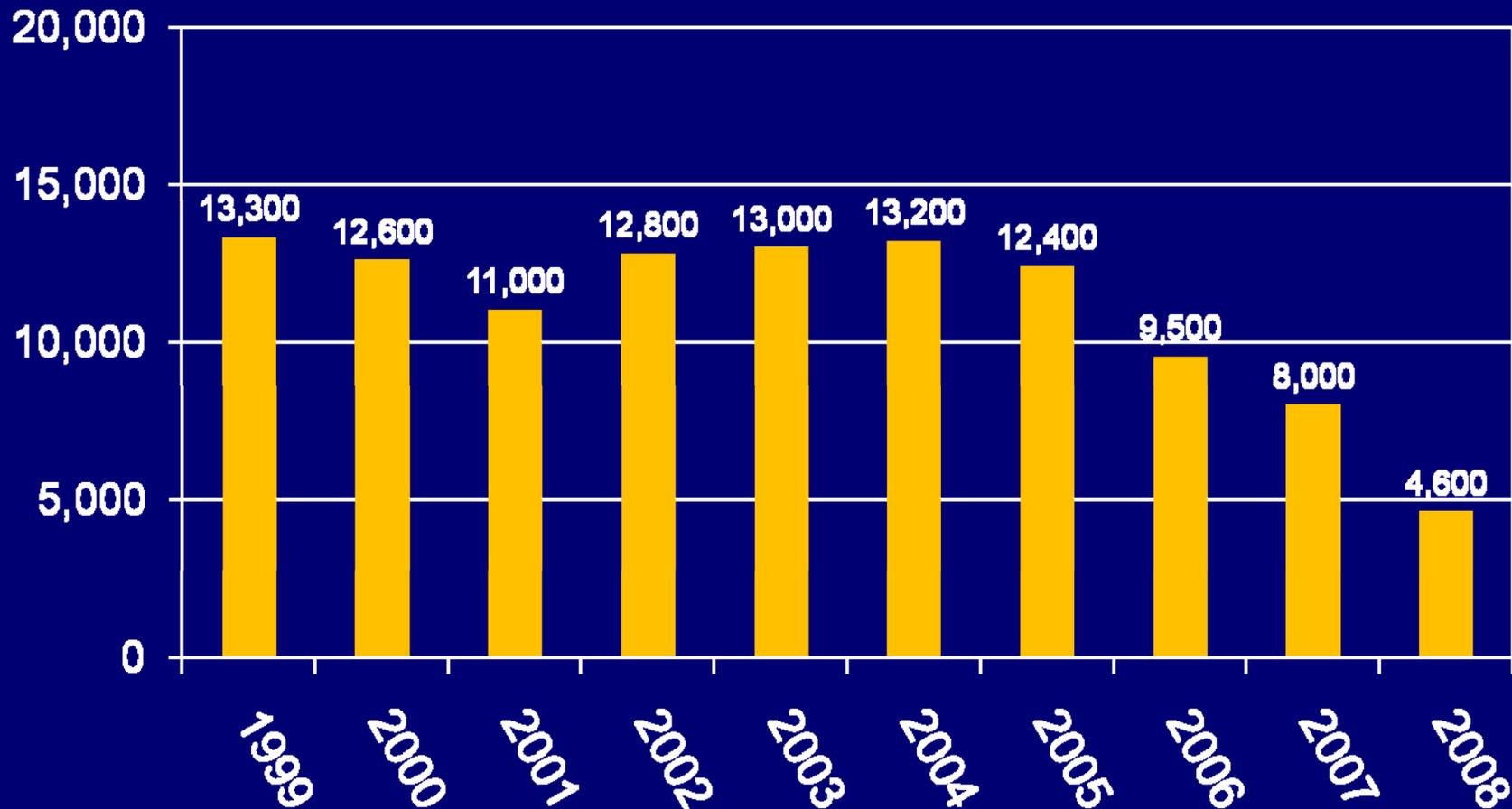


New Housing Contract Kick-Out Rate Washington MSA All Housing Types

%



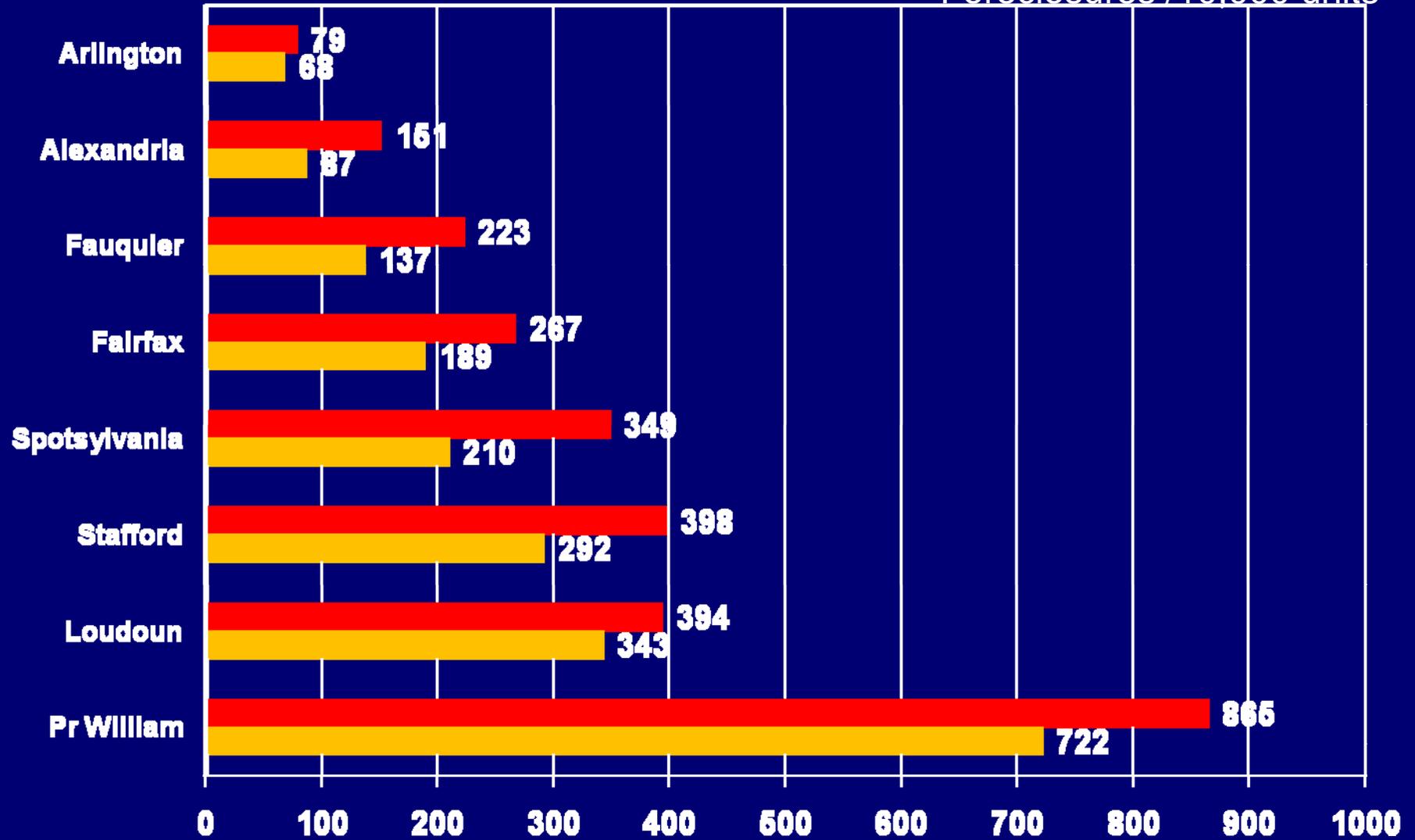
New Housing Sales Washington Metro Area First Half of Each Year



Source: Hanley-Wood, GMU Center for Regional Analysis

Mortgage Foreclosure Rates by County – April 30 & August 11

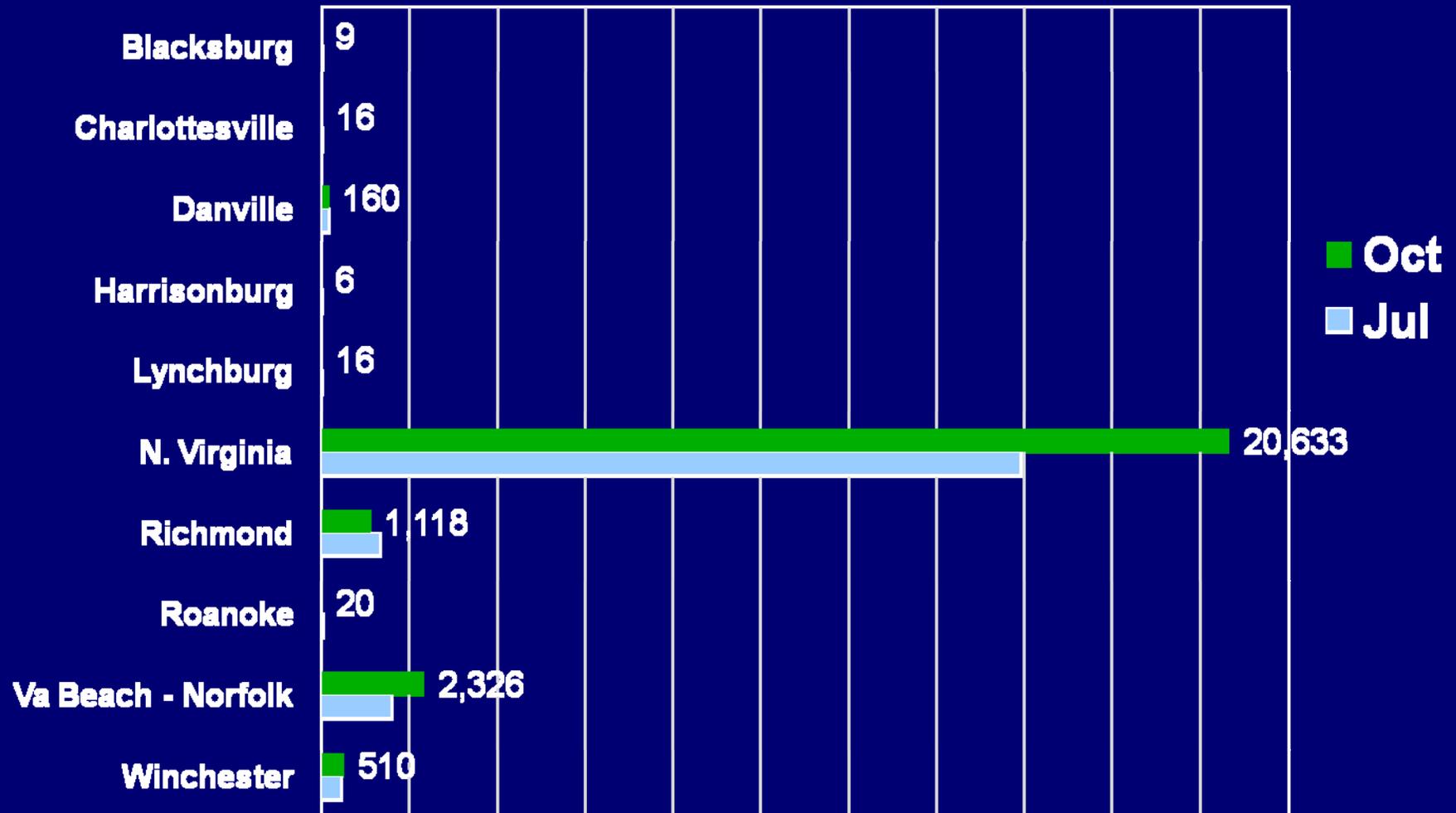
Foreclosures /10,000 units



Foreclosure Activity

Virginia Metropolitan Areas

July 15 and Oct 15, 2008



Virginia Housing Market – Existing Units 3rd Quarter 2008 vs. 3rd Quarter 2007

MLS Area	Prices	Sales	Pending Sales
Dulles	-23%	+ 27%	+ 58%
NVAR	-19%	+ 15%	+ 27%
Prince William	- 42%	+ 145%	+ 194%
Richmond	- 2%	- 2%	- 7%
Roanoke Valley	- 4%	- 26%	- 18%
Tidewater	- 3%	- 18%	- 3%
Virginia	+ 1%	- 5%	+ 10%

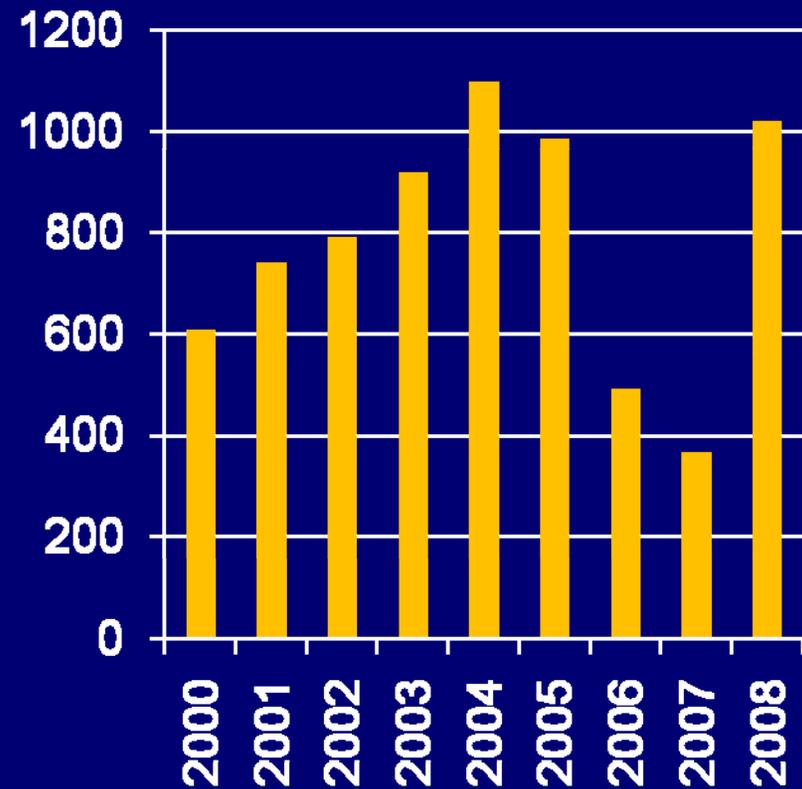
Source: VAR Multiple Listing Services, GMU Center for Regional Analysis

Prince William Housing Market October Each Year

Median Sales Price



Sales

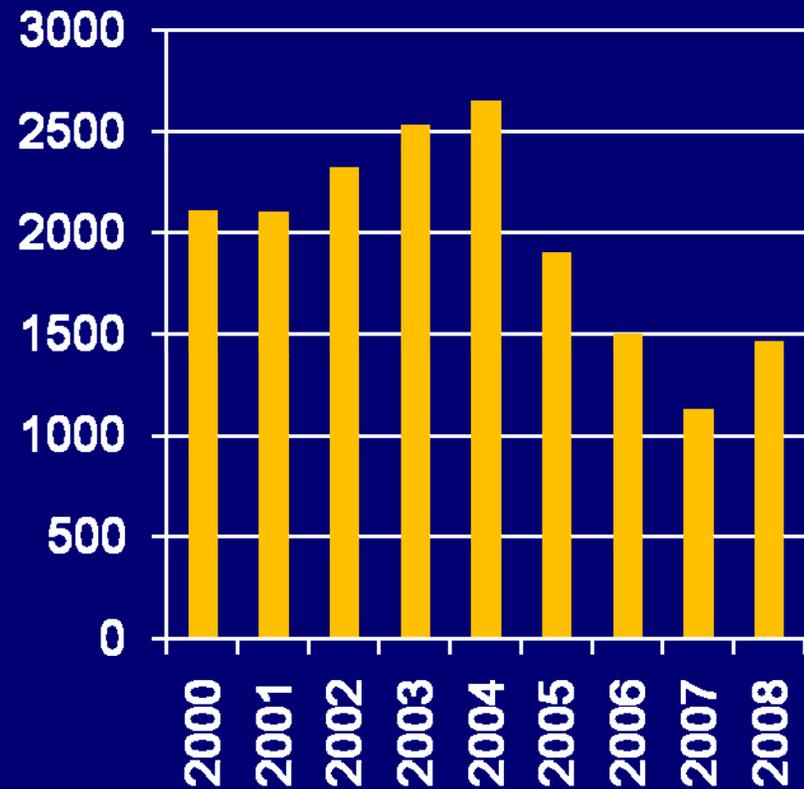


NVAR Housing Market October Each Year

Median Sales Price



Sales



THE OUTLOOK FOR NORTHERN VIRGINIA'S HOUSING MARKET

- Foreclosures Will Take Time to Work Through
 - Many Sub-primes Will Have Reset by Early 2009
 - Alt-As will take much longer
 - Some Areas Face Danger of Prime Mortgages Going into Foreclosure Because of Falling Prices
- Fiscal Impacts of Declines in Residential Property Values Will Invoke Large Toll on Government Tax Revenues
- Federal Policy Effects – How Long For Current Actions to Turn the Current Situation?
- Increases in Sales A Sign the Tide is Turning?
- Prices and Market Recovery Will be a Mix by Geography – Areas with Good Transportation and Access to Jobs Recovering Soon, Most Areas Will Take Longer

THE OUTLOOK FOR NORTHERN VIRGINIA'S ECONOMY

- Underlying Economic Fundamentals are Still OK
 - Federal Procurement Moderating Trend to Continue & Will Grow But Will Not be the Economic Driver as in the Past
 - Sectors Related to Housing Market Will Take Some Time to Recover – Will Depend on Housing Market Recovery
 - Long-term Prosperity/Recovery Will Require Adequate Workforce, Workforce Housing, Improved Mobility / Traffic Congestion Relief
 - Need Long-Term Economic Strategy To Build on Region's Strengths & Adjust to Any Shifts in Procurement Policy
- Federal Policy Effects – How Long For Current Actions to Turn the Current Situation?
- Recovering Slowly Late 2009 At National Level ?? – Northern Virginia Jobs Will Continue Slow Growth

www.cra-gmu.org