# TRENDS IN **HOUSING**

WASHINGTON METRO AREA **MAY 2007**

DELTA

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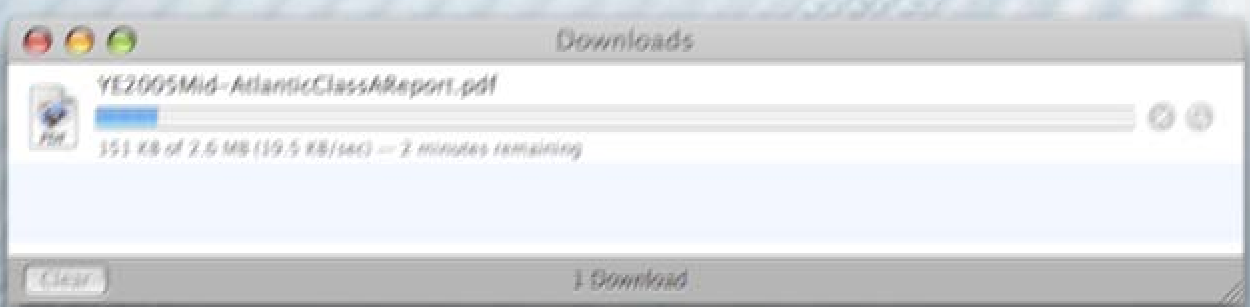
# DELTAASSOCIATES.COM

OR

# MRIS.COM



# TRENDS IN **HOUSING**

WASHINGTON METRO AREA **MAY 2007**

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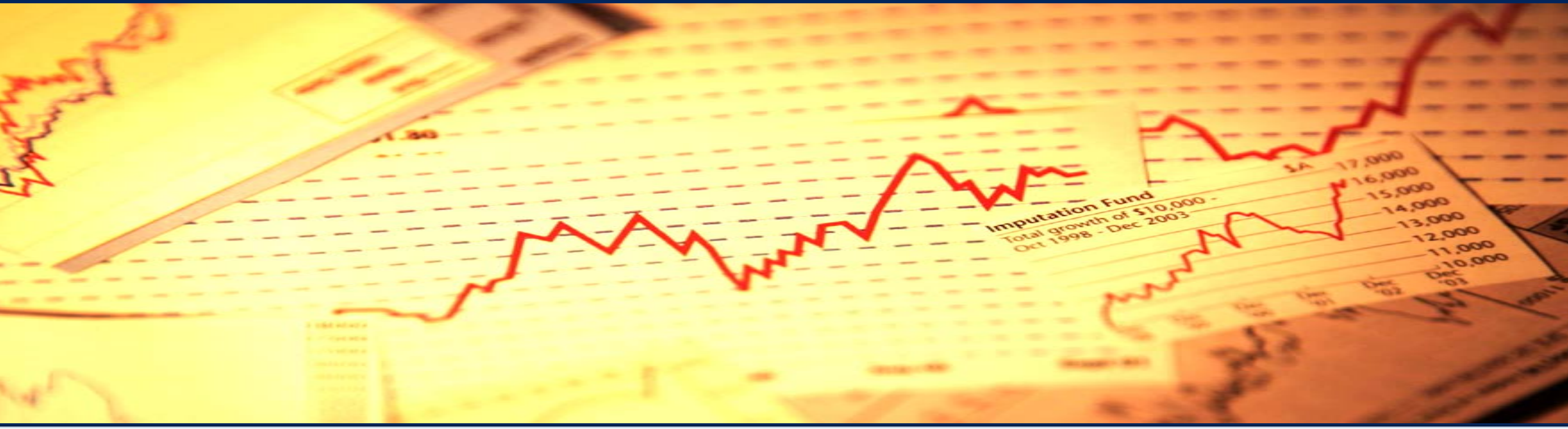
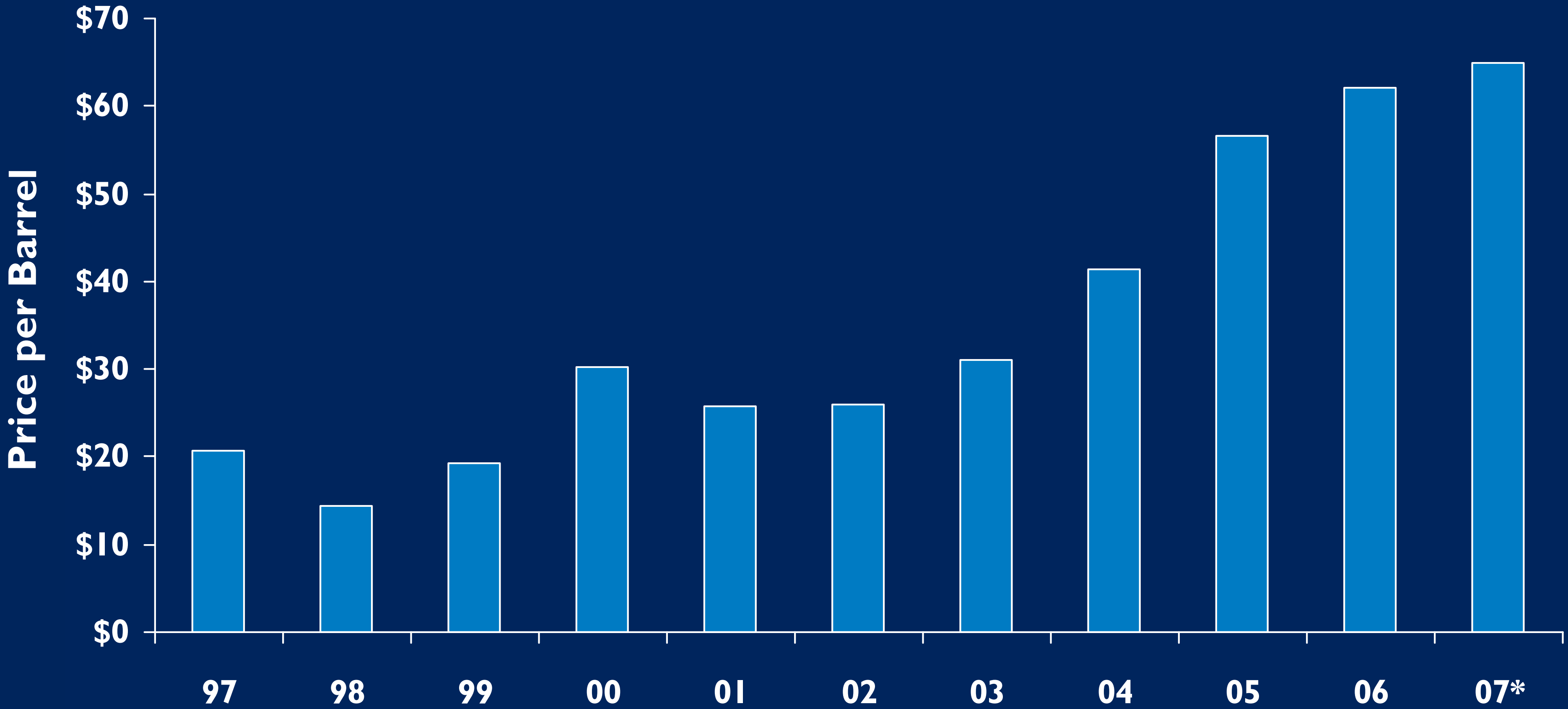
# THE NATIONAL **ECONOMY**



# OIL **PRICES**

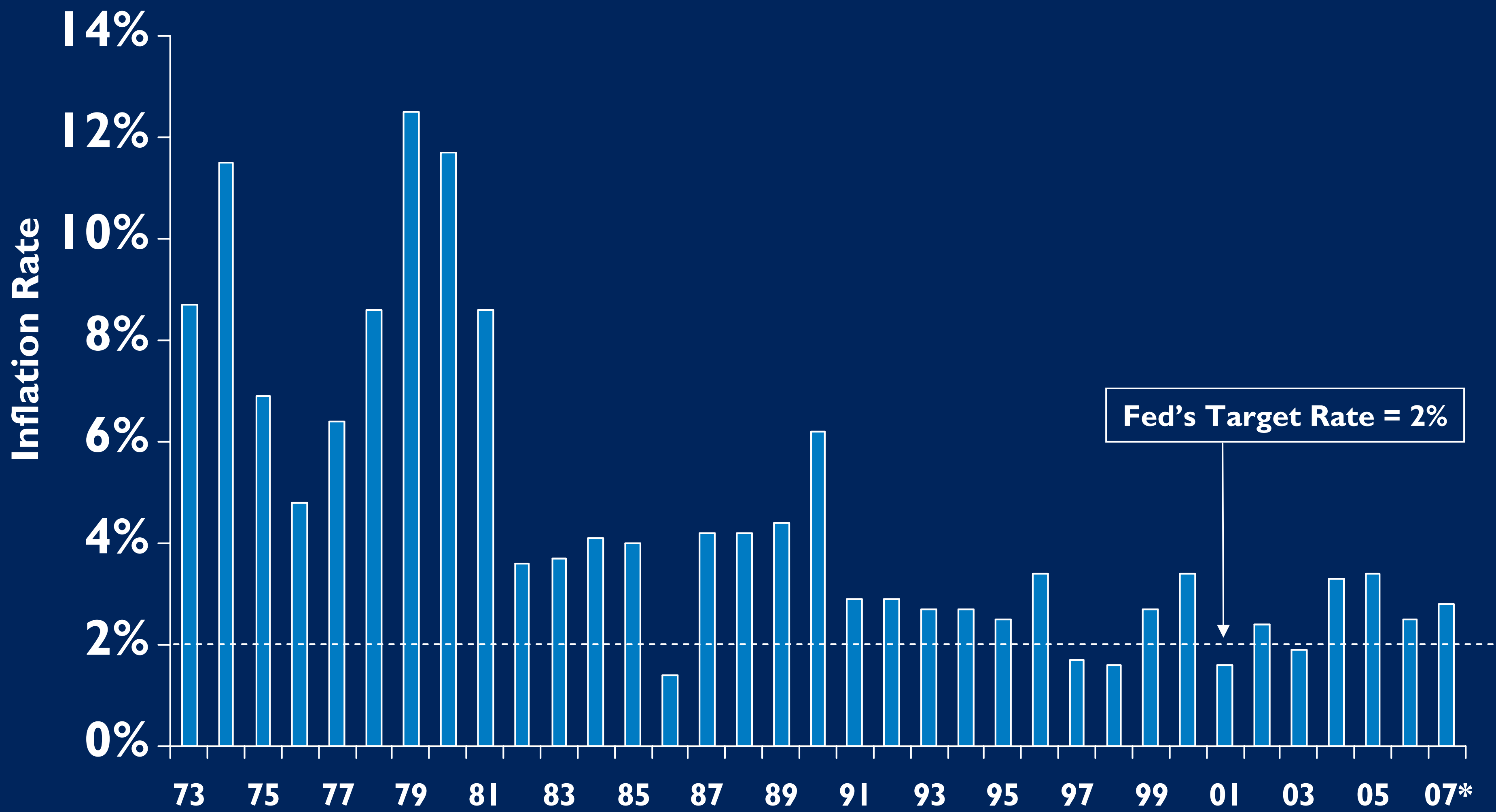



*12 months ending in March 2007.

Source: GASearch, Delta Associates; May 2007.

Note: 12 month averages of WTI NYMEX prices.

# U.S. INFLATION



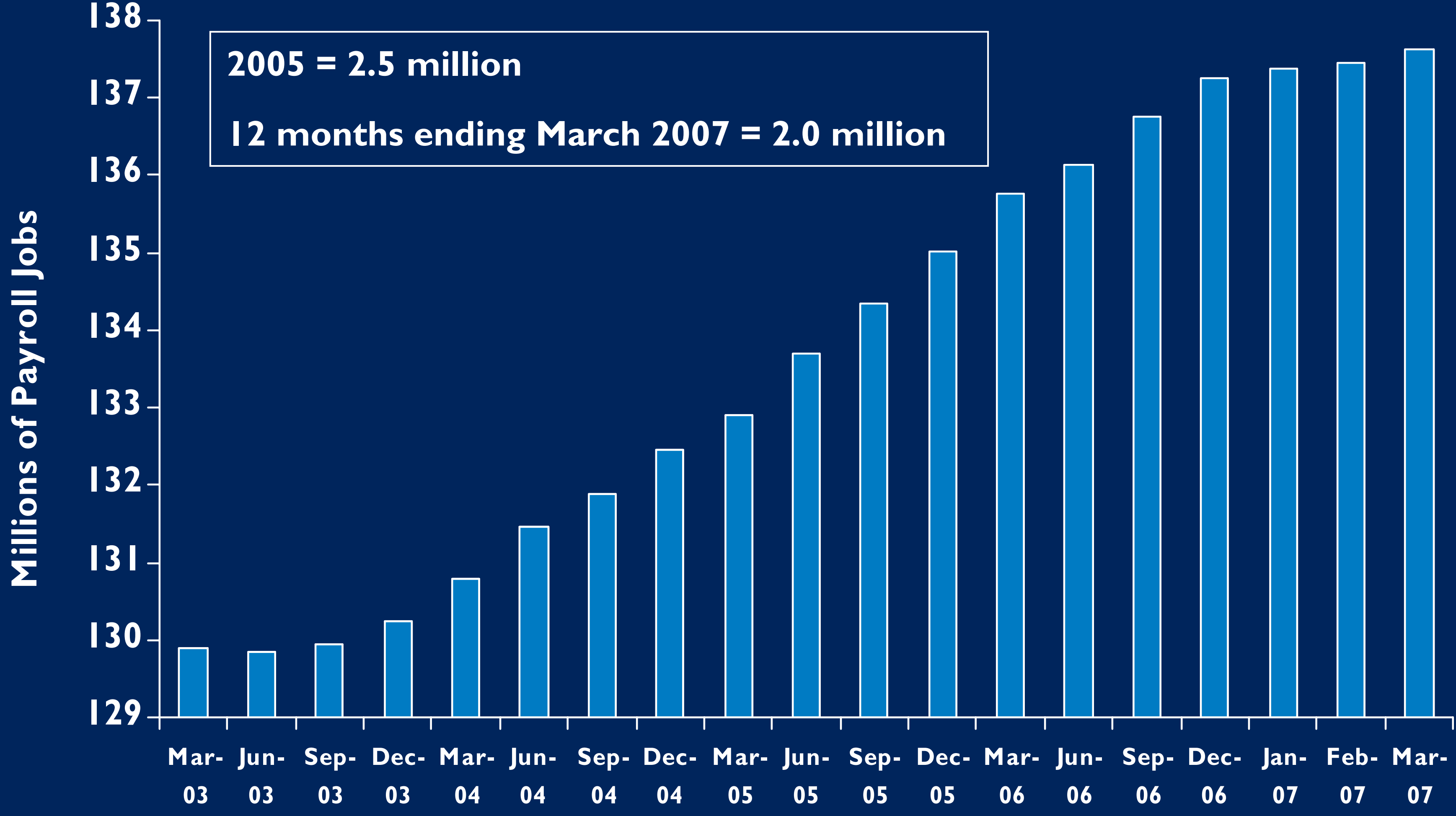

Source: Bureau of Labor Statistics, Delta Associates; May 2007.

*12 month percentage change through March 2007

# FEDERAL FUNDS **RATE**


**Source: Federal Reserve Board, Delta Associates, May 2007.**

# U.S. PAYROLL **JOBS**




Source: Bureau of Labor Statistics, Delta Associates; May 2007.

# DELTA'S NATIONAL ECONOMIC **OUTLOOK**

| | 2007 | 2008 |
|---|---|---|
| GDP Growth: | 2.3 - 2.5% | 3+% |

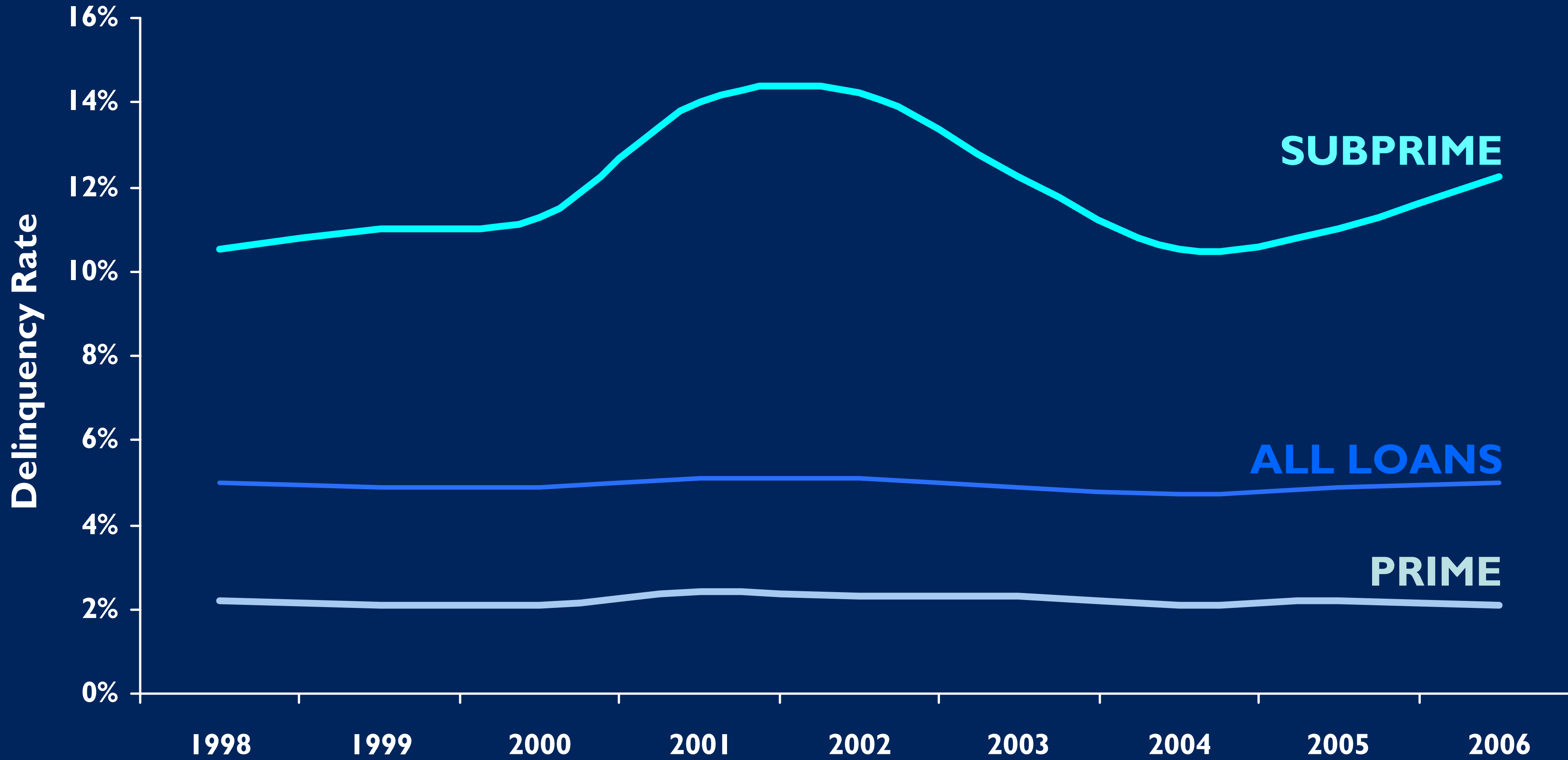
**3 Reasons For "Sturdy" Performance:**

1. Record corporate profits
2. Strong global economic growth
3. Energy and commodity prices have peaked

**Source: Delta Associates; May 2007.**

# U.S. MORTGAGE **DELINQUENCIES**

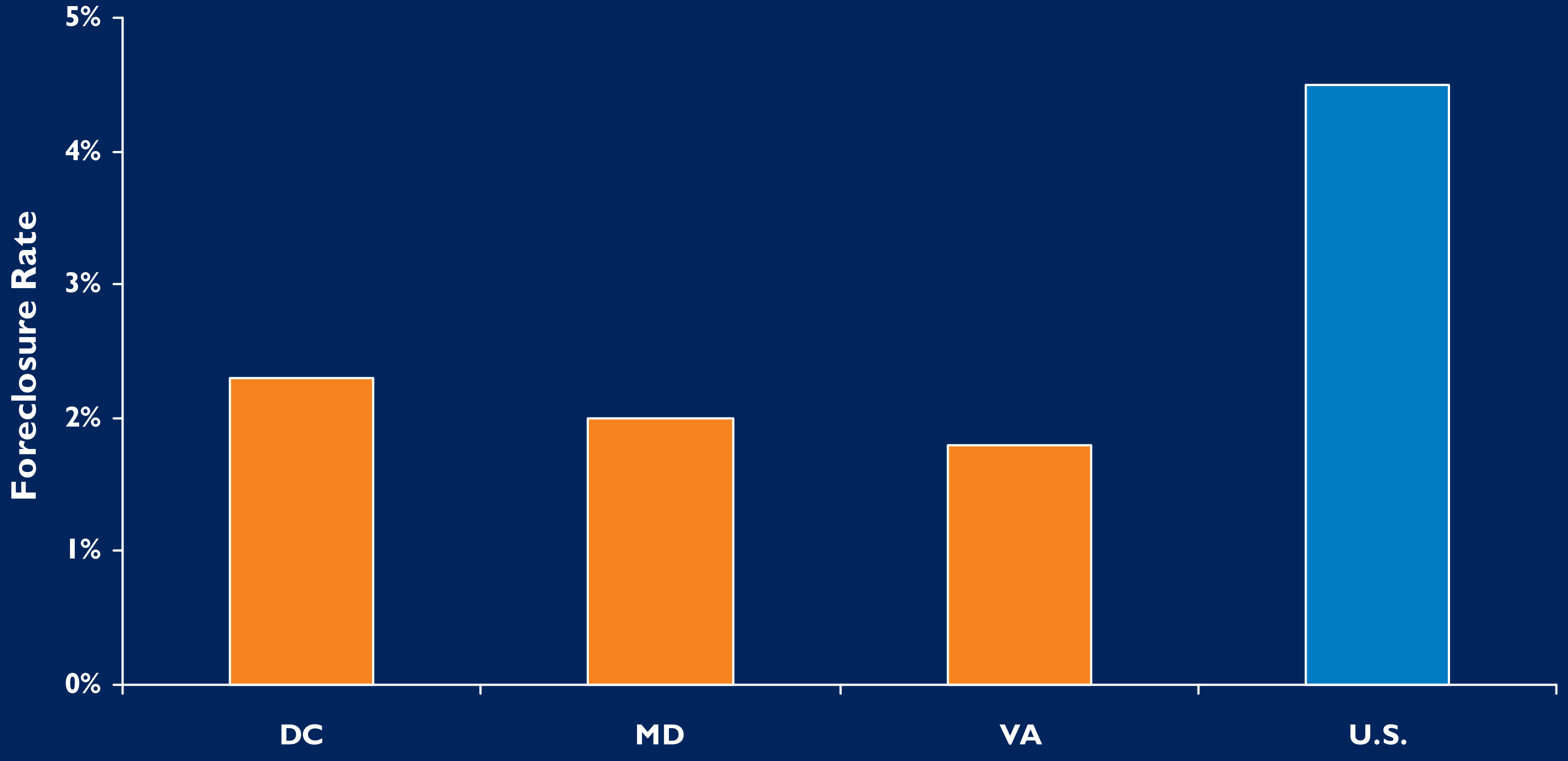
**1998-2006**




**Source: National Delinquency Survey, Mortgage Bankers Association, Delta Associates; May 2007.**

# SUBPRIME MORTGAGE **FORECLOSURES**

U.S. vs WASHINGTON METRO AREA




**Source: Washington Post, Delta Associates; May 2007.**

# THE REGIONAL **ECONOMY**

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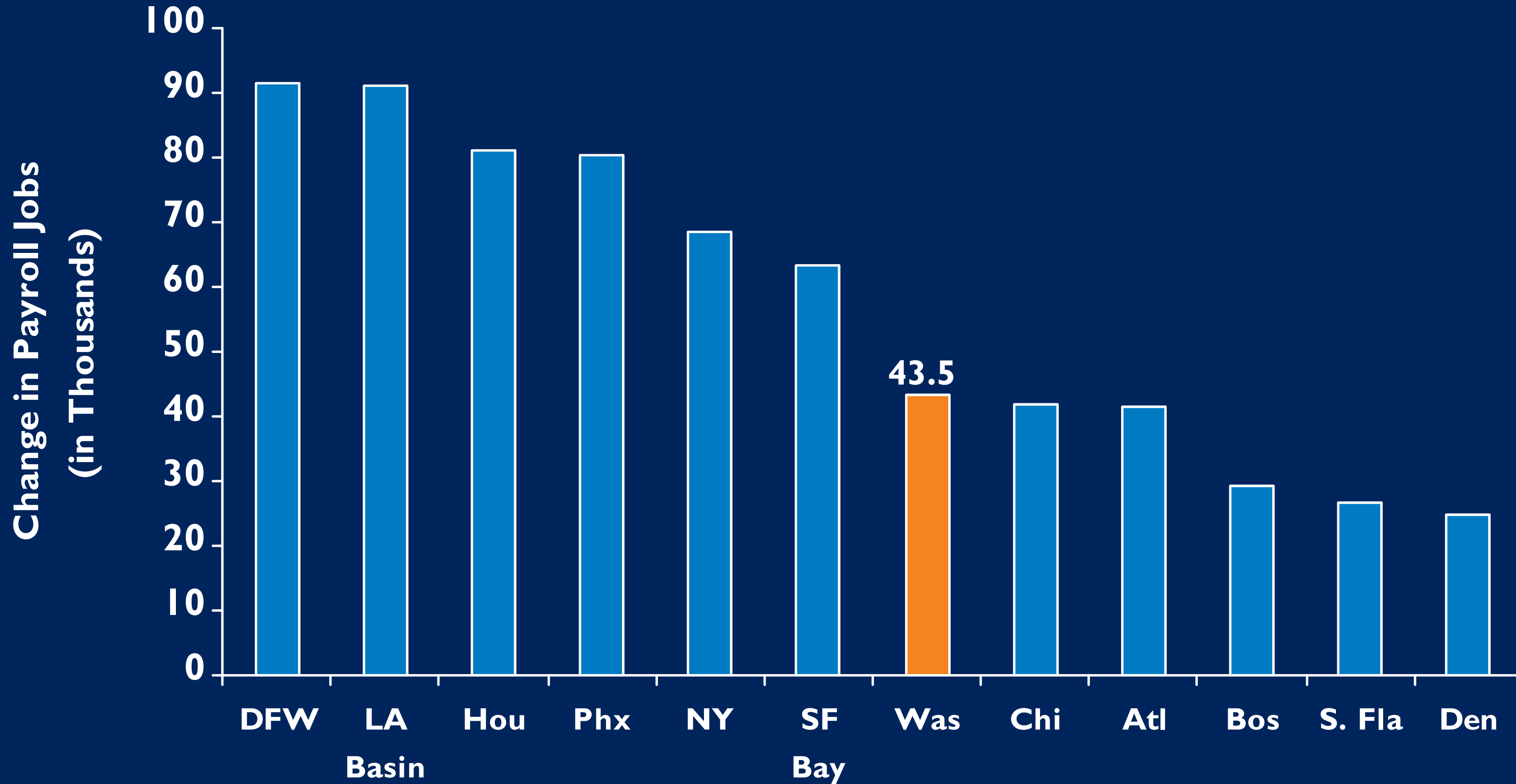
# PAYROLL JOB **GROWTH**

LARGE METRO AREAS

12 MONTHS ENDING **MARCH 2007**




**Source: BLS, Delta Associates; May 2007.**

# CORE ECONOMIC **SECTORS**

## WASHINGTON METRO AREA **2006**

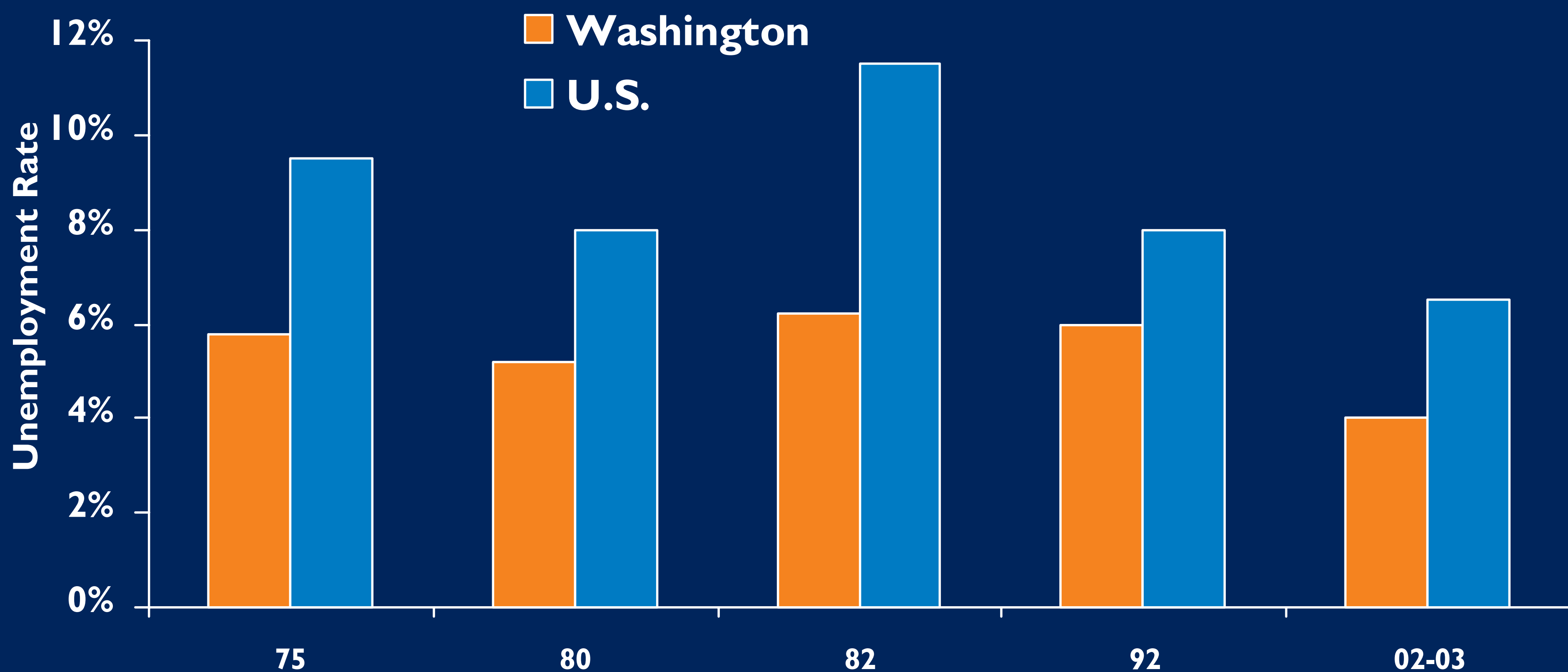
| GRP in Billions | Dollars | % GRP* |
|---|---|---|
| **Total Federal $s** | **$116.5** | **32.7%** |
| Portion Procurement | $54.5 | 15.3% |
| **Technology** | **$54.3** | **15.2%** |
| **Building Industry** | **$21.4** | **6.0%** |
| **International Business** | **$17.8** | **5.0%** |
| **Hospitality** | **$7.4** | **2.1%** |
| **Other/Multiple Sectors** | **$138.9** | **39.0%** |
| **Total GRP*** | **$356.3** | **100.0%** |

Sources: Dr. Stephen Fuller, Delta Associates; May 2007.

*GRP = Gross Regional Product

# PEAK UNEMPLOYMENT **RATES**

WASHINGTON METRO AREA VS. U.S. AVERAGE




Sources: Dr. Stephen Fuller, Delta Associates; May 2007.

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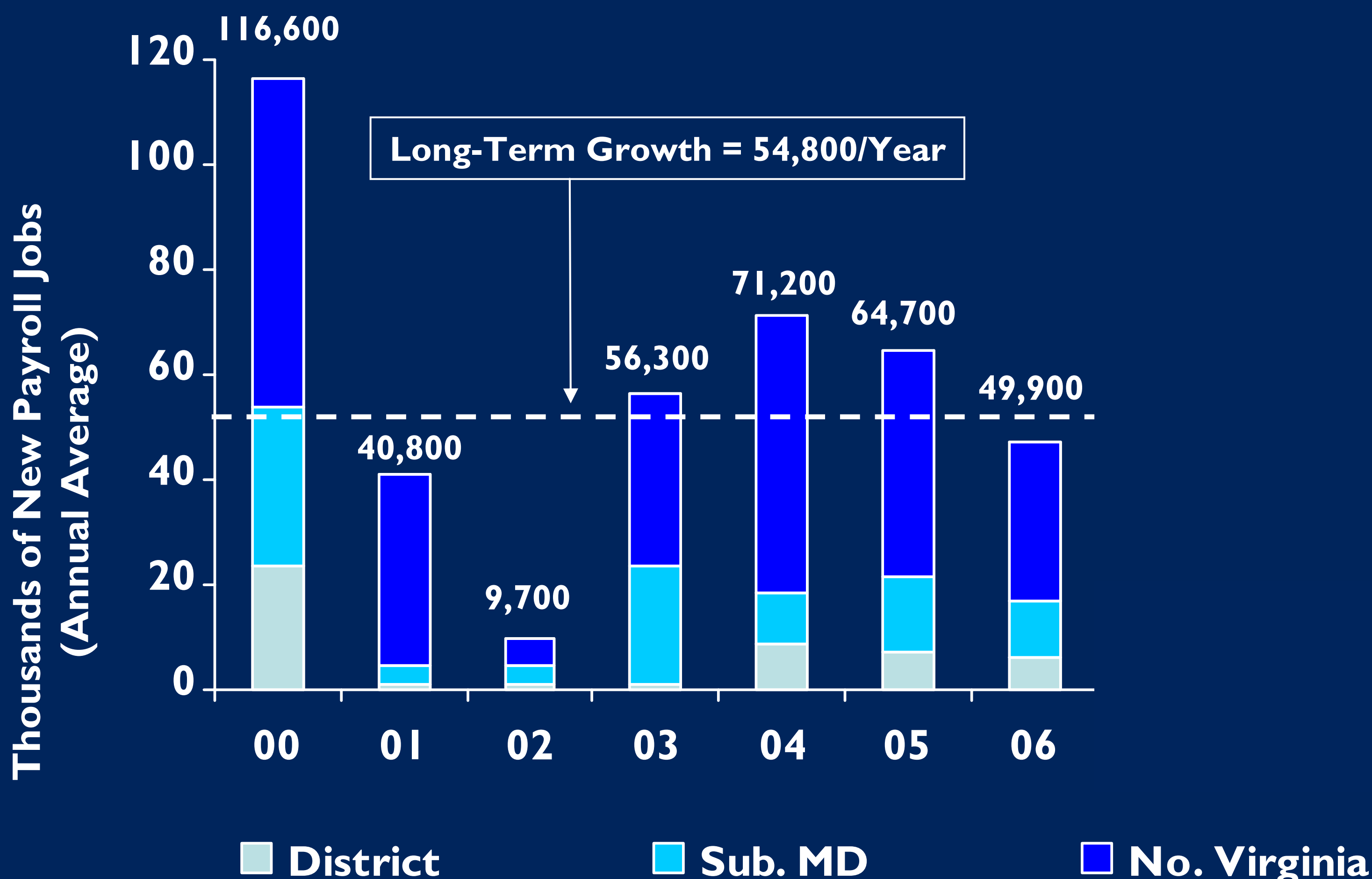
# PAYROLL JOB **GROWTH**

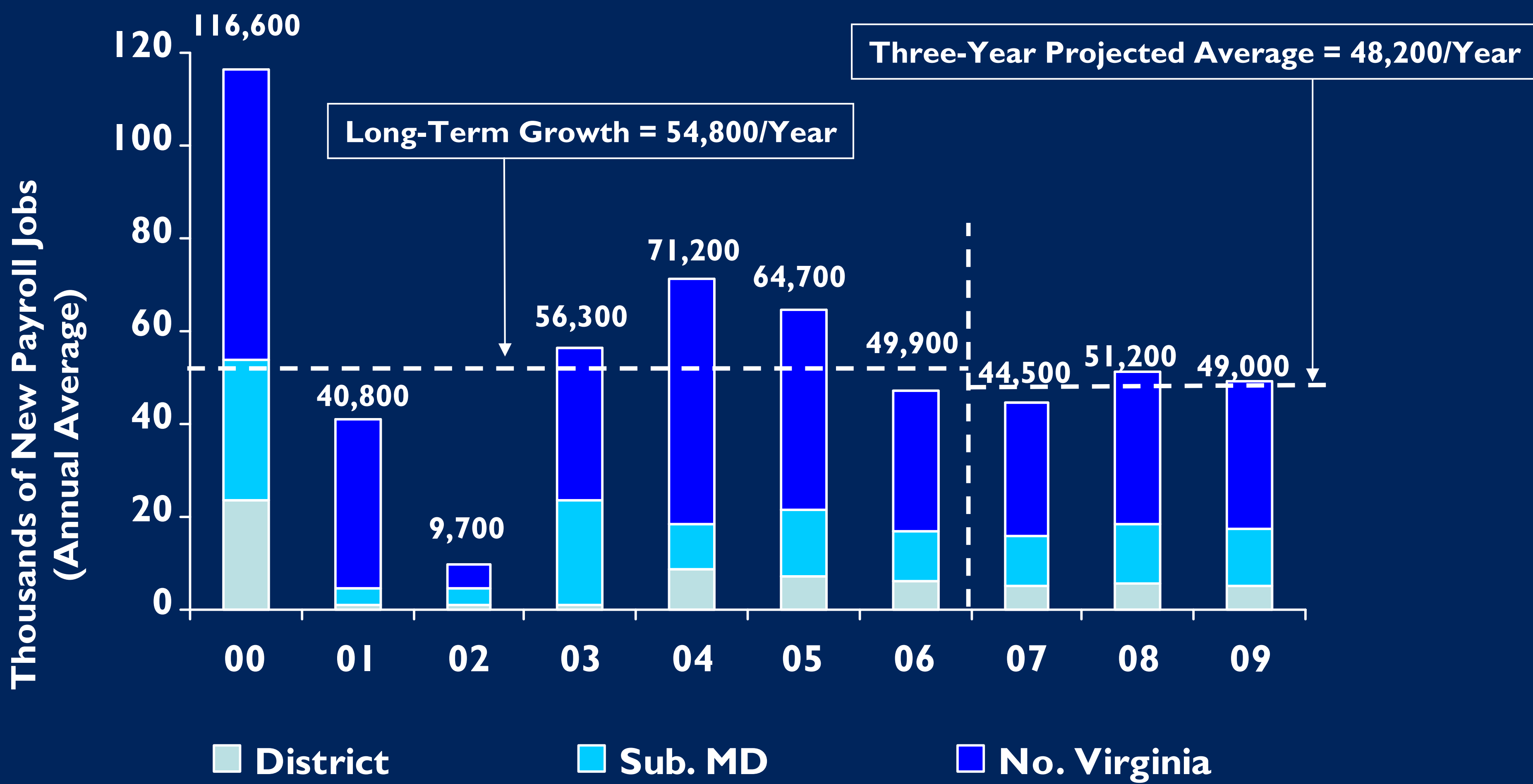
## WASHINGTON METRO AREA **2000-2009**




Source: Dr. Stephen Fuller, Delta Associates; May 2007.

# PAYROLL JOB **GROWTH**

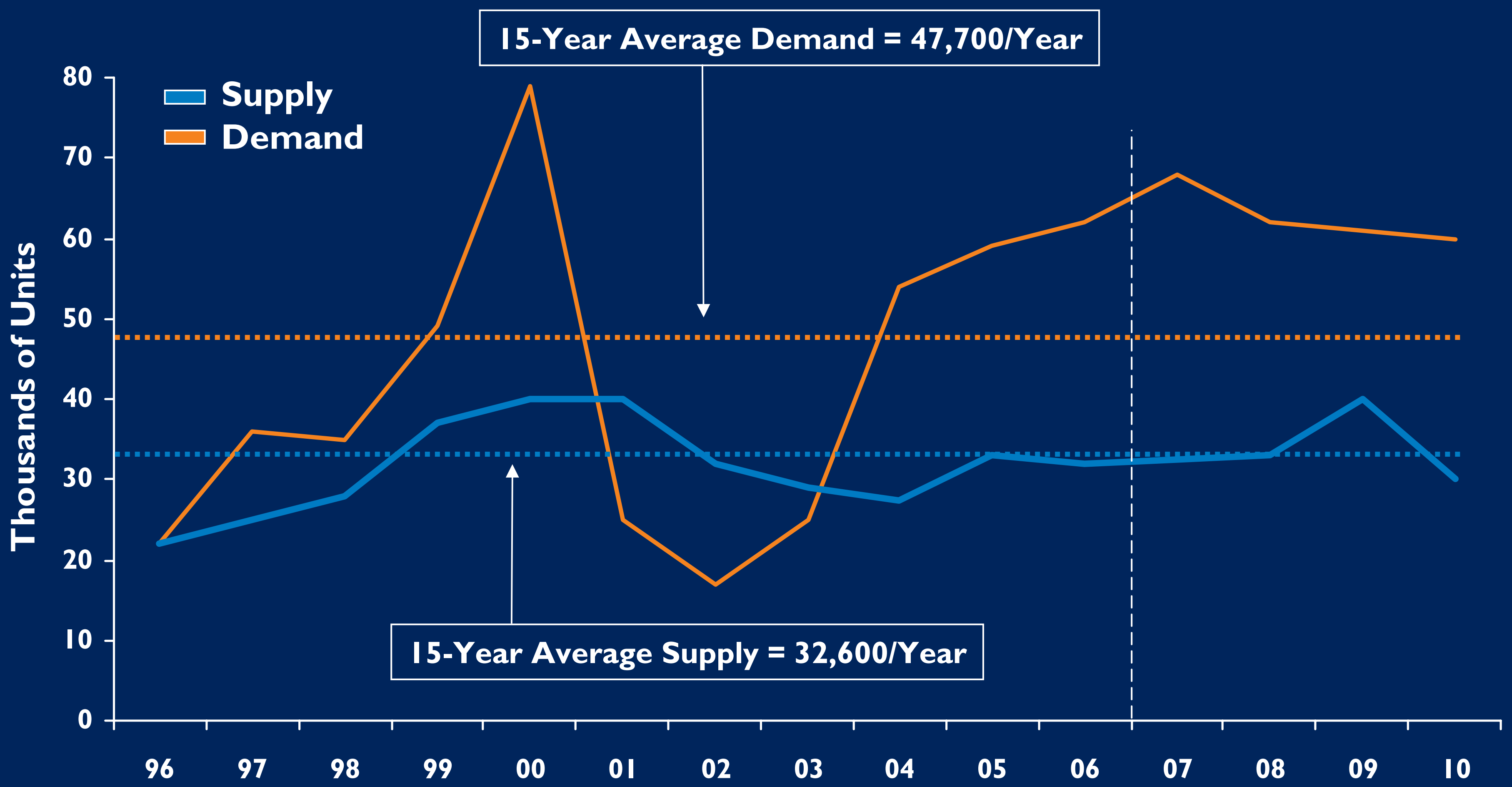
## WASHINGTON METRO AREA **2000-2009**




Source: Dr. Stephen Fuller, Delta Associates; May 2007.

# HOUSING **SUPPLY AND DEMAND**

WASHINGTON METRO AREA **1996-2010**




Source: MRIS, GMU Center for Regional Analysis, Delta Associates; May 2007.

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# HOUSING **MARKET**

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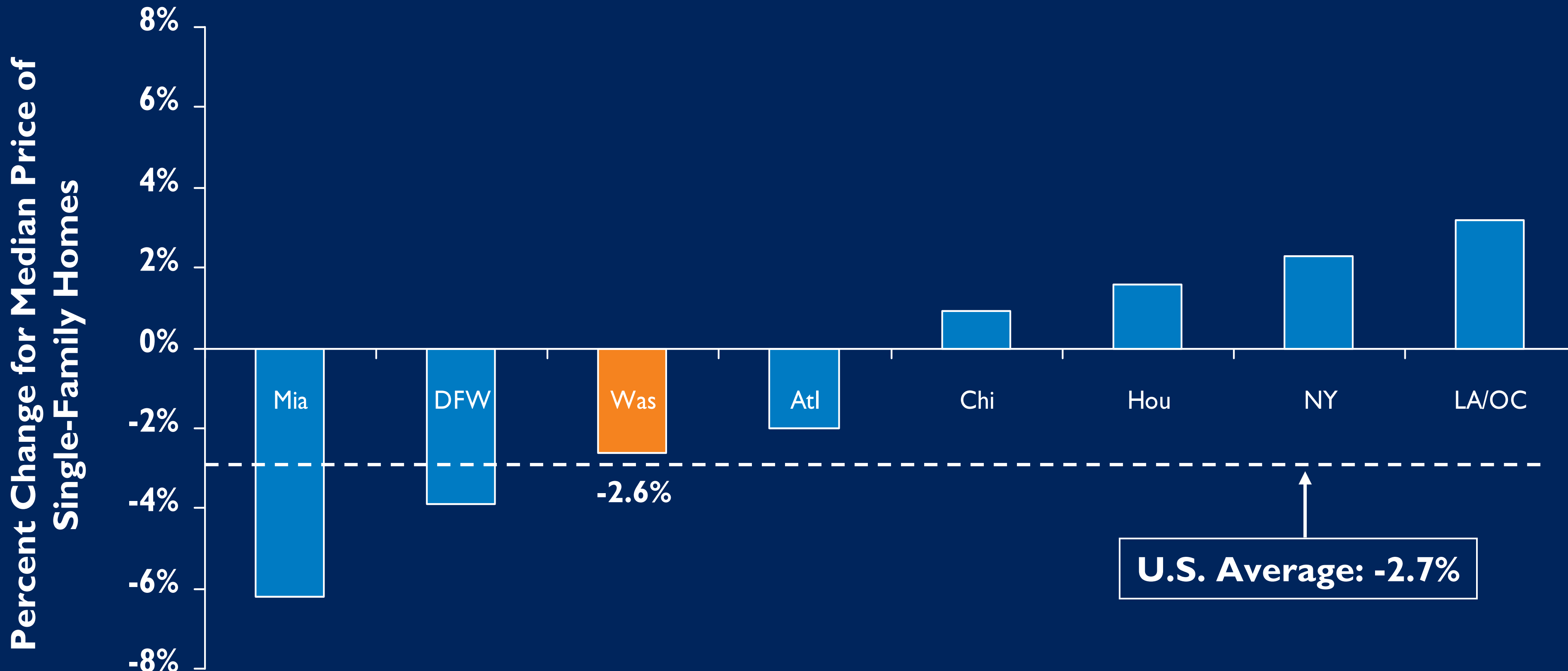
# EXISTING HOME SALE **PRICES**

SELECTED METRO AREAS **2006**

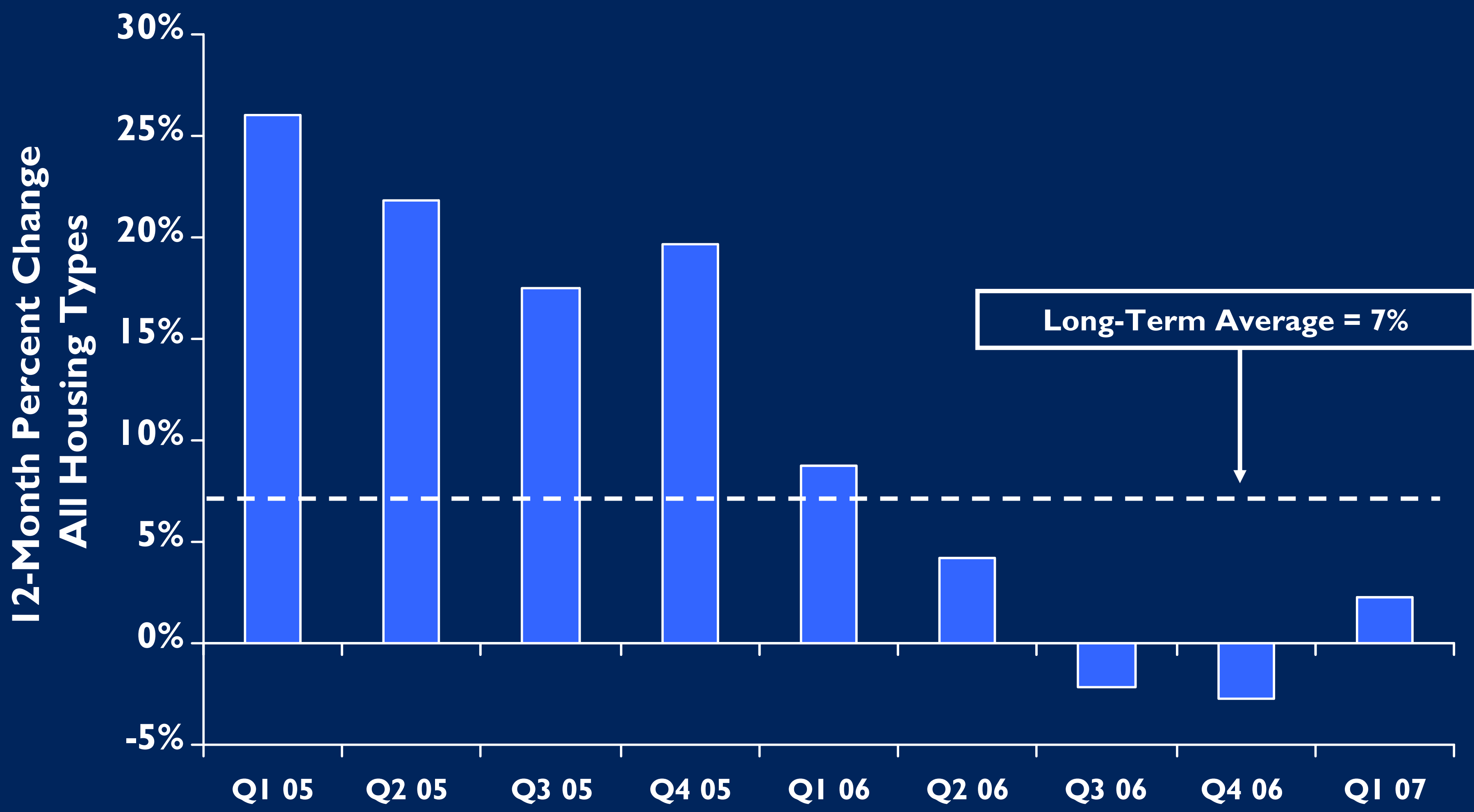



**Source: NAR, Delta Associates; May 2007.**

# SALES **PRICES**

WASHINGTON METRO AREA **2005-1st QUARTER 2007**

PER MRIS DATA




Source: MRIS, Delta Associates; May 2007.

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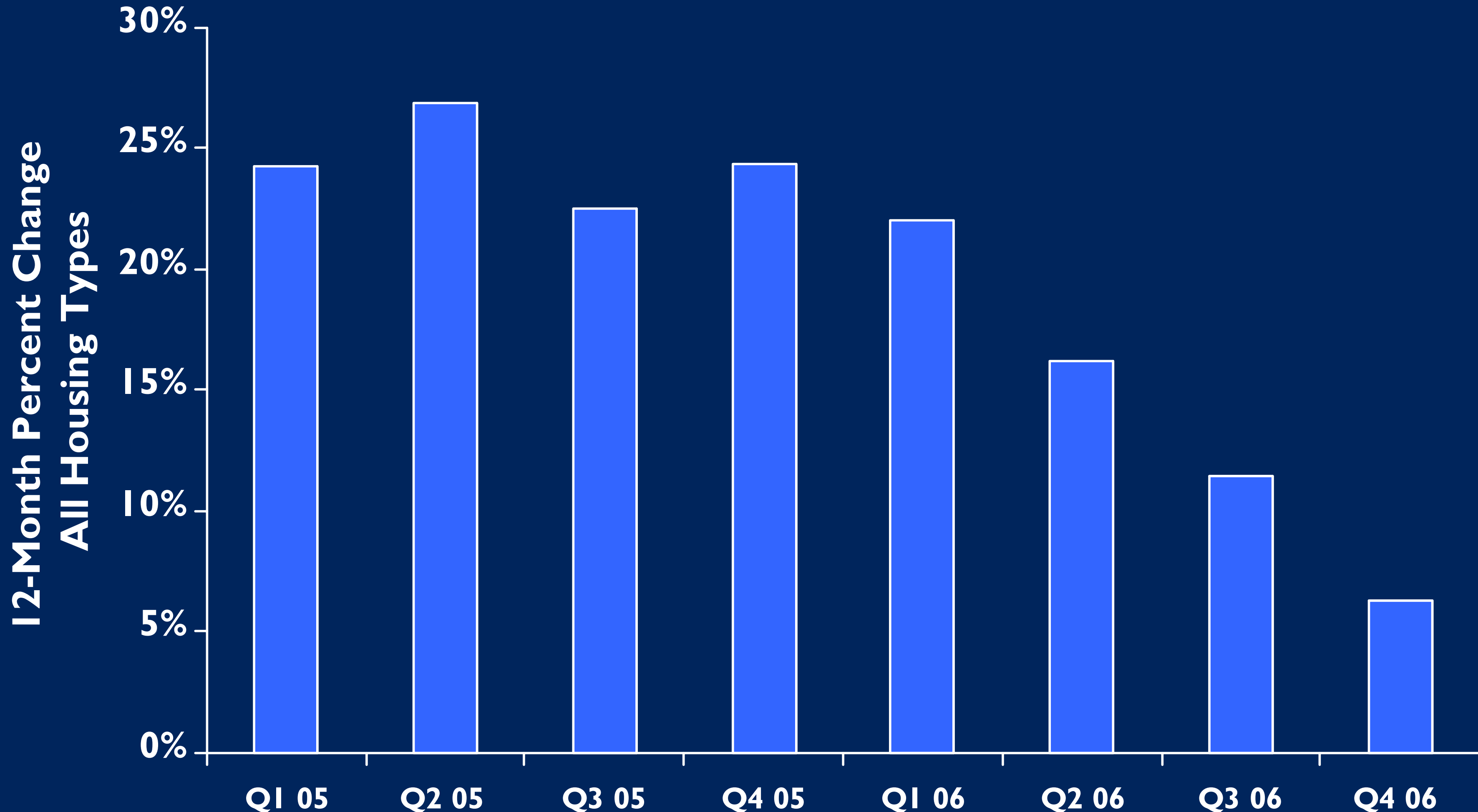
# SALES **PRICES**

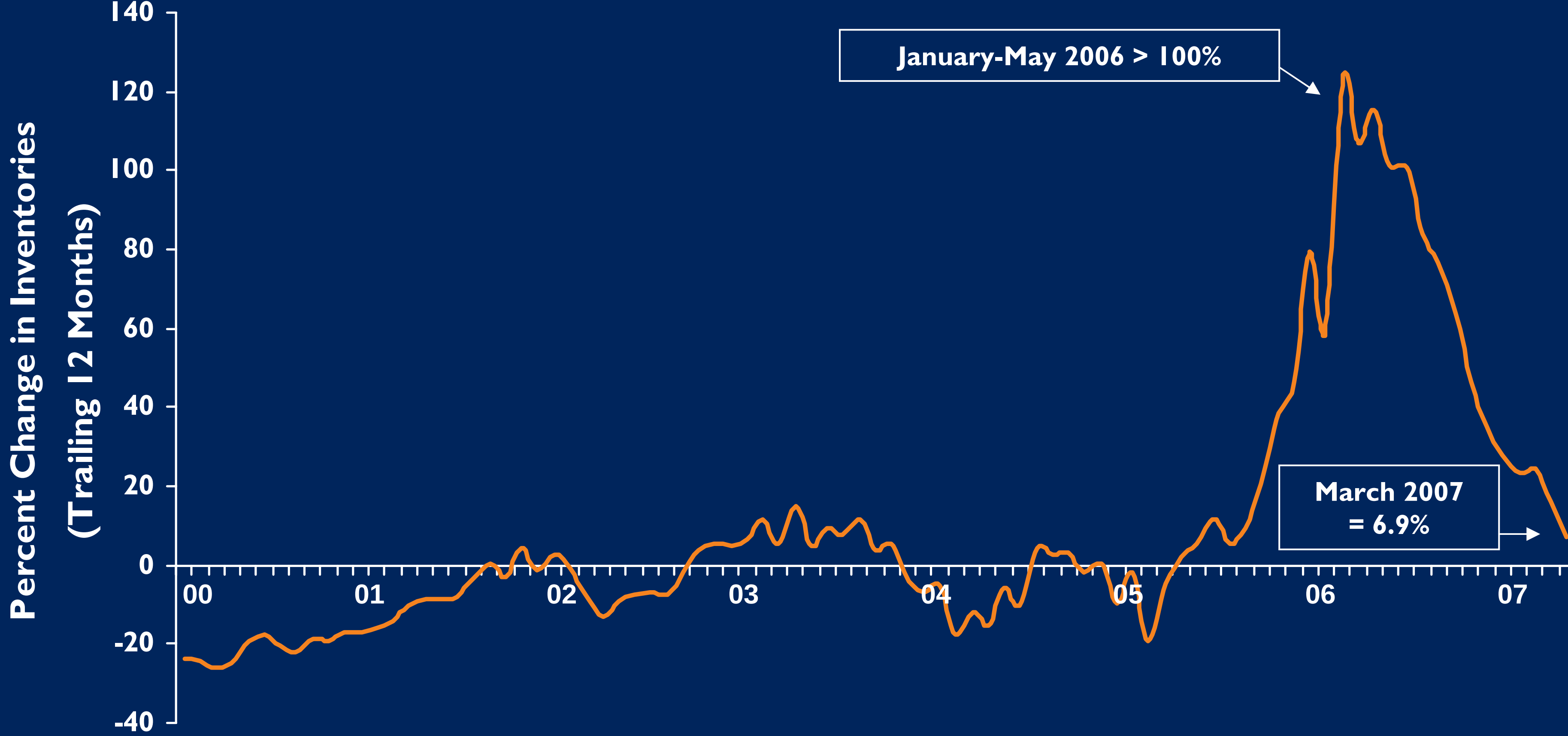
WASHINGTON METRO AREA **2005-2006**
PER OFHEO DATA




Source: OFHEO, Delta Associates; May 2007.

# INVENTORIES OF EXISTING **HOMES**

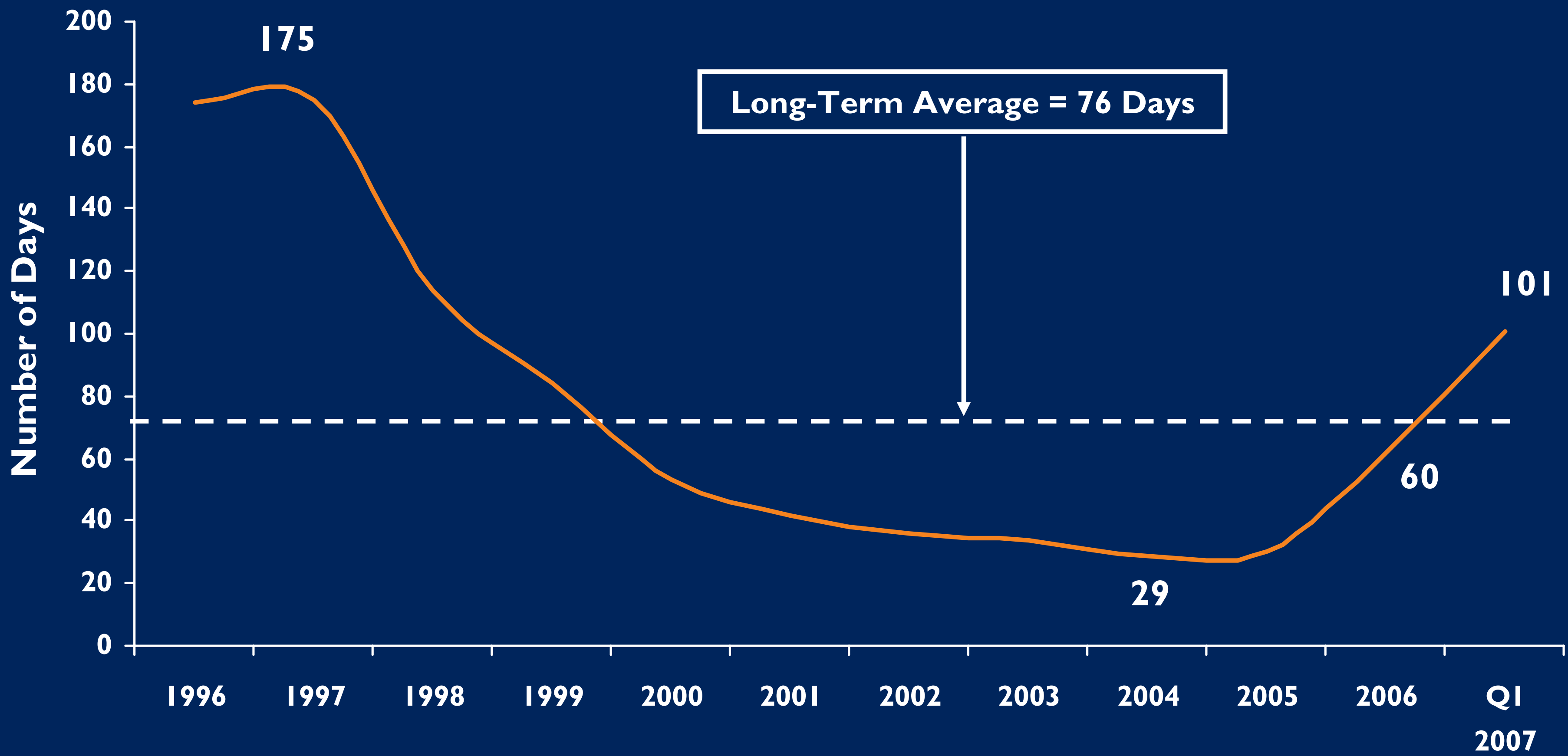
## WASHINGTON METRO AREA **2000-1st QUARTER 2007**




**Source: MRIS, GMU Center for Regional Analysis, Delta Associates; May 2007.**

# AVERAGE DAYS ON **MARKET**

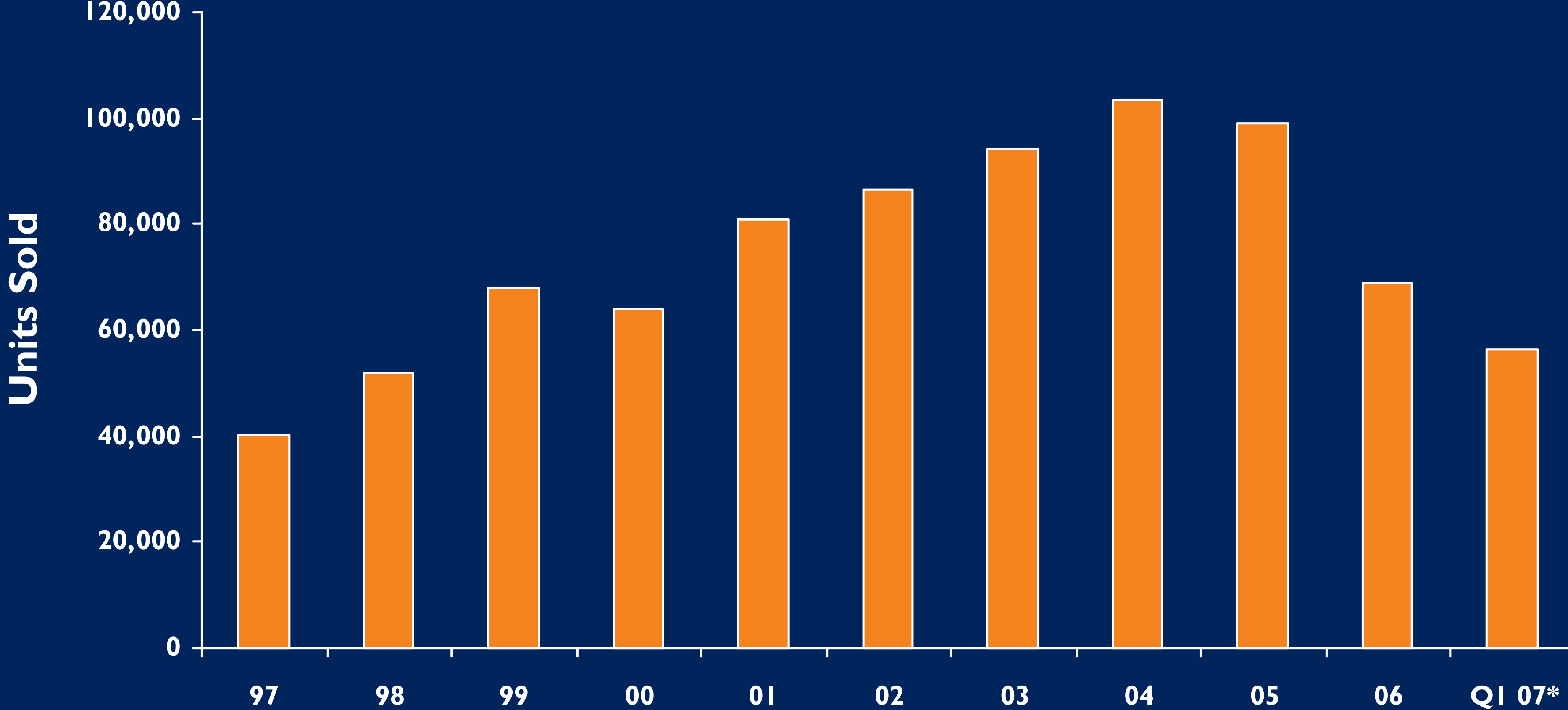
## WASHINGTON METRO AREA **1996-1st QUARTER 2007**




**Source: MRIS, GMU Center for Regional Analysis, Delta Associates; May 2007.**

# SALES **VOLUME**

WASHINGTON METRO AREA **1997-1ST QUARTER 2007**




**Source: MRIS, GMU Center for Regional Analysis, Delta Associates; May 2007.**

***1st quarter data annualized**

# HOUSING MARKET **OUTLOOK**

- **Inventory:** Stabilizing, as demand is generated by job growth; new construction easing

- **Average Days on Market:** Edging up; surpassed the long-term average of 76 days

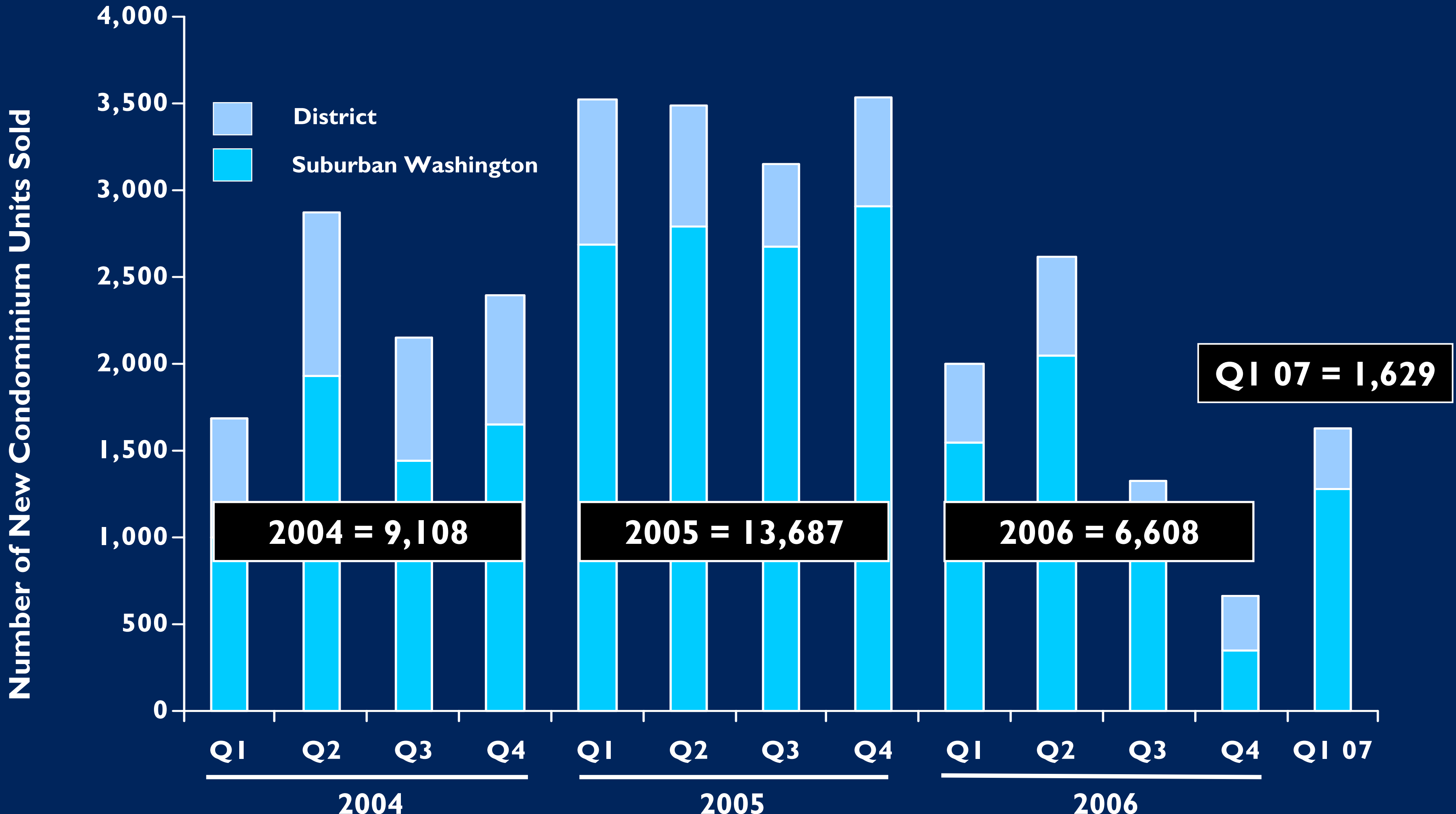
- **Prices:** Stabilizing in 2007, as interest rates remain low; price appreciation returning to the long-term average of 7% per annum by 2008/2009

Source: Delta Associates; May 2007.

# CONDOMINIUM **MARKET**

# CONDO NEW SALES **ACTIVITY**

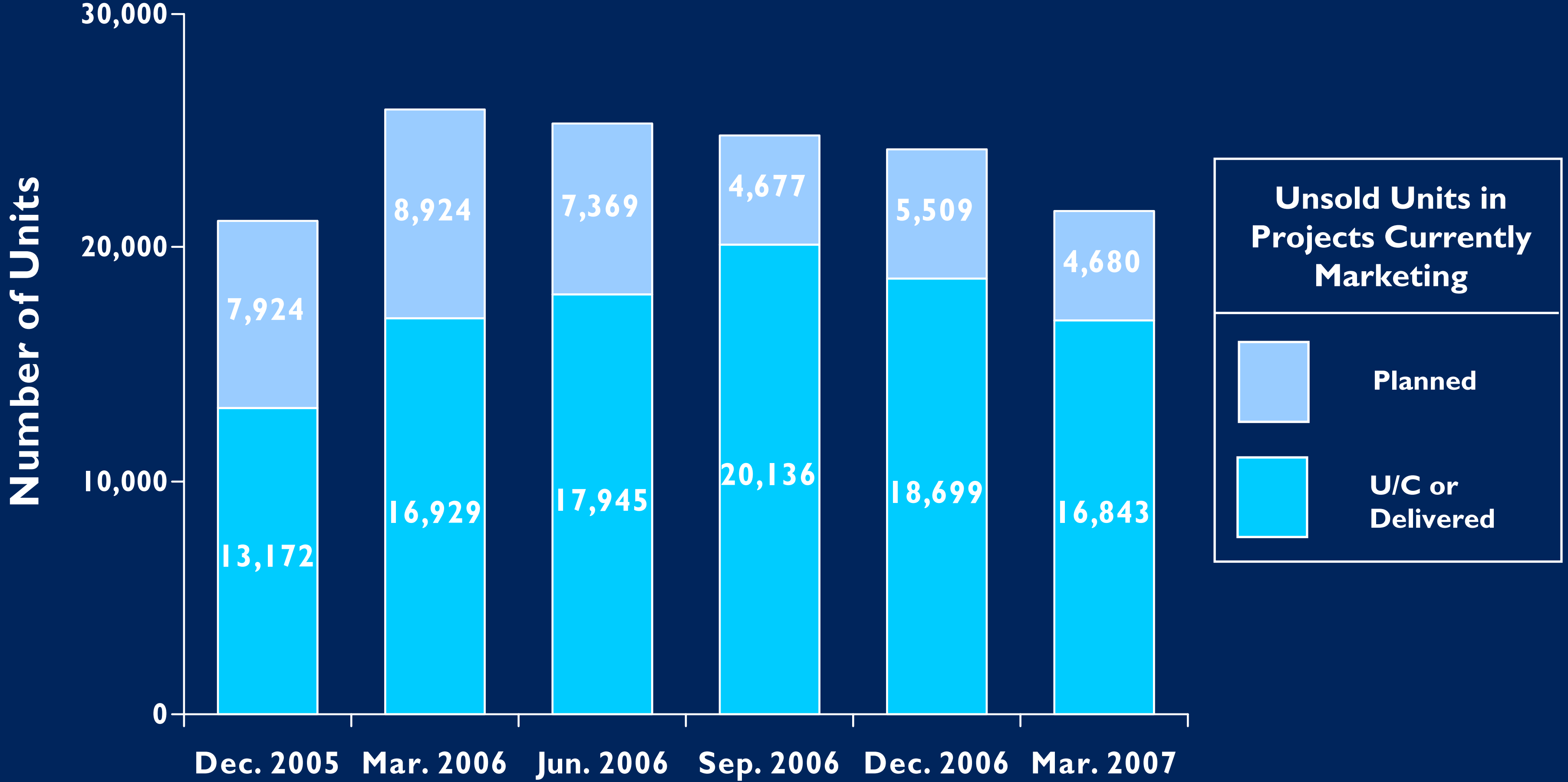
## WASHINGTON METRO AREA **2004-1st QUARTER 2007**




Source: Delta Associates; May 2007.

# CONDO UNITS CURRENTLY **MARKETING**

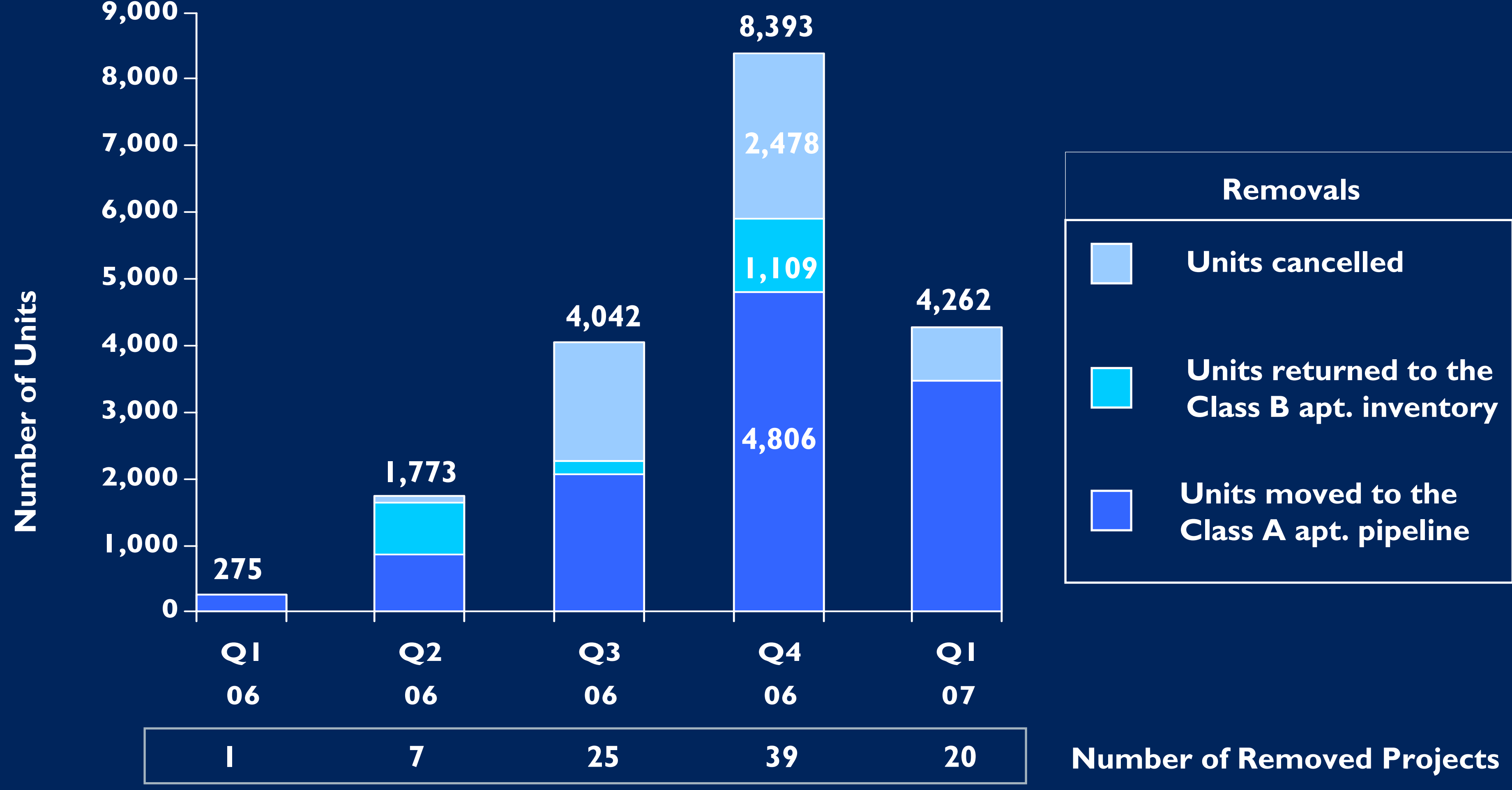
WASHINGTON METRO AREA **2005-1st QUARTER 2007**




**Source: Delta Associates; May 2007.**

# CONDO DEVELOPMENT PIPELINE **REMOVALS**

WASHINGTON METRO AREA **2006- 1st QUARTER 2007**




Source: Delta Associates; May 2007.

# DELTA'S CONDO MARKET **OUTLOOK**

**2007-2008**

- **Sales Volume:** 4,000 - 6,000 per year
- **Pipeline:** Continues to shrink
- **Prices:**
  - 5% decline over 3 - 6 months
  - Flat for remainder of 2007
  - Price traction by 2008

Source: Delta Associates; May 2007.

# DELTA'S MARKET **FORECAST**

**2007-2008**

- **National Economy:** Modest growth to continue
  - Subprime mortgage delinquencies a continuing theme, but of less import locally

- **Local Economy:** Job growth decelerating, but plenty of new jobs created to sustain housing demand

- **Housing Market:** Price stabilization during 2007, with traction thereafter

- **Condo Market:** Prices should continue to decline
  - Pipeline is shrinking, so some hope for a rebound in the intermediate term

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