

# WASHINGTON DC METRO

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## ECONOMIC OVERVIEW

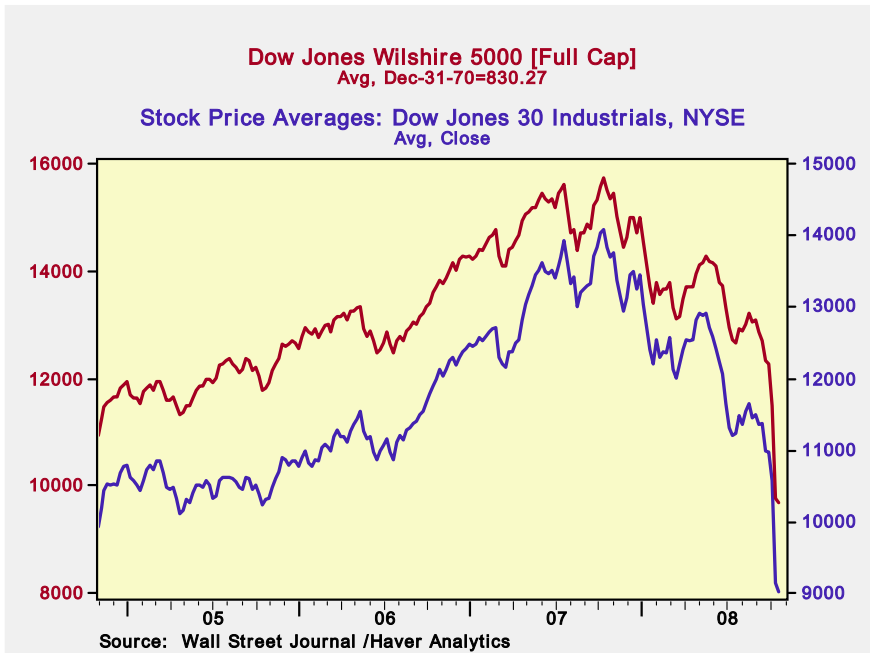
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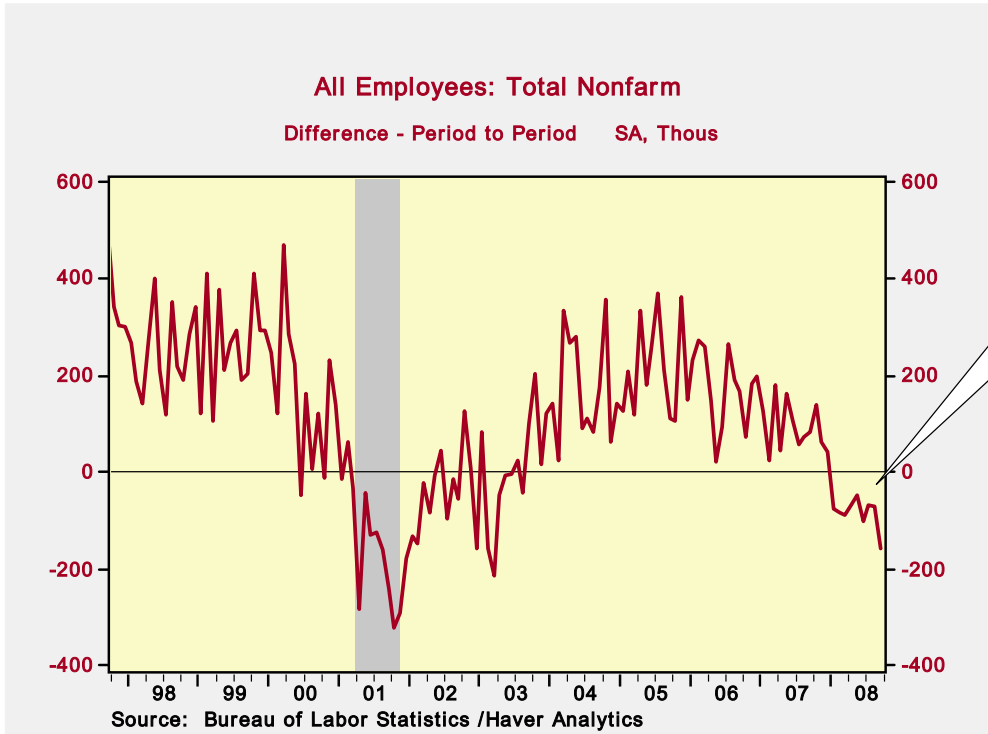
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# My 401k looks more like a 201k

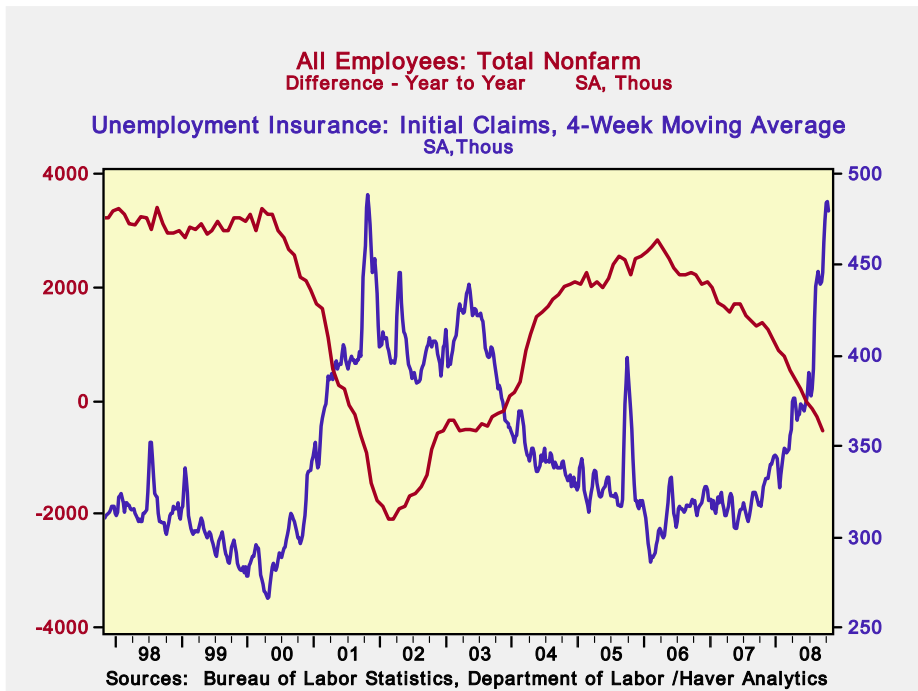


# Happy new year, now take a hike!

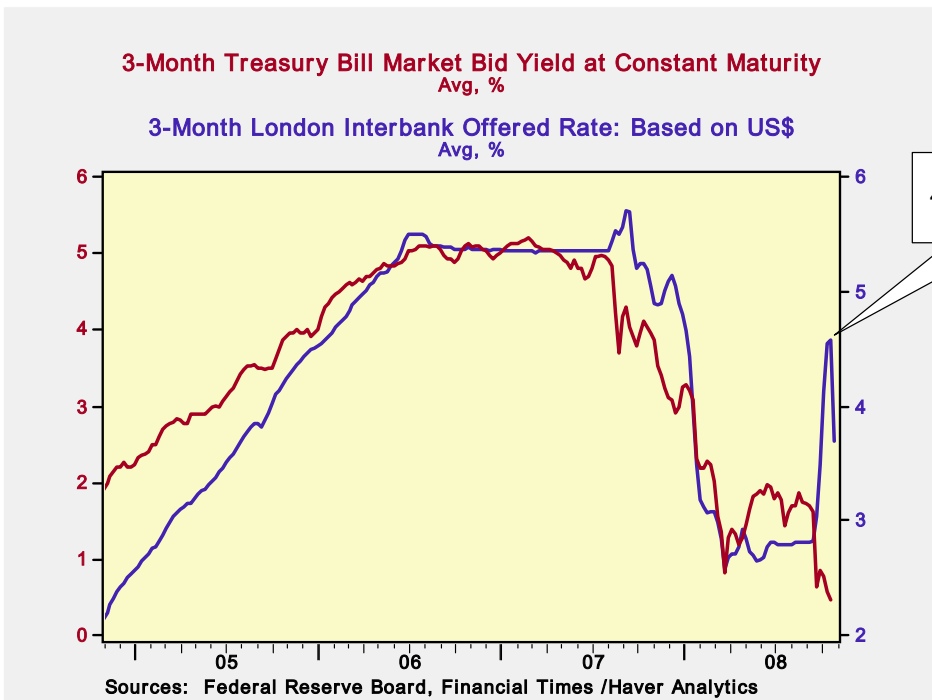


US has cut jobs for 9 straight months, a total of 760,000

## Jobless claims still rising

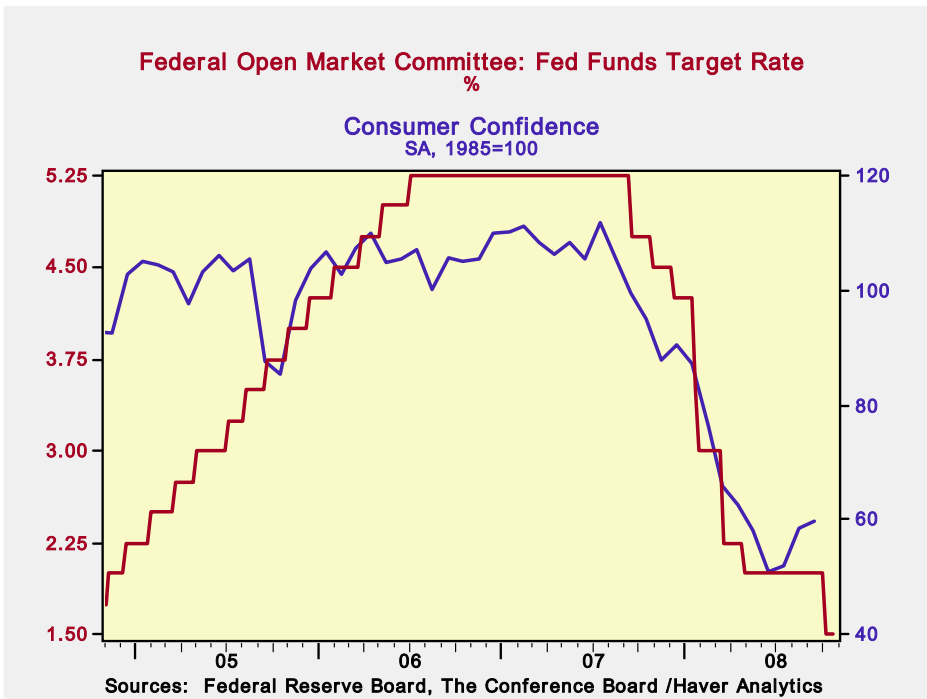


# Credit? What credit? Who has credit?



TED Spread was at 450 bps - an all time high

# Fed struggling to shore up confidence



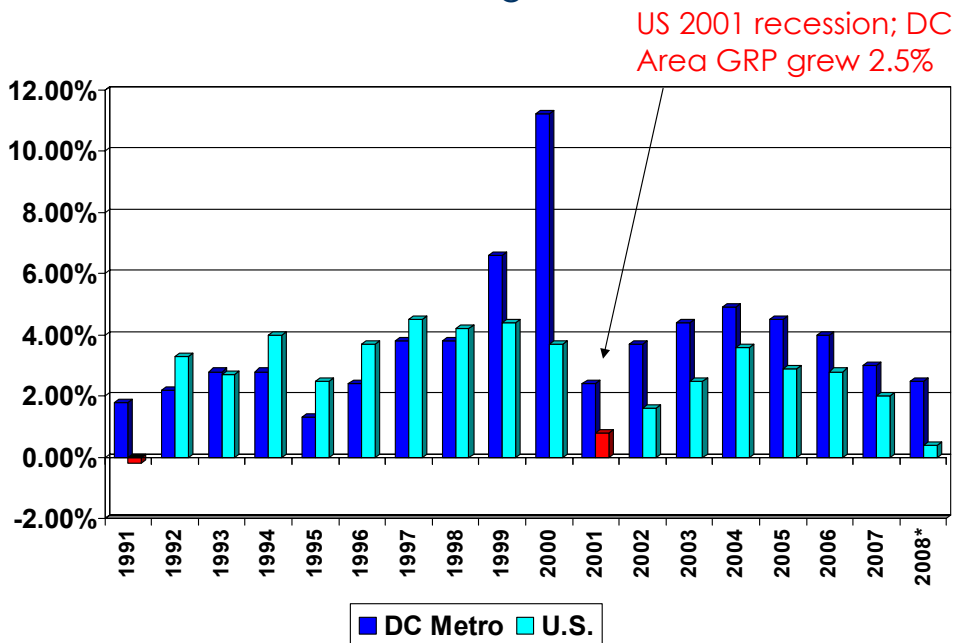
## Things aren't so bad in Washington DC



<b>FUNDAMENTALS</b>	<b>WASHINGTON METRO</b>	<b>U.S.</b>
Real GDP (Avg Growth, 2000-2007)	3.9%	2.4%
Population Growth (2000 to 2006)	10.3%	6.4%
Median HH Income, July06	\$79,000	\$48,500
Average 10-yr job Growth	2.40%	1.30%
Bachelor's degree or higher	46%	27%
Unemployment Rate (August08)	4.1%	6.1%
Home Prices (During boom)	140%	52%
Home Prices (Q208)	-17%	-8%

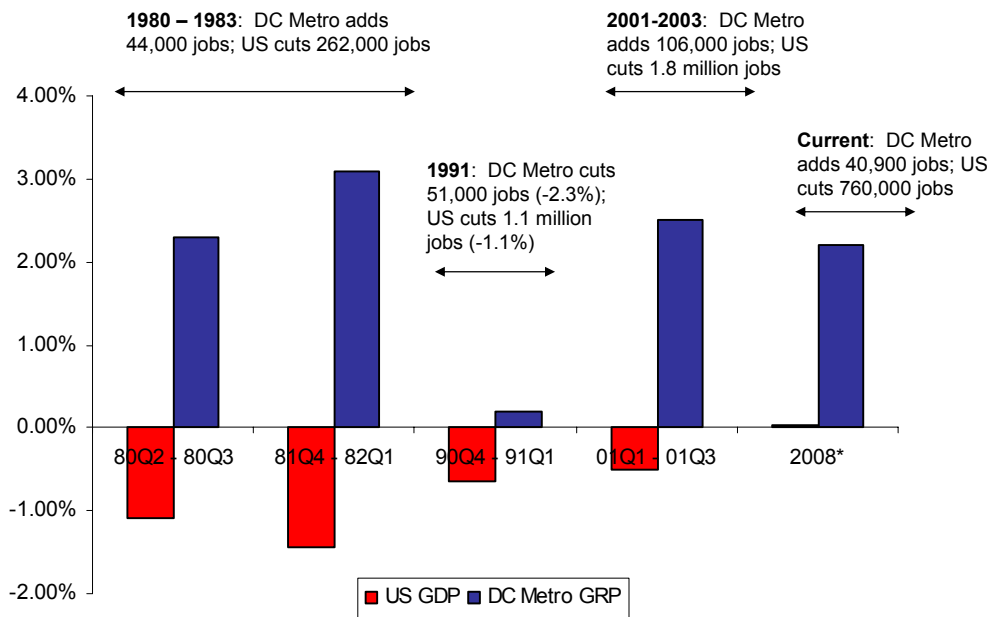
## DC's economy still expanding

Real GDP, Annual % Change:



Source: BEA, GMU Center for Regional Analysis

## DC typically outperforms US during past economic recessions

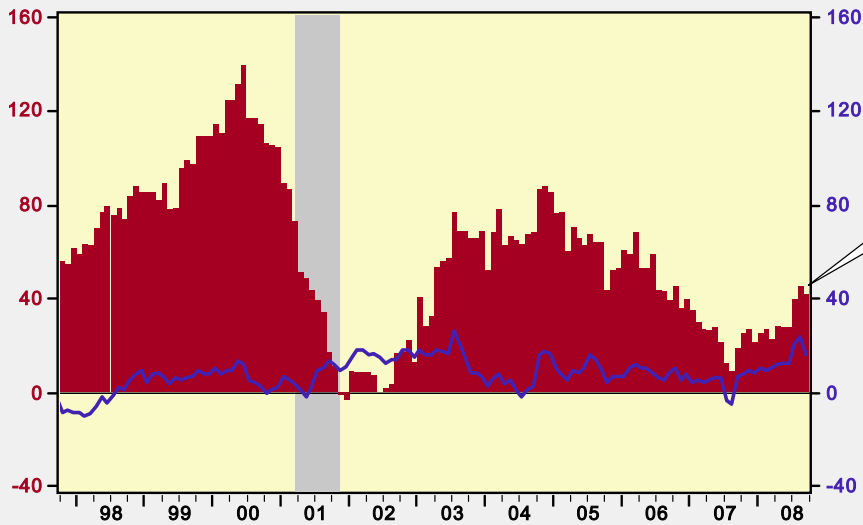


Source: GMU Center for Regional Analysis

# Still adding jobs

**All Employees: Total Nonfarm, Wash-Arlngtn-Alxndria DC-MD-VA-WV**  
Difference - Year to Year Thous

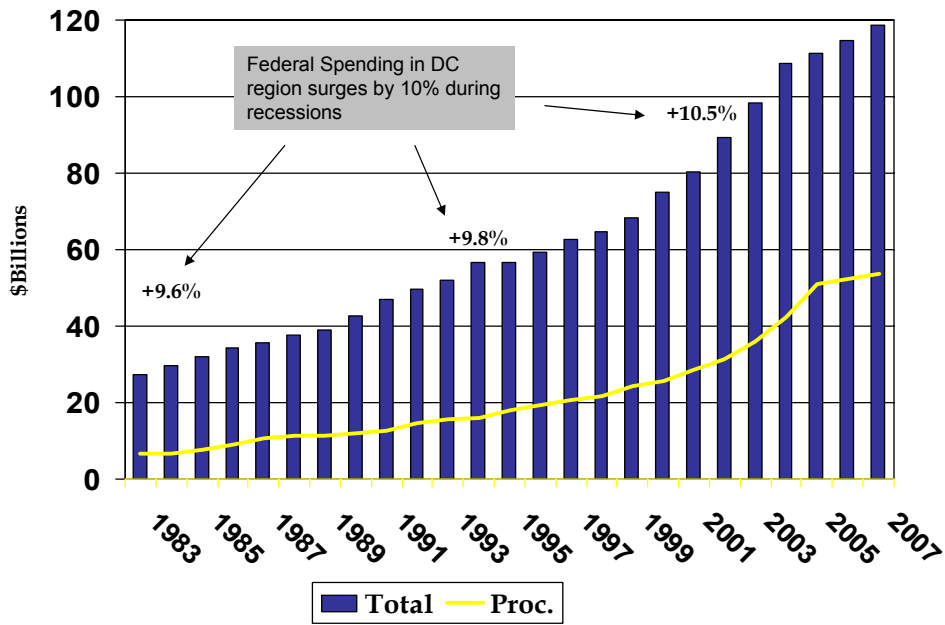
**All Employees: Government, Wash-Arlngtn-Alxndria DC-MD-VA-WV**  
Difference - Year to Year Thous



Source: Bureau of Labor Statistics /Haver Analytics

# Thank you Uncle Sam

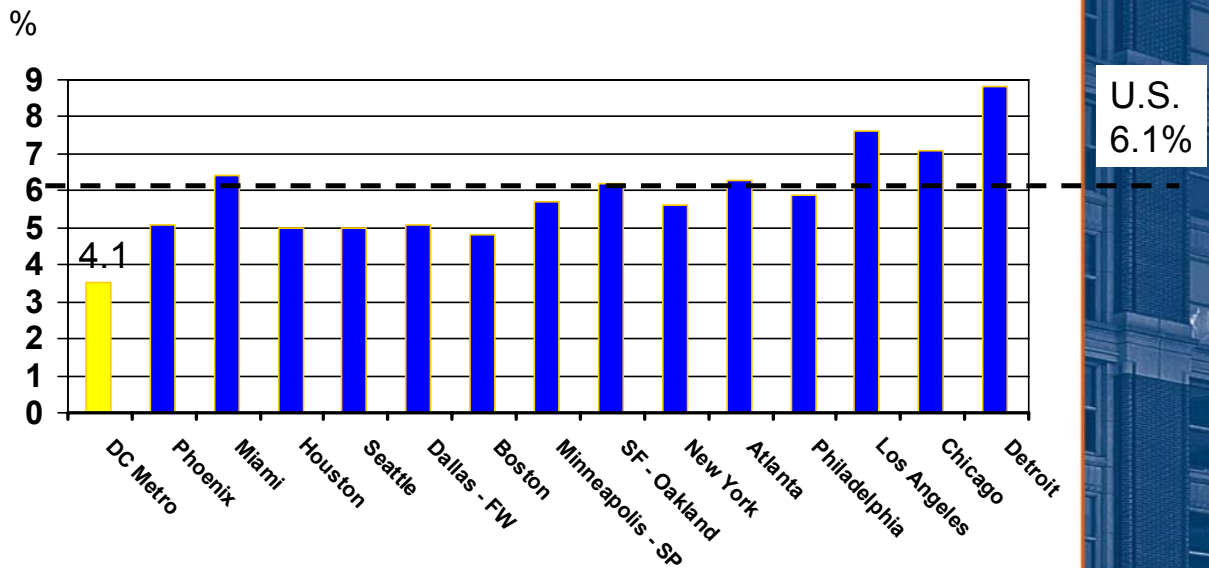
## Federal Spending in the DC Metro



Source: GMU Center for Regional Analysis

## Unemployment lowest of all major metros

August 2008:



Source: BLS, GMU Center for Regional Analysis

Data not seasonally adjusted

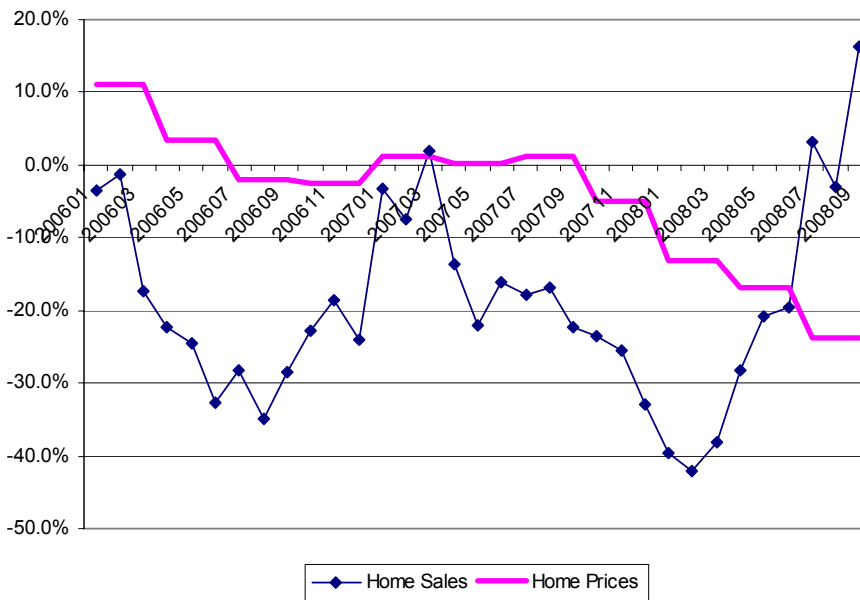
## Traffic is still bad

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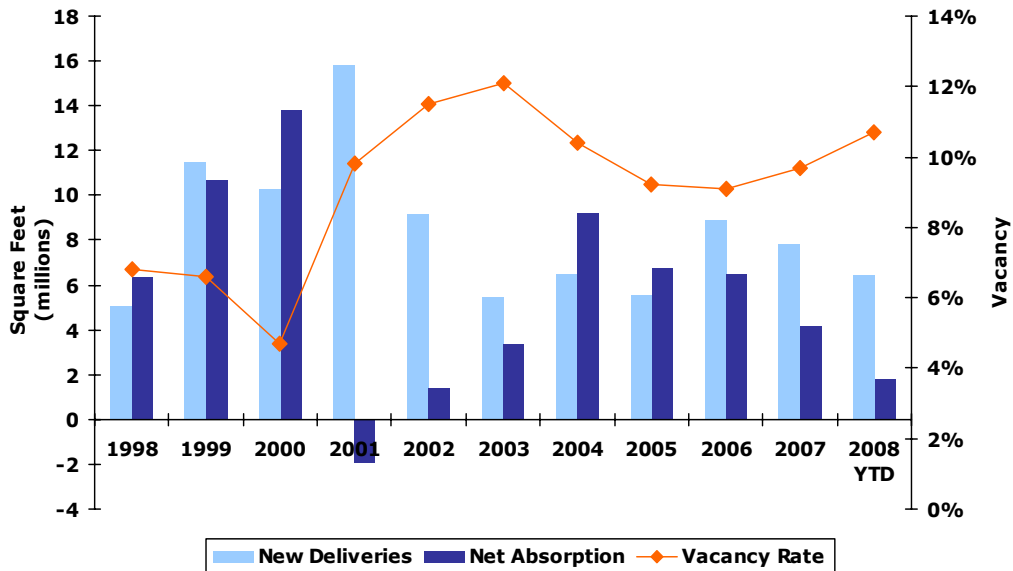
## Home prices are correcting, spurring sales

Year-ago % chg:



## Office market conditions are weakening

### DC Metro: Deliveries-Net Absorption-Vacancy: 1998 - 2008



Source: Cassidy & Pinkard Colliers

# DC Metro Forecast

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## Federal agencies likely to grow

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Gov't Agencies	Submarket	Potential Impact
Dept of Treasury	CBD/East End	\$700 billion infusion/purchase of bad loans; Office of Financial Stability created
SEC	NoMa	Increased regulation of financial markets expected
FDIC	RB Corridor	FDIC seizing banks, lowering required deposits; grew significantly during S&L crisis
FHFA	CBD/East End	OFHEO/FHFB Merger; will monitor Fannie/Freddie & prevented problems going forward

## DC Metro Forecast

Indicators	2008	2009	2010	2011	2012
<b>Gross Metro Product, C\$B</b>	238.7	246.3	254.6	261.5	268.2
<i>% Change</i>	2.2	3.2	3.3	2.7	2.6
<b>Total Employment (000)</b>	2,440.1	2,462.5	2,504.4	2,544.8	2,569.4
<i>% Change</i>	1.1	0.9	1.7	1.6	1.0
<b>Unemployment Rate</b>	3.9	4.6	4.3	3.8	3.7
<b>Personal Income Growth</b>	4.9	4.2	5.1	5.1	4.4
<b>Population (000)</b>	4,202.2	4,254.7	4,309.0	4,361.7	4,411.5
<b>Single-Family Permits</b>	7,557	11,272	13,129	16,505	16,450
<b>Multifamily Permits</b>	4,315	3,460	3,722	3,850	4,058
<b>Existing Home Price (\$Ths)</b>	343.2	292.8	286.7	297.2	311.4
<b>Mortgage Originations (\$Mil)</b>	58,899	46,626	44,718	47,203	47,498

Source: Moody's economy.com, Sept 2008