



**metrostudy**  
A hanleywood Company

 **Appraisal Institute**  
*Professionals Providing Real Estate Solutions*

**Real Estate Update  
For Sale Housing**

**January 17, 2018**

Presented By  
**Ben Sage – Regional Director  
Mid-Atlantic Region**

© Metrostudy | 2017 | 1

**metrostudy**  
A hanleywood Company

**TAX REFORM**

© Metrostudy | January 17, 2018 | 2



## Washington DC Metro TAX REFORM – Housing Related



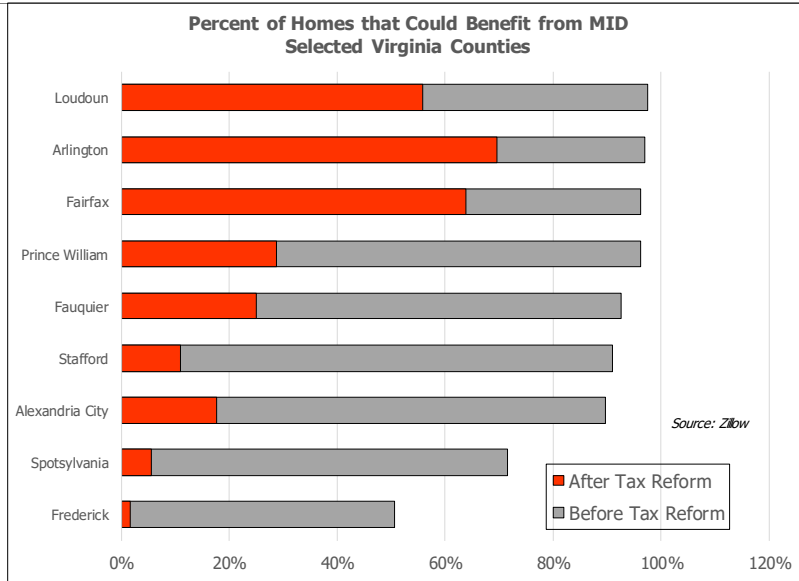
- Increases standard deduction from \$13,000 for joint filers to \$24,000
- Caps state and local tax (SALT) deduction at \$10,000
- Reduces cap on mortgage interest deduction (MID) from \$1 million to \$750,000
- Eliminates deduction for home equity debt (formerly allowed up to \$100k)

## Washington D.C. Metro TAX REFORM – SALT Cap



- \$10k Cap on SALT Affects These States the Most:
  - New York – 12.7% of income
  - Connecticut – 12.6%
  - New Jersey - 12.2%
  - Wisconsin – 11%
  - Illinois - 11%
  - California - 11%
  - **Maryland - 10.9%**
  - Minnesota - 10.8%

## Washington DC Metro (Virginia) TAX REFORM – MID Cap

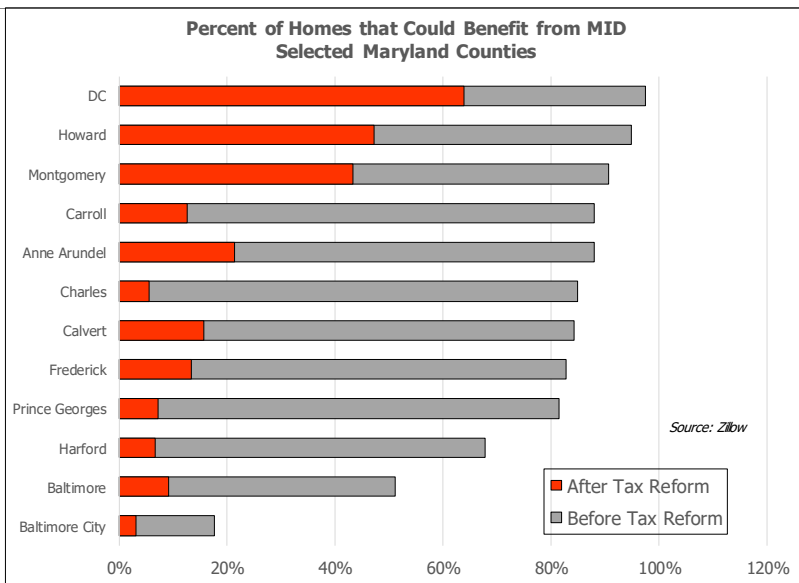


metrostudy

hw

© Metrostudy | January 2018 | 5

## Washington DC Metro (DC/MD) TAX REFORM – MID Cap

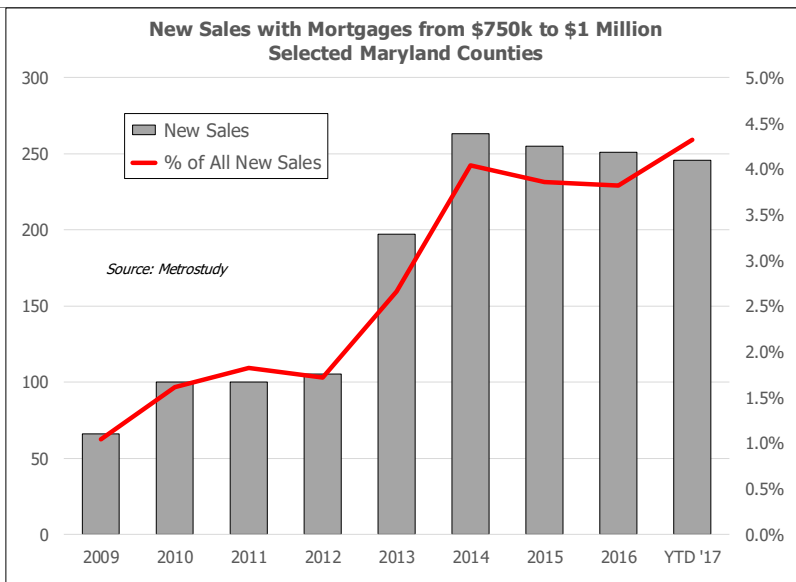


metrostudy

hw

© Metrostudy | January 2018 | 6

## Washington DC Metro (VA) TAX REFORM – MID Cap

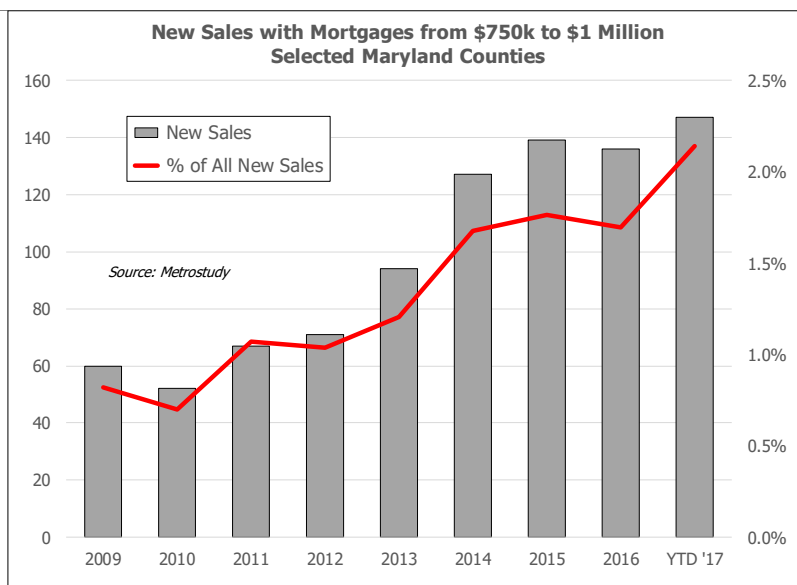


metrostudy

h.w

© Metrostudy | January 2018 | 7

## Washington DC Metro (MD) TAX REFORM – MID Cap



metrostudy

h.w

© Metrostudy | January 2018 | 8

## Washington DC Metro TAX REFORM - Conclusions



- MID cap applies to new sales beginning in 2017 (existing homeowners are grandfathered)
- MID will now be less of a factor, esp. in higher housing cost areas
- Loss of tax incentive to own is accompanied by lower tax burden for most
- Home sales involving mortgages between \$750k and \$1 million could be most affected (small segment)
- Most own for the other benefits of homeownership, while historical tax benefits are "icing on the cake"
- Tax reform alone is not likely to derail an improving housing market, but the reaction by consumers can be difficult to predict

**metrostudy**  
A hartlewood Company

© Metrostudy | January 2018 | 9

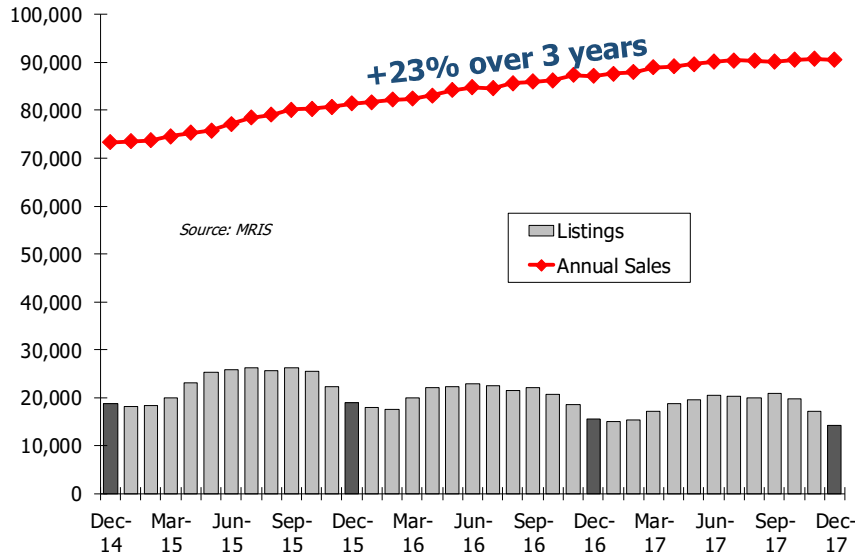
**metrostudy**  
A hartlewood Company

# WASHINGTON D.C. METRO FOR SALE HOUSING MARKET

© Metrostudy | January 17, 2018 | 10



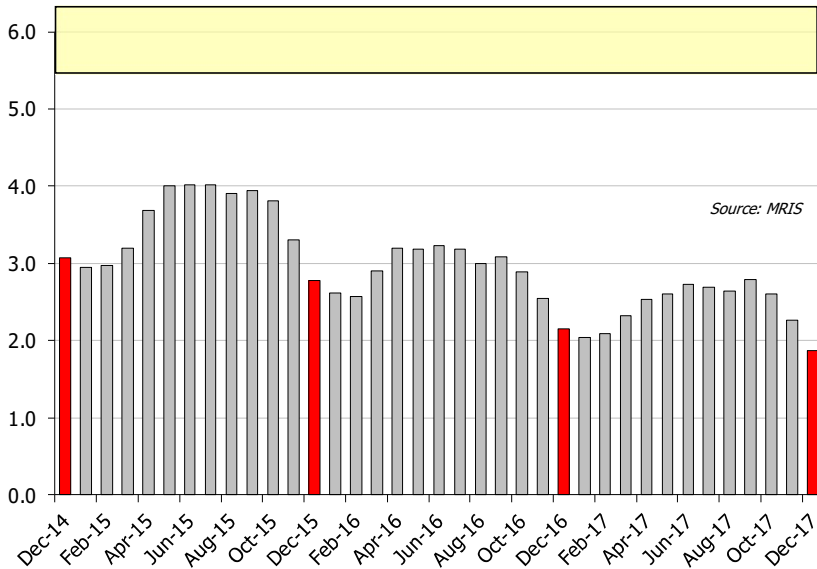
## Washington D.C. Metro EXISTING HOME ANNUAL SALES AND LISTINGS



metrostudy

© Metrostudy | January 2018 | 11

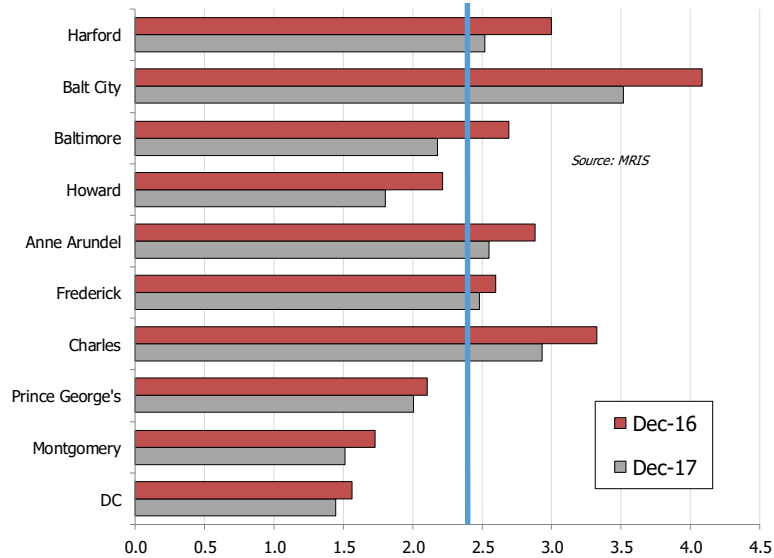
## Washington D.C. Metro MONTHS SUPPLY OF RESALE LISTINGS



metrostudy

© Metrostudy | January 2018 | 12

## DC/Maryland MONTHS SUPPLY OF RESALE LISTINGS

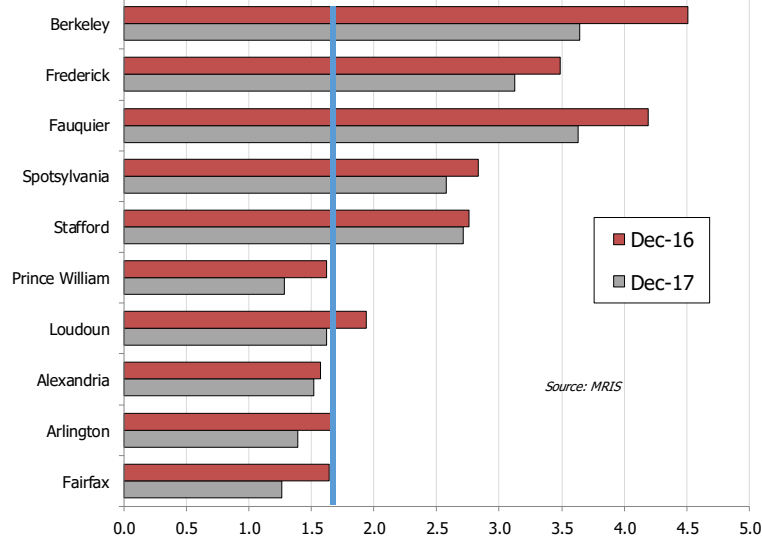


metrostudy

hw

© Metrostudy | January 2018 | 13

## Northern Virginia MONTHS SUPPLY OF RESALE LISTINGS

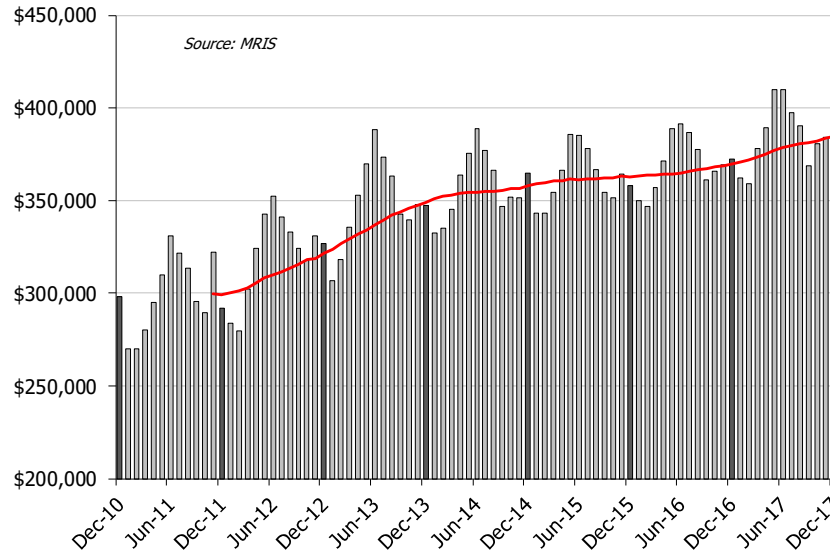


metrostudy

hw

© Metrostudy | January 2018 | 14

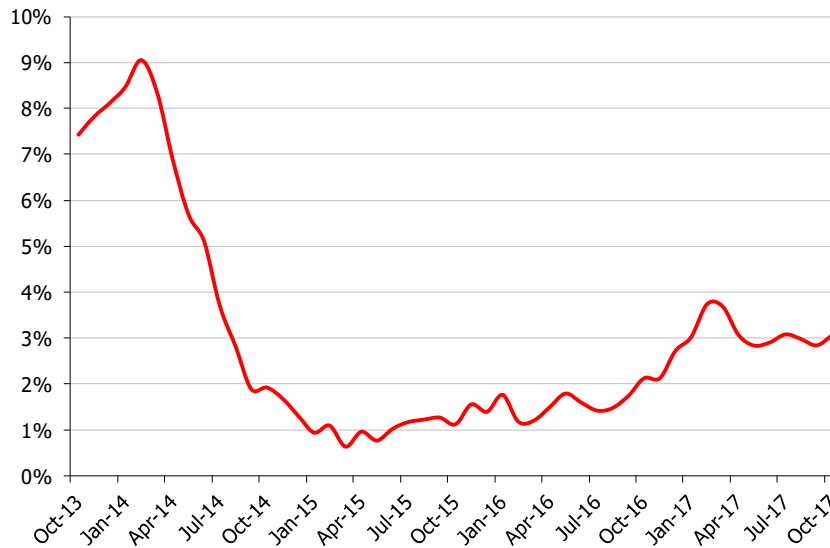
## Washington D.C. Metro MEDIAN RESALE PRICE HISTORY



metrostudy  
A HomeAdvisor Company

© Metrostudy | January 2018 | 15

## Washington D.C. Metro YEARLY PERCENT CHANGE IN S&P CASE SHILLER INDEX

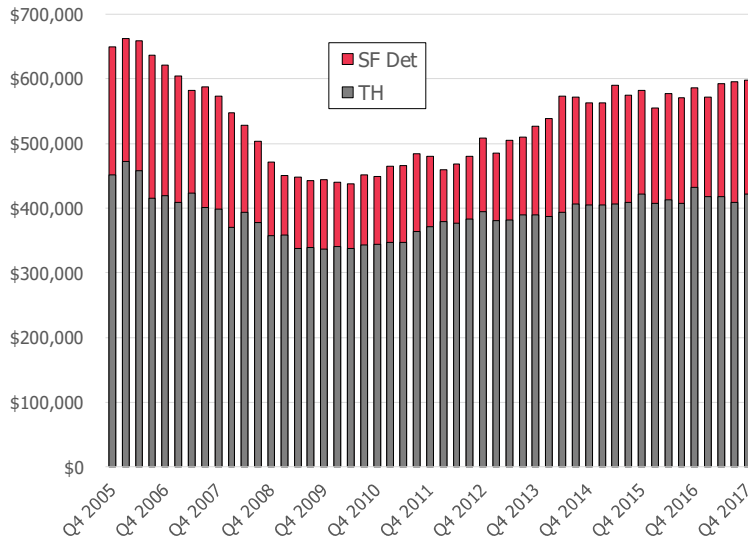


metrostudy  
A HomeAdvisor Company

© Metrostudy | January 2018 | 16



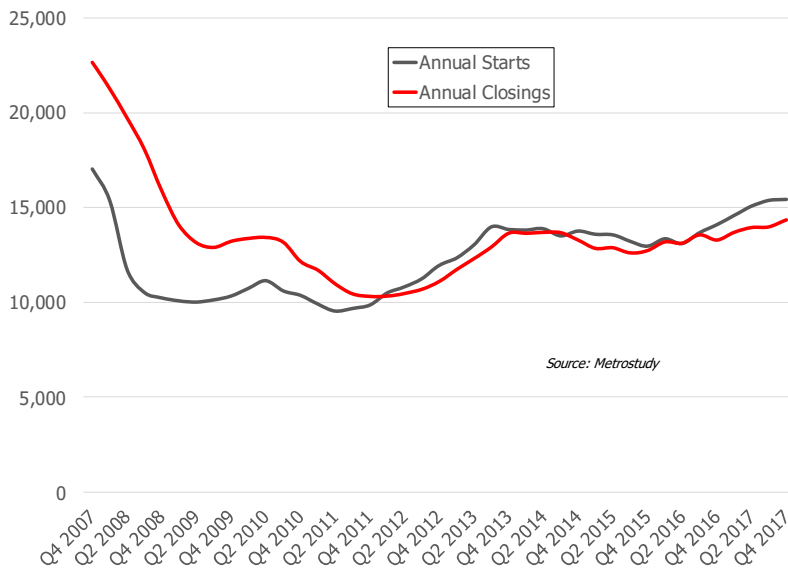
## Washington D.C. Metro MEDIAN NEW HOME PRICE HISTORY by TYPE



metrostudy  
A HomeAdvisor Company

© Metrostudy | January 2018 | 17

## Washington D.C. Metro ANNUAL STARTS and CLOSINGS

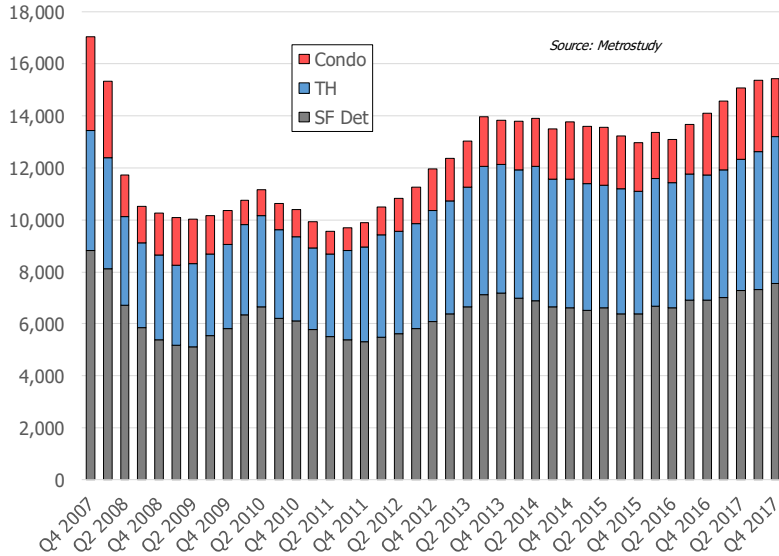


Source: Metrostudy

metrostudy  
A HomeAdvisor Company

© Metrostudy | January 2018 | 18

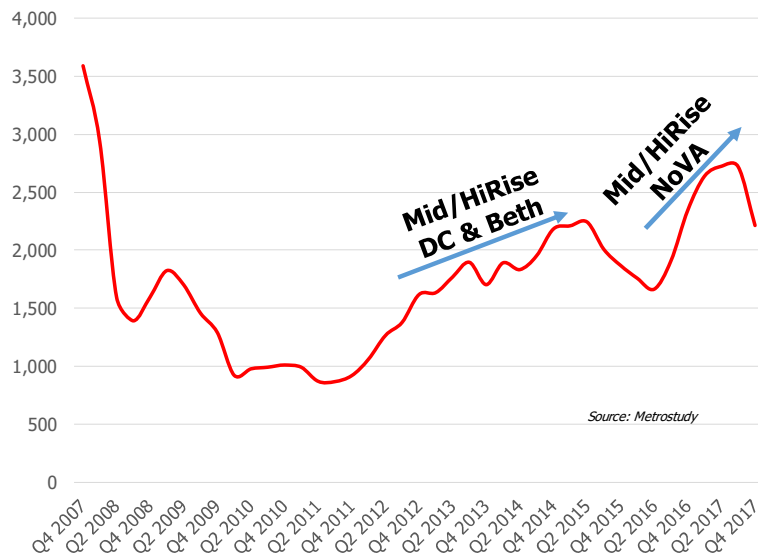
## Washington D.C. Metro ANNUAL STARTS by PRODUCT TYPE



metrōstudy  
A Navigant Company

© Metrostudy | January 2018 | 19

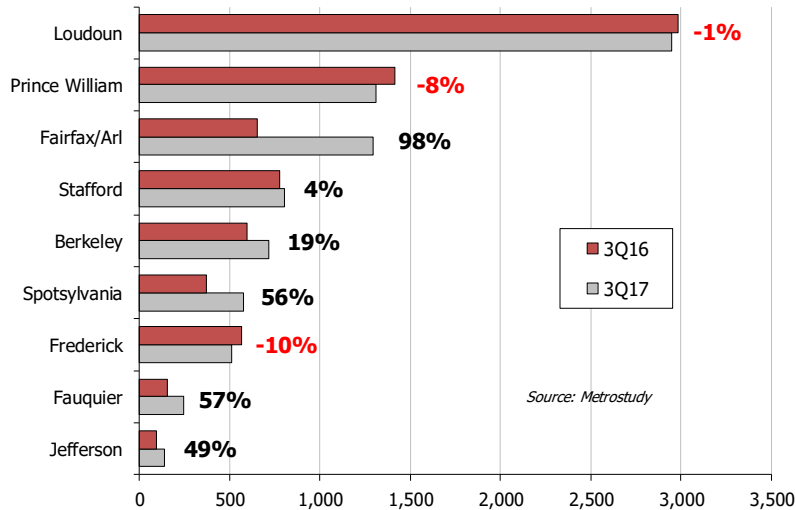
## Washington D.C. Metro ANNUAL CONDO STARTS



metrōstudy  
A Navigant Company

© Metrostudy | January 2018 | 20

## Northern Virginia ANNUAL STARTS COMPARISON by AREA



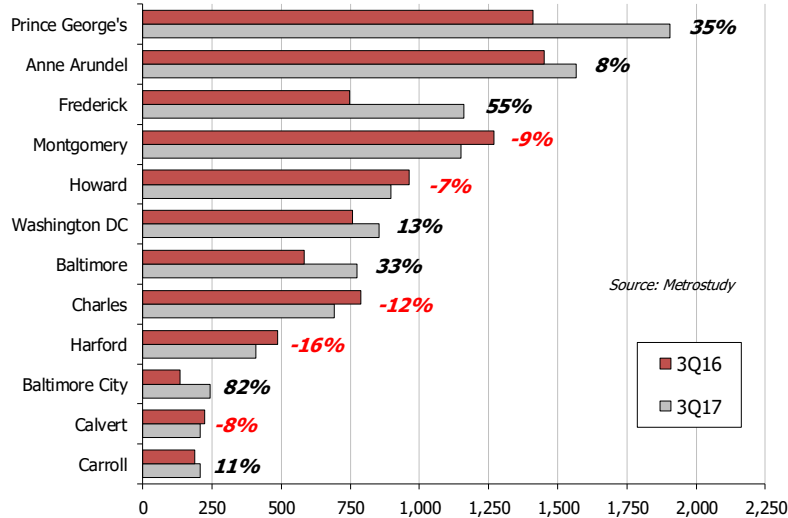
Source: Metrostudy

\* Only most active counties shown



© Metrostudy | January 2018 | 21

## DC/Maryland ANNUAL STARTS COMPARISON by AREA



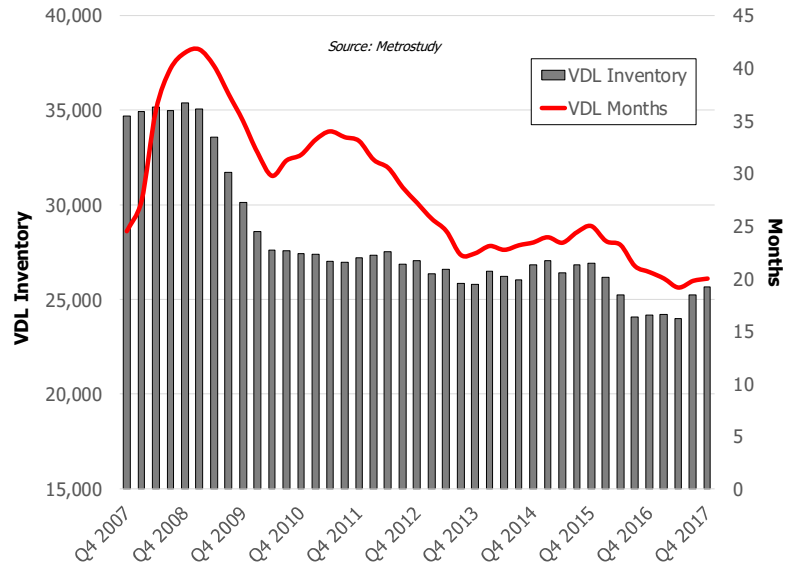
Source: Metrostudy

\* Only most active areas shown



© Metrostudy | January 2018 | 22

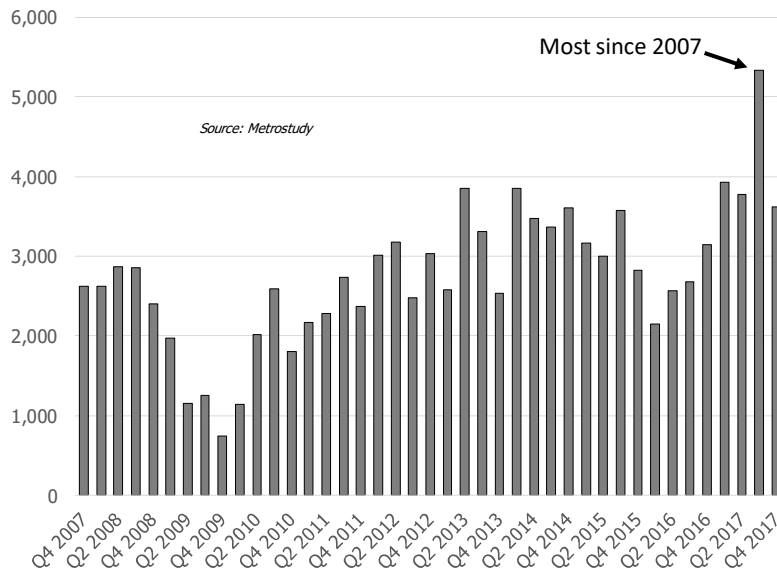
## Washington D.C. Metro VACANT DEVELOPED LOTS and MONTHS OF SUPPLY



metrostudy

© Metrostudy | January 2018 | 23

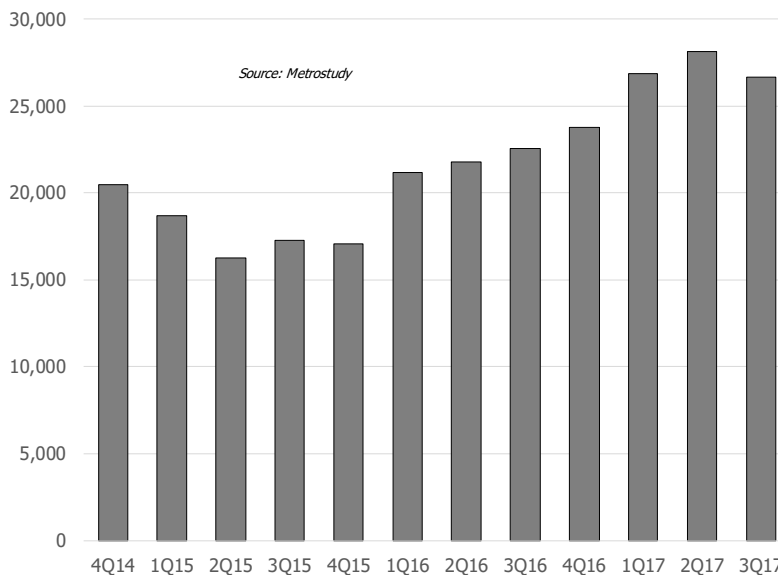
## Washington D.C. Metro QUARTERLY LOT DELIVERIES



metrostudy

© Metrostudy | January 2018 | 24

## Washington D.C. Metro FUTURE LOTS UNDER DEVELOPMENT



metrostudy  
A Navigant Company

© Metrostudy | January 2018 | 25

## Washington D.C. Metro CHALLENGES AND OPPORTUNITIES



### Challenges

- Expensive land
- Impact fees (“proffers” in VA)
- Difficult regulatory environment
- Narrow growth corridors
- Overdependence on federal government
- High cost of living (esp. housing)
- Congestion

### Opportunities

- Very high incomes
- Educational opportunities
- Cultural advantages
- Consumers accepting of higher density



metrostudy  
A Navigant Company

© Metrostudy | January 2018 | 26

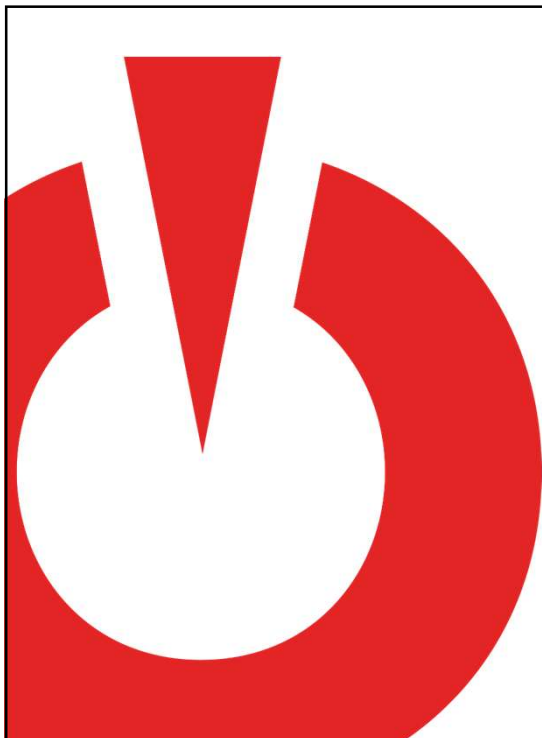
**Washington D.C. Metro**  
**HOUSING OUTLOOK**



- Job Growth
- + Recovery of Federal procurement
- + Undersupplied resale market
- + Demographic pressure to homeownership
- = Improving new-home market



© Metrostudy | January 2018 | 27



**Ben Sage**

Director, Mid-Atlantic Region

703-574-8429

[bsage@metrostudy.com](mailto:bsage@metrostudy.com)

**Gregg Lowenstein**

Director of Business Development

202-394-6883

[glowenstein@metrostudy.com](mailto:glowenstein@metrostudy.com)

© Metrostudy | 2017 | 28