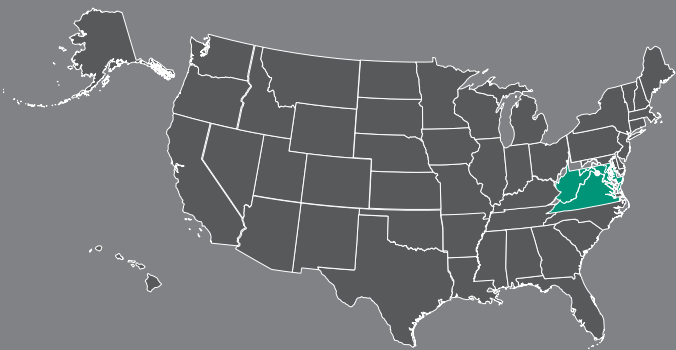


HUD PD&R Housing Market Profiles

Washington-Arlington-Alexandria, D.C.-Virginia-Maryland-West Virginia

Quick Facts About Washington-Arlington-Alexandria

- **Current sales market conditions: slightly soft but improving.**
- **Current rental market conditions: soft.**
- **The federal government and contractors for the Department of Defense account for nearly 15 percent of total nonfarm payrolls.**



By Patricia Moroz | As of March 1, 2013

Overview

The Washington-Arlington-Alexandria metropolitan area (hereafter, the Washington metropolitan area) comprises the U.S. capital city of the District of Columbia (DC) and 15 counties and 6 independent cities in Maryland, Virginia, and West Virginia. An estimated 17.9 million tourists visited DC in 2011, exceeding the previous record of 17.4 million visitors in 2000 (Destination DC data). The economic impact of tourism in DC totaled \$6 billion during 2011.

- As of March 1, 2013, the population of the metropolitan area was estimated at 5.87 million, an increase of 97,000, or 1.7 percent, annually since April 2010. This growth was similar to the population increase of 96,400 people, or 1.8 percent, annually from 2007 to 2010.
- Net in-migration to the metropolitan area has averaged 65,200 people annually since April 2010, more than the annual rate of 47,700 people from 2007 to 2010, because economic conditions have strengthened since mid-2010.
- The population of DC has increased by 13,450, or 2.2 percent, annually since April 2010 to total 641,000 as of March 1, 2013.



Nonfarm payrolls by sector in the Washington area

	3 Months Ending		3-Month Change (2012-13)	
	February 2012 (thousands)	February 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	3,005.4	3,043.7	38.3	1.3
Goods-producing sectors	188.2	187.4	-0.8	-0.4
Mining, logging, and construction	139.1	139.6	0.5	0.3
Manufacturing	49.1	47.8	-1.2	-2.5
Service-providing sectors	2,817.2	2,856.3	39.1	1.4
Wholesale and retail trade	327.0	325.4	-1.6	-0.5
Transportation and utilities	62.0	62.7	0.7	1.1
Information	77.2	76.6	-0.6	-0.7
Financial activities	146.7	150.6	4.0	2.7
Professional and business services	693.3	701.5	8.2	1.2
Education and health services	374.7	384.9	10.1	2.7
Leisure and hospitality	264.0	275.1	11.1	4.2
Other services	185.5	184.2	-1.4	-0.7
Government	686.8	695.4	8.6	1.2

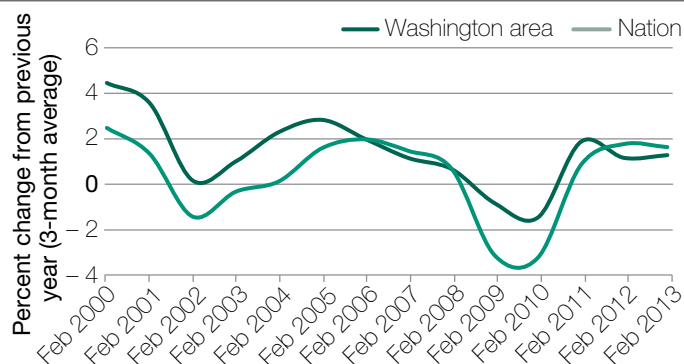
Source: U.S. Bureau of Labor Statistics

Economic Conditions

The Washington metropolitan area economy has been expanding since mid-2010.

- During the 3 months ending February 2013, nonfarm payrolls averaged 3.01 million jobs, an increase of 38,300 jobs, or 1.3 percent, from the 3 months ending February 2012.
- The leisure and hospitality and the education and health services sectors added 11,100 and 10,100 jobs, increases of 4.2 and 2.7 percent, respectively.
- The government sector increased by 8,600 jobs, or 1.2 percent, although the federal government subsector decreased by 2,600 jobs, or 0.7 percent.
- Despite recent declines in federal spending, the professional and business services sector increased by 8,200 jobs, or 1.2 percent; however, the professional, scientific, and technical services subsector, which includes Department of Defense contractors, decreased by 470 jobs, or 0.1 percent, after increasing by an average of 9,300 jobs annually in 2011 and 2012.

Nonfarm payrolls in the Washington area have increased since mid-2010.



Source: U.S. Bureau of Labor Statistics

Largest employers in the Washington area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Lockheed Martin Corporation	Professional and business services	22,500
Northrop Grumman Corporation	Professional and business services	20,700
SAIC	Professional and business services	18,200

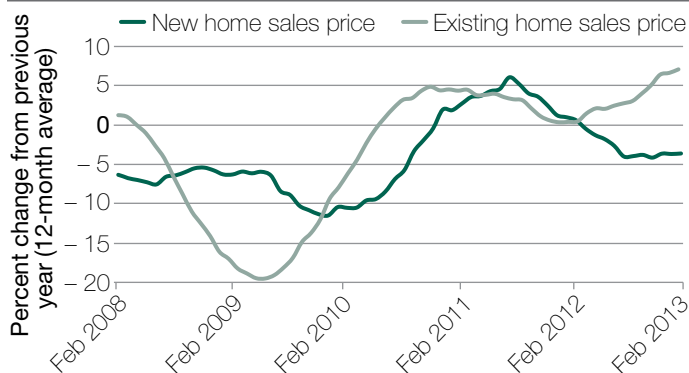
Note: Excludes local school districts.

Source: Greater Washington 2011-2012 Regional Report

Sales Market Conditions

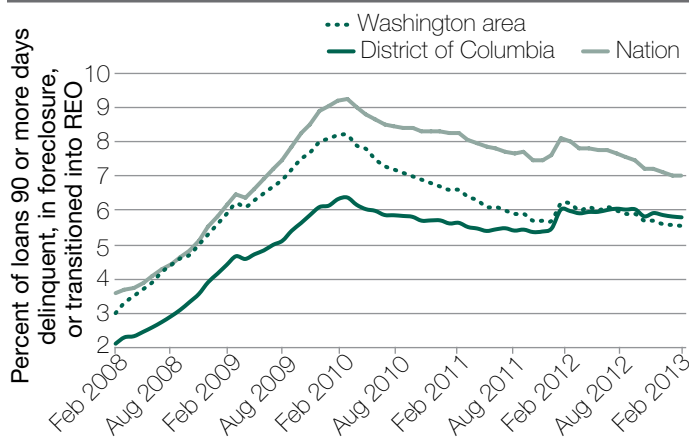
Sales housing market conditions in the Washington metropolitan area improved during the 3 months ending February 2013 but remain slightly soft. Approximately 13,100 existing single-family homes, townhomes, and condominium units sold during the 3 months ending February 2013, an increase of 6 percent compared with the 12,350 homes sold during the 3 months ending February 2012 (Metropolitan Regional Information Systems, Inc. [MRIS®] data). By comparison, an average of 11,900 homes sold during the corresponding 3-month periods from 2008 through 2010. The average existing home price during the 3 months ending February 2013 was \$394,900, an increase of 11 percent from a year earlier. The average number of days a home remained on the market decreased from 84 in February 2012 to 63 in February 2013 as compared with the average of 72 days recorded during 2010.

Existing home prices have increased since mid-2010, but new home prices have been down since February 2012 in the Washington area.



Sources: Metropolitan Regional Information Systems, Inc., for existing home sales price; CoreLogic, Inc., for new home sales price

In the Washington area, 5.5 percent of home loans were distressed, down from 6.2 percent a year ago.

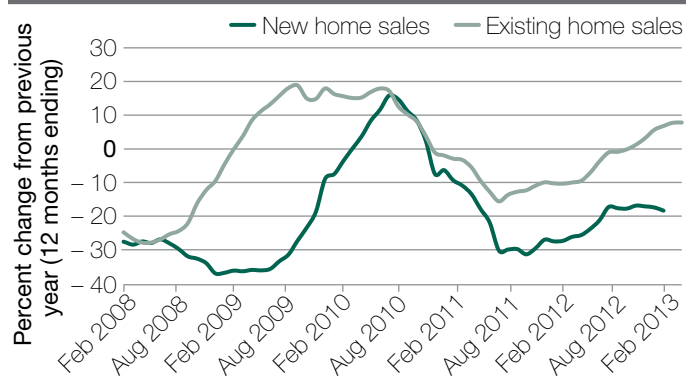


Source: LPS Applied Analytics

- Continuing their decline that began in late 2010, new home sales decreased 18 percent during 2012 compared with the number of new homes sold in 2011, and new home prices decreased 4 percent during the same period.
- The condominium market remains soft but is improving. Approximately 2,650 existing condominium units sold during the 3 months ending March 2013, up 13 percent from the corresponding period a year earlier, and existing condominium prices increased 12 percent, to \$298,500, during the same period (MRIS® data).
- During the first quarter of 2013, approximately 590 new condominium units sold, an increase of 29 percent from the same quarter a year ago (Delta Associates data).

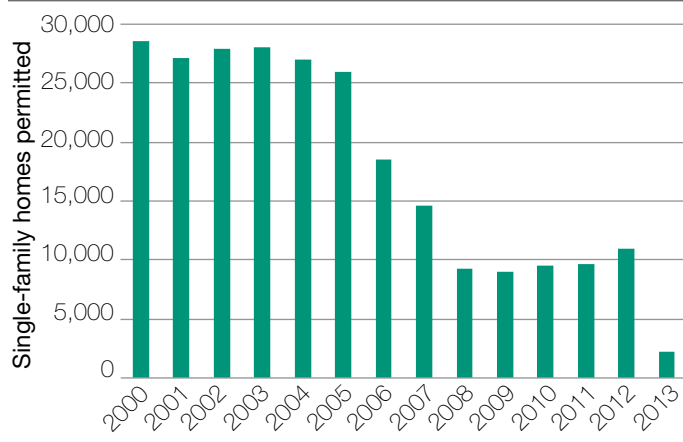
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Existing home sales have increased since late 2012, but new home sales have declined since late 2010 in the Washington area.



Note: Includes single-family homes, townhomes, and condominiums. Sources: Metropolitan Regional Information Systems, Inc., for existing home sales; CoreLogic, Inc., for new home sales

Single-family permitting has increased since 2009 in the Washington area.



Note: Includes data through February 2013. Source: U.S. Census Bureau, Building Permits Survey



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- From 2008 through 2012, an average of 500 new condominium units sold annually, down from an average of approximately 2,200 units sold annually from 2004 through 2007.

As a result of improvements in the existing home sales market, the volume of new home construction increased in the Washington metropolitan area.

- Based on preliminary data, single-family home construction activity, as measured by the number of homes permitted, was up 28 percent from a year earlier during the 3-month period ending February 2013, to more than 3,050 homes.
- During the 12 months ending February 2013, single-family homebuilding activity increased 30 percent from a year earlier, to

average 11,500 homes, based on preliminary data. From 2008 through 2011, an average of 9,350 homes were permitted annually, less than the average of 16,500 homes permitted annually from 2000 through 2007.

- Starting prices for new homes in the metropolitan area typically range from \$250,000 to \$300,000 for condominiums and townhomes and from \$350,000 to \$450,000 for single-family homes.
- Since 2005, builders have completed approximately 2,450 homes in the Brambleton community in Ashburn, Loudoun County, Virginia. An additional 1,250 single-family homes and 1,075 townhomes are in the final planning stages in Brambleton; when complete, the community will include more than 4,100 homes.

Rental Market Conditions

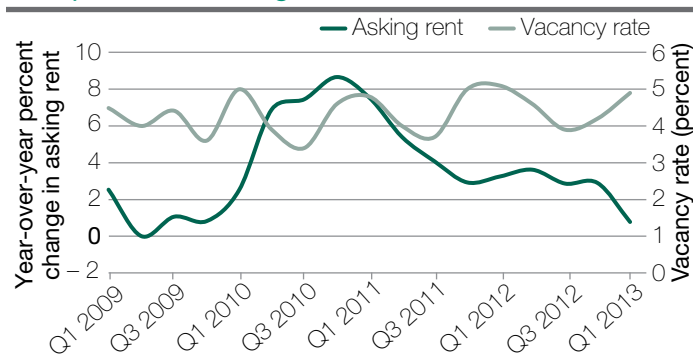
The apartment market in the Washington metropolitan area is soft. Vacancy rates increased and rents remained unchanged during the first quarter of 2013 relative to conditions a year ago.

- The vacancy rate for Class A highrise and garden apartments in the metropolitan area, excluding units in lease up, was 4.9 percent in the first quarter of 2013, down from 5.1 percent in the first quarter of 2012 (Delta Associates data). When units in lease up are included, however, the vacancy rates increased from the first quarter of 2012 to the first quarter of 2013. The increase was from 7.3 to 9.8 percent for highrise units and from 6.1 to 9.7 percent for garden apartments.

- During the first quarter of 2013, rents for Class A highrise and garden apartments averaged approximately \$2,400 and \$1,600, respectively, unchanged from a year ago.
- Within DC, rents for highrise units averaged less than \$2,650 in the first quarter of 2013, down 1 percent from a year earlier, and the vacancy rate rose from 7.8 to 13.0 percent.
- During the same period, the vacancy rate for garden apartments, including units in lease up, increased from 5.7 to 9.2 percent in Northern Virginia and from 6.1 to 10.3 percent in suburban Maryland, and average rents remained unchanged at approximately \$1,625 and \$1,550, respectively.

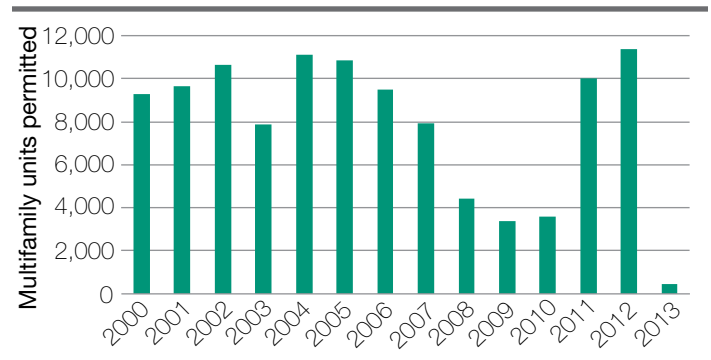
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Class A apartment rents are down and vacancy rates are up in the Washington area.



Source: Delta Associates

Multifamily permitting in the Washington area increased in 2012 to the previous peak recorded in 2004–05.



Note: Includes data through February 2013.

Source: U.S. Census Bureau, Building Permits Survey



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The supply of multifamily units in the pipeline has increased significantly in the Washington metropolitan area since 2011.

- Based on preliminary data, multifamily construction activity, as measured by the number of units permitted, totaled 1,925 units during the 3 months ending February 2013, down 5 percent from the same period a year ago. Multifamily construction activity for the 12 months ending February 2013, however, was up 23 percent from a year earlier, to 10,900 units.
- The level of multifamily construction began increasing in 2009, and permitting activity during the past 12 months matched the previous peak in 2004 and 2005, when an average of 10,900 units was permitted annually.
- Since 2010, condominium units accounted for 15 percent of multifamily units permitted, down from 30 percent of multifamily units permitted from 2004 through 2009.
- The 389-unit Archstone Gaithersburg Station, in Olde Towne Gaithersburg in Montgomery County, Maryland, was completed in early 2013 and offers rents for one- and two-bedroom apartments starting at \$1,390 and \$1,580, respectively.
- The 314-unit 2 M Street NE is under construction north of the U.S. Capitol in DC. On completion in 2013, the development will include 221 market-rate, 34 low-income housing tax credit, and 59 subsidized units. It is the first phase of Northwest One, a community identified for revitalization under DC's New Communities Initiative.

