

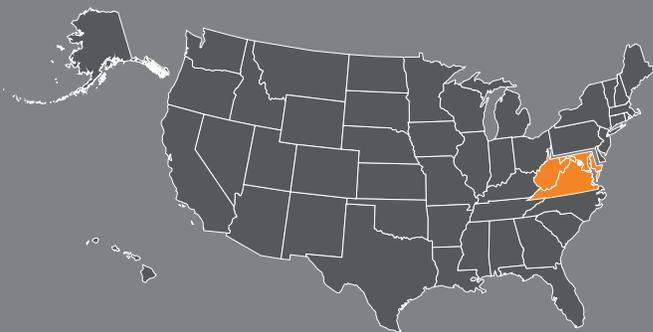
# HUD PD&R Housing Market Profiles

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



## Quick Facts About Washington-Arlington-Alexandria

- **Current sales market conditions: balanced.**
- **Current apartment market conditions: balanced.**
- **A 2014 report ranked the metropolitan area first among metropolitan areas in the nation in health and community fitness (American College of Sports and Medicine, American Fitness Index™).**



By Timothy McNally | As of May 1, 2014

## Overview

The Washington-Arlington-Alexandria (hereafter, Washington) metropolitan area comprises the U.S. Capital City of Washington, D.C., and 15 counties and 6 independent cities in Maryland, Virginia, and West Virginia. An estimated 18.5 million tourists visited the District of Columbia (DC) in 2012 (the most recent data available), which surpassed the previous record of 17.8 million in 2011. The tourism industry supported an estimated 75,300 jobs in the metropolitan area annually (Destination DC).

- As of May 1, 2014, the estimated population of the Washington metropolitan area was 5.96 million, an average annual increase of 94,000, or 1.6 percent, since April 2010.
- Population growth averaged 85,750 people, or 1.6 percent, annually from 2006 to 2010.
- Since 2010, net in-migration has accounted for approximately 49 percent of total population growth, averaging 45,900 people a year, compared with 42 percent of total population growth, averaging 36,250 people a year, from 2006 to 2010, because economic conditions improved in mid-2010.



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Job losses occurred in the two largest sectors in the Washington area.

	3 Months Ending		Year-Over-Year Change	
	April 2013 (thousands)	April 2014 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	3,060.5	3,066.0	5.5	0.2
Goods-producing sectors	190.3	188.8	- 1.5	- 0.8
Mining, logging, and construction	142.0	143.0	1.0	0.7
Manufacturing	48.3	45.8	- 2.5	- 5.2
Service-providing sectors	2,870.3	2,877.2	6.9	0.2
Wholesale and retail trade	321.5	328.2	6.7	2.1
Transportation and utilities	60.0	59.9	- 0.1	- 0.2
Information	77.0	74.6	- 2.4	- 3.1
Financial activities	149.8	152.4	2.6	1.7
Professional and business services	707.8	696.3	- 11.5	- 1.6
Education and health services	393.7	401.2	7.5	1.9
Leisure and hospitality	280.8	288.2	7.4	2.6
Other services	187.8	188.6	0.8	0.4
Government	691.9	687.9	- 4.0	- 0.6
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	5.4	4.9		

Note: Numbers may not add to totals because of rounding.  
Source: U.S. Bureau of Labor Statistics

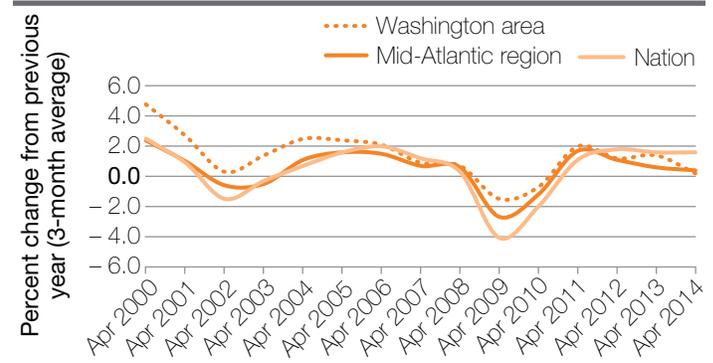
## Economic Conditions

Nonfarm payrolls in the Washington metropolitan area have grown since 2010, surpassing the prerecession peak recorded in 2007, but the rate of job growth has slowed significantly since early 2013.

During the 3 months ending April 2014—

- Nonfarm payrolls averaged 3.07 million jobs, an increase of 5,500 jobs, or 0.2 percent, from the 3 months ending April 2013 after an increase of 41,700 jobs, or 5.5 percent, during the same period a year earlier.
- The greatest nonfarm payroll job decline was in the professional and business services sector, the largest sector in the metropolitan area, which lost 11,500 jobs, or 1.6 percent, led by a decrease of 12,200 jobs, or 2.5 percent, in the professional, scientific, and technical services subsector.
- Payrolls in the federal government subsector, which accounts for more than one-half of the total government sector jobs in the Washington metropolitan area, declined by 11,100 jobs, or 2.9 percent, compared with payrolls during the 3 months ending April 2013 after a decrease of 1,200 jobs, or 0.3 percent, during the same period a year earlier.
- Growth in employment resulted in a decline in the unemployment rate to an average of 4.9 percent from 5.4 percent during the same period a year earlier.

## Nonfarm payroll growth in the Washington area has slowed since early 2013.



Note: Nonfarm payroll jobs.  
Source: U.S. Bureau of Labor Statistics

## Largest employers in the Washington area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
District of Columbia	Government	18,485
Inova Health System	Education and health services	15,178
MedStar Health	Education and health services	14,316

Note: Excludes local school districts and federal government employees.  
Source: *Washington Business Journal Book of Lists 2014*

## Sales Market Conditions

Sales housing market conditions in the Washington metropolitan area, which are currently balanced, have been improving since 2012. Approximately 71,100 existing single-family homes, townhomes, and condominiums sold during the 12 months ending April 2014, up 7 percent from the 66,550 homes sold a year earlier. By comparison, existing home sales averaged more than 65,750 annually from 2009 through 2011. During the 12 months ending April 2014, the average sales price of an existing home increased 7 percent, to \$437,400 (Metropolitan Regional Information Systems, Inc.).

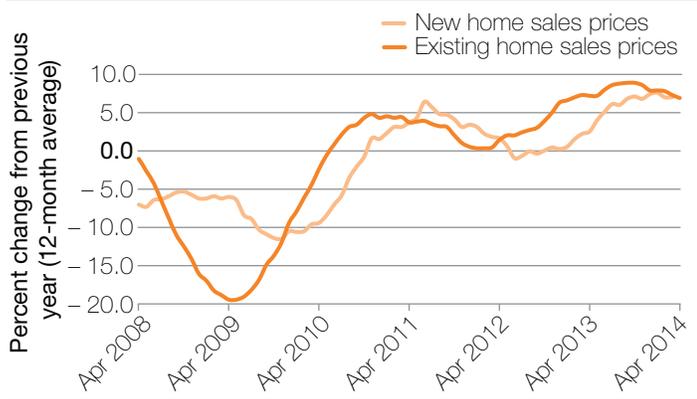
- New home sales, which represent 12 percent of all homes sold in the Washington metropolitan area, increased nearly 7 percent, to 9,600 homes sold, during the 12 months ending March 2014 (the most recent data available) and are up more than 5 percent from the average of 9,125 new homes sold annually from 2009 through 2011 (CoreLogic, Inc.).
- The average sales price of new homes in the metropolitan area increased more than 7 percent, to an average of \$485,500, during the 12 months ending March 2014 compared with an average annual decrease of 2 percent from 2009 through 2011 (CoreLogic, Inc.).
- As of April 2014, 4.0 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, down from 5.4 percent a year earlier (Black Knight Financial Services, Inc.).
- Distressed sales (REO plus short sales) declined 33 percent, to 5,025, during the 12 months ending March 2014 and accounted

for 14 percent of total existing homes sold. The average sales price for distressed properties was \$252,600, or 38 percent less than the average sales price for all existing homes in the metropolitan area, during the 12 months ending March 2014 (CoreLogic, Inc.).

Despite an increase in new home sales, single-family home construction, as measured by the number of homes permitted, decreased 20 percent, to 3,175 homes, during the 3 months ending April 2014 compared with the number permitted during the same period a year earlier, because of slowing job growth (preliminary data).

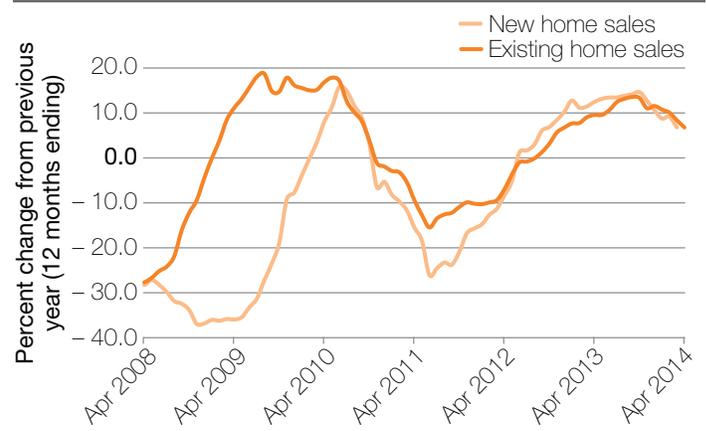
- Homebuilding activity in the Virginia portion of the metropolitan area, which represents nearly two-thirds of all new single-family homes permitted in the Washington metropolitan area, declined 19 percent, to more than 1,950 homes, during the 3 months ending April 2014 compared with the number permitted during the same period a year earlier.
- By comparison, an average of 2,675 single-family homes were permitted in the metropolitan area during the same 3-month periods from 2010 through 2012.
- The greatest declines in single-family permitting were in Loudoun County, Virginia, and Montgomery County, Maryland, where permitting decreased by 250 and 230 homes, or 23 and 41 percent, respectively.
- The Clover Ridge community in Frederick County, Maryland, has completed approximately 400 homes since 2005. Prices for the four-bedroom, two-bathroom homes start at \$381,900.

### New and existing home sales prices in the Washington area have increased since 2012.



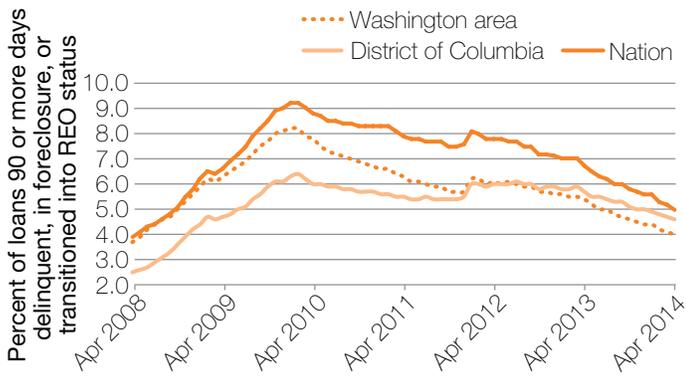
Note: Includes single-family homes, townhomes, and condominiums. Sources: Metropolitan Regional Information Systems, Inc.; CoreLogic, Inc.

### New and existing home sales in the Washington area increased 19 and 13 percent, respectively, from the most recent low in mid-2011.



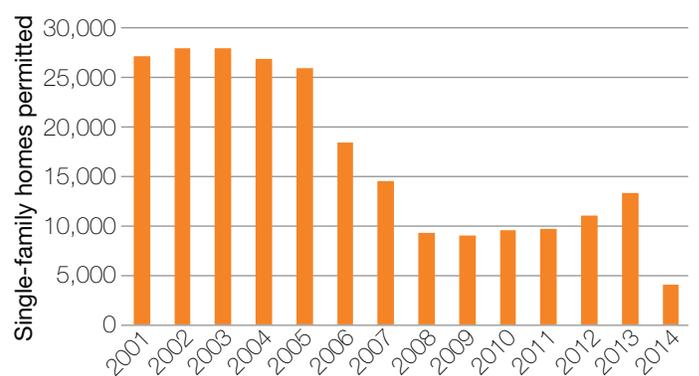
Note: Includes single-family homes, townhomes, and condominiums. Sources: Metropolitan Regional Information Systems, Inc.; CoreLogic, Inc.

The distressed loan rate in the Washington area has been lower than the rate in the District of Columbia since late 2012.



REO = Real Estate Owned.  
Source: Black Knight Financial Services, Inc.

Single-family permitting increased in 2013 but remained nearly 50 percent below the levels recorded in the Washington area from 2001 through 2006.



Note: Includes preliminary data from January 2014 through April 2014.  
Source: U.S. Census Bureau, Building Permits Survey

## Apartment Market Conditions

Apartment market conditions in the Washington metropolitan area are balanced. During the first quarter of 2014, the apartment vacancy rate for Class A units averaged 4.5 percent, down from 4.9 percent during the same 3 months a year earlier (Delta Associates). The average asking rent increased more than 2 percent, to \$1,867, during the same period.

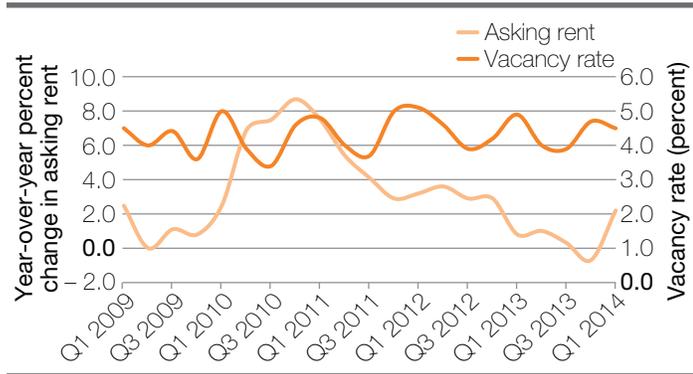
During the first quarter of 2014—

- The vacancy rates for Class A highrise units in Delta Associates-defined market areas ranged from 1.9 percent in the Columbia Heights/Shaw area in DC to 6.3 percent in the Silver Spring area in Maryland.
- The Columbia Heights/Shaw area recorded the greatest decline in the highrise apartment vacancy rate, to 1.9 percent from 4.7 percent during the same period a year earlier.
- The Central and Columbia Heights/Shaw areas in DC recorded the highest asking rents for highrise apartments, \$2,812 and \$2,599, respectively.
- Annual asking rent changes ranged from an increase of 4.6 percent in the NoMa/H Street area in DC to a decrease of 6.1 percent in the South Arlington area in Virginia.

Developers responded to strong demand for apartments by increasing multifamily construction activity, as measured by the number of units permitted, during the past 3 years.

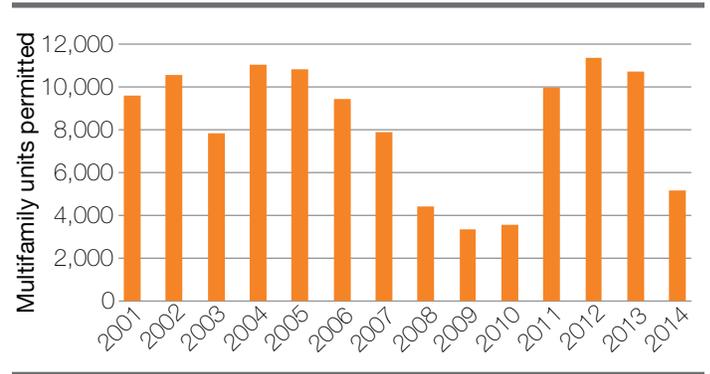
- During the 3 months ending April 2014, 3,075 multifamily units were permitted, up 36 percent from the 2,250 units permitted during the same period a year earlier (preliminary data). By comparison, an average of 1,275 units were permitted during the same 3-month periods from 2010 through 2012.
- More than 24,900 units were under construction in the Washington metropolitan area as of the first quarter of 2014 and are likely to be complete during the next 36 months, up 13 percent from the nearly 22,000 units under construction during the same period a year earlier (Delta Associates).
- Since 2010, the Virginia portion of the metropolitan area has accounted for more than 40 percent of all multifamily units permitted in the metropolitan area compared with 60 percent of all multifamily units permitted in the metropolitan area from 2000 through 2009.
- Condominium units have accounted for less than 15 percent of all multifamily units permitted in the metropolitan area since 2010, down from 30 percent of multifamily units permitted from 2004 through 2009.
- The recently completed 603-unit Trilogy NoMa is in the NoMa/H Street area in DC. Rents for studio, one-bedroom, and two-bedroom units start at \$1,550, \$1,725, and \$2,100, respectively.

Apartment vacancy rates in the Washington area remained at less than 5 percent, and average rent growth increased during the first quarter of 2014.



Source: Delta Associates

Multifamily building activity was up from 2011 through 2013 because builders responded to increased demand for rental units in the Washington area.



Note: Includes preliminary data from January 2014 through April 2014.  
Source: U.S. Census Bureau, Building Permits Survey