

# **General Economic Outlook**

**National - Regional - Alexandria**

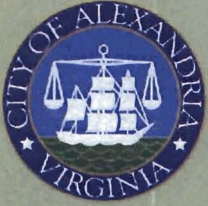




# General Economic Outlook

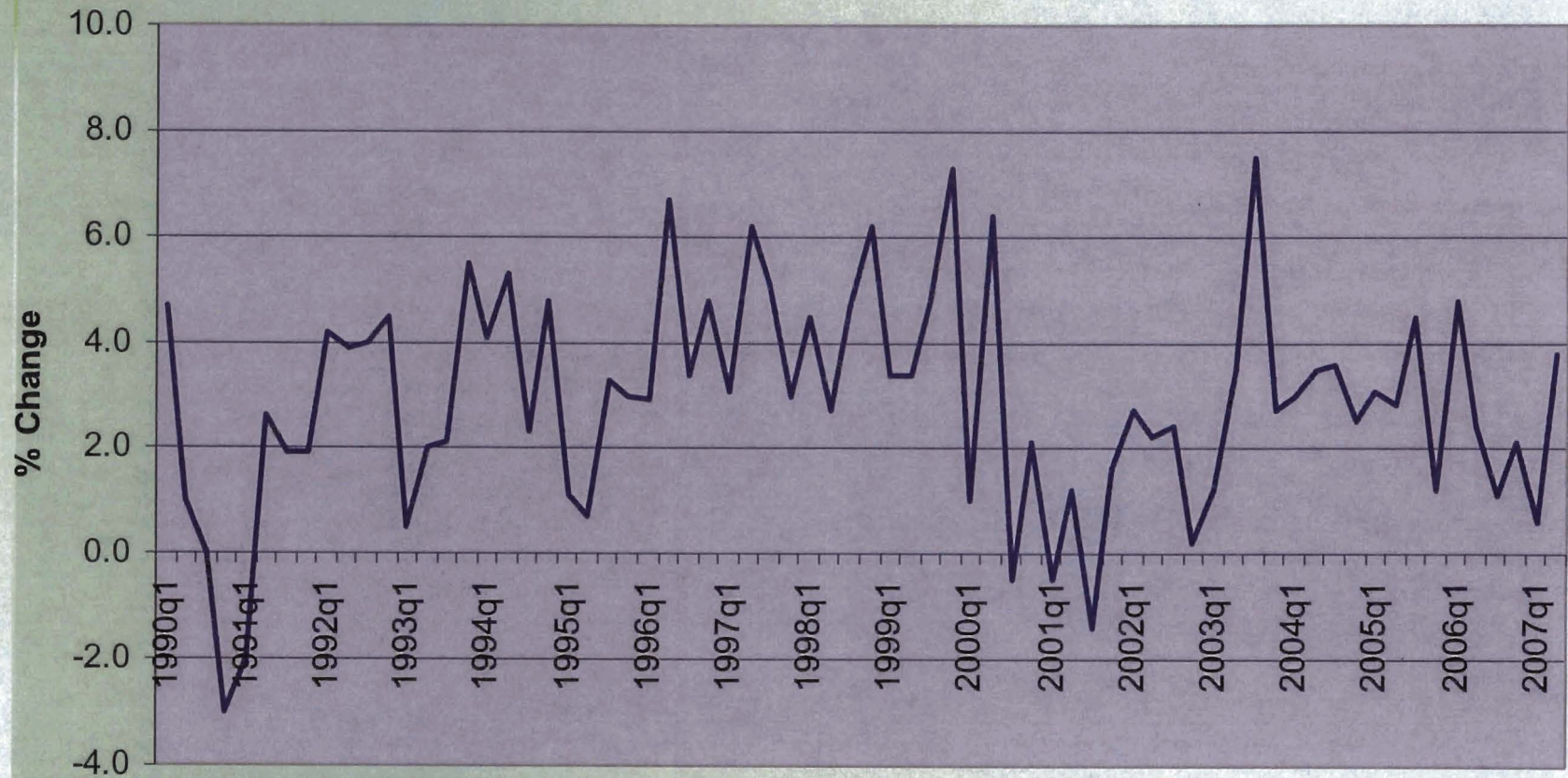
- Sources of information
  - GMU Center for Regional Analysis
  - Delta Associates
  - Travel Industry Association
  - Goody, Clancy & Associates, Inc.
  - U.S. Department of Commerce
  - U.S. Department of Labor



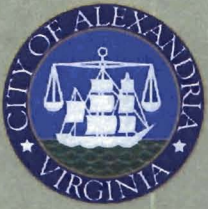


# General Economic Outlook

YOY Change in GDP by Quarter  
1990- 2007

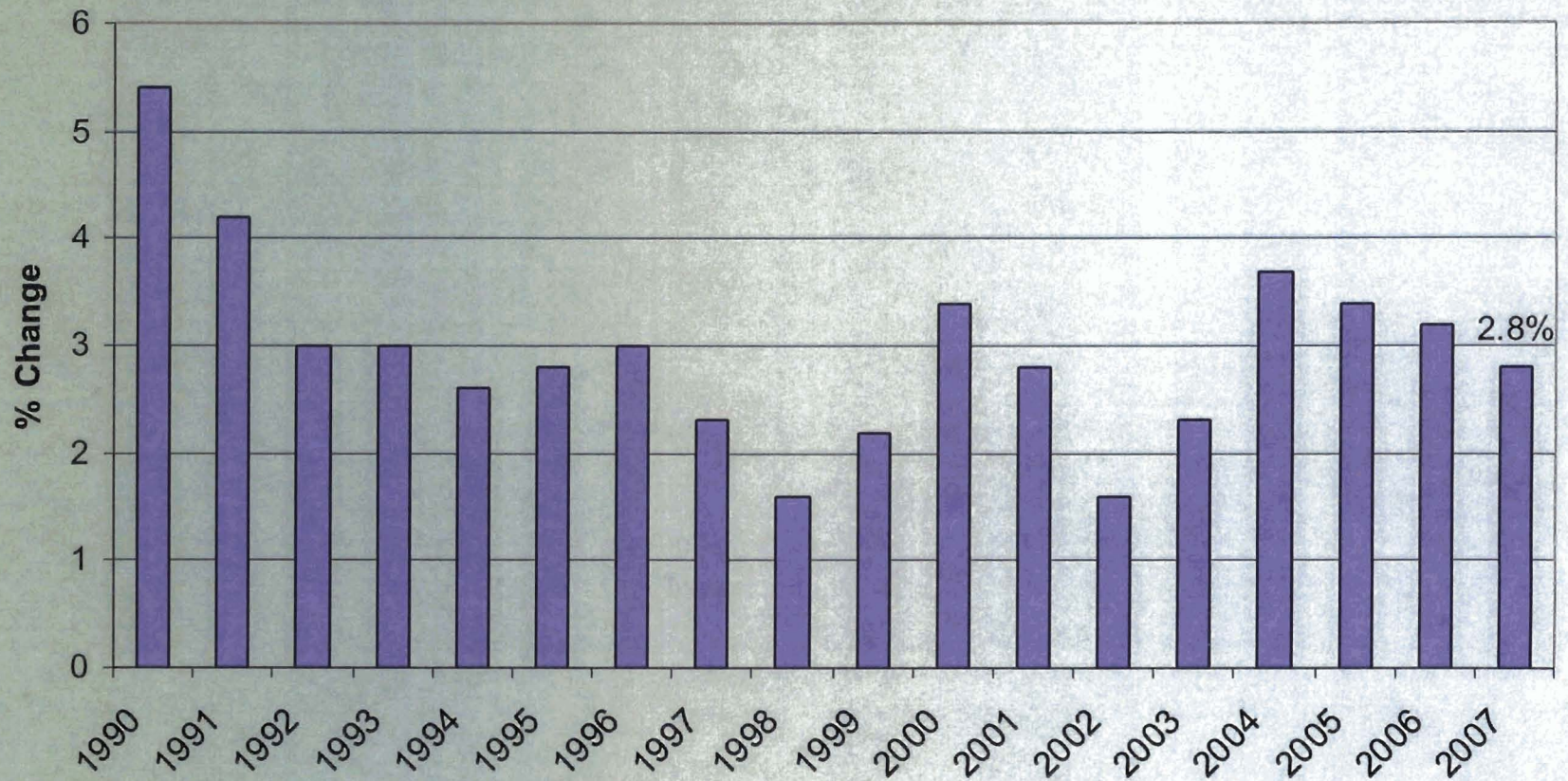






# General Economic Outlook

YOY Change in Consumer Price Index  
1990-2007

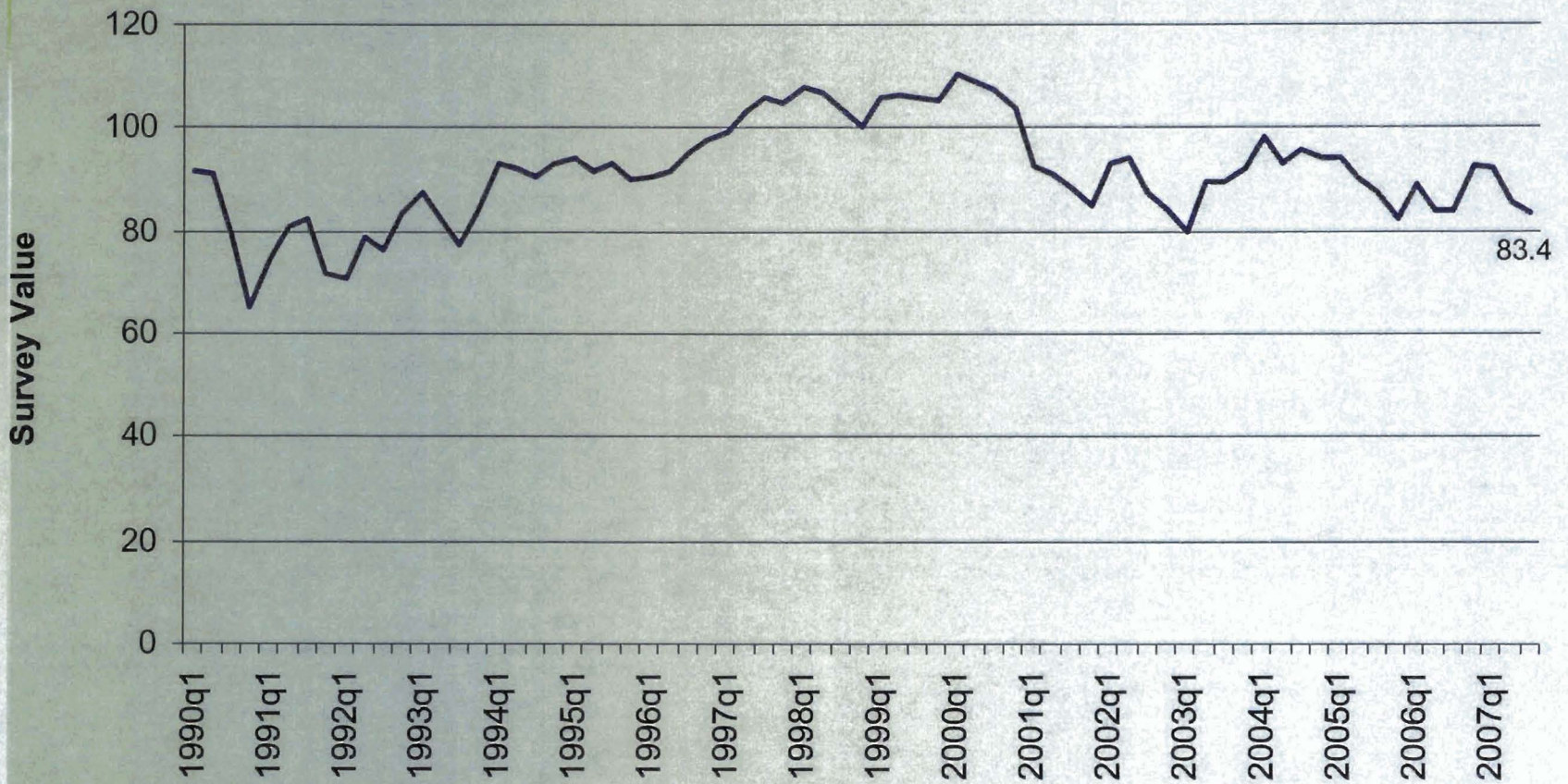




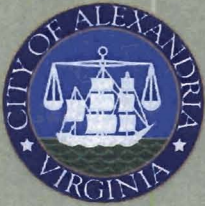


# General Economic Outlook

Consumer Confidence Survey  
University of Michigan 1990-2007







# Shiller's History of Home Values

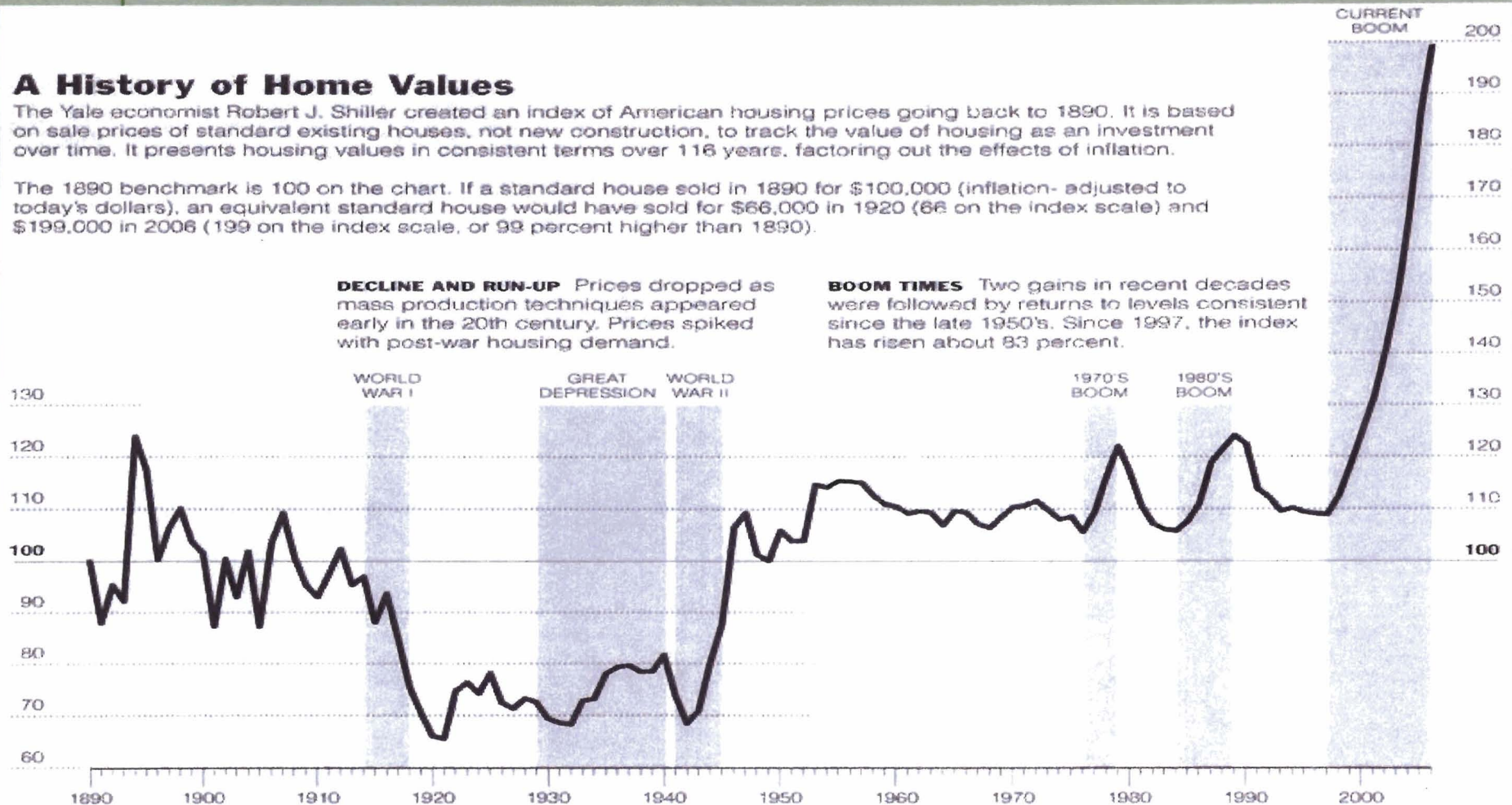
## A History of Home Values

The Yale economist Robert J. Shiller created an index of American housing prices going back to 1890. It is based on sale prices of standard existing houses, not new construction, to track the value of housing as an investment over time. It presents housing values in consistent terms over 116 years, factoring out the effects of inflation.

The 1890 benchmark is 100 on the chart. If a standard house sold in 1890 for \$100,000 (inflation-adjusted to today's dollars), an equivalent standard house would have sold for \$66,000 in 1920 (66 on the index scale) and \$199,000 in 2006 (199 on the index scale, or 99 percent higher than 1890).

**DECLINE AND RUN-UP** Prices dropped as mass production techniques appeared early in the 20th century. Prices spiked with post-war housing demand.

**BOOM TIMES** Two gains in recent decades were followed by returns to levels consistent since the late 1950's. Since 1997, the index has risen about 83 percent.



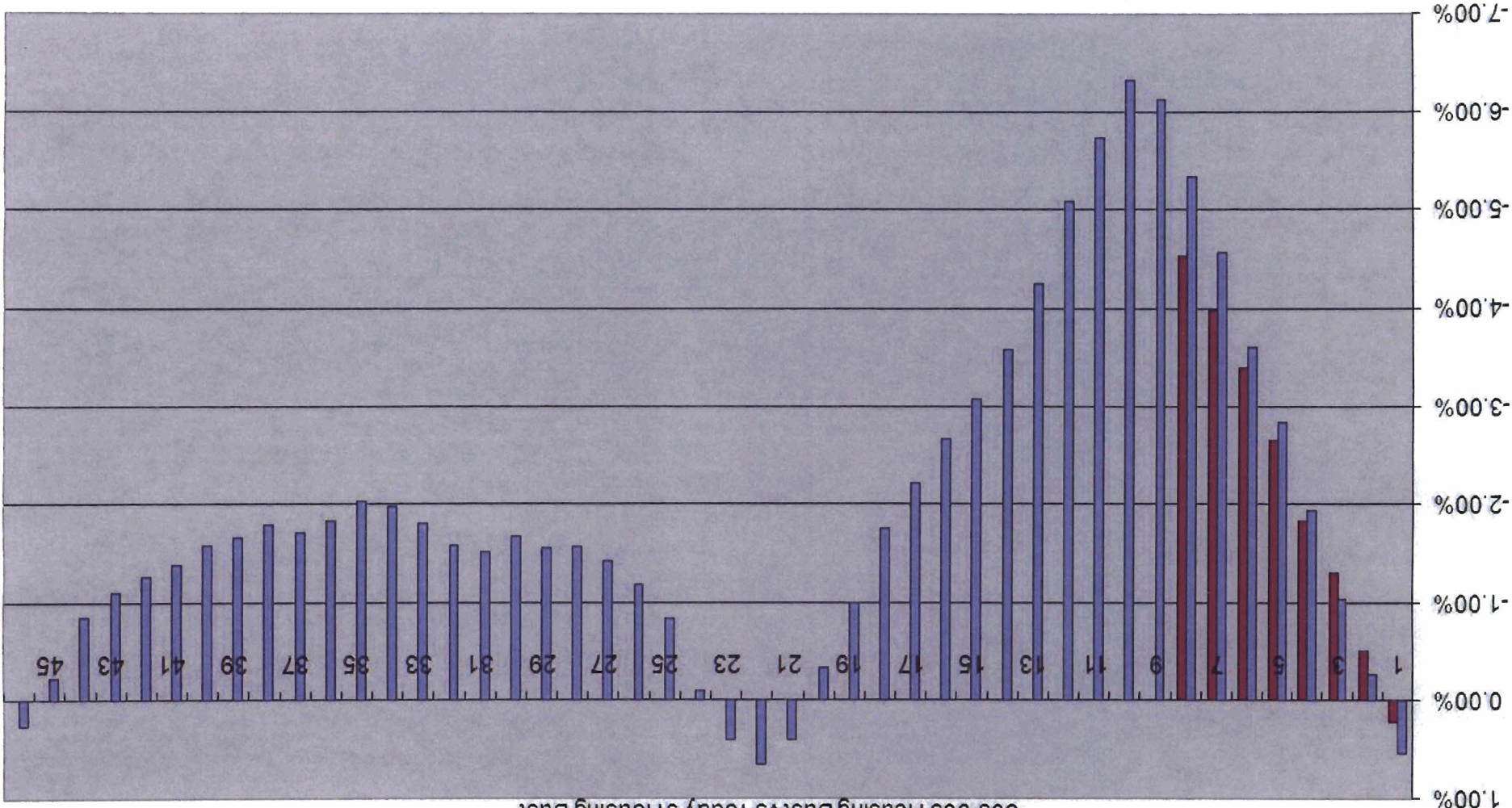
Source: "Irrational Exuberance," 2nd Edition, 2006, by Robert J. Shiller



# S&P/Case-Shiller Composite Index

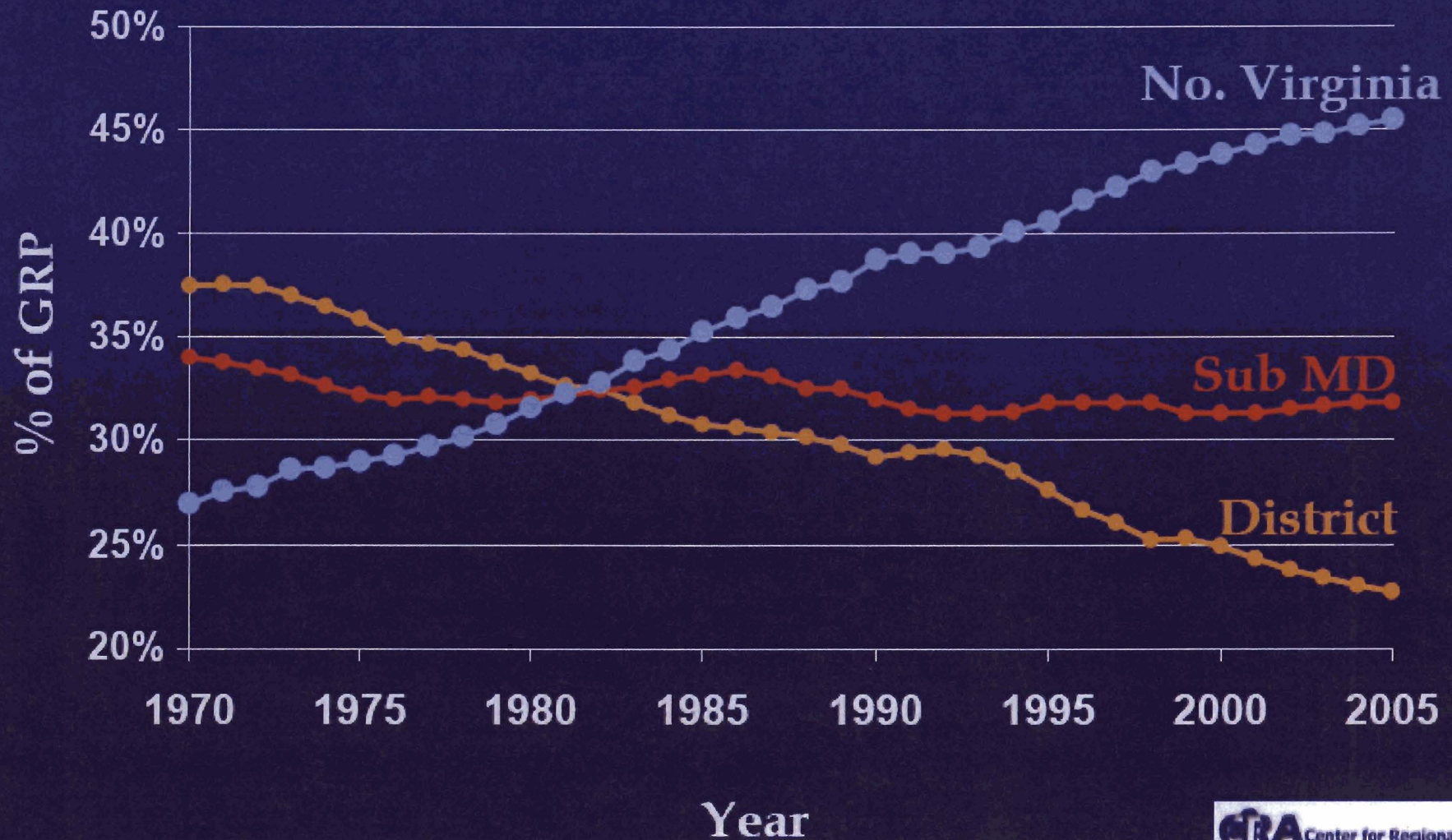


S&P/Case-Shiller Composite Index - Year-over-Year Percentage Change  
80s-90s Housing Busts vs Today's Housing Bust



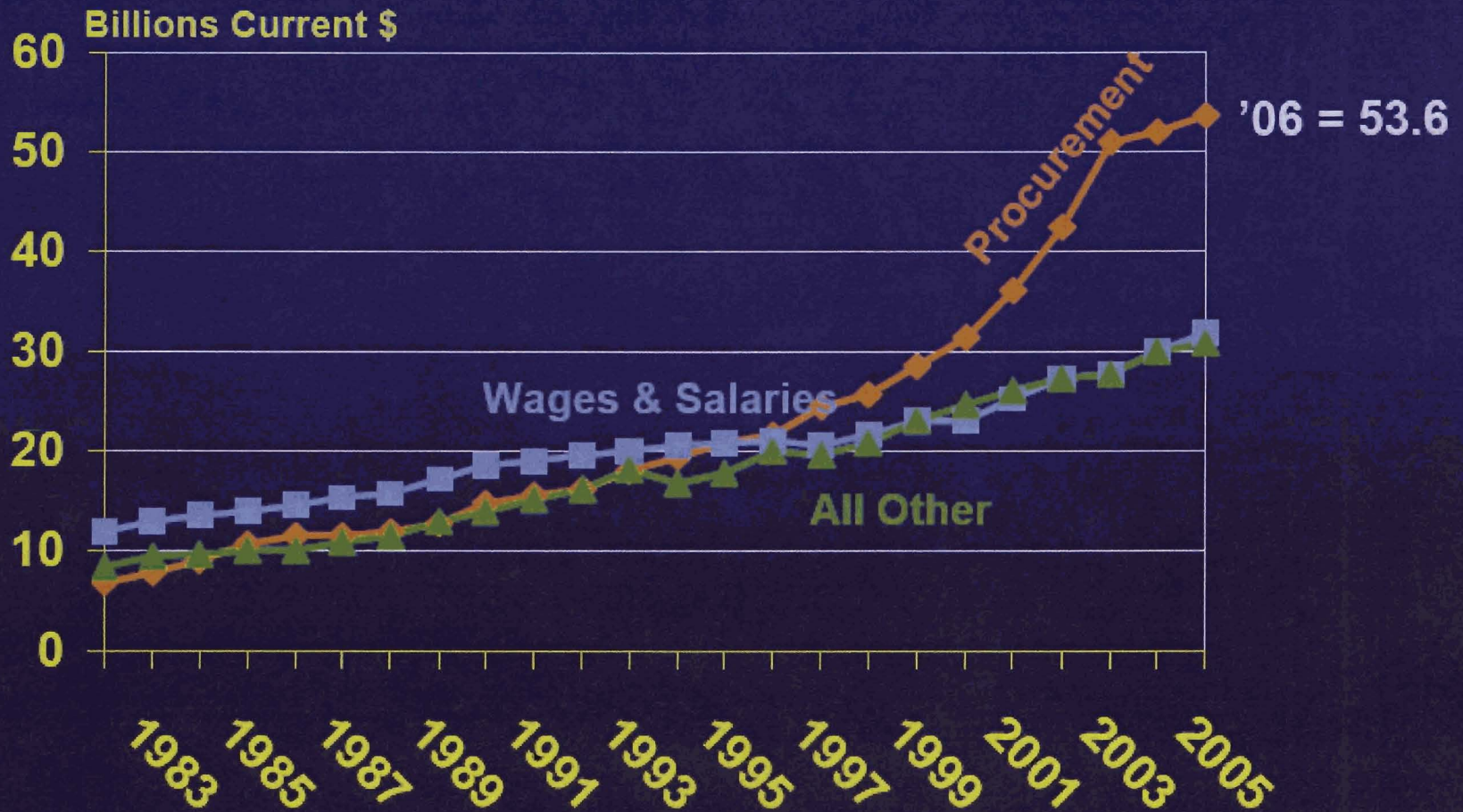


# Share of Washington Area Economy 1970-2005



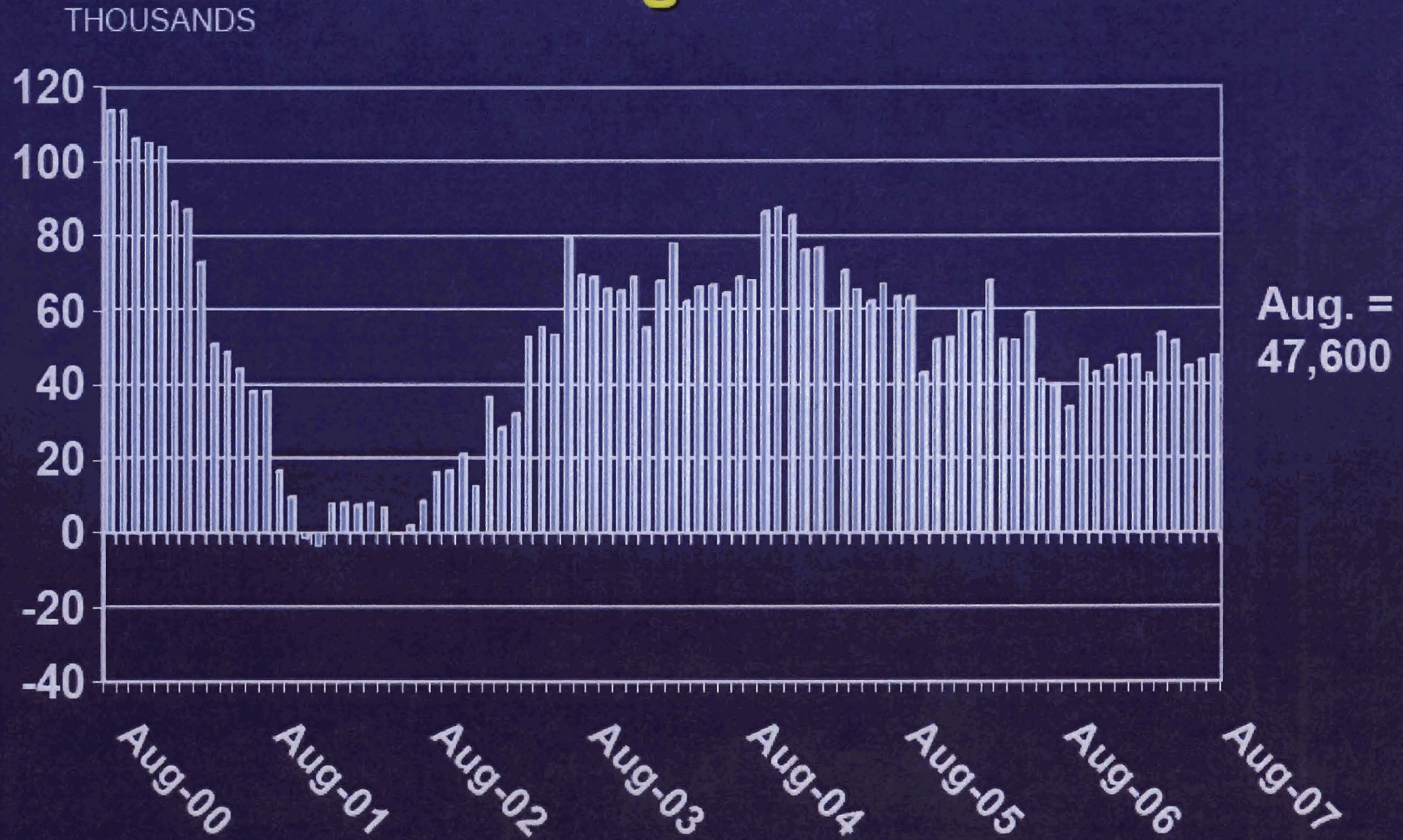


# Federal Spending by Type 1983 - 2006





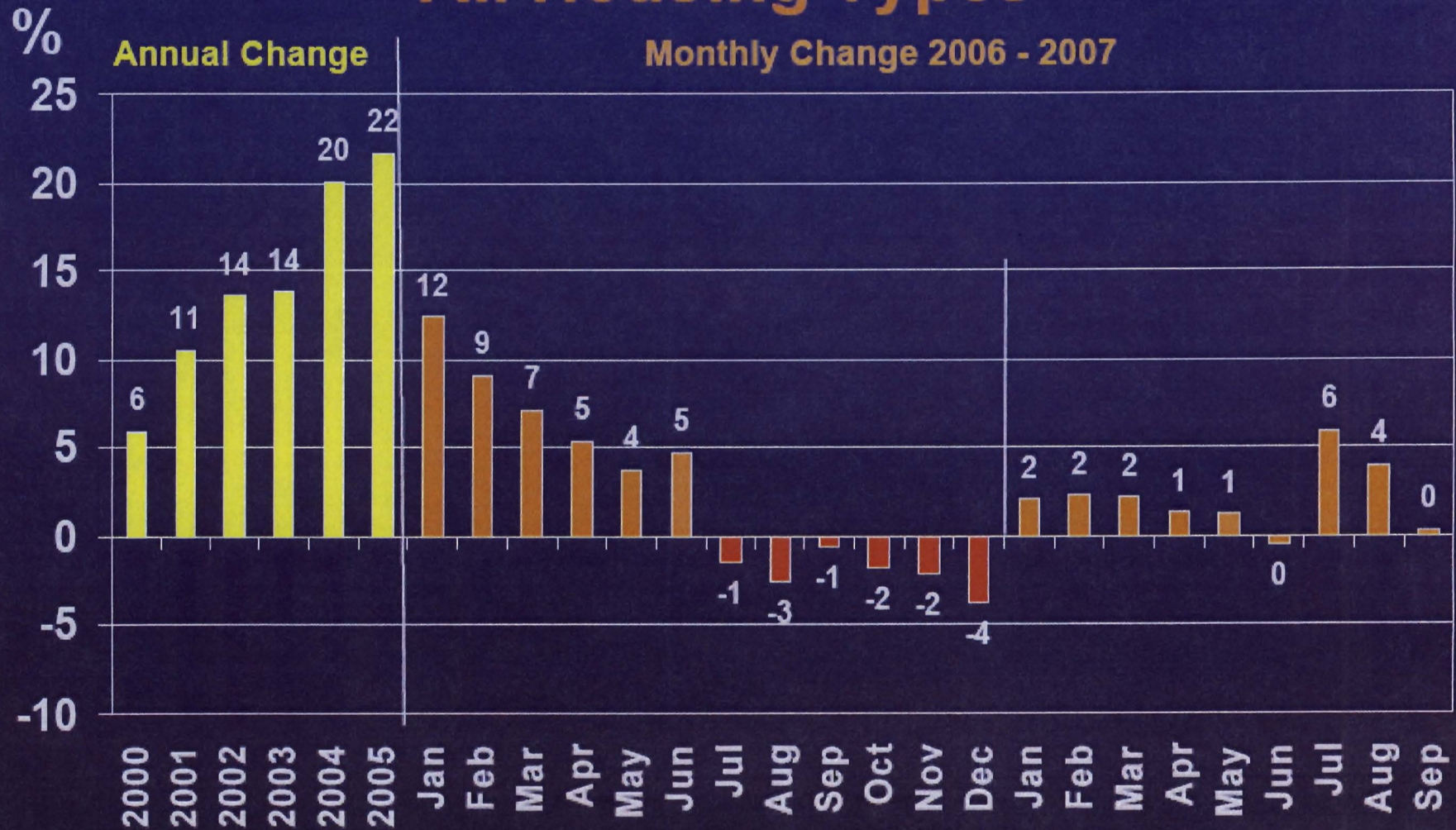
# Annual Job Change Washington MSA



Source: BLS Establishment Survey



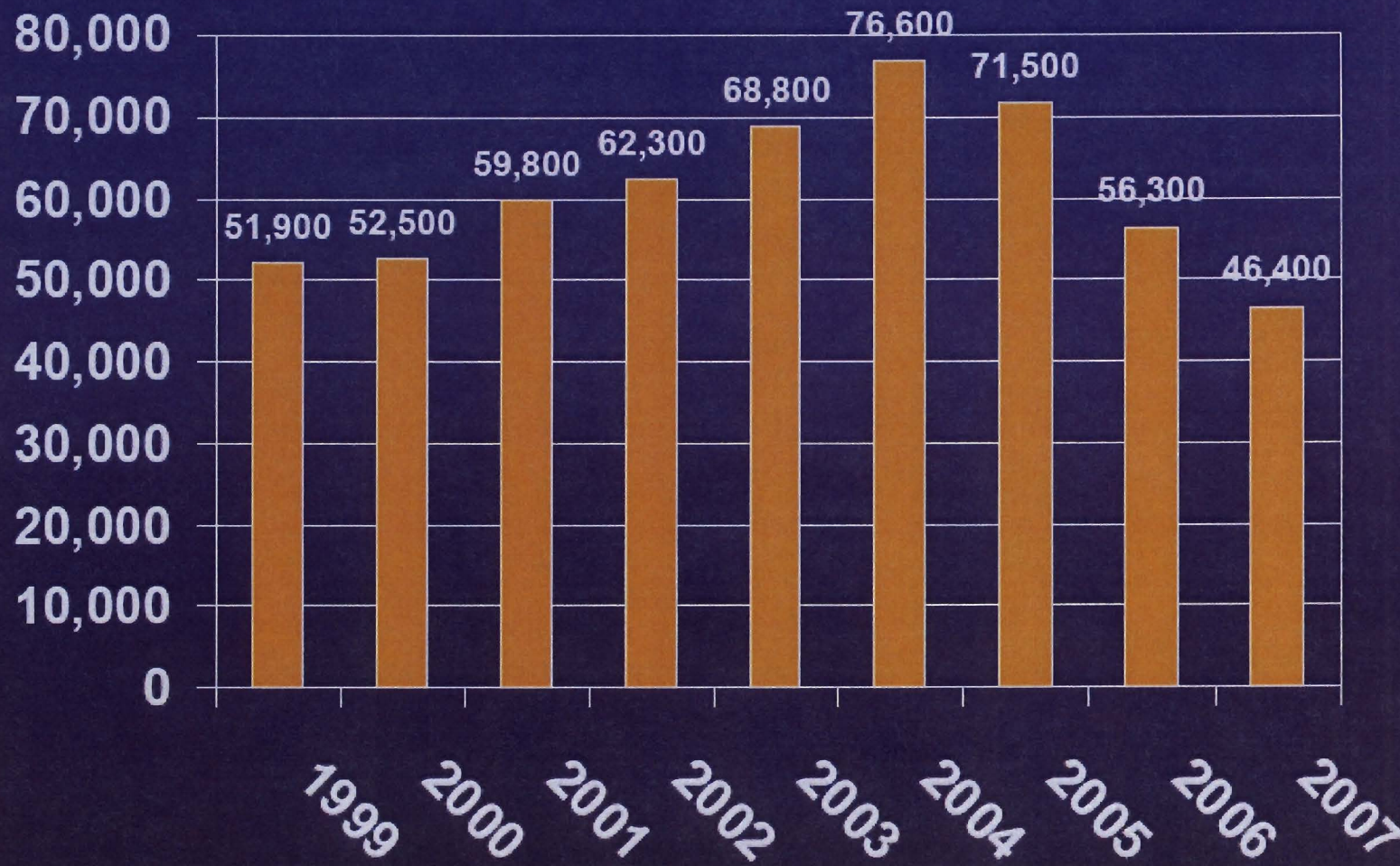
# Average Sales Price Percent Change Washington MSA All Housing Types



Source: MRIS, GMU Center for Regional Analysis



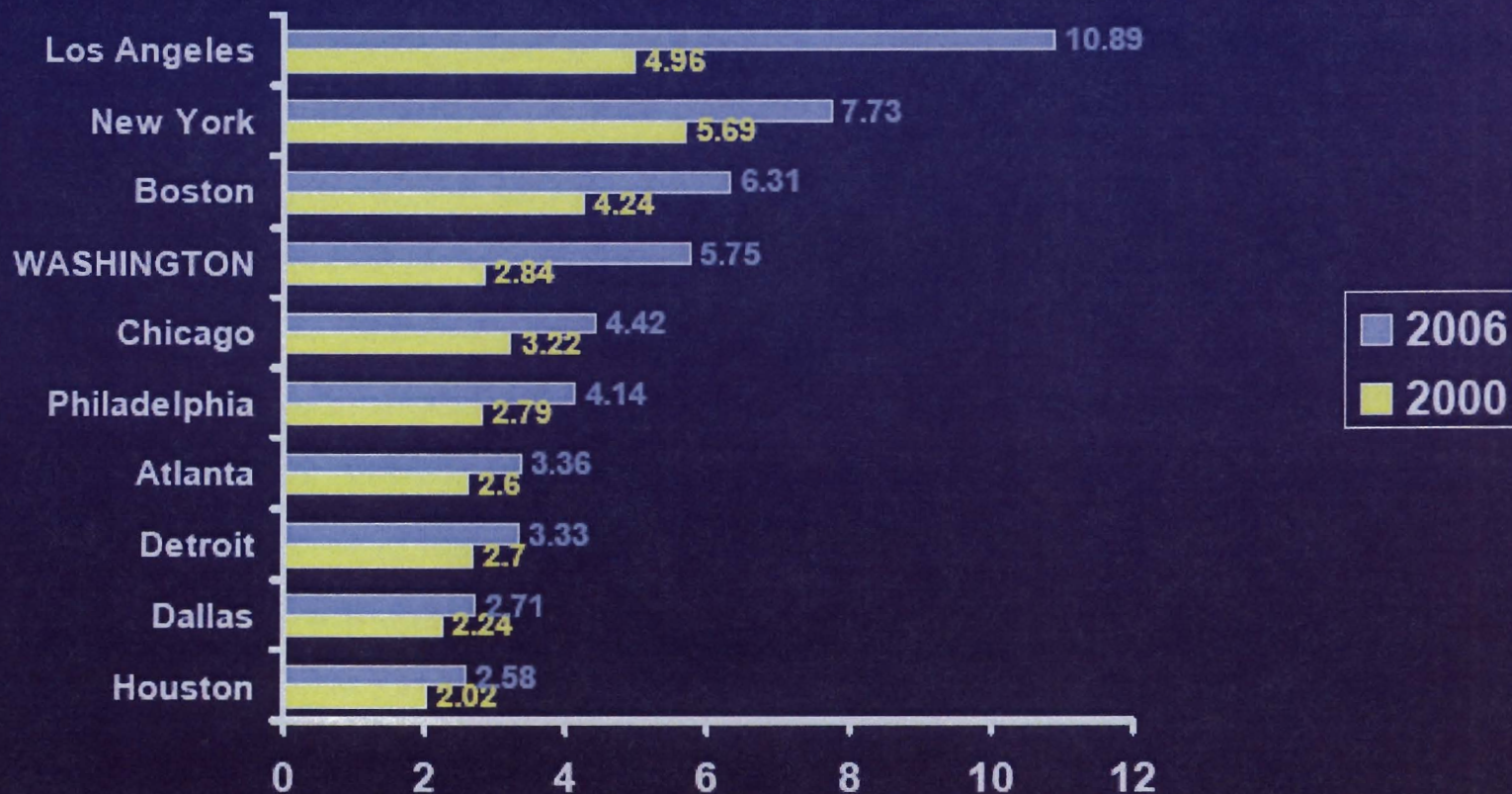
# Total Existing Housing Units Sold Washington Metro Area Jan - Aug Each Year



Source: MRIS, GMU Center for Regional Analysis

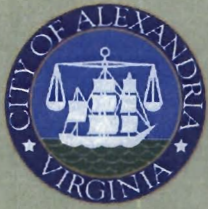


# Ratio of Median Housing Value to Median Household Income 2000 - 2006



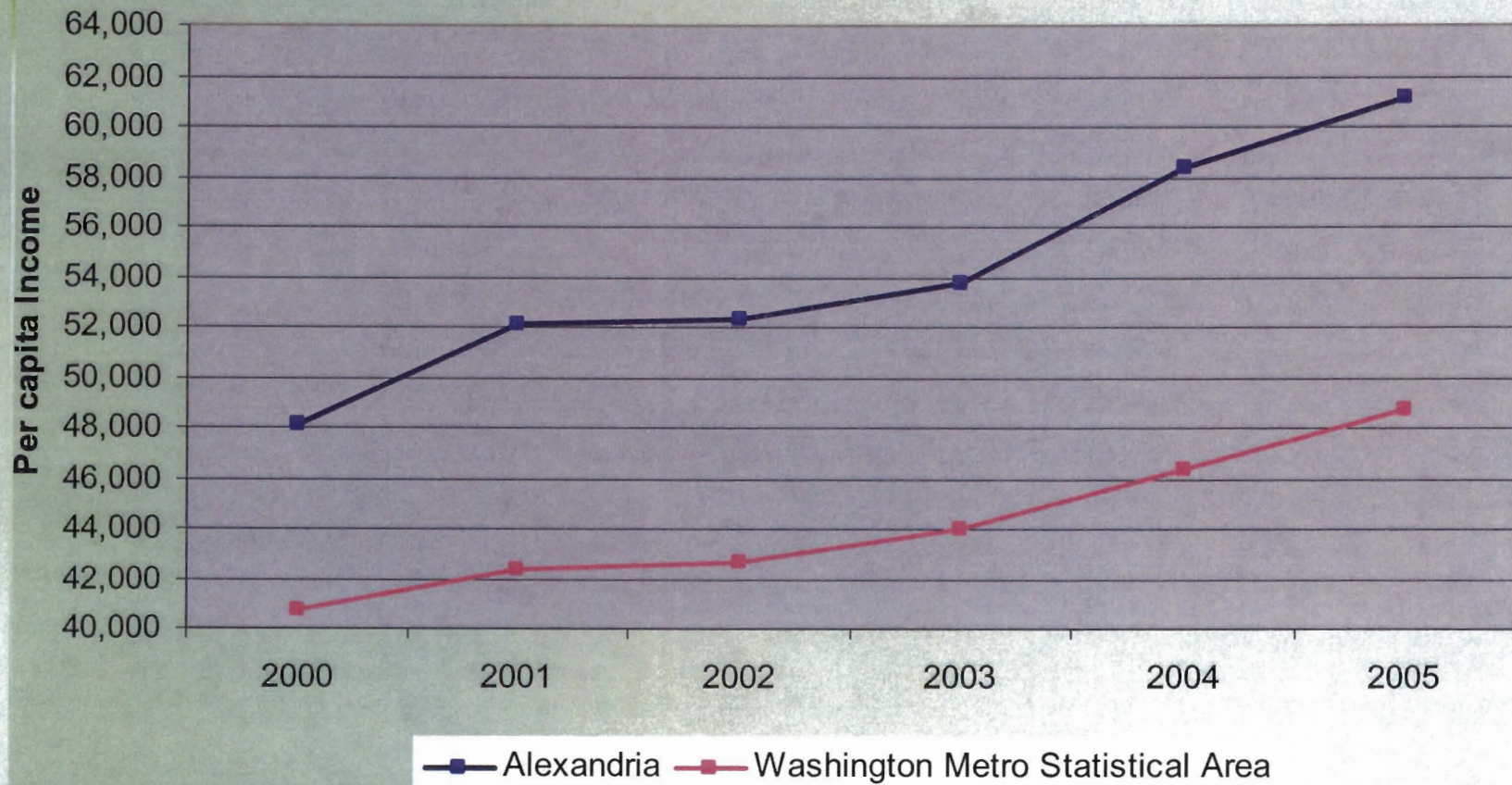
Source: 2000 Census, 2006 ACS, CRA



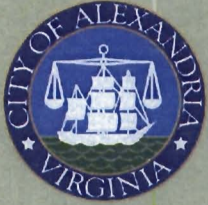


# General Economic Outlook

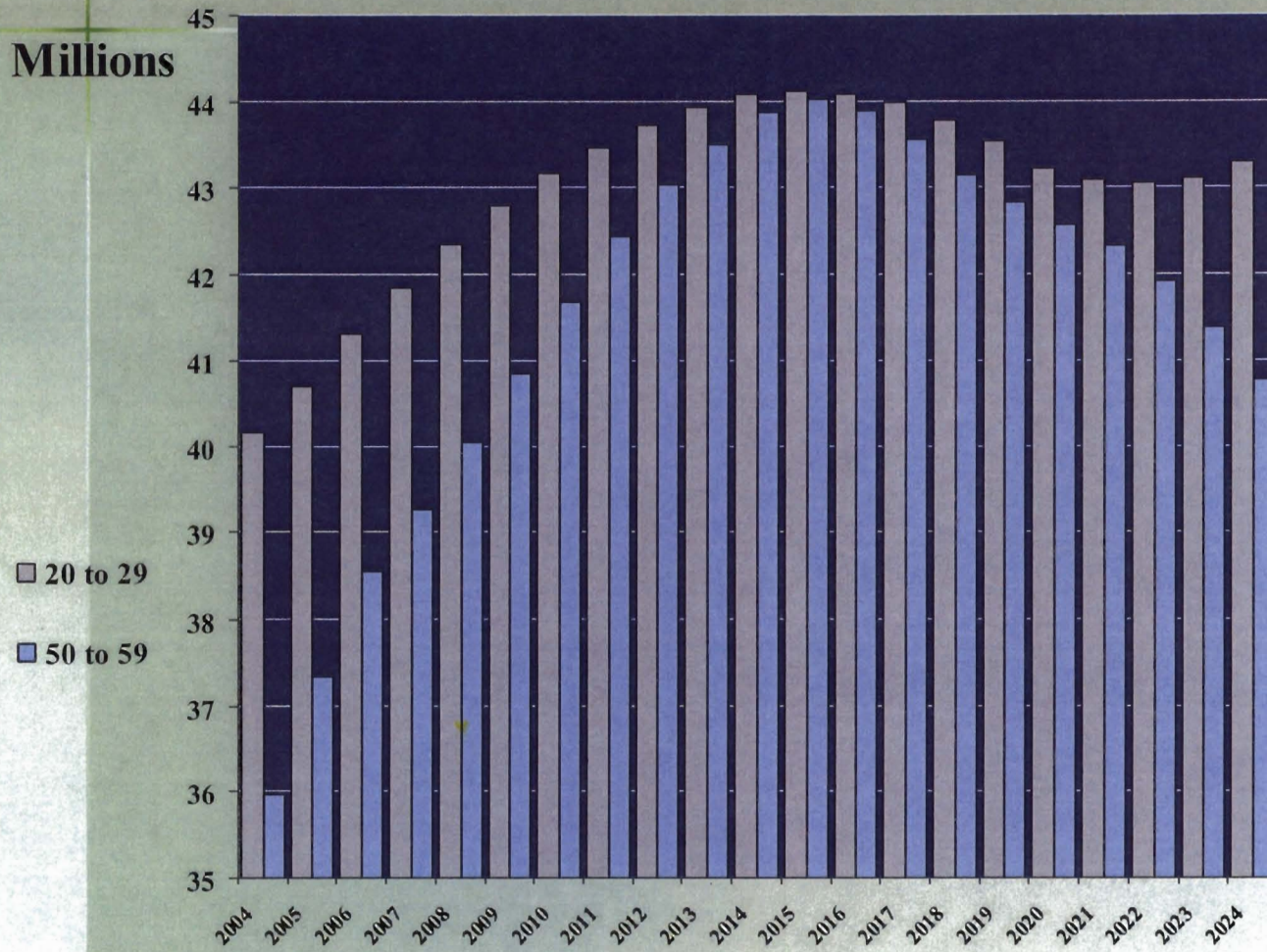
Per capita income Alexandria vs. Washington DC Metro Area  
2000-2005







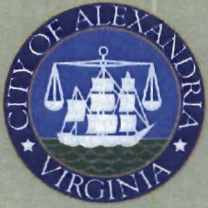
# Convergence: baby boomers and millennials – 2004 to 2024



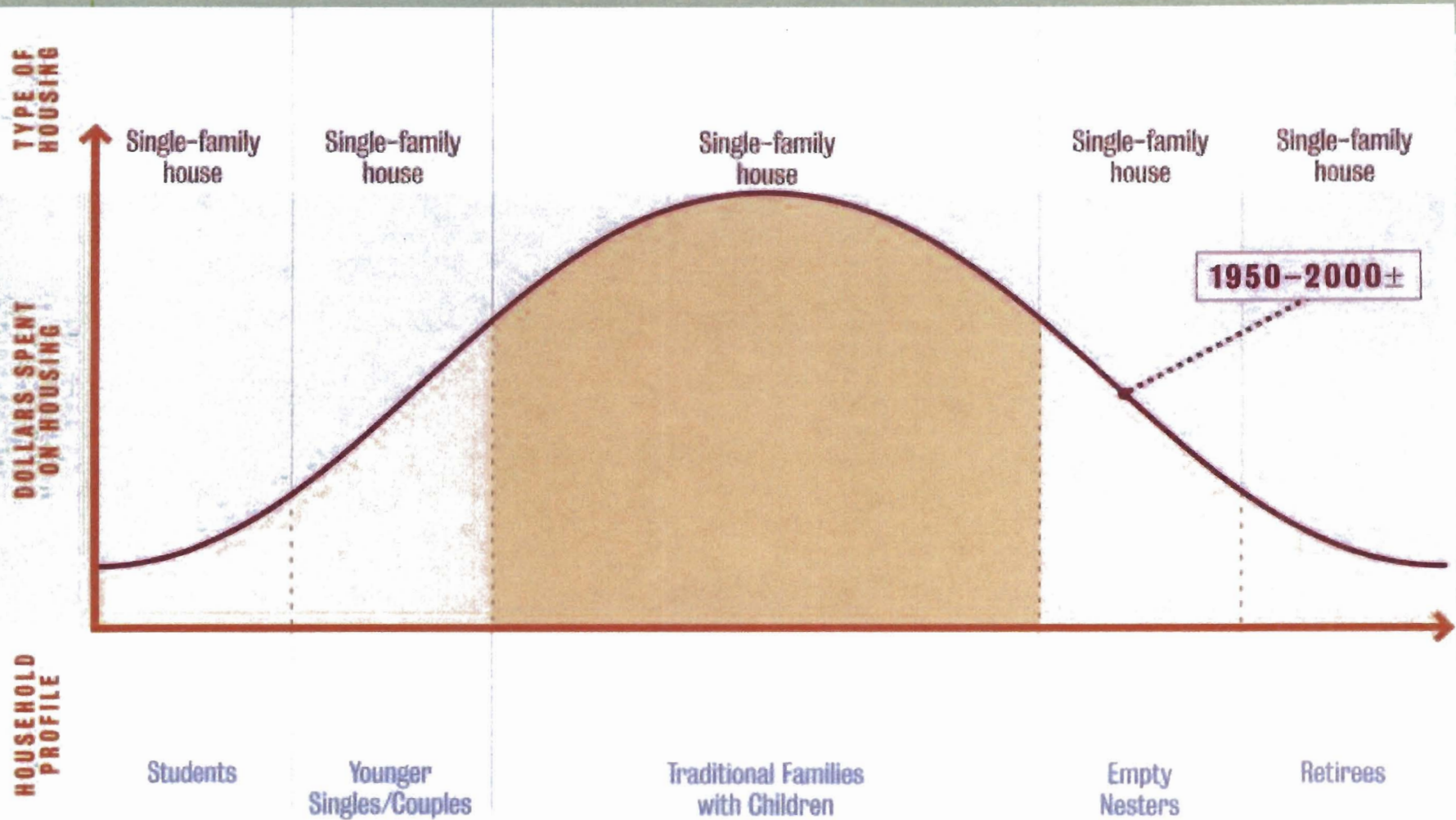
Information from  
Laurie Volk,  
Zimmerman/Volk

Source: Goody, Clancy & Associates Inc.



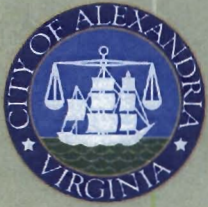


# The demographics of housing demand have changed dramatically: 1950s-90s...

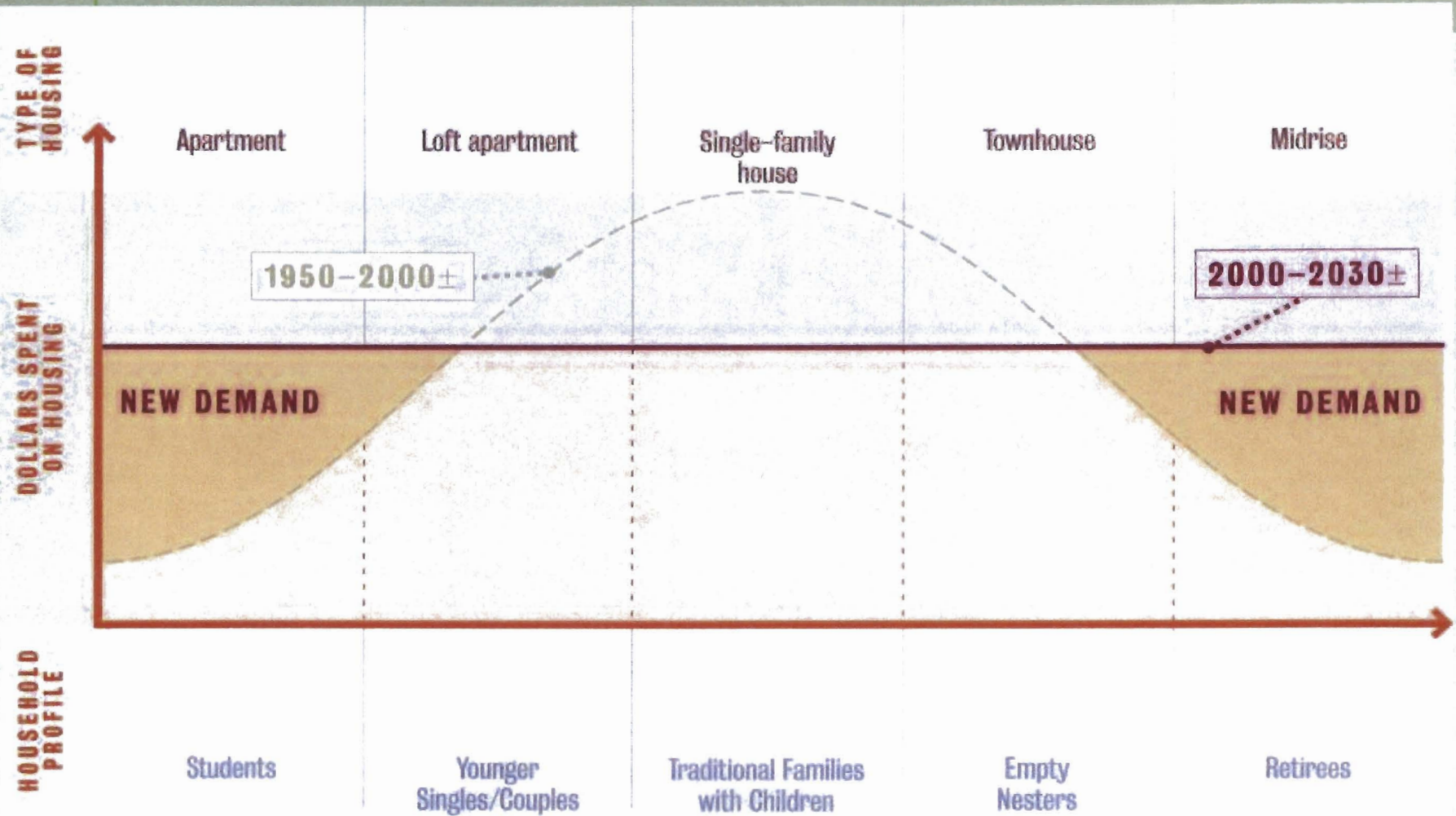


Source: Goody, Clancy & Associates Inc.





...today



Source: Goody, Clancy & Associates Inc.





# Alexandria Economic Positives

- Location, Location, Location
- Creative Class Economy
- Quality of Life
- Low Unemployment
- High Avg. Incomes
- Declining Office Vacancy
- New & Revitalized Hotels
- National Harbor





# Alexandria Economic Concerns

- Residential Real Estate Values
- Discretionary Consumer Spending
- Regional Competition
- Defense Job Losses (BRAC)
- Landmark Mall





## Conclusion About the Alexandria Economy for FY 2008 & FY 2009

- Economics is cyclical
- Economy on "down" side of cycle
- Regional economy stable
- City economy more stable
- Real estate values will frame the budget picture