

# DELTA ASSOCIATES' WASHINGTON METRO AREA REAL ESTATE MARKET OVERVIEW



12.06.2017



**DELTA**  
ASSOCIATES  
A Transwestern Company

By William Rich, CRE  
President

# DELTA ASSOCIATES' REAL ESTATE MARKET OVERVIEW

## THE ECONOMY

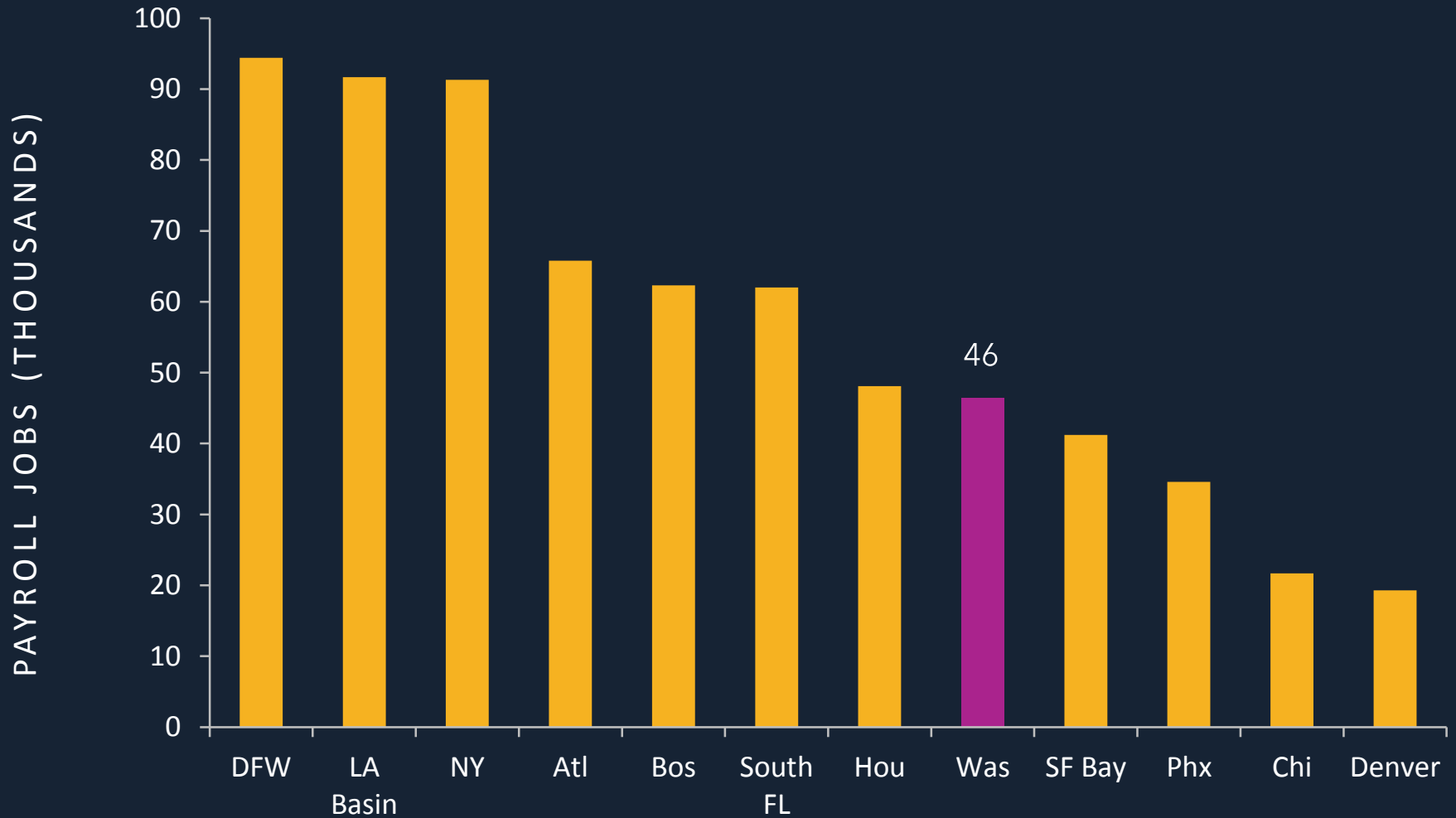


**DELTA**  
ASSOCIATES  
A Transwestern Company



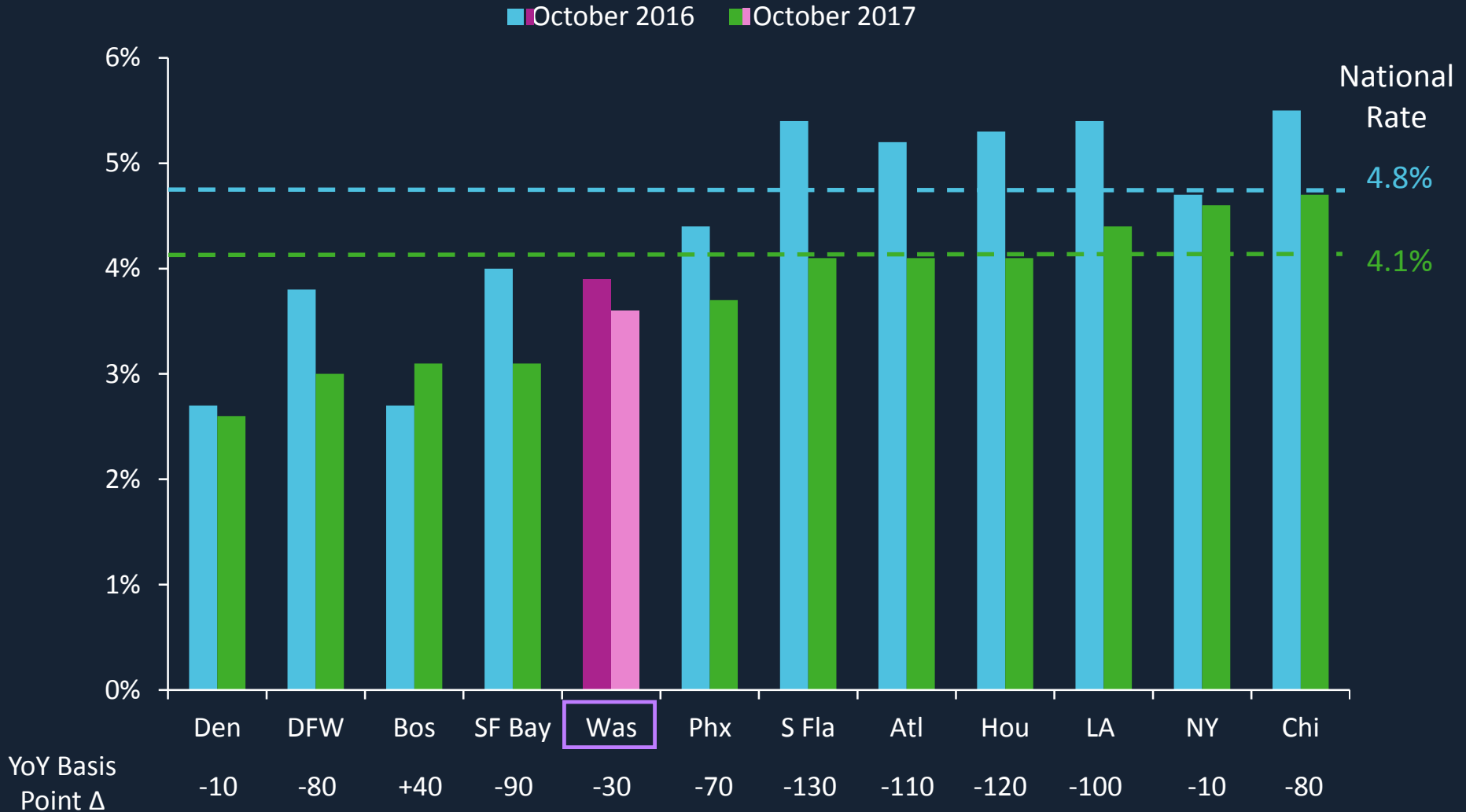
# PAYROLL JOB GROWTH

Selected Large Metro Areas | 12 Months Ending October 2017



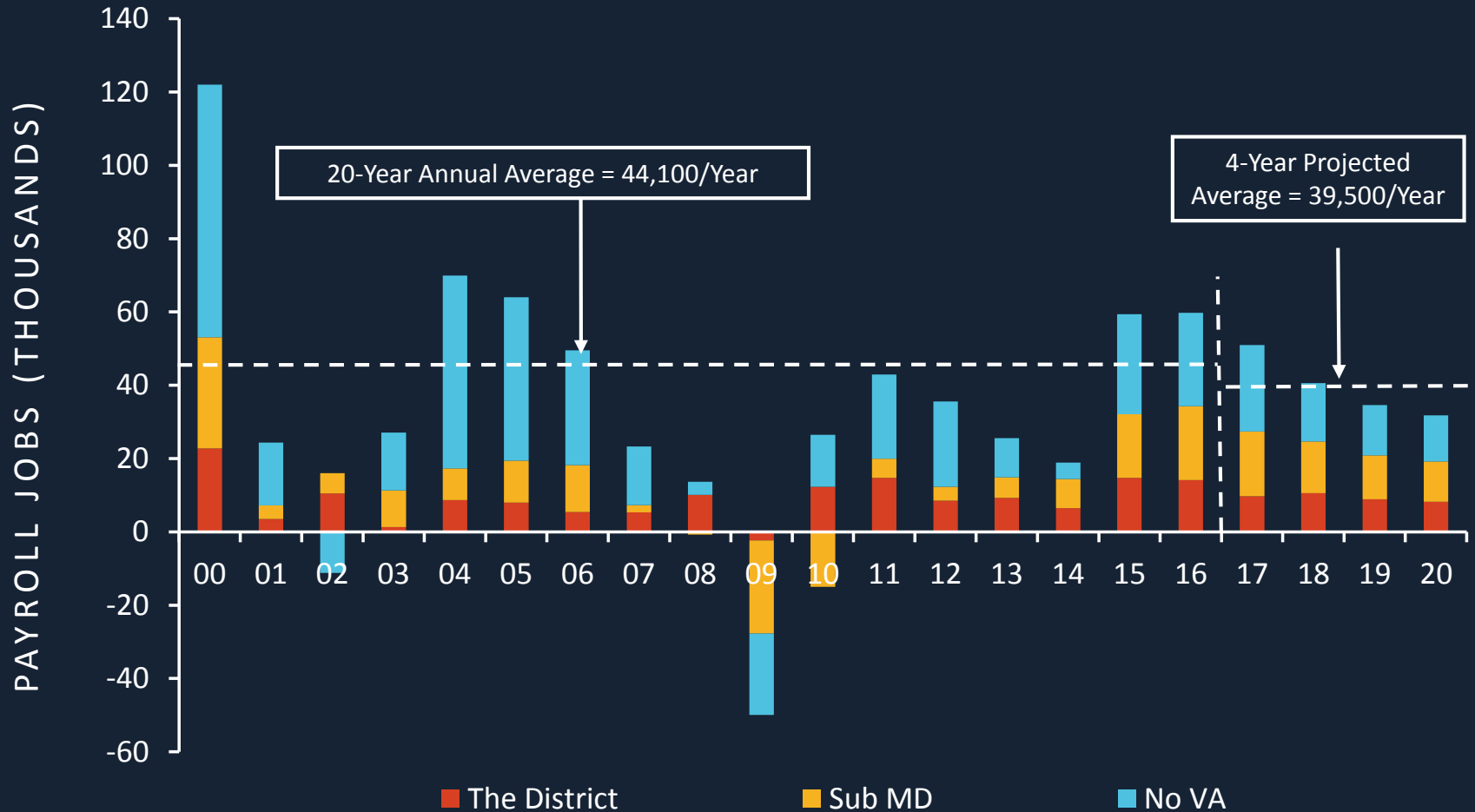
# UNEMPLOYMENT RATE \*

Selected Large Metro Areas | October 2016 vs. October 2017



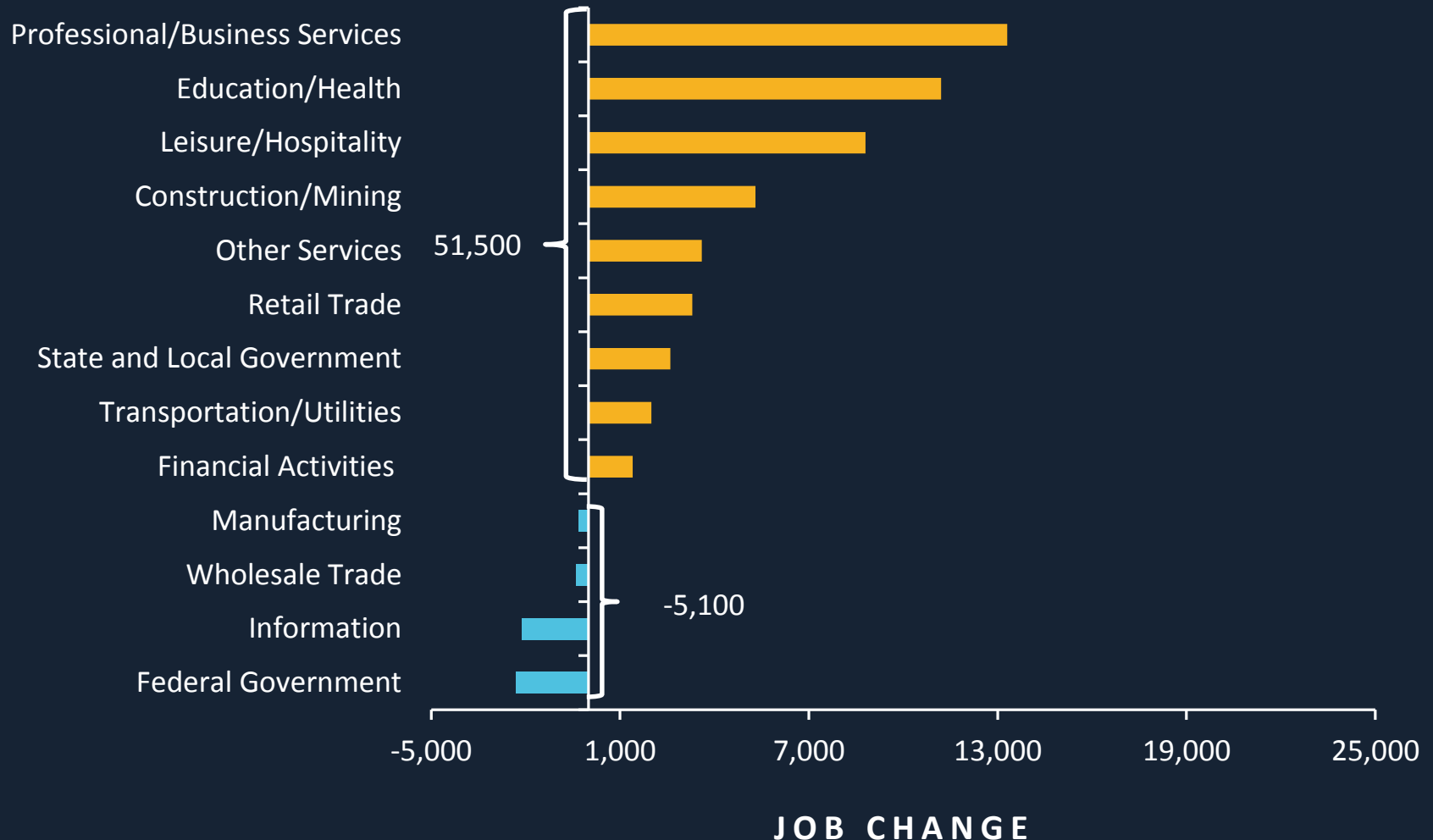
# PROJECTED JOB GROWTH

Washington Metro Area | 2000 - 2020



# PAYROLL JOB GROWTH

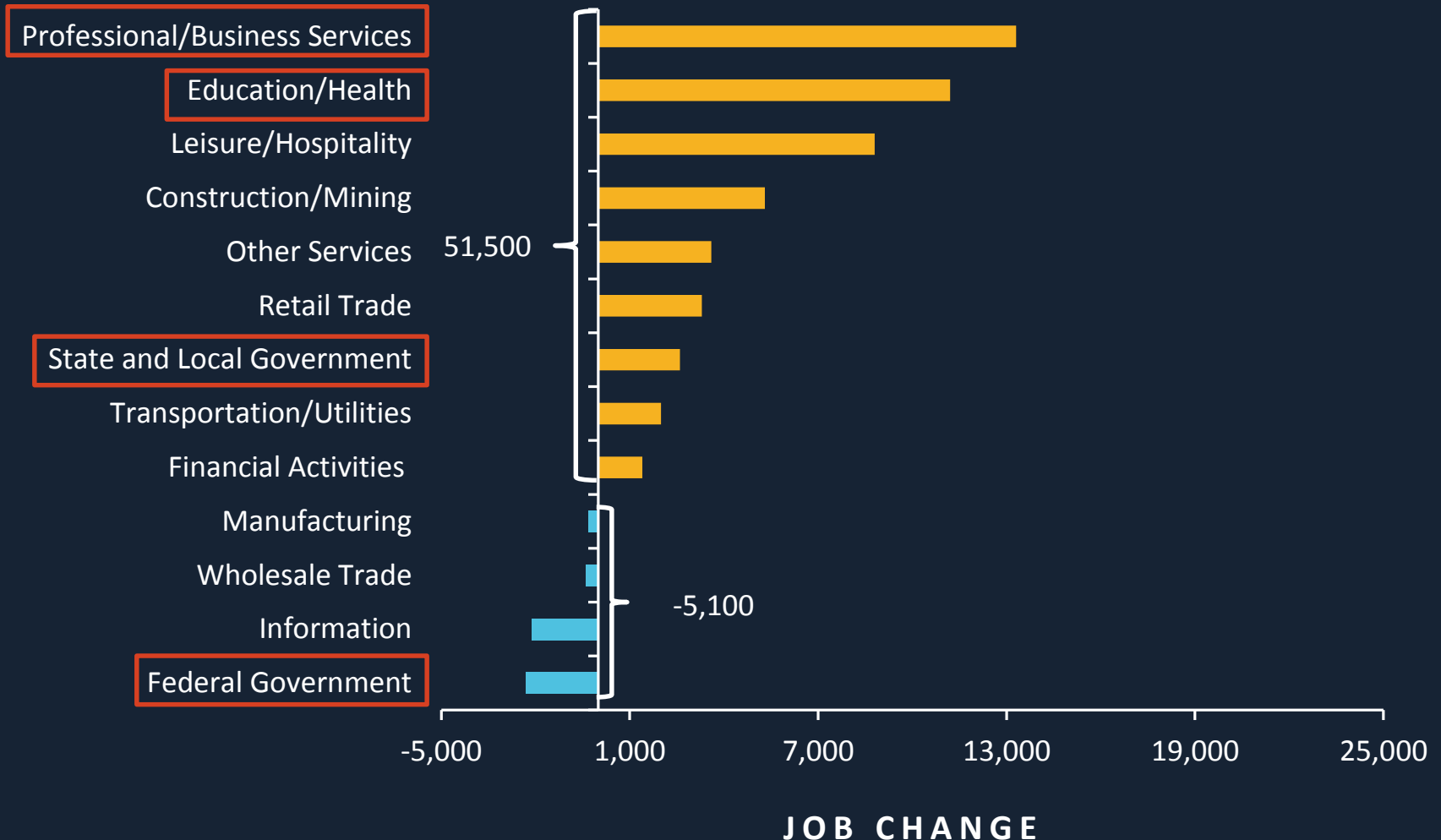
Washington Metro Area | 12 Months Ending October 2017





# PAYROLL JOB GROWTH

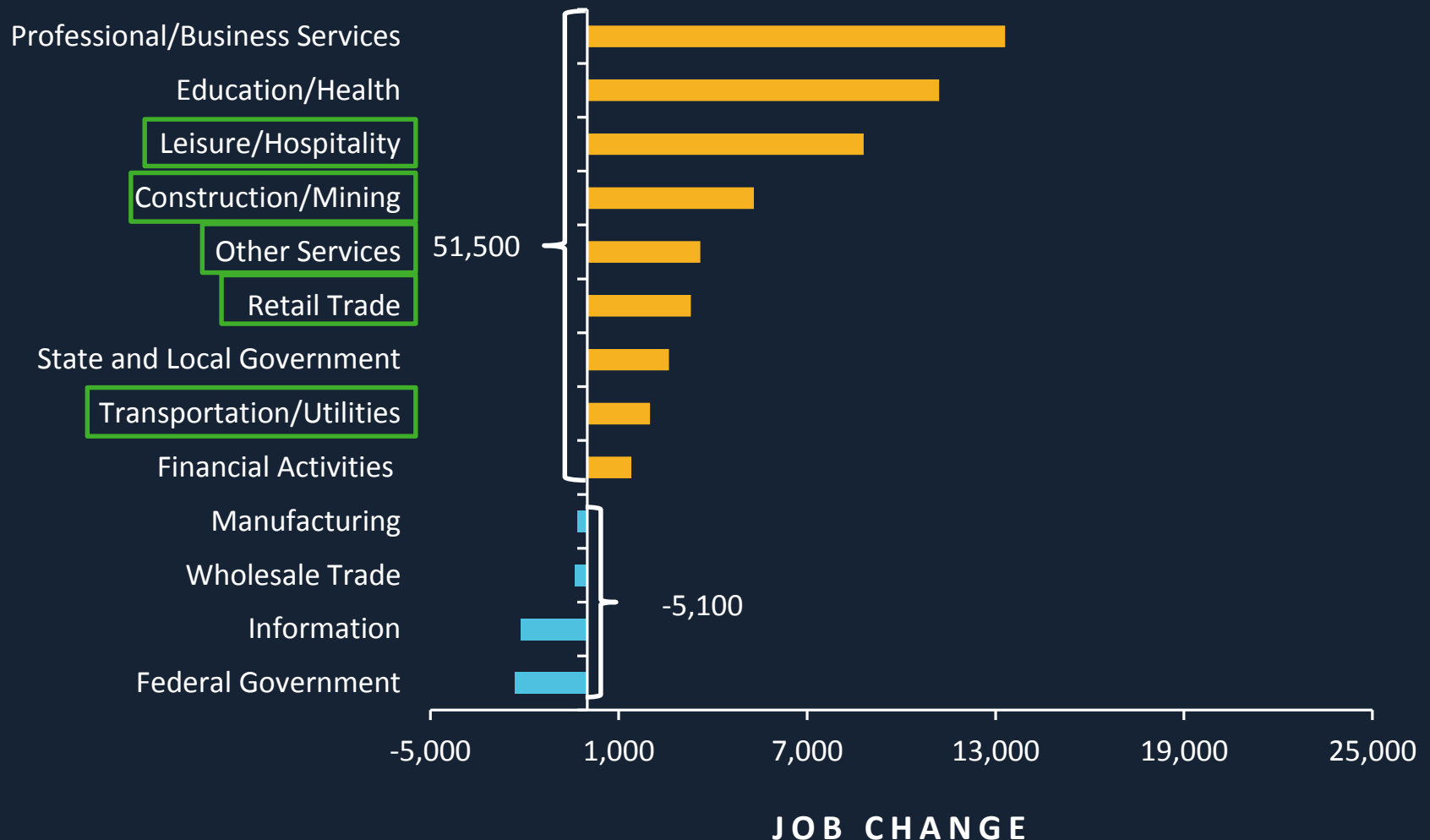
Washington Metro Area | 12 Months Ending October 2017





# PAYROLL JOB GROWTH

Washington Metro Area | 12 Months Ending October 2017

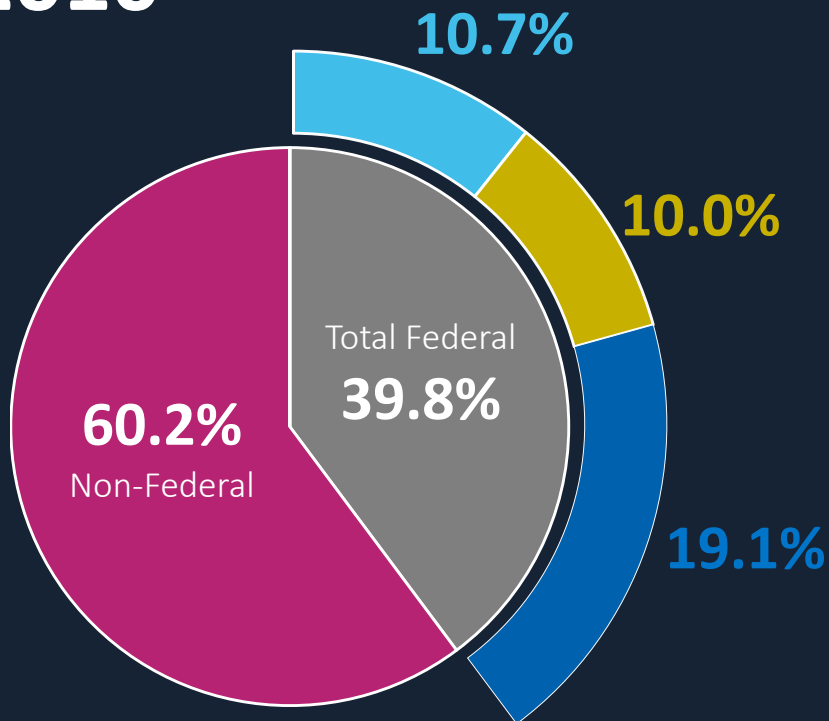


# GROSS REGIONAL PRODUCT

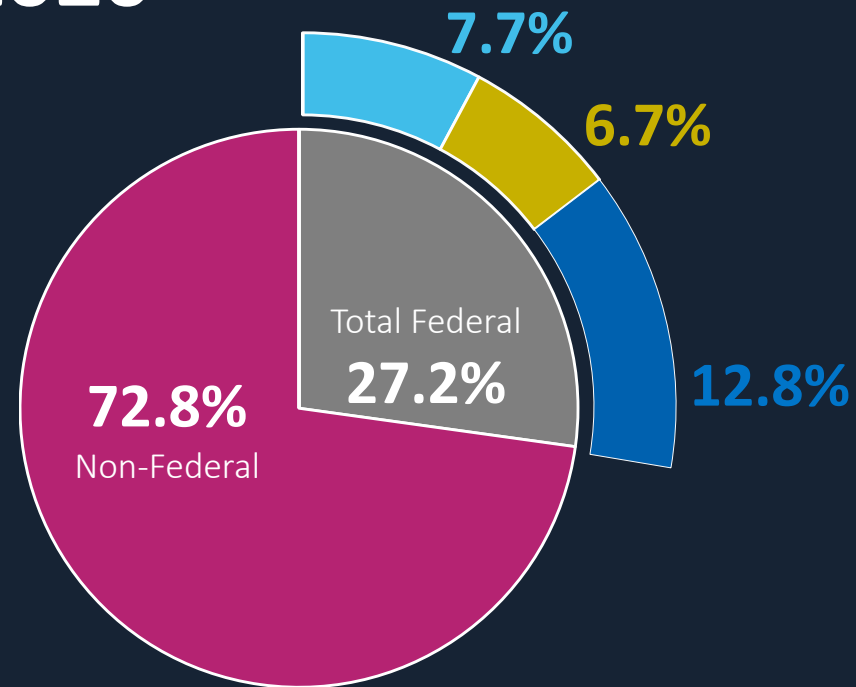
Washington Metro Area



## 2010



## 2020



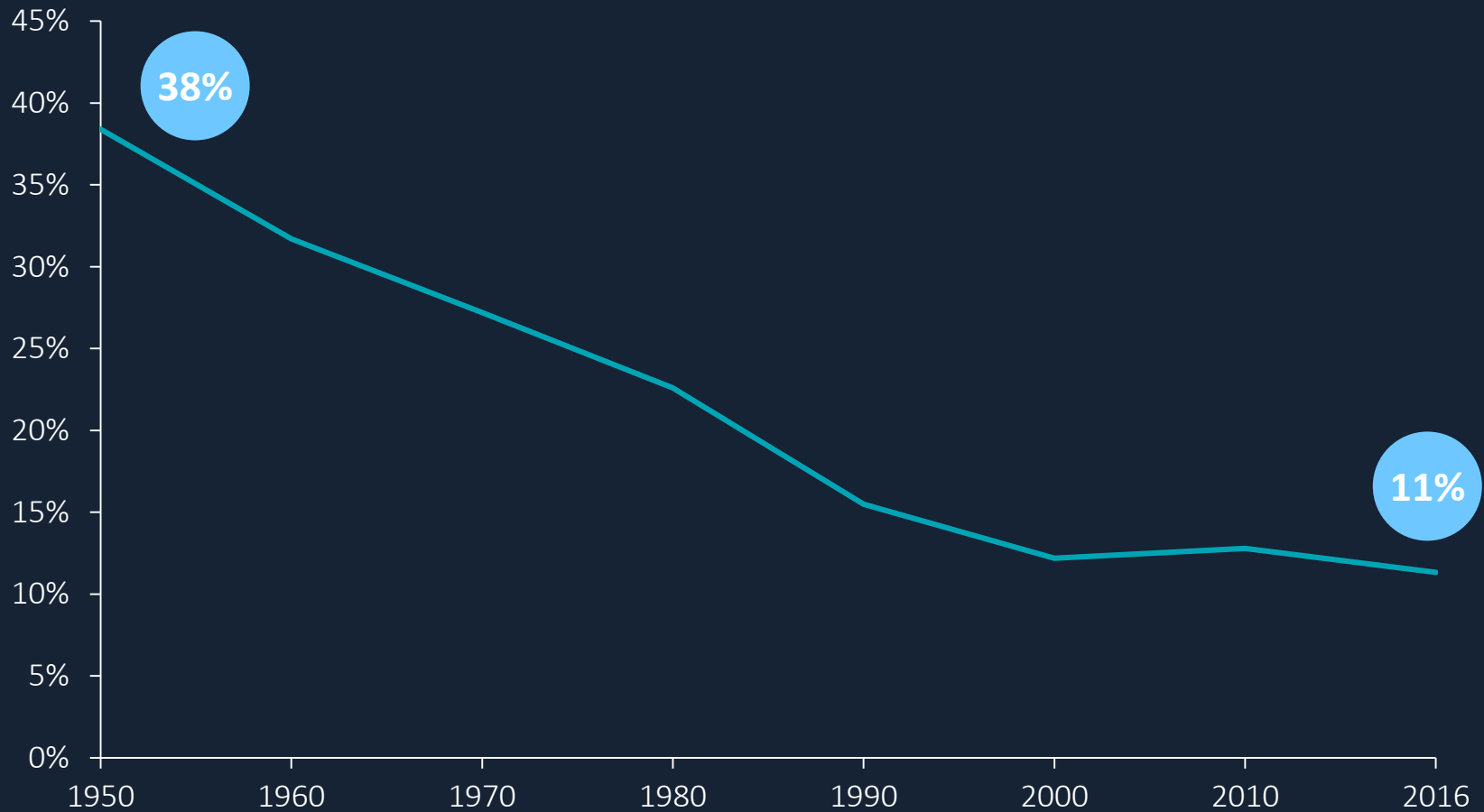
■ Other Federal    ■ Federal Wages & Salaries    ■ Procurement

# FEDERAL SHARE OF TOTAL EMPLOYMENT

Washington Metro Area



**DELTA**  
ASSOCIATES  
A Transwestern Company



*Source: Bureau of Labor Statistics, Delta Associates; December 2017.*

# GSA LEASING TRENDS

National Capital Region



**DELTA**  
ASSOCIATES  
A Transwestern Company



*Source: General Services Administration, Delta Associates; December 2017.*

DELTA ASSOCIATES'  
REAL ESTATE MARKET OVERVIEW

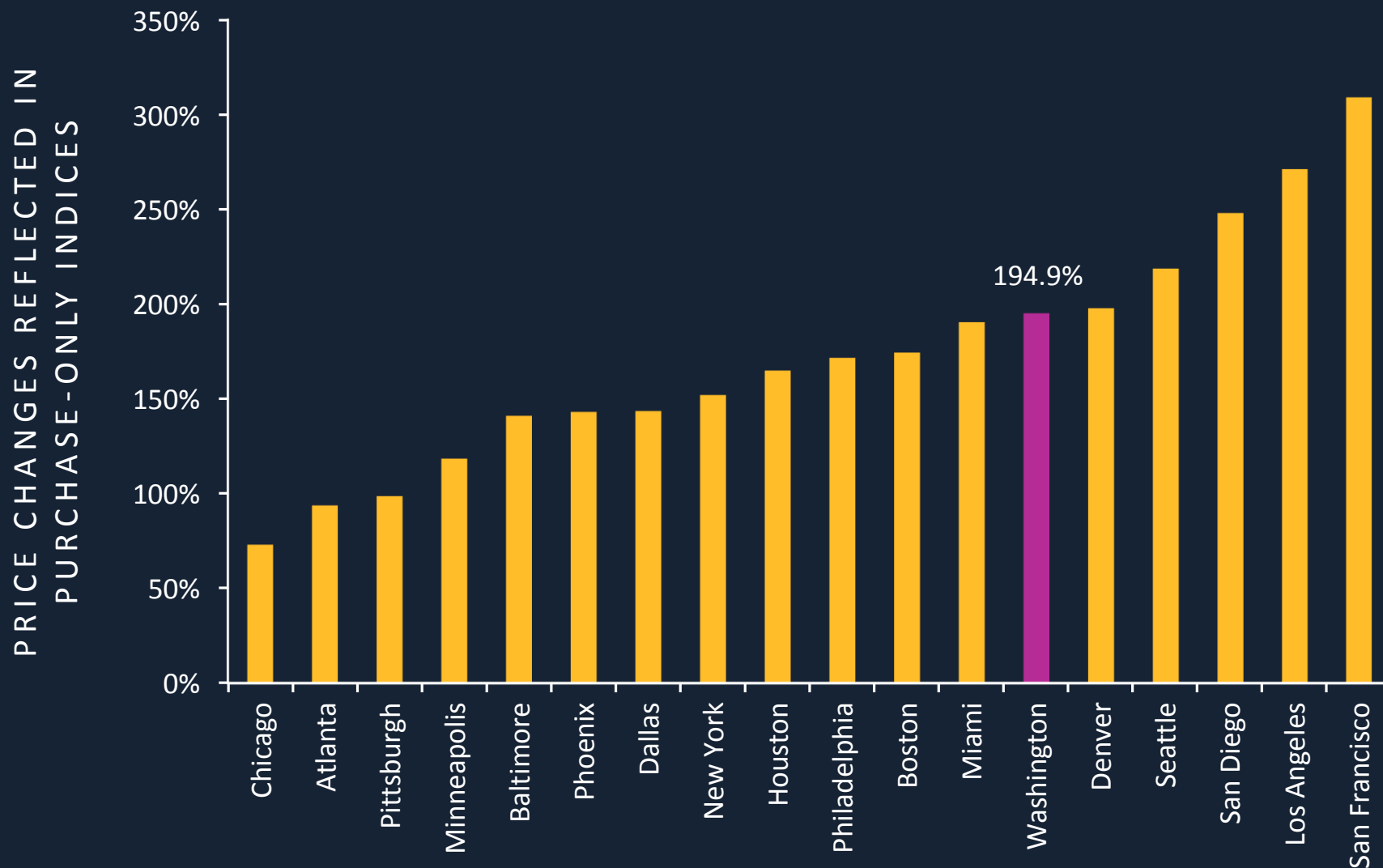
THE WASHINGTON METRO AREA  
HOUSING MARKET



**DELTA**  
ASSOCIATES  
A Transwestern Company

# PRICE CHANGES

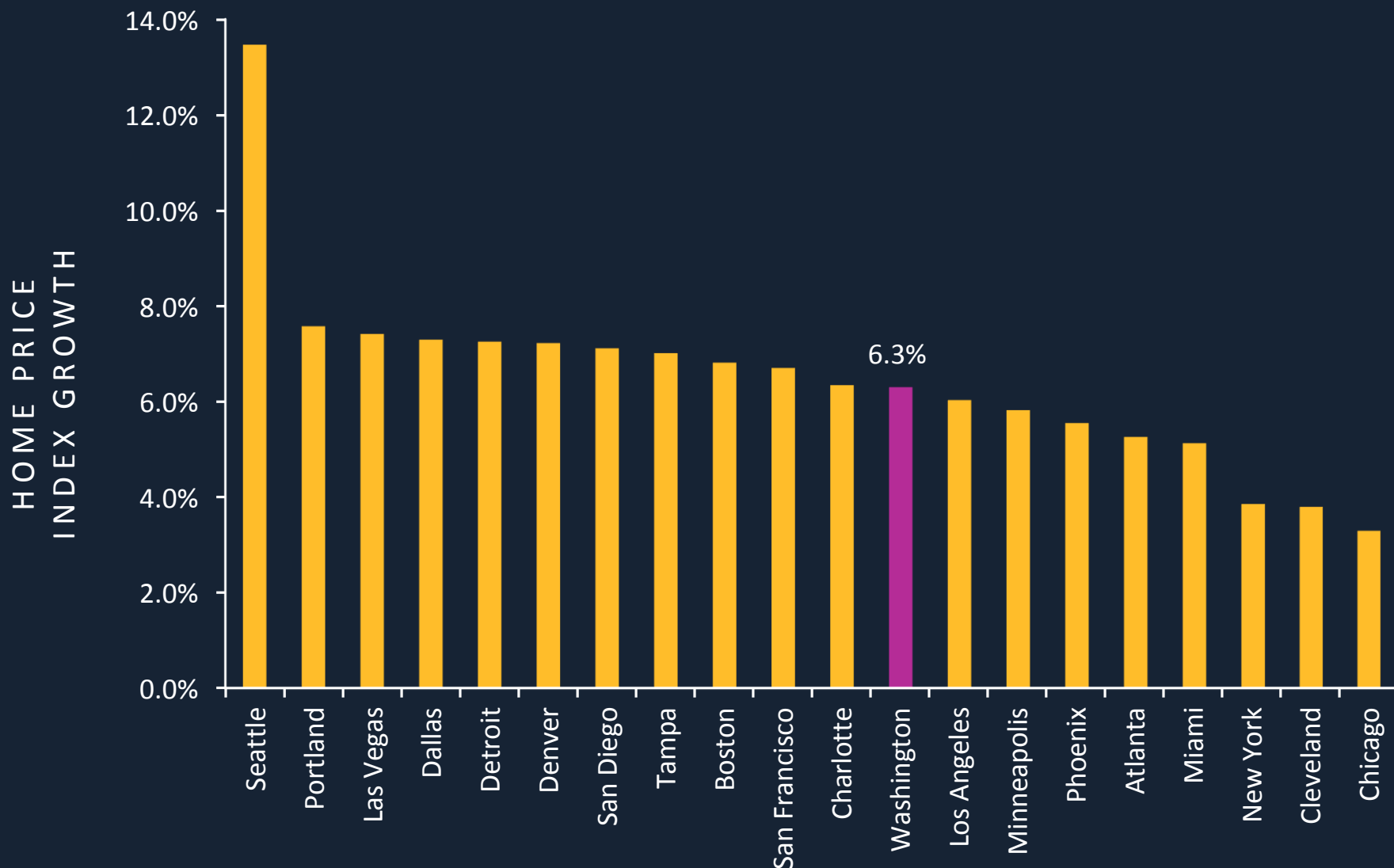
Selected Large Metro Areas | 1997 – Q2 2017



Source: FHFA, Delta Associates; December 2017.

# PRICE CHANGES

Home Price Indices | September 2016 – September 2017



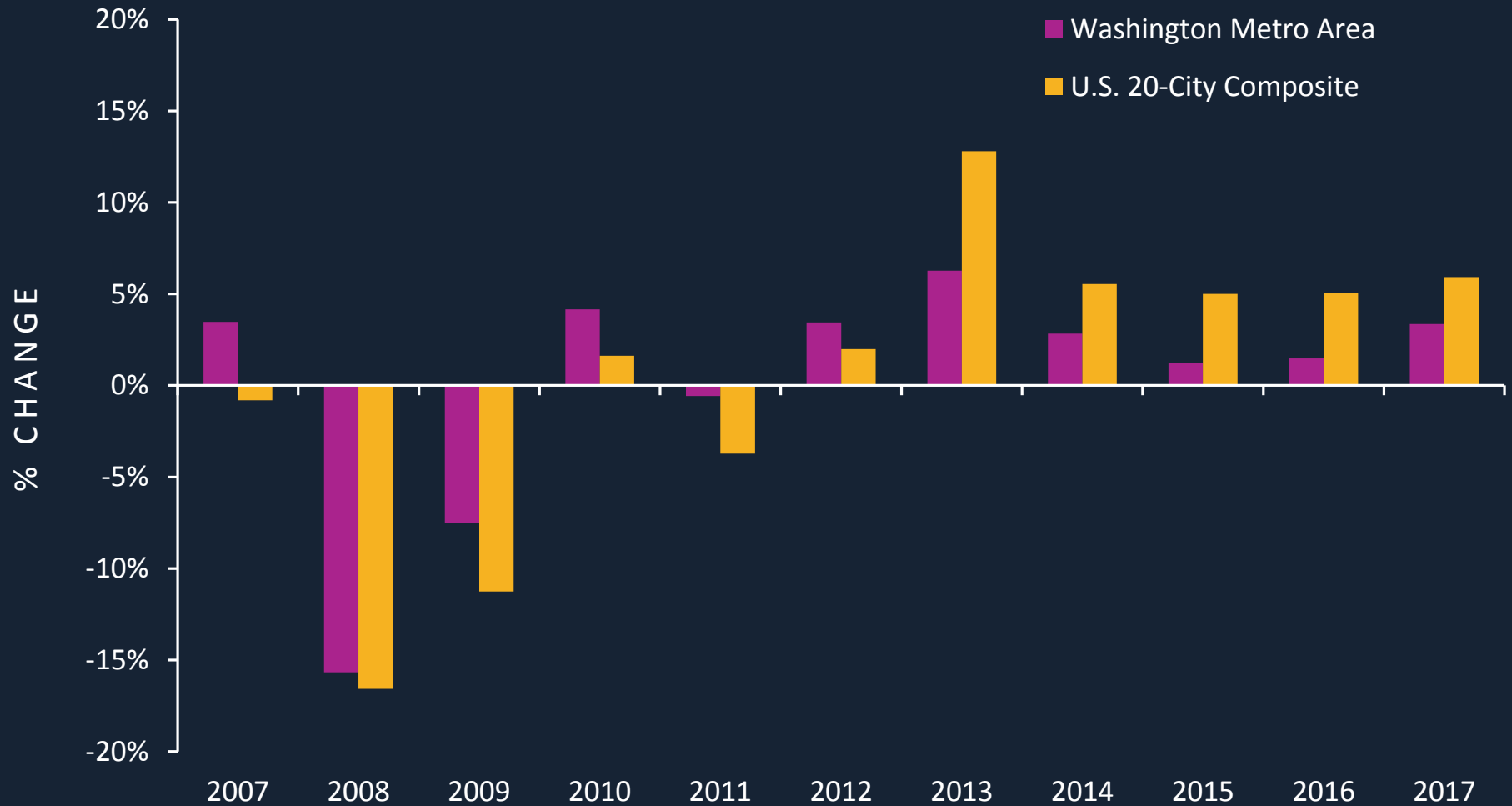
Source: S&P/Case-Shiller, Delta Associates; December 2017.

Note: Seasonally adjusted purchase-only index.



# PERCENT CHANGE IN HOME PRICES

Washington Metro Area vs. 20-City Composite | 2007 - 2017

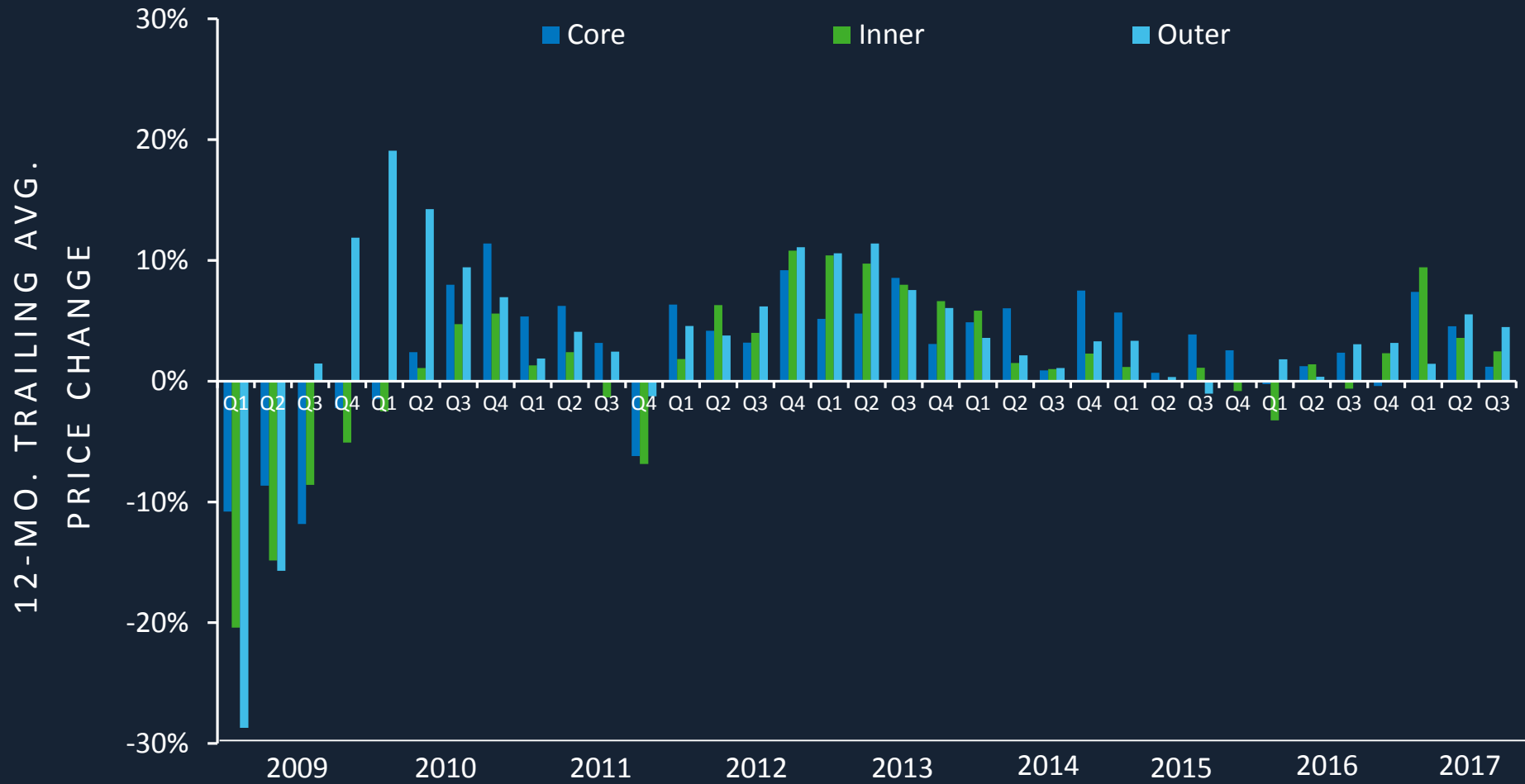


Source: S&P/Case-Shiller, Delta Associates; December 2017.

Note: Index change during 12-month period ending August of given year.

# HOME SALES AVERAGE PRICE CHANGE

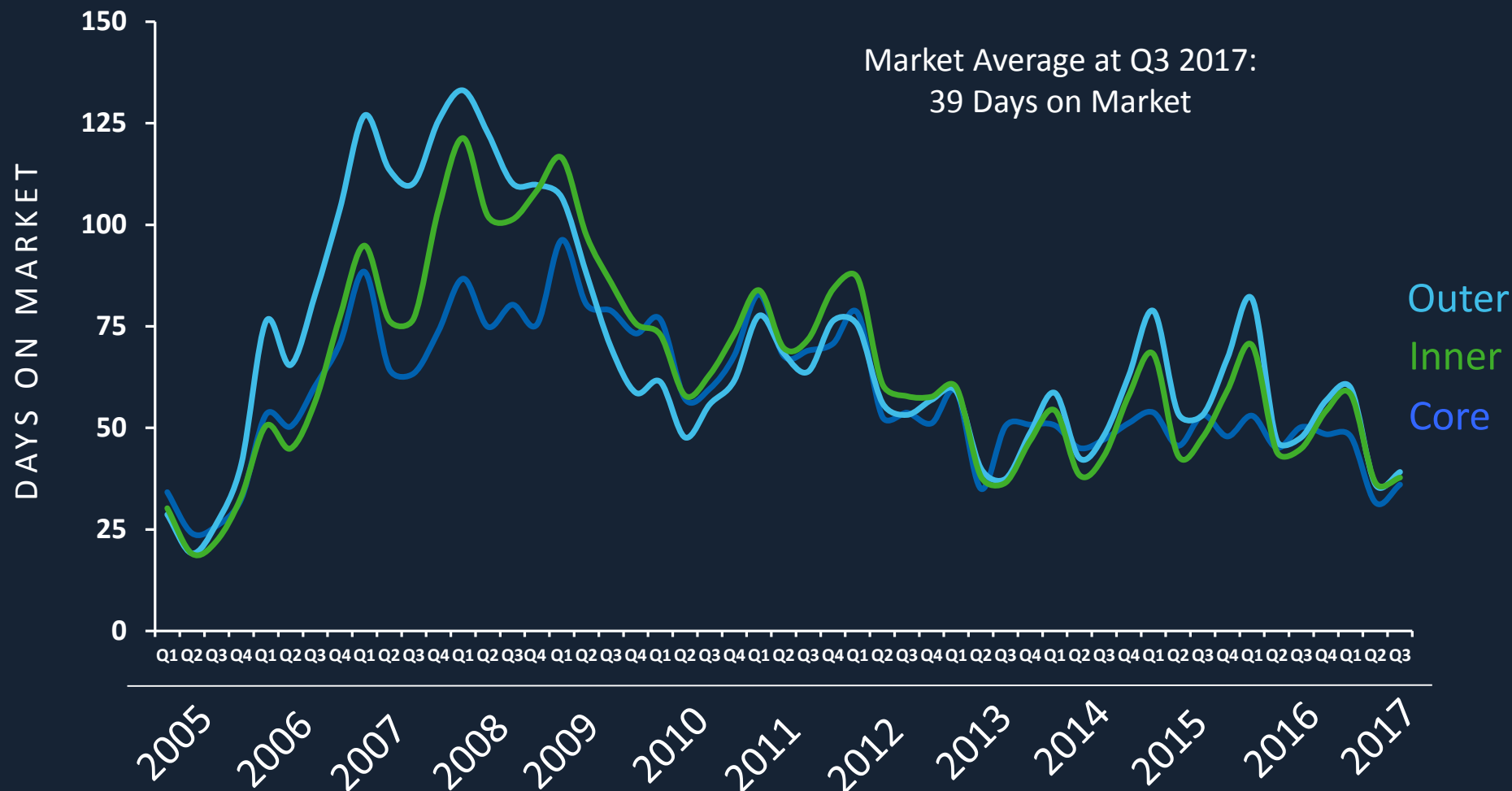
Washington Metro Area by Sub-Area\* | 2009 - 2017



Source: MRIS, Delta Associates; December 2017. \*Core: DC, Arlington, Alexandria. Inner: Fairfax, Montgomery, Prince George's, Fairfax City, Falls Church. Outer: Loudoun, Prince William, Frederick.

# AVERAGE DAYS ON MARKET

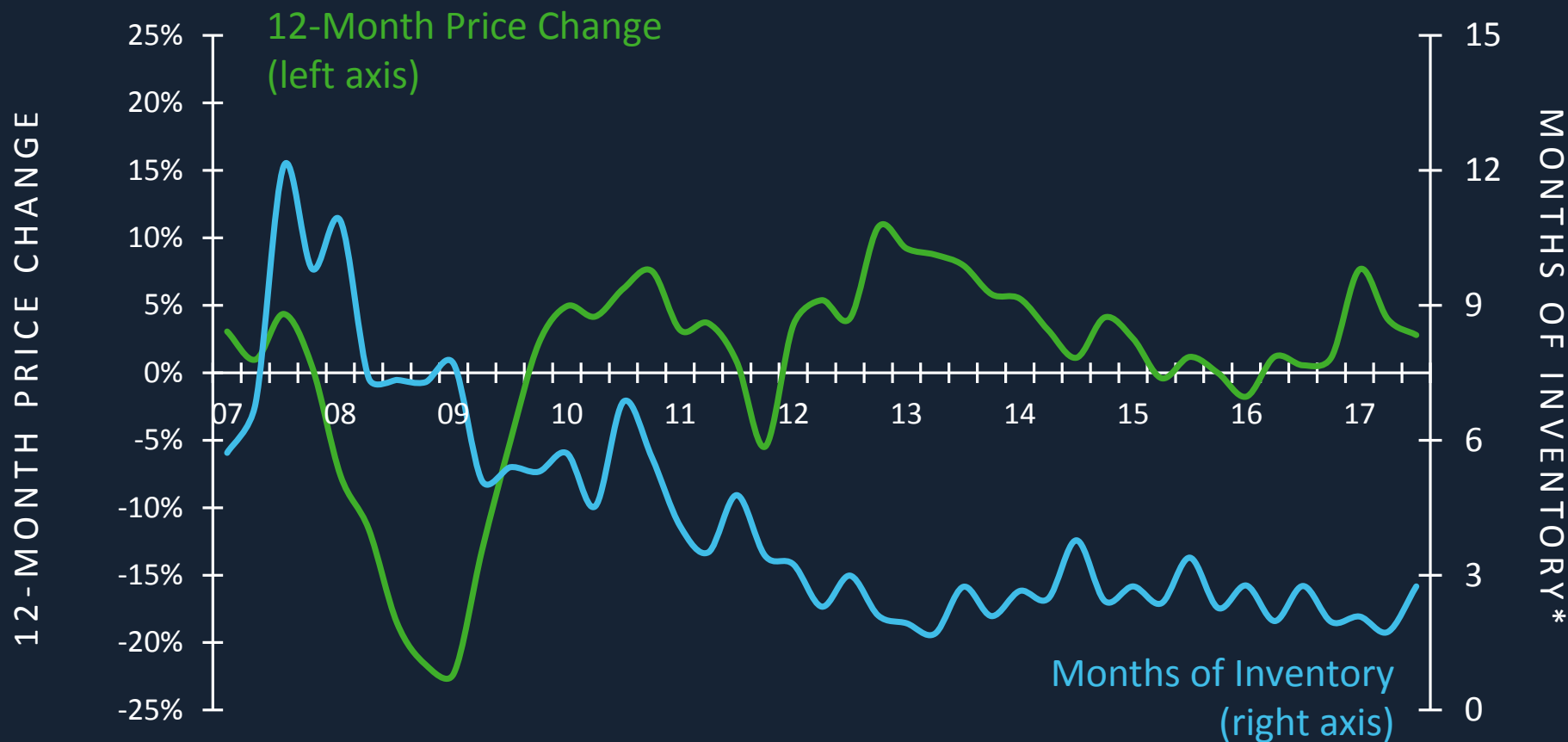
Washington Metro Area by Sub-Area\* | Existing Homes



Source: MRIS, Delta Associates; December 2017. \*Core: DC, Arlington, Alexandria. Inner: Fairfax, Montgomery, Prince George's, Fairfax City, Falls Church. Outer: Loudoun, Prince William, Frederick.

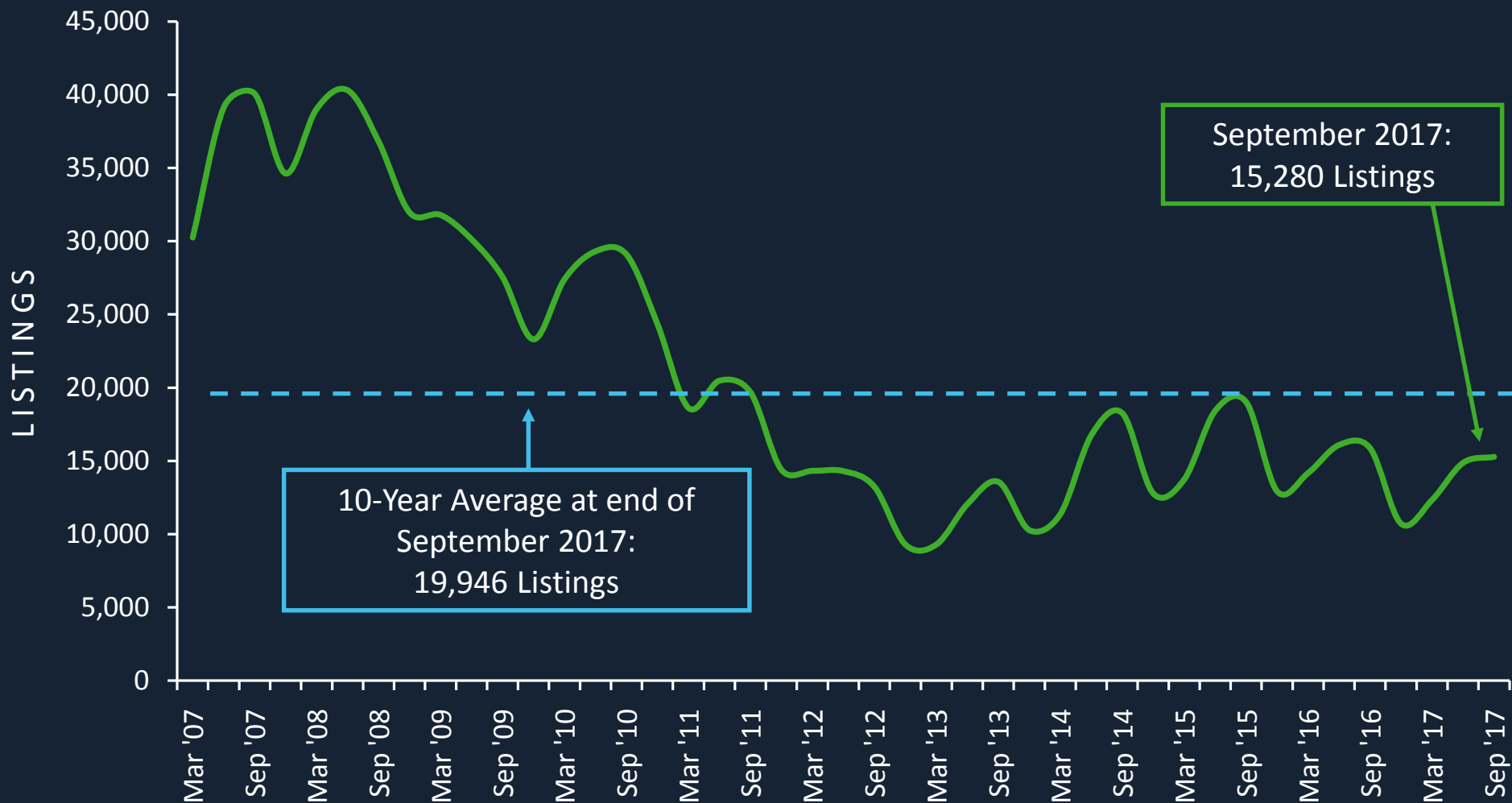
# PRICE CHANGE AND INVENTORY

Washington Metro Area | 2007 - 2017



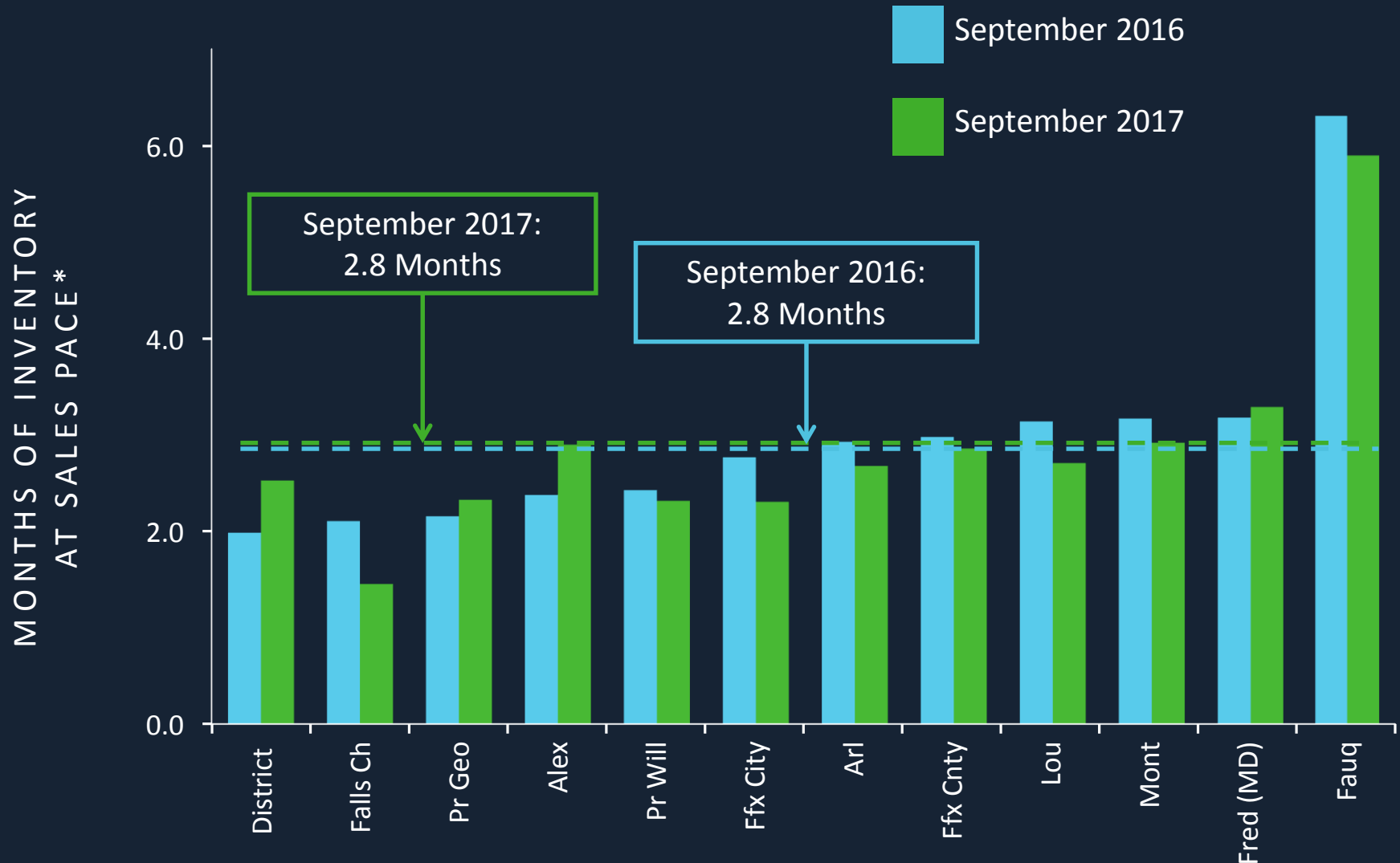
# FOR-SALE LISTINGS

Washington Metro Area | Existing Homes



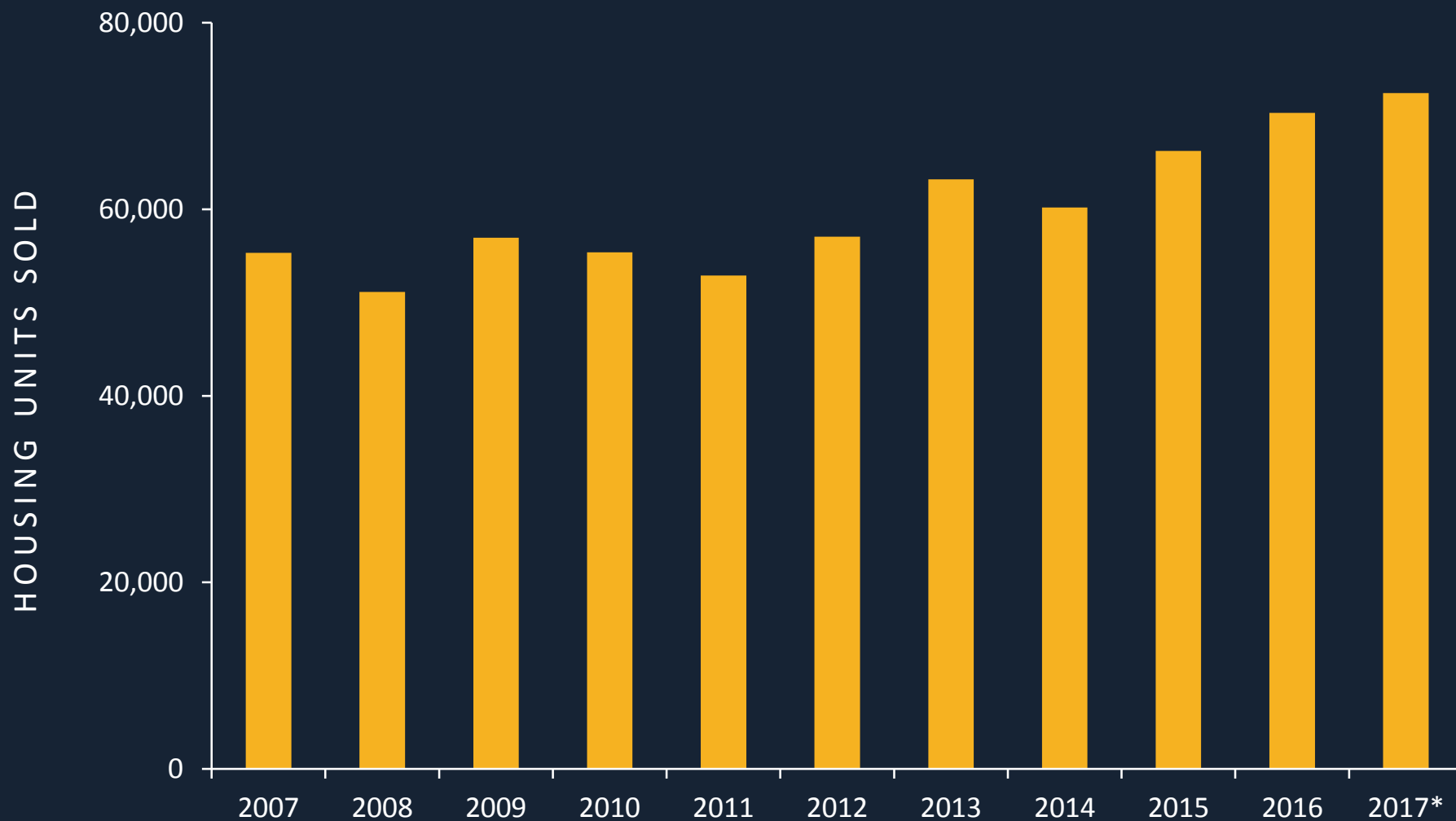
# MONTHS OF FOR-SALE INVENTORY

Washington Metro Area | September 2016 and September 2017



# RESALE VOLUME OF ALL HOUSING TYPES

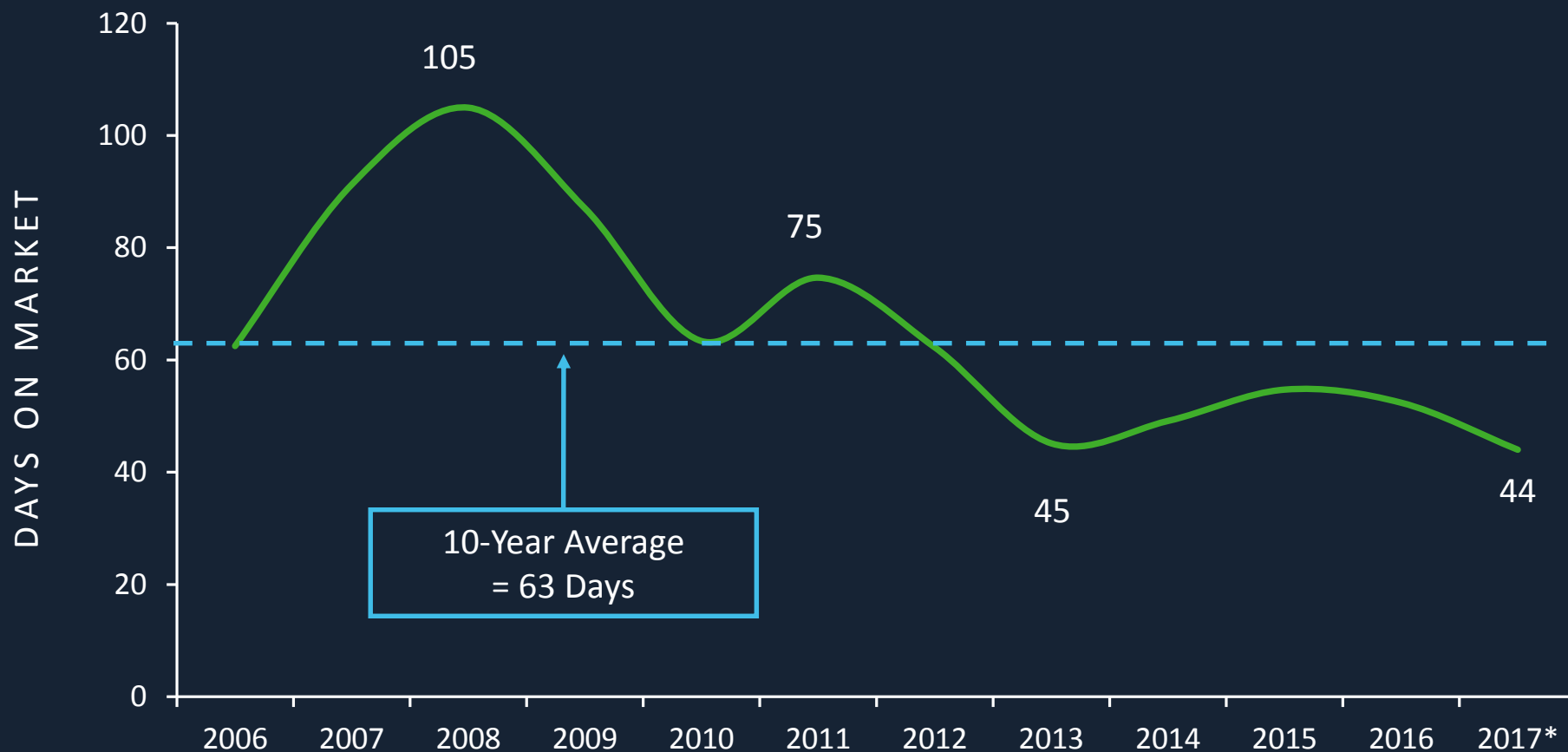
Washington Metro Area | 2007 - 2017





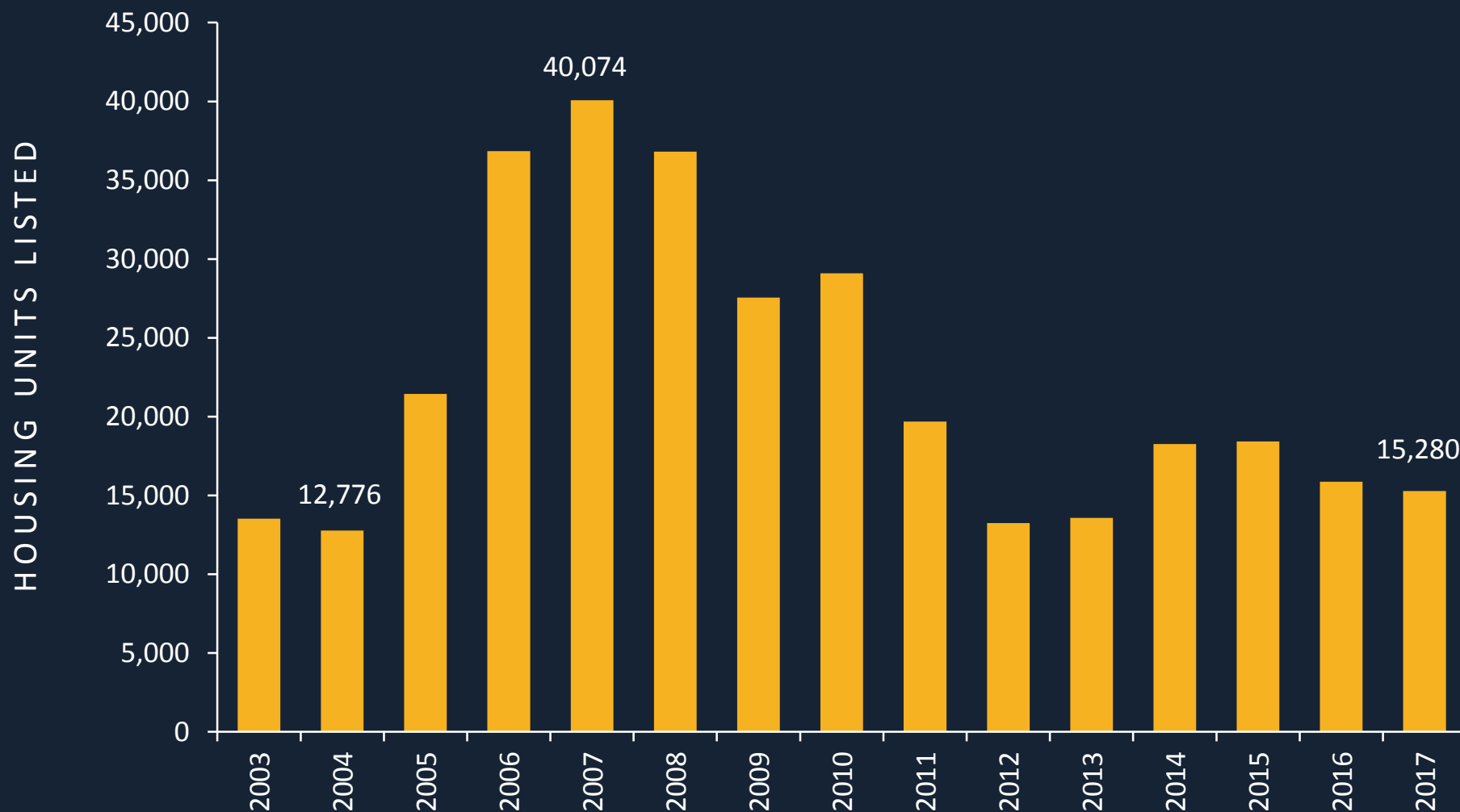
# 12-MONTH AVG. DAYS ON MARKET – EXISTING HOMES

Washington Metro Area | 2006 - 2017



# ACTIVE LISTINGS FOR ALL HOUSING TYPES

Washington Metro Area | 2003 - 2017

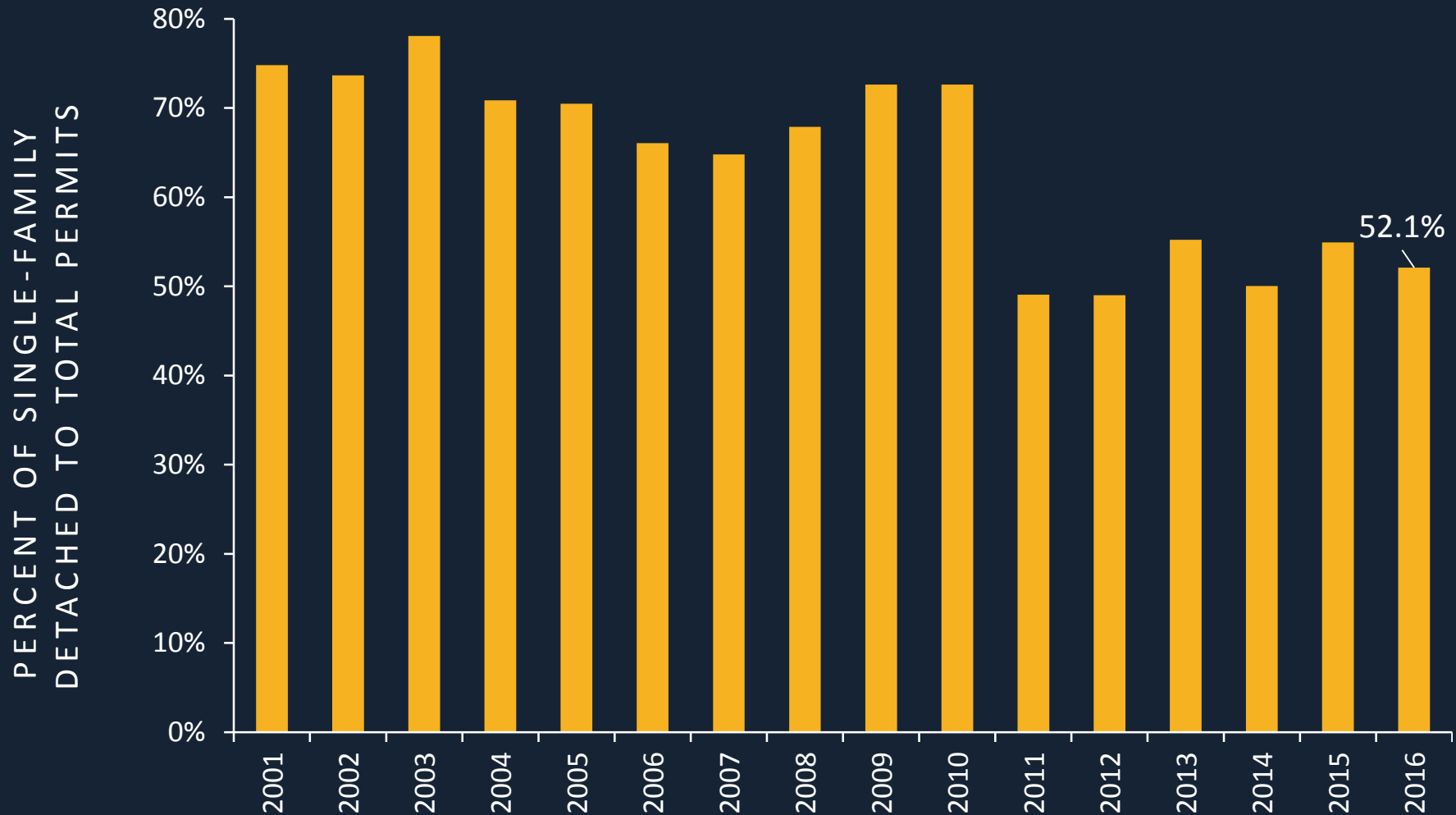


Source: MRIS, Delta Associates; December 2017.

Note: Listings at end of Third Quarter.

# RATIO OF SINGLE-FAMILY DETACHED PERMITS

Washington Metro Area | 1-Unit Permits vs. Total Permits



DELTA ASSOCIATES'  
REAL ESTATE MARKET OVERVIEW

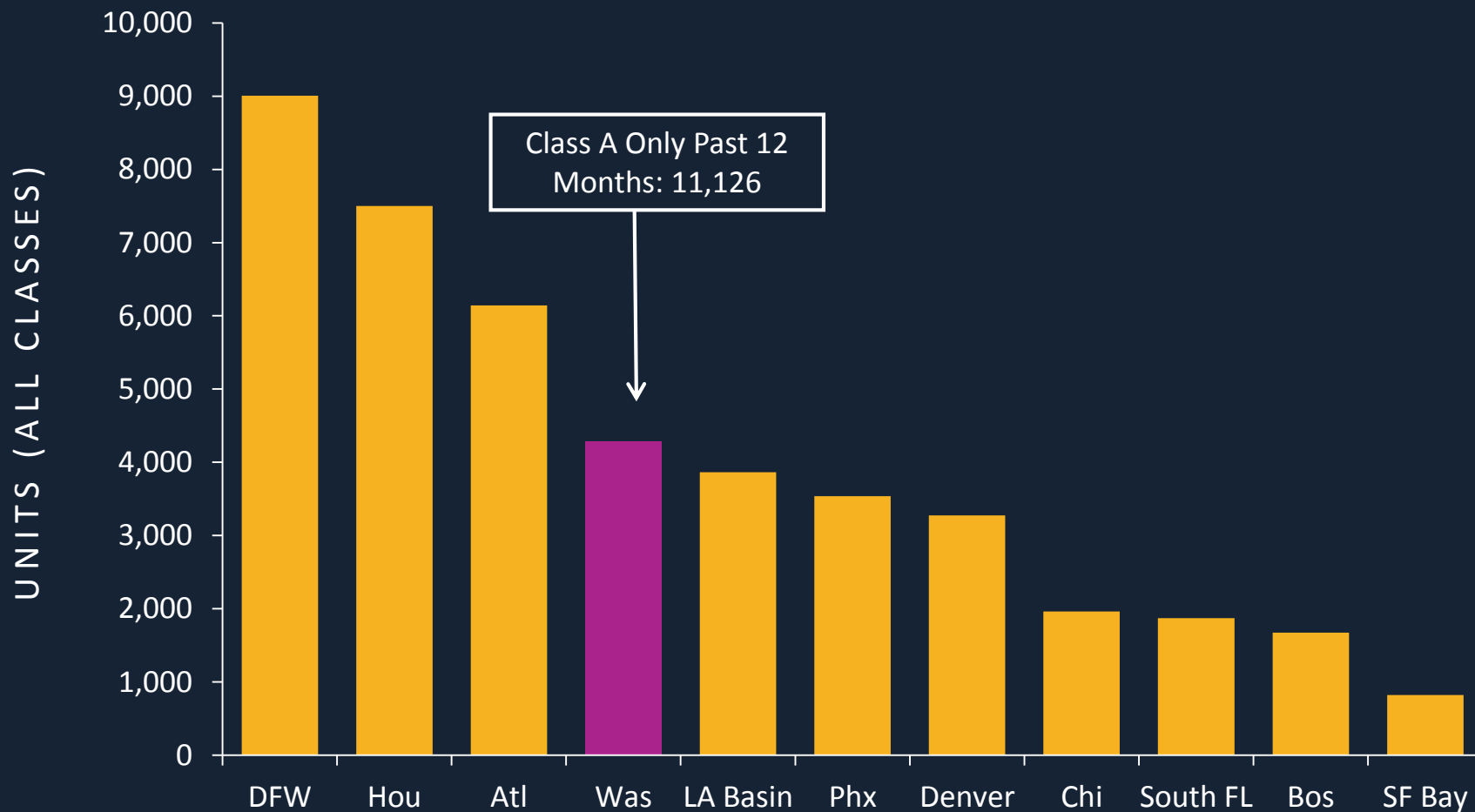
THE WASHINGTON METRO AREA  
APARTMENT MARKET



**DELTA**  
ASSOCIATES  
A Transwestern Company

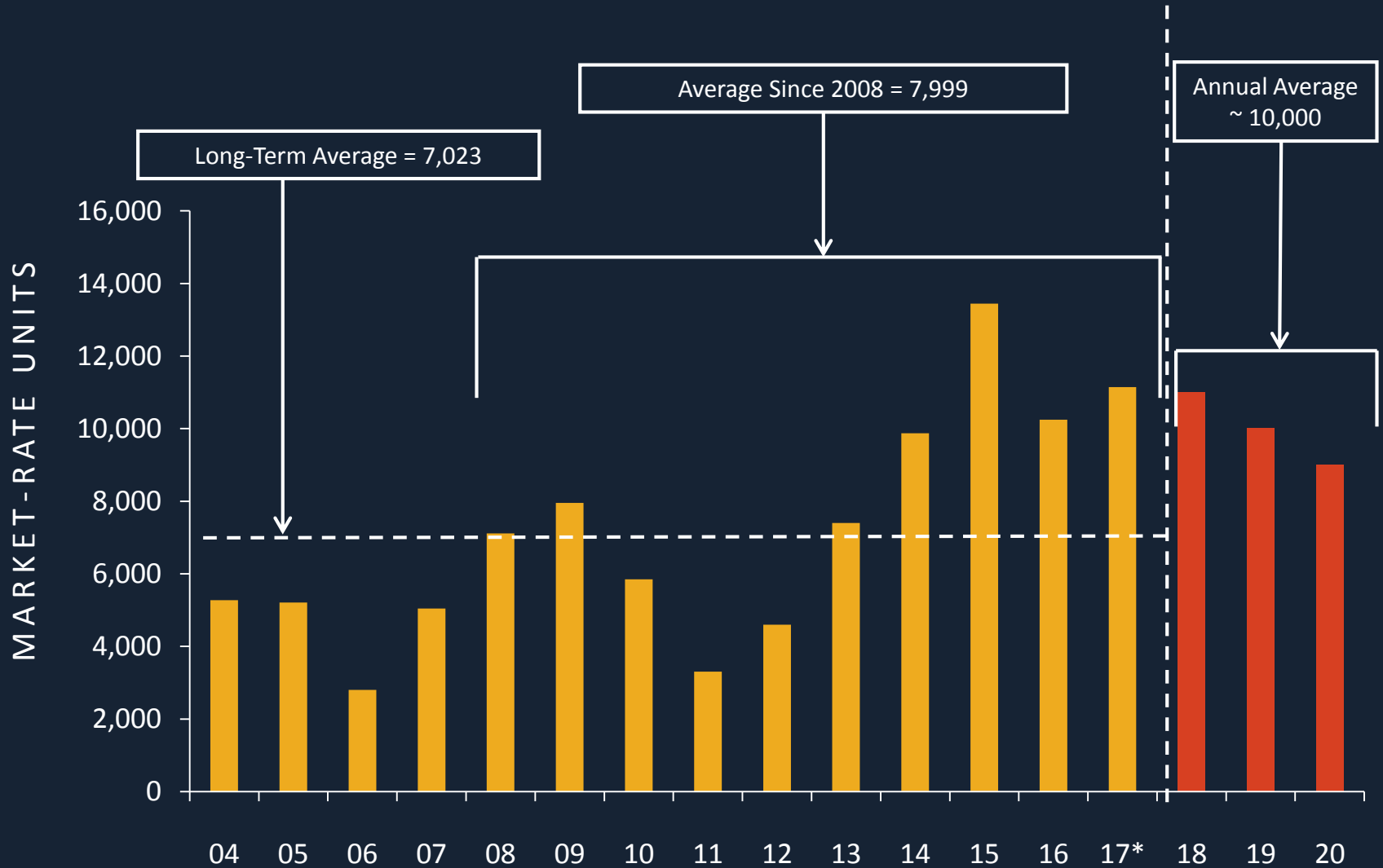
# LONG-TERM ANNUAL APARTMENT ABSORPTION

National Market Leaders



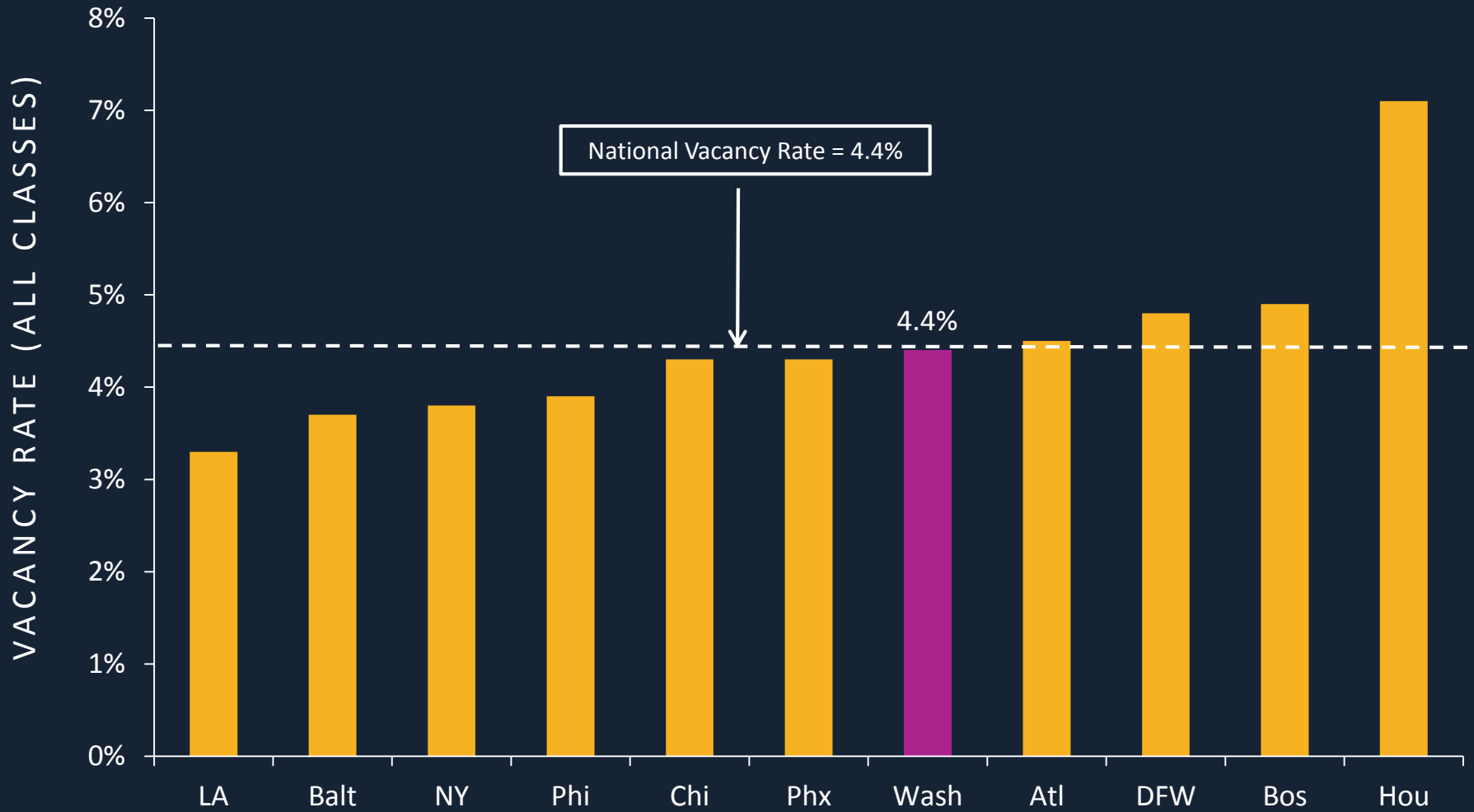
# CLASS A APARTMENT ABSORPTION

Washington Metro Area | 2004 - 2020



# STABILIZED APARTMENT VACANCY RATES

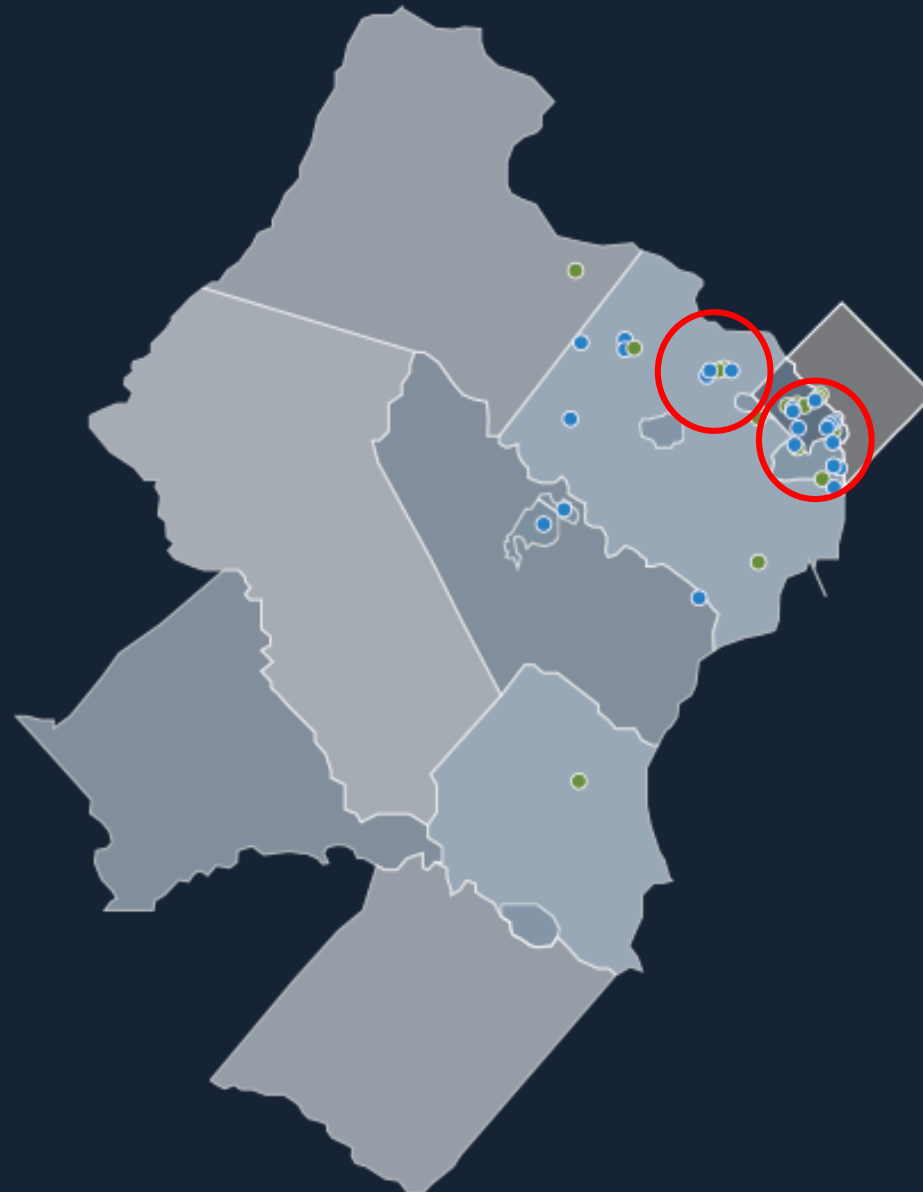
Major Apartment Markets | Second Quarter 2017





# PROJECTS CURRENTLY UNDER CONSTRUCTION

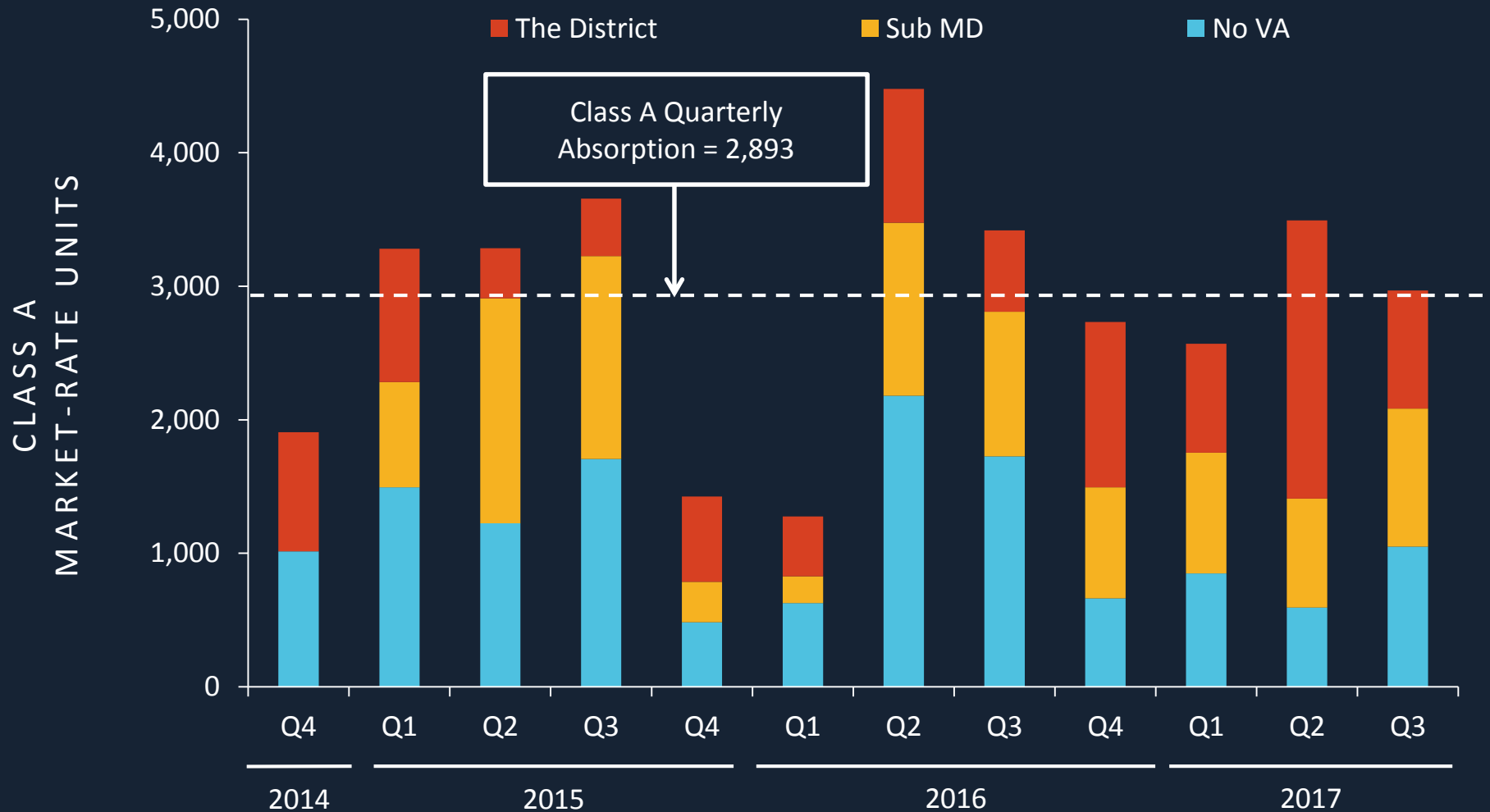
Northern Virginia



- In Lease-up
- Not Yet Leasing

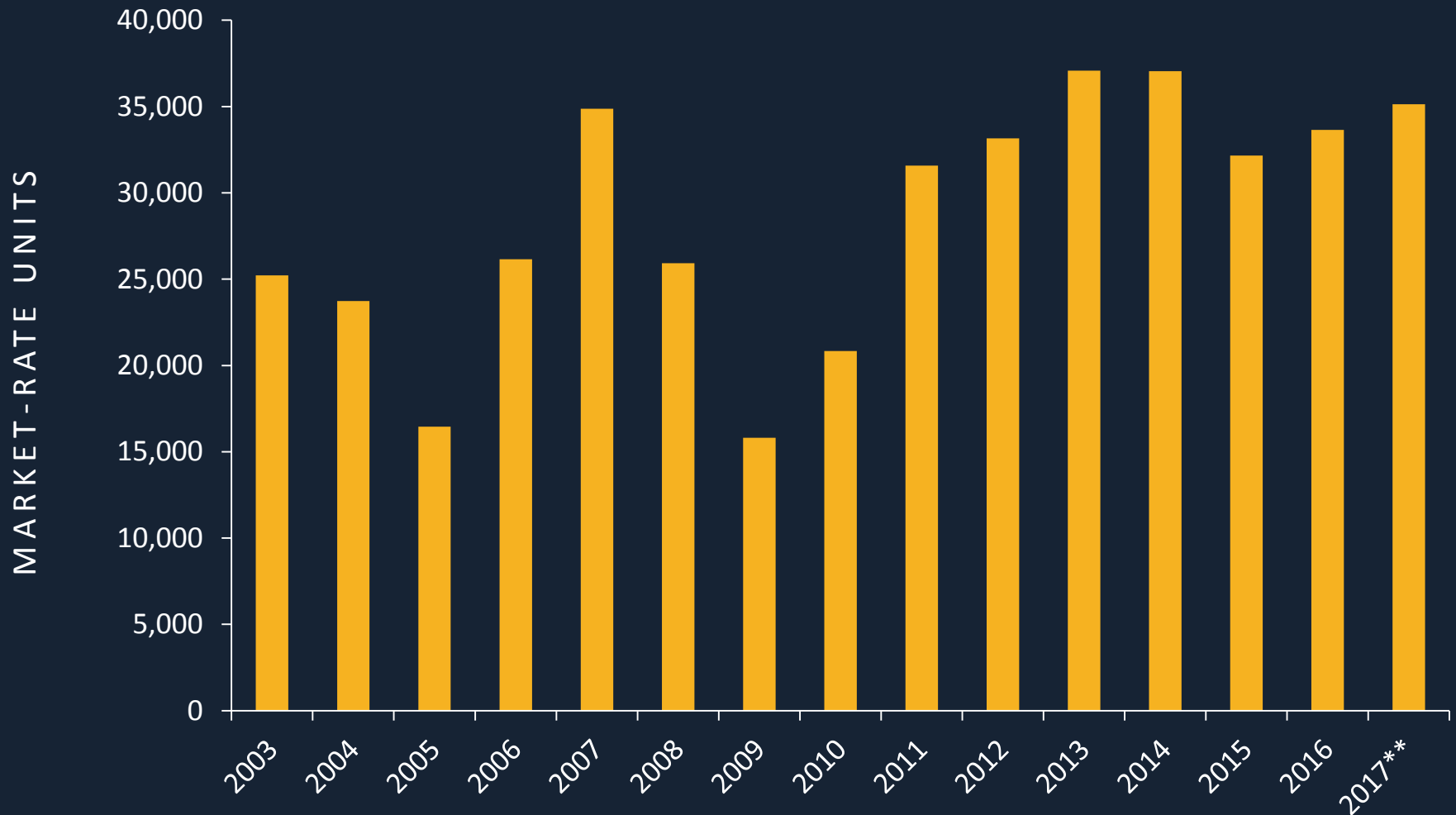
# APARTMENT DELIVERIES

Washington Metro Area | 2014 - 2017



# 36-MONTH APARTMENT DEVELOPMENT PIPELINE\*

Washington Metro Area | 2003 - 2017



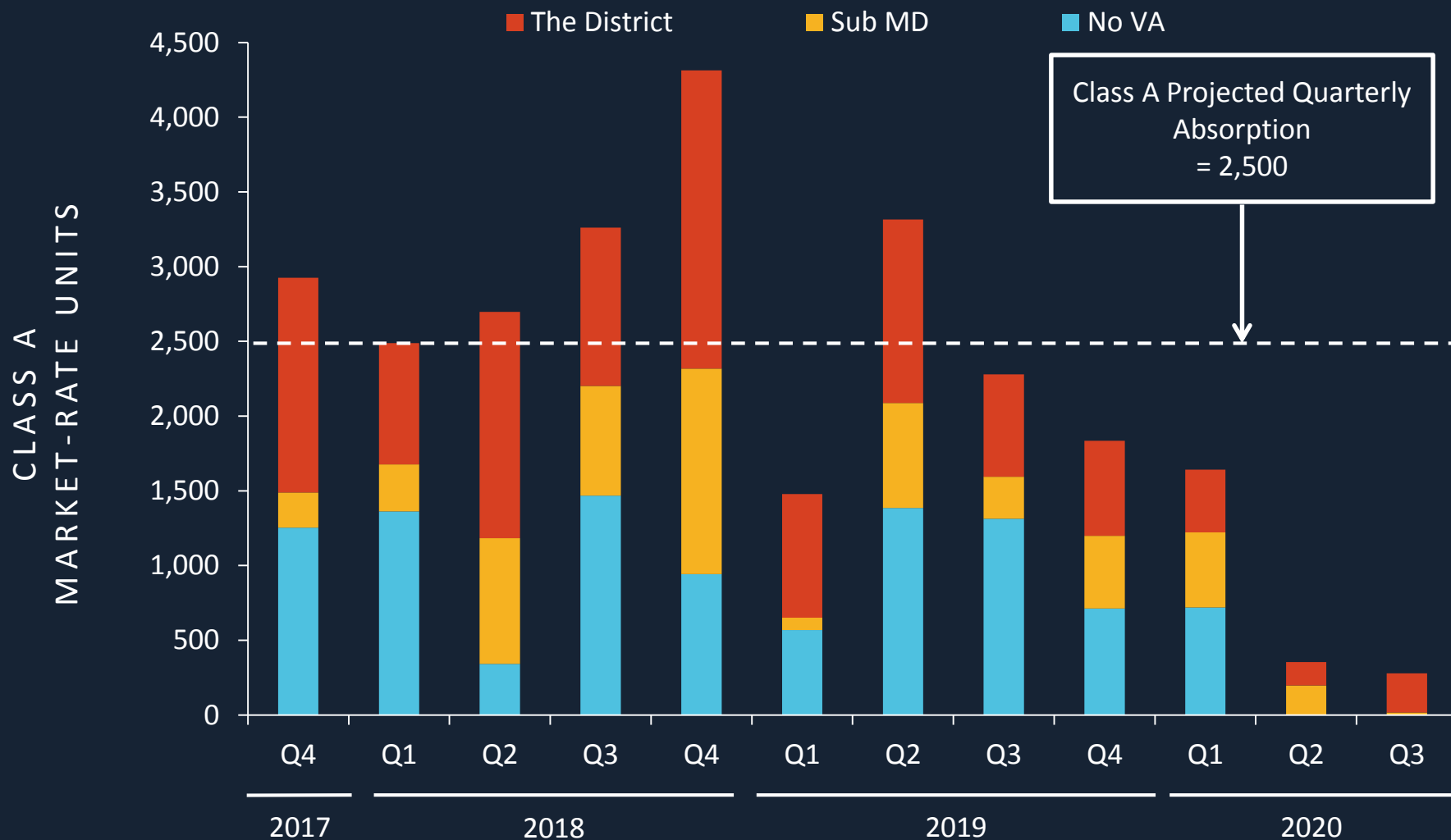
Source: Delta Associates; December 2017.

\*Market-Rate Units Planned and Under Construction.

\*\*As of Third Quarter.

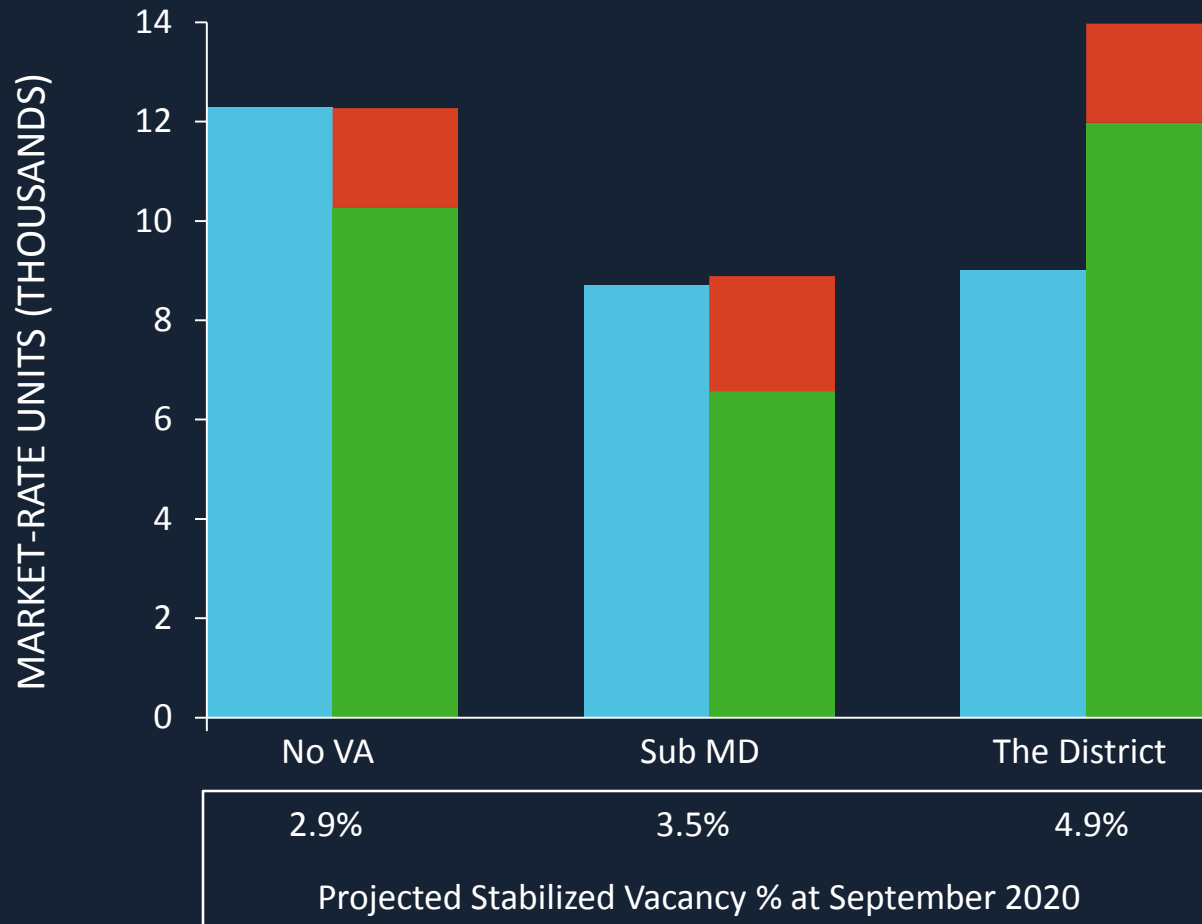
# PROJECTED DELIVERIES

36-Month Development Pipeline | Washington Metro Area | 2017 - 2020



# DEMAND AND SUPPLY PROJECTIONS

Washington Metro Area Class A Apartments | 36 Months Ending September 2020



Projected Stabilized Vacancy Rate at Sept. 2020: 3.5% Metro-Wide

## DEMAND

Net Absorption:  
10,000/Year = 30,000

## SUPPLY

Planned and may  
deliver by 9/20:  
6,329 units<sup>1</sup>

Under construction:  
28,808 units<sup>2</sup>

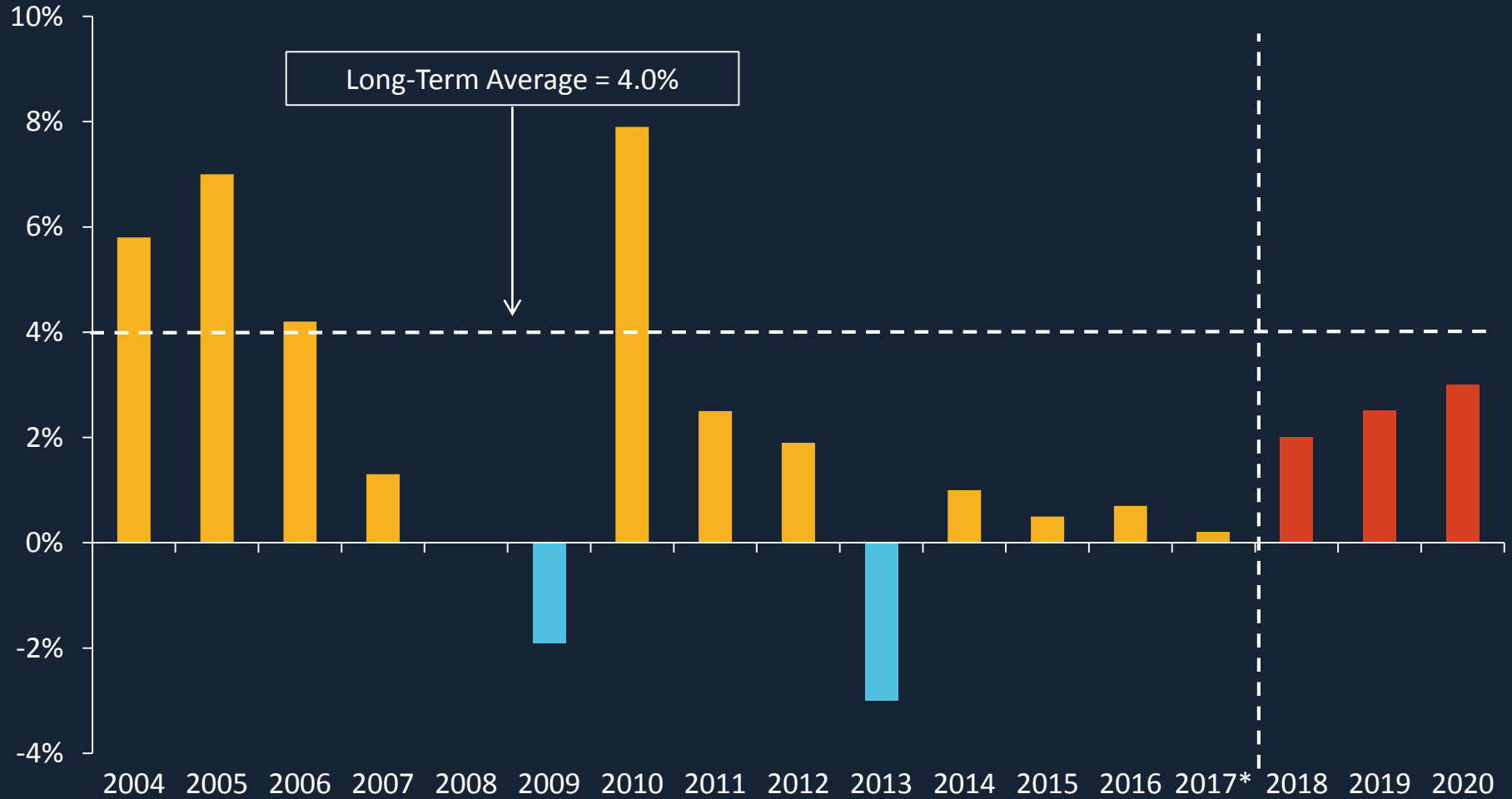
Total = 35,137 units

<sup>1</sup> Probable supply after projected attrition.

<sup>2</sup> Includes unleased units at projects in lease-up.

# ANNUAL CLASS A APARTMENT EFFECTIVE RENT GROWTH

Washington Metro Area | 2004 - 2020



DELTA ASSOCIATES'  
REAL ESTATE MARKET OVERVIEW

THE WASHINGTON METRO AREA  
CONDOMINIUM MARKET



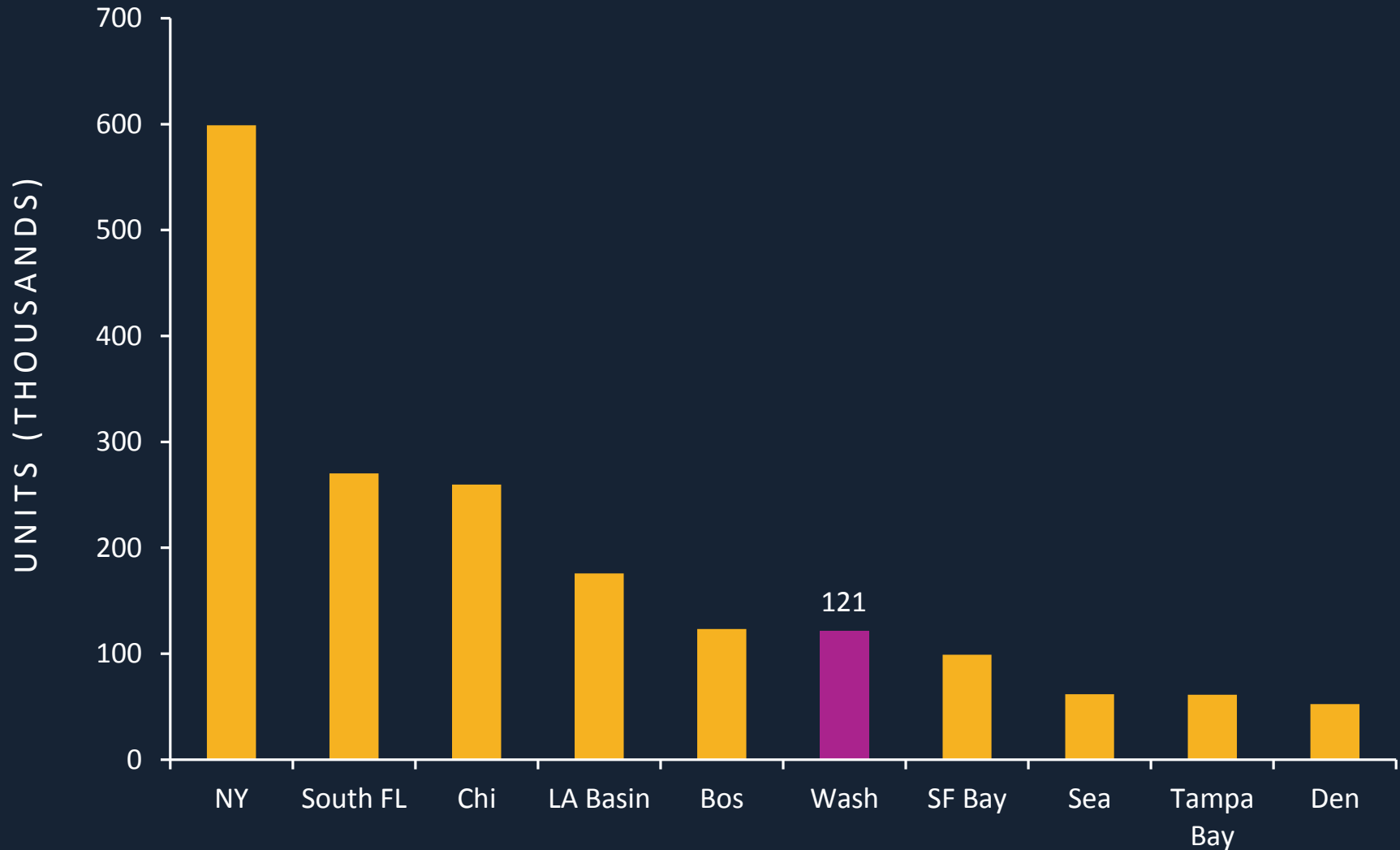
**DELTA**  
ASSOCIATES  
A Transwestern Company

# LARGEST CONDOMINIUM MARKETS

Selected Metro Areas | 2016



**DELTA**  
ASSOCIATES  
A Transwestern Company

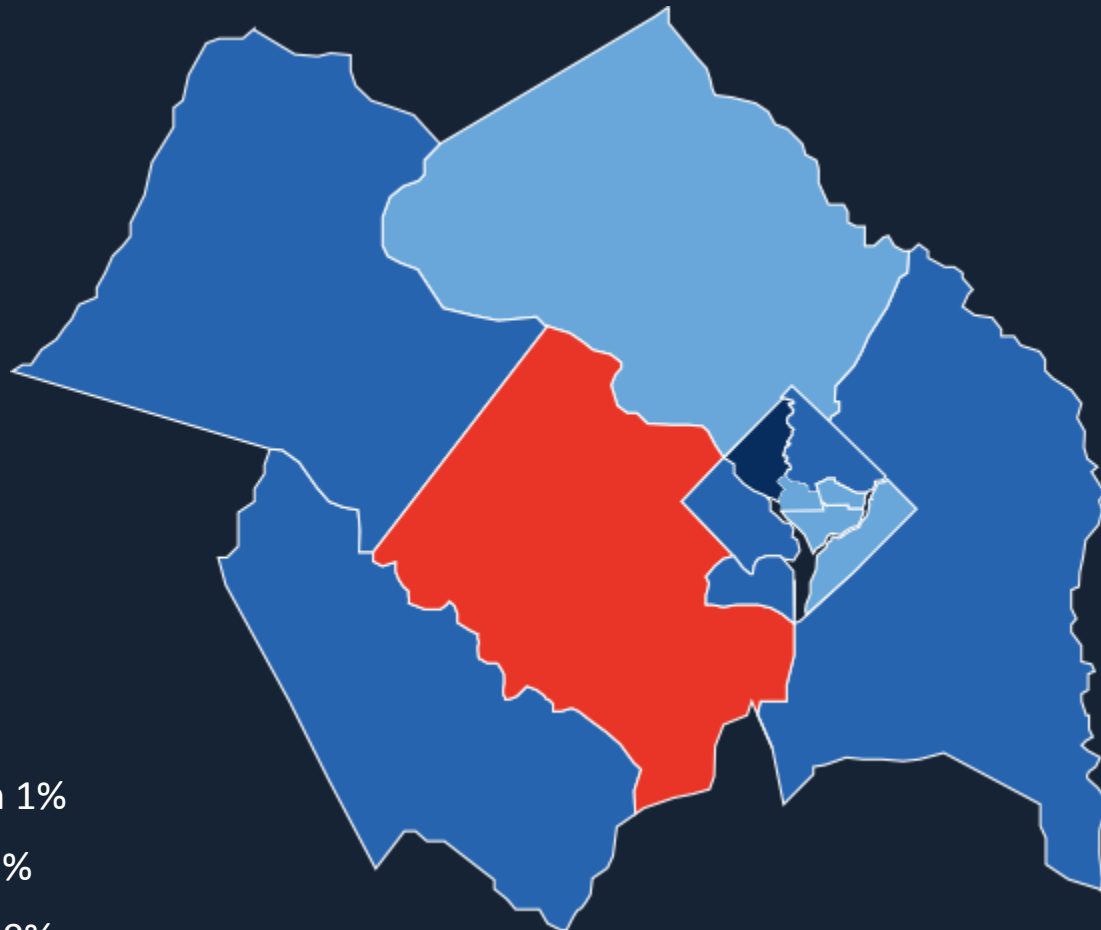


Source: U.S. Census Bureau, Delta Associates; December 2017.



# CONDOMINIUM SALES ACTIVITY

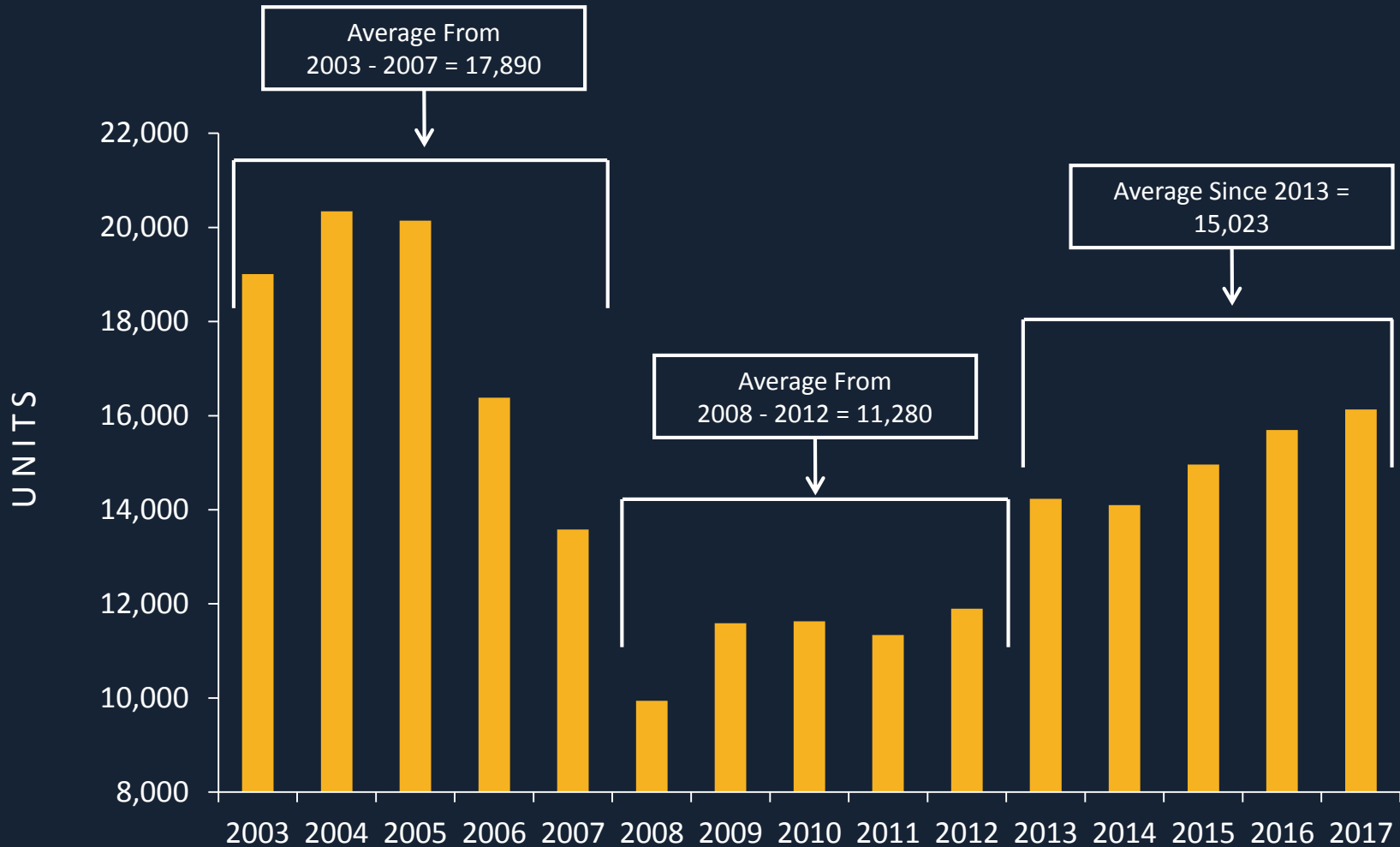
Washington Metro Area | 12 Mos. Ending September 2017 Compared to Prior Year



- Up more than 1%
- Down 1% - 25%
- Down 26% - 50%
- Down more than 50%

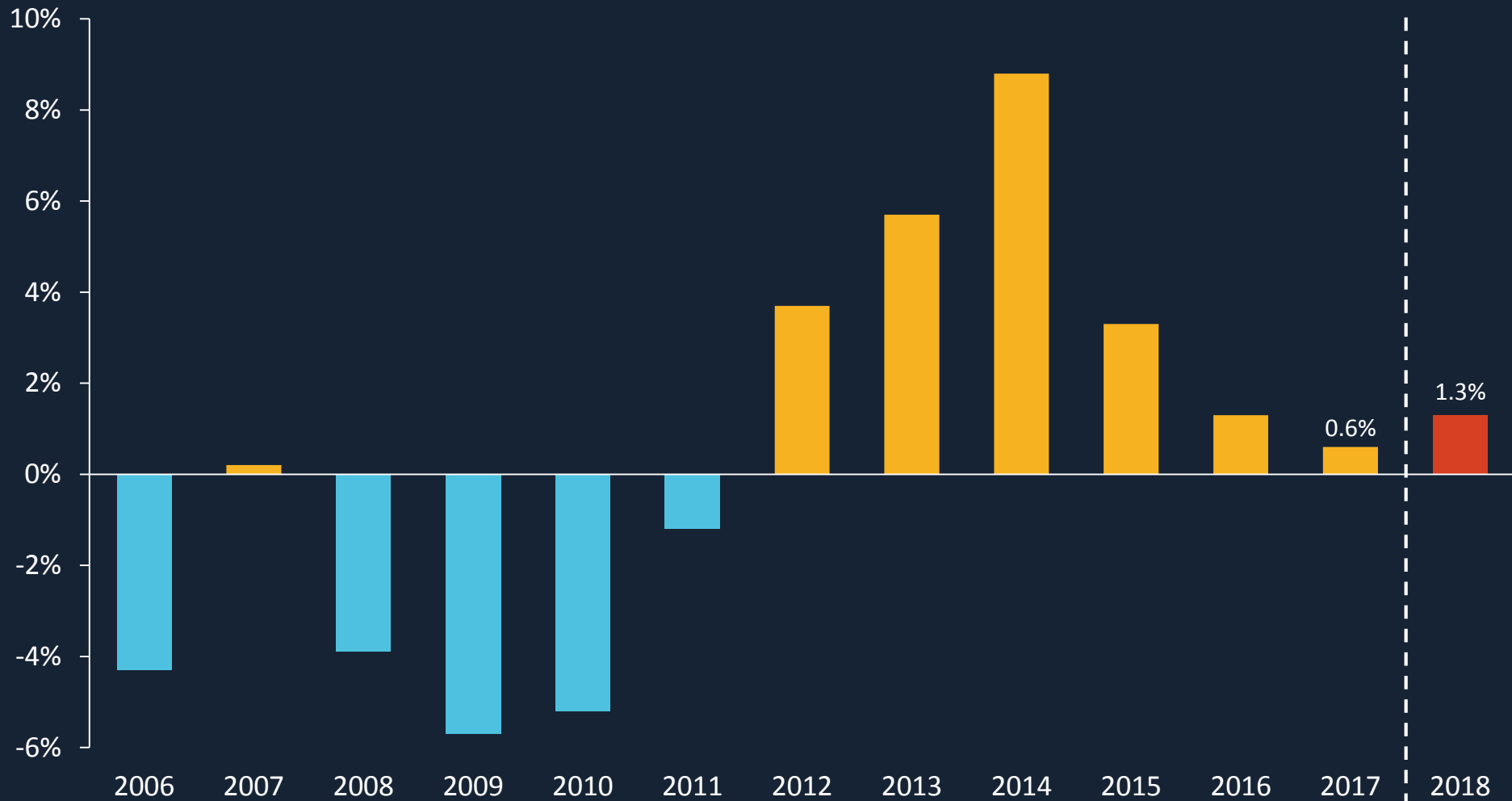
# ANNUAL CONDOMINIUM RESALES

Washington Metro Area | 2003 - 2017



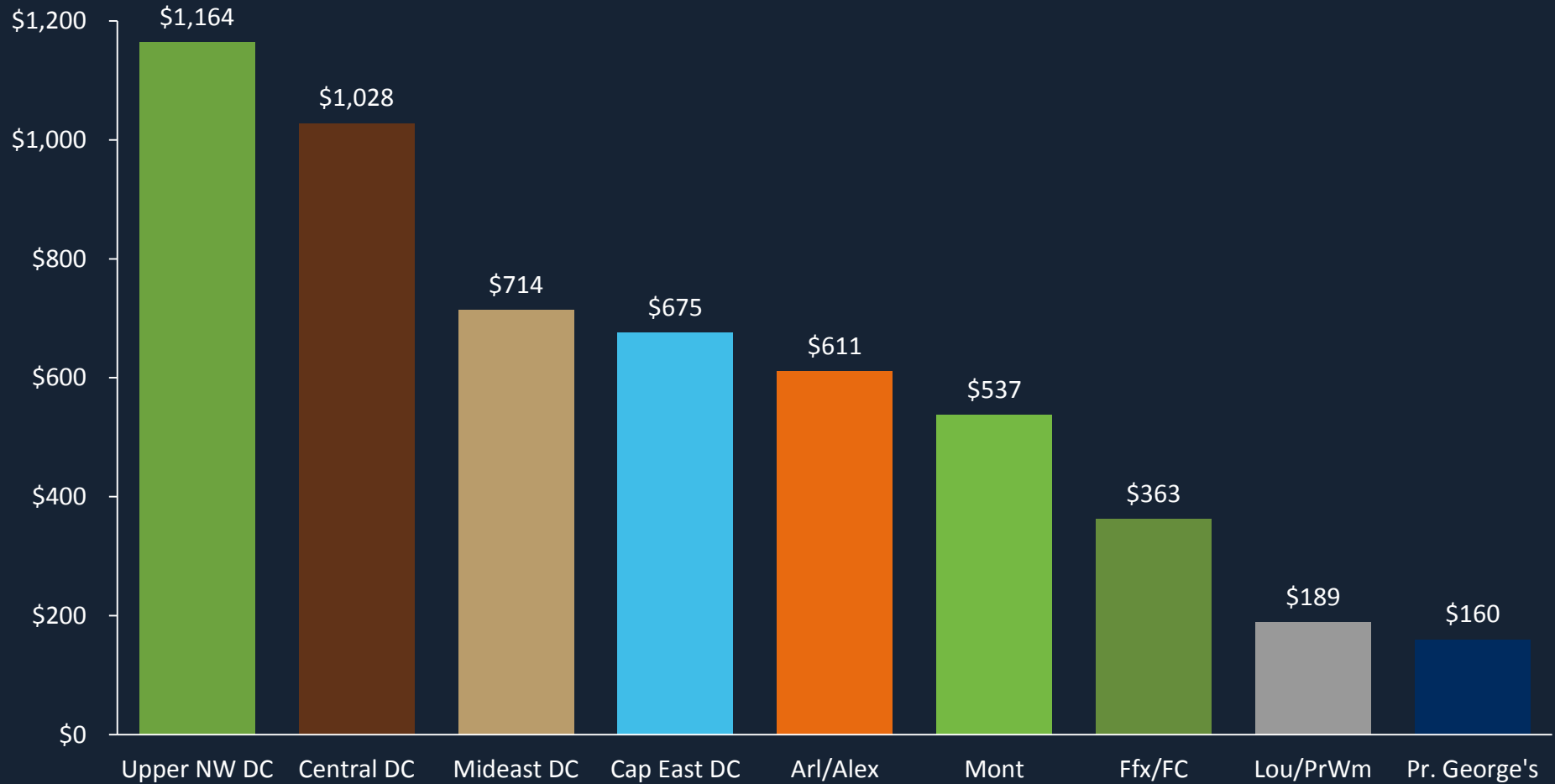
# EFFECTIVE NEW CONDOMINIUM SALES PRICE CHANGE

Washington Metro Area | 2006 - 2018



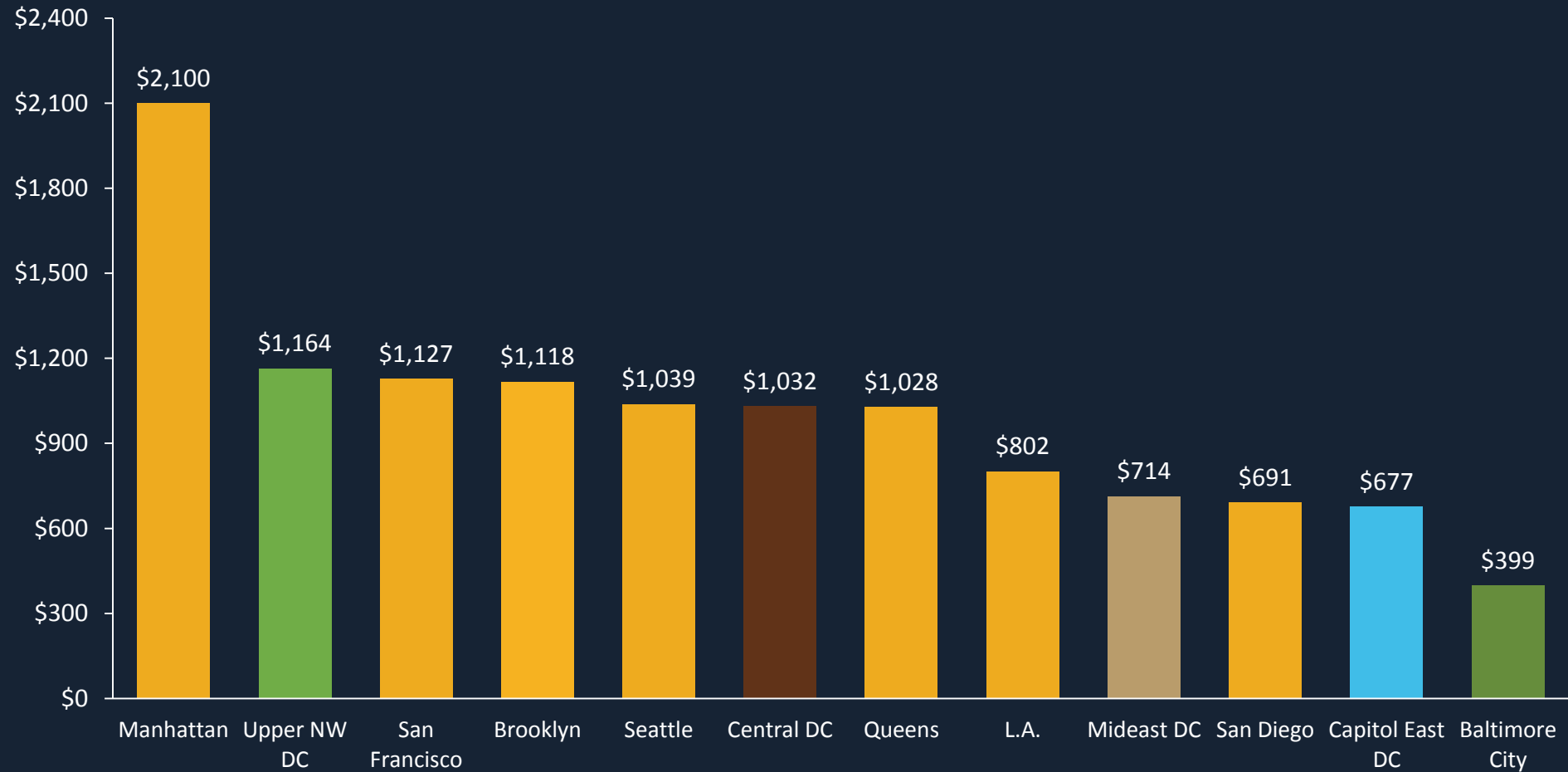
# NEW CONDOMINIUM AVERAGE PRICE PER SF

Washington Metro Area | Third Quarter 2017



# NEW CONDOMINIUM AVERAGE PRICE PER SF

Selected Downtown Areas in the U.S. | Third Quarter 2017\*

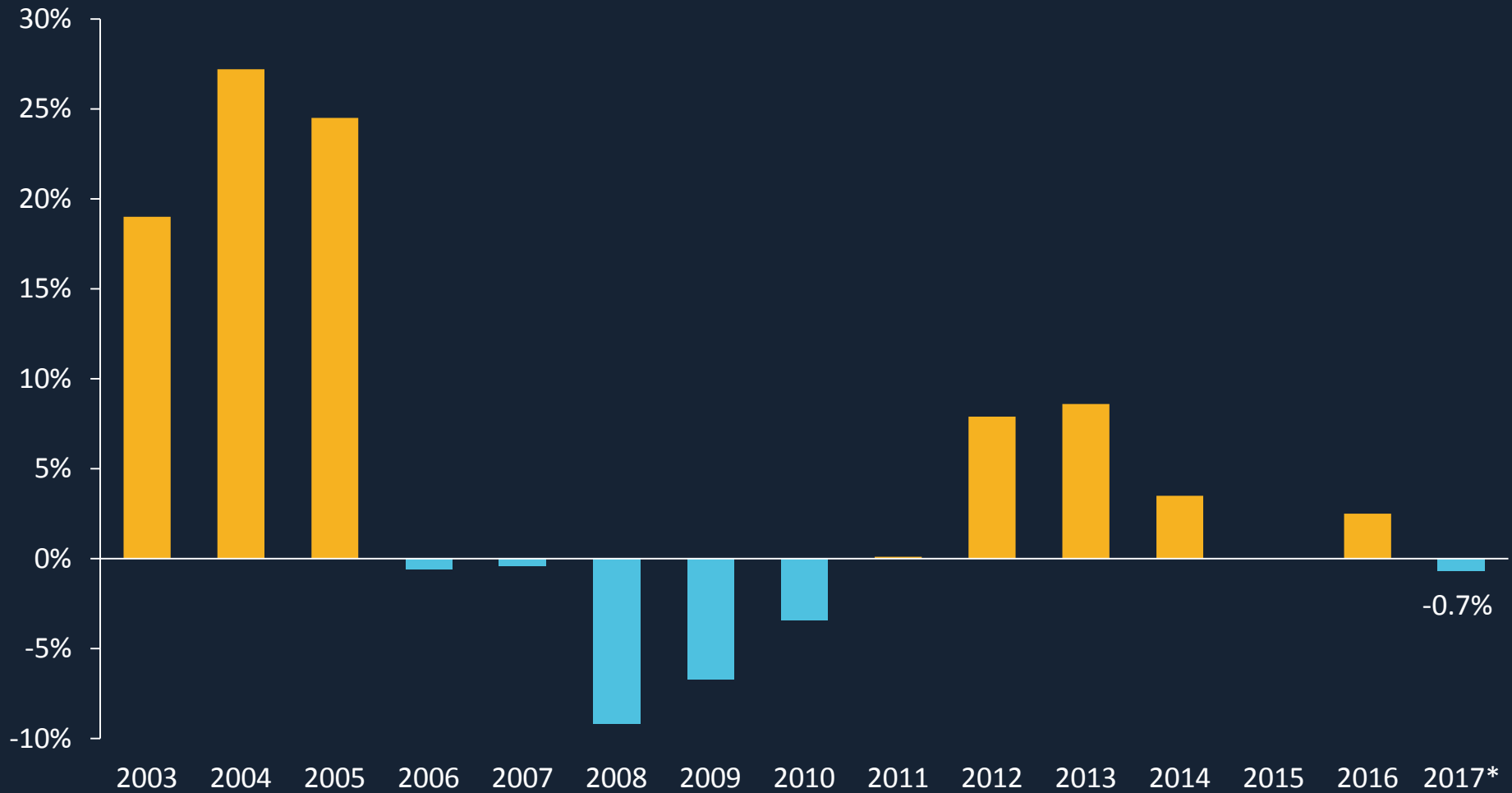


Source: The Mark Company, Miller Samuel Inc., Delta Associates, December 2017.

\*Third Quarter 2017 except for Manhattan, Brooklyn, and Queens which are as of Second Quarter 2017.

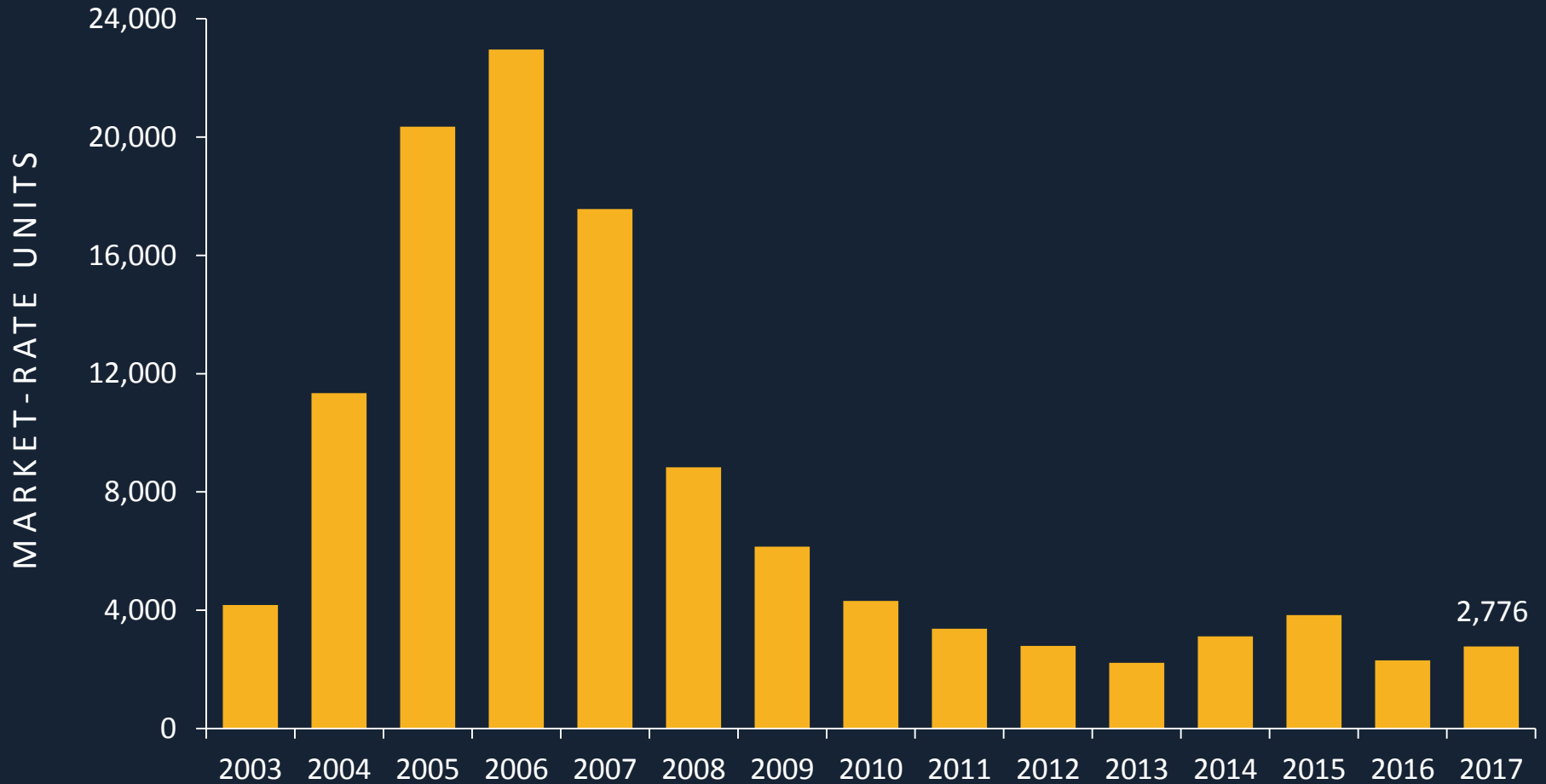
# RESALE CONDOMINIUM SALES PRICE CHANGE

Washington Metro Area | 2003 - 2017



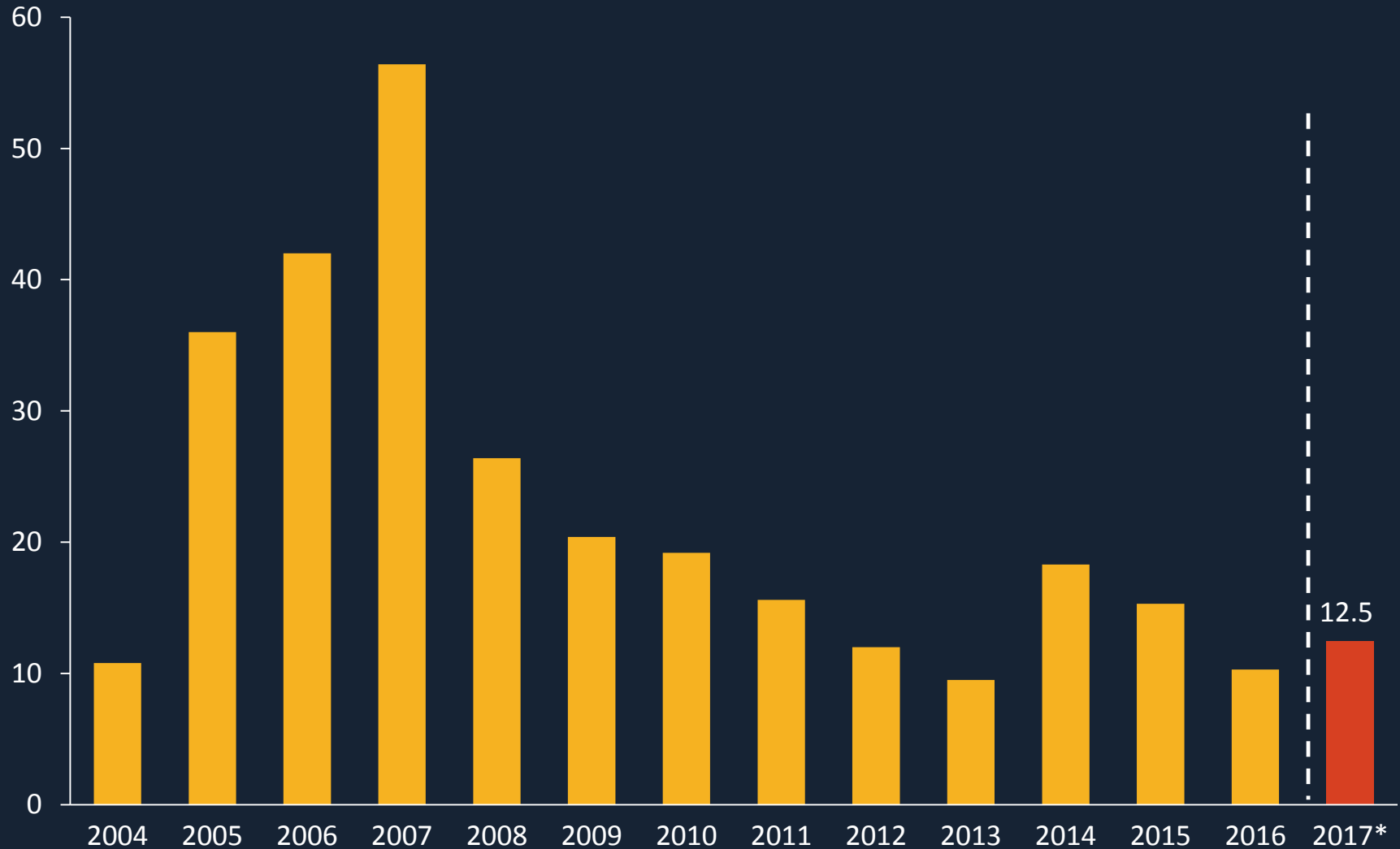
# NEW CONDOMINIUMS ACTIVELY MARKETING OR U/C

Washington Metro Area | 2003 - 2017



# MONTHS OF NEW CONDOMINIUM SUPPLY

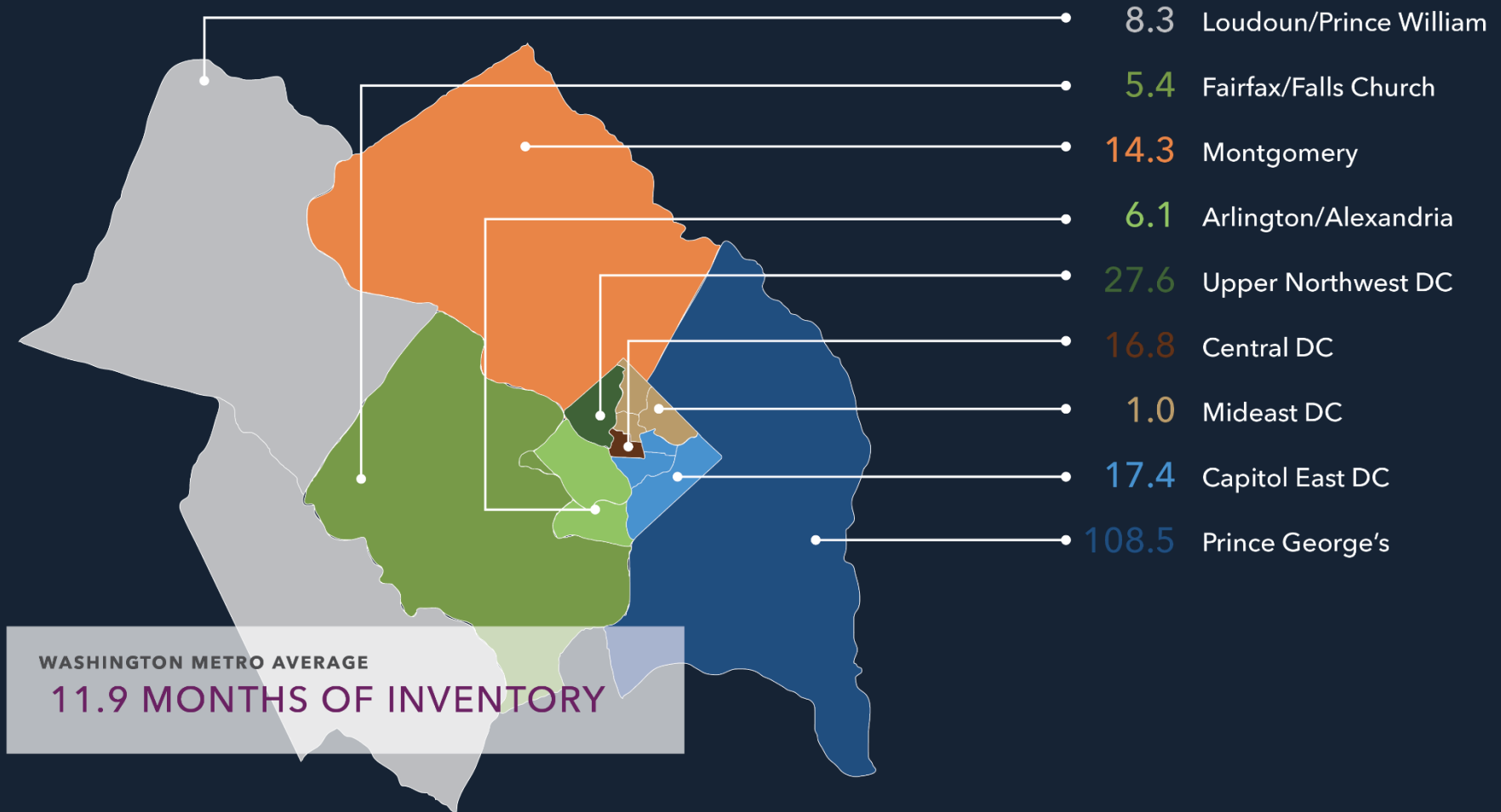
Washington Metro Area | 2004 - 2017





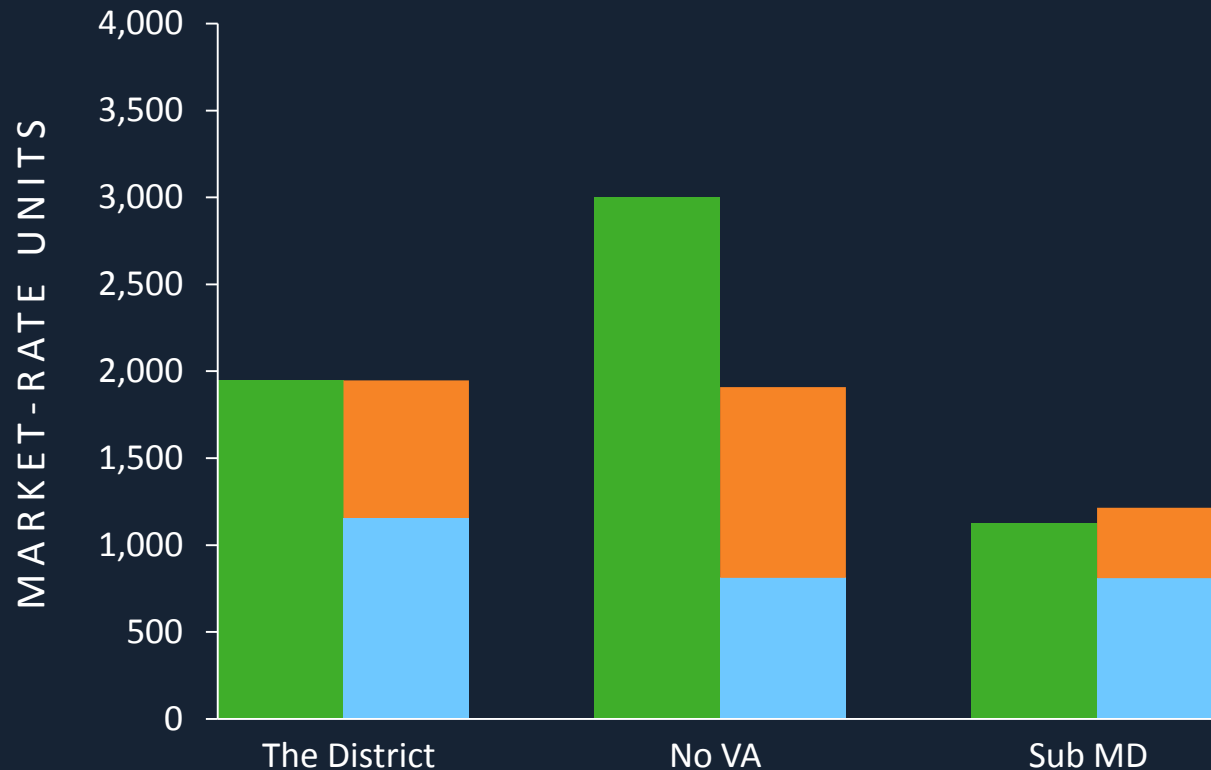
# MONTHS OF NEW CONDOMINIUM SUPPLY

Washington Metro Area | Third Quarter 2017



# DEMAND AND SUPPLY PROJECTIONS

Washington Metro Area Condominiums | 36 Months Ending September 2020



DEMAND

Net Sales:  
2,025/Year = 6,075 units

SUPPLY

Planned and May  
Begin Marketing by  
9/20: 2,294 units<sup>1</sup>

Under Construction  
and/or Marketing:  
2,776 units<sup>2</sup>

Total = 5,070 units

<sup>1</sup> Probable supply after projected attrition.

<sup>2</sup> Includes unsold units at projects selling.

# DELTA ASSOCIATES' WASHINGTON METRO AREA REAL ESTATE MARKET OVERVIEW



12.06.2017



**DELTA**  
ASSOCIATES  
A Transwestern Company

By William Rich, CRE  
President