2017 NVAR ECONOMIC SUMMIT

Issues & Inventory

What's Driving Demand?

2017 Chairman
Bob Adamson

21st Annual Economic Summit

- Brought to you by:
  - Northern Virginia Association of Realtors®
- In partnership with:
  - George Mason University's:

    Center for Regional Analysis

GEORGE MASON UNIVERSITY

 

Moderators

Marshall Chapman & Richard Donohoe

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NVAR Government Affairs

VA Realtor® Pin

Politics & Pancakes

10.10.17 | NVAR.com/Pancakes

2017 NVAR Convention & Trade Show

REALTORS®: You're Worth It!

10.10.17

NVARconvention.com

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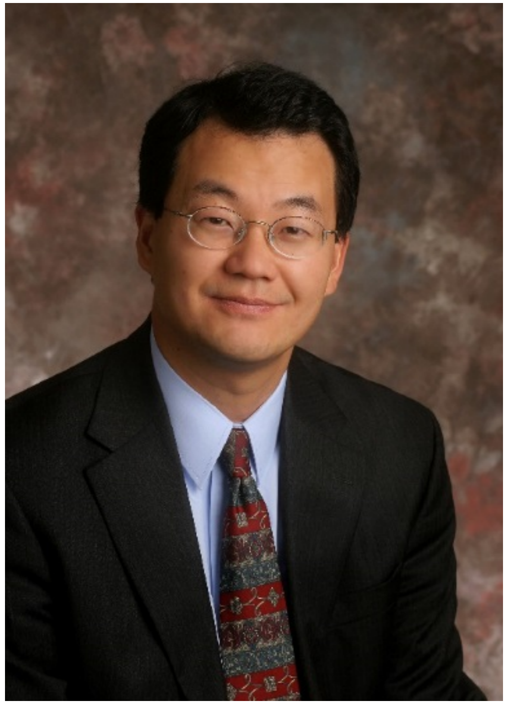
QUESTIONS & ANSWERS

- Q&A will start at ~Session Two
- Step up to one of the audience microphones
- Please keep your question brief and to the point



Dr. Lawrence Yun
National Association of Realtors®

National Economic, Housing Overview & Forecast

By Lawrence Yun, Ph.D.
Chief Economist, National Association of REALTORS®

Presentation at Iowa Association of REALTORS®
September 18, 2017

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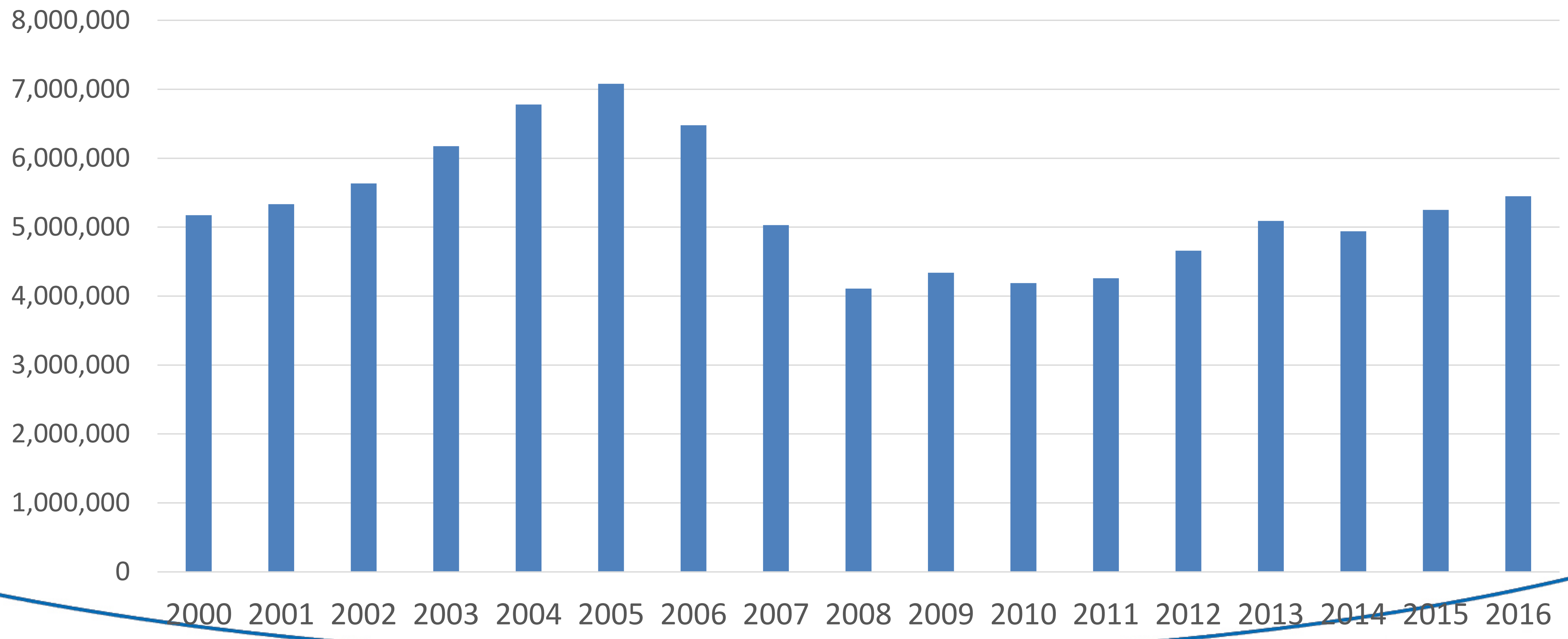
Existing Home Sales

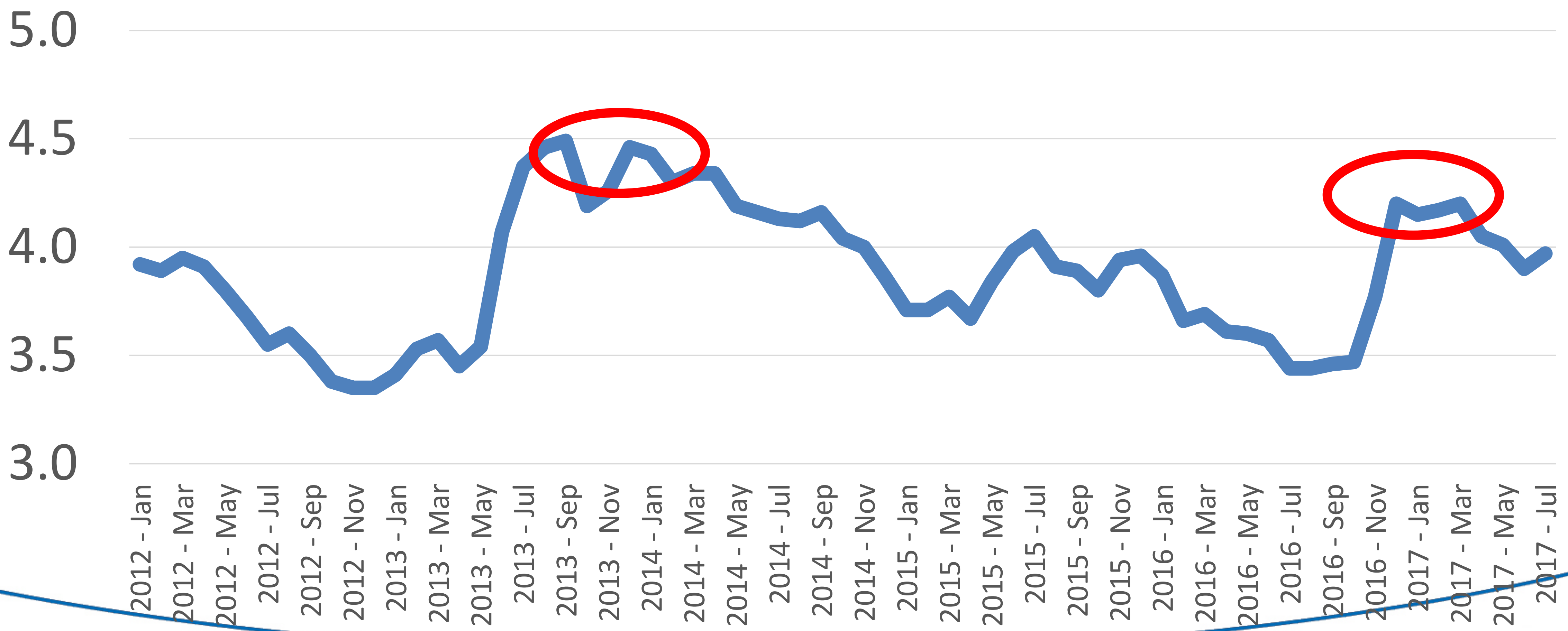


Existing Home Sales – Mostly Rising in Recent Years

(Exceptions: when home buyer tax credit ended and “taper tantrum”)

Mortgage Rates

30-year Fixed Rate



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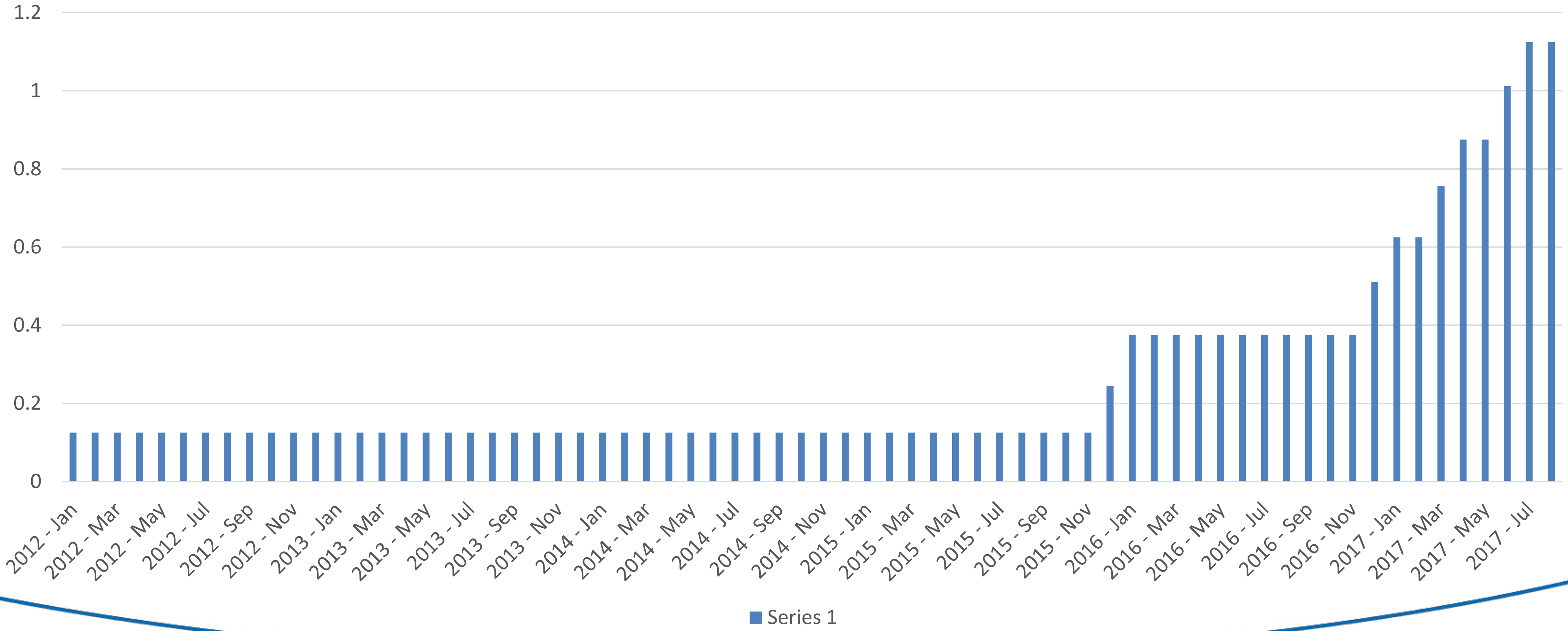
Monetary Policy
Fed Funds Rate



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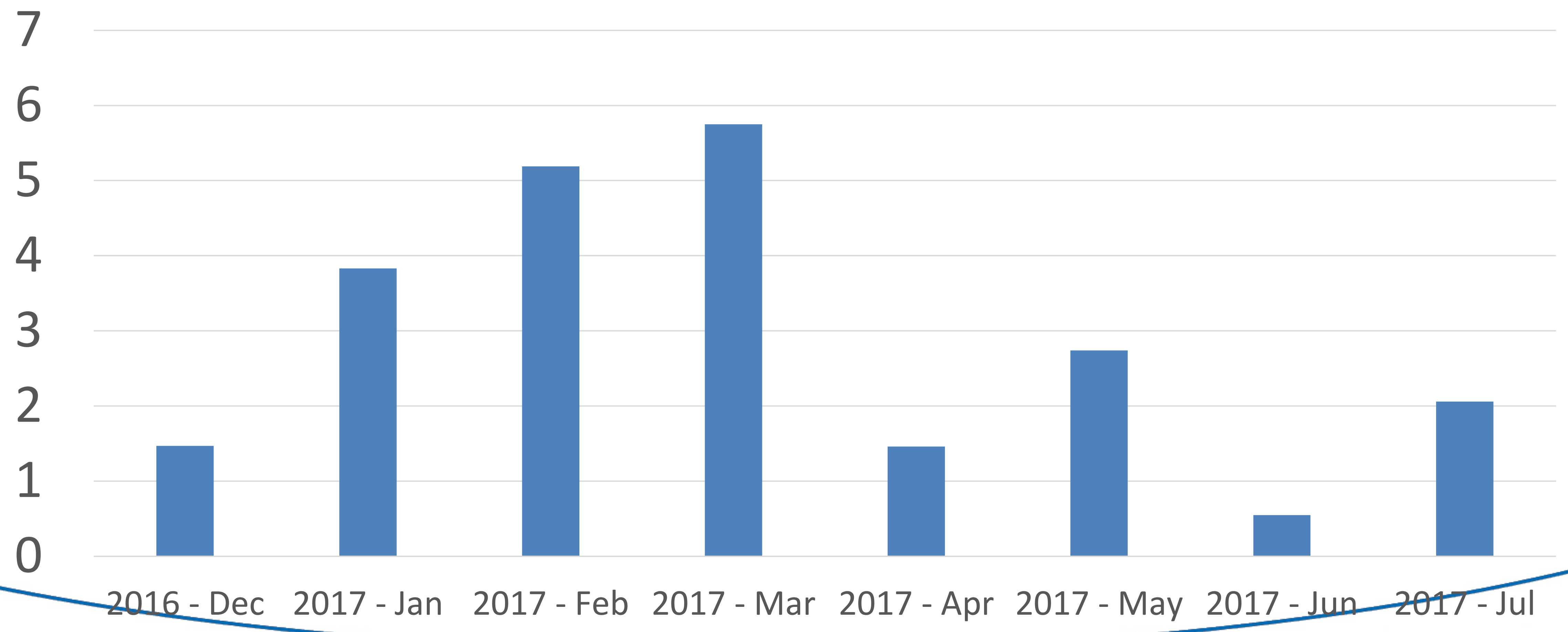
Existing Home Sales Rising After Election

(% change from one year ago)



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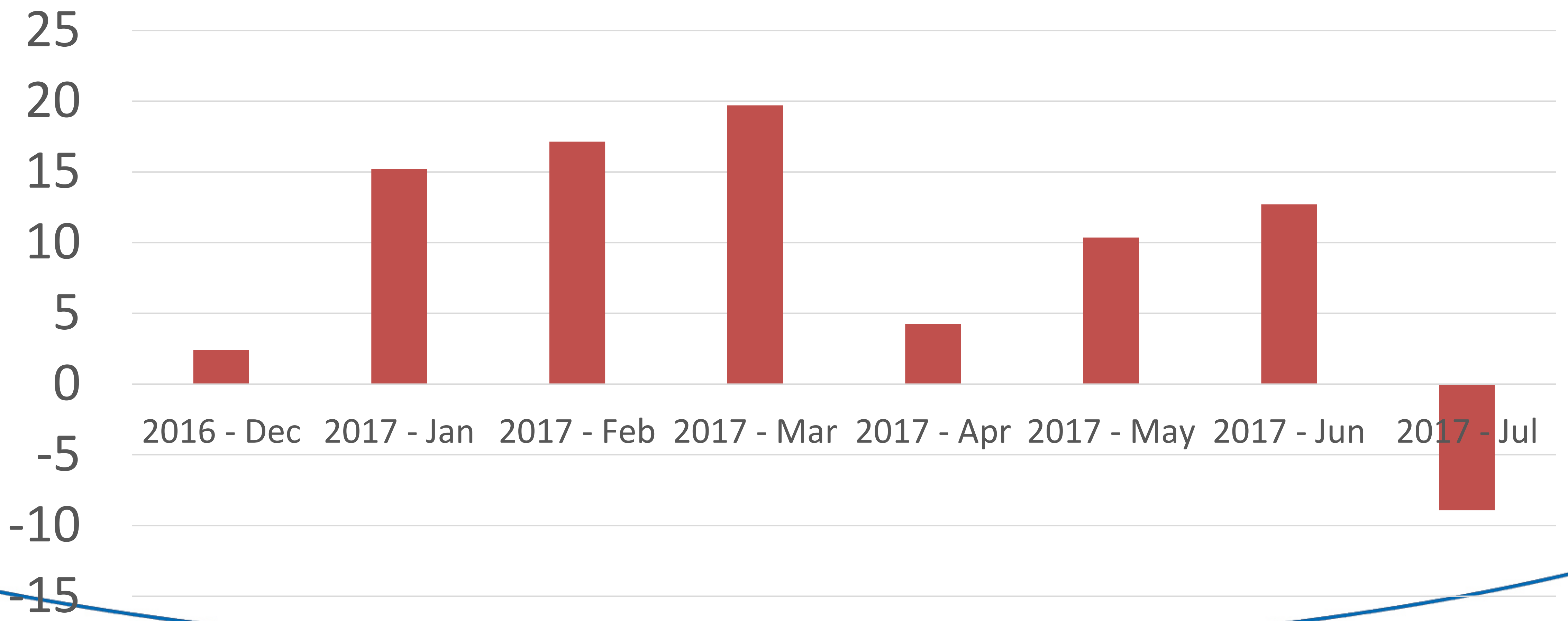
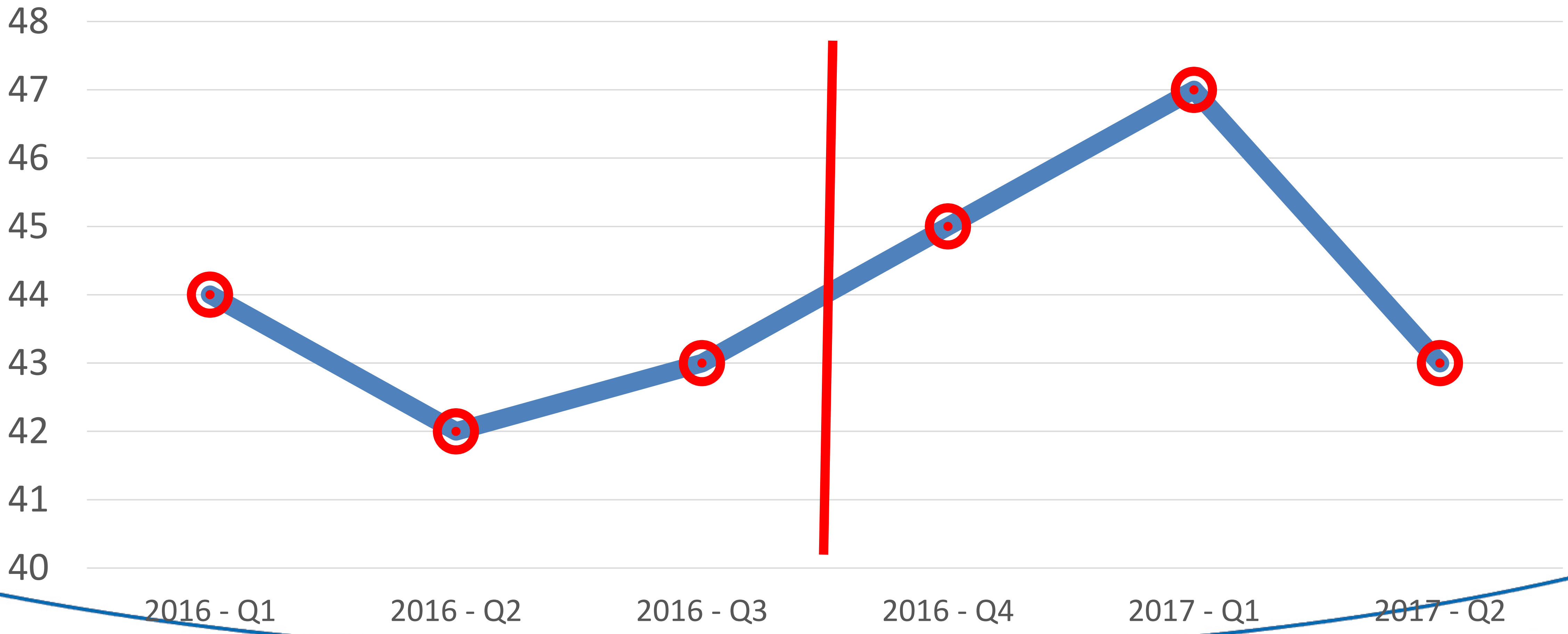
New Home Sales Rising – After Election



NAR HOME Survey of Consumers

% Strongly indicating Good Time to Buy



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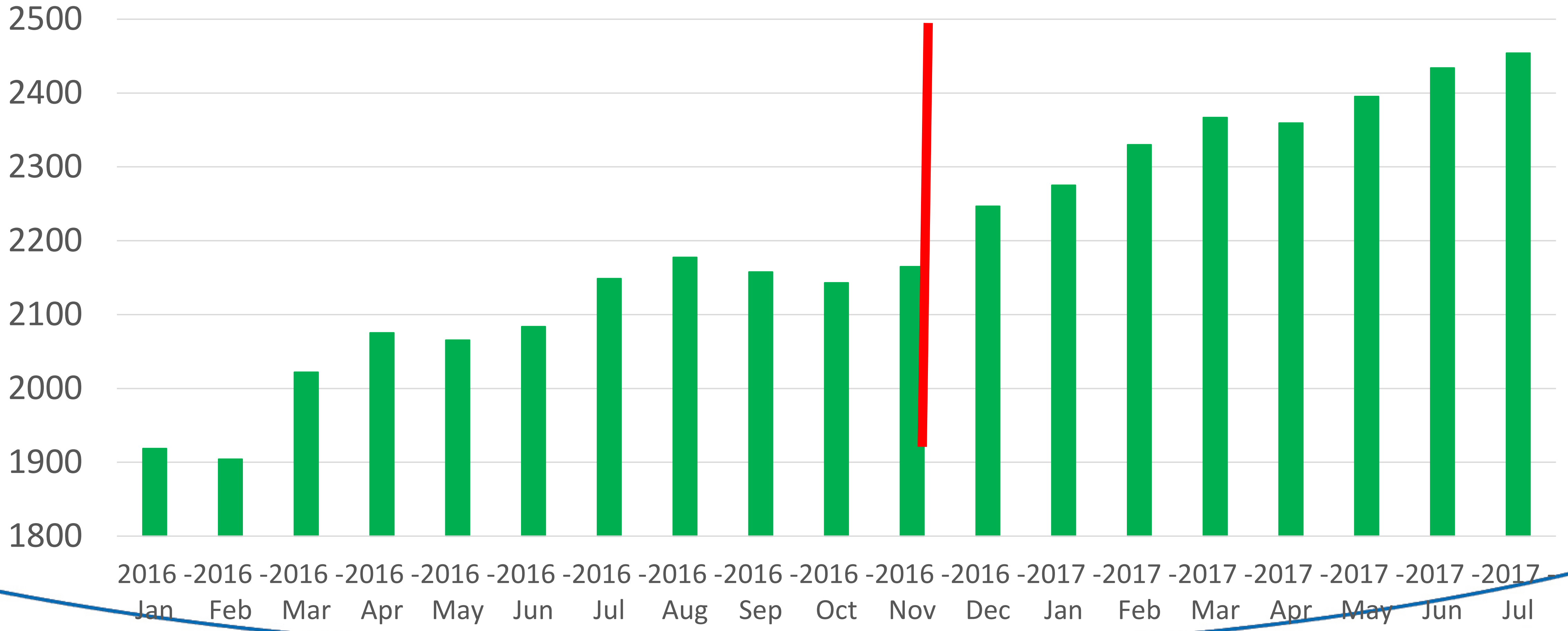
Stock Market: S&P 500 Index



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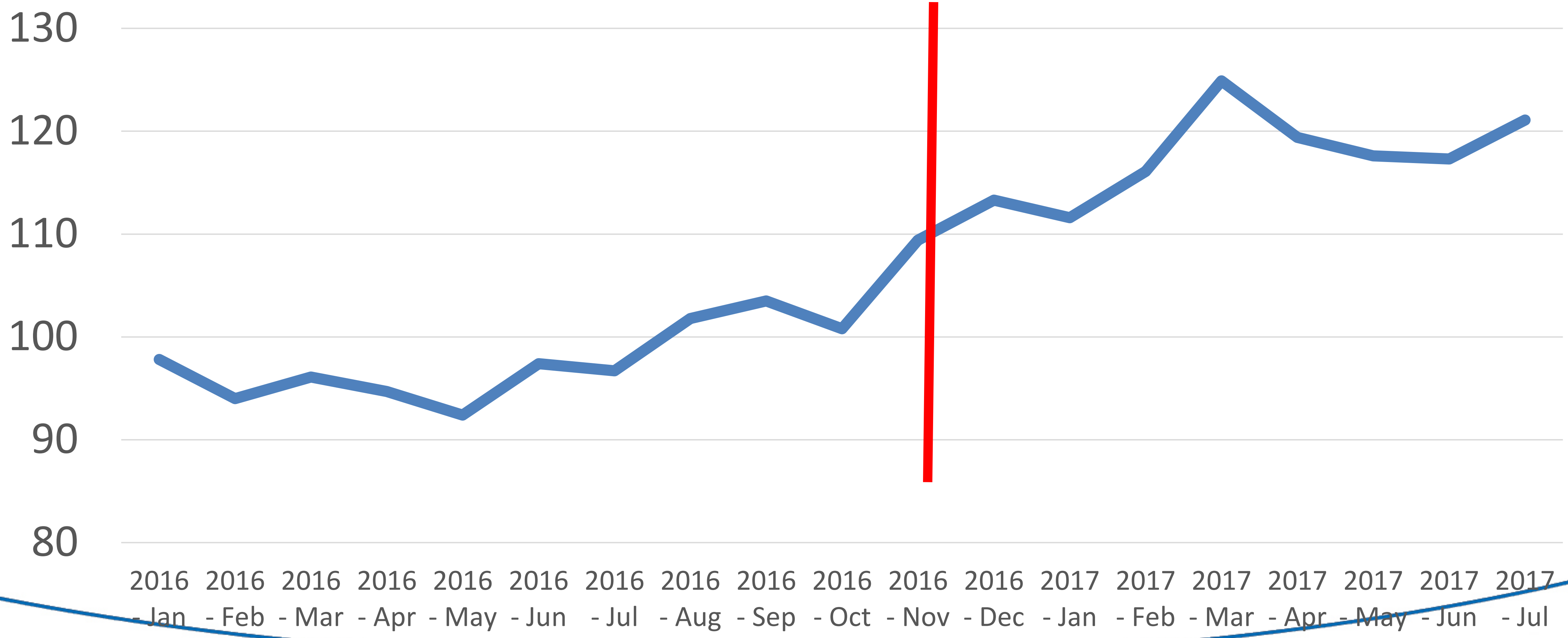
Animal Spirit Revival of Consumers?
Consumer Confidence Index



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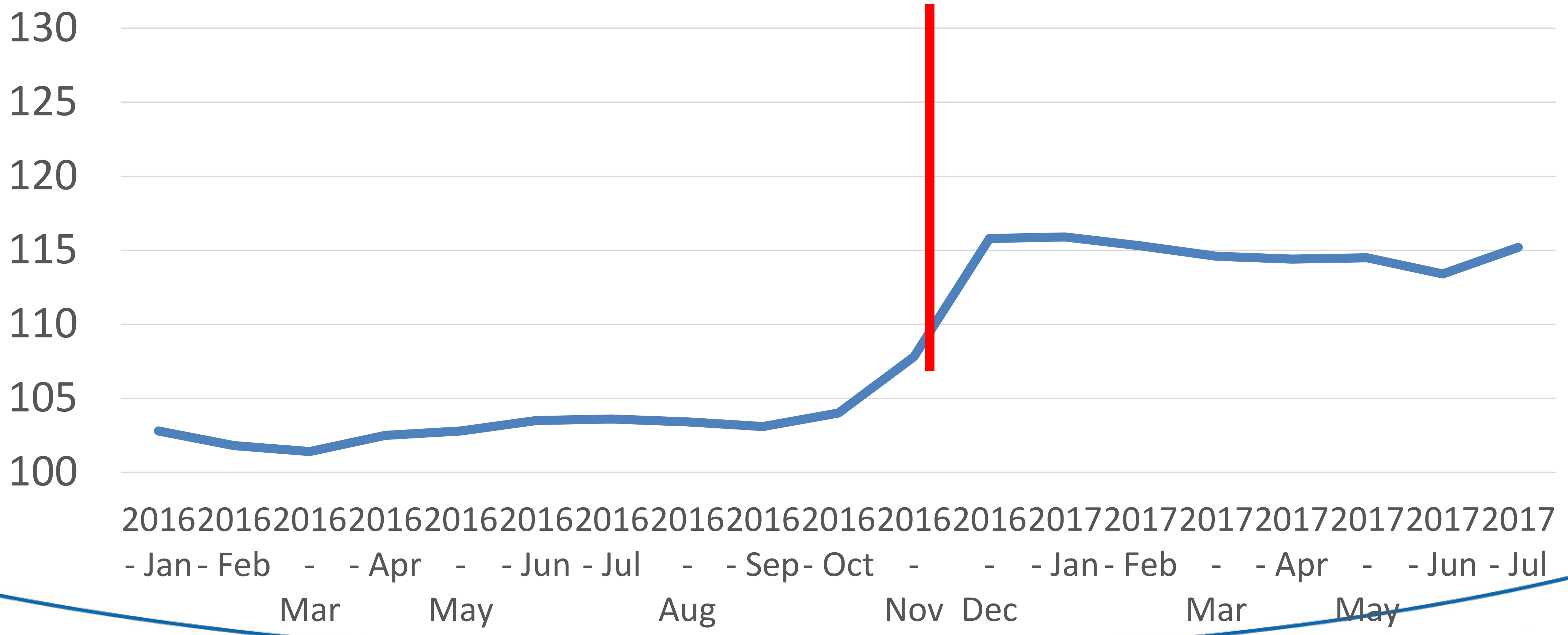
Animal Spirit Revival of Businesses? Small Business Optimism Index



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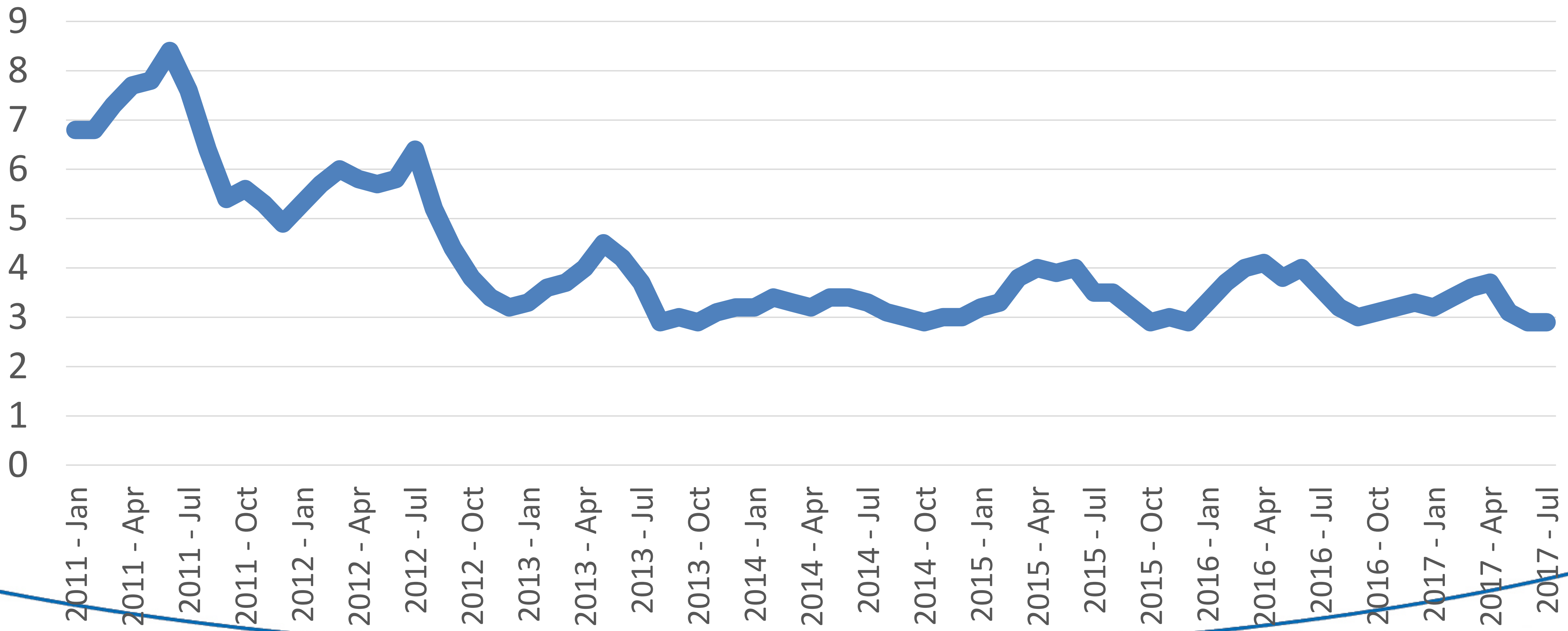
Months to Sell a Newly Built Home



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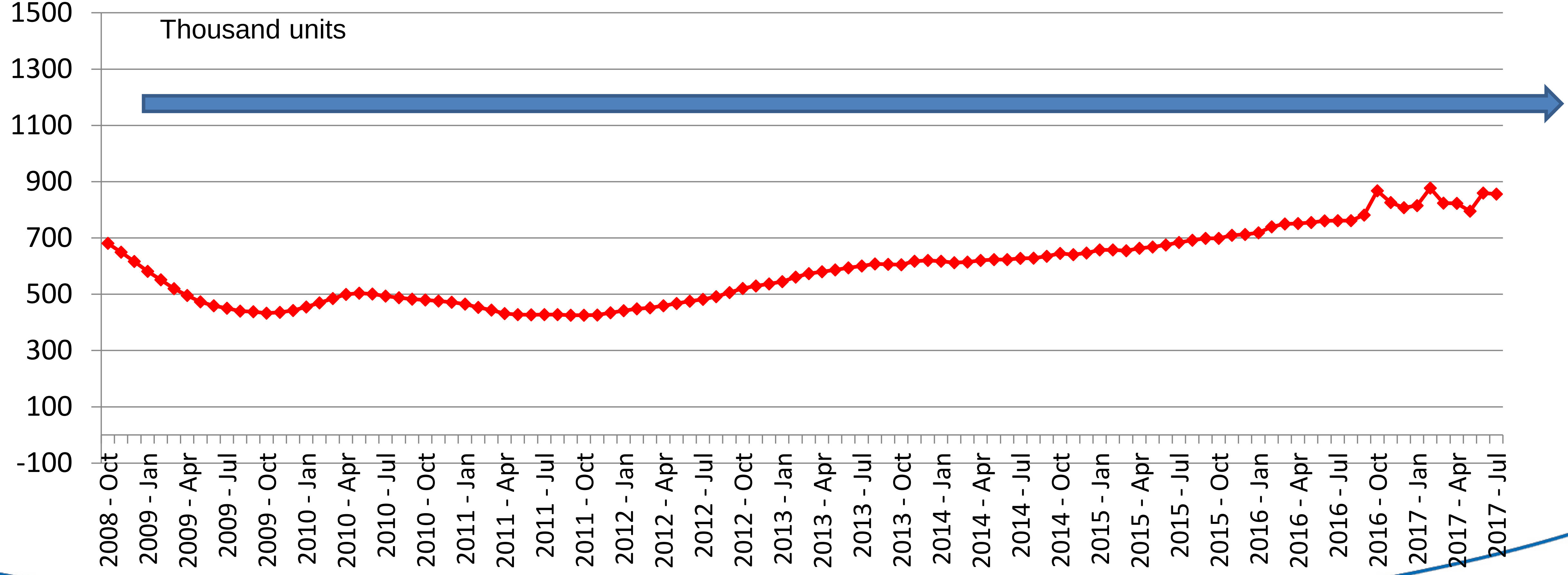
Single-family Housing Starts

(Shortage of *Lots, Labor, Lending, Lumber*)



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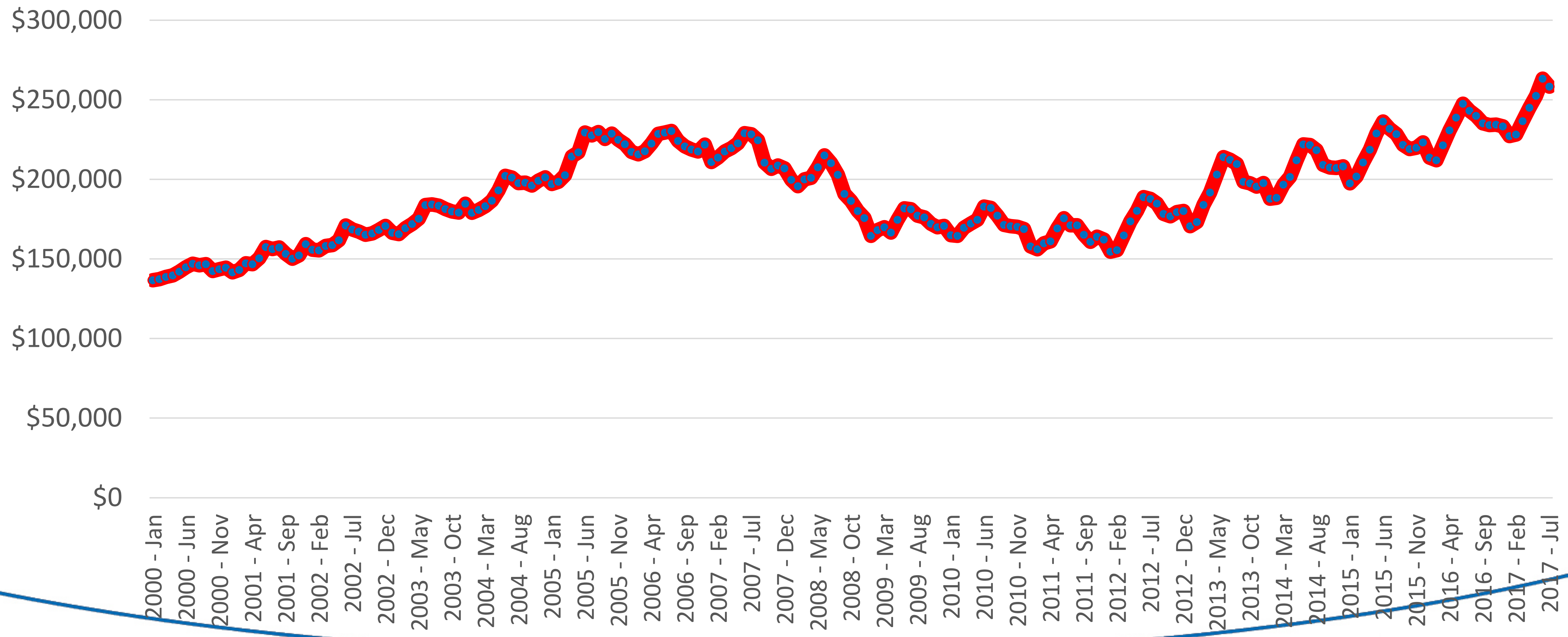
U.S. Home Price Index



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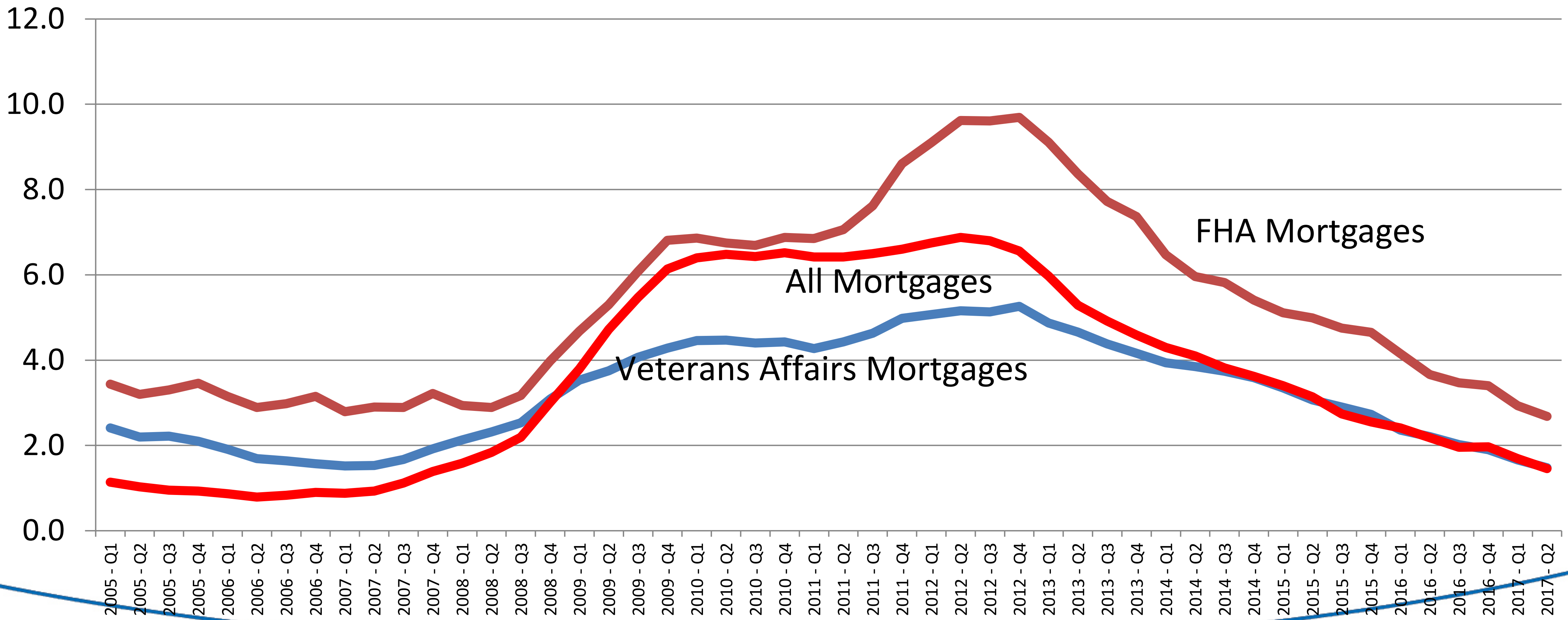
Borrowers Not Defaulting

(Serious Delinquency Rate)



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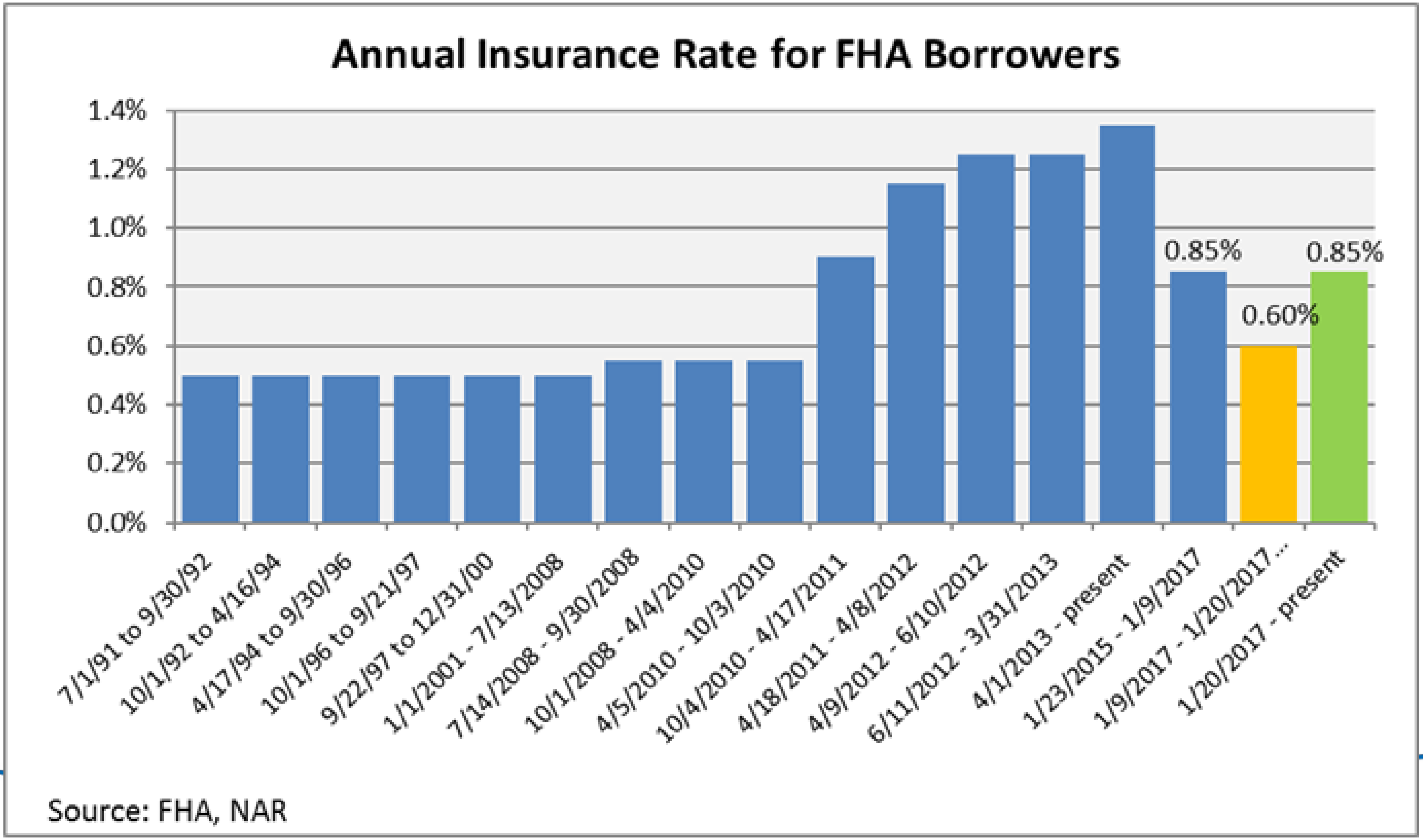
FHA Insurance Premium - High



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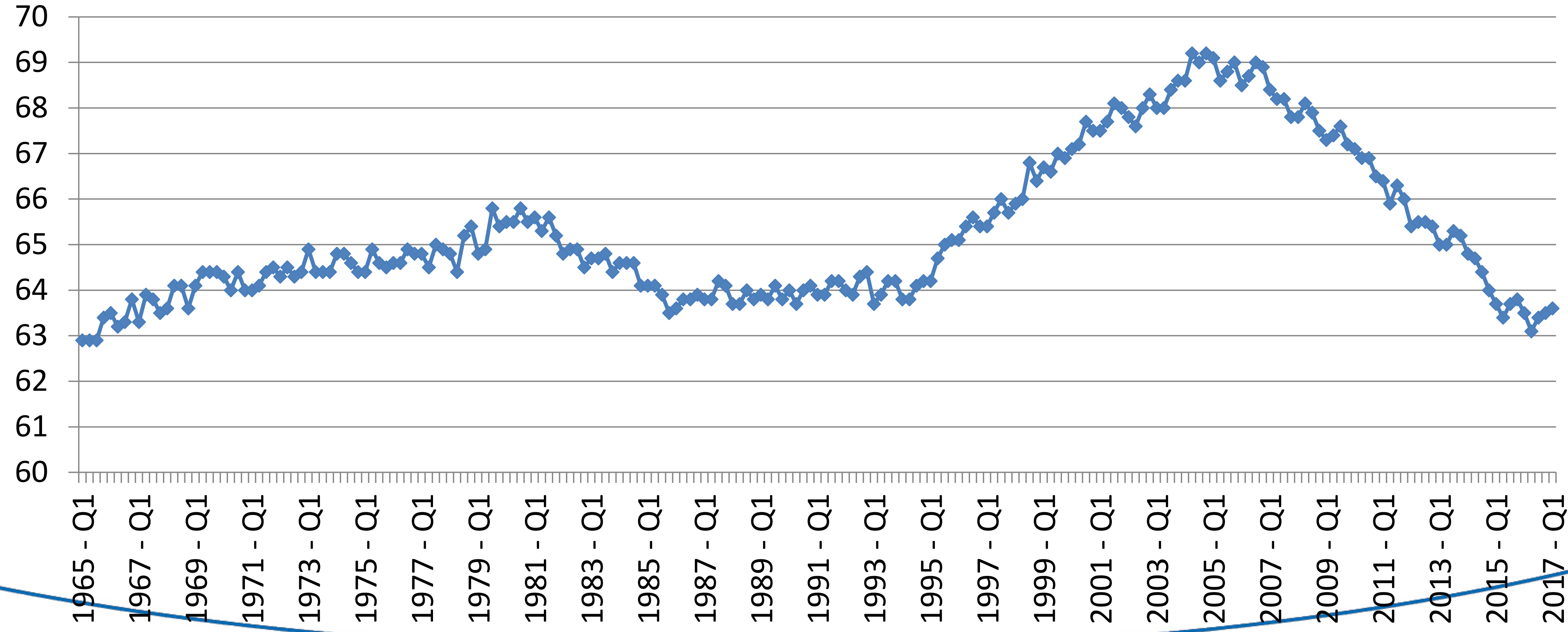
Homeownership Rate
Still Near 50-year Lows



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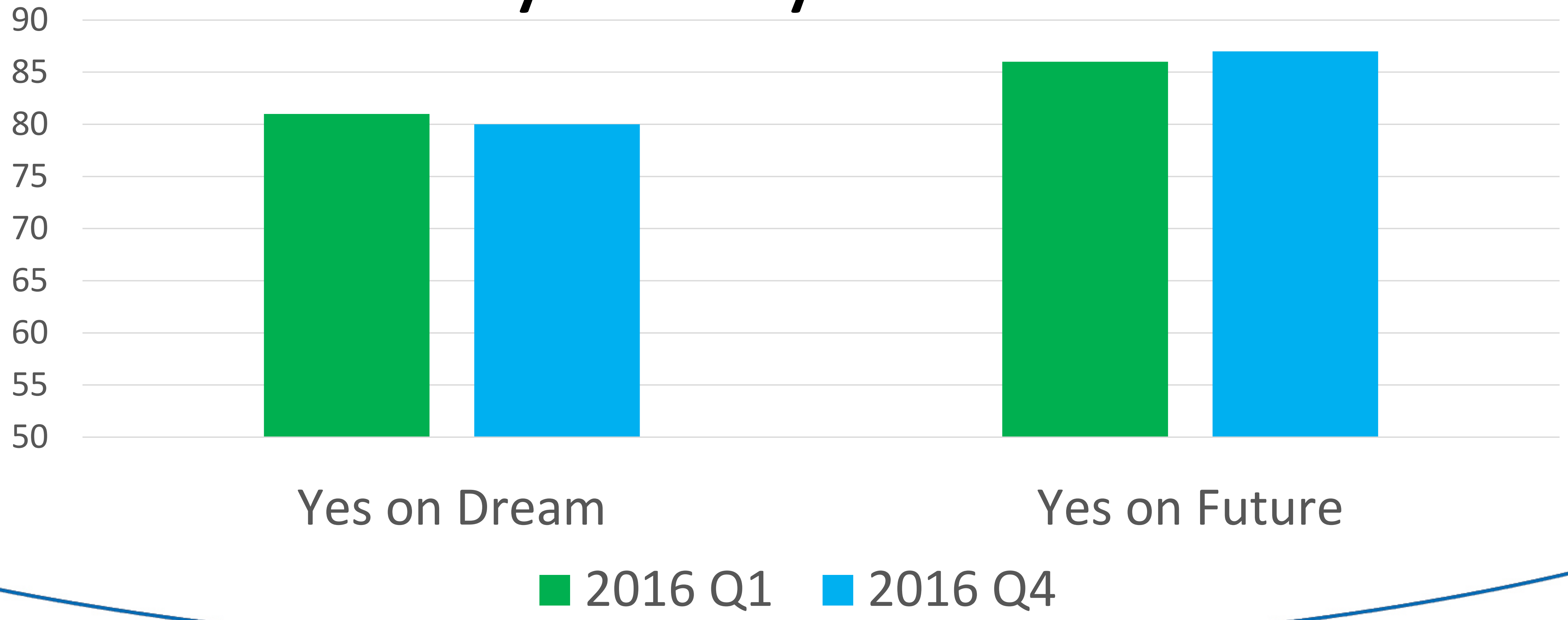
Is Owning still American Dream? Will you Buy in Future?



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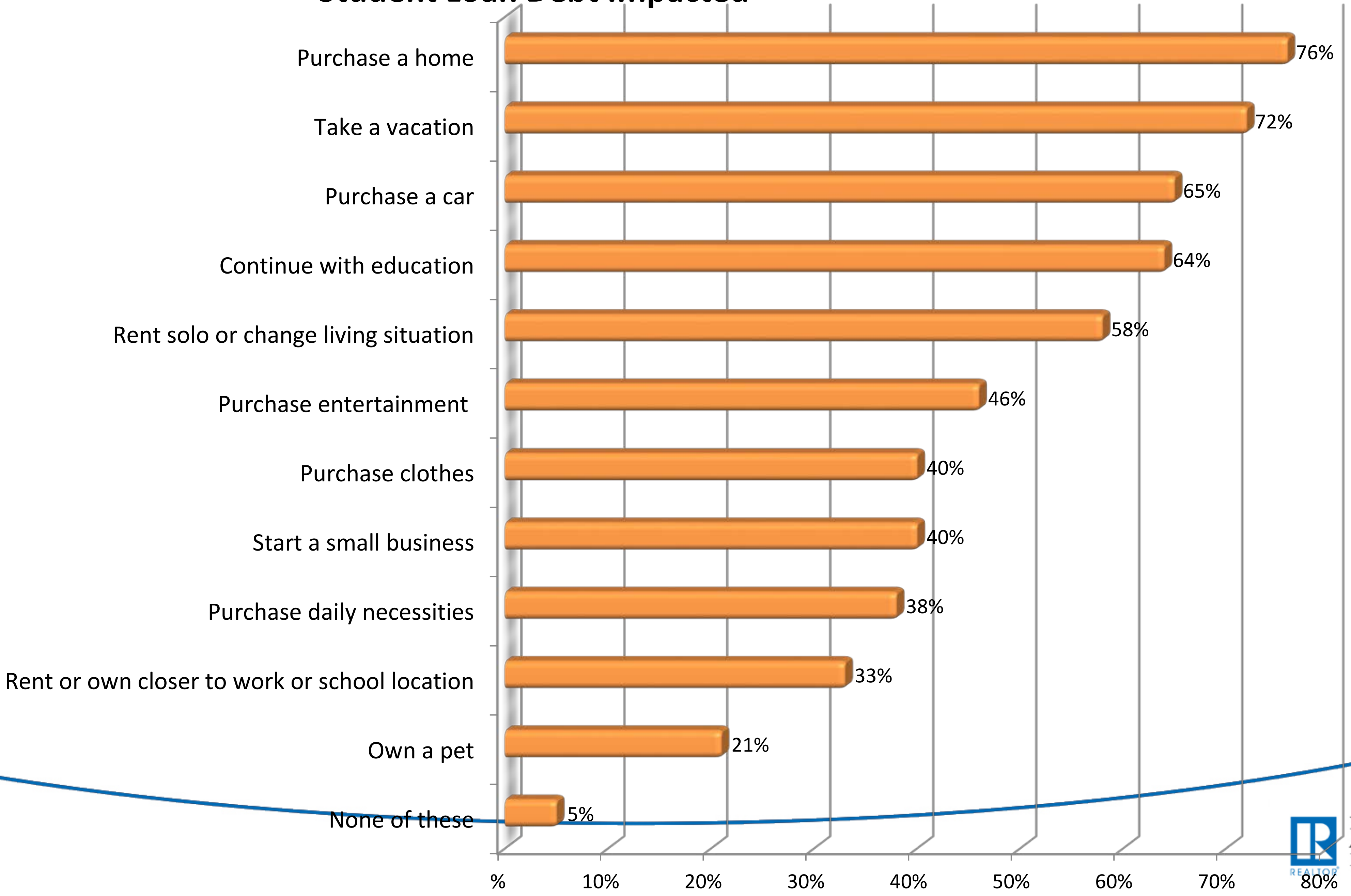
Student Loan Debt Impacted



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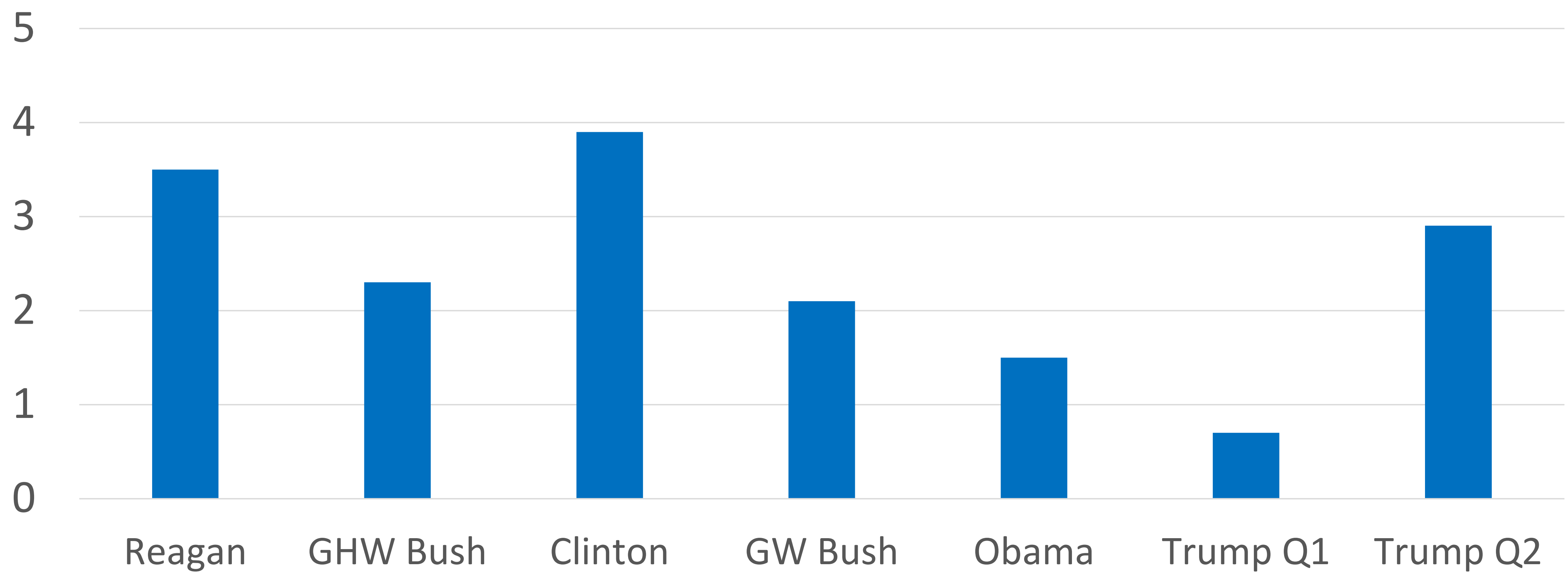
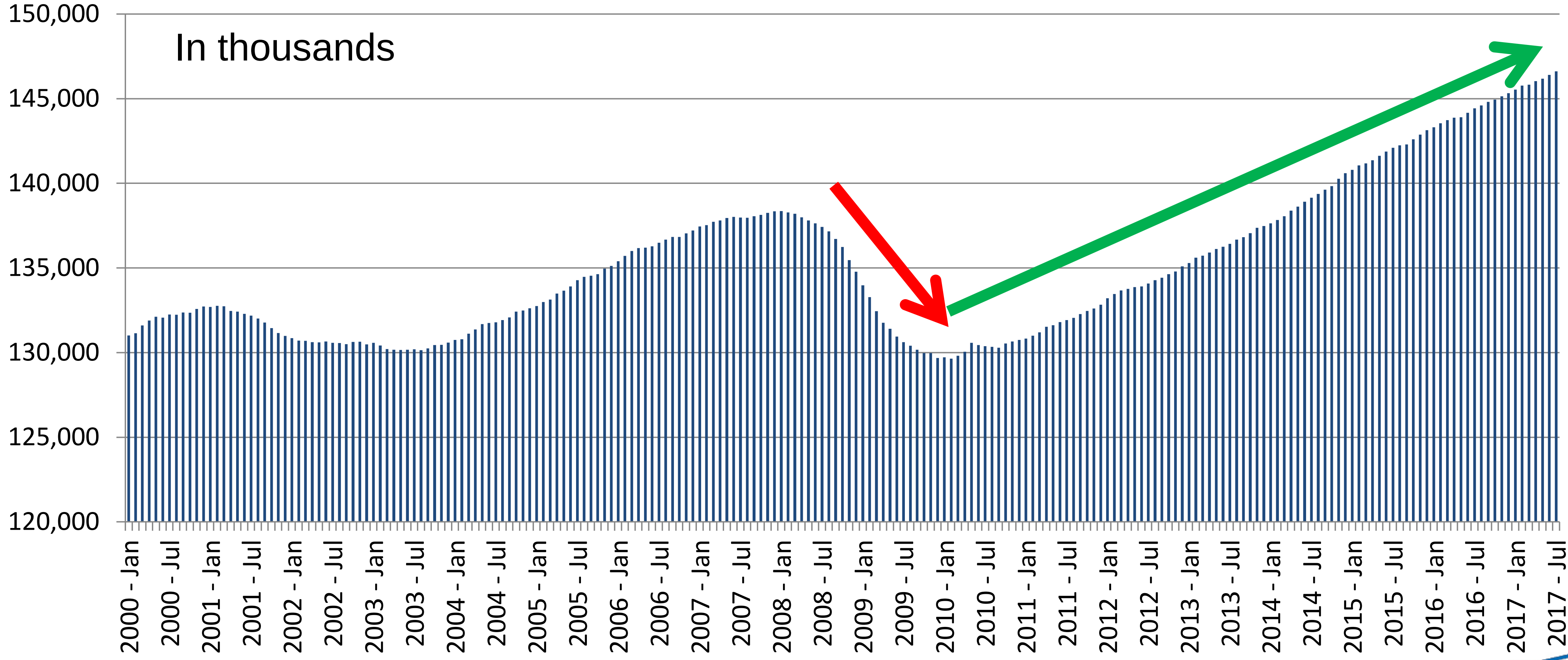
Economy?

GDP Growth Rates



Jobs

(8 million lost … 16 million gained)



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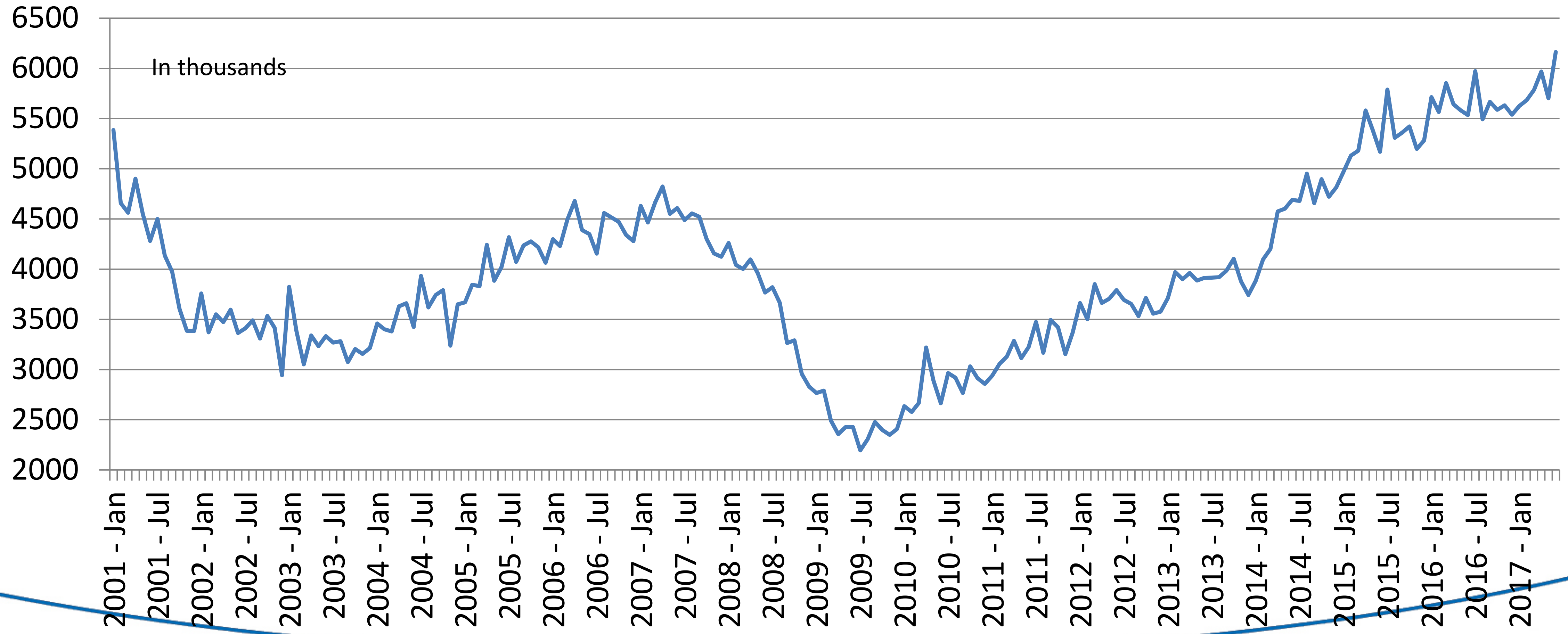
Total Job Openings



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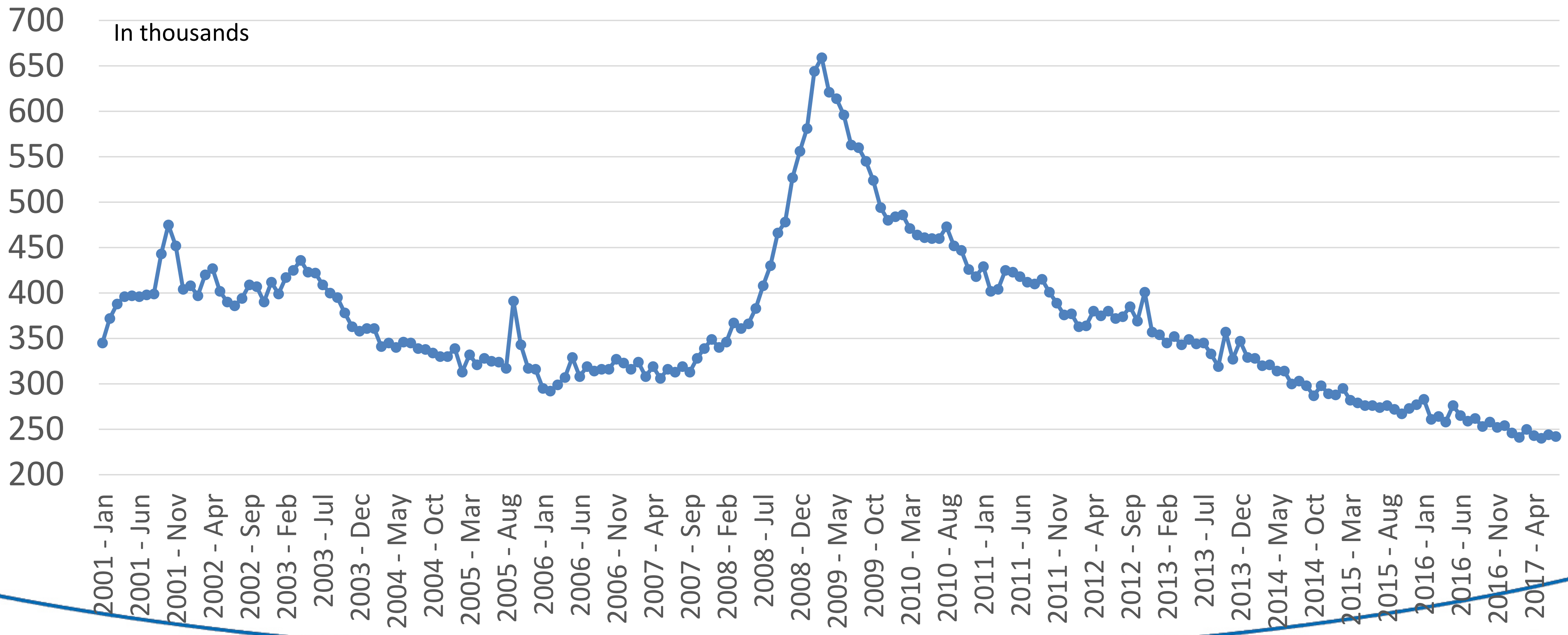
Weekly Initial Unemployment Insurance Filings



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Economic Forecast

	2015	2016	2017 Forecast	2018 Forecast
GDP Growth	2.6%	1.6%	2.2%	2.4%
Job Growth	+2.6 million	+2.0 million	+2.1 million	+2.4 million
CPI Inflation	0.3%	1.3%	2.3%	2.2%

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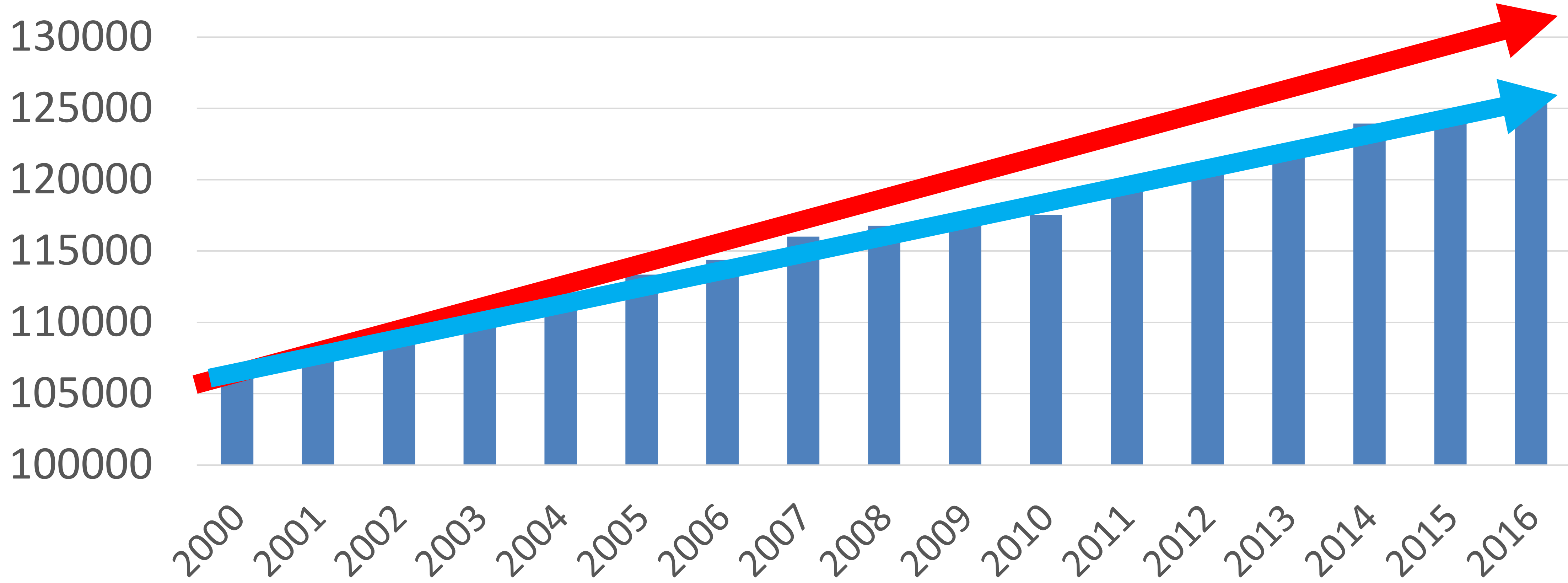
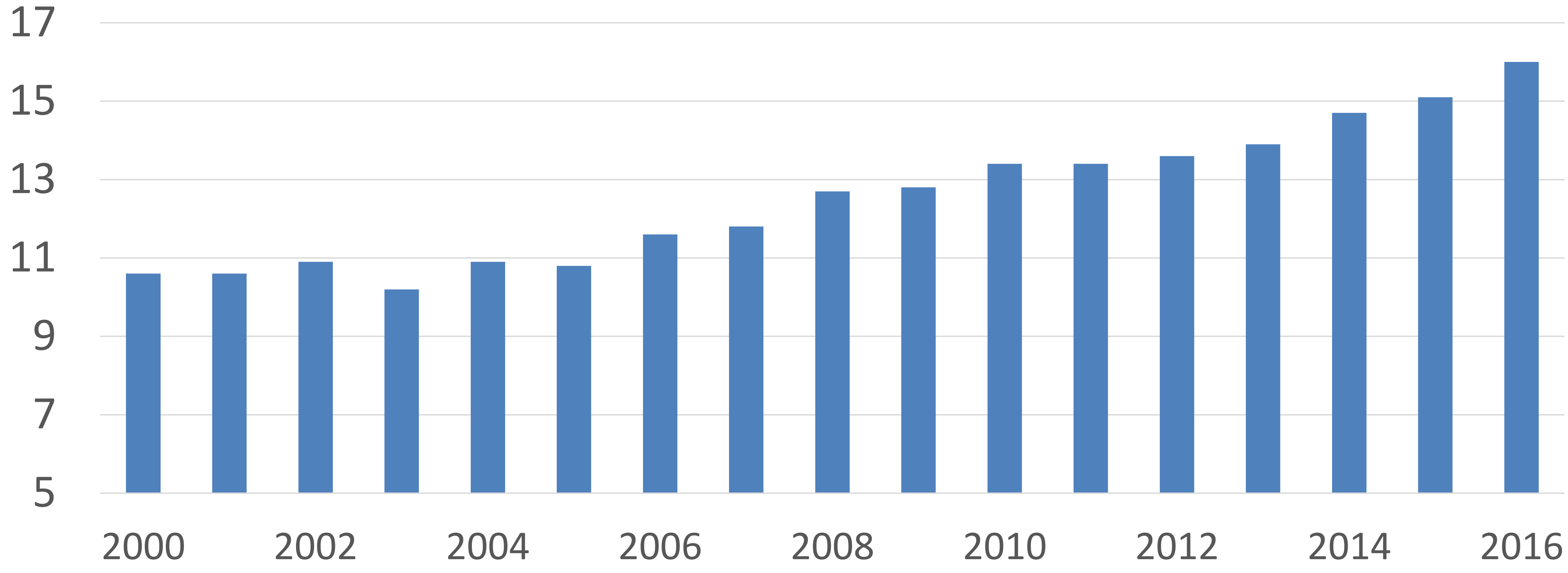
Actual versus projected Households

KC Federal Reserve estimate of 6.9 million missing households



Young Adults Living with Parents

% of those aged 25 to 34



Housing Forecast

	2015	2016	2017 Forecast	2018 Forecast
New Home Sales	500,000	560,000	620,000	670,000
Existing Home Sales	5.3 million	5.4 million	5.6 million	5.8 million
Median Price Growth	+ 6.8%	+5.1%	+5.0%	+3.5%
30-year Rate	3.9%	3.6%	4.3%	5.0%

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Trump Presidency

- Flood Insurance Availability? Extended … Thank You for Responding
- Dodd-Frank?
- Fannie/Freddie and Mortgage Availability?
- Tax Simplification? and Mortgage Interest Deduction and 1031 exchange?
- EPA, land use, development fees?

Dr. Terry Clower

Director, Center for Regional Analysis

George Mason University, School of Public Policy

Washington Area Economy: Performance and Outlook

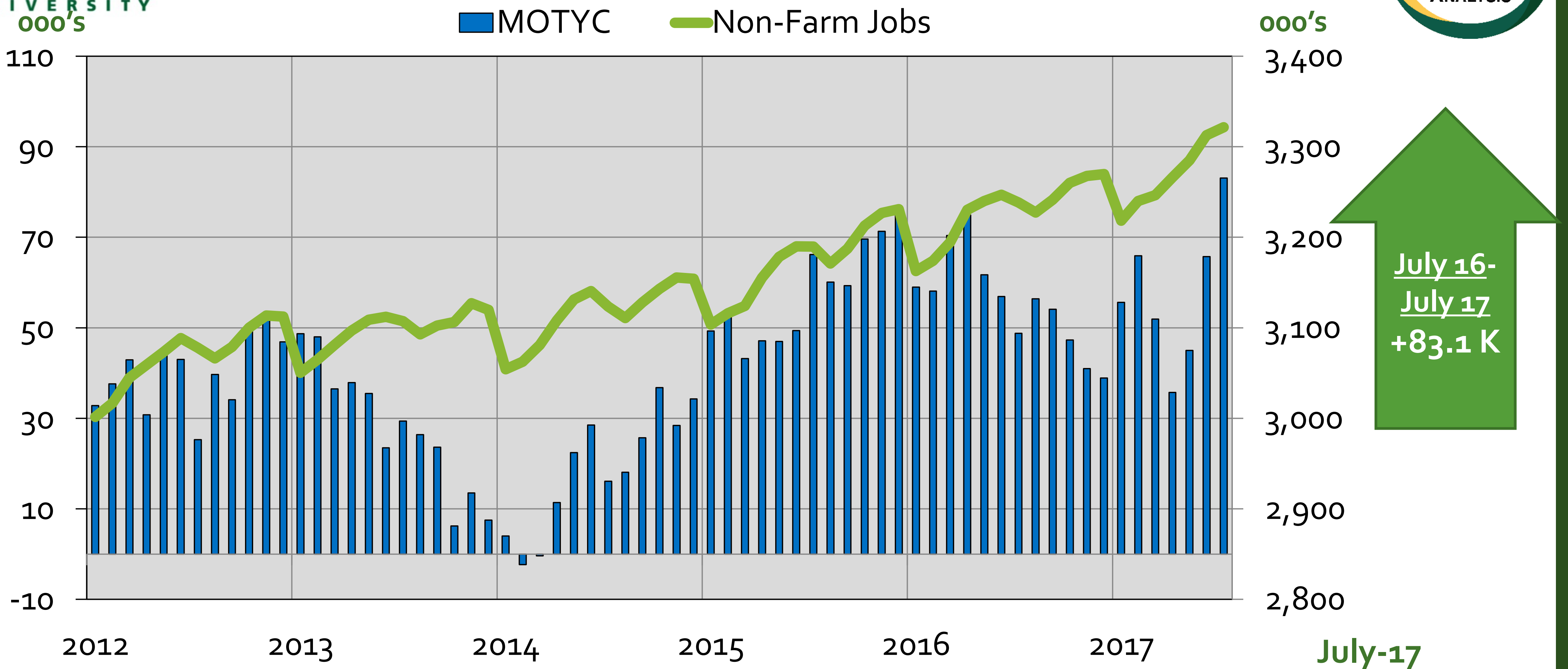
Presentation to

Northern Virginia Association of Realtors Economic Summit

Terry L. Clower, Ph.D.
Center for Regional Analysis
Schar School of Policy and Government
George Mason University

Sept 18, 2017

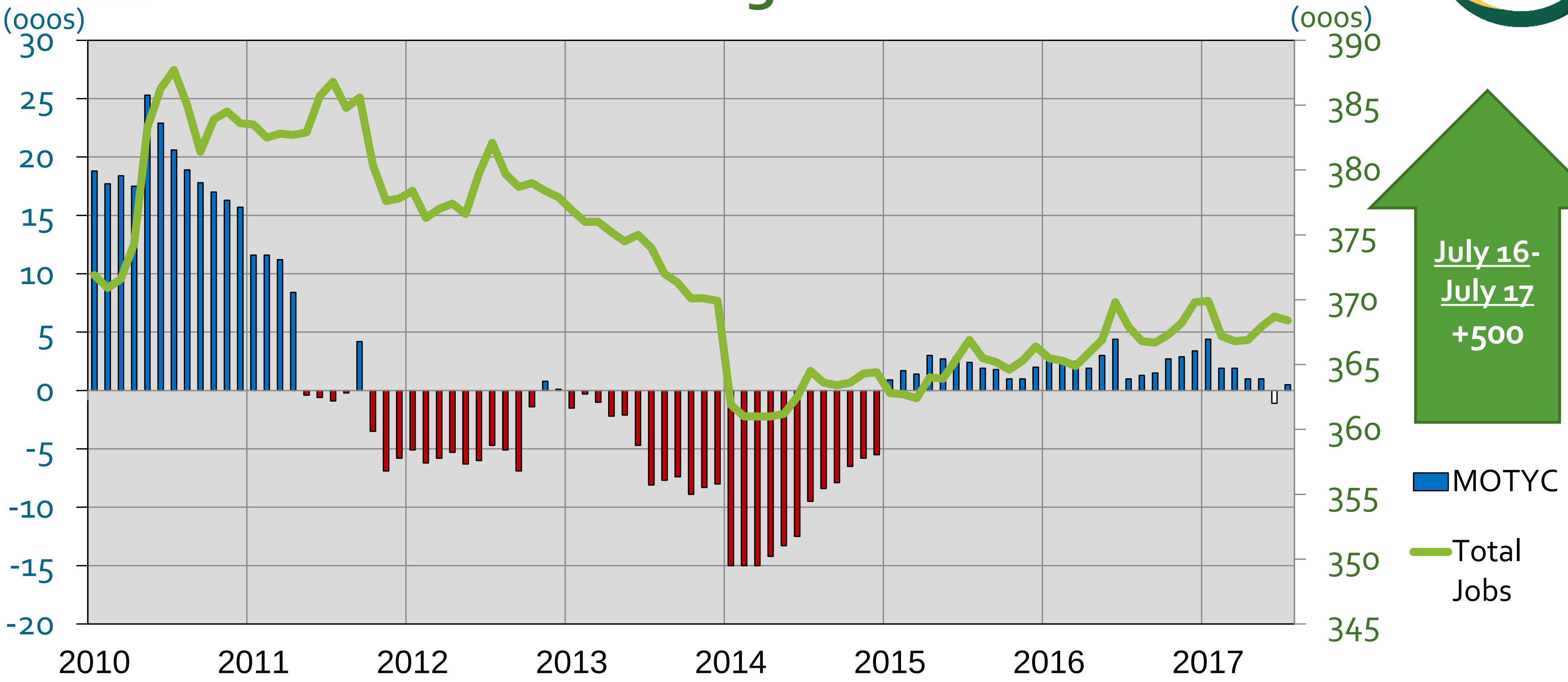
Annual Job Change - Washington MSA



July-17
Total: 3,321 K

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Federal Government
Washington MSA

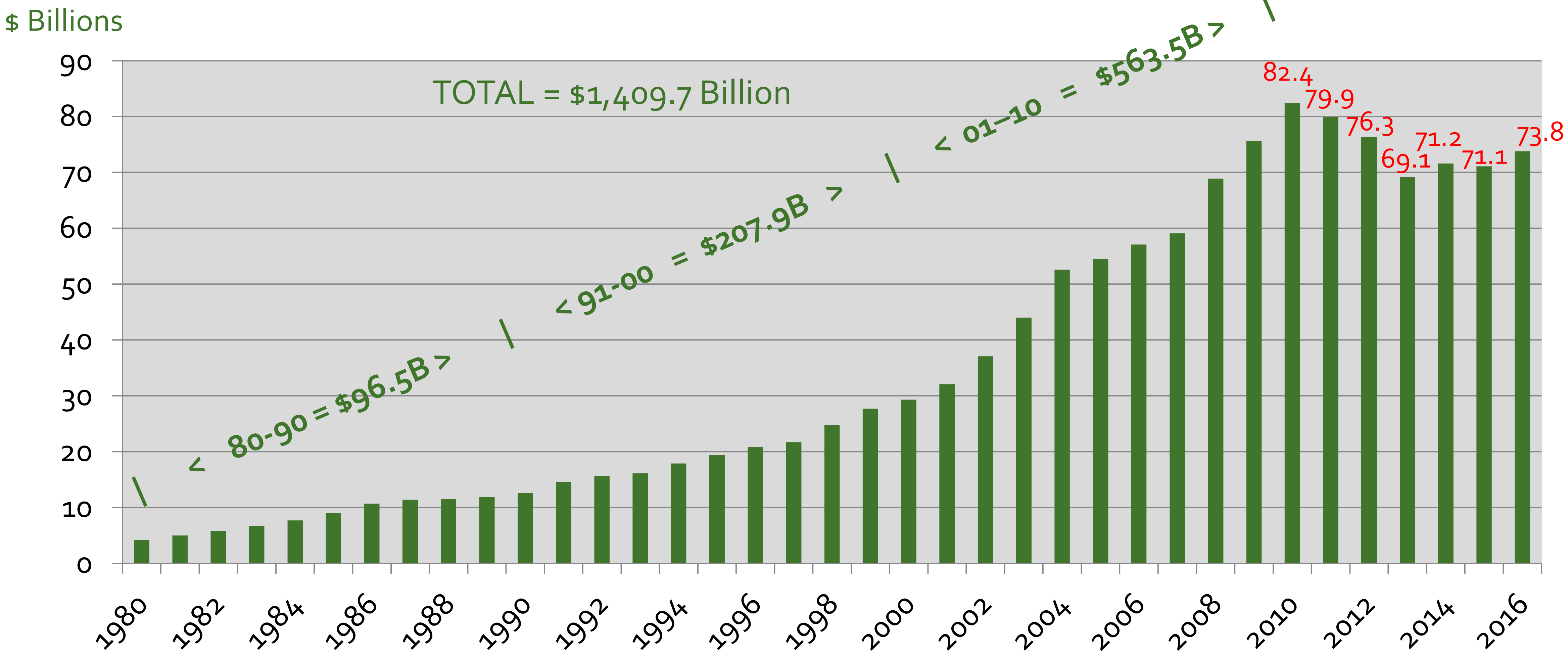


July 16-
July 17
+500

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

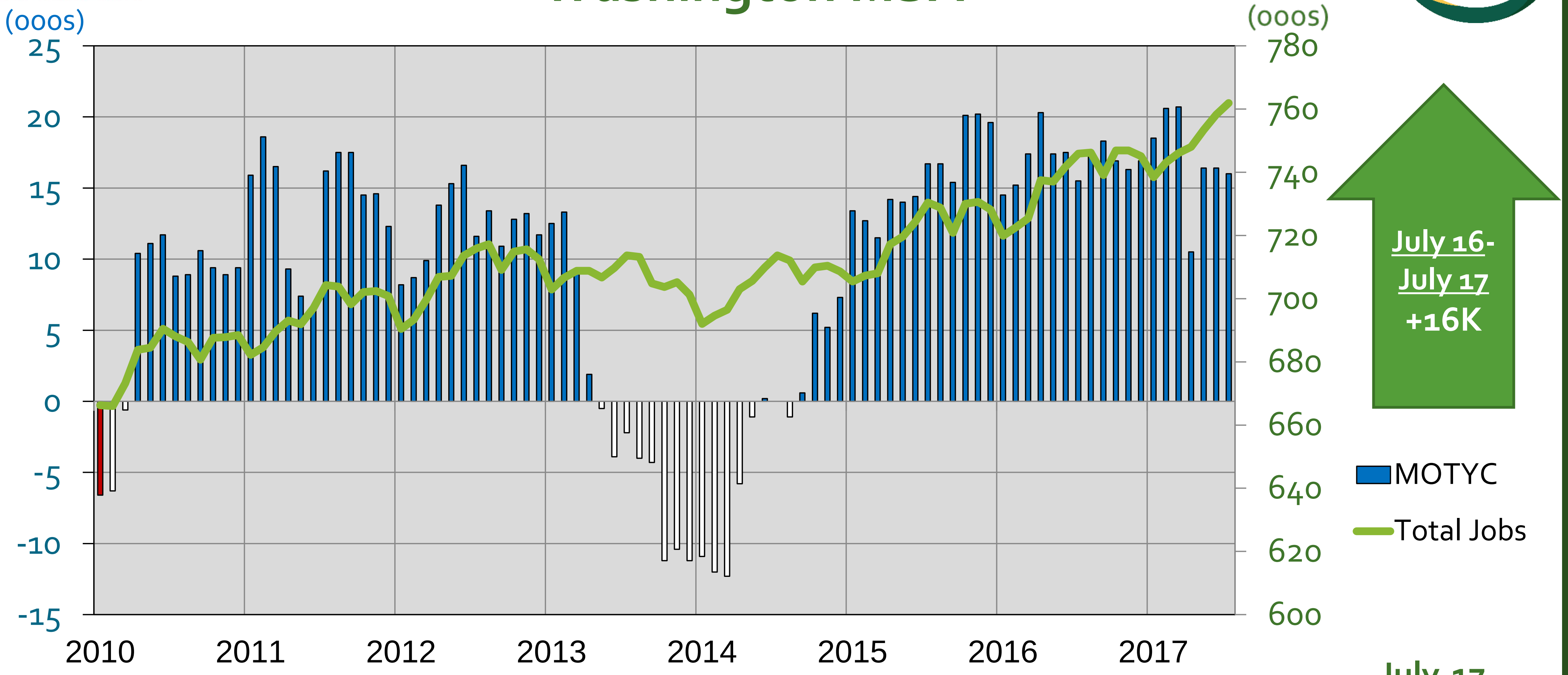
July-17 Total: 368.4K

Federal Procurement in the Washington MSA 1980-2016 (Fiscal Years)



Source: US Census, Consolidated Federal Funds Report and USAspending.gov

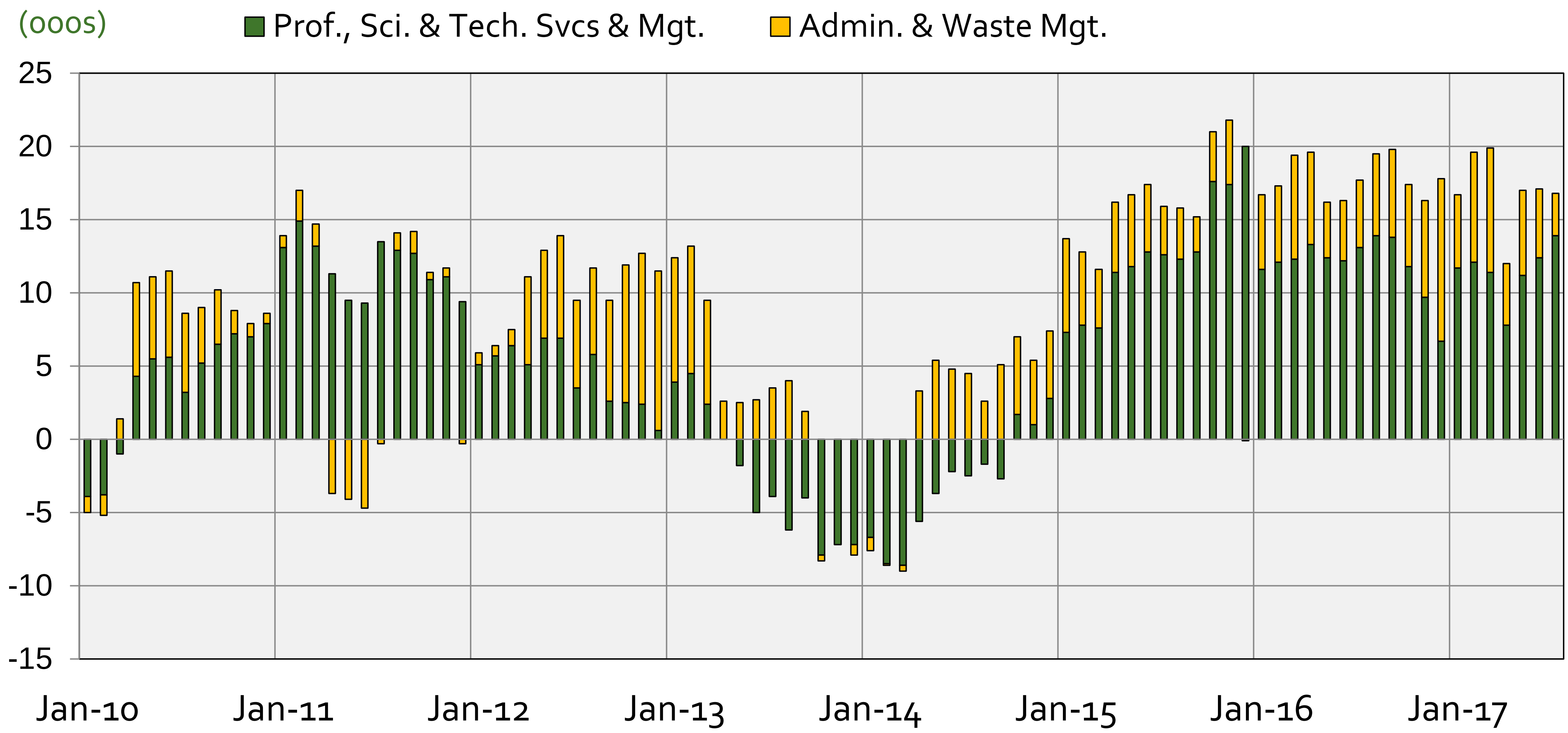
Professional & Business Services
Washington MSA



July-17
Total: 761.9K

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

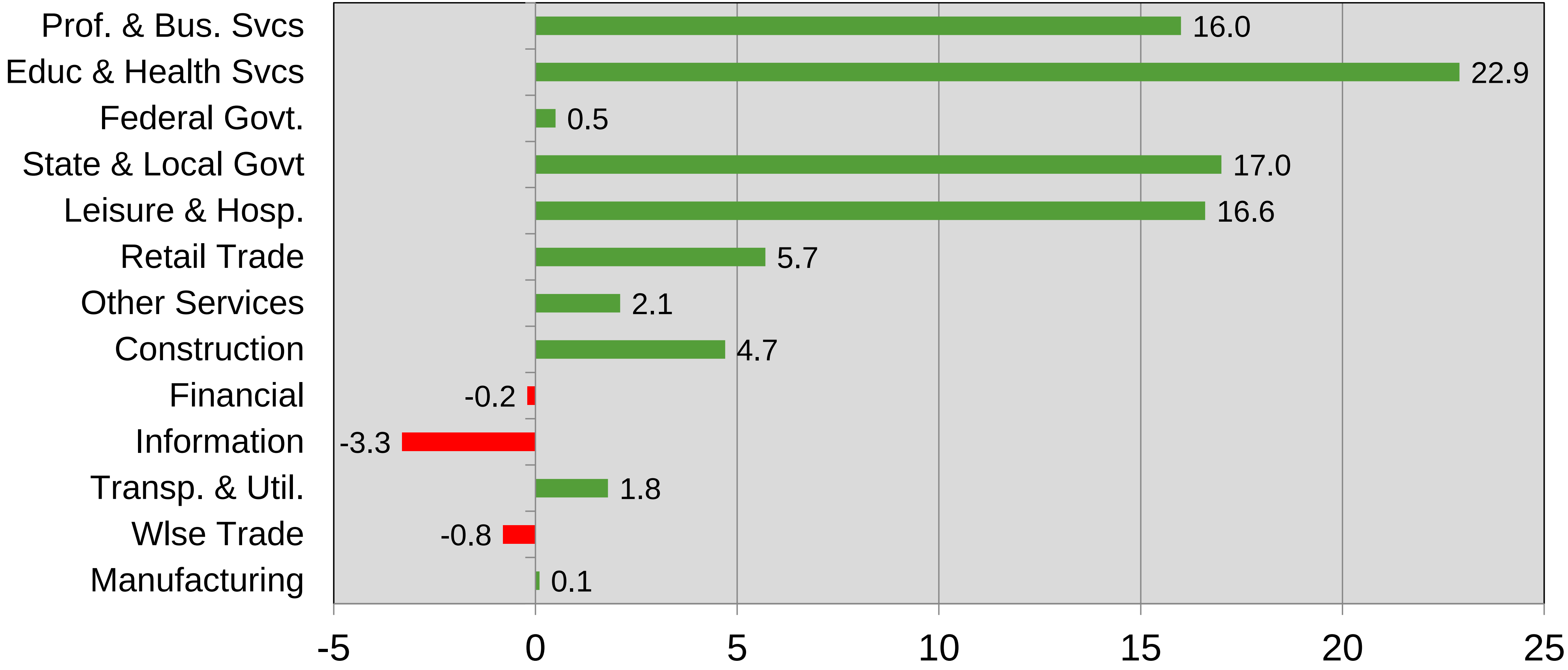
Professional & Business Services
Washington MSA
Month Over the Year Change



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

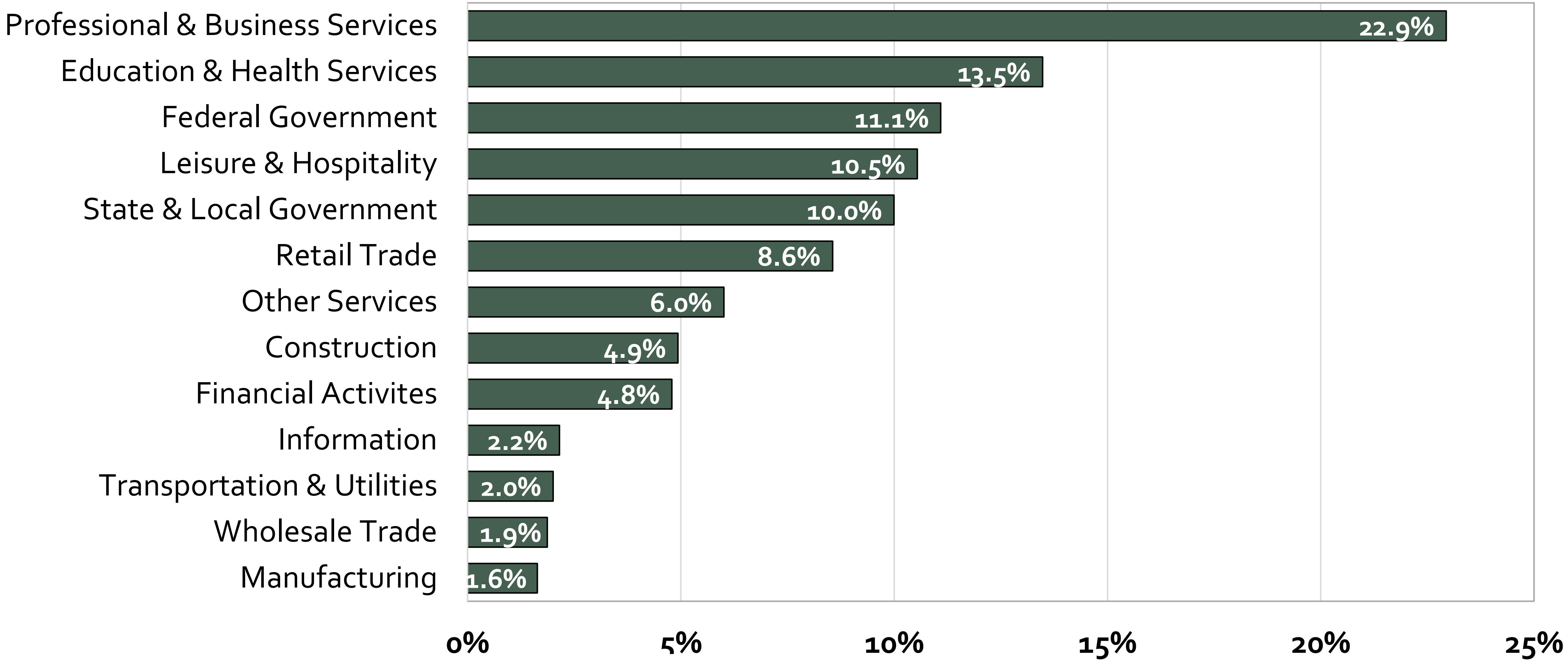
Job Change by Sector
July 2016 – July 2017
Washington MSA

(Ranked by Size in 2016) (000s) Total = 83,100



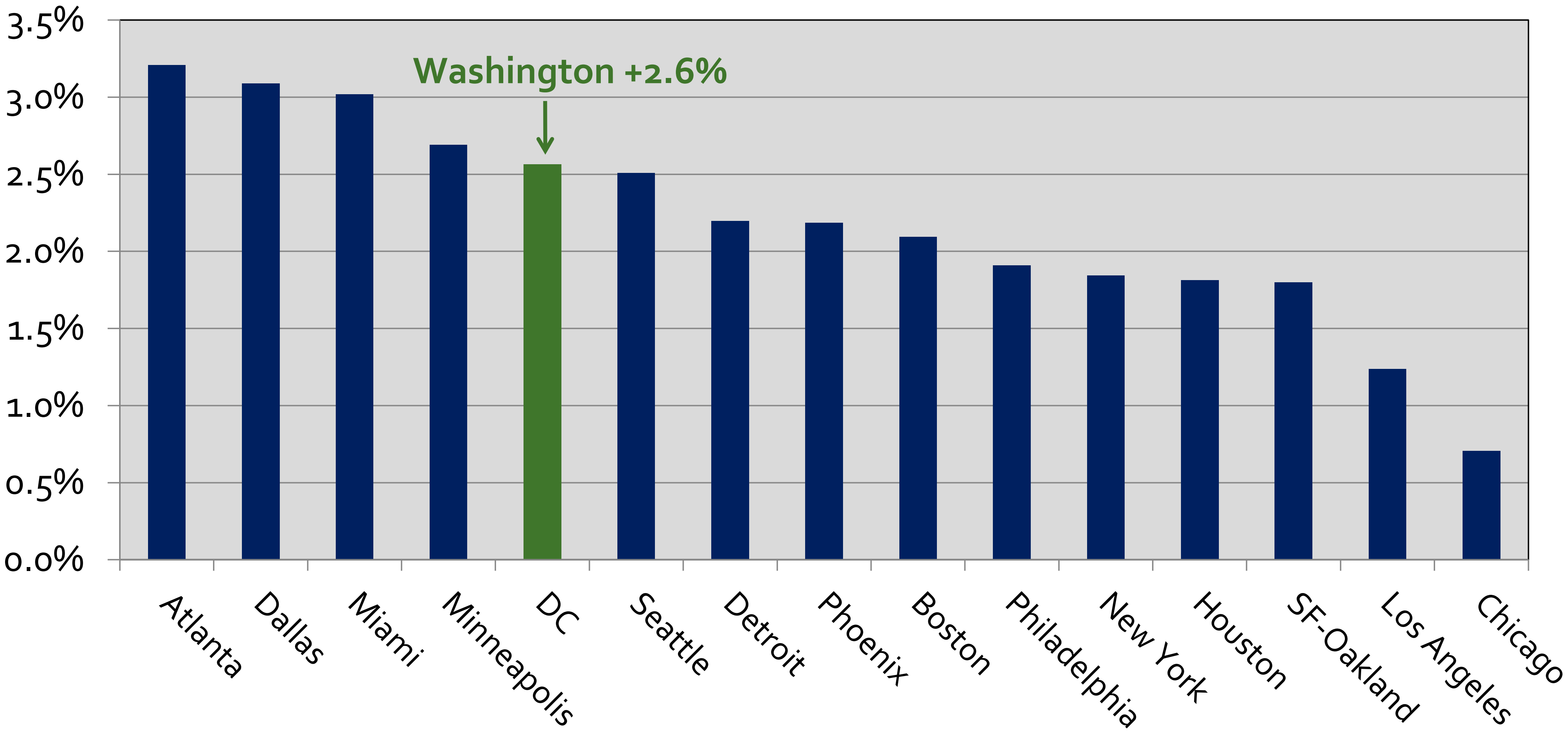
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Employment Composition by Sector
June 2017
Washington MSA



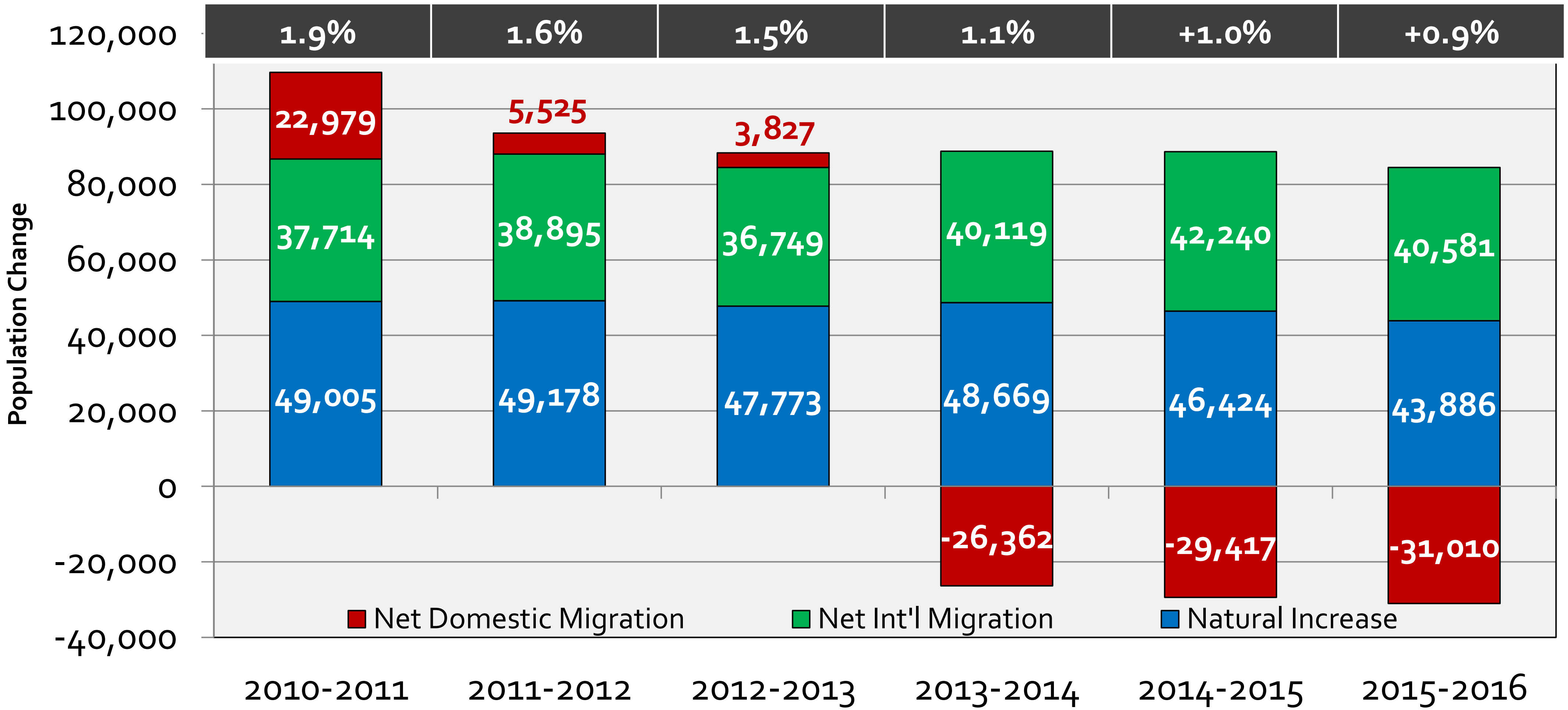
Source: US Bureau of Labor Statistics, Current Employment Statistics

15 Largest Job Markets
Job Change: July 2016 – July 2017



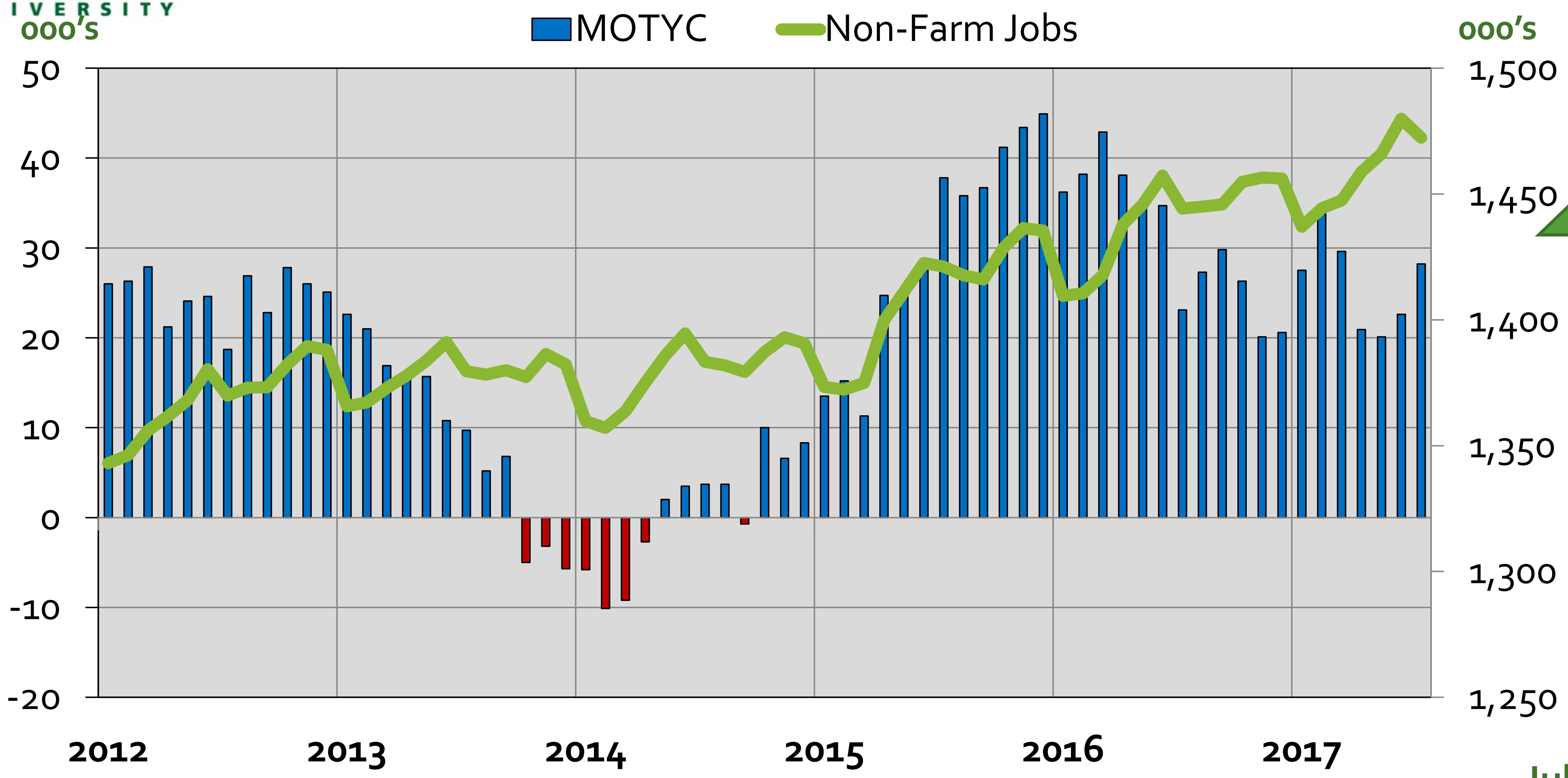
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Elements of Population Change
Washington MSA



Source: US Census Bureau, Population Estimates Program, V2016

Annual Job Change – Northern VA

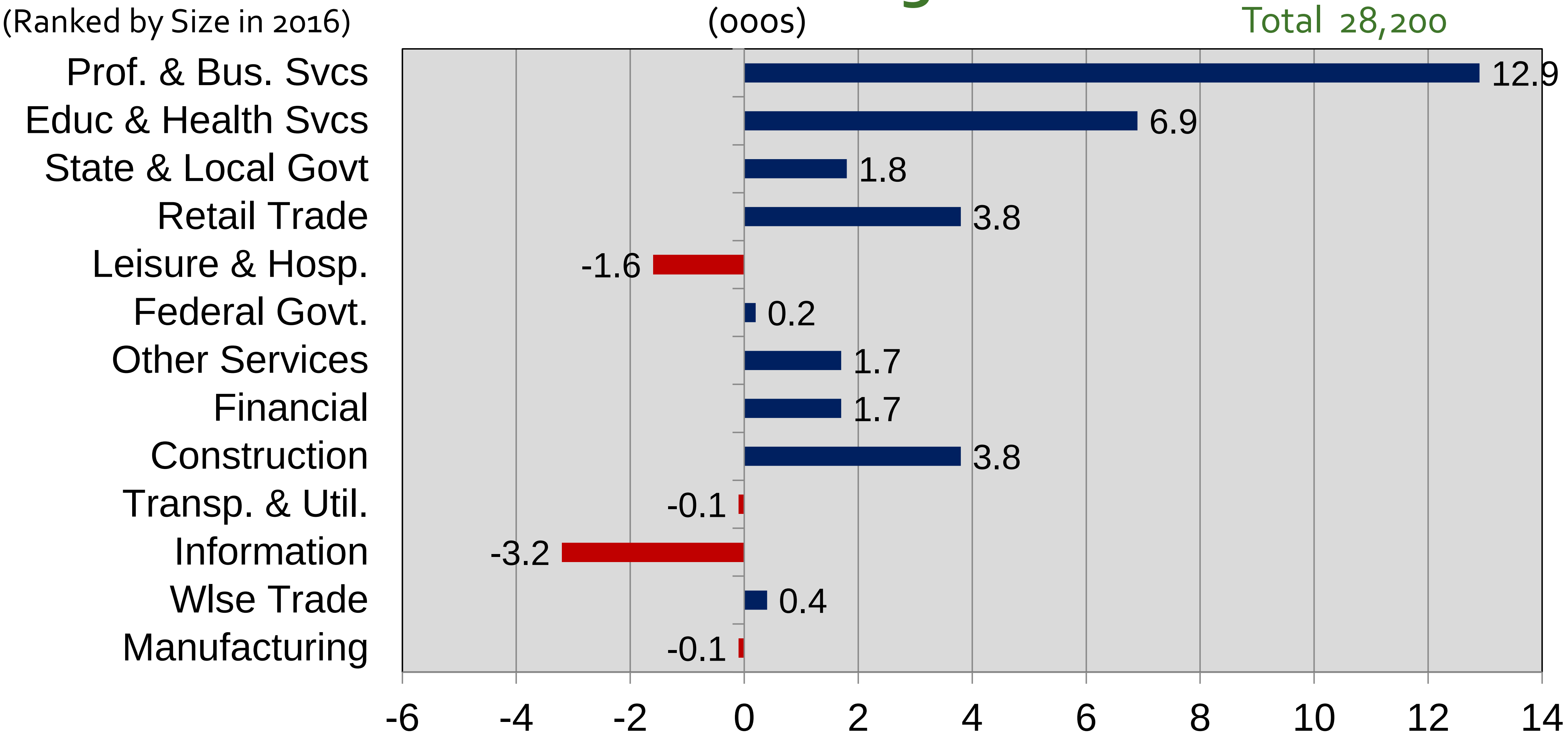


July 16-
July 17
+28.2K

July-17
Total: 1,472.4 K

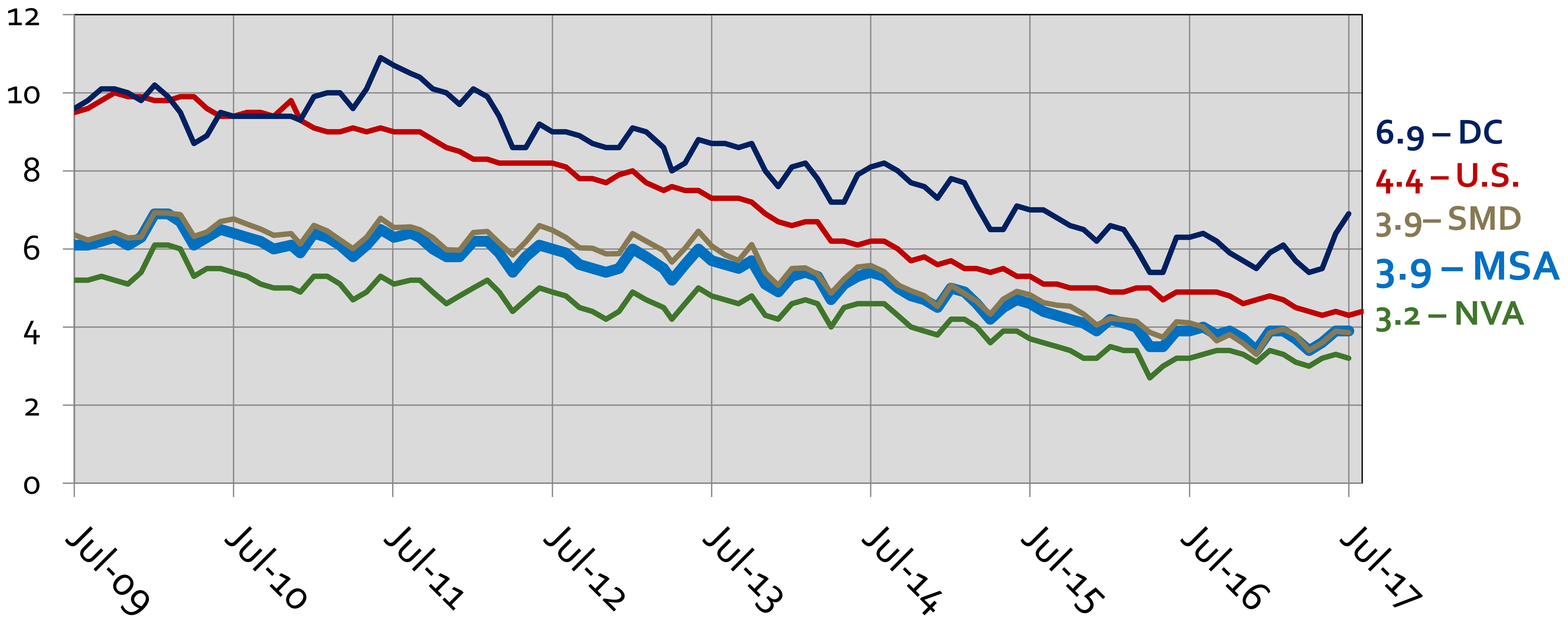
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

Job Change by Sector
July 2016 – July 2017
Northern Virginia



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

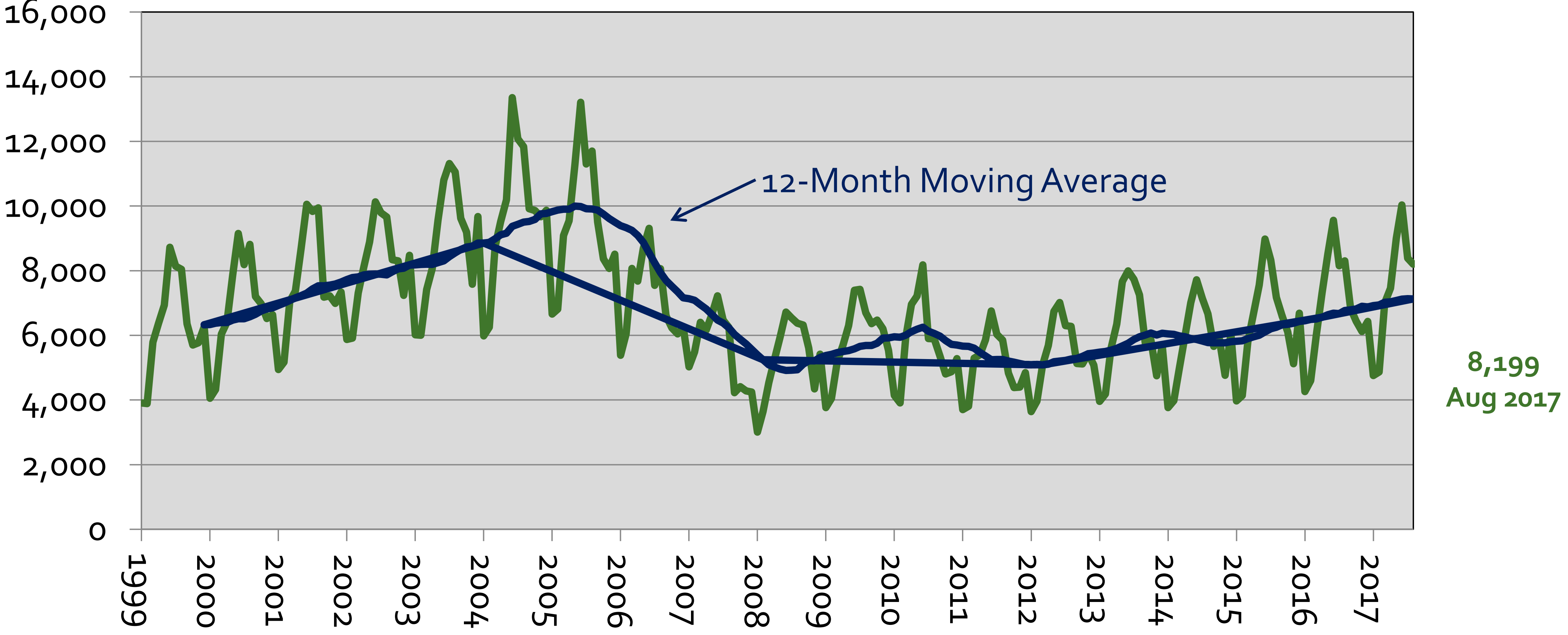
Unemployment Rates in the WMSA
By Sub-State Area



Source: Bureau of Labor Statistics (Region - Not Seasonally Adjusted, US – Seasonally Adjusted)

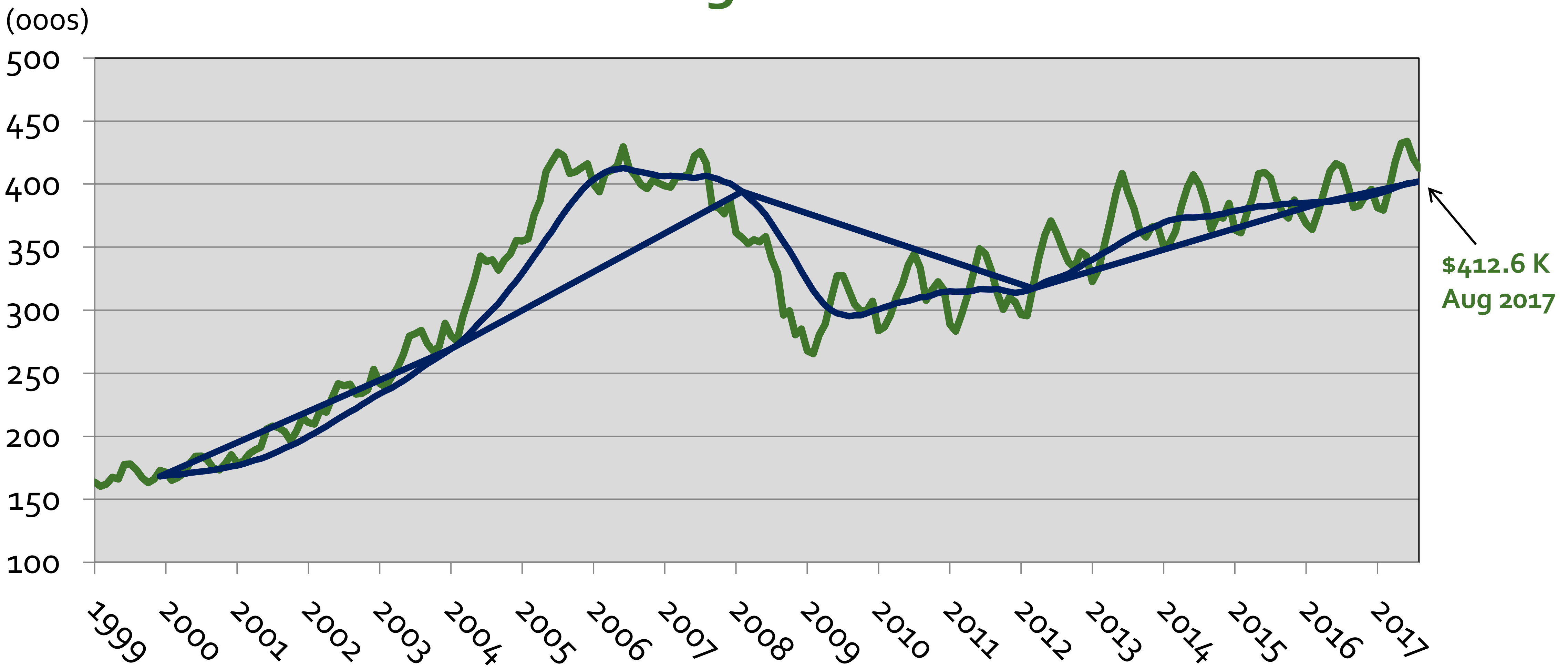
Housing Market Trends

Existing Home Sales
Washington MSA
Through Aug 2017



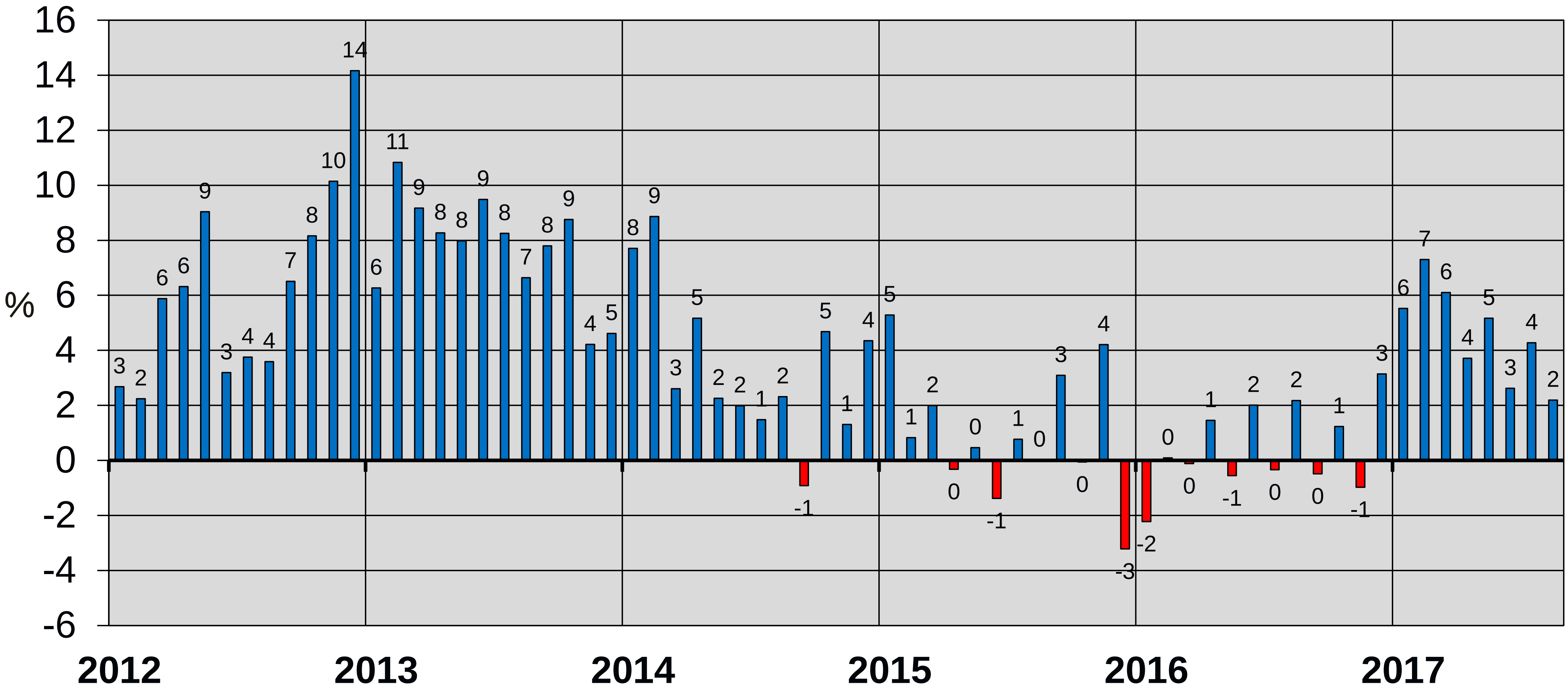
Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis

Median House Sales Price
Washington MSA



Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis

Average Sales Price Percent Change (MOTYC)
Washington MSA

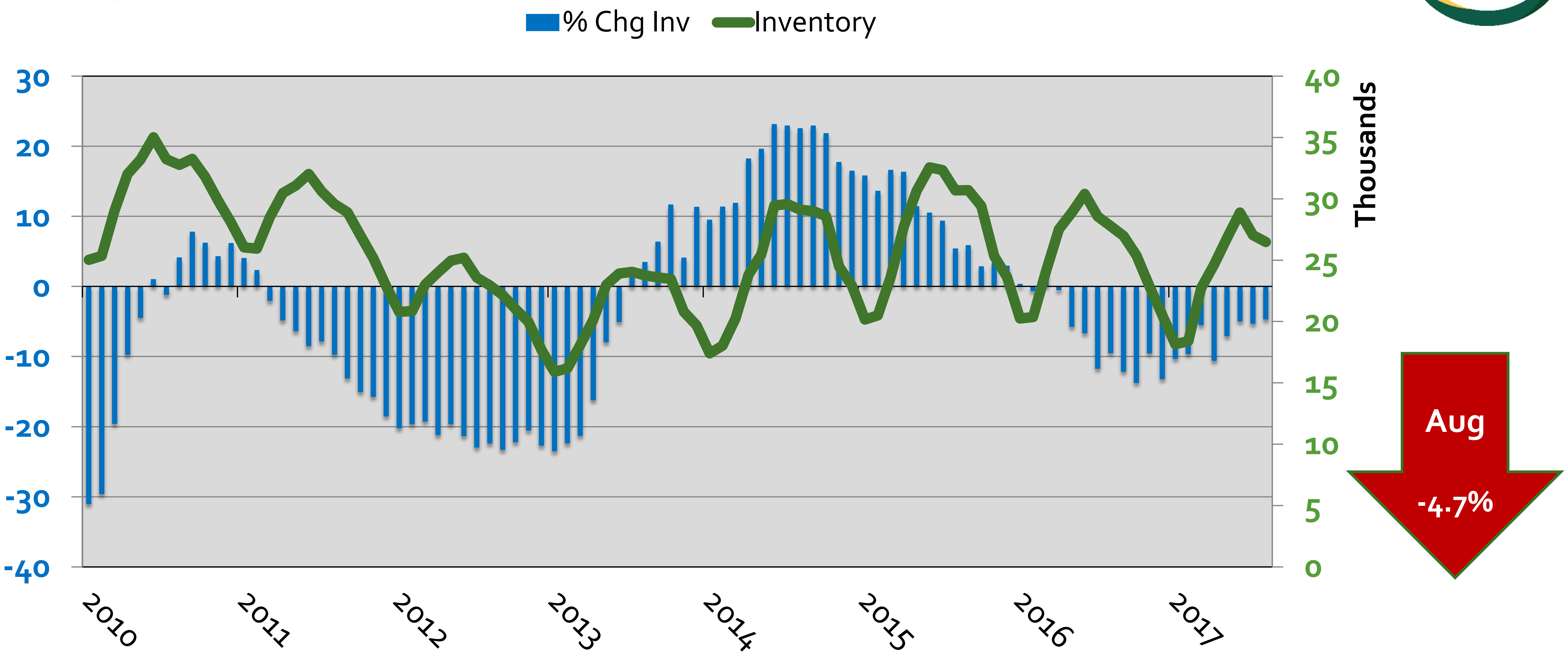


Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis

Aug = $466K

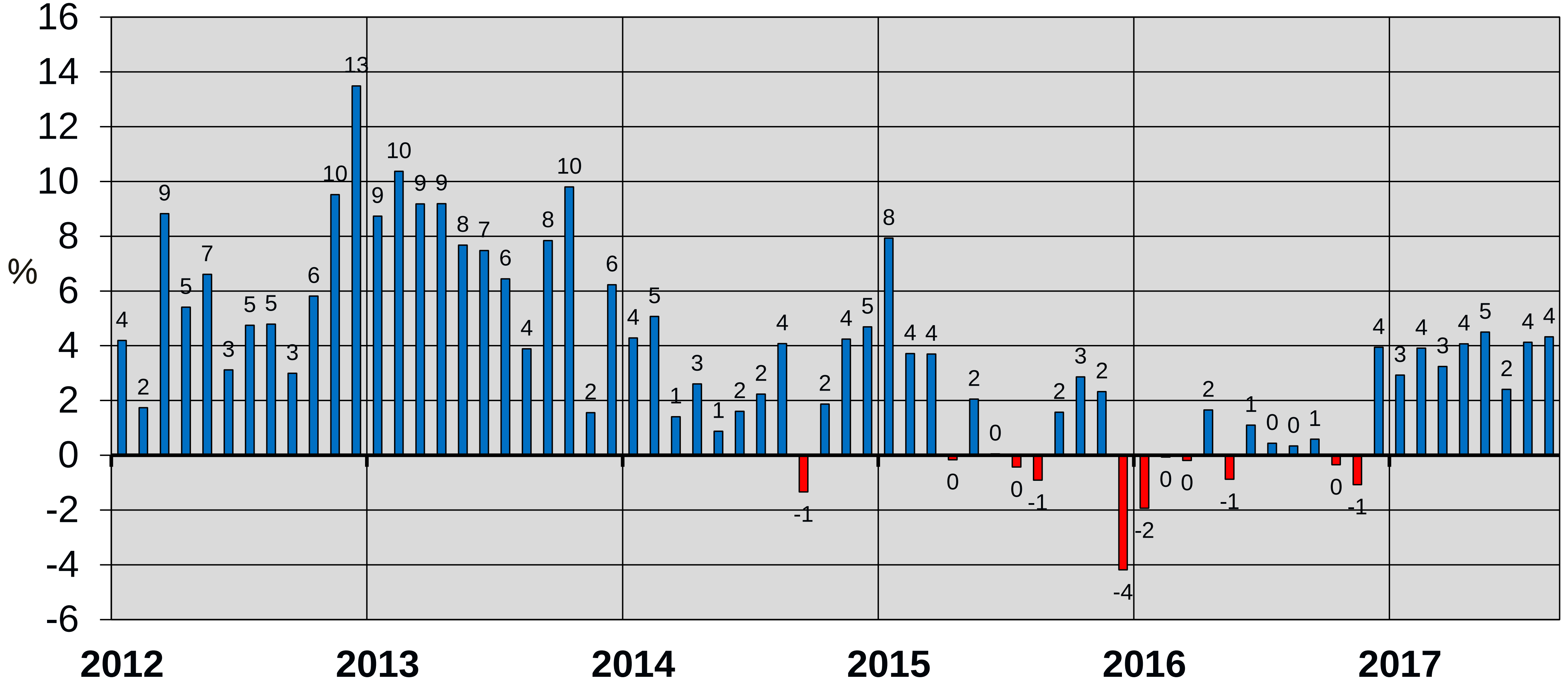
Inventories of Existing Homes

Month-Over-Year 2000 – 2017, MSA



Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis. Total monthly inventory includes listings active at the end of the month plus sales during the month.

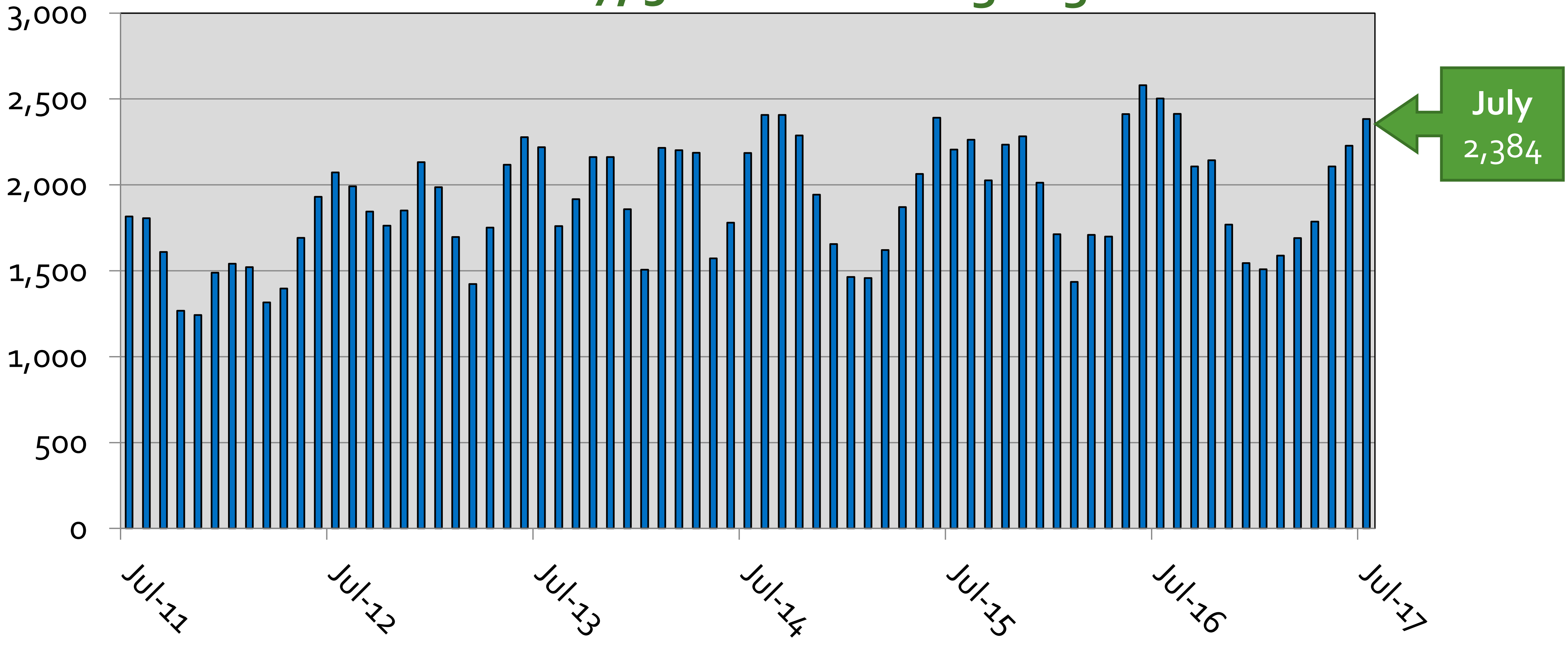
Average Home Sales Price Percent Change (MOTYC)
Northern Virginia



Source: Metropolitan Regional Information Systems (MRIS), GMU Center for Regional Analysis

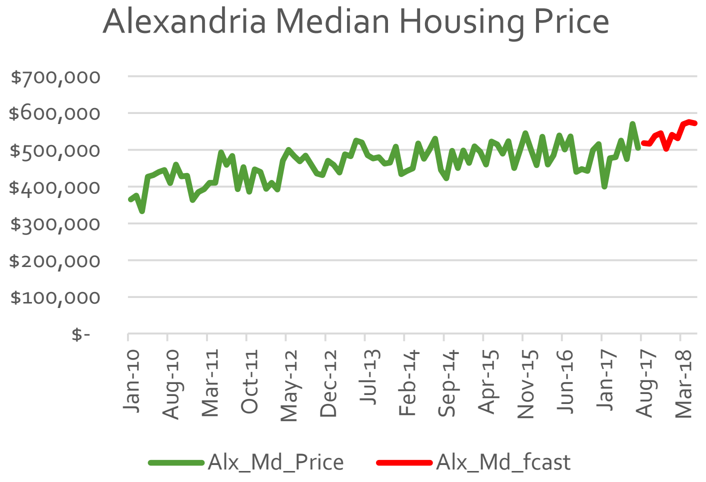
Aug = $486K

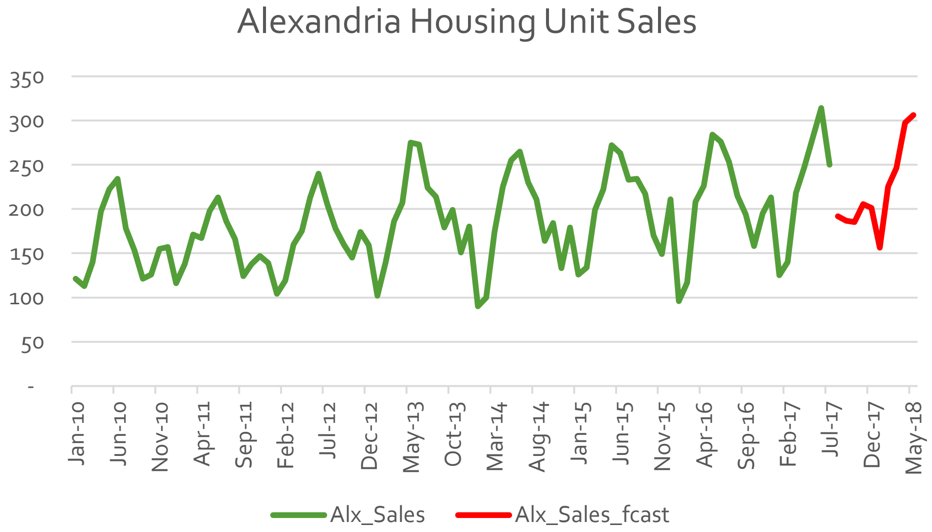
Washington MSA
Building Permits
2011 – 2017, 3-Month Moving Avg

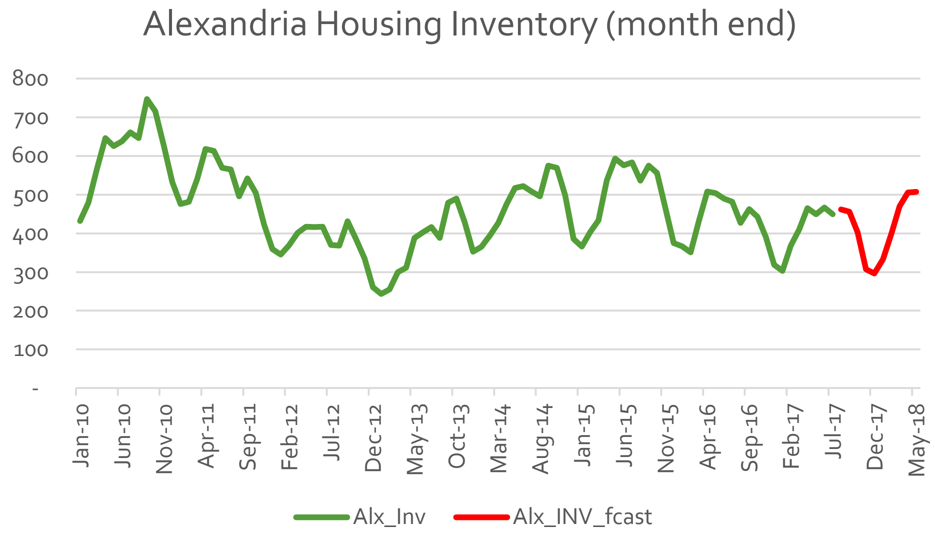


Source: Census Bureau, GMU Center for Regional Analysis

Alexandria Housing Outlook

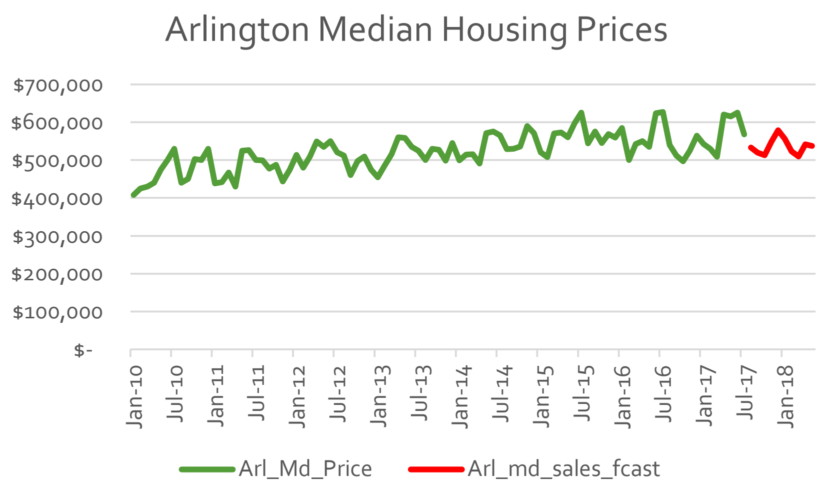


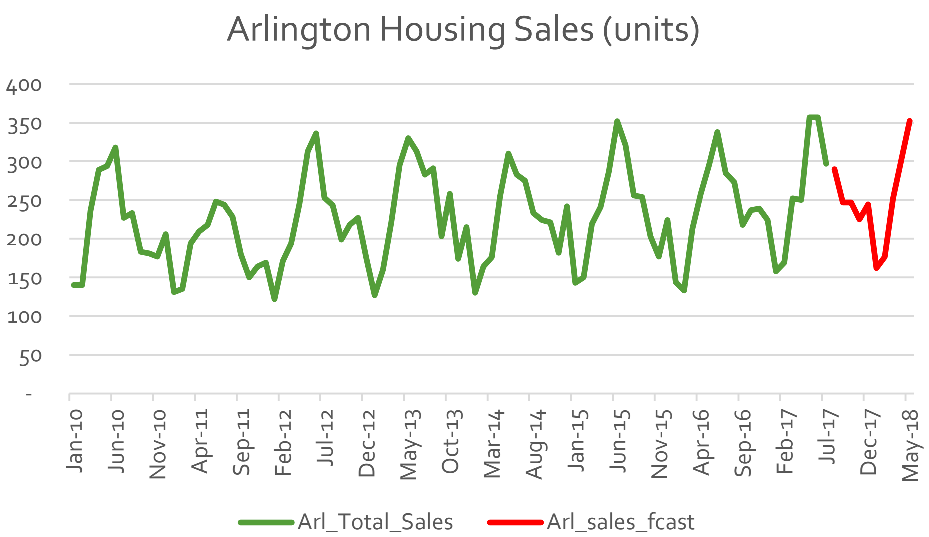


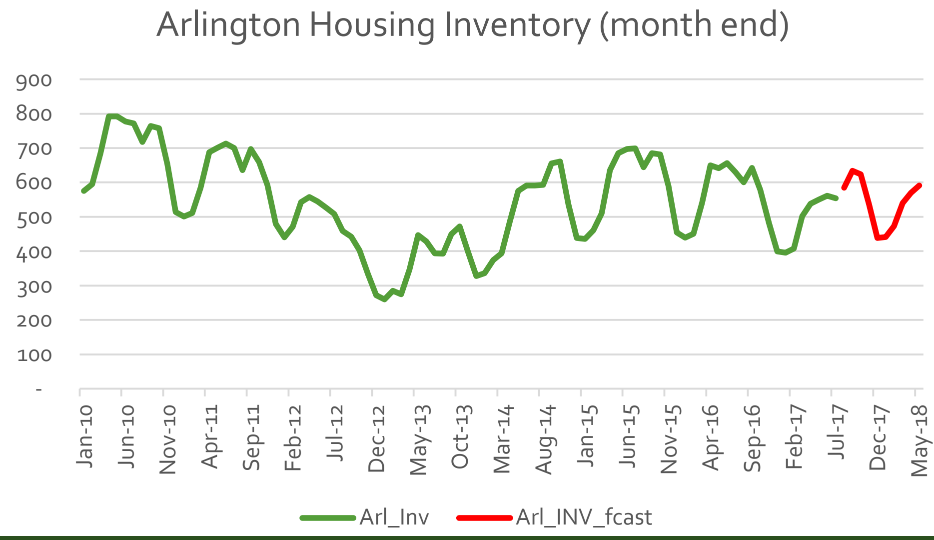


- Modest rise in prices
- Flattening unit sales
- Constrained inventory

Arlington Market Outlook

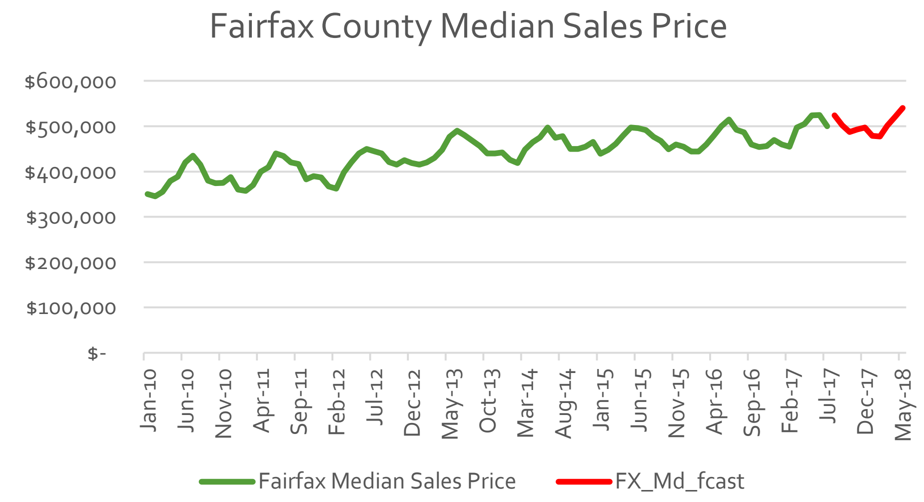


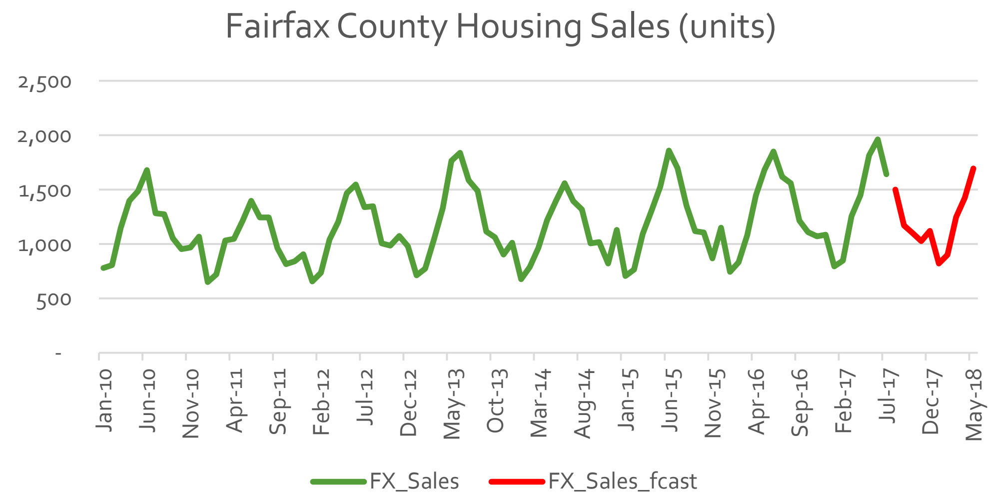


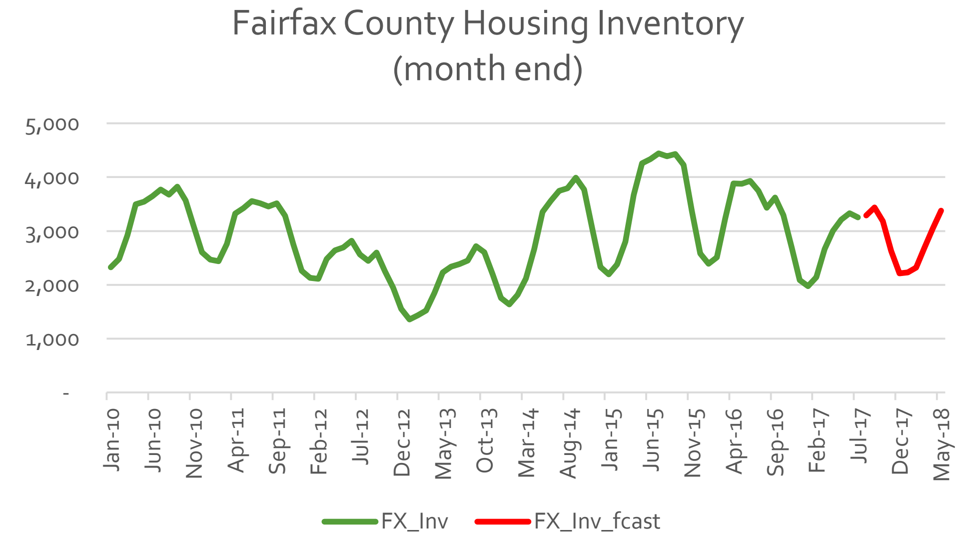


- Prices stable at slightly lower level
- Unit sales tracking trends (?)
- Inventory stabilizing but…

Fairfax County Housing Outlook



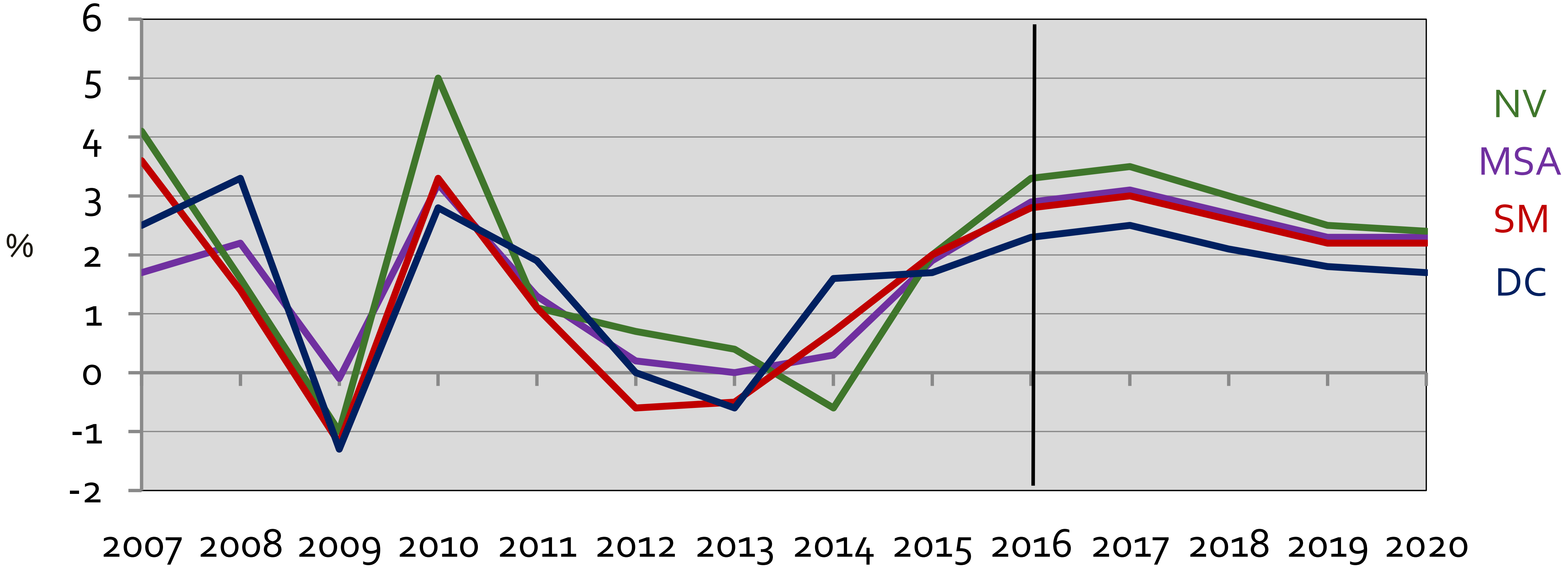




- Prices following upward trendline
- Unit sales stable
- Inventories flat, not falling

Economic Outlook

Economic Outlook (GRP), 2007-2020
Washington Area and Sub-State Areas
(Annual % Change)



Source: GMU Center for Regional Analysis, Forecast: April 2016

Employment Change in the WMSA by Sub-State Area (000s)

	2013	2014	2015	2016	2017	2018	2019	2020
D.C.	13.4	5.2	15.9	13.0	9.7	10.6	8.9	8.2
Sub. MD	7.2	10.2	12.5	14.4	17.7	14.1	12.0	11.0
No. VA	9.2	0.8	29.8	31.0	23.6	15.9	13.7	12.6
REGION	28.1	18.6	57.7	55.6	51.0	40.6	34.6	31.8

Source: BLS, IHS Economics, GMU Center for Regional Analysis (December 2016)
NOTE: The regional totals do not include Jefferson, WV.

Average Annual Change 1990-2016 = 37,300

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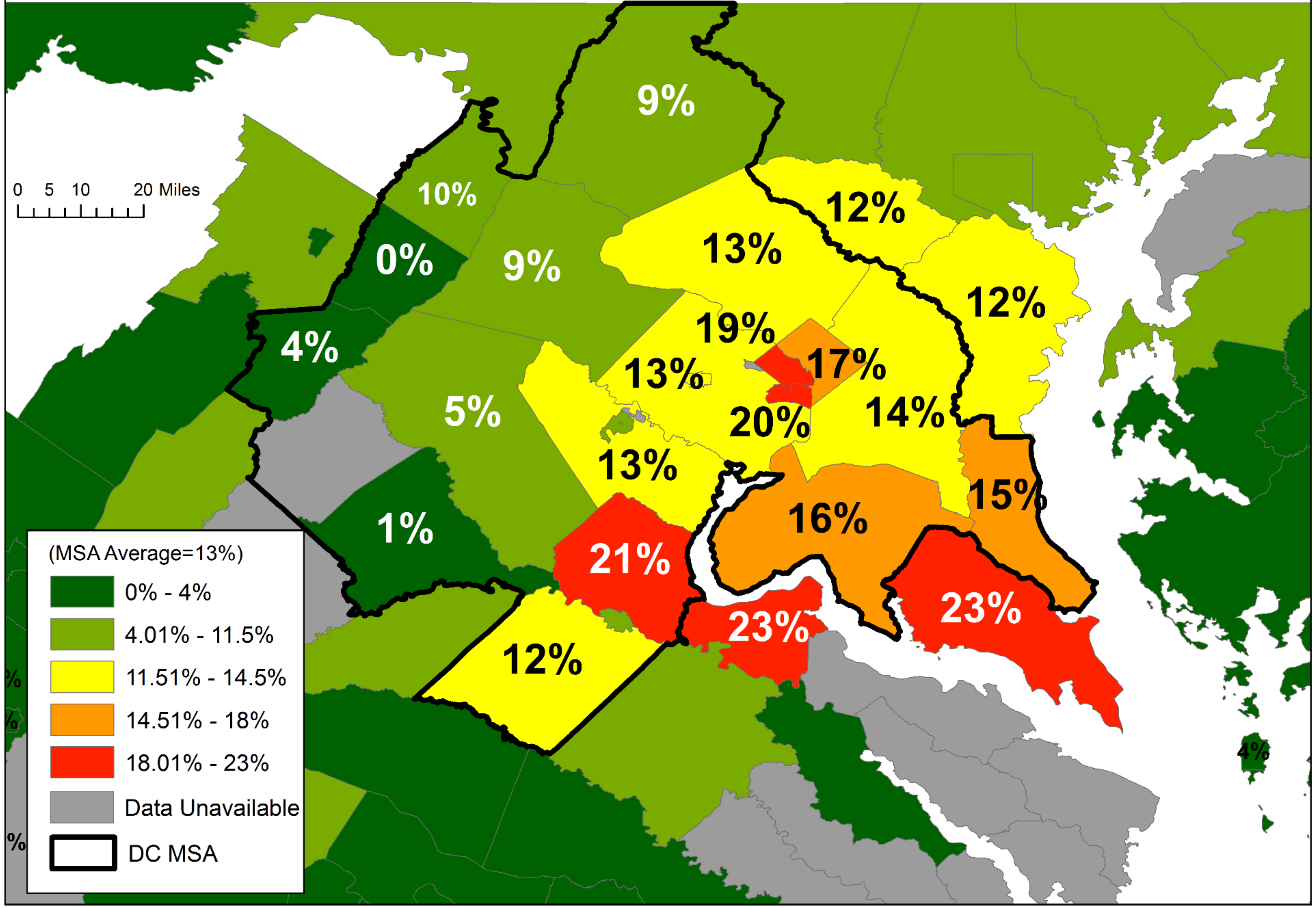
CENTER FOR REGIONAL ANALYSIS

Workforce Concentration of Federal Employees

(Federal Employees as a percentage of the total workforce by place of residence)



Center For Regional Analysis, George Mason University

Source: U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates

Where are we?

- We are growing:
  - Some diversification
  - Some catch-up
  - Recent job growth across all wage levels
  - Growth will continue in 2017, but at a moderating pace

- Advantages
  - Government Center
  - International Institutions
  - Connectivity to the World
  - Concentration of Leaders
  - Access to capital
  - High Quality-of-Life
  - Diverse Population
  - Higher Education
  - Educated Work Force
  - Advanced Occupational Specializations

- Challenges
  - Drain the swamp/Sequester
  - Further market shifts needed
  - Cost of living/doing business
  - Mobility
  - Access to capital
  - Regional branding / cooperation
  - Globally competitive?
  - Understanding changing nature of jobs
  - Productivity

Thank You
Questions

cra.gmu.edu

2017 NVAR ECONOMIC SUMMIT

Issues & Inventroy

What's Driving Demand?

Dr. Gerald L. Gordon

President & CEO, Fairfax County Economic Development Authority

Supervisor Martin Nohe

Chairman, Northern Virginia Transportation Authority

NVTA's TransAction

Transportation Action Plan for Northern Virginia

Transportation Today & Tomorrow in the NOVA Region

Martin E. Nohe, Chairman

September 18, 2017

Thank You for Your Efforts
Your Voice Matters

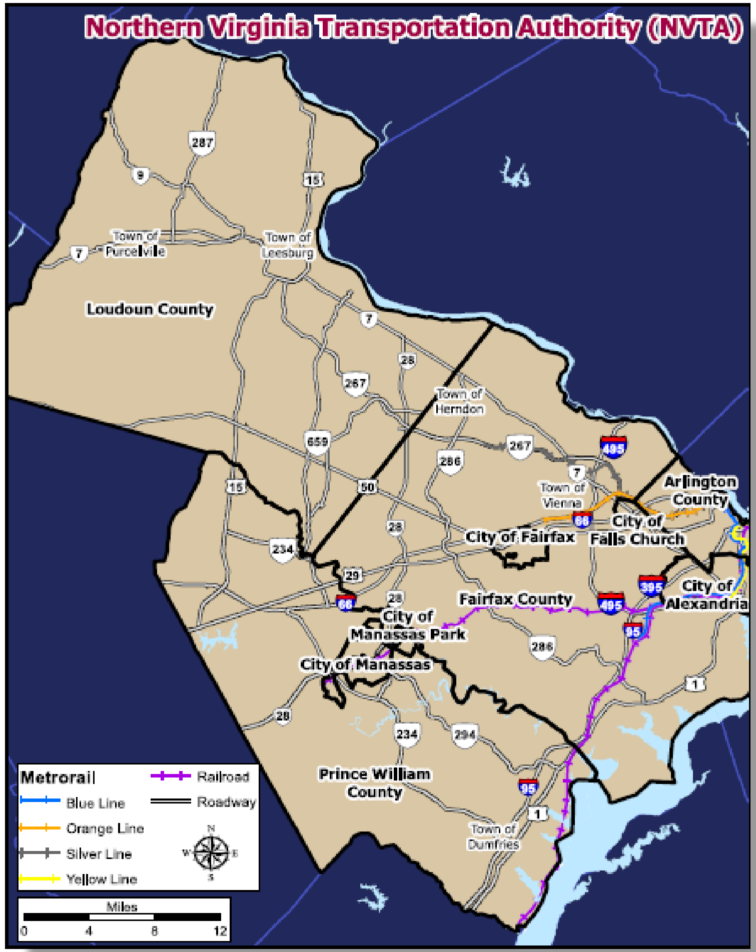
- We have a diverse and complicated regional transportation network of existing and compelling needs.
- Business community helped bring focus to solutions for regional transportation needs in NOVA.
- Virginia General Assembly facilitated a new chapter in regional transportation funding through HB 2313 in 2013.

Diverse Needs
Regional Solution

- The NVTA has worked transparently and diligently to fund regional transportation investments as a result of HB 2313, which has resulted in significant congestion relieving improvements throughout the region!
- Using HB 2313 revenues, we;
  - Identify and Plan
  - Prioritize and Program
  - Invest Taxpayer Dollars

Our Approach

- <u>Transparent Collaboration</u> = Stakeholder engagement-inclusive of citizens, member jurisdictions and agencies
- <u>Planning</u> = Development and Update of the Long-Range Transportation Plan – TransAction
- <u>Prioritizing</u> = Performance Measures to Evaluate & Prioritize Projects
- <u>Programming</u> = Funding Decisions through the Six Year Program



Long Range Transportation Planning Responsibility

The NVTA is legislatively required to prepare a long range transportation plan for Northern Virginia that includes transportation improvements of regional significance.

- **Northern Virginia 2020 Transportation Plan Adopted by TCC July 1999***
  - **Total Cost $9.7B**
- **TransAction 2030 Adopted July 2007**
  - **Total Cost $15.4B**
- **TransAction 2040 Adopted November 2012**
  - **Total Cost $23.2B**

costs for capital investments only
**developed by the Transportation Coordinating Council*

NVTA's TransAction

NVTA Funding Programs Adopted Since HB 2313

- **FY2014 Program**
  - Adopted July 2013
  - Total Investments---$187.0M
  - (includes inaugural bond issuance)
- **FY2015-2016 Program**
  - Adopted April 2015
  - Total Investments---$336.9M
- **FY2017 Program**
  - Adopted July 2016
  - Total Investments---$466.0M
  - Includes $300M I-66/Rt. 28 Interchange (Transform 66)

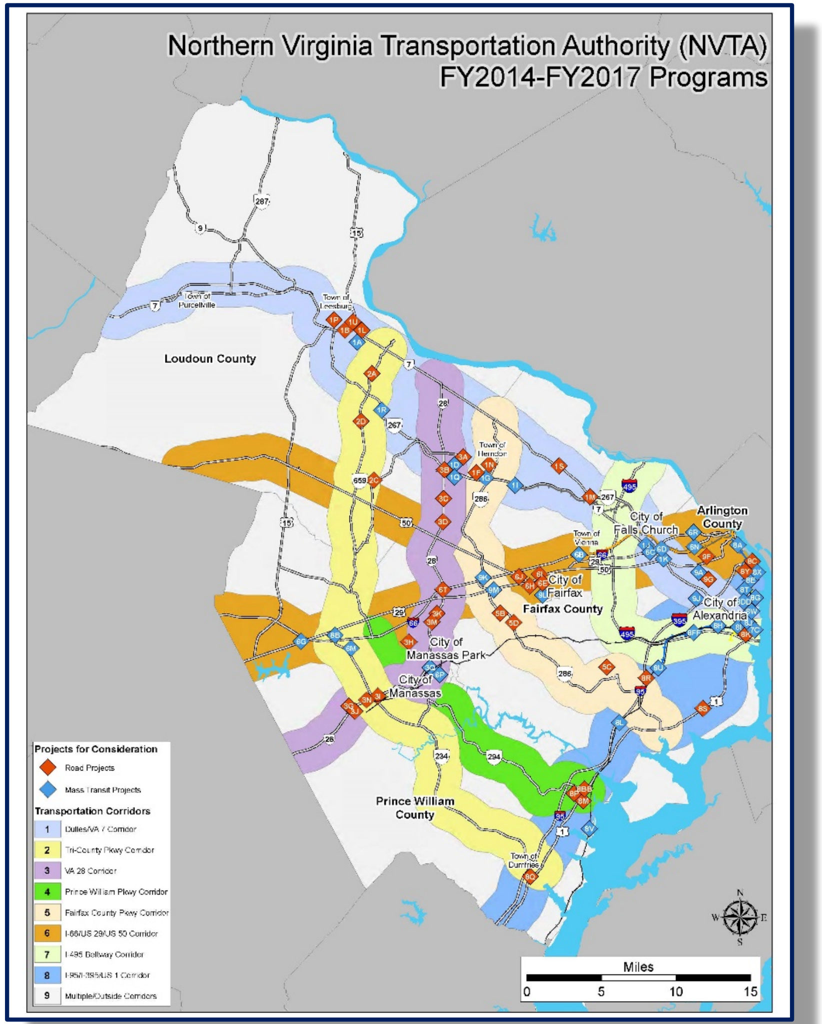
Funding programs developed under TransAction 2040

Regional Transportation Investments Funded in Three Years

FY2014-2017 Programs

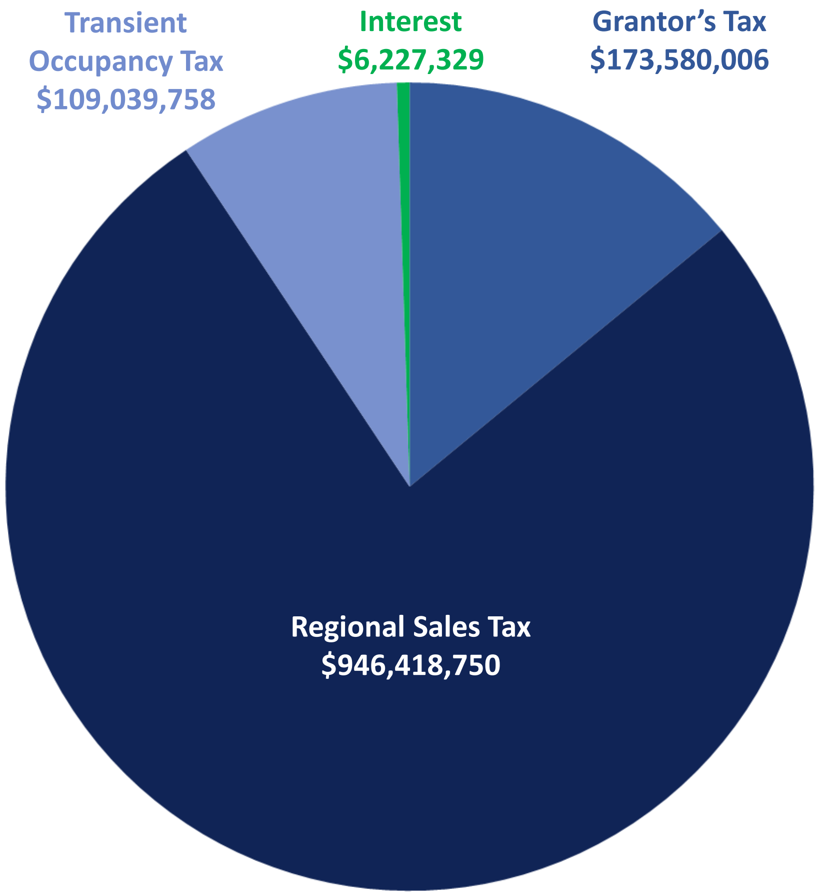
79 Projects

$990 Million Total

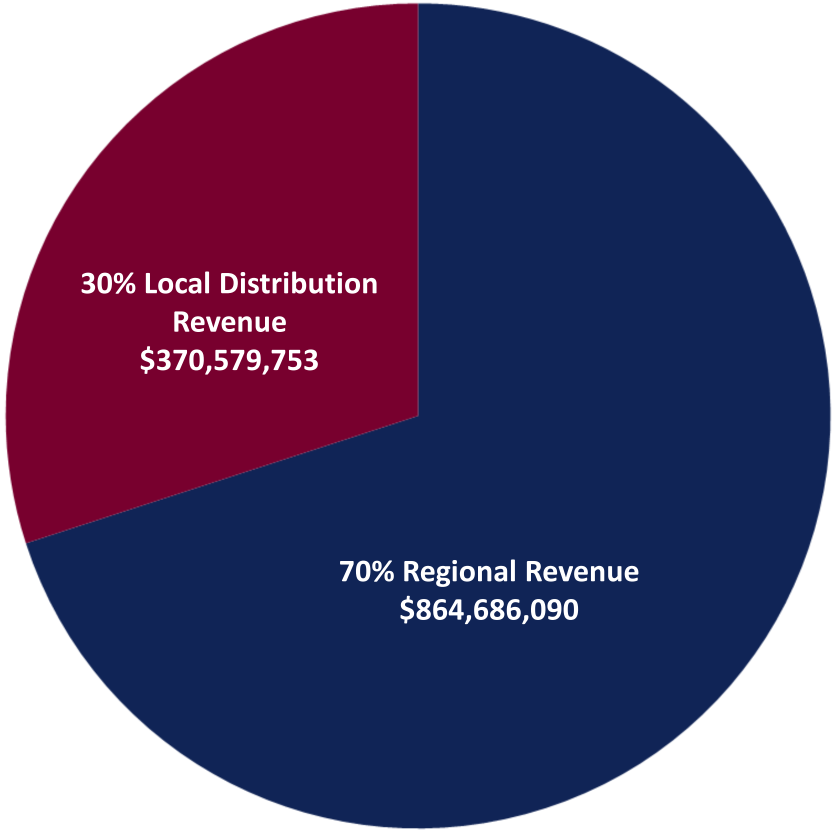


NVTA HB 2313 Revenues Received and Projected through FYE June 30, 2017

NVTA TOTAL REVENUE RECEIVED BY TAX TYPE
$1,235,265,843



NVTA TOTAL REVENUE RECEIVED
$1,235,265,843

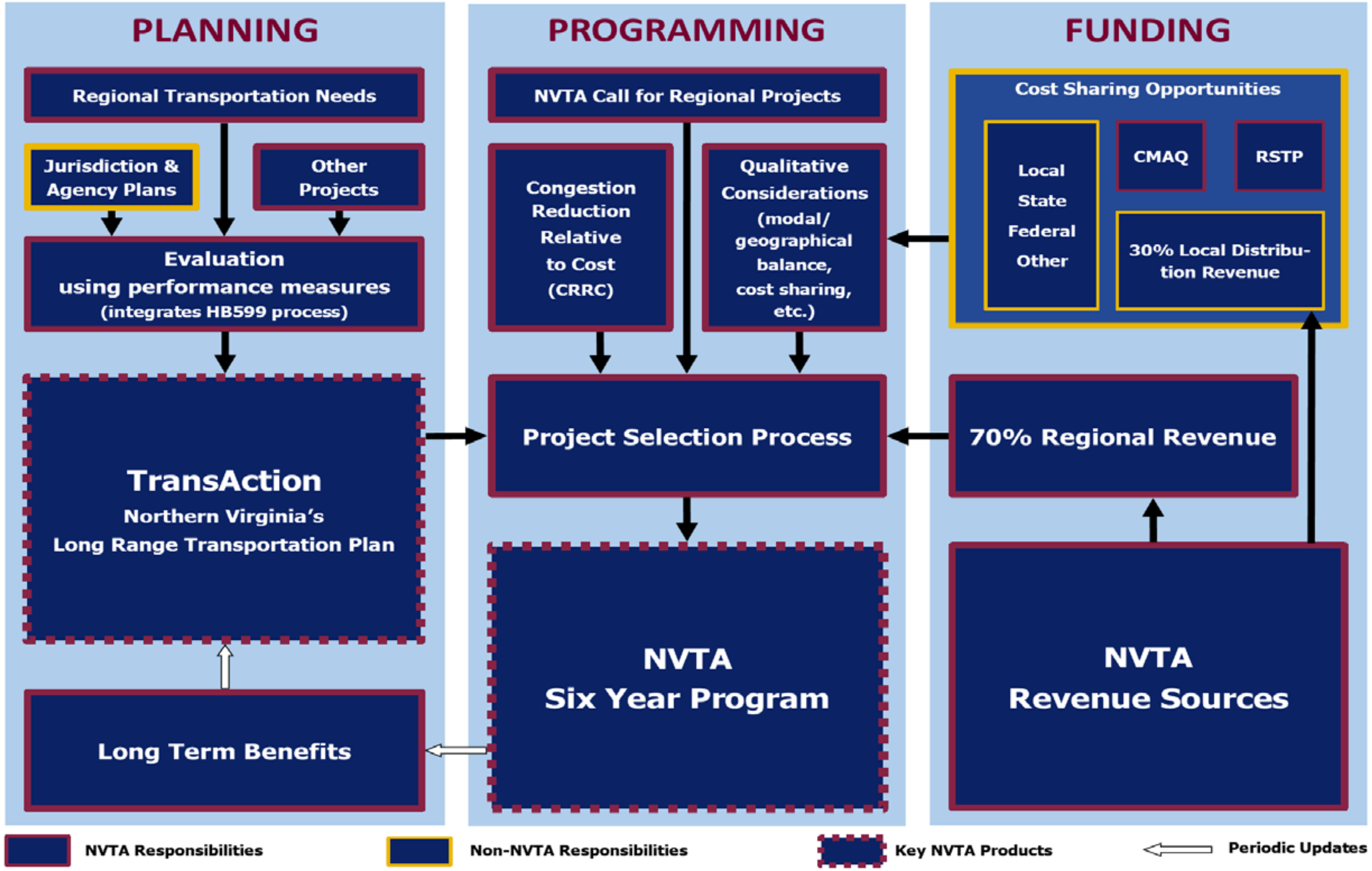


81

Draft TransAction Plan: Planning for Next Round of Investments

- **First update since the passage of HB 2313**
- **Approximately 358 multi-modal candidate projects across 11 regional corridors/28 corridor segments**
- **Continuous Public Engagement**
- **MWCOG Round 9.0 forecasts, 2040 planning horizon**
- **No singular focus on one project or mode**
- **Sensitivity analysis**
- **Unconstrained financially---not enough $$ to fund all of the region's transportation needs**

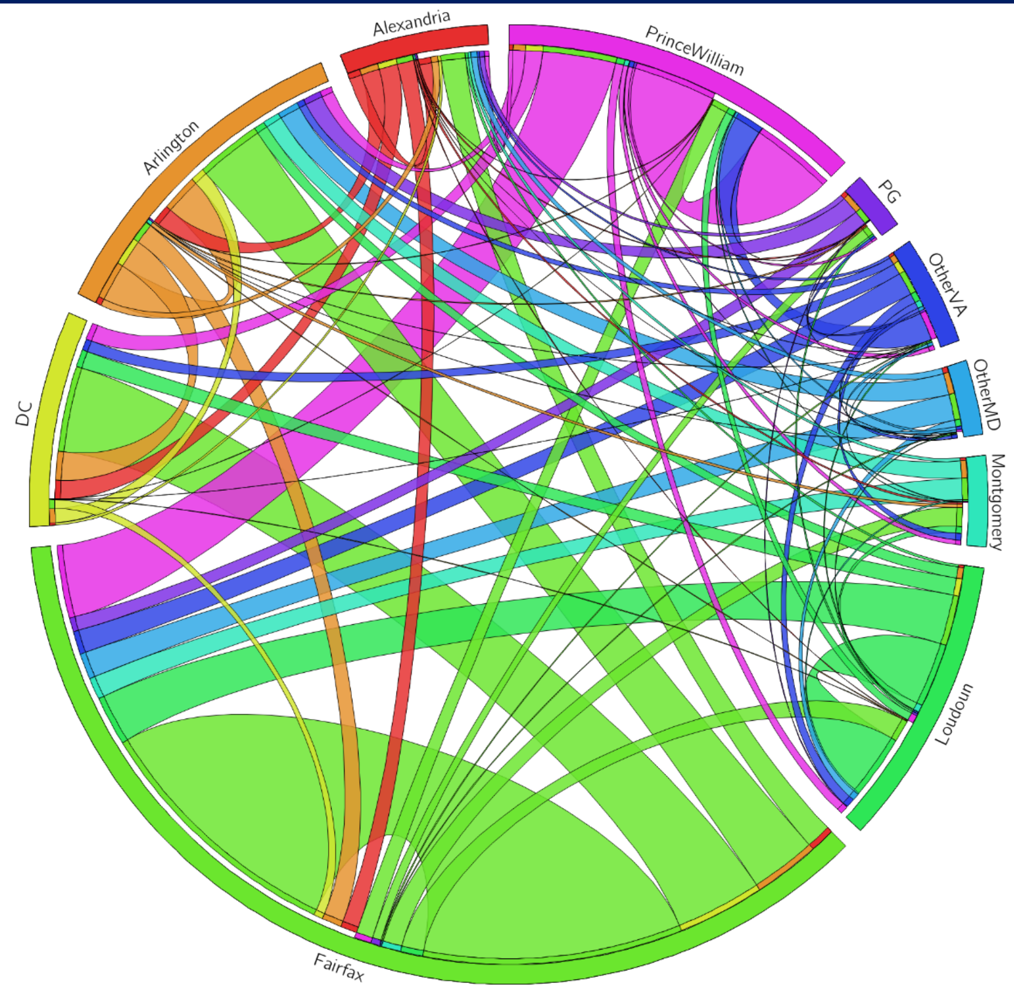
NVTA Planning/Programming/Funding



Jurisdiction Origins and Destinations

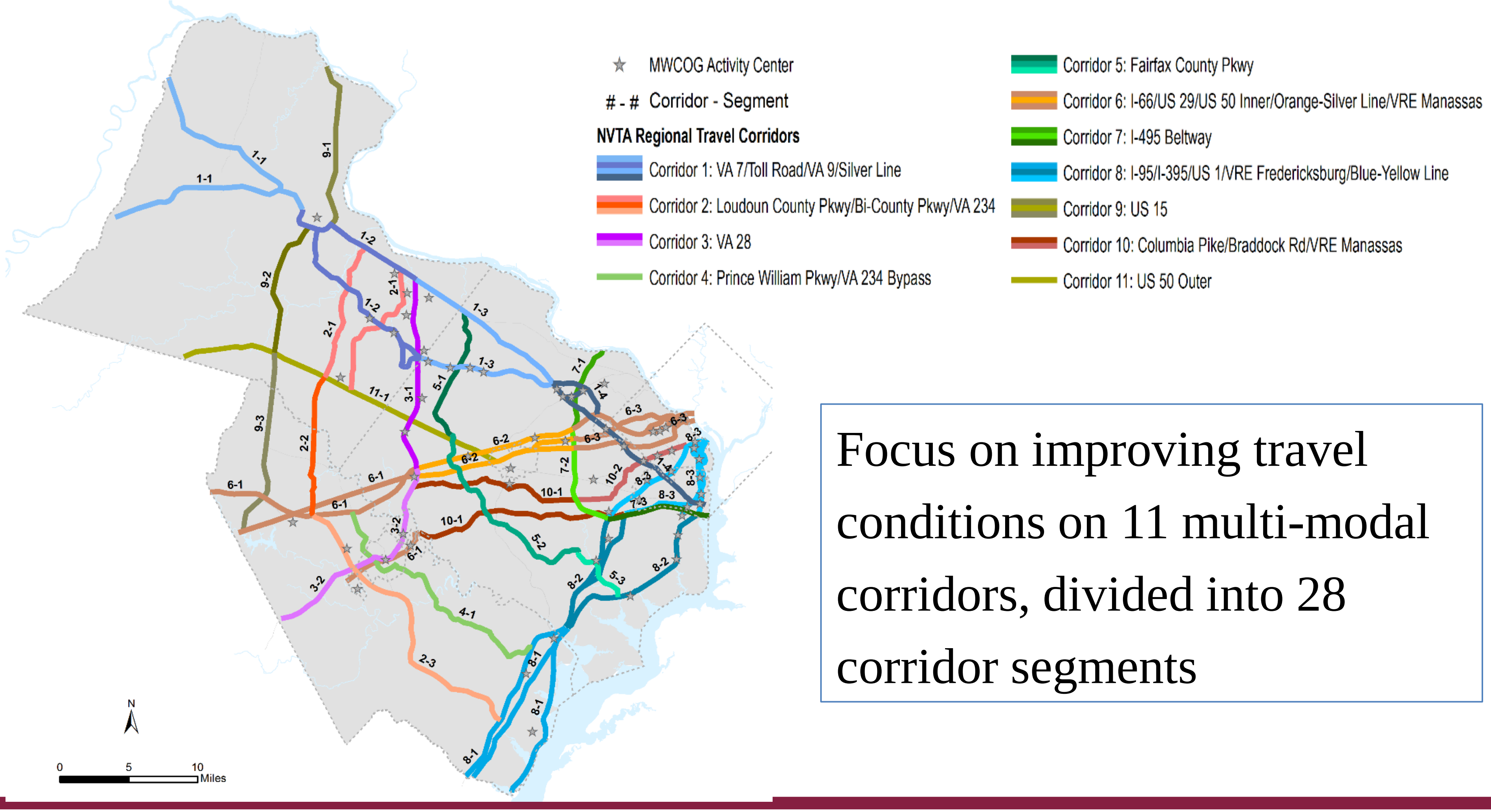
2040 Commute Patterns

- The origins and destinations noted on the right graphically show commuting patterns and provide a sense of volume.



Source: MWCOG 2040 Travel Forecasts, Round 9.0 Land Use

Evaluation of Corridors and Segments



Focus on improving travel conditions on 11 multi-modal corridors, divided into 28 corridor segments

NVTA's TransAction

Draft TransAction Plan

Total Projects in Draft Plan	Draft Plan Cost Estimate including ROW ($B)*
358	$44.1

Project Type	Total Projects**	Project Cost FY17 ($M)
Roadway	239	$19,831
Transit	99	$23,293
Non-motorized	51	$3,543
ITS[1] / ICM[2]	15	$1,570
TDM[3]	3	$170

* Cost estimates are for entire projects, regardless of potential funding sources

** Projects can be categorized as multiple types

[1] ITS: Intelligent Transportation Systems

[2] ICM: Integrated Corridor Management

[3] TDM: Transportation Demand Management

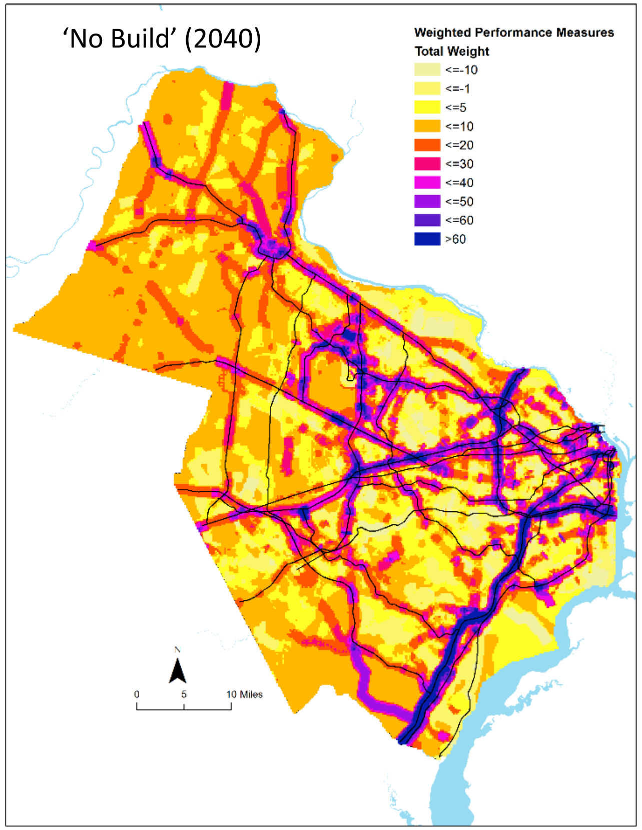
NVTA's TransAction

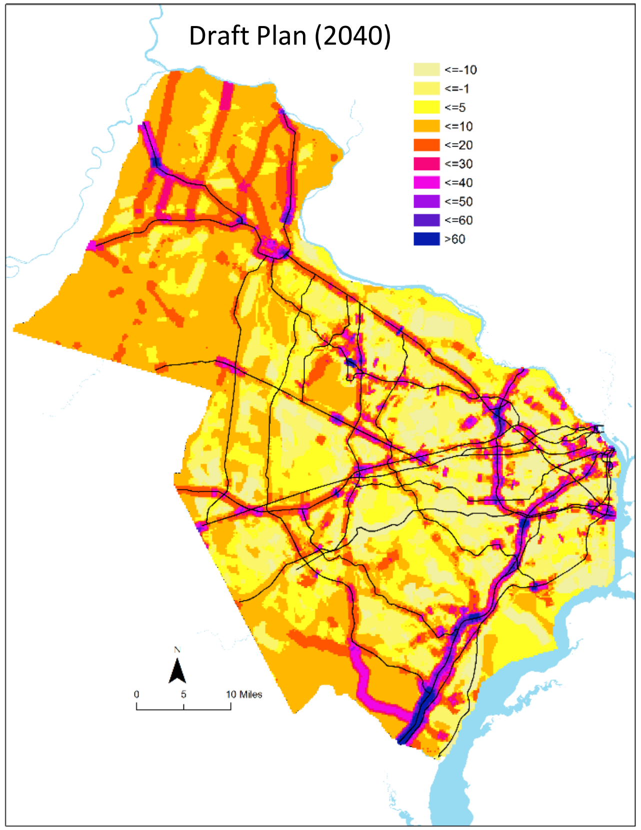
Findings: Selected Measures

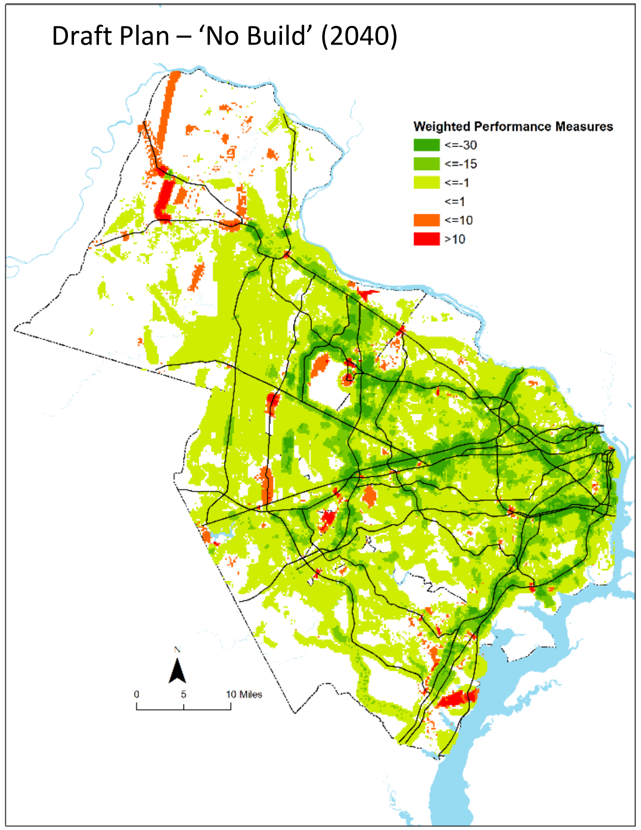
Measures (Weekday)	Current Conditions (2016)	'No Build' (2040)	Draft Plan (2040)	% Change
Motorized Trips	8,737,000	10,462,000	10,565,000	1.0%
Auto Trips	7,862,000	9,432,000	9,442,000	0.1%
Transit Trips	876,000	1,030,000	1,122,000	9.0%
Transit Share	10.0%	9.8%	10.6%	8.2%
Transit Boardings	1,002,000	1,359,000	1,551,000	14.1%
Miles of Travel	104,839k	125,379k	124,869k	-0.4%
Hours of Travel	3,298,000	5,811,000	4,446,000	-23.5%
Hours of Delay	1,007,000	3,030,000	1,704,000	-43.8%
Transit Crowding	10,800	20,100	7,200	-64.4%
***24% Population Increase & 37% Employment Increase**				

Overall Impact of Draft Plan

Draft Plan (2040) compared to 'No Build' (2040)







Summary of Findings

- Compared to the 'No Build' (2040), the Draft Plan:
  - Improved travel conditions on all corridors;
  - Modestly increased total trips (1.0%), but with increased transit share (up by 8.2%);
  - Marginally decreased person miles traveled;
  - Noticeably reduced person hours of travel and person hours of delay (by 24% and 44%);
  - Significantly reduced transit crowding (by 64%) to below 2016 levels, in part due to regional BRT/LRT additions;
  - Noticeably improved job accessibility for residents in a broad corridor from Leesburg to Prince William County;
  - Residual problem areas include I-95 and I-495.

Alternate Futures

- Four Alternate Futures tested:
  - Scenario A: Technology makes driving easier
  - Scenario B: Changes in travel behavior
  - Scenario C: Dispersed land use growth
  - Scenario D: Concentrated land use growth
- Scenarios are ‘plausible’ alternate futures, but are neither ‘predicted’ nor ‘preferred’; hybrid scenarios are ‘probable’
- Scenario (sensitivity) analysis provides an understanding of the robustness of TransAction findings and recommendations

Next Steps—Development of the Region's First Six Year Program

- **October 12, 2017--**Adoption of TransAction
- **October 12, 2017--**Call for Regional Transportation Projects for FY2018-2023 Six Year Program
- **Spring 2018--**Public Comment Period for Six Year Program
- **June 2018----**Adoption of the FY2018-2023 Six Year Program
- **Spring 2020---**Bi-Annual Update of the Six Year Program

Next Steps—Ongoing Coordination

- Continued coordination with localities and regional agencies
  - CTB
  - TPB
- Synchronization of NVTA's Six Year Program with the CTB's Six Year Improvement Program
  - Leverage funding opportunities for regional projects
- Long Term Benefits Assessment

Questions and Answers

Richard Donohoe

Real Estate Finance and Settlement Forum Vice Chair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