



National and Local Economic Trends

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2020 Economic Summit

March 6, 2020

Agenda

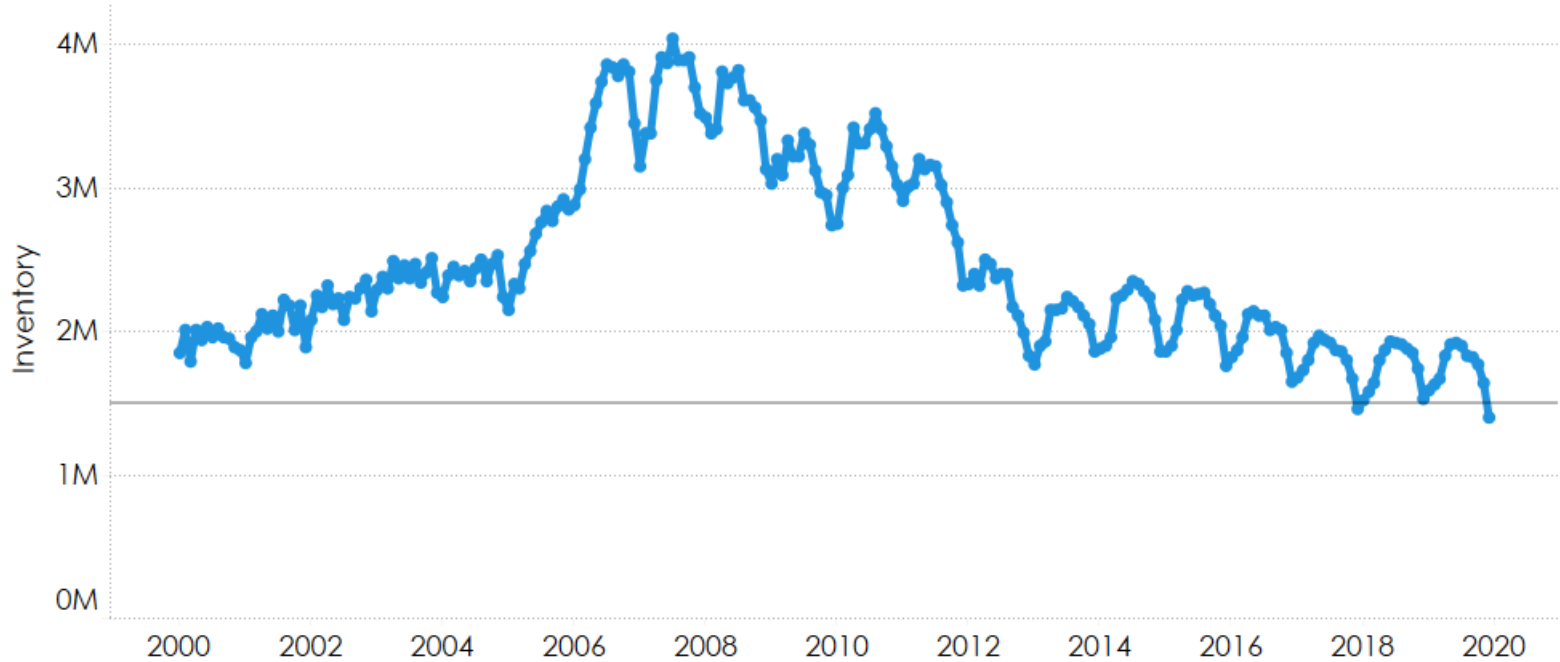
- **The state of the housing market**
 - Nationwide
 - Loudoun County, VA and Washington, DC metro area
- **Local market trends to watch**
 - Higher population growth and homeownership compared to nationwide
 - Residential mobility: who is moving, who is buying, what properties are buying
- **Housing Forecasting for 2020**

State of Housing

(Nationwide)

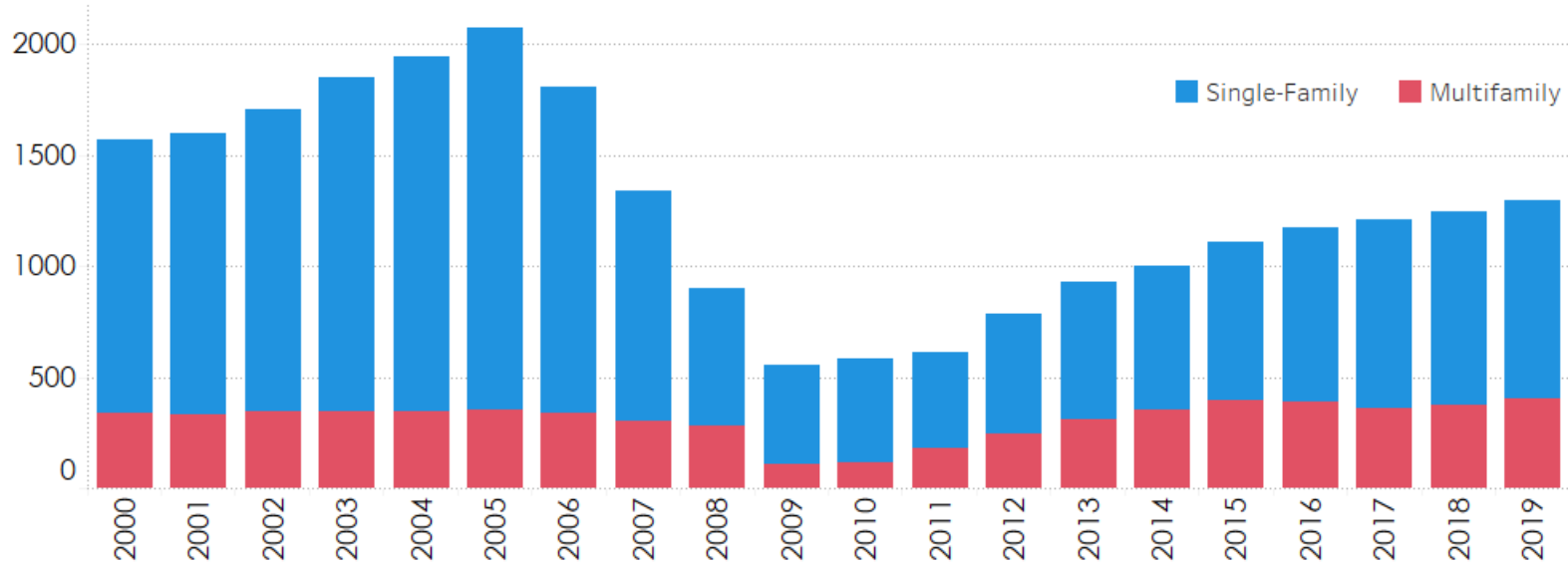
Continuing shortfall in supply is keeping the pressure on house prices and rents, eroding affordability —particularly for modest-income households in high-cost markets.

Inventory of Homes for Sale is Still Low



Source: National Association of REALTORS®

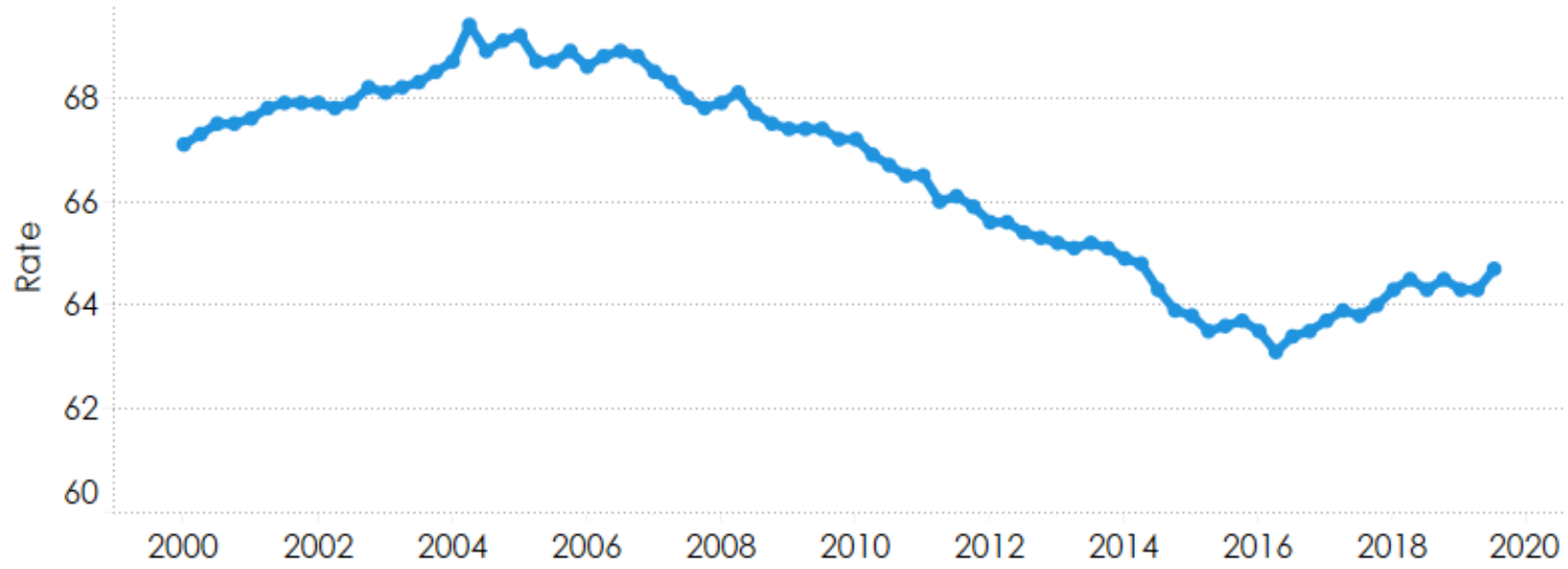
U.S. Housing Starts Not Enough Short by 5 to 6 million units



Source: U.S. Census Bureau

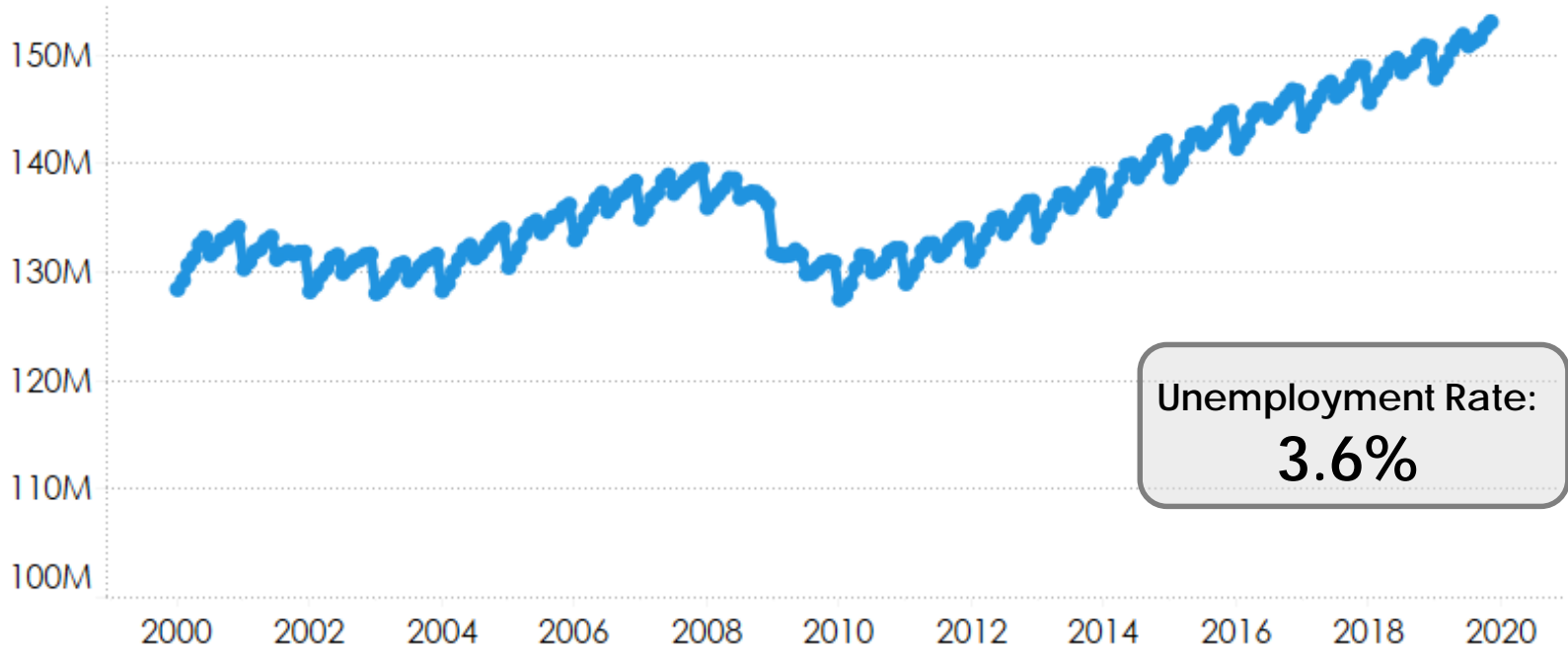
Homeownership Rate Slow Recovery

70% to 63% to 65%



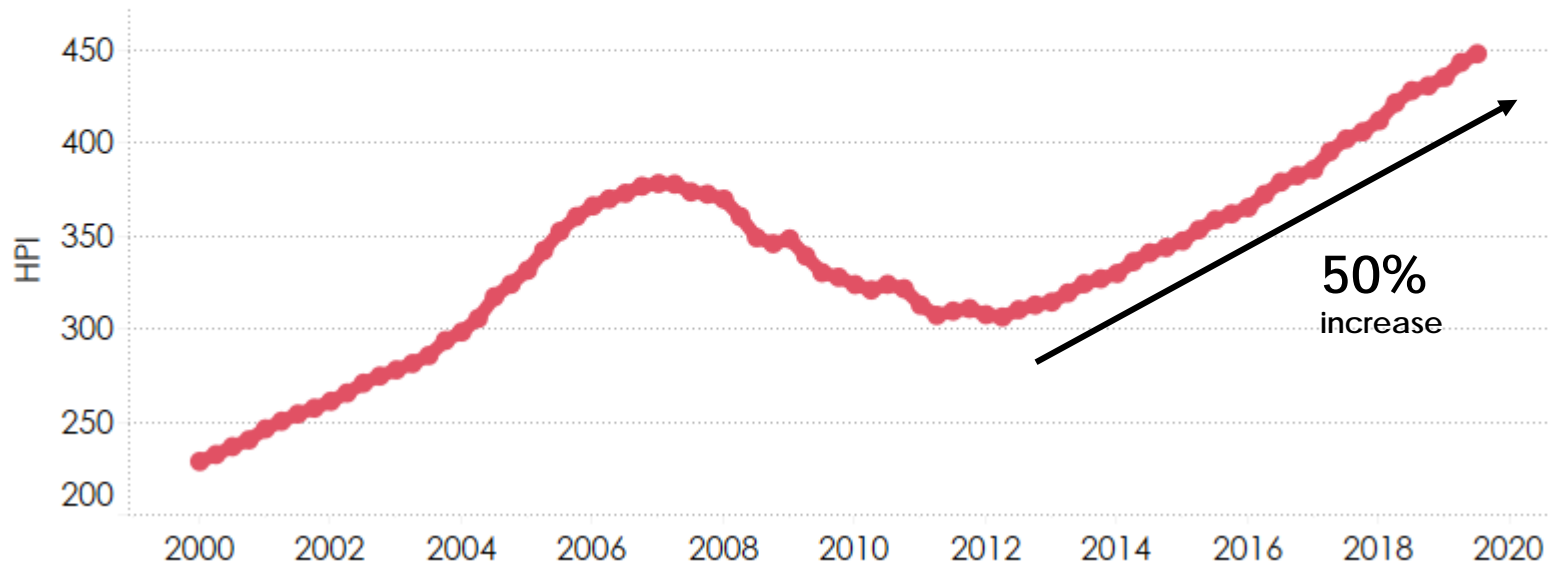
Source: U.S. Census Bureau

Strong Employment---More potential buyers



Source: U.S. Bureau of Labor Statistics

95 consecutive months of year over year home price gains

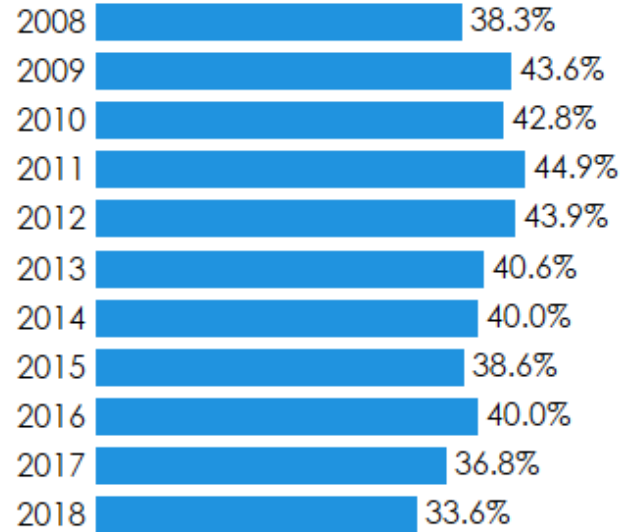


Source: House Price Index (HPI), Federal Housing Finance Agency

Renters Affordability



34% of renters can afford to buy the typical home



Source: NAR Calculations of the American Community Survey data

State of Housing

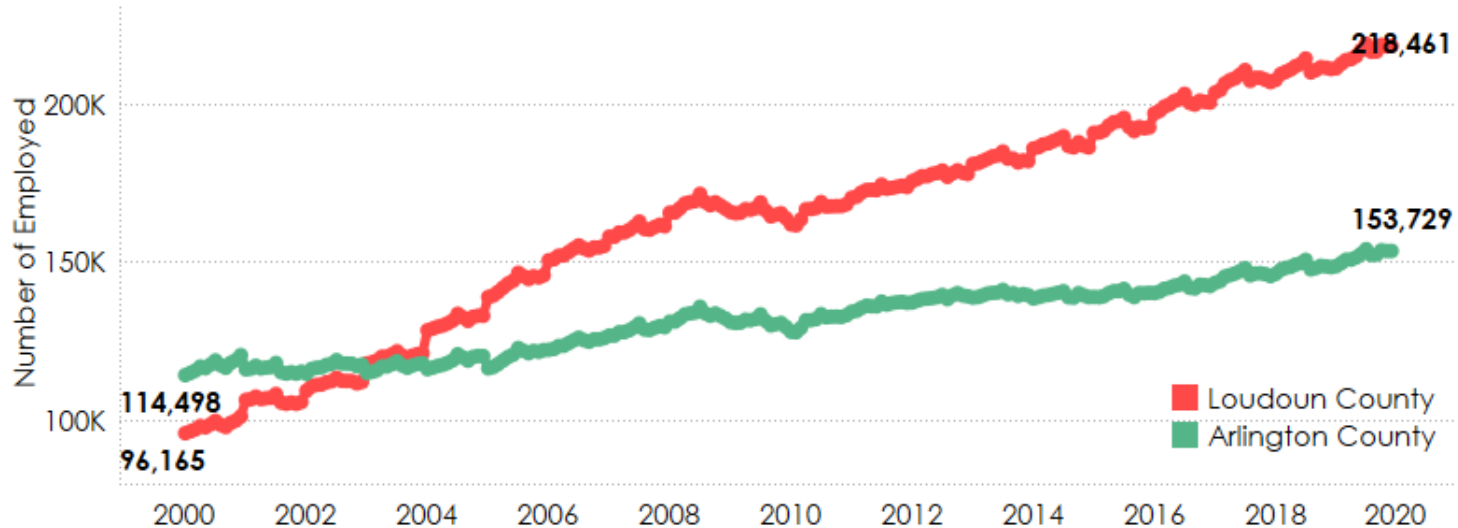
(Loudoun County and Washington, DC metro area)

-Strong employment growth increases housing demand while supply is not enough.

-Housing demand is expected to increase further because of the population growth.

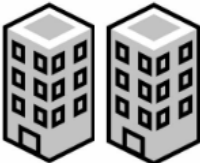
-In 2020, real estate market in Loudoun County and Washington, DC metro area is expected to outperform compared to nationwide.

Two times the number of employed in 2000 nationally, employment grew 14%



Source: U.S. Bureau of Labor Statistics

Amazon Effect will increase employment by 17% to 28% in the next 10 years



THE MULTIPLIER EFFECT

For every Amazon job
a number of indirect jobs result

Amazon will create 2,500 jobs

For every Amazon job
a number of indirect jobs result



Additional Jobs
Suppliers to
the company



Additional Jobs
where workers
spend their money



Average multiplier is 2 to 4 additional jobs
for every Amazon job

5,000 to 10,000 additional jobs

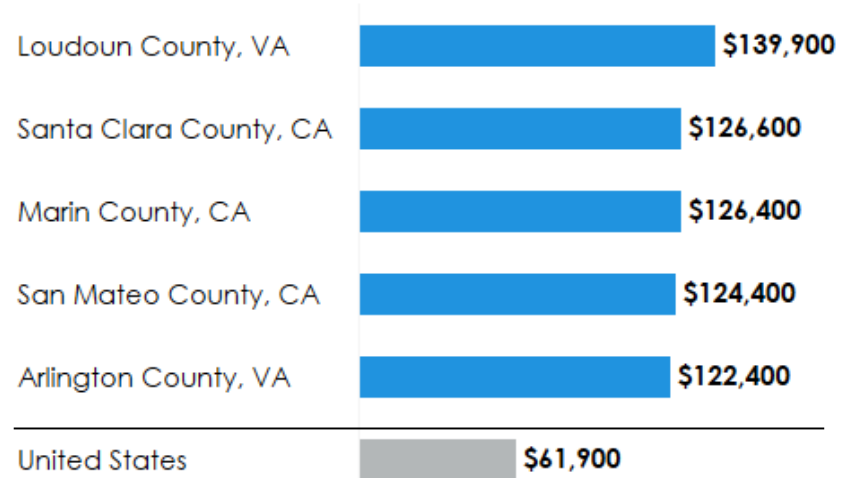
AMAZON EFFECT

**7,500 to 12,500 jobs are expected to be added
every year for the next 10 years**

Loudoun County had the highest income for 12 straight years

- In **2018**, the median income in Loudoun County was **\$140,000**.

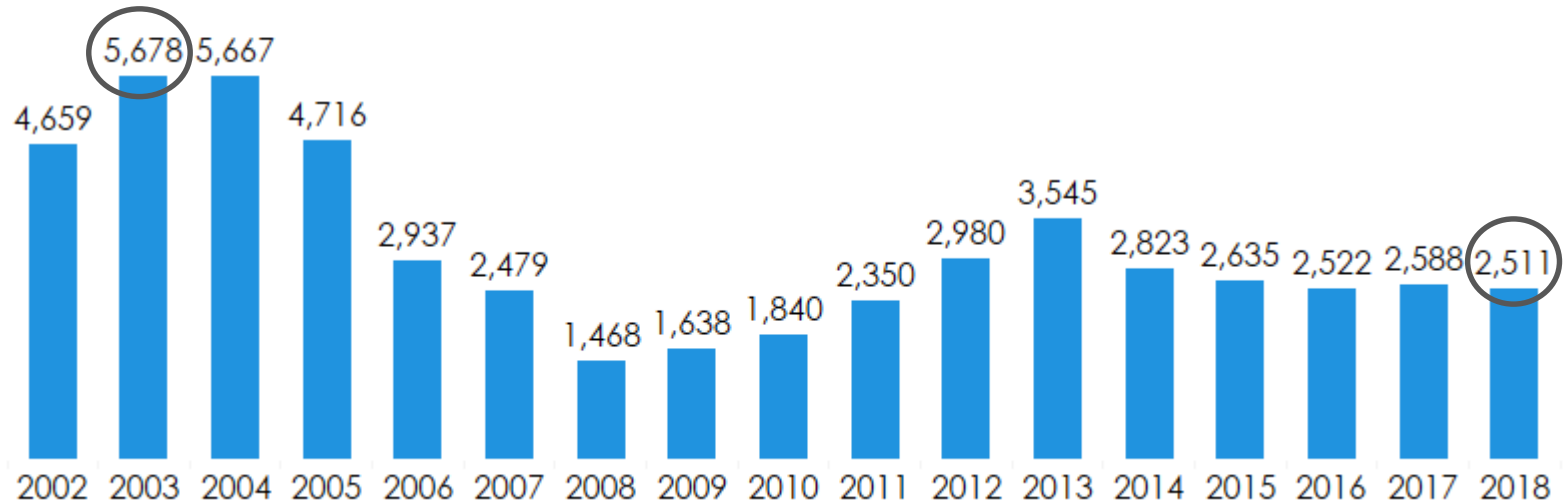
- **2.5 times** higher than nationwide



Source: American Community Survey (ACS)

Single-family permits on the decline in Loudoun County

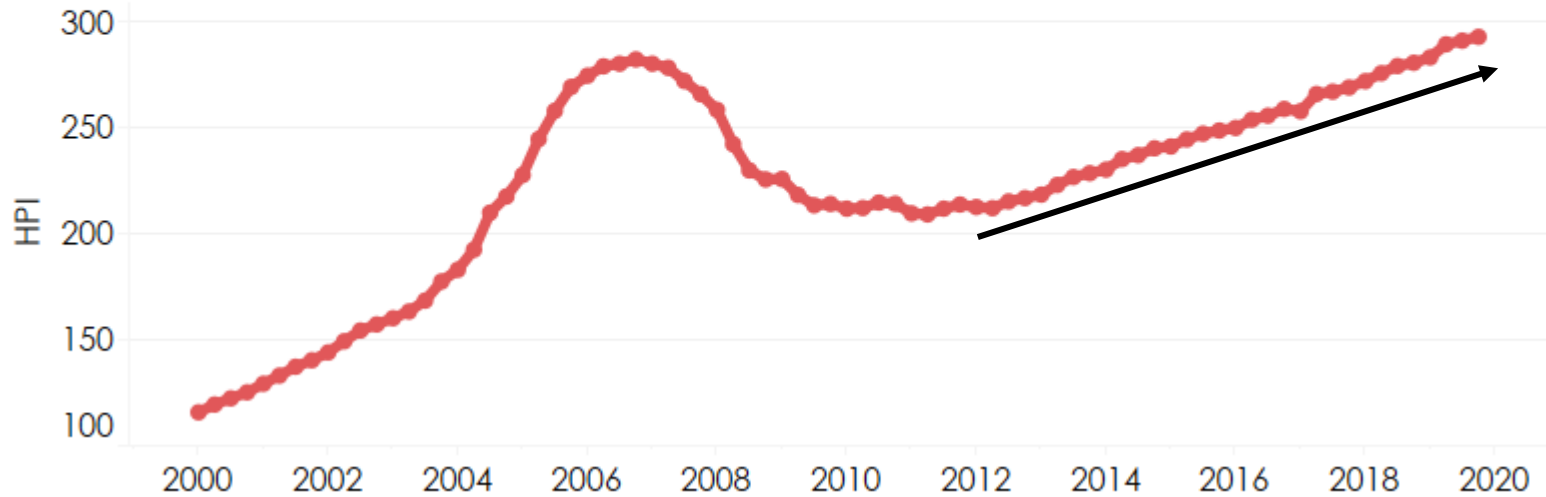
In Washington, DC metro area, single-family permits declined 15% (2017-2019)



Source: U.S. Census Bureau

Increasing Home Prices in Washington, DC metro area

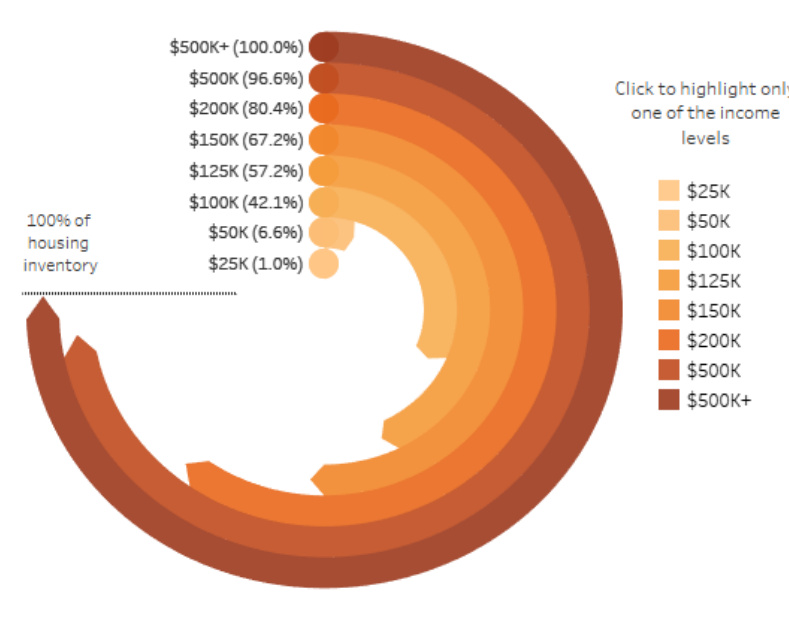
continuous year over year growth since 2012



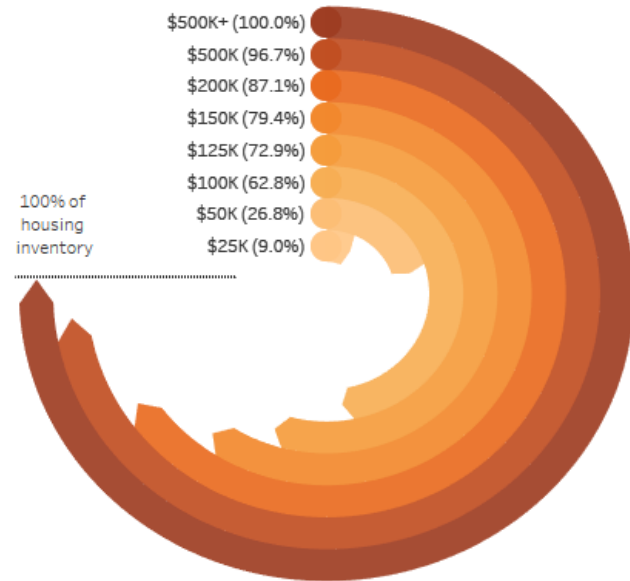
Source: House Price Index (HPI), Federal Housing Finance Agency

Washington, DC metro area less affordable than most of the areas in the country

Washington et al, DC-VA-MD-WV (Score: 0.9)



United States



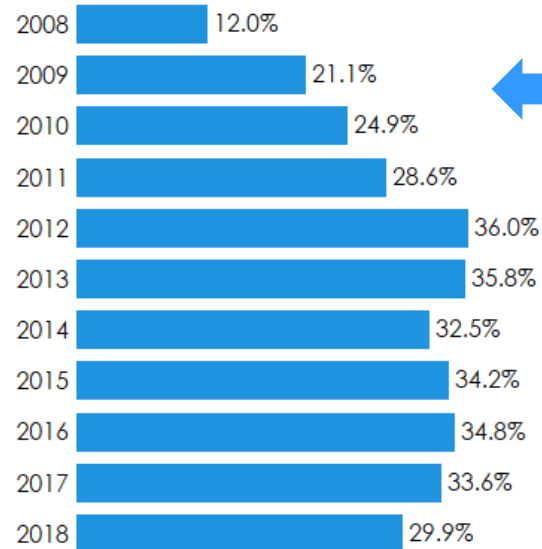
Renters Affordability

(Washington, DC metro area)



30% of renters can afford to buy the typical home

Share of renters

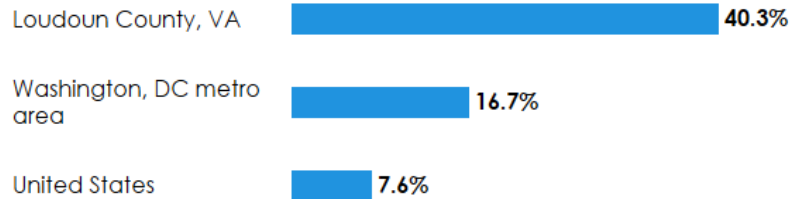


Income of renters increased **27%** in the last 10 years

Source: NAR Calculations of the American Community Survey data

Population in Loudoun County is increasing more than nationwide

- In the last 10 years,



- More Millennials and Gen Xers

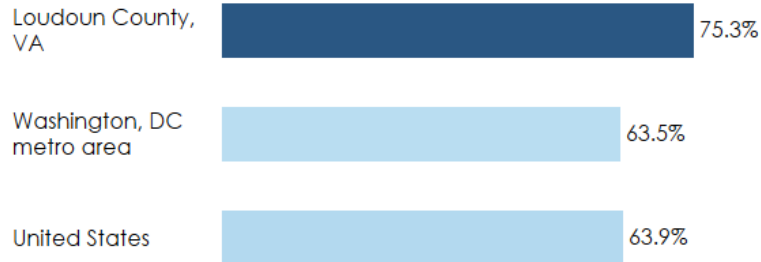
	25-34	35-44	45-54	55-64	65+
Loudoun County, VA	14%	26%	26%	18%	15%
Washington, DC metro area	16%	20%	21%	19%	21%
United States	15%	17%	18%	20%	26%



More homeowners in Loudoun County than nationwide

Although homeownership fell in 2018 from a year earlier, it is still higher than nationwide especially for ages 25-44.

Homeownership Rate in 2018



Silver Line Metrorail can bring higher appreciation

Near transportation,

- median sales price increases are **4-24%** higher,
- median sales price per square foot of office properties increases **5-42%** more,
- **1 in 4** households **does not own** a vehicle and spends **\$2,500-\$4,400 less** on transportation



Increasing inter-state migration (Loudoun County)

local
moves



moves driven by
housing and **life**
course changes

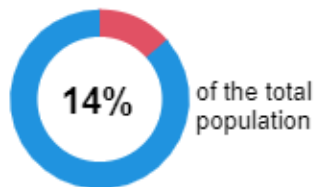
inter-state
moves



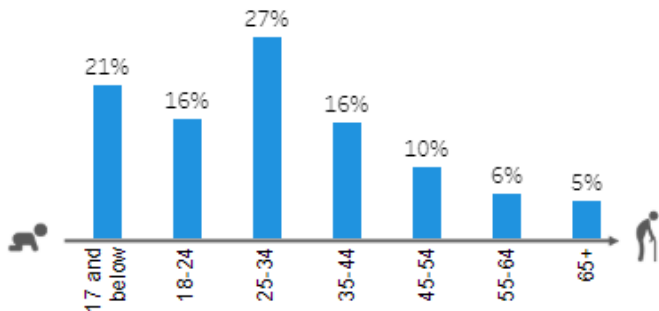
longer distance
inter-state moves
are more greatly
influenced by **jobs**
and **labor market**
draws

Who is moving to Washington, DC metro area?

Number of recent movers: **845,908**



Median age: **30**



Household Type:

married couple



female, no spouse present



male, no spouse present



female, nonfamily

(living/not living alone)



male, nonfamily

(living/not living alone)



Median Income: **\$78,900**

under \$50K 30%

\$50K-\$100K 31%

\$100K-\$150K 18%

\$150K-\$200K 10%

\$200K-\$250K 4%

\$250K+ 6%

Residential mobility and Homeownership

Tenure:

Homeowners typically **live** for **12** years in their homes in WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV.



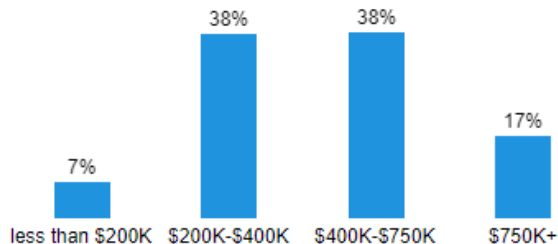
28% of the recent movers are **homeowners**

72% of the recent movers are **renters**

Affordability:

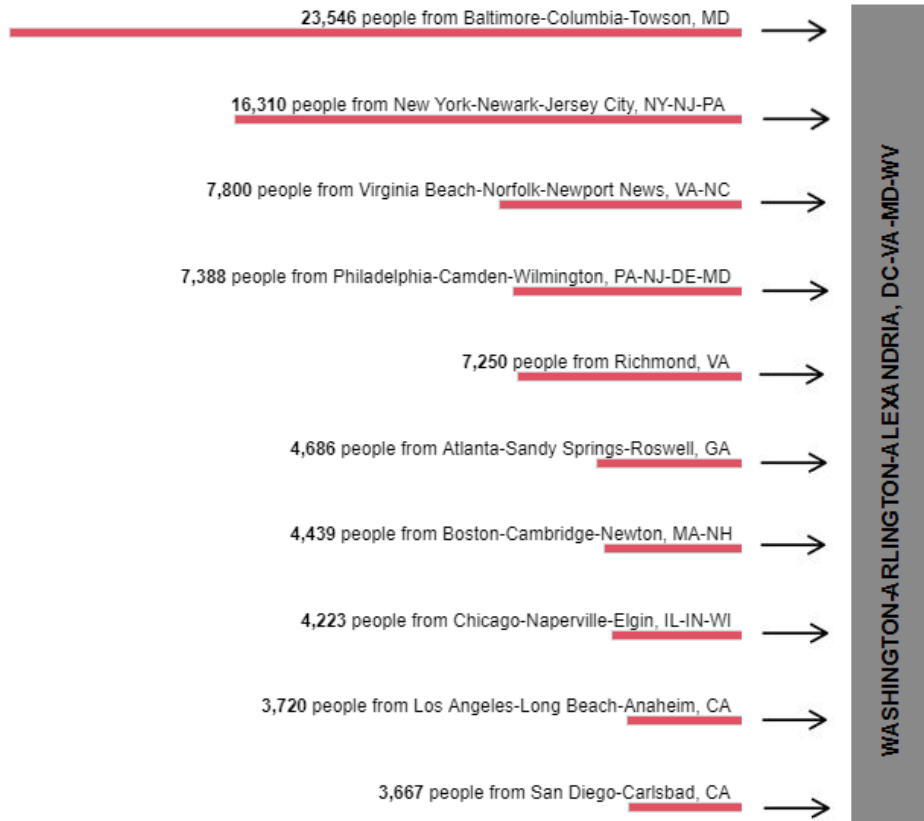
37% of the recent movers who are **renters** can afford to buy the typical home in WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV (assuming 20% down payment)

Median Value of homes that recent movers bought:
\$432,900



Source: NAR Calculations of the American Community Survey data

Origin of Recent Movers



Source: NAR Calculations of the American Community Survey data

2000 versus 2019 comparison (Nationwide)

	2000	2019	Comment
Housing Affordability	122	146	Better
30-year mortgage rate	8.1%	4.0%	Better
Population	282 million	329 million	Better
Population (16 yrs old and over)	218 million	263 million	Better
Households	103 million	122 million	Better
Jobs	132 million	152 million	Better
Total Home Sales (New + Existing)	6.1 million	6.0 million	Worse

Housing Forecast: Moderate Growth

	2016	2017	2018	2019 Forecast	2020 Forecast
New Home Sales	560,000	613,000	617,000	670,000 (+9%)	750,000 (+11%)
Existing Home Sales	5.4 million	5.5 million	5.3 million	5.4 million (1%)	5.6 million (+4%)
Median Price Growth	+5.1%	+5.7%	+4.9%	+4.3%	+3.6%
30-year Rate	3.6%	4.0%	4.5%	4.0%	3.8%

Key Takeaways

In Loudoun County:

- Local market is expected to outperform compared to nationwide because of strong employment conditions
- Increasing population growth
- Higher homeownership rate especially for young people (25-44)
- Higher inter-state migration in 2018

Thank You

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