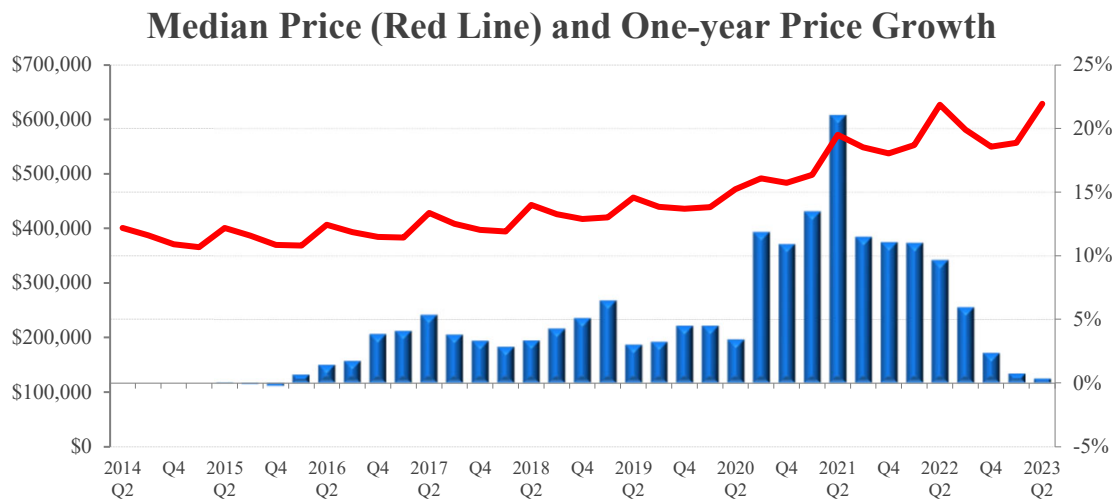


Washington-Arlington-Alexandria Area

Local Market Report, Second Quarter 2023

Today's Market...



Local Price Trends			
Price Activity	Washington, DC	U.S.	Local Trend
Current Median Home Price (2023 Q2)	\$629,000	\$397,433	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2023 Q2)	0.4%	-2.1%	
3-year (12-quarter) Appreciation (2023 Q2)	33.2%	37.9%	
3-year (12-quarter) Housing Equity Gain*	\$156,900	\$109,200	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$222,100	\$158,300	
9-year (36 quarters) Housing Equity Gain*	\$228,000	\$185,600	

*Note: Equity gain reflects price appreciation only

	Washington, DC	U.S.	
Conforming Loan Limit**	\$1,089,300	\$1,089,300	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$1,089,300	\$1,089,300	
Local Median to Conforming Limit Ratio	58%	not comparable	

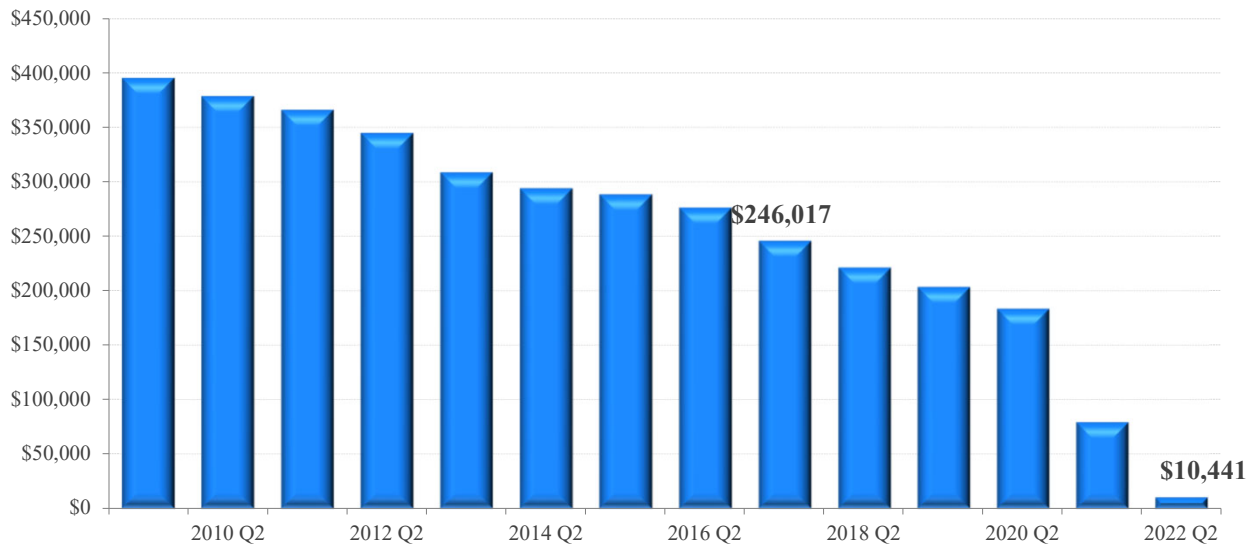
Note: limits are current and include the changes made on January 1st 2023.

Local NAR Leadership

The Washington-Arlington-Alexandria market is part of region 3 in the NAR governance system, which includes all of Delaware, Maryland, District of Columbia, Virginia, and West Virginia. The 2023 NAR Regional Vice President representing region 3 is Gail Renulfi.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2023 Q2 from quarter in which home was of purchased			
Price Activity	Washington	U.S.	Local Trend
1-year (4-quarter)	\$10,441	\$3,260	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$183,538	\$125,464	
5-year (20-quarter)*	\$221,430	\$153,130	
7-year (28 quarters)*	\$276,599	\$190,329	
9-year (36 quarters)*	\$294,145	\$220,542	

*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

Drivers of Local Supply and Demand...

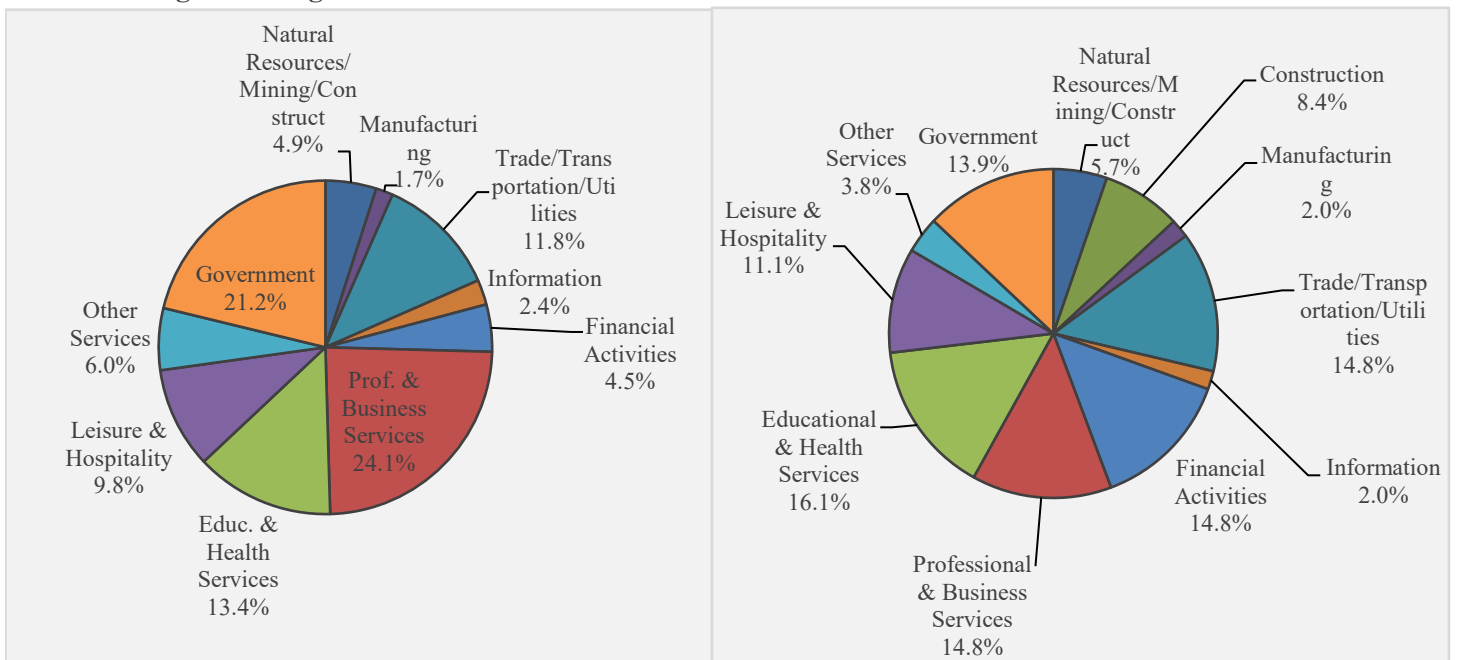


Local Economic Outlook	Washington, DC	U.S.	
12-month Job Change (Aug)	48,000	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Jul)	42,000	Not Comparable	
36-month Job Change (Aug)	266,600	Not Comparable	Unemployment in Washington, DC is better than the national average and improving
Current Unemployment Rate (Aug)	2.6%	3.8%	
Year-ago Unemployment Rate	3.3%	3.7%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	1.4%	2.9%	

Share of Total Employment by Industry

Washington-Arlington-Alexandria Area

U.S.



12-month Employment Change by Industry (Aug - 2023)

Goods Producing	NA	Information	1,100
Natural Resources/Mining/Construction	6,300	Financial Activities	-2,800
Natural Resources and Mining	NA	Prof. & Business Services	100
Construction	NA	Educ. & Health Services	21,000
Manufacturing	-600	Leisure & Hospitality	10,700
Service Providing Excluding Government	NA	Other Services	8,000
Trade/Transportation/Utilities	-5,000	Government	3,200

State Economic Activity Index	D.C.	U.S.	
12-month change (2023 - Aug)	NA	3.2%	NA

36-month change (2023 - Aug)

NA

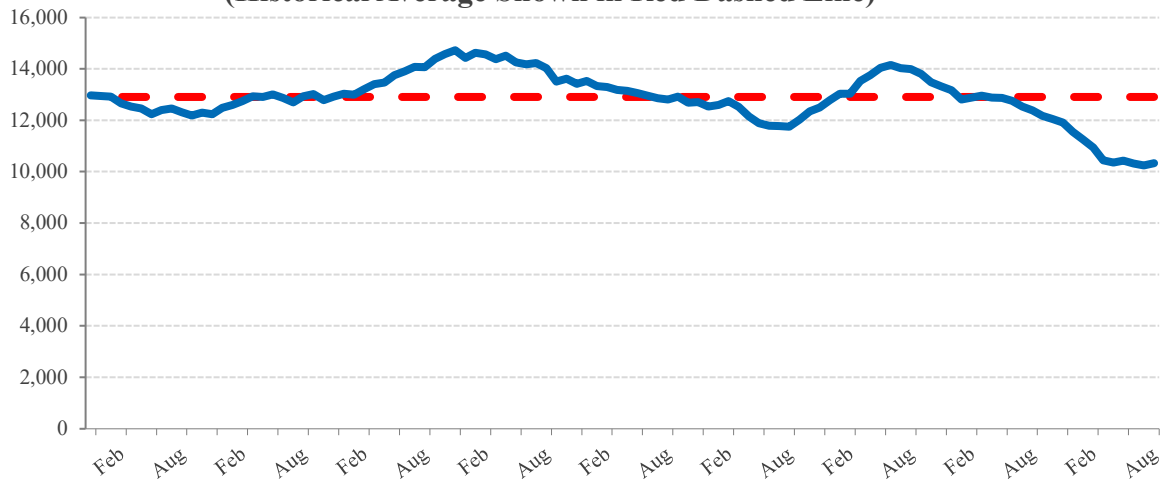
15.3%



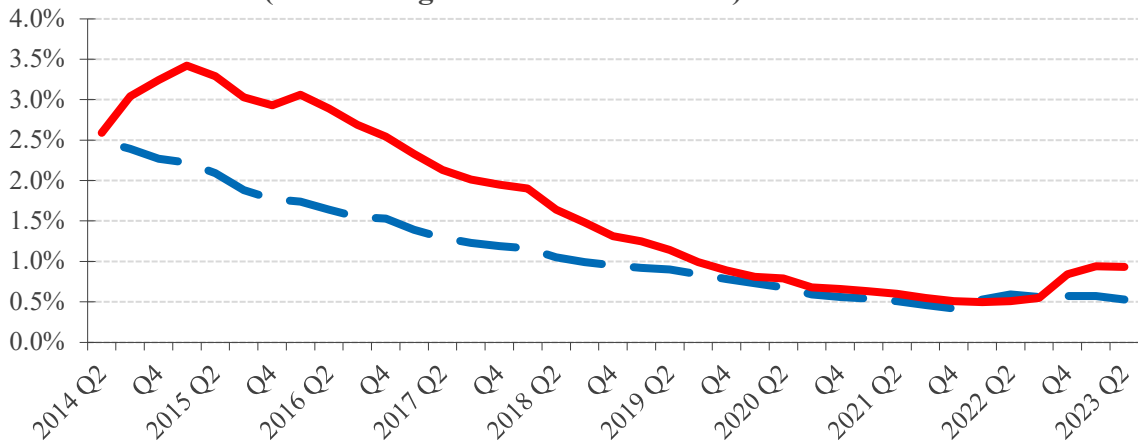
New Housing Construction

Local Fundamentals	Washington, DC	U.S.	
12-month Sum of 1-unit Building Permits through Aug	10,333	not comparable	The current level of construction is 19.9% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	12,906	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Aug) 12-month sum vs. a year ago	-16.5%	-18.9%	Construction is down from last year, but appears to have bottomed.

Construction: 12-month Sum of Local Housing Permits (Historical Average Shown in Red Dashed Line)



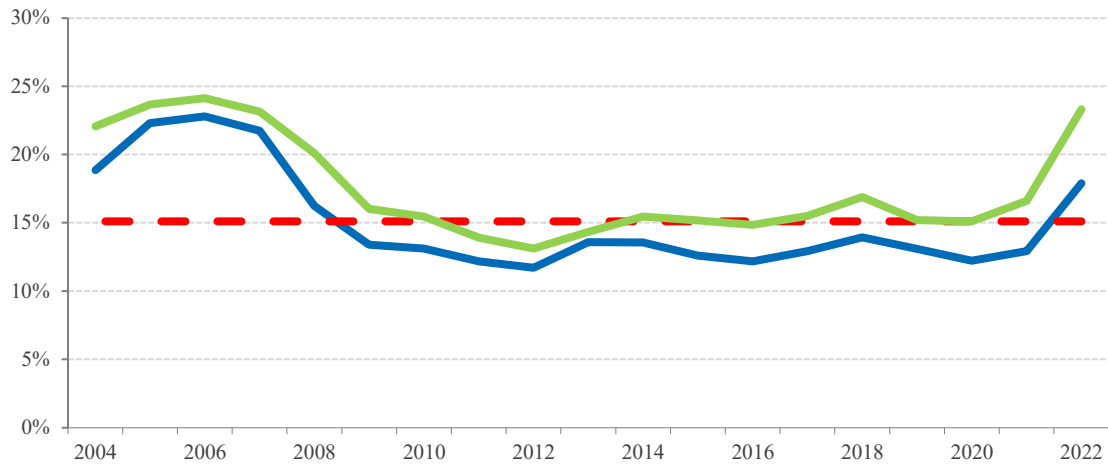
State Total Foreclosure Rate vs. U.S Average (U.S. Average in Blue Dashed Line)





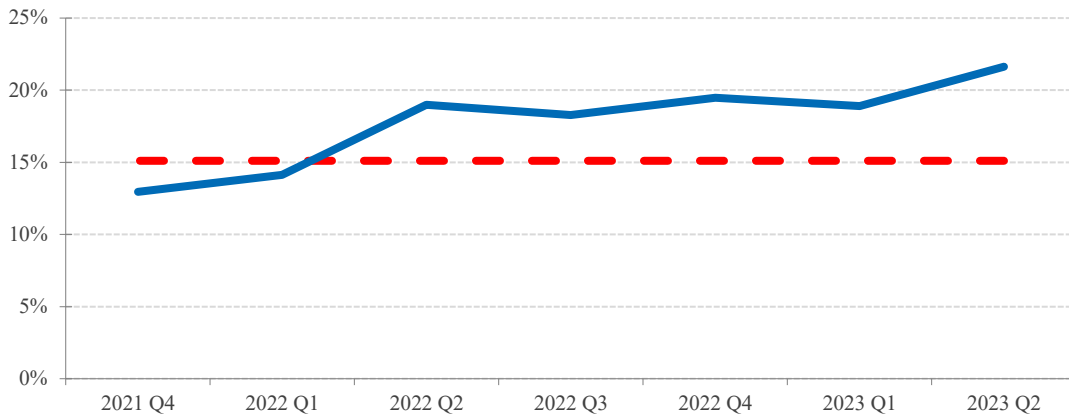
Affordability

Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)



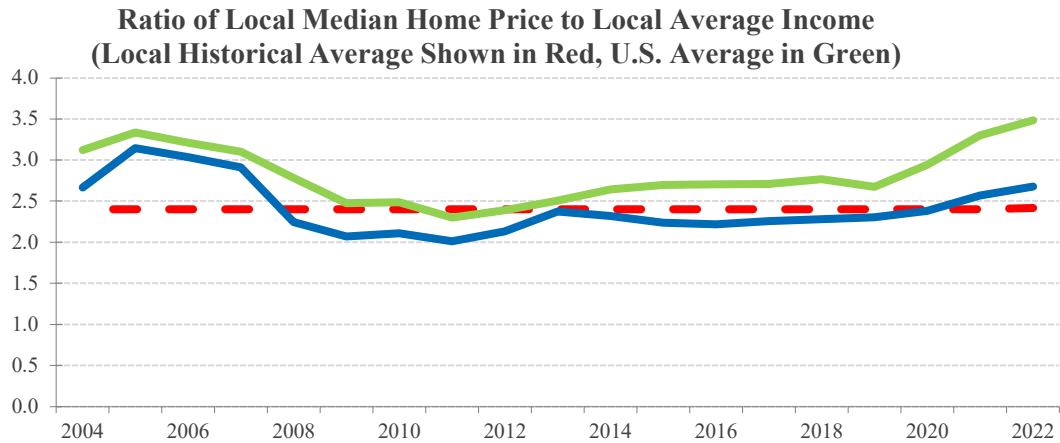
Monthly Mortgage Payment to Income	Washington, DC	U.S.	
Ratio for 2022	17.9%	23.3%	Weak by local standards and could weigh on demand
Ratio for 2023 Q2	21.6%	25.6%	
Historical Average	15.1%	17.8%	More affordable than most markets

Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)

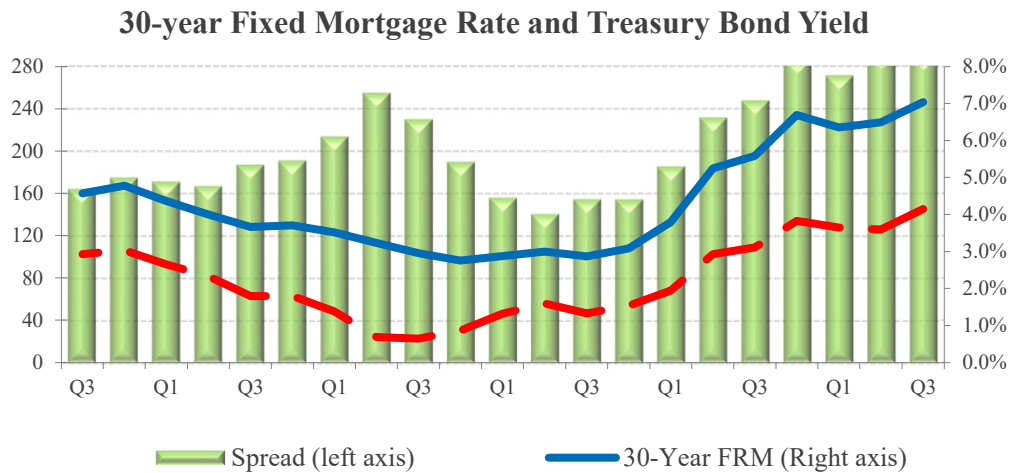


Median Home Price to Income	Washington, DC	U.S.
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Ratio for 2022	2.7	3.5	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2023 Q2	2.9	3.4	
Historical Average	2.4	2.8	Affordable compared to most markets



The Mortgage Market



With the Federal Reserve maintaining its tight monetary policy, mortgage rates rose in the second quarter of the year. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate moved up to 6.49% in the second quarter of 2023 from 6.36% the previous quarter. While rates remain about 1.2 times higher than the previous year (5.24%), buyers' purchasing power and housing affordability continue to diminish. Affordability challenges may ease if the Federal Reserve will stop raising and start cutting interest rates next year. NAR forecasts the 30-year fixed mortgage rate to hover around 7% in the second half of the year.



Geographic Coverage for this Report

The Washington, DC area referred to in this report covers the geographic area of the Washington-Arlington-Alexandria metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Frederick County, MD; Montgomery County, MD; District of Columbia, DC; Calvert County, MD; Charles County, MD; Prince George's County, MD; Arlington County, VA; Clarke County, VA; Culpeper County, VA; Fairfax County, VA; Fauquier County, VA; Loudoun County, VA; Prince William County, VA; Rappahannock County, VA; Spotsylvania County, VA; Stafford County, VA; Warren County, VA; Alexandria city, VA; Fairfax city, VA; Falls Church city, VA; Fredericksburg city, VA; Manassas city, VA; Manassas Park city, VA; Jefferson County, WV

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/