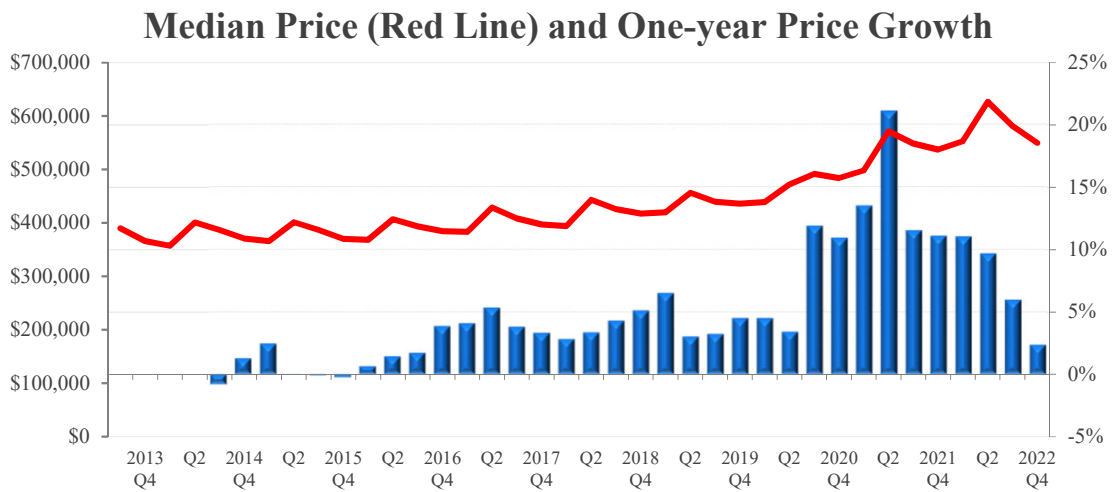


# Washington-Arlington-Alexandria Area

## Local Market Report, Fourth Quarter 2022

### Today's Market...



| Local Price Trends                         |                |           |  |
|--|----------------|-----------|--|
| Price Activity                             | Washington, DC | U.S.      | Local Trend  |
| Current Median Home Price (2022 Q4)        | \$550,100      | \$372,667 | Prices are up from a year ago, but price growth is slowing                                     |
| 1-year (4-quarter) Appreciation (2022 Q4)  | 2.4%           | 4.2%      |  |
| 3-year (12-quarter) Appreciation (2022 Q4) | 26.1%          | 36.9%     |  |
| 3-year (12-quarter) Housing Equity Gain*   | \$113,900      | \$100,367 | Gains in the last 3 years have extended the trend of positive price growth after the recession |
| 7-year (28 quarters) Housing Equity Gain*  | \$180,100      | \$151,900 |  |
| 9-year (36 quarters) Housing Equity Gain*  | \$184,000      | \$175,767 |  |

\*Note: Equity gain reflects price appreciation only

|   | Washington, DC | U.S.           |   |
|---|----------------|----------------|---|
| <b>Conforming Loan Limit**</b>                | \$1,089,300    | \$1,089,300    | Most buyers in this market have access to government-backed financing |
| <b>FHA Loan Limit</b>                         | \$1,089,300    | \$1,089,300    |   |
| <b>Local Median to Conforming Limit Ratio</b> | 51%            | not comparable |   |

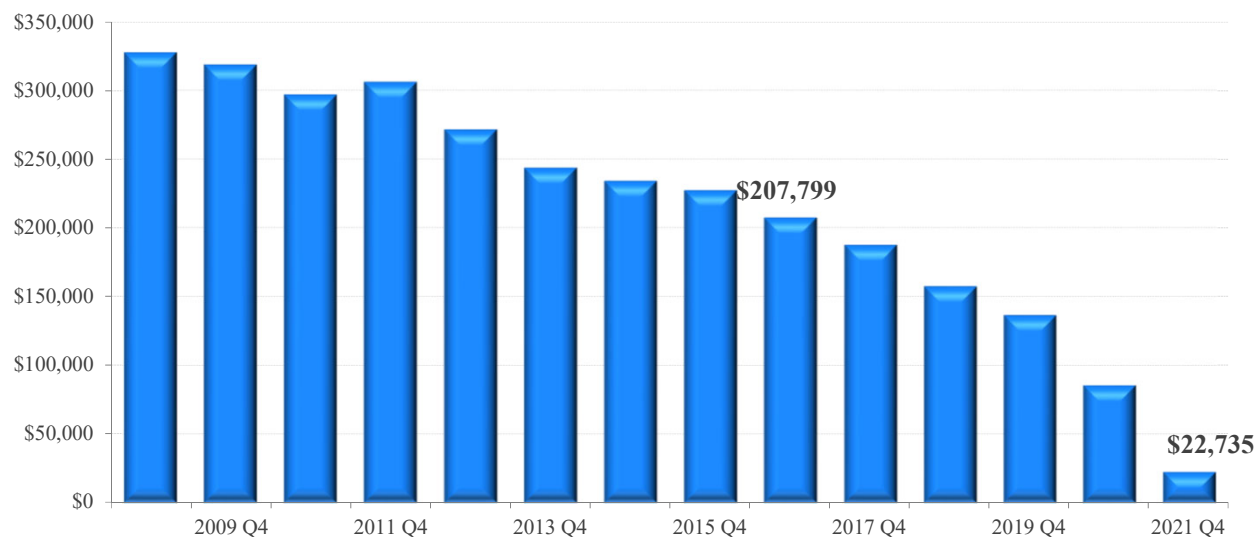
Note: limits are current and include the changes made on January 1st 2023.

#### 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 2022 Q4 from quarter in which home was of purchased

| Price Activity        | Washington | U.S.      | Local Trend  |
|-----------------------|------------|-----------|--|
| 1-year (4-quarter)    | \$22,735   | \$21,777  | Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession |
| 3-year (12-quarter)*  | \$136,788  | \$114,655 |  |
| 5-year (20-quarter)*  | \$187,905  | \$147,773 |  |
| 7-year (28 quarters)* | \$227,640  | \$180,265 |  |
| 9-year (36 quarters)* | \$243,827  | \$207,943 |  |

\*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...

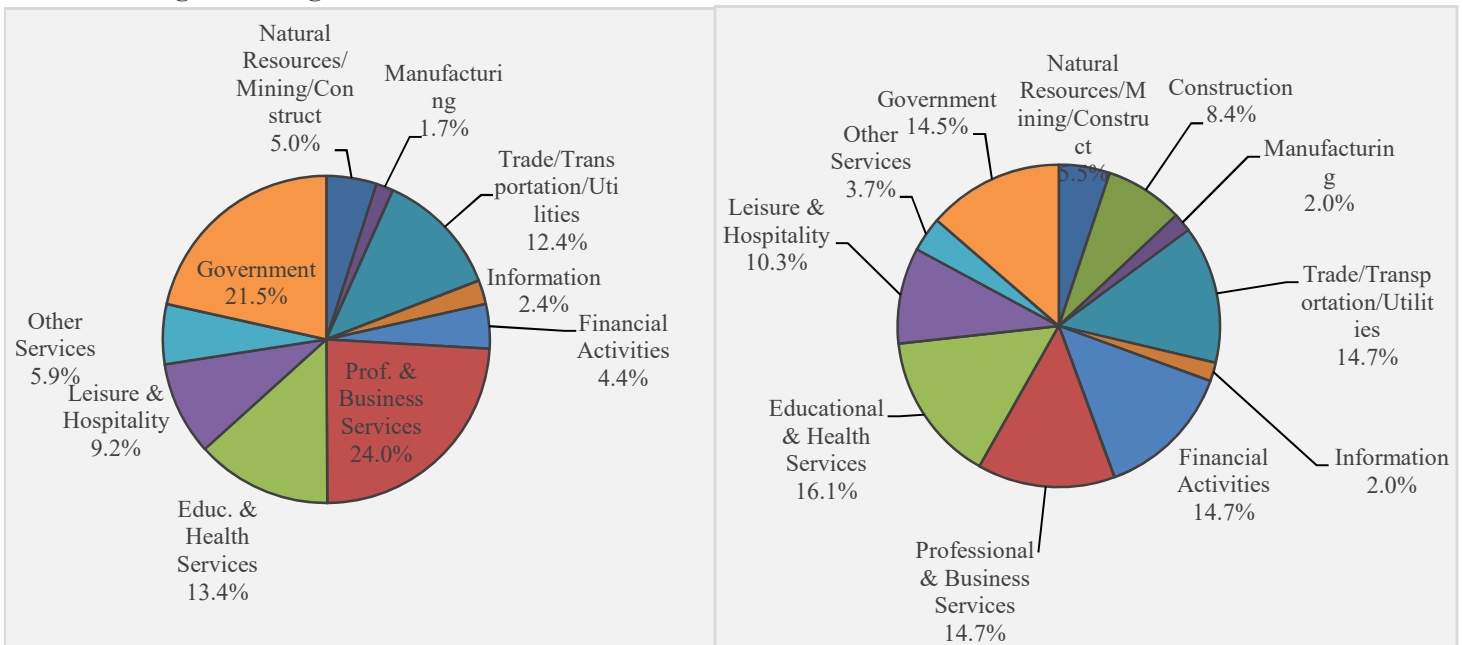


| Local Economic Outlook            | Washington, DC | U.S.           |  |
|-----------------------------------|----------------|----------------|--|
| 12-month Job Change (Dec)         | 52,900         | Not Comparable | Employment growth has eased, but remains positive                                |
| 12-month Job Change (Nov)         | 64,000         | Not Comparable |  |
| 36-month Job Change (Dec)         | -33,500        | Not Comparable | Unemployment in Washington, DC is better than the national average and improving |
| Current Unemployment Rate (Dec)   | 2.8%           | 3.5%           |  |
| Year-ago Unemployment Rate        | 3.6%           | 3.9%           | Local employment growth is poor and needs to improve                             |
| 1-year (12 month) Job Growth Rate | 1.6%           | 4.3%           |  |

## Share of Total Employment by Industry

Washington-Arlington-Alexandria Area

U.S.



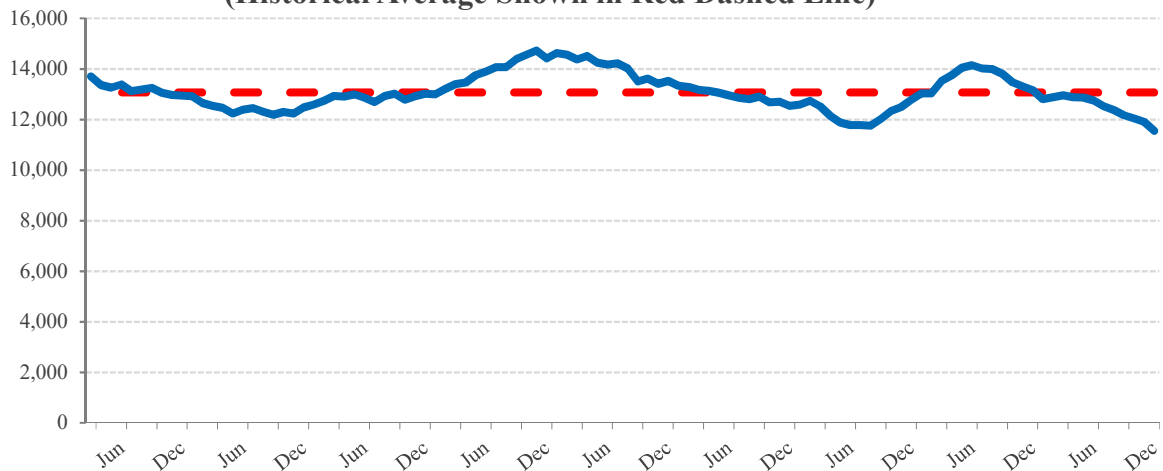
### 12-month Employment Change by Industry (Dec - 2022)

|  |       |                           |        |
|--|-------|---------------------------|--------|
| Goods Producing                        | NA    | Information               | 2,500  |
| Natural Resources/Mining/Construction  | 4,000 | Financial Activities      | -6,900 |
| Natural Resources and Mining           | NA    | Prof. & Business Services | 9,700  |
| Construction                           | NA    | Educ. & Health Services   | 20,000 |
| Manufacturing                          | 2,000 | Leisure & Hospitality     | 23,400 |
| Service Providing Excluding Government | NA    | Other Services            | 4,900  |
| Trade/Transportation/Utilities         | 6,500 | Government                | -2,100 |

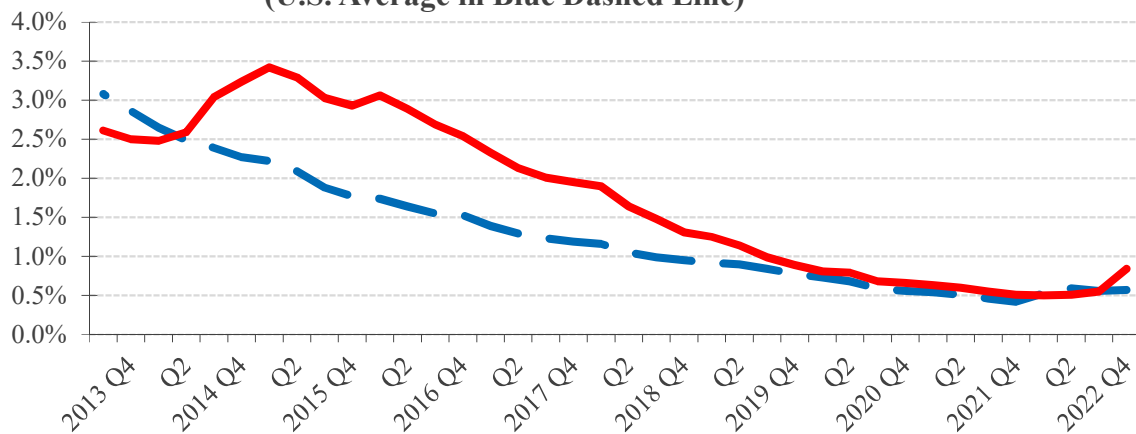
| State Economic Activity Index | D.C. | U.S. |    |
|-------------------------------|------|------|----|
| 12-month change (2022 - Dec)  | NA   | 4.1% | NA |
| 36-month change (2022 - Dec)  | NA   | 5.4% |    |

| New Housing Construction   |                |                |   |
|--|----------------|----------------|---|
| Local Fundamentals   | Washington, DC | U.S.           |   |
| 12-month Sum of 1-unit Building Permits through Dec                | 11,552         | not comparable | The current level of construction is 11.6% below the long-term average  |
| 8-year average for 12-month Sum of 1-Unit Building Permits         | 13,070         | not comparable | Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly |
| Single-Family Housing Permits (Dec)<br>12-month sum vs. a year ago | -12.3%         | -13.2%         | Construction continues to decline from last year  |

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

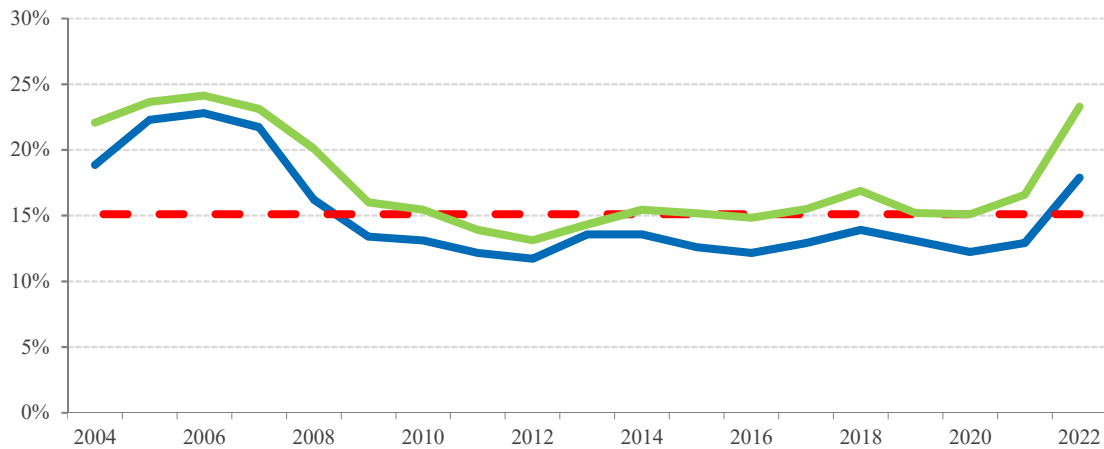


**State Total Foreclosure Rate vs. U.S Average**  
(U.S. Average in Blue Dashed Line)



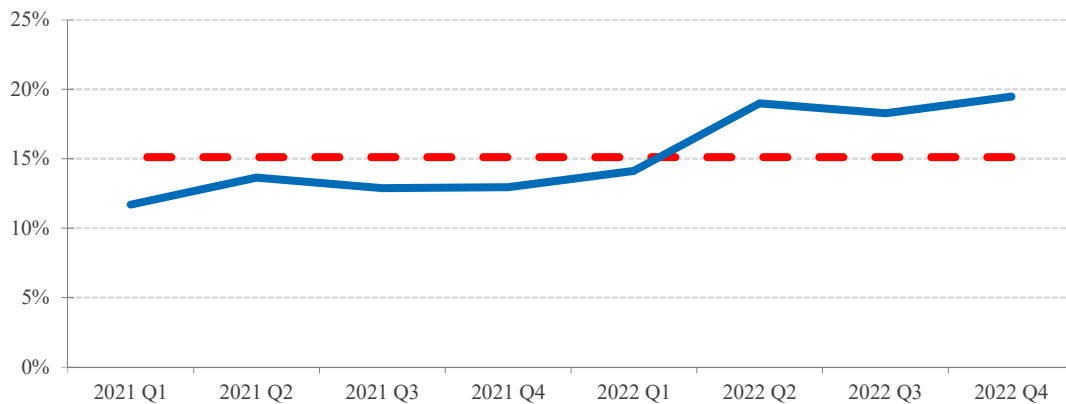
# Affordability

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

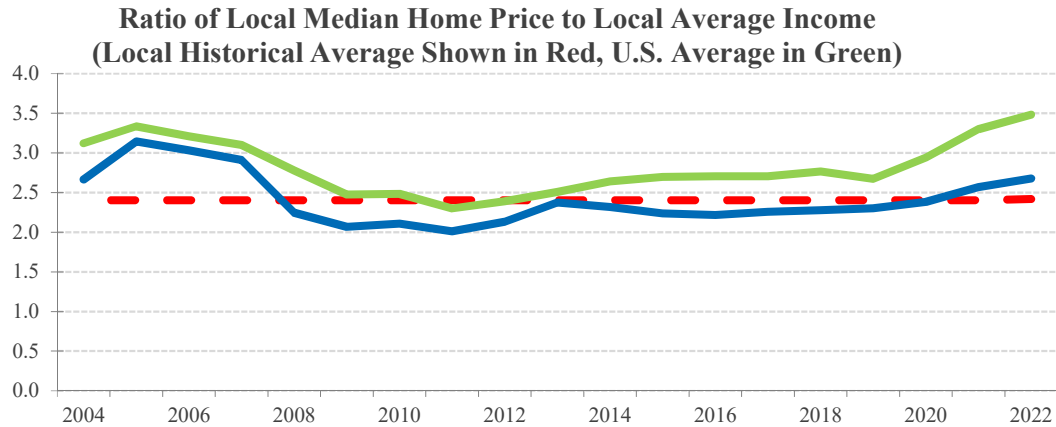


| Monthly Mortgage Payment to Income | Washington, DC | U.S.  |   |
|------------------------------------|----------------|-------|---|
| Ratio for 2022                     | 17.9%          | 23.3% | Weak by local standards and could weigh on demand |
| Ratio for 2022 Q4                  | 19.5%          | 24.5% |   |
| Historical Average                 | 15.1%          | 17.8% | More affordable than most markets                 |

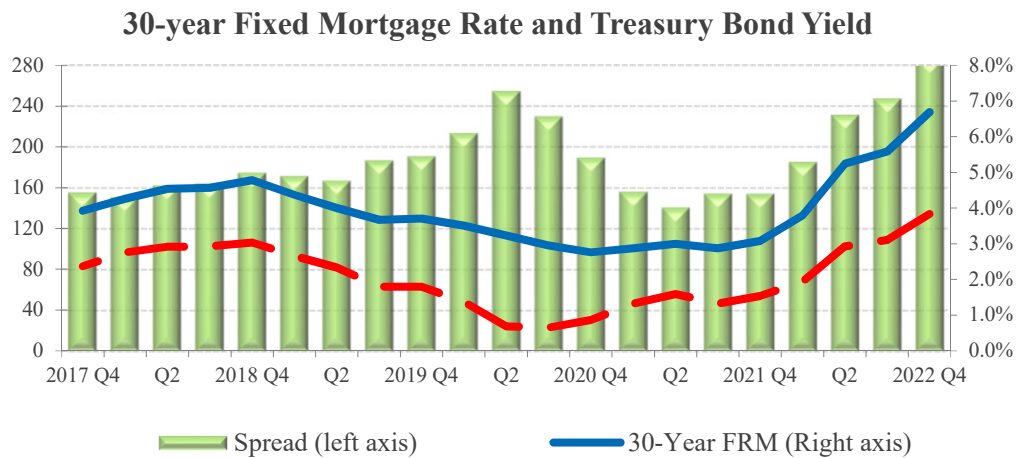
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



| Median Home Price to Income | Washington, DC | U.S. |  |
|-----------------------------|----------------|------|--|
| Ratio for 2022              | 2.7            | 3.5  | The price-to-income ratio eased, but could be better |
| Ratio for 2022 Q4           | 2.5            | 3.2  |  |
| Historical Average          | 2.4            | 2.8  | Affordable compared to most markets                  |



## The Mortgage Market



In the last quarter of 2022, mortgage rates surpassed twice the 7 percent threshold. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate rose to 6.7 percent in Q4 2022 from 3.1 percent a year earlier. However, rates started to move down in December as inflation slowed down. For the first-time in the last couple of years, inflation rate was lower than a year ago. Prices continue to increase but slower than the previous year. As long as inflation eases, mortgage rates will continue to drop. NAR forecasts the 30-year fixed mortgage rate to average 6.1 percent in Q1 2023.

## 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/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)

