

## **HIGHLIGHTS**

### **The District of Columbia Ranks Number One for House Price Appreciation in the U.S.**

#### **Maryland and Virginia Suburbs Begin to Reflect D.C. Growth**

The District of Columbia is ranked number one in the U.S. for house price appreciation in the first quarter of 2001 at 15.4%<sup>1</sup>. Since fourth quarter of 1997, house price growth in the District has been accelerating, with especially high growth through 1999 and 2000. Low unemployment and high income growth in the DC area has contributed strongly to this trend.

Housing prices in the suburbs of DC (primarily parts of Maryland and Northern Virginia) accelerated less quickly than in the city itself through 1997 and 1998, but have been picking up speed, especially since 2000. Figure 1 (on next page) illustrates how suburban growth compares to city growth in the DC area. The Washington, D.C. Metropolitan Statistical Area (MSA) includes the District and all of its suburbs, some of which stretch as far as West Virginia<sup>2</sup>. Since the DC MSA contains approximately 8 times the population of the city itself, the DC MSA index gives a close approximation to actual suburban house price growth. The DC MSA index is therefore used to gauge suburban appreciation patterns. Growth rates in the suburbs closely followed those in the District between 1995 and 1997, but house price growth in the District began to rise relative to suburban growth in 1998 and 1999. Suburban appreciation, however, has also been strong during the past year. In fact, Maryland and Virginia suburbs appreciated by about 12 percent since the first quarter of 2000 versus more than 15 percent for the city alone.

Rising state rankings of Maryland (16) and Virginia (11) for home price appreciation reflect the booming DC suburban housing markets that were fueled by the strong local economy. While house prices in the two states grew sluggishly through much of the 1990s, they have been picking up momentum over the past year (Figure 2). This year, Virginia appreciated above the U.S. average (10.4%), and Maryland (8.1%)

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<sup>1</sup> Consistent with the U.S. Census Bureau, OFHEO has always tracked the District of Columbia along with states .

<sup>2</sup> A map of the Washington DC MSA may be drawn interactively from the website [www.tiger.census.gov](http://www.tiger.census.gov).

was just below the U.S. average (8.8%). Table 1 displays housing appreciation rates for some of the larger MSAs in Maryland and Virginia. These MSAs do not compare in size to the state components contained in the DC MSA. The numbers imply that high state rankings for MD and VA are being driven primarily by the suburban components of the Washington DC MSA.

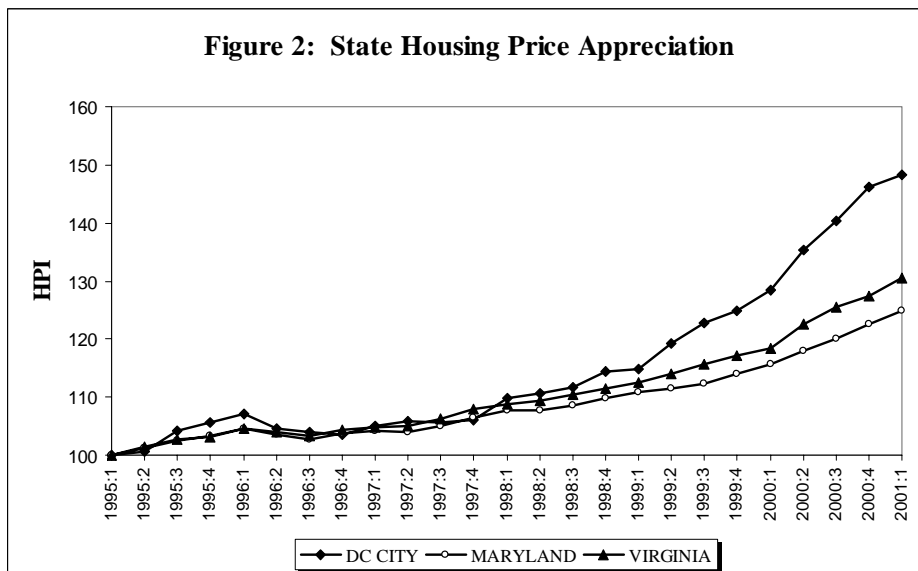
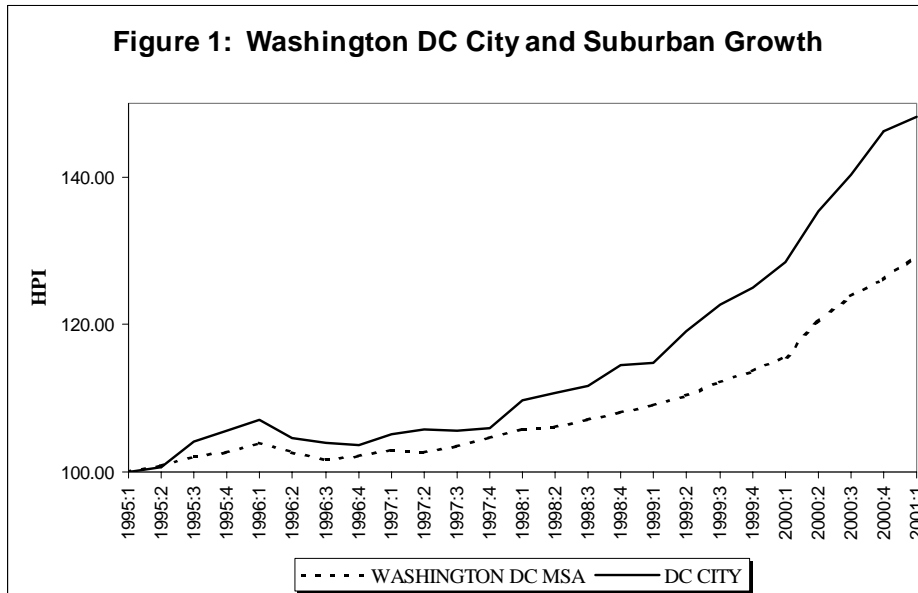


Table 1: Appreciation in Selected Areas of Maryland, Virginia, and Washington, DC					
<b>Maryland</b>	<b>8.1%</b>	<b>Virginia</b>	<b>10.4%</b>	<b>DC MSA</b>	<b>11.9%</b>
Baltimore	7.8%	Charlottesville	10.7%	DC City	15.4%
Hagerstown	10.3%	Norfolk	9.9%		
		Richmond	7.3%		
		Roanoke	7.0%		