



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

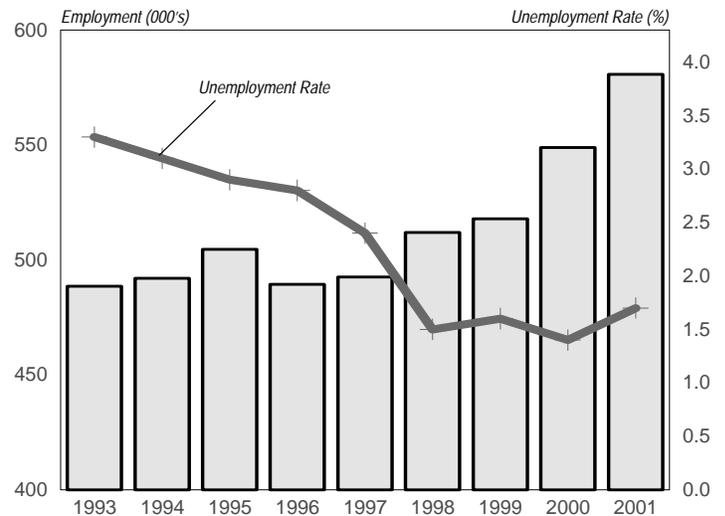
Publication 107

JUNE 2001

JUNE HIGHLIGHTS

- ❑ The May unemployment rate in Fairfax County rose to 1.7 percent.
- ❑ June Sales Tax receipts for Fairfax County were 0.04 percent lower than June 2000, and fiscal year-to-date growth was 3.7 percent.
- ❑ Growth in new dwelling permits continued to be mixed while residential repair and alteration permits were down sharply through May.
- ❑ Homes sales data through May show that sales volume was up for existing homes but down sharply for new homes, and that median sales prices were showing moderate to strong growth for both categories.
- ❑ The Consumer Confidence Index improved in June due to consumers' optimism about economic prospects over the next six months.
- ❑ In April, both the Fairfax County Coincident and Leading Indices declined. The Coincident Index is 4.9 percent above April 2000, suggesting that the Fairfax economy is still strong. Job growth, in spite of continuing layoffs by technology companies, continues to be the primary reason for the economy's continued strength.
- ❑ The Metropolitan Washington Coincident and Leading Indices both declined in April. The Coincident Index's twelve-month moving average suggests that the Washington area economy has cooled off over the last three months. The Leading Index, which has been declining since January 2000, suggests the economy will continue its current downward trend through the remainder of the calendar year.

RESIDENTIAL EMPLOYMENT - MAY



Source: Virginia Employment Commission
Compiled by the Fairfax County Dept. of Management and Budget

According to the Virginia Employment Commission (VEC), the May unemployment rate in Fairfax County rose to 1.7 percent—a 0.5 point increase over April. The May 2001 rate was 0.3 points higher than the May 2000 rate of 1.4 percent. Unemployment in Fairfax County has not reached 1.7 percent since October 1999.

Statewide, the May unemployment rate rose 0.7 points to 2.9 percent. While this figure is still low in historical terms, it is the highest jobless rate since September 1999. According to the VEC, the 0.7 point decline in employment was primarily due to college students and recent graduates entering the job market. Unemployment usually increases from April to May, although during 2000 and 1999 the jump was smaller—0.4 points. This May, in addition to students entering the job market, temporary inventory adjustment furloughs and workers from previously announced layoffs added to the jobless rate.



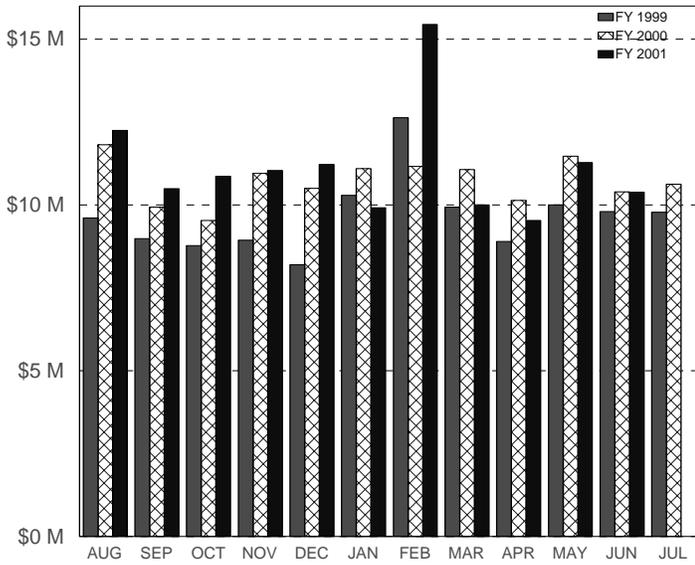
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>



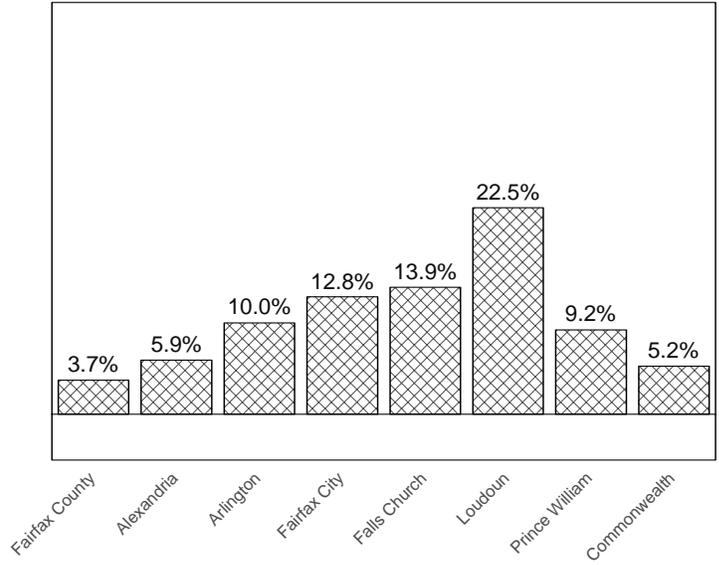
SALES TAX REVENUES

(revenues represent retail sales two months prior)



Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

FY 2001 SALES TAX RECEIPTS THROUGH JUNE



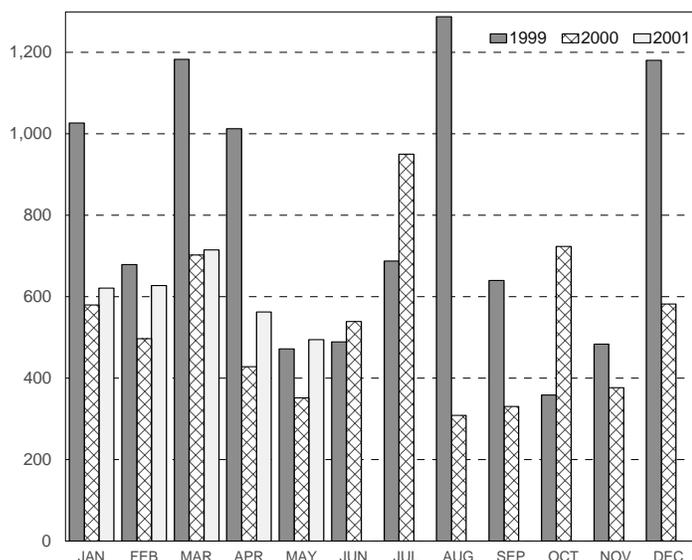
Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

June Sales Tax receipts for Fairfax County, representing retail purchases made in April, were \$10.4 million—0.04 percent lower than June 2000. Fiscal year-to-date, Sales Tax receipts were 3.7 percent above the same period last year.

In May, seasonally adjusted preliminary retail sales estimates for the U.S. increased 0.1 percent over April and were 3.8 percent above May 2000 according to the Commerce Department. Compared to last year, health and personal care store sales were up 8.5 percent, building materials and garden equipment sales were up 7.4 percent, gasoline station sales were up 6.8 percent, and motor vehicle and parts sales were up 3.4 percent.

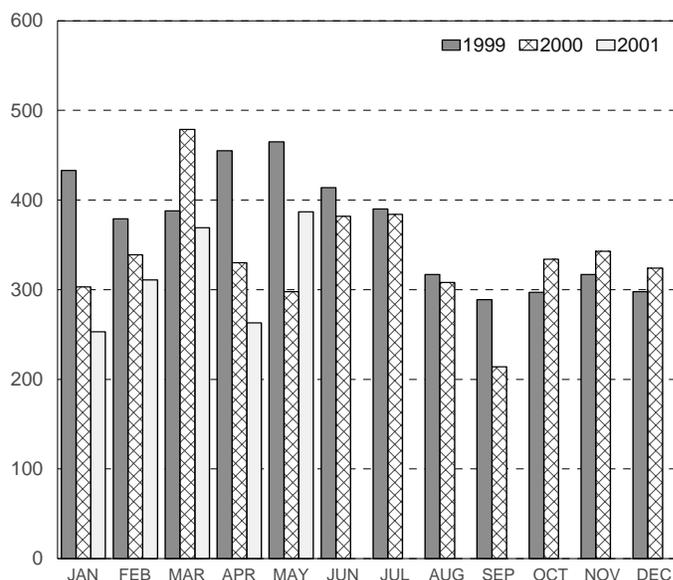
Through the first eleven months of FY 2001, Sales Tax receipts in the Northern Virginia area have shown strong to moderate growth. Loudoun County continued its trend of strong growth—up 22.5 percent over the same period last year. Falls Church and Fairfax City have also shown strong year-to-date growth at 13.9 and 12.8 percent respectively. Arlington County experienced double-digit growth of 10.0 percent. Prince William County was 9.2 percent above the same period last year, Alexandria has grown 5.9 percent, and Fairfax County was 3.7 percent higher than last year. Sales Tax receipts were up 5.2 percent Statewide over the same period.

**NUMBER OF RESIDENTIAL BUILDING PERMITS
NEW DWELLINGS**



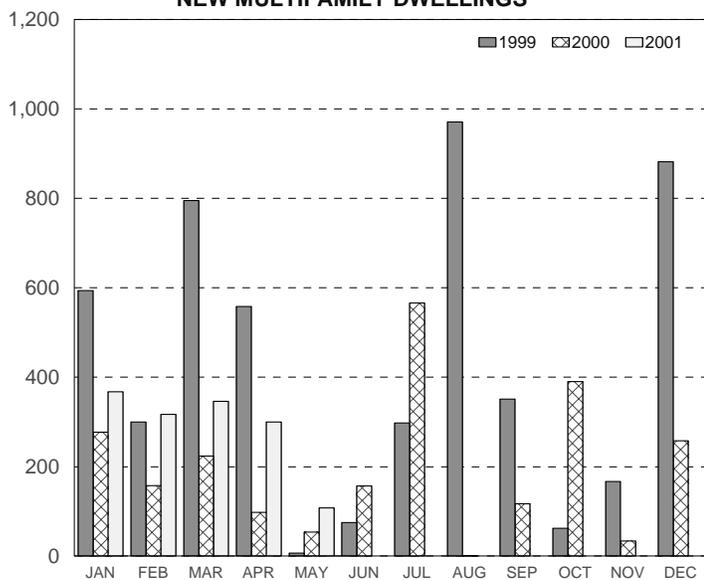
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

**NUMBER OF RESIDENTIAL BUILDING PERMITS
NEW SINGLE FAMILY DWELLINGS**



Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

**NUMBER OF RESIDENTIAL BUILDING PERMITS
NEW MULTIFAMILY DWELLINGS**

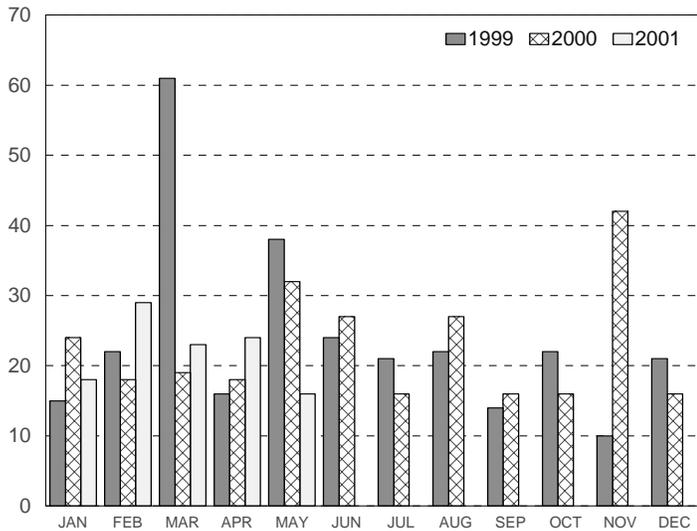


Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Year-to-date, growth in new residential permit categories has been mixed. In total, new residential dwelling permits were up 18.1 percent, or 462 permits, through May. Multifamily permits were up 77.4 percent, or 628 permits, while single family permits were down 9.5 percent, or 166 permits, over the same period.

Residential repair and alteration permits, however, are down sharply year-to-date. Through May, issues of residential repair and alteration permits have decreased 63.7 percent, or 5,835 permits, from the same period last year.

**NUMBER OF NONRESIDENTIAL BUILDING PERMITS
NEW STRUCTURES**

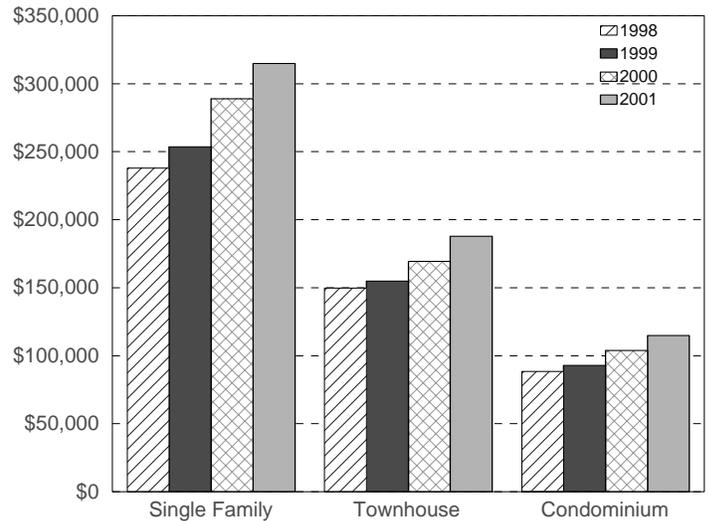


Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through May were down a slight 0.9 percent, or 1 permit, from the same period in 2000. Nonresidential repair and alterations permits were down 14.8 percent, or 285 permits, year-to-date.

HOME SALES IN FAIRFAX COUNTY

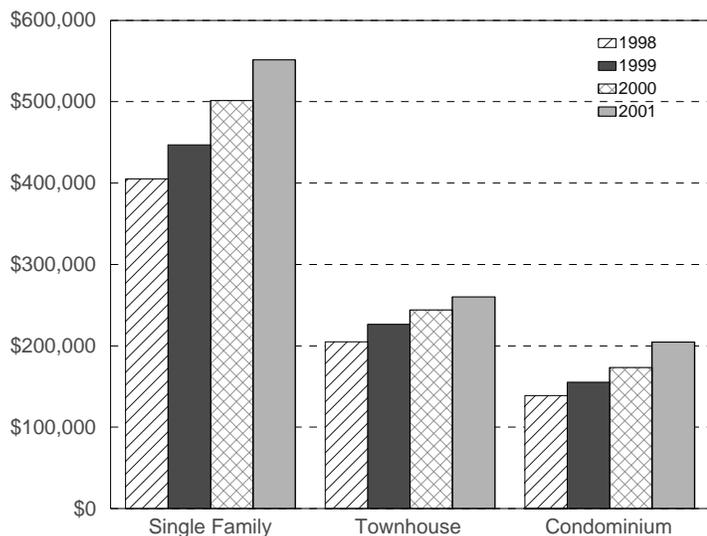
**MEDIAN PRICE OF EXISTING HOMES SOLD
MAY 2001 COMPARED TO
ANNUAL MEDIAN PRICES 1998 - 2000**



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

According to home sales data through the end of May 2001, existing homes in Fairfax County have experienced strong growth in median sales prices. For existing single family homes, the median was \$315,000 compared to the 2000 median of \$289,000—growth of 9.0 percent. The median sales price for townhomes grew 10.9 percent from \$169,500 in 2000 to \$188,000 through May 2001. The median for condominiums increased from \$103,945 to \$115,000, representing growth of 10.6 percent.

**MEDIAN PRICE OF NEW HOMES SOLD
MAY 2001 COMPARED TO
ANNUAL MEDIAN PRICES 1998 - 2000**

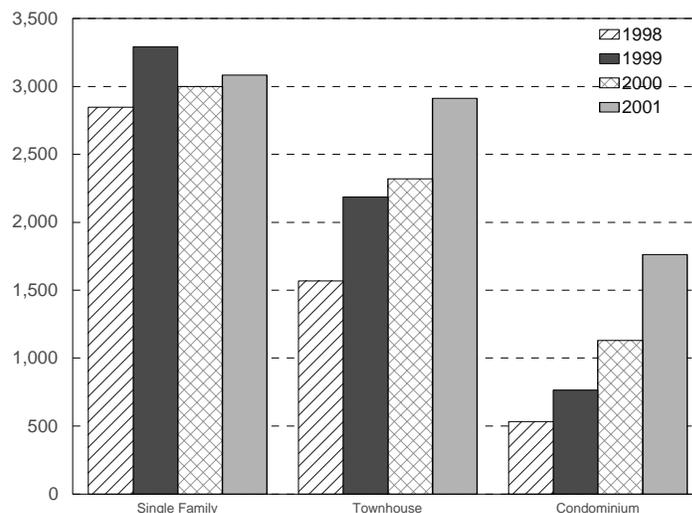


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Changes in selling prices, coupled with the volume of sales, are generally considered to be reasonable indicators of the County's real estate market. Median selling price increases do not translate directly into assessment adjustments, however, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. Changes in median selling prices are comparisons to the prices of homes sold during the prior year, and the type of homes sold (i.e., model, size, age, location, etc.) varies from one year to the next. The key factor in real estate assessments is not the change in the median sale price, but the relationship of assessments to the selling prices within neighborhoods.

Growth in median sales prices for new homes was moderate to strong according to sales data through May 2001. The median sales price for a new single family home was \$551,430, an increase of 10.0 percent, or \$50,010, over the 2000 median. New townhomes have increased 6.5 percent, from \$244,067 to \$260,000, while the median for condominiums grew from \$173,226 to \$204,605, or 18.1 percent, over the same period.

**NUMBER OF EXISTING HOMES SOLD
MAY 1998-2001**



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

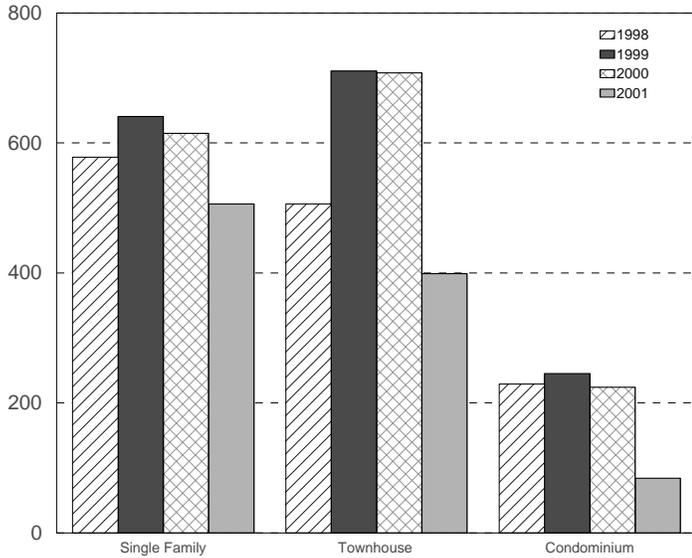
**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
YEAR-END 2000 COMPARED TO 2001 THROUGH MAY**

	Existing Sales	New Sales
Single Family	9.0	10.0
Townhouse	10.9	6.5
Condominium	10.6	18.1

Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Existing home sales volume was up sharply for townhomes and condominiums and up marginally for single family homes according to sales data through May 2001. Single family home sales rose 84 units, or 2.8 percent, from 2,999 to 3,083. Townhome sales increased 25.6 percent from 2,320 to 2,913, while condominium sales were up 56.2 percent from 1,129 to 1,763 year-to-date.

**NUMBER OF NEW HOMES SOLD
MAY 1998-2001**

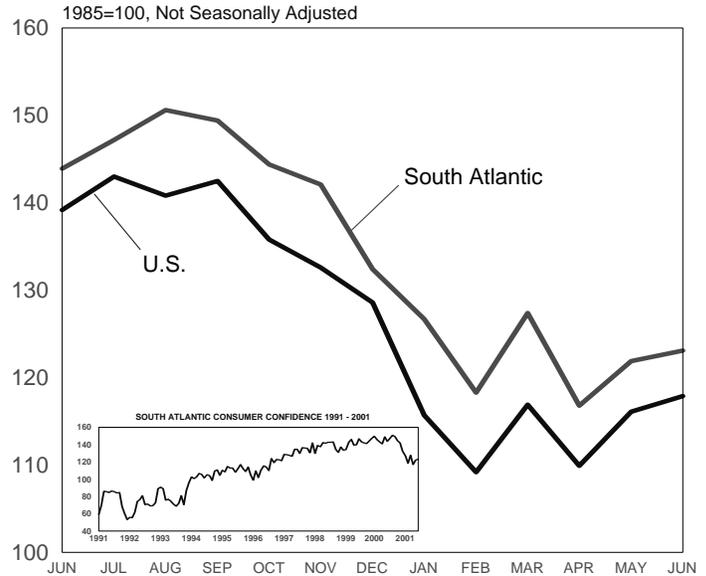


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

New home sales volume through May was down sharply across all housing categories compared to the same period last year. New condominium sales have fallen from 224 in 2000 to 84 in 2001—a decline of 62.5 percent. New townhome sales decreased 43.6 percent, from 708 to 399, while single family home sales have fallen 17.7 percent, from 615 to 506.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX



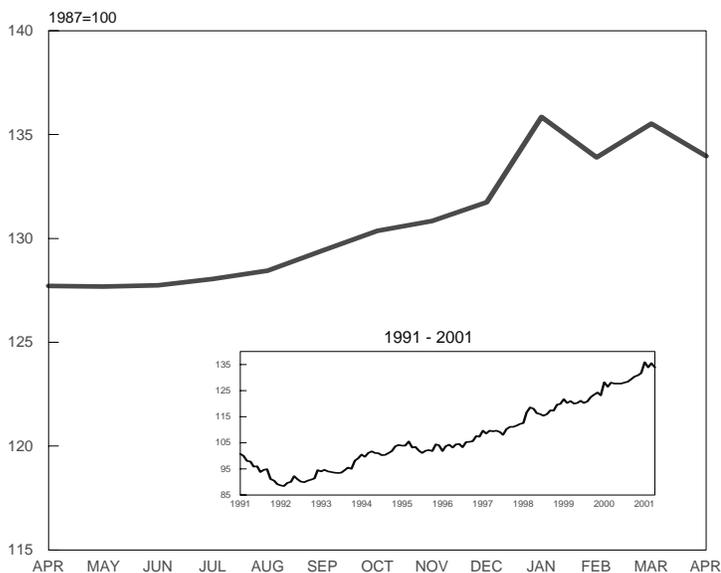
Source: Conference Board
Compiled by the Fairfax County Dept. of Management and Budget

The Conference Board's Consumer Confidence Index, which had rebounded in May, further improved in June. The Index now stands at 117.9, up from 116.1 in May. The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. The Present Situation Index measures consumers' confidence in current business and employment conditions, while the Expectations Index measures consumers' confidence in business, employment, and family income prospects six months hence. The two indices are averaged to form the composite Consumer Confidence Index.

In June, the Expectations Index increased 7.0 percent over May, but the Present Situation Index declined 3.0 percent. According to Lynn Franco, Director of The Conference Board's Consumer Research Center, consumers are more optimistic now than they have been all year regarding economic prospects over the next six months. While their assessment of current conditions weakened, the Present Situation Index remains at historically high levels. Franco suggests that it is unlikely consumers will significantly change their spending habits, so the economy should continue to expand at its current slow rate. The South Atlantic Consumer Confidence Index was 123.1 in June, a 1.0 percent increase over May.

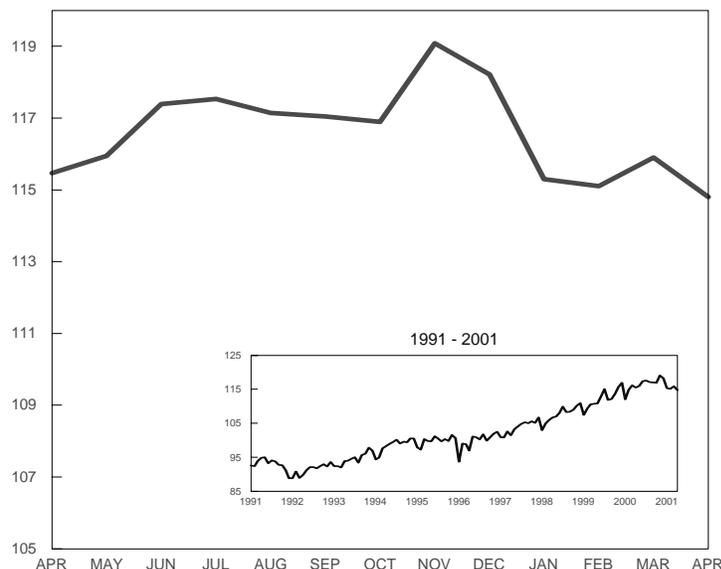
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

FAIRFAX COUNTY COINCIDENT INDEX



Sources: Center for Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

METROPOLITAN COINCIDENT INDEX



Source: Center for Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

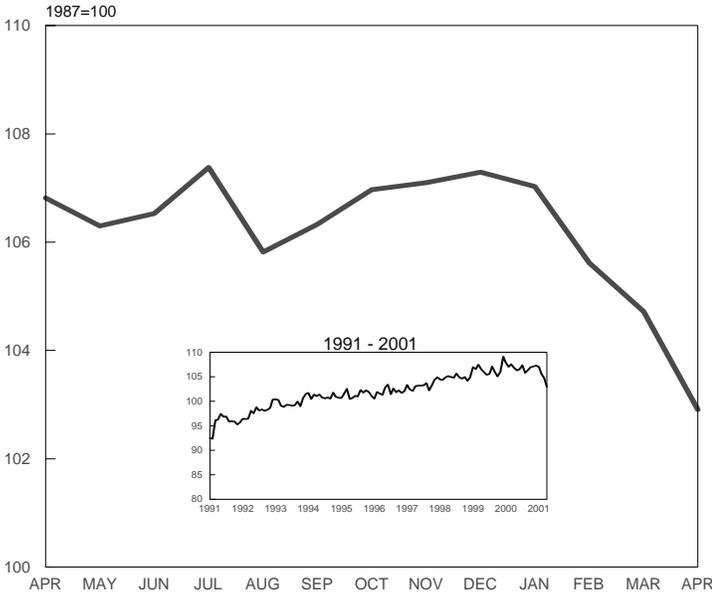
The Fairfax County Coincident Index, which represents the current state of the County's economy, declined to 134.0 in April—a 1.2 percent decrease from March. This decrease offsets the Index's gain in March, but the Index is still 4.9 percent above its level in April 2000. In April, three of the Index's four components were negative. Transient occupancy tax collections, adjusted for inflation and seasonal variation, declined for the third month in a row. Sales tax collections, adjusted for inflation and seasonal variation, were lower in April after registering a strong gain in March, and consumer confidence decreased in April for the sixth time in seven months. Total employment, however, increased for the 63rd consecutive month, dating back to January 1996.



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, declined to 114.8 in April—a decrease of 0.9 percent from March. The Index has been down in three of the last four months and has now dropped below its April 2000 level of 115.5. In April, two of the Index's four components were negative. Consumer confidence declined in April for the fifth consecutive month, and nondurable goods retail sales fell for the fourth time in five months. However, total wage and salary employment increased in April for the seventh time in eight months, and domestic passenger volume at Dulles and Reagan Airports increased for a second month following its decline in February.

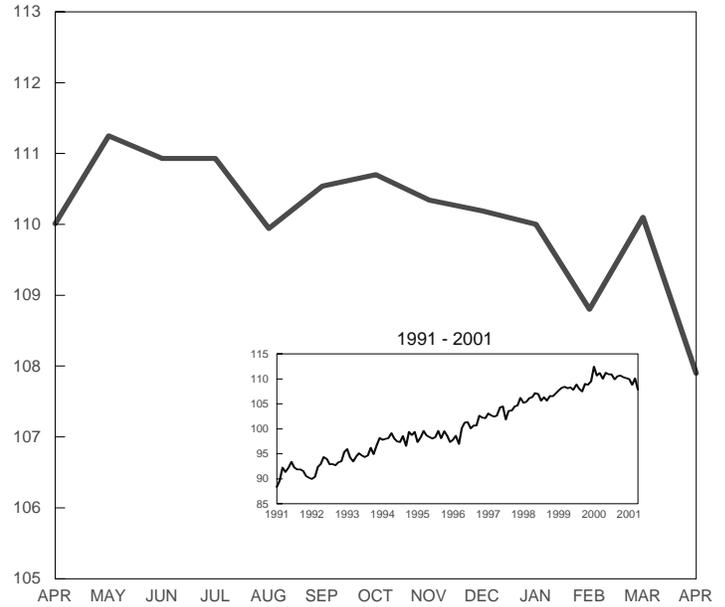


FAIRFAX COUNTY LEADING INDEX



Sources: Center for Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

METROPOLITAN LEADING INDEX



Source: Center Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, declined to 102.9 in April—a 1.7 percent decrease from March. The Index has been negative every month this year and is now 5.7 percent below its peak in December 1999. In April, all five of the Index's components contributed to its decline. New automobile registrations declined for the third consecutive month and initial claims for unemployment insurance increased (worsened) for the third month in a row. In addition, consumer expectations (consumer confidence six months hence) decreased for the third time in four months, and residential building permits declined for the third consecutive month. The total value of residential building permits decreased for the second month in a row and for the third time in four months.



The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, decreased to 107.9 in April for a decline of 2.0 percent. April's decrease more than offset March's increase and the Index has now been down in five of the last six months, falling 2.5 percent over that period. In April, all five of the index's components contributed to its decline. Total residential building permits declined for the fifth time in six months, consumer expectations (consumer confidence six months hence) also decreased, and the Help Wanted Index declined for the third consecutive month in April. Durable goods retail sales decreased for the second month in a row, and initial claims for unemployment insurance increased (worsened) after posting a substantial decline (improvement) in March.



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