



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

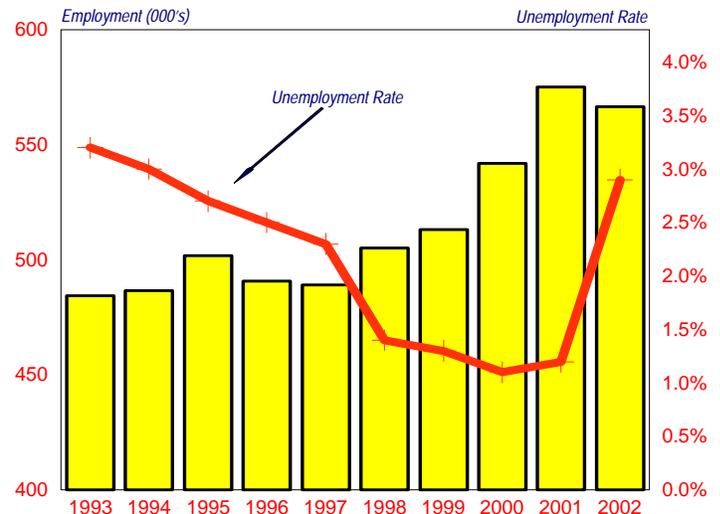
Publication 117

MAY 2002

MAY HIGHLIGHTS

- ❑ The March unemployment rate in Fairfax County stayed at 2.9 percent—no change from February.
- ❑ May Sales Tax receipts for Fairfax County are 8.5 percent lower than May 2001, and fiscal year-to-date growth is down 6.6 percent.
- ❑ The overall growth rate of new residential permits has decreased by 16.5 percent year-to-date. Through April, multifamily permits are down 28.5 percent and single family permits are down 3.2 percent.
- ❑ According to homes sales data through March, sales volume was up for existing homes and down for new homes, except for new townhomes which were up 32.4 percent. Median sales prices showed growth for both existing and new home sales.
- ❑ Consumer Confidence, which declined in April, improved in May. Consumers' assessment of business conditions and employment are more optimistic than last month.
- ❑ In March, both the Fairfax County Coincident Index and the Metropolitan Washington Coincident Index increased, registering strong performance in the area economy.
- ❑ Both the Fairfax County and Metropolitan Washington Leading Indices increased in March. The increase in both leading indices supports the prospect of economic expansion in the Washington Metropolitan area and Northern Virginia in 2002.

RESIDENTIAL EMPLOYMENT - MARCH



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

According to the Virginia Employment Commission (VEC), the March unemployment rate in Fairfax County stayed at 2.9 percent—no change from February. The March 2002 rate was 1.7 points higher than the March 2001 rate of 1.2 percent.

Statewide, the unemployment rate decreased 0.3 points to 4.0 percent in March. This was the lowest jobless level in six months, but still above the March 2001 rate of 2.7 percent. The decrease in joblessness was attributed to fewer factory furloughs and permanent layoffs in March 2002. The tourist industry experienced a large employment gain as it prepared for spring visitors. Mild weather in February and March also allowed outdoor projects, including construction, to begin a few weeks ahead of schedule.



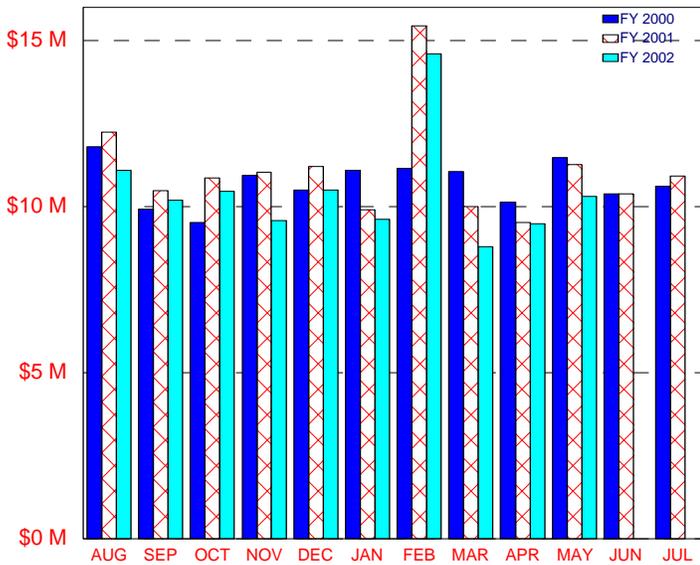
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.fairfaxcounty.gov/comm/economic/economic.htm>



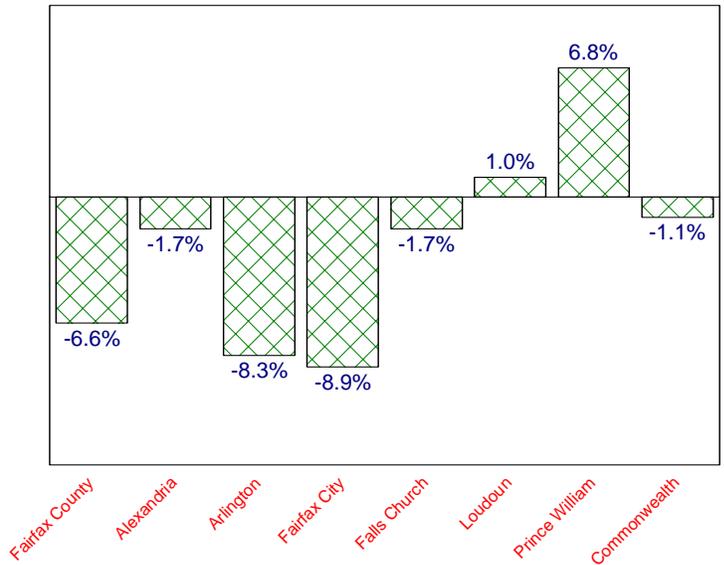
SALES TAX REVENUES

(revenues represent retail sales two months prior)



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

FY 2002 SALES TAX RECEIPTS THROUGH MAY



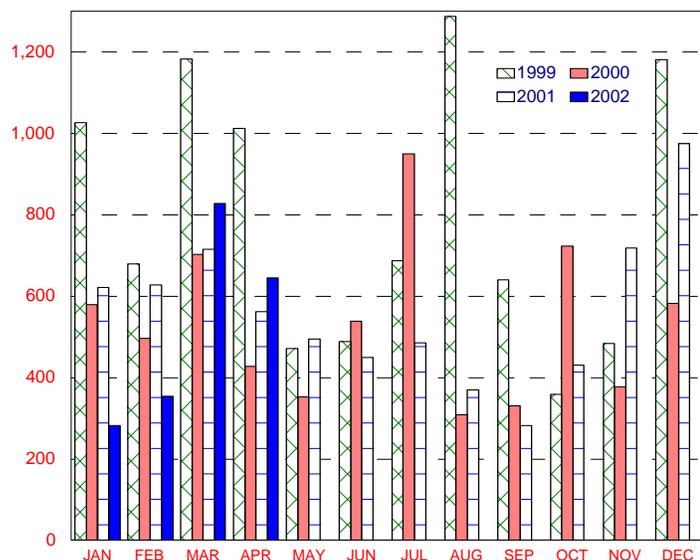
Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

May Sales Tax receipts for Fairfax County, representing retail purchases made in March, are \$10.3 million—8.5 percent lower than May 2001. Fiscal year-to-date, Sales Tax receipts are 6.6 percent lower than the same period last year.

According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in April increased 1.2 percent from March, but were up 4.0 percent from April 2001. Compared to last year, motor vehicle and parts dealers were up 3.5 percent, health and personal care store sales were up 9.6 percent and building materials and garden equipment sales were up 5.6 percent, while gasoline station sales were down 7.3 percent.

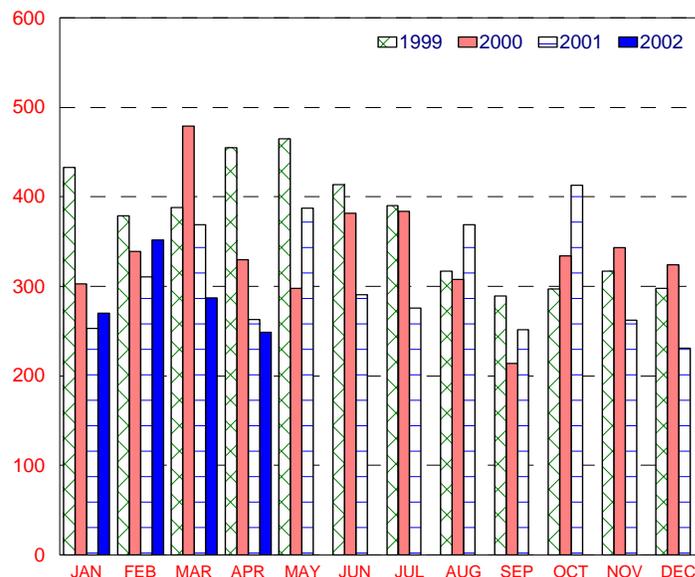
Sales Tax receipt growth through May has been negative among most of the Northern Virginia localities except for Prince William and Loudoun Counties. These receipts represent the first ten months of FY 2002 and correspond to retail purchases from June through March. Through May, Sales Tax receipts are down 8.9 percent in Fairfax City, 8.3 percent in Arlington, 6.6 percent in Fairfax County, 1.7 percent in Alexandria, and 1.7 percent in Falls Church, year-to-date. Both Prince William County and Loudoun have experienced positive growth to-date at 6.8 percent and 1.0 percent respectively. During this same period, Statewide Sales Tax receipts are down 1.1 percent.

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW DWELLINGS



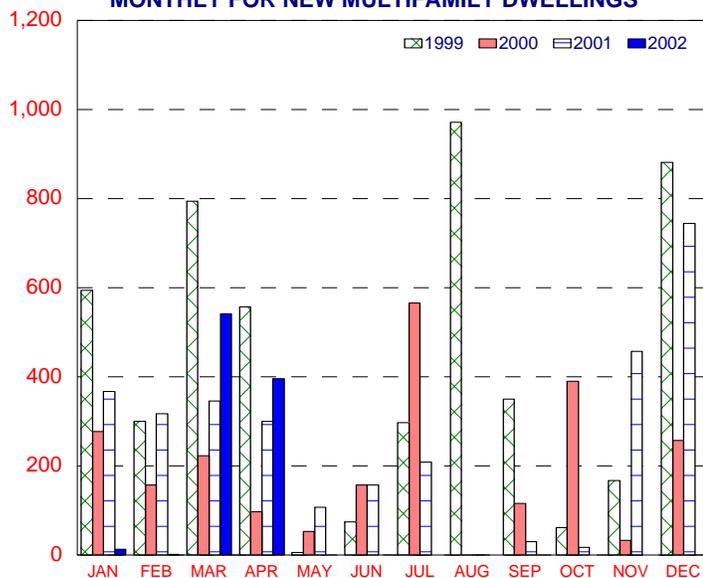
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR 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 ISSUED MONTHLY FOR NEW MULTIFAMILY DWELLINGS



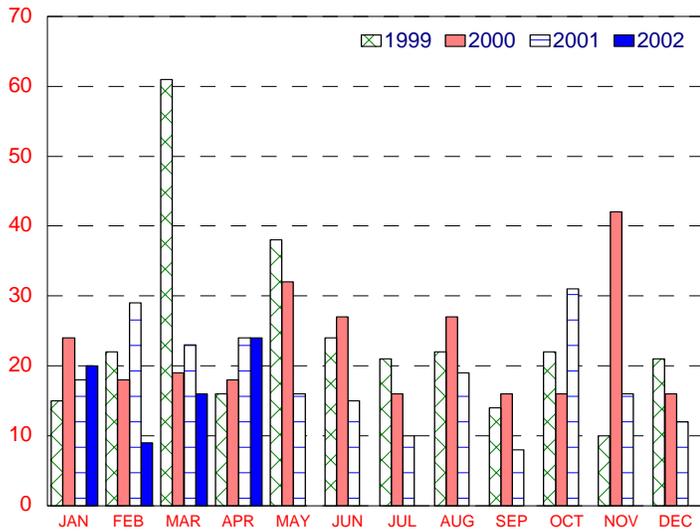
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Note: In August 2000 and 2001, only one multifamily permit was issued and in February 2002, only two permits were issued; therefore, the bars are too small to discern.

The overall growth rate of new residential permit categories has decreased, year-to-date. Through April, new residential dwelling permits are down 16.5 percent, or 417 permits. Multifamily permits are down 28.5 percent, or 379 permits, year-to-date, while single family permits are down 3.2 percent, or 38 permits, over the same period.

Residential repair and alteration permits are up year-to-date. Through April, issues of residential repair and alteration permits have increased by 12.2 percent, or 396 permits, from the same period last year.

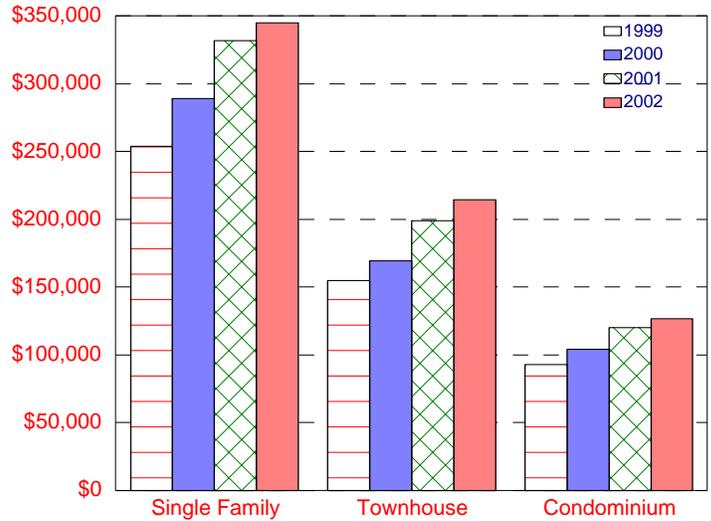
NUMBER OF NONRESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW STRUCTURES



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

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY - MARCH 2002 COMPARED TO ANNUAL MEDIAN PRICES 1999 - 2001



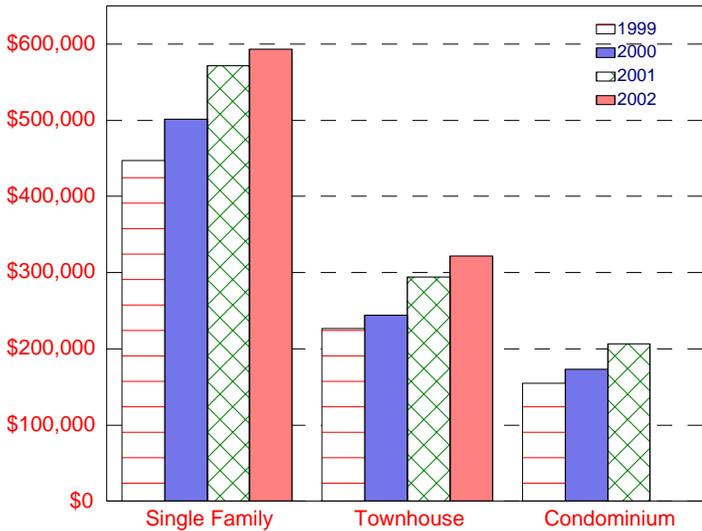
Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through April are down 26.6 percent, or 25 permits, from the same period in 2001. Nonresidential repair and alterations permits are down 6.7 percent, or 85 permits, year-to-date.

According to home sales data through March 2002, all types of existing homes in Fairfax County experienced positive growth in median sales prices. For existing single family homes, the median sales price was \$345,000 compared to the 2001 median of \$330,500—growth of 4.4 percent. The median for townhomes grew 7.8 percent from \$199,000 in 2001 to \$214,500 and the median for condominiums increased from \$119,000 to \$126,250 representing growth of 6.1 percent.



**MEDIAN PRICE OF NEW HOMES SOLD
JANUARY - MARCH 2002 COMPARED TO
ANNUAL MEDIAN PRICES 1999 - 2001**

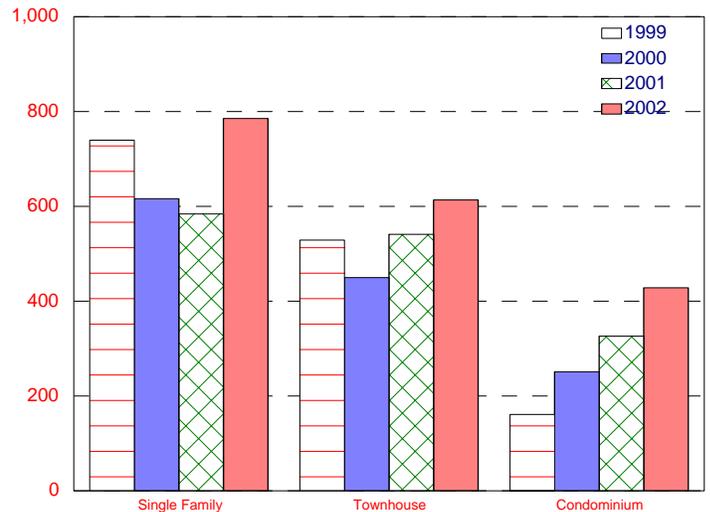


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Through March 2002, growth in median sales prices for new homes remained positive. The median sales price for a new single family home was \$593,577, an increase of 4.1 percent, or \$23,155, over the 2001 median. New townhomes increased 9.2 percent, from \$294,928 to \$322,080. It should be noted that the median price for condominiums represents the sale of only 10 new homes through March, so a comparison with the 2001 annual median would not be valid and is not shown in the chart above.

Changes in selling prices, coupled with the volume of sales, are generally considered 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 selling prices within neighborhoods.

**NUMBER OF EXISTING HOMES SOLD
THROUGH MARCH 1999-2002**



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

Existing home sales volume was up sharply for all homes through March 2002. Single family home sales increased by 502 units, or 36.4 percent, from 1,381 to 1,883. Townhome sales increased 24.3 percent from 1,290 to 1,603 while condominium sales were up 56.9 percent from 705 to 1,106 year-to-date.

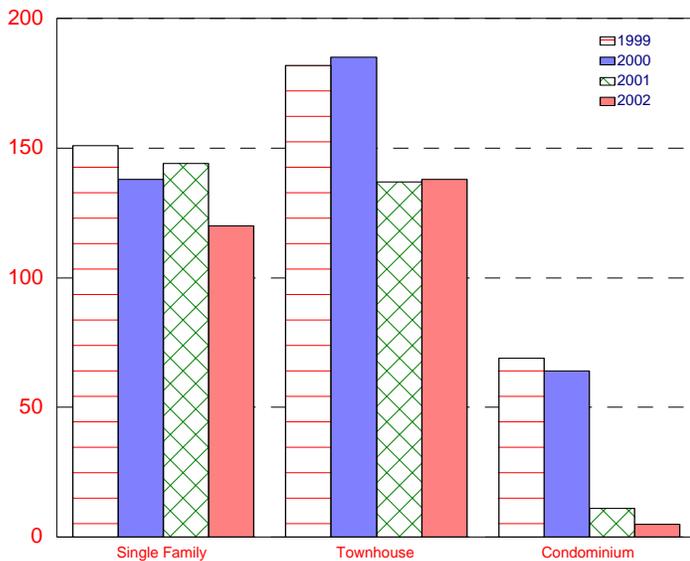
**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
YEAR-END 2001 COMPARED TO SALES THROUGH MARCH 2002**

	Existing Sales	New Sales
Single Family	4.4	4.1
Townhouse	7.8	9.2
Condominium	6.1	*

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

*Only 10 condominiums were sold through March 2002, so comparison to last year's median is not valid.

NUMBER OF NEW HOMES SOLD THROUGH MARCH 1999-2002

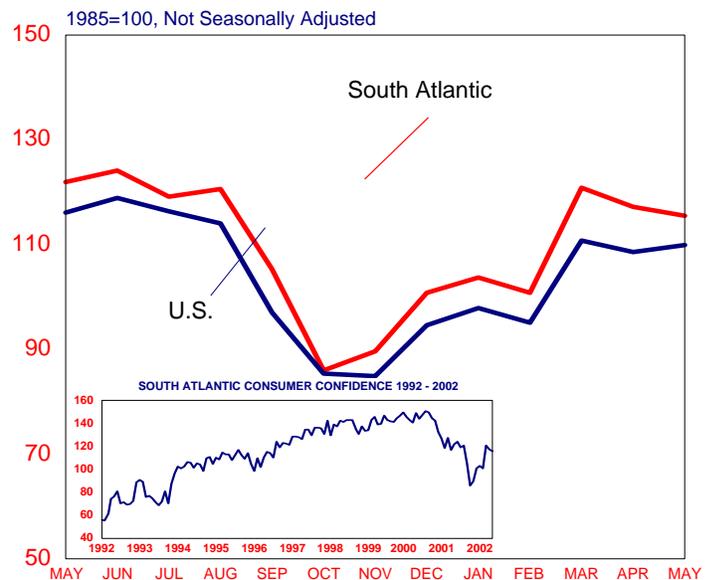


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

New home sales volume was down for single family homes and condominiums but up sharply for townhomes through March 2002. New condominium sales fell from 65 in 2001 to 10 in 2002—a decline of 84.6 percent. New townhome sales increased 32.4 percent, from 290 to 384, while single family home sales fell 10.1 percent, from 385 to 346 year-to-date.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX



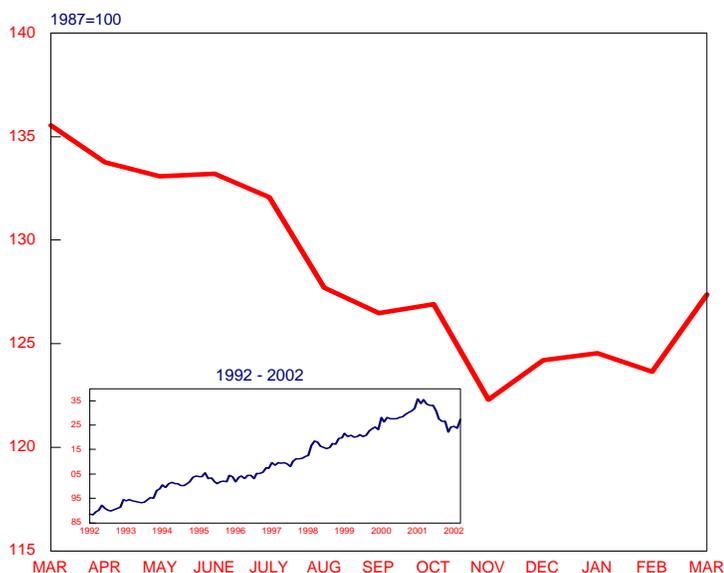
Source: Conference Board
Compiled by the Fairfax County Dept. of Management and Budget

The Conference Board reports that the Consumer Confidence Index increased moderately in May after decreasing in April. The Index now stands at 109.8, up 1.3 points from last month. 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 May, the Present Situation Index is at 110.3, up 3.5 points from last month. The increase indicates that consumers are more optimistic about current economic conditions, such as job availability and income expectations, than last month. The Expectations Index, however, is down from April, a retreat of 0.2 points from 109.6 to 109.4. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, the retreat in consumers' expectations may indicate slower growth than anticipated in the months ahead. The South Atlantic Consumer Confidence Index has also decreased 1.7 points from last month to 115.5.

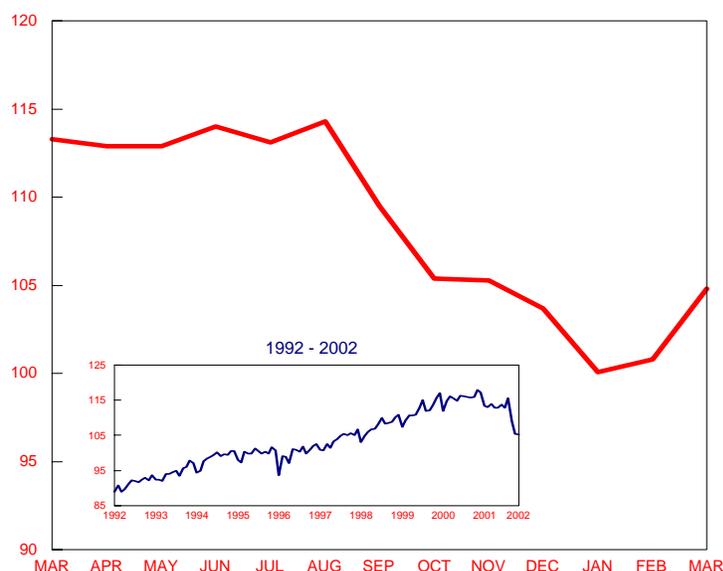
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices 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

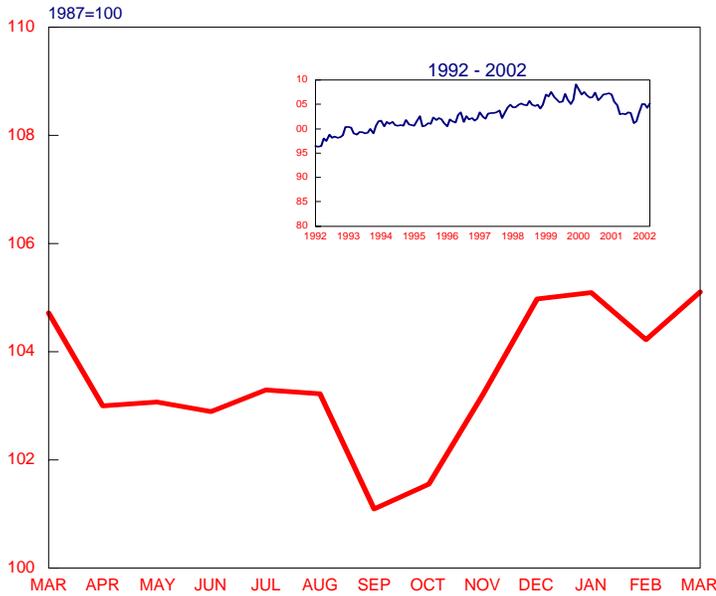
The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 127.4 in March—a 3.0 percent increase from February. With this increase, the Coincident Index moved above its 12-month moving average for the first time since March 2001. In March, three of the Index's four components contributed to its increase. Sales tax collections, adjusted for inflation and seasonal variation, increased sharply in March and have increased in three out of the last four months and consumer confidence increased for the first time in nine months. Total employment also increased for a third month in a row. Transient occupancy tax collections, adjusted for inflation and seasonal variation, decreased following two consecutive monthly increases.



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 104.8 in March—a 4.1 percent gain from February. This was the strongest monthly gain in over a year. Despite the strong gain, the Index is still 7.5 percent lower than its March 2001 level, with much of the decline due to the events of September 11. In March, all four of the Index's components contributed to its increase. Total wage and salary employment improved for the sixth time in seven months and domestic passenger volume at Dulles and Reagan Airports increased for the third month in a row. Consumer confidence increased for the first time since June 2001 and had its largest one-month increase in 20 years. In addition, nondurable goods retail sales increased after falling in the previous two months.

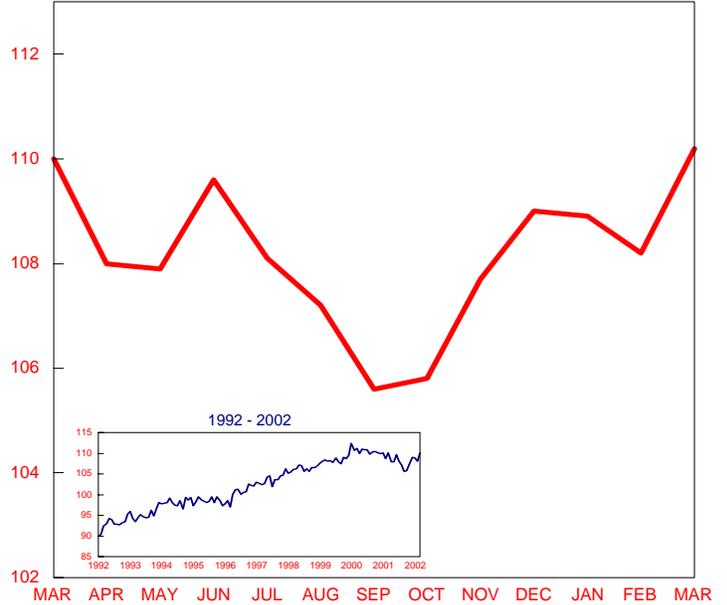


FAIRFAX COUNTY LEADING INDEX



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, increased to 105.1 in March—a 0.9 percent gain over February. The Leading Index is higher than the March 2001 level of 104.7 and has exceeded its 12-month moving average for the fourth consecutive month. In March, three of the Index's five components contributed to its increase. Initial claims for unemployment insurance decreased (improved) for the fourth time in five months. Residential building permits increased for the second consecutive month and consumer expectations increased sharply. The total value of residential building permits fell after strong gains in February and new automobile sales were down slightly following a sharp decline in February.



The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, increased by 1.8 percent in March to 110.2. The Index has increased in four of the last six months and is tracking above its 12-month moving average. The Index now exceeds its March 2001 level by 0.2 percent. In March, four of the Index's five components contributed to its increase. Consumer expectations increased and have been up four out of the last five months. Initial claims for unemployment insurance decreased (improved) after two consecutive monthly increases. Total residential building permits increased sharply in March following four monthly decreases and the Help Wanted Index increased for the first time in four months. Durable goods retail sales decreased following two consecutive monthly increases.



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