



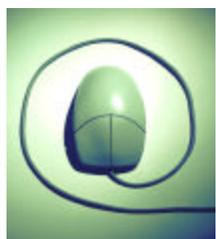
ECONOMIC INDICATORS[®]

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

APRIL 2004

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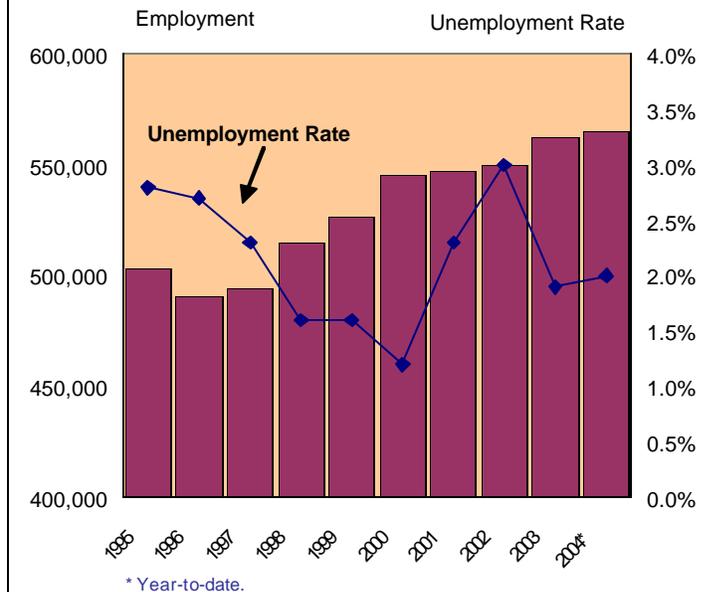
- The unemployment rate in Fairfax County for February 2004 decreased to 2.0 percent from 2.2 percent in January. (See page 1)
- Sales Tax receipts for Fairfax County, representing retail purchases made from June through February 2004, have increased 9.0 percent over the same period of FY 2003. (See page 2)
- The overall growth rate of new residential permits issued through March is 47.7 percent while new nonresidential permits have declined 54.2 percent through calendar year 2004. (See page 3)
- The Economic Development Authority reported that Fairfax County's direct office vacancy rate fell from 12.4 percent as of mid-year 2003 to 11.2 percent as of year-end 2003. (See page 4)
- In February, the Fairfax County Coincident Index declined whereas the Metropolitan Washington Coincident Index increased. (See page 5)
- Both the Fairfax County and Metropolitan Washington Leading Indices decreased in February 2004 but the level of each index is above that of one year ago. (See page 6)



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

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

RESIDENTIAL EMPLOYMENT

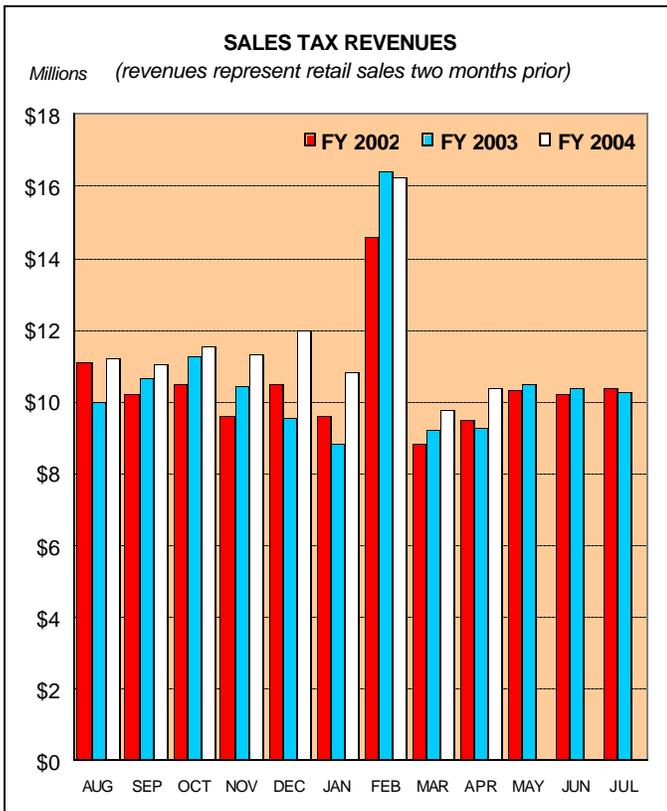


Source: Virginia Employment Commission. Compiled by the Fairfax County Department of Management and Budget.

Employment

The February 2004 unemployment rate in Fairfax County decreased to 2.0 percent from 2.2 percent in January 2004. As reported by the Virginia Employment Commission (VEC), the number of employed Fairfax County residents was 564,994 in February 2004, an increase of 12,624, or 2.3 percent over February 2003. During this period, unemployment in Fairfax County fell 0.8 percentage points from 2.8 percent in February 2003 to 2.0 percent in February 2004.

Virginia's February 2004 unemployment rate was 3.6 percent, 0.3 percentage point below the 3.9 percent recorded in January 2004. The decline was driven by job growth in professional and business services as well as fewer weather disruptions this year for outdoor work. Compared nationally, Virginia's rate was well below the U.S. February 2004 unemployment rate of 6.0 percent.



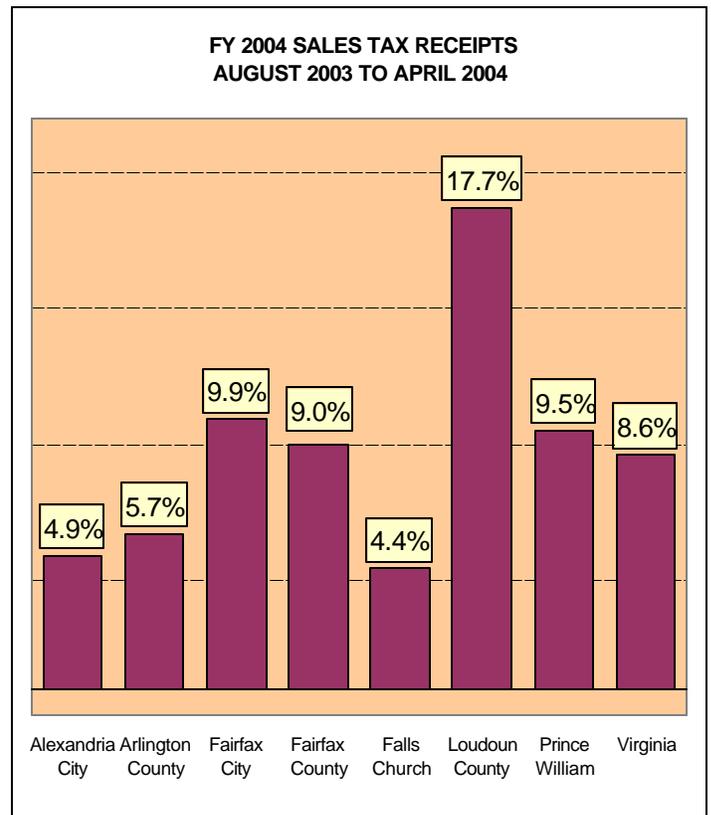
Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

Fairfax County Sales Tax Receipts

April Sales Tax receipts for Fairfax County, representing retail purchases made in February, are \$10.4 million, an increase of 11.9 percent over March 2004. Through the first nine months of FY 2004, Sales Tax receipts are up 9.0 percent over the same period in FY 2003.

National Sales Tax Receipts

According to the Commerce Department, seasonally adjusted preliminary March retail sales estimates for the U.S. increased 1.8 percent over the previous month and increased 8.2 percent over March 2003. Compared to last year, health and personal care store sales are up 7.9 percent, building materials and garden equipment sales are up 17.8 percent, retail store sales are up 8.6 percent, and gasoline station sales are up 6.2 percent.



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

Neighboring Jurisdictions

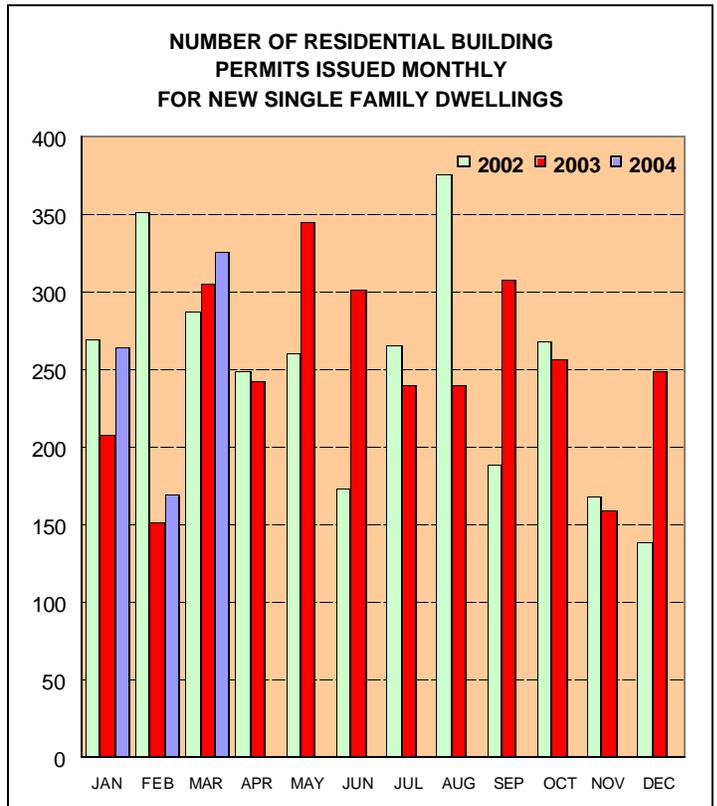
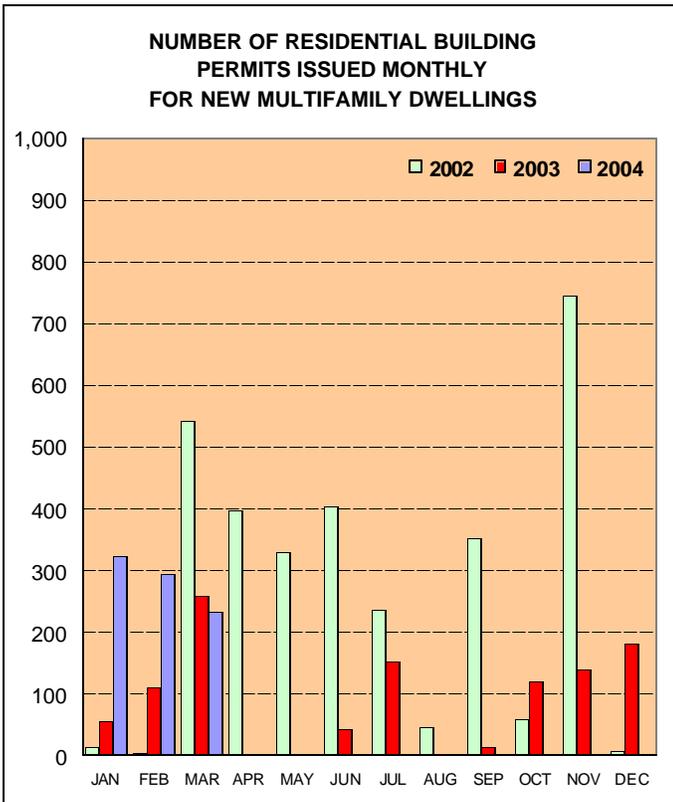
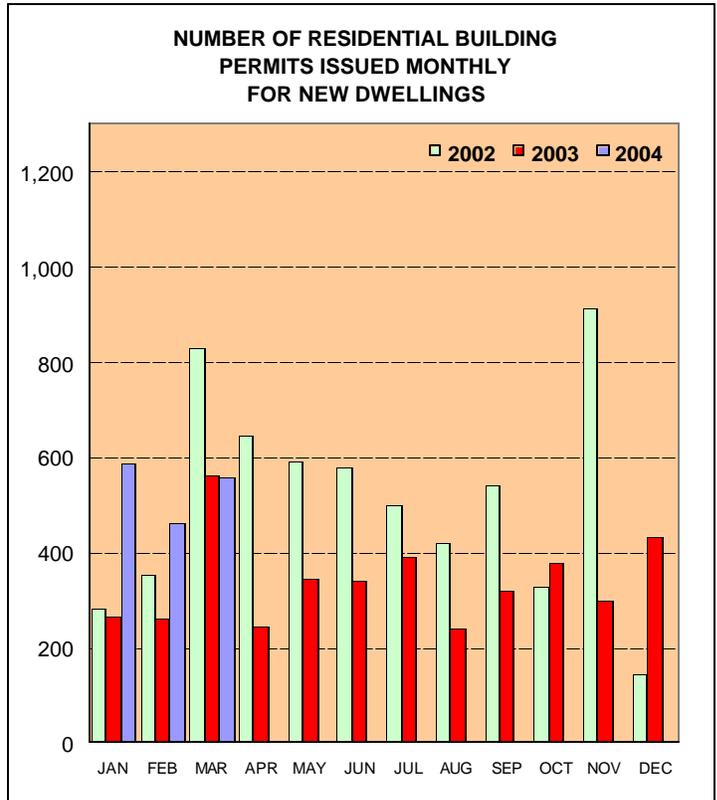
Sales Tax receipt growth during the period of August 2003 through April 2004 is positive for all of the Northern Virginia localities. These receipts correspond to retail purchases from June 2003 through February 2004.

During this period, Sales Tax receipts are up double digits in Loudoun County at 17.7 percent. Sales Tax receipts in Arlington County are experiencing 5.7 percent growth, Fairfax City 9.9 percent, Alexandria 4.9 percent, and Falls Church 4.4 percent. During the nine-month period from August 2003 through April 2004, Statewide Sales Tax receipts are increasing at a rate of 8.6 percent.

Building Permits

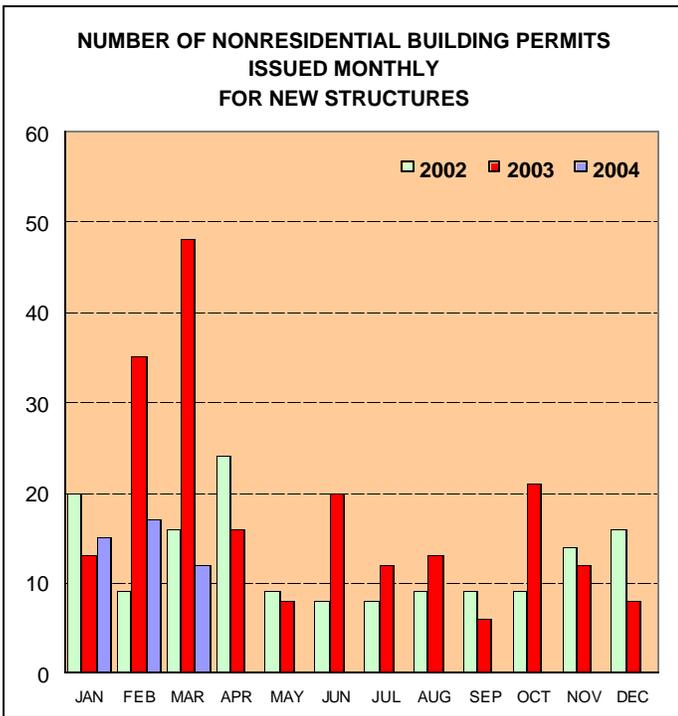
Despite a slight drop of 0.7 percent in March, new residential dwelling permits issued in the first three months of 2004 are 1,608, up 47.7 percent, or 519 permits, calendar year-to-date. Through the first quarter of calendar year 2004, 848 multifamily permits have been issued, double the 424 permits issued during the same period last year. Single family permits issued through March 2004 total 760, up 14.3 percent or 95 permits, calendar year-to-date.

Residential repair and alteration permits issued through March 2004 are 913, a decline of 1,300 permits or 56.7 percent from the same period last year.



NOTE: In February 2002, only two permits were issued; in April 2003, no permits were issued; in August 2003, only one multifamily permit was issued and therefore, the bars are too small to discern.

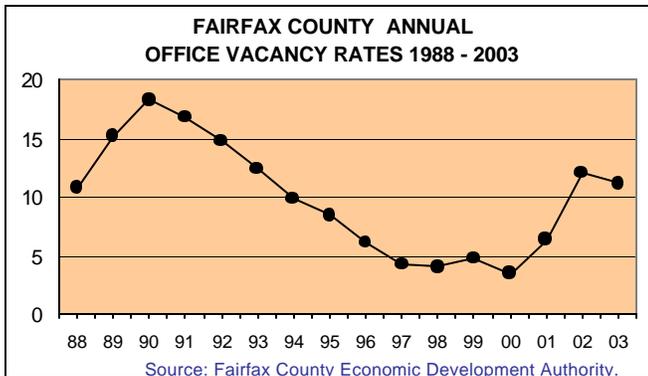
Source of data for all above charts: Fairfax County Department of Public Works and Environmental Services. Compiled by the Department of Management and Budget.



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

Nonresidential Building Permits

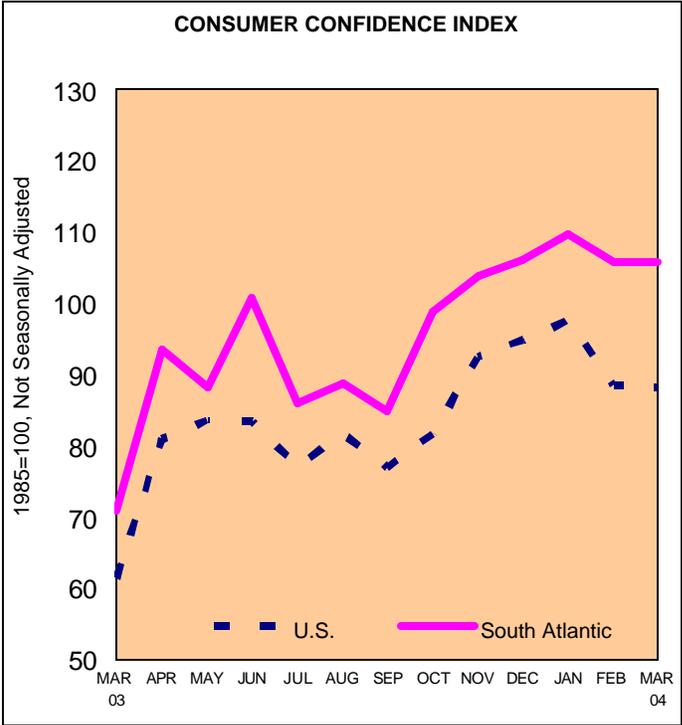
In March 2004, 12 nonresidential building permits were issued, down 75.0 percent from March 2003. Through the first quarter of 2004, nonresidential building permits issued total 44, a decline of 54.2 percent or 52 permits, year-to-date. Nonresidential repair and alterations permits issued in March 2004 were 354, an increase of 26.0 percent over the same period last year.



Office Vacancy Rates

The Economic Development Authority reported that Fairfax County's direct office vacancy rate fell for the first time in three years. The direct vacancy rate declined from 12.4 percent recorded at mid-year 2003 to 11.2 percent at year-end 2003. The overall vacancy rate which includes available space for sublet dropped to 15.6 percent from 17.3 percent at mid-year 2003.

ADDITIONAL INDICATORS



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

Consumer Confidence Index

The Conference Board reports that the Consumer Confidence Index remained relatively flat in March 2004. The Index now stands at 88.3, compared to 88.5 in February. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "While consumers claimed business conditions were more favorable in March than last month, they also claimed jobs were less readily available."

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In March, the Present Situation Index increased to 84.1 from 83.3 points, a 0.8 point gain over last month. The Expectations Index declined to 91.0 from 91.9 for a 0.9 point loss.

As Franco noted, "The labor market not only continues to dampen consumers' present-day spirits, but it is also making them less optimistic about the short-term outlook."

Due to the implementation of a new computer system, Fairfax County home sales data are not available this month.

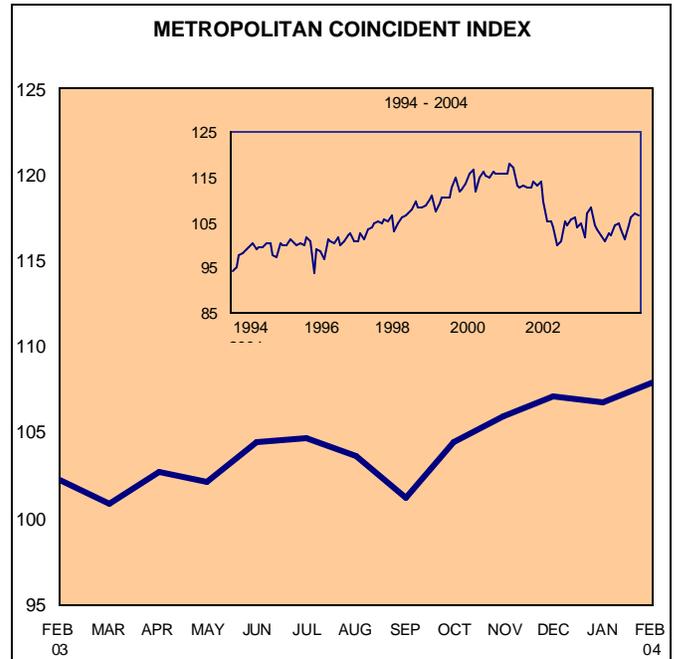
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices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



The Fairfax County Coincident Index, which represents the current state of the County's economy, declined to 130.4 in February 2004, a 0.7 percent fall from January 2004. Despite declining for the first time in six months, the Index is currently 3.2 percent above its February 2003 value.

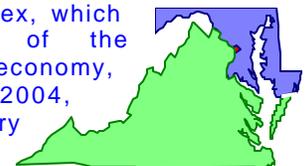
In February, two of the Index's four components were negative. Consumer Confidence (in the present) declined for a second consecutive month; and sales tax collections, adjusted for inflation and seasonal variation, decreased following two monthly gains. In contrast, total employment marginally increased for the first time in three months; and transient occupancy tax collections, adjusted for inflation and seasonal variation, increased for a fourth month in a row.



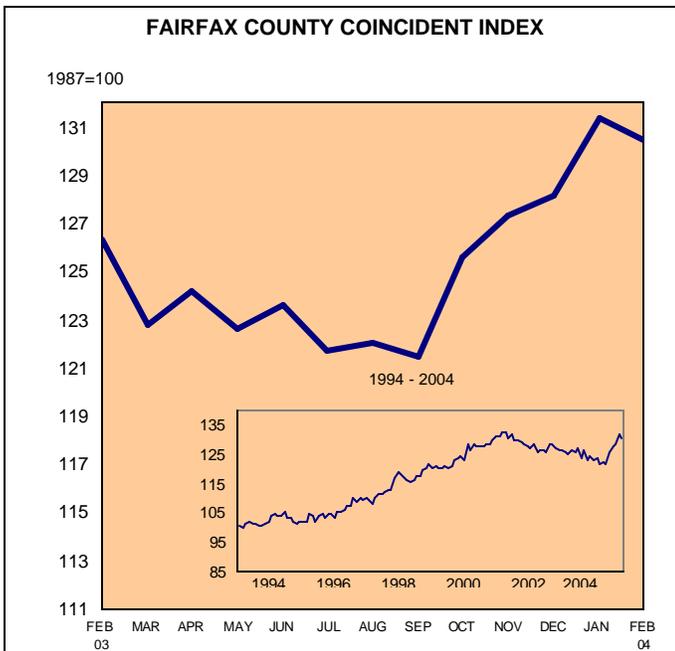
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.

Metropolitan Coincident Index

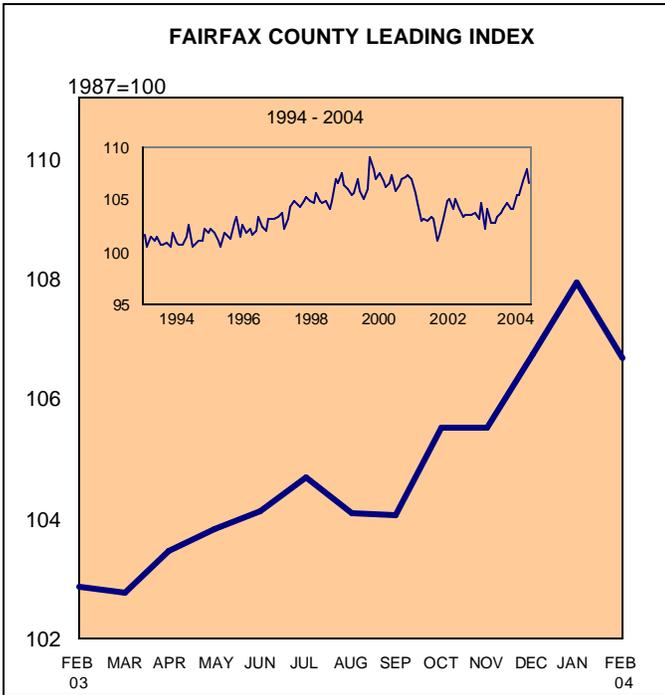
The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 107.9 in February 2004, a 1.0 percent loss from January 2004. The Index experienced its fourth gain in five months and exceeded its February 2003 value by 6.8 percent.



In February, three of the Index's four components were positive. Wage and salary employment increased following two small monthly declines; domestic passenger volume at Reagan National and Dulles Airports increased for the fourth time in five months; and nondurable goods retail sales increased for the second month in a row. In contrast, Consumer Confidence (in the present) fell in February for a second consecutive month.



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



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

Fairfax County Leading Index



The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, decreased to 106.6 in February 2004, a 1.2 percent loss from January 2004. Before this drop, the Index had increased for ten consecutive months and is currently up 3.7 percent over its February 2003 value.

In February, all five of the Index's components contributed to its decline. New automobile registrations decreased following two monthly gains; consumer expectations (consumer confidence six month hence) declined for the first time in five months; residential building permits issued declined for the second time in six months; and initial claims for unemployment insurance increased (worsened) in February following a strong monthly gain; and the total value of residential building permits fell for the fourth time in five months.

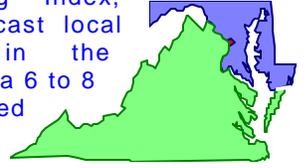
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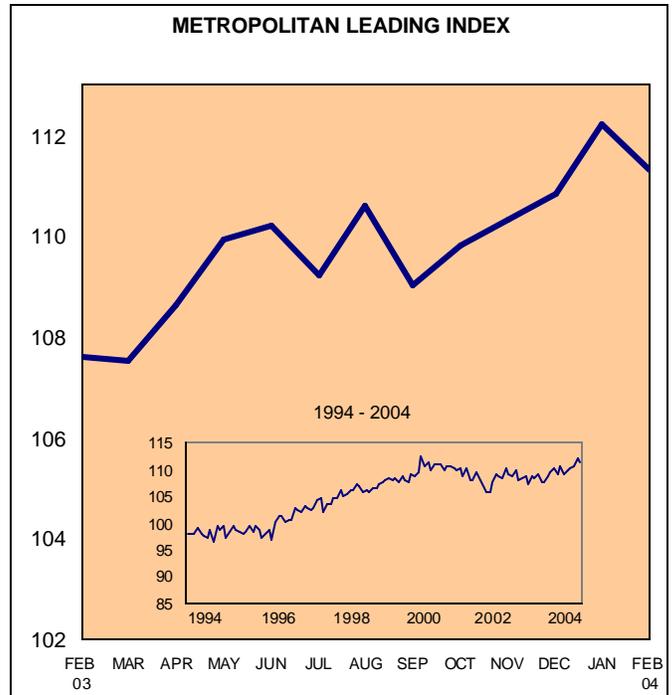
Staff: Susan Datta, Director; Marcia Wilds and Jameson Penn, analysts.

Metropolitan Leading Index

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 6 to 8 months in advance, decreased to 111.3 in February 2004, a marginal decrease from January 2004. The decline in February is the first in five months, and the tenth consecutive month that the Index has exceeded same-month values in the prior year. The Index is currently up 3.3 percent over its February 2003 value.



In February, three of the Index's five components contributed to its decline. Consumer expectations (consumer confidence six month hence) declined following four monthly gains; initial claims for unemployment insurance increased (worsened) in February after improving in three of the last four months; durable goods retail sales decreased marginally for a second month and the Help Wanted Index was unchanged from January's level. In contrast, total residential building permits increased for the second time in three months.



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