



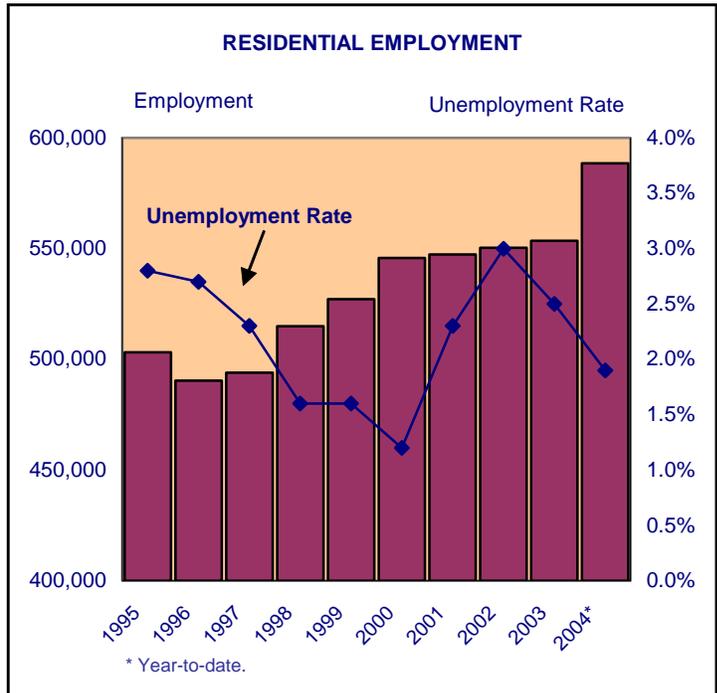
ECONOMIC INDICATORS[®]

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

SEPTEMBER 2004

IN THIS ISSUE:

- The unemployment rate in Fairfax County for July 2004 decreased to 1.9 percent from 2.2 percent in June and the number of employed County residents increased by 21,901 since July 2003.
(See page 1)
- Sales Tax receipts for Fairfax County in September 2004 are \$12.0 million, 12.8 percent over September 2003.
(See page 2)
- The number of new residential permits issued through August increased 105.1 percent while new nonresidential permits have declined 24.9 percent during the same period.
(See page 3)
- Sales volume increased for all existing (previously owned) home types through mid-year 2004, with single family homes experiencing 24.9 percent growth, calendar year-to-date.
- The number of new single family homes purchased has declined 8.3 percent, calendar year-to-date.
(See page 5)
- The Fairfax County Coincident Index declined in July while the Leading Index gained over June 2004.
(See pages 7 and 8)



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

Employment

As reported by the Virginia Employment Commission (VEC), the July 2004 unemployment rate in Fairfax County decreased to 1.9 percent from 2.2 percent in June 2004. Over the year, the number of employed Fairfax County residents rose 21,901 to 588,484 in July 2004, an increase of 3.9 percent over July 2003. During this period, the unemployment rate in Fairfax County fell 0.7 percentage points from 2.6 percent in July 2003 to the current 1.9 percent.

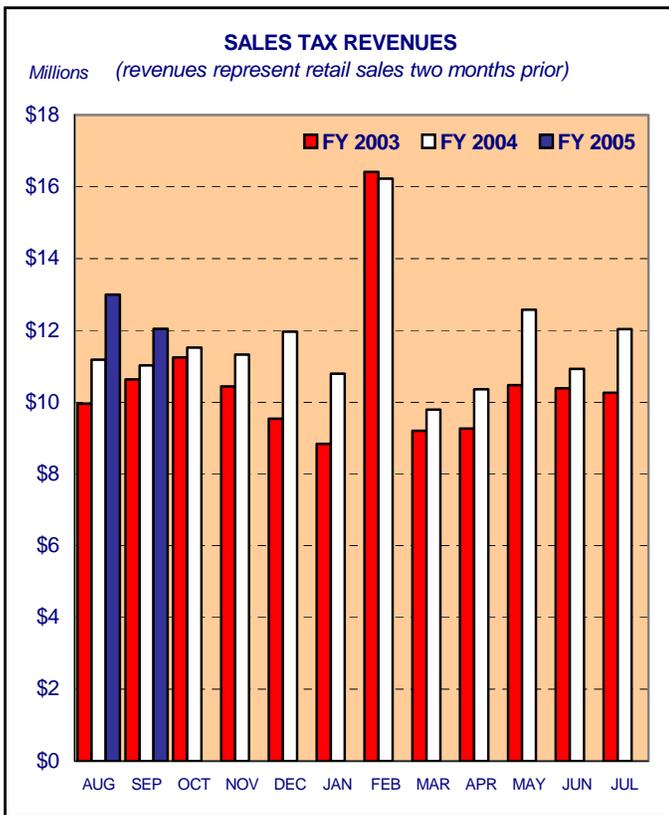
The June unemployment rate in Virginia decreased to 3.5 percent, 0.3 percentage points lower than in June 2004. The June 2004 national unemployment rate was 5.7 percent.

Since July 2003, Virginia has added jobs at an annual growth rate of 2.6 percent, more than twice the national nonagricultural job growth rate of 1.1 percent.



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

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



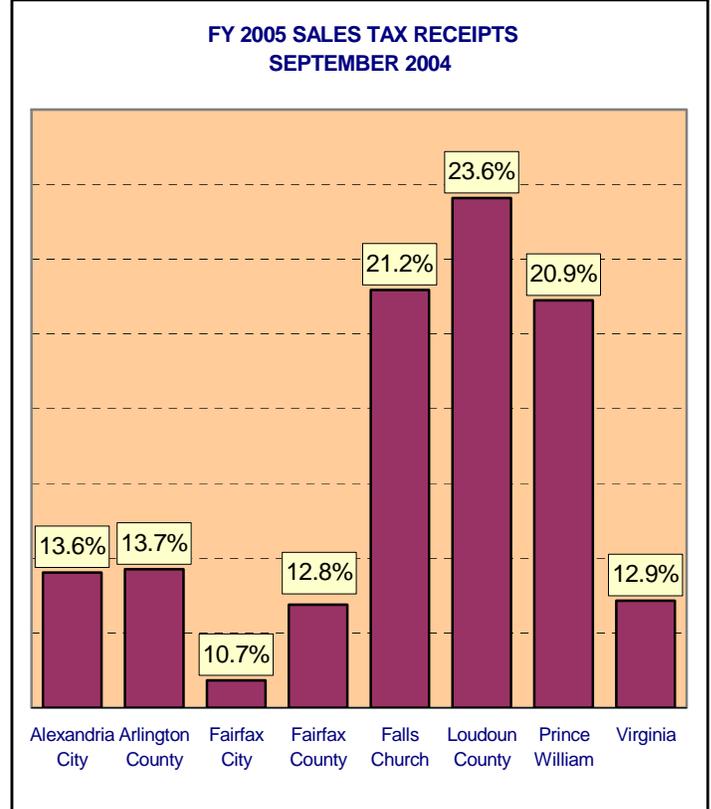
Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

Fairfax County Sales Tax Receipts

September Sales Tax receipts for Fairfax County, representing retail purchases made in July, are \$12.0 million, an increase of 9.2 percent over September 2003. Through the first two months of FY 2005, Sales Tax receipts are up 12.8 percent over the same period in FY 2004.

National Sales Tax Receipts

According to the Commerce Department, seasonally adjusted preliminary August 2004 retail sales estimates for the U.S. decreased 0.3 percent from the previous month but increased 4.9 percent over August 2003. Compared to last year, health and personal care stores are up 7.0 percent; building materials and garden equipment, 15.8 percent; retail store sales, 9.0 percent; and gasoline station sales, 14.3 percent.



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

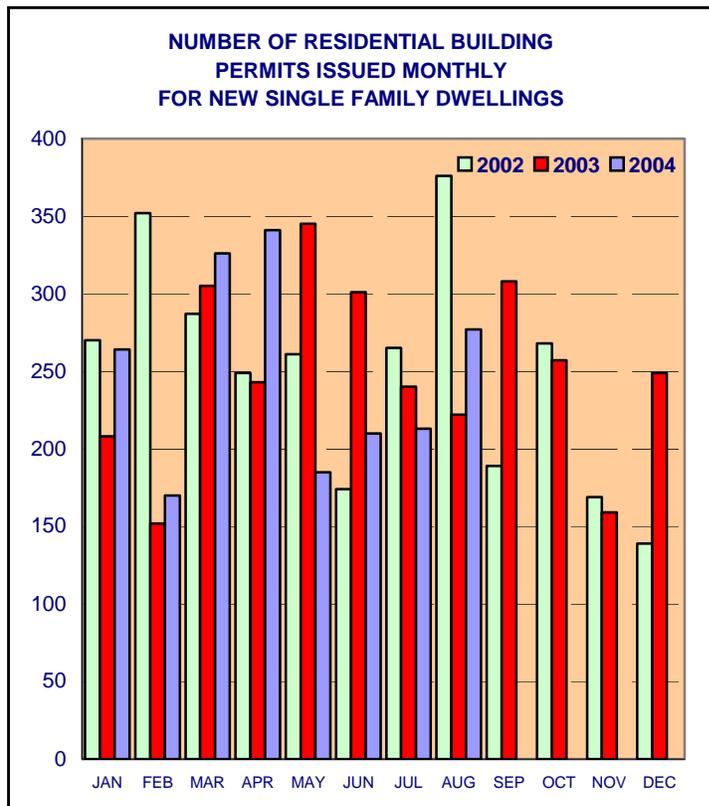
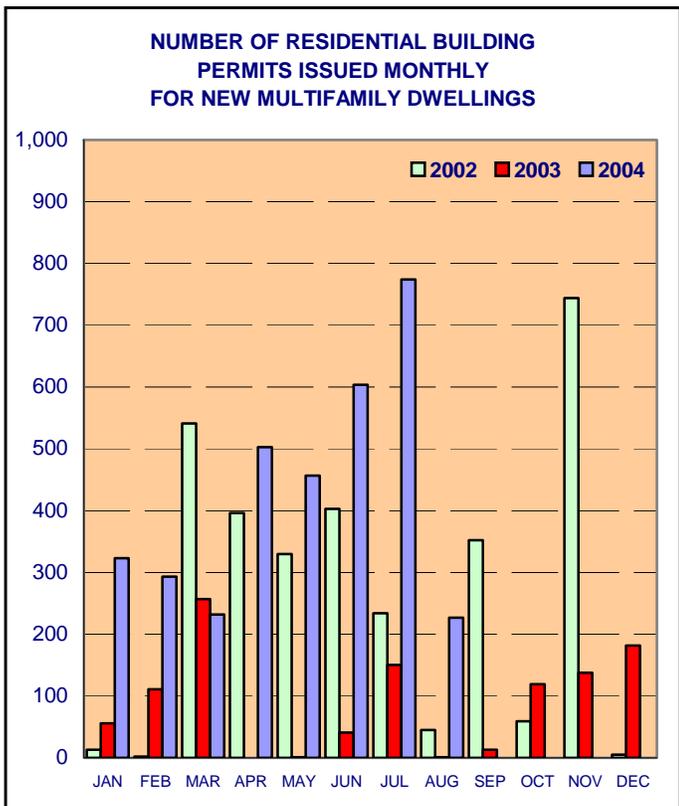
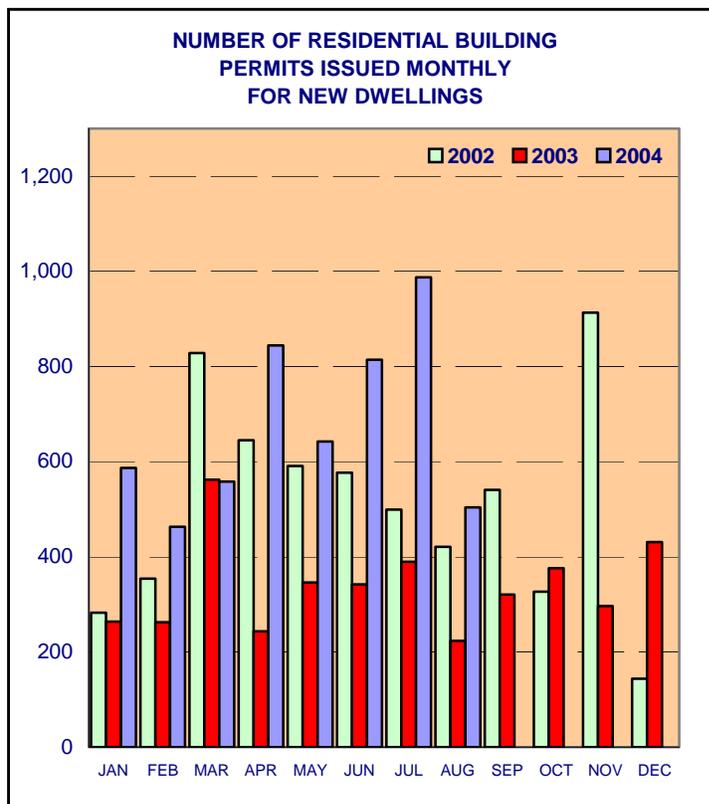
Neighboring Jurisdictions

All Northern Virginia localities reported growth in Sales Tax receipts August and September. Sales Tax receipts were up significantly in Loudoun County at 23.6 percent, Falls Church at 21.2 percent and Prince William County at 20.9 percent. Sales Tax receipts in Fairfax City were up 10.7 percent; Fairfax County, 12.8 percent; Alexandria City, 13.6 percent; and Arlington County, 13.7 percent. Statewide Sales Tax receipts increased 12.9 percent in the two months ending September 2004 over the same period of 2003.

Building Permits

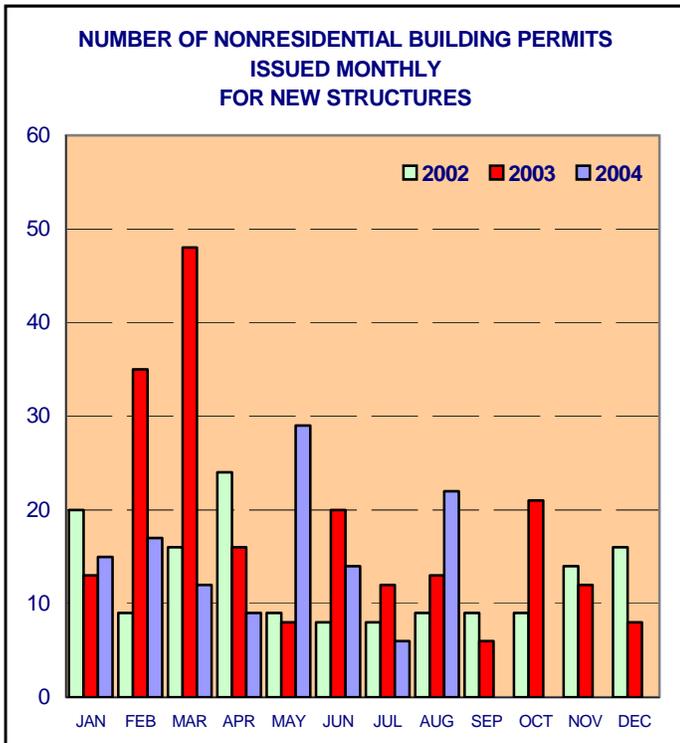
Issues of new residential dwelling permits recorded a strong gain in August 2004, increasing 126.0 percent to 504 permits from 223 permits in August 2003. The 5,399 permits issued during the first eight months of calendar year 2004 exceed that of the same period last year by a margin of 105.1 percent, or 2,766 permits. Through the first eight months of calendar year 2004, 3,413 multifamily permits have been issued, more than five times the 617 permits issued during the same period last year. Single family permits issued through August 2004 total 1,986, down 1.5 percent or 30 permits, calendar year-to-date.

Residential repair and alteration permits issued through August 2004 are 3,384, a decline of 4,441 permits or 56.8 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.

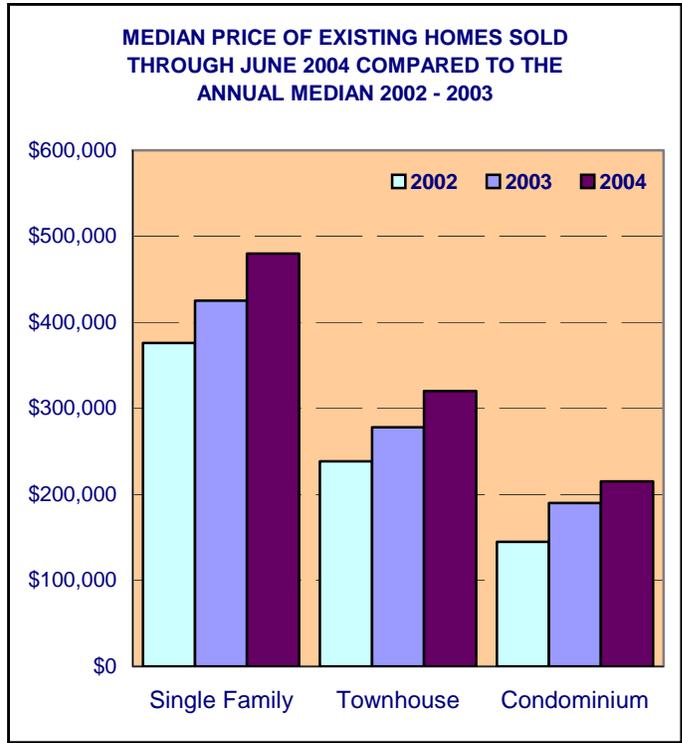
Source of data for all above charts: Fairfax County Department of Public Works and Environmental Services. Compiled by the Department of Management and Budget.



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

Nonresidential Building Permits

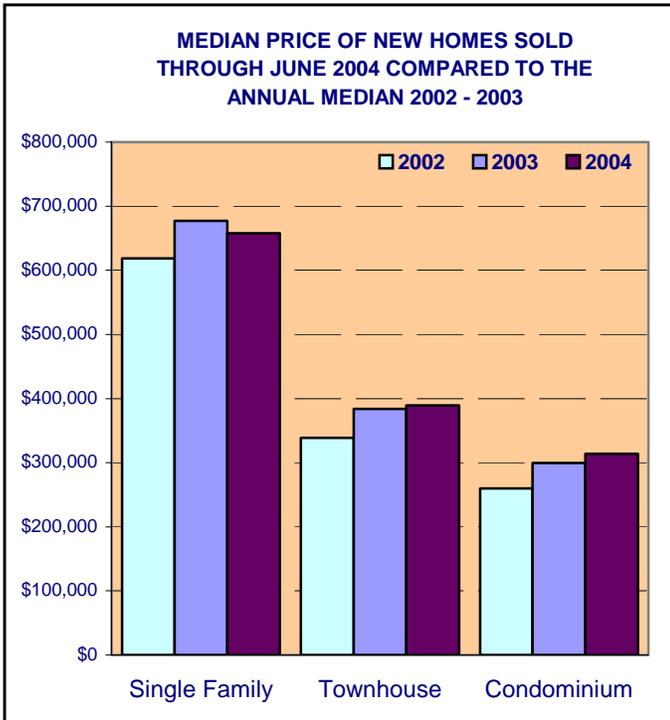
The number of nonresidential building permits issued in August increased over the same month last year for only the second time in seven months. Through August 2004, 124 nonresidential building permits have been issued, down 24.9 percent or 41 permits from the same period last year. However, nonresidential repair and alterations permits issued through August 2004 were 2,632, an increase of 11.3 percent or 268 permits over the same period last year.



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

Existing Home Sales Prices

All types of existing (previously owned) homes in Fairfax County have experienced strong growth in median sales prices for the first six months of 2004. For existing single family homes, the median sales price increased to \$480,000, as compared to the 2003 median of \$425,000, representing growth of 12.9 percent. The 2004 median for townhomes grew to \$320,000 from the 2003 median of \$278,100, reflecting growth of 15.1 percent. The median for condominiums increased to \$215,000 in 2004 from \$190,000 in 2003, representing growth of 13.2 percent.



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

New Home Sales Prices

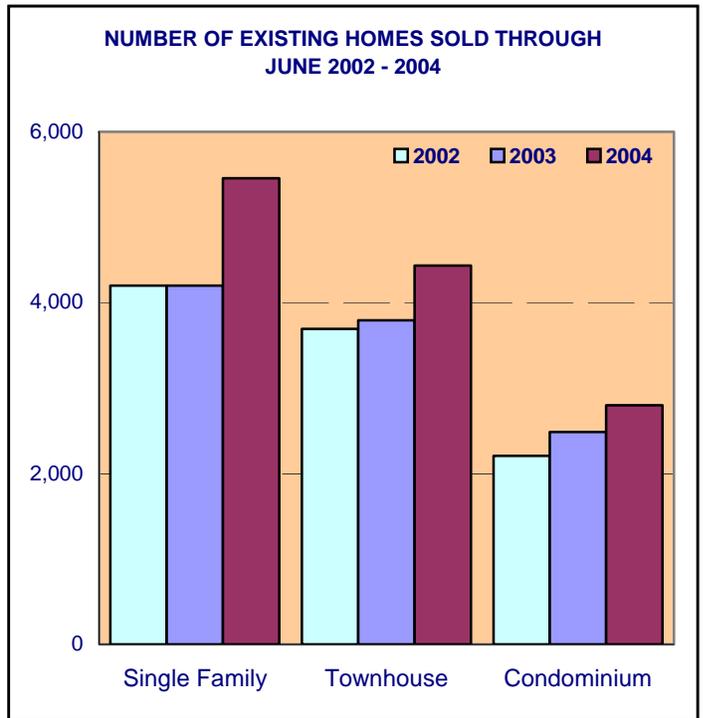
The median sales prices of new townhomes and condos in Fairfax County have experienced growth through June 2004 while the sales price of single family dwellings has dropped. For new single family homes, the median sales price decreased to \$657,844 from the 2003 median sales price of \$677,134, reflecting a decline of 2.9 percent. The 2004 median for townhomes grew to \$389,461 from the 2003 median of \$384,000, reflecting growth of 1.4 percent. The 2004 median sales price for condominiums increased to \$313,870 from \$299,425 in 2003, representing growth of 4.8 percent.

PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD YEAR-END 2003 COMPARED TO SALES THROUGH JUNE 2004

	Existing Sales	New Sales
Single Family	12.9	(2.9)
Townhouse	15.1	1.4
Condominium	13.2	4.8

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. To read more about Fairfax County tax assessments, please visit:

www.co.fairfax.va.us/dta/tax_assessment.htm

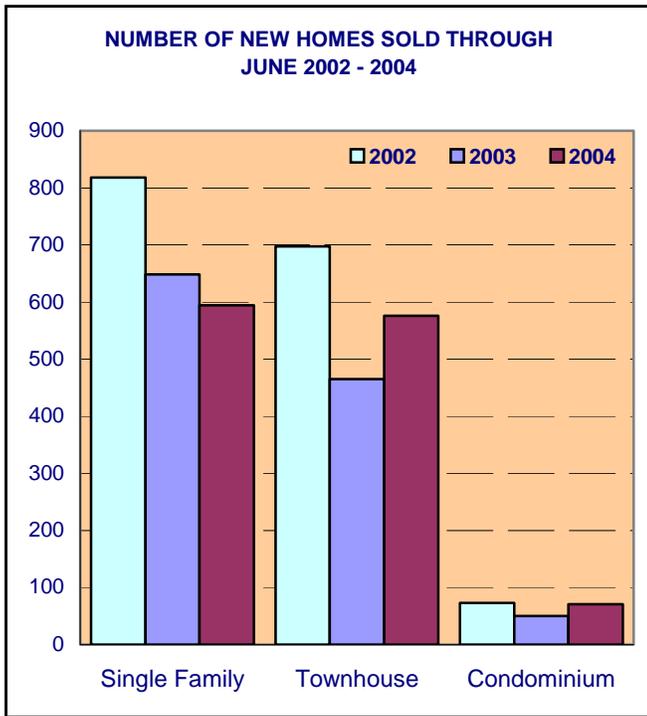


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

Existing Home Sales Volume

Sales volume for existing (previously owned) homes is up for all home types through June 2004. Sales of existing single family homes have increased to 5,456 from 4,197, reflecting growth of 30.0 percent. Sales volume of existing townhomes increased through June 2004 to 4,433 from 3,792, reflecting growth of 16.9 percent over the same period last year. Existing condominium sales reported through June 2004 increased 12.5 percent from 2,488 to 2,798.

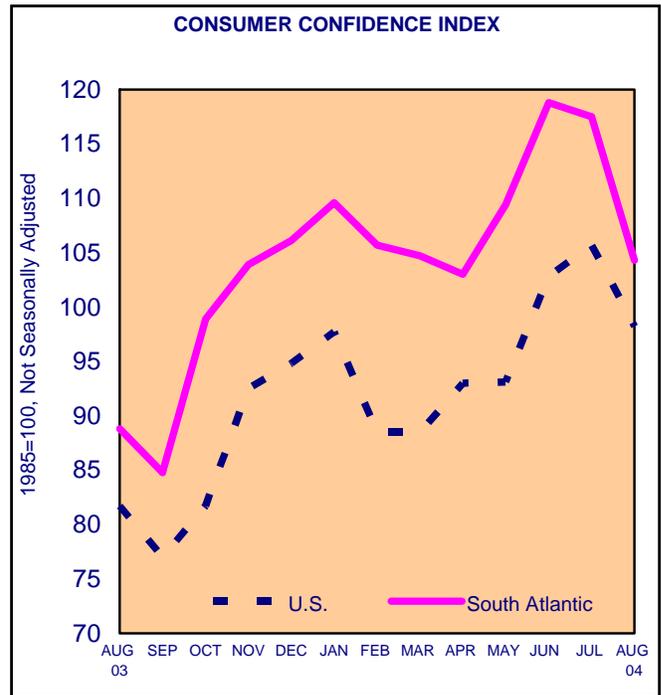
ADDITIONAL INDICATORS



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

New Home Sales Volume

The volume of new single family homes sales has fallen during the first six months of calendar year 2004 while the number of new townhomes and condominiums has increased. Sales volume of new single family homes decreased from 648 to 594 through mid-year 2004, reflecting a decline of 8.3 percent. Sales of new townhomes increased 23.9 percent, from 465 to 576 during the same period. New condominium sales through June 2004 reflect growth of 42.0 percent, increasing to 71 from 50, as reported for the same period last year.



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 declined 7.5 points in August 2004. The Index is 98.2, compared to 105.7 recorded in July 2004. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "The slowdown in job growth has curbed consumers' confidence. The level of consumer optimism has fallen off and caution has returned."

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In August, the Present Situation Index decreased to 100.7 from 106.4 points, a 5.7 point loss from last month. The Expectations Index decreased to 96.6 from 105.3, a decline of 8.7 points.

As Franco noted, "Until the job market and pace of hiring picks up, [consumers'] cautious attitude will prevail."

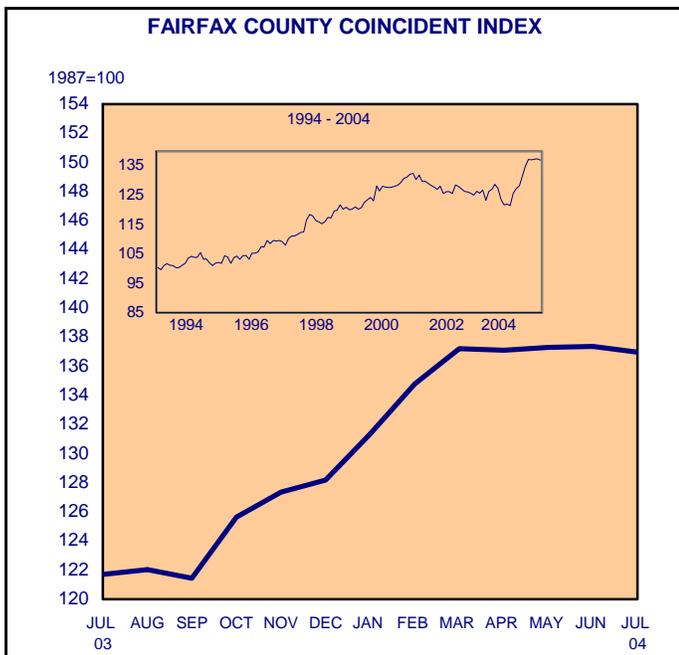
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices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

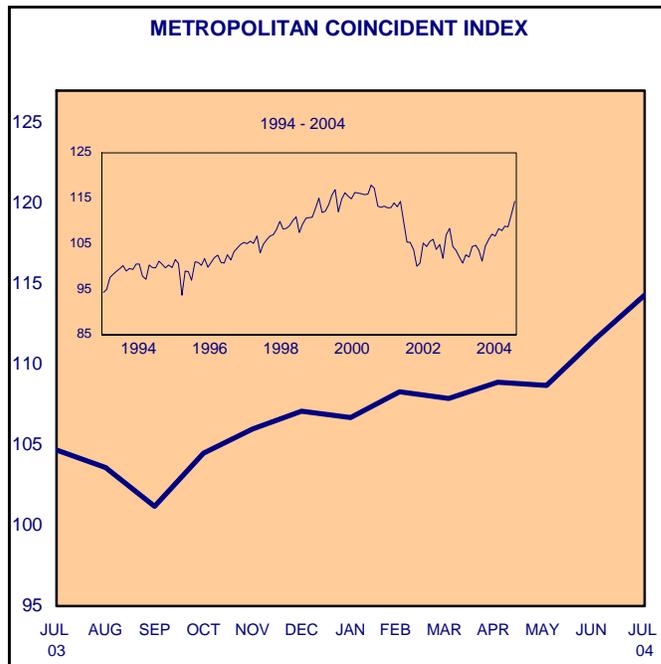


The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 137.0 in July 2004, a 0.3 percent decline from June 2004. However, the Index has increased eleven consecutive months over last year's same-month values and is currently 8.1 percent above its July 2003 level.

In July, two of the Index's four components contributed to its decline. Consumer Confidence (in the present) decreased following four monthly gains and transient occupancy tax collections, adjusted for inflation and seasonal variation, declined for a third consecutive month. By contrast, total employment increased for the seventeenth consecutive month and sales tax collections, adjusted for inflation and seasonal variation, increased for a third consecutive month.



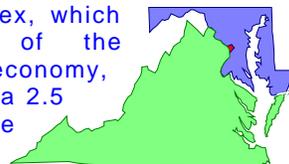
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.



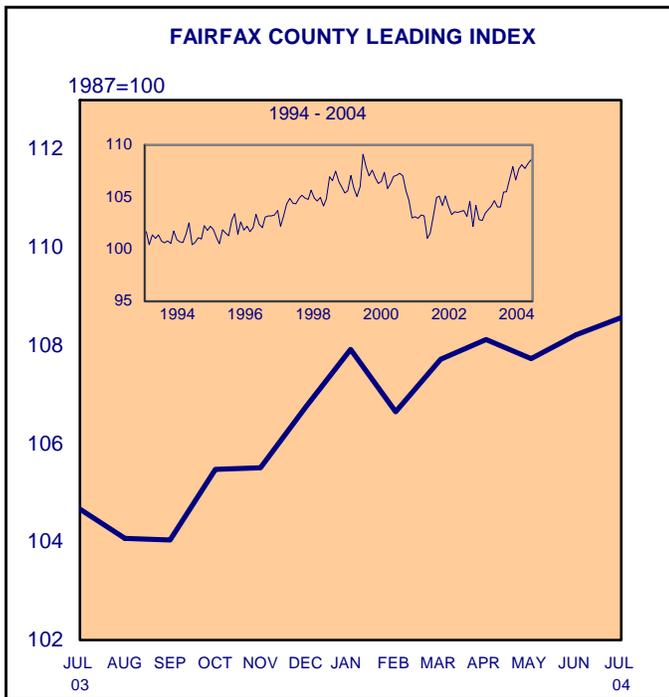
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.

Metropolitan Coincident Index

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 114.3 in July 2004, a 2.5 percent gain over June 2004. The Index has now exceeded its same-month value from last year for eight consecutive months and is up 9.1 percent over its July 2003 level.



In July, two of the Index's four components were positive. Domestic passenger volume at Reagan National and Dulles Airports increased sharply and is up for the third time in four months and nondurable goods retail sales increased for a second consecutive month. By contrast, Consumer Confidence (in the present) declined in July following four consecutive monthly gains and wage and salary employment decreased but remains up 2.8 percent over July 2003.



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, increased to 108.6 in July 2004, a 0.3 percent gain over June. The Index is currently up 3.7 percent over its July 2003 level.

In July, four of the Index's five components contributed to its gain. Consumer expectations (consumer confidence six months hence) improved for the third consecutive month; residential building permits issued increased for the fourth time in five months; the total value of residential building permits increased for the fourth time in five months; initial claims for unemployment insurance decreased (improved) in July for the fourth time in five months; and new automobile registrations declined sharply after a strong gain in June.

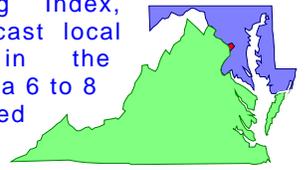
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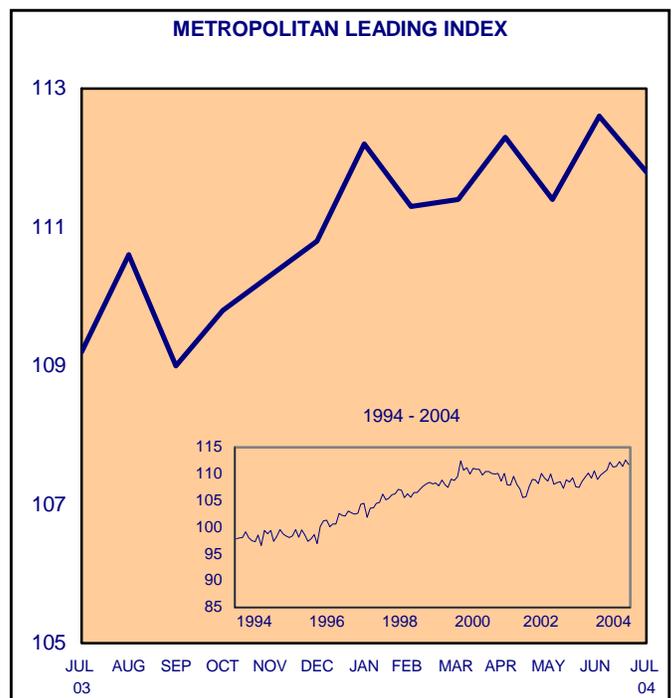
Staff: Susan Datta, Director; Marcia Wilds and Jameson Penn, analysts.

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 111.8 in July 2004, a decline of 0.8 percent over June.



In July, three of the Index's five components contributed to its decline. Total residential building permits decreased sharply following a strong gain in June; initial claims for unemployment insurance increased (worsened) in July for the second time in three months; and the Help Wanted Index decreased for first time in six months. By contrast, consumer expectations (consumer confidence six months hence) increased for a third consecutive month and durable goods retail sales were higher after two monthly declines.



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