



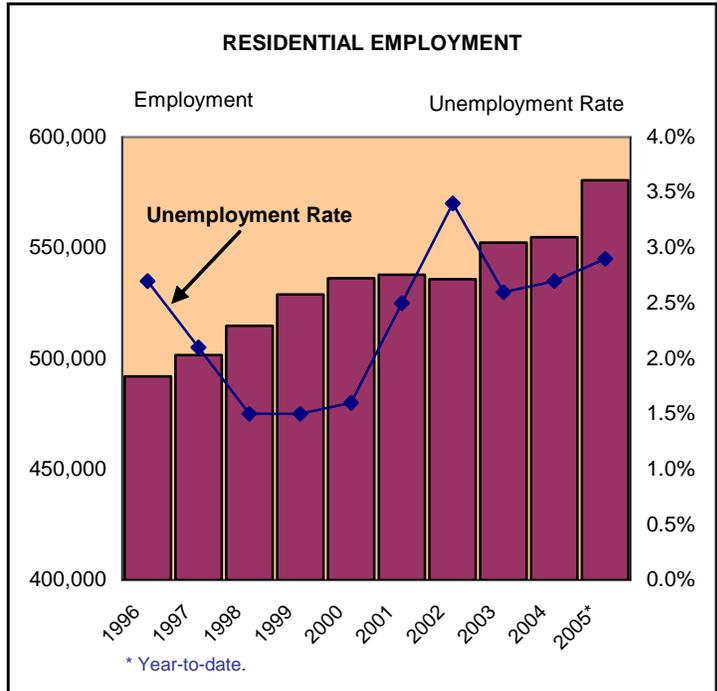
ECONOMIC INDICATORS®

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

AUGUST 2005

IN THIS ISSUE:

- The unemployment rate in Fairfax County for June 2005 decreased to 2.9 percent from 3.0 percent one year ago. The number of employed County residents has increased 22,921 since June 2004. (See page 1)
- August 2005 Sales Tax receipts in Fairfax County are \$13.3 million, an increase of 2.6 percent over August 2004. (See page 2)
- The number of new single family residential permits issued in July 2005 increased 12.4 percent; while, the number of new nonresidential permits issued increased 33.3 percent over July 2004. (See page 3)
- The number of existing single family homes sold in the first six months of 2005 rose 4.9 percent and the median value of these homes increased 19.8 percent over existing single family homes sold during all of 2004. (See pages 4 and 5)
- The Fairfax County Coincident Index decreased in June 2005 while the Leading Index rose over the prior month. Both indices are up on a monthly over-the-year basis. (See pages 6 and 7)
- The Office of Federal Housing Enterprise Oversight (OFHEO) reported that average single family home sale prices in Virginia increased 20.8 percent from the second quarter of 2004 through the second quarter of 2005. (See page 8)



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

Employment

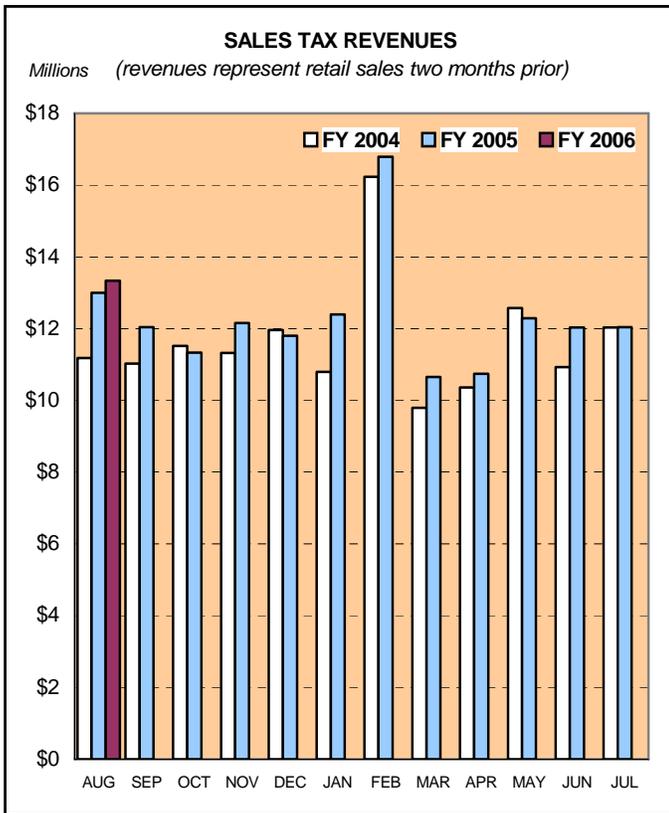
In June 2005, the number of employed Fairfax County residents continued to expand. As reported by the Virginia Employment Commission (VEC), the number of Fairfax County residents holding jobs was 580,491 in June 2005, an increase of 22,921 residents, or 4.1 percent, over June 2004. During this period, the unemployment rate in Fairfax County decreased slightly from 3.0 in June 2004 to 2.9 in June 2005.

The June 2005 Virginia unemployment rate was 3.8 percent. The rate reflects a 0.2 percentage point drop from the June 2004 level of 4.0 percent. On the national level, the June 2005 unemployment rate was 5.0 percent.



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

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



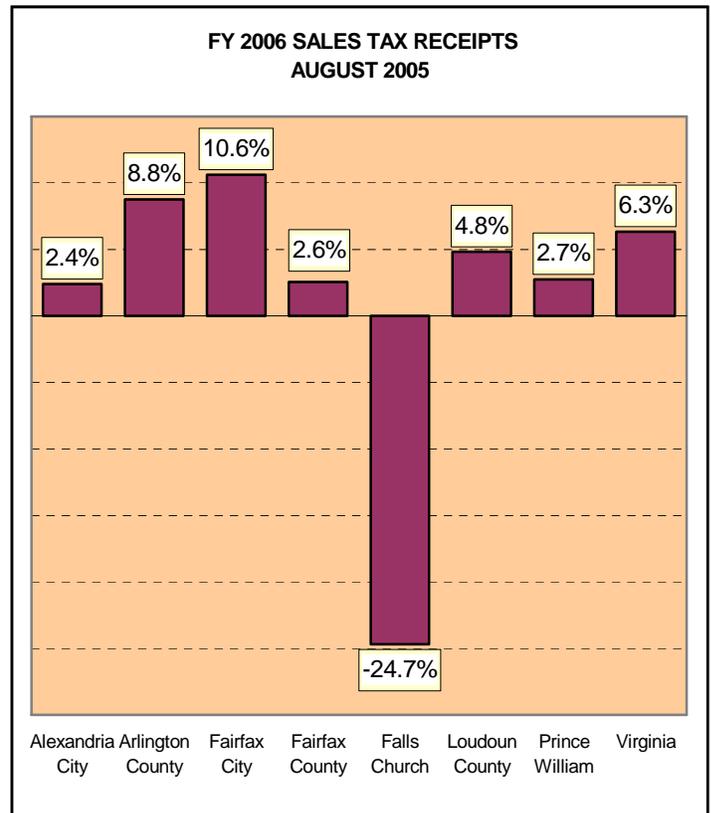
Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

Fairfax County Sales Tax Receipts

August Sales Tax receipts in Fairfax County, representing retail purchases made in June, were \$13.3 million, an increase of 2.6 percent over August 2004. August 2005 marks the third consecutive month that Sales Taxes have increased on a monthly over-the-year basis.

National Retail Sales

According to the Commerce Department, seasonally adjusted preliminary June 2005 retail sales for the U.S. improved, increasing 1.7 percent from the previous month. In addition, the June 2005 national retail sales estimate grew 9.6 percent over June 2004. Compared to last year, gasoline station sales are up 16.2 percent primarily due to gas price increases; while sales of motor vehicle and parts dealers increased 14.3 percent.



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

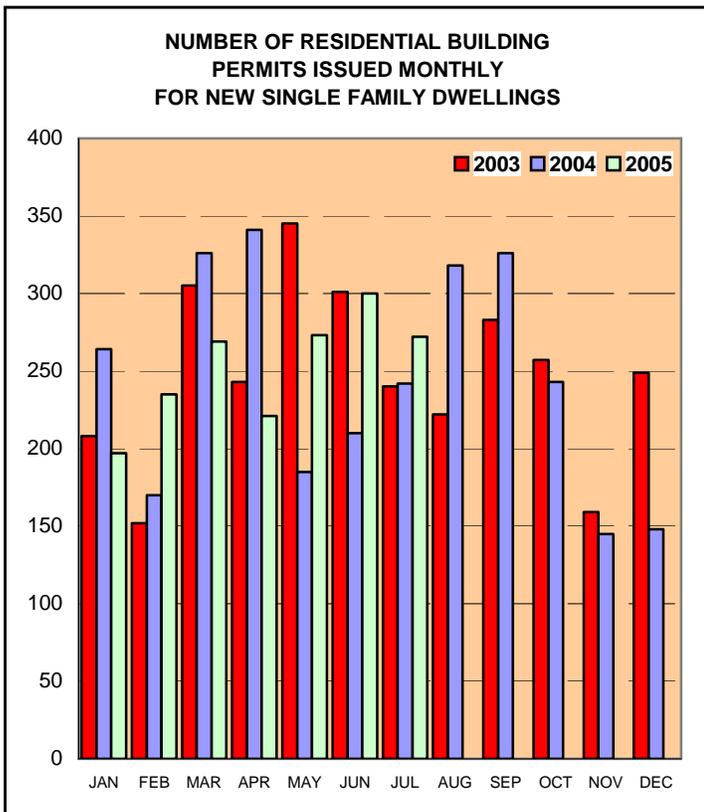
Neighboring Jurisdictions

During August 2005, growth in Sales Tax receipts for Northern Virginia localities varied considerably. Sales Tax receipts were up 10.6 percent in Fairfax City; 8.8 percent in Arlington County; 4.8 percent in Loudoun County; 2.7 percent in Prince William County; 2.6 percent in Fairfax County and 2.4 percent in Alexandria. Sales Tax receipts for Falls Church decreased 24.7 percent; but this decline was due to an aberration in August 2004 receipts. Compared to two years ago (August 2003), Sales Tax receipts in Falls Church are up 2.8 percent. On a statewide basis, local Sales Tax receipts for August are up 6.3 percent.

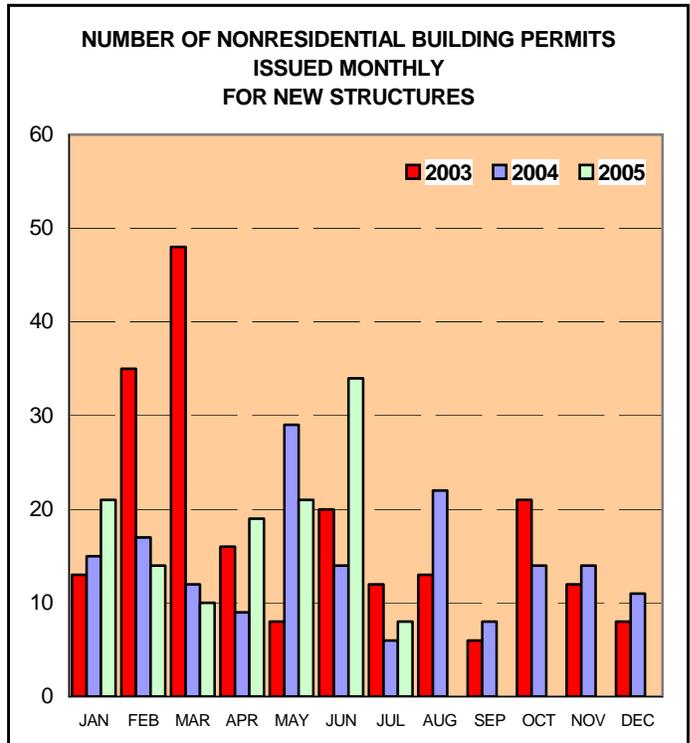
Residential Building Permits

The total number of new single family residential building permits issued in July 2005 was 272, an increase of 30 permits, or 12.4 percent, over July 2004. New single family permits issued in the first seven months of 2005 totaled 1,767 permits, an increase of 1.7 percent or 29 permits over the 1,738 issued during the same period last year.

In July 2005, 1,147 residential repair and alteration permits were issued, a decrease of 75 permits, or 6.1 percent, from July 2004. During the first seven months of calendar year 2005; however, residential repair and alternation permits have risen 129.9 percent.



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



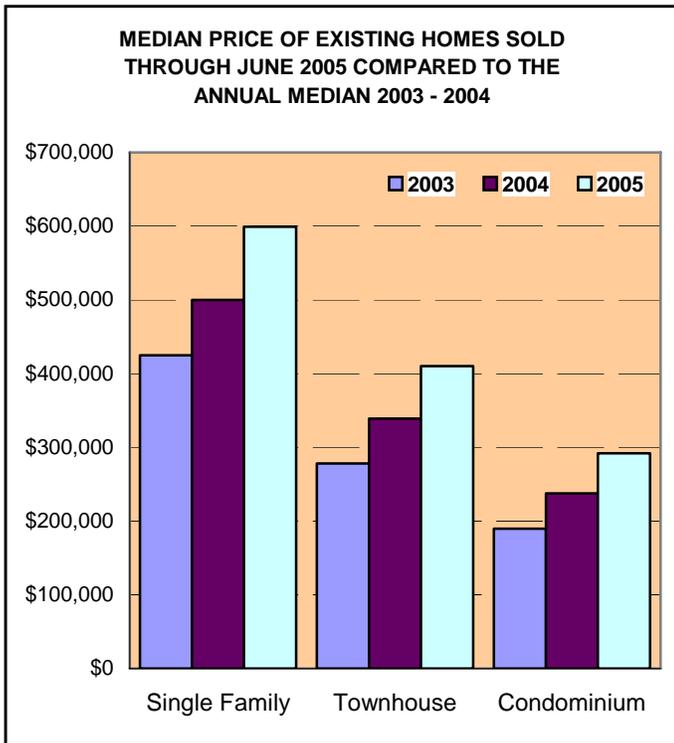
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

Nonresidential Building Permits

New nonresidential building permits issued in July 2005 increased for the fourth time this year as compared to the corresponding month last year. In July 2005, eight new nonresidential building permits were issued, an increase of 33.3 percent, or 2 permits, over July 2004. New nonresidential permits issued during the first seven months of 2005 total 127, an increase of 25 permits, or 24.5 percent, over the same period last year.

The issuance of nonresidential repair and alterations permits decreased in July to 317 from the 351 permits issued in July 2004, a decline of 34 permits. Year-to-date, the number of nonresidential repair and alterations permits issued has been 2,260, a decrease of 1.0 percent, or 23 permits.

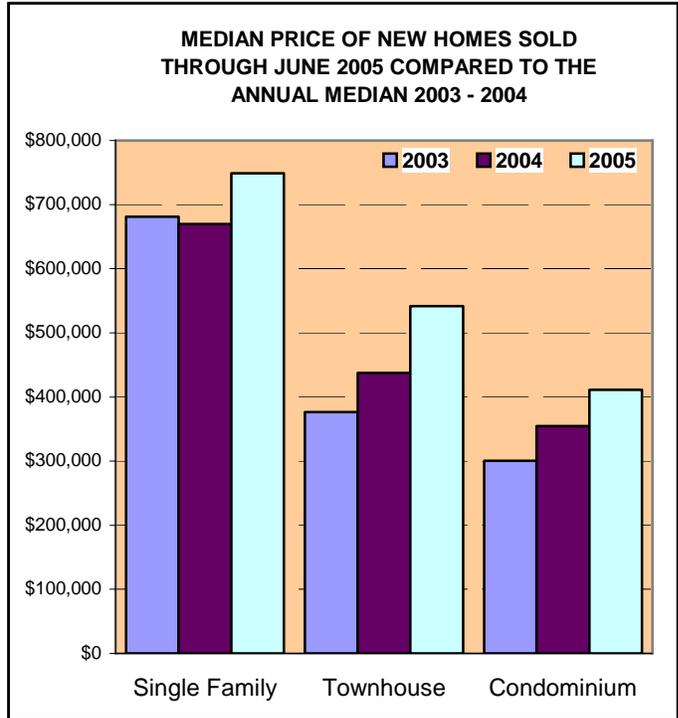
Housing Market



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 experienced double-digit growth in median sales price from January through June 2005. For existing single family homes, the median sales price increased 19.8 percent to \$599,000, as compared to the 2004 median price of \$500,000. The median sales price for existing townhomes sold during the first half of 2005 rose to \$410,000 from the 2004 median of \$339,000, reflecting growth of 20.9 percent. The median sales price for condominiums increased to \$291,999 through June 2005 from \$237,500 in 2004, representing growth of 22.9 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 homes sold during the first half of 2005 have also experienced double-digit growth in all categories compared to the 2004 median. The 2005 median sales price for new single-family homes sold through the first six months of 2005 grew to \$748,860 over the 2004 median of \$669,457, an increase of 11.9 percent. The median sales price of new townhomes sold through June 2005 increased 23.8 percent, from \$437,240 in 2004 to \$541,355, while the median sales price for new condominiums increased 16.0 percent, from \$354,450 in 2004 to \$411,113.

PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD YEAR-END 2004 COMPARED TO SALES THROUGH JUNE 2005

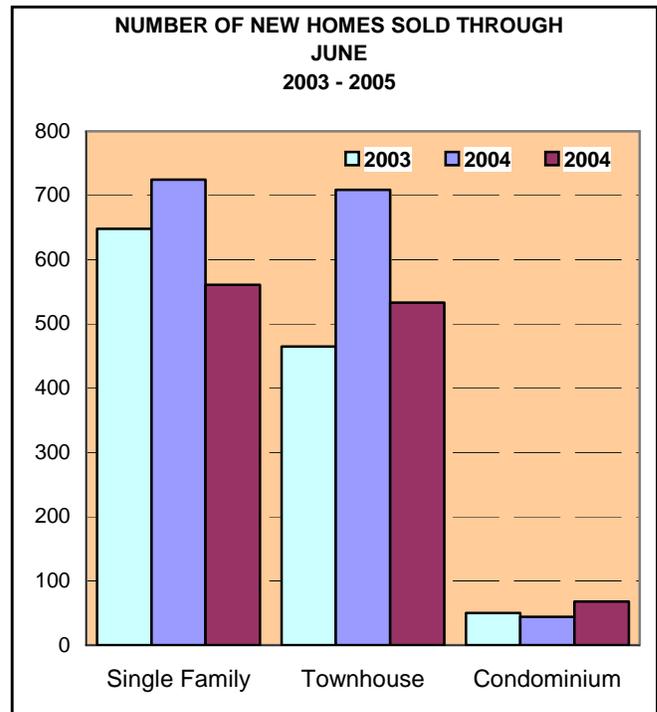
	Existing Sales	New Sales
Single Family	19.8	11.9
Townhouse	20.9	23.8
Condominium	22.9	16.0

Existing Home Sales Volume

Sales volume for existing (previously owned) homes was mixed for all home types during the first six months of 2005. Sales of existing single family homes rose from 5,064 to 5,141, reflecting modest growth of 1.5 percent over the first six months of 2004. The number of existing condominiums sold through June 2005 grew a robust 22.9 percent from 2,397 to 2,945 over the same period of 2004. However, sales volume of existing townhomes decreased slightly for the first half of 2005 to 4,241 from 4,261, reflecting a decrease of 0.5 percent from the same period of 2004.

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

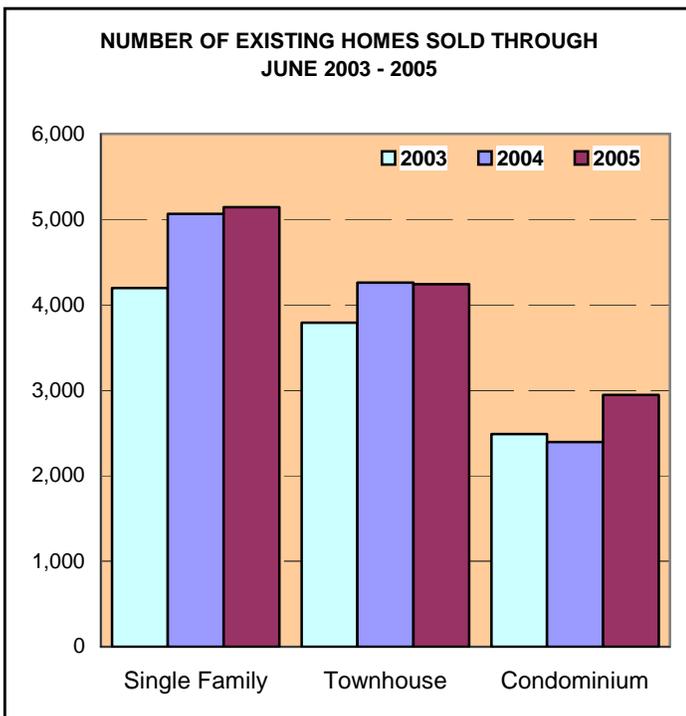


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

New Home Sales Volume

The sales volume of newly constructed single family and townhomes fell significantly during the first half of 2005, while the number of new condominiums sold rose. Sales of new single family homes decreased 22.6 percent through June 2005, to 561 from the 725 single family homes purchased during the same period of 2004. In addition, the number of new townhouses sold decreased 24.8 percent from the 709 units sold during the first half of 2004 to 533 units sold during the first half of 2005. Conversely, the number of new condominiums sold during the first six months of 2005 increased from 44 to 68, reflecting a sharp increase of 54.6 percent.

NUMBER OF EXISTING HOMES SOLD THROUGH JUNE 2003 - 2005



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

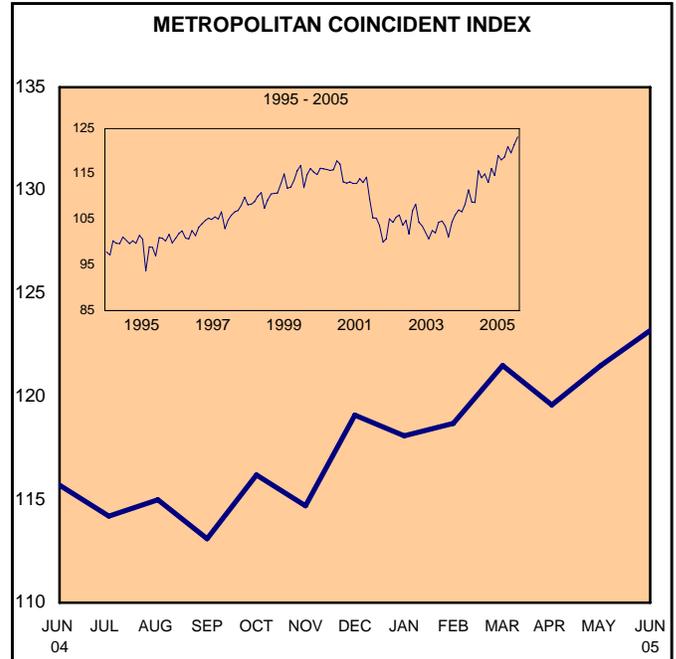
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices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

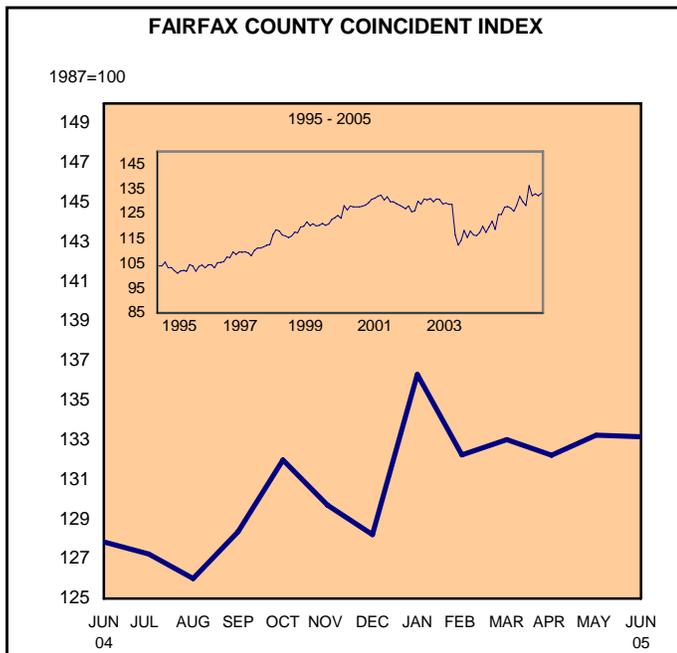


The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 133.2 in June 2005, a 0.05 percent decrease from May 2005. However, for the first half of 2005, the Index has gained 2.7 percent and is up 4.2 percent over its June 2004 level.

In June, just one of the Index's four components was negative. However, its magnitude was able to pull the index down. Total employment, after re-benchmarking for 2003 and 2004, decreased in June 2005 for a second consecutive month. Conversely, transient occupancy tax collections, adjusted for inflation and seasonal variation, increased in June for a second month. Mid-Atlantic Consumer Confidence (in the present) increased for the second month in a row. Sales tax collections, adjusted for inflation and seasonal variation increased in June after falling in the two previous months.



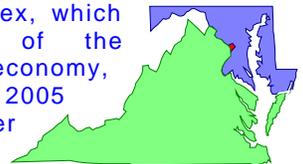
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.



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

Metropolitan Coincident Index

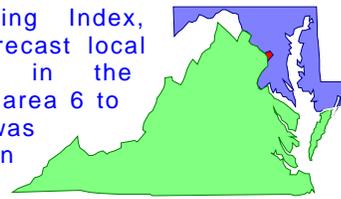
The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 123.2 in June 2005 reflecting a 1.4 percent gain over May. The Index is up 6.5 percent over its June 2004 level and has exceeded its same-month value from the previous year for twenty consecutive months.



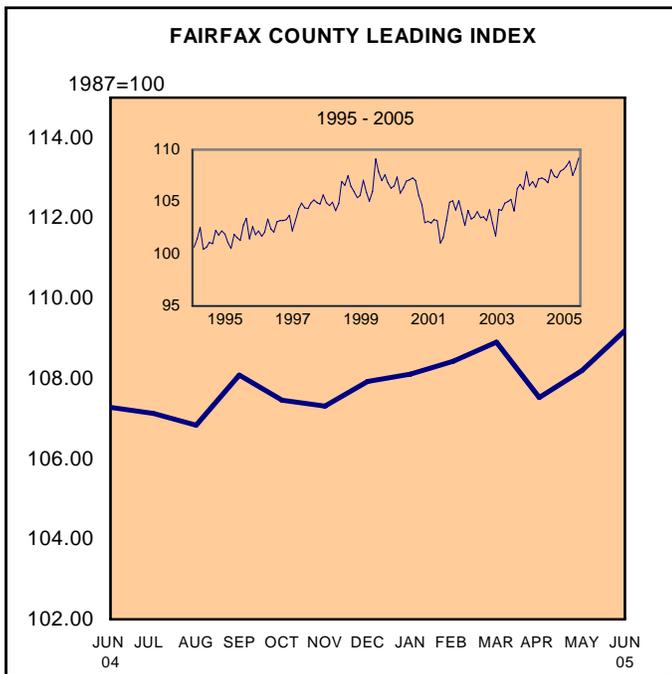
In May, three of the Index's four components were positive. Consumer Confidence (in the present) increased in June for the second month and for the fourth time in five months. Wage and salary employment gained in June 2005 for the ninth time in ten months. In addition, nondurable goods retail sales rose after posting losses in the three previous months. The only negative component, domestic passenger volume at Reagan National and Dulles airports, decreased 2.7 percent in June.

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, was 110.9 in June 2005, an increase of 0.1 percent over May. In addition, the Index's June posting represents a gain of 0.7 percent over its June 2004 value. The Index has exceeded the previous year's same-month value in twenty-six of the last twenty-seven months.



In June, two of the Index's five components contributed to its increase. Consumer expectations (consumer confidence six months hence) increased sharply. Total residential building permits increased in June and are up for the fourth time in five months. The Help Wanted Index remained unchanged in June. Conversely, initial claims for unemployment insurance increased (worsened). In addition, durable goods retail sales decreased for the third time in four months.



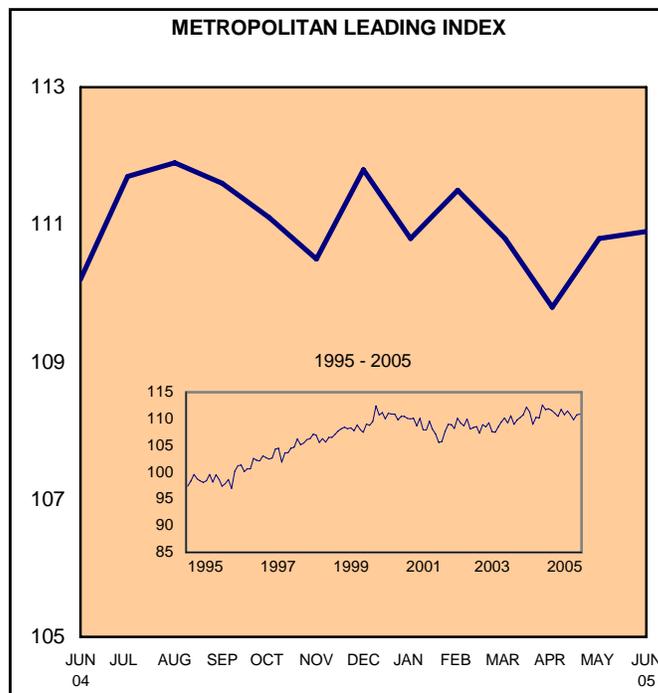
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.

Fairfax County Leading Index



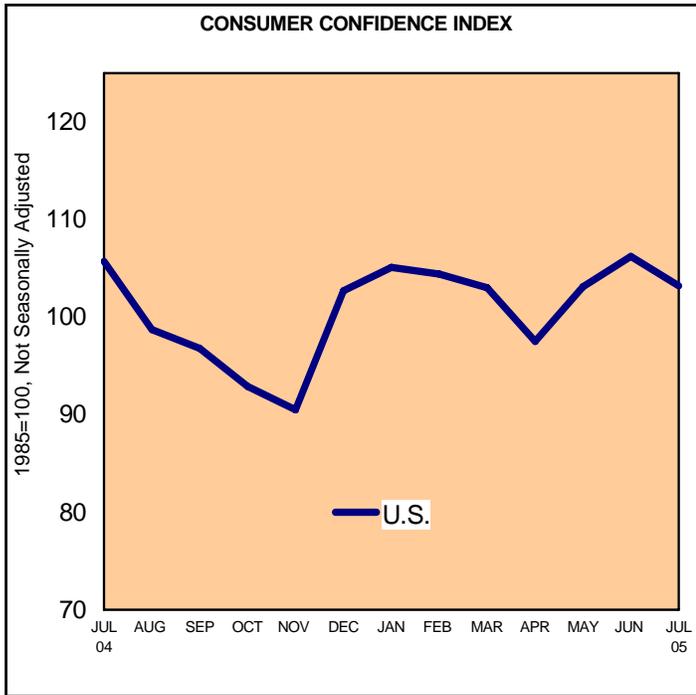
The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, increased to 109.2 in June 2005, a 0.9 percent gain over May. The index has risen 1.8 percent during the first six months of 2005 compared to the same period of 2004.

In June, all three components of the Index were positive. Consumer expectations (consumer confidence six months in advance) increased in June 2005 for the second month. New automobile registrations gained following two negative months. Likewise, initial claims for unemployment decreased (improved) for the first time in three months.



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

OTHER INDICATORS



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

Consumer Confidence Index

The Conference Board reports that the national Consumer Confidence Index decreased 3.0 points in July 2005. The Index is 103.2, compared to the revised level of 106.2 reported in June 2005. The index has been negative in four out of the last seven months.

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In July 2005, the Present Situation Index fell to 118.5 from 120.8, a loss of 2.3 points from the previous month. Similarly, the Expectations Index decreased to 93.0 from the 96.4 reported in June.

Consumer's six-month outlook in July was mixed. The number of consumers expecting more jobs to become available increased 0.4 points to 15.8 percent. At the same time, the percentage of consumers expecting fewer jobs to become available also gained 0.4 points over the June level of 16.4 percent.

House Price Index

The Office of Federal Housing Enterprise Oversight (OFHEO) reported that average U.S. single family home sales prices increased 13.4 percent from the second quarter of 2004 through the second quarter of 2005. This increase represents the largest four-quarter increase since the second quarter of 1979.

Appreciation rates in Virginia and Maryland were at their highest levels over the 30-year history of the OFHEO House Price Index. Of the eight states (including D.C.) that had price appreciation rates exceeding 20 percent from June 2004 to June 2005, Virginia ranked 8th at 20.9 percent; Maryland ranked 7th at 23.0 percent and D.C. homes increased 23.5 percent, placing 6th. The five states with higher appreciation rates were Nevada (28.1 percent), Arizona (27.8 percent), Hawaii (25.9 percent), California (25.2 percent) and Florida (24.5 percent).

OFHEO reported that house price appreciation in the Washington Metropolitan Area rose 26.0 percent from June 2004 to June 2005 and has increased 101 percent over the last five years.

OFHEO's House Price Index is published quarterly and tracks average house price changes in repeat sales or refinancings of the same single-family properties. The House Price Index provides data by state, Metropolitan Statistical Area and for the nation.

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