



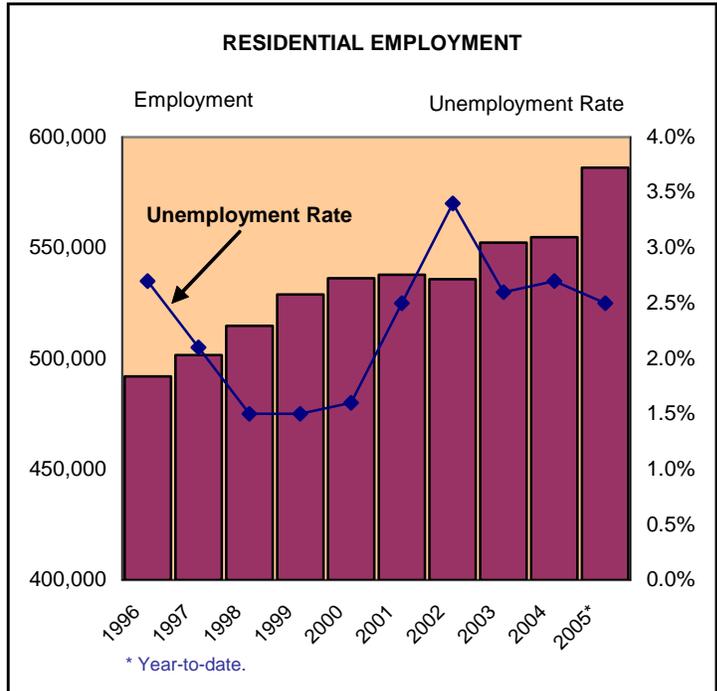
ECONOMIC INDICATORS®

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

SEPTEMBER 2005

IN THIS ISSUE:

- The unemployment rate in Fairfax County for July 2005 decreased to 2.5 percent from 2.7 percent one year ago. During this time, the number of employed County residents increased 21,888. (See page 1)
- September 2005 Sales Tax receipts in Fairfax County were \$12.7 million, an increase of 2.6 percent over September 2004. (See page 2)
- The number of new single family residential permits issued in August 2005 decreased 53.8 percent; while, the number of new nonresidential permits issued decreased 22.7 percent from August 2004. (See page 3)
- The number of existing single family homes sold in the first seven months of 2005 decreased 1.2 percent; while, the median value of these homes increased 20.5 percent over existing single family homes sold during all of 2004. (See pages 4 and 5)
- Both the Fairfax County Coincident Index and Leading index decreased in July 2005. However, both indices are up on a monthly over-the-year basis. (See pages 6 and 7)
- The Fairfax County Economic Development Authority reported that the office market continued to improve during the first half of 2005 as the direct office vacancy rate fell from 11.6 percent as of year-end 2004 to 10.1 percent as of mid-year 2005. (See page 8)



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

Employment

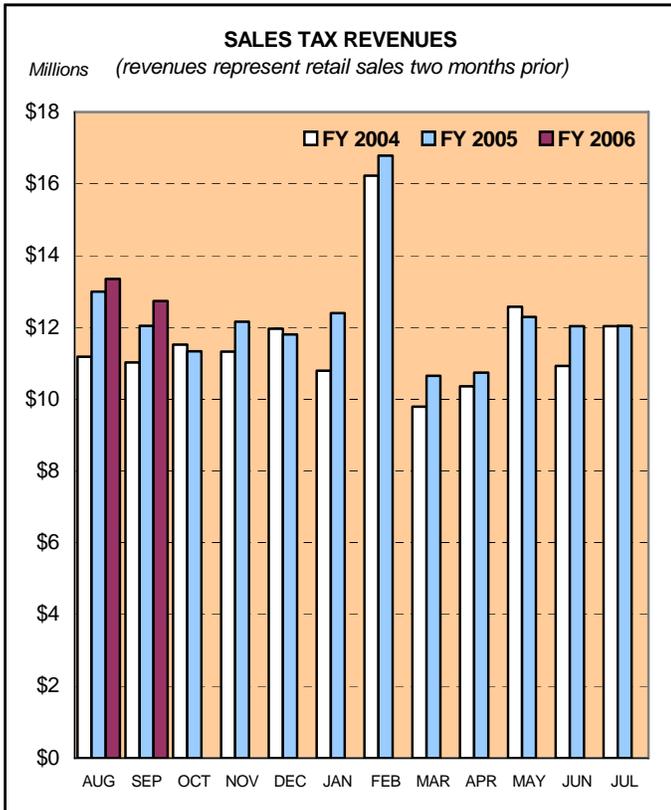
As reported by the Virginia Employment Commission (VEC), the number of Fairfax County residents holding jobs was 586,247 in July 2005, an increase of 21,888 residents, or 3.9 percent, over July 2004. During this period, the unemployment rate in Fairfax County decreased from 2.7 in July 2004 to 2.5 in July 2005. The unemployment rate in Fairfax County is among the best in the Commonwealth. Loudoun County recorded the lowest unemployment rate at 2.1 percent. The Northern Virginia region's unemployment rate was 2.5 percent in July, the lowest among the State's regions.

The July 2005 Virginia unemployment rate was 3.5 percent. The rate reflects a 0.3 percentage point drop from the July 2004 level of 3.8 percent. On the national level, the July 2005 unemployment rate was 4.9 percent.



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

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



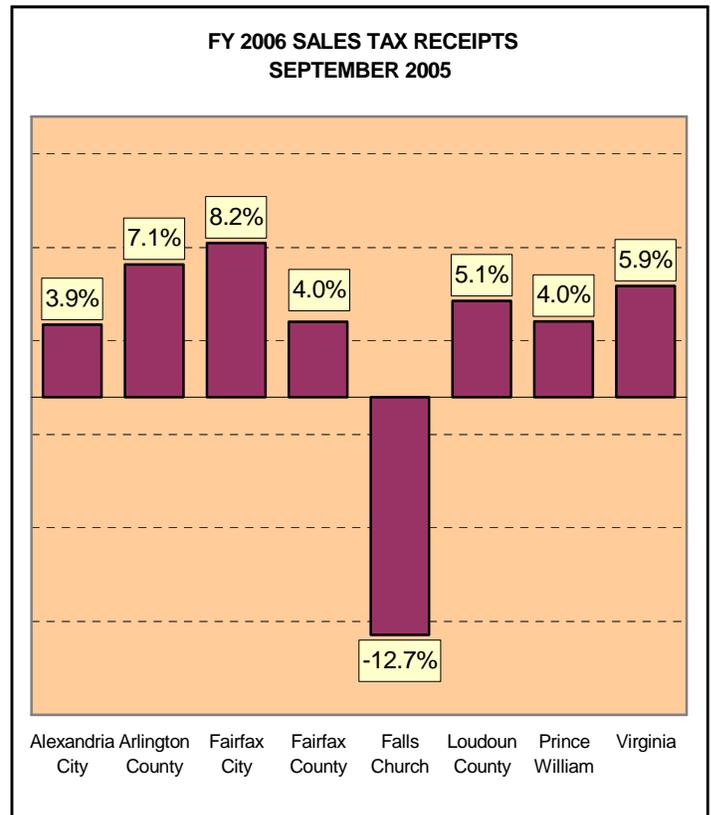
Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

Fairfax County Sales Tax Receipts

September Sales Tax receipts in Fairfax County, representing retail purchases made in July, were \$12.7 million, an increase of 5.6 percent over September 2004. September 2005 marks the fourth consecutive month that Sales Taxes have increased on a monthly over-the-year basis. During the first two months of FY 2006, Sales Tax receipts are up 4.0 percent over the same period of FY 2005.

National Retail Sales

According to the Commerce Department, seasonally adjusted preliminary July 2005 retail sales for the U.S. improved, increasing 1.8 percent over the June level. In addition, the July 2005 national retail sales estimate grew 10.3 percent over July 2004. Compared to last year, gasoline station sales are up 20.3 percent primarily due to surges in gas prices. In addition, sales of motor vehicle and parts dealers and retail trade sales increased 14.3 and 10.7 percent, respectively.



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

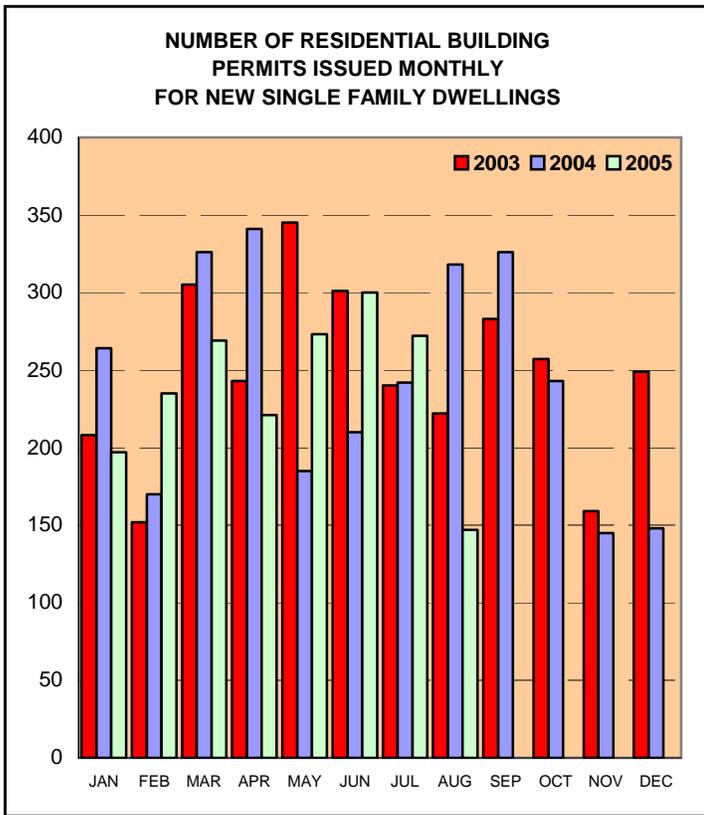
Neighboring Jurisdictions

Most Northern Virginia localities are experiencing moderate growth in Sales Tax receipts. During August and September, Sales Tax receipts were up 8.2 percent in Fairfax City; 7.1 percent in Arlington County; 5.1 percent in Loudoun County; 4.0 percent in Prince William County and Fairfax County; and, 3.9 percent in Alexandria. Sales Tax receipts for Falls Church decreased 12.7 percent; but this decline was due to an aberration in August 2004 receipts. Compared to two years ago (August and September 2003), Sales Tax receipts in Falls Church are up 5.8 percent. Statewide, fiscal year-to-date local Sales Tax receipts are up 5.9 percent.

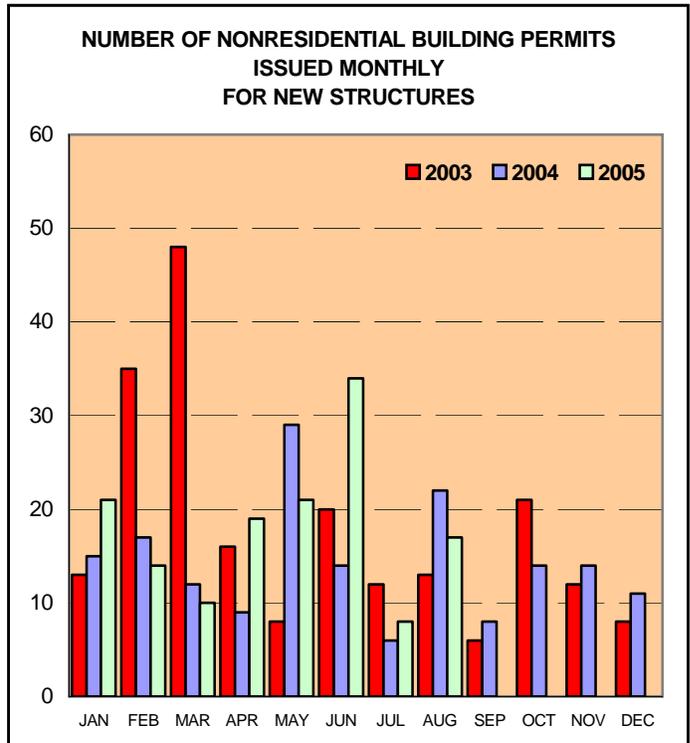
Residential Building Permits

The total number of new single family residential building permits issued in August 2005 was 147, a decrease of 171 permits, or 53.8 percent, from August 2004. New single family permits issued in the first eight months of 2005 totaled 1,914 permits, a decrease of 6.9 percent or 142 permits from the 2,056 issued during the same period last year.

In August 2005, 1,316 residential repair and alteration permits were issued, a decrease of 260 permits, or 16.5 percent, from August 2004. During the first eight months of calendar year 2005; however, the number of residential repair and alternation permits has risen from 5,184 to 9,609, an increase of 85.4 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.



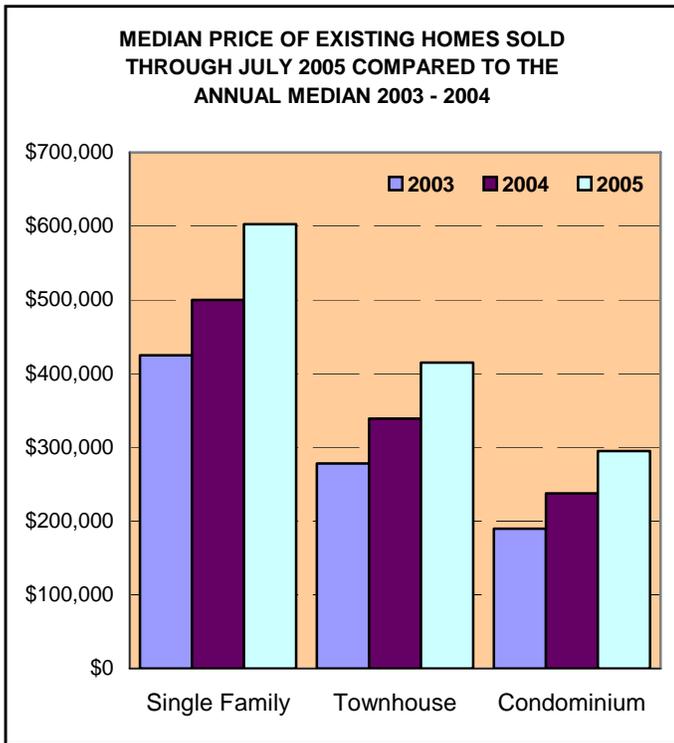
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

Nonresidential Building Permits

New nonresidential building permits issued in August 2005 decreased for the fourth time this year as compared to the corresponding month last year. In August 2005, 17 new nonresidential building permits were issued, a decrease of 22.7 percent, or 5 permits, from August 2004. New nonresidential permits issued during the first eight months of 2005; however, total 144, an increase of 20 permits, or 16.1 percent, over the same period last year.

The issuance of nonresidential repair and alterations permits decreased in August to 307 from the 349 permits issued in August 2004, a decline of 42 permits. Year-to-date, the number of nonresidential repair and alterations permits issued has been 2,567, a decrease of 2.5 percent, or 35 permits.

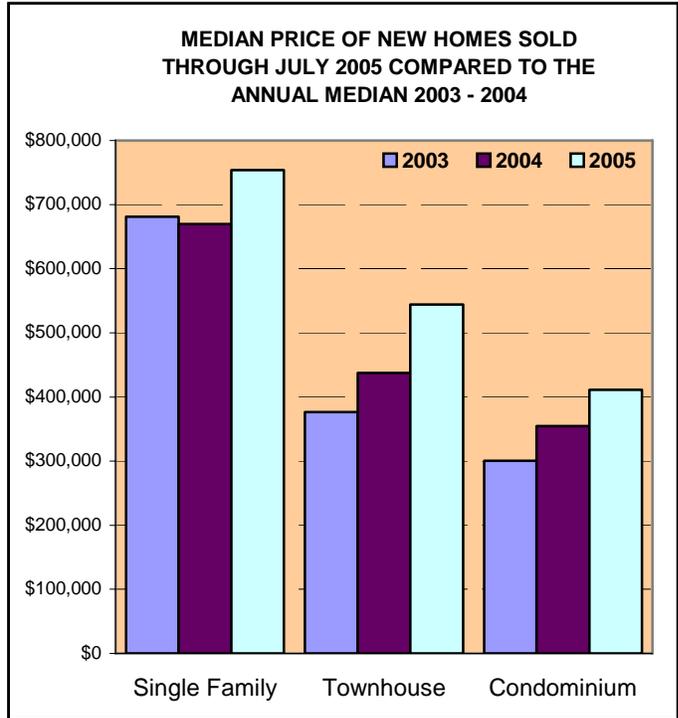
Housing Market



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

Existing Home Sales Prices

The median sales price of all types of existing (previously owned) homes in Fairfax County experienced growth exceeding 20 percent during the first seven months of calendar year 2005 compared to the 2004 median price. For existing single family homes, the median sales price increased 20.5 percent to \$602,510, as compared to the 2004 median price of \$500,000. The median sales price for existing townhomes sold during the first seven months of 2005 rose to \$415,000 from the 2004 median of \$339,000, reflecting growth of 22.4 percent. The median sales price of existing condominiums increased to \$295,000 through July 2005 from \$237,500 in 2004, representing growth of 24.2 percent.



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

New Home Sales Prices

The 2005 median sales price for new single-family homes sold during the first seven months of 2005 rose to \$753,865, an increase of 12.6 percent over the 2004 median of \$669,457. The median sales price of new townhomes sold from January through July 2005 increased 24.5 percent, from \$437,240 in 2004 to \$544,269; 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 JULY 2005

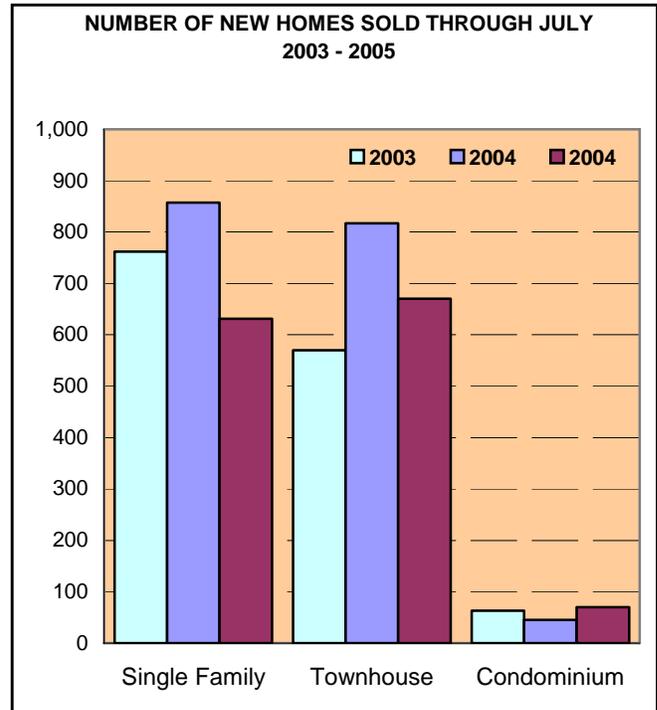
	Existing Sales	New Sales
Single Family	20.5	12.6
Townhouse	22.4	24.5
Condominium	24.2	16.0

Existing Home Sales Volume

The number of existing single family and townhomes sold has declined during the first seven months of 2005 while the number of existing condominiums has risen. Sales of existing single family homes dropped from 6,367 to 6,293, reflecting a slight reduction of 1.2 percent from the first seven months of 2004. In addition, sales volume of existing townhomes decreased 3.7 percent from 5,334 to 5,135 of 3.7 percent. Conversely, the number of existing condominiums sold from January through July 2005 grew 14.9 percent to 3,330 from the 2,898 units sold during 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

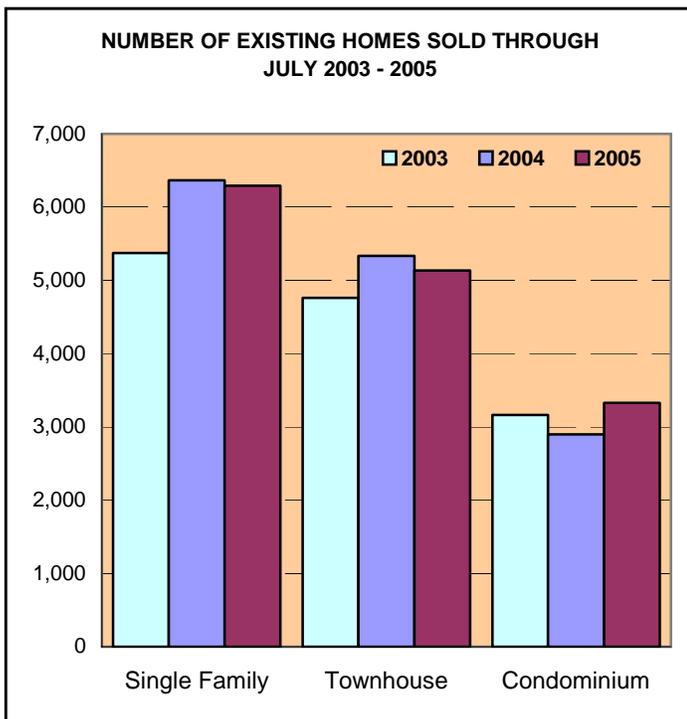


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

New Home Sales Volume

The pattern of new home sales volume by type is similar to that of existing homes sold with the number of new single family and new townhomes sold falling and sales of new condominiums rising. The number of new condominiums sold through July 2005 increased from 45 to 70, reflecting a sharp increase of 55.6 percent. However, both the sales volume of new single family homes and new townhomes decreased significantly. Sales volume of new single family homes decreased 26.4 percent from January through July 2005, to 631 from the 857 new single family homes purchased during the same period of the previous year. In addition, the number of new townhouses sold decreased 18.0 percent from the 817 units sold during the first seven months of 2004 to 670 units sold in 2005.

NUMBER OF EXISTING HOMES SOLD THROUGH JULY 2003 - 2005



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

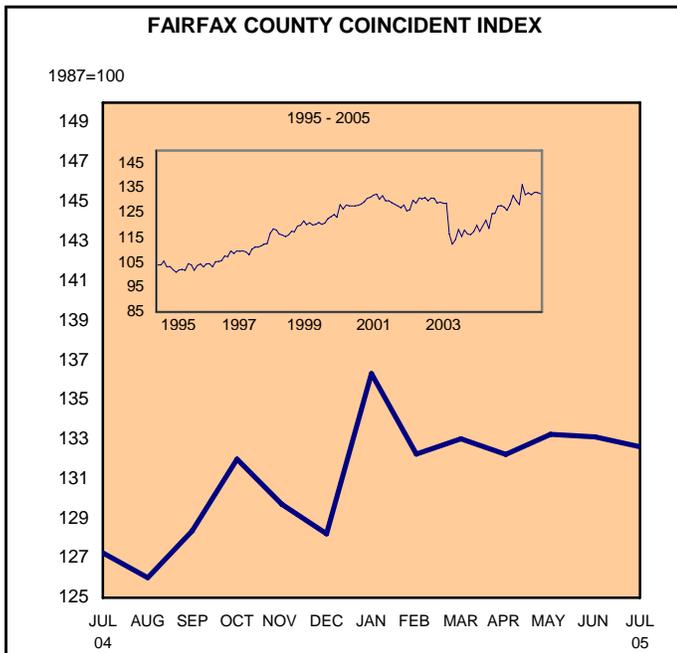
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices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

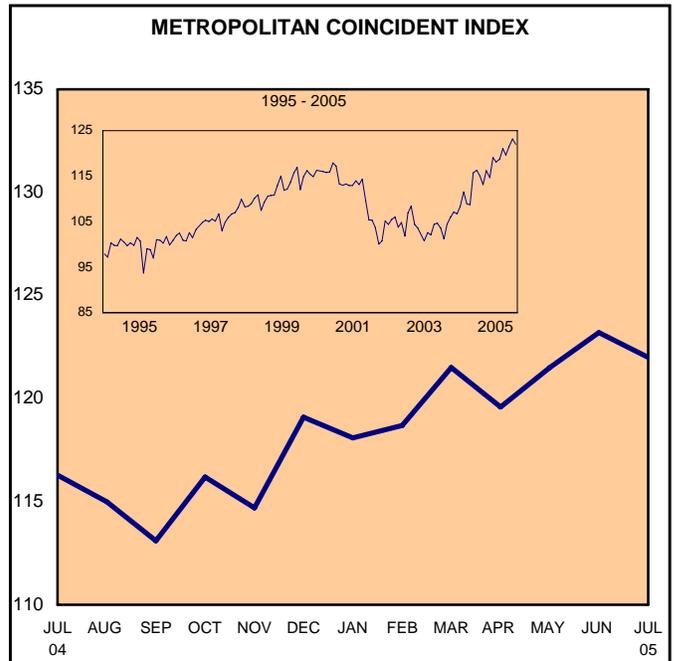


The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 132.6 in July 2005, a 0.4 percent decline from June 2005. Despite July's decline, the Index has gained 4.2 percent over its July 2004 level.

In July, half of the Index's four components were negative. Total employment, after re-benchmarking for 2003 and 2004, decreased in July 2005 for a third consecutive month. In addition, Mid-Atlantic Consumer Confidence (in the present) decreased after posting gains for the two previous months. Conversely, transient occupancy tax collections, adjusted for inflation and seasonal variation, increased in July for the second time in three months. Sales tax collections, adjusted for inflation and seasonal variation increased in July for a second month in a row.



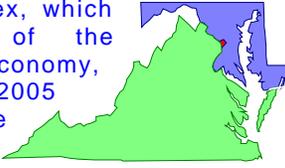
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.



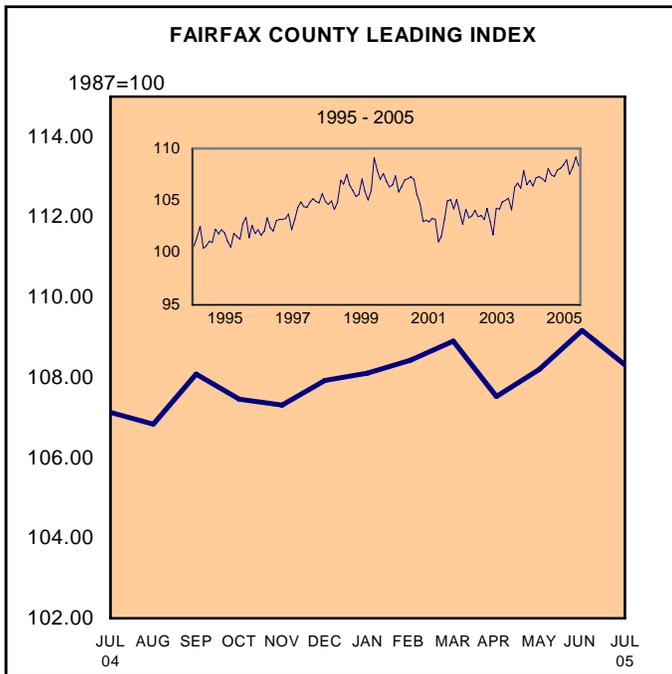
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.

Metropolitan Coincident Index

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, decreased to 122.0 in July 2005 reflecting a 1.0 percent decline from June. The Index is up 4.9 percent over its July 2004 level and has exceeded its same-month value from the previous year for twenty-one consecutive months.



In May, two of the Index's four components were negative. Consumer Confidence (in the present) decreased in July after posting gains in the two previous months. Wage and salary employment fell in June 2005 after five positive months. On the other hand, nondurable goods retail sales and domestic passenger volume at Reagan National and Dulles airports increased in July.



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

Fairfax County Leading Index



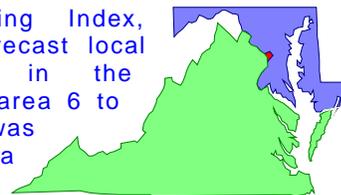
The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, decreased to 108.3 in July 2005, a 0.89 percent decline from June. This is only the second time in 2005 that the Index has experience a monthly decrease. The index has risen 1.1 percent during the first seven months of 2005 compared to the same period of 2004.

In July, two of the three components of the Index were negative. Consumer expectations (consumer confidence six months in advance) decrease in July 2005 following two positive months and new automobile registrations fell for the third time in four months. Initial claims for unemployment; however, decreased (improved) for the second consecutive month.

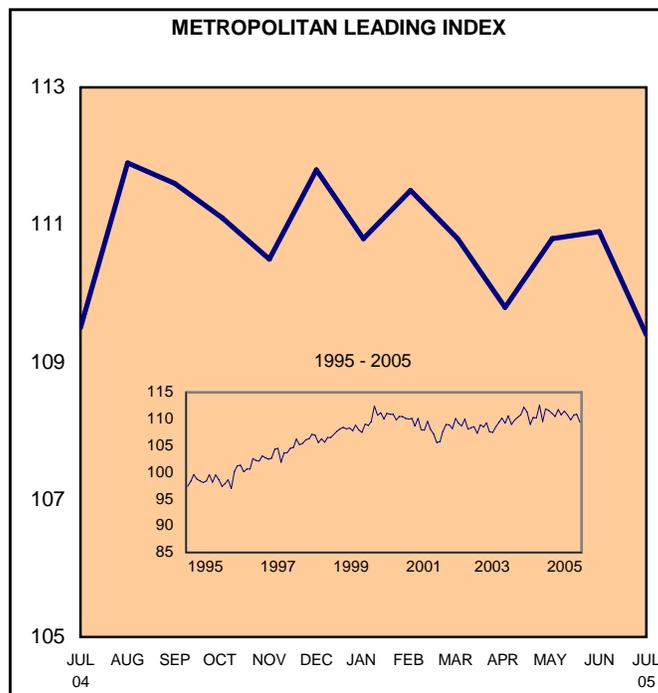
Despite the decline from June to July, the Leading Index has been up for 28 consecutive months when compared to the same month the previous year. This indicates that the County will continue to expand in the near future.

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 109.4 in July 2005, a decrease of 1.4 percent from June. The Index's July posting represents a loss of 0.1 percent from its July 2004 value. The Index has registered lower same-month values in two of the last four months.

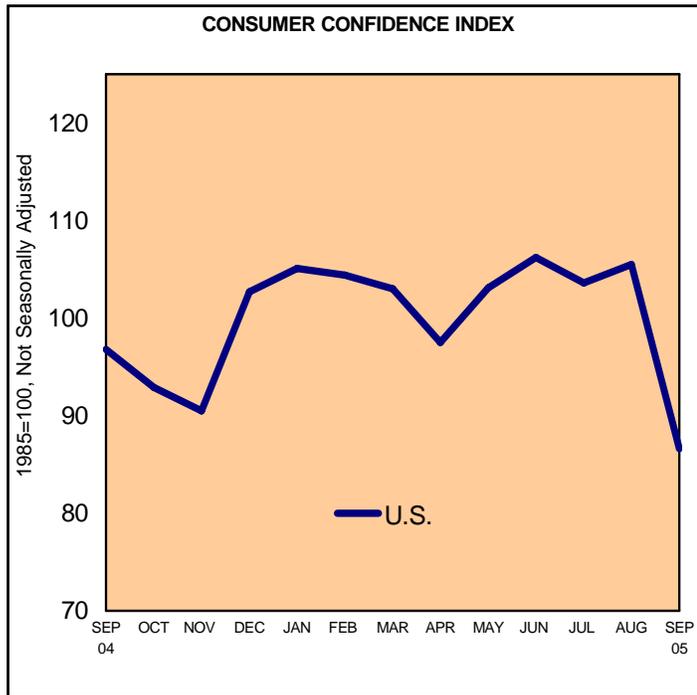


In July, four of the Index's five components contributed to its decline. Consumer expectations (consumer confidence six months hence) decreased while total residential building permits fell in July following two strong months. The Help Wanted Index declined for the fifth time in seven months and durable goods retail sales decreased for the third consecutive month. Conversely, initial claims for unemployment insurance decreased (improved) in July.



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 in September 2005 to its lowest level since October 2003. The September Index fell 18.9 points to 86.6. According to the Conference Board, the Index's precipitous decline is primarily attributed to the effects of Hurricane Katrina, rising gasoline prices and a less optimistic job outlook.

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In September 2005, the Present Situation Index fell to 108.9 from 123.8, a loss of 14.9 points from the previous month. Similarly, the Expectations Index decreased to 71.7 from the 93.3 reported in August.

Consumers' assessment of present economic conditions was less favorable in September. The number of consumers claiming conditions are "bad" increased 2.6 percentage points. Concurrently, the percentage of consumers saying jobs are "hard to get" rose to 25.4 percent, an increase of 2.3 percentage points.

Commercial Office Market

The Fairfax County Economic Development Authority (EDA) reports that the commercial office market continued to improve during the first half of 2005. The current office vacancy rate in the County is 7.6 percent; a decline of 1.0 percentage point from the rate of 8.6 percent reported at year-end 2004. Including space available through subleases, the vacancy rate was 10.1 percent, down from 11.6 percent at the end of 2004. During the past two years, office vacancy rates have continued to decline after posting a high of 18.8 percent in 2002.

In addition to the improving office vacancy rates, EDA also reported other indicators that point to the overall health of the County's commercial office market. During the first half of 2005, office space in the County grew to almost 102.5 million square feet, which maintains Fairfax County's status as the largest suburban office market in the metropolitan area. In addition, five buildings with over 360,000 square feet of office space were completed during the first six months of 2005. Likewise, new construction rose for the third straight six month reporting period. As of mid-year 2005, 21 buildings with approximately 2.3 million square feet of new office space were under construction.

Inquiries should be directed to:

The Department of Management and Budget
12000 Government Center Parkway, Suite 561
Fairfax, Virginia 22035-0074
(703) 324-2391 or 1-800-828-1120 (TDD)

Staff: Susan Datta, Director; Marcia Wilds and John Garneski, analysts.