



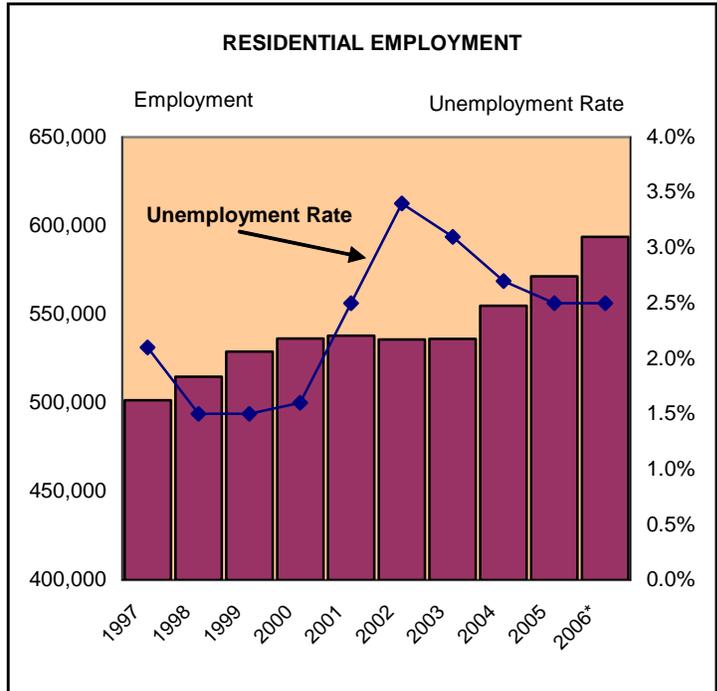
ECONOMIC INDICATORS®

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

AUGUST 2006

IN THIS ISSUE:

- The unemployment rate in Fairfax County for June 2006 decreased to 2.5 percent. In addition, the number of employed County residents has increased 19,532 since June 2005. **(See page 1)**
- Sales Tax receipts in Fairfax County for August 2006 were \$14.0 million, a 5.1 percent gain over August 2005. **(See page 2)**
- The number of existing single family homes sold during the first seven months of 2006 decreased 28.4 percent; while, the median value of these homes rose 2.3 percent over existing single family homes sold during all of 2005. **(See pages 3 and 4)**
- The number of new single family homes and townhouses sold through July fell sharply from the same period of 2005. **(See page 4)**
- Homes that sold in August 2006 were on the market for an average of 67 days compared to 22 day for homes sold in August 2005. **(See page 5)**
- The number of active residential real estate listings in Fairfax County has increased 118 percent in the last twelve months. **(See page 5)**
- The August 2006 Consumer Confidence Index registered a sharp decline from the previous month. **(See page 6)**



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

Employment

In June 2006, 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 in June 2006 was 593,742, representing a gain of 19,532 residents, or 3.4 percent, over June 2005. During this period, the unemployment rate in the County dropped 0.4 percentage points to 2.5 percent from the 2.9 percent reported one year ago. However, the June unemployment rate increased 0.4 percentage points over the May 2006 rate of 2.1 percent.

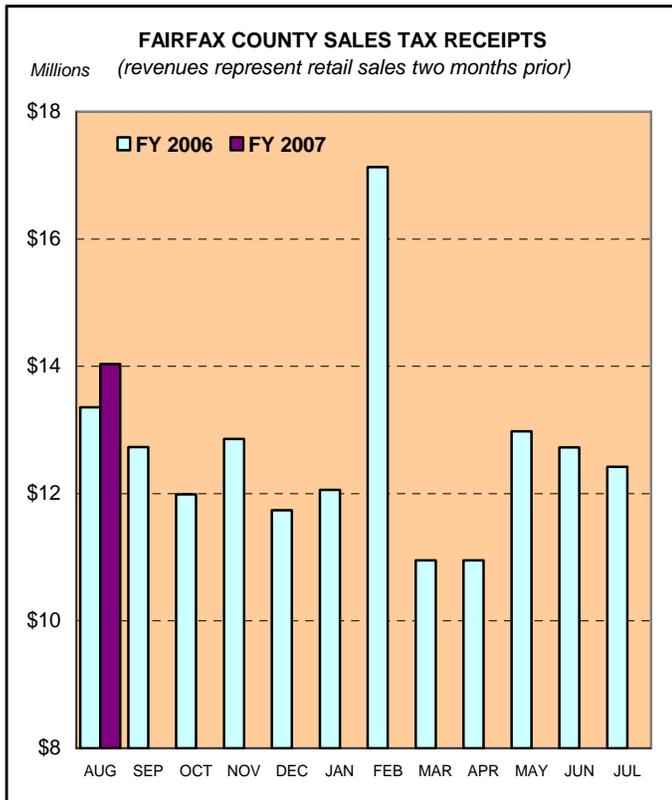
The June 2006 unemployment rate in Virginia was 3.3 percent, falling 0.4 percentage points from the June 2005 level of 3.7 percent. On the national level, the unemployment rate in June decreased 0.4 percentage points 2006 from the prior year to 4.6 percent.



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

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

Retail Sales



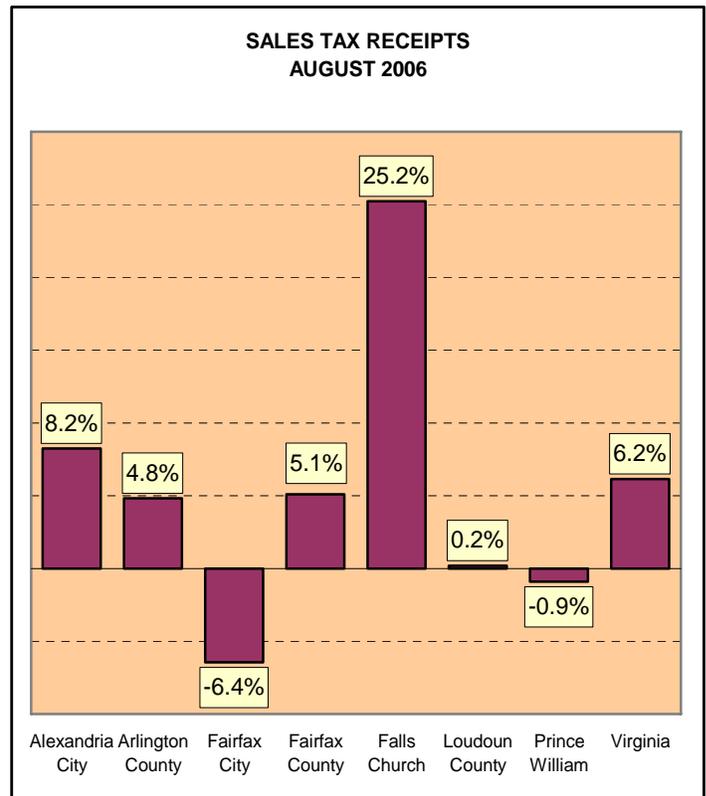
Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget. Note: Sales Tax distributions to localities were based on estimates from September through November 2005 (FY 2006) with an adjustment made in December; therefore, receipts for September through December in FY 2006 should not be used to determine an actual trend.

Fairfax County Sales Tax Receipts

August 2006 Sales Tax receipts for Fairfax County, representing retail purchases made in June, were \$14.0 million, rising 5.1 percent over August 2005. August Sales Tax receipts represent the first month of FY 2007.

National Retail Sales

According to the Commerce Department, seasonally adjusted preliminary June 2006 retail sales for the U.S. fell 0.1 percent from the previous month but grew 5.9 percent over June 2005. Compared to the previous year, gasoline station sales increased 20.4 percent while automobile and other motor vehicle dealers and department store sales declined 4.2 and 2.2 percent, respectively.

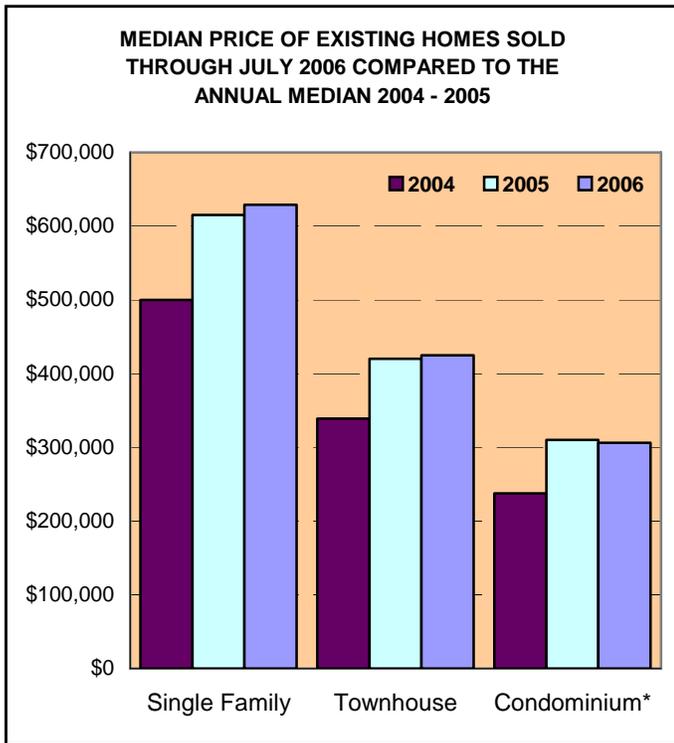


Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

Neighboring Jurisdictions

During August 2006, growth in Sales Tax receipts for Northern Virginia localities varied considerably. Sales Tax receipts were up 8.2 percent in Alexandria; 5.1 percent in Fairfax County; and 4.8 percent in Arlington County. Sales Tax receipts for Loudoun County were relatively flat from the previous year, growing a slight 0.2 percent. Sales Tax receipts for both Fairfax City and Prince William County fell, experiencing declines of 6.4 and 0.9 percent, respectively. Sales Tax receipts for Falls Church increased 25.7 percent, but this level of growth is due to a significant drop in sales tax receipts in August 2005. Compared to two years ago, Falls Church sales tax receipts appear relatively flat. On a statewide basis, local Sales Tax receipts for August were up 6.2 percent.

Housing Market

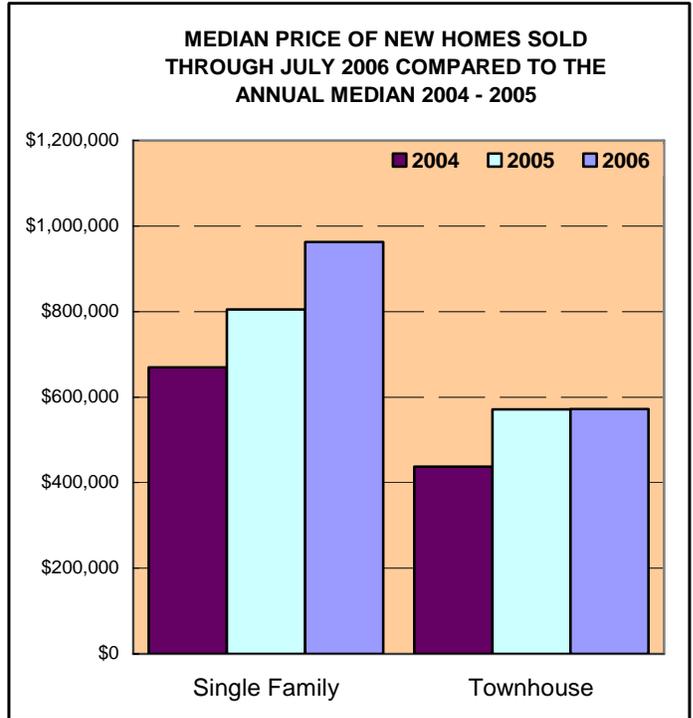


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget. *Condominium data include sales of existing and new units.

Existing Home Sales Prices

The median sales price of both existing (previously owned) single family homes and townhouses in Fairfax County experienced modest growth during the first seven months of calendar year 2006 compared to the 2005 median price. For existing single family homes, the median sales price increased 2.3 percent to \$629,000, as compared to the 2005 median price of \$615,000. The median sales price for existing townhouses sold through July 2006 grew to \$425,000 over the 2005 median of \$420,000, representing a gain of 1.2 percent.

The median sales price of all condominiums, existing and new, fell to \$306,083 through July 2006 from the 2005 median of \$310,000, reflecting a decrease of 1.3 percent.



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

New Home Sales Prices

Through the first seven months of 2006, the median sales price for new single family homes grew 19.5 percent to \$962,553 over the 2005 median of \$805,250. Because the number of new single family homes through July 2006 has fallen about 69 percent from the same period last year, the increase in sales price may be more reflective of the mix of homes that have sold this year compared to last. Also, since contracts for new single family homes are typically set about six months prior to the closing date, the increase may not be representative of the current housing market.

Through July 2006, the median sales price for new townhouses rose a slight 0.1 percent to \$572,000 from the 2005 median of \$571,600.

PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD DURING 2005 COMPARED TO SALES THROUGH JULY 2006

	Existing Sales	New Sales
Single Family	2.3	19.5
Townhouse	1.2	0.1
Condominium*	(1.3)	

*Condominium data include sales of existing and new units.

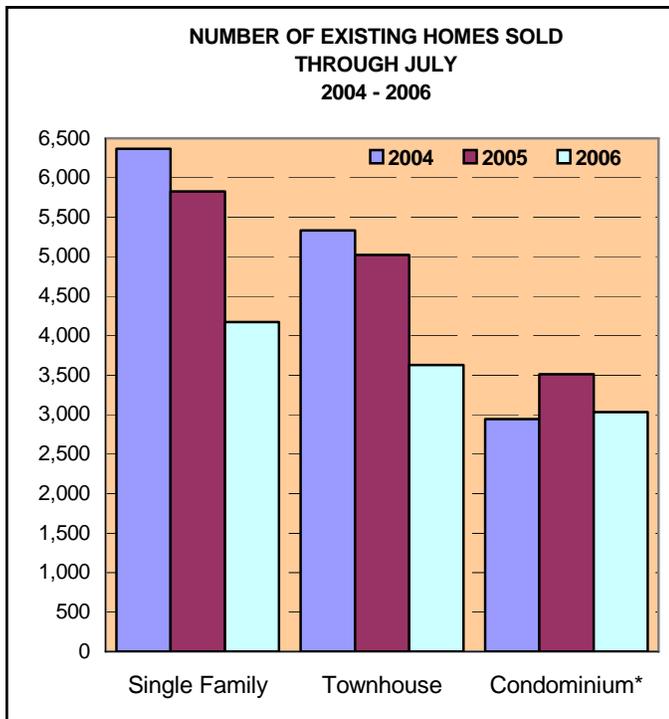
A note on tax assessments and home sales: Changes in selling prices, coupled with the volume of sales, are generally considered reasonable indicators of the County's real estate market. Median selling price increases do not translate directly into assessment adjustments, since the mix of homes sold is 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

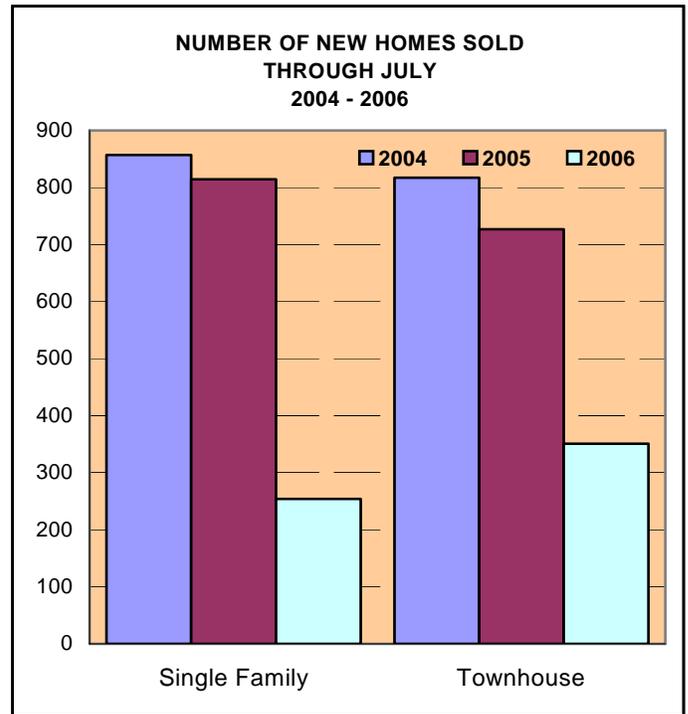
Existing Home Sales Volume

Both the number of existing single family and townhouses sold through the July 2006 fell significantly compared to the first seven months of 2005. Sales of existing single family homes decreased to 4,171 from 5,826, representing a drop of 28.4 percent from the first seven months of 2005. The sales volume of existing townhouses through July 2006 declined 27.8 percent to 3,629 from 5,024.

The number of all (existing and new) condominium sales reported through July 2006 dropped 13.7 percent to 3,032 from the 3,512 sales occurring over the same period of 2005.



Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget. *Condominium data include the sales volume of existing and new units.



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

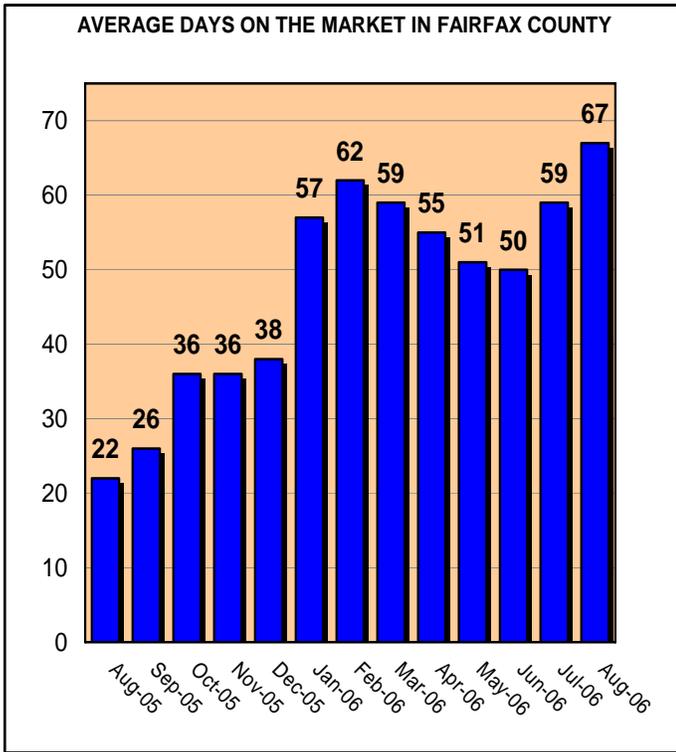
New Home Sales Volume

The number of new single family homes sold through the first seven months of 2006 has declined approximately 69 percent. Through July 2006, 254 new single family homes were sold compared to the 814 sold during the same period of 2005. Sales volume of new townhouses also fell substantially, decreasing 51.7 percent during this same period from 727 to 351 units. For data regarding all condominium sales volume, refer to the "Existing Home Sales Volume" section.

Average Days on the Market in Fairfax County

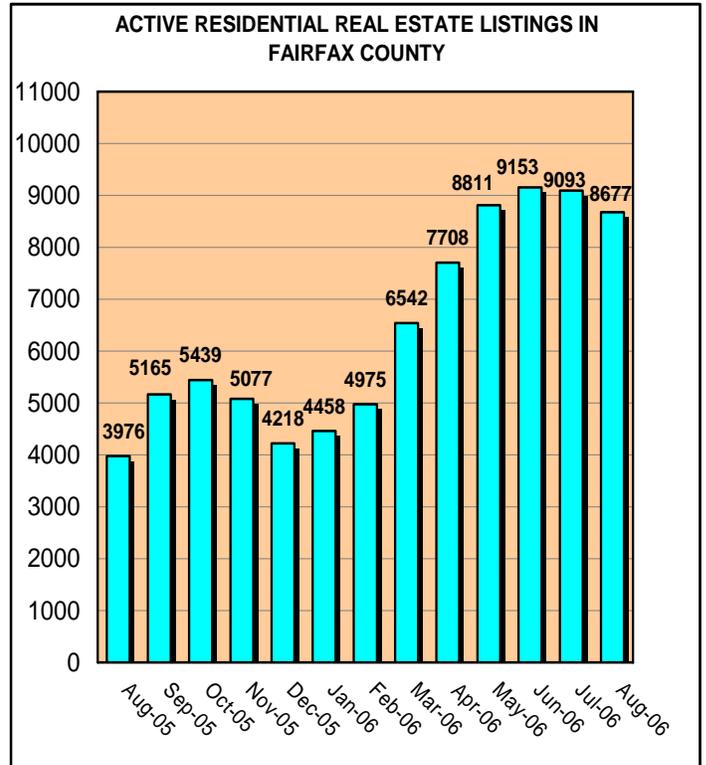
In the last twelve months, the average number of days that a house is on the market before being sold has risen three-fold. The Metropolitan Regional Information Systems Inc. reported that the average days on the market for active residential real estate listings rose from 22 days in August 2005 to 67 days in August 2006, representing an increase of 45 days. August 2006 is the 15th consecutive month that the average days on the market has increased over the same month of the prior year.

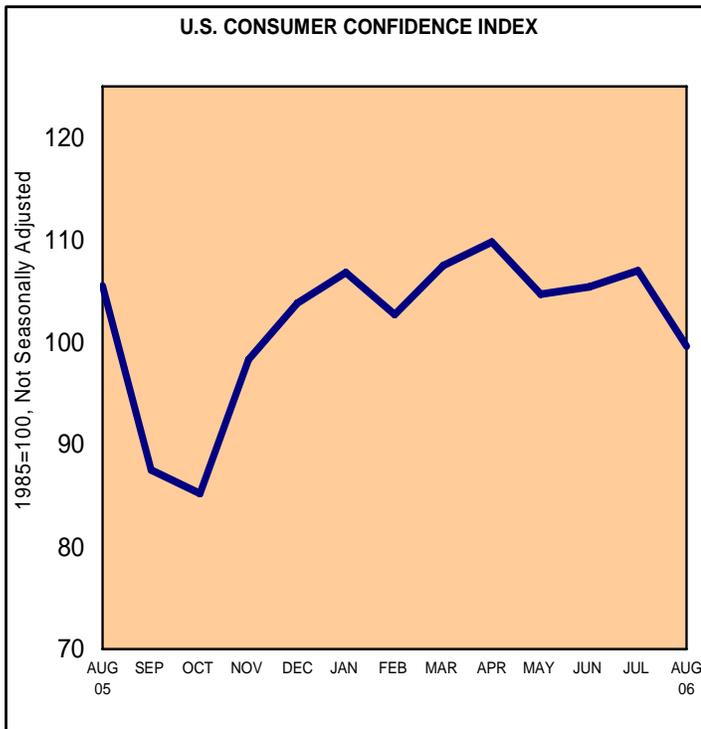
While "For Sale" signs are remaining in front of houses longer, there is evidence that listing prices do not yet reflect the current housing market. In August, homes sold for an average of 93.6 percent of their asking price, down from 95.0 percent in July 2006 and 98.6 percent in August 2005.



Inventory of Homes for Sale in Fairfax County

Along with the rising average number of days on the market, the inventory of homes for sale has increased substantially over last year; however the number of homes for sale in August was lower than the three preceding months. The number of active listings in the County was 8,677 in August 2006, down 4.6 percent from the 9,093 listed in July, but up 118 percent over August 2005 when there were 3,976 homes listed.





Consumer Confidence Index

The Conference Board reports that the Consumer Confidence Index posted a steep decline in August 2006. The Index currently stands at 99.6, compared to 107.0 in July. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "Less favorable business conditions coupled with a less favorable job scenario have resulted in the largest one month decline in confidence since Hurricane Katrina last year."

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In August 2006, the Present Situation Index was 123.4, representing a loss of 10.8 points from the previous month. The Expectations Index decreased as well in August, falling 5.1 points to 83.8.

As Franco noted, "Looking ahead, the glass remains half empty as consumers are growing increasingly more pessimistic about the short-term outlook."

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