



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

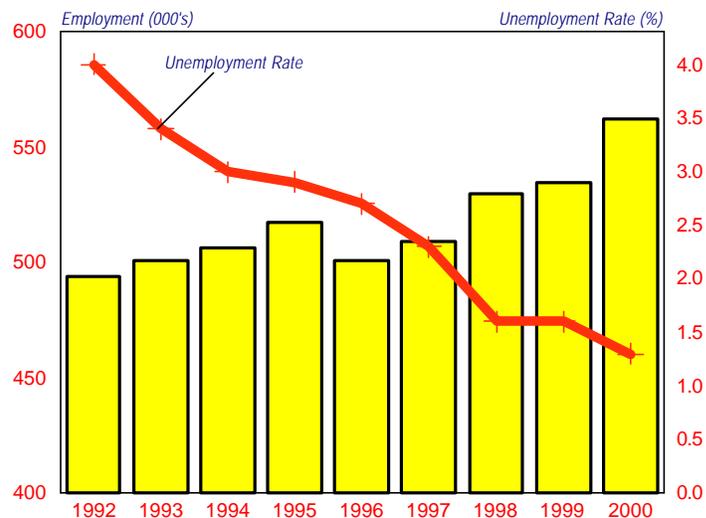
Publication 97

AUGUST 2000

AUGUST HIGHLIGHTS

- ❑ The July unemployment rate in Virginia of 2.6 is the lowest July on record.
- ❑ Homes sales data through June continues the year-to-date pattern. Sales volume is declining for new homes but rising for existing homes, and median sales prices are growing moderately.
- ❑ New dwelling permits are still lower than last year's levels, but repair and alteration permits are up sharply.
- ❑ August Sales Tax receipts, representing retail purchases in June, for Fairfax County are up a modest 3.7 percent.
- ❑ In August, the Fairfax County Coincident Index declined while the Leading Index rose, and the Metropolitan Coincident Index rose while the Leading Index declined. The mixed results of these indices suggest that, while the national economy is slowing in response to interest rate hikes, the path of the local economy is not clear.
- ❑ The Commonwealth of Virginia reported that FY 2000 General Fund Revenue increased 10.5 percent over FY 1999. However, Governor Gilmore's top financial advisers have warned that they expect the State's economy to cool dramatically over the next 18 months and State revenue growth to fall to approximately 5.5 percent in FY 2001.

RESIDENTIAL EMPLOYMENT - JULY



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



According to the Virginia Employment Commission (VEC), the July unemployment rate for Fairfax County dropped to 1.3 percent from 1.6 percent in June. The July rate of 1.3 percent is 0.3 points lower than the July 1999 rate of 1.6 percent.

Statewide, the string of record low monthly unemployment figures continued in July. The Virginia unemployment rate was 2.6 percent in July—the lowest July rate since the VEC began tracking the statistic 51 years ago. The July rate is 0.3 percentage points lower than the 2.9 percent rate in June, as well as the 2.9 percent rate from July 1999.

The VEC suggested that, in addition to the overall strength of the economy, the extremely low unemployment level was a result of virtually all student workers who entered the job market in May and June having found jobs by July. With the possible exception of September when students look for after-school employment, unemployment is expected to decline gradually through the fall. After July, any manufacturing furloughs are over, schools reopen, the harvest takes place, and retailers begin to build towards the holiday season. Also, construction employment usually remains high for several months until cold weather sets in. The national unemployment rate for July is 4.2 percent.

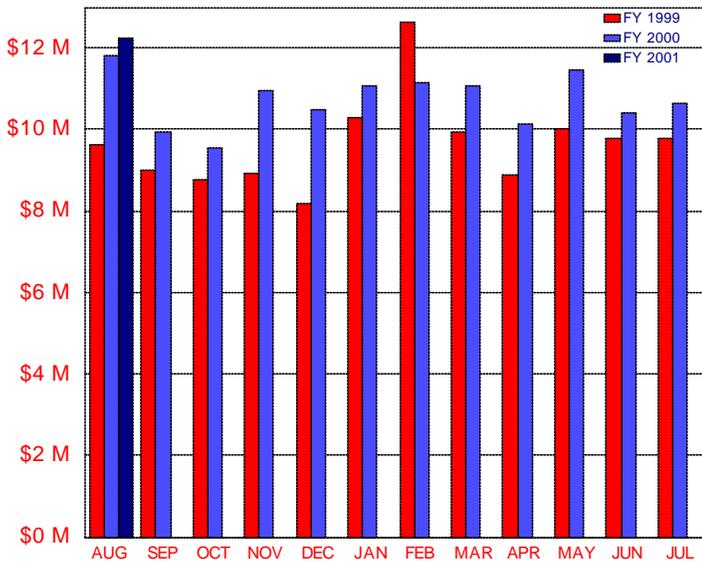
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>



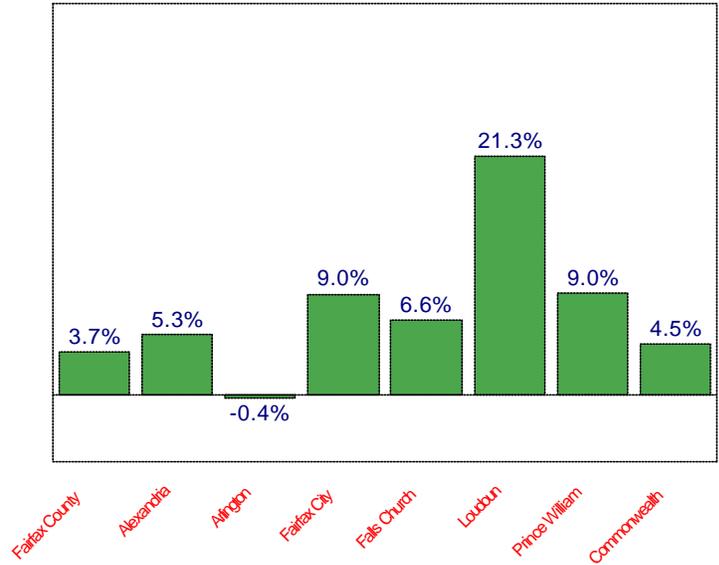
SALES TAX REVENUES

(revenues represent retail sales two months prior)



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

FY 2001 SALES TAX RECEIPTS IN AUGUST



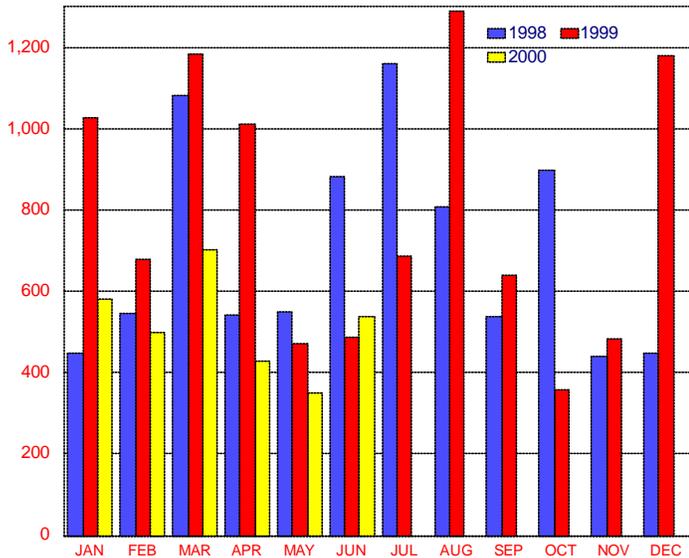
Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

August Sales Tax receipts, representing retail purchases made in June, rose a modest 3.7 percent over August 1999. Because August is the first month of FY 2001, the year-to-date revenue growth rate is also 3.7 percent. For fiscal yearend 2000, Sales Tax revenue grew 11.3 percent—the strongest year over year growth since the 1980's.

Throughout FY 2000, Fairfax County's growth in Sales Tax receipts was second only to Loudoun County among Northern Virginia jurisdictions. The annual growth rate for these jurisdictions in FY 2000 was 24.5 percent in Loudoun County, 11.3 percent in Fairfax County, 9.5 percent in Falls Church, 9.1 percent in Prince William County, 7.7 percent in Alexandria, and 3.5 percent in Arlington. FY 2000 Sales Tax Receipts in Fairfax City declined 2.2 percent. Statewide, Sales Tax receipts increased 7.1 percent over FY 1999.

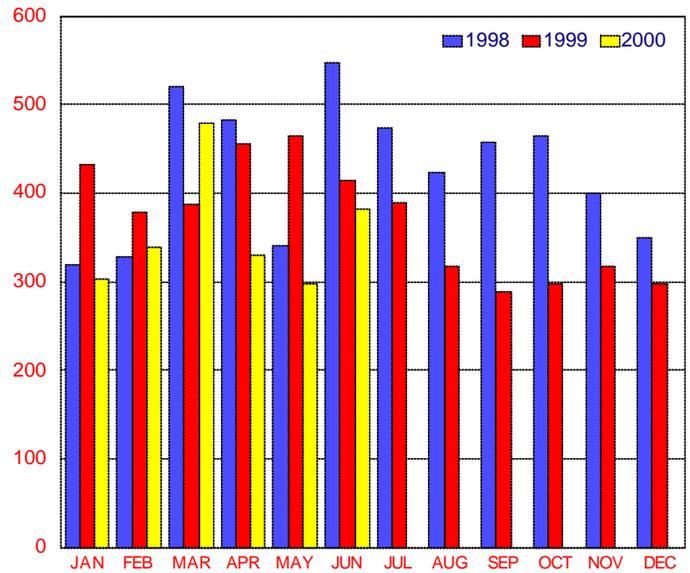
However, in August, the first month of FY 2001, the pattern has shifted as Sales Tax receipts show signs of slowing. Growth in Loudoun County is still strong at 21.3 percent over the same period in FY 2000, but no other jurisdiction experienced double-digit growth. Sales Tax receipts during the first month of FY 2001 are up 9.0 percent in Prince William County and Fairfax City, 6.6 percent in Falls Church, 5.3 percent in Alexandria, and 3.7 percent in Fairfax County. Sales tax receipts are down 0.4 percent in Arlington and up 4.5 percent Statewide over the same period last year.

**NUMBER OF RESIDENTIAL BUILDING PERMITS
NEW DWELLINGS**



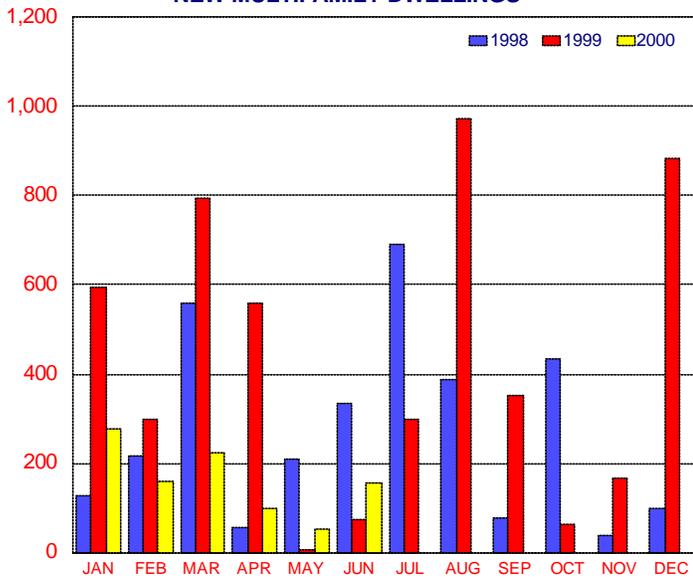
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

**NUMBER OF RESIDENTIAL BUILDING PERMITS
NEW SINGLE FAMILY DWELLINGS**



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

**NUMBER OF RESIDENTIAL BUILDING PERMITS
NEW MULTIFAMILY DWELLINGS**

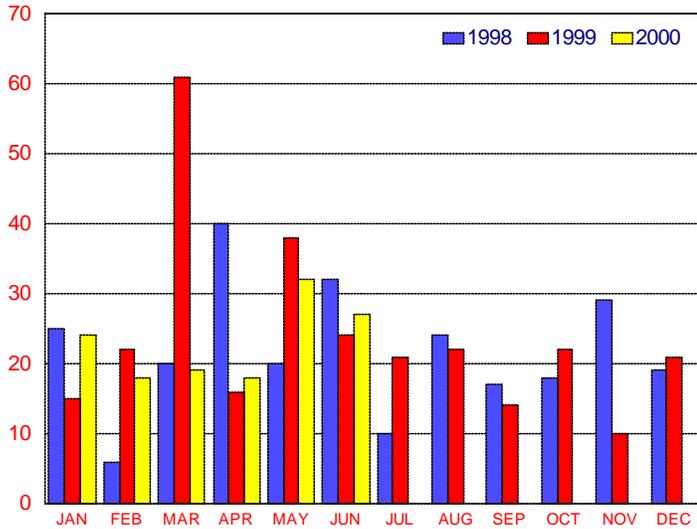


Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

For the first half of calendar year 2000, new residential dwelling permits are down 36.3 percent, or 1,764 permits, due primarily to weakness in the multifamily segment. Multifamily permits are down 58.4 percent, or 1,361 permits, through June. Single family permits are only down 15.9 percent, or 403 permits, over the same period.

Although new dwelling permits have consistently declined year-to-date, residential repair and alteration permits have shown strong growth. Through June, issues of residential repair and alteration permits have increased 76.4 percent, or 4,664 permits, over the same period last year.

**NUMBER OF NONRESIDENTIAL BUILDING PERMITS
NEW STRUCTURES**

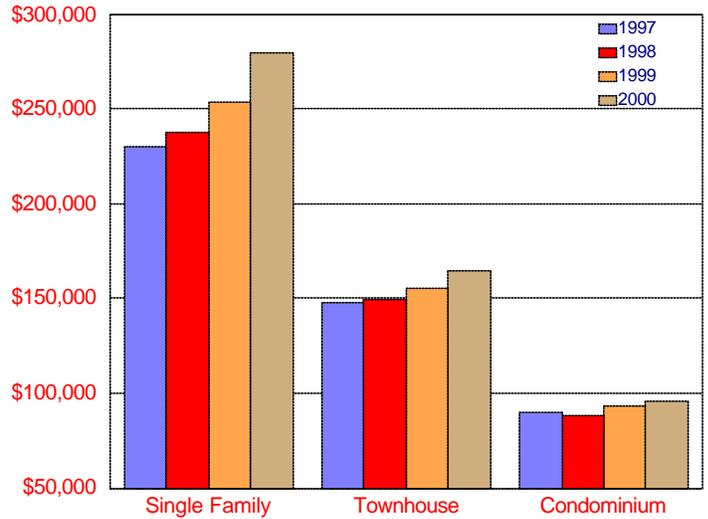


Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through June are down 21.6 percent, or 38 permits, from the same period in 1999. Nonresidential repair and alterations permits, however, are up 16.0 percent, or 328 permits, over the same time period.

HOME SALES IN FAIRFAX COUNTY

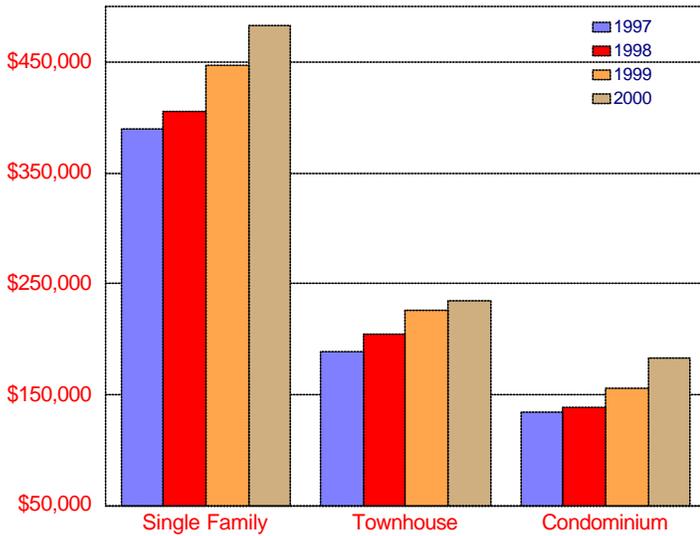
**MEDIAN PRICE OF EXISTING HOMES SOLD
JANUARY-JUNE 2000 COMPARED TO
ANNUAL MEDIAN PRICES 1997 - 1999**



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

The median sales prices of existing homes in Fairfax County have experienced moderate growth according to home sales data through the end of June 2000. The median for existing single family homes is \$280,000, compared to the 1999 median of \$253,625—growth of 10.4 percent. The median sales price for townhomes grew 6.1 percent from \$155,000 in 1999 to \$164,500 through June 2000. The median for condominiums increased slightly from \$93,000 to \$96,000, representing growth of 3.2 percent.

**MEDIAN PRICE OF NEW HOMES SOLD
JANUARY-JUNE 2000 COMPARED TO
ANNUAL MEDIAN PRICES 1997 - 1999**

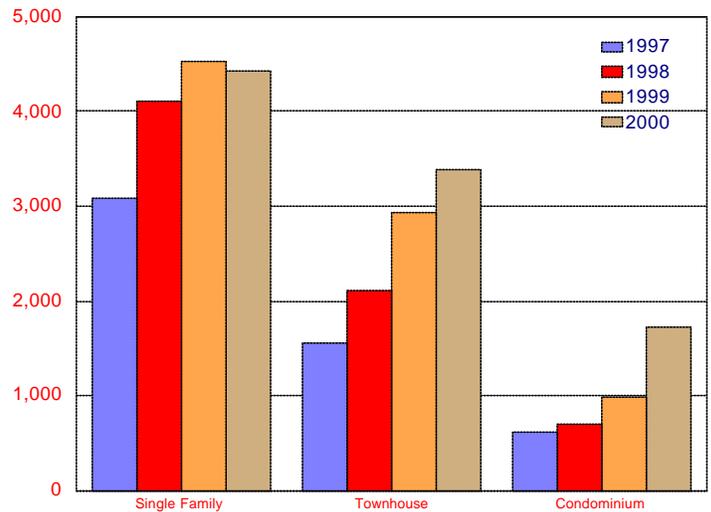


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Changes in selling prices, coupled with the volume of sales, are generally considered to be 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 the selling prices within neighborhoods.

Growth in median sales price for new homes is strong for condominiums and moderate for townhomes and single family houses, according to sales data through June. The median sales price for a new condominium is \$183,450, an increase of 18.2 percent, or \$28,295, over the 1999 median. New single family homes have shown moderate growth in median sales price, increasing 8.1 percent from \$446,947 to \$483,281. Sales of new townhomes have experienced modest growth, from \$226,520 to \$235,000—representing 3.7 percent growth, during the same period.

**NUMBER OF EXISTING HOMES SOLD
JANUARY-JUNE 1997-2000**



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

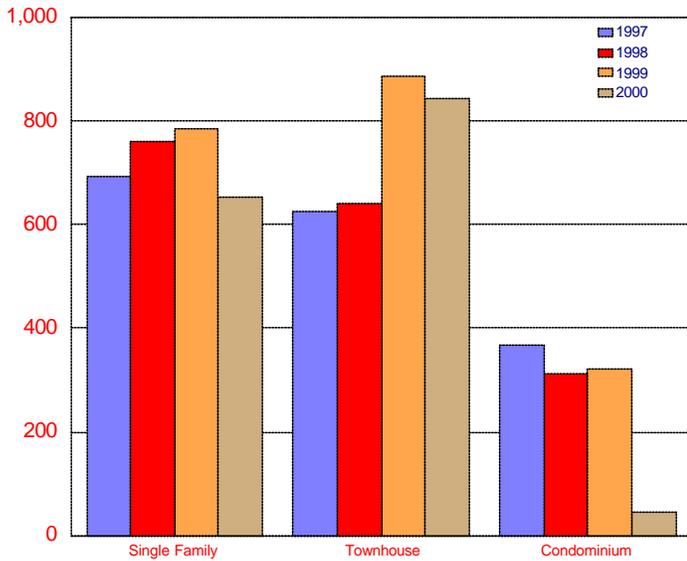
**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
YEAR-END 1999 COMPARED TO 2000 THROUGH JUNE**

	Existing Sales	New Sales
Single Family	10.4	8.1
Townhouse	6.1	3.7
Condominium	3.2	18.2

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

Sales volume for existing homes through June 2000 is higher than the same period last year, primarily due to strong condominium sales. Sales of existing condominiums grew 75.8 percent from 983 to 1,728. Townhomes sales were up by 15.4 percent from 2,927 to 3,378. Single family home sales fell 93 units, or 2.0 percent, from 4,524 in 1999 to 4,431 in 2000.

**NUMBER OF NEW HOMES SOLD
JANUARY-JUNE 1997-2000**



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

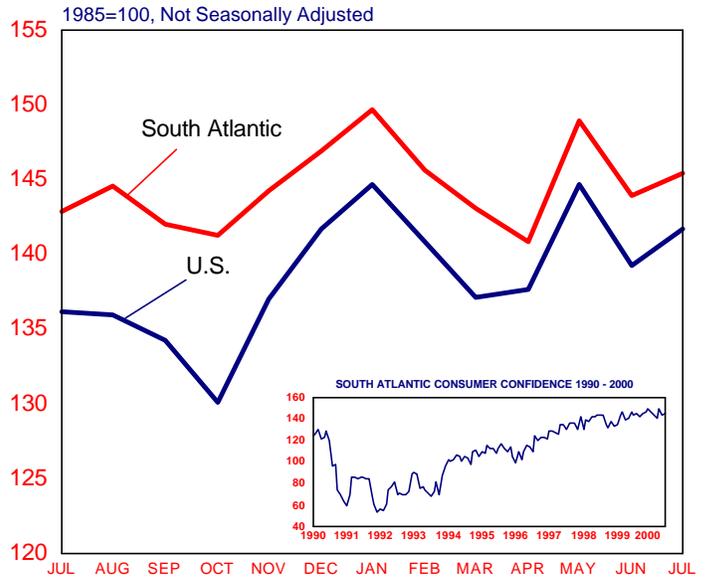
New home sales volume through June is down across all housing categories. New condominium sales have dropped from 323 in 1999 to 45 in 2000—a decline of 86.1 percent. Single family home sales have fallen 16.7 percent, from 783 to 652. The decline in new townhouse sales was more moderate—a 4.9 percent drop from 886 to 843.

June data from the Virginia Association of Realtors suggests that changing interest rates have not slowed the Northern Virginia housing market. June overall sales volume in Fairfax, Arlington, and Alexandria increased 5.2 percent over June 1999. Based on the aforementioned Fairfax County data, total home sales volume in the County alone, including all types of existing and new homes, increased 6.2 percent.

According to the Virginia Association of Realtors, homes sold in June in Fairfax, Arlington, and Alexandria were on the market for an average of just 29 days from listing to closing, compared to the Statewide average of 129 days. The short-term outlook for the Statewide real estate market is favorable. Pending home sales in June 2000, which usually translate into sales within a month or two, were up 3 percent over June 1999.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX

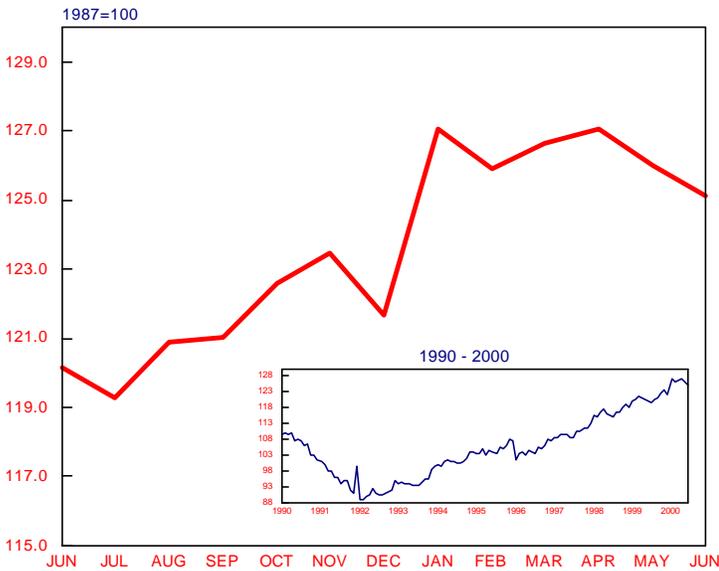


Source: Conference Board
Compiled by the Fairfax County Dept. of Management and Budget

The Conference Board's Consumer Confidence Index, which dropped sharply in June, rebounded 1.8 percent in July, from 139.2 to 141.7. Consumers' confidence in current economic conditions jumped 3.2 percent over June, while their short-term outlook increased a modest 0.3 percent. According to Lynn Franco, Director of The Conference Board's Consumer Research Center, Consumer Confidence readings continue to indicate that the overall economy is strong. Consumers rate current conditions as very favorable and they expect more of the same in the short term—low unemployment and minimal inflationary pressures. The South Atlantic Consumer Confidence Index is 145.4 in July, a 1.0 percent increase over June.

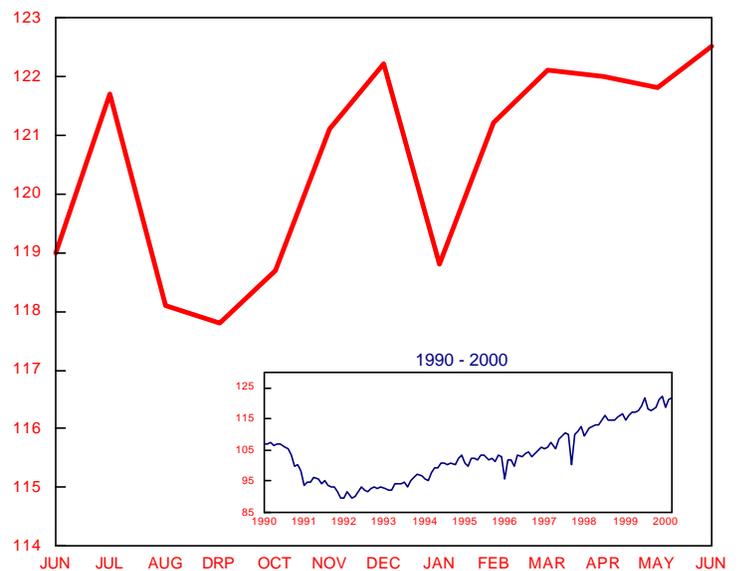
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices 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



Sources: Mason Enterprise Center, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

METROPOLITAN COINCIDENT INDEX

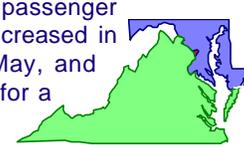


Source: Mason Enterprise Center, George Mason University
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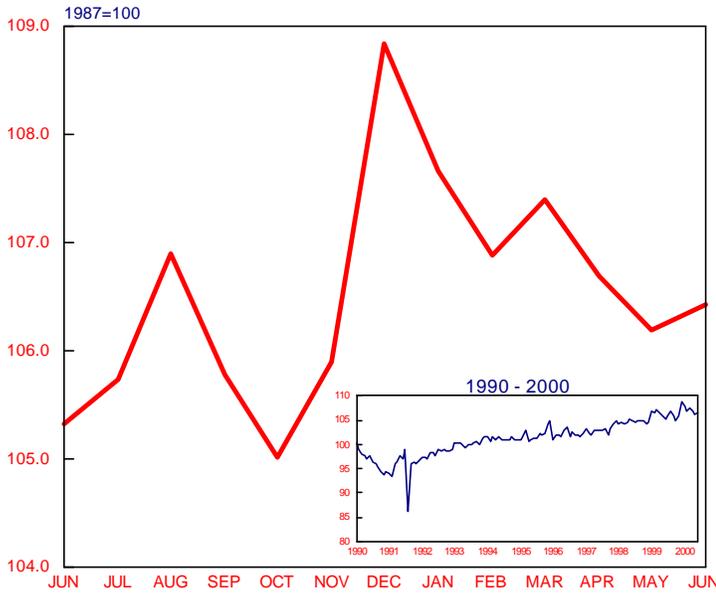
The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 125.1 in June, a decline of 0.7 percent from May. This was the second consecutive decrease in the Index following gains in March and April. Still, the Index's value in June was 4.1 percent higher than the same month last year. In June, two of the index's four components were negative. Total employment decreased slightly for a second month after increasing over the previous five months. Transient occupancy tax collections, adjusted for inflation and seasonal variation, declined for a second month in a row. However, sales tax collections, adjusted for inflation and seasonal variation, increased for a second consecutive month, and consumer confidence grew for the fourth time in five months.



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 122.5 in June—a gain of 0.5 percent over May. This increase reversed a two-month decline and the Index has now been up in three months and down in three months during the first half of the year. All four of the Index's components were positive in June. Total wage and salary employment increased for the fifth consecutive month and for the tenth time in the past 12 months. Consumer confidence was up slightly and now has been positive in four of the last five months. Domestic passenger volume at Dulles and Reagan Airports increased in June after declining in both April and May, and nondurable goods retail sales increased for a second month following decreases in March and April.

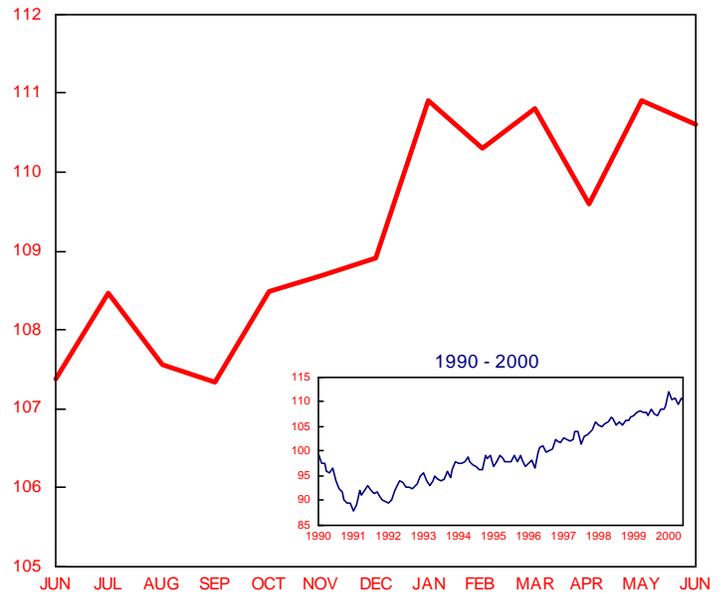


FAIRFAX COUNTY LEADING INDEX



Sources: Mason Enterprise Center, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

METROPOLITAN LEADING INDEX

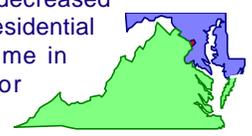


Source: Mason Enterprise Center, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, increased in June to 106.4 for a gain of 0.22 percent over May. The June increase reversed two monthly declines, but the Index has still been down four times in the year's first six months, losing 2.2 percent. In June, three of the Index's five components contributed to its gain. Initial claims for unemployment insurance fell (improved) following their large increase in May. Residential building permits increased following declines in four of the preceding five months, and the total value of residential building permits increased following decreases in the previous three months. Consumer expectations (consumer confidence six months hence) fell sharply after two monthly gains, and new automobile registrations fell for the second time in three months.



The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, declined to 110.6 in June for a decrease of 0.3 percent. For the past 12 months the Index has gained 3.0 percent and continues to track above its 12-month moving average trend. In June, three of the index's five components contributed to its decline. Consumer expectations (consumer confidence six months hence) decreased in June, more than offsetting its gain in May. The Help Wanted Index declined in June and has been down in four of the last five months, and durable goods retail sales decreased for the first time in five months. Total residential building permits were up for the first time in three months, and initial claims for unemployment insurance declined (improved) following an increase in May.



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