



# DEPARTMENT OF MANAGEMENT AND BUDGET

## FAIRFAX COUNTY ECONOMIC INDICATORS ©

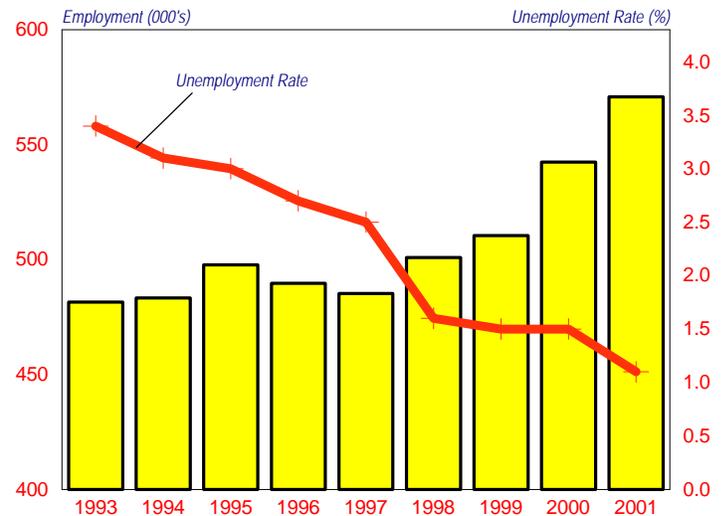
Publication 104

MARCH 2001

### MARCH HIGHLIGHTS

- ❑ The February unemployment rate in Fairfax County increased slightly to 1.1 percent.
- ❑ March Sales Tax receipts for Fairfax County were 9.6 percent lower than March 2000, and fiscal year-to-date growth was 6.0 percent.
- ❑ Growth in new dwelling permits was mixed while residential repair and alteration permits were down sharply through February.
- ❑ Homes sales data through February show that sales volume was up for existing homes but down for new homes, and that median sales prices were up for both categories.
- ❑ After declining for five consecutive months, the Consumer Confidence Index rebounded in March due to a boost in expectations concerning short-term business and employment prospects.
- ❑ In January, both the Fairfax County Coincident and Leading Index rose. Although the Coincident Index has experienced positive growth for seven consecutive months, the Leading Index is still below its January 2000 level. January indicators are difficult to interpret since they have a large seasonal component. However, compared to previous Januarys, the Index suggests the area's economy may be weakening.
- ❑ The Metropolitan Washington Coincident Index declined while the Leading Index increased slightly in January. The Coincident Index has been trending lower since August 2000 and the Leading Index is still below its January 2000 level. These trends suggest that changing consumer spending patterns are beginning to affect the area economy.

### RESIDENTIAL EMPLOYMENT - FEBRUARY



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

According to the Virginia Employment Commission (VEC), the February unemployment rate in Fairfax County increased slightly to 1.1 percent from 1.0 in January. That rate is 0.4 points lower than the February 2000 rate of 1.5 percent.

Statewide, the February unemployment rate increased 0.2 points to 2.4 percent from 2.2 percent in January. However, this is still the lowest unemployment rate for any February since the State began keeping records in 1950. According to the VEC, the rise in unemployment was caused by manufacturers scheduling temporary inventory adjustment furloughs around the President's Day holiday. A 0.2 point increase in the jobless rate during this time is not unusual. The VEC expects an improvement in March employment figures as outside work like painting, paving, and other building activity resumes. The February 2001 nationwide rate was 4.6 percent.



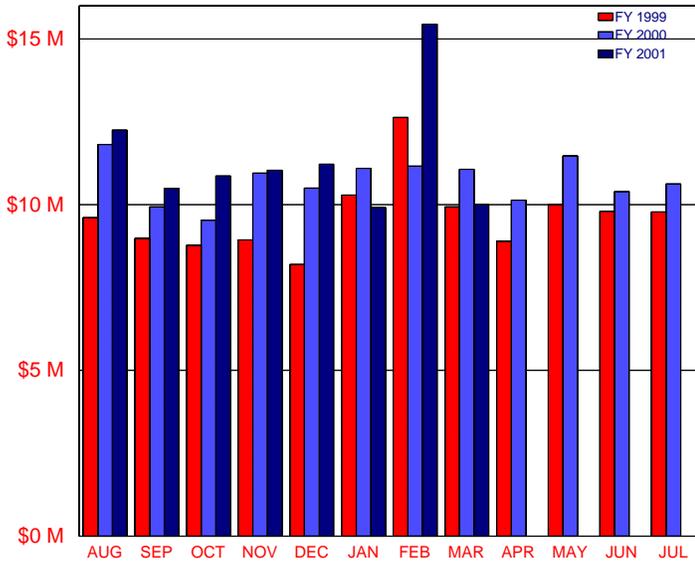
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

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



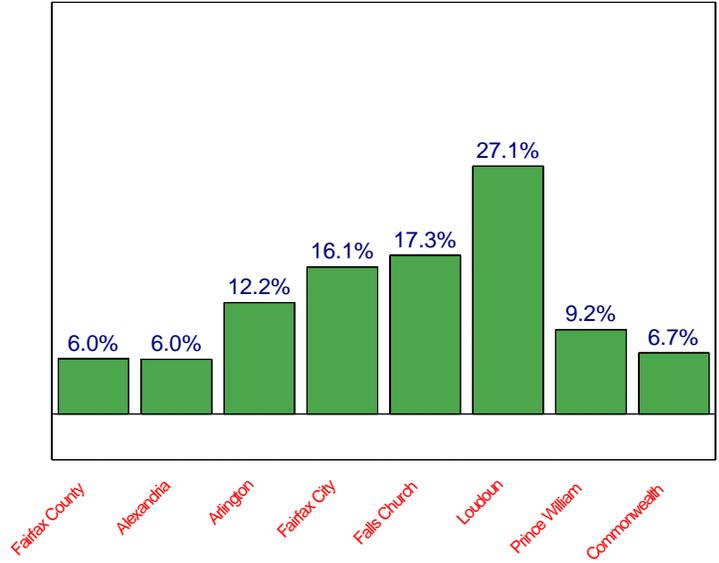
**SALES TAX REVENUES**

(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 THROUGH MARCH**



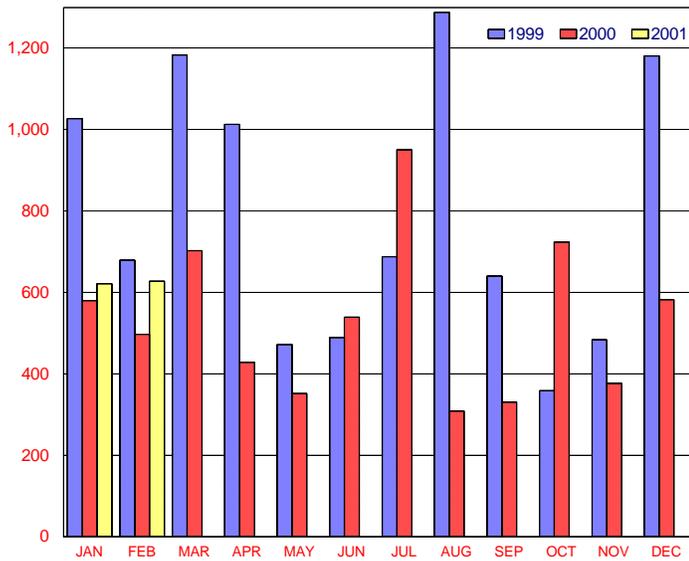
Source: Virginia Department of Taxation  
Compiled by the Fairfax County Dept. of Management and Budget

March sales tax receipts for Fairfax County, representing retail purchases made in January, were 9.6 percent lower than March 2000. This decrease is partially attributable to overstated March 2000 revenues due to a delay in the filings of several large retailers that caused February 2000 payments to be received in March. Fiscal year-to-date, sales tax receipts are up 6.0 percent over the same period last year. The year-to-date growth rate provides a more accurate picture of sales tax growth in Fairfax County because the unusually low growth rate in March is balanced by an unusually high growth rate in February as a result of the same filing delay.

In February, seasonally adjusted advance retail sales estimates for the U.S. declined 0.2 percent from January, but are 2.7 percent above February 2000 according to the Commerce Department. Durable goods sales were unchanged from January but down 1.1 percent from February a year ago. Building materials sales were up 2.9 percent over February 2000. February nondurable goods decreased 0.3 percent from January but were 5.5 percent above February 2000. Drug stores sales were up 13.3 percent over last year and apparel sales were up 5.8 percent over February 2000.

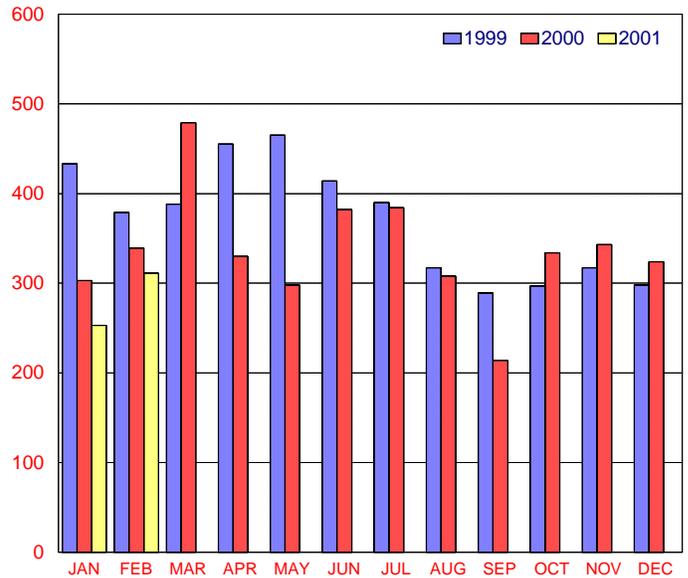
Through the first eight months of FY 2001, Sales Tax receipts in the Northern Virginia area have shown strong to moderate growth. Loudoun County continues to lead the group—up 27.1 percent over the same period last year. Fairfax City and Falls Church have also shown robust year-to-date growth at 16.1 and 17.3 percent, respectively. Arlington County is the only other area jurisdiction with double-digit growth at 12.2 percent. Prince William County is 9.2 percent above the same period last year, and Fairfax County and Alexandria have each grown 6.0 percent. Sales Tax receipts are up 6.7 percent Statewide over the same period.

**NUMBER OF RESIDENTIAL BUILDING PERMITS  
NEW DWELLINGS**



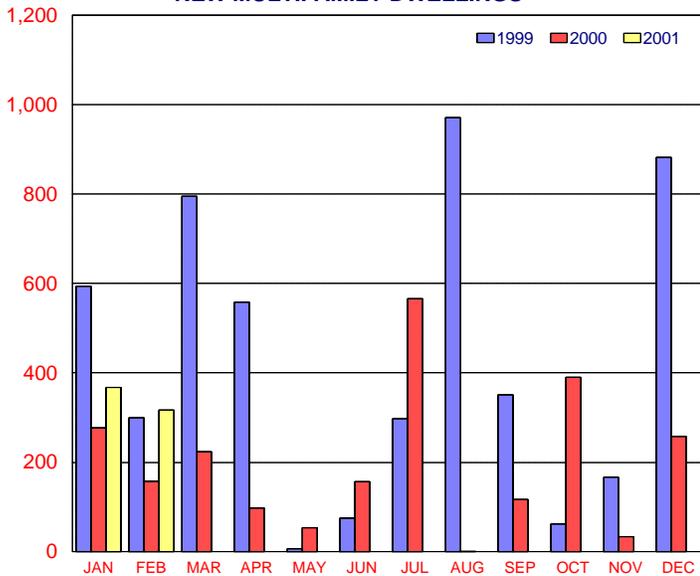
Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

**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**

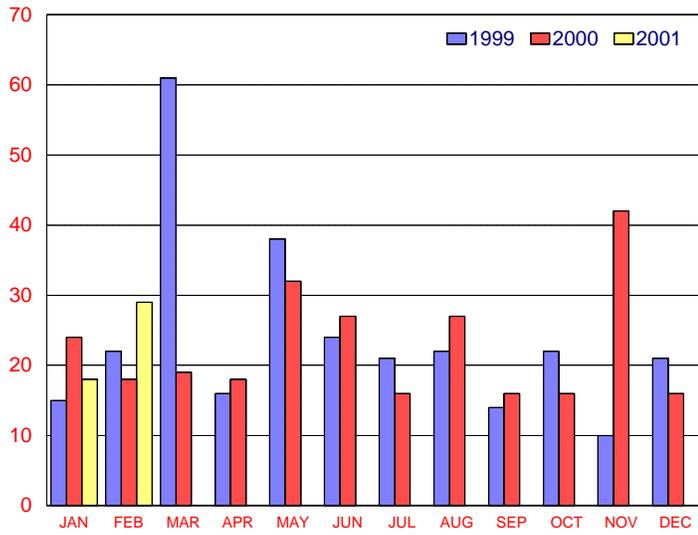


Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

Year-to-date, growth in new residential permit categories has been mixed. In total, new residential dwelling permits are up 16.0 percent, or 172 permits, through February. Multifamily permits are up 57.5 percent, or 250 permits, while single family permits are down 12.2 percent, or 78 permits, over the same period.

Residential repair and alteration permits, however, are down sharply year-to-date. Through February, issues of residential repair and alteration permits decreased 58.6 percent, or 1,999 permits, from the same period last year.

**NUMBER OF NONRESIDENTIAL BUILDING PERMITS  
NEW STRUCTURES**

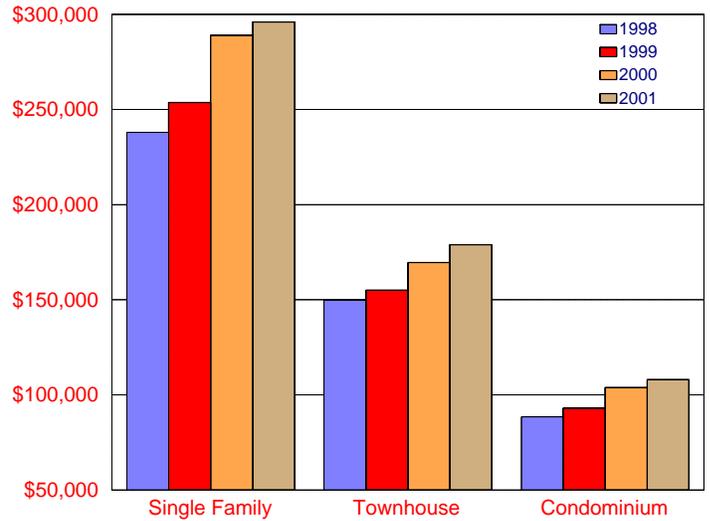


Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through February were up 11.9 percent, or 5 permits, from the same period in 2000. Nonresidential repair and alterations permits, however, were down 18.8 percent, or 137 permits, year-to-date.

**HOME SALES IN FAIRFAX COUNTY**

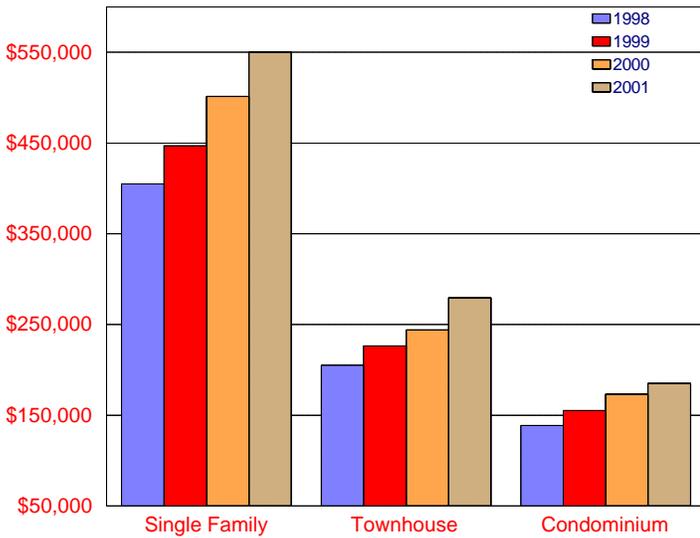
**MEDIAN PRICE OF EXISTING HOMES SOLD  
FEBRUARY 2001 COMPARED TO  
ANNUAL MEDIAN PRICES 1998 - 2000**



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

According to home sales data through the end of February 2001, existing homes in Fairfax County have experienced modest growth in median sales prices. For existing single family homes, the median is \$296,000 compared to the 2000 median of \$289,000—growth of 2.4 percent. The median sales price for townhomes grew 5.6 percent from \$169,500 in 2000 to \$179,000 through February 2001. The median for condominiums increased from \$103,945 to \$108,000, representing growth of 3.9 percent.

**MEDIAN PRICE OF NEW HOMES SOLD  
FEBRUARY 2001 COMPARED TO  
ANNUAL MEDIAN PRICES 1998 - 2000**

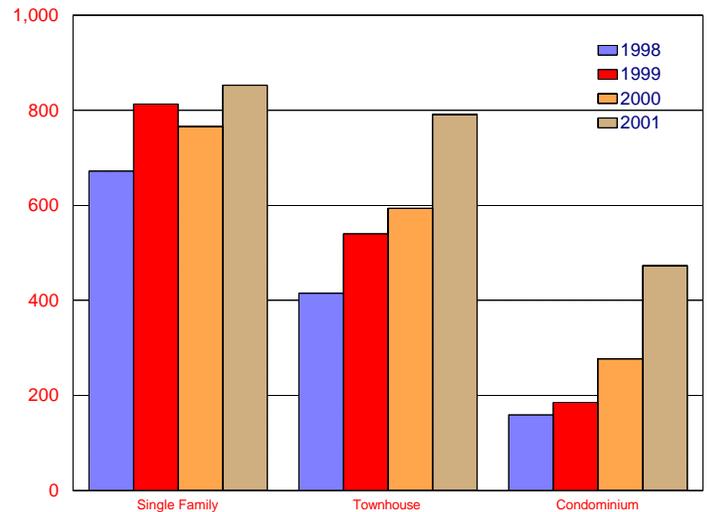


Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

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 prices for new homes is moderate to strong according to sales data through February 2001. The median sales price for a new single family home is \$549,990, an increase of 9.7 percent, or \$48,570, over the 2000 median. New townhomes have increased 14.4 percent, from \$244,067 to \$279,313, while the median for condominiums has grown from \$173,226 to \$184,940, or 6.8 percent, over the same period.

**NUMBER OF EXISTING HOMES SOLD  
FEBRUARY 1998-2001**



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

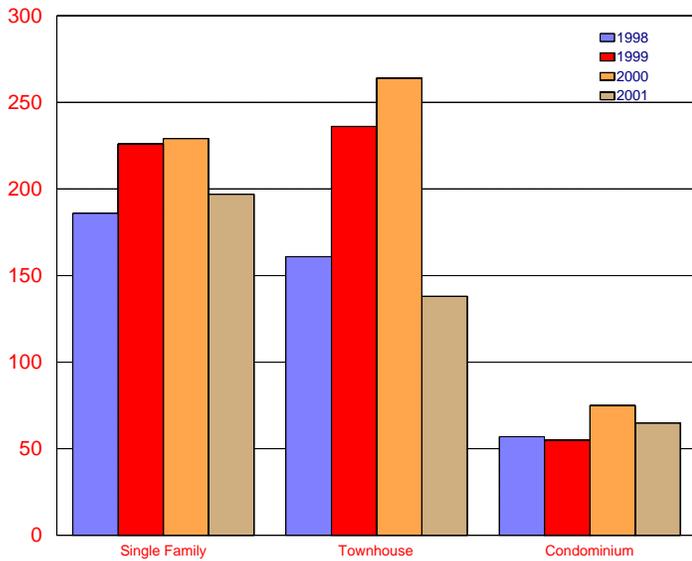
**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD  
YEAR-END 2000 COMPARED TO 2001 THROUGH FEBRUARY**

	Existing Sales	New Sales
Single Family	2.4	9.7
Townhouse	5.6	14.4
Condominium	3.9	6.8

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

Existing home sales volume is up sharply in all categories through February 2001. Single family home sales rose 87 units, or 11.4 percent, from 766 to 853. Townhome sales increased 33.2 percent from 594 to 791, while condominium sales were up 70.8 percent from 277 to 473 year-to-date.

**NUMBER OF NEW HOMES SOLD  
FEBRUARY 1998-2001**

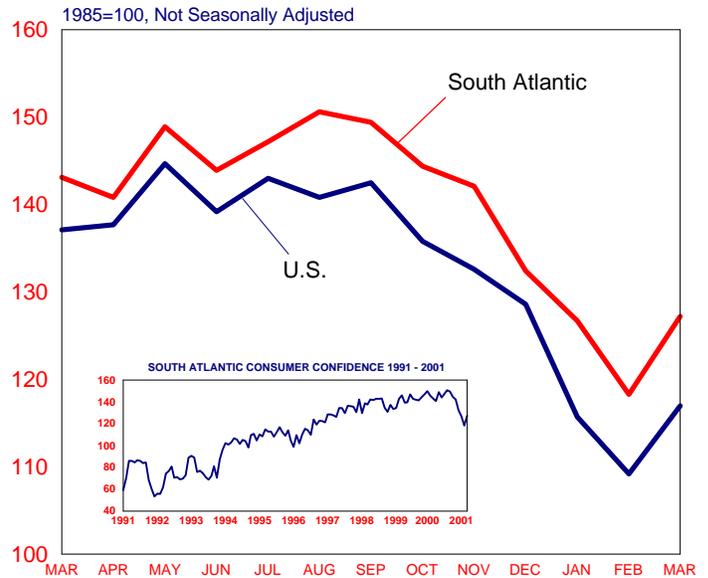


Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

New home sales volume through February is down across all housing categories compared to the same period last year. New townhome sales have fallen from 264 in 2000 to 138 in 2001—a decline of 47.7 percent. New single family home sales decreased 14.0 percent, from 229 to 197, while condominium sales have fallen 13.3 percent, from 75 to 65.

**ADDITIONAL INDICATORS**

**CONSUMER CONFIDENCE INDEX**

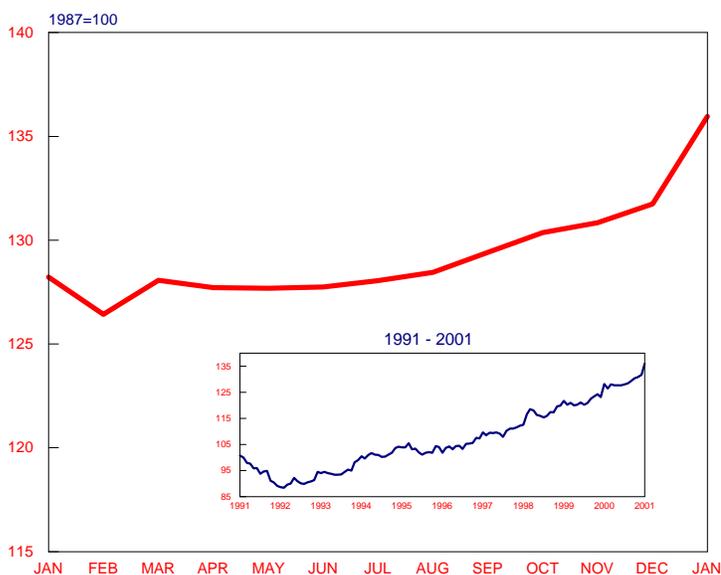


Source: Conference Board  
Compiled by the Fairfax County Dept. of Management and Budget

The Conference Board's Consumer Confidence Index rebounded in March after declining for five consecutive months. The Index now stands at 117.0, up from 109.2 in February. Consumers' confidence in current economic conditions rose a slight 0.1 percent from February, while their short-term outlook increased 18.3 percent. According to Lynn Franco, Director of The Conference Board's Consumer Research Center, the rebound in consumer confidence was prompted by a boost in expectations concerning short-term business and employment prospects. The turmoil in the financial markets in Mid-March has not dampened consumers' assessment of present conditions, and more importantly has not eroded expectations. The South Atlantic Consumer Confidence Index is 127.2 in March, a 7.5 percent increase over February.

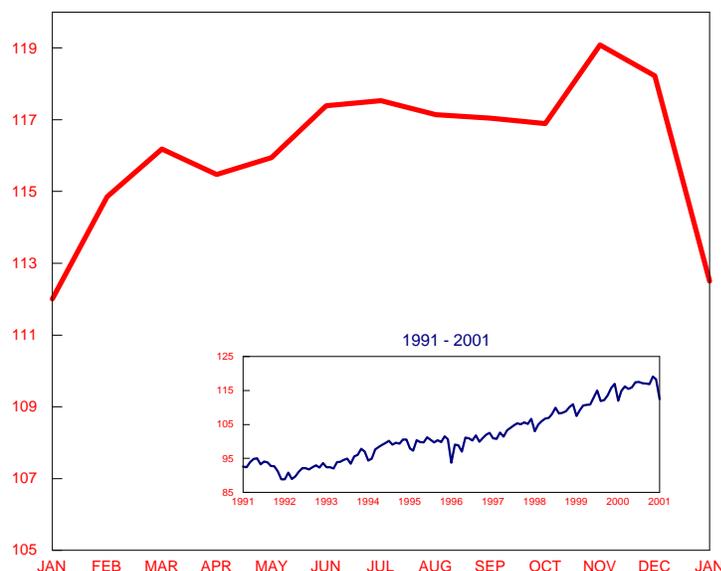
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices 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: Center for Regional Analysis, George Mason University  
Compiled by the Fairfax County Dept. of Management and Budget

### METROPOLITAN COINCIDENT INDEX



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

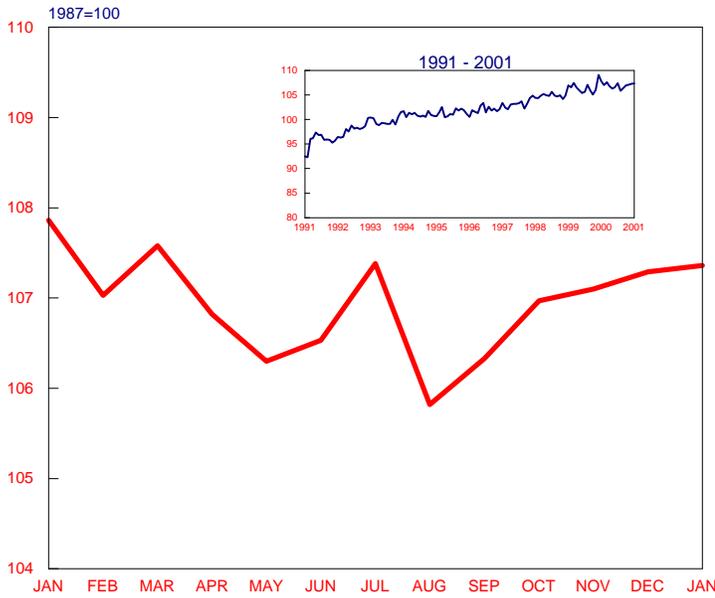
The Fairfax County Coincident Index, which represents the current state of the County's economy, increased sharply in January to 136.0—a 3.2 percent gain over December. This is the largest one-month gain since January 2000 and the Index has now increased for seven consecutive months. Since January 2000 the Index is up 6.0 percent. Three of the Index's four components contributed to its gain this month. Total employment registered a strong increase with year-end data revisions showing gains for each month over the past year. Transient occupancy tax collections, adjusted for inflation and seasonal variation, increased for a third consecutive month, and sales tax collections, also adjusted for inflation and seasonal variation, posted double-digit gains for the second month in a row. Consumer confidence, however, declined for the second consecutive month and for the third time in the last four months.



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, decreased sharply for the second month in January to 112.5—a decline of 3.8 percent from December. Although the Index has trended downward since August 2000, it is slightly higher (0.4 percent) than its January 2000 value. In January, all four of the Index's components were negative. Total wage and salary employment was down from December reflecting normal seasonal trends, and consumer confidence continued its decline, dropping for the third time in four months. Domestic passenger volume at Dulles and Reagan Airports experienced its second monthly decline, and nondurable goods retail sales were down for the fourth time in five months.

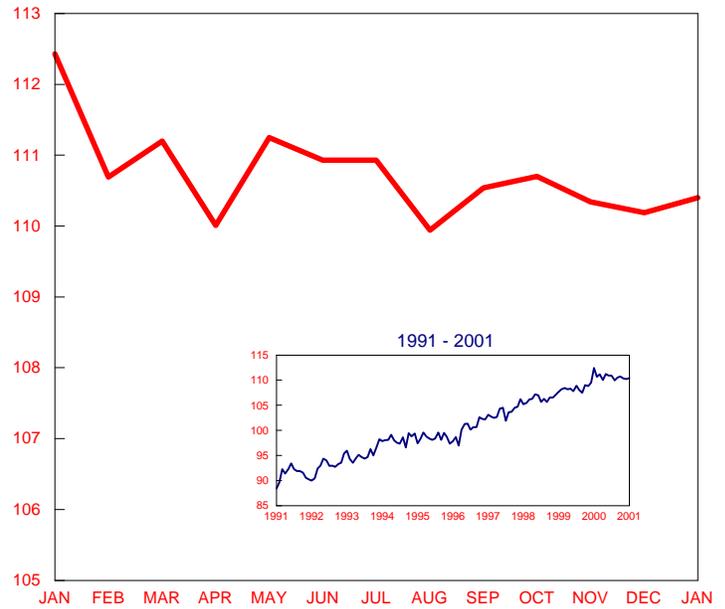


**FAIRFAX COUNTY LEADING INDEX**



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

**METROPOLITAN LEADING INDEX**

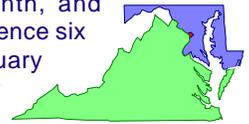


Source: Center Regional Analysis, George Mason University  
Compiled by the Fairfax County Dept. of Management and Budget

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, increased slightly in January to 107.4 for a gain of 0.1 percent over December. Although the Index has posted modest gains for four consecutive months, it is still 0.5 percent below its January 2000 level. Three of the Index's five components contributed to its modest gain in January. New automobile registrations rebounded sharply and have now grown in three of the last four months. Initial claims for unemployment insurance decreased (improved) after recording a substantial gain (worsening) in December, and residential building permits increased for the fourth time in the past five months. However, consumer expectations (consumer confidence six months hence) fell sharply and have now declined in four of the last five months, and the total value of residential building permits decreased following three monthly gains.



The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, increased slightly in January to 110.4 for a gain of 0.2 percent. This increase reversed a two-month decline, but the Index is still 1.8 percent below its January 2000 level. In January, three of the index's five components contributed to its gain. The Help Wanted Index registered a strong gain after having trended lower for most of last year. Initial claims for unemployment insurance decreased (improved) on a seasonally adjusted basis following two monthly gains, and durable goods retail sales increased for the third time in four months. Total residential building permits, however, declined for the third consecutive month, and consumer expectations (consumer confidence six months hence) dropped sharply in January after gaining in December and have now been down in four of the last five months.



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