



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

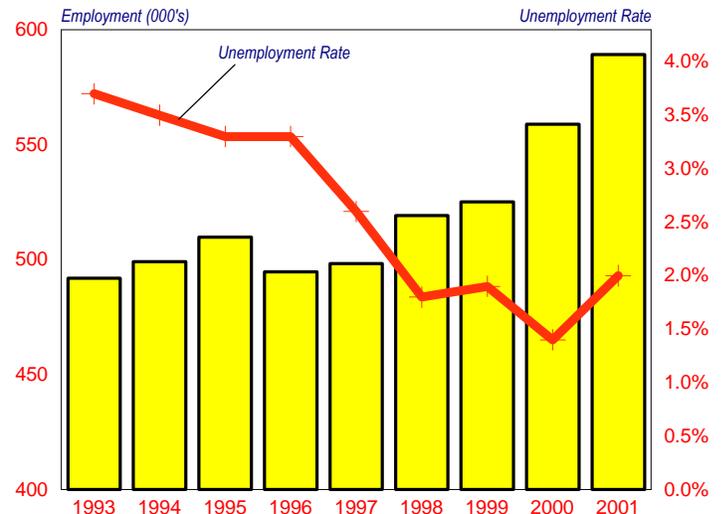
Publication 108

JULY 2001

JULY HIGHLIGHTS

- ❑ The June unemployment rate in Fairfax County rose to 2.0 percent.
- ❑ July Sales Tax receipts for Fairfax County were 2.8 percent higher than July 2000, and FY 2001 year-end growth was 3.6 percent.
- ❑ While total residential permits are up year-to-date, growth is entirely due to the multifamily component.
- ❑ Homes sales data through June show that sales volume was up for existing homes but down sharply for new homes. Median sales prices are showing moderate to strong growth for both categories.
- ❑ The Consumer Confidence Index slipped in July due to slow economic conditions and continued lay-offs. Despite the decline in the index, consumers remain cautiously optimistic about economic prospects in the upcoming months.
- ❑ In May, the Fairfax County Coincident Index declined and the Leading Index increased slightly. The Coincident Index is 4.2 percent above May 2000, suggesting that the Fairfax economy is still strong. Job growth, in spite of continuing layoffs, continues to be the primary reason for the economy's persistent strength.
- ❑ The Metropolitan Washington Coincident and Leading Indices both declined in May. Since May 2000, the Coincident Index is tracking well below its historic growth trend. The Leading Index, which has been declining since January 2000, suggests the economy will continue its current downward trend through the remainder of the calendar year.

RESIDENTIAL EMPLOYMENT - JUNE



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

According to the Virginia Employment Commission (VEC), the June unemployment rate in Fairfax County rose to 2.0 percent—a 0.3 point increase over May. The June 2001 rate was 0.6 points higher than the June 2000 rate of 1.4 percent. Unemployment in Fairfax County has not reached 2.0 percent, or above, since October 1997 when it was 2.1 percent.

Statewide, the unemployment rate rose in June by 0.2 points to 3.1 percent. Despite the increase, this figure is the second lowest June jobless rate in 48 years. The Virginia rate of 3.1 percent is considerably lower than the June U.S. unemployment rate of 4.7 percent. According to the VEC, the increase in the unemployment rate was primarily a result of the number of college students and recent graduates entering the job market.



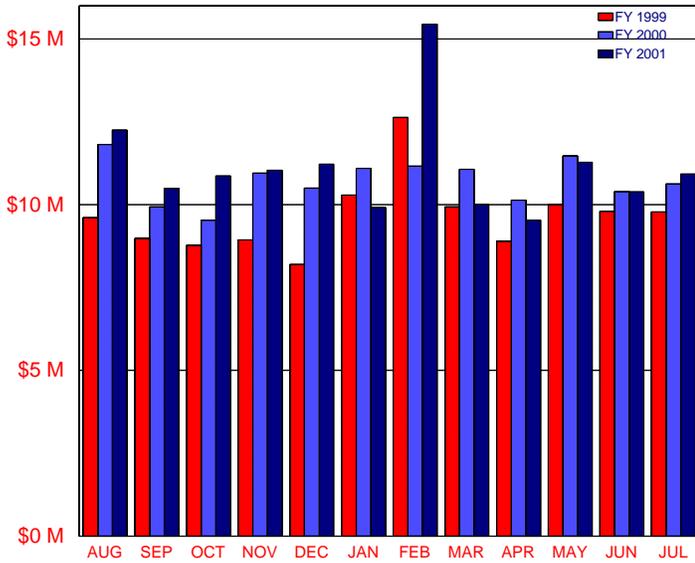
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

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



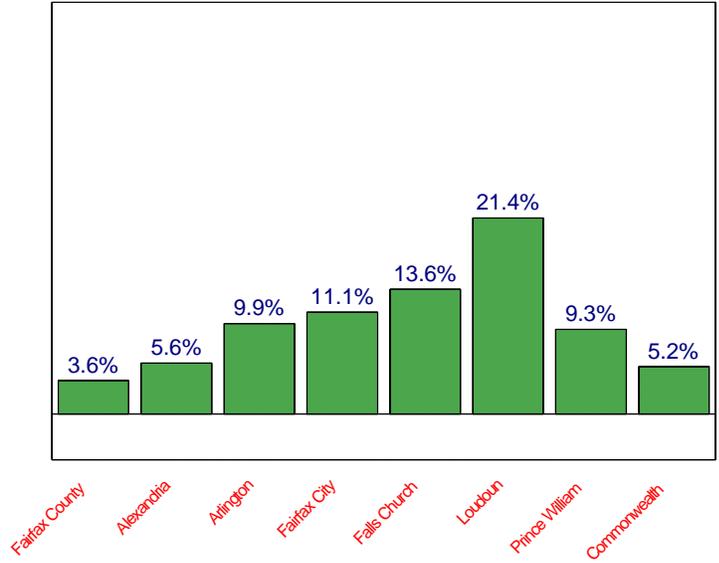
SALES TAX REVENUES

(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 JULY



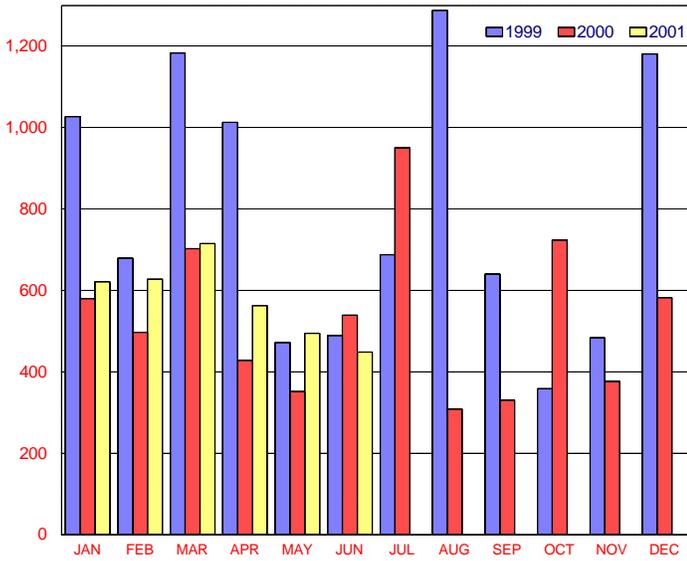
Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

July Sales Tax receipts for Fairfax County, representing retail purchases made in May, were \$10.9 million—2.84 percent higher than July 2000. Final FY 2001 Sales Tax receipts increased 3.6 percent over FY 2000.

According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in June did not increase over May, but were 3.5 percent above June 2000. Compared to last year, health and personal care store sales were up 9.2 percent, building materials and garden equipment sales were up 6.8 percent, gasoline station sales were up 1.3 percent, and motor vehicle and parts sales were up 4.5 percent.

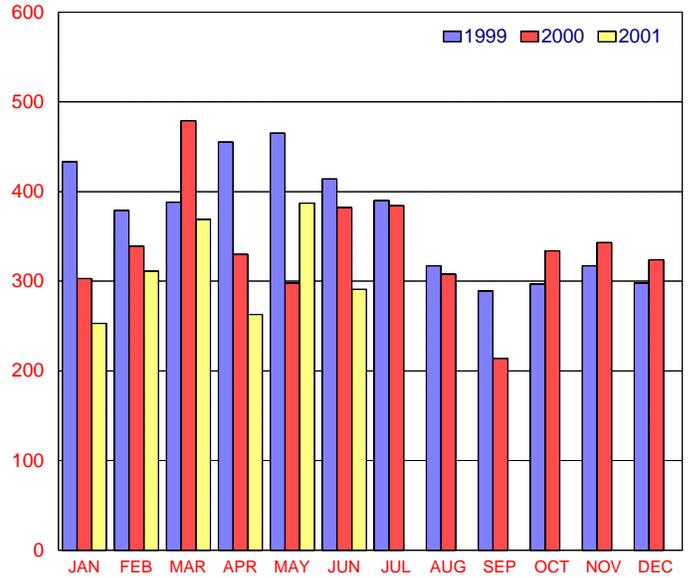
FY 2001 Sales Tax receipts in surrounding localities outperformed Fairfax County's growth rate. Sales Tax receipts in Loudoun County ended the fiscal year up a strong 21.4 percent over FY 2001. Sales Tax receipts were also double-digit in Fall Church and Fairfax City at 13.6 and 11.1 percent, respectively. Sales Tax receipts in Arlington County and Prince William County experienced growth of 9.9 percent and 9.3 percent, respectively, while Alexandria's receipts were up 5.6 percent. Statewide, Sales Tax receipts rose 5.2 percent in FY 2001.

**NUMBER OF RESIDENTIAL BUILDING PERMITS
NEW DWELLINGS**



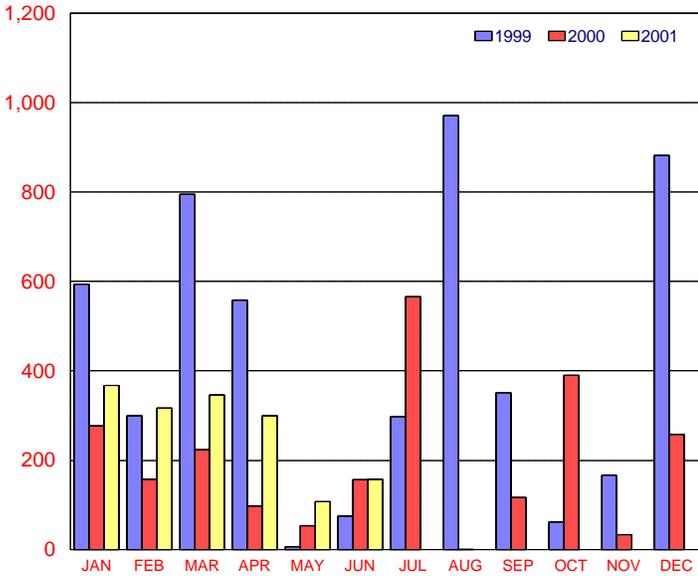
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

**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**

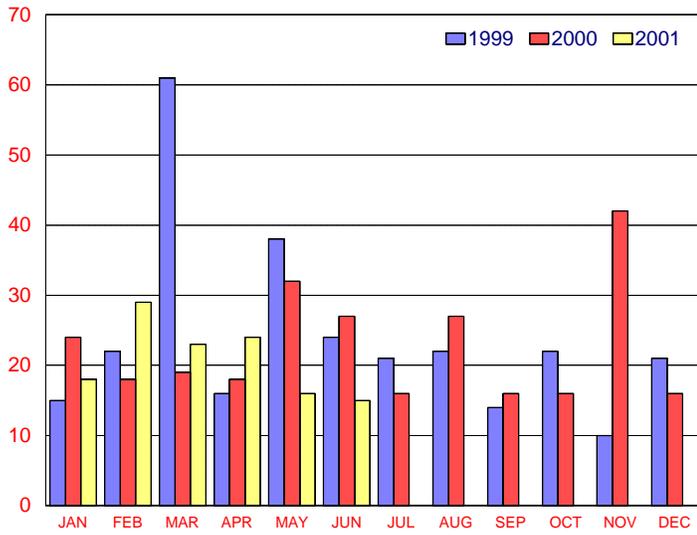


Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Year-to-date, growth in new residential permit categories has been mixed. In total, new residential dwelling permits were up 10.5 percent, or 326 permits, through June. Multifamily permits were up 64.2 percent, or 621 permits in June, while single family permits were down 13.8 percent, or 295 permits, over the same period.

Residential repair and alteration permits are also down year-to-date. Through June, issues of residential repair and alteration permits have decreased sharply by 48 percent, or 5,166 permits, from the same period last year.

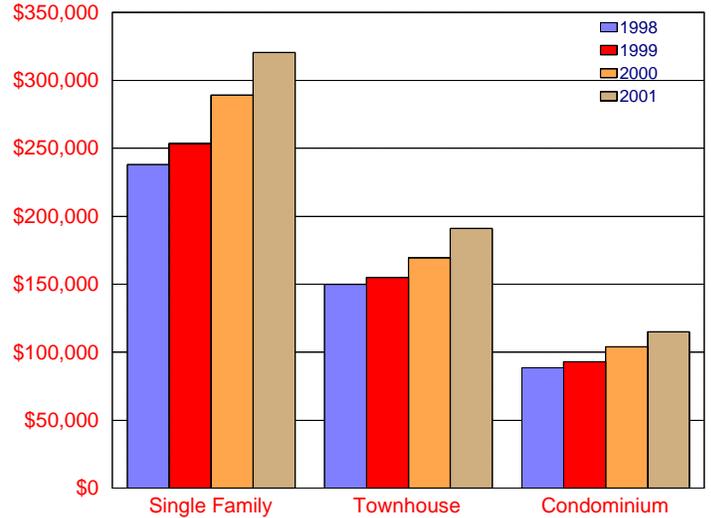
**NUMBER OF NONRESIDENTIAL BUILDING PERMITS
NEW STRUCTURES**



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

HOME SALES IN FAIRFAX COUNTY

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

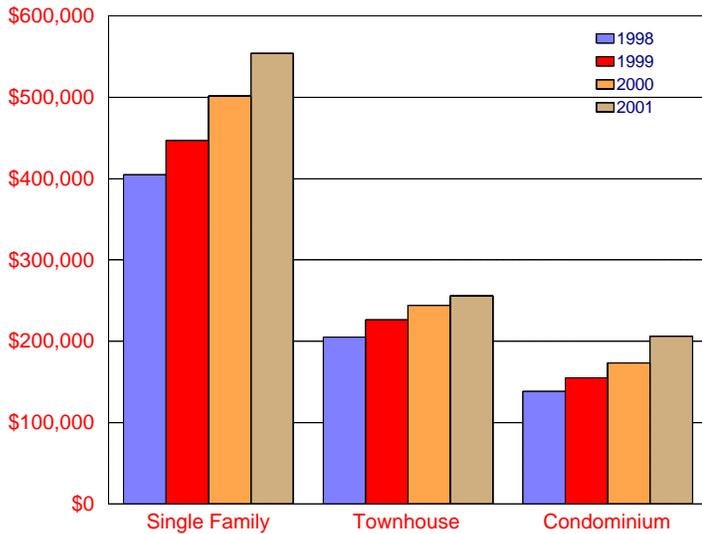


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through June were down 9.4 percent, or 13 permits, from the same period in 2000. Nonresidential repair and alterations permits were down 16 percent, or 380 permits, year-to-date.

According to home sales data through the end of June 2001, existing homes in Fairfax County have experienced strong growth in median sales prices. For existing single family homes, the median was \$320,450 compared to the 2000 median of \$289,000—growth of 10.9 percent. The median sales price for townhomes grew 12.7 percent from \$169,500 in 2000 to \$191,000 through June 2001. The median for condominiums increased from \$103,945 to \$115,000, representing growth of 10.6 percent.

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

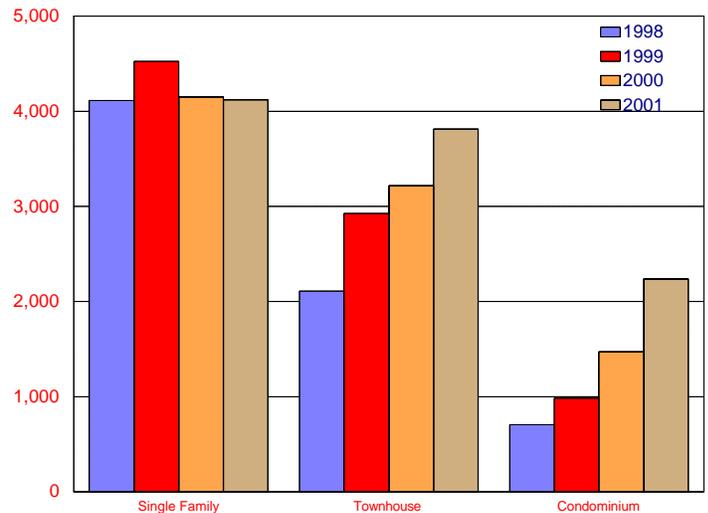


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

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 was moderate to strong according to sales data through June 2001. The median sales price for a new single family home was \$553,841, an increase of 10.5 percent, or \$52,421, over the 2000 median. New townhomes have increased 4.9 percent, from \$244,067 to \$256,015, while the median for condominiums grew from \$173,226 to \$206,220, or 19.1 percent, over the 2000 median.

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



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

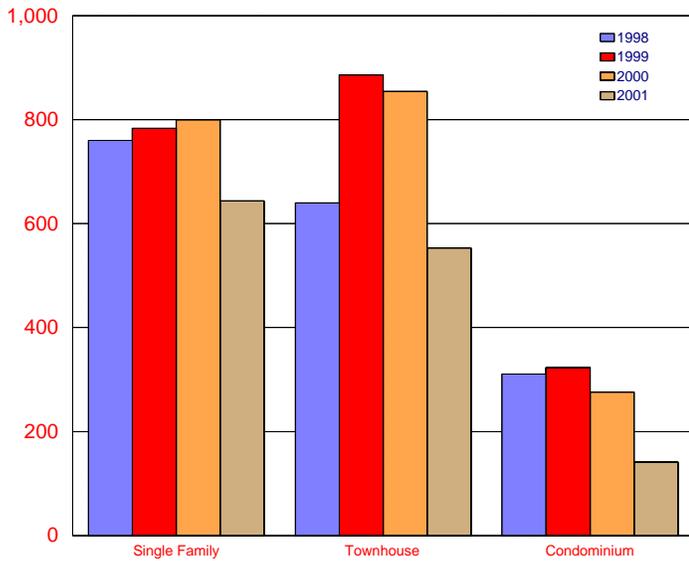
**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
YEAR-END 2000 COMPARED TO 2001 THROUGH JUNE**

	Existing Sales	New Sales
Single Family	10.9	10.5
Townhouse	12.7	4.9
Condominium	10.6	19.1

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

Existing home sales volume was up sharply for townhomes and condominiums and down marginally for single family homes according to sales data through June 2001. Existing single family home sales fell 29 units, or 0.7 percent, from 4,149 to 4,120. Existing townhome sales increased 18.5 percent from 3,219 to 3,814, while existing condominium sales were up 52.1 percent from 1,471 to 2,237 year-to-date.

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

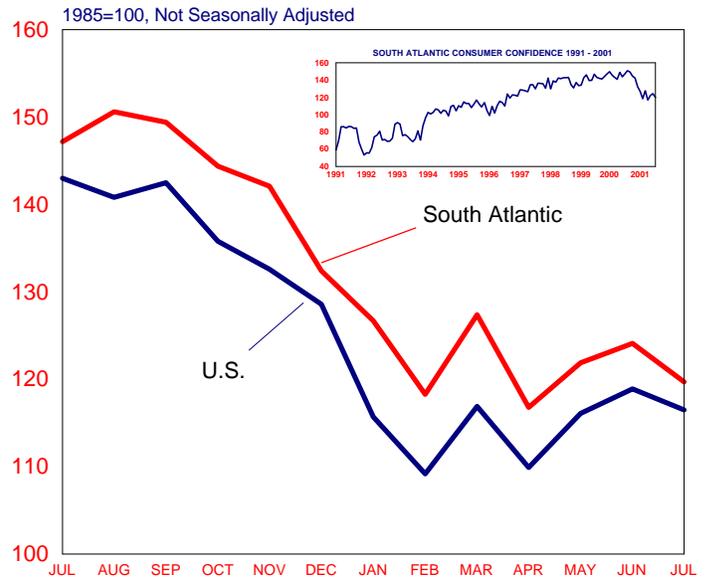


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

New home sales volume through June was down sharply across all housing categories compared to the same period last year. New condominium sales have fallen from 276 in 2000 to 141 in 2001—a decline of 48.9 percent. New townhome sales decreased 35.3 percent, from 854 to 553, while new single family home sales have fallen 19.5 percent, from 800 to 644.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX



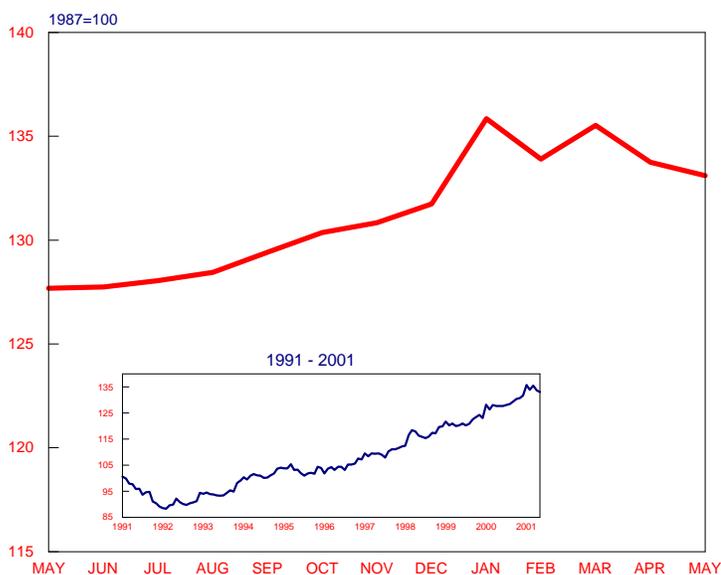
Source: Conference Board
Compiled by the Fairfax County Dept. of Management and Budget

The Conference Board's Consumer Confidence Index, which improved in June to 118.9, dropped to 116.5 in July. The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. The Present Situation Index measures consumers' confidence in current business and employment conditions, while the Expectations Index measures consumers' confidence in business, employment, and family income prospects six months hence. The two indices are averaged to form the composite Consumer Confidence Index.

In July, the Expectations Index decreased 0.7 percent from June, and the Present Situation Index decreased 3.0 percent. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, the decline in confidence suggests that economic growth in the third quarter will remain sluggish. Although the Present Situation Index declined from the previous month, Franco notes that the Index remains at a historically high level and it is unlikely that consumers will significantly change their spending habits. As a result, consumers are still cautiously optimistic about an economic rebound in the coming months despite slow economic conditions and continued lay-offs. The South Atlantic Consumer Confidence Index was 119.7 in July, a 3.6 percent decrease from June.

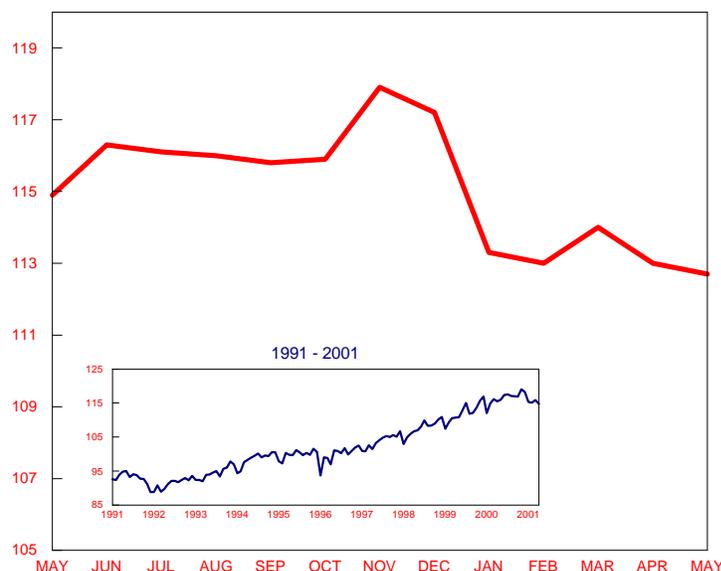
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices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

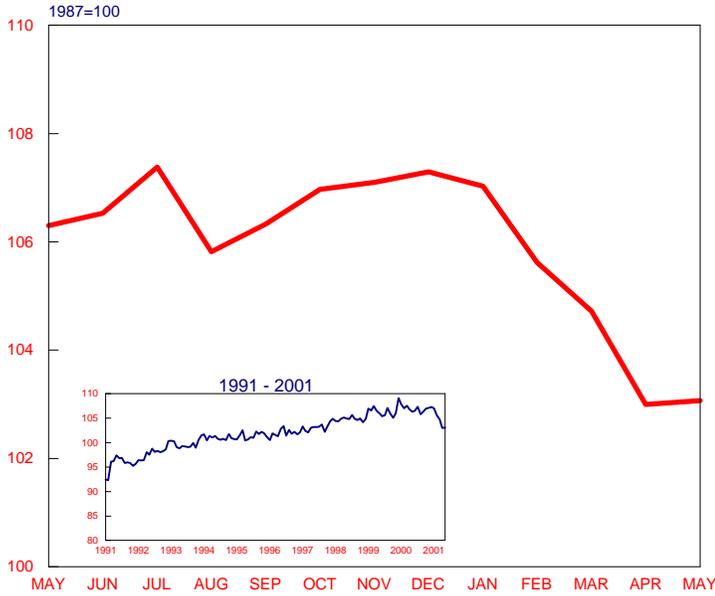
The Fairfax County Coincident Index, which represents the current state of the County's economy, declined to 133.1 in May—a 0.66 percent decrease from April. The Index has decreased for two months in a row, but is still 4.2 percent above its level in May 2000. In May, three of the Index's four components were negative. Transient occupancy tax collections, adjusted for inflation and seasonal variation, declined for the fourth month in a row. Consumer confidence decreased in May for the sixth consecutive month. Total employment in May decreased from its April level, the first month-to-month decline in 64 months. Sales tax collections, adjusted for inflation and seasonal variation, were up slightly in May.



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, declined to 112.7 in May—a decrease of 0.3 percent from April. The Index has been down for two months in a row and five times in the last six months. The Index is below its May 2000 level of 114.9. In May, two of the Index's four components were negative. Consumer confidence declined in May for the sixth consecutive month, and domestic passenger volume at Dulles and Reagan Airports decreased after increasing in March and April. Nondurable goods retail sales increased in May after their decline in April and total wage and salary employment increased for the fourth month in a row.

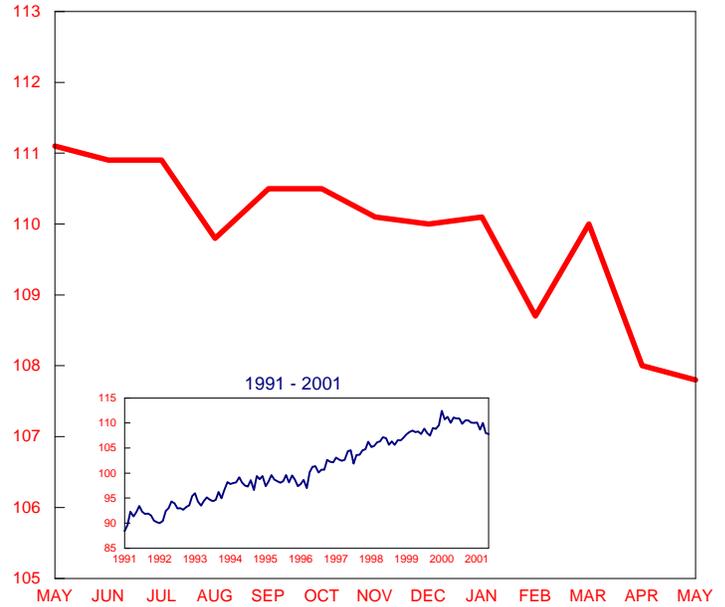


FAIRFAX COUNTY LEADING INDEX



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 to 103.07 in May—a 0.07 percent increase from April. The Index's slight increase follows four consecutive monthly declines. In May, three of the Index's five components contributed to its increase. New automobile registrations increased following decreases in the previous three months and consumer expectations (consumer confidence six months hence) increased for the second time in three months. In addition, the total value of residential building permits increased after having declined in the previous two months. Residential building permits declined in May for the fourth consecutive month and initial claims for unemployment insurance increased (worsened) for the fourth month in a row.



The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, decreased to 107.8 in May for a decline of 0.2 percent. The Index has now been down in three of the last five months, falling 2.0 percent over that period. In May, three of the Index's five components contributed to its decline. Total residential building permits declined for the third consecutive month and the Help Wanted Index declined in May for the fourth consecutive month. In addition, initial claims for unemployment insurance increased (worsened) for the third time in four months. Consumer expectations (consumer confidence six months hence) increased for the second time in three months and durable goods retail sales increased following decreases in March and April.



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