



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

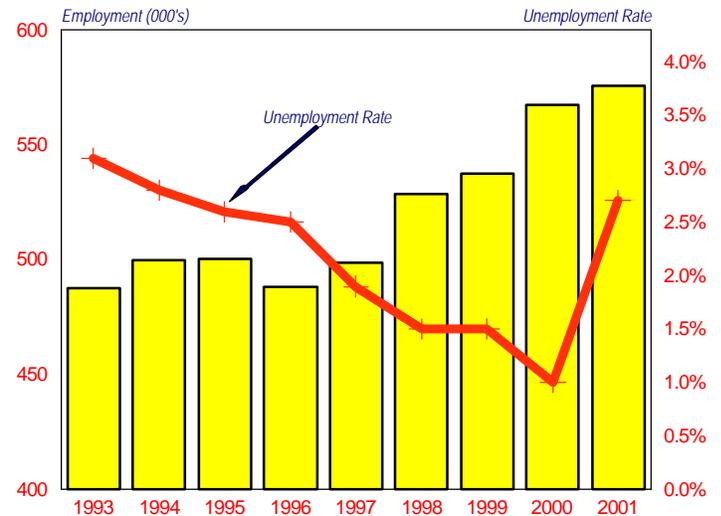
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FEBRUARY 2002

FEBRUARY HIGHLIGHTS

- ❑ The December unemployment rate in Fairfax County fell to 2.7 percent—a 0.1 point decrease from November.
- ❑ February Sales Tax receipts for Fairfax County are 5.5 percent lower than February 2001, and fiscal year-to-date growth is down 6.3 percent.
- ❑ The overall growth rate of new residential permits has decreased sharply by 54.4 percent year-to-date. Through January, multifamily permits are down 96.5 percent and single family permits are up 6.7 percent.
- ❑ According to homes sales data through December, sales volume was up for existing homes and down for new homes. Median sales prices showed strong growth for both categories.
- ❑ Consumer Confidence has declined in February, as consumers' assessments of economic conditions are less optimistic than January. While confidence has weakened since last month, the Index indicates healthy consumer spending in the months ahead as the economy is expected to rebound.
- ❑ In December, the Fairfax County Coincident Index decreased slightly, while the Fairfax County Leading Index had its largest gain of the year. The Metropolitan Washington Coincident Index also declined slightly and the Metropolitan Leading Index increased in December.
- ❑ The small decline in both the Fairfax County and Metropolitan Coincident Indices suggests that the negative impact of September 11 on the Washington area economy has moderated. The prospect of economic expansion this year is supported by both Leading Indices, which have been up for three consecutive months.

RESIDENTIAL EMPLOYMENT - DECEMBER



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

According to the Virginia Employment Commission (VEC), the December unemployment rate in Fairfax County fell to 2.7 percent—a 0.1 point decrease from November. The December 2001 rate was 1.7 points higher than the December 2000 rate of 1.0 percent. The 2001 average unemployment rate in Fairfax County was 1.9 percent.

Statewide, the unemployment rate decreased 0.1 point to 3.6 percent in December as a result of seasonal hiring. The holiday hiring was much lower than in recent years with 11,000 fewer workers added to the retail sector than in the Fourth Quarter of 2000. In recent months, the increase in unemployment was centered in Northern Virginia where many lost jobs at Reagan National Airport and other tourism-related venues after the events of September 11. Fortunately, Northern Virginia unemployment figures had one of the highest concentrations of holiday retail activities to improve its jobless rate. In other parts of the State, unemployment rates remained unchanged or worsened because of colder weather and year-end manufacturing furloughs. The average Virginia unemployment rate in 2001 was 3.0 percent, compared to 2.2 percent in 2000.



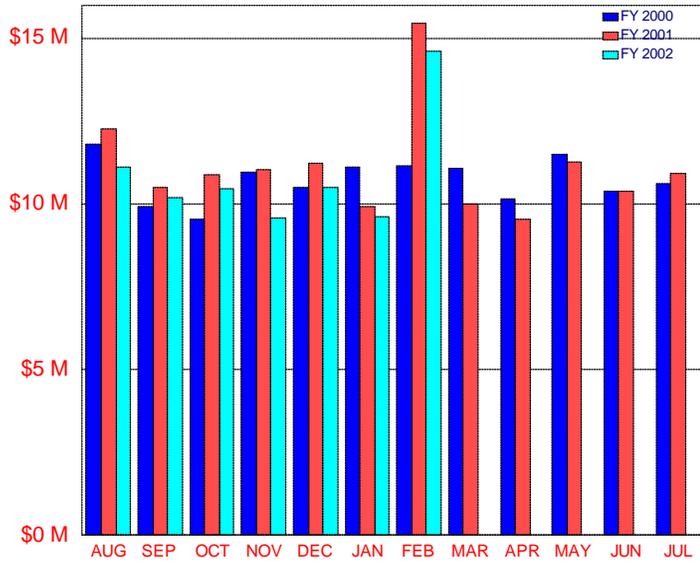
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

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



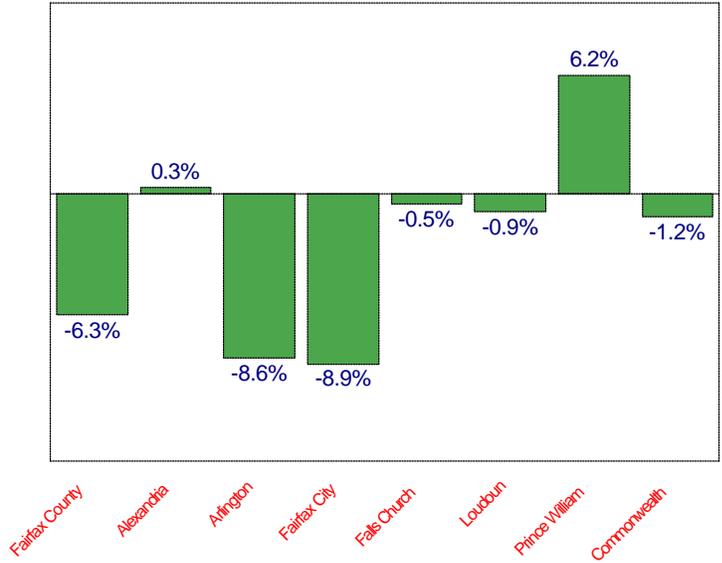
SALES TAX REVENUES

(revenues represent retail sales two months prior)



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

FY 2002 SALES TAX RECEIPTS THROUGH FEBRUARY



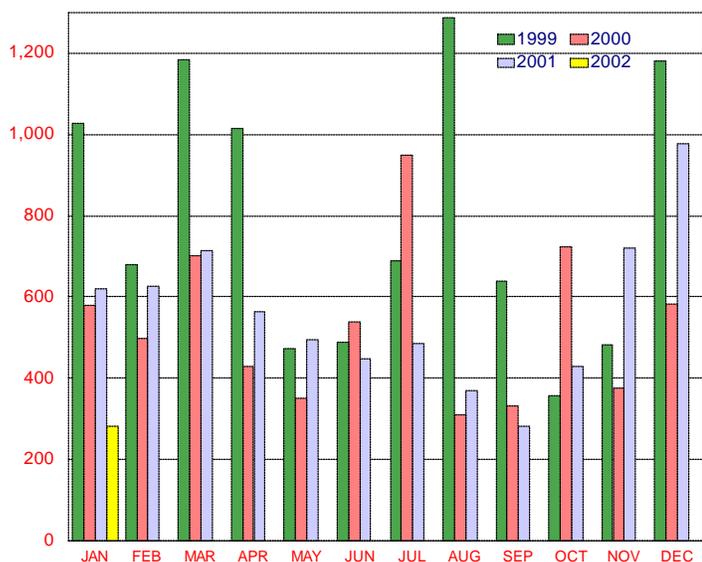
Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

February Sales Tax receipts for Fairfax County, representing retail purchases made in December, are \$14.6 million— 5.5 percent lower than February 2001. Fiscal year-to-date, Sales Tax receipts are 6.3 percent lower than the same period last year.

According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in January decreased 0.2 percent from December, but were up 2.8 percent from January 2001. Compared to last year, motor vehicle and parts dealers were up 4.0 percent, health and personal care store sales were up 8.0 percent and building materials and garden equipment sales were up 5.6 percent, while gasoline station sales were down 12.9 percent.

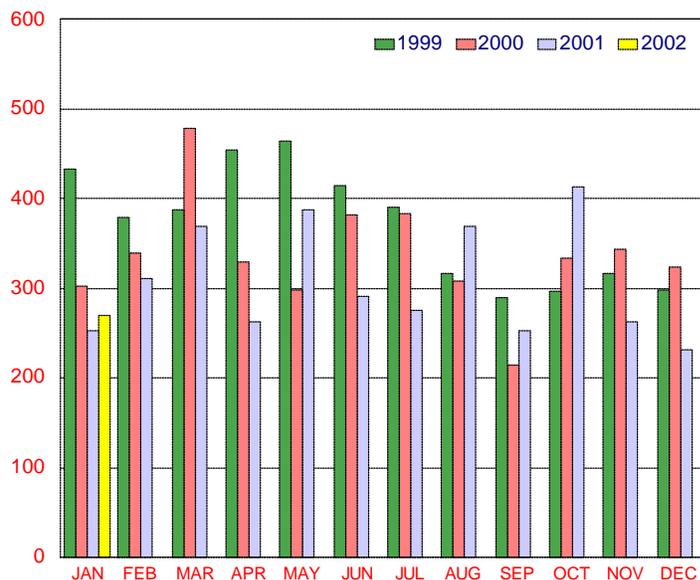
Sales Tax receipt growth from August through February has been negative among all the Northern Virginia localities except for Prince William County and Alexandria. These receipts represent the first seven months of FY 2002 and correspond to retail purchases from June through December. Through February, Sales Tax receipts are down 8.9 percent in Fairfax City, 8.6 percent in Arlington, 6.3 percent in Fairfax County, 0.9 percent in Loudoun County, and 0.5 percent in Falls Church, year-to-date. Both Prince William County and Alexandria have experienced positive growth to-date at 6.2 percent and 0.3 percent respectively. During this same period, Statewide Sales Tax receipts are down 1.2 percent.

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW DWELLINGS



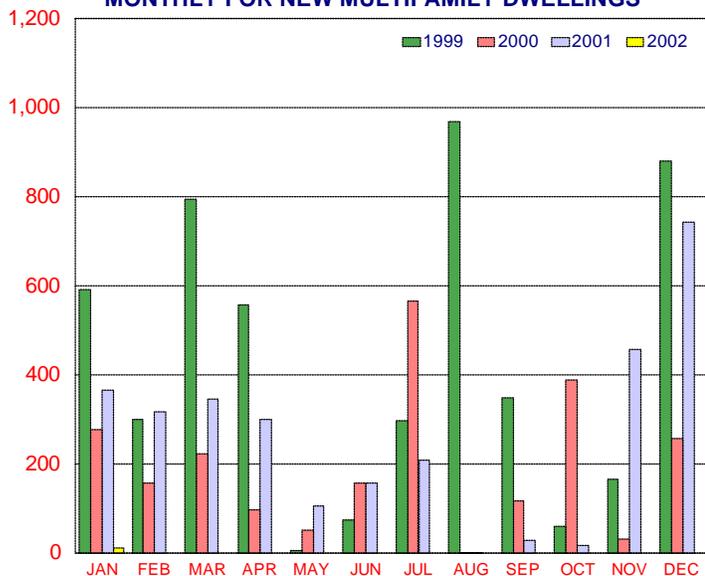
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR 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 ISSUED MONTHLY FOR NEW MULTIFAMILY DWELLINGS



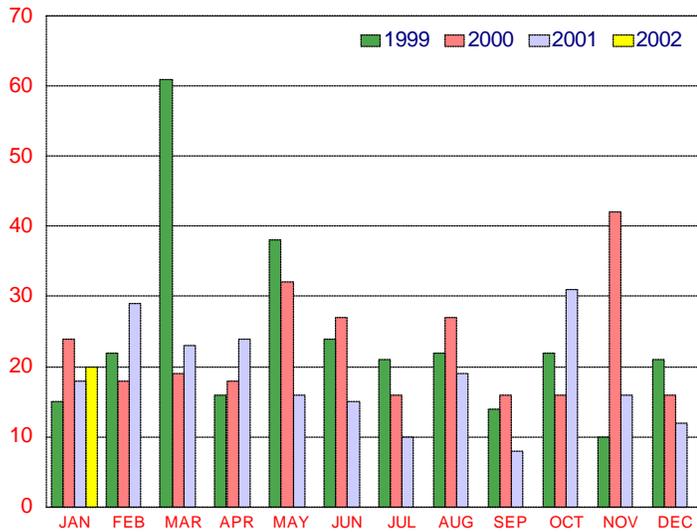
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Note: In August 2000 and 2001, only one multifamily permit was issued; therefore, bar is too small to discern.

The overall growth rate of new residential permit categories have decreased, year-to-date. Through January, new residential dwelling permits are down 54.4 percent, or 338 permits. Multifamily permits are down sharply 96.5 percent, or 355 permits year-to-date, while single family permits are up 6.7 percent, or 17 permits, over the same period.

Residential repair and alteration permits are down year-to-date. Through January, issues of residential repair and alteration permits have decreased by 13.8 percent, or 101 permits, from the same period last year.

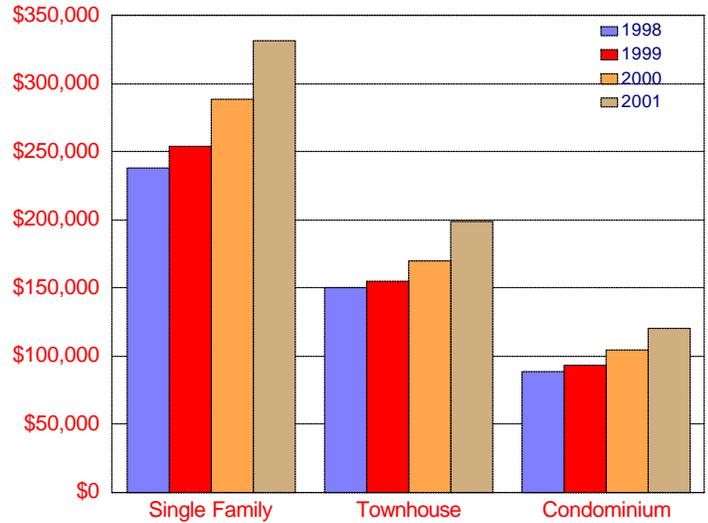
NUMBER OF NONRESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW STRUCTURES



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 DECEMBER 2001 COMPARED TO ANNUAL MEDIAN PRICES 1998 - 2000



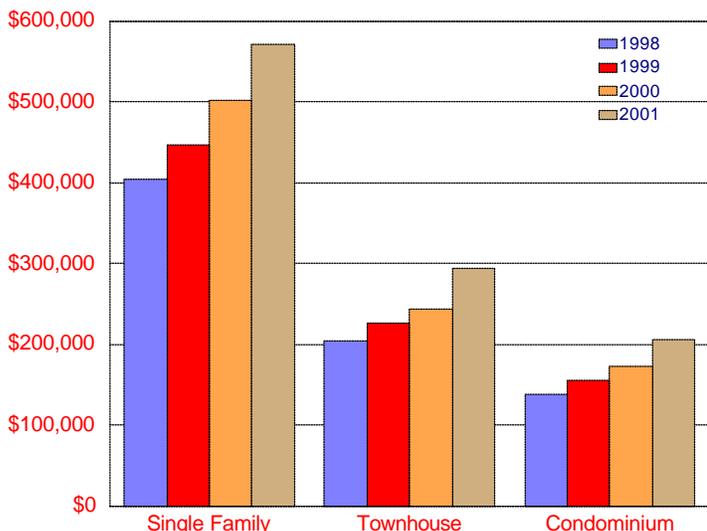
Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through January are up 11.1 percent, or 2 permits, from the same period in 2000. Nonresidential repair and alterations permits are up 14.0 percent, or 39 permits, year-to-date.

According to home sales data throughout 2001, existing homes in Fairfax County experienced strong growth in median sales prices. For existing single family homes, the median sales price was \$332,060 compared to the 2000 median of \$289,000—growth of 14.9 percent. The median for townhomes grew 17.4 percent from \$169,500 in 2000 to \$199,000 and the median for condominiums increased from \$103,945 to \$120,000 representing growth of 15.5 percent.



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

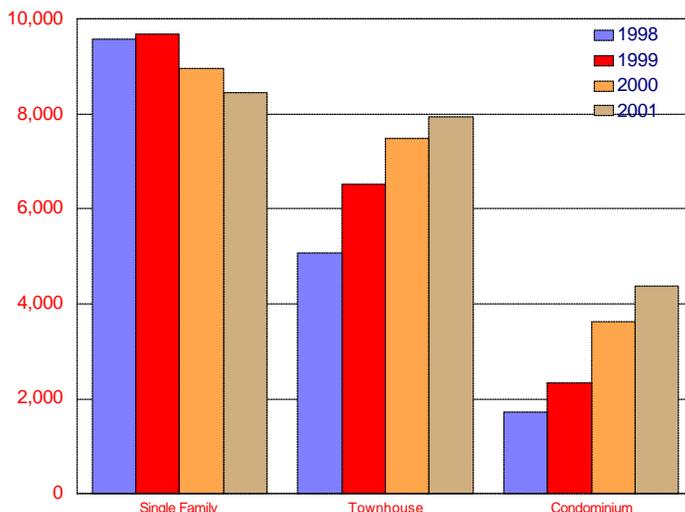


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Growth in median sales prices for new homes remains strong according to sales data throughout 2001. The median sales price for a new single family home was \$571,236, an increase of 13.9 percent, or \$69,816, over the 2000 median. New townhomes have increased 20.5 percent, from \$244,067 to \$294,000, while the median for condominiums grew from \$173,226 to \$206,675, or 19.3 percent, over the same period.

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.

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



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

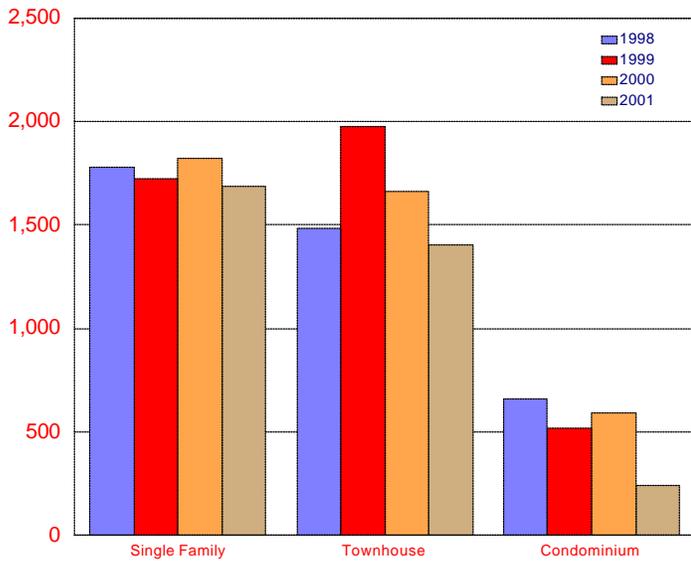
**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
YEAR-END 2000 COMPARED TO YEAR-END 2001**

	Existing Sales	New Sales
Single Family	14.9	13.9
Townhouse	17.4	20.5
Condominium	15.5	19.3

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

Existing home sales volume was up for townhomes and condominiums and down for single family homes during calendar year 2001. Single family home sales decreased by 521 units, or 5.8 percent, from 8,972 to 8,451. Townhome sales increased 6.0 percent from 7,493 to 7,940 while condominium sales were up 20.9 percent from 3,626 to 4,384 over the same period.

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

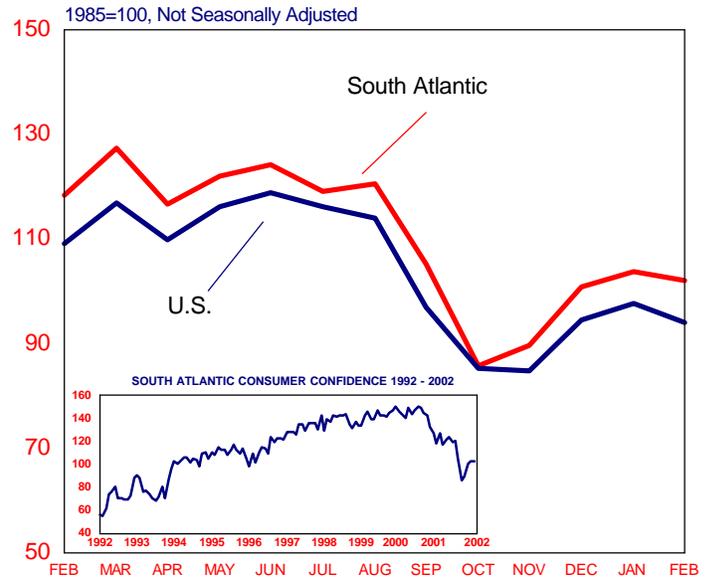


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

New home sales volume was down across all housing categories in 2001. New condominium sales fell from 590 in 2000 to 244 in 2001—a decline of 58.6 percent. New townhome sales decreased 15.5 percent, from 1,663 to 1,405, while single family home sales fell 7.4 percent, from 1,822 to 1,688 over the same period.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX



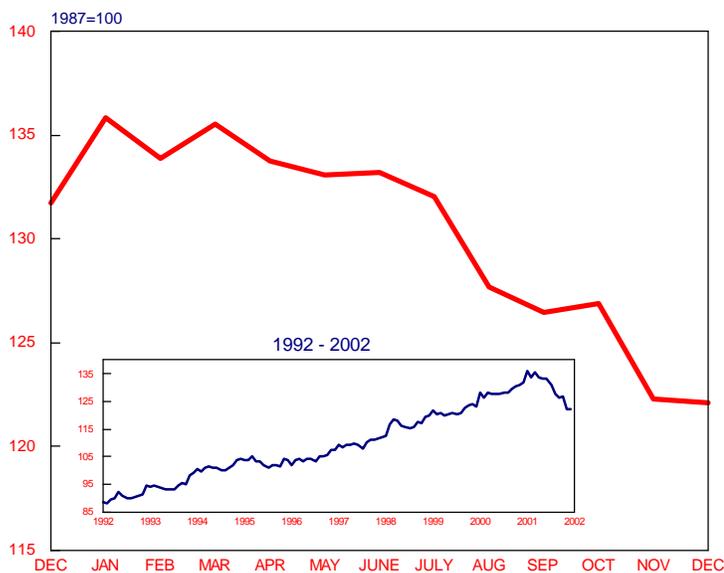
Source: Conference Board
Compiled by the Fairfax County Dept. of Management and Budget

The Conference Board reports that the Consumer Confidence Index has decreased in February following gains in December and January. The Index now stands at 94.1, down 3.7 points from January 2002. 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 February, the Present Situation Index is at 94.8, down 3.3 points from last month. The decrease indicates that consumers are less optimistic about current economic conditions, such as job availability and income expectations, than last month. The Expectations Index is also down in February from 97.6 to 93.6, suggesting consumers' outlook for the next six months is also not as optimistic as last month. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, while confidence has weakened since January, both components of the Index still point to healthy consumer spending in the months ahead suggesting that the economy is on the path to recovery. The South Atlantic Consumer Confidence Index has also decreased 1.5 points to 102.2.

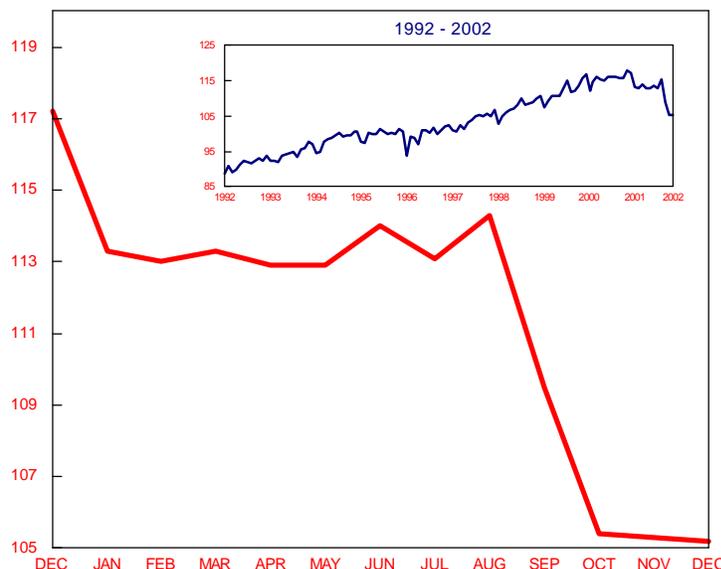
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices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

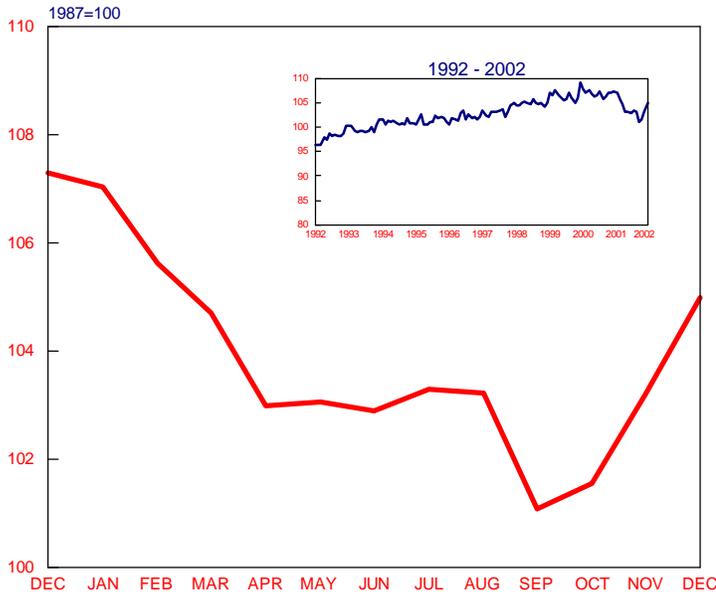
The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 122.1 in December—a 0.1 percent decrease from November. The Index has declined for most of the year, losing 7.6 percent since December 2000. While Fairfax County is still feeling the effects of September 11, the slight decline in December indicates that the slowdown has moderated. The decline is entirely due to a slowdown in new job growth as total employment decreased for the second consecutive month. The other three components of the Index improved as transient occupancy tax collections, adjusted for inflation and seasonal variation, increased for three out of the last four months, consumer confidence improved after five monthly decreases, and sales tax collections, adjusted for inflation and seasonal variation, increased for the second time in three months.



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, declined to 105.2 in December—a 0.1 percent decrease from November. The Index decreased 10.3 percent during 2001, but much of the decline is due to the events of September 11. In December, three of the Index's four components were positive, but they were overshadowed by the continued weakness in the hospitality and travel sectors. Domestic passenger volume at Dulles and Reagan Airports fell due to decreased airline service and tourist demand following the events of September 11. Consumer confidence increased after decreasing for five consecutive months and both nondurable goods retail sales and total wage and salary employment increased for the third month in a row.

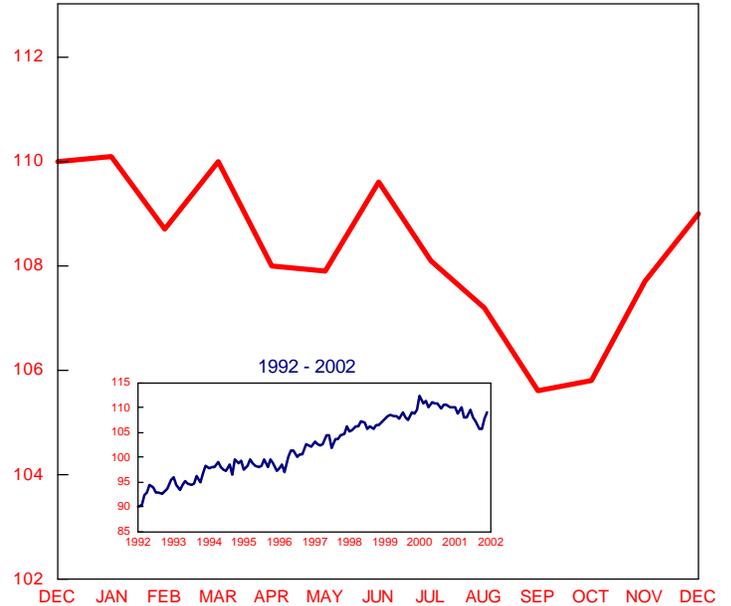


FAIRFAX COUNTY LEADING INDEX



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

METROPOLITAN LEADING INDEX

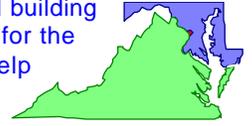


Source: Center Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

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 105.0 in December—a 1.7 percent gain over November. The Index has increased for three consecutive months after experiencing the largest ever one-month decline in September due to the events of September 11. The Index is now tracking above its 12-month moving average trend for the first time since January 2001. In December, four of the Index's five components contributed to its gain. Residential building permits increased for the third month in a row and initial claims for unemployment insurance decreased (improved). Consumer expectations were also up sharply for the second consecutive month and the total value of residential building permits was up after declining in November. New automobile sales were down for a second month in a row after record-setting sales in October.



The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, increased in December to 109.0, or 1.2 percent. The Leading Index has been up for three consecutive months indicating a recovery in the local economy during the first six months of 2002. In December, two of the Index's five components contributed to its gain. Initial claims for unemployment insurance decreased (improved) for the third consecutive month and consumer expectations (consumer confidence six months hence) rose sharply for the second month in a row. Total residential building and durable goods retail sales declined for the second consecutive month and the Help Wanted Index decreased offsetting its gain in November.



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