



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

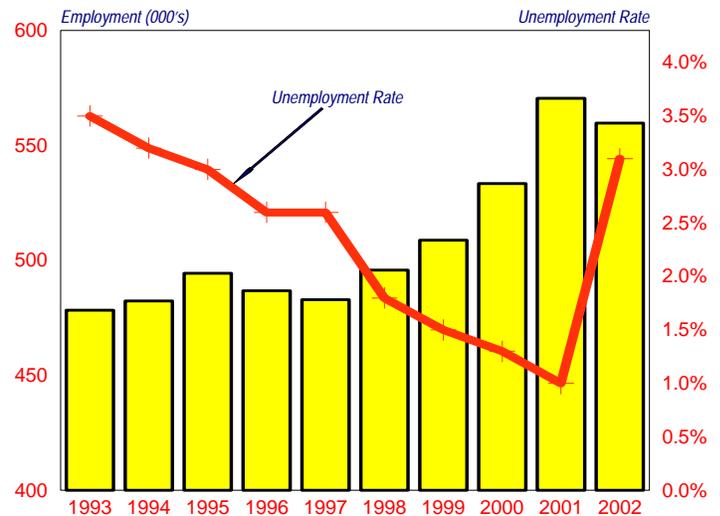
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MARCH 2002

MARCH HIGHLIGHTS

- The January unemployment rate in Fairfax County rose to 3.1 percent—a 0.4 point increase from December.
- March Sales Tax receipts for Fairfax County are 12.0 percent lower than March 2001, and fiscal year-to-date growth is down 7.0 percent.
- The overall growth rate of new residential permits has decreased sharply by 49.0 percent year-to-date. Through February, multifamily permits are down 97.8 percent and single family permits are up 10.3 percent.
- According to homes sales data through January, sales volume was up for existing homes and down for new homes, except for new townhomes which were up 74.4 percent. Median sales prices showed growth for both single family homes and townhomes.
- Consumer Confidence, which declined in February, increased dramatically in March. Consumers are much more optimistic about business conditions and employment than last month.
- In January, both the Fairfax County Coincident and Leading Indices increased. The Metropolitan Washington Coincident Index declined slightly, while the Metropolitan Leading Index increased in January.
- The increase in the Fairfax County Coincident Index and the decrease in the Metropolitan Coincident Washington Index suggest that the negative impact of September 11 on Fairfax County's economy has moderated more quickly than for the greater Metropolitan Washington region. This month's Coincident Indices reflect revised employment estimates for 2001, which were adjusted downward as a result of lay-offs in the hospitality and associated industries after September 11. The County's job growth rate was better than for the Metropolitan area.
- Despite a decrease in the Metropolitan Coincident Index, the prospect of economic expansion this year is supported by both Leading Indices, which have been up for three consecutive months.

RESIDENTIAL EMPLOYMENT - JANUARY



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

According to the Virginia Employment Commission (VEC), the January unemployment rate in Fairfax County rose to 3.1 percent—a 0.4 point increase from December. The January 2002 rate was 2.1 points higher than the January 2000 rate of 1.0 percent.

Statewide, the unemployment rate increased 0.2 points to 4.4 percent in January. The 2001 average jobless rate of 3.0 was revised to 3.5 percent due to higher than anticipated unemployment following the events of September 11. The January 2002 level was the highest monthly unemployment rate since June 1997. Unemployment rates worsened in January because of seasonal employment losses, colder weather and year-end manufacturing furloughs.



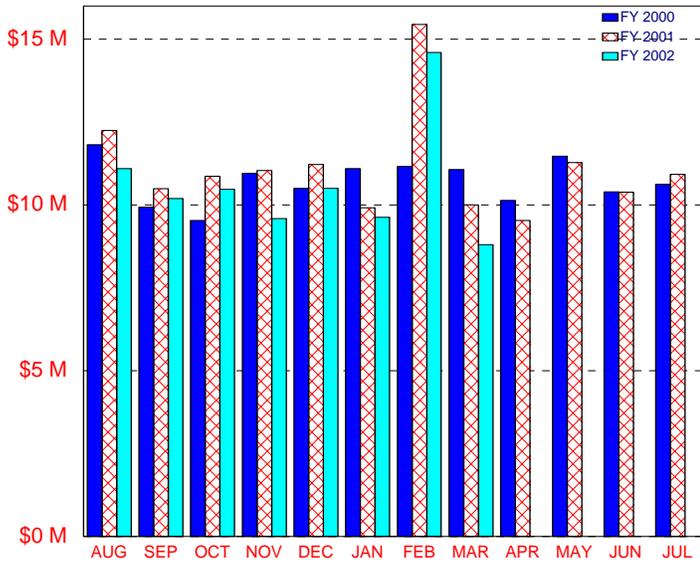
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

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



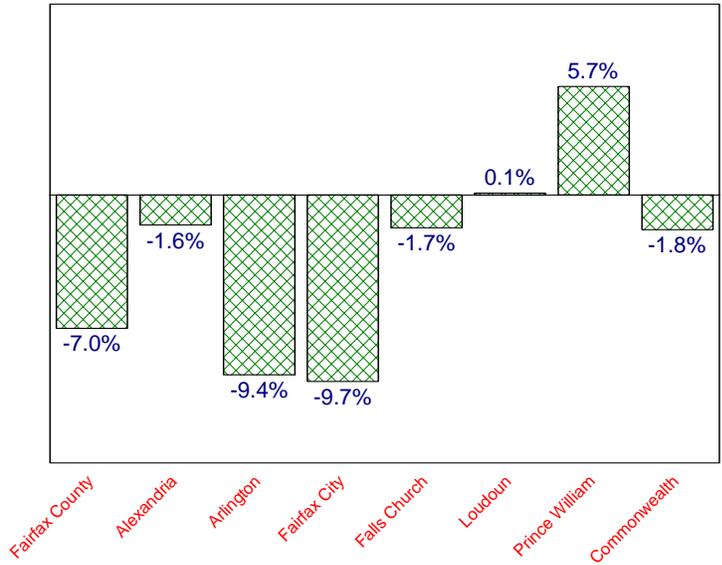
SALES TAX REVENUES

(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 MARCH



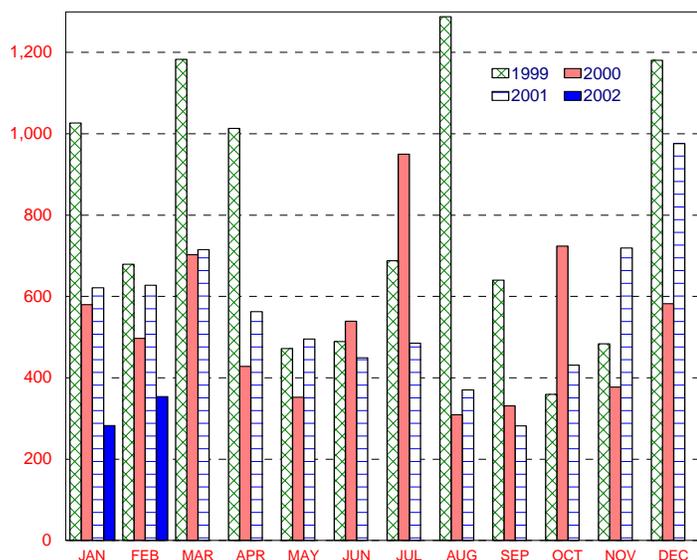
Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

March Sales Tax receipts for Fairfax County, representing retail purchases made in January, are \$8.8 million—12.0 percent lower than January 2001. Fiscal year-to-date, Sales Tax receipts are 7.0 percent lower than the same period last year.

According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in February increased 0.3 percent from January, but were up 2.9 percent from February 2001. Compared to last year, motor vehicle and parts dealers were up 3.1 percent, health and personal care store sales were up 8.1 percent and building materials and garden equipment sales were up 3.6 percent, while gasoline station sales were down 13.0 percent.

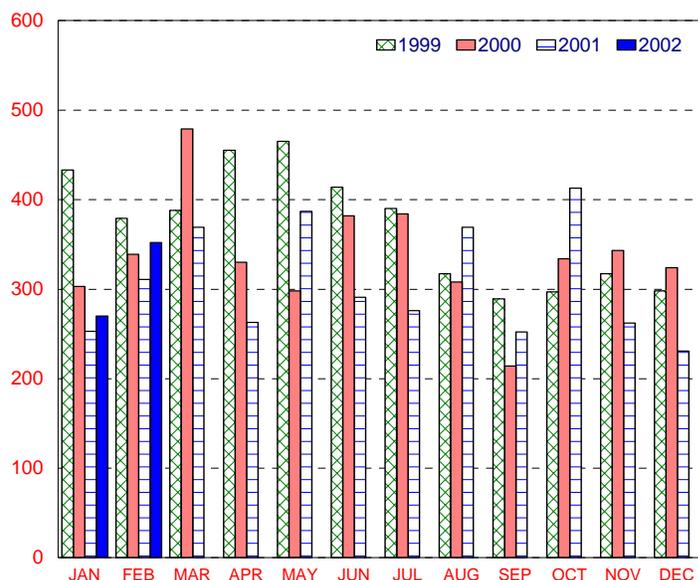
Sales Tax receipt growth from August through March has been negative among all the Northern Virginia localities except for Prince William and Loudoun Counties. These receipts represent the first eight months of FY 2002 and correspond to retail purchases from June through January. Through March, Sales Tax receipts are down 9.7 percent in Fairfax City, 9.4 percent in Arlington, 7.0 percent in Fairfax County, 1.6 percent in Alexandria, and 1.7 percent in Falls Church, year-to-date. Both Prince William County and Loudoun have experienced positive growth to-date at 5.7 percent and 0.1 percent respectively. During this same period, Statewide Sales Tax receipts are down 1.8 percent.

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW DWELLINGS



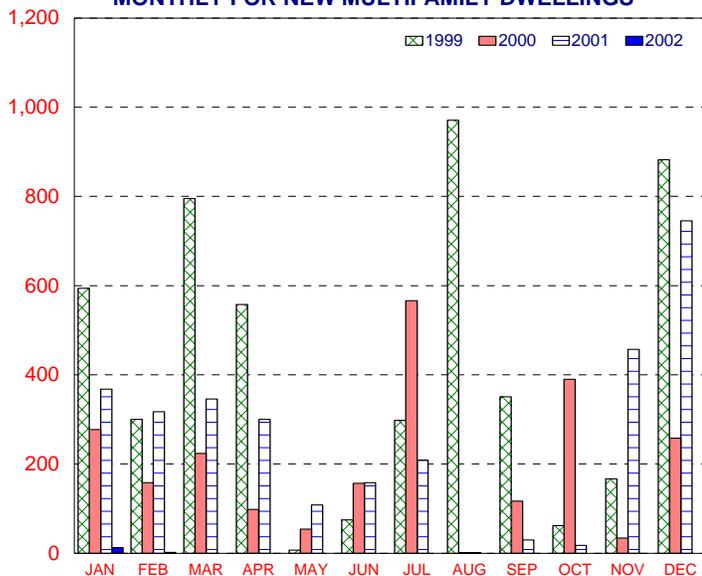
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

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



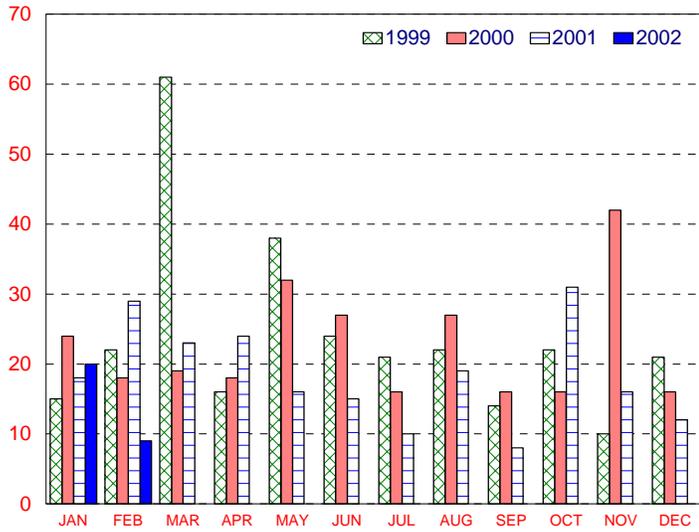
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Note: In August 2000 and 2001, only one multifamily permit was issued and in February 2002, only two permits were issued; therefore, the bars are too small to discern.

The overall growth rate of new residential permit categories has decreased, year-to-date. Through February, new residential dwelling permits are down 49.0 percent, or 612 permits. Multifamily permits are down sharply 97.8 percent, or 670 permits, year-to-date, while single family permits are up 10.3 percent, or 58 permits, over the same period.

Residential repair and alteration permits are down year-to-date. Through February, issues of residential repair and alteration permits have decreased by 3.8 percent, or 54 permits, from the same period last year.

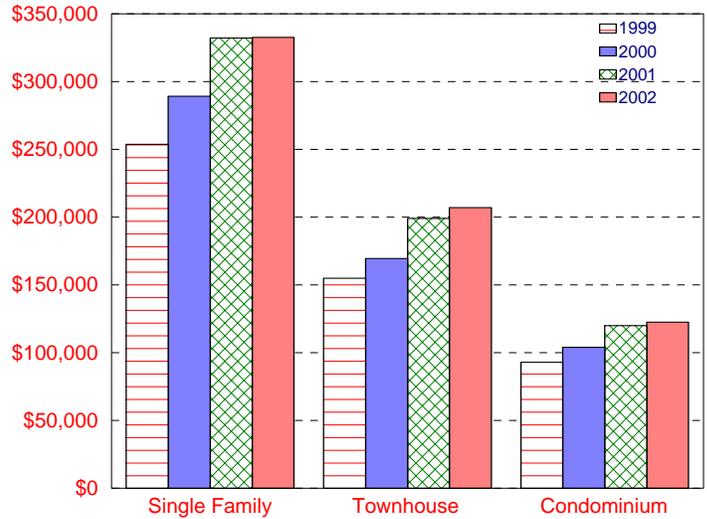
NUMBER OF NONRESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW STRUCTURES



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 JANUARY 2002 COMPARED TO ANNUAL MEDIAN PRICES 1999 - 2001



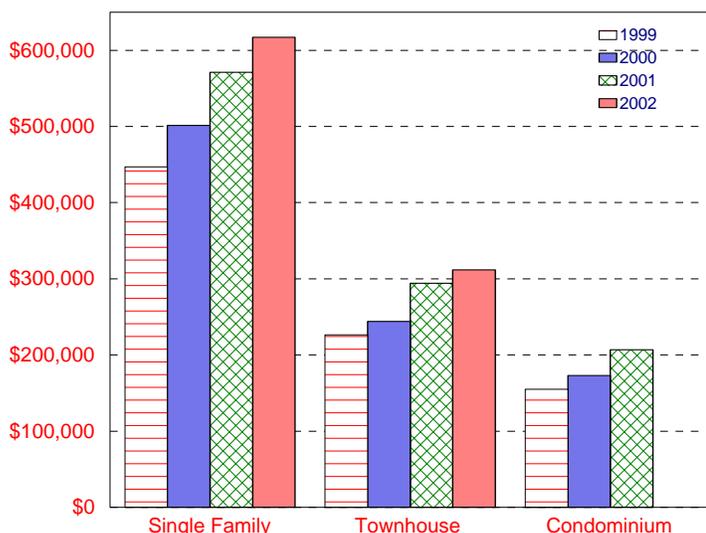
Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through January are down 38.3 percent, or 18 permits, from the same period in 2001. Nonresidential repair and alterations permits are up 2.2 percent, or 13 permits, year-to-date.

According to home sales data in January 2002, existing homes in Fairfax County experienced positive growth in median sales prices. For existing single family homes, the median sales price was \$332,500 compared to the 2001 annual median of \$330,500—growth of 0.6 percent. The median for townhomes grew 4.0 percent from \$199,000 in 2001 to \$207,000 and the median for condominiums increased from \$119,000 to \$122,500 representing growth of 2.9 percent.



**MEDIAN PRICE OF NEW HOMES SOLD
JANUARY 2002 COMPARED TO
ANNUAL MEDIAN PRICES 1999 - 2001**

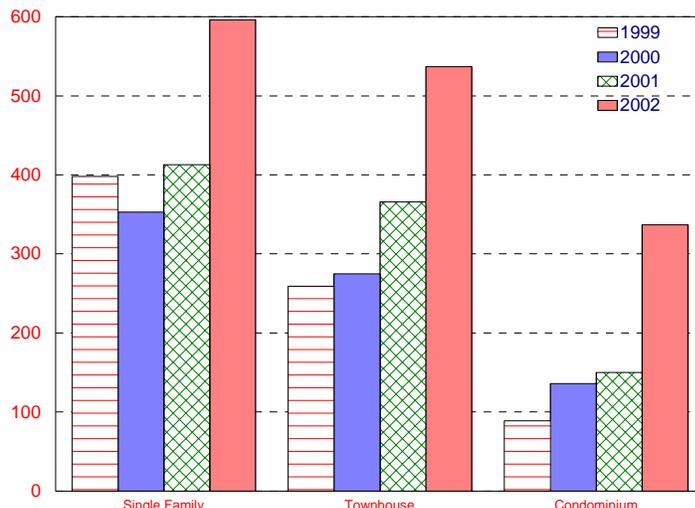


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

In January, growth in median sales prices for new homes remained positive for new single family and townhomes. The median sales price for a new single family home was \$616,803, an increase of 8.1 percent, or \$46,381, over the 2001 annual median. New townhomes increased 5.8 percent, from \$294,928 to \$311,890. Because only one new condominium was sold in January, a comparison with the annual 2001 median would not be valid and is not shown in the chart above.

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
JANUARY 1999-2002**



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

Existing home sales volume was up sharply for all homes sold in January. Single family home sales increased by 180 units, or 43.3 percent, from 416 to 596. Townhome sales increased 45.5 percent from 369 to 537 while condominium sales were up 112.0 percent from 159 to 337 year-to-date.

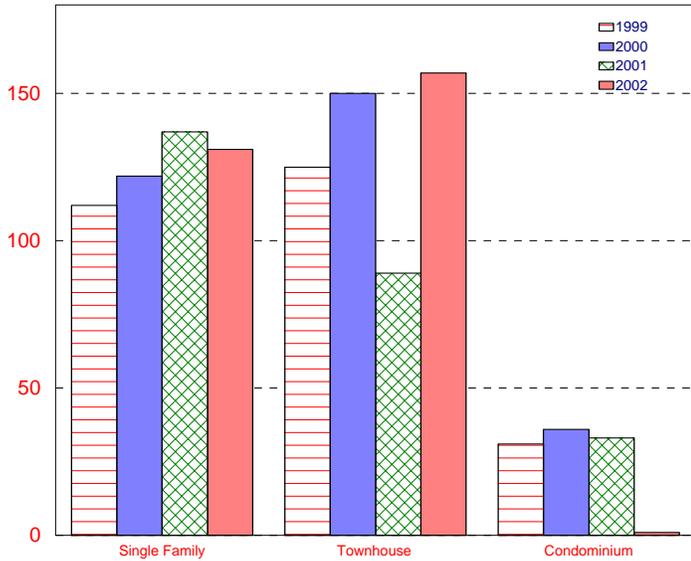
**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
YEAR-END 2001 COMPARED TO JANUARY 2002**

	Existing Sales	New Sales
Single Family	0.6	8.1
Townhouse	4.0	5.8
Condominium	2.9	*

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

* Only one condominium was sold in January 2002, so comparison to last year's median is not valid.

**NUMBER OF NEW HOMES SOLD
JANUARY 1999-2002**

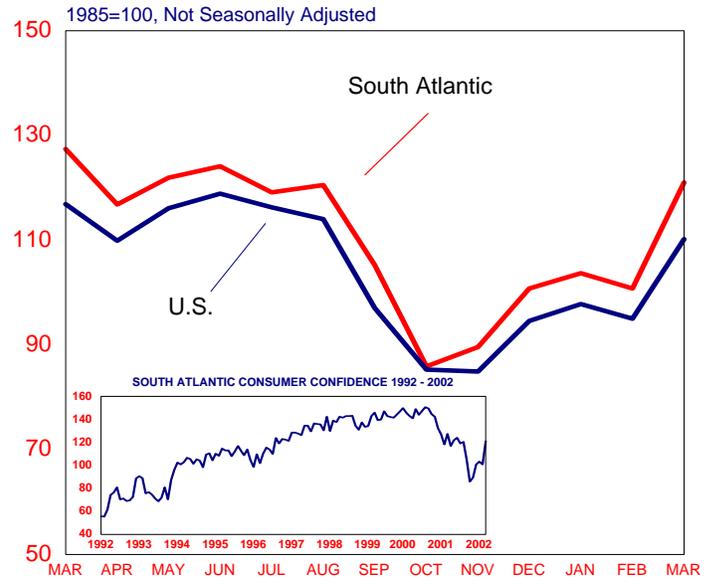


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

New home sales volume was down for single family and condominiums but up sharply for townhomes in January 2002. New condominium sales fell from 33 in 2001 to 1 in 2002—a decline of 97.0 percent. New townhome sales increased 74.4 percent, from 90 to 157, while single family home sales fell 6.4 percent, from 140 to 131 year-to-date.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX



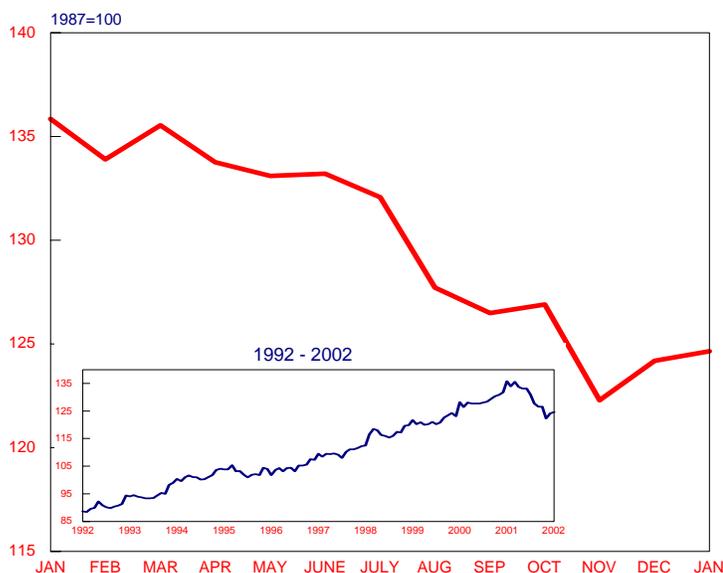
Source: Conference Board
Compiled by the Fairfax County Dept. of Management and Budget

The Conference Board reports that the Consumer Confidence Index increased dramatically in March after declining in February. The Index now stands at 110.2, up 15.2 points from February 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 March, the Present Situation Index is at 111.5, up 15.1 points from last month. The increase indicates that consumers are more optimistic about current economic conditions, such as job availability and income expectations, than last month. The Expectations Index is also up in March from 94.0 to 109.3, suggesting consumers' outlook for the next six months is also more optimistic than last month. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, the surge in confidence should improve consumer spending and the overall pace of economic growth this year. The South Atlantic Consumer Confidence Index has increased 20.2 points to 121.

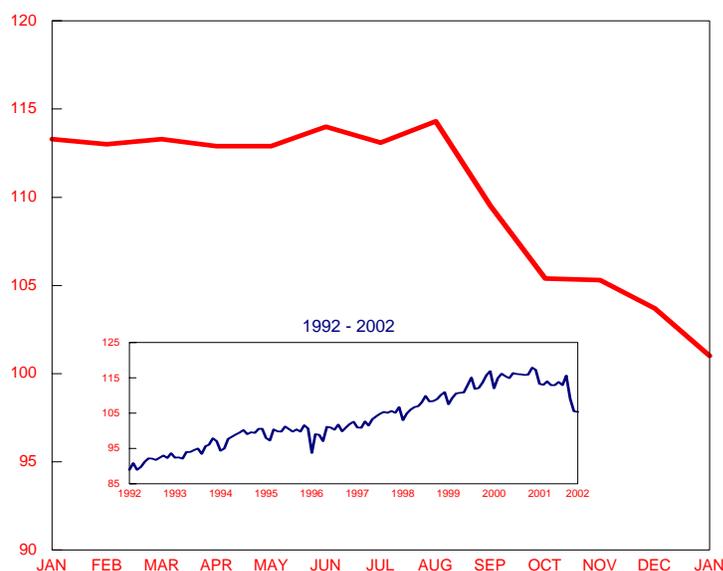
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices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

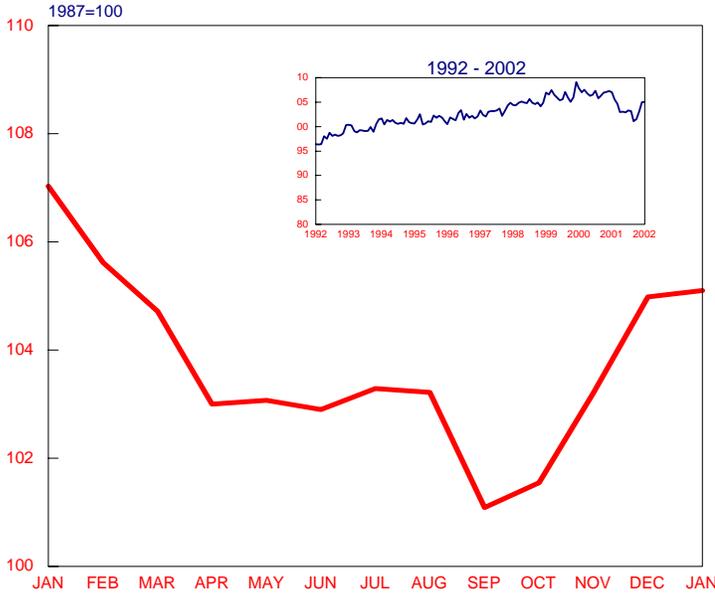
The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 124.6 in January—a 0.4 percent increase over December. Although the Index has increased over the past two months, it is down 5.9 percent since January 2001. Fairfax County is still feeling the effects of September 11, but the economy's slowdown has moderated. In January, two of the Index's four components were positive. Total employment was up after declining over the past two months and sales tax collections, adjusted for inflation and seasonal variation, increased for the second month in a row. Consumer confidence decreased for the seventh month in a row and transient occupancy tax collections, adjusted for inflation and seasonal variation, declined after increasing in three out of the last four months.



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, declined to 101.0 in January—a 2.7 percent decrease from December. The Index has decreased 10.3 percent since January 2001, but much of the decline is due to the events of September 11. In January, three of the Index's four components contributed to its decline. Consumer confidence decline for the seventh month in a row, nondurable goods retail sales fell after three monthly gains, and total wage and salary employment decreased following four monthly gains. Domestic passenger volume at Dulles and Reagan Airports improved for the first time since the events of September 11.

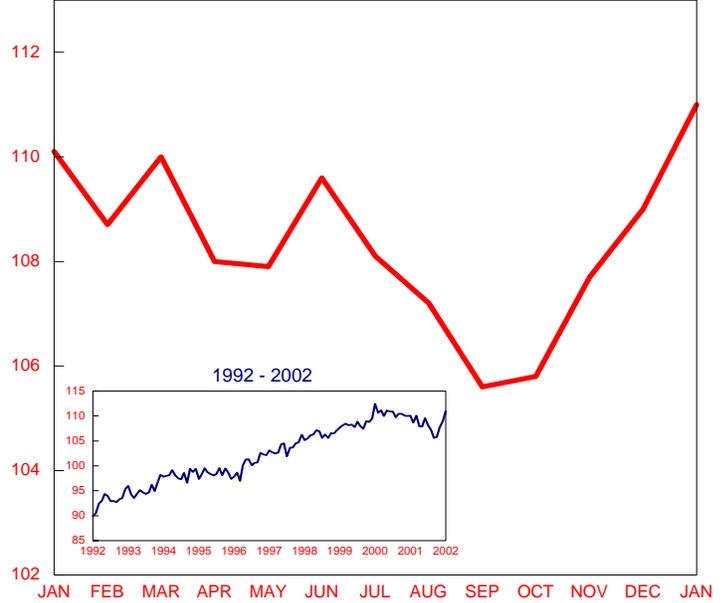


FAIRFAX COUNTY LEADING INDEX



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 105.1 in January—a 0.11 percent gain over December. The Index has increased for four 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, although it is 1.8 percent below its January 2001 level. In January, three of the Index's five components contributed to its gain. Consumer expectations were up for the third consecutive month, new automobile sales were up after two monthly declines and initial claims for unemployment insurance decreased (improved) for the third month in a row. Residential building permits decreased following three monthly increases and the total value of residential building permits was down after increasing over the past two months.



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 January to 111.0, or 1.8 percent. The Leading Index has gained 5.1 percent over the past four months indicating a recovery in the local economy during the first six months of 2002. The Index now exceeds its same-month value for the first time in a year. In January, three of the Index's five components contributed to its gain. Initial claims for unemployment insurance decreased (improved) for the fourth consecutive month, consumer expectations (consumer confidence six months hence) rose for a third month and durable goods retail sales increased following two monthly declines. Total residential building permits declined for the third consecutive month and the Help Wanted Index remained unchanged from last month.



Inquiries should be directed to:

**The Department of Management and Budget
12000 Government Center Parkway, Suite 561
Fairfax, Virginia 22035-0074
(703) 324-2391 or 1-800-828-1120 (TDD)**

Staff: Susan Datta, Director; Marcia Wilds, Sarah Young, analysts; and Frann Shurnitski, technical support.

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