



ECONOMIC INDICATORS ©

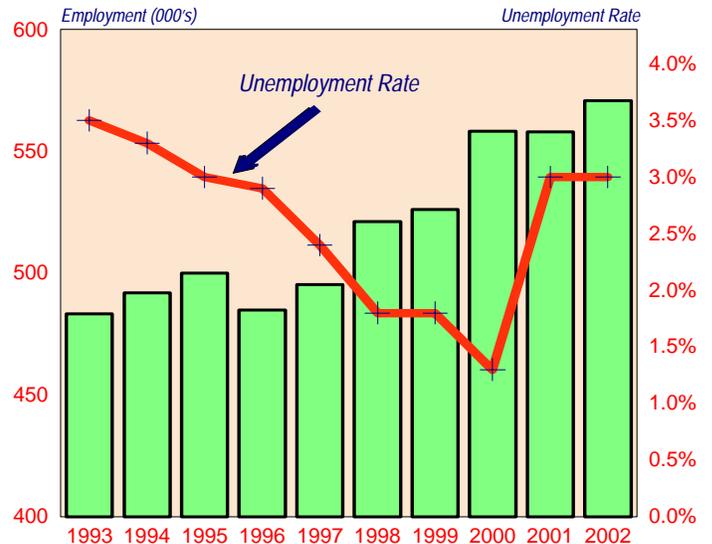
FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

NOVEMBER 2002

In this issue . . .

- The September unemployment rate in Fairfax County decreased 0.1 percentage point from August.
- Sales Tax receipts for Fairfax County have increased 2.2 percent over the first four months of FY 2003.
- The overall growth rate of new residential permits has increased by 1.5 percent year-to-date. Through October, multifamily permits are up 28.6 percent, while single family permits are down 14.5 percent.
- According to homes sales data through August, sales volume was up for existing homes and down for new homes, except for new townhomes which were up 0.5 percent. Median sales prices showed growth for both existing and new home sales.
- Consumer Confidence rebounded in November. Consumers' assessments of business and employment conditions were more optimistic than last month.
- In September, both the Metropolitan Washington and Fairfax County Coincident indices decreased. Sluggish job growth and uncertainty among investors and consumers have slowed the recovery process in the local economy.
- The Metropolitan Washington Leading Index decreased, while the Fairfax County Leading index increased slightly in September. Despite slight decrease, both leading indices continue to track above their historical trend lines, indicating that the region's economy will continue its upward trend through the end of 2002 and into 2003.

RESIDENTIAL EMPLOYMENT - SEPTEMBER



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

According to the Virginia Employment Commission (VEC), the September unemployment rate in Fairfax County decreased 0.1 percentage point from August's revised unemployment rate. The September 2002 rate was the same as the September 2001 rate of 3.0 percent.

Statewide, the unemployment rate decreased 0.2 points to 4.1 percent in September. The September jobless rate was 0.1 point above the September 2001 jobless rate of 4.0 percent. According to the Virginia Employment Commission, the increase in employment was due to a seasonal reduction in the state's labor force as college students quit their jobs to go back to school. Permanent layoffs in the Northern Virginia telecom industry and lower trade and construction employment throughout the State partially offset seasonal improvements in other sectors.



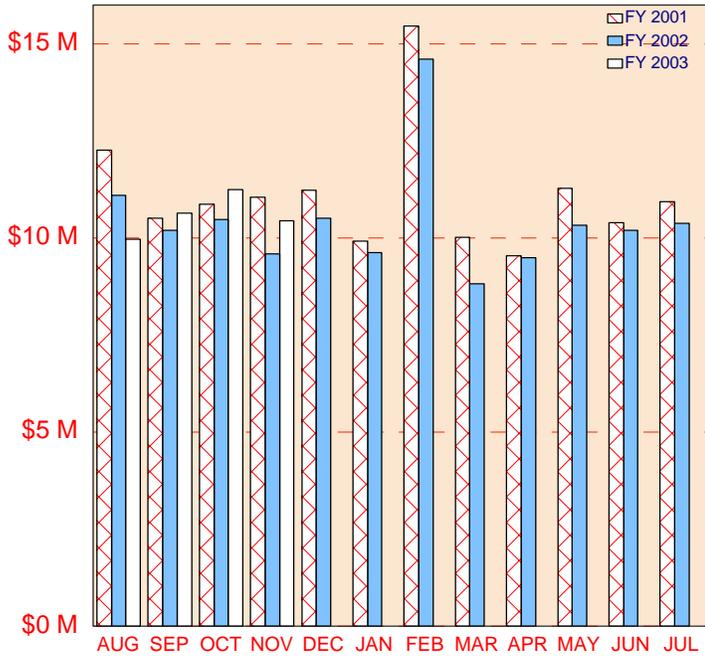
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

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



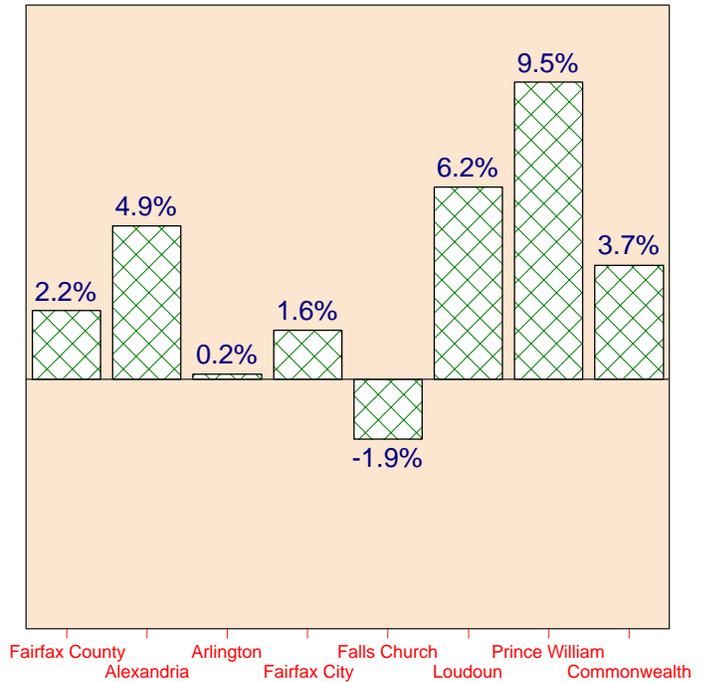
SALES TAX REVENUES

(revenues represent retail sales two months prior)



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

FY 2003 SALES TAX RECEIPTS THROUGH NOVEMBER 2002



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

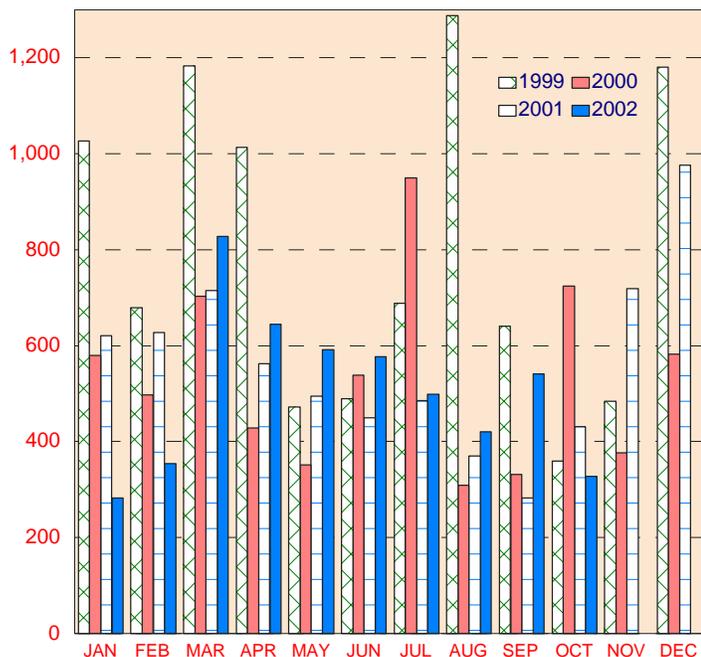
Fiscal year-to-date, Sales Tax receipts are 2.2 percent higher than the same period last year. November Sales Tax receipts, which represent purchases made in September, increased 8.8 percent over November 2001. While November marks the third consecutive monthly increase in Sales Tax Receipts, October retail sales may be down as a result of the Washington area sniper attacks.

According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in October remained unchanged from September, but were down 0.7 percent from October 2001. Compared to last year, health and personal care store sales were up 7.0 percent, building materials and garden equipment sales were up 6.4 percent, gasoline station sales were up 5.5 percent, while motor vehicle and parts dealers were down 14.3 percent from October last year.



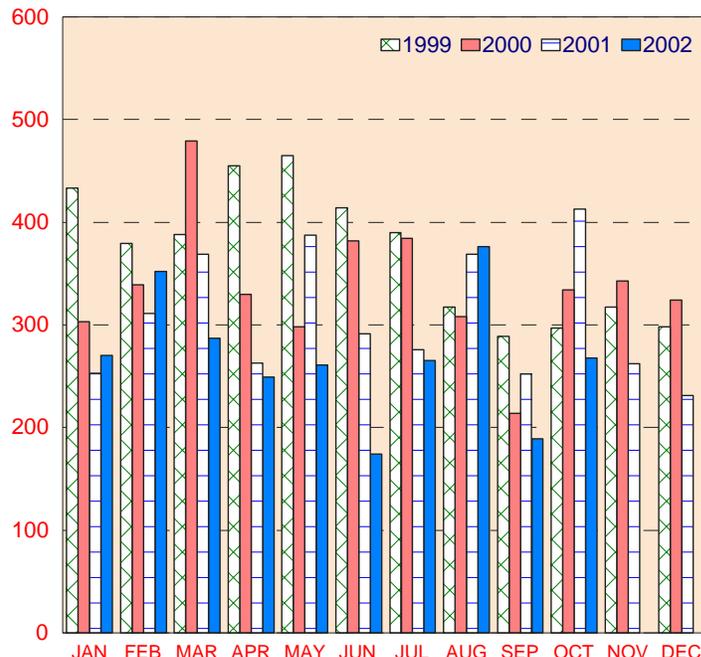
Sales Tax receipt growth through November is positive for all the Northern Virginia localities, except for Falls Church. These receipts correspond to retail purchases made June through September. Sales Tax receipts are up 1.6 percent in Fairfax City, 2.2 percent in Fairfax County, 4.9 percent in Alexandria, 6.2 percent in Loudoun County, 9.5 percent in Prince William County, and 0.2 percent in Arlington County, year-to-date. Sales Tax receipts for Falls Church were down 1.9 percent compared to the same period last year. During this same period, Statewide Sales Tax receipts are up 3.7 percent.

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW DWELLINGS



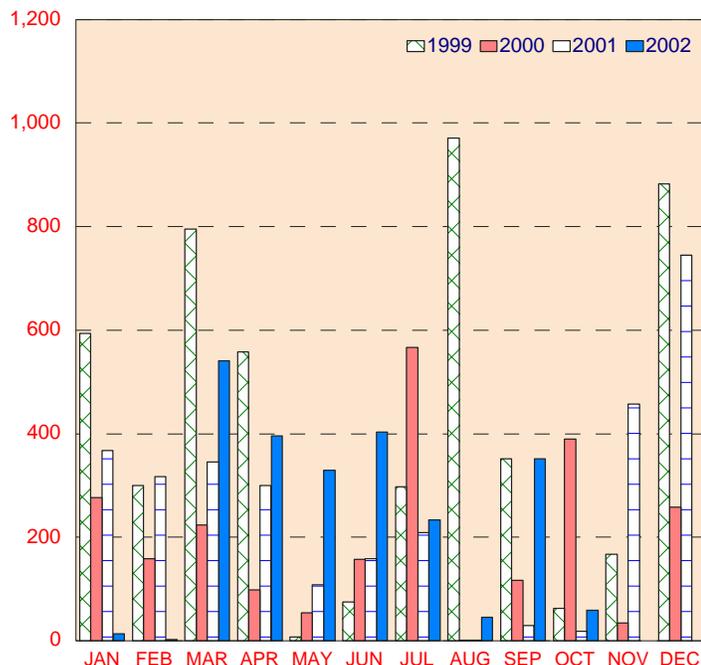
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

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



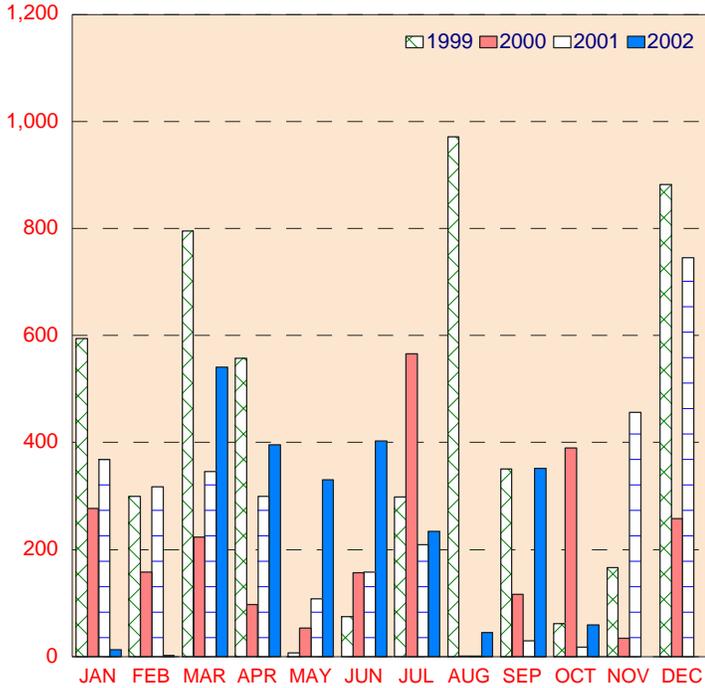
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

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 increased, year-to-date. Through October, new residential dwelling permits are up 1.5 percent, from 5,066 to 4,993. Multifamily permits are up 28.6 percent, or 528 permits, year-to-date, while single family permits are down 14.5 percent, or 455 permits, over the same period.

Residential repair and alteration permits are up year-to-date. Through October, issues of residential repair and alteration permits are 10,016, an increase of 6.2 percent, or 581 permits, from the same period last year.

NUMBER OF NONRESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW STRUCTURES

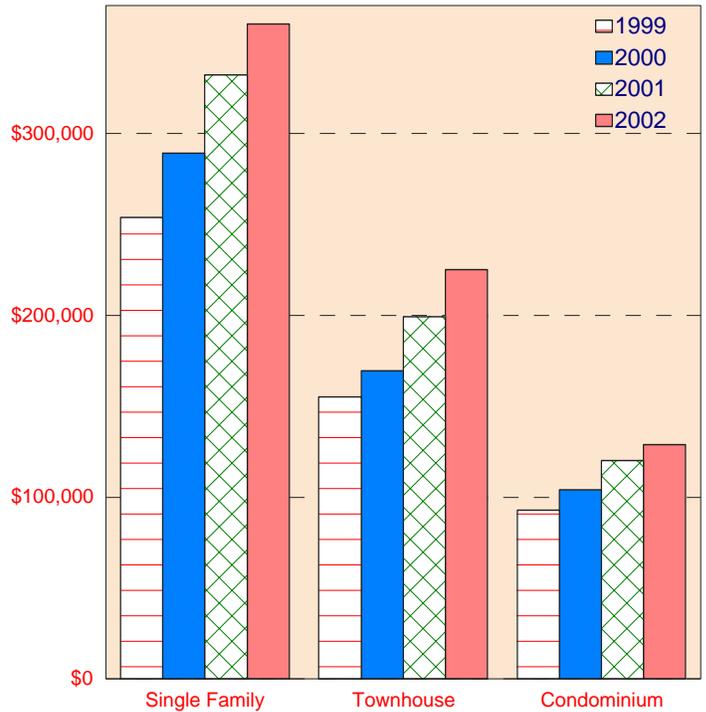


Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

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.

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY - SEPTEMBER 2002 COMPARED TO ANNUAL MEDIAN PRICES 1999 - 2001



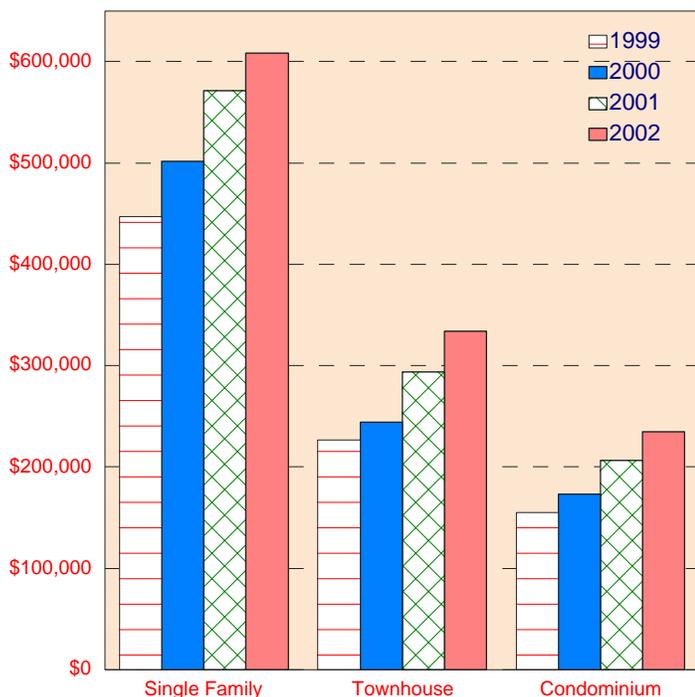
Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through October are down 37.3 percent, or 72 permits, from the same period in 2001. Nonresidential repair and alterations permits are down 9.3 percent, or 299 permits, year-to-date.

According to home sales data through September 2002, existing homes in Fairfax County experienced gains in median sales prices. For existing single family homes, the median sales price was \$375,000 compared to the 2001 median of \$330,500—growth of 13.5 percent. The median for townhomes grew 18.1 percent from \$199,000 in 2001 to \$235,000 and the median for condominiums increased from \$119,000 to \$137,000 representing growth of 15.1 percent.



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



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

Through September 2002, growth in median sales prices for new homes remained positive. The median sales price for a new single family home was \$608,647, an increase of 6.7 percent over the 2001 median. New townhomes increased 13.2 percent, from \$294,928 to \$333,800. The median sales price for condominiums increased 12.9 percent, from \$207,650 to \$234,483.

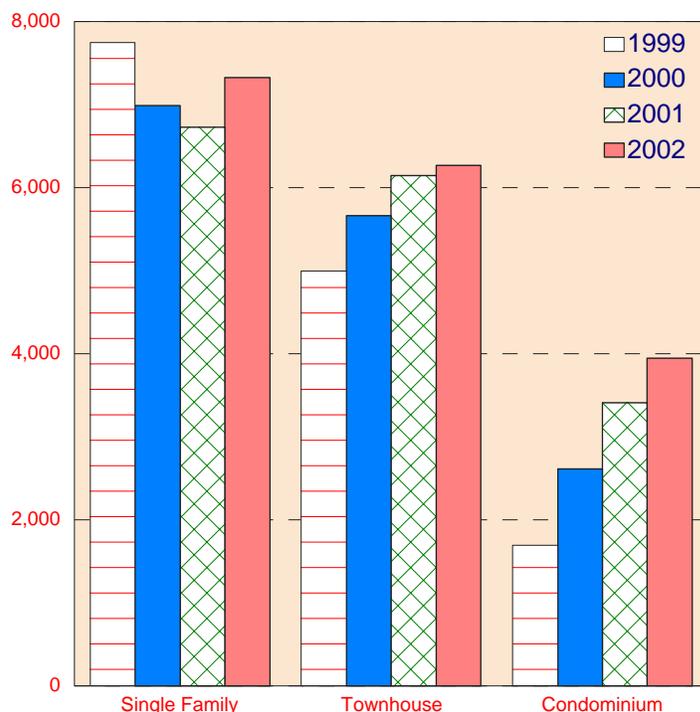
**PERCENTAGE CHANGE IN MEDIAN PRICE OF
HOMES SOLD YEAR-END 2001 COMPARED
TO SALES THROUGH SEPTEMBER 2002**

	Existing Sales	New Sales
Single Family	13.5	6.7
Townhouse	18.1	13.2
Condominium	15.1	12.9

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 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.

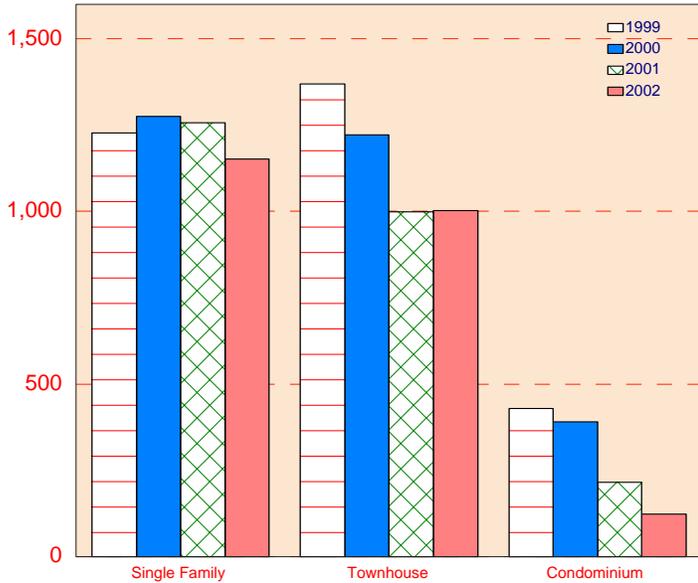
**NUMBER OF EXISTING HOMES
SOLD THROUGH SEPTEMBER
1999 - 2002**



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

Existing home sales volume was up for all homes through September 2002. Single family home sales increased 8.8 percent, from 6,732 to 7,326, townhome sales increased 2.0 percent from 6,151 to 6,273 and condominium sales were up 15.8 percent from 3,408 to 3,947 year-to-date.

NUMBER OF NEW HOMES SOLD THROUGH SEPTEMBER 1999 - 2002

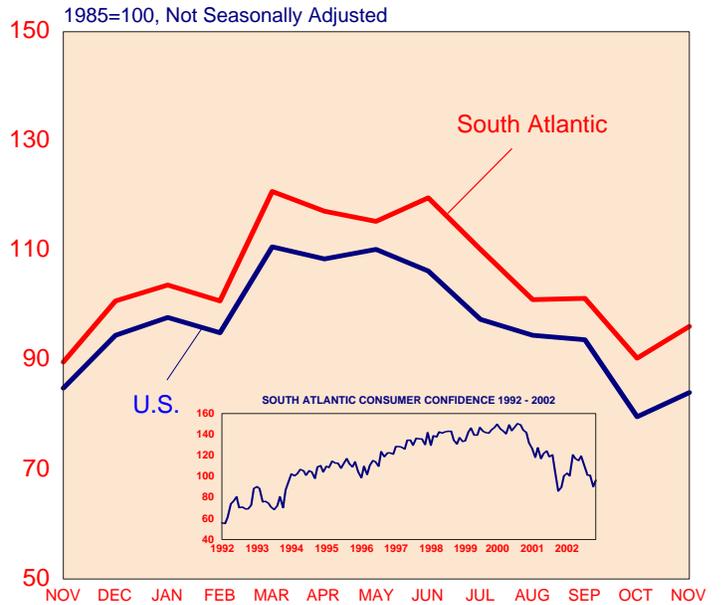


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

New home sales volume was down for single family homes and condominiums but up for townhomes through September 2002. New condominium sales fell from 216 in 2001 to 124 in 2002—a decline of 42.6 percent. New townhome sales increased 0.5 percent, from 998 to 1,003, while single family home sales fell 8.4 percent, from 1,257 to 1,151 year-to-date.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX



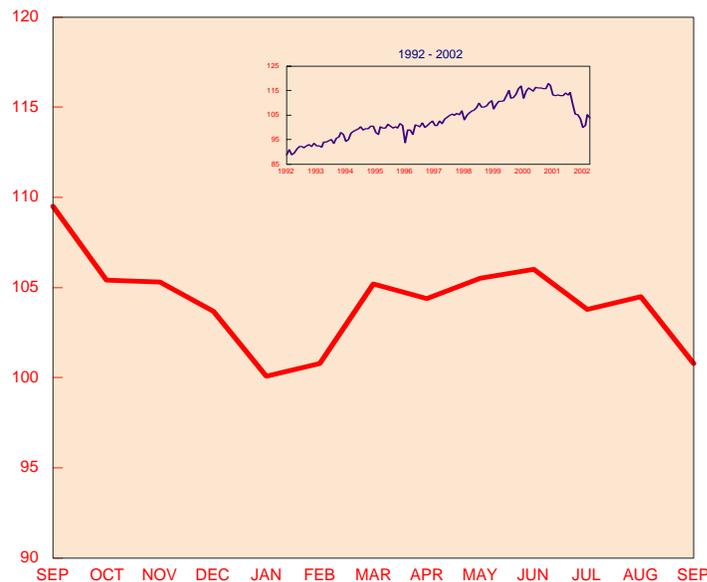
The Conference Board reports that the Consumer Confidence Index, which had fallen in the last five months, rebounded in November. The Index now stands at 84.1, up 4.5 points from last month. The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations 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 November, the Present Situation Index increased 0.4 points from last month to 77.6. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, consumers' short-term outlook of business conditions was more positive this month. Weak labor market and business conditions and the threat of military action in Iraq, has affected consumer confidence over the past several months. The Expectations Index also increased in November, from 81.1 to 88.4. The percentage of consumers expecting business conditions to improve over the next six months has increased since last month. Franco notes that the rebound in both the Present Situation and Expectations Indices signals a brighter outlook for the holiday retail season.

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

METROPOLITAN COINCIDENT INDEX



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

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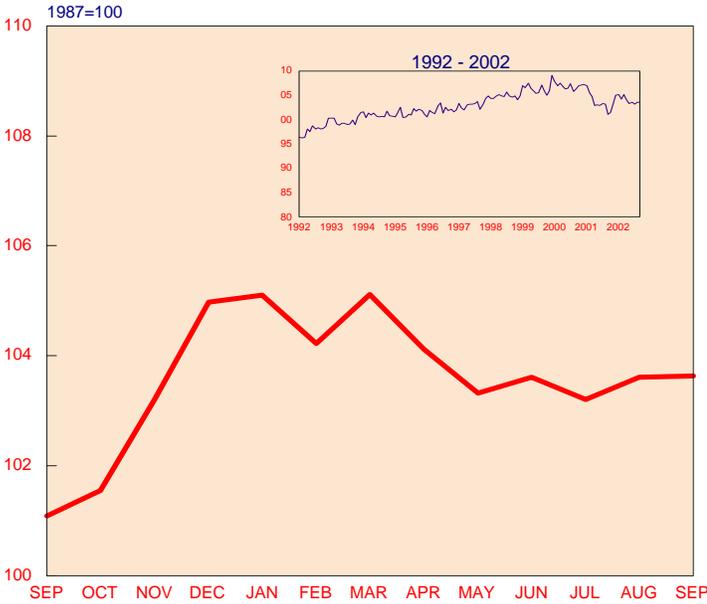
The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 119.1 in September—a 1.8 percent decrease from August. The Index has been down in five of the last six months and is 5.4 percent below its August 2001 level. While the County's economy remains strong, uneven consumer spending and job growth has slowed the economic recovery. In September, three of the Index's four components contributed to its decrease. Total employment decreased for the fifth time in six months, consumer confidence decreased for the third month in a row and sales tax collections, adjusted for inflation and seasonal variation, decreased following two monthly gains. Transient occupancy tax collections, adjusted for inflation and seasonal variation, increased following sixth monthly declines.



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, decreased to 100.8 in September—a 3.6 percent decrease from August. The Index has been down for three consecutive months and is 7.1 percent below its September 2001 level. Low consumer confidence and an increase in unemployment figures have prevented the Index from maintaining higher growth rates. In September, three of the Index's four components contributed to its decrease. Domestic passenger volume at Dulles and Reagan Airports decreased following three monthly gains. Nondurable goods retail sales were down sharply from August and consumer confidence fell for the third month in a row. Total wage and salary employment increased following decreases in July and August.



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 103.6 in September—a 0.01 percent gain over August. The Index continues to track above its historical trend line, pointing to acceleration in the economy within in the next two quarters. In September, three of the Index's five components contributed to its gain. Initial claims for unemployment insurance decreased (improved) for the third time in four months, consumer expectations increased and residential building permits improved following five monthly decreases. The total value of residential building permits decreased after two monthly gains and new automobile sales declined for a second consecutive month.



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 108.2 in September. The Index is 2.5 percent over its September 2001 level, however, and is tracking above its twelve-month moving average line. In September, three of the Index's five components increased, but were offset by the negative performance of the other two components. Initial claims for unemployment insurance increased (worsened) after improving over the last three months and durable goods retail sales decreased after two monthly gains. The Help Wanted Index increased after falling in the past two months, total residential building permits increased and consumer expectations were up after decreasing in the previous two months.



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.