



# ECONOMIC INDICATORS ©

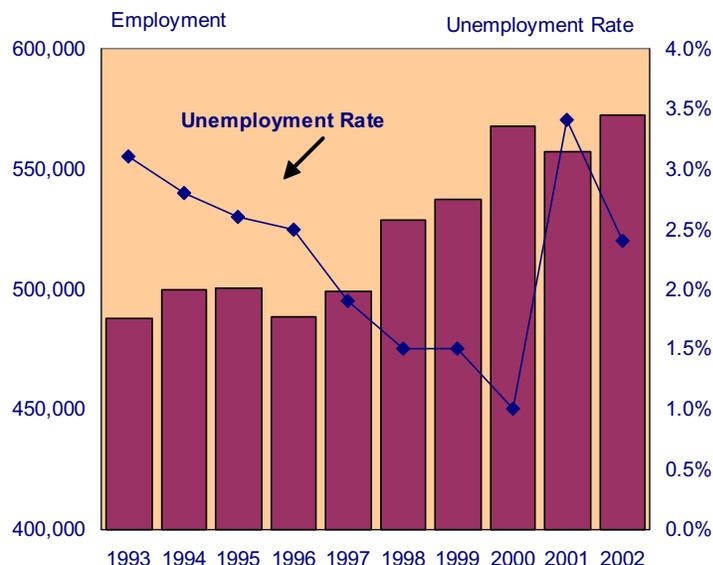
FAIRFAX COUNTY  
DEPARTMENT OF MANAGEMENT AND BUDGET

DECEMBER 2002

## In this issue . . .

- The October unemployment rate in Fairfax County fell to 2.7 percent, 0.3 percent lower than in September.
- Sales Tax receipts for Fairfax County are 0.1 percent lower than the same period last year, fiscal year-to-date through December.
- The overall growth rate of new residential permits has increased by 4.7 percent year-to-date. Through November, multifamily permits are up 35.4 percent, while single family permits are down 16.1 percent.
- According to homes sales data through October, sales volume was up for existing homes and down for new homes. Median sales prices showed growth for both existing and new home sales.
- Consumer Confidence, which had rebounded in November after falling for five consecutive months, lost much of its gain. The County's economy remains strong, as increased confidence was bolstered by an increase in job growth.
- In October, both the Metropolitan Washington and Fairfax County Coincident indices increased. While still sluggish, the Washington Metropolitan area economy is showing signs of recovery with total employment rising following three monthly declines.
- The Metropolitan Washington and Fairfax County Leading Indices both decreased in October. 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 2003.

### RESIDENTIAL EMPLOYMENT - NOVEMBER



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

According to the Virginia Employment Commission (VEC), the October unemployment rate in Fairfax County decreased 0.3 percentage points from September's revised unemployment rate to 2.7 percent. The October 2002 rate was 0.6 percentage points lower than the October 2001 rate of 3.3 percent.

Statewide, the unemployment rate decreased 0.3 points to 3.8 percent in October. The October jobless rate was 0.3 points below the October 2001 jobless rate of 4.1 percent. According to the Virginia Employment Commission, employment increased due to the new school year and retail jobs associated with the holidays. The increase in employment was partially offset by manufacturing inventory adjustment furloughs.



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

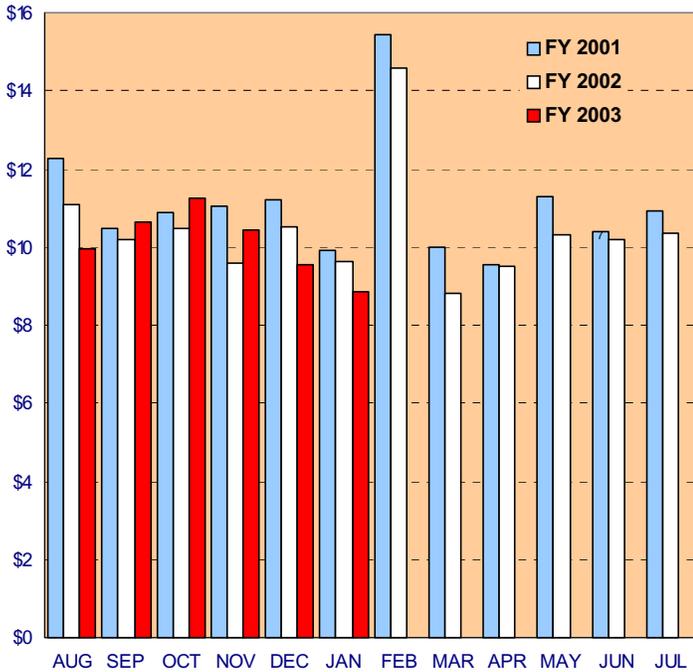
<http://www.fairfaxcounty.gov/comm/economic/economic.htm>



**SALES TAX REVENUES**

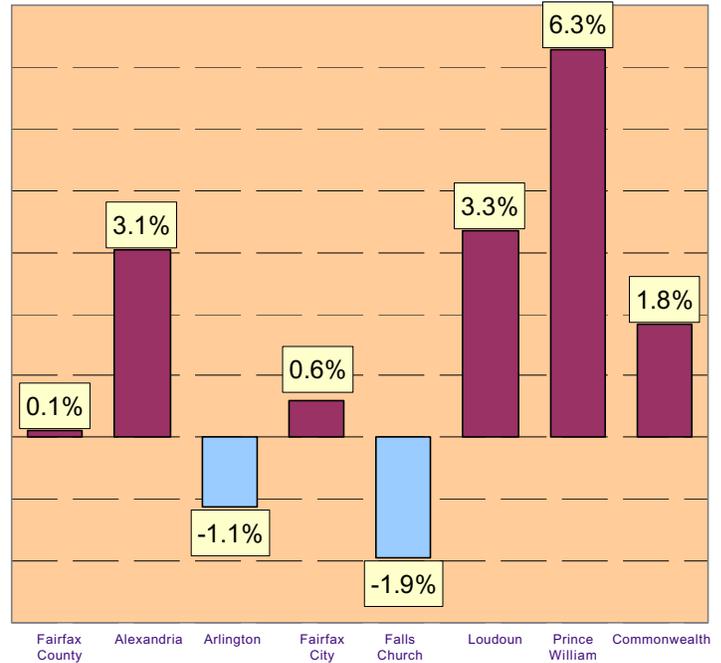
(revenues represent retail sales two months prior)

Millions



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

**FY 2003 SALES TAX RECEIPTS THROUGH DECEMBER 2002**



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

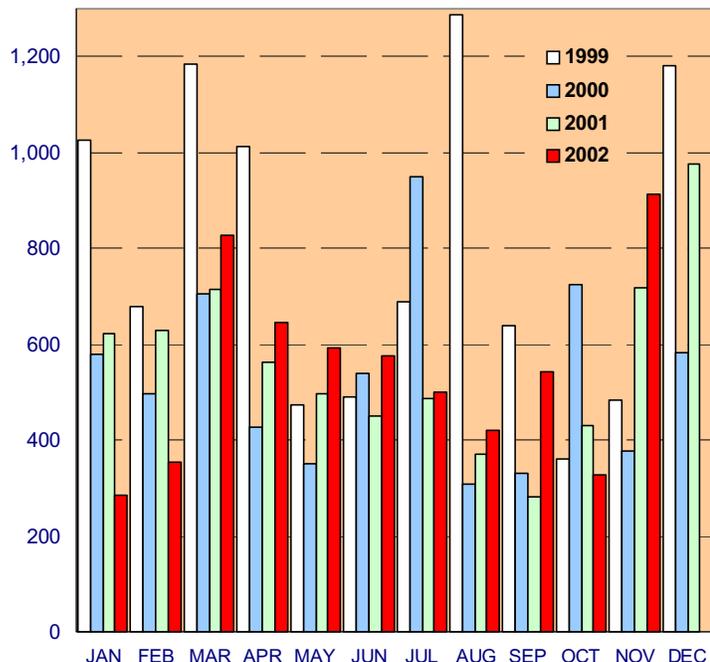
Fiscal year-to-date, Sales Tax receipts are 0.1 percent lower than the same period last year. December Sales Tax receipts, which represent purchases made in October, decreased 9.2 percent from December 2001. December receipts had been expected to decline as a result of the October sniper attacks which impacted consumer spending in our area.

According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in November increased 0.4 percent from the previous month and 2.1 percent from November 2001. Compared to last year, health and personal care store sales were up 7.1 percent, building materials and garden equipment sales were up 6.9 percent, gasoline station sales were up 11.8 percent, while motor vehicle and parts dealers were down 6.4 percent from November last year.



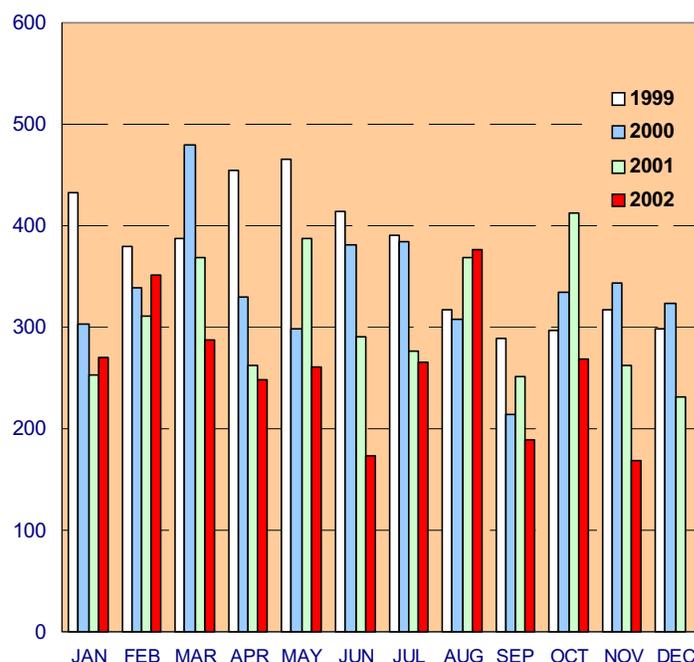
Sales Tax receipt growth through December is positive for several Northern Virginia localities, including Loudoun County, Prince William County, and Alexandria. These receipts correspond to retail purchases made June through October. Sales Tax receipts are down 0.1 percent in Fairfax County, 0.6 percent in Fairfax City, 1.1 percent in Arlington County, and 2.0 percent in Falls Church; year-to-date. Sales Tax receipts grew 3.1 percent in Alexandria, 3.3 percent in Loudoun County, and 6.3 percent in Prince William County. During this same period, Statewide Sales Tax receipts are up 1.8 percent.

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



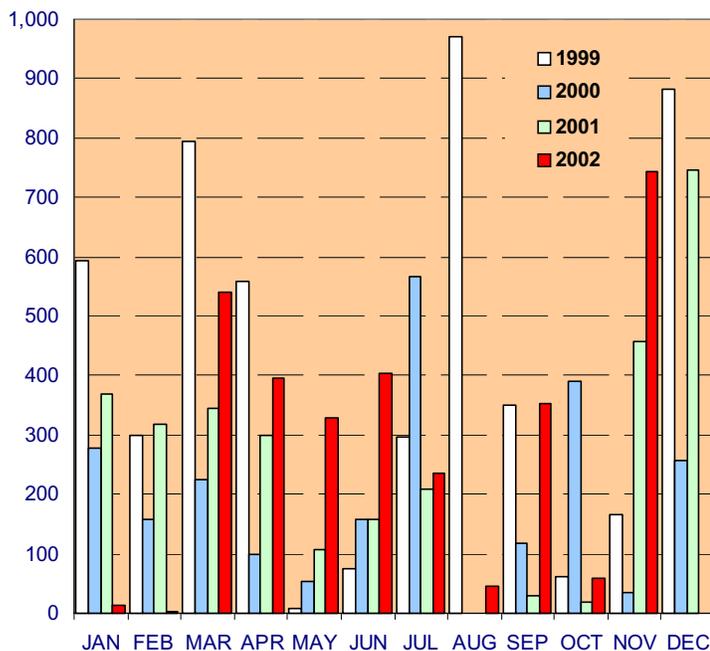
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

**NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW SINGLE FAMILY DWELLINGS**



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

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



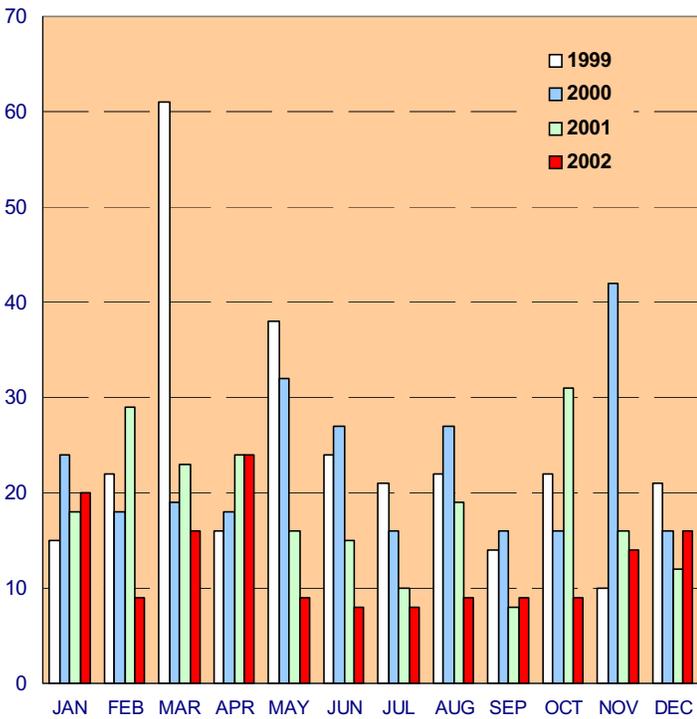
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

**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 November, new residential dwelling permits are up 4.7 percent, or 267 permits. Multifamily permits are up 35.4 percent, or 815 permits, year-to-date, while single family permits are down 16.1 percent, or 548 permits, over the same period.

Residential repair and alteration permits are up year-to-date. Through November, issues of residential repair and alteration permits have increased by 6.6 percent, or 676 permits, from the same period last year.

**NUMBER OF NONRESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW STRUCTURES**

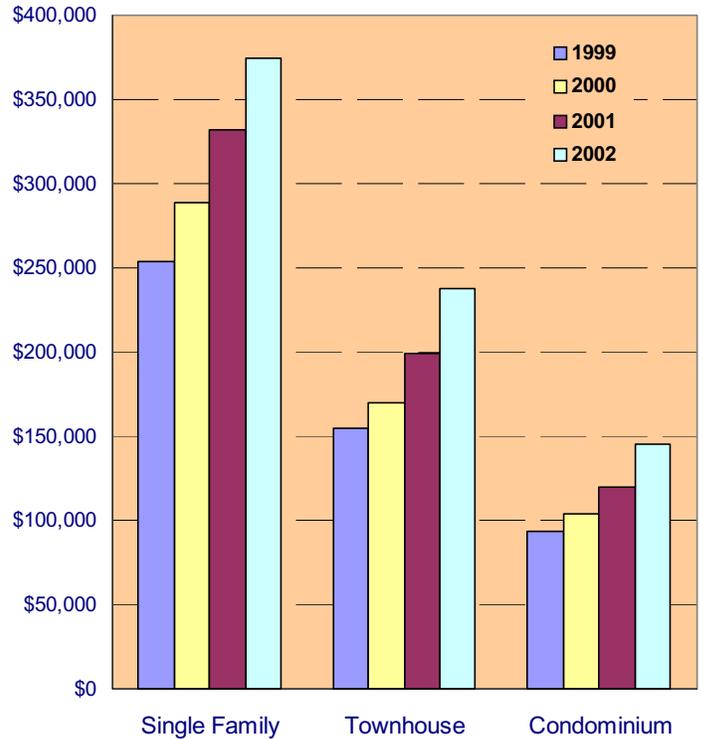


Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

Nonresidential building permits issued through November are down 35.4 percent, or 74 permits, from the same period in 2001. Nonresidential repair and alterations permits are down 7.9 percent, or 272 permits, year-to-date.

**HOME SALES IN FAIRFAX COUNTY**

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

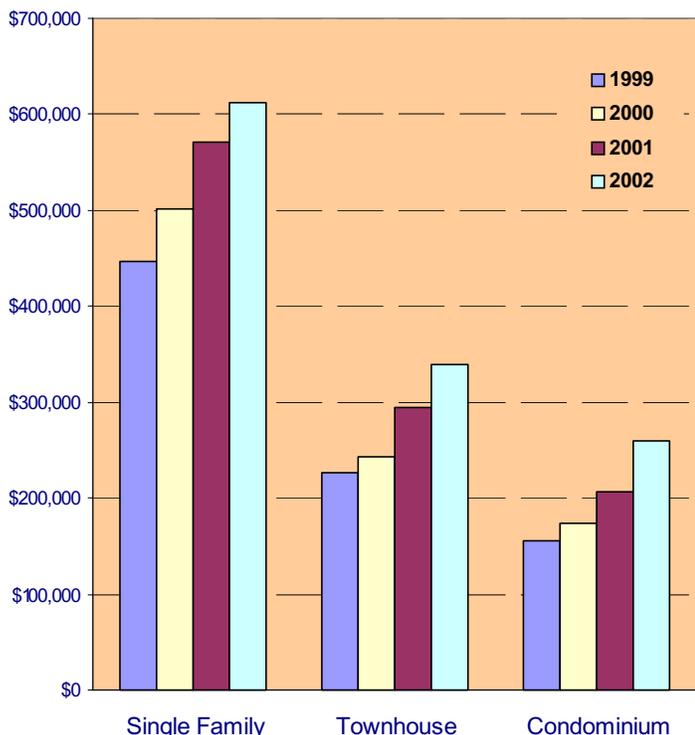


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

According to home sales data through October 2002, existing homes in Fairfax County experienced positive growth 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 19.1 percent from \$199,000 in 2001 to \$237,000 and the median for condominiums increased from \$119,000 to \$142,620 representing growth of 19.9 percent.



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



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

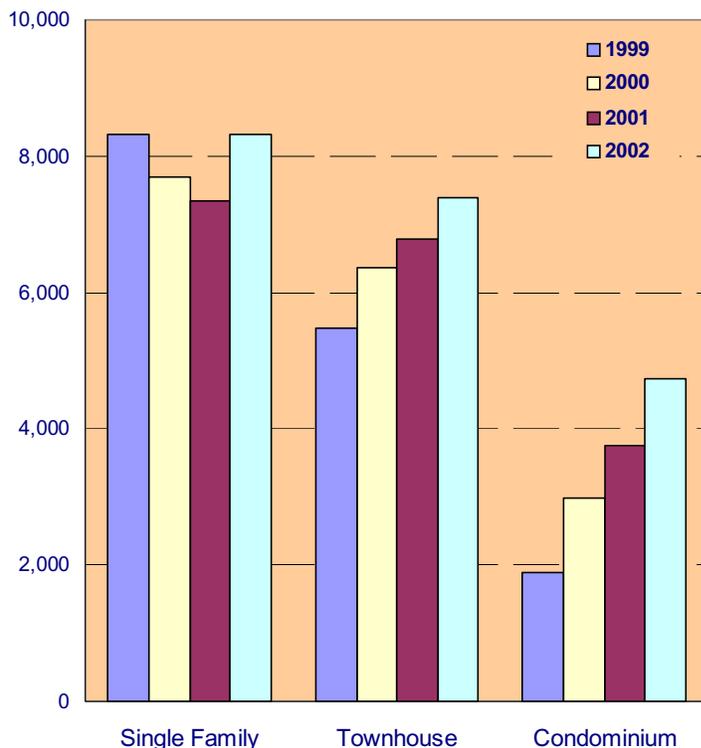
Through October 2002, growth in median sales prices for new homes remained positive. The median sales price for a new single family home was \$611,070, an increase of 7.1 percent over the 2001 median. New townhomes increased 14.3 percent, from \$294,928 to \$337,048. The median sales price for condominiums increased 6.9 percent, from \$207,650 to \$222,000.

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

	Existing Sales	New Sales
Single Family	13.5	7.1
Townhouse	19.1	14.3
Condominium	19.9	6.9

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.

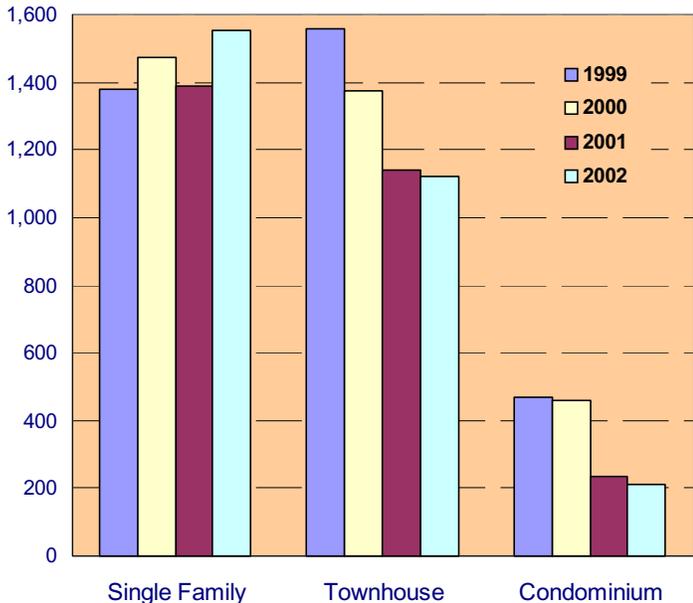
**NUMBER OF EXISTING HOMES  
SOLD THROUGH NOVEMBER  
1999 - 2002**



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

Existing home sales volume was up for all homes through October 2002. Single family home sales increased 5.8 percent, from 7,377 to 7,806, townhome sales increased 0.6 percent from 6,829 to 6,873 and condominium sales were up 13.8 percent from 3,843 to 4,373 year-to-date.

**NUMBER OF NEW HOMES SOLD THROUGH NOVEMBER 1999 - 2002**

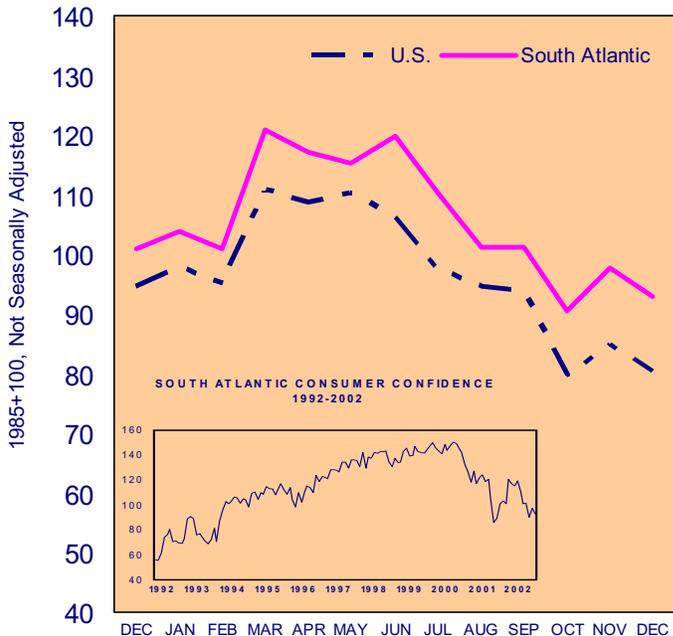


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

New home sales volume was down for all homes through October 2002. New condominium sales fell from 238 in 2001 to 167 in 2002—a decline of 29.8 percent. New townhome sales decreased 6.9 percent, from 1,153 to 1,074, while single family home sales fell 3.3 percent, from 1,399 to 1,353 year-to-date.

**ADDITIONAL INDICATORS**

**CONSUMER CONFIDENCE INDEX**



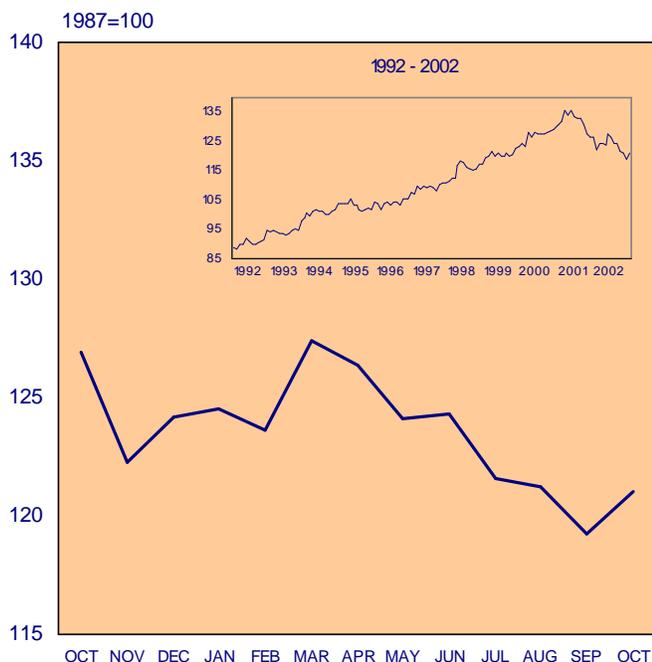
The Conference Board reports that the Consumer Confidence Index, which had rebounded in November after falling for five consecutive months, lost much of its gain. The Index now stands at 80.3, down 4.6 points from last month. The Consumer Confidence Index is composed of two separate indices: the Present 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 December, the Present Situation Index decreased 8.4 points from last month to 69.9. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, while consumers' expectations were lower than in November, there were still mixed signals. Consumers expect business conditions to improve slightly in the next six months but expect fewer jobs in the interim. The Expectations Index also decreased in December, from 89.3 to 87.2. Franco notes that until there is an improvement in labor market conditions, consumer confidence will remain low.

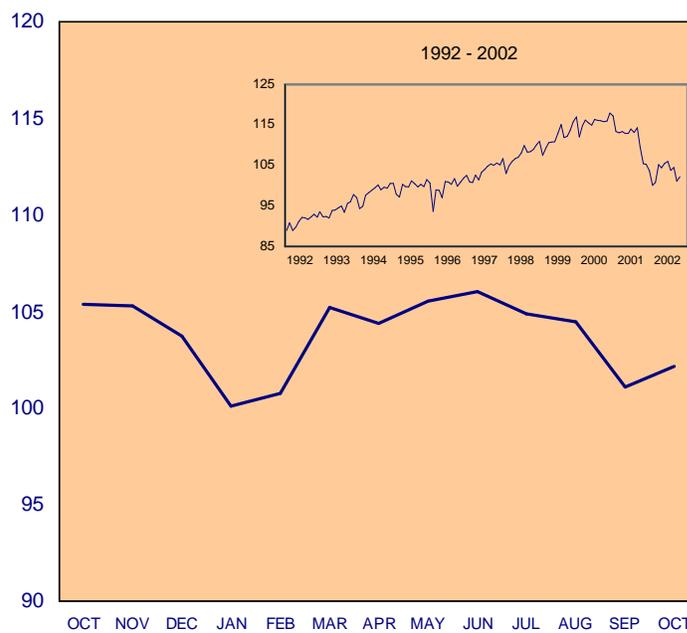
The percentage of consumers expecting business conditions to improve over the next six months has increased slightly since last month. Franco notes that until there is an improvement in labor market conditions, consumer confidence will remain low.

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



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

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

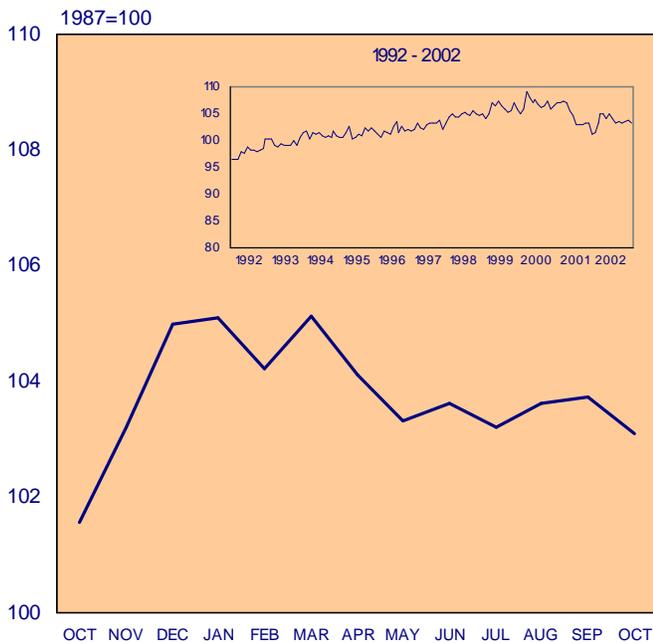
The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 121.0 in October—a 1.5 percent increase from September. October marks the first increase in four months and the second since April. The Index is still 4.6 percent below its August 2001 level. In October, three of the Index's four components contributed to its increase. Total employment increased following three monthly declines and consumer confidence increased for the first time in four months. Transient occupancy tax collections, adjusted for inflation and seasonal variation, increased for the second consecutive month. Sales tax collections, adjusted for inflation and seasonal variation, decreased only slightly following a sharp fall in September.



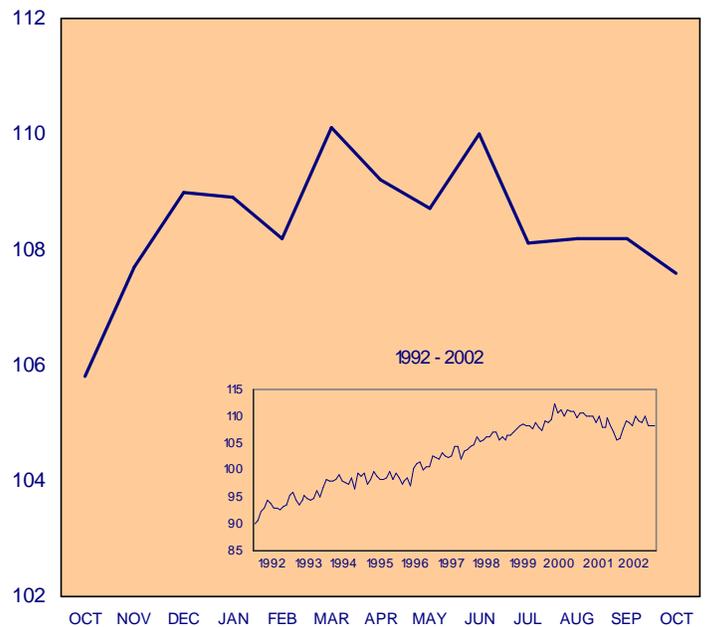
The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 102.2 in October—a 1.1 percent increase from September. October's gain was the first for the Index since June but it remains 2.2 percent below its October 2001 level. In October, three of the Index's four components contributed to its increase. Nondurable goods retail sales increased following September's sharp fall and consumer confidence improved for the first time in four months. Total wage and salary employment increased for a second month and for the ninth time in the past 12 months. But domestic passenger volume at Dulles and Reagan Airports decreased for the second consecutive month.



### FAIRFAX COUNTY LEADING INDEX



### METROPOLITAN LEADING INDEX



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

Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department 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, decreased to 103.1 in October—a 0.6 percent fall from its September value. This decrease follows two monthly gains and an upward trend dating from May. In October, three of the Index's five components contributed to its decline. Initial claims for unemployment insurance increased (worsened) in October after improving in August and September, consumer expectations decreased and residential building permits decreased for the second time in three months. The total value of residential building permits increased after September's decline and new automobile sales gained following two months of decline.



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 107.6 in October. The Index is 1.6 percent over its October 2001 level, however, and is tracking above its twelve-month moving average line. In October, two of the Index's five components were down, one was unchanged, and two were positive. Consumer expectations dropped sharply in September after being negative in three of the last four months and total residential building permits decreased as well. The Help Wanted Index was unchanged from its September level, while initial claims for unemployment insurance decreased (improved) for the third time in the last five months in addition to a rise in durable goods retail sales receipts, the third such increase in four 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, Jameson Penn, analysts; and Frann Shurnitski, layout.