



ECONOMIC INDICATORS ©

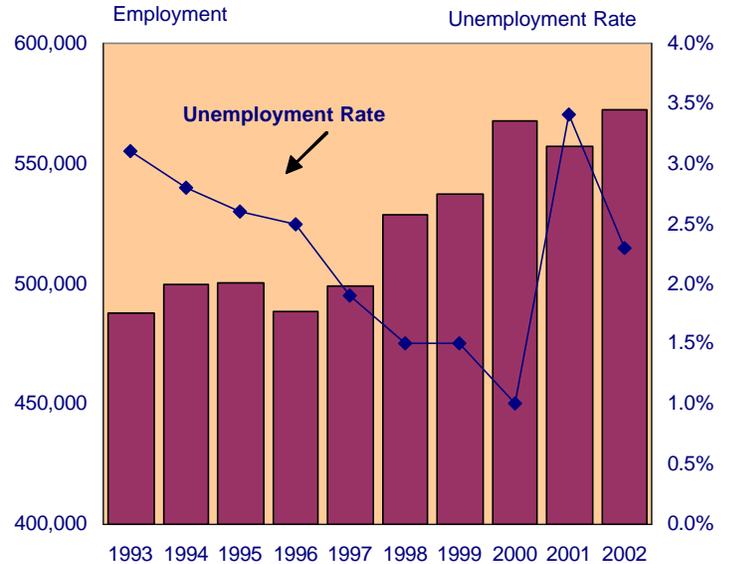
FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

FEBRUARY 2003

In this issue . . .

- The December unemployment rate in Fairfax County fell to 2.3 percent, 0.1 percent lower than in November.
- Through February, Sales Tax receipts for Fairfax County were 1.3 percent higher than the same period last year.
- The overall growth rate of new residential permits fell 6.7 in 2002. New single family permits were down 23.0 percent.
- During 2002, sales volume and median sales prices were up for both existing and new homes.
- Consumer Confidence fell sharply in February for the third consecutive month, reaching its lowest point since October 1993.
- In December, the Fairfax County Coincident Index increased slightly while the Metropolitan Washington Coincident declined.
- The Metropolitan Washington and Fairfax County Leading Indices both decreased in December, due in part to higher initial claims for unemployment.

RESIDENTIAL EMPLOYMENT - DECEMBER



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

According to the Virginia Employment Commission (VEC), the December unemployment rate in Fairfax County decreased 0.1 percentage points from November's revised unemployment rate to 2.3 percent. The December 2002 rate was 0.9 percentage points lower than the December 2001 rate of 3.4 percent.

Across the Commonwealth, the unemployment rate decreased 0.1 points to 3.6 percent in December. The December jobless rate was 0.6 points below the December 2001 jobless rate of 4.2 percent. According to the Virginia Employment Commission, the employment rate's improvement would have been more substantial had merchants hired more holiday workers – retailers only added about one-third of the number of extra holiday workers usually hired in December.



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

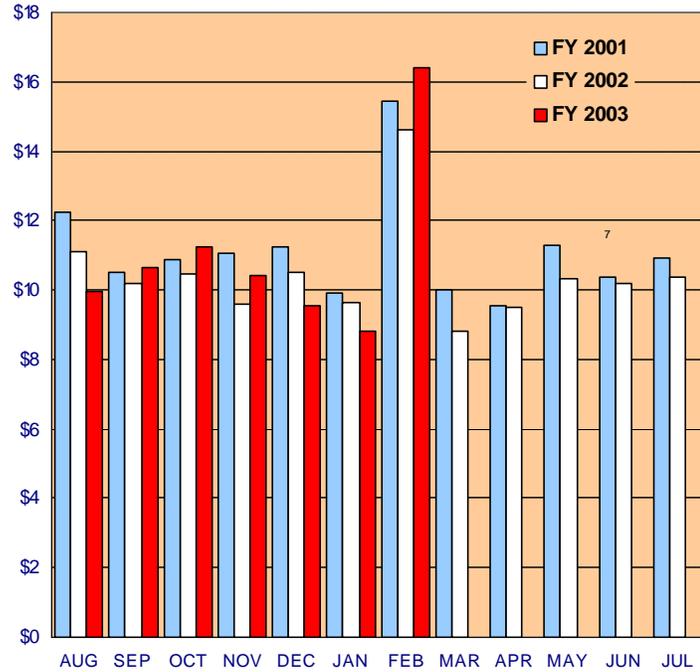
<http://www.fairfaxcounty.gov/comm/economic/economic.htm>



SALES TAX REVENUES

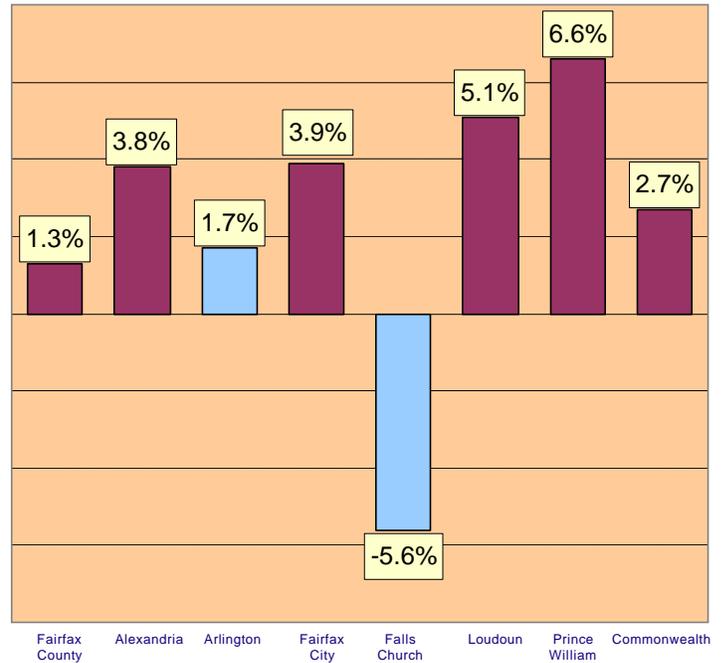
(revenues represent retail sales two months prior)

Millions



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

FY 2003 SALES TAX RECEIPTS THROUGH FEBRUARY 2003



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

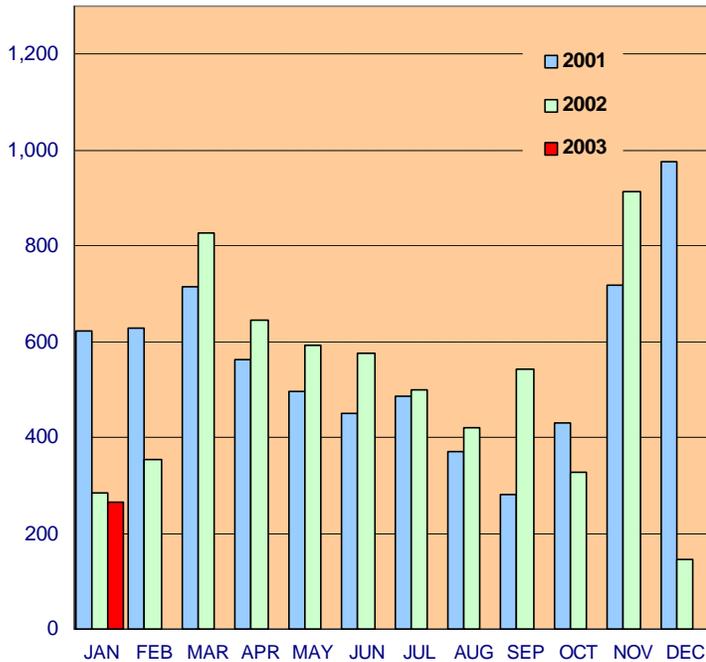
February Sales Tax Receipts for Fairfax County, representing retail purchases made in December, are \$16.4 million—12.5 percent higher than February 2002. Fiscal year-to-date, Sales Tax receipts are 1.3 percent higher than the same period last year. While the increase is a positive sign, it is anticipated that the trend will not continue due to low consumer confidence and concerns about the war with Iraq. In addition, the impacts of the snowstorms experienced in February will not be reflected in Sales Tax receipts until April.



Sales Tax receipts through February are positive for all Northern Virginia localities except Falls Church, which decreased 5.6 percent, year-to-date. These receipts correspond to retail purchases made June through December. Sales Tax receipts are up 1.3 percent in Fairfax County, 3.9 percent in Fairfax City, 1.7 percent in Arlington County, 3.8 percent in Alexandria, 5.1 percent in Loudoun County, and 6.6 percent in Prince William County. During this same period, Statewide Sales Tax receipts are up 2.7 percent.

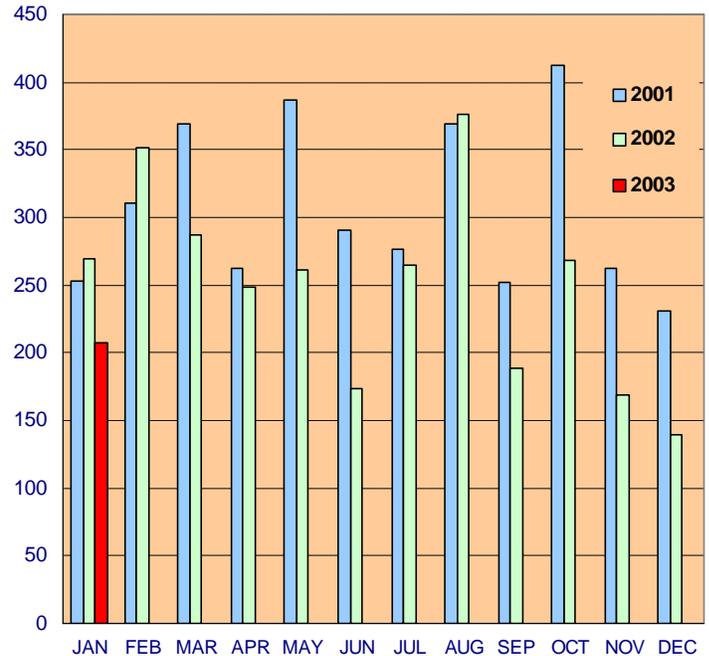
According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in January increased 0.9 percent from the previous month and 3.9 percent from January 2002. Compared to last year, health and personal care store sales were up 4.4 percent, building materials and garden equipment sales were up 7.3 percent, gasoline station sales were up 18.5 percent, and motor vehicle and parts dealers were up 0.8 percent from January last year.

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW DWELLINGS



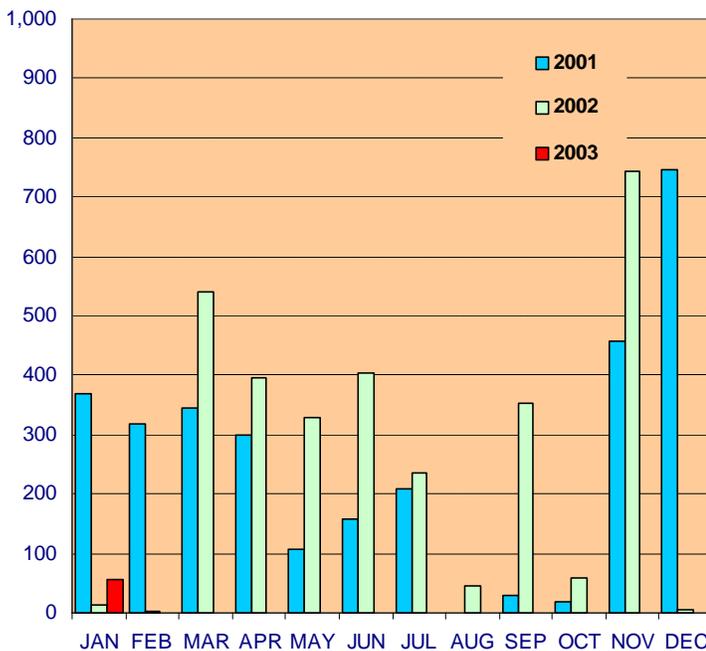
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

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



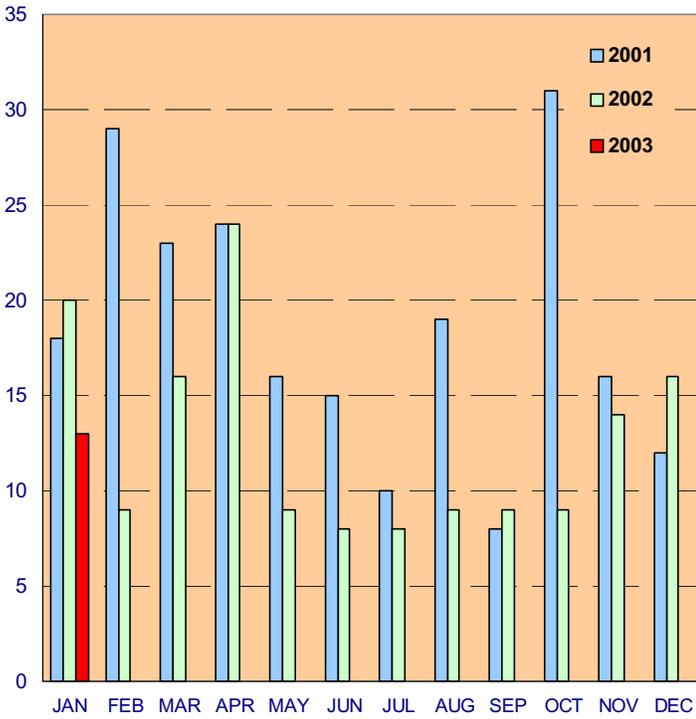
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

In January, 264 new residential dwelling permits were issued, down 6.7 percent or 19 permits from January 2002. In January, 56 multifamily permits were issued, 43 more than last year. Single family permits were down 23.0 percent, from 278 in January 2002 to 208 in 2003.

In January, issues of residential repair and alteration permits increased by 7.6 percent, or 48 permits, from January 2002.

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.

NUMBER OF NONRESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW STRUCTURES

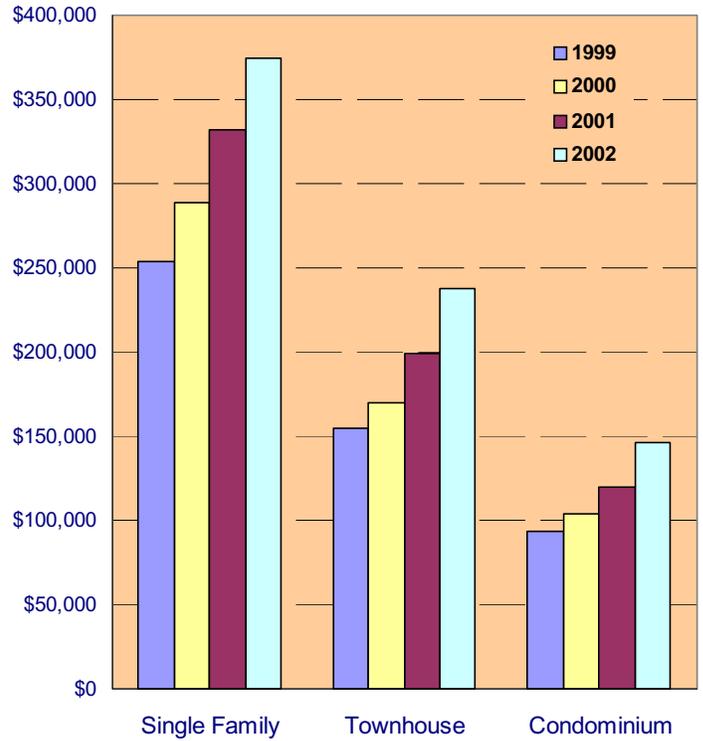


Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

The number of nonresidential building permits issued dropped from 20 permits in January 2002 to 13 permits in January 2003. This represents a reduction of 35.0 percent.

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD ANNUAL MEDIAN PRICES 1999 - 2002

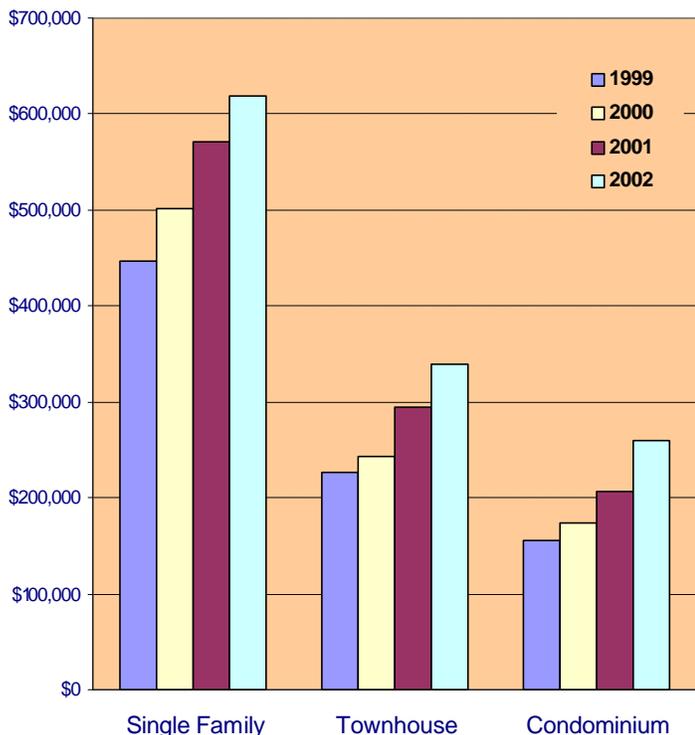


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

All types of existing homes in Fairfax County experienced strong growth in median sales prices in 2002. 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 2002 median for townhomes grew 19.6 percent from \$199,000 in 2001 to \$238,000 and the median for condominiums increased from \$119,000 to \$146,000 representing growth of 22.7 percent.



**MEDIAN PRICE OF NEW HOMES SOLD
ANNUAL MEDIAN PRICES 1999 - 2002**



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

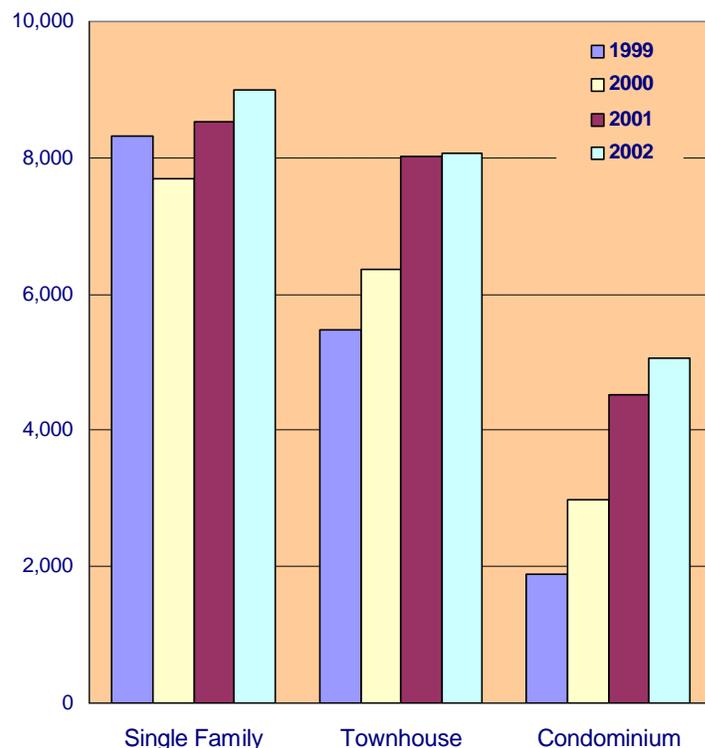
Growth in median sales prices for new homes was also strong in 2002. The median sales price for a new single family home was \$618,580, an increase of 8.4 percent over the 2001 median of \$570,422. New townhomes increased 14.9 percent in 2002, from \$294,928 to \$338,785. The median sales price for new condominiums increased 25.1 percent, from \$207,650 to \$259,830.

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

	Existing Sales	New Sales
Single Family	13.5	8.4
Townhouse	19.6	14.9
Condominium	22.7	25.1

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.

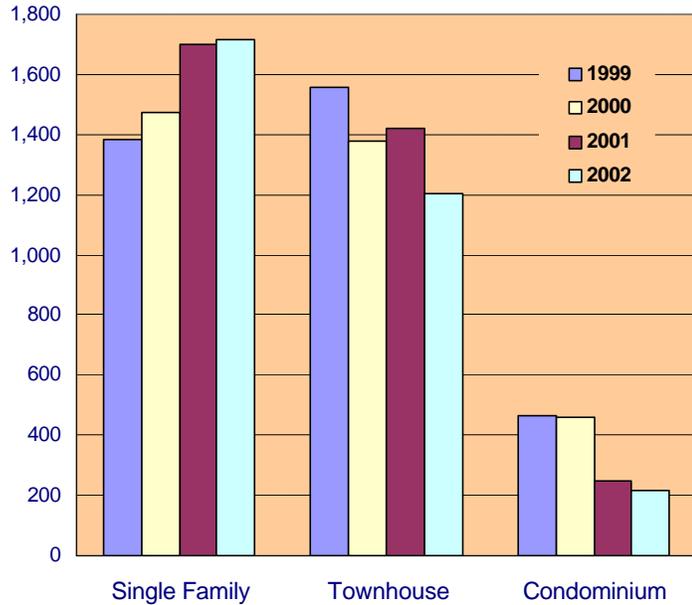
**NUMBER OF EXISTING HOMES SOLD
1999 - 2002**



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 during calendar year 2002, when compared to 2001. Single family home sales increased 5.5 percent, from 8,532 to 9,000, townhome sales increased 0.5 percent, from 8,021 to 8,060 and condominium sales were up 11.9 percent from 4,522 to 5,062 in 2002.

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

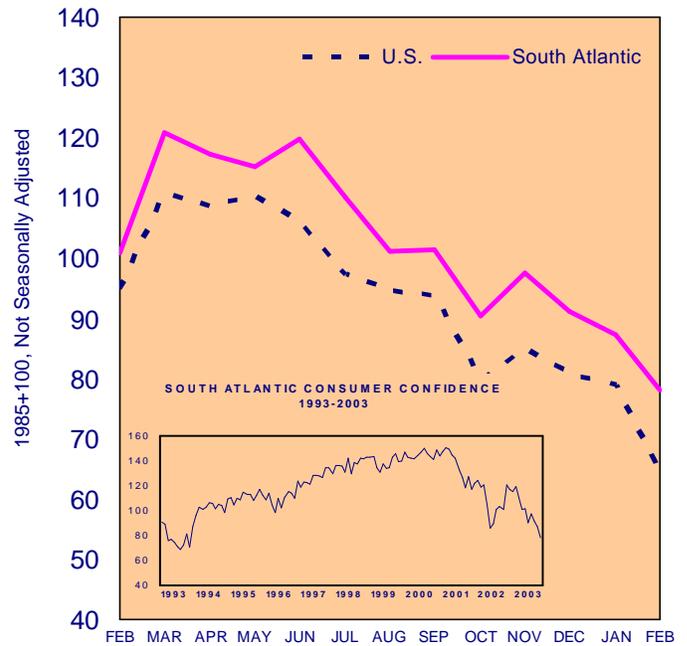


Source: Fairfax County Department of Tax Administration.
Compiled by the Fairfax County Department of Management and Budget.

New home sales volume during calendar year 2002 were down for all homes except single family homes, which rose a slight 0.9 percent from 1,702 to 1,718. New condominium sales fell from 249 in 2001 to 217 in 2002—a decline of 12.9 percent. New townhome sales decreased 15.0 percent, from 1,418 in 2001 to 1,205 in 2002.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX

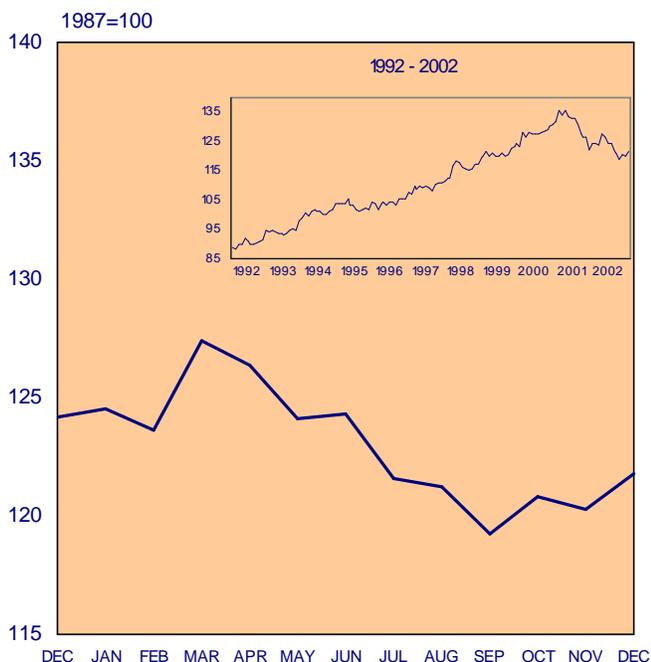


The Conference Board reports that the Consumer Confidence Index fell sharply in February for the third consecutive month, reaching its lowest point since October 1993. The Index now stands at 64.0, down 14.8 points from January. The Consumer Confidence Index is composed of two separate indices: the Present 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.

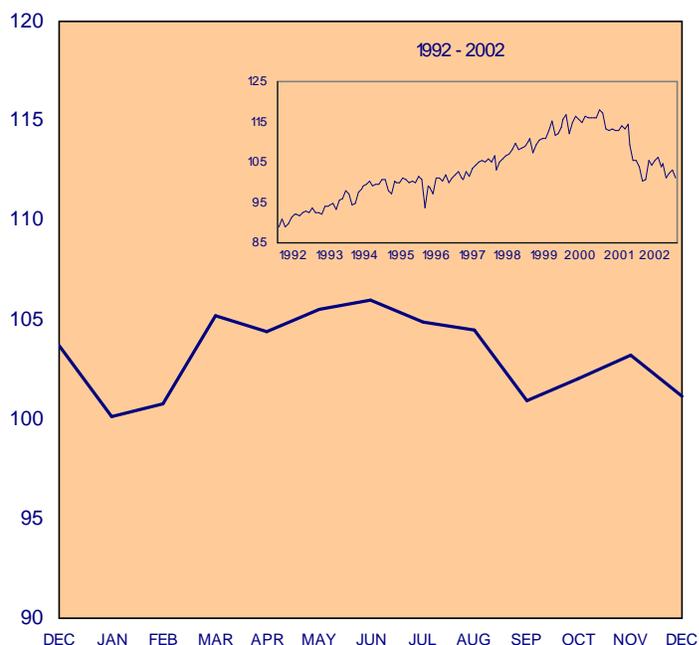
In February, the Present Situation Index dropped to 61.6 points, a decline of 13.7 points from last month. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, rising fuel costs and lackluster job and financial markets have driven consumers' poor assessment of current conditions. Consumers are further pessimistic about expected business conditions than in January as the Expectations Index fell in February, from 81.1 to 65.6—a 15.5 point loss. Franco notes that the short-term outlook appears bleak given the increasing threat of war and terrorism. The South Atlantic Consumer Confidence Index fell in February, from 87.2 to 78.0, marking its lowest point since August 1993.

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.

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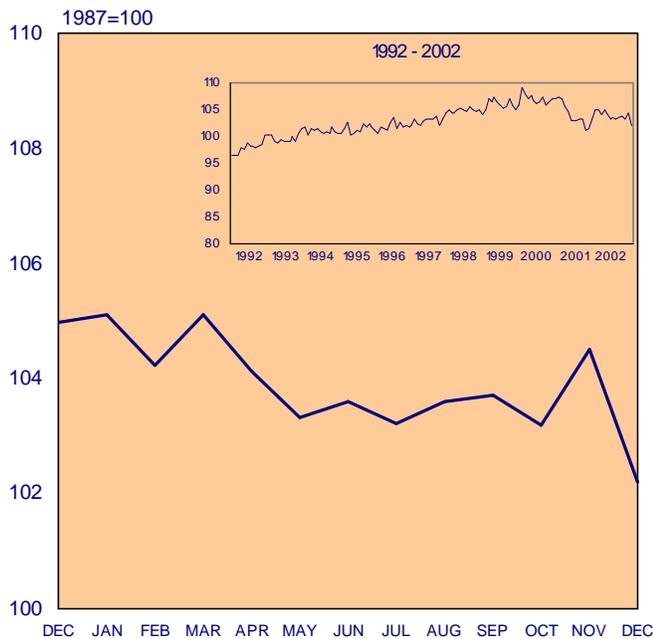
The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 121.8 in December—a 1.3 percent gain from November 2002. December's gain was the second in three months which helped to offset the third quarter loss. Despite the fourth quarter growth, the Coincident Index was still down 1.9 percent for the year. In December, three of the Index's four components were positive. Total employment increased for the third consecutive month and transient occupancy tax collections, adjusted for inflation and seasonal variation, increased for the fourth consecutive month. Sales tax collections, adjusted for inflation and seasonal variation, increased for the first time in four month while consumer confidence fell for the second consecutive month.



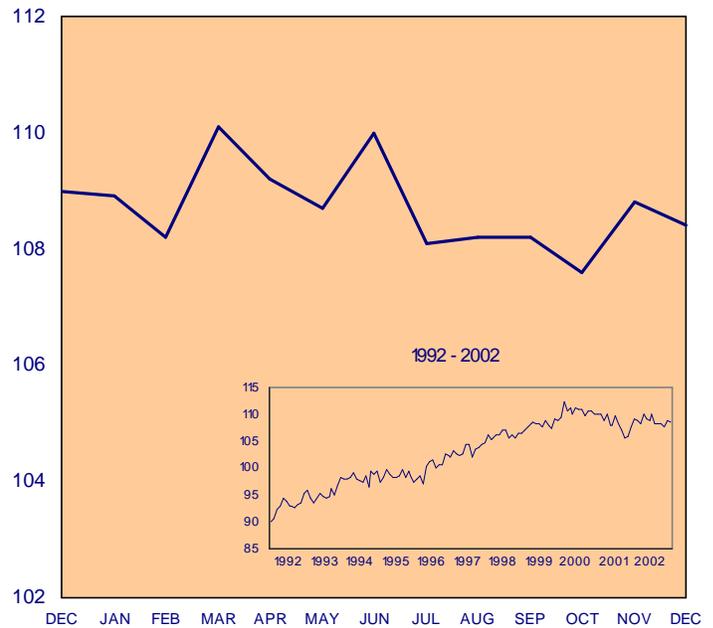
The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, decreased to 101.2 in December—a 1.9 percent fall from November 2002. December's decline nearly eliminates the gains from the previous two months, leaving the Index 2.4 percent below its December 2001 value. In December, three of the Index's four components contributed to its decrease. Total Wage and salary employment fell following three months of gains and consumer confidence declined for the fifth time in six months. Domestic passenger volume at Dulles and Reagan Airports also declined for the third time in four months, but nondurable goods retail sales increased for the third 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 102.2 in December—a 2.3 percent loss from its November 2002 value. This decrease is the first since February 2002 and the largest one-month loss for the year, falling 2.7 percent below its December 2001 level. In December, four of the Index's five components contributed to its decline: Initial claims for unemployment insurance increased (worsened) in December, the first time since mid-year; Residential building permits fell after sharply increasing in November; Consumer expectations fell for the fifth time in six months; The total value of residential building permits decreased for the second consecutive month and for the fifth time in six months; and New automobile registrations increased following November's strong 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 0.3 percent to 108.4 in December. The 12-month moving average has flattened out as the Index slightly fell 0.5 percent below its December 2001 level. In December, three of the Index's five components were down, including consumer expectations which decreased enough to eliminate the gain in November. After two months of improvements, initial claims for unemployment insurance increased (worsened) and durable goods retail sales declined for December. In contrast, total residential building permits increased for the first time in three months and the Help Wanted Index increased, only having been down one month since August 2002.



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