



ECONOMIC INDICATORS ©

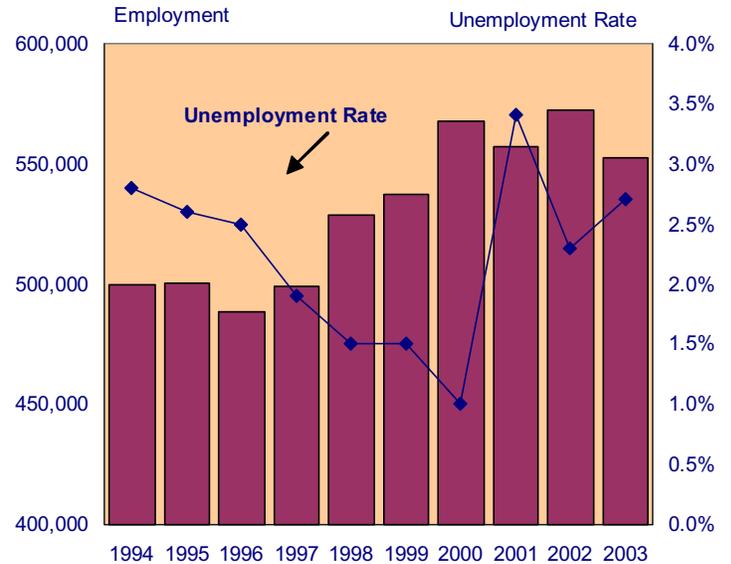
FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

MARCH 2003

In this issue . . .

- The January unemployment rate in Fairfax County increased 0.4 percent to 2.7 percent.
- During the first eight months of the fiscal year, Sales Tax receipts for Fairfax County have increased 1.7 percent over the same period last year.
- The overall growth rate of new residential permits has decreased by 17.3 percent year-to-date. Through February, multifamily permits were up 152 and single family permits were down 262.
- According to homes sales data in January, sales volume was up for existing townhomes and condominiums, but single family homes were down 6.9 percent. Sales volume for new homes was down with the exception of condominiums. Median sales prices showed growth for both existing and new home sales.
- Consumer Confidence continued to fall in March, but not as sharply as last month. Consumers' assessments of business and employment conditions were more optimistic than last month but restrained given the uncertainties involved with the war.
- In January, 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.
- Both the Metropolitan Washington Leading Index and the Fairfax County Leading index increased in January. The recent decline in consumer confidence has been offset by the potential gains in the labor market. Both leading indices are now tracking above their historical trend lines.

RESIDENTIAL EMPLOYMENT - JANUARY



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

Fairfax County experienced a 0.4 percent rise in unemployment for January 2003, increasing the current rate to 2.7 percent. However, this rate is still below the County's January 2002 unemployment rate of 3.1 percent.

Additionally, the Virginia Employment Commission (VEC) has released its January 2003 labor figures for the Commonwealth, revealing an increase in the state unemployment rate of 0.7 percentage points. Compared to January 2002, Virginia's unemployment rate has fallen 0.3 percent to 4.2 percent. For January 2003, the national average was 6.5 percent.

While the VEC reports that all of Virginia's eight metropolitan areas experienced increased unemployment, rural communities were most severely impacted by a string of recent plant closings. Also, winter weather has been a contributing factor in the unemployment increase, as January experienced colder temperatures and the most snow in seven years, since 1996.

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

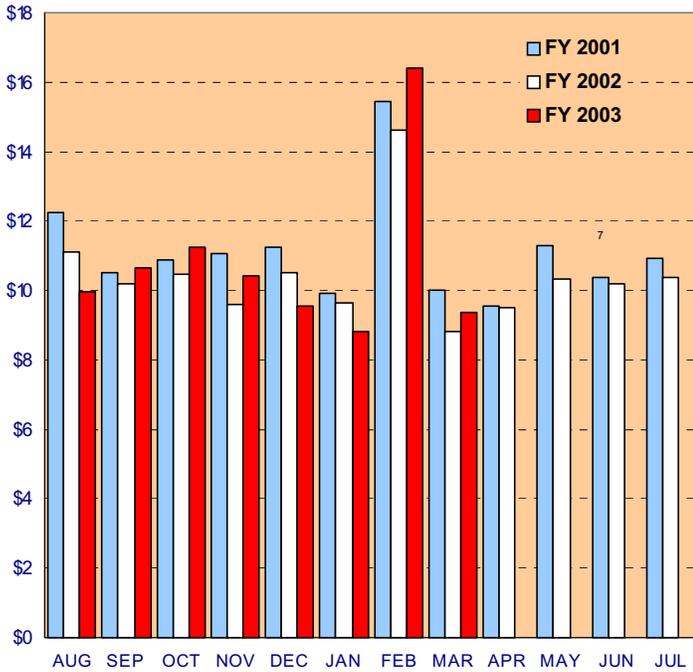
<http://www.fairfaxcounty.gov/comm/economic/economic.htm>



SALES TAX REVENUES

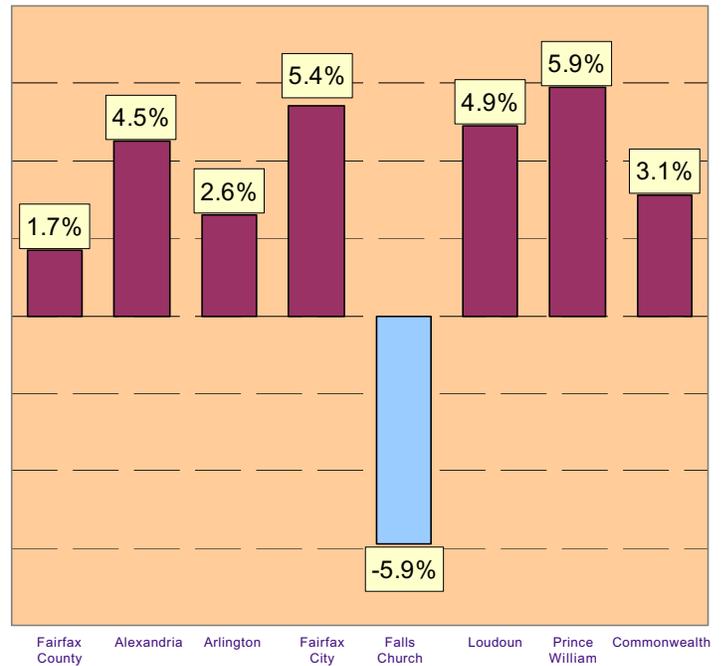
(revenues represent retail sales two months prior)

Millions



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

FY 2003 SALES TAX RECEIPTS THROUGH MARCH 2003



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

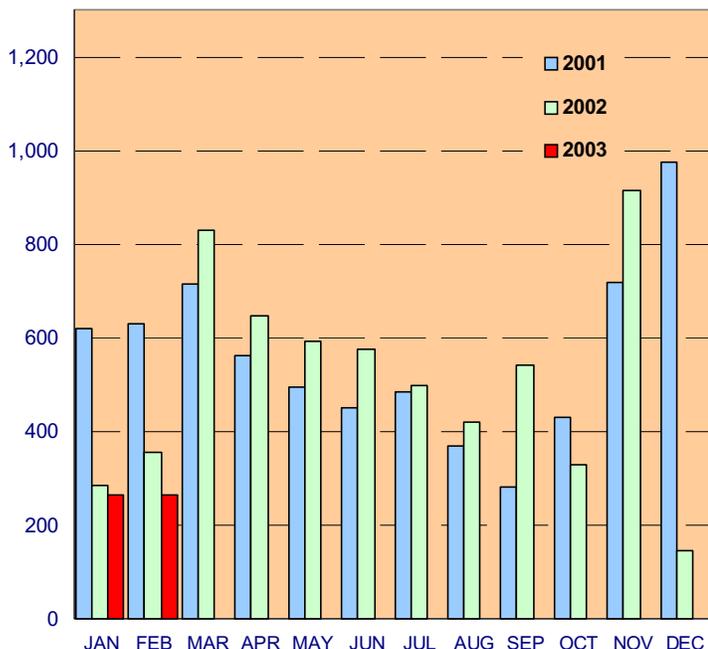
Fiscal year-to-date, Sales Tax receipts are 1.7 percent higher than the same period last year. March Sales Tax receipts, which represent purchases made in January, increased 4.5 percent over March 2002. While March marks the second consecutive monthly increase in Sales Tax Receipts, April retail sales may be down as a result of the February snowstorms.



Sales Tax receipt growth through March is positive for all the Northern Virginia localities, except for Falls Church. Sales Tax receipts were up 5.4 percent in Fairfax City, 1.7 percent in Fairfax County, 4.5 percent in Alexandria, 4.9 percent in Loudoun County, 5.9 percent in Prince William County, and 2.6 percent in Arlington County, year-to-date. Sales Tax receipts in Falls Church experienced a drop of 5.9 percent, year-to-date. During this same period, Statewide Sales Tax receipts are up 1.1 percent.

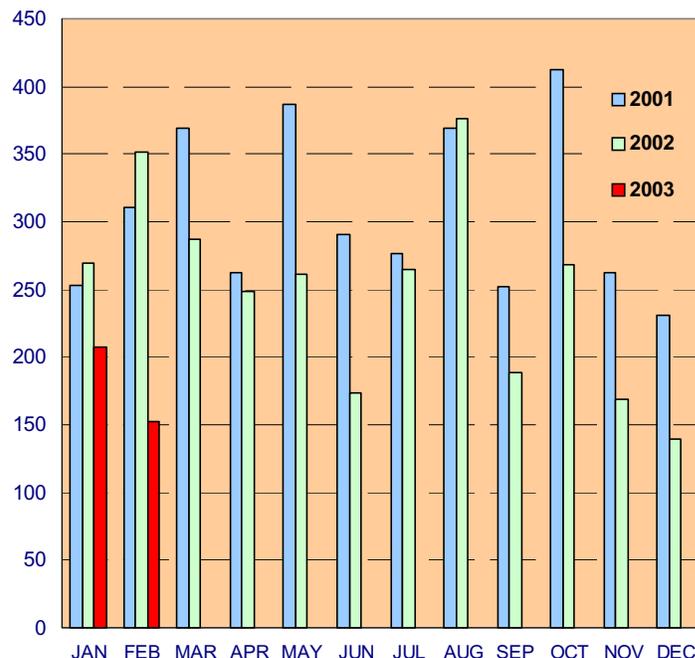
According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in February increased 1.6 percent from the previous month and 2.6 percent from February 2002. Compared to last year, health and personal care store sales were up 4.5 percent, building materials and garden equipment sales were down 1.9 percent, gasoline station sales were up 23.9 percent, while motor vehicle and parts dealers were down 0.6 percent from February last year.

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW DWELLINGS



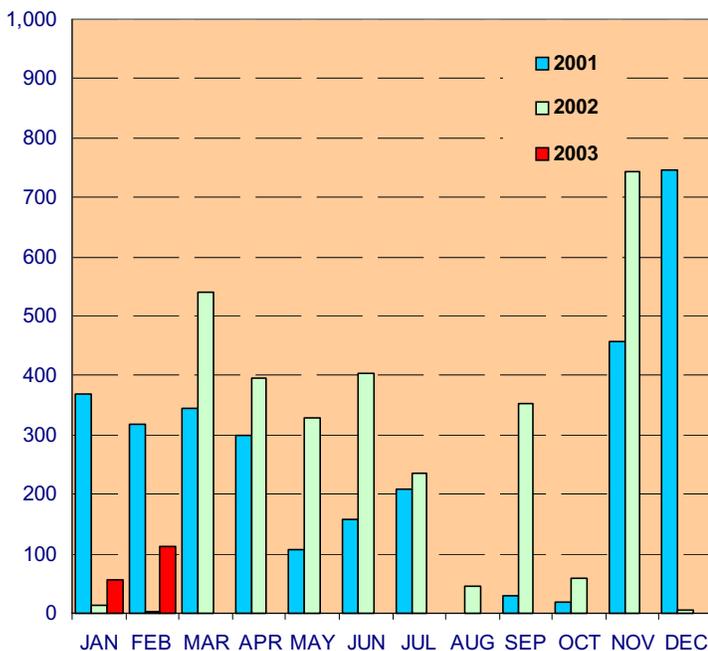
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

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



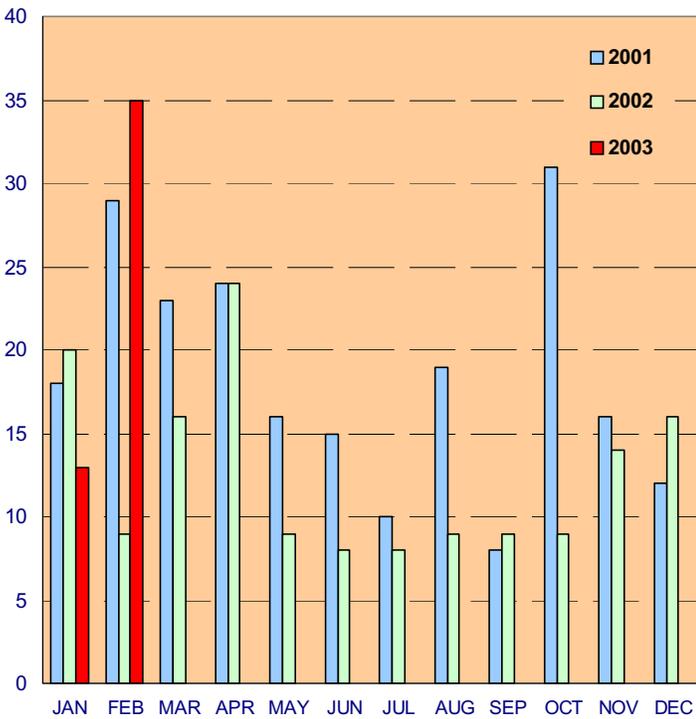
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

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 permits issued has decreased, year-to-date. Through February, new residential dwelling permits were down 17.3 percent, or 110 permits. In February, 111 multifamily permits were issued, pushing the year-to-date total up 152 over last year. Single family permits were down 42.1 percent, or 262 permits, over the same period.

Residential repair and alteration permits were down year-to-date. Through February, issues of residential repair and alteration permits have fallen by 12.4 percent, or 168 permits, from the same period last year.

NUMBER OF NONRESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW STRUCTURES

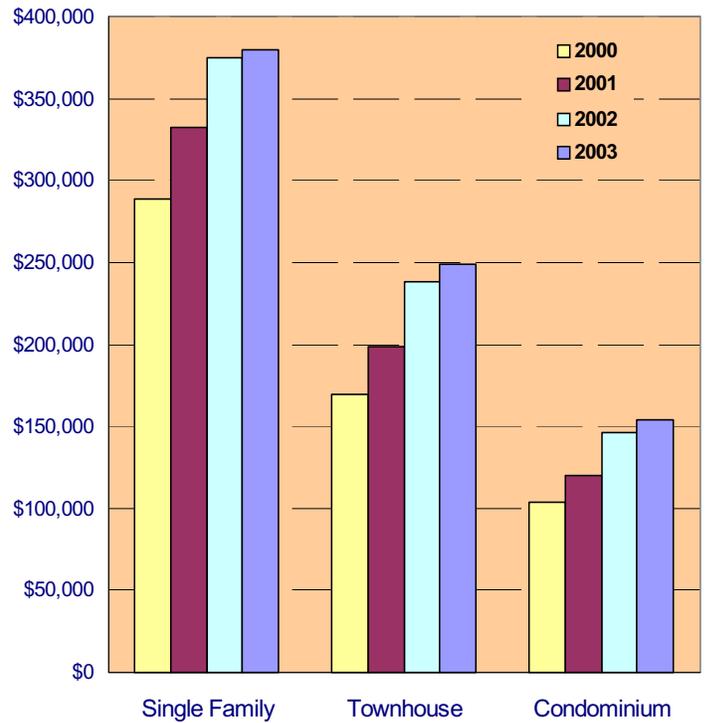


Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

Nonresidential building permits issued through February were up 65.5 percent, or 19 permits, from the same period in 2002. Nonresidential repair and alterations permits are down 22.3 percent, or 135 permits, year-to-date.

HOME SALES IN FAIRFAX COUNTY

**MEDIAN PRICE OF EXISTING HOMES SOLD
JANUARY 2003 MEDIAN COMPARED TO
ANNUAL MEDIAN PRICES 2000 - 2002**

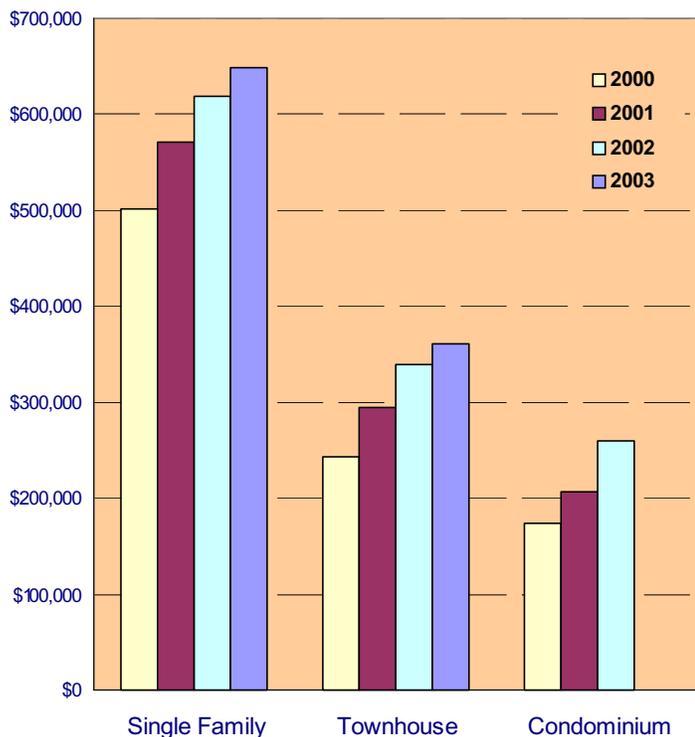


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

According to home sales data in January 2003, existing homes in Fairfax County experienced positive growth in median sales prices. For existing single family homes, the median sales price was \$380,000 compared to the 2002 median of \$376,000—growth of 1.1 percent. The median for townhomes grew 4.5 percent from \$238,265 in 2002 to \$249,000 and the median for condominiums increased from \$145,000 to \$153,900 representing growth of 6.1 percent.



**MEDIAN PRICE OF NEW HOMES SOLD
JANUARY 2003 MEDIAN COMPARED TO
ANNUAL MEDIAN PRICES 2000 - 2003**



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

In January 2003, growth in median sales prices for new homes remained positive. The median sales price for a new single family home was \$648,975, an increase of 5.0 percent over the 2002 median. New townhomes increased 6.7 percent, from \$338,875 to \$361,557. Because only seven condominiums were sold in January, a comparison with the annual 2002 median would not be valid and is not shown in the chart above.

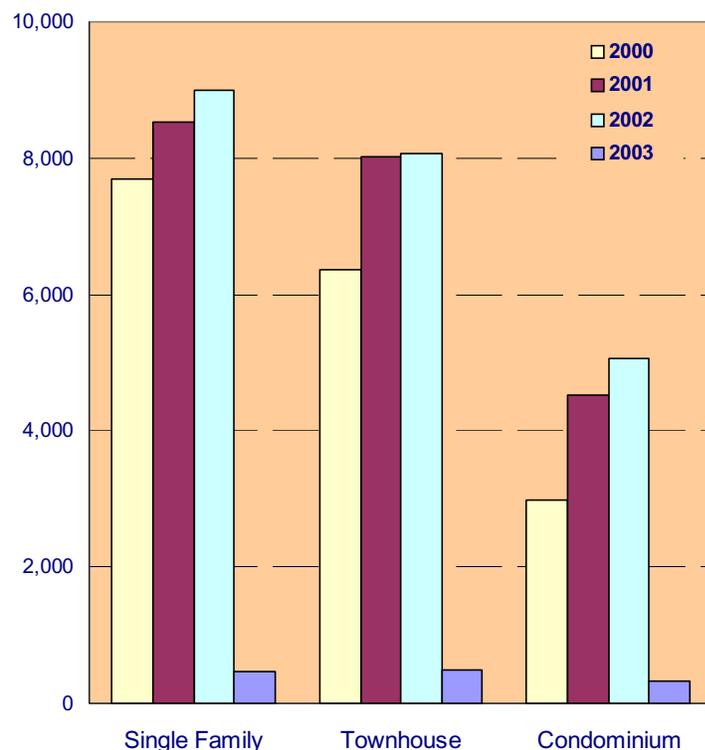
**PERCENTAGE CHANGE IN MEDIAN PRICE OF
HOMES SOLD YEAR-END 2002 COMPARED
TO JANUARY 2003**

	Existing Sales	New Sales
Single Family	1.1	5.0
Townhouse	4.5	6.7
Condominium	6.1	*

* Only seven condominiums were sold in January 2003, so comparison to last year's median is not valid.

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.

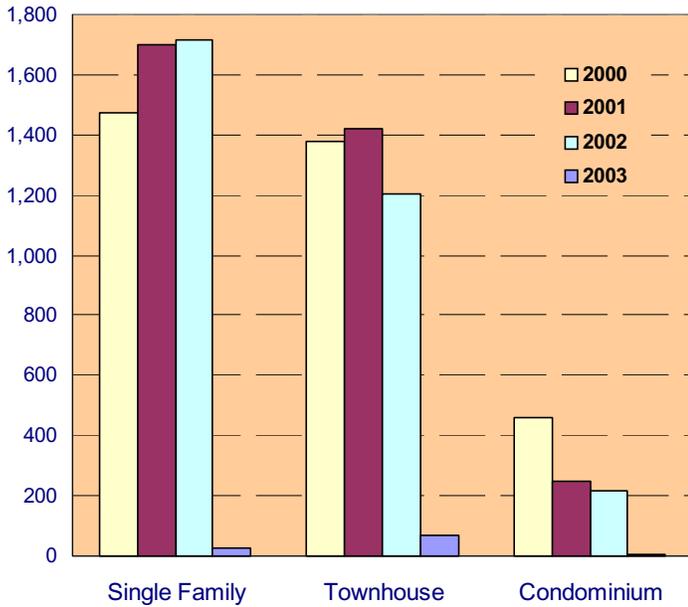
**NUMBER OF EXISTING HOMES SOLD
JANUARY 2000 - 2003**



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

Existing home sales volume was up for townhomes and condominiums in January 2003. Townhome sales increased 3.6 percent from 474 to 491 and condominium sales were up 49.3 percent from 223 to 333. Single family homes sales fell 6.9 percent, from 508 to 473, year-to-date.

**NUMBER OF NEW HOMES SOLD
JANUARY 2000 - 2003**

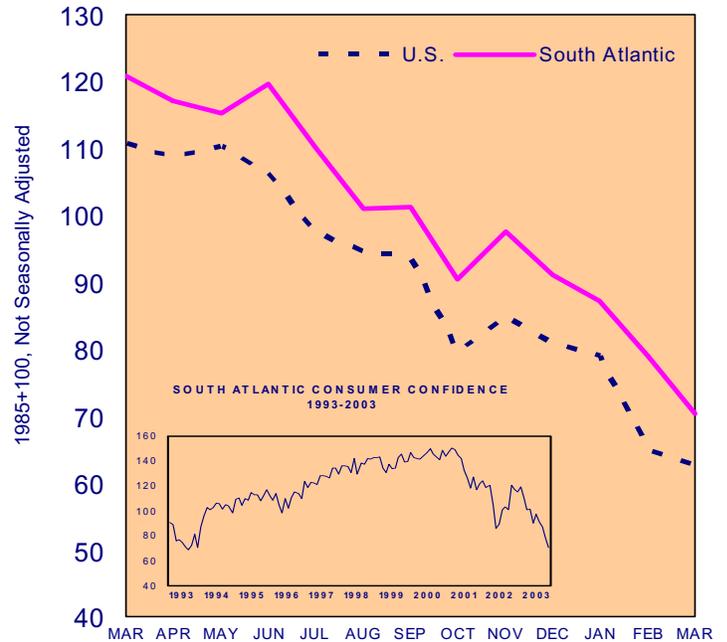


Source: Fairfax County Department of Tax Administration.
Compiled by the Fairfax County Department of Management and Budget.

New home sales volume was up for condominiums but down for townhomes and single family homes through January 2003. New condominium sales increased from 1 in January 2002 to 7 in 2003. New townhome sales decreased 54.8 percent, from 155 to 70, while single family home sales fell 23.4 percent, from 44 to 25, year-to-date. Overall, there were 109 fewer new homes sold in January 2003 compared to January 2002.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX



The Conference Board reports that the Consumer Confidence Index, which had fallen sharply last month, continued to decline in March. The Index now stands at 62.5, down 2.3 points from February. 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.

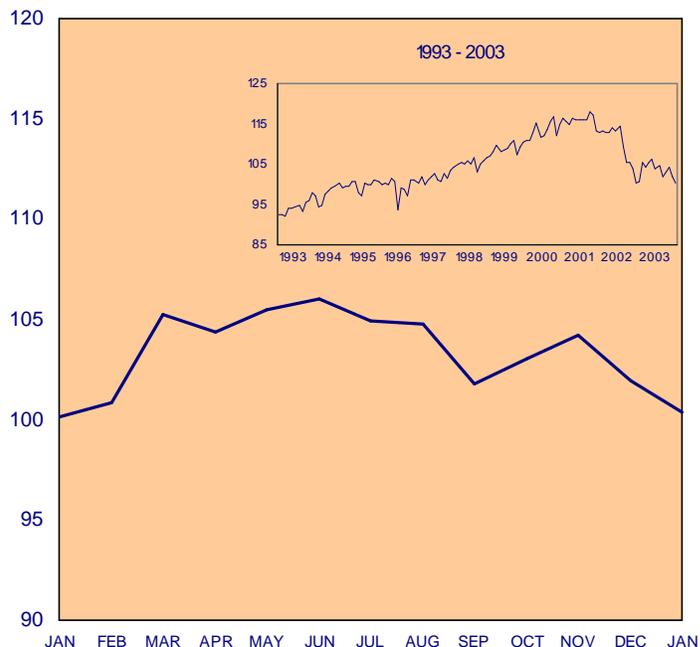
In February, the Present Situation Index dropped to 62.4 points, a decline of 1.1 points from last month. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, labor market conditions continued to deteriorate as consumers reported increasing difficulty to find jobs. Consumers are further pessimistic about expected business conditions than in February as the Expectations Index fell in March, from 65.7 to 62.5—a 3.2 point loss. Franco notes that while a quick and successful outcome in Iraq would ease some uncertainty facing consumers, a post-war economic rebound is vulnerable to a weak job market. The South Atlantic Consumer Confidence Index fell in February, from 78.9 to 70.4, marking its lowest point since September 1992.

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.

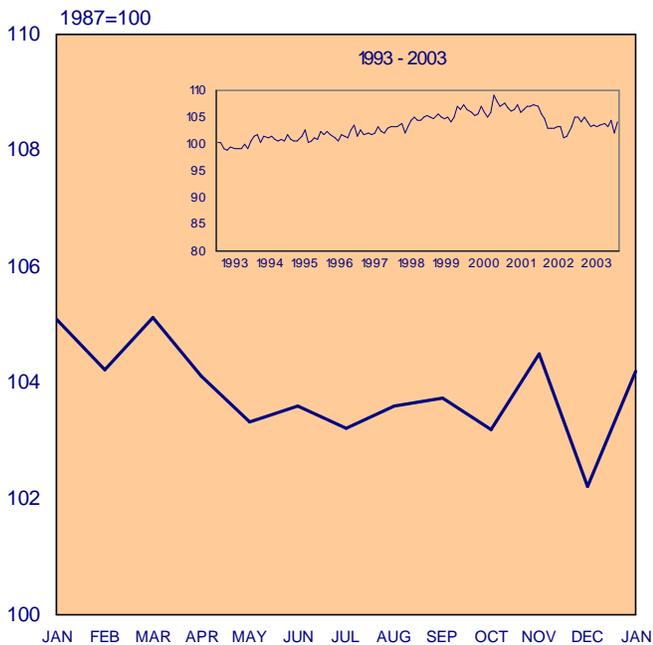
The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 114.3 in January—a 0.5 percent decrease from December. The Index has been unable to sustain any consecutive gains for the last five months and is 2.7 percent below its January 2002 level. Gains made from growth in total employment were not enough to quell rising consumer concerns for the economy. In January, three of the Index's four components contributed to its decrease. Consumer confidence decreased for the third month in a row; sales tax collections, adjusted for inflation and seasonal variation, decreased following a sharp increase in December; and transient occupancy tax collections, adjusted for inflation and seasonal variation, decreased following four monthly gains. Conversely, total employment increased for the fifth time in six months,



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, decreased to 100.4 in January 2003—a 1.5 percent decrease from December. The Index has been down for two consecutive months after registering positive gains for October and November and is almost equal to its January 2002 level. While retail sales continue to be active, low consumer confidence and a weak job market prevented the Index from making any gain this month. In January, three of the Index's four components contributed to its decrease. Domestic passenger volume at Dulles and Reagan Airports decreased for the second consecutive month, consumer confidence fell for the third consecutive month, and total wage and salary employment declined as it did in December. Nondurable goods retail sales, however, were up for the third time in the last four months.



FAIRFAX COUNTY LEADING INDEX

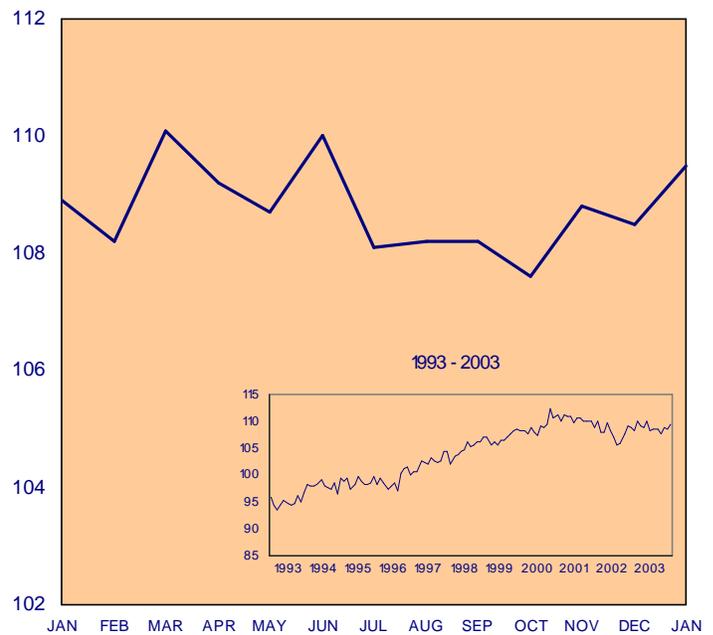


Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, increased to 104.2 in January—a 1.98 percent gain over December. The Index edged slightly above its historical trend line, indicating the potential for renewed expansion pending a quick resolution in Iraq. In January, four of the Index's five components contributed to its gain. Initial claims for unemployment insurance decreased (improved) and residential building permits improved for the second time in three months. The total value of residential building permits increased for the third time in the last four months, and new automobile sales increased sharply and have remained positive for three of the last four months. Consumer expectations fell for the second month in a row and for the fifth time in seven months.



METROPOLITAN LEADING INDEX



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

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 6 to 8 months in advance, increased to 109.5 in January. The Index is 0.9 percent over its January 2002 level, however, and is tracking above its twelve-month moving average trend line. While concerns among investors and consumers have been driving historically-low confidence levels, the region's job market appears to be on its way to economic recovery. In January, three of the Index's five components increased. Initial claims for unemployment insurance decreased (improved) for the third time in four months, durable goods retail sales increased after two consecutive monthly declines and the Help Wanted Index sharply increased for the fourth time in five months, while total residential building permits decreased for the third time 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.