



ECONOMIC INDICATORS[®]

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

SEPTEMBER 2003

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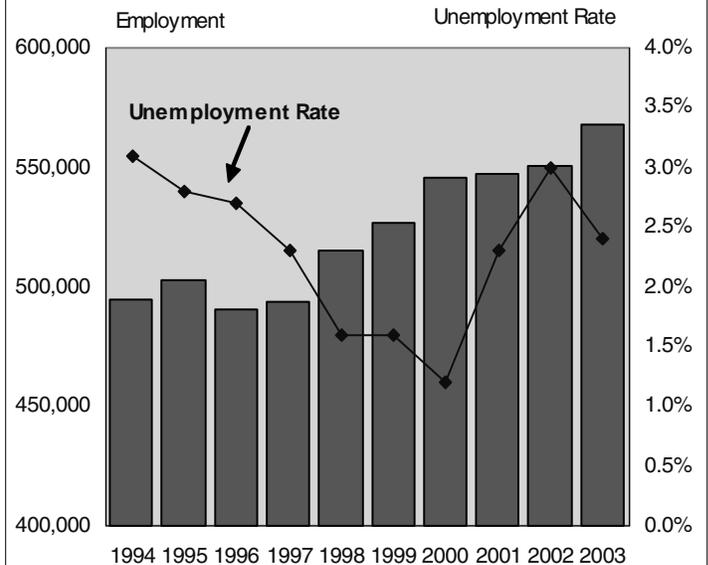
- The unemployment rate in Fairfax County fell 0.1 percent from 2.5 percent in July to 2.4 percent in August 2003. (See page 1)
- September Sales Tax receipts for Fairfax County, representing retail purchases made in July, are \$11.0 million—3.7 percent higher than September 2002. (See page 2)
- Multifamily permits are down 68.6 percent while single family permits are down 9.0 percent, calendar year-to-date. (See page 3)
- Sales volume increased for all existing (previously owned) home types, with existing condominiums experiencing growth of 12.5 percent, calendar year-to-date. Sales volume has declined for all new home types through the first seven months of 2003. (See pages 5-6)
- Consumer Confidence declined in September 2003 reversing the gains from last month. Consumers' weak assessment of the economy was attributed to a lack of improvement in labor market conditions. (See page 6)
- Both the Fairfax County Coincident Index and the Metropolitan Washington Coincident Index declined in July. The level of each index is still below that of one year ago. (See page 7)
- The Fairfax County Leading Index increased, while the Metropolitan Washington Leading Index declined in July. The level of each index is above that of July 2002. (See page 8)



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

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

RESIDENTIAL EMPLOYMENT - AUGUST



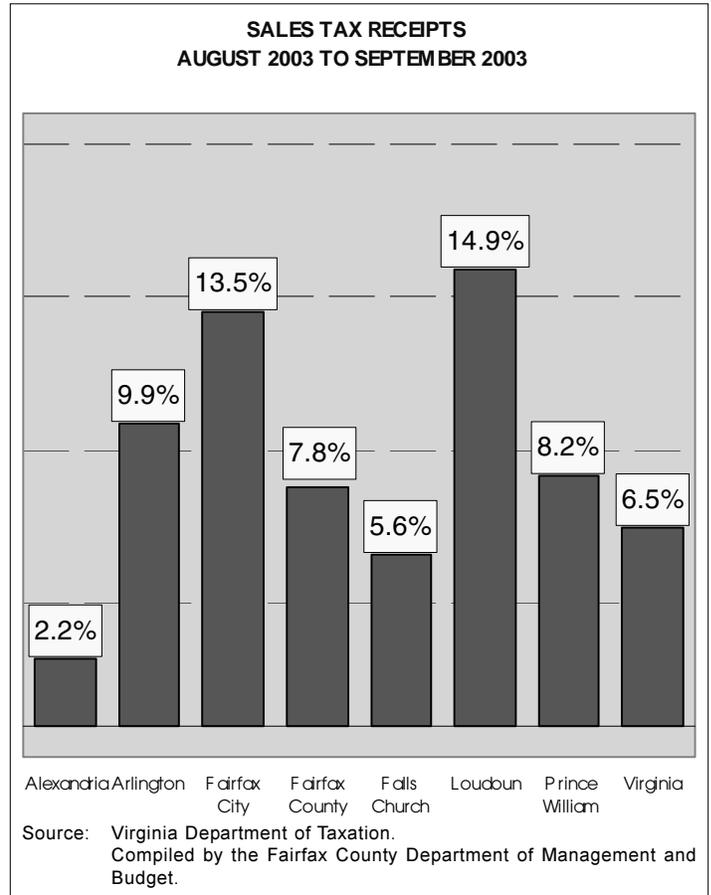
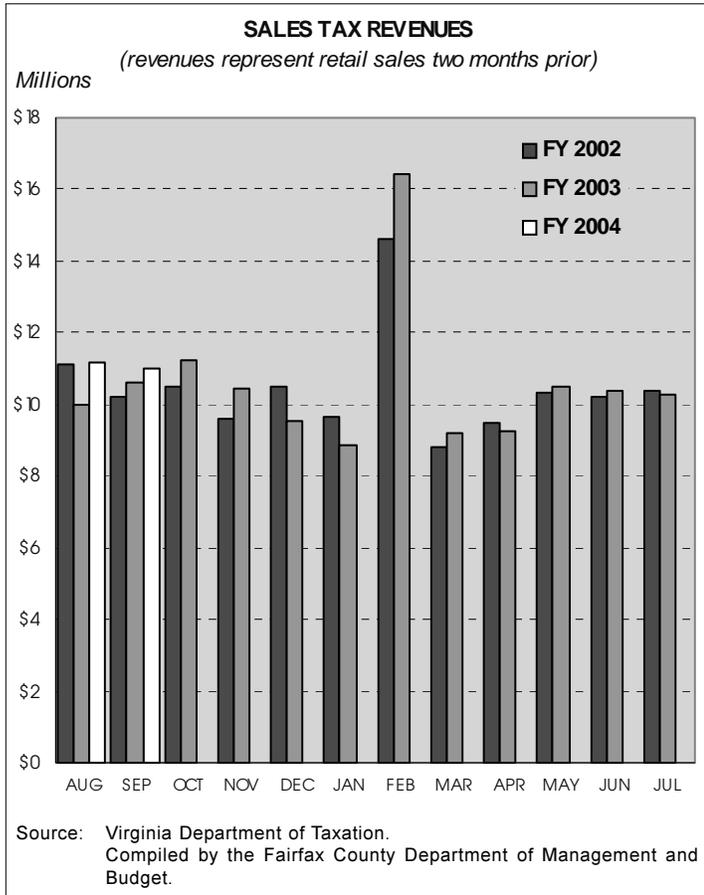
Source: Virginia Employment Commission.
Compiled by the Fairfax County Department of Management and Budget.

Employment

Unemployment in Fairfax County fell 0.1 percent from 2.5 percent in July to 2.4 percent in August 2003. The August 2003 rate is lower than the County's August 2002 rate of 3.1 percent.

The Virginia Employment Commission (VEC) released its August 2003 labor figures for the Commonwealth, and reported that the unemployment rate fell to 3.8 percent, 0.3 percent below the revised July 2003 level. The 3.8 percent August 2003 state jobless rate was below the August 2002 unemployment rate of 4.2 percent. Compared nationally, Virginia's rate was well below the U.S. August 2003 unemployment rate of 6.0 percent.

The VEC reports that six of Virginia's eight metropolitan areas experienced lowered unemployment rates from July to August 2003. The Northern Virginia metropolitan area had the lowest unemployment rate in the state, falling from 2.6 percent in July to 2.5 percent in August. The Charlottesville area unemployment rate increased 0.3 percent in August to 3.5 percent as university students arrived in the area for the new school year and started seeking after-school work. The Richmond-Petersburg area unemployment rate increased 0.1 percent from 4.1 percent in July to 4.2 percent in August 2003.



Fairfax County Sales Tax Receipts

September Sales Tax receipts for Fairfax County, representing retail purchases made in July, are \$11.0 million—3.7 percent higher than September 2002. For the first two months of FY 2004, Sales tax receipts are up 7.8 percent over the same period in FY 2003.

National Sales Tax Receipts

According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in August increased 0.6 percent over the previous month and increased 5.4 percent over August 2002. Compared to last year, health and personal care store sales were up 0.3 percent, building materials and garden equipment sales were down 0.2 percent, gasoline station sales were up 2.7 percent, and motor vehicle and parts dealers were up 0.5 percent from August last year.



Neighboring Jurisdictions

Sales tax receipt growth during August and September 2003 is positive for all of the Northern Virginia localities. These receipts correspond to retail purchases in June and July.

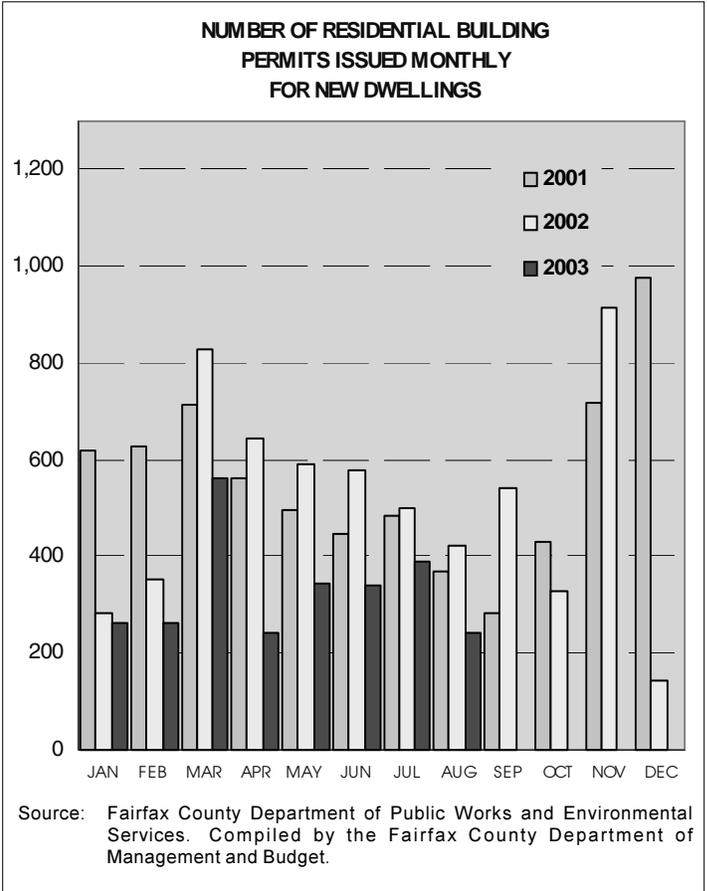
For August and September 2003, Sales Tax receipts are up double digits in Loudoun at 14.9 percent and Fairfax City at 13.5 percent. Sales Tax receipts in Arlington are up 9.9 percent, while Falls Church is experiencing growth of 5.6 percent and Alexandria is up just 2.2 percent. Statewide Sales Tax receipts are increasing at a rate of 6.5 percent.

Building Permits

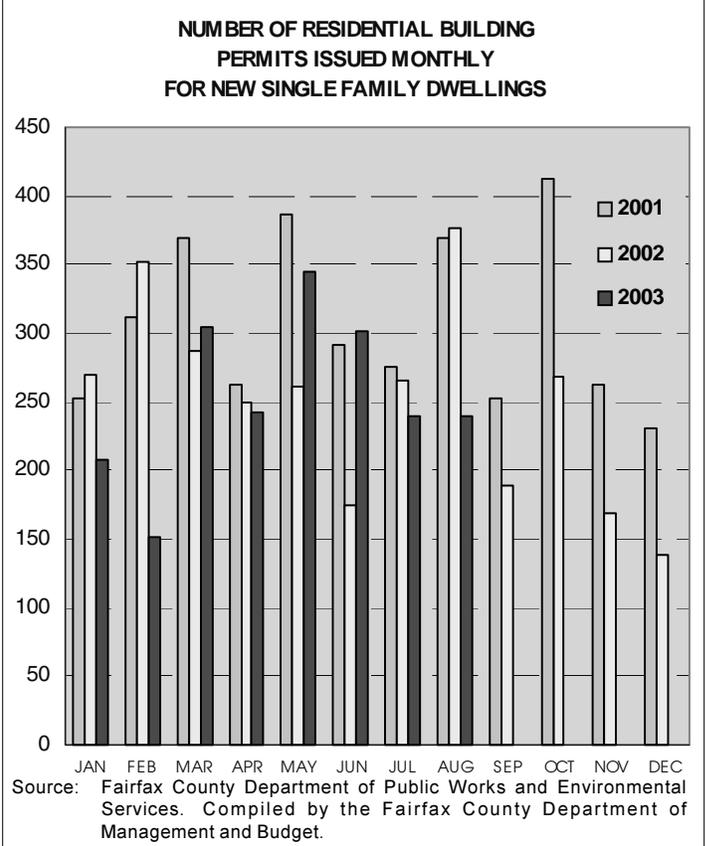
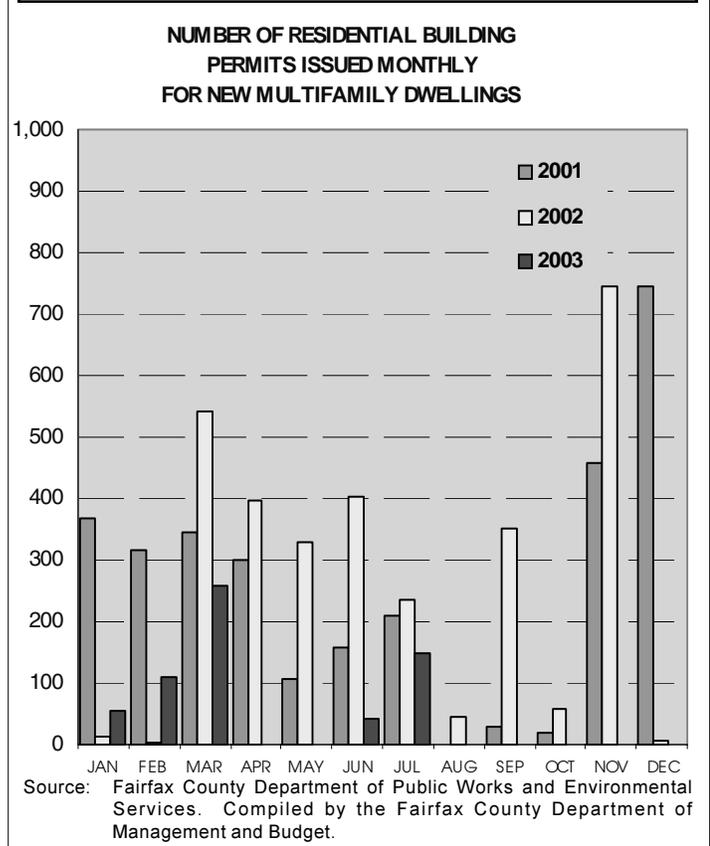
The overall growth rate of new residential permits has decreased calendar year-to-date. Through August, total new residential dwelling permits are down 36.9 percent, or 1,547 permits. Through August, 617 multifamily permits have been issued, falling short of last year's total by 68.6 percent or 1,347 permits, year-to-date. Single family permits issued from January through August total 2,034, down 9.0 percent, or 200 permits, from the same period in 2002.



Residential repair and alteration permits issued through August 2003 are 7,829 and have declined 3.8 percent, or 305 permits, from the same period last year.

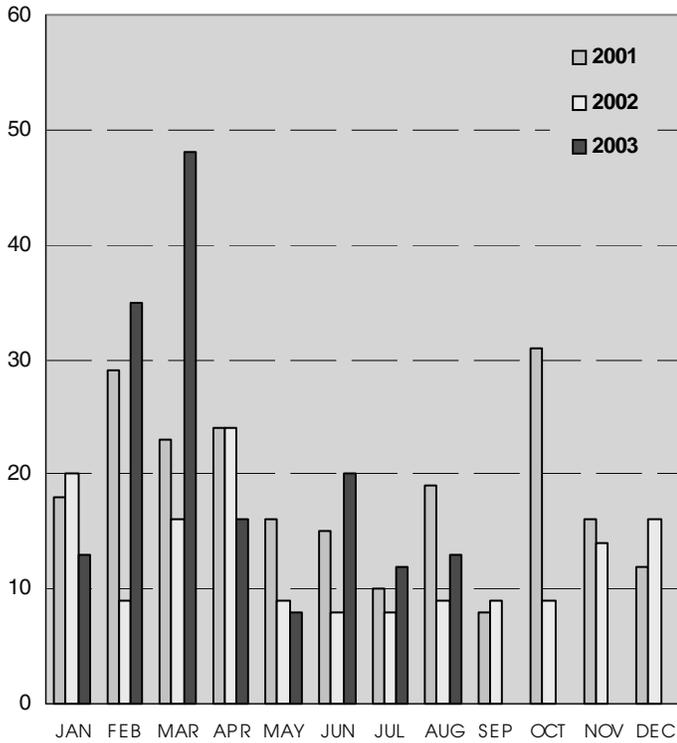


NOTE: In August 2001 and 2003, only one multifamily permit was issued and in February 2002, only two permits were issued; in April 2003, no permits were issued; therefore, the bars are too small to discern.



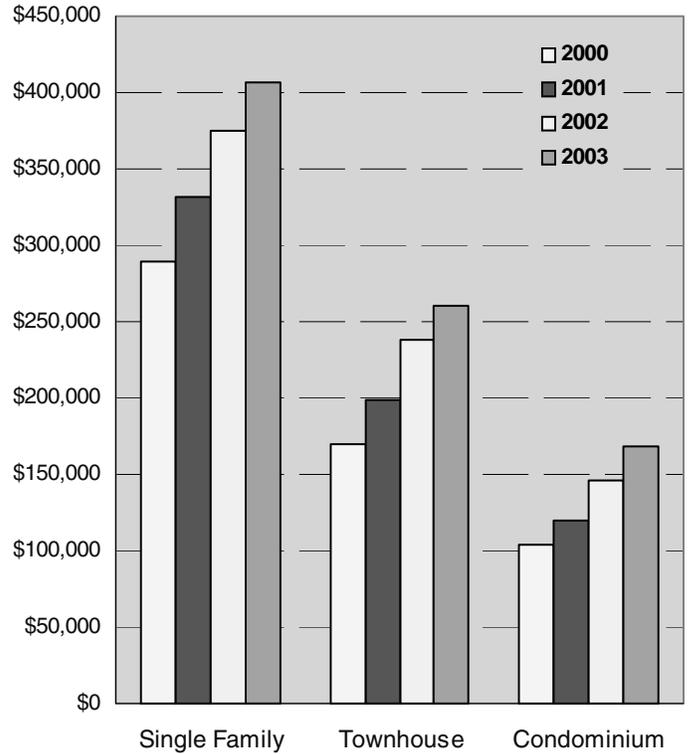
HOME SALES IN FAIRFAX COUNTY

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.

MEDIAN PRICE OF EXISTING HOMES SOLD THROUGH JULY 2003 COMPARED TO THE ANNUAL MEDIAN 2000 - 2002



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

Nonresidential Building Permits

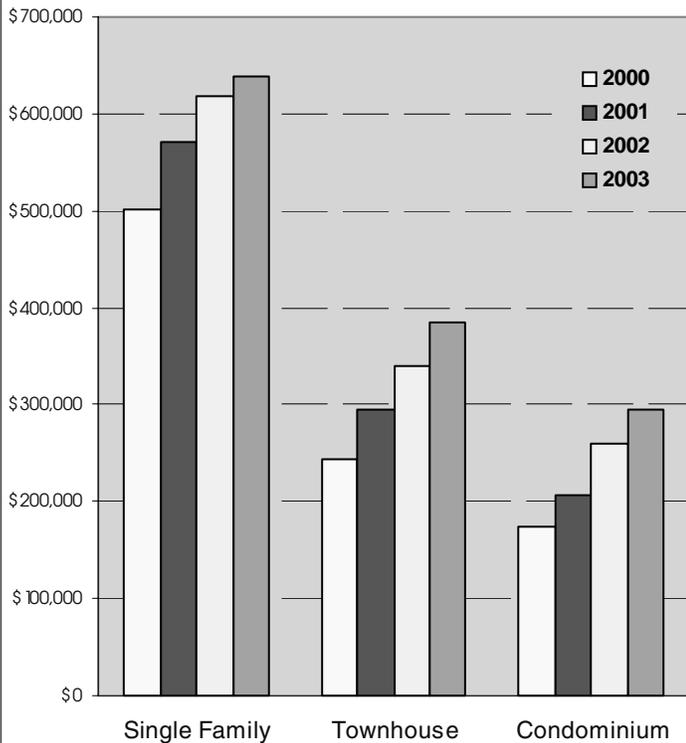
From January through August 2003, 165 nonresidential building permits have been issued, up 60.2 percent, or 62 permits, from the same period in 2002. Nonresidential repair and alterations permits issued through August are 2,364, an increase of 0.6 percent or 13 permits, calendar year-to-date.

Sales Prices for Existing Homes

Home sales data through July indicate that the 2003 median sales price of existing (previously owned) single family homes is \$406,000 compared to the 2002 median of \$376,000—growth of 8.0 percent. The median for townhomes has grown 9.1 percent from \$238,265 in 2002 to \$260,000. The median for condominiums has increased from \$145,000 to \$169,000, representing growth of 16.6 percent.



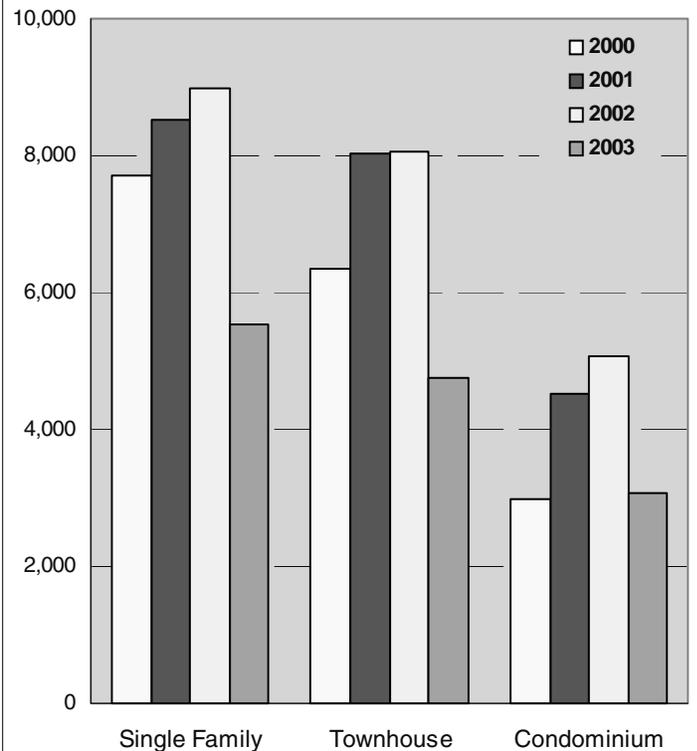
MEDIAN PRICE OF NEW HOMES SOLD THROUGH JULY 2003 COMPARED TO THE ANNUAL MEDIAN 2000 - 2002



Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department 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 JULY 2000 - 2003



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

Sales Prices for New Homes

New home sales data through July 2003 indicate that the median sales price for a new single family home is \$639,311, an increase of 3.4 percent over the 2002 median price of \$618,131. The median for new townhomes has increased 13.6 percent, from \$338,875 to \$385,043. The median sales price for condominiums has increased 13.5 percent, from \$259,830 in 2002 to \$294,875 through July 2003.

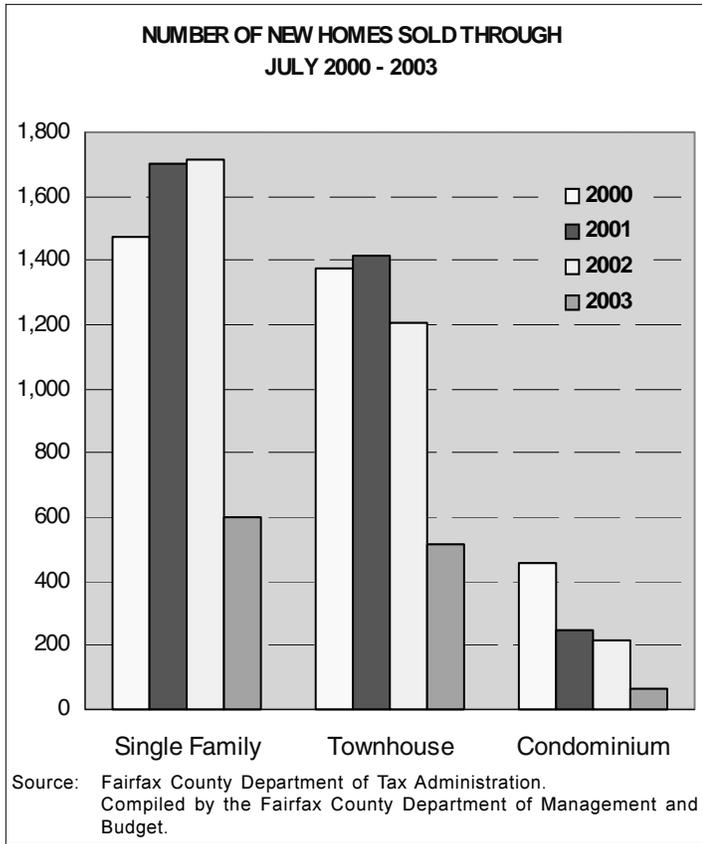
PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD YEAR-END 2002 COMPARED TO SALES THROUGH JULY 2003

	Existing Sales	New Sales
Single Family	8.0	3.4
Townhouse	9.1	13.6
Condominium	16.6	13.5

Sales Volume for Existing Homes

Sales volume for existing (previously owned) homes is up for all home types through July 2003. Sales of existing townhomes have increased 3.4 percent from 4,583 to 4,740 and condominium sales are up 12.5 percent from 2,742 to 3,084, calendar year-to-date. Single family homes sales have increased 4.9 percent through the first seven months of calendar year 2003, from 5,267 to 5,522.

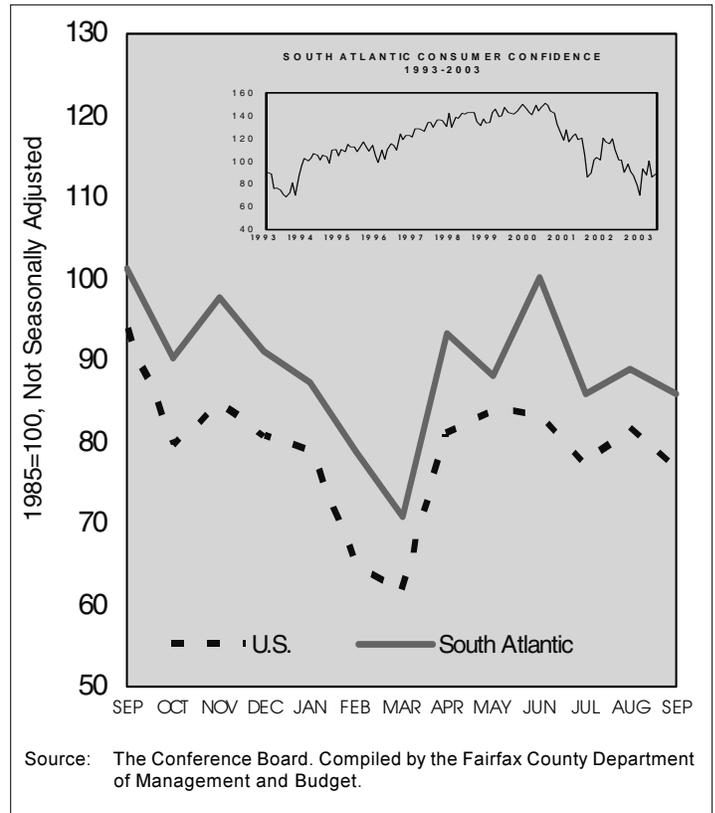




Sales Volume for New Homes

Sales volume is down for all new home types through July 2003. Sales of new townhomes have decreased 36.7 percent, from 809 to 512, while single family home sales have fallen 39.3 percent, from 990 to 601, calendar year-to-date. New condominium sales have dropped 30.1 percent from 93 during the first seven months of 2002 to 65 during the same period of 2003.

ADDITIONAL INDICATORS



Consumer Confidence Index

The Conference Board reports that the Consumer Confidence Index declined in September, losing all of the gain from the previous month. The Index now stands at 76.8, compared to 81.7 in August. 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 September, the Present Situation Index declined from 62.0 to 59.5 points, a 2.5 point fall from last month. Consumers' weak assessment of the current economic climate is due to a lack of improvement in labor market conditions.

The Expectations Index declined to 88.4 from 94.9. "Despite September's retreat, consumers remain cautiously optimistic about the outlook for the next six months," said Lynn Franco, Director of the Conference Board's Consumer Research Center. "Consumer spending is likely to continue at or near current levels," noted Ms. Franco.

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 the coming 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

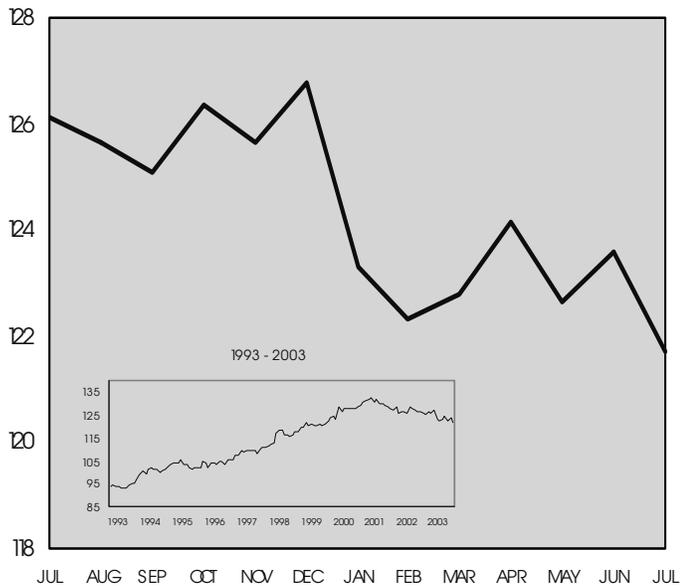


The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 121.7 in July 2003—a 1.5 percent decline from June. The Index has been positive in three of the past five months but remains 3.5 percent below its July 2002 value.

In July, two of the Index's four components were negative. Transient occupancy tax collections, adjusted for inflation and seasonal variation, declined sharply for a second consecutive month; Consumer Confidence (in the present) decreased for the second time in three months. Conversely, total employment increased for a sixth consecutive month; and sales tax collections, adjusted for inflation and seasonal variation, increased for the second consecutive month.

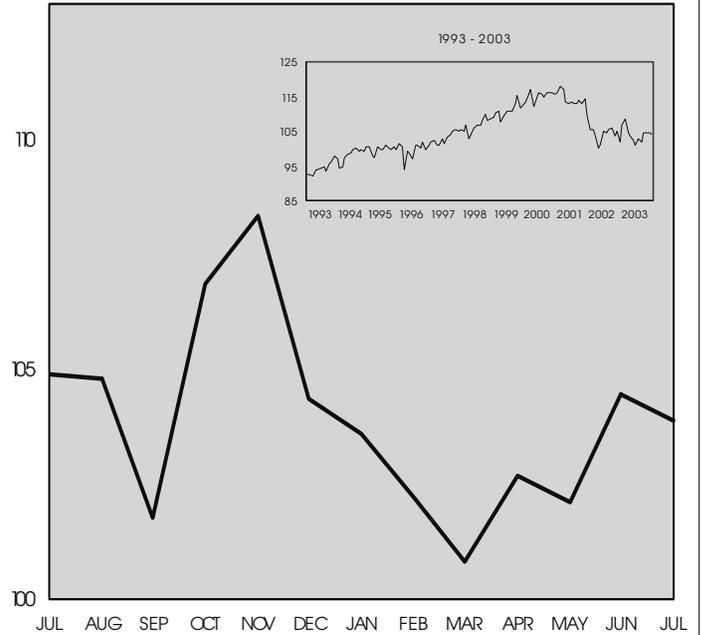
Fairfax County Coincident Index

1987=100



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

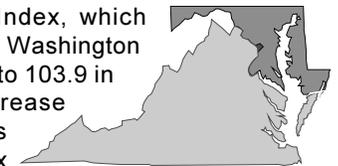
Metropolitan Coincident Index



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

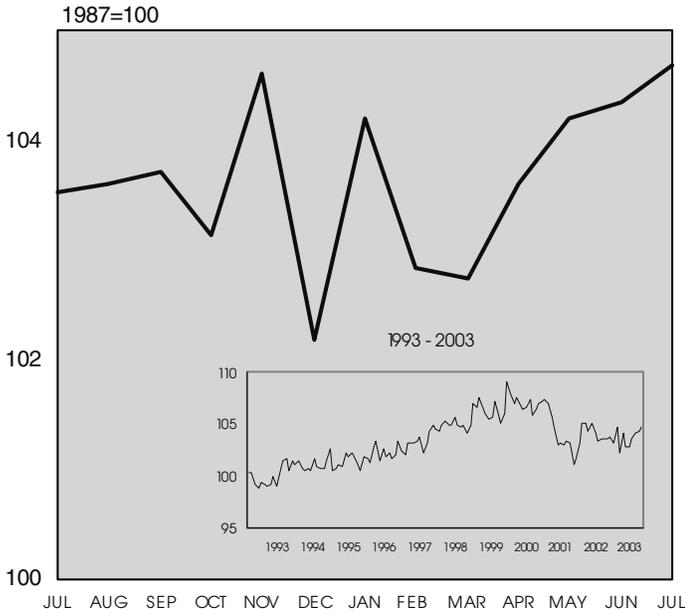
Metropolitan Coincident Index

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, fell to 103.9 in July 2003—a 0.5 percent decrease from June. This decline follows a sharp gain in June. The Index is down 5.0 percent below its July 2002 value.



In July, two of the Index's four components were negative. Wage and salary employment decreased in July for the first time in five months and Consumer Confidence (in the present) declined following a sharp gain in June. In contrast, Domestic passenger volume at Reagan National and Dulles Airports increased for the third consecutive month and nondurable goods retail sales increased for the third time in four months.

Fairfax County Leading Index



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

Metropolitan Leading Index

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 6 to 8 months in advance, declined to 109.3 in July 2003—a 1.0 percent decrease from June. The Index remains slightly ahead of its July 2002 level despite experiencing the first decline in four months.



In July, three of the Index's five components contributed to its decline. Total residential building permits registered their largest one-month decline following June's largest one-month gain in more than a year; the Help Wanted Index declined for the first time in five months; and consumer expectations (consumer confidence six months hence) declined for a second month. On the other hand, initial claims for unemployment insurance declined (improved) for the third consecutive month; and durable goods retail sales increased for the fourth time in five months.

Fairfax County Leading Index

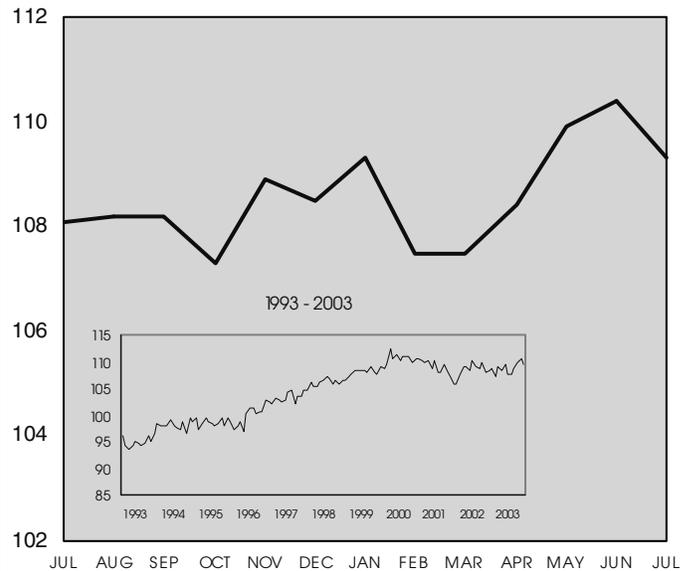


The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, increased to 104.7 in July 2003—a 0.3 percent gain over June. As July marked the fourth consecutive monthly gain, the Index trendline is pointing to accelerated growth in the County's economy.

The Fairfax County July Leading Index is 1.1 percent above its July 2002 level.

In July, increases in three of the Index's five components contributed to its gain. New automobile registrations increased for a second consecutive month; initial claims for unemployment insurance declined (improved) in July for the third consecutive month; and residential building permits increased sharply following a slight decline in June. The total value of residential building permits, however, fell slightly in June and consumer expectations (consumer confidence six month hence) declined for a second consecutive month.

Metropolitan Leading Index



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

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 and Jameson Penn, analysts.