



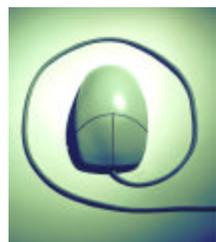
ECONOMIC INDICATORS[®]

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

OCTOBER 2003

IN THIS ISSUE:

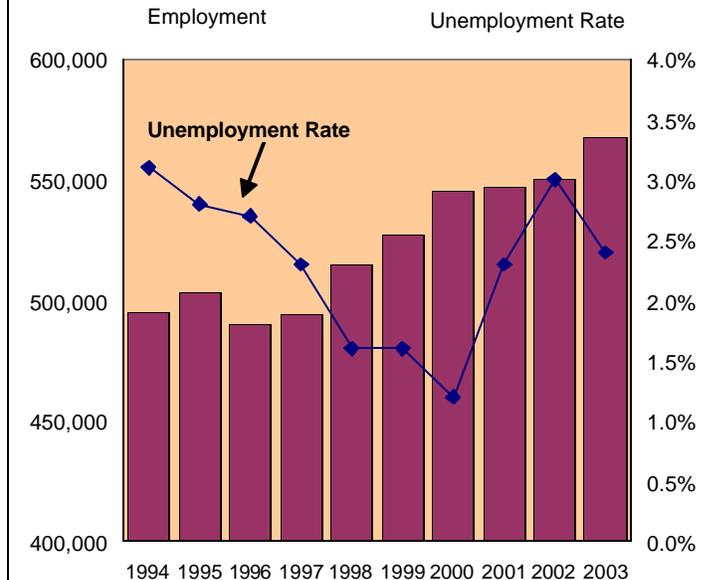
- The number of employed Fairfax County residents rose 10,589 in August 2003 compared to August 2002. **(See page 1)**
- October Sales Tax receipts for Fairfax County, representing retail purchases made in August, are \$11.5 million, a 2.4 percent increase over October 2002. **(See page 2)**
- Multifamily building permits are down 72.8 percent while single family permits are down 3.3 percent, calendar year-to-date. **(See page 3)**
- The Fairfax County Coincident Index increased in August whereas the Metropolitan Washington Coincident Index declined. The level of each index is still below that of one year ago. **(See page 7)**
- The Fairfax County Leading Index declined in August while the Metropolitan Washington Leading Index increased. The level of each index is above that of August 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

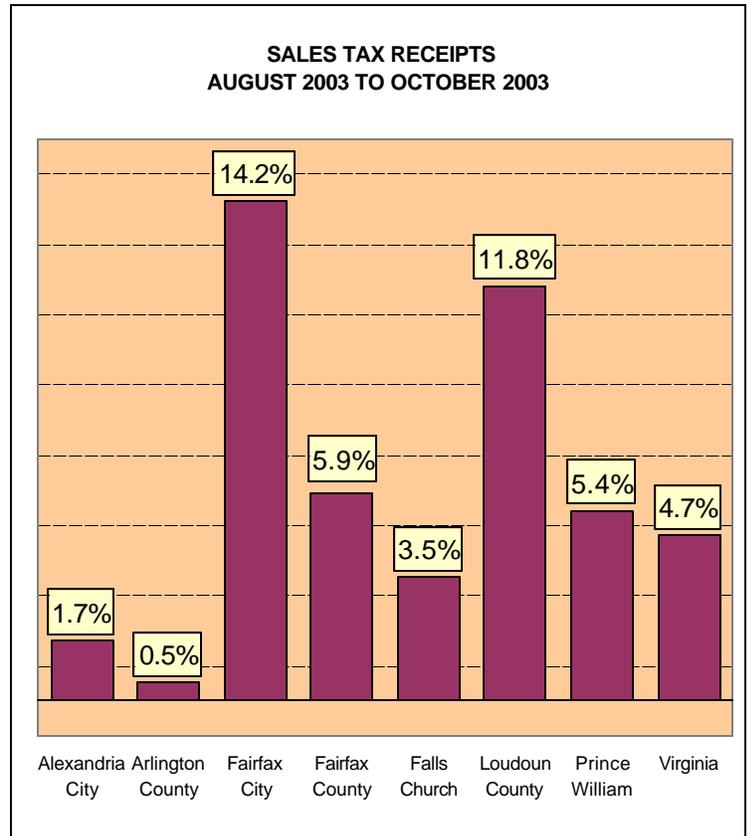
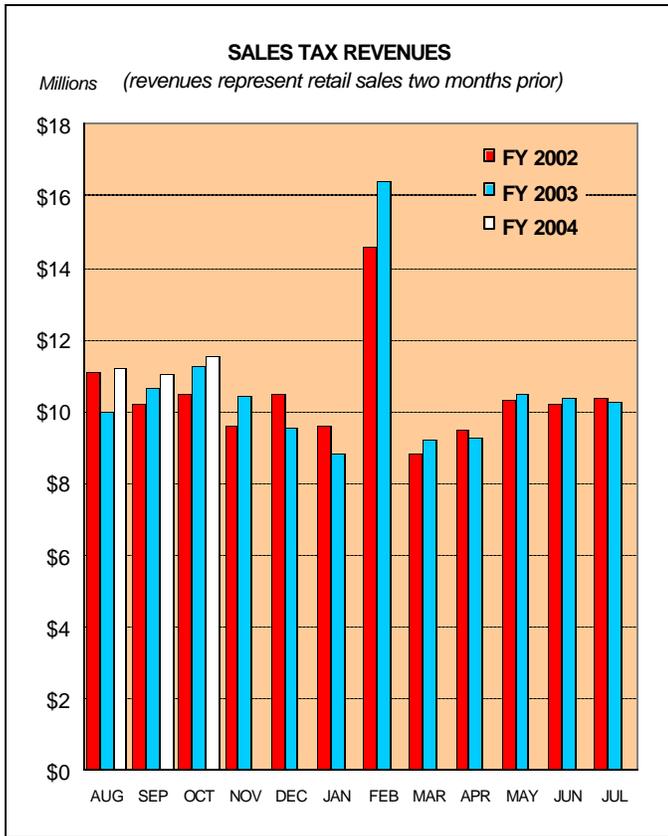


Source: Virginia Employment Commission.
Compiled by the Fairfax County Department of Management and Budget.

Employment

As reported by the Virginia Employment Commission (VEC) in October, the number of employed Fairfax County residents was 567,573 in August 2003, an increase of 10,589, or 1.9 percent over August 2002. During this period, unemployment in Fairfax County fell 0.7 percentage points from 3.1 percent in August 2002 to 2.4 percent in August 2003. The August unemployment rate also showed improvement from the July 2003 rate of 2.5 percent.

Virginia's August 2003 unemployment level fell 0.3 percentage points from 4.1 percent in July 2003 to 3.8 percent. The August 2003 rate tied that of April 2003 for the lowest thus far in 2003. Compared nationally, Virginia's rate was well below the U.S. August 2003 unemployment rate of 6.0 percent.



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

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

Fairfax County Sales Tax Receipts

October Sales Tax receipts for Fairfax County, representing retail purchases made in August, are \$11.5 million, a 2.4 percent increase over October 2002. Through the first quarter of FY 2004, Sales Tax receipts are up 5.9 percent over the same period in FY 2003.

National Sales Tax Receipts

According to the Commerce Department, seasonally adjusted preliminary September retail sales estimates for the U.S. declined 0.2 percent from the previous month but increased 7.5 percent over September 2002. Compared to last year, health and personal care store sales were up 0.4 percent, building materials and garden equipment sales were up 1.9 percent, gasoline station sales were up 0.3 percent, and motor vehicle and parts dealers were down 1.6 percent from September last year.

Neighboring Jurisdictions

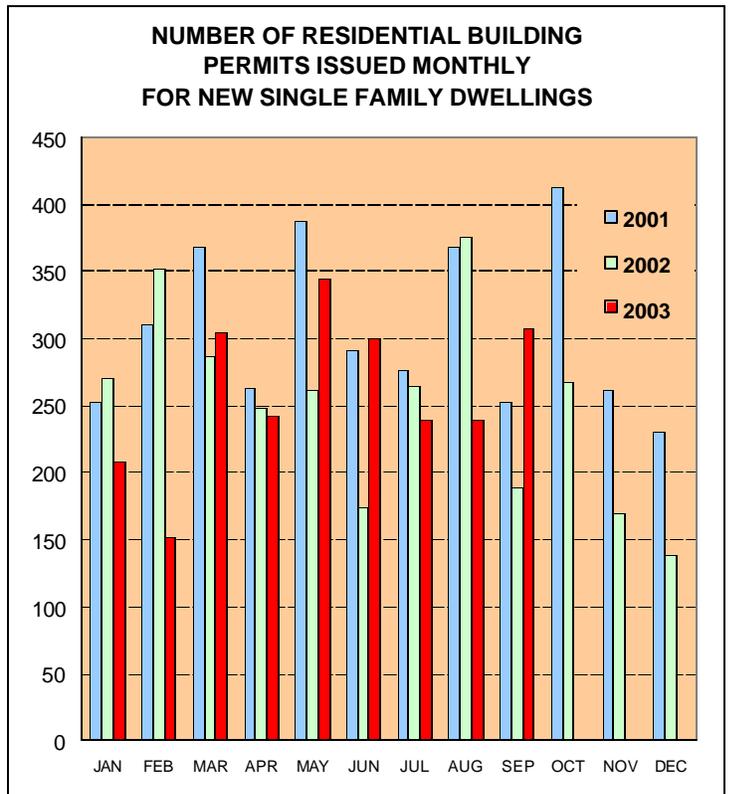
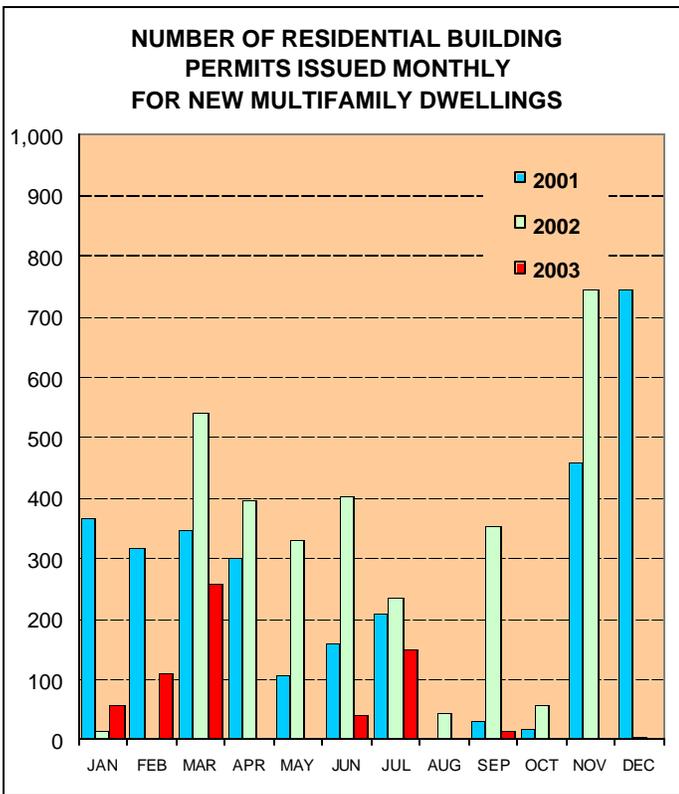
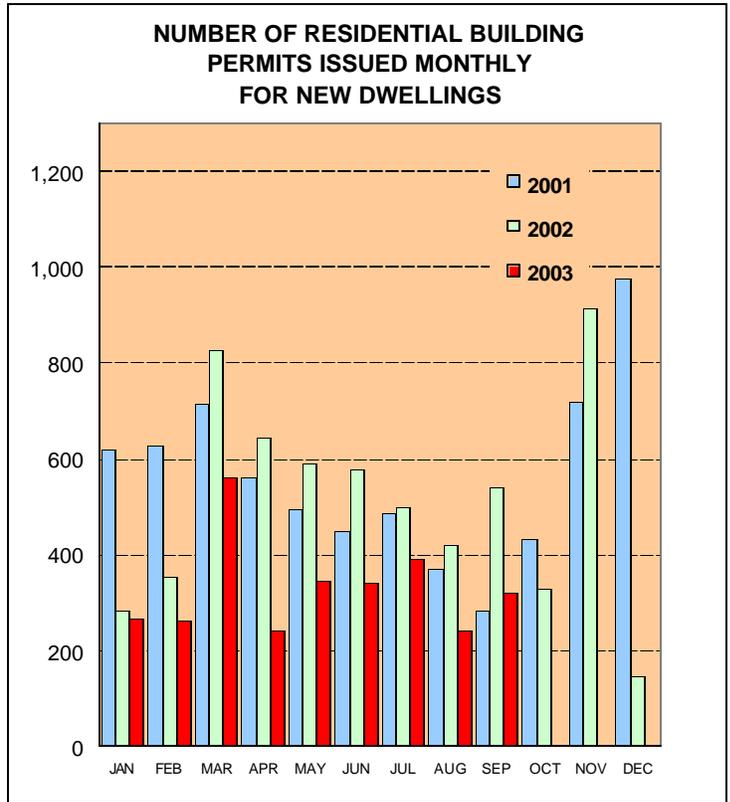
Sales tax receipt growth during August through October 2003 is positive for all of the Northern Virginia localities. These receipts correspond to retail purchases from June through August.

For the first three months of FY 2004, Sales Tax receipts are up double digits in Fairfax City at 14.2 percent and Loudoun County at 11.8 percent. Sales Tax receipts in Alexandria are up 1.7 percent, while receipts in Prince William are up 5.4 percent. Sales Tax receipts in Falls Church are experiencing growth of 3.5 percent while Arlington receipts are up just 0.5 percent. Statewide Sales Tax receipts are increasing at a rate of 4.7 percent.

Building Permits

The overall growth rate of new residential permits has decreased calendar year-to-date. Through September, total new residential dwelling permits are down 37.3 percent, or 1,767 permits. Through September, 630 multifamily permits have been issued, falling short of last year's total by 72.8 percent or 1,686 permits, year-to-date. Single family permits issued from January through September total 2,342, down 3.3 percent, or 81 permits, from the same period in 2002.

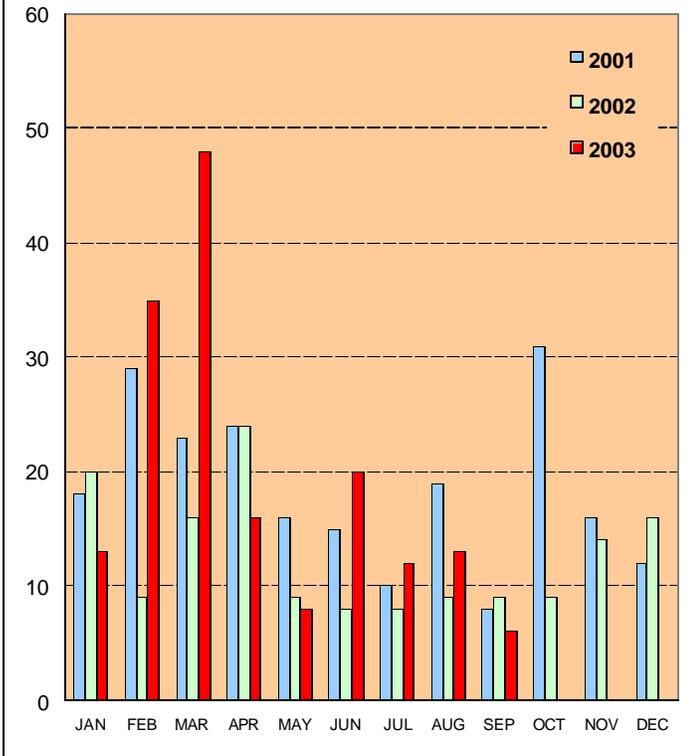
Residential repair and alteration permits issued through September 2003 are 8,843 and have declined 2.4 percent, or 216 permits, from the same period last year.



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.

Source of data for all above charts: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

NUMBER OF NONRESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW STRUCTURES



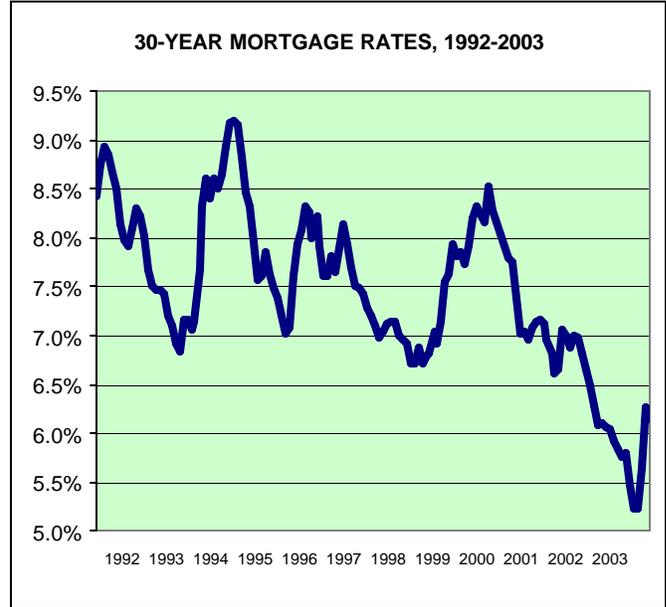
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

Nonresidential Building Permits

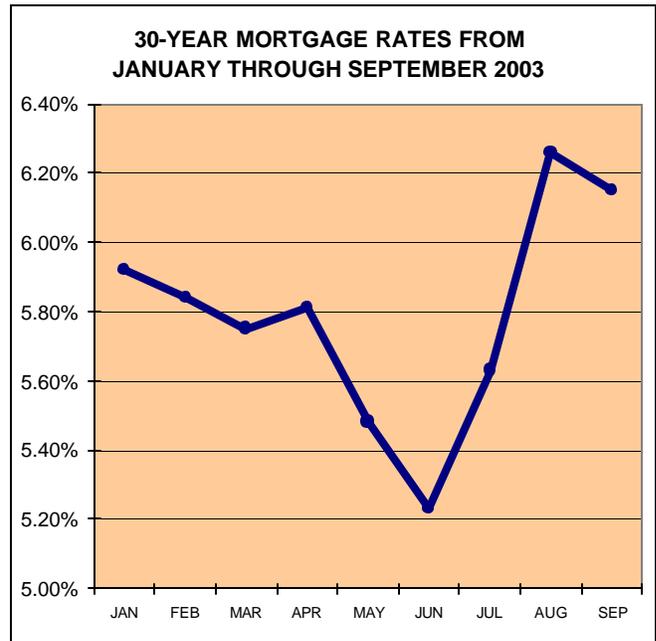
From January through September 2003, 171 nonresidential building permits have been issued, up 52.7 percent, or 59 permits, from the same period in 2002. Nonresidential repair and alterations permits issued through September are 2,634, an increase of 1.3 percent or 34 permits, calendar year-to-date.

Due to processing delays, updated Fairfax County home sales data are not available this month and will be reported in the November issue of the *Fairfax County Economic Indicators*.

30-Year Mortgage Rates



Low mortgage rates contribute to a strong housing market – in terms of home sales and mortgage refinancing. While mortgage rates have risen somewhat in recent months, they remain at historically low levels not seen in more than 40 years. The average interest rate on 30-year fixed-rate mortgages for 2003 through September is 5.79 percent as compared to the average rate of 6.99 percent for all of calendar year 2002.



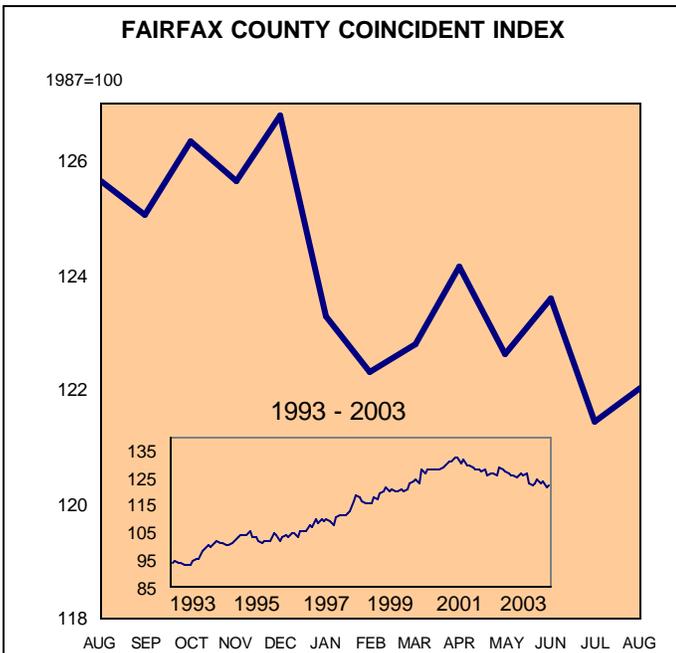
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices 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

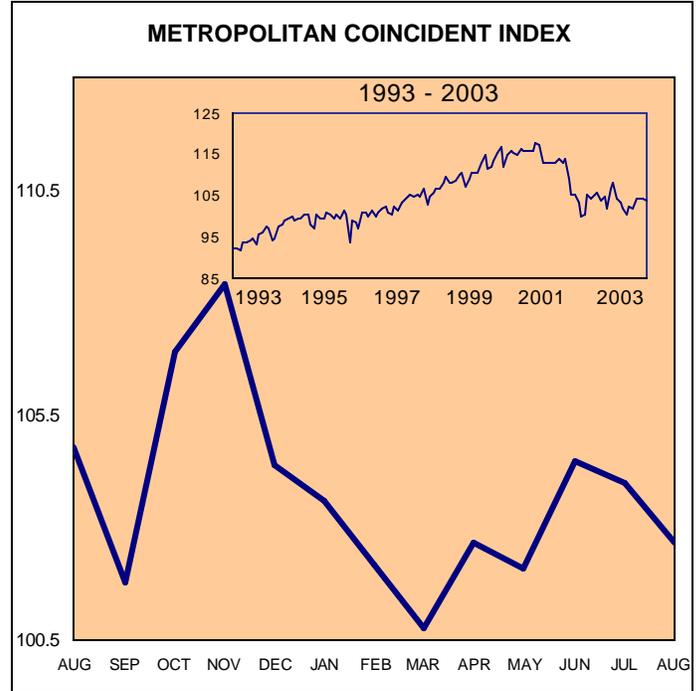


The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 122.0 in August 2003—a 0.5 percent increase over July. The gain in August followed a sharp decline in July but the Index remains 2.9 percent below its August 2002 value.

In August, three of the Index's four components were positive. Transient occupancy tax collections, adjusted for inflation and seasonal variation, increased following two consecutive sharp declines; total employment increased for a seventh consecutive month; and sales tax collections, adjusted for inflation and seasonal variation, increased for the third consecutive month. Conversely, Consumer Confidence (in the present) decreased for the third time in four months.



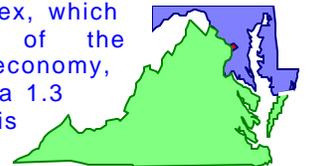
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and budget.



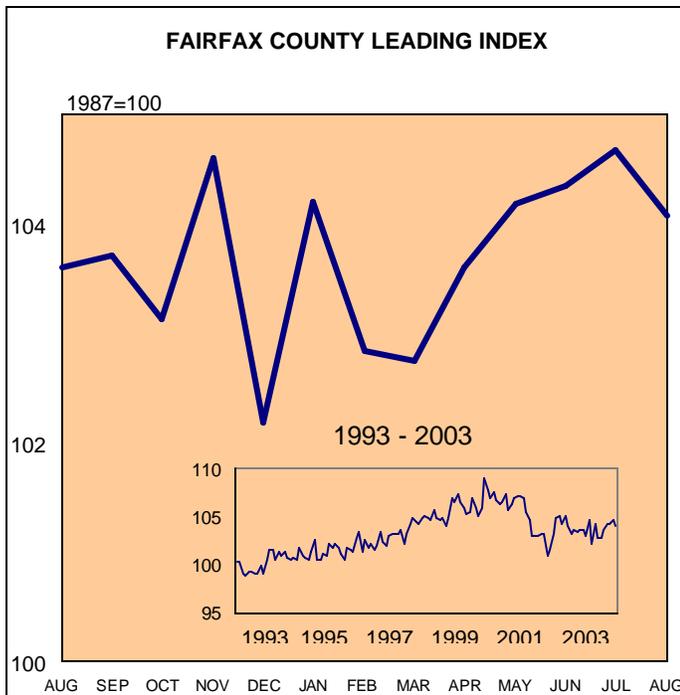
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and budget.

Metropolitan Coincident Index

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, fell to 102.7 in August 2003—a 1.3 percent decrease from July. This was the second consecutive decline following a sharp gain in June. The Index is down 5.5 percent below its August 2002 value.



In August, three of the Index's four components were negative. Wage and salary employment decreased in August for the second consecutive month following four monthly gains in previous months; Consumer Confidence (in the present) declined for the third time in four months; and domestic passenger volume at Reagan National and Dulles Airports decreased following three monthly gains. In contrast, nondurable goods retail sales increased for the fourth time in five months.



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

Fairfax County Leading Index



The Fairfax County Leading Index, which is designed to forecast the County's economy 9 to 12 months in advance, declined to 104.1 in August 2003—a 0.6 percent fall from July. The August decrease followed four consecutive monthly gains, but the

Index is still 0.4 percent higher than its August 2002 value.

In August, three of the Index's five components contributed to its decline. New automobile registrations declined following two consecutive monthly gains; residential building permits fell sharply and have decreased in two of the last three months; and the total value of residential building permits declined for the third consecutive month. In contrast, initial claims for unemployment insurance declined (improved) in August for the fourth consecutive month and consumer expectations (consumer confidence six month hence) increased after declining for two consecutive months.

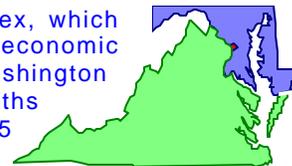
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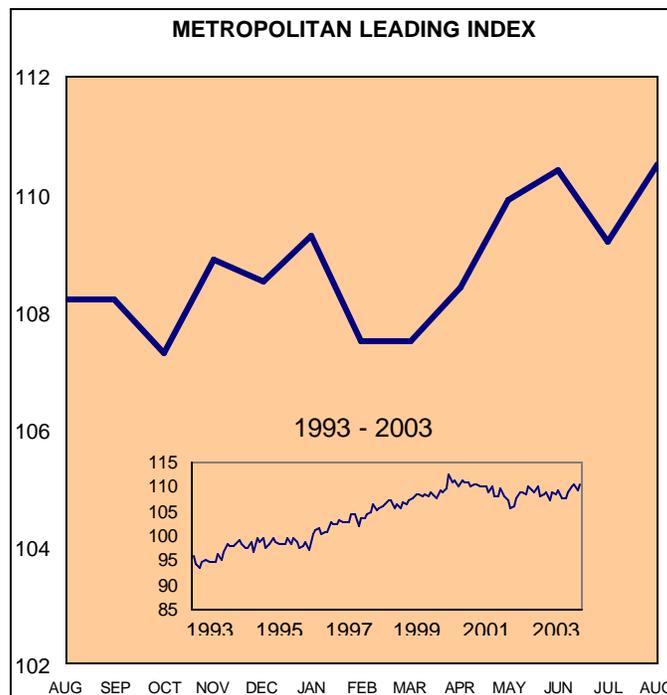
Staff: Susan Datta, Director; Marcia Wilds and Jameson Penn, analysts.

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, increased to 110.5 in August 2003—a 1.2 percent gain over July. The Index is 2.1 percent above its August 2002 level after registering its fourth gain in five months.



In August, all five of the Index's components contributed to its gain. Total residential building permits increased for the third time in four months; the Help Wanted Index gained after declining in July; consumer expectations (consumer confidence six months hence) were up following two monthly declines; initial claims for unemployment insurance declined (improved) for the fourth consecutive month; and durable goods retail sales increased for the fifth time in six months.



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