



ECONOMIC INDICATORS[®]

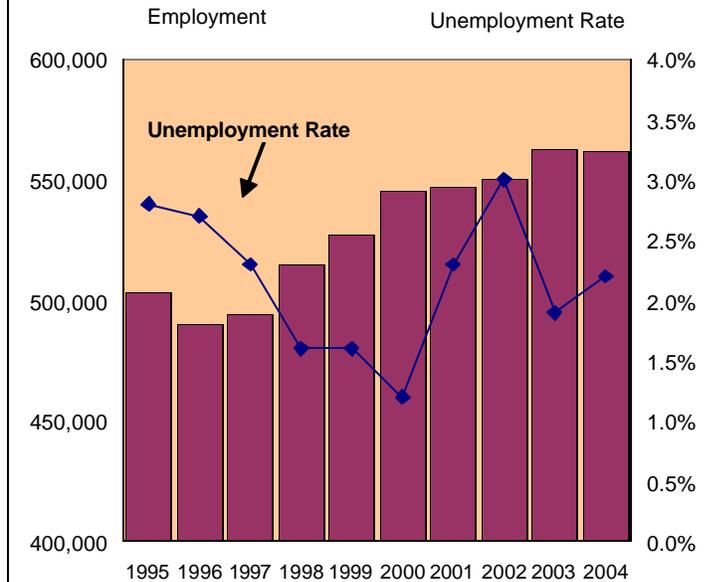
FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

MARCH 2004

IN THIS ISSUE:

- The unemployment rate in Fairfax County for January 2004 increased to 2.2 percent from 2.0 percent in December. (See page 1)
- Sales Tax receipts for Fairfax County, representing retail purchases made from June 2003 through January 2004, have increased 8.7 percent over the same period of FY 2003. (See page 2)
- Annual Taxable Sales for Fairfax County increased \$547.8 million or 4.9 percent over calendar year 2002. (See page 3)
- In January, both the Fairfax County and Metropolitan Washington Coincident Indices declined marginally compared to December 2003. (See page 7)
- Both the Fairfax County and Metropolitan Washington Leading Indices increased in January 2004. The level of each index is above that of one year ago. (See page 8)

RESIDENTIAL EMPLOYMENT - JANUARY



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

Employment

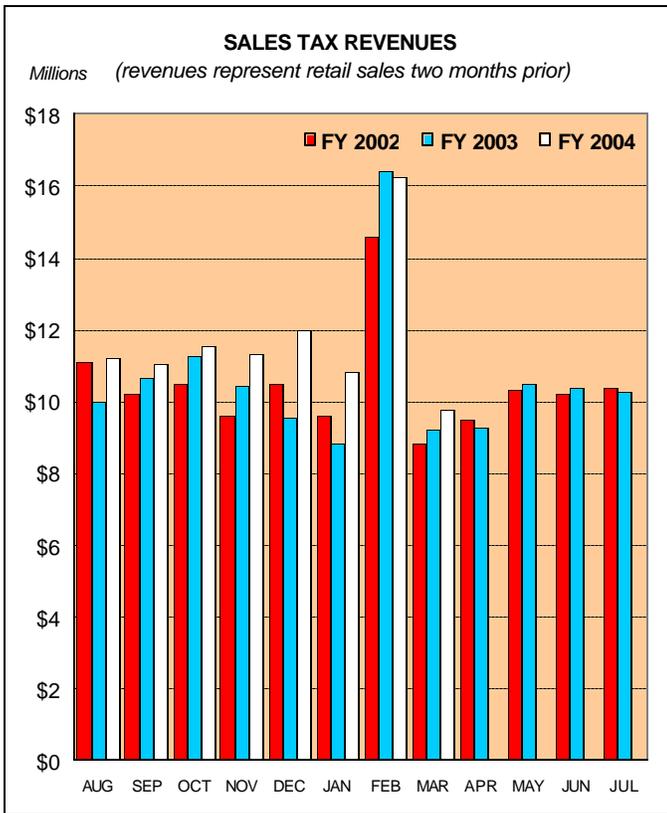
The January 2004 unemployment rate in Fairfax County increased to 2.2 percent from 2.0 percent in December 2003. As reported by the Virginia Employment Commission (VEC), the number of employed Fairfax County residents was 562,340 in January 2004, an increase of 11,085, or 2.0 percent over January 2003. During this period, unemployment in Fairfax County fell 0.5 percentage points from 2.7 percent in January 2003 to 2.2 percent in January 2004.

Virginia's January 2004 unemployment rate was 3.9 percent, 0.4 percentage point above the 3.5 percent recorded in December 2003. Cold temperatures and a post-holiday slump in retail sales modestly impacted the unemployment rate in January 2004. Compared nationally, Virginia's rate was well below the U.S. January 2004 unemployment rate of 6.3 percent.

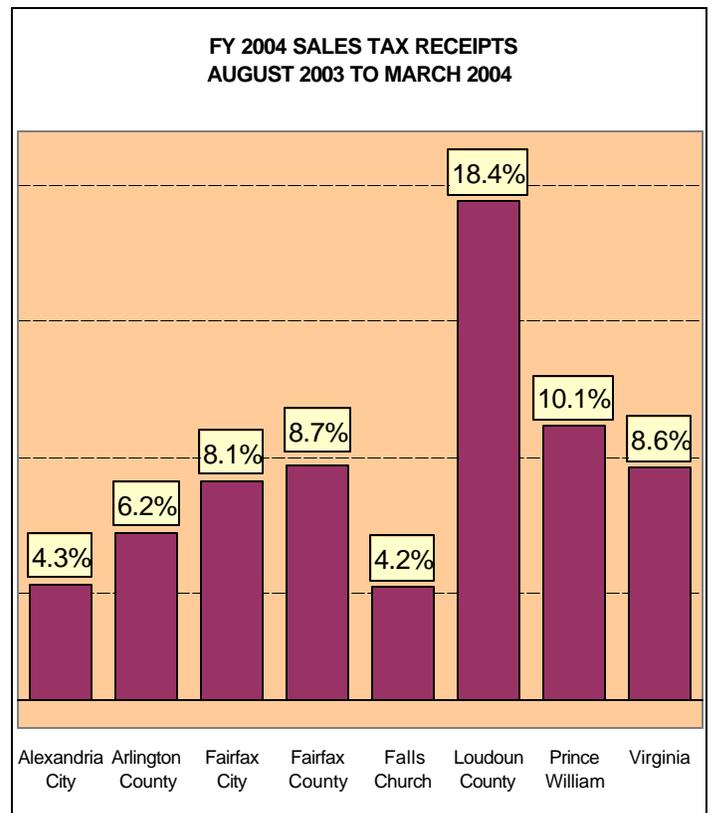


The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

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



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

March Sales Tax receipts for Fairfax County, representing retail purchases made in January, are \$9.8 million, an increase of 6.4 percent over February 2004. Through the first eight months of FY 2004, Sales Tax receipts are up 8.7 percent over the same period in FY 2003.

National Sales Tax Receipts

According to the Commerce Department, seasonally adjusted preliminary February retail sales estimates for the U.S. increased 0.6 percent over the previous month and increased 7.9 percent over February 2003. Compared to last year, health and personal care store sales are up 7.0 percent, building materials and garden equipment sales are up 10.9 percent, retail sales are up 7.5 percent, and gasoline station sales are up 6.0 percent.

Neighboring Jurisdictions

Sales Tax receipt growth during the period of August 2003 through March 2004 is positive for all of the Northern Virginia localities. These receipts correspond to retail purchases from June 2003 through January 2004.

During this period, Sales Tax receipts are up double digits in Prince William County at 10.1 percent and Loudoun County at 18.4 percent. Sales Tax receipts in Arlington County are experiencing 6.2 percent growth, Fairfax City 8.1 percent, Alexandria 4.3 percent, and Falls Church 4.2 percent. During the eight-month period from August 2003 through March 2004, Statewide Sales Tax receipts are increasing at a rate of 8.6 percent.

Fairfax County Economic Indicators

March 2004 Special Report

Taxable Sales Rebound in 2003

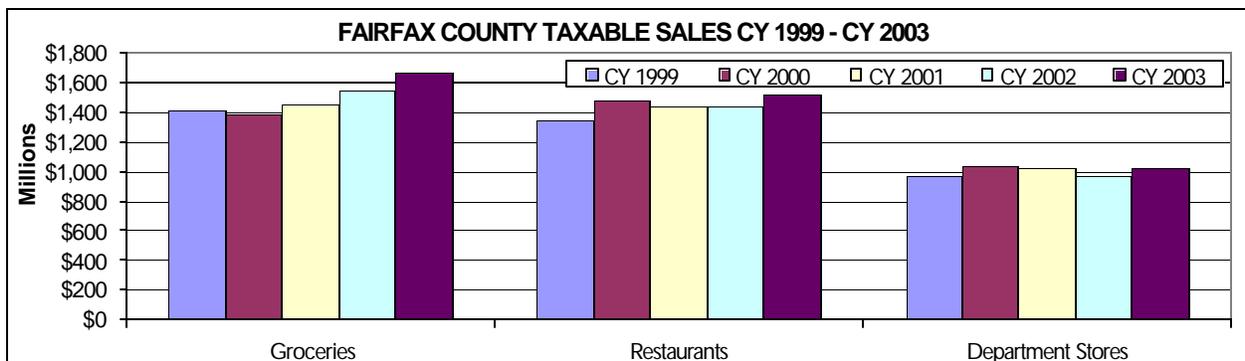
Taxable sales in Fairfax County totaled nearly \$11.7 billion in calendar year 2003, an increase of \$547.8 million or 4.9 percent over 2002, according to taxable sales data recently released by the Virginia Department of Taxation.

FAIRFAX COUNTY TAXABLE SALES BY CATEGORY, CY 2002 - CY 2003

Taxable Sales by Category	CY 2002 Total	CY 2003 Total	Percent of Total	Change From CY 2002	Percent Change
Apparel	\$735,821,285	\$778,937,697	6.7%	\$43,116,412	5.9%
Automotive	\$608,502,428	\$672,306,865	5.8%	\$63,804,437	10.5%
Food	\$3,101,727,184	\$3,315,217,395	28.4%	\$213,490,211	6.9%
Furniture & Home Furnishings	\$1,284,201,208	\$1,380,559,311	11.8%	\$96,358,103	7.5%
General Merchandise & Department Stores	\$1,430,633,789	\$1,443,936,229	12.4%	\$13,302,440	0.9%
Lumber & Building Materials	\$768,350,291	\$819,036,806	7.0%	\$50,686,515	6.6%
Fuel	\$14,164,498	\$16,467,021	0.1%	\$2,302,523	16.3%
Machinery & Equipment	\$403,205,717	\$419,324,435	3.6%	\$16,118,718	4.0%
Hotels	\$339,771,166	\$333,362,822	2.9%	(\$6,408,344)	-1.9%
Miscellaneous	\$2,443,009,194	\$2,498,003,086	21.4%	\$54,993,892	2.3%
Total	\$11,129,386,760	\$11,677,151,667	100.0%	\$547,764,907	4.9%

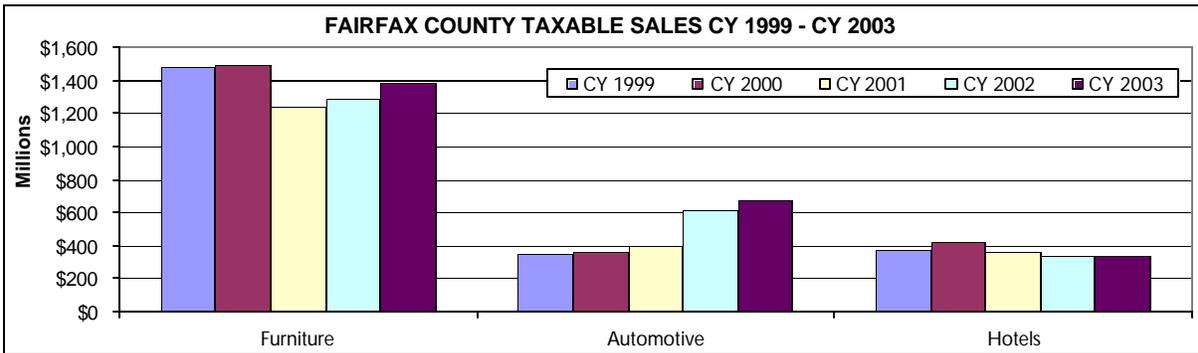
Food purchases in Fairfax County, which represent over 28.0 percent of total taxable sales, grew 6.9 percent in calendar year 2003 to \$3.3 billion. The food category accounted for 39.0 percent or \$213.5 million of the total increase in taxable sales over calendar year 2002, with groceries and restaurants both experiencing strong gains. After a decline in restaurant sales in 2001 and a marginal increase in 2002, restaurant sales grew at a rate of 5.0 percent or \$72.6 million in 2003. Taxable sales in grocery stores grew at gradual rates in fiscal years 2001 and 2002 after a slight decline in 2000. In 2003, taxable grocery sales increased 8.1 percent or \$124.4 million over 2002.

The General Merchandise category, which largely consists of department store purchases, is \$1.4 billion and represents 12.0 percent of total taxable sales in Fairfax County. While taxable sales in this category increased 6.0 percent or \$58.2 million in calendar year 2003, the total increase fell short of fully offsetting the declines that occurred in 2001 and 2002 due to the slowdown in the local economy. As a result, general merchandise taxable sales in Fairfax County are still \$253.9 million below the calendar year 2000 peak of \$1.7 billion.



Fairfax County Economic Indicators

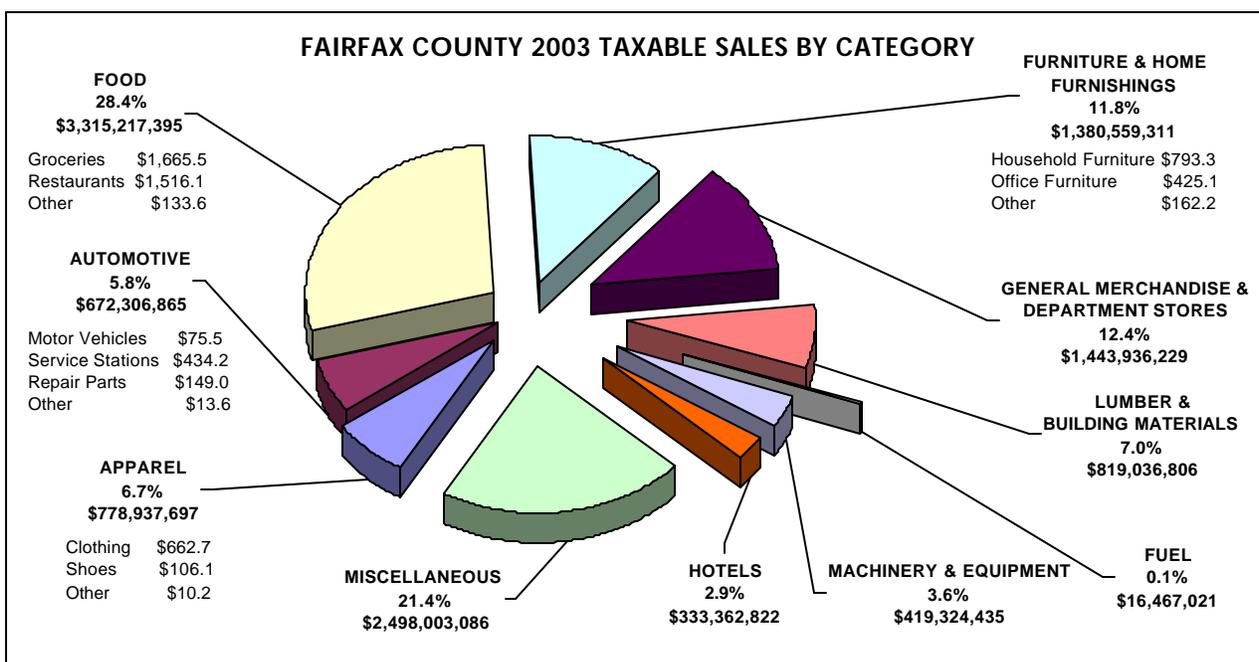
March 2004 Special Report



Furniture and Home Furnishing taxable sales, reflecting nearly 12 percent of total taxable sales in Fairfax County during 2003, were \$1.4 billion up \$96.4 million or 7.5 percent over the previous year. Office furniture and equipment sales, which represent nearly one third of the total furniture category in 2003, increased 15.3 percent or \$56.5 million over calendar year 2002. The household portion, representing 57.5 percent of the overall furniture category, grew 6.9 percent or \$51.3 million in 2003. The total furniture category has rebounded since calendar year 2001, when taxable sales fell \$251.2 million, or 16.9 percent, from 2000. This drop was primarily due to a decline in office furniture and equipment purchases of \$229.9 million or 37.6 percent as a result of the slow economy in 2001. Household furniture purchases declined 2.0 percent or \$13.7 million during that same period.

Taxable sales in the Automotive category, which includes service station sales and repair parts were \$672.3 million in 2003 representing 5.8 percent of total taxable sales and growth of 10.5 percent over calendar year 2002. Sales of automotive accessories and repair parts increased \$10.6 million or 16.3 percent in 2003, while taxable sales at service stations grew at a rate of 10.9 percent or \$42.8 million over the previous year, due in part to higher gasoline prices.

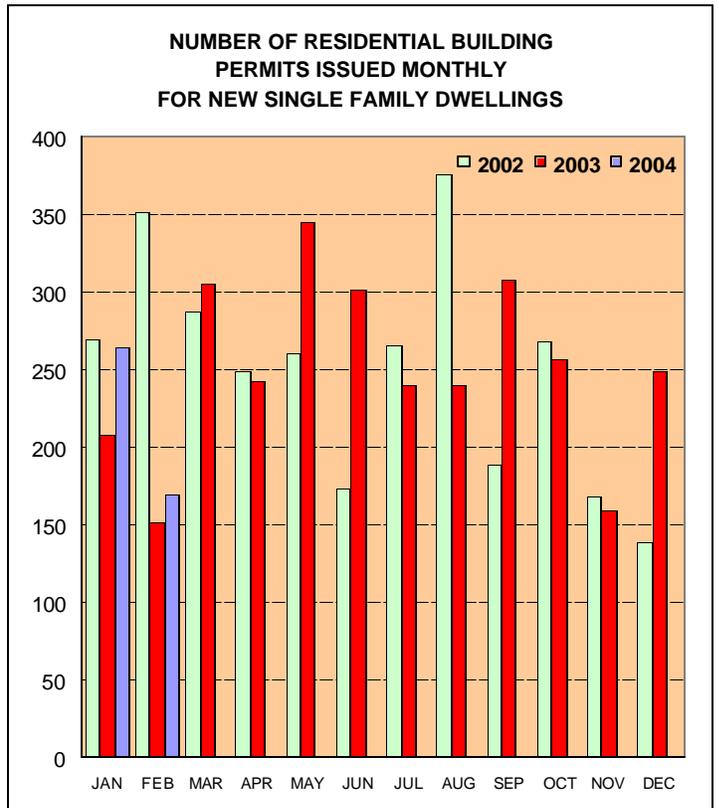
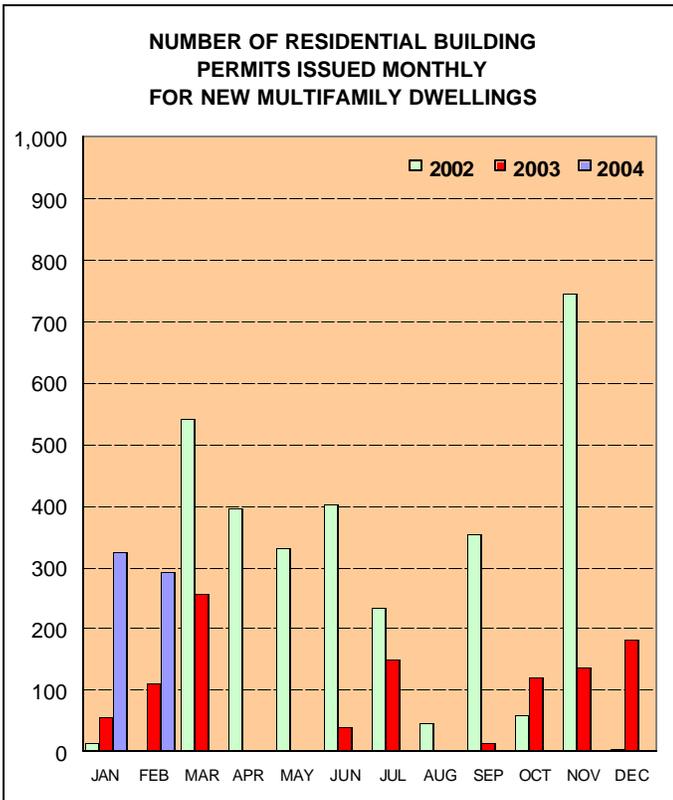
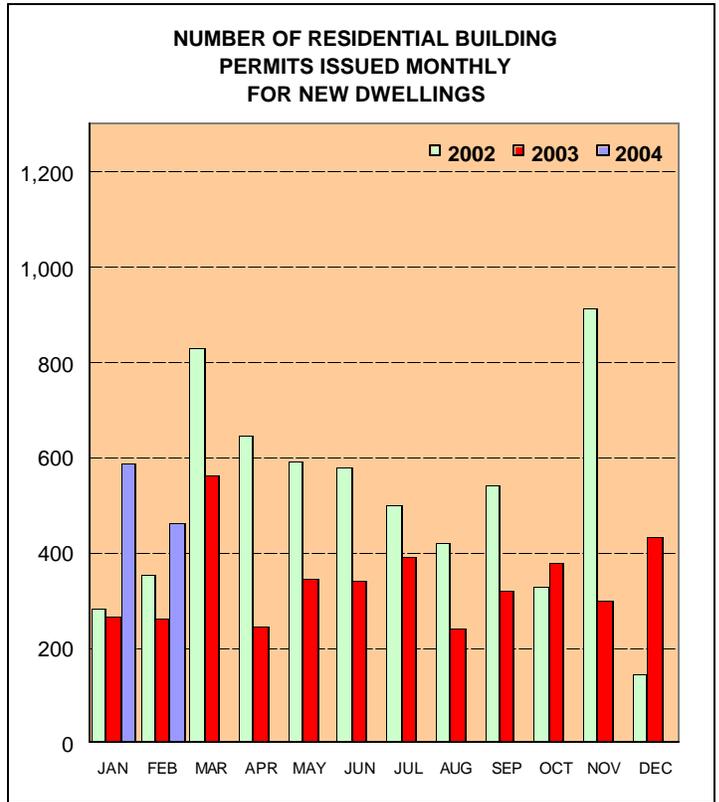
As indicated by the above chart, hotels in Fairfax County have not recovered from the economic slowdown and the September 2001 terrorist attacks. In 2003, taxable hotel sales were \$333.4 million, a decline of \$6.4 million or 1.9 percent from the 2002 level. In total, taxable hotel sales have fallen nearly \$93.0 million from the calendar year 2000 peak of \$426.2 million.



Building Permits

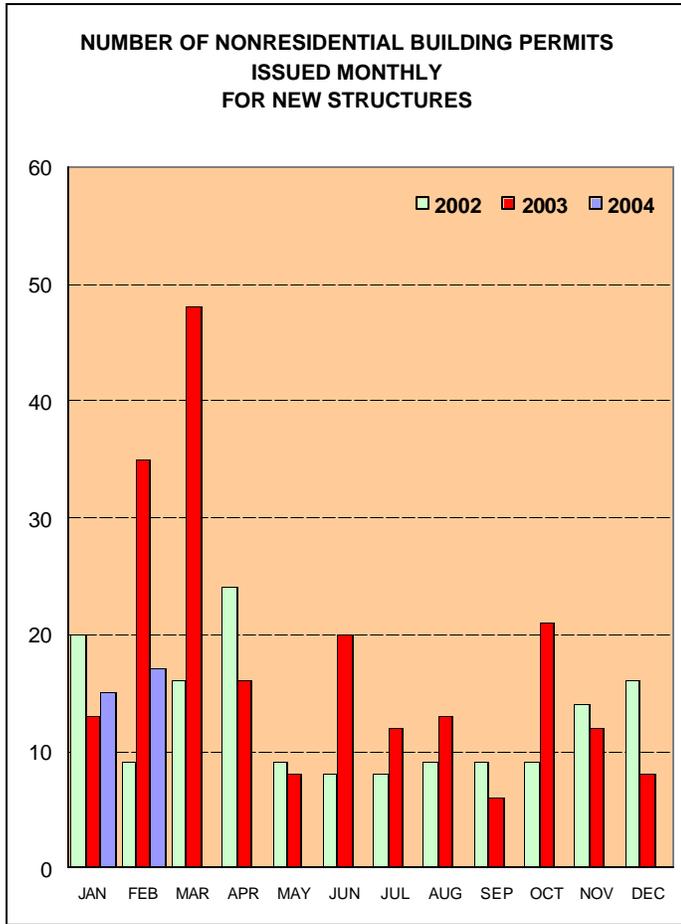
The issuance of new residential dwelling permits continued to surge through February. In February 2004, 463 new residential dwelling permits were issued, up 99.2 percent or 523 permits over February 2003, year-to-date. Through the second month of calendar year 2004, 616 multifamily permits have been issued, exceeding the same period last year by 268.9 percent or 449 permits. Single family permits issued in February 2004 total 170 and are up 20.6 percent, or 74 permits over February 2003.

Residential repair and alteration permits issued in February 2004 are 300, a decrease of 41 percent from last February. Year-to-date residential repair and alteration permits through February are 568, a decline of 622 permits from last year.



NOTE: In August 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.



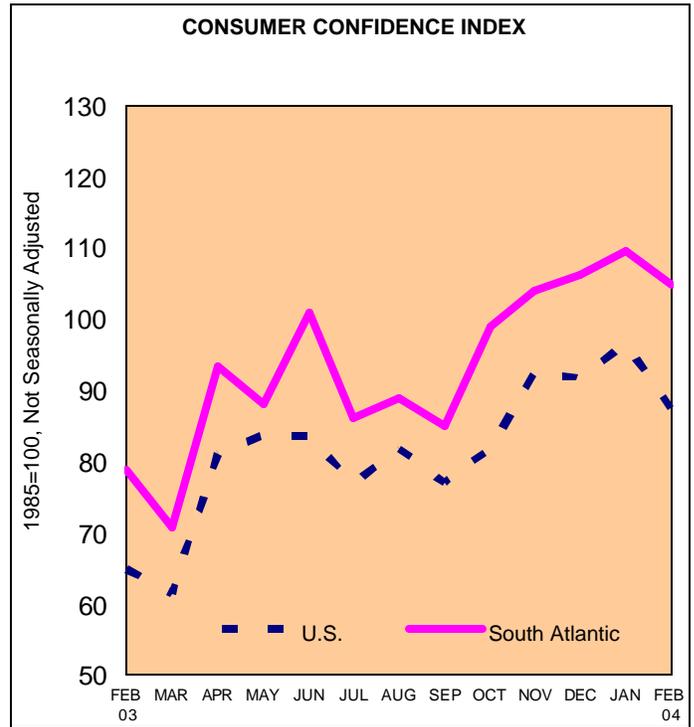
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

Nonresidential Building Permits

In February 2004, 17 nonresidential building permits were issued, down 51.4 percent, or 18 permits, from February 2003. Nonresidential repair and alterations permits issued in February 2004 were 243, an increase of 6.1 percent or 14 permits, calendar year-to-date.

Due to the implementation of a new computer system, Fairfax County home sales data are not available this month and will be reported in the April issue of the **Fairfax County Economic Indicators**.

ADDITIONAL INDICATORS



Source: The Conference Board. Compiled by the Fairfax County Department of Management and Budget.

Consumer Confidence Index

The Conference Board reports that the Consumer Confidence Index declined 9.1 points in February 2004. The Index now stands at 87.3, compared to 96.4 in January. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "Consumers remain disheartened with current economic conditions, and at the core of their disenchantment is the labor market."

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 declined to 73.1 from 79.4 points, a 6.3 point fall from last month. Franco said, "While the current expansion has generated jobs over the past several months, the pace of creation remains too tepid to generate a sustainable turnaround in consumer's confidence." The Expectations Index declined to 96.8 from 107.8 for a 11.0 point loss. As Franco noted, "With consumers anticipating economic conditions to remain about the same in the months ahead, their short-term outlook turned less optimistic."

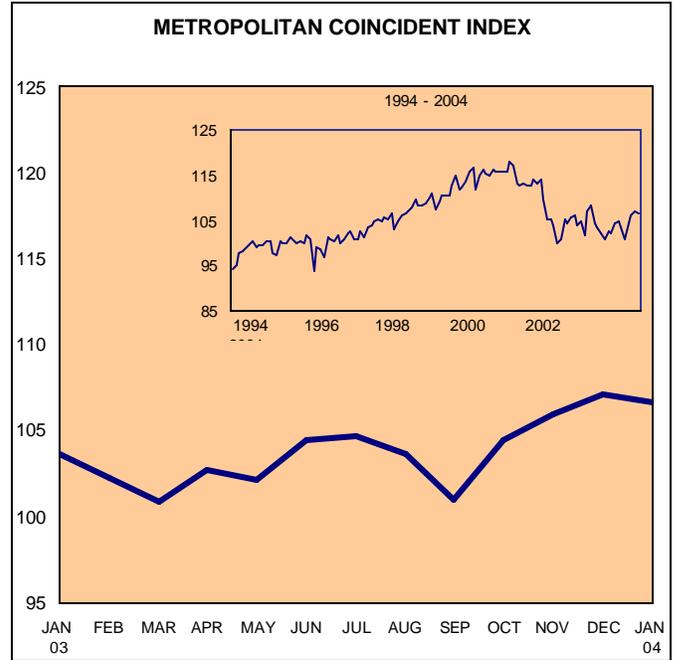
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices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

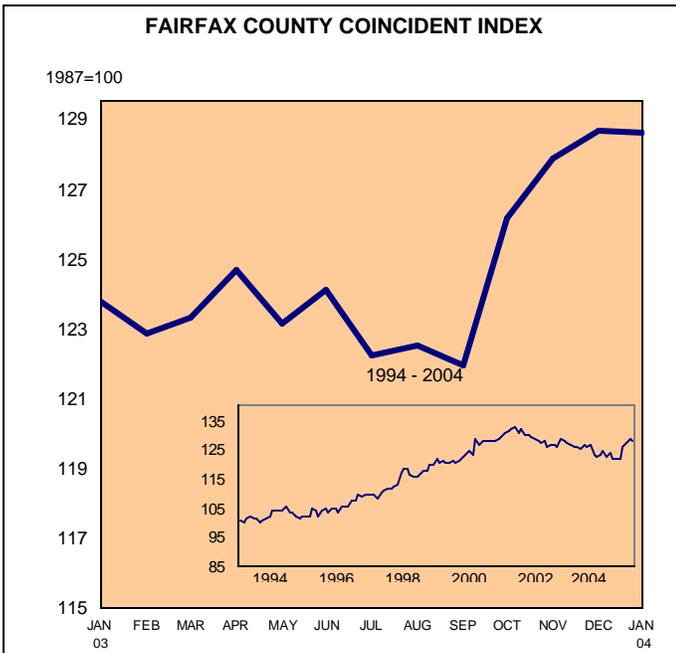


The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased slightly to 128.1 in January 2004, a 0.1 percent fall from December 2003. Despite the decline in January, the Index is currently 3.9 percent above its January 2003 value and has been positive for the previous five months.

In January, two of the Index's four components were negative. Total employment fell for the second consecutive month following ten monthly gains; Consumer Confidence (in the present) declined after four monthly increases; transient occupancy tax collections, adjusted for inflation and seasonal variation, increased for a third month in a row; and sales tax collections, adjusted for inflation and seasonal variation, increased for the third time in four months.



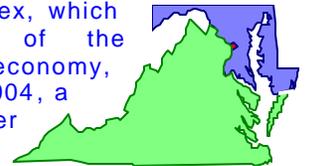
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.



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

Metropolitan Coincident Index

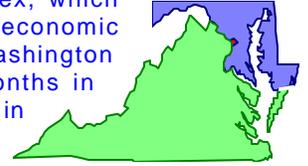
The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, decreased to 106.8 in January 2004, a 0.5 percent loss from December 2003. January marks the second month in a row that the Index has surpassed its same month value and exceeds the January 2003 value by 2.7 percent.



In January, three of the Index's four components were negative. Wage and salary employment decreased slightly due to the end of the holiday season; Consumer Confidence (in the present) fell in January after four consecutive monthly increases; and domestic passenger volume at Reagan National and Dulles Airports declined following three monthly increases. In contrast, nondurable goods retail sales increased following two months of losses in November and December 2003.

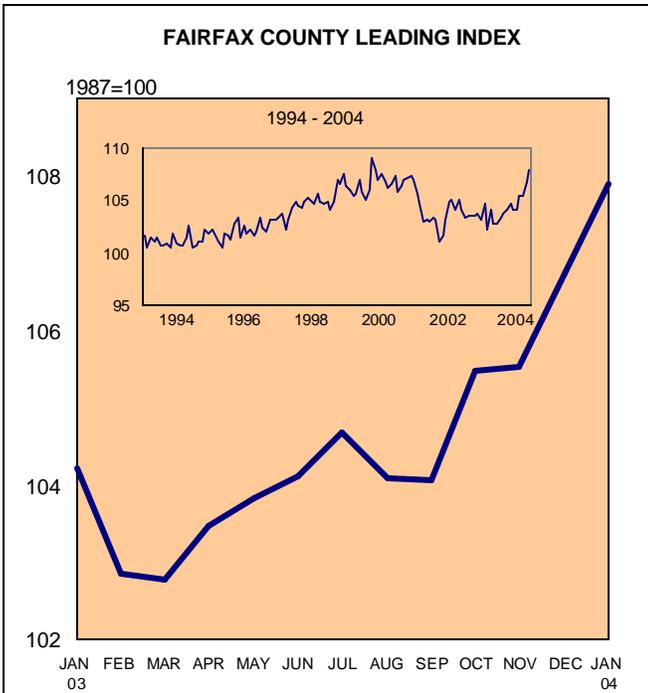
Metropolitan Leading Index

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 112.1 in January 2004, a 1.2 percent gain over December 2003.



The increase in January is the eighth time in the last ten months, and the ninth consecutive month that the Index has exceeded same-month values in the prior year. The Index is currently up 2.8 percent over its January 2003 value.

In January, three of the Index's five components contributed to its gain. Consumer expectations (consumer confidence six month hence) gained for the fourth consecutive month; initial claims for unemployment insurance decreased (improved) in January for the third time in four months; and the Help Wanted Index declined after two monthly gains. In contrast, durable goods retail sales decreased for a second month and total residential building permits fell after a sharp gain in December.



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

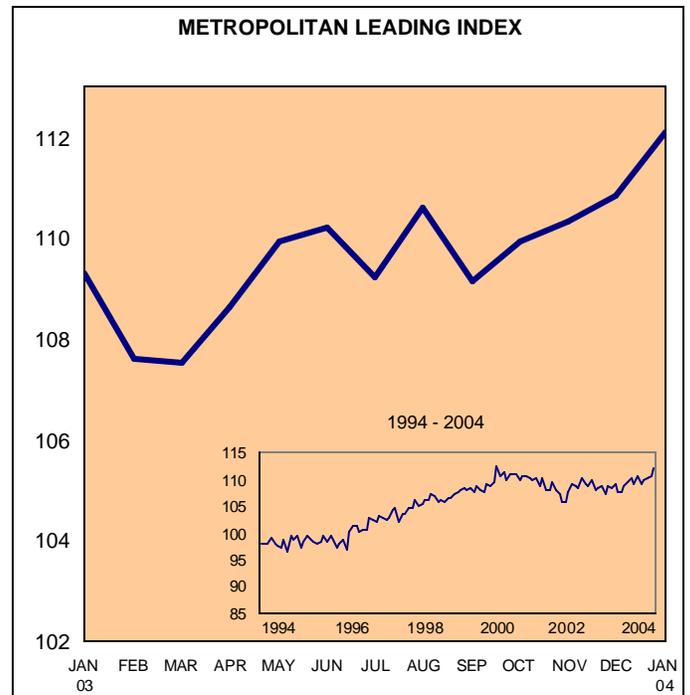
Fairfax County Leading Index



The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, increased to 107.9 in January 2004, a 1.1 percent gain over December 2003. The increase in January is the ninth in the last eleven months. The Index

is currently up 3.6 percent over its January 2003 value and is just slightly below its December 1999 peak.

In January, four of the Index's five components contributed to its gain. New automobile registrations increased for the third time in four months; consumer expectations (consumer confidence six month hence) gained for the fourth consecutive month; residential building permits issued registered a strong monthly gain; and initial claims for unemployment insurance decreased (improved) in January for the third time in four months. In contrast, the total value of residential building permits fell 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.

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