



# ECONOMIC INDICATORS<sup>®</sup>

FAIRFAX COUNTY  
DEPARTMENT OF MANAGEMENT AND BUDGET

MAY 2004

## IN THIS ISSUE:

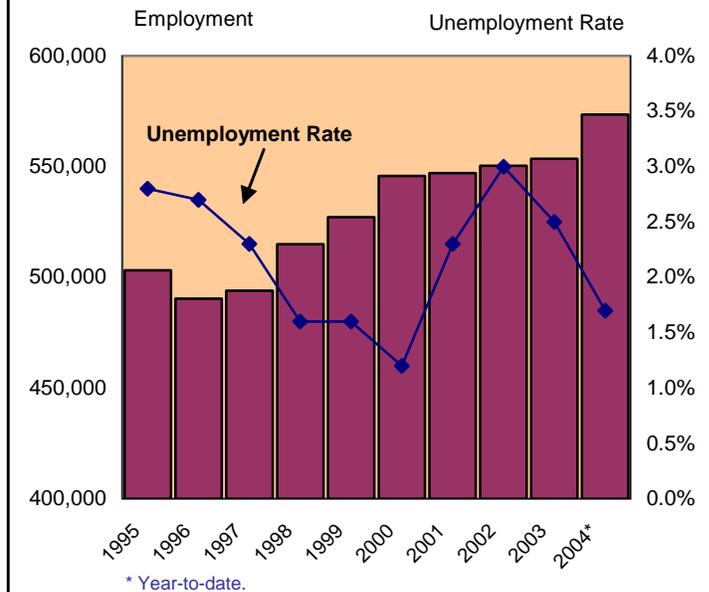
- The unemployment rate in Fairfax County for March 2004 decreased to 2.0 percent from 2.1 percent in February. (See page 1)
- Sales Tax receipts for Fairfax County, representing retail purchases made from June 2003 through March 2004, have increased 10.1 percent over the same period of FY 2003. (See page 2)
- The overall growth rate of new residential permits issued through April is 84.1 percent while new nonresidential permits have declined 52.7 percent through calendar year 2004. (See page 3)
- In March, the Fairfax County Coincident Index increased whereas the Metropolitan Washington Coincident Index declined. (See page 5)
- Both the Fairfax County and Metropolitan Washington Leading Indices increased in March 2004. (See page 6)



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

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

## RESIDENTIAL EMPLOYMENT

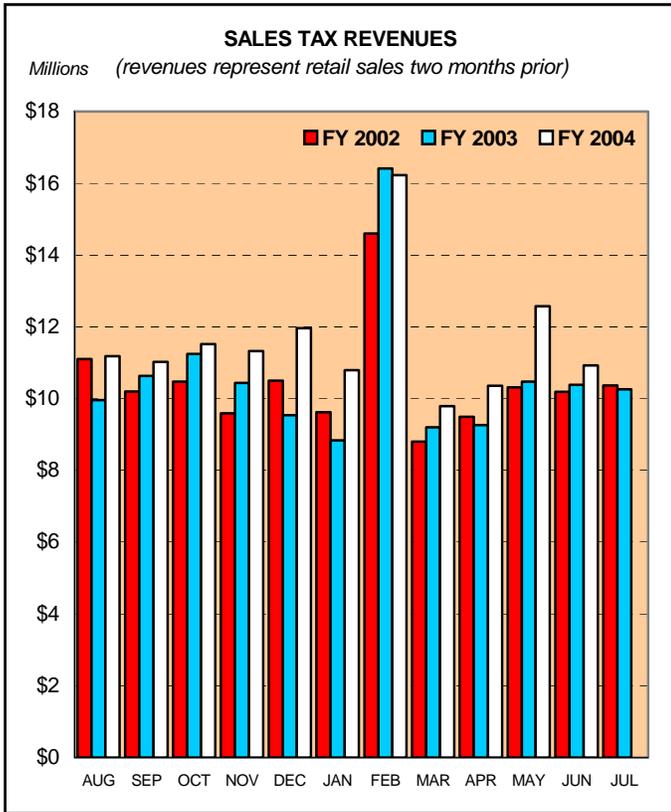


Source: Virginia Employment Commission. Compiled by the Fairfax County Department of Management and Budget.

## Employment

The March 2004 unemployment rate in Fairfax County decreased to 2.0 percent from 2.1 percent in February 2004. As reported by the Virginia Employment Commission (VEC), the number of employed Fairfax County residents was 569,507 in March 2004, an increase of 22,319, or 4.1 percent over March 2003. During this period, unemployment in Fairfax County fell 0.6 percentage points from 2.6 percent in March 2003 to 2.0 percent in March 2004.

Virginia's March 2004 unemployment rate was 3.4 percent, 0.2 percentage point below the 3.6 percent recorded in February 2004. The decline was driven by job growth in tourism as well as professional and business services. Compared nationally, Virginia's rate was well below the U.S. March 2004 unemployment rate of 6.0 percent.



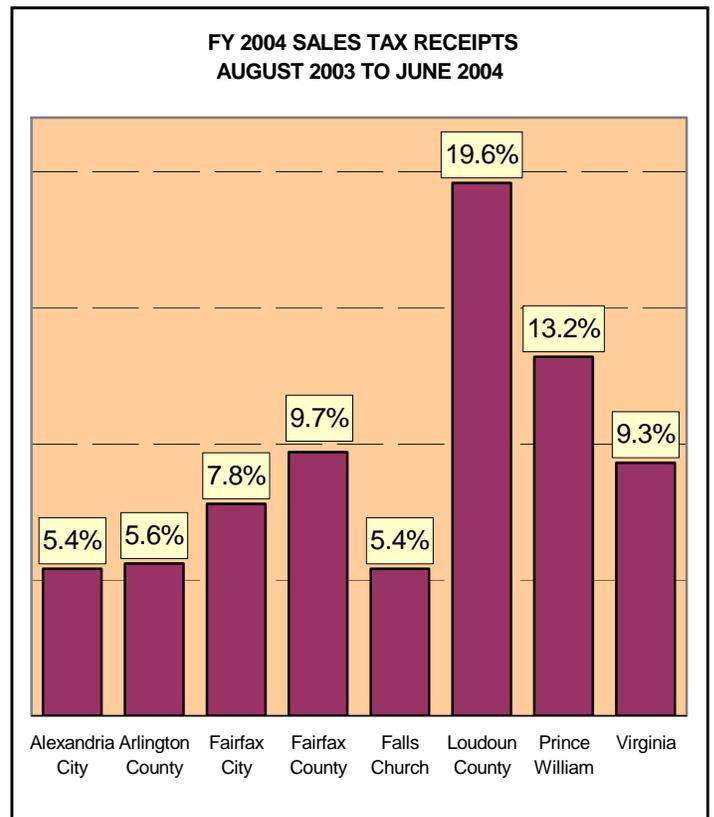
Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

## Fairfax County Sales Tax Receipts

May Sales Tax receipts for Fairfax County, representing retail purchases made in March, are \$12.6 million, an increase of 20.0 percent over May 2003. Through the first ten months of FY 2004, Sales Tax receipts are up 10.1 percent over the same period in FY 2003.

## National Sales Tax Receipts

According to the Commerce Department, seasonally adjusted preliminary April 2004 retail sales estimates for the U.S. decreased 0.5 percent from the previous month but increased 8.0 percent over April 2003. Compared to last year, health and personal care store sales are up 8.1 percent, building materials and garden equipment sales are up 18.3 percent, retail store sales are up 8.8 percent, and gasoline station sales are up 8.3 percent.



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

## Neighboring Jurisdictions

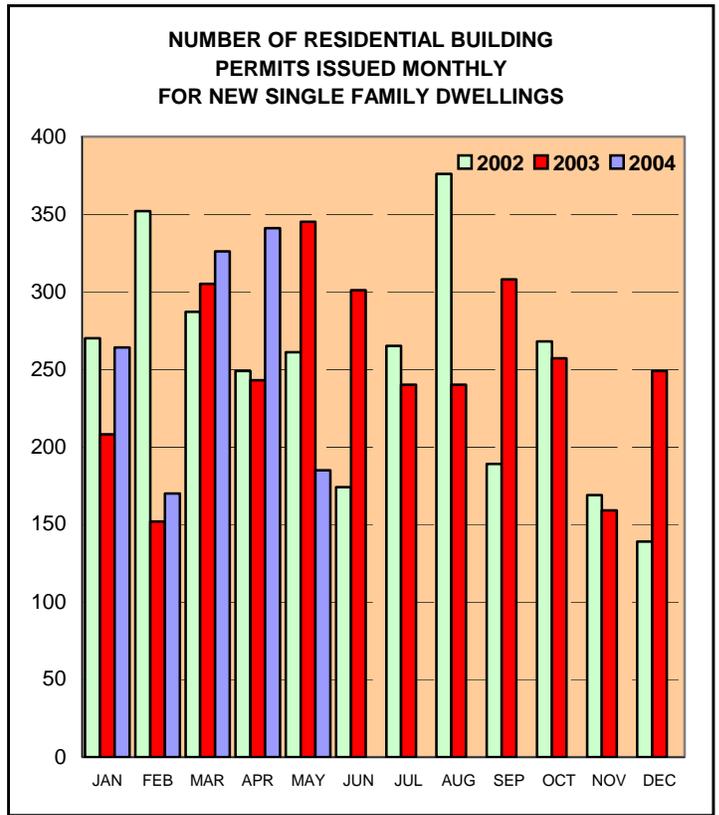
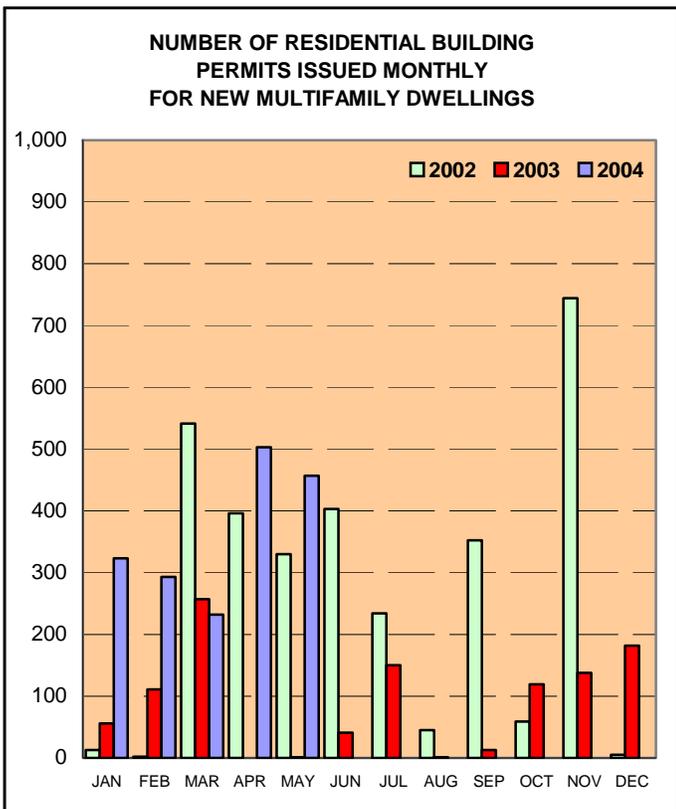
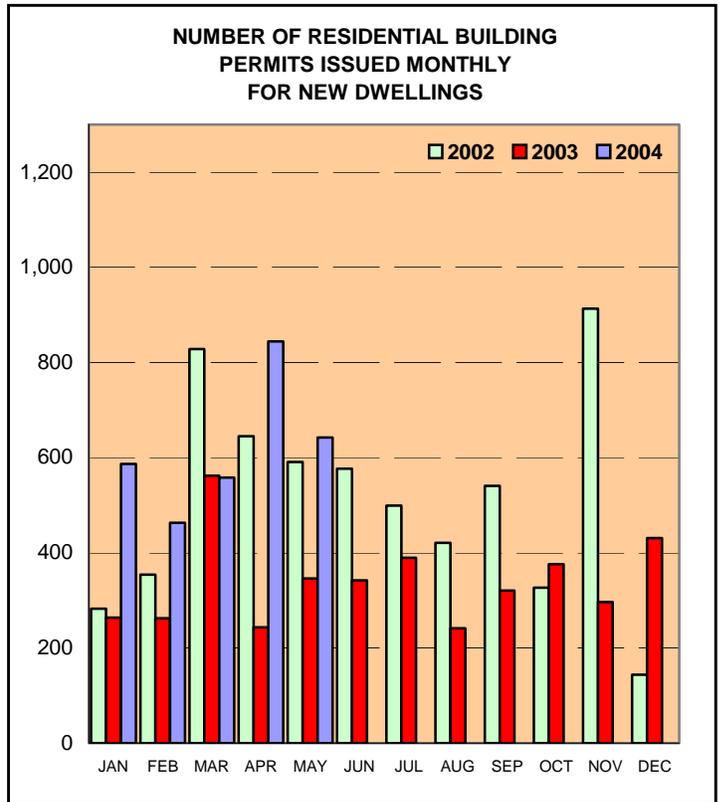
Sales Tax receipt growth during the period of August 2003 through May 2004 is positive for all of the Northern Virginia localities. These receipts correspond to retail purchases made from June 2003 through March 2004.

During this period, Sales Tax receipts are up significantly in Loudoun County at 21.0 percent. Prince William County and Fairfax County are also experiencing double digit growth of 13.6 percent and 10.1 percent, respectively. Sales Tax receipts in Arlington County are up 5.5 percent, Alexandria City 5.6 percent, Falls Church 7.0 percent, and Fairfax City 8.1 percent. During the ten-month period from August 2003 through May 2004, Statewide Sales Tax receipts are increasing at a rate of 9.6 percent.

## Building Permits

Issues of new residential dwelling permits registered a significant gain in April 2004. As a result, the 2,452 permits issued during the first four months of calendar year 2004 exceed that of the same period last year by a margin of 84.1 percent, or 1,120 permits. Through the first four months of calendar year 2004, 1,351 multifamily permits have been issued, more than three times the 424 permits issued during the same period last year. Single family permits issued through April 2004 total 1,101, up 21.3 percent or 193 permits, calendar year-to-date.

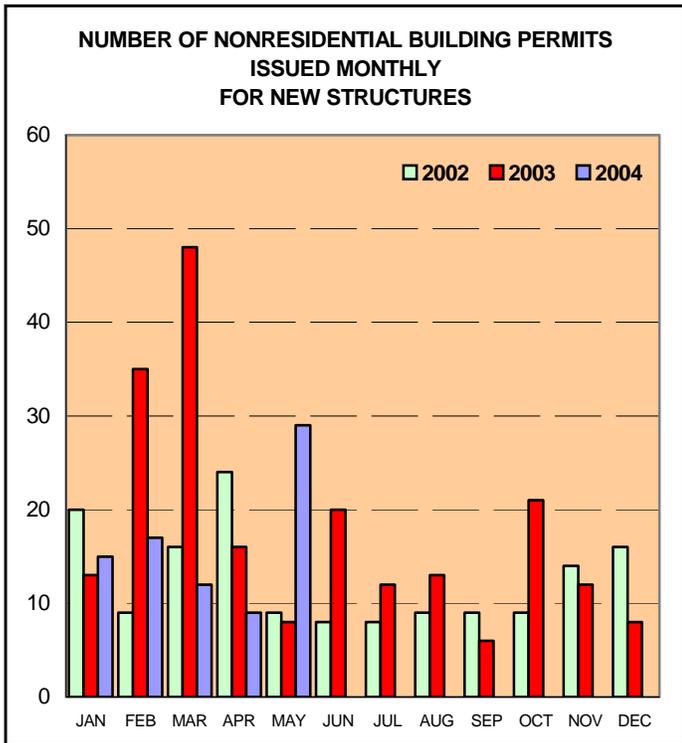
By contrast, residential repair and alteration permits issued through April 2004 are 1,241, a decline of 2,029 permits or 62.1 percent from the same period last year.



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

Source of data for all above charts: Fairfax County Department of Public Works and Environmental Services. Compiled by the Department of Management and Budget.

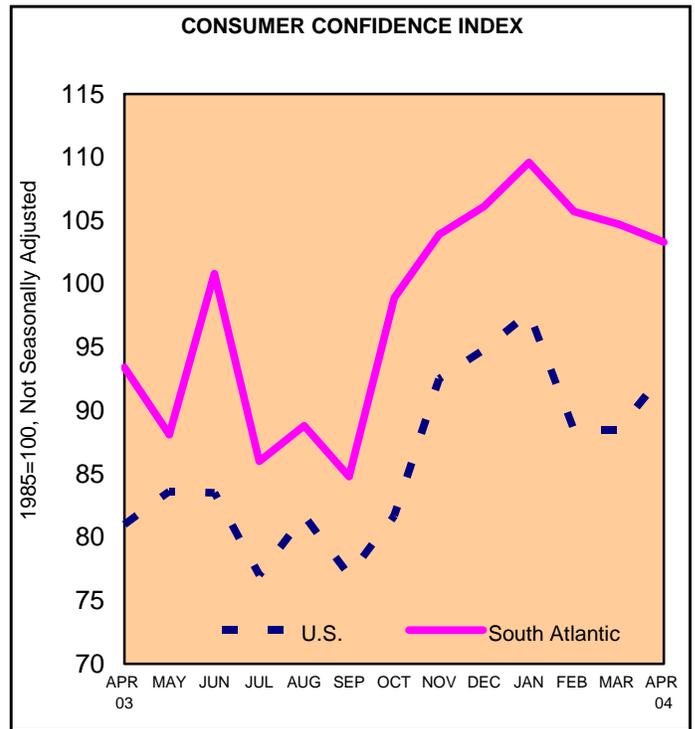
ADDITIONAL INDICATORS



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

### Nonresidential Building Permits

The number of nonresidential building permits issued in April fell short of last year, continuing a three month trend of gradual declines. Through April 2004, 53 nonresidential building permits have been issued, down 52.7 percent or 59 permits from the same period last year. However, nonresidential repair and alterations permits issued through April 2004 were 1,296, an increase of 27.4 percent or 279 permits over the same period last year.



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 increased in April 2004. The Index now stands at 92.9, compared to 88.5 in March. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "This latest improvement in consumer confidence was sparked by a more favorable assessment of current business and labor market conditions and increased consumer optimism about the next six months."

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In April, the Present Situation Index increased to 90.6 from 84.4 points, a 6.2 point gain over last month. The Expectations Index increased to 94.5 from 91.3, an increase of 3.2 points.

As Franco noted, "The job market, which has a major impact on confidence, appears to be gaining strength. The percentage of consumers claiming jobs are hard to get is now at its lowest level since November 2002, and more consumers expect this trend to continue."

*Due to the implementation of a new computer system, Fairfax County home sales data are not available this month.*

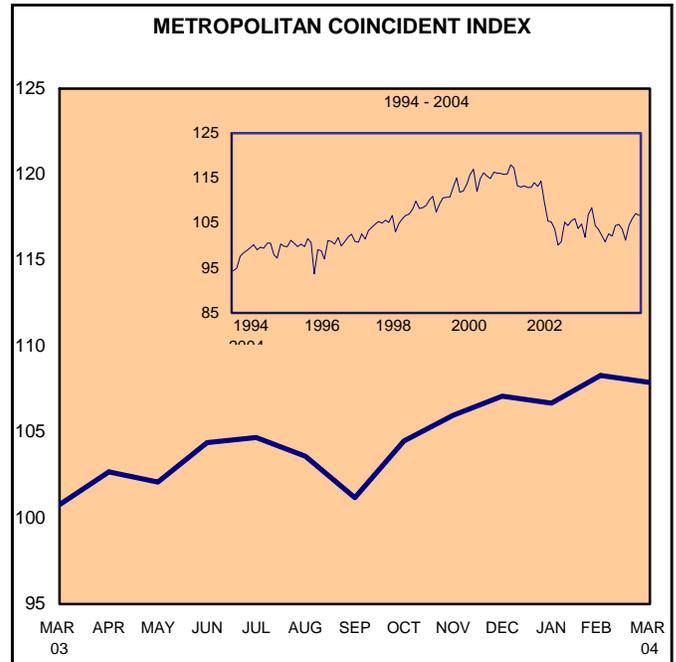
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices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

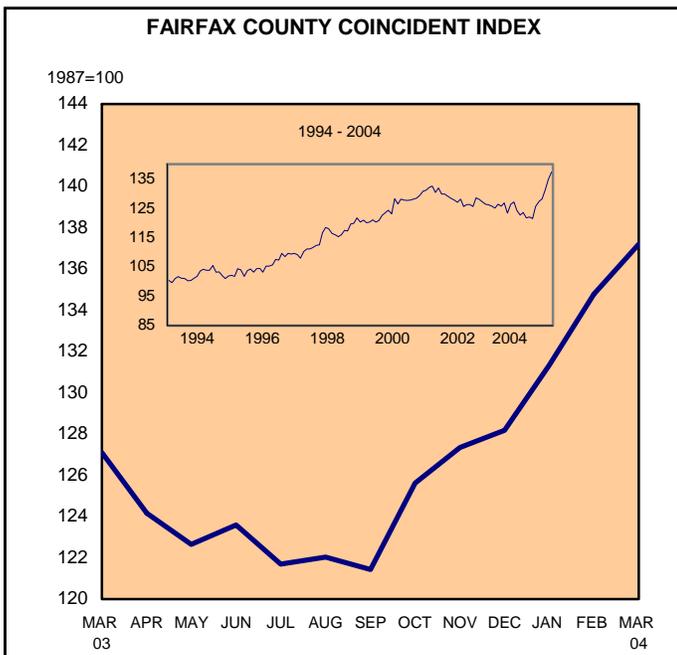


The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 137.2 in March 2004, a 1.8 percent gain over February 2004. The Index has increased seven consecutive months over last year's same-month values and is currently 8.0 percent above its March 2003 value.

In March, three of the Index's four components were positive. Consumer Confidence (in the present) increased following two declining months; sales tax collections, adjusted for inflation and seasonal variation, increased sharply following a moderate decline in February; and total employment increased for the thirteenth consecutive months. Transient occupancy tax collections, adjusted for inflation and seasonal variation, declined slightly following four consecutive monthly gains.



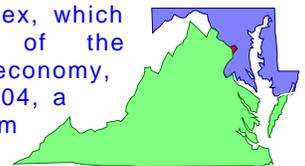
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.



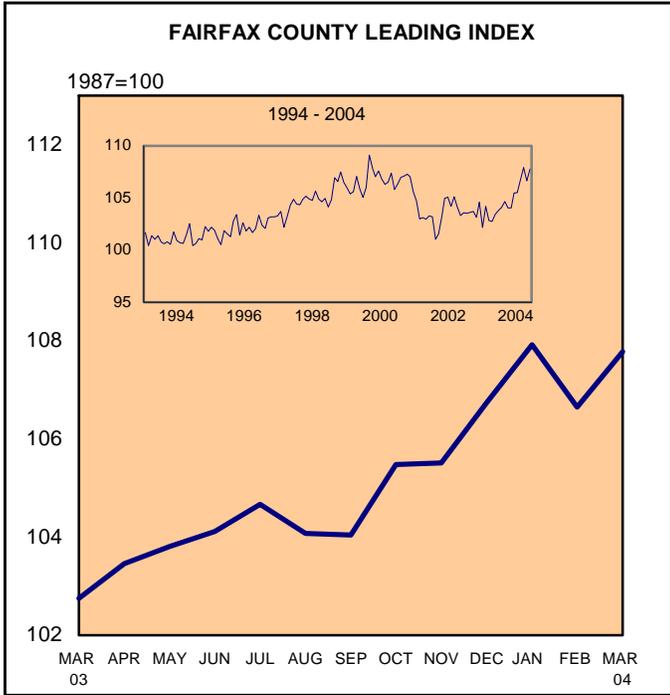
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.

## Metropolitan Coincident Index

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, decreased to 107.9 in March 2004, a 0.3 percent loss from February 2004. While the Index has declined twice in the past three months, the Index has exceeded its same month value last year for four consecutive months, up 6.7 percent over March 2003.



In March, two of the Index's four components were negative. Domestic passenger volume at Reagan National and Dulles Airports decreased for the second time in three months and nondurable goods retail sales decreased following two monthly gains. By contrast, Consumer Confidence (in the present) increased in March after declining in January and February 2004 and wage and salary employment increased following two small monthly declines.



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 107.8 in March 2004, a 1.1 percent gain over February 2004. The Index has increased for eleven consecutive months and is currently up 4.9

percent over its March 2003 value.

In March, four of the Index's five components contributed to its gain. New automobile registrations increased for the fifth time in six months; initial claims for unemployment insurance decreased (improved) in March; residential building permits issued increased for the third time in four months; and the total value of residential building permits increased sharply following a declining trend over several months. By contrast, consumer expectations (consumer confidence six months hence) declined for the second month in a row.

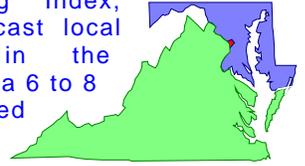
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**Fairfax, Virginia 22035-0074**  
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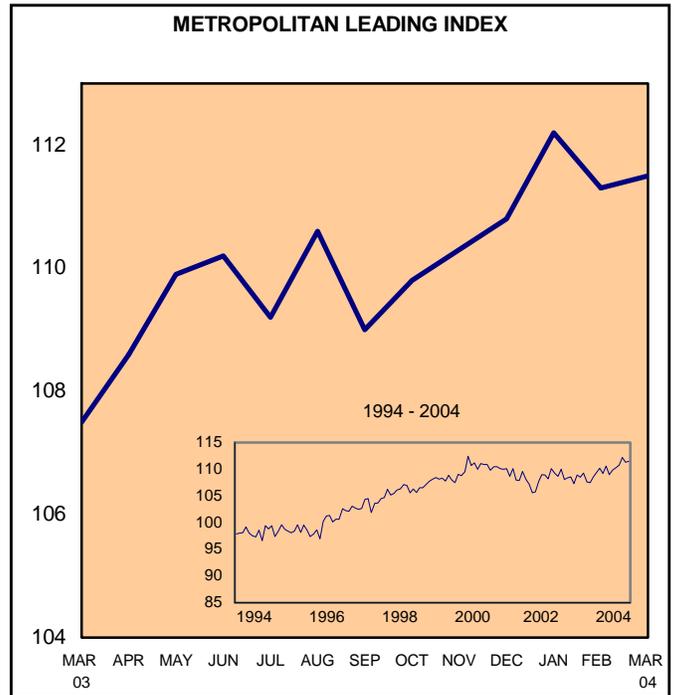
Staff: Susan Datta, Director; Marcia Wilds and Jameson Penn, analysts.

### 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 111.5 in March 2004, a gain of 0.2 percent over February. The slight gain in March is the second in six months, and the eleventh consecutive month that the Index has exceeded same-month values in the prior year. The Index is currently up 3.9 percent over its March 2003 value.



In March, two of the Index's five components contributed to its gain and one was unchanged. Total residential building permits increased for the third time in four months; durable goods retail sales registered their strongest gain in more than a year; while, consumer expectations (consumer confidence six months hence) declined for a second month in a row; initial claims for unemployment insurance increased (worsened) in March, despite remaining 10.0 percent below March 2003; and the Help Wanted Index remained unchanged from February's level, but is up 8.0 percent over February 2003.



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