



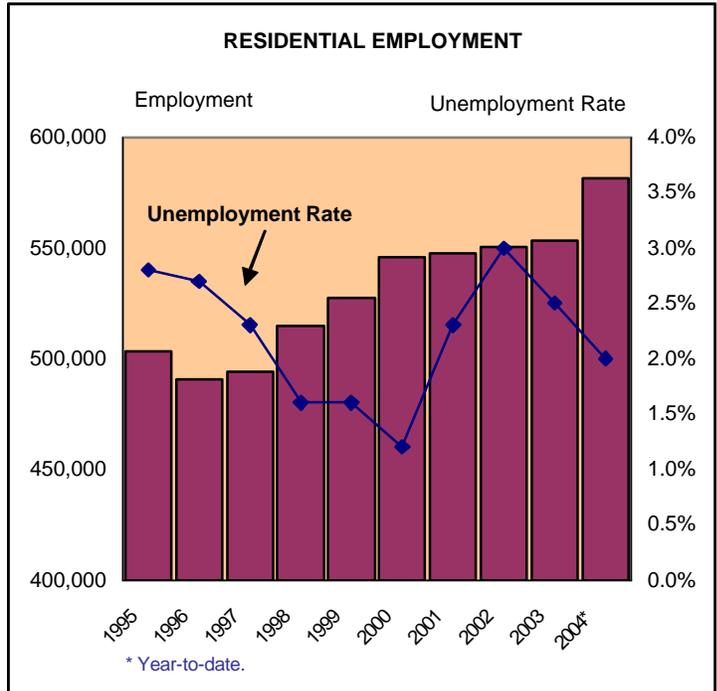
ECONOMIC INDICATORS

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

OCTOBER 2004

IN THIS ISSUE:

- The unemployment rate in Fairfax County for August 2004 remained unchanged at 2.0 percent from the revised level in July 2004; however, the number of employed County residents has increased 20,663 since August 2003.
(See page 1)
- October 2004 Sales Tax receipts for Fairfax County are \$11.3 million, a decline of 1.6 percent from October 2003; however, Sales Tax receipts are up 7.9 percent, fiscal year-to-date.
(See page 2)
- The number of new residential permits issued through September increased 100.6 percent while new nonresidential permits have declined 22.8 percent during the same period.
(See page 3)
- Sales volume increased for all existing (previously owned) home types through mid-year 2004, with single family homes experiencing 20.6 percent growth, calendar year-to-date.
- The number of new single family homes purchased has declined 7.0 percent, calendar year-to-date.
(See page 5)
- Both the Fairfax County Coincident and Leading Indices declined in August 2004.
(See pages 7 and 8)



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

Employment

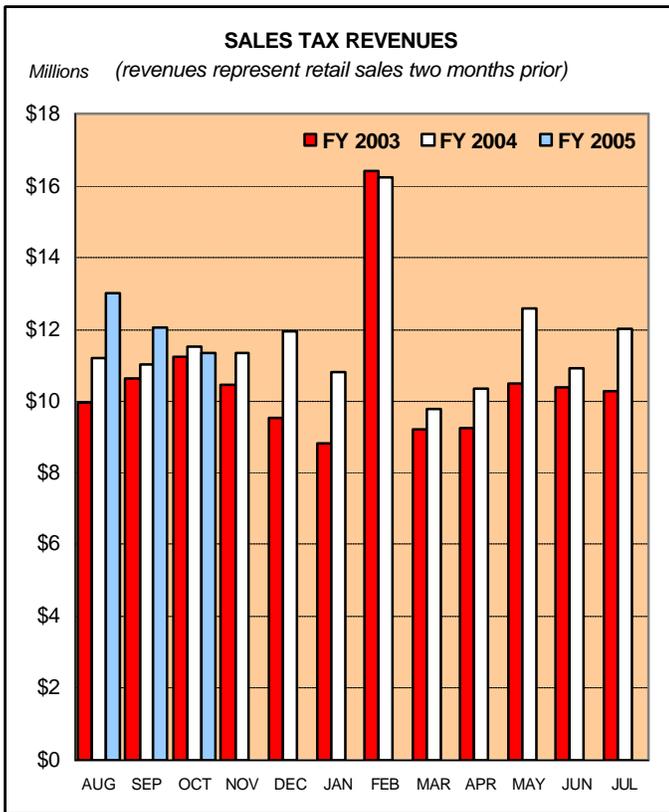
As reported by the Virginia Employment Commission (VEC), the August 2004 unemployment rate in Fairfax County remained unchanged at 2.0 percent from the revised level in July 2004. Over the year, the number of employed Fairfax County residents rose 20,663 to 581,685 in August 2004, an increase of 3.9 percent over August 2003. During this period, the unemployment rate in Fairfax County fell 0.6 percentage points from 2.6 percent in August 2003 to the current 2.0 percent.

The August unemployment rate in Virginia decreased to 3.7 percent, 0.1 percentage point lower than in July 2004. The August 2004 national unemployment rate was 5.4 percent.



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

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



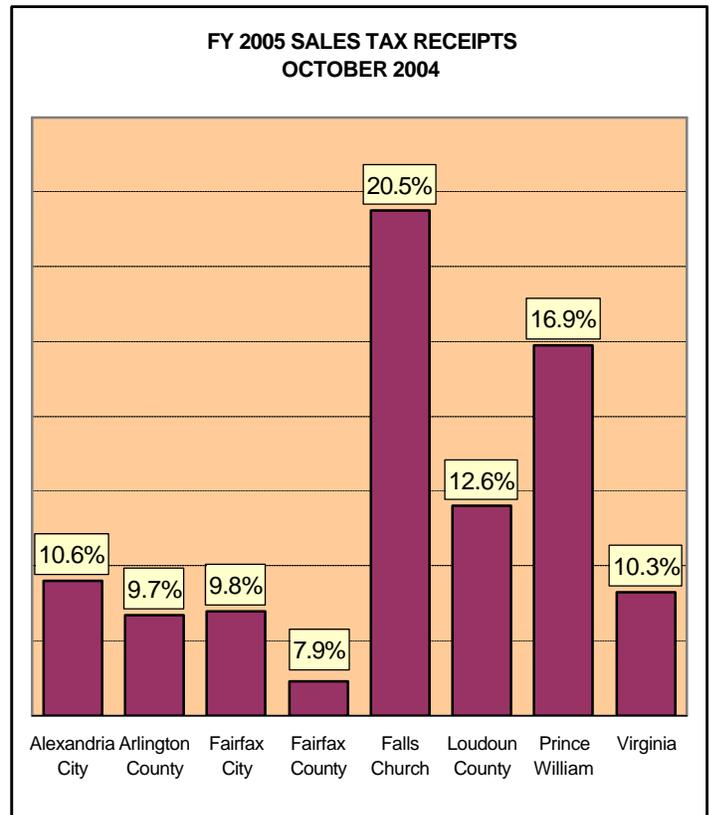
Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

Fairfax County Sales Tax Receipts

October Sales Tax receipts for Fairfax County, representing retail purchases made in August, are \$11.3 million, a decrease of 1.6 percent from October 2003, marking the first decline from the previous year since February 2004. Through the first three months of FY 2005, Sales Tax receipts are up 7.9 percent over the same period in FY 2004.

National Sales Tax Receipts

According to the Commerce Department, seasonally adjusted preliminary September 2004 retail sales estimates for the U.S. increased 1.5 percent over the previous month and increased 7.7 percent over September 2003. Compared to last year, health and personal care stores are up 4.9 percent; building materials and garden equipment, 14.4 percent; retail store sales, 7.5 percent; and gasoline station sales, 15.1 percent.



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

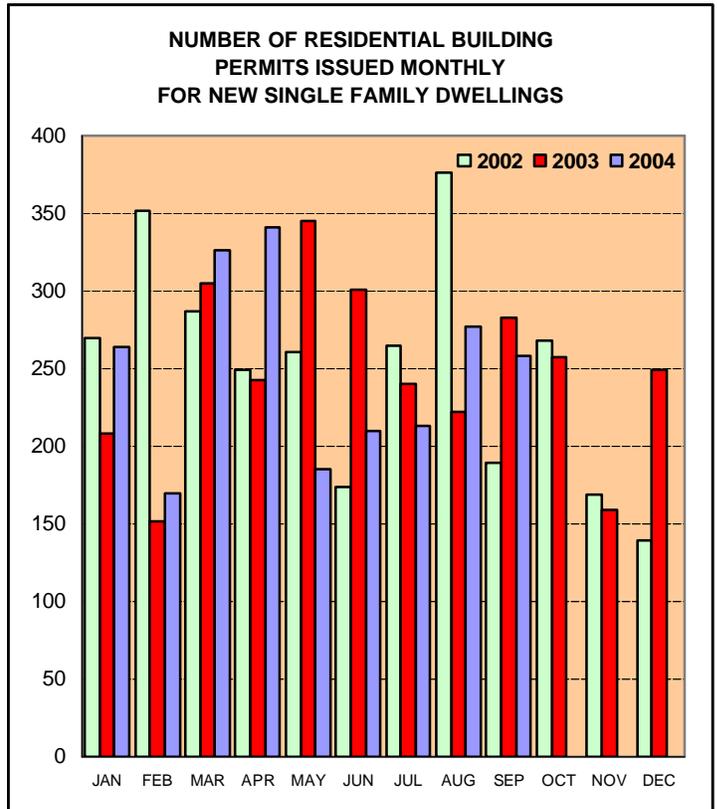
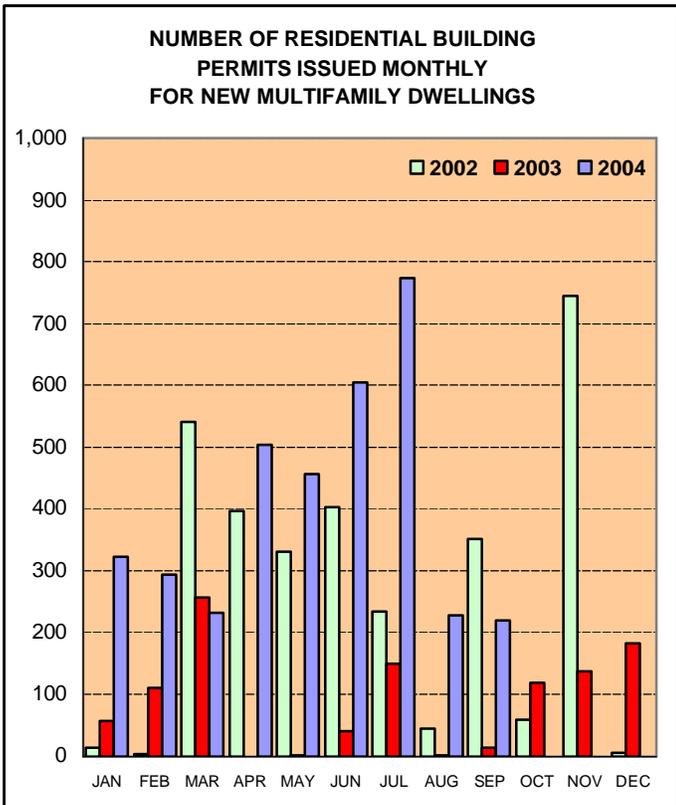
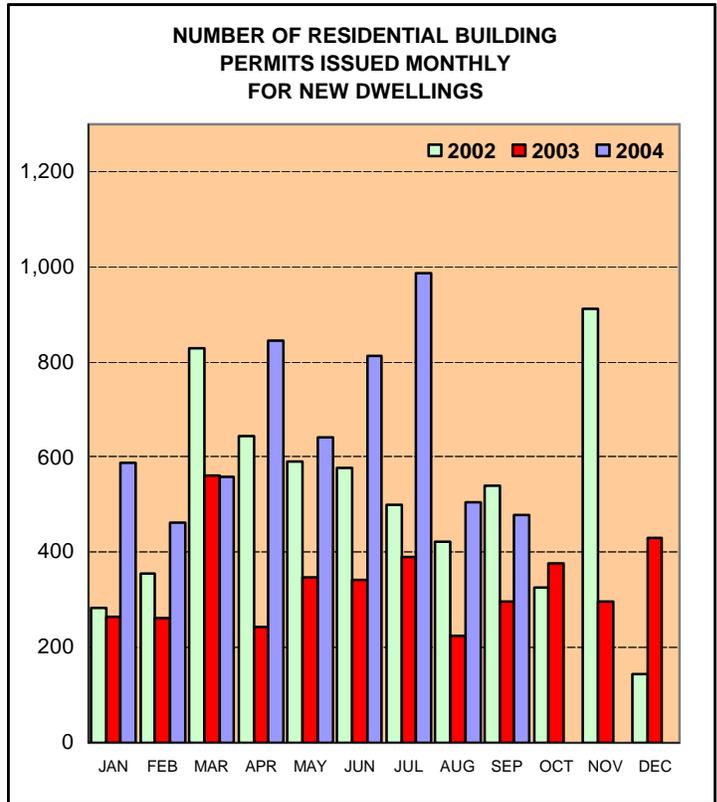
Neighboring Jurisdictions

All Northern Virginia localities reported growth in Sales Tax receipts through the first three months of FY 2005. Sales Tax receipts were up significantly in Falls Church at 20.5 percent, Prince William County at 16.9 percent, and Loudoun County at 12.6 percent. Sales Tax receipts in Fairfax City were up 9.8 percent; Fairfax County, 7.9 percent; Alexandria City, 10.6 percent; and Arlington County, 9.7 percent. Statewide Sales Tax receipts increased 10.3 percent in the three months ending October 2004 over the same period of 2003.

Building Permits

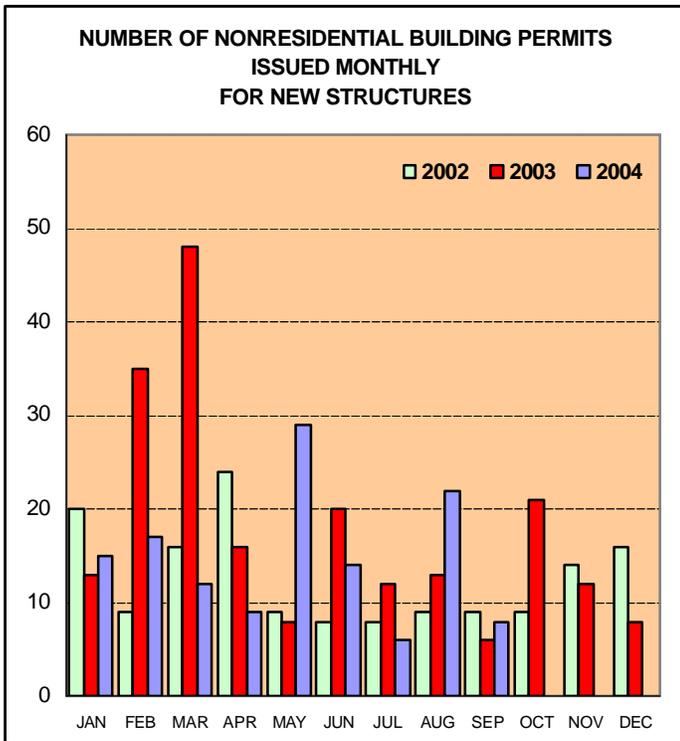
Issues of new residential dwelling permits recorded a strong gain in September 2004, increasing 61.2 percent to 477 permits from 296 permits in September 2003. The 5,876 permits issued during the first nine months of calendar year 2004 exceed that of the same period last year by a margin of 100.6 percent, or 2,947 permits. Through the first nine months of calendar year 2004, 3,632 multifamily permits have been issued, nearly six times the 630 permits issued during the same period last year. This decline may be due to a drop in mortgage refinancing that frees up cash for home improvements. Single family permits issued through September 2004 total 2,244, down 2.4 percent or 55 permits, calendar year-to-date.

Residential repair and alteration permits issued through September 2004 are 3,800, a decline of 5,033 permits or 57.0 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.

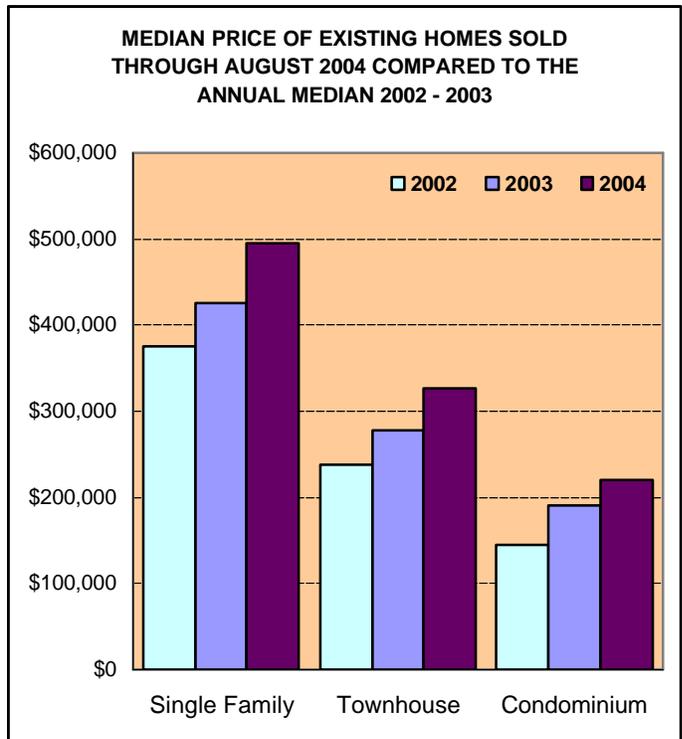
Source of data for all above charts: Fairfax County Department of Public Works and Environmental Services. Compiled by the Department of Management and Budget.



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

Nonresidential Building Permits

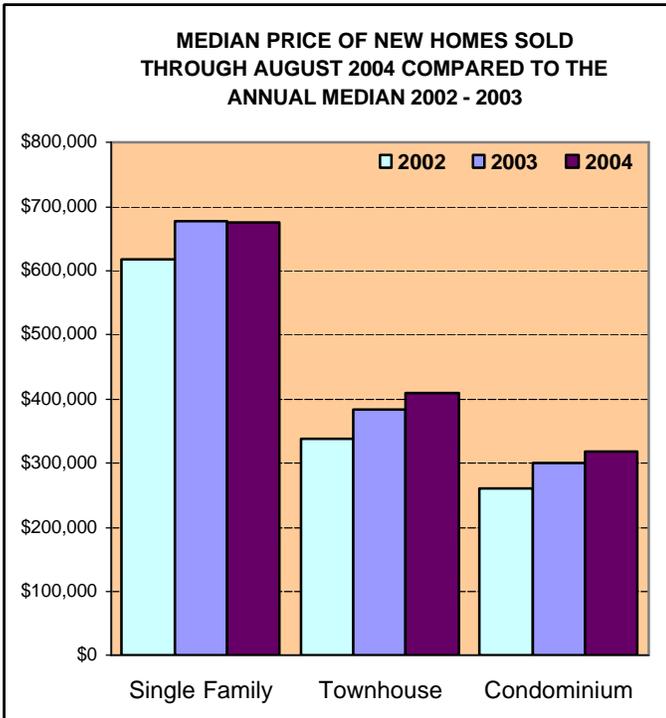
The number of nonresidential building permits issued in September increased over the same month last year for the third time in five months. New nonresidential building permits issued in 2004; however, are still down year-to-date. Through September 2004, 132 nonresidential building permits have been issued, down 22.8 percent or 39 permits from the same period last year. However, nonresidential repair and alterations permits issued through September 2004 were 2,969, an increase of 12.7 percent or 335 permits over the same period last year.



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

Existing Home Sales Prices

All types of existing (previously owned) homes in Fairfax County have experienced strong growth in median sales prices for the first eight months of 2004. For existing single family homes, the median sales price increased to \$495,000, as compared to the 2003 median of \$424,900, representing growth of 16.5 percent. The 2004 median for townhomes grew to \$327,000 from the 2003 median of \$278,350, reflecting growth of 17.5 percent. The median for condominiums increased to \$220,000 in 2004 from \$189,900 in 2003, representing growth of 15.9 percent.

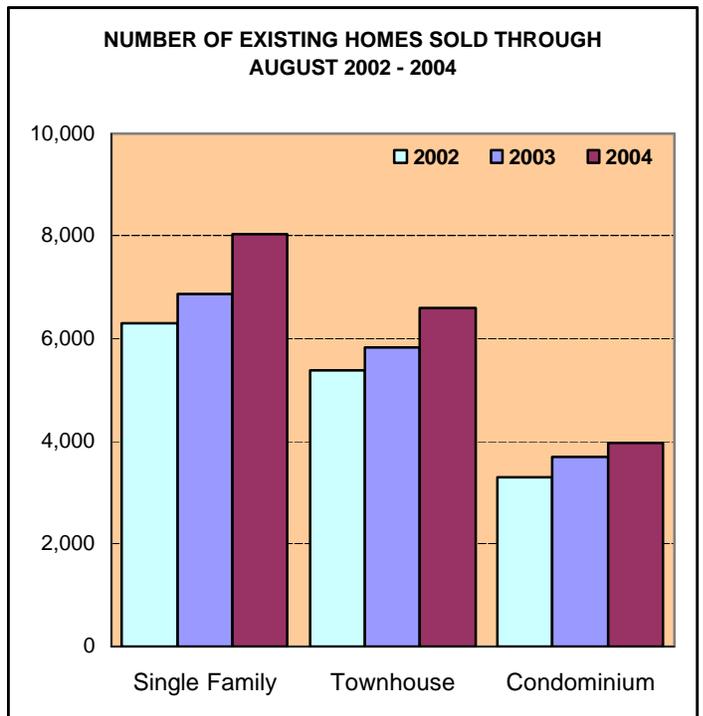


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

New Home Sales Prices

The median sales prices of new townhomes and condos in Fairfax County have experienced growth through August 2004 while the sales price of single family dwellings has remained relatively flat. For new single family homes, the median sales price decreased slightly to \$676,000 from the 2003 median sales price of \$680,842, reflecting a decline of 0.7 percent. The 2004 median for townhomes grew to \$410,008 from the 2003 median of \$376,440, reflecting growth of 8.9 percent. The 2004 median sales price for condominiums increased to \$317,595 from \$300,370 in 2003, representing growth of 5.7 percent.

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. To read more about Fairfax County tax assessments, please visit: www.co.fairfax.va.us/dta/tax_assessment.htm



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

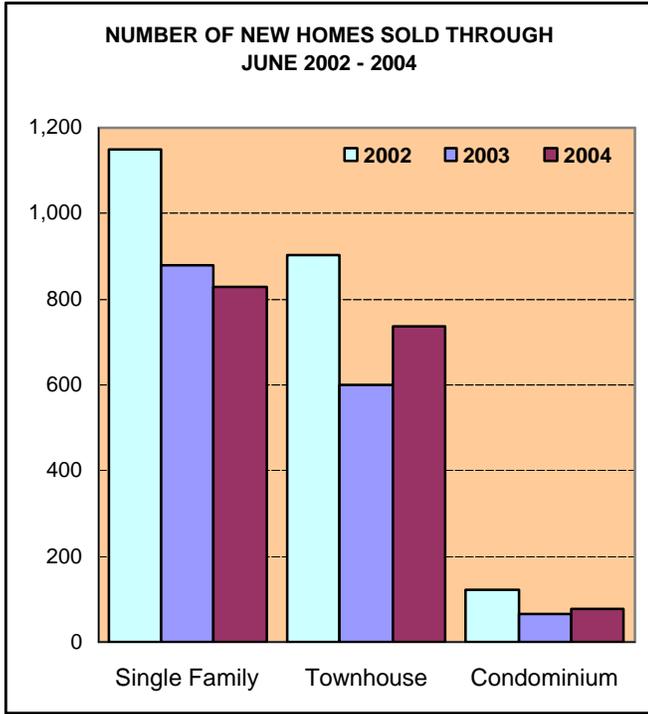
PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD YEAR-END 2003 COMPARED TO SALES THROUGH AUGUST 2004

	Existing Sales	New Sales
Single Family	16.5	(0.7)
Townhouse	17.5	8.9
Condominium	15.9	5.7

Existing Home Sales Volume

Sales volume for existing (previously owned) homes is up for all home types through August 2004. Sales of existing single family homes have increased to 8,048 from 6,676, reflecting growth of 20.6 percent. Sales volume of existing townhomes increased through August 2004 to 6,594 from 5,732, reflecting growth of 15.0 percent over the same period last year. Existing condominium sales reported through August 2004 increased 3.6 percent from 3,829 to 3,965.

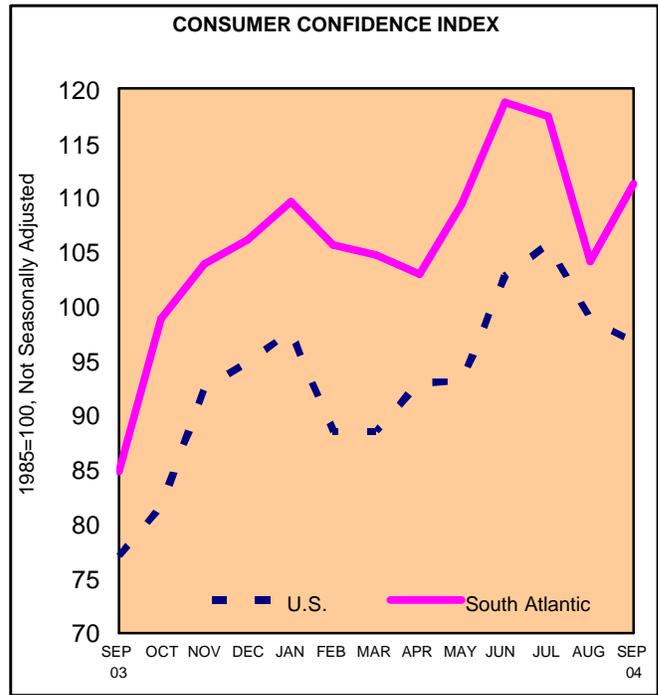
ADDITIONAL INDICATORS



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

New Home Sales Volume

The volume of new single family homes sales has fallen during the first eight months of calendar year 2004 while the number of new townhomes and condominiums has increased. Sales volume of new single family homes decreased from 890 to 828 through August 2004, reflecting a decline of 7.0 percent. Sales of new townhomes increased 9.9 percent, from 670 to 736 during the same period. New condominium sales through August 2004 reflect growth of 8.6 percent, increasing to 76 from 70, as reported for 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 declined 1.9 points in September 2004. The Index is 96.8, compared to 98.7 recorded in August 2004.

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In September, the Present Situation Index decreased to 95.5 from 100.7 points, a 5.2 point loss from last month. The Expectations Index remained virtually unchanged at 97.6 from the previous month.

The employment outlook remains mixed with a similar percentage of consumers expecting fewer jobs to be available in the next six months to those expecting more jobs to be available.

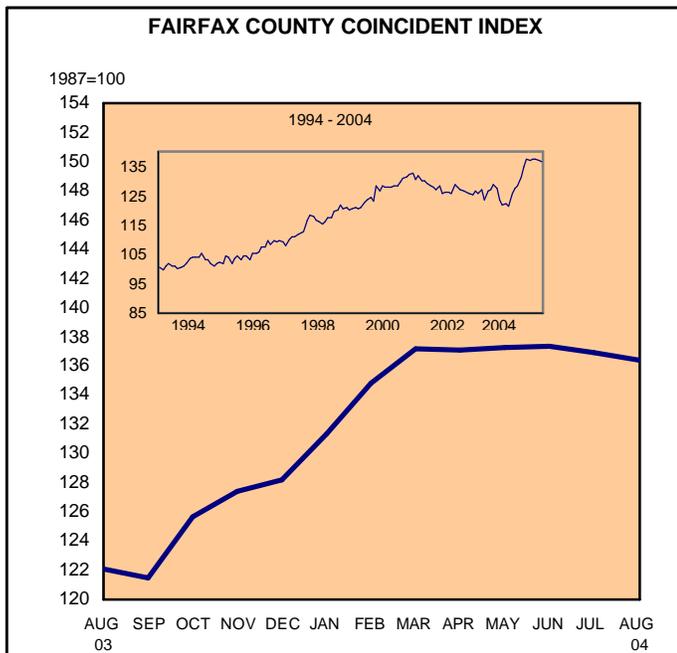
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices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

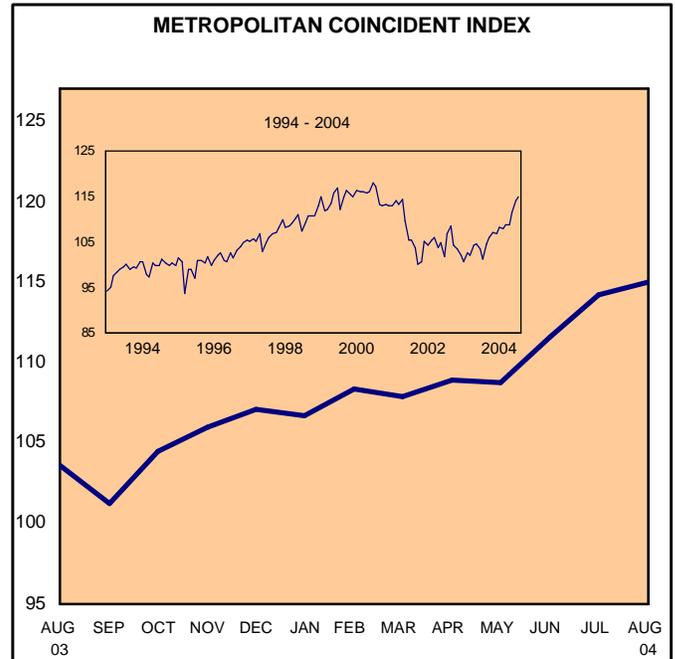


The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 136.4 in August 2004, a 0.4 percent decline from July 2004. However, the Index has increased twelve consecutive months over last year's same-month values and is currently 7.0 percent above its August 2003 level.

In August, three of the Index's four components contributed to its decline. Consumer Confidence (in the present) decreased for a second consecutive month; transient occupancy tax collections, adjusted for inflation and seasonal variation, declined for a fourth consecutive month; and sales tax collections, adjusted for inflation and seasonal variation, declined following three monthly gains. By contrast, total employment increased for the eighteenth consecutive month.



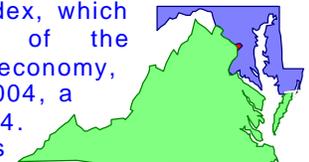
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.



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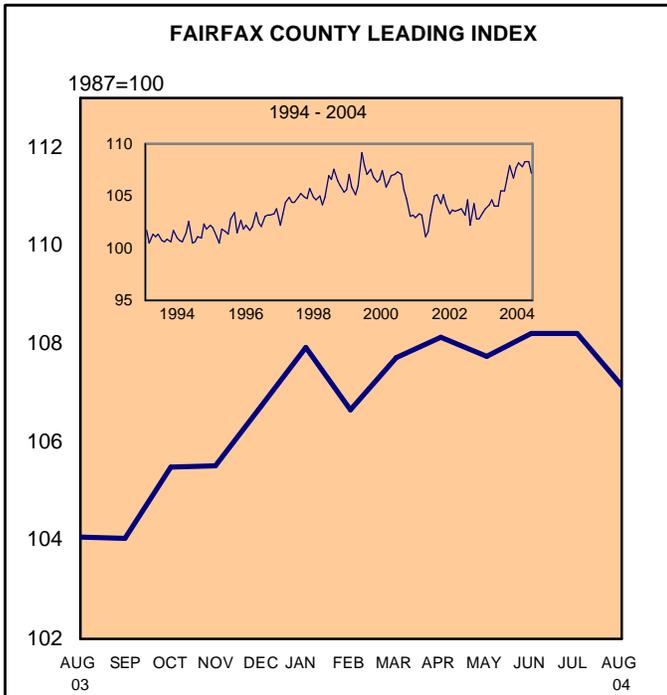
Metropolitan Coincident Index

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 115.0 in August 2004, a 0.7 percent gain over July 2004.



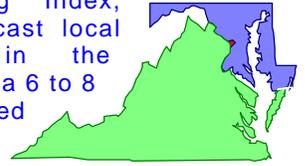
The Index has now exceeded its same-month value from last year for nine consecutive months and is up 10.5 percent over its August 2003 level.

In August, only one of the Index's four components was positive but its strong gain pulled the total Index higher. Domestic passenger volume at Reagan National and Dulles Airports increased sharply and is up for the fourth time in five months. By contrast, nondurable goods retail sales decreased following two monthly gains; Consumer Confidence (in the present) declined for the second consecutive month following four consecutive monthly gains and wage and salary employment slightly declined but remains up 2.5 percent over August 2003.

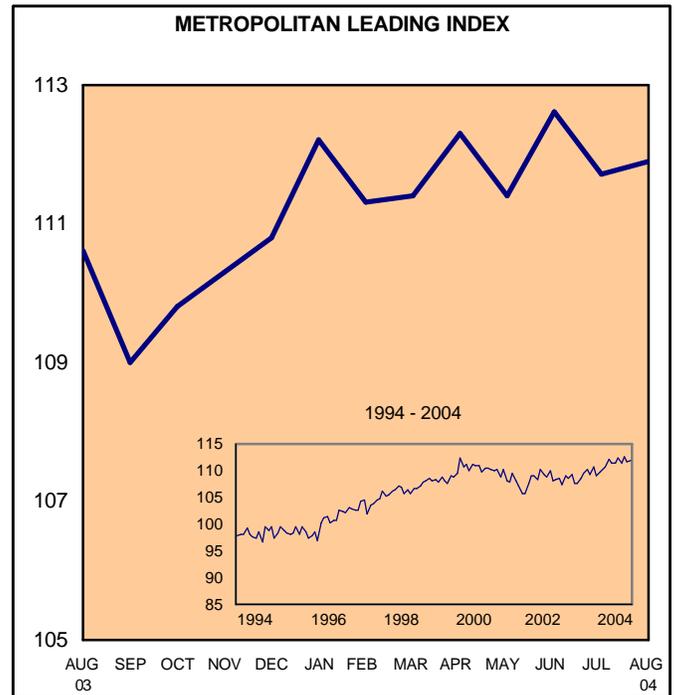


Metropolitan Leading Index

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 111.9 in August 2004, an increase of 0.1 percent over July.



In August, four of the Index's five components contributed to its gain. Total residential building permits increased following a sharp decline in July; initial claims for unemployment insurance decreased (improved) in August for the second time in three months; the Help Wanted Index increased for the fourth time in five months; and durable goods retail sales increased for a second consecutive month. By contrast, consumer expectations (consumer confidence six months hence) decreased following three monthly increases.



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, decreased to 107.2 in August 2004, a 1.0 percent decline from July; however, the Index is currently up 2.9 percent over its August 2003 level.

In August, three of the Index's five components contributed to its decline. Consumer expectations (consumer confidence six months hence) decreased sharply following three consecutive monthly gains; residential building permits issued decreased for the third time in four months; and the total value of residential building permits decreased for the first time in three months. By contrast, initial claims for unemployment insurance declined (improved) in July for the fifth time in six months and new automobile registrations 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.

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