



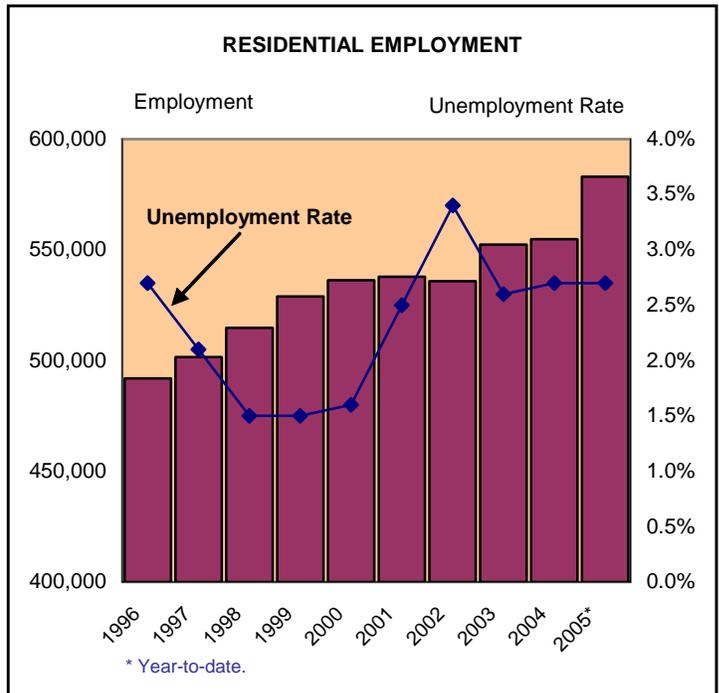
# ECONOMIC INDICATORS®

FAIRFAX COUNTY  
DEPARTMENT OF MANAGEMENT AND BUDGET

OCTOBER 2005

## IN THIS ISSUE:

- The unemployment rate in Fairfax County for August 2005 decreased to 2.7 percent from 2.8 percent one year ago. During this time, the number of employed County residents increased 22,482. (See page 1)
- The number of new single family residential permits issued in September 2005 decreased 64.4 percent; while, the number of new nonresidential permits issued increased 22.0 percent over September 2004. (See page 2)
- The number of existing single family homes sold in the first eight months of 2005 decrease 3.1 percent; while, the median value of these homes increased 22.5 percent over existing single family homes sold during all of 2004. (See pages 3 and 4)
- Both the Fairfax County Coincident Index and Leading index increased in August 2005 and both indices are up on a monthly over-the-year basis. (See pages 5 and 6)
- In October 2005, the Conference Board's Consumer Confidence Index decreased for the second consecutive month. (See page 8)
- Due to computer system changes at the State level, monthly sales tax receipts will not be included in the bulletin this month. Instead, a recent historical analysis of Sales Tax revenue is discussed. (See page 9)



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

## Employment

As reported by the Virginia Employment Commission (VEC), the number of Fairfax County residents holding jobs was 583,128 in August 2005, an increase of 22,482 residents, or 4.0 percent, over August 2004. During this period, the unemployment rate in Fairfax County decreased slightly from 2.8 in August 2004 to 2.7 in August 2005.

The August 2005 Virginia unemployment rate was 3.7 percent. The rate remained unchanged from the August 2004 level of 3.7 percent. On the national level, the August 2005 unemployment rate was 4.9 percent down from 5.4 percent, the year before.



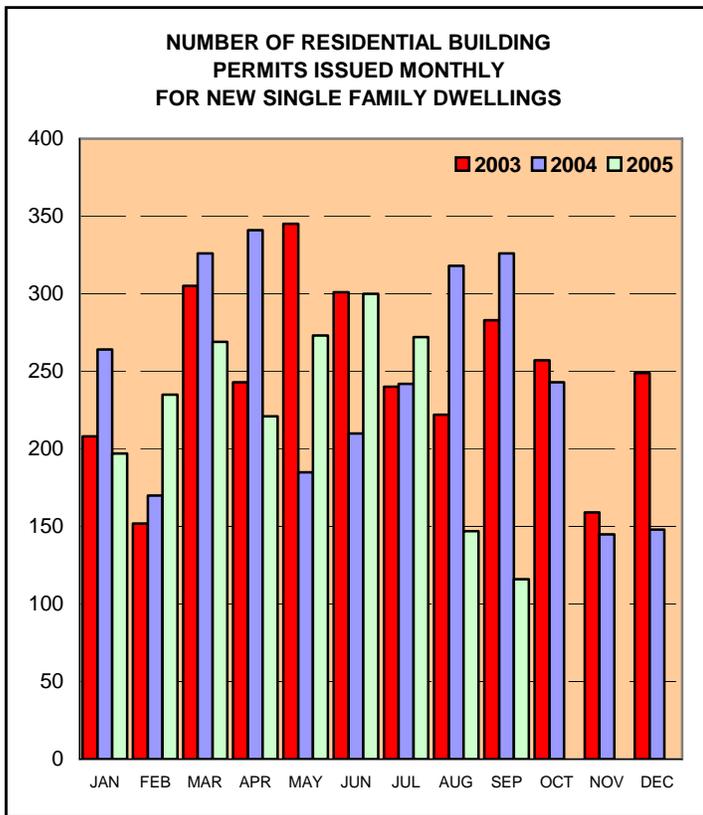
The Fairfax County Economic Indicators is on the Web and can be accessed at:

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

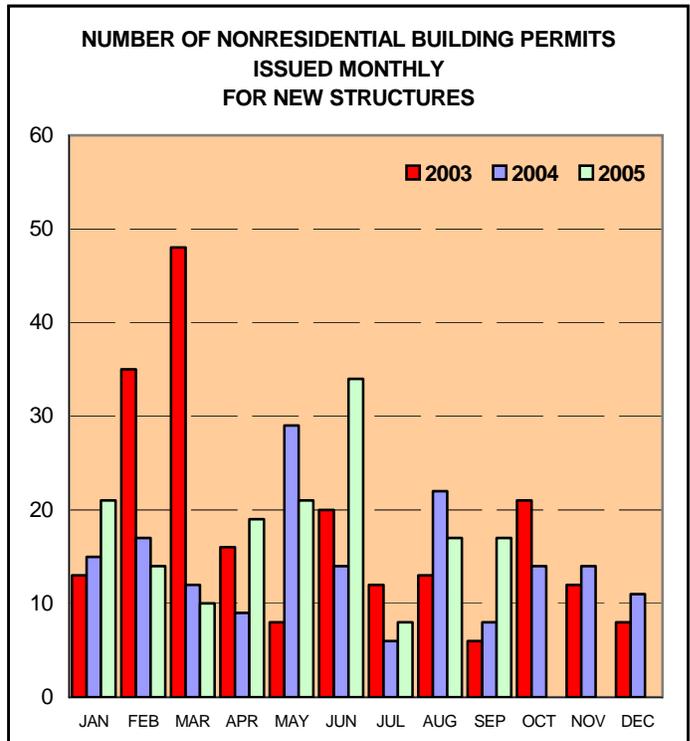
## Residential Building Permits

The total number of new single family residential building permits issued in September 2005 was 116, a decrease of 110 permits, or 64.4 percent, from September 2004. New single family permits issued in the first three quarters of 2005 totaled 2,030 permits, a decrease of 14.8 percent or 352 permits from the 2,382 issued during the same period last year.

In September 2005, 1,207 residential repair and alteration permits were issued, a decrease of 107 permits, or 8.1 percent, from September 2004. During the first nine months of calendar year 2005; however, the number of residential repair and alternation permits has risen from 6,498 to 10,816, an increase of 66.5 percent.



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



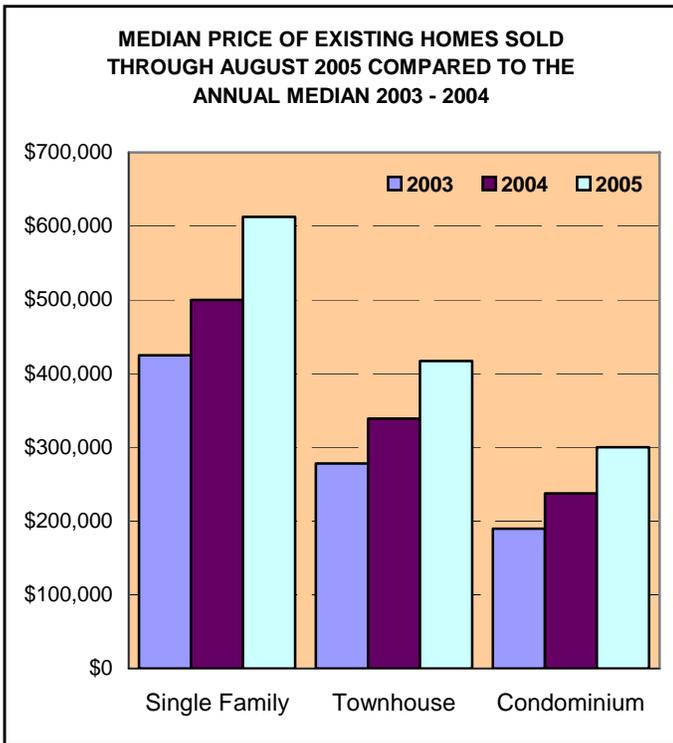
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

## Nonresidential Building Permits

New nonresidential building permits issued in September 2005 increased for the fifth time this year as compared to the corresponding month last year. In September, 17 new nonresidential building permits were issued, an increase of 112.5 percent, or 9 permits, over September 2004. New nonresidential permits issued during the first nine months of 2005 total 161, an increase of 29 permits, or 22.0 percent, over the same period last year.

The issuance of nonresidential repair and alterations permits decreased in September to 319 from the 337 permits issued in September 2004, a decline of 5.3 percent. Year-to-date, the number of nonresidential repair and alterations permits issued has been 2,886, a decrease of 2.8 percent, or 83 permits from the first three quarters of 2004.

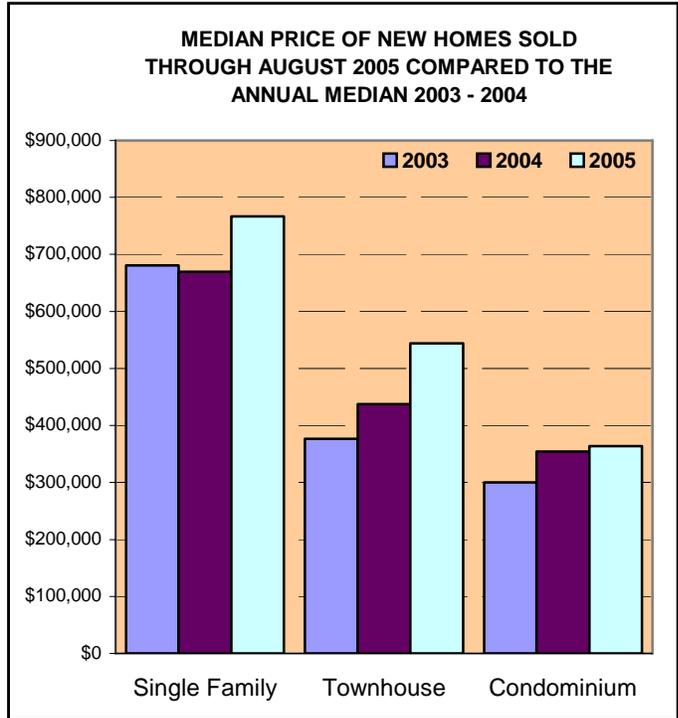
# Housing Market



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

## Existing Home Sales Prices

The median sales price of all types of existing (previously owned) homes in Fairfax County experienced growth in excess of 22 percent during the first eight months of calendar year 2005 compared to the 2004 median price. For existing single family homes, the median sales price increased 22.5 percent to \$612,500, as compared to the 2004 median price of \$500,000. The median sales price for existing townhomes sold through August 2005 rose to \$417,025 from the 2004 median of \$339,000, reflecting growth of 23.0 percent. The median sales price of existing condominiums increased to \$300,000 during the first eight months of 2005 from \$237,500 in 2004, representing growth of 26.3 percent.



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

## New Home Sales Prices

The 2005 median sales price for new single-family homes sold during the first eight months of 2005 rose to \$766,883, an increase of 14.6 percent over the 2004 median of \$669,457. The median sales price of new townhomes sold from January through August 2005 increased 24.4 percent, from \$437,240 in 2004 to \$543,820; while the median sales price for new condominiums increased just 2.6 percent, from \$354,450 in 2004 to \$363,750.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD YEAR-END 2004 COMPARED TO SALES THROUGH AUGUST 2005**

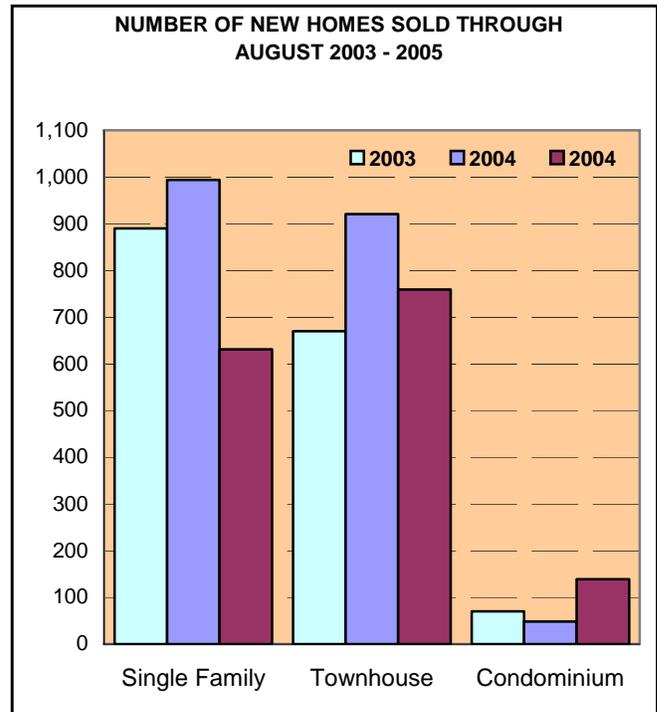
	Existing Sales	New Sales
Single Family	22.5	14.6
Townhouse	23.0	24.4
Condominium	26.3	2.6

**Existing Home Sales Volume**

The number of existing single family and townhomes sold has declined during the first eight months of 2005 while the number of existing condominiums has risen. Sales of existing single family homes dropped from 7,609 to 7,376, reflecting a fall of 3.1 percent from the first eight months of 2004. In addition, sales volume of existing townhomes decreased 6.3 percent from 6,408 to 6,006. Conversely, the number of existing condominiums sold from January through August 2005 grew 16.8 percent to 4,073 from the 3,487 units sold during the same period of 2004.

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](http://www.co.fairfax.va.us/dta/tax_assessment.htm)

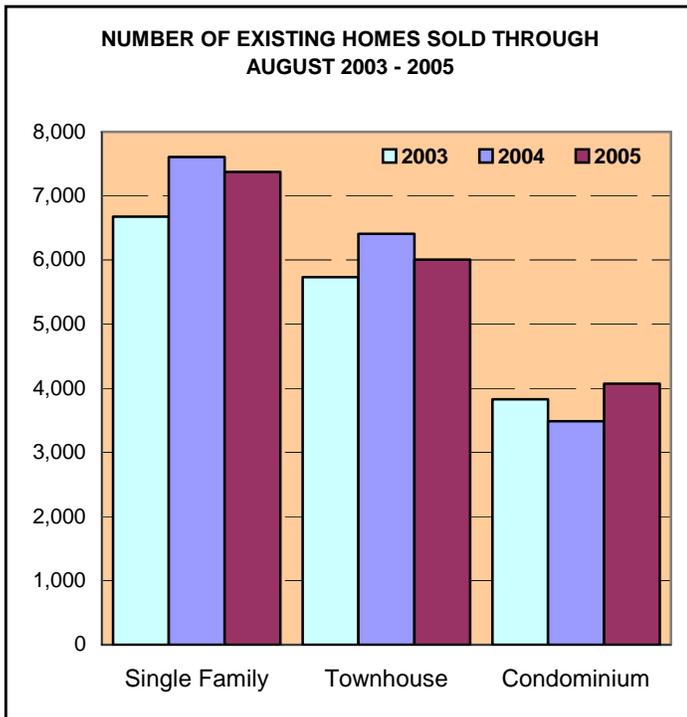


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

**New Home Sales Volume**

New home sales volume by type reflects a pattern similar to that of existing homes sold, with the number of new single family and new townhomes sold falling and sales of new condominiums rising. The number of new condominiums sold through August 2005 increased from 48 to 139, reflecting a sharp increase of 189.6 percent. However, both the sales volume of new single family homes and new townhomes decreased significantly. Sales volume of new single family homes decreased 36.5 percent from January through August 2005, to 631 from the 994 new single family homes purchased during the same period of the previous year. In addition, the number of new townhomes sold decreased 17.5 percent from the 920 units sold during the first eight months of 2004 to 759 units sold thus far in 2005.

**NUMBER OF EXISTING HOMES SOLD THROUGH AUGUST 2003 - 2005**



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

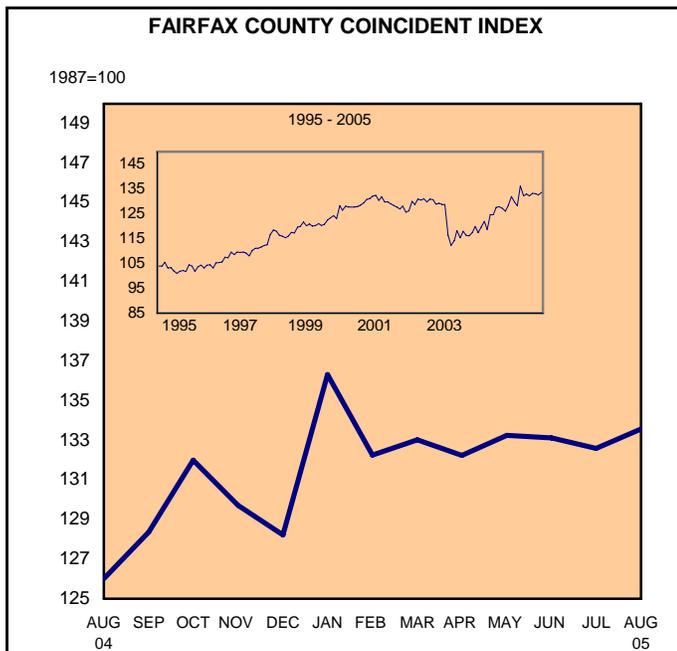
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices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

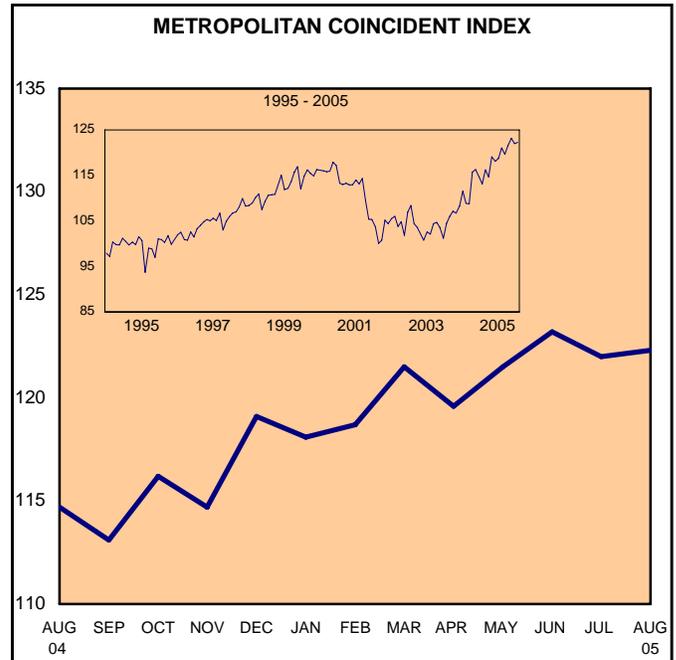


The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 133.6 in August 2005, a 0.7 percent increase over July 2005. In addition to the gain reported in August 2005, the Index rose 6.0 percent over its August 2004 level. It should be noted that August's Coincident Index value is based on pre-Katrina data.

In August, half of the Index's four components were positive. Total employment increased in August 2005 after dropping in the three previous months. Mid-Atlantic Consumer Confidence (in the present) increased for the third time in four months. Alternatively, transient occupancy tax collections, adjusted for inflation and seasonal variation, fell for the second time in three months. Sales tax collections, adjusted for inflation and seasonal variation decreased as well.



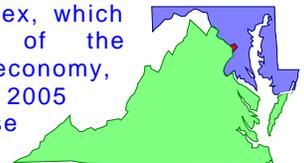
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.



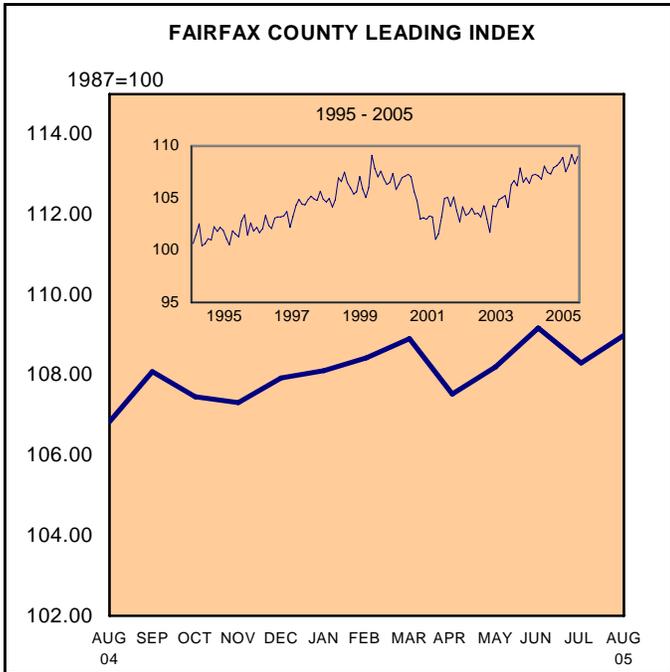
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.

## Metropolitan Coincident Index

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 122.3 in August 2005 reflecting a 0.3 percent increase over July. The Index is up 6.6 percent over its August 2004 level and has exceeded its same-month value from the previous year for twenty-two consecutive months.



In August, one of the Index's four components was positive. However, its magnitude was able to offset the declines in the other categories and increase the overall index. Mid-Atlantic Consumer Confidence (pre-Katrina) increased sharply in August after posting a loss in July. In contrast, wage and salary employment fell in August 2005 for a second consecutive month. In addition, nondurable goods retail sales and domestic passenger volume at Reagan National and Dulles airports both decreased in August following gains in July.



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

### Fairfax County Leading Index



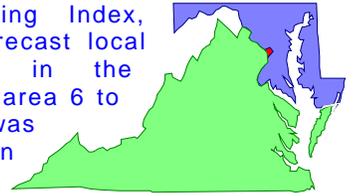
The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, increased to 109.0 in August 2005, a 0.64 percent increase over July. On a month-to-month basis, the index has been up in two of the last three months. Over the year, the index has risen 2.0 percent compared to August 2004.

In August, two of the three components of the Index were positive. Consumer expectations (consumer confidence six months in advance) increased for third time in four months. In addition, new automobile registrations grew in August. However, initial claims for unemployment increased (worsened) following declines in the two previous months.

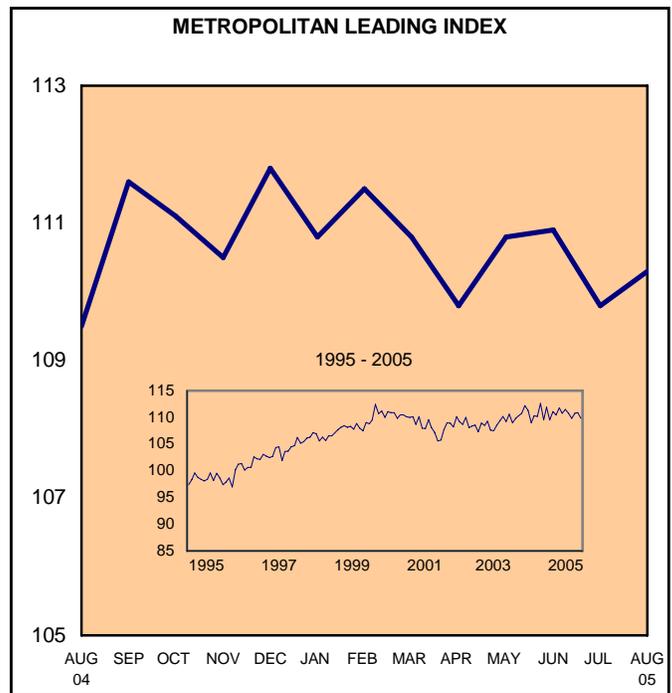
Despite improving in August, it is anticipated that the Leading Index will experience a decline in September due to the negative economic effects triggered by Hurricanes Katrina and Rita.

### 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, was 110.3 in August 2005, an increase of 0.4 percent over July. The Index's August posting represents a gain of 0.7 percent over its August 2004 value. The Index twelve-month moving average continues to trend higher than its January 2001 peak.



In August, three of the Index's five components contributed to its increase. Consumer expectations (consumer confidence six months hence) rose for the third time in four months. Total residential building permits increased in August following a decline in July. In addition, initial claims for unemployment insurance decreased (improved) in August for a second month. Conversely, the Help Wanted Index declined after posting gains in the last three months. Durable goods retail sales decreased for the fourth consecutive month.

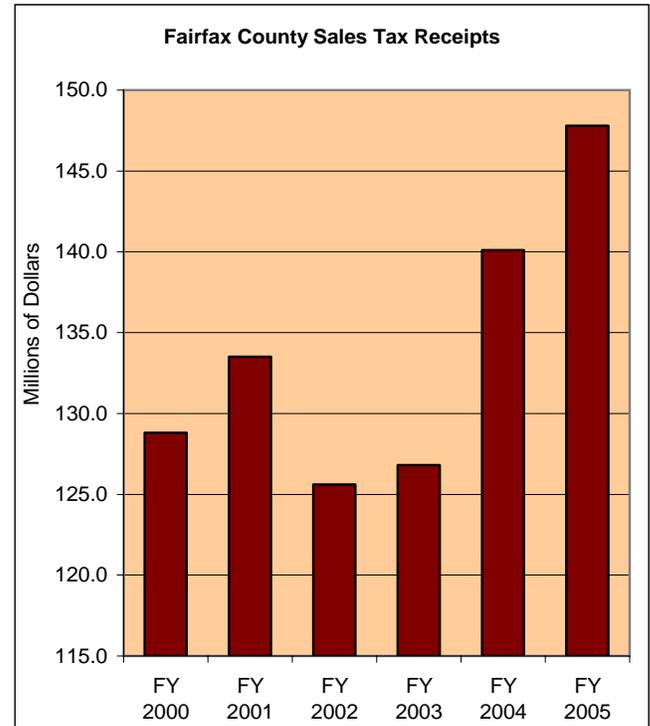


Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.

## Fairfax County Sales Tax Receipts

Monthly Sales Tax receipts for Fairfax County and its neighboring jurisdictions will not be reported in the October bulletin due to computer systems changes occurring at the Virginia Department of Taxation. While the change in systems is occurring, Sales tax receipts distributed to localities will be estimated for the months of September, October and November. Once system changes are complete, the state will reconcile estimated distributions to actual Sales Tax for the period and make adjustments accordingly. Actual monthly Sales Tax receipts will be reported in this publication when available. This month, historical Sales Tax receipts in Fairfax County will be presented.

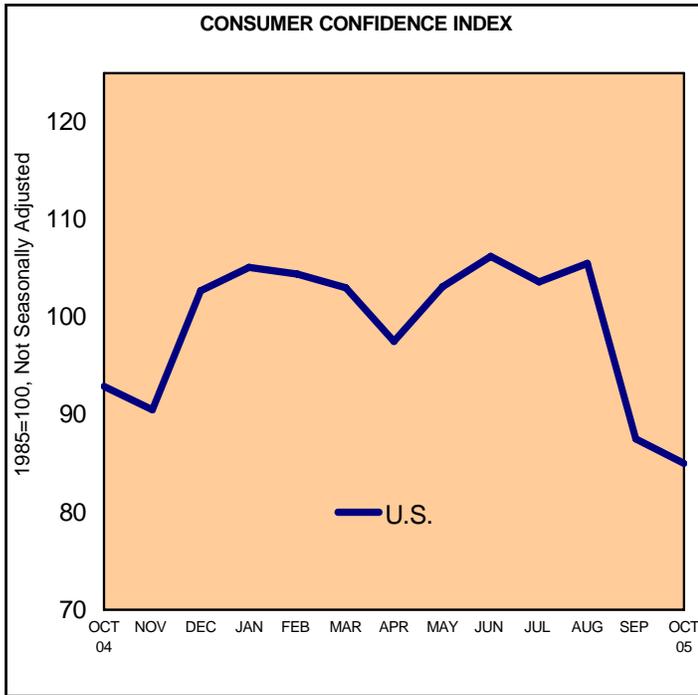
Since FY 2000, Sales Tax receipts in Fairfax County have increased from \$128.8 million to \$147.8 million, an increase of 14.8 percent, or an average of 2.8 percent per year. In FY 2002, Sales Tax receipts fell 5.9 percent to \$125.6 million from \$133.5 in FY 2001. This drop was due to the general economic downturn and the impact of September 11. In FY 2003, Sales Tax in the County rose just 1.0 percent to \$126.8 million. As the local economy expanded so did Sales Tax revenue, rising a robust 10.5 percent in FY 2004 and a more moderate 5.5 percent in FY 2005.



## National Retail Sales

According to the Commerce Department, seasonally adjusted preliminary August 2005 retail sales for the U.S. fell, decreasing 2.1 percent from the July level. Despite the drop off from the previous month, the August 2005 national retail sales estimate grew 7.9 percent over August 2004. Compared to last year, gasoline station sales are up 29.3 percent primarily due to surges in gas prices resulting from the diminished refining capacity in the Gulf Region caused by Hurricane Katrina. In addition, sales from building material and garden equipment dealers and retail trade sales increased 8.4 and 8.0 percent, respectively.

**OTHER INDICATORS**



**Consumer Confidence Index**

The October Index fell 2.7 points to 85.0. According to the Conference Board, the Index's continued decline is attributed to recent hurricanes, high gas prices and a weakening labor market.

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In October 2005, the Present Situation Index fell to 108.2 from 110.4, a loss of 2.2 points from the previous month. Similarly, the Expectations Index decreased to 69.5 from the 72.3 reported in September.

According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "The degree of pessimism, in conjunction with the anticipation of much higher home heating bills this winter, may take some cheer out of the upcoming holiday season".

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

Inquiries should be directed to:

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