



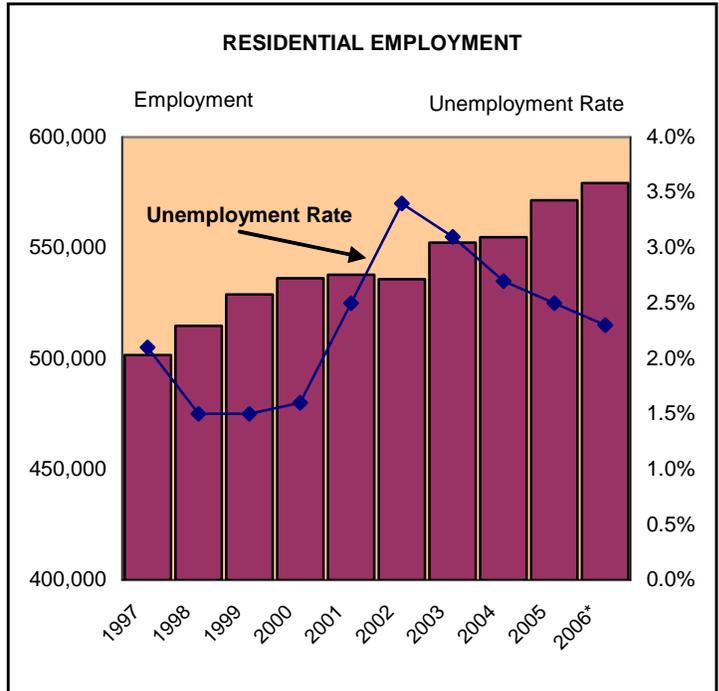
# ECONOMIC INDICATORS®

FAIRFAX COUNTY  
DEPARTMENT OF MANAGEMENT AND BUDGET

MARCH 2006

## IN THIS ISSUE:

- The January 2006 unemployment rate in Fairfax County was 2.3 percent, a 0.4 percentage point decrease from the level reported one year ago. (See page 1)
- Fairfax County's FY 2006 Sales Tax receipts up 2.5 percent over the same period of FY 2005. (See page 2)
- The number of new single family residential permits decreased 2.8 percent through the second month of 2006; while new nonresidential permits decreased 20.0 percent. (See page 3)
- The number of existing single family homes sold during the first two months of 2006 decreased 17.4 percent; while, the median value of these homes fell 2.4 percent from existing single family homes sold during all of 2005. (See pages 3 and 4)
- The number of new single family homes and townhouses sold through February fell sharply from the same period of 2005. (See page 4)
- The February 2006 Consumer Confidence Index increased to its highest level since May 2002. (See page 6)
- The 30-year fixed rate mortgages rose in March 2006 for the second month in a row. (See page 6)



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 in January 2006 was 579,201, an increase of 21,270 residents, or 3.8 percent, over January 2005. During this period, the unemployment rate in Fairfax County fell to 2.3 percent from the 2.7 percent reported one year ago.

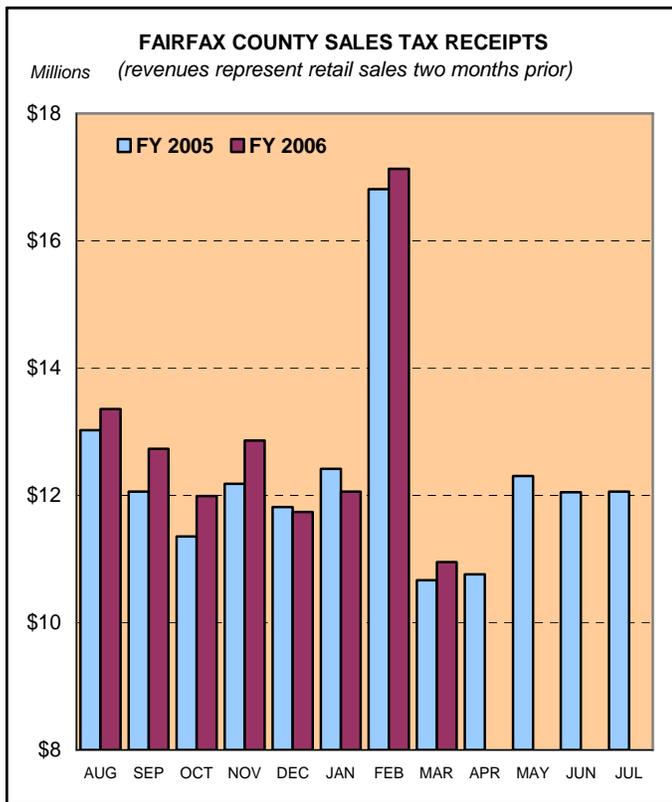
The January 2006 unemployment rate in Virginia was 3.3 percent, a decrease of half a percentage point from the January 2005 level of 3.8 percent. On the national level, the unemployment rate in January was 4.7 percent, down from 5.2 percent one year ago.



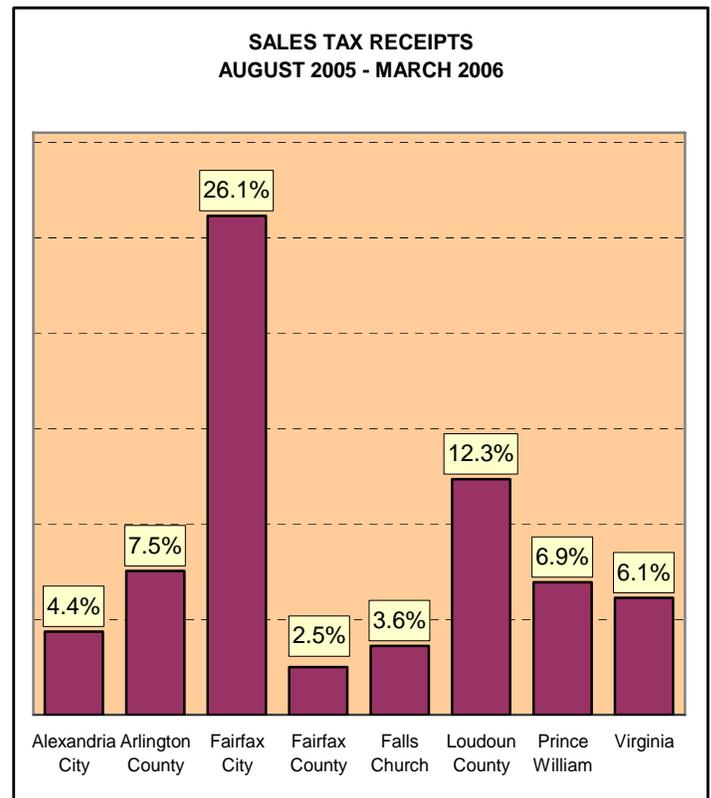
The Fairfax County Economic Indicators is on the Web and can be accessed at:

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

## Retail Sales



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 \$11.0 million, an increase of 2.7 percent over February 2006. Fiscal year-to-date, Sales Tax receipts are \$102.8 million and are up 2.5 percent over the same period in FY 2005.

It should be noted that during a computer system change at the State level, Sales tax receipts distributed to localities for the months of September through November 2005 were estimated at 5.5 percent growth over the same month in 2004. The December distribution to localities was adjusted to reflect actual receipts during those months. While year-to-date information is assumed to be correct, the month over month comparison for September through December shown in the above chart should not be used to determine an actual trend.

### National Retail Sales

According to the Commerce Department, seasonally adjusted preliminary January 2006 retail sales for the U.S. increased robustly, rising 2.3 percent over the previous month and 8.8 percent over January 2005. Compared to last year, gasoline station sales are up 22.7 percent; building materials and garden equipment increased 14.7 percent; and food service and drinking places grew 11.1 percent.

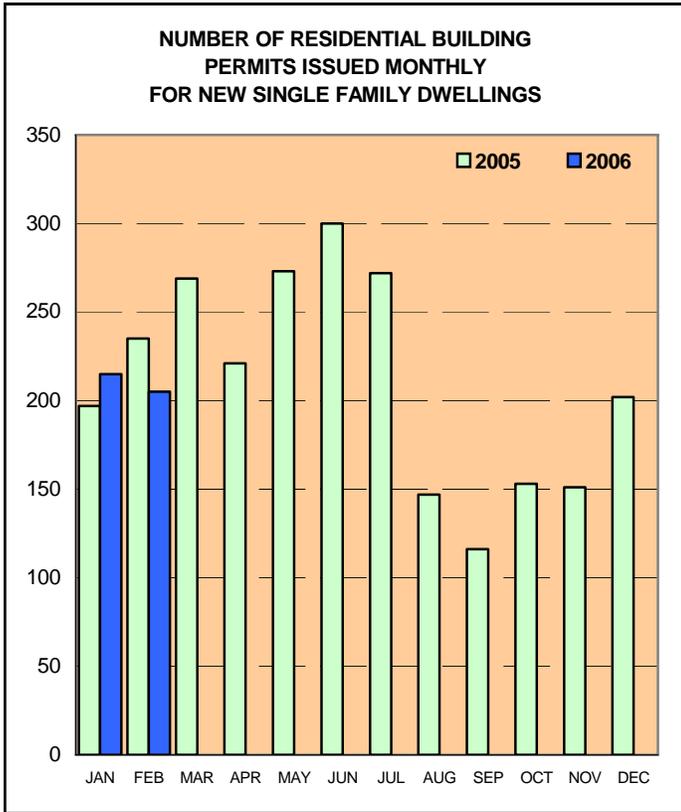
### Neighboring Jurisdictions

Based on information provided by the Virginia Department of Taxation, Northern Virginia localities have experienced widely different levels of growth in Sales Tax receipts during the period August 2005 through March 2006 (the period that coincides with Fairfax County's fiscal year 2006.) Sales Tax receipts are up considerably in Fairfax City at 26.1 percent and Loudoun County at 12.3 percent. Other Northern Virginia jurisdictions are experiencing more moderate levels of growth. Sales Tax receipts in Arlington and Prince William are up 7.5 percent and 6.9 percent, respectively. Sales Tax receipts in Alexandria are up 4.4 percent, while in Falls Church receipts are rising 3.6 percent. In comparison, Fairfax County sales tax receipts are increasing a modest 2.5 percent during the same period. Statewide Sales Tax receipts have increased 6.1 percent during the eight months of FY 2006 over the same period of FY 2005.

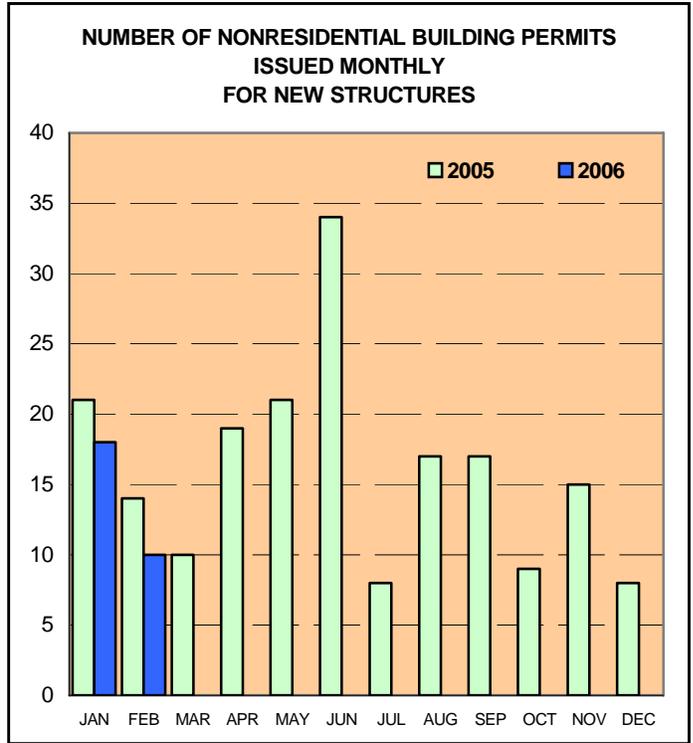
## Residential Building Permits

The total number of new single family residential building permits issued in February 2006 was 205, a decrease of 30 permits, or 12.8 percent, from February 2005. New single family permits issued in the first two months of 2006 totaled 420 permits, a loss of 2.8 percent or 12 permits from the 432 issued during the same period last year.

In February 2006, 805 residential repair and alteration permits were issued, an increase of 61 permits, or 8.2 percent, over February 2005. During the first two months of calendar year 2006, residential repair and alternation permits have risen 7.9 percent.



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



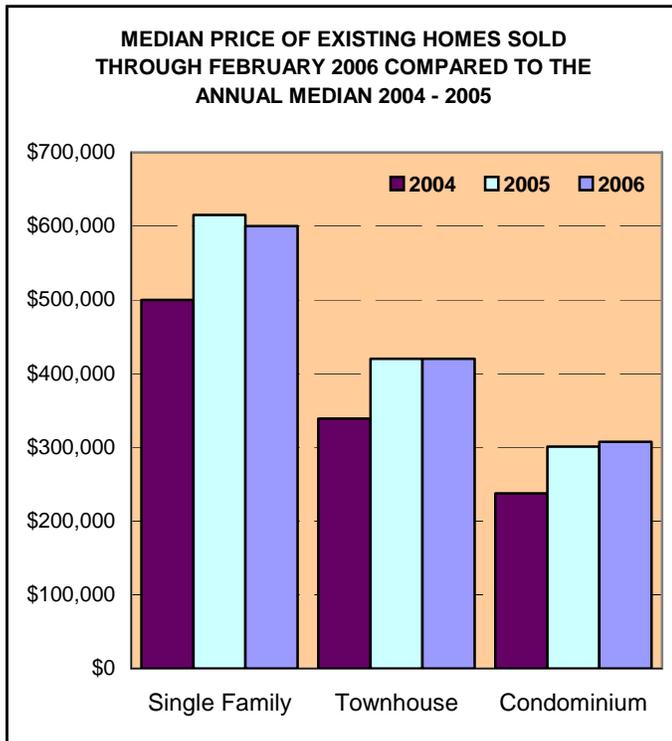
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

## Nonresidential Building Permits

New nonresidential building permits issued in February 2006 decreased for the second time in as many months as compared to the corresponding month last year. In February 2006, 10 new nonresidential building permits were issued, a decrease of 28.6 percent, or 4 permits, from February 2005. New nonresidential permits issued during the first two months of 2006 total 28, a decrease of seven permits or 20 percent, from the same period last year.

The issuance of nonresidential repair and alterations permits fell in February to 349 from the 371 permits issued in February 2005, a decline of 22 permits. Year-to-date, the number of nonresidential repair and alterations permits issued has been 625, a decrease of 6.3 percent, or 42 permits.

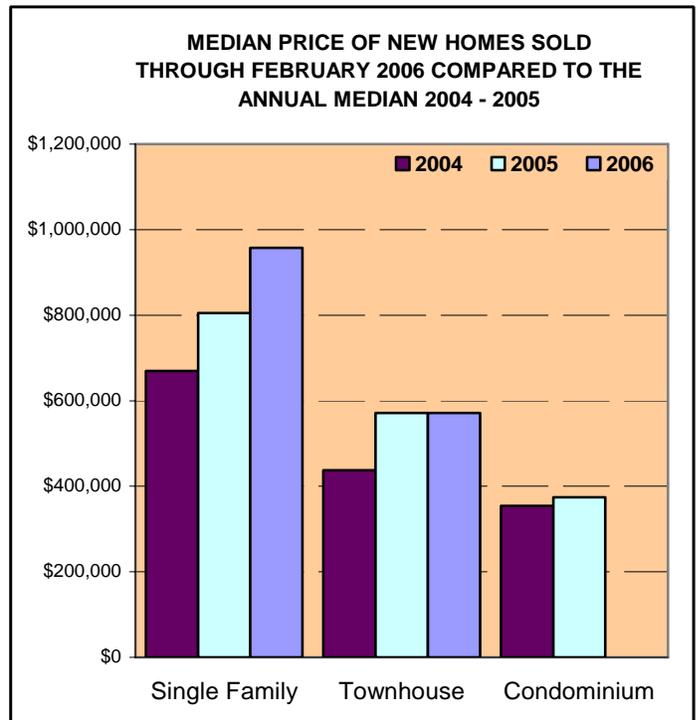
## Housing Market



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 experienced little or no growth in median sales price during February 2006 compared to the 2005 median home sales price. For existing single family homes, the median sales price of homes sold decreased 2.4 percent to \$600,000, as compared to the 2005 median of \$615,000. The median sales price for existing townhouses sold during February 2006 remained unchanged from the 2005 median sales price of \$420,000. The median sales price for existing condominiums increased a slight 2.1 percent to \$307,500 in February 2006 from the 2005 median of \$301,200.



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

### New Home Sales Prices

New homes that sold in Fairfax County in February 2006 are demonstrating uneven growth by type of home. The February 2006 median sales price for new single-family homes grew substantially to \$957,200 from the 2005 median of \$805,250, an increase of 18.9 percent. The February 2006 median sales price for townhouses decreased a slight 0.1 percent, from \$571,600 in 2005 to \$571,200. Home sales price for new condominiums are not being reported due to a computer system problem.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD YEAR-END 2005 COMPARED TO SALES THROUGH FEBRUARY 2006**

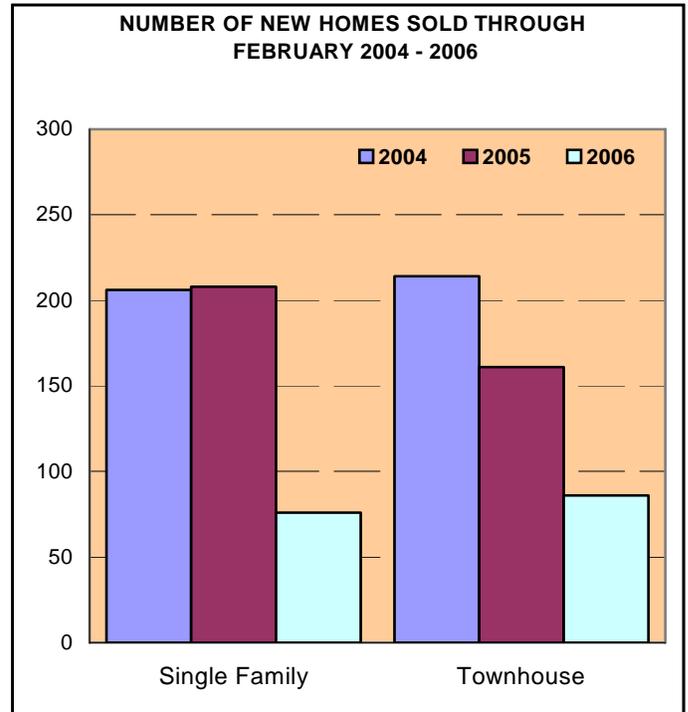
	Existing Sales	New Sales
Single Family	(2.4)	18.9
Townhouse	0.0	(0.1)
Condominium	2.1	--

**Existing Home Sales Volume**

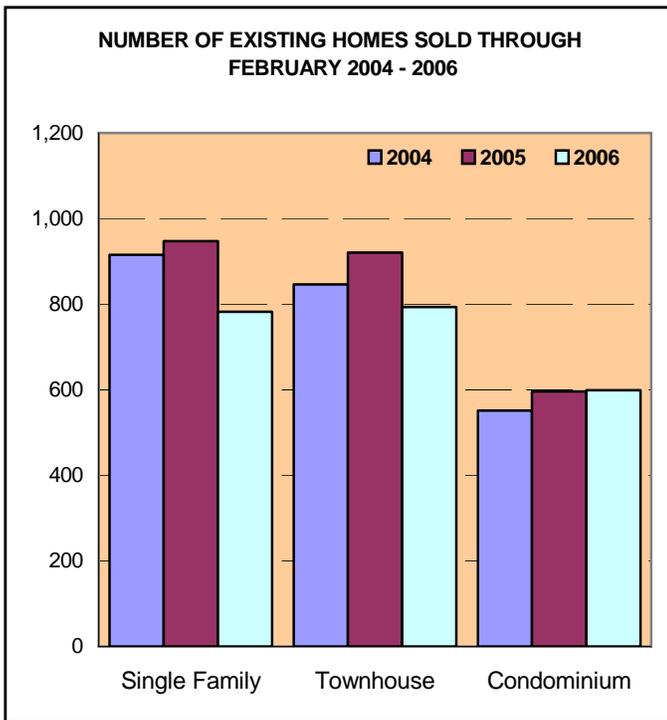
The number of existing single family and townhomes sold during the first two months of 2006 has fallen significantly. Sales of existing single family homes decreased from 947 to 782, reflecting a decline of 17.4 percent from the first two months of 2005. Likewise, sales volume of existing townhomes fell to 793 from 920, reflecting a decrease of 13.8 percent. The number of existing condominium sales reported during the first two months of 2006 increased a modest 0.5 percent from 596 to 599 over the same period of 2005.

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.



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

**New Home Sales Volume**

The number of new single family homes and townhomes sold fell sharply during the first two months of 2006. The number of new single family homes sold decreased from 208 to 76 in February 2006, reflecting a decline of 63.5 percent. Sales volume of new townhomes fell 46.6 percent during this same period from 161 to 86 units. The sales volume for new condominiums is not being reported due to a computer system problem

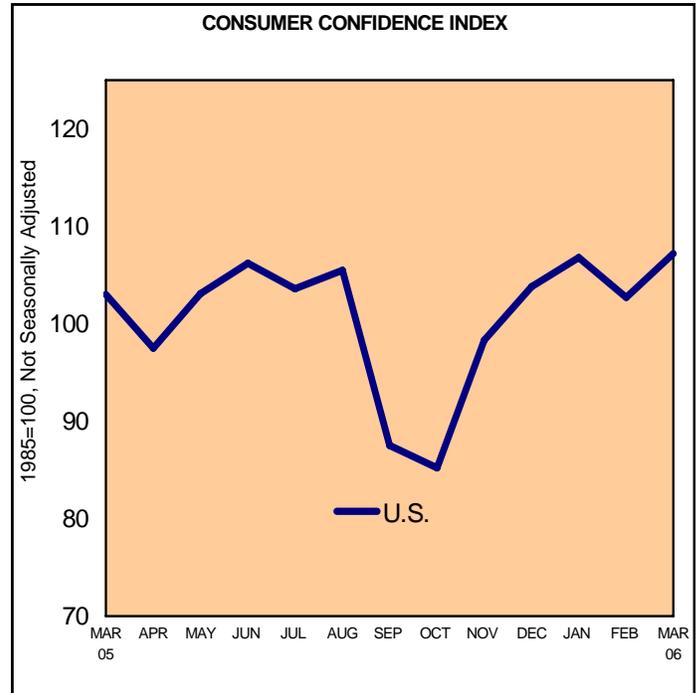
## 30-Year Fixed Rate Mortgages

The interest rate on conventional 30-year fixed rate mortgages, as reported by Freddie Mac, rose to 6.32 percent in March 2006, an increase of 0.07 points over the February level of 6.25. The March 2006 interest rate represents the second month to month increase in 2006. In addition, March 2006 mortgage interest rates are 0.39 percentage points higher than the 5.93 percent reported in March 2005.

So far for calendar year 2006, the average monthly 30-year fixed mortgage rate is 6.24. According to industry projections, mortgage interest rates are anticipated to continue to rise in 2006; however, 30-year fixed rate mortgages are still relatively low on a historical basis as demonstrated in the chart below. Rising mortgage interest rates are expected to contribute to the slowing in the number of homes sold in Fairfax County.



Source: Freddie Mac. Compiled by the Fairfax County Department of Management and Budget.



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

## Consumer Confidence Index

The March Consumer Confidence Index rose 4.5 points and increased to 107.2. According to the Conference Board, "this month's gain in consumer confidence has pushed the Index to a near four-year high."

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In March 2006, the Present Situation Index was 133.3, posting a strong increase of 3.0 points over February. In addition, the Expectations Index gained in March, increasing to 89.9 over the 84.2 reported in February.

According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "The improvement in consumer's assessments of present day conditions is yet another sign that the economy gained steam in early 2006."

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