



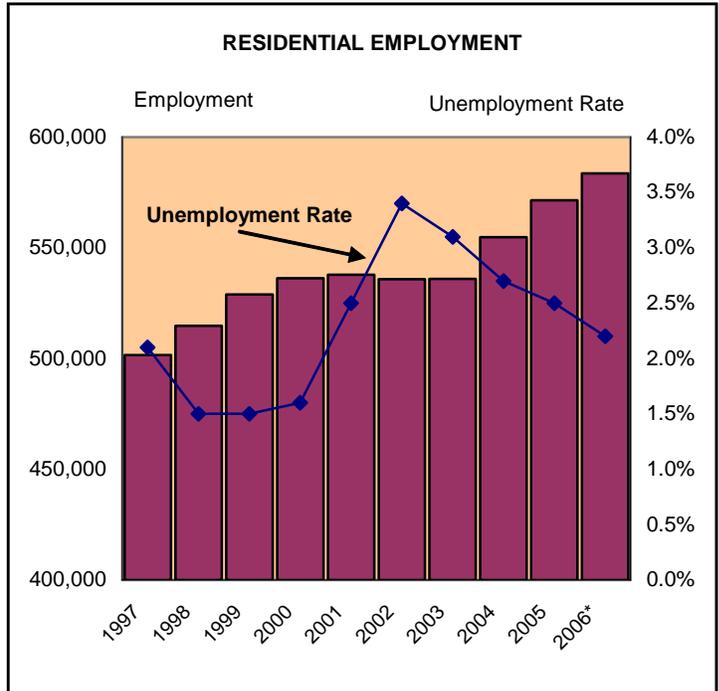
# ECONOMIC INDICATORS®

FAIRFAX COUNTY  
DEPARTMENT OF MANAGEMENT AND BUDGET

MAY 2006

## IN THIS ISSUE:

- The March 2006 unemployment rate in Fairfax County fell to 2.2 percent, representing a 0.3 percentage point decrease from the level reported one year ago. (See page 1)
- Fairfax County's May 2006 Sales Tax receipts grew 5.5 percent over May 2005. The largest gain over the prior year experienced thus far in FY 2006. (See page 2)
- The sales price of existing single family homes sold through April 2006 decreased 1.4 percent from the median value of existing single family homes sold during all of 2005. (See pages 3 and 4)
- The number of new single family homes and townhouses sold during the first third of 2006 declined significantly from the same period of 2005. (See page 4)
- The May 2006 Consumer Confidence Index posted the largest month-to-month loss in eight months. (See page 5)
- The Fairfax County Economic Development Authority reported that the office market continued to improve for the third consecutive year as the direct office vacancy rate fell from 8.6 percent as year-end 2004 to 7.8 percent as of year-end 2005. (See page 5)



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 March 2006 was 583,595, an increase of 21,372 residents, or 3.8 percent, over March 2005. During this period, the unemployment rate in the County dropped 0.3 percentage points to 2.2 percent from the 2.5 percent reported one year ago. The March unemployment rate was 0.1 percentage point lower than February 2006.

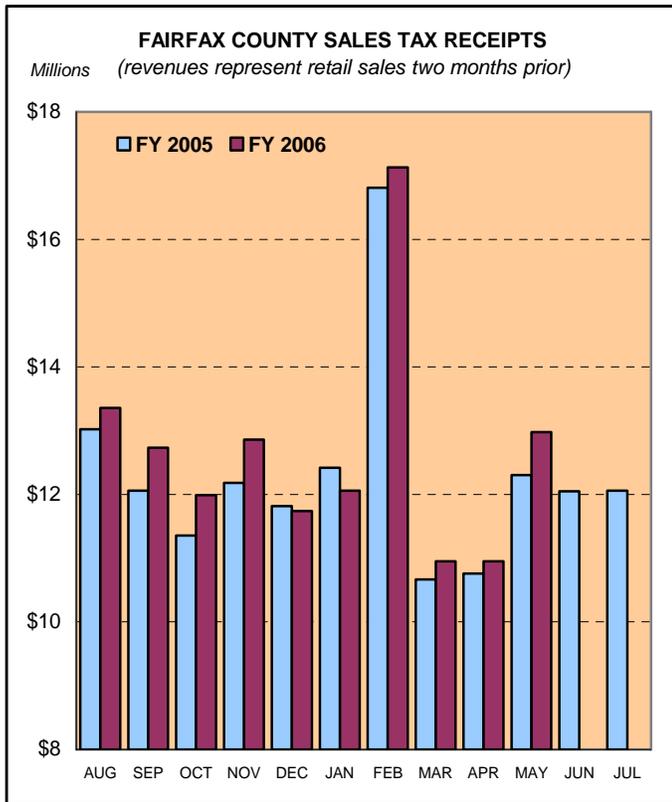
The March 2006 unemployment rate in Virginia was 3.2 percent, a decrease of 0.4 percentage points from the March 2005 level of 3.6 percent. On the national level, the unemployment rate in February was 4.7 percent, down from 5.1 percent one year ago.



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

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

# Retail Sales



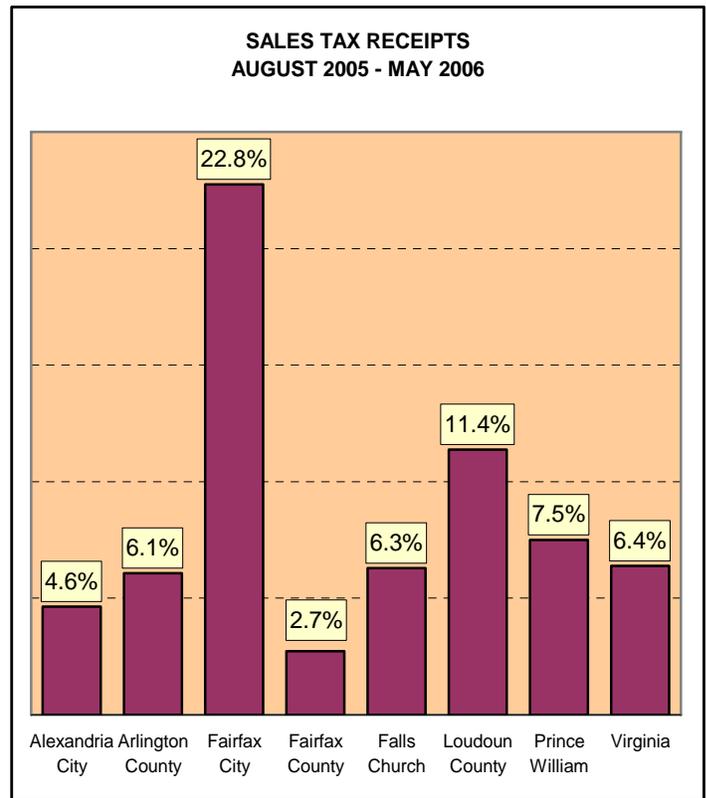
Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget. Note: Sales Tax distributions to localities were based on estimates from September through November 2005 (FY 2006) with an adjustment made in December; therefore, receipts for September through December in FY 2006 should not be used to determine an actual trend.

## Fairfax County Sales Tax Receipts

May 2006 Sales Tax receipts for Fairfax County, representing retail purchases made in March, are \$13.0 million, a gain of 5.5 percent over March 2005. The May percentage increase over the prior year is the largest thus far in FY 2006. Fiscal year-to-date, Sales Tax receipts are \$126.7 million, up 2.7 percent over the same period in FY 2005.

## National Retail Sales

According to the Commerce Department, seasonally adjusted preliminary March 2006 retail sales for the U.S. rose 0.6 percent over the previous month and gained 7.9 percent over March 2005. Compared to last year, sales of building material and garden equipment and supplies were up 17.9 percent; gasoline stations sales grew 13.6 percent and furniture and home furnishing stores increased 10.0 percent.

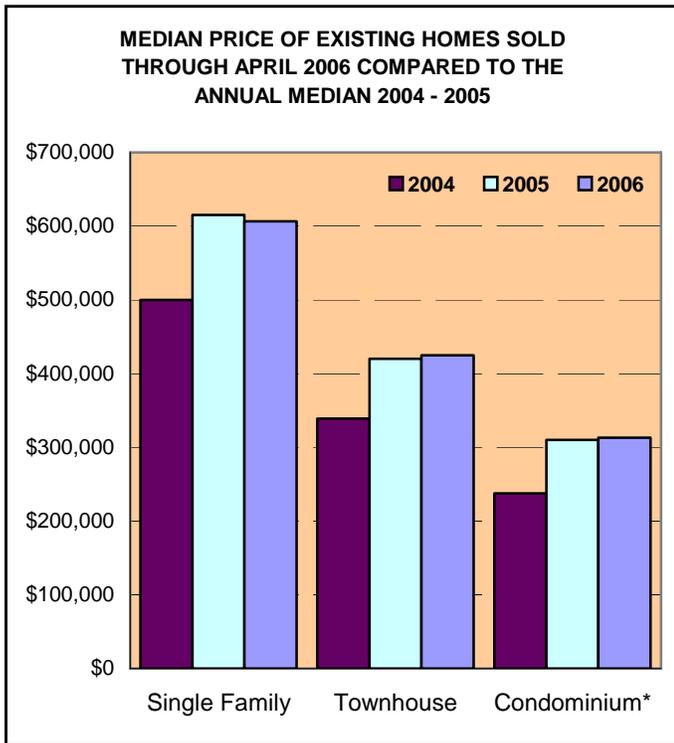


Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

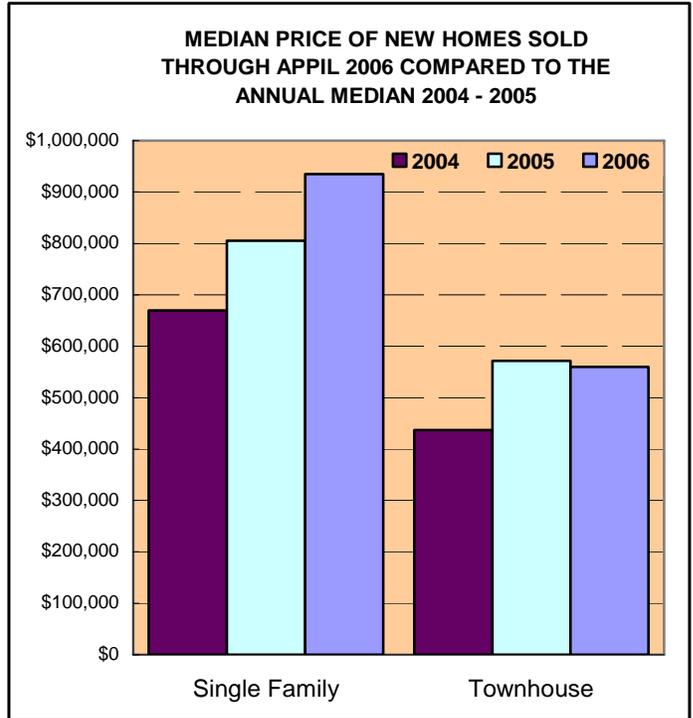
## Neighboring Jurisdictions

During the period August 2005 through May 2006 (the period that coincides with Fairfax County's fiscal year 2006), Sales Tax receipts are up considerably in Fairfax City at 22.8 percent and in Loudoun County at 11.4 percent. Other Northern Virginia jurisdictions are experiencing more moderate levels of growth. Sales Tax receipts in Prince William and Falls Church are up 7.5 percent and 6.3 percent, respectively. Sales Tax receipts in Arlington grew 6.1 percent, while in Alexandria receipts rose 4.6 percent. Conversely, Fairfax County Sales Tax receipts are growing 2.7 percent during the same period. Statewide Sales Tax receipts have increased 6.4 percent through the first 10 months of FY 2006 over the same period of FY 2005.

# Housing Market



Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget. \*Condominium data include sales of existing and new units.



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

## Existing Home Sales Prices

Sales prices of existing (previously owned) single family homes in Fairfax County sold through April of 2006 fell 1.4 percent to \$606,500 compared to the 2005 median single family home sales price of \$615,000. The median sales price for existing townhouses sold in the first four months 2006 rose to \$425,000, representing a small 1.2 percent gain over the 2005 median sales price of \$420,000.

Distinguishing between new and existing condominiums has become problematic due to significant rental apartment conversions to condominiums; therefore, new and existing condominium sales have been aggregated in the chart above. The median sales price of all condominiums increase a modest 1.0 percent to \$312,950 through April 2006 over the 2005 median of \$310,000.

## New Home Sales Prices

Through the fourth month of 2006, the median sales price for new single-family homes increased a brisk 16.1 percent to \$934,623 over the 2005 median of \$805,250. Conversely, the median sales price for new townhouses fell 2.0 percent, from \$571,600 in 2005 to \$559,990 through April 2006.

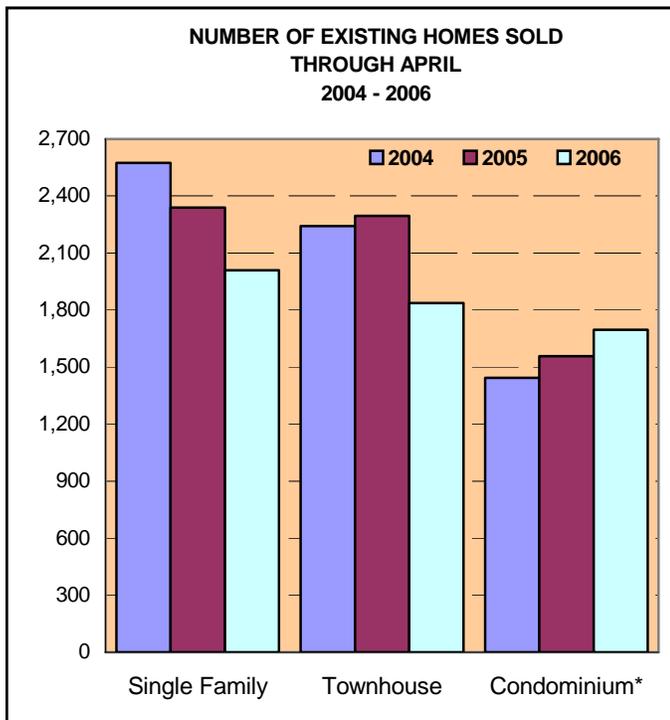
### PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD YEAR-END 2005 COMPARED TO SALES THROUGH APRIL 2006

	Existing Sales	New Sales
Single Family	(1.4)	16.1
Townhouse	1.2	(2.0)
Condominium*	1.0	

\*Condominium data include sales of existing and new units.

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:

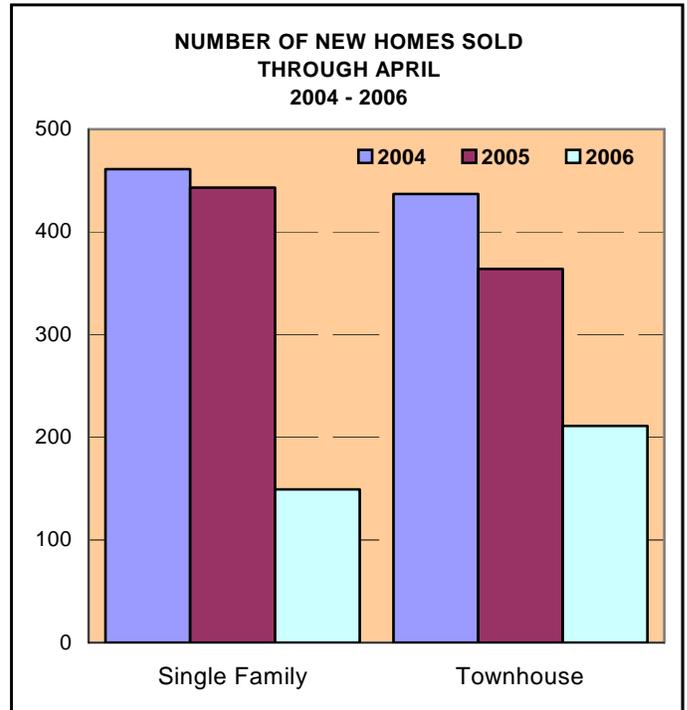
[www.co.fairfax.va.us/dta/tax\\_assessment.htm](http://www.co.fairfax.va.us/dta/tax_assessment.htm)



Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget. \*Condominium data include the sales volume of existing and new units.

### Existing Home Sales Volume

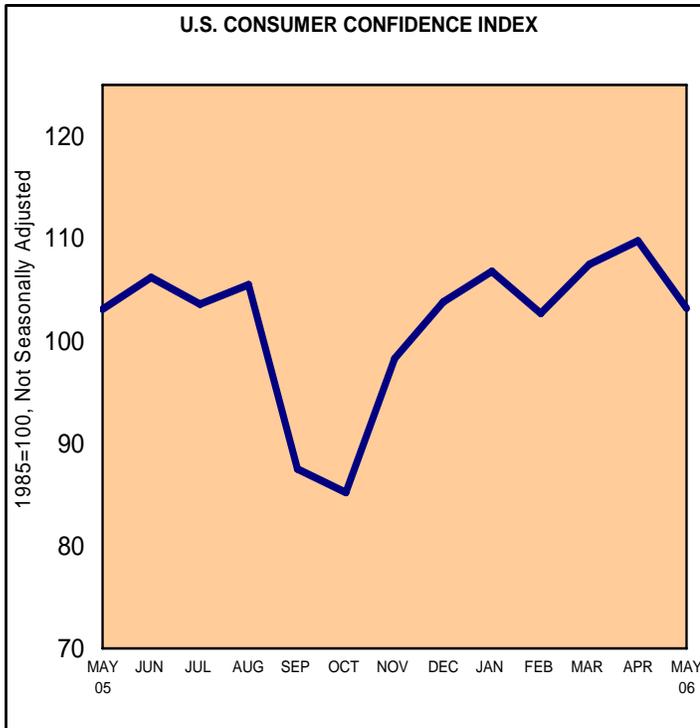
The number of existing single family and townhouses sold through April 2006 has decreased substantially. Sales of existing single family homes fell from 2,339 to 2,009, reflecting a drop of 14.1 percent from the first fourth months of 2005. In addition, sales volume of existing townhouses fell to 1,837 from 2,296, reflecting a decrease of 20.0 percent. Due to the previously noted issue concerning condominiums, the number of new and existing units sold has been combined in the chart above. The number of all condominium sales reported through April 2006 increased 8.9 percent from 1,558 to 1,696 over the same period of 2005.



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 townhouses sold both dropped considerably through April 2006. The number of new single family homes sold decreased from 443 to 149 in April 2006, reflecting a decline of 66.4 percent. Sales volume of new townhouses fell 42.0 percent during this same period from 364 to 211 units. For data concerning all condominium sales volume, refer to the "Existing Home Sales Volume" section.



## Consumer Confidence Index

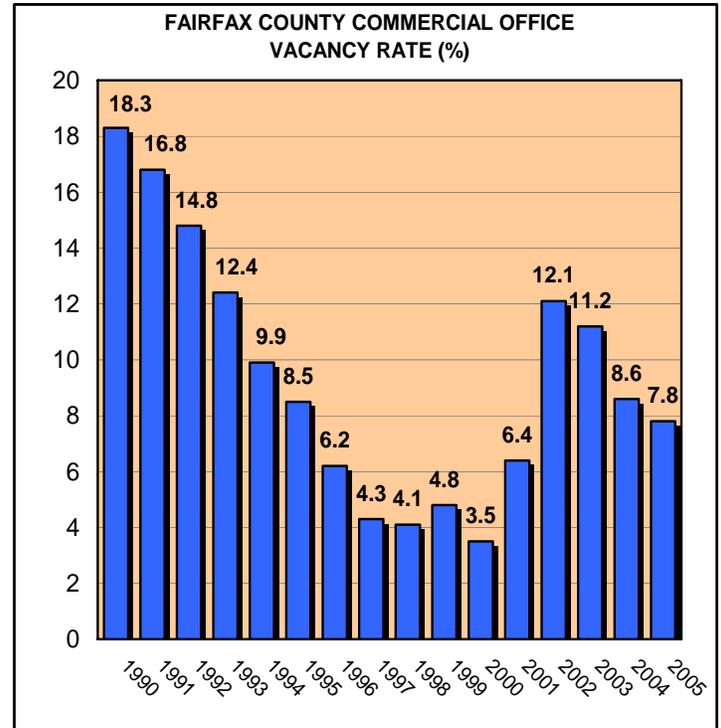
The Consumer Confidence Index fell 6.6 points to 103.2 in May 2006 after registering gains in the two previous months. The Index's May decrease was the steepest one month drop since September 2005, immediately following hurricane Katrina.

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In May 2006, the Present Situation Index was 132.5, representing a decrease of 3.7 points from the previous month. In addition, the Expectations Index dropped significantly in May, falling 8.6 points to 91.9.

According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "Apprehension about the short-term outlook for the economy, the labor market and consumers' earning potential has driven the Expectations Index down to levels not seen since the aftermath of the hurricanes last summer."

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## Commercial Office Market

The Fairfax County Economic Development Authority (EDA) reports that the commercial office market improved for the third consecutive year. The County's direct office vacancy rate in 2005 was 7.8 percent; a decline of 0.8 percentage points from the rate of 8.6 percent reported at year-end 2004. Including space available through subleases, the vacancy rate was 9.7 percent, a decrease 1.9 percentage points from the 11.6 percent registered at the end of 2004. During the past three years, the County's direct office vacancy rate has continued to fall after posting a rate of 12.1 percent in 2002.

EDA reported that 1.4 million square feet of new office space was added during 2005 increasing the countywide office inventory to 103.5 million square feet. As of year-end 2005, 22 buildings with roughly 1.5 million square feet of new office space were under construction and anticipated to be completed in 2006. About 62 percent of the space under construction was pre-leased as of year-end.

EDA noted "...all signs point to an increase in new office construction activity (in 2006) that will carry over well into 2007."