



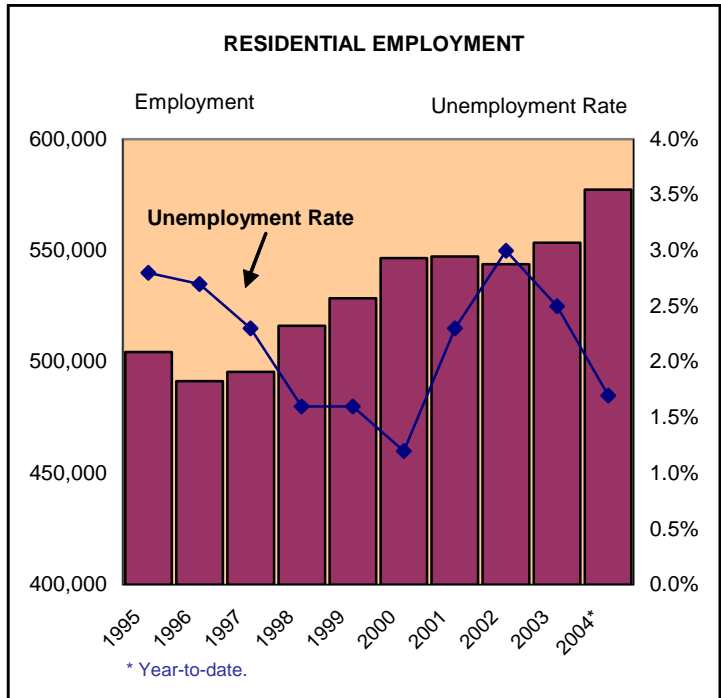
ECONOMIC INDICATORS[®]

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

JANUARY 2005

IN THIS ISSUE:

- The unemployment rate in Fairfax County for November 2004 decreased to 1.7 percent from the revised level of 1.8 percent in October 2004; in addition, the number of employed County residents has increased 19,578 since November 2003. (See page 1)
- January 2005 Sales Tax receipts for Fairfax County are \$12.4 million, an increase of 14.8 percent from January 2004. In addition, Sales Tax receipts are up 7.3 percent, fiscal year-to-date. (See page 2)
- The number of new residential permits issued in calendar year 2004 decreased 24.4 percent while new nonresidential permits increased 4.1 percent over 2003. (See page 3)
- Sales volume increased for all existing (previously owned) home types through November 2004, with single family homes experiencing 13.0 percent growth, calendar year-to-date.
- The number of new single family homes purchased has increased 20.3 percent, calendar year-to-date. (See page 6)
- Both the Fairfax County Coincident and Leading Indices decreased in November 2004. (See pages 7 and 8)



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

Employment

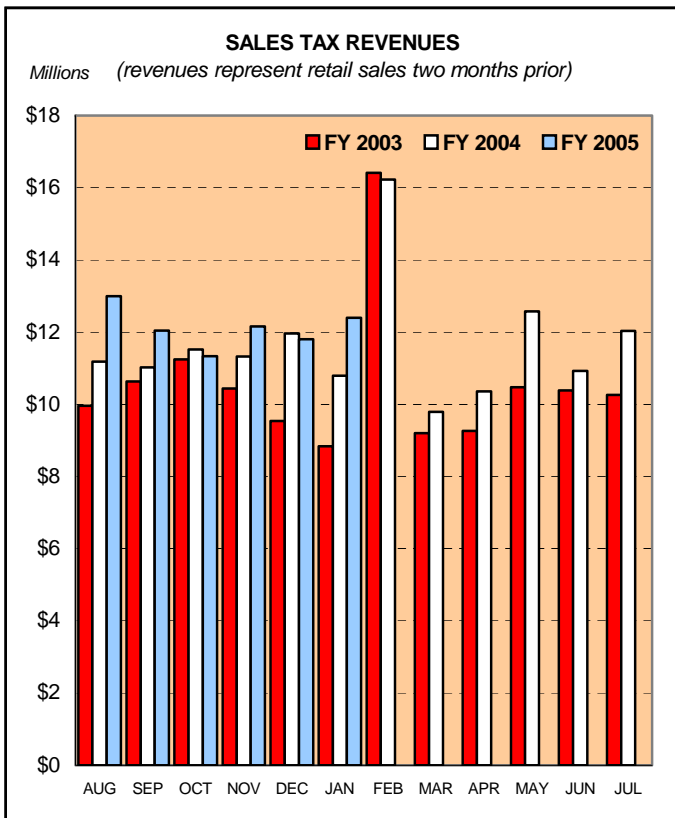
As reported by the Virginia Employment Commission (VEC), the November 2004 unemployment rate in Fairfax County decreased to 1.7 percent from the revised level of 1.8 percent in October 2004. Over the year, the number of employed Fairfax County residents has risen 19,578 to 577,386 through November 2004, an increase of 3.5 percent. During this period, the unemployment rate in Fairfax County fell 0.5 percentage points from 2.2 percent in November 2003 to the current 1.7 percent.

The November unemployment rate in Virginia remained unchanged from October to November 2004 at 3.2 percent. The November 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>



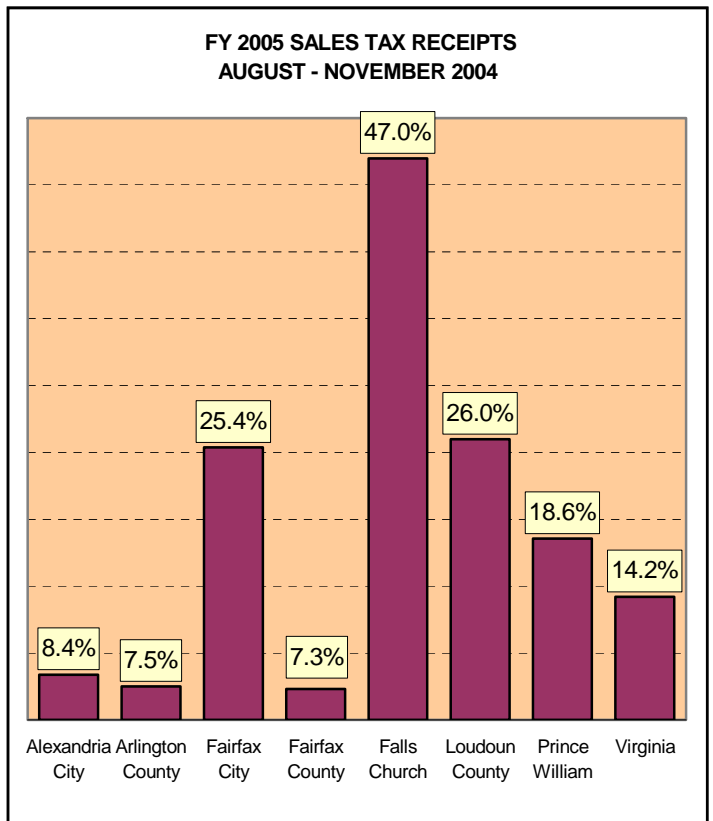
Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

Fairfax County Sales Tax Receipts

January Sales Tax receipts for Fairfax County, representing retail purchases made in November, are \$12.4 million, an increase of 14.8 percent over January 2004. This is the fourth time in six months that Sales Tax receipts have exceeded the same month value of the previous year. Through the first half of FY 2005, Sales Tax receipts are up 7.3 percent over the same period in FY 2004.

National Retail Sales

According to the Commerce Department, seasonally adjusted preliminary December 2004 retail sales estimates for the U.S. increased 1.2 percent over the previous month and increased 8.7 percent over December 2003. Compared to last year, building materials and garden equipment have increased 13.2 percent; nonstore retailer sales have increased 14.3 percent; and gasoline station sales are up 21.8 percent.



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

Neighboring Jurisdictions

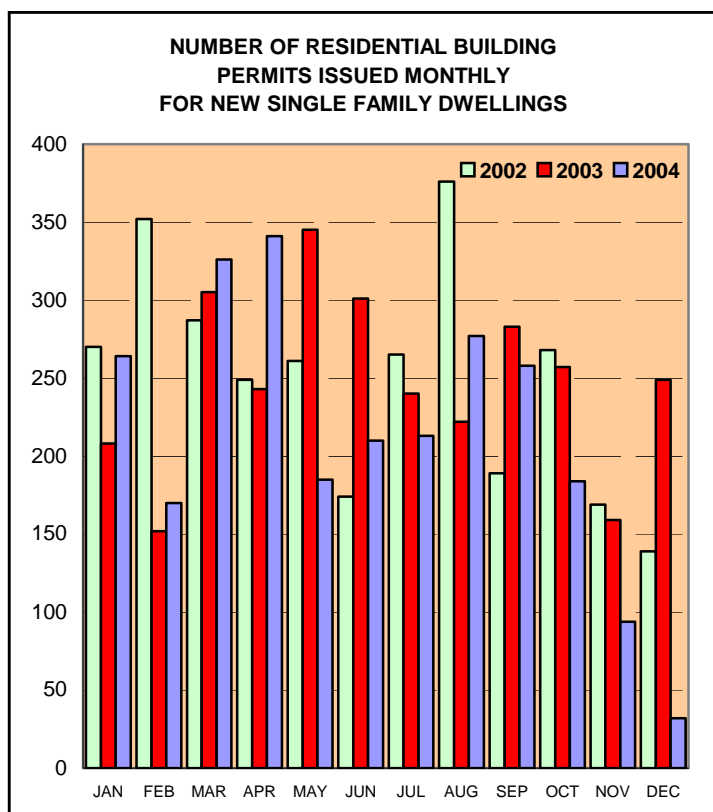
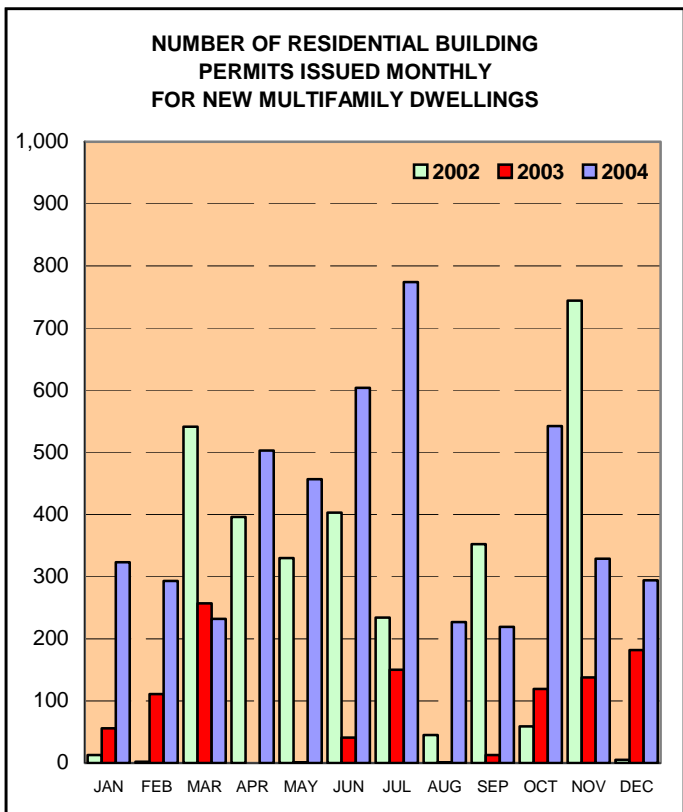
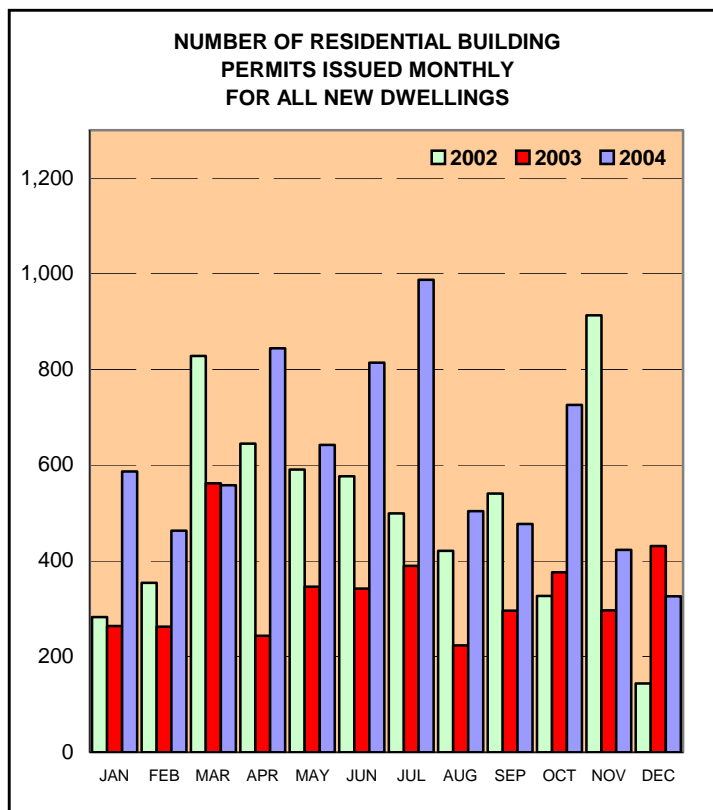
All Northern Virginia localities reported growth in Sales Tax receipts through the first six months of FY 2005. Sales Tax receipts are up significantly in Falls Church at 47.0 percent, Loudoun County at 26.0 percent, Fairfax City at 25.4 percent and Prince William County at 18.6 percent. Sales Tax receipts in Alexandria City are up 8.4 percent; Arlington County, 7.5 percent and Fairfax County, 7.3 percent. Statewide Sales Tax receipts increased 7.6 percent from August through January over the same period of 2003.

Note that the increase for Falls Church appears to be caused by the timing of filings by retail establishments.

Building Permits

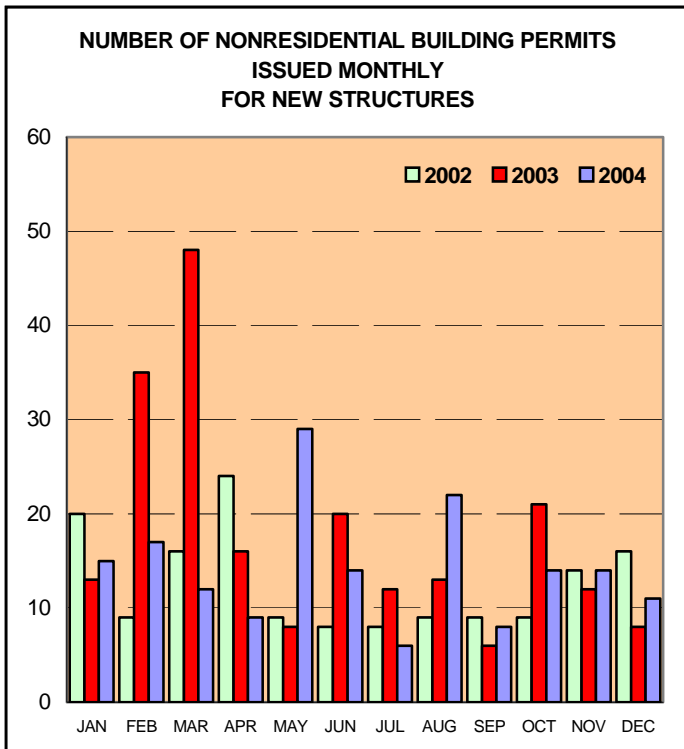
Issues of new residential dwelling permits recorded a decline of 24.4 percent in December 2004. The number of new residential permits fell 105 permits from 431 in December 2003 to 326 in December 2004. The 7,351 permits issued during the twelve months of calendar year 2004 exceeded that of the same period last year by a margin of 84.4 percent, or 3,364 permits. This increase is entirely due to an increase in the number of multifamily building permits issued. In calendar year 2004, 4,797 multifamily permits were issued, over four times the 1,051 permits issued during 2003. Single family permits issued in 2004 total 2,554, down 13.0 percent or 382 permits, from 2003.

Residential repair and alteration permits issued in calendar year 2004 are 4,396, a decline of 6,116 permits or 58.2 percent from 2003.



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.

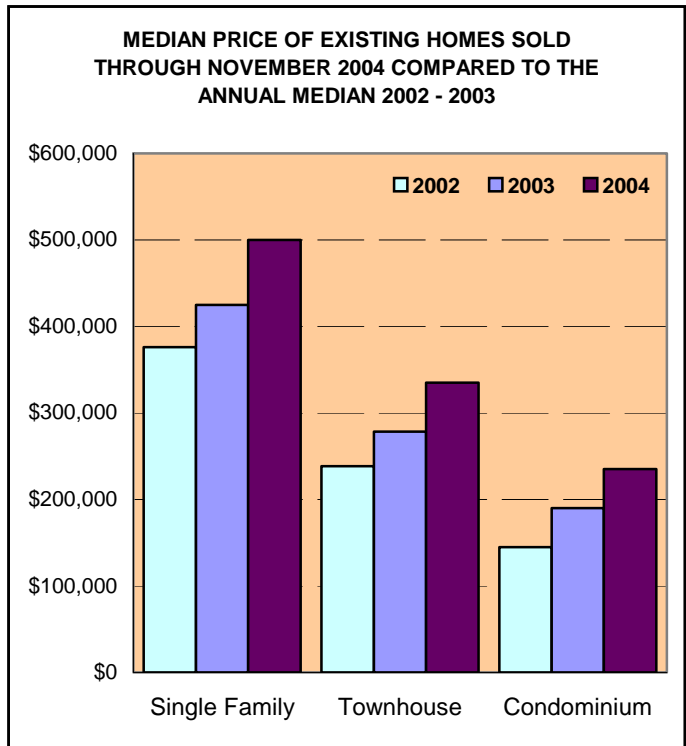
Source of data for all above charts: Fairfax County Department of Public Works and Environmental Services. Compiled by the Department of Management and Budget.



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

Nonresidential Building Permits

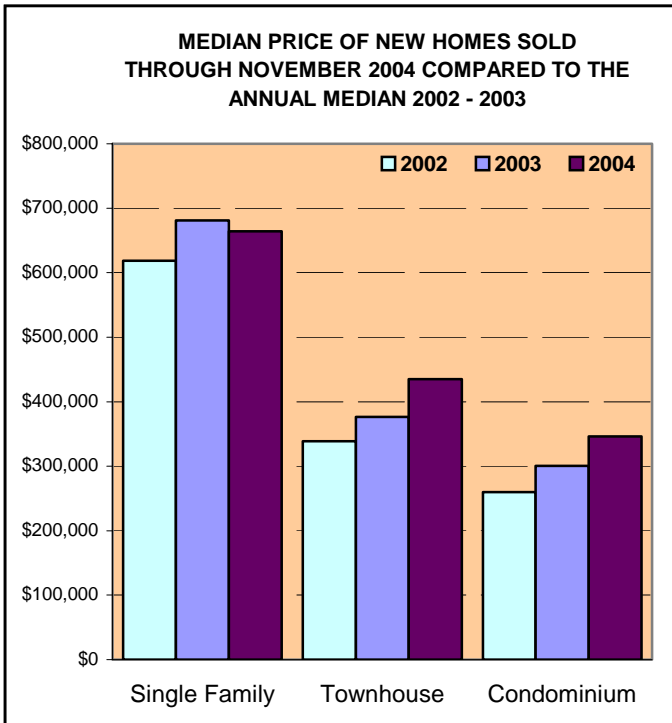
New nonresidential building permits issued during 2004 fell from the number issued in 2003. In 2004, 171 new nonresidential building permits were issued, a decrease of 19.0 percent, or 40 permits, from 2003. Conversely, nonresidential repair and alterations permits issued in 2004 were 3,808, an increase of 4.1 percent or 149 permits over calendar year 2003.



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

Existing Home Sales Prices

Median sales prices of existing (previously owned) homes in Fairfax during the first eleven months of 2004 have experienced strong growth compared to the median sales price in 2003. For existing single family homes, the median sales price of homes sold increased 19.6 percent to \$500,000, as compared to the 2003 median of \$424,900, representing growth of 17.7 percent through November 2004. The median sales price for townhomes sold through November grew to \$335,000 from the 2003 median of \$278,350, reflecting growth of 20.4 percent. The median for condominiums increased to \$235,000 through November 2004 from \$189,900 in 2003, representing growth of 23.7 percent.



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

New Home Sales Prices

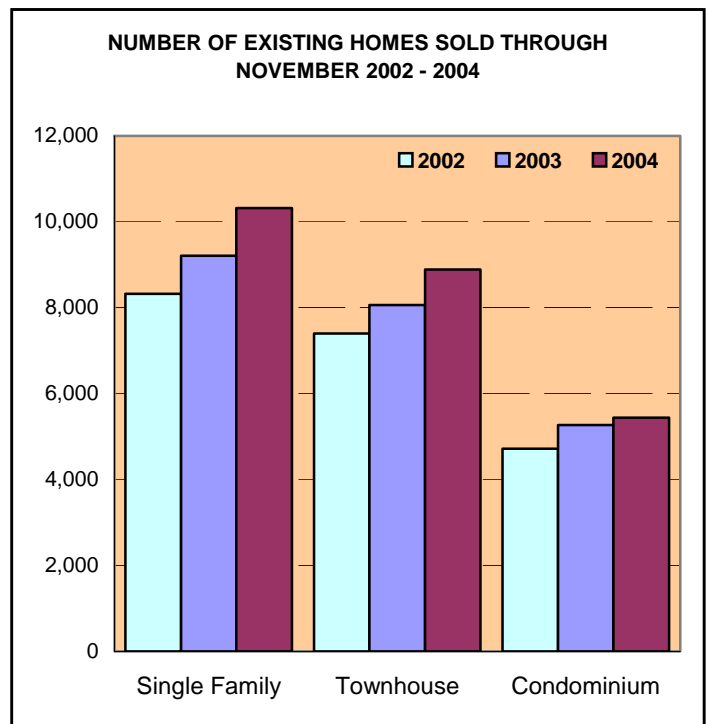
The median sales prices of new townhomes and condos sold in Fairfax County have experienced growth through November 2004 while the sales prices of new single family dwellings are below the 2003 median. Through November 2004, new single family median sales prices declined to \$664,139 from the 2003 median sales price of \$680,842, reflecting a decline of 2.5 percent. The 2004 median sales price through the first eleven months for townhomes grew to \$434,789 from the 2003 median of \$376,440, an increase of 15.5 percent. The median sales price through November 2004 for condominiums increased 15.3 percent, from \$300,370 in 2003 to \$346,228.

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

	Existing Sales	New Sales
Single Family	17.7	(2.5)
Townhouse	20.4	15.5
Condominium	23.7	15.3

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

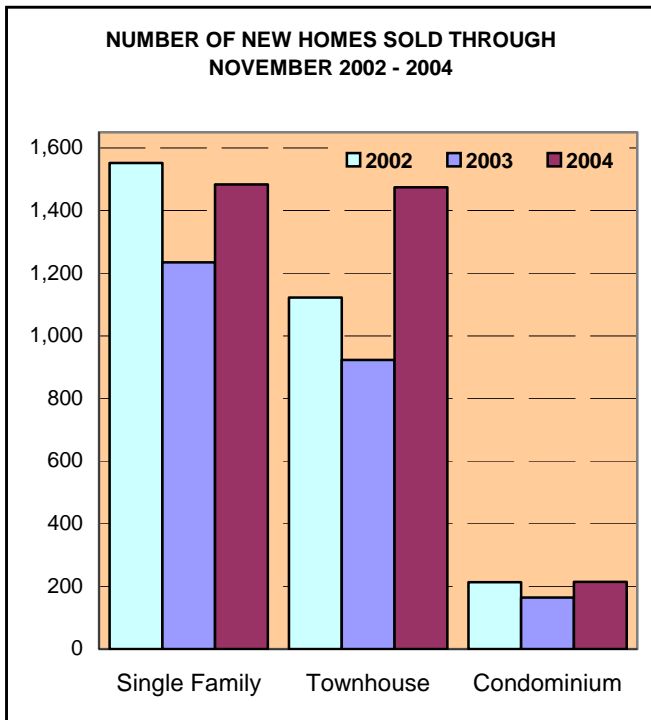


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

Existing Home Sales Volume

Sales volume for existing (previously owned) homes is up for all home types through November 2004. Sales of existing single family homes have increased over 1,100 from 9,209 to 10,317, reflecting growth of 12.0 percent. Sales volume of existing townhomes increased through November 2004 to 8,891 from 8,061, reflecting growth of 10.3 percent over the same period last year. Existing condominium sales reported through November 2004 increased 3.3 percent from 5,268 to 5,443.

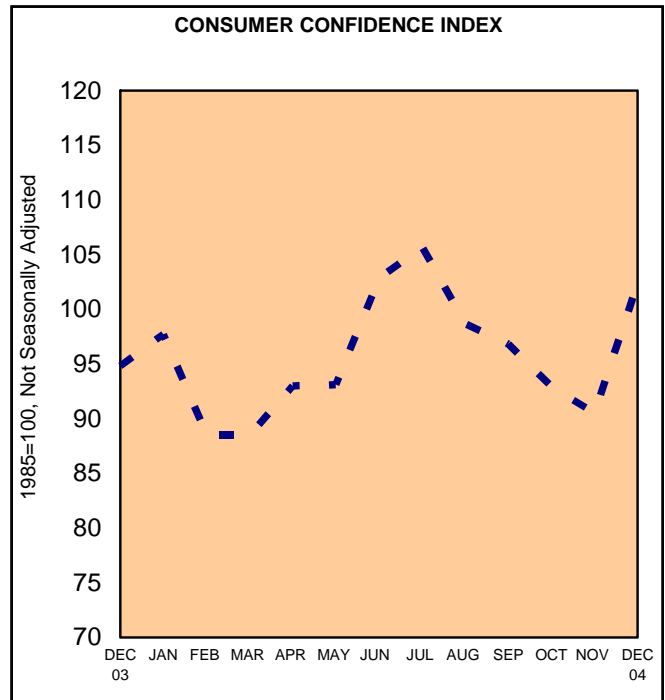
ADDITIONAL INDICATORS



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 condominiums homes sales has fallen during the first eleven months of calendar year 2004 while the number of new townhomes and single family homes has increased. Sales volume of new single family homes increased from 1,234 to 1,484 through November 2004, reflecting an increase of 20.3 percent. Sales of new townhomes increased 59.7 percent through November, from 923 houses to 1,474 during the same period. New condominium sales through November 2004 increased 30.5 percent from the 164 reported in the first eleven months of 2003 to 214 units in 2004.



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 9.7 points in December 2004. The Index is 102.3, compared to 92.6 reported in November 2004.

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In December 2004, the Present Situation Index increased to 105.9 from 96.3 points, a 9.6 point gain over last month. The Expectations Index increased to 99.9 over 90.2 for the previous month.

The employment outlook in December was optimistic with a higher percentage of consumers expecting more jobs to be available in the next six months to those expecting fewer jobs to be available. In addition, consumers expecting business conditions to improve increased over the previous month.

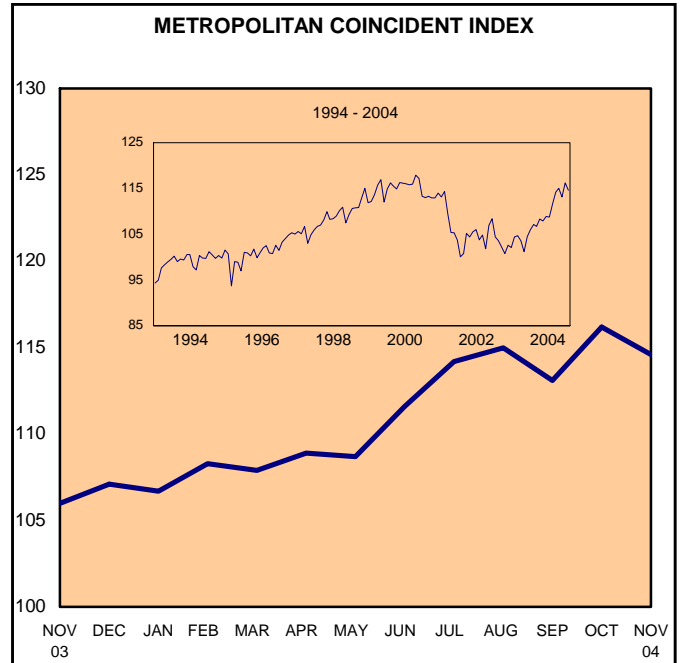
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices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

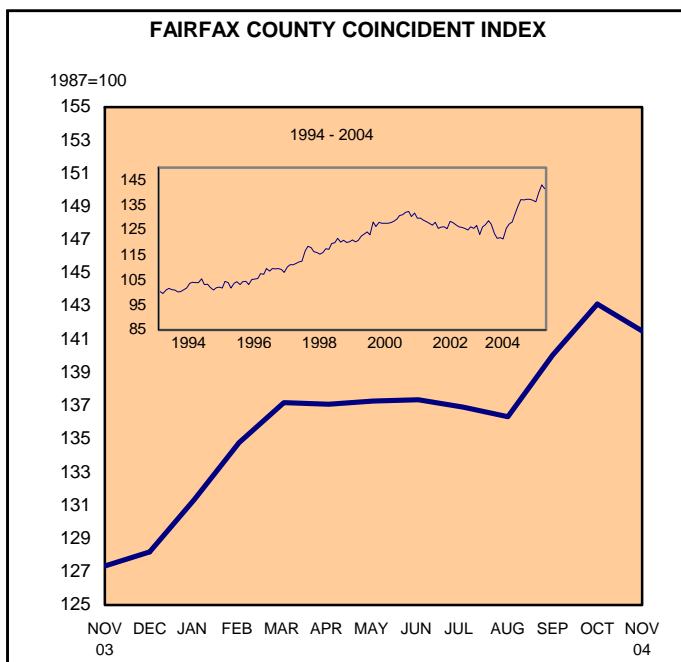


The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 141.5 in November 2004, a 1.6 percent decrease from October 2004. However, the Index has increased fourteen consecutive months over last year's same-month value and is currently 9.5 percent above its November 2003 level.

In November, two of the Index's four components were negative following two consecutive months in which all four components were negative. Transient occupancy tax collections, adjusted for inflation and seasonal variation, decreased after two consecutive monthly gains. Sales tax collections, adjusted for inflation and seasonal variation, decreased for the second time in seven months. Consumer Confidence (in the present) increased for the second time in three months. Total employment remains unchanged after twenty consecutive monthly gains.



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



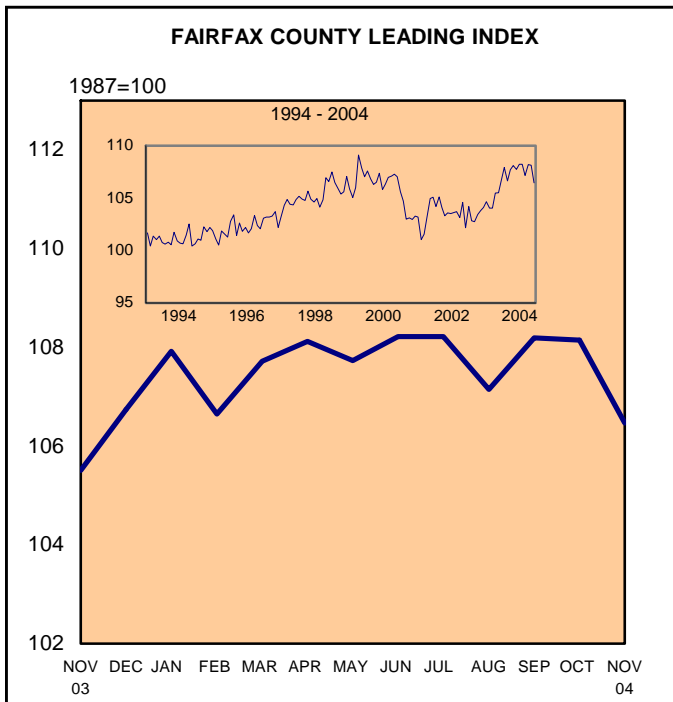
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.

Metropolitan Coincident Index

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, decreased to 114.6 in November 2004, a 1.2 percent decline in September 2004. Despite the decline from the previous month, the Index has exceeded its same-month value from last year for twelve consecutive months and is up 7.0 percent over its November 2003 level.



In November, two of the Index's four components were negative. Domestic passenger volume at Reagan National and Dulles Airports decreased in November following five consecutive monthly gains. In addition, nondurable goods retail sales decreased after gaining for two previous months; Consumer Confidence (in the present) increased for the second time in three months and wage and salary employment increased for a third month.



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 106.47 in November 2004, a 1.7 percent decrease from October. The Index is currently up 0.9 percent over its November 2003 level.

In November, four of the Index's five components contributed to its decrease. Consumer expectations (consumer confidence six months hence) decreased after two consecutive monthly gains; residential building permits issued fell after strong increases in the previous two months; the total value of residential building permits declined from the previous month; and new automobile registrations decreased for the second consecutive month. Conversely, initial claims for unemployment insurance decreased (improved) in November over the October 2004 level for the fourth time in five months.

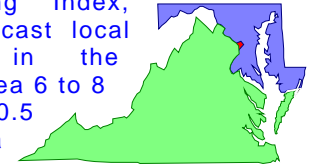
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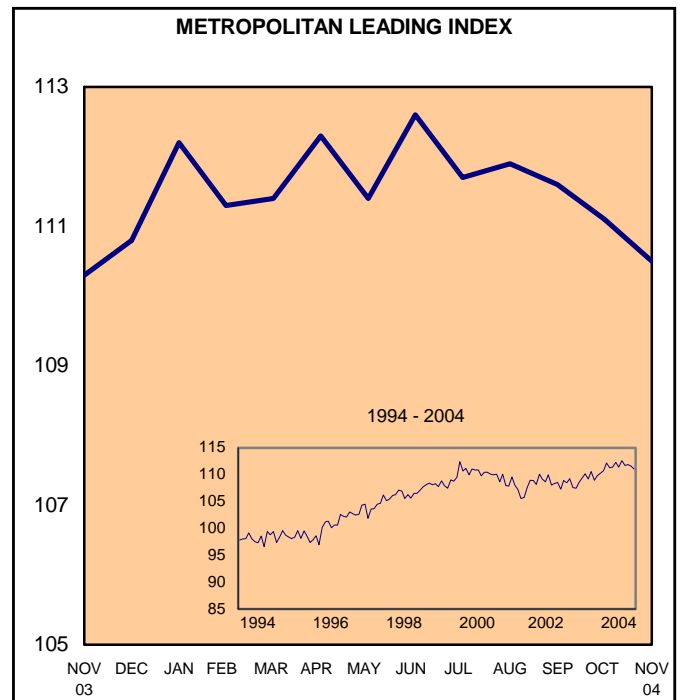
Staff: Susan Datta, Director; Marcia Wilds and John Garneski, analysts.

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, was 110.5 in November 2004, a decrease of 0.5 percent from October.



In November, three of the Index's five components contributed to its decline. Total residential building permits decreased for the second consecutive month; initial claims for unemployment insurance increased (worsened) in November for a second month and consumer expectations decreased after gaining for the two previous months. In contrast, the Help Wanted Index increased for the first time in three months and durable goods retail sales increased after two consecutive monthly declines.



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