



# OFFICE OF MANAGEMENT AND BUDGET

## FAIRFAX COUNTY ECONOMIC INDICATORS ©

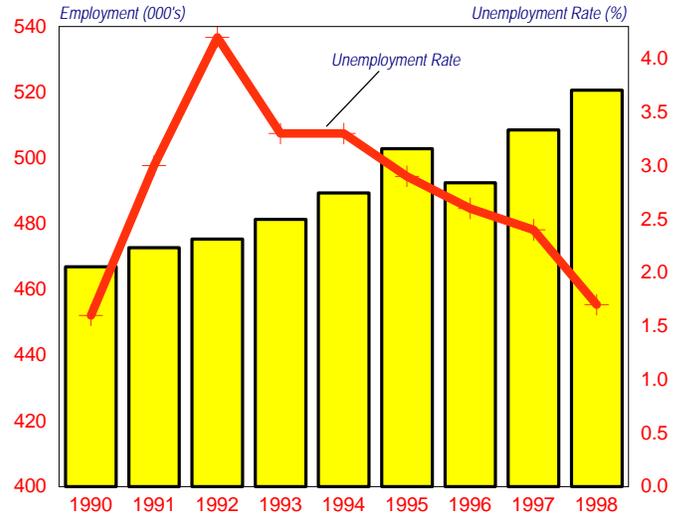
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### APRIL HIGHLIGHTS

- ❑ The County's unemployment rate declined slightly to 1.7 percent in February, according to data reported by the Virginia Employment Commission.
- ❑ Although the number of telephone lines in the County maintained by Bell Atlantic continues to grow, there is evidence that the pace is beginning to moderate as smaller increases are being registered in the business component.
- ❑ February retail sales was varied throughout Northern Virginia, ranging from an increase of 5.8 percent in Loudoun County to a decline of 10.8 percent in Fairfax City.
- ❑ February retail sales on the national level increased by 3.1 percent relative to last year.
- ❑ Issues of new residential dwelling permits have surpassed that of the prior year for six consecutive months.
- ❑ In February, the volume of existing homes sold increased significantly, while the median selling prices of existing homes sold in the County declined from that established in 1997.
- ❑ Continuing recent trends, the sales volume of new single family and condominium sales in the County through February was significantly below that of last year, along with slight declines in the sales prices of these types of homes. In contrast, new townhomes have experienced slight increases in both the sales volume and sales price.
- ❑ The Fairfax County Coincident Index gained a modest 0.04 points, while in contrast, the Leading Index declined by 0.18 in February. Continuing volatility in the Leading Index suggests that future economic performance may be uneven.

### RESIDENTIAL EMPLOYMENT- FEBRUARY



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

**Unemployment rates indicate strong job market...**

The County's unemployment rate dipped slightly in February, dropping 0.2 percentage points to 1.7 percent from January's rate of 1.9 percent, according to the Virginia Employment Commission (VEC). This unemployment rate is consistent with that of December 1997, and is significantly below that of one year ago, when the unemployment rate was 2.4 percent. This rate is comparable with other jurisdictions in Northern Virginia and indicates the strong local job market in the area and the constant demand for employees by high-tech businesses.



**Virginia's unemployment rate lowest in 29 years...**

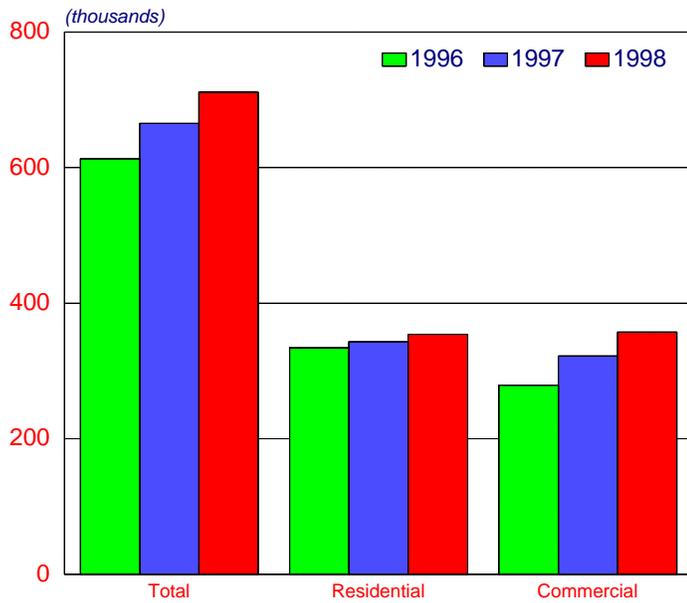
The Commonwealth's unemployment rate also declined in February, dropping 0.3 points to 3.4 percent. This is the lowest unemployment rate in Virginia since February 1969. According to the Bureau of Labor Statistics, the national unemployment rate dropped slightly also, declining 0.1 point to 4.6 percent in February. This rate is quite low and reflects the strength of the current national labor market. However, many economists point to the sustained low unemployment rate as a potential constraining factor on future economic growth as the productivity of companies, particularly in the high tech industry, is limited due to many positions that cannot be filled. For example, an economist at the VEC reported that although the high-tech industry expanded by 25,000 jobs in Northern Virginia during 1997, it could have expanded by 45,000 jobs if the necessary personnel could have been found. The VEC also reported that the demand for high-tech personnel is so great that firms are filling jobs with moonlighting employees from other companies.

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

<http://www.co.fairfax.va.us/comm/economic/economic.htm>



### BELL ATLANTIC TELEPHONE LINES FAIRFAX COUNTY - MARCH



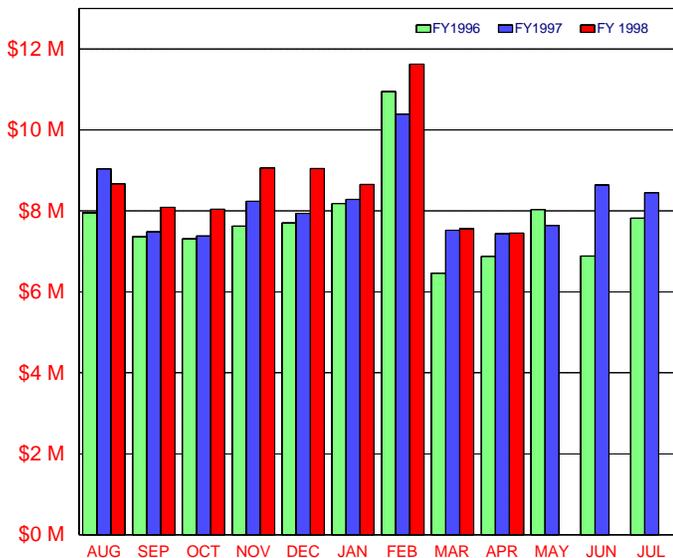
Source: Bell Atlantic  
Compiled by the Fairfax County Office of Management and Budget

*Growth in telephone lines continues to moderate...*

As of March 31, Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 711,370 telephone lines, up 6.9 percent, or 46,119 lines, over March 1997. This increase, although significant, supports the continuing evidence that growth has begun to moderate, which is the result of smaller increases in the business component. For example, as of March, the business sector added 35,315 telephone lines over the past 12 months, indicating a growth rate of 11.0 percent. This is the lowest rate of growth since March 1996. In March, 357,499 business telephone lines were registered in Fairfax County. In contrast, the percentage increase of residential telephone lines showed the highest growth in over three years. Residential telephone lines totaled 353,871 in March, 3.15 percent, or 10,804 more lines than March 1997.

### SALES TAX REVENUES

(revenues represent retail sales two months prior)

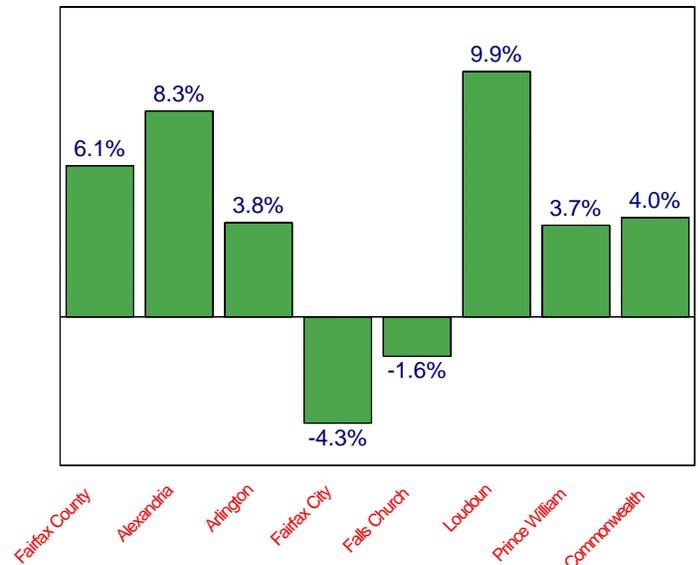


Source: Virginia Department of Taxation  
Compiled by the Fairfax County Office of Management and Budget

*Year-to-date Sales Tax receipts up 6.1 percent...*

Fairfax County's April Sales Tax receipts, representing retail purchases made in February, were \$7.4 million, up a slight 0.2 percent over the same period last year. To date, FY 1998 Sales Tax receipts total \$78.2 million and lead the prior fiscal year by a 6.1 percent margin.

### FY 1998 SALES TAX RECEIPTS - THROUGH APRIL



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

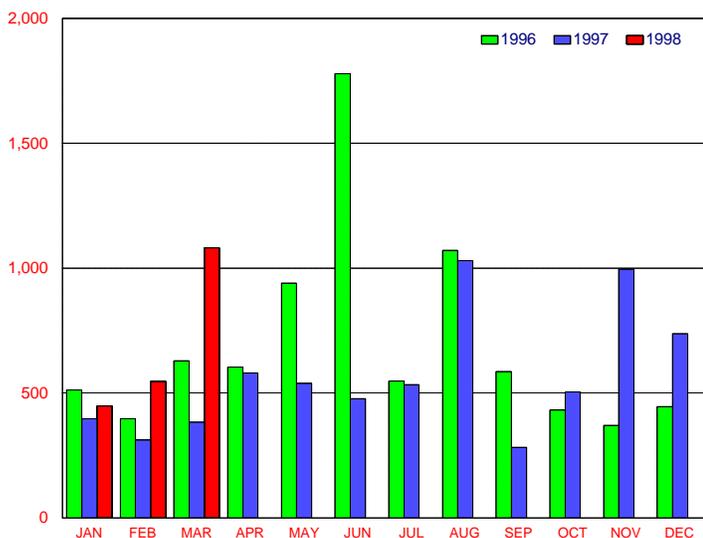
*Northern Virginia retail sales continue to be varied...*

February retail performance throughout Northern Virginia, as indicated by April Sales Tax receipts, continues to be somewhat varied. Relative to last year, sales of taxable retail goods in February ranged from an increase of 5.8 percent in Loudoun County to a decrease 10.8 percent in Fairfax City. Through April, FY 1998 Sales Tax collections are up 9.9 percent in Loudoun County, 8.3 percent in Alexandria, 3.8 percent in Arlington, and 3.7 percent in Prince William County. In contrast, cumulative fiscal year Sales Tax receipts in Falls Church and Fairfax City now trail FY 1997 by 1.6 percent and 4.3 percent, respectively, erasing the slight improvement in Sales Tax receipts of the prior month. The Commonwealth experienced modest growth of 0.8 percent in total Sales Tax receipts in April and leads FY 1997 by 4.0 percent.

*National retail sales increase in February...*

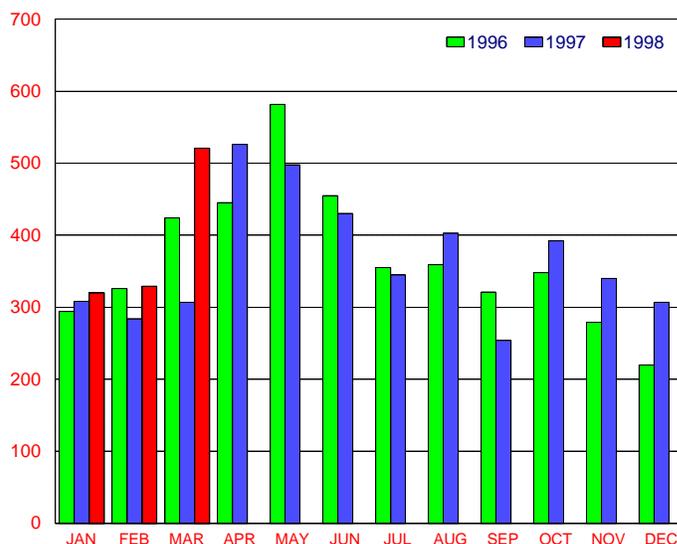
February retail sales on the national level, according to the Commerce Department, increased 3.1 percent from February 1997, with durable goods sales posting a 3.9 percent advance and nondurable goods sales gaining a more moderate 2.5 percent, relative to last year.

### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



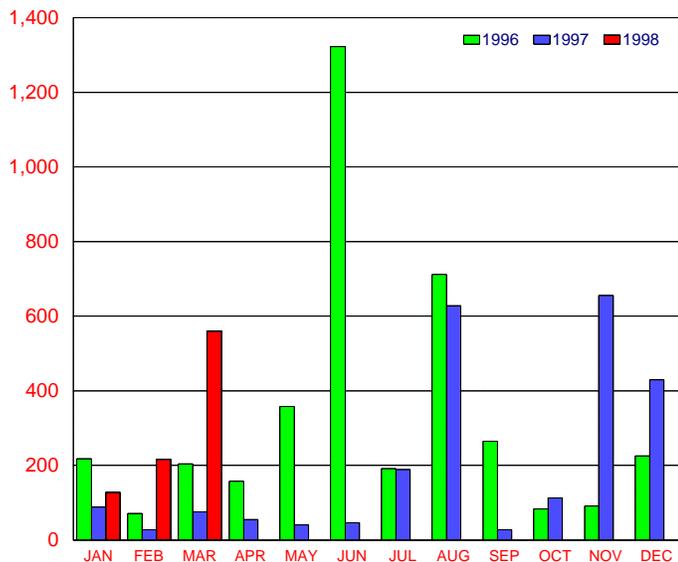
Source: Department of Environmental Management  
Compiled by the Fairfax County Office of Management and Budget

### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



Source: Department of Environmental Management  
Compiled by the Fairfax County Office of Management and Budget

### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLING



Source: Department of Environmental Management  
Compiled by the Fairfax County Office of Management and Budget

*New residential permits up significantly...*

March represents the sixth consecutive month that issues of new residential dwelling permits surpassed that of the prior year. This positive trend follows a nine month negative trend. To date, 2,075 permits have been issued by the County. This level reflects an increase of 90.0 percent, or 983 permits, over the 1997 total through March of 1,092 permits. Permit issues for multifamily structures totaled 905 through March, up a significant 369.0 percent, or 712 permits, while permit issues for single family structures totaled 1,170 through March, a more moderate, although still significant, increase of 30.1 percent, or 271 permits, relative to last year.

In contrast, residential repair and alteration permit issues totaled 2,770 through March, a decline of 10.7 percent, or 330 permits, relative to last year.

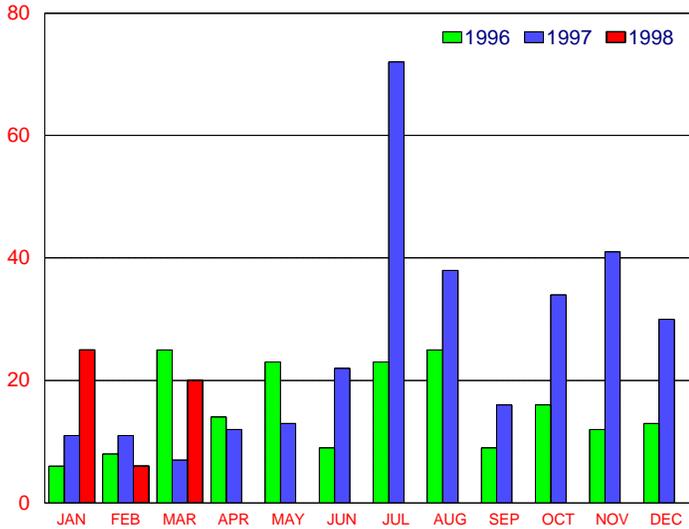
*Housing starts up nationally...*

Through March 1998, new privately-owned housing starts on the national level were up 9.4 percent relative to 1997, according to the Commerce Department. More specifically, housing starts were up 14.0 percent in the Midwest, 10.2 percent in the South, 8.9 percent in the Northeast, and 5.2 percent in the West.

*The number of residential building permits issued nationwide increased by 11.0 percent...*

The Commerce Department also reported that the number of residential building permits issued nationwide through March 1998 topped that of 1997 by an 11.0 percent margin. On a regional basis, residential building permits issues were up 24.6 percent in the South, 13.0 percent in the West, and 10.5 percent in the Northeast. However, there was a 6.8 percent decline in the number of residential buildings issued through March 1998 in the West.

**NUMBER OF NONRESIDENTIAL BUILDING PERMITS  
NEW STRUCTURES**



Source: Department of Environmental Management  
Compiled by the Fairfax County Office of Management and Budget

**Nonresidential building permits up...**

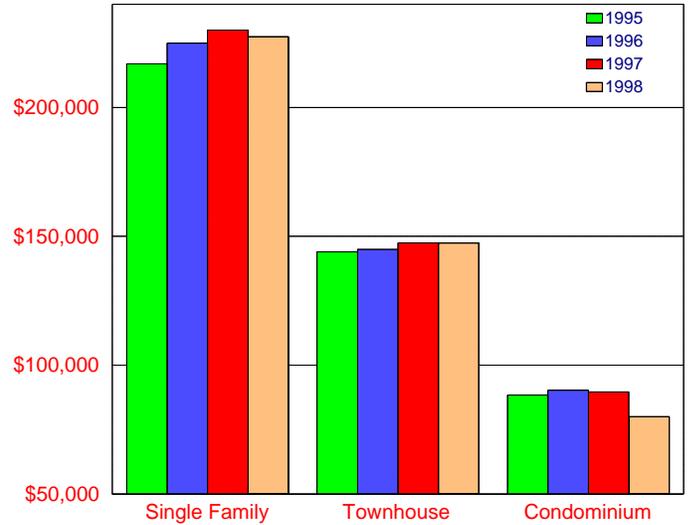
The number of nonresidential building permits issued in March 1998 in the County increased by 13 permits, or 185.7 percent, relative to last year. Furthermore, the 51 nonresidential permits issued through March 1998 represent an increase of 75.9 percent, or 22 permits, compared to last year. In contrast, issues of nonresidential repair and alteration permits through March 1998 reflected less dramatic gains over the prior year, with an increase of only 0.6 percent, or six permits.

**Fairfax office vacancy rates at 4.3 percent...**

The Fairfax County Economic Development Authority (EDA) reported that the County's commercial office space vacancy rate stood at 4.3 percent at the end of 1997, the lowest rate in over a decade. The EDA also reported that Fairfax County is now the fifth largest central business district in the nation with 79.0 million square feet of office space.

**HOME SALES IN FAIRFAX COUNTY**

**MEDIAN PRICE OF EXISTING HOMES SOLD  
JANUARY-FEBRUARY 1998 COMPARED TO  
ANNUAL MEDIAN PRICES 1995 - 1997**

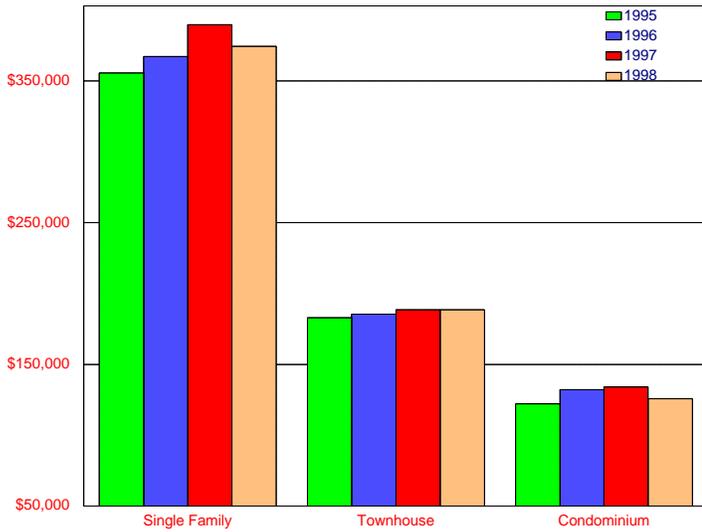


Source: Department of Tax Administration  
Compiled by the Fairfax County Office of Management and Budget

**Existing home prices down...**

Based on sales data through February 1998, the median selling prices of existing homes in the County are down from the levels established in 1997. Please note these data reflect only two months of sales and are subject to revision as staff verifies the transactions. More specifically, the median selling price of existing single family homes in through February 1998 is \$227,500, down 1.1 percent from 1997's final median price of \$230,000. Existing condominium sales through February 1998 continue to reflect a decreases in the median selling price, down to \$80,000, or 10.7 percent, from 1997's \$89,625. In contrast, the median selling price of existing townhomes through February 1998 remained constant at the 1997 level of \$147,500.

**MEDIAN PRICE OF NEW HOMES SOLD  
JANUARY-FEBRUARY 1998  
COMPARED TO ANNUAL MEDIAN PRICES 1995 - 1997**



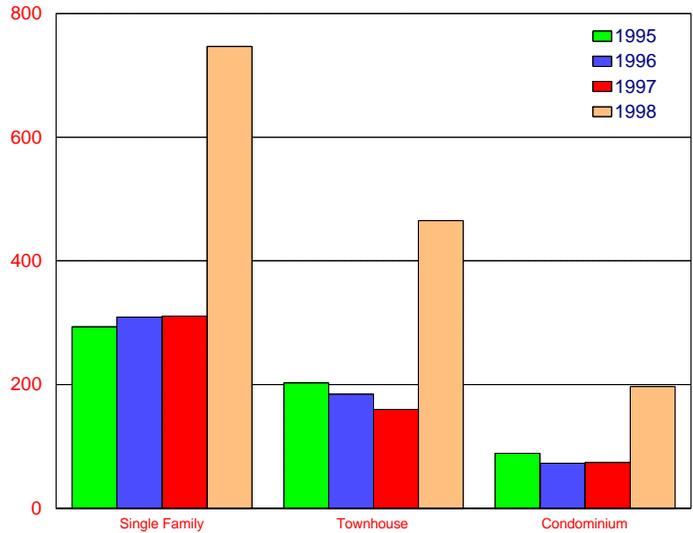
Source: Department of Tax Administration  
Compiled by the Fairfax County Office of Management and Budget

*New single family and condominium selling prices down...*

Sales data through February reflect declines in the median selling prices of new single family homes and condominiums in the County. The median selling price of new single family homes decreased 3.9 percent through February to \$374,426 from the \$389,747 registered in 1997. Also, the median selling price for new condominiums through February was \$125,750, a decrease of 6.2 percent from the \$134,038 established in 1997. In contrast, the median selling price of \$188,533 for new townhomes in this period in 1998 gained a very modest 0.03 percent increase over the \$188,481 registered in 1997.

Changes in selling prices, coupled with the volume of sales, are generally considered to be 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 the selling prices within neighborhoods.

**NUMBER OF EXISTING HOMES SOLD  
JANUARY - FEBRUARY 1995 - 1998**



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

*Existing home sales volume up significantly...*

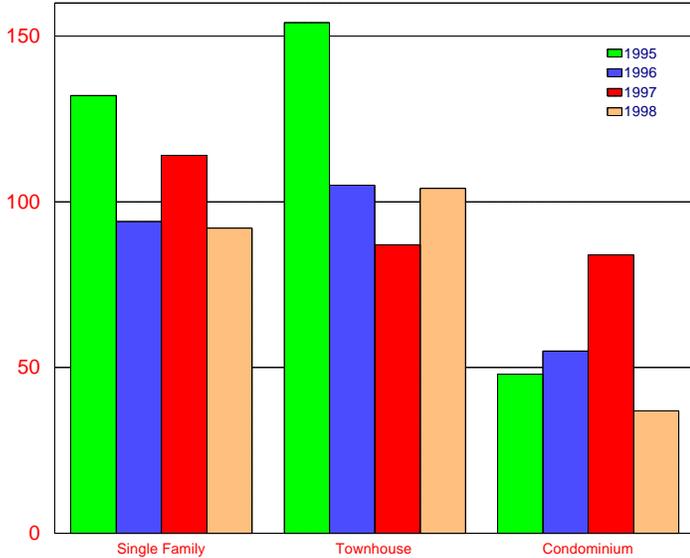
Through February, the sales volume of existing homes in the County significantly surpassed that of last year. More specifically, through February, 747 existing single family homes were sold, up 28.1 percent, or 164 homes, over the level registered during the first two months of 1997. Sales of existing townhomes totaled 465 units through February 1998, up 50.0 percent, or 155 homes, over the same period in 1997. In addition, 197 condominiums were sold through February, an increase of 33.1 percent, or 49 homes, relative to the same period last year.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD  
1998 COMPARED TO 1997**

	Existing Sales	New Sales
Single Family	-1.1	-3.9
Townhouse	0.0	0.0
Condominium	-10.7	-6.2

Source: Department of Tax Administration  
Compiled by the Office of Management and Budget

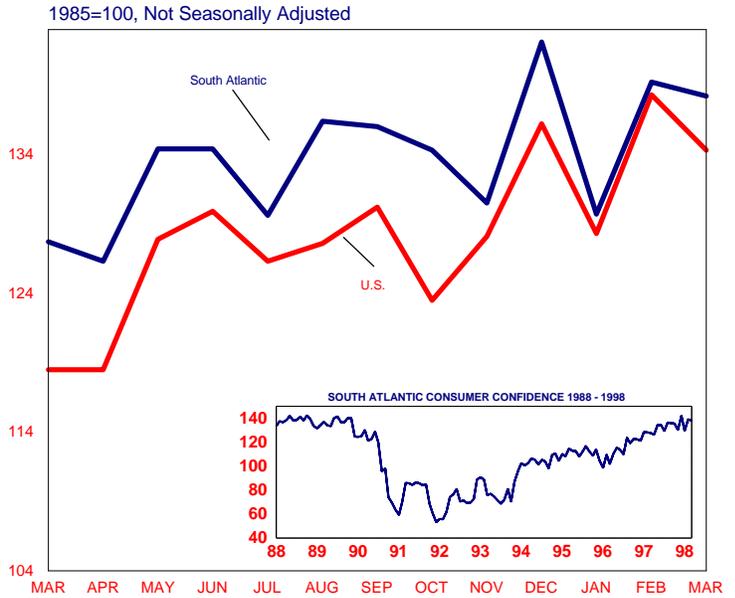
**NUMBER OF NEW HOMES SOLD  
JANUARY 1995 - 1998**



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

**ADDITIONAL INDICATORS**

**CONSUMER CONFIDENCE INDICES**



Source: Conference Board  
Compiled by the Fairfax County Office of Management and Budget

*New sales volume of condominium and single family down...*

In contrast to the existing home market, the sales volumes of new condominiums and single family homes in the County were down significantly through February 1998. Condominium sales totaled 57 through February, down 55.8 percent, or 72 units, from February 1997. The 180 new single family homes sold through this period reflect a decline of 12.2 percent, or 25 units, relative to 1997. On a slightly more positive note, new townhome sales increased through February, with total sales of 166 units, a 1.8 percent, or 3 unit increase relative to last year.

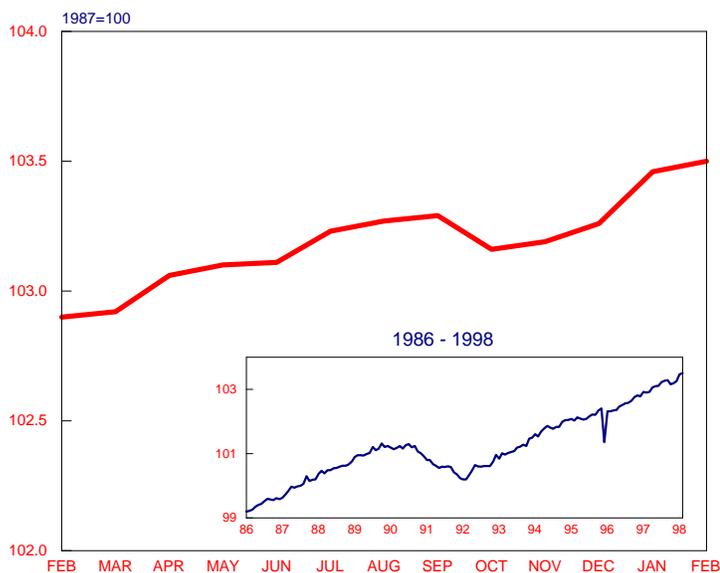
Although national sales of new homes through February 1998 outpaced that of the prior year for the same period by 8.5 percent, the volume of sales through out the United States was varied. Specifically, new home sales were up 36.8 percent in the Midwest and 17.6 percent in the West. By contrast, sales in the South remained constant for this period relative to last year, and the Northeast experienced a decline of 13.3 percent for sales reported through February 1998.

*Small declines in Consumer Confidence ...*

In March, the Conference Board's South Atlantic Consumer Confidence Index dipped very slightly by 0.6 points to 138.2, after gaining significantly in February. Similarly, the national Consumer Confidence Index decreased moderately, by 3.1 points to 134.3, after hitting a 30-year high in February, indicating lowered optimism regarding the short-term outlook according to analysts at the Conference Board. However, these analysts have also indicated that despite the slight decline in confidence, the overall level remains extremely strong compared to historical trends, and that consumers' opinion of current trends support other economic indicators that lean toward a healthy and growing economy. In addition, the outlook for the upcoming months is still positive and strong relative to this period last year.

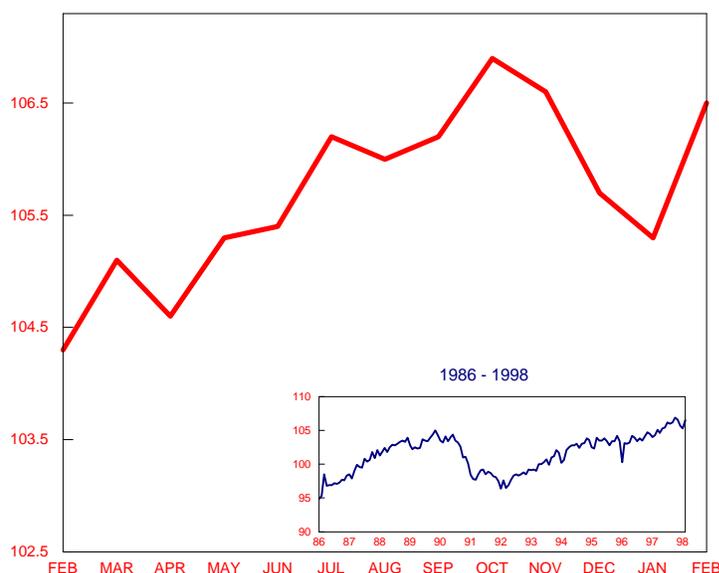
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices 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



Sources: Dr. Stephen Fuller  
Fairfax County Office of Management and Budget

### METROPOLITAN COINCIDENT INDEX



Source: Economic Reporter Online  
Compiled by the Fairfax County Office of Management and Budget

**Fairfax County Coincident Index at highest level...**

The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 103.50, gaining 0.04 points, continuing the positive trend of the past few months. As of February 1998, the Coincident Index has been up in ten of the last twelve months and is at its highest level, with three of the Index's four components making positive contributions. Total employment, adjusted for seasonal variation, posted an increase for the second month in a row, and for the tenth time in 12 months; Transient Occupancy Tax collections increased for the fourth month in a row; and, Consumer Confidence increased. However, Sales Tax receipts, adjusted for seasonal variation and inflation, decreased for the third time in four months.

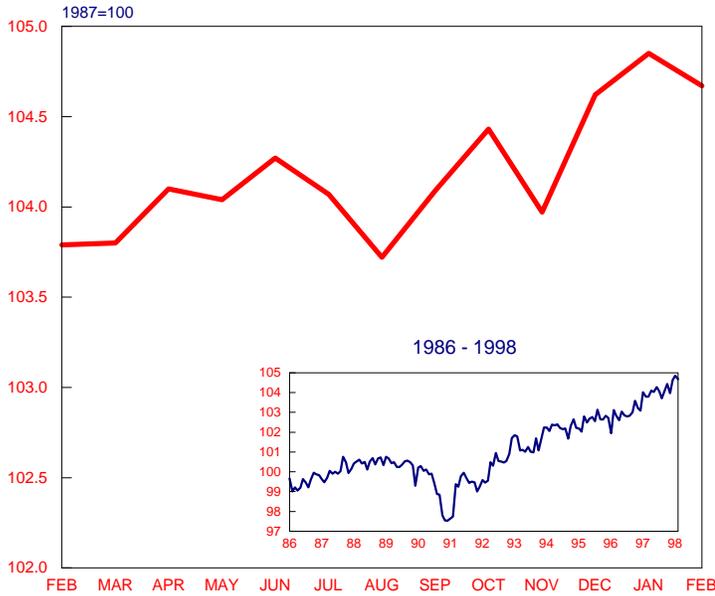


**Metropolitan Coincident Index up...**

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, gained 1.2 points in February, increasing to 106.5. This increase is primarily due to increases in consumer confidence and in domestic passenger volume at National Airport. Total wage and salary employment registered a minor increase while nondurable goods retail sales reflected a slight decline.

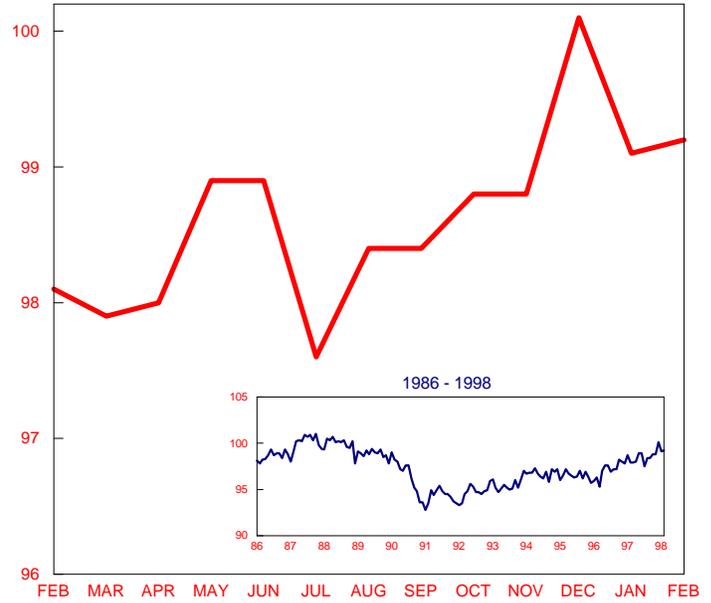


**FAIRFAX COUNTY LEADING INDEX**



Sources: Dr. Stephen Fuller  
Fairfax County Office of Management and Budget

**METROPOLITAN LEADING INDEX**



Source: Economic Reporter Online  
Compiled by the Fairfax County Office of Management and Budget

**Fairfax Leading Index declines...**

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in the future, decreased 0.17 points to 104.67 in February, following gains experienced in December and January. Although, the Leading Index has posted a decrease in two of the last four months, it remains near its all time high. However, it has become more volatile as of late. As a result, future economic performance may be uneven. February's decline was due to decreases experienced in three of the Index's five components. New automobile registrations declined for the second month in a row and for the third time in the past four months; the mean value of residential building permits decreased after growing during the previous two months; and, initial claims for unemployment insurance increased (worsened) after having decreased in January. In contrast, both consumer expectations (consumer confidence six months hence) and residential building permits increased after declining previously.



**Metropolitan Leading Index experiencing modest gain...**

In February, the Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington metropolitan area 9 to 12 months in advance, posted a modest gain of 0.1 point and stands at 99.2. In February, all five of the Index's components were positive. Significant gains were posted in the number of residential building permits issued and initial unemployment insurance claims, while the other three components, consumer expectations (consumer confidence six months hence), the help wanted index and durable goods sales all posted more moderate increases.



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