



OFFICE OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

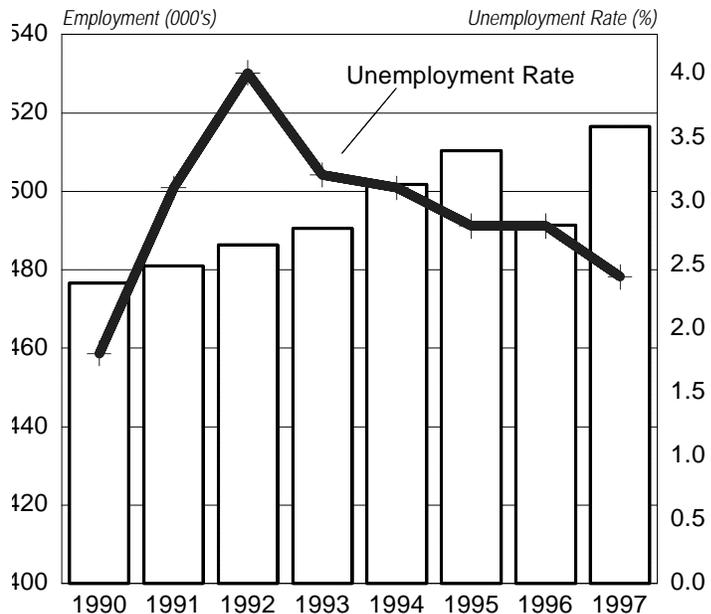
Publication 64

JULY 1997

◆◆◆ JULY HIGHLIGHTS ◆◆◆

- ❑ The County's unemployment rate rose slightly to 2.4 percent in May, but still remains considerably below last year's 2.8 percent rate.
- ❑ The County's sales tax receipts in FY 1997 topped the prior fiscal year by 5.6 percent. Most other Northern Virginia localities ended the fiscal year with growth rates exceeding that of Fairfax. Only Alexandria underperformed Fairfax in FY 1997.
- ❑ Retail performance throughout the Commonwealth in FY 1997 surpassed that of FY 1996 by a 6.8 percent margin.
- ❑ Issues of County building permits for the first half of the year are trailing that of last year. The deficit is much larger, 44.7 percent, in the residential component. Through June, issues of nonresidential building permits are down 10.6 percent.
- ❑ Home sale data through May indicate a further weakening in the new home segment. By contrast, sales of existing homes are outpacing the levels achieved in 1996.
- ❑ New home sales on the national level through May exceed the same period last year by 9.4 percent.
- ❑ The County Coincident Index inched forward in May, while the County Leading Index slipped a bit. Despite the May's decline, the County Leading Index is outperforming its historical pattern. As a result, further moderate expansion is anticipated in the County economy.
- ❑ For the first time since March 1983, all nine components of both the Metropolitan Coincident Index and the Metropolitan Leading Index made positive contributions in June.

RESIDENTIAL EMPLOYMENT - MAY



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

Area job growth up 5.1 percent in May...

In May, the County's unemployment rate edged up slightly to 2.4 percent from April's 2.2 percent. Despite the increase, May's rate does represent a notable improvement over May 1996 when the County's unemployment rate was 2.8 percent. According to the Virginia Employment Commission (VEC) 516,576 Fairfax County residents were employed in May, up 5.1 percent, or 25,209 jobs, over the prior year.

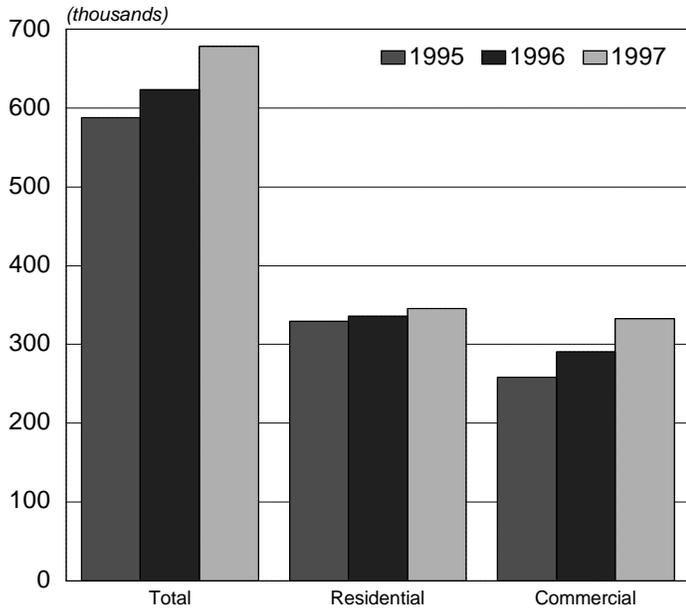
The Commonwealth's unemployment rate also increased a bit in May, up 0.3 percentage points to 4.2 percent from April's 3.9 percent.

National unemployment rate declines further in May...

According to the Bureau of Labor Statistics, the national unemployment rate extended its downward trend by shaving 0.1 percentage points off April's 4.9 percent to 4.8 percent in May.



**BELL ATLANTIC TELEPHONE LINES
FAIRFAX COUNTY - JUNE**



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

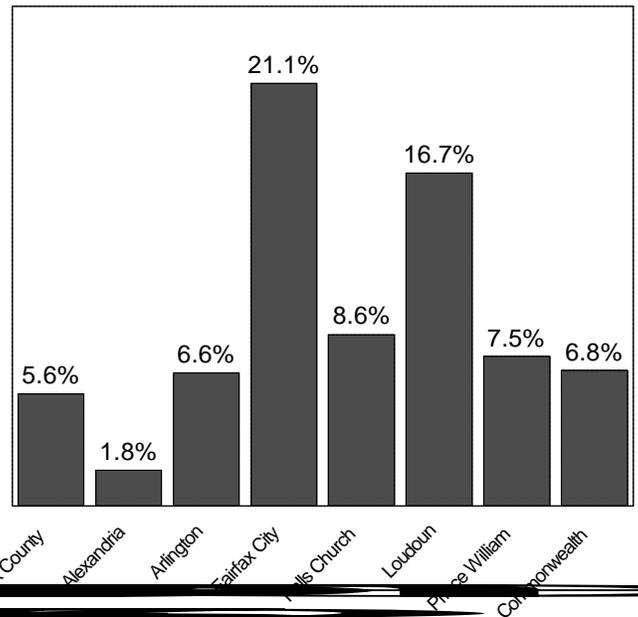
County sales tax receipts in FY 1997 top prior year by 5.6 percent...

Fairfax County's July sales tax receipts, representing retail purchases made in May, total \$8.4 million



and exceed the prior year by 8.1 percent. As a result, total FY 1997 sales tax receipts total \$98.4 million and top the prior year by 5.6 percent.

FY 1997 SALES TAX RECEIPTS THROUGH JULY



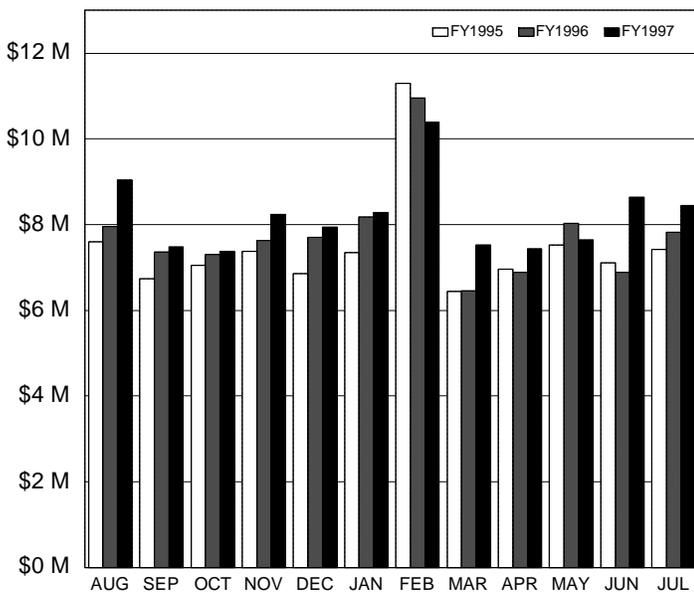
Source: Virginia Department of Taxation
Compiled by the Fairfax County Office of Management and Budget

Business accounts for nearly 82.0 percent of growth in the number of new telephone lines...

As of June 30, the primary provider of local telephone service in Fairfax County, Bell Atlantic, maintained 678,171 telephone lines, up 8.2 percent, or 51,489 lines, over June 1996. Consistent with past trends, the business sector is responsible for the majority of this growth, adding 42,038 lines, or nearly 82.0 percent of the increase, since June 1996. In June, 332,499 business telephone lines were registered in Fairfax County, up 14.5 percent

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

Most Northern Virginia localities outperform Fairfax County's FY 1997 retail performance...

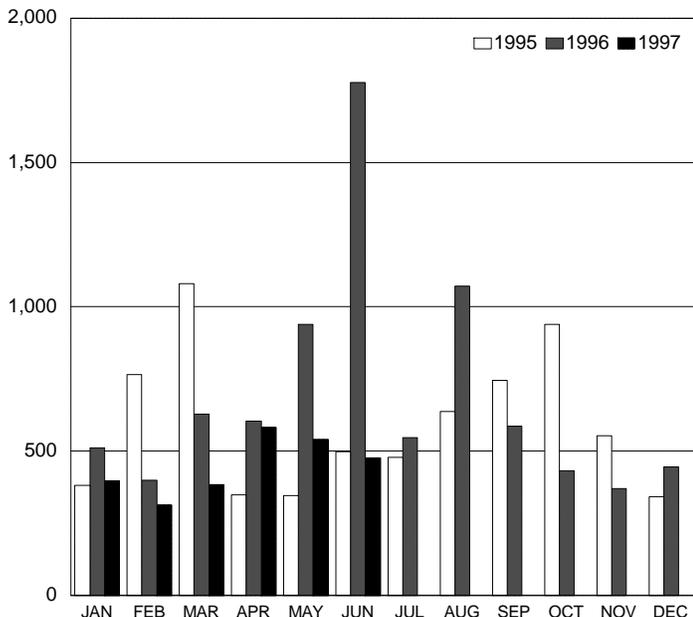
Retail performance throughout Northern Virginia was varied in May, as indicated by July sales tax receipts. Falls Church's receipts, for example, topped the prior year by 21.6 percent, while Fairfax City sustained a decline of 9.8 percent. In FY 1997, sales tax receipts are up 21.1 percent in Fairfax City, 16.7 percent in Loudoun, 7.5 percent in Prince William, 8.6 percent in Falls Church, 6.6 percent in Arlington and 1.8 percent in Alexandria. Sales tax receipts in the Commonwealth surpassed the prior year by 4.8 percent in July and are up 6.8 percent in FY 1997.

National retail sales in May top prior year by 5.2 percent...

According to the Commerce Department, retail sales on the national level in May topped the prior year by 3.2 percent. Nondurable goods sales posted a 3.6 percent advance while durable goods sales topped the prior year by 2.5 percent.

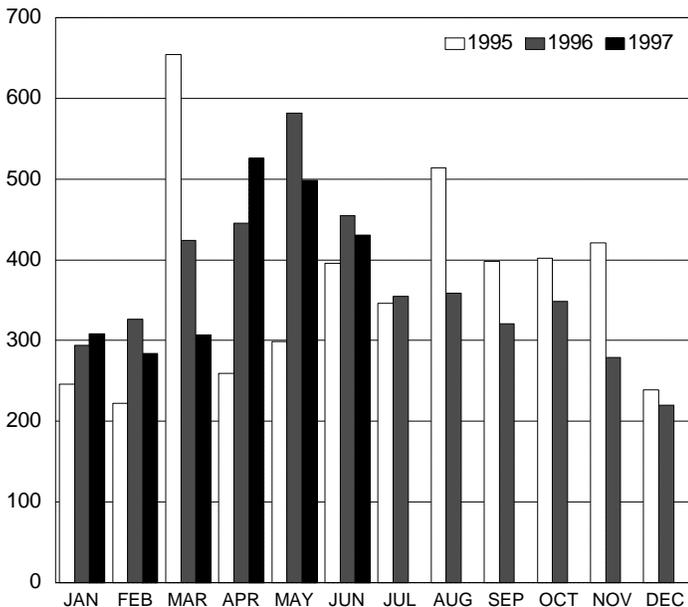
BUILDING PERMITS IN FAIRFAX COUNTY

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



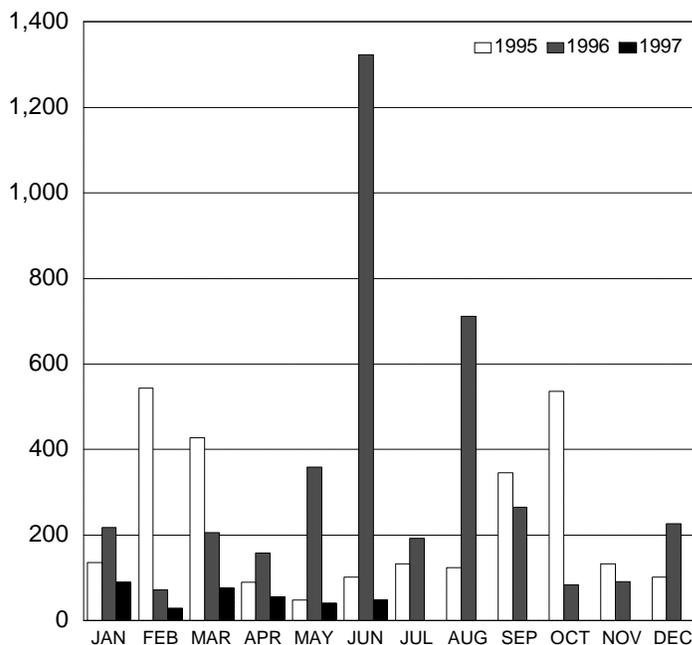
Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

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

Residential building permits issued by County down through June...

During the first half of 1997, the County has issued 2,689 new residential dwelling permits, 44.7 percent, or 2,171 permits, fewer than the same period last year. More specifically, 2,353 permits have been issued to date for single family structures, down 6.9 percent, or 173 permits, from 1996. Permits issued for multifamily structures declined in May, thereby widening the year-to-date deficit to 85.6 percent, or 1,998 permits. Through June, only 336 permits have been issued by the County for multifamily residential dwellings. Residential repair and alteration permit issues slipped a bit in June. To date, however, 7,447 residential repair and alteration permits have been issued, up 2.7 percent, or 192 permits.

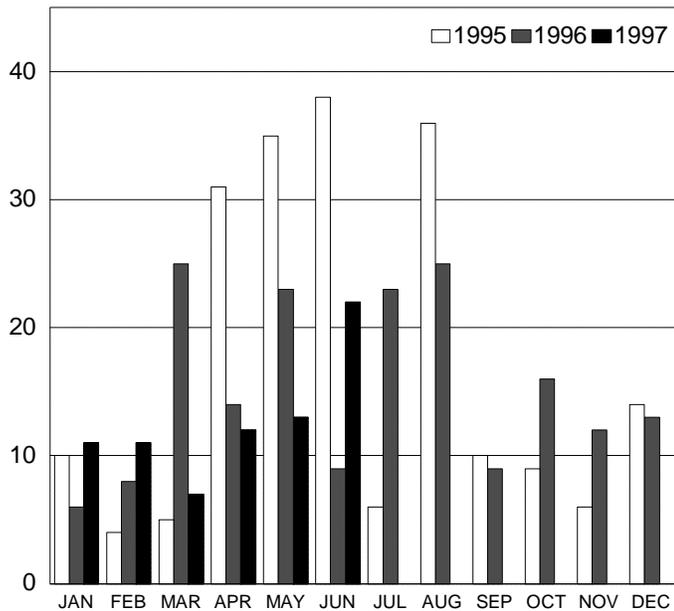
Housing starts nationwide trail 1996 through June...

New privately owned housing starts are down 3.2 percent nationwide for the first half of the year, according to the Commerce Department. As has been the pattern for the past several months, only the Northeast is experiencing growth relative 1996. The lead has, however, narrowed. To date, declines of 7.1 percent, 5.1 percent, and 1.6 percent have been established in the Midwest, the West, and the South, respectively. By contrast, housing starts in the Northeast are outpacing the prior year by a 3.2 percent margin.

The Commerce Department also reported that the deficit in the number of residential building permits issued nationwide for the first half of 1997 narrowed to 1.8 percent. On a regional basis, issues of residential building permits are up 8.3 percent in the Northeast through June, while the Midwest and West have registered declines of 8.1 percent and 3.2 percent, respectively. Issues of residential building permits through June in the South are flat over that of 1996.

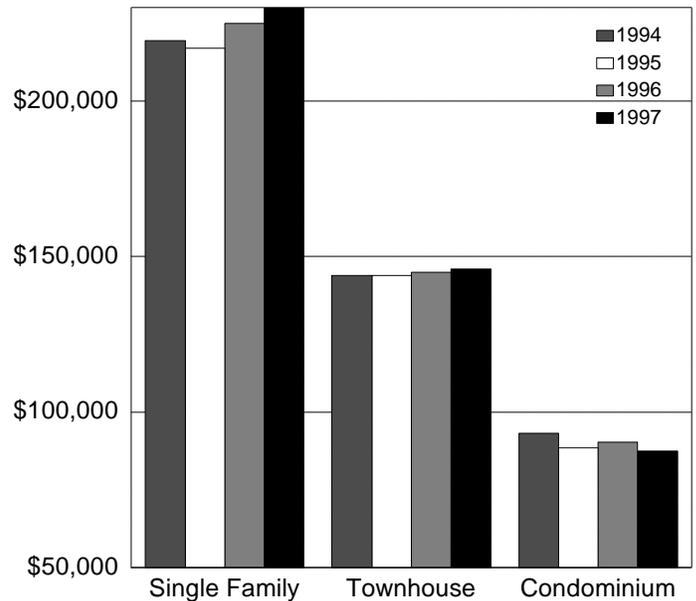
**NUMBER OF NONRESIDENTIAL BUILDING PERMITS
NEW STRUCTURES**

HOME SALES IN FAIRFAX COUNTY



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

**MEDIAN PRICE OF EXISTING HOMES SOLD
JANUARY - MAY 1997 COMPARED TO
ANNUAL MEDIAN PRICES 1994 - 1996**



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

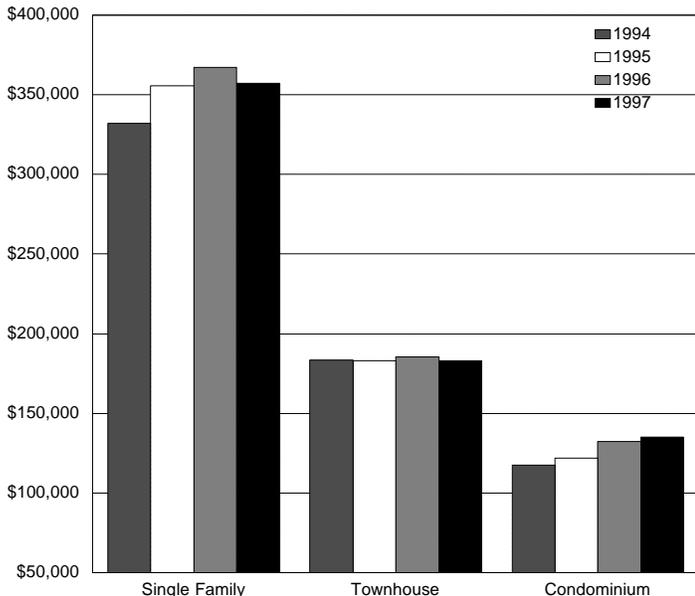
Issues of nonresidential building permits by County during the first half of 1997 trail last year...

In June, for the first time in several months, the number of nonresidential building permits issued by the County topped that of the prior year. The strong growth in June substantially narrowed the deficit relative to 1996 to 10.6 percent, or 9 permits. During the first half of the year, 76 nonresidential building permits have been issued. By contrast, issues of nonresidential repair and alteration permits lost ground in June, declining 2.1 percent. Through June, 1,974 nonresidential repair and alteration permits have been issued, down 1.4 percent, or 28 permits.

Sales of existing homes through May indicate varied performance with respect to price...

Through May, there has been little movement in the median selling price of existing townhomes in the County. By contrast, the median selling price of existing condominiums is down relative to 1996, while that of existing single family homes has increased. More specifically, the median selling price of existing single family homes through May is \$229,950, up 2.2 percent from 1996's \$225,000. Also on the positive side, the median selling price of existing townhomes through May which has increased 0.7 percent over 1996's \$145,000 to \$146,000. By contrast, existing condominium sales through May indicate a 3.0 percent decline in the median selling price to \$87,500 from \$90,243 in 1996. Please remember that this analysis is based on five months of sales data. In addition, staff verifies that each real estate transaction is an arms-length sale. In doing so, these data may be revised in the coming months.

**MEDIAN PRICE OF NEW HOMES SOLD
JANUARY - MAY 1997 COMPARED TO
ANNUAL MEDIAN PRICES 1994 - 1996**



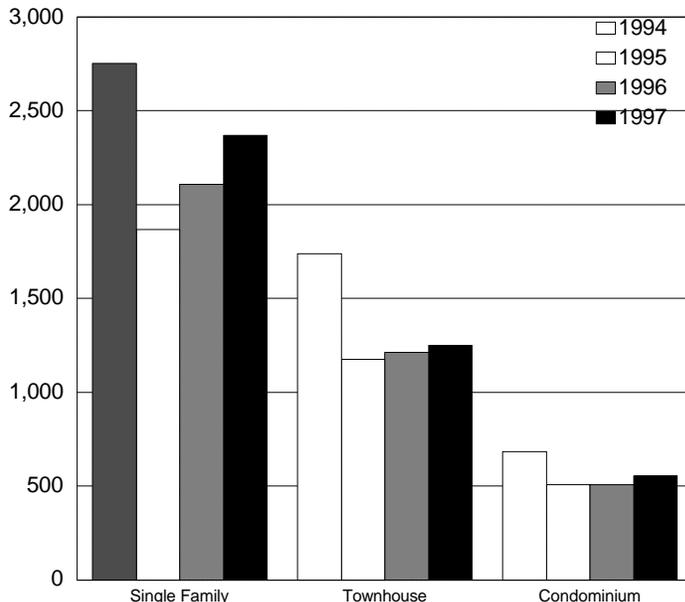
Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

Only new condominiums experiencing an increase in the median selling price through May...

Based on sales data through May, only new condominiums indicate an increase in the median selling price in the new home segment. For the first

five months of the year, new condominiums have sold for a median price of \$135,275, an increase of 2.3 percent over the \$132,185 registered in 1996. By contrast, the median selling price of new single family homes is down 2.8 percent to \$357,000 from 1996's annual median selling price of \$367,225. Similarly, new townhomes have sold for a median price of \$183,220 thus far in 1997, down 1.2 percent from the \$185,400 established in 1996.

**NUMBER OF EXISTING HOMES SOLD
JANUARY - MAY 1994 - 1997**



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

Sales volume in existing home market up through May...

May sales of existing homes out-paced that of one year ago, thereby contributing to the year-to-date leads established in the

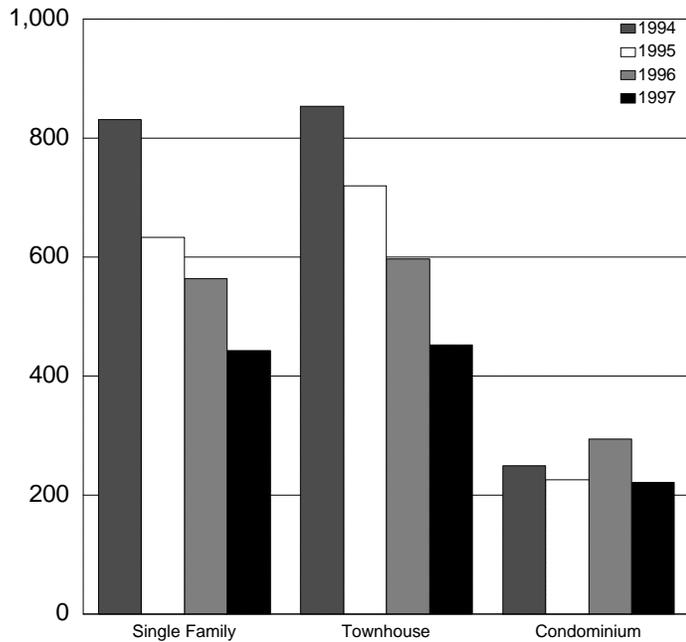
prior months. Through May, 2,370 existing single family homes were sold, up 12.5 percent, or 263 homes, over the level registered in 1996. Similarly, 555 existing condominiums sold through May, reflecting a lead of 9.7 percent, or 49 homes, over last year. Sales of existing townhomes total 1,249 units through May, and are up a more moderate 3.0 percent, or 36 units, over 1996.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
JANUARY - MAY 1997 COMPARED TO 1996 ANNUAL**

	Existing Sales	New Sales
Single Family	2.2	-2.8
Townhouse	0.7	-1.2
Condominium	-3.0	2.3

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

**NUMBER OF NEW HOMES SOLD
JANUARY - MAY 1994 - 1997**



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

Fewer new homes sold in County to date...

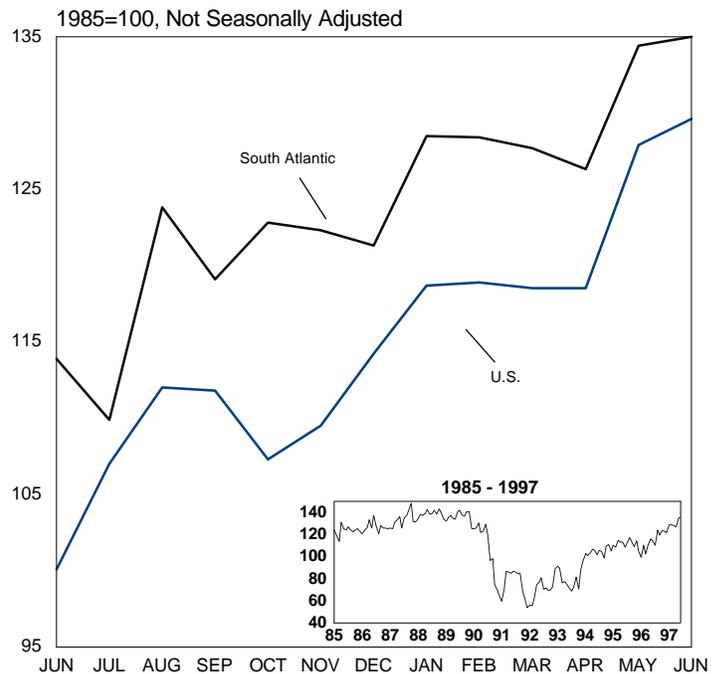
Sales of new homes eroded further in May, thereby widening the cumulative deficits relative to the same period last year. New condominiums sales have fallen the most to date. Through May, 221 new condominiums have been sold, down 24.8 percent, or 73 units, from the same period in 1996. Similarly, sales of new townhome total 452 through May and are down 24.3 percent, or 145 units, from 1996. To date, 443 new single family homes have been sold, down 21.3 percent, or 120 homes, from last year.

Sales of new homes on national level through May up...

According to the Commerce Department, sales of new homes nationwide through May outpaced the same period in 1996 by 9.4 percent, led by the Northeast. More specifically, new home sales are up 78.3 percent in the Northeast, 9.4 percent in the South, and 3.3 percent in the Midwest. Sales of new homes through May are down 4.1 percent in the West.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDICES



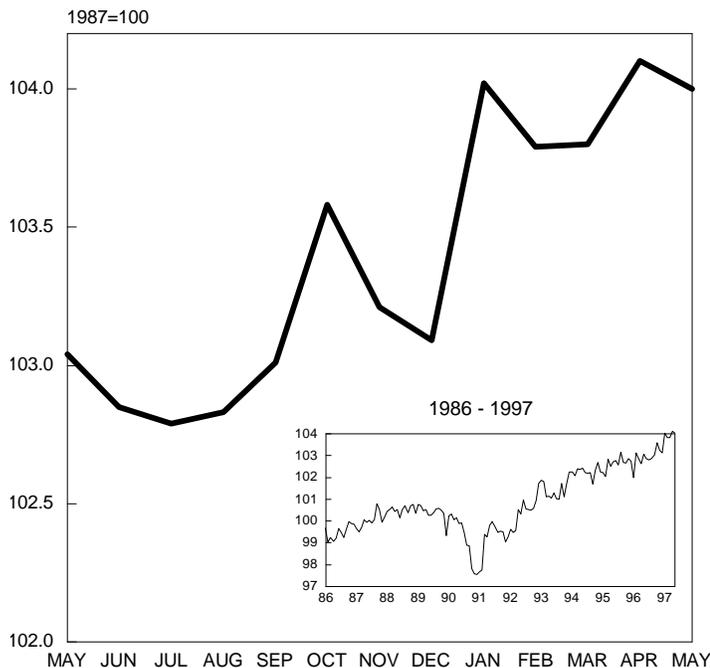
Source: Conference Board
Compiled by the Fairfax County Office of Management and Budget

Consumer confidence continues upward trend in June...

The Conference Board's South Atlantic Consumer Confidence Index posted yet another gain in June, climbing 0.6 points to 135.0. As shown in the chart, consumer confidence has strengthened notably during the past twelve months. Similarly, the national Consumer Confidence Index rose 1.7 points to 129.6 in June. Consumer confidence is now at historically high levels, according to the Conference Board.

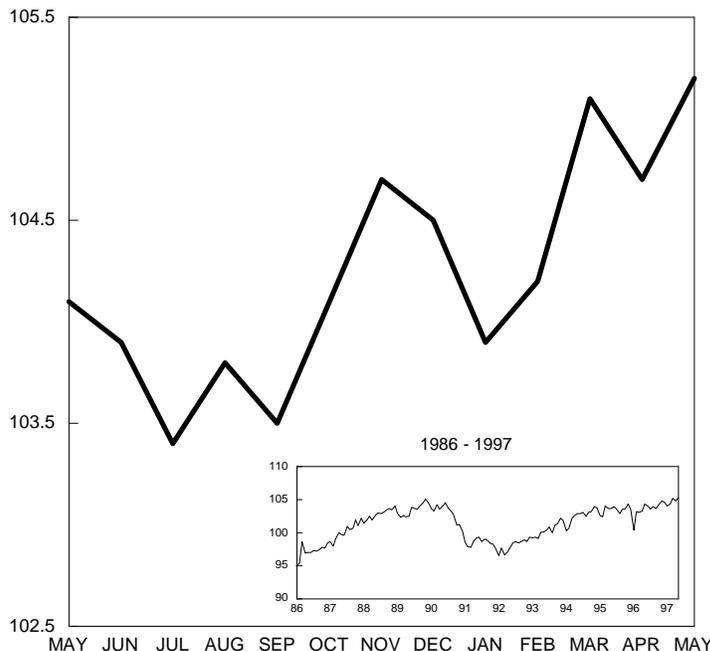
The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in nine to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices which consider the Washington Metropolitan economy, and the Virginia Indices which focus on the entire Commonwealth. 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 LEADING 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

County Coincident Index inches forward in May...

The Fairfax County Coincident Index, which represents the current state of the County's economy, inched forward 0.01 points to

103.07 in May. The County Coincident Index has sustained a positive trend for the last year and a half, increasing in 13 of the last 17 months. In May, two of the Index's four components were positive. Total covered employment registered its 11th gain in 12 months by advancing 0.2 percent in May and consumer confidence in the South Atlantic increased for the third consecutive month. However, Transient Occupancy Tax collections fell slightly behind in May after posting a significant gain in April, and Sales Tax receipts stalled.



All components of the Metropolitan Coincident Index point to a healthy economy in May...

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, advanced 0.5 points in May to 105.2. For the second time this year, all four of the Index's four components were positive, indicating continued economic expansion in the metropolitan area. More specifically, wage and salary employment registered its eighth gain in nine months, while nondurable goods retail sales increased moderately after declining sharply in April. Domestic airport passenger volume at National Airport in May topped the prior month by a slim margin and consumer confidence in the South Atlantic extended its upward trend to a third consecutive month.

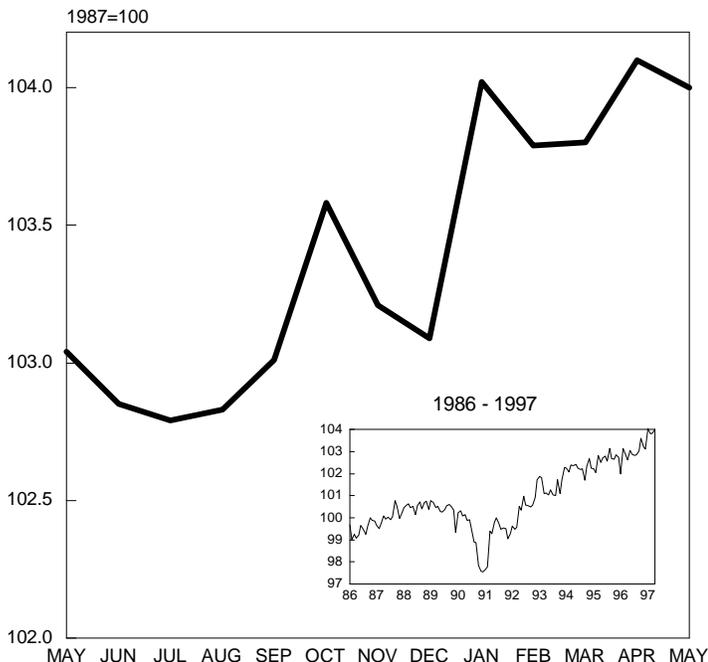


Virginia Coincident Index holds steady in May...

Crestar Bank's Virginia Coincident Index was essentially flat over April's 159.2 level. For the past three months, the Virginia Coincident Index has remained fairly steady.

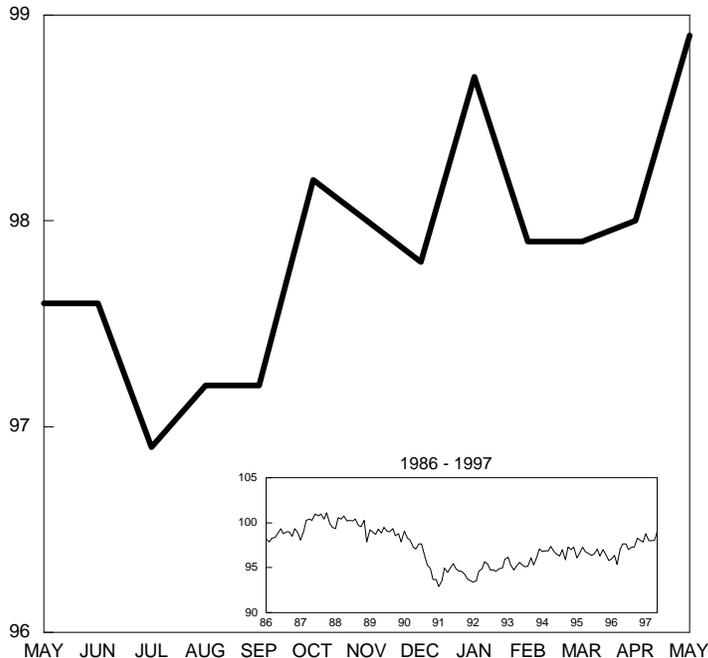


FAIRFAX COUNTY LEADING INDEX



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

County Leading Index catches breath in May...

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy nine to 12 months in the future, lost 0.10 points in May, dropping to 104.00. Despite May's loss, the Index is outperforming its historical pattern. As a result, further economic expansion in the County is anticipated. In May, two of the Index's five components contributed to its decline. New automobile registrations, for example, dropped in May, nearly offsetting their strong showing in April, and issues of residential building permits continued their negative trend in May. By contrast, initial claims for unemployment insurance declined (improved) for the fourth time in five months, South Atlantic consumer expectations (consumer confidence six months hence) increased sharply after falling in the prior two months, and the mean value of residential building permits posted its fourth gain of the year.



Metropolitan Leading Index in May signals further economic expansion...

In May, the Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington metropolitan area nine to 12 months in advance, posted a 0.9 point gain in May to 98.9. As the chart shows, this is the Index's third consecutive increase, signaling that further economic expansion is anticipated through the remainder of 1997. In May, all five of the Index's components contributed to its advance. For the third straight month, issues of residential building permits increased and initial unemployment claims improved. In May, The Help Wanted Index registered its strongest gain in six months and consumer expectations (consumer confidence six months hence) increased sharply following moderate decreases in March and April. Durable goods retail sales also advanced in May.



Virginia Leading Index advances for seventh straight month in May...

The Virginia Leading Index, produced by Crestar Bank, advanced 0.1 point to 193.0 in May. This was the Index's seventh consecutive increase and is an indication that further expansion of the Virginia economy is anticipated through the remainder of 1997.



Current and past issues of the *Fairfax County Economic Indicators* will be available on the Web after July 31 and can be accessed at:

<http://www.fairfaxva.com/eindtm>

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